

ZIMBABWE



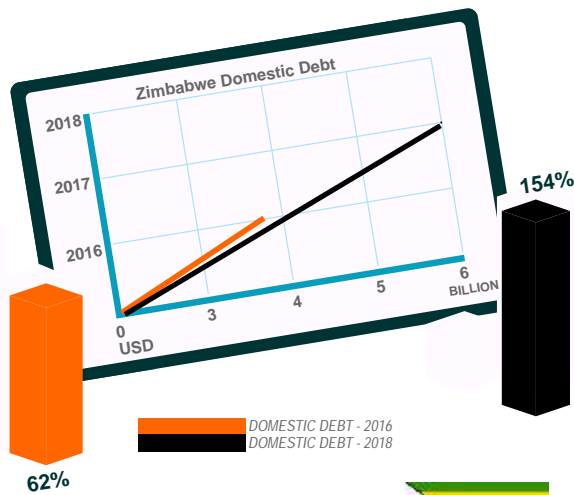
Debt Profile 2018



**AFRICAN FORUM AND NETWORK
ON DEBT AND DEVELOPMENT**

For the past 5 years, GDP growth in Zimbabwe has been below 5% averaging 3% per year.

ZIMBABWE'S DOMESTIC PUBLIC DEBT HAS RISEN EXCEEDING 100% from about US\$3.7 billion in 2016 to about US\$ 9.5 billion in 2018

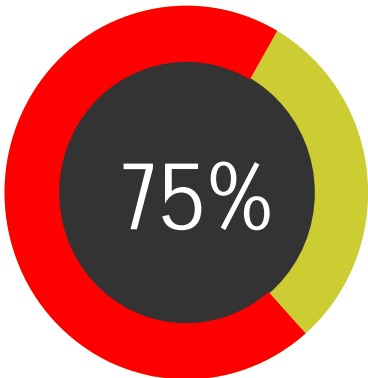


This follows the government takeover of the Reserve Bank debt, worth US\$1.4 billion, through the Debt Assumption Act in 2015 which increased the domestic debt by 85%.



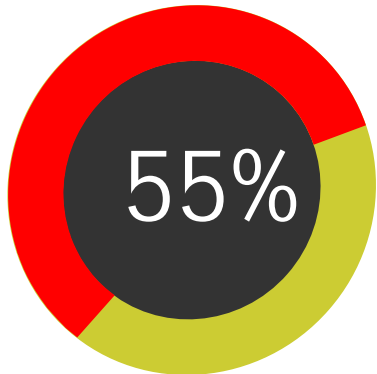
Zimbabwe debt stock

The total outstanding debt stock for Zimbabwe is estimated at US\$17 billion in 2017, representing 75% of the GDP, US\$7.5 billion is external debt



External debt

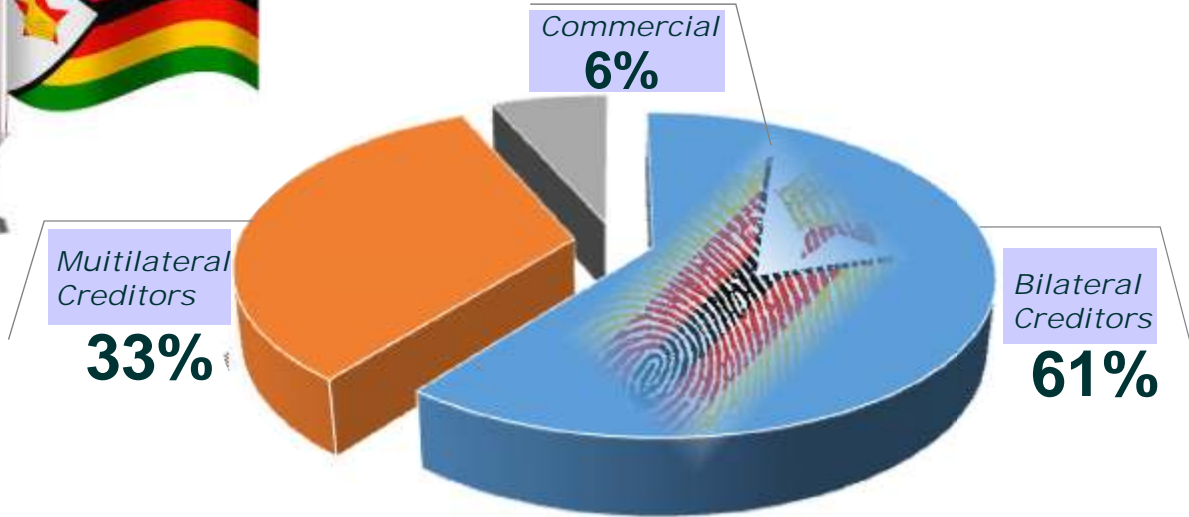
The Zimbabwe debt stock is projected to be US\$15.3 billion by 2020, 55% of that being external debt.



