### Project Data Sheet

**Project 50222-002**

**Project Name**  
Chongqing Innovation and Human Capital Development Project

**Project Number**  
50222-002

**Country / Economy**  
China, People's Republic of

**Project Status**  
Active

**Project Type / Modality of Assistance**  
Loan

**Source of Funding / Amount**  
*Loan 3897-PRC: Chongqing Innovation and Human Capital Development Project*  
Ordinary capital resources  
US$ 200.00 million

**Operational Priorities**

- OP1: Addressing remaining poverty and reducing inequalities
- OP2: Accelerating progress in gender equality
- OP3: Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability
- OP4: Making cities more livable
- OP6: Strengthening governance and institutional capacity

**Sector / Subsector**

- Education / Technical and vocational education and training
- Industry and trade / Industry and trade sector development
- Public sector management / Social protection initiatives

**Gender**  
Gender equity theme

**Description**

The project is located in Chongqing, a centrally administered municipality in the Chengdu-Chongqing city cluster at the upper reaches of the Yangtze River. Chongqing’s resource-based inefficient economy is impacting the environment, and it prioritizes innovation in promoting sustainable development to shift from heavily polluting industries to innovation-driven industries across all economic sectors. The project will (i) help the people in Chongqing gain industry-relevant and innovation-oriented skills and capacities for employment; and (ii) support institutions to create an enabling and inclusive environment that helps build an innovative, diversified, efficient, and green economy in Chongqing.

The project will work with seven subprojects managed by seven implementing agencies in Chongqing's innovation ecosystem to pilot interventions. To support Chongqing's innovation-driven economic transformation, the project will enable graduates to gain employment within Chongqing in strategic emerging industries, and skilled technicians working in enterprises and R&D institutions in Changshou and Dianjiang’s economic and technological development areas to gain improved skills on entrepreneurship. Inclusiveness is the main feature of the project, as it considers vulnerable groups in society that are most affected in Chongqing's economic transformation, including unskilled workers, returning migrants, farmers, and women. The project’s activities for these groups demonstrate the key features of an inclusive innovation ecosystem model. The project will contribute significantly to institutional strengthening and project sustainability.
Chongqing's per capita disposable income for both urban and rural residents was below the national average in 2017. The gap in income growth and industrial development between Chongqing and the PRC's eastern coastal cities led to a massive population out-migration from Chongqing and caused severe social and economic problems; given the scarcity of matching local jobs in Chongqing, about 4.82 million people from Chongqing left their hometowns and families to seek work in the coastal cities or outside of Chongqing in 2017. The Chongqing Municipal Government (CMG) is under immense pressure and has issued policies and directives to support the migrant workers to return to their hometown in Chongqing for employment and entrepreneurship. However, the support mechanisms are still at the pilot stage and Chongqing lacks the capacity in facilitating the integration of returning migrants into the labor market and enhancing their access to public and social services.

Chongqing's economic growth slowed from 9.3% in 2017 to 6.5% in 2018. The CMG prioritizes innovation in promoting sustainable development to shift from heavily polluting industries to innovation-driven industries across all economic sectors. However, the skills mismatch between the local human resource supply and industry's demand prevails because of a lack of relevant education and training. Among university or college graduates from Chongqing, only about 65% find employment in Chongqing, with the others mainly finding jobs in the eastern PRC. The economy and industries of Chongqing have been developing through imitation or replication, but the intelligent industry has no model to imitate. Chongqing's innovation level was ranked 19th among 20 major PRC cities.

Chongqing has steadily expanded access to higher education, which helps lay an essential human resource foundation for the development of the YREB's upper reaches. However, Chongqing's higher education institutions (HEIs) still face financial challenges; human resource challenges; and modern teaching and learning challenges, including the need for facilities to introduce and deliver new programing skills demand and continuous knowledge and skill update. Chongqing also needs to build institutional capacity to generate new ideas to start businesses. Chongqing lacks the capacity to support business incubation; institution-industry partnerships; mentorships for entrepreneurs and job seekers, including returning migrant workers; intermediary services on legal, finance, or intellectual property; and spaces for networking and collaboration.

