

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. Pakistan has received substantial assistance from the Asian Development Bank (ADB), Japan International Cooperation Agency (JICA), and the World Bank. Until the early 1990s, the World Bank led road sector assistance from development partners, focusing on national highway improvement. World Bank involvement in highway improvement 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, which assisted the Ministry of Communication to review, improve, and provide institutional capacity building for all major agencies associated with the logistical chain. Under the project, the government introduced a single administrative document and a goods declaration form, both of which were major steps toward trade facilitation. In 2006, the World Bank processed the National Trade Corridor Improvement Development Policy Loan for \$200 million in support of the government's initiative to develop the national trade corridor. This promoted an integrated approach to planning, investing, and managing the national trade corridor transport logistics system. ADB joined forces and processed, in harmony, the multitranche financing facility (MFF) 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 trade and transport sector reforms. Since then, the World Bank's involvement in the road sector has been marginalized, with ADB taking the lead role.

2. JICA has been one of the major development partners in the road transport subsector. Its main focus has been Indus highway development, rural roads improvement, and emergency road rehabilitation. It played a key role in development partners cooperating to provide flood emergency assistance after the 2011 flood. JICA continues to be actively involved in road transport, and is one of the two key development partners supporting national and provincial highways together with ADB.

3. ADB began its involvement in the road transport subsector in the 1980s, initially focusing on improvement of farm-to-market roads and provincial highways. Since 2001, ADB involvement shifted to more focused assistance for 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 the national highway network with linkages to Afghanistan. Since then, ADB involvement has focused on national highway improvement, together with institutional reforms and capacity building of the National Highway Authority (NHA). From 2013, ADB started to diversify its road sector portfolio, extending its assistance program to border point service improvement under the Central Asia Regional Economic Cooperation (CAREC) Program and to provincial roads, with the aim of institutional reforms and capacity building of provincial road agencies.

4. In the 2010s, the People's Republic of China (PRC) emerged as a key bilateral development partners for road transport in Pakistan. The government expects a PRC–Pakistan economic corridor to be built to connect the Arabian Sea to the PRC border through the main trade corridor. If the plan materializes, the PRC will become a key partner for development partners coordination to the road transport subsector. Development partners-assisted projects and programs for the road transport subsector since 2000 are summarized in the table.

Major Development Partners

Development Partner	Project Name	Year	Amount (\$ million)
World Bank	Trade and Transport Facilitation	2001	3.0
	Highway Rehabilitation Project	2003	365.0
JICA	Kohat Tunnel Construction (II)	2001	34.0
	Indus Highway Construction Project (III)	2006	166.0
	East–West Road Improvement Project	2008	172.1
	Rural Roads Construction Project II (Sindh)	2008	101.4
	Khyber Pakhtunkhwa Emergency Rural Roads Rehabilitation Project	2011	163.3
IsDB	Construction of Khanewal–Multan Section of M4	2010	160.0
ADB	Road Sector Development Program (Sindh)	2001	200.0
	Punjab Road Development Sector Program	2002	150.0
	Balochistan Road Development Sector Project	2003	185.7
	NWFP Road Development Sector and Subregional Connectivity Project	2004	301.2
	National Highway Development Sector Investment Program (Project 1)	2005	180.0
	MFF: National Trade Corridor Highway Investment Program (Project 1)	2007	170.0
	MFF: National Highway Development Sector Investment Program (Project 2)	2009	230.0
	Flood Emergency Reconstruction Project	2011	408.4
	MFF: National Trade Corridor Highway Investment Program (Project 2)	2014	200.0
	Total		

ADB = Asian Development Bank, IsDB = Islamic Development Bank, JBIC = Japan Bank for International Cooperation, JICA = Japan International Cooperation Agency, MFF = multitranchise financing facility, NWFP = North-West Frontier Province (renamed to Khyber Pakhtunkhwa in 2010).

Source: ADB staff compilation.

B. Institutional Arrangements and Processes for Development Coordination

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

C. Achievements and Issues

6. Development partners cooperation and coordination have enabled the road transport subsector to perform better and the road agencies to become modernized road infrastructure managers. Road sector reforms carried out since the 1990s through development partners assistance have transformed the NHA from a conventional road builder to a service-oriented road asset manager equipped with a sophisticated road asset management system. However, such achievements have not reached out to provincial road agencies. Development partners will join forces and try to replicate the coordination and harmonization exhibited for institutional reforms and capacity building of the NHA, and transform provincial road agencies into capable road asset managers.

D. Summary and Recommendations

7. ADB has closely coordinated with other donors including the World Bank and the Japan International Cooperation Agency for road sector development in Pakistan and played a lead role in upgrading road infrastructure and sector management. Donors' collaboration for sector reforms was instrumental to NHA's transforming into a service-oriented road asset manager equipped with a sophisticated road asset management system. Since the 2010s, PRC has taken an active role for road sector development in Pakistan as a bilateral development partners. 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 objectives of the Central Asia Regional Economic Cooperation program in Pakistan. ADB should continue to take lead in coordinating development partners' different sector development strategies and interests in such a way as to synergize resources and maximize the development impact thereof.