Independent Performance Evaluation (IPE) Report

on

Civil Aviation Authority of Bangladesh (CAAB)

For 2023-24

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Annexure

Executive Summary

The Finance Division of the Ministry of Finance is implementing the "Strengthening Public Financial Management Program to Enable Service Delivery (SPFMS)." One of the key components of this program is the "Strengthening of State-owned Enterprises' Governance" scheme, which aims to strengthen the governance of State-owned Enterprises (SOEs) and Autonomous Bodies (ABs). To achieve this, the Finance Division has developed and approved an Independent Performance Evaluation Guideline (IPEG) for SOEs and ABs to evaluate their performance independently. Based on selection parameters of IPEG, Monitoring Cell, Finance Division has selected 10 (ten) more SOEs and ABs in addition to previously selected 20 (twenty) SOEs/ABs in total 30 (thirty) SOEs/ABs to conduct Independent Performance Evaluation for the FY 2023-24.

Civil Aviation Authority of Bangladesh (CAAB) has been evaluated for 2 (two) consecutive years and is included in the list of 30 selected SOEs/ABs for Independent Performance Evaluation (IPE) for FY 2023-24. As per the result of IPE, CAAB has obtained a weighted average score of 3.08 out of 4.00 and graded 'Very Good' in FY 2023-24.

1. Introduction

The Civil Aviation Authority of Bangladesh (CAAB) was originally governed by the Civil Aviation Ordinance of 1960 and the Civil Aviation Rules of 1981. In 1985, the Department of Civil Aviation (DCA) and the former Airport Development Agency (ADA) were merged to form CAAB through the promulgation of the Civil Aviation Authority Ordinance of 1985. This ordinance was later replaced by the Civil Aviation Authority Act of 2017, which was enacted to enhance safety, security, and airport management while aligning Bangladesh's aviation sector with international civil aviation regulations. The Ministry of Civil Aviation & Tourism oversees CAAB's activities.

CAAB aims to establish Hazrat Shahjalal International Airport as a hub for air transportation in the South-East Asian region, leveraging Bangladesh's strategic geographical position for connecting Eastern and Western countries. Currently, CAAB manages 28 operational units, including 9 (nine) airports across the country. The key operational activities of CAAB are detailed below:

Table 1: Key Operational Activities

Sl No	Particulars	unit	FY 2021-22	FY 2022-23	FY 2023-24
1.	Total Passengers Transportation	Million Person	8.219	14.11	9.43
2.	Total Cargo Transportation	Million MT	0.350	0.335	0.439
3.	Total Aircrafts Landed	Nos.	79,650	105,581	107,024
4.	Total Aircrafts over flied	Nos.	99,300	135,784	168,604

Source: CAAB Budget 2022-23 & 2023-24 and Annual Performance Agreement (APA) 2022-23 & 2023-24

The year-on-year analysis of key operational activities of Civil Aviation Authority of Bangladesh during FY 2021–22 to FY 2023–24 indicates mixed trends in aviation operations in Bangladesh. Total passenger transportation increased significantly from 8.219 million in FY 2021–22 to 14.11 million in FY 2022–23, reflecting strong recovery in air travel, but declined to 9.43 million in FY 2023–24. In contrast, cargo transportation slightly decreased from 0.350 million metric tons in FY 2021–22 to 0.335 million metric tons in FY 2022–23, before increasing notably to 0.439 million metric tons in FY 2023–24, indicating improved air cargo activities.

Meanwhile, aircraft landings increased steadily from 79,650 in FY 2021–22 to 105,581 in FY 2022–23 and further to 107,024 in FY 2023–24, reflecting growth in flight operations at domestic and international airports. Similarly, aircraft overflights rose consistently from 99,300 in FY 2021–22 to 135,784 in FY 2022–23 and 168,604 in FY 2023–24, demonstrating increased utilization of Bangladesh's airspace. Overall, the data suggests expansion in aviation traffic and cargo movement, despite fluctuations in passenger transportation during the period.

2. Role & Functions:

1) Manage and oversee civil aviation activities in Bangladesh.
2) Develop infrastructure to ensure safe, efficient, and well-coordinated civil air transport services.
3) Provide aeronautical and flight inspection services for aircraft registered in Bangladesh.
4) Ensure aviation services meet international safety and efficiency standards.
5) Develop skilled manpower for the civil aviation sector in Bangladesh.
6) Modernize airports and coordinate air routes and services.
7) Control airspace, ensuring safe aircraft take-offs, landings, and overflights, along with aeronautical inspections.
8) Issue Air Operator Certificates (AOCs) to airlines and license pilots, controllers, and aircraft engineers.
9) Develop an efficient and high-quality cargo transportation system.
10) Conduct regulatory activities to ensure safe aviation practices in compliance with international standards.
11) Enhance passenger service standards at airports.
12) Manage air traffic services and related operations.
13) Supervise flight safety in accordance with the ICAO Convention for all flights operating in Bangladesh.
14) Provide air traffic and radar services for the safe take-off and landing of aircraft.
15) Conduct flight operations and issue necessary clearances.
16) Issue license for air traffic controllers, pilots, aircrew, aircraft engineers, and ground crew.

