Independent Performance Evaluation (IPE) Report

on

Khulna Development Authority (KDA)

For 2023-24

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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.

Khulna Development Authority (KDA) 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, KDA achieved a weighted average score of 2.67 out of 4.00, earning a "Good" grade.

1. Introduction

The Khulna Development Authority (KDA) was established under the Ordinance of 1961 to facilitate the development and planned growth of Khulna City and its surrounding regions. This ordinance was later replaced by the Khulna Development Authority Act of 2018. KDA is responsible for constructing roads, developing parks, and creating residential, commercial, and industrial plots in Khulna City, Daulatpur Industrial City, and nearby areas. It plays a vital role in transforming Khulna into a well-planned, modern city in Bangladesh. The Ministry of Housing and Public Works oversees the activities of KDA. The key operational activities of KDA are provided below:

Table 1. Key Operational Activities

SL	Particulars	Unit	FY 2021-22	FY 2022-23	FY 2023-24
1	Approved Building Plan	Nos.	1,391	1,548	1,219
2	NOC issued for land uses	Nos.	1,358	1,262	1,162
3	Residential Plot Allotment	Nos.	15	-	-
4	Commercial Cum Residential Plot Allotment	Nos.	5	-	-

Source: KDA

The key operational activities of Khulna Development Authority show mixed trends over the three fiscal years from FY 2021–22 to FY 2023–24. The number of approved building plans increased from 1,391 in FY 2021–22 to 1,548 in FY 2022–23, indicating higher construction activity and development approvals; however, it declined to 1,219 in FY 2023–24, suggesting a slowdown in new building approvals during the year. The number of No Objection Certificates (NOCs) issued for land use gradually decreased from 1,358 in FY 2021–22 to 1,262 in FY 2022–23, and further to 1,162 in FY 2023–24, reflecting a steady reduction in land-use clearance requests or approvals. In terms of plot allotment, the authority allotted 15 residential plots and 5 commercial-cum-residential plots in FY 2021–22, but no allotments were recorded in the subsequent two fiscal years. Overall, the data indicate an increase in development approvals in FY 2022–23 followed by a decline in FY 2023–24, alongside a consistent reduction in land-use NOCs and the absence of plot allotments after FY 2021–22.

2. Role and Functions

Khulna Development Authority (KDA) mainly performs the following functions:

i. Develops residential, commercial, and industrial plots within Khulna City, Daulatpur Industrial City, and surrounding areas.
ii. Constructs infrastructure such as roads, bypasses, bridges, foot over bridges, culverts, buildings, commercial complexes, bus terminals, community centers, and parks as directed by the government.
iii. Issues No Objection Certificates (NOC) for land use within the KDA region.
iv. Approves building construction plans within Khulna City and the broader KDA area.
v. Monitors and controls unauthorized and illegal construction activities in Khulna City and its vicinity.

3. Core Business

i. Prepares the Master Plan, Detailed Area Plan, and Structure Plan for areas under KDA jurisdiction.
ii. Mitigate Khulna City's housing challenges by implementing plans to expand residential areas in the city and surrounding regions.
iii. Executes, supervises, and finances development projects under its purview.

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 Surplus Growth	QN	4	25.00% or more	20.00% to 24.99%	15.00% to 19.99%	10.00% to 14.99%	Below 10.00%
	2b. Service Revenue Growth	QN	4	15.00% or more	12.00% to 14.99%	9.00% to 11.99%	6.00% to 8.99%	Below 6.00%
	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	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	85.00%	Very Good	3	Note 1
2	**Growth Trajectory**						
	2a. Net Surplus Growth	QN	4	17.24	Good	2	AFS
	2b. Service Revenue Growth	QN	4	8.43	Fair	1	AFS
	2c. Other Growth	QL	3	91.00%	Excellent	4	Note 2
3	**Effective Implementation of Public Policy**	QL	3	87.00%	Very Good	3	Note 3
4	**Efficiency of Project Implementation/ Project Goal Achievement:**	QN	4	100%	Excellent	4	Note 4
5	**Social Contribution**	QL	3	63.00%	Fair	1	Note 5
		Sub-Total	25				

