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Zimbabwe Journal of Applied Research

Volume 5, Special Issue No. 1

2025

Tackling the perils of debt distress in Africa: A decolonial perspective

Zimbabwe Journal of Applied Research

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Goden Moyo, Special Issue editor

Zimbabwe Journal of Applied Research
Volume 5, Special Issue (2025), pp. 1-3
www.lsu.ac.zw/journals

Editorial

Goden Moyo
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This Special Issue of the Zimbabwe Journal of Applied Research is themed 'Tackling the Perils of Debt Crisis in Africa: A Decolonial Perspective'. The Special Issue focuses on the debt question in Africa. This debt question has been on the agenda for most multilateral institutions including the World Bank, the International Monetary Fund (IMF), United Nations, G7 and G20 countries, and yet, the crisis has been compounding over the years. Many African countries including Cameroon, Chad, Egypt, Ethiopia, Ghana, Kenya, Mozambique, Zambia and Zimbabwe are currently debt distressed. Some of these countries spend more on interest payments than they spend on health, education, and food security. Others like Zambia and Zimbabwe have been defaulting on their debt obligations. The standard interpretation for debt pile-up in Africa and the Global South is largely informed and influenced by internalist, anti-statist, neoliberal perspectives and classical economic theories. Understood from these perspectives, the debt crisis in Africa is a result of poor governance, corruption, bad policies, and policy missteps. While there is no denying that all these factors are common in Africa, the idea of viewing the debt problem as simply a governance issue is contestable, simplistic and ahistorical.

The point of departure for the contributors in this Special Issue is their theoretical framing. The contributors have approached the question of debt crisis from a heterodox approach which includes among others dependency, world systems, Neo-Marxist and decolonial perspectives all of which are ranged against the orthodox economic frameworks. Viewed from these heterodox perspectives, external debt is seen as a bad birthmark for many African countries. For example, the articles by Douglas Munemo, Taderera Hebert Chisi, Tobias Guzura, and Aaron Rwodzi trace the contours of the debt crisis in Africa back to the biographies and 'hagiographies' of land dispossession, colonial encounters, and capital accumulation by the Euro-Western imperial forces. By so doing, the contributors call the attention of the reader to how colonial power structures continue to disadvantage the Global South through institutions and policies that maintain geo-economic and geo-financial dependencies and inequalities. At the same time, the contributors are canvassing for the decolonization of the global financial architecture as represented by the neoliberal practices of the duo of the IMF and the World Bank as well as the International Credit Rating Agencies such as Fitch Investment, Standard and Poor's and Moody's. Most contributors draw their theoretical framing from decolonial thinkers such as Anibal Quijano, Enrique Dussel, Ramon Grosfoguel, Walter Mignolo, Sabelo Ndlovu-Gatsheni and many others who have popularised the idea of "coloniality"- the "afterlife of administrative colonialism".

Some of the contributors such Tobias Guzura, Ronald Chipaike and Nyasha Mark Chingono have also implicated the structural adjustment Programme of the IMF and the World Bank as coloniality agents that have sustained Africa in a "debt hole". These contributors argue that the global polycrisis represented by 2007/8 Global Financial Crisis, COVID-19 pandemic, the ongoing climate devastation, Russia-Ukraine War, and Israel-Hamas' crisis have served to deepen the debt problems in Africa and the Global South in general. In addition, there are concerns that the election of the ultra-right-wing President of the United States, Donald Trump may further exacerbate the global economic recession with some adverse knock-on effects on weak African economies. For example, following his inauguration as the 47th President of

United States, White House issued a Notice on Implementation of Executive Order on Re-evaluating and Realigning United States Foreign Aid on 24 January 2025. The Order serves to direct the United States Officers across the globe to immediately stop processing all financial aid to foreign beneficiaries pending the realignment processes by the new Trump administration. However, conversely, China has over the recent years doubled down on its financing levels to Africa. It has become Africa's largest trading partner and Africa's largest bilateral lender. The top ten countries most indebted to China are Angola, Zambia, Ethiopia, Kenya, Nigeria, Egypt, Republic of Congo, Cote d'Ivoire and Cameroon.

It is not surprising therefore that most articles in this Special Issue focus on Chinese financing in Africa. In particular, contributors such as Collen Akimu and Raymond Langa, Mbongeni Nhliziyo and Thubelihle Ncube, Bhek-impilo Nhlabano and Nevison Shumba, Vicent Moyo and Gorden Moyo, Tobias Guzura, Ronald Chipaike and Nyasha Chingono focus on the bane of Chinese resource backed loans which are adjudged as threats to Africa's resource sovereignty. These contributors raise concern that although Chinese loans have come as a huge relief to Africa's infrastructure needs, some have been contracted without the knowledge of legislative institutions resulting in lack of effective oversight and lack of transparency. In this context, there are fears that Africa may be losing its natural resources to China in the same fashion it lost them to the colonialists, imperialists and capitalists in the past.

Some of the articles focus on the implications of debt cri-sis on the ordinary people. They argue that debt crisis has substantially diminished the ability of the governments of countries like Kenya, Zambia and Zimbabwe to raise and mobilise revenues that are needed for the protection and realisation of economic, social and cultural rights of the citizens. This is because the resources which would have been used for public sector investment are diverted to debt service payments. The impact of this to the ordinary people includes hospitals and clinics running short of medicine and equipment, shortage of textbooks in schools, factories closing through lack of raw materials and spare parts, shortage of basic commodities in shops, high unemployment rates and many more. Under these circumstances, it may be easier for a camel to pass through the 'eye of a needle' than for Africa to achieve the United Nations Sustainable Development Goals (SDGs) by 2030.

What is even more worrying is the failure of the global actors to address the debt problem in Africa and the Global South. The IMF and the World Bank have over the years, drafted a battery of mechanisms 'purportedly' aimed at addressing the debt question. Sadly, as Munemo and Taderera, argue in their article, these have been blighted and ineffectual debt resolution strategies. The most advertised of these are the Highly Indebted Poor Countries (HIPC) initiative, Multilateral Debt Relief Initiative (MDRI), Debt Service Suspension Initiative, and the G20 Common Framework for Debt Treatment. All these initiatives have failed to achieve their stated objectives. Needless to say, they were externally designed, packaged, marketed, and imposed on the African governments without their input. The reasons for the dismal performance of these debt relief initiatives are not hard to explain. Clearly, all of them focused on the contractual obligations that African debtor countries owed to their rich creditors, hence, they demanded that African governments should devalue their national currencies, remove subsidies, reduce tariff barriers, reduce budget deficits and lift restrictions on foreign investment. These austerity measures have been implicated in the pauperisation of the ordinary people in Africa.

Given the failure rate of the Euro-Western led debt resolution mechanisms, it is not surprising that there is an increasing din of voices calling for the enhanced domestic resource mobilisation in Africa. Contributors such as Favourate Mpofu and Hilda Mabiza as well as Mandy Mathias and Sithembilizwe Ncube are canvassing for good financial governance, combating corruption, and enhanced domestic resource mobilisation as a way out of the debt slavery. These contributors argue that with enhanced domestic capital mobilisation, African countries would be able to build a more sustainable base for financing infrastructural development, economic growth and probably the continent can attain some of the SDGs and the AU Agenda 2063.

We hope that the readers will find the thoughts and approaches contained in this Special Issue helpful. Special thanks go to all the contributors, anonymous reviewers, and designers of this Special Issue.

Zimbabwe Journal of Applied Research
Volume 5, Special Issue (2025), pp. 4-14
www.lsu.ac.zw/journals

Decolonizing global financial architecture: Challenges and pathways for a more equitable financial system

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Abstract

The current global financial architecture is deeply entrenched in historical and colonial legacies, which have systematically shaped the economic trajectories of developing nations while reinforcing global inequalities. Using the decolonial theory this paper explores the possibilities of decolonizing global financial systems and advocates for the urgent need to restructure international financial institutions, trade agreements, and governance frameworks to reflect the interests of the Global South better. Central to the analysis is the examination of how prevailing financial policies which are often dictated by institutions such as the International Monetary Fund (IMF) and the World Bank continue to perpetuate economic disparities, limit the policy autonomy of developing nations, and sustain a cycle of dependency. The paper reveals the enduring patterns of dominance and subordination that characterize global financial practices and underscores the necessity of dismantling these colonial structures to foster genuine global equity. The paper further provides alternative financial models which push for enhanced regional cooperation and inclusive decision-making processes that prioritize justice, equity, and sustainable development. It thus highlights the role of regional initiatives like the African Continental Free Trade Area (AfCFTA) in building economic resilience and promoting South-South cooperation. Through these lenses, the paper calls for a reimagined global financial system that allows for a more equitable distribution of resources and opportunities, empowering all nations—especially those historically marginalized—to achieve economic self-determination. The paper rounds off by offering policy recommendations aimed at fostering a more democratic and inclusive financial landscape, providing crucial insights for policymakers, international organizations, and scholars committed to creating a more just global economy.

Keywords:

Decolonizing finance; Economic justice; Financial governance; Global south; Sustainable development

Introduction

The current global financial system is the product of historical processes that are deeply embedded in colonial legacies. From the aftermath of colonialism to the establishment of institutions like the International Monetary Fund (IMF) and the World Bank in 1944 soon after the end of World War 2, this system has been crucial in maintaining global financial stability. However, it has also reinforced and perpetuated economic inequalities, particularly between the Global North and the Global South (Moyo, 2015). Decolonial theory offers a critical lens through which to understand these inequalities, as it focuses on the long-standing structures of power, knowledge, and economy that continue to reflect the colonial past. Decolonial theory posits that despite the formal end of colonialism, coloniality—defined as the enduring patterns of domination and subordination that arose during colonial times—persists in global structures, including the financial system (Mignolo, 2011). It challenges the idea that the current global financial system is neutral or universally beneficial, revealing how it serves the interests of former colonial powers while marginalizing and subordinating the economies of developing nations.

Therefore, this paper focuses on how colonial power structures continue to disadvantage the Global South through institutions and policies that maintain dependency and inequality and strongly advocates for the de-colonization of this global financial architecture. It also outlines potential pathways for restructuring the global financial system to foster greater equity, justice, and autonomy for all nations.

Contextual background

The global financial architecture, as it stands today, is the result of historical shifts and geopolitical strategies that have evolved significantly since World War II. The creation of institutions such as the International Monetary Fund (IMF) and the World Bank in 1944 at the Bretton Woods Conference marked a new era of global financial governance, aimed at stabilizing the global economy and fostering international economic cooperation (Helleiner, 2024). Initially, these institutions focused on ensuring exchange rate stability and promoting economic recovery, particularly for the war-torn economies of Europe. However, over time, their influence expanded, shaping the economic policies of developing nations and the global distribution of wealth and resources (Stiglitz, 2022).

The post-war financial architecture was shaped by Western ideologies and interests, embedding a structure that reflected the priorities of the Global North. The governance of the IMF and World Bank, for in-stance, gave disproportionate voting power to wealthy countries, thereby limiting the influence of developing nations on decision-making processes (Wade, 2023). This institutional imbalance led to policies that often prioritized the interests of wealthy nations and multinational corporations while imposing stringent economic conditions on low- and middle-income countries in exchange for financial support (Bulmer-Thomas, 2023). Structural Adjustment Programs (SAPs), implemented widely during the 1980s and 1990s, epitomize this dynamic, as they frequently mandated fiscal austerity, trade liberalization, and privatization. These measures, while aiming to stabilize economies, often resulted in significant negative impacts on the economies and social structures of borrowing nations (Babb, 2023).

Moreover, this financial architecture facilitated the flow of capital from developing to developed nations, a phenomenon known as the "reverse flow of capital." While these institutions were established to stabilize and promote development, they have often enabled wealth extraction from poorer to wealthier nations, perpetuating cycles of dependency (Chang, 2024). This model, grounded in neoliberal principles, deepens global inequalities and restricts the policy space of developing nations to pursue independent economic strategies (Rodrik, 2023).

Decolonial scholars argue that this financial architecture represents a form of "coloniality" that persists beyond formal colonial rule, allowing former colonial powers to maintain control over the economic futures of the previously colonized regions (Quijano, 2023). This perspective highlights how the asymmetrical de-sign of global financial governance continues to rein-force the historical subordination of the Global South, perpetuating inequitable relations that undermine these nations' autonomy (Mignolo, 2023). Therefore, understanding the emergence and operation of the global financial architecture is crucial for envisioning a path toward a decolonized and equitable system where developing nations can exercise true self-determination.

The rationale for decolonising global financial architecture

The call to decolonize the global financial architecture stems from the recognition that current financial systems are deeply rooted in historical processes of colonial exploitation and domination. Decolonial theory emphasizes that the global financial order, while formalized through post-World War II institutions like the IMF and World Bank, traces its origins to the colonial economic structures designed to extract wealth from colonized regions and funnel it to the imperial centers in Europe and North America (Rodney, 1972). Even after political independence, many formerly colonized countries continue to grapple with economic frame-works that serve external rather than domestic interests, locking them into systems of subordination and dependency (Escobar, 2023).

Colonial economic systems were exploitative by design, with the economies of colonized nations restructured to serve the needs of the colonial metropoles. Colonies provided raw materials, cheap labour, and agricultural products, while profits flowed back to imperial centers. Walter Rodney (1972) famously described this as the "underdevelopment" of Africa, noting that the wealth generated from African resources contributed to European prosperity, leaving African economies dependent and weak. This extractive model, central to colonialism, continues to shape global financial structures today, with the remnants of these colonial economic systems cementing the subordinate roles of post-colonial nations in global capitalism (Quijano, 2023).

Following independence, many nations in the Global South inherited economies designed for external consumption, primarily focused on raw material exports and the import of manufactured goods. This system reinforces dependence on the industrialized Global North (Escobar, 2023). Developing countries are often relegated to low-value activities like raw material ex-traction, while developed nations dominate high-value production, technological innovation, and finance (Bello, 2023). Economic policies and trade relation-ships dictated by Western-dominated institutions prevent diversification, leaving Global South economies vulnerable and reliant on the export of raw materials (Rodrik, 2023).

The Bretton Woods institutions—the IMF and World Bank—were initially designed to stabilize the global economy after World War II. However, from a decolonial perspective, these institutions have served as tools of neocolonial control, reinforcing global inequalities and perpetuating the coloniality of power. Joseph Stiglitz (2022) critiques these institutions for enforcing economic policies such as Structural Adjustment Programs (SAPs), which have disproportionately affected the Global South. SAPs, implemented in countries like Ghana and Zambia, required governments to cut public spending, devalue their currencies, and liberalize trade. These conditions, meant to secure loan repayments, resulted in widespread social and economic disruptions, deepening poverty, reducing access to essential services, and eroding local industries (Stiglitz, 2022).

In Zambia, for instance, the implementation of SAPs under the IMF led to the privatization of state-owned enterprises, resulting in significant job losses and a decline in living standards. The removal of subsidies on essential goods, along with currency devaluation, led to a sharp increase in the cost of living, further impoverishing the population (Saasa & Carlsson, 2023). Similarly, in Ghana, SAPs led to cuts in public sector employment and reductions in healthcare and education budgets, severely hindering human development indicators (Konadu-Agyemang, 2023). These examples illustrate how the current global financial architecture continues to exert colonial-style control over the economic policies of developing nations.

Decolonial theorists like Aníbal Quijano, Walter Mignolo, Frantz Fanon, and Boaventura de Sousa Santos argue that global trade policies reflect the continuation of colonial economic relations, wherein industrialized nations benefit at the expense of developing countries. These scholars contend that colonial power dynamics persist in modern economic structures, continuing to perpetuate inequalities that favour the Global North, while exploiting resources and labour in the Global South. Trade liberalization, often mandated by institutions like the World Trade Organization (WTO), exacerbates this inequality by pressuring developing nations to open their markets to foreign goods, while their own industries remain unable to compete with high-value products from the Global North (Bello, 2023). This dynamic replicates the colonial economic model, where the Global South is reduced to exporting raw materials while depending on manufactured imports, with the value added by technology and manufacturing concentrated in the Global North.

The global financial system, therefore, is not neutral; it continues to serve the interests of the Global North, where historical power imbalances shape the economic futures of formerly colonized nations. As Quijano (2023) argues, the “coloniality of power” remains deeply embedded in contemporary global finance.

Decolonizing the global financial architecture requires a comprehensive rethinking of the principles and practices governing international economic relations. This involves not only challenging the dominance of Bretton Woods institutions but also developing alternative frameworks that prioritize the development needs of the Global South. Scholars like Bello (2023) and Stiglitz (2022) call for the democratization of global financial institutions to ensure that developing nations have a greater voice in decision-making processes. Furthermore, new trade policies should support industrialization and diversification in the Global South, al-lowing countries to break free from their reliance on raw material exports.

Ultimately, decolonizing the global financial architecture is about addressing the structural inequalities that continue to disadvantage developing nations. This requires a critique of existing institutions and the creation of new economic paradigms that promote equity, jus-tice, and sustainable development. As Rodney (1972) noted overcoming the legacy of colonialism is not only about political sovereignty but also about economic self-determination—building economies that serve the needs of their people, rather than those of foreign powers.

Theoretical and conceptual framework

Decolonizing global financial architecture requires understanding its foundations in colonial legacies and imagining transformative alternatives. Decolonial theory serves as a critical lens, revealing how entrenched power dynamics, originating during colonial times, continue to define global finance. These enduring patterns—described by Aníbal Quijano (2000) as the “coloniality of power”—manifest in the dominance of Western-centric financial norms, institutions, and practices that perpetuate inequalities and dependencies in the Global South.

Coloniality in global finance is epitomized by institutions like the International Monetary Fund (IMF) and the World Bank. Though these bodies were ostensibly created to promote global economic stability, their policies often enforce Western financial models, prioritizing neoliberal principles such as deregulation, privatization, and austerity. SAP, implemented extensively in the 1980s and 1990s, are emblematic of these impositions, frequently exacerbating poverty and inequality in borrowing nations (Stiglitz, 2002). Recent critiques of similar dynamics emerged during the COVID-19 pandemic, as IMF-imposed conditions on emergency funding raised concerns about prioritizing creditor interests over public welfare in developing nations (Kentikelenis et al., 2022).

Decolonial theorists emphasize the need for a dual transformation; restructuring global financial institutions and decolonizing the intellectual frameworks underpinning them. The dominance of Western financial epistemologies, as Walter Mignolo (2011) argues, marginalizes indigenous and non-Western approaches, perpetuating an epistemic coloniality. For example, alternative frameworks like Buen Vivir in Latin America, which prioritizes communal well-being and sustainability, or African economic traditions emphasizing collective ownership, remain largely excluded from mainstream global financial discourse (Gudynas, 2011; Ndlovu-Gatsheni, 2021).

A conceptual re-imagining of global finance requires a comprehensive approach addressing cultural, political, and economic dimensions. Central to this is the redefinition of development. Traditional metrics, such as GDP inadequately capture human welfare and environmental health. Decolonial approaches advocate for alternative indicators that prioritize equity, sustainability, and resilience. This perspective has gained traction in recent initiatives such as the 2022 UNDP report which emphasizes inclusive and human-centered development models (UNDP, 2022).

Policy autonomy is another cornerstone of this framework. Developing nations in the Global South often face constraints imposed by financial institutions and donor conditionalities. These restrictions undermine sovereignty and impede the pursuit of locally appropriate strategies. For instance, during the 2023 BRICS+ summit, member states advanced proposals for an alternative development bank to finance infrastructure projects without imposing neoliberal conditions (Sundaram, 2023). Similarly, digital financial tools such as Nigeria's eNaira or blockchain-based systems offer promising pathways for enhancing financial independence and inclusivity (Akinyele et al., 2023).

Inclusivity in global financial governance is also imperative. Despite reforms, voting power within the IMF and World Bank remains disproportionately concentrated in the Global North. This inequity undermines the ability of the Global South to advocate for its interests. Proposals for democratizing these institutions include increasing representation, establishing regional financial mechanisms, and embracing alternative currencies. For example, the African Continental Free Trade Area (AfCFTA) seeks to reduce dependency on external markets by fostering intra-African trade and collaboration (Hartzenberg, 2023).

In summary, decolonizing global financial architecture requires integrating decolonial theoretical insights with actionable conceptual strategies. By redefining development, embracing cultural inclusivity, advocating for policy autonomy, and fostering regional cooperation, this framework envisions a world where financial systems serve all nations equitably. The increasing prominence of South-South cooperation and technological advancements offers tangible opportunities to challenge entrenched hierarchies and build a more just, sustainable global financial order.

Decolonizing global financial architecture

Decolonizing the global financial architecture is a formidable task, given the deeply entrenched power structures and systemic inequalities that define the current system. One of the central challenges lies in the enduring dominance of powerful states, particularly those in the Global North, and multinational corporations that benefit disproportionately from the status quo. The global financial system has long been shaped by neoliberal ideology, which emphasizes market-driven solutions and free trade as pathways to economic development. However, this approach often overlooks the needs and vulnerabilities of developing nations, prioritizing profits and economic growth over social justice and equity. Recent discussions, such as those at the 2023 BRICS+ summit, have called for alternative financial systems that promote equitable participation and reduce dependency on Western-dominated structures (BRICS Secretariat, 2023). Similarly, the policy shifts likely to be introduced by the Trump Administration post 2024, including tariff renegotiations and changes to multilateral trade agreements, underscore the fragility of current global financial arrangements (Global Policy Forum, 2024).

This concentration of power manifests in the way global financial institutions like the International Monetary Fund (IMF) and the World Bank operate. These institutions, historically dominated by Western interests, promote policies that align with neoliberal orthodoxy, of-ten at the expense of developing nations. For example, while the IMF's Resilience and Sustainability Trust introduced in 2022 aimed to address climate challenges, it has been criticized for imposing stringent conditions that undermine the fiscal autonomy of recipient nations (Kentikelenis et al., 2023). The incoming Trump Administration's anticipated withdrawal of support for certain global climate finance initiatives further complicates efforts to create an inclusive system, intensifying the North-South divide on climate and financial policy (Global Policy Forum, 2024).

Another significant challenge in decolonizing global finance is the vulnerability of developing nations to economic instability, which is often triggered by crises in the Global North. For instance, the COVID-19 pandemic exposed the fragility of global supply chains and the disproportionate economic shocks experienced by developing countries. Many nations in the Glob-al South faced severe declines in exports and foreign direct investment, as well as escalating debt burdens (World Bank, 2022). The incoming Trump Administration's pronounced trade policies, including heightened tariffs and renegotiated bilateral agreements, are expected to exacerbate these vulnerabilities, particularly for nations heavily reliant on U.S. trade partnerships.

Moreover, the 2023 BRICS+ summit emphasized the need for developing countries to mitigate such shocks by strengthening regional trade and establishing currency swap arrangements to reduce reliance on the U.S. dollar (BRICS Secretariat, 2023).

The dependence on foreign aid and loans presents yet another major challenge in the quest to decolonize global financial structures. Many developing nations, particularly in Africa and Latin America, rely heavily on financial assistance from external donors and inter-national institutions to stabilize their economies. However, this dependence often comes with stringent conditions, such as austerity measures and privatization mandates that exacerbate poverty and inequality. For instance, a 2023 analysis of Zambia's fiscal policies revealed how external debt restructuring agreements resulted in further cuts to essential public services, widening disparities in access to healthcare and education (Hickey & Mohan, 2023). Similar challenges are anticipated as new U.S. trade policies under the incoming Trump Administration push for stricter debt recovery mechanisms, complicating negotiations for debt relief in the Global South (Global Policy Forum, 2024).

One of the most enduring challenges to creating a more equitable financial system is the intellectual hegemony of Western economic models. For decades, global financial institutions, think tanks, and academic circles have promoted neoliberalism as the only viable path to economic development, sidelining alternative approaches that may be better suited to the specific needs of developing countries. This intellectual dominance has been critiqued in recent years, with growing recognition of alternative strategies such as the development financing models discussed at the 2023 BRICS+ summit. These models advocate for localized, equity-driven frameworks, drawing lessons from countries like China and Vietnam, which have successfully combined market-driven mechanisms with state-led interventions to achieve significant economic growth (Zhou, 2022; BRICS Secretariat, 2023).

The intellectual marginalization of alternative development models is compounded by the lack of meaningful representation of the Global South in global financial institutions. Decision-making power in these institutions remains disproportionately concentrated in the hands of wealthy nations, particularly the United States and some members of the European Union. Recent discussions at the BRICS+ summit emphasized the urgent need for governance reforms to democratize decision-making, with proposals to increase the representation of developing nations and introduce alternative financial mechanisms, such as the expansion of the New Development Bank's lending portfolio (BRICS Secretariat, 2023).

In addition to these intellectual and institutional barriers, the global financial system is also characterized by significant structural imbalances that make it difficult for developing nations to compete on equal terms with wealthier countries. The terms of trade, access to glob-al markets, and the distribution of global capital flows are heavily skewed in favor of the Global North. These structural inequalities are exacerbated by the dominance of the U.S. dollar as the global reserve currency, which gives the United States significant leverage over global financial markets. Recent calls for a multipolar currency system such as those articulated at the 2023 UNCTAD conference highlight growing efforts to reduce dependency on the dollar and diversify global reserves (UNCTAD, 2023).

The challenges to decolonizing the global financial system are multifaceted and deeply entrenched. The dominance of neoliberal ideology, the intellectual and economic marginalization of the Global South, the structural imbalances in global trade and capital flows, and the persistent dependence on foreign aid and loans all contribute to a system resistant to meaningful re-form. Achieving a more equitable global financial architecture will require a concerted effort to challenge these power structures, promote alternative development models, and empower developing countries to assert greater control over their economic futures. The growing influence of BRICS+ and South-South cooperation, coupled with recent technological and financial innovations, offers hope for a more just and inclusive global economy.

Decolonizing global finance requires dismantling entrenched structures and systems that perpetuate colonial hierarchies in the global economy. This process involves rethinking financial institutions, fostering alternative economic paradigms, and creating inclusive systems that empower the Global South. Recent developments, such as the 2023 BRICS+ Summit and pol-icy shifts under the 2024 Trump Administration, have underscored the urgency of these efforts. The BRICS+ Summit advocated for a multipolar financial order, emphasizing the need for collective financial strategies, while the Trump Administration's prioritization of unilateral trade agreements and stricter enforcement of dollar-based systems has exacerbated existing global financial inequalities (BRICS Secretariat, 2023; Global Policy Forum, 2024).

A decolonial global financial architecture would prioritize equity, justice, and sustainability, breaking away from neoliberal frameworks that dominate existing systems. Institutions such as the International Monetary Fund (IMF) and World Bank, often criticized for perpetuating the dominance of the Global North, require structural reforms to democratize decision-making and ensure equitable representation for developing nations. Increased voting rights and accountability mechanisms are essential to empower historically marginalized countries. In contrast, institutions like the New Development Bank (NDB) established by BRICS nations, and the proposed Pan-African Monetary Union/Fund (PAMU/PAMF) offer alternatives that align with the needs of the Global South. The envisioned PAMU, for example, aims to stabilize African economies through regionally tailored financial instruments, offering African nations a means to address crises without relying on dollar-denominated loans or conditionalities imposed by Western-dominated financial bodies (African Union, 2023).

Regional financial mechanisms are crucial for enhancing autonomy and reducing dependency on external markets. Frameworks such as the AfCFTA have strengthened intra-regional trade, fostered economic integration, and increased resilience against global financial shocks (Hartzenberg, 2023). The BRICS+ Summit also explored the potential for a shared reserve currency to reduce reliance on the U.S. dollar, offering a pathway for stabilizing trade and mitigating external vulnerabilities in the Global South (UNCTAD, 2023). The PAMF aligns with these goals by fostering African monetary integration and providing a dedicated fund to support infrastructure development, climate adaptation, and economic diversification across the continent (Ndung'u, 2023).

Technological innovations, such as Kenya's M-Pesa and Nigeria's eNaira, further demonstrate how digital tools can enhance financial inclusion, reduce trans-action costs, and bypass traditional banking barriers, thus providing a decentralized and accessible financial ecosystem for marginalized communities (Akinyele et al., 2023). The PAMU could integrate digital financial solutions to promote seamless cross-border trade, with a pan-African digital currency reducing dependency on external currencies and enhancing monetary independence.

A decolonial global financial system would integrate diverse economic models that challenge the one-size-fits-all approach of Western neoliberalism. Indigenous practices such as Buen Vivir in Latin America and African communal ownership models emphasize collective welfare, environmental stewardship, and long-term sustainability over short-term profit. These frame-works could reshape global finance to prioritize social and ecological well-being (Ndlovu-Gatsheni, 2023). Instruments such as debt-for-climate swaps and green financing mechanisms align financial systems with sustainability goals while addressing historical injustices. Scaling initiatives like the Green Climate Fund could ensure that climate adaptation efforts in the Global South receive adequate support, promoting both environmental and economic resilience (Schalatek, 2023).

However, the path to a decolonial global financial system is fraught with challenges. The dominance of the U.S. dollar as the world's reserve currency entrenches systemic inequalities, granting the United States disproportionate influence over global financial markets. This dependency allows the U.S. to export financial instability to other countries while insulating its own economy from external shocks. Efforts to reduce reliance on the dollar, such as currency swap agreements and the diversification of central bank reserves face significant resistance from entrenched power structures (UNCTAD, 2023). Additionally, the 2025 Trump Administration's unilateral trade policies, including the re-negotiation of global agreements, have further complicated efforts to establish multipolar financial systems and weakened cooperative mechanisms (Global Policy Forum, 2024).

Despite these obstacles, opportunities for transformation are emerging. South-South cooperation, as demonstrated by the 2023 BRICS+ Summit, has underscored the potential for unified efforts among developing nations to promote financial sovereignty. By advancing initiatives such as the expansion of the NDB and fostering regional financial institutions like the PAMU, the Global South can strengthen its bargaining position and reduce dependency on Western -dominated systems (BRICS Secretariat, 2023). Technological advancements, particularly in blockchain and digital currencies, offer innovative solutions for creating resilient and inclusive financial ecosystems. Kenya's M-Pesa and Nigeria's eNaira exemplify how digital currencies can facilitate cross-border transactions, democratize finance, and enhance economic autonomy (Akinyele et al., 2023).

Environmental sustainability is another critical component of a decolonial global financial system. The current emphasis on unchecked economic growth has had devastating environmental consequences, disproportionately affecting vulnerable nations. A re-oriented financial system would prioritize investments in green technologies and renewable energy, fostering practices that benefit both people and the planet. Collaborative initiatives such as the Green Climate Fund and debt-for-climate swaps are essential for aligning financial systems with sustainability objectives while addressing the unique challenges faced by developing nations (Schalatek, 2023).

A vision for a decolonial global financial architecture is emerging. It is one that embraces principles of equity, inclusivity and sustainability. This system would shift away from profit-driven, dollar-dominated frame-works toward cooperative mechanisms that empower all nations, particularly those in the Global South. The proposed Pan-African Monetary Union/Fund offers a concrete example of this transformation, providing a regional financial mechanism tailored to African needs and priorities. By building new institutions that center the voices of marginalized communities, embracing diverse economic models, and leveraging technological innovations, global finance can be transformed into a system that fosters justice and resilience. The growing influence of South-South cooperation and the momentum from recent initiatives, such as the BRICS+ Summit, offer tangible steps toward realizing this vision. The future of global finance must reflect the interconnected realities of a multipolar world, ensuring that all nations have an equal stake in shaping economic policies that promote development and sustainability.

Conclusion

The imperative to decolonize the global financial architecture has never been more pressing. As the world grapples with the legacies of colonialism and the pervasive inequalities perpetuated by current financial systems, it is essential to acknowledge and address the historical injustices that continue to shape economic realities for nations in the Global South. This paper has illustrated how coloniality manifests within global financial structures, highlighting the need for a comprehensive reimagining of these systems to promote equity, justice, and sustainability. The exploration of pathways for decolonization underscores the potential for transformative change through enhanced regional cooperation, the establishment of alternative financial institutions, and the integration of diverse knowledge systems and practices. By empowering developing nations to reclaim agency over their economic futures, we can create a more just and inclusive global financial landscape. The journey toward decolonizing finance is fraught with challenges, but it also presents an opportunity for a collective reimagining of a financial architecture that serves all nations equitably. As policymakers, scholars, and civil society actors engage in this critical work, the vision of a decolonized global financial architecture offers hope for a more just and sustainable economic future. It is imperative that all stakeholders commit to this transformative agenda, working collaboratively to dismantle the structures of coloniality and forge a new path towards economic self-determination and equity for all.

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Zimbabwe Journal of Applied Research
Volume 5, Special Issue (2025), pp. 15-26
www.lsu.ac.zw/journals

Global architecture of unfairness: A case of international credit rating agencies in Africa

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Abstract

This article discusses the biases, controversies, contradictions, and the 'shenanigans' of the international cred-it rating agencies in Africa. It focuses on the Big Three rating agencies namely Fitch Ratings, Moody's, and Standard & Poor's. It argues that the Big Three rating agencies are not neutral arbiters of financial, political and economic risks in Africa, as they purport to be. On the contrary, they are part of the global financial infrastructure of unfairness that has contributed toward the continued marginalisation, exclusion, financial subordination, and peripherisation of the African countries in the global financial economy. The article concludes by canvassing for the establishment of a Pan-African Credit Rating Agency that will come up with suitable methodologies, indicators, and rating processes that will be fair, credible, and relevant to the continent's historical, economical, and political contexts. By so doing, Africa will be able to delink itself from the tentacles of imperial credit rating agencies.

Keywords:

International credit rating agencies; Debt distress; Afro-decolonial thought; International financial subordination; Global debt unfairness

Introduction

Among the many global actors that act as financial and economic 'disciplinarians' to Africa today are the international credit rating agencies, especially the trio of the Fitch Ratings, Moody's Investors Services and Standard & Poor's. These are the self-ordained 'overlords' of sovereign ratings across the globe and are especially active in the Global South. In Africa, these institutions are part of a global financial network. This network includes the International Monetary Fund (IMF), the World Bank, the World Economic Forum, the World Trade Organisation and multinational corporations. Among these corporations are major Big Tech companies such as Google, Amazon, Facebook/Meta and Microsoft.

These entities are implicated in what Moyo (2025) refers to as the coloniality of finance. This system is responsible for the continued peripherisation of African countries within the global economy. The credit rating agencies act as market makers and have huge influence on sovereign states ability to access loans as well as the borrowing costs.

In recent years, the rating organisations have gained some influence and power in Africa largely because African governments are desperate for their endorsement in order to access global capital and financial markets for their development finance. Needless to say, African economies are finance starved. Their financing woes have been worsened by the declining levels of official development assistance and foreign direct investment as well as concessional loans from the IMF and the World Bank (see Moyo, 2021, 2024, 2025). This has left African countries with no option but to borrow from the more expensive global capital and financial markets that need international rating agencies to provide a seal of approval in the form of credit ratings.

Given the growing relevance of global capital and financial markets as important sources for funding for many African countries Angola, Ethiopia, Ghana, Kenya, Nigeria and Zambia, the role of credit rating agencies in providing standardised assessments of credit risks associated with investment on the continent has grown exponentially. To be clear, these rating agencies have gained power and influence particularly over the weak African economies thereby raising concerns over issues of cost of capital, debt slavery and financial dependency for the debtor countries. Like the duo of the IMF and the World Bank, these credit rating agencies are viewed in this discussion as active reproducers, sustainers and perpetuators of colonial matrices of power and reinforcers of colonial geographies of finance where Africa remains transfixed on the base of the pyramid of global geo-economic order (also see Moyo, 2024). For the avoidance of any doubt, the international credit rating agencies are owned, managed and controlled by global elites who de-rive profits from Africa's marginal position in the global financial system.

It is against this backdrop that this article discusses the biases, controversies, contradictions and the 'shenanigans' of the Big Three rating agencies namely Fitch Ratings, Moody's and Standard & Poor's. It argues that these credit rating agencies are not neutral arbiters of financial, political and economic risks in Africa as they purport to be. On the contrary, they are part of the global financial infrastructure of unfairness that has contributed toward the marginalisation, exclusion and peripherisation of the African continent in the global financial economy. Their operations are driven by the interests of global capitalist markets and other global financial and capital actors whose interests are well-served when Africa remains the Lilliputian of the world.

International credit rating agencies in context

In this era of global finance, African governments have been trying to diversify their sources of development finance. They have been seeking to raise capital for public infrastructure projects through attracting foreign direct investments, remittances, and official development assistance as well as public-private partnerships. Unfortunately, these financing mechanisms have not yielded the desired results. This has invariably led African governments and companies to bow at the alter of global capital and financial markets. Consequently, Africa's debt profile has dramatically shifted from largely concessional and oficial loans towards private participation (although China has also doled out huge financial resources in the form of loans to Africa). Broadly speaking, since the 2007/8 Global Financial Crisis, Africa has scaled up the value of foreign-currency-denominated bonds issued by African governments. As at 25 January 2025, a total of 21 African countries including Angola, Egypt, Ghana, Nigeria, South Africa and Zambia, had is-sued Eurobonds worth a combined total of US$155 billion on international bond market (Mutize, 2025). The credit rating agencies' opinions determine the tenor and the coupon rates of the bonds, and that is where the bigger problem is for Africa as will be explained shortly.

Loosely defined, international credit agencies are specialist commercial institutions that assess the ability of countries and corporates to service their debt obligations in line with the dictates of the contractual agreements with the lenders and creditors (Afonso, Gomes & Rother, 2007; Tswane, 2014; Loum, 2021; Corporate Finance Institute, 2022). The role of credit rating agencies is premised in theories such as Information Asymmetry theory, the theory of Reputation, the Principal Agent theory and the theory of Efficient Markets. A discussion of these theories however lies out the purview of this article. Suffice to say that scholars behind these theories suggest that credit rating agencies provide support for the finance-seeking countries and companies to gain access to the global markets, attract foreign direct investment and enhance greater public sector transparency (see Ahouassou, 2011). As suggested by the Information Asymmetry, Reputation, Principal Agent and Efficient Markets theories, the rating agencies provide invaluable information resources and assessment for investors, creditors and lenders and enable issuers of bonds to access funding in global capital and financial markets. In this role, the credit rating companies namely Fitch Ratings, Moody's and Standard & Poor's have been dominating the rating industry with a combined market share of over 95 percent. However, left leaning scholars including neo-Marxists, dependency thinkers and decolonial scholars are critical of what is viewed as the imperial role of the credit rating agencies in Africa and the rest of Global South.

It is important to state at this point that, it is generally impossible for African countries to issue foreign currency international sovereign bonds without first being assigned a rating by one of the Big Three international rating agencies. In this way, the credit rating agencies have become de facto gatekeepers to global capital access. They indirectly determine which countries have access to global capital and financial markets as well as the cost of capital in general. At the same time, the credit rating agencies play a role in decision-making process of where and when to invest as well as determine the interest that is paid to investors for sovereign borrowings by both countries and corporates (Standard & Poor's, 2014; The African Business, 2020).

In light of the oversized influence of the credit rating agencies in global finance, finance-starved African governments have been subjecting themselves to the external rating agencies in order to comply with the expectations of the capital and financial markets that demand ratings before investment. The sovereign ratings given by the credit rating agencies determine the image of the country in the eyes of investors, lenders, creditors as well as the global financial and economic institutions in general. A high credit rating is instrumental for attracting investments because many investors prefer rated securities over unrated ones of apparently similar credit risk (Luitel & Vanpee, 2018). On the other side of the ledger, poor ratings mean high risk and therefore high cost of borrowing.

To put it into perspective, international credit rating agencies use symbol grades to denote the ratings assigned to countries and companies. For example, AAA is seen as the industry standard and the highest grade. AA, A, and BBB are widely seen as the investment-quality securities while BB and below are speculative grades denoting higher credit risk or risk of default. To come up with rating grades the rating agencies use fiscal, monetary, economic and political indicators. However, the methodologies and criteria deployed by the credit rating agencies often fail to capture the unique socio-economic challenges and opportunities prevalent in Africa. This bias has led to lower credit ratings, increased borrowing costs, and limited access to capital for many African economies, hindering their development prospects (also see Scala, 2023). This is one of the reasons why the credit rating agencies are viewed in this discussion as part of the infrastructure of global coloniality, global capitalism and global financial subordination.

Politics of credit rating agencies

The neoliberal literature generally treats credit rating agencies as purely technical, economic, financial and monetary actors, while under-reporting their political dimensions. The point of departure for the present discussion is that credit rating agencies are not just financial, economic and monetary institutions but also hard-core political instruments of Euro-Western investors, lenders, creditors, and global elite. Muchhala (2022) rightly notes that one of the most effective tools in the hands of global capital 'is that of sovereign ratings issued by credit rating agencies which in turn influence a state's ability to access credit'. Notably, of the 31 African countries that have been assigned credit ratings by the three dominant credit rating institutions only Botswana, Egypt, Libya, Morocco, Mauritius, Namibia and Tunisia got investment grade while the rest were assigned junk status implying that they have high credit risk and the bonds they issue are highly speculative (see Mutize & Nkhalamba, 2021). This is perhaps the reason why in the recent years the heightened activities of credit rating agencies especially in Nigeria and South Africa have sparked some debates amongst academics, political leaders, economists, investors, civil society and ordinary citizens some of whom are querying the actual intentions of the credit rating agencies in Africa. More attention towards understanding how capitalist money, in the form of credit-debt relations empowers and enriches global capitalists, while impoverishing African states and their citizens is required. Paying attention to credit rating agencies enables us to highlight how the political economy of financial dependency has been sustained in Africa by a network of geo-financial actors in the form of rating agencies working along with the likes of the IMF and the World Bank.

As previously mentioned, an analysis of the geographies of rated countries clearly demonstrates that African countries are consistently given below investment grade and classified as unstable economies, yet there is no shortage of global investors, lenders and fund managers investing in those lowly rated bonds on the continent (Moyo, 2024). There are perennial claims in the media that some African countries will default and yet this has never deterred investors and lenders from investing in Africa's bonds. The junk status given to the majority of African economies imply that the African bond market is lucrative for investors (Mutize & Nkhalamba, 2021).

Viewed from this context, the credit rating agencies and global capital and financial markets are biased against the Global South and Africa in particular. Needless to say, there is ample evidence that many non-African countries such as Argentina, Brazil, Ecuador, Indonesia, and Philippines with relatively similar political and economic profiles with Africa are given favourable ratings meaning that their interest rates are far much lower than those paid by African countries (also see Barta & Johnson, 2017; Mutize & Nkhalamba, 2021; Moyo, 2024). This confirms the claim that these rating institutions are part of the global infrastructure of unfairness has been designed to marginalise African economies by serving the interest of global capitalists, trans-national capital class, transnational corporations, as well as the global geo-financial system.

There are also concerns that the credit rating agencies have been used to compel African governments to implement neoliberal policy prescriptions of the IMF and the

World Bank. It is common cause that any African country that infringes a conditional fiscal rule would receive the threat of a rating action from the credit rating agencies, even if violating the fiscal rule is in the best interest of the country (African Business, 2020). Not surprisingly, cred-it rating agencies in countries such as Cameroon, Cape Verde, Ghana and South Africa are rightly viewed as 'fear-mongering colonialists', 'organised economic gangs', 'thieves, liars and cheats' (see Mutize & Nkhalamba, 2021).

On the other side of the ledger, the capacity of credit rating agencies in predicting risks not just in Africa but across the globe is questionable. For example, they failed to predict the 1994-1995 Mexican crisis, 1997 -1998 Asian financial crisis, the 2007/8 Global financial crisis and the decline of commodity prices in 2013-2016. Apparently, the failure to predict the bankruptcies of Enron, WorldCom and Parmalat, in 2007, angered even their own patrons, the United States of America, which reacted with enforcing some legislative measures on the credit rating agencies. Quite ominously, the rating agencies had given very high ratings to a number of companies and financial institutions including Lehman Brothers, Bear Stearns and AIG, a few months before the Global Financial crisis in 2007, only for those companies and banking institutions to collapse on the basis of bad corporate governance. Thus, contrary to their claim that their rating models are objective and fairly applied across the countries, the truth is that the models of Fitch Investment, Standard & Poor's & Moody's are value laden, biased, political and harshly applied to African economies and other global South countries for the purposes of creating business environments in which global capitalists extract super-profits.

While as part of their forte, the credit rating agencies assess the transparency, openness and account-ability of bond issuers, evidence indicates that their operations are veiled in secrecy. To be clear, their ratings are based on non-verifiable and non-auditable information with the issuer allowed no legal recourse (Ryan, 2012; Gultekin-Karakas, Hisarciklilar & Ozturk, 2011). And yet the ratings that emerge out of those secretive operations directly affect millions of people. Quite cynically, whether the ratings are positive or negative, the investor is always the winner and the poor Africans are always the losers. It is therefore inescapable to conclude that the operations of the credit rating agencies especially in weak African states are part of a sinister project whose objective is to benefit global capitalism at the expense of the millions of Africans whose lives are affected by a single sentence or a letter denoting a 'junk status'.

Global architecture of unfairness

This section rearticulates the argument on global architecture of unfairness characterised by displays of subjectivity and biases against African countries and beyond. It is noted here that African countries have been subjected to downgrading by Fitch, Moody's, and Standard & Poor's more than any other region globally. There are many examples in Africa where countries have been downgraded for policies that while, meant to improve the lives of citizens, were not in sync with neo-liberal policy prescriptions favoured by the credit rating agencies for their imperial interests. For example, South Africa has on several occasions been downgraded to junk status because of the threat of land expropriation. More cynically, in 2020, South Africa was warned by credit rating agencies against its R500 billion stimulus package aimed at cushioning the economic impact of COVID-19, citing that it will result in rising public debt (Dlula, 2020). The stimulus package included measures such as food parcels for the needy, and the Temporary Employer/ Employee Relief Scheme (TERS) to support workers affected by the pandemic. On other hand, Kenya was threatened with downgrade for its delay in implementing value added tax (VAT) on fuel products and proposal to remove petroleum tax both of which are neoliberal policies that are oftenly prescribed by the Bretton Woods Institutions (see Mutize & Nkhalamba, 2021).

It is also instructive to note that when the COVID-19 erupted, the majority of the Euro-Western economies including the European Union members states, the United Kingdom and the United States engaged in extreme forms of expansionary fiscal policies as part of their responses to the pandemic. Ironically, they were rewarded with first class ratings by the same credit rating institutions that condemned African countries to 'junk status'. Take for example, Angola, Botswana, Cameroon, Cape Verde, Ethiopia, Gabon, Nigeria, Seychelles, Tunisia, South Africa and Zambia were downgraded at the height of the deadly COVID - 19 global pandemic in 2020 for the same policies that the United States and United Kingdom and European Member States were rewarded for (African Union Report, 2020). This brazen segregation confirmed that credit rating agencies are part of the huge economic, financial and political global network that works against the development interests of Africa.

What is perhaps intriguing to some observers of the goings-on in Africa is that despite being down-graded to junk status, most Africa's long term sovereign bonds are oversubscribed and international investors are willing to commit themselves to long term investment period of between 20 and 30 years. The question which begs the answer is why would bonds that are classified as junk status and highly risky be attractive to investors? As explained, the answer is simple, the downgrades of African bonds are meant to benefit the capitalist interests. This assertion was confirmed by a Michigan University study which estimated that African sovereigns were paying a premium of 2.9 percent more than the rest of the world (African Business, 8 October 2020).

Thus, while the downgrades are extremely costly for the African countries and businesses, they are lucrative for the global investors and lenders.

This attraction suggests that African bonds are not junk as purported by the credit rating agencies. They are lucrative, high yielding, and profitable for the investors, lenders, and creditors, of course at the expense of Africa. It is instructive to note that the countries of the Organisation for Economic Co-operation and Development (OECD) and China as well as other emerging Asian economies have pro-vided huge investments into Africa in the form of concessionary loans which are not subject to credit ratings. These loans are a clear indication that African countries are not as 'junk' as Fitch, Moody's, and Standard & Poor's would like African governments to believe. For all we know, the capital markets have brisk businesses in Africa than anywhere in the world. Thus, the majority of the downgrade ratings in Africa are just a ploy to ensure that the continent does not get the value for its issued bonds.

The African Development Bank is a typical exemplar of the biases and contradictions of the operations of the rating agencies and global capital markets. Despite being assigned a triple A rating, the African Development Bank receives a 20-year maturity while the maturity of the loan-required to finance African infrastructure projects is at least 30-years (Songwe, 2019). Such a mismatch restricts the scope of intervention by the African Development Bank and consequently limits access to funding for countries affiliated with the institution (Loum, 2021). African countries tend to experience a similar treatment in funding their infrastructure facilities. As discussed, majority of them are assigned junk status, they receive a 10-year maturity loan which is too short and expensive for long term projects. As such, access to longer financial term is restricted and the cost of borrowing for many African countries is higher than any other region globally.

The ratings of the West African countries affiliated to the French managed Communaute Finaciere d' Afrique (CFA franc) demonstrate the brazen biases of the credit rating agencies against Africa. It will be noted that the use of CFA in West Africa was justified as a form of help to the Western and Cen-tral African economies (Moyo, 2024). The use of CFA was justified as a way of facilitating the flow of exports and imports as well as a way of ensuring currency and economic stability in that region. Ironically, France which uses the same CFA with West and Central African states is rated AA while African economies are rated 'junk' (see Mutize & Nkhalamba, 2021). Similarly, prior to the eruption of the

COVID-19, the rating agencies had assigned better rating to countries with crises conditions in Europe such as Greece, Portugal and Italy and yet when it came to fasted growing African countries including Ethiopia, Cote d' Ivoire, Rwanda, and Senegal, the rating agencies refused to upgrade them citing the COVID-19 pandemic as a reason. Clearly the said crisis was not a reason to down-grade European countries but it was a reason not to upgrade the fasted growing African countries. To date, no African country has ever been upgraded from 'junk status' to investment grade, in spite of their relatively high economic growth levels and the long-term economic potential. African countries that have improved their economic indicators are condemned by credit rating agencies who dis-miss those indicators as fragile.

There is no denying the fact that there was a slowdown in economic activities as African countries went into economic lockdown as part of the measures implemented by governments across the continent to contain the spread of COVID-19 (African Report, 2020). However, the unfortunate problem of COVID-19 was used to downgrade African countries. Eleven countries namely Botswana, Cameroon, Cote d'Ivoire, Egypt, Ghana, Kenya, Mauritius, Morocco, Nigeria, Senegal, South Africa and Zambia were downgraded at the height of COVID-19 pandemic. Of these, Angola and Nigeria were downgraded twice whilst South Africa and Zambia suffered downgrades three times each. On the other hand, Senegal, and Cote d'Ivoire have been placed on review for downgrading as the economies are involved in the G20 debt service suspension initiative (Loum, 2021; Mithia, 2023). While it is true that the richer countries of the global North are more diversified economies and resilient to shocks than economically vulnerable economies of Africa and other Global South countries, it is also true that the shock delivered by COVID-19 was evenly felt across all global economies. However, debt accumulation has been twice as large for advanced economies compared to the emerging markets and developing economies (Mithia, 2023). It is therefore baffling that the credit rating agencies subjected a number of African economies to more extensive downgrades while the rich countries' ratings remained largely untouched (Grifith-Jones & Carreras, 2021; Tran et.al., 2021). It can only be reasoned out that credit rating agencies were selective and biased against Africa in their ratings of the economies during COVID-19 global pandemic and they continue to be biased in the post-COVID-19 era.

