



Technical Assistance Report

Project Number: 45415
Policy and Advisory Technical Assistance (PATA)
April 2013

Armenia: Urban Development in Secondary Cities (Financed by the Urban Environmental Infrastructure Fund under the Urban Financing Partnership Facility)

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 15 April 2013)

Currency unit	–	dram (AMD)
AMD1.00	=	\$0.002394
\$1.00	=	AMD417.6

ABBREVIATIONS

ADB	–	Asian Development Bank
CDP	–	city development/investment plan
CMS	–	Consultant Management System
MOE	–	Ministry of Economy
MOU	–	memorandum of understanding
MTA	–	Ministry of Territorial Administration
MUD	–	Ministry of Urban Development
NGO	–	nongovernment organization
Q	–	quarter
SWOT	–	strengths, weaknesses, opportunities, and threats
TA	–	technical assistance

TECHNICAL ASSISTANCE CLASSIFICATION

Type	–	Policy and advisory technical assistance (PATA)
Targeting	–	General intervention (more indirectly addressing poverty reduction)
classification		
Sector (subsectors)	–	Transport, and information and communication technology (urban transport, transport management and policies, information and communication technology); water supply and other municipal infrastructure and services (waste management, slum upgrading and housing, urban sector development, other municipal services); energy (energy utility services); industry and trade (trade and services)
Theme (subthemes)	–	Economic growth (promoting economic efficiency and enabling business environment, widening access to markets and economic opportunities); environmental sustainability (urban environmental improvement); private sector development (public–private partnerships)
Location (impact)	–	Urban (high), regional (medium), rural (low), national (low)
Partnership	–	Urban Environmental Infrastructure Fund under the Urban Financing Partnership Facility

NOTE

In this report, “\$” refers to US dollars.

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I. INTRODUCTION

1. The Government of Armenia requested the Asian Development Bank (ADB) to provide policy and advisory technical assistance (TA) to prepare city development/investment plans (CDPs) in the four secondary cities: Gyumri, Vanadzor, Dilijan, and Jermuk. The government and ADB approved the Sustainable Urban Development Investment Program in 2011 to finance priority infrastructure projects in urban areas of Armenia for a total amount of \$400 million equivalent. The first tranche for \$50 million will finance projects in Yerevan. The subsequent tranches to be approved in 2013 and onward will mainly focus on secondary cities. The CDPs will focus on key development and policy challenges related to urban sectors including urban transport, water supply and sanitation, solid waste management, district heating, housing, economic development, logistics, tourism, and lighting. The CDPs will span a 10-year period and will specify and prioritize a list of urban investment projects and improvements in the selected cities within the city development/investment plan.

2. ADB agreed with the government on the objectives and scope of the TA, the terms of reference for the consultants, and the cost and implementation arrangements. The design and monitoring framework is in Appendix 1.¹

II. ISSUES

3. Being a landlocked country, Armenia's economic development is tied to the construction of transborder infrastructure linking its economy to export markets and to strengthening economic poles able to generate positive spin-offs for its surrounding territory. Unbalanced economic growth among regions poses serious development challenges to planners and policy makers in Armenia. Some cities are growing fast; others are not. Some house only one industry at best while others struggle to attract one. A gradual collapse of its heavy industry in the early 1990s created a rapid shift in the location of commercial and residential centers throughout the country and corresponding changes in the demand for urban and transport network services. These changes have led to poor urban services management, traffic, congestion, loss of green areas, poor air quality, noise, and degraded historical buildings in many cities.

4. As urban areas are the pillars of Armenia's economic growth and home to 2.1 million people (64% of the total country population), the government's objective is to offer balanced and sustainable economic and territorial development that will (i) boost economic growth and job creation, (ii) stimulate private sector investment, and (iii) rebalance development between Yerevan and participating cities.² These cities generate almost 90% of the nation's gross domestic product and represent three-quarters of the urban population. The government's strategic orientation revolves around the north-south corridor and focuses on:

- (i) bolstering Yerevan as the country's engine of growth and improving connection to the neighboring countries, with infrastructure designed according to international standards (British Standard, Deutsche Normen, American Society for Testing and Material);
- (ii) establishing Gyumri, Vanadzor, and Kapan as the three main trade gateways of Armenia by strengthening the economic and social clusters already identified to offer alternative centers of growth;
- (iii) strengthening the agribusiness cluster of the four medium cities of Astashat, Ararat, Ashtarat, and Armavir; and

¹ The TA first appeared in the business opportunities section of ADB's website on 5 February 2013.

