

**PROJECT INFORMATION DOCUMENT (PID)  
APPRAISAL STAGE**

Report No.: PIDA6693

<b>Project Name</b>	Efficient & Sustainable City Bus Services (P132418)
<b>Region</b>	SOUTH ASIA
<b>Country</b>	India
<b>Sector(s)</b>	Urban Transport (100%)
<b>Theme(s)</b>	Infrastructure services for private sector development (5%), Gender (5%), Other urban development (65%), Climate change (25%)
<b>Lending Instrument</b>	Specific Investment Loan
<b>Project ID</b>	P132418
<b>GEF Focal Area</b>	Climate change
<b>Borrower(s)</b>	Department of Economic Affairs, Ministry of Finance, Government of India
<b>Implementing Agency</b>	Ministry of Urban Development, Chandigarh Transport Undertaking, Jaipur City Transport Services Limited (JCTSL), Bhopal City Links Limited, Mira Bhayandar Municipal Corporation
<b>Environmental Category</b>	B-Partial Assessment
<b>Date PID Prepared/Updated</b>	23-Jun-2014
<b>Date PID Approved/Disclosed</b>	23-Jun-2014
<b>Estimated Date of Appraisal Completion</b>	23-Jun-2014
<b>Estimated Date of Board Approval</b>	29-Aug-2014
<b>Decision</b>	The Team was authorised to appraise the Project

## I. Project Context

### Country Context

1. GHG emissions from transport sector in India were 80 million tons in 1994 (National Communication), 119 142 million tons in 2004-2007. In 2004-2007 transportation contributed 87.5% of India's energy based emissions. (India Low Carbon Study). India has become the fourth largest emitter of greenhouse gases, and the Government of India is committed to achieving a sustainable development path outlined in the National Action Plan for Climate Change. (NAPCC). Among the eight National Missions included in the NAPCC, National Mission on Sustainable Habitat identifies Promotion of Urban Public Transport as one of the three pillars. The Mission emphasizes the combination of policy framework and low carbon technologies to realize emission reduction in the transport sector. The National Urban Transport Policy 2006, also emphasizes priority to public transport facilities and non-motorized modes over personal vehicles.

## Sectoral and institutional Context

Rapid urbanization and motorization. Urban transport demand in Indian cities is met by a range of modes. While the high income group has access to cars, the middle-income and lower-income group depends on public transport services and 2-wheelers and non-motorized modes such as walking and cycling. Rapid urbanization has led to severe congestion, increasing air pollution and a rapidly increasing contribution to GHG emissions. Coupled with increasing income levels, growing city size and poor quality of public transport, this trend has been aggravated by an increasing reliance on motorized transport and use of personal motor vehicles. With growing income levels, the move in travel choices, therefore, has been from poor quality buses to motor bikes and then to cars. In cities that do not have any bus service, typically the small and medium sized cities, the move has been from bicycles and cycle rickshaws to motor bikes and auto rickshaws. Unless existing city bus transport services are revamped and upgraded and quality services launched in new cities, the shift to personalized modes will continue.

Need for a structured public transport service. The long term sustainability of cities depends on promoting public transport services, as they occupy less road space and cause less pollution per passenger-km than personal vehicles. City bus services can meet the public transport needs of most cities in a cost effective and efficient manner. Despite this, many of the cities do not have a structured public transport service. In fact, according to a study by the Ministry of Urban Development, Traffic & Transportation Policies and Strategies in Urban Areas 2008, out of 87 cities that have a population of over half a million people, only about 20 have a public bus service. In the others informal para-transit in the form of shared tempos (3-5 wheeled vehicles that take about 8 – 10 passengers) or poorly regulated minibuses tend to provide some kind of public transport, primarily for those who have no other options. These offer very low quality of service and the vehicles used are badly maintained, polluting and high energy consumers. Even in the cities that do have a structured public transport service, they are generally run by state owned monopolies that tend to focus more on the inter-city service than on the intra city service, as the inter-city services are more remunerative.

