



Background Policy Report

Collection of Documents - Setting up, Evaluating and Supporting National Modern Agriculture Demonstration Zones in PR China

**Report by
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Beijing, July 2017

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1. Opinions of Ministry of Agriculture on Establishment of National Modern Agricultural Demonstration Zones

Ministry of Agriculture

Released on January 22, 2010

To: Department (commission/bureau/office) of Agriculture (agricultural machinery/animal husbandry/land reclamation/fishery) of each provincial (autonomous region/centrally administered municipality) Government and Xinjiang Production and Construction Corps; Land Reclamation Bureau of Heilongjiang and Guangdong Province

To fully carry out the spirit of the 17th National Congress of CPC, the Third and Fourth Session of the 17th National Congress of CPC, and speed up agricultural modernization, Ministry of Agriculture decides to establish National Modern Agriculture Demonstration Zones.

1.1. The importance of modern agricultural demonstration zones for agricultural modernization.

At present, we are in a critical stage towards modifying traditional agriculture and taking the road of agricultural modernization with Chinese characteristics. Modern agricultural demonstration zone is a key to strengthen guidance and increase production and farmers' income, is of great significance for normalizing agricultural demonstration zones and leading agricultural modernization.

(1) Setting up examples for promoting modern agricultural development and safeguarding major agricultural products. Based on regional resources and features, modern agricultural demonstration zones shall be set up to guide regional agricultural development in terms of mechanization, standardization and industrialization, and play important role in transforming to modern agriculture from traditional agriculture, improving productivity of advantageous products and safeguarding supply of major agricultural products including grains.

(2) Breaking a new path for demonstrating modern agricultural techniques and promoting agricultural development transition. Modern agricultural demonstration zones can play important role in introduction, application and demonstration of new varieties, techniques and equipment, so as to speed up the commercialization of scientific research, advance agricultural techniques, and improve resource utilization and productivity eventually the quality and benefit of agricultural development.

(3) Making a base for fostering new type of farmers and improving their capacity for income generation. Modern agricultural demonstration zones can be used as practical training base which can connect agricultural experts, technicians and farmers, provide advanced equipment and efficient management. Through various of training activities, farmers will improve their knowledge, skills and marketing abilities, which will contribute to the agricultural steady development and farmers' income increases.

(4) Building a platform for linking farmers with market and forming new type of production organizations. Linkage and cooperation can be strengthened among farmers, farmers' cooperatives, agricultural enterprises (known as dragon-head enterprises), rural collective economic organizations and research institutes, to explore new mechanisms for input, operation and benefit sharing which is suited to different conditions. This will effectively address low level of organization and stimulate the

establishment of new type of production organizations, which is suited to local realities and industries.

(5) Exploring new channels for expanding agricultural function and improved profitability. Modern agricultural demonstration zones can expand the function of agriculture to ecological conservation, recreation, and cultural inheritance, and cut out new path for improved agricultural efficiency and increased farmers' income. Meanwhile, it will provide citizens with a premise for recreation and publicity, and attract more attention and interest on agriculture.

1.2. Guiding ideology, basic principles and objectives

(1) Guiding ideology. We shall be guided by the spirit of 17th national congress of CPC, the third and fourth plenary session of 17th CPC national congress, fully carry out the Scientific Development Concept, centering around high yield, better quality, high efficiency, ecological and safe agriculture. We shall continue to change development concept, strengthen equipment, upgrade science and technology, innovate operation models, and make full use of demonstration to lead transformation of agricultural industry and speed up agricultural modernization with Chinese characteristics.

(2) Basic principles. The following principles shall be followed while setting up modern agricultural demonstration zones:

The fundamental purpose is to demonstrate and lead modern agriculture. We shall highlight regional advantageous industry and products, make it a development pole and growth point for regional agricultural modernization, ensure it is worth seeing, learning and replicating, and avoid any image projects.

The precondition is to protect arable land and respect farmers' interests. We shall strictly protect arable land and do not make any change of land use purpose. Any unauthorized acquisition of arable land is strictly prohibited. We shall respect farmer's willingness and their land use rights, it is strictly prohibited to force farmers to transfer their land contract and management rights.

The integration of various forms of industries shall be promoted. We shall relate measures to local conditions and highlight local features, strive to develop cash crops and agricultural products processing while giving priority to grain, animal and aquatic products. We shall speed up the establishment of modern agriculture system and reduce formalism.

Diversified agriculture business units shall be selected as major targets. We shall stick to mechanism innovation, encourage farmers, farmers' cooperatives, agricultural enterprises (known as dragon-head enterprises), rural collective economic organizations and research institutes to participate in demonstration zones. We shall guide and facilitate multi-channel and forms of cooperation for agriculture business units to form community with shared benefit and risks.

(3) Objectives. We are aiming to establish a number of modern agricultural demonstration zones with 5 years of time, make it models for modern agricultural production and new agriculture business cultivation, exhibition area for agricultural scientific achievements and modern equipment, and training base for expanding the function of agriculture and training of farmers, so as to guide regional modern agricultural development and speed up agriculture modernization.

1.3. Criteria, distribution and key tasks

(1) Criteria. Modern agriculture demonstration zones shall meet the following criteria

A. Scientifically elaborated plan. The plan for modern agriculture demonstration zones should meet the demands of local economic, social and agricultural development plan, with good representation of local resource and ecological environment.

B. Clear leading industry. The leading industry shall be able to reflect the advantage and features of agricultural products, with high level of industrialization.

C. Appropriate scale. The scale of demonstration zone should match with production conditions, environmental capacity, technical and management level, with strong potential to bring the surrounding areas along.

D. Better infrastructure. Infrastructures in demonstration zone should have been well equipped such as water supply, electricity and roads, facilities and equipment can meet the requirements for standardization, mechanization and scale production. Service and management facilities are complete.

E. Advanced science and technology. The demonstration zone must have technical support units and demonstration areas for new varieties and techniques. It should have nurtured a number of demonstration household, major planting/breeding households and machinery households, its resource utilization rate and labor productivity is much better than that of surrounding areas.

F. Well operating mechanism. The demonstration zone should have clearly defined target groups and necessary rules and regulations. It should have established effective management system and social service system. The attention and strong leadership of local government, and farmers' welcome is a precondition as well.

(2) Distribution of demonstration zones and key tasks. The demonstration zones will be set up in Advantageous Agricultural Belt, suburbs of large and middle sized cities and typical agricultural products region, based on Plan on regional distribution of Advantageous Agricultural Belt, Vegetable Basket Program and Plan on regional distribution of typical agricultural products.

A. Advantageous Agricultural Belt. National Modern Agriculture Demonstration Zones will be set up in Advantageous Agricultural Belts for 16 major agricultural products such as wheat and rice, highlighting the production, processing and storage of grain/cotton/oil/sugar, animal and aquatic products, and the technical training function. The emphasis will be laid on better quality grain production, large scale livestock production and healthy aquaculture to make demonstration zone a model for production of high yield, better quality, high efficiency, ecological and safe agricultural products. It shall play a leading role in enhancing comprehensive production capacity for bulk agricultural products including grain and promoting industry upgrade.

B. Suburbs of large and middle sized cities. Demonstration zone will be set up in suburbs of centrally administered municipalities, provincial capitals and cities with a population of more than one million, highlighting the safe production of horticultural crops including vegetables, fruits, fungus and flowers, and standardized livestock production. Meanwhile, additional function of agriculture shall be expended. The demonstration zone shall play a leading role in demonstrating vegetable production for large cities, and promoting safe production of horticultural and animal products.

C. Typical agricultural products region. Demonstration zones will be set up in typical agricultural products region for 10 typical products, highlighting production of agricultural products with local features, to make it a demonstration base for production of better quality, high efficiency and ecological agricultural products. It shall play a leading role in promoting sustainable development of typical agricultural products and income increase of farmers in undeveloped regions.

1.4. Identification and management

(1) Identification of demonstration zones. The application shall be made by builders of demonstration zone, submitted to provincial Department of Agriculture with endorsement of city or county government. Provincial Department of Agriculture will recommend short listed applicants to Ministry of Agriculture. National Modern Agriculture Demonstration Zone Management Office under Ministry of Agriculture will then organize review, and those who have been examined and approved by executive meeting of Ministry of Agriculture will be entitled as "modern agriculture demonstration zone".

(2) Management and assessment. National Modern Agriculture Demonstration Zone Management Office under Ministry of Agriculture will be established to develop regulations and assessment indicators. It will be responsible for demonstration zone application, review and publicity as well as release of annual progress report for demonstration zones.

An expert committee will be set up under management office, to be responsible for consultation, evaluation and technical guidance.

Provincial Department of Agriculture shall be responsible for selection, preliminary review, recommendation and application of demonstration zones as well as follow up and supervision.

A mechanism featured with “target based dynamic management” will be adopted. For those which fail to pass the assessment, the title of “modern agriculture demonstration zone” will be revoked.

1.5. Safeguard measures

(1) Strengthening leadership. Agriculture departments at each level shall attach importance to National Modern Agriculture Demonstration Zones, and view it as an important measure to promote regional agriculture modernization. For provinces (autonomous region, centrally administered municipality) in which agricultural sector is divided into number of departments, a joint meeting system, led by department of agriculture, shall be established for agriculture related departments at provincial level to elaborate work plans and coordinate key issues arising in the process of setting up demonstration zones.

(2) Strengthening policy support. Agriculture departments at each level shall strive for policy support concerning finance, tax, credit and insurance. Projects funded by various agriculture investment channels should be made in favor of demonstration zones. Efforts should be made to broaden financing and investment channels to attract social capital, forming a diversified investment mechanism.

(3) Strengthening guidance. Agriculture department at each level shall, in accordance with requirement of central government to promote agriculture modernization, strengthen technical support, integration of resources and guidance on planning, taking account of local reality and technical advantage.

(4) Strengthening publicity and summarizing. Agriculture departments at each level should get a better knowledge of development of demonstration zones in a timely manner, constantly summarize lessons and best practices, strengthen publicity and extension, to create a good social environment for development of demonstration zones.

November 6, 2009,

Ministry of Agriculture

2. Identification and management methods for National Modern Agriculture Demonstration Zones

2.1. Chapter 1 General provisions

Article 1 this identification and management methods are formulated to strengthen the management of establishment of National Modern Agriculture Demonstration Zones in accordance with the Opinions of Ministry of Agriculture on establishment of National Modern Agriculture Demonstration Zones.

Article 2 the targets of National Modern Agricultural Demonstration Zones are to become models for modern agricultural production and new agriculture business cultivation, exhibition area for agricultural scientific achievements and modern equipment, pilot area for expanding the function of agriculture, and training base for training of farmers.

Article 3 National Modern Agriculture Demonstration Zones should be able to demonstrate and lead modern agriculture; protect arable land and respect farmers' interests; promote integration of various forms of industries; and select diversified agriculture business units as major target groups.

