

Re: AIIB's Call for Public Input on the Energy Sector Strategy Update

2nd May 2022

To: Mr. Jin Liqun, President, Asian Infrastructure Investment Bank (AIIB)
Mr. Ludger Schuknecht, V.P. and Corporate Secretary, AIIB
Sir Danny Alexander, V.P., Policy and Strategy, AIIB
Mr. Bob Pickard, D.G., Communications Department, AIIB
– *Via Email* –

Dear AIIB President Jin Liqun, Mr. Ludger Schuknecht, Sir Danny Alexander, and Mr. Bob Pickard:

We are writing collectively to express significant concerns about the highly limited parameters of the call for public input on the draft text of the AIIB Energy Sector Strategy Update, and in particular, to urge an immediate reconsideration of the stipulated deadline as well as the unilingual written submission format as posted on the AIIB's [website](#).

Since last [September 2021](#), civil society organizations from across the Asia and Latin America regions as well as European constituencies have proactively raised questions about the Energy Sector Strategy Update process – [in writing](#), in person during COP26 in Glasgow, and [online](#) during the civil society information session scheduled in late February 2022. We once again take this opportunity to call on the AIIB Management and Board to open up a transparent, inclusive, participatory and publicly accountable process, engaging community, national, regional and international civil society networks across the global span of the Bank's membership. Crucially, the requirements for English written submissions within such a short span of time create serious barriers for civil society groups inclusive of all regional and non-regional member states to give meaningful, specific, evidence-based input. Moreover, with all due respect, there is no clarity on the extent to which we can expect comments provided by external actors during this time to be integrated into a revised draft text.

In fact, although the draft text of the Energy Sector Strategy Update acknowledges that other MDBs “have updated their energy policies and strategies in recent years” (para 24), there is no indication that the AIIB is seeking to follow similar online public consultation processes on policy revisions that were recently initiated by peer MDBs (such as those of the ADB, which typically span over several months and enable both written as well as discussion based inputs).

At a minimum, a more transparent and inclusive process would require:

- extending the deadline for input beyond 3rd June;
- posting translated draft texts of the proposed Energy Sector Strategy Update in major languages of regional and non-regional members and enabling options for submissions to be accordingly received and taken into account in other languages;
- permitting comments on the draft to be submitted anonymously, providing assurances that such inputs will be duly taken into account,
- publicly disclosing any approach or background paper on the Energy Sector Strategy Update that is informing the revisions proposed (e.g. CEIU’s Early Learning Assessments on energy projects) at the earliest possible date, i.e. during (rather than following) the public consultation period;
- publicly disclosing a timeline for the update with clearly defined opportunities for civil society inputs, as well as a commitment to disclose a collated list of public comments received with responses from the AIIB (for reference, see: the [ADB Energy Policy Review: Summary of Comments from Stakeholders](#), published during their Energy Policy review in June 2021);
- scheduling online interactive discussion based sessions (non-webinar format) held in different time zones and languages to accommodate regional and non-regional members, and times for meetings to discuss sub-sector concerns, such as on hydropower dams, gas power projects, LNG terminals and cross-border pipelines (transmission and distribution), as well as those classified as ‘innovative and transformative’ in the draft updated text (e.g. including ‘low-carbon’ hydrogen, biomass methodologies and electricity storage technologies);

- providing transparent and clear language on the applicability of the Energy Sector Strategy to non-regional member states, including *(i) defined expectations on what types of energy investments will be prioritized and promoted outside of the Asian region, and (ii) what types of modalities for financing will be deployed (financial intermediary on-lending; financial Institution/liquidity investments, private /public sector)*, so that civil society groups from other regions can respond accordingly, and
- proactively responding to the range of concerns civil society groups have brought forward to the Bank’s management, board and staff about the risk of reprisals experienced by outspoken community members in project affected areas by immediately *(i) integrating a Zero Tolerance provision on reprisals within the text of the updated draft on the AIIB Energy Sector Strategy, as well as (ii) operationalising the Bank’s 2021 [Environmental and Social Framework](#) commitments to address retaliations by adopting and putting into practice an explicit Zero Tolerance protocol for all external relations, inclusive of the ongoing policy revision process of the Energy Sector Strategy.*

Socially and Environmentally Risky Investments in the Energy Sector Makes Transparency and Public Accountability of Paramount Importance

Based on reviewing the draft text of the updated Energy Sector Strategy, we note that investments suggested in the future include developing hydropower dams, drilling for geothermal resources, burning biomass and/or biofuel for energy, building downstream and midstream gas projects, infrastructure for carbon capture and storage, as well as options for concentrated solar and ‘low-carbon’ hydrogen power.

