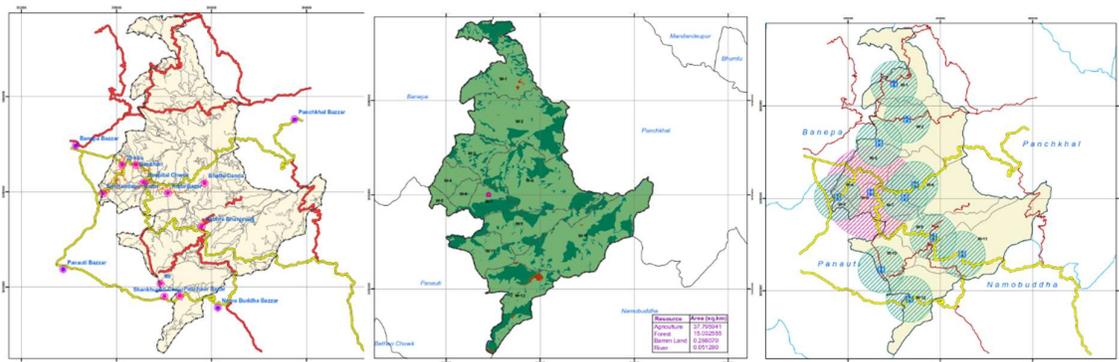




Government of Nepal
Dhulikhel Municipality

**INTEGRATED URBAN DEVELOPMENT PLAN
OF DHULIKHEL MUNICIPALITY**

Volume 5 – Economic Development Strategy



2019



Submitted By:

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Executive Summary

The Integrated Urban Development Plan (IUDP) for Dhulikhel is a strategic response to the 20-year growth of Dhulikhel Municipality, which brings together infrastructure provision, environmental management, economic growth, disaster preparedness, municipal service delivery and mainstreaming gender equality and social inclusion. This “whole of Council” strategic plan will deliver on the long-term vision of Municipality:

A prosperous, well governed and model town Dhulikhel

based on culture, heritage, tourism and environmentally friendly sustainable development.

Located 30 kilometres east of Kathmandu, Dhulikhel Municipality is blessed with a diverse and vibrant community, high quality environmental assets including clean air and water, spectacular view, rich built and cultural heritage, major institutions with Kathmandu University and Dhulikhel Hospital, agricultural production and a burgeoning tourism industry.

However, the Municipality is facing a number of challenges. This includes: an emerging low density and scattered settlement pattern in the rural wards with poor access to essential social and physical infrastructure; rapid urban development at a rate that is not supported by key infrastructure; fragmented agricultural land which is becoming urbanized; and prioritization of infrastructure. Analysis of physical infrastructure indicate critical problems in water supply management and solid waste management which requires immediate attention.

Observations in the field reveal housing outside, or on the edge of, urban areas being constructed without the provision of constructed roads, drainage, water and sewerage services. This reveals a disconnect between development approvals and infrastructure planning.

It appears that, in many cases, development is not occurring in sequential and planned way and that the provision of infrastructure to support the development is being provided in a reactive way, which is expensive to the community and financially and environmentally unsustainable.

Through research and community engagement, the IUDP includes analysis, strategic policy and practical actions to improve physical infrastructure, social infrastructure, risk sensitive land use, environment management at town level with proposals for capacity building and institutional strengthening of municipal authority. The IUDP also focuses on improving the conditions of women, the poor and the excluded by undertaking a community development program and gender equality and social exclusion (GESI) activities through the Social Development Plan.

The IUDP, presented in 16 volumes, also covers institutional and technical issues. The report provides comprehensive details on: urban management, institutional development; physical development planning, social development planning, economy, environment, institutional and financial planning along with social impacts and poverty; gender and social inclusion; and the subproject resettlement plans and disaster risk reduction. Based on the immediate needs of the municipality, short term plans and long-term plans have been developed which will support Dhulikhel’s growth.

In the preparation of the IUDP project, the most pressing needs of the Dhulikhel Municipality have been identified. Analysis was carried out for physical infrastructure, social infrastructure, economy and disaster management and provide priorities for short, medium and long-term needs of the Municipality.

While generally the spatial distribution of health and education facilities show good coverage, connectivity in rural wards needs to be improved through upgrading existing road networks. Likewise, disaster management is another critical issue demanding a strategic response.

