



## **Report on a DDP Political Forum**

### **Eskom's \$3.5 bn World Bank loan and its implications for ordinary South Africans**

May 20<sup>th</sup>, 2010, 10h00-12h00 at Southern Sun, Elangeni Hotel

#### *Introduction*

This month's forum sought to address issues around the controversial loan that has been granted by the World Bank to help finance Eskom's build programme, specifically the large coal-fired plant the parastatal power utility is currently building in Medupi, Limpopo. DDP was pleased to welcome two speakers to this event, namely Prof. Patrick Bond from the Centre for Civil Society and Mr. Bobby Peek, from the environmental NGO Groundwork. The forum was well attended with approximately 70 guests in the audience. The two speakers' presentations pointed out numerous aspects of criticism that have been put forward against the loan.

#### *Presentations*

Regarding environmental impacts, Mr. Bobby Peek criticized the loan and the power plant projects in Medupi and Kusile for the adverse effects they will have on local ecologies in the affected, now pristine, areas. He also criticized the government for not having conducted a proper analysis of the coal-fired plant's impact on local residents' health. Furthermore, the impacts on climate change and water availability in South Africa were a reason for deep concern, since the new power plants would need huge amounts of water and also add to the country's high level of carbon dioxide emissions. Above all, Mr. Peek advocated a transition to a new energy model for South Africa. The present carbon-intensive one in his view not only led to the destruction of the environment but also largely served the interests of large industrial corporations. This was to the detriment of small consumers who are now faced with price hikes, which are unaffordable for many. Regarding Eskom's problems to acquire funding, he argued that these could be solved by charging large industrial consumers fair prices: "With an increase of only 1 to 2 cent per kilowatt hour there would have been no need for the World Bank loan", Peek said.

The fact that the ANC through its investment arm allegedly stands to gain at least R50 million from a power plant that caters to the interests of large industries was taken by Prof. Patrick Bond as a piece of evidence on how the governing party had broken its promises with regard to basic service delivery. Taking a broader societal point of view, he depicted the controversy around Eskom's World Bank loan as yet another example of how local elites and the World Bank failed to act in the interests of the poor and

were thereby entrenching a “class- and climate-apartheid”. Bond reminded the audience of the World Bank’s past involvement in South Africa during apartheid, when the institution had financed energy infrastructure for white South Africans only. He argued that the World Bank’s present loan to Eskom was therefore a continuation of old patterns in that it served the interests of a small elite. Prof. Bond also outlined how opposition against World Bank policy is being voiced globally.

Both speakers condemned the questionable relationships that were existent between Eskom and large industrial consumers of electricity, such as BHP Billiton saying that this relationship could be described as “a revolving door”. After having worked for Eskom in leading positions, many officials assumed leading positions in one of those large industrial corporations. Bond and Peek furthermore criticized the South African government for supporting the World Bank loan since it will have to be paid back in dollars and in the case that the rand crashed (once more), this would impose a major burden on South Africa, further forcing the country to export cheap primary commodities. They also opposed the argument that building more large coal-fired plants was necessary to secure jobs and economic growth in South Africa. Instead, a transition to a ‘green’ economic model concentrating on renewable energy and energy availability for small consumers would yield much better prospects for job-creation. In order to come closer to attaining that vision of an alternative economic and energy model, Bond and Peek stressed the role of civil society pressure. In their view, an across-the-board alliance of civil society groups was the only way to put pressure on government and political parties and they both felt encouraged by the vocal opposition of a large variety of groups against the World Bank loan for Eskom.

### *Discussion*

After each of the presentations the audience was given the opportunity to ask questions to the speakers and to comment on their presentations. There was a vivid interest to discuss the issues raised during the presentations which was shown by the high amount of participation on behalf of the audience. The comments and questions raised by the forum’s guests were dominated by a shared concern about the implications of the World Bank loan. Participants also expressed worries about Eskom’s strategy for South Africa’s energy future, the impacts of new coal-fired power plants on the environment and the special pricing agreements with large industrial corporations that disadvantage ordinary South Africans. Many participants felt that something must be done in order to promote a transition to more sustainable energy production.

With such far-reaching agreement within the audience, questions and comments towards the end of the public forum increasingly broached the issue of what individuals and civil society can do to advocate a turnaround with regard to these issues. Bobby Peek emphasized the necessity of getting people, especially those in rural or disadvantaged areas, to understand the issues discussed during the forum in order to build broad public awareness.

### *Conclusion*

Considering the high interest of participants in the May Political Forum, the DDP feels that with this event it has provided a necessary space for the discussion of a vital topic. The forum has, in our view,

successfully reflected on the topic and also enabled participants to realize the multiplicity of issues that are connected to Eskom's World Bank loan. The speakers informatively presented the issues while speaking from an activist angle.

A significant number of participants enquired about the ways of influencing the developments addressed in the forum that are available to them as individuals and to civil society as a whole. This might reflect a level of uncertainty on the part of citizens about how to effectively engage in issues that are important to them, in this case in a campaign against the World Bank loan to Eskom. As a consequence, the DDP wants to explore the possibility of creating an inclusive space for citizens and civil society on a local level to develop their ideas on a variety of issues affecting the future of their communities and society in general. This could take the form of a Durban Social Dialogue which would seek to develop a positive vision for the city's future.

With a view to upcoming forums, we envisage assisting participants as much as possible in becoming involved with the topics being discussed, e.g. by disseminating information on who to contact or where to sign a petition. For participants of the May forum, we would like to suggest the website of groundwork ([www.groundwork.org.za](http://www.groundwork.org.za)), if they intend to keep informed about that particular organization's work around environmental issues.