3. Core Business:

1) Provide search and rescue operations in the event of aircraft crashes or fires at any airport.
2) Formulate and implement civil aviation laws and policies.
3) Ensure the safety and security of all aircraft operating within Bangladesh’s airspace and airports.
4) Construct, maintain, and operate airports, terminals, hangars, and other facilities essential for civil aviation in Bangladesh.
5) Develop rules, regulations, and standards for aviation transport.
6) Regulate and oversee all activities of privately owned aircraft.
7) Issue certificates of registration and airworthiness for aircraft.
8) Conduct monitoring, surveys, testing, and research as required.

4. Evaluation Parameters

Criteria: Business and Governance
Indices: A. Business Strategy and Social Responsibility

Table 2 (a): Standard of Indices A FY 2023-24

Serial No.	Indicators & Sub-indicators	Types of Measurement	Weight for Sub-indicators	Grade: Excellent Score: 4	Grade: Very Good Score: 3	Grade: Good Score: 2	Grade: Fair Score: 1	Grade: Under-performing Score: 0
		* Standard						
1	**Entity Strategy**							
	• Entity Strategic Plan	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
2	**Growth Trajectory**							
	2a. Net Income Growth	QN	4	30.00% or more	25.00 % to 29.99%	20.00% to 24.99%	15.00% to 19.99%	Below 15.00%
	2b. Service Revenue Growth	QN	4	10.00% or more	8.00% to 9.99%	6.00% to 7.99%	4.00% to 5.99%	Below 4.00%
	2c. Other Growth	QL	3	91-100%	81-90%	71-80%	41-70%	Below 41%
3	**Effective Implementation of Public Policy** •Implement activities to achieve policy goal	QL	3	91-100%	81-90%	71-80%	41-70%	Below 41%
4	**Efficiency of Project** Implementation/ Project Goal Achievement: • Percentage of estimated target achieved"	QN	4	91-100%	81-90%	71-80%	41-70%	Below 41%
5	**Social Contribution** •Environmental Contribution •CSR/WPPF •Training/Volunteering	QL	3	91-100%	81-90%	71-80%	41-70%	Below 41%

Table 2 (b): Achievement of Indices A

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-indicators	Actual Performance	Achievement		Basis of Performance Measuring
					Grade	Score	
1	**Entity Strategy**						
	Entity Strategic Plan	QL	4	92.00%	Excellent	4	Note 1
2	**Growth Trajectory**						
	2a.Net Income Growth	QN	4	(0.77 %)	Under Performing	0	AFS
	2b Service Revenue Growth	QN	4	13.45%	Excellent	4	AFS
	2c. Other Growth	QL	3	93.00%	Excellent	4	Note 2
3	**Effective Implementation of Public Policy**	QL	3	89.00%	Very Good	3	Note 3
4	**Efficiency of Project Implementation/ Project Goal Achievement:**	QN	4	80.81%	Very Good	3	Note 4
5	**Social Contribution**	QL	3	90.00%	Very Good	3	Note 5
			25				

Note-1. To meet the growing air traffic demand in Bangladesh, the Civil Aviation Authority of Bangladesh (CAAB) has undertaken several major infrastructure development projects. These include the Hazrat Shahjalal International Airport Expansion Project (Phase-1), Cox's Bazar Airport Development Project (Phase-1), strengthening of the existing runway and taxiway at Shah Amanat International Airport, installation of RADAR including CNS-ATM systems at Dhaka Airport, construction of a passenger terminal building with boarding bridges at Shah Amanat International Airport, and extension of the cargo building at Shah Amanat International Airport, Chattogram.

These initiatives aim to enhance airport capacity, improve air navigation safety, and strengthen cargo and passenger handling facilities. The projects are aligned with the National Strategic Plan and government policy directives outlined in the national budget and contribute to the achievement of key Sustainable Development Goals, particularly SDG 9 (Industry, Innovation and Infrastructure) and SDG 8 (Decent Work and Economic Growth) by supporting modern transport infrastructure, boosting trade and tourism, and promoting sustainable economic development.

Note-2: During FY 2023-24, CAAB has undertaken the following expansion and upgradation projects to enhance and strengthen the operational capabilities of various airports:

I. Hazrat Shahjalal International Airport Expansion (Phase-1):
   - Achieved 97% overall progress, including the construction of 230,000 square meters Third Terminal Building and a 63,000 square meter Export-Import Cargo Complex.

II. Installation of RADAR with CNS-ATM System at Hazrat Shahjalal International Airport:
   - Reached 90.00% overall completion, with the casting of the third floor of the Air Traffic Management Control Tower.

III. Cox’s Bazar Airport Runway Expansion Project:
   - Completed 80.72% of construction work. Upon completion, the runway will be extended from 9,000 feet to 10,700 feet.

IV. 10,912.49 square meter International Passenger Terminal Building at Cox’s Bazar Airport:
   - Achieved 95.06% completion.

V. Runway Overlay Project at Shah Amanat International Airport:
   - 91.00% completed. Upon completion, the runway will be capable of accommodating smooth takeoff and landing of Boeing 777 aircraft.

