

Third Party Evaluator's Opinion on Chittagong Airport Development Project

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Relevance

To date, Bangladesh has developed ten airports of which six are aerodromes including two nonfunctional aerodromes (Tejgaon and Ishurdi) primarily due to depressed demand for air transport in their respective catchment area. Of the remaining four airports, three including Chittagong Airport are international. Chittagong with the largest seaport in the country is the commercial hub and the most attractive location for the FDIs in the country. Chittagong Airport Development Project (CADP) highly bears upon *inter alia* the pressing need for domestic and international air transport of the growing economy of Bangladesh in the face of globalization. It is in line with the current national development strategies and priorities. The national and international demand for flights using this airport continues to be high. The Poverty Reduction Strategy Paper (PRSP) of the country places much emphasis on the development of transportation infrastructure to support economic development aimed at poverty reduction. Airport development has been adopted as the strategic objective of the Civil Aviation Authority of Bangladesh (CAAB). Karnaphuli Export Processing Zone (KEPZ), a newly established foreign (Korean) private EPZ – first of its kind in the country – gives new relevance to CADP and is most likely to add to the momentum of the CADP in terms of growing air transport demand of Bangladesh. Besides, it functions as an alternative airport for Dhaka International Airport whenever needed.

Impact

The direct and indirect impact of CADP is phenomenal. Increase in passenger and cargo flights is impressive and the achieved impact exceeds the targeted impact in terms of revenue earnings and the increased flow of remittances. The number of passengers using CADP has increased enormously at the rate of 27.55% annually since the time of start of service in 2001. While the number of passengers in the domestic flights has increased by 12.24%, that in the international flights has increased by 87.21% annually over the period 2001-2005. Over the same period, cargo volume has increased at the rate of 52.14% annually with its increase of 126.64% in international flights albeit a decline of 0.89% in domestic flights. The number of takeoffs and landing is growing faster than the number of passengers and cargo volume reflecting smaller size of the trafficking aircraft. CADP is increasingly contributing to the national economy in general and Chittagong regional economy in particular. No other location of this international airport in the country could be more strategic and bring about the same benefits as the present one. Better management of the CADP through Thai Airways is necessary to increase its impact.

Social effects of CADP on relocated residents are mostly positive. Compensations have already been paid, no land dispute is in evidence and jobs and social services including schooling of the children and health services of the displaced people have been well protected. However, there are complaints relating to the delays in road and water works construction in the relocation sites. There is no evidence of social cost involved in pollution from wastewater processing facility, noise from takeoffs and landings at the airport. By and large, the economic benefits of CADP far outweigh its economic costs.