

**ENERGY SECTOR POLICY OF THE AFRICAN DEVELOPMENT
BANK GROUP – ADDENDUM - MATRIX OF QUESTIONS AND
ANSWERS**

Consultation process and matrix of comments

The draft Energy Sector Policy was discussed by a first CODE in June 2011. The comments received from the discussion were incorporated in the draft document that received clearance for external consultations.

The consultations took place from July to September 2011 and included workshops and posting of the document on the Bank's website. The first meeting was held in Khartoum, Sudan, from 3-5 July 2011 for the Eastern Africa region and the second one in Dakar from 16-17 August 2011 for Northern, Western and Central Africa regions. Participants from 23 countries, representing stakeholders from governments, the private sector, academia, development partners and the civil society attended the two workshops.

The meetings were moderated by participants themselves. During plenary and break-out sessions, participants were asked to discuss the following main issues:

- The relevance of the policy framework vis-à-vis the objective of increasing access to energy;
- The approach the Bank should adopt in order to ensure a balance between meeting the urgent need of increasing access to energy and reducing GHG emissions;
- The role the Bank should play in promoting clean energy;
- Any other comments.

Following the consultation meetings, the Policy document was discussed at CODE in November 2011 and January 2012 respectively.

The feedback received from the meetings, the written input from online consultations and the comments received from CODE as well as responses provided are summarized in the matrix below.

Comments	Responses
1. Balance between social, economic and environmental benefits	
<p><i>1.1. Balance "accessibility" over "low carbon intensity":</i> The performance and environmental guidelines will be particularly important and will help the Bank determine if a certain type of energy project is desirable or not.</p> <p>These guidelines will enlighten how the Bank weighs “accessibility” over “low-carbon intensity.” The draft pays significant attention to the need to expand access to energy services, thus highlighting the potential tradeoffs between expanding access and providing clean energy, and suggests the former may take general precedence at the AfDB. Can we better understand how Management weighs the choices between these two?</p>	<p>If on the one hand, access to modern forms of energy is critical in reducing poverty, promoting social equity and enhancing competitiveness, on the other hand, financing certain forms of energy may undermine the AfDB’s commitment to the social and environmental protection and to support climate change mitigation efforts. To overcome this dilemma, the Bank will be more selective on the type of energy project to finance. It will seek to adopt the energy option that allows a balance between the environmental, social and economic benefits. Therefore, the role of the guidelines is to provide a framework/approach for assessing these options and making sure that the Bank’s energy projects meet a number of performance criteria, including performance in terms of reduction of emissions.</p> <p>For coal projects in particular, the decision for AfDB financing will be based on performance criteria in terms of (i) meeting national/regional energy security needs and/or improving access for the poor; and (ii) reducing GHG and other emissions.</p>
<p><i>1.2. The guidelines should be spelled out in the Policy:</i> The implementing guidelines should be spelled out clearly within the policy itself to ensure they are given the full weight of the policy, as well as be made available in draft form for public comment. Including the guidelines in the policy itself would also serve as an important signal to staff and project leaders, as well as to borrowers, who might otherwise consider these most critical aspects to be optional guidance.</p>	<p>The guidelines have been highlighted in the document to emphasize the Bank’s approach to finding a balance between environmental, social and economic benefits of energy projects. They will be further elaborated to help Bank staff in project screening and decision making. Guidelines constitute an operational guidance tool whereas the policy’s objective is to set the orientation and provide overarching principles for Bank’s intervention in the energy sector. Therefore, the full guidelines cannot be part of the Policy document.</p> <p>As with the development and revision of Bank’s policy and procedure documents and as already mentioned in section 3.3. of the policy document, the preparation of the implementation guidelines</p>

	will be based on extensive internal and external consultations, as appropriate.
<p>1.3. AfDB should assist RMCs in planning and assessing energy options: The AfDB has a role to play in assisting regional member countries in comprehensively planning and assessing energy options. The AfDB should support countries to conduct a comprehensive cost-benefit analysis of different energy options and base its financing decisions on this analysis.</p>	Bank interventions in the energy sector will be based on an options assessment as described under section 3.2. of the policy document.
<p>1.4. Options analysis: We do not see anywhere in the policy anything that would help staff “adopt the energy option that allows a balance between the environmental, social and economic benefits.” <i>On what basis is staff to conduct this options analysis and what standards will be applied?</i></p>	The approach for options assessment and the guidelines for specific energy projects to be developed will help staff identify energy option that ensures a balance between social, environmental and economic benefits.
<p>1.5. Set a strong signal towards a climate friendly portfolio: The policy and the strategy should set a strong signal towards a climate friendly portfolio by focusing on energy efficiency and renewable energy.</p>	Agreed. This is the case throughout the policy document and “Moving towards a cleaner energy path” is one of the principles that will guide the Bank in its energy sector interventions. The Bank will support the gradual introduction of economically viable cleaner technologies by (i) increasing gradually, the sustainable use of renewable energy, (ii) fostering energy efficiency, and (iii) adopting cleaner technologies. Moreover, the guidelines and the approach for options assessment to be developed constitute a strong signal towards a cleaner energy portfolio.
<p>1.6. Cost associated with Adaption and mitigation: The document lays undue emphasis that mitigation and adaption come at additional costs, over and above business as usual. This assumption is not always true. What efforts is the Bank proposing to foster win-win situations in the long run, instead of citing this to be an a priori obstacle?</p>	While noting that mitigation and adaptation often come at additional cost, the Bank will be following up on advances in research to develop more affordable solutions and promote them at country/regional level, as appropriate. This justifies further, Bank’s collaboration with research institutes.

