

## **DEVELOPMENT COORDINATION**

### **A. Institutional Arrangements and Processes for Development Coordination**

1. Coordination among development partners in Pakistan is being supported by government-led efforts under the Paris Declaration. Four working groups jointly led by the government and development partners were set up to promote harmonization in (i) sector-wide approaches to development, (ii) capacity development, (iii) procurement, and (iv) monitoring and evaluation. The Asian Development Bank (ADB) is a member of all the groups. Development coordination for the road subsector was carried out in the same coordination framework.

### **B. Major Development Partners: Strategic Foci and Key Activities**

2. Pakistan has received substantial assistance from ADB, the Japan International Cooperation Agency (JICA), and the World Bank. Until the early 1990s, the World Bank led external assistance to roads, focusing on national highway improvements. Its involvement in this area shrank in the 1990s and early 2000s as it shifted its focus to trade facilitation. In 2001, the World Bank financed the Trade and Transport Facilitation Project to assist the Ministry of Communications in reviewing, improving, and providing institutional capacity building to all major agencies associated with the logistics chain. Under the project, the government introduced a single administrative document and a goods declaration form, both of which constituted major steps toward trade facilitation. In 2006, the World Bank processed the national trade corridor improvement development policy loan of \$200 million in support of the government's initiative to develop the national trade corridor. It intended to promote an integrated approach to planning, investing, and managing the corridor's transport logistics system. ADB joined forces and with the World Bank processed the multitranche financing facility for the National Trade Corridor Highway Investment Program in 2007. The World Bank, however, dropped the project in 2007, mainly because of the government's weak commitment to reforms in trade and transport. Since then, the World Bank's involvement in roads has been marginal, and ADB took the lead role.

3. JICA, which was reorganized from the Japan Bank for International Cooperation, has been one of the major donors involved in Pakistan's road sector. Focusing on the Indus highway development, rural roads improvement, and emergency road rehabilitation, JICA played a key role in development partner cooperation to provide emergency assistance after the 2011 flood. JICA continues to be active in the road sector and is one of the two key funding agencies (the other being ADB) supporting national and provincial highways in Pakistan.

4. ADB started its involvement in Pakistan's roads in the 1980s and initially focused on improvements to farm-to-market roads and provincial highways. In 2001, ADB's involvement shifted to provincial and rural access roads on a province-by-province basis. From 2003, in line with the government's plan to integrate Pakistan's economy into the regional economy, ADB began to finance sections of Pakistan's national highway network with links to Afghanistan. Since then, ADB's involvement has been focused on national highway improvements coupled with institutional reforms and capacity building at the National Highway Authority (NHA). From 2013, ADB started to diversify its road portfolio, extending its assistance program to border-point service improvements under the auspices of the Central Asia Regional Economic Cooperation (CAREC) Program, as well as institutional reforms and capacity building at provincial road agencies.

5. In the 2010s, the People's Republic of China (PRC) emerged as a key bilateral funding agency for the road subsector. Pakistan and the PRC agreed to develop the China–Pakistan Economic Corridor (CPEC) to improve transport and energy infrastructure in Pakistan and

enhance trade links between the two countries. The CPEC will allow Pakistan to maximize its potential as a regional transport and trade hub and while enabling the PRC to integrate its western regions and neighboring countries into the Silk Road economic belt initiatives.

6. Development partner-assisted projects and programs for the road subsector since 2000 are summarized in the table.

<b>Major Development Partners</b>			
<b>Development Partner</b>	<b>Project Name</b>	<b>Duration</b>	<b>Amount (\$ million)</b>
World Bank	Trade and Transport Facilitation	2001–2006	3.0
	Trade and Transport Facilitation II	2009–2013	25.0
	Highway Rehabilitation Project	2003–2013	365.0
JICA (formerly JBIC)	Kohat Tunnel Construction (II)	2001–2004	34.0
	Indus Highway Construction Project (III)	2006–2013	166.0
	East–West Road Improvement Project	2008–2017	172.1
	Rural Roads Construction Project II (Sindh)	2008–2015	101.4
IsDB	Khyber Pakhtunkhwa Emergency Rural Roads Rehabilitation Project	2011–2016	163.3
	Construction of Khanewal–Multan Section of M-4	2010–2015	160.0
ADB	Road Sector Development Program (Sindh)	2001–2010	200.0
	Punjab Road Development Sector Program	2002–2009	150.0
	Balochistan Road Development Sector Project	2003–2011	185.7
	North-West Frontier Province Road Development Sector and Subregional Connectivity Project	2004–2011	301.2
	MFF: National Highway Development Sector Investment Program (Tranche 1)	2005–2011	180.0
	MFF: National Trade Corridor Highway Investment Program (Tranche 1)	2007–2015	170.0
	MFF: National Highway Development Sector Investment Program (Tranche 2)	2009–2015	230.0
	Flood Emergency Reconstruction Project	2011–2016	408.4
	MFF: National Trade Corridor Highway Investment Program (Tranche 2)	2014–2017	200.0
	National Highway Network Development in Balochistan Project	2014–2018	195.0
	MFF: National Trade Corridor Highway Investment Program (Tranche 3)	2014–2017	127.0
	National Motorway M-4 Gojra–Shorkot Section Project	2015–2019	270.0
	Regional Improving Border Services Project	2015–2022	300.0
	Sindh Provincial Road Project	2016–2021	200.0
Post-Flood Highways Rehabilitation Project	2016–2021	200.0	
National Motorway M-4 Shorkot–Khanewal Section Project	2016–2019	320.0	
<b>Total</b>			<b>4,537.4</b>

ADB = Asian Development Bank, IsDB = Islamic Development Bank, JBIC = Japan Bank for International Cooperation, JICA = Japan International Cooperation Agency, MFF = multitranches financing facility.  
Source: Asian Development Bank.

### **C. Achievements and Issues**

7. Development partner cooperation and coordination since the early 1990s enabled the road subsector to perform better and the road agencies to grow into the role of a modernized road infrastructure manager. This holds particularly true for Pakistan's NHA; development partner-led road management reforms since the 1990s have transformed it from a conventional road builder into a service-oriented road asset manager equipped with an effective road asset management system. However, these achievements have not reached the provincial road agencies. Development partners will join forces and try to replicate the coordination and harmonization of institutional reforms and capacity building that proved successful at NHA, and achieve a similar outcome at the provincial agencies.

### **D. Summary and Recommendations**

8. ADB has been the lead agency for road subsector development in Pakistan and has coordinated its activities with other development partners, including the World Bank and JICA. The collaboration of the development partners was instrumental in overcoming previous constraints on the institutional transformation of NHA from a government administration to a service-oriented asset manager equipped with an effective road asset management system. Since the 2010s, the PRC has taken an active role in road subsector development in Pakistan as a bilateral development partner. The Department for International Development of the United Kingdom also explores the provision of capital investment and technical assistance to the transport sector to support the CAREC objectives in Pakistan. ADB should continue to take the lead in coordinating the different strategies and interests of development partners in Pakistan's road subsector so as to synergize resources and maximize their impact.