

Research report

Powering progress, not poverty

Moving beyond gas to real energy solutions
for people in poverty



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Author: Dorothy Tang


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Tearfund, 100 Church Road, Teddington, TW11 8QE, UK

 +44 (0)20 3906 3906

 publications@tearfund.org

 learn.tearfund.org

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 **Front cover photo: A child arranges firewood on the roof of his family tent, next to a solar panel, in a Rohingya camp in Bangladesh.** Photo: Ralph Hodgson/Tearfund

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Executive summary

In the last few years, a significant number of international public investments have been channelled towards expanding large-scale gas infrastructures in low-and middle-income countries. Many governments and fossil fuel companies are portraying gas as a transition solution that could address the climate crisis, while at the same time addressing energy poverty, meeting rising energy demands and diversifying the national economy by exporting gas abroad. However, such an approach disregards the weight of evidence showing that not only will gas not help solve the climate crisis, it will also create additional problems – for the environment, and for countries and local communities hosting the gas infrastructure. And in particular, people living in poverty have been the most vulnerable to these impacts.

This report looks into some of the claims about using gas as a transition fuel, discusses how these claims are untrue – particularly for people living in poverty – and explains why renewable energy is a better development and climate solution:

The environmental perspective – Is it true that 'gas is a climate-friendly alternative to coal and oil as it emits fewer greenhouse gases'?		
What is true in this statement?	Why is this statement untrue for people living in poverty on the frontlines of the climate crisis?	Why is renewable energy a better alternative for people living in poverty?
<p>Gas emits fewer greenhouse gases and air pollutants than coal and oil.</p>	<p>People living in poverty cannot enjoy a safe and secure future that keeps warming as close as possible to the agreed safer limit of 1.5°C, without phasing out <i>all</i> fossil fuels. This includes gas, which is still a big emitter of greenhouse gases due to emissions from gas extraction and transportation processes, and fugitive methane emissions.</p>	<p>Renewables are a cleaner, genuinely low-carbon energy source. Therefore, scaling up renewable energy to replace <i>all</i> fossil fuels is crucial for creating a safe and secure future for people living in poverty.</p>
The social perspective – Is it true that 'gas is necessary for development and industrialisation, especially giving more people living in poverty access to reliable and cheap energy'?		
What is true in this statement?	Why is this statement untrue for people living in poverty on the frontlines of the climate crisis?	Why is renewable energy a better alternative for people living in poverty?
<p>For many low- and middle-income countries that have abundant gas reserves, developing their gas reserves seems to be the quickest way to provide energy to the population without energy access.</p>	<p>Developing gas will not increase energy access for people living in poverty or provide for energy demands linked to industrialisation domestically – as most of the gas produced is exported. In addition to this, developing gas has threatened other development goals by driving biodiversity loss, air pollution, land grabbing and forced displacement, threats to livelihoods and food and water security, corruption and conflicts.</p>	<p>Scaling up renewable energy is the cheapest way to increase energy access for people living in poverty, with a more reliable and stable energy price compared to gas. Furthermore, decentralised renewable energy systems are more suitable for closing the energy needs gap in rural areas, while bringing wider benefits to local communities such as more jobs, better women's economic empowerment, and higher inclusivity.</p>

The economic perspective –

Is it true that 'capitalising on the increasing price of gas could boost the economy of low-and middle-income countries by exporting gas to overseas markets, generating more capital for development'?

What is true in this statement?	Why is this statement untrue for people living in poverty on the frontlines of the climate crisis?	Why is renewable energy a better alternative for people living in poverty?
There has been an enormous market interest in gas trading because of the potential for large profits.	People living in poverty have generally not enjoyed the economic benefits of gas infrastructure. This is because most of the profits are captured by foreign multinational companies, while low- and middle-income countries unfairly take on more financial risks. Instead, the expensive cost of developing gas could deepen national debts and intensify poverty.	Renewable energy can create more, better-quality and dignified jobs and livelihoods for local communities, especially when they are developed as decentralised systems. A just transition to renewable energy can create the opportunity to create a new energy system that avoids many of the historical pitfalls of fossil fuels.

The table above has illustrated why the gas-for-development and gas-for-communities narratives are not valid. It has shown that renewable energy is a better solution than gas for people living in poverty. For the benefit of all people living in poverty, countries need to phase out *all* fossil fuels, including gas, and transition in a fair and just way to renewable energy.

‘Gas is not the future for Africa – but Africa needs to receive technological and financial support in order to transition to renewable energy.’

Promise Salawu

Renew our World Nigeria Project Officer

This transition will not be possible without the right financial and technological support. Therefore, we make the following recommendations:



Money out of fossil fuels: Ending domestic and international public finance for polluting gas and investing instead in renewable energy solutions, on a scale at least matching and preferably surpassing former fossil fuel investment



Money into a just transition: Ensuring that investments in renewable energy solutions deliver the co-benefits of renewables and uphold justice principles, by supporting an equitable, just energy transition and prioritising decentralised projects to increase energy access

Acronyms and abbreviations

BOGA	Beyond Oil and Gas Alliance
CETP	Clean Energy Transition Partnership
JETP	Just Energy Transition Partnership
LNG	Liquified natural gas
MDB	Multilateral development bank

Introduction and context

Climate science is clear that the world needs to phase out *all* fossil fuels, including gas, in order to keep warming as close as possible to the agreed safer limit of 1.5°C.¹ However, in the last few years, a significant number of international public investments have been channelled towards expanding large-scale gas infrastructures in low-and middle-income countries. It is estimated that 2022 saw fossil fuel subsidies reach an all-time high, with gas subsidies totalling up to USD 346 billion.² Many of the large-scale gas infrastructures are international projects with cross-continental governments collaborating and investing public money into them. In particular, many high-income countries have re-invested in gas projects in Africa in an attempt to meet their own gas demand as a response to the energy security crisis.

Many governments and fossil fuel companies are portraying gas as a transition solution that could address the climate crisis, while at the same time addressing energy poverty, meeting rising energy demands and diversifying the national economy by exporting gas abroad. They claim that their communities want gas development, and that gas expansion is crucial for achieving development goals. For example, South Africa's Mineral Resources and Energy Minister, Gwede Mantashe, has claimed that 'South Africa's economic development is oppressed in the name of environmental protection'.³ Similarly, Namibia's Minister of Mines and Energy, Tom Alweendo, who has been trying to promote Namibian gas production, has said that 'pushing Africa to move forward with an energy transition on any timetable other than our own, is just another example of the lack of respect the global community has for African priorities'.⁴

However, in reality, civil society is increasingly aware of and speaking out against the negative impacts of gas on them, especially people living in poverty, including through the [Don't Gas Africa](#) campaign. Nevertheless, the gas-for-development and gas-for-communities narratives continue to be falsely promoted by many governments for the following reasons.

1

The fossil fuel industry exerts a strong and growing influence on governments.

