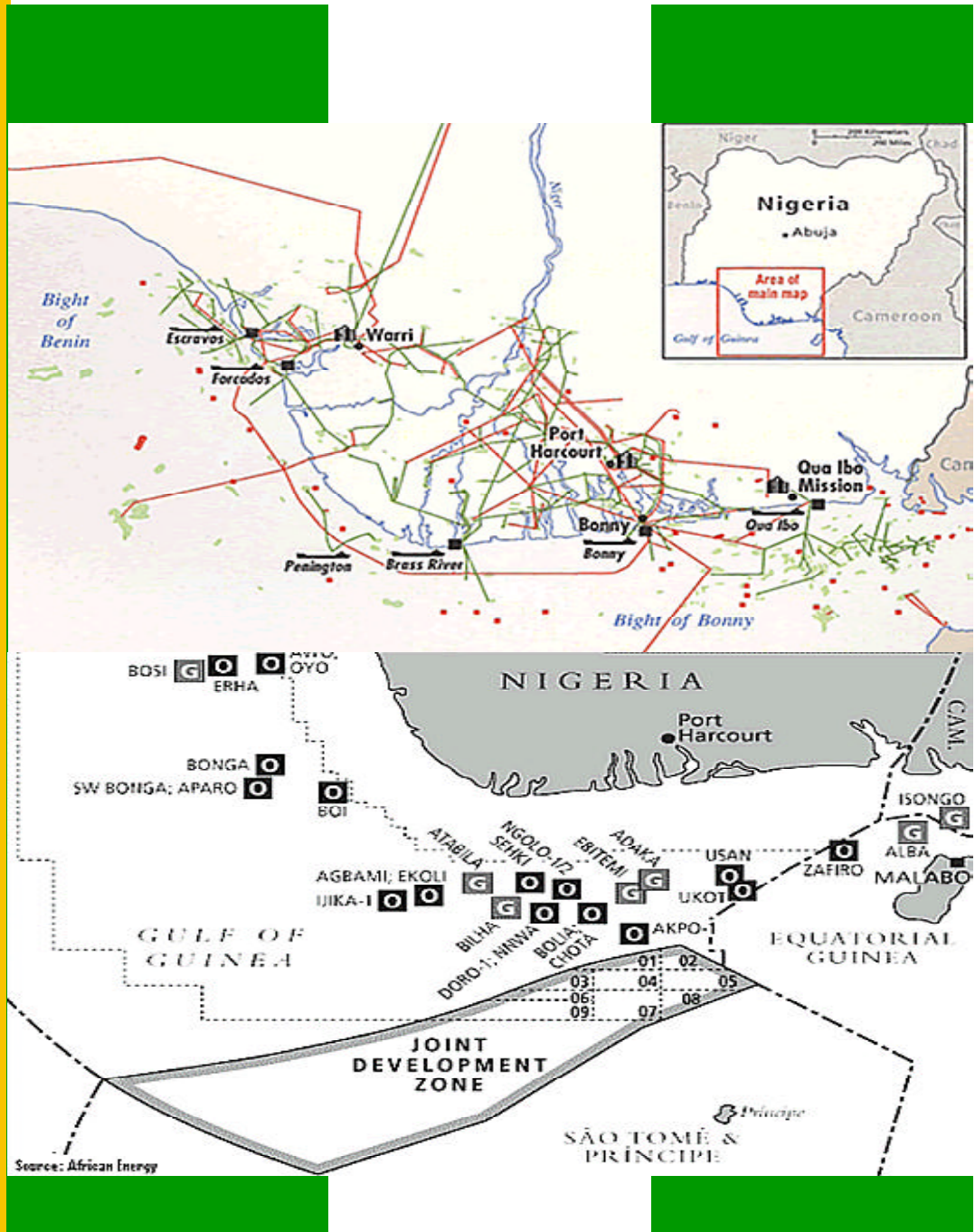


Nigeria: Foreign Debts, Stolen Wealth, IFIs and the West



A Case Study



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About AFRODAD

AFRODAD Vision

AFRODAD aspires for an equitable and sustainable development process leading to a prosperous Africa.

AFRODAD Mission

To secure policies that will redress the African debt crisis based on a human rights value system.

AFRODAD Objectives include the following:

- 1 To enhance efficient and effective management and use of resources by African governments;
- 2 To secure a paradigm shift in the international socio-economic and political world order to a development process that addresses the needs and aspirations of the majority of the people in the world.
- 3 To facilitate dialogue between civil society and governments on issues related to Debt and development in Africa and elsewhere.

From the vision and the mission statements and from our objectives, it is clear that the Debt crisis, apart from being a political, economic and structural issue, has an intrinsic link to human rights. This forms the guiding philosophy for our work on Debt and the need to have African external debts cancelled for poverty eradication and attainment of social and economic justice. Furthermore, the principle of equity must of necessity apply and in this regard, responsibility of creditors and debtors in the debt crisis should be acknowledged and assumed by the parties. When this is not done, it is a reflection of failure of governance mechanisms at the global level that protect the interests of the weaker nations. The Transparent Arbitration mechanism proposed by AFRODAD as one way of dealing with the debt crisis finds a fundamental basis in this respect.

AFRODAD aspires for an African and global society that is just (equal access to and fair distribution of resources), respects human rights and promotes popular participation as a fundamental right of citizens (Arusha Declaration of 1980). In this light, African society should have the space in the global development arena to generate its own solutions, uphold good values that ensure that its development process is owned and driven by its people and not dominated by markets/profits and international financial institutions.

AFRODAD is governed by a Board of seven people from the five regions of Africa, namely East, Central, West, Southern and the North. The Board meets twice a year. The Secretariat, based in Harare, Zimbabwe, has a staff compliment of Seven programme and five support staff.

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Preface

Symptoms of poverty and disillusionment are everywhere in sub Sahara Africa and express themselves in form of lack of basic facilities like clean water, food, medical care, sanitation and infrastructure. One major cause of such a scenario is the huge sums of money illicitly acquired by money launderers, public treasury looters and terrorists. Sadly the global financial system over the years provided safe heaven for the keeping of such dirty money. Organizations like Transparency International and others which study the illegal transfer of capital from Africa to the rich northern countries give reasons to suggest that a large portion of funds which are advanced to Africa by the international community for development are stolen and stashed away in secret bank accounts in developed countries. Much secrecy surrounds these financial transactions and it is still not good politics to raise such issues.

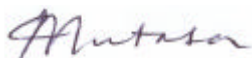
The 2006 Nairobi Declaration on International Obligations and on the Recovery and Repatriation of Africa's Stolen Wealth crafted by representatives of Transparency International in 7 African Countries, who met in Nairobi, Kenya, recommended that international instruments such as the United Nations Convention against Corruption and the African Union Convention for the Combating of and Prevention of Corruption be applied to end cases of stolen wealth in Africa. The group noted that billions have over the decades been illegally and corruptly appropriated from Africa, by politicians, soldiers, businesspersons and other leaders, and kept abroad in form of cash, stocks and bonds, real estate and other assets. The group further argued that the effective implementation and monitoring of these conventions will make it harder for the corrupt to circumvent rules designed to ensure fairness and efficiency, and make it easier to punish them for illicitly enriching themselves at the expense of the people.

Nigeria has been on the spotlight in issues of official corruption especially prior to the Obasanjo civil administration. Military rulers have not shown remorse in siphoning state assets for individual benefits. On the other hand the Western financial institutions have managed to keep it confidential and remain aloof when African leaders stole funds and bank them with their European banks. Many Africans in the spirit of true partnership with Western countries have continued to wonder whether Western governments and bankers had no moral conscience or obligation to expose such behaviour which continued and to an extent may be continuing to mar Africa's economic development.

This case study of Nigeria serves to show that a Fair and transparent arbitration mechanism to deal with issues of stolen wealth are worth pursuing if Africa is to liberate itself from exploitation and deprivation of its rich resources. True partnership between the North and the South is not genuine and profitable in the absence of resolving such historical and current trends. A call has been made by the civic body that international conventions and standards be agreed upon at UN level to arrest such illicit behavior. Anti-corruption treaties are the key to getting back monies stolen from African countries, embezzled by the likes of the military junta of Sanni Abacha in Nigeria

The study has proposed very bold actions that, effectively implemented will make a significant contribution to the fight against corruption - the greatest impediment to investments in Africa. I hope it can inspire many developed countries to examine steps that their governments and citizens can take to tackle the supply side of stolen wealth and other financial leakages that has impoverished poor countries.. While it is the primary responsibility of national governments, regional and civil society in Africa to root out and punish the corruption that damages the continent so badly, it is refreshing and encouraging to see such a candid look at the other side of the coin.

AFRODAD and its international partners in the civil society wishes to present this and many other cases as evidence for the need and cause for a fair and transparent arbitration process within the UN system. African governments and the international community should, as a matter of priority, expedite the tracing, recovery and repatriation of wealth stolen from African countries and transferred abroad, including sealing of all known loopholes, and requiring international cooperation from non-State actors such as corporations and financial institutions where there is reasonable cause to suspect illegal activity, and mandatory liquidation and repatriation of assets known to have been corruptly acquired. This would demonstrate that indeed there can be new global values and ethics.



