

# GOVERNANCE

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## Parliamentary Probe reveals Massive Financial Mismanagement in Pokhara International Airport project

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Pokhara International Airport (PIA) has once again come under controversy following the release of a report by a 12-member probe committee under the Public Accounts Committee of the House of Representative. The report uncovered financial irregularities exceeding a staggering amount of NPR. 14 billion in the airport's construction. One of the most serious findings involves a \$5.5 million payment for transporting soil and pebbles to raise the runway to the contractual height of 2,674–2,677 feet. However, there is no documentation proving the materials were delivered, and the completed runway measures only 2,636 feet - a clear breach of contract. The report also alleges that successive governments illegally waived NPR 2.22 billion in taxes for China CAMC Engineering Co. (CAMC), the project's main contractor. The report also states that policy-level decisions were consistently used as a cover to systematically embezzle public funds.

Inaugurated in January 2023, Pokhara International Airport was financed with NPR 22 billion from the Chinese government, with 25% as a grant and 75% as a concessional loan at 2% interest. However, the project was mired in controversy even before construction began in July 2017, due to the lack of a competitive tender process, in violation of Nepal's Public Procurement Act. Initially estimated to cost NPR 17.5 billion, the contract was awarded to CAMC with a proposal of NPR 30.5 billion—nearly double the original cost—before being revised down to NPR 22 billion following widespread criticism. Furthermore, the oversight of the project was handed to IPPR International Engineering, a firm later acquired by CAMC, raising concerns of a serious conflict of interest. IPPR has also been accused of submitting falsified staff credentials, further damaging the project's credibility.

In response to these recent revelations, the parliamentary committee has recommended the suspension of the Director General of Civil Aviation Authority of Nepal and several former officials, citing gross negligence and complicity in financial misconduct. However, the government has yet to make a formal statement on the matter, and it remains to be seen how the issue will be addressed in Parliament.

Moreover, the timing of these revelations has been particularly sensitive. Nepal has been urging China to convert the loan amount into a grant, but the corruption allegations could complicate diplomatic discussions. In addition to that, the country is seeking to exit the Financial Action Task Force (FATF) grey list, and this latest scandal could hinder those efforts. Moreover, questions are being raised about the financial sustainability of the airport itself. With annual interest payments of NPR 330 million to China's Exim Bank and the airport's limited air traffic lacking international flights, critics argue that the investment was unnecessary considering the region's aviation needs. Lastly, given the geopolitical and economic ramifications of the project, it is imperative for the government to take swift and decisive action. The case simply cannot be neglected, as its resolution will have far-reaching consequences on governance mechanisms, financial future and reputation on the global state.

Read more: [Naya Patrika](#), [The Himalayan Times](#).

### Governance Issues of the Week

- Suicide following police negligence:** Anandi Devi Sadaya, a 24-year-old woman from Siraha, tragically took her own life after a prolonged struggle for justice following an attempted gang rape. Reportedly, the accused themselves and through the Area Police, pressured the victim and her family to settle the case for NPR 200 thousand. Later, they were told the accused could not be arrested as they've fled to India. Her case highlights acute systemic injustice and discrimination faced by women of marginalized groups in Nepal.  
Read More: [The Kathmandu Post](#)
- Dual Benefits for Civil Servants banned under new bill:** The proposed Federal Civil Service Bill aims to prohibit civil servants from receiving dual benefits. A report from the State Affairs and Good Governance Committee recommends that individuals can only receive one type of benefit, such as a pension, salary, or allowances from political appointments. The bill also suggests that those convicted of corruption, forgery, or crimes against the state should be denied pension benefits.  
Read More: [Annapurna Post](#)
- Residential doctors protest over stipend dispute:** Residential doctors across Nepal have threatened to suspend all services, except emergency care, unless the government ensures the stipend hike decided by the Medical Education Commission. The Commission, led by the Prime Minister, set the new stipend, but private colleges have refused to comply, citing financial constraints and lack of resources. They argue that the stipend cannot be paid without an increase in seat quotas.  
Read More: [NayaPatrika](#)
- Local level employees demand equal treatment under Civil Service Bill:** Local Unit employees in Nepal have launched a protest since 19 April 2025 demanding the implementation of past agreements and inclusion of their concerns in the Federal Civil Service Bill currently under discussion in the Parliamentary State Affairs and Good Governance Committee. They call for recognition of permanent local employees as civil servants of equal standard across the federal, provincial, and local levels.  
Read More: [Ratopati](#)
- Sudurpashchim Province's Capital Budget Underutilized:** Sudurpashchim Province has utilized less than 20% of its capital budget, with some ministries spending as little as 2% in 9 months the budget was announced. The Ministry of Internal Affairs and Law spent only 2.29%, while the Ministry of Physical Infrastructure used 24%, primarily for past liabilities. Other ministries, including Social Development (8%), Land Management, Agriculture and Cooperatives (8.82%), and Industry, Tourism and Environment (10%), also showed similarly low spending rates. Only the Economic Affairs Ministry and Chief Minister's office spent around 50% each.  
Read More: [The Annapurna Express](#)
- 111 applications received for TRC and CIEDP positions:** A total of 111 applications have been received for positions in the Truth and Reconciliation Commission (TRC) and the Commission of Investigation on Enforced Disappeared Persons (CIEDP). Candidates can apply individually, be recommended by organizations, or be identified by the committee. The committee, led by Om Prakash Mishra and formed by the UML-NC administration in consultation with opposition leader Pushpa Kamal Dahal, has a May 23 deadline to recommend two chairs and eight members.  
Read More: [Annapurna Post](#)

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