Sovereign Debt News Update No. 188: Zimbabwe's March 2027 Debt Arrears Clearance Target and Ministerial Restructuring: Examining Economic Governance, Accountability and Political Power

By:

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Zimbabwe is intensifying efforts to resolve its longstanding external debt crisis, with the Government targeting March 2027 to make substantial progress towards clearing arrears owed to international creditors. The initiative forms part of a broader effort to *restore relations with international financial institutions, improve access to affordable development finance and revive the country's capacity to mobilise external resources for infrastructure, public services and productive investment*. The scale of the challenge remains considerable. Reporting on the Government's latest debt-clearance initiative

placed Zimbabwe's total public and publicly guaranteed debt at US$23.4 billion as at September 2025, including US$13.6 billion in external obligations, while arrears and accumulated penalties were estimated at US$8.3 billion. Additionally, the debt-clearance announcement coincides with a significant institutional change in Zimbabwe's economic governance. On 8 October 2026, President Emmerson Mnangagwa split the Ministry of Finance, Economic Development and Investment Promotion into two portfolios, retaining Professor Mthuli Ncube as Minister of Finance while appointing businessman and Senator Kudakwashe Tagwirei as Minister of Economic Development and Investment Promotion. The Government has presented the restructuring as a *means of sharpening fiscal management and accelerating investment-led growth*. However, the appointment has also renewed questions about the relationship between political authority, private commercial interests and the management of public resources, particularly given earlier investigative reporting concerning Tagwirei's companies and their dealings with state institutions. This update examines Zimbabwe's debt position and the March 2027 target for arrears clearance, explains the division of responsibilities between the two ministries, and considers whether the restructuring is best understood as a functional separation of economic responsibilities or whether it raises broader concerns about political power, institutional independence and accountability in public finance management.

March 2027: Seeking Bridge Financing and Creditor Cooperation

On 19 October 2026, Finance Minister Professor Mthuli Ncube outlined the Government's efforts to secure international bridge financing to support arrears clearance, with the end of March 2027 identified as a key milestone. Speaking during an online media briefing on the sidelines of the 2026 IMF and World Bank Group Annual Meetings in Bangkok, Thailand, Ncube said the Government would approach potential financiers in Europe and other international capitals. He explained: "*We will be visiting various capitals around the world to cajole potential providers of finance for arrears clearance. The idea is, if we could secure the finance, that would enable us to clear our arrears.*" The emphasis on bridge financing reflects the difficulty of settling large, accumulated obligations from domestic fiscal resources alone. It also indicates that the proposed timetable depends significantly on the willingness of external partners to provide or facilitate the necessary funding.

Ncube has nevertheless acknowledged that the Government may need to consider alternatives if concessional or otherwise supportive bridge financing cannot be secured. He stated: "*If we can secure this bridge financing, then that will enable us to clear our arrears. If there is no champion to help us with bridge financing, then we may be able to look at commercial solutions as well.*" He further stressed the urgency of the process, saying: "*We are determined that by the end of March next year we should have really made progress on debt arrears and not to delay any further. We do not want to waste the current global goodwill and momentum.*" Since adopting its Arrears Clearance, Debt Relief and Restructuring Strategy in December 2021, the government, under Finance Minister Mthuli Ncube, has pursued repeated engagements with creditors and development partners, formalised through the Structured Dialogue Platform established in December 2022. Yet, nearly four years on, comprehensive arrears clearance remains unresolved, making the government's latest target of tangible progress by the end of March 2027 an ambitious deadline against a backdrop of prolonged negotiations and continued dependence on securing bridge financing.

Splitting the Ministry: Treasury Management and Economic Development

On 8 October 2026, when President Emmerson Mnangagwa announced the separation of the former Ministry of Finance, Economic Development and Investment Promotion into two portfolios, Professor Mthuli Ncube was reassigned as Minister of Finance, while Kudakwashe Tagwirei was appointed Minister of Economic Development and Investment Promotion. The changes were announced by Chief Secretary to the President and Cabinet Dr Martin Rushwaya and took immediate effect. The President acted under Section 104(1) of Zimbabwe's Constitution, which empowers him to appoint ministers and assign ministerial responsibilities. The restructuring was subsequently presented by the Government as a strategic measure intended to strengthen macroeconomic management while giving greater institutional attention to investment promotion, industrialisation and economic growth.

The Government's stated justification is that managing public finances and promoting investment, although closely related, require different priorities and institutional approaches. It is imperative to highlight that Zimbabwe is not

alone in assigning fiscal management and investment promotion to different institutions, although the precise arrangements vary across countries. Countries such as Singapore, Malaysia and the United Kingdom have been referenced. According to this line of thinking, finance ministries must balance competing expenditure demands against available revenues, manage borrowing, control public spending and preserve fiscal stability. Economic development ministries, by contrast, are expected to mobilise investment, facilitate productive projects, encourage industrialisation and coordinate policies aimed at increasing output, employment and exports. One source described the restructuring as a division between the “guardian” function of Treasury and the “promoter” function of economic development. Under this explanation, the separation is intended to prevent immediate fiscal-management demands from crowding out the longer-term work of attracting investment and implementing economic-development priorities.