VI. Osmani International Airport Expansion Project (phase 1):
   - 22.50% of construction work was completed. Upon project completion, the Passenger Terminal will expand by 34,919 square meters and the Cargo Building by 6,982 square meters.

Note-3: The Civil Aviation Authority of Bangladesh (CAAB) effectively implements public policy through its comprehensive oversight and regulation of the civil aviation sector. Its role spans from managing and coordinating aviation infrastructure to ensuring safety and compliance with international standards. CAAB's public policy implementation focuses on aviation safety, infrastructure development, efficient airspace management, and capacity building - thereby fostering a secure, modern, and internationally compliant civil aviation environment in Bangladesh.

Note-4: CAAB achieved 75.32% of its financial target and 86.29% of its physical target in implementing its projects during FY 2023-24. An overall score has been assigned based on this combined performance.

Note -5: CAAB has undertaken the following social and environmental initiatives:

i. Environmental Compliance: Obtains environmental clearance certificates annually for all its projects from the Department of Environment to ensure compliance with environmental standards.

ii. Employee Welfare: Provides facilities such as Provident Fund, Pension Fund, Benevolent Fund, and Group Insurance for its employees.

iii. Educational Support: Operates two schools and colleges in Dhaka and three high schools in various districts.

Indices: B. Operational Efficiency

Table 3 (a): Standard of Indices B FY 2023-24

		* Standard						
Serial No.	**Indicators & Sub-indicators**	**Types of Measurement**	**Weight for Sub-indicators**	**Grade: Excellent Score: 4**	**Grade: Very Good Score: 3**	**Grade: Good Score: 2**	**Grade: Fair Score: 1**	**Grade: Under-performing Score: 0**
1	**Service Delivery**							
	• Service Benefit & Accessibility	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%
2	**Labor Productivity**							
	• Added Value per Employee (million Tk.)	QN	4	Tk 7.00 mil or more	Tk6.00 6.99 mil	Tk5.00 to 5.99 mil	Tk4.00 to 4.99 mil	Below Tk. 4.00 mil
3	**Capital Productivity**							
	3a. Added Value per Tk. Value of Assets	QN	4	Tk. 0.07or more	Tk. 0.06to 0.069	Tk. 0.05to 0.059	Tk. 0.04 to 0.049	Below Tk. 0.04
	3b. Added Value Per Tk. Value of PPE	QN	4	Tk. 0.30or more	Tk. 0.25 to 0.29	Tk. 0.20to 0.24	Tk. 0.15 to 0.019	Below Tk. 0.15
4	**Production**							
	4a. Inventory Turnover (Times)	QN	4	5.00 or more	4.00 to 4.99	3.00 to 3.99	2.00 to 2.99	Below 2.00
	4b. Asset Turnover (Times)	QN	4	0.10 or more	0.08 to 0.09	0.06 to 0.07	0.04 to 0.05	Below 0.04
		Sub-total	25					

Table 3 (b): Achievement of Indices B

Serial No.	**Indicators & Sub-Indicators**	**Types of Measuremen**	**Weight for sub-**	**Actual Performance**	**Achievement**		**Basis of Performance Measuring**
					Grade	**Score**	
1	**Service Delivery**						
	• Service Benefit & Accessibility	QL	5	85.00%	Very Good	3	Note 6
2	**Labor Productivity**						
	• Added Value per Employee (million Tk.)	QN	4	Tk. 8.27 mil	Excellent	4	AFS
3	**Capital Productivity**						
	3a. Added Value per Tk. Value of Assets	QN	4	Tk. 0.08	Excellent	4	AFS
	3b. Added Value Per Tk. Value of PPE	QN	4	Tk.0.42	Excellent	4	AFS
4	**Production**						
	4a. Inventory Turnover (Times)	QN	4	3.78	Good	2	AFS
	4b. Asset Turnover (Times)	QN	4	0.09	Very Good	3	AFS
	Sub-total		25				

Note-6: The entity has introduced the following facilities for airport users:

i. New Telephone Booths: Installed five free telephone booths for passenger use.
ii. Help Desk Services: Provides information and assistance to passengers through a dedicated help desk.
iii. Free Internet Access: Offers complimentary internet services.
iv. Airline Hotline Numbers: Shares airlines' hotline numbers with passengers.
v. Improved Trolley Availability: Added new trolleys for passenger convenience.
vi. Directional Assistance: Provides various types of directional information to assist passengers.
vii. Web Portal Launch: Introduced a web portal at Dhaka International Airport.
viii. 24/7 Call Center: Established a round-the-clock call center to assist passengers.

