

People's Republic of China: Promotion of Environmentally Sustainable Infrastructure Investment in Asia and the Pacific

Reference Number: TCRV-2020-032
Project Number: 48472-001
TA Number: 9039



Raising development impact through evaluation

ABBREVIATIONS

ADB	–	Asian Development Bank
DMF	–	design and monitoring framework
FDI	–	foreign direct investment
FECO	–	Foreign Economic Cooperation Office
GMS	–	Greater Mekong Sub-region
IED	–	Independent Evaluation Department
MEE	–	Ministry of Ecology and Environment
PRC	–	People's Republic of China
TA	–	technical assistance
TCR	–	technical assistance completion report

NOTE

In this report, "\$" refers to United States dollars.

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TECHNICAL ASSISTANCE COMPLETION REPORT VALIDATION REPORT¹

1. PROJECT DATA TA No. 9039

TA Name	Promotion of Environmentally Sustainable Infrastructure Investment in Asia and the Pacific	Approval Date	10 Dec 2015	Approved (\$)	400,000.00
		Signing Date	5 Jan 2016	Revised (\$)	Not applicable
Country	People's Republic of China	Planned Completion Date	31 Dec 2017	Disbursed (\$)	305,604.98
		Actual Completion Date	25 Apr 2019	Undisbursed (\$)	94,395.02
Department	East Asia Department	TA Type	CDTA () KSTA () PATA (✓) PPTA () RDTA () RETA () TRTA ()	Source of Funding	Technical Assistance Special Fund – other sources
Sector and Subsector	Finance			Executing Agency	Ministry of Ecology and Environment

2. DESIGN AND MONITORING FRAMEWORK AND RESULTS

Objective	The technical assistance (TA) aimed to explore the role of regulators, financing institutions, and industry associations in promoting the environmental sustainability of One Belt One Road investments.
TA Rationale	<p>According to the TA report,² the People's Republic of China (PRC)'s outbound investment and international construction contracts had reached \$870 billion in the first half of 2014. Much of these had been under the One Belt One Road initiative, which supported connectivity and cooperation among countries in Eurasia.</p> <p>According to the TA report, while most of PRC's international projects followed international practices and complied with the host country's environmental protection laws, One Belt One Road projects sometimes had a negative impact on the host country's environment. Reasons included poor governance in the host countries, lack of solid environmental management during project implementation, and weak policy coordination between project sponsors and the host country. A lack of coherence between international investment projects, trade treaties, and environmental agreements presented additional challenges.</p> <p>In order to address these issues, the government's ministries and agencies sought ways to better incentivize investors and contractors to uphold environmental protection laws and regulations. The 12th Five Year Plan (2011–2015) emphasized investors' social responsibilities, including environmental safeguards. Furthermore, in 2013, the Ministry of Environmental Protection (MEP) and the Ministry of Commerce (MOC) developed guidelines on environmental protection measures for overseas investments and actively sought the adoption of such measures by PRC-based investors and project contractors.</p>

¹ Team members: P. Deeks (Initial Reviewer), C. Ramos-Galacgac (Quality Reviewer), K. Ferl (Validator Consultant).

² ADB. 2015. *Technical Assistance to the People's Republic of China for Promotion of Environmentally Sustainable Infrastructure Investment in Asia and the Pacific*. Manila.

	The PRC requested ADB's assistance to help address institutional and capacity constraints; introduce international best practices in environmental administration, management, and protection; and work with host countries to facilitate high quality infrastructure investments. The MEP was the TA's executing agency and the Foreign Economic Cooperation Office (FECO) was its implementing agency.
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Results Levels	Indicators	IED Comment on Evaluability of Indicators
Outcome Environment safeguards for the PRC's international infrastructure investments enhanced	a. Environment safeguards monitored as a mandatory factor under the government's administration of international investments (2015 baseline: not applicable) b. Policy advice submitted to the government 3 months after the TA completion (2015 baseline: not applicable)	Both indicators are evaluable.
Output 1 Environmental administration and management of the PRC's international infrastructure investments assessed	TA report submitted to the executing agency (by month 20) (2015 baseline: not applicable)	Evaluable.
Output 2 International practices and environmental administration experiences identified, analyzed, and shared	Executing agency will host at least two conferences on environmental protection for authorities of the GMS and the Central Asia Regional Economic Cooperation (by month 16) (2015 baseline: 0)	Evaluable. However, to be more aligned with the standards per the DMF Guidelines (https://www.adb.org/sites/default/files/institutional-document/32509/guidelines-preparing-dmf.pdf), it could have been phrased better, such as, "at least two conferences on environmental protection for authorities of the GMS and the CAREC hosted by the Executing Agency.
Output 3 The PRC's capacity for environmental management of international infrastructure investments developed	a. Design of international infrastructure environmental management manual (by month 12) (2015 baseline: 0)	Evaluable but more useful if the DMF's language had been better focused on a measure of the quality of the manual (e.g., submitted/presented to/adopted/approved by a certain body/event?). This is to ensure its uptake by relevant users.
	b. Two training workshops organized (by month 18); at least 50 infrastructure project managers participate (2015 baseline: 0)	The indicator attempted to measure two different aspects, which has proved challenging for evaluation. Considering that the output statement refers to capacity being developed, it would be useful if measurements such as follow-up tests, surveys, questionnaires, or evaluation sheets were also included.

