7

2025 BUDGET REVIEW

GOVERNMENT DEBT AND CONTINGENT LIABILITIES

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

In brief

- The gross borrowing requirement has declined from R457.7 billion at the time of the 2024 Budget to R418.3 billion in 2024/25, largely due to lower debt redemptions as a result of government's bond-switch programme.
- In 2025/26, the gross borrowing requirement is expected to be R14.6 billion lower than projected in the 2024 *Budget Review* due to a reduction in Eskom debt relief.
- Gross loan debt is expected to stabilise at 76.1 per cent of GDP in 2025/26, slightly higher than the level of 75.3 per cent projected in the 2024 Budget, and to decline thereafter.
- Debt-service costs will stabilise at 21.7 per cent of revenue in 2024/25 and decline thereafter.
- Over the medium term, dedicated instruments will finance some infrastructure projects.

OVERVIEW

The 2024/25 budget deficit was R34.4 billion higher than projected in the 2024 *Budget Review* as revenue collection fell below expectations. However, debt redemptions were R73.8 billion lower than estimated a year ago as the bond-switch programme continued to exchange shorter-dated for longer-dated bonds. As a result, the gross borrowing requirement, which consists of the budget deficit, maturing debt and the Eskom debt-relief arrangement, decreased from a projected R457.7 billion to R418.3 billion for 2024/25, or from 6.1 per cent to 5.6 per cent of GDP.

Over the past year, improved investor sentiment has contributed to a more benign financing environment. The major factors contributing to this positive trend were the formation of the government of national unity, the absence of load-shedding and interest-rate reductions. These developments were also reflected in South Africa's credit rating outcomes, which either remained stable or were upgraded from stable to positive.

Gross debt stock is expected to increase from R5.68 trillion in 2024/25 to R6.79 trillion in 2027/28. Net loan debt – gross loan debt less cash balances – will increase from R5.47 trillion to R6.68 trillion over the same period. Gross loan debt is now expected to stabilise at 76.1 per cent of GDP in 2025/26.

The National Treasury has developed a debt sustainability forecasting model to enhance its framework for analysing fiscal sustainability. The model incorporates findings from an international benchmarking exercise to improve the framework's usability and technical capabilities.

The model will be used to forecast government debt and debt-service costs, create macro-fiscal scenarios and assess the sustainability of public debt under different conditions. It will do so by simulating the impact of changes in macroeconomic and fiscal variables, including expenditure, debt, debt-service costs, the sovereign risk premium and the exchange rate.

FINANCING STRATEGY

Government borrowing is guided by three primary considerations: liquidity management, refinancing risk and managing the cost of borrowing. With these factors in mind, and supported by a strategic risk framework (Table 7.1), government determines the best mix of debt instruments and maturities to finance the gross borrowing requirement.

In 2025/26, the gross borrowing requirement will be financed through a combination of domestic short- and long-term loans and foreign-currency loans. Cash balances will be increased to finance a portion of the Eskom debt-relief arrangement in 2025/26. In addition, government has introduced two shorter-dated (9-year and 15-year) bonds to help minimise borrowing costs, and will continue to refinance high redemptions coming due over the next three years through the bond-switch programme.

As indicated in the 2024 *Budget Review*, the financing strategy will support public infrastructure financing, with a focus on attracting private-sector capital. Over the medium term, some projects will be financed through dedicated, innovative infrastructure instruments that will not increase the gross borrowing requirement.

Government is also preparing a credit guarantee vehicle to mobilise private capital by de-risking critical projects in the energy, transport and water sectors. The arrangement is projected to have initial capital of US$500 million.

As part of continuously developing South Africa's capital market and ensuring a diversified portfolio of instruments, government is developing a sustainable finance framework to raise funding through the issuance of green or sustainability-linked bonds.