² ADB. 2012. *Managing Urban Armenia*. Consultant's report. Manila (RETA 6423).

- (iv) improving accessibility and accelerating development of the four cities of Jermuk, Dilijan, Tsakhkadzor, and Sevan, which have high tourism development potential.

5. Institutional arrangements and strategic planning have been addressed in the water supply sector, and the expertise of the private sector was tapped, but there is still a lot to do in transport and waste management.

6. The quality of urban services in Armenia is low, mainly because of poor performance of the existing services, lack of strategic or integrated planning, and weak enforcement of the law. The financial sustainability of services is therefore ineffective, implying high operating costs and higher tariffs.

7. Ongoing infrastructure development and development partner assistance is important in Armenia, with 10 projects being financed from development partners like the World Bank, the European Bank for Reconstruction and Development, and KfW, mainly in transport and water, for a total value of about \$230 million, excluding those projects financed by ADB.

III. THE TECHNICAL ASSISTANCE

8. This TA will help the Ministry of Economy (MOE) and the Ministry of Territorial Administration (MTA) prepare CDPs over a 10-year period for four secondary cities. These cities are Gyumri, Jermuk, Vanadzor and Dilijan and some of the identified projects within the city development/investment plans may be considered by the government to seek funding support including from ADB. The TA will address the government's strategic orientation to improve economic growth by developing cities along trade gateways and those with tourism potential. It will eventually inform the government growth strategy and facilitate balanced development in the country. It will focus on key development and policy challenges related to the urban sector, including urban transport, water supply and sanitation, solid waste management, district heating, housing, economic development, logistics, tourism, and street lighting; and help list and prioritize urban investment projects in the selected cities. This TA will include such prioritized project list. The detailing (detailed engineering, feasibility study, or due diligence) of projects would not be part of the scope of this TA. This TA will also help MOE and MTA design the best organizational arrangement to implement urban and municipal projects in participating cities. It will define the organization, prepare job descriptions and the operational budget, and underline the coordination mechanisms between national and local governments to ensure successful implementation.

A. Impact and Outcome

9. The impact of the TA will be improved urban and municipal infrastructure in the four cities of Gyumri, Jermuk, Vanadzor, and Dilijan. The outcome will be well-planned urban development/investment projects in the four cities.

B. Methodology and Key Activities

10. The TA will result in the following outputs: (i) diagnostic reports for reference in preparing the CDPs; (ii) a 10-year city strategic vision, city development/investment plan based on each city's financial situation endorsed; (iii) an exhibition on CDPs for Gyumri, Jermuk, Vanadzor, and Dilijan conducted; and (iv) prioritized project list for the four secondary cities completed.

11. The assumptions are as follows: (i) the government pursues strategy for growth and keep secondary cities as a priority; (ii) political and economic stability exists at the national and local levels; (iii) environmental and resettlement frameworks applicable for participating cities are in place; (iv) the government is willing to borrow for participating cities; (v) the government exercises prompt decision making and release of counterpart funds; and (vi) there is a prompt decision on the implementation arrangements for participating cities and support for the capacity development needs of the relevant municipalities.

12. The risks identified are as follows: local government resources cannot accommodate the financing of the proposed investment plan, and weak coordination among government departments and relevant municipalities undermines sustainable operations.

C. Cost and Financing

13. The TA is estimated to cost \$739,200, of which \$660,000 will be financed on a grant basis by the Urban Environmental Infrastructure Fund under the Urban Financing Partnership Facility,³ and administered by ADB. The government will provide counterpart support in the form of counterpart staff, office space, space for workshops, and other in-kind contributions. The value of government contribution is estimated to account for 12% of the total TA cost.