3. PERFORMANCE ASSESSMENT

Relevance

Item	Highly Relevant	Relevant	Less than Relevant	Irrelevant
TCR Rating		✓		
TCRV Rating		✓		
IED Rationale	<p>The TA was in line with the PRC's 12th Five Year Plan (2011–2015), which highlighted investors' social responsibilities, including environmental safeguards. Also, the TA was aligned with the One Belt One Road initiative, as well as ADB's Strategy 2030³ and its operational priorities, including (i) tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability; and (ii) fostering regional cooperation and integration.</p> <p>The development constraint that the TA intended to address was clearly stated. The TA's results chain was sound in describing how the project activities and outputs would result in the intended outcome. The different TA inputs were appropriate, and sufficient resources were assigned to all activities. Also, the type of TA used was appropriate.</p> <p>ADB's involvement in the TA could have been better articulated in the TA report to highlight ADB's specific areas of expertise in environmental sustainability issues, safeguards standards setting, project due diligence, results measurement and evaluation.</p> <p>Hence, this validation assesses this TA relevant.</p>			

Effectiveness

Item	Highly Effective	Effective	Less than Effective	Ineffective
TCR Rating		✓		
TCRV Rating		✓		
Evidence of Outputs Achieved	<p>Output 1: Environmental administration and management of the PRC's international infrastructure investments assessed. Progress reports, including the review of the PRC's environmental administration of international infrastructure investments, were submitted to ADB and the Ministry of Ecology and Environment (MEE) and FECO, achieving the target.</p> <p>Output 2: International practices and environmental administration experiences were identified, analyzed, and shared. The MEE, together with FECO, hosted a conference on environmental protection in Suzhou (PRC), in November 2017, in which 80 members of authorities of the Greater Mekong subregion (GMS) participated. The target of two conferences held was not achieved.</p> <p>Output 3: The PRC's capacity for environmental management of international infrastructure investments was developed. An international environmental management manual was designed and presented to PRC's international infrastructure investors and contractors at a training workshop held in Beijing in December 2018, achieving the target. It was participated in by 50 people, of which 26 percent were female.</p>			
Evidence of Outcomes Achieved	<p>Environment safeguards for the PRC's international infrastructure investments were enhanced: Regulations on overseas investments to provide legal guarantees for the standardized development of the PRC's FDI, including environmental</p>			

³ ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.

	<p>safeguards, were reformulated. Also, the PRC's guidelines requiring FDIs to inform the enterprises of environmental legal frameworks in host countries were regularly issued. Furthermore, the incorporation of ecological and environmental protection as a key component under the regulations on overseas investments was actively promoted.</p> <p>Finally, policy advice was submitted by the MEE to the government in March 2019, three months after the TA completion, achieving the target.</p>
IED Rationale	<p>The TA achieved both outcome targets and three of the four output targets. The target of hosting at least two conferences on environmental protection for authorities of the GMS and the Central Asia Regional Economic Cooperation was only partially achieved (output indicator 2a) since only one conference was held. This validation assesses this TA effective.</p>

Efficiency

Item	Highly Efficient	Efficient	Less than Efficient	Inefficient
TCR Rating		✓		
TCRV Rating		✓		
IED Rationale	<p>The TA was able to deliver both outcome targets and three out of four output targets utilizing 76.4% of its total budget.</p> <p>The financing amount of the TA was \$400,000, of which \$305,605 was disbursed. Due to some delays in disbursements the completion date of the TA was extended by one year until 31 December 2018. This allowed for the completion of all TA outputs, such as conducting policy dialogue, holding a training event and a final workshop, as well as equipment turnover.</p> <p>The actual cost for item 1 (consultants) was higher at \$256,590 than the planned cost (\$220,000) while the actual cost for item 2 (training, seminars and/or conferences) was significantly lower at \$49,000 than the planned cost of \$160,000. The TCR indicates that the proposed two training events were combined into one event, resulting in lower overall training costs. However, it does not clearly indicate whether or not these cost savings came at the expense of overall event participation or knowledge dissemination. The TA did not use its contingency of \$20,000.</p> <p>The TA was assessed as socio-economically valuable given its potential to influence the integration of environmental and sustainability concerns into the design and implementation of the PRC's state-owned enterprises' infrastructure projects in Asia and the Pacific. More broadly, ongoing efforts reported in the TCR to update regulations and/or guidelines on environmental safeguards, as well as knowledge shared during the conference participated in by companies and other key players in the infrastructure market, are expected to facilitate an improved approach to the integration of environmental sustainability issues for infrastructure projects in Asia and the Pacific.</p> <p>Hence, this validation assesses this TA efficient.</p>			