Note-1: Under the Detailed Area Plan 2031, KDA intends to promote inclusive and sustainable urban growth in Khulna, Nawapara, Mongla, and Rupsha through the development of residential, commercial, and industrial plots, along with the construction of roads, bridges, buildings, and other urban infrastructure. These initiatives contribute to the achievement of SDG 11 and SDG 9. By encouraging regional industrialization to enhance productivity and create employment opportunities, KDA also supports SDG 8 and SDG 17. Furthermore, KDA's strategic initiatives are aligned with the National Strategic Plan and the government policy directives outlined in the national budget. The authority further plans to formulate a new master plan for the areas under its jurisdiction with the objective of ensuring planned urban development and improved housing facilities for residents of Khulna, Nawapara, and Mongla. The authority also aims to enhance the communication system in these areas and arrange housing opportunities for low-income and homeless populations.

Note-2: KDA has introduced the following automation facilities to enhance services for stakeholders:

i. Stakeholders can submit applications for building construction or structure plans through an online system.
ii. KDA communicates decisions regarding building construction plans via SMS.
iii. Applications for No Objection Certificates (NOC) on land use can be submitted online, with decisions also communicated through SMS.
iv. System-generated information slips are provided for land mutation purposes.
v. Stakeholders receive system-generated possession letters for plots and stalls.
vi. Applications for plot and stall allotments, along with KDA's responses, are managed online.
vii. Introduced online payment collection system for installment of land,NOC,building plan fee & others.

Note-3: Khulna Development Authority (KDA) effectively implements public policy by contributing to planned urban development, in line with the national development strategies and SDG 11 (Sustainable Cities and Communities). KDA prepares and executes the Master Plan, Detailed Area Plan, and Structure Plan to address housing shortages, improve land use, and ensure orderly expansion of Khulna City and its surroundings.

Note-4: KDA achieved 100% progress against both for financial and physical targets during FY 2023-24. These achievements were considered in determining its overall performance scores for the fiscal year.

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

i. Environmental Pollution Prevention Measures:
   - Mandatory construction of dustbins, septic tanks, and shock walls within building premises.
   - Establishment of Secondary Transfer Points (STPs) for waste management in multistoried buildings.

ii. Employee Welfare Programs:
   - The entity does not provide WPPF to its employees.

iii. Corporate Social Responsibility (CSR) Activities:
   - Operation of KDA School & College and KDA Jame Masjid as part of its CSR initiatives
   - To build green buildings, KDA has incorporated a requirement for environmentally friendly sanitation systems in building and structural plans.

iv. Training
   - The entity did not provide voluntary training outside of the entity in FY 2023-24.

Indices: B. Operational Efficiency

Table 3 (a): Standard of Indices B **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	**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	5	Tk. 1.0 mil or more	Tk. 0.85 to 0.99 mil	Tk. 0.70 to 0.84 mil	Tk. 0.55 to 0.69 mil	Below Tk. 0.55 mil
3	**Capital Productivity**							
	3a. Added Value per Tk. Value of Assets	QN	5	Tk. 0.04 or more	Tk. 0.03 to 0.039	Tk. 0.02 to 0.029	Tk. 0.01 to 0.019	Below Tk. 0.01
	3b. Added Value Per Tk. Value of PPE	QN	5	Tk. 0.05 or more	Tk. 0.04 to 0.049	Tk. 0.03 to 0.039	Tk. 0.02 to 0.029	Below Tk. 0.02
4	**Production**							
	Asset Turnover (Times)	QN	5	0.04 or more	0.03 to 0.039	0.02 to 0.029	0.01 to 0.019	Below 0.01
		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	**Product, Service Delivery**						
	Product Service Benefit & Accessibility	QL	5	91.00%	Excellent	4	Note 6
2	**Labor Productivity**						
	Added Value per Employee (million Tk.)	QN	5	Tk. 0.45 mil	Under Performing	0	AFS
3	**Capital Productivity**						
	3a. Added Value per Tk. Value of Assets	QN	5	Tk. 0.011	Fair	1	AFS
	3b. Added Value Per Tk. Value of PPE	QN	5	Tk. 0.017	Under Performing	0	AFS
4	**Production**						
	Asset Turnover (Times)	QN	5	0.027	Good	2	AFS Note 7
		Sub-total	25				

