

Zim seeks US\$2bn bridge finance for arrears

Newsday By Tafadzwa Mhlanga

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ZIMBABWE is looking for US\$2 billion bridge financing to clear its [World Bank](#) and African Development Bank (AfDB) arrears, Finance minister Mthuli Ncube has said as Harare seeks to normalise relations with international financial institutions.

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“So, in terms of getting a sponsor for bridge financing, yes, it is part of this traditional method and way of clearing arrears as Zimbabwe would need a sponsor,” Ncube said in response to NewsDay Business inquiry last week.

“A sponsor provides a bridging loan literally for 24 hours, and we need about US\$2 billion. We will be focusing on the clearance of the World Bank and the AfDB arrears together.”

He said Zimbabwe needed two or more sponsors to be able to facilitate the loan.

“We need this bridge financing for 24 hours. But also, we are not just looking at one sponsor; we are looking at getting two or three, because with such a big amount it is normal to seek support from several sponsors,” Ncube said.

“If you look at countries like Sudan or Somalia, they needed several sponsors to support them in clearing their arrears.”

He said they had been making token payments to creditors and vowed to maintain the payments to boost Harare's confidence ratings.

"I was able to assure all the creditors that we were committed to continue making the token payments," Ncube said.

"We are making token payments with the World Bank, AfDB, European Investment Bank and the 16 Paris Club partners. We maintain that it is very important for building confidence for Zimbabwe to maintain these token payments.

"So, those are the kinds of preferred creditors in terms of the amounts that are owed. But if we can clear the arrears, US\$2 billion should be enough to enable the clearance of these kinds of debts in terms of bridge financing," Ncube added.

He said the European Investment Bank was owed about US\$412 million.

Zimbabwe embarked on a debt and arrears repayment plan last year, supported by the AfDB with former Mozambique President, Joaquim Alberto Chissano leading the charge.

Ncube said Treasury was expecting to raise US\$250 million per year through the new taxing regime introduced this year.

"These additional taxes will go a long way in indeed meeting our fiscal obligations and also in dealing with the costs of servicing some of the debts that we have taken over from the central bank and some of the debts that we owe under the Blocked Funds Programme," he said.

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