



Gender, Energy Subsidies and Reforms

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Friends of FFSR Network webinar

ENERGIA

INTERNATIONAL NETWORK ON
GENDER AND SUSTAINABLE ENERGY



UKaid

from the British people



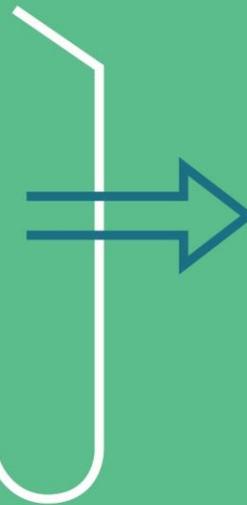
The gap



Global fossil fuel subsidies could finance the global energy access funding gap 7.5 times over.

\$425
BILLION IN 2015

Fossil Fuel Subsidies



\$56

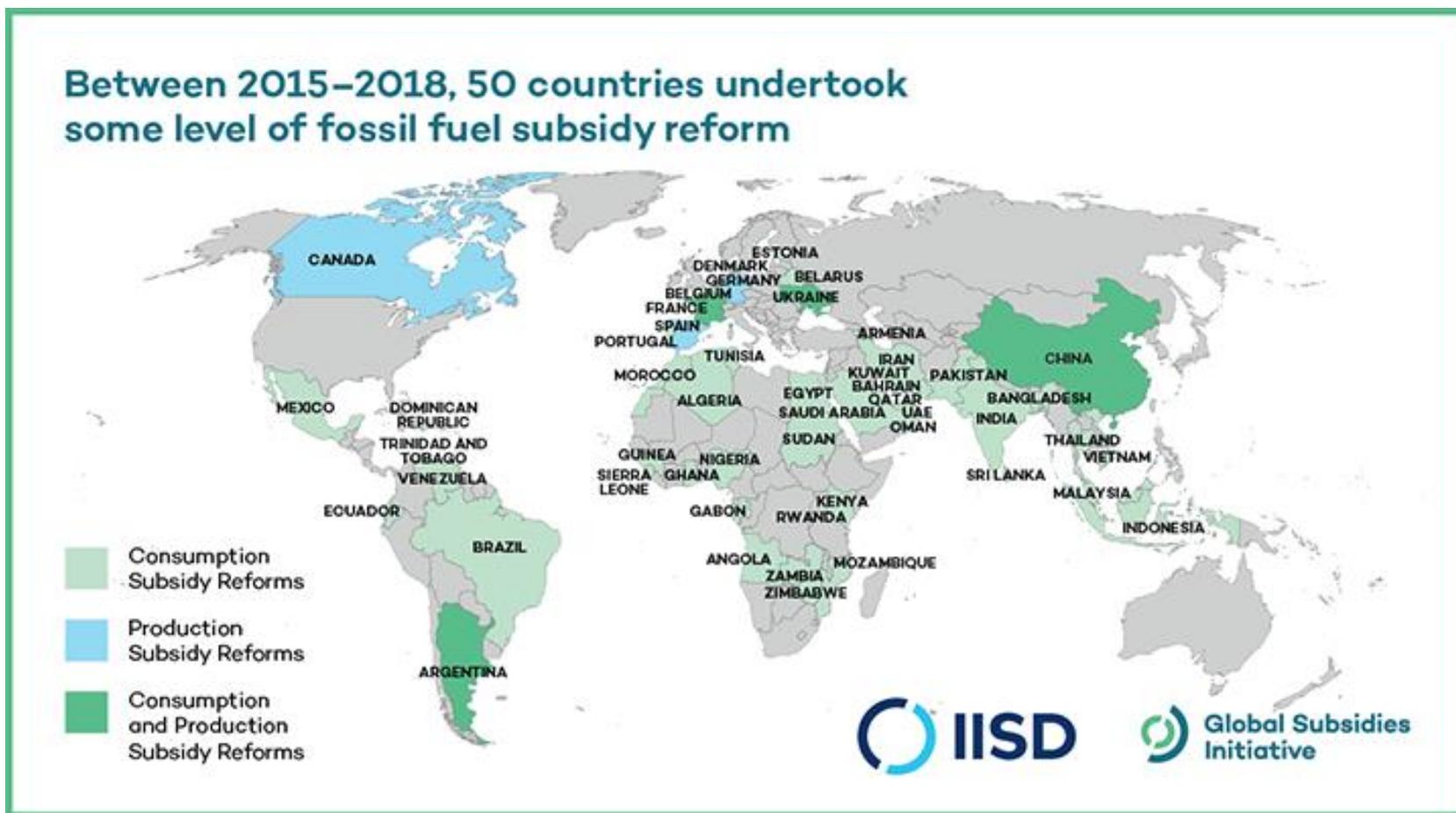
BILLION
PER YEAR
UNTIL 2036

Universal Energy Access

Energy subsidy reform

