Independent Performance Evaluation (IPE) Report

on

Chittagong Port Authority (CPA)

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.

Chittagong Port Authority (CPA) has been evaluated for 3 (three) consecutive years and is among the 30 selected State-Owned Enterprises (SOEs) and Autonomous Bodies (ABs) for Independent Performance Evaluation (IPE) for FY 2023-24. According to the evaluation results, CPA achieved a weighted average score of 2.97 out of 4.00, earning a "Good" grade.

1. Introduction

The "East Pakistan Chittagong Port Trust" was established in 1960. After independence of Bangladesh, the government enacted the Chittagong Port Authority Ordinance No. 52 in 1976, renaming the Chittagong Port Trust to the Chittagong Port Authority (CPA). Recently, the CPA Ordinance of 1976 was replaced by the Chittagong Port Authority Act, 2022.

As the main seaport of Bangladesh, the CPA plays a vital role in the nation's development, handles over 92% of the country's sea-borne trade. Its responsibilities include developing, maintaining, and modernizing the port, as well as supervising and controlling ship movements within the berth area. The Ministry of Shipping oversees CPA's operations. The key operational activities of CPA are given below:

Table 1: Key Operational Activities:

SL	Particulars	Unit	FY 2021-22	FY 2022-23	FY 2023-24
1	Import Cargo Handled	MT	110,061,208	110,776,589	115,780,806
2	Export Cargo Handled	MT	8,112,952	7,521,054	7,461,942
3	Container Handled	TEUs	3,255,358	3,007,375	3,168,690
4	No of Vessels Handled	Nos.	4,231	4,253	3,971
5	Ships Turn Around Time	Days	2	2.19	2.50
6	Dwell Time of Container	Days	9	9.55	9.69
7	Berth Occupancy	%	92	78.17	74.03

Source: CPA Annual Report, 2021-22, 2022-23 and 2023-24

The key operational activities of Chittagong Port Authority show mixed performance trends during FY 2021–22 to FY 2023–24. Import cargo handling increased steadily from 110.06 million MT in FY 2021–22 to 110.78 million MT in FY 2022–23, and further to 115.78 million MT in FY 2023–24, indicating continuous growth in import trade through the port. In contrast, export cargo handled declined gradually from 8.11 million MT in FY 2021–22 to 7.52 million MT in FY 2022–23 and 7.46 million MT in FY 2023–24, reflecting a slight contraction in export volume. Container handling experienced a decline in FY 2022–23 from 3.26 million TEUs to 3.01 million TEUs, but recovered in FY 2023–24 to 3.17 million TEUs, though it remained slightly below the FY 2021–22 level. The number of vessels handled increased marginally from 4,231 in FY 2021–22 to 4,253 in FY 2022–23, but dropped to 3,971 in FY 2023–24. Operational efficiency indicators show some deterioration, as the ship turnaround time increased from 2 days to 2.19 days and further to 2.50 days, while container dwell time rose from 9 days to 9.55 days and 9.69 days respectively, indicating longer processing and clearance time. Meanwhile, berth occupancy rate declined from 92% in FY 2021–22 to 78.17% in FY 2022–23 and 74.03% in FY 2023–24, suggesting reduced pressure on berth capacity but also potential underutilization of port facilities. Overall, the port experienced growth in import handling and partial recovery in container throughput, although export volume, vessel traffic, and some operational efficiency indicators showed a declining trend.

2. Role and Functions

Chittagong Port Authority (CPA) mainly performs the following functions:

I. Manage, maintain, improve and develop the port.
II. Provide efficient port services and facilities to the stakeholders.
III. Provide berthing facilities of international standard.
IV. Ensure safety of the port and its adjacent areas.
V. Handle the export and import cargo of sea-borne trade efficiently.
VI. Train up the efficient manpower for Port operation.
VII. Supply fuel/water to vessels.

3. Core Business

I. Ensure the Port environment at international level.
II. Handle the container/cargo efficiently and safely.
III. Ensure the safety of all cargo/goods stored in the Port area.
IV. Responsible for safe ship movement in the Karnapuli river channel;
V. Responsible for dredging the port regularly.
VI. Regulate and control berthing and movement of vessels and navigation within the port area.

