



WWF

BRIEF

**MAR
2017**

WWF's Comments on AIIB Energy Sector Strategy: Sustainable Energy for Asia (Discussion Draft for Consultation, January 2017)

March 2017

WWF Welcomes AIIB's Efforts

WWF, an international conservation organization, is very glad to see that the Asian Infrastructure Investment Bank (AIIB) had launched the first stage public consultation for its Energy Strategy Issue Note on 14, Oct 2016 and the second consultation for its Energy Sector Strategy in January 2017, in an effort to achieve the goal of sustainable energy for Asia. WWF welcomes the AIIB's openness and transparency to the public of its policies and strategies with significant environmental and social impacts. Again, WWF would like to appreciate AIIB's efforts on embrace renewable energy, energy efficiency investment and decision on no investment in nuclear power generation.

WWF Urges AIIB to Consider and Adopt Public Consultation

WWF, however, is **NOT satisfied** with the fact that this Draft had not made significant change to the previous one and seems to be missing a lot of the inputs we've given already for the AIIB Energy Strategy Issue Note published in November 2016.

We urges AIIB to sincerely consider all the inputs from stakeholders in the public consultation process, particularly which from the civil societies and adopt those meeting international standard and best practices. We would like to repeat our key asks mentioned in our inputs to the draft of November 2016:

- Achieving the Paris Agreement objectives should be the starting and ongoing reference point.
- AIIB's Energy Strategy should support member countries to achieve the Sustainable Development Goals (SDGs). WWF recommends the SDGs be considered together with SE4All and Paris Agreement as among AIIB's Energy Strategy Overall Goals.
- AIIB should support a continuous shift towards less Asian reliance on fossil fuels, and associated emissions, whilst delivery of better and healthier energy services for all people. This should be embedded into AIIB's overarching goals.
- WWF calls for AIIB to look into the impact of energy infrastructures on the ecosystem integrity, ecosystem services, local communities and biodiversity, especially in Key Biodiversity Areas (KBAs) and protected areas. KBAs have been mapped worldwide and represent areas of high biodiversity and are considered irreplaceable. As such, they should be avoided by any major development activity, especially that professing to be green.
- WWF also calls on the AIIB to fully integrate the environment into its portfolios, including in its decision-making as well as review and reporting processes.
- WWF calls for AIIB to engage more widely with stakeholders, not limiting to Multi-Development Banks (MDBs) but including Civil Society Organizations notably NGOs, to draw their expertise and capacities. A multi-stakeholder engagement approach will enable AIIB to fulfill its needs for expertise and

knowledge in various sectors (e.g. renewable energy, ecosystem and biodiversity conservation, community engagement and etc.).

- WWF reiterates the importance of AIIB's adoption of transparency principles and comply with social and environmental standards for ensuring quality implementation of its energy policies and projects.
- AIIB should also push harder to adopt lending practices and portfolio management practices using science based targets. As an organization starting afresh, AIIB has the opportunity to set itself this challenge without the burden of legacy transactions.

For more information, please find attached **WWF's Comments on AIIB Energy Strategy: Sustainable Energy for Asia (Issue Note For Discussion)** submitted in November 2016.

WWF Calls on AIIB to Protect Itself from the Risk of Financing Projects that Risk Damaging the Outstanding Universal Value of UNESCO World Heritage Sites and other Protected Areas

The outstanding universal value of UNESCO World Heritage sites

UNESCO World Heritage sites, regardless of where they are located, "belong to all the peoples of the world," according to UNESCO. They represent the shared heritage of present and future generations. As well as representing some of the last refuges for wild species of flora and fauna, natural World Heritage sites also support millions of people who depend on them for their livelihoods and for the resources they provide including water, food and fuel.

Over half of natural properties provide soil stabilization, flood prevention and carbon sequestration services, and two-thirds of sites are important for the provision of fresh water. Many sites also represent social and cultural value to communities, as well as to us all as part of humanity's shared global heritage.

UNESCO World Heritage sites under threat, threatening people's livelihoods

Unfortunately half of all natural World Heritage sites face significant threats to their unique values, putting the livelihoods and wellbeing of people who depend upon them at risk. A 2016 report produced by Dalberg Global Development Advisers and commissioned by WWF, [*Protecting People Through Nature: Natural World Heritage Sites as Drivers of Sustainable Development*](#), highlighted the increasing threats to natural World Heritage sites from harmful industrial activities. Such harmful industrial activities include oil, gas and mineral exploration and extraction, large-scale infrastructure such as large dams, roads, railways and pipelines, and industrial-scale logging and over-fishing.

The key findings of the Dalberg-WWF report are that nearly half (114/229) of all natural and mixed World Heritage sites are threatened by harmful industrial activities.

These threats to our shared heritage put at risk the livelihoods and wellbeing of at least 11 million people globally. The report also finds that more than 20 per cent of these sites face threats from more than one harmful industrial activity. These 114 threatened sites are located in 63 countries across all regions of the world.