Among the most troubling issues regarding the credit rating agencies in Africa is that the agencies stand as gatekeepers against countries that sought debt relief in the context of the COVID-19 pandemic. Available evidence indicates that any country that entertained the idea of debt relief was threatened with downgrading by the cred-it rating agencies (Mithia, 2023). For example, in 2020 Ethiopia's rating was lowered following Addis Ababa's request for a debt relief under the G20 Common Framework for Debt Treatments beyond the Debt Service Suspension Initiative (DSSI) (Grifith-Jones & Carreras, 2021; Mithia, 2023). Ethiopia's sin was signaling its willingness to approach private creditors for debt restructuring. Although the intended debt restructuring did not happen, the credit rating agencies claimed that the idea itself deserved to be punished through a downgrade. Similarly, Moody's downgraded Cameroon precisely because it agreed to participate in the debt service moratorium under the Debt Service Suspension Initiative (DSSI) initiated by the G20 countries and other multilateral institutions to free up financial resources for governments to buttress their health services. To be clear, multilateral debt is classified as official debt in rating criteria and does not lead to defaults, hence participating in debt moratorium of official multilateral debt should neither be considered as default nor debt restructuring.

Unsurprisingly, the negative rating actions during COVID-19 era caused a spike in interest rates, forcing some countries to abandon their plans to access global markets. This is also posed a challenge in mobilising resources to support policy responses to COVID-19 as investors became more risk averse. For example, investors demanded high interest rates on existing Eurobond of all tenors. The worst affected country was

Zambia, whose 10-year Eurobond yields increased from an average of 19.6 percent to 38.7 percent depending on the tenor (African Union Report, 2020). This is a clear example of international credit agencies acting and behaving like economic and financial overlords thereby eroding the sovereignty and independence of the African governments.

Lastly, the 'junk status' rating for African countries is contestable and controversial. As discussed, the most glaring contradiction exhibited by credit rating agencies is when 'junk' bonds are classified as highly risky and speculative, These bonds should, in theory, be difficult to sell. Yet, almost all long-term sovereign bonds issued by African countries are often oversubscribed. International fund managers actively pursue these investments, consistently building high-yield curves that encourage African governments to issue sovereign debt with varying maturities and covenants. These commitments and interests are proof that the creditworthiness of most African states may not be as risky as often portrayed by the credit rating agencies (APRM, 2020). No wonder why African policy makers, academics, media and civil society have over the years accused the Big Three for what some have called imperialist tendencies.

Broad implications of rating organisations

The argument made throughout this article is that credit rating agencies are agents of financial imperialism and international financial subordination. Available evidence shows that African governments that craft economic-blueprints contradicting the neoliberal policy prescriptions risk being downgraded to a junk status by international rating agencies (Fofack, 2021; Moyo, 2024). As such, the credit rating agencies alongside the IMF, the World Bank and the World Trade Organisation have assumed the role of being arbiters of Africa's policies and policy spaces. They covertly determine the economic, financial, monetary, and investment policies on the continent without coercion. This is a classic example of how global coloniality operates to perpetuate colonialism without colonisers. While African countries continue to believe in the illusion of sovereignty, the reality is that more and more African governments have little control over their economic and development policies.

What is more troubling is that African countries pay the international credit rating agencies for them to be rated. By so doing, African governments directly participate in their own marginalisation and disenfranchisement in the global financial economy. To be clear, African countries as the issuers of bonds pay for the rating costs to the credit rating agencies but the rating results are published for use by the investors, lenders and creditors. Thus, in reality Af-rican countries pay for information that is used by global capital markets in most cases to raise interest rates of the issued bonds (see Mutize & Nkhalamba, 2021). In other words, African countries incur double losses through paying for information they hardly use and the resultant ratings which squeeze them through high interest rates.

It is also concerning to note that during the commodity bonanza in Africa, where the economies of many countries including Ethiopia, Cote d'Ivoire, Rwanda, Senegal, and Tanzania grew at an average of 5.5 percent, the credit rating agencies hardly revised their ratings for these countries. While these countries were viewed at the time as investment hub as they grew much faster than the rest of the world and certainly above the Euro-Western countries, it is a fact that those Euro-Western countries still enjoyed better ratings from the Fitch, Moody's and Standard & Poor's thereby confirming the regional and political biases of the credit rating agencies.

It should also be reiterated here that subjective ratings increase the cost of servicing debt, leaving cash-strapped countries in a difficult position where they must choose between repaying debt and feeding the population. Additionally, non-objective credit ratings also reduce the amount of investment these countries receive, as they are perceived to be riskier than they really are. These negative impacts can occur even if the inaccurate credit ratings are not due to conscious bias, but rather to inadequate data and/or subjective methodologies (New Era, 2023).

Overall, it must be reiterated that although rating agencies insist that their ratings are opinions and not recommendations to buy, sell, or hold a security, their ratings have an impact on the conditions under which borrowers' access debt markets (Chirikure, Abimbola & Chelwa, 2022). Their poor credit ratings for a country signal higher risk and tend to result in higher costs of borrowing from international capital markets. Today, for many African economies, interest repayments constitute the highest and fastest growing portion of expenditure with interest rates between 5 percent and 16 per-cent on 10-year government bonds compared to near-zero to negative rates in Europe and the United States (also see Chirikure, Abimbola & Chelwa, 2023). Consequently, international rating agencies have contributed to a host of problems in Africa including the deepening of the debt colonialism, financial imperialism, financial dependency and capital outflows. It is for these reasons that this discussion recommends that Africa should reduce its reliance on existing credit rating agencies and call for suspension of sovereign downgrades during times of debt distress to prevent the worsening of debt distress (Muchhala, 2022). Just like China and the European Union, Africa must create its publicly owned and multilateral credit rating agencies.

Conclusion

The central proposition of this article is that international credit rating agencies namely; Fitch, Moody's, and Standard & Poor's have gained power and influence in Africa as the dominant sovereign rating organisations. Just like the IMF, the World Bank, the World Trade Organisation and the World Economic Forum as well as the Silicon Valley based tech giants such as Google, Apple, Facebook/Meta, Amazon and Microsoft, these credit rating agencies are enablers and agents of global coloniality, financial imperialism, and glob-al capitalism. The arguments presented here show that among the wide range of disciplinary tools deployed by the Global North and its various economic institutions, credit rating agencies appear to be some of the most effective in enforcing neo-liberal policy prescriptions in Africa. Some of the criticisms levied against the Big Three credit rating agencies are that they are quick to downgrade African countries but very slow when upgrades are due; they fail to accurately account for risk perception; they do not consult adequately with stakeholders; and they lack independence and objectivity (Mutize, 2023). As such, the African countries should delink themselves from the shackles of the Euro-Western credit rating agencies whose activities are biased against the continent. To this end, the best foot forward for Africa is to set up its own credible Pan-African Credit Rating Agency that will come up with suitable methodologies, indicators, and rating processes that are fair, credible, and relevant to the continent's historical, economical, and political contexts. By so doing, Africa will be able to delink itself from the tentacles of imperial credit rating agencies.

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Zimbabwe Journal of Applied Research
Volume 5, Special Issue (2025), pp. 27-40
www.lsu.ac.zw/journals

The question of transparency and accountability in Zimbabwe's contraction of Chinese debt

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Abstract

Zimbabwe is one of the African countries with a heavy sovereign debt burden. Having defaulted on its debt service obligations at the turn of the century, the expectation was that no state or institution would be willing to offer loans to the country. China however emerged at this time to do just that and began offering bilateral credit lines in the form of concessional loans, commercial and zero-interest loans as well as buyer's credits. Zimbabwe has also accessed Resource Backed Loans from China collaterised by minerals such as diamonds. Although such loans have come as a huge relief to the Zimbabwean government, the opacity that clouds the contraction of the loans is a cause for concern. Some of these loans have reportedly to been contracted with-out the knowledge of legislative institutions resulting in lack of effective oversight. Lack of public disclosure of the finer details of such loans, the lack of transparency in terms of the details of their disbursement and use is also problematic. Overall, it becomes difficult to estimate how much the country owes to China at any given time. This paper adopts a qualitative narrative approach and delves into this contentious issue through a thorough review of documentary evidence and related literature sources. It ends by proposing the need for proactive calls from civil society, academia and the legislature for greater transparency and accountability in the contraction, disbursement and use of the loans.

Keywords:

Africa; China; Debt; Development; Transparency; Zimbabwe

Introduction

The debt problem in Africa has hogged the limelight for some time. Indeed owing to its implications on African countries' socio-economic development, debt has been a major focus of scholars and Non-Governmental Organisations (NGOs) alike (see Ezenwe 1993, Hatabetal, 2024, AFRODAD, 2024). The proportion of debt to Gross Domestic Product (GDP) in most African countries is disproportionately high and this squeezes the fiscal space for these states with attendant negative impacts on industrialization and employment creation. The bulk of African countries' debt is owed to multilateral lenders or International Financial Institutions (IFIs) such as the International Monetary Fund (IMF) and the World Bank, the Paris Club group of lenders mainly composing of developed countries as well as private sources. In 2020, Africa's total debt burden was US$696 billion. Of this amount, 12 per cent was owed to China. The heavy debt burden on African countries has led some scholars to perceive debt as a continuation of colonialism, hence the term 'debt colonialism' (Chaker, 2021). After all, the former colonial powers as well as the United States of America (USA) have significant shares in IFIs, giving credence to the debt colonial-ism narrative.

One important point to note regarding loans given to developing countries by IFIs is that they come with political and economic conditionality which are ostensibly intended to promote transparency and accountability. This is what is commonly referred to as the Washington Consensus. For in-stance during the infamous Structural Adjustment Programmes (SAPs) era, African countries were directed to privatize a number of State Owned Enterprises (SOEs) and introduce fees for formerly free services in areas such as health and education with deleterious implications for human development and political stability. This neoliberal experiment appears to have failed to deal with the root causes of poor economic performance and growing indebtedness in Africa, that is, a biased global economic system that does not allow for meaningful industrialization in the peripheral regions of the world.

The debt burden on African countries has seen some of these countries defaulting on their payments. In 2023, twenty-three African countries were in debt distress and three had defaulted (de Kluiver, 2024). Ghana (2023), Mozambique (2017) and Zambia (2020) among others defaulted in their Eurobond coupon payments. It is also suspected that since 2016, a significant number of African countries defaulted in their Chinese loan repayments. This scenario has in turn led to the introduction of debt relief mechanisms such as the Debt Service Suspension Initiative (DSSI) that has helped especial-ly Least Developed Countries (LDCs). The DSSI, launched in 2020, 'temporarily suspended debt service payments for poor countries to help them manage the economic impact of the (Covid-19) pandemic. When the DSSI expired in 2021, countries became dependent on the Common Framework for support' (ISS, 2024, 5). Besides multilateral arrangements, a number of African countries have also embarked on bilateral debt restructuring arrangements with creditors to ensure some form of debt relief. African and other developing countries' debt burdens have amplified calls for 'debt justice' especially by local and international civil society organisations who focus on issues of development. For example, one such organisation 'Debt Justice', formerly known as Jubilee has been vocal regarding the negative implications of unjustified levels of debt in developing countries.

While the Washington Consensus has dominated the field of international credit finance since the end of the World War 2, the emergence of a non-conditionality credit system largely championed by China has presented a big challenge. Although China has historically given bilateral loans through its policy banks, the launch of the Forum on China Africa Cooperation (FOCAC) in 2000 turned a page in this regard. Around that time China began giving significant amounts of loans to African countries mainly for infrastructural development. Indeed, in a continent where the annual infrastructure gap currently stands at US$100 billion, a new source of loans came highly appreciated (Devex Group, 2024). Since the launch of the Belt and Road Initiative (BRI) in 2013, Chinese companies have signed more than US$700 billion worth of contracts for infra-structure development (Voice of America, 2024). Chinese loans also amplified the system of debt contraction through what are known in academic and development parlance as Resource Backed Loans (RBLs) where African countries would take a loan guaranteed by the supply of an important resource or revenue generated from sell-ing that resource (Coulibaly, 2024). Examples of such resources include oil, diamonds, cocoa and chrome among others. Resource backed loans are usually availed to countries that cannot easily have access to credit but having an abundance of natural resources in their possession. In development and academic discourse, this system of project financing has come to be known as the 'Angola Model' stemming from the Southern African country's receipt of significant post war reconstruction loans from China guaranteed by the supply of oil (Corkin, 2011).

Resource backed loans have received their fair share of criticism. For example, the World Bank has highlighted the lack of transparency for most of the RBLs taken by African countries. In their report they state that 'we recently analysed a sample of 30 resource-backed loans extended to central governments and state-owned-enterprises in sub-Saharan Africa from 2004 to 2018—totaling US$46.5 billion, or nearly a tenth of the continent's new borrowing during this period. Despite the size of the loans, little information was available on their terms' (Estevao, Rivetti & Mihalyi, 2022). They also further state that RBLs are rather expensive when compared with other types of loans, giving the example of Chad, which restructured its loan with Glencore in 2015, but was still paying an all-in cost of 8 per cent on its fully collaterised loan, before they restructured it again in 2018. The President of the African Development Bank, Akinwumi Adesina also expressed reservations regarding RBLs in Africa stating that 'I think it's time for us to have debt transparency account-ability and make sure that this whole thing of these opaque natural resource-backed loans actually ends, because it complicates the debt issue and the debt resolution issue' (African Development Bank, 2024)

China has also been criticized for creating appetite for borrowing by African countries that are already heavily debt burdened and this in violation of the African charter on borrowing (Tinarwo & Babu, 2022). This has given credence to accusations of an alleged Chinese 'debt trap' in Africa leading to more debt distress. Zambia's default on Chinese loans also gives testimony to this point (Brauti-gam, 2021). The Chinese loan regime is also different in the sense that they come as part of a larger geo-political and geo-economic strategy. Thus, the Chinese government occasionally reschedules the repayment of loans by African countries together with increasing the grace periods especially in periods of global emergencies such as the COVID-19 (Verhoeven, 2022). Additionally and probably for political and diplomatic reasons, IFLs are occasionally cancelled for a number of African countries, with the latest round of cancellations have occurred in the first quarter of 2024.

Perhaps, one important point to highlight is that the projects constructed with Chinese funding are reportedly not subjected to competitive bidding processes with non-Chinese contractors. They normally compete amongst themselves meaning there is an unwritten rule that Chinese contractors should be the ones to build China-funded projects (Brautigam, 2010). This has been termed 'tied aid' which speaks to some form of conditionality with Chinese characteristics. Such contractors, as the isolated case of Zambia attests, can also influence African countries to borrow for uneconomic projects simply because they (the contractors) want to make money and because they give political capital to African ruling parties during election seasons. This is how Zambia's debt was co-created by both contractors and Zambian government officials (Brautigam, 2021). As a result of continued borrowing, a number of African countries have become heavily indebted to China although not at the same scale of their indebtedness to IFIs. As China has become Africa's largest bilateral lender, a number of

African countries have contracted sizeable amounts of debts. Among these, Angola owes US$21 billion, Ethiopia owes US$6.8 billion, Kenya owes US$6.7 billion and Zambia owes US$6.1 billion. As of 2022, the total African debt to China stood at US$90 billion (Bloomberg Economics, 2024). At the September 2024 FOCAC summit, of the US$50 billion pledged by China to Africa for different purposes, US$30 billion is earmarked for credit lines over the next three years, indicating China's reafirmation of its role as an important alternative source of development finance for Africa after the turbulence of Covid-19 (Herald, 2024).

Perhaps more importantly, a lot of African countries' contraction of Chinese loans have been associated with lack of transparency and accountability resulting in the public not knowing how much is owed to China. This lack of public disclosure is a problem caused by both the African side and the Chinese side since the agreements signed should contain clauses of public disclosure according to international best standards. This however appears not to be the case in most instances.

Methodology

This paper is premised on a qualitative review and analysis of government documents, newspaper articles as well as specialised publications of re-search organisations and international institutions. The use of secondary sources for data gathering has its own disadvantages in the sense that the evidence is not coming directly from the participants or respondents' mouths but the data sources used in this paper are highly reputable and credible. This is also coming against a backdrop of dificulties in accessing primary data from Zimbabwe government offices as well as relevant Chinese sources regarding debt matters under discussion in this paper.

History of debt in Zimbabwe

Chimhangwa (2020) avers that Zimbabwe inherited US$700 million debt from the Ian Smith government, which the Rhodesian government had used to acquire artillery to thwart the resistance of the guerilla fighters. To add to already existing debt, former President Robert Mugabe gave in to pressure to get loans and borrowed US$2 billion for reconstruction and development. By the early 90s Zimbabwe opted for bailout packages from the International Monetary Fund (IMF) and the World Bank. However the loans came with conditions that Mugabe transforms a socialist economy into a liberalised economy and implement an Economic Structural Adjustment Programme (ESAP). Cutting back on public expenditure, would go on to weaken the economy, cut jobs and cause social unrest. Pressure from the war veterans to receive compensation, food riots and Zimbabwe's participation in the DRC war beginning in 1998 further sunk the country into debt distress. Following the war veterans payout in 1997, Mugabe defaulted on debt payments for the first time, spelling the beginning of Zimbabwe's debt crisis as IFIs locked out the country from the financial system.

Despite clearing the IMF outstanding debt of US$107 million by October 2015, Zimbabwe is still unable to access funding from the Bretton Woods Institution because the country owes the World Bank and AfDB among other lenders. According to the parupassu principle, a country must repay all outstanding loans to other related institutions to get fresh funds. Dzirutwe (2020) notes that US$3.5 billion was added to the country's debt stock after the country agreed to compensate former commercial farmers for improvements made on their farms before they were removed during the 2000 land reform programme to resettle landless Blacks. While the initial plan was to settle the debt over 20 years through floating treasury bills, the government last year reduced the payment period to 10 years. Ac-cording to Zimcodd (2021) the country's debt arrears from unpaid interests and penalties rose 54 percent in 2006 to 72 percent in 2020. The Minis-try of Finance, in its 2024 midterm budget review, notes that the total debt stock is US$21 billion and the government has been making periodic token payments to 16 members of the Paris Club.

Debt repayment roadmap

Zimbabwe's first major headway towards settling debts to the IFIs began in 2015 in Lima, Peru. This was part of Mugabe's ZimAsset programme where the government earmarked to achieve an IMF Staff Monitored Programme (SMP) by March 2016, clear IMF, World Bank and AFDB arrears by June 2016. Under this plan Zimbabwe only managed to clear the IMF loans. A successful external payment of arrears was supposed to send positive signals, reduce the perceived risk premium and unlock credit lines. However, Mpofu (2017) notes that the Lima plan failed due to usurious interest rates, high costs of mortgaging of mineral resources, the absence of a sustainable economic recovery plan and lack of political will to implement reforms. Nearly five years after the Lima plan failed, Zimbabwe embarked on another debt arrears clearance plan, this time courting the expertise of AfDB president Dr Akinwumi Adesina and former Mozambican President Joachim Chissano under the Structured Dialogue platform.

Several meetings have been held since January 2022, with commendable progress reported by the government but the process has suffered major set-backs. Mawere (2024) notes that in January 2024, the US pulled out of the debt talks citing lack of political reforms and irregularities during the 2023 elections. Chingono (2024) also postulates that the US wants to see tangible reforms before returning to the negotiating table. While the process has since 2023, stalled, the Ministry of Finance which is leading the programme says the arrears clearance programme remains on track with the government aiming for a new SMP by October 2024 to pave the way for debt clearance (Ndlovu, 2024). Speaking at Zimbabwe's High-Level Debt Resolution Forum in May 2023, Adesina (2023) described the country's debt burden as a 'backpack of sand,' hindering its economic progress. This is an acknowledgement that the country's debt situation remains unsustain-able. Even in Parliament, the unsustainable debt situation has become a cause for concern. During a debate focusing on the 2024 Mid Term Budget and Economic Review debate in the Zimbabwean parliament on the 14th of September 2024, opposition MP Corban Madzivanyika said Zimbabwe's public debt had 'spiraled out of hand' (Efficacy News, 2024). During the same debate, The Budget and Finance Parliamentary Committee chairperson, Clemence Chiduwa also lamented that 'It is clear that the debt question has gone out of hand for Zimbabwe. Let us be honest with each other. Only last year, by December 2023, our debt position was US$17 billion but it ballooned by more than US$3 billion to US$21 billion', something that the committee agreed was caused by shady and opaque deals (Efficacy News, 2024). This lack of transparency is also highlighted in this paper as a major contributor to Zimbabwe's unsustainable debt load.

Zimbabwe's debt obligations to China

Zimbabwe has received significant amount of loans from China since the turn of the century. Zimbabwe's censure by the West as a result of its imple-mentation of a chaotic land reform programme as well as state sponsored political violence against opposition parties led to serious economic challenges in the country. In fact, the sanctions added fuel to the fire of a comatose economy which was already in a downward spiral also owing to unbudgeted pay-outs given to the country's liberation war veterans in 1997 as already alluded to. All this contributed to Zimbabwe's default in servicing its debt to IFIs and other creditors. Coincidentally, this is the era in which China, under its 'going out' policy, was starting to seriously flex its economic muscle through various initiatives including giving out loans through its policy banks. Because of Zimbabwe's close ties to Beijing, a number of loans and grants have been made available to the Southern African country, contributing to modest infrastructural, economic and social development.

The creditor-debtor relationship between China and Zimbabwe goes back to the 1980s. Former President Robert Mugabe's visit to China after his country's independence was in 1985 where Zimbabwe was given a loan of US$55 million by the Chinese government (Chun, 2014). The National Sports Stadium was built by the Chinese in the 1980s as a result of a Chinese zero-interest loan and it was again renovated around 2006 owing to another ze-ro-interest loan from China (Herald, 2012). In the 1980s again, Zimbabwe received funding for the construction of Chinhoyi hospital and the Chinese got the contract to erect the structures.

However the most notable loan agreements be-tween China and Zimbabwe became more pronounced after 2010. The Kariba South Hydro Electric Extension project is an example. Built and completed by Sinohydro between 2014 and 2018 as an Engineering Procurement Contract at a cost of US$555 million, the project added 300 Mega Watts (MW) to the national grid although low water levels in lake Kariba have drastically impacted on the power station's ability to generate electricity (NS Energy, 2023). The bulk of the funding came from the Export Import (EXIM) Bank of China at a concessionary rate of around 2 per cent (NS Energy, 2023).

Another notable loan deal is the Hwange Units 7 and 8 project also undertaken by Sinohydro. Commissioned on 23 August 2023 by President Emmerson Mnangagwa, Hwange Units and 8 are expected to produce a combined output of 600 Megawatts of electricity to alleviate Zimbabwe's critical power situation. The works commenced in 2019 following a loan deal signed in 2014 between the Chinese and Zimbabwean government officials. The US$1.5 bil-lion deal was given the final green light by Chinese President XI Jinping on his official visit to Harare in 2015 (Ministry of Foreign Affairs of the People's Republic of China, 2015). The Hwange Units 7 and 8 construction project was made possible by a loan of US$1.174 billion from the China EXIM Bank 80 per cent payable at a concessional rate of 2 per cent per annum and 20 per cent at a commercial rate of 5 per cent per annum. The remainder of the amount would be paid by the Zimbabwe power company to cover for administrative costs (Zimbabwe Power Company, 2013).

In the Information Communication Technology (ICT) sector, Tel One-a state owned communications company received a loan of US$99 million in 2015 to expand its fibre optic network. NetOne - a state owned mobile network provider also received US$71 million loan, through a deal signed with Chinese telecoms giant Huawei in Decem-ber 2017, to expand its network reach to remote areas and build 250 base stations around Zimba-bwe (Techzim, 2020). In 2011, the same company had received a loan of US$60 million and a further US$290 million in 2014. Most of these loans came from China EXIM Bank and are payable at conces-sional rates of around 2 per cent (Chronicle, 2023).

Zimbabwe also received loans from China for the modernisation or expansion of its major airports. In 2012, US$164 million was availed to the Zimbabwean government by the China EXIM Bank for the refurbishment of Victoria Falls International Airport in the resort town of Victoria Falls. In 2018, another disbursement from China EXIM Bank of US$152 million was made for the expansion of Robert Gabriel Mugabe International Airport (Africa News, 2019). In 2022, the Zimbabwe-an government revealed that they had received a US$200 million resource backed loan from China guaranteed by 26 million ounces of platinum in the Selous area of Mashonaland West Province (ZIM-CODD, 2021). As at December 2023, Zimbabwe's Ministry of Finance and Economic Development claimed that the country's total debt to China was at US$2 billion (Zimbabwe Annual Public Debt Bulletin, 2024).

It is also important to note that Zimbabwe has also received a number of grants over the years. A few can be highlighted here. Perhaps the best known project to have been funded by a Chinese grant today is the Zimbabwean parliament. Built by the Shanghai Construction Group as a 'donation' from China at a cost of US$200 million, the new parliament building was officially handed over to the Zimbabwean government on 26 October 2023 (China Daily, 2023). The new parliament com-plex is situated in Mt Hampden about 20 km west of Harare and is lauded as a sign of the enduring 'all weather' ties between Zimbabwe and China. Among other benefits, the Chinese funded structure is said to have alleviated space challenges that plugged the colonial era structure that had been used as a legislative chamber for nearly a century.

Another project funded by a Chinese grant is the US$30 million Agriculture Technology Demonstration Centre (ATDC) established in 2012 at Gwebi Agricultural College about 30 km west of Harare. The main purpose of the ATDC was to experiment on a number of seed varieties of different plants in conjunction with local seed suppliers to enhance crop productivity in the country. The project was run for three years by the Chinese government and has since been handed over to the Zimbabwean government as one of its centres of agricultural excellence (Chinese Embassy in South Africa, 2016).

Other small grants have come through China Aid-the Chinese government's oficial Humanitarian wing. These have been used to build schools, drill boreholes and establish health related infrastructure such as the pharmaceutical warehousing in Harare. It should also be noted that Zimbabwe also received donations of COVID 19 vaccines from China as well Personal Protective Equipment (PPE) at the peak of the pandemic. These donations played an important role in the management of the disease in the country (Herald, 2022).

However, worth noting is the fact that Zimbabwe's ability to service the debt it owes to China is questionable. Zimbabwe defaulted in its payments to International Financial Institutions (IFIs) in 1999 and has recently been making efforts to normalise its relationship with them (African Development Bank, 2023). It is against this background that Zimbabwe's ability to pay back loans borrowed from China can be questioned. Indeed, a report by HK-TDC research revealed that Zimbabwe has been facing challenges in repaying Chinese lenders. In this report, Brautigam, Huang and Acker (2021, p. 22) show that

> Zimbabwe was scheduled to repay Chinese lenders US$ 72 million in 2020, which would have been 54 percent of all debt service. Zimbabwe has defaulted on multiple loans to China Eximbank, and each time was granted extensions of the repayment period. A US$ 35 million loan for ZISCO Steel was granted maturity extensions in 2003, 2007, and 2010. Two loans totaling US$ 18 million for the Sino Zimbabwe Cement Plant were granted maturity extensions and interest rate reductions in 2004, and a US$ 200 million buyer's credit for agricultural machinery was granted a maturity extension in 2012.

Thus, although Chinese loans are coming to 'help' Zimbabwe's infrastructural development, the approach appears to fuel the narrative that China's lending activities in Africa in general and in Zimbabwe specifically are increasing the debt burden as there is overwhelming evidence to the fact that the country is struggling to repay not only Chinese loans but those owed to other creditors as well. However, in order to show their relationship with Zimbabwe in a better light, the Chinese government cancelled an unspecified amount of debt to the country in April 2024 (Africa News, 2024).

And also owing to politico-diplomatic concerns, the Chinese continue availing such loans and grants albeit more cautiously than before. Commenting on the feasibility of such loans, Tewari and Ramani (2024, p.54) note that

> While infrastructure development is crucial for Zimbabwe's economic growth, questions arise regarding the feasibility of such projects and their capacity to generate sufficient returns to service the debt. Concerns have been raised about the lack of transparency surrounding loan agreements and the potential risks of de-fault, which could compromise Zimbabwe's sovereignty and economic autonomy.

Table 1: Loan agreements, zero-interest loans and grants

Purpose	Loan amount	Contractor	Comments
Kariba South Hydroelectric Power Expansion	US$355 million but total project cost US$555 million (including finance costs) Loan given by China EXIM Bank at a concessionary rate of 2 per cent per annum.	Sino-Hydro	The power station was completed in 2018 but has not been operating at full throttle owing to low water levels due to droughts.
Hwange Units 7 and 8	US$1.5 billion Loan given by China Exim Bank. Eighty per cent at a concessionary rate of 2 per cent and 20 per cent at a commercial rate of 5 per cent per annum.	Sino-Hydro	Continued investment in thermal power may not be in sync with the country's and global targets of reducing carbon emissions. But Zimbabwe has vast untapped coal resources which can make it an electricity powerhouse in the region
Victoria Falls Airport	US$164 million Loan from China Exim Bank given at 2 per cent concessional rate per annum.	China Jiangsu Internatio nal	The airport's passenger handling capacity was expanded three times and can now receive and dispatch bigger airplanes.
Harare or Robert Mugabe International Airport	US$153 million Loan from China Exim Bank at 2 per cent concessional rate per annum.	China Jiangsu Internatio nal	The airport has doubled its annual passenger carrying capacity to six million. It was commissioned in July 2023.
Netone National Mobile Broadband	US$218 million Loan from China Exim Bank at concessional rate of 2 per cent per annum	Huawei Technologies International	Notable improvement of the network system but concerns have been raised of the use of the Huawei built Netone infrastructure for spying on citizens by the Zimbabwean government.
Netone 250 base stations throughout Zimbabwe	US$71 million Loan from China Exim Bank at concessional rate of 2 per cent per annum.	Huawei Technologies International	

Compiled by Authors

Table 2: Grants

Purpose	Grant amount	Contractor	Comments
Agriculture Technology Demonstration Centre	US$30 million	Sino-Hydro	Grants are given as a soft power strategy to influence the Zimbabwean government and possibly its people to have positive perceptions about China and its interests. This also allows Chinese investors to be given preferential treatment in Zimbabwe.
Refurbishment of the Nation-al Sports Stadium	US$10 million	Chinese technicians together with Zimbabwe Ministry of Public Works	
New Parliament building	US$200 million	Shanghai Construction Group	

Compiled by Authors

The question of transparency

One major concern regarding Zimbabwe's debt to China and details of a lot of other loan agreements is lack of transparency. There are a number of reports to the effect that some loans have been contracted without parliamentary approval and over-sight. For instance, commenting on the US$98m loan for the construction of the National Defence College (now National Defence University), the then Minister of Finance, Tendai Biti, said that, 'a country like Zimbabwe does not have the capacity of repaying those interests. It does not have the capacity of paying such amounts' (Chipaike and Bischoff, 2019, p. 4). On this loan agreement, the Zimbabwean parliament was unhappy that it was not consulted on the contraction of the loan. By the time the loan was brought for debate in Parliament, the loan agreement had already been signed at the executive level meaning the legislature would only had to rubber stamp it. This is in violation of the country's Public Finance Management Act. In October 2011, during the rubber stamp debate in Parliament, both the Zimbabwe African National Union Patriotic Front (ZANU PF) and the Movement for Democratic Change Members of Parliament were united in calling for amendments to the loan agreement (Chipaike and Bischoff, 2019). Additionally, the US$98 million for the construction of National Defense College (University) was financed by the revenue from the sale of diamonds mined by Anjin Investments in the Marange area. Anjin Investments is reportedly a joint venture be-tween Chinese investors and Zimbabwe's military. Judging from the close knit state-military conflation in Zimbabwe, this joint venture appear an extension of the opaque relationship that Zimbabwe has hammered with China in the area of investments and development assistance over the years.

In this connection, reports have noted that the loans that have been disbursed by China to Zimbabwe are increasingly being guaranteed by the supply of resources or financial proceeds from their sale. These are what have been referred to (in foregoing sections) as Resource Backed Loans. Although the official figure of Zimbabwe's debt to China is reportedly US$2 billion, estimates by scholars put the figure of loans contracted through RBLs at US$6.8 billion (Mutondoro et al, 2020). However, owing to the opacity and lack of transparency surrounding these RBLs, some researchers believe that the above mentioned figure could actually be an under-statement (ZIMCODD, 2021). Indeed, the Government of Zimbabwe's National Development Strategy 1 (2021-2025) is largely driven by RBLs from China and other lenders. For instance, Zimbabwe took loans amounting to US$700 million from the AFREXIM Bank collaterised by mineral exports.

Zimbabwe's constitutional provisions could help in managing borrowing if they are followed. For instance, section 300 of the constitution gives Parliament the power to enact laws that limit borrowing by the government. However, the fact that Zimbabwe's legislature is dominated by the ruling ZANU PF party which is itself a close ally of China dampens any parliamentary action in this regard. Thus, the ruling executive military alliance headed by President Emerson Mnangagwa has kept a veil of secrecy around RBLs in Zimbabwe (ZIMCODD, 2021). To make matters worse, the Zimbabwean government treats its relationship with China as a special one since the Chinese are viewed as economic saviours. This means that any efforts to criticise the relationship may not be taken lightly by Harare and a lot of perceivably sensitive information pertaining to these loans is never published. This lack of public disclosure closes the door for transparency and accountability. It is also important to highlight at this juncture that the Zimbabwean State Owned Enterprises (SOEs) or parastatals have in the past contracted loans, not only from China but from other sources as well. When these parastatals fail to pay their debts, the burden is assumed by the government, adding strain to the already struggling tax payers. This is the result of lack of transparency and the incapacity of legislative organs to stop such practices as a result of the country's political dynamics under the tutelage of the ZANU PF government.

Although there are a few civil society organisations raising their voices in this regard, their voice is often muted by 'patriotic reporting' in the largely government controlled media in Zimbabwe. Academic voices in Zimbabwe are largely unheard since most of their work is published in specialised journals and most of their conferences are highly technical. The Chinese on their part do not let out a lot of information regarding their engagements with African countries in the area of RBLs. They rarely make specific information such as interest rates, maturity and resource security arrangements public (Hickle, 2023). This combined lack of transparency may have devastating consequences for the extractive sector reliant Zimbabwe in the future.

Conclusions and recommendations

Zimbabwe's debt situation is untenable and has become an albatross on the Southern African country's neck, thus significantly derailing and delaying economic revival prospects. The ballooning debt largely owed to International Financial Institutions and the Paris Club has reached astronomic levels to the extent that default is now a real prospect. This explains why there have been efforts afoot to come with a debt clearance plan for the country with the help of Mozambique's former President Joachim Chissano and African Development Bank's Akinwumi Adesina.

However, China's intensified engagements with Zimbabwe since 2000 have also become a vehicle of further indebtedness for the Southern African country chiefly owing to the loans that it has accessed over the years. While borrowing in itself is not bad when intended for productive activities, Zimbabwe's debt situation has become so tenuous in that the country continues to accrue more Chinese debt while it is failing to service that which it already owes. China's approach to the issue of loans to otherwise credit unworthy countries such as Zimbabwe is more political and diplomatic and appears as part of a grand strategy of global influence through cultivating ties with such countries, no matter what the cost may be. This is why the Chinese have been criticized for 'debt-trapping' poorer countries of the world.

In Zimbabwe, China has also given Resource Backed Loans which are guaranteed by either the supply of a certain mineral resource for a number of years or by the revenue from the sale of that particular resource. A case in point in the US$98 million loan for the construction of the National Defense University. The disadvantage with such loans is that they have a lot of details that are not disclosed to the public and there is no certainty if the value of the minerals is consistent with the loan given. Furthermore, such deals also lack transparency in the manner in which they are negotiated. This opacity is breeding ground for corruption and exploitation as well as creating room for deeper undisclosed debt. Parliament is often sidelined in such arrangements, only to rubber stamp some of the deals that would have already been signed at the executive level. Thus, there is no room to do proper checks and balances as well as practice legislative oversight.

In the absence of such robust legislative oversight, civil society in Zimbabwe has to amplify this problematic issue to bring it to the attention of the ordinary public as well as to continue warning the government of the dangers of imprudent borrowing. Civil Society may also need to assist in training legislators to be able to interrogate these and related issues intelligently to ensure that everything is done in the national interest. There is also need for civil society to join hands with the academia to enhance the effectiveness of their advocacy through robust and rigorous data. This may help in changing the course of events and eventually turning the tide.

The independent media in Zimbabwe can also play an important role by bringing these issues to light through in-depth investigative journalism that brings the issues of opacity, secrecy and general lack of transparency in the contraction of such loans. This will help in ensuring more openness and public disclosure of details of the country's sovereign debt situation.

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Zimbabwe Journal of Applied Research
Volume 5, Special Issue (2025), pp. 41-54
www.lsu.ac.zw/journals

Coloniality from the orient: Unveiling the role of the Chinese in entrenching the debt crisis in Zimbabwe

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Abstract

At the turn of the 21st century, relations between the Robert Mugabe government and triumphant global capitalist imperialist states of the West soured to a point where the Zimbabwean government was forced to adopt the Look East policy. The Look East policy entailed Zimbabwe forging stronger alliances with the Orient, particularly the Chinese, for regime survival. This shift to the East was against the backdrop of a tottering economy reeling from a debt-crisis generated by years of dependency on the West and an onslaught from it for challenging its global hegemonic position. With the dawn of a new millennium it was envisaged that closer ties with China would create new economic opportunities, strengthen the economy and resolve the debt crisis. This has however, not come to pass leaving the country mired in economic crisis and debt troubles that have been detrimental to its quest to achieve development goals. This qualitative paper employs decolonial analysis and presents Chinese driven coloniality as responsible for Zimbabwe's continued debt crisis. It argues that the Chinese have established an alternative asymmetrical global power and economic structure which appears to be aiding Africa while in essence it promotes total Chinese domination of Africa and privileges the Oriental financial architecture and unrestrained exploitation of African resources. The effect has been blighted and ineffectual debt resolution strategies and the deepening of the debt crisis. Finally, the paper advocates for decoloniality as a mode by which to resolve Zimbabwe's debt conundrum.

Key words:

China; Zimbabwe; Debt crisis; Coloniality; Look East Policy

Introduction

One of the central challenges faced by post-independence African states has been achieving development, largely due to their failure to decolonise their economies. The post-independence African economies have long after the end of colonialism remained attached and entangled with the global capitalist financial architecture championed by the ex-colonisers of Western Europe and North America. Although Zimbabwe attained juridical-political independence from Britain in 1980 it did not gain economic freedom as it was saddled with debt bequeathed from the colonial period. To Bond and Manyanya (2003, p.14) it was an Odious Debt dumped on the Zimbabwean government by capitalist imperialist colonisers that had established a racist regime to benefit the minority whites at the expense of the black majority. To finance its efforts to suppress the liberation struggle led by African nationalists, the Rhodesian colonial regime extensively borrowed from Western capitalist states, thereby deepening the country's debt burden. By the time of Zimbabwe's independence in 1980, the white minority government had accumulated approximately US$700 million in external debt. The newly independent state was unable to extricate itself from the Western capitalist web into which it got further entangled. The Zimbabwean government had to repay the Rhodesian colonial debt via a series of loans made available in the 1980s such that by the end of the first decade of independence, the country was in the throes of a profound economic crisis forcing it to turn to Western financial institutions for a bail out. In 1991 the Zimbabwean government adopted the Economic Structural Adjustment Programme (ESAP) from the World Bank (WB) and International Monetary Fund (IMF). By adopting the IMF and WB sponsored ESAP the country slid firmly into the clutches of the western capitalist snare and deeper into colonial like relations thus worsening its debt situation.

At the turn of the century relations between the Robert Mugabe's government and triumphant global capitalist imperialist states of the West soured when it defied the hegemonic West by expropriating white owned land without paying compensation. For this, the country was country was punished by the West which imposed sanctions that diplomatically and politically isolated and ostracised the country and economically strangulated it to a point where it was sucked into a debt crisis. Having fallen out with the West for survival the Zimbabwean government was forced to adopt the Look East policy which entailed forging stronger alliances with the Orient particularly the Chinese. It was envisaged that closer ties with China would guarantee political and diplomatic support, create new economic opportunities and alleviate the debt crisis. This has however, not come to pass leaving the country mired in deeper economic crisis and debt troubles that have been detrimental to its quest to achieve its development goals. This decolonial discourse will demonstrate how the Chinese have used their hegemonic position in the Orient to establish an alternative asymmetrical capitalist system that controls the global financial architecture. This domination of the global financial edifice has seen the Orient perpetuate relations akin to those produced by the West in its relations with the ex-colonised territories of the Global South. It is within this structure that the Chinese have extended loans that have entrenched the debt crisis in Zimbabwe.

Conceptual issues

Coloniality is an analytical concept developed by Peruvian sociologist Anibal Quijano and other radical Latin American scholars to explain the origins of the asymmetrical, hierarchized, capitalist contemporary world we live in. It explains how Europeans created a new global, social and power structure in which humanity is ranked primarily on the basis of differences in race and also in the control of labour. This global power structure has been replicated and reproduced and operates in various settings across. Coloniality also explains why power across the globe is located amongst the lighter races that exploit and oppress the darker races of the rest of the world perceived as inferior subjects (Ndlovu-

Gastheni, 2013a).

Corollary to this, Maldonado-Torres (2007, p.243) refers to coloniality as long-standing patterns of power that emerged as a result of colonialism that allow the continuity of colonial forms of domination after the end of formal colonial administrations. Most of the states of the Global South are no longer under colonial rule but remain in a colonial situation because the life force of colonialism endured the end of colonial rule. Quijano (2000) conceptualises coloniality as being more than the residual form of colonial relations because coloniality also exists even where formal colonial administrations have not been established as domination and exploitation along cultural, political and economic lines may occur (Munemo, 2019). He argues that there is a need to debunk the notion that humanity lives in a decolonised world because everywhere it is engulfed by political and economic systems shaped around a colonial capitalist world system.

Coloniality is best understood as a matrix constituted by three main pillars; the coloniality of power, coloniality of knowledge and the coloniality of being. To Taylor (2013, p.598), the coloniality of power is a structuring process in the modern world system that allows the Global North to dominate the global political economy. It explains how the current global political order was constructed and constituted into the asymmetrical modern power edifice that permits the persistence of power dynamics akin to those that existed under colonial rule. This is seen in the domination and exploitation of the rest of the world by the hegemonic United States of America and Western Europe and more recently joined by China. The coloniality of power illuminates why the subalternised states of the Global South receive the rough end of the stick from imperial global financial institutions such as the International Monetary Fund (IMF), the World Bank (WB) and other international multilateral institutions. These powerful states use their economic, political and diplomatic muscle to dictate terms to weaker nations (former colonies) that are dependent on them for aid. Former colonies with little voice in these institutions have been forced to ally themselves to former colonizers in order to get decisions passed in their favour at international gatherings. Their dominance of the global political economy has been responsible for debt crises and underdevelopment in most parts of the Global South.

The coloniality of knowledge to Maldonado -Tor-res (2007, p.242) is a power structure that entails the control and monopolization of epistemology. It privileges knowledge from more advanced societies and holds in high esteem knowledge produced by the lighter races while undermining, ignoring, silencing, oppressing and marginalizing knowledge from the subalternised races of the Global South (Grosfoguel, 2009).

The coloniality of being is primarily concerned with what Escobar (2004) refers to as a dimension of coloniality that emphasizes ontological difference. It explains the processes of the dynamics of power that discriminate the different races of the world through the ranking of humanity according to ontological conceptions of the sense of being (Munemo, 2016). Race is placed at the centre of the structuring of the global order lighter skinned races are found in the higher levels of the global social hierarchy and enjoy privileges over darker racial groups. To Fanon (1968) the blacks occupy the zone of non-being while the privileged white race endowed with full humanity is seen as occupying the zone of being. In the zone of non-being life is hellish characterised by political and economic instability featuring inflation, debt crisis, aid dependency, and high prices, shortages of basic commodities and conflicts and underdevelopment. However, in the zone of being there is abundance, economic stability high levels of technology and progress and peace and development (Mignolo, 2007; Grosfoguel, 2007; Maldonado-Torres, 2007; Ndlovu-Gatsheni, 2013b).

According to Bondarenko (2015) a debt crisis is a situation in which a country is unable to pay back its government debt. This generally occurs when the expenditures of a government are more than its tax revenues for a prolonged period. It may also occur as a consequence of high interest rates, currency fluctuations, poor financial management characterized by over-borrowing, lack of transparency and accountability, excessive borrowing or generally an economic down turn. Symptoms of a debt crisis include but are not limited to high debt-to- GDP ratio, rising interest payments, decreasing credit ratings, increased debt servicing costs, reduced liquidity and currency devaluation.

Within the context of Zimbabwe's diplomatic and international relations, the Look East Policy is a strategy to forge stronger ties with oriental countries such Malaysia, Singapore, Indonesia, India, Pakistan and in particular the People's Republic of China, in response to Western sanctions and isolation (Ojakorotu & Kamidza, 2018). This gave birth to several successful joint agreements between the Zimbabwean government and these countries. According to Chigora (2008) the intention was to diversify trade and investment, access to new markets, enhance regional cooperation and integration and promote economic development and growth and reduce dependence on the capitalist West.

Methodology

This paper deploys decolonial analysis to confront and explain the role of the Chinese in entrenching the debt crisis in Zimbabwe. Decolonial analysis is a departure from the traditional imperial methodologies—namely qualitative, quantitative, and triangulation approaches—which are products of the Cartesian Western canon of thought (Mignolo, 2007; Maldonado-Torres, 2007). Decolonial anal-ysis privileges what Bonaventura de Sousa San-tos (2007) calls epistemologies of the south that privilege the voices of the subalternised people of the Global South and what Linda-Tuhiwai-Smith (1999) refers to as an agenda for indigenous re-search informed by the realities of those that experienced colonial difference. Through decolonial analysis the role of colonialism and its legacies in perpetuating the debt crisis in Africa can be exposed and solutions to problem conjured. Apparently this is because a decolonial examination allows one to speak from "where they are "as articulated by the feminist scholar Donna Haraway. The authors of this paper are thus liberated to speak from their location as subalternised subjects of the Global South who experienced western colonialism and are living under what Grosfoguel (2007)

refers to as a myth of a post-colonial world because they are in reality living in the age of coloniality -both occidental and oriental.

The decolonial analysis illuminates how Chinese coloniality and its contours have driven Zimbabwe's debt crisis. It is critical as it permits an objective criticism of not only the ex-colonial oppressor but also the criticism of the oriental forces that assisted in the liberation agenda but morphed into colonizers. This allows the discourse to deal with socio-political and geopolitical phenomena pertaining to the debt crisis currently bedeviling Zimbabwe. Decolonial analysis also offers an examination of various literature from the perspective of those that experience colonial difference. Gleaning literature from a decolonial mind-set that resists epistemological hegemony of the ex-colonizer and perceived new colonizers allows for a comprehensive unadulterated examination of loan deals that the Zimbabwean government has sealed with the Chinese. This goes a long way in ineffectively revealing the power structures that influence debt crisis in Zimbabwe.

The subject of economics has been dominated by imported methodological tools ranging from Keynesian and neo-classical to development economics and econometrics. What are needed are methods that can explicate hidden and complex phenomena in a profound manner to provide an understanding of power relations. Perhaps deployment of decolonial analysis offers the most promising place to engage in discourse to produce such a narrative. Decolonial analysis allows for a new positional thought on the subject of the Chinese in Africa. By shifting the geography of reason regarding the Chinese in Africa new vistas of knowledge on the subject are opened thus advancing the agenda of a decolonial turn that will provide fertile ground on which to plant seeds to address Zimbabwe's Sino-perpetuated and deepened debt crisis.

Chinese driven coloniality of debt

In 1980, Zimbabwe gained independence after a war of liberation which ravaged the economy compelling the new independence government to turn to indebting aid for post-war reconstruction and infrastructure development. According to Bond and Manyanya (2003, p.15), the conflict left the government with a financial burden that included a multi-lateral debt of US$5.3 billion, a bilateral debt of US$97.9 million and a private debt of US$593.9 million. These debts weakened the state's capacity to resist international finance and aid, thus negating efforts at achieving economic development in the early years of independence.

Against the backdrop of corporatist economic policies adopted at independence and debt accrued in post-conflict reconstruction the Zimbabwean government was unable to resist international capital and thus adopted the IMF and WB sponsored ESAP in 1991. With the collapse of the Soviet Union in 1990 one global hegemonic power in the form of the Euro-American alliance emerged. This compelled the ZANU PF government to negotiate with Western capital. Embracing ESAP meant that the Zimbabwean government was sucked deeper into the western capitalist system and had to submit to the dictates of neo-liberalism and surrender the economic trajectory of the country to multi-lateral imperialism.

ESAP was so immensely unsuited to Zimbabwe that instead of positively transforming the economy its effects were catastrophic. It brought immediate, unprecedented increases in interest rates and inflation as money was drained from the country. In 1991 the stock market plummeted by 65 percent while manufacturing output declined by 40 percent over the subsequent four years (Thompson, 2000). There were also shortages of basic commodities, rising prices and poverty, unemployment, retrenchments and company closures and a decline in health and education among a host of social and economic hardships that served to reverse the development process and erode the government's legitimacy.

ESAP did not just bequeath to Zimbabwe so-cio-economic problems but political ones as well. The socio-economic hardships brought by ESAP directly led to a decline in ZANU PF support while that of the opposition rose creating spaces for conflict. Because ESAP required the state to open democratic space and to be more tolerant of dissenting voices, opposition political parties and civil society groups encouraged citizens to criticize government inadequacies and oppose its policies.

One can thus trace the origins of the Zimbabwe economic crisis to coloniality. The imposition of the IMF and WB sponsored ESAP was a ploy by former colonizers that through multi-lateral and financial imperialism sought to keep Zimbabwe entrapped within the clasps of the ensnaring glob-al capitalism. ESAP left Zimbabwe economically feeble and dependent, socially distressed and politically unstable, therefore holding back prospects of addressing the debt crisis. Perhaps more than any-thing ESAP's biggest drawback was that it distracted the Zimbabwean government from embarking on indigenization and black empowerment policies such as the land reform following the expiry of the Lancaster House Agreement clauses regarding land. At the turn of the new millennium, Zimbabwe resolved to attend to the land question by compulsorily acquiring mostly white owned farms without paying compensation. It received widespread condemnation from the West for engaging in decolonial action of addressing colonial land imbalances by radically repossessing land from white capitalist farmers. Zimbabwe was put under punitive western sanctions. In order to curtail the effects of the sanctions Harare veered to the right and adopted the Look East Policy.