Charles Mutasa
Executive Director
AFRODAD

List of Acronyms and Abbreviations

ADB	African Development Bank
ANEEJ	African Network for Environment and Economic Justice
ASC	Ajaokuta Steel Complex
BPSR	Bureau of Public Service Reform
BDRA	Bilateral Debt Rescheduling Agreement
CBN	Central Bank of Nigeria
CSOs	Civil Society Organizations
DFID	Department For International Development
DMO	Debt Management Office
DSA	Debt Sustainability Analysis
ECFA	Economic Commission For Africa
EFCC	Economic And Financial Crime Commission
EA	Evian Approach
FATE	Financial Action Task Force
FTAP	Fair and Transparent Arbitration Procedure
FDIs	Foreign Direct Investments
FRB	Fiscal Responsibility Bill
FOI	Freedom of Information Bill
FOS	Federal Office of Statistics
G-8	Group of Eight Industrialized Nations
GDP	Gross Domestic Products
GLOBACOM	Global Communication (A GSM Company in Nigeria)
GSHNL	Global Steel Holdings Nigeria Limited
HDI	Human Development Index
HIPC	Heavily Indebted Poor Countries
ICPC	Independent Corrupt Practices Commission
IEG	Independent Evaluation Group
IFIs	International Financial Institutions
INEC	Independent National Electoral Commission
IMF	International Monetary Fund
JFSC	Jersey Financial Service Commission
MAN	Manufacturer Association of Nigeria
MDBs	Multilateral Development Banks

MDGs	Millennium Development Goals
MNCs	Multinational Corporations
NAPEP	National Poverty Eradication Programme
NCCT	Non-Cooperative Countries and Territories
NEEDS	National Economic Empowerment Development Strategy
NEITI	Nigeria Extractive Industries Transparency Initiative
NG	National Guard
NHF	National Housing Fund
NHP	National Housing Policy
NDIPP	Niger- Delta Independent Plant Project
NYSC	National Youth Service Corp
OECD	Organization for Economic Cooperation and Development
OMPADEC	Oil Mineral Producing Areas Development Commission
PHCN	Power Holding Company of Nigeria
PPP	Purchasing Power Parity
PPB	Public Procurement Bill
PSI	Policy Support Instrument
SAP	Structural Adjustment Programme
SFEM	Second-Tier Foreign Exchange Market
SENL	Solgas Energy Nigeria Limited
UNICEF	United Nations Industrial Development Organization
UNDP	United Nations Development Programme
UK	United Kingdom
US	United States

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1.0 Executive Summary

This research undertakes a comprehensive analysis of Nigeria's stolen wealth and foreign loans conundrum within the current global context. In essence, the work establishes a critical linkage between the two variables - stolen wealth and foreign loans - on the one hand. It sets out to show that the inflow of foreign loans generated a pool of funds from which thieving Nigerian leaders and their elitist collaborators created stolen wealth, most of which was then stashed abroad in banks located in the West. At the end of the day, therefore, these loans later became unsustainable debts since they did not deliver their target projects in Nigeria.

On the other hand, the research points out that the IFIs and sovereign governments of the West contributed to the scourge of stolen wealth and foreign debt in Nigeria. Firstly, for instance, this is so because they provided a safe haven for the nation's stolen wealth in flagrant violation of their own laid-down banking and anti-money laundering laws. Secondly, the IFIs and the West are implicated in Nigeria's debt crisis because they consciously gave loans to incompetent and corrupt regimes in Nigeria even when they also realized that Nigeria's projected export earnings could not sustain the repayment of the loans they were giving.

To treat the subject matter of the research exhaustively, the spotlight was focused on these sub-thematic areas:

- (i) Background and context of Nigeria's foreign debt
- (ii) Stolen wealth and debt illegitimacy
- (iii) Roles of the IFIs and the West in creating Nigeria's stolen wealth and foreign debt malaise
- (iv) Campaign to recover the country's stolen wealth stashed abroad
- (v) Search for polarized debate on foreign debt relief
- (vi) An appraisal of the Paris debt deal. A look at its effects on Nigerian citizens
- (vii) Linkage between foreign debt payment, stolen wealth and human rights violations
- (viii) Lessons learnt by Nigeria from working for stolen assets recovery and foreign debt relief
- (ix) Key recommendations on how to facilitate stolen asset recovery and debt negotiation initiatives of government in general

Through an in-depth treatment of these sub-themes of the research, an understanding of the topic is put in better perspective and deepened. One is made to gain a penetrating insight into the interface between Nigerian leaders, their collaborators, the IFIs, sovereign governments of the West and the G8 all of which in a way contributed to Nigeria's foreign debt crisis and stolen asset syndrome.

Highlights of the research findings are illuminating. To start with, the research revealed that one of the greatest culprits - unbending attitude to debt negotiations - resulted in the leapfrogging of Nigeria's debt stock is the Paris Club of creditors. Partly because of its role as a "non-performing creditor" who wanted to create a "perfect debtor" out of Nigeria, the country's total debts reached \$35 billion in 2005, about 75% of which was owed to the Club. Matters came to a head in 2003 when the club was demanding a debt service payment of \$4.19 billion annually. Of course, the request was turned down and reduced to \$ 17 billion. Given, this shylock attitude of the Club, it was celebration galore for Nigeria government officials, therefore, when Nigeria exited the Paris Club debt finally in 2006, even though CSOs in Nigeria disapproved of the Paris debt deal.

Another finding of the research is that the CSOs played critical and pivotal roles in the campaign for stolen asset recovery and foreign debt relief. The research recalls an instance on February 13, 2006 when 60 NGOs sent a letter to Britain urging it in the spirit of debt cancellation to write off Nigeria's indebtedness of \$ 4.4 billion to her. This is because Nigeria's debts were both unsustainable and illegitimate.

Then, of course, a third research finding is that the malaise of bad foreign loans, debts and stolen wealth are intertwined.

The scams involving the Ajaokuta Steel Company and the Edo/ADB urban water project prove this point. Take the Ajaokuta Steel Company's case as an example. A consortium of German firms provided the initial \$ 350million pumped into the project slated to be completed in 1996. But this was not to be. In 1998, the Abacha family paid \$ 500m for the company in a fraudulent negotiated debt buy-back scheme. However, in return, the family collected and pocketed \$ 2 billion from the government. In this corrupt scenario, the foreign loan sourced for the uncompleted steel project created foreign debt for Nigeria as well as stolen wealth for the Abacha family and its collaborators who shared the loot.

Finally, the research provides up-to-date relevant data and information on the stolen wealth and foreign debt burden of Nigeria from 1999 to date.

2.0 Introduction

WHEN Nigeria obtained independence in 1960, the world believed that, in the near future, she would usher in economic prosperity for her citizens. It was because of this thinking the world saw Nigeria as the future economic agent of Africa. The thinking was not misplaced. Oil, the money-spinner, had been discovered at Oloibiri in present-day Bayelsa State in 1956. By 1958, Nigeria had begun to export the black gold to earn petro-dollars. Also, agriculture was booming; cash and food crops were being produced in large volumes and were fetching for the nation much foreign exchange. To crown it all, Nigeria was blessed with a viable human resource base, a favourable climate and a vast expanse land area 2.5 times the size of Britain.

Nigeria, in comparative terms, was rich. She had no reason to borrow. Indeed, she later successfully prosecuted her 30-month civil war from 1967 to January 1970 without taking a foreign loan. General Yakubu Gowon (1966-1975), Nigeria's military head of state at the time, once said during the early 70s that Nigeria did not have cash problems. Her problem rather was how to use the money in her vault.

However, surprisingly, the nation's vault soon began to dry up. The country then discovered that to keep afloat she had to take foreign loans. In no time, she was subsequently caught up in a crippling foreign debt crisis that compromised its economic progress, political stability, social dignity and cultural integrity. Accompanying this debt crisis was poverty. It took an upward swing. For instance, from 28% in 1980, poverty took a giant leap to 66% in 1996 and finally settled at about 70% in 2000. Put simply, based on UNDP estimates, approximately 65 million Nigerians were living on less than one dollar a day. The nation's huge natural resources had not brought her blessing but a curse because they were being squandered and looted. This scenario brought about the concept of stolen wealth, found within and outside Nigeria's shores.

On another level, the nation seemingly misappropriated huge amounts of the foreign loans she obtained to finance her economic development. Invariably, the loans became largely non-functional. Hence, she ran into difficulties when they became mature and due for repayment. In 2001, for instance, Nigeria paid about \$2.1 billion on her external debts. The opportunity cost of this debt repayment was the critical loss of badly-needed funds for financing the country's development.

Indeed, Nigeria's economic development was put on hold by the external debts incurred through an intricate interplay of elitist corruption in the nation as well as the involvement of the International Financial Institutions (IFI). A breather only came in 2006 when Nigeria exited the Paris Club debt. Understanding the interface between the Nigerian elites, the IFIS and the West in Nigeria's external debts crisis is made possible and put in better perspective when a look is taken at the background/context of the debts.

3.0 Background/Context Of Nigeria's External Debts

Nigeria's external debts stood at a little over \$35 billion in 2006. Nigeria's former minister of Finance Dr. Ngozi Okonjo-Iweala disclosed this fact during a Grand House reception for her at Niteshift Coliseum in Lagos on 2 July, 2006. On the occasion, she said:

"Initially, we owed \$35 billion and \$30 billion of that was owed the Paris Club group of creditors of 15 countries, most of them Western countries and Japan. We exited the Paris Club through debt cancellation. So \$5 billion is left. We don't owe the IMF even one kobo. Of the \$56 billion that is left about \$2.5 billion is owed to multilateral institutions. This includes the World Bank, African Development Bank, among others, and these are long term, 30 to 40 years loan of little or no interest"

From what the former minister of finance exposes, one can see that Nigeria has two major categories of external creditors². Namely, they are official creditors and Private creditors. The official creditors are:

- International Fund for Agricultural Development (IFAD)
- African Development Fund (ADF)
- European Development Fund (EDF)
- International Bank for Reconstruction and Development (IBRD)
- African Development Bank (ADB)
- Economic Community of West African States (ECOWAS) Fund
- European Investment Bank

These official lists of international funders are Nigeria's Multilateral creditors. In the bilateral league are the Paris Club and Non-Paris Club Creditors. Finally, Nigeria is indebted to Private Creditors which consist of Promissory Note Holders and the London Club Group.

Initially, Nigeria borrowed concessionally only from the World Bank, a multilateral institution. This explains why in 1960 when Britain - Nigeria's colonial masters - handed over power to Nigeria, she had only incurred external debts of N82.4m as the Table below illustrates.

It needs to be explained here that a major component of the external debts of N82.4m was a soft World Bank loan of \$280m sourced for financing Nigeria Railways extension to Bornu in the Northern part of Nigeria. The extension was built. Therefore, the loan was not diverted. The table also shows that Nigeria's external debts have been increasing over time because of a proportional shortage of foreign exchange to meet her developmental needs. Borrowings were however still done with caution, disciplinary prudence and fiscal responsibility until 1977. That year, Nigeria's borrowing profile changed drastically. Nigeria's head of state, Gen. Olusegun Obasanjo (1976 - 1979) obtained a jumbo loan of one billion dollars - thus breaking the tradition of taking external loans in relatively small amounts. Given this, Nigeria's external debts leapt from the million-dollar category to that of billions of dollars. In strict terms, Nigeria's foreign debts rose from \$762.9m in 1977 to \$2163.8m in 1978.

Obasanjo also departed from the tradition of borrowing from multilateral/bilateral institutions to sourcing loans from the international capital market. It was at this point Nigeria laid herself open to the possibility of external debt peonage. This was because the jumbo loan had a higher and variable interest rate as well as shorter maturity date and repayment period. Additionally, he later took more loans before he handed over power to the civilian administration of President Shehu Shagari (1979-1983) in 1979 before the loans were due for repayment. Thus Obasanjo passed on the loans to a less efficient and very corrupt government. Cumulatively, the debts had climbed to \$2,824.6m. The debt stock peaked in 1988 to \$29,282m. Later in 2005, the debt stock hit an astronomical height of about \$35.6 billion. Several reasons have been given for the sky-rocketing trend.