Research has found a high risk of fraud in the fossil fuel industry.⁵ Some oil and gas lobbyists are using a range of political tools to influence political decisions. The fossil fuel industry's influence on political decisions is becoming increasingly apparent and could water down climate legislation.⁶

¹ International Energy Agency, 2021. [Net zero by 2050](#)

² International Energy Agency, 2023. [Fossil Fuels Consumption Subsidies 2022](#)

³ *Daily Maverick*, 2021. ['Mantashe calls environmental activism "colonialism and apartheid of a special type" amid opposition to Shell Wild Coast survey'](#)

⁴ *The Independent*, 2023. ['Africa should insist on just energy transition: Namibian minister'](#)

⁵ National Whistleblower Center, 2020. ['High Risk of Fraud in the Oil and Gas Industry'](#)

⁶ Unearthed, 2021. ['Inside Exxon's playbook: How America's biggest oil company continues to oppose action on climate change'](#)

2

High-income countries and fossil fuel companies have made available an attractive amount of investments in gas projects in low- and middle-income countries.

High-income governments and multinational fossil fuel companies are making large investments in low- and middle-income countries to extract their fossil fuels, to meet their own ends of providing gas for high-income country consumers. This has been exacerbated in the wake of the energy security crisis occasioned by the war in Ukraine, where many high-income countries have shut off oil and gas imports from Russia. Whilst the war has highlighted how unreliable fossil fuels are, many high-income countries have re-invested in gas projects in low- and middle-income countries, especially in Africa, in an attempt to meet their own demand for gas. This is happening in a context where the long-term structural effects of colonialism on monopolised resource ownership, poverty and inequality are still felt today.⁷ And this is happening at a time when many African regions still do not have access to reliable energy. Whether the governments of low- and middle-income countries are negotiating a good deal for their citizens in this arrangement is often questioned by the citizens of those countries.^{8,9} Furthermore, the sudden gas market created by this surge of gas demand is highly unreliable because this demand is short term. Most importantly, in most places the vast majority of citizens, and certainly the poorest, are not benefiting from such deals.

3

Governments of low- and middle-income countries often see gas as an easy solution to address development challenges because they see gas as a relatively reliable option.

As a result, many governmental officials disregard arguments for phasing out gas, seeing them as a hindrance to development. They see pushing a renewable energy agenda in their countries as a lack of respect and ignoring their development needs. However, such an approach disregards the weight of evidence showing that not only will gas not help solve the climate crisis, it will also create additional problems – for the environment, and for countries and local communities hosting the gas infrastructure. And in particular, people living in poverty have been the most vulnerable to these impacts.

This report looks into some of the claims about using gas as a transition fuel, discusses how these claims are untrue – particularly for people living in poverty – and explains why renewable energy is a better development and climate solution.

⁷ United Nations Educational, Scientific and Cultural Organisation, 2016. [World Social Science Report 2016: inequality and natural resources in Africa](#)

⁸ Global Citizen, 2022. ['The Fossil Fuel Industry Is Coming for Africa. These African Campaigners Are Fighting Back'](#)

⁹ Don't Gas Africa, 2022. ['How Fossil Fuelled Fallacy: How the Dash for Gas in Africa will fail to deliver development'](#)

The environmental perspective –

Is it true that 'gas is a climate-friendly alternative to coal and oil as it emits fewer greenhouse gases'?

The President of Senegal, Macky Sall, has endorsed a project that would export a huge amount of Senegalese liquefied natural gas (LNG) to Germany once completed. While endorsing this project, he has said that 'I asked Chancellor Scholz (Chancellor of Germany) to assist us in supporting the export of gas and LNG resources to Europe and that we can use this gas for our power plants to reduce our emissions'.¹⁰

What is true in this statement?

Gas emits fewer greenhouse gases than coal and oil, which many low- and middle-income countries currently rely on. Gas emits about half the emissions of coal, and two-thirds of the emissions of oil. It also produces significantly less harmful air pollutants than coal and oil.¹¹ Therefore, supporters of gas often claim that gas can be a better replacement for coal and oil, before renewable energy becomes cheaper and more readily available.

Why is this statement untrue for people living in poverty on the frontlines of the climate crisis?

People living in poverty are the first to suffer from the impacts of climate change. They are particularly vulnerable to climate change as they are less financially, technologically and socio-politically equipped to adapt to the impacts of climate change.¹² While climate disasters are already becoming more frequent, they are expected to increase exponentially if the global temperature rises beyond 1.5°C compared to pre-industrial levels. However, to stay as close as possible to 1.5°C – the agreed global limit to avoid the worst of the climate catastrophe – the world needs to halve its emissions by 2030 and attain net-zero emissions by 2050.¹³ To have any chance of achieving this, there must be no new oil and gas fields opened.¹⁴

Most importantly, this is urgent and the world cannot wait to phase out gas in a few decades' time. However, the new oil and gas production approved in 2022 and at risk of approval between 2023 and 2025 already amount to a total that could force us past the 1.5°C threshold.¹⁵ Gas consumption must be phased out as soon and as deeply as possible.

¹⁰ Clean Energy Wire, 2022. ['German-Senegalese gas plans under fire for violating pledge to end fossil fuel support'](#)

¹¹ Our World in Data, 2020. ['What are the safest and cleanest sources of energy?'](#)

¹² Intergovernmental Panel on Climate Change, 2022. [Climate Change 2022: Impacts, Adaptation and Vulnerability](#) Chapter 8: 'Poverty, Livelihoods and Sustainable Development'

¹³ Intergovernmental Panel on Climate Change, 2022. ['The evidence is clear: the time for action is now. We can halve emissions by 2030'](#)

¹⁴ International Energy Agency, 2021. [Net Zero by 2050](#)

¹⁵ Oil Change International, 2022. [Investing in Disaster: Recent and Anticipated Final Investment Decisions for New Oil And Gas Production Beyond the 1.5°C Limit](#)

Furthermore, gas is not a 'low-carbon option' as it is often claimed and is still a big emitter of greenhouse gases. While proponents of gas often claim that gas is low carbon because it emits only half of the emissions of coal,¹⁶ these calculations often exclude the emissions from gas extraction and transportation processes, which account for about a quarter of the full life-cycle emissions of gas.¹⁷ Not only do they account for the fugitive emissions from gas leaks,¹⁸ which are predominantly methane, a greenhouse gas that is 25 times more powerful than carbon dioxide.¹⁹ In fact, the heat-trapping ability of methane is so strong that even with just three per cent gas leakage, gas is already worse for the climate than coal.²⁰ Technologies that aim to capture carbon dioxide emissions of large-scale gas infrastructure have also so far proven to be unfeasible.²¹



Gas is not as low carbon as it is often claimed. Gas leakage of just three per cent would make gas worse for the climate than coal.



