Project Management Update from Nepal[1]

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By Yamanta Raj Niroula, PMP
International Correspondent for PM World Journal
Kathmandu, Nepal

Nepal's 'Quad Project': Four Development Corridors, One Ambitious National Plan

1. Introduction

When governments announce large infrastructure programs, public discussion gravitates toward the scale of investment, the number of projects, or the political symbolism attached to them. Far less attention is usually paid to a more consequential question: what problem is the program actually trying to solve?

Nepal's 'Quad Project', introduced on May 29, 2026 through the fiscal year 2083/84 (2026/27) budget, is noteworthy because it begins with a diagnosis rather than a collection of disconnected projects. The budget proposes three major development quadrilaterals and a Northern Border Network, linking transport, agriculture, tourism, energy, trade, and digital infrastructure within defined geographic corridors. The intention is not simply to build roads, irrigation systems, tourism facilities, or power infrastructure. The intention is to create interconnected regional economies capable of generating sustained growth.

For decades, Nepal's development model has been criticized for dispersing limited capital across hundreds of small projects shaped as much by political negotiation as economic logic. The result has frequently been incomplete infrastructure, fragmented

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benefits, and weak economic transformation despite significant public expenditure. The 'Quad Project' represents an attempt to reverse that pattern by concentrating resources within selected spatial corridors where multiple investments reinforce one another.

Many infrastructure programs fail because individual projects encounter technical or financial difficulties. Programs built around interdependence face a different risk. They can fail even when individual components are completed if coordination between those components breaks down. Roads without productive industries, irrigation without market access, tourism facilities without reliable transport, and digital infrastructure without supporting utilities all produce assets that function below their intended value.

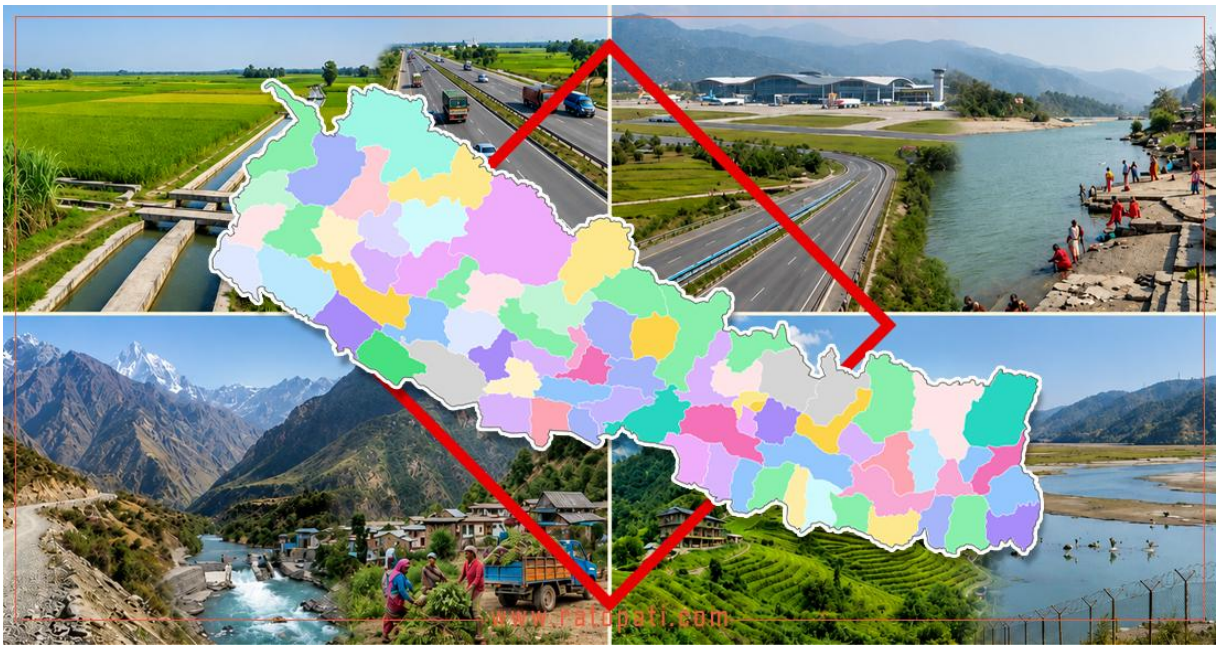
Therefore, the Quad deserves examination not merely as a development project but as a large-scale program management challenge.

