



ASIAN INFRASTRUCTURE
INVESTMENT BANK

AIIB Energy Sector Strategy Update (2022)

Summary of the Consultation

September 12, 2022



Table of Contents

- I. **Summary of the Consultation Process (slides 3-6)**
- II. **Summary of the Consultation Outcome (slides 7-10)**
- III. **Summary of Main Comments (slides 11-26)**

I. Summary of the Consultation Process

Summary of Consultation Process

1. Timeline (April–July 2022)



2. Outreach

- The strategy was publicly available for consultation for 14 weeks. During this period, Management also reached out to **over 600 individuals representing 378 organizations** including multilateral/international organizations, public and private sector clients, academia, think tanks, energy experts, MDBs, bilateral agencies, CSOs, and philanthropies, among others.

	Multilateral/ International Orgs	Academia/Think Tanks/Energy Experts	Public and private sector clients	CSOs/NGOs	Others
Number of organizations	26	22	37	280	13

Summary of Consultation Process

3. Inputs collected from various channels:

- a) Written comments submitted by a diverse number of external stakeholders, experts and practitioners;
- b) Dedicated discussions with Board constituencies, Member governments, energy experts, and think tanks;
- c) 14 CSO sessions held during different time zones, including:

May 19-20:

Two general CSO consultation sessions held in two time zones (one hour each)

June 20-25:

Four general consultation sessions held for different regional interest/time Zones (1-2 hours each):

- East Asia-Southeast Asia- the Pacific
- West Asia-Middle East-Europe-Africa
- Central Asia-South Asia
- North and South America (with simultaneous translation)

June 28 –July 6:

Eight thematic sessions on the following topics held in two time zones (one hour each):

- Energy transition and climate change
- Fossil fuels
- Renewables and New technologies
- Hydropower

- d) Five CEIU Practitioner Dialogues with peer MDB independent evaluation departments, including:
 - i. ADB's Sector-wide Evaluation of the ADB Energy Policy and Program (2009-2019)
 - ii. EBRD Evaluation Department: Energy Sector Strategy Evaluation
 - iii. Thematic Evaluation: ADB Support for Action on Climate Change, 2011–2020
 - iv. EBRD Evaluation Department Cluster Evaluation: Solar Power Operations
 - v. World Bank Group Support for Electricity Supply from Renewable Energy Resources: An Independent Evaluation

Summary of the Consultation Process

4. Feedback on the public consultation process

- Throughout the consultation period, AIIB Member governments responded positively to the engagement. Six Member governments organized in-depth discussions between their relevant line ministries and AIIB Management which helped the ESS Update team better understand the local energy context and constraints for different Members, and the needed solutions. Other Member governments provided written comments.
- CSOs/NGOs focused strongly on the process and provided valuable feedback and suggestions on how AIIB can improve its public consultation process to facilitate a more inclusive and transparent engagement.
- Given the importance of the Energy Sector Strategy to multiple stakeholders, AIIB Management extended the public consultation period by five weeks and significantly increased the number of consultation sessions.
- While this summary focuses on the substantive discussions of the Energy Sector Strategy Update (ESS Update), AIIB also noted suggestions from some interested groups on its consultation process and will continue to facilitate inclusive and transparent consultations suited to the Bank's operating model and resources. AIIB welcomes further engagements with external stakeholders including CSOs/NGOs in this regard.