📷 A woman in her ruined home in Zimbabwe, which was destroyed by Cyclone Idai. Zimbabwe is one of the most climate-vulnerable countries in the world – and one of the poorest. Most Zimbabweans have no money for adapting to the intensifying impacts of the climate crisis.

Photo: Idzai Murimba/Tearfund

People living in poverty cannot enjoy a safe and secure future unless the world takes rapid and deep actions to reduce emissions and take us closer to the safer limit of 1.5°C. This will require phasing out *all* fossil fuels, including gas. Research has shown that to limit warming to 1.5°C, gas extraction must fall by nearly a third by the end of the decade, with high-income countries phasing out gas by 2035, and low- and middle-income countries by 2045.²² Reliance on gas infrastructure is exposing people living in poverty to the ever more disastrous impacts of climate change.

¹⁶ Gas Vessel. '[Natural gas vs. Coal – a positive impact on the environment](#)'

¹⁷ International Energy Agency, 2020. '[The Oil and Gas Industry in Energy Transitions](#)'

¹⁸ Carbon Brief, 2014. '[Explained: Fugitive methane emissions from natural gas production](#)'

¹⁹ United States Environmental Protection Agency. '[Importance of Methane](#)'

²⁰ Bloomberg, 2023. '[Gas Is Here to Stay for Decades, Say Fossil Fuel Heavyweights](#)'

²¹ The Energy Mix, 2022. '[10 of 13 "Flagship" CCS Projects Failed to Deliver, IEEFA Analysis Concludes](#)'

²² Zero Carbon Analytics, 2023. '[Why gas use must fall rapidly if climate targets are to be met](#)'

Why is renewable energy a better alternative for people living in poverty?

As people living in poverty are the first to suffer from the impacts of climate change, addressing the climate crisis will have the greatest impact on people living in poverty. It has been estimated that if the climate crisis continues along the same trajectory, climate change could push more than 132 million people back into poverty by 2030.²³ Climate science is clear that rapidly scaling up renewable energy to replace fossil fuels is crucial to avoid the worst of the climate catastrophe.²⁴ Less warming means less frequent and less intense climate-related disasters – which is vital for people and communities in poverty who are on the frontline of this crisis.



If the climate crisis continues along the same trajectory, climate change could push more than 132 million people back into poverty by 2030.

Renewables are a cleaner, genuinely low-carbon energy source. Many low- and middle-income countries are blessed with abundant sunshine and wind. For example, Africa has an almost unlimited potential for solar capacity, alongside abundant hydro, wind and geothermal power.²⁵ This means low- and middle-income countries are in a unique position to develop the renewable energy industry, benefiting people living in poverty in the long run, as will be discussed in later sections.

²³ World Bank, 2020. [Poverty and Shared Prosperity 2020: Revised Estimates of the Impact of Climate Change on Extreme Poverty by 2030](#)

²⁴ International Energy Agency, 2021. [World Energy Outlook 2021](#)

²⁵ African Development Bank Group, 2018. ['Why Africa is the next renewables powerhouse'](#)

The social perspective –

Is it true that 'gas is necessary for development and industrialisation, especially giving more people living in poverty access to reliable and cheap energy'?

The former Vice President of Nigeria, Yemi Osinbajo, is one of the most prominent supporters of developing Nigeria's gas fields. During his time as vice president, he wrote: 'For countries such as my own, Nigeria, which is rich in natural resources but still energy poor, the transition must not come at the expense of affordable and reliable energy for people, cities, and industry... Limiting the development of fossil fuel projects and, in particular, natural gas projects would have a profoundly negative impact on Africa'.²⁶ Similarly, in the Gambia, its Minister of Petroleum and Energy, Abdoulie Jobe, has highlighted the role of gas to provide energy. He claimed: 'What we need to do is provide access to affordable, clean and sustainable energy. Gas is an integral element for transformational change'.²⁷

What is true in this statement?

For many low- and middle-income countries that have abundant gas reserves, developing their gas reserves seems to be the quickest way to provide energy to the population without energy access. In many instances, gas will be replacing the burning of wood and charcoal that is widely used by communities that have no access to a stable energy grid. Wood and charcoal burning results in indoor air pollution leading to health issues.²⁸ Therefore, it is true that gas is a better alternative than wood and charcoal for providing energy access to those without a stable energy grid.

Why is this statement untrue for people living in poverty on the frontlines of the climate crisis?

Lack of fuel supply is often not the reason that people living in poverty lack access to energy. Much of the gas produced in low- and middle-income countries is exported overseas rather than being used to address energy poverty domestically. For example, Africa has exported around half of its gas production in the last few decades, which is the highest proportion across all regions in the world.²⁹ Therefore, many fossil fuel-producing low- and middle-income countries are still facing large energy deficits. One example is Nigeria, which is one of the biggest oil and gas producers in Africa, and yet also home to the greatest number of people without energy access³⁰ and living in extreme poverty.³¹ This is both a result of the colonial legacy³² and a lack of refining, processing and distribution capacity to support domestic consumption.³³ Therefore, developing more gas infrastructure in low- and middle-income countries is not effective in addressing either the energy demands of industrialisation or the local energy demands of people living in poverty.

²⁶ *Foreign Affairs*, 2021. '[The Divestment Delusion: Why Banning Fossil Fuel Investments Would Crush Africa](#)'

²⁷ *Oil Review Africa*, 2022. '[West African Energy ministers state "Gas is good for Africa"](#)'

²⁸ Brookings, 2022. '[Africa's just energy transition could boost health outcomes](#)'

²⁹ African Union & African Energy Commission, 2021. '[Natural Gas in the African Energy Landscape](#)'

³⁰ World Bank, 2021. '[Nigeria to Improve Electricity Access and Services to Citizens](#)'

³¹ *Foreign Affairs*, 2022. '[Africa's Fossil-Fuel Trap: A Response to "The Divestment Delusion"](#)'

³² Don't Gas Africa, 2022. '[The Fossil Fuelled Fallacy: How the Dash for Gas in Africa will fail to deliver development](#)'

³³ Oil Change International, 2021. '[The Sky's Limit Africa: The Case for a Just Energy Transition from Fossil Fuel Production in Africa](#)'



Much of the gas produced in low- and middle-income countries is exported overseas rather than being used to address energy poverty domestically.

Developing gas and other fossil fuels is known to threaten development goals, especially in remote communities of low- and middle-income countries where extraction and processing activities are the most intense. Furthermore, these extraction and processing activities are on a very large scale: it has been estimated that a fossil fuel economy would require 500 times more mining activities than a clean energy economy,³⁴ activities which often expose people living in poverty and their communities to the biggest risk. There are a number of ways that gas infrastructure is known to threaten development goals.

1

Gas infrastructure often threatens the health of the people living in communities that host it.

