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China's Growing Influence as a Top Lender in Africa: Lessons from Zimbabwe

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Abstract

This paper evaluated China's growing influence and circumstances surrounding its rise as the lender of first choice among most African countries. The primary focus was placed on Zimbabwe's experiences with Chinese loans, and their discernible consequences so far. Zimbabwe is currently among African countries whose sovereign debts have reached unsustainable levels. The article deployed a qualitative case study approach where data were collected through desk review of existing literature subsequently analysed, using content and thematic analyses. The findings of the study revealed that the Government of Zimbabwe has, in recent years, been acquiring loans from China on non-concessionary terms, and the effect has been the worsening unsustainability of the country's debt stock. While the paper reported positive infrastructural outcomes that came with some of the Chinese loans, its overall evaluation

upheld the Chinese debt trap diplomacy thesis because of the negative long-term effects of the loans. The paper argued mainly that the rise of China, a lender of choice among African countries, specifically Zimbabwe, is a cause for concern as this has elevated the external public debt of such countries and has been associated with numerous implications. The paper's objective was thus to interrogate why China has, within the past few years, become the single biggest source of external funding for African countries such as Zimbabwe. The paper further sought to explore the state of Chinese debt owed by African countries, the state of Zimbabwe's borrowings from China, and the implications of Chinese debt.

Keywords: *Africa, China, Debt, Lending, Top lender.*

Introduction

China's financial advantage has ensured that it has been able to significantly increase its hold on African nations during the past 20 years. Its influence has spread widely throughout the African continent to the point that it has emerged as the top lender for the majority of African nations in desperate need of outside financing. Comparing loans from China to those from the conventional international financial institutions (IFIs), such the World Bank and IMF, the majority of African nations have found that getting loans from China is simpler. China has grown in the past few decades to become one of Africa's primary sources of external finance because of its debt diplomacy and its disregard for the ability of countries like Zimbabwe to repay previously obtained loans from IFIs (Chandler 2020:3). Additionally, China has been giving inexpensive loans with much laxer terms than the conventional IFS, which is one of the main factors contributing to its rise as the preferred source of finance by African nations (ZIMCDD, 2020). Consequently, China's position as the leading bilateral lender increased from three developing nations in 2000 to 52 developing nations in 2019 (out of 120 countries with data) (World Bank, 2021:1).

Understanding why China has been lending so much funds to African nations requires asking why governments borrow money from other countries in the first place. According to Hassan, Sule, and Abu (2015:240), the requirement for government borrowing often results from the acknowledged importance of finance in any nation's development process since capital accumulation increases productivity,

which in turn boosts economic growth. Thus, there is strong evidence that lending promotes a country's expansion and progress. For instance, a study on the effect of Chinese infrastructure loans on growth in a few African nations by Mlambo (2022) found that the investments made with the loans were "translating into economic growth" and there was thus a positive relationship between loans and economic growth. Generally, countries at times borrow funds primarily for macroeconomic purposes, such as to finance fiscal and balance of payments deficits in order to increase investment and human capital development and alleviate budgetary constraints (Soludo, 2003:6). Additionally, nations, especially less developed ones, tend to borrow to finance capital and investment, which can occasionally be hampered by low levels of domestic savings (Obadan, 2004). Therefore, African countries are compelled to borrow from nations like China in order to close these funding deficits.

There is a troubling tendency in the borrowing behaviours and patterns of African nations. The debt situations of African nations are made more difficult by the continent's various creditors, including China and IFIs, primarily the IMF and World Bank. It is well known that African nations have a tumultuous past with IFIs, particularly the Bretton Woods institutions. The Structural Adjustment Programmes (SAPs) that the Bretton Woods institutions imposed on the African continent throughout the 1980s and 1990s were the main cause of issues between African governments and IFIs (Besada, 2011:7). This situation helps to explain why African nations have recently made significant attempts to diversify their credit sources, despite the fact that doing so has not been without its own set of difficulties (Mupunga et al., 2019:7). China has thus become a different source of finance for these African nations. For instance, as of 2017, only 35% of government debt was owed to multilateral institutions (the IMF, World Bank, and other major IFIs), while the remaining debt was owed to a new generation of private lenders (32%), and a further 24% was owed to China, which had recently become one of Africa's major sources of external funding (Chandler, 2020:3). Even though there is, indeed, acknowledgement that African countries owe significant amounts of funds to China, such debts have often been understated. There are suggestions that, in reality, China's loans have been significantly more than what the official data submitted to the IMF or World Bank's Debtor Reporting System (DRS) has shown, and this extra debt has been dubbed "hidden debt." According to Horn et al. (2019:3), such debt accounts for at least 50% of all Chinese foreign

financing and accounts for an average of at least 40% of the external debt of the top 50 recipient countries. Additionally, the DRS of the World Bank reveal that between 2008 and 2018, China's loans to low-income economies (LIEs) increased from an average of around 4% of their total external public debt to 17%, which is significantly higher than the Paris Club's share (IDA & IMF, 2020:21). Thus, just 17% of Africa's interest payments are made to multilateral IFIs, while another 17% goes to China (Chandler, 2020:2). Conversely, 55% of Africa's interest payments are paid to private creditors. Consequently, the situation for the indebted African countries in terms of debt sustainability is getting worse. The rise and size of Africa's debt between 1970 and 2021 are seen in Figure 1 below.

