

Nepal GOVERNANCE WEEKLY

Procurement Under Scrutiny: 10.13 Billion Passport Fraud Case

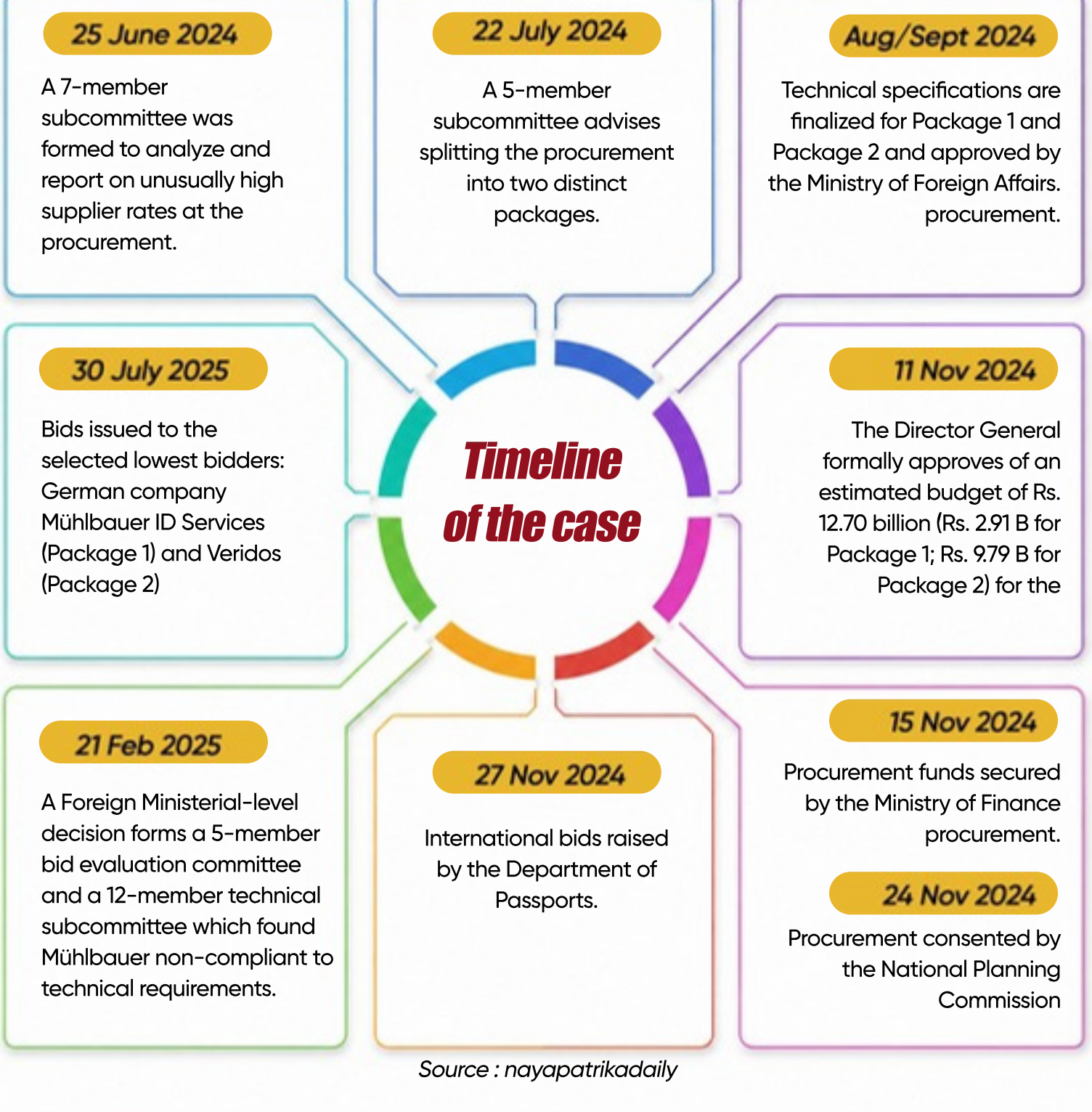
The Commission for the Investigation of Abuse of Authority (CIAA) has revived investigations into several high-profile corruption cases over the past few months and has also filed a series of new cases, signaling a renewed emphasis on transparency and accountability.

Among the most significant is a case filed at the Special Court against 16 individuals, including the Director General of the Department of Passports, current and former government officials, and two German companies for alleged irregularities in Nepal's e-passport procurement. Concluding its investigation based on a complaint filed in October 2025, the CIAA has accused the defendants of causing losses amounting to NRs. 10.13 billion, while also seeking an additional NRs. 184.4 million from government officials and substantial compensation from Mühlbauer ID Services, Veridos GmbH, their executives, and local representatives.