Table 7.1 Performance against strategic portfolio risk benchmarks

Description	Benchmark range or limit	2024/25	2025/26
		Estimates	
Treasury bills as % of domestic debt[1]	15.0	10.90%	11.43%
Long-term debt maturing in 5 years as % of bonds	25.0	19.33%	22.7%
Inflation-linked bonds as % of domestic debt	20-25	21.40%	21.55%
Foreign debt as % of total debt	15.0	10.24%	9.92%
Weighted term-to-maturity of fixed-rate bonds and Treasury bills (years)	10-14	10.04	10.13
Weighted term-to-maturity of inflation-linked bonds (years)	14-17	14.27	12.74
Other indicators (weighted average)			
Term-to-maturity of total debt (years)		10.94	11.00
Term-to-maturity of foreign debt (years)		12.91	13.60

1. Excludes borrowing from the Corporation for Public Deposits and retail savings bonds
Source: National Treasury

Risks to the financing strategy

The main risks to the financing strategy are as follows:

- Higher borrowing costs as a result of geopolitical risks and exchange rate volatility, which could reduce South African bond holdings by non-resident investors.
- Weaker economic growth, which could reduce revenue performance and lower the demand for inflation-linked bonds.

- Materialisation of contingent liabilities at state-owned companies.

Government monitors and manages these risks to the financing strategy. Most of South Africa's debt is issued in the domestic market, reducing the impact of global volatility.

BORROWING PERFORMANCE AND PROJECTIONS

In 2025/26, the gross borrowing requirement will amount to R564.4 billion, including payments to Eskom of R80.2 billion – R30 billion lower than the 2024 Budget estimate. The requirement is also affected by the transfer to government of R100 billion in 2024/25 and R25 billion in each of the two following years from the Gold and Foreign Exchange Contingency Reserve Account, as discussed in the 2024 *Budget Review*.

The borrowing requirement will decline to R438.7 billion in 2026/27, then increase to R596.6 billion in 2027/28. Domestic and foreign redemptions increase from R172.6 billion in 2025/26 to R303.9 billion in 2027/28. The bond-switch programme will mitigate refinancing risks by spreading redemptions over time.

Update on Eskom debt-relief arrangement

The 2023 *Budget Review* announced government's decision to provide Eskom with debt relief amounting to R254 billion to strengthen its balance sheet, restructure the business and invest in necessary maintenance.

By 31 March 2025, government will have advanced R140 billion in debt relief to Eskom. This is a reduction of R4 billion from the original amount projected up to this point, owing to the utility's failure to meet the deadline for the disposal of the Eskom Finance Company. Under the terms of the arrangement, the remaining elements are a R40 billion advance and a R70 billion debt takeover scheduled for 2025/26.

As the agreement moves towards closure, government has decided, in consultation with Eskom, to simplify the final phase of the debt relief – a change that also reflects some improvement in the utility's financial position flowing from the interventions to date. The final R70 billion debt takeover will now be replaced with two advances amounting to R50 billion: R40 billion in 2025/26 to redeem debt maturing in April 2026 and R10 billion in 2028/29 for debt maturing in May 2028.

In summary, over the five-year period, government will have provided Eskom with loans to the value of R230 billion to assist the utility in repaying its debt. This is about R24 billion less than projected at the outset, reducing the gross borrowing requirement. In accordance with the original agreement, the debt relief provided to Eskom will be converted into government equity over time.

Table 7.2 Financing of national government gross borrowing requirement[1]

