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Research Article

Debt Restructuring in Africa: A Case Study of Ghana, Kenya, Nigeria, Zambia, and Mozambique

Amos William Omolo*

Global Legal Executive, William & Case Associates, Nairobi, Kenya

Abstract

This study discusses the problems and impacts of restructuring debt in Africa with a focus on Ghana, Zambia, Kenya, Nigeria, and Mozambique. The researcher analyzed the historical context, current challenges, and prospects of debt restructuring initiatives in these nations. Through its comparative orientation, it provided a nuanced understanding of the debt restructuring landscape in Africa. To determine the historical background, restructuring strategy, the role of international financial institutions (IFI) and the socioeconomic impacts of debt, the paper will use the theories of dependency, institutional economics and sovereign debt based on document analysis and a comparative case study approach. The restructuring of sovereign debts in Ghana and Zambia has been done using the G20 Common Framework (CF). In contrast, Kenya, Nigeria and Mozambique have utilized bilateral, multilateral and commercial models. The findings show that the dominance of the private commercial lenders as the largest creditors in Africa since 2010 has resulted in more difficult debt restructuring due to the inability to coordinate the efforts, stigma effect, and high costs to bondholders. The results also indicate that the debt situation in the five countries is marred by failures of existing debt resolution measures, culminating in the fact that reforms need to accelerate the drafting of effective debt management models among African nations. To these ends, they offer meaningful information to policymakers, economists, and scholars who are concerned with sustainable economic growth and financial stability in Africa.

Keywords

Debt, Restructuring, Domestic, External, Sovereign, Africa

1. Introduction

The issue of debt is one of the persistent problems of African nations, particularly those considered HIPCs, which arise due to economic problems and are exacerbated by an inappropriate international debt system [1]. It should be noted that sovereign debt is a cornerstone of Africa's development prospects, while the approach to its financing and debt restructuring further complicates rather than solves the economic challenges facing the country [1]. Moreover, there is a realization that the reasons for high levels of external debt in HIPCs lie not only in ineffective approaches to managing debts but also in inherent structural problems within the international debt structure [1]. Debt crisis root causes in Africa include insufficient industrialization, poor domestic resource mobilization, and over-reliance on exports of commodities, leading to structural issues and fostering economic vulnerability that hampers sustainable debt management [1]. In this regard, debt restructuring, together with other procedural changes, including increased transparency and debt sustainability assessment, acts

*Correspondence: Amos William Omolo (william@williamcase.co.ke)

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as a painkiller but not a cure, and must be accompanied by sustainable structural changes for long-term results [1].

Africa's public debt was estimated at $1.8 trillion in 2022, indicating an increase of 183% since 2010, which is more than fourfold compared to the GDP growth rate in dollar terms over the same period [2]. External debt increased from about 19% of GDP in 2010 to 29% in 2022 and from 74.5% to 140% of exports during the same period [2]. This difference between export revenues and debt is crucial since the majority of African countries have limited export potential in extractive industries and low value-added products, excluding HIPCs from access to international capital markets and making borrowing costlier. As a result, HIPCs are compelled to allocate an excessive share of their budgets to repay debts, while insufficient finances are available for developmental expenditures related to education, health care, and social safety nets [2].

It is worth noting that despite the rising cases of debt crisis in Africa, there is lack of studies that would carry out comparative studies on how various nations have managed to get out of it. Thus, systematic and comparative research in this area is needed, which can contribute to displaying general tendencies and knowledge transfer across countries. Therefore, the paper will take the example of Ghana (primary case), Zambia, Kenya, Nigeria and Mozambique and consider the following issues: factors that determine the activity of debt restructuring in these countries; strategic differences and lessons learned; role played by the IFIs in the process of the debt restructuring; socio-economic effects of debt restructuring in these countries; and implications of the study to future debt management policy in Africa.

2. Literature Review

2.1. Theoretical Framework

2.1.1. Dependency Theory

Dependency Theory in Development Economics states that the economic growth of developed countries is inherently connected to the underdevelopment of developing countries and the creation of a world system in which there exists a constant flow of resources from the periphery to the core, thus preventing the development of the periphery [3]. The dependency theory shows how the core-periphery relationship is supported through unequal exchanges in which peripheral countries sell their commodities at low prices and purchase industrial goods at high prices, leading to the continuous flow of wealth into the core economy [4]. The developing countries are dependent on the core countries for capital, technology, and market access, which prevents them from developing autonomous and sustainable economies [4].

