

Aid for community-led energy

Oxfam submission

What is ‘community energy’ in the context of aid? What are the environmental, economic and social benefits of community-led energy initiatives? What are the risks and shortcomings?

What is community energy in the context of aid?

1. In low-emitting Global South countries and marginalised or low-income areas, the primary goal of community energy – and the broader shift to renewables – is often to reduce energy poverty and support sustainable development, rather than to reduce greenhouse gas emissions, though emissions reductions may also be a goal or result.
2. Grid expansion remains the least-cost option for increasing electricity access in densely populated, especially urban, areas. However, in remote rural regions where many energy-poor communities live, decentralised solutions, such as mini-grids and standalone solar, are typically the most cost-effective and viable way to deliver basic energy access.
3. Large-scale, centralised renewable energy is generally developed by governments or private Independent Power Producers. In contrast, decentralised energy systems may encompass a wider range of ownership models, including those led by communities, households, workers, municipalities, schools, and health services.
4. ‘Community energy’ refers to projects in which communities – defined by place, interest, or identity – have a significant degree of ownership, control, or share in the benefits. At its strongest, this involves community ownership, but can also be achieved via joint ownership, or partnerships with other actors, inclusive governance or meaningful engagement, including Free, Prior and Informed Consent (FPIC) for Indigenous Peoples.
5. Community-led energy is distinct from other forms of local or decentralised energy that may be led by municipalities, private actors, or public institutions with or without significant community involvement.
6. While this submission focuses on community-led renewable energy generation and use, the term ‘community led energy’ can also encompass energy efficiency, conservation, and renewables used in community-based agriculture, homes, businesses, public services, and transport.

What are the benefits of community energy?

7. The economic and social co-benefits of decarbonisation and renewable energy in the Global South – and beyond – are well documented.¹ These include:
8. More affordable and secure clean energy
9. Financial savings from reduced fuel bills
10. Creation of green businesses and jobs
11. Improved health through reduced indoor and outdoor air pollution

¹https://web.archive.org/web/20160525042147/http://www.ipcc.ch/publications_and_data/ar4/wg3/en/ch4s4-5-3.html, <http://newclimateeconomy.report/2018>, https://iea.blob.core.windows.net/assets/4a50d774-5e8c-457e-bcc9-513357f9b2fb/World_Energy_Outlook_2017.pdf

12. Less time and labour, particularly for women, spent collecting firewood and water
13. Reduced deforestation through decreased reliance on biomass fuels
14. Local, decentralised renewable energy projects can bring further benefits, such as:
15. Improved energy access for underserved rural and remote communities
16. Local job creation, skills development, and income opportunities for agriculture, home-based, and small-to-medium enterprises
17. Stronger local economies through:
 - (a) retention and reinvestment of savings and income from renewables, rather than outflows to external shareholders; and
 - (b) greater potential for local supply chains
18. Community-led energy schemes can offer additional advantages²:
19. Energy access and economic and social co-benefits for community members
20. New channels of local investment (e.g. through community share offers where permitted)
21. Stronger communities and enhanced public engagement in the clean energy transition
22. However, community-led or decentralised energy initiatives do not automatically reduce poverty or inequality. To do so, projects must be intentionally designed to fairly share the benefits (and costs) with low-income and marginalised groups—such as women, Indigenous Peoples, workers, and ethnic minorities—and uphold other just energy principles, including fair financing, inclusive governance, meaningful consultation, equitable design, rights protection, and accessible remedies for harms.
23. Oxfam research has identified four key principles of justice that should guide just energy transitions and energy access: **recognition justice**, which ensures the rights, identities, and knowledge of all groups—particularly marginalised communities – are acknowledged and respected; **procedural justice**, which guarantees inclusive, transparent, and meaningful participation and fair dialogue with workers in decision-making processes; **distributive justice**, which calls for fair allocation of the responsibilities, costs and benefits of the transition; and **remedial justice**, which ensures access to accountability, remedy, and redress when harms occur.³
24. When designed inclusively and equitably, community-led energy projects can generate vital additional co-benefits:
25. Reduced poverty and inequality by widening access to affordable energy for, and sharing benefits with, low income and marginalised social groups
26. Greater community cohesion, inclusivity, and solidarity
27. Stronger public support for the energy transition reducing delays and financial losses from community resistance which contributes to greater speed

² <https://www.iea.org/commentaries/empowering-people-the-role-of-local-energy-communities-in-clean-energy-transitions>

³ <https://policy-practice.oxfam.org/resources/towards-a-just-energy-transition-implications-for-communities-in-lower-and-mid-621455/>

What are the risks and shortcomings?