National Urban Transport Programs. It is in this context that the Government of India (GoI) announced the National Urban Transport Policy (NUTP 2006) emphasizing the use of sustainable modes of travel like public transport and non-motorized modes and the National Environment Policy (2006) to reduce the global and local emissions from transport. GoI launched the Jawaharlal Nehru National Urban Renewal Mission (JnNURM), whereby approximately 30-80% of the total cost of urban infrastructure investment in 61 selected cities could be financed. These cities either had a population of over one million or were capitals of the state governments or had some other tourist/heritage interest. The \$327 mn GEF-UNDP-World Bank Sustainable Urban Transport Program (SUTP) involving (i) National Capacity Building in Urban Transport and (ii) City Demonstration Projects, was also initiated underlying the principles of NUTP.

In an attempt to promote public transport, GoI under the second stimulus package, on 2nd January 2009 announced that states would be provided with financial assistance under JnNURM for the purchase of buses for their urban transport systems. Accordingly, a total of 15,260 buses have been sanctioned to 61 JnNURM cities at a total cost of INR 4,724crore (\$1 bn). Many of these cities would for the first time have a bus based public transport system. A second phase of the Bus funding Scheme was later launched in 2013, In this scheme an additional 10,000 buses were to be

sanctioned to all cities on a first come first serve basis.

**India GEF Efficient and Sustainable City Bus Services (ESCBS):** This proposed project intends to fund the incremental activities aimed to enhance sustainability, energy efficiency, and quality of city bus services, and therefore the potential for GHG emissions reductions from the baseline project. Under the baseline project scenario, GoI and state governments of India would provide financial support to city bus services through replenishment of 25,260 buses under the overall JnNURM program. In addition, the impact of the capacity development initiatives for urban transport planning, taken up under the SUTP and the demonstration projects in 5 cities would also begin to be felt at the national, state and city levels.

The baseline project involving fleet expansion/replenishment is proposed to be supplemented with additional activities that would help in securing the full benefits of the modern public bus system. It would put particular emphasis on city bus services and: (i) build capacity of the overall urban bus sector including training, knowledge exchange and review the policy, regulatory and fiscal environment and prepare policy notes for reforms and; (ii) promote modernization to showcase low cost high impact initiatives in bus operations and user responsive initiatives in select demonstration cities, Bhopal (Madhya Pradesh), Chandigarh (Union Territory), Jaipur (Rajasthan) and Mira Bhayandar (Maharashtra).

The direct beneficiaries of this Project shall be the users of public transport in the demonstration cities who will have access to more efficient and attractive bus transport. Access to safe, affordable and efficient bus public transport will in particular improve access to economic opportunities for the urban poor leading to significant socio-economic impacts. Two of the four demonstration cities are the state capitals of low income states of Rajasthan and Madhya Pradesh and the impacts of improved mobility are likely to result in large gains for the overall local economy. The project would also focus on women as a special beneficiary group, and promote women bus ridership. Finally, the urban bus community would benefit from the capacity building initiatives.

## **II. Proposed Development Objectives**

The project's Global Environment Objective (GEO) is to improve the efficiency and attractiveness of city bus transport and reduce greenhouse gas emissions in the demonstration cities.

## **III. Project Description**

### **Component Name**

Component 1: National Capacity Building for Urban Bus Sector (GEF US\$ 0.7M, co-finance US\$ 2.8M)

### **Comments (optional)**

As part of this component, policy, regulatory and fiscal constraints will be reviewed at national, state and city levels to promote efficient and high quality city bus services and policy notes developed for discussion and debate among key stakeholders. It will also cover capacity building initiatives involving development of knowledge materials, training activities, knowledge sharing and cross learning events, dissemination of best practices etc. in cutting edge areas aimed at development of the overall urban bus sector in the country.

