Third Party Evaluator's Opinion
On Rural Road Construction Project

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Relevance: Road transport is the backbone of Pakistan's transport system. Pakistan's transport system is primarily dependent on road transport (90% passenger traffic and 96% of freight movement). Over the past several years, road traffic has grown much faster than the country's overall economic growth. The total road network is about 260,000 km, of which around 60% is paved. Road density (Total length of road/ Total area), is a common indicator for the development of a country's road system and concurrently used as an index for prosperity, economic activity and development. Road density in Pakistan is 0.32 km/sq.km which is significantly low. The Government intends to generate/mobilize all possible resources to double this road density to 0.64 km/sq.km. Pakistan's government is trying to enhance the living standard in rural areas by promoting road pavement. The bulk of the Pakistan's poor lives in rural areas (70%). The agricultural sector occupied 51.2% of the workforce and consisted 26% of the GDP. It needs more roads to sustain its level of economic operations. This project covered a wide area of Pakistan (33 districts belonging to four provinces), and conformed to the national plan, policies and programs especially the Khushal Pakistan Program. Total length of constructed roads through this project is 941 km. Keeping in view the road density of Pakistan this length has its own significance. This project contributed to economic and social development in rural areas, due to its spillover effect, as it mobilized the economic activities. This project is highly relevant as it meets the requirement and demand of the rural areas of the four provinces of Pakistan. Overall the economy is pushed by good communication.

Effectiveness: Roads have a significant effect on the poor population both directly and indirectly (especially in the rural areas). Direct effects are as: improvements in customs facilitation, logistics performance, efficient grain storage, as producers find the best markets for their goods, reducing transportation time and cost. Construction of new factories and generating employment opportunities can also have significant impact on the reduction on poverty and income inequality. Indirectly, infrastructure can also raise the quality of human capital. It is a well known fact that people of rural areas in Pakistan are more active and productive but due to lack of facilities, their marginal productivity is very low so they are getting low wages in real terms. In the rural areas of Pakistan, asymmetric information is always a major cause of market distortion and market failure. Increase in the non-farm income as well the increase in

the value of real assets is a byproduct. It also decreased gender discrimination because it is a well recognized phenomenon that most of the handicrafts in Pakistan are produced by female labor force in rural areas. Due to the lack of transport facilities it is not possible to realize their actual values of, for example, the products made from embroidery, plaster of Paris, carpet, wooden work, blue pottery and of working as a housemaid. This project also enhanced the mobility of women in the project area. Now they can easily get to health and education facilities and are also able to avail other economic activities and also will have been getting more awareness.

However, some matters should be addressed properly during the implementation of the project, for example, urban traffic congestion, lack of quality public transport, environmental pollution and other negative spillovers from the transportation sector, along with safety (especially road safety), because people are not well aware about these issues.