

 Early Warning System

ADB-59472-001

Kathmandu Valley Ecological Urban Renewal



## Quick Facts

<b>Countries</b>	Nepal
<b>Specific Location</b>	Kathmandu Valley
<b>Financial Institutions</b>	Asian Development Bank (ADB)
<b>Status</b>	Approved
<b>Bank Risk Rating</b>	U
<b>Voting Date</b>	2025-12-09
<b>Borrower</b>	Government of Nepal - Ministry of Urban Development
<b>Sectors</b>	Climate and Environment, Law and Government, Technical Cooperation, Water and Sanitation
<b>Investment Type(s)</b>	Grant
<b>Investment Amount (USD)</b>	\$ 2.60 million
<b>Project Cost (USD)</b>	\$ 2.60 million



## Project Description

According to the Bank's website, the project is a complex, integrated, and multisector undertaking, for which the government has requested technical assistance (TA) to support its preparation. The TA will help the government prepare full-scale due diligence in technical, economic, financial, social, environmental, and institutional aspects, including in-depth local socioeconomic and ecosystem assessments; as well as part of the detailed design to comply with Nepal Readiness criteria. Building on on-going scoping and pre-feasibility studies, the TA will support the preparation of the project full scale due diligence and safeguard assessments, preliminary design and detail design review to ensure technical soundness, economic viability, financial sustainability, institutional readiness, climate resilience, environmental and social compliance, adequate land management solutions, and alignment with ADB requirements and compliance with Nepal Project Readiness criteria. The proposed project is fully consistent with the ADB Country Partnership Strategy (CPS) for Nepal, 20252029, and contributes to all three strategic pillars with activities focused to improve access to sustainable and resilient economic infrastructure on green economic transformation and improve urban livability and equitable access to municipal services; and support environmental sustainability and climate resilience of infrastructure. Importantly, the project will implement priority elements of the Bagmati Action Plan (20242044) BAP, a holistic framework with an estimated budget of USD/1.7/billion for restoring the Bagmati River system. The project also emphasizes strengthening climate adaptation and disaster resilience through integrated infrastructure and nature-based solutions, directly supporting Nepal's national priorities for sustainable urban development and water resource management as outlined in its 16th Five-Year Plan, and the Nepal's National Adaptation Plan (NAP) 20212050.

Kathmandu Valley is facing severe ecological degradation driven by rapid and unplanned urbanization, resulting in extensive loss of wetlands, water bodies, green space, forest cover, and permeable surfaces. Built-up areas have expanded by more than 200% since 1990, while over 80% of natural wetlands and ponds have disappeared, intensifying surface runoff, reducing groundwater recharge, and undermining the Valley's natural flood-buffering capacity. Groundwater extraction now exceeds sustainable yield by more than double. Public green and open spaces cover only 0.5% of the Valley's areafar below global standardsleading to declining urban biodiversity, increased urban heat, and weakened community well-being and resilience. At the same time, river ecosystems have deteriorated sharply: about 90% of wastewater is discharged untreated into the Bagmati river system due to clogged or incomplete interceptors and inadequate conveyance to wastewater treatment plants. As a result, all river stretches are classified as Class 5 (worst quality), with BOD levels far exceeding acceptable limits, contaminating groundwater supplies and posing major public health risks.

Soil sealing combined with encroachment, sedimentation, and river channelization has escalated flood vulnerability. Approximately one-third of the valley, mostly along riverbanks, is highly vulnerable to flooding. This includes vulnerable informal settlements along the riverbanks, which also constitute a complex obstacle to effective riverbank restoration efforts. Weak institutional coordination, overlapping mandates, and fragmented planning have limited implementation of past initiatives, while the new Bagmati Action Plan (20242044) lacks a programmatic mechanism to translate its vision into sequenced, bankable, interconnected investments. Lessons from ADB's long-term engagementparticularly the Bagmati River Basin Improvement Projectdemonstrate that only integrated, multi-sector approaches combining river restoration, wastewater management, urban greenery, flood resilience, governance reform, and community inclusion can address Kathmandu Valley's complex challenges.



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### **Early Warning System Project Analysis**

According to the Technical Assistance Report, the Risk Categories are:

Environment: Not Applicable

Involuntary Resettlement: Not Applicable

Indigenous Peoples: Not Applicable



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## Investment Description

- Asian Development Bank (ADB)

The TA financing amount is \$2.6 million, of which \$1.0 million will be financed on a grant basis by ADB's Technical Assistance Specialist Fund (TASF 8) and \$1.6 million will be financed on a grant basis by the Urban Resilience Trust Fund (URTF) under the Urban Financing Partnership Facility and administered by ADB. In addition, the Netherlands Enterprise Agency has indicated its intention to continue supporting the project design by providing specialized expertise on nature-based solutions and on assessing the project's impact on flood mitigation and groundwater recharge.



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## Contact Information

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## ACCESS TO INFORMATION

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

ADB has a two-stage appeals process for requesters who believe that ADB has denied their request for information in violation of its Access to Information Policy. You can learn more about filing an appeal at: <https://www.adb.org/site/disclosure/appeals>

## ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: <http://www.adb.org/site/accountability-mechanism/main>.



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**Bank Documents**

- [Kathmandu Valley Ecological Urban Renewal: Technical Assistance Report](#)