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	* Standard						
		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	**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	15.00% or more	13.00% to 14.99%	11.00% to 12.99%	9.00% to 10.99%	Below 9.00%
	2b. Service Revenue Growth	QN	4	20.00% or more	15.00% to 19.99%	10.00% to 14.99%	5.00% to 9.99%	Below 5.00%
	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	18.62%	Excellent	4	AFS
	2b. Service Revenue Growth	QN	4	2.60%	Underperforming	0	AFS
	2c. Other Growth	QL	3	81.00%	Very Good	3	Note 2
3	**Effective Implementation of Public Policy**	QL	3	75.00%	Good	2	Note 3
4	**Efficiency of Project Implementation/ Project Goal Achievement.**	QN	4	63.27%	Fair	1	Note 4
5	**Social Contribution**	QL	3	89.00%	Very Good	3	Note 5
	Sub-Total		25				

Note-1: Chittagong Port Authority has formulated a Strategic Master Plan (2013–2043) aimed at significantly enhancing port capacity and operational efficiency. This long-term plan seeks to strengthen Bangladesh's position in regional and global trade while supporting sustainable economic growth. Major initiatives under the master plan include the development of the Bay Container Terminal and Matarbari Port (Phase-2), construction of a heavy-lift jetty with backup facilities, and implementation of capital dredging and riverbank protection works. These projects are intended to modernize port infrastructure, improve logistics efficiency, and promote environmentally sustainable maritime operations. All these plans and projects are align with the Sustainable Development Goals (SDGs)-particularly SDG 9, SDG 8, and SDG 14—as well as the National Strategic Plan and government policy directives outlined in the national budget.

Note-2: The CPA has implemented several measures to enhance its operational activities:

i. An online shipping agent and vessel billing system has been introduced.
ii. An electronic delivery order system has been implemented.
iii. A vehicle control management system has been launched to save time, reduce stakeholder costs, and ensure the safety of vehicle movements within the port area.
iv. Simplifying pensions services
v. Digital store management.

Note-3: CPA aligns its operational practices with key public policy objectives—ensuring timely service delivery, competitive pricing, and enhanced stakeholder satisfaction. Its mission to manage, develop, and modernize port infrastructure is supported by continuous improvements in cargo handling, vessel traffic control, and workforce development. Notable progress in operational metrics - such as reduced ship turnaround time, consistent handling of import cargo, and improved berth occupancy - reflect CPA's ability to translate national policy into measurable outcomes. Furthermore, CPA maintains environmental and security standards in compliance with international protocols, thereby reinforcing its role as a public entity effectively implementing national policy goals.

Note-4: CPA achieved 65.48% of its financial targets and 61.06% of its physical targets for FY 2023-24. The performance score is assigned based on the level of target achievement during the fiscal year.

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

i. Regular patrolling for oil cleanup operation and garbage removal by Bay Cleaner-1 and Bay Cleaner-2 to keep the Karnaphuli River channel free from environmental pollution.
ii. The Environment Management Unit (EMU) has been relocated and upgraded in line with the International Convention for the Prevention of Pollution from Ships (MARPOL) to enhance performance.
iii. CPA develops oil and chemical contingency plans and actively combats pollution.
iv. During FY 2023-24, CPA trained 6 (six) intern students from various organizations.

v. CPA operates five primary schools, two high schools, one madrasa, two colleges, 15 mosques, a temple, and a Buddha Bihar. Additionally, it maintains its own hospital, stadium, fire service station and one sports complex.

vi. CPA is responsible for removing the garbase from the ocean going ships, but the entity does not perform their duty in this regard properly.

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. 6.00 mil or more	Tk. 5.00 to 5.99 mil	Tk. 4.00 to 4.99 mil	Tk. 3.00 to 3.99 mil	Below Tk. 3.00 mil
3	**Capital Productivity**							
	3a. Added Value per Tk. Value of Assets	QN	4	Tk. 0.10 or more	Tk. 0.08 to 0.09	Tk. 0.06 to 0.07	Tk. 0.04 to 0.05	Below Tk. 0.04
	3b. Added Value Per Tk. Value of PPE	QN	4	Tk. 0.36 or more	Tk. 0.32 to 0.35	Tk. 0.28 to 0.031	Tk. 0.24 to 0.27	Below Tk. 0.24
4.	**Production** 4a. Asset Turnover (Times)	QN	4	0.20 or more	0.15 to 0.19	0.10 to 0.14	0.05 to 0.09	Below 0.05
	4b. Capacity Utilization (%)	QN	4	91-100%	81-90%	71-80%	41-70%	Below 41%
	Sub-total		25					

