Early Warning System

ADB-48416-003

MFF CAREC Railway Connectivity Investment Program

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Quick Facts

Countries	Pakistan
Financial Institutions	Asian Development Bank (ADB)
Status	Proposed
Bank Risk Rating	U
Sectors	Transport
Investment Type(s)	Loan
Investment Amount (USD)	$ 1,000.00 million

Project Description

DESCRIPTION

The proposed multitranche financing facility (MFF) will improve the railway sector in Pakistan by making the railway transport system more efficient and competitive. The outcome will be improved railway corridor of Lahore-Peshawar and improved PR's institutional efficiency. The outputs will be (i) approximately 411 km of upgraded and dualized railway track for the Lahore-Peshawar section of ML-1 together with new signaling and telecommunications system (including power supply for these systems) and upgraded passenger facilities at Lahore, Rawalpindi, and Peshawar stations; (ii) 52 km of newly constructed double-track rail line linking Kaluwal and Pindora; and (iii) PR's modernized and IT-based accounting system and PR's accounting data and information transformed and migrated into the new accounting system.

PROJECT RATIONALE AND LINKAGE TO COUNTRY/REGIONAL STRATEGY

For the past 150 years, railways have played an important role in the social, political, and economic life in Pakistan. For most of that time, railways were the leading mode of transport, in many places the only available mode. In a relatively large country, railways have offered unique advantages for transporting freight and passengers over long distances. In the past 20-30 years, however, increasing competition from road transport has reduced railway's market share. As of 2016, railway accounts for 4% of freight traffic and 6% of passenger traffic with major shares taken by road. As a result, the financial performance of PR, has deteriorated and has not generated enough resources to finance necessary investments in asset replacement and capacity expansion.In Pakistan, government's public investments have been heavily skewed favorably to the road sector. Neglected from public investments and overburdened with social responsibilities, the performance of the railway sector had continuously deteriorated until 2011 and the sector was on the verge of a collapse, faced with poor rail infrastructure with huge backlog of maintenance, outdated and non-functioning locomotives and rolling stocks. Since 2011, however, PR's operational performance has markedly improved and helped avoid a total failure of the sector mainly owing to improved availability of functioning locomotives and PR's well-thought-out marketing strategies like strategic tariff setting, adroit market segmentation and focusing on profitable target markets, and long-term engagement with clients.Despite recent improvement, the railway sector need upgrade its infrastructure on a large scale to provide more competitive transport services, regain the market share lost to roads, and ultimately rebalance the unbearably unbalanced modal share between rail and road in the country. Rebalancing the modal shares will accrue huge economic benefits to the country by relieving the overloaded road sector of overstress to road infrastructure and excessive maintenance burden and better utilizing huge sunk investments of rail infrastructure which, otherwise, will be left idle and further deteriorated. The Vision 2025 emphasizes the importance of railway transport and arranges public supports to revitalize the railway sector.

IMPACT

Efficiency and competitiveness of the railway transport system to be improved.

OUTCOME

Efficiency in railway corridor of Lahore-Peshawar improved.

CONSULTING SERVICES

Consulting services will be required for supervising construction, assisting Pakistan Railways in carrying out the accounting system reforms, and preparing subsequent tranches. Consultants will be recruited through firms in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).

PROCUREMENT

Procurement of goods, civil works, and related services financed from the ADB loan will be done in accordance with ADB's

Investment Description

- Asian Development Bank (ADB)

MFF Facility Concept: MFF Railway Sector Development Investment Program
Ordinary capital resources US$ 1,000.00 million

To be determined US$ 1,000.00 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

Responsible ADB Officer Pyo, Dong-Soo
Responsible ADB Department Central and West Asia Department
Responsible ADB Division Transport and Communications Division, CWRD
Executing Agencies
The Ministry of Railways
Government of Pakistan D-Block, Pak Secretariat
Islamabad, Pakistan 44000

Bank Documents

- Project Disclosure PDF
- Urdu PDS

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-48416-001 Central Asia Regional Economic Cooperation Railway Connectivity Investment Program
- ADB-48424-001 CAREC Corridors 1 and 6 Connector Road (Aktobe-Makat) Improvement 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-49257-002 East-West Highway (Khevi-Ubisa Section) Improvement Project
- ADB-49257-001 East-West Highway (Khevi–Ubisa Section) Improvement Project
- 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
- ADB-48416-004 CAREC Railway Connectivity Investment Program-Tranche 1