

**PROJECT INFORMATION DOCUMENT (PID)  
CONCEPT STAGE**

Report No.: AB2618

<b>Project Name</b>	Pakistan National Expressways Project-1
<b>Region</b>	SOUTH ASIA
<b>Sector</b>	Roads and highways (100%)
<b>Project ID</b>	P101685
<b>Borrower(s)</b>	GOVERNMENT OF PAKISTAN
<b>Implementing Agency</b>	National Highway Authority
<b>Environment Category</b>	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
<b>Date PID Prepared</b>	October 18, 2006
<b>Estimated Date of Appraisal Authorization</b>	March 1, 2007
<b>Estimated Date of Board Approval</b>	October 31, 2007

**I. Key development issues and rationale for Bank involvement**

1. **Context:** Pakistan's economic growth has accelerated from the average of 3.3 per cent during FY 98-03 to 6 to 8 per cent in FY 04-06. The Government of Pakistan (GOP) is now focusing on sustaining this economic growth by reducing the cost-of-doing business and increasing productivity and international competitiveness. *To support sustained growth and increase competitiveness, the GOP is taking a strategic and holistic approach to the transport sector and has launched a major initiative to improve the trade and transport logistics chain along the north-south 'National Trade Corridor' (NTC) linking Pakistan's major ports in the south and south-west with its main industrial centers and neighboring countries in the north, north-west and east.* Together the ports, road and railways along NTC handle 95% of external trade and 65% of total land freight serving the regions of the country which contribute 80-85% of GDP. Main objective of the NTC initiative is to reduce the cost of trade and transport logistics and bring it up to international standards in order to reduce the cost of doing business in Pakistan and ultimately enhance export competitiveness and the country's industrialization. The GOP intends to achieve this objective through a *National Trade Corridor Improvement Program (NTCIP)* consisting of key policy reforms along with an investment program of around US\$ 6.0 billion over the current Medium Term Development Framework (MTDF) period – 2005-2010. The GOP is seeking financial assistance from various development partners to finance NTCIP. The World Bank support for NTCIP is envisaged as a package comprising of: (a) budgetary support through a series of annual Development Policy Loans (DPL) underpinned by policy reforms and sound macro-economic framework and public expenditure program (especially in the transport sector), (b) targeted investment lending timely planned to respond to needs for improvement of infrastructure which will be discrete operations covering one sector each, and (c) umbrella technical assistance project that would help the capacity building support and analytical underpinning necessary to implement the reforms agenda. The leadership of the NTC initiative is at the highest level of the Government. A Prime Minister's (PM) Task Force under the chairmanship of Deputy Chairman Planning Commission has been leading the NTC initiative through six sectoral committees (highways, railways, civil aviation, ports & shipping, trucking, trade facilitation) in partnership with the private sector and development partners. The Task Force has identified key reforms and actions that are necessary to achieve the objective of the initiative. The PM has endorsed the reform agenda, targeted outcomes and deadlines and is personally monitoring implementation on a quarterly basis.

2. **NTC Highway Sector Improvement Program (HSIP):** It consists of key sector reforms and an investment program of about US\$ 3.6 billion aimed at modernizing the national highways along the NTC. National Highways network primarily consists of ‘*low capacity roads*’ – of a total of 9,600 km national highways, about 7,200 km (75%) consist of a 2-lane undivided facility (20-foot single carriageway with 3-foot earthen shoulders), about 1,900 km (20%) comprise of a 4-lane divided facility (24-foot dual carriageways with 8-foot treated shoulders, and only 500 km (5%) are a 6-lane facility (36-foot dual carriageways with 10-foot asphalt shoulders). Limited available capacity is taken by pedestrians, non-motorized transport, and grossly overloaded, small obsolete, slow moving trucks. The operating conditions are further exacerbated by road side friction due to extensive businesses and poor physical condition of the roads – about 2,500 km (26%) of national highways are in need of rehabilitation (International Roughness Index – IRI > 5.0). *Result is very low travel and trip speeds, and an un-safe driving environment.* Commercial traffic running speeds are between 35 and 45 km/hour, and average trip speeds are around 25 km/hour – one-third of trip speeds in developed countries. And, the safety record is dismal – crash data show that road deaths per kilometer are at least ten times higher than in developed countries. These poor operating conditions affect not only the less important routes but also the arterial links along the NTC. Key reforms and actions aimed at addressing the above constraints include:

- a. traffic segregation, introduction of e-tolling and rationalization/elimination of physical check-posts to ensure free flow of traffic;
- b. adequate network maintenance with a stable and secure source of funding;
- c. creation of an National Road Safety Council;
- d. effective overloading control; and
- e. truck fleet modernization.

3. The NTC HSIP comprises of three core elements: (a) construction of a north-south access-controlled expressway system to provide a high-speed, safe and reliable road transport corridor, (b) development of linkages of the new port of Gwadar with the NTC, and (c) up-gradation of the Karakoram Highway to cater for increased trade/transit traffic from China after opening of the Gwadar port. The World Bank support for the NTC highway sector improvement program is proposed as three operations totaling about US\$ 1.0 billion, one operation each in FY 08, FY 09 and FY 10. The first proposed operation (US\$ 360 million) will finance construction of about 200 km of the expressway system. The proposed operation is fully consistent with the strategic objective of the recently approved FY 06-09 Country Assistance Strategy (CAS) to remove infrastructure bottlenecks to support sustained economic growth and improve competitiveness. It is also consistent with the government's Poverty Reduction Strategy Paper (PRSP), which identifies supportive transport infrastructure as a pre-requisite for sustained economic growth. The rationale for Bank involvement is that it has helped GOP develop an overall strategic framework of the proposed NTCIP and now is in a unique position to assist the GOP implement it by providing long-term finance at competitive interest rates. The Bank is also well placed to help NHA successfully implement the innovative aspects of this Project by sharing global experience & good practices in the areas of: (a) expressways development & operations, (b) corridor management, (c) road safety, and (d) fiduciary, social & environmental safeguard's management.