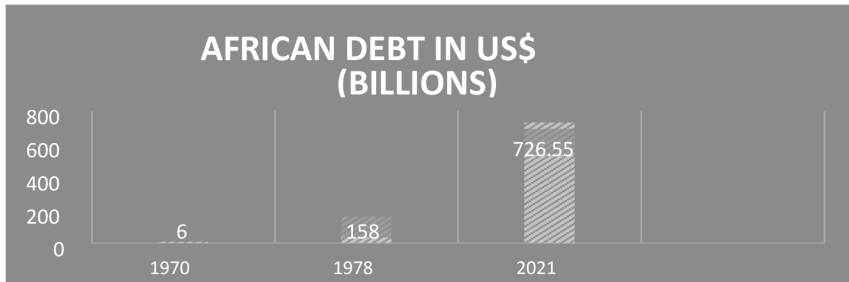


Figure 1: Africa's debt between 1970 and 2021

Source: Latif (2022:11)

The external public debts of nations in sub-Saharan Africa have been noticeably rising, as seen in Figure 1 above. The debt began to climb in the early 1970s when it was just \$6 billion USD, but it has since experienced an exponential rise to reach 726 billion USD as of 2021 (World Bank, 2022).

Theoretical Framework

The Financing Gap Theory

The finance gap theory is used in this paper to guide this investigation. The concept of the finance gap first appeared in the 1960 book "The Stages of Economic Growth" by Rostow. According to Rostow (1960), a developing nation must rely on foreign help or external debt to make up the difference if its internal resources are insufficient for investment.

Abdullahi et al. (2016:272) assert, "Foreign aid can be used to supplement this shortfall in the event of an existing temporary shortfall between investment ability and saving ability." Generally, emerging nations have been plagued by the notion of a financial deficit, which has greatly promoted the so-called foreign borrowings. The financing gap is simply the difference between the amount of money available from local sources and the overall amount of investment required; borrowing money from overseas is one option to close this gap. Domar (1946) published a book titled "Capital Expansion, Rate of Growth, and Employment" in which he made the claim that there would be a proportional link between investment expenditure and the overall increase of gross domestic product (GDP). Easterly (1999) states that this is where the theory first appeared. The finance gap theory explains why some emerging nations, including Zimbabwe, are now in debt. According to Abdullahi, Bakar, and Hassan (2016:272), "generally, the notion of a financing gap has infested developing countries and has significantly encouraged foreign borrowings." Most nations in the developing world, namely those in Africa and South America, have relied on borrowing from abroad to pay for domestic development (Esquivel, Larran, & Sachs, 2001:4). This results from the straightforward reality that resources are needed to lay a solid basis for the achievement of large and sustained economic growth. Additionally, the majority of emerging countries in the globe constantly face a financial gap between the resources needed for economic and developmental activities and the resources now available, making external borrowing the most likely solution.

Literature Review

Private Lending and Chinese Loans in Africa

In terms of credit provision, China has emerged as the key actor among low- and middle-income nations. The following has been observed by the World Bank (2021):

- China accounted for 26% of the external debt stock of low- and middle-income countries in 2019. China also issued US\$132 billion in international bonds in 2019, which is equivalent to 35% of the

total issuance by low- and middle-income countries and increased by 16% from the previous year;

- Bond issuance by private sector entities in China increased by 42% to \$72 billion in 2019; and
- Bond issuance by other low- and middle-income nations increased by an average of 5% in 2019 to \$73 billion, and was typified by a high increase in private entity issuance of 65% and a decline in sovereign and public sector entity issuance of 23%.

