Regional: High-Value Horticulture Development Project

Project Name: High-Value Horticulture Development Project
Project Number: 50243-001
Borrower / Company: Agripacific Holdings
Greenswings Japan K.K.
Kunming Hasfarm Flowers

Country / Economy: Regional
Indonesia
China, People's Republic of
Viet Nam

Location: China - Kunming; Indonesia - Nation-wide; Viet Nam - Da Lat

Type or Modality of Assistance:
- 3510 Loan Ordinary capital resources USD 15.00 million Committed
- 3511 Loan Ordinary capital resources USD 5.00 million Committed

Strategic Agendas:
- Environmentally sustainable growth
- Inclusive economic growth
- Regional integration

Drivers of Change: Private sector development

Sector / Subsector: Agriculture, natural resources and rural development / Agricultural production

Gender: Effective gender mainstreaming

Responsible ADB Department: Private Sector Operations Department

Responsible ADB Division: Portfolio Management Division, PSOD

Responsible ADB Officer: Gulshan, Karan Raj

Project Sponsor(s):

Description: The project will scale-up and transfer a successful high-value horticulture business model built on (i) the introduction of climate-controlled greenhouse technology in tropical highlands in Asia, and (ii) the integration of its business downstream into distribution in domestic and export markets. The flower business of the company will be scaled up in Viet Nam and the PRC, and will be introduced in Indonesia. The business model will be replicated for vegetable production in Viet Nam.

Objectives and Scope: The project will support a climate resilient and inclusive business model for high-value horticulture in Asia. It will support the transfer and adoption of high end technology such as climate-controlled greenhouses across several DMCs.

Status of Development Objectives:
- $5MM equivalent JPY has been disbursed in Dec 2018 to HHL, not invested yet but siting in the pledge account.
- $5MM equivalent CNY has been disbursed in Mar 2019 to Kunming Hasfarm Flowers, and then lent to Yunnan Hasfarm as an intercompany loan to develop local land and greenhouses.

Status of Operation/Construction: In March 2018, Agripacific Holdings Limited name was changed to Hasfarm Holdings Limited (HHL).

Linkage to Country/Regional Strategy: The project is aligned with the ADB’s Midterm Review of Strategy 2020, which emphasizes the need to increase the productivity of agriculture (including through investments in agribusiness) and strengthen links with global value chains. The project is also consistent with the ADB’s country partnership strategies for Viet Nam, the PRC, and Indonesia. As a regional project benefiting three DMCs and non-DMC regional members, the project is fully aligned with the ADB’s Operational Plan for Regional Cooperation and Integration, which calls for ‘improved growth and business competitiveness in regional markets through new opportunities in cross-border trade, investment, technology, finance, and labor mobility. The project is fully aligned with the ADB Operational Plan for Agriculture and Natural Resources, 2015 to 2020, which recommends greater private sector agribusiness investment by ADB, in particular by working with strong agribusiness sponsors adopting best practices. The project will complement the ADB sovereign assistance programs in the three targeted DMCs. In Viet Nam, ADB provided sovereign assistance to enhance the regulatory framework and infrastructure for horticulture in 16 provinces including Lam Dong. In the PRC, the Comprehensive Agricultural Development Project is supporting improved (i) irrigation and drainage infrastructure, (ii) agricultural support, and (iii) project management in five provinces including Yunnan. In Indonesia, ADB is preparing an investment to support the government to improve irrigation services in 74 districts to increase agricultural productivity and provide an incentive to diversify from low-value to high-value crops.

Safeguard Categories:
- Environment: B
- Involuntary Resettlement: B
- Indigenous Peoples: B

Summary of Environmental and Social Aspects:

Environmental Aspects: The corporate audit noted that the flower farms visited in Viet Nam have prepared the necessary environmental documents and fully comply with applicable regulations from the Cultivation and Plant Protection Division under the Department of Agriculture and Rural Development of Lam Dong province. Potential risks and impacts of the project during construction are mostly site specific and short term, and can be effectively managed by good engineering construction and housekeeping practices implemented through a construction environmental management plan. During operation, wastewater treatment facilities and air emission treatment systems will be installed and the hazardous waste storage facilities will be upgraded in order to mitigate potential air, soil, and water pollution.
Involuntary Resettlement

In Viet Nam, Agrivina leases state-owned land to minimize involuntary resettlement impacts. In the PRC and Indonesia, the group companies will conduct the planned land procurement in accordance with the environmental and social management system to satisfy the requirements of the SPS. Investment transactions by the group companies that would entail significant involuntary resettlement impacts (category A) will be excluded from the ADB financing.

Indigenous Peoples

It is unlikely that the farm expansion will impact indigenous peoples in Viet Nam and the PRC, while the new farm in Indonesia is expected to be established in a location where there are possibly indigenous people communities. The environmental and social management system will include policies and procedures aligned with the SPS requirements on indigenous peoples. Investment activities that are categorized A for indigenous peoples will be excluded from the ADB financing.

### Stakeholder Communication, Participation, and Consultation

### Timetable for assistance design, processing and implementation

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concept Clearance</td>
<td>23 Aug 2016</td>
</tr>
<tr>
<td>Credit Committee Meeting</td>
<td>09 Dec 2016</td>
</tr>
<tr>
<td>Approval</td>
<td>16 Dec 2016</td>
</tr>
<tr>
<td>Last PDS Update</td>
<td>23 Sep 2022</td>
</tr>
</tbody>
</table>

### Project Page


### Request for Information


### Date Generated

30 September 2023

ADB provides the information contained in this project data sheet (PDS) solely as a resource for its users without any form of assurance. Whilst ADB tries to provide high quality content, the information are provided “as is” without warranty of any kind, either express or implied, including without limitation warranties of merchantability, fitness for a particular purpose, and non-infringement. ADB specifically does not make any warranties or representations as to the accuracy or completeness of any such information.