Table 1 **Nigeria's External Debt (1960 - 1988)**

YEAR	Total Outstanding (in Million N)	Debt (in Million \$)
1960	82.4	Not Available (N.A)
1965	435.2	N.A
1970	488.8	N.A
1971	214.5	308.9
1972	263.4	400.4
1973	276.9	420.4
1974	322.4	523.3
1975	349.9	559.2
1976	374.6	593.6
1977	496.9	762.9
1978	1,265.7	2,163.8
1979	1,611.5	2,824.6
1980	1,866.8	3,444.8
1981	2,311.2	3,667.7
1982	8,819.4	13,124.1
1983	10,577.7	14,130.7
1984	14,536.6	18,034.1
1985	17,290.6	18,034.1
1986	42,229.5	18,631.3
1987	86,550.8	26,200.0
1988	146,310	29,282.0

Source: Federal Ministry of Finance, Central Bank of Nigeria (CBN), Annual Report 1988, p. 22

- More loans were obtained from both bilateral and multilateral institutions
- More loans were sourced from the international capital market at commercial rates
- The accumulation of trade arrears
- Fines/Penalties on the debts arising from over-due scheduled payments
- The capitalization of unpaid interests
- Depreciation of the US dollar against other major international currencies in which the loans were taken

Giving a specific insight into one reason why Nigeria's debts ballooned, Dr. Ngozi Okonyo-Iweala⁴ said, for instance, that the Paris Club debt payment of \$12.119 billion, demanded before Nigeria's other Paris Club debt of \$18 billion was written off, was the accumulated interest arrears of the debts several times over. In fact, a Nigerian newspaper⁵ has explained that the actual initial loan was \$17 billion. Nigeria has not only paid \$35 billion for this loan but paradoxically still owed about \$35 billion until the Paris Club debts relief came.

Debt service payment for Nigeria's debts started on a soft, tolerable level in 1958 until it became a hard bargain years later. To start with Prof. Mike Obadan⁶ explained that the average debt service in the late fifties was N3.2m annually which worked out at 0.2% of the GDP. In other words debt servicing was not a big cut on the nation's purse initially. However, debt servicing became much of burden for Nigeria to bear. Matters came to a head in 2003 when one of Nigeria's creditors in the Paris Club demanded an all-time high \$3 billion annually for debt service payment.

Dr. Ngozi Okonjo-Iweala considered the payment economically unsustainable. She therefore negotiated with the club a \$1.7 billion debt service payment annually. This left an unpaid debt service of \$1.3 billion, which the club added to the principal alongside other interests. This is one reason the nation's total debt stock kept on rising⁷.

In 2005, before the exit debt payment to the Paris Club was made by Nigeria, total external debt service payment was \$1,367.54 million made up of principal repayments of \$978.36 billion; and interest payments and commitment charges of \$389.17 million⁸. However, with the inclusion of a debt service payment of \$7,575.92 million under the first and second phases, payment made for debt service in late 2005 was \$8,943.45m. This is the highest debt service ever paid in a single year in the history of Nigeria. (See Table 2).

Table 2 External Debt Service Payments (2001 - 2005)

Creditor Category	2001	2002	2003	2004	2005
A. Official					
1. Bilateral					
Paris Club	1,273.62	161.58	1,020.18	994.44	8,072.55
Non-Paris Club	33.81	75.86	13.26	11.65	15.83
2. Multilateral	491.48	472.12	509.23	487.28	471.66
Non-Paris Club	121.21	0.43	55.55	.018	
SUB-TOTAL	1,798.91	709.54	1,542.66	1,493.37	8,560.06
B. Private					
1. Promissory Notes	195.18	192.12	176.42	171.23	213.55
2. Banks (London Club)	134.08	266.75	90.21	90.15	169.86
SUB-TOTAL	329.26	458.87	266.62	261.38	383.41
GRAND TOTAL	2,128.17	1,168.40	1,809.28	1,754.75	8,943.45

Source: Debt Management Office (2005)

Although Nigeria has exited the Paris Club debt and so will not have to service the debts anymore, she is still servicing her non-Paris Club multilateral and private debts which in 2005 were cumulatively put at \$670.9 million. (Also, See Table 2) From the foregoing, one can observe that, indeed, servicing Nigeria's external debts drained her resources and is still presently doing so.

Paris Club debts, according to the Debt Management Office (2005) accounted for about 75.26% of Nigeria's total debt stock. This implies that the other categories of debts make up the balance 24.74. Below is a breakdown of these other debts⁹.

- Multilateral debts\$2.70 billion

Non-Paris Club Debts

- (Bilateral Debts).....\$121.04 million
- London Club Debts.....\$1.44 billion
- Promissory Notes\$580.49 million

All these debts amount to \$5 billion. Dr. Ngozi Okonjo-Iweala has said that the multilateral and bilateral debts portfolios are more manageable because a large bulk of them are owed to multilateral institutions. They were secured under concessionary arrangement with low or no interest rates; with 10 years moratorium and about 30 years payment period. The same cannot be said for the London club debts. It is for this reason Nigeria's new finance Minister Mrs. Nenadi Usman¹⁰ disclosed in September 2006 that the nation was making arrangements to exit the club by January 2007. In a published interview with ThisDay Newspaper, she stated:

"We are making progress in our negotiations with the London Club. We are on the verge of exiting the Club. Our debt of about \$2.1 billion is made up of oil warrants of \$300 million and promissory note of \$515 million.

The balance is bonds. That is the composition of our London club debts. Just as we exited from the Paris Club, we intend to exit from the London club in the not-too-distant future. If I am to estimate I will say that by January 2007 we would be out of the London Club"

Nigeria has been ruled, since independence in 1960, by a mixed grill of Civilian and military leaders. Both of them have been accused of contributing to Nigeria's foreign debt overhang. However, there are two qualifiers here. It is generally agreed firstly that the military were more responsible for the nation's debt crisis. Secondly, within the military ranks, Generals Muhammedu Buhari and Sani Abacha were credited with contributing far less to Nigeria's borrowing crisis than their military colleagues. For instance, both of them didn't borrow foreign loans during their tenure. Therefore, the inherited stock of Nigeria's debt remained stable. Nonetheless, the total debt stock increased because of penalties and interest incurred by Nigeria for not servicing her debt especially during Abacha's rule, a time the total debt was estimated to be \$26.06 billion.

So far, it has been established by campaigners for debt relief that a large bulk of Nigeria's external loan and resources were stolen. Essentially, the loans were not delivered into their designated developmental projects; consequently the loan became unsustainable when they matured for repayment. It was because of this line of thinking that the concept of stolen wealth arose as a subject of critical study in the debt debate. In fact, the Nigerian authorities and civil society organizations (CSOs) argue that Nigeria's debt arose partly because most of her loans were misappropriated by her leaders. It is for this reasons large portions of the loans are considered illegitimate.

4.0 Stolen Wealth And Debt Illegitimacy

The amount and type of loans stolen have not been defined by Nigeria or the CSOs. Neither are the exact volumes of public funds stolen by Nigeria's elites known. However, one fact is incontrovertible. It is that, because of the massive corruption in Nigeria before Obasanjo's economic reforms¹¹ in 2003, there was a misappropriation of funds by those in public office. Describing this situation, Alhaji Nuhu Ribadu¹², chairman of the Economic And Financial Crimes Commission (EFCC) observed:

"Corruption started during the Shagari period and when the Buhari Idiagbon (administration, 1984/85) came, we saw what they tried to do (putting corruption in public places in check). But the government after them (Babangida, 1985 - 1993) institutionalized corruption."

Therefore, given the unprecedented level of institutionalized corruption in Nigeria and the resultant looting and mismanagement of substantial portions of her external loans, this category of looted loans has been classified as illegitimate both by the Nigerian authorities and debt campaigner's calling for debt cancellation for Nigeria. Mainstream reasoning affirm that the IFIS and the West with the conspiracy of Nigeria leaders and elites looted Nigeria's loans. Based on this, each one of them has been accused of contributing to the illegitimacy of most of the loans.

4.1 Roles of Nigerian Leaders/Elites

To start with, both civilian and military leaders in Nigeria are implicated in the looting of its external loans. For instance, Patricia Adams¹³, an authority on odious debt stated:

"Nigeria may top all countries for corruption. With about \$30 billion in debt, it is also Africa's most indebted nation, thanks to a succession of military and civilian regimes that have governed the country and its enormous oil wealth inefficiently and corruptly managed. Corrupt politicians used a variety of conduits to hijack the proceeds of the national patrimony with invoicing fraud a common method."

A report (1986) by a committee of the Federal Ministry of Finance clearly stated that loans taken by both the state and Federal Governments between 1979 and 1983 were looted. This largely can explain why there was a plethora of abandoned projects dotting Nigeria's landscape. In his 1997 annual budget speech, Abacha, also accused of looting Nigeria's wealth, informed Nigerians that of the 145 projects financed with a total of \$13.16 billion sourced from the international capital market, 18 of them worth about \$836m were never completed. On its part Oxfam et al has demonstrated in a chart on the status of projects financed with foreign loans as at 1996 - that indeed, a sizeable proportion of them are illegitimate¹⁴. The chart revealed that:

- Only 2% of the projects were successful.
- 25% of the projects were merely functional.
- 64% of them failed.
- 9% of them were outrightly fraudulent.

Inadvertently, there was significant absence of loan benefits to Nigerian taxpayers.

- Nigeria was ruled by eight dictatorial, military and unelected regimes for a total of 28 years before the enthronement of civilian democracy in 1999. These regimes - apart from those of Murtala/Obasanjo (1975 - 1979) and Buhari/Idiagbon (1984 - 1985) - were very corrupt. Nonetheless, because additionally, all the military regimes ruled without the consent of the Nigerian citizens, the foreign loans they incurred were deemed to be odious¹⁵. Studies undertaken have even identified these regimes as odious. One of such studies is by Laura Simos of Eurodad¹⁶. See the table below.

The military regimes in Nigeria pro-actively contributed to external debt crisis by their acts of omission and/or commission. For example, Obasanjo in his first outing as a military head of State from 1976 - 1979 obtained foreign loans that included jumbo ones from the non-concessionary international capital market. Through this action, he broke a long-standing tradition of securing foreign loans from cheaper bilateral and multilateral institutions.