Air pollution from gas burning and flaring – burning off gas during oil production – is estimated to result in 12,000 premature deaths worldwide every day and costs 3.3 per cent of global GDP, equivalent to \$8 billion a day.³⁵ Flaring can be an unintended by-product of oil extraction, or it can be an intentional outcome. In Ghana, the Government has allowed fossil fuel companies to flare gas because Ghana's infrastructure is unable to process the gas.³⁶ Flaring results in both climate-heating greenhouse gases and toxic air pollutants. People living in poverty are the first to be impacted, as they are often the least able to protect themselves from polluting sources.³⁷

2

Land grabbing and forced displacement have been commonly associated with gas and other fossil fuel infrastructure.³⁸

Building gas and associated infrastructure, such as roads and pipelines, requires land. As a result, local communities – with people living in poverty and indigenous communities particularly vulnerable – might be forced to move.³⁹ Furthermore, intensifying climate impacts as a result of not phasing out gas and other fossil fuels will also continue forcing tens of millions to move, with people living in poverty the most vulnerable.⁴⁰

³⁴ World Bank, 2018. [Reducing Pollution](#)

³⁵ Greenpeace, 2020. [Toxic Air: the Price of Fossil Fuels](#)

³⁶ *Climate Home News*, 2023. ['Gas lock-in: Debt-laden Ghana gambles on LNG imports'](#)

³⁷ United Nations Environment Programme, 2019. ['Air pollution hurts the poorest most'](#)

³⁸ JA!/ Friends of the Earth Mozambique, 2020. [The Impacts of the LNG Industry in Cabo Delgado, Mozambique](#)

³⁹ European Parliament, 2014. [Indigenous peoples, extractive industries and human rights](#)

⁴⁰ The International Federation of Red Cross and Red Crescent Societies, 2021. [Displacement in a Changing Climate](#)

3

Violence and conflicts are often exacerbated by the presence of gas and other fossil fuel infrastructure.

Owned and operated by foreign multinational companies, large-scale gas infrastructures rarely benefit local communities. For example, the gas plant project in Cabo Delgado, Mozambique, one of the biggest gas projects in Africa, is known to have led to large-scale forced eviction of local communities without compensation.⁴¹ The project failed to bring long-promised economic benefits to the local communities,⁴² and has instead deepened economic and social inequalities in the region, intensifying social unrest and poverty.

4

Gas extraction and processing activities often pollute the environment and result in biodiversity loss, threatening the livelihoods, food and water security of local communities.

Besides forcing local communities to move, gas infrastructure often requires deforestation or the repurposing of farmland to clear space for it. It is well evidenced that gas refining, processing and distribution also result in serious soil and water pollution,⁴³ water scarcity,⁴⁴ and biodiversity loss.⁴⁵ As a result, local communities that rely on forestry resources, agriculture or fishing are enormously impacted, many of which are poorer communities.⁴⁶

5

Gas and other fossil fuels are strongly linked to corruption.

As fossil fuel reserves are geographically concentrated, its highly centralised governance has been criticised for its lack of transparency and high levels of corruption. This impact goes beyond fossil fuels: there is some evidence to suggest that countries with abundant fossil fuel reserves have slower rates of democratisation.⁴⁷ This impacts people living in poverty significantly, who are often the most vulnerable to the impacts of corruption and poor democracy.

The points above illustrate that gas projects are known to threaten many development goals, and it is often people living in poverty who are the most vulnerable to these impacts. Even those in the communities hosting gas infrastructures do not always necessarily have access to energy.⁴⁸ Therefore, developing more large-scale gas infrastructure in low- and middle-income countries is not an effective answer for addressing development needs.

⁴¹ Global Oil and Gas Exit List. '[Cabo Delgado, Mozambique: A Resource-Rich War Zone](#)'

⁴² *African Arguments*, 2023. '[The return to Cabo Delgado: Gas, war, and the emergence of Total Land](#)'

⁴³ U.S. Energy Information Administration. '[Natural gas and the environment](#)'

⁴⁴ *Changing America*, 2023. '[In drought-stricken states, fossil fuel production jeopardizes limited water supplies](#)'

⁴⁵ Harfoot M.B., Tittensor D.P., Knight S., Arnell A.P., Blyth S., Brooks S., Butchart S.H., Hutton J., Jones M.I., Kapos V. and Scharlemann J.P., 2018. '[Present and future biodiversity risks from fossil fuel exploitation](#)'. *Conservation Letters*, 11(4), p.e12448

⁴⁶ JA!/ Friends of the Earth Mozambique, 2020. '[The Impacts of the LNG Industry in Cabo Delgado, Mozambique](#)'

⁴⁷ African Development Bank Group, 2013. '[Does Oil Wealth Affect Democracy in Africa?](#)'

⁴⁸ World Bank, 2021. '[Nigeria to Improve Electricity Access and Services to Citizens](#)'

Why is renewable energy a better alternative for people living in poverty?

Facilitating a just transition to renewable energy systems is *the cheapest way* to achieve universal energy access by 2030. This will mainly rely on decentralised off-grid and mini-grid systems using renewable energy,⁴⁹ and it will require no new oil and gas fields,⁵⁰ as has repeatedly been highlighted by the International Energy Agency, the independent intergovernmental organisation on energy. This is because solar and wind energy are already cheaper than gas in most places of the world,⁵¹ and they are only set to become more affordable.⁵²



Facilitating a just transition to renewable energy systems, mainly relying on decentralised off-grid and mini-grid systems, is *the cheapest way* to achieve universal energy access by 2030.

Meanwhile, the highly fluctuating prices of gas and other fossil fuels have denied people living in poverty the opportunity to enjoy a reliable source of energy. Gas prices are very sensitive to external factors, such as the price surge as a result of the war in Ukraine. Its price volatility often has detrimental impacts on community wellbeing and social stability. For example, in Nigeria, the fluctuating price of gas has forced many households to switch back to burning polluting charcoal and firewood.⁵³ A recent abrupt end to governmental subsidies on gas fuels – as Nigeria spends almost \$10 billion per year on gas fuels subsidies,⁵⁴ which is more than four times its health budget⁵⁵ – has resulted in another round of gas price surges and national chaos.⁵⁶ Therefore, scaling up renewable energy is the most effective way to benefit people living in poverty by providing stable energy access with reliable prices. In contrast, fossil fuel expansion will lock in unreliable energy with volatile prices for people living in poverty now and in the future.

