

TERMS OF REFERENCE FOR CONSULTANTS
Attached Technical Assistance on
Nepal: Supporting the Civil Aviation Sector Improvement Program

I. Background

1. The Government of Nepal has applied for a policy-based loan (PBL) from the Asian Development Bank (ADB) for the Civil Aviation Sector Improvement Program. The program will provide budget support for civil aviation sector reforms in the restructuring of the current Civil Aviation Authority of Nepal (CAAN) and the strengthening of its oversight functions, management accountability, and operational efficiency. The Ministry of Culture, Tourism, and Civil Aviation and the CAAN are the implementing agencies of the PBL.¹ The proposed technical assistance will be attached to the PBL to assist the implementing agencies in carrying out required actions under the PBL.

2. Aviation safety in Nepal is one of the challenges in the air transport sector. The Universal Safety Oversight Audit Programme under the International Civil Aviation Organization (ICAO) is responsible for conducting aviation safety oversight audits to identify deficiencies of its member states. The ICAO 2017 audit of the CAAN identified a negative safety oversight margin in air navigation and support in organization, legislation, and accident and incident investigation even though the CAAN has achieved significant progress in improving its safety oversight capability. Nepal has maintained a traditional civil aviation sector structure whereby the functions of regulation, safety oversight, and service provision are absorbed by one entity—CAAN. The roles of regulator and service provider lodged in a single organization create a source of conflict of interest. The regulatory function may not provide adequate oversight on service provision and may raise operating costs, resulting in suboptimal performance as a service provider. There are also repercussions on aviation safety, which have been noted and highlighted by international aviation agencies. ICAO's Global Aviation Safety Plan states in its Appendix A of Organizational Challenges Roadmap that an independent regulatory authority should be established and maintained, which includes separation of oversight functions from service provision functions where these exist within the authority.² The European Commission has banned Nepalese airlines from flying to the European Union because of a lack of safety oversight by the aviation authority of Nepal.³ To remedy this situation, the government is in the process of enacting new civil aviation legislation.

3. The proposed transaction technical assistance (TA) is being processed at the request of the Government of Nepal to facilitate program implementation. Since the proposed PBL is the first in the civil aviation sector in Nepal and for the implementing agencies, there is a strong need to assist the implementing agencies in carrying out required actions under the PBL.

4. The policy actions in tranche 2 include several initiatives that are relatively new to the current CAAN and its management. These initiatives intend to transform the newly established entities, particularly the service provider of the Air Service Authority of Nepal (ASAN), to be more advanced and forward-looking in terms of management accountability and operational efficiency; medium-term business plan and financial framework development; preparation of financial management improvement plan including introduction of accrual-based financial statements and

¹ After the bifurcation of the CAAN, a new regulator of Civil Aviation Authority of Nepal (CAANepal) and a service provider of Air Service Authority of Nepal (ASAN) will be implementing agencies.

² ICAO. 2019. *Global Aviation Safety Plan 2020–2022*. Quebec.

³ European Commission. 2019. *Aviation: Commission Updates the EU Air Safety List to Maintain Highest Level of Protection for Passengers*. Brussels.

an enterprise resource planning system; and development of key performance indicators. There are also pressing needs in the international arena of civil aviation to advance gender equality and social inclusion (GESI), and empowerment of women. ICAO particularly committed to enhance gender equality by 2030. In line with the global trends and international practices, GESI initiatives are included in tranche 2 policy actions. The TA will support the implementing agencies in preparing the policy actions in areas that are required to comply with the program's second tranche conditions.

5. Other challenges would exist for smooth implementation of the program. The TA will provide assistance in facilitating and monitoring progress of policy actions under the TA. One of the key elements for success in the civil aviation reforms is to fully inform the stakeholders, including employees of the current CAAN, of the organizational changes and to help them understand the objectives and benefits of the reforms. Strategic communication skills need to be enhanced. Monitoring and facilitating progress of policy actions, especially those related to highly technical requirements in compliance with ICAO standards and practices, are also important to provide timely technical support when needed during implementation as well as to verify achievements of the policy.

II. Scope of Services

6. The TA will have four components: (i) preparation of time-bound integrated institutional management strategy for the ASAN; (ii) development of GESI initiatives for the ASAN; (iii) enhancement of communication skills; and (iv) monitoring and facilitation of progress of policy actions.