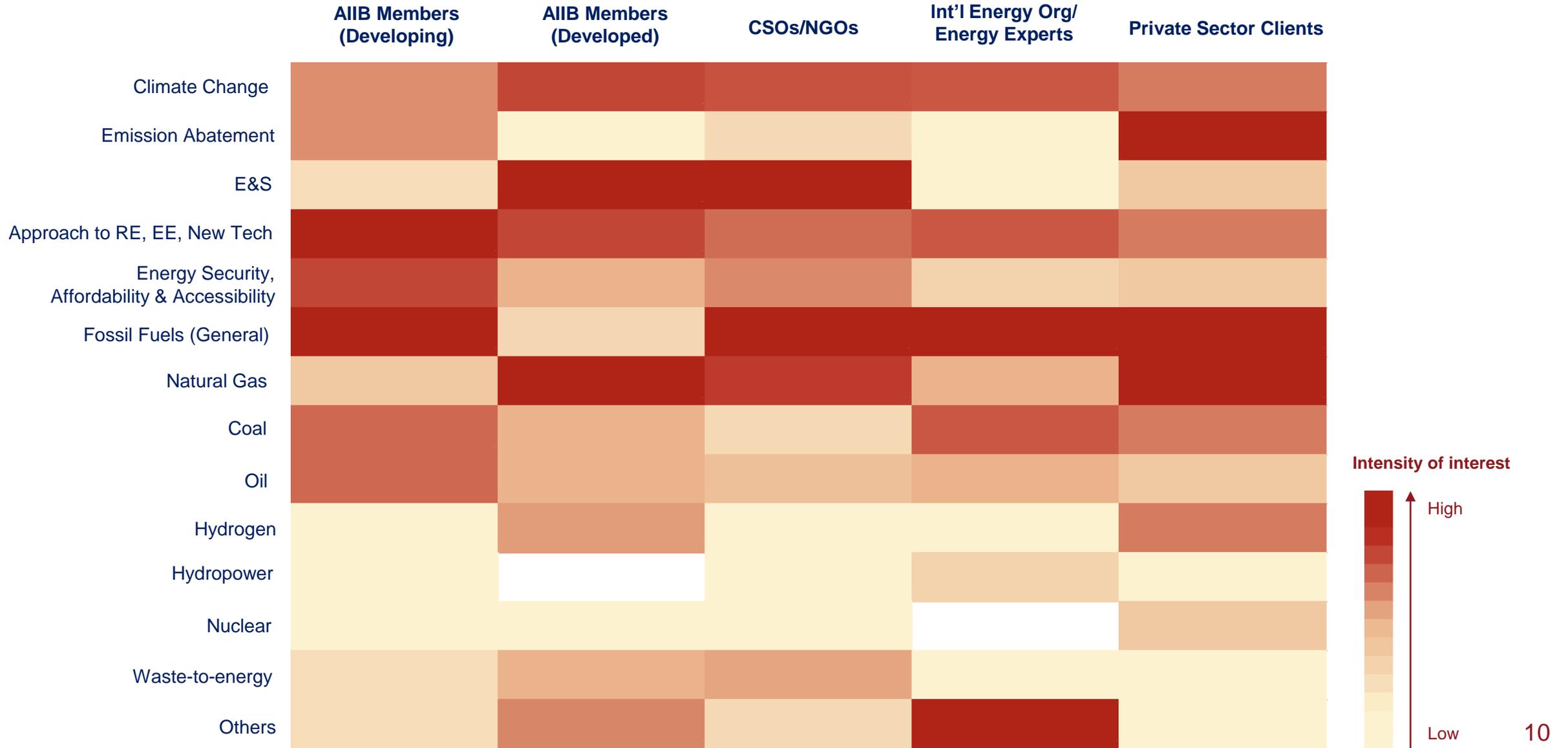
II. Summary of the Consultation Outcome

Summary of Consultation Outcome

- A total of **528 written/oral comments** were received from **127 stakeholders**:

Types of Stakeholders	No. of Stakeholders	No. of Comments
Board Constituencies	7	58
CSOs/NGOs	86	176
Energy Experts	6	31
Multilateral/International Organizations	8	50
Public and Private Sector Clients	16	124
Other Governments Institutions	4	89
Total	127	528

Heatmap Illustrating Different Focus Areas of Groups Consulted



III. Summary of Main Comments

Overall Feedback:

While many stakeholders expressed the view that the draft ESS Update represents a balanced position, the most significant divergence of views regarding the ESS Update concerned its approach to climate mitigation, energy security, and fossil fuels. Stakeholders also generally called for higher ambition and a clearer approach on promoting renewable energy, energy efficiency and new technologies. In addition, E&S was consistently raised with multiple issues highlighted.

The next slides provide a summary of major comments received that were raised frequently or repeatedly by consulted bodies, grouped by the following main topics. The slides also include AIIB Management's high-level reflections on the main topics.

1. Climate Change
2. Energy Security, Affordability, and Accessibility
3. Fossil Fuels (General)
4. Coal
5. Oil
6. Natural Gas
7. Renewable Energy, Energy Efficiency, and New Technologies
8. Environmental and Social (E&S)
9. Gender
10. Results Monitoring Framework
11. Other Major Comments

Two indicators reflect the intensity of comment:

Frequency
(Times mentioned)



Stakeholder Diversity



- “Frequency” indicates the number of times a comment is mentioned.
- “Stakeholder Diversity” indicates the number of stakeholder group(s) raising a certain comment on a certain topic. The groups are presented in five categories: (i) AIIB members (developing); (ii) AIIB members (developed); (iii) CSOs/NGOs; (iv) Private sector clients; (v) International Organizations/energy experts.

