

## **Template I (Request for Project Changes)**

Name of Amended Project: **Promotion of Environmentally Sustainable Transport in Metropolitan Managua (GEF ID 2801)**

**UNDP** would like to request approval from the GEF Secretariat for the amendment of the following project:

- Agency Project ID: 3518
- Focal Area: Climate Change
- Project Type: FSP
- Project Name: Promotion of Environmentally Sustainable Transport in Metropolitan Managua
- Country: Nicaragua
- Project Approval Date: Council approval date for FSPs: 01-August-2006
- Project Approval Amount by IA/ExA: \$3,875,000
- CEO Endorsement Date (FSPs and non-expedited): 18-April-2008
- Endorsed Amount (FSPs and non-expedited): \$3,875,000
- Agency Approval Date: (DOA Letter): 18-April-2008
- Amendment date: July 8, 2009
  
- **Changed amount or objective:**

The project objective has not changed. However, Outcome 2 (*Implementation of the first BRT system and expansion*) has been removed. Within Outcome 1, outputs 1.2 and 1.4 have also been removed. Budget modifications have been made accordingly, resulting in a reduction of the total budget by US\$1,001,500, from US\$3,875,000 to US\$2,873,500.

- **Explanation for amendment:**

See Annex for full detailed explanation of project amendments. In summary, in 2007, there was a government change in Nicaragua. The project *Promotion of Environmentally Sustainable Transport in Metropolitan Managua* had already been approved by GEF at that time. While the project has remained a high priority for the country, the sustainable transport strategy for Managua has changed and the proposed BRT system will no longer be built. The GEF project must be modified accordingly to match the new government's strategy before the ProDoc can be signed. In the new proposal co-financing levels remain high and actually increase from the original version.

Thus, GEF resources for each outcome will be allocated as follows:

Outcome	Description	Original Budget	Proposed Budget
1	Implementation of a new legal and operative framework	\$309,000	<b>267,150 USD</b>
2	Program of the Public Urban Transportation	\$866,500	<b>0USD</b>
3	Land use planning and traffic management	\$287,000	<b>287,000 USD</b>
4	Promotion of bicycles as an alternative for sustainable and efficient transportation	\$1,386,000	<b>1,386,000 USD</b>
5	Local capacity building, project replication and monitoring of results	\$646,000	<b>646,000 USD</b>
	Project Coordination	\$380,500	<b>287,350 USD</b>
	<b>Total</b>	<b>\$3,875,000</b>	<b>2,873,500 USD</b>

Agency Coordinator, Agency name	Signature	Date (Month, day, year)
John Hough, Officer in Charge		July 28, 2009

**Annex 1**

**Proposal for GEF Project Modification**

“Promotion of Environmentally Sustainable Transport for  
Metropolitan Managua”

Submitted by UNDP on behalf of the Government of Nicaragua

## **I.- Introduction and background**

In the year 2005, the City Government of Managua requested the support of the United Nations Development Programme (UNDP) to learn about experiences in the structuring of public transport in various Latin American cities. UNDP assisted the Nicaraguan Government in the negotiation of Non-Reimbursable Funds from the IDB to start a series of studies on collective transport. At the same time, the urgent need for an incorporation of environmental variables in the organization systems of public transportation in the capital was analyzed.

On the basis of the information gathered, the formulation of a project was started for the structuring of public transport in Managua and Ciudad Sandino and reduction of the daily CO<sub>2</sub> emissions by the public transport vehicles of these cities. This initiative was welcomed by the Municipal Government, as it matched other municipal projects for the re-structuring of public transport.

During the year 2006, the Project was formalized through the creation of the *Metrovía*, whose mandate it was to provide comprehensive solutions for the re-structuring of metropolitan public transport, including, among others:

- i) An evaluation of the feasibility of the construction and promotion of *an exclusive bus corridor* crossing the city of Managua from East to West;
- ii) Integration of this Project into a more global municipal policy of bus routes reorganization (initially, the routes affected by the proposed corridor and the feeder routes of the system);
- iii) Contributing concrete solutions to *improve the connectivity* with the proposed system and *promote non-motorized transport systems* (pedestrians and bicycles), starting with the urban area of influence of the proposed corridor project.

With the assistance of UNDP, IDB and GEF in the preparatory phase in 2006 and 2007, a series of technical studies were carried out before the implementation of the *Metrovía* project, on the following subjects: a conceptual design of a first corridor (including the regulatory and operative framework), measures for territorial ordering, a conceptual design of a cycle lane network and the evaluation of impacts, mainly in terms of a reduction of Greenhouse Gases (GHG).

