

# Zambia

## Chinese Development Finance, 2000-2023



### Country Profile

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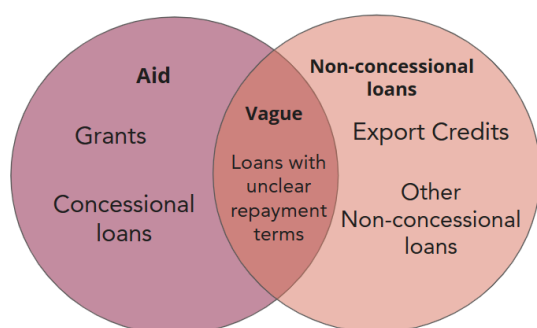
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## Key concepts: aid, non-concessional loans, and vague flows

In this profile, China’s official development finance portfolio is represented across three main categories: aid, non-concessional loans, and vague. Loans from Chinese state-owned entities can either qualify as aid or non-concessional loans, based on how their borrowing terms compare to regular market terms (i.e., the level of financial concessionality) and whether or not they have development intent (i.e., if the primary purpose of the financed project/activity is to improve economic development and welfare in the recipient country). Aid from Chinese state-owned entities includes grants, in-kind donations, and concessional loans with development intent. The “non-concessional loans” category captures loans from Chinese state-owned entities that are provided at or near market rates and those that primarily seek to promote the commercial interests of the country from which the financial transfer originated. An export credit is a specific type of loan issued by a Chinese state-owned bank or company that requires an overseas borrower to use the proceeds of a loan to acquire goods or services from a Chinese supplier. Export credits are not considered aid since they have a commercial rather than a development purpose. See Appendix B for more details.



### Key concept: What is concessionality?

Concessionality is a measure of the generosity of a loan or the extent to which it is priced below-market rates. It varies from 0% to 100%, with higher values representing more concessional loans.

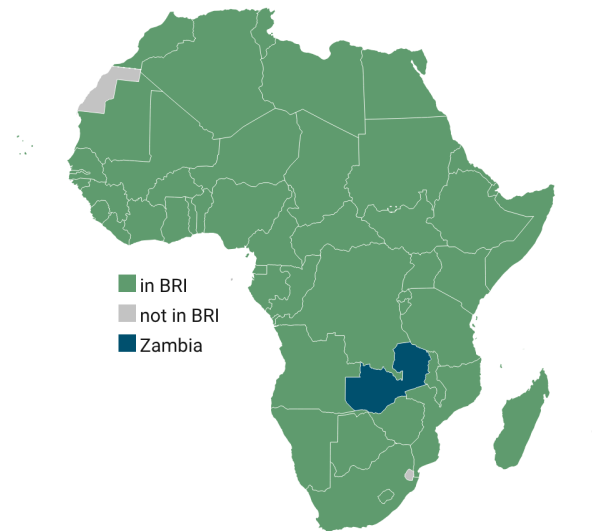
Non-concessional loans are those provided at or near market rates. The Organisation for Economic Co-operation and Development (OECD) determines which official sector financial flows constitute “aid” based on a grant element threshold for concessionality. Given that China does not report its loans or lending terms to the OECD, some of its official sector financial flows cannot be classified as “aid” or “non-concessional.” In this report, such loans are assigned to the “vague” category.

## Executive Summary

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- Zambia became a test case for how China handles sovereign default, and the outcome is reshaping expectations for debt restructuring across the developing world. Between 2000 and 2023, official sector lenders and donors from China committed \$13.1 billion across 253 projects, making Zambia the third largest recipient of Chinese aid and credit in Eastern Africa. Lending surged under President Edgar Lungu, with roughly \$2 billion in new commitments each year between 2016 and 2018. Then it stopped. Zambia has received no new Chinese loans since 2019, and in November 2020 it became the first African country to default on its external debt during the pandemic.
- Loans account for 96% of the portfolio, concentrated in energy, transport, and mining infrastructure. Energy leads at \$3.8 billion (29% of commitments), anchored by a \$1.6 billion syndicated loan from China Eximbank and ICBC for the 750MW Kafue Gorge Lower Hydropower Plant. Transport follows at \$3.2 billion (24%), and industry, mining, and construction at \$2.4 billion (18%).
- By the end of 2024, Zambia owed an estimated \$7 billion in outstanding PPG debt to Chinese creditors, equivalent to 46% of its total external public debt and 28% of GDP.
- Estimates on PPG principal and interest payments on Zambian PPG debt to China show that payments nearly doubled from \$380 million in 2018 to \$680 million in 2019, and without intervention would have exceeded \$1 billion annually between 2021 and 2024. To help reduce liabilities, Zambia also unilaterally cancelled 14 Chinese loans, halting additional disbursements.
- Three quarters of China's cumulative loan commitments (including both PPG and non-PPG commitments) to Zambia show signs of financial distress. Of \$12.7 billion in total lending, 75% exhibits evidence of arrears, default, or renegotiated terms, more than two and a half times the 29% average across low- and middle-income countries.
- Zambia's debt crisis prompted China to co-chair Zambia's Official Creditor Committee (OCC) alongside France—the first time Beijing formally participated in such a multilateral debt coordination mechanism. In June 2023, official creditors agreed to restructure \$6.3 billion in outstanding debt, including \$4.1 billion owed to China Eximbank. The agreed terms included suspended principal payments through June 2026 and reduced interest rates to 1% for the first 14 years. China Development Bank (CDB) and the Industrial and Commercial Bank of China (ICBC) subsequently agreed in principle to restructure an additional \$1.5 billion in outstanding commercial debt by September 2024, on terms designed to be comparable to the OCC framework.
- The Ndola International Airport project illustrates how debt distress and resettlement problems compounded to delay Chinese-financed infrastructure. The airport, financed by a China Eximbank preferential buyer's credit and built by Chinese state-owned AVIC, required the resettlement of 418 households. Compensation took years to disburse, and affected farmers continued to demand promised land as late as 2022. China Eximbank halted disbursements in 2020 after the borrower accumulated arrears, and the EPC contractor claimed nearly \$2 million in late-payment interest. Zambia's Ministry of Finance ultimately assumed the remaining project costs from general revenue.

### African countries that have joined the BRI



### Zambia and China's Belt and Road

During the 2018 Forum on China-Africa Cooperation, "Zambia signed the Memorandum of Understanding on jointly building the Belt and Road Initiative (BRI) together with more than 30 other African countries," officially marking its entry into the BRI.<sup>1</sup>

### Historic relationship

The Republic of Zambia and the People's Republic of China have maintained a diplomatic bilateral relationship since Zambia gained independence in 1964. While Zambia only joined BRI officially in 2018, cooperation between China and Zambia has a long and well-known history. Zambia hosts part of one of the most iconic Chinese foreign aid projects of the 20th century—the Tanzania-Zambia Railway Authority (TAZARA) Railway—linking land-locked Zambia and its copper exports to Tanzania's Port of Dar es Salaam.<sup>2</sup>

### Present-day relationship

While relations have historically been steady, China's present-day relationship with Zambia accelerated under President Edgar Lungu (2015-2021) with China providing billions in financing for highly visible infrastructure projects. When Zambia's debt portfolio began to show evidence of financial distress, China halted new lending, but the pressure of the COVID-19 pandemic still pushed Zambia into default. Complex negotiations amongst China and other foreign creditors over restructuring Zambia's foreign debt have taken years, but recent progress on debt restructuring has been notable: in October 2025, Zambia signed bilateral restructuring agreements with Chinese lenders, including China Eximbank.

Beyond debt resolution, the relationship has begun to reorient toward new engagement: Chinese Premier Li Qiang visited Zambia in November 2025, with both sides signing cooperation agreements on green minerals, Belt and Road projects, and the revival of the Tanzania-Zambia Railway, signaling Beijing's intent to move beyond its lender-of-last-resort role. Most notably, Zambia became the first African country to accept the Chinese yuan for mining tax payments as of January 2026.

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<sup>1</sup>For more information on Zambia's accession to the BRI, please see the PRC's Embassy in Zambia: [http://zm.china-embassy.gov.cn/eng/dsxxx/dsjh\\_132022/202210/t20221008\\_10779054.htm](http://zm.china-embassy.gov.cn/eng/dsxxx/dsjh_132022/202210/t20221008_10779054.htm).

<sup>2</sup>For more information on the China-Zambia relationship, see China's Ministry of Foreign Affairs: [https://www.fmprc.gov.cn/mfa\\_eng/gjhdq\\_665435/2913\\_665441/3114\\_664254/](https://www.fmprc.gov.cn/mfa_eng/gjhdq_665435/2913_665441/3114_664254/).

# Overview: Chinese development finance in Zambia from 2000-2023

**\$13 billion**

in loans and grants provided by official sector donors from China.

