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USAID MEKONG SAFEGUARDS ACTIVITY

Annual Report

Year 1, October 1, 2018 to September 30, 2019

Submission Date December 6, 2019

Cooperative Agreement Number 72048618CA00009
Activity Start Date and End Date August 22, 2018 to August 21, 2023
AOR Ms. Pornpun Pinweha

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This document was produced for review by the United States Agency for International Development/Regional Development Mission for Asia (USAID/RDMA).

December 6, 2019

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SUBJECT USAID Mekong Safeguards Activity Annual Report — October 1, 2018 to September 30, 2019

Dear Ms. Pinweha:

In accordance with the requirements of cooperative agreement 72048618CA00009, I submit our Annual Report for the period October 1, 2018 to September 30, 2019 for the USAID Mekong Safeguards Activity.

If you have any questions, please contact me via email at e.brooke.whitaker@asiafoundation.org or telephone me at +86 (10) 65183868 at any time.

Very truly yours,

E. Brooke Whitaker
Chief of Party
USAID Mekong Safeguards Activity
The Asia Foundation Beijing Representative Office

CC Dr. Ji Hongbo
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ACTIVITY OVERVIEW

Activity Name	USAID Mekong Safeguards
Activity/Mechanism Start Date and End Date	August 22, 2018 to August 21, 2023
Name of Prime Implementing Partner	The Asia Foundation
Agreement Number	72048618CA00009
Name of Sub-awardees	The Henry L. Stimson Center Vermont Law School (VLS) Global Environmental Institute (GEI) [REDACTED] Beijing Rongzhi Corporate Social Responsibility Institute (Rongzhi)
Geographic Coverage	China and the lower Mekong countries of Cambodia, Laos, Myanmar, Thailand, and Vietnam.
Reporting Period	October 1, 2018 to September 30, 2019

ACRONYMS AND ABBREVIATIONS

Acronym	Definition
Activity	Mekong Safeguards
ACMECS	Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy
AIB	Asian Infrastructure Investment Bank
AMELP	Activity Monitoring, Evaluation, and Learning Plan
ASEAN	Association of Southeast Asian Nations
BRI	Belt and Road Initiative
CCCCG	China Communications Construction Group
CCIEE	China Center for International Economic Exchanges
CDB	China Development Bank
CEX	China EXIM Bank
<hr/>	
CLTV	Cambodia, Laos, Thailand, and Vietnam
COP	Chief of Party
CSCAP	Council for Security Cooperation in the Asia Pacific
CSO	Civil Society Organization
DFAT	Australian Department of Foreign Affairs and Trade
DFI	Development Finance Institution
DFID	UK Department for International Development
DNH	Do No Harm
EIA	Environmental Impact Assessment
ERIA	Economic Research Institute for ASEAN and East Asia
ESG	Environmental, Social, and Governance
ESIA	Environmental and Social Impact Assessment
ESMS	Environmental and Social Management System
FI	Financial Institution
GEI	Global Environment Institute
GESI	Gender Equality and Social Inclusion
ICT	Information and Communications Technology
IFC	International Finance Corporation
IR	Intermediate Result
LMC	Lancang-Mekong Cooperation
MDB	Multilateral Development Bank
MEE	Ministry of Ecology and Environment
MEL	Monitoring, Evaluation, and Learning
MIT	Mekong Infrastructure Tracker
MOFCOM	Ministry of Commerce
MPAC	Master Plan on ASEAN Connectivity
NDRC	National Development and Reform Commission
NGO	Non-Governmental Organization

PRCEE	Policy Research Center for Environment and Economy
RDMA	Regional Development Mission for Asia
Rongzhi	Beijing Rongzhi Corporate Social Responsibility Institute
SASAC	State-Owned Assets Supervision and Administration Commission
SBN	Sustainable Banking Network
SEA	Strategic Environmental Assessment
SOE	State-Owned Enterprise
STIP	Science, Technology, Innovation, and Partnerships
SynTao	SynTao Green Finance
TAF	The Asia Foundation
TOR	Terms of Reference
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
VLS	Vermont Law School
WB	World Bank

I. EXECUTIVE SUMMARY

I.1 Activity Description

USAID Mekong Safeguards (“the Activity”) is a five-year program (2018–2023) that supports policy makers, government regulators, major financiers, developers, and contractors with information and tools to foster consistent application of environmental, social, and governance standards, particularly for power generation and transportation. USAID Mekong Safeguards helps operationalize the vision of sustainable infrastructure development that lower Mekong countries have put forward in their respective national green-growth strategies and regional platforms. This vision has been publicly championed by major infrastructure financiers such as the World Bank, the Asian Development Bank, and several bilateral donors, including Australia, Japan, and the United States.

