

Third Party Evaluator's Opinion on Indus Highway Construction Project (1)(2)(2B)

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Relevance

A good network of road system is essential for efficient transport system, which contributes to economic growth by lowering cost of domestic production through timely delivery of raw material, enhances economies of scale in the production process and creates economic opportunities and communication connections among people. It also helps in integrating markets, strengthening competition, and increasing access to improved farming techniques and social services besides promoting trade tourism and foreign investment. It is now estimated that road transport accounts for 90% of passenger traffic and 96% of freight traffic in Pakistan. An efficient road network is prerequisite for Pakistan to become globally competitive. The road density in Pakistan at about 0.32 per square km is considerably lower than the density of approximately 0.50 per sq. km in neighboring countries. By this standard the road deficiency in Pakistan works out to be around 144,000 km. In this background, the Indus Highway (N-55) Project was initiated in late 80s which constitutes the North-South link on the west bank of river Indus. Considering the existing situation and increase in the inland traffic, the construction and up gradation of the Indus Highway (N-55) was the most relevant project for Pakistan and consistent with the development goals of the country. The relevance of the project is further enhanced if we consider the current surge in the per capita income in Pakistan due to the good performance of the economy which has increased the demand for good road infrastructure as numbers of vehicles are increasing rapidly in Pakistan by each passing day.

Impact

Because of the poor roads infrastructure, the performance of the transport system has been poor, with high economic losses from congestion and a mismatch between supply and demand for transport services and supporting infrastructure. It is estimated that the inadequate and inefficient road infrastructure was imposing a cost to the economy in excess of Rs220 billion annually or 8.5 percent of the GDP, constraining economic growth, reducing export competitiveness and hindering social development. The road sector has been the main recipient of public sector funding with 69% of the Public Sector Development Program (PSDP) allocations for transportation earmarked for the road sector in the current five year plan¹. There was only one route (N-5) linking North and South part of the country. The Indus Highway Project (N-55) has provided an additional route to commuters which have diverted lot of traffic from the already heavily used N-5. The most important contribution of the project is the reduction in the distance from Karachi to Peshawar by 500km compared to the National Highway 5 (N-5). This has reduced the cost of traveling as well as cost of hauling goods from one corner to another. The major impact is in the form of reduction in the cost of production as well as in the time. Because of this project, the traffic load is distributed which has reduced the number of traffic accidents, wastage of time and fuel.

¹ Planning Commission, Government of Pakistan, 2005.