



Nepal: South Asia Subregional Economic Cooperation Airport Capacity Enhancement Project

Project Name	South Asia Subregional Economic Cooperation Airport Capacity Enhancement Project	
Project Number	38349-031	
Country	Nepal	
Project Status	Proposed	
Project Type / Modality of Assistance	Loan	
Source of Funding / Amount	Loan: South Asia Subregional Economic Cooperation Airport Capacity Enhancement Project	
	concessional ordinary capital resources lending / Asian Development Fund	US\$ 150.00 million
Strategic Agendas	Inclusive economic growth Regional integration	
Drivers of Change	Governance and capacity development	
Sector / Subsector	Transport - Air transport	
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 governments 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 (National Tourism Strategic Plan for the period 2016-2025)	
Outcome	Safety, capacity, and efficiency of air travel to and from Nepal improved	
Outputs	TIA airside facilities completed in accordance with the TIA master plan A new ITB constructed at the GBIA	
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		
Responsible ADB Officer	Yeo, Kai Wei	
Responsible ADB Department	South Asia Department	
Responsible ADB Division	Transport and Communications Division, SARD	

Executing Agencies

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	31 Mar 2020
Fact Finding	20 Jul 2020 to 31 Jul 2020
MRM	31 Aug 2020
Approval	-
Last Review Mission	-
Last PDS Update	31 Mar 2020

Project Page	https://www.adb.org/projects/38349-031/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=38349-031
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