Criterion	Weight	Rating Value	Weighted Rating
Relevance	0.35	2	0.7
Effectiveness	0.35	2	0.7
Efficiency	0.30	2	0.6
Overall Assessment			2.0

Criterion	Weight	Rating Value	Weighted Rating
(weighted average of above criteria) ⁴			

Overall Rating

Item	Highly Successful	Successful	Less than Successful	Unsuccessful
TCR Rating		✓		
TCRV Rating		✓		
IED Rationale	The TA was relevant and strategically aligned with PCR's 12 th Five Year Plan (2011–2015), the One Belt One Road initiative, and ADB's Strategy 2030. The targets of the expected outputs and outcomes were essentially achieved. Due to delays in the disbursement of funds, the TA required a one-year extension of the completion date. Overall, this validation assesses this TA successful.			

4. SUSTAINABILITY

Item	Highly Likely	Likely	Less Likely	Unlikely	NA
TCR Rating		✓			
TCRV Rating		✓			
IED Rationale	According to the TCR, the MEE asked ADB to put a part of the TA's financial savings towards strengthening key messages of the final reports and TA deliverables for further dissemination and follow-up activities. ⁵ The International Coalition for Green Development on the Belt Road and its partner organizations provide an appropriate setting to foster policy dialogue in this area and ensure the sustainability of the TA's achievements. Furthermore, according to the TCR, strengthening existing synergies with ADB's CAREC and GMS programs toward green infrastructure development in the region is planned. However, the TCR does not provide any specific details.				

Lessons Learned (1–3 implementation, 4–7 development results, 8 others)

Criteria	TCR Self-Assessment ⁶	IED Comment
1. Design and/or planning	Seeking further synergies with ADB's Central Asia Regional Economic Cooperation (CAREC) and Greater Mekong Sub-region (GMS) programs can contribute to greener infrastructure development in the region. The TA's potential to foster regional cooperation integration was not fully explored due to lack of planning and coordination with the CAREC initiatives at the design stage. The project team tried to remedy this shortcoming by conducting a larger final workshop event in December 2018 with the CAREC guests. These lessons and recommendations are	This is a valuable lesson learned.

⁴ Each sub-rating is assigned a numerical value: e.g., highly relevant = 3, relevant = 2, less than relevant = 1, and irrelevant = 0. The compound criterion for performance rating is: highly successful (overall weighted average greater than 2.30), successful (overall weighted average greater than or equal to 1.65 and less than or equal to 2.30), less than successful (overall weighted average greater than or equal to 0.75 and less than 1.65), unsuccessful (overall weighted average is less than 0.75).

⁵ ADB. 2020. *Technical Assistance Completion Report: Promotion of Environmentally Sustainable Infrastructure Investment in Asia and the Pacific in the People's Republic of China*. Manila.

⁶ Please select (using a ✓ or other indicator) relevant sub-categories and then supplement with narrative from the TCR.

