



NEPAL

NEW TOOLS FOR AN ALREADY-ACTIVE NATIONAL COMMUNITY MOVEMENT

Despite the persistence of a difficult and tenuous political situation, the community process in Nepal continues to thrive and grow and produce all sorts of extraordinary innovations and breakthroughs. The ACCA process in Nepal has built on this already very active national community savings and credit process, and continues to be embedded in a well-established and close collaboration between three national people's organizations (the National Women's Federation, the National Federation of Squatter Communities and the National Network of Women's Savings Cooperatives) and the support NGO Lumanti. These community organizations are playing a lead role in managing the ACCA program, and most of the project funds are managed by the Women's Savings Cooperatives (which link all the community savings groups in the city).

The ACCA process has been used to strengthen the collaboration between poor communities within the city, and between the communities and their local governments, to create long-term systems in each city for solving problems of land, housing and poverty, long after the ACCA projects are finished. This is happening in an extremely difficult context where political instability continues, even years after Nepal's civil war ended, and where central control over local government functions means key municipal officials are frequently replaced. Even so, the relationship between the municipality, federations and communities in several cities has dramatically improved over the last four years of ACCA. Local governments in seven cities have given free land for housing the poor (in both small and big project communities), nine cities have allocated budget for a variety of infrastructure improvements (land filling, biogas plants, roads, water mains and solid waste systems), and municipal governments in five cities have contributed seed capital to the new city-based community development funds.

Many of the communities in the Nepal ACCA process got the full small project ceiling of \$3,000, or whatever amount was agreed to for each community. But then the communities had the freedom to discuss what they needed and what kind of projects they would like to do, and used that budget to do as much as they could. A lot of the communities were very thrifty with those funds and implemented several small projects for that amount - a drain and a community center and a market, for example, or a few communal toilets and a water tank and pipe distribution system. And many were also able to leverage additional cash or materials for their projects from the local government. Many of those small projects also led to successful negotiations for secure land tenure and other housing and infrastructural improvements.

ACCA in NEPAL :

PROJECT CITIES (total 18)

- Bharatpur
- Biratnagar
- Birgunj
- Kohalpur
- Ratnanagar
- Koshi
- Techo
- Dharan
- Kalaiya
- Thankot
- Kathmandu (Bagmati Evictions)
- Siddhipur
- Tokha
- Machhyagaon
- Panga
- Khokhana
- Pokhara
- Lekhnath

SMALL PROJECTS

Small projects approved : 92
 In number of cities : 16
 Total budget approved : \$205,000

BIG HOUSING PROJECTS

Big projects approved : 12
 In number of cities : 12
 Total budget approved : \$379,800

SAVINGS (only in 18 ACCA cities)

Savings groups : 552
 Savings members : 13,450
 Total savings : \$1,958,186

CITY DEVELOPMENT FUNDS

CDFs active in : 7 cities
 Total capital in CDF: \$395,166

- from ACCA \$275,000 (70%)
- from coms. 6,200 (2%)
- from gov. \$96,992 (24%)
- from others \$16,974 (4%)

IMPLEMENTING GROUPS

The ACCA projects in all 18 cities are being implemented as a collaboration between Lumanti (NGO), the National Women's Savings Cooperative Network and the National Federation of Squatter Communities.



An epidemic of CITY FUNDS :

Years before ACCA began in Nepal, the Kathmandu municipality donated funds to set up the country's first city-based Urban Community Support Fund. Since the ACCA projects began, the mayors in five more cities have demonstrated their growing confidence in poor communities with cash donations to set up similar community-managed development funds in their cities. The idea is catching on, even in cities where the local governments are not yet ready to join.

1 KATHMANDU : The Urban Community Support Fund was launched in Kathmandu in 2002, as a collaboration between the Kathmandu Municipality (whose mayor chipped in the fund's \$100,000 seed capital), ACHR and SDI (who jointly matched this amount with another \$100,000) Lumanti and the local community federations and women's savings cooperatives. The fund's first loan went to 44 evicted riverside squatters to develop the country's very first community housing relocation project at Kirtipur.