R million	2023/24	2024/25		2025/26	2026/27	2027/28
	Outcome	Budget	Revised	Medium-term estimates		
Main budget balance	**-322 916**	**-320 946**	**-355 315**	**-336 550**	**-310 806**	**-292 672**
Redemptions	**-144 395**	**-172 568**	**-98 802**	**-172 647**	**-152 881**	**-303 908**
Domestic long-term loans	-97 250	-132 087	-61 538	-112 495	-112 495	-277 621
Foreign loans	-47 145	-40 481	-37 264	-60 152	-40 386	-26 287
Eskom debt-relief arrangement	**-76 000**	**-64 154**	**-64 154**	**-80 223**	**–**	**–**
GFECRA settlement (net)[4]	**–**	**100 000**	**100 000**	**25 000**	**25 000**	**–**
Total	**-543 311**	**-457 669**	**-418 271**	**-564 419**	**-438 687**	**-596 580**
Financing						
Domestic short-term loans	**88 745**	**33 000**	**38 932**	**38 800**	**35 300**	**46 700**
Treasury bills (net)	88 084	33 000	38 932	38 800	35 300	46 700
Corporation for Public Deposits	661	–	–	–	–	–
Domestic long-term loans	**336 239**	**328 100**	**337 500**	**349 500**	**318 000**	**420 200**
Market loans	336 079	328 100	336 287	349 500	318 000	420 200
Loans issued for switches	824	–	1 094	–	–	–
Loans issued for repos (net)	-664	–	119	–	–	–
Foreign loans	**45 663**	**36 700**	**67 021**	**98 625**	**81 444**	**95 884**
Market loans	45 663	36 700	67 021	98 625	81 444	95 884
Loans issued for switches	–	–	–	–	–	–
Change in cash and other balances[2]	**72 664**	**59 869**	**-25 182**	**77 495**	**3 943**	**33 797**
Cash balances	42 672	53 112	-29 411	72 497	-222	29 462
Other balances[3]	29 992	6 757	4 229	4 998	4 165	4 335
Total	**543 311**	**457 669**	**418 271**	**564 419**	**438 687**	**596 580**
Percentage of GDP	*7.7%*	*6.1%*	*5.6%*	*7.1%*	*5.1%*	*6.6%*

1. A longer time series is presented in Table 1 of the statistical annexure at the back of the Budget Review
2. A positive value indicates that cash is used to finance part of the borrowing requirement
3. Differences between funds requested and actual cash flows of national departments
4. In 2024/25, the Reserve Bank will pay R200 billion to government in partial settlement of the GFECRA balances. Of this amount government will pay the Reserve Bank R100 billion towards the contingency reserve
Source: National Treasury

Domestic short-term borrowing

Government's short-term borrowing consists of Treasury bills and borrowing from the Corporation for Public Deposits. In 2024/25, net Treasury bill issuances grew by R5.9 billion to R38.9 billion. Government also borrowed from the Corporation for Public Deposits to manage liquidity levels.

Table 7.3 Domestic short-term borrowing

R million	2024/25			2025/26		2024/25	2025/26
	Opening balance	Net change	Closing balance	Net change	Closing balance	Weekly auction estimates	
Corporation for Public Deposits	**661**	**-661**	**–**	**–**	**–**	**–**	**–**
Treasury bills	**510 555**	**38 932**	**549 487**	**38 800**	**588 287**	**14 550**	**15 700**
91-days	14 255	4 140	18 395	3 505	21 900	1 500	1 700
182-days	84 830	7 470	92 300	3 900	96 200	3 550	3 700
273-days	166 358	12 705	179 063	15 937	195 000	4 600	5 000
364-days	245 111	14 617	259 728	15 458	275 186	4 900	5 300
Total	**511 216**	**38 271**	**549 487**	**38 800**	**588 287**		