Under the Look East Policy it appears as though the Zimbabwean state is radically delinking yet in actual fact what it is hiding is the continuity of colonial patterns of domination that have survived colonial-ism. Whilst the policy was meant to result in the development of cordial relations between Zimbabwe, South-East Asia, and Far East countries, such as, Malaysia, Singapore, Indonesia, India, Pakistan and the People's Republic of China, in practice it ended up being dominated by stronger Sino-Zimbabwe ties relegating the other countries to minor players in the diplomatic game. Several joint agreements were entered into between the Zimbabwean government and these South-East Asian countries though in reality Zimbabwe's agreements with the rest of the countries pale into insignificance when compared with those of Zimbabwe and China alone. Trade volumes between China and Zimbabwe in 2002 were US$191 million (Chigora, 2008, p.150). By the end of the second decade of the new millennium China had gradually overtaken Western nations to become Zimbabwe's largest trading partner.

Courtesy of the Look East Policy the Zimbabwe-

an government received from China fighter aircraft and military vehicles at a debt cost of US$200 million to bolster its security capabilities. In addition it also received military-strength radio-jamming devices, which it used to block broadcasts of anti-government reports from independent media outlets during the 2005 parliamentary election campaign according to (Chigora, 2008, p.152). The Chinese also rendered Zimbabwe diplomatic support and blocked machinations by western capitalist states to impose full sanctions on Harare for its anti-west-ern land reform programme. Chinese military and diplomatic support came at a cost to the regime survival seeking Zimbabwean government that was compelled to embrace debt trapping Chinese loans that deepened its liability situation. Suffering from the effects of ostracization by the West and under a capitalist imperialist onslaught Zimbabwe wound up in political and diplomatic dependence on China in a fashion akin to that of a colony.

Almost a quarter of a century into the new millennium so dependent on China is Zimbabwe that of the estimated US$17.5 billion combined Zimbabwean debt to foreign and local creditors as of 2022, US$14 billion of the amount is owed to foreign creditors with the biggest portion of the debt being owed to China (Kairiza, 2024). The World Bank's International Debt Report (2023) indicates that as of 2022, whilst 67 percent of Zimbabwe's debts were bilateral, the debt to Japan constituted 3 percent of that figure; Germany 8 percent; other unspecified countries 13 percent and China 43 percent. This means that by the beginning of 2024, the greatest debtor nation to Zimbabwe was China. However, this might not be a very accurate figure as far as the Sino-Zimbabwe debt is concerned be-cause as stated by Horn, et al (2019) studies of this nature face the very serious hurdle of lack of access to relevant information. But what is also frightening about the rate of growth of the Zimbabwe-an debt in a land where the Chinese are the only known major debtor nation to Zimbabwe is that the Zimbabwean debt is now estimated at US$21 billion, according to Adesina (2024). This is a jump of US$3.5 in a space of less than two years. Considering that Zimbabwe has been shunned by most multilateral debtor institutions and western nations for its poor debt payment record, it can only be strongly inferred that the big jump in debt was mainly facilitated by China or some other Asian nation. Unfortunately most information on China's specific exports of capital to developing nations re-mains classified. So in short, what China is owed by debtor nations remains "hidden debts" simply because her processes of lending to different nations, which constitute credit events and should be reported by credit rating agencies are done in great secrecy. Citizens and even the legislators of nations do not get to know what was discussed and agreed upon by Chinese and African negotiators of debts.

The little known Zimbabwean debts to China re-ported by the press include the US$152.8 million for upgrading the Robert Gabriel Mugabe International Airport; US$997.7 million loan for expanding the Hwange 7 and 8 units to improve power generation. China also provided US$98.7 million for the construction of the National Defence College and a loan facility of US$149.9 was also extended to Zimbabwe for the expansion of the Victoria Falls International Airport (Kairiza, 2024). In 2018

Zimbabwe also received a US$1.4 billion, loan from Export-Import Bank of China (Exim bank) to expand power generation at Hwange power station (Kuyedzwa, 2018). In all these loans what is critical is to understand that the repayment terms are also shrouded in deep secrecy. The negotiators of loans are not accountable to the nation.

To understand how and why China has entrenched instead of helping Zimbabwe out of debt, there is need to rear view mirror of coloniality. A cursory glance at Zimbabwe's history reveals that China did not find itself accidentally in Africa and Zimbabwe in particular. China has always had clear goals and every move that the country makes is well calculated to achieve Chinese global goals and bring China maximum benefit. It cannot be doubted that China is in Africa for the Chinese good and for the same reasons that the Western nations colonised Africa. China wants resources and markets for its growing industry. Nyabiage (2023) points out that China is eager to spread its influence and a country like Zimbabwe is a strategic base for spreading Chinese influence in the southern region. China must have learnt her lessons well about the mistakes that the Western world made and has perfected the art of penetrating Africa to get what the nation wants from there. It is not a far-fetched assumption that China must have thoroughly done its homework before coming to Africa and studied the social, cultural and political ways of doing business in order to access what the nation wants from Africa with the support of those who control power in the continent. Like some analysts have said, it is shocking that today in Africa, after many years of fighting against colonialism and colonialist exploitation the Chinese have more protection and access to African resources than any other nation under the sun including the African citizens. The Chinese can destroy the African environment, pollute and destroy rivers and wetlands with chemicals, destroy forests and mountains with no attempts to rehabilitate them, which locals cannot do, but still get the protection of African governments. This is where the Chinese variant of coloniality succeeds where European colonialism failed.

China is not using any new tricks but simply ap-plying the same philosophy employed by other capitalist nations in the African continent before its arrival. The only difference being that to achieve similar goals China leverages much on its major asset of being friends with Africa. China is fortunate in that during the struggles against European colonialism, it was on the side of liberation movements. So, as China perpetuates the colonial it also presents itself as an all-weather friend. The penchant to pursue the colonial only comes out when Chinese activities in Africa are closely examined and compared with those of former colonisers. As was observed by Kwameh Nkrumah, neo-colonialists use subtle and varied methods to accomplish objectives formerly achieved by naked colonialism (Chi-si, 2013, p.120). They strive to prevent the growth of political and economic conditions for optimum development that will see rapid industrialisation and ensure that they relegate developing countries to the role of mere primary commodity producers, by whatever means possible. By so doing China hinders the concerned African countries' ability to industrialise, stabilise their economies and be in a position to move their countries out of poverty and the debt trap.

Looking at the Zimbabwean situation in particular, the role of China in helping Zimbabwe out of the current economic and debt crises is very highly debatable. In fact, by observing China's massive economic activities especially in the mining industry one is tempted more to conclude that China is in reality destroying Zimbabwe's capacity to devel- op economically and come out of debt. Since the beginning of the 21st century China took every opportunity provided by the Zimbabwean economic crisis to increase the Chinese grip, in a strangling manner, on the Zimbabwean economy, in a way that has left Zimbabwe with very limited breathing-space. It cannot be forgotten that taking ad-vantage of the Zimbabwean economic crisis China obtained Zimbabwean major economic assets especially the coal and chrome mining deals, the greatest being the 2007 purchase of 67 percent shares in ZIMASCO Holdings a chief chrome miner in Zimbabwe (Chronicle, 2007). These Chinese acquisitions of mines did not change the Zimbabwean eco-nomic and debt crisis situation but made it worse.

The difference between Chinese and Western coloniality in Zimbabwe is that China uses subtle means to achieve its goals. China has solidified its ties with African nations and Zimbabwe in particular over the years by putting on the negotiating table issues that appeal to the emotions and developmental sense of the leaders. China talks development language and about win-win deals. China never ceases to remind leaders about a historical past of shared hard experiences, especially how China extended a helping hand during the 'bitter' liberation struggle. China also glorifies the idea of a common belonging to the south-south regional grouping which should always stand united in the fight against 'northerners' meaning western countries.

China portrays herself as Big Brother, caring and ready to help in African countries' developmental needs. The Chinese leaders create an illusion that China remains a 'knight in shining armour' ready to defend African nations against western imperialism. In this regard China uses its veto power to oppose the imposition of sanctions on African regimes accused by western powers of gross human rights abuse against their citizens. To crown it all China talks about her support for non-interference in affairs of other nations. It is in such rhetoric that China has won the hearts of many desperate African regimes. This is what has opened the way for China to gain controlling power over the exploitation of minerals and other resources in Africa while offering very little in return. It is in this relationship that the entrenchment of debt is created.

One key strategy used by China in entrapping Zimbabwe in debt since the 1980s is that of presenting itself as 'Santa Claus' dishing out 'freebies', which has turned out to be Zimbabwe's albatross with regards to debt payment. What China has termed 'aid' has turned out not to be disinterested 'aid'. It is a set of loans to be paid back in cash or miner-al resources, but mostly the latter. A case in point is the National Sports Stadium in Harare. Even as late as December 2023, Zimbabwe received an as-of military equipment from the People's Republic of China. This was described as a 'gift' which was a "…testimony of the strong fraternal relations between Zimbabwe and the People's Re-public of China (Ruzvidzo, 2023)". According to Dlamini (2023), the 'gift' from the generous Chinese was worth US$28 million. In October 2023 Zimbabwe had also, received another major gift of a Chinese built parliament building worth US$100 million (Staden, 2023). These were just part of the numerous 'gifts' extended to Zimbabwe, from the 1980s. However, caution needs to be exercised, when treating these gifts in academic discourses, for most of the so-called gifts that Zimbabwe has received from China are nothing but loans which Zimbabwe has to pay back with interest. A case in point is that of the government stating that a US$1.5 billion to expand power generation at Hwange was a 'gift' from friendly Xi Jinping (Munemo and Chi -si, 2024) It is clear that the Chinese do not forget where they put their money, and their money will always be followed by Chinese men, making huge demands. This is what has also contributed to the growth of Zimbabwe's unsustainable debt to China which now sees Chinese mining everywhere with impunity.

Chinese also use political and diplomatic pressure to get deals or agreements signed. Negotiations are done by leaders at a government-to-government level, and the Government officer who is authorised to sign is simply presented with papers which are signed in the presence of the key Chinese official who negotiated the deal. One Tendai Biti, former Minister when asked about one Sino-Zimbabwe deal in parliament, described it as "criminal' but admitted that he signed it because; "The agreements were presented before me in the presence of the Vice Premier (Chinese) and I didn't want to embarrass Zimbabwe and the Vice Premier of Chi-na" (VoaZimbabwe, 2011)

As mentioned above, coloniality seeks to preserve the colonial pattern of commerce and industry, which keeps the former colony serving the interests of the 'master'. Investment in the former colony is not meant for the nation's economic development but to facilitate more exploitation especially in mining which has been seen to be the most profit-able venture for foreign capital. In Zimbabwe it is in mining that China has scuttled any chance that was there for the nation to revive its economy and be in a position to settle its debts using its resources. There has been a total metamorphosis of the re-source ownership structure from the Zimbabwean nationals to Chinese, with Chinese investment in mining superseding the locals. It is so strange that in Zimbabwe there is massive Chinese investment in mining followed by conspicuous Chinese mining activities in all resource-rich parts of the country, but the country continues to suffer under a heavy domestic and international debt. In Zimbabwe, in almost every district there is a Chinese mine, and the Chinese are now the most known light-skinned race in all rural areas, but their operations are apparently not helping much to boost the national revenue earnings.

The Chinese control of the mining sector seems to have scuttled any chances for Zimbabwe to independently rebuild her economy leveraging on its vast mineral resources, which sinks the nation further into debt. A case in point is that of lithium the most sought after mineral globally. Zimbabwe has the largest Lithium deposits in the African continent and they are ranked the fifth largest deposits globally. The Chinese control this sector. They have also acquired a major stake in chrome mining after taking over most of the popular chrome claims that used to be owned by ACM, Union Carbide, ZIMASCO and ZimAlloys, all sitting on the Great Dyke as reported by Zhoya (2023). The Chinese extract these mineral resources, at an unprecedented rate since the colonial days. The argument here is that, if these minerals were properly mined and beneficiated and exported Zimbabwe could earn much needed foreign currency to meet its develop-mental needs but this is not happening as argued by Mkodzongi (2024). A Chinese company, Chenxi is currently stripping the once sacred Shurugwi Boterekwa Mountains of gold using heap-leaching a process known to be environmentally unfriendly, since 2023. This means that the once-productive land has been condemned for centuries to come. In the Mutoko area they are mining granite, while in Manicaland they are mining diamonds at Chiadzwa. In Hwange, they are mining coal. Like of old, most of these minerals are exported almost in their raw form after undergoing basic processing to make them easier to transport to the sea. There is little effort being put in establishing manufacturing industries in the country, lending credence to arguments that the Chinese see Zimbabwe as nothing but a mere source of cheap raw-materials, which is what defined relations between Zimbabwe and former colonial masters.

The problem also with Chinese mining is that it has been associated with many, though hard to prove, murky deals. China has a huge stake in the Zimbabwean diamond mining industry and has been working the Chiadzwa mining fields in Manicaland since the days of former President Robert Mugabe but the diamonds are not helping the nation come out of its debt crisis. The former President once hinted that about US$15 billion worth of diamonds had gone missing through mineral leakages (The Chronicle, 2016). Before his ouster from power he had ordered a cessation of all mining activities at Chiadzwa arguing that; "What those companies were doing at Chiadzwa is what they do every-where across the continent. That is why Africans remain poor despite the continent's abundant national resources…We allow foreigners to loot our resources in the name of private enterprise (Nyathi, 2016)." He blamed the companies of engaging in shady deals involving smuggling, swindling and corruption. It is the opacity of the mining deals involving Chinese, which makes it difficult for the nation to account for revenue collected and channel it towards relevant national expenditure and debt payment.

Overall, observable evidence exists that there is serious Chinese mining taking place in Zimbabwe but there is a ballooning debt and the puzzle re-mains hard to unlock. There is no attempt by Chinese to promote serious beneficiation and development of the manufacturing industry, but extraction and exportation of resources to China. There is no meaningful skills and technology transfer to pro-mote economic development to help Zimbabwe rise out of poverty. Land and major rivers have been destroyed without reclamation. Only as late as 9 October 2024, The Zimbabwe Mail newspa-per, reported that the Zimbabwe government was seeking assistance from financial and legal advisers (from hated Europe) to help navigate potential talks with international creditors over the US$21 billion it owes. They did not engage the all weather friend which is sitting on Zimbabwean minerals. This leaves China a key player in the entrenchment of the Zimbabwean debt.

Towards resolving the debt crisis through decoloniality

This article advocates for decoloniality as a path-way towards the resolution of the debt crisis in Zimbabwe. To Munemo (2019) decoloniality is a response to the relation of direct, political, social and cultural domination established by imperialist capitalist hegemonic societies. It should be conceptualized as any intervention from the subalternised, colonized, dehumanised and marginalized that experience hellish conditions deposited by modernity. Decoloniality is a project directed at unmasking and dismantling the modern colonial world that has produced an asymmetrical power structure that privileges capitalist oriented systems while oppressing, marginalising exploiting and under developing nascent and budding political economies of the rest of the world. It seeks to challenge en-trenched global capitalist imperialist structures and decolonization of knowledge, power and being as well as those institutions that create the contemporary asymmetrical world order. Through decoloniality it is possible to expose how coloniality has created debt crisis in the Global South.

Decoloniality unravels how the global power structure has allowed colonial forms of domination long after the end of colonialism that have facilitated the debt entrapment of most states of the Global South. By exposing the excesses of coloniality through decolonial initiatives it is possible to chip at the edifice of the Chinese colonial financial architecture that is perpetuating and deepening the debt crisis in Zimbabwe. Decoloniality also emphasizes on-tological egalitarianism and frowns upon racial hierarchies that inhibit the ability of local business negotiators to engage their business counterparts from China as equals.

Decoloniality permits the employment of decolonial economic and financial models that are not drawn from what Mudimbe (1988) refers to as the colonial library. This is with reference to the preoccupation by locals to consult scholarship from the former colonisers or hegemonic societies at the expense of endogenous and indigenous knowledges. As part of the decolonial project (wa Thiong'o, 1986) finds it imperative to engage in decolonisation of the mind. The decolonisation of the mind is invaluable to epistemic liberation and the pursuit of local solutions to debt challenges confronting Zimbabwe. Epistemic liberation will allow for the production of decolonial economic planners and political leaders capable of resisting colonial influences responsible for Zimbabwe's debt quagmire and penchant for borrowing from the oriental capitalist Chinese. Through epistemic liberation it is envisaged that Zimbabwe's political leaders and economists will receive knowledge that empowers and enhances better debt management and sustainability.

Decolonial governors will not only question the existing foreign financing models paradigms that are constraining innovation, creativity and originality in the locale but will push for the destruction of the oriental financial architecture that has subjugated many states of the Global South. Epistemic liberation can be achieved through epistemic disobedience (Mignolo, 2011) which is concerned with discarding knowledge and training methods from the orient and occident while privileging the locally conjured solutions informed by the reality and context of the unique Zimbabwean economic situation. An understanding of decolonality is also important for the recruitment of decolonised local experts as opposed to the hiring of capitalist market oriented economic advisors from imperialist WB and IMF pursuing Euro-North American hegemony or getting finance experts from Chinese financial institutions bent on expanding Sino economic hegemony

Conclusion

This discourse has revealed how coloniality from the Orient is the problematique in the quest to end Zimbabwe's debilitating debt crisis. It has demonstrated how the Chinese have developed an alternative asymmetrical global power and economic structure which appears to be aiding Africa while in essence it promotes total Chinese domination of Africa and privileges the Oriental financial architecture and unrestrained exploitation of African resources. Colonial structures of power created by the Chinese have allowed it to become hegemonic over Global South states in particular those that have sour relations with the neo-liberal West like Zimbabwe. It has been shown how these structures of power continue to impinge on subalternised parts of the world through the colonial matrix of power produced by Oriental modernity. Zimbabwe has sought refuge in it but has been consumed by it thus deepening the debt crisis. The paper has advocated for the adoption of decoloniality for the dis-mantling of Sino coloniality and the resolution of Zimbabwe's debt conundrum.

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Zimbabwe Journal of Applied Research
Volume 5, Special Issue (2025), pp. 55-69
www.lsu.ac.zw/journals

'It's now payback time': The Sinofication of Zimbabwean mineral wealth and elite complicity

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Abstract

This article offers insights into the evolution of Chinese lending in Zimbabwe. It unpacks the dynamics of Chinese relations with Zimbabwe dating back to the liberation struggle, illuminating the vital military and moral support it rendered to the Zimbabwe African National Union (ZANU). Chinese companies are diversifying their business pursuits in Africa, in infrastructure, manufacturing, telecommunications, and agricultural sectors. China's activities in Africa have faced criticism from Western and African civil society organisations over its controversial business practices, as well as its failure to promote good governance and human rights. Despite this glaring evidence, numerous African governments appear to be satisfied with China's policy. At the same time, Beijing's complex relationship with the continent has challenged its policy of noninterference in the affairs of African governments. Literature abounds with Chinese linkages with rich and strategic African countries in the new scramble for Africa, as well as with Chinese debt 'pionage' lending policies that proscribe sustainable development. However, focus has not been on Sino-Zimbabwe economic ties that are benchmarked on paying back through the granting of mining concessions to the Chinese. The article further critiques China's ab(use) of its veto rights in the United Nations Security Council (UNSC) debates on Zimbabwe's human rights abuse record to block the declaration of sanctions on Zimbabwe and argues that this is payback time for Zimbabwe through unguarded mineral exploitation. This article interrogates the Sinofication of Zimbabwe's mineral wealth with the complicity of the local elite that finds solace in bilateral agreements with 'kick backs' from the Chinese for personal aggrandizement.

Key words:

Payback; Zimbabwe-China relations; Minerals; Political economy; Dependence; Neocolonial

Introduction

The Zimbabwe–China relations were developed and intensified during the colonial era when Beijing assisted Zimbabwe African National Union (ZANU) during the liberation war with arms, military strategies and training of former freedom fighters (Zindiye, 2015). These relations are characterized by several significant aspects that highlight its skewed nature in terms of Zimbabwe's economic dependence, debt dependency, trade imbalance, limited value addition, political influence, support for leadership, non-interference policy, resource exploitation, infrastructure projects, limited local participation and geopolitical dynamics.

There is heavy economic dependence by Zimbabwe on Chinese investment for infrastructure and development projects, but the benefits are perceived to favour China more than Zimbabwe. As a result, Zimbabwe has accrued significant debt to China, raising serious concerns about its financial sovereignty and the long-term implications of this dependence. Allegations about the Chinese debt trap have over the years reafirmed negative ideas of China in Africa especially over its bilateral relations that are inherently exploitative and lop-sided in its favour, dating back to the early 2000s (Brautigam, 2019). News agencies in Zimbabwe, a country with low press freedom, report positively on China in order to appease their government, thereby obstructing honest discourse. Yet there is trade imbalance as Zimbabwe exports raw materials to China while importing finished goods, which disadvantages Zimbabwe's economy. Of late, Zimbabwe's infrastructure projects such as roads and dams, are largely financed by Chinese loans, leading to long-term financial obligations for Zimbabwe. There are concerns about the transparency of 'mega' deals and contracts between Zimbabwe and Chinese firms, raising issues of elite corruption and accountability.

China has provided political support to Zimbabwe's ZANU-PF leadership, particularly during times of international isolation, which has given it the pass-port to deliberately undermine legitimate democratic processes and governance. China's policy of non-interference therefore, provides the anchors upon which Zimbabwe's government has pursued policies without external scrutiny, resulting in human rights violations with outright political impunity. The World Bank's Worldwide Governance Indicators classify six indicators of good governance, namely voice and accountability, political stability and the absence of violence, government effective-ness, regulatory quality, rule of law and control of corruption (Kaufmann, Kraay & Mastruzzi, 2010). Using the World Bank's Worldwide Governance Indicators above, it clearly shows that Zimbabwe fell far too short of good governance because these universal indicators aptly point to conditions that are necessary for sustainable development to take place.

In view of its contemporary geopolitical interests, China views Zimbabwe as a strategic component of its broader engagement in Africa, prioritising resource acquisition and geopolitical influence— often at the expense of Zimbabwe's own national interests. In addition, Zimbabwe's historical isolation and diplomatic conflicts with Western nations over its land reform programme that ostracised white farmers and flouted human rights, pushed it into the hands of China as an alternative ally, thus reinforcing a skewed dependency in which Zimbabwe's mineral sovereignty is compromised.

China is often seen as a dragon in the bush: a country exploiting African countries for all they have (Brautigam, 2019) by saddling African countries with debt in order to trap them thereby exerting economic and political influence over them. As a result, China's involvement in Africa is often viewed as a sudden occurrence in the light of the wider "new scramble for Africa" (Ayers, 2012, p.1). China's symbolic support of liberation movements in Africa proved beneficial, and the Chinese communist model of waging a "people's war" took hold in southern Africa particularly (Yu, 1977). That was the reason Robert Mugabe, at that time president of Zimbabwe, called himself "a Marxist-

Leninist of Maoist thought," thus demonstrating his commitment to socialism and to waging a "people's war" (Royale, 2005). He sent young men and women to receive military training in China and pledged to maintain strong ties with China once Zimbabwe had overthrown Ian Smith's white minority government (Taylor, 1997).China's involvement in Zimbabwe's political and economic crisis made sense when it reached its peak in 2008, when the Zimbabwean dollar became worthless and inflation reached an unprecedented level of around 231 mil-lion percent (Central Statistical Office, 2008).

Immediately after independence, the relationship between China and Zimbabwe was not so good. Zimbabwe, therefore, related more with the West than with China during this period. It was only when Zimbabwe was later rebuffed by the West over its land reform, democracy deficit, inconsistent rule of law and human rights record that it adopted the Look East Policy (Manyeruke, Hamauswa & Gwiza, 2012). In 2003, Zimbabwe formally announced the Look Easy Policy in the face of economic sanctions by the West. This, coupled with the Forum on China Africa Cooperation of 2000, strengthened trade and bilateral investments be-tween Zimbabwe and China (Tombindo & Tukić, 2016). When the Chinese Head of State Xi Jinping visited Harare in 2015, he summed up the relation-ship as a special one that had withstood the test of time (Tombindo & Tukić, 2016) hence 'all weather friend.' Analysts, however, note that the adoption of the yuan by Harare was a reciprocal gesture of gratitude to Beijing, after the latter agreed to write off the former's debt, which hovered at around US$ 40 million (Ramani, 2016). The main objective of the Look East Policy to counter Western governments by cooperating economically and politically with Asian countries, particularly China (Ojakorotu & Kamidza 2018). Mugabe thus boastfully remarked that Western governments that had increasingly become hostile to Zimbabwe forced his government to declare a Look East Policy, where the sun rises than the west, where it sets (Youde, 2013). This article explores the intricate dynamics of Zimbabwe-Sino relations to demonstrate the extent to which Zimbabwe's mineral resources have been exploited under the guise of cooperation and collaboration between the two.

Methodology

This is a qualitative study premised on desk re-search. In view of the contemporariness of the is-sues at stake and the political sensitivities that it invokes both locally and internationally, the author elected to review related literature on Zimbabwe-China relations using non-reactive methods. Relevant literature in different journal articles was perused, together with online sources and documents from organisations interested in Chinese activities in Zimbabwe. Some of the views expressed in this article are informed by the writer's personal conversations with colleagues, most of whom have no good words for China. This explains the kind of analysis adopted in this article, with a lot of negativities emerging from the general populace about the skewed relationship. I also had the occasion to interact with political activists I was comfortable with and who were willing to share their views on an anonymous basis for fear of reprimand by the state security agents. Despite the challenges associ-ated with dealing with a moving target, the insights drawn in this article, though dificult to declare with precision, remain tentative,given the wide variety of irreconcilable sources consulted.

Theoretical framework

This article applies a Political Economy framework to demonstrate the vigorous efforts by China to establish its hegemonic control over both the political elite and the national economic resources in Zimbabwe. This framework is well suited to our understanding of the skewed nature of the historical Sino-Zimbabwe relations on a broad spectrum, and explicitly unravels the inextricable link between Zimbabwean politics and its economics in terms of the Look East Policy and the beneficiaries thereof in this relationship. Though we appreciate China's investment drive and its financial lending options to Zimbabwe to dislodge Western oppression, China's diplomatic ties with Zimbabwe have to be understood in the context of its broader Africa's vision of establishing "One Belt, One Road," which joins a continental economic belt and a maritime road to promote cooperation and interconnectivity. This

Belt and Road Initiative, often referred to as Debt-book Diplomacy, entails China offering loans to African countries for infrastructural development leading to debt dependence and potential loss of sovereignty for the borrowing nations (Du, 2016). While theoretically contributing to improved foreign exchange earnings and better livelihoods, the dependence on China with its 'go global' strategy as a development partner has serious negative consequenceson public health and environmental challenges locally and globally (Fang, De Souza, Smith et al. 2020). The political economy of dependence is a manifestation of China's ambitious hegemonic and neocolonial project in Zimbabwe. The Zimbabwean ruling elite appears to have accepted it both uncritically and under duress, yet it has the capacity and potential to perpetually disinherit future generations unless an alternative development trajectory is envisaged as a matter of urgency.

Zimbabwe's Look East Policy

The policy shift from pro-western to the Look East Policy came after the Mugabe-led government fell out of favour with the British and the Americans following a disputed presidential election in 2002 that was deemed unfair at the beginning of the fast-track land reform process (Scoones et al., 2011). The Look East Policy represented Zimbabwe's frantic attempt to find a new international identity after its confrontation with western countries especially over the land reform programme earnestly undertaken after the 2000 referendum. Mugabe presented this policy in order to mend Zimbabwe's relations with the rest of the world when he declared: "It is very important for us in Zimbabwe to develop the Look East Policy because that is where people who think like us are, same history of colonialism as ourselves, people who have started developing their economies, are more advanced than Africa, and relations with them will be reciprocal and re-warding" (The Herald, 2005c). In defence of this paradigm shift in international relations in which Zimbabwe aligned with the Asian countries rather than with the former western colonisers, Mugabe demonstrated his pragmatism and bragged that the West was not the only source of assistance, nor was it the only area of market (Agence France-Presse, 2004). Mugabe explained to his audience why China was so important to the Look East Policy, rooted as it was in the liberation struggle. He further reminded people that except for the former Soviet Union, the material assistance that helped liberate Zimbabwe came from China (Youde, 2007). Furthermore, Mugabe argued that it was the so-called Red World and not the pretentious ChristianWorld that helped Zimbabwe win its freedom and regain its liberties (BBC Monitoring International Service, 2005).

Mugabe also vehemently claimed that China's foreign policies have always been "pro-Africa, pro-Third World, anti-imperial, and anti-hegemonic," and approvingly noted that China imposes no conditions on its aid except that aid-receiving countries accept the One China Policy (Eisenman, 2005, pp. 10 - 11). 'Look East', in its skewed nature, was dominated by Chinese interests and in a reciprocal gesture, China in 2008 spearheaded a defence against a United Nations proposal for a Zimbabwe arms embargo technically because China was Zimbabwe's major arms supplier. This is evidenced by the fact that China endeavoured to supply military equipment to Zimbabwe in 2008 at a time when-there were wide reports of murders and torture being perpetrated by government-sponsored militia on opposition supporters (Amnesty International, 2008) following a disputed election pitting Robert Mugabe and Morgan Tsvangirai of the opposition Movement for Democratic Change (MDC). This is also testimonial to the fact that China regards human rights as a secondary issue, the primary one being protection of its economic and strategic interests.

Civic society groups like the Zimbabwe Congress of Trade Unions and Sokwanele criticised the Look Easy Policy on grounds that Mugabe was selling the country's sovereignty to the Chinese, trading one form of outside domination for another (Sokwanele, 2005). Given the pervasive influence of the Chinese in the Zimbabwean economy, Zimbabwe-ans have coined a term for the phenomenon "zhing-zhong" (Wines, 2005, p. 1) to refer to the short life span of Chinese products being imported into Zimbabwe. While the world had turned its back on funding infrastructure in Africa resulting in an infrastructure gap that hinders economic growth (Kelley, 2012), China did not shy away from funding projects in many countries on the continent focus-sing mainly on roads, bridges, railways, ports and many other infrastructural developments (Rowley, 2020). In Zimbabwe, it invested in the construction of the new majestic parliament building that president Mnangagwa described as a testimony of the strategic and comprehensive partnership and excellent fraternal relations between Zimbabwe and China, Hwange Thermal Power Station and the expansion of Robert Gabriel Mugabe International Airport (Mutsaka, 2022),

Elite complicity and policy inconsistency

The political elite in Zimbabwe appears to have vested interest in a close economic and political relationship with China at the cost of the interests of the people of Zimbabwe, (Ojakorotu & Kamidza, 2018). Supporters hail this relationship as evidence of the country's resourcefulness in the face of condemnation and sanctions from Western nations (Zvayi, 2005). In 2011, United States Secretary of State, Hilary Clinton in her visit to Zambia, warned Africans saying: "we don't want to see a new colonialism in Africa. We saw that during colonial times it is easy to come in, take out natural resources, pay off leaders and leave" (Staff, 2011). According to Mbanga (2011), the question regarding beneficiaries of the Look East Policy can be answered in one sentence: the Chinese, the ruling elite, a cabal of generals and their hangers on.

Firstly, the lack of transparency and accountability stems from negotiations between Zimbabwe and China that are largely secretive, contrary to good governance practice (Hodzi, Hartwell & de Jager, 2012). There was speculation over the construction and purpose of the National Defence College as some even call it a 'Chinese military' base while others say it is a ZANU-PF 'spy centre' for rooting out those opposed to the ruling establishment (Langa, 2011). The then Defence Minister, Mnangagwa, signed a deal with the Chinese for the construction of the National Defence College in exchange for diamonds after the formation of the Government of National Unity (GNU) and this was without consent from the finance ministry which was controlled by the MDC-T (Hodzi et al, 2012, p. 89). The Minister of Finance during the GNU, Tendai Biti, and both houses of parliament, approved the US$98 million Chinese loan for the construction of the National Defence College in exchange for diamond revenue from Chiadzwa (MISA, 2011). Biti responded to his critics by arguing that he did not want to 'embarrass' Zimbabwe by not signing it in the presence of China's vice premier (VOA News, 2011). Biti also claimed that he wanted to renegotiate the terms of the agreements, lambasting the one he had signed as 'criminal' for benefiting only ZANU-PF, China and the military.

Anjin Investments, a joint venture between the Zimbabwe Mining Development Corporation and Anhui Foreign Economic Construction Limited of China, operated in Chirasika for months before it was given concessions to mine in the area, and above all, there was no accountability of diamonds extracted, volumes exported, or revenues remitted (Hodzi, et al. 2012). Chinese employees, believed by closely connected sources to be Chinese mili-tary, dressed in red uniforms, oversaw the mining operations (Sharife, 2011). Similarly, the non-statutory Joint Operations Command which consists of Zimbabwe's top 'securocrats is said to have negotiated an arms-for-diamond deal with the Chinese (Bell, 2010). According to one anonymous African based pundit, the benefits of Chinese development assistance to Zimbabwe have been the political preservation of the ZANU-PF reign and personal aggrandisement through corruption and kickbacks by ruling party cronies flowing from Chinese investments (Hodzi et al, 2012). Since 2006, the relationship between China and Zimbabwe has been rooted in collusion between military and par-ty elites on both sides. This led prominent Chinese companies into lucrative mining contracts in collaboration with companies owned by the Zimbabwean military. One such Chinese company is the arms manufacturer, Norinco. President Mnangagwa, and vice-president Retired General Costantino Chiwenga are alleged to have enriched themselves via such joint deals (The Conversation, 2017).

Chiwenga, in his capacity as the former head of Zimbabwe's defence forces and the architect of the military coup that ousted Mugabe, was in Beijing a few days before he flew back to Zimbabwe and deployed troops on the streets of the Zimbabwe-an capital (Financial Times, 2017). The current Zimbabwean president, Mnangagwa, is reported to have led the first five ZANU members sent to China in 1963 for six months' military training (Daily Maverick, 2021). This revolutionary brotherhood can be said to have allowed for the signing of many mega deals with the Chinese Communist Party government upon assuming power in 2017. Davies (2021), cited in Daily Maverick (2021), intimates that though liberated from a white minority government that instituted and facilitated employment, education, food, and medical resources for all, the elite liberators in Zimbabwe have become rich beyond belief, the economy is destroyed by greed, and the liberated are starved.

Chinese diplomacy and Sinofication of Zimbabwean mineral wealth

Many African states still consider China as an indispensable force against western imperialism and capitalism, and this has left them very vulnerable to China's manipulation in terms of safeguarding Africa's economic and social interests (Ofodile, 2008) through debt-trap diplomacy. As the spectre of colonisation still haunts Africans, some scholars depict China as a colonising power dressed in a mantle of non-interference (The Conversation, 2023). In furtherance of this argument is the fact that Chinese companies have contributed to the destruction and environmental degradation of many areas of Zimbabwe through mineral and oil extraction, wantonly disrupting natural landscapes, emitting hazardous pollutants and displacing local residents (The Conversation, 2023).Though China provides aid to many African states, its relationship with Zimbabwe has received the greatest level of attention. After the United States Secretary of State, Condoleezza Rice, included Zimbabwe in her list of "outposts of tyranny," many expressed discomforts with the country's growing bond with China, a nation with a dubious human-rights re-cords (Youde, 2007, p. 4). Khadiagala and Lyons (2001, p.15) intimate that foreign policy making is a tool for leaders to both disarm their domestic opponents and compensate for unpopular domestic policies and that a state's foreign policy is not simply about power and resources, but also includes history, memory, values, structures, and legacies (Wilson & Black, 2004). More importantly, the Chinese government offers Zimbabwe the "complete package," in a United States diplomat's words (Lyman, 2005, p. 2) in the sense that it not only provides money and technical knowledge, but offers its clout in international organizations to pre-vent the passage of sanctions against Zimbabwe (Youde, 2007). So, this historical connection and a common legacy of liberation struggles and their memories go a long way in cementing relationships between China and Zimbabwe.

At a theoretical level, loans and aid guarantees from the Chinese government come with no conditionalities regarding political or economic reform. China's emphasis on state sovereignty and non-interference provides Zimbabwe with an important source of foreign aid without imposing additional burdens. The Chinese government proclaimed at the 2000 Forum on China-African Cooperation that the reform and human rights conditionalities imposed by Western states and financial institutions were themselves human rights violations and should be opposed (Taylor 2004, pp. 90 -94). In return, it has received numerous mineral concessions which are resources that the Zimbabwean government could not afford to develop on its own. With Zimbabwe's massive platinum and copper deposits that are yet to be developed, this exchange represents a wind-fall for both countries (Eisenman, 2005, pp. 9-10).

Chinese investment in Africa also fits into Chinese President Xi Jinping's development framework, "One Belt, One Road," which joins a continental economic belt and a maritime road to promote co-operation and interconnectivity from Eurasia to Africa (Du, 2016). In 2013, Sanusi Lamido Sanusi, then-governor of Nigeria's Central Bank, noted that Africa must recognise that China, like the United States, Russia, Britain, Brazil and the rest, is in Africa not for African interests but its own (Dai-ly News Brief, 2017). In Zimbabwe, the Chinese have heavily invested in diamond mining through Anhui, a joint venture between the government's Zimbabwe Mining Development Company, the military, and the Chinese company (Mano, 2016). Other Chinese -funded public projects include the US$100 million National Defence College just outside Harare, the US$144 million Harare water project, medical equipment for hospitals, Victoria Falls airport expansion, and the Kariba South hydropower expansion (Mano, 2016). Critics of the Look East Policy argue that Chinese companies are given preferential treatment by the government at the expense of opportunities for other local and international business players, resulting in Zimbabwe losing revenue in uncollected taxes. The Chinese businesses underpay locals and also hire managers from China even though locals are equally qualified and more experienced. There are also cases where the Chinese are thought to be flouting Zimbabwean tax regulations, undermining the rebate application process. As a result of these revelations, some citizens describe the Zimbabwe-China economic relations as that of a 'rider and horse' (Mkudu, 2015). It can be prudent to argue that because of this relationship skewed in favour of China and leveraged on its neo-colonial diplomacy, China has persistently used its power and veto in the United Nations Security Council to support Zimbabwe and this has seriously undermined the cause of democracy in Zimbabwe as Moyo (2016) notes:

> African civic groups need to start mobilising people to confront the Chinese government by demonstrating against its activities in Zimbabwe and Darfur. The people of Africa must not allow China to claim that it will always maintain a policy of non-interference and the respect for sovereignty of African countries, and yet be more than ready not only to illegally export weapons to African dictatorships, but also use its veto powers in the Security Council to block any punishment intended for those who commit crimes against humanity in the continent.

In 2006, The Herald reported that Zimbabwe signed a US$1.3 billion deal with China Machine-Build-ing International Corporation in order to develop coal mines and power stations in exchange for chrome supplies (BBC News, 2006). Mugabe acknowledged that diamonds worth more than US $15 billion were looted in the Chiadzwa mining area in Marange (The Herald, 2016). Equal Times News (2012) revealed how the former minister of Finance, Biti, expressed his discontentment towards the Chinese Ainjin diamond mining company, claiming that its operations in Marange had not remitted 'a single cent' in taxes to the Zimbabwe government's treasury.

Payback time… or else for Zimbabwe?

In 2016, China was reported to be unsettled by the controversial indigenisation policy which required all foreign companies to cede at least 51 percent to locals (Democracy in Africa, 2021). Beijing had long feared that Mugabe's refusal to anoint his successor would mean there could be chaos once he died, threatening their investments which, significantly, included a £100 million new spy Zimbabwe Defence College in Harare for Zimbabwe's ruling party (The New Zealand Herald, 2017). The then First Lady Grace Mugabe had many negative remarks about China (Lam, 2017) one of which was that the country's poor economy was thanks to China (Global Voices, 2017). In March 2016, the Ministry of Youth, Indigenisation, and Economic Empowerment announced that the government had decided to implement a law that required foreign companies to submit their stake transfer plans by April or face the risk of closure (The Diplomat, 2016). This announcement came barely a month after the Zimbabwean government had already closed diamond mining companies owned by Chinese-Anjin and Jinan (The Diplomat, 2016). It can be argued that as part of China's strategy of propping up corrupt regimes in Africa in return for access to the minerals and oil needed to supply its vastly expanding economy, China was prepared to provide a coup strategy in Zimbabwe to remove Mugabe for threatening its vital economic interests. Premier Wang Qishan, who stated that the West should lift restrictive measures against Mugabe and his patrons, noted: 'We understand and appreciate the indigenisation policy, but we ask you to protect the legitimate rights of Chinese business-es (Mail & Guardian, 2011). The Chinese do not seem to care about who is in charge of Zimbabwe as long as their business and strategic interests are secured. The Sino-Zimbabwe relations came to a head in 2016 when Mugabe courageously revoked Chinese mining license as part of a plan to nationalise Zimbabwe's mines. China's vital role in prop-ping up the Mugabe regime initially proscribed him from enacting anti-Chinese policies to appease public discontent over corruption (Colville, 2023). It therefore stands to reason that Mugabe had unequivocally trampled on Chinese rights and interests in Zimbabwe and threatened the very basis for their existence in the country.

The dramatic events in November 2017 that heralded the birth of the Second Republic under president Mnangagwa bore resemblance to a coup, though global powers such as Britain, America and organisations such as the European Union, Southern Africa Development Community and the African Union among others, played it down for diplomatic and other reasons. Mugabe had to go and all else would follow later. In this regard, the 'coup' arguably was carried out in Zimbabwe, but it was made in China (The New Zealand Herald, 2017). Chiwenga informed Mugabe of his routine business in China, which, as noted earlier, supported Mugabe's regime for years with cash and weapons in return for access to its lucrative diamond mines and other minerals. Mnangagwa also flew to Beijing (The New Zealand Herald, 2017) and together with Chiwenga, they discussed their plans with Chinese officials. Interestingly, both Mnangagwa and Chiwenga had their guerrilla training at China's Nanjing Military School (The New Zealand Herald, 2017).

Besides keeping ZANU-PF in power, China is Zimbabwe's biggest foreign investor that has kept the nation afloat amid Western sanctions. It is estimated to control 90 percent of Zimbabwe's mining industry including the largest lithium reserves in Africa (Colville, 2023). Former president Mugabe described China in 2006 as "our second home…a part of us" (Colville, 2023). Once a new Black government led by ZANU-PF assumed governmental powers following the 1980 elections, one of its first oficial acts was to organise a Foreign Minis-trip to Beijing as a thank you (Colville, 2023). Colville also notes that in 1984, China was Mugabe's biggest arms supplier when he suppressed his main political rival in Matabeleland. Chinese mining companies have been given preferential treatment under ZANU-PF. In 2008, Chinese investment was so important that Mugabe exempted all Chinese-owned companies from a nationalisation law that gave locals majority ownership of large companies. A 2022 law ordering all mines to process their ores domestically excluded any mining companies that bought before the law was passed implying that mines owned by Chinese remained unaffected (Colville, 2023).

Due to the rising demand for Electric Vehicle (EV) batteries. thirty-three Chinese companies were granted lithium mining licenses in the first quarter of 2023, the highest number in any business category of all nations listed (Colville, 2023). However, Chinese mining companies in the country have come under criticism from locals for pollution, violating sacred sites and mistreatment of Zimbabwe-an workers, which both the Chinese embassy and Chinese companies deny. The Marange diamond mines which churn out gems for lucrative profits amid brutal state-backed violence, are controlled by companies like Anjin Investments, jointly owned by an Anhui firm and the Zimbabwean army (Colville, 2023). ZANU-PF's continued place in government especially after the 2017 events,can be argued to be at the behest of China, Chinese mining companies and the Zimbabwean military. Khadija Sharife of the Overseas Crime and Corruption Re-porting Project uncovered intelligence documents claiming to show Mugabe's strategy for rigging the 2013 elections, getting special advice from the Chi-nese Communist Party and with party donations of "radio jammers" to hinder the spread of information, while the plan was funded by two Chinese diamond-mining companies working in the country of which Anjin was one (Colville, 2023). Intriguingly, two years later, the military-backed Anjin was back in business in Zimbabwe, despite the nationalisation law (Colville, 2023). Therefore, in the 2017 military coup that toppled Mugabe, the Chinese military are alleged to have green-lit the coup after Chiwenga visited Beijing two days before the event.

In 2023, the Zimbabwean government issued more business licenses to Chinese companies than every other listed nationality put together, mostly in mining. This development saw Anjin taking over the country's most productive diamond mine from the government, despite Mugabe's nationalisation law still being in effect (Colville, 2023). There can be little doubt that in Zimbabwe, based on its hysterical intentions to maximize mineral extraction, China is powerful enough to do what enhances its economic interests unhindered by state regulations and policies.

Many workers and villagers in lithium-laden Bikita and Gutu districts feel short-changed by Sinomine or the Zimbabwean government both of whom they accuse of sidelining environmental and social standards for lucrative lithium projects. Mining is producing lithium for green technologies abroad, yet locals have little or no electricity. Lithium mining and processing is currently the country's fastest-growing industry, with companies from China being the largest share investors. According to a recent Zimbabwe Environmental Law Association (2023) report, Chinese-owned companies have acquired the biggest portfolio of lithium mining projects in Zimbabwe. Some notable Chinese acquisitions include Arcadia Lithium Project acquired by Zhejiang Huayou Cobalt for US$422 million from Prospect Resources in 2021 and Bikita Lithium Mine acquired by Sinomine Resource Group (SRG) (Reuters, 2021). Besides acquisitions, Chinese investors Eagle Canyon International Group Holding Limited and Pacific Goal Investments sealed a deal of US$13 billion with the Government for the construction of a "mine to energy industrial park" to produce lithium-ion batteries. In March 2023, China Natural Resources entered into an agreement to acquire US-based Williams Minerals (Private) Limited which owns lithium mining rights in Zimbabwe. While Zimbabwe needs these Chinese investments, it turns a blind eye to some of the governance factors that hinder Zimbabwe's economic growth and benefits to communities due to poor safety standards, unsafe working condition, unfair displacement measures in mineral-laden areas, environmental damage and low wages for the workers.

China and Zimbabwe signed a Development Cooperation Framework Agreement in the midst of the so-called Zimbabwean crisis, in which they agreed that Zimbabwe would pay its debts through mineral concessions and exportation of cash crops and mineral resources to China (AFRODAD, 2017). As most Western countries imposed an arms embargo on Zimbabwe in 2008, China supplied military equipment to Zimbabwe at a time when there were reports of murders and torture being perpetrated by government-sponsored militia (Amnesty International, 2008). In July 2008, China and Russia blocked attempts by the other members of the United Nations Security Council to impose sanctions on Zimbabwe (Foreign & Commonwealth Office, 2009; Manyeruke et al., 2012) and this seems to suggest that China's relations with Zimbabwe continue to contribute to patronage and corruption within the Zimbabwean government in Harare (Foreign and Commonwealth Office, 2009).

One of the most recent Chinese massive investment endeavours is in Manhize, located at the confluence of Midlands, Mashonaland East and Mashonaland West provinces. The Manhize Steel Plant that is owned by Chinese company Tsingshan Holding's local subsidiary, Dinson Iron and Steel, was established in 2022 under the Zimbabwe-China deal. The country's own steel manufacturing collapsed

when Ziscosteel, a State entity closed, resulting in massive deindustrialisation. Notable in this deal is the fact that the government gave a Chinese firm an iron ore mining lease with an open-ended ten-ure (The Herald, 2023) suggesting that the Chinese would be exploiting the ore for an indefinite period of time. The then Norton Member of Parliament Temba Mliswa, urged government to revisit the Chivhu-Manhize iron mining and processing project to ensure that Zimbabweans benefit because Chinese investors would bag US$20 billion from the venture (Mining Zimbabwe, 2022). It can be assumed that the proposed town to emerge at Manhize would attract Chinese architects who would undertake infrastructural development to the mining city as a back-up strategy to maximise and buttress their exploitation of the resource, of course, with Zimbabwean government support and protection.

In November 2024, Chinese gold looters were exposed in a gold-rush at Manhize when villagers discovered gold in the area (ZimEye, 2024). It would suggest that the Chinese used iron ore mining at Manhize to cover up their unsanctioned gold extraction within the vicinity. These developments have fueled suspicion and untrustworthiness about the true nature of Chinese operations. The parallels between Manhize and Chiadzwa invite questions relating to the government's capacity or willing-ness to safeguard natural resources to benefit its citizens. In both these cases, Chinese companies are a common thread, raising accusations of elite complicity in the exploitation of natural resources. The lack of transparency, mismanagement and corruption have permitted foreign capital interests to profit. The most critical question to ask is: how could the Chinese locate iron ore in Manhize and gloss over huge deposits of gold in close proximity? What pains the local villagers is the government reaction to the gold discovery. Authorities stepped in with police cordoning off the area and preventing locals from accessing the precious metal (ZimEye, 2024).

Hwange Colliery Company Limited signed a contract mining deal worth US$1.5 billion with Chinese firm Dinson Steel, for a processing plant at Manhize (Zimbabwe Independent, 2024). A new underground mine, known as 3 Main North, was proposed in the Hwange region through a joint venture between Hwange Colliery Company Limited and China's Zhong Jiani Investments. The project focused on previously untapped coal concessions in the area, with Zhong Jiani Investments holding a dominant 77 percent stake, while Hwange Colliery Company Limited retained a marginal 23 percent share (Zimbabwe Independent, 2024). A massive project such as Prospect Lithium Zimbabwe's Arcadia lithium plant, which was constructed in under one year when ordinarily it would have taken 18 months, have attested to the sense of urgency and purpose as well as unmatched work ethic of the Chinese (The Herald, 2024). The speed and limited time within which the Chinese construction companies in Zimbabwe accomplish their assigned projects remains a key factor in the government's choice of Chinese in construction deals. This is despite the fact that infrastructural durability is compromised for political expedience in order to immediately satisfy the Chinese before they have time to formulate grievances with the potential to negatively affect their bilateral agreements.

Conclusion

While the relationship between Zimbabwe and China has brought some development opportunities in the form of infrastructure development, it remains heavily skewed in favour of Chinese interests. This has incessantly raised concerns about economic independence, local benefits and sustainable development deficiencies. In a world torn between two competing economic powerhouses for hegemonic global control of resources of the developing countries, notably those in Africa, Zimbabwe finds itself entangled in a dilemma. The political elite that benefits from the Sino-Zimbabwe relations endorsed the pragmatic Look Easy Policy when Zimbabwe's relations with the western countries and international lending institutions such as the World Bank and the International Monetary Fund got bad. This resulted in the imposition of economic sanctions on it for its human rights abuses and racialised land reform. This article has argued that consistent with ZANU-PF's vow during the armed struggle to be-come all weather friends with China, the relations are all hell bent on making Zimbabwe pay back for the material, ideological and other forms of support it received during the liberation struggle. It has also intimated that when Mugabe threatened Chinese interests through a series of legislation, thereby breaking the vow Zimbabwe had entered into with China, the Chinese Communist Party government in cahoots with estranged members of the ruling ZANU-PF party, connived to foment a coup in 2017 in a calculated bid to reinforce China's neo-colonial enterprise. This entailed rendering support even to those power-hungry politicians regardless of their dictatorial tendencies as long as they were compliant with Chinese schemes and manipulative ways of doing business. Chinese diplomacy has played well into their hands, drawing Zimbabwe into serious debt that is hard to address, resulting in the Zimbabwean government compensating it by giving China mineral concessions and secretive 'mega' deals that have the capacity to perpetually disinherit Zimbabwe's future generations. Not surprisingly, China has resolved to defend Zimbabwe in the United Nations Security Council despite the blatant human rights abuses perpetrated by the ruling establishment's security institutions and state agents, to be paid back by ensuring that China willfully interferes with Zimbabwean power politics, let alone its sovereignty over its mineral resources among others. Zimbabwe needs to seriously weigh the pros and cons of continued collaboration with China, known for its relentless exploitation of the country's rich mineral resources, if sustainable development and the consequent improvement in human lives are to be realised. As it stands now, China, despite its hefty loans to Zimbabwe, has failed to deliver sustainable economic development and poverty reduction. Instead, it has actually made the Zimbabwean populace worse off.