<p>1.7. We also note that, although Africa accounts for less than 4 percent of the current global GHG emissions, it is most likely to be the worst affected and the least prepared to cope with Climate change. Therefore, we welcome the Bank’s objective of supporting RMCs to meet their energy needs and gradually transit to green energy. However, since the transition to Clean and renewable energy would entail adjustment costs and investment in new technologies are fraught with high risks, there is the need for the policy to emphasize mobilization of concessionary resources to finance this transition in RMCs.</p>	<p>The need for mobilization of concessionary resources has been taken into account in the last sentence of section 2.2.8. on “Integrating responses to climate change”. We have also emphasized this issue in section 1.2 of Annex 2, which reads as follows: <i>“In most cases, producing cleaner energy entails additional costs. Renewable and clean-energy technologies are generally at an early stage of market development, which drives up project risk and costs and results in higher initial capital expenditure outlays. A combination of financing options is required to offset the high cost of generation associated with new technology and ensure the supply of competitively priced power. A blend of concessional financing with commercial financing can play a key role in encouraging green-energy generation and highlighting the public-good nature of the investment”</i>.</p>
<p>1.8. Include SESA safeguards in PBOs and regional operations: AfDB’s S&E protection policy should also include incorporating Strategic Environmental and Social Assessments (SESA) Safeguards into policy-based loans as well as regional programmes, such as large-scale hydropower investments, and not only on project-based interventions as described in section 2.2.7 under Social and environmental responsibility.</p>	<p>Agreed. It should be noted, however, that Strategic Environmental and Social Assessment (SESA) is part of the current Bank Group’s E&S safeguards and procedures and is being further clarified and strengthened in the Integrated Safeguard System being developed by ORQR. Section 2.2.7. has been revised to also reflect the use of E&S safeguards for PBOs and regional programmes.</p>
<p>1.9. Give careful consideration to social and environmental safeguards: Environment protection is not prominent in the section on focus areas and should be further highlighted.</p>	<p>Environmental and social responsibility has been emphasized as a key principle that should guide Bank’s operations in the energy sector. This means that environmental and social issues will be looked at in all Bank energy operations to ensure compliance with E&S safeguards policy of the Bank.</p>
<p>1.10. Under the paragraph on the policy implementation a reference to the use of safeguards should be included. While we welcome the energy options assessment, we ask AfDB to consequently include this for its project choices. Also, we recommend AfDB to adopt a carbon accounting system for the energy sector to track its progress in supporting its members on a low-carbon growth path.</p>	<p>Safeguards: reference to the use of safeguards is made in the principle on “Social and environmental responsibility”, under section 2.2.7.,which reads as follows: <i>Bank ‘s sector projects, regional programs and policy-based operations should reflect and comply with the Bank’s social and environmental standards, as defined in its Environmental and Social Safeguard policies.</i></p>

	<p>Energy option assessment: on the basis of comments received during the informal Board, the section on Options Assessment (see Section 2.3) has been revised to also take into account the need for a demand – driven approach i.e. the need to help countries define their low-carbon path based on their specific circumstances and priorities.</p> <p>Carbon accounting systems: The Bank will continue to follow up on the progress in the development of carbon accounting systems and will take advantage of these systems to track its progress towards a low carbon path.</p>
<p>1.11. Build on lessons learned from the Bank ‘s experience in terms of E&S protection: The framing sections briefly mention the need to mitigate negative local environmental and social impacts, but considering AfDB’s recent experience in high-risk and high profile projects, including those that have been the subject of complaints to the Independent Review Mechanism such as the Bujagali Dam in Uganda, this should be discussed in more detail and with specific lessons learned from these experiences.</p>	<p>The E&S Policy of the Bank is being updated and it is built on lessons learned from passed experiences, including from the Bujagali Dam in Uganda. The Bank interventions in the energy sector will have to comply with this Policy.</p>
<p>2. Areas of engagement</p>	
<p>2.1. Governance and regulatory issues</p>	
<p>2.1.1. Engage more on governance and regulatory aspects: There is a lack of focus on the issues of governance and regulatory framework of the energy sector.</p>	<p>The policy has been revised to emphasize governance and regulatory issues (section 1.4 of Annex 2). It spells out (i) the importance of effective governance and regulatory frameworks for the energy sector in general and for attracting private investments in particular, (ii) how inefficient frameworks led to deterioration of energy facilities and under-performance in the sector in Africa, (iii) the need to assist RMCs reform their governance and regulatory frameworks, and (iv) key policy orientations for the Bank (section 2.2.4.).</p>
<p>2.1.2. Enhanced governance (para 2.2.4): The paragraph on enhanced governance is quite good in terms of stating the</p>	<p>By “promoting political stability”, we refer to investments that may contribute to stability and peace in a given region. This is clarified in</p>

<p>background and facts. However, it was rather strange to note that the AfDB will “promote political stability,” and the guidance to staff on designing clear and coherent regulatory frameworks that protect users and investors did not provide any new policy details. On what basis will staff know if what they are recommending is “clear and coherent”? Will best practice standards be provided for staff?</p>	<p>footnote N° 2. With regards to regulatory framework, the Bank will build on existing best practices. Section 2.2.4 has been revised for more clarity.</p>
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2.2. Energy efficiency

2.2.1. Focus more on improving energy efficiency of existing power plants which use fossil fuels and investing in new power plants using renewable energies: the proposed objective of the energy policy is to make the energy sector cleaner whereas the investment focus of the Bank will be electricity production from oil, gas and coal besides hydropower and bio-energy. Staff might want to review its policy proposal by focusing more on improving energy efficiency of existing power plants which use fossil fuels and by investing in new power plants using renewable energies, specially hydro-power where energy price is low (price of KW/h), which can provide large scale electricity production and where the technology is mature.

Although the Policy emphasizes the importance of fossil fuels to meet the urgent energy needs on the continent, it also highlights the need for the Bank to support the gradual introduction of economically viable cleaner technologies by helping RMCs to (i) increase gradually the share of renewable energy sources in the energy mix, (ii) foster energy efficiency, and (iii) adopt cleaner technologies (section 2.2.2.).

Moreover, renewable energy and energy efficiency are part of the areas of focus of the Policy.

2.2.2. Energy efficiency should be included as one of the key guiding principles of the policy: AfDB should similarly prioritize end use energy efficiency over supply side expansion options. It is universally accepted as the lowest cost means of increasing energy access, in addition to contributing to reduced climate change impact.

Energy efficiency is an area the Bank will focus its interventions on to increase access and where it will have an active role. The Policy prioritizes supply side and end use energy efficiency over supply side expansion. One of the objectives of the options assessment is to determine whether energy efficiency would not be a viable alternative to the development of new generation capacity.