2.1.2. Institutional Economics

Institutional economics studies the effect that rules, norms, and structures have on economic activity [5]. Key concepts are bounded rationality, the awareness that actors will react to short-term necessities and not long-term requirements, and path dependence, where previous institutional set-ups influence future decisions, thus making structural change hard, despite being necessary [6]. Transaction costs, the problem of collective action, and how institutions reduce uncertainty are other useful analytical devices [6]. This model provides an insight into why IMF programs repeatedly implemented in all five states were unable to overcome the debt vulnerabilities: conditionalities of programs stabilized short-term fiscal positions while not changing underlying institutional conditions that led to crises.

2.1.3. Sovereign Debt Theory

The sovereign debt theory highlights some special characteristics of sovereign debts by discussing issues related to enforcement in the absence of any formal means of making sovereign defaulters pay up [7]. The doctrine of sovereign immunity, which traditionally grants governments immunity against litigation in foreign courts without their permission, makes it difficult for lenders to resort to formal means to recover their money in case of default by governments [7]. The emergence of private commercial creditors after 2010 and the subsequent coordination problems, intercreditor fairness issues, and holdout issues have made it necessary to move beyond classical bilateral sovereign debt theory [8]. This study seeks to advance the theory of sovereign debt by analyzing its implications in the contemporary context of African debts.

2.2. Key Steps and Forms of Debt Restructuring

The first step in debt restructuring involves the development of a debt inventory listing all the debts, contingent liabilities included, involving parastatals and the employment of experienced financial and legal advisors to help negotiate with creditors [9]. In this case, the IMF provides evaluations of debt sustainability and the financing needs of the debtor countries without recommending concrete restructuring mechanisms or intercreditor equities [9]. At the same time, the governments of debtor nations undertake reform measures that would spur growth, reduce financing needs, and improve their ability to make repayments [9].

Determinations regarding scope, whether domestic and/or external debt, and whether central government and/or parastatal debt are fundamental factors in designing the restructuring plan [9]. Generally, multilateral creditors are not included in debt restructuring due to ongoing lending to debtor states during periods of crisis. Any domestic debt restructuring plan must consider the possibility of systemic risk to domestic pension funds and commercial banks [9]. Depending on the type of crisis that is being experienced by the country, i.e. liquidity crisis or solvency crisis, treatment may be in the form of maturity extension, reduction of the interest rates, and nominal haircuts [9].

The restructuring process of the company has, over the years, changed the approach taken to involve creditors. In the past, the Paris Club was in charge of organizing bilateral debt restructuring among its members, where a fixed procedure and rules were adhered to when it came to comparisons of treatments [9]. The G20 Collective Action (CF) mechanism that was initiated in 2020 brought debt coordination to non-Paris Club bilateral creditors, which included China as a key creditor to African states after 2005 [9]. Zambia, Ethiopia, Chad and Ghana have sought CF treatment [9] in 2023. Ad hoc creditor committees of private bondholders usually negotiate the debt restructuring. Restructuring domestic debt may be legislative or voluntary debt swapping or both are highly risky to the institutional reputation and financial stability of the debtor country [9].

3. Methodology

The research adopted systematic document analysis and comparative case studies methodology. The main sources include IMF Staff Report and Country Reports, World Bank DSAs, Ministry of Finance documents and budgets, bond prospectuses, Eurobonds documentation, G20 CF official communication, bilateral restructuring agreement and MOU. The sources used for secondary research are peer-reviewed academic literature, policy briefs from the IFIs, credible news articles published by Reuters and Bloomberg and research by UNCTAD and Center for Global Development.