**96%**

of Chinese development finance is provided via loans.

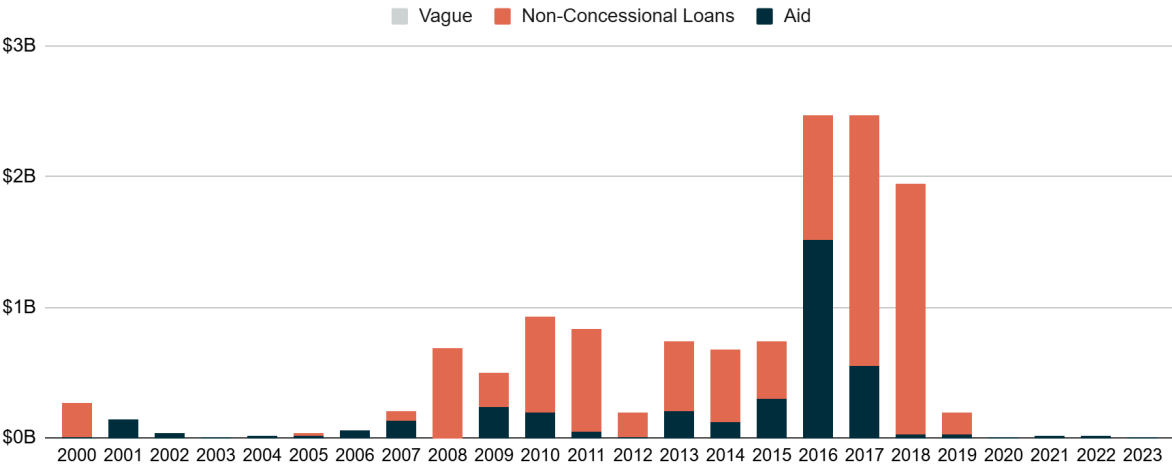
**132**

grants, technical assistance, and training activities offered.

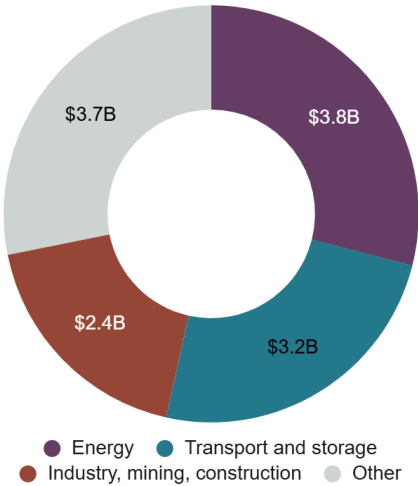
**3rd**

largest recipient of Chinese aid and credit in Eastern Africa.

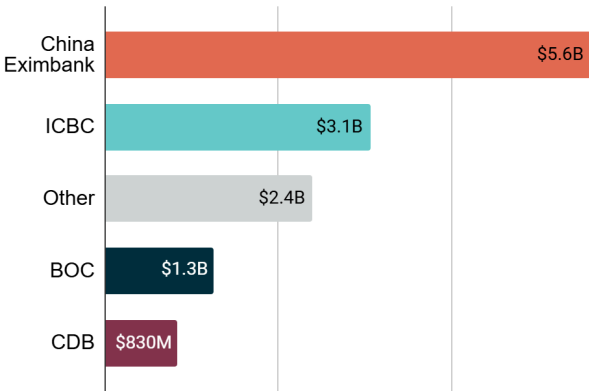
*Official sector financial commitments from China to Zambia, 2000-2023<sup>3</sup>*



*Portfolio by sector*



*Portfolio by funder*



*China Eximbank: Export-Import Bank of China; ICBC: Industrial and Commercial Bank of China; BOC: Bank of China; CDB: China Development Bank*

<sup>3</sup>For definitions of the categories of *aid*, *non-concessional loans*, and *vague*, please see Key Concepts on page 2 or Appendix B.

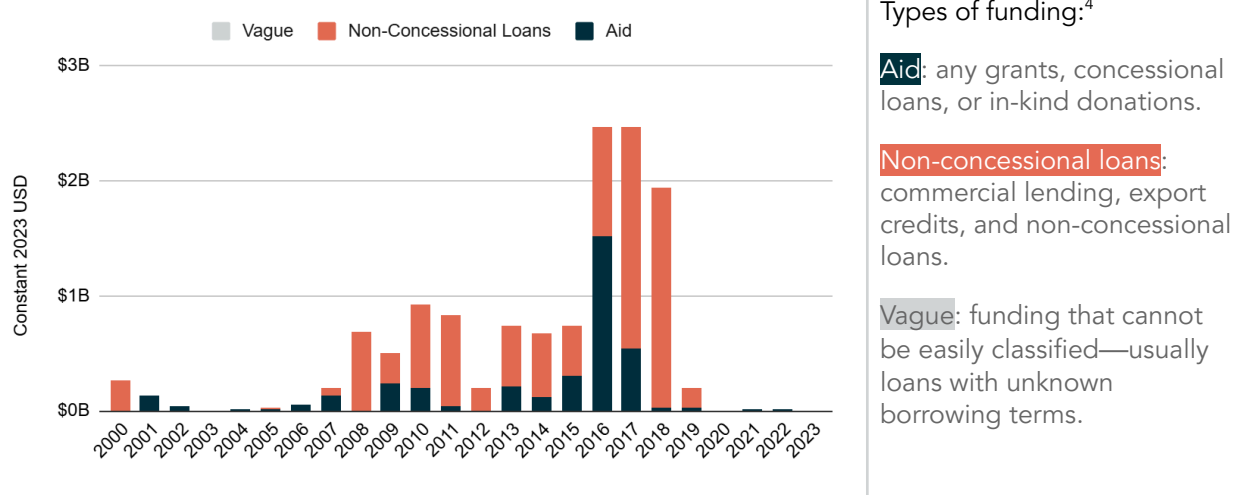
# How much development finance has China provided Zambia since 2000?

Zambia joined China’s BRI in 2018, though China was an active partner before the agreement was signed (see Figure 1.1). China is Zambia’s second largest trading partner, with China responsible for buying over \$2 billion worth of Zambia’s main export, copper. For a list of bilateral diplomatic visits between China and Zambia in the BRI era, see Appendix A.

Between 2000 and 2023, official sector lenders and donors from China provided grant and loan commitments worth \$13.1 billion for 253 projects and activities in Zambia. Breaking with previous administrations, the strong pro-China stance that President Lungu took when he ascended to office in 2015 led to a sharp increase in new commitments from China, with around \$2 billion in commitments every year between 2016 and 2018 (see Figure 1.1). While Zambia enthusiastically pursued Chinese loan-financed infrastructure projects to increase economic development, the IMF became increasingly concerned about Zambia’s ability to repay these large debts. Since 2019, development finance from China to Zambia has dramatically declined as Zambia has received no new loans.

Zambia has undergone significant financial distress; it was the first African country to default on its debt during the COVID-19 pandemic in 2020, essentially halting all new commitments. To help alleviate its distress, China and other countries participated in three instances of the G20-initiated Debt-Service Suspension Initiative (DSSI) between May 2020 and December 2021, offering Zambia temporary relief from its debt repayments. However, Zambia continued to face sovereign insolvency. In 2023, the Chinese government along with other official creditors around the world agreed to restructure \$6.3 billion in outstanding debt to Zambia (including \$4.1 billion worth of outstanding debt to China Eximbank). The scale and relatively generous terms of the debt restructuring were previously unprecedented for China Eximbank, signaling a potential change on how China views debt restructuring. While negotiations are still ongoing, CDB and ICBC agreed to reschedule debts worth \$1.5 billion in September 2024.

Figure 1.1: Official sector financial commitments from China to Zambia



Types of funding:<sup>4</sup>

**Aid:** any grants, concessional loans, or in-kind donations.

**Non-concessional loans:** commercial lending, export credits, and non-concessional loans.

**Vague:** funding that cannot be easily classified—usually loans with unknown borrowing terms.

<sup>4</sup>For more information on these categories, please see Appendix B.

## How does China compare to other development partners?

China is Zambia's largest development partner (see Figure 1.2), providing more aid and credit than any other bilateral source. Unlike other donors, China's portfolio is dominated by non-concessional loans (including export credits). The United States is the country's second-largest bilateral development partner and its largest aid provider. In the coming years, delivery of development assistance to Zambia is projected to shift:

- **United States:** The U.S. drastically downsized USAID in 2025, likely affecting future aid flows to Zambia. A 2024 \$458M MCC agricultural grant remains in place but is among the programs at risk. At the end of 2025, the U.S. offered Zambia up to \$2 billion in health grants under its "America First Global Health Strategy," but Zambia rejected the offer in May 2026, with Zambian authorities stating that the deal conditioned health assistance on mineral rights access. Separately, the Millennium Challenge Corporation (MCC) has an active MCC compact signed in 2024.
- **United Kingdom:** The UK has announced plans to cut its aid budget to 0.3% of gross national income starting in 2027, which is expected to impact aid delivery to Zambia.
- **Switzerland:** Switzerland's development agency plans to reduce its aid budget by \$487.7 million over the next four years, following a parliamentary directive. As part of this scale-back, it will end its partnership with Zambia by 2028.