Article 4 Agriculture departments at each level shall integrate National Modern Agriculture Demonstration Zones into local plan for modern agriculture development, coordinate relevant organizations and develop support policies to ensure sustainable development of demonstration zones.

2.2. Chapter 2 Organization and responsibilities

Article 5 Ministry of Agriculture is responsible for proposing Opinions on establishment of National Modern Agriculture Demonstration Zones, and formulating management methods and evaluation indicators. Department of agriculture at provincial level is responsible for guidance, follow up and supervision.

Article 6 National Modern Agriculture Demonstration Zone Management Office under Ministry of Agriculture will be established, its main responsibilities are to:

- (1) Develop management regulations and evaluation indicators for National Modern Agriculture Demonstration Zones.
- (2) Organize application, review and publicity of demonstration zones.
- (3) Conduct annual assessment of demonstration zones, and release annual progress report for demonstration zones.

The management office consists of representatives from relevant departments of Ministry of Agriculture, Department of Development Planning is responsible for routine work.

Article 7 An expert committee will be set up under the management office, its main duties are to:

- (1) Elaborate development plan and provide guidance as commissioned;
- (2) Assume consultation, evaluation and assessment as commissioned.

Article 8 The main duties of provincial Department of Agriculture and associated joint meeting are to:

- (1) Organize selection, examination, recommendation and declaration of National Modern Agriculture Demonstration Zones;
- (2) Supervise the operation of demonstration zones;
- (3) Provide guidance and support to demonstration zones;
- (4) Coordinate and solve key issues relating to the development of demonstration zones.

2.3. Chapter 3 Application and approval

Article 9 already established high standard and high level agriculture demonstration Zones (gardens, farms) can apply for National Modern Agriculture Demonstration Zones.

Article 10 criteria for applying National Modern Agriculture Demonstration Zones:

- (1) Land use in agriculture demonstration zones complies with national laws, regulations and policies. Arable land is strictly protected, any unauthorized acquisition of arable land and land use change is strictly prohibited. Farmers' willingness and their land use rights are respected, it is strictly prohibited to force farmers to transfer their land contract and management rights.
- (2) Demonstration zones are in the scope defined by the Plan on Regional Distribution of Advantageous Agriculture Belt, Vegetable Basket Program and Plan on Regional Distribution of Typical Agriculture Products, with good representation of local resources and ecological environment.
- (3) The demonstration zones already have specific design and implementation plans. The design and implementation plans shall meet the general requirement of local economic, social, and particularly agriculture plans.
- (4) Demonstration zones have clear leading industry. The leading industry shall be able to reflect the advantage and features of agricultural products, with high level of industrialization.
- (5) The scale of demonstration zones should match with production conditions, environmental capacity, technical application and management level, with strong potential to bring the surrounding areas along. The demonstration zones have already remarkable economic, social and ecological benefit, with strong capacity to lead regional modern agricultural development.
- (6) Infrastructure in demonstration zones should have been well equipped such as water supply, electricity, and roads. Demonstration zones for cropping should have standardized and mechanized production facilities, the integrated mechanization rate shall reach above 80% in plain areas and 50% in hilly areas; demonstration zones for animal breeding should have large-scale and standardized production facilities and pollution treatment facilities, which is in line with the requirements for large-scale and standardized animal breeding, healthy aquaculture, disease prevention and pest control. Comprehensive demonstration zones should have reasonable layout for product area, processing area and service area.
- (7) Science and technology in demonstration zones is ahead of local level. Unified supply of seedling and better seed coverage reached 100%. The mainly promoted techniques and professional control of pest and diseases has been popularized. The yield of crops and individual capacity of animal and poultry are 20% higher than local average. At least one provincial level (or higher) research and education or technical extension unit is available as long term stable technical cooperation unit.
- (8) Demonstration zones must have demonstration areas for new varieties and techniques, training facilities and staff for regular technical training and extension service. Various forms of training activities should have been conducted regularly or irregularly, which has contributed to farmers' income increase.
- (9) The demonstration zones have better system for standardized production and quality control, and the production process is in line with Good Agricultural Practices. The main agricultural products are certified as pollution-free or green, organic food
- (10) Agricultural production in demonstration zones is in harmony with ecological environment. Agricultural waste are comprehensively utilized, in accordance with demand for prevention and control of animal and plants disease and pest, all environmental indicators meet national standards.
- (11) The demonstration zones should have clearly defined target groups and necessary rules and regulations. It should have established effective management system, efficient operation system and social service system, those systems are well operated.

(12) The demonstration zones should have local government support, farmers' welcome and better development environment.

Article 11 The application shall be made by builders of demonstration zones, submitted to provincial department of agriculture with endorsement of local government. Provincial Department of Agriculture shall recommend short listed applicants to Ministry of Agriculture for approval.

(1) Ministry of Agriculture will issue a notification for application of National Modern agriculture demonstration zone.

(2) Demonstration zones shall, following the instructions in notification, submit application to provincial department of agriculture with endorsement of county or city government; demonstration zones established by other provincial departments may submit application to provincial Department of Agriculture directly.

(3) Provincial Department of Agriculture shall submit shortlisted applicants to Ministry of Agriculture. For provinces (autonomous region, centrally administered municipality) in which agricultural sector is divided into number of departments, the application shall be submitted jointly by agriculture related departments after their review. Land Reclamation Bureau of Heilongjiang and Guangdong may submit application directly.

Article 12 Application materials include:

(1) Formally submitted documents by provincial Department of Agriculture or directly administered Land Reclamation Areas.

(2) Application report for National modern agriculture demonstration zone, including general information of demonstration zone, current status, reasons for applying, and review result.

(3) Other materials, including approval document for establishment of demonstration zone and other related documents; construction plan for demonstration zone and products certification; and certification of animal epidemic prevention conditions in case of demonstration zone for livestock production.

Article 13 Ministry of Agriculture will identify National Modern Agriculture Demonstration Zone in accordance with the following procedures:

(1) National Modern Agriculture Demonstration Zone Management Office under Ministry of Agriculture shall submit all application documents to relevant departments of Ministry of Agriculture, related Departments will review these documents and make recommendations.

(2) National Modern Agriculture Demonstration Zone Management Office under Ministry of Agriculture shall organize experts of Expert Committee to assess those demonstration zones recommended by related departments, and submit assessment report.

(3) National Modern Agriculture Demonstration Zone Management Office under Ministry of Agriculture shall validate those demonstration zones which have passed the assessment by Expert Committee.

(4) Demonstration zones, which have passed validation, will be submitted to executive meeting of Ministry of Agriculture for final examination and approval, public announcement will be made at China Agricultural Information Net and China Agricultural Construction Information Net, the term of publicity is 7 working days.

(5) Demonstration zones will be entitled as "National Modern Agriculture Demonstration Zone", if there is no objection during publicity.

Article 14 Projects and fund arrangement shall be made by Ministry of Agriculture in favor of approved demonstration zones, local department of agriculture at all levels should provide full support as well.

2.4. Chapter 4 Management and assessment

Article 15 A mechanism of “target based dynamic management” will be used to monitor the operation of demonstration zones by Ministry of Agriculture and Provincial Department of Agriculture.

Article 16 Ministry of Agriculture will conduct annual assessment of demonstration zones, consisting of document review and site inspection. The detailed procedure is:

(1) Each demonstration zone shall submit annual report to Provincial Department of Agriculture by the end of November.

(2) Provincial Department of Agriculture shall examine the annual report submitted by each demonstration zone, and submit to National Modern Agriculture Demonstration Zone Management Office the annual report along with its examination opinions.

(3) National Modern Agriculture Demonstration Zone Management Office shall, considering annual report and examination opinions, organize experts inspection to demonstration zones for finalizing assessment result. It shall release annual progress report for demonstration zones periodically.

Article 17 The items to be assessed include: equipment and facilities; capacity of demonstration and extension; industry development and driving effects; management and operation; training and education of farmers; benefit achieved.

Detailed assessment indicators will be developed separately.

Article 18 The result of annual assessment will be announced by Ministry of Agriculture. For those which fail to pass the assessment, the title of “National Modern Agriculture Demonstration Zone” will be revoked.

Article 19 In one of the following circumstance, the title of “National Modern Agriculture Demonstration Zone” will be revoked directly without assessment procedures.

(1) Change land use without authorization, occupation of primary farmland or violation of national land use policy occurs;

(2) Encroach on the rights and interests of farmers, and cause unacceptable social impact;

(3) The leading industry in demonstration zone is changing substantially towards non agriculture, the function of agricultural production has been lost.

(4) Serious production safety and agricultural products quality accidents occurs, and resulting in severe consequences.

(5) There are other serious violations of laws or regulations.

Article 20 For those whose title have been revoked, Ministry of Agriculture will no longer accept any application.

Chapter 5 Supplementary provisions

Article 21 This management method shall come into effect from the day they are promulgated.

Article 22 Ministry of Agriculture is responsible for interpretation of this management method.

3. Monitoring and evaluation methods on construction of National Modern Agriculture Demonstration Zones (trial)

3.1. Chapter 1 General provisions

Article 1 In order to accelerate the construction of National Modern Agriculture Demonstration Zones (hereafter referred to as demonstration zones), evaluate the performance of demonstration zones as well as provide experience and lessons for promotion of modern agriculture throughout the country, this methods are formulated in accordance with the requirement of the mechanism of “target based dynamic management” prescribed in “Opinions of Ministry of Agriculture on establishment of National Modern Agricultural Demonstration Zones”.

Article 2 This method is only applied to National Modern Agriculture Demonstration Zones approved by Ministry of Agriculture.

Article 3 The fundamental principle is to ensure evaluation data true and reliable, evaluation methods simple and easy, evaluation process open and transparent, evaluation result objective and fair.

Article 4 National Modern Agriculture Demonstration Zone Management Office is responsible for monitoring and evaluation of demonstration zones throughout the country.

Provincial Department of Agriculture is responsible for developing implementation plans as well as organizing monitoring and evaluation in corresponding province (autonomous region/centrally administered municipality).

The local government of demonstration zone is responsible for monitoring and evaluation work and self-assessment.

3.2. Chapter 2 Items to be evaluated and indicators

Article 5 Items to be evaluated include: equipment and facilities; capacity of technical extension; management and operation; supporting level; output level; sustainable development.

(1) Equipment and facilities. This will be measured against two indicators: proportion of high standard farmland areas; comprehensive mechanization level of crop ploughing, planting and harvesting.

(2) Capacity of technical extension. This will be measured against 5 indicators: proportion of extension officers with college qualification or above; proportion of farmers with professional certificate; computer penetration rate in household; proportion of townships with information service capacity; coverage of information hotline 12316.