Table 3 (b): Achievement of Indices B

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-indicators	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. 5.97 mil	Very Good	3	AFS
3	**Capital Productivity**						
	3a. Added Value per Tk. Value of Assets	QN	4	Tk. 0.11	Excellent	4	AFS
	3b. Added Value Per Tk. Value of PPE	QN	4	Tk. 0.36	Excellent	4	AFS
4	**Production**						
	4a. Asset Turnover (Times)	QN	4	0.14	Good	2	AFS
	4b. Capacity Utilization (%)	QN	4	100%	Excellent	4	SL 42 of Annexure-1
		Sub-total	25				

Note-6: The CPA has established the following facilities for port users:

i. An Automated Terminal Operating System (TOS) for submitting delivery orders.
ii. A One-Stop Service Center to streamline import and export documentation.
iii. An automated gate pass system for vehicles.
iv. A billing information verification facility available on the CPA website.
v. E-piloting is being implemented for online communication with outer anchorage ships regarding port entry and other relevant details.
vi. Introduced online billing system for marine service relevant payment.

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 Performance							
1	Operating profit	QN	2	Tk.18,000 mil or more	Tk.16,500 to Tk. 17,999 mil	Tk.15,000 to Tk. 16,499 mil	Tk.13,500 to Tk. 14,999 mil	Below Tk. 13,500 mil
2	Profit before Tax	QN	2	Tk. 25,000 mil or more	Tk. 20,000 to Tk. 24,999 mil	Tk. 15,000 to Tk. 19,999 mil	Tk. 10,000 to Tk. 14,999 mil	Below Tk. 10,000 mil
3	Return on Assets (%)	QN	2	8% or more	6% to 7%	4% to 5%	2% to 3%	Below 2%
4	Return on Service Revenue (%)	QN	2	40% or more	38% to 39%	36% to 37%	34% to 35%	Below 34%
5	Return on Equity (%)	QN	2	15% or more	12% to 14%	9% to 11%	6% to 8%	Below 6%
6	Net Worth Growth (%)	QN	2	12.00 % or more	11% to 11.99%	10% to 10.99%	9% to 9.99%	Below 9%
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	0.33 or less	0.34 to 0.54	0.55 to 0.75	0.76 to 0.96	More than 0.96
2	Debt to Assets (Times)	QN	2	0.25 or less	0.26 to 0.45	0.46 to 0.65	0.66 to 0.85	More than 0.85
3	Debt Coverage Ratio (Times)	QN	2	2.00 or more	1.75 to 1.99	1.50 to 1.74	1.25 to 1.49	Below 1.25
4	Current Ratio (Times)	QN	2	2.00 or more	1.75 to 1.99	1.50 to 1.74	1.25 to 1.49	Below 1.25
5	Accounts Receivable Period (Days)	QN	2	60 days or less	61 to 80 days	81 to 100 days	101 to 120 days	More than 120 days
6	Accounts Payable Period (Days)	QN	2	60 days or less	61 to 80 days	81 to 100 days	101 to 120 days	More than 120 days
	iii. Transactions with Govt.							
1	Dividend Paid	QN	2	91-100%	81-90%	71-80%	41-70%	Below 41%
2	Taxes Paid	QN	1	91-100%	81-90%	71-80%	41-70%	Below 41%
3	Debt Service Liabilities Paid	QN	1	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 Performance						
1	Operating profit	QN	2	Tk. 18,046.16 mil	Excellent	4	AFS
2	Profit before Tax	QN	2	Tk. 27,153.91 mil	Excellent	4	AFS
3	Return on Assets (%)	QN	2	7.46%	Very Good	3	AFS
4	Return on Service Revenue (%)	QN	2	52.22%	Excellent	4	AFS
5	Return on Equity (%)	QN	2	12.69%	Very Good	3	AFS
6	Net Worth Growth (%)	QN	2	12.97 %	Excellent	4	AFS
7	Capital Budget Utilization (%)	QN	2	59.99%	Fair	1	Annexure 1 SL 27 & 28
	ii. Financial Risk						
1	Debt Equity Ratio (Times)	QN	2	0.70	Good	2	AFS
2	Debt to Assets (Times)	QN	2	0.41	Very Good	3	AFS
3	Debt Coverage Ratio (Times)		2	222.89	Excellent	4	AFS
4	Current Ratio (Times)	QN	2	3.26	Excellent	4	AFS
5	Accounts Receivable Period (Days)	QN	2	24	Excellent	4	AFS
6	Accounts Payable Period (Days)	QN	2	2.05	Excellent	4	AFS
	iii. Transactions with Govt.						
1	Dividend Paid	QN	2	100%	Excellent	4	Annexure 1 SL 29 & 30
2	Taxes Paid	QN	1	101.77%	Excellent	4	Annexure 1 SL 31 & 32
3	Debt Service Liabilities Paid	QN	1	100%	Excellent	4	Annexure 1 SL 33 & 34
		Sub-total	30				

