

## **Third Party Evaluator's Opinion on Diesel Electric Locomotives Rehabilitation Project (2)**

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### **1. Relevance**

The project is quite relevant as it can contribute in overall development of the country by improving performance of transport system of Pakistan. Pakistan needs an efficient transport system which is a key to its development and a potentially effective method for reduction of poverty. In addition to transportation of passengers, and hence increasing opportunities of diverse interactions among its population, it also contributes in transport of manufactured goods to various market centers of the country, and reduces time between the production point and delivery of the manufactured items at market points.

Currently the transport system of Pakistan is heavily biased in favour of road transport which is 90% of national passenger traffic and 96% of freight movement (Economic Survey of Pakistan 2006-07). However, the present highway network is under strain by rising traffic flow and a slow pace of increase in capacity. Pakistan needs to invest in railways on priority basis as a well functioning railway system is important for its sustainable growth. It is also important as it facilitates mass movement of passengers, and transportation of goods at a scale. It is more safe, economical and environmental friendly mode of transport than road transport. Its network also contributes in enhancing national unity.

The current project is in line with the current policies of Pakistan government to improve its railways system. There is a change in bias in favour of railway sector particularly in repair and procurement of locomotives and to improve facilities for long distance freight.

### **2. Effectiveness**

According to Economic Survey of Pakistan (2006-07), until nineteen seventies, Pakistan railway was primary source of transport in the country. However, due to diversion of resources towards road network, the performance of railways declined and its share of inland traffic reduced from 41 % to 10% for passengers and from 73% to 4 percent for freight traffic. Since last five years (ibid), Pakistan Railways has improved its performance in both passenger and freight traffic with an average increase of 5.6 and 8 percent per annum respectively. The passenger and freight carried by railways increased by 6.3% and 7% respectively during July-March 2006-7 (Economic Survey of Pakistan 2006-07).

The positive growth trend for seven consecutive years (2000-7) is because of the initiatives taken for a wide range of improvements in Pakistan Railways through completion of a number of projects aimed to improve performing capacity of Pakistan railways (ibid). The evaluated yen loan project is one of these initiatives. Thus the project is considered to be effective.

The above mentioned figures show an increase in use of train service in the country. However, it is important to note that increase in utility of service and any input in the service would be more effective if fundamental changes are introduced in the system of railways, which include a better and comfortable service, timeliness, and cleanliness.