2.3. Regional cooperation

2.3.1. Regional integration will be crucial for the success of the energy policy and therefore should be emphasized. The Bank

Agreed. Regional integration has been emphasized and is one of the focus areas for Bank’s interventions (section 2.4.1 and section 5.5 of

<p>should differentiate itself by clearly indicating its orientation for regional cooperation in the energy sector, especially for inter-connection of electric networks and networks for the transport of gas.</p>	<p>Annex 2).</p>
<p>2.3.2. AfDB must assist regional power pools in the regulatory/governance issues: We support the plan to work more on regional power pools, but acknowledge that they face significant challenges in the form of political instability, weakness of cross-border regulations, and lack of funding. It is proper for the ADB to assist in the regulatory/governance issues to assist this work, and agree with it being an explicit part of the policy.</p>	<p>Agreed. This has been taken into account.</p>
<p>2.3.3. Regional energy transfer vs regional power generation projects: Is the policy attempting to prioritize regional energy transfer projects over regional power generation projects? This could be implied, and we wonder if it is intentional?</p>	<p>Indeed, if the regional context in terms of generation capacity and energy availability allows it, the Bank will prioritize regional energy transfer projects over regional power generation projects for the following reasons: (i) To meet the urgent energy needs, it is easier to build on existing national energy generation systems for energy trade among countries, to compensate recurrent energy deficits: (ii) Though potentialities exist for large regional generation systems and though they present some advantages, they are difficult to set up (governance and regulatory frameworks, high investments resources) and have long time gestation periods. However, given that most African countries have deficits in their energy production and don't possess therefore a surplus, the Bank will also pursue the promotion of viable regional power generation projects.</p>
<p>2.3.4. The policy should discuss AfDB's experience in regional integration: While the draft ESP discusses regional integration and power pools sporadically, it does not discuss the extensive experience that the AfDB has gained over the past several years in</p>	<p>The policy on regional integration has built on Bank's experience in the area. It has built on the learning review of the AfDB's experience with Regional Operations launched in January 2010 by the AfDB's Vice President for Country and Regional Programs and Policy</p>

<p>this area, in particular lessons learned on what has been successful and what has not.</p>	<p>(ORVP) with the following objectives: explore the design and implementation problems of AfDB's portfolio of regional/multinational operations; derive operational lessons and provide recommendations as to measures AfDB management and staff could adopt to address the problems in Regional Operations. The findings of this review are summarized in section 5.5. of Annex 2.</p>
<p>2.4. Biofuel</p>	
<p>2.4.1. We wonder if it is appropriate for the AfDB to promote the development of first generation biofuels: Even though biofuel has a high mitigation potential, if not managed properly, energy crops could compete with food crops and have undesirable impact on food prices. This would lead to the impoverishment of local population, especially in poor regions of Sub Saharan Africa. Research in the field of biofuel has demonstrated that the first generation of biofuels is complex and controversial. Research is currently working on the development of second generation of biofuels which would not only use the seed but would use the complete plant including the stem and the straw, the vegetative grass and the wood. This would limit the competition between food crop and biofuels and would emit less GHG than ethanol. However, the technologies of the second generation of biofuels are still in R&D stage. In those circumstances we wonder if it is appropriate for the AfDB to promote the development of first generation biofuels.</p>	<p>While there are issues of concern, biofuel production has a great potential and the sector could provide a major new growth opportunity. AfDB's support to biofuel will be done under stringent conditions. The Bank will only invest in biofuel schemes that (i) do not undermine food security and biodiversity, (ii) are integrated into and foster rural development by increasing access to energy and social services, empowering agriculture, broadening employment and income opportunities; (iii) achieve a net CO₂ reduction over their life time; (iv) do not impact adversely on equity and poverty, respect land use and labor rights through appropriate mechanisms; and (v) promote, as much as possible, inclusive business models for smallholder farmers.</p>
<p>2.4.2. We urge to adopt a cautious approach in the area of biofuels: On biofuel, while we welcome the definition of criteria to support biofuels, we also urge to adopt a cautious approach, since many studies and experiences have shown that large scale biofuel production could give rise to serious problems (in terms of possible impact on food production and social conditions) that could outnumber possible positive effects on GHG emissions.</p>	<p>The Bank will be cautious in the area and will base its decisions on stringent conditions as described above. These will be further stressed in the guidelines on biofuels to be developed.</p>

2.5. Hydropower

2.5.1. Include a requirement for a robust climate change assessment and further accentuate the importance of governance: The hydro policy should include a requirement for a robust climate change assessment as a condition of support, and should refer explicitly to the AfDB's support and application of the World Commission on Dams report. While policy and strategy make some general remarks about the importance of good governance and regulation as part of the key to success in energy development, we believe that they may need further accentuation in the case of hydro power. Some of the potential large hydro projects on the continent are in countries which rank low on governance and corruption indices. This fact can contribute to investors' and partners' hesitation to participate. These issues should then be spelled out in detail in the guidance note which is to be prepared.

Include a wider approach to water resources and river-basin management, emphasizing climate change adaptation: Para 2.3.1.2 regarding support to hydropower requires to include wider approach to water resources and river-basin management, emphasizing climate change adaptation. Within the Strategic Environment Assessment (SEA) process, for example, scenario analysis is often used to facilitate participatory decision-making in changing climate conditions. Management is requested to clarify this issue.

2.5.2. Include a requirement for an agreement with downstream countries to be affected: On the development of hydropower, a key requirement is that countries should not build dams, or other storage on transboundary rivers, without consultation with riparian countries that would be significantly affected.

2.5.3. We consider that only smaller hydro (< 10 MW) should fall

To ensure viability of hydropower projects, a wider approach to water resources and river basin management as well as consideration of climate change are indeed imperative. The policy statement on hydropower (2.3.2) has been therefore revised to incorporate these important issues.

The AfDB recognized the importance and relevance of the report of the World Commission on Dams (WCD). The Bank will draw appropriate lessons and knowledge from relevant international organizations including from the WCD to guide its interventions in hydropower. During the elaboration of the guidelines, reference will be made to the WCD report, as appropriate.

Enhanced governance being one of the guiding principles, signifies that governance issues will be looked at in any energy project and sub-sector including hydropower. Moreover, the section on hydropower has been revised to explicitly emphasize governance issues.

SEA is included in the Bank Group's E&S Safeguards system and will be part of the tools to be used during project development phase for operations to be financed by the Bank.

In respect of projects emanating from one or more countries on transboundary water courses, the Bank will have due consideration to impacts on downstream communities. It will seek broad agreement with riparian countries and, in the absence of this, will assess and satisfy itself of any significant impacts on other riparian countries.

