



Pakistan: Central Asia Regional Economic Cooperation Corridor Development Investment Program-Tranche 1

Project Name	Central Asia Regional Economic Cooperation Corridor Development Investment Program-Tranche 1		
Project Number	48404-003		
Country / Economy	Pakistan		
Project Status	Active		
Project Type / Modality of Assistance	Loan		
Source of Funding / Amount	Loan 3574-PAK: Central Asia Regional Economic Cooperation Corridor Development Investment Program-Tranche 1		
	Ordinary capital resources	US\$ 120.00 million	
Strategic Agendas	Inclusive economic growth Regional integration		
Drivers of Change	Knowledge solutions		
Sector / Subsector	Transport / Road transport (non-urban)		
Gender	No gender elements		
Description	<p>The project proposed for financing under the requested PFR is:</p> <p>(i) building an additional 2-lane carriageway of 66 km along the existing 2-lane carriageway of Petaro-Sehwan road;</p> <p>(ii) building an additional 2-lane carriageway of 43 km along the existing 2-lane carriageway of Ratodero-Shikarpur road;</p> <p>(iii) rehabilitating the existing 34 km 4-lane carriageway of Dara Adamkhel-Peshawar road; and</p> <p>(iv) developing NHA's capacity through due diligence advisory services and assistance with project implementation.</p>		
Project Rationale and Linkage to Country/Regional Strategy	<p>Located at the crossroads of Afghanistan, Central Asia, the People's Republic of China (PRC), India, and Iran, Pakistan has huge potential to become a regional transport and trade hub. It can maximize its national capabilities and resources to support trade-based economic growth mainly by playing the role of a transit trade hub. However, transit trade through Pakistan is still limited while trade remains maritime-centric, aligned with the southern gateway port of Karachi, and focused on major global developed markets like North America, Europe, and the Middle East. Poor transport and border cross-point infrastructure and costly transport and cross-border services pose an obstacle to exploiting the untapped potential.</p> <p>Pakistan is putting its effort toward more land-based regional trade with neighboring countries through participation in regional programs. In 2011, Pakistan joined the CAREC Program. Pakistan's transport corridors offer the shortest route to the sea for landlocked Afghanistan, Central Asia, and the PRC's Xinjiang province. Pakistan's accession to CAREC enables subregions in Asia and Europe to be virtually integrated and seamlessly connected from East Asia through South Asia and Central Asia to Europe. In 2013, the CAREC transport corridors were extended to Pakistan to provide Afghanistan, Central Asia, and the PRC with connection to the ports of Gwadar and Karachi on the Arabian Sea. CAREC Corridor 5, extended to Pakistan along N55, links PRC and Afghanistan to the Arabian Sea and provides the PRC's Xinjiang province and landlocked countries in Central Asia the shortest trade route through the Karachi Port. Improving CAREC Corridor 5 along N55 in Pakistan will enable Pakistan to realize potential economic benefits from accelerated trade with surrounding countries. The CAREC Transport and Trade Facilitation Strategy (TTFS) 2020 endorsed by the CAREC ministers at the 12th ministerial conference in 2013 proposes investment projects to build the CAREC corridors in Pakistan.</p> <p>The country partnership strategy 2015-2019 for Pakistan highlights the focus on strengthening regional connectivity in transport and energy through ADB support for (i) the extension of CAREC corridors to the ports of Gwadar and Karachi, (ii) the Turkmenistan-Afghanistan-Pakistan-India natural gas pipeline project, and (iii) transport and trade facilitation with emphasis on developing economic corridors to expand economic opportunities for communities in surrounding areas. This strategic direction is in line with ADB's Regional Cooperation and Integration Strategy (2006) and the Operational Plan for Regional Cooperation and Integration (2016), which aim to strengthen connectivity between economies and raise competitiveness in connected markets.</p> <p>ADB, as the CAREC Secretariat, played an instrumental role in defining CAREC corridors in Pakistan in 2013. From its experience in road network development in Pakistan, ADB knows transit traffic flow patterns and the network effects the CAREC corridors will create. ADB's sector road map in Pakistan will help the country become a regional transport and transit hub in line with the development of the CAREC corridors. ADB's active involvement in CAREC corridor development through the proposed MFF will encourage the government to accord high priority in terms of allocating national resources to build a seamless regional connectivity among CAREC countries.</p>		
Impact	Regional connectivity and trade enhanced in CAREC corridors defined by project		
Project Outcome			
Description of Outcome	Efficiency for road traffic along the CAREC Corridors improved		
Progress Toward Outcome	For the Ratodero-Shikarpur section, ADB project team has been closely monitoring the implementation of the updated land acquisition and resettlement plan.		
Implementation Progress			
Description of Project Outputs	CAREC Corridor along N55 constructed or rehabilitated NHA capacity strengthened		
Status of Implementation Progress (Outputs, Activities, and Issues)	Contract for Peshawar to Dara Adam Khel was awarded on 3 October 2018. Delays occurred due to mixed reasons, including the recent lockdown and the contractor's inadequate resource mobilization. Contract for Petaro to Sehwan was awarded on 6 December 2018. Delays occurred due to mixed reasons, including the delays in LARP implementation. 8.4 km still remains withheld, which requires an addendum of LARP once the land title is confirmed as private. Contract for Ratodero to Shikarpur was awarded on 23 September 2020 and the contractor mobilized its resources in February 2021. About 20 km of the section was handed over to the contractor after EMR validation. LARP implementation for the remaining section is ongoing.		
Geographical Location	Nation-wide, Dara, Peshawar, Petaro, Ratodero, Sehwan, Shikarpur		

