



China, People's Republic of: Henan Sustainable Agriculture and Productivity Improvement Project (formerly Henan High Efficiency Agriculture Development [Sanmenxia Area])

Project Name	Henan Sustainable Agriculture and Productivity Improvement Project (formerly Henan High Efficiency Agriculture Development [Sanmenxia Area])								
Project Number	38662-023								
Country / Economy	China, People's Republic of								
Project Status	Closed								
Project Type / Modality of Assistance	Loan Technical Assistance								
Source of Funding / Amount	<table><tr><td colspan="2">Loan 2395-PRC: Henan Sustainable Agriculture and Productivity Improvement Project (formerly Henan High Efficiency Agriculture Development [Sanmenxia Area])</td></tr><tr><td>Ordinary capital resources</td><td>US\$ 66.70 million</td></tr><tr><td colspan="2">TA 7027-PRC: Strengthening the Capacity of the Sanmenxia Municipality Government in Strategic Planning and Management.</td></tr><tr><td>Technical Assistance Special Fund</td><td>US\$ 400,000.00</td></tr></table>	Loan 2395-PRC: Henan Sustainable Agriculture and Productivity Improvement Project (formerly Henan High Efficiency Agriculture Development [Sanmenxia Area])		Ordinary capital resources	US\$ 66.70 million	TA 7027-PRC: Strengthening the Capacity of the Sanmenxia Municipality Government in Strategic Planning and Management.		Technical Assistance Special Fund	US\$ 400,000.00
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TA 7027-PRC: Strengthening the Capacity of the Sanmenxia Municipality Government in Strategic Planning and Management.									
Technical Assistance Special Fund	US\$ 400,000.00								
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth								
Drivers of Change	Gender Equity and Mainstreaming Private sector development								
Sector / Subsector	Agriculture, natural resources and rural development / Agricultural policy, institutional and capacity development - Agricultural production - Agro-industry, marketing, and trade								
Gender	Effective gender mainstreaming								
Description	<p>The Henan Sustainable Agriculture and Productivity Improvement Project (the Project) will cover 30 townships, 215 villages, and about 249,660 farmers from 66,200 households in Sanmenxia Municipality.</p> <p>The Project will adopt a farm-to-market value chain approach that creates value for poor farmers, local agro-enterprises and consumers. It will introduce improved crop and farm technologies and cultivation practices on 245,000 mu (16,330 hectares [ha]) in fruit tree crops and high value vegetable production bases. This will include the conversion of 205,000 mu (13,670 ha) from existing cereal crops of low productivity and value. More effective utilization of fertilizers and agrochemicals will be achieved through improved access to soil and water testing facilities. A pilot biogas program covering 2,000 households will increase the supply of organic fertilizers, while conserving other sources of fuel and improving household conditions. This pilot program is expected to lead to replication throughout the Sanmenxia area.</p> <p>Fruit processing capacity will be expanded by 221,000 tons (t), including 100,000 t of apple concentrate, mainly for export to international markets and also to meet increasing domestic demand for higher value-added fruit products.</p> <p>Agribusiness support services will be enhanced through capacity building in existing local government extension services and by establishing partnerships with private sector providers (lead farmers), which will improve the delivery of advice and training to farmers. Public-private partnerships will also be established in the delivery of improved information services through upgrading of existing government facilities and the establishment of village-level information offices. Capacity building will also take place in the local Rural Energy Office of Sanmenxia Municipality to ensure the effective implementation of the pilot biogas program and its replication.</p> <p>The existing Project Management Office (PMO) of the Sanmenxia Municipality Finance Bureau (SMFB) will be strengthened to ensure effective project implementation.</p>								
Project Rationale and Linkage to Country/Regional Strategy	<p>Agriculture in the project area is based almost entirely on smallholder farming. Most farmers growing cereal crops still use traditional farming practices. The persistence of these farming practices presents a major threat to the area's natural resource base as a result of inefficient water use, soil erosion, and overuse of fertilizer and agrochemicals. Farmers have limited access to markets or the technology required to introduce more economically and environmentally sustainable practices and diversify into more productive, higher-value crops. As a result, farm productivity and incomes are low. This is especially true for the area's poor farmers, who generally farm on marginal, sloping land in hilly areas. Environmental concerns are exacerbated by the dependence of rural communities on wood and coal for household fuel. This adds to deforestation and greenhouse gas emissions, and contributes to poor household living conditions and health.</p> <p>The widespread introduction of more sustainable agriculture and better agricultural practices depends upon their adoption by the farmers. In the short term, the willingness of the majority of farmers to adopt new practices will depend on existence of satisfactory financial incentives, rather than on social or environmental responsibility. Financial incentives derive from access to stable markets and prices that are associated with participation in product value chains and linkages to agroprocessors. The expansion of processing capacity in response to growing demand for processed products and the establishment of effective contract farming arrangements will provide the necessary market and price incentives for farmers to adopt more sustainable farming practices.</p> <p>The effective adoption of improved technologies and practices will require a significant improvement in farmers' access to support services, in addition to the incentives created by improved access to market outlets.</p>								
Impact	Increased adoption of sustainable crop and farm management practices in the cultivation of fruit tree crops in the Sanmenxia area.								
Project Outcome									
Description of Outcome	The expected outcome of the Project that will facilitate more sustainable agriculture is increased farm and agro-enterprise productivity and incomes in the fruit production and processing subsector in the Sanmenxia area.								