The role of criteria and safeguards is to ensure that even in the case of

<p><i>under clean and renewable energy:</i> we welcome the improved identification of the criteria to decide on the Bank’s involvement in hydropower projects. However we continue to consider that only smaller hydro (< 10 MW) should fall under clean and renewable energy. In any case – and this does not concern only hydropower – attention should not be focused only on generation, but careful consideration should be given to the need to develop and improve the distribution lines, including transnational interconnections.</p>	<p>large hydropower plants, the risks are mitigated and a balance is ensured between social, economic and environmental benefits of such projects.</p> <p>Generation as well as distribution and transmission, including transnational interconnections are part of the focus area of the Policy.</p>
<p>2.5.4. Para 2.3.2 suggests that the AfDB will seek broad agreement with riparian countries in respect of projects emanating from one or more countries on trans-boundary water courses and, in the absence of this, will assess and satisfy itself of any significant impacts on other riparian countries” We find this to be in contradiction with the existing Integrated Water Resources Management (IWRM) Policy that explicitly requires agreement or no-objection between riparian countries. Either the IWRM Policy is revised or the current proposal should be modified to reflect it.</p>	<p>During previous CODE discussions, some Chairs insisted on the difficulty of having in some cases, the agreement of all riparian countries. In such situations, the Bank should undertake its own assessment of the impacts of the project on other riparian countries before getting involved in its financing. However, should the above policy statement be retained, this would require, as aptly indicated, the revision of the statement in the IWRM Policy.</p>
<p>2.5.5. <i>Spell out guidelines for hydropower projects:</i> While we agree that the ADB will need to remain engaged in hydropower development, and we agree that specific guidelines need to be developed to guide staff, as with the coal, we would like to see more specifics of the types of issues that staff will be asked to weigh when trying to decide the merits of an individual project. Hydropower, by its very nature, has impacts which cross borders. We need some greater assurances in the policy that the Bank recognizes these impacts and will consider them in its analysis.</p>	<p>The specifics of the types of issues that staff will be asked to analyze are included in the paragraph on hydropower. They will be further detailed in the guidelines to be developed</p>
<p>2.6. Coal</p>	
<p>2.6.1. <i>Influence more to accelerate emissions reduction:</i> We would encourage the AfDB to consider using its considerable influence to accelerate emissions reductions and capacity building in</p>	<p>Agreed. This is the approach of the Bank as stated in section 2.2.2. of the policy document.</p>

Africa by: (i) Doing more to support and encourage clients to adopt the cleanest, highest efficiency plant and to upgrade existing plant to these standards where feasible. (ii) Being ready to support the deployment of continuous coal-fired power generation, including CCS as well as supporting renewable energy technologies where the potential exists or will be available in the future, but the latter will only happen when and if the right financial, policy, planning and capacity building support is provided to the clients of the African Development Bank. We believe that helping African economies to prepare early for the adoption of key decarbonisation technologies such as hydro, wind, ocean, solar, geothermal, biomass and CCS technologies will enable a faster and more effective international response to climate change. We also believe this will act as an important enabler of development within those countries as a source of investment, jobs and low carbon infrastructure.

2.6.2. State the preference of the Bank for finding solutions in the area of coal: Coal is one area where it will be critical for the AfDB to find language that accommodates all shareholders. The U.S. has issued very specific public guidelines that we have shared with staff and encouraged all MDBs to follow. The policy as stated remains too broad, and does not adequately state the preference for finding cleaner solutions. While such details may be detailed in the eventual guidelines, we need a better understanding that the concepts in our coal guidance are being considered. Such a general policy on this issue is too much of a blank check and will be hard for us to support.

2.6.3. Need for coherent approach towards use of coal as an option: The document is giving incoherent messages on development of coal based energy in different places. The message at para 2.2.2 regarding gradual phasing of high emission technologies in a way contradicts the key principle enunciated in

The revised version highlights the Bank’s commitment to exploit coal resources in environmentally responsible manner. It spells out conditions for Bank’s financing in the area of coal, thereby showing its preference for clean coal solutions.

The gradual phasing out of high emission technologies will be only possible if the Bank uses the appropriate technologies. This is the reason why the section on coal emphasizes that the Bank will take advantage of the progress in technology i.e. of what this progress offers in terms of best technologies that could help improve

<p>para 2.3.1.5 which lays emphasis on taking advantage of progress in technology. Again para 2.2.1 lays stress on assisting the member countries “in their efforts to harness their energy endowment to ensure energy security and expand access to affordable and reliable energy services” without any qualification on grounds of environmental sustainability or subject to promotion of efficient technologies.</p>	<p>efficiency and reduce emissions. “Harnessing energy endowment to ensure energy security and expand access to affordable and reliable energy services” will also be pursued while promoting environmental sustainability and responsibility (section 2.2.7).</p>
<p>2.6.4. The Policy needs to be more specific: Regarding coal, we believe the policy remains too open-ended. It leaves unspecified what the performance criteria for supporting coal plants will be. We believe that MDBs should state clearly that they will require “best internationally available technology for reducing GHG emissions for the size and duty cycle of generating capacity needed,” and that “subcritical pulverized coal technology should be avoided.” Also, the policy should clarify in what cases offsetting would be required, rather than simply "encouraging" it. Lastly, we would like to see a differentiated standard between low-income and middle income countries, as stated in our coal guidance note. We believe the case for MDB financing of coal in certain strict circumstances can be more easily defended for the lower-income countries which are more energy-starved and are limited in their access to other sources of investment.</p>	<p>The AfDB, like other MDBs including the World Bank and the Inter American Bank, will provide detailed specifications on the type of technologies, offsetting measures, etc., as part of the operational guidelines/guidance notes to be developed. Differentiated standards based on the country category will also be proposed, in these guidelines, as appropriate.</p>
<p>2.6.5. Acknowledgement of the importance of and methodology for GHG accounting in the policy is important: GHG accounting is not directly addressed in the policy or the strategy. We understand that GHG accounting is expected to be included in the integrated safeguards system. We believe more explicit acknowledgement of the importance of and methodology for GHG accounting in energy projects is important for transparency in implementation of the policy and the strategy.</p>	<p>As part of its principles, the Bank will encourage solutions that reduce GHG emissions in coal, gas and oil-based energy projects (section 2.2.2). This will be addressed in projects as appropriate.</p>