1. Climate Change

Frequency ¹	Stakeholder Diversity ¹	Reflections:
 	<p>Climate ambition and prioritization Several stakeholder groups recommended that AIIB prioritize its limited resources to the most impactful transition areas and set numerical targets (e.g., for a gradual phase-out of all fossil fuel investments, progressive RE portfolio share, binding GHG emissions cap, etc.) aligned with the 1.5 °C pathway to achieve net zero by mid-century, informed by the latest scientific research and findings such as the IPCC report. Accordingly, terms referring to “lower carbon” or “less carbon intensive” energy systems should be replaced with “zero carbon” as appropriate.</p>	<p>AIIB notes IPCC’s finding that climate impact will be much lower at temperature increase of 1.5 °C and will <i>resolve to pursue efforts to limit temperature rise to 1.5°C</i>, as urged by the Glasgow Climate Pact. Meanwhile, AIIB will respect Members’ individual commitments, pathways and technological choices under the principle of Common but Differentiated Responsibilities and is fully committed to help Members accelerate the transition progress. The ESS does not intend to determine Members’ energy policies and climate plans, but rather, focuses on how to prioritize AIIB’s resources and utilize its comparative advantage to support its Members’ energy infrastructure needs, and also to be aligned with relevant international agreements.</p>
 	<p>Approach to climate mitigation Some AIIB Members, particularly regional developing Members, stressed that the objective is net zero, not zero emissions, and recommended that AIIB adopt a technology-agnostic approach and accept different pathways by focusing on avoiding, abating, and removing greenhouse gases, regardless of the energy source, not on banning the use of certain fuels and technologies.</p>	<p>AIIB’s climate finance target and Paris Alignment commitment are ambitious and serve as effective guidance for its energy sector operations.</p>
 	<p>Climate adaptation The ESS Update should acknowledge exposure and vulnerability of the energy sector to climate impact and expand commitments on addressing project climate risks through systematic adaptation measures. One suggestion was to include adaptation and resilience as a guiding principle.</p>	<p>Climate adaptation is a key pillar of climate finance and Paris alignment to which the Bank has committed. It is also covered in the ESF for project-level assessment as appropriate. This aspect should be reinforced in the ESS Update.</p>
 	<p>Paris alignment commitment The ESS Update should more explicitly set out the linkage between its project assessment approach and the joint MDB Paris Alignment Assessment Framework and its underlying methodology.</p>	<p>The linkage to Paris alignment commitment will be more clearly set out in the ESS Update.</p>

¹ The definitions of “Frequency” and “Stakeholder diversity” are provided on slide 12.

2. Energy Security, Affordability and Accessibility

Frequency	Stakeholder Diversity	Reflections:
	 <p>Climate objectives vs. energy security, affordability and accessibility Several stakeholder groups including public and private sector clients, and energy experts, highlighted the dilemma in balancing climate actions and essential societal and developmental needs, especially considering the ongoing energy shortages which are likely to persist under geopolitical tensions. One recommendation was made for the ESS Update to elevate the guiding principle of “promote energy security and access” as the first priority and provide more options for developing countries to achieve this objective. Another comment was made to provide energy security caveats in the fossil fuel paragraphs.</p>	<p>Both climate change and the lack of energy services have a devastating impact on economic development and people, particularly the most vulnerable. The objective of the ESS is to support a Paris-aligned transition concurrently with a secure, affordable, and accessible energy system. The ESS Update will consider these issues holistically.</p> <p>While the ESS Update presents a longer-term framework and principles to guide AIIB’s energy sector operations, it is recognized that the current energy crisis has wide-ranging implications on the economy, society, and political stability. AIIB shall continue to help its Members overcome the multiple ongoing global crises within its mandate.</p>
	 <p>Renew definition of energy security Some CSOs, Members, and energy experts regarded the war in Ukraine and the consequent energy shortages as a manifestation of the failure of fossil fuels as a source of secure energy supply. The situation will accelerate transition and AIIB should take a renewed view on the concept of energy security and affordability in the modern context. The transformation also requires AIIB to play a role in resolving bottlenecks for renewable energy supply chain.</p>	<p>AIIB also acknowledges the role of decentralized energy in responding to the challenges of energy access and affordability and has supported operations in this area via indirect financing and equity investment. AIIB will seek to further build up experiences in this area.</p>
	 <p>Role of decentralized energy Some private sector clients and CSOs called for AIIB to elevate its support for decentralized, community-owned energy systems such as industrial and commercial distributed energy, and mini-grids as means to provide affordable, accessible and clean energy as opposed to focusing on large infrastructure projects and cross-border initiatives.</p>	