D. Implementation Arrangements

14. The MTA as executing agency will implement the TA with the support of the Ministry for Urban Development (MUD). The team of consultants will be hosted in the offices of the MTA.

15. For the duration of the TA implementation period, MTA will be staffed with permanent personnel including a project director, an English-speaking coordinator, and counterpart staff who will work in coordination with the consultants, government agencies, and other stakeholders. A steering committee chaired by MTA, with representatives from MUD, MOE, each city, and other stakeholders will meet at least once a month to provide strategic direction for the selection of investment proposals and the financing plan as part of the prioritized project list.

16. Two types of consultants will be recruited under the TA: a group of individual consultants, and one local communication and marketing agency. The team of individual consultants will comprise seven international individual consultants supported by three national consultants. They will be recruited through ADB's Consultant Management System and will cover the following expertise: urban planning, urban infrastructure, urban financing, institutional, economic development, economic analysis, tourism, and cultural heritage development. They will prioritize a project list in the four secondary cities. Consultants will be recruited in line with *ADB's Guidelines on the Use of Consultants* (2010, as amended from time to time). All disbursements under the technical assistance will be made in accordance with the *Technical Assistance Disbursement Handbook* (2010, as amended from time to time).

17. The TA will be implemented from May 2013 to September 2015.

³ Contributor: the Government of Sweden.

IV. THE PRESIDENT'S DECISION

18. The President, acting under the authority delegated by the Board, has approved ADB administering technical assistance not exceeding the equivalent of \$660,000 to the Government of Armenia to be financed on a grant basis by the Urban Environmental Infrastructure Fund under the Urban Financing Partnership Facility for Urban Development in Secondary Cities, and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators with Baselines ^a	Data Sources and Reporting Mechanisms	Assumptions and Risks
Impact Improved urban and municipal infrastructures in Gyumri, Jermuk, Vanadzor, and Dilijan	By end of 2018 Economic and social cluster created Income from tourism increased by 10% from the baseline and all cultural heritage sites preserved Private sector investment increased by 10% from the baseline Employment increased by 10% from the baseline	MTA urban assessment and report MOE economic report NGO reports City reports	Assumptions Government pursues strategy for growth and keeps participating cities as a priority Political and economic stability at national and local levels Risk Local government resources cannot accommodate their share of financing of the proposed investment plan
Outcome Well planned urban development investment projects in Gyumri, Jermuk, Vaghadzor, and Dilijan	MOU detailing intent and time-bound action plan to implement the CDPs signed by MTA and key stakeholders by Q3 2015 City strategic committee set up in all four participating cities gathering public and private stakeholders and civil society Q3 2015 At least two projects endorsed for processing approval by government and selected financing partner by Q1 2015	MTA annual report Workshops Media coverage NGO reports City reports	Assumptions Environmental and resettlement frameworks applicable for participating cities in place Government's willingness to borrow for participating cities
Outputs 1. Diagnostics reports for reference in preparing the city development/ investment plans completed	SWOT analysis, data maps, and comprehensive assessment of policy framework, financial and economic conditions, and institutional structure completed by Q3 2014 All planned consultation meetings and workshops concluded by Q2 2015	Signed MOU between ADB and MTA Consultants' reports Minutes of workshops	Assumptions Prompt decision making by the government and prompt release of counterpart funds Prompt decision to decide on the implementation arrangements for participating cities and to support the capacity development needs of