Criteria	TCR Self-Assessment ⁶	IED Comment
	consistent with ADB's country partnership strategy, 2016–2020, for the PRC.	
2. Implementation and/or delivery	Stronger coordination among the ADB teams and divisions in the TA design phase is paramount to ensure timeliness and stronger policy coherence with the activities of ADB's regional cooperation program (e.g., CAREC workshop/conference).	This is a valuable lesson learned.
3. Management (staffing, including consultants)	Better contract management can help clarify the TA administration responsibilities and tasks since the TA design an inception phases to prevent subsequent delays.	This is a valuable lesson which would have been more useful if it had included more specific information from this TA's implementation experience.
4. Knowledge building	<p>() Awareness (✓) Technical product () Adoption or uptake () Building institutional or system capacity () National or sector practice (guidelines) () Policy, legal standards () Academic literature</p> <p>Moving forward, key outputs of the TA could be shared with CAREC countries, using the CAREC initiatives as a vehicle for knowledge and best practices dissemination across the region.</p>	This is a valuable suggestion that would allow for knowledge sharing across the region.
5. Stakeholder participation	Some of the key messages from the final TA workshop held in Beijing in December 2018 included (i) the importance of investment banks in regulating the environmental policies of construction and infrastructure industries (highlighted by the Deputy Secretary General of the Green Finance Committee of the China Society for Finance and Banking, during his presentation on the policies and requirements for environmental safeguards adopted by investment banks worldwide and trends in the PRC); (ii) infrastructure sustainability and resilience are not only a concern for future generations, but can also have an immediate material impact on economic performance and risk profiles of single investments and projects; (iii) assessing and promoting infrastructure sustainability shall be a shared responsibility among central and local governments, the development institutions they support and every single member of the infrastructure value chain; and (iv) active participation of female professionals, with leading roles such as panelists or session	<p>These are useful lessons learned from stakeholder participants.</p> <p>IED further notes that active participation by state-owned enterprises representatives, private sector project developers, and institutional investors highlighting the economic case for the promotion of environmental infrastructure in such TA workshops would be essential to ensure meaningful dialogue and effective knowledge dissemination.</p>

Criteria	TCR Self-Assessment ⁶	IED Comment
	moderators, should be encouraged and sought for in future conferences to address gender balance in a more substantial way.	
6. Partnership (and co-financing)	<p>() Internal to ADB (✓) External to ADB (may also include ADB)</p> <p>MEE noted that while the PRC and governments of partner countries shall promote legal frameworks to foster sustainability of infrastructure investments, greater efforts shall be made by companies, enterprises, civil society organizations, and international agencies, including international financial institutions.</p>	The “Partnerships and/or networking” lesson category refers to the establishment of networks with other institutions and related events, which built capacity or strengthened client relations. This lesson is more of a recommendation for other entities to promote legal frameworks more to foster sustainability of infrastructure investments.
7. Replication and scaling up	<p>() Replication () Scaling up</p> <p>Lessons learned from the TA are outlined as follows: (i) need for closer coordination among ADB, consultants, and the executing agency on well-defined expectations for wide topics such as the ones belonging to the TA subject; and (ii) need for establishment of stronger linkages with other ADB regional departments for wider dissemination of results and increased facilitation of best practice exchange in Asia and the Pacific region.</p>	While these are useful lessons learned, they are not connected to “replication” or “scaling up.”
8. Post-TA financial resources	<p>() ADB () Government () Private Sector () Other</p>	No specific lesson on post-TA financial resources was provided.
9. Others	Multilateral cooperation: MEE and its Foreign Economic Cooperation Office (FECO), as the implementing agency, has provided counterparty staff and support to coordinate workshops and training arrangements. However, considering that targeted participants, including FDI investors and overseas contractors, are directly managed or inspected by other competent government authorities (i.e., Ministry of Commerce, Ministry of Foreign Affairs, National Development and Reform Commission), it is highly recommended that an interagency cooperation between these authorities be established to designate representatives with a co-leading role for the implementation of the TA activities. Better management and overall TA structure can ensure timely resource mobilization and lead to a more effective outcome.	<p>Rather than being a lesson learned, this is a useful recommendation. A suggested rephrasing of this into a lesson learned is:</p> <p>Establishing an interagency cooperation between different government authorities and designating representatives with a co-leading role ensure better management and timely resource mobilization, especially when targeted participants (including FDI investors and overseas contractors) are not managed and inspected by the implementing agency but by other government authorities.</p>

TCR Quality Assessment (Reviewer's Assessment)

TCR Quality	TCRV				IED Comment
	HS	S	LS	US	
Coherence of TCR (25%)		✓			The TCR adequately articulated the theory of change and how activities/inputs were to result in intended outputs and outcomes.
Quality of Data (25%)		✓			The TCR provided evidence to validate achievements made. However, in addition to listing the number of conferences and trainings and number of participants (outputs 2 and 3b), it would have been useful if key take-aways from these events were also highlighted in the TCR, as well as what policy advice (outcome 2 indicator) the TA provided. Likewise, the TCR would have benefitted from better justifying ADB's involvement and unique contributions to the effective delivery of the TA and from providing more information on the sustainability of the TA in terms of the PCR's political and financial commitment.
Quality of Lessons Learned (50%)		✓			The TCR provided a wide range of lessons learned that can be beneficial for future TAs in this area.
Overall TCR Quality (weighted as per performance) ⁷		✓			The TCR's overall quality is satisfactory.
Further IED Action (e.g., in-depth evaluation)	Y	<u>N</u>	Reason:		
Other Remarks					

⁷ Each sub-rating is assigned a numerical value: e.g., highly satisfactory = 3, satisfactory = 2, less than satisfactory = 1, and unsatisfactory = 0. The compound criterion for the TCR quality rating is: highly satisfactory (overall weighted average greater than 2.30), satisfactory (overall weighted average greater than or equal to 1.65 and less than or equal to 2.30), less than satisfactory (overall weighted average greater than or equal to 0.75 and less than 1.65), and unsatisfactory (overall weighted average is less than 0.75).

