

AFRICAN FORUM AND NETWORK
ON DEBT AND DEVELOPMENT



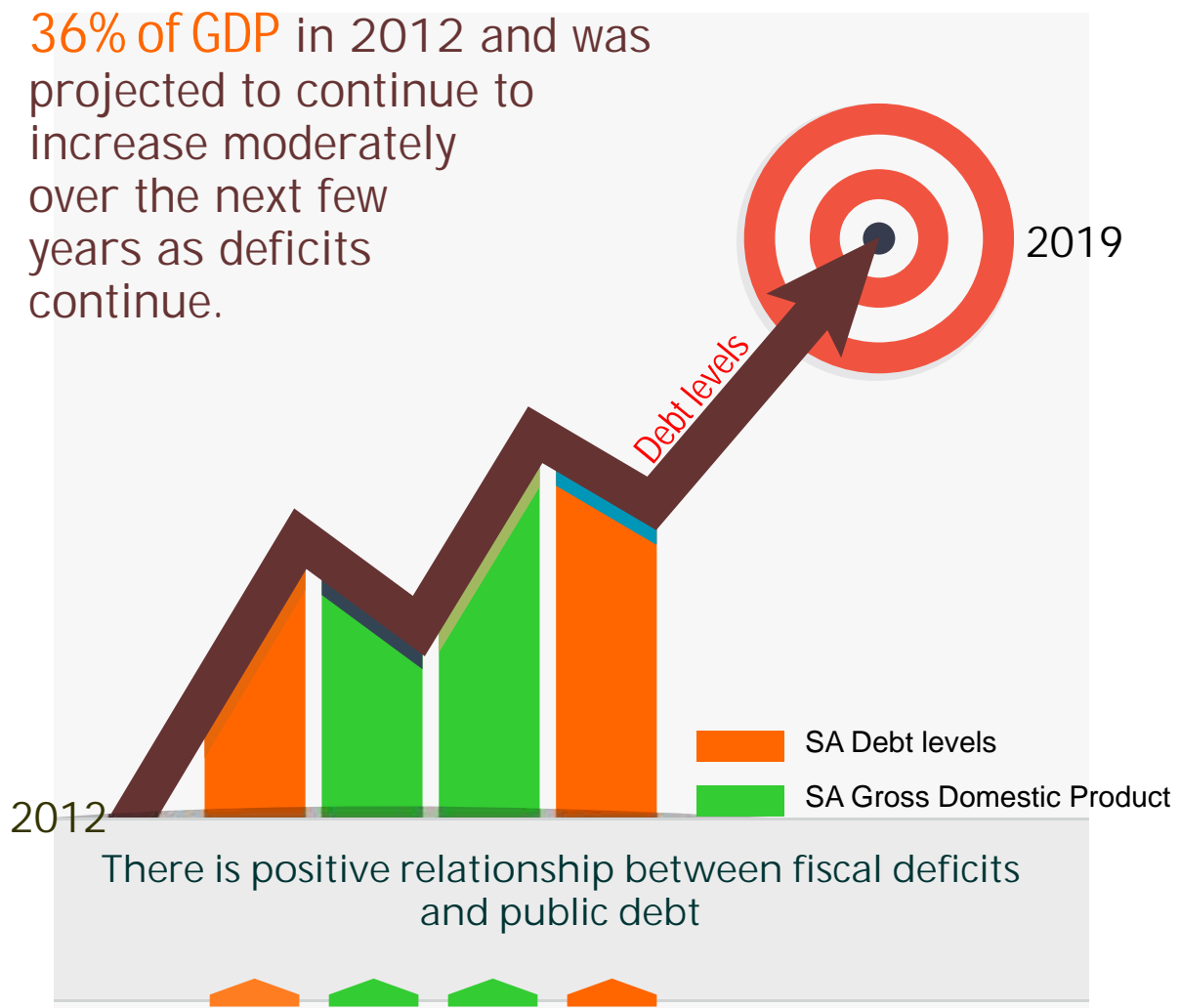
DEBT PROFILE SOUTH AFRICA



South Africa: *Debt Situation*

South African debt management has evolved quite substantially since the 1970s when the need to develop the debt capital market was identified.