Table 3: Odious Regimes

Countries	Dates
Nigeria	1996 – 791983 – 98
Congo	1965 – 96
Chana	1972 – 791981 – 1992
Malawi	1968 – 93
South Africa	To April 1994
Sudan	1969 – 851989 To Date
Argentina	1966 – 731976 - 83
Haiti	1957 – 85
Nicaragua	Up till 1979
Peru	1968 – 80
Indonesia	1967 – 98
Pakistan	1969-711977-88
Philippines	1972-86

Source: **Additional Data and Figures on Liberia by Laura Simos Eurodad (Assistant @eurodad.org)**

In 1986, General Ibrahim Babangida got a \$4.52m trade policy and export development loan. The logic of policy makers in government was that export earnings and foreign reserves have been declining since 1982 and so could not immediately support debt service payments. Therefore, Nigeria needed loans to shore up export earnings and boost its reserves. Following this thinking in government circles also, it was believed the Nigerian economy required about \$11 billion external funding for which it absorbed loans of \$2.95 million between 1988 - 1990. Commercial banks also provided support for his regime with a loan package of \$320 million while Japan gave \$200m loan.

General Abacha did not borrow any foreign loans during his tenure that spanned 1994 - 1998. However, he did not service Nigeria's foreign loans, thus precipitating a situation where they ballooned. Dr. Ngozi Okonjo - Iweala¹⁸ has affirmed, in a rejoinder to two articles written by Mr. Simon Kolawole that debt service defaults contributed significantly to Nigeria's debt crisis. The defaults, which led to heavy interest and penalties to the tune of \$5 billion, are traceable to Babangida and Abacha who cumulatively and oppressively ruled Nigeria for about 12 years. The Centre For Global Development substantiates Dr. Ngozi Okonjo-Iweala's claim. According to the non-governmental organization, Nigeria's big debt stock in 2005 for the most part was not due to heavy borrowing, rather, relatively small disbursements in the 1980s contributed to it. Specifically, the total debt stock peaked because of payment arrears, venalities and accrued interests. Continuing the NGO's said Nigeria's debt accumulated from 1984 - 1999 during the years of military rule in Nigeria. To buttress its point, the NGO observed that Nigeria only obtained a bilateral loan of \$2.1 billion. However, the loan has since 1971 ballooned to \$22 billion in Nigeria's bilateral debt stock as at 2005. The BGO further revealed that the bilateral loan, even then, was granted by Export Credit Guarantee Departments for military and police purchases later deployed for brutalizing the citizens, for instance, during the disputed June 12 election crisis and the very oppressive rule of General Sani Abacha.

4.2 Role of IFIs and the West

Debt campaigners have argued that because most of Nigeria's foreign loans were misappropriated by her corrupt civilian and military regimes, they have become illegitimate. Also, the campaigners say that the illegitimacy of the loans is established by the fact that IFIs and the West collaborated expressively in the failure of the loans to deliver the targeted projects and dividends to the Nigerian citizens.

The position of such debt campaigners is simple. Lending, by IFIs and sovereign governments in the West and elsewhere, to incompetent and/or corrupt regimes are illegitimate loans.

Therefore, these lenders can only hold the leaders of these regimes responsible for repaying them. Such loans the debt cancellation campaigners argue should not be transferred to successor governments¹⁹.

What is more, these lenders violated another key rule in the doctrine of odious debt. The rule says that a debt is considered unenforceable if its terms are unreasonable. It is assumed here that this doctrine is practically operative most especially in cases where the borrower had no choice, given his financial constraints/status to accept the terms of the loans²⁰. In pursuance of this doctrine, Obasanjo's jumbo loans obtained in 1977/78 could be categorized as onerous, illegitimate debts.

The World Bank either cannot excuse some of its non-functioning loans to Nigeria from being categories as illegitimate on the ground that it provided them to incompetent/corrupt regimes and for studies and supervision projects with poor feasibility. For example, the bank's Article of Agreement²¹ enjoins it to:

Set some regulations that guarantee that each loan fund is solely used to achieve the objective in accordance with the objectives of the loan itself, by giving considerations over economic and efficiency issues and ignoring political or other non-economic influences or considerations.

Yet, the bank ignored this article and awarded some failed loans. Put simply, the argument by anti-West debt campaigners is that the World Bank and Sovereign nations which usually have similar articles in their lending agreements must bear sole responsibility for their failed loans to Nigeria. Such loans are illegitimate and should be written off as bad debts, argued the debts campaigners. Debt campaigners further say that, instead of demanding for the repayment of its failed loans the World Bank's conscience should first prick it for contributing consciously to the looting of these loans by Nigerian elites and then cancel the loans.

In another vein, the debt campaigners canvass that the IFIs and the West have equally contributed to the malaise of stolen wealth and the foreign debt crisis in Nigeria. This is because, in most cases, they oiled the process for the penetration of this malaise. Patricia Adams, in her book, gives an insight into how it happened in the 1980s. She wrote:

"Import licenses - because they provided access to foreign currencies - were so valuable in themselves that Nigerian government officials treated them as patronage to reward political service with the recipients then selling them to genuine importers of goods. By 1983, estimates of the foreign exchange siphoned out of the country ran as high as \$7.5 billion or about 40% of Nigeria's foreign debts."

In other words, what Patricia Adams is saying is that from helping to facilitate the looting of Nigeria's scarce foreign exchange - that would have been used to service her debts - the IFIs and the West provided a safe heaven for Nigeria's looted foreign exchange. At the end of the day, a situation was created in the process of the international trade between Nigeria and the West was exploited by the IFIs and the West to create foreign debts and a debt crisis later for Nigeria. Also, the process was used to create stolen wealth for some Nigerians, the IFIs and the West at the detriment of Nigeria. This scenario once informed President Obasanjo statement that over half of Nigeria's debts are odious and dubious. Following his thinking and the established fact that most of Nigeria's creditors with headquarters in the West looted Nigeria's wealth through the window of international trade, debt campaigners have argued that it is the IFIs and the West that are really indebted to Nigeria - not the other way round.

A look at a simple analysis of Alhaji Isa Mohammed, a member of the Senate Public Accounts Committee in Nigeria, further shows how the IFIs and the West conspire with Nigeria leaders to loot Nigeria's resources²⁴. Reacting to the avalanche of requests for foreign loans and counterpart funding by various government agencies, Alhaji Isa Mohammed called on Nigerians, during a submission on the floor of the house, to be wary of the IFIs, the West and their foreign loans. According to him, these loans create stolen wealth because eventually a substantial amount of them are looted by both the givers and takers. To begin with, he cited the example of Mambilia Tea Integrated Development Programme, an European Union Project in 1999. This project provided for the union funding of \$1,770,000 and a Nigerian counterpart fund of N171m about 200,000 USD. But the lawmaker asked:

"What is the rationale for financing tea production with huge foreign loans backed by counterpart funding when majority of Nigerians are not tea drinkers.... Even if our aim is to export tea, it is impossible for us to compete with countries like China and India that have the advantage of cheap labour and the required experience."

Again the Nigerian lawmaker cited the example of Oban Hill, Cross Rivers' national park. The German project called for an external loan totalling \$368,000,000. Counterpart funding was N96,000,000. He categorized this loan and counterpart fund package as unnecessary and a conduit pipe for looting. This was granted that there was still an existing Germany grant of 22,000,000 Dutch Marks not fully used up and an outstanding, unpaid counterpart fund of N4,000,000 for this grant.

In summary, therefore, Nigerian leaders, IFIs and the West have individually or conspiratorially contributed to the looting of a huge volume of Nigeria's external loans as well as her domestic resources. It is based on this platform most of her loans are categorized as illegitimate.

4.3 Campaign to Recover the Stolen Wealth

From the foregoing, Nigeria's stolen wealth fall into two categories: those in the coffers of the IFIS and Western nations and those in the private bank accounts of thieving Nigerian leaders. Because of the aura of deep secrecy surrounding the first category of stolen wealth, it is very hard tracing, securing and repatriating them. However, the IFIs/West access to Nigeria's unearned wealth has been discreetly removed by Nigeria. This followed the establishment of her Debt Management Office in 2000 and a subsequent reconciliation of several dubious financial claims.

According to the United Nations Industrial Development Organisation (UNIDO) report released in 2004 Nigerians' collective private wealth abroad - stolen and honestly earned - was about \$107 billion²⁵. UNIDO, which considered this state of affair as the worst case of capital flight in the world, revealed that the figure constitute 70% of the nation's total private wealth. Nonetheless, UNIDO did not say what percentage of the private wealth was stolen.

Thieving Nigerian leaders and their elite collaborators are known to have stashed large stolen portions of such private wealth outside the shores of the country. Over time, three leaders' names have been associated with this looted wealth. They are President Shehu Shagari (a civilian leader); as well as Generals Ibrahim Babangida and Sani Abacha.

4.3.1 President Shehu Shagari (1979-1983)

Nuhu Ribadu, Chairman of Economic And Financial Crimes Commission (EFCC) accused his regime of introducing corruption into Nigeria's body politics. However, no stolen wealth has been traced to him, although much of them were recovered from members of the political class, who held sway during his administration at the Federal State and local Government levels.

4.3.2 General Ibrahim Babangida (1985 - 1993)

Similarly, Nuhu Ribadu did not only consider his dictatorial regime corruption-ridden, he accused him of institutionalizing corruption. The army general was alleged to have misappropriated a Gulf oil windfall of over \$14 billion²⁶ earned during the Gulf war between Iraq and Iran in 1990. parts of the fund was squandered on military/police barracks rehabilitation, security, the establishment of a National Guard, provision of welfare packages for security outfits, the purchase of expensive cars for military officers and other projects that bear no relevance to real economic growth. The costs of these projects were inflated. During the successive regime of General Sani Abacha, a renowned economists Dr. Pius Okigbo was inaugurated to audit the Gulf oil funds. His report was never made officially public. However, government deep-throat sources said the report indicted the Babangida regime for looting parts of the funds and squandering the rest. The same sources later claimed that the report was missing from the nation's archives prompting suspicion that, indeed the report was an accurate indictment of the Babangida regime. Hence, it was removed from the shelf.

To date, Babangida's alleged stolen wealth has not been traced. Therefore, the issue of securing and repatriating them does not arise. Nevertheless Nigeria made some moves at what CSOs considered an attempt to locate and seize stolen funds allegedly linked to him, in August 2006. During this month the EFCC arrested Mohammed Babangida, a scion of General Ibrahim Babangida (rt) in connection with 24% shares he has in Globacom (a communication outfit in Nigeria) worth billions of naira. The EFCC suspects the shares belong to the general and only used his son as a front to acquire them surreptitiously. Government sources have said that after full investigations into the case, the shares may be appropriated by the state if Mohammed Babangida cannot sufficiently account for the source of the huge funds with which the shares were bought²⁸.