<p>2.6.6. In the case of Coal, the environmental impact is a critical issue: Although the environmental effects of energy programs have generally been captured in the document, I believe that, in the case of coal, it should be explicitly cited as one of the issues on which the Bank’s decision will be based. Paragraph 4.3.1.5 on page 16, should therefore add a fourth roman numeral (iv) <i>Mitigation of negative environmental effects</i>.</p>	<p>The objective of most coal criteria is to mitigate negative environmental impact through identification of no or low carbon alternatives use of best available appropriate technology, etc. Nevertheless, the revised document has explicitly made reference to mitigation of negative environmental impacts in section 2.3.4.</p>
<p>2.6.7. We think that in general the Bank should not finance coal mining development (exploration and exploitation). Coal-based projects could be financed only if there is a strong development case and when the proposed project makes use of the best available technologies, appropriate to the specific country context.</p>	<p>Many African countries have vast endowment of coal while still facing access to energy constraints. Some of these countries have been requesting the Bank’s assistance in harnessing these endowments. However, the AfDB is aware of challenges posed by coal-fired power plants and will therefore ensure that necessary safeguards are put in place. The Bank will not finance exploration of coal mine. Its involvement in coal projects will ensure compliance with environmental and quality standards including the use of best available appropriate technologies, as stated in section 2.3.4..</p>
<p>2.6.8. Para 2.3.4 on Coal recognizes that many RMCs have significant coal deposits and that harnessing this potential is critical to achieving universal access to modern energy. Yet, exploiting Africa’s coal deposits in an environmentally sustainable manner entails some adjustment cost. Therefore, under the list of things to be done in para 2.3.4, we ask that you add a Roman numeral (iv) which states that the Bank will support RMCs to mobilize necessary funding for cleaner and more effective technologies. (This has been reflected elsewhere in the document, but it needs to be indicated in this specific context).</p>	<p>This is already stated in Para. 2.3.4. on Coal as follows: “The Bank will work with RMCs to ensure the use of the most appropriate available technologies and <i>assist in sourcing additional financing to invest in such technologies.</i>”</p>
<p>2.6.9. With respect to the principle of ‘Moving towards a cleaner energy path’, you may wish to consider making the Bank’s support to cleaner energy-related technology transfer more explicit, to help</p>	<p>The Policy statement in Section 2.2.2 underscores the importance of technology transfer in achieving the Bank’s ambition towards a cleaner energy path. The Bank support will focus on creating an</p>

<p>underpin the discussion on coal as an energy source later on in the document</p>	<p>environment conducive to better Intellectual Property Rights protection and technology transfer. The analysis of challenges associated with the transfer of clean technologies is presented in the second paragraph of section 1.5 in Annex 2.</p>
<p>2.7. Oil and gas</p>	
<p>2.7.1. State the intention to move away from reliance on oil and gas: The discussion of oil focuses primarily on oil and gas extraction. However, a large share of AfDB energy funding over the past several years has gone to financing thermal power plants. Financing for such projects is not discussed in the Energy Sector Policy, and AfDB should explicitly state its intention to help countries move away from reliance on expensive and often imported oil and gas.</p>	<p>While continuing to support power generation from fossil fuels given the urgent need to increase access to energy, the Bank reaffirmed its strong commitment to diversify the energy mix of RMCs by supporting the gradual introduction of economically viable cleaner technologies/energy sources (section 2.2.2.).</p>
<p>2.7.2. The Bank should explicitly promote greater transparency in the exploitation of the resource and the use/distribution of the revenues: For oil and gas, the distribution of the earnings between private companies and government, as well as internal (within-country) distribution and utilization of the resources is one of the key factors determining successful and efficient use of the resource. The Bank should therefore explicitly promote greater transparency in the exploitation of the resource and the use/distribution of the revenues that accrue therefrom.</p>	<p>This has been taken into account in the section on oil and gas (section 2.3.5).</p>
<p>2.7.3. We think that in general oil and gas investments should not be financed by the Bank or by the ADF</p>	<p>The Policy aimed at providing a framework to allow the Bank's involvement in the Oil & Gas sector. The Bank will not finance exploration activities but may support production, processing, distribution and export of African hydrocarbons while promoting good governance in the area. It is also worth mentioning that OPSM has commissioned a study to provide background information for discussion on the nature of AfDB's intervention in</p>

	oil and gas industry, particularly from the private sector operations perspective.
2.8. Nuclear energy	
2.8.1. We would like to see that our policy is clear on the exclusion of any activity concerning nuclear energy.	This has been done.
2.9. Biomass	
2.9.1. We think the policy should be clearer in <i>identifying the conditions for their use</i> , in order to avoid the problems mentioned concerning deforestation, soil degradation and health problems.	Most populations in sub-Saharan Africa (between 70-90 percent) rely on traditional biomass to meet their energy needs. Bank involvement in this area is not aiming at encouraging the intensive use of biomass, but to help, improve the conditions of sustainable biomass production and use, and therefore reduce their negative impact on health, forests and soils. Conditions for its use may be defined on a case by case basis.
2.10. Access by rural and urban poor	
2.10.1 Give more priority to urban and rural poor: It was observed that the urban and rural poor are not prioritized which may make it futile to supply modern forms of energy. Rural electrification should be added as a stand-alone challenge.	The challenge of inadequate access to modern energy services in rural and peri-urban areas has been recognized and emphasized in the Policy document (1.1. and 1.2.of annex 2.). Moreover, access by the poor to affordable energy services is one of the key principles that will guide the Bank’s interventions in the energy sector.

<p>2.10.2. All sources of power generation are important to provide access to electricity in Africa: All sources of power generation – at least in the longer term - will be important to provide access to electricity for all in Africa, this includes biomass, hydro, ocean, solar, geothermal and wind technologies in combination with the cleanest use of fossil fuels. For many parts of Africa hydro power or other renewable energy technologies could be a key driver for economic development through local community electrification, provided that further market integration is ensured and provided that appropriate grid connections are put in place.</p>	<p>Agreed. The policy has recognized the need to exploit the continent’s energy resources endowment including fossil fuels and renewable energy sources to increase access to electricity (section 2.2.1 on “<i>Ensuring energy security and increasing access for all</i>”). Moreover the Bank’s determination to promote access to electricity as a key driver for economic development has been equally emphasized in the same section.</p>
<p>2.10.3. Promote decentralized power generation for remote areas: Since many regions of Africa have no or little power generation, the infrastructure implications will be significant for both renewable and fossil fuel based new power capacity. Decentralized power generation such as small hydro power plants may be a better solution in some of these regions in order to limit the infrastructure investments; in other regions investment in grid will be an important co-benefit in return.</p>	<p>We agree. The policy takes into account decentralized power generation systems and highlights the importance of off-grid systems for rural areas in particular (Section 2.2.3 on “<i>pro-poor focus</i>”).</p>
<p>2.10.4. Clarify the Bank's approach to affordability: While the vision clearly has a pricing aspect, it is not clear within the guiding principles how the issues of pricing and affordability will be pursued, as the ‘pro-poor focus’ principle appears to cover access to locations where only the poor lives.</p>	<p>In addition to covering locations and making distribution systems available, the revised policy document indicates the Bank’s approach in ensuring affordable services: “ (i) promote non-market-distorting subsidization mechanisms, targeted to the poor and selected productive sectors; and (ii) emphasize production of energy at low cost.” (section 1.2 of Annex 2).</p>
<p>2.10.5. Promoting subsidies: In the context of sustainability, levying of user charges on cost plus basis is an essential pre-requisite. Provisioning of subsidy through budget helps in keeping the balance sheet of energy provider unaffected. However, issue of designing</p>	<p>Indeed, subsidy mechanisms may differ from one country to another depending on the country’s institutional framework and government policies and the Bank would need to work on a country basis in this area. Whatever shape subsidies take (cross-subsidies, subsidized</p>