Figure 1.2: Top bilateral and multilateral development partners, 2000-2023



Figure 1.2 contains the top nine development partners providing aid and other financing to Zambia. However, only China has detailed bilateral export credit flows to Zambia. This level of granularity is not available for other development partners as the OECD does not provide export credit data for bilateral relationships, it only provides data on total export credit flows by two aggregate donor groupings, G7 and DAC Countries.

Total export credits from G7 Countries: \$319 million.

Total export credits from DAC member countries (including G7): \$986 million.

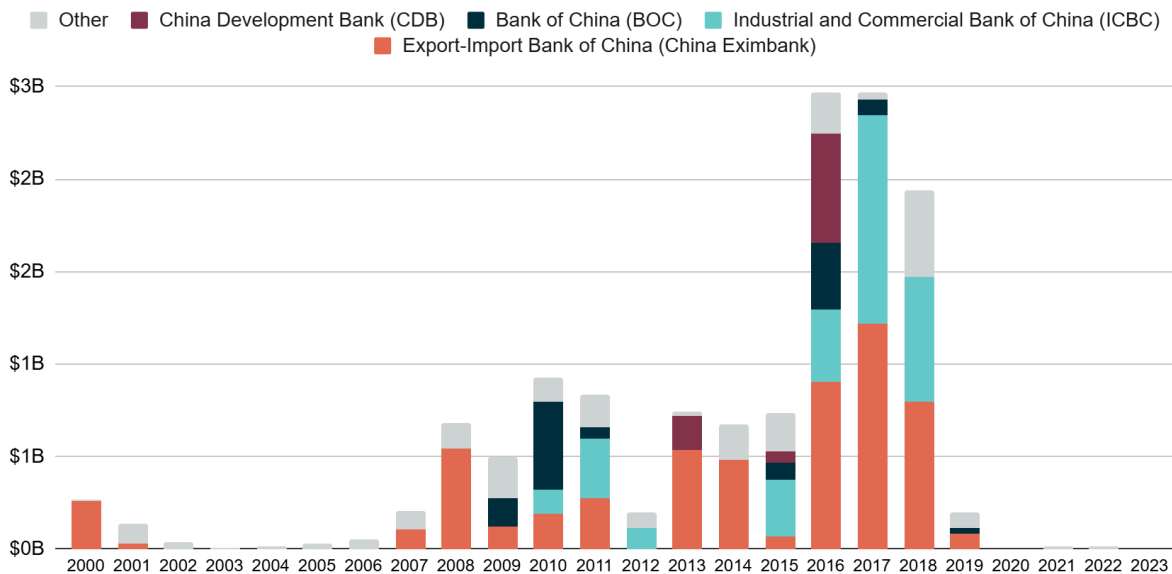
### How does China use export credits?

The central role that export credits play in China's overseas lending portfolio sets it apart from other official sector creditors: Under a so-called "Gentlemen's Agreement" on Officially Supported Export Credits, OECD member countries agreed in 1978 to "tie their own hands" and voluntarily abide by a set of international rules that limit the provision of *subsidized* export credits to domestic companies with overseas operations. However, China never agreed to participate in the "Gentlemen's Agreement" and it has consistently used concessional export credit to help its firms gain a competitive edge in overseas markets.

## Which donors and lenders from China are active in Zambia?

Between 2000 and 2023, 32 official sector donors and lenders from China provided aid and non-concessional loans to Zambia. 82% of China's development finance portfolio is provided through four main donors and lenders. The other 18% is provided by a diverse array of government agencies (including central, regional, or municipal government agencies), state-owned commercial banks, and state-owned companies.

Figure 1.3: Top Chinese donors and lenders



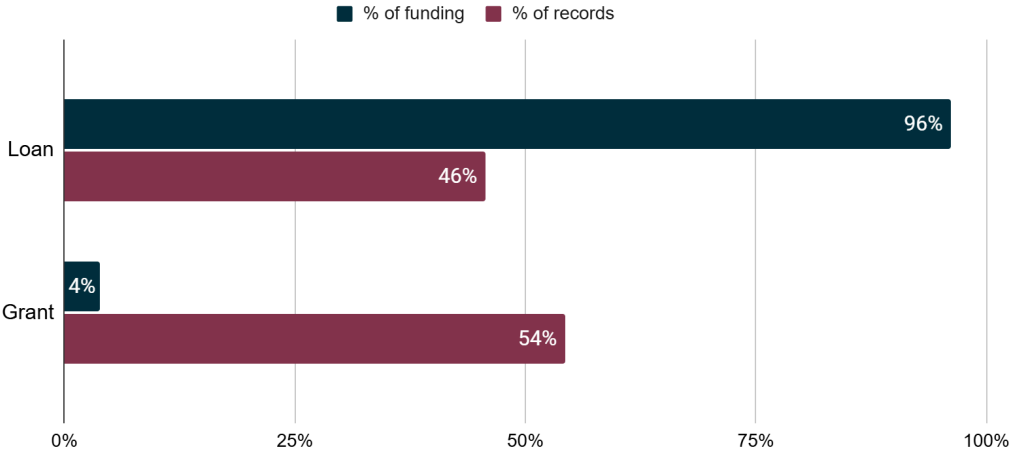
The Export-Import Bank of China (China Eximbank) was the first Chinese lender to engage with Zambia in the 2000s. This first loan was a \$261 million export seller's credit to reconstruct the Chambishi Main Mine—a major copper mine in Zambia. Overall, China Eximbank issued 37 loans worth \$5.6 billion for roads, hydropower plants, airports, and mines. Its single largest contribution was \$814 million to the \$1.6 billion syndicated buyer's credit for the 750MW Kafue Gorge Lower hydropower plant. This power plant was co-financed by the Industrial and Commercial Bank of China (ICBC). ICBC is also a major Chinese lender in Zambia, providing 20 loans worth over \$3 billion between 2010 and 2018. Similarly to China Eximbank, ICBC has supported roads, power plants, and airports.

Bank of China (BOC), a state-owned commercial bank, only became active in Zambia in 2009 but has issued 13 loans worth over \$1.2 billion. Its largest loan to date was a \$362 million loan supporting a syndicated loan tranche for the Kafulafuta Water Supply System Project. However, like many projects from China Eximbank and ICBC, the Zambian government sought to cancel this loan after it defaulted on its repayment obligations to Eurobond holders in 2022. There are 14 loans that were similarly cancelled, a majority of which were committed by China Eximbank. In total, only around two-thirds of the financing committed by these 14 loans was disbursed prior to cancellation. Finally, China Development Bank (CDB) has played a relatively minor role in Zambia, committing only seven loans worth \$830 million to Zambia between 2000 and 2023. These loans supported a solar-powered milling plant, road upgrades, and the development of industrial parks.

# What kinds of financial and in-kind support does China offer Zambia?

AidData captures each instance of a grant or in-kind donation as one record, so analyzing the record counts can help provide a better picture of China’s activities in Zambia. When looking at record counts, grants account for 54% of all activity records in Zambia (representing 132 records capturing activities taking place between 2000 and 2023).

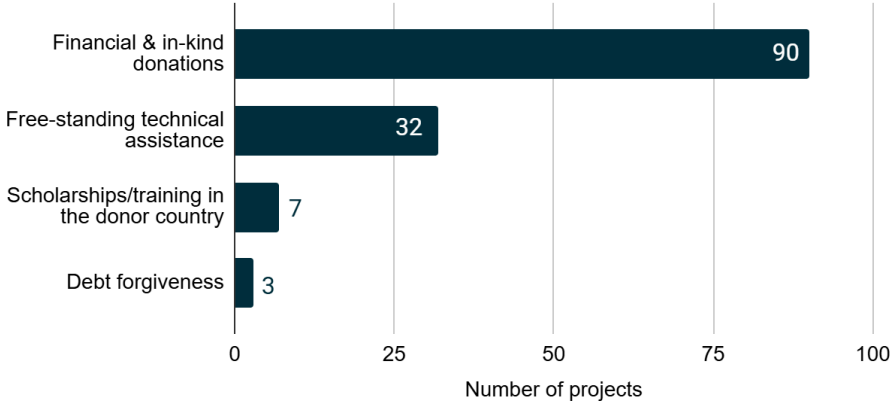
Figure 1.4: Top financial instruments used by China in Zambia



Note: Debt rescheduling and Vague records are excluded from this visual since they are neither loans nor grants.