In addition, China gave African countries loans of US\$148 billion between 2000 and 2018 (Gold, 2022). The majority of these loans were used for large infrastructure projects, with the transport and energy sectors getting almost 66% of the overall loan amount. Between 2007 and 2020, Chinese banks provided more loans to support development initiatives in sub-Saharan Africa than the combined lending of some of the world's major nations. A staggering \$23 billion was granted by Chinese development banks, which is double the US\$9.1 billion in loans made by banks in the US, Japan, Germany, the Netherlands, France, and South Africa (2022). With this money, public-private partnerships in sub-Saharan Africa are financed. Since 2010, the resource guarantee infrastructure financing has primarily focused on the mineral and hydrocarbon-rich African states of Zambia (copper), Kenya, Nigeria, Ghana, Angola, Algeria, Mozambique, Egypt, Sudan (oil & gas), South Africa, and Tanzania (gold), with an average annual funding amount of US\$180 million being allocated to 70 projects in Africa (Gold, 2022). Therefore, China is now the biggest bilateral lender in 32 African nations and the top lender to the continent. Angola (\$21.5 billion in 2017), Ethiopia (\$13.7 billion), Kenya (\$9.8 billion), the Republic of the Congo (\$7.42 billion), Zambia (\$6.38 billion), and Cameroon (\$5.57 billion) are all included on the list (ibid).

In recent years, it has become more and more common for African nations to borrow money from private creditors, mainly China. Due to the inflated risk premium credit that is linked to nations within the continent by many agencies, borrowing from private sources has the unfavourable impact of imposing high interest rates and servicing expenses. Hence, issues frequently arise from debt payment expenses that appear to be increasing more quickly than the government's capacity to mobilise domestic resources. Since 2013, interest payments have increased by 128% while government revenues in African nations have only grown by 31% (Chandler, 2020:2). About 12% of the continent's US\$696 billion in foreign loans in 2020 was owed to Chinese

governmental and private lenders, while 35% was owed to other private creditors. Furthermore, the interest rates on the debt that African nations owe to non-Chinese private lenders are more than half as high as those on their debt to China (Savage, 2022). The average interest rate on debt payments owed to China in 2021 was 2.7%, according to the calculations made by Debt Justice based on the data from the World Bank (Savage, 2022). This is in contrast to a five percent interest rate on non-Chinese private debt (Savage, 2022). In 2021, around six nations—Angola, Cameroon, Republic of Congo, Djibouti, Ethiopia, and Zambia—paid more than a third of their debts to Chinese lenders, while 12 other nations paid more than 33% to private creditors (ibid). Further, it has been highlighted that, of the US\$35 billion in debt service payments that the 74 nations with the lowest incomes must repay in 2022, an estimated 37%, or US\$13.1 billion, is owed to Chinese businesses (Gold, 2022). Consequently, a number of African nations are distinguished by an ever-rising and significant amount of government resources being spent on debt servicing. The following figures demonstrate how Chinese debts have been causing a repayment difficulty among African nations:

- Reportedly, China is presently holding over 72% of Kenya's US\$50 billion in foreign debt, and over the next four years, Kenya is expected to pay the China Exim Bank alone US\$60 billion. This indicates that if Kenya doesn't pay back its debt, Mombasa Port may be lost.
- Between 2010 and 2015, Nigeria's debt to China rose by 136%, from US\$1.4 billion to US\$3.3 billion. In 2020, Nigeria must return US\$195 million of this loan to China.
- Approximately 1.4 billion dollars, or 75% of Djibouti's GDP, came from China. Nigeria needed to repay a loan from China for the "Nigerian National Information and Communications Technology Infrastructure Phase-II Project," which was signed in 2018.
- In addition, the Ugandan government was forced to postpone the Kampala-Entebbe Motorway project as a result of worries expressed by the political opposition about the deepening debt trap (Gold, 2022).

The increased borrowing from China has meant that the cost of obtaining external funding has also gone up. Most often, public debt has grown to be a nation's biggest problem, particularly in some emerging nations where a sizeable portion of national income is spent to repay

debt. For instance, 29 developing nations as a whole spent more than 15% of their total government income on debt payment in 2017 compared to 21 nations in 2014 (UNCTAD 2020). The IMF (2018:38) estimates that, in low-income countries, interest payments made up a median average of 5.3% of government revenues in 2017, an increase of two percentage points from 2013. In the Philippines, paying external debt accounted for \$1.62 billion in 2004, or over 10% of all government spending. Furthermore, debt indicators for emerging nations reveal that debt stocks have risen by over 8% annually over the previous 10 years and now account for more than 25% of GDP for all developing nations. Over this time, the average annual rise for all developing nations has been outpaced by the annual growth of debt stocks in East Asia and the Pacific (13.5%) and sub-Saharan Africa (9.4%) (UNCTAD, 2020).

Why China has Emerged as the Biggest Lender to African Countries

China has become one of the largest lenders on the African continent for a number of very good reasons. These include China's lending practices, the economic difficulties that African nations confront, and the recent fall in the use of concessionary financing.

