China, People's Republic of: Fujian Farmland Sustainable Utilization and Demonstration Project

Project Name: Fujian Farmland Sustainable Utilization and Demonstration Project

Project Number: 47071-002

Country: China, People's Republic of

Project Status: Active

Project Type / Modality of Assistance: Loan

Source of Funding / Amount: Loan 3450-PRC: Fujian Farmland Sustainable Utilization and Demonstration

Ordinary capital resources

US$ 100.00 million

 Strategic Agendas

- Environmentally sustainable growth
- Inclusive economic growth

 Drivers of Change

- Governance and capacity development
- Partnerships
- Private sector development

 Sector / Subsector

- Agriculture, natural resources and rural development
  - Agricultural production
  - Irrigation
  - Land-based natural resources management
  - Water-based natural resources management

 Gender Equity and Mainstreaming

- Effective gender mainstreaming

 Description

Fujian Province is on the southeast coast of mainland People's Republic of China (PRC) with a population of 37.5 million, of which 40.0% lives in the rural area. Despite its remarkable economic growth driven by urban development on the coastal area, Fujian's rural economy is predominantly agrarian and agriculture remains the means for livelihood for many rural households. Though its importance is declining, Fujian's agriculture still generates 22.7% of the provincial gross domestic product and 25.0% of the provincial employment. The rapid urbanization caused a decrease in the provincial arable land, 1.26 million ha in 1996 to 1.12 million ha in 2010, which is a serious threat for Fujian's agriculture development.

Project Rationale and Linkage to Country/Regional Strategy

Soil fertile farmland is a fundamental need for sustainable agricultural production. Due to natural and man-made causes, farmland in Fujian like in many other provinces in the PRC has lost soil fertility. Poor soil affects crop productivity and consequently livelihoods of those involved in the agricultural production. The shortage of and aging farmers also lead to the absence of or limited farmland management, causing deterioration of soil fertility.

Soil erosion is a serious threat to farmland fertility and leads to farmland degradation, frequent drought, and waterlogging. Due to the limited lowland area (approximately 10% of the provincial land), Fujian has extensively used upland (e.g., sloping land) for crop farming. The upland farming tends to cause runoff of soil due to gravity. Together with the sub-tropical monsoon climate, the upland farming makes Fujian’s farmland highly susceptible to soil erosion. Climate change is expected to amplify the detrimental soil erosion impact on the farmland.

In addition, soil erosion in farmland is caused by inappropriate land management and unsustainable farming practices. At present, 78% of Fujian's arable land is classified as moderately or severely degraded and it would continue to deteriorate without appropriate measures. Fujian's challenge is to continue to utilize the upland for farming while mitigating soil erosion in tandem. To overcome this challenge, Fujian needs to improve on farmland management and farming practices.

The project is consistent with the third plenum of the 18th Communist Party of China Central Committee, which determines the direction of Thirteenth Five-Year Plan, affirmed the government's commitment to the establishment of ecological civilization. It is also in line with ADB's country partnership strategy, 2011-2015 for the PRC in supporting the government's overarching strategic goal by focusing on inclusive and environmentally sustainable growth. The project is included in ADB's lending pipeline as 2016 firm. Possibility of results-based lending will be explored for the first time in agriculture, natural resources, and rural development sector in ADB.

Impact

- Land and environmental degradation in Fujian Province reduced
- Rural livelihoods in Fujian Province improved

Project Outcome

Description of Outcome

Long-term farmland productivity and climate resilience improved

Progress Toward Outcome

Progress has been slow but it is starting to pick up.

Implementation Progress

Description of Project Outputs

Productive farmland established
Sustainable farming technology and practices adopted
Institutional, technical, and management capacity strengthened
Ongoing.

Organic fertilizer adopted on 90,000 mu farmland.

Integrated pest management practices adopted on 4,460 mu tea and tea oil gardens, and pomelo orchards.

Procurement has not yet started

Data not yet available.

Procurement ongoing.

Procurement ongoing.

Procurement ongoing.

Ongoing.

Ongoing.

Data not yet available

Data not yet available

3,613 mu slope land rehabilitated/constructed

5,016 mu farmland with irrigation system established.

60.16 km farm access roads constructed.

255 local people employed, 63% of whom were women.

Geographical Location
Fujian

Safeguard Categories

Environment
B

Involuntary Resettlement
B

Indigenous Peoples
C

Summary of Environmental and Social Aspects

Environmental Aspects
Based on the preliminary assessments, the project is classified as category B for environment. Safeguard documents will be prepared following ADB’s Safeguard Policy Statement (2009).

Involuntary Resettlement
Based on the preliminary assessments, the project is classified as category B for involuntary resettlement. Safeguard documents will be prepared following ADB’s Safeguard Policy Statement (2009).

Indigenous Peoples
Based on the preliminary assessments, the project is classified as category B for indigenous peoples. Safeguard documents will be prepared following ADB’s Safeguard Policy Statement (2009).

Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

Responsible ADB Officer
Suzanne Robertson

Responsible ADB Department
East Asia Department

Responsible ADB Division
Environment, Natural Resources & Agriculture Division, EARD

Executing Agencies
Fujian Provincial Government (FPG)
FJSWCO@PUB2.FZ.FJ.CN
ADB Loan Management Office
2/F 1155th Guping Road, Fuzhou 350003
Fujian, PRC

Timetable

Concept Clearance
28 Oct 2014

Fact Finding
25 Jan 2016 to 29 Jan 2016

MRM
14 Apr 2016

Approval
07 Nov 2016

Last Review Mission
-

Last PDS Update
17 Sep 2019

Loan 3450-PRC

<table>
<thead>
<tr>
<th>Approval</th>
<th>Signing Date</th>
<th>Effectivity Date</th>
<th>Closing</th>
</tr>
</thead>
<tbody>
<tr>
<td>07 Nov 2016</td>
<td>02 Mar 2017</td>
<td>22 May 2017</td>
<td>30 Nov 2022</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financing Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Cost (Amount in US$ million)</td>
</tr>
<tr>
<td>ADB</td>
</tr>
<tr>
<td>Counterpart</td>
</tr>
<tr>
<td>Cofinancing</td>
</tr>
</tbody>
</table>

Status of Covenants