

## DEVELOPMENT COORDINATION

### A. Major Development Partners: Strategic Foci and Key Activities

1. Nepal receives significant assistance from various development partners to achieve its goals of broad-based and inclusive economic growth. In the water and other urban infrastructure and services (WUS) sector, the Asian Development Bank (ADB) has been the largest development partner since the early 1990s. Other major development partners in the WUS sector include German development cooperation through Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and KfW, the Government of Finland, Japan International Corporation Agency (JICA), the United Nations Development Programme (UNDP), and the World Bank Group. Details of projects since 2001 are shown in the table below.

#### Major Development Partners

Development Partner	Project Name	Duration	Amount (million)
<b>Urban Development</b>			
ADB	Urban and Environmental Improvement Project	2003–2011	\$30.00
	Local Governance and Community Development Programme <sup>a</sup>	2008–2013	\$106.30
	Secondary Towns Integrated Urban Environmental Improvement Project <sup>b</sup>	2010–2016	\$60.00
	Kathmandu Sustainable Urban Transport Project	2010–2014	\$20.00
	Integrated Urban Development Project	2012–2017	\$56.80
	Regional Urban Development Project	2017–2022	\$150.00
JICA	Kathmandu Valley Urban Road Development–Improvement of the Kathmandu Bhaktapur Road	2008–2011	\$26.00
KfW Group	Town Development Program II	2001–2009	€8.00
	Town Development Program III	2009–2012	€7.50
GIZ	Community Infrastructure in Municipalities	2000–2005	DM14.00
	Urban Development through Local Efforts Program	2008–2010	€5.50
Government of Finland	Strengthening of Environmental Administration and Management at the Local Level in Nepal-Phase I	2001–2007	€5.20
	Strengthening of Environmental Administration and Management at the Local Level in Nepal-Phase II	2008–2011	€3.50
UNDP	Public–Private Partnership for Urban Environment	2002–2012	\$1.40
World Bank Group	Urban Governance and Development Program: Emerging Towns	2011–2016	\$25.00
	Pro-Poor Urban Regeneration Pilot	2013–2017	\$2.80
<b>Waste Management</b>			
Government of Finland	Regional Waste Management Project	2010–2014	€4.40
<b>Water Supply and Sanitation</b>			
ADB	First Small Towns Water Supply and Sanitation Sector Project	2001–2008	\$34.00
	Second Small Towns Water Supply and Sanitation Sector Project	2009–2015	\$45.10
	Third Small Towns Water Supply and Sanitation Sector Project	2014–2021	\$60.00
	Melamchi Water Supply Project <sup>c</sup>	2001–2016	\$317.00
	Community-Based Water Supply and Sanitation Project	2003–2012	\$25.00
	Kathmandu Valley Water Service Sector Development Program	2003–2014	\$10.64
	Kathmandu Valley Water Supply Improvement Project	2011–2016	\$80.00
	Kathmandu Valley Wastewater Improvement Project	2013–2019	\$80.00
World Bank	Kathmandu Valley Water Supply Improvement Project – Additional Financing	2015–2020	\$90.00
	Rural Water Supply and Sanitation Improvement Project	2014–2020	\$72.00
JICA	Melamchi Water Supply Project (water treatment plant)	2001–2017	¥5,494.00
	Improvement of Water Supply in Urban and Semi Urban Center	2005–2006	\$9.80
	Project for Hydro-microbiological approach for Water Security in Kathmandu Valley	2014–2019	NA
	Capacity Development Project for the Improvement of Water Supply	2015–2020	NA

Development Partner	Project Name	Duration	Amount (million)
	Management in Semi-urban Areas		
	Rehabilitation of Water Transmission System in Chautara	2016–2018	NA
	Improvement of Water supply in Pokhara	2016–2022	\$42.12
	Capacity Development of KUKL	2018–2023	NA
UNICEF	Sanitation and Water for All	2011–2017	\$22.90
UN-Habitat	Global Sanitation Fund Nepal	2010–2017	\$11.20
Government of Finland	Rural Village Water Resources Management Project, phase II	2010–2015	\$20.90
	Rural Village Water Resources Management Project, phase III	2015–2020	\$20.30
	Rural Water Supply and Sanitation Project, Western Nepal		\$18.50

€ = euro, ¥ = Japanese yen, \$ = United States dollar, ADB = Asian Development Bank, DM = Deutsche mark, GIZ = Deutsche Gesellschaft für Internationale Zusammenarbeit, JICA = Japan International Cooperation Agency, KUKL = Kathmandu Upatyaka Khanepani Limited, NA = not available, UN = United Nations, UNDP = United Nations Development Programme, UNICEF = United Nations Children's Fund.

