

Project Management Update from Nepal¹

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From High Ambition to Delayed Deliveries: Assessing Nepal's National Pride Project Portfolio in 2026

1. Introduction

Nepal's National Pride Projects (NPP) are a government-led effort to deliver large, high-impact infrastructure at scale. The program began in fiscal year 2011/12 with 17 flagship projects and has since grown to 27, covering hydropower, irrigation, transport, water supply, and cultural heritage. The goal is to address long-standing gaps in energy, connectivity, and basic services.

The "national pride" designation is intended to give selected projects priority budget access, closer political oversight, and faster approvals. The logic is straightforward: concentrate limited institutional capacity on a defined set of high-impact projects rather than spreading effort across a wide portfolio. Over time, the list has shifted in response to changing political priorities, post-earthquake reconstruction needs, and climate considerations.

Progress has been uneven. A handful of projects have reached completion and are delivering real benefits, particularly in power generation and urban water supply. Most others continue to face delays tied to land acquisition, environmental approvals,

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procurement bottlenecks, and weak inter-agency coordination. The gap between planned and actual timelines remains one of the program's defining characteristics.

This report provides a current snapshot of the National Pride Projects as of 2026. It traces the program's evolution, assesses implementation progress across sectors, examines the structural constraints affecting delivery, and reviews recent reform efforts. It also draws out practical lessons for managing large public infrastructure portfolios in resource-constrained settings.

2. Evolution of the Pride Projects List

The program was formally established in 2011/12 when the National Planning Commission identified 17 core projects. New projects were added in waves over the following years, with hydropower, irrigation, strategic roads, and tourism developments progressively included. By 2026, the total stood at 27 projects.

Each successive government has reviewed and adjusted the list. Previous administrations set ambitious completion targets, including a push to finish many projects by FY 2025/26. The current government under Prime Minister Balendra Shah, who took office in March 2026, has flagged a fresh review as part of its 100-point reform agenda.

This evolution reflects shifting national priorities. Early projects focused on chronic power shortages and basic connectivity. Later additions addressed post-earthquake reconstruction and climate adaptation. Some proposals were dropped or deferred where feasibility was weak or overlap with provincial plans under the federal structure made them redundant. However, the program's core purpose has stayed consistent: break Nepal's pattern of slow, fragmented development by concentrating resources on a defined set of high-impact projects.

3. Objectives

The National Pride Projects are aimed at issues that affect most Nepali households and the broader economy. Their core objectives are:

- **Energy security:** End chronic power cuts by building large hydropower plants and shift Nepal from a net power importer toward a regional exporter.
- **Agricultural modernization:** Provide reliable irrigation to reduce dependence on monsoon rainfall, increase crop yields, and stabilize farmer incomes.
- **Improved connectivity:** Cut travel times with new highways and expressways, expand airport capacity, and support trade and tourism.
- **Water and sanitation:** Deliver piped drinking water to urban residents, improving public health and daily convenience.

- **Heritage and tourism:** Protect and develop iconic sites such as Lumbini and Pashupatinath to attract more visitors sustainably.
- **Economic and social development:** Generate employment during construction and operation, reduce regional income gaps, and create opportunities that reduce pressure on youth to migrate abroad.
- **Governance and investment signal:** Demonstrate coordinated, results-oriented government by uniting ministries, attracting investment, and building state capacity.

The “national pride” label was intended to inspire public confidence and serve as a signal of collective commitment. By formally designating a project as a national priority, the government aims to provide sustained political support and bypass the routine delays that affect ordinary public works.

4. Completed Projects and Early Wins

Several projects have been completed and are now delivering benefits.

- **Upper Tamakoshi Hydropower (456 MW):** Completed after delays caused by the 2015 earthquake, this project now operates at full capacity. It has helped stabilize Nepal’s power system and, during wet seasons, allows modest electricity exports. This is a meaningful shift from Nepal’s long history of importing power.
- **Melamchi Water Supply (Phase I):** The long-delayed tunnel project now delivers cleaner drinking water to Kathmandu Valley, easing chronic shortages. It is widely seen as evidence that focused execution can produce visible improvements in people’s daily lives.
- **International Airports:** New airports have been built in Bhairahawa (Gautam Buddha International) and Pokhara, replacing older domestic facilities with modern infrastructure. However, as of early 2026, both airports handle mostly domestic traffic, with scheduled international service remaining sparse. The full vision of these airports as active international hubs has not yet been realized.