Indices: D. Corporate Governance Practices

Table 5(a): Standards 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 Score: 3**	**Grade: Good Score: 2**	**Grade: Fair Score: 1**	**Grade: Under-performing Score: 0**
1	**Commitment to Corporate Governance:** • Code of Conduct • Ethics • Key policies of Board • 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 • Entity's computer-based management information system (database) • Any authority of the board to mitigate the entity's emergency situation • Measures taken 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	90%	Very Good	3	Note 7
2	Board Practices	QL	5	80%	Good	2	Note 8
3	Transparency and Disclosure	QL	5	79%	Good	2	Note 9
4	Control Environment and Process.	QL	5	89%	Very Good	3	Note 10
		Sub-total	20				
		Grand Total (A+B+C+D):	100				

* Standard for Financial and Non-Financial indicators are set on the basis of IPE process.

Note-7: CPA has a Chittagong Port Authority Act 2022 and established its own Code of Conduct and adheres to international standards of ethics to guide its organizational behavior. The Board of CPA operates under defined policies aligned with its goals and objectives, and has a designated Board Secretary.

The Authority has comprehensive service rules for its employees and follows a wide range of structured guidelines, rules, and manuals to ensure effective governance. These include regulatory frameworks such as the Private Off dock/CFS Guideline 2016, Regulations for Working of Chittagong Port (Cargo & Container), 2001, and The Service Regulations of Chittagong Port Employees - 1991. In addition, CPA has manuals covering recruitment, automation, traffic, container handling, auditing, store systems, and disaster preparedness.

Note-8: The Board of Directors of the Chittagong Port Authority comprises a Chairman and four regular members, all appointed by the government, and functions in accordance with the Terms of Reference (TOR) defined in the CPA Act-2022.

In the fiscal year 2023–24, the Board convened 23 (twenty- three) meetings and executed 216 (two hundred sixteen) decisions.

Currently, the Board has no committees, and there are no independent members. The CPA Act does not include any provision for the appointment of independent directors.

Note- 9: The entity maintains transparency by publishing its Acts, Rules, audited financial statements, profiles of Board Directors and senior management, the Citizen Charter, and the code of conduct on its official website.

Note-10: The CPA has implemented the following measures to control the environment and processes:

i. CPA has an Internal Audit and Inspection Department to ensure efficient internal control among the different department to check & justify the accuracy of financial transactions.
ii. It maintains a Personal Management Information System (PMIS) and a database system.
iii. The entity complies with the International Ship and Port Facility Security (ISPS) Code to ensure port safety and security.
iv. Various safety measures have been put in place, including the installation of fire extinguishers, fire tenders, and rescue & recovery vehicles.
v. CPA operates its own fire service station to maintain port safety.

5. IPE Process

i. Performances of non-financial indicators of Chittagong Port Authority (CPA) has been evaluated using information and documents of the inception report provided by CPA.