Indices: C. Financial

Table 4 (a): Standard of Indices C FY 2023-24

		* Standard						
Serial No.	**Indicators & Sub-indicators**	**Types of Measurement**	**Weight for Sub-indicators**	**Grade: Excellent Score: 4**	**Grade: Very Good Score: 3**	**Grade: Good Score: 2**	**Grade: Fair Score: 1**	**Grade: Under-performing Score: 0**
	i. Financial							
1	Operating profit	QN	2	Tk. 25,000 mil or more	Tk.20,000 to Tk. 24,999 mil	Tk15,000 to Tk. 19,999 mil	Tk.10,000 to Tk. 14,999 mil	Below Tk. 10,000 mil
2	Profit before Tax	QN	2	Tk. 30,000 mil or more	Tk.25,000 to Tk. 29,999 mil	Tk. 20,000 to Tk.24,999 mil	Tk.15,000 to Tk.19,999 mil	Below Tk. 15,000 mil
3	Return on Assets (%)	QN	2	5.00 % or more	4.50% to 4.99 %	4.00%to4.49 %	3.50% to3.99%	Below 3.50%
4	Return on Service Revenue (%)	QN	2	50.00% or more	40.00% to 49.99%	30.00% to 39.99%	20.00% to 29.99%	Below 20.00%
5	Return on Equity (%)	QN	2	10.00% or more	8.00%to 9.99%	6.00 % to 7.99%	4.00 % to 5.99%	Below 4.00%
6	Net Worth Growth (%)	QN	2	20.00 or more	18.00%to 19.99%	16.00% to17.99%	14.00% to 15.99%	Below14.00 %
7	Capital Budget Utilization (%)	QN	2	91-100%	81-90%	71-80%	41-70%	Below 41%
	ii. Financial Risk							
1	Debt Equity Ratio (Times)	QN	2	1.50 or less	1.51 to 1.75	1.76 to 2.00	2.01 to 2.25	More than 2.25
2	Debt to Assets (Times)	QN	2	0.60 or less	0.61 to 1.00	1.10 to 1.40	1.41 to 1.80	More than 1.80
3	Debt Coverage Ratio (Times)	QN	3	2.00 or more	1.75to 1.99	1.50to 1.74	1.25to 1.49	Below 1.25
4	Current Ratio (Times)	QN	3	2.00 or more	1.75to 1.99	1.50to 1.74	1.25to 1.49	Below 1.25
	iii. Transactions with Govt.							
1	Taxes Paid	QN	2	91-100%	81-90%	71-80%	41-70%	Below 41%
2	Dividend Paid	QN	2	91-100%	81-90%	71-80%	41-70%	Below 41%
3	Debt Service Liabilities Paid	QN	2	91-100%	81-90%	71-80%	41-70%	Below 41%

Table 4 (b): Achievement of Indices C

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-indicators	Actual Performance	Achievement		Basis of Performance measuring
					Grade	Score	
	i. Financial						
1	Operating profit	QN	2	Tk. 24,273.85 mil	Very Good	3	AFS Note-7
2	Profit before Tax	QN	2	Tk. 25,982.11 mil	Very Good	3	AFS Note-7
3	Return on Assets (%)	QN	2	4.85%	Very Good	3	AFS
4	Return on Service Revenue (%)	QN	2	56.28%	Excellent	4	AFS
5	Return on Equity (%)	QN	2	9.66%	Very Good	3	AFS
6	Net Worth Growth (%)	QN	2	19.87%	Very Good	3	AFS
7	Capital Budget Utilization (%)	QN	2	83.03%	Very Good	3	SL-27,28 of Annexure -1
	ii. Financial Risk						
1	Debt Equity Ratio (Times)	QN	2	0.99	Excellent	4	AFS
2	Debt to Assets (Times)	QN	2	0.50	Excellent	4	AFS
3	Debt Coverage Ratio (Times)	QN	3	Negative	Under Performing	0	AFS
4	Current Ratio (Times)	QN	3	4.06	Excellent	4	AFS
	iii) Transactions with Government						
1	Taxes Paid	QN	2	100%	Excellent	4	SL-31,32 of Annexure -1
2	Dividend Paid	QN	2	100%	Excellent	4	SL-29,30 of Annexure -1
3	Debt Service Liabilities Paid	QN	2	100%	Excellent	4	SL-34,35 of Annexure -1
		Sub-total	30				

Indices: D. Corporate Governance Practices

Table 5 (a): Standard of Indices D FY 2023-24

		* Standard						
Serial No.	**Indicators & Sub-indicators**	**Types of Measurement**	**Weight for Sub-indicators**	**Grade: Excellent Score: 4**	**Grade: Very Good**	**Grade: Good Score: 2**	**Grade: Fair Score: 1**	**Grade: Under-performing Score: 0**
1	**Commitment to Corporate Governance:** • Code of Conduct • Ethics • Key Board policies • Board structure • Employees service rules/ regulations • Appointment of Board Secretary	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%
2	**Board Practices:** • Composition of Board of Directors and number of meetings held • TOR of board • Number of independent Board Directors • Name & Number of board committees and number of meetings held • Number of board decisions that have been implemented	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%
3	**Transparency and Disclosure:** • Board of directors and Senior managers' name and biographies • Audited financial statement • Citizen charter • APA • Code of conduct	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%
4	**Control Environment and Process:** • Entity's internal control systems for different departments • Internal audit procedure and reporting authority • Computer-based management information system (database) • Any authority of the board to mitigate the entity's emergency • Measures for safe working environment in the entity's premises	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%