(a) China's lending policy

China has developed to the point where it can compete with IFIs. Non-disclosure clauses that are a part of financing packages have been identified as contributing to the lack of transparency around Chinese-owned debt (Gold 2022). This is primarily attributable to China's policy of placing few lending conditions on loans to African nations. Additionally, China has been able to capitalise on what is likely one of the primary flaws of the majority of IFIs, which is the inclusion of unappealing conditions to their loans. China has been able to prolong its loans and also provide help to numerous African nations because of its policy of non-interference and little regard for the human rights records of borrowing countries, which are frequently overlooked by the Western IFIs. African politicians have been seduced and are aligning themselves more and more with Chinese politics to the point that they are now being forced to follow China's overarching economic goal. To do this, Bayes (2020) contends that China has exploited its reasserted hold on

African nations as a double-edged sword to promote its economic aspirations while also waging war with the West. It has been so simple for African nations to obtain Chinese loans from China under the pretext of using these loans without giving much thought to the consequences associated with increased borrowing. A similar situation currently puts African nations in a position to see a repeat of the 1980s and early 1990s, when IFIs granted significant loans through initiatives like SAPs, which had disastrous effects on the continent and left several nations drowning in debt.

It is undeniable that some African nations have a propensity for rash borrowing, and China has notably encouraged this hazardous habit through giving more loans to African countries. Due to increased borrowing, China will eventually need to make repayments, which would fall on the shoulders of the people, who, in the majority of situations, would not have profited much, if at all, from such imprudent borrowing (Bayes, 2020). In truth, China is just as guilty of being an irresponsible lender as Africa is of being a careless borrower. Therefore, China's readiness to lend and Africa's enormous desire for borrowing have both contributed to the continent's debt dilemma.

China has been able to loosen the hold that the Bretton Woods Institutions and other IFIs have on the African continent through the use of its “friend to all” policy and has thus managed to establish itself as the de facto central bank (it is important to note that most central banks on the African continent have devolved into weak organisations with a little impact on the overall economic standing and currency stability in their nations) (Chandler, 2020). The great majority of African leaders have been persuaded by China that all of their interactions with them would result in mutual benefit (AFRODAD, 2020).

The main reason African countries have resorted to China for external borrowing is their great desire to build infrastructure, catch up with Europe, and industrialise. Additionally, one of the main reasons African nations have turned to China for external financing is the fact that they have a restricted number of credit sources available to them (Chandler, 2020). According to AFRODAD (2020), African nations like Zimbabwe have been unable to obtain new loans and aid from the IMF, World Bank, and other international IFIs because they have neglected to honour and settle their prior debt repayment obligations. As a result, these nations have been forced to turn to China, which has been more than happy to extend loans to struggling nations.

(b) Decline in concessional borrowing

Along with having significant budget deficits, emerging nations have recently had trouble getting loans at favourable interest rates. Developing nations used to have access to more affordable external resources that they could utilise to pay for fiscal deficits and, generally, close the saving-investment gap (Mahmood et al., 2014:16). However, industrialised economies have recently struggled with their own deteriorating economic situations, which has led to a current shortage of foreign resources available at discounted prices (IMF, 2019:77). Mupunga et al. (2019:7) note that, in recent years, “the structure of external debt has changed from the largely concessional loans dominated by the traditional multilateral financiers such as IMF, World Bank and African Development Bank and the Paris Club prior, to the debt relief initiatives towards non-Paris Club, non-concessional and commercial debt.” For instance, “the share of multilateral debt for SADC Least Industrialised Countries (LIC) declined, from 54% in 2006 to 38% in 2017, while concessional debt fell from 63% to 58% during the same period” (IMF, 2019). Therefore, decreased concessional and growing borrowing from domestic, non-traditional official, and private lenders have been the main trends in low-income nations' public debt in recent years. Thus, the public debt in developing nations has increased to levels unseen in the last 50 years, and many developing nations have increased their borrowing from non-Paris Club members and private lenders on non-concessional conditions (World Bank, 2021:3).

The state of Chinese debt owed by African countries

Due to the "rise in new borrowing opportunities which stemmed from the accommodative liquidity conditions in international capital markets, the deepening of domestic financial markets for some African countries, and the growing lending activities of non-Paris Club countries such as China" (IMF, 2015), the debt levels of African countries increased. A significant lender to nations in the area now includes China. Most recently, China has provided concessional loans to African nations to finance infrastructure projects related to its Belt and Road Initiative (BRI) (Mupunga et al., 2019). Adeniran et al. (2018:30) claim that China gave numerous African nations financing totalling US\$10 billion in the form of concessional loans between 2009 and 2012, and another US\$20

