



MEDIA STATEMENT

IMF Executive Board Approves US\$4.3 Billion Financial Support to South Africa to deal with Covid-19 pandemic

The IMF Executive Board has approved South Africa's request for emergency financial support under the Rapid Financing Instrument (RFI) for an amount of US\$4.3 billion to help the country mitigate the adverse social and economic impact of the Covid-19 pandemic.

The additional IMF funding is a low interest loan that contributes to government's fiscal relief package while respecting South Africa's decisions on how best to provide relief to the economy and those worst affected by the current crisis. It will also pave the way for government to provide the necessary financial relief required to forge a new economy and mitigate further harm to the economy.

The country has been hard hit by the pandemic, and this required government to come up with fiscal and monetary measures that would respond to the struggling economy and contain its negative effects to society.

The Minister of Finance, Mr Tito Mboweni, presented a Special Adjustments Budget in Parliament on 24 June 2020 as part of government's key interventions to the Covid-19 pandemic.

Public spending priorities and budgets are being re-ordered and reprioritised towards Covid-19 related interventions and economic recovery efforts. The relief package will:

- Support health and frontline services
- Protect the most vulnerable
- Drive job creation
- Unlock economic growth through reforms
- Stabilise public debt

Following the Executive Board's decision, Mr Mboweni said: "Government's Covid-19 economic support package directs R500 billion straight at the problem. This is one of the largest economic response packages in the developing world. The South African Reserve Bank has reduced interest rates and made it easier for banks to lend money, and supported liquidity in the domestic bond market. Government spending and tax proposals, as well as the loan guarantee scheme and wage protection measures, are providing protection to workers and the poor, while assisting firms to stay afloat during these tough economic times. Going forward, our fiscal measures will build on our policy strengths and limit the existing economic vulnerabilities which have been exacerbated by the Covid-19 pandemic."

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