Table 5 (b): Achievement of Indices D

Serial No.	**Indicators & Sub-Indicators**	**Types of Measurement**	**Weight for sub-indicators**	**Actual Performance**	**Achievement**		**Basis of Performance Measuring**
					Grade	**Score**	
1	Commitment to Corporate Governance	QL	5	85%	Very Good	3	Note -7
2	Board Practices	QL	5	86%	Very Good	3	Note -8
3	Transparency and Disclosure	QL	5	79%	Good	2	Note-9
4	Control Environment and Process.	QL	5	83%	Very Good	3	Note -10
		Sub-total	20				
		Grand Total (A+B+C+D):	100				

Note-7: CAAB is governed by the Civil Aviation Authority Act, 2017 and adheres to various frameworks for corporate governance, including:

- Code of Conduct
- Employee Service Rules and Regulations
- Key policies set by the Board
- Ethics outlined in the National Integrity Strategy
- Citizen Charter
- Standards and guidelines of the International Civil Aviation Organization (ICAO)
- International Air Transport Association (IATA) regulations
- Provisions of the Chicago Convention

Additionally, CAAB has a Corporate Secretary for its Board.

Note-8: The Board of Directors consists of 10 members, including:

- The Chairman (ex-officio)
- Six Members (ex-officio)
- The Chief Engineer of the Authority (ex-officio)
- One representative from the Ministry of Civil Aviation and Tourism
- One representative with experience in civil aviation

All Board members are appointed by the government. The Board operates under its Terms of Reference (TOR) and does not have any board committees.

During FY 2023-24, the Board held 12 meetings and successfully implemented 45 (forty- five) decisions.

Note-9: The entity's Board of Directors, Senior Managers' name and biographies, Audited Financial Statement, Citizen Charter, Act, Rules, Regulations and Code of Conduct are disclosed on CAAB's website.

Note-10: CAAB has implemented the following measures to strengthen internal control and ensure safety:

i. Audit Department: The Audit Department operates directly under the Chairman of CAAB and comprises two sections: Audit and Internal Audit.
ii. Internal Audit Section: Responsible for maintaining financial control and discipline across various departments of authority.
iii. Audit Section: Tasked with identifying irregularities, defalcations, and misappropriations in CAAB's funds and accounts.
iv. Utilizes customized software for managing accounts, inventory, and other departmental operations.
v. Security Oversight: CAAB performs the following Aviation Security oversight:
 CE-1: Aviation Security Legislation.
 CE-2: Aviation Security Programmed and Regulations
 CE-3: State Appropriate Authority for Aviation Security and its Responsibility.
 CE-4: Personnel Qualifications and Training.
 CE-5: Provision of Technical Guidance, Tools and Security Critical Information
 CE-6 Certification and approval Obligations
 CE-7 Quality Control Obligations.
 CE-8: Resolution of Security Concerns.

vi. Aviation Safety: The entity establishes and implements the below Aviation Safety:
CE-1: Primary Aviation Legislation.
CE-2: Specific Operating regulations
CE- 3: State System & Functions.
CE-4: Qualified Technical Personnel.
CE-5: Technical Guidance, Tools & Provisions of Safety Critical info:
CE-6: Licensing, Certification &/or Approval Obligations:
CE-7: Surveillance Obligations.
CE-8: Resolution of Safety Issues.

5. IPE Process

i. Performances of non-financial indicators of Civil Aviation Authority of Bangladesh (CAAB) has been evaluated using information and documents of the inception report provided by CAAB.
ii. Actual performance scores of non-financial indicators are determined through the collective decision of ERT members.
iii. Non-financial Indicators' Score will be based on specific documentary evidence.
iv. According to IPEG, actual financial performances of CAAB are to be evaluated based on national best practices/standard. However, due to the unavailability of such standard and comparable entities in the country, CAAB's financial performance was assessed based on its performance over the last five years on respective financial indicators.
v. Performances of all financial indicators are evaluated based on audited financial statements.
vi. Measurement tools used for financial indicators are suggested by IPEG.
vii. Grades and scores are assigned according to the IPEG.

6. Performance Evaluation Results

Civil Aviation Authority of Bangladesh (CAAB)

Fiscal Year: 2023-24

Serial No	Name of Indices, Indicators and Sub-indicators	Weight for Indices	Weight for Sub indicators	Score Obtained	Weighted Score
a	b	c	d	e	f
A	**Business Strategy and Social Responsibility:**	25			
1	Entity Strategy: • Entity Strategic Plan		4	4	0.16
2	Growth Trajectory: 2a. Net Income Growth		4	0	0.00
	2b. Service Revenue Growth		4	4	0.16
	2c. Other Growth		3	4	0.12
3	Effective Implementation of Public Policy: • Implement activities to achieve policy goal		3	3	0.09
4	Efficiency of Project Implementation/ Project Goal Achievement: • Percentage of estimated target achieved		4	3	0.12
5	Social Contribution: • Environmental Contribution • CSR / WPPF • Training / Volunteering		3	3	0.09
		Sub Total	**25**		**0.74**
B	**Operational Efficiency:**	25			
1	Service Delivery: • Service benefits and Accessibility		5	3	0.15
2	Labor Productivity: 2a. Added Value Per Employee		4	4	0.16
	2b. Employees' cost on Value addition (%)				
3	Capital Productivity: 3a. Added Value Per TK Value of Assets		4	4	0.16
	3b. Added Value Per TK Value of PPE		4	4	0.16
4	Production:				
	4a. Input use Efficiency				
	4b. Inventory Turnover		4	2	0.08
	4c. Asset Turnover		4	3	0.12
	4d. Capacity Utilization				
		Sub Total	**25**		**0.83**

