

SAFEGUARDS AND SOCIAL DIMENSIONS SUMMARY

A. Safeguards

1. **Environment.** In compliance with the 2009 Safeguard Policy Statement (SPS) of the Asian Development Bank (ADB), the project is classified as category B for the environment. An independent consultant has prepared an initial environmental examination report. The proposed semi-closed greenhouses will be in an area that was a communal farm under the former Soviet Union, and is devoid of any dense vegetation, structures, or habitation. Major industrial power and abandoned chemical plants are located within a radius of approximately 500 meters (m) to 1 kilometer (km) from the project site. The rural community of Kharbed, approximately 600 m from the site, is the nearest residential settlement. As a perimeter fence will be installed around the property, the project will not affect the existing cemetery 100 m away from the fence. Potential environmental risks and impacts during the greenhouse development are mostly site-specific and short-term, and can be effectively managed by good engineering construction and housekeeping practices. Major potential environmental impacts during operation include water resource utilization, air quality, fertilizer and pest management, crop residue, and solid wastes. Rainwater collection reservoirs will be installed, and advanced drip irrigation technology will be implemented to optimize water consumption for all greenhouses. The proposed greenhouses will be equipped with Priva process computers that control various processes inside the greenhouses to create optimal growing conditions for the crops.¹ These control processes include greenhouse climate management, water management, and energy management solutions.² To keep abreast of innovation and development, Priva is providing the company with regular courses and workshops on different horticultural topics, including sustainable technology. All seedlings will be provided by European producers with a genetically modified organism-free certificate. The company is initiating the development of an integrated environmental, health, and safety management system using ISO 22000 on quality and food safety and ISO 14001 on the environmental management system. The environmental and social management (ESM) position has been established. ESM staff are responsible for (i) developing and implementing a coding system for key agronomical practices to mitigate associated environmental and social risks in greenhouses and orchards, (ii) developing and implementing the ESM plans during construction and operation,³ (iii) ensuring compliance with applicable environmental legislation, and (iv) providing social and environmental training to staff at all levels.

2. **Social.** The project will not have any involuntary resettlement impacts or affect any indigenous peoples. It is classified as category C for both involuntary resettlement and indigenous peoples in accordance with the SPS. The proposed greenhouse project will be built on a 47.76-ha plot of land donated by Yerevan Municipality. The land was owned by Yerevan Municipality, and has not been used by any entity since 2012. Under the former Soviet Union, the land was used for

¹ Priva is a world market leader in developing and implementing horticultural projects. Priva has developed software systems that are used to control various processes in greenhouses and buildings for different horticultural projects throughout the whole of Europe, as well as in North America, Latin America, Africa, and Asia. Richel Group, a French company, will provide the technology for the greenhouse equipment, and local contractors will carry out the construction.

² The Priva process computer is designed to (i) control and monitor the greenhouse climates (temperature, light, air humidity, and carbon dioxide concentrations) through measuring boxes and sensors; (ii) control and manage water quality (by pre-treating the water, dosing nutrients, and disinfecting drain water for re-use); and (iii) reduce and manage energy consumption and enhance the performance of boilers.

³ ESM staff will develop ESM plans—including (i) an emergency response plan; (ii) a stakeholder's engagement plan; (iii) a community health and safety management plan particularly linked to the company's fleet transportation activities; and (iv) an occupational health and safety plan—and include them in the final initial environmental examination report to be submitted to and reviewed by ADB.

agriculture. In the 1990s, the land became the property of the Shengavit Community, which issued permits to about 250 people from Noragavit District to cultivate the land (later reduced to four users). In 2008, Yerevan Municipality issued a law that changed the status of the communities into administrative districts, and led to the termination of the permits. A number of people continued using the land. In 2012, Yerevan Municipality acquired community land for the greenhouse development to be managed by the Armenian Crop Promoting Centre (a public-private partnership that became a private company in 2014). As a gesture of goodwill, the Government of Armenia compensated all actual users in 2012, despite the absence of property registration. Orchards were compensated at a rate of AMD1,600 per square meter and lands with crops at a rate of AMD800 per square meter. However, the greenhouse development did not materialize as the Centre did not meet some conditions were not met. The land was left unused from 2012 to 2017.

3. In early 2017, Spayka approached the Mayor of Yerevan to request an allocation of land for the development of a greenhouse complex and blue cheese factory. In June 2017, the government approved the investment programs submitted by Spayka and consented to donate 76.4 hectares (ha) of land to Spayka. The donation contract was signed between Spayka and Yerevan Municipality in July 2017. For the greenhouse complex, Spayka registered two property certificates separately for the greenhouse project proposed for ADB financing (47.76 ha) and for another lender-assisted greenhouse component (28.64 ha). A site access road will be constructed within the donated plot.

4. Yerevan is a largely mono-ethnic city, with the majority of the population being Armenians (98.9%). The major ethnic minorities are Yazidis (0.3%) and Russians (0.5%), in addition to other ethnic minorities such as Assyrians, Greeks, Ukrainians, Georgians, and Iranians. The proposed greenhouse project is located within the boundaries of Yerevan Municipality in Shengavit Administrative District. The project area is close to Noragavit District in Yerevan and the rural community of Nor Kharberd in the Ararat region. Similar to the population of Yerevan Municipality, these areas are inhabited mostly by Armenians and a few ethnic minorities already mainstreamed into society. The project will not impact sociocultural groups who may be considered indigenous peoples as per the ADB SPS.

5. **Other social dimensions.** The project is categorized as effective gender mainstreaming. Spayka commits to implement a gender action plan that mandates the following: (i) the employment of 240 greenhouse workers (65% women), (ii) the company's human resource policy will include a provision ensuring equal opportunities for female employees, including gender equality in recruitment, training, parental leave and childcare provisions, and equal pay for equal work; (iii) a provision prohibiting sexual harassment in the workplace, and (iv) a provision prohibiting pregnant workers, and women taking care of children younger than 1 year old from engaging in tasks with dangerous factors and harmful conditions, such as handling fertilizers and harmful chemicals, carrying heavy loads, and working at elevated heights.

6. During the construction of the greenhouse project, the contractor is expected to engage about 300 workers. During operations, Spayka will recruit 240 greenhouse workers and about 35 administrative staff and specialists. Spayka will comply with national labor laws and, pursuant to ADB's Social Protection Strategy (2001), will take measures to comply with the internationally recognized core labor standards. Spayka will report regularly to ADB on compliance with such laws by Spayka and its contractors, and the measures taken.