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From Deals to Durable Wealth

Designing South-South Wealth Corridors for Africa



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From Deals to Durable Wealth: Designing South-South Wealth Corridors for Africa

Key messages

1. **Africa's partnerships are growing faster than its capacity to retain their value.** Investment, lending and trade with Gulf, Asian and Latin American partners are expanding. The policy question is no longer whether to engage, but whether each deal leaves the country wealthier in productive, human and institutional terms.
2. **The main risks are leakages, not partners.** Value leaks through raw exports, hidden liabilities, currency mismatch, enclave projects and climate exposure. These risks arise with any partner, Southern or Northern, when deals are poorly designed or opaque.
3. **Governments should screen every major deal for wealth retention, not just for volume.** This paper proposes a fifteen-question Wealth Corridor Deal Screen that ministries can apply before signing.
4. **Ten practical reforms can turn transactions into wealth corridors.** They include full disclosure of public and publicly guaranteed debt, phased beneficiation backed by power and skills, local-currency finance, linkage programmes for local suppliers, and ring-fenced resource revenue for future generations.
5. **Start small and build credibility.** A pilot corridor review, a public deal register and a dedicated corridor unit in the finance ministry can be established within twelve months.

Executive summary

African economies are entering a decisive period for their international partnerships. Trade and investment ties with the Gulf, China, India, Brazil, Türkiye and others have broadened the sources of capital available to the continent. The African Continental Free Trade Area (AfCFTA) has created a framework for a continental market, and new infrastructure such as the Pan-African Payment and Settlement System (PAPSS) is beginning to reduce dependence on external currencies for intra-African payments. Demand for Africa's critical minerals is rising with the global energy transition.

At the same time, many African balance sheets are fragile. As of 31 March 2026, the IMF-World Bank debt sustainability list classified seven African countries as in debt distress and fourteen as at high risk of debt distress (IMF, 2026). Experience across the continent shows that a large inflow of capital is not the same as a gain in national wealth. A mine can raise exports while the country's natural capital is depleted and the proceeds are consumed. A loan

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can build a port while leaving behind a liability larger than the asset's value. A factory can employ thousands while every skilled role, supplier contract and profit stream stays external.

This paper applies the South-South Wealth Corridor framework (Kupara, 2026) to African policy. The framework holds that a cross-border relationship becomes a *wealth corridor* only when it strengthens five things together: capital connectivity, institutional alignment, financial integration, knowledge and technology transfer, and sustainability and resilience. Because these pillars are complements, a weakness in one can undo the gains in the others.

From this starting point, the paper identifies five common leakages through which partnership value escapes African economies. It then sets out ten policy recommendations, a fifteen-question deal screen for use before signing, role-specific actions for governments, African institutional investors, development finance institutions, partner countries and private investors, and a phased implementation roadmap. A box applies the approach to Zimbabwe.

The central recommendation is simple. African governments should evaluate major partnerships by what they leave behind, not by what they bring in.

1. Why this matters now

1.1 A new partnership landscape

The pattern of Africa's external relationships has changed. Development finance and investment no longer come mainly from traditional Western donors and multilateral lenders. Southern partners combine aid, trade, concessional and commercial lending, and direct investment in packages that are often faster and less conditional than traditional finance (Mawdsley, 2012; UNCTAD, 2019). This widens Africa's options, which is a genuine benefit. It also raises the stakes of negotiation, because the terms of each package vary widely and are often not public.

1.2 Fragile balance sheets

Africa's debt position leaves little room for poorly designed deals. Of the African countries assessed under the joint IMF-World Bank framework for low-income countries, twenty-one were either in debt distress or at high risk of it as of March 2026 (IMF, 2026). Several countries, including Zambia and Ghana, have gone through lengthy restructurings. In this environment, any new liability must be matched by a durable increase in productive capacity or revenue, and any undisclosed liability can damage a country's credit standing for years.

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Mozambique's hidden-debt crisis, which followed the revelation in 2016 of state-guaranteed loans contracted without parliamentary approval, showed how quickly concealed liabilities can reverse a growth story: growth roughly halved and external public debt rose from 61 per cent of GDP in 2016 to 104 per cent in 2018 (Gebregziabher & Pijuan Sala, 2022).