## II. Proposed objective(s)

4. The proposed project development objective is to improve trade flows and lower transit costs and times along the NTC by providing a high-speed, safe and reliable access-controlled expressway system. Development impact will be judged on the basis of the following indicators on the Project road sections:

- a. Impact Indicators: (i) 33% reduction in commercial traffic travel times, (ii) 10% decrease in vehicle operating costs, and (iii) 50% reduction in road fatalities/100 km of road normalized for traffic levels;
  - b. Output Indicators: (i) About 200 km of expressway constructed, (ii) Overloading reduced by 50%.
5. The principal target group is internal and external trade and commerce, which will benefit from reduction in transport and transit costs and times for goods using the NTC.

### III. Preliminary Description

6. The proposed Project comprises of development of two access-controlled, 4-lane, 75 miles/hour design speed expressway facilities along new alignments adjacent to two existing 2-lane provincial highways between Wazirabad-Pindi Bhattian and Khanewal-Lodhran. The civil works involve construction of 4 new lanes, fence, grade-separated interchanges, over/under passes, toll plazas, rest/service areas, and truck parks. A preliminary economic analysis indicates economic Internal Rate of Return (IRR) of about 12%. The policy support and institutional strengthening component will be defined during project preparation based on the needs for support to implement sector reforms in the DPL matrix that will be agreed during the preparation of the DPLs (technical assistance is likely to include support for axle load control, e-tolling, road safety and performance-based maintenance). The Project components and indicative costs are as follows:

Component	Indicative Costs (US\$M)	% of Total	Bank Financing (US\$M)	% of Bank Financing
<b>1. Expressway Development</b>				
(a). E-3 Wazirabad-Pindi Bhattian (100 km)	187.50	41.67	150.00	41.67
(b). E-5 Khanewal-Lodhran (100 km)	187.50	41.67	150.00	41.67
(c). Relocation of Utilities	0.25	0.06	0.20	0.06
(d). Resettlement & Land Acquisition	6.00	1.33	4.80	1.33
(e). Supervision Consultant Services	18.75	4.17	15.00	4.17
<b>2. Policy Support &amp; Institutional Strengthening – Technical Assistance, Training, Equipment and IOCs</b>	10.00	2.22	8.00	2.22
Physical & Price Contingencies	39.10	8.69	31.10	8.64
<b>Total Project Costs</b>	<b>449.10</b>	<b>99.80</b>	<b>359.10</b>	<b>99.75</b>
<b>Front-end Fee</b>	<b>0.90</b>	<b>0.20</b>	<b>0.90</b>	<b>0.25</b>
<b>Total Financing Required</b>	<b>450.00</b>	<b>100.0</b>	<b>360.00</b>	<b>100.00</b>

### IV. Environmental Aspects

7. The Borrower will prepare and provide the Bank a Sectoral Environmental Assessment (SEA), Environmental Assessment and Environmental Management Plans (EA/EMPs), and Social Assessment and a Resettlement Policy Framework (SA/RPFs) for the 2 civil works contract's under the expressway development component. The EAs will detail the measures to mitigate the impacts on land resources in the corridor of impact during the construction phase, define the responsibilities for implementation and supervision, and arrangements for monitoring of impacts. The SA will identify the impacts of the project along with the severity of impacts on different social groups, define roles and responsibilities for supervision, and a consultation and monitoring framework. The EMPs will define frameworks for monitoring along the project corridor, and arrangements for institutional and policy support to NHA and other stakeholders. The EMPs developed by the NHA will help the organization address the adverse

environmental and social impacts, enhance project benefits, and introduce standards of good environmental and social practice for highway construction and operation within the organization and in the country. A series of consultation sessions will be held with the stakeholder and the project affected persons (PAPs) during the preparation of the EA/SA and the EMPs. The EAs and EMPs will undergo a regulatory review and a public hearing process as mandated by the legislation in the country. In addition, NHA will actively disseminate the key features of these documents among local stakeholders.

8. Environmental issues associated with the project include managing the procurement of borrow material and topsoil conservation, including the clean-up and restoration of disturbed areas; appropriately locating temporary construction camps, asphalt plants, and waste disposal sites, and managing dust, noise and other environmental impacts of operating these facilities; traffic management and safety during construction and operation; avoiding obstruction of highway drainage systems during construction and operation; and enhancing and maintaining avenue tree plantation along the proposed highway sections. The social issues are related to impact on livelihood of vulnerable groups (including squatters and encroachers), and issues centered on land acquisition (if any). Better highway conditions will improve the speed and flow of traffic along the corridor, leading to lowering of emissions and improvement in air quality in the short term, in comparison to a no-project option. Noise generated by vehicular traffic during highway operation is likely to affect sensitive receptors located within about 50 m of the highway. Impact on water resources associated with silting, stagnation and alterations in watercourses and impacts on vegetation and wildlife resources are expected to be minimal in view of the existing physical and biological environment along the project corridor.

## **V. Tentative financing**

Source:		(\$m.)
Borrower/Recipient		90
IBRD		360
	Total	450

## **VI. Contact point**

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