

Anabela Lemos

Justiça Ambiental/ Friends of the Earth
Mozambique
Avenida Francisco Orlando
Magumbwe nº 261
Maputo, Mozambique
anabela.ja.mz@gmail.com

Lovedonia Mkansi

CPLO
Environment & Energy Project
Coordinator
12 Bouquet Street, Cape Town
lovedonia@cplo.org.za

Ariella Scher

Head of Programme: Business and
Human Rights
CALSA
DJ Du Plessis Centre
Alumni Ln, Johannesburg
ariella.scher@wits.ac.za

Alia Kajee

South African Public Finance
Campaigner
350Africa.org
87 de Korte Street, Johannesburg
alia.kajee@350.org

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Good day

Parliament's role in the climate crisis and public finance oversight

In March 2021, a [roundtable discussion](#) was held with civil society organisations and parliamentarians with the aim of drawing links between the climate crisis and the public finance institutions that invest in fossil fuel projects.

By [articulating](#) the role of parliament, the objective was to promote increased transparency and accountability of potentially destructive projects such as the Musina Makhado Special Economic Zone in Limpopo (which recently received provincial environmental [authorisation](#)) or LNG gas in Mozambique, and particularly the public financing of these projects.

The aim of this letter is to revisit the role of parliament in a worsening climate crisis and how best to ensure decisions being made represent the interests of the public towards social, economic and environmental justice. We present a list of questions below for Members of Parliament to raise in relevant parliamentary committees.

Almost one year since the roundtable, there has been much development in the climate change space. From [climate finance](#) announcements at COP26, the [Presidential Climate Commission](#) as well as the [tabling](#) of the Climate Change Bill in parliament. Civil society has also strengthened and seen recent [wins](#) in court against seismic surveys on the wild coast as well as the recent launch of the [Fair Finance Coalition of South Africa](#).

However, fossil fuel investment still continues despite the financial, environmental and social risks. [Research](#) from Oil Change International shows how the fossil fuel industry plans to invest USD 230 billion into the development of new extraction projects in Africa in the next decade and USD 1.4 trillion by 2050. The South African public budget risks [R1.8 trillion in transition risk](#) should the rest of the world align with the goals of the Paris Agreement. The International Institute for Sustainable Development recently [reported](#) that South Africa spent R172 billion on energy subsidies, with the deteriorated human health and environmental damages costs from pollution being five times as much at an estimated R500 billion per year.

Civil society groups from South Africa and Mozambique have attempted to engage with public Development Finance Institutions, DBSA, ECIC and IDC, about their financing of fossil fuel projects whose impacts will include human rights violations and climate and environmental destruction. Requests for further information have largely been ignored while information that has been received from DFIs has been inadequate and incomplete. Following legal routes through the Promotion of Access to Information (PAIA) has not yielded any workable information regarding particular projects, as project details are kept confidential due to market sensitivities. This includes requests for environmental and social impact assessments.

Internal discussions on the role of parliament in the Just Transition, for example "[Just Transition - Is it a pipe dream in light of slow economic growth?](#)" indicate promise in terms of accountability and, in particular, focus on government responsiveness and fiscal oversight in the 6th Parliament Strategic Plan. Considering the need for financial flows to align with South Africa's Nationally Determined Contributions and the transition away from fossil fuels needed to limit climate change to below 1.5 Celsius, we implore a committed and consistent role from Parliament in practising oversight of our DFIs.

Questions for Members of Parliament to Raise

We present the following questions for MPs to raise in respective committees towards ensuring enhanced transparency and accountability of public financial institutions:

Topic	Question	Potential Parliamentary Committee
KarpowershipSA	1. Recent attempts to secure information on the potential DBSA funding of Karadeniz Energy Group, Karpowership SA, Powergroup SA, and/or power-generating barges/ships proposed for the ports of Richards Bay, Ngqura, and Saldanha in line with the Promotion of Access to Information Act 2 of 2000 (PAIA) were rejected to protect the commercial interests of the DBSA and third parties, what detail can be shared about the potential public funding of this project, and to what extent can parliament play an oversight role, if information is kept confidential?	- Mineral Resources
Just Transition	2. What role will the DBSA, IDC, ECIC and PIC play in facilitating climate finance for the Just Transition Partnership and will details of this role be made transparent?	- Finance standing committee - Employment and Labour
Climate Ambition	3. How does the DBSA, IDC, ECIC or PIC justify investment in coal, oil or gas if continued emissions from fossil fuels will go against national climate change commitments and institutional net-zero policies (eg for the DBSA), as well as have a high likelihood of becoming stranded assets in a world moving rapidly to renewable energy.	- Environment,fore try and fisheries
MMSEZ, PIC, Climate Ambition	4. Given that the Musina-Makhado SEZ is envisaged to be coal-powered, and completely contrary to meeting South Africa's National Determined Contribution and achieving the transitions away from fossil fuels needed to limit climate change to below 1.5 Celsius, is there no threshold/limit for a project that PIC will not fund due to climate change considerations?	- NCOP: Limpopo provincial council - National assembly
MMSEZ, Water	5. Given the failure to identify sufficient water for the Musina-Makhado	- Water & sanitation