4.3.3 General Sani Abacha (1994 - 1998)

Much scrutiny has been placed on Abacha loot/stolen wealth put conservatively at over \$3m a large chunk of which were in his Swiss account²⁹. Since February 2003, looted Abacha funds scattered all over identified Western banks are being repatriated to Nigeria. Jersey Island, for instance, early in 2003 returned about \$180 million of Abacha loot traced to seven of its banks.

So far, the bulk of the Abacha loot has been traced to and recovered from Switzerland. As at February 2006, the total loot returned was about \$700m. The Swiss ambassador to Nigeria, Dr. Pierre Helg disclosed this information during a cocktail party commemorating the 715th anniversary of the Swiss Confederation in Abuja on August 1, 2006. According to the ambassador, there was a balance of \$7million in Abacha account, which his family members have legally proved they earned honestly.³⁰

Also in Nigeria, an attempt was made by the military regime of General Abdulsalami Abubakar (1998 / 1999) to recover stolen wealth traced to Abacha's son; Alhaji Bashir Dalhatu, Abacha's former minister of power and steel; and Anthony Ani. Newswatch³¹ reported that several sums of illicit monies were traced to their accounts containing lodgements earned from the \$2.5 billion fraud perpetrated in the debt buy - back deal involving Ajaokuta Steel Company (ASC) project. The News magazine alleged that the debt was bought by Abacha's son for \$500m from the Russian firm handling the project, but he collected a whopping \$2.5 billion from the federal government. Thus, Abacha's son pocketed an illegitimate profit of \$2billion which he shared between himself, Bashir Dalhatu and Anthony Ani. On March 22, 1999, the Abdulsalami Abubakar regime revealed that Abacha's son and Bashir Dalhatu has returned \$58m and 30m Deutsch Marks of the loot while Anthony Ani, himself, returned an undisclosed amount of the stolen funds.

The African Network for Environment and Economic Justice (ANEEJ) is a leading NGO involved in the campaign to repatriate Nigeria's stolen wealth. ANEEJ secretariat in Benin City, Edo State, Nigeria is headquarters of the global campaign known as Nigeria Network on Stolen Assets (NNSA). Currently, NNSA is monitoring the tripartite agreements on repatriated Abacha loots between the Nigeria government and the World Bank on the one hand; and the Nigerian government and the government of Switzerland on the other hand. The agreement is that Nigeria should invest the recovered loot on projects that will benefit the people.

The prospects of identifying, seizing and recovering more of Nigeria's stolen assets are very bright because of these reasons:

- The Federal Government is pursuing economic reforms which does not only uphold transparency, public accountability and good governance but is committed to retrieving every kobo of Nigeria's stolen wealth, whether at home or abroad.
- NNSA under the leadership of Rev. David Ugolor of ANEEJ share the Federal Government's unbending commitment to stolen assets recovery.
- The EFCC and the ICPC³¹, two Federal Government anti-graft agencies, are striving hard to prevent corruption in public places as well as retrieve looted public assets. Alhaji Nuhu Ribadu, chairman of EFCC in a public lecture³² in Lagos has declared:

"Over \$400 billion oil money has been stolen by bad leaders. We are going to trace the activities of past and present leaders and publish the names of those leaders who have laundered money, their accounts and the names of banks where the monies are kept".

- The West is tightening its banking laws to prevent money laundering most especially now that the US and UK are leading the global fight against terrorism usually sponsored with laundered funds. Additionally, the US and UK are co-operating with Nigeria to track Nigeria stolen assets in their various countries and repatriate them. Currently, the EFCC is collaborating with UK courts to confiscate assets worth \$17 billion allegedly belonging to some state governors in Nigeria.³³ Also, the UK London Metropolitan Police co-operated with the EFCC to arrest two state governors³⁴ in London for the laundering of stolen public funds. On her part, the US government has, in addition to her strict money laundering laws, revoked the entry visas of several political office holders and other public officials believed to be engaged in corrupt practices.³⁵

The expectation is that with the united, collaborative efforts of the Federal Government; the Nigerian Network On Stolen Assets; EFCC; ICPC and the West Led by the US and UK, the prospects of recovering more of Nigeria's Stolen assets is bright. Much more, the chances of looting Nigeria's assets - most especially her oil funds - have been minimized with the inauguration of the Nigerian Extractive industries Transparency Initiative (NEITI), a subset of a global policy framework aimed at achieving transparency in the oil, gas and solid mineral industry in Nigeria. NEITI was launched by President Obasanjo, Nigeria's head of state, on February 4, 2004.

5.0 The Search For Debt Relief

Because Nigeria's external loans and domestic resources were looted and her stolen assets were invested literally abroad, the country found itself in a serious debt crisis. In fact, the debt overhang was one of the debilitating problems the civilian administration of President Obasanjo inherited on assumption of office on May 29, 1999. Matters were not helped by the fact that the exact amount of the debt was not even known to the government and its creditors. Each one of them quoted different figures of the debts. It was an unhealthy development which the government addressed by setting up the Debt Management Office (DMO) in 2000. Among other things, the office undertook the reconciliation of the debts. Dr. Mansur Muhtar explained:

"An important achievement of the DMO office was in debt reconciliation during the year - that is, 2003 - the office confirmed to implement loan portfolio auditing and updating as well as rescheduling Paris Club debts and negotiating debt relief. The debt data reconciliation process was almost completed during the year. An inventory of all external loans was carried out, based on which reconciliation meetings were held with some members of the Paris Club creditor Countries. This led to the signing of bilateral agreements with eight of them, namely France (January, 2003), UK (March, 2001) Spain (April 2003), Belgium (August, 2003) Denmark, Japan and USA (September, 2003), and Netherlands (October, 2003).

After the reconciliation exercise, the total size and portfolio/holder of Nigeria's debt; as well as the debt service payments became known with statistical exactitude. See Tables 4 and 5.

Table 4 Composition Of Nigeria's External Debt (2001-2002)
(Values in Million US dollars)

Debt Portfolio	2001	Percentage	2002	Percentage
Multilateral Institution	2,747.87	7.87	2,960.59	9.55
Paris Club	22,092.93	77.9	25,380.75	81.89
Non-Paris Club	121.21	0.43	55.55	.018
London Club	2,043	7.2	1,441.,79	4.65
Promissory Notes	1,292	4.56	1,153.18	3.72
	28,342	100	30,991.86	100

Source: Debt Management Office (DMO), 2002, Annual Report. p. 21

In simple terms, this table showed that after the debt reconciliation exercise, five major categories of debt portfolios was identified. The total debt owed to creditors in 2001 was 28, 342 million dollars while Paris Club debts constitute the bulk of the debt stock with a percentage of 77.9. Then, of course, the least debt was owed to the Non-Paris Club of bilateral creditors. Non-Paris Club debt made up 0.43% of the total debt stock. Also, the table revealed that the country's debt stock increased to 30.9 billion dollars in 2002. During the same year (2002) Paris Club share of the total debt increased from 77.9% to 81.89% while the percentage share of Non-Paris Club debt dropped from 0.43 to .018.

Table 5 External Debt Service Payment (US \$ Million)

Holder	2000	2001	2002	2003	2004
London club	129.1	134.1	266.8	90.2	90.2
Paris Club	812.7	1,273.6	161.6	1,020.2	994.4
Multilateral	623.2	491.5	472.1	509.2	487.3
(i) I.B.R.D	-	-	-	-	264.8
(ii) E.I.B	-	-	-	-	11.4
(iii) A.D.B and others	-	-	-	-	211.1
Promissory Notes	149.5	195.2	192.1	187.4	171.2
Others	1.5	133.8	75.9	13.3	13.8
	1,716.0	2,128.2	1,168.5	1,809.3	1,756.9

Source: Debt Management Office, Abuja

From this table, one can see that debt service payment for Nigeria was 1,716.0 million dollars in 2000. It was, certainly, a huge drain on her scarce resources. A large proportion of the country's export earnings was being spent on servicing the debt. Debt reduction techniques did not help in downsizing the total debt stock or the service payment burden. The DMO observed: for instance:

"The inescapable condition from the foregoing is that Paris style rescheduling as a means of lessening the debt burden of Nigeria is a huge failure. Rather than serve as an agent of solution to the burden faced by the debtor countries, the Paris Club has proved to be a clear impediment to effective debt management.³⁷

Already the negative effects of the huge debt service payments were telling on the Nigerian economy. The effects, captured by Prof. Mike Obadan³⁸, included the following:

- Nigeria increasingly found it difficult to meet her debt service obligations, a situation that led to penalties, interests and amortization liabilities.
- Because Nigeria was committing a large size of her export earnings to servicing her debts, she had a low capacity for importing goods. Invariably, the fewer imported goods available in the country became expensive.
- Nigerian became a pariah state. The rest of the world was wary of doing business with her. Direct foreign investment dropped.
- Nigeria's scope of macroeconomic policy formulation was constrained
- Her economic and financial institutions began to suffer reverses.
- She was forced to reschedule her debt payment, a move that was accompanied by the imposition of unwholesome SAP conditionality. This package further impoverished Nigerians.

Indeed, the Nigerian economy, as painted by Prof Mike Obadan, was in dire straits both at the federal, state, and local government levels. Most unfortunate was the fact that some of the projects for which debt service payment were being made were not only non-functional, in some cases, these same projects were still gulping huge resources (See boxes 1, II and III).

BOX 1

Ajaokuta Steel Company/Plant

The Ajaokuta Steel Company Project was financed with a foreign loan and was initially handled by a Russian firm. It was slated for completion in 1994. However, by 1996 it was only 98% completed. Originally, the plant was built to run on low-grade iron ore deposits on site. But this plan was jettisoned as Patricia Adams (Already cited observed: "Nigeria was typically sold and bought at the top of the line, using the words of a former banker of the first National Bank of Chicago, Richard Lombardi. From that time, add-ons were introduced to the design of the plant making it so sophisticated that Nigeria needed to import higher quality ore- a departure from the plant's original plan. Finally, the cost of the steel plant exceeded \$1 billion."

The plant was financed by a combination of export credit and a \$350m loan obtained from German commercial banks. Over the years the plant was abandoned until General Sani Abacha became head of State and in 1998 decided to buy-back the foreign debt accumulated in constructing it. However, the deal ended in a scam. His son paid \$500m for the debt but collected \$2.5 billion from the government coffers. A profit of \$2 billion was made but it was backed by government officials and the Abacha family.

