



KRISTALINA GEORGIEVA
Managing Director

October 12, 2020

Honorable Geordin Hill-Lewis, MP
Shadow Minister of Finance
Parliament of the Republic of South Africa
Cape Town, South Africa

Dear Honorable Hill-Lewis:

Thank you for your letter of October 2, 2020 regarding the South African government's use of IMF emergency financing and the associated accountability and transparency commitments.

As you may be aware, all countries receiving IMF emergency financing have committed to transparently utilizing and reporting spending. In this time of crisis, the IMF attaches more importance than ever to use these funds in an inclusive way to protect people's lives and livelihoods, and in particular those of the most affected and least prepared to weather the crisis.

In the case of South Africa, the government has committed to transparently plan, use, monitor and report all COVID-19 related spending to ensure it reaches the targeted objectives, by: (1) publishing on a regular basis the execution of COVID-19-related expenditures, auditing such expenditure, including ex-post evaluation of delivery, within 12 months of the end of the fiscal year, to be performed by the Auditor General and publishing the findings; and (2) publicly disseminating all COVID-19-related procurement contracts and allocation (with details about awarded companies and their beneficial owners). The latter can be found at the National Treasury's dedicated portal (<https://etenders.treasury.gov.za/>).

With respect to financial support to South African Airways, as we have noted in the past, subsidies to persistently loss making state-owned enterprises, as elsewhere, need to be weighed against alternative uses of scarce public resources, including investments in alternative growth-enhancing and/or poverty-reducing investments.

I hope this letter addresses your concerns regarding the use of IMF emergency financing. The IMF South Africa team remains available should you wish to discuss these issues further. Mr. Max Alier, the IMF Resident Representative in South Africa (malier@imf.org), can facilitate the conversation.

Sincerely yours,

A handwritten signature in black ink, appearing to read "K. Georgieva".

cc: Mr. Mahlinza, Executive Director, IMF