<p>and targeting the subsidies in accordance to needs of the poor would differ from country to country as per regulatory practices and budgetary constraint. In such scenarios how and with what instruments is the Bank intending to promote non-market-distorting subsidization mechanisms, targeted to the poor and selected productive sectors as highlighted in para 2.2.1.?</p>	<p>interest rates on loans, equity investment by a government to promote service expansion, low bulk tariff rates for distribution companies expanding service, government budgetary contributions, etc.), the objective should be to allow access to higher quality energy service by the poor and provide business incentives to serve them. The AfDB will not be the one providing subsidies but will work with RMCs on a case per case basis to develop the required policy frameworks, subsidization systems and instruments that (i) allow to reach those for whom they are intended, (ii) are structured in such a way that they encourage provision of service at least cost, and (iii) achieve social goals while providing incentives to businesses to serve low-income populations.</p>
<p>3. Cross-cutting issues</p>	
<p>3.1. Include guidelines for gender mainstreaming in energy projects: There is no discussion of past successes or failures regarding gender impacts of energy choices and no specific requirements for treating gender in energy financing. As some of the technology discussions include specific implementation guidelines, we encourage AfDB to include a distinctive set of implementation guidelines for gender.</p>	<p>“Mainstreaming gender dimension” being part of the guiding principles for the Bank intervention in the energy sector means that particular attention is paid to gender implications in the energy sector. This means also that gender issues will be looked at in all Bank energy project and necessary measures will be taken as appropriate during the project cycle.</p>
<p>3.2. On a different note, we welcome the attention given to mainstream gender but would like to see this given a further hand. For instance, the promotion of clean cook-stoves, through participation in the UN Global Alliance for Clean Cook-stoves could be a concrete suggestion in this direction.</p>	<p>As a general framework, the Policy objective is to highlight the fact that the Bank should take into consideration and mainstream gender issues into its operations, including the use of gender disaggregated indicators to better highlight the impact of operations on women and other vulnerable groups. During implementation, the Bank will take advantage of existing initiatives and guidance manuals in the area (from the UN or other organizations) to reflect gender implications into its energy project cycle as appropriate. This may include the promotion of clean cook-stoves.</p>
<p>3.3. We have to evolve mechanism for supporting gender-</p>	<p>We agree that a proper mechanism is needed to ensure effective</p>

<p>disaggregated energy information We entirely agree with the role of gender mainstreaming in socio-economic development. However, to move away from rhetoric to reality, we have to evolve mechanisms for supporting gender-disaggregated energy information/ statistics and policy that will give clear cut direction in this regard. This may please be clarified.</p>	<p>gender mainstreaming in energy operations. Indeed, gender-disaggregated indicators are often non-existent and there is also the issue of how to use them. However, some sectors, including the energy sector, are more advanced in developing guidance manuals to these issues. For example, the UNDP, in collaboration with other partners has developed a toolkit and resource guide for gender & energy. The revised Policy document highlights the need for AfDB to take advantage of existing initiatives, manuals and toolkits to improve gender mainstreaming in its energy programs.</p>
<p>3.4. On the whole issue of mainstreaming gender, there are two aspects that need further fine-tuning and elaboration:</p> <ul style="list-style-type: none"> ▪ Gender mainstreaming is left too much at the rhetorical level. Perhaps now is the time to give more meaning to this principle and give more specificity to what this means in the energy sector. As it is stated, it is similar to the notion of ‘access to all’ – an inclusive growth characterization which is important, but insufficient. Perhaps we could point to energy development that responds to the different needs of women and men (e.g., employment gained or lost resulting from related choices made). ▪ To say that we will take advantage of existing initiatives and tools to ensure effective gender mainstreaming into energy programs and projects presumes proven progress and results achieved in gender mainstreaming whereas the track record indicates otherwise. You may wish to use stronger results language to make this point. 	<p>We agree that there is a need to move away from rhetoric to reality. We also recognize that access to modern forms of energy plays a critical role in the empowerment of women both as entrepreneurs and household managers. Section 2.2.10 on “Mainstreaming gender dimension” has been reviewed accordingly.</p> <p>We also agree that a proper mechanism is needed to ensure effective gender mainstreaming in energy operations and the Policy stressed it, while keeping in mind that its effective mainstreaming will remain with the energy strategies and projects.</p>
<p>3.5. Knowledge products: we can enhance our knowledge beyond our technical focus, beyond electricity production and incorporate energy access in all its dimensions (such as; cooking, heating, productive use, lightning, communication</p>	<p>Agreed. While the Policy emphasizes the Bank’s commitment to enhance its staff skills and knowledge, the dimensions mentioned against are rather of strategic nature. Depending on its priorities, the medium term strategy may take into account these specific areas of knowledge.</p>

<p>3.6 Bank capacity: while some areas for strengthening the energy skills mix are mentioned, we miss more concrete indication regarding the capacities of staff and the available resources of the Bank group.</p>	<p>We agree that availability of adequate skills is critical for the effective implementation of the policy. However, the required skills mix depends on the activities to be undertaken and the priorities of the operational plan. Therefore, discussions and concrete indications regarding staff capacity building should be part of the medium term energy strategies.</p>
<p>3.7. R&D: Need to emphasis Innovations: For development of renewable energy, instead of talking about just R&D, one could add R&D&I (I for innovation) since the latter normally includes the deployment and commercialization of developed technologies/solutions.</p> <p>Support for R&D in Africa cannot succeed without skills development. Equipment and infrastructure is also essential. Hence, paragraph 4.3.1.1, page 15 (English version), last sentence in the paragraph should read: The Bank will therefore promote skills AND INFRASTRUCTURE development.....</p>	<p>This has been done.</p>
<p>3.8. An enabling environment and capacity building are critical for technology transfer: IPR protection is a convener and not a barrier for technology transfer. But we see lack of capacity as one of the main barriers for technology transfer, and encourage the Bank to support an enabling policy framework for investments in this respect.</p>	<p>For developing countries, IPR may be a barrier to technology transfer and there is need to assist RMCs to access IPR protected clean technologies. We agree that lack of capacity is also a main barrier. In order to facilitate technology transfer, the need to help RMCs to set up enabling legal & regulatory frameworks to protect IPR and build appropriate capacity has been taken into account (section 2.2).</p>
<p>4. General approach</p>	
<p>4.1. Set specific targets for measuring the results of the Policy: As the proposed objectives of the policy are large and not quantified, it is very difficult to have an idea on the type of results that could be</p>	<p>Annex 1 provides a results framework with key results monitoring indicators to guide the implementation of the Policy. The medium-term energy strategies that will help operationalize the policy will</p>

