Note on national government’s foreign debt statistics

by V Ramphele, V Nkuna and M Maboea

Introduction

This note provides guidance on national government’s foreign debt statistics by way of the various public finance statistical tables published in the South African Reserve Bank’s (SARB) Quarterly Bulletin (QB) that are related to this topic. The data used for the compilation of South Africa’s national government foreign debt statistics are sourced from National Treasury, and the statistics are compiled in accordance with international guidelines, subject to country-specific data constraints. National government marketable foreign debt statistics are published at both market value and face value. National government’s total foreign debt at face value is disaggregated into the following categories: marketable and non-marketable; marketable unexpired or remaining maturity; and marketable and non-marketable currency of denomination; redemption and interest payment statistics.

National government’s total foreign debt

National government’s total foreign debt (marketable and non-marketable) at a face value of R601 billion as at 30 June 2023 – after accounting for new issuances, redemptions and exchange rate revaluations – accounted for 12.1% of national government’s total gross loan debt of R4 948 billion at face value. The remainder of national government’s debt comprised domestic marketable and non-marketable debt.
National government’s total foreign debt at a face value of R601 billion comprised R173 billion non-marketable debt and R427 billion marketable debt as at 30 June 2023. Although the level of marketable debt at face value and at market value was similar in the 2020/21 and 2021/22 fiscal years, the difference between the face value of R427 billion and market value of R370 billion as at 30 June 2023 reflected the inverse relationship between bond prices and yields. As of late, the effect of higher bond yields has led to lower market values compared to their face value.

The recent increases in national government’s total foreign debt mostly reflected an increase in non-marketable debt in response to the coronavirus disease 2019 (COVID-19) pandemic, which necessitated loans from multilateral institutions such as the International Monetary Fund (IMF), the World Bank, the New Development Bank and the African Development Bank (AfDB), some of which were concessional loans.16

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16 Concessional loans have a contractual interest rate below the market interest rate.
The increase in national government’s total foreign debt also reflects exchange rate revaluation effects from the general depreciation in the exchange value of the rand against the currencies of denomination. The total valuation adjustment as at 30 June 2023 of R162 billion reflected the difference between total foreign debt of R439 billion before revaluation and R601 billion after revaluation.

National government’s foreign debt at face value as a ratio of national government’s total debt of 12.1% as at 30 June 2023 is expected to remain well below the National Treasury benchmark of 20%, and compares favourably with emerging market peers and some Organisation for Economic Co-operation and Development (OECD) member countries. The ratio of national government’s foreign debt at face value to gross domestic product (GDP) was 8.8% as at 30 June 2023.

Unexpired maturity of national government’s marketable foreign debt

National government’s marketable foreign debt at a face value of R427 billion as at 30 June 2023 on an unexpired maturity basis comprised R28.4 billion in the one-year-and-less interval, R61.6 billion in the more than one-year-but-less-than-three-years range, and R337 billion for more than three years to maturity. The average unexpired maturity of this debt was 156 months as at 30 June 2023.
Currency of denomination of national government’s foreign debt

National government’s marketable foreign debt at a face value of R427 billion as at 30 June 2023 was mostly denominated in the US dollar at R417 billion, and less so in the euro at R10.3 billion. By contrast, national government’s non-marketable foreign debt at a face value of R173 billion as at 30 June 2023 was mostly denominated in the IMF’s special drawing rights (SDRs) at R76.9 billion, the US dollar at R71.1 billion and the euro at R20.4 billion, with R5.0 billion denominated in rand. The latter reflect a rand-denominated foreign loan from the AfDB received in October 2020, related to the COVID-19 pandemic. Prior to April 2021, national government’s foreign debt also included other currencies such as the Swedish krona, the British pound and the Japanese yen, all of which have been fully repaid.
Redemption schedule of national government’s foreign debt

National government’s foreign debt has specific redemption dates at which the principal amount borrowed should be repaid. Most of the repayment obligations on the marketable foreign debt are in the more-than-one-year maturity interval and, in particular, in the more-than-three-years interval.

![Unexpired maturity composition of national government’s marketable foreign debt at face value](image)

**Sources:** National Treasury and SARB

Interest payment schedule of national government’s foreign debt

The interest payment (debt-service cost) schedule of national government’s foreign debt reflects the interest payments by currency of debt denomination due in the next 12 months, as from 30 June 2023. Interest payments in US dollar dominate the schedule, as expected from the currency of denomination analysis, followed by interest payments in rand on the COVID-19-related debt denominated in rand.
Linkages of national government’s total foreign debt statistics with other statistics

National government’s total foreign debt, comprising debt securities and loans, serves as input data in the compilation of consolidated public sector debt statistics as published in the experimental tables section of the QB on pages E–13 and E–14.

National government’s total foreign debt also serves as input data in the compilation of the integrated economic accounts as published in the experimental tables section of the QB on pages E–7 to E–11 and, where applicable, in the external economic accounts.

Conclusion

National government’s foreign debt is an important macroeconomic aggregate with various data dimensions that form part of different statistical presentations such as public finance, external economic accounts and the integrated economic accounts.

The intent of this note is to guide users of national government’s foreign debt statistics by way of the public finance statistical tables published in the QB. The main takeaways are the difference between market and face value, the disaggregation into marketable and non-marketable debt, and breakdowns by both unexpired maturity and currency of denomination as well as the redemption and interest payment profiles.

17 The public sector in South Africa comprises central government (national government, extra-budgetary institutions and social security funds), provincial government and local government, which together render the general government. The latter, together with both non-financial and financial public corporations, renders the public sector.

18 Marketable financial debt instruments are valued at market value. All currency revaluations are based on 11:30 exchange rates on the last day of the period.