Women made up 48.6% of the total population in Chongqing in 2017. Female students' representation varies from 16% to 70% in the project HEIs. Education programs remain segregated along gender lines, with women underrepresented in engineering, information technology, and science and technology studies at all educational levels and in the workforce. The female entrepreneurs in the economic and technological development areas (ETDAs) in Changshou District and Dianjiang County account for only about 3% of all entrepreneurs in the ETDAs in Changshou and Dianjiang. HEIs' female teachers and students lack knowledge and skills in innovation and entrepreneurship as well as the confidence to start their own businesses. The employment rate of returning migrants who are female is about 20% lower than that of returning male migrants. Training programs, networks, and support targeting women are insufficient. There is a gender imbalance in labor division—women are primarily responsible for child and elderly care and housework. People need spaces that facilitate capacity building and networking to generate new ideas to start businesses.

Chongqing lacks capacity to help create an enabling "innovation ecosystem" where HEIs (teachers, students, researchers, administrators, and managers); enterprises (entrepreneurs, engineers, skilled workers, returning migrant workers); intermediary services (business incubators; and professionals on legal, tax, finance, and intellectual property); and government (officials, policy makers, advisors) are interconnected and transfer knowledge, ideas, human and financial capital, and policies to provide an enabling environment for innovation and create jobs and benefits for both men and women. People need spaces that facilitate capacity building and networking to generate new ideas to start businesses. Chongqing also needs to build institutional capacity to manage the planned interdisciplinary capacity building activities.

Strategic fit. The PRC formulated the YREB development plan, which envisages the establishment of an innovative and modern industrial system in the YREB, making the YREB a strategic economic region for national economic and social development by 2030. The PRC also issued the YREB innovation-driven industrial transformation and upgrading plan in 2016, which identifies obsolete industries and economic activities to be upgraded and diversified by YREB cities through entrepreneurial and innovative approaches. The project is aligned with five out of the seven operational priorities of ADB's Strategy 2030. The project is in line with ADB's (i) education sector operations plan by strengthening quality, inclusiveness, and relevant skills in higher education and contributing to filling labor market gaps; (ii) country partnership strategy for the PRC, 2016-2020 by supporting skills development and education; and (iii) supports operations business plan for the PRC, 2019-2021, which refers to ADB's contribution to human development to promote innovation and improve service delivery, and to create an enabling environment for innovation and new industries to support the green transformation of the local economy. The project supports the achievement of the United Nations' Sustainable Development Goals.

Project Outcome

Sustainable and inclusive economic transformation in the Yangtze River Economic Belt achieved...
### Description of Outcome

Employment opportunities and people's capacity for innovation in Chongqing strengthened

The loan was approved on 19 March 2020, signed on 3 August 2020, and became effective on 30 October 2020. A virtual loan inception mission was conducted intermittently from October 2020 and the follow-up review mission in August 2021, April 2022, November 2022 and April 2023. Following trainings conducted from June to August 2020 and later, the seven implementing agencies have obtained fundamental knowledge on ADB’s procurement requirements and procedures for the recruitment of consultants and procurement of goods and works under ADB’s new procurement framework. 8 consultant service, 2 civil work and 2 non-consulting service contracts have been advertised. The first consulting contract for the procurement agent was awarded in December 2020, the project implementation consultants were fielded in March 2021. The project is now having some delay caused by various reasons. The project outputs will be realized by the loan closing date of 30 September 2026 given the mitigation measures in place.

