

**Statement of CSOs in Vietnam on the AIIB Energy Strategy**  
**Hanoi, 7<sup>th</sup> June 2017**

To AIIB Board members,

We, civil society organizations working to achieve sustainable development in Vietnam, express our collective concern with the Energy Strategy articulated in the Discussion Draft released by the Asian Infrastructure Investment Bank (AIIB).

We highly appreciate the Bank for opening up two rounds of public consultations to shape and inform the development of the Strategy. We also acknowledge the positive aim of the Strategy, which states:

“The Strategy embraces, and is informed by, the principles underpinning the *Sustainable Energy for All (SE4ALL)*, the *2030 Agenda for Sustainable Development*, and the *Paris Agreement* (Box 1). It lays the framework for the Bank to support its client countries to: (i) develop and improve their energy infrastructure and facilitate their transition to a less carbon-intensive energy mix; and (ii) meet their goals and commitments under these global initiatives.”<sup>1</sup>

However, the Bank’s policies on coal and hydropower are of great concern to us.

First, regarding coal, it is stated in the Draft Strategy that:

“Supported fossil fuel based generation facilities would be expected to use commercially available least-carbon technology. In many countries, gas-fired power generation would form part of such transition. Carbon efficient oil and coal-fired power plants would be considered if they replace existing less efficient capacity or are essential to the reliability and integrity of the system, or if no viable or affordable alternative exists in specific cases, particularly in low income countries.”<sup>2</sup>

The vague terms on “efficient coal-fired power plants” and “viable or affordable alternative” would allow funding of so-called “clean coal technology”. This is not consistent with the goal of decarbonization that the Bank agreed to. If the Bank is truly committed to the implementation of the Paris Agreement, it should consider that scientifically, there is no more room for new coal plants of any technology anywhere in the globe. The Bank must recognize that either we begin to abandon this dirty energy source now, or we end up overshooting the “allowable” global temperature increase.

Coal power plants in Vietnam have caused a range of adverse impacts on environment and people’s health and livelihoods. A recent study by Harvard University pointed out that coal power is the cause of 4,300 premature deaths in Vietnam in 2011. And if all coal fired power plants in Vietnam’s Power Development Plan VII are built, it is estimated that an additional 19,220 people

---

<sup>1</sup> Para. 4 of the Energy Sector Strategy.

<sup>2</sup> Para. 36 of the Energy Sector Strategy.

per year will lose their lives prematurely by 2030.<sup>3,4</sup> People across Vietnam have raised their concern about the impacts of coal power. Coal power has been recognized widely as a polluting source of energy. Furthermore, as recognized by the Bank, Vietnam is on the list of countries most at risk of climate change threats. Provision of funding for coal of any technology will only worsen impacts of climate change on Vietnam. Moreover, the international decision to keep the temperature rise by well below 2 Celsius every new investment in coal fired generation technologies will be stranded assets in the future, with a negative impact on development of Vietnam's economy. Therefore, it will not be a wise decision to put money into such a controversial sector.

Second, we express our deep concern over the Bank's willingness to invest in hydropower of all scales, as stated: "Development of hydropower, of all scales, in an environmentally and socially sound manner could make an important contribution to sustainable energy supply."<sup>5</sup> Experiences from Multilateral Development Banks show that investing in large scale dams has endangered the way of life and the livelihood of local communities. Especially, as a downstream country, Vietnam has been seriously affected by large upstream hydropower dams and is seriously threatened by plans for more large-scale dams. The Mekong-Delta besides its bio diversity value plays an important role to food security for the entire region, with more hydropower plans along the Mekong river, sediment flow, fishes and biodiversity will be seriously damaged, what poses severe impact to the farmers. Furthermore, a reduction of sediments will cause further saline intrusion and erosion in the Delta.

Transition to renewable energy is a global and regional trend. The REN21's Renewables 2017 Global Status Report highlighted that in 2016 more renewable energy capacity was added for less money. Additions in installed renewable power capacity set new records in 2016, with 161 gigawatts (GW) installed, for 23% less investment (USD 241.6 billion). Total global renewable capacity in 2016 increased by almost 9% over 2015, to nearly 2,017 GW.

Christine Lins, Executive Secretary of REN21, explains: "The world is in a race against time. The single most important thing we could do to reduce CO<sub>2</sub> emissions quickly and cost-effectively, is phase-out coal and speed up investments in energy efficiency and renewables." When China announced in January that it was cancelling more than 100 coal plants currently in development, they set an example for governments everywhere: change happens quickly when governments act – by establishing clear, long-term policy and financial signals and incentives."

Vietnam has an enormous potential of renewable energy, especially wind, solar and biomass. In the wave of technological advances in renewable energy technology as well as significantly falling price, Vietnam is standing a great opportunity of producing electricity from renewable energy in replace of coal power to promote a Green Economy.

We highly recommend the Bank not to provide funding that makes any country lag behind the global trend. In order to do so, we urge the Bank, in its commitment to be a lean, clean, and green

---

<sup>3</sup> "Burden of Disease from Rising Coal-fired Power Plant Emissions in South East Asia". January 2017.

<sup>4</sup> Vietnam's Power Development Plan VII was revised in March 2016, reducing 20,000 MW coal power. Accordingly, it is roughly estimated by the experts that the number of premature deaths by 2030 is 15,700.

<sup>5</sup> Para. 34 of the Energy Sector Strategy.

Bank, to ban coal power plants of any technology, and rule out investment in large hydropower projects on the mainstream of major rivers. Instead, we call on the bank to prioritize investments in renewable energy in fulfilling its commitment to achieving the Paris Agreement goals.

Submitted by:

**1/ Vietnam Sustainable Energy Alliance (VSEA)**

Website: <https://www.vsea.info/>

**2/ Vietnam Rivers Network (VRN)**

Website: <http://vrn.org.vn/en/>

**3/ Climate Change Working Group (CCWG)**

Website: <http://www.ngocentre.org.vn/ccwg>

**4/ People's Participation Working Group (PPWG)**

Website: <http://www.ppwgvietnam.info/en>

**5/Vietnam Non - Communicable Diseases (NCDs - VN)**

Website: <http://rtccd.org.vn/en>

**6/ Evidence Based Health Policy Development Coalition (EBHPD)**

Website: <http://ebhpd.vn/>

**7/ Ethnic Minorities Working Group (EMWG)**

Website: <http://www.ngocentre.org.vn/emwg>

**8/ Vietnamese NGO Network on Forest Law Enforcement, Governance and Trade (VNGO-FLEGT)**

Website: [www.srd.org.vn](http://www.srd.org.vn)