2 BHARATPUR : The new Urban Community Support Fund (UCSF) in Bharatpur was launched on Nov 23, 2010, with 5 million Rupees (US\$ 75,000) seed capital from the Municipality. The new fund supports projects conceived and implemented by the urban poor in Bharatpur, with loans for land, housing and income generation and grants for sanitation and infrastructure projects. The squatters federation acts as secretariat to the new fund, which is managed by the women's savings cooperative and chaired by the mayor.



3 BIRGUNJ : The Urban Community Support Fund in Birgunj was set up in 2009, with seed capital of US\$ 11,500 from the Birgunj Municipality and \$11,500 from Lumanti. The fund is jointly managed by the community network and the municipality (the mayor is chairman), and has already given loans to community savings groups for their members to start small businesses, buy cycle rickshaws, buy land and build hand pumps and 99 "honorable toilets."

"The urban poor in Bharatpur are our development partners, because it is something so natural for them to deal with all these difficult issues like housing and upgrading and livelihood. I am totally convinced about the approach being promoted by ACCA, in which people are the key actors in resolving their problems of land, housing and basic services, on a city-wide scale, in partnership with their local governments." (Ramji Prasad Baral, CEO-Mayor of Bharatpur)

4 DHARAN : The fund in Dharan was set up in November 2010, right after and inspired by the launch of the Bharatpur city fund, with a US\$ 57,000 grant from the Municipality. Like the funds in other cities, the fund in Dharan is jointly managed by the city's urban poor communities and the municipality.

5 FOUR OTHER CITIES : In the last two years, urban community support funds have also been set up in Kalaiya, Techo, Thankot and Kohalpur.

Three housing breakthroughs:

In several cities in Nepal now, we are seeing striking changes in how local governments perceive the poor communities within their constituencies, and these changes are being manifested in contributions to city funds, help promoting community savings, inviting other cities to join and giving land tenure in both big and small ACCA project communities. Here are three cities where the ACCA-supported housing projects make good examples of this transformation:

1 BHARATPUR : On-site upgrading on free government land at Salyani (31 houses)

The project at the Salyani community is the first-ever community-led housing upgrading project in Bharatpur, and the city's first case of a squatter community being given secure rights to the public land they occupy. The project has been an important breakthrough and a learning opportunity for the whole city. With help from the community architects, the people developed low-cost plans to rebuild their mud and thatch houses, upgrade the infrastructure and negotiate with the Forestry Department, which owns the land, to get subsidized timber, which many used to construct their new houses. This project is much visited by communities and municipal officers from other cities, and has inspired several similar projects in other cities.



2 BIRGUNJ : On-site upgrading on free private land at Shanti Tole (27 houses)

People in this densely-crowded community, from the "untouchable" sweeper caste, have lived here for 50 years in windowless mud huts and worked the land-owner's fields. But after surveying and mapping the settlement, Shanti Tole's women's savings group persuaded the owner to give the land to the people free, so they could upgrade their housing. The municipality provided basic services, and architecture students from the local engineering college helped the people develop low-cost row-house designs, which they built themselves. The ACCA funds went as loans, through the Birgunj CDF, to pay the land transfer taxes, to buy a little extra land to add to the layout (at 10% of market value!), and build the new houses.



3 KOHALPUR : On-site upgrading on free government land in Ekta Nagar (320 houses)

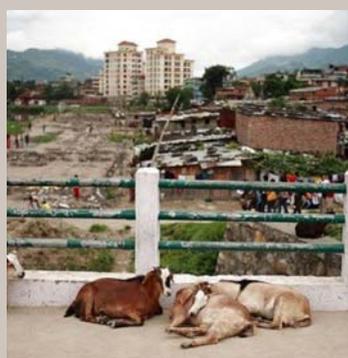
Most of the families in this big community were displaced by the civil war and squatted on this government land, where they were living in dilapidated bamboo, thatch and mud houses, with no basic services. With help from the National Squatters Federation, and because they'd been paying their land taxes, the savings group managed to get the local government to give them long-term user-rights to the 75,000 m2 land (worth US\$1.9 million!). The most needy families got the first round of ACCA loans (about \$1,200 per family) for building new houses, through the Kohalpur CDF, to which the local government has contributed. The \$40,000 from ACCA has been matched by \$150,000 from community so far.