The allocation of responsibilities reflects this distinction. Ncube’s Finance Ministry retains national budgeting, public financial management, resource mobilisation, public debt management, arrears clearance and macroeconomic and fiscal policy. It is therefore the principal ministry responsible for the March 2027 debt-clearance initiative and engagement with creditors. Tagwirei’s Ministry of Economic Development and Investment Promotion is expected to concentrate on attracting domestic, foreign and diaspora investment, supporting industrialisation, facilitating public-private partnerships and promoting productive sectors such as agriculture, mining, manufacturing and tourism. It is also expected to contribute to the implementation of the National Development Strategy 2 and Zimbabwe’s Vision 2030 objectives. The intended logic is that the Finance Ministry should maintain the fiscal framework within which economic activity can expand, while the development ministry works to bring investment and projects into that framework.

The Division of Responsibilities and the Need for Coordination

The separation also creates practical questions about the relationship between the two ministries. Investment promotion often depends on tax incentives, public infrastructure, government guarantees, land allocation and public-private partnerships, all of which can have implications for public expenditure and contingent liabilities. A ministry charged with attracting investment may seek

concessions to make projects commercially attractive, while Treasury must assess whether those concessions are affordable, transparent and consistent with fiscal priorities. If the two institutions operate without clear procedures, the division could produce competing policy priorities, overlapping mandates or delays in project approval. Conversely, if their responsibilities are carefully defined, the arrangement could create useful institutional checks by requiring investment proposals to be assessed against fiscal constraints before public resources are committed. The question is therefore not simply whether the ministries are separate, but whether their interaction strengthens accountability or allows decisions to move between institutions without clear responsibility.

The formal allocation of agencies and statutory bodies is particularly important. An analysis by the Herald Newspaper identified the Zimbabwe Investment and Development Agency, special economic zones and public-private partnership functions as areas naturally associated with the investment-promotion mandate. However, some proposed allocations were analytical rather than a definitive official list, and formal assignments of statutory bodies would need to be established. This distinction should be maintained when describing the new structure: the broad division of ministerial responsibilities has been announced, but not every institutional boundary should be assumed to have been finalised merely because it appears logical. Public clarity over which ministry supervises investment agencies, negotiates incentives, approves public-private partnerships and monitors project implementation will be essential to ensure that the restructuring produces measurable institutional improvements rather than a new layer of administrative ambiguity.

The debt-clearance initiative makes coordination between the ministries particularly consequential. Although Ncube’s ministry retains responsibility for public debt and creditor engagement, Zimbabwe’s ability to attract sustainable investment will depend on the credibility of the wider economic framework, including debt sustainability, predictable regulation, transparent procurement and confidence that investment incentives will be applied consistently. The development ministry cannot independently resolve the arrears crisis, while Treasury cannot achieve broad-based economic transformation through fiscal restraint alone. The two portfolios must therefore work within a common national strategy, with clear accountability for the fiscal consequences of

investment decisions. In a country seeking to restore access to international finance, the success of the restructuring should be judged by whether it improves policy coherence, institutional reliability and public confidence, not simply by the creation of two ministerial offices.

Zimbabwe's Ministry Split: Separation of Functions or Consolidation of Political Influence?

Applied to Zimbabwe, the separation of functions required questioning if it is driven by the need for genuine economic reform, or if it is to serve a political purpose. The political implications become more significant when the identity and commercial background of the new Minister of Economic Development and Investment Promotion are considered. For background, the Sentry's "Shadows and Shell Games" 2021 report alleges that Kudakwashe Tagwirei built a vast, offshore-linked business empire in Zimbabwe using complex corporate structures, preferential government treatment, and networks spanning mining, fuel, and other sectors. Simply put, the investigation by The Sentry and Open Secrets examined allegations concerning the movement of funds from Zimbabwe into international financial channels through corporate structures. Another Sentry's 2022 investigation alleged that companies associated with Tagwirei received millions of dollars in potentially unlawful payments connected to Zimbabwe's Command Agriculture programme. Its findings raised questions about the relationship between politically connected businesses and public institutions, including the Reserve Bank of Zimbabwe, and called for investigations into transactions it considered questionable.

These reports do not, in themselves, establish that Tagwirei committed a criminal offence, and their allegations should not be presented as judicial findings. Nevertheless, these findings form relevant background for assessing the appointment of a businessman (who remains subject to US and UK sanctions due to the highlighted findings) to a public office influencing investment facilitation, industrial projects and state-private sector relations. His political ascension in the space of a year has also been interesting. Kudakwashe Tagwirei's formal political ascent accelerated in August 2025, when he was co-opted into ZANU-PF's Central Committee, following a recommendation by the Harare Provincial Coordinating Committee on 31 March and Politburo approval in July. Within a year, in August 2026, President

Emmerson Mnangagwa appointed him to the national Senate, before appointing him as Minister of Economic Development and Investment Promotion on 8 October 2026. On 15 October 2026, he was also appointed ZANU-PF Politburo Secretary for Economic Affairs and Investment Promotion. Given the allegations and quick ascension to power, the appointment of Kudakwashe Tagwirei to head the new ministry complicates the rationale and raises questions about the political and commercial interests underpinning the restructuring.

