



<b>1. Project Data:</b>		<b>Date Posted :</b> 08/20/2001	
<b>PROJ ID:</b> P003568		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name:</b> Tianjin Urban Development And Environment Project	<b>Project Costs (US\$M)</b>	195	228.9
<b>Country:</b> China	<b>Loan/Credit (US\$M)</b>	100	99.8
<b>Sector(s):</b> Board: UD - Sub-national government administration (27%), General water sanitation and flood protection sec (24%), General industry and trade sector (20%), Roads and highways (17%), Other social services (12%)	<b>Cofinancing (US\$M)</b>	0	0
<b>L/C Number:</b> C2387			
	<b>Board Approval (FY)</b>		92
<b>Partners involved :</b>	<b>Closing Date</b>	12/31/1998	12/31/2000
<b>Prepared by :</b>	<b>Reviewed by :</b>	<b>Group Manager :</b>	<b>Group:</b>
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## 2. Project Objectives and Components

### a. Objectives

The project objectives were: (i) to help Tianjin Municipal Government (TMG) improve its planning and management of infrastructure and the environment, so as to enhance its responsiveness to diverse and changing demands and constraints; and (ii) to support a set of high priority investments to meet medium-term needs in environmental sanitation, urban transport and industrial pollution control.

### b. Components

The six project components (with share of total costs) were:

1. Industrial Pollution Control (20 %);
2. Resettlement (18 %);
3. Urban Transport (17 %);
4. Drainage and Sewerage (13 %);
5. Solid Waste Management (6 %); and
6. Planning Management and Technical Improvement (4 %).

### c. Comments on Project Cost, Financing and Dates

The final costs were US\$228.9 million, 17.4% above the appraisal estimate. Most of the overrun is attributed to domestic price increases, although one quarter of it was due to the addition of three road subprojects. At closing, US\$0.2 million of the credit was undisbursed. Tianjin Municipal Government (TMG) funded US\$118.9 million, significantly more than the expected US\$77.9 million, while Industrial Enterprises funded only US\$10.2 million (against an appraisal estimate US\$17.1 million). The project closed two years later than the original closing date. The ICR gives site selection and resettlement difficulties as causes of delays in the case of the solid waste component but does not discuss the reasons for the project as a whole.

## 3. Achievement of Relevant Objectives:

- 1 The objective to help TMG improve its planning and management of infrastructure and the environment was largely achieved although difficulties with resettlement were reported and many unanswered questions remain.
  - The project improved the financial and institutional framework of the drainage operations. Sewerage tariff for non-residential consumers were raised and residential tariff was introduced in 1997. The new tariffs are designed to fully cover operating expenses and also part of the expansion of wastewater treatment system. An autonomous "Tianjin Drainage Company" was established in 1995 to manage drainage operations.

- Based on "Tianjin Urban Solid Waste Administration Plan and Feasibility Study" TMG revised its environmental sanitation master plan. To improve the solid waste management, TMG shifted its focus from mechanical composting and scattered dumping sites to large scale transfer stations and sanitary landfills.
- Public Transportation Company was restructured and 8 semi-autonomous operating companies were created. Private sector involvement was encouraged and two companies formed joint ventures with outside partners.
- The ICR reports - (a) difficulties with resettlement as a cause for delays in case of the solid waste component; (b) arbitrary assignment of replacement housing; and (c) an unexpected increase in scope of resettlement from 13,500 persons to 19,000 persons. Of great concern is the lack of evidence that the resettlement was conducted in compliance with the Bank policy on "Involuntary Resettlement" (OD 4.30, June 1990).

2 The objective to support a set of high priority investments to meet medium-term needs in environmental sanitation, urban transport was largely achieved. However, industrial pollution control objective to finance small scale investments for waste minimization by industrial enterprises was partially achieved.

- The provision of sewerage and drainage facilities have diminished the duration and severity of flooding and health hazards. Sewerage facilities were built in four areas. Three major controlled natural drainage channels were cleaned and interceptors were installed. In two areas, untreated sewerage that used to be discharged to irrigation and natural channels is now conveyed to sewerage treatment plants.
- The project supported renewal and expansion of waste collection fleet.
- The project financed the upgrading and completion of the Inner Ring Road (IRR), construction of an overpass at the intersection of Middle Ring Road (MRR) and the Beijing-Tianjin highway, expansion of a road linking IRR and MRR and construction of two key overpasses.
- About 70 main intersections in the central city area were equipped with traffic signal system. The project provided the equipment for detection and management of traffic violations and accidents.