Serial No	Name of Indices, Indicators and Sub-indicators	Weight for Indices	Weight for Sub indicators	Score Obtained	Weighted Score
C	**Financial:**	30			
	i. Financial Performance:				
1	Operating profit		2	3	0.06
2	Profit before tax		2	3	0.06
3	Return on assets		2	3	0.06
4	Return on Service Revenue		2	4	0.08
5	Return on equity		2	3	0.06
6	Net worth growth		2	3	0.06
7	Capital budget utilization		2	3	0.06
	ii. Financial Risk:				
1	Debt equity ratio		2	4	0.08
2	Debt to assets		2	4	0.08
3	Debt coverage ratio		3	0	0.00
4	Current ratio		3	4	0.12
5	Accounts receivable period				
6	Accounts payable period				
	iii. Transactions with Government:				
1	Taxes paid		2	4	0.08
2	Dividend paid		2	4	0.08
3	Debt Service Liabilities Paid		2	4	0.08
		Sub Total	**30**		**0.96**

Serial No	Name of Indices, Indicators and Sub-indicators	Weight for Indices	Weight for Sub indicators	Score Obtained	Weighted Score
D	**Corporate Governance Practices:**	20			
1	Commitment to Corporate Governance: • Code of Conduct • Ethics • Key policies of Board • Board structure • Employee's service rules/ regulations • Appointment of Board Secretary		5	3	0.15
2	Board Practices: • Composition of Board of Directors and number of meetings held • TOR of board • Number of independent Board Directors • Name & Number of board committees and number of meetings held • Number of board decisions that have been implemented		5	3	0.15
3	Transparency and Disclosure: • Board of directors and Senior managers name and biographies • Audited financial statement • Citizen charter • APA • Code of conduct		5	2	0.10
4	Control Environment and Process: • Entity's internal control systems for different departments • Internal audit procedure and reporting authority • Entity's computer-based management information system (database) • Any authority of the board to mitigate the entity's emergency • Measures taken for safe working environment in the entity's premises		5	3	0.15
	Sub Total				**0.55**
	Grand Total (A+B+C+D)	**100**	**100**		**3.08**

7. Interpretation of Results

As per Independent Performance Evaluation (IPE) Civil Aviation Authority of Bangladesh (CAAB) Scored 3.08 out of 4.00 in the year 2023-24.

7. (A) The performance of CAAB is graded “Excellent” in the following areas:

- Entity Strategic Plan
- Other Growth
- Service Revenue Growth
- Capital Productivity
- Return on Service Revenue
- Debt Equity Ratio
- Debt to Assets
- Current Ratio
- Labor Productivity

The performance of CAAB is graded “Very Good” in the following areas:

- Control Environment and Process
- Board Practices
- Corporate Governance
- Effective Implementation of Public Policy
- Return on Assets
- Net Worth Growth
- Return on Equity
- Social Contribution
- Service Delivery
- Efficiency of Project Implementation
- Assets Turnover
- Capital Budget Utilization

The performance of CAAB is graded “Good” in the following areas:

- Inventory Turnover
- Transparency and Disclosure

The performance of CAAB is graded “Under Performing” in the following areas:

- Debt Coverage Ratio
- Net Income Growth

7. (B) Other important aspects of Performance during FY 2023-24:

- CAAB has earned operating profit of Tk.24,273.85 million.
- The entity earned net profit (after tax) of Tk. 19,486.58 million.
- CAAB Current Ratio (Times) 4.06 which indicates entity is in a well position to meet it current liabilities in due period.
- CAAB Paid Taxes Tk.6,495.53 million and DSL Tk.879.998 million.
- GOB invested Tk.20,953.98 million as equity to CAAB against the completion of development projects.

8. Findings from the Audit Report 2023-2024

In CAAB audit report 2023-24 the auditor provided the qualified opinion on the following accounts and issues:

i. Due to some lack of sufficient and appropriate supporting documents, auditors were unable to verify the classification of some expenses totaling Tk 40.28 million whether revenue or capital. Moreover, auditor pointed out Repair & Maintenance of Tk. 8.43 million for CPESU & Tk. 73.13 million for Shah Amanat International Airport have been charged to the statement of profit and loss account although a significant portion of these costs either involve the purchase of assets or enhancement of an asset's useful life or productive capacity. However, charging those expenses in the profit and loss accounts constitutes a non-compliance with IAS-16 Property, Plant and Equipment.

ii. CAAB recognizes revenue of Tk. 15,923.98 million from HSIA on cash basis but the revenue being recognized for years not related to reporting Period. Moreover, the entity did not update the related registers of revenue for several months. As a result, the auditors were unable to verify the revenue as per IFRS 15.

iii. The entity did not comply with IAS-2 Inventories valuation Principles for its obsolete, damaged and slow-moving items. But closing inventory will be valued at net reliable value not at historical cost.

