Third Party Evaluators' Opinion on
TELECOMMUNICATIONS NETWORK EXPANSION PROJECT

Sohail Jehangir Malik, Ph.D.
Professor of Economics
University of Sargodha
Pakistan

Sustainability

In the rapidly changing technology and needs of the telecommunications sector, the sustainability of any project needs to be evaluated in terms of its contributions to the overall sustainability of the sector goals. The efforts by the Government at the expansion of the telecommunications sector have not only been sustained but have also expanded considerably since the mid 1990s when this project was initiated. At its peak in 1996 this project's expenditures accounted for nearly 42 percent of all PTCL investments. While direct attribution is difficult, this project, by introducing optic cable transmission, expanding the earth stations at Islamabad and Karachi, building the Islamabad international telephone exchange and renovating the maritime telecommunication's facilities forms, an important part of the sustained efforts to modernize the telecommunications sector. Project choice and its importance to the domestic development agenda have ensured sustainability.

Expansion of the telecommunications network and in particular the fixed line telecom where the tele-density continues to be quite low now forms an important part of the Government's Medium-term Development Framework 2005-10. The commitment of sizeable public sector resources and the emphasis on defining policy to encourage private sector participation all indicate the sustainability of the underlying goals of the telecommunications network expansion project. At the project level this sustainability is also reflected in the building up of technical capacity for operation and maintenance and in the increase in operating revenues, profits and return to assets. While the manufacture of the spare parts for two of the project components has been halted for some time and two links of the transmission system use two generation old technology the overall project has been functioning satisfactorily and can continue to do so for the next few years.

Efficiency

The project plan was adjusted to meet ground and emerging realities. The project scope was narrowed. The project outcomes therefore, deviated from the planned ones. Delays in tendering, changes in technical requirements and quantities of equipment required, site acquisition for two project sub-components and other procedural impediments added to the project completion time. The project eventually took 4.6 times longer than planned. Project costs were considerably down-scaled from the original design in line with the much narrower focus and the technological advancements that had taken place as the project suffered from delays. These delays in project implementation affect a large number of projects and programs in Pakistan and seriously distort project feasibility and the efficiency of resource use. They lead to serious cost overruns and the inability to meet project targets. In the case of this project the scope was narrowed and the technological advantages of moving to the digital system from the analog one was also accompanied by cost savings. However, it is not possible in other projects to be able to make such adjustments. The inability to foresee all the possible implementation delays that are endemic in the system seriously distorts a priori calculations and leads to inevitable inefficiency of resource use.