Importantly, civil society groups have already raised considerable concerns about the significant environmental and social impacts expected from energy projects that are in the pipeline but yet to be approved, such as the 280 MW Nenskra Hydropower Plant in Georgia, the Tamakoshi V Hydroelectric Project in Nepal, and the Unique 584MW Meghnaghat Combined Cycle Power Plant in Bangladesh (all of which are listed on the AIIB’s website as proposed “Category A” investments). Such a range of resource-intensive projects being considered across AIIB’s membership can only be

expected to take a heavy toll on community and ecological health,¹ potentially leading to rising tensions within border territories when shared resources are at stake (e.g. transboundary watersheds). As project specific decisions made in the energy sector will have long term implications for the economic, social, environmental and geopolitical futures of several of the Bank's borrowing member countries and their respective populations, a transparent, publicly accountable process for developing the strategic framework for investments in the sector is absolutely imperative.

Notably, civil society organizations based in both regional and non-regional member countries are also alarmed by the increasing financial intermediary on-lending portfolio of the AIIB, including in relation to the energy sector – as there is limited systematic public disclosure of what subprojects are receiving financing, or which communities are affected by these investments, let alone translation of project information into locally relevant languages. Accordingly, this raises serious questions of transparency and accountability, given the lack of any effective options for there to be publicly verifiable assurances that loan conditionalities are being met, such as in relation to exclusions placed on coal and associated infrastructure, or for grievance redress.²

In light of all the issues raised above, we continue to firmly call upon the AIIB Management and Board to extend the deadline beyond 3rd June to deliberate on the draft text of the 2022 Updated Energy Sector Strategy, taking the time to meaningfully listen to – and consider integrating – inputs from a range of societal sectors across the AIIB's membership in a public, inclusive, accountable and transparent manner. First and foremost, this must include the scheduling of open, participatory online discussion sessions that seek public inputs on specific sub-sectors of project investments expected to be prioritized in the Energy Sector Strategy Update (e.g. inclusive of hydropower, downstream and midstream gas infrastructure, and renewable energy/emerging technologies) adjusted for timezone considerations and with translation options available.

¹ Although the AIIB's PPM has only received one submission to date on behalf of [complainants affected by the Bhola IPP Gas Project](#), the negative social and environmental implications of several other energy investments advanced by the AIIB since 2016 have been raised by community groups and allied organizations, including in relation to the Upper Trishuli-1 Hydropower Project in Nepal, the Balakot Hydropower Project in Pakistan and the Trans Anatolian Natural Gas Pipeline Project in Azerbaijan.

² See for example, USD 100 million approved for the [BDMG Renewables and Asia Connectivity Facility](#) in Brazil earlier this year.

We are open to discussing the points raised herein. Given the highly limited timeline, we look forward to hearing a response within the coming two weeks, at the latest by Friday 13th May.

For a meaningful, inclusive, multi-lingual, publicly accountable, and transparent consultation process with diverse sectors of civil society,

350.org Asia, Regional

350 Pilipinas, Philippines

3S Rivers Protection Network (3SPN), Cambodia

Aksi! for Gender, Social and Ecological Justice, Indonesia

Asociación Ambiente y Sociedad (Colombia)

Asian Peoples' Movement on Debt and Development (APMDD), Regional

Building and Wood Workers International - Asia Pacific, Regional

Bangladesh Working Group on External Debt (BWGED), Bangladesh

Both ENDS, Netherlands

CEE Bankwatch Network, Czech Republic

Center for Energy, Ecology, and Development, Philippines

Centre for Environmental Justice, Sri Lanka

Centre for Financial Accountability, India

Change Initiative, Bangladesh

Civic Advisory Hub, Uganda

Coastal Livelihood and Environmental Action Network (CLEAN), Bangladesh

Committee for the Cancellation of Third World Debt (CADTM), India

Defenders Protection Initiative, Uganda

Environics Trust, India

Environmental Public Alliance, Armenia

Equitable Cambodia, Cambodia

Forest Peoples' Programme, UK

Freedom from Debt Coalition, Philippines

Friends of the Earth US, USA

Fundación Ambiente y Recursos Naturales (FARN), Argentina

Fundación para el Desarrollo de Políticas Sustentables /Foundation for the Development of Sustainable Policies (Fundeps), Argentina

Gender Action, USA

Global Alliance for Incinerator Alternatives - Asia Pacific, Regional

Global Responsibility, Austria
Growthwatch, India
GT Infraestrutura, Brazil
Inclusive Development International, USA
Indian Social Action Forum, India
Initiative for Right View (IRV), Bangladesh
International Accountability Project
International Rivers
Just Finance International, Netherlands
Koalisi Pemantau Pembangunan Infrastruktur Indonesia, Indonesia
KRuHA - People's Coalition for the Right to Water, Indonesia
Latinoamerica Sustentable, Regional
Manushya Foundation, Thailand
Mekong Watch, Japan
Nash Vek, Kyrgyzstan
NGO Forum on ADB Secretariat, Regional
Oil Workers' Rights Protection Organization Public Union, Azerbaijan
Oyu Tolgoi Watch, Mongolia
Pakistan Fisherfolk Forum, Pakistan
Protection International Mesoamérica, Guatemala
Recourse, Netherlands
Rivers without Boundaries Coalition, Mongolia
Rivers without Boundaries International Coalition, Russia
Sustentarse, Chile
Urgewald e.V. Germany, Germany
VedvarendeEnergi, Denmark
Youth Group for the Protection of the Environment, Tajikistan