Report Number: ICRR0024313

1. Operation Information

Operation ID P174246	**Operation Name** SA Covid-19 Response DPO
Country South Africa	**Practice Area (Lead)** Macroeconomics, Trade and Investment

Non-Programmatic DPF

L/C/TF Number(s) IBRD-93320	**Closing Date (Original)** 30-Jun-2023	**Total Financing (USD)** 750,000,000.00
Bank Approval Date 20-Jan-2022	**Closing Date (Actual)** 30-Jun-2023	

	IBRD/IDA (USD)	Co-financing (USD)
Original Commitment	750,000,000.00	0.00
Revised Commitment	750,000,000.00	0.00
Actual	750,000,000.00	0.00

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2. Program Objectives and Pillars/Policy Areas

a. Objectives

As stated in the Program Document (PAD, p. 5) and the Implementation Completion Report (ICR, p. ii), the Program Development Objective (PDO) of the South Africa COVID-19 Response DPO was to "*protect the poor and vulnerable from the adverse socio-economic impacts of the COVID-19 pandemic, and to pave the way for a resilient sustainable recovery*."

This ICR Review will evaluate this program using the following objectives:

- **PDO1:** To protect the poor and modernize social welfare.
- **PDO2:** To accelerate a resilient and sustainable recovery.

b. Pillars/Policy Areas

The operation had two pillars aligning to the two objectives.

Pillar 1, *to protect the poor and modernize social welfare*, comprised measures to (a) mitigate the adverse socio-economic impact of the COVID-19 crisis on vulnerable households, individuals, and workers, (b) discourage layoffs, hence retain jobs, by subsidizing wages of temporarily furloughed formal sector workers through cash payments, (c) introduce digital technology to enhance the coverage, transparency, targeting and efficiency of a poverty-targeted COVID-19 response cash-transfer program, and (d) support the health response to the COVID-19 pandemic by leveraging digital platforms to enhance the vaccination effort in South Africa.

Pillar 2, *to accelerate a resilient and sustainable recovery*, comprised measures to (a) establish a Deposit Insurance Scheme to protect vulnerable depositors in South African banks, (b) approve the National Climate Change Bill, which provides a coordinated and clearly defined architecture for South Africa's response to the impacts of climate change, as well as the country's contribution to GHG emissions, (c) approve the updated first National Defined Contribution (NDC), which will more closely align South Africa with the Paris Climate Agreement, and (d) increase competitive embedded power generation towards achieving more reliable, cheaper and cleaner energy.

c. Comments on Program Cost, Financing and Dates

The DPO was approved on January 20, 2022, and became effective on March 1, 2022. The original planned financing of $750 million in IBRD funds was fully disbursed, with no discrepancies between approval and disbursement. The DPO was closed on June 30, 2023.

3. Relevance of Design

a. Relevance of Objectives

Both pillars of the DPO were highly relevant for two main reasons: (1) the severity of the COVID-19 pandemic in South Africa, which further aggravated the country's highly unequal socio-economic landscape; (2) consistency with the Government's Program, which consisted of a crisis response package and the Economic Reconstruction and Recovery Plan to support a resilient and sustainable recovery.

As of early December 2021, South Africa had the highest number of infections on the continent, with almost 3 million cases of COVID-19 infections and 90,000 deaths. The number of people with compromised immunity due to the high prevalence of HIV/AIDS (human immunodeficiency virus/ acquired immunodeficiency syndrome) made South Africa more vulnerable to the COVID-19 pandemic.

The socio-economic impact of the crisis was severe despite the 2020 relief package introduced by the government. Before the pandemic, South Africa had inequality levels among the highest in the world, with a Gini coefficient of 0.65 in 2014. Poverty was estimated at 19.7 percent in 2020 based on the international poverty line ($1.9 a day in 2011 PPP), out of a total population of 58.8 million. Due to the pandemic, unemployment increased from 29 percent at the start of the pandemic to 34 percent by July 2021, with youth unemployment reaching nearly 50 percent. During the initial months of the pandemic, 2.2 million South Africans lost their jobs (out of a total workforce of 17.6 million as estimated by Statistica 2024) and, by the end of 2020, less than 40 percent of these jobs had been recovered. If the COVID-19 shock had not been mitigated by social protection and government relief grant programs, an additional 2.8 million people would have been at risk of falling into poverty in 2020 (PAD, p. 6). The National Income Dynamics Survey – Coronavirus Rapid Mobile Survey (NIDS-CRAM) Wave 1 results suggested that up to a third of income earners were likely to have lost their income between February and April 2020, with a disproportionate impact on the most disadvantaged, translating into heightened vulnerabilities, notably to hunger. It was estimated that in the absence of the Government of South Africa's relief program, the extreme poverty rate for vulnerable households could have almost tripled (ICR, p. 4). Life expectancy was estimated to have declined from 65.4 years in 2020 to 61.7 years in 2021.

