

URBAN INFRASTRUCTURE



GOVERNMENT OF NEPAL
INVESTMENT BOARD NEPAL

APRIL 2024



1. OVERVIEW

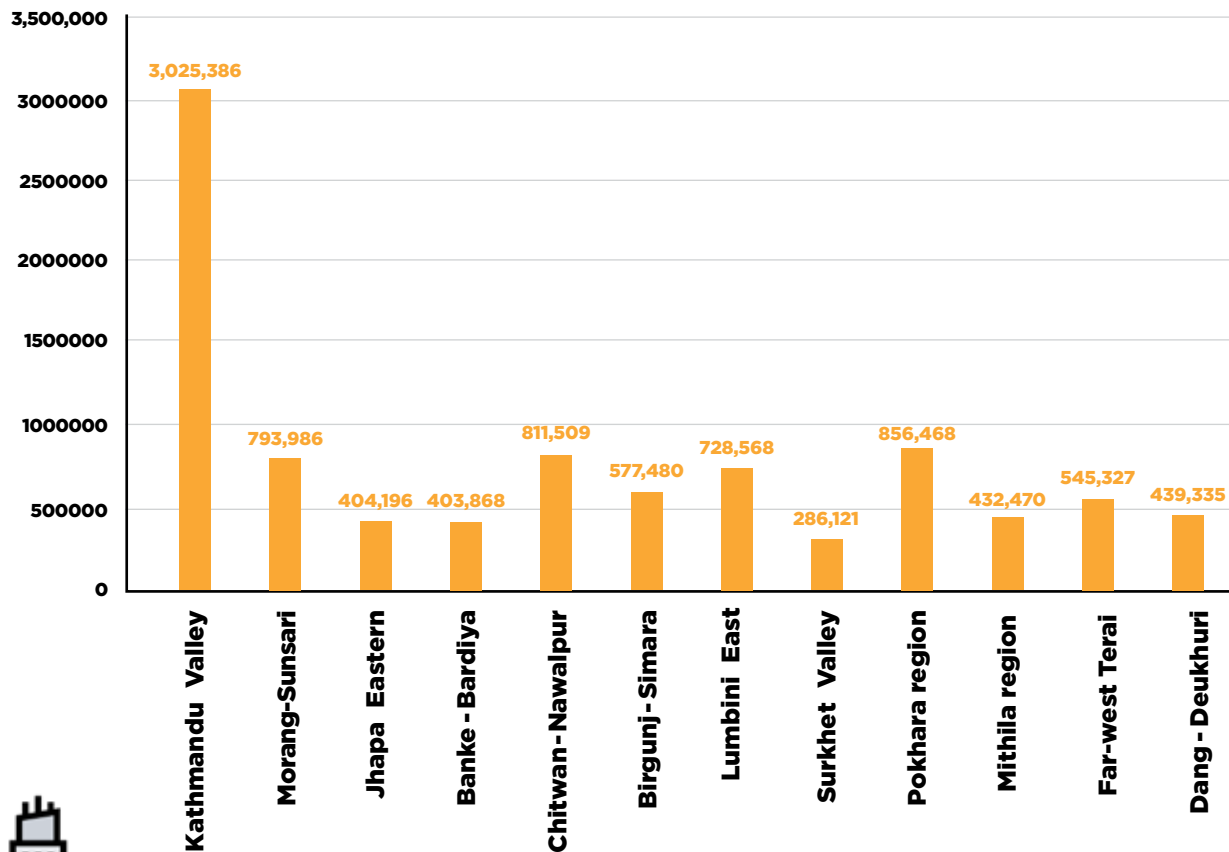