These completions demonstrate what the program can achieve when execution matches intent. But the mixed results at the new airports also highlight an important point: finishing construction is only part of the work. Operations, flight agreements, maintenance, and actual utilization are equally critical to delivering the intended benefits.

5. Major Projects in Progress

While some projects have finished, the bulk are still underway. Many face the kinds of delays and resets that Nepal is known for.

Key projects as of 2026 include:

5.1. Hydropower and Irrigation

- **Sunkoshi-Marin Diversion (31 MW, 122,000 hectares):** The project's 13.3 km headrace tunnel was completed in May 2024. But the remaining works, including the dam, power intake, and powerhouse, have stalled. The original contractor was terminated for underperformance in late 2024. A new tender is planned for mid-2026. When complete, the project will irrigate farmland in Madhesh Province and generate electricity.



Sunkoshi-Marin Diversion 13.3 km tunnel breakthrough was completed in May 2024

- **Budhigandaki Hydropower (1,200 MW):** After decades of planning, the Cabinet has approved a financing structure of 30% equity and 70% loans, mostly domestic or concessional. Construction is expected to begin around 2028. Land acquisition for over 3,400 households is nearly complete. The project will generate approximately 3,383 GWh per year, making it Nepal's largest dam.
- **West Seti Hydropower (800 MW):** Being developed with India's NHPC, the design was re-optimized from 750 MW to 800 MW in late 2024. The draft feasibility report is under review. Land acquisition for key substation sites is around 90% complete. Together with the smaller Seti River project, the two schemes will add over 1,200 MW to the national grid.
- **Bheri-Babai Diversion:** Roughly two-thirds complete, this multipurpose project will support irrigation once finished.
- **Melamchi Water Supply (remaining phases):** Phase I is operational. Expansion and distribution works are continuing to fully relieve Kathmandu's water scarcity.

5.2. Roads, Highways and Corridors

- **North-South Corridors:** Three highway corridors now physically connect India to China through Nepal's interior. As of early 2026, the routes exist but vary in quality. The Koshi Corridor in the east was connected in January 2025 but has unpaved sections and pending bridges. The Kaligandaki Corridor, 445 km from Sunauli (India border) to Korala (China border) is the most advanced, with final paving in the Mustang section nearing completion. The Karnali Corridor in the west reaches the Tibetan border at Hilsa but is the most rugged, limited to seasonal traffic, with full surfacing several years away. Once complete, all three will shorten domestic travel, open trade routes with India and China, and stimulate markets in remote areas.
- **Pushpalal (Mid-Hills) Highway:** The 1,879 km east-west highway through Nepal's mid-hills began in 2007 and is approximately 78% complete. About 1,463 km have been paved. Spending stands at NPR 66 billion against a total budget of NPR 84.3 billion. After 19 years, several segments remain unfinished.
- **Postal Highway (Hulaki Rajmarga):** The Terai plains highway from Jhapa to Kanchanpur is around 74% complete after 16 years. Funding shortfalls and repeated delays have held back progress despite repeated political promises. A key bottleneck is the Kankai Bridge in Jhapa, where the contractor was terminated in 2024 after 14 years and only 60% completion. Re-tendering is underway, complicated by concerns about the condition of the existing partial works.
- **Kathmandu-Terai Expressway:** This 73 km road linking Kathmandu to Nijgadh is about 45% complete as of early 2026. Tunneling works have been completed, but land acquisition delays and design changes have pushed the completion target out to 2027. The current government has made clearing these approvals a stated priority. Once done, the expressway will slash travel time to Kathmandu and ease congestion on the older Prithvi Highway.



