

**MINISTRY**

**INTERNATIONAL RELATIONS AND COOPERATION undertaken**

REPUBLIC OF SOUTH AFRICA

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

Date of Publication: 09 September 2022

Ministry: 16 September 2022

Reply date: 23 September 2022

**2920. Mr M Hlengwa (IFP) to ask the Minister of International Relations and Cooperation:**

1. (a) How does her department plan to ensure that it fulfils an inclusive and balanced multilateral trading system and reform of the international debt architecture, as alluded to in her department ‘s Framework Document on South Africa’s National Interest and its advancement in a Global Environment and (b) what does the reform of the international architecture entail;
2. Whether the Republic has implemented the reform of debt in the past when negotiating for loans on an international scale; if not, what is the position in this regard; if so, what (a) are the relevant details and (b) does it seek to change through the reform? **NW3546E**

**REPLY:**

1. Since the pandemic, South Africa has played a more prominent role as an official bilateral creditor and G20 member to provide constructive solutions to the debt challenges on the African continent, first through its participation in the G20 Debt Service Suspension Initiative (DSSI) that was in force from May 2020 until December 2021, and now as vice-chair of Zambia’s official creditor committee (OCC) under the G20 Common Framework for Debt Treatment beyond the DSSI. South Africa has supported the Common Framework which was established in November 2020 as a great improvement in the international debt architecture as it involves the first ever formal coordination between the G20 and the Paris Club creditors on debt treatments for the 73 Low Income Countries (LICs) eligible for the DSSI. The framework is to ensure broad participation of creditors, including the private sector, with fair burden sharing to ensure timely debt resolutions.

South Africa has agreed to become a prospective member of the Paris Club this year, after being an ad hoc participant since 2015. The Paris Club consists of a group of officials from major creditor countries whose role is to find co-ordinated and sustainable solutions to the payment difficulties experienced by debtor countries. South Africa’s enhanced status in the Paris Club provides it with the opportunity to become a full member of the Paris Club within a set period or revert to its former status as ad hoc participant.

The reform of the international debt architecture entails an end objective of broader multilateral cooperation in addressing sovereign debt issues and shifting away from plurilateral arrangements.

1. South Africa previously participated in some of the Paris Club debt treatments and restructuring processes in the 1990s. Also, South Africa participated in the Seychelles restructuring in 2015, during which it became an ad hoc member to the Paris Club. South Africa has credit exposure to Zambia who requested a debt treatment in 2021 from its creditors. This year, South Africa became vice-chair of Zambia’s official creditor committee (OCC) under the G20 Common Framework for Debt Treatment beyond the DSSI, with China and France co-chairing the OCC. The OCC brings together Zambia’s official bilateral creditors to negotiate the parameters of a debt treatment for the country. South Africa’s participation in international debt treatments and restructurings are guided by its status as an African creditor that seeks to implement fair solutions to the debt challenges experienced on the African continent. South Africa has exposure as a creditor through loans provided by its Development Finance Institutions (DFIs) on the continent.