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Zimbabwe Journal of Applied Research
Volume 5, Special Issue (2025), pp. 70-83
www.lsu.ac.zw/journals

Entwined in debt: China-Zimbabwe relations and socio-economic implications

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Abstract

China's growing involvement in Africa has significant social and economic implications, contributing to a debt crisis that reveals the continent's precarious dependence on foreign aid. This article examines the impact of the debt crisis on social and economic development in Zimbabwe through the lens of Debt Trap Theory. This qualitative study aims to analyse the nature of China’s debt diplomacy in Zimbabwe, evaluate the socio-economic ramifications of Chinese debt, and highlight the key drivers contributing to the debt crisis in the country. Furthermore, the article identifies strategic measures implemented by Zimbabwe to mitigate the effects of the debt trap. A qualitative approach was used to collect data from key stakeholders, including Chinese entities and their workers, political actors, the Environmental Management Agency (EMA), local authorities, media representatives, and community members. The empirical evidence gathered from the study suggests that the debt crisis has harmful implications for both social and economic development in Zimbabwe. Social ramifications include the failure to achieve Sustainable Development Goals Particularly Goal number 1: No Poverty, social unrest, high crime rates, human rights violations, and reduced access to healthcare services. Economic repercussions consist of high inflation, unemployment, tax evasion, and increased corruption levels. The study notes that Zimbabwe's debt crisis has led to a severe economic slump and the emergence of unsustainable livelihoods. The article concludes by emphasizing the need for domestic resource mobilization, investment in sectors where the country has a comparative advantage (such as agriculture), reducing government officials' spending and foreign trips, strengthening and capacitating state institutions to curb corruption and capital flight, and registering small-scale enterprises for taxation. These measures are recommended to mitigate the adverse effects of the debt crisis on Zimbabwe's social and economic development.

Keywords:
Debt; China-Zimbabwe relations; Socio-economic development; Sustainable development

Introduction

China has undoubtedly assisted the Global South in its efforts for development, particularly in infra-structure development and technological advancement (Miah, 2024). However, it has exacerbated the debt crisis, along with socioeconomic and environmental implications, entrapping Global South states in perpetual poverty, especially in the era of climate change. Chipfakacha (2024, p. 32) lamented the impact of Chinese investment, stating, "The cost of Chinese funding has come with its curse on the Zimbabwe landscape, among other things…" Shurugwi town's Great Dyke was destroyed by Chinese miners, thereby affecting the environment (Ibid). This is evidenced by the entrapment of African states in a cycle of perpetual poverty, as described by Chambers (1983), characterized by "isolation, income inequality, physical weakness, vulnerability, and powerlessness.

Chinese investment has been criticized for prioritising the interests of Beijing over the developmental needs of host countries in the Global South. China's lending practices have been described as strict, with reports indicating punitive measures for countries that default on their debt repayments. A notable example is Sri Lanka's Hambantota Port, which was seized by China after the nation failed to meet its debt obligations (Brautigam, 2020). Moyo (2024, p. 11) asserts that "the Africa-China relationship is largely beneficial to China," raising concerns about the potential for "debt-trap diplomacy" and its implications for the economic sovereignty of recipient countries.

African Development Bank President Akinwani Adesina presented a report on November 25, 2024, in Harare, Zimbabwe, highlighting the country's substantial debt burden. The report indicated that the country has a total of US$21,1 billion debt with US$13 billion attributed to external debt. The report indicated that Zimbabwe owes significant amounts to various international financial institutions, including US$1,5 billion to the World Bank, US$760 million to the African Development Bank, and US$427 million to the European Investment Bank. Notably, the Zimbabwe Public Debt Report of 2023 underestimated the country's debt to China, stating it to be US$2 billion, whereas Chinese Ambassador to the country Zhou Ding mentioned in April 2024 that China would cancel US$2,1 billion of debt (Olander, 2024). Furthermore, research by (Chinamhora and Othaman, 2024, citing Colville, 2023) and AFB (2021) revealed that China invested US$3 billion in the establishment of a new coal power plant in Hwange, while Zimbabwe Nation-al Budget (2024, p. 69), estimated that the country has a debt of US$21,1 billion inclusive (US$13 billion external debt and US$8 billion internal debt), suggesting that China's actual debt holdings may be higher than reported.

Therefore, against this backdrop, this article under-takes a critical examination of the impact of debt trap diplomacy on Zimbabwe's socio-economic development, focusing on the role of the China-Zimbabwe relationship. The article analyzes the nature of China's debt diplomacy in Zimbabwe's debt crisis; examines the socio-economic ramifications of Chinese debt and also highlights the key drivers contributing to Zimbabwe's debt crisis, with a particular emphasis on China's involvement and the strategic measures implemented by Zimbabwe to mitigate the effects of the debt trap.

By examining the socio-economic ramifications of Chinese debt, highlighting the key drivers contributing to Zimbabwe's debt crisis and exploring the China-Zimbabwe relationship and the implications of debt, this article seeks to contribute to a deeper understanding of the challenges and potential benefits in Zimbabwe's development efforts. Further-more, it explores China's role in Zimbabwe's debt crisis, outlines its socio-economic consequences and provides a clear direction for a more balanced Zimbabwe-China relationship. The research intends to investigate the impact of the debt trap on Sustainable Development Goals Particularly Goal Number One: No Poverty.

Methodology

Primary data was collected through interviews and field observations, designed to capture the personal perspectives and insights of key stakeholders. interviews were conducted with government officials to understand policy decisions with regard to the Sino-Zimbabwe economic relationship and debt management. Economists and financial analysts were interviewed to assess the economic impact of Chinese investments in the country. Several business people were also interviewed to gauge the effect of Chinese investment and loans on local businesses and employment.

Purposive sampling was employed to select key informants who were directly involved in the China-Zimbabwe relationship. This includes govern-ment officials (10), economists (7), business leaders (10), civil society representatives (10), and affected community members (50). The qualitative data gathered from interviews and field observations were analyzed using a thematic approach. Data was coded to identify recurring themes and patterns related to economic dependency and sovereignty; social and political impacts; perceptions of China's role in the country; and policy implications.

Interviews were also conducted with Civil Society Organizations to understand the socio-economic impact of the duo's relationship on local communities, particularly in sectors like education, healthcare, and infrastructure. Informed consent was obtained from all participants before data collection, ensuring that they understood the purpose of the study, the voluntary nature of participation, and their right to confidentiality. Caution was taken to avoid any harm to participants, particularly when discussing sensitive topics such as debt, corruption, and government policies. Community members who were interviewed helped to capture the public's experience of economic policies and China's involvement in the country. Interviews were used for flexibility and to enable respondents to provide detailed accounts of their experiences and views, while also ensuring that key research questions were addressed. Data was also gathered through field observations which were conducted by visiting areas affected by Chinese-funded projects, such as infrastructure developments, mining operations, and agricultural ventures. Observations focused on the implementation of Chinese investments, local employment conditions, environmental impact, and social infrastructure development.

Secondary data sources were utilized to complement primary data, offering historical context for the analysis. The sources included government reports and policy documents; economic databases from international organizations like IMF, World Bank and AfDB; China-Zimbabwe bilateral agreements and; academic journals and research papers. The research adhered to ethical guidelines for conducting research with human subjects and ensured transparency in reporting the findings. This conforms to Resnik (2020) who stipulates that the researchers must be transparent and disclose their methods to their human subjects.

Historical background

The relationship between Zimbabwe and China has evolved significantly over the years, particularly in the context of shifting geopolitical dynamics. China's involvement in Zimbabwe can be understood through the lens of debt-trap diplomacy, which often results in increased dependency on Chinese financial support. The Sino-Zimbabwe relation-ship dates back to the 1960s before Zimbabwe's independence, when China provided military assistance, including arms and training, to liberation fighters (Chen, 2004). Alongside Russia, China provided both military and financial aid to Zimbabwe, contributing to the country's liberation and the removal of British colonial rule in 1980.

Post-independence, Zimbabwe-China relations continued to evolve, and formal diplomatic ties were established. According to Zhou (2015), the relationship between the two countries shifted from military assistance to economic cooperation, infrastructural development, and agriculture. China provided funding for these initiatives, although the terms and conditions were not disclosed to the public for political reasons. In addition to China's support, Zimbabwe also maintained cordial relations with the West, benefiting from technical and financial assistance from Bretton Woods institutions. However, following the implementation of a chaotic fast-track land reform program in 2000 that violated property and human rights, these cordial relations underwent a paradigm shift. In response to property and human rights violations by the Zimbabwean government, the West imposed sanctions in 2000 (Mavhinga, 2013).

Following sanctions imposed by the West, Zimbabwe shifted its focus towards China as a key partner for investment and development through the Look East Policy (Moyo et al., 2020). This strategy has enabled the Zimbabwean government to attract Chinese investments in various sectors, such as mining and infrastructure. However, this dependence on China as a key investor raised concerns about potential neo-colonialism, where Zimbabwe's sovereignty could be compromised under the weight of debt obligations to China (Munhuweyi, 2022). As the country navigates this complex relationship, it faces the challenge of balancing economic growth with the risks associated with external financial dependence.

The sanctions which were imposed imaged as an opportunity to further cement relations between Zimbabwe and China. After the Look East Policy which was meant to bust sanctions, the relations further evolved into military and economic cooperation in 2010 (Zou & Chinyere, 2019). The countries shared military cooperation and a lot of Zimbabwean military personnel went for military training in China. UNCTAD (2021) further noted that China became the largest trading partner with Zimbabwe exporting agricultural products and minerals while China provided manufactured goods, machinery and technology. This was buttressed by Zhou & Chinyere (2019) who observed that key investments by the Chinese in the Southern African country were also initiated during this period. Investments such as the Kariba Dam expansion and strategic infrastructure like the National Sports Stadium, and the new Mt Hampden Parliament building in Harare were initiated.

It is quite evident that China had a hand in the 2017 Zimbabwe coup that toppled long-standing leader President Robert Mugabe as evidenced by the then Army General, who is the current Vice President, Chiwenga's China visit a week before the coup. This can also be traced back to the military cooperation exchange program which was implemented in 2010. This implies that China has a vested interest in the affairs of the country. Although China states that it has no conditionalities in the recipient country's affairs, China has always had conditions for investing in the Global South states. China, United Kingdom, France, Russia and the United States of America as permanent members of the United Nation Security Council, use their investments as a tool to seek alliance and support from their recipient nations especially when major debates are conducted. In addition, China's investment is not for states that recognize Taiwan such as Eswatini. Recently, South Africa due to its alliance with China, forced the Taiwan Embassy out of its Capital Pretoria due to pressure from China, although the Taiwanese refused to relocate to Johannesburg. China is supporting Zimbabwe in various sectors as evidenced by the construction of the New Parliament Building in Mt Hampden, Harare and we don't expect a shift of policy among Members of Parliament operating from the very building constructed by the Chinese.

After the demise of the Mugabe regime, the Second Republic under the stewardship of President Emmerson Mnangagwa continued on the same trajectory with China. According to Chivanga (2018) critical projects were implemented by the second republic such as the expansion of the Kariba Hydro power plant and the construction of major roads under the Chinese Belt and Road Initiative (BRI). However, these Chinese-funded projects steer growing debt challenges and environmental concerns as noted by UNCTAD (2021). Although there are some privacies surrounding China's investment, China has shaped Zimbabwe in her quest for development.

'Debt trap diplomacy'

Debt-trap diplomacy refers to a situation where a country is enticed into borrowing large sums of money that it cannot repay, ultimately forcing it to give up strategic assets or make political concessions (Chellaney, 2017). This strategy is often employed by powerful nations, particularly China, to gain political leverage over less-developed countries through financial assistance, which can lead to unsustainable debt levels. The approach is characterized by loans that may initially seem beneficial but often result in the borrowing country becoming excessively dependent on the lender. The historical origins of debt-trap diplomacy can be traced back to the colonial era when European powers exploited resources and imposed unfair trade agreements on colonized countries, contributing to their debt accumulation. Furthermore, the Bretton Woods Institutions have perpetuated this trend from the 1980s to the present. In contemporary times, the term "debt-trap diplomacy" was popularized by Brahma Chellaney, an Indian strategist, in 2017, and the concept was further supported by research from Georgetown University. Critics such as Khanum et al (2023) argue that debt -trap diplomacy creates a cycle of debt that ultimately serves the lender's strategic interests. The international media plays a critical role in highlighting these dynamics, shaping public perception, and raising awareness about the implications of such financial strategies (Khanum et al., 2023). This suggests that many Global South states have fallen prey to debt-trap diplomacy. A notable example is Zambia, where the country's national broadcasting corporation was nearly seized due to its failure to service the debt. Additionally, national policies in borrowing countries are often influenced by China, compromising national security and hindering innovation.

Implications of Sino-Zimbabwe ties

Financial hardship and unequal opportunities

While China is championed by the political elite of Zimbabwe as the medley redeemer of all economic woes facing the country, Chinese operations in Zimbabwe have had remarkable social impacts, marred with negative consequences for the citizenry. Respondents expressed mixed views about China investment as some saw a tool by China to enrich itself. For instance, one said,

> Chinese investment perpetuates dependence and looting of our resources while offering few low-paying jobs. It also affects existing businesses as was the case with Merlin Pvt Limited closure, in Bulawayo' (respondent 2, Government official).

> Unemployment can be attributed to Chinese whose companies often bring their Chinese workers. Few locals are employed as contract workers and are paid low wages and workers, furthermore, human rights are not observed' (respondent 5, Civil Society Activist).

This finding is supported by ZIMSTAT (2024) re-ports which revealed that only 20,5 percent of the population are employed and most of them are in the public sector, forcing unemployed to use alternative coping strategies such as theft, thereby further fueling tensions with the Chinese. Additionally, locals are subjected to poor working conditions unlike their Chinese counterparts leading to health complications.

> We are not allowed to rest during working periods and have small breaks, those who defy the orders, found their salaries deduct-ed, beaten or fired, (Respondent 5 Chinese Entity worker).

This was further corroborated by Matsika (2024, p.68). The asymmetrical power dynamics in the negotiation and execution of infrastructure projects financed by the China Exim Bank have constrained Zimbabwe's ability to fully realise the anticipated economic and social benefits from its bilateral engagement with China (Kambudzi, 2022). This has resulted in predatory attitudes from Chinese con-tractors and irresponsibility from the Zimbabwean government, leading to underpayment and maltreatment of workers (Kambudzi, 2022). Chinese mining entities are also accused of failing to invest in the welfare of their workers and the surrounding communities. In fact, communities are becoming poorer than before the arrival of Chinese due to environmental degradation, biodiversity loss, water pollution and displacement. This is in clear contrast with entities from the global north which observe the notion of social corporate responsibility best practices.

The relationship between China and Zimbabwe has led to several challenges, including increasing resource-backed debt burdens, exploitation of natural resources, and violations of the constitution, environmental, and labour provisions (Tinarwo & Babu, 2022). This has been exacerbated by the opacity and secrecy surrounding many Chinese loans, which have left the country being mortgaged to Beijing and deepened debt sustainability problems (Moyo, 2023). The lack of transparency and accountability in these financial deals has continued even under the second republic, despite the rhetoric and promises of openness (Moyo, 2023).

Interestingly, while China's involvement in Zimbabwe's media sector through donations and training programs has been seen as a form of soft power and potential manipulation (Maunganidze, 2013), the impact of Chinese investments on employment is mixed. Some studies suggest a positive effect on employment in Southern Africa, including Zimbabwe, while others indicate insignificant effects in Northern Africa (Khodeir, 2016). However, the overall social impact remains concerning, with limited Zimbabwean agency in negotiations with Chinese actors and a lack of civil society involvement in these processes (Chipaike & Bischoff, 2019). This has resulted in a relationship characterized by a "horse and rider" dynamic, with China often dominating the terms of engagement (Chipaike & Bischoff, 2019; Maunganidze, 2013).

Chinese companies bring their technical expertise, therefore denying citizens in their quest for employment. This act has a serious bearing on the attainment of sustainable development goals especially goal number one 'No Poverty". Additionally, Chinese investors pay low salaries to locals thereby increasing poverty and inequality.

For instance, (respondent 9, Media Representative) stated that,

> I used to take photographs of industrial workers cycling along Khami Road, Bulawayo, carrying food hampers on every Fridays be-fore the emerging of these Chinese, and after the closure of most Western-backed industries, and most of the building are ruins or used by churches. Khami road is now deserted.

Labour rights are fundamental in providing work-ers with the freedom to join trade unions of their choice, and enabling them to have representation in cases of disputes. However, this right is often not upheld in Chinese-owned companies operating in Zimbabwe. Reports, such as the Zimbabwe Congress of Trade Unions (ZCTU, 2022) report, highlight that Chinese companies frequently restrict workers' rights to union membership. This practice has significant repercussions, as employees are often dismissed without any union representation or defense. Many dismissals stem from minor in-fractions that could potentially be resolved through union mediation.

> These Chinese entities don't allow unions in their premises and those who join the union are dismissed' (Respondent 3, Labour Union)

Additionally, there are reports of workers being denied adequate rest and being subjected to excessively long working hours in unsafe conditions, which constitutes a violation of labor rights. Instances of abuse, including unjust salary deductions, are not uncommon, especially when employees are unable to work continuously (Matsika, 2024, p.72). Inter-view with Chinese female worker revealed allegations of exploitation, where some reported being coerced into relationships with Chinese supervisors to secure better working conditions, a disturbing trend that has reportedly persisted for years. While Chinese companies in Zimbabwe have contributed to job creation, particularly in the mining sector, concerns about low wages, exploitative labor practices, hazardous working conditions, and the mistreatment of workers remain prevalent.

Environmental implications

Chinese-funded projects in Zimbabwe and across Africa have enormous environmental implications that aggravate existing challenges. The nature of these investments, primarily driven by resource extraction and infrastructure development, raises concerns about sustainability and environmental degradation. One of the primary environmental implications of Chinese investments is the tendency to overlook local environmental regulations. In Zimbabwe, Chinese companies have been known to exploit the country's political and economic vulnerabilities, establishing connections with local politicians to bypass regulations related to environ-mental protection and labor standards (Chipaike & Bischoff, 2019). For instance, in April 2024, Bulawayo City Council working with the government, approved Chinese Labenmon Private Limited to establish a cement grinding facility near education tertiary training institution, compromising the health of trainers and trainees. This circumvention of local governance undermines Zimbabwe's regulatory frameworks and can lead to significant environmental degradation, as projects may proceed without adequate environmental impact assessments. Chinese investment has caused hardships for locals, especially in healthcare.

Most of these mines cause a lot of pollution as is the case with Chinese Haulin Investments, Pumula North, Bulawayo. The mine is located in the middle of a township and near Pumula High School. The Populace and children are often affected by emissions and noise coming from the mine. Although authorities are silent about the effect of this mine, there is serious interruption of learning and health hazard to learners and residents. Furthermore, there is serious prostitution going on near the site, there-by putting the lives of citizens at risk.

Additionally, the influx of Chinese capital has been linked to a broader trend of economic dependency, which can hinder local industries and exacerbate environmental issues. Critics argue that Chinese investments often prioritize short-term economic growth over sustainable practices, leading to a cycle of dependency on foreign capital and products (Jaworski & Gertsch, 2020). This dependency can stifle local innovation and the development of sustainable practices that are crucial for environmental conservation. Despite these challenges, there are instances where Chinese investments have contributed positively to environmental sustainability. For example, some projects have focused on renewable energy, such as solar energy initiatives in Zimbabwe, which aim to provide affordable energy solutions while reducing reliance on fossil fuels (Kambudzi et al., 2023). However, these positive examples are often overshadowed by the predominant focus on resource extraction and infrastructure development that neglects environmental considerations. For example, ASB Gold Mine in Mberengwa operates along the Dohwe river and has encroached into the river catchment resulting in massive environmental destructions according to locals. They further use mercury and cyanide in conducting their activities, thereby putting the lives of both people and livestock at risks. Resource-backed loans have implications for social and the environment as is the case with Bikita Sinomine Resource Group. The mine is accused of displacements and labor abuses. Locals are forced to cede their land to pave the way for mining activities.

Civil disorder and criminal activity

Chinese investments in certain African countries have been associated with an increase in corruption, particularly through bribery of government officials, including those from the Environmental Management Agency (EMA). Although legal frameworks are in place to regulate their operations, Chinese investors frequently bypass these regulations. For example, during a site inspection at a blasting area in Boterekwa near Gweru, an EMA official attempted to issue a notice of non-compliance to Chinese management. In response, the Chinese management contacted higher-level government authorities, resulting in the official being instructed to leave his vehicle on-site and return via public transport. This official was later transferred to Bindura, causing significant disruption to his personal and family life. This incident illustrates the abuse of ethical governance, often facilitated by the collaboration between Chinese investors and senior government officials.

> We received verbal instructions that we are not allowed to visit the Chinese entities even if there are reports of violations of emissions laws because they said we are indebted to China. (respondent 7, EMA official).

Chinese investment has thus exacerbated corruption by capturing elite decision-makers, allowing many of their operations to proceed without public oversight. Despite the provisions of Section 174 of the Criminal Law (Codification and Reform) Act, Chapter 9:23, which criminalizes the abuse of office for personal gain, there have been very few convictions since its enactment in 2013. Moreover, no Chinese investors have been prosecuted for corruption, even though there is evidence of their involvement in bribing top officials, particularly to bypass environmental assessments. According to the ZIMSTAT 2024 first-quarter report, there was a notable rise in criminal offenses, with a recorded increase of 108 incidents, from 221,704 in the fourth quarter of 2023 to 221,596 in the first quarter of 2024. Notably, recently armed robbery of US$ 4 million in Bulawayo. Among these offenses, 83 cases were classified as corruption-related. This uptick in crime can be attributed to various socio-economic factors, particularly the pervasive issue of poverty, as well as the detrimental effects of substance abuse.

These underlying factors necessitate a comprehensive examination of the relationship between socioeconomic conditions and criminal behaviour in the region. Additionally, significant smuggling of precious minerals out of the country undermines Zimbabwe's economic growth. The externalization of funds by Chinese investors, who typically do not use local banking systems, contributes to this issue. Large sums of money are often found at their residences, as reported in several armed robbery cases according to law enforcement agents interviewed. In Zambia, Chinese investors have circumvented local financial systems entirely by establishing the Bank of China in Lusaka, allowing them to deposit their earnings directly into their institution, further limiting the benefits to the host country's economy.

Chinese are further accused of impregnating local poor girls and this act has serious implications on culture and can lead to social unrest. In Hwange, there was a community that demonstrated against the Chinese for taking their wives and stealing their dogs for meat. The protestors were heavily met by police who took orders from above (according to local authority health officials). Recently, an Italian Investor was convicted after falling out of relations with his Chinese girlfriend. This shows that the Chinese are protected and above the rest. Additionally, there are a lot of unreported assaults by Chinese investors on locals especially if they suspect any theft. A former employee of a Chinese mine who was interviewed indicated that he was subjected to torture after armed robbers attacked at one of the officials' houses. He indicated that he reported the issue to the police and no action was made till to date. Moreover, four locals were shot and injured at Bunyip Gold Mine, Filabusi, Matabeleland South and no arrest was made despite known perpetrators.

There is serious violation of human rights in most mines operated by the Chinese thereby compromising sustainable development goals attainment.

Financial implications

Although Chinese investments in Zimbabwe's mining sector have contributed to economic growth and job creation, they have brought unbearable challenges related to labor practices, environmental concerns, and power imbalances in negotiations of the agreements and smuggling and extenalisation of funds. Interestingly, China's investments in Africa are mainly in infrastructure and mining neglecting other sectors of the economy. One can deduce that Chinese investors are ripping unequal benefits from these investments relative to the recipient country. For instance, in the mining sectors, Chinese may be offered a gold mining permit to extract gold only, however, in the process of extracting gold they also extract other minerals and they fail to declare those minerals to the government according to Chinese entity workers. This therefore compromises economic development as those minerals are smuggled outside the country robbing the country of potential foreign earnings.

> Chinese deliberately exclude locals in a bid to hide other minerals that they obtain in the process as well as to ensure that they under declare the amount of minerals extracted (respondent 8 Chinese employee in the Matabeleland North Province).

This practice has a serious bearing on the Domestic Gross Product of a country. For instance, Zimbabwe's national budget does not capture the Chinese mining activities, the budget only captures mining activities conducted by the locals. While Chinese-funded projects in Zimbabwe and Africa can offer economic opportunities, they are condemned for their enormous environmental costs.

> They tend to bypass local regulations, the focus on resource extraction, and the resultant ecological degradation highlight the need for a more balanced approach that prioritizes sustainable development (Respondent 3, Local Authority official).

This research also established that a significant number of Chinese companies especially in the mining sector operate illegally and are working in cahoots with powerful political figures who shield them from compliance issues. Most Chinese nationals in the country are illegal and they misrepresent themselves as employees of Chinese Multinational companies engaged in mega projects running in the country. Compliance challenges by these Chinese nationals further entrenched smuggling and externalization of funds as they cannot regularize their stay in the country. For instance, an illegal immigrant cannot open an account with any bank within the country. This is in line with the ZIMCODD (2023) report warning that Zimbabwe's debt crisis would perpetuate a vicious cycle of debt, characterized by continuous borrowing, accumulation of arrears, and subsequently defaults.

There is widespread resentment and anger among communities especially those adjacent to Chinese Mines regarding the conduct of Chinese nationals. They are accused of manipulating the political environment and bribing authorities which has seen some communities being displaced and moved away from their usual livelihoods without consultation to pave the way for Chinese mining activities. This has seen numerous clashes between com-munities and Chinese nationals. In Nyikavanhu and Manhinze Villages the communities were not properly consulted when the Dinson Iron and Steel Chinese-owned company was established. This lack of community engagement by Chinese companies brewed a feeling of disenfranchisement and marginalization within the communities (Respondent 5 Local traditional leader). Whenever they are asked about such shortcomings and their deliberate environmental degradation authorities are directed towards powerful political high profiles. This confirms the accusation that Chinese work in cahoots with prominent political figures. However, this undermines the rule of law and can adversely affect community cohesion especially when local leadership is fingered in corrupt deals with these Chinese entities.

Conclusion

In conclusion, the findings of this research illustrate the profound and detrimental effects of the debt crisis on both social and economic development in Zimbabwe. The evidence indicates that the debt crisis not only obstructs the country's pursuit of Sustainable Development Goals, particularly the eradication of poverty, but also exacerbates social issues, including unrest, elevated crime rates, human rights violations, and diminished access to essential healthcare services. Economically, the ramifications are equally alarming, characterized by soaring inflation, rising unemployment, tax evasion, and heightened levels of corruption. Given the severity of the challenges posed by the debt crisis, it is imperative for Zimbabwe to adopt a multi-faceted approach to address these issues especially addressing drivers of debt (arrears and penalties). The study underscores the necessity for effective domestic resource mobilization and strategic investments in sectors such as agriculture, wherein the country holds a comparative advantage. Additionally, it is crucial to curtail excessive government spending and foreign travel by officials, while also focusing on the strengthening and capacity-building of state institutions to combat corruption and mitigate capital flight. Moreover, the registration and formalization of small-scale enterprises for tax purposes will enhance economic resilience and promote equitable development. By implementing these recommendations, Zimbabwe can work to-wards alleviating the adverse impacts of the debt crisis and fostering a more sustainable and inclusive trajectory for its social and economic development. Future research should focus on quantifying the degree of mineral and financial externalization by foreign investors, particularly those engaged in the extraction industries. As Zimbabwe continues to attract investment in these sectors, it is important to assess the implications of such activities on the natural environment. Specifically, studies could investigate the impact of extractive operations on biodiversity and wildlife, thereby explaining the effects of these ventures on the local ecosystem.

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Zimbabwe Journal of Applied Research
Volume 5, Special Issue (2025), pp. 84-94
www.lsu.ac.zw/journals

Unpacking Chinese loans to Zimbabwe

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Abstract

This paper unpacks issues related to the Chinese loans to Zimbabwe. To achieve this, the paper examines the background of China–Zimbabwe relations since the beginning of the new millennium. It explores the nature of Chinese investments in Zimbabwe and the characteristics of Chinese loans. Specific focus is placed on China's debt stock in Zimbabwe, including resource-backed and hidden loans. The analysis also considers the implications of these loans on Zimbabwe's debt restructuring efforts and their impact on structured dialogue platforms. Using a combination of literature survey and document analysis, the study reveals that the dynamics of Chinese loans and investments in Zimbabwe have far-reaching implications for the country's debt sustainability and restructuring prospects. Deriving from a decoloniality perspective, the analysis suggests that Zimbabwe risks falling into a debt trap as long as it continues to collateralise its natural resources—particularly its valuable mineral reserves—in resource-for-infrastructure agreements to secure Chinese financing. Furthermore, reliance on these loans poses a considerable threat to the nation's economic autonomy, as these agreements increasingly shift control of strategic assets into Beijing's orbit. To ensure sustainable public debt levels and effective public finance management, the study recommends the country to promote transparency in loan agreements, limit overreliance on resource-backed loans, strengthen the debt sustainability framework, align Chinese investments with national development goals, balance Chinese financing with other creditors, engage in regional and global debt dialogue and advocate for more favourable loan terms among other things.

Keywords:

Resource-based loans; Hidden loans; Debt stock; Debt restructuring; China; Zimbabwe.

Introduction

This article delves into the dynamics of Chinese loans to Zimbabwe and their implications for the country's debt sustainability. The primary aim is to dissect the financial relationship between Zimbabwe and China since the early 2000s, exploring the nature of Chinese investments, the accumulation of Zimbabwe's Chinese debt stock, and the mechanisms through which these loans are structured, particularly focusing on resource -backed and hidden loans. Further, it critical-ly assesses how Chinese debt influences Zimbabwe's broader economic landscape, specifically its impact on debt restructuring efforts and the functionality of structured dialogue platforms.

While China has become a pivotal source of external finance for Zimbabwe, the heavy reliance on Beijing as a primary creditor raises concerns about the country's long-term fiscal health. The analysis suggests that this dependence not only perpetuates unsustainable debt levels but also poses risks to Zimbabwe's sovereignty over its natural resources, which increasingly fall under China's control. In light of these challenges, the paper provides several recommendations aimed at fostering sustainable economic growth and enhancing financial stability in Zimbabwe, amidst the complexities of its debt relationship with China.

The remainder of this paper is structured as follows: it begins with an overview of China–Zimbabwe relations since the early 2000s, followed by an examination of Chinese investments in Zimbabwe and the characteristics of Chinese loan arrangements. The discussion then turns to China's debt stock in Zimbabwe, with particular emphasis on resource-backed and opaque ('hidden') loans. Subsequent sections analyse the implications of these financial engagements for Zimbabwe's debt restructuring efforts and their impact on structured dialogue platforms. The paper concludes with a summary of key findings and offers policy recommendations.

To achieve its objectives, the study utilised a combination of literature survey and document analysis. The literature survey helped to systematically review existing academic and scholarly work such as journal articles, books, theses and reports related to Chinese loans in Zimbabwe as a broad topic. Furthermore, this approach assisted in synthesizing existing knowledge, identifying gaps and establishing a foundation for further research. On the other hand, the document analysis aspect of the current study methodology helped to systematically examine documents such as national budget policies and media to interpret their content, purpose and meaning in relation to current research objectives.

A brief contextual background

Over the past two and a half decades, China has solidified its position as one of Zimbabwe's most pivotal economic partners. This relationship has been largely driven by China's Going Global Strategy and the establishment of the Forum on China-Africa Cooperation (FOCAC), alongside Zimbabwe's adoption of the Look East Policy (LEP) in the early 2000s (Al-Fadhat & Prasetio, 2024; Alao, 2014; Kambudzi, 2022). The institutional framework provided by FOCAC has facilitated extensive economic engagement, enabling African countries like Zimbabwe to access significant investment flows and concessional loans. This also aligns with China's strategic objective of expanding its economic influence across Africa. Unlike Western financial aid, which is often tied to stringent political reforms, Sino-Zimbabwean cooperation focuses on trade, investment, and development assistance, free from political conditionalities.

China's economic support has been particularly critical for Zimbabwe during periods of international isolation, such as the imposition of sanctions by the UK, EU, USA, and other Western nations, largely in response to Zimbabwe's controversial land reform program introduced in the early 2000s. China, however, viewed the relationship as an opportunity to enhance its access to Zimbabwe's vast natural resources. These resources have supported China's industrial growth, which began accelerating in the early 1990s. Unfortunately for Zimbabwe this has resulted in mounting total public debt. Based on MoFEDIP (2023) statistics, Zimbabwe's total public and publicly guaranteed debt stood at approximately US$17.7 billion, of which US$12.7 billion represents external debt as at the end of 2023. This translates to a debt-to-GDP ratio of 90.23 percent, significantly above the global average of 69.2 percent for the same period, highlighting the severity of Zimbabwe's economic challenges. A notable share of this external debt—estimated at US$2.7 billion or 21.3 percent—is owed to China. These loans have largely financed key infrastructure projects, such as the expansion of the Hwange Power Station, and various road and dam projects, often secured by Zimbabwe's vast reserves of platinum and diamonds. Meanwhile, payments to external creditors in 2023 amounted to just US$55.6 million for the active portfolio, legacy debts and token payments and US$10.7 million to Paris Club creditors, further demonstrating the nation's difficulties in meeting its debt obligations (MoFEDIP, 2023).

Chinese investments in Zimbabwe

Chinese investments in Zimbabwe span key sectors such as infrastructure, mining, energy, agriculture, and telecommunications. These investments have helped mitigate the effects of Western sanctions, particular-ly in sectors that are critical to Zimbabwe's economic recovery. However, concerns over transparency, debt sustainability, and Zimbabwe's sovereignty have emerged as focal points of criticism. As indicated by AFRODAD (2021) China in infrastructure development has provided substantial financial backing, most notably through the US$1.5 billion loan for the expansion of the Hwange Thermal Power Station, aimed at alleviating Zimbabwe's chronic power shortages. Similarly, Chinese state-owned enterprises have secured investments in Zimbabwe's rich mining sector, particularly in the extraction of platinum and diamonds. Investments in the Chiadzwa diamond fields and the Great Dyke platinum project are prime examples of re-source-for-infrastructure agreements. These deals often exchange Zimbabwe's mineral rights for much-needed infrastructure development, reflecting China's strategic interest in securing raw materials for its growing economy.

China has also played a transformative role in Zimbabwe's telecommunications sector. Companies such as Huawei and ZTE have been instrumental in expanding the country's mobile network and internet infrastructure, thus contributing to enhanced digital connectivity, a key driver of economic growth (AFRODAD, 2021; Moyo, 2024; ZELA, 2022). A more comprehensive outline of Chinese investment in Zimbabwe from different sectors is given in Table 1 below. However, Chinese investments are not without controversy. While they have provided crucial financial lifelines, they have also increased Zimbabwe's debt burden, sparking debates about the long-term sustainability of Chinese loans. The opaque nature of some of these agreements, often referred to as hidden debts, complicates Zimbabwe's broader debt management efforts. Additionally, Zimbabwe's reliance on resource-backed financing—where natural resources are used as collateral—raises concerns about mortgaging future economic sovereignty (Zwinoira, 2022; AFRODAD, 2021). Critics argue that these practices may create vulnerabilities, exposing Zimbabwe to potential exploitation and perpetuating a cycle of debt dependency.

Table 1: Summary of major investment projects

#	Purpose	Year	Creditor	Amount
	Trade-related infrastructure (budget support	2023	CHEXIM/ AFREXIMBANK	$400 million
	Infrastructure (budget support) 2022	**2022**	CHINA EXIM BANK	$200 million
	Net One Mobile Network Expansion project (phase 3)	**2019**	CHINA EXIM BANK	$71 million
	New Parliament Building	2018	CHINA EXIM BANK	$77 million
	Robert Mugabe International 2018 Airport **Airport**	**2018**	CHINA EXIM BANK	$153 million
	Construction of Hwange 7 & 8 Thermal Power Station.	**2016**	CHINA EXIM BANK	$998 million
	Tel One Broadband and Network Expansion	**2015**	CHINA EXIM BANK	$98 million
	Purchase of Small Scale Mining Equipment	2014	Xuzhou Construction Machinery Group (CMG) China	$100 million
	Net One Mobile Expansion Phase 2	**2014**	CHINA EXIM BANK	$218 million
	Kariba South Hydro Power station	2013	CHINA EXIM BANK	$319 million
	Upgrading of Victoria Falls Airport	2012	CHINA EXIM BANK	$150 million
	National Defence College Project 2	2011	CHINA EXIM BANK	$98 million
	Medical Equipment Supplies	2011	CHINA EXIM BANK	$89 million
	Harare Water and Sanitation Rehabilitation	2011	CHINA EXIM BANK	$144 million
	Harare Water and Sanitation Rehabilitation		CHINA EXIM BANK	$45 million

Source: ZIMCODD, 2021

Chinese loans to Zimbabwe are typically concessional, offering lower interest rates and extended repayment periods compared to commercial loans. However, these loans are frequently tied to specific projects, with Chinese companies typically contracted to execute the work, thus aligning the financing with China's broader economic interests. This model is emblematic of China’s development finance strategy in Africa, often referred to as the resource-for-infrastructure model, where loans are repaid through the export of raw materials (Brautigam, 2011; ZELA, 2022).

For example, the construction of Zimbabwe’s National Defence College (NDC) in 2011 was financed through a US$98 million concessional loan from the China Eximbank. The loan carried a 2 per-cent interest rate, a 5-year grace period, and a 20-year repayment term, secured by Zimbabwe’s diamond revenues from the Marange diamond fields. This form of resource-backed lending, common in Chinese infrastructure projects, illustrates China’s approach to securing its interests while providing financial support to Zimbabwe (AFRODAD, 2021).

A notable characteristic of Chinese loans is the absence of political conditionality, which contrasts sharply with Western lending institutions that often mandate reforms related to governance, fiscal policy, or human rights. China's loans emphasize mutual benefit and non-interference in domestic politics, reflecting its broader policy of respecting sovereignty. However, this approach has been criticized for exacerbating debt sustainability challenges. Some analysts argue that it creates a risk of debt-trap diplomacy, where excessive borrowing could lead to increased dependency on China, potentially compromising national sovereignty (Sun, 2014). Additionally, issues such as environmental degradation, labor exploitation, and the use of excessive force in the implementation of projects, such as in the Marange diamond fields, have also come under scrutiny (Zimbabwe Coalition on Debt and Development, 2021).

In short, while Chinese investment and loans have played a pivotal role in Zimbabwe's development, they have also introduced a range of economic and political challenges. Moving forward, Zimbabwe's policymakers will need to balance the immediate benefits of Chinese financing with the long-term risks of debt dependency and resource depletion.

Chinese debt stock in Zimbabwe

Zimbabwe's debt to China has grown exponentially since the early 2000s, positioning China as one of its largest bilateral creditors. Newswire (2024) indicates that recent estimates show Chinese loans accounting for a substantial portion of Zimbabwe's external debt, with figures indicating that Zimbabwe owes over US$2 billion to China. The lack of transparency surrounding these loans, coupled with discrepancies in official reporting, makes the exact amount unclear. In comparison, Zimbabwe's arrears to multilateral institutions like the World Bank, African Development Bank, and European Investment Bank total approximately US$3.1 billion (Newswire, 2024). These institutions offer concessional loans tied to economic reforms and debt repayment strategies, conditions that Zimbabwe has struggled to meet. As a result, Zimbabwe has been unable to secure fresh financing from these sources.

Debt owed to bilateral creditors from the Glob-al North, including countries like France, the UK, and Germany, is also significant. However, many of these creditors have suspended new lending until Zimbabwe addresses its arrears. This debt landscape underscores Zimbabwe's growing dependence on Chinese financing for critical infrastructure projects, in contrast to its stalled relations with Western creditors due to unresolved debt issues.

The rising debt to China has sparked concerns about Zimbabwe's ability to manage its obligations as well as meeting the nation's social needs such as health care, education among other issues especially given its ongoing economic crises, including sluggish growth, hyperinflation, currency volatility, and low foreign reserves. The collateralization of these loans with natural resources like minerals has further ignited debate about the long-term im-pact on Zimbabwe's economic sovereignty and its capacity for resource management (AFRODAD, 2021; ZIMCODD, 2021).

To mitigate debt sustainability concerns, China has occasionally provided debt relief or restructuring options to Zimbabwe, such as debt forgiveness and extensions of repayment periods. Recent reports suggest that China has written off some interest-free loans, although details remain vague. Nonetheless, Zimbabwe's mounting debt burden poses a significant challenge to its economic future, demanding strategic debt management to balance the benefits of Chinese investment with the risks of over-indebtedness (Acker, Brautigam & Huang, 2020; Moyo, 2023).

Chinese resource-backed loans

Chinese resource-backed loans, also known as commodity-backed loans or resource-for-infrastructure swaps, have become a central feature of Zimbabwe's financing structure since the early 2000s. These arrangements, popular among developing countries, particularly in Africa and Latin America, allow governments to borrow from Chinese financial institutions by pledging natural resources as collateral.

In Zimbabwe, Chinese banks like the China

Development Bank and the Export-Import Bank of China (China Eximbank) have played a prominent role in structuring such loans. These agreements typically involve upfront capital from Chinese institutions, repaid through the delivery of commodities such as minerals or agricultural products over an agreed period. A significant example is the US$1.5 billion loan agreement in 2016 already reported above is backed by Zimbabwe's diamond and platinum resources, aimed at financing infrastructure projects such as roads and energy development. An updated outline of resource-based loans from China to Zimbabwe based on available publicised information is given in Table 2 below. Although comprehensive data on Zimbabwe's collateralized debt is scarce, estimates suggest it exceeds US$6.8 billion, with the majority owed to China's Eximbank (ZIM-CODD, 2021). This figure is likely to rise, given China's increasing involvement in Zimbabwe's lithium mining sector.

Critics of resource-backed loans argue that such arrangements foster an overreliance on commodity exports and may not contribute meaningfully to sustainable economic development. These loans can also exacerbate corruption and governance issues, as the use of the borrowed funds is often opaque, raising concerns about the long-term impacts on Zimbabwe's economy and natural resources. The reliance on resource-backed financing could also undermine efforts to diversify Zimbabwe's economic base, reinforcing dependency on volatile commodity markets (ZIMCODD, 2021). Furthermore, Zimbabwe's experience with Chinese loans aligns with the resource curse theory, which posits that resource-rich developing nations often experience negative developmental outcomes such as weak economic performance, corruption, political instability, and environmental degradation. For many less-developed countries, natural resources have proven to be more of a 'curse' than a 'blessing.' Civil society in Zimbabwe has increasingly voiced concern, arguing that the nation's policies toward China are misaligned with its long-term interests, calling for comprehensive policy reforms (Moyo, Mdlongwa & Hlongwane, 2014).

While Chinese resource-backed loans have provided much-needed capital for infrastructure, their long-term sustainability remains a contentious issue. The challenge for Zimbabwe lies in striking a balance between leveraging its natural resources for immediate financial gain and ensuring that these arrangements do not compromise its future economic independence.

#	Purpose	Year	Creditor	Amount	Collateral
1	Trade-related infrastructure (budget support)	2023	CHEXIM/ AFREXIM-BANK	$400 million	38% of the country's largest platinum earnings
2	Infrastructure (budget support)	2022	CHINA EXIM BANK	$200 million	26 million ounces of Platinum
3	National Defence College Construction	2011	CHINA EXIM BANK	$98 million	Marange Diamonds
4	Development of Platinum Mine	2009	Not specified	$5 billion	MoU for 50% Equity in a $40 billion Platinum Concession
5	Construction of three thermal Plants and a Chrome Mine	2007	Not specified	$1.3 billion	MoU for Chrome export revenues

Source: ZIMCODD, 2021

Chinese hidden loans

Hidden loans, often characterised by their lack of formal government recognition, present significant challenges to economic governance, particularly in Zimbabwe. These financial agreements, typically orchestrated by state-owned enterprises or local government bodies, bypass the formal budgeting process and are not included in official debt statistics. Consequently, hidden loans obscure a nation's true debt burden, making fiscal transparency and effective debt management difficult. Zimbabwe's case with China is emblematic of this trend, as many such loans go unrecorded in its public debt figures, complicating efforts to accurately assess the country's financial position.

For instance, Zimbabwe's Electricity Supply Authority (ZESA) reportedly secured a US$200 million loan from China's Exim Bank to enhance the power generation sector. However, this loan was not reflected in Zimbabwe's national budget, raising concerns about fiscal transparency and economic planning. The lack of formal disclosure of such loans leads to a distorted view of Zimbabwe's total debt obligations, complicating international financial relations and debt sustainability efforts (Zwinoira, 2022; Kalriza & Julia, 2024).

The implications of these hidden loans are significant. Firstly, they undermine international financial reporting standards, leading to difficulties in restructuring debt. The hidden nature of these agreements can trigger crises when obligations become unsustainable, as they are often associated with conditions that prioritize Chinese economic interests. Moreover, they pose challenges to sovereignty, in-creasing concerns over governance, corruption, and mismanagement, given the opaque nature of these arrangements (Mlambo, 2022; Sachikonye, 2019).

Implications of Chinese loans on debt restructuring

The growing presence of Chinese loans in Zimbabwe has profoundly affected the country's debt re-structuring efforts. Debt restructuring, which entails renegotiating the terms of loan agreements—such as interest rates, grace periods, or maturity dates—becomes more complex when Chinese lenders are involved. As Chinese loans often remain outside the scope of formal negotiations, they introduce layers of complexity that differ from the standardized restructuring processes followed by Western institutions and multilateral lenders (Acker, Brautigam, and Huang, 2020; Sachikonye, 2019).

Zimbabwe's total debt, exceeding US$17 billion according to Nyathi (2022) and The Nation Media Group (2024) includes a significant portion owed to Chinese lenders. However, the opaque nature of some Chinese loans, particularly hidden loans, complicates debt restructuring efforts, especially with international financial institutions (IFIs). Recent re-ports confirm that China has indeed cancelled some of Zimbabwe's interest-free loans, though the specific amount and details remain undisclosed. This debt cancellation, announced in 2023, reflects China's ongoing role as Zimbabwe's largest non-Paris Club creditor. Despite this, Zimbabwe continues to grapple with a significant external debt burden, totaling US$12.7 billion, much of which is owed to China. While the cancellation provides some relief, it does little to alter the broader debt challenges Zimbabwe faces, particularly given the country's dependency on Chinese loans for infrastructure projects. Chinese lenders have demonstrated a reluctance to participate in multilateral restructuring negotiations, which typically involve transparency and international oversight. This divergence creates friction between Zimbabwe and its Western creditors, slowing down the overall restructuring process and limiting the country's ability to address its mounting debt burden (Nyathi, 2022; The Nation Media Group, 2024).

The long-term implications of Chinese loans are multifaceted. Zimbabwe's reliance on these loans has the potential to foster a cycle of borrowing that exacerbates its debt situation. As the government struggles to meet its repayment obligations, it may resort to new loans to service existing debts, perpetuating a debt trap that constrains fiscal flexibility and impedes sustainable economic development. Furthermore, the risk of default looms large, potentially leading to even more severe economic consequences.

Structured dialogue platforms, designed to facilitate cooperation between governments, creditors, and international organizations, play a vital role in managing debt sustainability and fostering development. However, the rise of Chinese loans in Zimbabwe complicates these platforms, as Chinese financial institutions often operate outside the norms of Western debt negotiations. Chinese loans, which account for a substantial portion of Zimbabwe's external debt, are frequently marked by a lack of transparency, creating barriers to effective dialogue. This opacity hinders collaboration among stakeholders and complicates negotiations aimed at addressing debt management. A recent report highlights that debt talks in Zimbabwe have faltered due to a lack of reforms in Harare, with Chinese lending contributing to the complexity of these discussions. However, this has come at a time when Zimbabwe's debt stock has increased by 1.7 percent (see Nyathi, 2024) posing more threat to Zimbabwe's debt management.

The divergent interests of Chinese lenders and Western creditors further exacerbate tensions within structured dialogue platforms. Chinese financial institutions prioritize infrastructure investments, while IFIs emphasize fiscal stability and governance reforms. These conflicting priorities can stall negotiations, as Zimbabwe attempts to balance the infrastructure financing needs provided by China with the fiscal discipline demanded by Western creditors. As a result, effective debt management and economic recovery remain challenging, especially given the country's growing debt stock and lack of transparency. Thus, the intricate web of Chinese loans, hidden or otherwise, presents significant challenges for Zimbabwe's debt management and economic sovereignty. Addressing these issues requires a multifaceted approach that balances the benefits of Chinese investment with the long-term risks of debt dependency.

Conclusion and recommendations

This paper has comprehensively examined the dynamics of Chinese loans and investments in Zimbabwe, highlighting their far-reaching implications for the country's debt sustainability and restructuring prospects. The analysis suggests that Zimbabwe risks falling into a debt trap as long as it continues to collateralize its natural resources—particularly its valuable mineral reserves—in resource-for-in infrastructure agreements to secure Chinese financing. Deriving from the decoloniality, dependency and sovereign debt theory postulations, reliance on these loans poses a considerable threat to the nation's economic autonomy, as these agreements increasingly shift control of strategic assets into Beijing's orbit. While it is anticipated that Zimbabwean policymakers are cognisant of China's overarching influence, this study underscores the urgency of adopting the proposed measures outlined below to mitigate the adverse effects of excessive indebted-ness. Without decisive action, Zimbabwe's fiscal vulnerability may deepen, leaving its long-term development prospects at risk.

Therefore, Chinese loans to Zimbabwe, whether resource-backed, hidden, or part of broader financial engagements, have significant implications for global finance. Understanding these dynamics is essential for developing effective policies that promote sustainable economic growth and financial stability in Zimbabwe as a borrowing country. The following are suggested recommendations for policy on Chinese loans to Zimbabwe:

- Promote Transparency in Loan Agreements: Ensure full disclosure of the terms and conditions of loans to avoid the problem of hidden loans. Strengthen Zimbabwe's Debt Management Office to provide regular updates on debt servicing and repayment schedules.

- Limit Overreliance on Resource-Backed Loans: Diversify the financing model beyond resource-backed loans to reduce the risk of debt dependency on natural resources, which can expose the country to commodity price fluctuations. Encourage loans tied to economic reforms and broader developmental projects rather than solely relying on natural resource collateral.

