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Medupi Impacts Case Study: the impacts of multi-million USD funding from the BRICS Bank and other int. financiers

Johannesburg, 23 August 2023 — Today, on the sixteenth anniversary since the construction of the Medupi Coal Power Station commenced, the [Fair Finance Coalition of Southern Africa](#) (FFCSA) releases an evoking collection of unseen and unfiltered images, offering a candid glimpse into the lives of communities in the town of Lephalale, who have endured the far-reaching impacts of the project.

The release of the collection titled *“Living in Medupi’s Shadow: Pictures of Broken Promises”* is a prelude to the launch of Fair Finance Coalition Medupi Impacts Case Study, *“Living in Medupi’s Shadow: Stories from Lephalale”* on 1 September 2023. As BRICS nations continue with their three-day summit discussing accelerated growth and sustainable development, the Coalition photo collection demands the attention of world leaders and the media to reflect on what happens when financiers do not thoroughly assess the social and environmental risk associated with their development finance. The Coalition urges international development banks such as the BRICS bank (New Development Bank), which contributed [USD 476 million](#) to the Medupi Power Station, to take responsibility for the impacts of Medupi.

The soon-to-be-launched case study, *“Living in Medupi’s Shadow: Stories from Lephalale”* will shed light on the ramifications of development finance funding of the Medupi power station and the failed developmental outcomes, which in the case of Medupi are apparent.

[The estimated](#) total cost of building the Medupi power station has ballooned to R273.6 billion or USD 17 billion, a staggering increase from the initial budget of R80 billion allocated at the inception of the project in 2007. Major international financiers included the BRICS Bank, the World Bank (USD 3.05 billion, 2010), the African Development Bank (USD 2.6 billion), and the China Development Bank (USD 1.5 billion USD, 2017). Funds for this colossal undertaking were secured as loans and credit agreements from these and other international development banks and public finance institutions (PFIs). Despite the exorbitant investment, how the billions of dollars infused into the project have contributed to local development is unclear. It is unclear whether the banks were diligently tracking their money flows.

Ariella Scher, Head of Programme: Business and Human Rights, Centre for Applied Legal Studies at the University of the Witwatersrand, says:

“In 2019, the New Development (BRICS) Bank loaned Eskom US\$480 million (about ZAR9 billion) to finance the design and construction of technology which is required to make Medupi compliant with South Africa’s environmental and air pollution standards. Four years later and Eskom has yet to introduce that technology. The effect thereof is felt most acutely by the communities surrounding Medupi, who bear the immediate environmental and health toll of South Africa’s energy crisis.

It is ultimately the shareholders of the BRICS Bank – the current BRICS members – who bear the duty to ensure that the Bank’s monies are spent appropriately. To date, that remains outstanding, and with the BRICS Summit being hosted by South Africa, this is a critical moment to reflect on the causes of this failure and to listen to those for whom its impact is most acute.”

Lucy Pitse Duba affected community member living in Lephalale, says,

“When the project for Medupi power station was announced, we were promised there would be decent jobs that would take us out of poverty since Lephalale has been a poor place. We thought the big project in South Africa would benefit the poor masses of Lephalale, but it didn't. We have been suffering from poor air quality. Later we learned that a loan from African Development Bank was given to ESKOM to install a flue-gas desulphurisation to clean the air. Until today, the FGD has not been installed, and we don't know where the money went, and we are breathing toxic air.”

Organisations under FFCSA continue to pay attention to the investment choices of PFIs seeking accountability and transparency to ensure ethical and responsible finance in line with international investment obligations such as those outlined in the [Equator Principles](#).

The sheer poverty and lack of services in Lephalale expose a heavy reality of a multibillion-dollar development project that seems to have done nothing for the community.

The photo series to be released by FFCSA members Wednesday, 23 August, on social media (see social media handle below) seeks to spark an important debate about the need for responsible and sustainable development finance in Africa, especially as BRICS leaders convene this week to deliberate on accelerated growth and sustainable development.

The launch of “*Living in Medupi's Shadow: Stories from Lephalale*” on September 1, 2023, will be held in Lephalale and will provide a deeper analysis of the situation on the ground and recommendations for sustainable and positive developmental finance practices.

To follow the conversation and updates on the Medupi Impacts Case Study, use the hashtag #FairFinanceSA and #PicturesofBrokenPromises on X (Twitter.)

Social media handles:

350Africa.org: @350Africa (X, Facebook, Instagram)

African Climate Reality Project: @AfricaCRP (X, Facebook, Instagram, LinkedIn)

Centre for Applied Legal Studies: @CALIS_ZA

Centre for Environmental Rights: @CentreEnvRights

Earthlife Africa: @Earthlife_JHB

Justiça Ambiental / Friends of the Earth Mozambique: @JA4change

ENDS***

For interviews and additional information, contact:

Boitumelo Masipa. 350Africa.org

350Africa.org

+27814529096

Avantika Seeth, African Climate Reality Project

avantika.seeth.za@climatereality.com

+27725401140

NOTE TO EDITORS:

The Fair Finance Coalition of Southern Africa is a civil society coalition working towards ensuring Public Finance Institutions invest in a socially and environmentally responsible manner in South Africa and Africa. The Coalition focuses on issues of climate change and transparency. The Coalition consists of the following organisations: 350Africa.org, the Centre for Environmental Rights, African Climate Reality Project, the Centre for Applied Legal Studies, Earthlife Africa, and Justiça Ambiental.