#### 4. Significant Outcomes/Impacts:

- The project improved traffic management and travel demand management and reduced congestion. Vehicle stoppage has decreased by 21.7% and the effective road passage capacity is up by 18%.
- The project supported construction of (a) Shuangkou solid waste landfill with a capacity of 2,700 tons per day and (b) a leachate treatment plant with a capacity of 300 tons per day. The construction of these plants have considerably improved TMG's sewerage treatment capacity.
- The provision and improvement of sewerage and drainage facilities have diminished the duration and severity of flooding.
- The efficiency and quality of urban transportation services have considerably improved with the restructuring of Public Transportation Company. Passenger trips have increased by 60% in 2000 compared to the end of 1995. The bus transport worker ratio declined from 1:29 in 1992 to 1:4 in 2000.

#### 5. Significant Shortcomings (including non-compliance with safeguard policies):

- Lack of evidence that the major involuntary resettlement carried out under the project (involving 19,000 people) complied with the Bank's OD 4.30 policy requirements.
- To improve the general analytical and planning capacity, the project designed high quality analytical tools, information systems, comprehensive infrastructure Geographical Information System (GIS) maps for selected areas. However these were not integrated into regular planning and management practices because of inadequate staff training.
- There were problems with the industrial pollution control fund. Identification of sound proposals for industrial pollution control sub-component was extremely difficult due to rapidly deteriorating condition of most of the state enterprises.
- The project experienced considerable difficulties in mobilizing and managing foreign consultants which caused serious delays.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Highly Satisfactory	Moderately Satisfactory	The project achieved most of its major relevant objectives efficiently but the significant shortcomings mentioned above in Section 5 preclude a higher rating. Of particular concern is that the local planning and management in Tianjin may

			not comply with the Bank policy of involuntary resettlement.
<b>Institutional Dev .:</b>	High	Substantial	Available evidence does not support a "High" rating for Institutional Development Impact as the project did not contribute highly to the analytical and planning capacity for infrastructure and environmental management. Staff training was inadequate.
<b>Sustainability :</b>	Highly Likely	Likely	A "Highly Likely" rating implies minimal risks to the future benefit flows. The continued weak capacity of the Tianjin Drainage Company to manage drainage operations, as reported in the ICR is inconsistent with higher rating.
<b>Bank Performance :</b>	Satisfactory	Unsatisfactory	For the Bank's lack of oversight of the safeguard policy on involuntary resettlement.
<b>Borrower Perf .:</b>	Highly Satisfactory	Satisfactory	While physical implementation capacity was strong, problems with resettlement (delays, arbitrary assignment of houses) are not consistent with highly satisfactory rating.
<b>Quality of ICR :</b>		Unsatisfactory	

**NOTE:** ICR rating values flagged with '\*' don't comply with OP/BP 13.55, but are listed for completeness.

#### 7. Lessons of Broad Applicability:

The ICR provides only scant material on lessons, from which the following points were extracted:

1. Bank staff during supervision must be flexible enough to consider alternative options for achieving project objectives.
2. Understanding of local conditions is critical for successful implementation of the project. Transfer of international knowledge needs to be done within local context.
3. Policy and incentive framework often matters more than operational and technical refinements.

An additional lesson drawn by OED is that, where a major Bank "Safeguard Policy" is involved, that policy should be addressed explicitly during appraisal and implementation and the results should be reported in detail during supervision and completion. As well as demonstrating due diligence by the Bank, such oversight would enrich and disseminate experiences that could be replicated elsewhere.

#### 8. Assessment Recommended? ☒ Yes ☐ No

**Why?** To verify on the ground that the reported improvements in Tianjin are consistent with good practice supported by the Bank.

#### 9. Comments on Quality of ICR:

The quality of ICR is unsatisfactory for the following reasons:

- Inadequate treatment of the issue of resettlement and compliance with OD 4.30 on Involuntary Resettlement that was in force during the design and implementation of the project. Among other things, the ICR does not describe the resettlement plan, the socio-economic survey of those to be resettled, alternative site selection, and community participation by those affected, all of which are requirements under Bank Policy. The Bank Policy mandates that involuntary resettlement should be minimized, yet the ICR reports a 41% increase in the number of people affected without comment or criticism. Instead, the ICR reports positively about the large size of housing unit provided to those resettled, but does not inform the reader where these units were built and whether they had access to the urban economy and services of Tianjin.
- The ICR does not report the performance of the monitoring indicators compiled in the SAR (Annex 14) and hence does not evaluate the achievements of the project using these indicators. The ICR log frame (Annex 1)

does not present this data.

- ICR's treatment of lessons is parsimonious.
- The ICR omits details for estimating the economic rate of return such as the methodology used, assumptions used etc..