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Kathmandu, Nepal 14–16 November

**REGIONAL CONFERENCE 2024**

*Climate Responsive Land Governance and Disaster Resilience: Safeguarding Land Rights*



# Technical Assistance on the Digitalization of Nepal's Land Administration Sector: Overview and Next Steps

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# Land Use Engagements in Nepal



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## GRID Devt Policy Credits

- Support to Nepal's GRID's Action Plan
- Series of 3 x USD100 M. budget support
- Policy Tracks on Land Use
- 1<sup>st</sup> DPC (2022) – Approval of Land Use Regulation
- 2<sup>nd</sup> DPC (2024) – Approval of Land Use Program Implementation Directive
- 3<sup>rd</sup> DPC (2026) – not yet defined

Target: 60% of Nepal's local levels with approved land use classification by 2027

## Green Land and Buildings TA

- Funding from Korea Green Growth Trust Fund (KGGTF)
- Land Use Components:
- Support to MLMCPA in drafting Land Use Program Implementation Directive
  - Support to MoUD in drafting Green Building Guideline and Code
  - Piloting land use planning in two municipalities, Ekdara and Mithila Bihari, part of Forest for Prosperity Project
    - FPP to scale up to 15 municipalities



## Key Findings

### Main Challenge

- Overclassification of agricultural land as residential land
- Promotes low density and linear urban development
- Unclear how this will impact agricultural subsidies and loans
- Unclear how this will impact property valuation and taxation

### Legal Challenges

- Limited federal-level control
- Land use conversion very cumbersome
- Parallel land use planning initiatives, partly overlapping frameworks

### Implementation Challenges

- Limited implementation capacity at local level
- Limited coordination
- Mismatch on boundaries
- Lack of legitimate data on public lands
- Unclearities on river meandering and setbacks



## Recommendations

### Legal

- Need to amend LUA and LUR to include compliance review
- Clarify impacts on valuation and agri loans and subsidies
- Clarify overlaps
  - Integrated Urban Development Plans (IUDP)
  - Risk and Inclusivity Sensitive Land Use Planning

### Implementation

- Enhance Local Land Use Councils' capacity
- Local levels to assign officials to work on land use planning; and to establish office in the medium term
- Strengthen coordination between LLUCs and LROs/Sos
- Capacitate Ward Offices on public land inventory and management

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## Assessment of Nepal's Land and Property Valuation and Taxation Study -



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## Key Findings

- Real estate steady growth, ~9% contribution to GDP
- Market lacks transparency, affecting investment and valuation
- Land administration: Foundation is strong but needs improvement, also to support ICT- enabled valuation & taxation system
- Tax base – Tenure security interventions need to be completed to contribute to tax base
- Property valuation: Current system is fragmented and not robust, also requires capacity building and ICT integration
- Tax potential: Significant untapped potential if properly harnessed
- 1977 LAA - The 1977 Land Acquisition Act is outdated and needs comprehensive revision



## Recommendations

- Real estate market – promote transparency, formulate a real estate valuation act
- Land administration – harmonize and/or integrate cadastral and land registry information; incremental collection of land and property attributes
- Tenure security – expedite formalization of informal tenure, strengthen NLC
- Valuation infrastructure – valuation standards, strengthen inter-agency coordination and consultations with practitioners; capacity needs for the sector
- Property taxation – reassess the minimum valuation approach, review rates and tax exemptions, consider expanding the tax base. implement effective tax administration and collection systems
- Land acquisition and valuation – revise the LAA, market-based valuation approach, adherence to international practices, ensure better engagement with affected communities



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# **Developing the Land Administration and Geospatial Information Systems**

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## Key Findings

- Fragmented policies and institutions: No unified policy for public land management, valuation, or NSDI
- Outdated LA system: Good coverage but lacks updates for current societal needs.
- Institutional constraint: Separation of Land Registration and Survey Offices (LROs & SOs) hampers efficiency.
- Capacity Development/HR: Need to strengthen HR and capacity on land registration
- Decentralization: Rolling land services to 753 municipalities poses major challenges.
- Geospatial Data and Services: Requires significant modernization and investment.
- Land Use: Implementation needs clarity
- Inclusion Issues: Women and marginalized groups face tenure security challenges.



## Recommendations

- Law Review: Consolidate land-related laws into a unified code/law
- Valuation & NSDI: Establish legal and institutional frameworks.
- ICT Strategy: Integrate systems, NSDI, HR, and investment plans.
- Capacity Building: Strengthen academic institutions, focus on training for DOLMA/LRO and disaster management.
- Geospatial Data Updates: Invest in improving geospatial data and services, topographic maps, CORS network, street addressing.
- Decentralization: Develop strategy and plan; find alternatives in the short term
- Land Use: Clarify and implement NLUP/NLUA effectively
- Inclusion: Address tenure security for women and marginalized groups.

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## Technical Assistance on the Digitalization of Nepal's Land Administration Sector



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## Context

- Well functioning land administration is the cornerstone of economic stability, social justice, environmental sustainability, and effective governance.
- GoN has made significant strides through the adoption of key policies and legislations
- Despite these efforts, challenges remain:
  - Nepal's land administration system needs strengthening
  - Nepal's land and property valuation and taxation system needs key reforms
- GoN commitments to address the issues (2024 budget speech, GRID strategy)
- GoN request Technical Assistance support from the World Bank on 1.) digitalization and decentralization of the land administration system and 2.) the establishment of an integrated land and property valuation system
- World Bank has mobilized resources from the Korea-World Bank Partnership Facility (KWPF)



## Objective and Key Outcomes

### Objective

- To support the GoN in planning for the digitalization and decentralization of the land administration system, and establishment of a digital land valuation and taxation system.