28. Equitably designed, community-led and other forms of decentralised renewable energy are a vital complement to national grids in the medium term. They can expand access and affordability in areas the grid does not reach. However, they are not a long-term panacea. Costs may still be prohibitive for low-income households, and systems may be insufficient to meet full energy needs. There is also a risk that better-resourced or more organised communities benefit disproportionately, leaving others behind.
29. These risks can be mitigated through climate finance and supportive, justice-centred government policies and incentives. Over the longer term, sustained investment in national grid expansion also remains essential—alongside stronger regulation, improved utility capacity, affordable energy storage, easier grid connections, and investment in regional power pools and cross-border transmission networks.

Can you provide examples of successful programmes or initiatives that have enhanced access to clean, affordable and inclusive energy systems? Or, on the opposite, are there examples of energy programmes where UK aid could have been used better?

30. While the following examples are **not UK aid-funded**, they are drawn from research that Oxfam undertook with partners and offer valuable learnings for donors, including the UK, on how to design and support energy programmes that are clean, inclusive, and socially just.⁴
31. In **New Zealand**, the **Māori co-owned Nga Awa Purua geothermal plant** offers a compelling model of Indigenous co-ownership in large-scale renewable energy. Co-owned by a Māori land trust and a majority state-owned energy company, the plant contributes to national clean energy goals while delivering financial returns, employment, and social programmes to Māori communities. The project embeds Indigenous governance and environmental stewardship, exemplifying recognition, procedural, distributive, and restorative justice in practice.
32. In **Colombia**, the government-led **Energy Communities (ECs) initiative** is expanding decentralised clean energy access in historically marginalised and conflict-affected areas. Over 820 energy communities have been established to date, benefiting at least 200,000 people. The programme supports schools, hospitals, and peacebuilding projects with solar energy, and prioritises communities facing multidimensional poverty, gender inequality, and the legacy of armed conflict. It also includes Just Energy Transition (JET) schools to build local capacity and ownership.
33. In **Pakistan**, the **micro-hydro schemes developed by the Sarhad Rural Support Programme (SRSP)** have brought renewable electricity to around one million people in remote regions. These community-driven projects have reduced emissions and deforestation, enabled women's economic participation through home-based businesses, improved education and health access, and won international awards for their sustainability and replicability. The participatory model fosters local ownership and long-term viability.
34. Additionally, Oxfam's programming offers valuable, real-world examples of how community-led energy initiatives and just energy transitions can be implemented in practice. Across diverse contexts, from off-grid farming communities in Cambodia to Indigenous territories in Colombia and refugee settlements in Uganda, Oxfam-supported projects are demonstrating

⁴ Forthcoming research undertaken by Oxfam with the Business and Human Rights Resource Centre (BHRRC)

how clean energy solutions can be designed to centre equity, inclusion, and local empowerment.⁵ For example:

35. **MENA Region (Palestine, Syria, Lebanon):** Oxfam's regional platform supported feminist activists and delivered community solar projects in conflict-affected areas, amplifying gender-just advocacy in national and global JET processes.
36. **Colombia:** In La Guajira, Oxfam and Fuerza de Mujeres Wayúu empowered Indigenous women to lead territorial advocacy and shape energy transition processes rooted in rights and justice.
37. **Cambodia:** Oxfam supported solar-powered irrigation in Pursat Province and engaged communities, CSOs, and the private sector to influence inclusive energy transition policy.
38. While none of these programmes were financed through UK aid, they illustrate how energy transitions can be designed to advance social justice and inclusive development. They also highlight the benefits of engaging with strong and representative civil society organisations by helping ensure public buy in, reduce costly delays, and ensure project viability. Such research underscores the need for public finance, including from UK aid, to prioritise community-led, rights-based energy solutions that tackle inequality and deliver broad-based benefits.

What are the main challenges facing the deployment of decentralised energy systems in ODA-recipient countries? How could they be overcome?