Major donors and lenders are ramping up infrastructure investments in the affected countries, joining new financing vehicles such as the Belt and Road Initiative, the Lancang-Mekong Cooperation Mechanism, and the ACMECS Infrastructure Fund. With this projected new investment over the next decade, power generation is expected to grow from 96 gigawatts (GW) to at least 280 GW, largely through new hydropower dams and coal-fired power plants. Developers of road and rail infrastructure plans are projecting that, over the same period, rail infrastructure is likely to increase by at least 20 percent and high-speed rail capacity will increase over 50 percent.

Environmental regulations and mitigation efforts, however, are not keeping pace; the sheer numbers and cumulative effects of projects are damaging the Mekong ecosystem and affecting fisheries, forestry, farming, air quality, water quality, and flood regulation. Negative impacts on these and other ecosystem services, in turn, threaten lower Mekong populations’ food security, health, homes, and livelihoods. While recognizing the economic-growth imperative of this underdeveloped region and the role of infrastructure in contributing to growth, the Activity promotes profitable economic growth supported by sustainable infrastructure that causes less harm to the environment, biodiversity, and people.

USAID Mekong Safeguards aims to (a) minimize negative environmental impacts of infrastructure projects by fostering more robust and consistent application of environmental, social, and governance standards and (b) encourage decision makers to avoid unnecessary, harmful infrastructure through smart technologies, system-scale infrastructure planning, and innovations.

I.2 Program Activities and Accomplishments Summary

Approved Task and Description Summary	Accomplishments Summary
Task 1.1.1 – Map policy and legal frameworks mandating ESG standards.	<ul style="list-style-type: none"> • Documented China’s, US’, Cambodia’s, and Lao’s laws and regulations that govern ESG requirements in infrastructure. • Developed a case study of Korean government handling of dam collapse in Attapeu, Laos. Documented China, US, Japan, Cambodia, Lao, Thailand, and Vietnam ESG practices of infrastructure projects.
Task 1.1.2 – Strengthen Chinese environmental regulation of ESG practices for infrastructure projects.	<ul style="list-style-type: none"> • Conducted analysis of Chinese infrastructure investment in Cambodia, Thailand, Vietnam, and Laos. • Identified challenges and key stakeholders.

<p>Task 1.1.3 – Strengthen Chinese financial regulations of ESG practices for infrastructure investments.</p>	<ul style="list-style-type: none"> • Identified a potential partner, the IFC’s Sustainable Banking Network (SBN) team in China. • Identified potential experts (e.g., China EXIM Bank, Institutes of Science and Development, and Chinese Academy of Sciences). • Organized an expert task force on Chinese environmental regulation of environment, social, and governance (ESG) practices for infrastructure projects.
<p>Task 1.1.4 – Strengthen ESG requirements for Chinese foreign investment.</p>	<ul style="list-style-type: none"> • [REDACTED] No further work was done on this approved task in Year I.
<p>Task 1.2.1 – Map ESG standards and practices of financial institutions.</p>	<ul style="list-style-type: none"> • Documented publicly available ESG standards and requirements of the World Bank, IFC, Asia Infrastructure Investment Bank, Industrial Commercial Bank of China, China Development Bank, China EXIM Bank, Industrial Bank, US Export-Import Bank, and Mitsubishi UFJ.
<p>Task 1.2.2 – Provide stronger business case to encourage FIs to adopt stronger ESG standards.</p>	<ul style="list-style-type: none"> • Redesigned this task to encourage financial institutions (FIs) to adopt stronger ESG standards. No further work was done on this approved task in Year I.
<p>Task 1.2.3 – Develop China Banking Association¹ Sustainable Infrastructure Financing Guidelines and support CBA members to adopt the guidelines.</p>	<ul style="list-style-type: none"> • Researched financial institutions’ environmental and social management system (ESMS), standards, and practices, and developed a survey and interview questionnaire to gain an understanding of Chinese banks’ ESMS. • Conducted three consultation workshops that involved Chinese and international ESG experts, Chinese banks, International Finance Corporation (IFC), and the World Bank.
<p>Task 1.2.4 – Support China EXIM Bank (CEX)² to adopt and implement more robust ESG standards, systems, and tools for the overseas infrastructure projects that they finance.</p>	<ul style="list-style-type: none"> • Worked with a software company on developing an ecological impact mapping tool.
<p>[REDACTED]</p>	<ul style="list-style-type: none"> • Awarded a grant to [REDACTED], which organized two two-day training workshops on stakeholder engagement, respectively, in August and September

¹ China Banking Association (CBA) has a membership of more than 100 banks in China and plays a semi-regulator role and can strongly encourage banks to adopt higher ESG standards.

² CEX is one of the two largest providers of Chinese concessional infrastructure finance to lower Mekong countries and has ongoing efforts to explore, adopt, and apply ESG standards to the overseas infrastructure projects that it finances.

[REDACTED]

implement and improve its Guidelines of Sustainable Infrastructure.	2019 that included a total of 83 participants from around forty large-scale infrastructure companies.
Task 2.1.1 and 2.1.2 – Construct an infrastructure database and visualization platform.	<ul style="list-style-type: none"> • Awarded a grant to the Stimson Center to develop a database and visualization platform (Mekong Infrastructure Tracker or “MIT”) of early and late stage and commercially operational transportation, energy, and water infrastructure projects in lower Mekong countries. • Focus groups were conducted in September 2019 to present the MIT and solicit actionable feedback.