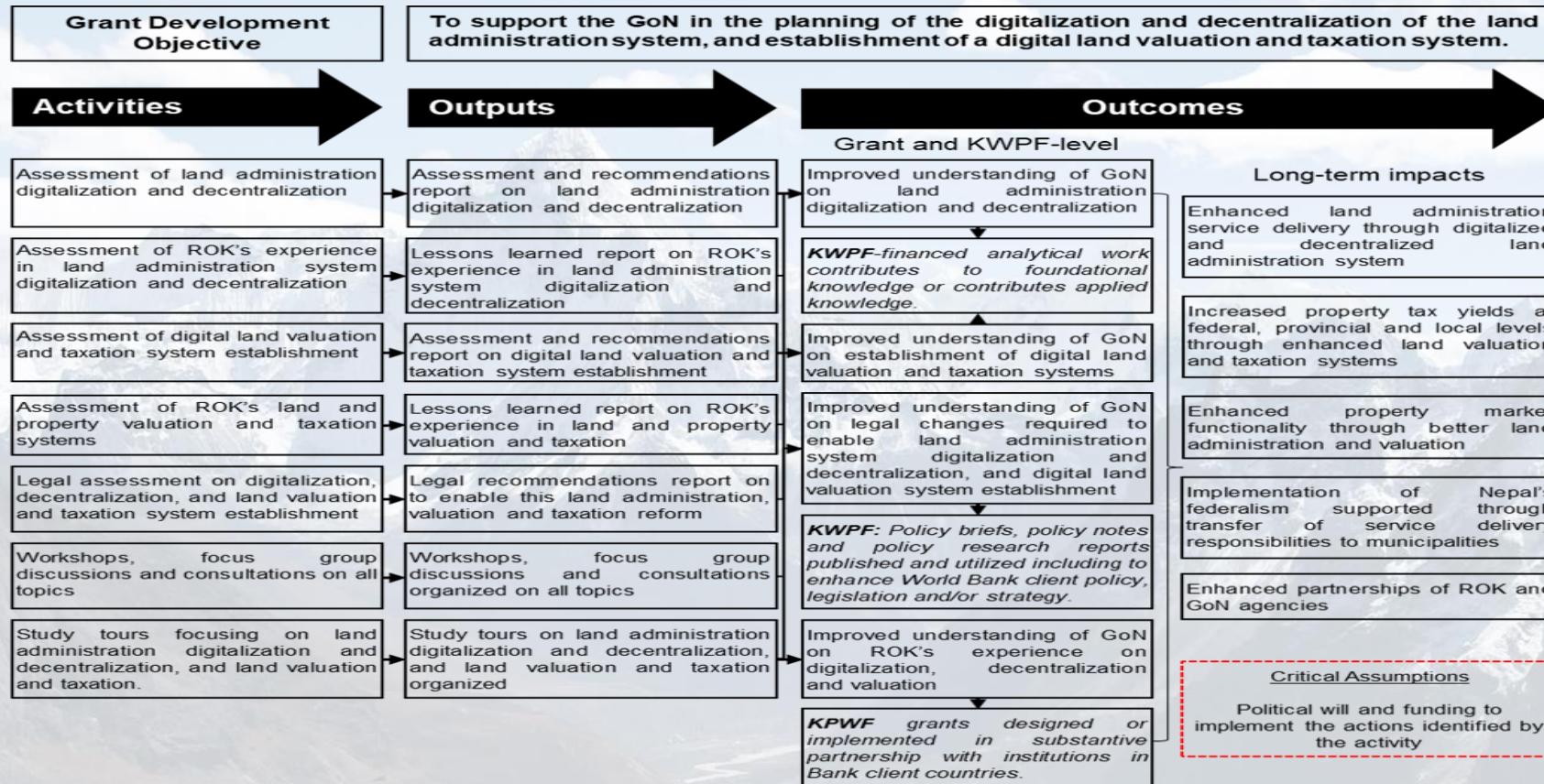
### Key Outcomes

Improved understanding on:

- digitalization and decentralization of land administration system;
- establishment of digital land valuation and taxation system;
- legal and regulatory changes required to enable 1 and 2;
- Republic of Korea's (ROK) experience in similar reforms



## Theory of Change



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## Components and Activities

Component 1 - TA for land administration system digitalization and decentralization

1.1 Assessment and recommendations

1.2 Report on RoK's experience

1.3 Consultation workshops

1.4 Study tours

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## Components and Activities

Component 2 - TA for the establishment of a digital land valuation and taxation system

2.1 Assessment and recommendations

2.2 Report on RoK's experience

2.3 Consultation workshops

2.4 Study tours



## Components and Activities

Component 3 - Legal assistance for LAS digitalization and decentralization, and establishment of a digital land valuation and taxation system

3.1 Assessment of legal/regulatory gaps

3.2 Detailed recommendations on legal changes, and draft legislations

3.3 Consultation workshops/FGDs



## Additional Information

- Project Duration: End of Dec 2025
- Project implementation modalities
  - Close collaboration with MLMCPA
  - Engagement of a consultancy firm
  - Involvement of Korean partners
  - Stakeholder engagement/consultations
  - Study tours in Korea, and others (TBC)
  - Final Workshop on Key Findings (October 2025)

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# Thank You

## Digitalization of Nepal's Land Administration Sector

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