1.3 Minerals, markets and payments

Three further developments make this the right moment to act. First, the energy transition has raised global demand for Africa's lithium, cobalt, copper, manganese and graphite, giving producer countries more bargaining power than they have had for decades. The African Union's Africa Mining Vision has long called for mineral wealth to be linked to industrialisation, skills and local linkages (African Union, 2009). Second, the AfCFTA, which entered into force on 30 May 2019 with trading starting on 1 January 2021, creates the possibility of regional value chains that individual national markets are too small to support (African Union, n.d.). Third, PAPSS, launched in January 2022 by Afreximbank with the African Union and the AfCFTA Secretariat, allows payments between African countries to be settled in local currencies (All Business Africa, 2026). Together these developments create the conditions for partnerships that build regional capability rather than reinforcing raw-material exports.

2. The problem: volume without retention

The core problem is that partnerships are usually judged by their size: how much was invested, lent, traded or built. Size says little about how much value stays in the economy over time. The South-South Wealth Corridor framework identifies five leakages through which partnership value escapes (Table 1).

Table 1. Five leakages that drain partnership value

Leakage	How it happens	Warning signs
1. Value leakage	Resources are exported raw; processing, profits and high-value roles stay abroad	Low local content; profits fully repatriated; no processing plan
2. Hidden liabilities	Debts, guarantees and contingent obligations are not disclosed or approved	Loans through state-owned enterprises; confidentiality clauses; collateral in resource revenues
3. Currency mismatch	Projects earning local currency are financed in foreign currency	Hard-currency debt for domestic-revenue assets; no hedging; short maturities
4. Enclave projects	Investment operates in isolation from local firms and workers	Imported inputs; expatriate management; no supplier

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Leakage	How it happens	Warning signs
		programme
5. Climate and stranded-asset risk	Assets are exposed to climate shocks or lose value in the energy transition	No climate-risk assessment; high-carbon lock-in; no maintenance funding

These leakages are not features of any particular partner. Research on Chinese lending, for example, has found that a large share has not appeared in standard debt statistics (Horn et al., 2021), while also finding little evidence for the popular claim that it is designed as a "debt trap" (Bräutigam, 2020). The lesson for African governments is that disclosure, contract terms and project design matter more than the identity of the lender. The same disciplined appraisal should apply to Gulf, Asian, Latin American, European and multilateral partners alike.

3. From deals to wealth corridors

A South-South Wealth Corridor is a network of financial, institutional, technological and economic relationships among emerging economies that is designed and governed so that cross-border exchange adds to the participating economies' productive, human and natural capital, strengthens their resilience and supports the transfer of wealth across generations (Kupara, 2026). The framework rests on a simple idea from the economics of sustainability: a country is becoming wealthier only if the value of its productive base, including its produced, human and natural capital, is growing (Arrow et al., 2012; World Bank, 2021).

The corridor framework complements the Global Wealth Preservation Index, which assesses the national conditions for preserving wealth (Kupara, 2025); this paper focuses on how cross-border partnerships can strengthen those conditions. For policy purposes, the framework translates into five questions that any major partnership should answer (Table 2).

Table 2. The five pillars as policy questions

Pillar	The policy question
Capital connectivity	Does the investment build diversified productive capacity that stays in the country?
Institutional alignment	Are the terms, debts and disputes transparent, lawful and credibly enforceable?
Financial integration	Does the deal deepen local finance and reduce exposure to foreign-currency shocks?
Knowledge and technology transfer	Will local firms and workers be able to run, maintain and build on what is created?
Sustainability and resilience	Will the assets remain valuable under climate, price and financing shocks?

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4. Ten policy recommendations

The recommendations below are grouped by pillar. Each includes the reform, the reason for it and a first step that can be taken within a year.

Capital connectivity

Recommendation 1. Adopt phased beneficiation, backed by power and skills.

Mineral export restrictions can push processing onshore, but they work only when processing is commercially viable. Plants need reliable electricity, skilled workers, water and logistics. Governments should pair any export restriction with a published timetable, an energy plan and incentives tied to measurable processing milestones.