Illustration of the Kathmandu - Terai expressway

5.3. Railways and Airports

- **East-West Railway:** The proposed 945 km electrified rail line from Mechi (east) to Mahakali (west) remains largely on paper. About 70 km of track bed and two bridges were built near Bardibas-Nijgadh by 2020, with a further 30 km in Sarlahi nearing completion. The central segment through Chitwan National Park requires a new alignment due to environmental constraints. Estimated to cost around USD 3 billion, the project also faces land compensation backlogs for over 760 hectares. Experts suggest it could take decades to complete without a significant increase in funding and institutional resolve.
- **Nijgadh International Airport:** Intended to replace Kathmandu's congested airport, this project remains stalled. The Supreme Court halted work in December 2019 after deficiencies in the environmental impact assessment, and a further ruling in March 2022 suspended all related government decisions, citing concerns about large-scale forest clearance of over 8,000 hectares. Only nominal budget allocations of around NPR 350 million per year are being made. Construction cannot resume without a revised environmental assessment and parliamentary approval. If eventually built, it would be among the largest greenfield airports in the world by land area. Meanwhile, construction of the Kathmandu-Terai Expressway continues to ensure future connectivity once the airport project is cleared to proceed.



A visual render of the proposed Nijgadh International Airport

5.4. Culture, Tourism and Other Projects

- **Lumbini Area Development:** This UNESCO World Heritage Site, the birthplace of the Buddha, is one of the program's strongest performers at approximately 88% complete. Development follows the Kenzo Tange masterplan, covering gardens, monasteries, and a cultural center. Improved road links, including the Kaligandaki Corridor, have increased accessibility. Remaining work focuses on completing sacred gardens and visitor facilities.

- **Pashupatinath Area Development:** Work around Kathmandu's Pashupatinath temple is reported to be over 80% complete. The project, managed by a dedicated trust, aims to upgrade temple grounds, crematoriums, ghats, and pilgrim amenities while preserving the site's sanctity. It includes an expanded electric crematorium, riverbank improvements, and better visitor infrastructure.
- **Gautam Buddha International Cricket Stadium:** A newer national pride project (early phase) is this stadium in Bharatpur, aiming to host international matches outside Kathmandu. About 40% of the first phase is complete, with two spectator stands and supporting infrastructure under construction. The original builder (a foundation) ran out of funds, so the city government has taken over. The 15,000-seat venue (first phase) is on track for its January 2027 deadline. It shows how even smaller projects are being pursued to diversify development.



The international cricket stadium is under construction since 2018

6. Common Challenges

Most delays across the program trace back to a consistent set of structural problems.

- **Land acquisition and compensation:** Securing cleared land routinely takes years. Compensation disputes, unclear title records, and legal challenges often stall projects at the outset.
- **Environmental approvals:** Large projects frequently require new environmental impact assessments, which are time-consuming. Climate resilience concerns have added scrutiny. For example, the Nijgadh International airport faced a Supreme Court order suspending all construction in 2022 due to the planned scale of forest clearance.
- **Procurement inefficiencies:** Nepal's public procurement process is among the slowest in South Asia. Contracts often require multiple rounds of re-tendering, and

budget disbursements arrive in irregular cycles. Design changes between governments add further delays.

- **Geography and technical difficulty:** Rugged terrain raises costs and technical complexity. Tunnelling, seismic design, and high-altitude construction require specialized skills that are in limited supply. Landslides, earthquakes, and monsoon damage can set back months of progress.
- **Skills shortages:** There is a shortage of qualified engineers and technical manpower for complex projects such as tunnels and dams. Design and construction errors lead to rework and cost overruns.
- **Political discontinuity:** Frequent changes in government have disrupted project continuity. Priorities shift, reviews are triggered, and institutional momentum is lost. Weak coordination across ministries compounds this, particularly for projects spanning multiple jurisdictions.
- **Climate impacts:** Increasingly severe weather events are raising both the need for climate-resilient design and the risk of damage to works in progress.