New support systems for poor communities:

UPES: When Lumanti first initiated community-based programs in Birgunj, young people in several poor communities wanted to take part. The organization they formed, the Urban Poor Empowerment Society, has become a key actor in the city's community process, taking over many of the organizing, documentation, communication and support roles that NGOs and professionals usually provide. Some 48 young people from UPES now take part in the savings, CDF, settlement upgrading, housing, loans, health and education activities in the city's slums.

PTAG: Since ACCA was launched in 2009, several groups of architects and students have been providing technical assistance to the growing number of housing and upgrading projects around Nepal. In 2010, with support from Lumanti, CAN and UN-Habitat, those groups formed their own national network, which they call the Pro-poor Technical Assistance Group (PTAG). The group meets regularly to compare notes, support each other's work, explore alternative and low-cost building technologies (like bamboo) and find ways to draw more idealistic young professionals and students into the community upgrading process.



BAGMATI RIVER EVICTIONS :

SPECIAL PROJECT: Using an eviction crisis to push for a people-driven and on-site upgrading solution to the problem of riverside squatters in Kathmandu . . .

There are 17 informal settlements on the banks of the Bagmati River, which passes through the middle of Kathmandu, which are home to 2,500 poor families who have fled to Kathmandu from poverty and the Maoist civil war. Although conditions are far from perfect, these communities have made improvements to their housing, infrastructure and sanitation over the years. Many have active women's savings groups and have explored on-site redevelopment options with community architects. In 2011, the government announced a big project (financed by ADB) to revitalize this badly polluted river, for which all these settlements would be evicted: the largest mass-eviction in Nepal's history. In December 2011, eviction notices were posted, and in May 2012, despite protests, court cases and negotiations at all levels, the first of these Bagmati settlements (Thapathali) was demolished and 258 families lost their houses and belongings.

In August 2012, the community federations worked with CAN, ACHR and Lumanti to organize a week-long workshop to explore alternative housing solutions for these embattled riverside settlements (including on-site upgrading, reblocking, land-sharing and land readjustment) and to use these alternative plans and ideas to negotiate for a more viable solution than relocating all those people and deepening their poverty. The workshop proposed a more holistic redevelopment approach, in which the communities would move back 20 meters from the river bank to make room for the project, and then redevelop more densely-planned forms of housing along those smaller strips of land. A special \$25,000 grant from ACCA is helping the communities to continue refining and lobbying for this solution, and to assist the evictees.



This woman in the small town of Techo (pronounced TAY-choo) is weaving a "sukoo" sitting mat out of dried corn husks. She is not a historic monument, nor has she been declared a world heritage treasure. But she and the humble craft she practices to support her family are a valuable part of Nepal's heritage all the same, just as much as the ancient palaces and temples that are standing all around her.

People preserve their own history in **TECHO** :

BIG PROJECT: Women's savings cooperative launch their own fund to help members upgrade their traditional houses in historic Newari towns in the Kathmandu Valley

It's hard to imagine any place in Asia where the presence of things ancient is more present than in the Kathmandu Valley: ancient *built things* (like temples, shrines, stupas, palaces, houses, squares, streets and entire neighborhoods), and ancient ways of *doing things* (like worshipping, greeting each other, dressing, cooking, farming, making things, carrying loads, selling vegetables, driving bargains or bundling up against the cold). In this part of the world, the heritage of the *built* and *done* are both so rich that if you squint a little, you can easily imagine you've stepped back a few centuries. Which is not to say that this beautiful valley is stuck in a time warp. Kathmandu is grappling with all the big modern problems: poverty, pollution, unplanned urbanization, political instability, global warming, civil strife, natural disasters - you name it. And all these problems are bringing with them plenty of serious threats to that heritage. But at the same time, the valley remains one of the best places to see how heritage can be consciously retained as an



essential part of everyday life, for everyone in the city, not just for tourists or elites. Here you can see heritage being preserved in many different ways, from big, internationally-funded projects to restore palaces and temples, to municipal programs to restore public squares and water spouts, to community-run projects to lay traditional brick-paving in low-caste neighborhoods and repair historic Newari-style houses.



