



# China, People's Republic of: Integrated and Sustainable Livestock Value Chain Project

Project Name	Integrated and Sustainable Livestock Value Chain Project		
Project Number	53027-001		
Borrower/Company	New Hope Lihue		
Country	China, People's Republic of		
Location	Nation-wide		
Approval Number			
Type of ADB Assistance / Amount	Ordinary capital resources	USD 40.00 million	Proposed
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth		
Drivers of Change	Gender Equity and Mainstreaming Governance and capacity development Partnerships Private sector development		
Sector / Subsector	Agriculture, natural resources and rural development - Livestock		
Gender Equity and Mainstreaming	Effective gender mainstreaming		
Responsible ADB Department			
Responsible ADB Division			
Responsible ADB Officer	Wang, Xiaole		
Project Sponsor(s)			
Description	<p>The project includes the construction of: (i) a new hog farm in Huanghua, Hebei Province , (ii) a new hog farm in Xiangzhou, Guangxi Province , and (iii) an antibiotic-free meat processing facility in Pinggu District of Beijing . While Huanghua farm and Xiangzhou farm operate as fully integrated farms, around one third of the hog fattening process will be outsourced to smallholder farmers within a radius of 100 kilometers of the farms, as part of an agreement with local governments to promote the integration of smallholder farmers into the hog production value chain.</p> <p>The project will also include a TA to support the training programs for contract farmers in the following areas: (i) farming and breeding technology; (ii) biosecurity best practice, (iii) antibiotic management; (iv) waste management; and (v) animal welfare.</p>		
Objectives and Scope	<p>ADB proposes to provide a long-term loan to support NHL's integrated food and agribusiness value chain in the PRC, including animal feeds, livestock farming, slaughtering, meat processing and distribution. The project will promote inclusive business (engaging directly with bottom of the pyramid contract farmers and employees and promoting gender equality across the entire value chain), enhanced biosecurity (in the context of the African Swine Fever pandemic), environmental sustainability (animal waste management), climate change mitigation (biogas digesters), public health (antibiotic-free meat processing facility), and food safety for millions of PRC consumers through high quality farming and production processes and complete traceability from feed to meat.</p>		
Linkage to Country/Regional Strategy	<p>The project is aligned with Strategy 2030 which calls for ADB _to scale up its financing for agribusiness_ and _to promote gender equality in at least 75% of the number of ADB's committed operations by 2030_. The project is also consistent with ADB's PRC country partnership strategy (2016 to 2020) which supports (i) promoting rural development and food security by improving market connectivity and agricultural value chain linkages, (ii) increasing agricultural productivity, (iii) enhancing food safety, and (iv) promoting innovative technology.</p> <p>The project is consistent with Strategy 2030 Operational Plan for Priority 5 (Promoting Rural Development and Food Security, 2019 to 2024) as the plan calls for: (i) _modern, sustainable, and responsible corporate farming models_ ; (ii) the _integration of farmers, agribusinesses, and consumers into efficient and sustainable value chains_ ; (iii) the reduction in _agriculture's contribution to GHG emissions through improved farming and livestock practices_ ; and (iv) _food safety and traceability systems development_ .</p>		
<b>Safeguard Categories</b>			
Environment			B
Involuntary Resettlement			C
Indigenous Peoples			C
<b>Summary of Environmental and Social Aspects</b>			
Environmental Aspects	<p>Environmental impact assessments (EIAs) were prepared for the two hog farms and an Initial Environmental Examination (IEE) was prepared for the meat processing plant. As construction has commenced for all subprojects, ADB has undertaken a corporate and site level compliance audit. Construction activities would contribute to pollution and waste increase, create noise and dust, with some occupational health and safety risks for workers including on workers accommodation; while at operation phase there would be generation of manure and animal carcasses, wastewater, odor and noise nuisance, as well as waste including veterinary waste. Effective measures manage identified impacts are incorporated in the environmental and social management plans. Corrective actions will be implemented to address gaps of the ESMP for subprojects, to establish formal environmental and social management system at corporate level, to compliance with ADB SPS 2009 requirements. An environmental and social monitoring report will be submitted to ADB at construction completion as well as on an annual basis during operation.</p>		

Involuntary Resettlement	The project is classified as C for involuntary resettlement in compliance with ADB's Safeguard Policy Statement (2009). ADB loan will support 3 subprojects in different provinces of PRC and will be established in lands and assets that have been procured or leased in the past. A third party audit undertaken for the project indicated that compensation and rents have been paid on time and there are no outstanding issues to date. New Hope will adopt an ESMS which embodies the policies and principles of land acquisition and involuntary resettlement compliant with the applicable national and local laws and regulations and ADB SPS (2009).
Indigenous Peoples	The project is classified as C for Indigenous Peoples (IPs). The meat processing plant will be established in an industrial zone while the two farms will be located in villages inhabited by Han people. Construction and operation of the 3 subprojects will not lead to any adverse impact to any IP as confirmed by the third party audit. New Hope will adopt an ESMS which embodies the policies and principles of indigenous peoples compliant with the applicable national and local laws and regulations and ADB Safeguard Policy Statement (2009).
Stakeholder Communication, Participation, and Consultation	Consultation was carried out during the EIA and IEE preparation. Additional consultation has been conducted during the audit with local villagers. A formal Grievance Redress Mechanism (GRM) will be established during construction and operation to ensure that grievances are communicated and addressed appropriately, if any.

Timetable for assistance design, processing and implementation	
Concept Clearance	03 Oct 2019
Due Diligence	
Credit Committee Meeting	-
Approval	06 Dec 2019
Last PDS Update	08 Nov 2019

Project Page	<a href="https://www.adb.org/projects/53027-001/main">https://www.adb.org/projects/53027-001/main</a>
Request for Information	<a href="http://www.adb.org/forms/request-information-form?subject=53027-001">http://www.adb.org/forms/request-information-form?subject=53027-001</a>
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