Ex Post-Evaluation Brief
Uzbekistan: Modernisation of Tashkent Airport

**Project description:** The international airport in Tashkent (Uzbekistan) was built in the 1960s. By the beginning of the 1990s, major elements of the airport’s infrastructure had almost reached the end of their working life. Rehabilitation of those components was therefore essential for Uzbekistan’s integration into the international air transport network. The project was cofinanced by the EBRD and comprised the ‘Tashkent Airport Emergency Assistance Programme, Phases I & II’ (completed in 1998), together with a programme for ‘Terminal Modernisation at Tashkent Airport’ and the ‘Component for Raising Safety Standards’. The measures supported by this project comprise the rehabilitation of both runways, the modernisation of the international terminal, and equipping that terminal with modern security technology conforming to the heightened requirements that followed 9/11.

Tashkent Airport meets international standards and is fully operational. International airlines use the airport without any restrictions. The project has therefore maintained international flight connections. However, air transport activity in Uzbekistan – including passenger numbers and cargo volumes – has grown less than expected. This is primarily attributable to the country’s challenging political and economic environment, and could only minimally be influenced by the project. The two components - ‘Airport Terminal’ and ‘Safety Standards’ - have been ranked separately.

**Rating:**
- ‘Airport Terminal’ component: 3
- ‘Safety Standards’ component: 2

**Objectives:**
- **Overall objective:** The original objective ‘To contribute to improving and increasing regional and international air transport in Tashkent’ was changed to ‘To contribute to improving Uzbekistan’s international integration, especially in economic terms’.
- **Project objective:** Efficient handling of passenger volumes, and maintenance of flight operations in accordance with international standards.
- Due to prevailing framework conditions - especially following September 2001 - the original objective (which referred to increasing passenger volumes) was revised.

**Target group:** Users of Tashkent Airport.

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<tr>
<th>Programme/Client</th>
<th>Terminal Modernisation, BMZ No. 1998 65 031</th>
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<tr>
<td></td>
<td>Raising Safety Standards, BMZ No. 2002 66 742</td>
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<td>Programme executing agency</td>
<td>Tashkent Airport Enterprise (TAE)</td>
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<td>Year of sample/ex post evaluation report:</td>
<td>2011*/2011</td>
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<tr>
<th>Investment costs (total)</th>
<th>EUR 62.93 million EUR 65.66 million</th>
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<td>Counterpart contribution (company)</td>
<td>EUR 17.16 million EUR 17.47 million</td>
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<td>Cofinancing (EBRD)</td>
<td>EUR 32.93 million EUR 35.80 million</td>
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<td>Funding, of which budget funds (BMZ)</td>
<td>EUR 12.84 million EUR 12.39 million</td>
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* random sample (both)
EVALUATION SUMMARY

Overall rating: Modernising the airport was an essential precondition for the international integration of landlocked Uzbekistan. In principle, the airport is being operated properly; however, due to the (at best) sluggish rate of political and economic reform, the economic stimuli envisaged could not materialise. Due to diverging ‘effectiveness’ and ‘sustainability’ ratings, different overall ratings apply to the ‘Airport Terminal’ and ‘Safety Standards’ components:

Overall rating - ‘Airport Terminal’ component: 3
Overall rating - ‘Safety Standards’ component: 2

Relevance: Before the project started, important elements of Tashkent Airport infrastructure had almost reached the end of their working life; hence there was an urgent need for (re)investment, in order to safeguard proper flight operations. The approach taken - ensuring continued air transport operations as per international standards by rehabilitating runways, refurbishing the international terminal and raising safety standards - is both readily understandable and plausible. The intervention logic was to improve Uzbekistan’s international integration as an essential precondition for transforming the country’s economy. However, this economic transformation, considered a priority for German Development Cooperation, has barely advanced. Coordination with the EBRD (as the programme cofinancer) ran smoothly. Sub-Rating (both components): 2

Effectiveness: There were three dimensions to the project objective:

(1) the efficient handling of (2) growing passenger numbers and (3) maintaining flight operations in accordance with the standards for operations management recommended by the ICAO (International Civil Aviation Organization). Progress toward the project objective was to be measured against a targeted 6% annual increase in the number of departing passengers (reaching a total of 1.3 million in 2003 and 1.5 million in 2005).