The Financial Times' 2007 Debate: Economic Reform or Political Manoeuvring?

The Financial Times article "Politics of a Split Finance Ministry", published in 2007, provides a useful framework for examining Zimbabwe's decision to separate the Ministry of Finance from the Ministry of Economic Development and Investment Promotion. The article argues that decisions to divide finance ministries generally reflect a country's economic priorities or political imperatives at a particular historical moment. It examines Nicolas Sarkozy's restructuring of France's finance ministry, which was partly intended to improve the transparency of state expenditure at a time when public debt was under scrutiny, alongside Japan's Ministry of International Trade and Industry (MITI), established in 1949 to support industrial recovery and strengthen export competitiveness after the Second World War. Germany's separate finance and economy ministries are also discussed, as is the United Kingdom's short-lived Department of Economic Affairs, established by Prime Minister Harold Wilson in 1965 and dissolved in 1969 following conflicts within government. The article further notes that proposals by advisers to Tony Blair to split the British Treasury were partly motivated by a desire to constrain Gordon Brown, then Chancellor of the Exchequer and a future prime minister. These examples demonstrate that the same institutional reform can serve very different purposes, ranging from improved fiscal transparency and specialised economic policymaking to the redistribution of political influence.

The distinction between economic and political motivations is captured by Professor Roger Middleton of the University of Bristol, who observed that the success of a split depends on its underlying objectives. Where the motivation is principally political, as he argued was the case with Britain's Department of

Economic Affairs, "*not much can be expected*". Where the motivation is predominantly economic, he explained, the outcome depends on whether the new economic ministry pursues interventionist industrial policies or genuinely market-liberalising supply-side reforms. This assessment is particularly relevant to Zimbabwe because the Government has justified the October 2026 restructuring on the grounds that separating fiscal management from investment promotion will allow each ministry to concentrate on its core responsibilities. However, the existence of two portfolios does not establish that the reform will improve economic performance. That will depend on whether the new Ministry of Economic Development and Investment Promotion develops coherent policies to address investment constraints and expand productive capacity, while the Ministry of Finance maintains fiscal discipline and transparent oversight of public resources. The key question is whether the restructuring responds to identifiable institutional weaknesses or primarily serves political objectives that cannot be resolved through administrative reorganisation alone.

Martin Weale, then director of the United Kingdom's National Institute of Economic and Social Research, similarly highlighted the relationship between ministerial specialisation and control over public resources. Referring to Germany's institutional arrangements, he observed: "*In Germany, the economics ministry is the junior department to the finance ministry because being in charge of the money is what makes you important.*" He nevertheless acknowledged the potential benefits of separating responsibilities, explaining that "splitting up rather than having a big super-ministry, favours the development and maintenance of specialist skills, so long as it is headed by a good minister." Weale's observations identify both the promise and the limitations of Zimbabwe's new arrangement. A separate economic development ministry could cultivate specialist expertise in investment promotion, industrialisation and productive-sector development. Yet the Finance Ministry retains a structurally significant position because it controls the fiscal framework within which investment incentives, public expenditure and government-supported projects must operate. Whether the division improves economic governance will therefore depend not only on the formal mandates of the two ministries, but also on the quality of their leadership, their working relationship and the extent to which their decisions remain accountable to

Parliament and the public.

Conclusion

Zimbabwe’s target of making substantial progress towards clearing external debt arrears by March 2027 reflects the urgency of resolving a crisis that has constrained access to affordable international finance for more than two decades. The Government’s efforts to secure bridge financing, negotiate improved repayment terms and deepen engagement with creditors are important steps, but the outcome will depend on the availability of funding, the terms agreed and the credibility of the reforms accompanying the process. The country’s debt figures also demonstrate the need for careful and consistent public reporting, particularly where total public debt, external debt and accumulated arrears are reported using different dates and definitions. Clearing arrears would be a significant milestone, but it would not, by itself, guarantee debt sustainability or ensure that renewed access to finance translates into broad-based development.

The October 2026 division of the Ministry of Finance, Economic Development and Investment Promotion could provide a clearer division of labour between fiscal management and investment promotion. International practice demonstrates that separate institutions can allow finance ministries to protect fiscal stability while specialised development bodies pursue investment, industrialisation and productive growth. However, the effectiveness of this model depends on the quality of institutional coordination, the clarity of mandates and the existence of safeguards against conflicts of interest. In Zimbabwe, the appointment of Tagwirei gives these questions particular importance because The Sentry’s 2022 investigation and the subsequent reporting by The Sentry and Open Secrets raised serious allegations concerning his companies’ transactions with public institutions. While those allegations should not be treated as proof of criminal guilt, but they make transparency and independent oversight essential to public confidence in the new arrangement.

Ultimately, the central test is whether the reforms strengthen public accountability as well as economic performance. The decisive measure of success will be not the announcement of a deadline or the creation of a new ministry, but demonstrable progress in debt resolution, investment realised,

public resources protected and institutions made answerable to the people of Zimbabwe.

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