<sup>a</sup> Led by the Government of Nepal with other development partners, e.g., ADB, Canadian International Development Agency, Danish International Development Agency, Department for International Development of the United Kingdom, GIZ, the Government of Norway, JICA, Swiss Agency for Development and Cooperation, United Nations Joint Programme (UNDP, United Nations Children's Fund, United Nations Capital Development Fund, United Nations Population Fund, United Nations Volunteers), and World Bank Group.

<sup>b</sup> Cofinanced by the OPEC Fund for International Development.

<sup>c</sup> Cofinanced by JICA, Nordic Development Fund, and the OPEC Fund for International Development.

Note: Earthquake reconstruction projects are not listed in the table.

Source: Asian Development Bank.

2. ADB has been supporting Nepal's WUS sector since 1985, starting with the Rural Water Supply and Sanitation Sector Project, and has worked closely with the Ministry of Physical Planning and Works and the Ministry of Urban Development (MOUD), and now is working with the Ministry of Water Supply (MOWS).

3. Although the World Bank had not been extensively engaged in the WUS sector for quite some time, it reengaged with the Emerging Towns Project under the Urban Governance and Development Program in 2011. This project targeted fast-growing secondary towns and smaller towns in Nepal's eastern and western regions. It also supported water supply projects in rural areas through the Rural Water Supply and Sanitation Fund Development Board.

4. United Nations bodies have been active in water supply. While their financial contributions are modest, they are vital facilitators of policy reforms, community mobilization, institutional strengthening, and technical capacity enhancement in government agencies. The UNDP and the Government of Nepal implemented a program for public-private partnership in the urban environment. The United Nations Children's Fund (UNICEF) has been supporting the government in sector development; sanitation and hygiene in general; water, sanitation, and hygiene (WASH) in schools; emergency preparedness as well as response and coordination. The World Health Organization (WHO) assists Nepal with water and sanitation safety plans and water quality issues. UN-Habitat has been implementing the Global Sanitation Fund Programme and earlier supported the Water for Asian Cities program, including developing pro-poor approaches to urban sanitation and linking with ADB's urban, water, and sanitation efforts in 2007–2009.

5. The government of Japan, through JICA, pursued urban water supply initiatives such as the Melamchi Water Supply Project and the Improvement of Water Supply in Urban and Semi Urban Center Project. The Government of Finland supported the implementation of a water supply and sanitation project in Lumbini, a place of cultural and historic significance and is also supporting the Rural Village Water Resource Management Project (Phase II) in the Western development region. GIZ implemented the Urban Development through Local Efforts Program to strengthen

municipal governance and reduce urban poverty with a series of technical assistance projects for the Ministry of Federal Affairs and General Administration and the Town Development Fund.

## **B. Institutional Arrangements and Processes for Development Coordination**

6. National development and finance coordination is the responsibility of the National Planning Commission and the Ministry of Finance, which enable MOUD and MOWS to directly coordinate with the respective stakeholders. MOUD is responsible for formulating national urban development policies and programs, and MOWS is responsible for water supply and sanitation. Together they guide programming and investment to meet the objectives and targets outlined in national development plans and programs.

7. Relatively few development partners are active in municipal infrastructure development today, but key players (e.g., ADB, GIZ, KfW Group, and World Bank Group) have been collaborating closely to discuss and promote urban development coordination. ADB is coordinating with development partners working in the urban water and sanitation subsectors to ensure synergy and coordination between their operations.

## **C. Achievements and Issues**

8. In the past, inadequate collaboration between development partners and between the government and its partners sometimes resulted in differing practices and funding mechanisms. The government and development partners are now pursuing alignment and harmonization where required, to avoid duplication of efforts.

9. The Nepal WASH Development Partners Group is active and meets regularly to share updates on programming, implementation, and lessons. The Development Partners Group collaborated to provide joint inputs into the government's sector development program prepared by the Sector Efficiency Improvement Unit (SEIU)<sup>1</sup> in 2014. WASH stakeholders in Nepal signed the first joint sector review resolution during the joint sector review meeting organized by SEIU. Nine thematic groups led by government focal points were established to improve coordination in respective thematic areas.

10. In 2016, ADB supported the government in finalizing the National Urban Development Strategy with inputs from other development partners. It is a medium-to-long-term vision for the sector based on existing trends and potential. It also identifies priority and strategic initiatives for investment in infrastructure and environmental improvements.

## **D. Summary and Recommendations**

11. At the broader sector level, ADB and development partners will continue to support the government by consolidating and coordinating their efforts. With more development partners potentially entering and strengthening sector operations, coordination needs to be continuously enhanced to optimize benefits and minimize duplication of efforts. Under MOWS, an institutional coordination arrangement can be a platform for the development partners to provide more programmatic support and synergy development on WUS programming and investments.

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<sup>1</sup> The operation of SEIU was supported by the Second Small Towns Water Supply and Sanitation Sector Project (ADB). [Report and Recommendation of the President to the Board of Directors: Proposed Asian Development Fund Grant to Nepal for the Second Small Towns Water Supply and Sanitation Sector Project](#).