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 CPA are to be evaluated on the basis of national best practices/standard. However, due to non-availability of such standard and comparable entities in the country, CPA'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

Chittagong Port Authority (CPA)
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	4	0.16
	2b. Service Revenue Growth		4	0	0.00
	2c. Other Growth		3	3	0.09
3	Effective Implementation of Public Policy Implement activities to achieve policy goal		3	2	0.06
4	Efficiency of Project Implementation/ Project Goal Achievement: • Percentage of estimated target achieved"		4	1	0.04
5	Social Contribution: • Environmental Contribution • CSR / WPPF • Training / Volunteering		3	3	0.09
	Sub Total		**25**		**0.60**
B	**Operational Efficiency:**	25			
1	Service Delivery: • Service benefits and Accessibility		5	3	0.15
2	Labor Productivity: • Added Value Per Employee		4	3	0.12
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:				
	a. Asset Turnover		4	2	0.08
	b. Capacity Utilization (%)		4	4	0.16
	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	4	0.08
2	Profit before tax		2	4	0.08
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	4	0.08
7	Capital budget utilization		2	1	0.02
	ii. Financial Risk:				
1	Debt equity ratio		2	2	0.04
2	Debt to assets		2	3	0.06
3	Debt Coverage Ratio		2	4	0.08
4	Current ratio		2	4	0.08
5	Accounts Receivable Period		2	4	0.08
6	Accounts Payable Period		2	4	0.08
	iii. Transactions with Government:				
1	Dividend paid		2	4	0.08
2	Taxes paid		1	4	0.04
3	Debt Service Liabilities Paid		1	4	0.04
	Sub Total		**30**		**1.04**

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	2	0.10
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 situation • Measures taken for safe working environment in the entity’s premises		5	3	0.15
	Sub Total		**20**		**0.50**
	Grand Total (A+B+C+D)	**100**	**100**		**2.97**

7. Interpretation of Results

As per Independent Performance Evaluation (IPE) Chittagong Port Authority Scored 2.97 out of 4.00 in the year 2023-24.

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

- Entity Strategic Plan
- Return on Service Revenue
- Capacity Utilization
- Debt Coverage Ratio
- Net Income Growth
- Capital Productivity
- Current Ratio
- Accounts Receivable Period
- Accounts Payable Period
- Net worth Growth

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

- Service Delivery
- Capital Budget Utilization
- Debt to Assets
- Return on Assets
- Control Environment and Process
- Corporate Governance.
- Return on Equity
- Social Contribution
- Other Growth
- Labor Productivity

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

- Assets Turnover
- Effective Implementation of Public Policy
- Transparency and Disclosure
- Debt Equity Ratio
- Board Practices

The performance of CPA is graded “Fair” in the following areas:

- Efficiency of Project Implementation
- Capital Budget Utilization

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

- Service Revenue Growth

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

i. CPA has earned an operating profit of Tk 18,046.16 million.
ii. The entity earned net profit (after tax) of Tk 20,429.88 million.
iii. CPA Current Ratio (Time) 3.26 which indicates entity is in a well position to meet it current liabilities in due period.
iv. CPA Paid Taxes Tk 6,843.27 million, Dividend Tk 1,000.00 million, DSL Tk 117.52 million to GOB.

8. Findings from the Audited Financial Statements 2023-24

8.1 In the CPA Audit Report for 2023-24, the auditors provided the qualified opinion on the following accounts and issues:

i. The audit report highlighted the following accounts that remained unadjusted and carried forward since long with the same amount for an extended period:
   - Receivables amounting to Tk. 761.62 million
   - Advances and Prepayments totaling Tk. 3,907.88 million
   - Negative balance of Receivable TK3.09 million.
   - Sundry Credit and Security Deposit balance TK1,235.14 million.
   - Earnest Money from Contractor TK14.91 million
   - Payable Goods and Services TK122.23 million.
ii. CPA did not provide aging details for Accounts Receivables and Accounts Payables in the audit report, preventing an assessment of the recoverability of receivables and the liability related to other finances.
iii. CPA faces uncertainty regarding the repayment of a fixed deposit of Tk. 1,793.15 million from Padma Bank PLC, which is facing a liquidity crisis. However, CPA did not make any provision for the expected loss, as required by IFRS-9.
iv. CPA used a cash basis of accounting for Rental Income of Tk.649.58 million, deviating from the accrual basis required by IAS-1.