1.3 Contribution of the Activity to the RDMA Development Screens Summary

Research, Science, Technology, and Innovation

- The Activity awarded a grant to the Stimson Center to develop a database and visualization platform, which is known as the Mekong Infrastructure Tracker database (“MIT”) and contains a list and geographical location of all early and late stage and commercially operational transportation, energy, and water infrastructure projects in lower Mekong countries.

Gender Equality and Female Empowerment

- By 31 December 2019, the Activity will have finalized the terms of reference (TOR) for an external consultant to conduct the required Gender Equality and Social Inclusion (GESI) analysis, which will then be used to develop the Gender and Inclusive Development Action Plan.

Private Sector Engagement

- The Activity awarded a grant to [REDACTED], to increase its capacity to assist members to apply strong ESG standards during construction and operation by ensuring that contractors understand and have the capacity and tools to comply with government regulations and FI standards. [REDACTED] organized two two-day training workshops on stakeholder engagement, respectively, in August and September 2019 that included a total of 83 participants from around forty large-scale infrastructure companies.

Participation, Inclusion, Transparency, and Accountability

- The Activity’s consortium partner, the Stimson Center, conducted multiple focus group sessions with a variety of stakeholders (e.g., water authorities, nonprofit organizations [NGOs], regulators) in multiple countries (e.g., Cambodia, Vietnam, US, and Japan) to introduce the MIT and obtain feedback from a broad group of stakeholders.
- The Activity documented Chinese laws and regulations that govern ESG behavior of overseas infrastructure investments and documented the ESG requirements governing infrastructure development in the Mekong countries, which can be included in the MIT. This creates an opportunity for any stakeholder with access to the MIT to highlight strengths and weaknesses, and compliance or noncompliance, with local ESG requirements.

I.4 Future Directions and Upcoming Activities

Item	Estimated Timing
Year 2 Work Plan	December 24, 2019
Year 2 Work Plan Update	March 27, 2020
Gender Empowerment and Social Inclusion Analysis	February 28, 2020
Gender and Inclusive Development Action Plan	March 31, 2020
Communications Plan	February 28, 2020
Activity Monitoring, Evaluation, and Learning Plan	February 28, 2020
Stakeholder Database	January 31, 2020

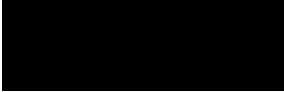
2. PROGRAM ACTIVITIES AND HIGHLIGHTS

2.1 Introduction

The Activity submitted its Annual Work Plan Year I in December 2018 and submitted subsequent updates in January 2019 and in April 2019. Section 2.2 Summary of Implementation Status includes only those tasks that USAID approved.

2.2 Summary of Implementation Status

Objective I. Strengthen application of robust ESG standards for infrastructure projects in the Mekong

Intermediate Result (IR)	Summary of planned tasks in work plan for the reporting year	Actual key tasks conducted during the year
I.1 Chinese regulators impose stronger ESG requirements on Chinese companies involved in overseas infrastructure development	Task I.1.1 – Map policy and legal frameworks mandating ESG standards. Compare the policy and legal frameworks by which US, China, Japan, France, and Korea mandate ESG standards.	From January through March 2019, to identify gaps for improvement, documented China’s, US’, Cambodia’s, and Lao’s laws and regulations that govern ESG requirements in infrastructure. Developed a case study of Korean government handling of dam collapse in Attapeu, Laos. From April through June 2019, documented China, US, Japan, Cambodia, Lao, Thailand, and Vietnam ESG practices of infrastructure projects.
	Task I.1.2 – Strengthen Chinese environmental regulation of ESG practices for infrastructure projects. Support China’s Ministry of Ecology and Environment (MEE) efforts to compile, clarify, and elaborate on Chinese ESG standards for infrastructure projects.	From April through June 2019, to support environmental regulators to compile, clarify, and elaborate on Chinese ESG standards for infrastructure projects, conducted analysis of Chinese infrastructure investment in Cambodia, Thailand, Vietnam, and Laos. Identified challenges and key stakeholders.
	Task I.1.3 – Strengthen Chinese financial regulations of ESG practices for infrastructure investments. Develop a robust system (policies, processes, and tools) for Chinese financial regulators to mandate and evaluate banks’ ESG performance for infrastructure projects (drawing on and elaborating on Green Credit Key Performance Indicators).	From August through December 2018, identified a potential partner, the IFC’s SBN team in China. Under SBN, the IFC is supporting Chinese financial regulators (i.e., China Banking and Insurance Regulatory Commission and the People’s Bank of China) to develop a regulatory framework on sustainable finance. Identified potential experts (e.g., China EXIM Bank, Institutes of Science and Development, and Chinese Academy of Sciences). In September 2019, organized an expert task force on Chinese environmental regulation of ESG practices for infrastructure projects.
	Task I.1.4 – Strengthen ESG requirements for Chinese foreign investment. Design stronger environmental protection requirements and practices for Chinese foreign investment to make ESG standards	 No further work was done on this approved task in Year I.