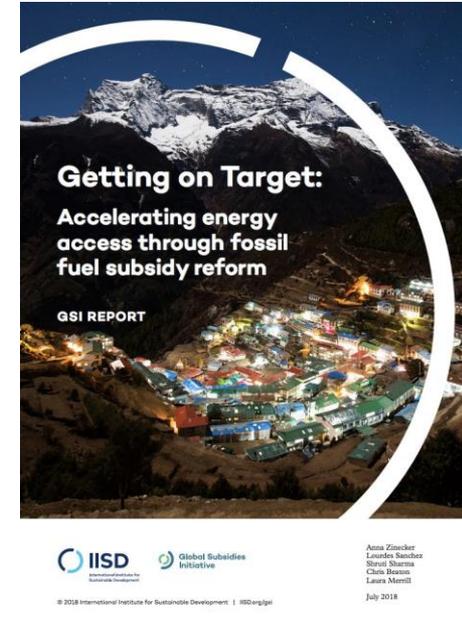
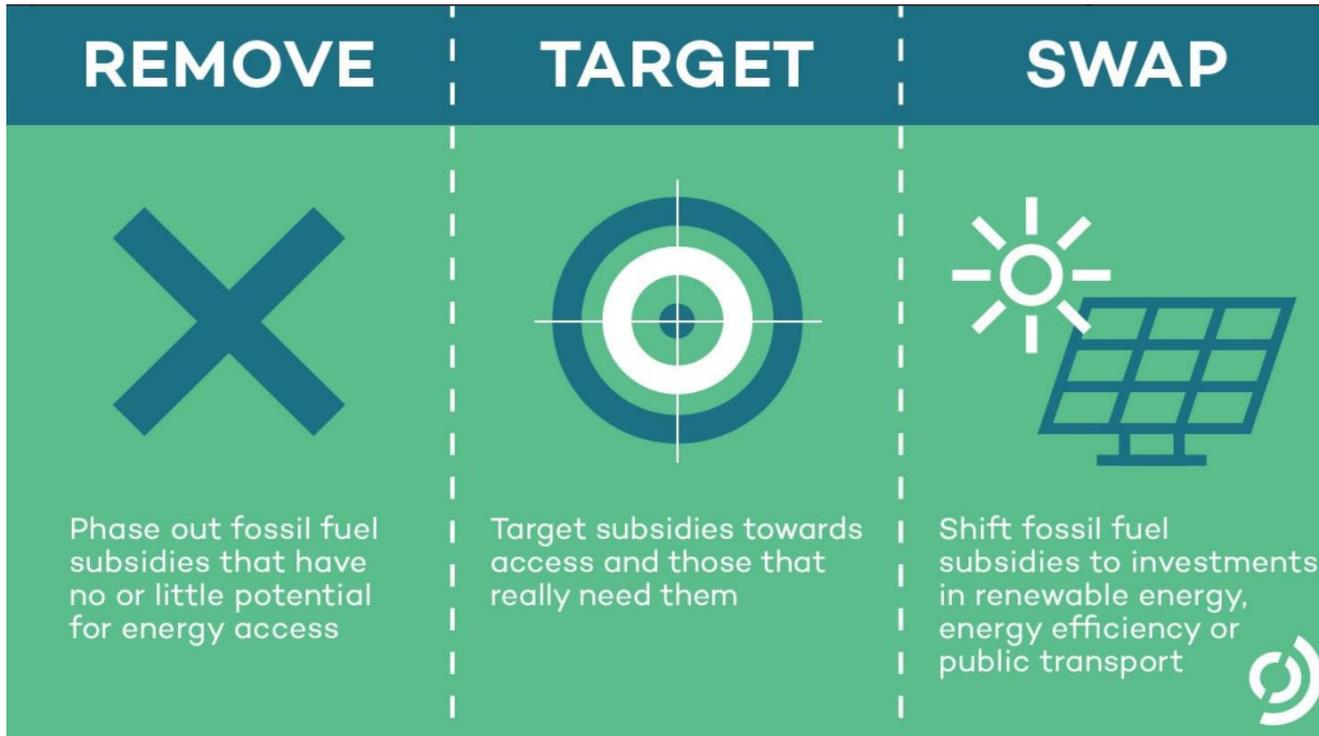


Many countries have initiated subsidy reform



Source: <https://www.iisd.org/gsi/subsidy-watch-blog/fossil-fuel-subsidies-and-reform-on-the-rise>

Opportunities for swaps



<https://www.iisd.org/sites/default/files/publications/getting-target-accelerating-energy-access.pdf>

GSI-IISD delivering the research to inform energy subsidy policy



2,442 household surveys undertaken in 2017

Data audits across four countries. Many FGDs in 3.