<p>achieved through this policy. We would expect further clarifications in the Strategy. Indeed, If the Bank wants to promote a cleaner energy sector, it might want to define a quantifiable objective such as a review of its energy portfolio so that in 5 years xx% of its energy portfolio is clean. Such objectives would incentivize staff to focus on cleaner energy projects and the Bank could deliver clear results in the next few years.</p>	<p>define results frameworks with concrete quantitative and qualitative indicators as well as targets for specific timeframes. Moreover, section 3.5 on “<i>Monitoring and evaluation</i>” lists the outcomes expected from the implementation of the Policy.</p>
<p>4.2. On the <i>results measurement framework</i> we propose to establish an indicator for affordability (e.g. cost or price of energy). We also think that energy savings is a more straightforward denomination than energy gains. In any case, these should be indicated against a baseline. Regarding the indicators on clean technologies we request that indicators of renewable energy are considered, as the term clean technology may be misleading (by including coal). In order to measure an eventual transformative impact the share of renewable energy in total investments should be tracked. It must become meaningful for all forms of investments (public, private etc.).</p>	<p><i>Indicator for affordability:</i> Affordability refers both to the cost of energy and the income of the households/users and their capacity to pay for energy services. This is the reason why the cost of electricity, which is only one determinant of affordability, is not included as an outcome indicator in this general framework aimed at monitoring the implementation of the Bank’s policy. The % of access to electricity and energy consumption per capita reflect much more the two determinants of affordability. However, we agree that such indicator should be considered at country or project level.</p> <p><i>Energy savings:</i> we agree with this denomination</p> <p><i>Indicators on clean technologies:</i> The share of renewable energy in total generation capacity is part of the Indicators (outcome indicator 3.1). The term clean technology under Indicator 3b.2 refers to fossil fuel clean technologies</p>
<p>4.3. <i>Linkages with other Bank policies:</i> The paper signals the need to integrate the energy dimension in relevant sector policies but does not indicate how the energy dimension will be linked to other sector policies and what would be the purpose of such linkage.</p>	<p>There are obvious links between access to energy and many aspects of social and economic development. Although energy is not one of the eight MDGs, access to modern energy is a prerequisite to achieving these goals. This is the reason why the Policy recommends that the Bank, when reviewing sector strategies or policies (notably in the areas of infrastructure, agriculture, health, education and environment), analyze the energy dimension and the impact it may have in the efficiency of the sector operations and take it into account.</p>
<p>4.4. As indicated by the various discussions on the energy sector policy and, previously, on the private sector policy, reference</p>	<p>We agree. The section 3.3 on “Mainstreaming of energy dimension in the Bank’s policies, strategies and operations”, has been revised to</p>

has often been made to how the Bank will seek to tailor options to the specific energy or private sector development needs of countries. This is a sound approach and requires no adjustments. However, when the time comes for developing CSPs, the idea of making choices and selecting appropriate options is rarely reflected in the programming choices of CSPs. CSPs tend to map against the full menu of energy interventions articulated in the energy sector policy. The implementation of this policy needs to be consistent between the development of CSPs and how the implementation of this energy sector policy is laid out – making choices at the country level. At the end of the day, how the Bank is making a difference in a country or region can only be identified by what results the Bank has achieved in specific areas of programming in the energy sector that address the specific needs or tackle the specific vulnerabilities of a country or region.

spell out clearly the expected role of CSPs and RISPs in making energy programming choices, using the menu of energy interventions proposed in the Policy.

4.5. Alignment with other initiatives is missing: Despite being aware of Rio process and committed to Green Growth Strategy, it is not clear why management refrained from integrating those objectives in the Energy Policy document. This may be clarified.

The Rio process and the Green growth concerns are taken into account in the Policy document. Sustainable social, economic and environmental sustainability advocated in the Rio process is the second objective of the Policy. The Policy supports a precautionary approach to environmental challenges, sets environmental responsibility, as one of its guiding principles and encourages the development and diffusion of environmentally friendly technologies. This is what is requested in the principles 7, 8 and 9 of the Rio declaration, respectively. Moreover, the Green growth strategy is still being drafted and this is the reason why reference is not made to it.

4.6. Consider opportunities of collaboration with other MDBs
The paper does not mention how it is planning to collaborate with other MDBs active in Africa in the field of energy such as the World Bank (which is very active in Africa) and others. The energy policy of the African Development Bank needs to be focused on its

Agreed. Indeed, efficient implementation of the policy requires collaboration and synergies with other MDB and partners. This is highlighted in paragraph 3.8. on “Partnerships”

comparative advantage. The paper needs to be reviewed to better consider opportunities of collaboration

4.7. The document is too general to constitute a “policy” as such. Efforts put forth by sister institutions have been more adept at articulating what the respective MDB will and will not do. The *vision* stated here is fine, but we do not yet see clear guidance to staff on how to implement. The implementation section remains too scant for us and we are disappointed that the details guiding staff on the subsectors are not more fleshed out.

As a general framework, the Policy highlights only key information on principles and rules that will govern AfDB’s operations in the energy sector. The “how” of the implementation will be addressed by the Energy Strategy and operational guidelines. The objective of the section on implementation which is included in the Policy document is not to describe how the Policy will be implemented but to outline key issues/approaches the strategy document should take into consideration.

4.8. The document is broad and unfocused. With this document, it is difficult to identify the political priorities of the Bank. The document touches on all the important issues. There was concern the Bank may be attempting to tackle the whole menu, which may compromise effectiveness in implementing the Energy sector Policy.

Given that the energy sector context varies greatly across regions in the continent and also across countries, the approach is to make the policy broad enough to allow flexibility and to accommodate changing needs and requests from RMCs. Even if the Policy document mentioned many areas of engagement, they are not meant to be engaged across all countries at all times. The medium-term Energy Strategies will be based on enhanced selectivity and will be adjusted to adequately respond to specific demands.

