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PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE

Report No.: AB4815

Project Name	Sustainable Urban Transport Project
Region	SOUTH ASIA
Sector	General transportation sector (100%)
Project ID	P100589
GEF Focal Area	C-Climate change
Borrower(s)	India
	Department of Economic Affairs, Ministry of Finance, Government of India
Implementing Agency	Ministry of Urban Development, Government of India India and 8 Participating States
Environment Category	[ ] A [X] B [ ] C [ ] FI [ ] TBD (to be determined)
Date PID Prepared	January 30, 2009
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Date of Board Approval	August 27, 2009

1. Country and Sector Background

1. India's surging economic growth over the last decade has led to an inevitable rise in ownership and use of motorized vehicles across cities and towns. The per capita vehicle ownership in urban areas has more than doubled from 1995 to 2005. This motorization process is expected to be further accelerated by availability of low-priced motorized vehicles and expansion of urban and industrialized areas. Many cities where travel traditionally was based on walking, bicycling, and buses are now witnessing changes in modal split in favor of motorized vehicles, mostly two- and three-wheelers, and more recently private cars.

2. The growth in travel and the change in travel patterns are placing a heavy pressure on the available transport infrastructure and on the institutions in charge of road construction and maintenance, traffic management, road safety, and public transport services. The increased mode share by private vehicles and widely spread congestion in city centers are also increasing the greenhouse gas (GHG) emissions. Although GHG emissions from India's urban transport sector are currently relatively low (less than 9% of India total), the urban transport sector is becoming one of the fastest growing sectors in terms of consumption of fossil fuel. It is projected that if the current urbanization and motorization trends continue, the GHG emissions from urban transport could be 8 to 10 times higher than the current level by 2030. This drastic increase would negate much of the effort being made in other sectors in India and in the rest of the world to reduce GHG emissions.

3. The Government of India (GoI) has made great efforts to improve urban transport in Indian cities. The Ministry of Urban Development (MoUD) issued the National Urban Transport Policy (NUTP) in April 2006. The policy calls for establishing "sustainable urban transport systems" in Indian cities, and seeks to supplant the private-car-dominated orientation in existing urban

transport practice, by introducing a number of re-orientating policy measures, such as integrated land use and transport planning; establishment of effective regulatory and enforcement mechanisms; enhancement of safety for the transport users; development of institutional mechanisms for enhanced coordination in planning and management; capacity (institutional and manpower) development; and development of innovative financing mechanisms, etc.

4. The implementation of the NUTP is complemented by the Jawaharlal Nehru National Urban Renewal Mission (JnNURM) which was launched by GoI in November 2005. Under this program, the national government provides funds to cover 35 to 80 percent of infrastructure investment costs for cities under different categories. Participating cities are requested to undertake certain reforms, develop a City Development Plan if it does not already have one, and finance the remainder of the investment with a combination of state, city, or external resources (such as funds from international development banks).

5. Progress in implementation of the NUTP, however, has been slow, mainly because of the following institutional and capacity barriers:

(a) Inadequate capacity in many state and municipal institutions that are poorly organized and staffed to address urban transport issues in a comprehensive and collaborative fashion;
(b) Shortage of local knowledgebase on sustainable urban transport and absence of contextual and problem-solving oriented research support to practitioners in urban transport planning, operations and management at all levels of government;
(c) Lack of formal, two way communication mechanisms for the users and providers of non-motorized and public transport and the general public to provide input/feedback to urban transport decision-making and learn about issues and progress;
(d) Absence of high-quality projects and locally generated good practices that can demonstrate the benefits of sustainable urban transport and help catalyze/cultivate change in the way urban transport is planned, operated and managed.

6. To strengthen the national and local government's capacity in urban transport planning and management, GoI has requested the GEF, the World Bank, and UNDP to support a Sustainable Urban Transport Program. The program would consist of two parts:

(a) National level capacity building initiatives, which will be supported by UNDP;
(b) Capacity building and demonstration projects in selected states and cities, which will be supported by the World Bank.

The implementation support arrangement positions the two GEF agencies – UNDP and the World Bank - based on their comparative advantages and complements with each other in supporting the program.

