



Armenia: High-Efficiency Horticulture and Integrated Supply Chain Project

Project Name	High-Efficiency Horticulture and Integrated Supply Chain Project		
Project Number	51162-001		
Borrower/Company	Spayka Limited Liability Company		
Country	Armenia		
Location	Nation-wide		
Approval Number	7545/3642		
Type of ADB Assistance / Amount	3642	Ordinary capital resources	USD 32.00 million Committed
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration		
Drivers of Change	Gender Equity and Mainstreaming Private sector development		
Sector / Subsector	Agriculture, natural resources and rural development - Agricultural production		
Gender Equity and Mainstreaming	Effective gender mainstreaming		
Responsible ADB Department	Private Sector Operations Department		
Responsible ADB Division	Portfolio Management Division, PSOD		
Responsible ADB Officer	Lemoine, Martin		
Project Sponsor(s)			
Description	The project will support the development of 30 hectares of climate-controlled greenhouses equipped with drip irrigation systems in Yerevan to produce tomatoes and bell peppers. The products will be exported to Russia and the United Arab Emirates, leveraging Spayka's existing supply chain and client network.		
Objectives and Scope	The project is consistent with key objectives of the Armenian Development Strategy 2025, namely (i) the development of a modern agriculture sector through <u>industrialization</u> (including through the application of modern technologies like greenhouses), (ii) the promotion of export of agricultural products in support of an export oriented economy and the integration of the Armenian economy into regional cooperation formats and international economy in general, and (iii) the creation of quality and well-paid jobs as one of the main conditions to achieve poverty eradication and income redistribution.		
Linkage to Country/Regional Strategy	ADB's Armenia country partnership strategy 2014- 2018 is based on three development pillars: (i) high and sustainable economic growth, (ii) broadened access to economic opportunities, and (iii) strengthened social protection. The project supports pillars (i) and (ii). The project is also fully aligned with the four priorities of the ADB's Operational Plan for Agriculture and Natural Resources 2015 -2020: (i) increasing the productivity and reducing pre- and postharvest losses of food crops; (ii) improving market connectivity and value chain linkages; (iii) enhancing food safety, quality, and nutrition; and (iv) enhancing management and climate resilience of natural resources.		

Safeguard Categories

Environment	B
Involuntary Resettlement	C
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	The location of the proposed climate-controlled greenhouses is devoid of any dense vegetation, any structures or habitation therefore no significant site disturbance will occur. The potential environmental and social impacts of the project have been identified during due diligence and effective measures to avoid, minimize, mitigate, and compensate for the adverse impacts are being incorporated in the environmental and social management plan. Spayka's proposed greenhouses will be equipped with computer systems that will control and monitor greenhouse climate, water quality and energy consumption to create the most optimal growing conditions for the crops inside the greenhouses. The institutional capacity and commitment of Spayka to manage the project's social and environment impacts are deemed adequate.
Involuntary Resettlement	The proposed greenhouse project will be built on a 47.76 ha land donated by the Yerevan Municipal Government. In the 1990s, people were issued permits to cultivate the Shengavit community land. These permits were cancelled in 2008 when a law was passed changing the status of the communities to administrative districts. In 2012, the Yerevan Municipality acquired the land to be managed by the Armenian Crop Promoting Centre (a public-private partnership which became a private company in 2014) for the development of a greenhouse facility. The government compensated the remaining users of the community land. However, the greenhouse development project did not materialize as some conditions were not met. The land was left unused from 2012 until 2017. In early 2017, Spayka applied to the government for the allocation of a land plot to develop a greenhouse complex. In July 2017, Yerevan Municipality and Spayka signed a donation contract and a property certificate was issued to Spayka. No one is currently living-on or using the land informally and there are no outstanding complaints with regards to the land.
Indigenous Peoples	Yerevan is largely mono-ethnic municipality, with majority of population being Armenians (98.9%). The major ethnic minorities are Yazidis (0.3%) and Russians (0.5%) and the rest are other ethnic minorities. The greenhouse project is in the Yerevan municipality in Shengavit administrative district, inhabited mostly by Armenians with few ethnic minorities who are already mainstreamed to the society.
Stakeholder Communication, Participation, and Consultation	Spayka plans to conduct consultations with relevant stakeholders on the proposed greenhouse project. During the greenhouse construction phase, communications with stakeholders will be led by the Spayka Project Coordinator. During the operations phase, the local greenhouse Director will handle engagement with communities and other stakeholders. An informal grievance redress mechanism is being practiced, but Spayka will establish a formal grievance procedure.

Timetable for assistance design, processing and implementation

Concept Clearance	08 Aug 2017
Due Diligence	
Credit Committee Meeting	15 Dec 2017 to 15 Dec 2017
Approval	07 Feb 2018
Last PDS Update	17 Sep 2018

Project Page	https://www.adb.org/projects/51162-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=51162-001
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