



AFGHANISTAN RESOURCE CORRIDOR DEVELOPMENT:

ROAD EXECUTIVE SUMMARY

MARCH 2013

I. INTRODUCTION

All weather, serviceable roads will be vital to the Resource Corridor, particularly in its early years. Export of initial production, or its distribution for domestic use (e.g., of refined petroleum products), will rely above all on national highways. At the same time, roads provide perhaps the greatest short- and medium-term potential for broader development among the Resource Corridor infrastructure investments, given their easier access and connection to rural areas than rail, and quicker timelines than power. Roads will be essential in the operation of mining centres, servicing of electricity grids and transportation of mining products to factories and export markets. Since 2002 there have been substantial investments in the road network in Afghanistan. Most interventions have targeted physical improvements to the state of rural access roads, urban roads, and provincial and national highways. Several key segments of the Resource Corridor have newly built roads, and others have some new roads but missing links. The maintenance of the former, and the completion of the latter, will thus be vital to the Corridor.

II. CROSS-CUTTING ISSUE: OPERATIONS AND MAINTENANCE

Over the years there have been significant investments in the road sector in the form of hard and soft interventions. However, maintenance of these assets has lagged, threatening the gains from them. Poor roads significantly increase the cost of transportation and therefore blight socio-economic advancements. Investment in the development and rehabilitation of roads assets can be futile in the absence of effective maintenance mechanisms supported by appropriate institutional and legislative structures. Institutional and procedural reforms should be put in place in order to build on the gains made hitherto. In particular, critical road links for the Corridor will require dependable long term maintenance.

On the one hand, a positive development has been the agreement of the ARTF O&M funding window. Another has been the approval by Government of a fuel levy to provide further maintenance funds. As a result, the MPW budget for road maintenance, which was previously quite low at ~ US\$25 m, has the potential to expand substantially.

However, for these funds to be accessed (in the case of the ARTF) and utilized effectively, several institutional challenges must be addressed. These include:

- The absence of a clear and agreed operational sector strategy (including unclear status of agreement on Road Authority and Road Fund)

- Weak donor coordination and information-sharing
- A weak domestic road construction industry
- Maintenance works by provincial force account units, PIUs
- Lack of equipment, funds, technical capability and institutional capacity

The first challenge is beginning to be met. MPW has produced a draft maintenance strategy, albeit one with several challenges. Various components of donor support are being mobilized to strengthen and operationalize this strategy, including the use of technical assistance provided by World Bank and AITF projects. Accessing the ARTF window will require this work to be substantially complete by August to September 2013, completion of these tasks is of the utmost urgency.

In undertaking this work, moreover, it will be important to reduce complexity, and avoid major innovations, so as not to overtax institutional capacity. The design and implementation of the O&M strategy should also allow for change, as lessons are learned and models are adjusted. Special attention will need to be paid to procurement, financial management and safeguards, to ensure that unforeseen delays do not delay critical works.

Overall, then, the Resource Corridor plan calls for a substantial and accelerated reform initiative to enable maintenance of critical road links. A practical approach to achieve this could begin by contracting out O&M more and more, gradually reducing reliance on force account maintenance, while developing the domestic road construction industry. This should begin with likely the most important road segment in the country, namely the O&M contracting of the Salang Pass and related network.

III. CROSS HINDU KUSH SEGMENT (SALANG PASS AND DETOUR)

This corridor forms one of the most crucial arteries of the country passing through the Salang Pass from Kabul. There are no specific large-scale mine anchor investments, however, it is crucial to maintaining the north-south traffic corridors from Kabul to Mazari Sharif, and creates additional options for export routes for investment in the south and the north. At the same time, the Salang Pass is one of the most crucial road assets in Afghanistan. Its development, rehabilitation and serviceability are pivotal to maintaining connectivity between the north and the south. It faces the following challenges:

- Reliable bypass had low priority for too long (10 years)
- Instead only minimum repair work done
- Causing a gradual drop in the level of service
- Capacity of current MPW Salang maintenance unit inadequate
- Serious safety issues with the operation of the tunnel
- Power generation and ventilation-lighting inadequate
- Poor drainage of tunnel and snow galleries
- New tunnel needs long time (to finance - construct)

A feasibility study for new tunnel and road sections was completed during 2012, and active discussions are underway between the Government and the development community regarding financing of the selected option: a bypass road from Doshi to Bamyan; and then rehabilitation of the tunnel itself.