96% of China’s official sector financial commitments to Zambia take the form of loans (totaling \$12.7 billion), while 4% (\$500 million) comes in the form of grants and in-kind donations. In-kind donations are difficult to monetize, so the monetary values of these activities are likely underrepresented.

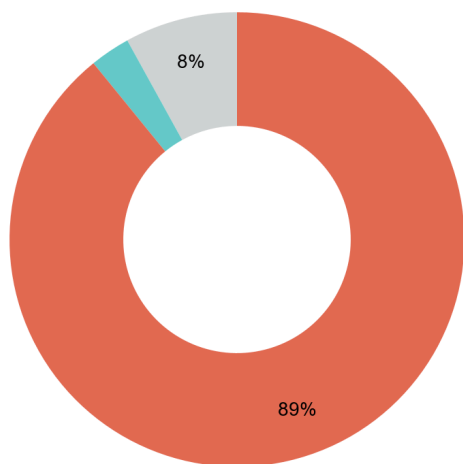
Figure 1.5: Breakdown of grants by project count



From 2000 to 2023, Zambia received \$500 million across 132 grants from official sector Chinese entities. Most financial and in-kind donations are for hospital construction, medical equipment, and COVID-19 supplies. Other grants include humanitarian aid following floods and a cholera outbreak in 2018, school supplies, and office equipment. Besides financial and in-kind donations, China has also provided technical assistance and scholarships predominately in the education and health sectors. Over 30 different medical teams provided free-standing technical assistance to Zambia. These teams are sent by the People’s Liberation Army or

different provinces across China to complete one year of service before being replaced by another team of experts. For scholarships, China has provided roughly 405 scholarships for students in Zambia to continue their education. Finally, Zambia has received debt forgiveness from China three times: in 2001, 2007, and 2011. In total, the country received \$155 million in debt forgiveness.

Figure 1.6: Breakdown of lending by purpose



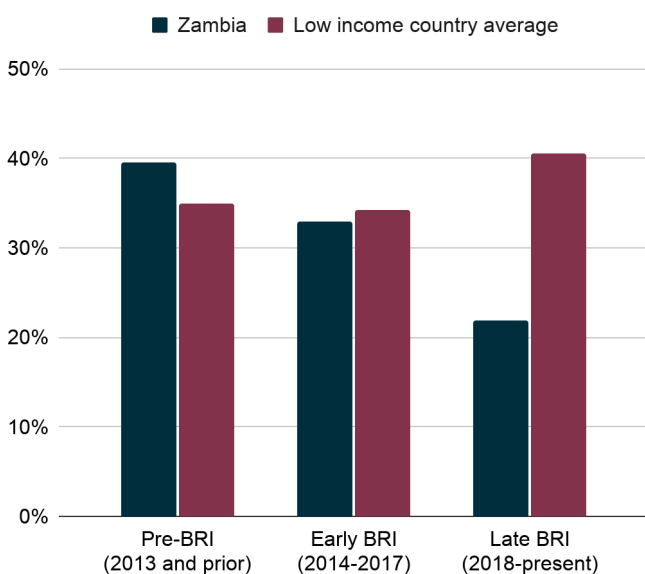
**Infrastructure:** loans to support the construction, rehabilitation, or maintenance of a physical structure.

**Other:** loans for equipment acquisition or unspecified purposes.

**Corporate:** loans for mergers and acquisitions, working capital loans.

89% of China’s \$12.7 billion in official sector lending to Zambia supports infrastructure projects. Nearly 83% of all infrastructure projects in Zambia are implemented by at least one Chinese entity, such as a Chinese state-owned or private sector company. 8% of loans fall into the “other” category; this category primarily consists of lending for the acquisition of equipment and unspecified purposes. Another 3% supports corporate sector activities, such as loans for mergers and acquisitions, and working capital loans.

Figure 1.7: Grant element over time



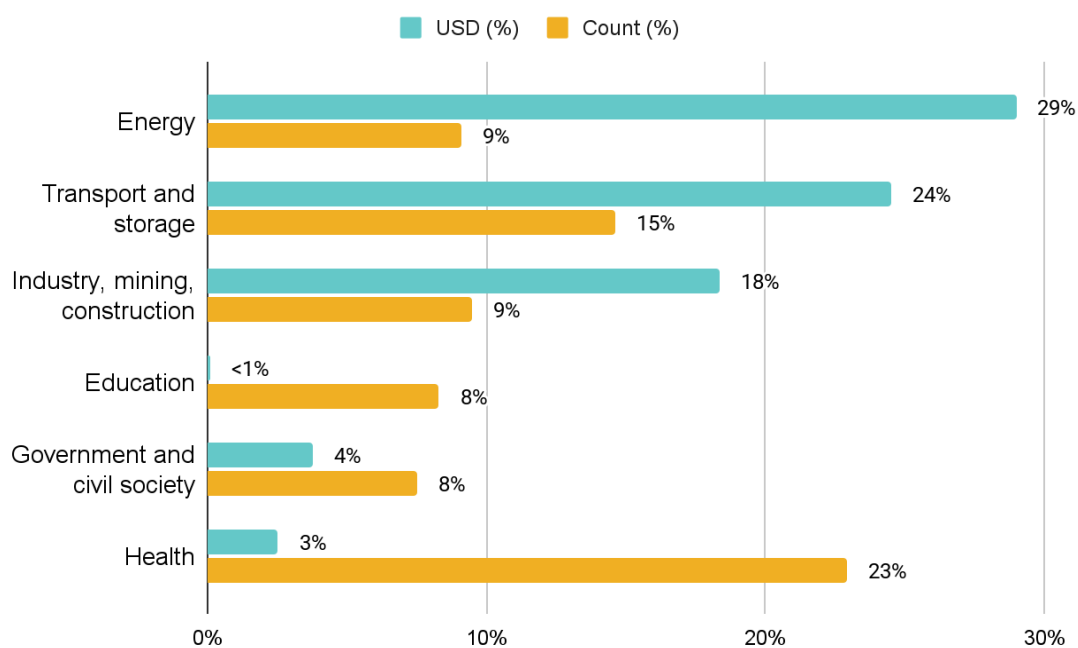
A loan’s grant element is a measure of how concessional (i.e. favorable) its terms are relative to market rates. It ranges from 0% (not concessional) to 100% (fully concessional). The grant element of China’s low income lending portfolio fluctuated between 34% and 41% from 2000 to 2023. In Zambia, the grant element has gradually decreased over time, hitting a low point in the late-BRI period. In 2018 and 2019, the loans issued from Chinese creditors to Zambia often had shorter maturities (such as 12 years) and had relatively higher interest rates over 5%, driving the grant element down across the portfolio during this time period.

## In which sectors is China most active?

Top sectors for China's aid and credit in Zambia differ greatly when comparing monetary value and record count. Certain sectors, such as health and education, represent a large percentage of records but offer small or no transaction amounts. In Figure 1.8, AidData provides the top sectors by both monetary value and record count to demonstrate this dichotomy.

**Figure 1.8: Selected top sectors**

*Sectors by monetary value and record count*



In terms of monetary value, 71% of China's grant and loan commitments to Zambia supported three core infrastructure ("hardware") sectors: energy, transport and storage, and industry, mining, and construction between 2000 and 2023.

- **Energy:** This sector is the largest by financial value with \$3.8 billion in funding (or 29% of China's entire portfolio). It encompasses the generation and distribution of renewable and non-renewable sources, as well as hybrid and nuclear power plants. Noteworthy activities include a \$1.6 billion syndicated buyer's credit loan from China Eximbank and ICBC for the 750MW Kafue Gorge Lower Hydropower Plant Construction project and a \$444 million loan from China Eximbank for the 360MW Kariba North Bank Hydropower Plant Expansion project. No new commitments have been made since 2018.
- **Transport and storage:** This sector refers to the construction and maintenance of road, rail, air, and water transit infrastructure and is characterized by high-value infrastructure projects. 24% of China's development finance portfolio in Zambia is dedicated to this sector, representing \$3.2 billion in funding. Noteworthy activities in this sector include two loans totaling \$647 million from China Eximbank for the first and second phases of the Lusaka Urban Road (L400) Upgrade project, and a \$277 million preferential buyer's credit from China Eximbank for the Mongu-Tapo Section of Mongu-Kalabo Road project. No new commitments have been made in this sector since 2019.

