



MEDIA STATEMENT

THE INTERNATIONAL MONETARY FUND (IMF) ARTICLE IV STAFF REPORT ON SOUTH AFRICA FOLLOWING THE 2025 CONSULTATION

The International Monetary Fund (IMF) today published the outcome of its Article IV Consultation with South Africa, which was held from 1-8 December 2025. Part of the surveillance function, as prescribed in the IMF's Articles of Agreement, requires that the IMF has consultations with each member country at least once a year to conduct economic and financial assessments.

The IMF staff met with the South African government, the South African Reserve Bank, Eskom, Transnet, business, organised labour and academia amongst others. The outcome of their consultations is summarised in an Article IV Staff Report, which was considered by the IMF Executive Board on 9 February 2026.

IMF Findings

The IMF notes that the South African economy has proven resilient to the higher global policy uncertainty experienced in 2025, owing to its ample natural endowments, independent institutions, and strong monetary policy framework. The IMF expects South Africa's economic growth to reach 1.3-1.4 per cent in 2025 - 2026, rising gradually to 1.8 per cent in the medium term, supported by ongoing structural reforms. Inflation is projected to reach the 3 per cent target by end 2027. While exports remain hampered by tariffs and global trade policy uncertainty, strong commodity prices are supporting export receipts in the near term. Fiscal deficits are moderating but still elevated.

Risks to the outlook remain tilted to the downside, related to heightened geopolitical tensions, escalating trade measures, prolonged policy uncertainty, and potential delays in structural reform implementation.

Against this background, the IMF recommends:

- A credible, growth-friendly, and politically and socially feasible adjustment to stabilize public debt and rebuild buffers, while protecting priority spending;
- Continued monitoring of financial stability risks, including related to the bank-sovereign nexus;
- Improving access to finance, especially for SMEs (Small and Medium Enterprises);
- Accelerated structural reform implementation including ongoing electricity and logistics reforms.



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Government's response

The National Treasury expresses appreciation for the constructive engagement with IMF staff and broadly shares the staff's assessment of macroeconomic and financial performance, including the key policy issues for addressing economic challenges.

Since the 2024 Article IV consultation, South Africa's medium-term outlook has strengthened. The 2025 Medium Term Budget Policy Statement (MTBPS) highlights that Government is pressing ahead with the implementation of structural reforms through Operation Vulindlela, which continues the steady work of reforming the key network industries – energy, freight, logistics and water – and reforming the visa system to attract tourism, skills and investment. The Operation Vulindlela progress report for the third quarter of 2025/26 has been published and sets out key milestones achieved between October and December 2025 across seven reform focus areas. The ongoing reforms implemented during OV phase II are advancing effectively to encourage investment and lower unemployment rates. Recent data indicate a slight decline in unemployment, suggesting positive momentum in reform efforts.

The 2025 MTBPS also underscores Government's commitment to fiscal sustainability, even in a low-growth environment. Medium-term spending continues to protect the social wage- education, health, community development, social protection and jobs programmes. Furthermore, the MTBPS reaffirmed Government's commitment to debt stability, demonstrated by consistent fiscal discipline that has achieved the primary surplus for two consecutive years and is projected for future years. Government options for a formal fiscal anchor to help ensure that the public finances remain sustainable over the long-term. A formal policy proposal will be announced in 2026.

South Africa's removal from the Financial Action Task Force (FATF) Grey List in October 2025 and a S&P Global credit rating upgrade (BB- to BB) in November 2025 mark significant gains for the country, for business confidence and for investment. The FATF decision was the fruit of extensive collaboration between government departments and the financial sector to strengthen the country's anti-money laundering regime. The sovereign risk premium, and consequently the outlook for borrowing costs, has improved significantly during 2025. The Minister of Finance will deliver the National Budget Speech on 25 February 2026 where more information will be provided.

Conclusion

The National Treasury is committed to safeguarding the macroeconomic stability of the country with specific focus on strengthening the credibility of the fiscal framework, reducing debt to a sustainable level, increasing financial stability, and enhancing the implementation of reforms to boost productivity. A copy of the full Staff Report can be retrieved from the International Monetary Fund website www.imf.org or the National Treasury website www.treasury.gov.za.

For enquiries, please contact media@treasury.gov.za

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