China, People's Republic of: Innovation-Driven Green Economic Diversification for Resource-Exhausted Cities in Heilongjiang

Project Name	Innovation-Driven Green Economic Diversification for Resource-Exhausted Cities in Heilongjiang
Project Number	54037-001
Country	China, People's Republic of
Project Status	Proposed
Project Type / Modality of Assistance	Technical Assistance
Source of Funding / Amount	TA: Innovation-Driven Green Economic Diversification for Resource-Exhausted Cities in Heilongjiang
	Technical Assistance Special Fund US$ 400,000.00
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth
Drivers of Change	Governance and capacity development Knowledge solutions Private sector development
Sector / Subsector	Water and other urban infrastructure and services - Urban policy, institutional and capacity development
Gender Equity and Mainstreaming	Some gender elements
Description	The Government of the People's Republic of China (PRC) has requested a knowledge and support technical assistance (TA) from the Asian Development Bank (ADB) on innovation-driven green economic diversification for resource-exhausted cities in Heilongjiang Province. The TA will build on previous ADB projects in the northeast of the PRC and provide support in research, strategic planning, policy recommendations, and knowledge dissemination to advance innovation as part of a comprehensive strategy to enable green economic diversification. The TA is included in the list of projects agreed between ADB and the PRC Government on 22 January 2020. The TA is in line with ADB''s Strategy 2030, supporting operational priority on making cities more livable and the corresponding operational plan, and country partnership strategy for the PRC, 2016 -2020.
Project Rationale and Linkage to Country/Regional Strategy	Economic development of resource-dependent cities relies on the extraction and basic processing of natural resources. Cities with declining resource-dependent development and accumulative recovered reserves in excess of 70% of recoverable reserves are defined as resource-exhausted cities, and are facing more urgent needs for economic diversification. Heilongjiang Province is part of the northeast of the PRC and has a population of 37.73 million in 2019. With resource-dependent industry as one of its economic pillars, the province has been losing its growth momentum since the late 1990s, going through economic recession and population outflow. The province has 10 officially listed resource-exhausted cities, comprising 14% of the total number in the PRC. The resource-exhausted cities in Heilongjiang are facing development challenges including economic underperformance, business failures, rising unemployment, decreased tax revenue, and difficulty in making new investments. The cities' gross domestic product and per capita disposable income are below the province's average. They have also been suffering from severe environmental degradation caused by extraction of natural resources, high energy consumption, and highly polluting industrial emissions. The economic transformation and sustainable development of resource-exhausted cities has been recognized as an important strategy in the PRC's' new urbanization and ecological civilization agenda. The Government of the PRC and the Heilongjiang Provincial Government have formulated development plans to transform their singular and resource-dependent economy towards a more diverse, high-value, and low-carbon development. Guided by these plans, the resource-exhausted cities have identified their target pillar industries, including advanced equipment and technological equipment manufacturing, new raw material industry, modern agriculture, and modern services. Initial progress has been made in urban infrastructure improvement, reconstruction of shantytowns and industrial and mining areas, and environmental remediation. However, much remains to be done. As the validity period of current development plans end in 2020, Heilongjiang Province is preparing new plans to continue to guide the long and comprehensive diversification process, i.e., through the Fourteenth Five-Year Plan, 2021- 2025, and beyond. Innovation has been recognized as one of the key drivers of green economic diversification in current development plans, but the innovation capacity of the resource-exhausted cities is still relatively low. This has constrained effective technology transfer, entrepreneurial activities, and competitive business models and financial instruments, which are needed for the key diversification tasks of developing small and medium-sized enterprises (SMEs), and high-value green industries (such as green food processing and tourism). The long-standing insular economy and dominance of large state-owned enterprises in Heilongjiang have dampened the spirit of innovation in local society. The lack of awareness and weak incentive mechanism for human capital retention has led to a shortage of innovative human capital, including entrepreneurs, managers, and technical professionals. Although innovation facilities and platforms have been developed in Heilongjiang, the innovation systems remain weak in terms of inter-organizational cooperation and intermediary services. Heilongjiang Province needs to comprehensively address these gaps from social, human capital development, and institutional aspects in the new development plans for resource-exhausted cities, placing innovation-enabling systems and institutions at the forefront.
Impact	Sustainable development of resource-dependent cities enabled
Outcome	Innovation-driven green economic diversification development planning for resource-exhausted cities in Heilongjiang strengthened
Outputs	Research on innovation-driven green economic diversification for resource-exhausted cities produced Innovation-driven green economic diversification strategy and policy framework for resource-exhausted cities proposed Knowledge on innovation-driven green economic diversification for resource-exhausted cities enhanced
Geographical Location	Heilongjiang

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	ADB will engage the consultants following the ADB Procurement Policy (2017, as amended from time to time) and its associated procurement staff instructions.
Procurement	ADB will carry out procurement following the ADB Procurement Policy (2017, as amended from time to time) and its associated procurement staff instructions.

Responsible ADB Officer	Bai, Jie
Responsible ADB Department	East Asia Department
Responsible ADB Division	Urban and Social Sectors Division, EARD
Executing Agencies	Heilongjiang Provincial Finance Department
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Timetable	
Concept Clearance	14 Sep 2020
Fact Finding	14 Sep 2020 to 15 Sep 2020
MRM	-
Approval	-
Last Review Mission	-
Last PDS Update	16 Sep 2020

Project Page	https://www.adb.org/projects/54037-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=54037-001
Date Generated	16 September 2020