Techo is one of many small, historic towns in the Kathmandu Valley. Its 200-year old center has many fine examples of traditional Newari architecture and spatial planning, but many of these buildings are now dilapidated, and some are being demolished and replaced with more modern buildings, without any planning or sense of preservation. Techo was once noted for its mustard oil, and most of the town's residents used to farm their lands which surrounded the town. But as the urban area expands and farmland gets eaten up in new housing and commercial areas, those once-prosperous farmers become poor inner-city dwellers.



With support from Lumanti, the city's very active community process started in 2005 with women's savings groups and projects to construct water supply systems and toilets. Later, when the women's cooperative started giving housing improvement loans, they surveyed the housing status of the community members and found that 80% of residents in the old town had no formal titles to their land - a situation common in other old Nepali towns. The women are now using this survey data to negotiate for secure tenure with the Ministry of Land Reform.



In the old town, the women's savings groups have identified a great need for loans to help people make repairs to their old, dilapidated (but historic) houses, to make them more earthquake-safe and to add new rooms, toilets and infrastructure. With the \$40,000 big project funds from ACCA, they have set up a revolving fund which gives loans (through the savings groups, at 12% annual interest, repayable in 3-4 years) to finance these repairs. The fund is managed by the Techo Women's Savings Cooperative. The fund's first round of loans went only to savings members in Techo, but the plan is to expand the fund to cover other similar historic Newari settlements in the Kathmandu valley - all of which are facing the same problems as Techo.

One of the key ideas of this project is to help families in this beautiful old town centre to repair and upgrade their traditional houses without destroying their beauty and cultural integrity. The PTAG team of community architects are providing technical assistance to the house owners to identify the physical problems and develop upgrading plans.

Not just houses, but infrastructure and public spaces are also being upgraded by community people in **TECHO** :

During the first phase of ACCA, the communities in Techo stretched a \$15,000 small project grant from ACCA to plan and implement 19 projects in 10 communities, with multiple projects in some communities. The projects included improving storm drainage and water supply systems, laying traditional flagstone paving in courtyards and roads, cleaning out ponds and renovating Hindu temples. Besides their labor, the community contributed 60% of the cost of these projects, and were able to leverage another \$2,000 cash support from the local authorities.

At one point, the women's savings cooperative in Techo worked with the PTAG community architects to map and survey all the town's communities and used the mapping process to identify another round of small infrastructure upgrading needs, in their ongoing process of upgrading the town's historic housing and public spaces. In the second phase of ACCA, another \$5,000 small project grant has helped them to implement four more projects. On the strength of all this community-planned and implemented urban upgrading work, the cooperative is now negotiating with Techo's Village Development Committee to include the projects they identified in their annual development plans, so that additional funds can be leveraged for the projects.



One project involved repairing the clay tile roof on this beautiful old public "phalcha" rest house in Laskuti.



Another project improved the drains and laid new paving stones in this public square in the Kutujhol community.

First ever **BANK LOANS** for poor people's housing:

An innovative housing process is taking off in the cities of Pokhara and Lekhnath, with municipal government support and pioneering finance from private banks . . .

It's no secret that the Aladdin's cave of private-sector finance which makes the world keep spinning is closed to the poor. Even at a time when giant banks, middle-class homeowners and entire countries are defaulting on their loans, community savings groups with proven credit-worthiness and 100% loan repayment rates are seen as too great a risk: the informality of poor people's lives, jobs and survival systems and the rules and regulations of formal finance systems just can't tango.

But there's some good news on this front from Nepal, where women's savings groups in two cities have been able to unlock some of that formal sector capital and channel it into housing loans to some of the cities' poorest families. Over the last two years, the women's savings cooperatives in Pokhara and Lekhnath have been working with Lumanti and the city government to convince banks to give loans to poor community members, with the CLIFF Program providing the guarantee fund financing. In their first success, the cooperatives were able to persuade two private banks to give housing loans to savings members, as long as 80% of the loan amount was deposited with the bank, as a guarantee fund. But later, as the loan repayments came in on time, the banks reduced the guarantee - first to 50% and then to just 20% of the amount they loaned to poor families. As part of the arrangement, the banks issue the loans directly to individual borrowers (not to the savings groups or cooperatives yet), who have set up their own accounts with the bank. The repayments go into a special account in the bank, which acts as a kind of within-bank revolving loan fund to finance other housing projects in the same or other cities. Half of the 8% interest earned on the loans goes back to the bank, and half is added to the capital in the revolving loan fund. This is a huge breakthrough for Nepal, where poor families never ever got access to private sector bank loans!



