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Business Opinion

Sunday Times

Financial transparency key to just energy transition

Thungela Mining operations in Zibulo Colliery is one of many such mines whose future will be shaped by the just transition to renewable energy. Picture: Thungela

ALIA KAJEE and COURTNEY MORGAN

The energy transition is a move away from fossil fuels towards low-carbon, renewable energy sources. At the core of a just evolution is building a socially resilient society in which workers and communities are protected during the transition. It should promote greater ownership of, involvement in and benefits from the production of energy by local communities, while making shifts to mitigate the climate crisis. This challenges our coal-based energy system and the financial methodology that enables it.

For a transition to be truly just, it must be transformative by placing workers, community and civil society members at the centre of all aspects of decision-making. This includes inclusivity in the financing that will shape it.

As members of civil society, we agree financing is needed and are open to engaging on offers such as the Just Energy Transition Partnership (JETP). However, we are concerned the processes followed thus far have not lived up to commitments of transparency and inclusivity.

SA's JETP was announced a year ago at UN climate talks (COP26) by the International Partners Group comprising the UK, US, France, Germany and the EU. Its purpose is to contribute to decarbonising SA's energy sector, supporting green hydrogen and electric-vehicle sectors, and championing workers and communities impacted by a shift away from coal. As a landmark deal, it aims to mobilise $8.5bn (about R153bn) over the next three to five years.

We welcome that the global north recognises its responsibilities to fund decarbonisation in the global south, given the historical context that has led us into crisis. Any terms and conditions of the deal, however, have not been made clear, making it difficult to evaluate. Transparency is key to creating an atmosphere conducive to proper and informed assessment.

To oversee the deal, President Cyril Ramaphosa established the Presidential Climate Finance Task Team (PCFTT) and the JETP Secretariat to assess details of the offer in the national interest and make recommendations on how the funds should be invested. They are also tasked with communicating and negotiating with international donors. At the same time, the Presidential Climate Commission (PCC) has convened consultations on the just transition and, most recently, planning meetings on the JETP.

The JETP's investment plan is meant to be launched by COP27 in November. However, almost a year after the deal was announced, little is known about its design, what type of funding will be offered, what the funds will be used for, and how it will be implemented.

Civil society has responded to the JETP cautiously and coalitions such as the Life After Coal campaign and the Fair Finance Coalition of Southern Africa have submitted letters to and engaged with the PCFTT, the JETP Secretariat and the PCC to inquire about the deal and offer technical support in assessing it. These were attempts to ensure justice, transparency and social outcomes remain integral to the assessment and implementation plans of the deal.

These letters have led to meetings between the organisations and the PCFTT that were informative and constructive. Yet key documents and details, including the investment plan, have still not been made available to the public, despite commitments from decision-makers to share information before the plan goes to cabinet for approval.

Without these details it's impossible to assess whether this deal is fit for purpose, let alone understand what it means for the average South African.

Nationally, any deal that could add to SA's debt burden is worrisome. Existing debt has left us in a state of austerity, affecting people's lives. Locally, lack of transparency creates gaps between the financing objectives and deployment of finance where it is most needed.

If funding does not enable transformation, initiatives supported by the JETP have the potential to recreate inequalities and further exclude communities from projects in their backyards. This leaves those who need immediate access to finance, social security or livelihood alternatives in the dark and further marginalises those who are economically excluded, especially women and the youth.

Massive resources and financial investment are needed for a transition, but what's not often discussed is how the financing must be equally transformative and used in a progressive way to ensure the transition is economically and socially beneficial.

Actors directly affected and involved in the transition can shape and define sustainable pathways, true to the original framing of the just transition. Workers, affected community members and public-interest civil society groups offer legitimacy and feasibility to the just objectives of the transition.

If the JETP negotiations appear to include financial experts and policymakers and leave out the public, our energy system will remain exclusionary. Increased transparency ensures widespread oversight and accountability towards the objectives of the finance without perpetuating further inequalities. This is essential in a just transition. While there have been public meetings on the JETP, more insight into the plans, rather than intended aims, could have built more confidence among civil society that the deal isn't going to worsen inequality.

