

---

## **Frequently Asked Questions**

### **IMF Surveillance and The IMF Article IV process**

---

#### **What is IMF Surveillance?**

The IMF monitors the economic and financial policies of its 188 member countries. The process is called ‘surveillance’ and takes place at the global level as well as within individual countries. Its overall objectives are to highlight possible risks to financial stability and advise on appropriate policy adjustments. Members of the IMF agree to surveillance because a shared understanding of monetary and financial policies in countries can support improved stability of the increasingly integrated global monetary and financial system.

Since the onset of the global financial crisis, the IMF has expanded its multilateral surveillance giving more consideration to the spillovers from members’ policies on other economies in the global economy. This is among the core concerns of the G20 group of countries.

#### **When did South Africa agree to IMF Surveillance?**

South Africa became a member of the IMF on 27 December 1945 and signed the Articles of Agreement (hereafter the Articles) on 31 December 1945. Under Article IV of the Articles, each member country is required to participate in an annual consultation process to support bilateral surveillance.

#### **What is the process of IMF Surveillance under Article IV?**

Every year the IMF sends a group of officials, also called the ‘Staff Mission’ to the member country to gather financial and monetary data and have bilateral discussions with officials, the private sector and members of civil society. These usually include government officials, parliamentarians and representatives of business, labour and private-sector economists and analysts. IMF staff compile an Article IV Report which they share with the authorities for comments and then present to the IMF Executive Board. The Article IV report is then published on the IMF’s website where it becomes an important source of information for national, regional and global stakeholders.

#### **Who coordinates this process in South Africa?**

The National Treasury and the South African Reserve Bank work closely with the IMF’s Resident Representative who is based in South Africa.

#### **Is the IMF only focused on fiscal, monetary and financial sector issues?**

Yes, as these impact most on the IMF’s mandate to support global financial stability. However, national plans to support economic growth and development and increased aggregate demand in the global economy have become increasingly important within the

process of IMF surveillance. In the case of South Africa, staff also enquire with respect to the implementation of the National Development Plan

### **Can officials provide feedback?**

Yes. The National Treasury consolidates the response from officials responsible for monetary and fiscal policy as well as financial sector policy and requests amendments from the IMF Staff to correct factual inaccuracies in the report. South Africa's representatives at the IMF Executive Board also respond to comments and questions from representatives of other countries.

### **Is Cabinet informed in advance?**

Yes. The Minister of Finance informs Cabinet of the findings and recommendations of the IMF Staff Mission before it is published concurrently on the IMF and the National Treasury websites. The National Treasury also publishes an accompanying press release on the IMF Article IV mission on its website.

### **How do I find out more?**

You can read more about the IMF's evolving approach to surveillance in response to the global financial crisis here <http://www.imf.org/external/np/exr/facts/refsurv.htm>

You can read more about the G20 approach to surveillance through a mutual assessment process here <http://www.imf.org/external/np/exr/facts/q20map.htm>

You can find IMF reports on South Africa or on issues relevant to South Africa here <http://www.imf.org/external/country/ZAF/index.htm>

The official webpage of the IMF's Resident Representative to South Africa can be accessed here <http://www.imf.org/external/country/zaf/rr/>