

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC660

Project Name	Efficient & Sustainable City Bus Services (P132418)
Region	SOUTH ASIA
Country	India
Sector(s)	Public administration- Transportation (20%), Urban Transport (80%)
Theme(s)	Infrastructure services for private sector development (10%), Gender (15%), Other urban development (50%), Climate change (25%)
Lending Instrument	Specific Investment Loan
Project ID	P132418
GEF Focal Area	Climate change
Borrower(s)	Department of Economic Affairs, Ministry of Finance, Government of India
Implementing Agency	Ministry of Urban Development, Chandigarh Transport Undertaking, Jaipur City Transport Services Limited (JCTSL), Bhopal City Links Limited, Mira Bhayandar Municipal Corporation
Environmental Category	B-Partial Assessment
Date PID Prepared/ Updated	16-Apr-2014
Date PID Approved/ Disclosed	16-Apr-2014
Estimated Date of Appraisal Completion	16-May-2014
Estimated Date of Board Approval	09-Jul-2014
Concept Review Decision	Track II - The review did authorize the preparation to continue

I. Introduction and Context

Country Context

GHG emissions from transport sector in India were 80 million tons in 1994 (National Communication), 119 million tons in 2004. In 2004 transportation contributed 8% of India's energy based emissions (India Low Carbon Study). India has become the fourth largest emitter of green house 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,

which is in alignment with the proposed plan. The proposed project is also in line with the National Urban Transport Policy 2006, which emphasizes priority to public transport facilities and non-motorized modes over personal vehicles. GOI took the initiative in financing and implementing the National Portfolio Formulation Exercise (NPFE), and the proposed project is a part of India GEF5 programming plan, which resulted from the NPFE.

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) review the policy, regulatory and fiscal environment as well as the market structure for public bus services and prepare policy notes for reforms; (ii) promote modernization to enhance quality, convenience and efficiency and therefore help increase ridership through demo pilots in select cities which would enable a fuller realization of the benefits of a public transport system; and (iii) provide technical assistance to achieve better service planning, fuel efficiency etc. and thereby reduce fuel use/carbon emissions in public transport use.

Relationship to CAS

The proposed project is fully aligned with the Country Partnership Strategy (CPS) for FY13-17 to support poverty reduction and shared prosperity in India. That objective is closely aligned with the vision for development outlined in the country's 12th Five-Year Plan (FY2013–17), which calls for “faster, sustainable, and more inclusive growth” focusing on poverty reduction, group equality, regional balance, empowerment, environmental management, and employment. The proposed Bank Project would contribute in addressing the following challenges (i) sustaining high growth, (ii) making growth inclusive; (iii) increasing the effectiveness of service delivery; and (iv) ensuring development is sustainable. The project supports the second pillar of the CPS of “transformation” which has a focus on rural-urban transport and particularly on urbanization. This pillar also places increased emphasis on supporting the efforts of national, state, and city governments to improve the management and livability of medium-sized cities and has as one of its outcomes “improved urban transport services” focusing on modernization of city bus services through improved fuel efficiency, rehabilitation of infrastructure, use of new technology initiatives and technical assistance for greater operational and financial viability, institutional and capacity development etc. The proposed GEF financing for the project is consistent with the overall objectives of the climate change focus area.

II. Proposed Development Objective(s)

Proposed Global Environmental Objective(s) (From PCN)

The project's development objective is to promote a shift to environmentally sustainable modes of transport through a more comprehensive focus on city bus transport.

Key Results (From PCN)

The proposed project intends to fund the incremental cost of 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.

1. Sustainable city bus transport policy and regulatory frameworks adopted and implemented
 - 1.1 Policy notes and recommendations developed for sustainable city bus transportation and deliberations at national and state level initiated
 - 1.2 At least 8 Cities adopting low-carbon programs including improved fuel efficient techniques
2. Increased adoption of efficient & sustainable city bus services
 - 2.1 More efficient and user responsive bus service plans adopted in at least 2 cities
 - 2.2 Improved financial planning and increased use of private sector participation in at least 2 cities
 - 2.3. 210,000 tons of CO2 savings achieved
3. Increased investment in less-GHG intensive transport and urban systems
 - 3.1 Investment mobilized
 - 3.2 1.26 mn tons of CO2 savings achieved

III. Preliminary Description

Concept Description

The proposed project will have three components as follows:

Component 1: Capacity building and Technical Assistance on Policy, Regulatory, Fiscal issues (GEF US\$ 0.7M, co-finance US\$ 2M): 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. Capacity building initiatives involving development of knowledge materials, training activities, knowledge sharing and cross learning events etc. in cutting edge areas aimed at development of the overall urban bus sector in the country shall form part of this component. This component shall be directly implemented by MoUD.

Component 2A: City Demonstration Projects (GEF US\$ 6M, co-finance US\$ 112.75 M): 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. Four cities have been selected as demonstration pilots. These are Bhopal, Chandigarh, Jaipur and Mira Bhayandar.

Component 2B: Capacity Building & Technical Assistance to Demonstration Cities (GEF US\$ 2.1m, co-finance US\$ 0.92m) : The capacity building and technical assistance component is targeted at supporting the modernization efforts of selected demonstration cities. These shall include to the following kinds of activities (i) institutional strengthening, capacity building and training, (ii) business planning including route planning and rationalisation for better utilization of buses, (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.

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IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
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

V. Financing (in USD Million)

Total Project Cost:	129.01	Total Bank Financing:	0.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			118.89
Global Environment Facility (GEF)			10.12
Total			129.01

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