Progress Toward Outcome	The overall progress of the project was estimated at 99% against the elapsed loan period of 95% from loan effectiveness. For component 1 Farm Productivity Improvement, 302,725 mu of production bases were established by agro-enterprises in collaboration with farmers under contract farming arrangements; 1,500 biogas units were installed to produce rural energy as sources of organic fertilizer; and improved crop and farm practices were introduced to 302,725 mu of production bases. For component 2 Agro-enterprise Capacity Expansion, processing capacity of three enterprises was expanded for 80,000 tons of apple concentrate; 71,000 tons of fruit pulp, fruit pectin, and canned fruits and vegetables; and 40,000 tons of animal feed. For component 3 Agribusiness Capacity Building, 134 village information centers were established to improve access to market information; 10 village-level biogas service centers were established and 4,616 persons were trained in biogas system operation and maintenance; 51,200 farmers within production bases and 73,000 farmers outside production bases were trained to improve crop and farm practices. The mission requested the PMO to report the training programs delivered by the PEs in addition to the regular farmer training programs run by the local agriculture and horticulture bureaus in the next progress report.	
Implementation Progress		
Description of Project Outputs	<p>The Project will adopt a farm-to-market approach that creates value for poor farmers, local agro-enterprises, and consumers. Project outputs comprise sustainably increased farm productivity, expanded fruit processing capacity of agro-enterprises, improved and more accessible agribusiness support services, and strengthened project management. The Project will cover 30 townships, 215 villages, and about 249,660 farmers from 66,200 households.</p> <p>1. Increased Farm Productivity</p> <p>(i) Fruit tree crop productivity increased.</p> <p>(ii) Area under fruit tree crops and high-value vegetables expanded.</p> <p>(iii) Improved crop and farm practices adopted by male and female, non-poor and poor farmers.</p> <p>(iv) Water-saving irrigation technologies introduced in fruit tree production.</p> <p>(v) Fertilizer and agrochemical application rates reduced and more appropriate products introduced.</p> <p>(vi) Use of organic fertilizers increased.</p> <p>(vii) Use of biogas for rural energy and as a source of organic fertilizer increased.</p> <p>2. Expanded Processing Capacity</p> <p>(i) Expansion of agro-enterprise processing capacity.</p> <p>(ii) Introduction of new, market-specific processed products.</p> <p>3. Improved Agribusiness Support Services</p> <p>(i) Fruit tree cultivation training materials and guidelines improved and/or developed.</p> <p>(ii) Improved capacity in the extension services of local agriculture bureaus.</p> <p>(iii) Cadre of lead farmers trained to deliver training and advice to farmers.</p> <p>(iv) Quality of and access to fruit sector market information improved in project area.</p> <p>(v) Farmers' organizations supported.</p> <p>(vi) Fruit tree crop farmers trained and provided with advice.</p> <p>(vii) Capacity of Sanmenxia Municipality rural energy office strengthened</p> <p>4. Strengthened Project Management</p> <p>(i) Project management capacity strengthened and project management operational and effective.</p> <p>(ii) Project Performance Monitoring System (PPMS) established.</p>	
Status of Implementation Progress (Outputs, Activities, and Issues)	<p>To be assessed.</p> <p>As of 30 September 2011, the Project has developed a total of 214,998 mu of fruit and vegetable orchards.</p> <p>500 biogas digesters installed</p> <p>To be assessed.</p> <p>To be assessed.</p>	
Geographical Location	Sanmenxia Shi	
Safeguard Categories		
Environment		B
Involuntary Resettlement		C
Indigenous Peoples		C
Summary of Environmental and Social Aspects		
Environmental Aspects		
Involuntary Resettlement		
Indigenous Peoples		
Stakeholder Communication, Participation, and Consultation		
During Project Design	Extensive consultantations and meetings with government agencies, participating enterprises, and farmers were conducted during project design.	
During Project Implementation	Consultantions with enterprises and farmers are beining conducted during project implementation to promote farmers participation in the project and to strengten the partnership between enterprises and farmers. The affected people by land acquisition were consulted and fully paid in accordance with the resettlement plan.	
Business Opportunities		
Consulting Services	<p>The Project will provide 77.7 person-months of consulting services, comprising 10 person-months of international and 67.7 person-months of national expertise. International consultants will be contracted for 2 person-months and national consultants for 8 person-months to design the training program, develop training materials, and review training delivery for the training of agriculture bureau's extension staff and lead farmers. National consultants will then be engaged for 22.7 person-months to deliver the training to extension staff and lead farmers. A national consultant will be engaged for 1 person-month to provide training to staff of the PMO, IAs, and agro-enterprises in project financial management and disbursement, adn project procurement procedures. Consultants will be engaged for 2 (international) and 6 (national) person-months to support the PMO in the design of the project performance Management system (PPMS) and preparation of a program for its implementation. Consulting support for specific areas of the design and implementation of the PPMS, including social dimensions and poverty, resettlement, and environment will include 6 person-months of international suppor and 22 person-months of national support. A national consultant will be engaged for 8 person-months for farmer mobilization and strengthening gender awareness. Contracts for consulting services estimated t \$200,000 and above will be awarded using consulting firms, biodata proposals, and quality-and cost-based selection procedures (80:20) in accordance ith ADB's Guidelines on the Use of Consultants (2007, as amended from time to time).</p>	
Procurement	<p>All procurement of goods and works shall be carreid out in accordance with ADB's Procurement Guidelines (2007, as amended from time to time). Contracts for goods estimated to exceed \$1.0 million and contracts for works estimated to exceed \$10.0 million shall be procured using international competitive bidding (ICB) procedures. Contracts for goods and works whose cost is estimated to be equal to or less than the ICB values mentioned above, but more than \$100,000, shall be procured through national competitive bidding procedures in accordance with the PRC Tendering and Biddin Law (1999), together with the clarifications agreed with ADB. Contracts for goods and works estimated to cost \$100,000 or less shall be procured using shopping procedures. For farm inputs, procurement will be undertaken through shopping by the respective enterprises in accordance with the established private sector or commercial practices which, based on an assessment carried out during special review after the loan negotiations, are acceptable to ADB.</p>	
Responsible ADB Officer		
		Shen, Xin
Responsible ADB Department		
		East Asia Department
Responsible ADB Division		
		PRC Resident Mission

