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:
- Long-term farmland productivity and climate resilience improved

Progress Toward Outcome:
- Procurement to achieve outputs ongoing.

Implementation Progress:
- Productive farmland established
- Sustainable farming technology and practices adopted
- Institutional, technical, and management capacity strengthened

Status of Implementation Progress (Outputs, Activities, and Issues):
- Five subprojects have started or will soon start construction and implementation, including Jiaocheng Lvyin, Datian Golden Phoenix, Longyan Longyu, Fu'an Agricultural, and Wuyishan Zhuzi. Among them, Access Roads in 4,460 mu oil-tea Plantations Subproject completed 85% of the land leveling project and 100% of the field road project. In Water Conservancy Facilities in 4,460 mu Oil-tea Plantations, 57.6% of the water conservancy was completed. Training workshops on project implementation were held benefitting representatives from city and county agricultural bureau and PUS, FDO, and the audit office. Training topics included project implementation, procurement, environmental safeguard, social resettlement, farmer organization and financial management, and auditing.
Geographical Location: Fujian

Safeguard Categories

<table>
<thead>
<tr>
<th>Environment</th>
<th>B</th>
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</thead>
<tbody>
<tr>
<td>Involuntary Resettlement</td>
<td>B</td>
</tr>
<tr>
<td>Indigenous Peoples</td>
<td>C</td>
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</tbody>
</table>

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: Robertson, Suzanne Kay

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 115th Guping Road, Fuzhou 350003
  Fujian, PRC

Timetable

<table>
<thead>
<tr>
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<td>Concept Clearance</td>
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<tr>
<td>Fact Finding</td>
<td>25 Jan 2016 to 29 Jan 2016</td>
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<td>MRM</td>
<td>14 Apr 2016</td>
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<tr>
<td>Approval</td>
<td>07 Nov 2016</td>
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<td>Last Review Mission</td>
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Loan 3450-PRC

Milestones

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Financing Plan

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Status of Covenants

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