

## **Third Party Evaluator's Opinion on Three Local Airports Modernization Project (I) (II)**

Dr. Flora Salikhova  
Senior Lecturer of International Economics  
University of World Economy and Diplomacy

### **Impact**

To achieve the goals of the Project in promoting economic growth through tourism development the modernization of three local airports was undertaken in the ancient cities such as Samarkand, Bukhara and Urgench (to visit Khiva city). The conditions existed prior the modernization mismatched to the technical standards of ICAO (the International Civil Aviation Authority). As a result of the Project implementation activities there are conformity of the ICAO standards, improvement in the airport safety and in the upgraded airport facilities.

The modernization work done to attract more international flights and tourists to those three cities would ultimately lead to the desirable results. Keeping in mind the fact, that the increase in the number of international flight depends upon the number of international tourists one would agree that the airport condition is only one of the factors that affect the attractiveness of the sites to be visited. There are some other constraints that do not allow tourism development to fully take place. Among them are the exchange rate regime and currency convertability restrictions along with the terrorism threat. Those issues have affected the overall decrease in the number of tourists arrived to and departed from the upgraded airports along with the decline in the annual cargo turnover.

The exchange rate regime was liberalized in fall of 2003 in accordance with the Article YIII of IMF Agreement (currency convertability for current account transactions). It would make some changes in the tourist development and the modernized airports would be available and would certainly contribute into the economic growth.

### **Efficiency**

The Project design is so that in all three airports at Samarkand, Bukhara and Urgench the planned scope of work consists from the same activities as following civil works, construction and equipping with air traffic control devices. As a result of the Project implementation approximately 80% of the planned work has been fulfilled within 61 months (given 46 months of the Project execution period).

Two type of activities (civil works as well as equipment installation) were carried out in corpore. Construction work was partially implemented in Samarkand and Urgench and completely failed to be carried out in Bukhara. The reason was the shifts among the budget lines made after the appraisal and design phases of the Project. The total Project costs exceeded the appraisal figure by 2,110 million yen (or 12% of the original budget). Costs increase was caused by the changes in the Project due to the requirement of conformity to Uzbekistani construction standards not incorporated into the cost calculation at the initial phase of the design.

Prolonged implementation of the Project at higher costs with limited outcomes reduces the actual efficiency of the Project as against its potential efficiency. Proper consideration of requirements set by the local authorities would save time, costs and would allow better work planning in the very beginning of the Project.