4.9. The guiding principles are too many and need focus. We suggest trimming them down to the following;

- Ensuring energy security and increasing access for all (which already incorporates the pro-poor approach)
- Enhancing governance at the national level
- Innovating to increase financial flows in the energy sector
- Promoting social and environmental responsibility. (This principle also incorporates both the clean energy and climate change principles).
- Fostering knowledge transfer, and
- Mainstreaming the gender dimension

We agree broadly with the suggestions made and have made the following adjustment:

Principle 2.2.1. on “*Ensuring energy security and increasing access for all*” and principle 2.2.3. on “*Pro-poor focus*” have been regrouped.

Although, the two principles (“*Moving towards a cleaner energy path* » and “*Integrating responses to climate change* ») are part of the social and environmental responsibility , we have opted for singling them out, to emphasize issues that are particularly important in the current global context.

4.10. Regarding the set of principles, under integrating aid effectiveness principles, you may wish to include the notion of mutual accountability for results achieved in your point (iv), giving more meaning to value-added interventions of the Bank. Achieving intended and specific outcomes has to be an integral part of this principle.

We agree. The section has been revised accordingly.

5. Policy vs Strategy

5.1. *The Policy and the strategy documents:* We are not convinced about the current distinction between a policy and a strategy document. We find it even confusing since the two documents overlap and are sometimes contradictory.

The objective of the policy is to provide the Bank with a long term general policy framework and overarching principles to guide its intervention in the energy sector (what to do, and what not to do). The implementation of the Policy is done through the Energy Sector Strategy (ESS) which is an operational plan. In light of the policy orientation, the Strategy identifies operations to be prioritized and implemented in a shorter period of time, generally 5 years. The ESS responds to the “how” (actions, methodology, resources, targets) and “when” (timeline). However, the two teams have been working together to better articulate the Policy and the Strategy, notably by clarifying potential overlappings and contradictions.

5.2 More importantly, neither of the two documents provides much help to the Board in deciding which projects and/or programmes merit support since clear decision criteria and specific targets are missing. Nor do they provide guidance to staff as to how the policy is to be operationalized.

The Policy has provided principles to guide the Bank’s operations in the energy sector. In addition to these principles, it highlights sub-sectors the Bank should focus its action on. Moreover, the Policy proposes conditions for involvement in sensitive sub-sectors such as coal, hydropower and biofuels in order to ensure a balance between social, environmental and economic benefits. These will be further elaborated in the operational guidelines aimed at helping Bank staff in project selection and design. It should be also recalled, as mentioned above, that the operationalization of the Policy is done through the Energy Sector Strategy.

6. Other comments

6.1. It would be helpful for the revised policy to highlight the *key*

Annex 3 highlights the key differences between the old and new

<p><i>differences which it is recommending over the old policy.</i> This could be added in an appendix.</p>	<p>Policy.</p>
<p>6.2. Fostering Public Private Partnerships: Document is silent on evolving Public Private Partnership in this crucial sector which is otherwise dominated by public sector and managed inefficiently.</p>	<p>The document has recognized the key role the private sector can play in increasing access to energy services and highlights key Policy orientations for the Bank in support of the private sector. This is emphasized in section 4 of Annex 2, dealing with the barriers to private sector investment in the energy sector, as well as in section 2.2.5. on “innovation to increase financial flows”.</p>
<p>6.3. Did not see any reference to feasibility studies. One constraint to developing more of Africa’s potential more quickly, is the absence of funding for feasibility studies. This may be more of a strategic issue than a policy issue, but we wish to highlight it in case the policy team sees a role for mentioning it in this document.</p>	<p>We agree that the absence of funding for feasibility studies may be a constraint to developing some energy sub-sectors. However, this is more of a strategic issue and it is the reason why it not mentioned in the policy document.</p>
<p>6.4. The Policy doesn’t say anything about transport.</p>	<p>Indeed, transport and industry sectors account together for more than one third of the energy consumption in Africa. These two sectors have been taken into account in the revised version.</p>
<p>6.5. We note that, although access to energy is critical to social and economic development, only an estimated 42 percent of the African population has access to electricity compared with 75 percent in the developing world. This ratio is even lower, at 30 percent in Sub-Saharan Africa and much lower at 14 percent in rural Africa. Therefore, we welcome the Policy’s vision of ensuring that there is universal access to modern affordable and reliable energy services by the year 2030 (paragraph 2.1), however, we would like to understand how the 2030 date was arrived at for achieving this aspirational vision.</p>	<p>The 2030 date derives from the NEPAD Programme for Infrastructure Development in Africa (PIDA) timeframe. This timeframe is as follows: (i) Short Term from 2008 to 2015; (ii) Medium Term from 2016 to 2020 and (iii) Long Term from 2021 to 2030. For example, from a baseline of 34% access rate in 2008, the Programme is targeting an access rate of 70-80%, as early as 2020.</p>
<p>6.6. We are of the view that paragraph’s 2.2.4’s reference to the policy helping to achieve ‘political stability’ in Africa should be removed, in view of the fact that political stability is not the Bank’s immediate area of action, even if its activities in the economic and social spheres support political stability.</p>	<p>This has been removed.</p>

<p>6.7. Paragraph’s 2.2.8’s reference to the AfDB adhering to the ‘principle of common but differentiated responsibilities of the Rio Declaration’ appears to be premature. This statement, emanating from the Rio Declaration, which is built on some important concepts relating to the relative share of responsibility for GHG emissions between industrialised and developing countries, has never been discussed and agreed at the Board. Its analytical basis and policy implications therefore need to be thoroughly discussed and understood by Management and the Board before being incorporated in a Policy document.</p>	<p>We agree. The section has been revised accordingly.</p>
<p>6.8. The following sentence in Paragraph’s 2.3.4 should also be removed:’ The Bank is fully in line with, and seeks to promote international conventions on climate change.’ Our view is that we cannot have the Bank supporting such an omnibus remark. Pertinent conventions should be brought to the attention of the board first. Furthermore, we need clarification on the requirements for interventions to comply with agreements and related standards that are ratified by RMCs (para 2.3.4). Does this require ratification by a simple majority or a unanimous decision of RMCs?</p>	<p>We agree. The section has been revised accordingly, to read as follows: “<i>The Bank is in line with, and seeks to promote United Nations conventions on climate change</i>”.</p>
<p>6.9. We expect that a timeline (e.g. 3 years) is set for an independent internal review of the policy. The energy environment is changing rapidly and such an independent review would be necessary to ensure that the Bank is and remains on track regarding energy developments.</p>	<p>The Policy defines the long-term framework for Bank Group’s involvement in the energy sector. A longer review period seems therefore more adequate. The policy will be considered for review ten (10) years after its approval. However, should a major change occur in the Energy Sector, the Bank may undertake an earlier review.</p>