COP 30 Presidency Roadmap on the Transition Away from Fossil Fuels in a Just, Orderly and Equitable Manner

NRGI Submission, March 2026

NRGI is an independent, non-profit organization that supports informed, inclusive decision-making about natural resources and the energy transition. We partner with reformers in government and civil society to design and implement just policies based on evidence and the priorities of citizens in resource-rich, Global South countries.

NRGI appreciates the opportunity to share this contribution to the COP30 Presidency Roadmap on the Transition Away from Fossil Fuels in a Just, Orderly and Equitable Manner:

(a) What are the most critical barriers — whether physical, economic, financial, institutional, technological or social— preventing a transition away from fossil fuels?

Fiscal and economic dependence

Governments at the national level, in oil producing countries, and at the subnational level, in oil producing regions, rely heavily on oil rents for budgets and social spending – up to 92% in extreme cases. In some cases, these dependencies can result in serious balance of trade and monetary impacts. Likewise, investment, jobs, and infrastructure cluster around oil extraction in such contexts. Not surprisingly, incumbent oil companies and vested sectoral interests hold outsized influence in these economies, and this shapes policy priorities. In combination with the reality of ongoing oil industry profitability, these three factors create a lock-in effect, frustrating efforts to shift investment and political priority away from the oil sector. The short-term focus of both political cycles and fossil fuel company profitability / reporting cycles, and the tendency to delay or abandon economic diversification efforts during periods of high prices (ref. current moment), are related barriers that reinforce continued dependence and hinder transition efforts.

Engaging NOCs in the transition away from fossil fuels

Globally and in many oil-producing countries, national oil companies are essential actors for any transition away from fossil fuels. NOCs produce more than half of the world's oil and gas, and in many producing countries their decisions have major implications for public finances, energy policy and long-term development outcomes. While there has

been important progress over the past two decades, NOCs have yet to play a central role in policy decision-making, public discourse, and international negotiations concerning a future beyond oil and gas. This is especially true in the UN climate process, where their relevance to is mostly overlooked.

Gas as energy security trap

Achieving energy security is a vital policy goal that is equally important before and after the transition away from fossil fuels. The pressure to secure access to affordable energy services is especially acute in low- and middle-income countries where development objectives hinge on growing energy demand and supply disruptions can destabilize a country's economy, energy systems and, ultimately, peoples' lives. Current events have brought this challenge into sharp relief.

In many countries, influential voices are pushing the argument that achieving "energy security" is incompatible with transition, and that gas is the energy source that proves this. Unless countries extract and burn more gas, they say, millions will go without access to energy or suffer energy shortages. Public debates around gas have become divisive and emotional, full of simplistic arguments; us-versus-them, left-versus-right rhetoric; and broad, untested assertions about alternatives (unreliable, too expensive, etc.). The result: gas's role in most countries' energy mixes is largely the same as when the Paris Agreement was signed, and gas consumption is growing across all regions, sometimes faster than oil.

In the name of "energy security," governments are supporting risky new gas-to-power projects when cleaner, more reliable and affordable alternatives exist. Many are also relying more on gas imports, despite their inherent risks of price volatility, supply disruptions and geopolitical weaponization. There is an urgent need for stronger counternarratives; concrete transition models and pathways that countries can refer to and adapt; policies that incentivize and direct change; innovative financing models; and strategies for counteracting vested interests.

Lack of leadership by example

Simple moral intuition and established principles of international law make clear that countries with greater capacity, high historical responsibility (for climate pollution), and lower dependence (on fossil fuels) should lead the transition away from fossil fuels. At this stage, more than 30 years after adoption of the UN climate convention, a just and equitable transition requires that such leadership on the part of wealthy, high-emitting nations includes, "... substantial and ongoing financial transfers to poorer nations to facilitate their low-carbon development..." The lack of clear and unwavering leadership by the world's wealthiest countries, collectively or individually, continues to represent a significant barrier

to the transition, symbolically and materially. This is not to suggest any other country cannot or should not pursue pathways beyond oil and gas absent such leadership; only to recognize a major obstacle even for low- and middle-income countries seeking to transition away from oil and gas.

(b) What potential levers, whether economic, financial, institutional, social or technological, exist for accelerating the implementation of the transitioning away commitment?

A key lever for transitioning away from fossil fuels is policy alignment between national oil companies (NOCs) and their respective national governments. Acknowledging, assessing, and acting on energy transition risk are important first steps for all NOCs. Integral to avoidance of stranded asset is greater transparency around transition risk, through publication of break-even assumptions and/or the impact of different climate and energy transition scenarios on NOC investment plans, for example. NRGI's assessment reveals limited readiness to manage transition risk across the universe of Global South NOCs. Closely related, strengthened coordination and alignment is a shared requirement of responsible management of energy transition risks for states and their NOCs alike. This requires:

- First, both actors should jointly recognize and manage transition risks — associated with the long-term decline in global demand for fossil fuels — and incorporate them into long-term, strategic decisions.
- Second, the government should provide clear, stable, and long-term public policy signals so the NOC and other actors can plan investments and manage potentially stranded oil assets.
- Third, the relationship between the state and the NOC should balance corporate autonomy with alignment to national goals, allowing the company to remain commercially viable while ensuring its strategy supports its respective national climate commitments, fiscal stability, and broader economic diversification.