The misappropriated funds were however recovered by General Abdulsalami Abubakar's government in 1999. Meanwhile, it has been established that the plant gulped more than twice the cost of such projects elsewhere in the world.

In 2003, Solgas Energy Nigeria Ltd (SENL), took over the management of the plant with a proviso to source \$3 billion (N460.8 billion) for its rehabilitation, completion, commissioning and operation. Under the arrangement, the US company would have sole right to operate the plant for 10 years to recoup its funds while the Federal Government of Nigeria would get only 1% of the income earned by the company.

By 2005, the lease of the plant passed on to Global Steel Holdings Nigeria Limited, (GSHNL) a subsidiary of SPAT Group, an Indian firm, in June of this year, it injected N6.6 billion (\$50m) into rehabilitating the plant's infrastructure and facilities.

Source: (I) Patricia Adams: Loose Lending, Corruption And The third World's Environment Legacy (1991) (II) Vanguard/September 1, 2003 (III) ThisDay June 28, 2005 (IV) Newswatch/May 3, 1999

Box 2

Edo State: Reeling Under Debt Service Burden

Bendel state - which was later split into Edo and Delta State in 1991 - under Brigadier Tunde Ogbeha applied for an ADB loan of \$122 m to (N15.08 billion) to develop two urban water projects in Benin City and Warri. In August 1990, Brigadier Ogbeha left office as military governor of Bendel State without the loan arriving. When the loan finally arrived, Bendel State had been split into Edo and Delta States. Chief John Odigie-Oyegun was now civilian governor of Edo State. The state's portion of the loan came in through the Citi Bank, England and Century Merchant Bank, Lagos. There was a proviso for a counterpart funding of N30m for the Benin Urban Water project. The fund was sourced from OMPADEC - a development agency for the oil-producing states to which Edo State belongs.

The ADB - sponsored projects was abandoned in 1993. Ever since, the state government has been servicing the ADB loan as well as other foreign and domestic loans at great costs to the state's loan resources. The Edo State governor Lucky Igbinedion on August 7, 2003 complained of the immense burden of serving these loans. In a speech widely publicized in the media, he said that:

- The huge deduction of N200m from July 2003 monthly allocation for foreign loans was telling heavily on Edo State finances.
- The deductions created distortions in the financial profile of the State. It tasked the financial management of government which has had to shore up funds from internal sources to settle personal costs.

Sources: (i) The Nigerian Observer/May 7, 2002 (ii) The Nigerian Observer/August 8, 2003 (iii) Vanguard Newspaper

It needs to be pointed out that this issue of debt service payment for external loans had been addressed at the nation's Supreme Court. It ruled that the Federal Government should not deduct debt service payments as a first-line charge from a state's allocations. The court prescribed that each state should first be allowed to handle its allocations. After this, it is the responsibility of the house of assembly - the people's representative - to decide whether to pay the debt and how much of the debt should be paid to her creditors.

Box III

Abia State: Grappling With External Debts

Abia State before 2005 was the most indebted state to foreign creditor which included the Paris Club group of creditor countries and the London club of commercial banks in various currencies.

In 2003, debt service requirement for Abia state was \$88.916 million annually, meanwhile of the \$2 billion approved by the National Assembly for external debt in Nigeria, Abia state's share was \$36.167 million (N4.642 billion). This worked out to N638.684 million per month.

From January 2004 to June 2003, N810.175m was deducted at source by the Federal Government. Yet, the state earned N2.524 billion from January 2003 to October 2003. After the deductions, a debt stock balance of N3.832 billion was left all of which was slated for deduction by the end of 2003.

The debt service deduction, expectedly, are to pay off the public in debts (foreign and domestic) of N93.5 billion inherited from the old Imo State from which Abia State was created in 1991. Abia State wasn't pleased with the development. So, it took her case to the Supreme Court hoping to stop the debt service payments. The state relied on Decree No 41 of 1991, which she argued did not confer any liability on Abia State. Thus, the debt of N93.5 billion was illegitimate. She, however, lost the case.

If such deductions continued indefinitely, the states economy would be crippled.

- It was unfortunate that the deductions were not made to pay for the actual principal but for the interest and penalties on the loans.
- There should be a drastic reduction in the monthly deduction of the debt service payment so that the state can have enough funds for development.

Source: (i) The Guardian/June 13, 2005

(ii) Debt Management Office, Abuja

5.1 Polarized Debate on Nigeria's External Debt

Given the crippling effect Nigeria's external debts were having on her economy a big, controversial and polarized debate on how to manage it soon took front stage in Nigeria. Nigeria and her creditors led each divide of the debate that starred several personalities and organizations. Below is a roll call of individuals, groups and organisations routing for favourable debt treatment for Nigeria.

5.1.1 Advocacy for Favourable Debt Treatment

Dr. Ngozi Okonjo - Iweala

She was Nigeria's former minister of finance. In her contribution to the external debt debate, she described the debt as unsustainable in as long as it undermines Nigeria's drive to achieve the MDGs by 2015, in part, she posited:

"Nigeria owes \$34 million, much of it in penalties and compound interest imposed on debts that were not paid by the military dictatorships of the 1980s and early 1990s. we make annual debt repayments of more than \$1.7 billion, three times our education budgets and nine times our health budget. We have every intention of continuing to fulfil our obligations to creditors but this debt is unsustainable. Nigeria cannot meet the MDGs without debt cancellation"³⁹.

Her view was substantiated by a UNDP (2004) report which affirmed that Nigeria does not have sufficient resources to achieve the MDGs on the target year. According to the report, the average annual investment rate in Nigeria was barely 16% of her GDP. The rate, continued the report, fell below the standard minimum rate of 30% of GDP required to reach the growth rate of at least 7-8% per annum required to meet the MDGs in 2015. the report stated that the MDGs would have been achievable if there was massive inflow of Foreign Direct Investments (FDIs) into Nigeria. But, then, this was not the case. Only a relatively little FDIs flowed in. About 95% of it anyway target the oil and extractive sector leaving less than a negligible 1% for the manufacturing sector, one of the real growth sectors of the economy.

Alhaji Bello Masari

Like Dr. Ngozi Okonjo-Iweala, Alhaji Bellow Masari - Speaker, House of Representatives - argued that the external debt was unsustainable. However, unlike her the chief lawmaker of Nigeria's lower national legislature advocated outright debt repudiation if Nigeria's creditors refuse to cancel the debt. Already, the house had passed a motion retraining President Obasanjo from paying foreign debts.

He protested the creditor's insistence that Nigeria was indebted to them to the tune of about \$35 billion as well as the senate's approval authorizing the payment of N355 billion in the 2005 appropriation bill as debt service.

He added:

"Our statement is simple and categorical. It is not that we do not want to pay. It is that we cannot pay this debt because we believe we have paid. It is wrong to continue to pay this debt under the present arrangement. It is impossible. There is no way we want the survival of the nation and continue to commit 30-40% of our foreign earnings to servicing of debts."⁴⁰

President Olusegun Obasanjo

In response to Alhaji Bello Masari's statement, and the house's motion, Nigeria's head of state, President Obasanjo, pleaded that more time should be given to him to continue with the on-going bilateral and multilateral negotiations with Nigeria's creditors. In other words, he canvassed that it wasn't yet time for the country to declare a unilateral default of debt repayment. However, he warned creditors to shape up else Nigeria may be forced to embark on the decision.

Prof Charles Soludo

He is now the Governor of Nigeria's Central Bank but he addressed the country's debt crisis when he was Chief economic adviser to President Obasanjo. His position was that Nigeria needed debt forgiveness. Britain, the World Bank and Paris Club group of creditors only want to offer debt concession with the condition that Nigeria embarked on public sector/ budget reforms, a cut back on public expenditure, job creation/ rationalization, privatization as well as genuine transparency, good governance and public accountability initiatives.

He admitted that the nation's economy was in the doldrums because of Nigeria's debt burden. Therefore, he expressed dissatisfaction with the Paris Club group of creditors for even demanding a debt service payment of \$4.9 billion annually before Nigeria insisted on a lower amount and got away with it.

Heritage Foundation

The Heritage Foundation⁴² is an influential American lobby group and think tank. It requested for a favourable debt treatment for Nigeria on political and economic grounds. To start with, it posited that Nigeria's debt should be cancelled because they are not sustainable. Therefore, if her creditors insist on debt repayment, Nigeria will run aground economically. Yet the world, US, UK, West Africa and Africa needed an economically-strong Nigeria to enable it play its strategic and political role in the world.

The foundation said that Nigeria is well opportune to undertake this role because it accounts for 47% of West Africa's population and 41% of the population of Africa. In fact, the foundation emphasized that Nigeria is the most populated country in Africa and one in five black people in the world is a Nigerian. Given all these facts, the foundation emphasized that Nigeria's economic stability through a big debt relief is imperative. Additionally, the foundation remarked:

"Nigeria merits US attention because it is a major non-Middle Eastern oil producer-accounting for 3% of global oil production in 2001 - and was America's fifth largest (9.6%) source of crude oil imports in 2003."

CSOs' Position

The CSOs in Nigeria joined the debt debate in Nigeria using the global platform of Jubilee South anti-West/IFIs campaign. Therefore, the CSOs:

- Denounced any further debt repayments by Nigeria to her creditors. Invariably, the CSOs' campaign slogan was: We Don't Owe, Won't Pay. Therefore, it is imperative Nigeria repudiates most of the debts which anyway are odious, onerous, criminal and illegitimate. In addition to repudiation of these illegitimate debts, creditors should cancel the payment of the remaining debts without payment of the remaining debts without conditionality. This is because, firstly, it is morally reprehensible to pay them. Secondly, the debts have been repaid several times over in many cases, already. Also, when a cost comparative analysis is taken of the social/environmental damage, political unrest, conflicts, insecurity and sufferings inflicted on Nigerians by the policies of the IFIs and sovereign governments of the West, the irresistible conclusion is that Nigeria has already repaid all her debts in calculable terms. In fact, what Nigeria needs is not debt repayment but payment of reparations to her years of colonial and neo-colonial exploitation by the West and the industrialized creditor nations.
- Rejected the ploys of creditor nations in calling for debt rescheduling and restructuring because they are calculated to deepen the debt crisis in Nigeria and create space in the economy for them to continue the economic exploitation of Nigeria.

Financial Times⁴³

The newspaper recalled that there was anger and uproar among Nigeria's creditors when in 2005 she defaulted in \$30m debt repayment on her 1992 restructured London club commercial debts. Thereafter, it went on to remind the creditors that it was an indication that Nigeria's debt was unsustainable each passing day. After all, this default was the first in the last 10 years.