billion between 2013 and 2015, bringing the total amount to more than US\$91.97 billion now. Angola, a member of SADC, is the biggest beneficiary of these loans, which are disbursed through its EXIM bank and are project-oriented concessional loans for the construction of infrastructure in agriculture and hydroelectric dams, transportation, railway, telecommunications, and agricultural equipment. Regarding the ownership and makeup of foreign debt in developing countries, UNCTAD (2020:10) states that over the previous 10 years, private non-guaranteed external debt has grown at a high annual growth rate of over 20%. The proportion of debt owed to private creditors in low-income countries more than doubled to almost 6% of GDP, compared to just over 2% of GDP in 2016 for bilateral Paris Club creditors and nearly 14% of GDP for non-Paris Club creditors, of which China accounted for just over 4% of GDP (Griffiths, 2020:11).

Debating Chinese loans to Africa

Academics, governments, and other interested parties throughout the world are split on the issue of Chinese loans to Africa. As already stated, China has become one of the most important alternative sources of development funding for the majority of developing nations, particularly those choosing to finance infrastructure development with debt. China has really lately surpassed the United States to become "Africa's largest bilateral infrastructure financier" (Zajontz, 2022:14) and the "sixth largest international creditor group worldwide" (Singh, 2021:239). However, concerns remain regarding the profitability, durability, long-term repercussions, and even the motivations of China's loans to African nations. From this conversation, two significant schools of thought have arisen. There are people who believe that Chinese loans to Africa will have devastating long-term effects for the African nations concerned, which is frequently evidenced by the deterioration of credit risks to those countries. In the worst situations, not paying off debts in full has resulted in the seizure of crucial assets, natural resources, and even parastatals and vital governmental institutions. As a result, China came under harsh criticism and charges of engaging in 'debt trap diplomacy' in Africa (Singh, 2021). The opponents contend that projects with weak links to growth, ineffective infrastructure plans, opaque contracts, and support for the construction of non-economic structures like cultural centres and government buildings are all contributing factors to this (Mlambo, 2022).

In such circumstances, it becomes challenging to justify China's allegedly "preferable" financing terms, which, in the majority of cases, have been assembled with blatant contempt for giving capital development projects that produce observable economic benefits priority.

However, the proponents of Chinese loans argue that they provide the much-needed respite in terms of development financing for projects focusing on social and physical development in developing nations. This has followed the Belt and Road Initiative (BRI), a large-scale infrastructure initiative launched by China in 2013 to encourage greater connectivity and collaboration among nations in Asia and Africa (Lai, Lin, & Sidaway, 2020). It was anticipated that the collaboration would lead to "win-win" development scenarios for the nations that are and will be a part of it (Carmody, Taylor, & Zajontz, 2022). A few studies have examined how Chinese loans have affected African economic development. Mlambo (2022) examined the effect of Chinese infrastructure development loans on economic growth in the chosen African nations, using yearly panel data for 15 African countries from 2000 to 2017, and the findings from this quantitative study showed that the loans are promoting economic expansion. Therefore, it was determined that Chinese infrastructure loans are advantageous for Africa. However, because Mlambo's analysis solely considers infrastructure loans, it is not comprehensive enough to encompass all of the loans that African nations got from China. However, some observers still believe that the stated economic advantages from infrastructure loans are conditional and vary from case to case depending on the manner in which Chinese capital interacts with African socio-political factors (Zajontz, 2022). Specifically, this suggests that Chinese loans have a very conditional influence on development. The results of Chinese loans may depend on the kind of leadership in a specific country, according to Bavister-Gould's (2011) bi-modal leadership continuum, which categorises leadership orientation in terms of national development as either "developmental" or "predatory." For example, when a leadership is predatory, authority will be concentrated in personal rule and utilised to manage economic resources that, in most situations, will not be employed for growth (Bavister-Gould, 2011). Therefore, loans given to a country in such circumstances will be extremely vulnerable to exploitation and no discernible developmental effects will be anticipated.

Findings and Discussion

The State of Zimbabwe's Borrowings from China

Within the past few years, China has surpassed all other sources of borrowing and has become Zimbabwe's top foreign financing source. In recent years, the Government of Zimbabwe (GoZ) has secured substantial loans from China on non-concessionary terms. Concessionary loans are more expensive for the GoZ since they frequently have higher costs and disadvantageous conditions (Mupunga et al., 2019:7). Zimbabwe owes China more than US\$2.49 billion, according to the Public Accounts Committee of Parliament, and these loans have not been included in the official debt data (ZIMCODD, 2020:4). This situation has been taking place as China has increased its position as the top bilateral lender from three developing nations in 2000 to 52 developing nations in 2019 (out of the 120 countries with data) (World Bank, 2021:1). The total amount of debt that these nations are carrying as a result of all of this increased non-concessionary borrowing from China has sharply grown (Saungweme & Odhiambo, 2018:96). It should be highlighted that borrowing from China is a component of the Chinese debt trap diplomacy, in which China issues debt to weaker nations as a tool for its foreign policy. Consequently, the Chinese loan is now a sort of neo-colonialism, imperialism reimaged (AFRODAD, 2020).