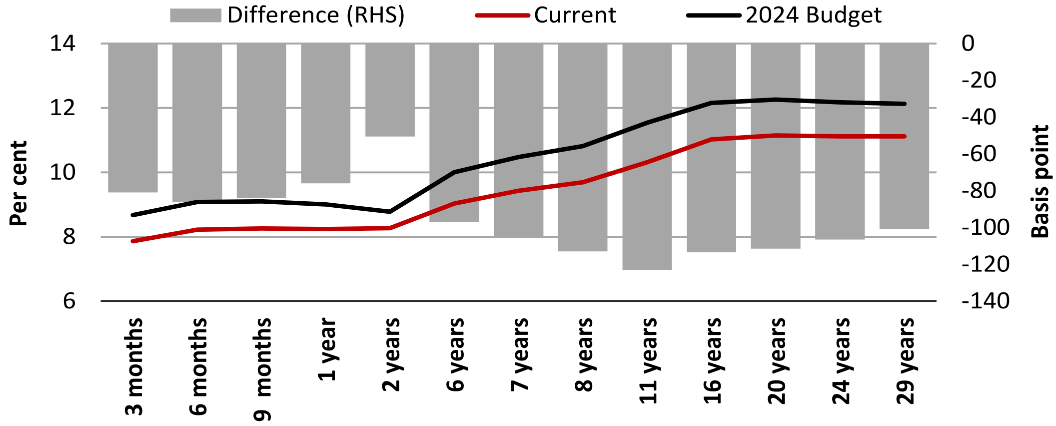
Source: National Treasury

Over the next three years, net Treasury bill issuances will average R40.3 billion, or about 10 per cent of total domestic borrowing. Government will continue to use the Corporation for Public Deposits as a bridging finance facility.

Domestic long-term borrowing

Domestic long-term borrowing, which consists mainly of bonds, will amount to R337.5 billion in 2024/25 and will average R362.6 billion over the next three years. Between April 2024 and January 2025, government raised R293.7 billion or 87 per cent of the 2024/25 amount. Fixed-rate bonds accounted for 65.6 per cent of the total, with floating rate notes, inflation-linked bonds and retail bonds making up the remainder. RSA retail savings bonds raised R9.9 billion in 2023/24 compared with R7.6 billion as at January 2025.

Figure 7.1 Interest rates on domestic government bonds



Source: National Treasury

The yield curve – the relationship between bonds of different maturities – has strengthened by an average of 96 basis points since the 2024 Budget (Figure 7.1), reflecting an improvement in investor sentiment.

Investor trends in the bond portfolio

Although foreign investors continue to hold the largest share of South Africa’s domestic debt (24.6 per cent in December 2024), the percentage has declined somewhat in light of higher risk aversion (Figure 7.2). Insurers and other financial institutions increased their holdings over the past year, while pension funds decreased theirs over the same period.

Figure 7.2 Ownership of domestic bonds

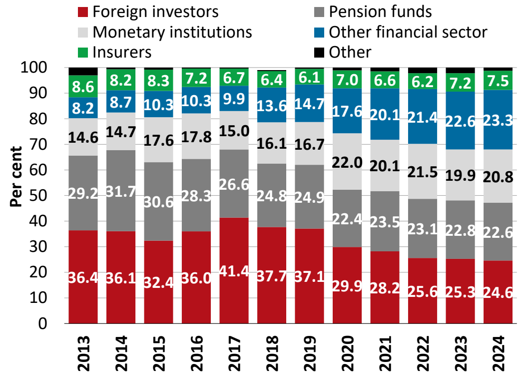
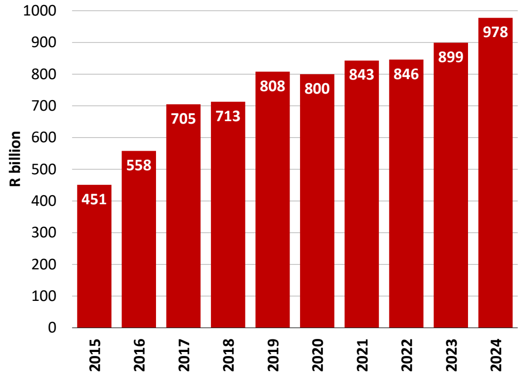


Figure 7.3 Domestic bonds held by foreign investors



Source: National Treasury

International borrowing

Government borrows in foreign currency to meet its foreign-currency commitments. In 2024/25, government issued a dual-tranche bond, raising US$2 billion through 12-year bonds and US$1.5 billion through 30-year bonds. Demand for these bonds significantly exceeded supply, resulting in an increase in the issuance size from US$3 billion to US$3.5 billion. In addition, a €400 million loan from the French Development Bank for the implementation of the country's Just Energy Transition Investment Plan was concluded, with €200 million expected to flow in by the end of 2024/25 and the remainder in 2025/26.

