



## 29 Bangladesh Chittagong Airport Development Project

Expanding Bangladesh's portal to the world by refurbishing airport

**Loan Amount/Disbursed Amount** 10.943 billion yen/10.850 billion yen  
**Loan Agreement** August 1996  
**Terms & Conditions** Interest rate 1.0%, Repayment period 30 year (grace period 10 years), General untied  
**Final Disbursement Date** November 2003  
**Executing Agency** Civil Aviation Authority



### Project Objectives

This project's objective was to meet the increase in demand for transport of airline passengers and cargo volume by improving and expanding the Chittagong International Airport in the Chittagong District and thereby contribute to the economic growth in Bangladesh.

### Effectiveness & Impact

Rating **a**

Through this project, airport facilities including the runway were refurbished, and the number of takeoffs and landings per year rose dramatically from a pre-project level of 10,490 to a 2004 level of 18,960. However, while the annual number of passengers on international flights, at 236,283, exceeded the 199,500 planned figure, domestic passenger levels did not reach as planned. As for cargo volume, that on domestic flights exceeded planned figures, but that on international flights grew slowly, and therefore overall results were below the planned figure. The reason for the increase in cargo volume and passengers small when compared to the increase in the number of takeoffs and landings was that the size of aircraft operating was smaller than originally anticipated. Foreign users of this airport have increased thanks to this project, and flights to abroad such as the Middle East increased, and so the project has contributed significantly to the economy of Chittagong. Therefore, this project has largely achieved its objectives, and effectiveness is highly satisfactory.

### Relevance

Rating **a**

This project has been highly relevant with Bangladesh's national policies both at the time Both of the appraisal and at the time of the ex-post evaluation. Strengthening the transportation sector has been an important issue in both the country's Fourth and Fifth Five-Year Plans as well as in its Poverty Reduction Strategy Paper (PRSP).

### Efficiency

Rating **b**

Though project costs were almost as planned, project period exceeded plan (147% compared with the plan); therefore, the evaluation for efficiency is moderate. The main reason for the delay was the fact that additional time was needed to procure the machinery and tools needed to refurbish the facilities of the project component, such as the fire engines and ambulances.

### Sustainability

Rating **b**

Though some problems have been observed in terms of financial status of executing agency, that is, repayment of interest and principal on borrowed loans may end up exhausting internal reserves, the organizational system of the executing agency is stable, therefore, sustainability of this project is moderate. The executing agency was expected to exchange a contract for the management of the airport with Thai International Airways, and is thus studying the technical transfer and expertise for international airport operation and management. In the future, it is hoped that the airport will provide better services and reduce its operation and maintenance costs.

Changes in the number of passengers and cargo volume at Chittagong Airport



### Third-Party Opinion

This project has led to a significant increase in the number of landings and takeoffs, passengers and cargo volume. As such, it has had a major impact on the economy of the region and the nation as a whole.

Name of specialist: Mr. Abdul Hye Mondal (academia)  
 Doctorate in Central School of Planning and Statistics, Warsaw (Poland). Conducted research at Harvard University. Doctor in industrial economy. Senior Research Fellow, Industries and Physical Infrastructure Division at Bangladesh Institute for Development Studies