The debt level in **South Africa** exceeded **36% of GDP** in 2012 and was projected to continue to increase moderately over the next few years as deficits continue.



Debt servicing costs are the fastest-rising component of South Africa's expenditure, with the country paying R180billion in 2018/19 on debt repayments, fast catching up with the health budget of R205bn in the same year.

Public debt as a share of GDP has doubled

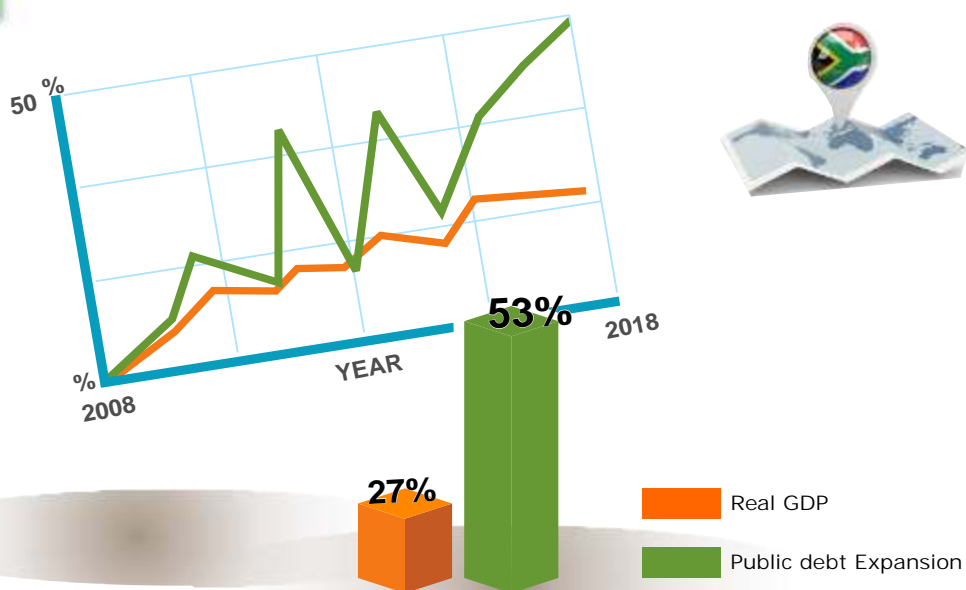
Public debt as a share of GDP has doubled in the last decade due to elevated primary expenditure and interest payment levels amid low growth.



Driven by significant spending expansion



and a slowdown in real GDP growth, the fiscal deficit widened markedly and public debt expanded from 27% of GDP in FY07/08 to 53% in FY17/18.