Another potential lever is supporting just transitions at the subnational level in oil-producing regions by fostering new economic and development opportunities. This can include:

- Build fiscal resilience: (i) Fiscal scenario planning that allows local actors to better plan to ensure local economies and social services are protected, and encourage governments to align fiscal commitments and plans with transition objectives; (ii) Strategic revenue management to ensure current oil revenues can enable a just transition by defining clear spending priorities, avoiding debt, our using stabilizing budgets in certain cases, through saving funds, etc.; (iii) Enhanced transparency and

citizen oversight of public budgets to increase accountability and reduce possible mismanagement of oil revenues; (iv) Exploring alternative sources of public revenue, establishing a comprehensive tax base and mobilizing other national and international revenue sources.

- Foster inclusive diversification: (i) Identifying and develop new sectors. With clear consideration of inclusion and sustainability, stakeholders should explore the potential of alternative economic sectors, such as renewable energies and emerging technologies; (ii) Building on local capacities and resources. Lessons from how communities have faced previous crises in oil prices or production can suggest possibilities for economic diversification; (iii) Ensure National Oil Companies define just transition plans. State ownership of NOCs could facilitate ambitious, coordinated action for just transitions at the local level by integrating social protections, reskilling programs, and investments in clean energy or diversification programs.
- Strengthen governance and community empowerment: Ensuring access to information, inclusive planning and meaningful participation by stakeholders, from local to global, at the different stages of decision-making. A just approach would need to involve reskilling and upskilling programs, provide alternative employment opportunities, and ensure social protections for workers and their families. This includes targeted training, reskilling and social safety nets for women affected by the transition. Young people bring a different perspective to developing new economic models and can be key drivers of change and innovation. This makes it important to institutionalize youth participation in transition policy frameworks and create platforms for young people to envisage post-oil futures. Useful approaches include providing financing opportunities for youth led green enterprises, and embedding climate. and energy education into curricula. The inclusion of young people improves legitimacy and durability of transition choices in oil-producing regions.

Finally, the BOGA Fund program in Colombia comprises an important financial lever for accelerating the implementation of the 'transitioning away' commitment, while also signaling concrete demand and support for enhanced analysis of, and concrete action on, transition pathways. Relatedly, civil society-led networks, including the Resource Justice Network (RJN), the Global Gas & Oil Network (GGON), the Latin American Network for the Reduction of Fossil Fuels (CFAL), and informal networks convened by NRGI among many others, also play a vital roles in supporting the transition away from fossil fuels.

(c) What country, regional or sector roadmap experiences, best practices, and lessons learned can be shared?

Based on recent NRGI analysis, a useful way to structure how governments and NOCs can seize new opportunities, minimize transition-related and other risks, and define viable

transformation pathways in the context of the shift away from fossil fuels is through the following five-step framework:

1. Anchor transformation in clear national policy objectives

    - Best practice: Start with the country—not the company.
    - Define explicit policy goals for the NOC in the context of the energy transition (e.g., protecting revenues, supporting energy security, contributing to industrial development, or preparing for a managed fossil fuel exit).
    - Align NOC mandates and transformation objectives with wider national development, fiscal, energy, and climate strategies.
    - Ensure goals guide downstream decisions on investment, governance, and institutional coordination.
    - Recognize that goal setting is not a one-off exercise, but an iterative process that evolves alongside other transformation decisions.

2. Conduct rigorous, forward-looking risk & opportunity assessments

    - Best practice: Base strategy on scenario-driven analysis, not assumptions.
    - Assess transition risks arising from policy, legal, technological, market, and reputational shifts, including their implications for asset values, revenues, public finances, energy security, and the viability of planned investments.
    - Identify realistic comparative advantages for diversification or repositioning, including where the NOC's existing capabilities may be transferable to adjacent sectors.
    - Early risk assessment avoids locking public capital into unviable projects and reveals new value opportunities.

3. Define a focused, realistic strategic direction

    - Best practice: Make explicit trade-offs about the NOC's future role.
    - Decide:
        - How much capital remains in oil & gas vs. new sectors;
        - Whether the NOC leads diversification or enables others.
    - Prioritize areas where the NOC has transferable capabilities.
    - Avoid over-expansion into sectors where the NOC lacks expertise.
    - Transformation must be selective and capability-driven, not opportunistic diversification.

4. Establish strong governance and institutional clarity

- Best practice: Clearly define the roles of NOC management and boards, government ministries, regulators, other SOEs, and fiscal or investment institutions.
- Strengthen coordination mechanisms where mandates overlap, especially across energy and industrial policy institutions.
- Improve:
    - Capital allocation discipline;
    - Transparency and accountability;
    - Risk management frameworks.
- Weak governance leads to inefficient investment, duplication, and political interference.