2. Geometry as Economic Strategy

The term "Chaturbhuj," from Sanskrit and Nepali, translates directly to "quadrilateral." It carries more significance than a branding exercise.

A quadrilateral is not simply four points on a map. It is a closed structure whose shape depends on the relationship among its components. The government's framework applies the same principle spatially. Each corridor is intended to operate as an integrated economic system rather than a collection of independent investments.

This approach reflects a recognition that infrastructure alone rarely produces transformation. Infrastructure becomes economically significant when it connects productive activities, markets, labor, capital, and institutions in ways that reinforce one another.



Nepal's "Chaturbhuj (Quad)" Project: Illustrative Image (Source: www.ratopati.com)

The four components of the framework illustrate this logic.

2.1. The Mid-Madhesh Quadrilateral

The Mid-Madhesh corridor is perhaps the most economically straightforward element of the program. Centered on the Sunkoshi-Marin Diversion Project, which is expected to irrigate tens of thousands of hectares in the central Terai region, where agricultural productivity remains below potential due to water constraints and fragmented logistics.

Current yields in many Terai region districts remain significantly lower than comparable regions in South Asia. Post-harvest losses are also high, often exceeding 20 percent in perishable commodities due to weak storage and transport systems. Agro-processing capacity is limited, and value chains remain shallow.

The corridor seeks to combine irrigation, agricultural modernization, industrial processing, and transportation infrastructure across the central Terai region. The underlying assumption is that reliable water, fertile land, and improved logistics can shift agricultural production from subsistence patterns toward commercially viable value chains.

Unlike many infrastructure projects that rely on uncertain future demand, this corridor is built upon an existing productive base. Agriculture already dominates the regional economy. The challenge is not creating economic activity but increasing its productivity and market connectivity.

Historically, development programs tend to perform better when they strengthen existing economic strengths rather than attempt to manufacture entirely new ones. From that perspective, the Mid-Madhesh corridor represents the least speculative component of the Quad.

2.2. The Gandaki Quadrilateral

The Gandaki corridor approaches development from a different direction. Its foundation lies in tourism, heritage, mobility, and regional connectivity. Planned improvements to the Siddhartha Highway, including critical bottleneck sections between Butwal and Pokhara, are intended to support a larger tourism ecosystem linking cultural, religious, ecological, and adventure destinations.

The corridor reflects a common recognition that tourism is not simply a hospitality sector. It is a network economy. Visitors require transportation, accommodations, food systems, local services, digital connectivity, safety, environmental management, and cultural preservation. Weakness in any element affects the whole experience. The proposed “Shaligram Path” attempts to organize these assets into a coherent economic route. However, physical infrastructure alone cannot guarantee outcomes.

Tourism depends on decentralized actors: communities, small businesses, and local governments. The central challenge is coordination across these actors. Standardization improves efficiency but risks degrading cultural authenticity. The corridor must balance

access with preservation, a tension that requires local-level governance rather than centralized control.

Tourism corridors carry unique management challenges. Physical infrastructure can be delivered through engineering processes but authentic visitor experiences cannot. They emerge from communities, traditions, landscapes, and local enterprises that are difficult to standardize.

Therefore, the success of the corridor depends less on the highway itself and more on how effectively local economic participation is integrated into the broader vision.

2.3. The Karnali Quadrilateral

The Karnali corridor is the most strategically interesting component of the framework. Conventional development thinking treats geographic remoteness as a disadvantage that must be overcome through connectivity and industrialization.

Karnali adopts a more selective approach. Rather than pursuing large-scale manufacturing or heavy industry, the corridor focuses on activities where isolation may create competitive advantages. Medicinal and aromatic plants, specialized tourism, localized mining, and small-scale hydropower all rely on resource characteristics that cannot easily be replicated elsewhere.