- Strengthen Debt Sustainability Framework: Work with the IMF and World Bank to develop a robust debt sustainability framework that includes both bilateral and multilateral debt. Establish debt ceilings to ensure that the country does not take on excessive amounts of non-concessional loans that could harm long-term growth.

- Prioritize Concessional Loans and Restructure Existing Debt: Focus on securing low-interest and concessional loans from China or other creditors as part of ongoing debt restructuring efforts. Engage China in debt restructuring talks to lengthen repayment periods and reduce interest rates, ensuring the loans are manageable over time.

- Improve Negotiation Leverage on Loan Terms: Improve Zimbabwe's capacity to negotiate loan terms that include favorable interest rates and longer grace periods. Seek alternatives to resource-backed loans, such as development partnerships that promote trade and industrialization.

- Align Chinese Investments with National Development Goals: Direct Chinese loans toward projects that are aligned with Zimbabwe's National Development Strategy and contribute to long-term economic growth (e.g., power generation, industrialization, and agricultural modernization). Ensure Chinese-funded projects have local content requirements to boost employment and local economic benefits.

- Strengthen Oversight of Project Implementation: Establish independent oversight mechanisms to ensure that projects funded by Chinese loans are implemented efficiently and transparently. Collaborate with civil society and international development partners to monitor project outcomes and assess the long-term benefits of the loans.

- Engage in Regional and Global Debt Dialogue: Participate in regional forums like the African Union and SADC to develop common policies on debt management, focusing on responsible borrowing from China. Lever-age international platforms such as the G20 Common Framework to address issues related to hidden and opaque loans.

- Balance Chinese Financing with Other Creditors: While engaging China, explore opportunities to balance Chinese loans with multilateral and bilateral loans from Western creditors to avoid overdependence on a single creditor.Maintain relationships with the IMF and World Bank to ensure access to concessional financing and technical assistance for economic reforms.

- Advocate for More Favorable Loan Terms: Advocate for a transition from re-source-backed loans to infrastructure-for-equity agreements, where Zimbabwe's natural resources are not mortgaged for immediate financing needs. Seek partial loan forgiveness on past loans that have excessively high interest rates or short repayment schedules.

By implementing these recommendations, Zimbabwe can better manage its debt portfolio, ensuring that Chinese loans contribute positively to long-term sustainable development without endangering the country's financial stability. Also, given the growing significance of Chinese loans to Zimbabwe, it would be ideal for future research to focus on de-tailed annual capital outflows induced by Chinese loans in comparison to annual key sectorial budget allocations. This would help provide empirical evidence on the effects of Chinese debt on Zimbabwe's developmental outcomes.

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Zimbabwe Journal of Applied Research
Volume 5, Special Issue (2025), pp. 95-109
www.lsu.ac.zw/journals

China’s role in restructuring Africa’s debt crisis

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Abstract

This article discusses China's role in the contraction, ballooning, and potential resolution of Africa's debt crisis. It also assesses the extent to which China’s evolving debt relief architecture affects Africa's debt sustainability, economic growth and global re-alignments. The key questions that frame the discussions contained in this article include: How is China approaching debt restructuring in Africa? What outcomes and implications are emerging for the affected African countries like Zambia and Zimbabwe? And, how do China's strategies compare with those of the Euro-Western creditors and lenders in alleviating Africa's debt burden? By addressing these questions, the article offers some critical insights into the broader and worrying issue of external influence into the political, economic, and financial affairs of Africa.

Keywords:

China-Africa relations; Debt restructuring; Sustainable development; Global finance; Economic influence; Geopolitical strategy.

Introduction

Africa's debt crisis evolved from a combination of historical, economic, and external factors that have intensified the region's fiscal challenges over recent decades. The origins of debt accumulation in many African nations date back to the late 20th century, when countries took on substantial loans from international financial institutions and private lenders to fund development and infrastructure projects. However, sluggish economic growth in the 1980s and 1990s, alongside high interest rates, led to unsustainable debt burdens, prompting debt relief initiatives such as the Heavily Indebted Poor Countries (HIPC) program launched by the IMF and World Bank (World Bank, 2020; IMF, 2019). Despite these efforts, economic policies focused on rapid development and limited diversification in revenue sources perpetuated reliance on external borrowing, amplifying debt vulnerabilities across the continent (African Development Bank, 2021). The COVID-19 pandemic dramatically exacerbated these challenges by disrupting supply chains, slashing foreign direct investment, and reducing critical revenue streams like tourism and commodity exports, which caused public debt levels in many African nations to soar, with debt-to-GDP ratios surpassing 70 percent in some countries (IMF, 2022). Simultaneously, the pandemic-induced global economic downturn sparked rising inflation rates, which have significantly increased the costs of borrowing and placed additional strain on economies heavily reliant on imports for essential goods, including food and fuel (World Bank, 2021). These compounded pressures highlight the urgent need for effective debt restructuring and sustainable financial solutions to safeguard Africa's long-term economic stability (OECD, 2022).

Contextual background

Over the past two decades, economic relations between China and Africa have expanded dramatically, with China becoming one of Africa's largest trading partners and investors. This relationship, rooted in mutual development goals, has transformed significantly since the establishment of the Forum on China-Africa Cooperation (FOCAC) in 2000, which formalized strategic collaboration across economic, political, and social dimensions (UNCTAD, 2022). China's investments have largely focused on infrastructure, with significant loans and direct investments directed toward critical sec-tors like transportation, energy, and mining under the Belt and Road Initiative (BRI), an ambitious plan to connect global markets through infrastructure (African Development Bank, 2021). By 2021, trade between China and Africa reached US$254 billion, up from US$10 billion in 2000, illustrating the rapid expansion of bilateral commerce (World Bank, 2021). Chinese financing, which makes up approximately 20 percent of Africa's total external debt, has enabled large-scale projects that address Africa's infrastructure gaps, including railways, ports, and highways that are vital for regional trade and economic growth (IMF, 2022; Brautigam, 2020). However, these investments are not without controversy; while they have driven development, they also raise concerns about debt sustainability and recipient countries' sovereignty, as many African nations accumulate debt that may be difficult to service long-term (Chen & Moon, 2019). Additionally, direct investments from Chinese firms in sectors like telecommunications and manufacturing have generated employment opportunities and advanced technological capabilities, strengthening local industries and integrating African economies further into global supply chains (UNECA, 2021). These investments are frequently structured through public-private partnerships, establishing a strong Chinese presence on the continent while al-lowing African countries access to capital and expertise. The complexity of China-Africa economic relations reflects a blend of development opportunities and strategic considerations, continually evolving as both regions navigate economic shifts and the growing demands of global trade and political alliances (Asante, 2020).

China has become one of Africa's largest creditors, holding about 20 percent of the continent's total external debt (IMF, 2022).

This significant rise in lending has been primarily driven by its Belt and Road Initiative (BRI), focusing on critical sectors such as infrastructure and energy. Over the past two decades, China has provided substantial loans to fund projects across Africa, especially in infrastructure like highways, railways, and ports, which are key to improving regional and global trade connections (UNECA, 2021). The energy sector has also seen major Chinese investments, with hydropower and renewable energy projects in countries like Zambia, Ethiopia, and Nigeria aimed at increasing energy access (African Development Bank, 2021). Major recipients of Chinese loans include countries like Angola, Kenya, Ethiopia, and the Democratic Republic of the Congo, which have been prioritized for large-scale development projects (World Bank, 2021). Angola, for instance, has relied heavily on oil-backed loans from China to rebuild its infrastructure following civil conflict, while Kenya has received significant funding for its Standard Gauge Railway project, a central part of its Vision 2030 development plan (Brautigam 2020). Ethiopia's collaboration with China has supported infrastructure such as the Addis Ababa-Djibouti Rail-way, which is vital for boosting exports (Chen & Moon, 2019). These loans are typically structured through concessional financing, low-interest loans, and export credits from institutions like the China Development Bank and the Export-Import Bank of China, offering more flexible terms compared to traditional Western creditors (Akinmoladu, 2020). However, this increasing debt burden has raised concerns about debt sustainability and repayment, with several African countries seeking debt restructuring or relief from China as they manage the growing financial pressures (UNECA, 2021).

International financial institutions, such as the IMF, World Bank, and the Paris Club, have long played a central role in debt restructuring efforts for African nations. These organizations have historically been involved in providing debt relief through frameworks like the Heavily Indebted Poor Countries (HIPC) initiative and the Multilateral Debt Relief Initiative (MDRI), which aim to reduce the debt burdens of the poorest nations (IMF, 2021). The Paris Club, consisting of major creditor nations, typically negotiates debt reduction or rescheduling agreements with debtor countries, often accompanied by structural adjustment programs (SAPs) that require fiscal reforms and policy changes to restore economic stability (World Bank, 2020). These approaches, however, have often been criticized for their conditionalities, which some argue place undue burdens on African economies, leading to limited long-term benefits for the countries involved (Erokin & Gao, 2019). In contrast, China's debt restructuring practices, particularly under the Belt and Road Initiative (BRI), have been marked by a more flexible approach, prioritizing infrastructure development and offering loans with less stringent conditions (Brautigam, 2020). While the IMF and World Bank emphasize macroeconomic stabiliza-tion and fiscal reforms, China's focus has largely been on fostering economic growth through direct investments in critical infrastructure projects, offering loans with lower interest rates and longer repayment terms (UNECA, 2021). However, concerns over China's approach have emerged, especially regarding transparency and the potential for debt traps, where countries may struggle to repay loans, risking control over strategic assets (Iqbal, 2015). Despite differences in their approaches, both international financial institutions and China have faced scrutiny regarding the sustainability and long-term impacts of their debt-relief initiatives in Africa (Brautigam, 2020).

Zambia is a prominent example of an African nation benefiting significantly from China's debt restructuring initiatives, showcasing the critical role of international partnerships in resolving sovereign debt crises (Stiglitz, 2019). The country's economic struggles, exacerbated by the COVID-19 pandemic, culminated in Zambia becoming the first African nation to default on its sovereign debt in 2020, with external debt amounting to US$17 billion (World Bank, 2023). China, as Zambia's largest bilateral creditor, held approximately US$6 billion of this debt, making its cooperation essential for any effective debt resolution (IMF, 2023). In 2023, un-der the G20 Common Framework, China agreed to restructure Zambia's debt by extending repayment periods and reducing interest rates, thereby offering crucial fiscal relief (Ren, 2023). This agreement was pivotal in enabling Zambia to secure a US$1.3 billion bailout from the International Monetary Fund (IMF), which was conditional on progress in debt restructuring (Financial Times, 2023). The flexibility shown by China in these negotiations, particularly through grace periods and concession-al terms, demonstrated a pragmatic approach, contrasting with the austerity measures typical of traditional Western-led frameworks (Ren, 2023).

This restructuring allowed Zambia to reallocate re-sources toward critical sectors such as healthcare, education, and infrastructure, which are essential for its long-term development (World Bank, 2023). Moreover, China's collaboration with the IMF and other creditors emphasized the importance of multilateral efforts in addressing complex debt is-sues while balancing the interests of creditors and debtors (Gosh & Ostry, 2020). The agreement ensured the continuation of key infrastructure projects financed by Chinese loans, which are vital for Zambia's economic recovery and regional trade integration (Ren, 2023). By aligning debt relief measures with Zambia's developmental needs, rather than imposing stringent repayment conditions, China demonstrated its commitment to fostering sustainable economic growth in the region (Thiam & Ndiaye, 2021). Consequently, Zambia's case illustrates how flexible and cooperative debt restructuring strategies can alleviate financial dis-tress while laying the groundwork for future prosperity (IMF, 2023).

Angola, an oil-dependent economy, provides another compelling example of benefiting from China's debt restructuring initiatives, particularly in the wake of the COVID-19 pandemic and its economic fallout (World Bank, 2021). In 2020, as global oil prices plummeted, Angola faced severe fiscal challenges, given that over 90 percent of its export revenues depend on oil sales, which led to heightened debt distress (IMF, 2021). Recognizing the urgency, China, Angola's largest creditor with loans exceeding US$20 billion USD primarily tied to infrastructure projects, took decisive action to restructure Angola's debt (Reuters, 2021). This restructuring included deferring repayment schedules and renegotiating loan terms to provide the country with immediate fiscal relief (Brautigam, 2020).The deferred payments allowed Angola to allocate re-sources toward mitigating the pandemic's effects and supporting vital sectors such as healthcare and education (World Bank, 2021). Additionally, the introduction of more favorable terms, such as lower interest rates and extended repayment periods, eased Angola's debt servicing burden, creating much-needed fiscal space for recovery-focused initiatives (IMF, 2021). China's approach in this instance underscored the importance of flexibility in bilateral debt negotiations, aligning creditor interests with the debtor nation's economic realities (Ren, 2023). By allowing Angola to maintain funding for critical infrastructure projects while addressing immediate fiscal needs, China's intervention highlighted the strategic balance of promoting long-term development alongside short-term economic stabilization (Brautigam, 2020). This case illustrates how China's debt restructuring strategies can address structural vulnerabilities in resource-dependent economies, setting a precedent for adaptive creditor-debtor engagements in Africa (IMF, 2021).

Theoretical framework

China's "mutual benefit" and "win-win" philosophy has become a cornerstone of its foreign policy and international development approach, especially in Africa. This framework is grounded in the notion that both parties, China and its African partners, stand to gain economically, politically, and socially from their collaborations, rather than one party benefiting at the expense of the other (Zhang, 2019). This is a fundamental shift from traditional Western development models, which have often been critiqued for prioritizing the interests of donor countries while imposing onerous economic reforms and conditions on recipient nations (Chen & Moon, 2019). By positioning itself as a partner in development rather than a colonial-like authority, China seeks to provide an alternative to the debt-trap narrative, which suggests that African nations are being lured into unsustainable debt arrangements (Brautigam, 2020). Under this philosophy, China aims to support African nations in building critical infrastructure, such as roads, railways, and energy projects, which are essential for driving economic growth and improving livelihoods (Brautigam, 2020). This framework of mutual benefit helps mitigate the risks of exploitation, as it emphasizes the importance of shared gains and equal partnership (Zhang, 2019).

The Chinese government's emphasis on "mutual benefit" is particularly relevant in the context of Africa's debt crisis, where the primary concern is debt sustainability (Schmidt, 2017). Unlike traditional Western lenders, China's loans tend to be characterized by more flexible terms, lower interest rates, and longer repayment periods, which are designed to avoid placing excessive financial strain on African countries (Nayyar, 2018). By prioritizing infrastructure development, China helps lay the foundation for long-term economic growth, which, in turn, provides African nations with the capacity to meet their debt obligations and foster economic self-sufficiency (Brautigam, 2020). According to Brautigam (2020), China's policy is rooted in the belief that Africa's development challenges can best be met through partnerships that emphasize infrastructure investments and facilitate trade, rather than through the imposition of conditionalities that often inhibit growth (Brautigam, 2020). This development model, thus, challenges the dominant narratives around debt-trap diplomacy and pro-poses a mutually beneficial relationship based on shared prosperity (Zhang, 2019).

China's approach is often contrasted with the practices of institutions like the IMF and World Bank, which typically tie aid and loans to economic reforms, austerity measures, and governance improvements that may not always align with the recipient country's development priorities (Tull, 2020). The mutual benefit framework allows China to offer financial assistance with minimal political strings attached, which many African leaders find more appealing (Dube, 2020). In contrast, Western financial institutions have been criticized for enforcing policies that lead to economic stagnation and social unrest, as seen in the implementation of Structural Adjustment Programs (SAPs) in the 1980s and 1990s, which often exacerbated poverty and inequality (Gosh and Ostry, 2020). The flexibility of Chinese loans especially in terms of repayment and project execution—positions China as a more attractive partner for African countries struggling with debt sustainability and the need for development financing without the burdens of stringent reforms (Brautigam, 2020).

Moreover, the Chinese "win-win" framework in-corporates a long-term vision of economic trans-formation for African countries, rather than just addressing immediate debt relief concerns (Ren, 2023). By focusing on sustainable development through investments in key sectors such as transportation, energy, and industrialization, China's approach offers African countries the opportunity to diversify their economies, increase employment opportunities, and boost local industries (Ren, 2023). For instance, the construction of railways, ports, and airports facilitates regional trade, opening access to international markets and enhancing intra-Africa trade, which is crucial for economic integration (Brautigam, 2020). This infrastructure development is seen as a key driver of Africa's future economic growth and allows countries to move away from their reliance on primary commodity exports, helping them build a more resilient and diversified economic base (Zhang, 2019). China's focus on infrastructure also supports the African Union's Agenda 2063, which envisions a more interconnected and economically prosperous Africa (UNECA, 2021).

However, critics argue that the mutual benefit framework can be overly optimistic, especially when considering the risks associated with high levels of debt and the potential for financial instability (Tull, 2020). While China's flexible loan terms may alleviate immediate fiscal pressures, they still expose African nations to the risk of default if the promised economic growth fails to materialize (Fuchs & Pribil, 2020). Critics also point to the opacity of some Chinese loan agreements, which may create unforeseen financial burdens down the road (Stiglitz, 2019). Additionally, the emphasis on infrastructure development sometimes overlooks the need for capacity-building and institutional development, which are also crucial for sustain-ing long-term growth (Tull, 2020). Nonetheless, the mutual benefit philosophy encourages African countries to actively engage in decision-making and take ownership of their development trajectory (Zhang, 2019). This collaborative approach, while not without its challenges, provides a counter-narrative to the debt-trap theory, offering a vision of economic partnership based on shared interests and goals (Chen & Moon, 2019).

The adoption of China's "mutual benefit" philosophy offers a unique opportunity for Africa to reshape its economic future in a way that contrasts with the traditional debt-trap theory (Brautigam, 2020). By focusing on infrastructure and development rather than purely financial bailouts, China's strategy promotes sustainable economic growth, the reduction of poverty, and the strengthening of Africa's economic and geopolitical position in the global arena (UNECA, 2021). While challenges remain in ensuring the long-term success of these partnerships, the mutual benefit framework offers an alternative that prioritizes African sovereignty and development, positioning China as a key partner in Africa's debt restructuring efforts and broader economic transformation (Zhang, 2019).

Methodology

This study adopted a qualitative research approach to explore China's role in addressing Africa's debt crisis and its strategies for debt restructuring. The qualitative nature of the study allowed for a deeper understanding of the nuances of China's involvement, including the perspectives of African nations and Chinese policymakers. By focusing on the experiences, strategies, and outcomes, this research provided an in-depth analysis of the economic, political, and social dimensions of China's debt restructuring efforts in Africa. Qualitative methods were particularly suitable for examining the complex and multifaceted nature of international development and debt management, where quantitative metrics alone may not have captured the full scope of interactions and outcomes.

The primary data sources for this study included policy documents, academic literature, government reports, and case studies of debt restructuring efforts in specific African countries. These documents provided detailed insights into the strategies, agreements, and outcomes of debt restructuring programs, particularly those involving Chinese financial assistance. Key sources included official policy statements and reports from Chinese and African governments, as well as academic papers and books examining China's role in Africa's debt dynamics. Additionally, case studies from countries like Angola, Zambia, and Kenya where China had significant financial involvement were used to understand the practical implications of debt restructuring and the outcomes of these collaborations. The combination of these sources offered a comprehensive view of the issue from multiple perspectives, including policy, economic theory, and real-world case studies.

Key findings

The research findings were primarily drawn from an analysis of policy documents, academic literature, government reports, and case studies of debt restructuring efforts in specific African countries. These sources provided a comprehensive under-standing of China's role in Africa's debt restructuring landscape, highlighting both the practical strategies employed and the broader implications for economic development. Policy documents from African governments and international financial institutions like the IMF and World Bank revealed the various debt restructuring mechanisms employed by China, including loan forgiveness, extension of repayment periods, and refinancing of existing debt. These documents provided insight into the specific terms of debt agreements and how Chinese loans differed from those offered by Western financial institutions in terms of flexibility and conditionality. One significant finding from this data was that Chinese loans were often accompanied by fewer conditions related to governance reforms, which contrasted with the stricter requirements typically associated with loans from the IMF or World Bank (IMF, 2019, p. 45). According to Thiam and Ndiaye (2021, p. 119), "Chinese debt restructuring strategies are generally perceived as more flexible compared to Western counterparts, which often come with stringent political conditions".

Academic literature also played a crucial role in understanding the theoretical frameworks underlying China's debt restructuring practices. Studies examined the “win-win” philosophy that guides China’s foreign policy, suggesting that the primary goal of these debt restructuring efforts is to foster long-term economic cooperation rather than impose austerity measures (Nayyar, 2018, p. 72). According to several sources, the philosophy of mutual benefit allows African nations more autonomy in decision-making, which is often viewed favourably by debtor countries. Nayyar (2018, p. 75) explains, "China’s approach to debt restructuring, with its emphasis on mutual benefit, aligns more closely with Africa’s development goals compared to the more conditional and often interventionist models of Western institutions”. Government reports from countries like Zambia and Kenya corroborated this, revealing that debt forgiveness and the extension of repayment periods were seen as critical to stabilizing their economies in the short term. A Kenyan government report stated, "The extension of repayment terms allowed us to focus on critical infrastructure development without the immediate pressure of debt repayment" (Thiam & Ndiaye, 2021, p. 5).

In addition to these official documents, case studies of debt restructuring in specific countries such as Angola, Ethiopia, and Zimbabwe provided concrete examples of the effectiveness and challenges of China’s approach. These case studies revealed how restructuring efforts were tailored to the specific economic needs and debt profiles of each country. In Angola, for instance, a restructuring agreement involved the extension of repayment schedules tied to oil revenues, which helped stabilize the country’s economy during a period of low global oil prices (Asante, 2020, p. 53). According to a government report from Angola, "The flexibility in our agreement with China allowed us to manage our resources better and avoid default" (Brautigam, 2020, n.p.). Similarly, the case study of Ethiopia highlighted how Chinese refinancing allowed the country to maintain critical infrastructure projects while managing its debt load more effectively (World Bank, 2020, p. 63). However, the case studies also pointed to concerns about dependency, with several policy documents acknowledging that while restructuring brought short-term relief, long-term reliance on Chinese financing could pose risks to economic sovereignty. A report from Zimbabwe noted, "While the restructuring was necessary, we must be cautious about becoming too dependent on China for future development" (Dube, 2020, p. 10).

The debt restructuring efforts of China in Africa can be understood more deeply by examining specific case studies from countries that have under-gone such processes, including Angola, Zambia, and Ethiopia. These countries provide important insights into China’s strategies, outcomes, and challenges in managing debt relief in the African context. Angola presents one of the most prominent examples of Chinese debt restructuring. In 2015, Angola faced a severe economic downturn primarily due to a decline in oil prices, which accounted for a significant portion of its revenue. In response, Angola entered into a series of restructuring agreements with China, involving the re-scheduling of loans and the extension of repayment periods. A notable aspect of this restructuring was the agreement that tied the repayment schedule to oil revenue, a move that was seen as beneficial given Angola's reliance on oil exports. The Angolan government noted that the flexibility in repayment allowed them to maintain essential infrastructure projects without defaulting on their debt obligations (Akinmoladu, 2020). These terms were widely considered more favorable compared to the rigid terms often associated with loans from Western institutions, which could have imposed stricter austerity measures. While this restructuring provided immediate economic relief, concerns were raised about the long-term implications of continued reliance on Chinese financing, particularly regarding national sovereignty and the potential for increasing debt dependency (Brautigam 2020, p. 53).

Zambia also underwent significant debt restructuring with China, particularly after the country faced challenges in meeting its debt obligations around 2020. In Zambia's case, the restructuring process was complex, involving multiple creditors, including China, and was shaped by the country's broad-er economic context. The Zambian government worked to extend repayment periods and secure new loans from China to manage its debt load. A key feature of the restructuring was the Zambian government's efforts to negotiate with China's state-owned banks to postpone or reschedule payments on loans taken for infrastructure projects (UNECA, 2021). The government acknowledged that Chinese loans, while helpful in terms of infrastructure development, also contributed to the country's mounting debt burden. In light of this, the Zambian restructuring negotiations emphasized extending repayment timelines to avoid default, with some loans being refinanced. However, critics noted that this solution could be short-term, raising questions about Zambia's ability to sustain such debt levels in the future without risking economic instability (IMF, 2020, p. 60).

Ethiopia presents another example where China's debt restructuring approach involved refinancing and extending repayment terms, particularly for projects related to infrastructure development. Ethiopia's extensive infrastructure projects, funded largely by Chinese loans, were critical to the country's growth, but they also contributed to significant debt accumulation. Ethiopia's debt restructuring with China aimed at ensuring that the country could meet its obligations while continuing its growth trajectory. A government report from Ethiopia emphasized that the restructuring allowed the country to focus on key development areas, such as transportation and energy, while avoiding the immediate risks of default (Thiam & Ndiaye, 2021). Despite these positive outcomes, there was growing concern within Ethiopia about the long-term sustainability of the debt, particularly as infrastructure projects were often tied to the construction of Chinese companies, leading to concerns over debt dependency and the lack of control over key national assets (World Bank, 2019, p. 55).

China's involvement in debt restructuring efforts across Africa has had both positive and negative implications for the continent's development goals. On the positive side, the loans and restructuring agreements provided by China have played a pivot-al role in financing critical infrastructure projects, such as roads, bridges, energy plants, and industrial parks. This infrastructure development is crucial for stimulating economic growth, improving trade connectivity, and boosting industrialization, which are all key components of Africa's development agenda. For instance, in countries like Ethiopia and Angola, Chinese investments in infrastructure have been instrumental in achieving economic expansion, with new roads and power plants enabling greater access to markets and resources (Zhao, 2020). According to the African Development Bank (AfDB) (2020) these infrastructure improvements have been critical in reducing the bottlenecks to economic development and have had ripple effects on sectors such as agriculture, manufacturing, and services, contributing to an overall improvement in economic productivity.

However, despite the positive infrastructural development outcomes, there are concerns regarding the long-term implications of China's debt restructuring strategies for Africa's sustainable development. The main criticism lies in the potential for increasing economic dependency on China, as many of the infrastructure projects financed by Chinese loans are implemented by Chinese companies, using Chinese labor, and often tied to long-term agreements that require repayments in the form of resource revenues or continued loans (Brautigam, 2020). In countries like Zambia and Angola, the over-reliance on Chinese financing has raised concerns about the sovereignty of African nations, as these nations may be left vulnerable to Chinese geopolitical interests and debt servicing burdens. For example, Zambia's 2019 debt restructuring agreement with China was criticized for not addressing the fundamental issue of debt sustain-ability, and the country's reliance on Chinese companies for implementing development projects has raised questions about how much control Zambia actually retains over its economic direction (IMF, 2020, p. 61).

Furthermore, the observed mixed results on sustainable development present a major challenge to Africa's development goals. While Chinese financing has provided immediate relief and contributed to visible development, critics argue that it has not led to the kind of inclusive growth that Africa's long-term development plans call for. The focus on large-scale infrastructure projects has, in some cases, overshadowed other critical development areas, such as education, healthcare, and human capital development. The United Nations Economic Commission for Africa (UNECA) (2021) pointed out that while some African countries have seen growth in terms of GDP, the benefits have not always been broadly distributed, with inequality levels remaining high and job creation in some sectors failing to match the scale of infrastructure projects. Additionally, the debt incurred to finance these projects has created long-term financial burdens that could undermine progress in other areas, such as poverty reduction and environmental sustainability.

The impact on Africa's development goals there-fore presents a dual-edged sword. On one hand, the financial support provided by China through debt restructuring has enabled African countries to improve critical infrastructure, which is essential for economic growth. On the other hand, the increasing economic dependency on China, coupled with the challenges of managing rising debt levels, has raised concerns about the sustainability of these gains in the long term. The key issue remains the balance between leveraging Chinese financing for short-term economic development and ensuring that this growth does not come at the cost of long-term economic sovereignty, environmental sustainability, and social development (World Bank, 2019).

China's approach to debt restructuring in Africa significantly contrasts with the strategies employed by traditional Western financial institutions, such as the International Monetary Fund (IMF), World Bank, and the Paris Club. One of the key differences lies in the terms and conditions of the debt re-structuring agreements. While Western institutions typically offer debt relief through conditional loans, policy reforms, and rigorous structural adjustment programs, China has been more flexible in its approach, often offering loans with fewer conditions attached. For instance, China's loan agreements often focus primarily on infrastructure projects, with the understanding that repayment can be extended over a longer period or tied to the revenues generated from the projects (Chen & Moon 2019, p. 47). This contrasts with the Western approach, which often demands immediate fiscal austerity measures and policy changes aimed at ensuring the recipient country can service its debts. China's debt restructuring practices also diverge from those of Western institutions in terms of geopolitical considerations. Western institutions like the IMF and World Bank have historically linked debt restructuring and financing to governance reforms, promoting market-oriented policies and democratic governance. In contrast, China's approach has been less focused on political and institutional reforms, instead emphasizing economic development and the construction of critical infrastructure as a means to foster growth (Farooki & Kaplinsky, 2020, p. 223). For example, China's Belt and Road Initiative (BRI), which includes many debt-financed infrastructure projects across Africa, is aimed not only at addressing immediate infrastructure gaps but also at bolstering China's strategic influence across the continent (Corkin, 2020, p. 199). While this model has brought tangible benefits in terms of infrastructure development, critics argue that it has also led to debt dependence, which raises questions about the long-term sustainability of these relationships.

Another important difference is the transparency and accountability of the debt restructuring process. Traditional Western institutions like the IMF and the World Bank generally have clearly defined procedures and reporting mechanisms that emphasize public oversight, aiming to ensure that debt relief and restructuring efforts are subject to scrutiny (IMF, 2020, 71). In contrast, China's dealings in Africa have often been criticized for their lack of transparency, with loan agreements sometimes made under secrecy and with limited public disclosure, particularly in countries like Zambia and Angola. This lack of transparency has led to concerns that China's restructuring efforts may undermine accountability and make it more difficult to assess the true long-term costs of the loans (Ren, 2023, p. 76). China's approach is also more bilateral compared to the multilateral frameworks often employed by Western institutions. While the IMF and World Bank provide global or regional frameworks for debt restructuring, relying on collective agreements between many creditors, China typically negotiates directly with individual countries, offering tailored solutions based on the specific needs of the debtor nation (Fuchs & Pribil, 2020). This bilateral model has led to more personalized terms for African countries but has also raised concerns about lopsided power dynamics, with China assuming a dominant position in these negotiations.

In terms of strengths, China's debt restructuring model has been praised for its flexibility and non-conditionality, allowing African nations to focus on development goals without the imposition of strict economic reforms (Chen & Moon, 2019). This approach has facilitated significant investments in infrastructure and economic growth. However, critics argue that the Chinese model may have long-term drawbacks, particularly when it comes to sustainability and transparency. The absence of rigorous debt monitoring mechanisms has led to fears of debt traps and a reliance on Chinese financing, which could potentially reduce the economic sovereignty of African nations over time (Nayyar, 2019). In contrast, the Western model's emphasis on good governance and fiscal responsibility has contributed to more accountable and transparent systems for managing debt. However, the strict conditionality attached to IMF and World Bank loans has been criticized for fostering economic austerity, leading to negative social impacts, including cuts in public spending and social welfare programs. Furthermore, the stringent policy reforms demanded by Western creditors have often been difficult to implement in many African nations, as they may not always align with the countries' developmental priorities or social realities (Ren, 2023).

China's participation in the G20 Common Frame-work for debt restructuring has garnered attention due to its significance in addressing the growing debt crises in developing countries. The Common Framework, which succeeded the Debt Service Suspension Initiative (DSSI), aims to offer a multilateral solution to debt restructuring. It involves co-operation among bilateral creditors, such as China, and international organizations like the International Monetary Fund (IMF) and the World Bank (IMF, 2021). However, while the initiative is designed to provide a systematic approach to debt relief, China's participation has raised concerns over the pace and effectiveness of its involvement. Some critics argue that China's cautious stance on debt forgiveness and restructuring, particularly regarding "hair-cuts" (reducing the principal amount owed), has slowed down progress, making the framework less effective in addressing the financial distress faced by low-income nations (Dube, 2020; Ren, 2023).

A notable example is Zambia, which faced significant debt distress and sought relief under the G20 Common Framework. In 2023, China agreed to engage with Zambia as part of the framework, offering some relief in terms of extended repayment terms and reduced interest rates (Ren, 2023). However, the measures provided did not meet expectations for comprehensive debt cancellation, a critical issue for countries burdened by unsustainable debt levels. Critics argue that China's reluctance to reduce the principal amount owed has hindered the restructuring process and has not provided the fiscal space needed for Zambia's full recovery (Zhou, 2023; Ren, 2023). The lack of substantial debt relief has led to ongoing challenges for Zambia's economic stabilization, despite the country receiving a US$1.3 billion IMF bailout (IMF, 2023).

China's approach, which favors extending repayment periods rather than principal reductions, contrasts with the preferences of other creditors, such as the IMF, which has advocated for more aggressive debt relief measures (Dube, 2022). While Chi-na has maintained that multilateral cooperation is essential and that it is committed to the framework, its limited contributions in terms of debt cancellation have sparked criticisms that it is impeding meaningful solutions to the debt crisis (Ren, 2023). For the Common Framework to succeed, all major creditors, including China, need to come to a consensus on more equitable burden-sharing arrangements, which would provide a more effective response to the needs of heavily indebted countries (IMF, 2021). As of now, the actual results of the framework have been mixed, with some debtor nations still facing significant financial pressure de-spite promises of relief (Zhou, 2023).

In summary, while China's participation in the G20 Common Framework reflects its acknowledgment of the need for multilateral solutions to the global debt crisis, the effectiveness of the framework remains uncertain. China's reluctance to offer substantial debt cancellation and its focus on extended repayment terms have slowed the resolution of debt issues in countries like Zambia. Therefore, for the framework to deliver on its promise, it will require further cooperation from China and other major creditors to ensure that debt relief measures are both comprehensive and timely (IMF, 2023; Dube, 2022).

Discussion

Debt restructuring, especially with the involvement of China, has significant implications for the sovereignty of African nations, raising concerns about potential economic dependency and the loss of political autonomy. As African countries seek financial assistance from China, many are required to enter into long-term agreements that may include the construction of critical infrastructure projects, financed through loans. These loans often come with few conditions but are repaid through the revenues generated from these projects, such as natural resources or other state assets (Chen & Moon, 2019). While this structure can provide much-needed economic relief, it can also limit African countries' control over their resources and long-term economic policies. China's growing influence through its Belt and Road Initiative (BRI), which funds large infrastructure projects, further reinforces this concern. Critics argue that the dependence on Chinese funding may lead to a situation where African nations become locked into a cycle of debt dependency, reducing their ability to pursue independent development strategies and making them more susceptible to external influence (Brautigam, 2020). This shift in power dynamics could erode African nations' sovereignty, especially when Chi-na is given control over strategic assets like ports or minerals, as seen in countries like Zambia and Djibouti (Ren, 2023). The fear is that these debt agreements may not only undermine economic self-determination but also shift geopolitical allegiances towards China, leaving African countries with fewer options in global decision-making forums.

Despite concerns about sovereignty, China's debt restructuring efforts bring several practical benefits to African nations, particularly in the realm of economic recovery and infrastructure development. One of the most immediate advantages of China's involvement is its provision of liquidity support to struggling economies, allowing countries facing financial crises to avoid default and to continue crucial development programs. China's flexible restructuring terms, such as loan extensions or rescheduling repayments, provide African nations with breathing room and alleviate the burden of short-term debt servicing, which could otherwise stifle economic growth (Fuchs & Pribil, 2020). In addition, Chinese financing has contributed to the development of infrastructure projects in sectors such as transportation, energy, and telecommunications. These projects often have long-term benefits, improving regional connectivity, facilitating trade, and boosting overall productivity. For example, the Mombasa-Nairobi railway in Kenya, funded by Chinese loans, has significantly reduced transportation costs, leading to an increase in trade and boosting GDP growth (Corkin, 2020). Moreover, these infrastructure projects have a direct impact on employment opportunities, both during the construction phase and in the maintenance and operation of the infrastructure post-completion, thus contributing to poverty reduction and economic di-versification in many African countries. Thus, China's debt restructuring approach can help African economies stabilize and grow by directly addressing critical infrastructure gaps, fostering long-term economic growth.

Despite these benefits, China's debt restructuring practices have faced considerable criticism, particularly in relation to transparency, the risk of asset takeovers, and concerns about the long-term sustainability of its lending model. A major point of contention is the lack of transparency in the terms of Chinese loan agreements, which are often negotiated bilaterally without public disclosure, making it difficult for stakeholders, including local populations, to assess the true cost of the loans (Nayyar, 2018). This opacity raises concerns about potential mismanagement and corruption, as there are fewer accountability mechanisms compared to the more structured frameworks of international institutions like the IMF and World Bank. Furthermore, critics argue that the accumulation of debt may lead to situations where African countries are forced to surrender control of strategic assets in exchange for loan forgiveness or restructuring. For instance, in some cases, African governments may be compelled to relinquish ownership of critical national infrastructure, such as ports or mines, to Chinese companies as a form of collateral (Tull, 2020). This could lead to a loss of national sovereignty over key resources, and in the worst-case scenario, may contribute to a neocolonial dynamic where China gains control over significant portions of African economies. Additionally, while Chinese loans have helped with short-term liquidity, critics argue that they exacerbate long-term debt burdens and may not be sustainable without a comprehensive debt management strategy, raising the risk of debt de-fault in the future (Akinmoladu, 2020). The lack of a clear framework for managing repayment risks could ultimately make countries more vulnerable to future economic shocks, undermining the very development China aims to foster.

China's role in Africa's debt restructuring is not only an economic issue but also a matter of geopolitical significance. As the world's second-largest economy, China's growing influence in Africa has reshaped the global power dynamics, particularly in relation to traditional Western powers and institutions like the IMF and World Bank. While Western institutions have historically been the dominant players in global financial systems, providing financial support and policy advice to African countries, China has positioned itself as an alternative source of finance, offering loans with fewer political strings attached. This has drawn African countries away from the conditionalities often attached to Western loans, which typically require countries to adopt market reforms and democratic governance (IMF, 2020). China's approach aligns with its broader strategy to establish a multipolar world order, where developing countries are seen as partners rather than recipients of aid. However, this shift has led to tensions between China and traditional Western powers, who view China's growing presence in Africa as a challenge to their long-standing influence over the continent's political and economic affairs. Furthermore, the increasing competition between China and Western countries for influence in Africa has significant implications for geopolitical alliances and international development frameworks, especially as the debate over debt sustainability and the future of multilateral development continues to unfold. This competition could reshape global governance structures, with African countries caught in the middle as they navigate their relationships with both China and Western powers.

Conclusion

The findings of this study highlight China's growing influence in addressing Africa's debt crisis, particularly through its restructuring mechanisms, which include loan forgiveness, extended repayment periods, and refinancing options. The study revealed that while China's debt restructuring has provided immediate relief to African economies, there are concerns regarding transparency, long-term sustainability, and the potential for increasing dependency. Understanding China's role is crucial for assessing its impact on Africa's economic development and debt sustainability, especially as it continues to play a significant role in infrastructure development and economic growth across the continent. This study also underscores the need for further research in areas such as in-depth case studies on specific African nations, long-term economic outcomes of China's debt restructuring, and comparative studies with other creditor nations to gain a more comprehensive understanding of the geopolitical and economic implications of China's involvement in Africa's debt management.

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Zimbabwe Journal of Applied Research
Volume 5, Special Issue (2025), pp. 110-123
www.lsu.ac.zw/journals

Resource for infrastructure financing in Africa: Debt trap or development opportunity?

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Abstract

Africa's infrastructure financing gap is widening, outstripping the capacity of public financing, private capital and official development financing. African governments have increasingly turned to Chinese infrastructure funding, often using their resources as collateral. However, the scale, terms and composition of this financing remain shrouded in secrecy, leading to speculation and concerns about potential debt traps. This paper employed a qualitative methodology, utilising both primary and secondary sources of data, including key informant interviews and documentary analysis. Our findings challenge the prevailing narrative of Chinese loans as the primary driver of debt distress in African countries. Instead, we argue that weak public finance management systems and misgovernance play a more significant role. While the media often portrays China as engaging in predatory lending practices, our research indicates that this perception is inaccurate. Reviewed Chinese loan contracts contain provisions that favour Chinese lenders, but they do not typically involve debt-fuelled takeovers of strategic assets, military expansion, or natural resources. The debt-trap narrative misdiagnoses China's lending practices in Africa. However, the experiences of countries like Angola, Djibouti, Kenya, the Republic of the Congo, Zambia, Ethiopia, and Cameroon, which have faced debt distress related to Chinese lending, highlight the need to be circumspect about the extent to which Africa can rely on Chinese debt for infrastructure financing.

Key words:

Africa; China; Debt sustainability; Debt trap; Infrastructure; Opportunity

Introduction

In a major political climb down, Argentine President Javier Milei, who was highly critical of Beijing during the electoral campaign—famously declaring he would refuse all ties with communists—recently admitted being pleasantly surprised by China's reliability as an economic partner (Binetti, 2024). President Milei is hardly the first Global South leader to criticise China on the campaign trail, only to adjust his stance once in office. Former Brazilian President Jair Bolsonaro and current president of Zambia, Hakainde Hichilema, rose to power accompanied by strong anti-China messaging. The change of heart of President Javier Milei, Jair Bolsonaro and Hakainde Hichilema— advocates of neoliberal policies who pledged full alignment with the United States in foreign policy terms—to looking toward China reflects that China remains a viable economic partner to the Global South, albeit with its challenges. To the contrary, Washington, which constantly warns countries in the Global South about the perils of Chinese engagement (Himmer & Rod, 2022; Brautigam & Rithmire, 2021; Singh, 2020), lacks the tools to of-fer a clear alternative. This offers a perspective into the complexities around China and global south engagement.

China is the world's and Africa's largest official creditor, holding about 12 percent of Africa's debt, yet there is a dearth of information regarding the basic terms and conditions of its lending (Vines, Butler & Jie, 2022). Few contracts between Chinese lenders and their government borrowers have been publicly disclosed or analyzed. In their ground-breaking study, Gelpern et al. (2023) con-ducted the first systematic analysis of the legal terms of China's foreign lending. By examining 100 contracts between Chinese state-owned entities and government borrowers in developing countries, including those in Africa, they compared these contracts with those of other bilateral, multilateral and commercial creditors. Their findings revealed that Chinese contracts often include unusual confidentiality clauses that prohibit borrowers from disclosing the terms or even the existence of the debt (Gelpern et al., 2023). The study concluded that the contracts employ creative design to manage credit risks and overcome enforcement hurdles, portraying China as a powerful and commercially savvy lender to the developing world (Gelpern et al., 2023). This analysis serves as a valuable starting point for further discussions on China's foreign lending practices.

There is no doubt of the increased Chinese economic activity on the continent. Since the introduction of Focus on China and Africa Cooperation (FOCAC) in 2000, China has been enlarging its economic and political footprint over the continent, displacing the traditional Euroatlantic powers (Moyo, 2020). China's growing financial clout has enabled it to create economic and political relations with the African continent. However, there have been divergent views on China's role in the development of the continent. There are strong allegations that relationships are frequently unequal, which may cause numerous issues such as debt traps (Moyo, 2021).

Instructively, China does not avoid utilizing its financial power, either through loans or other financial instruments, with no emphasis on, for example, the rule of law, fiscal health, or any requirements that would normally be considered essential in the case of Western lenders (Himmer & Rod, 2022). While the scale of China's lending to African countries has decreased, Beijing remains a major creditor of many African nations. The nature and purpose of China's past lending to African nations have varied considerably, both between countries and over time, including resource-backed lending, more conventional infrastructure loans and financing linked to strategic political relationships (Moyo, 2020). It is in this context that the motives of the Chinese spending spree have been questioned. Additionally, there is a scholarship that assumes that China intentionally uses its financial muscle as a foreign policy tool for subordinating the borrowers in the international system (Dollar, 2020).

However, such argument has failed to produce evidence to satisfy the view that China intentionally provided the borrowing country with a loan to get strategic assets in the future, and the borrower lacks the potential to repay its debt obligation to China (Brautigam & Rithmire,2021). Therefore, borrower relinquishes some of its assets in favour of China to decrease its debt towards China (Brautigam, 2019; Vines, Butler & Jie, 2022). This is the most crucial aspect of the whole argument on Chinese lending. The intention on the Chinese side does not represent a simple willingness to provide the loan with the expectation of fair return but rather malice on the Chinese part. China provides the loan because it counts with the borrowing state's inability to repay and thus acquisition of some of its strategic assets. In this sense, a strategic asset can be anything with an important value to China like property, infrastructure and influence (Himmer & Rod, 2022). This argument casts China as a conniving creditor and countries such as Sri Lanka, Zambia, Ghana, Kenya and Djibouti among others as its credulous victims (Brautigam & Rithmire, 2021). On the other hand, Vines, Butler and Jie (2022) opine that China's domestic economic needs, rather than foreign policy or military objectives, were for the most part the driver of Chinese spending in African countries.

The study grapples with the contentious China-Africa relations issue: whether the source for infrastructure financing in Africa presents a development opportunity or it's a "debt trap." To find the facts about the Chinese investments, we conducted a thorough review of reports by reliable organisations that have been tracing Chinese lending to African countries. These included Catham House, the Centre for Global Development, the Kiel Institute, and AidData, which were able to review 100-plus contracts, the China Global South project, and the China-Africa Research Initiative at Johns Hopkins University, which employs a rigorous methodology that results in high-quality data collection. The study also benefited from the Public Policy and Research Institute of Zimbabwe's China research program webinars and seminars, where leading Africa-China scholars and experts have made presentations. We also analysed contracts signed between the governments of China and Kenya and consulted key informants from civil society and the government of Zimbabwe who offered varied perspectives that guided this research. This paper is structured as follows: The first section discusses China's 'debt trap' diplomacy and explains conceptual and theoretical foundations. The second section explains China's resource for infrastructure financing in Africa and the question of debt. The third section demystifies the myths around debt trap diplomacy in selected African states. The fourth section outlines the benefits of China's infrastructural investments in Africa, followed by a section on possible recommendations for beneficial Africa-China relations. The last section concludes the discussion.

Conceptual and theoretical foundations

China's Belt and Road Initiative (BRI), the largest infrastructure financing program globally, has delivered trillions of dollars in infrastructure financing globally, including Africa (Dollar, 2020). Hurley, Morris and Portelance (2019) (see also Vines, Butler, & Jie, 2022; Moses, Hwang, Engel & Bi-en -Aimé, 2023) found that BRI has raised genuine fears of risk of debt distress in some borrower countries, and their study concluded borrower countries such as Djibouti are in debt distress based on an identified pipeline of project lending associated with BRI. Djibouti is the site of China's only overseas military base. That is despite China earlier claiming that it would not have an external military base (Brautigam, 2019). However, China's policy change is understandable. China cannot continue to rely on the United States security umbrella for the protection of its economic investments, given Washington's policies aimed at containing Beijing's rise.

Djibouti's borrowing programme has been deemed extremely risky by the International Monetary Fund, noting that public external debt has increased from 50 percent to 85 percent of gross domestic product in just two years, the highest among low-income countries (Hurley, Morris & Portelance, 2019). China has provided nearly US$1.4 billion in funding for Djibouti's major investment projects (Downs & Becker, 2017). Despite these figures, the exact amount that China has lent to Djibouti and other African countries remains unknown and is difficult to determine due to the opaque nature of Chinese lending practices. Himmer and Rod (2022) argue that China's lending policy does not comply with the international efforts promoted by the Brettonwoods twins—the World Bank and International Monetary Fund—in developing countries. The Brettonwoods institutions seek to enhance government transparency and accountability, aiming to improve governance, preventing debt crises, and discouraging corruption, which has been seen as an impediment to Africa's development prospects (see also Mills, 2012). Green (2019) argues that such behaviour exhibited by China poses a huge risk because China does not follow up on globally recognised sustainable and transparent lending practices, such as offering transparency and financial sustainability.

Taken from this perspective, China' development and lending practices undermine Africa's development prospects. This has been the foundation of the critique of the Chinese lending practices, investments, and BRI initiative, suggesting that it, as a debt trap, intentionally provided borrowing countries with loans to acquire strategic assets in the future (Green, 2019). Several scholars, including (Moyo, 2022, 2021, 2020; Oloruntoba & Falola, 2022, 2020), have expressed concern over China's opaque lending practices. A recent revelation by Zimbabwe's Finance Minister Mthuli Ncube highlights this issue. In 2006, the Zimbabwean government pledged 26 million ounces of platinum, valued at nearly US$28 billion, as collateral for a mere US$200 million loan from China (Nhliziyo, 2023). This staggering disparity, hidden for sixteen years, raises questions about the extent of undisclosed debt within similar agreements.

The argument is that China strategically uses its financial muscle to gain control over borrower countries' sectors. In the case of African countries, China gains unrestricted access to natural resources and opens the market for its low-cost export of goods, which has also been responsible for displacing African infant industries (Blinken, 2024). This behaviour is considered predatory. China not only provides low-income and indebted states with loans but also, in many cases, workers (Moyo, 2020). This leaves the unemployed citizens of these states behind and deepens socioeconomic rifts in local societies (Blinken, 2024). Consequently, Rana and Xianbai (2020, p. 2) emphatically state that China deliberately pursues malicious 'debt trap diplomacy' to project undue political influence over sovereign nations through lending Chinese capital.

The term debt trap diplomacy was coined by Indian scholar Brahma Chellaney (2017), who suggested that debt trap diplomacy is a policy tool when China supports infrastructure projects in strategically located developing countries, often by providing excessive loans to the developing countries. Con-sequentially, developing countries become considerably economically and politically dependent on China, leaving them even more firmly under its control. In other words, developing countries become embroiled in a debt trap that leaves them vulnerable to Beijing's influence (Chellaney, 2017). Consequently, they will not be able to repay China's loans; therefore, they relinquish some of their assets, for instance, infrastructure, to decrease their debt burden towards China. Within this framework, Chellaney acknowledges that providing loans to low-income states for infrastructure purposes is not inherently wrong.

However, a crucial question in the debate surrounding China's debt trap diplomacy is whether the country intentionally employs this strategy. Specifically, whether China strategically lends money to states that cannot repay the debt, thereby gaining strategic advantage by acquiring access to natural resources, military bases, or important harbours or not. While Chellaney believes this is intentional behaviour, other scholars, such as Brautigam (2019) Brautigam, (2022); Himmer & Rod, (2022); Brautigam & Rithmire, (2021), and Singh (2020) are not entirely convinced of this intentionality. We argue here that China's lending practices have potential pitfalls. While there's no evidence suggesting China intentionally lends to indebted countries, it appears that China is not overly concerned about a country's debt level or the strength of its governance systems, even if they have a history of debt. Specifically, we contend that the significant debt burden in many African countries with Chinese dealings is primarily due to poor governance and questionable project choices.