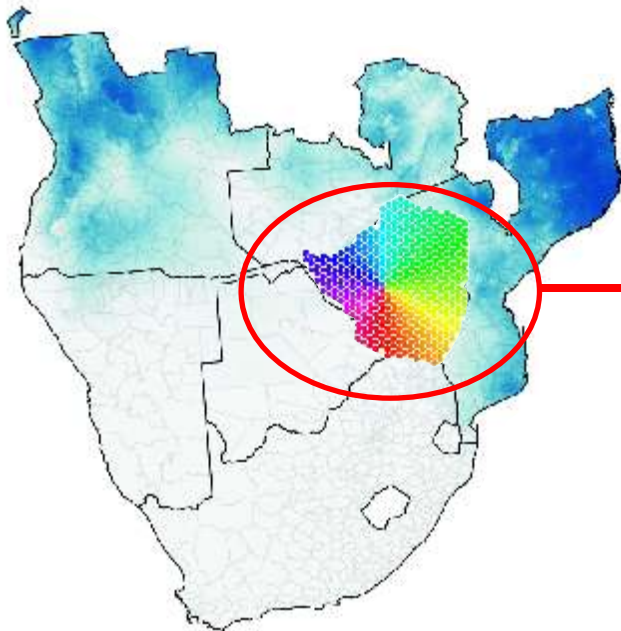
Bilateral creditors account for more than 60% of debt stock.



PUBLIC EXTERNAL DEBT BY CREDITOR: END 2017

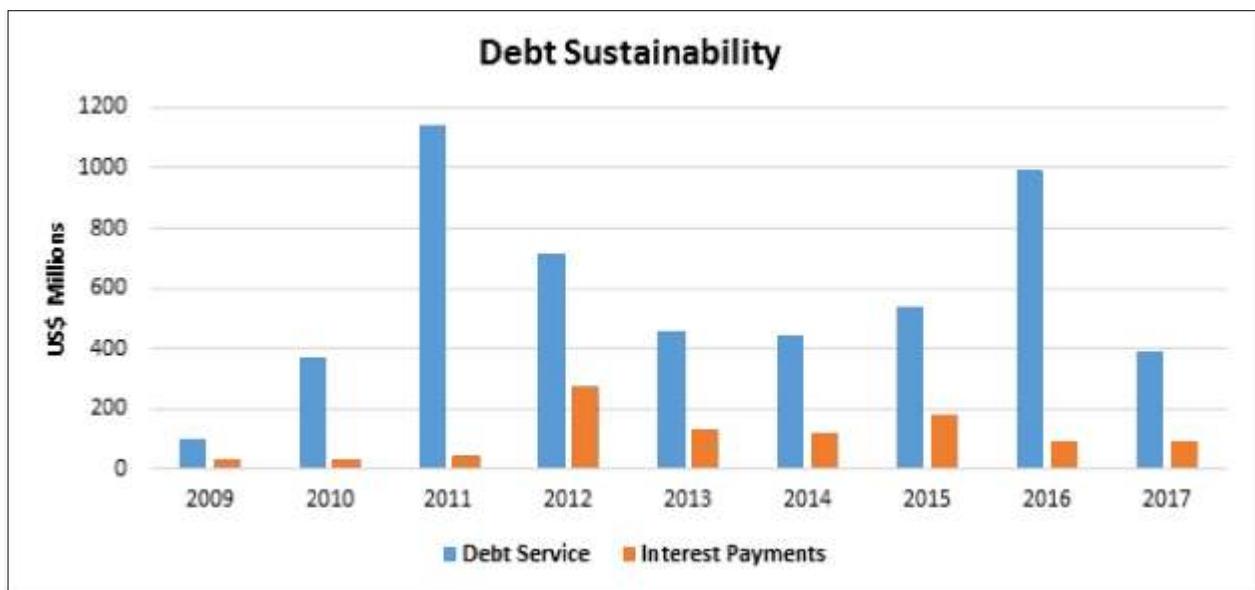


ZIMBABWE A HIGH RISK DEBT COUNTRY



A detailed analysis of countries in default shows that Zimbabwe has been in default on debt payments since the mid-1990s.

For the past decade Zimbabwe has been in debt distress



Domestic debt which was insignificant in the last decade is on an unsustainable trajectory path increasing sharply to more than 25% of GDP.



RECOMMENDATIONS

1. The government should direct resources from debt to capital projects that have ability to payback and also towards productive sectors of the economy, contrary to funding recurrent expenditure.
2. In the absence of effective monetary policy, the government should strengthen the soundness of its fiscal position through the promotion of foreign direct investment policies and improve capacity utilization across key sectors of the economy.
3. There has been a significant rise in domestic debt, constituting a large share of the total public debt. Hence, the government should formulate and implement prudent domestic debt management strategies to mitigate the effects of rising debt on the economy.



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