

Evaluation Summary

Şişhane-Yenikapi metro extension project of the metropolitan municipality of Istanbul

Country: Turkey

Sector: Transport

Evaluators: **Aqwadem Consulting**
Date of the evaluation: **March 2016**

Key data on AFD's support

Projet numbers: CTR 1033

Amount: €45 million non-sovereign loan

Disbursement rate: 100%

Signature of financing agreement: January 2013

Completion date: May 2015

Total duration: 2 years and 4 months



Context

The Metropolitan Municipality of Istanbul (MMI) has decided to embark into a major transportation scheme. The City has decided to move to a more balanced system where railway systems and collective transports would play a greater role. This scheme has been set as an absolute priority for the MMI and should make it possible to reduce urban pollution and carbon emissions.

Actors and operating method

Contracting Authority: Metropolitan Municipality of Istanbul
Contractor: Hyundai Rotem/ Alarko/ Hyundai Consortium
Project management: MMI European Railways Directorate
Operator: Ulasim A.S. (subsidiary of MMI)

Objectives

Tackle climate change: reducing air pollution and car congestion

Institutional: supporting the Turkish municipalities' autonomy in the context of the European integration.

Social: extending accessibility to a safe, reliable, fast, and cheap transport mode

Expected outcomes

- Electro-Mechanical Works between Taksim-Yenikapi including supply, installation and commencing to operation (Total Length: 3.7 km)
- 4 Stations (Şişhane was added later)/Yenikapi LRTS Connection/Taksim-Şişhane Tunnel- 1.5 km-double line/Şişhane-Yenikapi Tunnel: 3.7 km double line/Installations at Haliç Bridge/Yenikapi Generator Building

Performance assessment

Relevance

The Project is assessed as highly relevant to the MMI and AFD strategies at the time. The Project is relevant to the MMI's legal duties set forth in Law of Metropolitan Municipalities. Further, it is relevant to the three consecutive Strategic Plans of MMI covering the period of 2007-2019. The Project is also relevant to the Transport Master Plan of the City. Finally, the Project is relevant to the four consecutive National Development Plans prepared by the Ministry of Development. In overall, the Project is assessed as very relevant.

Effectiveness

In light of the identified and probable outcomes, the Project is assessed as highly effective. The operation and effect indicators show that there are many positive modes of immediate outcomes of the Project, which could be verified through the data produced by various institutions. On the other hand, the effectiveness of the Project could still be improved by means of improving the coordination among the institutions involved in public transport planning (i.e. planning and pricing of feeder/competing bus lines). In overall, the Project is assessed as very effective.

Efficiency

In spite of delays in providing site possession to the Contractor due to various external reasons, especially archaeological findings and excavation on the project site, the project has generated the outputs in reasonable times after the disavowing factors alleviated. Besides, the outputs provided are in line with the cost, even though there were 2 variations in the contract, both seem to be with good reasons and additional costs produced reasonable additional outputs. The AFD's role was also very critical in terms of efficiency of the Project as the intervention was timely and flexible enough causing smooth completion of the Project. In overall, the Project is assessed as highly efficient.

Impact

The Project has substantial positive impacts on the local socio-economy and environment. Being an unintended consequence of the Marmaray and metro projects, the archaeological remains led to ground breaking discoveries about the history of Istanbul. The discovery of a neolithic settlement in Yenikapı dated Istanbul's known history back to 8,500 years from 2,600 years. The institutional dimension of the Project impact is also important; the MMI, national institutions involved in archaeology and conservation of historical heritage and the contractor companies have acquired considerable experiences in the context of discovery of archaeological remains during construction works. The policy development impact of the Project is yet to be improved. In overall, the Project is assessed to have substantial impact.

Sustainability

The strong financial standing of the MMI and Ulaşım A.Ş. are considered to be the indications of the financial sustainability of the Project. From technical and institutional perspective, no specific negative aspect has been identified. Overall, the sustainability of the Project is assessed to be most likely.

Added value of AFD's contribution

The findings and observations during the evaluation of the project showed that the interventions designed and procedures and criteria defined by AFD had positive contribution to the success of the Project. Yet, there are some improvement needs observed for the AFD's additionally, which would increase the performance and effectiveness of the Project positively. The major one being the improvement need for procedures for sub-project eligibility assessment. In overall, AFD's involvement had a very positive impact on the sector and in project implementation. Yet AFD's visibility has been assessed to be poor despite the size of funds provided. AFD is recommended to develop means for enhance their communication with their clients, possibly by hiring local staff.

Conclusions and lessons learnt

- Coordination among the institutions involved in planning of public transport systems is of utmost importance as the policy adopted by one of the institutions may affect the policy of the others.

- Despite planning of urban transport systems is a responsibility of the metropolitan municipalities, the Directorate of State Highways (as the operator of the Bosphorus Bridges) and the Directorate of State Railways (as the operator of Marmaray) are also involved in Istanbul case. Coordination with these two institutions is also very important especially in view of the possible future measures regarding congestion pricing (i.e. surcharge applied to car users passing across the Bosphorus Bridges during peak hours). Such a measure will definitely increase the demand

for the public transport means.

- Double-pricing of passengers changing different modes of public transport to reach their destinations has been receiving a lot of customer complaints. The statistics related to the public bus services also demonstrate that the passengers tend to keep up with buses till the destination instead of changing to metro at a point of convenience. This issue is also closely related to planning of bus lines in line with the metro lines (feeder bus lines vs. competing bus lines).

- In connection with the pricing policy, it has been understood that the public transport authorities tend to limit the level of subsidization of public transport services. This approach is understandable; on the other hand, optimization of the subsidy levels is of importance towards effectiveness of the operations. It is a very well-known fact that underground rail systems cannot promise financial returns, in other words, require substantial levels of subsidization. The MMI has invested a lot into underground metro systems and has been servicing large amounts of related investment loans. This fact should be taken into account while defining the subsidization policies.

- Long term planning in urban development context requires extensive coordination and collaboration of the institutions involved.

- Being a very large organization and having the public transport planning related responsibilities distributed into a number of departments, the response of MMI to AFD's cooperation proposals has not been evolved into concrete projects. In view of above listed issues, concrete project proposals from AFD on the below listed topics could lead commencement of the cooperation (Update/revision of the transport master plan ;Preparation of a public transport master plan; Optimization of public transport pricing and subsidization policies ;Capacity building towards increasing coordination ability of Transport Coordination Center (UKOME)).