Both pillars of the DPO are consistent with the two elements of the government's program: crisis response and the Economic Reconstruction and Recovery Plan (ERRP), which aimed for a resilient and sustainable recovery from the crisis. The government's immediate response to the crisis was to put in place an economic relief package equivalent to 10 percent of GDP, on top of which it added complementary measures in 2021. These measures had three main components: protecting lives, protecting the poor, and protecting livelihoods. The government also launched the ERRP in 2020, which sets a path for further structural reforms. The ERRP has two aims, namely: (i) to deal with immediate actions toward economic recovery amid the COVID-19 pandemic; and (ii) to rebuild and grow the economy ensuring sustainability, resilience, and inclusion. Finally, the government program also prioritized modernizing social welfare by fully digitalizing the application, approval, payment, and monitoring of grants, both to preserve service delivery through the pandemic lockdowns and make the system more efficient, transparent, and accountable in the longer run.

The DPO was the first budget support operation (and fifth lending project) to be undertaken in the country since re-engagement in 1995. It built on a significant body of analytical work, since the engagement with the country since 1995 was knowledge based, with the DPO representing an important opportunity to increase program focus on financing. It was anchored in the Systematic Country Diagnostic (SCD, 2021), which identified climate shocks and the high carbon intensity of the economy as a key binding constraint to growth, and the Country Partnership Framework (CPF, FY2022-26). The CPF was focused on stimulating investment and job creation and addressing key longstanding structural constraints to sustainable and inclusive economic growth and development. The DPO was also consistent with the World Bank (WB)'s COVID-19 Crisis Response Approach Paper and the Green, Resilient, and Inclusive Development (GRID) approach.

b. Relevance of Prior Actions

Rationale

The South Africa Covid-19 Response DPO consisted of eight prior actions (PAs), with each of the two objectives supported by four measures.

Table 1: Objectives and Prior Actions (PAs) for South Africa COVID-19 DPO

PDO1: To protect the poor and modernize social welfare
PA1: To protect vulnerable households from the economic impact of the COVID-19 crisis and to support informal sector workers, the Borrower, through its Department of Social Development, has issued directions through Government Notice No. 681, which: (a) reintroduce the COVID-19 Social Relief of Distress (SRD) Program that provides grants to unemployed and informal sector workers who are not eligible for unemployment insurance benefits; and (b) expand the SRD Program to include unemployed caregivers who receive child support grants on behalf of children.
PA2: To keep people, especially low-wage workers, connected to their jobs and ready to work when firms re-open, the Borrower, through its Department of Employment and Labor, has issued directions through Government Notice No. 637 , which: (a) enhance the targeting of the COVID-19 Temporary Employer-Employee Relief Scheme (TERS) allowing furloughed workers in hardest hit industries; and (b) allow targeted works to receive cash payments directly to their bank accounts, in response to the national lockdown during the third wave of COVID-19 infections.
PA3: To improve the transparency, targeting, and efficiency of social grant programs, the Borrower, through its Department of Social Development, has issued directions through Government Notice No. 681, which introduces the use of electronic means to allow for digital application procedures and automated crosschecking to verify eligibility.
PA4: To improve equitable access to COVID-19 vaccines, the Borrower, through its National Department of Health, has launched the South African Covid-19 Programme Registration. The programme introduces the use of an Electronic Vaccination Data System (EVDS) (compliant with the applicable data protection and privacy legislation) in the rolling-out of the Borrower's COVID-19 vaccination program, setting the stage for future health emergencies, as further evidenced in the COVID-19 Implementation Guide and Toolkit.
PDO2: To accelerate a resilient and sustainable recovery
PA5: To increase the resilience of the financial sector, the Borrower, through its National Assembly, has approved the Financial Sector Law Amendment Bill, which establishes a resolution regime and enables provisions for the Corporation of Deposit Insurance.
PA6: To enable the development of an effective climate change response and the long-term, just transition to a climate-resilient and lower-carbon society, the Borrower, through its Cabinet, has approved the National Climate Change Bill and its submission to Parliament.
PA7: To more closely align South Africa with the Paris Climate Agreement, the Borrower, through its Cabinet, has approved the updated First Nationally Determined Contribution (NDC), which sets more ambitious greenhouse gas (GHG) mitigation targets for 2025 and 2030.
PA8: To increase competition and power generation capacity in the energy sector, the Borrower, through its Department of Mineral Resources and Energy, has amended Schedule 2 to the Electricity Regulation Act through Government Notice No. 737, which exempts from licensing embedded generation with a nominal installed capacity below 100 megawatts as per Schedule 2 to the Electricity Regulation Act.