3. Fossil Fuels (General)

Frequency	Stakeholder Diversity		
		<p>Cleaning fossil fuel value chains Considering that many developing countries will continue to rely on fossil fuels before new technologies for deep decarbonization become available, some regional developing Members, private sector clients and energy experts recommended that AIIB support innovative solutions along the fossil fuel (especially coal) value chains, particularly in efficiency improvement, environmental solutions, health and safety management, and emission abatement.</p>	<p>Reflections:</p> <p>The ESS Update will align with AIIB’s commitment to Paris Alignment and the joint MDB Assessment Framework which is designed to reflect international agreements and their underlying decarbonization pathways. Meanwhile, guided by the principle of Common but Differentiated Responsibilities, AIIB fully respects its Member governments’ efforts to pursue decarbonization options suited to their circumstances.</p> <p>The potential role of abatement technologies is acknowledged by major international climate change and energy organizations such as IPCC and IEA. That said, the concerns raised about the possible carbon lock-in risks of relying on abatement technologies are well noted.</p> <p>The reduction of methane emissions and gas flaring along the fossil fuel value chains is an important part of climate actions and was generally welcomed by stakeholders. It should be supported by the ESS Update.</p> <p>In supporting Members’ efforts to reduce dependence on fossil fuels, AIIB and other MDBs recognize the need for a Just Transition and have issued a high-level statement, which sets out their strategic priorities relating to the actions they would take.</p>
		<p>Complete phase-out of fossil fuel investments Recommendations were made by CSOs for AIIB to completely phase out all fossil fuel investments, with reference to the IPCC 6th Assessment Report which estimates the total life-time emissions from existing and planned fossil fuel assets to be equivalent to the carbon budget of 2°C .</p>	
		<p>Caution on abatement technologies Some CSOs, Members, and energy experts underlined the risk of relying on abatement technologies (e.g. CCUS, DAC) as justification for continued investments in fossil fuels, highlighting the technologies’ immaturity, technical challenges, and failure to deliver expected results to date.</p>	
		<p>Just Transition In view of large-scale employment in and economic dependency on fossil fuel sectors for some Members and communities, the ESS Update should emphasize various aspects of Just Transition and consider it as a guiding principle.</p>	
		<p>Regional/national context AIIB’s approach to fossil fuels should take into account the regional/national contexts. In particular, low-income countries should be provided with more flexibility given their limited historic emissions and capacity constraints.</p>	

4. Coal

Frequency	Stakeholder Diversity	Reflections:
	<p>Unequivocal coal exclusion</p> <p>The exclusion of coal and projects functionally related to coal was met with strong support from individuals in all stakeholder groups. It was requested that loopholes be closed for (i) rehabilitation and upgrade of existing coal facilities and (ii) transmission of coal power and heat as implied in para.44 and para.47 of the draft ESS. Some stakeholders recommended that the ESF's E&S Exclusion List be revised to include coal.</p>	<p>AIIB has committed to align its operations with the Paris Agreement. The commitment is guided by the joint MDB framework which clearly stipulate that new coal power and coal mining are not aligned with Paris goals. AIIB would therefore prioritize limited bank resources to areas with the highest developmental and climate impact.</p>
	<p>Reduce and abate coal emissions</p> <p>Regional developing Members and some private sector clients proposed for a more pragmatic approach considering that clean coal is part of many AIIB Members' energy strategies, particularly those lacking alternatives. They highlighted solutions to reduce utilization or emissions of coal such as CCUS, efficiency improvements, co-firing ammonia and hydrogen in thermal power plants, and shifting the role of thermal power from baseload to peaking or reserve capacity.</p>	