### Implementation Progress

| Description of Project Outputs | Relevance and quality of higher education and vocational training strengthened  
| Supporting mechanisms for innovation and entrepreneurship established  
| Institutional and project management capacity enhanced |

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**Progress Toward Outcome**

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The preliminary design for CSVC has been almost completed and the detailed design underway. The bidding documents of CUST and Changshou have been drafted, and will be submitted to ADB for review later. The bidding documents of CJU have been submitted to ADB for review and approval. The contract for the construction of practical training building (GC-CW01) for CVIE was signed in May 2023 and the construction ongoing, about CNY 12.75 million contact amount has been completed until the end of August 2023. The five HEIs are preparing to develop or upgrade programs and/or specialized courses and trainings. Since 2021, trainings and various activities for teachers, students, and community members on topics relevant to each group (innovation, internship, entrepreneurship, employment, etc.) have been conducted. The implementing agencies started to prepare the bidding documents as of Q4 2021. Dianjiang issued the bidding advertisement in November 2022 and the construction contract was signed in May 2023 with an estimated construction period of 24 months. The construction preparation and temporary facilities have been completed already, however, the construction is suspended at this stage as the construction site of the contract may be occupied by other new planned project of the county government, the PIU is still coordinating relevant issues and will report the result to ADB soon. Trainings on innovation and entrepreneurship are being conducted. Several implementation plans and bidding documents for HCD activities have been prepared and approved. Some of the related contacts have been tendered and awarded. Project management consultants have carried out a series of trainings on project implementation and contract management and training on the social and gender action plan. Fifteen gender officers in CPMO and IAs also participated in gender equality training organized by ADB. BIM experts have also conducted relevant trainings.

Geographical Location

Chongqing

**Safeguard Categories**

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

**Summary of Environmental and Social Aspects**
**Environmental Aspects**

An initial environmental examination and environmental management plan (EMP) were prepared for the project in accordance with ADB's Safeguard Policy Statement, and disclosed on the ADB website. The EMP defines mitigation measures, monitoring requirements, and institutional responsibilities to ensure proper environmental management throughout construction and operation. The environmental management capabilities of the executing and implementing agencies were strengthened through on-the-job training and will be further enhanced by capacity development proposed under the project. Potential affected persons and stakeholders were consulted and their concerns have been incorporated in the project design and will be addressed through effective implementation of the EMP. The CPMO will establish a grievance redress mechanism. The executing agency will submit semiannual internal environmental monitoring reports to ADB. An external monitor will also submit semiannual monitoring reports to the executing agency and ADB.

**Involuntary Resettlement**

A draft resettlement plan was prepared for the Dianjiang subproject, and key information in the resettlement plan and due diligence report were disclosed to the affected persons. During implementation, training on ADB's involuntary resettlement will be provided to the CPMO and implementing agencies. A grievance redress mechanism has been established, and an external agency will be engaged for semiannual resettlement monitoring.

**Indigenous Peoples**

The project locations do not have a concentration of ethnic minority people. No adverse impact by the project on ethnic minorities is envisaged.

**Stakeholder Communication, Participation, and Consultation**

**During Project Design**

Relevant agencies and stakeholders were consulted during TRTA implementation including relevant agencies from Chongqing Municipal Government and project implementing agencies.

**During Project Implementation**

Relevant agencies and stakeholders will be consulted during project implementation.

**Business Opportunities**

**Consulting Services**

The procurement of consulting services will be undertaken in accordance with ADB's Procurement Policy and Procurement Regulations for ADB Borrowers (2017, as amended from time to time).

**Procurement**

The procurement of goods and works will be undertaken in accordance with ADB's Procurement Policy and Procurement Regulations for ADB Borrowers (2017, as amended from time to time).

**Responsible ADB Officer**

Liu, Xinjian

**Responsible ADB Department**

East Asia Department

**Responsible ADB Division**

PRC Resident Mission (PRCM)

**Executing Agencies**

*Chongqing Municipal Government*

**Timetable**
Concept Clearance 29 Nov 2018
Fact Finding 22 Apr 2019 to 30 Apr 2019
MRM 11 Nov 2019
Approval 19 Mar 2020
Last Review Mission -
Last PDS Update 27 Sep 2023

**Loan 3897-PRC**

**Milestones**

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<th>Closing Date</th>
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<td>30 Oct 2020</td>
<td>30 Sep 2026</td>
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**Financing Plan**

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**Status of Covenants**

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