

World Bank Backs \$52m Programme to Tackle Air Pollution in Nepal

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The World Bank has approved a \$52 million credit for the Nepal Clean Air and Prosperity Project, targeting a reduction in industrial emissions and strengthening national air quality management systems.

The programme will focus on pollution hotspots including the Kathmandu Valley, the Terai and surrounding foothill regions, where air quality poses significant public health and economic risks.

Linking environmental outcomes to project delivery

From a project management perspective, the initiative combines infrastructure investment, policy reform and capacity building within a single delivery framework. The aim is not only to reduce emissions but to embed long-term systems for monitoring, reporting and enforcement.

Air pollution currently costs Nepal more than six percent of GDP annually through healthcare impacts and lost productivity, highlighting the economic case for structured intervention.

Driving industrial transition through financing and incentives

A central component of the programme is the transition of around 400 industrial and commercial enterprises to cleaner technologies. This includes the adoption of electric boilers, modern biomass systems and advanced emission controls.

To enable this shift, the project blends long-term financing, capital incentives and technical assistance. This approach addresses common delivery barriers such as high upfront costs, limited access to finance

and gaps in technical capability.

Rastriya Banijya Bank will act as the handling institution for the clean technology financing facility, while implementation will be led by government departments responsible for industry and environmental management.

Strengthening programme governance and regional alignment

Beyond individual projects, the programme will strengthen national systems for air quality monitoring and management, improving the government's ability to track emissions and enforce standards.

It also forms part of the wider Regional Air Quality Management Program covering the Indo-Gangetic Plains and Himalayan Foothills, one of the world's most severe pollution hotspots. This regional alignment supports knowledge sharing and coordinated action across borders.

Building long-term delivery capability

The project is supported by an additional \$5 million grant from the World Bank's Resilient Asia Program, funded by international partners. Together, the financing structure reflects a broader trend toward integrated programmes that combine capital investment with institutional strengthening.

For project leaders, the initiative highlights the importance of aligning financial mechanisms, technical delivery and governance structures to achieve measurable environmental outcomes at scale.