Design Summary	Performance Targets and Indicators with Baselines^a	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p>2. A 10-year city strategic vision, city development/ investment plan based on each city's financial situation endorsed</p> <p>3. An exhibition on CDPs for Gyumri, Jermuk, Vanadzor, and Dilijan conducted</p> <p>4. Prioritized project list for the four secondary cities completed</p>	<p>MTA, MOE, MUD, and city government authorities jointly endorsed the CDPs by Q3 2015</p> <p>Communication materials, including brochures and website for each city completed and approved for the exhibition by MTA and the government authorities by Q2 2015</p> <p>MTA endorses the prioritized project list by Q3 2015</p>	<p>Endorsed CDPs</p> <p>Communication materials</p> <p>MTA Annual Reports</p>	<p>the relevant municipalities</p> <p>Risk Weak coordination among government departments and relevant municipalities undermines sustainable operations</p>
<p>Activities with Milestones</p> <p>1.1 Recruitment of the consultants by month 3 after TA approval</p> <p>1.2 Workshop and inception meeting organized by month 4 after TA approval</p> <p>1.3 First CDP (including policy reform framework) drafted by month 6 after TA approval</p> <p>1.4 Policy reform framework prepared with MTA by month 6 after TA approval</p> <p>1.5 First consultation of the CDP conducted by month 7 after TA approval</p> <p>1.6 Rollout of the three other cities from month 9 to 12 after TA approval</p> <p>2. First final CDP with renderings and communication materials delivered during the final workshop by month 9 after TA approval</p> <p>3. Exhibition held with MTA in the first city with roundtable for investors by month 12 after TA approval</p> <p>4.1 First draft of the prioritized project list for the projects under secondary cities from month 6 to 18 after TA approval</p> <p>4.2 MTA endorses prioritized project list from month 19 to 29 after TA approval</p>			<p>Inputs Urban Environmental Infrastructure Fund under the Urban Financing Partnership Facility: \$660,000</p> <p>The government will provide counterpart support in the form of counterpart staff, office space, space for workshops and other in-kind contributions.</p>

CDP = city development/investment plan; MOE = Ministry of Economy; MOU = memorandum of understanding; MTA = Ministry of Territorial Administration; MUD = Ministry for Urban Development; NGO = nongovernment organization; Q = quarter; SWOT = strengths, weaknesses, opportunities, and threats; TA = technical assistance.

^a Baselines will be collected during inception mission.

Source: Asian Development Bank estimates.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Amount
Urban Environmental Infrastructure Fund under the Urban Financing Partnership Facility^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	440.00
ii. National consultants	101.50
b. International and local travel	22.00
c. Reports, communication, and translation	26.00
2. Land transport, vehicle hire	5.00
3. Workshops and consultations	9.00
4. Miscellaneous administration and support costs	19.50
5. Contingencies	37.00
Total	660.00

Note: The TA is estimated to cost \$739,200 of which contributions from the Urban Environmental Infrastructure Fund under the Urban Financing Partnership Facility are presented in the table above. The government will provide counterpart support in the form of counterpart staff, office space, space for workshops, and other in-kind contributions. The value of government contribution is estimated to account for 12% of the total TA cost.

^a Contributor: the Government of Sweden. Administered by the Asian Development Bank.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. Objective

1. The city development/investment plans (CDPs) will focus on key development and policy challenges related to urban sectors, including urban transport, water supply and sanitation, housing, economic development, logistics, tourism, and lighting. The CDPs will span a 10-year period.

2. The objectives of the services are to (i) elaborate diagnostic reports for reference in preparing the CDPs and investment plans; (ii) build with local stakeholders a 10-year strategic vision and CDPs for four cities, focusing on economic and tourism development; (iii) identify necessary investments to improve infrastructure and services and prepare an investment plan in the short, medium, and long term, for endorsement; (iv) identify private sector opportunities and define arrangements, institutional reform, and capacity building to stimulate community-based ecotourism and locally produced industry; (v) list and prioritize the identified subprojects and coordinate with the future team of consultants in preparing assessments and project due diligence (technical, economical and financial assessment, cost estimate, implementation schedule, and safeguards screening); and (vi) help prepare communication materials to market, promote, and display these CDPs and the investment opportunities offered in each city for private sector interventions.

3. These inputs will prepare an investment plan with cost estimates and implementation schedule. To market this city vision, communication materials and brochures will be prepared to be able to design a city website and prepare an exhibition on the economic development opportunities in the city.

B. Component 1: Preparation of City Development/Investment Plans

4. This component will be undertaken by a team of individual consultants recruited through ADB's Consultant Management System (CMS). The outputs will be delivered after 6 months.

