



China, People's Republic of: Environmentally Sustainable Agricultural Input Distribution Project

Project Name	Environmentally Sustainable Agricultural Input Distribution Project			
Project Number	51201-001			
Borrower/Company	Kingenta Ecological Engineering Group Kingfarm Agricultural Services Linyi Kingfarm Cooperative Agricultural Services			
Country	China, People's Republic of			
Location	Anhui, Hebei, Henan, Hubei, Jiangsu, Shaanxi, Shandong, Shanxi			
Approval Number	7518/3559, 7519			
Type of ADB Assistance / Amount	3559	Ordinary capital resources	USD 50.00 million	Committed
	7519	Ordinary capital resources	USD 30.00 million	Committed
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth			
Drivers of Change	Gender Equity and Mainstreaming Partnerships Private sector development			
Sector / Subsector	Agriculture, natural resources and rural development - Agricultural production			
Gender Equity and Mainstreaming	Some gender elements			
Responsible ADB Department	Private Sector Operations Department			
Responsible ADB Division	Office of the Director General, PSOD			
Responsible ADB Officer	Lemoine, Martin			
Project Sponsor(s)	Kingenta Ecological Engineering Group			
Description	The project is to partner with Kingenta, IFC and Huaxia Bank to establish a new company Kingfarm which will (i) set up 300 crop production service (CPS) centers that will provide compound and specialty fertilizers, seeds, and other agricultural inputs, and agricultural services to about 3 million smallholder farmers in eight PRC provinces; and (ii) construct 10 associated fertilizer plants to produce compound and specialty fertilizer that will serve the CPS centers and help expand the CPS market penetration.			
Objectives and Scope	The project aligns with the government's strategic orientations for agricultural modernization and rural development, particularly the government's calls to (i) improve the quality and competitiveness of the PRC's agricultural products through high-quality farmland and professional farmers, (ii) increase the nutrient use efficiency of fertilizers from the current 33% to 40% in 2020, and (iii) slow the growth in fertilizer consumption to zero by 2020. The project will improve the accessibility and affordability of high-efficiency and environmentally sustainable compound fertilizers and other quality agricultural inputs for about 3 million smallholder farmers in eight PRC provinces. The project also promotes modern and environmentally sound agricultural production with more efficient agricultural input and services in the PRC. The project will reduce the use of conventional nitrogen and phosphate fertilizers through climate-smart agriculture and precision-farming practices. Higher efficiency in nutrient delivery will result in less fertilizer being applied, leading to improved productivity and reduced soil contamination and pollution to waterways and the atmosphere.			

Linkage to Country/Regional Strategy The project aligns with ADB's Midterm Review of Strategy 2020, which emphasizes the need to contribute to food security and agricultural productivity and to promote food safety and quality standards. The project is also consistent with ADB's country partnership strategy, 2016 to 2020 for the PRC, which supports (i) modern agriculture through high-efficiency agricultural input and mechanical equipment; (ii) circular agriculture through value chains to reduce resource inputs and waste outputs; (iii) knowledge sharing between the public and private sectors; and (iv) climate resilience through agricultural infrastructure, technology, and practices. Through this project, ADB will support the sustainable development of knowledge-intensive agriculture in the PRC through the application of science and technology and agriculture services that CPS centers would provide. The project aligns with ADB's Operational Plan for Agriculture and Natural Resources, which stresses that ADB's private sector agribusiness investments have the potential to benefit millions of smallholder farmers directly and contribute to public goods, such as food security, food safety, and reduced soil and water pollution.

Safeguard Categories

Environment	B
Involuntary Resettlement	C
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	The potential environmental and social impacts of the project have been identified and effective measures to avoid, minimize, mitigate, and compensate for the adverse impacts are incorporated in the safeguard reports and plans. Potential risks and impacts during construction are generally site-specific, short-term, and can be effectively managed by good engineering, construction, and housekeeping practices based on construction environmental management plans.
Involuntary Resettlement	No involuntary resettlement are envisaged for the project. The new facilities (upgrade plants) will either be constructed within existing premises and facilities or in adjoining lands belonging to industrial parks or zones. Subprojects with significant environmental or social impacts will not be supported by the proceeds of ADB's investment
Indigenous Peoples	No indigenous people issues.
Stakeholder Communication, Participation, and Consultation	

Timetable for assistance design, processing and implementation

Concept Clearance	04 Aug 2017
Due Diligence	
Credit Committee Meeting	07 Aug 2017 to 07 Aug 2017
Approval	07 Sep 2017
Last PDS Update	17 Sep 2018

Project Page	https://www.adb.org/projects/51201-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=51201-001
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