

World Bank money for Eskom will amplify South Africa's energy, climate and poverty crises

Thanks to an inherited relationship between the apartheid state and multinational mining/metals corporations, generously financed by the World Bank from 1951-1967, South Africa has one of the most energy-intensive economies in the world. Measured by emissions per capita unit of GDP, the state-owned power utility Eskom is a far higher greenhouse gas emitter than even the United States of America's energy sector. Eskom accounts for more than 40% of South Africa's overall total greenhouse gas emissions, including nearly 60% of national methane emissions, which are roughly 21 times more potent than carbon dioxide (yet Eskom does not report these emissions), and Eskom admits nearly 200 recent violations (or exemptions required) of the 2004 Air Quality Act.

Two new coal-fired power plants – Medupi and Kusile - to be built using money supplied by the World Bank, will dramatically increase Eskom's total CO2 emissions by 2025. To feed its fossil fuel addiction, Eskom is encouraging the development of 40 new coal mines in a country whose water table and air are being poisoned by the coal industry, posing a grave threat to communities and environment. Eskom's consumption of water for cooling makes it South Africa's most wasteful user, in a drought-prone country with a long-term scarcity challenge.

Even though the World Bank claims that the \$3.75 billion loan will alleviate “energy poverty” in South Africa, the structure of “cost-reflective pricing” that the Bank has long-encouraged will have the opposite impact. To pay back a \$3.75 billion loan in dollars when South Africa regularly experiences currency crashes (five of at least 15% each since 1996), will require more exports and higher tariffs to compensate for an ever-lower currency.

Moreover, to pay principal and interest for construction of new power plants, low-income people in a “typical township household” will, Eskom itself admits, pay a monthly average of \$135 for basic electricity in 2012, up from \$50 in 2009. Millions suffer disconnections each year due to inability to pay these bills, yet they pay four times as much per kilowatt hour than do corporations. The world's largest mining/metals firms benefit from apartheid-era contracts which give them the cheapest electricity in the world, as Eskom itself brags.

The Bank claims that the Eskom coal-fired plants are the first in Africa to use the cleaner coal “supercritical” and “carbon capture storage ready” designs, the same technologies used in OECD countries. Nevertheless, carbon capture and storage is unproven (and dangerous) in South Africa's very different geological conditions, and is by no means assured for testing in the near future. South African civil society organizations – especially communities, NGOs, environmentalists and trade unions – are furious with the

way Eskom prioritises its resources, and at the January hearings of the National Energy Regulator of South Africa, there was universal condemnation of Eskom.

The World Bank's lamentable record in South African energy included hundreds of millions of dollars to fund apartheid-era Eskom's distribution of power to whites (blacks did not receive electricity until 15 years after the last Bank loan) – for which the Jubilee SA movement says the Bank must pay reparations – and during the post-apartheid era, the Bank has been notorious for advocating privatization, budget cuts, services disconnections in the event of inability to pay, and substandard services (including no electricity service to the very poor). The Bank's continual insistence on cost-recovery and cost-reflective tariff pricing, so as to avoid subsidies, and its support for Eskom's plans to privatize, together mean that the Bank has also become a target of civil society. Critics say the Bank should first spend its money in South Africa in the form of grants to victims of apartheid, just as large corporations will be forced to do this year via the US Alien Tort Claims Act. Then it should avoid Eskom like the plague, while a genuinely democratic and developmental strategy can be put in place without Bank interference,