

Briefing: Standard Bank Group's Climate-related financial disclosures report 2022



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1. Introduction & key messages

This analysis focuses on Standard Bank Group (SBG)'s Climate-related financial disclosures report 2022 ("2022 climate report"), released on 31 March 2023 and "informed by the recommendations of the Task Force on Climate-Related Financial Disclosures".¹

In April 2022, Just Share published an analysis of SBG's March 2022 Climate Policy. Where relevant, this briefing will refer to Just Share's 2022 analysis. This briefing does not address every section of the 2022 climate report, but rather focuses on key areas of importance.

Key messages

- SBG's on- and off-balance sheet **exposure to fossil fuels** increased by 22% from 2021 to 2022. Total exposure to fossil fuel power generation, coal mining and oil and gas (integrated, trading & retail, exploration and production, and midstream) in 2022 was R119.4 billion, compared to R97.6bn for the previous year.
- SBG's on- and off-balance sheet **exposure to renewable power generation** increased by 84% from 2021 to 2022, to R26.3 billion. This is a significant increase, but it is crucial to look at this number in comparison to SBG's **exposure to fossil fuels**, which is **approximately 4.5 times higher**.
- SBG justifies its increased investment in fossil fuels as being "in line with" its climate policy. This reflects **the weakness and lack of ambition of the bank's policy**, as identified in Just Share's 2022 analysis: adopting targets that are not aligned with climate science allows the bank to increase its exposure to fossil fuels, while claiming that this increase is aligned with a purported commitment to taking climate action.
- SBG maintains its position that Africa requires new fossil fuels to address **energy poverty and developmental needs**. The bank makes no reference to the multiple studies and analyses by globally-respected institutions, including the Organisation for Economic Cooperation and Development,² the United Nations Economic Commission for Africa,³ and the International Institute for Sustainable Development,⁴ that demonstrate that sustainable energy, and in particular decentralised renewable energy, represents the fastest, most cost-effective option for addressing energy poverty across the African continent, to "unlock sustainable economic growth, improve human health and well-being and enable women and children to lead more productive lives".⁵
- SBG shareholders should be concerned about the financial risks inherent in significant investment in new fossil fuels. The global decarbonisation imperative means that fossil fuel markets are rapidly shrinking. This also places new fossil fuel infrastructure at significant **stranded asset risk**.

¹ P 2. The 2022 climate report also states that "details of our climate policy (March 2022) and climate strategy and implementation plan (March 2023), can be found in other parts of our reporting suite", but does not specifically refer to the climate strategy and implementation plan in the 2022 climate report.

² [Financing Climate Futures: Rethinking Infrastructure - OECD](#)

³ [Towards a prosperous and sustainable Africa: Maximising the socio-economic gains of Africa's energy transition \(irena.org\)](#)

⁴ [Step Off the Gas: International public finance, natural gas and clean alternatives in the Global South | International Institute for Sustainable Development \(iisd.org\)](#)

⁵ [Achieving clean-energy-access-Sub-Saharan-Africa.pdf \(oecd.org\)](#)



2. Background

In March 2022, SBG published a Climate Policy. As set out in Just Share's 2022 analysis of that policy, although SBG commits to net zero carbon emissions from its portfolio of financed emissions⁶ by 2050, the policy does not contain a strategy or short- and medium-term targets to reduce SBG's fossil fuel exposure **in line with the Paris goals**, including the goal of limiting the global temperature increase to well-below 2 degrees Celsius (°C), and preferably to 1.5°C, above pre-industrial levels.