Five countries were chosen using purposive theoretical sampling with the aim of maximizing the analytical variations across the key dimensions that are important for answering the research questions based on the following six criteria. First, degree of distress and restructuring history: all five countries suffered periods of high debt distress and underwent restructuring during the period under review which guarantees the presence of substantial empirical content. Second, creditor structure diversity: the sample includes creditor structures with a combination of multilateral, bilateral, and commercial creditors. Ghana and Zambia are characterized by considerable bilateral exposure to non-Paris Club creditors including China. Mozambique restructuring focused mainly on private creditors who hold Eurobonds. The country has long history of Paris and London club involvement. Kenya represents the creditor structure hybrid. Third, institutional and governance diversity: Nigeria has a large federal economy compared to unitary economies of Ghana, Zambia, Kenya and Mozambique. This allows to test institutional economics hypothesis that quality of governance predicts restructuring outcomes. Fourth, geographical representation: the sample covers countries in West Africa (Ghana, Nigeria), East Africa (Kenya) and Southern Africa (Zambia, Mozambique). Fifth, G20 CF involvement: Ghana and Zambia, which are among the first African CF members, provide primary empirical data on operations and shortcomings of the mechanism. Sixth, documentation availability: all five countries have adequate publicly available primary and secondary documentation which can be used in comparison [10].

4. Results

4.1. Key Factors Influencing Debt Restructuring Initiatives

Three cross-cutting factors emerged as key determinants of restructuring processes and outcomes across all five countries.

Timeliness of Intervention. The study by Lemaire et al. concludes that early restructuring yields better results in terms of less economic disruption and shortened fiscal instability periods [9]. However, all five countries displayed the same tendency of delaying the process, with their governments procrastinating until more favorable economic circumstances arose or enough funding became available, which was called "gambling for resurrection" [9]. In Ghana, it was not until July 2022 that gross public debt was 92% of the GDP and interest payments 50% of government revenue that restructuring negotiations with the IMF commenced; this gave Ghana very little bargaining power [11]. The fiscal reforms were not implemented in Zambia until 2020, by which time the country was already defaulting on its Eurobond and had been thrown out of the market, and therefore, it had few options [12]. This can be viewed through the perspective of institutional economics in terms of limited rationality and path dependency, where political factors have a greater weight than structural fiscal reality [6].

Conditionality. In each of the five HIPCs, three key areas of conditionality of the IFI programs were fiscal consolidation, SOE privatization and liberalization of trade practices. Fiscal policies were changed by considering a reduction in the budget on areas like education, infrastructure and health care, which caused a lot of dissatisfaction among populations [13]. Privatization of SOEs resulted in both beneficial and adverse outcomes; on the one hand, companies sold off worked better, whereas on the other hand, corrupt transactions in favour of certain parties took place, resulting in governance failures and loss of welfare [13]. Trade liberalization measures were aimed at increasing the integration of markets but caused negative effects such as increased import competition, deterioration of domestic industries, and unfavorable trade balance [13]. Dependency theory suggests that these patterns of conditionality reinforce structural asymmetries of core-periphery relations identified by Valencia [3]; liberalization policies lead to the lowering of tariffs and the penetration of goods and capital from the core economy into peripheral economies, while hindering industry development in peripheral economies [4].

Geopolitical Dimensions. Debt restructuring involves geopolitical considerations influencing the success of the process in all five HIPCs [14]. The role of the G20 economies, especially those of the US and China, is essential in shaping the debt restructuring experience of HIPCs. China, being a new bilateral lender in the region, has also introduced new dimensions: it has been accused of pursuing geopolitical interests instead of contributing to sustainable development, and insisting on bilateral rather than multilateral debt restructuring has complicated the G20 CF process; the latter is evidenced in the example of Zambia [14]. Moreover, China's adamant refusal to agree to any nominal haircut and insistence on only maturity extensions has set up path-dependent precedents impacting not just Zambia's case, but also CF processes involving Ethiopia and Chad [14]. This issue can be considered within the framework of institutional economics, where the multilateral institutions function within larger contexts of norms and power asymmetries [5].

4.2. Restructuring Strategies: Country Comparisons and Lessons

Table 1. *Summary of Debt Restructuring Strategies by Country. Sources: [9, 11, 12, 15-17].*

Country	Primary Framework	Key Strategy	Haircut Applied	Maturity Extension	IMF Program Value
Ghana	G20 CF + DDEP	Domestic debt exchange; Eurobond restructuring	30-40% (Eurobonds)	Extended	$3 billion (2022)
Zambia	G20 CF	Debt buyback; bilateral renegotiation	~40% NPV reduction	~12 years average	$1.3 billion (2022)
Kenya	IMF ECF/EFF; bilateral	DSSI enrolment; bond conversion	Limited/negotiated	Extended	$2.34 billion (2021)
Nigeria	IMF/Paris Club	Refinancing; rescheduling; debt conversion	None	Extended (6 years + grace)	Technical/advisory
Mozambique	Bilateral; IMF ECF	Eurobond refinancing; rollover	None	Extended	$456 million (2022)