- **Industry, mining, and construction:** This sector includes manufacturing fossil fuels, mining for coal, gas, metals, minerals, and construction. Projects in the industry, mining, and construction sector account for \$2.4 billion in funding (or 18% of China’s portfolio). Activities in this sector include a \$411 million loan from CBMI Construction Co. for the Ndola Cement Plant, a \$261 million loan from China Eximbank for the reconstruction of the Chambishi Main Mine, and a \$254 million loan from BOC Finance (Ireland) Limited for the renovation of the Baluba Center Mine and the construction of the Muliashi North Mine and Leach Plant. No new commitments have been made in this sector since 2018.

China is also heavily engaged in the “software” sectors, such as health, education, and governance. China’s footprint in these sectors is difficult to represent, however, because the activities in these sectors usually attract smaller grant and loan commitments, or represent some form of in-kind donation, technical assistance, etc.

- **Health:** This sector includes medical care, infrastructure, equipment, and control activities. In total, activities in the health sector represent 58 records in China’s portfolio in Zambia (or 23% of records). Notable activities include a \$142 million loan from ICBC for hospital construction as well as several grants provided by the Chinese government for the expansion of the Levy Mwanawasa Hospital. China donated \$36 million in COVID-19 response and recovery aid to Zambia, including over 1.2 million doses of Sinopharm vaccines. In 2023, the Chinese government donated medical supplies to teaching hospitals and sent two medical teams to Zambia.
- **Government and Civil Society:** This sector encompasses activities that address public procurement, subnational government support, elections, democratic participation, and human rights. This sector represents a total of 19 records (or 8% of the total record count). The largest financial commitments in this sector include a \$195 million loan from CDB for the Safe City Project to improve the public security network, and a \$172 million supplier’s credit from Poly Technologies for the provision and installation of security equipment. Other activities in this sector include grants for the construction of a conference hall at the Ministry of Foreign Affairs, the provision of equipment to Zambia’s National Assembly, and the supply of election materials. There have been no new commitments in this sector since 2019.
- **Education:** This sector encompasses schooling at the primary, secondary, and post-secondary levels, as well as technical and advanced training activities. Education activities represent \$14 million in funding and 8% of China’s total record count. Activities in the education sector include grants from the Chinese government for the construction of a Confucius Institute building and from PowerChina to build a Sinohydro Training Institute in Chikankata. In 2023, the Chinese Embassy in Zambia donated nearly \$15,000 to support the Stay in School Initiative Project.

#### At a glance: last 5 years (2019-2023)

- The volume of financing to Zambia was much lower during the past five years than during prior years, reflecting the lack of new large commitments in recent years to the hardware sectors. The water supply and sanitation sector accounted for 36% (\$83 million) of financial commitments during this period, and the transport and storage sector accounted for 13% (\$31 million), with all of these commitments made in 2019.
- The second largest sector during the past five years in terms of financial commitments was the health sector, primarily attributable to COVID-19 response and recovery.

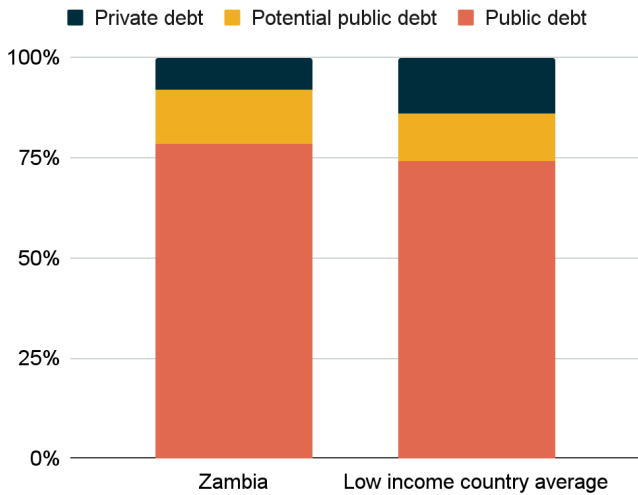
# What are the characteristics of Zambia’s debt to China?

<b>111</b> loans issued	<b>\$12.7 billion</b> total loan commitments	<b>78%</b> of total loan commitments are public debt	<b>75%</b> of total loan commitments shows signs of financial distress	<b>\$7 billion</b> total public debt outstanding as of 2024
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## What is “public debt”?

<p><b>Public debt (PPG debt)</b> Loans issued directly to public institutions, loans that have sovereign repayment guarantees, or loans extended to special purpose vehicles or joint ventures that are majority-owned by one or more public sector institutions. Often referred to as public and publicly-guaranteed (PPG) debt.</p>	<p><b>Potential public debt</b> Loans to special purpose vehicles or joint ventures in which recipient governments hold minority equity stakes.</p>	<p><b>Private or opaque debt</b> Loans to private sector borrowers and entities with opaque ownership structures.</p>
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**Figure 1.9: Composition of debt from China by level of public liability**  
Total debt, 2000-2023 — Zambia: \$12.7 billion. Low income country average: \$5.5 billion.



Zambia’s composition of lending by public liability is aligned with the average for low income group countries—with public debt accounting for 78% of lending, whereas the group average is at 74%. Private or opaque debt in Zambia accounts for only 8% of the lending portfolio, whereas on average, low income countries had 14% private debt. Potential public sector debt in Zambia (14%) was above average (12%) for the group.

Potential public sector debt represents “hidden debt” in that it is not a formal liability of the host government, but it may benefit from an implicit public sector repayment guarantee and could become a host government liability in the event of default by the original borrowing (SPV or JV) entity. In Zambia, potential public sector debt is driven by \$1.7 billion in loans for projects in the industry, mining, and construction sector and energy sector such as the Ndola cement plant (2018) and the Chambishi main mine reconstruction project (2000).

Zambia's high levels of public debt, owed to China and other creditors, left it acutely vulnerable when the COVID-19 pandemic hit, ultimately tipping the country into a prolonged debt crisis. In August 2020, the government requested temporary suspension of its external debt repayment obligations under the G20 Debt Service Suspension Initiative (DSSI), and by November 2020, Zambia went into sovereign default after missing a payment on one of its international bonds. The severity of the crisis led Zambia to seek restructuring under the G20 Common Framework, within which Beijing agreed to co-chair the Official Creditor Committee (OCC) alongside France in a landmark departure from its traditional approach to sovereign debt. This marked the first time China worked within such a multilateral coordination mechanism.

To provide immediate relief to Zambia, China Eximbank granted debt service suspensions for all three periods of DSSI from May 2020 to December 2021. In total, China rescheduled nearly \$600 million worth of debt (\$533 million in principal payments, \$66 million in interest payments) between May 2020 and December 2021. China Development Bank and Bank of China also rescheduled some of Zambia's debt obligations in 2020 and 2022, respectively. Zambia continued to take action in 2022 by unilaterally deciding to cancel the undisbursed balance for 14 Chinese loans.

By June 2023, the government of Zambia announced that its official creditors had agreed via the OCC to restructure \$6.3 billion in outstanding debt (including \$4.1 billion worth of outstanding debt to China Eximbank), with principal payments to be suspended between July 2023 and June 2026. All remaining debt was to be repaid between 2026 and 2043. Interest rates for these loans are reduced to 1% for the first 14 years and will "not exceed 2.5%" for the remainder of the rescheduling period. The debt deal features a back-loaded non-linear repayment schedule where Zambia is expected to pay only a small percentage of debt at the beginning but significantly more in the latter stage of debt repayment. The negotiations for this restructuring took over three years, but the final deal ultimately provided exceptionally generous repayment terms for outstanding debts to China Eximbank and other creditors.

In March 2024, Zambia began separate debt restructuring negotiations with other Chinese state-owned banks (such as CDB and ICBC) for loans worth \$1.9 billion. By September 2024, Zambian officials announced that CDB and ICBC had agreed in principle to restructure \$1.5 billion in outstanding debt.

This debt crisis is also apparent when examining loan level financial distress within China's development finance portfolio in Zambia. 75% of China's cumulative loan commitments to Zambia, representing nearly all of its public debt, display evidence of financial distress at the loan level. Evidence of financial distress at the loan level includes borrowers accruing principal or interest arrears, defaulting on their repayment obligations, filing for bankruptcy, or renegotiating loan terms (including suspensions of principal or interest payments).

