



Nepal: Tribhuvan International Airport Capacity Enhancement Investment Program

Project Name	Tribhuvan International Airport Capacity Enhancement Investment Program	
Project Number	38349-025	
Country	Nepal	
Project Status	Proposed	
Project Type / Modality of Assistance	Loan	
Source of Funding / Amount	MFF Facility Concept: Tribhuvan International Airport Capacity Enhancement Investment Program	
	concessional ordinary capital resources lending / Asian Development Fund	US\$ 240.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration	
Drivers of Change	Governance and capacity development Partnerships Private sector development	
Sector / Subsector	Transport - Transport policies and institutional development	
Gender Equity and Mainstreaming	No gender elements	
Description	<p>The Government of Nepal requests ADB to finance the development of Tribhuvan International Airport (TIA) in Kathmandu in accordance with the TIA master plan 2010-2028. The investment program will finance the physical investment on the airside facility improvement to meet the standards of the International Civil Aviation Organization (ICAO). It will also provide the capacity development support to ensure the clear functioning of the newly established air transport regulations and operations entities to be established through the bifurcation of the Civil Aviation Authority of Nepal (CAAN) for the self-sustained improvement of air transport in Nepal, possibly with the private sector participation in airport operations. The investment program and its outcome are consistent with the strategic objective set out in the Country Partnership Strategy, 2013-2017: to support the government's development objective of accelerated, sustainable, inclusive economic growth. As TIA is a key infrastructure to promote the regional connectivity, the capacity enhancement needs of TIA were specifically recognized at the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation workshop held on 28-29 May 2014 by the participant member countries. The investment program is included in the 2016-2018 Country Operations and Business Plan as a firm lending product from ADF in 2017.</p>	

Project Rationale and Linkage to Country/Regional Strategy

Nepal has only one international airport Tribhuvan International Airport (TIA) in Kathmandu, serving as the unique gateway to Nepal. It also serves as the largest domestic airport in Nepal. TIA handled a daily average of 254 flights in 2013, consisting of 65 international and 189 domestic or annual totals of 23,619 international flights and 69,076 domestic flights. While steady annual increase (3-5%) is expected in the air traffic movements in the next 20 years, the location of TIA in close proximity from Kathmandu city center does not allow the TIA expansion beyond the current airport boundary. The increasing demands should be handled through the more efficient use of the available areas within the current airport boundary. Under the circumstances, the Civil Aviation Authority of Nepal (CAAN) has prepared a TIA master plan for the infrastructure improvement in 2010-2028 under ADB assistance and, since 2009, ADB has been supporting the initial phase of the TIA development in accordance with the Master Plan through the Air Transport Capacity Enhancement Project (ATCEP). The project scope of ATCEP includes the extension of the northern part of the parallel taxiway to reduce the usage of runway for taxing purpose, the expansion of the apron areas to accommodate more aircrafts in TIA and runway extension of 300m to the southern part of the runway. In addition to addressing the capacity constraints of TIA, ATCEP also supports the full compliance with international safety standards with the provision of air navigation equipment including approach lighting systems. Further development of airside facilities is planned under the master plan to meet the forecasted demand in 2028 including the taxiway extension to the southern end point of the runway, the relocation of hangers to the eastern part of TIA and the construction of dedicated domestic apron areas. These infrastructure improvement works aim at both enhancing the physical capacity of TIA and fully complying with the Standards and Recommended Practices of International Civil Aviation Organization (ICAO) to promote air traffic safety.

The international terminal building at TIA is nearing its design capacity. After the reconfiguration works under ATCEP, the international terminal building can accommodate about 3.0 - 3.9 million passengers, while it handled about 3.1 million international passengers in 2013. It is forecasted that the number of international passengers will reach 5.6 million in 2020 and 8.6 million in 2030. Construction of a new international terminal building (ITB) is an imminent need to meet the increasing air transport passengers. The government is exploring the best financing scheme for the development of the new international terminal building under either sovereign financing or public-private partnership (PPP) schemes to meet the demand as soon as possible.

In parallel with all these expansion works, the operational efficiency needs to be improved to meet the increasing volumes of air traffic. The enhanced infrastructure and increased operational efficiency will improve the service level to passengers and airlines, improving financial sustainability of TIA.

Impact	sustainable, broad-based, inclusive economic growth achieved.
Outcome	safety, capacity and operational efficiency of TIA improved.
Outputs	TIA airside facilities completed in accordance with the TIA master plan Capacity of CAAN improved
Geographical Location	Nation-wide

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

Business Opportunities

Consulting Services Procurement (including consulting services) will follow ADB Procurement Policy (2017, as amended from time to time) and Procurement Regulations for ADB Borrowers (2017, as amended from time to time).

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Timetable

Concept Clearance	14 Mar 2016
Fact Finding	15 Jun 2020 to 25 Jun 2020
MRM	25 Aug 2020
Approval	-
Last Review Mission	-
Last PDS Update	21 Sep 2018

Project Page	https://www.adb.org/projects/38349-025/main
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