BLENDING FUNDS:

These housing and housing finance breakthroughs in Pokhara and Lekhnath were made possible only after some careful gathering and strategic blending of resources from many different sources - which the support NGO Lumanti is learning to do very well. The bank guarantee funds came from Homeless International's CLIFF Program, the earnest money came from the women's savings cooperatives, the housing finance came from the private banks, the process support budget came from Lumanti's various donors and the infrastructure funds came from the municipality and ACCA. Try making that rich, nourishing soup with just one onion!

1 POKHARA : Women in poor settlements in this city have long been using their collective savings to give loans to each other for emergencies and for small businesses which have helped increase their incomes and boost their assets. Over the years, these self-help initiatives and the women's financial management skills have won the admiration and support of the municipal government, which has become an important ally of the community process in Pokhara. A few years back, inspired by some of the community-driven housing and slum upgrading projects being implemented in other cities, the municipal government in Pokhara helped a group of 279 poor room-renters to purchase a piece of land at a price well below the market rate. The people used their savings to buy the land, and the municipality chipped in by leveling the land and putting in some basic infrastructure. Now they are using loans from the private Laxmi Bank to build new houses, and the ACCA Program has chipped in with a small project grant of \$10,000 to develop simple infrastructure in this and other bank-financed housing projects in Pokhara.

2 LEKHNATH : The city of Lekhnath, which is not far from Pokhara, is another city where the women's savings cooperatives have been working with Lumanti, the municipal government and the CLIFF Program to develop a variety of on-site and relocation housing options, using housing loans they have leveraged from private sector banks, using the CLIFF funds as a guarantee fund. There are now bank-financed housing projects in 19 communities in the city. A small project grant of \$10,000 from ACCA is helping some of these communities on new land to develop simple infrastructure, which the municipal government has agreed to match.

COMMUNITY WELFARE:

Women's savings cooperatives decide to share the ACCA support to boost 20 welfare funds



Very few of Nepal's urban poor are able to access either of the government's two principal welfare programs - old age pensions or support for single women - even though they may technically qualify for benefits. Without this formal welfare support, the poor have developed their own informal support systems to help each other when needs arise. Some of the saving groups and women's savings cooperatives have established their own welfare funds, using a certain portion of their daily savings or funds collected especially for welfare (usually \$1 - 2 per member per year). These pioneering groups set their own rules for how they manage their welfare funds. In the city of Dharan, for example, the women's savings cooperative has mobilized 70,000 Rupees (\$700) for their welfare fund and are already using it to provide benefits to members in need (for births, deaths, illnesses and medical emergencies so far) according to a few simple rules. The rules and benefits provided by the welfare funds vary from one cooperative to another, depending on their priorities and how much funds they have available. But everyone agrees these welfare funds - even though they have started on a small scale - have helped a lot to ease the situation of community members when they find themselves in difficult times.



To support these grassroots welfare initiatives, the national network of community women's savings groups decided to spread the ACCA funds for seeding community welfare funds (usually \$2,000 per city) as widely as possible by giving smaller grants to more savings cooperatives, to help them launch or strengthen welfare funds which they run as part of their cooperative operations. In August 2014, leaders from 17 savings cooperatives gathered in Kathmandu for a meeting in which the first batch of ACCA support for these growing welfare funds was handed over to the women's savings cooperatives in Kathmandu and several other cities. The meeting provided an opportunity for community members to share their experiences on managing community welfare programs and to learn from their friends in other groups. Representatives from the Federation of Cooperatives were also invited, and they were vocal in their appreciation of the work these urban poor women are doing to develop their communities through their saving groups. Each of 20 women's savings cooperatives around the country were given Rs 80,000 (\$800), from a \$16,000 welfare fund grant from ACCA, as seed money to start new welfare funds or strengthen funds that are already in operation.