PDO1: To protect the poor and modernize social welfare.

PA1: PA1 directly supported the government's emergency relief program, which leveraged the social assistance system -- assessed as robust in terms of targeting and minimization of leakages by various WBG diagnostics. The action combined top-ups of existing benefits with the introduction of temporary Social Relief of Distress (SRD 350) grants for additional beneficiaries affected by the pandemic. The top-ups were on regular social security benefits for 17 million senior citizens, persons with disabilities, and children and caregivers. The bulk of regular assistance was for children and their caregivers. South Africa has an extensive post-apartheid social assistance program, with carefully maintained registries. There are various ongoing SRD programs, which allow the government to provide temporary funding in response to shocks or an urgent need – such as a natural disaster. SRD 350 was specifically designed for COVID response since regular assistance does not cover informal workers or persons without children who are not entitled to any other benefits. This was critical given that South Africa was hit hard by the pandemic, in part because of widespread prevalence of AIDS. COVID variants originated in South Africa, and depending on geographic location, the population was subject to lockdowns of varying rigor.

When the third wave of the COVID-19 pandemic hit, followed by the near total lockdown in July 2021, the government relied fully on a re-introduction of the SRD 350, rather than top-ups on existing benefits. SRD 350 was originally proposed to end by March 2022). At a later stage, it also specifically targeted caregivers who received the Child Support Grant on behalf of children, 98 percent of whom were female, after data suggested that not enough women were receiving COVID relief.

The SRD grants over the May 2020 to April 2021 period were to over six million affected informal sector workers and unemployed prime-aged individuals who were not eligible for other social grants or the Unemployment Insurance Fund (UIF). Overall, in the final round of SRD grants, 55 percent of recipients were female, and 9.4 million grants were approved. The rapid roll-out of the program over a two-month period (April-May) relied on digital technology to quickly build a social registry with stringent eligibility criteria, virtual application and registration processes, and electronic cash payments and was aimed at mitigating the poverty increase due to the pandemic through targeting of informal workers who were not receiving any other welfare support. The high quality of existing registries and of regular checking across registries ensured that beneficiaries were eligible for social assistance. While the exit has been delayed, this is mainly because of persistent post-pandemic unemployment and continued widespread joblessness, which led to the SRD being rolled over repeatedly. PA1 directly and credibly supported achievement of Objective 1 by reducing the adverse impact of the pandemic on poverty rates. **Relevance of PA1: Satisfactory (S)**.

PA2: This PA supported the continued employment of workers in sectors affected the most by the COVID-19 lockdowns. The pandemic and associated economic downturn led to significant disruption in business with lockdowns at different phases affecting especially workers in entertainment, restaurants, hotels, and tourism. PA2 was designed to mitigate job losses by avoiding a severance of the employer-employee relationship. Support to firms to furlough (rather than lay off) workers during the 2008 global financial crisis in Europe was found to facilitate the recovery period. The South African COVID-19 response strategy operated under a similar approach so firms that received the payment under Temporary Employer-Employee Relief (TERS) were not permitted to dismiss their workers. Workers who were dismissed from their jobs were eligible to receive the standard unemployment insurance payment, which paid below the TERS for low-income workers. The program launched a transparency mechanism following employee complaints—all firm recipients were named through an online website and employees were paid directly in their bank accounts–and developed grievance procedures, including independent investigators, to follow up on employee and employer complaints. PA2 directly and credibly supported the achievement of Objective 1 by reducing lay-offs of workers affected by COVID restrictions. **Relevance of PA2: Highly Satisfactory (HS).**