	mandatory for overseas infrastructure projects.	
1.2 Major financial institutions (FIs) impose stronger ESG requirements on infrastructure developers and contractors	Task 1.2.1 – Map ESG standards and practices of financial institutions. Compare ESG standards and practices of 3–5 financial institutions to understand potential areas for improvement for 1–2 FIs that invest significantly in infrastructure in CLTV.	From January through March 2019, to identify gaps for improvement, documented publicly available ESG standards and requirements of the World Bank, IFC, Asia Infrastructure Investment Bank, Industrial Commercial Bank of China, China Development Bank, China EXIM Bank, Industrial Bank, US Export-Import Bank, and Mitsubishi UFJ.
	Task 1.2.2 – Provide stronger business case to encourage FIs to adopt stronger ESG standards.	In May 2019, redesigned this task to encourage FIs to adopt stronger ESG standards by (1) using case studies that highlight ESG risks of Chinese-financed overseas infrastructure projects, (2) providing guidance on mandatory ESG requirements in lower Mekong countries, (3) participating in environmental and social risk training, and (4) having exchanges with peer development financial institutions/multilateral development banks (DFIs/MDBs). No further work was done on this approved task in Year 1.
	Task 1.2.3 – Develop China Banking Association ⁴ Sustainable Infrastructure Financing Guidelines and support CBA members to adopt the guidelines.	From May through September 2019, conducted research on financial institutions’ ESMS standards, and practices, and developed a survey and interview questionnaire to gain an understanding of Chinese banks’ ESMS. Conducted three consultation workshops from May through September 2019, of which some were cofunded and involved Chinese and international ESG experts, Chinese banks, IFC, and the World Bank.
	Task 1.2.4 – Support China EXIM Bank (CEX) ⁵ to adopt and implement more robust ESG standards, systems, and tools for the overseas infrastructure projects that they finance.	From August through September 2019, worked with a software company on developing an ecological impact mapping tool.

⁴ CBA has a membership of more than 100 banks in China and plays a semi-regulator role and can strongly encourage banks to adopt higher ESG standards.

⁵ CEX is one of the two largest providers of Chinese concessional infrastructure finance to lower Mekong countries and has ongoing efforts to explore, adopt, and apply ESG standards to the overseas infrastructure projects that it finances.

<p>I.3 Stronger understanding and capacity of contractors on ESG requirements and practices</p>	<p>Task 1.3.1 – Support [redacted] to implement and improve its Guidelines of Sustainable Infrastructure.</p>	<p>In June 2019, awarded a grant to [redacted] to increase its capacity to assist its members to apply strong ESG standards during construction and operation by ensuring that contractors understand and have capacity and tools to comply with government regulations and FIs standards. By end of September 2019, [redacted] organized two two-day training workshops on stakeholder engagement, respectively, in August and September 2019 that included a total of 83 participants from around forty large-scale infrastructure companies.</p>
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Objective 2. CLTV decision makers develop more sustainable infrastructure plans using integrated, multicriteria planning tools and approaches

<p>IR</p>	<p>Summary of planned tasks in work plan for the reporting year</p>	<p>Actual key tasks conducted during the year</p>
<p>IR 2.1 Increased information flow regarding infrastructure development plans, impacts, and alternatives</p>	<p>Task 2.1.1 – Construct an infrastructure database.</p>	<p>In April 2019, the Stimson Center was awarded a grant to develop a database and visualization platform (the MIT) of early and late stage and commercially operational transportation, energy, and water infrastructure projects in lower Mekong countries. Focus groups were conducted in September 2019 to present the MIT and solicit actionable feedback.</p>
	<p>Task 2.1.2 – Develop platform to visualize infrastructure project data.</p>	<p>Included in Task 2.1.1.</p>
	<p>Task 2.1.3 – Develop case studies and scenarios of integrated, system-scale infrastructure planning and how it contributes to better development outcomes.</p>	<p>From October through December 2018 and with cofunding, conducted workshops to inform stakeholders about opportunities and available tools that can be used to optimize water and energy planning, minimize negative impacts, and support more sustainable development pathways for the Mekong region. The workshops included ministries from Cambodia (Ministry of Agriculture and Forestry, Ministry of Water Resources and Meteorology, Ministry of Economy and Finance, Ministry of Mines and Energy) and Laos (Ministry of Natural Resources and Environment, Ministry of Mines and Energy), and the Mekong River Commission Secretariat. From July through</p>



		September 2019, Conducted the Thailand Energy Transition Scenario Analysis to demonstrate the benefits of integrated infrastructure planning and engage CLMTV countries for better, more integrated, and sustainable energy and transportation infrastructure plans. Conducted one workshop in September 2019.
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2.3 Progress Narrative

After receiving approval from the United States Agency for International Development/Regional Development Mission for Asia (USAID/RDMA) from the work plans submitted in December 2018, January 2019, and April 2019, the Activity implemented most of the planned and approved tasks. However, the Activity faced the challenge presented by the tone of the US-China relationship, which negatively impacted the Activity’s ability to work with certain Chinese partners.