5. Oil

Frequency	Stakeholder Diversity	Reflections:
	<p>Unequivocal oil exclusion Some Members, CSOs and private sector clients welcomed the proposed exclusion of oil sector investments and wished to extend the exclusion to hybrid diesel, projects partially containing oil as well as associated infrastructure.</p>	<p>Oil sector investments produce high GHG emissions and create a carbon lock-in effect. The oil sector, being dominated by large national oil companies and international conglomerates, is also expected to be well-funded for efficiency improvements and environmental solutions. Therefore, it is recognized that MDBs have limited value to add in this area.</p> <p>It is noted that the use of hybrid diesel continues to be essential for improving basic access in specific circumstances, such as in remote islands where renewable energy cannot provide 24/7 energy services.</p>
	<p>Efficiency improvements and environmental solutions The ESS Update's approach to the oil sector was considered too stringent by some regional developing Members and energy experts. These groups underlined the need for energy efficiency improvements and environmental solutions in the oil value chain and refineries as well as for dual fuel power projects.</p>	
	<p>Hybrid systems Island economies stressed the continued need for hybrid renewable-battery-diesel systems to provide for basic access until battery costs reach an economically affordable level and new technologies such as ocean energy mature.</p>	

6. Natural Gas

Frequency	Stakeholder Diversity	Reflections:
	<p>Exclusion of natural gas Some CSOs, island economies, and international energy organizations argued that a development pathway consistent with the Paris Agreement has no space for natural gas investments, considering that natural gas use needs to decline by 40% by 2040 and 70% by 2050 (without abatement) according to the IPCC 6th Assessment Report's 1.5 °C pathway.</p>	<p>The IPCC report proposes various pathways for natural gas under 1.5 °C and 2°C, with or without abatement. There is a general consensus that natural gas use needs to decline over time globally, but regional and sub-sectoral nuances suggest the need for a selective approach in Asia. The criteria set out in the ESS Update are intended to consider the transitional role of natural gas as well as their economic competitiveness compared to lower carbon alternatives in specific member and project contexts.</p> <p>The natural gas criteria included in the ESS Update generally align well with stakeholders' requests/expectations. Management notes the importance of operationalizing a robust assessment - this can be achieved through the detailed methodology being developed for Paris Alignment.</p>
	<p>Support in specific circumstances Several stakeholder groups including some private sector clients recommended that AIIB only support natural gas as a secondary option to RE and limited to very specific circumstances assessed against a clear list of criteria, including alignment with Members' NDCs, LTS and sectoral decarbonization pathways, avoidance of carbon-lock in and stranded assets, availability of alternative RE options, incorporation of shadow carbon pricing, etc. However, this is only valid if a robust assessment methodology can be defined and operationalized, particularly noting the challenges of creating a renewables-based counterfactual, and that NDCs are weak references.</p>	
	<p>Upstream gas investments One regional Member recommended support for upstream gas activities as they are critical to secure energy supply and a prerequisite for Members' mid-and downstream gas operations.</p>	
	<p>Changed economics for natural gas Some members, CSOs, and some energy experts held the view that the war in Ukraine and fuel market disturbances have changed the gas economics. The continued high price of gas means that gas can no longer be considered a transitional fuel—especially for the large importing countries in the region.</p>	

7. Renewable Energy, Energy Efficiency, and New Technologies (1)

Frequency	Stakeholder Diversity		Reflections:
		<p>AIIB's positioning and ambition All stakeholder groups suggested that AIIB's declining engagement with fossil fuels should be offset by a higher emphasis on and enthusiasm for renewables, energy efficiency, and new technologies. The ESS Update should more clearly set out how these areas will be supported, and how private capital will be mobilized. Technical assistance and R&D investments are among the most highlighted areas that need AIIB's support.</p>	<p>The ESS Update should state AIIB's intention and role to accelerate investments in RE, energy efficiency and new technologies in a more proactive manner, while the detailed financing approach will be defined at the implementation level.</p>
		<p>Waste-to-energy The absence of a position on waste-to-energy in the ESS Update was questioned by some Members and CSOs. While some highlighted the importance of the role of waste-to-energy in island economies, other stakeholders voiced serious concern regarding its RE categorization, high GHG emissions, toxic pollutant discharge, and failure to respect the principles of circular economy, and called for its exclusion from AIIB financing. Concerns were also raised about the use of FI approaches to fund waste-to-energy projects.</p>	<p>As a project-based bank, AIIB strives to play a role in technology development and adoption through financing along the value chain of new technologies and solutions. Meanwhile, AIIB will proactively leverage its Project Preparation Special Fund as well as partnerships for upstream support and concessional financing in the areas of RE, EE, and new technology.</p> <p>Management will consider clarifying AIIB's position on Waste-to-Energy in the ESS Update.</p>
		<p>Hydrogen Some developed Members, CSOs and energy experts recommended that the ESS Update focus only on green and blue hydrogen or green hydrogen only. It was also noted by CSOs that the hydrogen industry currently lacks a regulatory framework to govern standards and E&S aspects. Meanwhile, private sector clients requested for more clarity on how this early-stage solution will be supported by AIIB.</p>	<p>The concerns about the absence of a regulatory framework for hydrogen are well noted. Clean hydrogen is at an early stage of development and commercialization. AIIB will build its capacity and actively collaborate with partners to create a market and implement high standards in Bank-financed projects.</p>

