

**Project Summary for Public Disclosure**  
**(after approval of NDB financing)**

Project Name	The Small Historic Cities Development Project
Country	The Russian Federation
Type	Sovereign
Area of Operation	Multiple Areas
Concept Approval Date	13 March 2018
Financing Approval Date	28 May 2018
Total Project Cost	USD 275 million
Initial Limit of NDB Financing	USD 220 million
Current Limit of NDB Financing	USD 220 million
Borrower	The Russian Federation
Project Entity	The Saint Petersburg Foundation for Investment Projects
Project Context	<p>Russia's competitiveness and business environment have improved over the past years, yet the small cities in Russia are still facing challenges to catch up. The municipal budgets of small cities are insufficient in solving many challenges such cities face. As a result, basic urban infrastructures including transport and social ones have been underdeveloped and are frequently found in unsatisfactory conditions. For small historic cities, preservation of heritage assets is under various financial constraints due to limited budgetary support. However, small historic cities are attractive destinations for culture and education-oriented tourism. Preservation and conservation of national cultural values is of critical importance for the Russian Federation and is stressed in the Presidential Decree "On National Goals and Strategic Tasks of the Development of the Russian Federation for the Period until 2024". In this context, the Project is designed with financing from NDB to support infrastructure development in nine competitively selected Russian small historic cities with a focus on preservation and development of cultural heritages. The Project is in close alignment with NDB's mandate of supporting sustainable infrastructure development.</p>
Project Description	<p>The NDB will support the Project through a Sovereign Project Loan up to USD 220 million. The nine small historic cities are across seven Federal Subjects of the Russian Federation and are endowed with rich cultural heritages, numerous historic</p>

	and cultural monuments of early Russian architecture, and scenic natural landscape. The number of historic monuments in a participating city ranges from 70 to 500, which has allowed the cities to attract 30,000 to 800,000 tourists per year.
Project Objective	The objective of the Project is, through tourism infrastructure development focusing on conservation and development of cultural heritages and urban utilities, to support sustainable socio-economic development in the participating small historic cities in Russia.
Implementation Arrangements	The Project is estimated to be implemented over 6 years between 2018 and 2024. Suppliers for the Project will be selected through a competitive and transparent bidding process.
Environmental and Social Information	The Project will bring benefits of: (i) better preserved and exhibited cultural heritage sites; (ii) upgraded basic urban infrastructure and incidental services (such as street signage and lighting) at existing and emerging tourist destinations and gateways; and (iii) enhanced attractiveness and popularity of the historic settlements for tourists and the local population. Socio-economic conditions are expected to be improved in the nine small historic cities after successful implementation of the Project, measured by increase of average earnings of the locals, increase of employment rate in the local economy, and the growth of revenues of the municipal budget. The Project is categorized as “B” in accordance with the NDB Environment and Social Framework with limited adverse social and environmental impacts. These adverse impacts are generally associated with the construction activities in urban settings and will be mitigated using the requirements of the Russian country system for environmental and social management. No conversion of natural habitats, or negative impacts on biodiversity or indigenous peoples were found. The Project does not involve land acquisition and resettlement.
Financing	The total cost of the Project is estimated to be USD 275 million. NDB will support the Project through a Sovereign Project Loan of USD 220 million. The federal government has allocated USD 10 million from the federal budget to improve the attractiveness of the participating cities by developing and implementing marketing strategies. The balance of USD 45 million will be financed by regional budget, municipal budget, and other non-budgetary resources

	Source of Fund		Amount (USD million)
	NDB		220
	Federal Budget		10
	Regional budget, municipal budget and other non-budgetary sources		45
Contacts	NDB	Borrower	Project Entity
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