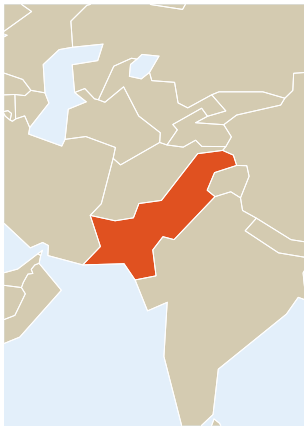


Overall Rating **A** A Foundation for Sustained Growth



30 Pakistan

Telecommunications Network Expansion Project

Contribution to the modernization of Pakistan's domestic and international telecommunications services

Loan Amount/Disbursed Amount 5.422 billion yen/2.974 billion yen
Loan Agreement June 1992
Terms & Conditions Interest rate 2.5%, Repayment period 30 year (grace period 10 years), Partial untied
Final Disbursement Date September 1998
Executing Agency Pakistan Telecommunication Company Limited (<http://www.ptcl.com.pk>)

Project Objectives

This project aimed to improve telecommunications service both qualitatively and quantitatively by expanding domestic transmission lines (optic-fiber cables) and international telecommunications facilities in accordance with the Pakistani Government's plan to install 446,000 new telephone lines, and thereby contribute to vitalizing commercial and industrial activity.

Effectiveness & Impact

Rating **a**

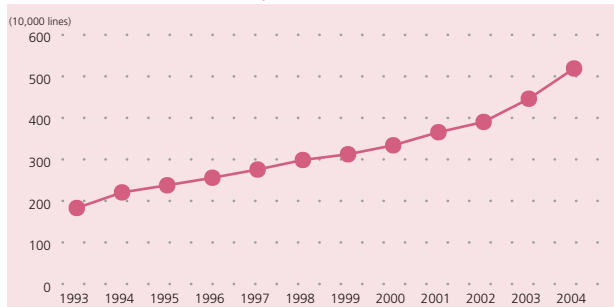
This project planned installation of about 2.95 million new subscriber telephone lines based on the Seventh and Eighth Five-Year Plans (1988–98). 2.35 million lines were confirmed to be actually installed, about 80% of the initial plan. The telephone penetration rate doubled from 1.55% immediately after the project started in 1993, to 3.46% after project implementation in 2004. In the beneficiary survey (of 40 resident households, 89 companies), almost all respondents gave opinions that the project improved the telecommunications situation, and there were positive effects for business and communications with family. Therefore, this project has largely achieved its objectives, and effectiveness is highly satisfactory.

Relevance

Rating **a**

This project has been highly relevant with national policies both at the time of appraisal and at the time of the ex-post evaluation. This project was planned under Pakistan's Seventh Five-Year Plan. At the time of ex-post evaluation, issues raised in the 10-year development plan (2001–2011) are the provision of high-quality and appropriately priced telecommunications services, IT infrastructure improvements, etc.

Number of Pakistan domestic telephone subscriber lines



Source: PTCL (Pakistan Telecommunication Company Limited)

Efficiency

Rating **b**

Project cost was below plan (47% of planned amount) but the period greatly exceeded the plan (457% of planned period); therefore the evaluation for efficiency is moderate. The reduction in project cost was primarily due to a narrowing of the scope of the project and an alteration of specifications associated with the technical change from analog to digital. It was confirmed that the causes of project delays were: site acquisition; the time required for procedures within the Pakistani Government associated with the changing several times of the project plans, etc.

Sustainability

Rating **a**

The executing agency of this project was privatized in 1995, but there are no problems in the aspects of capabilities, the system of operation and maintenance, or financial status, therefore, sustainability of this project is high. Growth and change in the telecommunications sector is rapid, so some of the equipment supplied by this project has already finished its service, but this project is considered to have made sufficient contributions to developing infrastructure of this sector. This project is expected to have high sustainability, including project effects.

Conclusion, Lessons Learned, Recommendation

In light of the above, this project is evaluated to be highly satisfactory. A lesson learned from this project is that in sectors such as telecommunications, where rapid growth and change happen, adequate consideration must be given at the planning stage to the introduction of a scheme that can flexibly adjust to changes or additions to the scope of the project.

Third-Party Opinion

This project contributed to the modernization of the telecommunications sector. This sector is also expected to develop in the future, based on government led measures. This project saw delays, but it flexibly adopted telecommunications technology, which changes quickly, and achieved cost reductions.

Name of specialist: Mr. Sohail Jehangir Malik (academia)
 Professor of economics, University of Sargodha. Private consulting company director, Pakistan Poverty Alleviation Fund representative. His specialties are economics, poverty alleviation, etc.