To enable this, critical actions required are:

- Tendering and construction of Shiber – Doshi including urgent repairs to pass/tunnel and to Pol-i-Matak - Shiber plus maintenance management until end defects liability period (all)
- Design/tender docs for full rehabilitation of tunnel, galleries, and road for tunnel itself
- Tendering and award of this full rehabilitation contract
- Emergency procedures to be used for fast track preparation of financing by donors? (Procurement will still take time!)

IV. NORTHERN OIL AND GAS SEGMENT

The northern corridor will facilitate transportation of oil and gas products from Amu Darya. These road sections will also service the transportation requirements of the oil and gas facilities. Future connection to the Afghan-Tajik oil and gas basin is also envisaged.

a) Routing

Roads that serve the immediate influence area of the northern oil and gas corridors are; sections of the A76 that route between;

Route 1: Andkhoy, Sherberghan, Mazari Sharif, Doshi, to Kunduz and Kabul

Route 2: Andkhoy to Herat via Meymana and Qeysar.

Route 3: Links to neighbouring countries; via Hairatan to Uzbekistan, to Turkmenistan via Aquina and to Iran via Herat.

b) Road condition

As of May 2012, sections of *route 1* between Andkhoy, Mazari Sharif and Kunduz have been recently rehabilitated. Works had reached north of Herat on the A76 to finish the link between Andkhoy and Herat. This section of the A76 requires a maintenance contract to be issued to preserve or prolong the serviceability of the road, especially given the volume of fuel trucks expected to use it.

c) Important sections

The exploitation of the oil and gas basin in Amu Darya significantly increases the strategic importance of the Andkhoy to Mazar-i-Sharif road. Sections linking neighbouring countries are also crucial to provide an export outlet. Further improvement in the section between Mazari Sharif and Kunduz may become important if there are substantial discoveries in the Afghan-Tajik Basin.

V. SOUTH EAST COPPER SEGMENT

Copper is the main mineral of significance in the southeast. Deposits are mainly in Aynak, North Aynak and Zarkashan. It is crucial that the road corridors serving these areas are rehabilitated and a well planned

maintenance regime is established. The most critical need is to accelerate the rehabilitation and upgrade of the Jalalabad-Torkham road.

a) Routing

Route 1: Aynak to Torkham via Jalalabad. Most sections of this route are under the A1 national highway linking Pakistan.

Route 2: Aynak, Maidenshar, Hajigak, Ishpushta, Doshi, Mazari Sharif.

Route 3: Kabul to Kandahar via Zarkashan.

b) Road Condition

It is envisaged that paved highways will constitute all the routes identified above. The Italian government has contracted out improvements on the section between Maidenshar, Hajigak to Shibar and completion is anticipated by March 2015. The most important near-term route is that from Kabul to Torkham and thence to Peshawar. A new section between Kabul and Jalalabad is under construction by the ADB. In Pakistan, the US Government has committed to upgrading the road from Torkham to Peshawar.

This leaves the Jalalabad-Torkham road as the weak link. If substantial volumes of mineral exports transit via Pakistan, this section could easily become clogged, substantially reducing the value of the repairs to the sections to either side of it. The Government of Pakistan has agreed to the rehabilitation of this section, including the addition of an additional carriage-way in places. However, work has been slow, and given the importance of the route it may be necessary for other development partners to supplement funding to accelerate construction.

VI. NORTH-SOUTH ENERGY AND STEEL CORRIDOR

This corridor mainly serves the Hajigak iron mine; Dar-i-Suf coking coal field and power station and steel mill; Ishpushta thermal coal field and power station; transmission lines from Dar-i-Suf and from Ishpushta to Hajigak; Dasht-e-Barchi via Maidenshar or to Chimtala via Pol-i-Mattak.

a) Routing

Route 1: Mazar-i-Sharif to Kabul via Dar I Suf, Shibar, Hajigak and Maidenshar. This route also serves as a distribution corridor for agricultural products from Amu Darya and Bamyān to Kabul and the South, and manufactured products from the South East corridor to the North.

Route 2: Mazar-i-Sharif to Hajigak via Doshi, Ishpushta and Shibar.

b) Road condition

Most segments under construction or in need of rehabilitation.

c) Important sections

Completion of *routes 1 and 2* will be momentous to kick-starting investment along the corridor. The planned railway alignment to this corridor will also encourage a mode shift (reduced road haulage traffic) to railway transportation, especially in bulk transport, and enable the segment's overall development. In doing so, it will substantially advance broader benefits, particularly by expansion into downstream segments (via investment in a steel mill).