Many African nations have been lured to China as a source of external finance through debt as a result of China giving ostensibly "cheap loans" with incredibly lenient restrictions (Chandler, 2020). It should be emphasised that the GoZ authorities have not taken full advantage of available loans and funding sources by securing new loans, mostly from China. This situation has mostly resulted from the country's cabinet ministers' inability to create bankable projects (ZIMCODD, 2020:4). Loans from China have provided Zimbabwe with a sizable portion of its finance, and the GoZ's borrowing from non-concessional sources has made the sustainability of the country's debt worse. The GoZ authorities have effectively secured a number of new external loans from non-concessional sources (AFRODAD, 2020), on top of the already mismanaged debt that includes inherited debt, principal amounts owing to IFIs, as well as arrears and penalties on these debts. Zimbabwe has been reliant on loans from non-concessional sources of finance, namely China, because it has been unable to receive loans from the

conventional IFIs (Chigumira et al., 2018). For instance, the GoZ notably obtained a number of additional external loans from China and the African Export-Import Bank (Afrexim Bank) in 2019 to support the new ZWL\$, finance infrastructure projects, and make it easier to import necessities (like fuel, maize, and pharmaceuticals) (ZIMCODD, 2020:4). Some of these loans have been collateralised by upcoming shipments of minerals (IMF, 2020:2). ZIMCODD (2020:4) contends that, because the debt is not converted into expenditures that promote growth, such loans will notably have negative socio-economic effects on the medium to long term. Zimbabwe's dubious and suspicious loans from China have been of concern. Table 1 below shows the loans that have been contracted by the GoZ from China in recent years.

Table 1: Loans contracted by Zimbabwe from China between 2000 and 2018

Sector	Loan Purpose	Year	Source	Amount (US\$)	Contractor
Health	Construction of Mahusekwa Hospital	-		6 million Chinese aid to Zimbabwe	China's Nantong Construction Group Co. Ltd
	Medical loan	2011		100 million	-
Water	Upgrading of Morton Jeffery Water Treatment Plant	2011	China Exim Bank	144 million (from China Exim bank)	China Mechanical Engineering Corporation
	Harare City Council sewage treatment plants upgrade	-	-	237 million	Sino Hydro
	Water and Sanitation projects (2018, Land was used as collateral)	2018	-	868 million	China Machinery & Equipment Corporation
Transport	Robert Mugabe International Airport expansion project	-	China Exim Bank	153 million	Jiangsu International of China
	Victoria Falls Airport refurbishment	-	China Exim Bank	150 million	China Jiangsu International Group
	Beitbridge-Harare-Chirundu dualisation project	-	-	2.7 billion	Anhui Foreign Economic Construction Group Limited (Afecc)

Communication	National Broadband Project	-	China Exim Bank	98 million	Huawei
	NetOne 4G & LTE upgrading of base stations	2011; 2014; 2018	China Exim Bank	421 million (60 million in 2011, 290 million in 2014 & 71 million in 2018)	-
	High Performance Super Computer at the University of Zimbabwe	-	-	5 million	-
Power	Hwange Thermal Power station (Generating Unit 7 and 8; 600 MW increase)	-	China Exim bank	1.2 billion	Sino Hydro
	Kariba South Hydro expansion (300MW increase in generating capacity)	-	China Exim bank	320 million	Sino Hydro
Buildings	National Defence College construction	-	Chinese government	100 million	Anhui Foreign Economic Construction group
	New Parliament building	-	Chinese government grant	97 million	-

Source: Compiled by author from various GoZ official debt statistics 2021

It is clear that China has grown to be Zimbabwe's top foreign finance source from the above table, which lists the loans Zimbabwe has obtained from China and their intended uses. Tendai Biti, who served as Zimbabwe's Finance Minister from 2009 to 2013 during the inclusive government era, and is currently the Chairperson of Parliament's Public Accounts Committee, claims that Zimbabwe owes China more than US\$2.49 billion, a sum that has not been included in the nation's official debt statistics (Biti cited in ZIMCODD, 2020:4). It is clear that the GoZ owes a large debt to the Chinese even though the exact amount is contested. The situation is made worse by the fact that Zimbabwe's overall borrowings have not been made public by the Ministry of Finance and Economic Development. This is not without danger, as borrowing from private lenders typically comes with non-concessionary conditions and seems to be significantly more expensive when compared

to borrowing from multilateral sources. Despite this, President Mnangagwa's attempts to get a comprehensive economic rescue package from China have been repeatedly rejected by the Chinese government due to the latter's dismal payback record (Malaba et al., 2019:76).