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With the absence of a concrete investment plan being made public, it is important for civil society to develop a position and give input on the deal. It is important it understands climate finance and develops a collective perspective on how it should be mobilised and implemented. As the climate crisis intensifies, these financing deals will continue to shape how our country adapts.

As such, the Fair Finance Coalition of Southern Africa plans to host a JETP town hall before COP27.

By hosting such an event about climate finance and the implications of deals such as the JETP, further capacity can be built to support the call for meaningful engagement we seek from decision-makers. It provides a platform to shape clear demands on financing that represent people's needs in the just transition and expectations of such finance. At the town hall, civil society organisations will champion draft guiding principles for climate finance to ensure human rights and climate justice objectives aren't compromised.

This JETP will set a precedent for future climate finance as it is intended to catalyse further funding for SA and inform models for other countries.

We need finance for a just transition and a climate change response, and it is paramount that the example we set now is one of transparency, accountability and inclusive decision-making centring on impacted workers, youth, women, communities and civil society.

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Is the Musk mojo running low on magic?

By **MARK GONGLOFF**

Trying to guess what Elon Musk will do from day to day is like trying to hold a moonbeam in your hand. The state of play this week is that he wants to buy Twitter for the $54.20 (about R975) a share he initially offered in April.

What does this mean for him and the social media company? Is it good or bad news for either that he seems ready to drop his legal challenges and take over the business he has criticised for months?

The answer depends on whatever strikes Musk's fancy tomorrow, and the day after that, and the day after that. Easier to put a cracked egg back in its shell than to forecast what comes next.

His decision to buy Twitter six months ago seemed based on a little more forethought than his decisions to, say, tweet he was taking Tesla private (which got him into a legal mess with the US Securities and Exchange Commission) or make fun of Bill Gates's body, or claim his (not yet built) cybertruck can also be a boat.

It's not the type of stuff normal CEOs do.

But this lark had real consequences, driving up Twitter's stock price and locking Musk into a process he has struggled to escape.

Twitter shareholders were thrilled to get bought out at Musk's initial offering price and will likely be happy again, judging by the stock price surge on this week's news.

Twitter's employees were less thrilled. And Musk was perhaps least thrilled of all when it dawned on him he would soon have to scrape together $44bn and then own a social media company that has never figured out how to make money.

He may only be abandoning his effort to escape the deal because he seems to be losing ground in the legal fight over it, the discovery process of which gifted the world with a mountain of his sometimes embarrassing personal texts just this week.

In some possible future, Musk might be just the ticket for fixing Twitter, or at least keeping its stock price afloat.

His personal mojo has been the key ingredient in the secret formula making Tesla worth $760bn despite its own struggle to make money. But the mojo may be approaching its shelf life.

Potential electric-car buyers are being turned off by Musk's online antics, which keep veering onto political third rails most CEOs publicly avoid.

Tesla's stock price was only briefly bothered this week by the idea of Musk selling more of it to raise cash. But his abrupt U-turn on buying Twitter, dropping all those vehement arguments that the company lied to him about bots and whatnot, seems like another blow to his reputation.

And there must be a critical mass at which Musk's side projects, from building rockets and boring tunnels to negotiating peace in Ukraine, weigh on his ability to run Tesla or Twitter, or both.

Today he wants to own Twitter again. But what about tomorrow, and the day after that, and the day after that? Picture: Win McNamee/Getty Images

As for the social media platform's users and the public, we're back to square one, wondering how Musk will handle Twitter's censorship, the impetus for this fiasco in the first place.

Will he let former US president Donald Trump back onto the platform just in time for the 2024 election? Then there's the whole bot thing, which is apparently still front of mind for Musk, at least if you take at face value his accusation that his Ukraine peace plan fell victim to a bot army.

Might as well shake a magic eight ball for answers. — Bloomberg

Obituary Mark Willcox: Sexwale's brilliant but flawed dealmaker

By **CHRIS BARRON**

● Mark Willcox, who has died in Johannesburg of a heart attack at the age of 52, was the co-founder with Tokyo Sexwale of Mvelaphanda Holdings in 1998.