It is true, reviewed the paper that Nigeria's foreign reserve rose to a record \$16 billion by October 2004 - that is up from \$7.1 billion in 2003; that Nigeria's Bonny Light Crude oil was selling above \$30 per barrel in 2004; and that the Nigerian Economy was growing at 4.5%. However, the paper stated that these indicators were not enough proof that Nigeria's debt was sustainable given the fluctuating fortunes of oil on which the economy is heavily dependent. Therefore, the debt was still unsustainable.

Canada

The High Commissioner of Canada, David Angell⁴⁴, on his part, also considered Nigeria's debt unsustainable.

He said:

"The future of Africa requires a prosperous Nigeria and debt relief has to be a part of the mix."

Britain

Like Canada, Britain upheld that Nigeria's debt was not sustainable. Britain's High Commissioner⁴⁵ in Nigeria, Mr. Richard Gozney, therefore, called for debt relief for Nigeria because of the big strain her debt was placing on the economy. Also speaking on the issue in Abuja Britain's minister for Africa,⁴⁶ Chris Mullin agreed with Gozney's view. But he added that Nigeria must introduce transparency, accountability and openness in the conduct of government business before she could expect debt relief. Such a new clean government regime would prevent the looting and mismanagement of Nigeria's resources, which largely accounted for her debt crisis.

Economic Commission For Africa (ECFA)⁴⁷

The commission is an initiative of the British Prime Minister Tony Blair. It was set up before the G-8 meeting in Gleneagles, Scotland to look at the debt burden of individual African countries and advise on appropriate treatment for each one of them. A highlight of its 2005 recommendations includes a 100% debt cancellation for Nigeria to enable her meet the MDGs by the target year of 2015. The grounds for this recommendation are:

- Nigeria only receives a very low per capita foreign aid of \$2 each year. This figure is lower than what is obtained elsewhere in Africa except Libya.
- 79,500 Nigerian children die before age 5 every month
- 70% of Nigerians live on less than \$1 a day
- Less than 60% of Primary-aged children attend school.
- Nigeria's oil is worth only a negligible 50 cents a day per Nigerian. Therefore, it is not a viable resource to rely on in debt repayment by Nigeria to her creditors.

Ann Pettifor

In her briefing paper⁴⁸ Ann Pettifor showed that it was a misconception to argue that Nigeria can repay her debts because of her assumed "huge oil revenue." To prove her point, she compared Nigeria and Iraq as a test case using this scenario! Let's assume oil price is \$47 per barrel and Nigeria produces an average output of 2.08m barrels of oil each day. Also, let's assume Iraq has reverted to her average oil output of 2.37m barrels a day. Based on these assumptions, and that Nigeria's population is estimated at 136m and Iraq's own is 25m, we have the following situation.

- Iraq Oil Revenue ... \$40 bill per Annum ...\$1,648 per capital
- Nigeria Oil Revenue...\$35 billion Per Annum\$2577 per Capital

From the above picture painted, she emphasized:

"It is clear from these scenarios that Nigeria's oil revenue, even of maximum prices and maximum production, are spread far more thinly over her much greater population than are Iraq... The decisive difference between the two countries is population. Iraq has a population estimated at 25million, Nigeria is estimated to be 136m, almost three times that of the UK, half that of the US and more than five times that of Iraq.

It was this hard reality of Nigeria's oil revenue that the Commission for Africa report referred to when it commended that Nigeria deserved debt cancellation because "Nigeria's oil is worth only a negligible 50 cent a day per Nigerian."

5.2 Negotiating for Debt Relief Within the Context of Stolen Wealth

Nigeria came to the debt negotiations with the understanding that she couldn't repudiate the debt - as canvassed by Alhaji Bello Masari, speaker of Nigeria's House of Representatives - because such a line of action would be followed by dire economic consequences. In addition, Nigeria knew that debt negotiations with the Paris Club could be fussy and difficult.

Capturing this reality, The Economist of London once observed:

"Nigeria's commercial creditor forgave much of its debts as long ago as 1992. But the Paris Club governments were fussier. They did not want to deal with General Sani Abacha in power between 1993 and 1998 and he did not want to deal with them".

Nigeria was aware that the Paris Club was not prepared to grant Nigeria debt cancellation but would be demanding "historic interest levels averaging 11-12%" on its consolidated debts, to use the term coined by Nigeria's Debt Management Office. Nigeria was ready to counter this policy and would be calling for a renegotiated applicable interest rate of an average of 5.5%⁵⁶.

From the foregoing, one can discover that both the Paris Club and Nigeria came to the debt-negotiating table from two different contextual perspectives. However, there was a level playing middle ground for them; the negotiation would take place under the Evian Approach for debt relief. This approach categorized Nigeria as a middle-income country that was only entitled to some concessions for her officials Paris Club bilateral debts⁵⁷. It was, therefore, based on this Evian Approach that Nigeria eventually secured on June 28, 2005 a debt deal with the club. Under the deal, the club approved Nigeria's decision to exit the club after being offered a debt forgiveness of \$18 billion and a pledge to pay off the balance of \$12.119 billion within a stipulated, mutually agreed time frame.

Subsequently, President Olusegun Obasanjo⁵⁸ gave a rundown of the hectic negotiations that culminated in the deal.

In December 2000, Nigeria signed Agreed Minute with Paris Club paving way for Bilateral Debt Rescheduling Agreement (BDRA) with each creditor country (19 in number). Negotiations leading to the debt rescheduling was completed in December 2004.

At some time, Nigeria was offered 30% debt relief. But Nigeria considered the offer inadequate. This was because from Nigeria's own researches, she discovered these hard, incontrovertible truths THAT

- Germany got a debt relief of 50% in 1954.

In recent times:

- Iraq got close to 80% debt relief after Saddam Hussein was deposed from office.
- Yugoslavia obtained 66% debt reduction without any conditionality.
- Also, Russia received a relief of 50% without any conditionality.
- Poland got 50% reduction and all of its interests were written off.
- Pakistan, Afghanistan and others in Eastern Europe have similarly been given several juice percentages of debt relief.
- Krygyzstan, on her part even got 50% in debt reduction.

At a time, during the negotiations, Nigeria was offered 70% relief on her debt serving, not on her debt stock. Nigeria rejected the bargain because it would not significantly reduce her debt level. Much more, the bargain didn't take into consideration the facts that Nigeria had already obtained her IDA status from the World Bank and done her Debt sustainability Analysis (DSA). Therefore, it was a question of time before it relief came her way. With the DSA, Nigeria convincingly showed that she can never exit the debt trap of all her creditors unless she got a substantial debt relief. Also, the DSA demonstrated that without such a relief she wouldn't be able to cut poverty by half in pursuance of the MDGs by 2015. Such a predicament was unwholesome for Nigeria which is Africa's most populous country.

Another reason why Nigeria rejected the 70% reduction of her debt service payment only offered as relief to her was because the IMF had in principle endorsed NEEDS, an economic blueprint or instrument for the strategic development of Nigeria. IMF was invited quarterly to monitor the instrument and was satisfied that Nigeria's economic reforms, being ushered in by NEEDS, were on course. This endorsement by the IMF was enough proof that, indeed, Nigeria needed a substantial debt from creditors' relief to consolidate the gains of her economic reforms.

Extant negotiation rules enjoined that all the 19 Paris Club members must reach a consensus before debt relief could be granted. This was a difficult task granted that debt issues have political colourings. Nevertheless, Nigeria successfully carried out the one-on-one negotiations with all the members. UK and Tony Blair (Prime Minister of Britain) and Gordon Brown, British Chancellor of the Exchequer played a critical role in the negotiations. Then, in early June 2005, G-8 finance minister's meeting helped to support a sustainable debt treatment for Nigeria within the Paris Club framework. This paved the way for a 60% debt relief amounting to \$18 billion for Nigeria at the club's meeting in Paris on June 29, 2005.

The Paris Club rulebook enjoins that to get debt relief, Nigeria must have an IMF - supervised economic reform package consisting of its usual stabilizing and structural adjustment programme. Implementation of both programmes must be certified by the IMF before any debt relief could be contracted. This conditionality was waived because NEEDS⁵⁹ was considered appropriate and a substitute for the IMF's Policy support instrument (PSI).

One important development during the Paris Club debt negotiation was that Nigeria, on her part, willingly accepted to pay off the 4% balance of its debt of \$12.119 billion with funds sourced from her excess crude oil account. She didn't consider the option of depending on her stolen assets to defray the payment. Neither, did she trade off her natural resources to secure the debt deal.⁶⁰

6.0 The Paris Debt Deal - an Appraisal of its Effects on Nigeria

The Paris Club debt deal was greeted both with celebration and bitterness depending on the economic divide one found himself. However, the general thinking in federal Government circles was that the deal was beneficial for Nigeria. For instance, it argued that but for the deal, Nigeria would have settled for a rescheduling of the debts for the next 30 years. Thus, barring currency value fluctuations in the market, Nigeria would be forced to cough out about \$1 billion (N134) annually to service her debts for that period of time. The argument is that this will be a heavy burden on Nigeria which needs funds to channel into the critical areas of wealth and employment creation. To buttress this argument, Dr. Ngozi Okonjo-Iweala⁶¹ averred:

"The alternative (to the Paris debt deal) is, of course, to pay more than \$25 billion to \$30 billion, if we do not pay off the debts. So, it is better to latch on this opportunity so as to be free. It is better to exit the Paris Club now".

Also, she canvassed for the immediate payment of the debt balance of \$12.119 billion to avoid attracting penalties and interests on the amount.

Earlier on, Prof Jeffery D. Sachs⁶² and the Economic Commission for Africa set up by the British Prime Minister Tony Blair had called on the rich, industrialized nations to increase aid to poor, developing countries. In view of all these pronouncements, critics considered the Paris Club's grant of only a prompt down payment of \$12.119 billion before accessing the relief as grossly inadequate. Invariably, the club even shirked a responsibility to fulfil its self-declared mandate to find a coordinated and sustainable solution to Nigeria's debt crisis, the critics argued. Toeing this general line of anti-Paris deal reasoning are an assemblage of eminent Nigerians/ CSOs at home and their sympathizers abroad.

In a letter jointly written on February 13, 2006 by about 60 CSOs drawn from grassroots, community based and human rights organizations; as well as social movements,. It was advocated that debt cancellation would have been the appropriate debt treatment for Nigeria. Alternatively, the CSOs said a substantial amount of Nigeria's debt ought to have been written off. This was because, in the first place, most of her debts were not only odious, she had already repaid \$37 billion between 1985 and 2004 out of the \$19 billion owed in 1985.

