



India: MFF -National Capital Region Urban Infrastructure Financing Facility - Tranche 1

Project Name	MFF -National Capital Region Urban Infrastructure Financing Facility -Tranche 1				
Project Number	41598-023				
Country	India				
Project Status	Active				
Project Type / Modality of Assistance	Loan				
Source of Funding / Amount	<table border="1"><tr><td colspan="2">Loan 2660-IND: MFF -National Capital Region Urban Infrastructure Financing Facility -Tranche 1</td></tr><tr><td>Ordinary capital resources</td><td>US\$ 60.00 million</td></tr></table>	Loan 2660-IND: MFF -National Capital Region Urban Infrastructure Financing Facility -Tranche 1		Ordinary capital resources	US\$ 60.00 million
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Ordinary capital resources	US\$ 60.00 million				
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth				
Drivers of Change	Governance and capacity development				
Sector / Subsector	Transport - Multimodal logistics - Road transport (non-urban) Water and other urban infrastructure and services - Urban water supply				
Gender Equity and Mainstreaming	Some gender elements				
Description	The facility will support NCRPB in (i) leveraging its resources through a line of credit and other market access support services, and (ii) implementation support that will focus on design, implementation, and delivery of quality growth-oriented and public health and environmental urban services, enhance capacity to partner with the private sector, and support other capacity enhancements.				

Project Rationale and
Linkage to Country/Regional
Strategy

NCRPB is a regional planner and financier of NCR, which is one of the fastest growing urban agglomerate regions in India. NCRPB's Regional Plan 2021 envisages massive scaling-up of urban infrastructure investments in NCR. However, due to domestic debt market limitations, the tenure that NCRPB is able to currently offer is a maximum of 10 years. Moreover, due to weak project development and project management capacities in a number of sub-borrowers of NCRPB, adequate number of projects are not generated, and there are systemic weaknesses in project execution. Before weak urban infrastructure becomes a binding constraint on rapid pace of economic growth in NCR, among others, NCRPB needs to enable scaling-up of urban infrastructure by implementing priorities of Regional Plan 2021. This is partly possible by NCRPB providing longer tenure low cost debt; implementation support for sub-borrowers (borrowers of NCRPB) in urban planning, project development, project implementation; identification of bankable projects and enabling private sector investments; and improving urban basic service provision, among others, through partnership with private sector. Adequate incentives need to be provided by NCRPB to motivate cities and state government entities to undertake public and environmental urban infrastructure projects that can mitigate greenhouse gas emission, and introduce private sector efficiencies. The proposed Facility is built around this rationale.

National Capital Region (NCR) and Counter Magnet Area. NCR is a 33,578 square kilometer area covering Delhi and sub-regions of the states of Haryana, Rajasthan and Uttar Pradesh. NCR consists of 9 districts of Haryana (Faridabad, Gurgaon, Rohtak, Rewari, Palwal, Jhajjar, Mewat, Sonapat and Panipat), 1 district of Rajasthan (Alwar district) and 5 districts of Uttar Pradesh (Meerut, Ghaziabad, Gautam Buddha Nagar, Bulandshahr and Baghpat). The population of NCR is 37 million (urbanization level of 54% as per 2001 census), which is expected to increase to 64 million by year 2021. In addition to NCR, NCRPB has identified and supports Gwalior (Madhya Pradesh State); Patiala (Punjab); Hissar (Haryana); Kota (Rajasthan); and Bareilly (Uttar Pradesh) as Counter Magnet Areas (CMA) where development strategies need to be implemented in order to ease the projected population pressure on National Capital Territory (NCT) of Delhi.

Rapid economic growth in NCR is likely to generate increased demand for drinking water, waste water management and solid waste management of the order of Rupees (Rs) 230,000 million (\$5 billion approximately), which is excluding the demand for urban transport infrastructure in the region. While the NCT of Delhi is making rapid strides in urban infrastructure development, the remaining portions of NCR are still lagging behind in infrastructure resources, especially the sub-region administered by the Government of Uttar Pradesh. Environment and public health related infrastructure water supply, sewerage, solid waste has been relatively neglected in the past, and should be one of the key thrust areas. Analyses of the economies of States and cities in NCR suggest that self generated funds and technological know-how are insufficient to provide the desired rapid growth in urban infrastructure.