(3) Operation and management. This will be measured against 6 indicators: proportion of appropriately scale operatedland; proportion of standardized livestock production; proportion of healthy aquaculture; proportion of agricultural products certified as pollution-free, green and organic food;ratio of output value of agricultural products processing to gross output value of agriculture; proportion of households participating in farmers’ cooperatives; ratio of added value from service industry of agriculture/forestry/animal husbandry/fishery to added value from agriculture/forestry/animal husbandry/fishery.

(4) Supporting level. This will be measured against 3 indicators: proportion of expenditure for agriculture/forestry/water resource in added value of agriculture/forestry/animal husbandry/fishery; penetration of agriculture insurance; credit input to unit added value of agriculture/forestry/animal husbandry/fishery.

(5) Output level. This will be measured against 3 indicators: average annual increase in total grain output; qualification rate of agricultural products sampling; per capita net income of farmers.

(6) Sustainable development. This will be measured against 4 indicators: arable land retention rate; irrigation water use efficiency; added value of agriculture/forestry/animal husbandry/fishery created by unit energy consumption; added value of agriculture/forestry/animal husbandry/fishery per labor force.

Article 6 In case of no grain production or the grain production area is less than 5% of total crop production areas, the indicators relating to grain production will be replaced by other indicators.

(1) single animal husbandry demonstration zone. Replace proportion of high standard farmland areas with proportion of no-grazing areas and livestock-feed balance areas; replace average annual increase in total grain output with average annual increase in total meat output.

(2) other demonstration zones. Replace average annual increase in total grain output with average annual increase in total product output of No.1 leading industry (i.e. one of the following crops with largest output value: Cotton, oil, sugar, fruit, tea, vegetables, meat, eggs, milk, aquatic products, and rubber)

3.3. Chapter 3 Evaluation methods

Article 7 evaluation data will be sourced from 3 levels:

(1) statistical yearbook published by statistical bureau;

(2) sector statistical data released by industry sector;

(3) for sectors uncovered by current statistical survey, the demonstration zone shall designate a specific department to collect data according to the instruction of this evaluation methods.

Data used by each demonstration zone shall be true, effective, consistent and interrelated.

Article 8 the scores of each indicator (excluding qualification rate of agricultural products sampling) will be the current status value divided by modernization fully achieved value then times weight. Current status value will be scored 100 when it is more than modernization fully achieved value, and zero when it is negative.

The indicator of qualification rate of agricultural products sampling will be scored 3 when the current status value reached 100%, and will be deducted by 0.1 score when decreasing by 0.1%, it will be scored as zero when the current status value is equal to or lower than 97%.

The comprehensive score is the sum of each indicator score.

Article 9 The ratio of modernization basically achieved value and modernization fully achieved value times sum of weight equals 75 scores, this is the standardized value for modernization basically achieved.

Article 10 The evaluation of demonstration zones consists of development level evaluation and development speed evaluation.

(1) development level evaluation. This will be evaluated by comparison of the comprehensive scores of each demonstration zone. Less than 75 scores will be classified as developing stage of modern agriculture, 75 scores or higher will be classified as basically achieved modern agriculture.

(2) development speed evaluation. This will be evaluated by comparison of comprehensive scores over different years. Less than 2 scores of increase between different years will be classified as lower development; 2-4 score as stable development; more than 4 scores as faster development.

3.4. Chapter 4 Procedures for evaluation

Article 11 Local government of each demonstration zone shall organize relevant bureaus such as bureau of agriculture and bureau of statistic to collect, sort out, and verify evaluation data, submit self evaluation report and data to provincial Department of Agriculture by the end of June. Land

reclamation districts directly under the Ministry of Agriculture shall submit report and data to Land Reclamation Bureau of Ministry of Agriculture.

Article 12 Provincial Department of Agriculture and Land Reclamation Bureau shall examine and approve evaluation data and self evaluation reports of each demonstration zone in accordance with the provisions of evaluation methods, and submit approved evaluation reports and data to National Modern Agriculture Demonstration Zone Management Office by the end of July.

Article 13 National Modern Agriculture Demonstration Zone Management Office shall organize assessment of self evaluation reports, and release the results of annual monitoring and evaluation according to procedures.

3.5. Chapter 5 Supervision and management

Article 14 The local government of demonstration zones shall take responsibility for the truth of evaluation data, and improve statistical system, designate leading and participating agencies to ensure scientific data collection. False data is strictly prohibited.

Article 15 Provincial Department of Agriculture and Land Reclamation Bureau shall take responsibility for examining and approving evaluation data; elaborate methods for examining and approving; designate responsible person for data reviewing; strengthen supervision and inspection.

Article 16 National Modern Agriculture Demonstration Zone Management Office shall strengthen supervision and management of monitoring and evaluation. Demonstration zones which submit false data or do not submit self evaluation report, or Provincial Department of Agriculture which failed to review strictly resulting in serious consequence, shall be criticized in a circulated notice. In the case of poor performance and loss of demonstration role, or violation of national land use policy and farmers' interests, or occurrence of serious agricultural products quality accident resulting in serious consequence, the title of "National Modern Agriculture Demonstration Zone" will be revoked.

3.6. Chapter 6 Supplementary provisions

Article 17 This methods shall come into effect from the day they are promulgated

Article 18 Ministry of Agriculture is responsible for interpretation of this methods.

3.7. Attachment 1

Indicator system for monitoring and evaluation of modern agriculture demonstration zone (trial)

First level index	weight	Second level index	weight	Measuring indicators							
				Indicators	weight	Unit	modernization basically achieved value	modernization fully achieved value	Current status value	Score	Note
1. Equipment and facility	14	Agriculture infrastructure	7	(1)proportion of high standard farmland	7	%	60	75			
		Agriculture machinery	7	(2)Comprehensive mechanization of crop ploughing, planting and harvesting	7	%	75	90			

First level index	weight	Second level index	weight	Measuring indicators									
				Indicators	weight	Unit	modernization basically achieved value	modernization fully achieved value	Current status value	Score	Note		
2.Capacity of technical extension	16	Extension service capacity	5	(3)Proportion of extension officers with college qualification or above	5	%	80	95					
		Quality of labor force	5	(4)Proportion of farmers with professional certificate	5	%	35	60					
		Agriculture informatization	6	(5)Computer penetration rate	1	Computers /Per hundred household	1		50	80			
				(6)Proportion of townships with information service capacity	3	%	75	100					
				(7)Coverage rate of information service hotline including 12316	2	%	100	100					
				(8)Proportion of appropriately operated land	3	%	40	70					
		3.Operation and management	21	Scale operation	8	(9)Proportion of standardized livestock production	3	%	60	80			
(10)Proportion of healthy aquaculture	2					%	50	75					
(11)Proportion of certified agricultural products	3					%	40	50					
Agriculture standardization	3												
Agriculture industrialization	3			(12)Ratio of output value of agricultural	3	times	2.7	3.5					

First level index	weight	Second level index	weight	Measuring indicators								
				Indicators	weight	Unit	modernization basically achieved value	modernization fully achieved value	Current status value	Score	Note	
				products processing to gross output value								
		Agriculture organization	4	(13)Proportion of farmer households joining farmers' cooperatives	4	%	55	75				
		Social service	3	(14)Ratio of added value from service industry of agriculture/forestry/animal husbandry/fishery to added value from agriculture/forestry/animal husbandry/fishery	3	%	4	6				
4.Supporting level	13	Financial support	8	(15)Ratio of expenditure for agriculture/forestry/water resource to added value of agriculture/forestry/animal husbandry/fishery	8	%	15	20				
		Financial input	5	(16)Penetration of agriculture insurance	2	%	1	1.5				
				(17)Credit input to unit added value of agriculture/forestry/animal husbandry/fishery	3	Yuan	0.8	1.1				
5.Output level	16	Grain production	7	(18)Average annual increase in total grain output	7	%	2	3				
		Agriculture products safety	3	(19)Qualification rate of agricultural products sampling	3	%	100	100				

First level index	weight	Second level index	weight	Measuring indicators							
				Indicators	weight	Unit	modernization basically achieved value	modernization fully achieved value	Current status value	Score	Note
		Farmers income	6	(20)Farmers per capita net income	6	Yuan	23000	40000			
6.Sustainable development	20	Arable land protection	6	(21)Arable land retention rate	6	%	100	100			
		Water use efficiency	4	(22)Irrigation water use efficiency	4		0.6	0.7			
		Energy saving and emission reduction	4	(23)Added value of agriculture/forestry/animal husbandry/fishery created by unit energy consumption	4	10000yuan/tons of standard coal	2.2	3			
		Labor productivity	6	(24)Added value of agriculture/forestry/animal husbandry/fishery created by each labor force	6	Yuan	35000	60000			

Monitoring and evaluation report on construction of modern agriculture demonstration zone 2015 was released by Ministry of Agriculture. The report covers 153 demonstration zones using 2014 data of demonstration zones as baseline. The results show that the number of demonstration zones which have basically achieved agriculture modernization reached 44, accounting for 28.8% of the total number of demonstration zones, increased 24 over the previous year.

As the report described, agriculture modernization in demonstration zones continues to accelerate, the leading position of demonstration zones is further enhanced, its demonstration role is further played. Modern agricultural production system is being perfected. Agricultural infrastructure becomes more solid, the proportion of high standard farmland reached 55.1%; agriculture equipment and facilities continues to be optimized, comprehensive mechanization level of crop ploughing, planting and harvesting reached 78%; agricultural informatization has been improved steadily with an average of 56.3 computers per hundred households and information service hotline coverage rate of 99.3%; science and technology quality has been increased year by year, extension officers with college qualification or above accounted for 81.9%, farmers with professional certificate accounted for 44.5%. Modern agriculture industrial system is being upgraded rapidly. The lead industry in demonstration zones continue to be developed, output value of planting, animal husbandry and fishery accounted for 93.9% of total output value; the industrial structure is further

being optimized, the proportion of planting, animal husbandry and fishery is 56.2:32.5:11.3; quality and efficiency is being improved obviously, the proportion of agricultural products certified as pollution-free, green and organic food accounted for 22.8% of total edible agricultural products, qualification rate of agricultural products sampling reached 99.8%, farmers' per capita net income reached 13448Yuan with 12% growth for 4 consecutive years. Modern agricultural operation system is being innovated continuously. The scale operation has been improved continuously, the proportion of appropriately scale operated land, standardized livestock production and healthy aquaculture reached 57%, 65.7% and 43.1% respectively; the degree of farmers organization has been increased steadily, the proportion of farmer households joining farmers' cooperatives reached 55.2%; investment and financing mechanism is being perfected, project subsidy, financial awards, credit funds and agriculture insurance to support agricultural development keep increased.

