Pakistan Transport Sector Overview

Seunghyun Kim
SD1-TRA, ADB

7 October 2025

Sector Context

- Critical driver of economic growth
  - 10% of Pakistan’s GDP and 6% of total labor force
  - Total road length of 263,775 km, with national highways and motorways comprising 5.5% (14,680 km)
  - Total railway length of 7,791 km
- Roads handle 92% of national passenger traffic and 96% of freight movement **(Rail: 8% of passenger and 4% of freight)**
- Major urban centers like Karachi and Lahore face severe congestions
- Road and railway maintenance remains a challenge

Challenges and Opportunities

Challenges

- Poor transport infrastructure and insufficient maintenance funding
- Congestion and poor air quality in urban centers
- Limited public transport options
- Lack of multimodal integration (rail to ports and logistics in hinterland)
- Railway system decline
- Climate change impact
- Institutional and regulatory inefficiencies

Opportunities

- Road asset management and safety
- **Upgrading the railway network**
- PPP for infrastructure development
- Increased investment in mass transit system and smart mobility
- Digitalization and smart traffic management solutions
- Resilience and disaster management
- Logistics and regional trade facilities (BCPs, etc.)

Government: Key Investment Undertaken and Required

Undertaken:

- Ongoing investment in NHA projects (CAREC MFF)
- Provincial and rural roads improvement projects
- CPEC road infrastructure projects
- Peshawar and Karachi BRT

Required:

- **Upgradation of rail network**, including asset management system and preventive maintenance
- Expansion of mass transit in major urban areas
- Introducing low emission technologies
- Enhanced road asset management
- Improved road safety and climate-resilience measures

ADB: Strategies for the Sector

❑ Road

- Focus toward **all-weather, safer, and sustainable** roads: climate-resilient roads and road infrastructure enhanced by prioritizing safety for all road users, and supported by a robust RAMS and adequate funds for maintenance

❑ Railway

- **Revitalization** of the railway sector: modest-scale engagement to strategically identify large investments in feasible pipelines (e.g. ML-1) and establish rail asset management system

❑ Smart Mobility

- Continue focus on **sustainable, low emission** urban transport network while reducing congestion in cities while **improving mobility**.

❖ Innovative approaches to transportation planning and design are essential for creating sustainable, efficient, and climate resilient transport system.

PAK-Transport Portfolio's Performance

- At Risk: 37.5% (ADB average 8.5%) / For Attention: 12.5% (ADB average 25.7%)

Ref	Project/Program Name	Amount ($m)	Closing Date	Project Rating
46378-002	CAREC Regional Improving Border Services Project	245	30-Jun-26	**On Track**
47279-002	Karachi Bus Rapid Transit Red Line Project	235	30-Jun-26	**At Risk**
47360-002	Khyber Pakhtunkhwa Provincial Roads Improvement Project (KPPRIP)	215.0	31-Dec-25	**For Attention**
48404-003	CAREC Corridor Development Investment Program-Tranche 1	80	31-Dec-25	**On Track**
48404-004	CAREC Corridor Development Investment Program-Tranche 2	190	31-Dec-25	**On Track**
48404-005	CAREC Corridor Development Investment Program-Tranche 3	360	30-Jun-27	**At Risk**
54048-001	Khyber Pakhtunkhwa Rural Roads Development Project (KPRRDP)	320	31-Dec-29	**At Risk**
56312-001	Emergency Flood Assistance Project -Sindh	200	30-Jun-26	**On Track**
	Emergency Flood Assistance Project - NHA	150	30-Jun-26	

Moving Forward: Strategic Directions and Focus for the Sector/Theme

Strategic Directions

- Programmatic approaches to network investment
- Climate resilient investment
- Strengthening public-private collaboration
- Enhancing coordination with international development partners

Focus

- Integration of multi-modal transport systems
- Sustainable and inclusive urban transport and railway network
- Regulatory framework to promote risk-sharing mechanism
- Digitalization and efficiency improvements

Key Pipeline and Future Operations and Engagement

Key Pipeline Operations

- **Railway projects** (at small scale first to ensure implementation capacity)
- Urban mobility projects
- Motorway and highway projects (with private sector participation)
- Provincial roads

Other Engagements

- Preparation of climate resilient, multi-modal transport projects
- Knowledge sharing on innovative transport sector solutions
- Capacity building and advisory service in PPP project development

Project Readiness Criteria for the MDB-financed projects

S. No.	Milestones	Action Points		Agency Responsible for Action
1.	**Before Project Concept Note (PCN) Approval**			
		i.	Project Identification and Lessons learnt from previous projects implemented in the sector incorporated.	IA/ADB
		ii.	If the project component includes physical infrastructure, relevant entity experienced in procuring and administering construction of such component is included as IA (where available), and infrastructure expert included in ADB team.	ADB/EAD/IA
		iii.	Confirmation that the option of using project preparatory facilities (such as PRF, SEFF), where applicable, has been duly considered.	EA/EAD/ADB
2.	**Preparation of Concept Note**			
	Approval and Formal Request	i.	Submission of a High-Level Program/Project Concept Paper to the Concept Clearance Committee for approval after seeking endorsement of the Competent Authority and the Provincial Development Working Party/Departmental Development Working Party. Submission of the Concept Paper may be considered as a trigger for Review of Project Concept Note	IA in consultation with ADB
		ii.	Approval of the Concept Clearance Committee has been obtained within 1 month of submission of the concept paper by project/program sponsoring agency.	IA/Planning Commission/EAD
		iii.	Formal request from EAD for ADB financing of the project is received after approval of the Concept Paper	EAD

