



Nepal: South Asia Subregional Economic Cooperation Airport Capacity Enhancement Sector Development Program

Project Name	South Asia Subregional Economic Cooperation Airport Capacity Enhancement Sector Development Program	
Project Number	38349-029	
Country	Nepal	
Project Status	Proposed	
Project Type / Modality of Assistance	Loan	
Source of Funding / Amount	Loan: South Asia Subregional Economic Cooperation Airport Capacity Enhancement Sector Development Program	
	concessional ordinary capital resources lending / Asian Development Fund	US\$ 50.00 million
	concessional ordinary capital resources lending / Asian Development Fund	US\$ 150.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration	
Drivers of Change	Governance and capacity development	
Sector / Subsector	Transport - Air transport - Transport policies and institutional development	
Gender Equity and Mainstreaming	Some gender elements	
Description	The proposed sector development program will (i) support civil aviation sector reforms in restructuring of the Civil Aviation Authority of Nepal, strengthening of regulatory functions, management governance and business plan development in operations, financial restructuring, operational efficiency improvement, and civil aviation safety (the program component); and (ii) provide project financing for improvement of airport facilities at the Tribhuvan International Airport (TIA) in Kathmandu and Gautam Buddha International Airport in Lumbini (the investment component).	
Project Rationale and Linkage to Country/Regional Strategy	Civil aviation is crucial to transport, trade, and tourism in the landlocked country, and provides indispensable links for the hilly and mountain areas which are inaccessible by other transport modes. Tourism is one of the major economic activities in Nepal and is on top of the government's priorities. Foreign exchange earned from the tourism sector in FY2018 is estimated at \$563 million, which is equivalent to 65% of goods exports. Considering that more than 80% of international tourists come to Nepal by air currently through the TIA, improvement of the civil aviation sector is essential for tourism to flourish and to be channeled toward economic development of the country. The TIA presently serves as the unique gateway airport to Nepal. Even though the TIA plays a critical role in the civil aviation sector of the country as an international gateway as well as a domestic hub, its close proximity to the Kathmandu city center does not allow its expansion beyond the current airport boundary. The increasing demand should be handled through (i) the more efficient use of the available areas within the existing airport premises at the TIA; and (ii) distribution of the concentrated international air traffic to other airports.	
Impact	Tourism in Nepal developed	
Outcome	Safety, capacity, and efficiency of air travel to and from Nepal improved	
Outputs	Tribhuvan International Airport airside facilities completed in accordance with the Tribhuvan International Airport master plan A new international terminal building constructed at the Gautam Buddha International Airport Civil aviation bills legislated Functional and distinct entities for (i) regulation and (ii) service operations established	
Geographical Location	Nation-wide	
Safeguard Categories		
Environment		B
Involuntary Resettlement		C
Indigenous Peoples		C
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	ADB will engage the consultants following the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions.
Procurement	Procurement will follow the ADB procurement Policy (2017, as amended from time to time) and the Procurement Regulations for ADB Borrowers (2017, as amended from time to time).

Responsible ADB Officer	Kanzo Nakai
Responsible ADB Department	South Asia Department
Responsible ADB Division	Transport and Communications Division, SARD
Executing Agencies	Civil Aviation Authority of Nepal P. B. No. 284, Babar Mahal Kathmandu Nepal Ministry of Culture, Tourism and Civil Aviation Singha Durbar Kathmandu Nepal Ministry of Finance The Government of Nepal Singha Durbar Kathmandu, Nepal

Timetable	
Concept Clearance	27 Nov 2019
Fact Finding	16 Mar 2020 to 31 Mar 2020
MRM	20 May 2020
Approval	-
Last Review Mission	-
Last PDS Update	27 Nov 2019

Project Page	https://www.adb.org/projects/38349-029/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=38349-029
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