First step: publish a beneficiation roadmap for one priority mineral, with dated milestones and the infrastructure required to meet them.

Recommendation 2. Make local linkages a condition of major investment.

Evidence shows that the benefits of foreign investment spread mainly through linkages with local suppliers, and that these linkages depend on supplier capacity and policy support (Javorcik, 2004; Farole & Winkler, 2014). Investment agreements above an agreed threshold should include supplier-development plans, local procurement targets that rise over time and regular public reporting.

First step: require a supplier-development plan, with annual targets, in all new investment agreements above a set value.

Institutional alignment

Recommendation 3. Disclose all public and publicly guaranteed debt.

Every loan, guarantee and collateral arrangement entered into by the state or a state-owned enterprise should be recorded in a single register, approved by the legislature above a set threshold, and published. Mozambique tightened its guarantee rules and resumed debt reporting after its crisis (Gebregziabher & Pijuan Sala, 2022); other countries should act before a crisis rather than after.

First step: publish a complete register of public and publicly guaranteed debt, including state-owned enterprise borrowing and resource-backed loans.

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Recommendation 4. Publish the material terms of major contracts.
Investment, concession and financing agreements above a set value should be published, with genuinely commercial details protected only where the law requires. Confidentiality clauses that prevent disclosure of debt terms to parliament or to the IMF should be prohibited.

First step: create a public online register of major contracts, starting with new agreements.

Financial integration

Recommendation 5. Grow local-currency finance for local-revenue assets.
Projects that earn in local currency, such as toll roads, utilities and housing, should be financed as far as possible in local currency. Governments can support this through local bond markets, guarantee facilities and co-investment by domestic pension funds.

First step: set a target share of local-currency financing for domestic-revenue infrastructure and report against it annually.

Recommendation 6. Use regional payment and trade infrastructure.
Settling trade with African partners through PAPSS reduces the need for scarce hard currency and lowers transaction costs (All Business Africa, 2026). Combined with AfCFTA rules of origin, it also supports regional value chains.

First step: connect the central bank and major commercial banks to PAPSS, and use the AfCFTA framework when structuring regional supply-chain investments.

Knowledge and technology transfer

Recommendation 7. Build skills transfer into every major contract.
Agreements should set targets for the share of local staff in technical and management roles over time, require training partnerships with local universities and technical colleges, and include plans for local maintenance capability.

First step: include local-staffing and training schedules, with reporting obligations, in all new major contracts.

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Recommendation 8. Negotiate for capability, not just capital.
When partners bring technology, agreements should address licensing, adaptation rights and joint research, so that local firms can eventually operate and improve the technology rather than remaining dependent on the partner.

First step: develop a standard technology-transfer clause for use by investment promotion agencies.

Sustainability and resilience

Recommendation 9. Save a share of resource revenue for future generations.
Finite resource revenue should be converted into lasting assets rather than consumed. This principle, known in economics as the Hartwick rule (Hartwick, 1977), is practiced by Botswana and Norway, among others. A transparent sovereign fund or a ring-fenced development account, governed in line with the Santiago Principles (International Working Group of Sovereign Wealth Funds, 2008), protects windfalls from short-term pressure.

First step: legislate a rule that sets aside a defined share of mineral revenue, with independent oversight and public reporting.

Recommendation 10. Screen every major project for climate and transition risk.
Long-lived assets should be assessed for physical climate risk, transition risk and maintenance funding before approval. A project that becomes a stranded asset reduces national wealth even if it raises output in its early years (World Bank, 2021).

First step: add a climate-risk and life-cycle maintenance assessment to the public investment approval process.

5. The Wealth Corridor Deal Screen

The fifteen questions in Table 3 are designed for finance ministries, investment promotion agencies and cabinet committees to apply before a major agreement is signed. A “no” answer is not automatically a reason to reject a deal, but it is a reason to renegotiate, to add safeguards or to record why the risk is acceptable.