While summarizing the achievements made in demonstration zones, the report also pointed out some issues to be solved, such as unbalanced distribution of demonstration zones, slow progress, insufficient input and lagging reform. The Ministry of Agriculture will further strengthen the management and construction of demonstration zones, raise the awareness of demonstration zones on responsibility and innovation. Focusing on stable grain production, income increase, restructuring, improved quality and efficiency, and sustainability, the Ministry of Agriculture will highlight reform and innovation, technology driven, resource integration and policy support to create regional agricultural development pole, and lead agricultural modernization with Chinese characteristics.

4. Notice of Ministry of Agriculture on allocating agriculture projects funds to support construction of National Modern Agriculture Demonstration Zones

To: Department (bureau/commission) of Agriculture (agriculture machinery, animal husbandry/land reclamation/fishery) of all provinces (autonomous regions/centrally administered municipalities/cities under separate state planning); Bureau of Agriculture of Xinjiang Production and Construction Corps; local government of each National Modern Agriculture Demonstration Zones

The Ministry of Agriculture has identified a number of National Modern Agriculture Demonstration Zones (hereafter referred to as demonstration zones) throughout the country over the last two years, according to the plans set by central government. Local governments attached great importance to the demonstration zones, introduced policy and measures for promoting construction of demonstration zones. In order to further speed up construction of demonstration zones, enhance its role in leading modern agricultural development, the following notice is made to promote allocation of agriculture projects funds to support construction of demonstration zones.

4.1. Raising awareness to conceptualize supporting ideas

Allocating agriculture project funds to support demonstration zones is one of the important measures to carry out the decision on construction of National Modern Agriculture Demonstration Zones prescribed in No.1 Central Document and National Plan on Modern Agriculture Development, it is also one of key activities to enhance the guiding role of government funds and integrate all kinds of resources for improving the funds use efficiency. Local governments and Department of Agriculture shall reach a common understanding to enhance ownership and responsibility, strengthen guidance and coordination with the aim to basically achieve agricultural modernization in demonstration zones and expand leading industry. Firstly, stick to the principle of prioritized planning and arrangement. Local government should use modern agriculture demonstration zone as a tool to promote regional agriculture modernization, plan and submit projects which is consistent with national and local program plans and fund arrangement to support construction of demonstration zones, make sure the total amount and proportion of agriculture project funds is increased year by year. Secondly, stick to the principle of highlighting key subjects and breaking through bottlenecks. The key subjects should focus on enhancing modernization level of leading industry, strengthening infrastructure construction, accelerating innovation of science and technology and production and management system, improving agricultural public service and social service. A series of demonstration bases and projects shall be implemented to break through weak links and solve bottleneck issues. Thirdly, stick to the principle of effective integration and innovation. Local government shall act as the principle part to innovate agriculture investment mechanism in accordance with the requirement of “ unchanged channels and purposes”, coordinate upstream/downstream projects and projects in associated sectors to achieve integrated development of regional agriculture.

4.2. Seizing points to highlight key areas to be supported

During the “12th five year plan” period, key areas to be supported in demonstration zones include: modern production base for grain/cotton/oil/sugar; modern distinctive industry park; standardized large scale livestock production farm; and new type of social service system. These areas shall be supported by agriculture project funds to improve specialization, scale expansion, standardization, intensification of production and operation in demonstration zones.

(1) Modern production base for grain/cotton/oil/sugar. The national and local projects (including additional 50 million tons of grain program; production base for cotton/oil/sugar; water-saving rainfed farming system; conservative cultivation; high yield grain/cotton/oil; subsidy for good crop seed; quality improvement of arable land; enhancement of soil organic matter) funds shall be used to support demonstration zones. Other project funds (land consolidation; integrated agriculture

development; small irrigation/drainage scheme) can also be sourced. Projects funds shall support high standard farmland construction, application of good seeds/good farming practice/good machinery, and fostering business entities so as to create a series of modern production base for grain/cotton/oil/sugar with large scale production, integrated technology, high level of mechanization, high yield and better quality products.

(2) Modern distinctive industry park. The national and local projects (including crop seed breeding base; production base for natural robber; standard garden for horticulture crops; subsidy for well facilitated green house; development fund for modern agriculture; capacity building for “vegetable basket” program; special project for integrated agriculture development) funds shall be used to improve facility and equipment, apply new variety and technology, promote large scale and standardized production, aiming at a series of high-yield, better quality, efficient, ecological and safe distinctive industry park for vegetables, fruits and tea.

(3) Standardized large scale livestock production farm. The national and local projects (including standardized large scale pig/cow breeding farm; demonstration farm on healthy aquaculture; livestock breeding program; subsidy for better animal and poultry breeds; animal disease prevention and control; and rural biogas program) funds shall be used to improve equipment and facilities for animal and poultry breeding and aquaculture, apply technology for standardized large scale livestock production and healthy aquaculture, improve quality of animal and aquatic products and capacity for waste treatment so as to foster a series of well facilitated and environmentally friendly breeding farms with advanced technology.

(4) New type of social service system. The national and local projects (including local extension service center upgrading program; reforming technical extension; animal epidemic prevention system; fishery administration and port construction; plant protection program; subsidy for plant and animal pest /disease control; quality inspection system for agricultural products; integrated management of schistosomiasis; subsidy for agriculture machinery; locally processing of agricultural products program; farmers’ cooperative; agriculture industrialization; farmers’ training program; and standardized agriculture production) funds shall be used to strengthen public service, develop social service, broaden service fields, improve service quality for setting up an efficient and well operated social service system covering the whole process and linking up all sections.

4.3. Innovating mechanism to improve the benefit of supporting measures

In order to promote construction of demonstration zones, not only the total amount of funds shall be increased, but also new mechanism for agriculture investment and management shall be explored to enhance funds gathering and improve demonstration role.

(1) Mechanism for integration of agriculture funds shall be innovated. Provincial Department of Agriculture shall combine mechanism innovation for integrating agriculture funds with allocating agriculture project funds to support construction of demonstration zones, explore methods and mechanism for unified planning, classified management and centralized use of project funds. Local government shall center around construction of demonstration zones, mobilize all kinds of agriculture funds of similar nature, same purpose and scattered use to support the implementation of key projects in demonstration zones, in accordance with the requirement of “unified leadership, unified review, separate submission and integrated use”.

(2) Mechanism for leading agriculture funds shall be innovated. Provincial Department of Agriculture shall actively cooperate with local financial sector, push forward the support of financial institutions to demonstration zones. Local government shall perfect mechanism for investment and financing, broaden channels for investment and financing, and innovate methods for investment and financing. Government agriculture funds shall be used as a carrier, with major planting/breeding households, family farms, farmers’ cooperatives and leading enterprises as major players, to

promoted integrated use of agriculture funds with private, financial and business funds, forming diversified investment channels.

(3) Management mechanism for agriculture funds shall be innovated. Department of Agriculture at each levels and demonstration zones shall establish and improve management system for transparent operation of all agriculture funds, make sure all aspects such as decision-making, fund arrangement, implementation process are transparent, normalized, open and fair. New ways of funds management should be explored such as “substituting subsidies with rewards, promoting progress by awards, construction before subsidizing”, performance management system and methods shall be established for integration of agriculture funds to improve management of agriculture projects funds and use efficiency.

Provincial Department of Agriculture shall develop detailed plan and policy measures according to the requirement of this notice, strengthen communication with Development and Reform Commission and Department of Finance, strengthen coordination with financial institutions. Agriculture projects funds already applied to Ministry of Agriculture shall be made available to demonstration zones. Demonstration zones shall get a better knowledge of all agriculture projects funds with regard to direction of use, scope, eligible criteria, and management requirement. Preparation shall be made to ensure achieving good result.

June 5, 2012

5. Notice of the general office of Ministry of Agriculture on implementation of 10 demonstration actions in National Modern Agriculture Demonstration Zones

To: Department (bureau/commission) of Agriculture (agriculture machinery/animal husbandry/fishery) of all provinces (autonomous regions/centrally administered municipalities); relevant Departments of Ministry of Agriculture

In order to carry out the spirit of No.1 Central Document, Central Conference on Rural Work, and National Agriculture Meeting, enhance the leading role of National Modern Agriculture Demonstration Zones, Ministry of Agriculture decided to implement 10 major theme demonstration actions in National Modern Agriculture Demonstration Zones according to “Key work points for Construction and Management of National Modern Agriculture Demonstration Zones in 2016”.

5.1. Overall thought

Demonstration actions shall be centered around accelerating agriculture supply-side structural reform, guided by 5 development concepts of “innovation, harmonization, green, openness, sharing”, with building 3 systems of agriculture industry, production and operation as key tasks. 10 themes demonstration action including high yield and efficient grain production shall be implemented according to the principle of “detailed plan, division of responsibility, highlighting models, creating bright spots”. A number of models for each theme will be set up in 283 National Modern Agriculture Demonstration Zones, featured with active innovation and advanced development, to produce replicable experience and patterns, and demonstrate agriculture modernization with Chinese characteristics.

5.2. Key tasks

(1) Green/high yield/efficient grain production. Key techniques for green/high yield/efficient grain production shall be demonstrated and extended in demonstration zones, bottleneck issues in common technology of key fields shall be solved to create an upgraded version of green and increased production model, and lead the transformation of agriculture production mode. (Responsible unit: Department of Crop Production)

(2) Demonstration counties on green livestock production. Counties with demonstration zones shall be selected as a priority to promote animal and poultry manure minimization, and resourceful use and treatment of animal and poultry manure. Green development mechanism shall be established to optimize regional layout, promote large scale breeding and agro-animal husbandry, and play a leading role in sustainable development of animal husbandry. (Department of Livestock Production, Veterinary Bureau)

(3) Healthy aquaculture. A number of demonstration zones shall be selected to demonstrate healthy aquaculture. Regional layout shall be optimized and pollution control shall be strengthened to promote standardized production, regulatory operation, systematic management so as to form a long term mechanism for healthy aquaculture and upgraded fishery. (Bureau of Fisheries)

(4) Whole process mechanization of major crop production. A number of demonstration zones shall be selected as pilot site for whole process mechanization of major crops production. The combination of appropriate techniques (on efficient ploughing/planting/harvesting, drying, treatment of crop residues, targeted fertilizer and chemical application, water-saving irrigation, collection of used agriculture films) shall be demonstrated to upgrade mechanization level of demonstration zones. (Department of Farm Mechanization)

(5) Internet+modern agriculture. A number of demonstration zones shall be selected to demonstrate “digital agriculture” and smart agriculture, advance application of big data and regional trial of agricultural Internet of Things, speed up dissemination of information to rural households.