Table 7.4 Foreign-currency commitments and financing

	2023/24	2024/25	2025/26	2026/27	2027/28
US$ million	**Outcome**	**Estimate**	**Medium-term estimates**		
Opening balance	**7 119**	**5 393**	**4 621**	**3 802**	**2 929**
Commitments	**-4 506**	**-4 477**	**-6 122**	**-5 176**	**-4 631**
Redemptions	-2 485	-2 019	-3 233	-2 132	-1 370
Interest	-1 424	-1 771	-2 180	-2 328	-2 553
Departments	-597	-687	-709	-716	-708
Financing	**2 780**	**3 705**	**5 303**	**4 303**	**5 003**
Loans	2 427	3 700	5 300	4 300	5 000
Purchases	–	–	–	–	–
Interest	353	5	3	3	3
Closing balance	**5 393**	**4 621**	**3 802**	**2 929**	**3 301**

Source: National Treasury

Over the medium term, government will raise about US$14.6 billion to meet its foreign exchange commitments. This funding will be sourced from multilateral development banks, international financial institutions and international capital markets.

Table 7.5 Borrowing from international finance institutions

Institutions	Disbursement date	Interest rate	Terms (years)	Grace period[1] (years)	Amount (billion)
New Development Bank*	20 July 2020	6-month SOFR[2] plus 1.64%	30	5	US$1.0
International Monetary Fund	29 July 2020	1.0660%	5	3.25	US$4.3
African Development Bank	15 October 2020	3-month JIBAR[3] plus 0.8%	20	5	R5.00
New Development Bank*	17 June 2021	6-month SOFR[2] plus 1.64%	30	5	US$1.0
New Development Bank*	15 November 2021	6-month SOFR[2] plus 1.44%	25	4.5	US$1.0
World Bank	22 March 2022	6-month SOFR[2] plus 0.75%	13	3	US$0.75
World Bank	22 September 2022	6-month EURIBOR[4] plus 0.67%	13	3	EUR0.45
French Development Bank	22 December 2022	6-month EURIBOR[4] plus 1.29%	20	5	EUR0.3
KfW Development Bank	20 January 2023	6-month EURIBOR[4] plus 0.69%	20	5	EUR0.3
African Development Bank	22 December 2023	6-month SOFR[2] plus 1.22%	12	2	US$0.3
World Bank	26 January 2024	Fixed at 4.74%	15	5	US$1.0
KfW Development Bank	09 February 2024	Fixed at 4.4%	15	3	EUR0.5
Government of Canada	22 March 2024	Fixed at 3.5344%	10	–	CAD0.120
French Development Bank	TBD[5]	6-month EURIBOR[4] plus 1.66%	15	2	EUR0.4

1. A period after the disbursement where no capital repayments are required
2. SOFR (Secured Overnight Financing Rate)
3. JIBAR (Johannesburg Interbank Average Rate)
4. EURIBOR (Euro Interbank Offered Rate)
5. Disbursement linked to achievement of indicators
**SOFR replaced the LIBOR (London Interbank Offered Rate) for all the NDB loans*
Source: National Treasury

Cash balances

Government's cash holdings consist of deposits held at commercial banks and the Reserve Bank, which holds accumulated deposits from foreign-loan proceeds.

Table 7.6 Change in cash balances

	2023/24	2024/25		2025/26	2026/27	2027/28
R million	Outcome	Budget	Revised	Medium-term estimates		
Rand currency						
Opening balance	**120 501**	**65 000**	**92 320**	**130 466**	**71 403**	**87 195**
Closing balance	**92 320**	**50 000**	**130 466**	**71 403**	**87 195**	**50 000**
of which:						
Tax and loan accounts	*92 320*	*50 000*	*130 466*	*71 403*	*87 195*	*50 000*
Change in rand cash balance[1] (opening less closing balance)	**28 181**	**15 000**	**-38 146**	**59 063**	**-15 792**	**37 195**
Foreign currency[2]						
Opening balance	**113 409**	**85 261**	**98 900**	**90 165**	**76 731**	**61 161**
Closing balance	**98 900**	**47 149**	**90 165**	**76 731**	**61 161**	**68 895**
US$ equivalent	*5 393*	*2 172*	*4 621*	*3 802*	*2 929*	*3 301*
Change in foreign currency cash balance[1] (opening less closing balance)	**14 509**	**38 112**	**8 735**	**13 434**	**15 570**	**-7 734**
Total change in cash balances[1]	**42 690**	**53 112**	**-29 411**	**72 497**	**-222**	**29 461**
Total closing cash balance	**191 220**	**97 149**	**220 631**	**148 134**	**148 356**	**118 895**