For example, in Task 1.1.4 (Strengthen ESG requirements for Chinese foreign investment), [REDACTED]
[REDACTED]
[REDACTED] No further work was done on this approved task in Year 1.

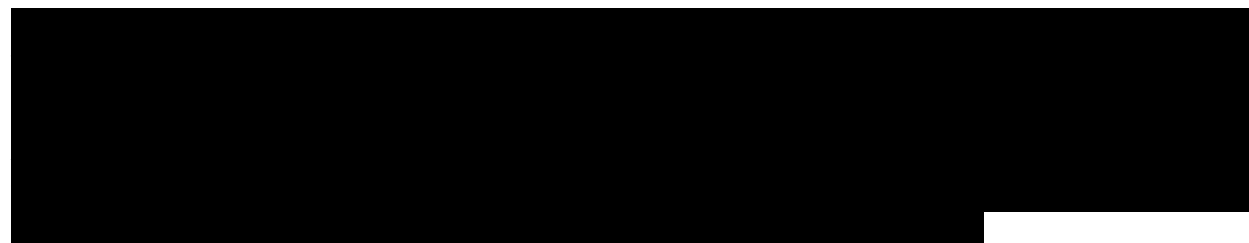
In other instances, however, the Asia Foundation (TAF) was able to navigate successfully through the political environment by structuring the task in such a manner that was acceptable to the Activity’s partner. Specifically, when the Activity sought to implement Task 1.3.1 (Support [REDACTED] to implement and improve its Guidelines of Sustainable Infrastructure), [REDACTED] initially was hesitant to engage with the Activity because of its connection to USAID.

TAF intervened and repositioned the Activity so that the Activity interfaced with the [REDACTED], and it, not the Activity, interfaced with its 1,500 members. The outcomes of the task resulted in sustainable impact, but had it not been for TAF’s ability to navigate successfully in China, the outcomes identified in Section 3.1 ESG Capacity Improved would not have been achieved. The Activity intends to continue structuring tasks in China in such a manner, when required, so that the Activity’s objectives are achieved.

Finally, one task was redesigned after receiving USAID/RDMA’s initial approval and once new information was obtained. For example, Task 1.2.2 (Provide stronger business case to encourage FIs to adopt stronger ESG standards) was approved in May 2019, and when the Activity was in discussion with potential partners to implement the task, the Activity determined that better outcomes could be achieved by restructuring the task. Redesigning the task required time to consult with the Activity’s partners, and agreement was not reached within the Year 1 time period.

3. KEY ACCOMPLISHMENTS

3.1 ESG Capacity Improved



Accomplishment Summary - The Activity, in executing Task 1.3.1 (Support ██████████ ██████████ to implement and improve its Guidelines of Sustainable Infrastructure), the Activity supported two trainings for ██████████'s members to adopt and apply stakeholder engagement standards, which is one key element of the broader ESG standards framework.

The first training was convened from August 13–14, 2019, with 43⁷ participants from more than twenty large-scale infrastructure companies. Most of the participating companies were from the transportation infrastructure sector, including China Road & Bridge Corporation, China Railway Tenth Bureau Group Co., Ltd,⁸ and China State Construction Engineering Corporation.

The second training took place from September 18–19, 2019, with 38⁹ participants from 20 infrastructure companies. Most of the participating companies were from the energy infrastructure sector, including China International Water & Electric Corporation, PowerChina International Co., Ltd., and China Sinogy Electric Group Co. Ltd. Most of the participant companies were extensively involved in overseas infrastructure projects and were responsible for their respective companies' corporate social responsibility work and international policy.

The two trainings were based on a stakeholder engagement tool for Chinese international contractors that TAF developed in 2018 independent of the Activity. The trainings covered topics such as the concept, principle, and procedures of stakeholder engagement in infrastructure projects. Additionally, multinational development banks such as the IFC, multinational companies such as Shell China, and China's own international contractors such as China Road & Bridge Corporation shared their experiences related to stakeholder engagement on large-scale infrastructure projects.

During the trainings, the participants were divided into several situational simulation and role-playing groups, so that they gained a better understanding on how to engage with various stakeholders during the infrastructure development process. After the training, the Activity collected feedback from the attendees, and many commented that this was the first time they had received training on specific ESG topics, that the training was very practical, and that it provided useful insights to their on-the-ground projects. A few participants mentioned the training was helpful for them to develop their companies' overseas project ESG policy.

⁷ Thirty-one male participants and 12 female participants.

⁸ China Railway Tenth Bureau Group is an important member of China Railway Group Limited, and it executes many overseas infrastructure projects.

