# China, People's Republic of: Inclusive and Sustainable Livestock Farming Project

**Project Name**: Inclusive and Sustainable Livestock Farming Project

**Project Number**: 49323-001

**Borrower / Company**: Jiangsu Lihua Animal Husbandry Stock Company

**Country / Economy**: China, People's Republic of

**Location**: Anhui, Guangdong, Hunan, Jiangsu, Shandong, Sichuan, Zhejiang

<table>
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<tr>
<th>Type or Modality of Assistance</th>
<th>Borrower / Company</th>
<th>Project Number</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>B1 Loan</strong></td>
<td>Jiangsu Lihua Animal Husbandry Stock Company</td>
<td>49323-001</td>
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<td><strong>Ordinary capital resources</strong></td>
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<td><strong>USD 62.50 million</strong></td>
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<td>Committed</td>
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**Drivers of Change**: Partnerships

**Private sector development**

**Gender**: Some gender elements

**Sector / Subsector**: Agriculture, natural resources and rural development / Livestock

**Linkage to Country/Regional Strategy**: The project is aligned with ADB’s Midterm Review of Strategy 2020, which emphasizes the need to contribute to food security and agricultural productivity, promote food safety and quality standards, and support inclusive businesses such as agribusinesses that connect farmers to food markets. The project is also consistent with ADB’s country partnership strategy, 2016 to 2020, for the PRC. To support rural development for inclusive economic growth, ADB will help the PRC develop suitable methods to (i) modernize agriculture, (ii) promote circular agriculture, and (iii) improve food safety. Through its private operations, ADB will support agribusiness projects that enhance productivity, the inclusion of smallholder farmers in value chains, and food safety. The project fully aligns with ADB’s Operational Plan for Agriculture and Natural Resources, which stresses that ADB’s private 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. The project builds on lessons from ADB’s long history in the PRC’s livestock sector, particularly the need to achieve development impact through private agri-enterprises with sufficient scale and direct linkages with farmers.

**Purpose**: The project will promote a livestock farming business model that includes smallholder farmers in a sustainable production process. ADB will support Lihua’s $183 million investment plan during 2017 to 2019, including (i) breeder farm expansion, (ii) contract farming expansion, (iii) environmental capital expenditure, and (iv) animal health and food safety capital expenditure.

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**Summary of Environmental and Social Aspects**

### Safeguard Categories

- **Environment**: B
- **Involuntary Resettlement**: B
- **Indigenous Peoples**: C

### Summary of Environmental and Social Aspects

**Environmental Aspects**: The company has established an Environmental and Social Management System (ESMS) which is used to guide the development of subprojects utilizing ADB’s funds to ensure compliance with ADB requirements are met. The location of livestock farms (the subprojects) will be coordinated with the local government to conform with: (i) local land use plans, (ii) the designated buffer zone and (iii) avoid legally protected areas and environmentally sensitive receptors. The Company is required to undertake environmental and social due diligence for new and expanded or acquired facilities through environmental assessments and/or environmental compliance audits. Potential risks and impacts during construction are mostly site-specific and short-term such increase in noise level, emission of fugitive dust, soil erosion, etc. that can be mitigated through good engineering construction and housekeeping practices. During operation, animal waste treatment facilities will mitigate concerns as to solid waste, wastewater, odor, nuisance, etc. The project will require ongoing monitoring and reporting of environmental, health and safety performance of the company’s subprojects. Company ensures full compliance with the animal epidemic prevention law and other applicable environment, health and safety laws and regulations during its operation.

**Involuntary Resettlement**: Lihua will either lease unused or abandoned lands on a willing lessor-willing lessee basis, or procure state-owned land from the local government. The ESMS provides guidance on requirements for different types of land acquisition. In case of unavoidable displacement, such as relocation related to a sanitation buffer zone set by local regulations, Lihua will discuss and coordinate measures with the government to address any identified gaps between national and ADB requirements. Where land is acquired through negotiated acquisition, as in willing lessor / willing lessee, the Company will be required to ensure that negotiations are free from coercion, both parties are aware of the terms of the settlement, compensation is at replacement value, and that the process is documented and verified by a third party. To date Lihua has provided necessary due diligence reports for all land acquisition for subprojects financed by ADB. Investment transactions supporting Lihua’s projects entailing significant involuntary resettlement impacts are excluded from ADB financing.

**Indigenous Peoples**: The farms have been developed in non-ethnic minority-concentrated provinces. Social due diligence has determined that no farms have affected directly or indirectly ethnic minorities.
Lihua’s ESMS contains guidance on satisfying ADB’s requirements for meaningful consultation. IEEs and environmental and social compliance audits have been undertaken with consultation with affected stakeholders and their comments taken into consideration in project development. Land acquisition through negotiated means has entailed consultation with numerous groups. All consultations are documented. Stakeholders have also been made aware of Lihua’s grievance mechanism.

| Timetable for assistance design, processing and implementation |
|-----------------|----------------|
| Concept Clearance | 10 Nov 2015 |
| Credit Committee Meeting | 04 Nov 2016 |
| Approval | 13 Dec 2016 |
| Last PDS Update | 07 Jul 2023 |

Project Page  
https://www.adb.org/projects/49323-001/main

Request for Information  
http://www.adb.org/forms/request-information-form?subject=49323-001

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