



## **EFF STATEMENT ON THE WORLD BANK'S INVOLVEMENT WITH TRANSNET AND ESKOM**

Thursday, 7 April 2022

The EFF notes the recent remarks by the World Bank Vice President for East and Southern Africa Hafez Ghanem, that the World Bank is looking at providing technical support to both Eskom and Transnet, with the ultimate aim of making funding available to turn both these State-Owned Enterprises around. This will not be the World Bank's first involvement with Eskom, as they made a loan of about \$3.5 billion towards the construction of the Medupi Power Station in 2010.

Today, we all know that loan and most of the funds made available towards that project have not had the impact that was envisaged, and that instead of improving the energy supply problems of the country, the project has in fact enriched a few companies and individuals with links to the ruling party. It is public knowledge that the Japanese company Hitachi paid millions of Rands in bribes to the ruling party in order to get a stake in the construction of Medupi. None of the so-called technical expertise of the World Bank was forthcoming at the time to save the disaster that Medupi came to be, and to this day, Eskom remains indebted to the bank and to many other financial institutions.

Our indignation at the involvement of the World Bank and the International Monetary Fund in the affairs of this country is premised on the concrete historical evidence of how these institutions interfere in the politics and economic trajectories of the countries they "invest" in. World Bank loans are almost always accompanied by stringent conditions on how countries should spend their budgets. Their involvement in Zimbabwe led to the Structural Adjustments Programme which diverted investment away from social services such as education and health, reduction of overall public

spending, and towards handing over to the private sector huge chunks of that economy. We all know the consequences of that in Zimbabwe, and elsewhere in the world where the Bank and the IMF have spread their tentacles.

The present administration's cosy relationship with the World Bank and with IMF must be a cause for serious concern, because the involvement of these institutions will eventually lead to the privatisation of the State companies they want to be involved with. This will lead to higher electricity prices and the reduction of electricity subsidies to the poor. This will also lead to the capture of Transnet.

A few days before the World Bank made the statement referred to above, on the 1st of April Transnet invited bids from the private sector to operate sections of its freight network, under the pretext that the entity was seeking a cash injection to improve the services it offers. It requires no rocket science that this is a prelude to a private takeover of Transnet, and again, it is not the South African public that will benefit from this takeover, but a few connected white owned companies.

The EFF has long warned that Cyril Ramaphosa's administration is only concerned with trading the sovereignty of the South African state to global financial institutions and to those who funded his ascendancy into power. He has little concern with the plight of the majority of the citizens, who remain trapped in poverty and unemployment. We will hold this administration accountable for the decisions they take at all material times, but ultimately, it is the South African voter who can stop this madness and reclaim the country from the scavengers who are salivating over it.

**ISSUED BY THE ECONOMIC FREEDOM FIGHTERS**

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