Note-6: KDA has implemented the following measures to ensure an efficient and convenient delivery service for stakeholders:

i. One-Stop Service Center:
   a) Issuance of information slips for land mutation.
   b) Issuance of No Objection Certificates (NOC) for borrowing.
   c) Issuance of possession certificates.
   d) Submission of applications for plot or stall allotments.

ii. Software Implementation:
   a) Accurate maintenance of data on premium installments, interest, arrears, and due payments.
   b) Issuance of online payment clearance certificates and NOCs for land use.
   c) Automation of the structural design approval process has been introduced in FY 2022-23.
   d) Introduction of online payment systems for land installments, NOCs, and building plan fees, streamlining services for stakeholders.

Note-7: Standard of Asset Turnover is set based on KDA's last 5 (five) years' actual performance on Asset Turnover.

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	Surplus of Income over Expenditure	QN	2	Tk. 10.00 mil or more	Tk. 8.00 to Tk 9.99 mil	Tk. 6.00 to Tk. 7.99 mil	Tk. 4.00 to Tk. 5.99 mil	Below Tk. 4.00 mil
2	Surplus before Tax	QN	2	Tk. 120 mil or more	Tk. 115 to Tk. 119 mil	Tk. 110 to Tk. 114 mil	Tk. 100 to Tk. 109 mil	Below Tk. 100 mil
3	Return on Assets (%)	QN	2	1.60% or more	1.40% to 1.59%	1.20% to 1.39%	1.00% to 1.19%	Below 1.00%
4	Return on Service Revenue (%)	QN	2	40.00% or more	35.00%to 39.99%	30.00% to34.99%	25.00% to29.99%	Below 25%
5	Return on Equity (%)	QN	2	2% or more	1.75%to 1.99%	1.50%to1.74%	1.25%to1.49%	Below 1.25%
6	Net Worth Growth (%)	QN	2	1.00 % or more	0.75%to 0.99%	0.50%to 0.74%	0.25%to 0.49%	Below 0.25%
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	3	1.50 or less	1.51 to 1.60	1.61 to 1.70	1.71 to 1.80	More than 1.80
2	Debt to Assets (Times)	QN	3	0.60or less	0.61 to 0.80	0.81 to 1.00	1.01 to 1.20	More than 1.20
3	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	Dividend Paid	QN	3	91-100%	81-90%	71-80%	41-70%	Below 41%
2	Taxes Paid	QN	4	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 Surplus/(Deficit) over Expenditure	QN	2	(Tk. 109.000) mil	Under Performing	0	AFS
2	Surplus before Tax	QN	2	Tk. 171.85 million	Excellent	4	AFS
3	Return on Assets (%)	QN	2	1.41%	Very Good	3	AFS
4	Return on Service Revenue (%)	QN	2	53.18%	Excellent	4	AFS
5	Return on Equity (%)	QN	2	1.54%	Good	2	AFS
6	Net Worth Growth (%)	QN	2	1.00%	Excellent	4	AFS
7	Capital Budget Utilization (%)	QN	2	14.24%	Under Performing	0	SL-27,28 of Annexure -1
	ii. Financial Risk						
1	Debt Equity Ratio (Times)	QN	3	0.09	Excellent	4	AFS Note 8
2	Debt to Assets (Times)	QN	3	0.08	Excellent	4	AFS Note 8
3	Current Ratio (Times)	QN	3	3.91	Excellent	4	AFS
	iii. Transactions with Govt.						
1	Dividend Paid	QN	3	100%	Excellent	4	Annexure 1 SL 29 & 30
2	Taxes Paid	QN	4	100%	Excellent	4	Annexure 1 SL 31 & 32
		Sub-total	30				