PA3: PA3 aimed to support the digitization of social protection to ensure service provision during the pandemic, improve governance and transparency, and ease both the application process and monitoring of funds. The directive allowed for digital technologies to be utilized for the identification of beneficiaries, payment distribution, cross checking across databases, and monitoring to minimize leakages. The digitization was implemented quickly at the onset of the pandemic as lockdowns were initiated and utilized for the roll-out of the SRD grant.

South African Social Security Agency (SASSA) continued to improve the system, broadening the channels though which applications can be submitted and payments received, and instituting monthly reassessments of eligibility. The digital footprint reduced the time and cost of application, monitoring application status, and the appeal process as well, allowing for just-in-time cross-checks against live databases that determine eligibility. The new system was used to quickly roll-out payments when the third wave of COVID hit and could be leveraged to support regular social security payments as well. The system processed 100 percent of COVID related grants and was able to detect over 4 million ineligible applicants who were already in receipt of unemployment insurance. The modernization of the social welfare system supported objective 1 by ensuring that COVID grants could be distributed despite the lockdowns and improving targeting and reducing leakages. **Relevance of PA3: Highly Satisfactory (HS)**

PA4: PA4 supported the modernization of the health system and facilitated tracking of vaccines, which would facilitate COVID vaccine expansion. The government implemented a nationwide vaccination program, aiming to inoculate 67 percent of its population to achieve herd immunity. As of November 2021, 10.2 million people (17 percent of the population) were fully vaccinated. The COVID-19 pandemic occurred in a health system that was already suffering from an excess burden of preventable illness and premature death. The February 2021 shift toward a new electronic vaccine data system (EVDS) was a critical element in the country's transformation to a digital health system and was designed to: (i) capture the relevant metrics of all South African residents who will be vaccinated; (ii) ensure vaccinees are contactable and alerted to optimize adherence to the vaccination regime; and (iii) complete the certification process such that vaccine certificates are easy to obtain for those vaccinated and authorities that may require the certification. The PA supported the modernization of the health system and facilitated tracking of vaccines, which would facilitate COVID vaccine expansions. **Relevance of PA4: Satisfactory (S).**

PDO2: To accelerate a resilient and sustainable recovery.

PA5: PA5 supported the approval of the Financial Sector Law Amendment Bill 2020 (FSLAB), though not its enactment. Upon enactment, the deposit insurance scheme was implemented by the newly established Corporation for Deposit insurance (CODI), which became effective in April 2023, nearly a year after the DPO was approved. The FSLAB established South Africa's first comprehensive explicit Deposit Insurance Scheme to protect depositors in line with international standards and aimed to strengthen the resolution framework for all banks, as well as non-bank systemically important financial institutions, while operationalizing CODI. The Bill enabled South Africa to meet the basic international standards endorsed by G-20 countries following the 2008 global financial crisis and outlined in the Financial Stability Board's (FSB) Key Attributes of Effective Resolution Regimes for Financial Institutions. Multiple assessments were undertaken of the financial sector in the years leading up to the DPO. In 2014, a Financial System Stability Assessment (FSSA) indicated strong commitment to adhering to the highest standards for banking supervision and regulation, as well as a high level of compliance with international standards for banking supervision. The FSB conducted a peer review of South Africa in 2020, which found good progress in developing the frameworks for bank resolution and deposit insurance. South Africa underwent a Financial Stability Assessment Program (FSAP) update as well, at the time of DPO design. This PA helped protect vulnerable depositors, a critical element of the financial safety net in any country and supported financial stability through the approval of the FSLAB. The PA contributed towards a resilient recovery through its support to financial stability. **Relevance of PA5: Highly Satisfactory (HS).**

