

GOVERNMENT OF PAKISTAN  
MINISTRY OF COMMUNICATIONS  
NATIONAL TRANSPORT RESEARCH CENTRE (NTRC)

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Technical Assistance for  
Transport Policy Support  
(PC-II)

GOVERNMENT OF PAKISTAN  
MINISTRY OF COMMUNICATIONS  
NATIONAL TRANSPORT RESEARCH CENTRE (NTRC)

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1. Name by which survey will be identified                      Technical Assistance for Transport Policy Support
  
2. Administrative authorities Responsible for:
  - I. Sponsoring:                      Ministry of Communications
  - II. Execution:                      Ministry of Communications/ National Transport Research Centre (NTRC)
  
3. Central Ministry concerned with:
  - I. Sponsoring:                      Ministry of Communications
  - II. Execution:                      Ministry of Communications/ National Transport Research Centre (NTRC)

4. Details of Survey/Feasibility Study

1. Introduction

Transport is one of the most important sectors of the economy accounting for about 10% of GDP and about 20 - 25% of the annual public sector development programme. It has a strong correlation with development. Efficient transport network is regarded as a pre-requisite for the socio-economic development of a nation and is also essential for meaningful economic cooperation and cultural interaction amongst the nations particularly in the areas of trade and tourism. The principal modes of transport system in Pakistan are roads, road transport, rail transport, air transport and maritime transport. All these modes of transport are diverse in nature and are not mutually exclusive in terms of their role in an economically optimal transport system. The need for formulating comprehensive and well-defined policies for making them more interactive is therefore duly recognized especially for investment in this sector.

The Transport Sector in Pakistan has experienced tremendous growth over the last five and a half decades and during this period has been one of the important driving forces behind growth of the national economy. But the contribution of the sector to economic growth could have been much higher had the investment in transport infrastructure in accordance with a comprehensive and integrated transport sector policy.

To sustain and enhance the economic vitality and growth, the productivity of commerce, agriculture produce and quality of life, a responsive transportation system is needed. Institutional structure for the provision of transport services is highly fragmented, characterized by various agencies with lack of coordination among these agencies. There

is general consensus among stakeholders that an integrated national transport policy is critical to guide the development of the transport sector in the 21<sup>st</sup> century.

## II. Past Efforts

Recognizing the need for a national transport policy, the government has undertaken several initiatives to develop a comprehensive Transport Policy for Pakistan. These efforts began in 1990 when the National Transport Research Centre (NTRC) was asked to coordinate the development of a Draft Transport Policy. The following four working groups were formed and about a hundred government officials and private citizens/stakeholders participated in the development of the policy.

- Research, Planning and Coordination
- Financing, Policy and Investment
- Operation, Regulations and Management; and
- Energy Conservation and Environmental Impact

This document was prepared in January, 1992. However, no specific decisions were taken.

In 1999, the World Bank funded the Transport Sector Development Initiative (TSDI). The principal objectives of the initiative were to:-

- update the Bank's transport sector strategy for Pakistan in consultation with stakeholders,
- facilitate the development of the Government's transport sector development policy,
- carry out consultation with Government and non government stakeholders,
- assemble preliminary contents of a draft policy document.

Focus groups were formed to develop policy recommendations for the transport sub sectors:

- Aviation
- Urban Transport
- Rural Transport
- Trade Logistics and Facilitation
- Ports and Shipping
- Railway
- Roads and Highways

In 2001 a second draft of the policy including recommendations was prepared.

In June 2002, NTRC undertook the preparation of the third draft of the Transport Policy. The draft was prepared on the basis of previous efforts and incorporated some of the recommendations of the TSDI initiatives and current thinking on policy for the transport sector.

Although these policy documents could not be officially adopted, current de facto Transport Policy is in agreement with many of its principal recommendations. They include:

- The need for entities to operate under principle of commercialization
- More private sector participation,
- Stricter enforcement of existing regulations, both for use of infrastructure & for the provision of transport services
- More cooperation among the sub-sectors,
- Improvement in safety and environmental protection,
- Adequate and stable funding,
- Strengthening planning and financial management,
- Research and development,
- Human resources development

### III. ADB Technical Assistance for Transport Policy Support

The Transport Policy Support is funded through a Technical Assistance grant of ADB. It was initiated at the request of Ministry of Communications. The intent of the project is to formulate the Transport Policy that shall provide an enabling environment to address key transport issues and needs including improved coordination among the different modes and achievement of a more equitable distribution among them. The ADB has agreed to provide a 2-stage Technical Assistance Plan for finalizing the Transport Policy. The first stage was funded by the ADB itself. The Expert worked on the first stage in Nov./Dec: 2003. Specific tasks included a review of the previous work on transport policy, suggesting improvements and identifying areas for further analysis and proposing institutional arrangements for implementation.