5. **Scope of work – Task 1.** Under the planning phase, the consultant will assess the competitive advantage of each city in a regional development context. Based on this analysis, the consultant will identify potential project components, subsectors and industrial clusters, review current project proposals included in the urban master plan, if any, and propose new investment proposals if needed, including analysis of the existing planning documents and studies (urban master plan, sector road maps, urban strategic assessment, national strategies, development partner reports, and action plans). This will include (i) analysis of natural constraints; the geographic distribution of population and jobs; existing urban infrastructure (public education, health facilities, traditional and recent economic activities, food, and agriculture industry); historical and tourism infrastructure; and description of economic trends; (ii) consultation with city officials; governors; the Ministry of Territorial Administration (MTA); the Ministry for Urban Development (MUD); the Ministry of Economy (MOE); the Ministry of Tourism, Culture, and Environment; and other public and private stakeholders¹ on the city issues to propose a holistic development plan; (iii) mapping the collected data on digital maps utilizing geographic information system tools, highlighting urban infrastructure, jobs, industry, historical sites, craft, and agriculture; and (iv) preparation of strengths, weaknesses, opportunities, and threats (SWOT) analysis; and assessment of the local road, urban, and

¹ National Competitiveness Foundation for Armenia, Armenia Tourism Agency, Chambers of Commerce, professional and cultural associations, and nongovernment organizations.

municipal infrastructure backlogs and needs.

6. **Scope of work – Task 2.** Based on the SWOT analysis, the consultants will prepare a CDP for each city. This will be presented to local authorities and local stakeholders. This task includes (i) assessment of the city area economic potential in terms of activities, job creation, and investment opportunities; and assessment of the adequacy of the overall Armenia economic and tourism strategy; (ii) identification of urban infrastructure gaps and needs to enhance the attractiveness of the city and its surroundings, particularly for economic and tourism development; (iii) undertaking of a desk study to provide examples of cities in Europe and Asia with similar development issues, which could serve as benchmarks for the four cities; (iv) preparation of a draft CDP for each city focused on economic and tourism development, linked to the national economic policy and the tourism plan, with four components (urban infrastructure, services, reform and partnerships, and training and capacity building); and (v) organization of a public consultation to share the objectives and main components, and finalize the CDP based on the feedback from all stakeholders.

7. **Scope of work – Task 3.** Once the CDPs are ready, the consultants will identify a list of possible projects based on the gaps and needs identified during the urban assessment: (i) evaluation and prioritization of all projects following multi-criteria project selection (cost, benefits, implementation schedule, revenues, and jobs generated); (ii) preparation of a 10-year investment plan with rough cost estimates and implementation schedule; (iii) sharing of project components and proposal of project distribution between development partners and the private sector, and evaluation of the different sources of possible funding; and (iv) prioritized project list for the four secondary cities. Such criteria and their rationale will be discussed in advance with MTA, MUD, MOE, and ADB.

8. **Deliverables.** The outputs will include the following components as a minimum: (i) an urban, economic, environment, historical, and tourist assessment of each city with SWOT analysis and a photographic report; (ii) a 10-year CDP, including maps, drawings, brochures, websites, and an investment plan for each city (infrastructure and services), including policy reform, implementation arrangements, and capacity building; (iii) a proven methodology to develop CDPs, which could be applied in other secondary cities in Armenia to prepare subsequent tranches of the multitranche financing facility; (iv) communication material (executive summary, maps, photomontage, and other documents); and (v) a prioritized project list for the four secondary cities.

9. Interim reports will be prepared in English, with executive summaries translated into Armenian to facilitate government understanding and decision making. Reports will be submitted in both electronic and paper format.

10. Three workshops are planned in addition to the inception meeting: (i) assessment: to present draft city assessment and discuss urban issues; (ii) planning: to present draft CDPs with tentative investment proposals, including economic development and cultural heritage and tourism projects; and (iii) private investment and development partner coordination: to present and discuss investment proposals and improved institutional framework for the private sector.