Bangladesh (kerosene)
 Data audit
 Focus Group Discussions
 Primary Household Survey
 Focus: Kerosene
 Partner: BIDs
 SS: 630

India (LPG)
 Data audit
 Focus Group Discussions
 Primary Household Survey
 Focus: LPG
 Partner: IRADe
 SS: 812

Nigeria (kerosene)
 Data audit
 Focus Group Discussions
 Primary Household Survey
 Focus: Kerosene
 Partner: Spaces for Change
 SS:1000

Indonesia (LPG)
 Data audit only
 Focus: LPG
 Partners: SMERU Research Institute and Universitas Gadjah Mada

Framing the Research Question



Impacts of Energy Policies on Women can be understood through a framework of: Welfare, Productivity and Empowerment (GETAT, 2010)

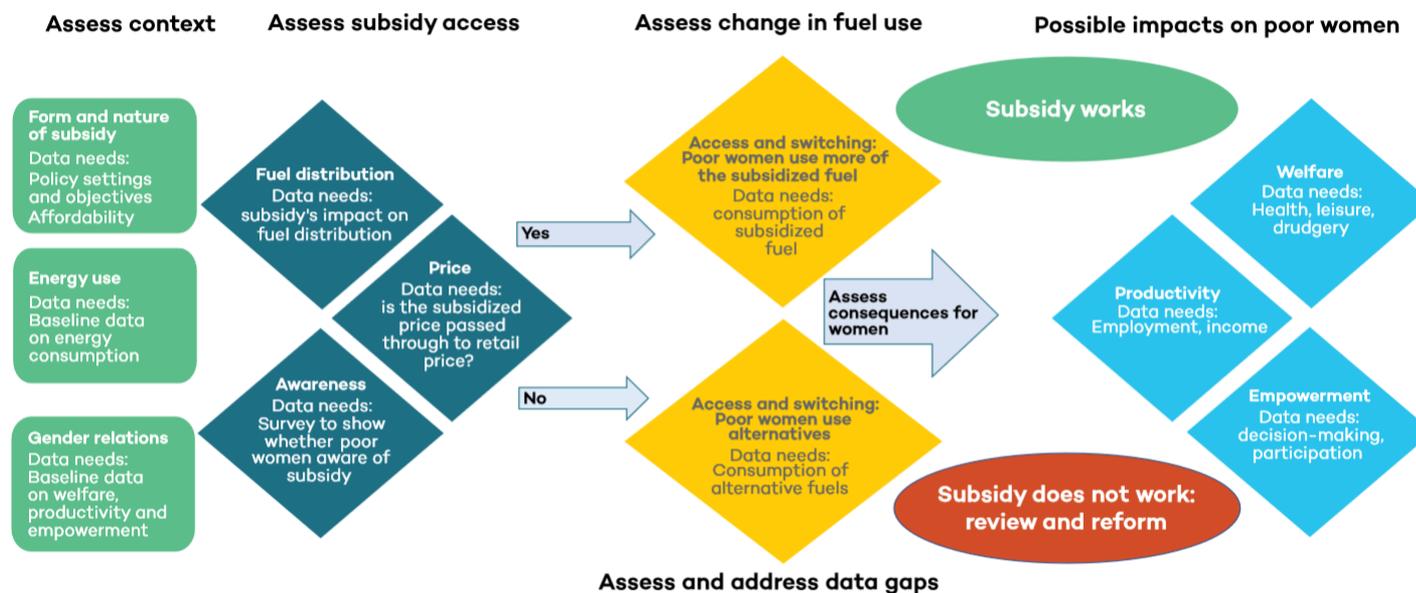


Figure 1. Pathway of Causation from Fuel Subsidy Policy to Impacts on Women

Source: Authors, simplified from Kitson et al., 2016

1. How do **existing subsidy policies** impact the **welfare, productivity and empowerment** of women in low-income households?
2. How might the **welfare, productivity and empowerment** of women in low income households be impacted **through changes in subsidy policies and mitigation measures**?