PA6: In recognition of the challenges posed by climate change to South Africa's development goals, the Cabinet, on September 14, 2021, approved the National Climate Change Bill for submission to Parliament. The objective of the Bill was to enable the development of an effective climate change response and a long-term just transition to a climate-resilient and low-carbon economy and society. The Bill provided a legal and institutional framework to ensure that climate change policy is implemented within the country's sustainable development and national development goals. It established a legislative structure to coordinate and integrate this response and reinforces South Africa's international climate commitments and obligations, including the NDC to the Paris Climate Agreement. It also had provisions for specific actions related to coordination and integration, adaptation, and resilience, and GHG mitigation. The support to climate commitments is consistent with both the SCD and the CPF where climate shocks and the high carbon intensity of growth are identified as binding constraints on growth. The Bill mainly aimed at institutionalization of the Climate Change Strategy but multiple steps not supported by the DPO would have been necessary to even complete the legislative process and establish and operationalize the institutional frameworks necessary for achieving targets. **Relevance of PA6: Moderately Satisfactory (MS)**

PA7: As a signatory to the Paris Climate Agreement South Africa registers their Nationally Determined Contribution (NDC) with the UNFCCC every five years. The NDC details the specific mitigation and adaptation actions that the country intends to pursue. South Africa published its first NDC in October 2015. This PA supported Cabinet approval of an update to the NDC, which includes an increase in the level of its GHC mitigation, on September 14, 2021, which has been deposited with the UNFCCC. South Africa emits on average 482 $MtCO_2e$ annually. The high carbon intensity of production has been highlighted in analytical work as a constraint on growth, along with frequent electricity shortages. The public utility dominated the sector and is heavily coal reliant. The country's GHG emissions profile is dominated by emissions from the energy sector and, specifically, from coal-fired power generation, which account for about 44 percent of the total. The Integrated Resource Plan (IRP) 2019 therefore set out the decommissioning of about 12 GW of old and inefficient coal-fired power plants by 2030. This was equal to 74 percent of South Africa's total electricity capacity. The PA was complemented by trust-funded technical assistance (TA) from the WB through ESMAP to support the decommissioning of 6 GW of coal fired plant capacity. While this is an important engagement from the perspective of South Africa contributing to the reduction of emissions on a fair share basis, the country was obliged to revise its NDP. The IRP entails closure of coal fired plants and is in essence the implementation of the actions consistent with the revised NDC. The PA directly support PDO2 in conjugation with the IRP. **Relevance of PA7: Satisfactory (S)**

PA8: PA8 raises the limit for license exemption for new embedded generation (EG) from 1 MW to 100 MW. Before the limit was raised, smaller investment, more consistent with the needs of industry, was constrained by red tape. The easing of the limits was expected to encourage private investment, increase competition and the security of electricity supply, and shift energy mix towards renewables, given that solar and wind are the least cost options in the country. The mining industry is a typical and core beneficiary sector of this policy and at the time of DPO approval had already indicated its commitment to installing up to 2,000 MW of solar PV at mining sites to meet some of its electricity demand and secure its production. The license exempt EG facilities would still have to comply with the requirements as set out in the National Environmental Management Act. The PA was designed to support renewables investment, promote competition, and reduce reliance on South Africa's dominant, vertically integrated power supply SOE. **Relevance of PA8: Highly Satisfactory (HS).**

Rating

Satisfactory

4. Relevance of Results Indicators

Rationale

Table 2: Results indicators (RIs) by Objective and PAs; baseline and target values; status and achievement