These challenges reinforce each other. Land and tree-felling approvals can each independently take two years or more. Delays cascade into underspent budgets, which then lead to reduced future allocations. A recent World Bank review warned that without structural fixes, Nepal's infrastructure projects risk decade-long timelines.

7. Financial Status and Budget Utilization

For FY 2025/26, the government allocated approximately NPR 67.08 billion to 23 active National Pride Projects. By mid-January 2026, only NPR 10.39 billion had been spent, representing around 15.5% of the allocation. Low utilization of this kind has become routine.

The pattern creates a self-reinforcing cycle. Future budgets are cut when ministries fail to absorb allocated funds. Projects slow further, and timelines continue to slip.

Several structural factors drive this pattern. The construction season is effectively limited to around 7 to 8 months due to monsoon rains and winter conditions at high altitude. Early months of the fiscal year are consumed by tendering, approvals, and design revisions, leaving little time for actual execution. Many projects receive large upfront allocations before they are ready to use them. Billing and certification processes lag, leaving funds idle. Incomplete designs, weak cost estimates, and unresolved land issues further slow early-stage progress. In practice, only around 15 to 20% of allocated capital is absorbed annually, leading to repeated budget rollovers without matching physical progress.

This reflects a broader decline in public investment. Capital spending has fallen from 11.4% of GDP in FY 2020/21 to 7.9% in FY 2023/24. Nepal is estimated to need

infrastructure investment of around 10 to 15% of GDP to meet demand. The public capital stock has declined from around 75% of GDP in the 1990s to approximately 54% by 2019, pointing to sustained underinvestment alongside weak execution.

The problem begins at project selection. Too many projects are approved without adequate preparation, spreading limited resources across a large portfolio and slowing progress across the board. Many start with outdated or incomplete cost estimates. Multiple large projects compete for the same budget pool without clear prioritization. Political considerations influence which projects are included, while inconsistent progress monitoring limits the ability to take corrective action early.

World Bank estimates suggest that completing just 17 National Pride Projects could take up to 41 years at current trends. This is not only a financing problem. Without stricter project selection, realistic budgeting, and stronger execution systems, larger allocations alone will not produce faster delivery.

8. Benefits to Nepali Society

When completed, these projects have direct, tangible effects on daily lives of Nepalese. Reliable irrigation lets farmers move away from dependence on monsoon rainfall, raising yields and stabilizing incomes. New highways cut travel times from a full day to a few hours, improving access to markets, healthcare, and schools in remote areas. Hydropower provides homes with electricity, enables businesses to run machinery, and supports small industries. Cleaner water reduces waterborne disease, particularly in Kathmandu.

At the national level, better energy and transport infrastructure supports economic growth and regional integration. Construction and operations create employment across a range of sectors, including logistics, hospitality, agriculture, and manufacturing. Better roads and electricity also improve safety and mobility for women and marginalized groups, enabling access to markets, clinics, and livelihood opportunities closer to home.

There is also a less tangible but significant dimension. Nepal has faced prolonged political instability and a persistent sense of stagnation. Visible infrastructure progress, a dam generating power, a water pipe delivering clean supply, a road opening a remote valley, builds public confidence and can reduce the pressure on young people to seek opportunities abroad. These projects are, in a meaningful sense, about connecting the country: spanning east-west and mountain-plain divides, and signaling that economic opportunity is possible at home.

9. Government Efforts and Reforms

Previous governments made various attempts to accelerate delivery. These included creating inter-ministerial coordination bodies, deploying the Nepal Army on road and bridge construction, and encouraging public-private partnerships for technical capacity. Progress was limited by coordination gaps and institutional inertia.

The current administration under Prime Minister Shah has moved quickly with a 100-point reform agenda that directly targets infrastructure delivery. Key measures include a fast-track mechanism for land acquisition, compensation approvals, tree-felling permits, and environmental clearances. Procurement digitalization is targeted at a 30-day cycle. A Prime Minister's Delivery Unit is being set up to monitor progress closely, alongside a stated zero-tolerance policy on corruption.