Publications



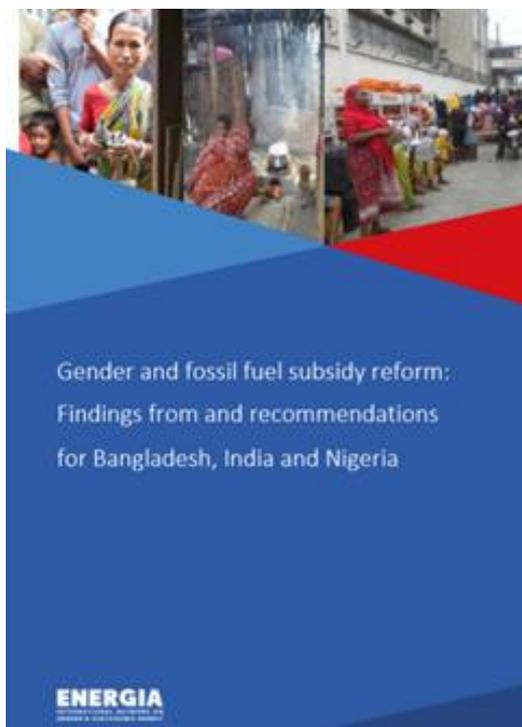
Gender and Fossil Fuel Subsidy Reform: Current status of research

GSJ REPORT



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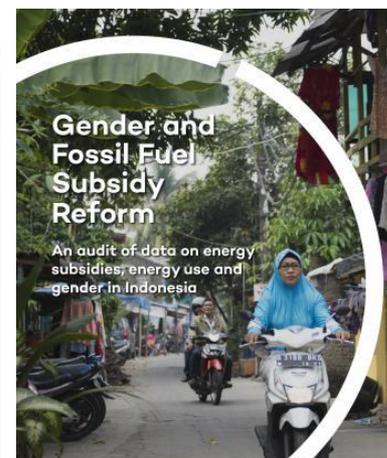
Kitson, L, et al. (2016), *'Gender and fossil fuel subsidy reform. Current status of research'*
<http://www.iisd.org/library/gender-and-fossil-fuel-subsidy-reform-current-status-research>



Gender and fossil fuel subsidy reform: Findings from and recommendations for Bangladesh, India and Nigeria

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Global Subsidies Initiative-IISD, BIDS, IRADe and Spaces for Change (2019) *'Gender and fossil fuel subsidy reform: findings from and recommendations for Bangladesh, India and Nigeria'*, ENERGIA.
https://www.energia.org/cm2/wp-content/uploads/2019/05/RA4_Gender-and-fossil-fuel-subsidy-reform_without-Annex-2.pdf



Gender and Fossil Fuel Subsidy Reform

An audit of data on energy subsidies, energy use and gender in Indonesia



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Country policy papers for

- Indonesia

Kusumawardhani, Hilman, Laan, Warda and Nurbani (2017)

'Gender and Fossil Fuel Subsidy Reform: An audit of data on energy subsidies, energy use and gender in Indonesia'

<https://www.iisd.org/sites/default/files/publications/gender-fossil-fuel-subsidy-reform-indonesia.pdf>



Gender and Fossil Fuel Subsidy Reform:

Findings from and recommendations for Bangladesh

GSJ REPORT



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Country policy papers for

- Bangladesh
- India
- Nigeria

Forthcoming

Available here:

<https://www.iisd.org/gsi/what-we-do/focus-areas/energy-subsidies-gender>

Findings: Of impact of current subsidies for poor women...



Overall fuel subsidies are not working well for poor women:

- a) **A large share of subsidies accrues to wealthier segments of the population** given their higher consumption and access to energy. This effect is particularly strong for LPG, but also for a ‘poor people’s fuel’ like kerosene, and was found in Bangladesh, Nigeria, and India.
- b) **Subsidies do not guarantee lower fuel prices**—and may even create price premiums. Even in systems with official registered prices, households were found to be paying significantly more than the regulated price. In Nigeria, low-income women reported paying between two to six times more than the official price for kerosene, and in Bangladesh 14% more for kerosene.
- c) **Subsidies can increase fuel scarcity** that can lead to long queuing for fuels and this burden often falls on women (e.g. Nigeria). The **informal sector** in Bangladesh and Nigeria is key to accessing kerosene in small, but more expensive, amounts than via official channels, and reforms need to plan for impacts in the informal sector. In India, the PAHAL (DBTL) system has not created fuel shortages, but it does require someone to be available to accept home delivery.
- d) **Many low-income women cannot access fuels** that are currently subsidised (e.g. LPG in India) and many are not aware of those subsidies that exist (e.g. in Bangladesh and Nigeria).
- e) **Fuel consumption subsidies alone are not effective at promoting the transition** to cleaner cooking or lighting fuels, especially where ‘freely’ collected biomass is available or where there are no alternative lighting systems to switch to such as solar or grid electricity e.g. in Bangladesh, Nigeria, and India.