C. Component 2: Preparation of Communication Materials

11. This component will be undertaken by a local marketing and/or communication agency recruited under least-cost selection by ADB with the support of the team leader. The outputs will be delivered 9 months after TA approval.

12. **Scope of work.** This includes provision of inputs and coordination with the local marketing and/or communication agency to prepare communication materials (brochure, renderings, exhibition boards) and inputs to design a website for each city to market the city's strategic vision.

13. **Key consultant requirements.** Once the CDPs are finalized, the team leader will prepare presentation material and will coordinate with ADB to recruit a local marketing and/or communication agency to prepare materials to advertise and market each city's CDP.

14. **Deliverables.** The outputs will include the following as a minimum: (i) an exhibition displaying the CDPs' objectives, principles, and main steps; and (ii) a 10-page brochure presenting the CDPs and the investment opportunities.

D. Component 3: Establishing the Implementing Agency for Projects in Secondary Cities

15. This component will be undertaken by a team of individual consultants recruited through the CMS. The outputs will be delivered 6 months after the beginning of the assignment.

16. **Scope of work.** In parallel with component 1 and as part of the team, the consultant will assess the financial situation of each city; identify institutional and financial resources and gaps; and provide input for mitigation measures. After extensive consultations and with the support of the financial specialist, the experts will identify the financial margins and constraints of each city. This will define the financial framework of the CDP, identify opportunities for the private sector, and suggest the most relevant institutional structure to implement the projects.

17. This component includes (i) assessment of the financial and budget situation of each city based on the last 5 years (budget, income, capital expenses, operational expenses, state subventions, local taxes collected, municipal revenues); (ii) proposal of policy and regulatory changes, and recommendations to implement projects successfully in participating cities; and (iii) design of an organizational arrangement to implement urban projects in participating cities, description of the organizational structure, recommendations for the organizational mandate and operational budgets, and highlighting of the necessary coordination mechanisms between national and local governments to enable implementation of efficient projects.

18. **Deliverables.** The outputs will include the following as a minimum: (i) assessment of the institutional setup of each city, including organizational chart and graphs; (ii) an urban financial assessment of each city, including graphs and trends; (iii) a recommendation report for the preparation of 10-year CDPs in terms of organizational structure, coordination, policy reform, implementation arrangements, and capacity building; and (iv) contribution and participation in three workshops and/or public consultations.

E. Component 4: Assessment for Projects in Secondary Cities

19. This component will be undertaken by a team of individual consultants recruited through the CMS and linked to the team leader from component 1. The outputs are expected to be delivered 6–18 months after the recruitment.

20. **Scope of work.** The detailed scope will be discussed and refined once the projects have been endorsed by the Government of Armenia. MTA, assisted by the ADB team, will closely work to prepare terms of reference based on the nature of the selected projects.

21. **Deliverables.** The outputs will include the following as minimum, but will not be limited to: (i) assessment on the development of policy reforms based on lessons learned in CDPs, (ii) assessment on the transition required from the existing situation to the future one as described in the CDPs, and (iii) assessment on the priority projects that can be selected from the projects identified in the CDPs.

F. International Consultant Requirements for Components 1, 3, and 4

22. **Senior urban planner and team leader** (international, 6 person-months). The planner (architect or engineer) will (i) coordinate and consolidate the work of all the consultants to produce CDPs and assessments for a group of project components, as well as for the planning phase; (ii) review current project proposals included in the urban master plan, if any; and (iii) propose new investment proposals, and assess the competitive advantage of each city in a regional development context. Based on this analysis, the expert will identify potential project components, subsectors, and industrial clusters for development with high potential growth for the benefit of the *marz*² and the four cities. At the end of the planning phase, the team leader will present and initiate a prioritized project list for the four secondary cities. Finally, the team leader will review the institutional structure for the implementing agency; and propose changes and recommendations for further study and consideration to the city, MTA, MUD, MOE, and ADB project team.

23. **Senior urban infrastructure engineer** (international, 6.5 person-months). The consultant will (i) assess various infrastructure network systems and facilities, provide technical input, and manage the subsector assessment review; (ii) review the project components proposed by the four cities, and flag and highlight to the team leader any potential issue related to safeguards; and (iii) draft cost estimates for the proposed project components to input into the assessment and calculate a preliminary investment plan for each city.