Attachment 1: Description of the Technical Assistance

The technical assistance is described in the technical assistance completion report.¹

Attachment 2: Design and Monitoring Framework

The design and monitoring framework is in the technical assistance report.²

Planned and Actual Achievements of the Technical Assistance

Performance Indicators	Planned	Actual	Reasons for Variance
Outcome Environment safeguards for the PRC's international Infrastructure investments enhanced	a. Environment safeguards monitored as a mandatory factor under the government's administration of international investments (2015 baseline: not applicable)	a. <u>Achieved</u> : (i) Regulations on overseas investments to provide legal guarantees for the standardized development of the PRC's FDIs, including environmental safeguards were reformulated; (ii) The PRC's guidelines requiring FDIs to inform enterprises of environmental legal frameworks in host countries were regularly issued; and (ii) The incorporation of ecological and environmental protection as a key component under the regulations on overseas investments was actively promoted.	No variance.
	b. Policy advice submitted to the government 3 months after TA completion (2015 baseline: not applicable)	<u>Achieved</u> . Policy advice submitted by the MEE to the government in March 2019 (3 months after the TA completion)	
Outputs 1. Environmental administration and management of the PRC's international Infrastructure investments assessed	1a. TA report submitted to the executing agency (by month 20) (2015 baseline: not applicable)	1a. <u>Achieved</u> . Progress reports, including the review of the PRC's environmental administration of international infrastructure investments, were	No variance.

¹ Asian Development Bank. 2020. *Technical Assistance Completion Report: Promotion of Environmentally Sustainable Infrastructure Investment in Asia and the Pacific in the People's Republic of China*. Manila. <https://www.adb.org/sites/default/files/project-documents/48472/48472-001-en.pdf>

² Asian Development Bank. 2015. *Technical Assistance to the People's Republic of China for Promotion of Environmentally Sustainable Infrastructure Investment in Asia and the Pacific*. Manila. <https://www.adb.org/sites/default/files/project-document/178375/48472-001-tar.pdf>

Performance Indicators	Planned	Actual	Reasons for Variance
		submitted to ADB and the MEE and FECO, before the interim review mission on 20–21 July 2017.	
2. International practices and environmental administration experiences identified, analyzed, and shared	2a. Executing agency will host at least two conferences on environmental protection for authorities of the Greater Mekong Sub-region and the Central Asia Regional Economic Cooperation (by month 16) (2015 baseline: 0)	2a. <u>Partially achieved</u> . The MEE, together with FECO, hosted a conference on environmental protection in November 2017 in Suzhou, PRC, which was participated in by GMS authorities. The total number of participants was 80.	The target of two conferences held was not achieved since only one conference was held. The reasons for combining the two proposed training workshops in to one event is not fully detailed in the TCR.
3. The PRC's capacity for environmental management of international infrastructure investments developed.	3a. Design of international infrastructure environmental management manual (by month 12) (2015 baseline: 0)	3a. <u>Achieved</u> . The manual was designed and presented to the PRC's international infrastructure investors and contractors in a training workshop held on 19 December 2018 in Beijing with 50 participants (26% were female).	No variance.
	3b. Two training workshops organized (by month 18); at least 50 infrastructure project managers participate (2015 baseline: 0)	3b. <u>Achieved</u> . Endorsement was given to combine these workshops on environmental management of international infrastructure investments into a larger training event, which was held on 19 December 2018 in Beijing with 50 participants (26% were female).	Variance from original agreed plan. The reason for combining the two proposed training workshops in to one event is not adequately explained in the TCR.

ADB = Asian Development Bank, FDI = foreign direct investments, FECO = Foreign Economic Cooperation Office, GMS = Greater Mekong Sub-region, MEE = Ministry of Ecology and Environment, PRC = People's Republic of China, TA = technical assistance.

Sources: Asian Development Bank. 2015. *Technical Assistance to the People's Republic of China for Promotion of Environmentally Sustainable Infrastructure Investment in Asia and the Pacific*. Manila; and Asian Development Bank. 2020. *Technical Assistance Completion Report: Promotion of Environmentally Sustainable Infrastructure Investment in Asia and the Pacific in the People's Republic of China*. Manila.