In total, Kenya used five main strategies: debt moratorium based on the DSSI (January to December 2021, saving roughly $1.2 billion in bilateral debt service); negotiating multilateral loans through 23 IMF arrangements since the time of Independence; bilateral creditors' negotiations including interest rates adjustments and cutbacks in expenditures; negotiation with private commercial creditors including hedge funds; and domestic debt restructurings where short-term Treasury bills were converted to long-term bonds [15]. The 2021 38-month $2.34 billion IMF arrangement included increased VAT on petroleum products and housing levy, which met strong public dissatisfaction culminating in nationwide protests against the Finance Bill 2024 [16]. This example illustrates the path dependence of a country on its institutional legacy because Kenya has utilized 23 IMF programs that constitute the dependency culture, which has proved to be very difficult to overcome due to structural conditionality [6].

Debt buyback and CF restructuring were key strategies used by Zambia. In 2022, Bank of Zambia purchased the initial Eurobond issue for $500 million as opposed to the $750 million value of maturation. Thus, Zambia was able to avoid spending cuts and additional borrowings [17]. After losing market access following defaulting on Eurobonds, Zambia made an official request regarding participation in the G20 CF. In June 2023, the Official Creditor Committee concluded the agreement covering $6.3 billion in bilateral debts with reduced interest rates up to 1.0% for 14 years, with a cap of 2.5%. In total, this deal will result in $5.0 billion in debt service savings between 2023 and 2031 [12]. In March 2024, a Eurobond agreement resulted in a bondholder claim reduction of $840 million and cash flow relief of $2.5 billion [18]. Using the approach of sovereign debt theory, the example of Zambia highlights enforcement asymmetry as the creditor has no legal remedy for recovering the money from a sovereign that lost market access, thus making a deal with the possibility of balancing creditors' needs for recovery and the sovereign's ability to pay [7, 8].

Refinancing with grace periods, rescheduling payments and interest rate adjustments tied to risk-free rates plus 1.0-1.5%, and debt conversion via exchange of foreign currency obligations to equity investment in domestic ventures to reduce the dollar amount of debts and increase domestic employment and investments were the strategies used by Nigeria [19]. Applying dependency theory to the situation, Nigeria's use of the Paris Club and London Club rescheduling represents the presence of asymmetry between power relations in the global political economy between core creditor nations and peripheral debtor nations. As a consequence, creditors establish terms that are acceptable, and debtors negotiate under disadvantaged conditions imposed by dependency [3, 4].

A three-year ($3 billion) ECF loan from the IMF in December 2022 conditioned the completion of the debt restructuring commitment [11]. Internal debts equaling approximately 48% of GDP were restructured through voluntary DDEP, where existing instruments were exchanged for newer, longer-term ones, with most state-owned financial institutions taking part in the program by February 2023 [9]. External debt restructuring occurred within the framework of the G20 CF: in May 2023, an Official Creditor Committee co-chaired by France and China was formed. As of January 2024, Ghana secured a preliminary agreement about restructured $5.4 billion in official bilateral debt. And by June 2024, agreement was reached with Eurobond holders to restructure approximately $13.1 billion in Eurobonds by reducing their face value by $4.7 billion [20]. Commitments of IMF programs included developing a Medium-Term Debt Strategy, enhancing public financial management and fiscal transparency reforms, and introducing sectoral structural reforms in the cocoa and energy sectors [21]. With 17 IMF programs completed since 1957 (average one program per four years), Ghana provides an example of path dependence in institutions [6].

The strategy of refinancing and rollover helped Mozambique when it declared in 2022 that it was unable to make payments on its two-billion-euro Eurobonds. Under refinancing, a committee representing 50% of bondholders renegotiated the terms of the obligation and obtained approval from 75% to change tenor, face value, and coupon rate to 5.375% to decrease the financial pressure [17]. The rollover strategy implied issuing new Eurobonds to finance existing debt, but increased risk due to high yields for new instruments issued by financially fragile HIPCs. In the case of Mozambique, new bonds are expected to yield 17%, which is significantly higher than the original 5.375%. Using sovereign debt theory, the willingness of bondholders to agree on the deal demonstrates rational assessment of the fact that the alternative, an orderly default, will have more negative consequences for bondholders than negotiations [7].