Results Indicator	Associated PAs	RI: Relevance	Baseline (year)	Target (year)	Actual (year)	As % of targeted change	RI: Achievement rating
PDO1: To protect the poor and modernize social welfare							
RI1: Number of people who receive SRD grants in response to the COVID-19 crisis, in million	PA1	MS	6 (March 2021)	9.4 (June 2022)	10.3 (March 2022)	More than 100%	[High]
RI2: Number of workers who received benefits from the UIF-TERS, in million.	PA2	MS	3.5 (March 2021)	3.62 (June 2022)	4.98 (June 2022)	More than 100%	[High]
RI3: Total value of SRD grants disbursed using digital application and verification procedures, in billion South African Rand.	PA3	S	19 (March 2021)	26 (June 2022)	27.5 (March 2022)	More than 100%	High
RI4: Number of people fully vaccinated and registered on EVDS, in million.	PA4	S	0 (Feb. 2021)	26.5 (Dec. 2022)	19.3 (Dec. 2022)	72%	Substantial
PDO2: To accelerate a resilient and sustainable recovery							
RI5: Eligible deposits insured, in percentage	PA5	S	0 (Nov. 2021)	80 (Dec. 2022)	0 (Dec. 2022) 97 (April 2024)	Not met/no progress by target date	Substantial (exceeded, but with significant delay of over a year)
RI6: Department of Forestry, Fisheries, and Environment (DFFE) presents Sectoral Emissions Targets for 5 key carbon-intensive sectors: Energy, Transport, Trade and Industry), Agriculture; and Water and Sanitation to the respective line ministries.	PA6	U	0 (Nov. 2021)	5 (June 2023)	0 (June 2023)	Not achieved	Negligible
RI7: Avoided CO_2 emissions as a result of the shut-down of coal-fired power production, in tons	PA7	S	0 (October 2021)	900,000 (June 2023)	847,000 (June 2023)	94%	Substantial

RI8: Embedded Generation Capacity under 100 MW registered under NERSA, in MW	PA8	MS	1500	1500 (Dec. 2022)	1253 (Dec. 2022) 5138 (Sep. 2023)	84% by target date, exceeded a year later	[High], based on additional information that target exceeded less than a year after original date

Note: (i) Achievement ratings in [ ] reflect an MS or lower RI Relevance rating, resulting in a downgraded assessment of RI achievement for purposes of determining the efficacy rating in Section 5.

PDO1: To protect the poor and modernize social welfare.

RI1 aimed to capture the number of persons who received SRD grants under the government's crisis response, as supported by PA1. While the RI captured directly and credibly the impact of one aspect of PA1's support to the program, it does not distinguish caregiver beneficiaries, though a part of the rationale of the support was to better target women affected by the pandemic. The PAD highlights that the digital system and the 2022 Census were used to ensure targeting and reduce leakages and double-dipping. Based on the TTL interviews, it appears that targeting relied on the existing social registries which were rapidly digitalized. Existing registries target, based on an income criterion, families with children, the elderly, and persons with disabilities. Data is not presented clearly in either the PAD or the ICR and the text in the PAD is not always internally consistent. RI1 mostly captures the impact of PA1 on PDO1. **Relevance of RI1: Moderately Satisfactory (MS).**

RI2 aims to capture the impact of the TERS on preserving employment through the furlough scheme, supported by PA2. It directly captures the impact of one aspect of PA2 on Objective 1. However, it does not track the improved targeting of the TERS by priority sector. The target was exceeded, but RI2 does not fully capture the impact of PA2 on PDO1. **Relevance of RI2: Moderately Satisfactory (MS).**

RI3 aims to capture the impact of the modernization of the social welfare system through tracking of the number of grants fully processed – from application stage to direct deposit in beneficiary account – through the new digitalized set up. RI3 fully captures the impact of PA3 on PDO1. It utilizes data processed transparently and through non-discretionary systems to establish baseline and actual achievement. It would have been helpful to leverage the digital system to capture the gender dimension of the grants distributed. **Relevance of RI3: Satisfactory (S)**.

RI4 aims to capture the impact of the new EVDS system supported under PA4, which registers and tracks registered persons (22.5 million South Africans over the age of 12). RI4 fully captures the impact of the system but is an output of the implementation of the system. PA4 itself supports improved access to and monitoring of vaccines. **Relevance of RI4: Satisfactory (S).**

PDO2: To accelerate a resilient and sustainable recovery.