Furthermore, renewable energy could be effectively operated as decentralised systems, which are more effective in providing energy to rural areas where those without energy access are concentrated. For example, in Senegal, almost all of the urban population has access to energy,⁵⁷ while less than half of the rural population has access to energy.⁵⁸ Providing energy access through building gas-fired power stations and electric grids in these rural areas is often a lot more expensive and time-consuming than bringing in decentralised renewable power systems.⁵⁹

⁴⁹ International Energy Agency, 2020. [World Energy Outlook 2020](#)

⁵⁰ International Energy Agency, 2021. [Net Zero by 2050](#)

⁵¹ BloombergNEF, 2020. [Scale-up of Solar and Wind Puts Existing Coal, Gas at Risk](#)

⁵² International Renewable Energy Agency, 2022. [Renewable Power Generation Costs in 2021](#)

⁵³ Bloomberg, 2021. [Nigerians Turn to Firewood and Charcoal as Gas Prices Surge](#)

⁵⁴ Reuters, 2023. [Nigeria's NNPC spent \\$10 billion on fuel subsidy in 2022](#)

⁵⁵ Premium Times, 2023. [2023 Budget: Health gets highest allocation ever but fails to meet AU commitment](#)

⁵⁶ Financial Times, 2023. [Nigeria president's move to end petrol subsidies sparks chaos](#)

⁵⁷ World Bank. [Access to electricity, urban \(% of urban population\)](#)

⁵⁸ World Bank. [Access to electricity, rural \(% of rural population\)](#)

⁵⁹ Climate Home News, 2021. ["Huge blow" – cuts to gas finance sparks West African backlash](#)



📷 Members of a local community in Afar, Ethiopia, are enjoying a better quality of life after the installation of solar panels. Photo: Chris Hoskins/Tearfund

Moreover, decentralised renewable energy systems are often run by local communities and can bring a wide range of benefits to host communities. Besides creating local job opportunities (discussed further in the next section), decentralised renewable energy systems are generally more inclusive than using fossil fuels, and they are known to be better at promoting women’s economic empowerment and providing marginalised groups with better health and education.⁶⁰ In Africa, it is estimated that a just transition to renewable energy systems would result in a 25.4 per cent higher welfare index compared to expanding gas and other fossil fuels.⁶¹ Scaling up the many successful local stories of using decentralised renewable energy systems could greatly benefit people living in poverty.⁶²



In Africa, it is estimated that a just transition to renewable energy systems would result in a 25.4 per cent higher welfare index compared to expanding gas and other fossil fuels.

⁶⁰ Tearfund, 2018. [Pioneering Power: Transforming lives through off-grid renewable electricity in Africa and Asia](#)

⁶¹ International Renewable Energy Agency, 2022. [Renewable Energy Market Analysis: Africa and its Regions](#)

⁶² Tearfund, 2018. [Pioneering Power: Transforming lives through off-grid renewable electricity in Africa and Asia](#)

The economic perspective –

Is it true that 'capitalising on the increasing price of gas could boost the economy of low- and middle-income countries by exporting gas to overseas markets, generating more capital for development'?

Speaking at an event organised by the African Energy Chamber to endorse gas, the then Minister of Mines and Hydrocarbons of Equatorial Guinea, Gabriel Mbagha Obiang Lima, said: 'We need to develop our own African market to produce, buy and sell gas.'⁶³ Similarly, the President of Senegal, Macky Sall, speaking at an oil and gas conference to recognise the enormous potential of gas markets, said: 'In this new configuration of the world, energy resources are major assets for Africa.'⁶⁴

What is true in this statement?

There has been significant market interest in gas trading. As gas fields are geographically clustered, some countries have large gas reserves while other, even neighbouring, countries have none. For example, in 2007, Mozambique partnered with South Africa to start developing two gas fields in Mozambique's southern Inhambane province, for exporting gas to South Africa. Mozambique has one of the world's biggest gas reserves, while South Africa has among the highest energy needs in Africa but no gas reserves.⁶⁵ While the gas market has changed vastly since 2007 due to improving national climate commitments, gas investments and profits were still at an all-time high in 2022 due to the war in Ukraine.⁶⁶ Gas is still financially appealing.

Why is this statement untrue for people living in poverty on the frontlines of the climate crisis?

Gas business often mainly profits multinational oil and gas companies, instead of bringing economic benefits to the host country and its population. In fact, developing large-scale gas infrastructure could be detrimental to the host country's economy. There is evidence to suggest that on average, countries with abundant fossil fuel reserves that are being exploited are experiencing the same or slower rates of economic growth than prior to the discovery of fossil fuels.⁶⁷ This is especially evident for African countries,⁶⁸ which many have referred to as having a 'resource curse'. In the case of countries with abundant fossil fuel resources, this 'curse' has been mainly driven by national governments investing significant public funding into the projects, in the hope of profiting from their oil and gas reserves. Yet the desired economic benefits often do not materialise for host countries and local communities for the following reasons.

⁶³ *Oil Review Africa*, 2023. ['Africa must develop own gas market, says EG Minister'](#)

⁶⁴ *Energy Capital & Power*, 2022. ['H.E. President Macky Sall Opens MSGBC Oil, Gas & Power 2022'](#)

⁶⁵ United Nations, 2007. ['Pipeline benefits Mozambique, South Africa'](#)

⁶⁶ Deloitte, 2023. [2023 oil and gas industry outlook](#)

⁶⁷ World Bank, 2017. [Evidence for a presource curse? Oil discoveries, elevated expectations, and growth disappointments](#)

⁶⁸ Frankel J.A., 2010. [The natural resource curse: a survey](#) (No. w15836). National Bureau of Economic Research

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Most of the oil and gas projects are owned and controlled by foreign multinational companies.

For example, in Africa, almost two-thirds of new oil and gas production is owned by foreign multinational companies.⁶⁹ While local communities and people living in poverty suffer direct impacts from hosting gas infrastructure, as detailed in the previous section, foreign multinational companies take a greater share of the profits than domestic companies and local and national governments.⁷⁰

2

Many host countries are paying more money to the fossil fuel industry than they earn from it because of unfair contracts with very unfavourable terms.

These poor contract terms are often a result of governments offering favourable financial incentives to attract foreign capital; this has particularly been the case since the oil price crash in 2014 drove many multinational fossil fuel companies to limit their investment. Introducing different clauses and terms favourable to multinational companies has resulted in governments disproportionately shouldering the financial risks of gas projects.

For example, because of a 'take or pay' clause in the contract, the Ghanaian Government has been paying an amount equivalent to over seven per cent of its GDP in fines for unused gas that Ghana does not use or export.⁷¹ Ghana's growing debt – partially caused by these fines – means it is also unable to pay for the power it consumes. Therefore, power producers have been making threats to shut down their power plants if the Government fails to pay its outstanding debt.⁷² As a result, the energy sector, alongside soaring inflation and a failing currency system, has locked Ghana into a vicious cycle of spiralling debt.

Another example is contractual terms guaranteeing early profits for multinational oil and gas companies, while national governments only receive a gradually increasing, delayed proportion of revenue. This was the case with the Mozambique Government investing in a huge LNG project.⁷³ The contract terms were drafted before the Covid-19 pandemic, global economic recession and extreme conflicts in the region. Therefore, the revenue figures failed significantly to live up to predictions. The Mozambique Government was forced to shoulder a disproportionate share of the project's financial risks. As a result, Mozambique's national debt deepened after lower-than-anticipated profits. Even if the project had commenced on time, the poor contractual terms between the Mozambique Government and the multinational oil and gas company mean that the Mozambique Government's revenues would not peak until 2040. Due to deepening national debt stemming partly from this kind of unprofitable investment, the people of Mozambique are poorer than they were a decade ago.⁷⁴ This highlights how gas projects often hinder rather than contribute to development progress.