Note-8: KDA has implemented almost all its development projects using government grants or its own funds. As a result, the entity does not have any long-term loans, aside from current liabilities

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 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 Measuremen	Weight for sub-	Actual Performance	Achievement		Basis of Performance Measuring
					Grade	Score	
1	Commitment to Corporate Governance	QL	5	91%	Excellent	4	Note 9
2	Board Practices	QL	5	83%	Very Good	3	Note 10
3	Transparency and Disclosure	QL	5	92%	Excellent	4	Note 11
4	Control Environment and Process.	QL	5	81%	Very Good	3	Note 12
	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-9: KDA operates under Khulna Development Authority Act 2018, adhering to the KDA Employees Service Rules 1990, the KDA Employees Pensions Rules 2003, and the KDA Employees Retirement Act 2003. It also follows the Citizen Charter to ensure accountability and effective governance. Additionally, the entity has a Corporate Secretary for its board.

Note-10: The board of directors of KDA consists of 23 (twenty-three) members, all nominated by the Government of Bangladesh (GOB). The board includes a chairman and four regular directors. Among the remaining 18 (eighteen) members, four are independent directors, with at least one being a town planner and one a woman. During FY 2023-24, the board conducted 3(three) meetings, resulting in the implementation of 17 (seventeen) decisions. Notably, KDA does not have any board committees.

Note-11: KDA transparently discloses its Acts, Rules, Audited Financial Statements, the names and biographies of Board Directors and Senior Managers, the Citizen Charter, and code of conduct on its official website.

Note-12: KDA has implemented the following measures for Control Environment and Process:

i. An independent Audit Section has been established to ensure an effective internal control system, reporting directly to the Chairman. The Audit Section verifies and examines bills, claims, and payments to ensure transaction authenticity and to identify any irregularities or misappropriation of funds.
ii. Customized software is utilized for operations in the Accounts, Planning, and Design departments, streamlining processes and improving efficiency.
iii. E-tendering systems have been adopted under a computer-based management and information system to ensure transparency in procurement.
iv. Firefighting equipment has been installed in the office building to enhance fire safety measures.
v. CCTV cameras have been set up to monitor and ensure the security of the entire office building.
vi. Implemented an automated employee salary payment system.
vii. Introduced Human Resources Management software for efficient management.

5. IPE Process

i. Performances of non-financial indicators of Khulna Development Authority (KDA) has been evaluated using information and documents of the inception report provided by KDA.

ii. Actual performance scores of non-financial indicators is 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 KDA 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, KDA'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

Khulna Development Authority

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	3	0.12
2	Growth Trajectory: 2a. Net Surplus Growth		4	2	0.08
	2b. Service Revenue Growth		4	1	0.04
	2c. Other Growth		3	4	0.12
3	**Effective Implementation of Public Policy**		3	4	0.12
4	Efficiency of Project Implementation/ Project Goal Achievement: • Percentage of estimated target achieved"		4	4	0.16
5	Social Contribution: • Environmental Contribution • CSR / WPPF • Training / Volunteering		3	1	0.03
	Sub Total		**25**		**0.64**

Serial No	Name of Indices, Indicators and Sub-indicators	Weight for Indices	Weight for Sub indicators	Score Obtained	Weighted Score
B	**Operational Efficiency:**	25			
1	Service Delivery: • Service benefits and Accessibility		5	4	0.20
2	Labor Productivity: 2a. Added Value Per Employee		5	0	0.00
3	Capital Productivity: 3a. Added Value Per TK Value of Assets		5	1	0.05
	3b. Added Value Per TK Value of PPE		5	0	0.00
4	Production:				
	a. Asset Turnover		5	2	0.10
	Sub Total		**25**		**0.35**

