Early Warning System

IFC-602781

Prosperity RSA

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Quick Facts

Countries	South Africa
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	U
Voting Date	2017-12-20
Borrower	*Borrower information not provided at the time of disclosure*
Sectors	Industry and Trade, Law and Government
Investment Type(s)	Advisory Services
Project Cost (USD)	$ 2.90 million

Project Description

The project will aim at addressing key employment and growth challenges by focusing on a number of horizontal and vertical sectoral reforms especially focusing on manufacturing (including automotive), agribusiness, and telecom sectors with a special attention to SMEs. Based on engagement and consultations with the key stakeholders and counterparts, the program comprises 4 components each of which addresses a critical challenge:
1. Business Regulation/Delivering Business Environment Reforms:
South Africa's business environment, as measured by the annual DB Report has progressively worsened over the last few years [currently ranked 82/190 countries, South Africa was ranked 29 in 2007]. The continued retrogression, while making the creation of new businesses difficult, also feeds a narrative of poor Government to Business service and contributes to the private sector's reticence to invest and create jobs.
Under this component, the program will support South Africa to achieve reforms in indicators that it has prioritized - Starting a Business, Trading Across Borders and Paying Taxes.

2. Investment Policy & Promotion:
In order to meet the objectives of the inter-Ministerial Committee (created by the Government to generate FDI), South Africa requires additional support to boost its ability to attract and retain FDI and to tap into supply and value chains in South Africa and elsewhere. InvestSA, which is South Africa’s investment promotion agency does not presently have the requisite capacity and has requested technical support to lead South Africa's drive to reshape its economy.

Further to a request from DTI, technical support rendered under this component will include:
(a) Development of an Investment Reform Map (IRM) and a Systematic Investment Retention Mechanism (SIRM). The IRM process helps countries clarify their investment objectives and yields a comprehensive review of policy, institutional, legal and regulatory barriers to FDI that generates a blue print for reform.
(b) Strengthening of Capacity for Investment Promotion: A fundamental factor for the success of the IPP component would be strengthening of the Investment Promotion and aftercare services capacity of InvestSA.
(c) Technical Support for Investment Generation into Industrial Parks.
(d) Review of Government Policy on linkages and local supplier development with particular reference to BBBEE: The team will work closely with the DTI at the national level as well as with 1-2 provincial/city level counterparts focusing on specific Industrial Park initiatives in order to meet the objectives of the Industrial Policy Action Plan 2017/18 - 2019/20.

3. Competition Policy/Market Regulation Reform:
This component supports the development of a holistic approach to competition policy in SA which aims to support the alignment of government interventions in markets (laws and regulations, broader public policies and direct state participation) with principles that strengthen market competition. The program will support the development of tools to strengthen the enforcement of the competition law to allow competition authorities to use their resources to detect and sanction anticompetitive behavior more effectively. It will also focus on broadening of the scope of competition policy in South Africa and equip policy makers with mechanisms to identify and reform distortions to competition caused by government interventions in markets in order to support entry and competition in key sectors of the economy.

4. Private Sector Diagnostics and Analysis:
The program will undertake a Country Private Sector Diagnostic and sector scans to identify key private sector investment opportunities to develop backwards and forward linkages. The said diagnostic and sector scans will also be undertaken with an analytical lens that will seek to identify the principal growth constraints of small and young businesses.

Investment Description

- International Finance Corporation (IFC)

Contact Information

Contact information not provided at the time of disclosure

ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/