Throughout the formulation period, close cooperation was maintained with the team delegated by the Managua City Government: IRTRAMMA, as well as with a follow-up team with members of the technical staff of the Ministry of the Environment and Natural Resources (MARENA), the Ministry of Transportation and Infrastructure (MTI), the Municipal Government of Ciudad Sandino, the Municipal Government of Tipitapa and the Ministry of the Treasury and Public Credit (MHCP).

During the advances in the formulation of the Project, the following matters became more relevant and asked for diverse solutions:

- The need to *integrate the bus corridor project on the North Road into a proposal for a comprehensive reorganization* of the metropolitan transport system (Managua, Ciudad Sandino and Tipitapa). A recommendation was made to make a new survey on the points of departure and destination, in order to reach a comprehensive view on public transportation into which the proposed corridor project would then be integrated.
- As a result, the drafting of a *global route reorganization program*, which would probably lead to changes in the design and size of the investments required on the North Road for the benefit of other prioritized transport corridors.
- The urgent need to *present immediate solutions to the replacement of buses* through a trustworthy and robust substitution system.
- The need to define a *new fare structure* which guarantees the profitability of enterprises and offers equitable access to low-income users.
- Finally, substantial work with the public transportation enterprises *to foster the modernization of their operations* with respect to: collection systems, maintenance of vehicles, and safety of transport, among others.

Even before finalizing all preparatory tasks, the technical assistance coordinated by the office of UNDP Nicaragua helped to present a Project proposal to the GEF at the beginning of 2007. The GEF provided CEO Endorsement for the Project on March 31, 2008.

During the GEF procedures of Project approval and the advancement of the development of technical studies on the design of the metropolitan public transport network, a new National Government took office and introduced new national strategic policies. The new government regards it as unnecessary to

construct, in a short term, a *main line with an exclusive bus central lane on the North Road* to solve the capital's problems of public transportation. Rather, it proposes a reorganization of the routes and a renewal of bus fleets in order to satisfy the most urgent public transportation needs in Managua.

Thus, the Government of the Republic of Nicaragua approved a request to the Central American Bank for Economic Integration (CABEI) for a loan to leverage the replacement of 650 units of the public transportation system in Managua. The CABEI approved the request and granted the Republic of Nicaragua a loan of US\$26,600,000.00 to initially replace 350 units under a scheme of leasing contracts. In this scheme, the financial earnings generated are concentrated in the hands of a leasing firm which is signatory to the CABEI loan, and responsible of paying it off and creating a reserve fund for the replacement of additional 300 units in the 5 subsequent years.

In view of the changes occurred in the Project context, the present document delimits **the proposed modifications**, in order to maintain the basic objectives of the Project "Promotion of Environmentally Sustainable Transport for Metropolitan Managua".

## **II.- Objective of the Note**

The present note documents the reasoning for the following changes:

- Removal of Outcome 2 from the Project.
- Modification of Outputs contained within Outcome 1
- Modifications in the Organization of the Project
- Modifications to the Total Budget (Co-Financing and GEF Funds)

### **III.- Proposed Project Modifications**

The changes proposed to the project document address the need for an articulation and integration of the GEF Project into the new government's policies. It is considered that the replacement of the fleet and the reorganization of public transport routes are substantial activities for the initial project approved by the GEF. The only significant difference is the size of the project for the modernization of public transport on the North Road.

In the proposal for the restructuring of some GEF project activities presented below, the proposal is made to **re-evaluate the scope of the project for the North Road corridor** in the light of the results of the ongoing Public Transport Surveys, as it is highly probable that the modernization and restructuring requirements of various public transport routes accessing or circulating on the North Road will still be valid, as will the construction of Bus Transfer Terminals at both ends of this corridor.

ITRAMMA's proposal to formulate a Comprehensive Program for the Restructuring of Public Transport Routes **contributes valuable details to the original Project proposal**, as the latter only referred to the construction of a first BRT corridor on the North Road and to the Plan for the Expansion of the Public Transport Network. Therefore, the proposal is now to modify the corresponding activities in order to integrate this new focus and define its respective scope more in detail.

