



TRACECA Investment Forum
Brussels, 28th February 2012

ID: ARM1

TRACECA PROJECT FICHE

TRANSPORT INFRASTRUCTURES TO APPROXIMATE THE YEREVAN INTERNATIONAL AIRPORT "ZVARTNOTS"

THE INTERNATIONAL LOGISTIC CENTER AND THE FREE ECONOMIC ZONE IN THE ADJACENT AREA.

1. BASIC INFORMATION

TITLE: Transport Infrastructures to Approximate the Yerevan International Airport "Zvartnots", the International Logistic Center and the Free Economic Zone in the Adjacent Area.

SECTOR: Intermodal

LOCATION: Yerevan, Armenia

2. OBJECTIVES

2.1 OVERALL OBJECTIVES

- Ensuring necessary transport infrastructures within and to the territory of Zvartnots International Airport.
- Improvement in rail connections between Zvartnots airport and large cities around the country.
- Ensuring various high quality logistic services.
- Existence and efficient exploitation of modern equipment.
- Development of Foreign Trade in Armenia.
- Promotion of Logistics Industry.
- Connection to the highways of the country and the North-South Road Corridor.

2.2 PROJECT PURPOSE

- Ensuring the flow of passengers at Zvartnots International Airport.
- Fully ensuring the flow of goods at the airport's Cargo Complex.
- Opportunity for natural activity and further dynamic development of the Logistic Centre and Free Economic Zone in the area adjacent to Zvartnots International Airport.
- A reduction in traffic for the only road leading to the airport.
- Rise of Yerevan's profile as a city of tourism.



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2.3 CONTRIBUTION TO NATIONAL DEVELOPMENT PLAN

On November 3rd, 2011, the Government of the Republic of Armenia considered the project and adopted it as a priority strategic program.

2.4 CROSS BORDER IMPACT

As an international airport Zvartnots International Airport and the envisaged ILC will naturally have a border. Armenia is a landlocked country, so any additional actions directed to the development of the existing and foreseen infrastructures at the airport (cargo/passenger terminal, logistic centre, Free Economic Zone, etc.) will greatly contribute to the improvement of customs, trade and other services. Accordingly, the project itself has a very significant cross border impact.

3. DESCRIPTION

3.1 BACKGROUND AND JUSTIFICATION

Armenia has never had an International Logistic Centre and this is the Government's first attempt to establish a Free Economic Zone in the country. In outlining these plans the Government has considered the geographical-political location of the country, the necessity of a sufficient transport hub (due to the increase in the volume of cargo loads), as well as the fact that approximately 60% of Armenian citizens have settled in Yerevan and its suburbs. After reviewing several additional factors the Government has come to the conclusion that project implementation requires urgent and complete attention.

3.2 LINKED ACTIVITIES

- Establishment of the International Logistic Centre (Program and Master Plan prepared in the framework of the EU TRACECA Program).
- Establishment of Free Economic Zone.
- Construction of a new passenger terminal (Concessioner).
- Creation of the largest transport hub in Armenia.
- Construction of necessary transport infrastructures: A new highway and a rail line to the airport.

3.3 LESSON LEARNT

The previous passenger terminal in Armenia was constructed in the 1970s. Even though it was considered sufficient at that time it was not meant for international flights, had very low passenger transportation volumes and no cargo hub capacity, which was mostly due to the existing road and railway availability. With open borders the road and railway together provided free customs and border transportation flows and there was no need for intermodal transport. However, Zvartnots International Airport was built with views and perspectives for 30-40 years in advance. Accordingly, construction planning of the ILC has to be based on the principles of strategic perspectives for 40-50 years from now.



3.4 ACTIVITIES

It is anticipated that all paperwork, including feasibility studies and negotiations with interested investors, will be completed by the beginning of 2012.

Activity 1

2012 – Commencement of construction.

Activity 2

2013 – Provision of certain services and letting of the areas at preferential rates with the purpose of attracting businesses.

Activity 3

2015 – Completion of the project and readiness for full operation.

3.5 RESULTS/DELIVERABLES

Creation of an effective transport hub with modern infrastructure that will enable the efficient and productive operation of the International Logistic Centre and the Free Economic Zone.

4. PROJECT ORGANIZATION

4.1 INSTITUTIONAL FRAMEWORK

PPP with all its possible implementation mechanisms.

4.2 OWNERSHIP/IMPLEMENTING PARTY

Main beneficiaries are: the Concessioner of Zvartnots International Airport; “South-Caucasus Railway” CJSC; the logistic centre exploitation operator; and the Government of the Republic of Armenia, etc. The project is expected to be implemented by PPP.

4.3 ORGANISATION STRUCTURE

Depending on the ownership the organization structure may be different.

5. DETAILED BUDGET (EUR)

The project itself comprises of different components stated in the table below:

No.	Description	Investment	Financing	Co-Financing	Total
1	Construction of the ILC		There is no feasibility study or detailed design for the project yet, but the approximate calculations have been made for general construction of the ILC and the Links		25 Mln Euro
2	Construction of the Free Economic Zone				5 Mln USD (without land acquisition)
3	Construction of the Rail Link to the Airport				45 mln USD
4	Construction of the Road Link to the Airport				(without alienation zone)
Total					Around 85 mln USD (without FEZ)



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6. RISK ASSUMPTIONS AND CONSTRAINTS

There are no apparent assessed risks or constraints to the project at this stage. This is a business program and has minimal risks related to resettlement and land acquisition (the alienation zone experiences density of residential housing and businesses).

7. IMPLEMENTATION SCHEDULE

Available in the section 3.4 Activities.

7.1 ...

7.2 ...

7.3 ...

8. ENVIRONMENT

The environmental impact of road and rail construction involves two known sites of archaeological interest: The green area along the bank of the Hrazdan river will be affected by minor visual impacts and will experience changes in air quality, noise and vibration.

9. RATES OF RETURN

Since there is no final Feasibility Study or detailed design available at this stage, the answer to this part of the fiche will be known later.

FINANCIAL RATE OF RETURN (30 YEARS): %
ECONOMIC INTERNAL RATE OF RETURN (30 YEARS): %
**HAVE THE FEASIBILITY STUDIES BEEN COMPLETED AND WHEN:
ECONOMIC ASSESSMENT:**

10. INVESTMENT CRITERIA

10.1 SOURCES OF FINANCING

Financing will be provided by: PPP, investors, Russian Railways and the Concessioner of Zvartnots International Airport as well as interested stakeholders and IFS.

10.2 CO-FINANCING

Government of the Republic of Armenia.

10.3 ADDITIONALITY

Since there is no final Feasibility Study or detailed design available at this stage, the answers to points 10.3, 10.4 and 10.5 of the fiche will be known later.

10.4 PROJECT READINESS AND SIZE

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10.5 SUSTAINABILITY



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11. CONDITIONALITY AND SEQUENCING



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Since there is no final Feasibility Study or detailed design available at this stage, the answer to this part of the fiche will be known later.

e.g.

TENTATIVE WORKS PROGRAMME

MONTH	1	2	3	4	5	6	7	8	9	10	11	12
ACTIVITY												
TENDER	█											
MOBILISATION		█										
GROUND WORKS		█	█									
		█	█	█	█							
			█	█	█	█	█	█				
				█	█	█	█	█	█			
								█	█	█		
											█	
HANDOVER												█