⁹ Twenty-three male participants and 15 female participants.

3.2 Mekong Infrastructure Tracker Database Developed

The Activity, through a grant to the Stimson Center, supported the development of an online interactive tool that provides decision makers and stakeholders with a means to visualize both country and regional inventories of early, late, and commercially operational stage infrastructure projects within the context of environmental and social impacts. The database is the only such infrastructure database in the Mekong region, and it will act as a tool to assist decision makers to understand the range and scope of infrastructure development underway in the Mekong region, and with overlays of key environmental and social datasets.

Over the past two decades, the Mekong region has witnessed a veritable boom in infrastructure development, with billions of dollars financing energy, transportation, information and communications technology (ICT), and other infrastructure by MDBs, bilateral donors, and private sector investment. However, there is currently no comprehensively compiled source of information on infrastructure development in the region, in part because of the vast number of projects and financiers, but also because some investors, especially China, tend not to share details of their investments publicly.

This tool will allow regional actors and stakeholders to access critical information on the scope and extent of existing and planned infrastructure in the region, drivers of the infrastructure boom, growth trends and outlooks, and the extent to which these infrastructure projects compete for and impact the region's finite natural resources.

3.3 ESG Policies and Regulations Mapped

Through mapping tasks 1.1.1 (Map policy and legal frameworks mandating ESG standards, and compare the policy and legal frameworks by which US, China, Japan, France, and Korea mandate ESG standards) and Task 1.2.1 (Map ESG standards and practices of financial institutions. Compare ESG standards and practices of 3–5 financial institutions to understand potential areas for improvement for 1–2 FIs that invest significantly in infrastructure in CLTV), the Activity identified the policy and regulation framework in China that governs Chinese overseas infrastructure development and investment.

In addition, the Activity also documented US, Cambodia, and Lao laws and regulations that govern ESG requirements in infrastructure and developed a case study of Korean government handling of dam collapse in Attapeu, Laos.

Finally, the Activity documented the publicly available ESG standards and requirements of World Bank, IFC, Asia Infrastructure Investment Bank, Industrial Commercial Bank of China, China Development Bank, China EXIM Bank, Industrial Bank, US Export-Import Bank, and Mitsubishi UFJ. In Year 2, the Activity and IFC-China office have agreed to have internal IFC ESG specialists review and further refine the IFC ESG mapping, which will help guide the Activity to spot gaps/opportunities for improvement against the objectives.

4. CONTRIBUTIONS OF THE ACTIVITY TO THE RDMA DEVELOPMENT SCREENS

4.1 Research, Science, Technology, and Innovation

In April 2019, the Activity awarded a grant to the Stimson Center to develop a database and visualization platform, known as the Mekong Infrastructure Tracker (“MIT”) database and containing the geographical location of all early and late stage and commercially operational transportation, energy, and water infrastructure projects in lower Mekong countries.

To date, infrastructure development decision makers (e.g., regulators, investors, financiers, and developers) have made infrastructure development decisions on a project-by-project basis. The numerous projects that have been developed collectively over the past decade in the Mekong countries, however, appear to have resulted in negative environmental and social impact. The MIT is an innovative tool that would be available to all decision makers, thus enabling them to incorporate an ecosystem or systems-wide perspective into their infrastructure project decision-making process.

The MIT is being developed in an iterative manner through feedback derived from multiple focus groups. The MIT will be launched in Q1 2020, at which time the Activity will seek to engage private and public sector actors to ensure MIT’s sustainability post-Activity support.

4.2 Gender Equality and Female Empowerment

By 31 December 2019, the Activity will have finalized the TOR for an external consultant to conduct the required GESI analysis, which will then be used to develop the Gender and Inclusive Development Action Plan.

4.3 Private Sector Engagement

In June 2019, the Activity awarded a grant to [REDACTED], to increase its capacity to assist members to apply strong ESG standards during construction and operation by ensuring that contractors understand and have capacity and tools to comply with government regulations and FI standards.

By the end of September 2019, [REDACTED] organized two two-day training workshops on stakeholder engagement, respectively, in August and September 2019 that included a total of 83 participants from around forty large-scale infrastructure companies. The training covered topics such as the concept, principle, and procedures of stakeholder engagement in infrastructure projects. The feedback from participants was positive, and many commented that this was the first time they had received training on a specific ESG topic and that the training was helpful for them to develop their companies’ overseas project ESG policy.

4.4 Participation, Inclusion, Transparency, and Accountability

In September 2019, the Activity created plans to conduct multiple focus group sessions with stakeholders (e.g., water authorities, NGOs, and regulators) in multiple countries (e.g., Cambodia, Vietnam, US, and Japan) to introduce the MIT and obtain feedback from a broad group of stakeholders. The Activity is recording the feedback and plans to incorporate relevant feedback into successive versions of the MIT for other stakeholder focus groups and feedback sessions.

