

Concept Note Template for Submission Catalytic Fund

Page Limits: Specific section limits indicated in Section 2 and 3. OVERALL DO NOT EXCEED 8 SIDES OF A4/Letter.

SECTION 1 - GENERAL PROPOSAL INFORMATION	
1.1 Title of proposed project <u>Uzbekistan - Historic Cities Sustainable Development Strategy for Bukhara and Samarkand</u>	1.2 Submission date March 31, 2011
1.3 Proposal submitted by Organisation: Ministry of Economy Name and title: R. Gulyamov, Minister Address: 45a, Uzbekistankiy Av, Tashkent, Uzbekistan Telephone +99871 2326320 Fax +99871 2326372 E-mail: info@mineconomy.uz	1.4 Contact Person (s) Organisation: World Bank Name and title: Yarissa Sommer, Operations Analyst, Urban and Water Unit, ECSS6, Europe and Central Asia. Address: 1818 H Street NW Washington DC Telephone/Fax/E-mail: 202 4731625, ylyngdoh@worldbank.org Organization: World Bank Name and title: Pier Mantovani, Lead Specialist Urban and Water Unit, ECSS6, Europe and Central Asia. Address: 1818 H Street NW Washington DC Telephone/Fax/E-mail: 202 4738320, pmantovani@worldbank.org
1.5 Recipient Organisation Organization: World Bank Name and title: Wael Zakout, Sector Manager, Urban and Water Unit, ECSS6, Europe and Central Asia. Address: 1818 H Street NW Washington DC Telephone/Fax/E-mail: 202-4731625/ ylyngdoh@worldbank.org	
1.6 Other Implementing Organisation [only if applicable] [If the Recipient will be supported in the project implementation in some or all the project activities and deliverables by any partner organisations, those partners should be listed here. Please add additional text boxes below if more than one organisation is involved] Organisation: Name and title: Address: Telephone/Fax/E-mail:	
1.7 CA members sponsoring the project Organisation: World Bank Name and title of representative in charge: Takuya Kamata, Country Manager, ECCUZ Address: World Bank Country Office, Tashkent , Uzbekistan Telephone/Fax/E-mail: Tel- 5771+241 / 998-71-238-5950/ tkamata@worldbank.org	Type of Sponsorship <input checked="" type="checkbox"/> Co- or full implementation <input type="checkbox"/> Co-funding <input type="checkbox"/> Grant Administration <input type="checkbox"/> Analytic and/or Advisory Assistance and Support <input type="checkbox"/> Joint Knowledge Management [e.g. M&E, learning events]

<p>1.9 What is the main project theme?</p> <p><input type="checkbox"/> Citizen engagement</p> <p><input type="checkbox"/> City governance</p> <p><input type="checkbox"/> Security of tenure and access to shelter</p> <p><input type="checkbox"/> Environment</p> <p><input checked="" type="checkbox"/> Access to economic opportunities</p> <p><input type="checkbox"/> Access to affordable services</p> <p><input type="checkbox"/> Other (<i>please specify</i>) _____</p>	<p>1.10 Geographic scope of the project</p> <p><input type="checkbox"/> City:</p> <p><input type="checkbox"/> State/province:</p> <p><input type="checkbox"/> Country:</p> <p><input checked="" type="checkbox"/> Global / Regional / Multi-city / Multi-country: Multi-City – Bukhara, Samarkand and Nukus</p>															
<p>1.11 Expected project duration</p> <p>__18__ Months</p>	<p>1.12 Budget Summary</p> <table border="1"> <thead> <tr> <th>SOURCE</th> <th>Total</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Cities Alliance</td> <td>US\$ 220,000</td> <td>83%</td> </tr> <tr> <td>Co-financier 1 World Bank (staff time and travel)</td> <td>US\$ 44,000</td> <td>17%</td> </tr> <tr> <td>Government</td> <td></td> <td></td> </tr> <tr> <td>TOTAL Project Cost</td> <td>US\$ 264,000</td> <td>100%</td> </tr> </tbody> </table>	SOURCE	Total	%	Cities Alliance	US\$ 220,000	83%	Co-financier 1 World Bank (staff time and travel)	US\$ 44,000	17%	Government			TOTAL Project Cost	US\$ 264,000	100%
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SECTION 2 – PROJECT BACKGROUND [ONE SIDE OF A4/LETTER MAX] [This section should provide an overview of the urban development context and policies, the key issues to be addressed by the proposed project, and its added value to previous or ongoing projects on similar issues. This information should provide the background to understand why the proposed approach has been chosen, which will be explained in detail in the following section 3]. [Please answer each question below in the order presented].

