

 Early Warning System

WB-P174246

South Africa Covid-19 Response Development Policy Operation



### Quick Facts

<b>Countries</b>	South Africa
<b>Financial Institutions</b>	World Bank (WB)
<b>Status</b>	Canceled
<b>Bank Risk Rating</b>	U
<b>Voting Date</b>	2020-09-22
<b>Borrower</b>	Government of the Republic of South Africa
<b>Sectors</b>	Law and Government
<b>Investment Type(s)</b>	Loan
<b>Investment Amount (USD)</b>	\$ 750.00 million
<b>Project Cost (USD)</b>	\$ 750.00 million



### Project Description

According to bank documents, the program objectives of this operation are (i) to protect jobs, businesses and vulnerable households from the adverse socio-economic impacts of the COVID-19 pandemic and (ii) to open the economy to competition. The proposed operation consists of three pillars for a total of nine prior actions.

The first pillar supports the opening of key sectors of the South African economy to private sector competition. It consists of four measures.

- i. The first measure is the launch of a one-stop-shop portal for business registration that significantly improves the ease of doing business.
- ii. The second measure establishes a Deposit Insurance Scheme to protect depositors in South African banks.
- iii. The third measure introduces private competition in the power market by raising by ten-folds the limit for small-scale embedded generation (SSEG) installations to generate power without a license. The bulk of these SSEG rely on renewable energy.
- iv. The fourth measure also addresses competition issues, by temporarily releasing high demand spectrum (HDS) to meet the spike in demand for broadband services enable licensees to lower cost of access to consumers through a competitive and innovative application process.

The second pillar of the DPO includes measures to mitigate the adverse socio-economic impact of the COVID-19 crisis on businesses, jobs and vulnerable households.

- i. The first measure in this pillar supports the launch of an \$11.7 billion Guaranteed Loan Scheme for SMEs with private banks, to help SMEs cover their operational costs.
- ii. The second measure discourages layoffs, hence retaining jobs, by subsidizing wages of temporarily laid-off (furloughed) formal sector workers during the shutdown through monthly cash payments of no more than 363 USD per beneficiary until the end of lockdown.
- iii. The third measure in this pillar channels relief payments to 17 million existing beneficiaries of the child support, old age, and disability grant for a period of 6 months, and provides cash grants of 19 USD per person to about 3 million unemployed people/ informal sector workers who do not receive any other assistance for a period of 6 months.
- iv. The fourth measure introduced digital technology to enhance the coverage, transparency, targeting, and efficiency of a poverty-targeted COVID-response cash-transfer program.

The third pillar of this DPO supports South Africa's commitment to create a pathway for a resilient economic recovery by fostering opportunities for green growth and, in particular, mitigating climate change. In line with the government's Nationally Determined Contribution (NDC) to the Paris Climate Agreement and its ambitious commitment to peak its greenhouse gas (GHG) emissions by 2025, this pillar's measure focuses on strengthening the country's Carbon Tax Act, a core policy in the country's plan to build a low-carbon economy. Specifically, this measure establishes regulations for GHG emission intensity benchmarks in the industrial and mining sectors, emission allowances for sectors with respect to their trade exposure, and eligibility criteria and a procedure for accessing carbon offset allowances. It also provides a notice to support the purchasing of renewable energy.



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## Investment Description

- World Bank (WB)



## Contact Information

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## ACCESS TO INFORMATION

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### Bank Documents

- [Concept Program Information Document \(PID\) - South Africa Covid-19 Response Development Policy Opera](#) [Original Source]