7. Renewable Energy, Energy Efficiency, and New Technologies (2)

Frequency	Stakeholder Diversity	Reflections:
	<p>Hydropower Considering the significant E&S impacts and climate risks of hydropower development, some CSOs recommended that AIIB adopt a selective approach on hydropower and focus on maximizing hydropower's value in decarbonization (e.g., as an ancillary service and flexible source) and refurbishing, modernizing and enhancing safety of existing facilities. Some stakeholders recommended that AIIB exclude financing for new large hydropower projects, noting their problematic E&S history and the limited capacity of MDBs to adequately support them. One of the concern was for the need to conduct adequate E&S reviews in relation to the installation of floating solar on reservoirs. The need to evaluate GHG, particularly methane, was also noted.</p>	<p>AIIB will selectively support hydropower investments on a variety of scales, recognizing the need to assess their potential E&S and climate change risks and impacts, and to provide for management and monitoring of these issues. The need for evaluation of the installation of floating solar on reservoirs and GHG, including methane, is noted.</p>
	<p>Nuclear Power Some AIIB Members and private sector clients recognized nuclear energy as a key decarbonization solution, while CSOs called for an outright exclusion of all nuclear related investments, including their placement on the ESF's E&S Exclusion List.</p>	<p>Nuclear power remains a source of significant debate at the global, regional and national levels. At this time, AIIB does not anticipate providing support in this area.</p>

8. Environment and Social (1)

Frequency	Stakeholder Diversity		Reflections:
		<p>Biodiversity Energy projects including clean energy and RE production can have a negative impact on biodiversity and vital ecosystem services. It was recommended that biodiversity impacts (such as fragmentation of ecosystems) and incorporation of nature-based solutions should be planned at a very early stage of project development. One of the recommendations was for the establishment of a policy provision for both direct and indirect (FI) energy investments, mandating recognition of biodiversity no-go areas, including legally protected areas, Indigenous Peoples' traditional lands, key biodiversity hot spots and free flowing rivers. A stakeholder recommended that the provision for biodiversity no-go areas be included in the ESF's E&S Exclusion List.</p>	<p>While the ESS Update is not intended to repeat AIIB's <u>Environmental and Social Framework (ESF)</u>, the two documents are closely linked. The ESS Update and the ESF together will guide AIIB's energy sector operations to promote high E&S standards and consideration of key issues in project design, including on gender, biodiversity, inclusiveness, Indigenous Peoples and rights of local communities.</p> <p>The concerns about biodiversity are noted and are consistent with the increased recognition of the linkages between climate change and biodiversity. AIIB will work with its clients as they implement the biodiversity provisions within the ESF.</p>
		<p>Emerging issues with RE Many emphasized the emerging E&S issues associated with RE development including land rights concerns as well as labor and working conditions in manufacturing RE equipment, mining of transition minerals, and end-of-life recycling/decommissioning. Concerns were also raised about the biodiversity impacts of wind power projects, regarding their siting and risk of birds striking operating turbines. It was recommended that AIIB formulate an approach to address these challenges.</p>	<p>Many RE E&S issues are emerging and will need to be effectively addressed with the rapid expansion of investments in RE. AIIB is working with its staff and clients to address these issues at the project level, during project design and implementation.</p>
		<p>Inclusiveness It was recommended that the ESS Update add specific sections on Indigenous Peoples, marginalized, vulnerable, and excluded groups. Some stakeholders recommended that AIIB adopt the use of Free, Prior and Informed Consent (FPIC) for Indigenous Peoples. As a general comment, some stakeholders recommended that AIIB take measures to work with clients to improve the quality of public consultation and disclosure of project-related documentation.</p>	<p>AIIB notes the proposal to add specific sections on inclusiveness to the ESS Update. The ESF provides for the use of Free, Prior and Informed Consultation (FPICon). Where FPIC is provided for under national law or a cofinancier's policy, FPIC is applied to the project. AIIB will continue to work with its clients for the improved quality of project-level consultations and related disclosure.</p>