SBG's Climate Policy allows the bank to increase its financing of fossil fuels until at least 2040, and the bank's 2022 climate report evidences this increase over the past year.⁷

3. Analysis of SBG's 2022 climate report

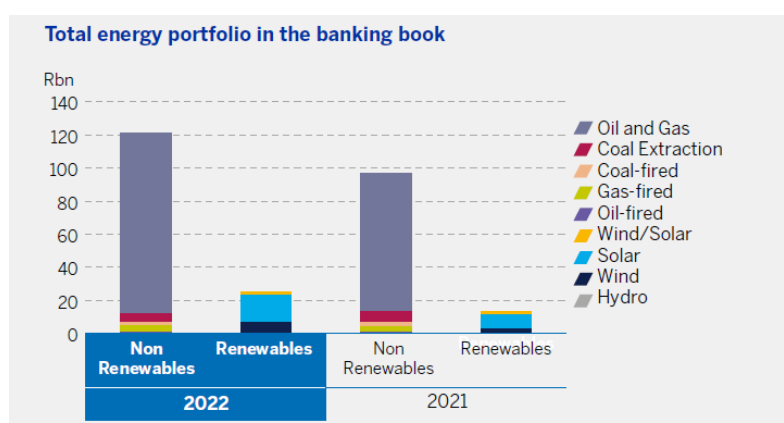
3.1. Significant increase in fossil fuel financing is not defensible

From the 2022 climate report

In 2022, SBG financed new renewable energy projects to the value of R18.2 billion.⁸ The bank's **exposure to climate-related opportunities** (i.e., renewable power generation), when both on- and off-balance sheet financing is considered, **has increased by 84%** since 2021, to **R26.3bn**.⁹

This is a significant increase, but it is crucial to look at this number in comparison to SBG's **exposure to fossil fuels**, which is **approximately 4.5 times higher**.

SBG's on- and off-balance sheet total **exposure to fossil fuels increased by 22%** from 2021 to 2022. Fossil fuel exposure in 2022 (comprising coal, oil and gas power generation, coal mining, oil and gas integrated, trading & retail, exploration and production, and midstream) was **R119.4bn**, compared to R97.6bn for the previous year. The bank still intends to fund oil and gas in 2050.



Source: p. 23 climate disclosures report 2022

⁶ The emissions that banks and investors finance through their loans and investments. They fall under scope 3, category 15 (investments) of the Greenhouse Gas Protocol.

⁷ P 24.

⁸ P. 23.

⁹ P 23.



Just Share analysis

SBG has set targets based on “overall sustainable finance and lending concentration risk-based targets”. Just Share’s 2022 analysis pointed out that the bank’s failure to set targets using absolute emission contractions means that it can achieve its targets while **increasing** its exposure to fossil fuels.

SBG acknowledges in its 2022 climate report that its oil and gas exposure has increased, but states¹⁰ that:

- “the concentration and absolute levels of finance [to power utilities that own and operate gas-fired power plants] have increased in line with our commitment to responsibly support the use of natural gas as a transition fuel”; and
- “all new financings were provided in line with the climate policy and our long-term support to clients committed to the energy transition, and we remain on track to meet the targets set out in the climate policy”.

SBG’s justification of its increased investment in fossil fuels as being “in line with” its climate policy, and its statement that it “remain[s] on track to meet the targets set out in the climate policy” reflects the weakness and lack of ambition of the bank’s policy, as identified in Just Share’s 2022 analysis: adopting targets that are not aligned with climate science allows SBG to increase its exposure to fossil fuels, while claiming that this increase is aligned with a purported commitment to taking climate action.

In other words, a policy that fails to set science-based absolute emission contraction targets and incorporate meaningful exclusions will never support capital allocation which is informed by a robust understanding of climate risks and opportunities.

3.2. Progress on the climate risk shareholder resolution

Following extensive engagement in 2022, Just Share, Aeon Investment Management and SBG agreed on the wording of a shareholder-proposed resolution that was tabled for voting ahead of the bank’s 31 May 2022 annual general meeting (AGM).

The non-binding, advisory resolution requires the bank, over a three-year timeframe, to calculate and disclose the financed greenhouse gas (GHG) emissions from its exposure to oil and gas and set targets for reducing that exposure in line with the goals of the Paris Agreement.

The resolution passed with 99.7% shareholder support at the 2023 AGM.¹¹ The first stage of reporting in terms of the resolution requires SBG, by no later than 31 March 2023, to provide shareholders with a report on SBG’s progress, in relation to each relevant country of operation, in

¹⁰ P 25.