iv. The auditors did not verify the following accounts for a long period due to non-submission of necessary supporting documents by management:
   - Sundry Debtors Balance Tk. 53,472,411
   - Advance Against Materials Tk. 374,790
   - Current A/c with Ctg. custom Tk. 127,845
   - Other Finance Tk. 496,577
   - T& P Hire Charge (advance) Tk. 635,821
   - Accounts Payable Tk. 98,580
   - Reserve for obsolete store Tk. 1,287,874
   - Reserve for Store Donation Tk. 178,349,317
   - Shortage of obsolete stores Tk. 250,587
   - Reserve for store Gain Tk. 57,849,405

v. The entity has not maintained Fixed Assets Register for its Property, Plant & Equipment of Tk. 72.831,91 million. Due to the absence of comprehensive records and tags, the auditor were unable to verify the accuracy, existence and valuation of these assets.

vi. During the physical verification the auditor could not find existence of inventory Tk. 1,005.99 million in the Central Procurement Engineering & Store Unit.

vii. The Flight Calibration Certificate cost of Tk. 60.34 million was recognized as Property, Plant & Equipment and depreciated at 10% but the validity of such certificate is one year. As such this cost should be recognized as revenue expenditure as a yearly certification fee.

viii. CAAB did not apply the concept of IFRS-10 Consolidated Financial Statements in the aggregated Financial Statement of 28 individual units.

ix. CAAB prepared the Cash Flow Statement as per their own format that does not comply with IAS-7.

9. Recommendation for Performance Based Incentives

CAAB has obtained a weighted score of 3.08 out of a scale 4.00 and is graded "Very Good". Therefore, IPEC recommended a non-financial incentive for the employees of CAAB. Also, a certificate from Finance Division may be awarded to CAAB for being graded "Very Good" in IPE for the FY 2023-24.

10. Recommendations for Improvements:

To enhance the performance of CAAB, the following recommendations are proposed based on the findings of the Independent Performance Evaluation (IPE):

The Civil Aviation Authority of Bangladesh should ensure the timely completion and execution of major development projects, including the RADAR installation project with the CNS-ATM (Communication, Navigation and Surveillance–Air Traffic Management) system, runway expansion, improvement of aircraft take-off and landing facilities, and extension of terminal and cargo buildings within the stipulated timeframe.

i. The entity should adopt modern aviation management systems and technologies to ensure safe and efficient aircraft take-off and landing operations in Bangladesh.
ii. Necessary plans and initiatives should be implemented to increase passenger and cargo handling capacity in response to the growing demand for air transport services.
iii. The authority should provide comprehensive training and capacity development programs for its workforce to improve operational efficiency and modernize airport management.
iv. CAAB should prepare its financial statements in compliance with applicable International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) to strengthen transparency, accountability, and financial discipline.
v. The entity should take appropriate measures to resolve the qualified opinions raised by the auditor and ensure proper presentation of its Audited Financial Statements (AFS) in accordance with IAS/IFRS.
vi. CAAB should provide all necessary documents and supporting evidence as required by the auditors during the audit process.
vii. The authority should maintain appropriate provisions for significant outstanding receivables in line with IAS- 36, considering the risk of non-recovery of long-outstanding dues and ensuring compliance with the prudence principle.

viii. CAAB should take necessary steps to quickly operationalize the 3rd Terminal of Hazrat Shahjalal International Airport to generate financial returns from the significant investment made in the project.

ix. The entity should maintain an updated asset register with costs or fair values and introduce modern accounting software to ensure accurate and transparent financial reporting.

x. CAAB should fully comply with the requirements of IFRS-9 Expected Credit Loss Model to ensure proper valuation and disclosure of its assets in the financial statements.

xi. The entity should strengthen the safety and security of the Cargo Village by adopting modern technologies to minimize the risk of unexpected losses to the country.

xii. CAAB should introduce a modern storage management system to ensure effective storage control, enhanced safety and security, and timely delivery of goods to stakeholders.

xiii. The entity should follow the accrual basis of accounting to ensure the fair presentation of its financial statements.The entity may consider appointing women directors to its Board in alignment with the OECD Guidelines on Corporate Governance of State-Owned Enterprises (2024), UN Sustainable Development Goal (SDG) 5 on Gender Equality, and World Bank/IFC corporate governance recommendations to promote gender diversity.

xiv. To implement the government directive the entity should arrange tree plantation programs with an aim to mitigate climate change and address global warming.

11. Conclusion

Based on the Audited Financial Statements, relevant data, and supporting documents of the Civil Aviation Authority of Bangladesh, the Independent Performance Evaluation (IPE) Report has been prepared for FY 2023–24. The report indicates that in FY 2023-24 both financial and non-financial performance of CAAB is in a moderate level compared to previous fiscal year (FY 2022–23).

To improve its overall performance, the authority should take effective measures to implement its planned projects and programs within the stipulated timeframe. CAAB should take necessary steps to expedite the operation of the 3rd Terminal of Hazrat Shahjalal International Airport, which is expected to enhance operational capacity, improve service efficiency, and increase revenue generation. Furthermore, the entity should ensure compliance with the applicable International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and take appropriate actions to resolve the financial irregularities identified in the CAAB Audit Report 2023–24.