Findings: Of impact of higher prices and reforms for poor women...



Better targeting of fuel subsidies is needed and possible:

- a) **Targeting subsidies to those that need them most** can counteract some of the problems outlined above.
- b) A **focus on connection over consumption subsidies** can encourage gender empowerment around decisions to purchase new cooking equipment for LPG and overcome upfront connection costs. For example, in India, the new LPG PMUY scheme aims to help women in low-income households afford the costs of using LPG for the first time.
- c) A **gender focus can improve targeting and contribute to empowerment via clustering benefits towards women for multiple outcomes**. For example, India's PMUY scheme in India can only be used by female beneficiaries.

Subsidy reform needs to be undertaken with care and mitigation measures are needed to protect poor women

- a) **Price increases to subsidised fuels without any support measures could hurt poor women**, especially where they are **using subsidised cooking fuels**. The study found the following impacts on women's energy use and income, given price increases:
 - i. Many higher-income households report the **ability to absorb price increases** which implies there is still scope for better targeting (e.g. India);
 - ii. However, **some households may absorb costs from increased fuel prices by reducing expenditure on other goods** (e.g. food, as in Bangladesh);
 - iii. Other households also **reported reduced use and some fuel switching back to biomass** for cooking when prices increase, with time and health implications for women (e.g. in India linked to LPG, or in rural Nigeria linked to kerosene);
 - iv. Some households reported **secondary impacts such as a reduced ability for members to undertake activities that require lighting, such as studying and leisure time** (e.g. in Bangladesh linked to kerosene).



Findings: Mitigation measures for poor women...



Other factors could be significant for fuel switching and better access to cleaner fuels for women:

- a) **Education and awareness are key;**
- b) Existing **patterns of decision making and purchasing power over energy choices** within the household need to be considered (educating men, as well as women, around energy choices, for example in Bangladesh);
- c) **Improving the distribution system or electricity system**, especially to rural areas and to the poor, in order to have alternatives to switch to (e.g. in India large drives to expand LPG distribution have played an important role in enabling greater access); and
- d) **Culture (tastes and preferences)** may still matter more (e.g. in Nigeria). Education and awareness are also key (better educated women are more likely to choose LPG);

Investing in subsidy alternatives could empower women more directly:

- a) More **diverse, technology-neutral, and subsidies conditional on outcomes** may be more effective in terms of achieving access, avoiding technology lock-in and fostering affordable solutions adapted to context;
- b) Via **solar or grid electrification** (to replace kerosene subsidies); and
- c) Into **social safety nets, health care, education or business loans** for women.





Gender Specific Findings

- **Cooking is a gendered role and women still do most of the cooking in the areas surveyed.**
- **Different genders are in charge of decision making around fuel and lighting choices in different countries, and these choices are therefore context specific.**
- **Women want to access and use electricity.**
- **Different genders pay for different fuels in different countries and settings, and therefore this is very context specific. Price changes in fuels could affect the person purchasing or utilising the fuel directly, with gendered impacts.**
- **Women spend time fetching fuel and save time when there is fuel switching.**
- **A fuel price increase in cooking fuels such as kerosene or LPG can lead to reduced use of the fuel and switching, especially with some households reverting to biomass. This could impact women adversely in terms of lost time or health benefits gained from the use of either kerosene or LPG. This effect seems stronger in rural areas where households have access to 'free energy' like biomass.**





Conclusions and Policy Implications

- Overall fuel subsidies are not working well for poor women
- Better targeting of fuel subsidies is needed and possible
- Subsidy reform needs to be undertaken with care and mitigation measures are needed to protect poor women (especially cooking fuels)
- Fuel subsidies are not the only element to lead to fuel switching and better access
- Investing in subsidy alternatives could empower women more directly
 - Nigerian recent reforms were difficult for all, there is active interest
 - Bangladesh reforms on hold, although talk of increasing prices on kerosene and a solar for work programme
 - Sharing what has worked from India re PMUY, but bearing in mind it is work in progress, interest in further targeting e.g. to Indonesia, to Nigeria re LPG.





Thank You

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<https://www.iisd.org/gsi/what-we-do/focus-areas/energy-subsidies-gender>

<https://www.iisd.org/topic/gender>



Research Consortium Members and Team

Part of a wider consortium of eight research teams led by ENERGIA with funding from DFID, UK AID

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