¹¹ [1668583060-SBKResultsofAGM310522V2.pdf \(standardbank.com\)](#)



calculating its financed GHG emissions from its exposure to oil and gas. SBG's 2022 climate report includes a section on the bank's "progress against the 2022 shareholder resolution".¹²

From the 2022 climate report

SBG briefly reports on its progress in four countries in calculating its financed GHG emissions from its exposure to oil and gas. The bank says that these are the countries in which its "material exposures currently reside":

- Nigeria (10% exposure in Corporate and Investment Banking, with emissions estimated for 94% of exposures);
- Angola (4% exposure and all emissions estimated);
- Ghana (4% exposure, with emissions estimated for 94% of exposures); and
- Uganda (more than 1% and SBK indicates that no emissions exposure has been estimated).

The bank estimates that, overall, emissions have been estimated for 81% of exposures from these four countries.¹³ SBG reports that its emissions measurement work is on track with "coverage to be extended and methodology reviewed" and states that, as it progresses with this work, it will "include all other countries where we have, or will have, exposure".¹⁴

The 2022 climate report also states that the "investment strategy that we have for each country is and will be aligned to the Nationally Determined Contributions (NDC) emissions reductions commitments in each country. We continue to support clients and projects that meet our climate policy commitments and are able to demonstrate time-bound commitment to reducing emissions in line with an energy transition plan".¹⁵

There are several instances in the 2022 climate report in which the bank downplays the role of the financial sector in decarbonisation, shifting responsibility to governments and to its own clients. For example, SBG states that:

"There are limits to the degree to which banks can control or influence real economy decarbonisation. Our ability to support climate mitigation depends on numerous external factors including our clients' preferences and transition pathways. Yet, transition planning by real economy firms ... is still in its infancy, even in developed economies. ... This makes it difficult for banks to measure their financed emissions and performance against climate targets based on financed emissions. The reliance on information from clients needs to be appropriately considered in sequencing the target-setting and disclosure requirements for banks".¹⁶

The 2022 climate report states that SBG's work on financed emissions is hindered by "the absence of local regulation, multiple methodologies, and the evolving global standard setting process for climate-related disclosures".¹⁷

¹² Pp 26-27.

¹³ P 26.

¹⁴ P 26.

¹⁵ P 26.

¹⁶ Pp 4-5.

¹⁷ P 5.



Just Share analysis

SBG has complied with the first part of its obligations in terms of the shareholder resolution – reporting on its progress in calculating its financed GHG emissions from its exposure to oil and gas.

On SBG’s statements about a lack of policy coherence, and difficulties in data-collection, the bank cannot claim not to know that investing in new fossil fuels is a significant climate risk, irrespective of what the investment strategy and/or policies of any particular country of operation state.

While there are undoubtedly challenges involved in scope 3 emissions measurement, these do not prevent any bank, in the interim, from making commitments and setting targets that are funding-based, rather than emissions-based, i.e., targets to reduce the quantum of loans advanced to the fossil fuel industry (which should result in reductions in financed emissions by the bank in the real world). In addition, difficulties in calculating financed emissions do not justify increasing exposure to fossil fuels.

*Challenges associated with government policy and regulations in relation to climate action also do not prevent the setting of climate science-aligned targets which reduce lending to fossil fuels. **It is well within the power and capability of the financial sector to send a strong market signal on climate action, rather than abdicating responsibility by asserting that banks are simply passive recipients of external forces.***

As Just Share has repeatedly conveyed to SBG, aligning its country investment strategies with those countries’ NDCs is insufficient to ensure that its climate policy and lending targets will be aligned with the Paris goals. The current global combined NDCs, even if fully implemented, fall far short of what is necessary to prevent dangerous climate change.¹⁸

Instead of financing (through lending and/or underwriting) fossil fuels on the basis that countries’ policies support such investments, African banks like SBG should be engaging with governments to support energy futures that rely on clean and rights-compatible renewable energy development, and substantially scaling up their own financial support for clean energy in Africa.