Critically, the IUDP provides a new framework to manage the urbanization of Dhulikhel, while protecting its agricultural, environmental and cultural assets. This will be in the form of new processes for the Municipality, including land use zoning and by-laws, and clear processes to better link land development, community needs and the provision of infrastructure.

The IUDP:

- Sets out the planned urban expansion of Dhulikhel in three key areas to accommodate residential, tourism and commercial growth over the coming 20 years.
- Supports more intensive development around the commercial centres (chowks) that supports existing private and public investment.
- Identifies key road, water and sewerage infrastructure to support the growing community over the next 20 years.
- Identifies key road connections between the Rural wards (in particular Wards 1 and 2) to facilitate access to schools and health services.
- Establishes Land Use Zonings, based on economic, physical attributes and disaster risk management principles, which will support good decisions, guide development in strategically suitable locations and support Dhulikhel's agriculture sector.
- Identifies opportunities to support the growth in tourism and protection of heritage and environmental assets for existing and future generations.
- Identifies priority projects to be undertaken by the Municipality over the coming 5 years to support the delivery of the IUDP, supported by a financial plan.

The IUDP introduces new land use zoning and by-laws which provides for strategically-driven decision making and sustainable development of Dhulikhel into the long term.

Implementation of the actions within the IUDP from all part of the organization is critical to the success of Dhulikhel's future.

The IUDP consists of the following Volumes:

- Volume 1 Background Report
- Volume 2 Physical Development Plan
- Volume 3 Land Use and Zoning Plan
- Volume 4 Social Development Plan
- Volume 5 Economic Development Plan
- Volume 6 Environment Management Plan
- Volume 7 Conservation, Culture and Tourism Plan
- Volume 8 Municipal Transport Management Plan
- Volume 9 Disaster Risk Reduction Plan
- Volume 10 Consolidated Implementation Plan
- Volume 11 Financial and Organisation Plan
- Volume 12 By-Laws
- Volume 13 Municipal profile
- Volume 14 Feasibility Study – Waterfall Construction in Ward 1
- Volume 15 Pre-Feasibility Study – Artificial Lake in Wards 7 and 8
- Volume 16 Feasibility Study – Walking Trail in Wards 7 and 8

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1. Introduction

Economic development can be described as a program, set of policies, or activities that seek to build capacity for self-sustaining, long-term economic growth. Local governments like Dhulikhel Municipality can play a major role in economic development that can bolster jobs, the local tax base, environmental sustainability, social equity, and contribute to improvements in the quality of life for its residents.

The majority of the population in Dhulikhel is engaged in commercial agriculture and other income sources including trade and business, livestock production, daily wages and foreign remittance (Dhulikhel Municipality profile).

2. Major Economic Activities in Dhulikhel

The Municipality has some very clear conditions including proximity to markets and environmental conditions which provides competitive advantage for a range of economic sectors as follows:

2.1 Agriculture

Agriculture is the most important economic activity of the area, as it is a livelihood and source of employment. Most people are engaged in the production of cash crops including rice, maize, and vegetables. A total of 42,540 tons of agriculture produce was grown in the Dhulikhel Municipality on 7586 hectares of land in 2070/2071 (District Agriculture Development Office). Seasonal vegetables are grown all the year and off-season vegetables are grown in irrigated greenhouses to supply markets in Dhulikhel, Bhaktapur and Kathmandu. In addition to vegetables, mustard, sunflower, lentil, beans and spices are grown as cash crops. Fruit crops are grown in the region for sale in Kathmandu but are not produced in significant quantities and have many production issues.

2.2 Livestock Farming

Livestock are kept to meet family and commercial needs for milk and meat production. A total of 550kg of buffalo, chicken, goat and pig meat is consumed locally (Dhulikhel Municipality profile), with most of the meat exported to Kathmandu, Bhaktapur and Pokhara. Dhulikhel has a significant poultry industry with a total of 22 500 chickens raised locally in 2072/2073 according to the report of the District Livestock Service Officer (Dhulikhel Municipality profile). Dairies and a cheese factory have also been developed in the area. The Government of Nepal has identified the Dhulikhel Municipality as an area with the potential for increased pork production. A list of the major agriculture products, animal husbandry, industries and market centres for all the wards of the municipality are listed in background study section 'economy'.

2.3 Forestry

In the hills of Dhulikhel zone, there are Sal (*Shorea robusta*) forest, pine (*Pinus roxburghii*) forest as well as intermediate zone of mixed forest. List of all the forests and forest-based products can be found on the background study section 'Resource'. Large economic values can be generated by the balanced use of these forest resources such as medicinal herbs and timber.