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	Surplus of Income over Expenditure		2	0	0.00
2	Surplus 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	2	0.04
6	Net worth growth		2	4	0.08
7	Capital Budget Utilization		2	0	0.00
	ii. Financial Risk:				
1	Debt equity ratio		3	4	0.12
2	Debt to assets		3	4	0.12
3	Current ratio		3	4	0.12
	iii. Transactions with Government:				
1	Dividend/Contribution paid		3	4	0.12
2	Taxes paid		4	4	0.16
	Sub Total		**30**		**0.98**

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 • Employees service rules/ regulations • Appointment of Board Secretary		5	4	0.20
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	4	0.20
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**		**0.70**
	Grand Total (A+B+C+D)	**100**	**100**		**2.67**

7. Interpretation of Results

As per Independent Performance Evaluation (IPE) Khulna Development Authority Scored 2.67 out of 4.00 in the year 2023-24.

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

- Return on Service Revenue
- Debt Equity Ratio
- Debt to Assets
- Current Ratio
- Service Delivery
- Corporate Governance
- Efficiency of Project Implementation
- Other Growth
- Transparency and Disclosure
- Net Worth Growth

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

- Board Practices
- Entity Strategic Plan
- Control Environment and Process
- Effective Implementation of Public Policy
- Return on Assets

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

- Assets Turnover
- Net Income Growth
- Return on Equity

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

- Capital Productivity
- Service Revenue Growth
- Social Contribution

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

- Labour Productivity
- Capital Budget Utilization

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

i. KDA has incurred an operating loss of Tk. 109.00 million.
ii. The entity earned net Profit (after tax) of Tk.106.51 million.
iii. KDA Current Ratio (Time) 3.91 which indicates entity is in a well position to meet its current liabilities in due period.
iv. KDA paid Taxes Tk.42.76 million
v. KDA paid Tk. 20.00 million as Dividend to GOB.
vi. The entity received Tk. 1,893.08 million as grant from GOB against different development projects.

8. Findings from the Audited Financial Statements 2023-24

In KDA Audit Report 2023-24 the following anomalies are found:

a) KDA did not maintain the Deferred Tax Account.
b) The authority did not provide Cash Flow Statement in KDA Audit Report.
c) In the Audit Report, Fund Accounts show Tk. 6,913.07 million without disclosing Capital, Reserve & Retained Earnings separately.

9. Recommendation for Performance Based Incentives

Khulna Development Authority has obtained a weighted score of 2.67 out of a scale 4.00 and is graded "Good". Therefore, IPEC recommended non-financial incentive for the employees of KDA. Also, a certificate from Finance Division may be awarded to KDA for being graded "Good" in IPE for the FY 2023-24.

10. Recommendations for Improvements

To enhance KDA's performance, the following recommendations are proposed based on the findings of IPE:

a) Implement an automated system for all types of revenue collection to ensure reliable and efficient services for stakeholders.
b) Develop additional residential areas in Khulna city, Mongla, Nawapara, and Rupsha as per the Detailed Area Plan to mitigate the housing challenges.
c) Financial statements should be prepared in accordance with applicable International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), and the rules and regulations of the Financial Reporting Council (FRC) to enhance financial discipline, transparency, and reporting quality.
d) Take initiatives to increase revenue from KDA's markets, bus terminals, and community centers based on prevailing market rate.
e) Implement housing arrangements to support low-income and homeless individuals.
f) Modernize existing bus terminals with automation systems to enhance efficiency and service quality.
g) Establish board committees, such as the Audit Committee and Nomination & Remuneration Committee (NRC) to improve internal control and compliance.

h) Ensure proper updates and records for buildings or structures constructed without prior KDA approval.
i) The entity should maintain an up-to-date asset register with costs or fair values and implement accounting software for accurate and transparent financial reporting.
j) 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.
k) To implement the government directive the entity should arrange tree plantation programs with an aim to mitigate climate change and address global warming.
l) 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.
m) 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 Khulna Development Authority, the Independent Performance Evaluation (IPE) Report for FY 2023–24 has been prepared. The report indicates that KDA's financial and non-financial performance remained at a moderate level during the FY 2023-24. To improve its overall performance, KDA should effectively formulate and implement its master plan. In line with this plan, the authority should expand its jurisdiction by developing additional residential, commercial, and industrial areas for the people of Khulna City, Mongla, Nawapara, and Rupsha. Such development would help meet the growing housing demand while promoting business activities and industrial establishments, thereby increasing the authority's regular revenue and supporting regional economic growth.