3.3. Climate scenarios should not be misinterpreted as evidence that increased fossil fuel investment is required

From the 2022 climate report

Relying on the Net Zero 2050 Network for Greening the Financial System (NGFS) scenario, the 2022 climate report¹⁹ states:

- “The transition away from coal is likely to be protracted in Southern Africa and energy security in the region will remain dependent on coal-fired power. This is aligned with the net zero 2050 scenario published by the NGFS”.

¹⁸ <https://climateactiontracker.org/climate-target-update-tracker-2022/>; https://climateactiontracker.org/documents/1051/CAT_2022-06-03_Briefing_MidYearUpdate_DespiteGlasowTargetUpdatesStalled.pdf

¹⁹ P 10.



- “Our strategy is further informed by the NGFS net zero 2050 scenario which shows oil demand in Africa peaking in 2040”.
- “The NGFS net zero 2050 scenario shows demand for gas in Africa continuing to grow until 2050”.

The 2022 climate report states that SBG referenced the transition pathways defined in climate scenarios published by the NGFS because these are the “most common source for scenario testing by commercial banks and because they combine climate variables for transition and physical risk with regular macroeconomic and financial variables”.²⁰

In its Climate Policy, SBG relied on the NGFS Net Zero 2050 scenario “to assess the likely impact of climate-related and environmental risks at a sector level”. The Climate Policy states, for example, that “evidentiary support is provided by the NGFS Net Zero 2050 scenario, which shows gas demand continuing to grow until 2050”, and then uses that *potential outcome* as a key justification for the need for significant amounts of gas as a transition fuel in Africa.

Just Share’s analysis

*Just Share’s 2022 analysis critiqued SBG’s sole use of the NGFS Net Zero 2050 scenario, pointing out that NGFS scenarios have been criticised for failing to integrate the latest climate science. Scenarios such as the NGFS’s underestimate both the risks and opportunities presented by climate change.*²¹

Scenarios describe how a hypothetical path of development might lead to a particular outcome; they are plausible representations of the future, and do not provide proof of any particular pathway or outcome. Scenario analysis should be used to develop strategic plans that are more flexible or robust in relation to a range of plausible future states, exploring how different combinations of the same key factors can lead to very different outcomes.

Climate scenarios are hypothetical constructs; they are not evidence of how the future is going to unfold. *Instead of using its scenario analysis to **inform** its strategy based on the likely effect on its business of various climate impacts and transition risks, SBG has instead treated the NGFS 2050 scenario as **evidence** for the robustness of its strategic decision to increase investment in oil and gas.*

*NGFS describes the Net Zero 2050 scenario as “an ambitious scenario that limits global warming to 1.5 °C through stringent climate policies and innovation, reaching net zero CO₂ emissions around 2050...giving at least a 50% chance of limiting global warming to below 1.5°C by the end of the century with no or low overshoot... Physical risks are relatively low but transition risks are high”.*²²

²⁰ P 12.

²¹ <https://raoglobal.org/blog/real-world-climate-scenarios-rwcs-roundtable>; <https://www.esginvestor.net/climate-science-vital-to-fill-the-gaps-in-scenario-analysis/>

²² <https://www.ngfs.net/ngfs-scenarios-portal/explore/>



*In addition to acknowledging that transition risks, even in this “ambitious” scenario, are high, NGFS points out that various crucial elements are **not** included in its scenarios and/or assumptions are made that unrealistically reduce climate risk. For instance, the scenarios do not consider the social dimension of climate change, do not capture the effects of extreme events, do not account for tipping points in the Earth system, and provide an “optimistic assumption on NDC pathways”.²³*

In contrast, there is no ambiguity in the climate science that a “rapid and deep” reduction in GHG emissions is essential to have the best prospect of preventing the most harmful impacts of the climate crisis; that potential emissions from fossil fuels already in production or under construction already exceed 2°C of global heating; and that there is no carbon budget for any fossil fuel expansion.

Given these facts, there is no basis on which SBG can justify its increased exposure to fossil fuels using any climate scenario.