Managing the business risk, supporting the Sustainable Development Goals

In the context of this AIIB sector strategy for energy WWF recommend that AIIB should reduce their business risk of exposure to projects that might damage World Heritage sites. This can be achieved by adopting a policy against investing in any extractives activities within World Heritage sites and by including clear protocols for any proposed projects adjacent to UNESCO World Heritage sites, to ensure the value of the World Heritage site will not be impacted. This would align with AIIB's stated core values "Lean, Clean and Green". This would support the clear and consistently held position of the UNESCO World Heritage Committee over the last decade that oil, gas and mineral exploration and exploitation are incompatible with UNESCO World Heritage status. (see UNESCO World Heritage Centre, 'World Heritage and Extractive Industries' <http://whc.unesco.org/en/extractive-industries/>). Further such a policy would support the achievement of Sustainable Development Goal 11.4 states "strengthen efforts to protect and safeguard the world's cultural and natural heritage". WWF would be happy to work with AIIB to share private sector experience in creating robust World Heritage site policies and implementation that protect these companies from these business risks. Many of these companies also chose to include sector policies to better manage business risks on other industrial scale threats to World Heritage sites such as from hydropower projects.

Protected Areas

Further to the protection of World Heritage sites AIB may like to consider that the IUCN World Conservation Congress in Hawaii in 2016 passed [motion 26](#) urging a range of institutions, including development banks, "not to conduct, invest in or fund environmentally damaging industrial activities and infrastructure development within, or that negatively impact protected areas or any areas of particular importance for biodiversity and ecosystem services that are identified by governments as essential to achieving the Aichi Biodiversity Targets, and to make public commitments to this effect."

For more detail information, please refer to:

- WWF's guide to Financial Institutions of our Protecting People Through Nature report:
http://assets.wwf.org.uk/downloads/wwf_dalberg_fi_summary_protecting_people_through_nature_final.pdf
- UNESCO World Heritage Centre, 'World Heritage and Extractive Industries'
<http://whc.unesco.org/en/extractive-industries/>

WWF Comments on Details of the Document

General Comments:

The document is still not a strategy, but a framework policy. It still misses:

- sector- and region-specific objectives
- theory of change
- time framework and the timeline and process for monitoring and revision of the strategy
- stop list for projects and no-go-areas
- principles for projects selection
- references to ecosystems and biodiversity protection
- technology transfer and knowledge-sharing for best available practices and techniques
- no references to promotion of other renewables besides solar, wind, and geothermal

Specific Comments

It is not clear from the document why in the preamble there is only reference to Energy goal (7), while the document evidently links to Climate goal (13) as well.

Para 1 is a disclaimer and formulated as the process of POLICY development, rather than a strategy document which should have clear objectives, indicators, and timelines

Para 3 –Strategy cannot provide a framework, it is a policy document then, not a strategy, which leads from point A (Global energy landscape) to point B (not defined) by addressing Issues and challenges

Para 7 needs references to sources of data

Lessons learnt – there are no references to actual lessons of projects implemented – effects (positive and negative) in energy, economic, social and environmental areas

Para 16 should refer to the issues of ecosystem fragmentation as transmission and distribution is a linear infrastructure. There is a need in reference to off-grid opportunities especially with regard to renewable energy in this section, not only in para 34

Not clear what the Bank will take into portfolio under zero carbon investments. References to grants are relevant, but the issue of subsidy policies (both production and consumption) as well as tariff policies play significant role in achieving success in phasing-out of fossil fuels and increasing energy efficiency

Para 17 see comment above – a strategy cannot provide a framework, it should achieve clear objectives within clear time period. From the preamble and the narrative it becomes evident that the strategy should be built around sustainable energy (clean, affordable, accessible, and secure)

Para 19 not clear against which indicators or objectives the portfolio will be monitored, as at present it ‘provides framework’, it doesn’t contain selection criteria, three thematic principles are not defined in terms of targets.

Para 27 should contain clear description of frequency of review and the process of review

Para 34 hydropower although considered as renewable energy, but in no way it is a zero-carbon type, it also has great negative impact on river ecosystems, which should be reflected in the Strategy. This can be done through formulation of principle of ‘free-flowing rivers’ for hydropower and rejection of any new big dams. For these reasons hydropower should be separated from renewable energy

Para 44 the outcomes as mentioned in the Annex II should be seriously revised

Annex II

1. All outcomes should have direct link to the Strategy objective (which is ‘framework’ wise for now), and Guiding principles
2. Indicators should contain figures
3. Output cannot contain amount of investment as these investments can be ineffective

World Wide Fund for Nature

10

1980

WWF has been working in China since 1980.



1961

WWF was funded in 1961.

+100

WWF is in over 100 countries, on 5 continents.

For more information

Sun Yiting
Sustainable Banking & Finance
Programme Director
WWF China
ytsun@wwfchina.org

3rd Floor, Building #2, 22
Baiwanzhuang Street,
Xicheng District, Beijing
100037, P.R. CHINA

Tel : +86-10-6809 3666

Fax: +86-10-6809 3777

Guo Lina
Sustainable Banking & Finance
Programme Senior Officer
WWF China
Inguo@wwfchina.org



Why we are here
To stop the degradation of the planet's natural environment and
to build a future in which humans live in harmony with nature.

www.wwfchina.org