2.1. Project background and rationale

❖ **What is the context of the project?**

Many cities and secondary towns in the Europe and Central Asia (ECA) region have untapped cultural tourism potential that if developed could allow these cities to compete effectively in a regional or international marketplace. Cultural heritage projects financed by the World Bank in the ECA region have shown positive results when they jointly address and support economic growth and competitiveness through improved tourism coupled with sustainable development of city infrastructure. Efforts in heritage conservation today extend beyond just preservation of historical buildings and archeological sites to preserving and upgrading the urban landscape (streets, neighborhoods, public areas, green spaces) and fostering local economic development, thereby directly improving a city’s livability and quality of life, promoting positive community interaction and improving a city’s self-image and attractiveness to local and international investors in tourism - one of the largest growing industries in the world today. World Bank financed heritage and tourism development projects in ECA have played a critical role in restoring cultural capital, leading to the revitalization of urban centers by attracting private sector investments. The Georgia Cultural Heritage project is credited with stimulating the revitalization of Tbilisi’s Old Town. The Bosnia-Herzegovina Cultural heritage project significantly contributed to the revitalization of Mostar by improving municipal infrastructure in addition to rehabilitating the famous Mostar Bridge. Cities in Macedonia and Montenegro are launching strategies rooted in a vision of the future that valorizes their city history, cultural monuments, urban space and lifestyle so as to be cast as unique destinations in Eastern Europe. Although exceptionally endowed in cultural heritage assets Central Asian cities have yet to move beyond just heritage preservation to approaching historic city development in a multi-sectoral sustainable development manner.

An estimated 37% of Uzbekistan's population lives in urban areas, with about three million inhabitants in the capital Tashkent, the largest city. The country has a very young and rapidly growing population and is facing a serious employment challenge, especially in second tier cities and rural areas where two-thirds of Uzbekistan's population live. With the effects of the global financial crisis, Uzbek cities are looking to generate additional jobs, revenues and economic opportunities. Over the long term, the shape of the historic cities of Uzbekistan will continue to play an important role in the development of the Country. Uzbekistan's sustainable economic growth is to a large extent dependent on its capacity to preserve and open historical centers to tourists from all over the world. The sister cities of Bukhara and Samarkand, harbor cultural treasures of invaluable importance. Important junctions on the Silk Road, they have welcomed visitors for more than 2,500 years. The two cities are very aware of their regional attraction, and while they are clearly cities in competition they are intertwined in their history making them economically inter-dependent on each other's growth.

The significance of the two cities of Bukhara and Samarkand is due to several factors, mainly:

- *Regional Growth Poles:* The two cities are key centers in the regions of Bukhara and Samarkand that play an important role as administrative and economic hubs for central and northern Uzbekistan. Located on the Silk Road the cities of Bukhara and Samarkand have long been centers of trade, scholarship, culture, and religion.
- *Tourism Attraction:* Bukhara and Samarkand are world-famous historic cities, displaying fascinating Islamic architecture and living proof of the gold age of the Islamic civilization.

❖ ***What are the key issues to be addressed?***

Bukhara and Samarkand have been classified as World Heritage Towns by UNESCO, which has raised their profile as prospective tourist destinations, however 20 years after Uzbekistan's independence, they are both witnessing slow economic development linked to their tourism assets. These cities are unable to capitalize on this notoriety in part because of a backlog of infrastructure investments, weaknesses in service provision and the absence of town development strategies and planning that could help leverage the considerable benefits of their respective endowments. Both cities have vast municipal investment needs to support sustainable social and economic development while capitalizing on exceptional tourism assets. The main problems identified thus far are lying in local government administration, water and sanitation, local finance and application of modern urban and land management practices. Key priority areas include:

- i) Basic infrastructure and services (water, sanitation, solid waste management)
- ii) Urban planning and management including land use planning
- iii) Municipal Finance
- iv) Affordable housing
- v) Tourism development
- vi) Lack of a robust institutional framework, both at the municipal and national level, to support successful rehabilitation and urban cultural revitalization efforts. Without which governments do not recognize the potential of historic centers and cannot link cultural assets to broader city development needs.

