



## Country Snapshot

*Sovereign long-term foreign currency rating/local currency rating/outlooks:*

*S&P BB Stable/BB+ Stable  
Moody's Ba1/Ba1 Negative  
Fitch Ratings BB/BB Negative*

*Last IMF Fiscal Transparency Evaluation: None*

*IMF DSBB: Special Data  
Dissemination Standard:  
General & Central gov't, Central gov't debt*

*Open Budget Index - Score  
(0 lowest -100 highest)  
2019: 87/100  
2017: 89/100  
2015: 86/100  
2012: 90/100  
2010: 92/100*

*International Public Sector Financial Accountability Index  
- International Accounting  
Basis: Central gov't: cash transitioning to accrual  
- Financial Reporting Standards:  
Central gov't: other national financial reporting standards*

*Open Government Partnership:  
Yes*

*Open Contracting Partnership  
OCDS: No*

*NRGI Resource Governance Index 2017: 57/100 Mining*

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## Background

South Africa is one of the strongest reporters of public financial data in the world. The 2019 Open Budget Index assigned South Africa a budget transparency score of 87, tying it with New Zealand for first place out of 117 countries evaluated. South Africa's score has declined from a high of 92 in 2010 but remains exemplary, particularly among its emerging market peers.

South Africa's budgeting process is comprehensive, orderly, and transparent: well-organized financial statements, released at regular intervals throughout the year, effectively tie budget decisions to medium-term policy goals; the National Treasury receives strong oversight from the Parliament throughout the budgeting process; and participation in the Open Government Partnership helps to align the country with international best practices.

However, South Africa is not a signatory of the Open Contracting Partnership, a fact that underscores the weakness of the public sector procurement framework. Issues remain in the fiscal governance of state-owned enterprises as well, with the IMF highlighting a lack of transparency in tariff setting at the national energy company. Moreover, the government has been slow to resolve legal ambiguities in the management of resource revenue.

South Africa's fiscal authorities have demonstrated their commitment to addressing these shortcomings, but progress may be impeded by the Covid-19 crisis, as the administration of emergency fiscal measures takes precedence over structural reforms.

## Questions on Main Fiscal Reporting Gaps

- **Fiscal Reporting:** What is the status of the national and provincial governments' transition from modified cash basis to accrual (Generally Recognized Accounting Practice or GRAP) accounting standards?
- **Fiscal Forecasting & Budgeting:** What measures are being taken to increase accountability in the public sector procurement process? Are there any plans for legislative oversight of the Office of the Chief Procurement Officer?
- **Fiscal Forecasting & Budgeting:** Are there any plans to commit to the Open Contracting Partnership?
- **Resource Revenue Management:** Did the 2020 amendments to the Mineral and Petroleum Resources Development Act (MPRDA) effectively resolve overlaps and ambiguities in the resource revenue management framework?



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## Fiscal Governance Brief

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