Population in urban municipalities: **66.2%**

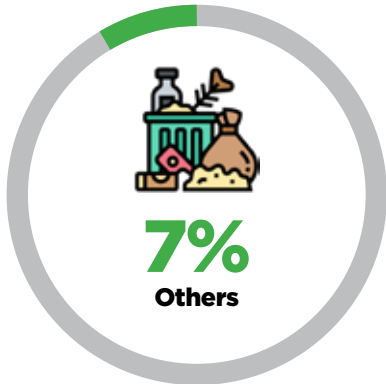
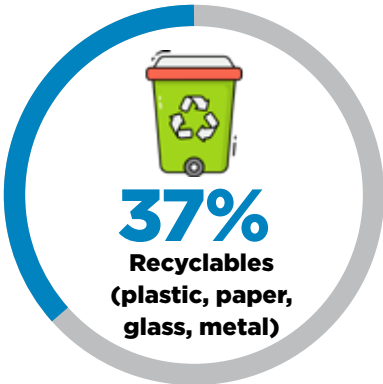
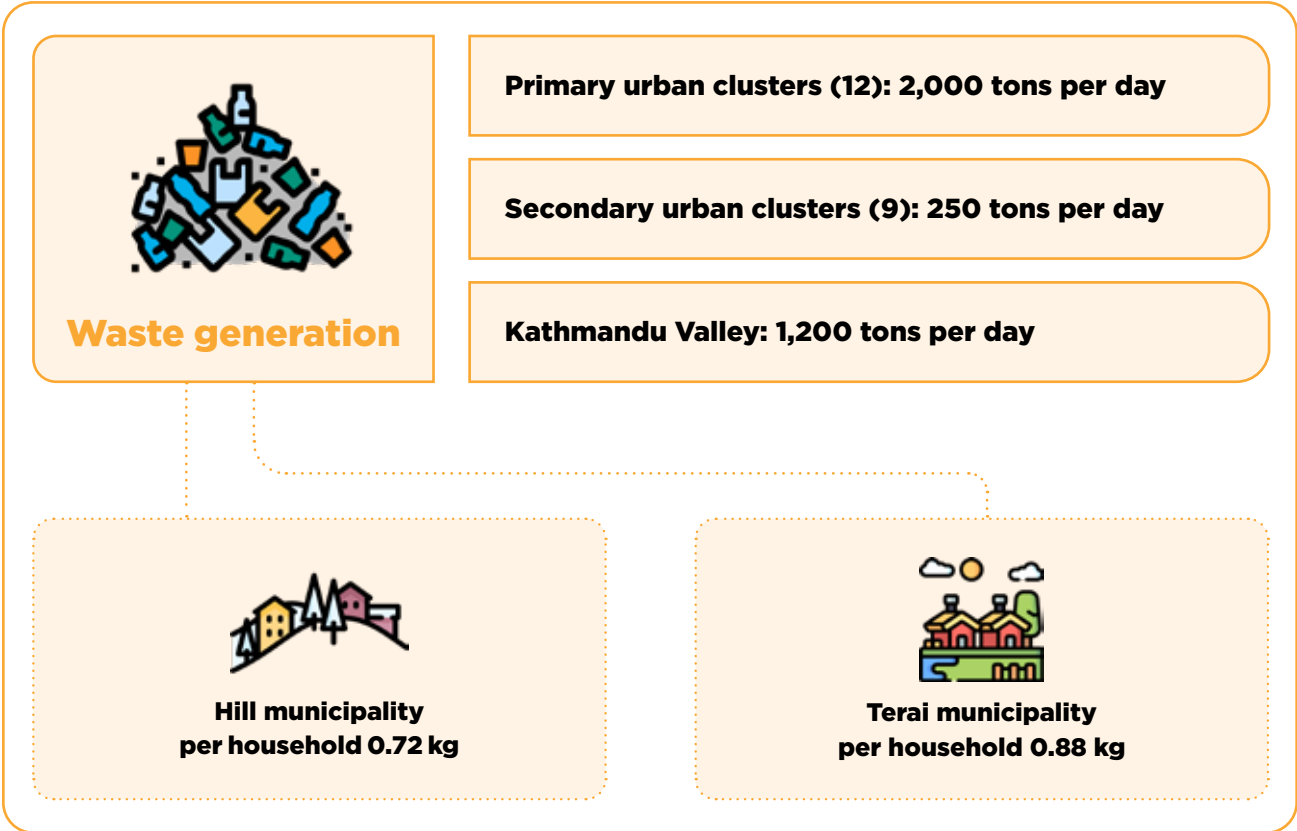