This represents a subtle but important shift in development thinking. Regions do not necessarily become prosperous by imitating more developed regions. They often succeed by identifying distinctive advantages and building economic systems around them.

However, the challenge lies in maintaining strategic discipline. Large regional programs frequently drift away from their original logic. Political pressures accumulate. Local demands expand. New projects are added. Over time, a focused strategy can gradually become a collection of unrelated activities.

The long-term success of Karnali depends on whether implementation remains committed to the corridor's specialized value chains rather than reverting to conventional road-building as an end in itself.

2.4. The Northern Border Network

The Northern Border Network links the Quad’s main corridors to border points with China, including Rasuwagadhi, Tatopani, Korala, Kimathanka, Olangchunggola, and Hilsa. Its rationale is to reduce transport costs, expand market access, and strengthen cross-border trade.

Its effectiveness depends on more than physical infrastructure. Customs delays, regulatory inconsistencies, and seasonal disruptions continue to shape how these routes function in practice. These constraints often limit gains from improved connectivity.

The network also carries demographic implications. Remote mountain regions face persistent outmigration driven by limited livelihoods. Better connectivity can lower costs, increase local trade, and improve access to services, helping stabilize settlement patterns in some areas.

Therefore, its impact sits at the intersection of trade efficiency and regional stability. Whether it delivers depends on whether institutional bottlenecks at the border evolve alongside physical infrastructure.

3. Heritage Corridors as Economic Infrastructure

Among the Quad's more distinctive elements is the recognition of heritage routes as functional economic infrastructure. Initiatives such as the "Nirvana Path" and "Shaligram Path" formalize pilgrimage and cultural movement into structured economic corridors. These routes support layered local economies, including lodging, transport, small-scale trade, and community services, rather than isolated tourist sites.

This approach expands the definition of infrastructure beyond physical assets to include cultural and historical systems that shape economic behavior. Yet the central constraint is preservation. Heritage destinations often lose value when commercial activity scales without control. Uniform designs, branding, and service models may improve coordination but can erode local identity and visitor experience.

Sustained value depends on balance. Accessibility must improve without diluting authenticity. This requires governance that sets limits on density, design, and use, while allowing local actors to shape outcomes. Corridor success will depend less on visitor volume and more on how well cultural integrity is maintained over time.

4. Silicon Himalayas and Competing Priorities

The Silicon Himalayas project extends the Quad beyond traditional infrastructure. By leveraging Nepal's growing hydropower surplus, the government hopes to attract high-value computing activities through investments such as the Sovereign AI Computing Center at Syuchatar.

The concept reflects a broader global trend. Renewable energy influences data infrastructure decisions because power availability represents a major operating cost. But digital infrastructure depends on more than electricity. It requires regulatory predictability, telecommunications reliability, cybersecurity capacity, skilled human resources, and uninterrupted transmission systems.

The proposed restructuring of the Nepal Electricity Authority (NEA) into separate generation, transmission, and distribution entities reflects recognition of these requirements. Still, the initiative raises a broader management question.

How many transformational reforms can institutions absorb simultaneously? The Quad already includes corridor development, legacy project completion, financing reform, tourism development, border infrastructure expansion, and governance restructuring.

Adding power sector unbundling and advanced digital infrastructure projects increases both ambition and complexity. Ambition is not inherently problematic. But institutional bandwidth is finite.

The challenge is not whether these efforts are worthwhile individually. The challenge is whether they can be delivered concurrently without overwhelming management capacity.

5. Growth Poles and the Problem of Diffusion

The Quad rests on an idea that appears straightforward but carries a complication. Growth can be initiated in specific places and then extended outward. This is the premise of Growth Pole Theory, articulated by François Perroux in 1949. Development, in his view, does not unfold evenly. It concentrates in certain points, then spreads through what he called “diverse channels”.

The first part of this proposition is widely accepted. The second is often assumed.

Perroux’s formulation places as much weight on the channels as on the poles themselves. That distinction matters. It shifts attention from where investment is placed to how its effects travel. But in practice, policy tends to emphasize the creation of nodes while treating diffusion as a secondary outcome.