4.3. Role of International Financial Institutions

Table 2. *Debt-to-GDP Ratios Across Five Countries, 2010-2024 (%). Sources: [11, 12, 22, 23].*

Country	2010	2015	2020	2022	2024 (Est.)
Ghana	33.8%	73.0%	76.1%	92.0%	~55.0%
Zambia	19.7%	62.5%	120.8%	143.0%	~110.0%
Kenya	44.5%	52.0%	65.6%	68.0%	~73.0%
Nigeria	10.8%	12.1%	34.5%	38.0%	~42.0%
Mozambique	39.8%	86.2%	120.3%	100.0%	~90.0%

The role of IFIs in the five countries was priceless as they served as creditor guarantees that facilitated the negotiations and as a technical consultant to decide on the debt sustainability assessment and coordination of the creditors. ECFs of Ghana worth of $3 billion, a Zambian facility value of 1.3 billion, a Kenya facility worth 2.34 billion and a Mozambique accord worth 456 million were the key anchor that facilitated the broader creditor negotiations [11, 12, 15, 17].

The conditionality prescriptions focused on fiscal caution as opposed to social expenditure, which resulted in stabilization in the short term to the cost of development. As an illustration, IMF austerity measures in Ghana included reducing wages of the public sector, hindering the government to recruit medical doctors and teachers; in 2019, the government spent $1.28 billion in healthcare versus spending $4.1 billion on debt servicing [24]. Tax exemptions imposed by IMF cost Ghana 475 million in revenue in 2017, more than the overall budget of the flagship Free Senior High School program of the country [24]. In Zambia, food and fuel subsidies were done away with and this led to a more than 50 percent rise in the prices of gasoline and diesel that hit the poor hard [25]. The IMF program of 2021 in Kenya (such as the increase of VAT on petroleum and a new housing levy) led to countrywide protests against the Finance Bill 2024 [16]. In Nigeria, this trade liberalization program improved some poverty indicators, but at the same time increased the income inequalities since the same indicators were used to open up local markets to foreign ventures [19]. Lastly, in Mozambique IMF programs involved capping the public sector wage bills, which created distortions in the public service institutions and the adoption of conservative fiscal regimes, which limited the ability to spend by the public [17].

In addition, in Mozambique, the IMF presence was tainted in 2016 by a scandal of secret government-supported loans of approximately 2 billion dubbed tuna bonds, which stopped IMF presence until accountability measures were provided.

These occurrences highlight the adverse contribution of failures in governance in the IFI-debtor relationship and restructuring process [17]. In terms of institutional economics, the doubled aspect of the IMF as both a financier and as a technical expert indicates the functional aspect of the institution in terms of minimising transaction costs in complex negotiations that involve multiple parties, and offer dependable frameworks to assess sustainability and co-ordinate creditors [5, 6]. Nevertheless, the repetitive nature of IMF programs in all the five countries and particularly the 17 programs implemented in Ghana between 1957 and 2017 can be ascribed to the use of the theory of path dependence and the fact that program conditionalities failed to address structural weaknesses of the programs but instead, they created institutional structures that kept the same conditions that had to be addressed [6].

4.4. Socio-Economic Impacts of Debt Restructuring

Debt restructuring led to some quantifiable short-term socio-economic gains in all five countries through generating fiscal space. In the case of Ghana, debt restructuring restored debt sustainability, allowed avoiding an even harsher fiscal consolidation that could harm economic production and social cohesion, expanded the fiscal space, and avoided a banking crisis by steering clear of a disorderly sovereign default [20]. Debt restructuring in Zambia led to approximately $5.8 billion worth of debt service savings, which lowered the country's servicing cost to $750 million per annum, allowing for the utilization of an additional $188.8 million from the IMF and $75 million from the World Bank to finance developmental projects. The stabilization of the local currency rate facilitated foreign investment and cross-border trade transactions and provided the central bank with room for monetary policy maneuvers. Debt restructuring in Nigeria created $1 billion of debt service savings each year and helped to improve the country's sovereign credit rating such that the export credit agencies were willing to reinsure Nigerian exports. In Kenya, debt restructuring allowed redirecting the larger share of domestic revenue collection towards health, education, social protection, and equitable distribution among the country's counties [26]. Debt restructuring in Mozambique stabilized the national currency rate, alleviated the cost-of-living challenges, revived foreign investor interest, and attracted more foreign direct investments [17].