8.2 In the CPA Audit Report for 2023-24, the auditors highlighted and drew attention to the following issues:

a) The Capital Work in Progress (CWIP) account includes Tk. 34,160.35 million, which has remained unadjusted for an extended period. The entity has not provided a completion certificate for the capitalization of CWIP.
b) There is a difference of Tk. 414.34 million in the loan to Payra Port account, which should be reconciled between CPA and Payra Port to resolve the discrepancy.
c) CPA has given loan to BIWTA against ICT Pangaon Tk. 1,540.81 million in 2013. During FY 2023-24 CPA disclosing & claiming from BIWTA as an assets loan.
d) CPA has not maintained a Deferred Tax Account, which constitutes non-compliance with IAS-12 Income Taxes.
e) CPA holds Fixed Deposits of Tk. 9,576.16 million with other banks facing liquidity crises, but no provision has been made for the expected loss, as required by IFRS-9.

9. Recommendation for Performance Based Incentives

Chittagong Port Authority has obtained a weighted score 2.97 out of a scale 4.00 and is graded "Good". Therefore, IPEC recommended non-financial incentive for the employees of CPA. Also, a certificate from Finance Division may be awarded to CPA for being graded " Good" in IPE for the FY 2023-24.

10. Recommendations for Improvements

To enhance the performance of CPA, the following recommendations are made based on the findings of the IPE:

a) The authority should take steps to implement the "Breakwater Navigational and Access Channel Dredging" project to ensure proper navigation for the Bay Terminal Channel.

b) The container handling process should be fully automated to improve productivity and efficiency.

c) CPA should proceed with the implementation of the existing plan to upgrade terminals for multipurpose use.

d) CPA should develop a strategic plan to reduce ship turnaround times, container dwell times, and berth occupancy rates to acceptable levels.

e) CPA should establish Board Committees, such as an Audit Committee, Nomination & Remuneration Committee (NRC) and Procurement Committee to strengthen internal control and compliance.

f) CPA is advised to maintain a specific provision against the Fixed Deposit Receipt (FDR) with Padma Bank Ltd as per the applicable IAS/IFRS standards.

g) CPA's financial statements should be prepared in accordance with the applicable IAS and IFRS to enhance financial discipline, transparency, and reporting.

h) CPA should provide appropriate evidence as required by the auditors.

i) CPA should follow financial rules and regulations, IAS/IFRS guidelines, mitigate the Auditor's qualified opinion and advice to ensure the financial governance, safeguard public fund as well as institutional accounting.

j) CPA should take initiative to include an Independent Director on its board to enhance transparency, objectivity, and accountability in the Board's decision-making processes.

k) The entity should transfer completed projects cost from the CWIP Accounts to respective accounts for fair presentation of its financial statements.

l) To meet the growing demand CPA should take and implement their projects timely to enhance the port capacity.

m) The entity should adopt the Accrual Basis of Accounting for recognizing rental income to ensure a fair and accurate presentation of its financial statements.

n) 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.

o) 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 and relevant data and documents of the Chittagong Port Authority, the Independent Performance Evaluation (IPE) Report for FY 2023–24 has been prepared. The report indicates that both the financial and non-financial performances of CPA have improved compared to the previous fiscal year (2022-23). To sustain this progress, CPA should ensure the timely completion of all ongoing projects in order to enhance operational efficiency and expand port capacity, which will contribute to the socio-economic development of Bangladesh. Furthermore, CPA should address the issues leading to the auditors' qualified opinion and take appropriate measures to resolve the financial irregularities highlighted in the Audit Report 2023–24.

Annexure-1

Chittagong Port Authority (CPA)