The historical record suggests this is a fragile assumption. In South Korea, industrial zones did not simply generate growth. They operated within a system where firms, logistics, labor mobility, and state coordination were already aligned. Diffusion followed because the pathways were functional. In segments of India’s corridor programs, similar effects appeared where supply chains could extend without encountering institutional or physical discontinuities.

Where those conditions were absent, the pattern changed. Growth accumulated at the center. Labor and capital moved inward. Peripheral regions remained largely outside the process.

Nepal contains elements of both trajectories. The Terai region has density, cross-border trade, and transport linkages that allow economic effects to circulate. The hills and mountains present a different structure. Distance translates into cost. Markets are thinner and less predictable. Infrastructure connects selectively rather than systemically. Under these conditions, the “channels” Perroux described are not missing, but they are weak and discontinuous.

This leads to a more practical reading of the theory. Concentration can be engineered. Diffusion has to be built. Secondary roads, labor mobility, and local market systems are not supporting features of a corridor strategy. They determine whether it functions as a network or remains a set of isolated nodes.

Nepal’s past corridor efforts suggest that building the node is the easier part. The harder question is whether the system around it is capable of carrying growth any further.

6. Completing the Past, Constraining the Future

The 2026 budget places clear emphasis on completing long-delayed National Pride Projects before initiating new ones. The logic is easy to accept. Finishing what has already been started signals discipline, restores credibility, and avoids further fragmentation of public investment.

However, the difficulty lies in the condition of the existing portfolio. Many of these projects were conceived under assumptions that have since changed. Costs have risen beyond initial projections. Timelines have stretched to the point where original demand forecasts are no longer reliable. In some cases, the economic context itself has changed. Population movements, market structures, and regional priorities have evolved in ways that the original designs did not anticipate.

This creates a familiar problem in project portfolios. Past investment exerts a pressure on present decisions. The more that has been spent, the harder it becomes to reconsider the project's relevance. Political visibility reinforces this tendency. Completion becomes a goal in itself, even when the original justification has weakened.

The risk is not limited to cost overruns. It is a question of allocation. Capital committed to legacy projects reduces the system's ability to respond to current opportunities. The trade-off is not abstract. Every unit of funding tied to a low-yield asset is unavailable for a potentially higher-return one.

But the alternative is not straightforward. Abandoning projects carries reputational and economic consequences. Partially completed assets rarely retain value. Communities that have waited for delivery incur real losses if projects are halted.

This tension suggests that the "finish first" approach cannot operate as a blanket rule. It requires discrimination. At a minimum, three questions become unavoidable:

- Does the project still address a present economic need?
- Is the remaining investment justified relative to expected returns?
- Will the completed asset generate value that extends beyond its immediate footprint?

Without such filters, the policy risks converting past commitments into future constraints. The Quad, as it moves into implementation, inherits this tension rather than resolving it.

7. Financing Problem

The most honest aspect of the budget is its acknowledgment that the state cannot finance or deliver the entire program independently.

With a large share of public expenditure committed to recurrent obligations and debt servicing, Nepal's fiscal space remains constrained. The government proposes a financing architecture involving alternative development finance mechanisms, hybrid annuity models, diaspora bonds, and other investment instruments.

Technically, these mechanisms are well established. However, their effectiveness depends on something that cannot be legislated: confidence. Investors evaluate more than financial returns. They evaluate predictability. They assess regulatory consistency, contract enforcement, governance quality, dispute resolution systems, and institutional reliability.

This creates what might be called a confidence paradox. Private investment is needed to demonstrate the viability of the corridors. But substantial private investment arrives only after viability has already been demonstrated.

The budget's amendments to the Foreign Investment and Technology Transfer Act (FITTA) attempt to address part of this challenge by simplifying dividend and capital repatriation procedures. These reforms are meaningful. Nevertheless, confidence ultimately emerges from experience rather than policy announcements.

The first corridor projects carry responsibilities beyond their immediate outputs. They become signals. Their performance influences perceptions of every subsequent financing initiative associated with the broader program.

8. Governance as the Binding Constraint

The Quad's most consequential risk does not sit in engineering complexity, financing gaps, or even political contestation. It lies in governance. The program has no fully ring-fenced budget or unified delivery structure. Its success depends on aligning multiple ministries, agencies, and levels of government around shared objectives. This appears efficient on paper. In practice, it disperses ownership and, with it, accountability.