4. Conclusion

The timeframe to take meaningful climate action is rapidly narrowing

There is substantial evidence that climate change is increasing the frequency and intensity of extreme weather events across the globe. In 2021 and 2022, the Intergovernmental Panel on Climate Change (IPCC) released the three working groups’ contributions to the Sixth Assessment Report, with the Synthesis Report released in March 2023.²⁴ The IPCC once again confirmed that there is a rapidly closing window of opportunity to secure a liveable and sustainable future for all. “The choices and actions implemented in this decade will have impacts now and for thousands of years”.²⁵

The IPCC starkly reiterates that climate change is driving widespread loss and damage to people and nature. Vulnerable communities – who have historically contributed the least to current climate change – are already being, and will continue to be, disproportionately affected.²⁶

Finance flows fall far short of the levels needed to meet climate goals across all sectors and regions.²⁷ To keep temperature rise to 1.5°C – the level essential to avoid the worst impacts of the climate crisis – global emissions must halve by 2030.²⁸

The IPCC highlights that “all global modelled pathways that limit warming to 1.5°C (>50%) with no or limited overshoot [...] involve rapid and deep and in most cases immediate [greenhouse gas] emission reductions in all Sectors”.²⁹ Wind and solar energy are by far the lowest-cost options with the largest potential to reduce emissions by 2030.³⁰ Even continuing to operate existing fossil fuel

²³ <https://www.ngfs.net/ngfs-scenarios-portal/faq/>

²⁴ <https://www.ipcc.ch/assessment-report/ar6/>

²⁵ IPCC AR6 SYR, SPM, C.1.

²⁶ IPCC AR6 SYR, SPM, A.2.

²⁷ IPCC AR6 SYR, SPM, A.4.

²⁸ IPCC AR6 WGIII, SPM, C.1.2.

²⁹ IPCC AR6 WGIII, SPM, C.3.

³⁰ IPCC AR6 SYR, SPM, C.3.



infrastructure would exceed a 1.5°C carbon budget.³¹ Every fraction of a degree matters when it comes to preventing dangerous global warming.³²

Renewable energy is Africa's best option for addressing energy poverty

A large and growing body of evidence demonstrates that decentralised renewable energy represents the fastest, most cost-effective option for addressing energy poverty across the African continent, to “unlock sustainable economic growth, improve human health and well-being and enable women and children to lead more productive lives”.³³ **Africa has a unique opportunity to direct capital flows towards the development of sustainable, equitable energy generation which prioritises energy access for all.**

There is no justifiable basis to argue that new fossil fuel investment is required for Africa's development. On the contrary, there is significant evidence that increasing Africa's exposure to fossil fuels will have severely negative impacts (see Appendix). Transitioning to a low-carbon economy and preventing catastrophic climate change requires that capital flows be urgently redirected away from fossil fuels.

The OECD has said that a “clean energy revolution in sub-Saharan Africa is urgently needed to win the fight against energy poverty”, and refers to the International Energy Agency's (IEA's) estimate that “the level of investment required to achieve universal access in [sub-Saharan Africa] is estimated ... to be USD 27 billion per year (2018-30), which is at least double current levels of financing – highlighting the need for major increases from domestic sources and international sources.”³⁴

Financial institutions have a crucial role to play in enabling a shift to a just and clean energy economy. Banks like SBG must set credible 1.5°C-aligned targets to reduce their exposure to existing fossil fuel and other high-emitting sectors, stop financing new fossil fuels and dramatically increase financing to sectors that will directly contribute to the transition to a low-carbon world in which all Africans have access to sustainable energy.

Instead, SBG has:

- adopted a Climate Policy that allows it to increase its financing of fossil fuels – and to fund such deeply risky and controversial projects as the East African Crude Oil Pipeline;³⁵
- increased its exposure to fossil fuels; and
- indicated its intention to continue to increase this exposure.

As a result, SBG risks significant financial, reputational and litigation risks. This risk is exacerbated by the bank's status not only as the largest African bank by assets,³⁶ but also the continent's biggest lender to the oil and gas industry.