### IV. Objectives:

The main objective is to define a Transport Policy in a documented form that will serve as a catalyst for development of the transport sector. The Transport Policy will provide an environment for development of a modern and efficient transport sector and will be designed to ensure that transport sector will continue to play an effective role in the economic development of Pakistan and support the national goal of 6+ per cent annual growth in GDP.

### V. Scope of Work

The National Transport Policy will be finalized through a consultative process, based on the transport demand of the sub sectors, infrastructure shortfalls, resource requirement and constraints, governance aspects, and institutional capacity. It will include the following:

#### (a) Analysis of Transport Demand for Road, Rail, Air, Shipping and Seaports

The Activities required for this component include

- (i) identifying of data needed for transport sector policy formulation;
- (ii) collecting and compiling needed transport related data from existing Government and other sources, and their presentation, review, and analysis;

- (iii) Developing patterns of freight and passenger traffic in Pakistan. The forecast should be for a period of 5 and 10 years. In making the forecasts, the consultants will develop transport models that relate growth in transport demand to national development plans, economic growth, and increased levels of motorization. The forecasts should consider at least three different scenarios for national economic growth, i.e. low, probable, and high growth scenarios. The forecasts should also be in keeping with national and regional requirements.

(b) **Analysis of Infrastructure Shortfalls for Road, Rail, Air, Shipping and Seaports**

The activities required for this component include

- (i) analyzing the capacity of the interurban road system, rail network, air services and airports as well as seaports and shipping. For each mode, areas will be identified where capacity is insufficient, just sufficient, or more than sufficient to meet current needs for the 5 and 10 year time frames based on the different scenarios considered in the demand analysis in (a) (iii);
- (ii) identifying of areas where two or more transport modes compete and opportunities for synergies between exist;
- (iii) analyzing requirements, opportunities, or constraints for seamless intermodal and multimodal network connectivity for efficient transport of goods and passengers, and legal and regulatory constraints; and
- (iv) identifying infrastructure needs under the different scenarios estimated in (i) above as well as taking into account opportunities for synergies in (ii) and (iii) above.

(c) **Analysis of Resource Requirements and Constraints**

The activities under this component include

- (i) estimating the cost of maintaining current infrastructure assets in all transport modes;
- (ii) estimating costs for providing infrastructure requirements identified (b) (iv);
- (iii) prioritizing the required infrastructure projects based on the economic internal rate of return (EIRR) and other criteria developed jointly with the Transport Coordination Committee (TCC);
- (iv) identifying infrastructure projects for which private sector participation is possible and estimating the level of private sector finance that can be attracted to the transport sector projects including developing private sector investment models and possible public-private partnership models;

- (v) estimating public sector resource requirements and availability over the time frames of 5 years and 10 years; and
- (vi) estimating possible ways to close the resource gap between the requirements and the availability of both private and public sector finance to implement both effective asset maintenance as well as infrastructure expansion.

(d) **Analysis of Sector Governance Issues**

The activities under this component include

- (i) comparing the efficiency and productivity of transport sector service providers and transport costs to users, with levels achieved and costs charged for best practices in other developing countries;
- (ii) analyzing the legal and regulatory framework governing the transport sector as a whole as well as the different transport modes with respect to their relevance and impact on transport system efficiency;
- (iii) analyzing the legal and regulatory framework governing freight transport, public transport, and ancillary services such as freight forwarding and intermodalism with respect to their relevance and impact on the provision of efficient transport services; and
- (iv) analyzing the legal, regulatory, and institutional requirements to attract private sector involvement in the transport sector.

(e) **Analysis of Institutional Capacity in the Transport Sector**

The activities under this component include analysis of strengths and weaknesses of transport infrastructure and service providers with respect to

- (i) efficiency and effectiveness in generating and using revenue derived from user charges and government allocations;
- (ii) consultation with users and other stakeholder groups;
- (iii) capacity for regulation and enforcement, including coordination between infrastructure and service providers, and regulatory and enforcement agencies;
- (iv) capacity for planning and project implementation;
- (v) capacity for policy formulation and structuring private sector financing;
- (vi) institutional structure and policy initiatives for effective governance of the transport sector as a whole and of individual transport modes; and

- (vii) required professional skills, personnel levels, support tools, and operating budget and control mechanisms.