Large programs rarely fail because the vision is disputed. They fail because institutions continue to operate within their own mandates. Performance is measured internally. Incentives remain tied to sectoral outcomes. Coordination, in this context, becomes periodic rather than continuous. It takes the form of meetings, not decisions.

The pattern that follows is familiar. Individual components move forward. Contracts are awarded. Budgets are spent. Progress is recorded within each agency. Yet the integrated outcome that justified the program begins to drift. No single failure is visible, but the system as a whole underperforms.

This is not a coordination problem in the usual sense. It is a question of authority. Project management practice distinguishes between structures that can observe alignment and those that can enforce it. The difference is often understated but decisive.

The proposed Central Program Management Office addresses the issue in principle. Its impact will depend on what it is allowed to do. An advisory PMO can track progress and flag risks. An executive PMO must be able to set sequencing priorities, reallocate resources across agencies, resolve inter-ministerial conflicts, and enforce program-level accountability.

Without these powers, coordination remains procedural. Divergence is identified but not corrected. With them, trade-offs can be managed in real time, and dependencies can be actively controlled.

The distinction is not administrative. It is institutional. A PMO that can see fragmentation adds visibility. A PMO that can intervene determines whether fragmentation is contained or allowed to define the outcome.

9. Scheduling as the Hidden Constraint

Infrastructure debates tend to focus on what will be built. In practice, outcomes are often determined by when and in what order things are delivered. Scheduling is not a secondary concern. It shapes whether investments generate value or remain underused.

The Quad introduces three distinct layers of scheduling complexity.

1. **Within Individual corridors:** Infrastructure and economic activity must be sequenced carefully. Build too early, and assets remain idle. Act too late, and economic initiatives stall without the systems they depend on. Timing, not just presence, determines utility.
2. **Across corridors**: Projects draw from the same limited pool of resources. Engineering capacity, procurement systems, regulatory approvals, and contractor availability become shared constraints. Without coordination, parallel execution creates competition rather than progress.
3. **Macro-fiscal level**: Nepal's recurring pattern of concentrated capital spending toward the end of the fiscal year, often referred to as the "June Surge," introduces a structural distortion. Project timelines begin to follow budget release cycles instead of technical requirements.

This is usually framed as a financial management issue. It is equally a question of quality. Compressed construction windows reduce oversight, encourage shortcuts, and weaken execution standards. The result is infrastructure that requires earlier maintenance and delivers lower long-term value.

No corridor strategy can perform consistently if project schedules remain subordinate to administrative spending cycles. In this sense, time is not just a constraint. It is a governing variable.

10. Institutional Capacity as the Decisive Factor

Nepal's 'Quad Project' reads well as a development framework. The logic of its corridors is grounded in recognizable economic patterns. The emphasis on integration responds to a long history of fragmented investment. Financing reforms acknowledge fiscal constraints rather than ignoring them. Spatially, it aligns with broader regional development thinking. Each component is defensible on its own terms. Taken together, they form a coherent design. Coherence, however, is not the same as constructability.

There is a long record of development programs that were conceptually sound but structurally difficult to execute. Nepal is not new to this gap. Earlier spatial strategies carried similar clarity in design but struggled to maintain coordination once implementation moved across ministries, timeframes, and political transitions. The constraint has rarely been vision. It has been continuity.

The Quad will likely be shaped early, not in terms of physical completion, but in terms of institutional behavior. The first phase of implementation tends to set patterns that are difficult to reverse later. Authority either becomes real in practice or remains procedural. Coordination either produces decisions or generates documentation. Progress either builds institutional confidence or settles into familiar cycles of delay.

Seen from this angle, the central question shifts. It is no longer about whether the Quad is conceptually strong. It is about whether an integrated plan can be matched by an integrated delivery system.

Infrastructure programs are usually assessed through visible outputs. Roads completed, tunnels opened, transmission lines connected, irrigation expanded. These outcomes matter, but they do not fully capture what such programs test in a system like Nepal's.