5. Plan for a just transition and responsible exit

- Best practice: Integrate social and environmental considerations from the start.
- Develop workforce transition plans (reskilling, redeployment, social protection).
- Support regional economic diversification in oil-dependent areas.
- Ensure proper decommissioning, environmental remediation, and restoration.
- Engage communities and stakeholders early.
- NOCs are often anchor employers—ignoring social impacts undermines reform sustainability.

A best-practice NOC transformation is strategic (aligned with national goals), analytical (grounded in risk assessment), selective (focused on core capabilities), well-governed (clear roles, strong oversight), and inclusive (protecting workers and communities). It is ultimately about managing uncertainty in the course of the transition away from fossil fuels while safeguarding and building long-term national value.

(d) How can a just, orderly and equitable transition best reflect the diverse realities of countries at different stages of development and with different degrees of dependence on fossil fuels?

To reflect the diverse realities of countries it is key to consider realities at the subnational level. Far from a distant prospect or abstract possibility, the transition away from fossil fuels is already underway in scores of sub-national, oil producing regions across the world, each with diverse realities and distinct development contexts. Because these regions are *already* facing structural declines in fossil fuel production, and because they are often more dependent on direct and indirect oil revenues (relative to their respective countries as a whole) and/or more vulnerable to the socio-environmental impacts, focused efforts to prioritize national and international support and accompaniment on these regions will be a litmus test for a just, orderly and equitable transition away from fossil fuels.

The economies of such sub-national regions are often far more dependent on oil revenues than their respective national economies, and local authorities have fewer resources, weaker institutional capacities, smaller budgets, and less flexibility to plan for just transitions when oil production winds down. In many middle-income oil- and gas-producing countries, the budgets of subnational governments in regions where oil fields are located are often funded mostly by royalties or taxes linked to oil extraction. In Nigeria, between 55 percent and 92 percent of the total budget in Niger Delta states was financed by oil and oil-derived revenues in 2023. When global oil prices fall or production declines due to natural depletion of finite reserves, these states can face steep fiscal shortfalls, leading to unpaid public-sector wages, stalled infrastructure development and cuts in essential services.

NRGI-Nigeria together with its partner Policy Alert66 have been organizing capacity development workshops with subnational actors to explore strategies to integrate fiscal prudence and transition considerations into short- and long-term planning. To enable this, clarity about transition plans from oil companies operating in such regions is vital. This is aligned with the new EITI standard that requires governments and companies to make project-level disclosures of actual and projected production levels.

Examples of revenue management in the global South include the sovereign wealth fund created in 2019 by the Brazilian state of Espirito Santo, where important offshore oil extraction is located. This could be a key tool for a managed decline of oil production. For example, Colombia's Putumayo oil-producing region could increase investment for bigger strategic projects if the authorities combined and strategically allocated oil royalties together with other national revenue streams. It is also worth noting that, since recovered methane has commercial value and can offset climate change mitigation costs, it can generate potential revenues in the short term.

Economic diversification away from oil in sub-national producer regions requires strengthening fiscal resilience, strategic planning, and investment in alternative sectors. Governments should use fiscal scenario planning and revenue management to prepare for declining oil income and avoid overdependence on resource revenues. They should also develop long-term transition and economic diversification strategies that align national and sub-national development goals. Public investment should promote new industries—such as renewable energy and other sustainable sectors—alongside training and opportunities for workers to enter new livelihoods. Inclusive governance, ensuring that local communities participate in transition planning, requires international financial and technical support to help oil-producing regions build more resilient and diversified economies.

No matter the development stage or degree of dependence, the imperative of applying / upholding responsible exit principles is equally relevant for all fossil fuel extraction projects

and essential to promote a just, orderly and equitable transition in the places most directly affected. As oil and gas companies, including national oil companies, phase down or phase out operations in subnational regions, it is important to ensure that social and environmental liabilities such as abandoned infrastructure and/or unresolved ecological debts are not pushed onto local communities, authorities and ecosystems. This risk is exacerbated by trends in some regions where international oil companies are transferring assets to smaller private and less financially diversified companies and/or to NOCs who will then be responsible for ultimate closure. A responsible closure or exit is an internationally recognized, standard obligation for both states and private sector companies that requires:

- National governments, companies (including NOCs) and private investors collaborate to establish and enforce responsible exit requirements in subnational, oil-producing regions, ensuring companies do not walk away from environmental liabilities;
- Access to information and disclosure about the socioenvironmental impacts of oil and gas extraction operations, including decommissioning liabilities and funding, are supported by national policy frameworks;
- Legal frameworks for asset transfers, decommissioning, project closure, and removal of oil infrastructure, and remediation of legacy environmental harms ensure decommissioning and asset closures consistent with just energy transition principles and the polluter pays principle.

Finally, a just transition in subnational, oil-producing regions requires both that national and subnational governments ensure access to information, inclusive planning and meaningful participation by stakeholders in all stages of decision-making around just transitions. And that all levels of government, from subnational authorities to the international community (according to their common but differentiated responsibilities and respective capabilities), collaborate to ensure these regions have the technical and financial resources to pursue just transitions away from fossil fuels.

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