

SA's climate grant funding from developing countries doubles to \$676m

South Africa has secured \$676m in grants from rich nations for a transition to green energy, more than double what they initially promised but still only a fraction of the total package, the rest of which it will have to repay with interest.

By Promit Mukherjee ^{20 Oct 2023}



An aerial view of Kriel Power Station run by state electricity utility Eskom in Delmas, in the Mpumalanga province, South Africa, May 22, 2023. REUTERS/Shafiek Tassiem/File Photo

Rudi Dicks, head of project management in the presidency says that South Africa had been pushing for more of the \$12b currently on offer from Western nations to take the form of gifts rather than loans.

The grant had initially been set at \$329.7m.

"The president has made it very clear that he wants to see an increase in the grant component," he said, adding that more grants could come in as the country heads to COP28 climate talks in Dubai next month.

Britain, France, Germany, the European Union and the United States pledged \$8.5bn at the climate talks two years ago, a figure which has since gone up as the Netherlands and Denmark, Canada, Spain and Switzerland joined the initiative this week.

But South African authorities estimate the total cost of South Africa's transition from carbon-intensive coal -- which generates 80% of its power and is used to synthesize a third of its liquid fuel -- at R1.5t rand (\$78.44bn).

Bridging sector gaps

Dicks added that South Africa was in negotiations to possibly increase both the total package and the share taken up by grants at the talks, in which South Africa will present details on how it plans to spend the money.

South Africa says its needs to develop skills in sectors like solar generation, electric vehicles and green hydrogen, assist coal miners losing their jobs and attract the private sector to invest in what it says are lower return projects.

It aims to retire coal plants, ramp up renewable capacity and establish a green hydrogen export hub, among other things.

"The implementation plan will go for cabinet's approval by end October and will be presented at COP28," Dicks said.

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