



Contact: Alia Kajee  
South Africa Public Finance Campaigner  
350Africa.org  
87 De Korte Street  
Johannesburg  
alia.kajee@350.org

23 May 2022

Dear Sirs/Mesdames

**Civil Society Appeal to DBSA: Put participation at the centre of your contribution to the Just Transition**

The worsening impacts<sup>1</sup> of the climate crisis and the failures of developed countries to meet climate finance needs indicate failed global leadership with disastrous and disproportionate effects on a local level. Within this context, we share the concern<sup>2</sup> with fellow developing countries and the DBSA that the re-accreditation process with the Green Climate Fund (GCF), the funding mechanism of the United Nations Framework Convention on Climate Change, was unjust, unconsultative and not informed by official policies when developed countries imposed net-zero emission conditions on the DBSA. To ensure equity in the transition to a low-carbon and resilient society, the UNFCCC's cornerstone principle is "common but differentiated principles and respected capabilities," which requires transparent and accountable consultations.

To avoid the undemocratic processes that are occurring internationally, we call on the DBSA to institute equitable and just processes locally by meaningfully including civil society organisations and impacted communities in decision-making processes. We propose a civil society forum

---

<sup>1</sup> Climate Change 2022: Impacts, Adaptation and Vulnerability. Working Group II Contribution to the IPCC Sixth Assessment Report

<sup>2</sup> Meena Raman, Green Climate Fund: Urgent need to clarify role and vision on adaptation, *Third World Network*, 5 April 2022

where continuous engagements can be held with a representative constituency instead of ad hoc or individual project-based once-off engagements. This includes communities who will be impacted by projects the DBSA is funding where representatives can be meaningfully consulted before decisions are made. Through this forum, we call on the DBSA to apply Free Prior and Informed Consent<sup>3</sup> through all projects.

This open letter calls on the DBSA to foster more participatory processes at a local level to build equity within our just transition processes away from fossil fuels and towards a low-carbon and socially resilient society.

We support sentiments that were expressed by members of developing nations who condemned the use of different rules for the DBSA's GCF re-accreditation process. Such decision-making highlights the inequalities that underpin relations between developing and developed nations when addressing the climate crisis. Such double standards have a direct impact on efforts to embark on a just transition, where criteria are undemocratically applied by developed countries.

While we welcome ambitious net-zero emission targets by the DBSA, civil society continues to call on the Bank to exclude new fossil fuel projects from its portfolio. This demand is grounded in the latest IPCC mitigation report<sup>4</sup> emphasising the urgent need to halve emissions by 2030 in order to limit warming to 1.5°C. Continued investment in fossil fuels has the risk of costing the South African national budget R1.8 trillion in present-value terms.

The move away from fossil fuels presents the time<sup>5</sup> to build an energy system and a wider economy that is local, equitable and, democratic. Public finance has a particularly instrumental role in realising this transition<sup>6</sup>, yet there is a need for financial institutions to evolve in order to meet needs of equity in complex social, environmental, political and economic contexts<sup>7</sup>. This

---

<sup>3</sup> For more information, see <https://www.fao.org/indigenous-peoples/our-pillars/fpic/en/>

<sup>4</sup> Climate Change 2022: Mitigation of Climate Change. Working Group III Contribution to the IPCC Sixth Assessment Report

<sup>5</sup> Oil Change International, The Sky's Limit Africa: The Case for a Just Energy Transition from Fossil Fuel Production in Africa, October 2021

<sup>6</sup> Lavinia Steinfors, Satoko Kishimoto (Eds), Public Finance for the Future We Want, Transnational Institute, 24 June 2019

<sup>7</sup> Chantal P. Naidoo, Relating financial systems to sustainability transitions: Challenges, demands and design features, Environmental Innovation and Societal Transitions, Volume 36, 2020

evolution requires institutions to “transparently engage in inclusive and participatory processes that collectively frame a shared vision for a new sustainable economy”.

The DBSA has been recognised by some as a forerunner in the green economy<sup>8</sup>, but as civil society organisations, we call on the DBSA to apply principles of equity, transparency and consultation across the entire Bank’s portfolio consistently. Enhanced consultation applies to existing and planned policies, projects and processes that would have a marked influence on the just transition, whether in fossil fuels or in renewable energy or adaptation. An equitable process to enhance justice in the transition would require local decision-making and consultation to allow communities to determine how the energy transition should look in their regions. We call on the DBSA to formalise and institutionalise the manner in which communities, affected groups and civil society are consulted and included in decision making of the Bank. This includes the establishment, implementation and evaluation of a channel such as a regular civil society forum. As members of civil society, we would be open to meeting and discussing how we envision transparency, inclusiveness and accountability being implemented.

Transparency and inclusive participation can enhance governance and can shape high-impact development<sup>9</sup> as well as increase the ability that public finance has to direct local, inclusive and sustainable development. Meaningful participation creates enhanced buy-in with civil society and communities. To date, we have shared an open letter to the Presidency, the Presidential Climate Finance Task Team and the Presidential Climate Commission (PCC) for increased engagement and consultation on potential climate finance deals<sup>10</sup>. Based on meetings we’ve held with the PCC and responses from the Climate Finance Task Team, the role of Development Finance Institutions are critical in the just transition. As we see growing activity from public institutions such as the newly announced<sup>11, 12</sup> DFI’s CEO Forum on just transition financing, we insist these platforms meaningfully include civil society, affected communities as well as representatives from organised labour as a core element of justice that climate finance aims for in the just transition.

---

<sup>8</sup> Louise Brown & Natalia Alayza, Why the Green Climate Fund Should Give Developing Countries Greater Direct Access to Finance, *World Resources Institute*, 4 June 2021

<sup>9</sup> Donaldson & Hawkes, Open Books: How development finance institutions can be transparent in their financial intermediary lending, and why they should be, Oxfam, 2018

<sup>10</sup> See Life After Coal [letter](#) to Presidency on JETP, February 2022

<sup>11</sup> Creamer, DBSA, IDC and NEF team up to mobilise finance for just transition to low-carbon economy, *Engineering News*, 12 May 2022

<sup>12</sup> DBSA [Statement](#)

As the DBSA calls for a more inclusive process at the GCF level, or at the country level with regards to the watershed Just Energy Transition Partnership<sup>13</sup>, we implore the Bank to practise the same standard locally. We urge the DBSA to formalise channels, such as a civil society forum and supporting engagement policies, through which civil society and communities impacted by funded projects can be included and meaningfully consulted. By ceasing new fossil fuel investments and establishing a civil society forum for consistent and transparent engagement, the DBSA will be closer to fulfilling a mandate of both sustainable and inclusive development.

We hereby request a reply to this letter within 30 days with an openness of the DBSA to meet with civil society organisations.

Regards

Fair Finance Coalition of Southern Africa



*The Fair Finance Coalition of Southern Africa<sup>14</sup> is a coalition of civil society organisations launched in February 2022 which works toward ensuring that public financial institutions invest in a socially and environmentally responsible manner in Southern Africa.*

---

<sup>13</sup> Swilling, So, where is the \$8.5bn that South Africa was promised at COP26?, Daily Maverick, 4 March 2022

<sup>14</sup> For more detail about the coalition, please visit the [website](#)