Agricultural E-commerce shall be vigorously developed, training of farmers on mobile phone application shall be carried out to improve agriculture informatization. (Department of Market and Economic Information)

(6) Upgrading agricultural business system. Family farms should be fostered, development of farmers' cooperatives should be advanced, leading enterprises should be supported to promote agriculture transformation and upgrading. We shall fully support "one village, one product" program, foster new type of agriculture service entity, and improve benefit linking and sharing mechanism. (Department of Rural Economic System and Management)

(7) Training of new type of professional farmers. Training of new agriculture business operators and modern youth farmer program shall be carried out in demonstration zones, all kinds of business entities shall be encouraged to participate for fostering a large number of new professional farmers and high quality agricultural production team. (Department of Science, Technology and Education)

(8) Integrated development of primary, secondary and tertiary sector. Pilot area for integration of primary/secondary/tertiary sector shall be built, new agriculture business entities shall be encouraged to engage in processing, circulation and direct supply as well as build raw material base and marketing facilities together with farmers. The joint stock cooperative system can be adopted so that farmers can share benefit of the whole agriculture industry chain. (Bureau of Produce Processing)

(9) Promoting quality and safety of agriculture products. Demonstration counties for promoting quality and safety of agriculture products shall be identified to promote standardized production, green development, scale operation, branded products, and regulatory supervision. Quality and safety supervision system covering the whole process of agricultural products shall be established to create models for standardized production and legal supervision. (Bureau of Quality and Safety Supervision for Agro-products)

(10) Integrated use of all agriculture related funds. A number of demonstration zones shall be selected as pilot sites for integrated use of all agriculture related funds. Fund management mechanism at county level shall be innovated to promote the development of leading industry and agriculture modernization as well as the improvement of overall effectiveness of funds use. (Department of Finance)

5.3. General requirements

(1) Strengthening leadership. Provincial Department of Agriculture shall attach great importance, elaborate practical and feasible measures to promote the implementation of each tasks according to plan while providing guidance to demonstration zones for allocating tasks to specific person. Relevant Departments of the Ministry of Agriculture shall strengthen guidance according to division of tasks, make the timetable, progress required, and specific measures clear to demonstration zones for achieving expected results and experience.

(2) Strengthening policy support. Relevant provincial Department of agriculture shall make demonstration zones with major theme demonstration actions as the main focus of government support, allocate necessary projects, funds and technology as incentives to demonstration zones. Relevant Departments of the Ministry of Agriculture shall facilitate policy projects to be implemented in demonstration zones, and ensure smooth implementation of each demonstration action.

(3) Strengthening publicity and summarizing. Relevant provincial Department of agriculture shall keep a close eye on the progress of demonstration action, summarize good models and experience for extension and replication through field day, workshop, group discussion. National Modern Agriculture Demonstration Zone Management Office shall strengthen coordination, organize relevant departments to select "top 10 demonstration zones" according to theme before the end of the year, compile typical case study report for promotion in appropriate way. Relevant Departments of the

Ministry of Agriculture shall strengthen work scheduling, summarize best practice for publicity and extension.

(4) Strengthening supervision and management. Relevant provincial Department of Agriculture shall strengthen supervision and management, study and solve new issues arising in the process of demonstration action, make sure management and technical measures are in place for achieving objectives. Relevant Departments of the Ministry of Agriculture shall establish incentive mechanism, provide additional support to those demonstration zones for its outstanding achievement, reduce or stop policy and project support to those demonstration zones for its poor performance.

6. Notice of Ministry of Agriculture and Ministry of Finance on selection of National Modern Agricultural Demonstration Zones to implement pilot program for agricultural reform and construction

Document Number: No 198 【2012】 Department of Finance, Ministry of Agriculture

To: departments (commissions/bureaus) of agriculture and finance of all relevant provinces (autonomous regions/centrally administered municipalities/cities under separate state planning/Xinjiang Production and Construction Corps); Land Reclamation Bureau of Heilongjiang and Guangdong province

In order to implement the spirit of the 18th National Congress of the Communist Party of China, further promote agricultural reform, and accelerate agriculture modernization, Ministry of Agriculture (MOA) and Ministry of Finance (MOF) made decision to implement pilot program for agricultural reform and construction in selected national modern agricultural demonstration zones and hereby put forward the following notice on relevant matters:

6.1. Purpose of pilot program

Give full play of pilot roles of national modern agriculture demonstration zones, implement pilot program for agricultural reform and construction at selected demonstration areas which have strong sense of innovation and sound base for further development. Establish new production and operation mechanism with characteristics such as intensive farming, specialized production and socialized operations through using a combination of means such as government fiscal and financial means and developing new operation entities such as farmers' cooperatives. Actively explore the solutions to the small scale, dispersed investments, difficult financing and lagging insurance development of agricultural business operations and other bottlenecks that restrict the development of modern agriculture, so as to explore new ways, accumulate reform experience, reserve policies for accelerating shift from traditional agriculture to modern agriculture.

6.2. Principles and Goals of the pilot program

Principles

6.2.1. Uphold promoting reform through construction, promoting development through reform

Leverage more inputs into construction, build reform and innovation platform, support pilot demonstration zones to reform innovation mechanism and system, actively adjust production relations that cannot adapt to advancing of agricultural productive forces, and promote the speeding up of modern agricultural development

6.2.2. Adhere to unified guidance and the local government playing vital role

The departments of agriculture and finance shall strengthen the guiding of the work, lead relevant departments and institutions putting their respective advantages to the best use, so as to jointly push forward the progressing of the pilot work; the governments in charge of pilot demonstration zones shall develop reform and innovation plan, coordinate relevant departments and new business entities to implement the pilot program.

6.2.3. Adhere to promoting creativity and centering on effective outcomes

We shall, on the premise that it conforms with the rural basic management system, effectively protect the interest of farmers, respect creativity of people, make further exploitation, so as to achieve breakthrough at key elements that restrict the advancing of the modern agriculture.

Goals

We shall, through the pilot program, actively innovate agricultural production operation, management and service mechanisms and systems, explore the establishment of closely linked

agricultural operation models consisting of following elements “new operation entities + order agriculture + government fiscal fund + financial fund + insurance fund + fund from other sources”, accelerate the exploration of new ways for agricultural scale operation which is dominated by farmers cooperatives and other new operation entities. By 2015, we shall achieve goals that land coverage ratio of the scale operation at the pilot demonstration areas is increased to 40% above, the grain production per unit is increased by more than 20% against that of 2012 and the annual growth rate of per capital net income of farmers is more than 10%.

6.3. Tasks

6.3.1 Explore establishment of new production operation mechanism characterized by intensification, specialization, farmers organization, and socialized operations

We shall, on the premise that it conforms with the rural basic management system, actively explore the land circulation mechanism, improve land circulation policies, promote establishment of key elements aggregated, production effective and service efficient agricultural scale operation system that is driven by the new operation entities, linked financial institutions with farmers for sourcing credit, and horizontally facilitated production contract and insurance contract with stockpiling, processing enterprises and insurers.

6.3.2 Explore order agriculture based production and marketing models

We shall guide the new operation entities such as farmers cooperatives to enter into procurement contract with agricultural products stockpiling, processing and marketing enterprises, rationally determine agricultural product prices according to market pricing mechanism, so as to explore establishment of a long-term and stable interest and risk commonly sharing agricultural product production and marketing mechanism and order fulfillment mechanism.

6.3.3 Explore establishment of the new government fiscal support means focusing on integration of funds.

We shall actively push forward the agricultural program fund available for the pilot demonstration zones; divert more agricultural comprehensive development fund and modern agricultural development fund to support the construction of pilot demonstration zones. The pilot demonstration zones are encouraged to coordinate and integrate agricultural program funds, so as to speed up the construction of high-standard farm land, distinctive industry park, standardized large-scale livestock farm, modern processing and logistics park, so as to build agricultural reform and construction carriers which integrate key elements, aggregate lined industries and are driven by innovations, so as to comprehensively extend application of quality breeds and species, advanced technologies, efficient machinery facilities and sound mechanisms.

6.3.4 Explore establishment of new agricultural investing and financing mechanism with the financial capitals as a core.

The pilot demonstration zones are encouraged to improve the modern agricultural financing service system, develop risk compensation system against the agriculture related loans and bring innovations into the government fiscal fund guided investment mechanism of the financial capitals. The financial institutions are encouraged to enrich financial products which meet the requirements of developing moderate scale agricultural operation, innovate the agricultural financing service means, expand conforming mortgages according to local conditions. We shall, on the premise that the risks are controllable, encourage the financial institutions to provide pledged loans secured against order right and co-guarantee loans, or provide medium to big size agricultural machinery financing and leasing services to eligible new operation entities.

6.3.5 Explore establishment of new risk mitigation approaches taking the agricultural insurance as safeguards

The pilot demonstration zones are encouraged to actively explore the models which integrate agricultural insurance and credit, bring innovations into supporting policies pertinent to agricultural insurance. We shall, in accordance with the relevant regulations and based on the central and provincial subsidies, rationally determine the subsidy standard for new operation entities such as farmers cooperatives, so as to further improve the safeguard level of agricultural insurance and effectively mitigate the risks occurred in agricultural production operation.

On the basis of the aforementioned task scope, the areas where conditions permit are encouraged to actively and steadily deepen the reform of land tenure system in an orderly way, make innovations to agricultural operation mechanism, so as to kindle vigor into the development of modern agriculture.

6.4. Pilot schedule

6.4.1 Pilot distribution

Selection scope is subject to defined regions by <National Modern Agricultural Development Plan (2011-2015)> , and they are the core region for grain production, superiority region for other agricultural products, leading agricultural region in eastern coastal part of China, multi-function agricultural regions neighboring to big cities and state farm with scaled agricultural operation. Select 3-5 regions (state farms) which have designated as national modern agricultural demonstration zones and have inputs from the agricultural comprehensive development programs respectively. The total number of the pilot demonstration zones is about 20.

6.4.2 Pilot selection

The pilot demonstration zones shall be selected according to principles such as having certain foundations, taking leading positions in innovation of mechanisms and systems, receiving due attentions from the leaders, having strong willingness and overlapping with key counties for agricultural comprehensive development.

6.4.3 Pilot period

The period of pilot program will be 3 years, i.e. from 2013 to 2015

6.5. The involved departments (institutions) and their responsibility profiles

The pilot program will be led by the Ministry of Agriculture and Ministry of Finance and participated by Agricultural Development Bank of China, China Grain Reserves Corporation and other agricultural product purchasing and marketing enterprises. In the meanwhile, the China Development Bank and other financial institutions are encouraged to take part into the pilot program on their own accord. The local government will be responsible for organizing the specific implementations.

6.5.1 The departments of agriculture

Shall strengthen guidance on agricultural reform and construction, guide the pilot demonstration zones to reinforce the innovation of mechanisms with regard to science and technology extension and application, operation management, fiscal input and financial services, so as to improve the levels of professionalism, standardization, scale and intensification of the agricultural production and operation.