Annexure 1

Khulna Development Authority (KDA)
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		
	• Material		
	• Accessories/ Supplies		
	• Work-in-Progress (WIP)		
	• Others (including spare parts)	-	186,575
	• Finished goods		
	ii. Receivable:		
	• Trade		
	• Others		
	iii. Cash and Cash Equivalent including FDR	2,407,662,521	3,220,669,274
	iv. Others Current Assets	25,788,500	25,773,631
2	Total Current Assets (i+ii+iii+iv)	2,433,451,021	3,246,629,479
3	Total Non-Current Assets		
	• Property, Plant & Equipment (PPE)	5,101,574,200	4,846,113,534
	• Investments		
	• Other non-current assets		
4	Total Assets (2+3)	7,535,025,221	8,092,743,013
5	Current Liabilities:		
	i. Payables:		
	• Trade		
	• Others		
	ii. Other Current Liabilities	621,958,050	1,248,146,990
6	Total Current Liabilities (i+ii)	621,958,050	1,248,146,990
7	Non-Current Liabilities:		
	i. Long Term Loans/Debts		
	ii. Deferred Liabilities		
	iii. Other Non-Current Liabilities		
8	Total Non-Current Liabilities (i+ii+iii)		
9	Total Liabilities (6+8)	621,958,050	1,248,146,990
10	Equity:		
	Fund Account	6,913,067,172	6,844,596,022
11	Total Equity	6,913,067,172	6,844,596,022
12	Total Equity and Liabilities (9+11)	7,535,025,222	8,092,743,013

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	200,294,496	100%	218,743,044	100%
14	Less: Cost of Services	140,567,376	70.18%	138,918,002	63.51%
15	Gross Surplus/(Deficit) (13-14)	59,727,120	29.82%	79,825,042	36.49%
16	Less: Operating Expenses:				
	i. Administrative Expenses	168,728,295	84.24%	150,425,791	68.77%
	ii. Marketing Expenses				
17	Total Operating Expenses (i+ii)	168,728,295	84.24%	150,425,791	68.77%
18	Operating Profit Surplus/(Deficit) (15-17)	(109,001,175)	(54.42)%	(70,600,749)	(32.28%)
19	Add: Non-Operating Income	280,852,922		191,732,919	
20	Less: Financial Expenses				
21	Less: Other Non-Operating Expenses				
22	Net Surplus/(Deficit) before Tax (18+19-20-21)	171,851,747		121,132,170	
23	Less: Provision for Tax				
	i. Current tax	65,343,581		30,283,043	
	ii. Deferred tax				
24	Net Profit/(Loss)/Surplus/(Deficit) After Tax (22-23)	106,508,166		90,849,127	

Serial No	Other Information	Evaluate Fiscal Year	Previous Fiscal Year
		2023-24	2022-23
25	Credit Sales		
26	Credit Purchases		
27	Capital Budget Allocation	35,700,000	35,700,000
28	Actual Capital Expenditure	5,084,000	1,251,395
29	Dividend Payable	20,000,000	20,000,000
30	Dividend Paid	20,000,000	20,000,000
31	Taxes Payable	42,962,936	30,283,000
32	Taxes Paid	42,962,936	30,283,000
33	Debt Service Liabilities (DSL) Payable		
34	Debt Service Liabilities (DSL) Paid		
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	1,893,084,000	1,342,500,000
	• Subsidies		
	• Other Transfer (Specify)		
39	Operating Cash Surplus/(Deficit)		
40	Added Value	86,652,249	117,862,058
41	Employee's cost includes wages, salaries, bonus, provident fund contribution and other allowances		
42	Capacity Utilization (%)		
43	Input use Efficiency (%)		
44	Number of Employees (NoS)	187	194
45	Performance score achieved on APA		97.30%