2. Objectives

7. The development and global environment objectives of the World Bank supported GEF project are fundamentally the same: to promote environmentally sustainable transport in Indian cities, and to improve the usage of environmentally friendly transport modes in selected pilot cities. The project aims to achieve this objective by supporting the implementation of the India

National Urban Transport Policy (NUTP), particularly those aspects of the policy that emphasize:

a. Priority to the use of public transport;
b. Priority to non-motorized transport; and
c. Capacity building for developing & implementing sustainable transport systems (at both national and local levels).

3. Rationale for Bank Involvement

8. The World Bank is well positioned and suited to help GoI tackle the identified institutional and capacity barriers for the implementation of the NUTP. The Bank has extensive global experience with the development of institutional mechanisms and policies for sustainable urban transport plans, pro-public transport solutions, particularly development of Bus Rapid Transit (BRT) systems, integration of non-motorized modes into transport systems, and demand management approaches. The Bank also has extensive experience in India in preparing and implementing investment projects, institutional reforms, technical assistance and capacity building programs at both national and state/city levels.

4. Description

9. The project includes the following components (see details in Annex 4 of Project Appraisal Document):

- Component 1: Providing technical assistance to states and cities in order to improve their capacity to implement the National Urban Transport Policy. Such assistance will cover: (i) development of implementation strategies and plans to implement key urban transport reforms envisioned in the National Urban Transport Policy; (ii) piloting model urban transport databases; (iii) assisting cities in the identification and preparation of potential environmentally friendly urban transport investments; and (iv) developing a national research program on sustainable urban transport.
- Component 2: City Demonstration Projects. This Component catalyzes high profile demonstration projects in 6 participating cities (in 5 states)[1] that will create models of sustainable transport solutions for other Indian cities to replicate. These projects focus on four themes: (i) Public transport development; (ii) Non-motorized transport development; (iii) Pilot Intelligent Transport System (ITS); and (iv) Integrated land use and transport planning and Transit-Oriented Development.

The proposed GEF grant would finance technical assistance related to the pilot projects. Cities will use JnNURM grant and other funds (including MoUD TA grant and implementing agency's

[1] The 6 cities are Pune and Pimpri Chinchwad (in Maharashtra), Indore (in Madhya Pradesh), Mysore (in Karnataka), Jalandhar (in Punjab), and Naya Raipur (in Chhattisgarh). GoI originally selected nine cities through a public consultation and competitive process for participating in this GEF project. However, only the above 6 cities have completed required design work by Appraisal. Other 3 cities (Hyderabad in Andra Pradesh, Ajmer in Rajastan, and Thiruvananthapuram in Kerala) are still in the process of preparing their project design. Their projects may be financed by GEF under a follow up project or by other source of funds in the future.

own funds) to finance the project activities, and in some cases, utilize a World Bank loan under a separate project to cover civil works.

5. Financing

Source:	($m.)
- GEF	20.5
- World Bank*	200.0
- Government of India and participating States/Cities	138.8
Total	359.3

* The World Bank loan is being processed separately.

6. Implementation

10. The Project will be implemented by MoUD and designated project implementing agencies in participating states and cities.

7. Sustainability and Replicability

11. The project design addresses key concerns about the sustainability of India's urban transport systems raised in earlier Bank analytical work. The capacity building component will address some fundamental institutional and capacity weaknesses in the urban transport sector which have prevented effective implementation of national urban transport policy. The transparent and competitive selection process for demonstration projects provides the basis for wide demonstration impact. The involvement of GEF and World Bank helps gain strong political commitment from local governments to urban transport reforms and innovative investments. It also helps enhance the quality of these city projects which otherwise may have not been planned or prepared properly.

12. The parallel national capacity building initiatives to be implemented simultaneously with UNDP support will further enhance the sustainability of the Project, by strengthening the national urban transport institutions, providing technical guidance on urban transport planning, delivering training programs and tools for government officials involved in urban transport, and promoting and disseminating international and local good practices.

13. Replicability and demonstration effects are fundamental to the manner in which innovations are mainstreamed in India. To enhance the demonstrative nature of the projects, project proposals were solicited from cities throughout the county based on demonstration potential and probability for success. The final outcome is a set of cities that mirror the mix of size, economic, and regional characteristics found throughout Indian cities, and a set of projects whose demonstrative effects have been incorporated into their very conceptualization.

