



Tranche Report

Project Number: 51073-004
MFF Number: 0107
November 2021

India: Delhi–Meerut Regional Rapid Transit System Investment Project (Tranche 2)

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 3 November 2021)

Currency unit	–	Indian rupee (₹)
₹1.00	=	\$0.01339
\$1.00	=	₹74.6936

ABBREVIATIONS

ADB	–	Asian Development Bank
AIIB	–	Asian Infrastructure Investment Bank
EIA	–	environmental impact assessment
EMP	–	environmental management plan
MFF	–	multitranches financing facility
NCRTC	–	National Capital Region Transport Corporation
RRTS	–	regional rapid transit system

NOTE

In this report, "\$" refers to United States dollars.

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TRANCHE AT A GLANCE

1. Basic Data		Project Number: 51073-004	
Project Name	Delhi-Meerut Regional Rapid Transit System Investment Project - Tranche 2	Department/Division	SARD/SATC
Country	India	Executing Agency	Ministry of Housing and Urban Affairs, National Capital Region Transport Corporation
Borrower	India		
Country Economic Indicators	https://www.adb.org/Documents/LinkedDocs/?id=51073-004-CEI		
Portfolio at a Glance	https://www.adb.org/Documents/LinkedDocs/?id=51073-004-PortAtaGlance		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
		Total	0.00
3. Operational Priorities		Climate Change Information	
✓ Addressing remaining poverty and reducing inequalities		GHG reductions (tons per annum)	258,035.000
✓ Accelerating progress in gender equality		Climate Change impact on the Project	Medium
✓ Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability			
✓ Making cities more livable		ADB Financing	
✓ Strengthening governance and institutional capacity		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
		Cofinancing	
		Adaptation (\$ million)	1.47
		Mitigation (\$ million)	498.53
Sustainable Development Goals		Gender Equity and Mainstreaming	
SDG 5.1, 5.4		Effective gender mainstreaming (EGM)	✓
SDG 9.1			
SDG 11.2		Poverty Targeting	
SDG 13.a		General Intervention on Poverty	✓
4. Risk Categorization:	Complex		
5. Safeguard Categorization	Environment: A Involuntary Resettlement: A Indigenous Peoples: C		
6. Financing			
Modality and Sources		Amount (\$ million)	
ADB		0.00	
Cofinancing		500.00	
Asian Infrastructure Investment Bank - MFF-Tranche (Loan) (Partial ADB Administration)		500.00	
Counterpart		799.60	
Government		799.60	
Total		1,299.60	
Currency of Financing: US Dollar			

TRANCHE AT A GLANCE

Date of Receipt by ADB of PFR:

Tranche Number: 2

7. Country Operations Business Plan

CPS

<https://www.adb.org/documents/india-country-partnership-strategy-2018-2022>

COBP

<https://www.adb.org/documents/india-country-operations-business-plan-2021-2023>

8. Tranche Summary

The investment project will finance the first of three prioritized corridors of the planned regional rapid transit system (RRTS) network in India's National Capital Region (NCR). The Delhi-Meerut RRTS will pass through the densely populated sections of the NCR, connecting Delhi to Meerut in the state of Uttar Pradesh. The 82-kilometer corridor will provide safe, reliable, and high-capacity commuter transit services between various locations along the corridor. The investment project will finance rail track, signaling, station buildings, and maintenance facilities. It will also support capacity and institutional development of the National Capital Region Transport Corporation (NCRTC), a joint venture company of the Government of India and states of Delhi, Haryana, Rajasthan and Uttar Pradesh, that is mandated to implement the RRTS project across the NCR. Tranche 2 will finance the second slice of the contract packages under the investment project.

Impact: Urban mobility in the National Capital Region improved

Outcome: Efficiency, safety, social inclusiveness, and environmental sustainability of transport in the Delhi-Meerut regional rapid transit system (RRTS) corridor improved

Outputs: (i) Delhi-Meerut RRTS corridor commissioned, (ii) Institutional capacity of the NCRTC strengthened, and (iii) Mobility and economic opportunities of women and differently abled improved

Implementation Arrangements: Ministry of Housing and Urban Affairs and National Capital Region Transport Corporation will be the executing agencies.