6.5.2 The departments of finance

Shall reinforce the leading and stimulating roles of the government fiscal fund, make full use of the existing special funds such as agricultural comprehensive development fund, modern agricultural development fund, animals and plants protection, subsidies for purchasing agricultural machinery, construction of high yield farmland and vegetable basket program, take the pilot demonstration area as platform, make great efforts to integrate and coordinate the use of program funds through strengthened guidance, so as to push forward the construction of the modern agricultural

demonstration zones through reinforced overall cooperation. In principle, allow the provincial agricultural comprehensive development department (abbreviated as ACDD) to arrange averagely RMB 20 million from the transfer payment of central government as per pilot demonstration area annually; the provincial government where the pilot program implements arrange averagely no less than RMB 10 million modern agricultural production development fund per pilot demonstration area. About RMB 10 million will be rewarded to the pilot demonstration zones which have made significant outcomes in relation to integrated inputs, effective innovations, sound development of cooperative organizations, improved leading industries and increased incomes of farmers.

6.5.3 The financial institutions

Shall give full play of the safeguard roles of financial funds and mitigation roles of the agricultural insurance and provide more credit and financial supports to new operation entities. Agricultural Development Bank of China actively provide loans to China Grain Reserves Corporations and other agricultural production purchasing, processing and marketing enterprises for purchasing contracted grains. China Development Bank and other commercial banks are encouraged to, on the premise that is “ subject to laws and regulations, independent decision making and risks controllable”, support the pilot demonstration areas to establish and improve the agricultural financing service system, provide pledged loans secured against order right and joint and co-guarantee loans to new operation entities, or develop financing and leasing services. The insurance companies are supported to carry out insurance business subject to laws and regulations, organize farmers’ cooperatives to insure their members on the premise of self willingness and on their own accord.

6.5.4 Agricultural product purchasing and marketing enterprises

Shall give full play of the advantages in procurement, processing and logistics of agricultural purchasing and processing main bodies such as national backbone enterprises, establish long-term and stable agricultural products purchasing and marketing relationship with big planting and breeding households, farmers cooperatives and other new operation entities, support and participate in the development of the farmers cooperatives, provide deposit in advance to new operation entities, so as to actively help the new operation entities to address the shortage of production fund and keep improving the order agriculture mechanism

6.5.5 The local governments of pilot demonstration zones

The local governments of pilot demonstration zones are responsible for drafting the implementation scheme of the reform and construction pilot program, specifying goals, tasks, main subjects and measurements of the pilot program, designating special institutions and people in charge of the pilot program; The local governments shall reinforce the fiscal support of the agricultural reform and construction, provide subsidies to key elements such as scale operation, order agriculture and financial services, summarize the pilot experiences in a timely manner, so as to provide important references for policy development.

6.6. Relevant Requirements

6.6.1 Make active application of the pilot program

The provincial (Autonomous Region and Municipal) departments of agriculture, finance and agricultural comprehensive development shall pay due attention to the pilot program, strengthen coordination and cooperation in rendering application of pilot program according to following principles such as application by local government, approval recommendations made by provincial departments of agriculture, finance and agricultural comprehensive development in association with other concerned departments, review and approval by expert panel delegated by Ministry of Agriculture and Ministry of Finance. The application materials consist of the application documents from the local government in charge of the pilot zone, implementation scheme of the pilot program, joint reviews and approval recommendation documents of the provincial departments of agriculture, finance and agricultural comprehensive development. The relevant provinces are asked to submit 5

copies of the application materials to each of following departments no later than 30th of January: Modern Agricultural Demonstration Zone Management Offices of MOA, Department of Agriculture and National Agricultural Comprehensive Development Office of MOF. In principle, each province (region and municipality) is allowed to apply for only 1 pilot site.

6.6.2 Strengthen the guidance to the pilot program

The relevant provincial (Autonomous Region and municipal) departments of agriculture and finance are asked to reinforce the organization and leadership of the pilot program, set up the joint conference system participated by relevant departments, so as to strengthen communication and coordination and help solve major problems encountered in the process of implementing the pilot program. The local governments in charge of the pilot demonstration zones are required to pay high-level attention, develop implementation plan, specify leading departments and participating departments in charge of specific implementations, clarify responsibility profile, so as to actively organize and coordinate the implementation of the pilot program. The expert consultation committee shall be established to make full use of the consultative roles of the experts, so as to make innovations and complete pilot tasks perfectly. The organization and consultation agency will also be established by MOA and MOF at proper time.

6.6.3 Conduct solid performance appraisal management of the pilot program

The relevant provincial (Autonomous Region and municipal) departments of agriculture, finance and agricultural comprehensive development are asked to exam the pilot program according to the pilot implementation scheme and in cooperation with other relevant departments, so as to make comprehensive appraisal of the completion of the pilot tasks, study the existing problem and come up with the improved recommendations and comments. The appraisal results are required to be submitted to MOA and MOF. The termination of the pilot program will be imposed on the pilot demonstration zones where the pilot implementation ineffective, the progress lagged behind and outcomes unsatisfactory. Pilot program demonstration zones shall effectively summarize reform pilot experiences in a timely manner, make efforts to form a group of reform and innovation achievements, so as to showcase and lead the speeding up development of modern agriculture through the exchange and promotion using the newsletter of national modern agricultural demonstration zone as platform and scaling out from pilot to extended areas.

7. Guiding opinions of Ministry of Agriculture, Ministry of Finance and China Banking Regulatory Commission on Strengthening Pilot Program for Agricultural Reform and Construction in National Modern Agriculture Demonstration Zones

Date issued: August 13, 2013

Issuing Authority: Department of Development Planning, Ministry of Agriculture

To: Department (Commission/Bureau) of Agriculture (agricultural machinery/animal husbandry/veterinary services/land reclamation/township enterprises/fishery), finance and agricultural comprehensive development of all relevant provinces (autonomous regions/centrally administered municipalities/cities under separate state planning); all offices of China Banking Regulatory Commission; policy banks/state-owned commercial banks/joint-stock commercial banks and Postal Savings Bank of China:

Implementation of pilot program for agricultural reform and construction (hereafter referred to as pilot program) in selected national modern agriculture demonstration zones is an important approach to carry out the spirit of the 18th National Congress of the Communist Party of China and the Central Committee No.1 Document of 2013. It has outstanding significance for exploring agricultural modernization with Chinese characteristics, showcasing and leading agricultural reform and construction across our country. In order to guide the pilot program in selected areas and accelerate the establishment of modern agricultural development mechanism and system, we hereby put forward the following opinions:

7.1 General Requirements

1 Guideline

We shall, under the guidance of the Deng Xiao Ping Theory, the Important Thought of “Three Representatives” and the Scientific Outlook on Development, in accordance with the general requirements of “set up a system to ensure effective supply of important agricultural products, increase farmers' income and improve their livelihoods, as well as push forward reforms in rural areas”, take cultivation and development of new agricultural operation organizations as core tasks, take solving the bottle neck problems in relation to agricultural operation such as small scale, dispersed investment, difficult financing and high risk as priorities, work together through integration of resources and using pilot program as platform to firstly build a new agricultural operation system with characteristics such as intensive farming, specialized production and socialized operations, work together to firstly build a new agricultural development mechanism integrated with four components as “ driven by government fiscal investment, supported by financing, secured by insurance and marked by contractual marketing”. We shall further stimulate new development vigor, cultivate new development motives and build on new development advantages so as to forge a group of pioneers for agricultural reform and construction, build on experiences and reserve polices for modern agricultural development across our country.

2 Main Objectives

In accordance with the overall objectives of “showing signs of rise within one year, achieving results within two years, and making breakthroughs within three years”, we shall strive to make great progress of the pilot program by year of 2015, establish new agricultural operation systems with moderate scale as a priority, new production and marketing models with order agriculture as a basis, new government fiscal support modes with integration of funds as a key focus, new agricultural investment and financing mechanism with financial capital as a core, new risk control approaches with agricultural insurance as a guarantee, so as to significantly enhance the endogenous power of modern agricultural construction and significantly upgrade level of agricultural modernization, and achieve goals that the grain production per unit is increased by more than 20% comparing with the

average unit production of 2012 and the per capital net income of farmers is increased by more than 10% comparing as of 2012.

7.2. Make tremendous efforts to consolidate the physical and technical foundation for modern agriculture development

3 Highlighting and strengthening the construction of agricultural infrastructures

We shall take improvement of production conditions for staple agricultural products such as grain, cotton, oil and sugar crops as core tasks, take the construction of production base for quality products as vehicles, carry out massive construction of high standard farmland, so as to achieve the goal that the percentage of high standard farmland is more than 50%, basically achieve the goal the land is flat and fertile, farm road is smooth, irrigation, drainage and electricity is available for easy use. We shall accelerate the agriculture mechanization, take improving the mechanization level of weak agricultural production components and scaling out advanced and appropriate agricultural mechanization technologies and equipment as priorities, enhance the integration between agriculture machinery and agronomy, between mechanization and informatization, so as to basically achieve full stage mechanization during grain production and the comprehensive mechanization rate of ploughing/sowing/harvesting is higher than 80%.

4 Pushing forward the application of integrated agricultural technologies

We shall encourage the pilot program demonstration zones to carry out all kinds of match-making and cooperation with agricultural research institutions and high tech enterprises, encourage all kinds of new management entities to hire professional talents. And these entities shall take co-build production base and construction of pilot program as carriers, introduce quality species and advanced technologies, innovate integrated application of technologies, so as to increase yield and improve efficiency while showcase and lead the transformation of agricultural science and technology extensively. We shall strengthen the integrated technical services to support the new operation entities, set up special teams to provide technical innovation service, develop a set of standardized application schemes for technical integration and associated agricultural machinery according to requirements of operation entities and industrial features, provide menu-like and integrated technical services, so as to support new operation entities to develop modern agriculture through provision of serialized and specialized services .

7.3. Make tremendous efforts to develop agricultural scale operation mechanism

5 Improving cultivation mechanism of new agricultural operation entities

We shall encourage the pilot demonstration zones to lend more supports to new operation entities in developing moderate scale management of agriculture through varying ways such as “substituting subsidies with rewards, direct subsidy, discount loan”. We shall make efforts to improve quality of new entity leaders, explore charge free training mechanism, and enhance the education and training of leading members of major breeding/planting households, family farm and farmers’ cooperatives and backbone farmers of the agricultural social service organizations. We shall study and develop policies pertinent to agricultural facility land requirements of the new operation entities in developing moderate scale agriculture, explore solutions to associated facility land requirements of storing, drying yard, drier and agricultural machinery storehouse. We shall establish permit and oversight system to regulate industrial and commercial enterprises rent land for cropping, set up rational threshold, so as to secure farmers rights and interests, to retain land as agricultural land and to retain agricultural comprehensive productivity of the land. We shall improve government services, accelerate transformation of agricultural administration functions, reduce administrative approval, waive fees and streamline procedures such as approval of land for auxiliary facilities, enterprise

registration, environmental appraisal, energy efficiency evaluation and bidding subject to new operation entities, push forward one stop services.