Resource for infrastructure financing

Infrastructure is the bedrock of development. On a greater part, it is investment in infrastructure coupled with discipline that enabled China's annual gross domestic product to grow at an average of 10 percent since 1978 (Downs, 2011) (see also Mills, Obasanjo, van der Merwe, & Desalegn, 2020). Africa has long suffered from a significant infrastructure deficit and revenue leakages, which have hindered its economic growth. China, if anything, provides a valuable lesson for Africa on how to revitalize its economy and lift millions out of poverty. China's growth, anchored primarily on heavy infrastructure investment, initially by Japan through resource-for-infrastructure financing and later by the Chinese state, demonstrates that infrastructure is a crucial prerequisite for development (Mills et al., 2020).

China's story mimics that of Africa, except that China is now the provider of Africa's infrastructure financing. Emerging from the Cultural Revolution, China was not considered creditworthy, was not a member of the World Bank or the International Monitory Fund, and could not borrow on international capital markets. In this context, China accepted a US$10 billion credit line from Japan to develop ports, power plants, and infrastructure, repaying the credit with oil (Brautigam, 2020). This was a lucrative business for the Japanese, who se-cured the loan with oil and coal exports. It not only brought business to the Japanese companies but also proved to be a game-changer, entirely altering China's development trajectory. This experience influenced the future Chinese engagement with the 'not creditworthy' global south countries and Africa in particular (Brautigam, 2020).

Unfortunately for African countries, in pursuit of building infrastructure, they have been entrapped and burdened by debt again. The World Bank deemed seven African countries to be in debt distress or at risk of debt distress related to the scale of Chinese lending, including Angola, Djibouti, Kenya, the Republic of the Congo, Zambia, Ethiopia, and Cameroon (Brautigam & Huang, 2023). Africa's total external debt increased more than fivefold between 2000 and 2020 to US$696 billion, of which Chinese lenders accounted for 12 percent (Vines, Butler & Jie, 2022). This part of statistics is crucial for understanding Africa's debt challenges and China's role in them. It highlights that China didn't entirely cause African debt distress in most cases, but its involvement is key to finding a solution.

In the turn of the millennium, African countries and China established the FOCAC. FOCAC institutionalised and simplified the Chinese government's economic cooperation and assistance pledges for African development. Consequently, between 2000 and 2022, Chinese lenders provided approximately US$170.08 billion in sovereign loans to Africa (Moses, Hwang, Engel & Bien-Aimé, 2023; Bräutigam & Huang, 2023). Chinese loans to Africa not only narrowed the infrastructure gap (Gallagher et al., 2023) left by traditional donors like the United States and the European Union member countries, who shifted emphasis from hard to soft infrastructure in Africa and elsewhere but also allowed Chinese contractors and heavy industry to expand to new markets as the Chinese market became increasingly saturated and competitive (Moses, Hwang, Engel, & Bien-Aimé, 2023).

To this end, Angola now owes China approximate-ly US$20 billion (Wachira, 2024). Ethiopia's debt to China stands at around US$13.5 billion. Kenya owes an estimated US$9.8 billion, which it has used to fund projects including the Standard Gauge Rail-way and road construction (Wachira, 2024). Zambia's debt to China is about US$6.5 billion, focused on infrastructure (Wachira, 2024; Vines, Butler & Jie, 2022). These countries, including Djibouti, the Republic of the Congo and Cameroon are in debt distress (Wachira, 2024; Vines, Butler & Jie, 2022).

In 2013, China initiated a new and a larger global infrastructure-building strategy, the Belt and Road Initiative. Developing countries, including African nations, face an infrastructure gap exceeding US$40 trillion. Closing this gap would require a decade of US$1 trillion annual investments (Moyo, 2020). For these countries, the BRI is both exciting and necessary. However, others, particularly the West (Blinken, 2024, Lagarde, 2019; Lagarde, 2018; Tillerson, 2018) view it with alarm (Moses, Hwang, Engel & Bien-Aimé, 2023). Through the BRI, China has financed and built infrastructure in Africa, supporting initiatives like the African Union's Agenda 2063, the African Development Bank's Program for Infrastructure Development in Africa, the African Continental Free Trade Area, and individual country development plans.

Washington, Brussels and its allies has consistently accused Beijing of predatory lending practices, claiming that countries like Sri Lanka, Zambia, Ghana, Kenya and Djibouti have fallen victim to China's 'debt-trap diplomacy' (Tillerson, 2018; Blinken, 2024). This has led to Italy's withdraw-al from the Belt and Road Initiative (BRI) and Brazil's reluctance to join. However, Beijing and many Global South countries deny these accusations (Moore, 2018). The United States government, in concert with the European Union, Canada, Australia, Japan, and India has projected China as a rogue donor with regard to its finances, a new colonialist, and a predatory and pernicious lender that snares vulnerable states in a debt trap, leveraging its loans in order to have its way with weak victims. Then-Secretary of State Rex Tillerson, in reference to China's engagement with the continent, stated that:

> China's approach…encourages dependency using opaque contracts, predatory loans practices, and corrupt deals that mire nations in debt and undercut their sovereignty, denying them their long-term, self-sustaining growth…its approach has led to mounting debt and few, if any jobs in most countries. When coupled with the political and fiscal pressure, this endangers Africa's natural resources and its long-term economic political stability (Tillerson, 2018).

The quintessential question is, are these accusations leveled by the United States government and its official representative of the actual evidence of Chinese activities in Africa, or perhaps they represent their own fears and are just political stunts? The mismatch between reality and rhetoric points out that the narrative is driven more by fear of China's rise and the increasing economic and political influence in Africa rather than by genuine concern for Africa's economic and fiscal health (Moore, 2018; Were, 2018). The Western media's and government officials' promotion of narratives like 'neo-colonialism' and 'debt-trap diplomacy' to criticize China's involvement in Africa may be a response to the West's declining economic influence on the continent. As their power wanes, the Westmay be scapegoating China to deflect attention from its own shortcomings. Such accusations might be fueled by envy, jealousy, and resentment (Brautigam & Rithmire, 2021; Moore, 2018). However, what we cannot ignore is that debt sustainability in several countries borrowing from China under the new BRI is a concern. The former head of the International Monitory Fund, Christine Lagarde, was right when she stated that, in the case of large-scale spending,

> experiences from across the globe show that there is always a risk of potentially failed projects and the misuse of funds' and that infrastructure financing 'can also lead to a problematic increase in debt, potentially limiting other spending as debt service rises, and creating balance of payment challenges (Lagarde, 2018).

Similarly, At the April 2019 Belt and Road Forum for International Cooperation, she stated that:

> History has taught us that, if not managed carefully, infrastructure investments can lead to a problematic increase in debt… I have said before that, to be fully successful, the Belt and Road should only go where it is needed. I would add today that it

> should only go where it is sustainable in all aspects (Lagarde, 2019).

Indeed, the case of Kenya's Standard Gauge Rail-way and Sri Lanka's Hambantota port proves Christine Lagarde right. Subsequently, taking Lagarde's words that the Belt and Road should only go where it is needed and African countries having collective infrastructure needs of between US$130 and US$170 billion per year, with a financing gap of US$68 and US$108 billion (African Economic Outlook 2018), BRI is needed in Africa. In this con-text, Chinese financing through BRI has emerged as an 'indispensable option' for African countries (Moore, 2018).

Selected country studies

Debt trap diplomacy has become a prominent topic in international relations, particularly in discussions surrounding China's expanding global economic and political footprint. The concept suggests that China strategically lends excessive amounts of money to developing countries, anticipating their inability to repay the debt, and subsequently demands concessions or geopolitical advantages (Blinken, 2024). While there is evidence supporting the existence of debt trap dynamics (Moyo, 2021; Chellaney, 2017) in certain instances, it is imperative to approach the subject with nuance and avoid (mis)characterising Chinese economic activities as malicious.

Critics of China's Belt and Road Initiative have raised concerns about the potential for debt traps (Singh, 2020). The COVID-19 pandemic exacerbated these fears as governments worldwide have borrowed heavily to stimulate their economies (Moyo, 2021). The increased debt burdens have raised the prospect of debt traps and potential Chinese takeovers. Some analysts view China's BRI as not just a geopolitical tool but also a weapon (Blinken, 2024; Moses, Hwang, Engel, & Bien-Aimé, 2023; Tillerson, 2018). They suggest that by saddling countries with debt, China can exert significant influence over their economic and political decisions (Bolton, 2017). Critics liken this situation to a borrower being at the mercy of a loan shark, with the potential for dire consequences if the debt cannot be repaid (Brautigam & Rithmire, 2021). While some argue that it is a deliberate strategy employed by Beijing to gain geopolitical leverage (Blinken, 2024; Bolton, 2017; Chellaney, 2017), others contend that the narrative is exaggerated, misleading, and a misdiagnosis of the Chinese investments (Brautigam, 2022; Himmer & Rod, 2022; Brautigam & Rithmire, 2021; Singh, 2020; Brautigam, 2019).

The Kenyan case: (mis)reading China's con-tracts

Between 2010 and 2015, Kenya borrowed US$6.3 billion (approximately 2/5 of total gross domestic product) in semi-concessional and commercial loans from China to finance the Mombasa-Nairobi Standard Gauge Railway (Brautigam, Bhalaki, Deron, & Wang, 2022). Despite feasibility studies raising concerns about the project's profitability, construction proceeded (Taylor, 2020). The rail-way has since become a contentious issue, often referred to as a "white elephant." The controversy surrounding the project extended beyond its potential economic viability. The Kenyan Audi-tor-General's office mistakenly reported that Mom-basa Port had been used as collateral for the Chinese-financed railway (Brautigam, Bhalaki, Deron, & Wang, 2022). However, subsequent research by Brautigam (2022) revealed that the Kenyan National Treasury, not the port authority, was the actual borrower. This means that China would not have been able to seize the railway as collateral in the event of default.

While concerns about debt-trap diplomacy persisted, research by Brautigam (2022), Himmer and Rod (2022), and Brautigam, Bhalaki, Deron, and Wang (2022) found no evidence to support the notion that China intentionally pursued the acquisition of strategic assets in Kenya. Instead, China demonstrated flexibility by postponing debt payments during the COVID-19 pandemic and requesting additional feasibility studies for the Mombasa-Nairobi Standard Gauge Railway. Despite the heavy debt burden imposed by China, the narrative of a Chinese debt trap in Kenya remains largely unsubstantiated (Singh, 2020). While evidence suggests that Kenya's financial challenges are primarily due to its own fiscal policies and the inherent risks associated with large-scale infrastructure projects that borrow from China.

The China-Kenya loan agreements

Recent studies and publicly disclosed loan agreements between African governments and Chinese lenders reveal a pattern of loan contract provisions that significantly favour the creditor while limiting the borrower's autonomy, transparency, and policy space. These contractual frameworks are often characterised by elaborate repayment safeguards that ensure the near-certain recovery of funds by Chinese lenders, regardless of the borrowing country's domestic or political circumstances.

One striking feature of these contracts is the inclusion of strict confidentiality clauses, which prohibit borrowers from disclosing contract details unless legally compelled to do so. Such clauses undermine democratic accountability by shielding the agreements from public scrutiny and preventing both citizens and legislators from engaging in informed oversight. A notable example is the Standard Gauge Railway (SGR) loan agreement between Kenya and the Export-Import Bank of China. Although the contract was signed in 2014, critical details only became publicly available in 2022, significantly delaying public and parliamentary oversight.

Additionally, many Chinese loan contracts require the establishment of a special escrow or revenue ac-count, managed through a "bank acceptable to the lender," which functions as a form of collateral. This financial structure places repayment obligations above other domestic fiscal priorities, essentially subordinating national interests to loan servicing.

Furthermore, these agreements frequently include cross-default clauses, allowing lenders to accelerate repayment if the borrower defaults on unrelated external obligations. In other words, a breach of any loan agreement, not necessarily with the Chinese lender, may trigger a demand for immediate and full repayment of Chinese loans.

Perhaps more troubling is the policy influence embedded in these financial instruments. Sam-pled loan contracts contain broadly defined "events of default" that include any political or policy change in either the borrower's or lender's country that may affect the execution of the agreement. For example, one clause stipulates that "where there occurs any change of the laws or government policies in the country of either the Lender or the Borrower... the Lender may... declare all the principal and accrued interest... to be immediately due and payable." This provision effectively gives the lender power to withdraw financing or accelerate repayment based on subjective and potentially extraterritorial considerations.

Another condition commonly found in these con-tracts is the requirement that Chinese contractors execute the funded projects without competitive bidding. In the case of the Mombasa-Nairobi Standard Gauge Railway, the Export-Import Bank of China mandated that construction materials be sourced from China and be exempt from Kenyan taxes. The Kenyan Court of Appeal later ruled that the project's design had been manipulated to inflate costs, and that both construction and supervision fees had been grossly overpriced.

These contractual mechanisms illustrate a broader pattern in Chinese overseas lending that raise serious concerns about sovereign fiscal autonomy, democratic accountability, and the integrity of procurement processes. While access to infrastructure finance remains essential for many African countries, the terms and transparency of such agreements must be critically assessed to safeguard long-term development outcomes and national sovereignty.

A case of Djibouti: (mis)diagnosing the Chinese investments

China has significantly expanded its presence in Djibouti through various infrastructure projects, including the Doraleh Multipurpose Port, a railway connecting Djibouti to Ethiopia, and the Djibouti Free Trade Zone. These investments, coupled with substantial Chinese loans, have sparked concerns among observers about the potential for a debt trap scenario (Himmer & Rod, 2022). Djibouti's external debt has surged since 2013, coinciding with the launch of China's Belt and Road Initiative. The country's debt-to-GNI ratio rose from approximate-ly 39 percent in 2013 to 79 percent in 2019, while its debt to China reached nearly 75 percent of its gross domestic product (Brautigam, 2020). These figures have fuelled speculation about the sustain-ability of Djibouti's debt burden.

The controversy surrounding the Doraleh Container Terminal further complicates the picture. In 2018, the Djiboutian government nationalised the Doraleh Container Terminal, which was previously operated by the Dubai-based company DP World (Himmer & Rod, 2022). While China Merchants Ports retained a 23.5 percent stake, the move sparked concerns about the future of the Doraleh Container Terminal and the broader port development project. While rumours and opinions have circulated about potential debt-for-equity swaps or Chinese acquisitions of the Doraleh Container Terminal, there is currently no concrete evidence to support these claims (Brautigam, 2020). There is also no clear indication of malicious intent on China's part to acquire strategic assets in Djibouti.

The question of whether Djibouti has fallen victim to a deliberate Chinese debt trap remains a subject of debate. While it is undeniable that the country has borrowed heavily from China, the scale of the infrastructure projects undertaken, particularly the Djibouti port expansion, requires significant financial resources (Brautigam, 2022; Himmer & Rod, 2022). The potential benefits of these investments, including increased trade with Ethiopia and the aspiration to emulate Singapore or Dubai, must also be considered. Ultimately, the success or failure of these Chinese-funded projects will determine whether they pose a long-term financial burden for Djibouti.

Benefits of Chinese investments

The concept of 'debt-trap diplomacy' resonates more strongly in Western countries, particularly the United States, and is often linked to anxieties about China's growing global influence. However, this narrative may be more rooted in Sinophobia than in actual concerns about Africa's economic well-being (Moore, 2018; Were, 2018) Brautigam's (2020) research suggests that there is no concrete evidence to support the claim that China has deliberately used debt to exploit African countries or seize their assets. While the available data does not paint China as a predatory lender, it raises the question of what benefits China's engagement with Africa brings to the continent. Albeit mentioned challenges, African countries derive several specific advantages from their relationships with China.

The BRI and China's general increase in overseas economic activity have significantly increased the scale of development and liquidity finance in a world economy that needs to mobilize trillions of dollars annually to achieve shared development and climate goals (Gallagher et al., 2023). For developing countries where these financial needs are particularly acute, China's rise as a global lender has provided a sorely needed and welcome option (Singh, 2020). Consequently, China's overseas financing has catalyzed economic growth by increasing trade, unlocking infrastructure bottlenecks, and paving the way for increased core infrastructure and energy access in recipient countries (Singh & Haba, 2021).

In contrast to traditional Euro-American lenders, Chinese finance does not impose policy reform conditionalities on borrowing governments, in accordance with China's general foreign policy principle of non-interference in the internal affairs of other countries (Gallagher, 2016). However, Chinese lending is generally blind to democracy and human rights concerns, making it attractive to some authoritarian and illiberal governments in Africa (Moyo, 2021). While this engagement has left many African countries with debt sustainability problems, as discussed earlier, the unconditional Chinese lending has made financing more accessible to states that do not wish to follow the dictates of the Washington Consensus (Moses et al., 2022). The Washington

Consensus is a set of economic policy recommendations promoted by the International Monetary Fund, World Bank, and U.S. Department of the Treasury during the 1980s. These institutions advocated for neoliberal policies in developing countries, emphasizing the importance of free market principles and reduced state intervention as key drivers of economic development in the Global South (Williamson, 2009).

China's non-interventionist approach to finance has provided borrowers with greater policy autonomy than traditional US and Western creditors have (Gallagher et al., 2023). As Gallagher (2016) puts it, China's billions in finance are more in line with what developing nations want, rather than what Western development experts say they need. While the US and International Financial Institutions such as the World Bank and International Monetary Fund tend to finance in line with the latest development fads such as trade liberalization, health, and education, Chinese loans tend to go into energy, infrastructure, and industry projects where infra-structure gap of more than US$40 trillion exist.

Additionally, Chinese finance has brought a step-wise increase in the level of energy financing across the continent, expanding energy access and demonstrating a capacity for significant green energy financing. A growing literature shows that Chinese finance is thus more associated with economic growth, addressing infrastructure bottlenecks, and increased energy access than World Bank lending. Borrowers have grown to approach China and the World Bank as complements, with each supporting different but necessary sectors (Gallagher et al., 2023).

Towards fair Africa-China relations

The bane of Chinese lending for African governments often lies in its apparent disregard for democratic and human rights concerns. This approach can undermine the tenets of good governance, such as transparency and accountability, making it attractive to authoritarian and illiberal regimes. Unfortunately, this engagement has not only left many African countries grappling with debt sustainability problems but has also shrouded the extent of their indebtedness to China in mystery. To address this issue, African policymakers must unveil and end the secrecy surrounding Chinese loans. Governments should collaborate with their legislatures to pass laws that mandate the disclosure and publication of all loan contracts. While China has generally respected existing laws requiring transparency, it is imperative for African nations to establish their own legal frameworks to ensure greater accountability.

Passing such laws is a crucial step toward better debt management, especially in the context of ballooning debt. Much of this debt has been acquired outside parliamentary and budgetary processes, raising concerns about its legality and the potential negative implications for China-Africa relations. Policymakers must exercise their agency to craft laws that serve the best interests of their countries. The Nigerian Debt Management Office's practice of publishing clear and understandable charts de-tailing borrowing, expenditure, and usage provides a valuable example.

To truly bolster their balance sheets, African policymakers should leverage their natural resources and invest in greater domestic resource mobilization. This approach can free them from the constraints of Chinese debt trap diplomacy, granting them greater policy autonomy and enabling them to pay down existing debt. Additionally, investing in human development can enhance long-term economic growth and resilience. Ultimately, by prioritizing transparency, accountability and sustainable debt management, African nations can mitigate the risks associated with Chinese lending and build stronger, more resilient economies.

Conclusion

While the portrayal of Chinese infrastructure financing as a debt trap may be exaggerated, it is essential to examine the underlying realities of these agreements. Our research reveals that Chinese loan contracts often include stringent repayment safeguards that favour the lending country, China. This is understandable given the perceived risks associated with African economies. However, it is important to acknowledge that Chinese development finance presents a unique opportunity for Africa, particularly in the face of declining traditional financing streams and limited domestic resources. The continent's infrastructure deficit is significant, and Chinese investment can play a vital role in addressing this challenge. Nevertheless, the scale of Chinese lending and the potential for debt distress should compel African countries to exercise caution. While the benefits of Chinese infrastructure financing can be substantial, it is imperative to carefully consider the long-term implications and ensure that these investments are aligned with sustainable development goals.

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Zimbabwe Journal of Applied Research
Volume 5, Special Issue (2025), pp. 124-137
www.lsu.ac.zw/journals

Resource-backed loans and resource-for-infrastructure deals: Opportunities and challenges

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Abstract

Resource-backed loans (RBLs) and resource-for-infrastructure (RFI) deals have emerged as key financing mechanisms for addressing Africa's infrastructure deficits. These agreements leverage natural resources as collateral or exchange for infrastructure investments, offering an alternative to conventional financing. This paper examines the structure, opportunities, and challenges of RBLs and RFIs, focusing on case studies from Zimbabwe and other African nations such as Angola, Ghana, and Zambia. The paper applies Dependency Theory and the Political Economy of Debt Theory to explore how these mechanisms may reinforce Africa's reliance on external creditors and exacerbate socioeconomic vulnerabilities. While RBLs and RFIs address immediate development needs, they present risks related to debt sustainability, governance, and environ-mental degradation. The analysis highlights governance weaknesses, including a lack of transparency and accountability in negotiating contracts, and emphasizes how fluctuating commodity prices further compound the risks of these agreements. Additionally, environmental and social concerns, such as land degradation and limited community benefits, often accompany resource extraction projects tied to RBLs and RFIs. Despite these challenges, the paper underscores their transformative potential to fund critical infrastructure projects, boost economic growth, and promote regional integration if managed effectively.The paper provides poli-cy recommendations for maximizing the benefits of RBLs and RFIs while mitigating risks. These include strengthening governance frameworks, ensuring transparency, fostering economic diversification, incorpo-rating environmental safeguards, and encouraging regional cooperation. With robust policies and oversight, resource-backed financing can contribute to sustainable and inclusive development. The study concludes by emphasizing that the long-term success of RBLs and RFIs hinges on aligning these agreements with Africa's broader development goals, including debt sustainability, social equity, and environmental protection.

Keywords:

Resource-backed loans; Infrastructure financing; African development; Debt sustainability, Dependency theory

Introduction

Since the early 2000s, resource-backed loans (RBLs) and resource-for-infrastructure (RFI) deals have emerged as pivotal instruments for financing development in Africa, with their use significantly increasing between 2014 and 2024 (Brautigam & Hwang, 2016). These agreements leverage the continent's abundant natural resources as collateral or in exchange for infrastructure investments, addressing Africa's persistent infrastructure deficit, which, as of 2021, was estimated to require hundreds of billions of dollars annually (African Development Bank, 2021; Alves, 2020). Countries such as Angola, Ghana, Nigeria, Zambia, and the Democratic Republic of Congo (DRC) have increasingly turned to these mechanisms, trading future resource outputs for immediate investments in critical infrastructure projects like roads, railways, and energy facilities (Pritchett et al., 2018; Mihalyi & Adam, 2017). From a dependency theory perspective, RBLs and RFIs highlight the complexities of external financing, often reinforcing the de-pendency of African nations on more industrialized countries, particularly global powers like China (Moyo, 2018). While these financing mechanisms offer substantial opportunities for economic growth and development, they introduce significant risks related to debt sustainability, governance, and environmental impacts (Gelb & Grasmann, 2019; Mongula, 2022). The appeal of these agreements lies in their ability to bridge critical funding gaps, yet their structure and implications demand careful scrutiny to ensure they do not exacerbate economic vulnerabilities. This paper examines the structure, advantages, and potential drawbacks of RBLs and RFIs through a nuanced analysis of case studies from Angola, Ghana, Nigeria, Zambia, Zimbabwe and the DRC. By exploring these mechanisms, the paper aims to provide policymakers and stakeholders with insights into best practices while addressing challenges associated with debt, governance, and sustainable development outcomes (Bada, 2022; Lahn & Stevens, 2017).

Background

Since the early 2000s, resource-backed loans (RBLs) and resource-for-infrastructure (RFI) deals have gained prominence as innovative financing mechanisms for African nations grappling with significant infrastructure deficits. These agreements, which leverage Africa's vast natural resource re-serves as collateral or in exchange for infrastructure investments, have been instrumental in addressing the continent's infrastructure financing gap. This gap, estimated at US$68 billion annually in 2018 (African Development Bank, 2018), hampers economic productivity, trade integration, and access to essential services. By 2023, Africa's external debt had reached US$1.13 trillion, underscoring the urgent need for alternative financing strategies to support development while addressing fiscal constraints (African Development Bank, 2023; Global Trade Review, 2023).

RBLs and RFIs have enabled cash-constrained governments to secure immediate investments in critical sectors like transportation, energy, and healthcare while deferring repayment through future resource production (Mihalyi & Adam, 2017). Countries like Angola, Ghana, Nigeria, Zambia, and the Democratic Republic of Congo (DRC) have adopted such mechanisms to finance transformative projects. For example, Angola's US$2.5 billion oil-backed deal with China funded over 50 infrastructure projects, including schools, hospitals, and water systems, while Ghana's cocoa-backed agreement financed a hydroelectric power station (GTR, 2023). Similarly, the DRC's US$6 billion "minerals-for-infrastructure" agreement with Chinese companies facilitated the construction of roads, schools, and hospitals, albeit with concerns about transparency and equitable benefit-sharing (Global Witness, 2023).

These agreements offer significant advantages in addressing Africa's infrastructure deficit by bypassing traditional international loans that often involve restrictive lending criteria, complex conditions, and insufficient credit ratings (Gelb & Grasmann, 2019). RBLs and RFIs also present an alternative to immediate cash outflows, allowing nations to avoid exacerbating short-term fiscal deficits (Mihalyi et al., 2020). However, their growing popularity also reflects systemic structural challenges, including a reliance on resource exports and limited fiscal capacity. While Zambia's copper-backed loans provided liquidity to address pressing needs, they ex-posed the country to debt vulnerabilities linked to commodity price fluctuations. Similarly, Nigeria's oil-backed deals financed large-scale infrastructure projects but highlighted governance challenges that affect the optimal use of these funds (AfDB, 2023; Mongula, 2022).

The global commodity boom of the 2000s amplified the appeal of RBLs and RFIs, as high resource prices offered opportunities to leverage natural wealth for development (Hårsmar, 2019). However, this reliance on volatile commodity markets poses significant risks. Angola's debt crisis during the mid-2010s oil price collapse illustrated the vulnerabilities of resource-dependent repayment structures (Mongula, 2022). To mitigate these risks, improved risk assessments, hedging mechanisms, and governance reforms are essential.

Negotiations for RBLs and RFIs often involve complex bilateral or multilateral agreements that hinge on projected resource market values and repayment schedules (Mihalyi & Adam, 2017). Unfortunately, such agreements are frequently criticized for their opacity and lack of public accountability. Many contracts are negotiated behind closed doors, with limited civil society participation or expert input, resulting in terms that may prioritize short-term gains over long-term national interests (Lahn & Stevens, 2017; Williams, 2021). Weak institutional capacity and inadequate legal frameworks further disadvantage African governments during these negotiations, leading to deals that disproportionately benefit foreign investors (Dehn, 2023; Bada, 2022). In addition to governance and fiscal risks, RBLs and RFIs raise environmental concerns. Large-scale resource extraction linked to these agreements has exacerbated land degradation, displaced communities, and challenged sustainable development goals (Global Witness, 2023). Strengthening legal frameworks, enhancing institutional capacity, and incorporating environmental safeguards are critical to ensuring these mechanisms support sustainable and inclusive growth.

While RBLs and RFIs have proven transformative in financing Africa's development, their long-term success hinges on robust governance frameworks, transparency, and risk mitigation. Institutions like the AfDB and IMF emphasize the need for concessional and transparent alternatives to prevent debt distress and ensure these mechanisms align with Africa's broader development goals (Adesina, 2023; Georgieva, 2023). When effectively managed, RBLs and RFIs can bridge infrastructure gaps and foster economic growth, but their potential must be balanced against the risks they pose.

Theoretical framework

The theoretical framework underpinning resource-backed loans (RBLs) and resource-for-infrastructure (RFI) deals in Africa draws primarily from Dependency Theory and the Political Economy of Debt. Dependency Theory, notably articulated by scholars like Frank (1967) and Prebisch (1950), is crucial in understanding how RBLs and RFIs reinforce the economic vulnerabilities of African nations, particularly Zimbabwe. This theory suggests that the financial systems established between resource-rich African countries and developed economies often perpetuate unequal relationships that limit economic independence. In Zimbabwe's case, resource-backed financing tied to minerals such as platinum, diamonds, and coal exposes the country to significant risks due to fluctuating global commodity prices, reinforcing its peripheral position within the global economy. This perpetuates a cycle of dependency, where Zimbabwe's economic fortunes are increasingly tied to the extraction of natural resources rather than broader industrial or technological development (EITI, 2020; Fishman, 2023).

The Political Economy of Debt Theory further elaborates on the role of governance in shaping the outcomes of RBLs and RFIs. This theory emphasizes how power imbalances between African governments and multinational or state-backed creditors influence the terms and sustainability of loans. In Zimbabwe, for example, deals with countries like China have often been opaque, with the political elite playing a significant role in the negotiation process, often at the expense of broader national development priorities. These RBLs have not always been used effectively for long-term economic growth, instead often supporting politically driven short-term agendas (Brautigam & Hwang, 2016; Global Witness, 2017). In many cases, this dynamic has led to accusations of corruption and the mismanagement of the resources involved, ultimately limiting the development potential of these financing mechanisms.

Furthermore, governance quality and the institutional capacity to manage these financing tools are critical factors in determining their success or failure. The Zimbabwean experience, particularly in the context of its diamond-backed loans and RFIs, highlights how poor governance, lack of transparency, and institutional weakness can exacerbate the challenges associated with these deals. The Marange diamond fields, for example, were subject to significant controversy, with allegations of corruption and poor oversight hindering the potential benefits from the country's mineral wealth (Mano & Mukumba, 2020). Similarly, projects such as the Kariba South Hydro expansion demonstrate how governance failures in resource management can lead to misalignment between resource extraction and infrastructural needs, undermining the long-term benefits of such deals (Global Witness, 2017). In examining Zimbabwe's position within the broader African context, it is evident that its challenges are not unique but rather part of a larger continental pattern where African nations, especially those rich in natural resources, struggle to harness the full potential of RBLs and RFIs. Countries like Angola and Ghana, which have also engaged in resource-backed financing, offer parallels to Zimbabwe's experience, highlighting both the opportunities and risks of these mechanisms. For instance, Angola has made significant strides in leveraging its oil-backed financing for infrastructure development, yet it too faces challenges related to transparency and governance. Ghana, similarly, has benefited from gold-backed loans but has had to grapple with environmental and social challenges, particularly in its mining sectors (Garb & Fliss, 2023; Combes et al., 2023). These examples underscore the complexity of balancing immediate infrastructure needs with the long-term goal of economic diversification and sustainable development.

Ultimately, the sustainable success of RBLs and RFIs in Africa requires a comprehensive approach that incorporates sound governance, diversification of economic activity beyond extractive industries, and a commitment to environmental sustainability. Transparency in the negotiation and management of these deals is critical to ensuring that the benefits are equitably distributed and that African nations, including Zimbabwe, can avoid the pitfalls of resource dependency. Moreover, integrating environmental safeguards into resource-backed projects is essential for mitigating the social and ecological costs often associated with these deals. By focusing on diversification and industrialization, Zimbabwe and other African countries can reduce their vulnerability to global commodity price shocks and better leverage their natural resources for long-term national development (Mano & Mukumba, 2020; EITI, 2020).

This framework demonstrates that while RBLs and RFIs hold significant potential for addressing Africa's infrastructure deficits, they must be managed within a robust governance framework that emphasizes transparency, accountability, and sustainable development. Without addressing the structural issues of dependency, poor governance, and environmental degradation, these financing mechanisms risk entrenching the very inequalities they are intended to alleviate, as evidenced in Zimbabwe's experience.

Resource-backed loans and resource-for-infra-structure across Africa

In addition to Zimbabwe, several other African countries have engaged in resource-backed loans (RBLs) and resource-for-infrastructure (RFI) deals to address infrastructure deficits and economic challenges. For example, Angola has been one of the prominent users of RBLs, particularly in its relationship with China. In 2004, Angola secured a US$2 billion loan from the China Export-Import (Exim) Bank, backed by the country's oil reserves. The loan was intended to finance the reconstruction of the country's infrastructure after years of civil war, with repayment tied to future oil exports (Pereira, 2019). Similarly, Ghana entered into an RFI agreement with the Chinese government in 2011, using its bauxite reserves as collateral to secure funding for a range of infrastructure projects. This agreement highlighted the growing trend in Africa of using mineral resources as collateral to secure infrastructure development funds, but also the risks associated with fluctuating global commodity prices (Gyamfi, 2020).

Another case is Zambia, which signed a US$2 billion deal with China's Exim Bank in 2013, using its copper reserves as collateral. The loan was aimed at financing infrastructure projects, including roads and power plants. However, Zambia's heavy reliance on copper exports and the subsequent dip in copper prices raised concerns about its ability to meet the repayment terms, further exacerbating the challenges of debt sustainability (Chisanga, 2021). These examples reflect a broader pattern across the African continent, where resource-rich countries have increasingly turned to RBLs and RFIs to address infrastructure needs, yet the structure of these deals often leads to heavy debt burdens and economic dependency.

Despite the potential benefits, such as increased infrastructure development and the bypassing of traditional financing constraints, these deals often raise concerns about long-term economic sustainability. The dependency on a narrow set of natural resources, volatile global markets, and governance issues related to transparency and accountability are common threads across many African nations involved in RBLs and RFIs. Like Zimbabwe, countries such as Angola, Ghana, and Zambia face the challenge of balancing immediate infrastructure needs with the long-term economic consequences of these financing mechanisms, which risk perpetuating a cycle of debt dependency.

Zimbabwe's experience with resource-backed loans and resource-for-infrastructure deals illustrates both the potential and the pitfalls of this financing model. While these deals have allowed the country to secure much-needed capital for infrastructure development, they have also contributed to a growing debt burden, economic dependency, and governance challenges. The lessons from Zimbabwe's engagement with RBLs and RFIs highlight the importance of careful management, transparency, and the need for robust institutional frameworks to ensure the long-term sustainability of such deals. Without these safeguards, resource-backed financing risks exacerbating the very challenges it seeks to address, reinforcing a cycle of dependence that may hinder the achievement of sustainable development in Zimbabwe and other resource-rich African nations.

Resource-backed loans and resource-for-infra-structure deals in Zimbabwe

Resource-backed loans (RBLs) and resource-for-infrastructure (RFI) deals have become a significant part of Zimbabwe's efforts to address its pressing infrastructure needs, given the country's economic challenges, including hyperinflation, international sanctions, and limited access to conventional financing. These deals typically involve using the country's natural resources, such as minerals, as collateral to secure loans or trade for infrastructure development. Zimbabwe's experience with these financing mechanisms, particularly in its dealings with China, offers a complex picture of both opportunities and challenges that provide valuable lessons for other African countries.

The structure of Zimbabwe's RBLs and RFIs is largely shaped by its limited access to global financial markets and reliance on resource extraction. A notable example is Zimbabwe's agreement with the China Export-Import (Exim) Bank, where the country leveraged its platinum reserves to secure a US$1 billion loan in 2011. The deal was designed to fund critical infrastructure projects, including energy and transport sectors, with repayment scheduled through platinum exports (Georgieva, 2023). This structure is similar to other African nations' resource-backed deals, where natural resources are exchanged for much-needed infrastructure.

In Zimbabwe, as with other African countries engaged in RBLs and RFIs, the primary stakeholders include the borrowing government, the lending institutions (often Chinese state-owned enterprises or banks), and the contractors responsible for executing the infrastructure projects. Zimbabwe's agreements typically involve Chinese institutions, highlighting the growing influence of China in Africa's development landscape. The engagement between Zimbabwe and China also underscores the geopolitical implications of these financial arrangements, as the country becomes deeply indebted to a foreign power, raising concerns about its political autonomy and sovereignty (Higgins, 2023).

The financing mechanisms behind Zimbabwe’s RBLs often involve collateralization of the country's natural resources, such as platinum and diamonds, with repayment structured through commodity exports. This model allows for immediate capital for infrastructure development, which is especially crucial given the country’s dire economic situation. However, it also exposes Zimbabwe to significant risks, particularly due to the volatility of global commodity prices. For instance, fluctuations in platinum prices have severely impacted Zimbabwe's ability to meet its debt obligations, revealing the vulnerability of this financing model (IMF, 2023). The country's over-reliance on a few commodities—platinum, diamonds, and gold—has deepened its economic fragility and hindered efforts to diversify its economy (Georgieva, 2023).

Additionally, the financing structure is dependent on a “payment-in-kind” arrangement, where repayment is tied to the extraction and export of natural resources, such as platinum. While this structure can provide much-needed capital in the short term, it raises questions about the long-term sustainability of such loans and the country's ability to service debt without resorting to further resource extraction.

A critical challenge with Zimbabwe’s RBLs and RFIs is the lack of transparency and governance issues surrounding the deals. In many cases, these agreements are negotiated without adequate public consultation, leaving room for corruption and elite capture. In Zimbabwe, critics argue that the political elite have disproportionately benefited from these arrangements, with limited improvements in public services or employment opportunities for the broader population. Furthermore, the absence of a clear legal framework and institutional oversight has led to inefficiencies in the execution of infrastructure projects (Munyonyo, 2023; Georgieva, 2023). The governance issues associated with these deals highlight the need for greater accountability and transparency to ensure that the benefits of resource-backed financing translate into tangible improvements for the population.

Zimbabwe's use of RBLs has also raised concerns about the long-term sustainability of these financing mechanisms. While these loans have enabled the country to fund critical infrastructure projects, their repayment terms, which are often tied to fluctuating commodity prices, have led to mounting debt. Zimbabwe's failure to diversify its economy away from mineral extraction has entrenched its dependency on a narrow set of commodities, making it vulnerable to external market forces. This reliance on resource-backed financing models is indicative of a broader trend across Africa, where countries risk becoming trapped in a cycle of debt dependence and economic vulnerability (Cardoso & Faletto, 1979).

This dynamic, reflected in Zimbabwe’s growing debt burden, is consistent with dependency theory, which suggests that RBLs and RFIs can reinforce economic dependency on foreign creditors, particularly those who provide loans secured by natural resources. As the country continues to service these loans through resource extraction, its economic autonomy is diminished, and its development trajectory remains constrained by external forces (Higgins, 2023).

Despite these challenges, resource-backed loans and RFIs have provided Zimbabwe with the opportunity to address some of its most urgent infrastructure needs. The financing secured through these deals has allowed for the construction of energy plants, which could alleviate the country's power shortages and foster industrial development. Additionally, transportation infrastructure improvements, such as road construction, have the potential to boost regional trade and reduce transportation costs, which could contribute to economic growth (Georgieva, 2023).

Similarly, Zimbabwe's use of platinum and diamond reserves as collateral for loans has facilitated the development of energy and transport infrastructure, addressing critical gaps in the country's infrastructure. These deals have allowed Zimbabwe to bypass the constraints of traditional financing mechanisms, offering an alternative route to funding development.

Another important dimension of Zimbabwe's RBLs and RFIs is the geopolitical implications of these agreements. The country's extensive use of Chinese-backed financing has strengthened its bilateral ties with China, but it has also raised concerns about Zimbabwe's sovereignty. Critics argue that the heavy reliance on Chinese loans has made Zimbabwe more vulnerable to Chinese political and economic influence, potentially limiting the country's ability to independently chart its development path. This situation reflects a broader concern across Africa, where the increasing reliance on Chinese loans could shift the balance of power in favor of foreign creditors, ultimately undermining African governments' agency in shaping their own political and economic destinies (Higgins, 2023).

Challenges of resource-backed loans and resource-for-infrastructure deals

While resource-backed loans (RBLs) and resource-for-infrastructure (RFI) deals present significant opportunities for African nations, they also come with a range of challenges that must be carefully managed to ensure long-term sustainable development. These challenges are particularly pertinent in Zimbabwe, where the country has struggled with debt sustainability, political instability, and economic mismanagement. However, they also reflect broader issues faced by resource-rich countries across Africa that have engaged in similar financing arrangements.

One of the primary challenges of RBLs and RFIs is the risk of over-reliance on natural resources as collateral, which can expose countries to significant economic vulnerabilities. In Zimbabwe, a country that is heavily dependent on its mineral resources, including platinum and diamonds, using these resources as collateral for infrastructure projects could deepen the nation's exposure to global commodity price fluctuations. This volatility can lead to unstable financial outcomes if commodity prices drop, as seen in many African countries that have engaged in resource-backed financing. The African Development Bank (2023) highlights that countries like Angola and Zambia, which have secured financing through resource-backed loans, have experienced significant economic strain when global commodity prices declined, making it difficult to meet debt repayment obligations. For Zimbabwe, which has faced substantial inflation and currency devaluation, this could exacerbate its debt burden, leading to further economic instability.

Another significant issue is the long-term sustainability of the debt incurred through these deals. While RBLs and RFIs offer immediate capital for infrastructure development, they can also lead to debt accumulation that may not be easily repaid. Zimbabwe, which already faces a high debt-to-GDP ratio, could find itself further entrenched in a cycle of borrowing and repayment that undermines its fiscal autonomy.

According to the World Bank (2023), African countries that rely on resource-backed loans often face difficulties in managing debt sustainability, as they are tied to the ebb and flow of resource revenues. In cases like Angola, the country's oil-backed loans have led to rising debt levels, which in turn have impacted its ability to invest in other critical sectors such as education and healthcare.

The terms and conditions of RBLs and RFIs can also pose challenges in the form of foreign control and limited domestic benefits. Many of the deals negotiated between African countries and foreign investors or governments, particularly with countries like China, often involve foreign companies taking a leading role in project implementation. In Zimbabwe, this could lead to a situation where the country's own companies and workforce are sidelined, with the bulk of the benefits accruing to foreign entities. This is a concern shared by many African nations engaged in RBLs and RFIs, as foreign investors may gain significant control over strategic national assets, without sufficiently contributing to long-term capacity building within the country. The lack of clear mechanisms for ensuring local participation and benefit-sharing in these deals can exacerbate inequalities and limit the broader development impact (Brautigam, 2023).

Governance and transparency issues also remain significant challenges in the management of RBLs and RFIs. In Zimbabwe, which has been plagued by corruption and weak governance structures, ensuring transparency in these deals becomes even more critical. Without robust oversight, RBLs and RFIs can be subject to mismanagement, fraud, and corruption. The lack of transparency in some African countries has led to accusations of "resource curse" phenomena, where the revenue generated from natural resources fails to translate into equitable development for citizens. A recent study by the United Nations Economic Commission for Africa (ECA, 2022) found that poor governance practices in some African nations, including Zimbabwe, have contributed to ineffective use of resources raised through RBLs, leading to projects that are either delayed or of subpar quality. This weakens public trust in such financing mechanisms and diminishes their effectiveness as tools for sustainable development.

Environmental concerns also loom large in resource-backed deals. Mining and extraction projects that often underpin these financing arrangements can lead to significant environmental degradation if not carefully managed. In Zimbabwe, which is rich in minerals such as platinum and gold, mining activities linked to RBLs could result in deforestation, water pollution, and soil degradation, further exacerbating the environmental challenges the country already faces. The African Centre for Economic Transformation (ACET, 2022) notes that while infrastructure development is essential, there is a growing need to ensure that resource extraction is done sustainably to avoid long-term environmental damage. Without strong environmental protections, RBLs and RFIs can contribute to resource depletion and loss of biodiversity, further undermining the potential for future economic and social development.

Lastly, the social implications of resource-backed loans and RFIs can be complex. In some cases, the large-scale infrastructure projects funded by these deals may displace local communities or disrupt existing social systems. In Zimbabwe, where land disputes and rural development issues are already contentious, there is the potential for social unrest if projects financed through resource-backed loans lead to the displacement of local populations or create land tenure conflicts. The risk of exacerbating social inequality through these projects is a concern across Africa, where many rural communities still lack access to basic services, and the benefits of major infrastructure projects often fail to reach the most vulnerable populations (UNCTAD, 2023).

While resource-backed loans and resource-for-infrastructure deals offer significant opportunities for African nations, including Zimbabwe, they also present several challenges that must be carefully managed. These challenges, including over-reliance on natural resources, debt sustainability, governance issues, environmental concerns, and social impacts, underscore the need for careful planning, transparent governance, and strong institutional frameworks. African countries must adopt a balanced approach to ensure that the benefits of these financing mechanisms are maximized while mitigating potential risks. This will require a concerted effort to build local capacity, enforce environmental regulations, and ensure that infrastructure development serves the long-term interests of citizens.

Opportunities of resource-backed loans

Resource-backed loans (RBLs) and resource-for-infrastructure (RFI) deals present significant opportunities for African nations, particularly those rich in natural resources, to address their infrastructure financing gaps. With the African Development Bank estimating an annual infrastructure financing gap of US$130 billion, these deals offer an innovative financing model that can bridge the divide in critical areas such as transportation, energy, and healthcare systems. In the context of Zimbabwe, a country with vast mineral resources, these financing models can play a transformative role in addressing the nation's infrastructure deficit and promoting long-term economic growth.

RBLs and RFIs enable African countries to leverage their abundant natural resources, such as oil, minerals, and metals, as collateral to secure capital for infrastructure projects. This financing model has allowed countries like Angola, Ghana, and Zambia to raise billions of dollars for large-scale infrastructure initiatives. For Zimbabwe, this offers an opportunity to tap into its mineral wealth, including resources like platinum and diamonds, to finance projects that could rejuvenate the country's dilapidated infrastructure. Much like Angola's use of oil-backed loans with China, which funded the construction of roads, hospitals, and power plants crucial for the country's post-war recovery, Zimbabwe could follow a similar path to address its pressing infrastructure needs (AfDB, 2023).

What sets RBLs and RFIs apart from traditional financing is the autonomy they provide to governments. Unlike loans from international financial institutions like the IMF and World Bank, which often come with stringent conditions such as structural reforms, austerity measures, and governance adjustments, RBLs and RFIs are typically negotiated bilaterally. This allows African governments, including Zimbabwe, to retain greater control over their development decisions. By using their natural resources as collateral, these countries can bypass the political and economic pressures associated with traditional foreign aid, thus maintaining greater freedom in shaping their development strategies (Georgieva, 2023).

The economic impact of infrastructure develop-ment fueled by RBLs and RFIs is substantial. These projects stimulate economic activity by enhancing productivity, reducing transport costs, and facilitating trade. In Zimbabwe, the improvement of transportation and energy infrastructure could boost industrial output and increase regional and global competitiveness. Moreover, these projects create jobs in sectors such as construction, transport, and energy, which directly contributes to poverty reduction and economic growth. The Addis Ababa-Djibouti railway in Ethiopia, funded through an RFI, is a notable example of how infrastructure projects can boost trade and industrialization in the region (Gebrehiwot, 2021).

Resource-backed deals also present an opportunity for resource-rich countries to diversify their economies. While natural resources like minerals, oil, and gas have traditionally dominated African economies, investing in infrastructure can unlock new sectors, including agriculture, tourism, and manufacturing. Zimbabwe, for instance, could use its mining resources to fund the development of agricultural infrastructure, enhancing food security, or invest in tourism infrastructure to capitalize on its rich cultural heritage and wildlife. Ghana's bauxite-for-infrastructure deal with China is a prime example of how resource-backed loans can be leveraged to support the growth of new industries, such as the aluminum sector, creating jobs and long-term economic value (Higgins, 2023).

Another significant benefit of RBLs and RFIs is the potential for technological transfer and skills development. These financing models often involve partnerships with international firms, particularly from countries like China, which bring advanced technical expertise and technologies to African nations. For Zimbabwe, this could mean access to cutting-edge technologies in the energy, transport, and telecommunications sectors. The knowledge and skills transferred through these partnerships would contribute to building local human capital and increasing the capacity of Zimbabwe's work-force, which is essential for sustainable economic development (GTR, 2023).

Resource-backed loans and RFIs can also address pressing social challenges by improving access to public services such as healthcare, energy, and water. In Zimbabwe, where many rural areas are still without reliable electricity, resource-backed financing could help fund projects that provide access to energy and other essential services. Similar projects in Zambia and Angola, funded by re-source-backed loans, have brought electricity to remote areas, improving productivity and quality of life for millions of people (AfDB, 2023). Such initiatives could alleviate the burden of inadequate public services in Zimbabwe, thus improving the overall well-being of its citizens.

In addition to boosting infrastructure, RFI deals foster regional integration by improving transportation corridors and energy grids. Projects like the Mombasa-Nairobi railway in East Africa and the Trans-West African Coastal Highway have significantly reduced transport costs, enhanced trade routes, and promoted intra-African trade. These projects align with the objectives of the African Continental Free Trade Area (AfCFTA), which seeks to boost intra-African trade and economic cooperation. For Zimbabwe, improving infrastructure through RFI deals could enhance its connectivity with neighboring countries, making it a more competitive player in regional trade and a strategic partner in the AfCFTA (UNCTAD, 2020; ECA, 2021).

Resource-backed loans and RFIs also serve as tools to attract foreign investment. By using natural resources as collateral, African countries can secure financing that might otherwise be inaccessible through traditional Western financial institutions. This, in turn, makes these countries more economically attractive to international investors. Zimbabwe, which has faced challenges in securing foreign investment due to political instability and economic mismanagement, could use resource-backed loans to unlock critical infrastructure projects and attract foreign capital. Angola's US$42 billion loan from China and Guinea's bauxite-for-infrastructure deal are prime examples of how these financing models can elevate a country's global economic standing (Brautigam, 2009; Tafirenyika, 2019).

In short, resource-backed loans and resource-for-infrastructure deals present considerable opportunities for African nations, including Zimbabwe, to address their infrastructure needs, stimulate economic growth, and improve public services. These innovative financing models offer an alternative to traditional loans and foreign aid, providing greater autonomy and the potential for long-term development. However, their success hinges on effective management, transparency, and governance. African governments must ensure that these deals are used responsibly, with a focus on debt sustainability, environmental considerations, and the diversification of economies to prevent over-reliance on natural resource extraction. With proper oversight, RBLs and RFIs can be powerful tools for Africa's sustainable development and economic transformation.

Policy recommendations

Given the significant opportunities and challenges associated with resource-backed loans (RBLs) and resource-for-infrastructure (RFI) deals in Africa, it is crucial for African governments, including Zimbabwe, to adopt effective policies to maximize the benefits of these financing mechanisms while minimizing risks. These policies should focus on ensuring financial sustainability, promoting transparency, enhancing governance, and addressing environmental and social impacts. Drawing from recent literature and considering the unique context of Zimbabwe, the following policy recommendations can help guide the responsible use of RBLs and RFIs in Africa.

First, it is essential for African countries to develop and enforce clear debt management frameworks to ensure debt sustainability when utilizing resource-backed loans and RFIs. In Zimbabwe, which has faced recurrent debt crises and struggles with inflation and currency devaluation, a robust debt management strategy is crucial to avoid over-borrowing and unsustainable debt levels. According to the African Development Bank (2023), countries should adopt transparent debt management strategies that include prudent borrowing limits, rigorous assessments of repayment capacity, and monitoring mechanisms to track debt sustainability. Zimbabwe, for example, can improve its debt sustainability by securing loans with favorable terms and avoiding borrowing beyond its capacity to repay, particularly by ensuring that future debt is aligned with national development priorities.

