



Pakistan: Khyber Pakhtunkhwa Provincial Roads Improvement Project (Additional Financing)

Project Name	Khyber Pakhtunkhwa Provincial Roads Improvement Project (Additional Financing)	
Project Number	47360-003	
Country	Pakistan	
Project Status	Approved	
Project Type / Modality of Assistance	Loan	
Source of Funding / Amount	Loan 3756-PAK: Khyber Pakhtunkhwa Provincial Roads Improvement Project (Additional Financing)	
	Ordinary capital resources	US\$ 75.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth	
Drivers of Change	Governance and capacity development	
Sector / Subsector	Transport - Road transport (non-urban)	
Gender Equity and Mainstreaming	Some gender elements	
Description	The additional financing will widen the 42 km road section between Mardan and Swabi. The additional financing will further strengthen the capacity of the CWD by supporting the government to develop a Khyber Pakhtunkhwa road network master plan for the next 20 years, and by building a central laboratory for the PKHA and providing training to CWD staff.	

Project Rationale and Linkage to Country/Regional Strategy

Pakistan's economy is largely driven by strong growth in domestic consumption, recovery in agricultural production, and a marginal recovery in foreign direct investments. However, it is constrained by an inefficient transport system with poor levels of service. Road transport dominates Pakistan's transport system, accounting for almost 96% of freight traffic in ton-km and 92% of passenger traffic in passenger-km. Khyber Pakhtunkhwa is even more reliant on road transport.

Khyber Pakhtunkhwa has the third-largest provincial economy in Pakistan. Despite major challenges such as waging war on terrorism (with huge spending on law and order), confronting power load shedding, and having the highest population growth rate, Khyber Pakhtunkhwa recorded the highest economic growth rate in the country. Outperforming the other four provinces in 2013- 2017, Khyber Pakhtunkhwa registered an average growth of 5.1% against a national average of 4.5% for the same period. The growth rate could have been higher if road transport connectivity had been better, especially between major cities, because it would have reduced the transport cost of products and improved transport efficiency.

The existing provincial roads are much below the desired standard both in terms of length and pavement condition. Of Khyber Pakhtunkhwa's total road network of 15,102 km, 1,878 km is classified as provincial roads. These play a vital role in the economic development of the province by connecting district centers to the national highway network and the provincial capital, Peshawar, with commercial centers, district headquarters, and market towns. Provincial roads support intraprovincial trade and commerce as well as access to health, education, and other public services; and reduce poverty by creating jobs and business opportunities.

The damaging effects of heavy axle loads, vulnerability to natural disasters, and limited financial resources for road maintenance are putting tremendous strain on the road network in Khyber Pakhtunkhwa. Its performance is fast deteriorating because of high traffic accident rates, reduced pavement life, increased vehicle operating costs, and, crucially, a backlog in road maintenance and rehabilitation. In fact, only 27% of the provincial roads maintained by the Pakhtunkhwa Highways Authority (PKHA) are in fair to good condition; the rest is in poor condition.

The Asian Development Bank (ADB) approved a loan of \$140.0 million, including a concessional loan of \$18.5 million, on 28 November 2017 for the Khyber Pakhtunkhwa Provincial Road Improvement Project to rehabilitate eight key road sections of provincial roads over a total length of 214 km, and improve transport efficiency and road safety. In May 2018, the Government of Khyber Pakhtunkhwa requested additional financing to dualize most of the existing two-lane road between Mardan and Swabi. Although most of that section is in fair condition, the dualization serves to efficiently and effectively accommodate an increase in goods vehicles: trucks carrying locally quarried stone and other construction materials, and trucks and tractor-trailers carrying agricultural and forestry products.

The Mardan-Swabi road runs for 53.9 km through Khyber Pakhtunkhwa's agricultural heartland between the Indus and Kabul rivers. It connects Mardan, the second-largest city in Khyber Pakhtunkhwa, and Swabi, a college city and the capital of the fourth most populated district in Khyber Pakhtunkhwa. The road is a two-lane single carriageway with urbanized sections (strip development) and suffers from chronic traffic congestion and unsafe operating conditions. The current mix of fast- and slow-moving traffic, dominated by motorcycles and rickshaws, imposes constraints on speed and increases the risk of collisions. The average daily traffic between Mardan and Swabi is about 7,000 vehicles (excluding motorcycles and rickshaws), of which about 15% are heavy trucks, and traffic has been growing at an average 3.4% annually. The highway supports various agricultural, industrial, commercial, and educational activities. Most notable from a traffic generation point of view are the Premier Sugar Mill and Distillery in Mardan; several textile and edible-oil mills; quarries; public universities, Mishal Medical Complex, and numerous private colleges and academies; a police training school; Shewa Adda Camp for internally displaced persons; and markets that serve the surrounding rural areas. Nearby Rashakai, on the M-1 motorway, was dubbed the Technology City and is expected to develop into a high-tech industrial zone as part of the China-Pakistan Economic Corridor initiative. However, traffic surveys along the Mardan Swabi road clearly indicate that the current peak traffic volumes already exceed the road's capacity. Accordingly, the proposed dualization of 42 km of the road into a dual-carriageway, four-lane highway has high public investment priority.

Impact An efficient and integrated transportation network established

Project Outcome

Description of Outcome Efficiency and safety along key sections of the Khyber Pakhtunkhwa provincial road network improved

Progress Toward Outcome

Implementation Progress

Description of Project Outputs Provincial roads rehabilitated
The CWD's institutional capacity for road maintenance strengthened

Status of Implementation Progress (Outputs, Activities, and Issues)

Geographical Location Khyber Pakhtunkhwa

Safeguard Categories

Environment	B
Involuntary Resettlement	B
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

Business Opportunities

Consulting Services The consultants for construction supervision and development of KP master plan will be recruited in accordance with ADB's Guidelines on the Use of Consultants (March 2013, as amended from time to time).

Procurement Goods and civil works will be procured in accordance with ADB's Procurement Guidelines (April 2015, as amended from time to time).

Responsible ADB Officer Ning, Jiangbo

Responsible ADB Department Central and West Asia Department

Responsible ADB Division Transport and Communications Division, CWRD

Executing Agencies *Government of Khyber Pakhtunkhwa (KP)*
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PAKISTAN

Timetable

Concept Clearance	-
Fact Finding	07 May 2018 to 18 May 2018
MRM	23 Oct 2018
Approval	07 Dec 2018
Last Review Mission	-
Last PDS Update	07 Dec 2018

Loan 3756-PAK

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	85.00	Cumulative Contract Awards			
ADB	75.00	-	0.00	0.00	%
Counterpart	10.00	Cumulative Disbursements			
Cofinancing	0.00	-	0.00	0.00	%

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