A. Component 1 (Preparation of time-bound integrated institutional management strategy for ASAN)

7. A firm (or a joint venture) will be recruited to carry out component 1 (TA Output 1).

8. The consultants under the firm shall provide the following services for TA Output 1 in consultation with ASAN officials:

- (i) review the existing management system in the ASAN and best practices of airport management in other countries;
- (ii) consult with the ASAN management about airport management, operation, and future plan;
- (iii) prepare the medium-term business plan of the ASAN;
- (iv) prepare the medium-term financial framework of the ASAN including forecasted financial statements based on projections on revenue and/or fees and expenditure and/or investment in consistency with the business plan;
- (v) prepare the time-bound financial management improvement action plan of the ASAN including introduction of (i) an accrual-based accounting system based on internationally accepted accounting standards, which is the International Financial Reporting Standards; (ii) an enterprise resource planning system; and (iii) management accounting system; and
- (vi) develop comprehensive key performance indicators for the ASAN for the airport management that are consistent with the business plan and financial framework.

B. Component 2 (Development of gender equality and social inclusion initiatives for ASAN)

9. Individual consultants shall provide the following services for TA Output 2 (development of GESI initiatives) in consultation with the ASAN officials:

- (i) analyze and review the ASAN's current practice, policy guidelines, and the gaps of GESI;
- (ii) conduct a GESI audit within the ASAN in accordance with international standards and practices;
- (iii) develop a GESI operational plan for the ASAN; and
- (iv) set an employment target of women that should be higher than the national target, with a concrete action plan.

C. Component 3 (Capacity enhancement of communication strategies)

10. Individual consultants shall provide the following services for TA Output 3 (capacity enhancement of communication skills) in consultation with CAAN, CAANepal, and ASAN officials:

- (i) review current communication methods with stakeholders, including employees of the current CAAN;
- (ii) prepare guiding principles of communication, including usage of social media, with the stakeholders; and
- (iii) provide the implementing agencies with support and advice on actual communication problems.

D. Component 4 (Monitoring and facilitation of progress of policy actions)

11. Individual consultants shall provide the following services for TA Output 4 (monitoring and facilitation of progress of policy actions) in consultation with CAAN, CAANepal, and ASAN officials:

- (i) monitor progress of policy actions;
- (ii) confirm and verify compliance of technical policy actions; and
- (iii) provide support and recommendations to facilitate policy actions.

III. Deliverables

12. The consultants shall prepare reports for TA Output 1 as follows:

- (i) **Interim report.** The consultants shall review and analyze the management system of the ASAN and identify critical issues of the current management as a new service provider. The consultants shall also present several good practices of airport management in other countries, and consult with the ASAN management about airport management, operation, and future plan to appropriately develop the required management strategy. Clearly define the scope of the management strategy, identify critical issues for development of the strategy, establish guiding principles to improve management of the ASAN, and set up the overall framework of the management strategy including its subplans (medium-term business plan, medium term financial framework, financial management improvement action plan), and key performance indicators in the interim report.

- (ii) **Final report.** The consultants shall consolidate all activities for TA Output 1, its assessment and findings, and recommendations. The consultants shall prepare a timebound integrated institutional management strategy, including (i) a medium-term business plan; (ii) a medium-term financial framework with forecasted financial statements; (iii) a financial management improvement action plan comprising the introduction of (a) accrual-based accounting system; (b) an enterprise resource planning system; and (c) management accounting; and (iv) key performance indicators in various areas to represent performance of management and operation of airports. The other findings and necessary management action plans will also be included.

13. The individual consultant (international) for TA Output 2 shall prepare a final report. The consultant shall consolidate all activities for TA Output 2, together with the national consultant, to prepare a final report, including the (i) review of the ASAN's current practice, policy guidelines, and the gaps of GESI; (ii) GESI audit; (ii) GESI operational plan; and (iii) employment target of women with concrete action plan. The other findings and necessary gender-related action plans will also be included.

IV. Input Requirements

14. **TA Output 1.** The assignment for TA Output 1 will be for 4 months and is expected to commence in May 2021 and end in September 2021. A total of 7.5 person-months inputs of international experts and 9 person-months inputs of a national expert will need to be provided as in the table.