Table 3. Wealth Corridor Deal Screen: fifteen questions to ask before signing

Pillar	Question	Red flag
Capital	1. Does the deal add processing or other value in-country?	Raw export only, with no processing plan
Capital	2. Are there binding local-supplier	No local procurement

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Pillar	Question	Red flag
	targets that rise over time?	commitments
Capital	3. What share of profits is expected to be reinvested locally?	Full repatriation with no reinvestment
Institutions	4. Have all debts, guarantees and collateral been disclosed and approved?	Confidentiality on debt terms
Institutions	5. Will the contract's material terms be published?	Secret contract
Institutions	6. Is there a fair and enforceable dispute-resolution mechanism?	One-sided arbitration or stabilisation clauses
Finance	7. Is the currency of financing matched to the currency of revenue?	Hard-currency debt for a local-revenue asset
Finance	8. Are maturities and grace periods consistent with the asset's life?	Short maturities on long-lived assets
Finance	9. Can local banks, pension funds or investors participate?	No local financial participation
Knowledge	10. Are there targets for local staff in technical and management roles?	Expatriate management throughout
Knowledge	11. Will local institutions be able to maintain the asset?	Permanent dependence on the partner
Knowledge	12. Do technology terms allow adaptation and local use?	Restrictive licensing with no transfer
Resilience	13. Has climate and transition risk been assessed?	No climate-risk assessment
Resilience	14. Is maintenance funded over the asset's life?	No life-cycle maintenance plan
Resilience	15. Does the deal diversify or concentrate the economy's exposure?	Increased dependence on one commodity, buyer or creditor

6. Who should do what

Table 4. Priority actions by stakeholder

Stakeholder	Priority actions
African governments	Apply the deal screen; publish debt and contract registers; tie investment incentives to local value creation; set up a corridor unit in the finance ministry
African sovereign funds and pension funds	Co-invest alongside foreign partners to retain ownership and returns at home; adopt the Santiago Principles; favour diversified, climate-resilient assets
Development finance institutions	Fund local-currency instruments and guarantees; finance feasibility studies for processing; publish project-level data on linkages and debt
Partner countries and their lenders	Disclose loan terms; accept local-content and skills commitments; support processing and training in Africa rather than raw exports
Private investors	Treat local suppliers, skills and community trust as part of long-term returns; report transparently on local value created

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Box 1. Applying the approach to Zimbabwe

Zimbabwe illustrates both the opportunity and the risk. It holds some of Africa's largest lithium deposits and has used export policy to push processing onshore. It banned exports of unprocessed lithium ore in December 2022, announced in 2025 that lithium concentrate exports would be banned from 2027, and in February 2026 imposed an immediate ban on exports of raw minerals and lithium concentrate (S&P Global, 2025; electrive, 2026). At the same time, the IMF-World Bank framework classifies Zimbabwe as in debt distress (IMF, 2026), which limits the state's capacity to finance the power, transport and skills that processing requires.

The wealth-corridor approach suggests four priorities. First, match the beneficiation timetable to a credible power and infrastructure plan, so that export restrictions lead to processing rather than stalled output. Second, require supplier-development and skills-transfer commitments from all major mining investors, regardless of their country of origin. Third, publish the terms of major mining and financing agreements to rebuild confidence with creditors and investors. Fourth, ring-fence a share of mineral revenue in a transparent fund for future generations. Emerging partnerships, including with the UAE, can be assessed against the deal screen in Table 3 from the outset.

7. Implementation roadmap

Reform is more credible when it starts with visible, achievable steps (Table 5).

Table 5. Phased implementation roadmap

Phase	Actions
First 12 months	Establish a corridor unit in the finance ministry; publish a debt register; adopt the deal screen for new agreements; pilot a review of one major corridor
Years 1 to 3	Legislate contract disclosure and debt approval thresholds; launch supplier-development and skills programmes; expand local-currency finance; connect to PAPSS
Years 3 to 5	Legislate a resource revenue rule and fund; publish an annual corridor report; benchmark progress using the South-South Wealth Corridor Index

8. Conclusion

Africa's expanding partnerships are an opportunity to build lasting national wealth, but only if they are designed for that purpose. The difference between a deal and a wealth corridor lies in what remains after the capital has arrived: processing capacity, local suppliers, skilled workers, sound balance sheets, deeper local finance and assets that can withstand shocks. Governments that screen deals for these outcomes, disclose their obligations and reinvest finite resource wealth will be better placed to turn today's opportunities into prosperity for future generations.

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