Financial & Other Information

Amount in BDT

Serial No	Statement of Financial Position (Balance Sheet)	Evaluate Fiscal Year	Previous Fiscal Year
		2023-24	2022-23
1	Current Assets:		
	i. Inventories		
	• Accessories (including spare parts)	7,307,243	7,307,243
	ii. Receivable:		
	• Trade	2,703,336,668	2,536,092,670
	• Others	153,729,708	178,717,812
	iii. Cash and Cash Equivalent including FDR	95,064,809,516	80,120,322,282
	iv. Others Current Assets	17,324,133,837	18,129,838,013
2	Total Current Assets (i+ii+iii+iv)	115,253,316,972	100,972,278,020
3	Total Non-Current Assets		
	• Property, Plant & Equipment (PPE)	82,466,095,536	76,742,110,459
	• Capital Work in Progress	73,650,972,142	75,178,989,676
	• Loan to Payra Port& BIWTA (ICT Pangan)	2,032,989,978	496,200,000
	• Other non-current assets including Intangible Assets	527,228,760	652,502,491
4	Total Assets (2+3)	273,930,603,388	254,042,080,646
5	Current Liabilities:		
	i. Payables:		
	• Trade	256,879,811	339,056,431
	• Others	91,332,000	84,505,320
	ii. Other Current Liabilities	35,035,572,812	39,514,712,779
6	Total Current Liabilities (i+ii)	35,383,784,622	39,938,274,530
7	Non-Current Liabilities:		
	i. Long Term Loans/Debts	541,596,400	585,619,684
	ii. Deferred Liabilities		
	iii. Other Non-Current Liabilities	77,028,450,817	71,018,078,947
8	Total Non-Current Liabilities (i+ii+iii)	77,570,047,217	71,603,698,631
9	Total Liabilities (6+8)	112,953,831,839	111,541,973,161
10	Equity:		
	i. Capital Fund	86,177,860,202	79,672,089,706
	ii. Reserve and Fund	62,963,199,632	52,811,995,056
	iii. Retained Earnings/(Loss)	11,836,711,715	10,016,022,724
11	Total Equity (i + ii + iii)	160,977,771,550	142,500,107,486
12	Total Equity and Liabilities (9+11)	273,931,603,388	254,042,080,646

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 Service Revenue	39,122,455,022	100.00%	38,130,246,620	100%
14	Less: Cost of Services	16,229,213,866	41.48%	16,689,338,513	43.77%
15	Gross Profit/(Loss)/Surplus/(Deficit) (13-14)	22,893,241,156	58.52%	21,440,907,107	56.23%
16	Less: Operating Expenses:				
	i. Administrative Expenses	4,847,078,521	12.39%	4,374,928,061	11.47%
	ii. Marketing Expenses				
17	Total Operating Expenses (i+ii)	4,847,078,521	12.39%	4,374,928,061	11.47%
18	Operating Profit/(Loss)/Surplus/(Deficit) (15-17)	18,046,162,635	46.13%	17,065,979,046	44.76%
19	Add: Non-Operating Income	9,181,243,486		6,259,027,833	
20	Less: Financial Expenses	33,011,318			
21	Less: Foreign Exchange Loss	40,482,036		283,832,532	
22	Net Profit/(Loss)/Surplus/(Deficit) before Tax (18+19 – 20 – 21)	27,153,912,767		23,041,174,348	
23	Less: Provision for Tax				
	i. Current tax	6,724,029,896		5,818,650,587	
	ii. Deferred tax				
24	Net Profit/(Loss)/Surplus/(Deficit) After Tax (22-23)	20,429,882,871		17,222,524,761	

Annexure-1

Serial No	Other Information	Evaluate Fiscal Year	Previous Fiscal Year
		2023-24	2022-23
25	Credit Sales	41,110,527,912	6,600,604,750
26	Credit Purchases	45,662,331,736	339,056,431
27	Capital Budget Allocation	7,325,129,000	9,817,231,000
28	Actual Capital Expenditure	4,394,000,000	8,521,338,000
29	Dividend Payable	1,000,000,000	800,000,000
30	Dividend Paid	1,000,000,000	800,000,000
31	Taxes Payable	6,724,029,896	5,818,650,587
32	Taxes Paid	6,843,268,529	6,467,700,745
33	Debt Service Liabilities (DSL) Payable	117,516,638	85,007,717
34	Debt Service Liabilities (DSL) Paid	117,516,638	85,007,717
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		
	• Subsidies		
	• Other Transfer (Specify)		
39	Operating Cash Surplus/(Deficit)	26,192,831,152	17,985,326,520
40	Added Value	30,018,737,935	28,480,347,692
41	Employee's cost includes wages, salaries, bonus, provident fund contribution and other allowances		
42	Capacity Utilization (%)	100%	100%
43	Input use Efficiency (%)		
44	Number of Employees (Nos)	4,716	5,342
45	Performance score achieved on APA		91.89%