15. Quality- and cost-based selection method with a quality–cost ratio of 90:10 and biodata technical proposals shall be used for this recruitment. Output-based contracts with reimbursable items based on actual expenses will be used.

16. **TA Outputs 2–4.** The assignments for TA Outputs 2–4 will be carried out by individual consultants. A total of 3 person-months inputs of international experts and 14 person-months inputs of the national expert will need to be provided as in the table.

Staffing Requirements, Responsibilities, and Qualifications

| Experts | Person-Month Inputs | Responsibilities | Qualification Requirements |
|--|---------------------|--|--|
| TA Output 1 | | | |
| Airport management expert and/or team leader (international) | 2.5 | <ul style="list-style-type: none"> - Manage overall teamwork quality - Assess the management system of ASAN, and collect good practices of airport management in other countries - Consult with ASAN management about airport management, operation, and future plan - Prepare and finalize time-bound management strategy with required sub-plans and framework | <ul style="list-style-type: none"> - Postgraduate degree in public sector management, business administration, airport management, or equivalent - Minimum 15 years of professional experience - Minimum 5 years of experience in public sector management - Familiarity with airport project and/or airport management - Working experience in developing countries is preferred |

| Experts | Person-Month Inputs | Responsibilities | Qualification Requirements |
|---|----------------------------|--|---|
| Financial management expert (international) | 2.5 | <ul style="list-style-type: none"> - Assess financial management of ASAN, and identify critical issues to introduce accountable and efficient financial management system as a management tool - Prepare and analyze medium-term financial framework and financial management improvement action plan | <ul style="list-style-type: none"> - Postgraduate degree in business, finance, accounting, or equivalent - Minimum 15 years of professional experience - Minimum 5 years of experience in analysis of financial management, development of financial framework, and/or introduction of accrual-based accounting system - Holding CPA/CA/ACCA is an advantage. - Familiarity with transport or other infrastructure project and/or operation - Working experience in developing countries is preferred |
| Airport business development expert (international) | 2.5 | <ul style="list-style-type: none"> - Assess business process and plan of ASAN, and identify critical issues to introduce accountable and efficient business plan as a management tool - Analyze current performance of airport management and/or operation, and identify candidates of key performance indicators in various aspects of airport management including social, gender, and environment. - Prepare and analyze medium-term business plan, and set targets of identified KPIs to be consistent with the business plan and financial framework | <ul style="list-style-type: none"> - Postgraduate degree in business administration, public sector management, or equivalent - Minimum 15 years of professional experience - Minimum 5 years of experience in strategic business management, institutional business plan development, and/or development of KPIs - Familiarity with transport or other infrastructure project and/or operation - Working experience in developing countries is preferred |
| Business management specialist and/or deputy team leader (national) | 4.0 | <ul style="list-style-type: none"> - Support international experts to prepare the business plan and KPIs - Collect necessary information, data, and institutional and policy constraints as important inputs - Coordinate with the ASAN all activities concerned | <ul style="list-style-type: none"> - Bachelor's degree in business administration, public sector management, or equivalent - Minimum 10 years of professional experience - Minimum 5 years of experience in strategic business management, institutional business plan development, and/or development of KPIs - Familiarity with SOE management is an advantage. - Working experience with MDB or bilateral donors is preferred |
| Financial specialist (national) | 2.5 | <ul style="list-style-type: none"> - Support international experts to prepare the medium-term financial framework, forecasted financial statements, and financial management improvement action plan - Collect necessary information, data, and institutional and policy constraints as important inputs - Coordinate with the ASAN all activities concerned | <ul style="list-style-type: none"> - Bachelor's degree in business, finance, accounting, or equivalent - Minimum 10 years of professional experience - Minimum 5 years of experience in analysis of financial management, development of financial framework, and/or introduction of accrual-based accounting system - Familiarity with ERP and/or accounting software is an advantage. - Working experience with MDB or bilateral donors is preferred |