Timetable	
Concept Clearance	10 Aug 2006
Fact Finding	25 Jun 2007 to 07 Jul 2007
MRM	30 Jul 2007
Approval	13 Dec 2007
Last Review Mission	-
PDS Creation Date	19 Feb 2008
Last PDS Update	19 Sep 2015

Loan 2395-PRC

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
13 Dec 2007	19 May 2008	18 Aug 2008	30 Jun 2013	30 Jun 2015	26 Jan 2016

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	135.72	Cumulative Contract Awards			
ADB	66.70	17 Jun 2022	58.46	0.00	100%
Counterpart	69.02	Cumulative Disbursements			
Cofinancing	0.00	17 Jun 2022	58.46	0.00	100%

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	-	Satisfactory	Satisfactory	Satisfactory	-	Satisfactory

TA 7027-PRC

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
13 Dec 2007	19 May 2008	19 May 2008	30 Jun 2013	-	17 Jan 2011

Financing Plan/TA Utilization							Cumulative Disbursements	
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
400,000.00	0.00	0.00	0.00	0.00	0.00	400,000.00	17 Jun 2022	396,250.22

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	-	Satisfactory	Satisfactory	Satisfactory	-	Satisfactory

Project Page	https://www.adb.org/projects/38662-023/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=38662-023
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