39. Access to affordable finance is one of the biggest barriers to clean energy—particularly for community-led initiatives. Despite high demand for energy in rural and remote areas, small, dispersed projects and low-income consumers typically struggle to attract private finance. When it is available, such finance is often prohibitively expensive in many Global South countries.
40. Public grants, concessional finance, and financial incentives (such as tax breaks and feed-in tariffs) are therefore crucial, especially during the start-up and proof-of-concept phases, and to ensure affordability until economies of scale are reached. However, these forms of finance are often limited and increasingly diverted toward large-scale private projects, typically through blended finance, with no guarantees that funds will reach community-led initiatives.
41. Communities also face significant barriers in accessing donor or government climate finance, whether due to lack of prioritisation, limited information, or eligibility restrictions. Still, precedents exist – for example, the [Global Environment Facility's Small Grants Programme](#), the [World Bank's Community-Driven Development approach](#), and [Kenya's County Climate Adaptation Funds](#) supported by the UK's former Department for International Development.
42. At the national level, a lack of supportive financial, legal, and policy frameworks also hampers community-led energy, though this is beginning to shift. In Sub-Saharan Africa, for instance, research points to challenges including top-down governance, unsupportive policy environments, structural inequalities, limited technical capacity, poor access to finance, and weak institutional support.⁶ While community-managed projects like mini-grids are slowly gaining traction, they require enabling policies and partnerships to truly scale.
43. Behavioural barriers can also arise – for instance, cultural resistance to clean cooking technologies – though such resistance has been less evident with solar PV adoption.

Overcoming the Barriers

⁵ <https://oxfam.dk/documents/projekter/jet/jet-initiatives-report-global-report.final.pdf>

⁶ <https://www.mdpi.com/2071-1050/13/4/2128#B80-sustainability-13-02128>

44. To unlock the potential of community-led energy, the international community, including the UK, should increase public grant and concessional financing, both bilaterally and through multilateral funds. These funds could be sourced through progressive taxation on high-emitting corporations and individuals, or reallocated from blended finance mechanisms. Debt cancellation and a new UN Tax Convention are also essential to expand fiscal space and enable countries to exercise greater sovereignty over their own resources.⁷ By reducing debt burdens and curbing illicit financial flows, these measures can free up domestic revenues that are currently lost to debt servicing or tax abuse – resources that could otherwise be directed towards inclusive, locally determined energy transitions.
45. Donor governments, including the UK, should also condition any blended finance, risk guarantees, or de-risking instruments for private investors on their adherence to just transition principles.⁸ These should include support for community-led or socially owned models, affordable energy tariffs for low-income households (with cross-subsidies from larger consumers), decent jobs and training, local content requirements, and respect for international human rights and environmental standards.
46. To improve community access to finance, the UK should work to ensure that both bilateral and multilateral climate funds:
47. Ring-fence funding for community-led and socially owned energy solutions
48. Establish participatory governance structures with representation from local and affected communities
49. Simplify application processes and create unified certification schemes for local organisations
50. Focus funding on renewable energy generation, productive uses, and essential local services
51. Support intermediaries to provide capacity-building, guidance, and shared learning—especially on finance, technology, maintenance, and social norm shifts
52. In parallel, the UK could support national governments to build enabling legal, policy and financial frameworks to scale community energy. This could include backing comparative policy research, modelling, and platforms for shared learning between governments and communities, such as through the [International Energy Agency's Global Commission on People-Centred Clean Energy Transitions](#).

How can the value for money of community-led energy projects be evaluated to account for their full environment and social benefits?

53. There are several methods available to assess the value of co-benefits from community-led energy projects. Approaches such as Social and Environmental Cost-Benefit Analysis and Social Return on Investment aim to assign monetary values to the economic, social, and environmental outcomes of an initiative.⁹ While these methods allow for comparisons across different types of co-benefits, not all outcomes, such as community cohesion or

⁷ <https://news.un.org/en/story/2024/08/1153301>

⁸ https://www.eurodad.org/blended_finance_for_climate_action_good_value_for_money

⁹ [https://neweconomics.org/uploads/files/aff3779953c5b88d53_cpm6v3v71.pdf#:~:text=Social%20Return%20on%20Investment%20\(SROI\)%20is%20a,social%2C%20environmental%20and%20economic%20costs%20and%20benefits](https://neweconomics.org/uploads/files/aff3779953c5b88d53_cpm6v3v71.pdf#:~:text=Social%20Return%20on%20Investment%20(SROI)%20is%20a,social%2C%20environmental%20and%20economic%20costs%20and%20benefits).

empowerment, can or should be reduced to market values. Moreover, valuing and comparing co-benefits inevitably involves subjective judgement.

54. Multi-Criteria Analysis (MCA) offers a more participatory and transparent alternative.¹⁰ It allows decision-makers and stakeholders to weigh different outcomes based on agreed priorities, without requiring all benefits to be monetised. This makes MCA particularly useful for evaluating projects where diverse and non-market benefits are central.

¹⁰ <https://www.nefconsulting.com/what-we-do/evaluation-impact-assessment/multi-criteria-appraisal-mca-2/>