



ZIMCODD

WEEKEND READER

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"Your Weekly Read on Debt, Development & Socio-Economic Justice"

Zimbabwe's Quest for a US\$150 Million AfDB Loan: Implications for Debt Sustainability and Citizen Welfare



According to a NewZWire article published on 11 June 2026, Zimbabwe is currently engaged in discussions with the African Development Bank (AfDB) over a proposed US\$150 million facility intended to support the country's arrears clearance and debt resolution efforts. Importantly, the facility remains under negotiation and has not yet been approved or disbursed. From ZIMCODD's perspective the proposed financing forms part of the broader strategy to restore Zimbabwe's access to international capital and normalise relations with creditors. However, while Government views the facility as a potential catalyst for re-engagement and debt resolution, concerns remain regarding debt sustainability. Zimbabwe already owes the AfDB approximately US\$759 million in outstanding debt and arrears. As such, the prospect of securing additional financing before existing obligations are fully resolved raises important questions about the long-term implications for public debt management and fiscal sustainability.



ZIMCODD therefore emphasises the need for transparency throughout the negotiation process, including public disclosure of the facility's terms, conditions, and repayment obligations. Citizens must be assured that any new borrowing contributes to sustainable economic recovery and does not further compromise resources required for essential public services and social development.

The proposed financing appears to be linked to the arrears clearance strategy and could serve as a form of bridge financing intended to unlock larger debt restructuring and concessional financing opportunities. However, securing the facility will depend on continued progress under the IMF Staff Monitored Programme (SMP), governance reforms, and creditor confidence in Zimbabwe's debt resolution roadmap.

From a citizen-centred perspective, the major concern is that debt servicing obligations continue to compete with critical social investments. Zimbabwe has consistently fallen below regional and international financing benchmarks in key sectors. In 2026, allocations to health (9.4%) remain below the 15% Abuja Declaration target, while water and sanitation (0.29%) fall significantly short of the 1.5% Ethekewini benchmark. Education, which reached the Dakar benchmark in 2025, has declined to 15.4% in 2026, while agriculture remains below the 10% Maputo Declaration target. These funding gaps contribute to deteriorating public services, inadequate healthcare, poor water infrastructure, and limited social protection, which disproportionately affect low-income households, women, and rural communities.

While debt resolution is necessary to unlock development financing, ZIMCODD maintains that transparency, parliamentary oversight, and public accountability must guide any new borrowing. Citizens should not bear the burden of debt accumulation through reduced access to essential services. Any future financing must demonstrate clear developmental benefits and be accompanied by safeguards that prioritise investments in health, education, water, agriculture, and social protection to ensure that economic recovery translates into tangible improvements in people's lives.

Recommendations

- Government should publicly disclose the full terms and conditions of the proposed US\$150 million AfDB facility, including whether it is a bridge loan, repayment obligations, interest rates, and associated risks. Parliament and citizens must be given an opportunity to scrutinise the borrowing arrangement to ensure that it does not further deepen Zimbabwe's debt burden. Transparency is critical given concerns around the exclusion of some debt obligations, including RBZ liabilities, from public debt reporting.
- Any new borrowing should not come at the expense of essential public services. Zimbabwe is already allocating below regional and international benchmarks in key sectors such as health (9.4% against the Abuja target of 15%), water and sanitation (0.29% against the Ethekewini target of 1.5%), and agriculture (8.3% against the Maputo target of 10%). Government must ring-fence resources for education, healthcare, water provision, agriculture, and social protection to ensure that debt servicing does not worsen poverty and inequality.
- While bridge financing may assist in clearing arrears and unlocking concessional financing, Government should avoid replacing old debt with new debt without addressing the structural causes of debt distress. ZIMCODD urges authorities to prioritise debt restructuring, debt relief negotiations, domestic resource mobilisation, and strengthened public financial management systems. Any borrowing should be linked to clear economic and social benefits that improve citizens' livelihoods and contribute to long-term debt sustainability rather than perpetuating a cycle of indebtedness.

Regional Tobacco Indaba 2026: Putting Smallholder Farmers at the Centre of Tobacco Sector Reforms

As the International Tobacco Growers Association (ITGA) Africa Regional Meeting convenes in Harare from 30 June to 3 July 2026, discussions must go beyond production statistics and focus on the realities faced by smallholder farmers who form the backbone of Zimbabwe's tobacco industry. While tobacco production and export earnings continue to grow, many farmers are not experiencing meaningful improvements in their incomes, livelihoods, or overall well-being. The gap between increased production and persistent rural poverty highlights the need for reforms that ensure the benefits of the tobacco sector are shared more equitably.

