



## China, People's Republic of: Shanxi Changzhi Industrial Transformation and Economic Upgrading Demonstration Project

Project Name	Shanxi Changzhi Industrial Transformation and Economic Upgrading Demonstration Project	
Project Number	51381-001	
Country	China, People's Republic of	
Project Status	Proposed	
Project Type / Modality of Assistance	Loan	
Source of Funding / Amount	<b>Loan: Shanxi Changzhi Industrial Transformation and Economic Upgrading</b>	
	Ordinary capital resources	US\$ 300.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth	
Drivers of Change	Governance and capacity development Knowledge solutions	
Sector / Subsector	<b>Agriculture, natural resources and rural development</b> - Land-based natural resources management <b>Education</b> - Technical and vocational education and training <b>Industry and trade</b> - Small and medium enterprise development <b>Transport</b> - Road transport (non-urban) - Urban public transport - Urban roads and traffic management <b>Water and other urban infrastructure and services</b> - Other urban services - Urban sewerage - Urban water supply	
Gender Equity and Mainstreaming	Effective gender mainstreaming	
Description	Changzhi City is a regional center city located in Southeast of Shanxi Province in the central region of the People's Republic of China (PRC). Changzhi is bordered by the southern section of Taihang Mountain to the east, and to the west by the Taiyue Mountain. Changzhi's total population is 3.4 million people with 800,000 living in the core urban area, and the total land area is 13,955 square kilometers of which 53% is forest covered. Changzhi, like most of Shanxi province, is lagging behind the PRC's development, and it urgently needs a profound change towards a modern and diverse urban and urban-rural economy supported by improved education and urban livability, as it suffers from decline due to its dependency on coal-mining and traditional industries.	

Project Rationale and Linkage to Country/Regional Strategy	<p>Strategic fit. The project will demonstrate how the urban and urban-rural economy can be modernized, poverty can be reduced, employment created, environment rehabilitated, and broader public goods be provided through comprehensive support to economic and urban development and contributing to rural vitalization in Changzhi. It is aligned with (i) Thirteenth Five-Year Plans of Shanxi Province and Changzhi City (2016 2020), (ii) PRC's National New-Type Urbanization Plan (2014 2020), (iii) PRC's Pilot City Program for Industrial Transformation and Upgrading (2017) (iv) PRC's Rural Vitalization Strategy (Draft), and (v) Changzhi City master plan (2011 2030). The proposed project is included in the country operations business plan (2018-2020) of the Asian Development Bank (ADB) for the PRC and is aligned with (I) country partnership strategy for the PRC, 2016 2020, supporting socially inclusive, environmentally sustainable, and economically competitive development; and (II) urban, water, and environment operational plans/directions. The project is also fully aligned with operational priorities of ADB's Strategy 2030 and adheres to its principles of supporting upper middle-income countries particularly by (a) developing a demonstration project for economic diversification, (b) enhancing resilience to economic and climate change shocks, (c) contributing to the creation of quality jobs, education and training, (d) integrated solutions for livable cities, (e) rural development and value chain linkages, (f) institutional strengthening and capacity building, and south-south sharing of experiences, best practices and innovation.</p> <p>Innovations, pilots and value addition. The project aims at demonstrating inclusive and green urban and urban-rural development through support of human resource development matching with a new cluster of high-technology clean production and service industry in areas of new energy, new materials, bioengineering, green jobs in environmental protection and nature-based tourism. This will be supported by the provision of public goods and services to enhance urban livability. ADB's value addition will be providing strategies from international best practices on comprehensive economic revitalization and diversification, establish institutional cooperation mechanisms, and investments in higher education, technical training, environment, and urban infrastructure. The project will apply innovative approaches to contributing to nature-based tourism and historic preservation of rural villages as broader public goods in the southern section of a larger mountain-range in the PRC and its economic integration with the rural vitalization strategy following international best practices (i.e. Appalachian Trail in the United States; Kumano Kodo in Japan; Camino de Santiago and alpine hiking and trekking in Europe). Old industries like coal, heavy industries and subsistence farming are expected to play a lesser role. Innovative information and communication technologies will be applied to facilitate an innovation ecosystem and build capacity for development of a smart city urban and urban-rural development platform, as service for small and medium-sized enterprises (SMEs), research and development and skills-job matching platform. Value chain integration for both the modernized urban and rural economies, managed and made accessible through smart city applications will be explored and demonstrated through capacity building and south-south knowledge sharing events and knowledge products.</p>
Impact	Economically competitive industrial transformation, and socially inclusive and environmentally sustainable urban and rural-urban development in Changzhi City achieved (Pilot City Program for Industrial Transformation and Upgrading, and National New-type Urbanization Plan)
Outcome	Economic diversity, qualification of local workforce, urban and rural urban livability improved
Outputs	<p>Higher education and technical vocational education and training facilities and institutional capacity improved</p> <p>Industrial park infrastructure and economic development capacity developed</p> <p>Sustainable rural urban economic revitalization and inclusive tourism developed</p> <p>Degraded environment and wetland rehabilitated</p> <p>Inclusive capacity in economic and urban development and landscape ecology developed</p>
Geographical Location	Changzhi

**Safeguard Categories**

Environment	B
Involuntary Resettlement	A
Indigenous Peoples	B

**Summary of Environmental and Social Aspects**

Environmental Aspects
Involuntary Resettlement
Indigenous Peoples

**Stakeholder Communication, Participation, and Consultation**

During Project Design
During Project Implementation

**Business Opportunities**

Consulting Services An estimated total of 20 individual specialists (5 international and 16 national) for a total of 45 person-months (12 international and 35 national) will be engaged from August 2018 to June 2019 on an intermittent basis to carry out regional economy and urban development assessment and investment prioritization, as well as climate risk and vulnerability assessment. The consultants will be engaged in accordance with ADB Procurement Policy (2017, as amended from time to time) and the associated Project Administration Instructions and TA staff instructions.

Responsible ADB Officer	Rau, Stefan
Responsible ADB Department	East Asia Department
Responsible ADB Division	Urban and Social Sectors Division, EARD
Executing Agencies	<i>Changzhi City Government No. 70 South Changxing Road Changzhi City Shanxi Province</i>

#### Timetable

Concept Clearance	30 Oct 2018
Fact Finding	01 Mar 2019 to 29 Mar 2019
MRM	30 Apr 2019
Approval	-
Last Review Mission	-
Last PDS Update	14 Nov 2018

Project Page	<a href="https://www.adb.org/projects/51381-001/main">https://www.adb.org/projects/51381-001/main</a>
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