The changes proposed in some project activities and products are presented in the following chart:

Expected Outcomes and Outputs of Initial Project		Suggestions for modifications of expected Outputs	
General Objective of the Project: Promotion of Environmentally Sustainable Transport in Metropolitan Managua		General Objective of the Project: Promotion of Environmentally Sustainable Transport in Metropolitan Managua	
<u>Outcome 1:</u> Implementation of a new legal and operational framework for public transportation in Metropolitan Managua	Output 1.1. Regulation of Public Transport Law	<u>Outcome 1:</u> Implementation of a new legal and operational framework for public transportation in Metropolitan Managua	Output 1.1. Operational regulation and definition of routes for the Public Transport System in Managua
	Output 1.2. Definition of operational standards for the BRT system		Output 1.2. Removed
	Output 1.3. Definition of technical standards for buses		Output 1.3. Definition of technical standards for the Public Transport System in Managua
	Output 1.4. Establishment of financial operative system for BRT bus routes		Output 1.4. Removed
	Output 1.5. Vehicle replacement program		Output 1.5. Vehicle replacement and maintenance program
<u>Outcome 2:</u> Implementation of the first BRT system and expansion program	Output 2.1. Integration of Ciudad Sandino in the BRT system	<u>Outcome 2:</u> Outcome 2 has been removed because the BRT system will no longer be implemented.	
	Output 2.2. BRT detailed engineering		
	Output 2.3. Construction of the first BRT corridor		
	Output 2.4. Inclusion of local bus organizations in BRT operation		
	Output 2.5. BRT promotion program		
	Output 2.6. BRT expansion program		
	Output 2.7. Documentation of results and lessons learned from the first BRT corridor implementation		

Expected Outcomes and Outputs of Initial Project		Suggestions for modifications of expected Outputs	
<u>Outcome 3:</u> Land use and traffic management planning	Output 3.1. Implementation of incentives and policies on land use along the northern corridor	<u>Outcome 3:</u> Land use and traffic management planning	Output 3.1. Articulation of route restructuring and modernization of the Urban Public Transport System through Land Use Planning in the municipalities of Managua, Ciudad Sandino and Tipitapa
	Output 3.2. Implementation of vehicle restrictions on the northern corridor		Output 3.2. Implementation of traffic management and parking measures which are complementary to land use planning
<u>Outcome 4:</u> Promotion of bicycles as an alternative for sustainable and efficient transport	Output 4.1. Strategic plan for the construction of a cycle lane network	<u>Outcome 4:</u> Promotion of bicycles as an alternative for sustainable and efficient transport	Output 4.1. Development of a strategic plan for the construction of cycle lanes
	Output 4.2. Design of cycle lane and construction program		Output 4.2. Design and construction of cycle lanes
	Output 4.3. Public awareness campaign		Output 4.3. Public information and awareness campaign
	Output 4.4. Private sponsorship to promote bicycle use		Output 4.4 Encouragement of private enterprises to sponsor bicycles
<u>Outcome 5:</u> Building local capacities, Project replication and monitoring of results	Output 5.1. Civil society participation program	<u>Outcome 5:</u> Building local capacities, Project replication and monitoring of results	Output 5.1. Encouragement of civil society and key actor participation
	Output 5.2. Building national capacities and program replicability		Output 5.2. Building national capacities and program replicability
	Output 5.3. Creation and maintenance of web site		Output 5.3. Creation and maintenance of web site
	Output 5.4. Exchange of experiences at the international level		Output 5.4. Exchange of experiences at the international level
	Output 5.5. Monitoring and evaluation of project		Output 5.5. Monitoring and evaluation of project

In this proposal, the scope of Outcome 1 is modified as it is now referring to the public transportation network as a whole and not only to the planning of a high capacity corridor on the North Road. Outcome 2 is eliminated since the BRT will no longer be constructed. Finally, the modifications to Outcome 3 detail the scope of land use planning and traffic management measures without any change to the original premise of the GEF Project.

Following is a description of the main changes proposed for some Project outputs:

### **Outcome 1**

- *Output 1.1*

In the original GEF Project, this Output referred to technical assistance for the proposal of modifications to the General Law on Public Transport, in order to adapt the legal framework and create a Metropolitan Transport Office in charge of the Planning and Implementation of the new public transport system proposed.

As an Amendment to Law No. 524 (General Law on Public Transport) was already approved in the year 2007 (Law No. 616) and promulgated in the Official Gazette of May 7, 2007, it is unnecessary to undertake actions for the preparation and approval of this Law. As a consequence, the proposal is made to modify the scopes of this Output and focus it on the *operational restructuring of the public transportation network* in Metropolitan Managua in the light of the results of the last (still ongoing) survey on points of departure and destinations.