Per-capita growth has turned negative

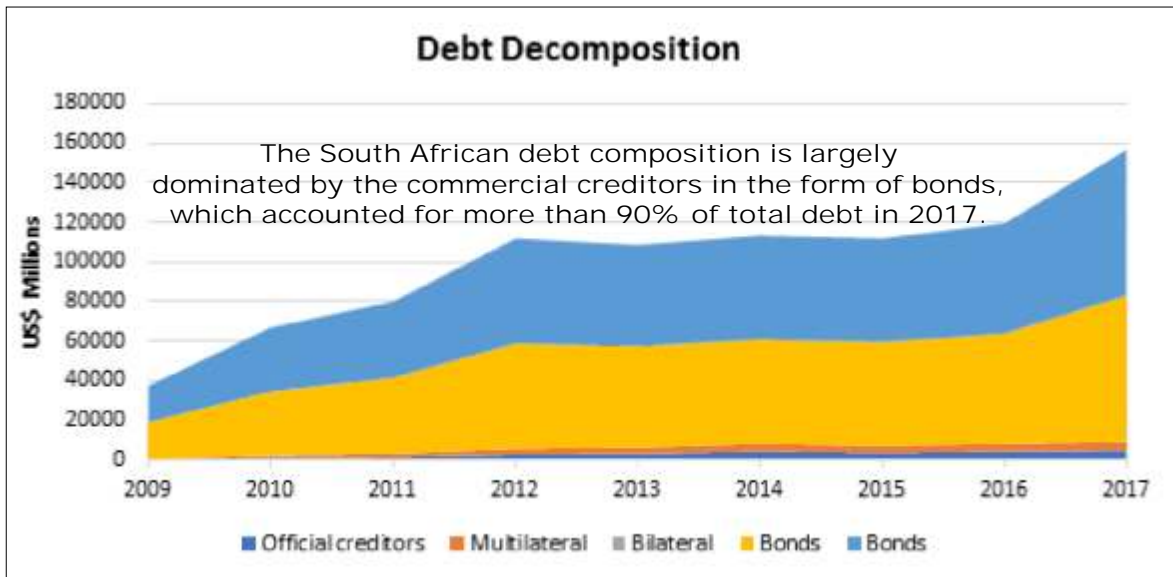
,and the fiscal space has become constrained by growing public debt—now exceeding 50% of GDP.



Growing government spending has led to a doubling of public debt in the last decade.