2.4 Trade and Business

Dhulikhel has a small commercial district the Dhulikhel Bazar, that includes the major banking institutions and retail outlets, the main commercial centre is located in Banepa in the adjacent Municipality.

Large Businesses

The Radha Krishna Biscuit factory, Noodle Factory and Cheese Factory all are considerable businesses that provide employment opportunities in ward areas, 5,6 and 9.

Small Businesses

Polythene pipe production, plastic printing, furniture production and sewing services are all examples of small businesses that operate in the Municipality.

2.5 Government Services

Dhulikhel is a centre for civil services including the post office, police headquarters, law courts and jail. These services employ a large number of people and add to the population and trade of the Dhulikhel Municipality

2.6 Education Services

Dhulikhel has a large number of private education institutions and boarding schools that cater for primary, secondary and tertiary education in the region. This includes the Kathmandu University, which has large number of students, over three campuses, most of the students and many of the staff reside within the Municipality.

Dhulikhel also has a number of training centres that cater for the hospitality and sewing industries.

2.7 Health Sector

The Kathmandu University Hospital is a major employer for the Dhulikhel Municipality and provides critical health services including birth, dental as well as emergency services.

2.8 Transport and Logistics

Two of the most valued national highways pass through Dhulikhel. One of them being Araniko that connects Nepal and China and another being B.P highway that connects mid-hills with eastern terai. Dhulikhel is there for an important transport and logistics centre. Trucks utilize the bus park adjacent to Sarathi Mart to park during the day and then travel on the highways at night. They transport construction material including sand and concrete from the adjacent districts. Dhulikhel is also a major interchange for public buses to and from Kathmandu and the Terai region.

2.9 Tourism

Dhulikhel Municipality is endowed with natural, cultural and religious attractions which in addition to its proximity to Kathmandu has led to the development of a prosperous tourism industry. The Municipality caters for domestic and international tourists with conference facilities supporting education and health tourism associated with the Kathmandu University, Kathmandu University Hospital and Government services. Accommodation services ranges from

homestays and farm houses to international standard luxury resorts. Detailed analysis and plans are explained in the conservation, culture and tourism plan section of the report.

2.10 Construction

Following the earthquake in 2015, reconstruction grants have been provided to home owners to repair or rebuild residential dwellings that were deemed unsafe. This has boosted the construction of residential dwellings in the Municipality. Most of those that rely on daily wages are employed in the construction sector.

3. Issues

The Dhulikhel Municipality has a diverse economy, however much of the economic activity is focused in the urban centre.

Major issues include:

- Weak linkages between rural parts and urban centres of the Municipality add to the economic isolation of rural areas.
- Conversion of agricultural land for residential use is challenging the food security of the Municipality.
- Lack of sufficient collection centres for milk and vegetables in the rural wards.
- The industry and manufacturing sector is weak, with only a few individual businesses processing raw products.
- The lack of employment opportunities within the Municipality and Nepal has added to the emigration of young males, in particular from the rural areas.
- Nargakot is a competitor for domestic and international tourists. To sustain and grow the Municipality's Tourism industry a comprehensive tourism development plan is imperative.
- The change in the constitution has led to changes in the way government services are delivered. A number of government offices and regional committees have been dissolved leaving empty buildings.
- The Kathmandu University is a considerable component of the economy and the education and health services of the District. As such they need to be supported to maintain their facilities, services and their health and education status.

4. Prerequisites for Economic Development Plan

Economic Development in the Dhulikhel Municipality needs to build on the regional strengths and seek opportunities to bolster areas that are currently underdeveloped. Four sectors naturally present themselves as focus areas for economic development of the region:

- Tourism
- Agriculture processing
- Commerce and Industry
- Government services

These sectors will need to be supported by policy and regulation, appropriate infrastructure, private investment, service and market development.

5. Policies, Strategies and Action Plan

Whether the issue is protection of environmental assets, social development of all people in the community and provision of infrastructure, all of the Plans and strategies within the IUDP ultimately contribute to the economic health of the Municipality. In this context, there are many policies and direct actions throughout the IUDP that have multiple benefits. Some of these strategies are listed below:

Infrastructure

- The Municipality will focus on investment in the infrastructure, polices and support services required to enable private investment in the sectors identified. This includes ensuring the power, water, communication, road infrastructure, waste management services and aesthetics (parks and gardens) support development and that appropriate planning policies are in place.
- The Municipality will improve the linkages between the rural and urban areas through appropriate upgrades to road infrastructure.