⁶⁹ BankTrack, 2022. [Locked out of a Just Transition: Fossil Fuel Financing in Africa](#)

⁷⁰ Oil Change International, 2021. [The Sky's Limit Africa: The Case for a Just Energy Transition from Fossil Fuel Production in Africa](#)

⁷¹ Foreign Affairs, 2022. ['Africa's Fossil-Fuel Trap: A Response to "The Divestment Delusion"'](#)

⁷² Climate Home News, 2023. ['Gas lock-in: Debt-laden Ghana gambles on LNG imports'](#)

⁷³ Oil Change International, 2021. [The Sky's Limit Africa: The Case for a Just Energy Transition from Fossil Fuel Production in Africa](#)

⁷⁴ E3G, 2021. [The failure of 'gas for development' – Mozambique case study](#)

3**Gas projects would not be financially sustainable or able to return economic costs in the long run.**

This is because gas demand has already peaked, as pointed out by many forecasts, mainly due to the rapidly falling costs of renewable energy.⁷⁵ Gas infrastructure will increasingly be a cost-ineffective way of providing energy. It therefore risks being abandoned and unused before the end of their anticipated economic lifetime – becoming what is known as 'stranded assets'. This also risks locking the host country into a polluting, expensive and high-carbon energy pathway in the coming decades. For example, Africa is estimated to risk \$230 billion in the next decade on new oil and gas projects, and \$1.4 trillion by 2050.⁷⁶ Therefore, the financial risks of gas projects will further increase and burden the host country in the decades to come.

As a result, hosting gas infrastructure is unlikely to help low- and middle-income countries generate more capital for development. Instead, constructing and maintaining gas infrastructure is very expensive, which will potentially divert money from poverty solutions and crucial public services. On average, low- and middle-income countries which are fossil fuel-dependent have more debts.⁷⁷ This implies how gas projects often hinder rather than contribute to development progress.



On average, countries with abundant fossil fuel reserves that are being exploited are experiencing the same or slower rates of economic growth than prior to the discovery of fossil fuels. This is especially evident for African countries. Low- and middle-income countries which are fossil fuel-dependent also have more debts on average.

⁷⁵ BloombergNEF, 2021. [New Energy Outlook 2021](#)

⁷⁶ Oil Change International, 2021. [The Sky's Limit Africa: The Case for a Just Energy Transition from Fossil Fuel Production in Africa](#)

⁷⁷ Overseas Development Institute, 2023. [Indebted: how to support countries heavily reliant on oil and gas revenues to secure long-term prosperity](#)

Why is renewable energy a better alternative for people living in poverty?

Renewable energy can create more, better-quality and dignified jobs and livelihoods for local communities compared to gas projects. It is estimated that renewable energy can create two to five times more jobs than fossil fuels with the same amount of investment.⁷⁸ The vast job and economic potential hold valid even for current gas-producing nations. For example, Senegal and Nigeria are estimated to benefit from three to four times more jobs in the energy sector under a just transition to renewable energy systems.⁷⁹ A just transition to renewable energy systems will create more jobs and boost economic growth in Africa.⁸⁰



It is estimated that renewable energy can create two to five times more jobs than fossil fuels with the same amount of investment.

Furthermore, renewable energy can most benefit local communities when they are developed as decentralised systems, which, as mentioned in the previous section, is the most cost-effective way of achieving universal energy access. Installation and maintenance jobs created by developing decentralised renewable energy systems can be enjoyed by any local communities that host these systems. In comparison, most jobs in the fossil fuel industry are concentrated around key fossil fuel reserves in a handful of specific regions,⁸¹ and local people are often excluded from most permanent or high-paid positions.⁸² Therefore, people living in poverty benefit more from the job opportunities created by renewable energy, with the economic benefits more equitably shared among various local communities.

It is important to remember that any development of new renewable energy infrastructure – centralised or decentralised – could unjustly threaten local communities or damage the environment if they are not done properly. Therefore, it is crucial to put justice principles at the core when investing in and developing new energy systems powered by renewables, which is further elaborated on in the next section. A genuinely just transition to renewable energy has the potential to create a new energy system that avoids many of the historical pitfalls of fossil fuels, such as threats to human and labour rights, and unfair profit-sharing.



📷 Lameck Chibago proudly cleans, maintains and positions the solar panel on the roof of his house that was installed as part of a Tearfund project in the Manyoni district, Tanzania.

Photo: Tom Price – Ecce Opus/Tearfund

⁷⁸ Oil Change International, 2021. [The Sky's Limit Africa: The Case for a Just Energy Transition from Fossil Fuel Production in Africa](#)

⁷⁹ Climate Action Tracker, 2022. [Natural gas in Africa: Why fossil fuels cannot sustainably meet the continent's growing energy demand](#)

⁸⁰ International Renewable Energy Agency, 2022. [Renewable Energy Market Analysis: Africa and its Regions](#)

⁸¹ International Energy Agency, 2022. [World Energy Employment](#)

⁸² Oil Change International, 2021. [The Sky's Limit Africa: The Case for a Just Energy Transition from Fossil Fuel Production in Africa](#)

Conclusion

The above sections have illustrated why the gas-for-development and gas-for-communities narratives are not valid. They have shown that renewable energy is a better solution for people living in poverty than gas. Fossil fuel companies and many governments have argued that gas can be used temporarily during the transition to renewable energy. Yet, in reality, the more gas the world uses, the greater the possibility that the use of fossil fuels could be locked in,⁸³ not to mention the immense environmental, social and economic burden that gas infrastructure brings to the countries and local communities that host it. For the benefit of people living in poverty, countries need to phase out *all* fossil fuels, including gas, and transition in a fair and just way to renewable energy.

‘Gas is not the future for Africa – but Africa needs to receive technological and financial support in order to transition to renewable energy.’

Promise Salawu

Renew our World Nigeria Project Officer

However, this transition will not be possible without the right financial and technological support. In particular, public finance – whether it is investment from a foreign or domestic source – is important to initiate an energy project before the private sector is willing to take the investment risk. However, despite the urgency of shifting to renewable energy, low- and middle-income countries are still receiving more international public finance for gas projects than for renewable energy projects – four times as much as wind or solar.⁸⁴ In 2022, global fossil fuel subsidies reached an all-time high of \$1 trillion.⁸⁵ As a result, many gas projects have been enabled through international public finance. For example, Mozambique’s liquefied natural gas (LNG) projects, which have significantly increased its national debt with little economic return so far, were enabled by international public finance from sources such as the African Development Bank.⁸⁶ In comparison, renewable energy projects often face larger financing access barriers as they receive much less public financial support.