Civil Aviation Authority of Bangladesh (CAAB)

Annexure-1

Financial & Other Information

Serial No	Statement of Financial Position (Balance Sheet)	Evaluate Fiscal Year	Previous Fiscal Year
		2023-24	2022-23
1	Current Assets:		
	i. Inventories		
	• Material		
	• Accessories/ Supplies	25,487,564	22,911,252
	• Store & spare parts	1,596,099,186	1,629,148,275
	ii. Receivable:		
	• Trade	12,047,794,210	14,181,444,681
	• Others	10,101,442	10,101,442
	iii. Cash and Cash Equivalent	7,455,828,122	5,775,144,677
	iv. Others Current Assets	275,827,853,252	213,396,528,287
2	Total Current Assets (i+ii+iii+iv)	296,963,163,376	235,015,278,614
3	Total Non-Current Assets		
	• Property, Plant & Equipment (PPE)	72,831,908,779	69,482,756,263
	• Investment in Shares	15,000,000	15,000,000
	•Other Non-Current Assets including FDR	31,603,966,182	19,108,845,941
4	Total Assets (2+3)	401,414,038,338	323,621,880,819
5	Current Liabilities:		
	i. Payables:		
	• Trade		
	• Others		
	ii. Other Current Liabilities	73,167,882,779	58,126,839,857
6	Total Current Liabilities (i+ii)	73,167,882,779	58,126,839,857
7	Non-Current Liabilities:		
	i. Long Term Loans/Debts	126,449,315,855	97,143,754,612
	ii. Deferred Liabilities		
	iii. Other Non-Current Liabilities		
8	Total Non-Current Liabilities (i+ii+iii)	126,449,315,855	97,143,754,612
9	Total Liabilities (6+8)	199,617,198,634	155,270,594,469
10	Equity:		
	i. Capital Fund	3,655,860,297	3,655,860,297
	ii. Government Equity	15,696,009,543	15,146,311,000
	iii. General Reserve	16,507,563,283	14,058,363,363
	iv. Reserve Fund	111,007,733	111,007,733
	v. Government Grant	72,283,540,241	55,715,684,899
	vi. Retained Earnings/(Loss)	93,542,858,605	79,664,059,058
11	Total Equity (i+ii+iii+iv+v)	201,796,839,703	168,351,286,350
12	Total Equity and Liabilities (9+11)	401,414,038,338	323,621,880,819

Annexure 1

Serial No	Statement of Profit or Loss and Other Comprehensive Income (Income Statement)	2023-24		2022-23	
		Amount	Percentage	Amount	Percentage
13	Net Sales Revenue	34,624,853,062	100.00%	30,520,152,990	100%
14	Less: Cost of Services	6,187,980,065	17.87%	5,133,894,458	17.58%
15	Gross Profit/(Loss) (13-14)	28,436,872,997	82.13%	25,386,258,532	82.42%
16	Less: Operating Expenses:				
	Administrative Expenses	4,163,025,524	12.02%	3,343,775,031	12.07%
17	Total Operating Expenses (i+ii)	4,163,025,524	12.02%	3,343,775,031	12.07%
18	Operating Profit/Loss) (15-17)	24,273,847,473	70.11%	22,042,483,501	70.35%
19	Add: Non-Operating Income	1,725,104,255		1,106,135,015	
20	Less: Financial Expenses	16,839,297		9,909,618	
21	Less: Other Non-Operating Expenses				
22	Net Profit/(Loss) before Tax (18+19 – 20-21)	25,982,112,431		23,138,708,897	
23	Less: Provision for Tax				
	i. Current tax	6,495,528,108		3,500,000,000	
	ii. Deferred tax				
24	Net Profit/(Loss) After Tax (22-23)	19,486,584,324		19,638,708,898	

Serial No	Other Information	Evaluate Fiscal Year	Previous Fiscal Year
		2023-24	2022-23
25	Credit Sales		
26	Credit Purchases		
27	Capital Budget Allocation	7,226,335,855	8,552,100,000
28	Actual Capital Expenditure	6,000,217,552	6,000,217,552
29	Dividend Payable	1,250,000,000	1,250,000,000
30	Dividend Paid	1,250,000,000	1,250,000,000
31	Taxes Payable	6,495,528,108	5,690,000,000
32	Taxes Paid	6,495,528,108	5,699,602,443
33	Debt Service Liabilities (DSL) Payable	879,998,000	879,998,000
34	Debt Service Liabilities (DSL) Paid	879,998,000	879,998,000
35	Fees, Fine and Charges Payable		
36	Fees, Fine and Charges Paid		
37	New Government Investment:		
	• Equity		
	• Debts/Loan		
38	Total Government Fund Transferred to SOE/AB under the following heads:		
	• Grants	20,953,980,074	17,598,837,506
	• Subsidies		
	• Other Transfer (Specify)		
39	Operating Cash Surplus/(Deficit)	(24,368,327,459)	(43,445,447,706)
40	Added Value	30,461,827,538	27,176,377,959
41	Employee’s costs include wages, salaries, bonus, provident fund contribution and other allowances		
42	Capacity Utilization (%)		
43	Input use Efficiency (%)		
44	Number of Employees (Nos)	3,616	3,754
45	Performance score achieved on APA		89.89%