RI5 aims to capture the impact of PA5, which supported the deposit insurance law approval process. The enactment of the law was delayed. The RI adequately captures support to the objective of improved resilience, which was the expected impact of the operationalization of CODI on insured deposits. **Relevance of RI5: Satisfactory (S).**

RI6 aims to capture the impact of PA6, the partial approval of the National Climate Change Law, on PDO2, namely the sustainability of recovery. However, the RI does not capture actual impact on Objective 2, rather it tracks the establishment of sector level targets. **Relevance of RI6: Unsatisfactory (U).**

RI7 aims to capture the impact of PA7, reduced emissions due to the establishment of a revised NDC, whose implementation was supported by the country's Integrated Resource Plan (IRP) which entailed closing coal fired plants, responsible for 80 percent of South Africa's electricity supply. The RI measures the actual impact on emissions of the closure of the coal fired stations, and therefore directly and credibly captures the impact of PA7 on PDO2. **Relevance of RI7: Satisfactory (S).**

RI8 aims to capture the impact of PA8, the higher limit on embedded generation plants that do not require licensing except for environmental safeguards, with a view to meeting South Africa's energy deficit through higher usage of lower cost solar and wind plants. It directly measures the impact of the measure on increased power generation, but it does not track the increased reliance on renewables. RI8 captures, to a large extent, the impact of PA8 on PDO2. **Relevance of RI8: Moderately Satisfactory (MS).**

Rating

Moderately Satisfactory

5. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

To protect the poor and modernize social welfare.

Rationale

RI1: PA1's support for the reintroduction of the SRD program and its expansion to caregivers and informal workers not in receipt of unemployment insurance led to an additional 4.3 million beneficiaries receiving assistance, which was 100 percent of the target. The relevance of RI1 is rated moderately satisfactory, hence the achievement rating of high is downgraded to substantial. Achievement rating: **Substantial.**

RI2: PA2's support for TERS, which provided grants to furloughed workers in targeted sectors, severely affected by COVID-19, led to an overall increase in assistance to an additional 1.5 million workers, which was over 100 percent of the target. The relevance rating of RI2 is rated moderately satisfactory, hence the achievement rating is downgraded to substantial. Achievement rating: **Substantial**.

RI3: PA3's support for the modernization and digitalization of social welfare led to all COVID-related benefits being processed online. The target was exceeded. The PA and RI were both relevant and efficacy rating is High. Achievement rating: **High**.

RI4: PA4's support for the digitized registration of vaccine recipients and automated reminders supported improved tracking of vaccines. 72 percent of the target was realized. The PA and RI were rated as relevant. Achievement rating: **Substantial**.

With one efficacy rating of High, and none below Substantial, ***the efficacy rating for PDO1 is assessed as Satisfactory.***

Rating

Satisfactory

OBJECTIVE 2

Objective

To accelerate a resilient and sustainable recovery.

Rationale

RI5: PA5's support for the approval process of the deposit insurance law led to the enactment of the law. The target for share of depositors insured was not met by the expected date due to implementation delays. However, the target was exceeded by the ICR. The PA and RI were both relevant. Achievement rating: **Substantial**.

RI6: PA6's support for the National Climate Change Law at an early stage of the approval process did not result in any impact yet, i.e. by the time of the ICR. Neither the PA nor the RI had relevance ratings of MS or higher and outcomes were not achieved. Achievement rating: **Negligible**.

RI7: PA7's support for the revised NDC, and complementary TA for implementation, led to the closure of coal fired plants and led to a decline in CO2 emissions of 847,000 tons, which was 94 percent of the target. Both PA and RI were relevant. Achievement rating: **Substantial**.

RI8: PA8's support for enhanced competition and an improved energy mix in the direction of more renewables led to an additional installation of over 5000 MW of embedded generation capacity. Both PA and RI were relevant. Achievement rating: **High**.

With most efficacy ratings as substantial or high and one negligible, ***the efficacy rating for PDO2 is assessed as Moderately Satisfactory***

Rating

Moderately Satisfactory

Overall Achievement of Objectives (Efficacy)

Rationale

With the efficacy rating for PDO1 assessed as satisfactory and the efficacy rating for PDO2 assessed as moderately satisfactory, the overall efficacy rating is assessed as Satisfactory.

Overall Efficacy Rating

Satisfactory

6. Outcome

Rationale

With the relevance of PAs rated Satisfactory and the overall efficacy rating assessed as Satisfactory, the outcome rating is Satisfactory.

a. Rating

Satisfactory

7. Risk to Development Outcome

Sluggish recovery, poor health outcomes, and high unemployment rates posed a strain on social safety nets and made it difficult for the government to close the temporary schemes initiated during the pandemic.