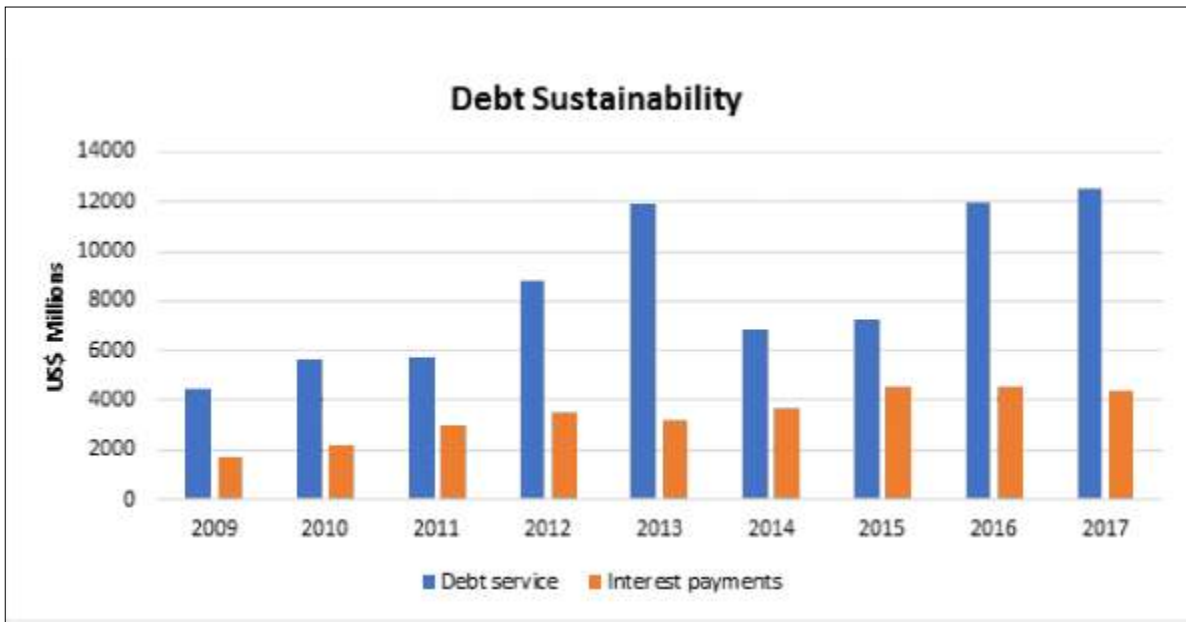
Public sector debt to GDP

Debt Composition

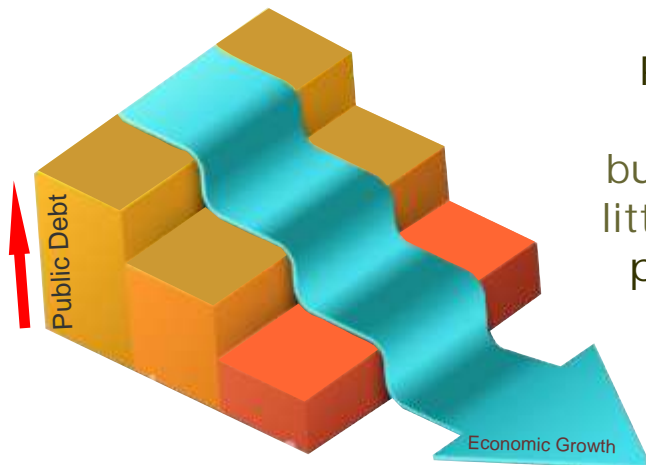


IMF and World assessed South Africa as risk free country in the International Debt Statistics for 2018.

Debt Sustainability: *South Africa*



Economic impact of Debt



Public debt has risen, depleting buffers, and leaving little room for fiscal policy to support growth.

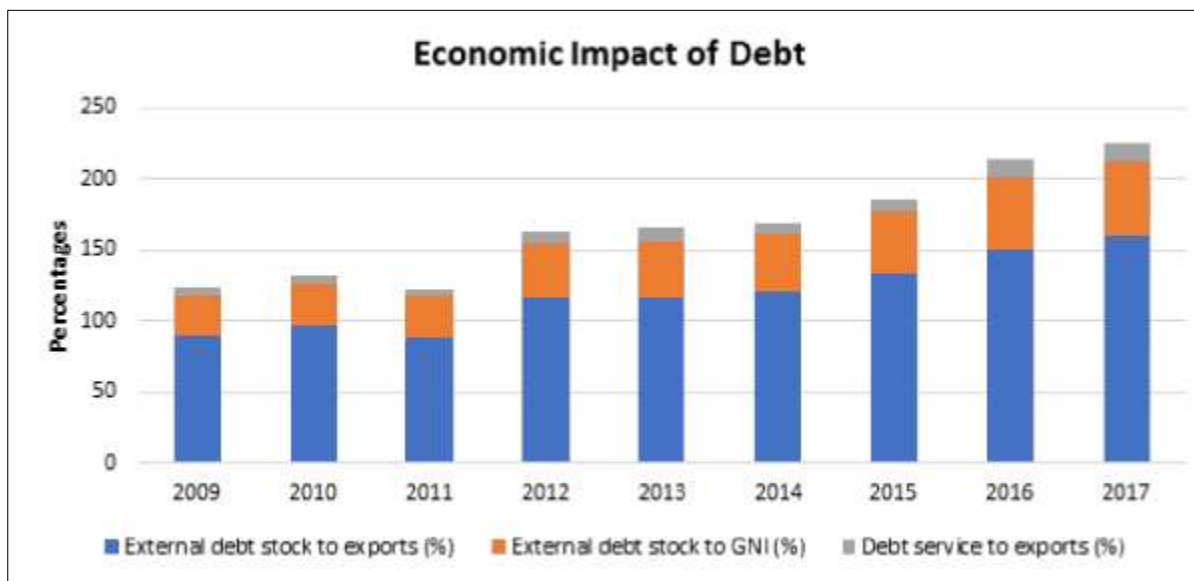
Public Debt
Economic Growth

On the back of high expenditure levels, public debt as a share of GDP has doubled during the last decade, reaching 53% of GDP in 2017, and pushing up public-sector gross financing needs.

With government debt projected to reach 56% of GDP, space for macroeconomic stimulus is limited.



Economic impact of Debt



Recommendations *South Africa*

- Besides well-established domestic market there remain imbalances in South Africa as indicated poverty, unemployment and high inequality. Therefore, South African government is recommended to devote more resources to address these imbalances respectively.
- There is need to continue strengthening the soundness of fiscal position through promotion of FDI policies and through capacity utilization across all key sectors of the economy.



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