6 Strengthening services to promote circulation of rural land use right

We shall support the pilot demonstration zones to accelerate registration and licensing of rural land use right and ensure the registration and licensing work complete in 3 years. We shall actively innovate land circulation mechanism which is driven by government, regulated by market, restrained by law, of free will by farmers and on reimbursable base. We shall develop policies to promote moderate scale operation so as to inspire farmers to carry out scale agriculture, explore effective means to implement large scale circulation and address fragmented land problems. We shall strengthen match-meeting between land circulation sides of supply and demand, strengthen third party assessment of circulation trading prices. We shall establish and improve land circulation trading platform which is village based, guided by County with township as main player, so as to achieve informationization of rural land contract and circulation service. We shall establish and improve the rural land use dispute mediation and arbitration system which ensure “mediation functioning in township and village, arbitration functioning in county and city, and judicially safeguarded”, enlist the arbitration expenditures into government budget plans, address the rural land circulation disputes according to laws. We shall explore the compensation mechanism of rural contracted land, encourage using purchase, subsidy and endowment insurance subsidy and other kinds of approaches to guide farmers who have stable non-farm job and incomes, permanently residing in urban areas or basically disabled for laboring to voluntarily waive land contracting right.

7 Upgrading systematization degree of agricultural production

We shall, in accordance with the requirements of “actively promoting, gradually improving, strengthening support and upgrading quality”, make great efforts to develop various types of new farmers’ cooperatives and improve their leadership and market competition capacities. We shall innovate fiscal policies to support the development of farmers’ cooperatives, push forward the effective interconnection between agriculture related programs and farmers cooperatives, strengthen the support to grain growers’ cooperatives. We shall advance the construction of demonstration cooperatives, guide farmers’ cooperatives to improve internal management and operation mechanism, steer shifting farmers’ cooperative from quantitative growth to a combination of quantitative and qualitative improvement, shifting from production cooperation to land cooperation, capital cooperation, mutual fund, brand sharing and enhancing, take products and industries as bond to develop cooperation and association and carry out merging and regrouping. We shall extend cooperative operation system characterized by “production at home, services provided by cooperatives”, guide farmers to put land use right wholly or partially in cooperative trusteeship, so as to standardize production through unified technologies, inputs, mechanization operation, branding and marketing, improve systematization degree of agricultural production.

8 Speeding up the establishment of new agricultural social service system

We shall support pilot demonstration zones to speed up establishing new types of agricultural social service system which combines public services and private services, coordinates specialized services with comprehensive services. We shall accelerate establishment of agricultural public service system adaptable to development of moderate scale operations, improve employment, performance appraisal and incentive mechanisms, strengthen the capacity building and enabling conditions of services, and innovate new service modes. We shall further develop agricultural business services, provide low cost, convenient and all-round services covering pre-production, production and post-production to farmers’ cooperatives, specialized companies, specialized technical associations and agricultural enterprises through business tax exemption and other incentive approaches; we shall guide all kinds of agricultural business service organizations in carrying out public services through government procurement and other approaches. We shall encourage and support the pilot demonstration zones to actively build agricultural social service demonstration counties.

7.4. Make tremendous efforts to improve docking mechanism between agricultural producing and marketing and order fulfillment mechanism of agricultural products

9 Making great efforts to develop order agriculture

We shall encourage pilot demonstration zones to further develop modern marketing, through the producing and marketing docking platform, improve operation guidelines of order agriculture, guide the new operation entities to sign purchase orders with storing, processing and marketing enterprises. National level agricultural enterprises shall take pilot demonstration zones as order agriculture priority counties, establish long-term stable order relationship for purchasing agricultural products, further expand the order scales, strengthen the services in whole process from pre-production, production in progress to post production, and improve ordered production quality. We shall guide the new operation entities to carry out the standardized production according to orders, improve the quality and safety level of agricultural products, so as to meet the quality requirement of the storing and processing enterprises. The pilot demonstration zones shall provide support and safeguards to the order agriculture and associated services between relevant large agricultural enterprises with major planting households, family farms and farmers' cooperatives.

10 Innovating order fulfillment mechanism for agricultural products

We shall support the pilot demonstration zones to develop incentive policies for promoting the order fulfillment mechanisms according to actual situation, Further explore "agricultural product order + finance+production "mutually interacted new mechanism, in which the order can be used as guarantee, can be used to apply loan, can be used to stabilize price and promote production. We shall study and develop detailed approaches to merge order agriculture and finance, regulate purchase order contracts, specify the condition, procedures of guaranteed order and policies to support order financing, so as to improve order fulfillment through financing approaches. We shall explore rational order pricing mechanisms and default restriction mechanisms, develop floor price secured order, set up record censorship mechanism for purchase order contract, so as to improve order fulfillment in parallel with development of rural credit system, enhance the awareness of suppliers and buyers on contract and good faith, strengthen quantitative and qualitative constraints, and improve fulfillment rate.

7.5. Make tremendous efforts to establish integration mechanism of agricultural program funds.

11 Strengthening Integration of agricultural program funds

Provincial Departments of Agriculture and Finance shall actively support the pilot demonstration zones to strengthen integration of program funds for agricultural infrastructure, technical extension, personnel training, resources and environmental protection, so as to improve effectiveness and efficiency of the fund resources. The pilot demonstration zones shall establish fund integration mechanism led by the leading group for agricultural reform and construction to unify planning and examining fund uses, to use fund coordinately and to manage fund in a classified manner. We shall actively integrate dispersed agricultural program funds of common purpose and similar nature, and focus in key programs and cultivation of new agricultural operation entities at pilot demonstration zones, so as to form a fund management style that is "sourced from various channels, stored in one fund pool and diverted through one outlet".

12 Perfecting funds management regulations for agricultural programs

The pilot demonstration zones shall actively explore the new agricultural construction mechanism in which the new agricultural operation entities take responsibilities for program construction and post maintenance, and explore new fund management mode of "constructing before subsidizing". We shall strengthen the project management from startup, bidding, engineering supervision, wrap up

test and approval. We shall specify responsibility profile, improve management regulations pertinent to use of fund, performance appraisal and accountability, so as to improve the rationality, effectiveness and standardization for managing agricultural program fund. We shall disclose agricultural program fund information such as source, construction standard, what to be constructed, construction layout, goals, post construction management requirements, to allow the information be supervised by the public. The agricultural comprehensive development fund shall be dispatched in favor of supporting qualified new operation entities to upgrade farm land infrastructures, developing industrialized and scale operation; the modern agricultural development fund shall be focused in supporting the new operation entities to develop competitive and distinctive industry; “substituting subsidies with rewards” fund shall be mainly used in sectors such as agricultural technical extension and cultivation of new agricultural operation system.

7.6. Make tremendous efforts to innovate agricultural investment and financing service mechanism

13 Establishing incentive mechanism to raise agricultural credit input.

The pilot demonstration zones shall actively guide the monetary agencies to keep optimizing credit structure and lend more credit support to modern agriculture. We shall further make use of incentive mechanism for agriculture credit growth to encourage monetary agencies to increase loan supply to agricultural development through the use of combined incentive approaches such as tax, subsidy, growth incentive, substituting subsidies with rewards, reward interlaced with subsidy, performance evaluation. We shall further reduce the agricultural credit cost, impose subsidy and discount to new operation entities borrowers. We shall study and set up the agricultural risk compensation fund to compensate or subsidize the loss induced by agricultural guaranteed loan or security cost.

14 Improving agricultural financing service system

We shall support the pilot demonstration zones to speed up the establishment of agricultural financing service system adaptive to modern agricultural development, taking policy banks, commercial banks and rural small and medium financial institutions as main objects, taking bonding companies for agricultural investing and financing as priorities, taking farmers mutually financial cooperatives as supplements, taking agricultural credit system development as safeguards, so as to actively divert the private capital into the rural financial service areas, expand capital scale of agricultural investing, financing and boding institutions, and improve the capacity and standards of financial services to modern agricultural development. We shall provide guidance to the development of financial cooperatives featured by “ established by farmers, run by farmers, benefit and risk shared by farmers”, support and lead the qualified farmers’ cooperatives to develop credit cooperation step by step and keep focus on solving capital requirements of members in the cooperative and farmers in the region. We shall boost construction of rural financial ecology, establish rural credit information database, collect data and establish rural credit system.

15 Innovating agricultural financial service products

We shall speed up establishment of a diversified, distinctive and readily accessible agricultural financial service product system which can meet the actual situation of agricultural development and development requirement of new operation entities. The pilot demonstration zones shall guide the financial institutions to develop a series of mortgage loan secured by “ Three Rights “(rural land contracting right, land use right of house sites, distribution right of collective income) and agricultural machinery, develop a series of pledge loan secured by purchase order, warehouse receipt, insurance order and receivable accounts, specify loan period according to the agricultural production cycle, so as to meet the financing requirements of new agricultural operation entities for infrastructure development, procurement of agricultural machinery and equipment for agricultural logistical processing and procurement of means of production.

16 Improving agricultural financial service modes

We shall, targeting to address issues pertinent to agricultural loan, such as hardly affordable, high cost, high risk, low profit and time consuming procedure, support the pilot demonstration zones to develop policies for pushing forward the innovation of agricultural credit service mode. We shall push relevant financial institutions to carry out agricultural loan process re-engineering, properly decline the threshold for new operation entities, streamline loan formalities, optimize loan term structure, so as to provide efficient and convenient financial services to the new operation entities. We shall encourage financial institutions including China Development Bank, on the premise of “subject to laws and regulations, independent decision making and risks controllable”, to support the pilot demonstration zones with regard to develop agricultural program financing plan, design agricultural financing scheme, develop agricultural financing service system, explore modern agricultural financing service models, increase loan supply to support agricultural programs such as land management and the industrialization of agriculture. The branches of China Agricultural Development Bank shall actively support the order agriculture development, lend complementary support to land rehabilitation and water conservancy infrastructure development, further strengthen credit support to pilot demonstration zones through increased policy loans, allowing pilot demonstration zones to purchase grain and oil based on contract and process agricultural products.

7.7. Make tremendous efforts to improve the insurance security level of the new operation entities

17 Improving supporting policies for agricultural insurance

The pilot demonstration zones shall, in accordance with the principles of “led by government, on own accord, driven by market and developed coordinately”, perfect the agricultural insurance, support the development of agricultural insurances of varying forms, so as to establish agricultural insurance supporting system adaptive to moderate scale operation development. We shall increase subsidy supply to agricultural insurance premium, properly specify premium subsidy standard for new operation entities, guide the new operation entities to increase premium input, encourage the establishment of catastrophe risk dispersion mechanism of agriculture insurance supported by local fiscal, carry out preferential business tax policies of agricultural insurance, so as to improve the insurance security level of the new operation entities. We shall actively increase agricultural insurance types, enlist facility agriculture and locally featured products such as vegetable, fruit and aquatic products and into the range of insurance step by step, so as to raise insurance rate of dominant industry and products and improve coverage of agricultural insurance.