supply	SEZ and the water crisis in the country (due to droughts, insufficient maintenance of infrastructure, water use by mines and industry etc) is there no project the PIC won't finance based on water conservation imperatives?	
MMSEZ, PIC	6. What proportion of PIC's investments are in just transition sectors – ie publically or community and worker controlled renewables and sustainable industry vs the amount invested in fossil fuels powered developments such as Musina-SEZ?	- Public accounts (SCOPA)
MMSEZ, PIC	<p>7. Is the PIC aware of the fatal flaws in the Environmental impact assessment process in MMSEZ and if so does this impact on its support for the project. A few of the fatal flaws highlighted by a range of civil society/community organisations and researchers include:</p> <p>a. The necessary strategic impact assessment for a regional development of this impact (intensity and scope) including regarding climate change and water and which would have allowed for an assessment of regional cumulative assessment was not followed and instead an ordinary EIA was followed;</p> <p>b. Serious failures of notification of interested and affected persons and other participation failures with many I&APs not notified of final Environmental Impact Report (EIR);</p> <p>c. The final EIR that was recently submitted significantly out of time from the period required in the environmental impact assessment regulations under the National Environmental Management Act – that time period is normally 106 days and 156 days if significant new information was added to the EIA;</p> <p>d. The final EIR contrary to the NEMA EIA regulations is not for the project as a whole but only vegetation clearance which was further a departure from the scope of the initial EIA.</p>	- Environment, forestry and fisheries

MMSEZ, China, PIC, DFIs	8. Has the announcement by Chinese Premier Xi Jinping at the UN on 21 September that China will no longer finance coal power abroad, and subsequent confirmation of the withdrawal of funding for the MMSEZ changed the PIC's position on whether funding this project is a viable use of the funds it invests in the interests of the public? If so, what role would other DFIs play, DBSA, IDC, ECIC?	<ul style="list-style-type: none"> - Finance standing committee - Trade, Industry & Competition - NCOP Trade & Industry, Economic Development, Small Business, Tourism, Employment & Labour - Public accounts (SCOPA)
Mozambique, DFIs	9. We request that the ECIC, IDC and DBSA provide the assessment documents they used in their decision to finance the Mozambique LNG Project, including their EIA's and the RINA report used by all ECA's for this project. ECIC has thus far refused to provide this report. Further, we request that the DFIs' provide us with their documents showing their continued assessment of the project following their agreement to finance it.	<ul style="list-style-type: none"> - Public accounts (SCOPA)
Mozambique, DFIs	10. We request all documents received from the South African Embassy in Maputo from the beginning of the project till the present, as part of the DFI's decision-making process to finance Mozambique LNG.	<ul style="list-style-type: none"> - International relations - Trade, industry & competition
Mozambique, DFIs	11. Why are the DFI's continuing to invest in the project considering the violent conflict in the region, directly surrounding the Mozambique LNG onshore facilities?	<ul style="list-style-type: none"> - International Relations
Mozambique, DFIs	12. The Mozambican government, and Total, have been unable to provide guarantees that revenues from Mozambique LNG will go to benefiting the local population. What conditionalities have the DBSA, IDC and ECIC placed on their contracts with Mozambique LNG to ensure that the revenues benefit the local people and economy?	<ul style="list-style-type: none"> - International Relations - Trade, industry & competition
Mozambique,	13. Will the government be opening an investigation into the conduct of	<ul style="list-style-type: none"> - Defence and military

Human Rights	the Dyck Advisory Group in Mozambique during the course of 2020 and 2021, including the indiscriminate shooting into civilian crowds and bombing of civilian infrastructure, including a hospital, as reported by Amnesty International.	veterans - International Relations
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In response to the IPCC’s most recent [assessment report](#) of Climate Change Impacts, Adaptation and Vulnerability, António Guterres, the UN secretary general, [said](#): “I have seen many scientific reports in my time, but nothing like this. Today’s IPCC report is an atlas of human suffering and a damning indictment of failed climate leadership.” In line with parliament’s strategic goals, we urge MPs to continue to engage with an active civil society as we work towards a people-centred Just Transition to ensure that nobody is left behind in a low-carbon society.

Should you require any further support, please do not hesitate to reach out to us and we can provide further resources or present to parliamentary committees as required.

Sincerely

Anabela Lemos
anabela.ja.mz@gmail.com

Lovedonia Mkansi
lovedonia@cplo.org.za

Ariella Scher
ariella.scher@wits.ac.za

Alia Kajee
alia.kajee@350.org

Glossary

DBSA	Development Bank of Southern Africa
DFI	Development Finance Institution
ECA	Export Credit Agency
ECIC	Export Credit Insurance Corporation of South Africa
EIA	Environmental Impact Assessment
EIR	Environmental Impact Report
IDC	Industrial Development Corporation of South Africa
LNG	Liquid Natural Gas
MMSEZ	Musina-Makhado Special Economic Zone
PIC	Public Investment Corporation