(f) **Formulation of a Comprehensive Transport Policy**

Based on all the preceding analysis, the consultants will formulate a comprehensive transport policy document in consultation with the Transport Council, Transport Coordination Committee (TCC), and agency task forces. The content of the transport policy will include, but will not be limited to, the following:

- (i) aims and objectives;
- (ii) policy principles;
- (iii) integrated and strategic policy coordination mechanisms;
- (iv) sector policy statements for (a) transport and transportation, (b) roads (and road commercialization), (c) railways (and railway commercialization), (d) air transport services and airports (and possible commercialization), and (e) shipping and ports (and possible commercialization);
- (v) regulatory framework and institutional building improvements for optimum results from identified reforms;
- (vi) role of public and private sectors in transport;
- (vii) measures for improved coordination with enforcement agencies;
- (viii) and other miscellaneous details.

VI. **Month of Commencement and Completion**

Commencement	:	January, 2005
Completion	:	June, 2005

VII. **Estimated Cost**

<u>Year</u>	<u>Million Rs/(US\$)</u>				<u>Source</u>
	<u>Local</u>	<u>FEC</u>	<u>Total</u>		
1	6.435 (0.109)	10.686 (0.181)	17.121 (0.290)		ADB
	4.428	-	4.428		GOP
Total	10.863	10.686	21.549		

(Exchange Rate : 1US\$ = Pak Rupees 59.040)

VIII. **Staffing**

The Technical Assistance (TA) will require about 7 person-months of international and 11 person-months of domestic consulting services. The international consultants will have experience in transport planning and institutional strengthening. The international specialists will include (i) a transport planner, (ii) an institutional specialist, and (iii) private sector participation specialist. The domestic consultants will have experience in institutional analysis, organizing workshops and consultation sessions, transport economics, and the legal framework in Pakistan. The domestic specialists will be (i) a transport economist, (ii) an institutional specialist, and (iii) a legal adviser. Counterpart staff will be provided by the Ministry of Communications, National Transport Research

Centre (NTRC) from its existing strength. The international transportation planner will be the team leader for the project and be responsible for the quality of the deliverables.

The Government's contribution will cover office accommodation, support staff, workshops and seminars, logistic support, and local communications.

The TA consultants are expected to be fielded in January, 2005 and will serve over 5 months, ending in June 2005. During TA implementation, workshops, seminars, and meetings involving MOC, ADB consultants, and other stakeholders will be held.

#### Personnel Required

<u>Category</u>	<u>Man/month</u>		
	<u>Total</u>	<u>Pakistani</u>	<u>Foreign</u>
- Consultants (ADB)	18	11	7
- Supporting Staff (GOP)	50	50	-

#### IX. Financing

The total cost of the TA is estimated at \$365,000 equivalent comprising foreign exchange of \$181,000 and local currency of \$184,000. ADB will finance \$290,000 equivalent, including the foreign exchange cost of \$ 181,000 and local currency cost of \$109,000 equivalent (Annex-I). The TA will be financed on a grant basis from the Japan Special Fund by the Government of Japan. The Government of Pakistan will finance the remaining local currency cost of \$ 75,000 equivalent in Pak Rupees 4.428 million (Annex-II).

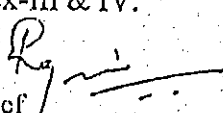
#### X. Mode of Financing

There is no specific provision for the transport policy study in PSDP 2004-05. The requisite funds as detailed at S. No. VII above have to be provided through Supplementary Grant during the current financial year 2004-05.

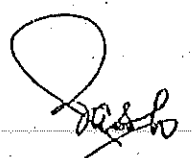
#### XI. Implementation Arrangements

The Ministry of Communications (MOC) will establish the Transport Council and Transport Coordination Committee (TCC). The MOC will coordinate with the other ministries and line agencies, and will arrange workshops and other formal meetings as needed. An Additional/Joint Secretary of MOC will function as the Project Director who will also serve as the Secretary of the Transport Council and will chair the TCC. The Term of Reference (TOR) of the TC and TCC may be seen in Annex-III & IV.