Nonetheless, the sustainability of these benefits can differ dramatically, and all five countries continue to be vulnerable to further debt problems because of unresolved structural predispositions. Debt service in Kenya absorbed 69.6% of domestic revenue by June 2024 above two times the sustainability level of 30%. As a result, the fiscal space generated during debt restructuring will be constrained, and the sustainability of gains will require structural economic transformations. For Mozambique, whose pre-restructuring debt-to-GDP rate exceeded 100%, its limited fiscal space indicates that restructuring cannot provide any long-term benefits in the absence of structural economic transformation [17]. Evidence from Sub-Saharan Africa suggests that economic growth is crucial to successful debt restructuring in HDLICs: in Ghana, Mozambique, and Zambia, it contributed about 15%, 10%, and 6% to reductions in debt-to-GDP ratios, respectively. By contrast, fiscal consolidation had a more prominent impact in Kenya and Nigeria [22]. From the point of dependency theory, such observations suggest that debt restructuring cannot be considered an effective tool for overcoming developmental obstacles due to dependency on external actors and the inability to change the structural economic prerequisites for the debt problem [3, 4].

5. Discussion

The results thus show that the current debt management policies only tackle the symptoms of the problems of debt faced by the African countries and not its root causes. First, rollover policies (Mozambique) are fundamentally unsustainable since investors investing in new Eurobond instruments for countries experiencing fiscal difficulties have high yield requirements for the bonds in question due to default risks. Thus, a bond with longer tenor will have an increased coupon well beyond the initial one because of worsened fiscal positions, leading to increased cost of servicing the debt that will necessitate higher taxation or expenditure cuts [17]. Second, debt rescheduling (Nigeria), in which cases there is an extension of payments but not reduction in the debts themselves, increases interest costs in the long run and only deals with issues of liquidity and not solvency [19]. Third, debt buybacks (Zambia) face feasibility issues, which are related to the cost of funding the operations using resources from the IMF program or the country's reserves as well as market prices being raised based on expectations of repurchase by the sovereign [17].

From the Kenyan experience, it can be deduced that dealing with private commercial creditors results in HIPCs having to come back to IMF programs to solve their fiscal issues [15]. Additionally, the domestic debt restructuring experience of Kenya shows that debt restructuring involving commercial banks, the central bank, and pension funds, which are holders of the obligations, pose risks to the financial systems in those nations due to negative impacts on the balance sheets of the holders of the debt [27]. Prematurely restructuring the debts may lead to credit ratings downgrading and higher borrowing costs [27].

The three theories provide complementing explanations that reinforce one another. Institutional economics theories [5, 6] give the reasoning behind the ineffectiveness of the rollover, rescheduling and buy-back approaches to resolving debt distress; these approaches only tackle the issue of short-term liquidity pressures while ignoring the quality of governance, fiscal policy-making practices, and the frameworks for coordination between creditors, which make the economy vulnerable in the first place. Path dependence theory [6] explains why the frameworks established by IFI programs tend to be self-enforcing - that is, their institutional set-up is structurally incompatible with the development needs of the recipient debtor nation. Dependency theories [3, 4] offer insight into why similar conditionality packages lead to similar outcomes regardless of national differences in institutions, because of the structural limitations imposed by the global financial architecture on peripheral economies. Sovereign debt theory [7, 8] explains the specifics of creditor coordination issues and of the enforcement difficulties associated with private commercial creditors and the problem of sovereign immunity, all of which are characteristic of debt restructuring in Africa.

Empirical evidence strongly supports the claim that growth is the most reliable predictor of effective debt reduction [22], and that effective debt restructuring occurs in nations with high-quality institutions and good conditions for investments. Exchange rate stability is a necessary precondition: an undervalued currency depresses economic growth, destabilizes currency exchange rates, raises borrowing costs and exacerbates public debt levels. Stock-flow adjustments, which may undermine the gains made by restructuring include below-the-line fiscal operations, including recapitalizing troubled SOEs, bailing out GOFI banks, writing off arrears, and budget transfers from non-fiscal entities, are easier to control where institutional quality is high [22]. Inflation is particularly damaging when persistent and deep, because it raises risk premiums and borrowing costs over time, making debt reduction efforts in HIPCs more difficult [22].