⁸³ Gürsan C. and de Gooyert V., 2021. [‘The systemic impact of a transition fuel: Does natural gas help or hinder the energy transition?’](#) *Renewable and Sustainable Energy Reviews*, 138, p.110552

⁸⁴ International Institute for Sustainable Development, 2021. [Step Off the Gas: International public finance, natural gas, and clean alternatives in the Global South](#)

⁸⁵ International Energy Agency, 2022. [Fossil Fuels Consumption Subsidies 2022](#)

⁸⁶ E3G, 2021. [The failure of ‘gas for development’ – Mozambique case study](#)

Recommendations

We make two main recommendations, and outline some potential advocacy targets and associated policy asks:



Money out of fossil fuels

Ending domestic and international public finance for polluting gas and investing instead in renewable energy solutions, on a scale at least matching and preferably surpassing former fossil fuel investment

There has been global momentum to shift finance from polluting gas and other fossil fuels to renewable energy. For example, there have been several multilateral initiatives – such as the Clean Energy Transition Partnership (CETP, previously known as the Glasgow Joint Statement),⁸⁷ Beyond Oil and Gas Alliance (BOGA), and Just Energy Transition Partnerships (JETPs), as well as discussion on potential multilateral development bank (MDB) reform. These initiatives have the potential to accelerate the shift of finance from fossil fuels to renewable energy if they are implemented well. However, this shift needs to be even faster and on a much greater scale than it is now. This acceleration could be driven by advocating that:



High-income countries and MDBs (eg World Bank, African Development Bank)

- end all direct and indirect international support for gas, and instead invest in renewable energy solutions to enable low- and middle-income countries to transition from (or leapfrog) gas, on a scale that is at least matching or preferably surpassing former fossil fuel investment
- demonstrate this commitment by becoming new signatories of the CETP. Current signatories should publish and implement high-integrity policies to implement the CETP.



Low- and middle-income countries and continental bodies (eg African Union)

- end all direct and indirect domestic and international support for gas by ensuring new energy policies strongly advocate against any new gas investment and establishing domestic clean energy finance that is systemic, standardised and scalable
- demonstrate this commitment by becoming new signatories of the BOGA.

⁸⁷As of [March 2022](#), policies adopted to meet the Clean Energy Transition Partnership would shift \$5.7 billion per year from fossil fuels. A further \$13.7 billion would be shifted if all signatories fulfilled the commitment.

What finance for decentralised renewable energy systems can enable: a Nigerian example

Although Nigeria has been exploiting its oil and gas reserves for decades, its energy access level is still low. In 2020, only about half of Nigerians had access to electricity, and only a quarter of rural communities.⁸⁸ This is because Nigeria currently exports a large proportion of the oil, gas, and coal it extracts, supplying overseas markets rather than addressing domestic energy poverty.

Even for those who can access energy, the financial burden is large. Every year, Nigeria spends a staggering \$22 billion running its oil generators which most families rely on, which is around five per cent of GDP.⁸⁹ The soaring gas price since 2021 further increased the financial burden, therefore many Nigerian families are switching back to burning firewood and charcoal.⁹⁰ As such, local communities in Nigeria have not financially benefited from the expansion of gas infrastructure.

Meanwhile, Nigeria has a vast potential for developing solar energy because of its abundant and evenly distributed solar radiation. Nigeria is one of the fastest-growing markets for solar. Its solar off-grid market is estimated to have the potential to yield \$10 billion in revenue annually, with savings of \$6 billion for Nigerian homes and businesses.⁹¹ Renewable energy systems could also provide considerable employment for Nigeria. It is estimated that Nigeria will see the job market arising from renewable energy quadrupling from 2018 to 2023.⁹² This is in strong contrast to the slower-growing fossil fuel job market: per dollar invested, renewable energy creates up to five times more jobs than fossil fuel.⁹³ Off-grid energy systems could also provide a stable alternative to the poorly operated centralised power system in Nigeria.

Therefore, expanding decentralised solar systems is an attractive option. Many communities that Tearfund has been working with now have access to stable energy, as many households enjoy the benefits of solar home systems. Many community members have been trained to install solar systems. Some have even set up solar system installation businesses, opening up new livelihood opportunities. This is not just about the number of jobs created: jobs created by decentralised solar systems often have a stable income, are rewarding and benefit local communities.

In a community in Yola, Nigeria, that Tearfund has been working with, community members have benefited from more reliable livelihoods and a sense of purpose from their new solar jobs. Sylvester Odey used to work as a safety supervisor, which gave him an unstable income. After being trained on converting e-waste into solar panels and solar installation, he now has a stable income and also a strong sense of fulfilment, providing a better quality of life for himself and his family. The example of Sylvester Odey in Yola demonstrates the broader socio-economic benefits which community-focused decentralised renewable energy systems could bring. Such renewable energy systems have the potential to benefit communities across the nation – if investment is rapidly scaled up.

⁸⁸ World Bank, 2022. ['Access to electricity, rural \(% of rural population\) -- Nigeria'](#)

⁸⁹ Netherlands Enterprise Agency, 2021. [Sector Study: Solar Renewable Energy in Nigeria](#)

⁹⁰ Bloomberg, 2021. ['Nigerians Turn to Firewood and Charcoal as Gas Prices Surge'](#)

⁹¹ Netherlands Enterprise Agency, 2021. [Sector Study: Solar Renewable Energy in Nigeria](#)

⁹² Quartz, 2019. ['Off-grid renewable energy is helping tackle two of Africa's biggest problems'](#)

⁹³ Oil Change International, 2021. [The Sky's Limit Africa: The Case for a Just Energy Transition from Fossil Fuel Production in Africa](#)

It has been estimated that off-grid solar energy products sold since 2010 have averted the release of 94 million metric tons of CO₂e,⁹⁴ which is equivalent to taking 20 million petrol vehicles off the road for a year.⁹⁵ This has also improved energy access for 101 million people, and is expected to generate \$7 billion of additional income over the off-grid solar product's expected lifetime.⁹⁶

As a result, there are increasing numbers of countries highlighting the role of decentralised renewable energy systems within their national energy plans. For example, Kenya has identified deploying mini-grid and off-grid solutions as one of its least-cost options for achieving universal electricity access in the Kenya National Electrification Strategy, introducing plans to focus investments on mini-grid and off-grid solutions.⁹⁷

Effective policies alongside investments to incorporate decentralised renewable energy systems into national energy planning could significantly scale up these community-focused solutions.⁹⁸ Gaining energy access and achieving development goals would not need to use gas as a transition fuel and come at the cost of deepening the climate crisis. Instead, decentralised renewable energy systems supported by sufficient finance could unleash the great economic and innovative potential that already exists in local communities.



