



# Management Response



Management welcomes the Project Learning Review (PLR) Report for the Beijing Air Quality Improvement and Coal Replacement Project (the Project) prepared by the Complaints-Resolution, Evaluation, and Integrity Unit (CEIU) in accordance with the AIIB Learning and Evaluation Policy (LEP). This Management Response is prepared in accordance with LEP para 13(f).

The Project sought to improve air quality and reduce air pollution, including emissions of CO<sub>2</sub>, SO<sub>2</sub>, NO<sub>x</sub> and particulate matters through replacing coal with natural gas for heating and cooking in the selected rural villages in Beijing.

The PLR rates the Project as highly relevant, highly effective, efficient and most likely sustainable. Management acknowledges that CEIU assessed the Project as overall **Highly Successful**, noting strong performance across all core evaluation criteria. Management concurs with CEIU's rating.

Management commends CEIU for the insightful PLR review. The report presents a balanced analysis that supports the overall rating and highlights lessons that could inform the design and implementation of future AIIB operations.

Management is pleased to share the following response to the recommendations included in the PLR:

### **Recommendation 1: Integrate System-Wide Energy Planning into Sector Engagement and Pipeline Development**

Management agrees with the recommendation. Management will encourage upstream energy sector coordination in the multi-year rolling pipeline discussion with Members.

### **Recommendation 2: Adopt a Consistent but Context-Sensitive Monitoring Framework for Environmental and Energy Projects**

Management agrees with the recommendation. Consistent monitoring clean energy projects while maintaining flexibility to adapt to the context and capacity of clients is important. Management notes that the Bank's Guidance Note on Project-Level Results Frameworks (2019) applies to all projects and ensures a consistent approach to results monitoring across sectors.

Management further notes that the approval of the Beijing Air Quality project preceded the approval of the Revised Results Monitoring Framework of the Energy Sector Strategy: Explanatory Note adopted in April 2018 and the approval of the additional updates to the Energy Sector Strategy adopted by the Board in November 2022. The Strategy already includes a common Results Measurement Framework (RMF). The Explanatory Note includes definitions and reporting guidance.

In 2025, the indicators from the Energy Sector Strategy were incorporated into the list of standardized indicators in the Investment Management Information System (IMIS). As per the forthcoming Instruction on Project Development Objective and the Results Measurement

Framework, Project Teams can select relevant standard indicators from the IMIS list when developing their project-level RMFs and may add tailored indicators as appropriate. This approach strengthens both project-level monitoring and portfolio-wide reporting.

**Recommendation 3: Strengthen Completion-Stage Financial and Targeted Economic Analysis for NSBF Projects with Environmental and Social Co-Benefits**

Management agrees with this recommendation. The Economics Department will continue to conduct project Impact Studies, including the quantification of major co-benefits and cost-effectiveness, on select, evaluable Non-sovereign-backed Financing (NSBF) investment operations that are conducive to learning.