| Experts | Person-Month Inputs | Responsibilities | Qualification Requirements |
|---|----------------------------|---|---|
| Airport planning and/or operation specialist (national) | 2.5 | <ul style="list-style-type: none"> - Support international experts to provide technical aspects of airport planning and operation - Collect necessary information, data, and institutional and policy constraints as important inputs - Coordinate with the ASAN all activities concerned | <ul style="list-style-type: none"> - Bachelor's degree in civil engineering, transport planning, or equivalent - Minimum 10 years of professional experience - Minimum 5 years of experience in transport planning and/or transport project and/or operation - Familiarity with airport project and/or operation is an advantage - Working experience with MDB or bilateral donors is preferred |
| TA Output 2 | | | |
| Gender and social inclusion expert (international) | 2.0 | <ul style="list-style-type: none"> - Analyze and review ASAN's gender and social inclusion current practice, policy guidelines and the gaps - Determine framework of GESI audit and relevant corrective measures and enhancement - Conduct GESI audit of ASAN and develop GESI operational plan for ASAN - Prepare key performance indicators of ASAN related to social and gender - Set a target of women employment that should be higher than the national target. Develop an action plan to achieve the target | <ul style="list-style-type: none"> - Postgraduate degree in gender, sociology, or equivalent - Minimum 12 years of professional experience - Minimum 5 years of experience in gender analysis, development of gender strategy and action plan, setting gender related indicators and/or social including analysis - Familiarity with transport project, particularly airport project - Working experience in developing countries is preferred |
| Gender and social inclusion specialist (national) | 3.0 | <ul style="list-style-type: none"> - Support the international gender expert to provide national gender-related policy framework and context - Collect necessary information, data, and institutional and policy constraints as important inputs - Provide necessary inputs on preparation for the development of the GESI plan for ASAN - Coordinate with the ASAN all activities concerned | <ul style="list-style-type: none"> - Bachelor's degree in gender, sociology, or equivalent - Minimum 10 years of professional experience - Minimum 5 years of experience in gender analysis, gender development, and/or social inclusion - Familiarity with transport and/or infrastructure project and/or operation is an advantage. - Working experience with MDB or bilateral donors is preferred |
| TA Output 3 | | | |
| Communication specialist (national) | 3.0 | <ul style="list-style-type: none"> - Review current communication methods with stakeholders, including employees of the current CAAN - Prepare guiding principles of communication including usage of social media with the stakeholders - Provide the implementing agencies with support and advice on actual communication problems | <ul style="list-style-type: none"> - Bachelor's degree in media, communication, journalism, social science, or equivalent - Minimum 10 years of professional experience - Minimum 5 years of experience in public relations, external relations, mass media and/or social media - Familiarity with government projects is an advantage - Working experience with MDB or bilateral donors is preferred |

| Experts | Person-Month Inputs | Responsibilities | Qualification Requirements |
|--|---------------------|---|--|
| TA Output 4 | | | |
| Civil aviation safety expert (international) | 1.0 | <ul style="list-style-type: none"> - Confirm and verify compliance of technical policy actions. - Provide support and recommendations to facilitate technical policy actions | <ul style="list-style-type: none"> - Postgraduate degree in civil engineering, transport or airport management, transport planning, or equivalent - Minimum 15 years of professional experience - Minimum 5 years of experience in civil aviation safety, airport safety, and/or airport management - Familiarity with ICAO safety standards and recommendation - Working experience in developing countries is preferred |
| Program monitoring specialist (national) | 8.0 | <ul style="list-style-type: none"> - Monitor progress of action plans under the PBL - Provide support and recommendations to facilitate policy actions - Coordinate regarding progress of policy actions between GON and ADB | <ul style="list-style-type: none"> - Bachelor's degree in civil engineering, social science, project management, or equivalent - Minimum 10 years of professional experience - Minimum 5 years of experience in transport and/or infrastructure projects - Familiarity with government procedures is an advantage - Working experience with MDB or bilateral donors is preferred |

ACCA = Association of Certified Chartered Accountant, ADB = Asian Development Bank, ASAN = Air Service Authority of Nepal, CA = , CPA = Certified Public Accountant, ERP = enterprise resource planning, GESI = gender equality and social inclusion, GON = Government of Nepal, ICAO = International Civil Aviation Organization, KPI = key performance indicator, MDB = multilateral development bank, PBL = policy-based loan, SOE = standard operating environment, TA = technical assistance.

Source: Asian Development Bank.

V. Counterpart Services and Facilities

17. The CAAN, the CAANepal, and the ASAN shall provide all the necessary information and reports as available within the implementing agencies. The CAAN, the CAANepal, and the ASAN shall also provide the consultants with office space and the necessary counterpart officials.