❖ ***Why is this project needed?***

Uzbekistan has received considerable assistance from international organizations in developing the water and sanitation and energy sectors, with a strong accent on developing rural access. A visit to Bukhara and Samarkand will clearly demonstrate that the cities need a more focused approach to utilizing their potential for economic development as second tier cities. Building upon the Bank-financed investments in water and sanitation services in recent years, the development of a Historic Cities Sustainable Development Strategy will focus on promoting i) an integrated urban development vision for each city, as well as ii) initiate the development of an Inter-City Collaborative Strategy which would help amplify and leverage the economic prospects of these two historic sister cities.

❖ **How different it is this project from other or earlier projects on the same issue?**

The GOU is well aware of the importance of preserving its historic centers and has been engaging with various stakeholders, including the World Bank, to protect, rehabilitate and promote its cultural heritage. Bank support to-date have predominantly been aimed at building capacity and providing skills training to artisans, museums, crafts associations, tourist establishments and the local community through a recently completed trust funded *Community Empowerment for Cultural Tourism and Heritage Protection Project*. While such interventions have contributed towards improving local economic opportunities, they require the foundation of better managed and better serviced cities to sustain not only tourism growth in the future but also attract other industries and private sector investments. The outputs under this project will build on past efforts and provide a medium term development vision and strategy upon which the participating cities of Bukhara and Samarkand will be able to conceptualize and design urban development projects in a holistic, multi-sectoral and sustainable manner. In addition, the effort to get the cities to think about their future growth in a collaborative manner by evaluating and building upon their competitive strengths while establishing areas of mutual partnership will be certainly an innovative approach in the Central Asian region.

SECTION 3 – PROJECT DESCRIPTION [TWO SIDES OF A4/LETTER MAX] [This section provides details on the logical framework of the project and its main approaches on some of the CATF main tenets: coordination, participation, sustainability and knowledge] [Please answer each question below in the order presented. Please be clear and detailed for questions on project outputs, outcomes and objective as these will be included in the Grant Agreement.]

3.1 Project Objectives and Results

❖ **What is the main objective of the project?**

The objective of this proposal is to support the historic cities of Bukhara and Samarkand to identify and prioritize key areas for urban integrated development that will promote and attract local economic development opportunities. This will be achieved through the development of comprehensive **Historic Cities Sustainable Development Strategies for Bukhara and Samarkand** which will include an Inter-City Collaborative Strategy process aimed at encouraging the two cities to explore and possibly agree on areas of partnership that mutually benefit and boost economic and tourism development. As background studies the project would focus on five or six urban issues identified above but would prioritize them within the framework of sustainable city development and will be coordinated with on-going World Bank activities to rehabilitate the water supply and sewerage systems in these cities. The Strategies would also identify urban poverty issues and propose approaches to make the historic cities more attractive to investments which would facilitate job creation.

❖ **What are the expected outcomes of the project?**

Expected outcomes of the project:

- Identification of key urban development issues that constrain the complete growth and attractiveness of these cities as key tourism destinations in the region.
- Increased awareness and capacity of the city governments to better conceptualize and propose sustainable urban development interventions.
- Improved understanding of participatory processes by authorities of all levels.
- Agreed areas for city-to-city collaboration to boost tourism.

❖ **What are the main activities and outputs of the project?**

Main Activities:

- i) *Component 1: Sectoral studies* on key urban issues identified above will be carried out by consultants that will provide the background for development of the Sustainable Development Strategies for the historic cities.
- ii) *Component 2: Strategy development* – a minimum of 4 participatory workshops (one in each of the 2 cities, one joint consultative meeting or workshop to discuss areas of city-to-city collaboration, one

concluding workshop to finalize the individual strategies) and one final dissemination/Donor conference. Several smaller stakeholder meetings will be organized towards development of each strategy.

- iii) *Component 3: Learning Exchange Visits* for mayors and key national government stakeholders to two good practice EU cities that have successfully leveraged historical assets and sustainable city development interventions in enhancing and diversifying economic opportunities.

Outputs:

- i) 6 sectoral background studies
- ii) 2 Historic Cities Sustainable Development Strategy proposals to be shared with GOU, local government, the Bank and submitted to Cities Alliance.
- iii) One Inter-City Collaboration Strategy
- iv) One Dissemination/Donor Workshop
- v) Exchange visit to two noteworthy historic cities in Europe that have implemented sustainable development approaches.