14. More and more Indian cities have started learning from successful ideas and initiatives elsewhere all over the world, and cities that reflect successful demonstrations (and their leaders) see an increase in profile, prestige and stature, not only in India but also outside India. The Project design reinforces this inherent proclivity towards replicability. Dissemination activities to be implemented with UNDP support under the SUTP Program include a series of workshops where the demonstration cities experience will be shared, discussed, analyzed and evaluated.

Additionally, the Bank is supporting development of a City-to-City Peering Program to help the SUTP cities to share experience with each other and with other cities.

8. Lessons Learned from Past Operations in the Country/Sector

15. **Projects focusing solely on capacity building without addressing further implementation are often found ineffective in achieving and sustaining project impacts.** On the other side, capacity building projects, such as the India Road Infrastructure Development TA Project (IRIDP), which link capacity building directly with preparation and implementation of investments, have proven to be able to motivate the implementing agencies and sustain their commitment to implementing the required institutional reforms, and also to ensure learning-by-doing opportunity for them to practice and sustain their strengthened capacity. Inspired by the IRIDP, this project includes support to both capacity development activities and preparation and implementation of small or median size demonstration projects, aiming to enhance the capacity development impact of the project with limited GEF and the World Bank financing.

16. **Political commitment is best obtained by relying on country systems.** The Bank's experience in India and elsewhere shows that there is significant value in relying on country systems to establish political and institutional commitment. In this project, the demonstration cities and projects were selected primarily by MoUD through a consultative and competitive selection process. The Bank reviewed and commented on the selection process and is appraising the content of the proposals, but it is the Steering Committee chaired by the Secretary of Ministry of Urban Development that has obtained commitments from the participating states and cities to preparation and implementation of the environmentally friendly investments which are eligible for GEF co-financing. This commitment is likely more meaningful and stronger than an equivalent direct commitment to the Bank.

17. **Multi-city projects are considered being both risky and rewarding.** On one hand, when a project covers a large number of cities, supervision tends to be resource-intensive and often the Bank is not able to assign the required level of supervision resources. On the other hand, if successful, the project will generate broad benefits across a large size of areas, which is more cost-effective. This approach may be particularly appropriate when the objective of the project is to promote demonstration impacts in a very large and populous country, such as India, in a sub-national sector where both GoI and the Bank have proposed strategy to broaden engagement with numerous local governments. The challenge is to design the project in such way that the project complexity can be managed within the capacity of the institutions involved in project implementation and proper risk mitigation measures are incorporated to the project design to minimize the potential risks.

18. **Multi-city projects financed by the Bank are generally performing well.** There is a significant number of past and ongoing multi-city projects in the urban transport sector including as Russia Urban Transport Project (14 cities), Colombia Integrated Mass Transit Systems Project (6 cities), Liaoning Urban Transport Project in China (3 cities), Liaoning Urban Transport Project II in China (6 cities), China GEF Urban Transport Project (14 cities plus one province), and Argentina GEF Transport and Air Quality Project (10 cities in 4 metropolitan areas). All of them have performed satisfactorily (See Annex 2 for details).Lessons from the previous and on-

going multi-city projects revealed the following critical factors which have been incorporated into the design of this project to help reduce risks:

(a) Strong government commitment.
(b) Strengthened national level project management.
(c) Information sharing and broad public communication during project design and implementation.
(d) Bank supervision led by staff from local office.
(e) Phased project implementation.
(f) Involvement of professional NGOs.

9. Safeguard Policies (including public consultation)

19. The proposed GEF grant will only finance technical assistance (TA) activities of the project. However some of these TA activities will support physical investments to be financed under the government own funds, and in some cases, to be financed by a World Bank loan. These physical investments include building a dedicated bikeways or bus lanes within the existing right of way of roads, renovating bus stops, improving existing road infrastructure (landscaping, modal segregation, traffic signs and signals), etc. No large-scale land acquisition and resettlement are envisaged.

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

10. List of Factual Technical Documents

20. World Bank, Policy Note: Towards A Discussion of Support to Urban Transport Development in India, March, 2005

21. MoUD, National Urban Transport Policy, April 2006

22. DEA, letter to the World Bank, endorsing the project proposal for SUTP from MoUD, February 13, 2006

23. MoUD, Project Information Document, Volumes 1-4, September 15, 2008.

* *By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas*

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