

SA partners Dutch, Danish govts on green hydrogen fund

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South Africa and the governments of the Netherlands and Denmark on Tuesday, 20 June, launched a \$1bn green hydrogen fund to help kickstart an industry seen as critical to the country's decarbonisation efforts.



President Cyril Ramaphosa talks with the Prime Minister of Denmark Mette Frederiksen after their official talks with Prime Minister of the Netherlands Mark Rutte at the Sefako M. Makgatho Presidential Guesthouse in Pretoria. Source: Reuters/Alet Pretorius

South Africa's energy transition plan envisages setting up an ecosystem and export hub for green hydrogen, which is made using renewable energy and without producing greenhouse gas emissions.

The nation wants to produce the fuel for use in aviation, green steel, transport and more, as well as for export to the European Union. But President Cyril Ramaphosa has said this would require R319bn.

The new fund, dubbed SA-H2 and run by Climate Fund Managers, a joint venture between the Dutch development bank, FMO, and South African insurer Sanlam, will look to support South Africa's green hydrogen sector.

"The SA-H2 Fund initiative will aim to secure \$1bn in funding, to be raised directly in South Africa or indirectly via other channels," Climate Fund Managers said in a statement.



SA expects to add 5,500MW of renewable energy to the grid by 2026

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Just Energy Transition Partnership

A group of rich countries, including France, Germany, Britain, the United States and the European Union, pledged \$8.5bn

to South Africa in 2021 for its green transition.

A similar fund targeting green hydrogen was also set up for Namibia last year.

Critics say a key challenge to setting up a green hydrogen industry in South Africa is its slow renewable energy roll-out, an imperative for green hydrogen production.

According to Boston Consultancy Group, South Africa would need to set up 6-7 gigawatts (GW) of renewable capacity per year for the next two decades to support a green hydrogen industry, compared with the 6GW it has managed in total since 2011.

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