3.2 Project Approach

❖ *How does this project initiate, complement and/or leverage other urban development programmes?*

Since the late 90s the World Bank has provided financing for two large investments targeting the improvement of water supply services in Karakalpakstan and Khorezm (1997, US\$ 75 million IBRD) and to Bukhara and Samarkand (2002, US\$ 40 million IDA and IBRD and a US\$ 1.7 million grant from JSDF). Upon Government's request, new investments for the rehabilitation and expansion of the sewerage system in Bukhara and Samarkand (US\$ 55million IDA), and a Water Supply Project in the Syrdarya Region (US\$88million IDA) are under implementation. Recognizing the urbanization challenges faced by cities in Uzbekistan and the growing need to improve economic opportunities in secondary cities the new *World Bank Country Partnership Strategy* currently under preparation proposes addressing urban development issues in a more integrated manner. The proposed initiative is expected to support the new CPS thrust in the Urban and Water sector in Uzbekistan. The proposal is also directly linked to the previous Country Assistant Strategy (CAS) and the previous *Government Welfare Improvement Strategy*. The latter two strategies have focused strongly on improving the living standards of the country's population, generating new jobs and enhancing the efficiency of public service provision. Moreover the IFC strategy for Uzbekistan fosters financing for joint ventures, especially in the tourism sector.

❖ *How will the project facilitate broad participation of stakeholders and build partnerships among urban actors?*

The Historic Cities Sustainable Development Strategy process will be guided by the well tested methodologies of participatory process and will be implemented in the following steps:

1. Multi-stakeholder meetings and workshops: a series of meetings and workshops will be held to bring together key stakeholders from civil society, the private sector, tourism sector, national and local government organizations and other relevant stakeholders.
2. Awareness building on consultative processes: having come from a post Soviet authoritative mentality, local and national governments tend to impose policy and projects and have little experience in consultative/ participatory processes. This project would facilitate learning consultative techniques during discussions on the strategy development.

Potential partners will be the Ministry of Economy (requesting entity in GOU), Uzkommunkhizmat, Ministry of Culture and Sports, Uzbektourism and additional local partners will be identified during the implementation process of the diagnosis and analysis stage of the strategies including local NGOs and the private sector.

❖ *How will the project scale up and institutionalize its approach?*

Replication and scaling-up activities are foreseen as key components of the Historic Cities Sustainable Development Strategy process. Approaches developed during the process would be disseminated to other local governments in the nation and replicated in other cities in Uzbekistan. Representatives of local governments/municipalities will be invited to attend the consultative meetings and workshops. It is anticipated that the beneficiary cities will be better equipped and knowledgeable about the use of participatory processes in urban development upon completion of this project.

❖ ***How will the project engage financing partners to provide capital for the implementation of plans and strategies to be developed by the project?***

The proposed initiative is expected to be incorporated into the **World Bank's Country Partnership Strategy** currently under preparation and if successful, the proposals and recommendations from the Historic Cities Sustainable Development Strategy will assist the World Bank to diversify current engagement focused only on the water and sanitation sector in Uzbekistan to approach urban development in an integrated manner. If successful this may lead to a lending activity in Fiscal Year 2013/2014. It is also expected that the Strategies for each city will also mobilize and attract private entrepreneurs and/or investments particularly in the area of cultural tourism development.

❖ ***How will the project capture experiences and results, facilitate learning processes and disseminate knowledge?***

A series of activities will be implemented in order to promote and facilitate the development and sharing of information on the Historic Cities Sustainable Development Strategy (HCSDS). These include the following:

- Stakeholder meetings and consultative workshops will increase awareness and promote knowledge with regards to Urban Sustainable Development. Mayors from other cities and local experts in the area of urban development will be invited to participate, contribute and learn from these workshops.
- Publications and printed material will be produced and distributed to stakeholders
- The documentation of Strategy Development process will be used as a tool to disseminate the experience and share knowledge and lessons learned in national, regional and international conferences.
- The final strategy will be shared in a multi-stakeholder/donor conference
- Speakers from countries that been successful in promoting and implementing sustainable urban development initiatives in historic cities will be invited to share their experience.
- In collaboration with the partner organization, the World Bank task team will manage and monitor implementation and delivery of each output.
- WBI evaluation methods would be used after each workshop and learning event to capture feedback and evaluate design and delivery of knowledge activities and consultative processes applied. Feedback from each stakeholder meeting/workshop will be used to improve the design and delivery of the next event.