Prepared by :

  
Chief  
National Transport Research Centre (NTRC)  
Ministry of Communications, Government of Pakistan,  
Islamabad

Approved by :

  
Secretary  
Ministry of Communications, Government of Pakistan,  
Islamabad



## ADB FINANCING PLAN

(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
A. Japan Special Fund Financing			
1. Consultant			
a. Remuneration and Per Diem			
i. International Consultants	150.0	0.0	150.0
ii. Domestic Consultants	0.0	72.0	72.0
b. International and Local Travel	10.0	5.0	15.0
2. Equipment	5.0	2.0	7.0
3. Vehicle Rental	0.0	5.0	5.0
4. Surveys	0.0	5.0	5.0
5. Communications, Reports, and Workshops	0.0	<u>10.0</u>	<u>10.0</u>
6. Representative for Contract Negotiations	4.0	0.0	4.0
7. Contingencies	12.0	10.0	22.0
Total	181.0	109.0	290.0

5800  
60  
300,000

10,000,000  
60,000,000  
80,000,000

**GOVERNMENT OF PAKISTAN (GOP)  
FINANCING**

	(\$ 000)	(RS 000)
1 COUNTERPART STAFF	12	708.48
	3	177.12
	5	295.20
	4	236.16
2 WORKSHOP / SEMINARS / INAUGURATION / CLOSING	18	1062.72
	4	236.16
	2	118.08
	3	177.12
	7	413.28
	2	118.08
3 FURNISHED OFFICE SPACE IN ISLAMABAD	9	531.36
	6	354.24
	3	177.12
4 OFFICE EQUIPMENT AND SUPPLIES	3	177.12
	1.5	88.56
	1	59.04
	0.5	29.52
5 TELECOMMUNICATION/ UTILITIES	5	295.20
	3	177.12
	1	59.04
	1	59.04
6 MAPS AND REPORTS	4	236.16
	1	59.04
	1	59.04
	2	118.08
7 PROJECT VEHICLE	21	1239.84
	21	1239.84
8 CONTINGENCIES	3	177.12
Grand Total	75	4428.00

TRANSPORT COUNCIL

Terms of Reference (TOR)

The Transport Council will drive the policy finalization effort and its primary function will be to provide direction and promote coordination for an integrated approach to transport development. The Council will be supported by a working-level Transport Coordination Committee (TCC).

COMPOSITION

- Minister for Finance
- Minister for Defense
- Minister for Commerce
- Minister for Communications
- Minister for Local Government & Rural Development
- Minister for Ports & Shipping
- Minister for Railways
- Deputy Chairman, Planning Commission

Transport Coordination Committee (TCC)

TERMS OF REFERENCE (TOR)

- To provide direction/guideline for conducting the Transport Policy study
- To ensure coordination for an integrated approach for the formulation of a comprehensive Transport Policy
- To review and monitor progress on Transport Policy
- To act as Resource Person and help in facilitating/providing data and other related information pertaining to their respective sub-sector
- To establish Task Forces to address specific tasks and monitor their work
- To seek approval of the Transport Council for the policy guidelines

The Chairman will determine the composition, frequency, time, venue for a specific meeting as per the need basis.

OVERALL COMPOSITION OF THE COMMITTEE

The Additional/Joint Secretary, Ministry of Communications	Chairman
Representative from Ministry of Railways Islamabad	Member
Representative from Planning & Development Division Islamabad	Member
Representative from Ministry of Commerce Islamabad	Member
Representative from Ministry of Environment, Local Government & Rural Development, Islamabad	Member
Representative from Ports and Shipping Wing, Karachi	Member
Representative from Civil Aviation Authority, Karachi	Member
Representative from PIAC, Karachi	Member
Representative from National Highway Authority Islamabad	Member

Representative from National Highways & Motorway Police, Islamabad	Member
Representative from Karachi Port Trust, Karachi	Member
Representative from Gawadar Port Authority, Karachi	Member
Representative from Port Qasim Authority, Karachi	Member
Financial Advisor (Communications), Islamabad	Member
Representative from SMEDA, Lahore	Member
Representative from Planning & Development Department, Govt. of Punjab, Lahore	Member
Representative from Planning & Development Department, Govt. of Sind, Karachi	Member
Representative from Planning & Development Department, Govt. of Baluchistan, Quetta	Member
Representative from Planning & Development Department, Govt. of NWFP, Peshawar	Member
Representative from Planning & Development Department, Govt. of AJ&K, Muzaffarabad	Member
Chief, NTRC	Member
Project Coordinator (PTPS), NTRC	Member
Deputy Chief (National Transport Policy), NTRC	Member/ Secretary