

Summary of Comments on

AIIB Energy Sector Strategy: Sustainable

Energy for Asia

Discussion Draft for Consultation

Asian Infrastructure Investment Bank

March 21, 2017

Overview

- **Deadline for comments was March 6th for the second round of public consultations**
- **The Bank received 37 comments by the deadline, 14 more slightly afterwards**
- **All comments received have been reviewed**
- **A diversity of external stakeholders provided comments including CSOs/NGOs, think tanks, business associations, private sector companies and individuals**
- **Comments came predominantly from Asia, Europe, United States and internationally**
- **Many of the external stakeholders had previously participated in the consultation process for the Environmental and Social Framework in 2015 and in the first round of public consultations on the Energy Issues Note**

Comments

1. General

- **Ongoing wide appreciation of the Bank's commitment to support international agreements (SEforALL, Paris Agreement, SDGs - particularly SDG7)**
- **Some comments doubt on whether those targets can be achieved with the energy mix proposed by the Bank in the Issues Note**
- **The line taken by the bank in balancing those requirements with the need of access to energy for many poor people is widely acknowledged**
- **Structure of the text mostly deemed useful and appropriate, but warnings about "business as usual" like pursued by other MDBs in light of dramatic climate change**
- **Two rounds of Public Consultation were generally welcomed and widely used**
- **Some comments asked for a more intensive process, including face to face consultations in different native languages**

1. General (Continued)

- **Thematically the comments cover a wide range of issues, with positions on both ends of the scale**
- **Positions range from a request not to provide any support to specific forms of energy generation like fossils and nuclear to requests for intensive engagement with state of the art technology in those sectors**

2. Nuclear Power

- **Current approach of no support widely endorsed with a few exceptions**
- **Clause on revisiting in the future questioned in some comments**

3. Fossil Fuels

(a) General

- A number of comments ask for a complete ban by the Bank on fossil fuels, some requesting also a ban of the financing of processing, transportation and distribution

(b) Coal

- Mostly restrictive comments, but split opinions on support for coal
- Some express need for a general ban on support to coal including mining and transportation
- Some express need for support to coal in relation to energy security and accessibility
- Modern and clean generation of energy using coal is advocated by some, with support requested for High Efficiency, Low Emission power plants of latest technology and Carbon Capture and Storage (CCS)

3. Fossil Fuels (Continued)

(c) Oil for Power Generation

- **Split picture, range of opinions similar to those for coal**
- **Mostly support for phasing out of fossil fuel and phasing in of Renewable Energy (RE)**
- **Intention is reduction of CO2 emissions, no perpetuation of current level**

3. Fossil Fuels (Continued)

(d) Gas

- Many comments acknowledge the role of gas for transition to cleaner forms of energy**
- Gas in liquid form is the only choice of energy supply in remote areas. No need for large infrastructure installations, some advocate complete ban**
- In large applications (power plants) mostly restricted use and transition from gas to RE is advocated**

4. Renewable Energy (RE)

- Strong role of RE in energy mix and its financing widely accepted**
- Essential for implementation of Paris Agreement, reduction of carbon emissions**
- Some comments requested the Bank to establish binding numerical targets for RE in the Results Monitoring Framework (RMF) Some would like to see priority given to solar and wind over (large) hydropower**

5. Hydropower

- Split picture
- Some comments see merits of zero emissions and Asia's untapped potential in hydropower
- Other voices ask for rethinking of the prominent role of hydropower particularly for large installations with dams on rivers due to impacts on biodiversity, methane gas emissions of reservoirs and resettlement of local communities including Indigenous Peoples
- Requests by some parties for Bank not to fund hydropower on the main stream of major rivers
- High costs and risks involved for hydropower, typically borne by the public sector with support from MDBs. Role of private sector is seen critical by some comments

6. Energy Efficiency (EE)

- **Support is widely accepted**
- **Projects are small, a tailor made financial approach is requested. Some comments offer support to mediate suitable financial instruments**
- **Development of a long-term, flexible and comprehensive EE framework is needed, EE should also be applied for Transmission and Distribution (T & D). Involvement of local financial institutions to match the specific requirements requested**

7. Transmission and Distribution (T&D), Decentralised Concepts

- **Investments in T&D deemed necessary to maintain functional grids and transportation with the goal of avoiding energy losses**
- **Promotion of network stability to secure integration of RE**
- **Storage and feed - in solutions of RE are seen as complementary important issues**
- **Digital solutions, smart grids promoted. Some request the adding of off grid stand alone solutions to the Strategy**
- **Decentralized concepts for rural and remote areas, distributed generation requested**

8. Interconnectivity, Regional Cooperation

- Comments focus generally less on this issue compared to the first round**
- Little criticism of the Bank's positive approach to the issue**
- Some comments expressed concern about interconnectivity and asserted that it may reduce efforts for economic diversification in energy exporting countries and leads to increased exports of energy generated mainly by fossils**

9. Limitation of Regional and Local Pollution

- **Widely seen as an important area of priority, although less comments focus on this as in the first round**
- **Sustainable cities seen as a major area of application**
- **Concept should include EE, energy supply and transport solutions**

10. Catalysation of Private Capital

- **Split opinions**
- **Supporters see the necessity to close the large gap on financing infrastructure in Asia, which can only be filled by private investments. Brings about effectiveness, knowledge and lean structures**
- **Others voice concerns about the negative impact of private investments in costly and risky operations, mainly with large hydro power installations, leaving the burden with the public**
- **Concerns also expressed about proper environmental and social oversight of operations using “financial intermediaries” in the energy sector. Requests to make sure that safeguards do apply in the same way here**