According to IRTRAMMA, the development of a Free Trade Zone in Ciudad Sandino and the continuous expansion of the city to the south-west and south-east have substantially modified the patterns of mobility and resulted in a lower growth of traffic on the North Road than expected. Thus, there is no justification anymore to construct an exclusive central lane for high capacity buses.

However, this does not mean that no infrastructure investments will be made on the North Road, but that the investments required will be smaller than initially planned.<sup>1</sup> On the other hand, the City Government

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<sup>1</sup> The following investments are still valid for the North Road: i) Construction of protected lanes for buses with fixed stops, ii) Geometrical redesigning of some problematic intersections, iii) Construction of two transfer terminals between urban and interurban transport, iv) Construction of pedestrian bridges and safe parking areas for bicycles at the main bus stops and transfer terminals.

of Managua is planning new investments in the access network to the poorer neighborhoods, in fixed stops and traffic signaling, as well as in the construction of enclosures for buses on various public transport routes. Thus, the planned investment funds are comparable to the funds initially foreseen for the North Road (see below).

- *Output 1.2* has been removed because the BRT system will no longer be constructed.
- *Output 1.3.* In the original GEF Project, these activities referred to technical assistance for the proposal of operative and technical standards for the corridor with high standards planned on the North Road.

The only modification is the enhancement of the scope of this focusing on technical assistance in the definition of operative and technical standards of the entire public transportation network proposed for Metropolitan Managua.<sup>2</sup>

- *Output 1.4* has been removed because the BRT system will no longer be constructed. A modified fare collection scheme will be implemented for Managua but is considered baseline funding.
- *Output 1.5. Vehicle Replacement and Maintenance Program*  
This output has not been substantially modified. Instead of a "junk unit" program on the routes affected by the construction of the BRT corridor in the North Road, it broadens the scope of technical assistance from GEF towards the definition of a permanent Vehicle Replacement Program in accordance with the new operative financial scheme proposed by IRTRAMMA. This means that the new leasing scheme will be established as a permanent measure to ensure the replacement of 650 buses and their subsequent renewal every 12 years.

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<sup>2</sup> For example, high-floor accordion buses with doors to the left, designed for bus stop platforms in exclusive central lanes will not anymore be needed. But the requirements for conventional buses with 50-80 seats and for minibuses with a smaller capacity on feeder routes remain valid. The same is true for the GPS system for the monitoring of the operation of the vehicles and the passenger counters and contactless card payment systems. Thus, the GEF technical assistance proposed will focus more on the definition of operative and technical standards for the standardization of the vehicle fleet and the monitoring and collection systems in all metropolitan public transport routes.

## **Outcome 2**

This outcome has been eliminated because the BRT system will no longer be built. Baseline funding will finance an overhaul of the Managua public transport system.

## **Outcome 3**

There are no major modifications requested in this outcome, yet the scope of the outputs has been refined as follows:

- *Output 3.1*  
The land use measures implemented will be of general application for the entire public transport network and will not focus solely on the North Road corridor, as originally planned. However, the types of measures considered will be the same, except that their scope of application will be broader.
  
- *Output 3.2*  
The original goals of this output are maintained in relation to:
  - ➔ Protection through a physical demarcation of the lanes used by buses
  - ➔ Parking restrictions on roads in order not to obstruct the smooth functioning of the bus corridors
  - ➔ Reinforcement of the enforcement capacity of the Municipal Police against offenders.

IRTRAMMA suggests expanding the scope of this Outcome identifying complementary actions and policies of traffic management, particularly in the roads where you cannot implement a separate lane due to the lack of space or due to the presence of shopping centers that require free access. The measures to be implemented refer to alternative traffic routes, signaling and where possible, changes in the traffic light cycles. These enhancements do not require modifications to the original budget.

#### **IV.- Changes in the Project Organization**

Originally, it was planned that an inter-sectoral committee would be created for Project Management, known as Inter-institutional Committee for Urban Transportation (CITU). This committee made sense while the overlap of competences and responsibilities for the collective urban transportation had not been delimited between the Ministry of Transport and Infrastructure and the Institute of Transportation of the Municipality of Managua (IRTRAMMA) of the Mayor's Office of Managua.

With the entry into force of the new Law and with the change of government, these overlaps have been resolved; today, the responsibility for the public urban transportation management and the administration of the public urban transportation system are the exclusive responsibility of IRTRAMMA. Therefore, it is proposed that the Municipality of Managua, through IRTRAMMA, be responsible for the execution of the project.