Project Readiness: Readiness is high as the complete scope to be financed by the MFF has been appraised by ADB. Environmental and social due diligence have been completed for the entire corridor. The COVID-19 pandemic has not affected the project implementation arrangements or cost estimate. The project implementation period of 7 years provides adequate cushion for some delays. As instructed by the government, guidelines and standard operating procedures have been developed and are being strictly implemented for resumption of regular works at various NCRTC site offices and construction sites.

9. Significant Developments in the MFF and Previous Tranches

ADB approved the MFF in an aggregate principal amount of \$1,552 million on 18 August 2020. This comprises: (i) \$1,049 million from ADB's ordinary capital resources; (ii) \$500 million from the Asian Infrastructure Investment Bank, partially administered by ADB; and (iii) \$3 million grant from the Japan Fund for Poverty Reduction, fully administered by ADB. The Asian Infrastructure Investment Bank, which will fund tranche 2 for \$500 million, approved the loan on 29 October 2020.

Implementation of tranche 1 is on track. As of 20 October 2021, contracts awarded have totaled \$491.8 million, and a total of \$113.1 million has been disbursed out of the \$500 million from tranche 1. Implementation of the capacity development component is on track. The NCRTC has completed the draft action plan on transit-oriented development and value capture financing instruments. The NCRTC has incorporated a wholly owned subsidiary, with a view to develop operations and maintenance capacity and capture private sector efficiency.

The government's policy framework that underpins the road map is still relevant. The government and the NCRTC are in compliance with the covenants of the loan and grant agreements of tranche 1 and the undertakings of the framework financing agreement.

10. Milestones

Estimated Approval

10 December 2021

Estimated Completion^a

28 February 2025

11. Linked Documents

	Required Document	Disclosure Date
MFF	Report and Recommendation of the President	
Weblink:	https://www.adb.org/projects/documents/ind-51073-002-rrp	20-AUG-2020
Tranche	Draft Periodic Financing Request Report	
Weblink:	http://www.adb.org/Documents/LinkedDocs/?id=51073-004-DraftPFR	The Final PFR Report is disclosed upon approval
(i) Environment	EIA - Environmental Impact Assessment	
Weblink:	https://www.adb.org/projects/documents/ind-51073-002-eia-0	19-MAY-2020

^a For Tranches, this refers to the financial closing date.

I. PROPOSAL

1. Conversion of \$500,000,000 loan from the Asian Infrastructure Investment Bank (AIIB) into a tranche to be partially administered by the Asian Development Bank (ADB), to finance project 2 of the Delhi–Meerut Regional Rapid Transit System (RRTS) Investment Project in India is proposed for Board consideration.

II. BACKGROUND

2. **Multitranches financing facility.** India and ADB signed the framework financing agreement for the Delhi–Meerut RRTS Investment Project on 23 June 2020. ADB approved the multitranches financing facility (MFF) in an aggregate principal amount of \$1,552.0 million on 18 August 2020.¹ The availability period of the MFF is up to 30 August 2027.² The MFF uses the time-slice approach for large-scale stand-alone projects. Project design, procurement, and safeguards were fully identified and appraised as part of the MFF's due diligence. Project 2 is estimated to cost \$1,299.6 million. No funds will be sourced from ADB. The government has requested a loan not exceeding \$500.0 million from AIIB. The government will finance the balance of \$799.6 million.

3. The investment project is financing the first of three prioritized rail corridors of the planned RRTS network in the National Capital Region of India. The Delhi–Meerut RRTS will pass through densely populated sections of the National Capital Region, connecting Delhi to Meerut in the state of Uttar Pradesh. With a design speed of 180 kilometers per hour, this 82-kilometer corridor is expected to reduce the journey time from 3–4 hours to about 1 hour. It will provide safe, reliable, high-frequency, and high-capacity commuter transit services.