## What does Zambia’s current public debt exposure to China look like—and what payments are due?

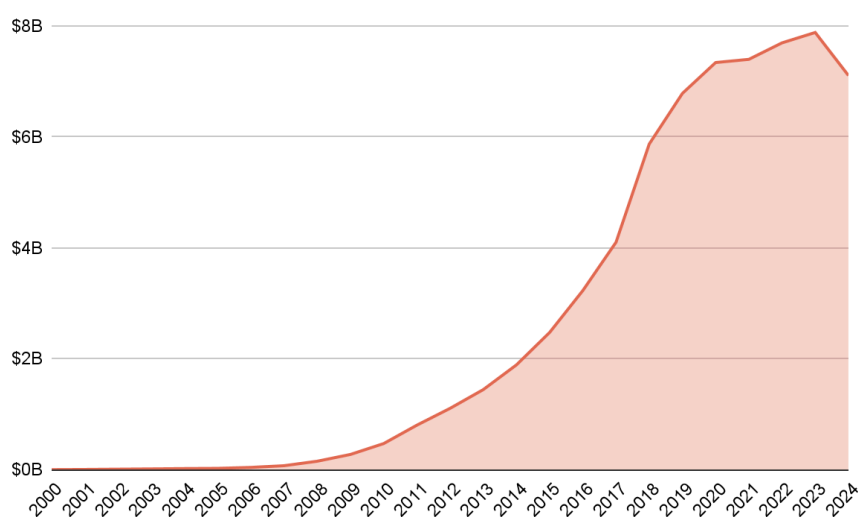
### What is “public debt exposure”?

After a loan agreement is signed, financial outflows and reflows take place over many years through a sequence of disbursements (from the creditor to the borrower) and repayments (from the borrower to the creditor).

To understand the timing and magnitude of these financial flows, the 2.0 version of AidData’s Chinese PPG Loan Performance Dataset (LP 2.0) tracks PPG loan disbursements, repayments, arrears, and restructuring events—and how much debt is owed—over time.

Unlike loan commitment totals—that measure what was initially promised—LP 2.0 measures what is still owed at specific points in time and how repayment pressures evolve over time. In this sense, a country’s level of “public debt exposure” refers to its outstanding PPG repayment obligations. All financial amounts in this section are reported in nominal USD.

Figure 1.10: Outstanding Chinese PPG Debt Stock (nominal USD)



Note: This data is drawn from AidData’s Chinese PPG Loan Performance Dataset, Version 2.0. For more information, please see the methodology.

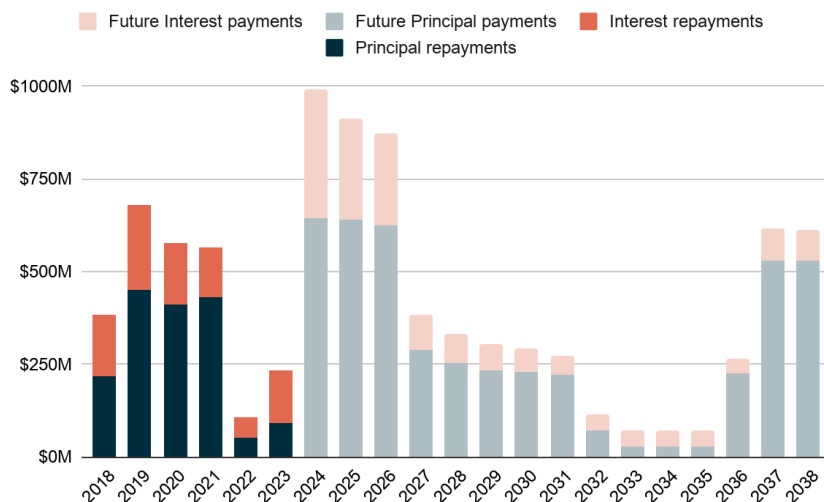
Figure 1.10 shows Zambia’s outstanding PPG debt stock, which is the total amount of principal that has been disbursed and remains unpaid at the end of each year as well as any unpaid interest or fees. These estimates are based on loan-level data on disbursements and repayments, which are used to track how outstanding balances evolve over time.

By the end of 2024, Zambia owed an estimated \$7 billion in outstanding PPG debt to official sector creditors in China. This was equivalent to about 46% of Zambia’s total PPG external debt stock to all external creditors and indicates that China is a prominent bilateral creditor in Zambia’s sovereign debt liabilities, accounting for nearly half of Zambia’s external public debt.<sup>5</sup> The total PPG debt stock owed to China represented 28% of Zambia’s GDP in 2024.

Zambia’s outstanding debt to China is tied to 80 active loans. Of these, two loans remain in their original grace period, 42 are in their original repayment period, and 36 have been subjected to debt restructuring agreements with China. By contrast, 13 loans have been fully repaid or otherwise closed out by 2024. Based on existing loan commitments through 2023, Zambia is expected to continue paying down its debt to Chinese creditors until 2043.

<sup>5</sup>World Bank, International Debt Statistics.

Figure 1.11: Zambia’s principal and interest payments to Chinese creditors under PPG loans



Note: This data is drawn from AidData’s Chinese PPG Loan Performance Dataset, Version 2.0. For more information, please see the methodology.

Figure 1.11 shows Zambia’s principal and interest payments due to Chinese creditors. Specifically, it displays principal and interest payments 2018-2025 and future principal and interest payments from 2026-2038.

The estimated principal payments are calculated by adding all principal payments due each year. Future interest and principal payments are projected from loan terms.

Between 2018 and 2019, Zambia's principal and interest payments against outstanding debt to Chinese official sector creditors nearly doubled, rising from \$380 million to nearly \$680 million. With additional loans approaching their repayment periods, the trajectory was becoming untenable: without intervention, annual debt principal and interest payments were projected to reach \$1 billion between 2021 and 2024.<sup>6</sup> Principal and interest payment suspensions granted by China Eximbank under the DSSI framework for 2020 and 2021 provided partial relief, keeping obligations just above \$500 million for those years. By 2022, nearly all principal and interest payments had ceased as Zambia engaged international creditors through the OCC framework.

While the OCC framework ultimately restructured Zambia's debt to China Eximbank in 2023, the treatment of debt owed to other Chinese state-owned banks in 2024 and beyond remains less clear. Figure 1.11 shows repayments to these lenders restarting in 2024, though this warrants further investigation. The largest payments due between 2024 and 2026 were owed to ICBC and CDB, though recent IMF reporting indicates that Zambia reached agreements in principle with major external Chinese creditors at the end of 2024—including Bank of China, ICBC, and CDB.<sup>7</sup> While the exact terms are not clear, reporting confirms the new terms were designed to be comparable to the relief granted by the OCC framework, likely by extending maturities and lowering interest costs. Since the new details of these agreements remain opaque, Figure 1.11 does not reflect how the repayment schedule likely changed under these additional agreements.

The projected rise in repayment obligations in the late 2030s reflects the back-loaded structure of the OCC restructuring agreement governing China Eximbank's portfolio in Zambia, under which obligations increase toward the end of the repayment period. IMF reporting similarly notes that official and commercial creditor treatments include maturity extensions, reduced interest costs, and state-contingent provisions that could accelerate principal payments and raise interest costs if Zambia's debt-carrying capacity improves.

<sup>6</sup> This estimate is based on modeled amortization schedules for all of Zambia’s PPG debt owed to Chinese official sector creditors that shows timely and complete interest and principal payments available in AidData’s Chinese PPG Loan Performance 2.0 dataset.

<sup>7</sup> For more information on the IMF’s report, see <https://www.elibrary.imf.org/view/journals/002/2025/225/article-A003-en.xml>

Zambia also faces substantial recurring interest costs on its outstanding Chinese debt. Costs are particularly elevated in 2024–2026, driven by large ICBC loans carrying high interest rates, often exceeding 5% annually. Evidence further suggests that Zambia fell into arrears on both principal and interest payments on these and other loans, which would trigger additional interest charges on the outstanding interest arrears. As more information becomes available on the restructuring agreements signed between Zambia and CDB, ICBC, and other Chinese state-owned banks, the full scope of these interest charges and the timeline for their resolution should become more clear.

# What kind of project implementation challenges has China faced in Zambia?

<p><b>Chinese-financed infrastructure projects in Zambia:</b></p>	<p><b>Examples of infrastructure implementation risks:</b></p> <p><b>Environmental:</b> increase in air or water pollution, biodiversity loss, increased carbon footprint, or natural resource depletion.</p> <p><b>Social:</b> poor labor law compliance, human rights abuses, displacement of local residents, or cultural heritage site degradation.</p> <p><b>Governance:</b> corruption, money laundering, lack of transparency, and non-competitive bidding processes.</p>
<p><b>116</b> infrastructure projects supported by grants and loans from China</p>	
<p><b>\$11.5 billion</b> in loan and grant commitments supporting infrastructure projects</p>	

From 2000 to 2023, infrastructure projects accounted for 64.5% of China’s development finance portfolio in low- and middle-income countries. These infrastructure projects often face project implementation delays caused by environmental, social, and governance (ESG) risks, episodes of debt distress, or political instability in the recipient country. In Zambia, the Ndola International Airport (later renamed Simon Mwansa Kapwepwe Airport) illustrates both resettlement and debt-repayment challenges.