He put together the BEE deals which turned it into an empowerment juggernaut and made Sexwale one of the richest people in SA. In the process Willcox had netted R300m for himself by 2004, when he was 34, becoming one of the biggest individual benefactors of BEE.

He was born in Cape Town on January 8 1970. After graduating with a BA LLB at the University of Cape Town, where he also earned a higher diploma in tax law, he worked as an investment banker in New York.

When he returned he did commercial law with future corporate crook and mining magnate Brett Kebble at Cape Town law firm Mallinicks, where the legal secretary was Judy Moon, Sexwale's wife.

His first major business deal for Mvelaphanda Holdings was the purchase of a strategic interest in the Gem Diamond Mining Corporation owned by Kebble.

Willcox met Sexwale while structuring a deal to sell him some diamond mines in Kimberley in 1998.

The qualities that made him such a brilliant dealmaker made an immediate impact. He was an extrovert, very personable, with a bit of the snake-charmer about him, highly intelligent. He could think on his feet and had the gift of the gab.

He was extremely well read and had the ability, which he used to impressive effect in negotiations, to overwhelm people with his extraordinary knowledge of events and understanding of the intersection of politics, economics and history.

He and Sexwale quickly recognised that they each had what the other most needed. Ex-Robben Islander Sexwale had the political connections that gave him access to the huge BEE opportunities that opened up when companies had to be 26% black owned. Willcox was able to capitalise on this network by bringing the technical skills necessary to turn the opportunities into lucrative deals and investments. Sexwale was the mascot of the business, Willcox the moneymaker and gatekeeper.

Mark Willcox

He was able to sift through the avalanche of offers and decide what was realistic and what was not, what could be banked and what could not be banked.

When Sexwale's enthusiasm threatened to suck him into every venture and proposal that came along, Willcox made him focus on what was achievable and would return the greatest yields. Not everyone was happy. Some felt he overcompensated for being white by encouraging them to expand their base beyond what was necessary in terms of compliance with the law.

When the empowerment vehicle Batho Bonke, of which Mvelaphanda owned 20%, was allocated 10% of Absa, he insisted on including players outside the Mvelaphanda fold, although being black owned they didn't need to.

Some felt he was giving away value that should have been used to build Mvelaphanda to assuage a sense of guilt about being white and benefiting so hugely from BEE. Mvelaphanda sold its stake in Absa in 2012, making R265m, which they felt was far less than they would have made.

On the other hand he gave people access to capital they wouldn't otherwise have had. A significant number started their own businesses thanks to him and became household names.

In 2008 he became CEO of Africa Management, a joint venture he drove with US-based Och-Ziff Capital Management Group and Palladino Holdings led by notorious businessman Walter Hennig, an old friend from his Cape Town days, because he and Sexwale wanted to get involved with mining in West Africa and the DRC to take Mvelaphanda to another level.

AML drove an aggressive growth strategy and concerns that they'd find themselves on the wrong side of the US Foreign Corrupt Practices Act, plus Reserve Bank rules, led to Mvelaphanda and Sexwale exiting the joint venture. Willcox stayed on as CEO.

In 2016 US authorities implicated Hennig in the bribery of officials in three African countries for mining rights, which damaged the Mvelaphanda brand and Willcox's own reputation.

Willcox's flaw was his ego. It drove his hunger for bigger and bigger deals. "We can be dollar billionaires," he told those in Mvelaphanda who tried to restrain him.

SA became too small for him. He wanted to benchmark himself against players on the world stage. This led to long absences from home, putting strain on his first marriage which ended in divorce.

He was in the UK for around five years after relocating when Mvelaphanda invested in a UK-listed business with oil interests in West and Central Africa, which brought him into partnership with then president Jacob Zuma's nephew Khulubuse Zuma.

In the UK he was swept up by the celebrity lifestyle and became part of the international jet set of high-flying bankers.

When he married his second wife Erika in 2014 he arranged a private performance at Delaire Graff Estate in Stellenbosch by US star John Legend, who six months earlier had serenaded Kim Kardashian and Kanye West at their wedding in Florence.

He is survived by Erika and three children.