This indicator was to reflect the objective’s three aspects. In retrospect, measuring achievement exclusively against increased passenger numbers was only appropriate to a limited extent at best; the rise observed in the number of passengers from outside the former Soviet Union - 150%, or 8% p.a. - by far exceeds the overall growth rate of approx 37%. Objective attainment is therefore to be measured primarily against the (1) Efficient passenger handling and (2) Maintaining international flight operations to ICAO standards.

Passenger handling efficiency can be measured on the basis of airport user perceptions and passenger waiting times. Accordingly, this objective was only partially achieved. Conversations with airport users indicated a high level of dissatisfaction with the lengthy waiting times experienced at peak arrival and departure periods. It is worth noting that there is an unusual concentration of flights on a few days in the week, with Thursday being the busiest day for international flights (around a thousand passengers per hour in the morning peak
between six and seven, and again in the evening between ten and eleven). The evaluation team measured waiting times in arrivals and departures on Monday and Wednesday mornings, and found those within the usual range for international flights.

For **international operations according to ICAO standards** – referring primarily to the ‘Safety Standards’ component – the two newly formulated indicators have been largely attained:

(a) the certification of the airport’s runways for instrument landing system use; in this regard, both runways are equipped to allow for over 95% of all take-offs and landings to be carried out using instrument flying (in accordance with ICAO standards);
(b) current regular use of the airport by major international airlines - defined as full members of one of the following major alliances: *OneWorld* (OW), *Skyteam* (ST), and *Star Alliance* (SA) - indicating compliance with all relevant safety standards; here, Tashkent is a regular destination for the following major international airlines: Aeroflot (ST), Asiana Airlines (SA), Czech Airlines (ST), Korean Air (ST), Lufthansa (SA) - until October 2011, and Turkish Airlines (SA).

Sub-Rating: ‘Airport Terminal’ component: 3
Sub-Rating: ‘Safety Standards’ component: 2

**Efficiency:** Runway rehabilitation was ultimately carried out in a cost-effective manner, albeit after a 14-months’ delay. Initially, the option to build a new terminal was discarded due to higher investment costs. From today’s perspective it is difficult to judge whether such a new terminal could have been built at only slightly higher costs. This would have facilitated modular expansion (if needed), whereas, scope for this is limited with a pre-existing terminal.

**Airport operations** are generally managed in an orderly fashion; in order to reach the airport’s planned capacity of 3.2 million passengers per year, however, passenger and baggage handling in particular - as well as customs and security controls - must be redesigned to achieve significantly higher efficiency; furthermore, the international terminal’s shell, which is not yet complete, needs to be brought into service. At peak times, the international terminal already reaches the limits of its capacity (see above). Without its sales of aviation kerosene as the main source of income (accounting for some 55% of revenue), airport operations’ profitability would not be assured. The pricing structure used in Tashkent, under which foreign airlines have to pay significantly higher prices for kerosene, does not comply with international standards. At 1.2 million departing passengers and 7,000 t of freight per year (as at 2010), passenger numbers and cargo volumes are below expectations and are too low to achieve allocative efficiency in this project. Sub-Rating: both components: 3

**Overarching developmental impact:** In terms of the project’s original overall objective - to contribute to improving and increasing regional air transport in Tashkent - reservations
with view to the project’s limited influence (already expressed earlier on – see above) similarly apply. A ‘Contribution to Uzbekistan’s improved international integration, especially in economic terms’ is therefore considered a more appropriate overall objective; this is to be measured by the number of international destinations (outside the CIS) serviced non-stop from Tashkent. Whereas there were direct flights from Tashkent to 15 international destinations on at least a weekly basis prior to the start of the project, there were 23 in 2011 (including Cairo, Dubai, Geneva, Madrid, Milan, Munich, Paris, Osaka, Seoul and Tehran). Hence the overall objective is regarded as having been achieved. Due to the (at best) sluggish rate of political and economic reform, no developmental impact beyond the above can be noted – such as the economic stimuli envisaged when the overall objective was initially formulated (see above). Sub-Rating: both components: 3

**Sustainability:** In the context of this project, sustainability relates primarily to the ability of Tashkent Airport firstly to guarantee that national and international flight operations continue in accordance with ICAO standards, and secondly to keep airport infrastructure in good condition. To this end, the airport has to be economically viable and must maintain its infrastructure continuously, updating technical facilities as and when required.