SECTION 4 – PROJECT AND FIDUCIARY RISKS AND ARRANGEMENTS

4.1 Project Risks

- ❖ Will the project entail any social risks? [impacts on indigenous people, land acquisition, resettlement and/or other relevant potential social impacts]
 YES NO
- ❖ Will the project entail any environmental risks? [impacts on natural habitats, forest conservation areas, on physical cultural resources and/or other relevant potential environment impacts]
 YES NO
- ❖ Will the project entail any other risks including, but not limited to political and financial risks? [e.g. upcoming elections that could change government commitment towards the project; required co-finance does not materialise]
 YES NO
- ❖ If the answer was yes to any of the three above questions, please describe the type of risks involved in the project and the mitigating measures to be undertaken to minimize those potential adverse impacts.

4.2 Fiduciary Risks [as applies to the Recipient organization, see 1.5]

- ❖ Is the Recipient a registered organization under the countries'/cities' legal requirement?
 YES NO
- ❖ Can the Recipient provide proof of registration and years of operation?
 YES NO
- ❖ Does the Recipient have (or can open) a bank account? YES
 NO
- ❖ Is the Recipient liable for audit? YES
 NO
- ❖ Does the Recipient follow any Procurement Guidelines and if so can this document be provided for review?
 YES NO
- ❖ Is the Recipient familiar with World Bank Procurement Guidelines? YES
 NO

4.3 Project implementation arrangement

The grant will be administered by the World Bank in collaboration with the Ministry of Economy. A Project Management Team (PMT) will be established within MOE with representatives in the local government offices of Bukhara and Smarkand. Day-to-day activities such as logistics for stakeholder meeting and workshops, managing delivery of background studies and Strategies will be managed by the PMT. The PMT will be headed by an International Expert with support of a local consultant. In addition to the PMT a Bukhara Samarkand Strategy Committee (BSSC) will be established that will include sector experts from cities, local government representatives, MOE and civil society.

- 4.4 If approved, would this activity have no-objection by the national government?** [Please not that if this concept note is approved additional documentation supporting this point may be requested (e.g. a letter of no-objection). This is one of the grant eligibility conditions]. YES NO

SECTION 5 - PROJECT SCHEDULES AND DELIVERABLES						Budget ¹ [approximate cost per component only]
Key activities [Please indicate which deliverable is planned to be due in which time period] [please add/delete 'components' or 'activities' where needed]	WHO [please specify the entity responsible for the DIRECT implementation of the activity. If the entity needs to be contracted please specify 'individual consultancy' or 'firm consultancy'.]	Year 1 Deliverables (anticipated project duration 12 months)				
		Quarter 1	Quarter 2	Quarter 3	Quarter 4	
Component 1: Urban Sector Studies						Component 1 US\$ 120,000
1.1 Activity: Selection of lead consultant and local consultant	World Bank	Lead consultant hired				
1.2 Activity: Selection of sub-sector specialist		Sector consultants hired				
1.3 Activity: Set up project Management Team		PMT established in local partner organization				
1.4 Activity: 6 multi-stakeholder thematic working group consultations on i) Basic infrastructure and services , ii) Urban planning and management including land use planning, iii) Municipal Finance, iv) Affordable housing, v) Tourism development and vi) Institutional framework for preservation and promotion of Historical Cities	Lead consultant and sector consultants		Draft inception reports on each topic			
1.5 Activity: Sector Studies	Sector consultants		Submission of Final reports			
Component 2: Historic Cities Sustainable Development Strategies						Component 2 US\$52,000
2.1 Activity: First Stakeholder workshops (in each city); including presentation of Sector Studies and visioning exercise.	Lead Consultant and sector consultants			Draft Sustainable Development Strategy for each city		
2.2 Activity: Three City multi-stakeholder workshop to finalize strategies				Submission of Final Draft Strategy reports		
2.3 Activity: Historic Cities Sustainable Development Conference					Discussion of Sustainable Development Strategies with	

¹ Budget includes World Bank supervision and administrative costs of upto 20%

					stakeholders and donor community.	
Component 3: Learning Exchange Visits and Knowledge Management						Component 3 US\$ 48,000
3.1 Activity: Learning Exchange visits to similar cities in Europe	World Bank and Lead consultant	Planning of learning exchange visit	Learning exchange visit			
3.2 Activity: Knowledge management and dissemination	Lead Consultant		Capture consultative process propose recommendation for improvement	Capture and document consultative process	Produce guidelines to facilitate replication of strategy development methodology	
TOTAL CITIES ALLIANCE REQUEST						US\$ 220,000
WORLD BANK COFINANCING						US\$ 44,000
GRAND TOTAL						US\$ 264,000