

Overall Rating **A** Poverty Reduction  
A Foundation for Sustained Growth



## 31 Pakistan Kohat Tunnel Construction Project (1)–(3)

Contributing to social and economic development of poverty area by constructing Pakistan's first large scale tunnel

**Loan Amount/Disbursed Amount** 12.618 billion yen/12.550 billion yen  
**Loan Agreement** November 1994–February 2003  
**Terms & Conditions** Interest rate 1.8–2.6%,  
 Repayment period 30 year (grace period 10 years), General untied  
**Final Disbursement Date** January 2002–September 2006  
**Executing Agency** National Highway Authority (<http://www.nha.gov.pk/>)



### Project Objectives

This project's objective was to improve traffic conditions and increase the role of National Highway 55 (the Indus Highway) by constructing a new tunnel and new approach road as an alternative route to the Kohat pass, situated between Peshawar and Kohat of the Indus Highway, and thereby contribute to stimulate social and economic development in the North-West Frontier Province where poverty levels are high, and to promote a balanced economic development of Pakistan.

### Effectiveness & Impact

Rating **a**

Through this project the tunnel and approach roads were constructed, and increase rate of traffic volume on the section which this project has been implemented was 49% during the 2003–2004 period and 13% during the 2004–2005 period. The rate of traffic volume increase has significantly higher than the planned figure (5% annual rate). Also, a majority of respondents in the beneficiary survey (of 105 road users) answered that, compared to when using the old road, transit time had shortened, travel cost (fuel cost) had reduced, and safe and comfortable travel had become possible after the completion of this project. The beneficiary survey also confirmed that commuting to work and school had become easier by using the constructed tunnel and approach roads, resulting in increased class attendance rates and shorter travel time to public facilities, such as hospitals. Therefore, this project has largely achieved its objectives, and effectiveness is highly satisfactory.

### Relevance

Rating **a**

This project has been highly relevant with Pakistan's national policies both at the time of appraisal and at the time of ex-post evaluation.

tion. For this project, road sector development was an issue raised in the Eighth Five-Year Plan at the time of appraisal and in the National Highway Development Plan at the time of ex-post evaluation.

### Efficiency

Rating **b**

Project period and project cost both exceeded the plan, at 140% and 149% compared with the plan, therefore, the evaluation for efficiency is moderate. The main reason for the delay was that it became necessary to re-examine the detailed designs before the start of the civil engineering works, etc. However, a two-shift system was adopted for construction to keep delays to a minimum. The factor behind the cost increase was the increase in construction work volume due to design changes.

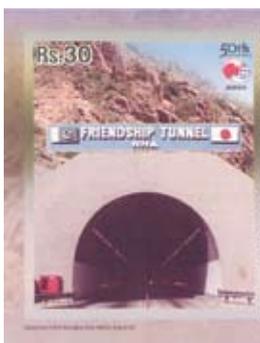
### Sustainability

Rating **a**

No major problem has been observed for capacity of the executing agency nor the operation nor its maintenance system, therefore, sustainability of this project is high. The National Highway Authority (NHA), the executing agency, commission maintenance to a private company and there are no particular problems with the company's structure, technical capacities, etc.

### Conclusion, Lessons Learned, Recommendation

In light of the above, this project is evaluated to be highly satisfactory. A lesson learned from this project is that when land acquisition and resident relocation are planned, measures should be taken as early as possible, taking into consideration the social and economic particularities of the project area. Regular monitoring by the executing agency to confirm the effects of this project is desirable.



Stamp issued to commemorate opening of Kohat Tunnel

### Third-Party Opinion

This project had great impacts which improved the living conditions of many people, including residents of the remote northern regions, with improved safety and traffic volume increase on the section this project was implemented.

Name of Expert: Mr. Abdul Kader Jaffer (private sector)  
 After roles including Pakistan High Commissioner to the United Kingdom, currently president of the Pakistan-Japan Business Forum, chairman of Ahmed Jaffer & Company, involved in establishing and operating several international business forums, and known as a company charity activist.