S. No.	Milestones	Action Points	Agency Responsible for Action
3.	**Project Preparation Development Facility**		
	Approval of PC-II	i. Preparation of PC-II as per amended scope to secure Project Preparation or Development Facility and its approval by the PDWP	IA/PDWP
		ii. Project Preparation Plan indicating milestones, in months, taking the date of approval of the Concept Paper as Zero-date	IA
		iii. Accomplishing all activities approved in the Amended PC-II including: (a) Establishment of PIU with minimum Core Team including the Independent Project Director, Financial Management, Procurement, Environment, Social Safeguard, Gender and M&E Specialist. (b) Budget for project preparation facility as provided for in the PC-II is provisioned in the Annual Development Plan/Public Sector Development Program, as the case may be. (c) Fielding of Lender's Scoping Mission for Project Preparation (d) Preparation of all required documents highlighted in the PC-II (e) Terms of reference for all consultancy contracts including Project Management Consultants/Consulting Firms and documents for prequalification of contractors prepared and approved by the lender. (f) Start preparing PC-I based on the outcome of PC-II in consultation with the Lender	IA/P&D/Planning Commission/EAD/ ADB

S. No.	Milestones	Action Points	Agency Responsible for Action
		(g) Institutional structure for Project implementation and funds flow arrangement defined and agreed with Project Implementation Agency (IA) as well as Economic Affairs Division. (h) Commence all required assessment and studies including financial management, procurement, social safeguards, gender, rehabilitation and resettlement, if so required, and completed. (i) Preparation of PC-I for land acquisition, if required.	
4.	Establishing Project Management Unit	i. Institutional structure for project implementation, including PMU organization chart, has been agreed with ADB. As far as possible (and relevant), tenure of key staff should be at least for three years as soon as the Concept Note is approved. ii. Project office has been made fully functional, and key project staff (including project director, procurement, finance management, safeguards, as applicable) have been assigned and mobilized. iii. Financial management system, auditing arrangement, and oversight system are in place.	IA/EA IA/EA IA/EA
5.	**Pre-Appraisal Stage**		
	Project Activities	i. Preparation of technical design of the project and validated in consultation with the Lender	IA/ADB
		ii. Procurement plan of the project detailing contract packages, modes of procurement, pre-requisites for awarding the contracts, GANTT Chart and approval of flow chart, decision making structure and schedule of each contract be in place in Consultation with the Lender	IA/ADB

S. No.	Milestones	Action Points	Agency Responsible for Action
		iii. Bidding documents for all contracts, to be awarded during first 12 months of the project implementation, should be prepared, approved and RFP issued except creating any liability	IA/ADB
		iv. Approval of PC-I by the PDWP	IA/P&D
		v. Preparation of separate PC-I for land acquisition, if required, and its approval by the PDWP. Initiation of the process for land acquisition to be completed before loan effectiveness.	IA/P&D/BOR
		vi. Pre-CDWP held and all objections/observations settled	IA/P&D/Planning Commission
		vii. Necessary budget/counterpart funds provision has been made in the Annual Development Plan/Public Sector Development Program and arrangements for retroactive financing for civil works, goods and consulting services, if possible, finalized.	IA/P&D/Planning Commission
6.	**Before Loan Negotiation**		
	Approval	i. Approval of PC-1 has been secured from ECNEC before loan signing.	PIA/ADB
		ii. Fact Finding Mission AM has been confirmed by EAD	
	Procurement Readiness	iii. Strategic Procurement Planning has been completed, and Procurement Plan has been approved by ADB.	IA/ADB
		iv. For major/critical consulting packages, detailed terms of reference have been approved by ADB.	IA/ADB
		v. For major/critical consulting contracts, expressions of interest have been published.	IA/ADB
		vi. For major civil works packages (at least 30% of the estimated project cost or the first phase, as applicable) to be awarded in first year of project implementation period (as indicated in the project administration manual), invitations for bids have been published.	IA/ADB

S. No.	Milestones	Action Points	Agency Responsible for Action
	Safeguards Readiness	i. LARP/F, where relevant, are finalized, approved and disclosed.	IA/ADB
		ii. Section 5 of Land Acquisition Act, where applicable, has been notified.	IA/EA
		iii. If any land owned by other agencies are to be used for the project, NOCs to use land parcels for the project have been received from the agencies that own the land.	IA/EA
		iv. EIA/IEE/environment management plan, as applicable, have been completed and disclosed.	IA
		v. All statutory clearances, as applicable, are in place.	
	Project related activities	vi. Project Implementation Plan/Operational Manual has been finalized	IA/ADB
		vii. Resettlement plan for the identified land to be acquired, if applicable, prepared and endorsement of the government received	IA/ADB
		viii. Resettlement Plan, if required, is prepared fully aligned with the Bank Guidelines and approved including necessary funding provision	IA/P&D departments
7.	**By Loan signing**	i. Administrative Approval issued	IA/P&D/PC
		ii. Necessary counterpart fund provision has been committed.	PC/P&D
		iii. Key policy and institutional reforms, that are critical to the successful project completion have been implemented.	IA/EA/EAD/ADB
		iv. Draft project administration manual/memorandum has been finalized and agreed with ADB	IA/EA/EAD/ADB

Thank you!