



## JUST THE FACTS

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# The Collision of Energy Poverty, Hypocrisy and Reality

For two years, PIOGA's monthly Just the Facts summaries have focused on a range of regional, national and international issues related to oil, natural gas, natural gas liquids and the thousands of products made possible through processing these resources, along with the vital role the U.S. plays in oil and gas production.

For this month, we will take a broader look at the intersection of several forces shaping energy development choices in underserved nations, including a lack of financing being driven by a reluctance to support needed electric generation facilities in those countries. Geopolitical factors, the most prominent being Russia's invasion of Ukraine, are also at the heart of some decisions being made by countries dealing with energy poverty or the need for additional generating capacity.

A summary of a few of these trends is provided below.

### Financing Hypocrisy

An India Energy Week conference held last month included a call from Tanzania's energy minister January Makamba to wealthy nations to "move away from hypocrisy" in recent decisions to stop financing needed natural gas projects in countries facing energy poverty. Makamba specifically called out Japan, as the country walked away from a recent proposal to finance a gas-fired power plant in southern Tanzania.

"Japan is one of the largest importers of LNG (liquefied natural gas). So if gas is good for you to run an economy but it's bad for me to generate power, there's a problem," Makamba said. Japan also pulled back from investing in two coal power plant projects in Indonesia and Bangladesh last year, in the face of global criticism over its support for coal.

Approximately 60 percent of Tanzania's population lacks access to electricity, according to the World Bank. While Indonesia and Bangladesh have electrification rates higher than 95 percent, both are facing the need to replace or upgrade their fleets, with coal providing an affordable and reliable source to meet some of their energy needs.

Bangladesh's experience goes further into the political and economic forces influencing energy choices, as the surge in natural gas prices resulting from sanctions on Russia following the invasion of Ukraine made LNG inaccessible to the south Asian country. Bangladesh counts on natural gas for over two-thirds of its power generation, but was priced out of the market by wealthier western countries last year. Major cities in Bangladesh imposed frequent power cuts during the second half of 2022 due to a lack of supply, disrupting commercial and industrial activity.

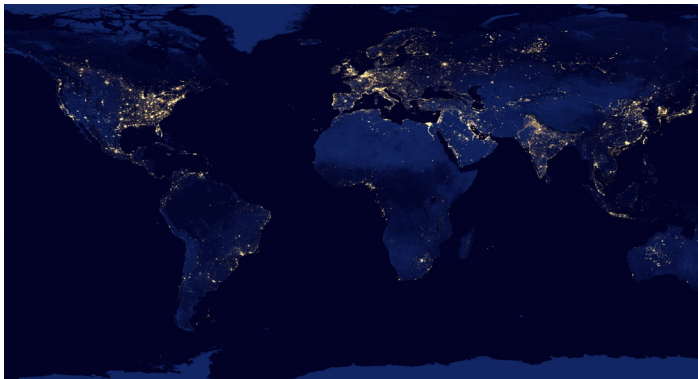
Tanzania's Energy Minister summed up a dilemma facing many Global South nations, "The choices for me to be able to increase (energy) access and consumption cannot be impaired by politics that have nothing to do with me."

### An About Face from Natural Gas

Price and access issues facing Pakistan, where 25 percent of the nation's population has no access to electricity, recently forced the country to abandon its plan to construct new natural gas-fired power plants. Pakistan energy minister Khurram Dastgir announced last month that the country plans to increase domestic coal-fired capacity from 2.3 gigawatts (GW) to 10 GW in the medium-term future.

“LNG is no longer part of the long-term plan,” Dastgir said, adding, “We have some of the world’s most efficient re-gasified LNG-based power plants. But we don’t have the gas to run them.” The energy minister also did not deny the potential for challenges to finance those new coal-fired facilities.

In the short-term, Pakistan, which currently relies on natural gas for about one-third of its electricity generation, is struggling to access LNG due to high prices in Europe and Asia and the country’s own financial liquidity crisis, increasing the likelihood of power outages in 2023.



Between 10-13 percent of the world's population lives without electricity. Researchers with Energy for Growth Hub, an independent think tank, calculate that 45 percent of the world lives without “reliable electricity,” defined as having an annual average of no more than one outage or an hour of outage each month.

## The Facts

The World Bank estimates approximately 10.5 percent of the world’s population has no access to electricity. The International Energy Agency (IEA) puts that number closer to 13 percent. IEA also notes that the pandemic, inflation and recent geopolitical forces combined to increase in that number between 2021-2022 (from 754 million to 774 million), the first increase in the 20 years the agency has tracked that statistic.

One factor in the equation to improve these situations is fairly obvious. The U.S. has the resources, stability and capital to export cleaner and more efficient energy to these countries, improve public health and reduce global carbon emissions. U.S. supplies of natural gas, oil and coal are far from being a panacea for every village in developing countries, of course, with a range of renewable technologies being a vital part of the solutions to bring electricity to remote locations.

With policies that promote every step in producing, transporting and marketing energy to parts of the world where it is needed, the U.S. can play an important role in reducing global energy poverty.

## Polluting Fuels, Better Alternatives

The World Health Organization estimates that about 2.8 million people globally depend on solid wood fuel for energy, with developing countries accounting for 90 percent of that total. Similarly, 2.4 million people use polluting fuel to cook food, such as wood, coal, charcoal, dung or kerosene, typically burned in inefficient stoves. Adverse health effects from smoke and particles from the use of these fuels impact women and young children disproportionately, resulting in chronic disease and premature deaths.

European Union countries were also expected to burn more wood fuel/pellets this winter due to the price of other sources, according to the United Nations Economic Commission for Europe, increasing from 23.1 million tons to more than 24 million tons.



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