NCR's strength is that it continues to attract the largest share of foreign direct investments in India and there are efforts to enhance this potential by developing Delhi and Mumbai corridor inclusive of a high-speed rail connectivity. In this context, the supply of urban infrastructure needs planning and financing to ensure that regional impacts of growth are maximized to foster competitiveness and environmental sustainability. Since most of these infrastructure demands require coordination, a regional approach is needed to minimize geographic and functional fragmentation. This is one of the primary motivation of NCRPB's creation and is the basis of the proposed NCRPB business plan and the Facility.

National Capital Region Planning Board. NCRPB came into being by virtue of the NCRPB Act, 1985 passed by the Parliament and duly confirmed by the legislatures of Haryana, Rajasthan and Uttar Pradesh. As a financier, NCRPB's role is to facilitate financing of the investments in the region, and in pursuance of this, NCRPB has provided loans to 239 projects of Rs 64,610 million as of 30 October 2009. These loans have been advanced out of grants received from GOI, Delhi Government, internal accruals and market. Over the years there has been a shift in focus of NCRPB in terms of diversification of sectoral allocation of resources, more importantly towards environmental infrastructure and connectivity. The current policy of NCRPB is to diversify the State focus in its lending and the project development fund set up by NCRPB in 2009 is one of the measures to achieve this objective as well as improve the supply side and enhanced access to capital markets by NCRPB and sub-borrowers.

1. Road Map: Regional Plan 2021. NCRPB in 2005 notified the Regional Plan 2021 with focus on core sectors of transportation, power, water and sanitation and solid waste and an investment requirement of Rs 1,937,520 million. Regional Plan (2021) aims to facilitate growth and balanced development of NCR by providing for economic base in the identified major settlements (metro centers and regional centers) for absorbing economic development impulses of Delhi, efficient transport network, development of physical infrastructure, rational land use pattern, and improved environment and quality of life. Since the input studies in formulating the Regional Plan 2021, NCRPB, in 2009 has progressed substantially in developing a Transport Sector Plan (2009) and a Water Supply Plan and its Management (2009). The functional plans for water resources sector and urban transport define the long term needs, and the investment needs are placed at Rs 8 billion and Rs 1,750 billion respectively. The sector investment plans for sewerage and solid waste management including regional landfill sites are under preparation.

Being a statutory body created as a result of Act of the Parliament, NCRPB is not regulated by Reserve Bank of India guidelines for a non-banking financial company or by the Securities and Exchange Board India under the Company Act. It is primarily a fund which blends GOI grants (not accounted for as equity or contribution) with market borrowings and lends out to the state governments and local governments. While NCRPB has been previously financing investments, NCRPB is in the process of repositioning itself to achieve its scaled-up mandates.

The basic vision of NCRPB is in terms of being a financier of relevance and planner of significance. This entails: (i) planner of relevance for entities that operate at a regional level and financier of relevance in case of local bodies; (ii) move away from unlimited liability, administered credit pricing and low leverage; and (iii) fill an institutional vacuum pertaining to urban infrastructure planning and development to address the unique challenges and constraints in scaling-up urban infrastructure investments in NCR and CMAs. NCRPB needs to address institutional aspects to enable scaling-up of infrastructure financing and mitigate specific challenges pertaining to urban infrastructure development in NCR.

There is also a lag in conversion of functional plans prepared by NCRPB into projects and in part constrained by limited technical assistance resources within the sub-borrowers and NCRPB. To a certain degree the project development fund established by NCRPB would address this constraint. However, there is a need to enhance the skills and improve project design and management in the sub-borrowers as well in NCRPB to convert functional plans into implementable projects. It is difficult for public institutions like the local municipalities and other urban local bodies alone to meet this

Impact	Urban residents use improved urban infrastructure services in the intervention cities of National Capital Region (NCR) and counter magnet areas (CMA) in accordance with Regional Plan 2021 priorities.
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Project Outcome

Description of Outcome	Improved transport system and connectivity in NCR, and access to safe drinking water in subproject cities.
Progress Toward Outcome	To be reported in the project completion report of the Borrower