As per the charge sheet, the procurement process was systematically manipulated from the beginning through collusion among public officials and supplier companies. The anti-graft body further alleges that the bidding criteria were altered in [violation](#) of the Public Procurement Act, 2063, the Public Procurement Regulations, 2064, and other prevailing procurement laws to favor two German firms. It also claims that the technical and financial evaluations of the bids were conducted unlawfully, resulting in improper recommendations and decisions throughout the procurement process.

The accused companies have rejected the allegations. German officials have expressed concern that the charges unfairly target Veridos employees, arguing that the investigation and accompanying publicity have caused significant reputational harm. They have also warned that any premature termination of the existing contract could expose Nepal to substantial legal and financial liabilities.

The case is the latest chapter in a long-running controversy surrounding Nepal's passport procurement. IDEMIA, a French company that supplied Nepal's e-passports and Machine Readable Passports (MRPs) for nearly 15 years beginning in 2010, was also embroiled in earlier procurement disputes involving the Department of Passports. [Read More](#)



Source : [nayapatrikadaily](#)

Following several investigations, the Department of Passport is now under scrutiny for altering the bid terms and ignoring the technical and financial evaluations to steer contracts with foreign entities at the expense of the state funds. When corruption allegations involve such a critical institution as responsible for issuing passports, they risk undermining both domestic public trust and Nepal's international credibility.

Although Nepal's passport already ranks relatively low in terms of global mobility, governance controversies surrounding its procurement could further affect the country's reputation and confidence in its administrative systems. It is therefore essential for the government to ensure an independent and timely resolution of the case, strengthen procurement safeguards, and demonstrate that corruption in high-value public contracts will be addressed transparently and impartially.

Weekly Snapshot



- **Court Proceedings Livestreamed on YouTube:** Under the leadership of Chief Judge Tek Narayan Kunwar, the Janakpur High Court has successfully begun broadcasting hearings from its respective benches with the mobilization of its internal IT team. The initiative is set to ensure a transparent, accountable, technology-friendly, and citizen-centric justice system while increasing access to courtroom services to clients and stakeholders. Officials mention that the broadcasting mechanism envisions integrating citizens' right to information and access to justice into judicial processes. [Read More](#)

Delays to Nepal's Exit from the Greylist: In 2025, Nepal committed to a 15-point action plan to strengthen its anti-money laundering/countering the financing of terrorism (CFT) regime and exit the Financial Action Task Force (FATF)'s grey list. However, following the Asia Pacific Group (APG)'s on-site review in May, Nepal has reportedly complied with only 9 out of 15 commitments. Setbacks in meeting the FATF requirements and oversight of high-risk sectors have heightened the scrutiny over Nepal, categorizing it as a "jurisdiction under increased monitoring" and raising a potential risk of blacklisting. [Continue Reading](#)



Agriculture Ministry to Begin High-Level Probe into Subsidy Distribution: The Ministry of Agriculture has formed an Investigative Committee to examine nearly NRs. 197 billion in agricultural subsidies distributed over the past decade. Although agriculture and livestock contribute to about 25 percent of the national GDP, challenges including low productivity, subsistence farming, climate change, and inadequate irrigation and technology persist. So, the committee is expected to conduct audits and field visits to investigate suspected corruption in the subsidy distribution. [Read More](#)

Harsher fines for traffic violations proposed: The government has advanced a Vehicles and Transportation Management Bill 2081 with fines ranging from NRs.500 to NRs.100,000 as per the traffic violations. Transport authorities are empowered to enforce vehicle compliance of both public and private vehicles with statutory regulations. The bill introduces fines of up to NRs. 100,000 for vehicles with heavily tinted or obstructed windows, penalties for pedestrians crossing roads outside designated areas, and stricter sanctions for repeat offenders [Read more](#)



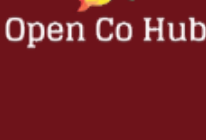
- **Nepal Tackles Child Protection at the Colombo Summit:** At the South Asia Ministerial Conference on Ending Violence Against Children (SAMC-EVAC) in Colombo, Nepal showcased its progress and ongoing challenges in protecting children. Citing the Nepal Multiple Indicator Cluster Survey 2024–25, the delegation reported that 27.6% of girls marry before 18, and 12% of children are engaged in child labor. Nepal also highlighted the establishment of a juvenile court and adoption of the National Action Plan for Children 2026 and called for stronger child-responsive budgeting and sustained investment in the child protection workforce. [Read more](#)

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