The agenda also emphasizes outcome-based budgeting tied to physical milestones, and closer coordination between federal, provincial, and local authorities to resolve on-the-ground problems more quickly. Early directives have focused on finalizing design and tendering steps on key hydropower and road projects.

Shah's track record as Kathmandu's mayor, where he gained a reputation for visible urban improvements and pragmatic problem-solving, has shaped expectations. Observers anticipate a more hands-on approach at the national level, possibly including public progress dashboards and stricter contractor accountability. These initiatives are early, but they signal a genuine push toward measurable, time-bound delivery.

10. The 2026 Reform Agenda: A Path Forward

The outlook combines cautious optimism with clear constraints. The program's history shows that progress has been incremental and often slower than planned. A World Bank assessment warning that completion could take decades under current trends has reinforced the urgency of reform. At the same time, completions such as Upper Tamakoshi and Melamchi have demonstrated that results are achievable when execution improves.

The current reform agenda targets practical bottlenecks: faster approvals, defined timelines, more predictable funding, and stronger accountability. If applied consistently, a meaningful part of the portfolio could be delivered within the decade. There is also scope to use technology more effectively. Drone-based surveying and modular construction methods can reduce delays in difficult terrain. Nepal also has opportunities to leverage concessional financing and technical support, provided it can demonstrate improved implementation credibility.

As of April 2026, the government has initiated amendments to the Public Procurement Act (2007) to address systemic inefficiencies. Proposed changes include holding officials accountable for initiating tenders without first securing land acquisition and environmental clearances. The draft also introduces reverse auctions and a government e-marketplace to improve transparency and price competitiveness.

External recommendations point in the same direction. The World Bank has stressed the need for a tighter project pipeline, where only investment-ready projects are included in the budget. This would mean reprioritizing the current portfolio and concentrating resources on a smaller number of high-readiness, high-impact projects, such as the Kathmandu-Terai Expressway, Budhigandaki Hydropower, and critical Melamchi Water Supply components.

The key shift required is from project announcement to project delivery. Success will depend on sustained political commitment, stronger governance, and disciplined project selection. Ultimately, the value of these projects will be measured not by their designation, but by the reliability and impact of the services they deliver.

11. Conclusion

Nepal's National Pride Projects reflect a clear national intent to accelerate transformative infrastructure through focused political and financial commitment. The program has shown that results are achievable when execution aligns with intent. Completions such as Upper Tamakoshi and Melamchi have delivered visible benefits and strengthened public confidence. But these successes are limited relative to the scale of the overall portfolio.

The central challenge is not ambition but delivery. Persistent gaps between planning, budgeting, and execution continue to delay outcomes. Weak project preparation, slow land acquisition, complex environmental processes, and procurement inefficiencies constrain progress across sectors. Expansion of the project list without corresponding prioritization has diluted focus and stretched institutional capacity. Many projects advance in fragments rather than through coordinated, end-to-end delivery.

Low budget utilization reinforces this cycle. Underspensing reflects deeper structural problems in project readiness, and implementation discipline. More funding alone will not resolve these constraints. What is needed is stronger front-end planning, realistic costing, and enforceable timelines backed by accountability.

Recent reform initiatives, including fast-track approvals, digital procurement, centralized monitoring, and outcome-based budgeting, are directionally sound. Their impact will depend on consistent application, institutional coordination, and continuity beyond political cycles.

From a project management perspective, Nepal's experience points to several clear lessons. Prioritization must be matched by discipline in project selection. Readiness at approval stage is critical to avoid downstream delays. Infrastructure delivery must be managed as a full lifecycle system, where construction, operations, and utilization are aligned. And governance structures must enable timely decisions and clear accountability.

The outlook remains positive. With sustained reform and stronger execution systems, the program can still deliver significant national value. The coming years will determine whether Nepal can convert a portfolio of high ambition into a consistent record of delivery.

AI Use Declaration

AI tools were used in preparing this report only to improve the clarity and readability of the language. All content was written, reviewed, and edited under human oversight. The author takes full responsibility for the accuracy, integrity, and originality of the work.

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