1. A positive value indicates that cash is used to finance part of the borrowing requirement
2. Rand values at which foreign currency was purchased or borrowed
Source: National Treasury

Government expects a closing cash balance of R220.6 billion at the end of 2024/25. Domestic balances will amount to R130.5 billion, R80.5 billion higher than the 2024 Budget estimate. The balances were increased to finance a portion of the borrowing requirement in 2025/26. Over the medium term, foreign-currency balances will average US$3.3 billion.

GOVERNMENT DEBT AND DEBT-SERVICE COSTS

National government debt

Table 7.7 Total national government debt[1]

End of period	2023/24	2024/25	2025/26	2026/27	2027/28
R billion	Outcome	Estimate	Medium-term estimates		
Domestic loans[2]	**4 667.8**	**5 086.8**	**5 440.9**	**5 749.9**	**6 008.8**
Short-term	511.2	549.5	588.3	623.6	670.3
Long-term	4 156.6	4 537.3	4 852.6	5 126.3	5 338.5
Fixed-rate	*3 010.7*	*3 267.9*	*3 406.9*	*3 519.6*	*3 706.2*
Inflation-linked	*1 027.5*	*1 092.4*	*1 232.5*	*1 367.6*	*1 439.4*
Floating rate note	*118.3*	*177.0*	*213.2*	*239.1*	*192.9*
Foreign loans[2]	**591.6**	**597.2**	**649.3**	**703.2**	**782.1**
Gross loan debt	**5 259.4**	**5 684.0**	**6 090.2**	**6 453.1**	**6 791.0**
Less: National Revenue Fund	-195.7	-214.5	-142.2	-142.7	-113.3
Net loan debt	**5 063.7**	**5 469.4**	**5 948.0**	**6 310.5**	**6 677.7**
As percentage of GDP:					
Gross loan debt	*74.1*	*76.0*	*76.1*	*75.7*	*74.8*
Net loan debt	*71.4*	*73.1*	*74.3*	*74.1*	*73.5*

1. A longer time series is given in Table 10 of the statistical annexure at the back of the Budget Review
2. Estimates include revaluation based on National Treasury's projections of inflation and exchange rates
Source: National Treasury

National government debt is expected to stabilise at 76.1 per cent of GDP in 2025/26 – marginally higher than the 75.3 per cent projected in the 2024 Budget – and to decline thereafter. Foreign-currency debt will average R711.5 billion or 11 per cent of gross debt over the medium term, well within the 15 per cent risk benchmark. This exposure is partly offset by foreign-currency deposits, which amounted to US$4.6 billion in 2024/25.

Table 7.8 Analysis of annual increase in gross loan debt

	2023/24	2024/25	2025/26	2026/27	2027/28
R million	Outcome	Estimate	Medium-term estimates		
Budget deficit	322 916	355 315	336 550	310 806	292 672
Eskom debt-relief arrangement	76 000	64 154	80 223	–	–
GFECRA settlement	–	-100 000	-25 000	-25 000	–
Discount on loan transactions	76 605	63 198	25 528	12 599	8 832
Revaluation of inflation-linked bonds[1]	53 667	40 935	52 779	55 576	60 820
Revaluation of foreign-currency debt[1]	37 448	-24 198	13 623	12 893	9 312
Change in cash and other balances[2]	-72 664	25 182	-77 495	-3 943	-33 797
Total	**493 972**	**424 586**	**406 207**	**362 930**	**337 840**

1. Revaluation based on National Treasury projections of inflation and exchange rates
2. A negative value indicates that cash is used to finance part of the borrowing requirement
Source: National Treasury

In 2024/25, debt stock increased by R424.6 billion. The main budget deficit accounts for 83.7 per cent of this increase, while interest-, inflation- and exchange-rate changes account for the remainder. The medium-term increase in gross loan debt will be driven by the budget deficit and the financing of the Eskom debt-relief arrangement.

