

For immediate release
September 6, 2023

Medupi Impacts Case Study a reminder to leaders at the World Summit of Development Banks to prioritise responsible finance

South Africa - The [Fair Finance Coalition of Southern Africa \(FFCSA\)](#) has marked a significant milestone with the successful [press conference](#) and launch of the highly anticipated Medupi coal power station [Impacts Case Study, titled "Living in Medupi's Shadow: Stories from Lephale."](#) This groundbreaking study, launched officially on the 1st of September in Lephale, the community surrounding the Medupi coal-powered station, provides critical insights into the role of development finance institutions in the construction of the project and its far-reaching impacts on the community of Lephale in Limpopo province.

This week, from September 4th to 6th, leaders of development banks have been in Colombia attending the [World Summit of Development Banks](#). The focus of their gathering has been on the need to strengthen coordination and collaboration among public development banks to promote sustainable development and align financial flows with the 2030 Agenda and the Paris Agreement on Climate Change.

The FFCSA's recent Impacts Case Study serves as a poignant testament to what can go wrong when development banks operate without oversight. The stories of untold hardship written in the case study offer a stark reminder of the profound consequences when accountability is absent.

As the World Summit of Development Banks unfolds throughout the week, members of the Fair Finance Coalition urge development banks to take a hard look at the stark reality faced by communities in Lephale, who now bear the burden of their involvement in financing the Medupi Power Station. The Coalition calls for development banks to take responsibility for the impacts of their ventures in Africa and to adhere to principles of responsible, fair, and equitable finance.

The press conference launch of the case study brought together community representatives, experts, and advocates to shed light on the consequences of this multibillion-dollar project that has left a lasting impact on the Lephale community. During the event, community members shared their stories of disappointment and suffering, emphasising the lack of employment opportunities, the adverse effects of poverty and poor air quality resulting from the Medupi coal power station.

The Medupi Impacts Case Study highlights the overlooked social and environmental risks associated with the Medupi mega-project, revealing the failed developmental outcomes that have plagued the community of Lephale over the past 16 years.

The estimated cost of constructing the Medupi power station has surged to R273.6 billion or USD 17 billion, a stark contrast to the initial budget of R80 billion allocated in 2007. Major international financiers, including the New Development Bank (BRICS Bank), the World Bank, the African Development Bank, and the China Development Bank, were primary contributors to the project.

Recommendations outlined in the report include that when devising a megaproject such as Medupi, the International Financial Institutions (IFIs) and Development Financial Institutions (DFIs) must work together with local authorities (at both national and local levels) to ensure

that there is adequate planning and financing of infrastructure development, capacitation and service delivery to accommodate the expanding economy which flows from the megaproject. The report also recommends that when constructing a power station, Eskom must ensure that the needs of the surrounding communities are prioritised and that such communities are electrified.

Ariella Scher, Head of Programme: Business and Human Rights at the Centre for Applied Legal Studies, University of the Witwatersrand, says that “Development banks play a vital role in socio-economic development in the Global South, but they cannot do so unfettered; they must ensure that they are undertaking that development in a manner that is truly beneficial for the communities who otherwise bear the brunt of those megaprojects. This report tells the story of the community of Lephalale; countless promises of the windfall that Medupi was to bring, and yet over a decade of disappointment, degradation and disarray. We hope that the World Development Banks summit takes stock of this experience, and implements the learnings we recommend in the report.”

Lettah Motshehoa, a 21-year-old resident of Lephalale, shared her account, recalling the initial excitement in the community when the Medupi coal power station project was announced. She highlighted the broken promises, pollution-related health issues, unemployment, and economic hardships experienced by the community. “Today we are left with no employment opportunities and there are a lot of affected youth who are sitting at home having to seek alternate means of income such as prostituting themselves. This isn’t right,” Motshehoa said.

Following the release of the case study, the work of the Coalition remains to ensure that Development Finance Institutions invest in a socially and environmentally responsible manner in Africa. Through advocacy, coalition members promote accountability and transparency in development finance to reshape the landscape of development finance in Africa and ensure justice sits at the heart.

For more information and to access the report in English and Sepedi, please visit the [Fair Finance website](#).

*****ENDS**

For interviews and additional information, please contact:

Boitumelo

Email:

Phone: +27814529096

Masipa,

350Africa.org

tumi@350.org

Avantika

Seeth,

African

Climate

Reality

Project

Email:

Phone: +27725401140

avantika@trees.org.za

NOTE TO EDITORS:

The Fair Finance Coalition of Southern Africa is a coalition of civil society organisations dedicated to ensuring that Public Finance Institutions invest responsibly and ethically in South Africa and Africa. The Coalition focuses on climate change and transparency issues. Coalition

members include 350Africa.org, the Centre for Environmental Rights, African Climate Reality Project, the Centre for Applied Legal Studies, Earthlife Africa, Oxfam South Africa, and Justiça Ambiental.