It has been argued that there is a malignant cancer that is spreading in the spine of the Zimbabwean economy, and that cancer is hidden debt and grey debt. The fact that the majority of these loans from China were obtained illegally and without the approval of Parliament must be emphasised. One famous instance of such loans is the US\$55 million debt that was taken out from China in order to buy tractors that were then given away to "new farmers" by a for-profit organisation called Farmer's World (Malaba et al., 2019:76). Even though the RBZ guaranteed this specific loan, the GoZ has not paid back any of the many other Chinese loans. Furthermore, it is significant to remember that the GoZ currently hasn't taken any steps towards paying down significant foreign arrears (IMF, 2020). This is true even if the GoZ was able to pay off its US\$108 million in IMF debt on October 20, 2016. Further, some token payments totalling an estimated US\$1.1 billion were also paid between 2012 and 2019. Imprudent borrowing has been defined as Zimbabwe's acquisition of loans from China for the aim of supporting multiple projects; these loans are often non-concessional and have increased significantly in recent years (ZIMCODD, 2020). AFRODAD (2020) asserts that the politics of debt management decides who gets to borrow money, how much, and for what purposes. Zimbabwe has consequently been borrowing heavily to fulfil its expenditure needs, which has resulted in a rise in the amount of money disbursed from external loans. For instance, the GoZ borrowed an estimated US\$1,478,740,726 between January and September 2020 alone to cover a number of initiatives (ZPDMO, 2020:48). The loan amounts and expenditures of the borrowed monies for various projects are shown in Table 2 below.

Table 2: January-September 2020 loan amounts and actual disbursements

Loan Facility	Loan Amount US\$	2020 disbursements
Hwange 7 & 8 Thermal Power Station Project	997,723,244	10,570,839
Robert G. Mugabe International Airport	153,000,000	27,669,301
Poverty Alleviation Project	42 7,800,000	968,787
First Education Project	20,000,000	2,025,764
Smallholder Irrigation Revitalisation Project	15,000,000	294,425
TelOne Backbone Network and Broadband Access	98,617,482	5,509,414
Deka Pumping Station & River Water Intake System	28,600,000	
Net*One Network Expansion Phase III	71,000,000	
Urgent Response Operation to Fight Covid-19	87,000,000	
SUB TOTAL	1,478,740,726	47,038,530

Source: ZPDMO (2020:48)

The external loans disbursements from January to September 2020 for Hwange 7 and 8, Robert Mugabe International Airport, Poverty Alleviation Project, First Education Project, Small Holder Irrigation Revitalisation Project, and TelOne Backbone Network and Broadband Access totalled US\$47.04 million, as can be seen in the table above. The Hwange 7 & 8 Thermal Power Station Expansion Project, NetOne Expansion Project Phase IV, and Urgent Response Operation to Fight COVID-19, among other projects, were anticipated to receive US\$426.6 million in foreign loan disbursements in 2021.

It should be emphasised that the GoZ has funded these projects by borrowing money from outside sources at a time when it is heavily in debt from prior borrowings. The terms and conditions of the loans' repayment have also not been disclosed by the GoZ (AFRODAD, 2020:8). Other credit facilities totalling US\$651 million are currently being negotiated in addition to the loans that were successfully acquired. According to statistics from the ZPDMO (2020:49) these loans include:

- construction of Kunzvi Dam, US\$600m with China Eximbank;
- smallholder irrigation revitalisation programme, US\$36 million with the International Fund for Agricultural Development (IFAD); and
- smallholder irrigation revitalisation programme US\$15 million with OFID.

Such increased borrowings on top of an already existing enormous external debt are irresponsible and further ensnare the nation in debt. Dube and Mapfudza (2020:30) go on to assert that, even though some of this debt has been used for admirable and ostensibly fruitful projects, it is still concerning that these loans have accumulated in the absence of any significant reforms, which is a requirement for ensuring that debt does not explode out of control and worsen the country's debt situation. There have been comparisons made to "debt alcoholism" or, in some cases, "debt on steroids" due to Zimbabwe's enormous desire for borrowing money from nations like China and the ensuing debt crises (Malaba et al., 2019:66). Therefore, it is clear that Zimbabwe's decision to expand its borrowing from China in the midst of pre-existing financial problems has made the debt the nation owes less sustainable. In actuality, the nation has been accumulating new debt, which has made the previously acquired foreign public debt less sustainable. However, there are other parties to also blame for Zimbabwe's massive debt, including bilateral lenders and IFIs that continued to extend new loans to the government despite difficulties with repayment.