National government debt-service costs

Debt-service costs are determined by debt stock, new borrowing and macroeconomic variables such as interest, inflation and exchange rates. In 2024/25, debt-service costs are revised upwards by R7.4 billion compared with the 2024 Budget estimate, mainly due to the higher budget deficit. As a share of GDP, debt-service costs are projected to average 5.3 per cent over the medium term; as a share of revenue, they are expected to peak in 2024/25, declining thereafter.

Table 7.9 National government debt-service costs

R million	2023/24 Outcome	2024/25 Budget	2024/25 Revised	2025/26	2026/27	2027/28
				Medium-term estimates		
Domestic loans	324 519	354 083	357 347	383 428	404 311	428 109
Short-term	43 001	48 097	45 182	45 004	46 885	50 341
Long-term	281 518	305 986	312 165	338 424	357 426	377 768
Foreign loans	31 591	28 100	32 214	40 731	44 261	49 104
Total	**356 110**	**382 183**	**389 561**	**424 159**	**448 572**	**477 213**
As percentage of:						
GDP	*5.0*	*5.1*	*5.2*	*5.3*	*5.3*	*5.3*
Expenditure	*17.4*	*17.9*	*18.1*	*18.2*	*18.4*	*18.7*
Revenue	*20.7*	*21.1*	*21.7*	*21.2*	*21.1*	*21.1*

Source: National Treasury

CONTINGENT LIABILITIES

Contingent liabilities are state obligations that could result in expenditure if a specific event occurs. Government closely monitors the status of these liabilities, which include guarantees to state-owned companies, independent power producers and public-private partnerships (PPPs), along with provisions for multilateral institutions and other fiscal obligations.

Government's guarantee *exposure* consists of the sum of the outstanding value of a loan, accrued interest and adjustments to inflation-linked bonds. The guarantee *amount*, however, reflects only the capital value of the loan. As a result, exposure may exceed the approved guarantee amount.

The total guarantee amount is expected to decrease from R498.9 billion on 31 March 2024 to R491.9 billion on 31 March 2025, and the exposure amount will increase by R2.7 billion to R414.3 billion over the same period. The reduction in the total guarantee amount is due to the termination of the Land Bank's R8 billion guarantee at the end of 2023/24.

The increase in exposure results from a R9.1 billion drawdown on the Transnet guarantee. This increase was offset by the net repayment of the South African National Roads Agency Limited debt of R6.3 billion and repayments on the South African Reserve Bank Loan Guarantee Scheme of R3.5 billion. Eskom, the Development Bank of Southern Africa and the Trans-Caledon Tunnel Authority have made additional drawdowns, resulting in an increase in their exposure amounts. The implementation of Treasury Instruction No. 9 of 2020/21 has continued to see a reduction in the volume of guarantees issued, with some improvement in credit quality. Eskom remains the largest guarantee exposure, constituting about 88 per cent of the portfolio. With the implementation of the Eskom debt-relief arrangement, the volume of exposure to Eskom has declined. However, given Eskom's share of guarantee exposure, the risk from state-owned companies remains elevated.

Cabinet members who have requested guarantees for state-owned companies are required to report those requests to Parliament once they have been considered by the Minister of Finance.

Table 7.10 Government guarantee exposure[1]