The Simon Mwansa Kapwepwe Airport is located approximately 15 kilometers west of Ndola city in the Copperbelt Province. The first airport in Ndola, also called the Simon Mwansa Kapwepwe Airport, was a military base prior to becoming a civilian airport in 1950. The new airport adopted the original airport’s name (Simon Mwansa Kapwepwe International Airport)

upon completion of construction. During its financing and construction phases, however, it was generally referred to as the Ndola International Airport or the Copperbelt Airport.

The government of Zambia secured funding for the construction of the airport by way of a preferential buyer's credit (PBC) loan from China Eximbank.<sup>8</sup> These funds were then lent to Zambia Airports Corporation Limited (ZACL) for the construction and contracting of the airport. AVIC International Holding Corporation, a Chinese state-owned enterprise, served as the general engineering, procurement, and construction (EPC) contractor on the project.

Although a formal groundbreaking ceremony occurred in June 2017, the construction site was not handed over to the EPC contractor until September 2017. In order to make way for the airport, approximately 418 households were resettled from the airport's path. The government of Zambia secured land for 186 of these households by June 2017, although compensation packages took several years to be fully disbursed. In 2020, approximately 350 farmers demanded the land promised to them. Then, during the 2022/2023 farming season, more farmers affected by the resettlement asked Zambian officials to cultivate crops on the repossessed land.

Additionally, the borrower faced difficulties with repaying the loan which led to overdue contractor payments and debt service payments. In 2020, China Eximbank stopped making disbursements for the airport project as a result of the accumulation of debt service arrears by ZACL and the Zambian government. The borrower's defaults resulted in a debt restructuring process, leading to a debt service standstill in 2020. Then, in April 2021, AVIC International Holding Corporation claimed nearly \$2 million in interest on late payments from ZACL per their EPC contract. Zambia's Ministry of Finance & National Planning (MOFNP) rescoped the project and subsequently assumed the financing of the project, and, in July 2022, Zambia's MOFNP sought China Eximbank's approval to formally cancel the loan's undisbursed balance. MOFNP also announced that it would finance the remainder of the Ndola International Airport construction project with its general government revenues.

The airport was slated for completion by late October 2020 but was officially commissioned on August 5, 2021. Most sources attribute the implementation delay to the COVID-19 pandemic rather than resettlement or debt repayment issues.

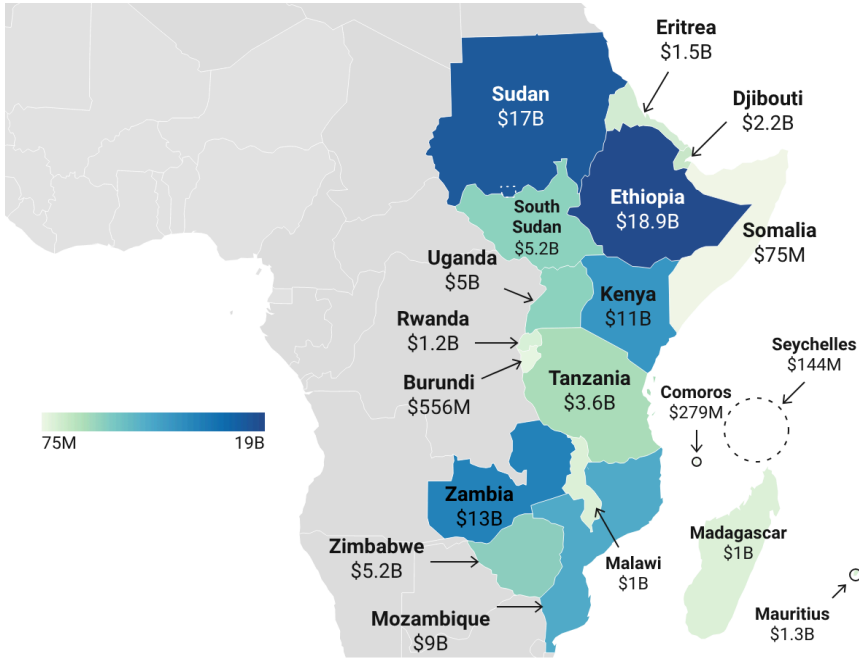
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<sup>8</sup>A Preferential (Export) Buyer's Credit (PBC) is a USD-denominated or EUR-denominated loan that the Export-Import Bank of China (China Eximbank) issues to government institutions to facilitate their acquisition of goods/services from a Chinese supplier.

# How does Chinese financing to Zambia compare to other countries in Eastern Africa?

Between 2000 and 2023, Chinese official sector financiers directed 3,423 loans and grants to Eastern Africa worth \$98 billion. In Figure 1.12, AidData provides a cumulative view of China’s development finance portfolio in the region. 89% (\$88 billion) of China’s financing to the region occurred between 2000 and 2017, the pre-BRI and early BRI periods. The average annual financing during these years was \$4.9 billion, with commitments exceeding \$10 billion in peak years (2013 and 2014), and a notable dip in 2021 and 2022 during the COVID-19 pandemic, with annual commitments falling below \$1 billion. Zambia received 13% (\$13 billion) of all Chinese financing to the region, making it the third-largest recipient in Eastern Africa.

Figure 1.12: Cumulative financial commitments from China to Eastern Africa, 2000-2023<sup>9</sup>



Ahead of Zambia, the two top recipients of Chinese financing in Eastern Africa between 2000 and 2023 are Ethiopia (\$19 billion) and Sudan (\$17 billion). The lowest ranking recipients in the region include Comoros (\$279 million), Seychelles (\$144 million), and Somalia (\$75 million). Priority sectors for China’s portfolio in the region include transport (27% of the region’s financing), energy (21%), and industry, mining, construction (15%), which align with the three top sectors in Zambia, accounting for a combined 72% of China’s portfolio in that country.

Infrastructure projects account for 78% of Chinese grant and loan commitments to Eastern Africa. China’s portfolio in Zambia aligns with this priority, with 88% of grant and loan commitments in the same category. Big-ticket infrastructure projects in the region include the National Telecommunications Network Infrastructure Expansion Project in Ethiopia, the Standard Gauge Railway Project in Kenya, the Khartoum-Port Sudan Railway Construction Project in Sudan, and the 750MW Kafue Gorge Lower Hydropower Plant Construction Project in Zambia. Outliers in the region include Somalia, with no financing allocated for infrastructure projects, and South Sudan, with only 31% allocated for infrastructure projects.

<sup>9</sup>Seychelles is a high income country.

## Appendix A: Public opinion and bilateral diplomatic visits between China and Zambia in the BRI era

According to polling conducted by Gallup, Zambians held an average approval rate of 63% between 2006 and 2024.<sup>10</sup> Compared to the global average approval rate of 59.5%, Zambians have a more favorable view of China. Approval averaged 63% from 2006 to 2024, ranging from a low of 60.5% in 2012 to a high of 78.8% in 2022. The 2012 low likely reflects friction tied to mining-sector incidents (including the 2010 Collum Coal Mine shooting).

Figure A.1: Zambia's approval of Chinese leadership, 2006-2024<sup>11</sup>

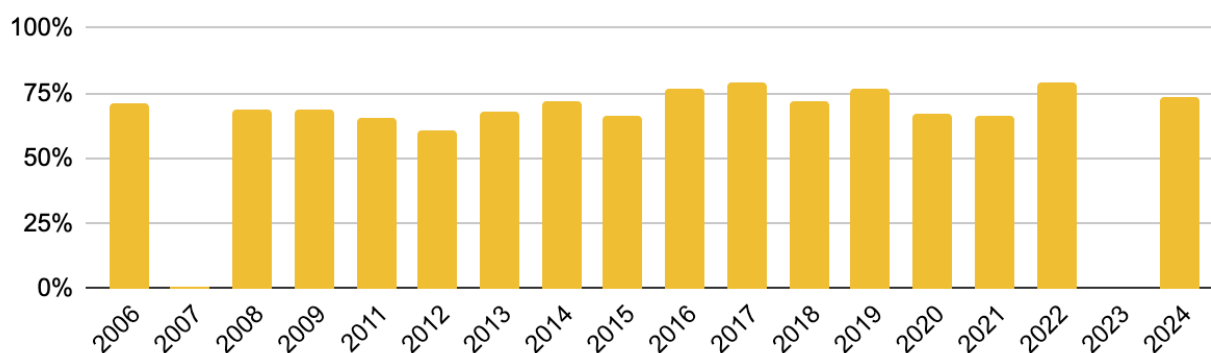


Figure A.2: Bilateral diplomatic visits between China and Zambia

2015 MAR	Zambian President Edgar Lungu visited China to meet with President Xi Jinping and hold diplomatic talks.
2017 JUN	Chinese Foreign Minister Wang Yi visited Zambia to hold diplomatic talks with President Lungu.
2018 AUG	Zambian Minister of Foreign Affairs Joseph Malanji visited China and met with Chinese Foreign Minister Wang Yi to hold diplomatic talks ahead of the Forum for China-Africa Cooperation (FOCAC).
2023 SEP	New Zambian President Hakainde Hichilema visited China and met with President Xi Jinping where their diplomatic relationship was elevated to a comprehensive strategic and cooperative partnership.
2024 AUG	President Hichilema visited China and met with President Xi to hold diplomatic talks ahead of FOCAC.
2025 APR	Chinese Assistant Minister of Commerce Tang Wenhong met with government officials in Zambia to discuss trade and investment as a follow-up to FOCAC.