The profit and loss accounts report profits, which have climbed strongly especially since 2008. However, the increase seen in revenues was significantly higher than the rise in passenger numbers. Since a large part of revenue derives from aviation kerosene sales (which are subject to wide price fluctuations) this entails an increased level of volatility.

Servicing and maintenance operations at the airport are carried out in an orderly fashion and financed out of the airport’s own funds or government grants; there is some complexity in the procedures applied for obtaining spare parts etc from abroad. Some progress can be seen, such as taxiway refurbishment, the sequenced rehabilitation of the northern runway and the newly constructed domestic terminal. Evidently, maintenance and investment measures are, largely planned and implemented on an *ad hoc* basis. Decisions on larger investments are reportedly taken at highest levels.

The airport’s (and particularly the terminal’s) upkeep and continuing modernisation are subject to political decision-making and largely unpredictable funding allocations; as for actual flight safety, no significant risks can be discerned. In view of the TAE’s current high profitability, the airport’s economic viability seems assured at least in the short term. As Uzbekistan’s only international hub, the airport enjoys high national importance and finds itself in a monopoly situation, allowing it to impose high fees and high kerosene prices onto foreign airlines. However, this also limits Tashkent’s attractiveness as a destination for international airlines: hence Lufthansa discontinued its services to Tashkent in October 2011.

Rating: ‘Airport Terminal’ component: 3
Rating: ‘Safety Standards’ component: 2
Notes on the methods used to evaluate project success (project rating)

Projects (and programmes) are evaluated on a six-point scale, the criteria being relevance, effectiveness, efficiency and overarching developmental impact. The ratings are also used to arrive at a final assessment of a project’s overall developmental efficacy. The scale is as follows:

1. Very good result that clearly exceeds expectations
2. Good result, fully in line with expectations and without any significant shortcomings
3. Satisfactory result – project falls short of expectations but the positive results dominate
4. Unsatisfactory result – significantly below expectations, with negative results dominating despite discernible positive results
5. Clearly inadequate result – despite some positive partial results, the negative results clearly dominate
6. The project has no impact or the situation has actually deteriorated

Ratings 1-3 denote a positive or successful assessment while ratings 4-6 denote a not positive or unsuccessful assessment

**Sustainability is evaluated according to the following four-point scale:**

Sustainability level 1 (very good sustainability) The developmental efficacy of the project (positive to date) is very likely to continue undiminished or even increase.

Sustainability level 2 (good sustainability): The developmental efficacy of the project (positive to date) is very likely to decline only minimally but remain positive overall. (This is what can normally be expected).

Sustainability level 3 (satisfactory sustainability): The developmental efficacy of the project (positive to date) is very likely to decline significantly but remain positive overall. This rating is also assigned if the sustainability of a project is considered inadequate up to the time of the ex post evaluation but is very likely to evolve positively so that the project will ultimately achieve positive developmental efficacy.

Sustainability level 4 (inadequate sustainability): The developmental efficacy of the project is inadequate up to the time of the ex post evaluation and is very unlikely to improve. This rating is also assigned if the sustainability that has been positively evaluated to date is very likely to deteriorate severely and no longer meet the level 3 criteria.

The overall rating on the six-point scale is compiled from a weighting of all five individual criteria as appropriate to the project in question. Ratings 1-3 of the overall rating denote a "successful" project while ratings 4-6 denote an "unsuccessful" project. It should be noted that a project can generally be considered developmentally “successful” only if the achievement of the project objective (“effectiveness”), the impact on the overall objective (“overarching developmental impact”) and the sustainability are rated at least “satisfactory” (rating 3).