	2022/23		2023/24		2024/25	
R billion	**Guarantee**	**Exposure[2]**	**Guarantee**	**Exposure[2]**	**Guarantee**	**Exposure[2]**
Public institutions	**470.3**	**433.0**	**498.9**	**411.6**	**491.9**	**414.3**
of which:						
Eskom	*341.6*	*362.3*	*326.6*	*356.9*	*331.7*	*357.6*
SANRAL	*37.9*	*38.2*	*37.9*	*28.9*	*37.9*	*22.6*
Trans-Caledon Tunnel Authority	*25.0*	*8.7*	*35.5*	*7.9*	*35.5*	*10.3*
South African Airways	*19.1*	*0.2*	*4.7*	*0.1*	*4.7*	–
Land and Agricultural Development Bank of South Africa	*8.1*	*0.6*	*8.0*	–	–	–
Development Bank of Southern Africa	*10.1*	*5.7*	*10.3*	*6.1*	*10.1*	*6.5*
Transnet	*3.5*	*3.8*	*50.5*	*3.8*	*50.5*	*12.9*
Denel	*3.4*	*3.4*	*3.4*	–	–	–
Industrial Development Corporation	*0.6*	*0.1*	*0.6*	*0.2*	*0.5*	*0.1*
South African Reserve Bank[3]	*20.0*	*9.3*	*21.1*	*7.8*	*21.1*	*4.3*
Independent power producers	**208.5**	**187.1**	**277.9**	**207.1**	**277.9**	**229.5**
Public-private partnerships[4]	**7.1**	**7.1**	**6.8**	**6.8**	**6.2**	**6.2**

1. A full list of guarantees is given in Table 11 of the statistical annexure in the Budget Review
2. Total amount of borrowing, adjustments to inflation-linked bonds as a result of inflation rate changes and accrued interest
3. In April 2022, the Minister approved the reduction of the loan guarantee scheme to R20 billion
4. These amounts only include national and provincial PPP agreements
Source: National Treasury

Other guarantees and contingent liabilities

Contingent liability risks from independent power producers are low. As at 31 March 2025, government's commitment to the Renewable Energy Independent Power Producer Procurement Programme is expected to be R277.9 billion. The value of signed projects, which represents government's exposure, is expected to amount to R229.5 billion by 31 March 2025, declining to R166.4 billion by 2027/28. PPP exposure arises mainly from early termination of contracts. In 2024/25, PPP contingent liabilities fell by about R600 million to R6.2 billion as projects reached maturity. Total exposure is expected to decline to R4.3 billion in 2025/26, R2.9 billion in 2026/27 and R2.4 billion in 2027/28.

Table 7.11 shows government's exposure to multilateral institutions and other implicit contingent liabilities. South Africa subscribes to shares in several multilaterals but does not pay the full amount. These commitments represent the unpaid portion of the share subscribed to in the unlikely event these institutions run into financial difficulty.

Table 7.11 Provision for multilateral institutions and other contingent liabilities

R billion	2022/23	2023/24	2024/25
Multilateral institutions	**578.7**	**593.9**	**535.3**
of which:			
New Development Bank	*142.2*	*152.3*	*145.6*
African Development Bank	*149.7*	*160.3*	*153.2*
International Monetary Fund	*246.4*	*236.7*	*195.8*
World Bank Group	*40.4*	*44.6*	*42.6*
Other contingent liabilities	**430.4**	**423.9**	**438.9**
of which:			
Export Credit Insurance Corporation of South Africa	*5.5*	*1.3*	*0.8*
Post-retirement medical assistance	*69.9*	*69.9*	*69.9*
Road Accident Fund	*355.0*	*352.7*	*368.2*

Source: National Treasury

Net valuation profits and losses

Government's largest contingent asset is the Gold and Foreign Exchange Contingency Reserve Account (GFECRA). It reflects profits and losses on gold and foreign exchange reserves held by the Reserve Bank to meet foreign exchange obligations and to maintain liquidity in the presence of external shocks. GFECRA is estimated to reach R343.7 billion by 31 March 2025. In 2024, the National Treasury and the Reserve Bank signed a revised GFECRA settlement agreement that allowed for the disbursement of R100 billion in 2024/25 and R25 billion in the following two years to government, reducing government borrowing. It also provided for the disbursement of R100 billion to the Reserve Bank's contingency reserve. The GFECRA buffers will be reviewed and reported on annually.

CONCLUSION

Government continues to manage its debt portfolio in a prudent and sustainable manner. Gross debt is now expected to stabilise in 2025/26 at 76.1 per cent of GDP.

This page is left blank intentionally.