



1. Project Data :
OEDID: C1895
Project ID: P010305
Project Name: Punjab Urban Development
Country: Pakistan
Sector: Other Urban Development
L/C Number: C1895
Partners involved : ODA
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2. Project Objectives, Financing, Costs and Components :

The project financed priority physical investments at provincial and city level in urban infrastructure and institutional and financial improvements in the sector agencies. The principal objectives were: (a) to improve technical, financial and management performance of key urban institutions in Lahore, and to strengthen local government institutions in Gujranwala, Sialkot and Multan; (b) to improve cost recovery in the four participating cities, achieving sustainable resource utilization; (c) to demonstrate the value of coordinated area upgrading; (d) to reduce urban service deficiencies in water supply, sewerage and drainage, traffic control and shelter; (e) to improve the quality of life and productive capacity of the urban poor, and to protect the urban environment; and (f) to prepare the framework for a future Punjab intermediate cities project. The loan (US\$90 million) was approved in April 1988 and closed in March 1998. Total project cost was US\$135.2 million. The co-financier was the U.K. ODA. Project components included:

- water supply, sewerage, and stormwater drainage improvements;
- roads, footpaths and street lighting;
- cultural heritage conservation including preservation of historic buildings;
- comprehensive improvements to low-income neighborhoods; and
- institutional strengthening and project management assistance.

3. Achievement of Relevant Objectives :

The project's physical objectives were partially achieved after substantial delay . Key institutional development objectives were not achieved . The achievement of financial objectives was substantial, and the major implementing agency significantly improved its performance .

4. Significant Achievements :

About 300,000 low-income people in Lahore, Gujranwala, Sialkot, and Multan benefited from the upgrading components. Institutional development was very successful for the Lahore Development Agency's Urban Development Wing and the Traffic Engineering and Planning Agency. The traffic and transportation component in Lahore was also successful, with improvement of 21 major roads and the installation of new traffic signals and street lighting. Conservation of the cultural heritage in the Walled City of Lahore improved the quality of urban life.

5. Significant Shortcomings :

The local municipalities are not likely to carry out the O&M required, and uncollected solid waste accumulates in sewers and drains, reducing the full benefit of the upgrading. The construction of stabilization ponds for sewage treatment in Lahore was dropped and deferred to a later project. In general terms, IDA overestimated LWASA's capacity for contract management and project

implementation and did not identify the risk of the Borrower's insufficient commitment to institutional development components. Appropriateness of the designs and implementation plans for some components should have been analyzed more carefully at appraisal.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Marginally Satisfactory	Among the indicators of less than fully satisfactory performance are: time of completion, lack of attention to O&M, suboptimal targeting of training opportunities, Borrower's insufficient commitment to institutional development components.
Institutional Dev .:	Partial	Modest	These ratings are largely equivalent .
Sustainability :	Uncertain	Uncertain	
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Satisfactory	

7. Lessons of Broad Applicability :

Agencies responsible for O&M should, at a minimum, be involved in the project planning stages. Future project operation--including especially the financial and human resources for O&M--should be secured before implementation completion. While over-complex projects are to be avoided, the minimum necessary conditions for project success need to be identified during appraisal and taken into account when components are being designed: if uncollected solid waste is likely to block sewers and drains, ensuring collection prevents costly damage to expensively constructed roads and other infrastructure. Spot-checks of procurement practices reduce corruption, as does increased transparency (disclosing more information to the general public).

8. Audit Recommended? Yes No
Why?

9. Comments on Quality of ICR :

The ICR gave adequate coverage to important subjects and the analysis presented was generally sound . Borrower's input to ICR was also satisfactory .