



Since March 25, 2020

## Confederation of International Contractors' Associations (CICA)

### Strategic Watch: COVID-19 Overview by country and region (**situation at February 15, 2021**)

Based on FIEC's COVID-19 Construction Observatory, FIIC's, CIAN's and MEDEFI's and IFAWPCA's data

For more information go to the CICA Website: <http://www.cica.net/cica-covid-19-overview/> and Dropbox: <https://www.dropbox.com/home/Observatory%20COVID-19>

## South Africa

Country/Region	General Facts & Measures	Facts & Measures for Construction
<b>SOUTH AFRICA</b>		
<b>Lockdown</b>	<p><u>After the lifting of the lockdown in June 2020, infections increased rapidly in July and August 2020</u>, but since September the spread of the virus had receded. As a result, the government partially reopened borders to travelers as of 1 October 2020 (cf. OECD) (December 2020).</p> <p>However, <u>on December 18, 2020, South Africa announced the detection of the mutation</u> that was rapidly spreading in three provinces, becoming the dominant strain in Eastern Cape, Western Cape, and KwaZulu-Natal provinces.</p> <p>South Africa named the variant "501Y.V2" because of the N501Y mutation they found in the spike protein that the virus uses to gain entry into cells within the body. This mutation, among others, was also found in the new strain that the U.K. identified in December (cf. CNBC) (6 January 2021).</p> <p>Back in March 2020, <u>an amended Schedule of Regulations to contain the spread of Covid-19 was published</u> (25 March). In this context, categories of essential goods were limited to food, cleaning, hygiene, medical, fuel and other basic products. Categories of essential services were limited to support activities for manufacturing and distribution of essential goods as well as critical social services.</p>	<p>In view of the nationwide lockdown, some construction sites were closed. The <u>Master Builders South-Africa pointed to the following measures for contractors:</u></p> <ul style="list-style-type: none"><li>• Ensure that employees and subcontractors are formally notified and aware of the shutdown and re-opening dates;</li><li>• Ensure that the employer/client is formally notified of the closure and where possible, agree on extension of contract period;</li><li>• Make arrangements to have administrative staff to work remotely;</li><li>• To the extent possible, remove all movable tools, equipment and materials from the site for safe storage at more secure premises;</li><li>• Secure the site to protect tools, equipment and materials from risks such as theft, animal invasions, adverse weather etc.;</li><li>• Engage their bank and business creditors about payment arrangement plans where necessary;</li><li>• Review and update their insurance contracts to ensure adequate cover of the business, tools, equipment, materials and the site;</li><li>• Where applicable, liaise with Community Project Committees and Community Liaison Officers for site protection during the lockdown period;</li><li>• Ensure constant communication with their employees during the lockdown period.</li></ul>

	<p>Government established economic measures to support businesses affected by the closure: Temporary employer/employee relief scheme, debt relief and business growth facility, etc.</p> <p>A Solidarity Fund was established: contributions from citizens, communities, business and international donors could be pooled together to accelerate the country's response to Covid-19. Government has made an initial R150 million (US\$8 million) available as seed funding.</p>	<p>The <a href="#">maintenance operations of South Africa's national roads agency, Sanral, have been declared an essential service</a> during the lockdown (31 March 2020). In <a href="#">construction and related services, road and bridge projects, other public works civil engineering projects, and critical maintenance and repairs have been allowed to commence</a> with the easing of the lockdown measures (from 1 May 2020). However, all Covid-19 health and safety protocols have to be followed at all times. This includes the observance of guidelines for social distancing, sanitation and hygiene, and use of appropriate personal protective equipment, as determined by the National Department of Health (30 April 2020).</p>
Economic outlook	<p><a href="#">An early and long lockdown to tackle the virus outbreak led to a significant decrease in economic activity in the first half of 2020.</a> A substantial rebound is expected in the second half of the year, driven by high demand and favorable prices for South Africa's exports. Near-term growth will nevertheless be modest owing to subdued domestic demand. Private investment will be restrained by a lack of confidence. GDP is set to contract by 8.1% in 2020 before increasing by 3.1% in 2021 and 2.5% in 2022 (cf. OECD) (December 2020).</p> <p><a href="#">South Africa's economy suffered a significant contraction during April, May and June, when the country operated under widespread lockdown restrictions in response to Covid-19.</a> GDP fell by just over 16% between the first and second quarters of 2020, giving an annualized growth rate of -51%. This contraction dwarfs the annualized slowdown of 6.1% recorded in the first quarter of 2009 during the global financial crisis. Historical data from 1960, sourced from the South African Reserve Bank, show that the second quarter of 2020 experienced the biggest fall in GDP since that year (cf. stats SA) (8 September).</p> <p>In April 2020, it was announced that the country has entered into a recession. It has been <a href="#">downgraded by S&amp;P Global, Moody's and</a></p>	<p><a href="#">Data released by Statistics South Africa has shown that South Africa's construction sector contracted by 33.4% in the second quarter of 2020 as a result of the Covid-19 pandemic.</a> This is a decline of 76% on an annualized basis for construction. While many sectors were badly impacted construction suffered one of the biggest losses, with the sector hit by a very strict lockdown in April 2020 which only gradually eased in May and June 2020. South Africa's construction industry is forecasted to contract by 14.3% in 2020 (10 September 2020).</p>

	<p><a href="#">Fitch</a> and the country's credit rating is now at "junk status", while the currency continues to weaken (30 April 2020).</p> <p><b>Economic support measures</b></p> <p><a href="#">Since the beginning of the crisis, the Reserve Bank has cut the repurchasing rate</a> from 6.25% in early March 2020 to 3.5% and provided liquidity to the banking sector. Prudential regulations were eased to help financial institutions to cope with the consequences of the crisis.</p> <p>On the fiscal side, the government has put in place a rescue plan amounting to 10% of GDP to support households and businesses (cf. OECD) (December 2020).</p>	
<b>Employment</b>	<p><a href="#">Unemployment will remain high and thus household consumption will remain low</a>. In total, it is estimated that around 2.2 million workers lost their jobs in the second quarter, while the number of discouraged workers increased by 5.6 million (cf. OECD) (December 2020).</p>	
<b>Recovery</b>	<p>In October 2020, <a href="#">the government released a reconstruction and recovery plan aiming to mobilize ZAR 100 billion</a> (around 2% of GDP) for infrastructure investment in 2021. This plan also includes an ambitious employment stimulus programme to support job creation in the public and social sectors.</p>	<p><a href="#">South Africa's national roads agency (Sanral) has said that it is ready to implement projects worth R30bn (€1.4bn) as part of a drive to unlock the economy</a>. President Cyril Ramaphosa has called for both private and public sector entities to invest in and unlock 'shovel-ready' infrastructure development projects to stimulate the South African economy in the wake of the Covid-19 pandemic. He also hosted the Sustainable Infrastructure Development Symposium of South Africa (SIDSSA). The President's call was followed by a commitment from the minister of transport that road infrastructure development would be a key contributor to South Africa's economic. A representative from Sanral said that there is already portfolio of 'shovel-ready' projects that would be implemented during the course of the 2020/21 financial year and beyond. In the current financial year, Sanral would have advertised 278 maintenance, operations and construction projects worth approximately R30.2 billion (€1.4 billion). So far 136 projects to value of R7.3 billion (€360 million) have been awarded. In addition, Sanral plans to roll out over 200 additional road infrastructure projects across all nine provinces of South Africa, impacting directly on economic development, job creation and economic transformation (12 August 2020).</p>



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## Other overviews

- Download here: [Further information on the impact of Covid-19 on the African economy by the African Union.](#)