In some instances, the PAs required additional steps for reaching outcomes. For example, the operationalization of CODI was not supported by the DPO, nor was the enactment of the Deposit Insurance Law or the National Climate Change Law. However, the DPO laid a basis for the follow up DPO series.

8. Assessment of Bank Performance

a. Bank Performance – Design

Rationale

The PAs were relevant to both objectives. PAs built on strong analytical underpinnings, including a well-received and widely consulted SCD and various sector studies, both internal and external, particularly on health and social protection, climate, and financial sector. The large body of analytical work and consultative approach, especially important in South Africa where this was the first DPO since re-engagement in 1995, supported relevant PAs.

Overall, the pillars were well designed and balanced COVID relief and structural measures toward a resilient recovery. The PAs under PDO1 supported service delivery through the lockdowns, emergency relief to workers and the poor, improved digitalization, and modernization of social and health services for stronger monitoring and better governance. The PAs under PDO2 were designed to support financial stability, healthy growth in bank deposits, sustainability, and improved energy supply and mix.

Operational design reflected good coordination with development partners and the IMF. The WB and the Africa Development Bank (AfDB) had held joint discussions with the National Treasury and other technical counterparts to develop a common policy matrix in 2020. These consultations informed program design, including environmental and social aspects of this DPO.

PAs and RIs could have better captured targeting, both of the disadvantaged and of women.

Rating

Satisfactory

b. Bank Performance – Implementation

Rationale

The WB supported the achievement of the program's objectives through TA and continued coordination with development partners. There were several ongoing or subsequent projects that supported the implementation of the program and the supervision of the achievements. TA to enhance social assistance efficiency and effectiveness built on modernization tools supported by the program. The COVID-19 vaccine financing supported the supervision of the implementation of the COVID-19 vaccine strategy. The CODI benefited from continued TA. The decommissioning of the Komati power plant was supported by the Eskom Just Transition project, complemented with TA through the Programmatic ASA for the Energy Sector in South Africa (P172682). Further progress towards a better integration of digital process in social protection is supported through the project "Strengthening social protection systems in South Africa (P181224)" (ICR, p. 26).

Rating

Satisfactory

c. Overall Bank Performance

Rationale

With Bank performance at design and implementation both assessed as satisfactory, overall Bank performance is rated as Satisfactory.

Overall Bank Performance Rating

Satisfactory

9. Other Impacts

a. Social and Poverty

The DPL contributed to mitigating the impoverishing effects of COVID-19. There was discernible improvement in COVID-19 relief efforts supported. Social safety nets were strengthened and digitized with measurable impact.

b. Environmental

There was measurable reduction in emissions as a result of actions supported by the DPO. Early evidence suggests improvements in the energy mix as expected.

c. Gender

No identified impacts.

d. Other

No other impacts observed.

10. Quality of ICR

Rationale

The ICR was of good quality. It presented a theory of change for the DPO. It adequately presented the rationale for assigned ratings and complementary evidence on progress towards targets set for RIs. In some instances, the rationale laid out was not consistent with the PA. For example, the establishment of an electronic registry for vaccination data supported improved monitoring of vaccinees but not higher rates of vaccination, which was the constraint that the PAD highlighted. Similarly, the ICR did not assess whether the RIs captured the full impact of the PAs on the objectives for RI1 and RI2. The ICRR agrees with the overall ratings of the ICR for substantive reasons.

a. Rating

Substantial

11. Ratings

Ratings	ICR	IEG	Reason for Disagreement/Comments
Outcome	Satisfactory	Satisfactory	
Bank Performance	Satisfactory	Satisfactory	
Relevance of Results Indicators	---	Moderately Satisfactory	
Quality of ICR	---	Substantial	

12. Lessons

The ICR presents several broad lessons from the engagement on this DPO, some of which would apply to any operational engagement. This review concurs with one key lesson.

- **In contexts with limited familiarity with policy-based lending engagement, a consultative approach coupled with analytical work and technical outreach is important**. There was limited trust in the principle of policy-based financing, which was seen as conditionality based. There was also limited buy-in for some reforms. Extensive consultations, outreach, and being able to build on a large body of evidence was useful in creating ownership for the reforms within South Africa and within the government.

13. Project Performance Assessment Report (PPAR) Recommended?

No