The tobacco value chain remains characterised by significant power imbalances between tobacco companies and farmers. Smallholder farmers carry most of the production risks, including climate shocks, rising input costs, labour expenses, and market uncertainty. Yet many receive limited returns after deductions for input loans, transport costs, and other charges under contract farming arrangements.

The current marketing season has further exposed farmers' vulnerability. Tobacco prices have continued to decline due to global oversupply, while production costs remain high. This growing mismatch between costs and farm-gate prices is reducing profitability and making it increasingly difficult for farming households to meet basic needs such as food, education, healthcare, and decent housing. If these challenges remain unresolved, there is a risk that tobacco farming could follow the path of the cotton sector, where low returns and unfavourable market conditions drove many farmers out of production.

ZIMCodd believes that Government has a responsibility to protect farmers from exploitative market practices and promote equitable outcomes within the sector. A transparent and legally enforceable tobacco pricing framework is needed to guarantee farmers a minimum price linked to production costs. Contract agreements should clearly specify minimum prices before planting begins, reducing uncertainty and strengthening farmers' bargaining power.

In addition, regulatory authorities should strengthen oversight of contract farming systems through independent monitoring of input pricing, grading systems, and loan recovery mechanisms. Farmers must also be represented in policy and price-setting discussions to ensure their voices are reflected in decision-making processes.

As regional stakeholders discuss the future of the tobacco sector, sustainable growth should not be measured solely by production volumes. A truly sustainable tobacco industry is one that delivers fair incomes, protects farmers' rights, and improves the welfare of rural communities.

Recommendations

1. Establish a Tobacco Price Protection Framework

Ministry of Lands, Agriculture, Fisheries, Water and Rural Development and the Tobacco Industry and Marketing Board (TIMB) should introduce a legally enforceable minimum tobacco price linked to production costs to protect farmers from unfairly low prices. Price-setting mechanisms should be transparent and include farmer representatives with gender parity, regulators and contractors.

2. Strengthen Regulation and Transparency in Contract Farming

TIMB and the Competition and Tariff Commission need to enhance oversight of contract farming arrangements by monitoring input pricing, grading systems, loan recoveries and contract terms. This can be done through a public online registry of contract terms, quarterly audits of input pricing and loan deductions. Independent dispute-resolution mechanisms should be established to address unfair deductions and exploitative practices.

3. Promote Farmer Centred Policies and Local Value Addition

The Ministry of Industry and Commerce and Zimbabwe Investment and Development Agency (ZIDA) should develop policies that strengthen farmer associations and ensure women and youth participate in policy and pricing discussions. In this regard, publishing a tobacco value addition strategy will ensure increased investment in local tobacco processing and improved farmer incomes, job creation and retaining more benefits within Zimbabwe. This is key in reducing the need for regressive borrowing to fund imports.

4. Link Tobacco Sector Governance to Broader Fiscal and Debt Justice

It is essential that the Ministry of Finance, Economic Development and Investment Promotion and Parliament of Zimbabwe publish an annual “Sector Equity and Fiscal Impact Statement” showing how tobacco revenues are used, how debt servicing affects agricultural spending and what measures are in place to protect smallholder farmers from corporate exploitation.

Upcoming events



Opportunities

Call for Student Attachment Applications. | Fawezi

Applications should be submitted to (applications@fawezi.org)
Deadline: 19 June 2026

***Girl Up Zimbabwe* is seeking passionate, driven and committed young women leaders to join our Executive Team for the 2027 term. We are recruiting for the following positions: 1. President, 2. Vice President, 3. Social Media Manager**

<https://docs.google.com/forms/d/e/1FAIpQLSdv61v1oZeUxrjIU2AnPG0zCbR0F3u9exFRLu4pJ-D-hf1Ztg/viewform?pli=1>

Applications for the Youth Friendship Bench Internship Programme are now

https://docs.google.com/forms/d/e/1FAIpQLSf7xzwkOe6EVb2IWXPIH_AeGq_iLEkCiTjbb_HhVC0dXZYIfw/viewform?pli=1
Due: 19 June 2026

Call for Applications: 11th Cohort of the Next Generation Resource Governance Leaders Program

<https://acep.africa/nextgen11/>
Due: 21 June 2026

Where did the money go?

