



<b>1. Project Data :</b>
<b>OEDID:</b> L3335
<b>Project ID:</b> P010375
<b>Project Name:</b> Karachi Port Modernization Project
<b>Country:</b> Pakistan
<b>Sector:</b> Ports & Waterways
<b>L/C Number:</b> Loan 3335-PA
<b>Partners involved :</b> None
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<b>Date Posted :</b> 03/30/1999

## 2. Project Objectives, Financing, Costs and Components :

**Objectives.** Development of a *strategy for the port subsector*; *reduce port costs* at Karachi through improved productivity in cargo handling, accelerated cargo clearance and improved land -side access to the port; strengthen the Karachi port organization through changes in institutional, managerial and financial structures; and, *expand liquid cargo handling facilities*. **Components.** *Civil works* (70%): construction and equipping of a liquid products marine terminal; construction of a bridge and an access road and quay -side pavements. *Equipment* (21%): dredging plant, radar, environmental protection equipment, computers and software, and spare parts for port equipment . *Project preparation and supervision assistance* (9%): project preparation and supervision assistance, technical assistance and *training*. *Trade facilitation and institutional strengthening*: study to restructure the port administration, improve marketing, port security and marine environment, and simplify trade procedures and associated data flow . **Costs and Financing** . The project costs were USD155.1 million (USD143.1 million at appraisal). The costs were financed by a Bank credit for USD91.4 million, of which USD22.8 million was canceled, and by a USD83.6 million government contribution. The loan was approved in May, 1991 and closed in June, 1998, one year later than planned.

## 3. Achievement of Relevant Objectives :

The objectives were achieved, although the reduction in the port costs was less than expected at appraisal . Master plan for the Karachi Port trust (KPT) was completed and approved; "the landlord" concept proposed by the study will be implemented in a project now in a planning stage . The port costs were reduced through civil works and better equipment. Most port performance indicators have improved but are still much below international standards . In particular, the 'ship to shore' operations improved, but in 'shore to gate' operations the improvement was much less due to lack of sufficient progress in trade facilitation and institutional strengthening . The expansion of the liquid cargo handling facilities was successful . The ERR for the project is 30 percent, slightly lower than the appraisal estimate of 36 percent.

## 4. Significant Achievements :

There were two significant achievements . First, a national port master plan and a master plan for the Karachi Port was completed and approved . These studies developed the "landlord" strategy to increase the private sector role in the port. The second significant achievement was the successful completion of the civil works and equipment modernization at the port which are necessary for productivity to improve .

## 5. Significant Shortcomings :

Trade facilitation and customer service did not improve significantly . The project should also have focused more on the financial management issues . Especially important is to complete the revaluation of the port's fixed assets to better evaluate the port's financial situation . Also, the tariffs in the port may need to be reconfigured to better reflect the costs of services.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments

<b>Outcome :</b>	Satisfactory	Satisfactory	
<b>Institutional Dev .:</b>	Partial	Modest	
<b>Sustainability :</b>	Likely	Likely	
<b>Bank Performance :</b>	Satisfactory	Satisfactory	
<b>Borrower Perf .:</b>	Satisfactory	Satisfactory	
<b>Quality of ICR :</b>		Satisfactory	

#### 7. Lessons of Broad Applicability :

There are two lessons. First, trade facilitation is an important factor in demand and in port productivity . To carry out trade facilitation measures requires participation of all the actors : the government policy makers, the port management, customs officials, and the users; it cannot be undertaken by the port alone, and neither is government sponsorship alone sufficient . Second, port productivity is composed of a complex array of factors in addition trade facilitation, these should include physical configuration and equipment at the port, staff training in all aspects of port operations, and elucidation of and agreements on clear targets with appropriate incentives, and especially privatization.

**8. Audit Recommended?** ☐ Yes ☒ No

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

The ICR is clear and complete. There is, however, an inconsistency in the costs . According to the ICR a total of USD22.8 million was canceled of the USD91.4 million loan. This would make the IBRD financing to be USD68.6 million, not USD71.5 as shown in Tables 8A and 8B (nor USD67.2 million also shown in table 8B). Future Operation section does not focus on the sustained operation of this project, as it should . At variance to its intended purpose, the section discusses possible future port projects in Pakistan . The ICR also could have commented what approaches are being considered to reduce the total staff at the port . The current staff level of 12500 is undoubtedly excessive.