³¹ IPCC AR6 SYR, SPM, A.6.

³² IPCC AR6 SYR, SPM, AB.7.

³³ [Achieving-clean-energy-access-Sub-Saharan-Africa.pdf \(oecd.org\)](#)

³⁴ Ibid

³⁵ https://www.banktrack.org/download/the-east-african-crude-oil-pipeline-eacop-risk-update-no-4/eacopbriefingapr2023_4.pdf

³⁶ 2022 Annual Integrated Report pp 6-7.



5. Appendix: Fossil fuels will not solve energy poverty in Africa

Just Share’s 2022 analysis of SBG’s Climate Policy pointed out that SBG relies on misleading development narratives in an attempt to justify why Africa should transition to a low-carbon future more slowly, and continue to invest in new fossil fuels. The policy claims, without evidence to support this position, that sustainable development and the just transition require trade-offs with, or “balancing” against, poverty alleviation, energy security, jobs, and economic growth.

The 2022 climate report reiterates SBG’s position, stating, for example:

- “We recognise the need to actively manage and reduce our exposures to oil in an orderly fashion over time as part of a broader transition to net zero. We do however have a responsibility to support and prioritise social and economic development in Africa, and we recognise the importance of balancing this need with our support for a just transition away from non-renewable energy sources including oil. Our strategy is further informed by the NGFS net zero 2050 scenario which shows oil demand in Africa peaking in 2040”.³⁷
- “Our strategy considers natural gas as a transition fuel for Africa. Natural gas will play an important role in the transition from the use of carbon-intensive energy sources like wood and coal to more efficient energy sources for households and companies like LPG and natural gas. The NGFS net zero 2050 scenario shows demand for gas in Africa continuing to grow until 2050. As such, the group will continue to finance gas over the medium- to long-term subject to conditions outlined in our group climate policy.”³⁸
- “We are working to reduce our exposure to high-emissions sectors in the short, medium and long term, in line with our climate policy and the need for a just energy transition that recognises Africa’s energy poverty and historically small contribution to carbon emissions”.³⁹

SBG very clearly intends to continue to increase its exposure to oil and gas, as it has done already over the past year. Its arguments about Africa’s need for fossil fuels are supported neither by climate science, nor by the wealth of evidence, which continues to mount, that demonstrates:

- that gas is not clean nor climate or environmentally “friendly”;
- that it does not bring economic prosperity; and
- that the power sector does not require significant quantities of gas for energy access or security.⁴⁰

³⁷ P 10.

³⁸ P 10.

³⁹ P 28.

⁴⁰ See, for example: <https://justshare.org.za/media/news/just-shares-comments-on-the-dmres-gas-masterplan-basecasereport> and the references therein; <https://www.e3g.org/publications/the-failure-of-gas-for-development-mozambiquecase-study/>; <https://www.iisd.org/publications/natural-gas-finance-clean-alternatives-global-south>; <https://www.iisd.org/publications/report/south-africa-no-need-for-gas>; <https://zerocarbon-analytics.org/archives/energy/rapid-phasedown-of-natural-gas>; <https://climateactiontracker.org/publications/natural-gas-in-africa-why-fossil-fuels-cannot-sustainably-meet-the-continents-growing-energy-demand/>; https://www.bankingonclimatechaos.org/wp-content/uploads/2023/04/BOCC_2023_vFinal.pdf; https://www.banktrack.org/download/locked_out_of_a_just_transition_fossil_fuel_financing_in_africa/07_md_banktrack_fossil_fuels_africa_rpt_hr_1.pdf; <https://dont-gas-africa.org/cop27-report>; <https://researchspace.csisr.co.za/dspace/handle/10204/11483>; <https://meridianeconomics.co.za/wpcontent/uploads/2020/07/Ambition.pdf>



Africa is - and will increasingly be – acutely impacted by climate change, which is primarily driven by the combustion of fossil fuels. Fossil fuel pollution also has detrimental impacts on peoples’ health, livelihoods, and the environments on which they depend. More fossil fuel production will exacerbate these impacts across Africa. This is supported by multiple credible analyses and investigations, and by the evidence on the ground.

