

 Early Warning System

ADB-57058-002

Kathmandu Valley Water Sector Reform Program (Subprogram 1)



Quick Facts

Countries	Nepal
Specific Location	Kathmandu
Financial Institutions	Asian Development Bank (ADB)
Status	Proposed
Bank Risk Rating	B
Borrower	Government of Nepal - Ministry of Water Supply
Sectors	Infrastructure, Water and Sanitation
Investment Type(s)	Grant, Loan
Loan Amount (USD)	\$ 50.00 million
Grant Amount (USD)	\$ 0.75 million
Project Cost (USD)	\$ 50.75 million



Project Description

According to the Bank's website, the proposed Kathmandu Valley Water Sector Reform Program aims to support the Government of Nepal in enhancing operational efficiency and climate resilience, improving service delivery and governance systems, and strengthening institutional capacity and financial sustainability of water supply and sewerage (WSS) entities in the Kathmandu Valley. Anchored in the Water Supply and Sanitation Act, 2022 and the National Water Supply and Sanitation Policy, 2023, the proposed program promotes universal access to quality equitable and sustainable WSS services.

A programmatic approach under a policy-based loan with two subprograms (of \$50.00 million each), from January 2025–June 2026 and from July 2026–June 2028, is proposed to sustain reforms to drive lasting sector-wide transformation, with demonstrated ownership and consistent commitment from the government. The program will enable the government to structure, prioritize, and sequence sectoral reforms and incentivize implementation by translating impactful reforms into implementable policy actions. It will foster operational capabilities of the Kathmandu Valley's WSS entities to manage new WSS assets and to benchmark themselves against similar, well-functioning water sector agencies internationally. Subprogram 1 will undertake policy reforms in governance, financial, and operational aspects, including pilot initiatives; subprogram 2 will expand, implement, and institutionalize policy actions.

The Technical Assistance Strengthening Institutional Capacities of Water Supply Agencies in the Kathmandu Valley will provide advisory and capacity building support for implementing and monitoring the policy actions of subprogram 1 and for preparing subprogram 2.



Early Warning System Project Analysis

Subprogram 1 is tentatively classified B for environment, and C for Indigenous Peoples and involuntary resettlement, per the ADB Safeguard Policy Statement (2009). This will be confirmed during loan processing and a matrix of potential environmental and social impacts of policy reforms will be prepared.



Investment Description

- Asian Development Bank (ADB)

The financing amount is \$50,000,000, which will be financed on a loan basis by ADB's ordinary capital resources.

Additional funds totaling \$750,000 will be sought under the TA, which will be financed on a grant basis by the Technical Assistance Special Fund 8. The government will provide counterpart support in the form of staff, office space, administrative and logistics support, and other in-kind contributions.



Contact Information

No contacts available at the time of disclosure.

ACCESS TO INFORMATION

You can submit an information request for project information at: <https://www.adb.org/forms/request-information-form>

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Bank Documents

- [Kathmandu Valley Water Sector Reform Program \(Subprogram 1\): Concept Note](#)



Other Related Projects

- ADB-57058-001 Strengthening Capacity for Livable and Resilient Cities