24. **Economic development specialist** (international, 3 person-months). The consultant will (i) identify the necessary investments to strengthen the local economy, notably to improve infrastructure and services, and formalize investments into an investment plan for the short, medium, and long term; (ii) liaise with the private sector and identify opportunities for private involvement; (iii) define the arrangements, institutional reform, and capacity building to stimulate community-based development and locally produced industry; and (iv) list and prioritize the identified subprojects and coordinate with consultants preparing the assessment and due diligence.

25. **Cultural heritage and tourism specialist** (international, 2 person-months). The consultant will (i) write a business plan for cultural heritage and tourism in the different cities, particularly in Jermuk and Dilijan; (ii) assess the tourism market; (iii) review the inventory prepared by the cultural heritage and tourism sites in each city and its *marz*; (iv) appraise cities' potential for tourism and local economic development based on historical, economical, and possible registration for World Heritage listing; (v) identify foundations and private sector opportunities; and define arrangements and institutional guidelines for preservation, construction regulation, and capacity building to stimulate community-based ecotourism; (vi) identify requirements for associated urban and provincial service improvement measures, including handicraft villages, maximizing private sector participation, and small and medium-sized enterprises; and (vii) develop a project selection matrix, based on a multi-criteria analysis, and finalize a list of potential investment proposals in cultural heritage and tourism for the

² Region in Armenian.

CDPs.

26. **Urban finance specialist and economist** (international, 3 person-months). The consultant will (i) manage the financial and economic development assessment of the city; review and assess the municipal budget, financial resources, and gaps and provide input for gap mitigation measures; (ii) identify the financial margins and constraints of each city, which will define the financial framework of the CDPs; (iii) contribute to the preparation of a 10-year CDP for four cities, focusing on economic and tourism development; (iv) review the investment cost estimate and operational expenses, and calculate a preliminary investment plan for each city; (v) model and forecast financial needs, assess the impacts on the city financial situation in the long term, and propose adjustments to guarantee sustainability; and (vi) identify the necessary measures and capacity building to improve the financial sustainability and management of the infrastructure and services delivery, including private involvement.

27. **Institutional specialist** (international, 1.5 person-months). The consultant will (i) manage the assessment of the institutional setup and framework (institutional organization, delegations, responsibilities of the local governments, state subsidies), and assess the need for reform; (ii) identify necessary policy reforms to improve the institutional setup to increase the effectiveness of institutions, provide cost-effective infrastructure, and improve service delivery; (iii) recommend international best practices to streamline project management and implementation for each city and respective *marz*; (iv) define and design the optimal institutional structure and organizational arrangement to implement projects in participating cities; (v) describe the organizational structure, and recommend organizational mandate and operational budgets; and (vi) highlight the necessary coordination mechanisms between national and local governments to enable implementation of efficient projects.

28. **Geographic information system specialist** (international, 3 person-months). The consultant will develop the basic geographic information system (GIS), which includes the following tasks: (i) set geo-reference cadastral maps if available and digitize them in ArcGIS; (ii) set final seamless cadastral map to a 1:5000 scale, with administrative boundaries set up to the lowest administrative boundary level and survey plots; (iii) set output file in a shape file or geo-database format; and (iv) develop the necessary element to set up a basic thematic layer that will be used in the future for a full GIS system to be deployed, as well as the needed elements for perfect layer integration.

G. National Consultant Requirements for Components 1, 3, and 4

29. **Urban planner and geographic information system support consultant** (national, 6 person-months). The consultant will support the senior urban planner (architect or engineer) and team leader, and GIS specialist.

30. **Urban infrastructure, transport, tourism, and institutional support consultant** (national, 16 person-months). The consultant will support the senior urban infrastructure engineer, cultural heritage and tourism specialist, and institutional specialist.

31. **Urban finance and economic support consultant** (national, 14 person-months). The consultant will support the economic development specialist, and urban finance specialist and economist.