Gas discoveries in Mozambique, for example, have been touted for over a decade by project proponents – including Standard Bank⁴¹ – as having the potential to catapult Mozambique into becoming a middle-income country.⁴² In reality, Mozambicans are now on average poorer than they were a decade ago, and the focus on gas has deflected attention and resources from investment in renewable energy, for which Mozambique has some of the highest potential in the world.⁴³

Fossil gas development poses serious risks to African economies

Globally, some 80% of the people without access to electricity live in rural areas where decentralised renewables and mini-grids represent the best solution to electricity access.⁴⁴ The IEA has found that achieving the sustainable development goal (SDG) of ensuring universal clean energy access for all by 2030 can be achieved without investing in new fossil fuel supply.⁴⁵ In any event, much of the gas produced and planned to be produced on the continent is **destined for overseas export markets** in Europe and Asia⁴⁶ and will not be used to expand energy access in Africa.

In a report published in October 2022,⁴⁷ the International Institute for Sustainable Development (IISD) confirmed that, according to a large consensus across multiple modelled climate and energy pathways, developing any new oil and gas fields is incompatible with limiting warming to 1.5°C.⁴⁸ “Developing any fields beyond those already in operation or under development would pose substantial risks of **either not meeting the 1.5°C target or creating stranded assets**, because those fields would have to be decommissioned before the end of their lifespan, unless currently producing fields’ operations are significantly curtailed”⁴⁹ (emphasis added).

Low-income countries hoping to fund development through gas exports face a market where demand is set to rapidly decline and assets are likely to be stranded before the end of their lifecycle.⁵⁰ Even without the stranded asset risks, many low and middle-income countries get a poor deal from oil and gas extraction.⁵¹ 66% of projected new oil and gas production in Africa for 2020-2050 would be

⁴¹ See, for example: <https://corporateandinvestment.standardbank.com/cib/global/about-us/news/Standard-Bank-plays-leading-role-in-Mozambique-LNG-financing>

⁴² <https://www.imf.org/external/pubs/ft/scr/2016/cr1610.pdf>

⁴³ The failure of 'gas for development' - Mozambique case study - E3G;

⁴⁴ <https://www.iea.org/reports/tracking-sdg7-the-energy-progress-report-2022> & <https://www.iea.org/reports/africa-energy-outlook-2022>

⁴⁵ <https://www.iea.org/reports/net-zero-by-2050>

⁴⁶ <http://priceofoil.org/content/uploads/2021/10/Skys-Limit-Africa-Report-2021.pdf>; <https://www.gisreportsonline.com/r/natural-gas/>;

https://au.int/sites/default/files/documents/41078-doc-1_Natural_Gas_in_the_African_Energy_Landscape_25-10-21.pdf;

<https://static1.squarespace.com/static/62e211040c9b6758fb1d3467/t/636f503f9b084867049ec7eb/1668239696064/Fossil+Fuelled+Fall>

[acy+Report](#)

⁴⁷ Navigating Energy Transitions. Mapping the road to 1.5°C, available at <https://www.iisd.org/publications/report/navigating-energy-transitions>

⁴⁸ P iv, p 79.

⁴⁹ P 79.

⁵⁰ <https://zerocarbon-analytics.org/archives/energy/rapid-phasedown-of-natural-gas>

⁵¹ <https://zerocarbon-analytics.org/archives/energy/rapid-phasedown-of-natural-gas>



owned by companies outside the continent, taking the profits out of the producer countries. Many projects in Africa also have very ‘generous’ fiscal terms for investors, meaning that host countries get a much lower share of revenues from oil and gas extraction – often not receiving any tax income for years after a project starts.⁵²