6. Conclusion

In conclusion, this analysis of five African countries shows that while debt restructuring is required, it remains insufficient for addressing Africa's sovereign debt issues. In Ghana and Zambia, it was shown that NPV reductions could bring about macroeconomic stability and sustainability, while Kenya, Nigeria, and Mozambique showed the limitations of rescheduling, rollover, and multi-creditor management without any principal reductions. The IFIs played indispensable roles in terms of providing financing guarantees and technical expertise for all five instances; however, their conditionality structures have been dominated by fiscal consolidations that often clashed with developmental goals. In addition, the number of times when all five countries have gone back to the IMF programs, as exemplified by Ghana's 17 times since 1957, can be explained by the concept of path dependency in institutional economics [6].

On a theoretical level, this study contributes to dependency theory in the sense that debt crises in Africa occur in an imbalanced world economic system where IFI conditionality reproduces core-periphery relationships instead of eliminating them. On the other hand, this research contributes to institutional economics because path-dependent institutional legacies seem to be more effective predictors than the debt agreement terms themselves. Furthermore, this research contributes to the sovereign debt literature by pointing out multi-creditor coordination problems created by commercial lenders from 2010 onwards, requiring new theoretical approaches to examine how formal restructuring procedures function with regard to the strategic behavior of creditors in non-multilateral settings [7, 8].

The main finding of the study validates and expands Gwaindepi [1] that the best restructuring of debts is not sufficient to sort the structural situation, which leads to underdevelopment and crises in the periphery. The systemic weaknesses, export orientation, ineffective mobilization of resources using fiscal tools in the country, absence of industrialization and institutional weaknesses demand specific and prolonged developmental policy response not only in the conventional debt management. Changes to the global debt regime must be considered essential complements: getting the G20 CF to work with commercial creditors with the same burden of treatment; changing IMF/World Bank DSA practices to be more responsive to SDG funding requirements and state contingent debt instruments; and changing multilateral accountability practices to hold IFIs accountable to the development impact of their policy [2].

7. Recommendations

1) Debt restructuring should aim at stimulating economic growth through sound domestic markets, rather than the financial market appeasement achieved through austerity-created unsustainable amounts of debt and crises periods.
2) The G20 CF should be extended to cover the private commercial creditors, and parity of treatment conditions that do not deal with holdouts should be offered to avoid the holdout and frustrate collective restructuring objectives.
3) DSA methodologies employed by IMF-World Bank should be modified to integrate financing of SDGs, insolvency criteria, and state-contingent debt instruments that automatically adjust prices during adverse macroeconomic environments.
4) Holdout creditor capabilities in vulture fund litigation and sovereign bond contracts' collective action clauses should be restricted to improve debt restructuring prospects.
5) FMI structures should be revamped to form a trustworthy global lender of last resort that is responsible for developmental consequences of the adjustment measures it recommends.
6) African states should focus on structural economic reform policies, such as export diversification, broadening sources of domestic revenue, developing productive capacity, to complement their debt relief measures that target fundamental issues rather than symptoms.

7) Apartheid-style oversight of government debt accumulation should be formalized, with sustainability assessments performed independently to avoid the inertia problem evident in all five case studies.

Abbreviations

CF	Common Framework
DDEP	Domestic Debt Exchange Program
DSA	Debt Sustainability Analysis
DSSI	Debt Service Suspension Initiative
GDP	Gross Domestic Product
HIPC	Heavily Indebted Poor Country
IFI	International Financial Institution
IMF	International Monetary Fund
MOU	Memorandum of Understanding
NPV	Net Present Value
OCC	Official Creditor Committee
SDG	Sustainable Development Goal
UNCTAD	United Nations Conference on Trade and Development
VAT	Value Added Tax

Author Contributions

Amos William Omolo: Conceptualization, Data curation, Formal Analysis, Investigation, Methodology, Project administration, Visualization, Writing – original draft, Writing – review & editing

Conflicts of Interest

The authors declare no conflicts of interest.

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