

NEWS RELEASE

South Africa's Covid-19 Response Gets a \$750 Million Boost

WASHINGTON, January 21, 2022 —The World Bank Group Board of Executive Directors today approved South Africa's request for a \$750 million development policy loan (DPL). This loan will support the Government of South Africa's efforts to accelerate its COVID-19 response aimed at protecting the poor and vulnerable from the adverse socio-economic impacts of the pandemic and supporting a resilient and sustainable economic recovery.

The DPL supports the implementation of South Africa's Economic Reconstruction and Recovery Plan (ERRP) and is well aligned with the World Bank's Crisis Response Approach aimed at protecting lives, livelihoods and supporting a more inclusive and resilient growth path. It reflects priorities to modernize the country's social protection and health services and to improve delivery systems which will apply even beyond the pandemic. It also enhances financial sector stability, specifically the establishment of a deposit insurance scheme. It further supports South Africa's commitment to climate change.

*"The World Bank budget support is coming at a critical time for us and will contribute towards addressing the financing gap stemming from additional spending in response to the COVID-19 crisis," says **Dondo Mogajane, Director-General of National Treasury of South Africa**. "It will assist in addressing the immediate challenge of financing critical health and social safety net programs whilst also continuing to develop our economic reform agenda to build back better."*

The funding is a low interest loan that contributes to the government's fiscal relief package while reinforcing South Africa's decisions on how best to provide relief to the economy and those worst affected by the current crisis. The loan complements support by the International Monetary Fund, the African Development Bank, and the New Development Bank as part of the Government of South Africa's broader financing strategy to access external financing from international financial institutions.

*"With this DPL, we have partnered with the government to provide much needed relief from the impacts of the most serious economic crisis South Africa has experienced in the past 90 years, while tackling long-standing challenges to growth and development. This support aims to put the country on a more resilient and inclusive growth path by leveraging South Africa's strength to mitigate the effects of the COVID-19 crisis through their strong social safety net and by advancing critical economic reforms," says **Marie Françoise Marie Nelly, World Bank Country Director for South Africa**. "This financing builds on our new [World Bank Group Country Partnership Framework \(CPF\) 2022 – 2026](#), jointly developed with the government in July 2021, to help stimulate investment and job creation."*

As the second largest economy in Africa, South Africa's economic performance has spillover effects on other countries in the region. Its recovery and successful economic development will provide an economic boost to the whole region.

World Bank Group COVID-19 Response

Since the start of the COVID-19 pandemic, the World Bank Group has deployed over \$157 billion to fight the health, economic, and social impacts of the pandemic, the fastest and largest crisis response in its history. The financing is helping more than 100 countries strengthen pandemic preparedness, protect the poor and jobs, and jump start a climate-friendly recovery. The Bank is also supporting over 50 low- and middle-income countries, more than half of which are in Africa, with the purchase and deployment of COVID-19 vaccines and is making available \$20 billion in financing for this purpose until the end of 2022.

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