Development strategies that rely on fossil gas production and exports are risky, as the world is transitioning to zero emissions and future gas demand is subject to large uncertainties. **Jobs in the fossil fuel industry are not secure**: employment is estimated to fall by around 75% by 2050 under the International Labour Organisation’s well below 2°C scenario.⁵³ Globally, jobs in clean and low-carbon energy are already outstripping those in fossil fuel sectors, with this likely to accelerate in the near future. The long-term, high-skilled, and quality jobs of the future are low-carbon.⁵⁴

Rapid and extensive scaling up of renewable energy generation is the most cost-optimal energy pathway for Africa and presents significant economic benefits and job-creation opportunities.⁵⁵ Africa’s potential for the deployment of renewable energy is substantially larger than the continent’s current and projected power consumption and could, therefore, easily meet the expected and necessary growth in energy services, eliminate energy poverty, and power a green, renewable-based economy.⁵⁶

The plummeting costs of solar, wind and battery storage technologies are making renewable energy systems reliable and cost-effective in developing country contexts.⁵⁷ The IEA Net Zero Emissions by 2050 pathway shows that by focusing on renewables and efficiency universal access to electricity and clean cooking can be achieved by 2030 in Africa.⁵⁸

Fossil fuel investment in Africa will not bring the benefits touted by its proponents. Shareholders in SBG should be interrogating why the bank consistently ignores all of the evidence that contradicts its claims about the necessity of fossil fuel investments for Africa’s growth and development.

⁵² <https://priceofoil.org/2021/10/14/the-skys-limit-africa/>

⁵³ https://climateactiontracker.org/documents/1048/CAT_2022-05_Report_NaturalGasinAfrica.pdf

⁵⁴ See, for example

<https://static1.squarespace.com/static/62e211040c9b6758fb1d3467/t/636f503f9b084867049ec7eb/1668239696064/Fossil+Fuelled+Fallacy+Report>

⁵⁵ See, for example: https://climateactiontracker.org/documents/1048/CAT_2022-05_Report_NaturalGasinAfrica.pdf; <https://africanclimatefoundation.org/wp-content/uploads/2022/10/ACF-GAS-REPORT-2.0-African-Landscape-Final-Web.pdf>; <https://static1.squarespace.com/static/62e211040c9b6758fb1d3467/t/636f503f9b084867049ec7eb/1668239696064/Fossil+Fuelled+Fallacy+Report>; <http://priceofoil.org/content/uploads/2021/10/Skys-Limit-Africa-Report-2021.pdf>; <https://www.foei.org/wp-content/uploads/2021/08/Friends-of-the-Earth-Just-Recovery-Renewable-Energy-Planfor-Africa-2021.pdf>; <https://www.e3g.org/publications/the-failure-of-gas-for-development-mozambique-case-study/>; <https://www.iisd.org/publications/natural-gas-finance-clean-alternatives-global-south>; <https://www.sapvia.co.za/wp-content/uploads/2021/05/SAPVIA-PV-Industry-Jobs-Study-Report-COMBINED.pdf>; <https://www.irena.org/publications/2021/March/The-Renewable-Energy-Transition-in-Africa>; <https://www.tips.org.za/research-archive/sustainable-growth/green-economy3/itemlist/tag/Renewable%20energy>; <https://www.foreignaffairs.com/articles/africa/2022-02-17/africas-fossil-fuel-trap>; https://www.banktrack.org/download/locked_out_of_a_just_transition_fossil_fuel_financing_in_africa/07_md_banktrack_fossil_fuels_africa_rpt_hr_1.pdf; https://www.sacreee.org/sites/default/files/documents/files/GDP_SADC_Report_EN_Nov_16.pdf; https://cer.org.za/wp-content/uploads/2021/09/Annexure-A_ESRG_New-coal-plants-South-Africa.pdf; <https://www.sciencedirect.com/science/article/abs/pii/S0038092X19309144>

⁵⁶ https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2021/March/Renewable_Energy_Transition_Africa_2021.pdf

⁵⁷ See for example the references cited in https://climateactiontracker.org/documents/1094/CAT_2022-11-10_GlobalUpdate_COP27.pdf

⁵⁸ <https://www.iea.org/reports/world-energy-outlook-2022>