From March through May 2019, the Activity documented Chinese laws and regulations that govern ESG behavior of overseas infrastructure investments, and from April through June 2019, the Activity documented the ESG requirements governing infrastructure development in the Mekong countries.

In Year 2 work planning, the Activity intends to benchmark the documented ESG requirements both against good practice and against how the environmental and social standards are applied. If gaps are identified, the Activity will discuss with USAID how and if those gaps could best be rectified. The Activity also intends to identify and seek approval for a way to utilize the ESG documentation to increase both transparency and improve inclusion for infrastructure development in the lower Mekong countries.

For example, summary description of each country can be made available in the MIT, and to the extent that the MIT is designed and can capture individual infrastructure projects' adherence or failure to adhere to the stipulated ESG requirements, the MIT creates an opportunity for any stakeholder with access to the MIT to highlight strengths and weaknesses, and compliance or noncompliance. If communicated to stakeholders appropriately, both can help create positive ESG outcomes as new infrastructure is developed in the lower Mekong region.

5. ADAPTIVE MANAGEMENT

5.1 Challenges

Challenge	Resolution/Plan to Resolve
In July 2019, the COP ended her tenure with the Activity. COP changes present a challenge to any activity due to the degree to which a COP possesses institutional memory and stakeholder relationships, but particularly so for the Activity, because the COP was one of the two full-time persons 100 percent dedicated to managing the Activity.	TAF reacted swiftly and began recruiting for a replacement COP in early July 2019. By August 2019, a replacement candidate was presented to USAID/RDMA, which approved the candidate in September 2019. The replacement COP started on September 23, 2019.
In late May 2019, USAID/RDMA informed TAF that it was considering providing a cost extension to Mekong Safeguards which would extend the Activity an additional two years to August 2023, and increase total funding by an additional \$4.3 million. RDMA transmitted a formal request for application to TAF in July 2019, and TAF responded with a cost extension proposal in early August 2019. Upon receiving feedback on the proposal from RDMA in late August, TAF submitted a revised proposal in early September 2019 and RDMA issued the Modification to the Award in late September 2019. The cost extension proposal(s) required amending the program description to include additional tasks and revising existing tasks, which required a significant level of effort to complete. This, coupled with COP transition, created a challenge to TAF in the implementation of the Activity's already approved tasks in the last quarter of year one.	TAF assigned additional TAF staff to assist both to recruit a new COP and to complete the cost extension proposal.

5.2 Learning and Adaptation

Issue	Adaptation Plan
US-China relations created a challenging environment for VLS, one of the Activity's original consortium members. During the execution of Task 1.1.4 (Strengthen ESG requirements for Chinese foreign investment), [REDACTED] requesting to withdraw as an original consortium member, but not as a contributor to the Activity in the lower Mekong countries.	The Activity established a relationship with the IFC to potentially work with the Activity in executing this task in China. Discussion to include VLS in tasks in the lower Mekong countries is expected to result in VLS's continued involvement with the Activity, but without being considered an Activity consortium member. The Activity will proactively consider and seek approval from USAID/RDMA to engage with other partners as required.
[REDACTED] created difficulties in executing Task 1.3.1 (Support [REDACTED] to implement and improve its Guidelines of Sustainable Infrastructure).	TAF repositioned the Activity so that the Activity interfaced with the [REDACTED], and it, not the Activity, interfaced with its 1,500 members. [REDACTED] so that the Activity's objectives are achieved.

Initially, [REDACTED]

6. FUTURE DIRECTIONS AND UPCOMING ACTIVITIES

6.1 Required Deliverables

Item	Estimated Timing	Input	Output	Outcome
Year 2 Work Plan	December 24, 2019	COP and Objective 1 Lead communicating and planning with all consortium members and Activity partners on Year 2 tasks and illustrative budgets.	Completed Year 2 Work Plan for USAID/RDMA's review.	Approved tasks for the Activity to implement.
Year 2 Work Plan Update	March 27, 2020	COP and Objective 1 Lead communicating and planning with all consortium members and Activity partners on refining and identifying new Year 2 tasks and illustrative budgets.	Completed Year 2 Work Plan Update for USAID/RDMA's review.	Additional approved tasks for the Activity to implement in the second half of Year 2.
Gender Empowerment and Social Inclusion Analysis	February 28, 2020	COP finalizing the terms of reference, recruiting and engaging an external consultant, and execution of the terms of reference.	Completed Gender Empowerment and Social Inclusion Analysis for USAID/RDMA's review.	Approved areas for the Activity to integrate gender and social inclusion in the Activity's tasks, and as input for the Gender and Inclusive Development Action Plan.
Gender and Inclusive Development Action Plan	March 31, 2020	COP finalizing the terms of reference, and engaging the external consultant, and execution of the terms of reference.	Completed Gender Inclusive Development Action Plan for USAID/RDMA's review.	Approved Gender Inclusive Development Action Plan for the Activity to integrate into the Activity's tasks.
Communications Plan	February 28, 2020	COP finalizing the terms of reference, negotiating the final terms of reference, recruiting and engaging an external consultant, and execution of the terms of reference.	Completed Communications Plan for USAID/RDMA's review.	Approved Communications Plan that contains agreed-upon messaging and positioning of the Activity for all partners and external stakeholders.
Activity Monitoring,	February 28, 2020	COP finalizing the terms of reference, negotiating the final	Completed AMELP for USAID/RDMA's review.	Approved AMELP.