Tourism

- Promote the development of tourism in accordance with the Conservation, Culture and Tourism Development Plan, in order to create and increase foreign currency earnings.

Agriculture

- Promote the Dhulikhel Municipality as a leading agricultural production area by supporting continued production improvements.
- Work with rural wards to develop or repair irrigation networks to support development of irrigated agriculture.
- Support agriculture cooperatives to develop the post production and storage facilities they require.
- Attract private investment in agriculture production and processing through promotion of the opportunities and case management of development to support the appropriate planning and infrastructure provisions. Improve the market pathways for agriculture produce by improving farmers understanding of and access to markets.

Business development

- Connect the business enterprise cooperatives and the youth development committee with organisations that support entrepreneurship development to foster the creation of new businesses.
- Support business development through providing opportunities for education and training.
- Support the development of businesses in appropriate locations through effective zoning and by-laws, building on the critical mass and existing public and private investment in activity centres throughout the Municipality.

Government services

- Lobby the provincial government to develop the provincial capital in the Dhulikhel Municipality.

Health and Education

- Continue to support the education and health sectors through support of school activities and strong partnerships with the Kathmandu University and Hospital.

Resourcing

In order to ensure the success of the Economic Development Plan and support the initiatives of the Municipality, an Economic Development Unit should be created which includes Small Business/Entrepreneur/Investment Attraction Support Officer and Tourism Marketing and Development Officer.

A summary of Economic Development Plan includes all the major points is presented below. Furthermore, several programs which supports the economic development plan is also presented below. (See Table 1).

Actions

Action and Programs	Locale and Description	Responsibility
Establish an Economic Development Unit, including Small Business/Entrepreneur/Investment Attraction Support Officer and Tourism Marketing and Development Officer	Not applicable	Council and Executive
Development of an Agriculture Development Strategy	All wards	Agriculture Office
Construction of new Vegetable and fruit market	To be confirmed	Small Business/ Entrepreneur /Investment Attraction Support Officer Agriculture Office
A systematic Slaughter House will be constructed	To be confirmed	Small Business/ Entrepreneur /Investment Attraction Support Officer Agriculture Office
Agricultural training for farmers for commercial farming	All the wards except bazar	Agriculture Office
Technical assistance according to the farmer's need	All the wards except bazar	Agriculture Office
Technical assistance for commercial vegetable and fruit farming	All the wards except bazar	Agriculture Office
Agriculture research	All wards	Agriculture Office
Establishment of cold store	All the wards except bazar	Agriculture Office
Support to establish and operate agricultural cooperative shops	Major centres of the Municipality	Small Business/ Entrepreneur /Investment Attraction Support Officer Agriculture Office
Advanced seeds distribution for agriculture	All the wards except bazar	Agriculture Office

Economic development training to women for works that can be performed within houses should be involved.	All wards	Small Business/ Entrepreneur /Investment Attraction Support Officer Economic Development Unit
Programs oriented for Dalits, Janajatis, and disadvantaged populations. Job provider Training like as carpentry, colouring, auto mobiles should be given to young person (Man/Women) in all Wards	All wards	Small Business/ Entrepreneur /Investment Attraction Support Officer Economic Development Unit Social Development Unit <i>(IUDP Link: Social Development Plan)</i>
Business mentoring for tourist accommodation and hospitality businesses in Heritage buildings	Wards 4, 5, 8, 10	Tourism Development and Marketing Officer Tourism Development Committee <i>(IUDP Link: Tourism Development Strategy, Heritage Strategy)</i>
Implementation of Land use plan, will have introduced planned urban development in the Municipality.	All wards	Planning <i>(IUDP Links: Land Use and Zoning Plan)</i>
Support the appropriate development of Agro-based resorts in Wards 11 and 12 to promote Ago-tourism	Wards 11 and 12	Planning <i>(IUDP Link: Tourism Development Plan, Land Use Plans, Zoning Plans, By-laws)</i>
Support and encourage the development of homestays in Wards 2, 3, 6, 8, 9, 12	Wards 2, 3, 6, 7, 9, 12	Planning <i>(IUDP Link: Tourism Development Plan, Land Use Plans, Zoning Plans, By-laws)</i>
Develop road connections and upgrade roads as per the MTMP	All wards	Engineering <i>(IUDP Links: MTMP)</i>

Table 1: Programs for Economic Development Plan