Safeguard Categories	
Environment	B
Involuntary Resettlement	A
Indigenous Peoples	C

Summary of Environmental and Social Aspects	
Environmental Aspects	Project 1 is classified category B for environment. An environmental assessment and review framework and draft initial environmental examinations were prepared and disclosed on the ADB website. The project roads do not cross or are not located near protected areas. The environmental assessment established that the project can have site-specific environmental impacts related to air and water pollution, noise and vibration, loss of roadside trees, and traffic disruptions during construction. Because of construction of additional lanes and increase in traffic, the project can split communities and disrupt farming patterns. Adequate mitigation measures will be included in and implemented through an environmental management plan. The project design will incorporate measures for preserving community cohesion such as improved crossings (underpasses and overpasses) and access to public facilities. Public consultations were conducted in October-November 2016. Overall responsibility for the implementation of the plan will rest with contractors. NHA's project implementation unit will hire an environmental and social officer to supervise the implementation of the project's environmental safeguards.
Involuntary Resettlement	Project 1 will acquire 512,737.1 sqm of land (189,393.0 sqm for Petaro-Sehwan section and 323,344.1 sqm for Ratodero-Shikarpur section) and permanently affect 140 structures (59 residential structures and 71 commercial structures) located within the right-of-way. About 356 households (with 2,411 members) will be affected. Of these, 548 persons will experience significant resettlement impacts, of which 412 persons will be physically displaced while 136 persons will lose 10% or more of their productive assets.
Indigenous Peoples	The project road sections traverses through settled areas of Sindh and Khyber Pakhtunkhwa provinces and tribal group with secluded cultural, socioeconomic, and administrative institutions different than mainstream population were not identified.

Stakeholder Communication, Participation, and Consultation	
During Project Design	Multiple rounds of public consultations were held by technical assistance consultants during project preparation. Local authorities and relevant government departments, traders, freight forwarders, transporters, and commuters were engaged to design the investment facility and packaging of tranche projects. Sessions were held with potentially displaced persons including poor and vulnerable households between January-April 2017. Mitigations were incorporated in the preliminary design to avoid or minimize involuntary resettlement impacts, as well as LAR impacts; eligibility and entitlements were explained. Consultation, participation and information disclosure strategy were designed and incorporated in the LARPs for continued consultation process with affected persons and communities and other stakeholders, including poor and vulnerable people. There is limited scope for civil society organizations to participate and contribute in project design. However, NHA will collaborate and consult with civil society organizations during detailed design and assess their role and level of participation in the planning, implementation, and monitoring of LARPs. A project communication strategy on consultation, participation, and information disclosure is designed and included in draft LARPs to ensure stakeholders, particularly poor and vulnerable people, are engaged during the consultative process and are informed on resettlement planning, implementation, monitoring, and resolving grievances.
During Project Implementation	The project safeguard team in project implementation unit assisted by resettlement specialists under the supervision consultants will liaise with local communities and civil society organizations for the consultation, participation, and information disclosure on project design and LAR progress, recording and redress of grievances, LARP implementation, monitoring and execution of project works, etc.

Business Opportunities	
Consulting Services	The consultants under the project will be recruited 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 Guidelines for Procurement (2015, as amended from time to time).

Responsible ADB Officer	Ghafoor, Khurram
Responsible ADB Department	Central and West Asia Department
Responsible ADB Division	Pakistan Resident Mission (PRM)
Executing Agencies	<u>National Highway Authority</u>

Timetable	
Concept Clearance	-
Fact Finding	-
MRM	26 Jul 2017
Approval	28 Sep 2017
Last Review Mission	-
Last PDS Update	07 Dec 2021

Loan 3574-PAK

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
28 Sep 2017	18 Dec 2017	31 Jan 2018	31 Dec 2022	30 Jun 2024	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	135.00	Cumulative Contract Awards			
ADB	120.00	25 Jan 2024	63.71	0.00	71%
Counterpart	15.00	Cumulative Disbursements			
Cofinancing	0.00	25 Jan 2024	48.51	0.00	54%

Status of Covenants

Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	Partly satisfactory	Satisfactory	Satisfactory	Satisfactory	-	Satisfactory

Project Page	https://www.adb.org/projects/48404-003/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=48404-003
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