

Early Warning System

ADB-46378-002

Central Asia Regional Economic Cooperation Regional Improving Border Services Project

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Quick Facts

Countries	Pakistan
Financial Institutions	Asian Development Bank (ADB)
Status	Active
Bank Risk Rating	B
Voting Date	2015-12-04
Sectors	Transport
Investment Type(s)	Loan
Investment Amount (USD)	$ 250.00 million

Project Description

DESCRIPTION

The proposed project will (i) improve border crossing point infrastructure and facility at Torkham, Chaman, and Wagha to the standard that meets users' demand for quality border crossing services; and (ii) establish a border point management regime and enhance knowledge and skills of border point operating agencies.

PROJECT RATIONALE AND LINKAGE TO COUNTRY/REGIONAL STRATEGY

Pakistan is strategically located to connect South Asia to Central Asia and further to Caucasus countries and Europe and provides the landlocked Central Asia countries with access to sea ports. With this strategic location, Pakistan has a large potential to play a role of a regional transport hub. Government's national trade corridor improvement program realized this potential and highlights the importance of regional connectivity through improving linkages with the neighboring countries. Further, the three-year strategic trade policy framework announced in January 2013 identified regional trade as the most important element. The Pakistan Vision 2025 embracesrecognizes its potential to serve as a hub and corridor of regional trade and help integrate these regions into an interconnected market and sets the goal of making the country a hub of regional trade and commerce.

According to the World Bank Doing Business: Trading across the Borders Index and Logistics Performance Index studies in 2012 and 2014, Pakistan's customs performance substantially improved since 2010 and were ranked by international freight forwarders as being best in the region, with ranking at 46 among 155 countries in 2012 and at 58 among 160 countries in 2014. Performance of Pakistan customs is comparable with performance of East European EU-candidate states. In 2012 Pakistan customs started roll-out of its Web-based One Customs (WeBOC) system, which helped achieve gradual reduction of paperwork and processing time. Pakistan customs implements preliminary assessment of cargo pre-arrival information and uses risk management for selective customs inspections. In contrast to conspicuous improvement in customs performance, the performance of border point management still lags far behind and consequently poses a fundamental obstacle to promoting transit and intraregional trade through Pakistan. Main reasons are charted as (i) poor infrastructure and facility at border points; (ii) misdirected governance structure in border point management; and (iii) remote location of border points, normally in security-sensitive areas and lack of internet connectivity to central database of WeBOC system.

Torkham and Chaman are the major transit station for Afghan transit trade (84% of cargo flows via Torkham and the rest via Chaman). Traffic volume at Torkham border crossing point now amounts 700 vehicles per day. However, both border points face some challenges to meet the demand of its quality service such as non-availability of modern and sufficient physical infrastructure; non-availability of suitable information and communication and information technology (ICT) infrastructure; poor logistics for staff/officers; lack of equipment/scanners to detect explosives; and insufficient facilities to manage movement of people (estimated to be more than 25,000 people per day for Torkham). Currently the trade volume between India and Pakistan is less than $3 billion. With full normalization of political and trade relationship, potential trade volume between the countries can grow manifolds within a few years. If trade with India is normalized, Wagha, the only open land route to connect South Asia to Central Asia, will hardly be sufficient to handle the trade and traffic volumes mainly because of no infrastructure in place to permit containerized cargo handling by road transport.

According to the CAREC cCorridor pPerformance mMeasurement and mMonitoring studies, the major bottleneck for transport and trade in the CAREC region is border crossing points.

It shows that for a typical 500-km journey by a 20-ton truck, more than three-quarters of the total stopping time, or 24 hours, occurs at border crossing points. Of these, more than 18 hours are spent waiting for the start of border-crossing formalities. A significant portion of delays is attributable to poor physical infrastructure, low utilization of information and communication technology (ICT) for efficient border control, and limited supporting trade logistics facilities at the border crossing points

Investment Description

- Asian Development Bank (ADB)

Loan 3344-PAK: Central Asia Regional Economic Cooperation Regional Improving Border Services Project
Ordinary capital resources US$ 150.00 million

Loan 3345-PAK: Central Asia Regional Economic Cooperation Regional Improving Border Services Project
Concessional ordinary capital resources / Asian Development Fund US$ 100.00 million

Contact Information

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: http://www.adb.org/site/accountability-mechanism/main

CONTACTS

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Bank Documents

- CAREC Regional Improving Border Services Project - Chaman Border Crossing Point Improvement: Land Ac [Original Source]
- CAREC Regional Improving Border Services Project - Torkham Border Crossing Point Improvement: Land A [Original Source]
- CAREC Regional Improving Border Services Project - Wagah Border Crossing Point Improvement: Land Acq [Original Source]
- Central Asia Regional Economic Cooperation Regional Improving Border Services Project: Procurement P [Original Source]
- Central Asia Regional Economic Cooperation Regional Improving Border Services Project: Project Admin [Original Source]
- Central Asia Regional Economic Cooperation Regional Improving Border Services Project: Report and Re [Original Source]
- egional Improving Border Services Project - Wagah Border Crossing Point Improvement: Initial Environ [Original Source]
- Improving Border Services Project: Project Data Sheet (Urdu Translation) [Original Source]
- Loan Agreement (Ordinary Operations) for Loan 3344-PAK: CAREC Regional Improving Border Services Pro [Original Source]
- Loan Agreement (Special Operations) for Loan 3345-PAK: CAREC Regional Improving Border Services Proj [Original Source]
- Project Disclosure PDF
- Regional Improving Border Services Project [Original Source]
- Regional Improving Border Services Project - Chaman Border Crossing Point Improvement: Initial Envir [Original Source]
- Regional Improving Border Services Project - Torkham Border Crossing Point Improvement: Initial Envi [Original Source]

Other Related Projects

- ADB-48025-003 Central Asia Regional Economic Cooperation Corridor 2 (Pap-Namangan-Andijan) Railway Electrification
- ADB-49042-004 CAREC Corridors 2, 5, and 6 (Dushanbe-Kurgonteppa) Road Project
- ADB-48424-002 CAREC Corridors 1 and 6 Connector Road (Aktobe-Makat) Reconstruction Project
- ADB-49343-001 Modernization of Sanitary and Phytosanitary Measures for Food Safety
- ADB-48424-001 CAREC Corridors 1 and 6 Connector Road (Aktobe-Makat) Improvement Project
- ADB-49042-001 CAREC Corridors 2, 5, and 6 (Dushanbe-Kurgonteppa) Road Project
- ADB-48414-001 Third CAREC Corridor Road Investment Program
- ADB-44483-027 Second Central Asia Regional Economic Cooperation Corridor 2 Road Investment Program (Tranche 3)
- ADB-44483-023 Second Central Asia Regional Economic Cooperation Corridor 2 Road Investment Program - Tranche 1
- ADB-44483-024 MFF - Second Central Asia Regional Economic Cooperation Corridor 2 Road Investment Program
- ADB-44483-026 Second Central Asia Regional Economic Cooperation Corridor 2 Road Investment Program - Tranche 2