4. **Outcome and outputs.** The MFF will have the following outcome: efficiency, safety, social inclusiveness, and environmental sustainability of transport in the Delhi–Meerut RRTS corridor improved. The MFF will have the following outputs: (i) Delhi–Meerut RRTS corridor commissioned, (ii) institutional capacity of the National Capital Region Transport Corporation (NCRTC) strengthened, and (iii) mobility and economic opportunities of women and the differently abled improved. Tranche 2 will finance a portion of the civil works and equipment costs under the time-slice approach.³

5. **Progress of investment project.** The investment project is progressing reasonably well despite delays because of the second wave of coronavirus disease in India in 2021. The physical and nonphysical investments are expected to be completed with a slight delay of about 6 months. Tranche 3 is likely to be delayed by a year. However, implementation of tranche 1 is on track. As of 20 October 2021, contracts awarded totaled \$491.8 million, and a total of \$113.1 million had been disbursed out of the \$500.0 million from tranche 1. The construction in the priority section of the corridor (Sahibabad–Duhai) is at an advanced stage. The NCRTC has developed plans for designing stations using building information modeling systems and for a solar daylight system pilot project. The work on implementing a gender-friendly workplace policy, including on flexible time reporting and childcare leave, has already been initiated. Other gender initiatives under the \$3.0 million attached grant are already being planned and will be executed in 2022.

¹ The MFF comprises (i) \$1,049 million from ADB's ordinary capital resources; (ii) \$500 million from AIIB, partially administered by ADB; and (iii) a \$3 million grant from the Japan Fund for Poverty Reduction, fully administered by ADB.

² ADB. 2020. [Report and Recommendation of the President to the Board of Directors: Proposed Multitranches Financing Facility to India for the Delhi–Meerut Regional Rapid Transit System Investment Project](#). Manila.

³ Draft Periodic Financing Request Report (accessible from the tranche at a glance).

III. DUE DILIGENCE ON ENVIRONMENTAL IMPACT

6. The proposed tranche 2 project is classified as environmental impact category A under ADB's Safeguard Policy Statement (2009). The safeguard aspects of the project were fully appraised during the preparation of tranche 1 and there is no change in scope nor environmental issues under tranche 2. The safeguard documents disclosed on the ADB website remain in effect and do not require updates.⁴

7. Most of the alignment will be built along the center of an existing busy highway. Given the large scale of construction works involving the use of heavy equipment, health and safety risks are anticipated for the construction workers, existing road users, and residents living near the alignment. Other anticipated environmental issues include removal of trees; disturbance from construction-related noise and vibration; generation of large quantities of waste, including excavated material; risks of health and communicable diseases from large numbers of workers; and generation of dust, air, and water pollution.

8. The NCRTC has prepared an environmental assessment and review framework, and an environmental impact assessment (EIA), including an environmental management plan (EMP), in accordance with ADB's Safeguard Policy Statement. The EIA was disclosed on 19 May 2020. In addition to the EMP, the contractors are also required to follow safety, health, and environmental guidelines for metro projects in India. Mitigation measures for all environmental risks identified for the project have been addressed through design measures and inclusion of appropriate actions in the EMP and the safety, health, and environmental guidelines. The NCRTC held consultations with key project stakeholders throughout EIA preparation and these will be continued during project implementation. A grievance redress mechanism is being implemented under the project to address complaints and grievances.

9. The executing agency for the project is India's Ministry of Housing and Urban Affairs acting through the NCRTC. The NCRTC has established project management offices for the Delhi, Ghaziabad, and Meerut sections of the Delhi–Meerut RRTS corridor, each led by a chief project manager. The chief project manager will be supported by a technical and safeguards team. The NCRTC has also established a social and environmental management unit within its organizational structure to oversee environmental and social aspects associated with the design, implementation, and monitoring of RRTS projects. Implementation of the EMP is being monitored by the NCRTC project management offices and general consultant, including third-party monitoring by an external monitor. The NCRTC has been submitting semiannual monitoring reports, including those from the external monitor, to ADB. The monitoring reports document progress made in EMP implementation, with particular attention to compliance with each component of the EMP. Monitoring during construction is the responsibility of the NCRTC and includes monitoring of (i) compliance with construction contracts, (ii) the effectiveness of mitigation measures, (iii) complaints, and (iv) the state and health of nearby environmental resources (also known as ambient environmental monitoring).

IV. RECOMMENDATION

10. The President recommends that the Board authorize the conversion of \$500,000,000 loan from the Asian Infrastructure Investment Bank into a tranche to be partially administered by the Asian Development Bank, to finance project 2 of the Delhi–Meerut Regional Rapid Transit System Investment Project in India.

⁴ Environmental Impact Assessment (accessible from the tranche at a glance).