



1. Project Data :
OEDID: C2219
Project ID: P003460
Project Name: Liaoning Urban Infrastructure Project
Country: China
Sector: Other Urban Development
L/C Number: Cr. 2219-CHA
Partners involved : GOC and IDA
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2. Project Objectives, Financing, Costs and Components :
Goals/Objectives :

The fourth in a series of projects in China with the broad objective of improving the utilization and management of water resources and urban transport services . Specific objectives were to: (i) improve the water supply in Shenyang, Yingkou, and Fuxin (the three project cities which had the most severe water shortages); (ii) improve the traffic and public transport in Shenyang (which was experiencing transport constraints); and (iii) improve the water pollution abatement measures in Liaoning Province .

Components :

- Water supply component; formulated on the basis of a Hun River Basin Management Study which the Bank supervised under bilateral and UNDP funding; consisted of construction of 277 km of water mains, water intake and treatment facilities, and pumping stations;
- Urban transport component; based on a systematic review of existing traffic congestion, travel delays, and traffic management; consisted of a pilot program of selected low -cost construction (44 km of ten arterial road corridors), and procurement of bus maintenance and repair equipment, and road maintenance and safety equipment;
- TA component consisted of institutional strengthening, road safety enforcement, and staff training; and
- Water pollution abatement component consisted of procurement of equipment for water pollution control and water quality monitoring, TA for industrial waste water treatment, environmental protection laws and regulations, strengthening of institutions and enforcement measures, and staff training .

Costs:

- Total project costs:
 - appraisal estimate US\$128.6 million
 - actual US\$108.0 million (water component 84%; urban transport component 16%)
- Loan amount US\$77.8 million (equivalent) of which US\$0.37 million was cancelled.

3. Achievement of Relevant Objectives :

All physical objectives were achieved : (i) in water supply, an additional 108 km of water mains were constructed (beyond the original target) utilizing some of the cost savings; (ii) in urban transport, traffic separation was achieved through construction of seven corridor schemes, saved funds used for construction of five fly -overs, road maintenance and bus depot equipment were procured; and (iii) in water pollution abatement, pollution monitoring provided necessary information for the preparation of a follow -on environmental project. In institutional capacity building, after delays, achievements were limited to (i) establishing computerized water billing systems and piloting leak detection programs in all three cities, (ii) setting up traffic planning and management systems, and (iii) organizing staff training on water project management and supervision, and traffic engineering, planning, safety enforcement, and bus operations and maintenance .

4. Significant Achievements :

Completing all, and even exceeding some, physical targets under the water supply component is a commendable achievement. The most significant achievements were recorded in the implementation of traffic corridor improvements. Studies show that the number of accidents was reduced by 65% and traffic speeds improved by up to 13 km/h, yielding an estimated ROR of about 40% for the urban transport component .

5. Significant Shortcomings :

In the implementation of TA support for the institutional development of the water supply companies : (i) major delays and quality problems were encountered in water resources pricing and urban water tariff studies; and (ii) only one short-term advisor of the TA team for the water companies was engaged, and no agreed alternative was satisfactorily implemented. Thus the achievements of the institutional capacity building objectives of the water supply component were compromised.

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Satisfactory	Satisfactory	
Institutional Dev .:	Negligible	Negligible	
Sustainability :	Likely	Uncertain	Institutional improvements are under way but results are yet to materialize .
Bank Performance :	Satisfactory	Highly Satisfactory	Bank staff played key role in making the project quite successful despite implementation problems on Borrower's part.
Borrower Perf .:	Satisfactory	Unsatisfactory	Borrower showed lack of commitment on institutional aspects.
Quality of ICR :		Satisfactory	

7. Lessons of Broad Applicability :

The ICR provides many interesting China-specific lessons on procurement and staff training that also have wider application. In addition, the following lessons are noteworthy :

- Design of TA components in a complex project as this one, and under difficult country conditions, require careful review with the Borrower so as to obtain firm commitment prior to project appraisal .
- Implementation of institutional improvements need to be based on a realistic and step -wise program, including the timing of the TA-team's deployment.

8. Audit Recommended? ☒ Yes ☐ No

Why? The project provides an interesting case for learning of design issues of a complex project and fundamental policy and institutional reforms. In addition, a CAR is scheduled for FY00/01.

9. Comments on Quality of ICR :

The quality of the ICR is satisfactory and it gives adequate basis for the rating of the project . Some key data on project implementation and future operation indicators are, however, missing . Furthermore, the contribution by the Borrower to the ICR was minimal (Borrower's ICR was received after the finalization of the Bank ICR).