Implementation Progress

Description of Project Outputs	Road network improved in Jhajjar and Sonapat Districts Traffic diverted from Badli city center Multi-Modal Transit Centers (MMTC) developed in Anand Vihar and Sarai Kale Khan Provision of safe drinking water and water supply coverage increased in Panipat City Project Management and capacity building Provision of safe drinking water and water supply coverage increased in Pataudi
Status of Implementation Progress (Outputs, Activities, and Issues)	As of 31 Dec 2014: -construction of Jhajjar roads completed; Sonapat roads 96% completed -construction of Badli bypass completed -4 new road packages in various stages of construction (68% to 100% completed) -Sonapat drainage 60% completed -Pataudi and Nuh water supply packages in progress (23% and 10%, respectively) -PMC recruited and mobilized in Nov 2012 -recruitment of 3 vacated PMU staff positions in process -\$18 million cancelled effective 29 Aug 2013
Geographical Location	National capital region and counter magnet areas.

Safeguard Categories

Environment	FI
Involuntary Resettlement	FI
Indigenous Peoples	FI

Summary of Environmental and Social Aspects

Environmental Aspects	The Tranche's safeguard categories for environment, involuntary resettlement, and indigenous peoples are category FI. Due diligence and review show that there are no anticipated significant adverse environmental impacts. Limited negative impacts during construction can readily be mitigated. There are significant positive environmental and public health benefits from subprojects. A subproject selection criteria ensures that involuntary resettlement impacts will be avoided or minimized hence anticipated impacts are limited. There are no anticipated impacts on indigenous peoples. Environmental impacts during design and construction stages are readily addressed through mitigation measures. An Environmental and Social Management System (ESMS) is in place and an ESMS document has been prepared, which clarifies NCRPB's environmental and social policies; and safeguards screening, categorization, and review procedures. The ESMS document also sets out a plan to strengthen the environment and social organization structure and staffing; and performance monitoring and reporting procedures. The ESMS includes further development of institutional capacity within NCRPB to manage environmental and social issues. Disclosure of subproject safeguards documents are further described in the ESMS.
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Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design	Wide range of consultations were held with the MOUD, NCRPB, the officials and elected representatives of member states of NCR (Delhi, Haryana, Rajasthan, Madhya Pradesh, and UP), private sector representatives, nongovernment organizations, and inhabitants of NCR including slum dwellers. A socio-economic survey was conducted with a sample size of 1500 households (318 households were from slums). Sample households have been drawn from the three towns of Gaziabad, Panipat and Hapur.
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During Project Implementation Borrower and the sub-borrowers will conduct consultations with stakeholders during subproject development and implementation. The objectives of such consultations are to (i) engage stakeholders in priorities and program design (i.e., goals, objectives, activities, etc.), and (ii) provide stakeholders with opportunities to assess the subproject. Subproject consultations on program design and implementation involving stakeholders including government, NGOs, civil society organizations, and affected communities. These consultations occur on a formal and informal basis and may involve (i) pre-design consultations to ensure that the program reflects priorities, needs, experiences, and lessons learned of stakeholders; and (ii) consultations with target groups/beneficiaries as part of program design and implementation.

Business Opportunities

Consulting Services	Project Management Consultants
Procurement	Panipat - Water Supply Multi Modal Transit Centre - Sarai Kale Khan Multi Modal Transit Centre - Anand Vihar Development of State Highways (Jhajjar) Development of Roads (Sonapat) Badli Bypass - 5.70 Km See updated procurement plan

Responsible Staff

Responsible ADB Officer	Kaneko, Atsushi
Responsible ADB Department	South Asia Department
Responsible ADB Division	Urban Development and Water Division, SARD
Executing Agencies	<i>National Capital Region Planning Board Core-IV B, First Floor, India Habitat Centre Lodhi Road, New Delhi-110003</i>

Timetable

Concept Clearance	07 Jan 2010
Fact Finding	-
MRM	-
Approval	18 Aug 2010
Last Review Mission	-
PDS Creation Date	28 Apr 2009
Last PDS Update	06 Mar 2015

Loan 2660-IND

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
18 Aug 2010	17 Mar 2011	29 Jun 2011	31 Dec 2014	-	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	85.00	Cumulative Contract Awards			
ADB	60.00	18 Aug 2010	0.36	0.00	100%
Counterpart	25.00	Cumulative Disbursements			
Cofinancing	0.00	18 Aug 2010	0.36	0.00	100%

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others

Rating	Partly satisfactory	Unsatisfactory	Satisfactory	Satisfactory	-	Satisfactory
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