Evaluation, and Learning Plan		terms of reference, recruiting and engaging an external consultant, and execution of the terms of reference.		
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6.2 Management Systems and Tools

Item	Estimated Timing	Input	Output	Outcome
CRM Stakeholder Database	January 31, 2020	COP finalizing the terms of reference, negotiating the final terms of reference, recruiting and engaging an external consultant, and execution of the terms of reference.	A cloud-based CRM Stakeholder Database that all Activity consortium members will use to capture interactions with stakeholders.	The CRM Stakeholder Database will permit all Activity partners and consortium members to record its interactions with stakeholders, which are then made available in real time to all consortium members. The database will facilitate stakeholder coordination and institutionalize the very broad network of stakeholders, which can be made available to USAID/RDMA.
Task Terms of Reference	October 15, 2019	COP developing a task-planning template that all partners will use for future work-planning activities.	Task Terms of Reference Template	The Task Terms of Reference Template will be sent to all Activity partners and used in the Year 2 work-planning process. The template requires all Activity partners to describe how the Activity's cross-cutting factors will be integrated into each task, which then provides the COP and TAF to have a framed discussion with partners and to ensure that the cross-cutting factors are systematically integrated into all Activity work.

7. MONITORING, EVALUATION, AND LEARNING

The Activity did not produce an Activity Monitoring, Evaluation, and Learning Plan in Year 1. As a result, the Annual Report cannot be evaluated against any pre-defined metrics. This deliverable is expected to be delivered by January 31, 2020.

ANNEXES

ANNEX I. SUCCESS STORIES

Mekong Infrastructure Tracker Database

Headline

The Mekong Infrastructure Tracker database, curated by the Stimson Center and supported by USAID Mekong Safeguards Project, is a new resource tool for government stakeholders, financiers, infrastructure developers, researchers, and media that provides insight into the potential environmental and social factors that individual projects are encountering or will encounter in the lower Mekong region, and within the context of other infrastructure projects that are at early, late, or commercially operational stages. The Mekong Infrastructure Tracker is a convenient GIS web platform and allows users to browse and download up-to-date data and produce maps and summary charts.

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Ready for public launch in early 2020, the Mekong Infrastructure Tracker will be the most comprehensive web-based knowledge platform on early and late stage and commercially operational infrastructure in the Mekong region. Harnessing the power of data transparency and integration, the Mekong Infrastructure Tracker will enable policymakers, government regulators, financiers, investors, developers, researchers, and the general public to grasp the type and scale of the infrastructure boom in the Mekong region, as well as the environmental and social impacts that different types of infrastructure development pathways might have on a range of socioeconomic and environmental outcomes.

Users can analyze the data, for example, to describe trends in solar power generation, or any other form of power generation, over time and throughout the Mekong region. Also, users can see what kind of infrastructure projects major investing countries like China, Japan, and Thailand prefer and locate missing links in regional road and rail connectivity. Country profiles will help users understand the drivers of mainland Southeast Asia's infrastructure boom. Interactive GIS layers (i.e., weather patterns, critical biodiversity habitats, geological information, sea-level rise, and socioeconomic indicators) will reveal current and future risks that are of interest to all stakeholders.

The Mekong Infrastructure Tracker will present statistical indicators, data, and maps on infrastructure projects and help users understand risks that the projects pose to the surrounding environment. Users will browse through descriptive data on power generation, linear infrastructure (roads, rails, waterways, and transmission lines), industrial zones, and reservoirs and gain understanding of project ownership, financing, and contracting arrangements. The Tracker will allow users to contribute and update data through a verification process.

The Mekong Infrastructure Tracker will promote transparency around projects by collecting and making available project documents such as approval documents for the infrastructure project (including permits), Environmental and Social Impact Assessments, public consultation documents, and environmental management and mitigation plans.

The Mekong Infrastructure Tracker will also house reference materials for promoting best policy and planning practices such as strategic environment assessment, environmental and social impact assessments, environmental monitoring and compliance, and economic instruments.

To promote accuracy and timely updates, the Mekong Infrastructure Tracker will also allow users to contribute their own data and layers to the database, which will be verified by the Mekong Infrastructure Tracker's development team.

Pullout Quote

Early feedback from focus groups conducted in the fall of 2020, both in the Mekong region and in the United States, suggests a high degree of interest from planning and other agencies, multilateral development banks, civil society, media, and research organizations. These focus groups have helped improve the user experience and verify data describing more than 2,000 infrastructure projects in the Mekong Infrastructure Tracker database.