If the Quad succeeds, its deeper outcome will be less about physical infrastructure and more about institutional capability. It would suggest that coordination across fragmented agencies can be converted into a stable function of government, not just an aspiration. If it fails, it will likely be remembered as another case where the design exceeded the system's capacity to carry it.

The difference between those two outcomes extends beyond four corridors. It speaks to how development is organized, sustained, and governed over time.

11. Conclusion

Nepal's 'Quad Project' is not fundamentally a story about roads, irrigation systems, border crossings, tourism circuits, or data centers. It is a test of whether the country can move from project-based development to program and portfolio-based development.

The framework itself is logically constructed. The four corridors are built around identifiable economic strengths rather than arbitrary administrative boundaries. The emphasis on integration acknowledges a reality that many infrastructure strategies overlook: economic transformation rarely emerges from isolated assets. It emerges when infrastructure, institutions, investment, and productive activity evolve together.

However, the greatest risks facing the Quad are not engineering risks. They are governance risks. Nepal's historical challenges with delayed projects, fragmented accountability, land acquisition disputes, procurement weaknesses, and inconsistent capital expenditure patterns are not external threats to the program. They are the operating environment in which the program must function. The Quad will succeed or fail less because of its vision than because of its ability to overcome these institutional constraints.

Mega-programs built on interdependence derive their value from coordination. A highway completed on schedule has limited strategic value if the industries it is meant to serve are not ready. Tourism corridors generate less impact if supporting services lag behind. Border infrastructure produces weaker returns if trade facilitation systems remain inefficient. The challenge is not delivery of individual projects but orchestration of an entire system.

The first two years will be particularly decisive. Early corridor packages must establish credibility, demonstrate that governance reforms can function in practice, and convince both domestic and international investors that the framework can translate planning into measurable outcomes. Confidence will not be created by policy announcements, budget speeches, or master plans. It will be created by visible evidence that institutions can coordinate, make decisions, resolve conflicts, and deliver results.

The Quad represents one of Nepal's most ambitious attempts to reshape its economic geography in decades. Whether it becomes a model of integrated regional development or another example of unrealized potential depends on a question that extends well beyond infrastructure: can the country's institutions evolve quickly enough to manage a program whose complexity exceeds anything they have previously attempted?

The answer will determine not only the future of the four corridors, but also the credibility of Nepal's broader development ambitions in the years ahead.

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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About the Author

Yamanta Raj Niroula, PMP

Kathmandu, Nepal

Yamanta Raj Niroula is an accomplished Project Management Professional with more than 17 years of rich experience in engineering, infrastructure development, and project management across a variety of global settings. His skill set includes project planning, procurement, contract management, stakeholder engagement, and risk management, all with a particular emphasis on delivering projects in remote and developing areas under challenging conditions.

Yamanta holds a Bachelor of Engineering in Civil Engineering and a Master of Arts in Rural Development, along with a Diploma in Civil Engineering. He has been a certified Project Management Professional (PMP®) and an active member of the Project Management Institute (PMI) since 2010.

Yamanta has extensive experience in overseeing construction projects from the initial planning stages to final evaluations, Yamanta specializes in the management of complex processes such as procurement, contracting, and project execution while ensuring efficiency and compliance with regulations. By keeping abreast of industry trends and innovations, he ensures that the projects he manages are sustainable, forward-looking, and adaptable to the ever-changing environment.

Yamanta has successfully managed large-scale infrastructure projects, including roads, electrical infrastructure, wastewater treatment plants, logistics facilities, and disaster recovery programs. He has served in various capacities as Project Controls Specialist, Design Manager, Planning Manager, Engineer and Project Manager across international organizations and UN agencies in Nepal, the Maldives, Singapore, Afghanistan, the Philippines, Nigeria, Yemen, Sudan, and Ethiopia.

He has been responsible for project design, planning, execution, and control, ensuring timely delivery, budget adherence, and quality assurance while enhancing overall program outputs.

Yamanta lives in Kathmandu, Nepal and can be contacted at niroulayr@gmail.com.

View his full correspondent profile at https://pmworldlibrary.net/yamanta-raj-niroula/.

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