8. Environment and Social (2)

Frequency	Stakeholder Diversity	Reflections:
	 <p>Rights-based and people-centric approach It was recommended to consider that local communities and people have rights to lands, territories and resources. AIIB's energy projects should include meaningful consultations with local communities and workers, and not tolerate human rights violations.</p>	<p>The ESF applies to projects guided by the ESS Update and provides for the use of public consultation and disclosure processes. It also addresses land acquisition and involuntary resettlement, and has provisions for labor and working conditions including safety of workers and communities. AIIB recognizes the importance of human rights, as articulated in the ESF's Vision Statement.</p>
	 <p>Grievance redress mechanisms (GRM) Concerns were raised by CSOs about communities and individuals having access to project-level GRMs. They noted the need for Indigenous Peoples and women to be given special consideration in the design and operation of GRMs.</p>	<p>The ESF provides for opportunities at the project level for communities and workers to raise and seek redress for their project-related grievances.</p>
	 <p>Access to project-affected people's mechanism (PPM) CSOs expressed concern about the need for people affected by energy sector operations to have access to the PPM and recommended for the ESS Update to provide PPM-related guidance.</p>	<p>AIIB's PPM serves as an independent accountability mechanism to address complaints from stakeholders about the environmental and social risks and impacts of projects financed by AIIB in accordance with the Policy on the PPM.</p>
	 <p>Management of risk of retaliation CSOs expressed concern about the risk of retaliation against organizations, communities and individuals who voice concerns about energy sector projects during planning, implementation or operation. One stakeholder proposed that the ESS Update include a zero-tolerance provision on retaliation for AIIB-funded energy projects, building on the ESF commitment to address retaliation.</p>	<p>AIIB recognizes and takes seriously the increasing risk of retaliation to stakeholders who express views regarding the environmental and social risks and impacts of development projects. AIIB has published a Statement on Retaliation (May 2022) explaining its approach to this important matter.</p>

9. Gender

Frequency	Stakeholder Diversity	Reflections:
 	<p>Gender</p> <p>While the enhanced language on gender in the ESS Update was generally welcomed, CSOs, some AIIB Members, and energy experts requested clarity on the specific measures that AIIB will take to address gender-related issues and development of a gender policy.</p> <p>Recommendations were made to:</p> <ul style="list-style-type: none"> (i) enhance the design of consultations to enable women's participation; (ii) assess the risk of exploitation and gender-based violence, as well as obstacles to equal access to project benefits; (iii) ensure information disclosure and grievance redress are accessible to women; (iv) actively enable greater gender balance in clean energy professions, as well as women empowerment; and (v) include gender-related results monitoring indicators. 	<p>The comments regarding gender are noted and will inform AIIB's ongoing investments and its systematic approach going forward.</p> <p>The ESF includes provisions:</p> <ul style="list-style-type: none"> o designed to appropriately include women and vulnerable groups in consultations; o to address gender-based violence, sexual exploitation and abuse, and sexual harassment; and designed to provide grievance redress mechanisms that are accessible to women. <p>AIIB notes the importance of accessibility of information disclosure to women.</p> <p>AIIB is taking action to promote women's employment at professional and non-professional levels in the energy and other sectors at the project level.</p> <p>The use of relevant gender indicators has been adopted at the project level when applicable. Aggregation of project level indicators will be subject to technical feasibility.</p>