<sup>10</sup>This data comes from Gallup's World Poll which started in 2005. Gallup conducts the survey in various frequencies on a country-by-country basis; therefore, the years AidData has data for vary and there are gaps pre-2006 and, in some cases, between 2006-2022. For Zambia, there is no Gallup data for 2007, 2010, and 2023. For more information on the Gallup methodology see <https://www.gallup.com/178667/gallup-world-poll-work.aspx>

<sup>11</sup>The data for the graph and approval rate is based upon Gallup's Rating World Leaders' report and dataset.

# Appendix B: Methodology & definitions

## Capturing Chinese development finance methodology:

The insights in this profile are derived from AidData's China Global Loans and Grants 1.0 dataset. For more details regarding the methodology used to assemble the data, please refer to the Tracking Loans and Grants from China to Low-, Middle-, and High-Income Countries: An Application of AidData's TUFF 4.0 Methodology. All financial values reported in this profile represent USD Constant 2023 prices, unless otherwise stated.

## Definitions of finance types:

- Aid: Includes any grant, in-kind donation, or concessional loan (i.e., loans provided at below-market rates and categorized as ODA in CLG 1.0).
- Non-concessional loans: Captures export credits and loans that are priced at or near market rates (i.e., non-concessional and semi-concessional debt categorized as OOF in CLG 1.0).
- Vague: Any official financial flows that could not be reliably categorized as "aid" or "non-concessional loans" because of insufficient information in the underlying source material.

## Definitions of instrument types:

- Grant: The donation of money or an in-kind donation of goods from an official sector institution in China (e.g. donations of supplies or equipment, humanitarian aid or disaster relief, or financing for the construction of a government building, school, hospital, or sports stadium).
- Free-standing technical assistance: Skills training, instruction, consulting services, and information sharing by official sector entities and experts from China. Training provided by Chinese entities outside of China is classified as technical assistance.
- Scholarships/training in the donor country: Funding from an official sector institution in China that allows a citizen from the host country to study at a Chinese university or other educational institution. This includes training programs and activities that are sponsored by an official sector institution in China and held for host country citizens in China.
- Debt forgiveness: The total or partial cancellation of debt owed by a borrowing institution in the host country to a Chinese government or state-owned entity.

## Development finance to Zambia from other donors

All data on development finance from other donors came from the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD DAC) Creditor Reporting System (CRS). The CRS is the OECD's aid activity database, which compiles activity-level statistics from all providers who report to the OECD. For the analysis in Figure 1.2, 'Aid' represents Official Development Assistance (ODA) grants and loans. Non-concessional loans represent the Other Official Flows (OOF) measure. However, the flows captured in CRS (which are project-level records) specifically exclude export credit flows (due to their potentially sensitive nature). Data on export credits is available in OECD's DAC2B database in aggregate form. DAC2B provides data on OOF loans and grants and gross export credits. However,

consistent and comprehensive data on export credits from one development partner to a specific country are not available. Gross export credits to a specific country are available at an aggregate level, such as G7 or all DAC Members.

## Financial Distress:

This profile includes a measure of “financial distress,” defined as loans that show evidence of principal or interest arrears, default on repayment obligations, borrower bankruptcy, or the renegotiation of loan terms (including suspensions of principal or interest payments). The inclusion of restructured loans in this definition represents a methodological change; as a result, the share of cumulative loan commitments classified as distressed in this version of the profile may be higher than in previous versions.

## Project implementation challenges methodology:

To better understand the implementation challenges within China’s overseas infrastructure portfolio, AidData developed a new coding framework to systematically identify and categorize environmental, social, and governance (ESG) problems associated with Chinese-financed infrastructure projects in low- and middle-income countries. Under this framework, AidData flags projects when there is credible evidence of a significant environmental, social, or governance issue arising before, during, or after the implementation of a Chinese-financed infrastructure project.

Common ESG challenges in infrastructure projects:

- Environmental: Negative effects on the environment due to building, rehabilitating, or maintaining a physical structure. These include an increase in air or water pollution, biodiversity loss, deforestation, increased carbon footprint, or natural resource depletion.
- Social: Negative effects on different groups of people due to the infrastructure project, such as employees, nearby residents, Indigenous populations, or community members. Such negative effects include poor labor law compliance, human rights abuses, displacement of local residents, or archaeological or cultural heritage site degradation.
- Governance: Negative effects related to the infrastructure project’s financial, legal, and ethical management during the design and implementation of the project. These can include corruption, money laundering, lack of transparency, and non-competitive bidding processes that lead to higher project costs and/or poor project quality.

## Loan Performance Methodology

AidData’s Chinese PPG Loan Performance Dataset 2.0 is a loan-level dataset that tracks the disbursement, repayment, arrears, restructuring, and outstanding debt trajectories of public and publicly guaranteed (PPG) loans issued by Chinese state-owned creditors to low- and middle-income countries. Building off the detailed loan commitment records captured in the 3.1 version of AidData’s Global Chinese Development Finance dataset, the 2.0 version of the Loan Performance dataset tracks 3,100 Chinese PPG loans issued to 124 borrowing countries between 2000-2022. To capture the full breadth of the Chinese PPG lending relationships, the Loan Performance dataset also retains some PPG loans supporting defense and security purposes (rather than development purposes). The dataset synthesizes over 11,000 independently-sourced, loan-level performance observations drawn from public debt reports and repositories, stock exchange filings, bond prospectuses, and audited financial statements.

These pieces of information are leveraged in conjunction with amortization schedule modeling techniques to create the best approximation of each loan's financial performance over time.

Each loan is represented through three complementary amortization models. The "planned model" constructs an amortization schedule based only on original commitment terms and assumes full and timely repayment without deviations. The "perfect compliance" model incorporates observed disbursements and time-varying interest rate benchmarks (for floating-rate instruments) while still assuming payments occur as scheduled. The "actual performance" model integrates observed disbursement and repayment behavior, time-stamped debt stock values, and credit events including arrears, missed payments, and restructuring agreements (e.g., DSSI-related deferrals) to reconstruct each loan's realized trajectory. Together, these models enable comparisons between the repayment burdens implied at signing and the repayment burdens realized over time, and they support consistent aggregation of debt service and debt stock across loans and countries.

The debt stock statistics in this profile are calculated from "actual performance" model outputs and are aggregated across all PPG loans for a given borrower country and calendar year. Figure 1.10 displays the country's outstanding Chinese PPG debt stock by year. This measure captures the estimated balance of loan amounts outstanding at the end of each calendar year across all Chinese PPG loans to the borrower. The measure combines observed debt stock data with modeled amortization schedules and includes both remaining principal and any unpaid interest charges. Figure 1.11 shows the country's annual debt service payments on Chinese PPG loans, including both principal and interest payments. These variables include normal debt service as well as altered payments associated with debt service suspensions and restructuring agreements.

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The insights in this profile are primarily derived from the 1.0 version of AidData's China's Global Loans and Grants dataset and the 2.0 version of AidData's Chinese PPG Loan Performance Dataset, although it also draws upon ancillary data from other sources. CLG-Global 1.0 is a uniquely comprehensive and granular dataset that captures 33,580 projects across 217 low-, middle-, and high-income countries supported by loans and grants from official sector institutions in China worth \$2.2 trillion. It tracks projects over 24 commitment years (2000-2023) and provides details on the timing of project implementation over a 26-year period (2000-2025). An accompanying report, [Chasing China: Learning to Play by Beijing's Global Lending Rules](#), analyzes the dataset and provides myth-busting evidence about the changing nature, scale, and scope of China's overseas finance program.

For the subset of grant- and loan-financed projects and activities in the dataset that have physical footprints or involve specific locations, AidData has extracted point, polygon, and line vector data via OpenStreetMap URLs and produced a corresponding set of GeoJSON files and geographic precision codes. The GCDF 3.0 geospatial data and precision codes are provided in [AidData's Geospatial Global Chinese Development Finance Dataset, Version 3.0](#) (Goodman et al, 2024).

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