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The Fair Finance Coalition launches report on the impacts of the Medupi coal power station on communities of Lephale

South Africa — During a press conference today, [The Fair Finance Coalition of Southern Africa \(FFCSA\)](#) released the anticipated Medupi coal power station impacts case study titled "*Living in Medupi's Shadow: Stories from Lephale*." This groundbreaking study sheds light on the role of development finance institutions in the development and construction of the Medupi coal power station and the far-reaching impacts of the multibillion-dollar project on the community of Lephale, Limpopo. The press conference will be streaming in the link below.

Through the report, the Coalition reflects the affected communities' perspectives on what happens when financiers overlook the social and environmental risks linked to their projects. The case study details the failed developmental outcomes that have become apparent over the past 16 years in the surrounding towns of Lephale.

[The estimated](#) cost of constructing the Medupi power station has surged to R273.6 billion or USD 17 billion, a substantial increase from the initial budget of R80 billion allocated at the project's inception in 2007. Key international financiers, including the New Development Bank (BRICS Bank, USD 467 million) the World Bank (USD 3.05 billion in 2010), the African Development Bank (USD 2.6 billion), and the China Development Bank (USD 1.5 billion in 2017), majorly financed the project. Despite this substantial investment, extreme poverty and a dire lack of essential services reveal a harsh truth about a multibillion dollar development venture that appears to have failed the community of Lephale.

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

"This is an important moment to listen to the people and communities surrounding Lephale and directly affected by the international development finance towards the construction of Medupi, who have so often been ignored over the past 15 years. This report details their experiences of infrastructure degradation, socio-economic upheaval, environmental distress, and an overall failure to plan holistically for the introduction of a megaproject into their backyard. The report stands as a record of that experience, and as a lesson to development finance institutions of what not to do when financing megaprojects in the worsening climate crisis."

Lettah Motshehoa, a 21-year female living in Lephale, says:

"When the Medupi coal power station project was announced, I remember people were so excited. Everyone looked forward to the promises of jobs, the opportunity to gain skills to be involved in the project. We were told that our town will be well developed. We were celebrating this news because we had been living in poverty. I thought I would be able to access better education and have the opportunity to have a career and become something. But when the project began only few people from our town were able to benefit from opportunities. A lot of people from towns outside Lephale were brought in and given the jobs and skills that were promised to us. By the time Medupi power station was operational, my community hardly saw

the benefits. Instead, we suffer from diseases associated with the air quality and pollution from the power station and the mines. Unemployment is so high. People need money. Young girls often drop out of school to find sugar daddies because they need money to survive. I've seen teenage pregnancy to be a big problem in my community. The leaders who built Medupi never told us about the danger of this project and how it will affect our lives. It makes me think that they don't care about us and our futures."

Organisations under the FFCSA umbrella remain steadfast in their scrutiny of the investment decisions of international banks and Public Finance Institutions (PFIs). The primary objective of the Coalition is to promote accountability and transparency in public and development finance. Critical to achieving this objective is advocating for international banks and PFIs to adhere to principles of fair and equitable finance, as well as international investment obligations, such as the Equator Principles.

The release of the Medupi Impacts Case Study seeks to ignite a crucial discourse on the importance of responsible and sustainable development finance in the Global South. This call resonates particularly as the World Summit of Development Banks takes place in Colombia from 4 - 6 September, where leaders of international banks will convene 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.

Join the press conference starting 9:30 am streaming live via youtube [here](#).

The study is available in English and Sepedi for download on the Fair Finance website [here](#).

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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.