10. Results Monitoring Framework

Frequency	Stakeholder Diversity	Reflections:
 	<p>Results Monitoring Framework The RMF should include ambitious, measurable targets aligning with or going beyond MDB best practices to deliver Paris Alignment. A stakeholder noted that the RMF is an important part of the ESS Update, which should incentivize, make accountable and drive investments to key priorities in the ESS Update.</p> <p>Recommendations were made to include additional results monitoring indicators such as on gender, methane and other GHG avoided, distributed energy, demand-side energy efficiency, energy access, assistance in capacity building, development of local R&D systems, and social and environmental aspects. The importance of a robust accounting methodology for GHG avoidance was stressed. One stakeholder suggested to use GHG reduction in lieu of GHG avoidance to better demonstrate AIIB's contributions to decarbonization.</p>	<p>The comments on RMF will be taken into consideration on the basis that they are clear, relevant, and monitorable, and can be meaningfully aggregated at the portfolio level.</p>

11. Other Major Comments (1)

Frequency	Stakeholder Diversity	Reflections:
	<p>Consultation Process A group of CSOs provided suggestions to improve the consultation process, including: (i) providing a longer public consultation period (ii) posting of translated texts of the draft ESS Update in major languages of regional and non-regional members; (iii) allowing written submissions in languages other than English; (iv) online interactive sessions in different time zones and languages as well as thematic sessions to address sub-sectoral concerns; (v) in-person consultation sessions with project affected communities; and (iv) public disclosure of the timeline for the update and the public comments received with responses from AIIB management.</p>	<p>CSOs' suggestions on the consultation process are noted by AIIB Management (see slide 6 for more details).</p> <p>The ESS Update does apply to AIIB's energy investments, whether made directly or indirectly through FIs, and this will be clarified in the ESS Update.</p>
	<p>ESS's application to financial intermediary operations Strong requests were made from different stakeholders on clarifying the application of the ESS Update to indirect investments (eg. FI).</p>	<p>The ESS Update does apply to AIIB's energy sector investments, whether in regional or non-regional members and this will be clarified in the ESS Update. The approach to non-regional members is further defined by AIIB's Strategy on Financing Operations in Non-regional Members.</p>
	<p>ESS's application to non-regional members CSOs requested AIIB to clarify the application of the ESS Update to AIIB's nonregional Members.</p>	<p>The recommendations to adopt policies on human rights, gender and climate change are noted. However, these recommendations are beyond the scope of this ESS Update and would require a separate process that would need to be endorsed by the Board.</p>
	<p>Development and adoption of policies on Human Rights, Gender and Climate Change It was recommended that the Bank adopt policies on human rights, gender and climate change that could be used to guide the development and implementation of the ESS Update and ESF.</p>	

11. Other Major Comments (2)

Frequency	Stakeholder Diversity	Reflections:
	 <p>Approach to energy system development and planning It was recommended that the ESS Update explain how AIIB evaluates the energy systems and policies of its Members at a strategic level and in decisions to support specific projects. This should take a holistic approach balancing new generation, upgrading of existing facilities, supporting energy efficiency and promoting RE.</p>	<ul style="list-style-type: none"> AIIB notes the recommendation on energy system development and planning. AIIB works closely with the other MDBs that conduct strategic level assessments and analysis of the energy sector, which AIIB then uses to inform its approach at the regional and national levels. Over time, it is anticipated that AIIB will conduct strategic planning either in partnership with other MDBs or on its own.
	 <p>Timeline for Strategy Revision Recommendations were made for setting a clear timeline for strategy revision and suggestions for a revision cycle of 3-4 years/10 years were proposed.</p>	<ul style="list-style-type: none"> Like all AIIB sector strategies, the ESS will be revised on needs basis to reflect meaningful operational experience, as well as major changes in technological status and Member situations.

Note on Abbreviations

ADB	Asian Development Bank
CCUS	Carbon capture, utilization, and storage
DAC	Direct air capture
EBRD	European Bank for Reconstruction and Development
EE	Energy efficiency
ESS	Energy sector strategy
E&S	Environmental and Social
ESF	Environmental and Social Framework
FI	Financial Intermediary
FPIC	Free, Prior and Informed Consent
FPICon	Free, Prior and Informed Consultation
GHG	Greenhouse gas
GRM	Grievance Redress Mechanism
IEA	International Energy Agency
IPCC	Intergovernmental Panel on Climate Change
LTS	Long-term low greenhouse gas emission development strategies
PPM	Project-affected people's mechanism
RE	Renewable energy
RMF	Results Monitoring Framework
R&D	Research and development
NDCs	Nationally Determined Contributions