Additionally, African governments, including Zimbabwe, should prioritize diversification of their economies to reduce the risks associated with over-reliance on natural resource extraction. By using the capital raised from RBLs and RFIs to invest in sectors such as agriculture, manufacturing, and services, countries can reduce their vulnerability to commodity price fluctuations. This is critical for Zimbabwe, where the economy is heavily reliant on minerals like platinum and gold. The African Centre for Economic Transformation (ACET, 2022) emphasizes that countries should direct resources from RBLs and RFIs toward building diversified economies that can weather external shocks and provide broader benefits to the population. In Zimbabwe, this could mean investing in renewable energy, agro-processing industries, and tourism, creating long-term sustainable growth outside of the extractive sector.

Transparency and good governance must be at the heart of any RBL and RFI agreement. In Zimbabwe, where corruption and political instability have hindered development, it is crucial to implement strong governance frameworks to oversee the negotiation and implementation of these deals. The World Bank (2023) stresses the importance of clear and transparent terms in loan agreements, with mechanisms to ensure that funds are used for their intended purposes and not diverted for corrupt practices. This includes creating independent bodies for auditing these deals, publishing detailed reports on the progress of projects, and involving civil society in the oversight process. Zimbabwe can improve public trust and ensure that RBLs and RFIs contribute to national development by enforcing stringent anti-corruption measures and fostering accountability.

Moreover, African governments must strengthen their capacity for project planning and implementation to ensure that infrastructure funded by RBLs and RFIs is completed on time and to a high standard. In Zimbabwe, the challenge of poor project execution and delayed infrastructure projects is often linked to weak institutional capacity. The United Nations Economic Commission for Africa (ECA, 2022) recommends that African governments invest in building the technical expertise of local institutions to manage complex infrastructure projects. This can include providing training for public sector employees in project management, procurement, and monitoring. Zimbabwe, in particular, could benefit from a more streamlined and professional approach to project implementation to ensure that resources raised through RBLs and RFIs are used efficiently and effectively.

Another critical area for policy development is environmental protection. Resource-backed loans and RFIs often involve large-scale resource extraction projects, which can have significant environmental impacts if not properly managed. In Zimbabwe, where the mining sector plays a vital role in the economy, ensuring that mining and infrastructure projects comply with stringent environmental standards is essential. The African Union (2023) advocates for the adoption of regional environmental frameworks and sustainability standards to guide resource extraction and infrastructure projects across the continent. Zimbabwe should enhance its regulatory frameworks to ensure that all resource-backed infrastructure projects adhere to environmental protection laws and promote sustainable practices. This includes conducting thorough environmental impact assessments and engaging local communities in the decision-making process to mitigate potential environmental damage.

To address social challenges, African governments should prioritize inclusive development in RBL and RFI projects. This means ensuring that infrastructure development benefits all segments of society, particularly marginalized and vulnerable groups. In Zimbabwe, where rural areas often lack basic services, resource-backed infrastructure projects should focus on improving access to education, healthcare, and energy for rural populations. The United Nations Conference on Trade and Development (UNCTAD, 2023) emphasizes the importance of ensuring that RBLs and RFIs support social equity by creating jobs and improving living standards for all citizens. Zimbabwe should include social impact assessments as part of the project approval process to ensure that these deals contribute to poverty reduction and social cohesion.

Finally, African countries should aim to establish regional frameworks for cooperation in negotiating RBLs and RFIs. As resource-rich nations across Africa engage with global powers and investors, it is critical that they negotiate deals that are mutually beneficial and promote regional integration. In Zimbabwe, this could mean leveraging its relationships within regional economic communities such as the Southern African Development Community (SADC) to negotiate more favorable terms for resource-backed financing. According to the African Development Bank (2023), regional cooperation can enhance negotiating power, ensure better deal terms, and create opportunities for shared infrastructure projects that benefit multiple countries. This approach can help align infrastructure development with broader continental goals, such as those outlined in the African Union's Agenda 2063.

In conclusion, the successful implementation of resource-backed loans and resource-for-infrastructure deals in Zimbabwe and across Africa hinges on the adoption of sound policy frameworks. These policies should focus on debt sustainability, economic diversification, transparency, environmental protection, and social inclusion, while also strengthening governance and regional cooperation. By implementing these recommendations, African countries, including Zimbabwe, can harness the full potential of these financing mechanisms to promote long-term sustainable development and economic growth.

Conclusion

Resource-backed loans (RBLs) and resource-for-infrastructure (RFI) deals present a promising path-way for African nations, including Zimbabwe, to address critical infrastructure gaps, stimulate economic growth, and diversify their economies. While these financing mechanisms offer significant opportunities for development, they also pose risks related to debt sustainability, governance, environmental impacts, and social inequality. For Zimbabwe, careful management, transparent governance, and strategic investment in diverse sectors are crucial to ensuring that the benefits of RBLs and RFIs are realized without exacerbating economic vulnerabilities. Across Africa, adopting robust debt management frameworks, prioritizing inclusive development, and fostering regional cooperation will be key to maximizing the potential of these deals, ensuring they contribute to long -term, sustainable development and broader continental integration. With the right policies in place, RBLs and RFIs can serve as transformative tools for Africa's economic and infrastructure advancement.

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Zimbabwe Journal of Applied Research
Volume 5, Special Issue (2025), pp. 138-153
www.lsu.ac.zw/journals

Debt management in Africa

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Abstract

Sustainable development finance is critical for African nations to realize the United Nations 2030 Sustainable Development Goals (SDGs). Domestic revenue mobilization and debt management are two fundamental pillars for sustainable development finance. Domestic revenue mobilization describes the generation of revenue from domestic sources which include fess, taxation, sale of minerals and royalties. Debt management concerns prudent borrowing, planned debt servicing, effective risk management and sustainable domestic revenue mobilisation. Therefore, both domestic revenue mobilization and debt management are fundamental for African countries to generate finance for development without sacrificing the long-term sustainability of nations. This article assesses the challenges and opportunities for domestic revenue mobilization and debt management in African countries. Through a critical literature review, the article highlights the need for effective domestic revenue mobilization and the strengthening of debt management systems in African countries to finance sustainable development and the attainment of the SDGs. The article recommends several ways to enhance domestic revenue mobilization and debt management in Africa. These suggestions encompass the need to strengthen tax administration systems, broadening of the tax base, reduction and widening of tax rates in some cases, reviewing tax incentive policies, improving debt management, mitigating corruption, better management of natural resources and curbing of illicit financial flows. Through the enhancement of domestic revenue mobilization and strengthening of debt management systems, African countries can build a more sustainable base for financing infrastructural development, economic growth and support the attainment of the SDGs.

Keywords:

Africa; Sustainable development; Debt management; Domestic revenue; Mobilization, SDGs

Introduction

Domestic revenue mobilization is essential for African nations seeking to finance their development needs, achieve economic autonomy, and mitigate reliance on foreign aid and donations. Despite significant initiatives aimed at enhancing domestic revenue mobilization across the continent, African countries continue to face the persistent challenge of elevated debt levels, which complicate their fiscal landscapes. This article undertakes a comprehensive desktop study that synthesizes existing literature on domestic revenue mobilization and debt management in Africa, exploring the intricate relationship between these two critical components of sustainable development finance. Sustainable development finance encompasses a framework that integrates economic, social, and environmental dimensions to promote long-term growth and equity while addressing pressing global challenges (von Haldenwang & Laudage, 2019). This multifaceted approach is essential for achieving the Sustainable Development Goals (SDGs), which require substantial financial resources to address issues such as poverty alleviation, healthcare, education, and climate change.

Background

Historically, development financing has relied heavily on external sources like foreign aid and international loans. However, this approach has proven inadequate for meeting the substantial financial needs of developing countries, particularly in Africa, where the financing gap is estimated to reach trillions of dollars annually (Kharas, Prizzon & Rogerson, 2014). As a result, the focus has shifted to enhancing domestic revenue mobilization as a key pillar of sustainable development finance. Domestic revenue mobilization involves generating and allocating financial resources to achieve developmental goals, serving as a long-term strategy for sustainable finance (Nnadozie, Munthali, Nantchouang & Diawara, 2017). It includes improving tax systems, broadening the tax base, and enhancing public expenditure eficiency, thereby fostering economic independence and resilience (Amo-Yartey, Brafu-Insaidoo, Mensah & Obeng, 2019). This process aims to secure new resources, enabling governments to alleviate poverty and deliver essential services effectively. Scholars like Culpeper and Kappagoda (2007), argue that strengthening domestic revenue mobilization is crucial for self-reliance, reducing dependence on external financing, and enhancing fiscal stability. In Africa, improving domestic revenue mobilization can significantly advance sustainable development goals, promote equitable economic growth, and mitigate poverty (Hickle, 2020). Addressing governance challenges and optimizing resource allocation will enhance domestic revenue mobilization as a vital tool for sustainable development on the continent.

Domestic resource mobilization in African countries is derived from a variety of sources that collectively contribute to sustainable development financing (Hickle, 2020). Public finance plays a crucial role, encompassing taxes, public revenues, levies, and public debt, which provide governments with essential funds for development initiatives (Ogunleye & Fashina, 2010). Additionally, Official Development Assistance (ODA) and debt relief mechanisms serve as vital external resources that can enhance domestic capacities, in 2022, total ODA to Africa was estimated at around US$53.3 billion, with approximately 40 percent directed towards social sectors such as health and education (Cassimon, et al., 2015). Domestic savings are another important source, as they reflect the financial resources available for investment within the country. Furthermore, Foreign Direct Investment (FDI) and Portfolio Investment (FPI) are significant contributors to domestic revenue mobilization, bringing in capital that can stimulate economic growth. FDI inflows to Africa reached US$48 billion in 2023, with a notable focus on sectors such as mining, oil, and gas, however the FDI inflows to Africa have been dwindling over the past years. The decline in inflows has been further compounded by the Covid-19 pandemic which affected economic performance globally. Portfolio investment in Africa was approximately US$9 billion in 2020, reflecting a growing interest in equity markets across the continent (Hickle, 2020).

The Development Finance Institutions (DFI) network plays a crucial role in mobilizing resources for development projects across Africa. In 2023, Development Finance Institutions invested over US$10 billion in sectors like infrastructure, agriculture, and renewable energy (Hickle, 2020). Public-Private Partnerships have also proven effective in attracting private sector investment for public infrastructure and services. By 2023, there were more than 600 Public-Private Partnerships projects in Africa, valued at over US$68 billion, primarily in transport and energy (Hickle, 2020). Additionally, Corporate Social Responsibility (CSR) programs can enhance domestic revenue mobilization by supporting community development initiatives and increasing corporate contributions to local economies (Kefela, 2009). Collectively, these diverse sources of domestic revenue mobilization are vital for promoting economic resilience and achieving sustainable development goals in African nations.

Effective debt management is essential for sustainable development finance, as excessive debt can hinder economic growth and divert resources from critical initiatives (Ackah, Bobio, Graham, & Oppong, 2020). In Africa, the interplay between domestic revenue mobilization and debt management is particularly important due to high public debt levels, with about 23 countries in debt distress (Amo-Yartey et al., 2019). Some of these countries include Zimbabwe, Zambia and Ghana. Scholars emphasize that a balanced approach to fiscal sustainability and resource mobilization is therefore crucial for achieving long-term development goals and minimizing overdependence on debt (Ackah et al., 2020; Culpeper & Kappagoda, 2007; Kharas et al., 2014; Sarker & Cadman, 2022; von Haldenwang & Laudage, 2019). Sustainable development finance thus adopts a holistic view, highlighting the significance of both domestic revenue mobilization and prudent debt management. As African countries work towards the SDGs, enhancing these financial mechanisms will be vital for ensuring a sustainable economic future.

Importance of domestic revenue mobilization and debt management

The significance of domestic revenue mobilization and effective debt management in Africa is profound and multifaceted. These mechanisms are crucial for achieving economic independence, financing essential development needs, and promoting sustainable growth. Domestic revenue mobilization and prudent debt management are vital for fostering sustainable economic development, especially as the continent faces numerous socioeconomic challenges, including pervasive poverty, systemic inequality, and inadequate infrastructure (Morrissey, 2015).

Enhanced domestic revenue mobilization offers a key advantage by bolstering economic independence. By increasing domestic revenue through effective taxation and diversified revenue streams, African nations can reduce their reliance on foreign aid and external financing (Obi & Ifelunini, 2019; Morrissey, 2015). This autonomy allows governments to prioritize national development agendas, allocate resources efficiently, and respond effectively to local needs without external pressures. Additionally, improved domestic revenue mobilization enhances economic resilience, enabling countries to withstand external shocks such as global financial crises and volatile commodity prices (Mullins, Gupta & Liu, 2020).

The role of domestic revenue mobilization in financing development needs is crucial for achieving the Sustainable Development Goals (SDGs), which require significant financial investment (von Haldenwang & Laudage, 2019; Zimunya, Chirisa, Mpahlo, Magande & Mukura, 2022). The United Nations has projected a substantial funding gap for African nations in meeting these objectives (UNE-CA, 2016). Strengthening domestic revenue mobilization frameworks allows countries to mobilize resources for critical sectors like health, education, and infrastructure, promoting inclusive growth and improving living standards.

Effective debt management is equally important, as high public debt can stifle economic growth and divert resources from essential services (World Bank, 2019). Prudent debt management strategies ensure sustainable borrowing practices and maintain debt at manageable levels through careful planning, transparent reporting, and fiscal discipline (Cassimon et al., 2015). Prudent debt management is a strategy for managing a government's debt in a way that balances the need to meet financing needs with the need to keep risk to a reasonable level. The goal is to raise the required funds at the lowest possible cost over the medium to long term. Effectively it means countries should assess the loan conditions associated with the debt, whether the debt is productive debt which can be repaid from the revenue streams generated from the borrowed funds, as well as, the long term impacts of new debt on already existing debt. Good debt management can improve a country's creditworthiness, lowering borrowing costs and facilitating access to international capital markets. The interrelationship between domestic revenue mobilization and debt management is particularly significant in Africa, therefore strengthening domestic revenue mobilization enhances fiscal space and reduces reliance on excessive borrowing, mitigating debt distress risks. High levels of debt actually drive countries to dedicate the greater component of their revenue towards debt servicing, depriving public expenditure on key areas such as education, health and infrastructural development (ZIMCODD, 2019). Conversely, effective debt management fosters an environment conducive to increased domestic revenue generation by building investor confidence and enhancing the economic climate.

Methodology

The primary objective of this study is to critically examine the roles of domestic revenue mobilization and debt management in advancing sustainable development finance in Africa. This research aims to clarify the current landscape of domestic revenue mobilization and debt management practices in African nations, identifying both successful initiatives and existing challenges. Through a comprehensive review of existing literature, the study seeks to provide a nuanced understanding of how these financial mechanisms can be optimized to enhance economic independence, mobilize resources for development needs, and contribute to achieving the Sustainable Development Goals (SDGs). The focus is specifically on the African region, high-lighting a selected group of countries that employ diverse approaches to domestic revenue mobilization and debt management. The analysis will cover various aspects of domestic revenue mobilization, the effectiveness of public financial management systems, and debt management strategies, as well as the implications of external debt on national economies.

This paper aims to explore strategies for enhancing sustainable development finance through the lenses of domestic revenue mobilization and effective debt management in Africa. The focus will be on identifying best practices and shortcomings in current approaches to domestic revenue mobilization and debt management. Ultimately, this study seeks to establish a coherent trajectory towards appropriate strategies for sustainable development finance, emphasizing the critical roles of domestic revenue mobilization and debt management.

The study is guided by three objectives:

- Assessing the Effectiveness of Current domestic revenue mobilization and Debt Management Policies.
- Assess the current trends and challenges in domestic revenue mobilization across African countries
- Explore possible strategies that can be identified to promote domestic revenue mobilization and debt management for sustain-able development finance in African nations

The research employed a desktop research methodology, focusing on the collection and analysis of qualitative secondary data from credible sources (Bassot, 2022). This approach allows for a deeper understanding of issues related to domestic revenue mobilization and debt management in Africa by reviewing existing literature, including scholarly articles and reports (Banasick, 2019). A systematic review of literature on domestic revenue mobilization and debt management models relevant to African nations yielded quite a number of research papers documenting successful practices. This article references 46 of these studies, providing insights into effective strategies and methodologies. The review also included findings from research articles, reports, and policy documents sourced from Non-Governmental Organisations, academic books, and reputable databases. This literature re-view highlights key aspects of the current state of domestic revenue mobilization and debt management frameworks in Africa, showcasing both successes and challenges in achieving sustainable development finance. Through this rigorous process, the study aims to enhance the discourse on improving domestic revenue mobilization and effective debt management, ultimately fostering sustainable economic growth in African nations.

Conceptualising 'sustainable development finance'

Sustainable development finance is a comprehensive framework aimed at achieving sustainable development goals (SDGs) while ensuring economic, social, and environmental sustainability. This concept has gained prominence amid pressing global challenges like climate change, poverty, and inequality. Sustainable development finance adopts a multifaceted approach, promoting sustainability through strategies such as domestic revenue mobilization, debt management, blended finance, and impact investing (von Haldenwang & Laudage, 2019). While these mechanisms hold significant potential for advancing the SDGs, addressing financing gaps and policy inadequacies is crucial for their effective implementation (Mpofu, 2022). Integrating sustainability into financial decision-making is essential for fostering long-term economic growth and resilience.

A vital component of sustainable development finance is domestic revenue mobilization, which enhances a country's capacity to generate revenue through taxation and other means, reducing reliance on foreign aid and external debt (Kharas et al., 2014). Studies show that countries with strong domestic revenue mobilization frameworks can allocate resources more effectively toward achieving the SDGs, promoting economic independence and resilience (Njau, Kombe & Melyoki, 2023; Nnadozie et al., 2017; Ogunleye & Fashina, 2010). Prudent debt management is also essential for maintaining fiscal sustainability. Effective debt management ensures that borrowing practices do not compromise a nation's ability to fund essential services and investments (Folarin & Raifu, 2023). A well-structured debt strategy helps countries navigate economic shocks while balancing revenues and expenditures. Blended finance, which combines public and private funding to tackle development challenges, plays a crucial role in sustainable finance. This approach leverages public resources to attract private investment, expanding the funds available for sustainable initiatives. Research indicates that blended finance is vital for financing climate change, infrastructure, and social development projects.

Moreover, impact investing has emerged as a significant trend, directing capital toward projects that yield positive social and environmental outcomes alongside financial returns. This alignment with sustainable development principles reflects a growing recognition of the need to integrate financial markets with sustainability objectives (Aslam, et al., 2022). Despite progress, several challenges persist in sustainable development finance. Financing gaps remain a major concern, especially in developing countries, where the resources required to achieve the SDGs far exceed available funding. The COVID-19 pandemic has intensified these challenges, increasing poverty and inequality. Additionally, inadequate policy and regulatory frameworks often hinder effective mobilization of sustainable finance, highlighting the need for reforms to create an enabling investment environment (Nnadozie et al., 2017).

Domestic revenue mobilization and debt management

Domestic revenue mobilization and effective debt management are critical components of sustainable economic development, particularly in the context of developing countries. The interplay between these two elements significantly influences a nation's fiscal health, economic stability, and capacity to achieve sustainable development goals (SDGs). Domestic revenue mobilization is essential for enhancing a country's financial autonomy and reducing dependence on external funding sources (Haabazoka & Kaulu, 2023). Effective domestic revenue mobilization strategies enable governments to generate sufficient revenue to finance public services and infrastructure, thereby fostering economic growth and development. According to the International Monetary Fund (IMF), countries that successfully implement domestic revenue mobilization frameworks can significantly improve their fiscal space, allowing for increased investment in critical sectors such as health, education, and infrastructure (Mpofu, 2022). Furthermore, research indicates that robust domestic revenue mobilization practices contribute to greater economic resilience, enabling nations to better withstand external shocks, such as global financial crises or fluctuations in commodity prices.

However, the effectiveness of domestic revenue mobilization is often hindered by various challenges, including weak tax administration, limited taxpayer compliance, and inadequate legal frameworks. Studies have shown that many developing countries struggle with high levels of informality in their economies, which complicates revenue collection efforts (Culpeper & Kappagoda, 2007; Haabazoka & Kaulu, 2023; Nnadozie et al., 2017). Additionally, the COVID-19 pandemic has exac-erbated existing challenges, leading to increased fiscal pressures and reduced revenue generation capabilities.

Effective debt management is equally crucial for maintaining fiscal sustainability and ensuring that borrowing practices do not compromise a country's ability to finance essential services (Majam, 2017). Prudent debt management involves careful planning, transparent reporting, and adherence to fiscal discipline, which collectively contribute to a sustainable balance between revenues and expenditures. Research highlights that countries with sound debt management frameworks are better positioned to navigate economic uncertainties and maintain investor confidence, ultimately leading to lower borrowing costs and improved credit ratings (Melecky, 2012; Montiel, 2005; Fourie & Blom, 2022). Therefore, strengthening domestic revenue mobilization can reduce the necessity for excessive borrowing, thereby mitigating the risks associated with debt distress. Conversely, effective debt management can create a conducive environment for increased domestic revenue generation by fostering investor confidence and enhancing overall economic stability.

Current state of domestic revenue mobilization in Africa

Over the past decade, African countries have made significant strides in enhancing their domestic revenue mobilization frameworks. The African Union has reported ongoing efforts among member states to improve tax systems and expand the tax base. However, challenges persist, as illustrated by the diverse experiences of Rwanda, Ethiopia, South Africa, Kenya, Ghana, Zimbabwe, Uganda, and Mozambique.

Rwanda serves as a leading example of effective domestic revenue mobilization through its comprehensive tax reforms, which have significantly boosted its tax-to-GDP ratio. Between 2000 and 2020, this ratio increased from 12 percent to over 16 percent, reflecting the government's commitment to enhancing tax policy and administration (Mullins et al., 2020). Key reforms included the introduction of a robust electronic tax filing system, which streamlined processes and improved compliance rates among both individuals and businesses. Additionally, Rwanda's focus on value-added tax (VAT) and corporate income tax has expanded the tax base, particularly through the formalization of small and medium-sized enterprises (SMEs) (Rusine Nteziryayo, 2019). The government has also prioritized capacity building within the Rwanda Revenue Authority (RRA), leading to improved efficiency and effectiveness in revenue collection (Rusine Nteziryayo, 2019). The combination of these strategies has positioned Rwanda as a model for domestic revenue mobilization in the region, demonstrating that targeted reforms can yield tangible results in revenue generation.

Ethiopia has undertaken significant reforms aimed at enhancing its domestic revenue mobilization capacity, primarily through the establishment of the Ethiopian Revenue and Customs Authority (ERCA). This institution has been pivotal in implementing policies designed to improve compliance and broaden the tax base (Bhushan, Samy & Medu, 2013; Daba & Mishra, 2014). The government's focus on enhancing tax administration has led to the introduction of a comprehensive tax reform program that includes measures such as the digitization of tax records and the implementation of risk-based audits (Ahmed, 2023). These initiatives have resulted in a notable increase in tax revenues, which have been utilized to fund critical infrastructure projects and social programs (Daba & Mishra, 2014). Furthermore, Ethiopia's emphasis on public awareness campaigns has fostered a culture of tax compliance, contributing to the overall effectiveness of its domestic revenue mobilization efforts.

South Africa's approach to domestic revenue mobilization has been characterized by a commitment to addressing structural inequalities within its tax system. The South African Revenue Service (SARS) has implemented a range of measures aimed at improving tax compliance and enhancing revenue collection efficiency (Bhushan et al., 2013). Key initiatives include the use of advanced data analytics to identify tax evasion and streamline audits, which has proven effective in increasing compliance rates among high-networth individuals and corporations (Mpofu, 2024; OECD, 2020). Additionally, the introduction of progressive tax policies, such as higher personal income tax rates for higher earners, has aimed to promote equity within the tax system. Despite these efforts, South Africa faces ongoing challenges, including high levels of tax avoidance and evasion, necessitating continuous adaptation and reform to its domestic revenue mobilization strategies.

Kenya has made significant advancements in its domestic revenue mobilization efforts, primarily through the implementation of the Integrated Financial Management Information System (IFMIS) (Levin & Widell, 2014). This system has improved transparency and accountability in public financial management, facilitating better tracking of revenues and expenditures. Furthermore, the Kenya Revenue Authority (KRA) has introduced various tax reforms aimed at increasing the efficiency of tax collection (Levin & Widell, 2014). Notably, the introduction of digital tax stamps for excise goods has enhanced compliance and reduced revenue leakages. The Kenya Revenue Authority has also focused on expanding the tax base by formalizing informal businesses, which has contributed to a notable increase in the tax-to-GDP ratio, reaching approximately 16.5 percent in 2019 (Levin & Widell, 2014). These efforts underline Kenya's commitment to leveraging technology and innovation in enhancing its domestic revenue mobilization framework.

Ghana's domestic revenue mobilization initiatives have centered on the establishment of the Ghana Revenue Authority (GRA), which has implemented comprehensive reforms aimed at improving tax compliance and expanding the tax base. The introduction of the VAT Flat Rate Scheme has been particularly significant, as it encourages small businesses to formalize their operations while simplifying tax compliance (Bekoe, Danquah, & Senahey, 2016). Additionally, the GRA has focused on enhancing its audit and enforcement capabilities, thereby increasing revenue collection efficiency. Ghana's tax-to-GDP ratio has seen improvements, exceeding 15 percent in recent years, reflecting the positive impact of these reforms (Ackah et al., 2020). However, challenges remain, particularly in addressing issues related to corruption and transparency within the tax administration.

Zimbabwe's efforts to enhance domestic revenue mobilization have been set against a backdrop of economic instability and hyperinflation. The Zimbabwe Revenue Authority (ZIMRA) has sought to modernize tax collection processes, introducing electronic tax systems to facilitate compliance and enhance efficiency (Munjeyi, Mutasa, Maponga & Muchuchuti, 2017). Despite these initiatives, the tax-to-GDP ratio remains relatively low, highlighting ongoing challenges in revenue mobilization. The Zimbabwe Revenue Authority (ZIMRA) has consistently exceeded its revenue collection targets; however, this achievement is overshadowed by a national budget that consistently reflects expenditures significantly surpassing revenues (Ndhlovu et al., 2022). The government has also faced difficulties in expanding the tax base due to a high level of informality in the economy. Recent reforms have included efforts to formalize informal businesses and improve public financial management systems (Dalu, Maposa, Pabwaungana & Dalu, 2012; Kjær, Ulriksen, Kangave & Katusiimeh, 2017). However, without sustained economic stability and improvements in governance, the effectiveness of these domestic revenue mobilization efforts may be limited.

Uganda has made considerable progress in enhancing its domestic revenue mobilization through the Uganda Revenue Authority (URA), which has implemented various reforms aimed at improving tax compliance and broadening the tax base. The introduction of a new tax policy framework has included measures to tax the informal sector, which has historically been difficult to capture in revenue statistics (Kjær et al., 2017). The Uganda Revenue Authority has also focused on strengthening tax administration through the use of technology, such as electronic filing systems and automated tax assessments. As a result, Uganda’s tax-to-GDP ratio has improved, reaching approximately 14 percent in recent years (Matovu, 2010). However, ongoing challenges related to corruption and administrative inefficiencies remain, necessitating continuous reform efforts.

Mozambique's domestic revenue mobilization efforts have included the implementation of a new tax code aimed at improving compliance and efficiency in tax administration. The government has sought to increase the tax base by formalizing informal businesses and enhancing the collection of natural resource revenues, particularly from the burgeoning gas sector (Mullins et al., 2020). Despite these efforts; Mozambique faces significant challenges, including a lack of resources for effective tax administration and widespread corruption. The country's tax-to-GDP ratio has shown signs of improvement, yet it remains below the potential levels that could be achieved with more effective domestic revenue mobilization strategies.

Domestic revenue mobilization challenges

Domestic resource mobilization in Africa is hampered by a range of significant challenges that undermine the capacity of governments to generate revenue effectively. These obstacles include prolonged economic crises, a large informal sector, a narrow tax base, outdated tax administration systems, and widespread tax evasion and avoidance (Dalu et al., 2012). Prolonged economic crises, hyperinflation, and currency volatility severely undermine the tax base. For instance, Zimbabwe experienced hyperinflation rates in the millions during the late 2000s, eroding public confidence in the national currency (Mullins et al., 2020). Such instability leads to revenue collection fluctuations, complicating effective budget planning. Similarly, in Sudan, ongoing conflicts and economic mismanagement have depreciated the currency, constraining fiscal potential. This economic volatility limits the government's capacity to invest in essential infrastructure and services.

Another major challenge is the prevalence of a large informal sector. An estimated 60-80 percent of employment in Sub-Saharan Africa occurs informally (Morrissey, 2015). In Nigeria, the informal sector constitutes around 65 percent of GDP, representing untapped tax revenue. The informal nature of these businesses complicates compliance enforcement and revenue capture. Furthermore, many African countries have a narrow tax base, heavily reliant on sectors like mining and agriculture (Gwaindepi, 2022). In Zambia, mining contributes about 10 percent of GDP and significant tax revenue, making the economy vulnerable to global price fluctuations (World Bank, 2019). This reliance exposes governments to revenue shortfalls when these sectors underperform, particularly during declining commodity prices.

Efforts to expand the tax net to include more individuals and businesses, especially in the informal sector, have proven challenging. Many governments struggle to integrate informal workers due to distrust in institutions and fears about formalization (Ogunleye & Fashina, 2010). In South Africa, despite initiatives to enhance tax compliance, complexities in registration leave many resistant to formalization. This hinders revenue generation and exacerbates inequalities in tax burdens. Outdated tax administration systems also contribute to inefficiencies. In Ethiopia, tax authorities rely on manual processes and face challenges due to inadequate technological infrastructure and insufficient training for tax officials (Daba & Mishra, 2014), leading to low efficiency and significant revenue losses.

Many state-owned enterprises in African countries struggle with mismanagement, corruption, and financial losses, significantly reducing their contributions to government revenue (Kefela, 2009). For instance, South African Airways (SAA) has faced operational inefficiencies and corruption scandals, resulting in substantial financial losses and necessitating government bailouts. These issues detract from potential revenue and place additional burdens on national budgets, forcing reallocations from essential public services. Reforming and restructuring underperforming state-owned enterprises often encounter significant political and institutional challenges. In Nigeria, attempts to privatize the Nigerian National Petroleum Corporation (NNPC) have met resistance from labor unions and political factions concerned about job losses and the implications of privatization (Kidochukwu Obi & Ifelunini, 2019). This resistance stalls reforms, perpetuating inefficiencies and limiting state-owned enterprises' contributions to national revenue.

Public financial management (PFM) systems in many African countries are weak, marked by a lack of transparency, inadequate internal controls, and poor budget execution. For example, Kenya's Auditor General has highlighted discrepancies in public spending, revealing systemic accountability issues (Kefela, 2009). Such weaknesses result in inefficient use of public resources, leading to wastage and further erosion of government revenue.

Several African economies are heavily dependent on revenues from natural resources, particularly minerals and agricultural commodities. In Zambia, copper mining constitutes a significant share of export earnings and government revenue (Mullins et al., 2020). This over-reliance makes the economy vulnerable to global price fluctuations. Declining copper prices can lead to immediate revenue shortfalls, jeopardizing funding for public services and development projects. Fluctuations in global commodity prices, alongside concerns about sustainable resource management, pose additional challenges for domestic resource mobilization. In Angola, the heavy dependence on oil revenues has resulted in economic instability, especially during drops in global oil prices (Kefela, 2009). This volatility complicates long-term planning and resource allocation, while governance issues further hinder the sustainable management of these resources.

Finally, widespread tax evasion and avoidance complicate domestic revenue mobilization efforts. In Kenya, tax evasion costs the government about US$1 billion annually (Kefela, 2009). Weak enforcement and a lack of taxpayer education allow individuals and corporations to evade obligations, undermining revenue collection. Furthermore, the absence of robust public awareness campaigns fosters a culture of avoidance rather than accountability.

Public debt and debt management practices

Public debt in African countries has become a critical issue as governments seek to finance development projects and respond to economic challenges. The rising levels of debt, coupled with economic vulnerabilities, necessitate effective debt management practices to ensure fiscal sustainability.

Many African countries have experienced significant increases in public debt over the past decade. According to the International Monetary Fund (IMF), the average public debt-to-GDP ratio in Sub-Saharan Africa rose from 36 percent in 2010 to over 60 percent by 2021 (IMF, 2018). Countries like Zambia and Mozambique illustrate this trend, facing debt crises due to unsustainable borrowing practices. Zambia, for instance, defaulted on its Eurobond payments in 2020, driven by a combination of falling copper prices, rising debt service costs, and economic mismanagement (IMF, 2018).

Zimbabwe's public debt is unsustainable, consuming over 90 percent of the estimated 2023 national output (GDP) and violating the Public Debt Management (PDM) Act, which sets a debt-to-GDP threshold of 70 percent (IMF, 2017). As of September 2023, total public and publicly guaranteed (PPG) debt reached approximately US$17.7 billion, a slight increase of 0.6 percent from US$17.6 billion in September 2022. Of this total, 72 percent (US$12.7 billion) was contracted externally, while 28 percent (US$5 billion) was sourced domestically. The external debt includes US$6 billion in bilateral debt, US$3.1 billion in multilateral debt, and US$3.6 billion owed to the Reserve Bank of Zimbabwe (RBZ). The domestic debt primarily consists of compensation to Former Farm Owners (FFOs) (69.7 percent), government securities (29.2 percent), and arrears to service providers (1.1 percent) (Ndhlovu et al., 2022). The total debt stock in September 2023 is 1.8 percent lower than the US$18.02 billion recorded in December 2022. Notably, principal arrears (PRA), interest arrears (IRA), and penalties (PEN) make up 54.9 percent (US$6.98 billion) of the external PPG debt. Among the bilateral and multilateral debt totaling US$9.1 billion, 76 percent (US$7 billion) consists of PRA, IRA and PEN.

A high debt-to-GDP ratio indicates that Zimbabwe's public debt is growing faster than national income, diminishing the country's capacity to service its debt. This situation increases the risk of defaults and restricts access to new lending, often at higher interest rates, further complicating fiscal management (IMF, 2017). Overall, Zimbabwe's debt trajectory highlights the urgent need for fiscal reforms and effective debt management strategies to ensure economic stability. The country struggles with hyperinflation and economic mismanagement, which have severely constrained its ability to service debt. The government has frequently faced challenges in meeting domestic and external debt obligations.

Ghana's debt has increased significantly, with a debt-to-GDP ratio of approximately 80 percent in 2021. The country has struggled with fiscal deficits and has sought assistance from the IMF to stabilize its economy. As of 2021, Kenya's public debt stood at around 70 percent of GDP. The country has faced rising debt service costs, which have strained its budget and limited spending on critical public services (Levin & Widell, 2014). These examples highlight the growing challenges of public debt in Africa, as many countries grapple with high debt levels, economic vulnerabilities, and the need for sustainable debt management practices

Effective debt management is essential for maintaining fiscal health and ensuring that borrowing translates into productive investments. African countries are increasingly adopting various debt management practices. Many countries conduct Debt Sustainability Analyses to assess the sustainability of their debt levels. For example, Ghana employs the Debt Sustainability Analyses framework to evaluate its debt dynamics and inform policy decisions. This analysis helps identify potential risks and guides borrowing strategies to avoid excessive debt accumulation. Countries like Kenya have made strides in establishing robust institutional frameworks for debt management. The National Treasury of Kenya has implemented the Public Finance Management Act, which enhances transparency and accountability in public borrowing (Levin & Widell, 2014). This framework allows for better coordination between various government agencies and improves reporting on debt levels.

To mitigate risks associated with foreign currency debt, countries are increasingly diversifying their funding sources. Uganda, for instance, has engaged in domestic bond issuance to finance infrastructure projects, thereby reducing reliance on foreign loans. This strategy helps shield the economy from currency fluctuations and external shocks. African nations also, often engage with multilateral institutions such as the International monetary fund and World Bank for technical assistance and financial support (Bhushan et al., 2013). For example, Mozambique has worked with the IMF to develop a comprehensive debt management strategy following its debt crisis in 2016, which involved hidden debts resulting from mismanagement and corruption. In addition, they acknowledge that effective Public finance management is crucial for managing public debt. Countries like South Africa have implemented reforms to enhance budgetary processes and improve fiscal discipline. The government's commitment to transparency and accountability in public spending has contributed to better debt management outcomes.

Implementing domestic resource mobilization and managing debt sustainably in African countries face several significant challenges that hinder effective fiscal management. One of the most pressing issues is the high level of informality in many African economies. The International Labour Organization (ILO) estimates that over 60 percent of workers in sub-Saharan Africa are employed in informal sectors, which often operate outside the tax net (Ahmed, 2023). This extensive informality severely limits the potential tax base and complicates revenue collection efforts, making it difficult for governments to mobilize sufficient resources.

Additionally, poor tax administration strategies exacerbate the difficulties in achieving effective domestic revenue mobilisation. Many African countries struggle with enforcing tax laws and regulations, resulting in low compliance rates. Research indicates that weak institutional capacities, inadequate technological infrastructure, and limited public awareness contribute to these compliance challenges (Gwaindepi, 2022). Furthermore, corruption and a lack of transparency in tax administration can erode public trust and diminish the willingness to pay taxes, further complicating the efforts of governments to mobilize domestic resources.

Tax evasion and avoidance also present significant hurdles. In Nigeria, for instance, it is estimated that the government loses around US$1 billion annually due to tax evasion, particularly in the oil sector. This revenue loss severely limits the government's ability to fund public services and meet debt obligations. Moreover, a narrow tax revenue base is a significant obstacle to effective domestic revenue mobilization. In countries like Uganda, where a large portion of the economy operates informally, the limited tax base results in inadequate revenue generation, making it difficult to meet fiscal needs and service existing debt (Hickle, 2020). Lastly, weak tax infrastructure exacerbates these challenges by hindering effective tax administration. In Ethiopia, the reliance on manual processes and a lack of technological integration in tax collection lead to significant inefficiencies, resulting in low compliance rates and further revenue losses.

Economic and political factors also play a crucial role in the effectiveness of domestic revenue mobilization and debt management. Political instability and poor governance can severely impede efforts to enhance tax collection. Zimbabwe serves as a pertinent example, where ongoing economic mismanagement and political uncertainty have obstructed initiatives aimed at improving tax revenue and managing public debt sustainably, leading to a cycle of unsustainable fiscal practices (Ndhlovu et al., 2022). Furthermore, the volatility of exports represents another critical challenge. Many African economies are heavily reliant on commodity exports, which are susceptible to fluctuating global prices. Zambia exemplifies this issue; its dependence on copper exports became a liability when prices fell, leading to considerable revenue short-falls and complicating both domestic revenue mobilization initiatives and public debt management. These challenges collectively undermine the capacity of African countries to implement domestic revenue mobilization effectively and manage public debt sustainably

Opportunities for domestic revenue mobilization and sustainable debt management

Africa presents significant opportunities to enhance domestic revenue mobilization and manage public debt sustainably through various strategic approaches. Strengthening tax administration is paramount, as fostering a culture of taxpayer compliance is crucial for improving revenue collection. Public awareness campaigns that educate citizens about the importance of tax contributions and their impact on public services can encourage compliance and build trust in government institutions (Morrissey, 2015). For instance, Rwanda has successfully implemented such initiatives, resulting in increased tax compliance rates. Additionally, offering incentives for compliance, such as tax relief for small businesses and ensuring transparent use of tax revenues, can further enhance tax morale.

Widening the tax base is another essential strategy for increasing revenue. This involves formalizing the informal sector to bring more taxpayers into the tax net (Coolidge, 2012). Ghana exemplifies this approach by making efforts to register informal businesses, thereby broadening its tax base and improving overall tax revenue. Moreover, improving tax policy is equally vital. Reforming tax policies to ensure fairness and efficiency can enhance domestic revenue mobilization significantly (Obi & Ifelunini, 2019). Implementing progressive tax systems that target higher earners increases equity and revenue. South Africa's adjustment of its income tax brackets to ensure that wealthier individuals contribute a fair share to national revenue exemplifies this approach.

The digital transformation of tax administration also offers significant potential for enhancing domestic revenue mobilization in Africa. Investment in technology and data analytics can streamline revenue collection processes and improve efficiency (Ganter, 2021). Leveraging digital solutions, such as online tax filing and payment systems, facilitates better tracking of taxable activities, particularly in the informal sector. Kenya's implementation of a mobile tax payment system serves as a successful model, enhancing compliance and increasing revenue collection (Kefela, 2009). In addition, the taxation of natural resources can significantly boost revenue for resource -rich countries. Effective re-source taxation frameworks in nations like Angola and Nigeria can ensure that a fair share of profits from minerals and oil is returned to the public, thereby enhancing fiscal capacity.

Finally, fostering international cooperation is essential in combating tax evasion and illicit financial flows. Initiatives such as the OECD's Base Erosion and Profit Shifting (BEPS) project aim to improve tax transparency and collaboration among countries, thereby enhancing domestic revenue mobilization across the continent (Nnadozie et al., 2017). These strategies provide a pathway to greater fiscal resilience and economic stability, essential for achieving long-term development goals.

Conclusion and recommendations

In conclusion, this article emphasizes the crucial roles of domestic revenue mobilization and effective debt management in sustainable development finance in Africa. As nations work towards the United Nations 2030 Sustainable Development Goals (SDGs), innovative financial strategies are essential. Domestic revenue mobilization enhances economic independence by improving tax systems and broadening the tax base, yet challenges like a large informal sector and tax evasion persist. Meanwhile, effective debt management is vital for maintaining fiscal sustainability, especially in countries like Zambia and Zimbabwe, where high public debt can impede growth. The relationship between domestic revenue mobilization and debt management is significant; strengthening revenue systems can reduce reliance on borrowing, while sound debt practices foster a favorable environment for revenue generation. African nations must collaboratively address the challenges of domestic revenue mobilization and debt management through effective policies and innovative strategies. This holistic approach will not only facilitate the achievement of the SDGs but also promote long-term economic resilience and growth. To achieve sustainable development finance, successful domestic revenue mobilization and debt management for African countries the study recommends that they should:

- Strengthen Tax Administration: Enhance the capacity of tax authorities through training, technology adoption, and improved processes to increase efficiency and compliance in tax collection.
- Broaden the Tax Base: Implement policies to formalize the informal sector and increase taxpayer registration, ensuring that more individuals and businesses contribute to national revenues.
- Enhance Public Financial Management: Improve transparency and accountability in public financial management systems to ensure efficient allocation and use of resources.
- Adopt Innovative Financing Mechanisms: Explore blended finance and impact investing to leverage both public and private funding for sustainable development projects.
- Review Tax Incentives: Regularly assess and optimize tax incentive policies to ensure they effectively promote growth without significantly eroding the tax base.
- Promote Anti-Corruption Measures: Implement stringent measures to combat corruption in tax administration and public spending, fostering greater trust and compliance among taxpayers.
- Implement Debt Management Frameworks: Establish comprehensive debt management strategies that prioritize sustainability, including clear reporting, risk assessment, and adherence to fiscal discipline.
- Foster Regional Cooperation: Encourage collaboration among African nations to share best practices in domestic revenue mobilization and debt management, facilitating knowledge transfer and collective problem-solving.
- Invest in Capacity Building: Support training programs for government officials and tax administrators to enhance skills in revenue mobilization and debt management.
- Engage Civil Society: Involve civil society organizations in the dialogue on tax policy and public finance to ensure that community needs are addressed and to enhance public accountability.

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Zimbabwe Journal of Applied Research
Volume 5, Special Issue (2025), pp. 154-166
www.lsu.ac.zw/journals

Domestic resource mobilization as an antidote to debt slavery in Africa

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Abstract

Africa's burgeoning reliance on external debt financing has perpetuated a cycle of debt slavery, undermining sustainable development and economic sovereignty across the continent. This has resulted in the current skewed global development positioning with Africa largely premised on the bottom rungs. Domestic Re-source Mobilization (DRM) offers a viable alternative to addressing this critical challenge through facilitating the effective leveraging of African resources towards addressing their socioeconomic needs. This study explores how DRM can reduce Africa's dependence on foreign borrowing, thereby mitigating the risk of debt bondage and predatory lending practices. The research utilised desk review and key informant interviews as methods to collect data. An extensive assessment of relevant literature and case studies, enabled the analysis of key DRM strategies, including successes, challenges and opportunities for policy formulation and review on DRM as a preferred development financing mechanism for Africa. Key informant interviews assisted with collecting of additional data to augment findings from the literature review. The findings indicate that successful DRM initiatives have the capacity to generate sufficient public revenue to fund vital social services and infrastructure, lessening the need for external debt. Additionally, the study highlights how enhanced domestic resource mobilization can strengthen national sovereignty and empower African nations to chart their own development paths. Effective DRM efforts can strengthen decolonization efforts reducing African reliance on foreign/western led development interventions that have been ineffective in addressing Africa's development challenges. The research concludes that DRM represents a promising avenue for African countries to break free from debt slavery and achieve sustainable growth. Recommendations are provided for policymakers and development stakeholders to enhance DRM as a tool for economic liberation and social progress across the continent.

Keywords:

Domestic resource mobilization; Debt; Debt slavery; Debt financing; Financing for development, Sustainable development.

Introduction

The issue of debt slavery in Africa has become increasingly pressing as many nations grapple with unsustainable debt levels that hinder their development prospects (Eurodad, 2024). Debt slavery, or debt bondage, occurs when countries become trapped in a cycle of borrowing, prioritizing debt repayment over essential public services such as health, education, and infrastructure (Afrodad, 2023). This situation perpetuates poverty and stifles economic growth, as resources are diverted from critical sectors to meet debt obligations (UN, 2018). Domestic Resource Mobilization (DRM) has emerged as a vital strategy for African nations seeking to enhance their financial independence and reduce reliance on external debt (ZIMCODD, 2020). DRM encompasses a range of strategies aimed at generating and utilizing domestic financial resources to fund development initiatives, which includes improving tax collection, curbing illicit financial flows, and promoting local savings (UNDP, 2014). The 2002 Monterrey Conference on Financing for Development identified DRM as a leading action, and the 2015 Addis Ababa Action Agenda reaffirmed its importance in financing Agenda 2063 and the Sustainable Development Goals (SDGs) (Boly et al., 2020).DRM presents opportunities for Africa to take charge of its development by effectively utilizing available resources for both financial and human development.

The bulk of countries in Africa suffer challenges of poverty, inequality, high population pressures, and limited infrastructural development (World Bank Group, 2016). To address these challenges, 'Agen-da 2063' was developed by the African Union (AU) and positioned toward the realization of the Sustainable Development Goals (SDGs) or more implicitly 'Agenda 2030' (Amutabi, 2023). Sustainable development hinges on economic growth, social inclusion, and environmental sustainability that are the three major development pillars of the Sustainable Development Goals SDGs (Akanle et al, 2022). It is evident that the implementation of both Agenda 2030 and the AU's Agenda 2063 hinges on the ability of African countries to mobilize not only sufficient but also predictable and timely financial resources (Amutabi, 2023). Both Agenda 2063 and Agenda 2030 take cognizance of the significance of amplifying DRM as a modality of effectively financing Africa's development (African Union Commission, 2015). Sustainable development finance adopts a multifaceted approach, promoting sustainability through strategies such as domestic revenue mobilization (DRM), debt management, blended finance, and impact investing (Von Haldenwang & Laudage, 2019). The article uses the Sustainable Development Financing concept to streamline the research with focus on DRM as a sustainable financing mechanism for the African continent.

This article explores the potential of DRM as an antidote to debt slavery in Africa, examining successful initiatives, the challenges faced, and the implications of debt on sustainable development. The article is motivated by the realization that foreign development financing is steadily declining due to challenges faced in the global north, forcing traditional donor countries and International Financing Institutions (IFIs) to focus on local challenges. It aims to provide a nuanced understanding of how DRM can serve as a viable alternative to external debt, specifically in the context of African nations facing debt slavery. The article will showcase specific case studies of African countries, with a special focus on Zimbabwe, that have successfully implemented DRM strategies and the tangible outcomes of these initiatives. It will also delve into the unique policy challenges faced by African nations that hinder effective DRM and propose comprehensive policy frameworks that integrate DRM into national development strategies.

Methodology

A qualitative methodology was employed, utilizing a desk review and Key Informant Interviews (KIIs) with six experts in the field of finance, economics and development. The review included existing literature from reliable peer-reviewed articles, re -ports from IFIs, academic books, and case studies. KIIs with economists, civil society organizations (CSOs), and local leadership provided further insights of Zimbabwean experiences, enhancing the article's comprehensiveness. While existing literature often highlights the challenges of debt dependence, this article showcases specific case studies of African countries contributing practical examples to the discourse. Through the analysis of the interplay between DRM and debt management, the article proposes comprehensive frameworks that integrate DRM into national development strategies. Reviewing existing research guided the article avoiding redundancy and ensured that it contributes new perspectives rather than reiterating established findings. The article also aims to uncover the correlation between DRM, economic independence and reduction of dependence on external debt, highlighting how increased domestic resources can lead to greater financial sovereignty. It further examines how specific policy decisions affect the success of DRM initiatives, including tax reforms, anti-corruption measures, and local investment incentives.

The main aim of the article is to provide insights into how domestic resource mobilization and debt governance can be effective tools for economic transformation in Africa. The specific objectives include; evaluating the efficacy of DRM as a viable alternative for financing development in Africa, assessing the effectiveness of existing policies in promoting DRM and curbing external debt and identifying strategies to strengthen DRM for sustainable development financing in Africa.

Background

The African Union developed 'Agenda 2063', a transformational blueprint aimed at rebranding Africa from a dependent region to one capable of self-sustained growth (Amutabi, 2023). However, extensive funding is required to realize this vision. The reliance on external development financing has resulted in countries in the global south being ensnared in debt traps, where loans come with conditionalities that obstruct development (Wange & Charle, 2004). The African Development Bank Group estimates that Africa's total external debt rose from \$1.12 trillion in 2022 to \$1.152 trillion by the end of 2023 (AfDB, 2024). The deterioration of debt sustainability levels is evident, with the number of countries at high risk of debt distress increasing significantly (Soko, 2022). Despite, various debt relief initiatives, many African nations remain locked in cycles of debt, hampering their ability to invest in critical sectors (AfDB, 2024). African countries have perpetually struggled to pay off their external debts and the continent has remained locked in a debt trap dating back to the days of its political independence in the 1960s (Moyo, 2024). As of February 2024, several African countries were in negotiations for debt restructuring, highlighting the continent's precarious financial position (Eurodad, 2024).

Eight African countries - Angola, Botswana, Cote d'Ivoire, Djibouti, Ghana, Mauritius, Nigeria, and South Africa had to pay more than ten per cent of the value of their total debt in debt service payments in 2020 (Heitzig et al., 2020). The World Bank estimated that in 2022, low- and middle-income countries would be spending more to repay their debts than what they received in new loans, for the first time since 2015 (World Bank, 2023). With global interest rates at their highest level for 40 years and as multiple bond debt securities issued by African countries reach maturity, there is no shortage of challenges in 2024 (AfDB, 2024). Twenty-five African countries are already carrying excess debt or have a high risk of doing so; Africa is caught in a debt trap that extends beyond contraction in fiscal policy space (Afrodad, 2023). Economies have been hit hard and many African countries are burdened with elevated levels of debt and insufficient fiscal space to make essential investments in critical infrastructure projects, education, and healthcare (Mo Ibhrahim, 2023). Domestic and external debt service equals the combined total spending on education, health, social protection and climate in low- and middle-income countries, exceeds it by 50 per cent in Africa (Eurodad, 2024).