Nineteen urban clusters accommodate **10.58 million** people

Population of primary urban clusters



Waste management



Water supply



89%

urban population has access to basic water supply



34%

supply is safely managed



54.2%

urban households use tap/piped water as the main source

Land pooling projects

	Completed	Underway
Kathmandu Valley	14	8
Out-side Kathmandu Valley	3	15



Birgunj Nagar Sabha Griha (City Hall) is privately run under a 20-years PPP arrangement



Kathmandu Tower / city bus terminal under construction; to be run under a 30-year PPP arrangement



Recreational parks and centres built and run by private companies

Availability of inputs

- 65 cement factories with total production capacity of 22 million tons per year
- 83 iron and steel factories produce 2.5 times more than the demand
- 100 municipalities sell about 80 million tons sand and gravel annually
- 700 crusher factories process and produce construction aggregates
- 36,000 civil engineers and 2,500 architects are registered in Nepal
- Mid-level technicians on water & sanitation are easily available

2. INVESTMENT OPPORTUNITIES

Water supply



Water supply system



Processed drinking water



Installation of public taps and water-vending stations

Solid waste management



Organic waste comprises 66% of total household waste, can be used to produce compost manure

Urban transport



Bus parks, bus terminals and multi storey parking lots

Parks and recreational facilities



View towers



Skywalks



Urban gardens



museums



Water parks & water fronts

Operation and management of heritage sites



Multipurpose commercial complexes and convention centres



Sewerage line and waste-water treatment plants



Development of housing



- 17.8% households living in rented houses in urban municipalities (2021)
- 38.66% households living in rented house in Bagmati province (2021)
- Private sector has developed 4,200 single housing and 15,000 apartments in Kathmandu Valley
- Opportunity to invest in large and medium scale housing projects in highway transit hubs and provincial capitals

3. SUPPORT SYSTEM

Policy and strategy



National Urban Policy 2007

- Aims to identify and use private investment in urban infrastructure development
- Supports PPP projects and foreign investment



National Urban Development Strategy 2017

- Aims to promote private investment in urban services and higher order infrastructure
- Priority to facilitate private investment in water supply, waste-water treatment, and waste management



Laws

Public - Private Partnership and Investment Act, 2019

- Different models of PPP possible for project implementation.
- Investors can submit unsolicited proposals
- Has a provision for Viability Gap Funding

Local Government Operation Act - 2017

- Local governments can develop and manage their own PPP projects
- Private sector permitted to collect service charges for managing public services under PPP contracts

Solid Waste Management Act - 2011

- Places solid waste management under local governments
- Private sector participation allowed in municipal solid waste management

Ownership of Joint Housing Act - 2054

- Corporate sector can develop and operate joint housing Projects
- Allows transfer of apartment ownership to the buyer

Incentives and tax exemptions

Industrial Enterprises Act - 2020

40%

exemption in income tax earned from investment in infrastructure

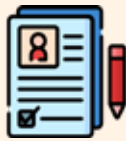


Other deductions based on specific expenses, such as that incurred on systems and equipment for preventing and controlling pollution



Support & facilitation of land acquisition

Ownership of Joint Housing Act - 2054



Allows full or partial exemption of land registration charges



Allows full or partial exemption in tax, tariff or charges for the operation and management of joint housing schemes

Scan for full sectoral profile, including the data sources.





For this document



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Support: DCEL Project (IBN/UNDP Nepal)