

Male airport upgrading project

Report No. ; Type: Report/Evaluation Memorandum ; Country: Maldives; Region: South Asia; Sector: Other Transportation; Major Sector: Transportation; ProjectID: P004338

December 28, 1995

Maldives: Male Airport Upgrading (Credit 2143-MAL)

The Implementation Completion Report (ICR) on the Maldives Male Airport Upgrading (Credit 2143-MAL, approved

FY90) was prepared by the South Asia Regional Office, with Appendix B contributed by the Borrower. The credit for US\$7.5 million was approved on May 29, 1990, and closed on December 31, 1994, one year behind the scheduled date.

A total of US\$8.05 million was disbursed. The discrepancy between the credit amount and the disbursement amount is due to currency fluctuations.

The credit had a well-focused objective. The principal objective was to enable the continued growth of tourism—a key sector in the Maldives economy—through improvements at the Male airport. In physical terms the objectives were to: (a) meet immediate and urgent airport operating requirements; and (b) ensure that the airport's facilities could handle the traffic levels expected for the medium term. The project consisted of a runway rehabilitation and extension; reconstruction or improvement of other air-side facilities and the terminal complex; improvement of air traffic safety facilities; and technical assistance and training for the Maldives Airport Authority (MAA).

The physical project objectives were achieved or exceeded without cost overruns. The project's economic rate of return (56 percent) exceeds expectations (36 percent) because airport traffic—mostly tourism—which began to use the renovated airport was underestimated at appraisal. All the covenants were met and the MAA is now financially and technically a strong and self-sustained institution. The delay in implementation was due to the Gulf War and difficulties in finding a suitable management consultant.

As in the ICR, the Operations Evaluation Department (OED) rates the outcome of the project as highly satisfactory, its sustainability as likely, and its impact on institutional development as substantial. It rates the Bank's performance as satisfactory vs. highly satisfactory in the ICR because the project's environmental risks were not adequately identified at appraisal and not fully addressed during project execution.

This project shows once again the importance of borrower ownership and the need for flexibility to accommodate new demands (e.g. higher traffic volume than anticipated made the initial design of the terminal building too small). Project objectives can be achieved without major conditionality, provided there is ownership and commitment on the part of the Borrower and implementing agency. The Environmental Impact Assessment (EIA) should have been more systematic and, although the problem is now being addressed by the MMA, the project should have included a new sewage treatment plant at the airport to deal with the sewage outflows.

The ICR is good. It has a good discussion on the future agenda for MAA and notes that the MAA has a sound plan—including performance indicators—to assure the project's future operation. The Borrower's comments also were useful.

No audit is planned.