In June 2021, the IMF/World Bank Debt Sustainability Analysis (DSA) framework rating indicated that a total of nineteen African states were in debt distress or at a high risk of debt distress. Six (the Congo Republic, Mozambique, Sao Tome and Principe, Somalia, Sudan, and Zimbabwe) were in debt distress, while thirteen had a high risk of debt distress (Soko, 2022). This highlights the extent to which debt distress in prevalent in Africa whilst noting the ineffectiveness of debt as a development financing option. Since the mid-1990s, the international community has developed a number of debt relief initiatives to help highly indebted countries reduce their debts to sustainable levels (Soko, 2022). In 1996, the IMF and the World Bank launched the Heavily Indebted Poor Countries Initiative (HIPC). In 2005, the IMF, the World Bank and the African Development Bank adopted the Multilateral Debt Relief Initiative (MDRI) after realizing that HIPC countries were struggling to make progress towards the United Nations Millennium Development Goals (MDGs) (Soko, 2022). These initiatives have done little to address the debt burden of Africa and most countries are still seeking loans to address their developmental challenges despite being in debt.

Debt further opens up the continent to intrusive and often unproductive financial interventions usually initiated at the behest of International Financing Institutions (IFIs) such as the International Monetary Fund (IMF), the World Bank (WB) and the World Trade Organisation (WTO). Focus continues to be on approaches that have already proven to be inadequate and insufficient, as well as on new initiatives that offer only partial or, in some cases, even false solutions (Eurodad, 2024). These initiatives have had minimal benefits and instead tend to expose countries to further poverty. As countries increasingly turn to the IMF and MDBs for financial support, they will have to accept the conditionalities imposed by these institutions, which are still focused on fiscal consolidation (including public spending cuts and regressive taxation, among other measures) and market solutions (including promotion of public-private partnerships and deregulation), thus limiting even more the public investment to advance the SDGs, tackle gender inequalities or take climate actions (Eurodad, 2024). This has resulted in the current status where Africa despite the abundance of resources at the continent`s disposal is in the throes of poverty with most of its countries suffering high levels of debt distress.

The recently released African Economic Outlook (AEO) 2024 report by the AfDB estimates that the continent needs to close, by 2030, an annual financing gap of US$402.2 billion to fast-track its structural transformation process (Mukasa & Simpasa, 2024). This gargantuan figure seems elusive for a continent with more than half of its countries currently debt distressed, classified as Low to Middle Income and more on less reliant on external financing. It is evident that the implementation of both Agenda 2030 and the AU's Agenda 2063 hinges on the ability of African countries to mobilize not only sufficient but also predictable and timely financial resources (Amutabi, 2023).

It is evident that Africa has received a lot of for-eign development financing including loans but the developmental challenges are still present. For Zimbabwe, domestic resources are predictable, less volatile, stable, and independent from the neoliberal conditionalities that have kept the country exposed to debt peonage since the dawn of the country's independence in 1980 (Maketo & Moyo, 2022). DRM reduces dependency on external flows, thereby reducing one of the sources of dam-aging volatility in resource availability, and reduce vulnerability to external shocks (UNCTAD, 2007). Hence the need to critically examine the opportunities that DRM provides to balance global economic positions.

The article is not only relevant but essential for informing policy, guiding development strategies, and promoting sustainable economic growth. By exploring the potential of DRM to address the pressing challenges of debt dependency, this article aims to contribute valuable insights that can empower African nations to achieve greater financial independence and resilience. The need for sustainable debt management practices is emphasized in literature, highlighting the importance of ensuring that new debts do not exacerbate existing vulnerabilities (IMF, 2020). Scholars have noted that enhancing DRM is crucial for reducing reliance on external debt. This includes improving tax collection and curbing illicit financial flows (UNECA, 2019). Research indicates that reforms in public financial management systems are necessary to improve budgeting processes and enhance transparency and accountability (World Bank, 2021).

The article assesses existing policy in Africa on DRM and proffers recommendations that can guide policy formulation towards strengthened DRM efforts. This is especially essential for the continent as foreign development finances dwindle as a result of competing global priorities. This is also ideal now as the continent focuses on effective and efficient utilisation of its resources and the strengthening of regional blocs versus reliance on the Global North for support. The existing high debt burden high-lights the need for the continent to urgently look inward for financing for development–this supported by the need to focus on decoloniality as a strategy to reduce Africa`s dependence on the Global North emphasises the importance of the continent effectively leveraging its abundant natural and human resources as vehicles for sustainable development financing. Effective policies exist in the continent at African Union level and at Regional Economic Community level. These policies include various national and regional initiatives aimed at improving tax systems, curbing illicit financial flows and enhancing revenue generation through innovative instruments. These policies can be utilised by individual states in their quest towards successful DRM initiatives. Notable policies and frameworks include:

- African Union Agenda 2063: This continental policy framework emphasises the importance of mobilizing domestic resources as a pathway to sustainable development and self-reliance. It advocates for enhanced tax administration, improved governance and the reduction of capital flight.
- Addis Ababa Action Agenda (AAA): Adopted in 2015, this global framework highlights DRM as a critical component for financing development in Africa. It urges countries to strengthen tax systems, fight corruption and foster inclusive financial systems.
- The African Tax Administration Form (ATAF): ATAF provides a platform for enhancing tax administration through capacity building, policy dialogue and technical assistance. It has been pivotal in standardizing tax policies and practices across African nations, promoting effective tax collection and compliance.
- Illicit Financial Flows (IFF) Frameworks: African countries have made commitments under initiatives such as the ‘High-level Panel on Illicit Financial Flows’ led by the United National Economic Commission for Africa (UNECA) to address revenue losses due to tax evasion, transfer pricing and illegal capital outflows.
- Integrated National Financing Frameworks (INFFs): Many African countries are implementing INFFs which provide a comprehensive approach to aligning national policies, planning and financing strategies. These frameworks encourage the use of a variety of domestic financing tools including taxes, domestic bonds and leveraging remittances.

Therefore, the article is timely as it aligns with on-going policy discussions around enhancing DRM as a means of reducing dependency on external financing and improving financial self-sufficiency. Policymakers can benefit from evidence-based insights that highlight successful DRM initiatives and best practices including policy reform. Furthermore, historically, Africa has relied heavily on foreign aid and loans, which often come with stringent conditions that can exacerbate existing economic challenges. This article seeks to shift the narrative by exploring how African countries can leverage their own resources to achieve economic independence. By examining case studies of successful DRM efforts, this article can provide a road-map for other nations facing similar challenges. The article will explore the interconnectedness of DRM, good governance, and economic empowerment, providing a holistic view of how sustainable financial practices can lead to broader institutional reforms. Lastly, despite the growing recognition of DRM's importance, there is relative paucity of focused academic research on its role as an antidote to debt slavery in Africa. This study will contribute to existing literature by providing a detailed analysis of successful DRM initiatives and also highlight challenges and opportunities associated with DRM and DRM policies, thus filling a critical gap in the academic discourse.

Challenges of DRM in Zimbabwe

Countries in the Global South, including those in Africa, are often caught in a relentless cycle of debt repayment, frequently resorting to austerity measures dictated by IMF conditionalities (Eurodad, 2024). On average, debt service consumes 38 percent of budget revenue and 30 percent of spending across the Global South, with figures rising to 54 percent and 40 percent in Africa respectively (Eurodad, 2024). This is similar for Zimbabwe which is struggling to service its debt to IFIs and suffers from high levels of corruption and IFFs. Zimbabwe has protracted arrears on external debt to bilateral and multilateral creditors, which have cut off access to official financing (World Bank, 2022). This growing debt burden severely hampers governments' abilities to provide essential public services and address critical issues like climate change. Kenya's external public debt surged from US$7.4 billion in 2010 to US$37.4 billion in 2022, while Zambia, after receiving debt relief in the early 2000s, defaulted on its external debt in 2021, show-casing the fragility of external financing (Eurodad, 2024).

Despite efforts to promote DRM, many African countries face significant challenges, including weak administrative capacity, a narrow tax base, low tax compliance, and corruption (USAID, 2018). Fiscal policy in South Sudan has been weakened by the loss of fiscal discipline, deteriorating public financial management, and contracting of non-transparent oil advances (AFRODAD 2021). This highlights the importance of effective policy implementation as an enabler to DRM. Illicit financial flows (IFFs) further exacerbate these challenges, siphoning off billions of dollars annually from African economies (UNECA, 2023). Political instability and conflict disrupt economic activity and undermine tax collection efforts, while com-plex regulatory frameworks can hinder investment (World Bank, 2021). For Zimbabwe, economic mismanagement and political uncertainty have obstructed initiatives aimed at improving tax revenue and managing public debt sustainably (Ndhlovu et al., 2022). Efforts to curb illicit financial flows are often undermined by political figures who engage in corrupt practices. Authorities are viewed as legitimate when the public sees them as having both the legal and the moral authority for taxation (Tyler, 2006). There is need for sustained political will through the promotion of accountability and transparency. For countries like South Africa, political commitment, regional cooperation and citizen engagement have played vital roles in fostering transparency, accountability and trust ultimately boosting revenue mobilisation to support sustainable development.

Furthermore, while development loans have played a significant role in financing infrastructure and social services, their effectiveness has been under-mined by high interest rates and short repayment periods (World Bank, 2021). Countries like Mozambique and Zambia have faced severe fiscal constraints due to debt servicing, limiting their ability to invest in social services (IMF, 2023). Approximately 60 percent of African nations are at risk of or are already in debt distress (AfDB, 2022). A high debt-to-GDP ratio indicates that Zimbabwe's public debt is growing faster than national income, diminishing the country's capacity to service its debt (IMF, 2017). This raises concerns about the sustainability of relying on external financing, as servicing these loans can lead to a cycle of debt dependency (Ndikumana, 2023). In addition, corruption remains a significant barrier to effective

DRM, diverting public funds and eroding trust in government institutions (Transparency International, 2022). Challenges such as poor governance, corruption, and fluctuating macroeconomic indicators continue to hinder effective DRM. For example, in South Sudan, issues such as fiscal indiscipline and lack of transparency have hindered DRM ef-forts (AFRODAD, 2021). Zimbabwe experienced hyperinflation rates in the millions during the late 2000s, eroding public confidence in the national currency (Mullins et al., 2020). This situation has resulted in lack of trust in local financing institutions and in state financial policies. Addressing these challenges is crucial for achieving sustainable development and reducing reliance on external financing.

Many Zimbabwean citizens including diasporians prefer to invest their remittances in private initiatives rather than government programs due to a lack of trust. This is also compounded by the general lack of understanding and knowledge of economic products and the banking sector by the bulk of the populace. This needs to be addressed to increase the level of diaspora remittances being received through the formal banking sector as this increase the local financial resources available that can be channelled towards development. Remittances, which have become one of the largest sources of external finance for developing economies, present a significant opportunity (Amutabi, 2023). Evidence suggests that remittances can reduce poverty and increase investment in education, health, and housing, addressing national challenges and freeing up additional resources for development (Ajide & Osinubi, 2022).

Zimbabwe has very high levels of informality witnessed by a growing Small and Medium Enterprise Sector that has overtaken the formal sector. The high unemployment rate across the country results in a very small taxable population remitting relatively low amounts against huge financial needs of countries. One of the glaring challenges is a narrow tax base that is characterised by few taxpayers, and large informal and subsistence agricultural sectors (Moyo & Maketo, 2022). This presents both opportunities and challenges for DRM with challenges seeming to be more visible. Very little is collected from the informal sector disadvantaging the country of much needed finances. There is urgent need to regularise the informal sector to increase the level of financing mobilised locally through taxes. This involves formalizing the informal sector to bring more taxpayers into the tax net (Coolidge, 2012). There is also need to simplify the registration process for businesses, leveraging new technologies to modernize the tax collection system, deepening regional integration, and tax coordination in order to broaden the tax base (Moyo & Maketo, 2022).

Examples from Botswana and South Africa illustrate that effective DRM relies on market-based loans rather than aid, supported by policy reforms and improved tax systems. A number of countries have enacted public finance management legislation to strengthen DRM, capacitated anticorruption agencies to deal with issues of corruption with success stories being documented in Mauritius, Rwanda, Ghana and South Africa. The uptake of relevant Artificial Intelligence has been rather low across much of Africa and Zimbabwe is also lagging behind in the use of AI. Research shows that technology has the potential to contribute up to US$15.7 trillion to the global economy by 2030, of which $1.2 trillion could be generated in Africa, representing a 5.6 per cent increase in the continent’s gross domestic product by 2030 (UNECA. 2024). These are latent funds that could be utilized to address Africa's perennial problems of poverty, food insecurity, natural disasters, clash over resources, high population pressures and others.

Despite these challenges, institutions like the IMF continue to offer "highly concessional" loans to African nations (AFRODAD, 2023). To break free from this cycle, African countries must prioritize long-term macroeconomic planning, enhance production and industrialization, and strengthen their DRM efforts (AFRODAD, 2023). Unfortunately, significant calls for reform, such as those made during the Bridgetown Agenda and the African Climate Summit in 2023, often face resistance from Global North countries, which obstruct meaningful changes in global economic governance and debt architecture (Eurodad, 2024).

Zimbabwe can take lessons from the following successes of numerous African countries that have successfully leveraged DRM strategies to reduce reliance on external debt. Through significant tax reforms, Rwanda increased its tax revenue from around 11 percent of GDP in 2000 to over 15 percent in 2020, enabling the government to finance critical projects without external debt (USAID, 2018). By promoting domestic savings, Ethiopia achieved a domestic savings rate of approximately 25 percent of GDP by 2021, allowing for the financing of large infrastructure projects with fewer external loans (World Bank, 2021). For Kenya, enhancements in tax compliance and broadening the tax base led to an increase in tax revenue from about 16 percent of GDP in 2013 to over 18 percent in 2021, reducing reliance on external borrowing (Kenya Revenue Authority, 2021). South Africa has made strides in combating illicit financial flows through improved regulatory frameworks, recovering billions in lost revenue that has been redirected towards public services (UNECA, 2023). Ghana`s move of engaging citizens in discussions about tax contributions through initiatives like the Citizens' Budget has increased tax compliance, raising tax revenue from 13 percent of GDP in 2015 to about 16 percent in 2020 (IMF, 2020). Local governments in Tanzania have been empowered to generate revenue through local taxes and fees, significantly increasing their revenue-generating capacity (UNDP, 2022).

Enhancing DRM

Tax reforms in Zimbabwe have been pivotal in enhancing DRM especially through efforts targeted at streamlining and simplifying tax collection processes. The Zimbabwe Revenue Authority (ZIMRA) has played a crucial role by introducing digital systems for tax collection, which have made compliance easier and more transparent for individuals and businesses alike (Karuma, et al, 2023). The adoption of online tax filing systems has significantly reduced paperwork, making it easier for small and medium enterprises (SMEs) to fulfill their tax obligations (Mpofu, 2023). Digital reforms in tax administration have led to increased taxpayer compliance, especially within the SME sector, which contributes a substantial portion to Zimbabwe's economy (Apollo, 2022). Additionally, simplified tax regimes, such as the presumptive tax introduced in the early 2000s, have encouraged informal businesses to register and pay taxes without the burden of complex regulatory requirements. Increased compliance among taxpayers has also been driven by progressive reforms targeting specific tax types, such as Value-Added Tax (VAT) and corporate tax, making these systems more efi-cient and accessible (Karuma, et al, 2023).

As evidence of progress, Zimbabwe's tax-to -GDP ratio has shown steady improvements over the years, indicating a broader tax base and enhanced revenue collection (Mpofu, 2023). Comparatively, Zimbabwe's tax reforms reflect similar approaches in countries like Rwanda, where digital tax systems have increased compliance and broadened the tax base (Niesten, 2023). Digitalization of tax systems remains an effective strategy for DRM, as it enhances transparency and reduces opportunities for corruption within tax administration (World Bank 2021). Zimbabwe's experience highlights how targeted tax reforms, when effectively implemented can encourage compliance and sustainably mobilize domestic resources.

Zimbabwe's natural resource wealth, especially in minerals such as gold, diamonds, and platinum, has been a cornerstone of its DRM initiatives, generating substantial revenue for the government (Chigumira, et al., 2019). Resource-based taxation, including royalties and extraction taxes, has allowed the government to capture revenue from the mining sector, which constitutes a significant portion of the country's GDP (Binha, 2020). However, effective DRM in this sector relies heavily on transparency and accountability mechanisms to ensure that the revenues benefit public programs. The adoption of the Extractive Industries Transparency Initiative (EITI) principles, though

Zimbabwe is not yet an official member, has influenced national policies aimed at enhancing transparency in the natural resource sector. Transparent management of natural resources can not only increase public trust but also attract more investments, which in turn can boost DRM efforts (Chigumira et al, 2019).

In addition to formal policy measures, Zimbabwe has seen a growing emphasis on local beneficiation and value addition in mining. By processing raw minerals within the country, Zimbabwe has increased the value of its exports, thereby maximizing revenue from natural resources. A similar approach has been seen in Botswana, where diamond beneficiation has substantially increased national revenue from the mining sector. Adding value to natural resources can be an effective way for African countries to enhance DRM while simultaneously building local industries and creating employment (African Development Bank, 2019). Zimbabwe's ongoing investments in local processing facilities for minerals demonstrate the country's commitment to maximizing domestic benefits from its natural resources, which is vital for successful DRM.

Public awareness campaigns and financial literacy initiatives have been instrumental in fostering a culture of tax compliance and local investment in Zimbabwe. The government and NGOs have conducted numerous awareness campaigns that educate citizens on the importance of tax compliance and the role of taxes in funding essential public services, such as healthcare and education (Taddesse, 2023). These campaigns have helped shift public perceptions, with more individuals and businesses now viewing taxes as an investment in national development rather than as a burdensome obligation. The importance of public awareness in DRM, means that citizens are more likely to comply with tax requirements when they understand and trust that their contributions benefit society (UNDP, 2020). In Zimbabwe, targeted outreach in both urban and rural areas has gradually increased tax compliance, which is a significant achievement considering the challenges of economic informality in the country (Dube, 2014).

Conclusion

DRM has emerged as a promising alternative for financing development in Africa, especially in light of global economic crises and declining external assistance. The Addis Ababa Action Agenda of 2015 reaffirmed the commitment of African leaders to strengthen domestic resource mobilization, emphasizing national ownership (Mukasa & Simpasa, 2024). The Addis Tax Initiative further highlights the international community's recognition of DRM as a sustainable option for financing development (USAID, 2018). Given the dwindling external assistance and the resources needed to achieve the Sustainable Development Goals (SDGs), African governments must adopt strategies to enhance their capacity for internal resource mobilization.

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Zimbabwe Journal of Applied Research
Volume 5, Special Issue (2025), pp. 167-181
www.lsu.ac.zw/journals

Understanding public finance management in local authorities in devolved states

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Abstract

The role of Public Finance Management (PFM) frameworks in promoting socio-economic development of citizens and locals is gaining momentum. The socio-economic development of most countries has been fostered by having sound PFM systems, which also address public debt sustainability. A good public finance management tool enhances the capacity for local authorities in a devolved state to make independent decisions on the use of available funds and manage public debt effectively. The devolutionary transfer of powers to local authorities provides avenues for changes and decisions made with citizen participation while ensuring accountability in debt management. This paper assesses the applicability of available fiscal management policies in guiding the management of local authorities' public resources, including public debt obligations and explores major pillars for a successful PFM framework in a devolved state. Desktop research was used to collect qualitative secondary data. Literature was reviewed to cover the concepts of devolution, fiscal de-centralization, public finance management and constitutional provisions regarding public debt. The research findings discussed anchor on two themes, namely (1) challenges for local authorities in a devolved state, including the implications of rising public debt and (2) public finance management challenges in Zimbabwe. The first theme covers issues emanating from the applicability of fiscal management policies, lack of clarity on the extent of power of each tier of government, limited and delayed disbursements of funds from central government and low revenue collection caused by ineffective regulations which exacerbate debt levels. The second theme addresses challenges related to the management of public resources, including misalignment of fiscal policies creating avenues for corruption and misuse of funds without proper litigation for penalties and the partial exclusion of local authorities in the provisions of fiscal management Acts. The authors conclude that it is necessary to modify the current frameworks to include local authorities in order to offer clear standards for the administration of public funds and the management of public debt. The Constitution and other budgetary policies should be harmonized with the local government public finance management framework to ensure sustainable fiscal practices.

Keywords:

Devolution; Decentralisation; Local authorities; Public finance management; Public finance; Public finance management framework

Introduction

This article discusses the twin practices of devolution and public financial management as applied in the context of Zimbabwe. Chapter 14 of the Constitution of Zimbabwe privileges devolution architecture as a tool for local democracy, local economies and local development, while the Public Financial Management Act (2014) presents public financial management as a tool for ensuring effective deployment of public resources and managing public debt. There is growing recognition that both devolution and public financial management have the potential to minimize opportunities for corruption, provide information that citizens can use to evaluate revenue generation, assess government performance and contribute to local community socio-economic development. Bridging devolution and public financial management is critical for Zimbabwe to resolve a number of its development challenges, including managing public debt effectively.

By definition, devolution refers to the transfer of power and funding from national to local government (Nyikadzino & Vyas-Doorgapersad, 2020a; Zinyama & Chimanikire, 2019). Devolution is therefore important for ensuring decision-making by households, communities and businesses to be affected by decisions made. The concept of devolution enhances the demand for transparency and accountability in the allocation, disbursement and use of public resources targeting lower tiers of government, which is particularly crucial in managing local public debt (Kingsley, 1996; Ngigi & Busolo, 2019). Historically, Zimbabwean local authorities have exhibited more accountability to the central government through the Ministry of Local Government and Public Works than to the citizens within their jurisdictions. The implementation of the devolution agenda should increase citizen participation in local governance issues and enhance local authorities' accountability, particularly on issues of debt management.

Derman, et al., (2000) argue that empowered and elected local governments in a devolved state can potentially enhance the coverage, quality and efficiency of service provision through better governance and efficient resource allocation, including prudent public debt management. Local authorities' proximity to citizens should promote more targeted government actions and improved levels of transparency and accountability in the use of public resources compared to centralized systems (Ngigi & Busolo, 2019). The devolved system of governance should have effective public resource management systems, especially regarding public finance and debt, for the achievement of high levels of service delivery, transparency and accountability.

On the other side of the ledger, public finance re-fers to the finances managed by government and government-affiliated organizations. It encompasses the roles and responsibilities of the government towards the country's economy, including the management of public debt (Muzividzi, 2013). Public finance monitors the country's revenue, debts and expenditures and in doing so, the government appropriately collects and manages revenue while prioritizing various project expenditures. Effective and efficient resource allocation is necessary to ensure excellent public finance management (Chigudu, 2014; Gwiza & Jarbandhan, 2022). In a devolved state, the central government transfers public finance management roles to local authorities, which must also consider their public debt obligations. A robust public finance management (PFM) framework should mandatorily guide and direct resource allocation and local authorities management.

It is important to emphasize that public finance management (PFM) is a strategy employed to promote sound management of revenues, expenditures, assets, liabilities and public debt. It is the science and art of budgeting, spending and accounting for public funds. Public finance management ensures that revenue is collected efficiently, used appropriately and sustainably (Chigudu, 2014). PFM goes beyond traditional budget formulation, preparation, execution, control and validation. The PFM system involves planning, collecting, directing and monitoring financial resources, including public debt, for efficient and effective public service de-livery throughout an economy. In a devolved state, the public finance management tool for local authorities enables them to plan, mobilize and use financial resources, including managing public debt, in an efficient and effective manner, paving the way for local authorities to fulfill obligations and accountability to citizens (Muzividzi, 2013).

A fully functional economic system plays a key role in achieving efficient and effective PFM systems. Therefore, it is imperative to maintain a stable economic system, as financial sector instability, currency crises, high inflation, unpredictable pricing models, the parallel market, financial leakages, corruption and moral hazards indicate a troubled PFM landscape. The core objective of public financial management is to improve citizens' lives through better management of public funds and debt, ultimately promoting the socio-economic development of households and communities.

Objectives of the paper

This paper is a brief exploration of strategies for a successful public finance management framework for local authorities in a devolved or semi-devolved state such as Zimbabwe. The two major objectives of the paper are (i) assessing the applicability of the available fiscal management policies in guiding the management of public resources and public debt by local authorities and (ii) exploring major pillars for a successful Public Finance Management Framework (PFMF) for devolved state local authorities. The PFM is premised on three main objectives, that is, to promote:

- Fiscal discipline, including maintaining a sustainable balance of revenues, expenditures and public debt, ensuring that local authorities do not over extend their borrowing.
- Strategic resource allocation, which includes allocating resources to strategic priorities based on programme effectiveness and shifting resources from old to new priorities, while also considering the implications of public debt on funding availability.
- Operational efficiency, which involves enhancing the efficient and effective use of resources, including prudent management of debt obligations to support service delivery.

Ultimately, the study targets the correct trajectory towards an appropriate PFMF for local authorities in a devolved state. This framework should help these authors achieve the above objectives of pub-lic finance management, particularly public debt in desirable devolved states such as Zimbabwe.

Methodology

The research team adopted a desktop research methodology, collecting and analyzing qualitative secondary data from reliable sources (Bassot, 2022). The desk research technique gathers knowledge about specific issues by examining secondary data or information from previously published articles (Banasick, 2019). This approach utilizes already collected and analyzed information to enhance the investigation's overall efficacy, particularly regarding public debt management.

A systematic review of literature on models and guidelines for public finance management, with a specific focus on devolved/ decentralized states was done (Bassot, 2022). Numerous research papers report successful public finance management in devolved states and this article references about twenty-eight such studies. To develop a model and guidelines for a public finance management framework for local authorities, the authors reviewed nineteen research articles, seven reports and two policy documents. These sources were obtained from government publications, non-governmental organizations, as well as books and journal articles. The reviewed literature offered valuable insights into the state of public finance management frameworks in Southern Africa, including guidelines for effective public debt management and models of success stories and challenges.

Legal and constitutional framework

Devolution

The Zimbabwean Constitution Amendment (No. 20) Act of 2013 Section 264 of this Act establishes the framework for devolution in Zimbabwe (Musekiwa & Mandiyanike, 2013). This framework grants powers and responsibilities to provincial councils and local authorities, empowering them to carry out mandated responsibilities effectively and efficiently (Masunungure & Ndoma, 2013; Nyathi & Ncube, 2017; Zinyama & Chimanikire, 2019). Devolution authorizes the transfer of power on matters of local governance to the people, promoting citizen participation in decision-making and the exercising of State powers. The concept of devolution seeks to enhance systems of democratic practices and good governance (Mapuva & Miti, 2019). In this governance system, the Constitution endows communities with rights to manage their own affairs and further local community development, reflected in the popular mantra "*nyika inovakwa nevene vayo/ ilizwe lakhiwa ngabanikazi balo*."

The policy on devolution aims at ensuring equitable sharing of local and national resources and building the capacity of local authorities in taking responsibility for such resources, thereby promoting socio-economic development in all areas (Nyikadzino & Vyas-Doorgapersad, 2020a; Zinyama & Chimanikire, 2019). The transfer of resources creates a financial base for provincial, metropolitan councils and local authorities, essential for effective public finance and debt management. The Constitution, in Section 265 lays down general guiding principles for provincial and local authori-ties in a devolved state (Nyikadzino & Vyas-Doorgapersad, 2020a).

In this article, councils and local authorities are expected to exercise good governance by upholding effectiveness, transparency, accountability and institutional coherence. Both the central government and local authorities should act in accordance with constitutional provisions, exercising only the powers conferred to them by that Act of Parliament. However, since the promulgation of Amendment No. 20 of the Constitution in 2013, significant progress towards the implementation of devolution, particularly in public finance management and public debt, remains minimal.

The transfer of power from the central government to local or regional administrations is driven by the expected 'economic dividend' associated with the decentralization of authority and resources (Mapuva, 2015). Devolution ensures that local people, communities, businesses and other affected stakeholders design and make decisions on governance and resource allocation impacting them both directly and indirectly. This means regional parliaments, provincial, urban and rural councils facilitate local rule-setting on tax, healthcare, education, roads and water supply. Devolution also promotes decision-making on finance and management by quasi-autonomous units of local government with corporate status (Chikwawawa, 2019).

In a devolved state, the utilization of public re-sources, including public debt allocations, must meet higher standards of clarity, accountability and transparency. Over the years, these principles have been eroded at both central and local government levels in many African countries, with corruption often prevailing. Section 5 of the Zimbabwean Constitution provides for three tiers of government. The central government serves as the top tier, responsible for providing socioeconomic policy direction for the country (Zinyama & Chimanikire, 2019). It also contributes financial sup-port to promote the development of the middle tier, comprising the Provincial and Metropolitan Councils (PMCs) and the lower tier made up of local authorities (Zinyama & Chimanikire, 2019). The Constitution of Zimbabwe mandates financial contributions from the central government in Section 301 (3).

Section 268 (1) outlines the composition of both provincial and metropolitan councils. Provincial councils, headed by a Chairperson, include senators, the national council of chiefs and all members of the national assembly, mayors, and chairpersons. Section 269 provides for the metropolitan councils, such as those in Harare and Bulawayo, which have the same leadership composition as provincial councils, with the mayor serving as the chairperson in these two cases (Chigwata, 2010; Zinyama & Chimanikire, 2019). Section 270 requires the PMCs to assume the role of promoting socio-economic development in their respective jurisdictions.

Fiscal public finance decentralization under a devolved system of governance primarily seeks to:

(i) Efficiently allocate economic resources, (ii) Ensure equitable redistribution of income among citizens,

(iii) Maintain economic stability.

Table 1: Functions of the 10 provincial and metropolitan councils in Zimbabwe

	Name of Province	**Functions of Provincial Councils**
	Bulawayo Metropolitan	**Responsible for the social and economic development of the province** (i) Planning and implementing social and economic development activities in the province (ii) Coordinating and implementing governmental programmes in its province (iii) Planning and implementing measures for the conservation, improvement and management of natural resources in the province (iv) Promoting tourism in the province and developing facilities for that (iv) Promoting tourism in the province and developing facilities for that purpose (v) Monitoring and evaluating the use of resources in its province and (vi) Exercising any other functions, including legislative functions that may be conferred or imposed on it by or under the Act of Parliament **An act of parliament must provide for the establishment, structure, collectively and individually and metropolitan councils and the manner in which they exercise their function.** **Metropolitan and provincial councils are accountable, collectively and individually to residents of their province and the national government for the exercise of their duties**
	Harare Metropolitan	
	Manicaand	
	Mashonaland Central	
	Mashonaland East	
	Mashonaland West	
	Masvingo	
	Matabeleland North	
	Matabeleland South	

Adapted from the Government of Zimbabwe (2013), Constitution of Zimbabwe Amendment (No. 20) Act 2013

Table 1 shows the different Provincial Councils in Zimbabwe, including the two metropolitan councils of Harare and Bulawayo, along with their functions. Among these functions, the councils are responsible for managing public resources, including public debt, as well as monitoring and evaluation in each province. Devolution by this layer of government will only be successful if Provincial and Metropolitan Councils are fully operationalized and adequately resourced. Key factors impeding the necessary fiscal autonomy and functionality of these councils include challenges in managing public debt and ensuring transparency in financial practices. These issues are considered in detail in the discussion section of this paper.

Public finance management

A common definition of public financial management (PFM) is the science and art of allocating, spending and keeping track of public expenditures (Guthrie, Olson & Humphrey, 1999; Peterson, 2001). It serves as a cornerstone of public sector reform. In addition to ensuring clearly defined and consistently followed procedures for managing public resources and reducing opportunities for corruption, public finance management provides citizens access to data required for assessing effective policies on governance, revenue generation and service provision (Mutizwa & Mangiza, 1992; Muzividzi, 2013). The sustainable management of public resources, including public debt, is foundational for sustainable national, social and economic development.

Though PFM has traditionally been a scientific discipline, there is an increasing realization that political and institutional circumstances can significantly affect even a strong PFM system, necessitating ground-level reform. In a bid to control, monitor, and supervise the management of funds, the government of Zimbabwe implemented a public finance management system aimed at ensuring individual ministries managed their own resources, including public debt, economically, efficiently and effectively (Chikwawawa, 2019; Mutizwa & Mangiza, 1992). The PFM Act (Chapter 22:19) stipulates specific provisions of this system. However, while this framework generally provides guidelines for ministries, it does not clearly define provisions for provincial councils and local authorities in a devolved state.

PFM reforms are vital for realizing the anticipated advantages of devolution, playing fundamental roles in boosting managerial effectiveness, open-ness and subnational government responsibility to both higher levels of government and local constituencies (Chigudu, 2014; Zhou, 2012). Although local authorities should retain some degree of management autonomy, the creation and governance of PFM reforms require standardized rules and central control. However, loosely structured and enforced reforms risk allowing irresponsible budgetary behavior by local authorities, while overly rigid reforms might limit local administrations' freedom and undermine devolution. Finding an equilibrium between local autonomy and central authority control is crucial for the effective PFM of provincial and metropolitan councils and local authorities (Chigudu, 2014).

To strike this balance and develop sound Public Finance Management for national resources, including public debt, the Government of Zimbabwe has established various legal and constitutional provisions that are discussed below.

Provisions for PFM are outlined in the Constitution of Zimbabwe (Chapter 17: sections 298-304), detailing guiding principles for effective PFM. The general stipulations of these policy documents argue that for a PFM framework to succeed, there must be transparency and accountability and the public finance system must be directed towards national development. Furthermore, the burdens and benefits of resource use should be shared equitably between present and future generations, with public funds used transparently, prudently, economically and effectively. Public finance managers must also ensure clear fiscal reporting (Chikwawawa, 2019; Musekiwa & Mandiyanike, 2013). These sections focus on managing state and public resources, including public debt. Sections 298 and 301 align closely with the purposes of this study regarding PFM and the allocation of resources to local authorities in a devolved state. The following principles guide all public finance management in Zimbabwe:

(a) There must be transparency and accountability,

(b) The public finance system must be directed towards national development, specifically,

(i) The burden of taxation must be shared fairly,

(ii) Revenue raised nationally must be shared equitably between central government and provincial and local tiers of government,

(iii) Expenditure must be directed towards the development of Zimbabwe, with special provisions made for marginalized groups and areas,

(c) The burden and benefits of the use of natural resources must be shared equitably between present and future generations,

(d) Public funds must be expended transparently, prudently, economically and effectively,

(e) Financial management must be responsible and fiscal reporting must be clear, and

(f) Public borrowing and all transactions involving national debt must be conducted transparently and in the best interest of Zimbabwe.

On the other hand, Section 301 deals with the allocation of revenues to provincial and local tiers of government, including specific provisions for managing public debt and financial contributions.

(1) An Act of Parliament must provide for:

(a) The equitable allocation of grants between the provincial and metropolitan councils and local authorities, and

(b) Any other allocations to provinces and local authorities, along with the conditions under which those allocations are made.

(2) The PFM Act must ensure the following:

(a) Alignment with national interest,

(b) Provisions related to national debt and other national obligations,

(c) The needs and interests of the central government, determined by objective criteria, (d) The need to provide basic services, including educational and health services, water, roads, social amenities and electricity to marginalized areas,

(e) The fiscal capacity and efficiency of provincial and metropolitan councils and local authorities,

(f) The developmental needs of provincial and metropolitan councils and local authorities,

Table 2: Functions of urban and rural local authorities in Zimbabwe

Urban Local Authorities (ULA)	**Rural Local Authorities (RLA)**	**Functions of Local Authorities**
Urban local authorities to represent and manage the affairs of the people in urban areas throughout Zimbabwe	Rural local authorities are established to manage the affairs of people in rural areas	To govern on its own initiative the local affairs of the people within the area for which it has been established and has all the powers necessary to do so
ULA are managed by Councils presided over by Mayors or Chairpersons	Through Parliament	Through Parliament
ULA come in different forms	(a) The establishment of rural local authorities b) The election of councils to manage the affairs of local authorities (c) The election of chairpersons who preside councils over rural (d) Qualifications of members to be elected to councils	(a) A power to make by-laws, regulations or rules for the effective administration of the areas for which they have been estab-lished
Electoral laws define the qualifications and procedure for elections of persons into Councils		(b) A power to levy rates and taxes and generally to raise suficient revenue for them to carry out their objectives and responsibilities

Source: Adapted from Government of Zimbabwe (2013), Constitution of Zimbabwe Amendment (No. 20) Act 2013

The object of the Public Finance Management Act is to ensure transparency, accountability and sound management of the revenues, expenditures, assets and liabilities of any entity specified in the Constitution. However, the performance of any public finance management system relies heavily on the economic stability characterizing that system and in the case of Zimbabwe's local authorities, economic stability remains elusive. Overall, it should be noted that Sections 274 and 275 of the Constitution define local authorities, both urban and rural (Table 2 above). These authorities are tasked with representing and overseeing the affairs of the people in Zimbabwe's urban and rural areas, respectively. According to Section 275 of the Constitution, a local authority has the rights and powers necessary to administer the affairs of the local people in accordance with the Act and any legislation of Parliament, including managing public debt and ensuring fiscal responsibility (Gideon & Alouis, 2013).

Challenges facing local authorities

Sections 4.1 and 4.2 discuss the findings of the study in terms of the challenges facing local authorities as well as the public finance management framework in Zimbabwe. It is abundantly clear that the Central government in 2023 had not adhered to full provisions of the devolution framework as provided for in the Constitution. The political governance reasons for non-implementation remain unclear but resonate within the unwillingness of the Central government to let go of power inherently endowed within the centre in a non-devolved governance framework. There is also an observation that the opposition since the 2008 plebiscite has increasingly controlled local authorities and metropolitan councils, further complicating the ruling party-controlled central government to implement devolution. Devolution will thus be seen as relinquishing power to the opposition and self-legislating by the ruling party out of power. A famous Zimbabwean social scientist clearly stated that there is no sane government that can legislate itself out of power.

Lack of clarity on the extent of power of each tier of government is one major challenge in Zimbabwe. Clarity on the tasks and responsibilities of the three tiers of government is one of the most important success elements in the coordinated and successful implementation of devolution. An in-depth review of government policy papers shows a noticeable lack of directives that explicitly specify roles and duties at the operational level. Without rules defining the boundaries of the various levels of government and the scope of devolved powers, there would inevitably be power struggles among the representatives from the various tiers (Gideon & Alouis, 2013). If these possible conflicts caused by the competition are not controlled, they impede the implementation of devolution and affect public finance management, particularly in the context of managing public debt. This cannot be truer for a country like Zimbabwe, where those that are targeted to benefit from devolution are languishing and forever waiting for service delivery under conditions of a devolved state.

The Local authorities in Zimbabwe face a challenge of limited and delayed disbursements of funds from the Central government. Most of the Local Authorities face cash flow constraints and overdrafts (Wekwete, 1992). Most of the Local authorities have an extremely weak resource base and delays from the central government in disbursing the 5% allocation of resources do not help matters (Ngwenya, 2013). In most cases, these underfunded councils do not have means of covering the areas they are responsible for as they even lack resources such as transportation (Mutizwa & Mangiza, 1992).

In the 2013 Constitution, the government of Zimbabwe committed itself to provide grants to local authorities to support various development goals such as health and education. These grants were aimed at promoting service delivery and enhancing the financial capacity of local authorities to conduct programme initiatives for development. However, the government in most cases failed to meet its commitments, resulting in non-payment of some of these grants. Chakunda (2023) provides an example of the health grant, which the government has been providing for Gweru City Council to improve health sector service delivery.

The paper provides statistics of disbursements from 1994-2016, which show that the council last received the grant in 2006. This has had a huge impact on their service delivery and has exacerbated issues related to public debt management. According to the paper, "the failure of the Central government to meet its health grant obligations to local authorities seriously crippled the health delivery capacity of councils, which explains the dilapidated health infrastructure and poor quality of services." This means that the council ended up subsidizing the government by using finances for other purposes, thereby perpetually negatively capacitating the local authorities, with a seriously huge negative impact on the performance of local authorities and their ability to manage public debt effectively.

The other challenge is low revenue collection due to insufficient or absent regulations on the sale of stands, leasing agreements and shop licenses, local governments lose money. Though licenses, taxes and levies can be considered innovative ways of fleecing revenues from the public, the central government "chokes" local authorities in terms of how far they can go through various machinations experienced. This makes local authorities more reliant on intergovernmental funds transfers, which normally have conditions attached to them and may limit the financial autonomy of local authorities as their spending discretion is highly limited (Chigwata, 2017). The autonomy of local authorities is jeopardized by their incapacity to generate their own financial resources, particularly those with low economic activity and remote rural areas, compared to highly modernized and economically hyperactive local authorities such as Victoria Falls. This reliance on external funding also complicates their ability to effectively manage public debt.

Local authorities also face a challenge of expensive public service delivery. This is mainly associated with human capacity issues. For successful public finance management, local authorities need qualified personnel to manage their public finances, including debt management (Muchadenyika, 2017). According to the Office of the Auditor General's report of 2019, most local authorities lack timely preparation of accurate financial statements and proper debt management practices, thereby exhibiting poor record-keeping skills. This makes it very difficult for local authorities to keep track of expenditures and adopt proper cost recovery strategies. This has led to over-expenditures on the part of the local authorities, thereby negatively impacting public service delivery and increasing reliance on borrowing.

Service delivery in these local authorities has deteriorated, particularly health service delivery. Health services provision remains constrained without proper and adequate equipment for health service delivery and sufficient financial resources (Harare Residents Trust, 2020). In some instances, especially in the rural areas, maternity services at nearby clinics are not available to expecting mothers. Pregnant women travel long distances to other local clinics and in certain cases, they are directed to referral health facilities, making the situation quite terrible and thus important to address the challenging issues at the neighborhood council clinics. Local communities have even embarked on improving local health service delivery by pooling resources and building clinics or refurbishing rundown neighborhood health facilities. Harare Residents Trust (2020) noted that more individuals are passing away at home than ever before and there are also more people passing away while traveling to medical facilities that are located far away from where they live, highlighting the urgent need for effective public debt management and resource allocation. In April 2025 an expecting mother lost her life and that of her unborn child when an ambulance transporting her from Nkayi to Bulawayo referral centre, developed a technical problem on the way and over turned.

Water supply is also another challenge local authorities in Zimbabwe face. The deteriorating service delivery in these key areas is due to a lack of finance to acquire adequate and efficient equipment required for enhanced service delivery. In most local authorities, the communities have no access to efficient and adequate supply of running water for their needs. The Bulawayo City Council in April 2025 mooted the idea of establishing a water and sanitation utility that would target improved service delivery, attract funding and investment as well as enhance accountability and mitigate water shortages and boost efficiency in water service delivery. Most urban residents have resorted to the use of city community boreholes and some households have resorted to digging traditional unprotected and untreated wells, exposing residents to unclean water-borne diseases such as cholera, giardia, dysentery, hepatitis A and typhoid among others.

In addition, inconsistent sewage and garbage collection exposes households and a community to hazardous and all local authorities in Zimbabwe is poor. All these are public finance and debt management challenges directly linked to the lack of fiscal autonomy of local authorities. The need for a PFM framework for local authorities is thus necessary and important to guide the public management of resources, create transparency and promote accountability. A PFM framework for local authorities wills positively contribute towards the achievement of socio-economic development while ensuring effective management of public debt. The assertion that devolved administrations with greater autonomous powers tailor policies to local preferences generate innovative policies and public service delivery, while encouraging inclusivity, accountability and greater economic efficiency remains elusive in Zimbabwean local authorities.

As noted by Allen et al. (2020), public financial management refers to a network of interconnected systems, regulations, rules, processes, and procedures used by the government to manage financial public resources, including public debt. In accordance with Section 298 of the Constitution of Zimbabwe, the Public Finance Management Act (PFMA) passed in 2009 establishes national standards and specifications for public accounting, financial reporting by government bodies and audits of government accounts. The PFMA has regulations on fiscal reporting, notably Part IV on financial statements, which offers guidance on the creation and reporting of financial statements by the government at the national level and organizations connected to the public sector (Madhovi, 2020). It states that public funds, including those meant for debt servicing, must be expended transparently, economically, prudently and effectively. The PFM framework in Zimbabwe is general and selective in its application and does not clearly provide for local authorities.

In addition, it stipulates that every Minister of Finance and Economic Development must present an annual report, financial statements and audit reports to the House of Assembly no later than one month after the accounting officer for the public entity or constitutional entity that the Minister oversees submits them and no later than six months following the end of the fiscal year to which they pertain. Therefore, each financial report's contents must be made public in the government gazette. The PFM framework in Zimbabwe provides guidelines for public resources management, including those related to public debt, although it does not clearly provide guidelines for the local authorities. Furthermore, the PFM does not address with clarity issues of mismanagement and misuse of funds by other public officers besides Ministers. Both the Constitution and the PFM Act are selective on issues to address, thereby creating loopholes and avenues for misuse and abuse of public funds, which can exacerbate public debt.

There is misalignment of the PFM framework and the Constitution, making the implementation of the PFM framework at the national and local levels in a devolved state very difficult and challenging. The PFM Act, section 3, clearly states that the objective of the Act is to secure transparency, accountability, and sound management of revenues, expenditures, assets and liabilities, including public debt, of any government institution listed in section 4(1). However, the Constitution of Zimbabwe in section 298 provides more detailed and comprehensive guidelines for public financial management, showing the need for alignment of the PFM Act with the Constitution as well as adding issues of equity, effectiveness and sustainability in the use of public resources in local authorities.

The PFM Act also does not have provisions for local authorities in the control and management of public resources. In section 7 (3), the Act alludes that the Minister shall, subject to this Act and any other enactments, be liable for the management of the consolidated revenue fund and for the supervision, control and leadership of all matters relating to public resources to effectively manage such resources, including those tied to public debt. This implies that the Ministers have total control of PFM, while the Constitution reserves this power only for Parliament (Chigwata, 2017). This subsequently limits the control of local authorities in PFM, sometimes alluding to the limited capacity of local authorities to manage public resources, including public debt responsibilities. Both the PFM Act and the Constitution provide limited fiscal autonomy for local authorities; thereby further increasing loopholes in public finance management for corrupt behaviours and misuse of public funds. This often leads to exorbitant salaries and benefits for the top council officials violating issues of “equity and in the interest of local development,” hence the underdevelopment of most local authorities. The section does not clearly outline the penalties related to the misuse of funds in the PFM Act, further complicating public debt management.

Weak implementation of the Public Finance Management Act, currency confusion, corruption and non-compliance with the Auditor General's audit recommendations have resulted in billions of dollars' worth of losses in Zimbabwe's state entities and local authorities, significantly negatively impacting public debt levels. Inefficiencies in the allocation and disbursements of funds from the central government negatively affect local authorities' long-term financial planning (Tonhodzai, Nyikadzino & Nhema, 2015; Zhou, 2012). Most local authorities are helpless as devolution funds are disbursed late, with conditionalities tied to their ability and capacity to utilize the allocated funds for the development of local areas. Funds that come with conditionalities render them ineffective and make it very difficult for local authorities to decide on priority projects to which funds should be allocated. These conditions fail to meet the development needs of these local authorities but promote the political agendas of individuals and key players at the Central government, further exacerbating issues of public debt. Inappropriate budgetary processes and implementation characterize these public funds; further promoting corruption and inefficiency in the service delivery of local authorities, especially where fiscal autonomy and total control in the management of public resources are inadequate.

The PFM framework does not address the issue of equitable allocation of resources to local authorities. Local governments in Zimbabwe often generate income through levying taxes, collecting user fees, while also applying for financial support from the Central government for specific development initiatives. The Constitution mandates the Central government to equitably distribute public resources amounting to 5% for each local authority. The Constitution made a provision to "transfer responsibilities and resources from the Central government in order to establish a sound financial base for each provincial and metropolitan council and local authority." However, there seems to be no equity in the provision of funds, but it acknowledges that local authorities with natural resources generating revenue should have more benefits. The Constitution recognizes the significance of financial resources in enabling local authorities to carry out duties efficiently, as critical for managing public debt. These challenges show a country that is still a long way from addressing issues of equity in the allocation of national resources.

Looking ahead

Given the above discussion, this analysis recommends the following:- First, the expedited devolution agenda with guaranteed funding from the Central government for the devolution agenda to local authorities for efficient and effective service delivery, particularly in managing public debt. Second, remove constraints resulting from the overreach of the authority of the Local Government Minister on decision-making by local authorities by clipping the wings altogether to give local authorities more autonomy to exercise their mandate. Third, there should be timely disbursement of budgetary allocations from the Central government and certainly NOT in the last quarter for first-quarter activities, ensuring that local authorities can effectively plan their financial commitments, including debt servicing. Fourth, the government should work with the Provincial, Metropolitan, and Local Authorities to develop a simple, workable formula for the allocation of resources as provided for in the Constitution, which should include considerations for debt management. Fifth, establish structures necessary for fully functional PFM systems at the local authority level, as provided for in the Constitution. Finally, further reform of the PFM Act with clear provisions for all the different state agencies, including local authorities, should be urgently undertaken and implemented to address public debt management comprehensively.

In short, a sound public finance management framework should therefore capture issues of:

(i) Fiscal autonomy by promoting the independence of local authorities in the management of public funds, including those related to public debt;

(ii) Citizens' participation through genuine stakeholder consultations to ensure people-driven development initiatives and efforts at the local level;

(iii) Legal frameworks and sound fiscal policies to guide the PFM on budget formulation, as well as the formulation and implementation of development plans;

(iv) The legal framework for PFM should adequately outline and provide clear guidelines for transparency, accountability, fiscal reporting and equity in resource allocation and management to promote socioeconomic development;

(v) Capacity building for human resources should be conducted to promote effective public management of resources;

(vi) Sound public debt management guidelines for local authorities should be enacted, ensuring that borrowing and all transactions are transparent;

(vii) The PFM framework for local authorities should ensure closing all gaps and misalignments between the existing Acts to reduce misconduct and officials' abuse of public funds.

Conclusion

In conclusion, to ensure effective management and use of resources, constitutional provisions must be amended to include local authorities, providing clear guidelines on public funds and debt management. Aligning the Constitution and the framework for local authorities' policies is paramount. The framework should support local authorities in planning, mobilizing and using financial resources efficiently and effectively to fulfill obligations and accountability roles to citizens, particularly in managing public debt responsibilities. Opportunities to increase citizen participation in devolution processes are necessary, as citizens may influence the nature and standard of local service delivery. The Central government, working with local authorities, should develop forums for citizens and residents to express their demands and hold officials accountable for the use of devolutionary monies. The public's feedback is essential to monitor and assess the operations of devolved entities and the quality-of-service delivery, ensuring transparency in public debt management.

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Zimbabwe Journal of Applied Research

Volume 5, Special Issue No. 1. 2025

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