18 Optimizing Agricultural insurance services

The pilot demonstration zones shall actively guide the insurance agencies pay due attention to strengthen the services for the new operation entities, speed up the improvement of service network, improve the service efficiency and quality. We shall push forward adding more service outlets, support agriculture extension agencies to assist insurer in processing agricultural insurance, so as to extend the scope of service outlets to agricultural production and rural life; We shall reinforce the claim management, speed up the survey, ascertain loss and claim, ensure the indemnity timely paid to victims in full; develop insurance types which can be secured by output or profit, such as output insurance, income insurance, agricultural product quality insurance, so as to keep in pace with the growing security needs of the new operation entities.

7.8. Make tremendous efforts to improve safeguards of the pilot activities

19 Strengthening Organization and Leadership

The leaders of the Party Committee or government in charge of pilot demonstration zones are the primary responsible persons for agricultural reform and construction. Due attention shall be paid to strengthen the overall coordination, improve and enhance the organizational structure, specify roles

of concerned departments, establish target management and performance evaluation mechanism, so as to steadily push forward the progress of pilot program. The relevant provinces shall establish the joint conference system led by provincial Department of Agriculture, Finance, Banking Regulation and Comprehensive Agricultural Development to strengthen the guidance to and the supervision and inspection on the pilot work, and help solve major problems encountered in the process of implementing the pilot program

20 Leveraging more inputs

National and provincial agricultural programs shall weight their funds to pilot demonstration zones. Priorities and preference shall be given to programs which are in line with relevant construction plans and budget allocation requirements at national and local levels. The concerned provincial governments shall dispatch adequate funds for comprehensive agricultural development and modern agricultural development as of stipulated standard to pilot demonstration zones, leverage more supports for those areas where the funds have been adequately dispatched according to the standard. The local government shall make additional fiscal arrangement for special funds, so as to ensure the annual targets of the pilot program are met. In the meanwhile, make full use of fiscal fund to leverage funding resources into the construction of demonstration zones at varying levels, varying sources and of diversified modes.

21 Reinforcing Policy support

The provincial Department of Agriculture and Finance shall, in conjunction with related departments and branches, proactively strengthen the linkages with pilot program, develop supporting schemes in accordance with respective functions, inject more novelties into the piloting work. The pilot demonstration zones shall, in accordance with pilot implementation plan, develop specific approaches for accelerating cultivation of new operation entities, development of scale operation, application of integrated agricultural technologies, integration of agricultural fund, as well as improvement of rural financing systems, address the prioritized issues such as difficulties in getting agricultural facility land, in getting loans and land circulation hardship, which are encountered in scale operation, so as to make substantial progress in solving key issues.

22 Strengthening appraisal management

Ministry of Agriculture, Ministry of Finance and China Banking Regulatory Commission shall, in conjunction with relevant departments, set up an Advisory Committee for pilot program to carry out quantitative and qualitative appraisal of agricultural reform and construction performance in the pilot demonstration zones on a regular basis. Quantitative appraisal mainly assess indicators related to physical facilities and equipment, science and technology advancement, operation and management, support and protection, output and sustainable development. Qualitative appraisal mainly assess indicators such as new agricultural operation systems, new producing and marketing models, new fiscal support means, new agricultural investment and financing mechanisms, new risk control measures. The appraisal results are important references to implement the policy of “substituting subsidies with rewards”. Pilot program will be terminated where implementation is ineffective, progress lagged behind and outcomes unsatisfactory.

23 Strengthening summarization and exchanges

Provincial Departments of Agriculture and Finance and the pilot demonstration zones shall seriously summarize successful practices and experiences, forge a group of reform and innovation achievements, and transform these achievements into policies to push forward the regional modern agricultural development. We shall encourage pilot demonstration zones to carry out exchanges pertinent to pilot works independently, learn development experiences mutually, broaden reform and innovation views, and improve piloting work quality. Ministry of Agriculture and Ministry of Finance will, in cooperation with relevant departments, organize summarization and exchange activities regularly, make sure pilot work is carried out in an effective, efficient and robust way.

8. Announcement of Ministry of Finance on selecting 21 National Modern Agricultural Demonstration Zones as pilot sites for agricultural reform and construction

Date issued: April 15, 2013

An announcement was made on April 15 on the website of Ministry of Finance regarding identification of National Modern Agriculture Demonstration Zones as pilot sites for agriculture reform and construction. It said that, to fully carry out the spirit of the 18th National Congress of CPC and the Central Committee No.1 Document of 2013, deepen agricultural reform, speed up agricultural modernization, and enhance the vitality of rural development, Ministry of Agriculture, together with State Development Bank, Agriculture Development Bank of China, and China Grain Reserve Management Corporation, organized application and identification of pilot sites for agriculture reform and construction in National Modern Agriculture Demonstration Zones, in accordance with “Notice of Ministry of Agriculture and Ministry of Finance on selection of National Modern Agricultural Demonstration Zones to implement pilot program for agricultural reform and construction”. Through expert review of the application proposal and on-site defense, 21 cities (counties/districts) are identified as pilot sites for agriculture reform and construction based on comprehensive scores. They are:

National Modern Agriculture Demonstration Zone in Wuqing district, Tianjin
National Modern Agriculture Demonstration Zone in Yutian county, Hebei
National Modern Agriculture Demonstration Zone in Taigu county, Shanxi
National Modern Agriculture Demonstration Zone in Yushu city, Jilin
National Modern Agriculture Demonstration Zone in Zhaodong city, Heilongjiang
National Modern Agriculture Demonstration Zone in Jiangyan district, Taizhou city, Jiangsu
National Modern Agriculture Demonstration Zone in Wuxing district, Huzhou city, Zhejiang
National Modern Agriculture Demonstration Zone in Lujang county, Anhui
National Modern Agriculture Demonstration Zone in Fuqing city, Fujian
National Modern Agriculture Demonstration Zone in Nanchang county, Jiangxi
National Modern Agriculture Demonstration Zone in Tengzhou city, Shandong
National Modern Agriculture Demonstration Zone in Jianli county, Hubei
National Modern Agriculture Demonstration Zone in Heyuan city, Guangdong
National Modern Agriculture Demonstration Zone in Tiandong county, Guangxi
National Modern Agriculture Demonstration Zone in Rongchang county, Chongqing
National Modern Agriculture Demonstration Zone in Nanchong, Sichuan
National Modern Agriculture Demonstration Zone in Fuping county, Shanxi
National Modern Agriculture Demonstration Zone in Ganzhou district, Zhangye city, Gansu
National Modern Agriculture Demonstration Zone in Helan county, Ningxia
National Modern Agriculture Demonstration Zone in Hutubi county, Xinjiang
National Modern Agriculture Demonstration Zone in Pingdu city, Qingdao

9. Notice of Ministry of Agriculture, Ministry of Finance and China Banking Regulatory Commission on selection of 4 National Modern Agricultural Demonstration Zones as pilot sites for agricultural reform and construction

Date issued: November 11, 2014

Source: Ministry of Agriculture

To: Department of Agriculture (commission), Department of Finance and offices of China Banking Regulatory Commission of Inner Mongolia, Liaoning, Henan and Hunan.

To fully carry out the spirit of the 18th National Congress of CPC, the third Session of 18th National Congress of CPC and the Central Committee No.1 Document of 2013, deepen agricultural reform, speed up agricultural modernization, Ministry of Agriculture, Ministry of Finance and China Banking Regulatory Commission, together with State Development Bank, Agriculture Development Bank of China, and China Grain Reserve Management Corporation, identified 4 additional National Modern Agriculture Demonstration Zones (Jalaid Banner of Inner Mongolia; Panshan County of Liaoning; Yongcheng City of Henan; Huarong County of Hunan) as pilot sites for agriculture reform and construction at the basis of 21 pilot sites, following application by local government, review and recommendation by Provincial Department, in accordance with "Notice of Ministry of Agriculture and Ministry of Finance on selection of National Modern Agricultural Demonstration Zones to implement pilot program for agricultural reform and construction".

Department of Agriculture, Department of Finance, Banking Regulatory Commission and Agriculture Comprehensive Development Office at each levels and branches of participating agencies at each levels shall fully understand the significance of pilot program for agriculture reform and construction, follow the Strategic Plan for deepening rural reform and speeding up agriculture modernization made by CPC central committee and State Council as well as "Guiding opinions of Ministry of Agriculture, Ministry of Finance and China Banking Regulatory Commission on Strengthening Pilot Program for Agricultural Reform and Construction in National Modern Agriculture Demonstration Zones", actively explore solutions to bottlenecks including small scale operation, dispersed investments, difficult financing and lagging insurance development which restrict modern agriculture, so as to explore ways, accumulate experience and reserve policies for agriculture modernization with Chinese characteristics. Firstly, strengthening organization and leadership. A joint conference system shall be established in relevant provinces with Department of Agriculture, Department of Finance, Banking Regulatory Commission and Agriculture Comprehensive Development Office as leading agencies, to strengthen guidance, supervision and inspection, help solve major issues encountered in pilot process. A special coordination committee shall be set up with party or government leaders of pilot Demonstration Zones as chairperson, to collaborate with local leading and participating agencies, study and make timely decision for major issues, and provide organizational guarantee. Secondly, strengthening implementation of plans. The members of the joint conference system in relevant provinces shall guide demonstration zones to further improve implementation plan, enrich scope of the pilot program, make a checklist for reform tasks, carry out performance evaluation as well as advance system innovation for agriculture infrastructure construction, technical extension, agriculture management, agriculture investment and sustainable development, so as to achieve the objective of "showing signs of rise within one year, achieving results within two years, and making breakthroughs within three years". Pilot demonstration zones shall allocate each reform task to specific department, include tasks to government annual work plan, strengthen performance evaluation and improve reward and punishment mechanism. Thirdly, strengthening support. The members of the joint conference system in relevant provinces shall strengthen the linkage with demonstration zones, and make supporting policy in favor of demonstration zones. Pilot demonstration zones shall strengthen policy innovation and support, push forward agriculture reform to make further improvement. Fourthly, strengthening summarization and exchange. The

members of the joint conference system in relevant provinces shall strengthen follow up and analysis of key tasks, promote exchange and extension of good results in a timely manner. Pilot demonstration zones shall strengthen investigation and study, learn best practices from other demonstration zones, and summarize successful practices and experience, so as to forge a number of reform and innovation achievements, promote and push forward construction of demonstration zones.

We will, in conjunction with participating agencies, strengthen performance evaluation. The evaluation results will be used as important reference to implement the policy of “substituting subsidies with rewards”. Pilot program will be terminated where implementation is ineffective, progress lagged behind and outcomes unsatisfactory.