📷 Sylvestor Odey and other community members install the decentralised solar system they built on rooftops.

Photo: Theophilus Gobum

⁹⁴ Global Off-Grid Lighting Association, 2022. [Global Off-Grid Solar Market Report Semi-Annual Sales and Impact Data: January – June 2022, Public Report](#)

⁹⁵ United States Environmental Protection Agency. [Greenhouse Gas Equivalencies Calculator](#)

⁹⁶ Global Off-Grid Lighting Association, 2022. [Global Off-Grid Solar Market Report Semi-Annual Sales and Impact Data: January – June 2022, Public Report](#)

⁹⁷ Ministry of Energy Kenya, 2018. [Kenya National Electrification Strategy: Key Highlights](#)

⁹⁸ UK PACT, 2021. [Community-focused decentralised energy systems: Trends driving adoption](#)



Money into a just transition

Ensuring that investments in renewable energy solutions deliver the co-benefits of renewables and uphold justice principles, by supporting an equitable, just energy transition and prioritising decentralised projects to increase energy access

While renewable energy can bring a wide range of benefits to people living in poverty and local communities and is generally more inclusive, it is important to ensure it does not replicate the harmful impacts of many fossil fuel projects.

Therefore, renewable energy projects should support an equitable, just energy transition and prioritise decentralised projects to increase energy access where it is not universal, sufficient or affordable. Such projects should enhance meaningful opportunities for local people by creating good-quality and dignified jobs and livelihoods, and also protect biodiversity through robust due diligence, strengthen the land rights of communities and indigenous peoples, and ensure stringent human and labour rights protections throughout the production chain.

In general, the following justice principles should be upheld to ensure benefits and risks are shared equitably and justly:⁹⁹

- **Recognition-based justice:** The injustices experienced by affected marginalised groups are recognised, and their rights and concerns are addressed.
- **Procedural justice:** Affected people should have a meaningful say in the design and implementation of transition policies and projects.
- **Distributional justice:** There is a fair distribution of the responsibilities, costs and benefits as a result of energy transition across all groups.
- **Remedial justice:** Impacted groups are fairly compensated for any harm resulting from energy transition and loss and damage.

⁹⁹ Oxfam, 2022. [Towards a Just Energy Transition: Implications for communities in lower- and middle-income countries](#)

This could be driven by advocating for the following:



Equitable and just renewable energy projects

National governments and MDBs should ensure that the renewable energy projects they support domestically and overseas are equitable and just.



Mini-grid and off-grid renewable energy systems

National and local governments of low- and middle-income countries should:

- prioritise expanding mini-grid and off-grid renewable energy systems to increase energy access where it is not universal, sufficient or affordable
- support and institutionalise local governance or community-led frameworks for decentralised systems, especially in the absence of effective national frameworks




 Promise Salawu, the Renew Our World Nigeria Project Officer (left), alongside other Tearfund partners and staff, called on high-income countries to deliver promised climate finance at the UN climate summit in Scotland (COP26). They were issuing a final 'invoice' to the richest and most-polluting countries.

Photo: Bianka Csenki/Tearfund

Why justice principles are important for energy transitions: a Nigerian example

Nigeria has recently announced plans to remove its extremely costly fuel subsidies. This announcement was made unexpectedly, without any official consultation with stakeholder groups and the public. This abrupt announcement has sparked chaos in Nigeria with people rushing to stock up on fuels before subsidies were removed, resulting in long queues at fuel stations, immediate scarcity and extremely fluctuating fuel prices.¹⁰⁰

The announcement was part of Nigeria's new President's efforts to address the Government's shrinking state revenues and elevated debt levels. This policy of fuel subsidies dates back almost 50 years, when the fuel price was drastically different.¹⁰¹ For the decades since then, it has locked in an increasingly significant proportion of the Nigerian Government's budget in order to maintain fuel costs at a regulated price.¹⁰² The policy has become extremely problematic as the fuel subsidies are costing the Nigerian Government dearly: it was spending almost \$10 billion in 2022 just for petrol subsidies, which is more than four times Nigeria's health budget.¹⁰³ This compounds problems relating to the Nigerian Government's loss of tens of billions of dollars in oil and gas revenues over the last decade due to the poor rates offered by multinational oil and gas companies.¹⁰⁴ With the continual fluctuating (and mostly soaring) price of fossil fuels, the World Bank has referred to Nigeria's continued subsidies as a 'fiscal time-bomb'.¹⁰⁵

While it is widely acknowledged that removing fuel subsidies was the right move for Nigeria, the subsidy removal plan was criticised for its lack of consultation, clear communication and compensation mechanisms.¹⁰⁶ The plan has fuelled inflation and become an enormous financial burden for ordinary families, with the cost of buses, which are run by private owners, rising significantly for example. Again, the poorest are those most affected by all this fallout.¹⁰⁷

Nigeria's fuel subsidy removal illustrates how a well-intended transition from fossil fuels could burden local communities if the transition does not follow justice principles. By contrast, a just energy transition could benefit the country and communities with a new energy system that is financially, socially and environmentally sustainable. In removing its fuel subsidies, Nigeria now needs to introduce a mechanism for compensating and supporting Nigerians who are the most negatively impacted, and align the reform with a new system that could provide better alternatives and create jobs.¹⁰⁸

¹⁰⁰ *Financial Times*, 2023. ['Nigeria president's move to end petrol subsidies sparks chaos'](#)

¹⁰¹ *France 24*, 2023. ['A necessary "sacrifice": Nigeria ends almost 50 years of fuel subsidies'](#)

¹⁰² PwC, 2023. [Fuel subsidy in Nigeria – issues, challenges and the way forward](#)

¹⁰³ International Institute for Sustainable Development, 2023. ['Nigeria Must Ensure its Fuel Subsidy Reform Sticks for the Long Term'](#)

¹⁰⁴ *Foreign Affairs*, 2022. ['Africa's Fossil-Fuel Trap: A Response to "The Divestment Delusion"'](#)

¹⁰⁵ *BusinessDay*, 2022. ['"Fiscal time bomb": Petrol subsidy hits N2.1trn'](#)

¹⁰⁶ International Institute for Sustainable Development, 2023. ['Nigeria Must Ensure its Fuel Subsidy Reform Sticks for the Long Term'](#)

¹⁰⁷ *Financial Times*, 2023. ['Nigeria president's move to end petrol subsidies sparks chaos'](#)

¹⁰⁸ International Institute for Sustainable Development, 2023. ['Nigeria Must Ensure its Fuel Subsidy Reform Sticks for the Long Term'](#)

‘Gas is not the future for Africa – but Africa needs to receive technological and financial support in order to transition to renewable energy.’

Promise Salawu

Renew our World Nigeria
Project Officer

Tearfund.org

Tearfund, 100 Church Road, Teddington, TW11 8QE, United Kingdom

+44 (0)20 3906 3906 ✉ campaigns@tearfund.org

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