### **Component Name**

Component 2A: City Demonstration Projects – Physical Improvements (GEF US\$ 6M, co-finance US\$ 108.2M)

**Comments (optional)**

This component shall support physical improvements targeted at modernizing the city bus services in demonstration cities including (i) modern depot equipment for improved maintenance and life of buses, (ii) modern Intelligent Transport Systems (ITS) and Management Information Systems (MIS) - to make the services more user friendly and for improved planning and management of operations to enable optimal use of resources

**Component Name**

Component 2B: City Demonstration Projects - Technical Assistance and Capacity Building (GEF US\$ 2.1M, co-finance US\$ 0.85M)

**Comments (optional)**

The capacity building and technical assistance component is targeted at supporting the modernization efforts of selected demonstration cities. These shall include the following kinds of activities (i) institutional strengthening, capacity building and training, (ii) business planning including route planning and rationalization, (iii) marketing and branding, (iv) technical support with private sector participation including mainstreaming of informal sector, (v) vehicle and driver performance management with a view to improving fuel efficiency, (vi) incremental operational expenses.

**Component Name**

Project Management (GEF US\$ 0.4M co-finance US\$ 2.2M)

**Comments (optional)**

This comprises the cost of supporting the Project Management Unit (PMU) within MoUD along with a Project Management Consultant (PMC) for implementation support and monitoring of the project

**IV. Financing (in USD Million)**

Total Project Cost:	123.24	Total Bank Financing:	0.00
Financing Gap:	0.00		
<b>For Loans/Credits/Others</b>			<b>Amount</b>
Borrower			114.04
Global Environment Facility (GEF)			9.20
Total			123.24

**V. Implementation**

Arrangements similar to the ongoing India Sustainable Urban Transport Project (SUTP) shall be employed for this GEF Project as well. The Project Steering Committee, consisting of the Secretary of MoUD (chairperson) and senior officers from MoUD, Department of Economic Affairs (DEA), MoEF, MoSRTTH and other relevant Ministries, will guide and oversee the implementation of the Project through the national Project Management Unit (PMU) set up at the MoUD. The PMU shall be headed by a National Project Director, who will be the Joint Secretary (Urban Transport) from MoUD and also the Member Secretary of the Steering Committee. The PMU shall comprise a full time Project Manager, specialists and a Project Management Consultant (PMC) team. The PMU will be responsible for advisory and technical assistance to the participating cities and state implementing agencies, coordination of the entire program at national level, and overall monitoring and evaluation. The MoUD with support of the PMU will also be responsible for implementation of

all activities under the Component 1, including procurement, financial management, as well as monitoring and evaluation. A Standing Committee headed by the National Project Director shall also be constituted with members from PMU, Representatives from MoUD's Urban Transport Division, Internal Finance Division (IFD) of the MoUD and the World Bank to oversee the implementation of Component I.

The participating state governments, through their designated Implementing Agencies (PIAs), will be responsible for implementation of their city demonstration projects. A Project Implementation Unit (PIU) led by a project manager shall be established at each city level PIA to manage the day-to-day project implementation activities, including procurement, financial management, social and environmental management, as well as monitoring and evaluation. The PIU could also be supported by a project management consultant. In addition, a senior state government official shall be designated the Project Director for each PIU.

## VI. Safeguard Policies (including public consultation)

<b>Safeguard Policies Triggered by the Project</b>	<b>Yes</b>	<b>No</b>
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04	x	
Forests OP/BP 4.36		x
Pest Management OP 4.09		x
Physical Cultural Resources OP/BP 4.11	x	
Indigenous Peoples OP/BP 4.10		x
Involuntary Resettlement OP/BP 4.12	x	
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

**Comments (optional)**

## VII. Contact point

### World Bank

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### Borrower/Client/Recipient

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### Implementing Agencies

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Name: Chandigarh Transport Undertaking  
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Name: Jaipur City Transport Services Limited (JCTSL)  
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**VIII. For more information contact:**

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