Additionally, IRTRAMMA proposes the integration of 4 new actors into the Project Organization:

- Integration of the CABEI's *Executive Project Unit* in the Executive Committee of the Project led by IRTRAMMA.
- Extension of the Advisory Committee of the GEF Project in order to include:
  - ➔ The *Social Investment Emergency Fund (Fondo de Inversión Social de Emergencia-FISE)*. This new fund negotiates together with the neighborhood committees actions for improvements in the neighborhoods and therefore is involved in operations to improve road access and the location of bus enclosures related to public transportation.
  - ➔ The *Association of Municipalities of Nicaragua (AMUNIC)*, in order to strengthen communication and consensus-finding with municipalities in the interior of the country to ensure a replication of GEF project outputs (ex. consultancy for the design and construction of cycle lanes, proposals for operational improvements of public transportation networks).

→ The *Institute for Municipal Development (Instituto de Fomento Municipal IFOM)*, since it is an integral part of land use planning in the main cities of Nicaragua.

The other counterparts of the GEF project remain unchanged.

## **V. Budget Modifications**

### **Co financing of the GEF Project**

In addition to the CABEI loan of 26.6 million USD for the purchase of new buses, IRTRAMMA proposes the integration of the following budget allocations as co-financing during the implementation of the GEF Project:

No	Local Counterpart	Description	Amount in USD
1	Re-asphalting of 62.5 km of streets	Improving access and movements of transport vehicles	<b>13,125,000</b>
2	Construction of the Intermodal Terminal Cardenal Miguel Obando y Bravo	Located on the East side of the city on the North Road	<b>6,000,000</b>
3	Acquisition of land and construction of 6 urban bus terminals	Forms part of the Neighborhood Improvement Program for the relocation of bus enclosures	<b>5,670,000</b>
4	Improvement of bus stop infrastructure	Construction of 800 booths with 300 public telephones and 300 sales modules along 35 public transportation routes	<b>4,490,000</b>
5	Paving of dirt roads to allow entry of buses into neighborhoods	Paving of 73.500 m2 of dirt roads where buses circulate	<b>2,940,000</b>
6	Road signs for the Public Urban Transportation network	3,000 vertical signs and 250 km of horizontal signs	<b>1,490,000</b>
	<b>TOTAL</b>		<b>33,715,000</b>

With the following observations:

- The re-asphalting and paving of streets as well as road signs will be funded out of the budget of the Municipality of Managua (Total = 17,555,000 USD).
- The Municipality will finance 50% of the cost of construction of bus stops (Total = 2,245,000 USD) and will grant the concessions for booths and sales modules to private companies that will finance their installation.
- The Municipality will finance the land acquisition for the bus enclosures, which means 35% of the total cost of investment (Amount = 1,984,500 USD), while the transportation companies will be responsible for building infrastructure (Amount = 3,750,000 USD).
- The Eastern Intermodal Terminal will be financed to 100% by private companies (Amount = 6,000,000 USD).

Thus, the total co-financing of the GEF Project will be distributed as follows:

- |   |                       |            |
|---|-----------------------|------------|
| • CABEI loan for the purchase of buses:                                 | <b>26,600,000 USD</b> | <b>44%</b> |
| • Budget for Municipal Works  | <b>21,725,000 USD</b> | <b>36%</b> |
| • Concessionary Companies:<br>(Bus stops, enclosures, Eastern Terminal) | <b>11,990,000 USD</b> | <b>20%</b> |

**GRAND TOTAL: 60,315,000 USD**

The amounts above do not include any contributions from international donors for the construction of pedestrian bridges and cycle lanes. Additionally, IRTRAMMA is conducting a budget review to identify additional sources of financing for the construction of physical separators along 120 km of bus corridors.

## Modifications in the GEF budget structure

The overall GEF contribution is reduced due to the cancellation of Outcome 2 and Outputs 1.2 and 1.4. The proposed revised budget is described below:

Outcomes	Description	Original Budget	Revised Budget
1	<i>Implementation of a new legal and operative framework</i>	309,000 USD	<b>267,150 USD</b>
2	<i>Program of the Public Urban Transportation</i>	866,500 USD	<b>0USD</b>
3	<i>Land use planning and traffic management</i>	287,000 USD	<b>287,000 USD</b>
4	<i>Promotion of bicycles as an alternative for sustainable and efficient transportation</i>	1,386,000 USD	<b>1,386,000 USD</b>
5	<i>Local capacity building, project replication and monitoring of results</i>	646,000 USD	<b>646,000 USD</b>
	<i>Project Coordination</i>	380,500 USD	<b>287,350 USD</b>
	<i>Total</i>	3,875,000 USD	<b>2,873,500 USD</b>