Zimbabwe's debt to the Chinese has been particularly concerning: "Zimbabwe is choking under Chinese debt, but the country would continue looking up to the Asian giant for bailout because of the good working relations between the two nations" (Mhlanga, 2020:9). China has continued to provide more financial resources, which have been crucial in helping Zimbabwe achieve its economic and infrastructural development goals despite the country's rising debt problems and obvious difficulty in repaying the majority of its loans.

The Implications of Chinese Debt

There is no question about the direct effects of Chinese loans on the continent of Africa: higher debt loads. African nations have found themselves in a perilous position due to their foreign debt as a result of excessive borrowing, reckless debt management, and weak institutions.

For instance, Zambia has just lately begun defaulting on its foreign public debt commitments, particularly the debts it owes to China. The country has also started to sputter under duress, with growing inflation serving as a clear indicator of the economy's dire state.

Although there have been significant infrastructural improvements in some African nations, some have contended that the costs they have incurred outweigh the advantages. Africans have exchanged a significant portion of their precious natural resources for a few infrastructure projects that, with appropriate domestic resource mobilisation and decreased corruption, they would have ultimately been able to pay on their own.

The majority of China's loans have been bilateral (private), which means that they have cost the African nations a lot of money. Because natural resources are frequently used as collateral to get these loans, African countries have been and continue to run the risk of losing a significant portion of their valued resources for relatively little due to the Chinese undervaluing these resources and generally not being fair in the majority of cases. Therefore, much like the SAPs and other borrowing programmes from the Bretton Woods institutions and other IFIs, Africa's borrowings from China are doomed to failure.

Thus, borrowing at non-concessional rates from private lenders has proven to be rather expensive; thus, such loans are a source of further debt problems for Africa (Mbawu & Nkala, 2018:9). One of the main causes of this is that private creditors are less receptive to requests for debt suspension and relief, which means that, even in the absence of repayment or extreme circumstances that would typically lead to debt repudiation or cancellation, such as with multilateral IFIs, such debt does not disappear quickly. Additionally, the cost of servicing the sizeable private sector debt has grown to be highly difficult for African nations due to the rise of creditors and the terms of non-concessional borrowing. This is due to the noticeably high interest rates imposed as a result of the unfavourable credit ratings and a frequently exaggerated risk premium (Mbawu & Nkala, 2018:10). Due to their dependence on private debt, the majority of African nations (including Senegal) have junk status credit ratings (Horn et al., 2019:3). Contrary to the nature of concessional loans acquired from multilateral IFIs, this is the exact reverse.

Conclusion and Recommendations

This article has articulated the rise of China as a lender of first choice within Africa, paying particular attention to Zimbabwe. The article explained how China has risen to be the most dominant provider of external loans to African countries. However, there are concerns that have been noted with regard to the terms and the nature of these loans being provided by China. On Zimbabwe's part, the article has revealed that China has, within the past few years, become the single biggest source of external funding for Zimbabwe. The Government of Zimbabwe has, in recent years, acquired significant loans on non-concessionary terms from China. China issues cheap loans with very relaxed conditions. Moreover, it should be highlighted that, in acquiring additional loans, mostly from China, the GoZ authorities have failed to get the most out of potential loans and sources of finance. Such a scenario has mostly emanated from the fact that the country's cabinet ministers do not know how to draft bankable projects. Zimbabwe has been noted to have acquired a significant amount of funding in the form of loans from China, and borrowings from non-concessional sources by the GoZ have also aggravated the sustainability of the country's debt.

To reduce the impact of China's increased and growing influence as a top lender in Africa, particularly in Zimbabwe, the government of Zimbabwe should significantly reduce its borrowing from China. The GoZ has been borrowing excessively even when faced with the prospects of increasingly unsustainable debt. Zimbabwe has been mostly running to China to access loans because of its failure to access loans from the traditional IFIs. Therefore, the GoZ should, in the meantime, desist from obtaining new external public debt, especially from concessionary sources or private lenders up until the country has decisively dealt with the debt previously acquired and up until this debt has been managed to sustainable levels. The GoZ should ensure that any borrowing acquired from China should, through the necessary checks and balances, be transparent. It has also been noted that China seems to be engaged in irresponsible lending as it has been lending to countries such as Zimbabwe that are already struggling with previously acquired debt. China's system of lending should be thoroughly examined and measures put in place to prevent the deliberate perpetuating of indebtedness among countries like Zimbabwe. One cannot avoid borrowing from IFIs such as WB and IMF since Zimbabwe is also part of these institutions.

Therefore, it is always better to borrow from them than from non-concessionary sources of debt such as from China.

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