Having made this submission, the CSO then demanded that Britain should write off the £41 billion owed to her by Nigeria-not just the £2.71 billion debts already cancelled in the \$18 billion debt relief granted Nigeria. Invariably, the CSOs were asking Britain to lead the way for other Paris Club members by refunding her own share of \$12.119 billion debt repayment collected by her.

The CSOs stressed that Britain's acceptance of debt repayment from Nigeria:

- Undermined Nigeria's ability to realize the MDGs
- Ignored the fact that 80m of Nigeria (out of a population of 130m) live on less than \$1 a day' that NEEDS has been put in place to restructure the Nigeria economy; that the World Bank in 2005 ranked Nigeria as the second poorest country in the world; and that UNICEF reported that Nigeria's is the third most HIV/AIDS - infested country, coming behind India and South Africa, in the world.
- Down played the stark fact that Nigeria's oil revenue in 2004 was a net \$25 billion. This translated to 53 cent or N70 per person when the oil revenue is shared among 130m Nigerians. In contrast, the figure for Venezuela was \$3.4 that of Kuwait was \$27.3 while in Iraq it was \$2.4.

Finally, the CSO said that a total write off of Nigeria's Paris Club debts was the only viable option for her sustainable economic development. They drew attention to the fact that part of the savings from such a debt relief would be invested in the non-oil sector in a bid to restructure the Nigerian economy now predominantly reliant on oil. Also, the CSOs noted that without such a debt relief, Nigeria wouldn't be able to play her role of prompting political stability in the West African sub-region.

6.1 Investment for Economic Development

Nigeria is a cash-strapped country. Therefore demanding debt repayment to her creditors deprives her of the funds she needs for development. A look at Nigeria's profile reveals some of these critical areas where urgent resource allocations are needed:

6.1.1 Niger Delta Region

The UNDP Report on the Niger Delta Region has revealed that the area is abysmally underdeveloped even though it is the source of oil providing over 80% of Nigeria's foreign exchange earnings, Nigeria drew up a Marshall Plan⁶⁷ for developing the region on April 18, 2006 following the inauguration of the Socio-Economic Council For The Development of Coastal States of The Niger Delta Region. In line with this plan, the Federal Government would spend a whopping N20 billion on health, education, telecommunication, water resources, transportation as well as other essential social services in the region. Among other things, the government said it would create 20,000 jobs for the region's unemployed youths and had already embarked on a Niger Delta Independent Power Project (NDIPP) in an attempt to meet the region's energy needs. In August 2006, President Obasanjo sent a request to the Senate asking for \$1.062 billion to finance the project as well as settle claims for the two extra days of the March 2006 national census.

6.1.2 Education

Nigeria has made substantial investments in education since 1999 of the Obasanjo civilian administration. For instance, between 1999 and 2005, she spent about N400 billion on tertiary education⁶⁸. Nevertheless, Nigeria has not met the UNESCO recommendation that 26% of a country's annual budget should be allocated to education. Thus, more capital outlay is required in the educational sector.

Additionally, literacy level in Nigeria is as low as 41%. About 62.5% of the nation's literate population is males while 62% are females. What is more, 9.3m children of school-going age are out of school in Nigeria. This is about 10% of the over 70m children in the world who are not attending school.⁶⁹ Certainly, raising the literacy rate in Nigeria and giving all Nigerian children access to Universal Basic Education (UBE) requires huge investments.

6.1.3 Health

Also, the health sector is in need of every dollar Nigeria can harness. Life expectancy in Nigeria is now 44, according to a World Health Organisation Report (April, 2006). The report stated that if urgent steps were not taken in the next 10 years, the figure might drop to 35 years. Twenty years ago, life expectancy - the report continued - was 60 years.

6.1.4 Income Improvement

The WHO report, cited above, equally said that the average income per head in Nigeria was \$430 per annum. This figure, affirmed the report, was lower than the average income per head for sub-Saharan countries put at \$601. Thus, Nigeria needs substantial capital investment on income improvement.

6.1.5 Food Security

Nigeria tops the list of countries with the highest number of malnourished children in the world, proclaimed the UNICEF Report launched in Abuja and titled Progress for Children: A Report Card on Nutrition. Specifically, the report revealed that out of a total of 146m underfed children in the world, 73% of them live in 10 African countries, including Nigeria. In Africa, added the report, Nigeria came first with 6million malnourished children. To eliminate the embarrassing scourge of these nutritionally deprived children would, certainly task Nigeria's resources.

6.1.6 Nigeria Police Force

Nigeria requires efficient police personnel to provide a secure environment for her nascent democracy protect her capital and prevent their flight abroad; as well as encourage investments from abroad. To be able to meet these security challenges that demand a lot of money, the Federal Government inaugurated a Presidential Committee on Police Equipment Fund. The committee has said the police need N100 billion⁷⁰ to ensure they have adequate operational tools, equipment, welfare package, etc. Already, the committee has gone cap in hand soliciting for part of these funds from the private sector.

Invariably, the police force is one critical area seriously seeking government financial attention.

6.1.7 Poverty Alleviation

Also, demanding government attention is poverty alleviation in Nigeria. In a public lecture given by Prof. Olabisi Ogunfowora⁷¹ the malaise of poverty in Nigeria was put in proper perspective. Quoting data from the Federal Office of Statistics (FOS) he demonstrated that poverty was not only on the increase, it was pervasive. For instance, he said that poverty rose from 15% of the population in 1960 to 28% in 1980, 46% in 1985 and 66% in 1996. Also, relying on UNDP report, he explained that 70% of Nigerians⁷² today live on less than one dollar a day. Impliedly, this means that 67m Nigerians are living below the poverty line. Much more citing the UN's Human Development Index (HDI), Prof. Olabisi Ogunfowora noted that Nigeria is ranked 25th among the world's poorest nation. Indeed, Nigeria has a big task at hand alleviating poverty through massive fund investments.

6.1.8 Agriculture

Another critical sector calling for huge government investment is agriculture, initially the mainstay of Nigerian economy before the discovery of oil. Already N25 billion has been allocated to the sector in a micro-credit scheme to improve the ailing cash and food crop cultivation. The sector could do with much more capital outlay because of its vast possibilities for income generation, job creation and foreign exchange promotion. Similarly, the federal government is working out strategies to save the ailing furniture and textile industries with a micro-credit scheme supported by it.

6.1.9 Power Generation

The minister of power and steel Mr. Liyel Imoke has said in June 2006 that Nigeria should not expect steady electricity power supply until 2056. Currently, Nigeria is battling to provide a meager 10,000-mega watt of electricity by 2007. Nigeria's major problem is how to finance energy development. At present, she does not have all the funds required for this. This explains why she needs every dollar she can lay her hands on not only to finance her energy development but to meet all her other economic needs.

6.1.10 Local Debts Payment

Nigeria's local debts, which in July 2006 stood at about N1.33 trillion, are equally a source of concern to the government. Raising money to pay them has been a problem for the authorities. Out of this amount of money, N75 billion are owed to pensioners. Efforts are being made to pay some of these local debts but a large chunk of them still remain unpaid. Nigeria's difficulty in setting her local debts was revealed when NITEL workers were owed over N4 billion salary arrears for four months as at June 2006. The workers had to embark on industrial strike before some of their arrears could be paid.

What has been demonstrated, so far, is that Nigeria has several pressing development needs calling for huge capital outlays which literally are not within reach at the three tiers of government.

Undoubtedly, Nigeria is a cash-strapped nation finding it difficult to meet her economic obligations to her citizens, including making reimbursements to the excess crude oil fund from which the Paris debt repayment of \$12.119 billion was made. In September 2006, for instance, a government report⁷³ stated that seven states and the federal government could not refund their shares of the Paris Club debt paid from the fund, with their own share of the excess crude oil proceeds. Earlier on the Federal Ministry of Finance and the Debt Management Office had paid off the Paris Club debt of \$12.119 billion from the fund, hoping to recoup the money from the federal and affected state governments. However, following a computation⁷⁴ of the federal/state indebtedness to the fund it was discovered that the combined statutory share of the federal and state governments of the excess crude oil revenue was \$11.554 billion in August 2006 as against the \$12.124 billion owed to the fund. This left a combined liability balance of \$2.607 billion for the federal and state governments after deducting their shares from the excess crude oil revenue. The affected states are Abia, Kogi, Kwara, Imo, Niger, Plateau and Osun.

In essence, the point being emphasized here is that Nigeria is grappling with deep financial crises today. Hence, critics of the Paris Club debt deal are saying that it didn't at all provide a sustainable cushion for the nation's economy. It is because of the deal depleted her lean resources that led her to take a Chinese loan of \$200m to finance some projects

- including the launch of a communication satellite - few months after the deal.

In addition, Nigeria began negotiations for a massive \$4.4 billion loan to assist in the resuscitation of her comatose railways system as well as increase power generation in the country.⁷⁵

It is because of the realization that the Paris Club debt payment of \$12.119 billion caused a lot of distortions in the Nigerian economy, through deepening its cash crunch that prompted ANEEJ⁷⁶ to urge Nigeria not to pay the \$2.15 billion London Club debt. Already, Nigeria was making arrangement to pay the debt so as to exit from the debt as she did for the Paris Club debt. President Obasanjo, in a letter to the Senate, had sought the upper house's support to exit the London Club debt and had invited reputable financial advisors and service firms to offer suggestions on an appropriate strategy for achieving this objective.

However, in a swift, strong response ANEEJ protested the planned exit from the London Club debt through what it called an odious repayment scheme. In clear terms, ANEEJ demanded that the anticipated payment of \$2.15 billion shouldn't be made. The NGO noted that it was unacceptable for any payment to be made by Nigeria to the London Club at a time the country was still bleeding from the \$12.124 billion debt repayment made to the Paris Club. It was ANEEJ's view that instead of paying the London Club debt, attempt should be made by government to recover the \$12.124 billion already paid out to the Paris Club. Finally, ANEEJ canvassed that government priority should be on the payment of local debts worth about N1.33 trillion - not on the London Club debts.

Essentially, ANEEJ's position is that all foreign debt repayment should stop because it considers them illegitimate. The NGO has taken this campaign to all corners of the world including the Southern Debt Campaigners Meeting in Nairobi, Kenya on June 2006.

7.0 Foreign Debt Payments, Stolen Wealth and Human Rights Violations

Foreign debt repayments and stolen public wealth have so depleted Nigeria's resources creating a cash crunch that prevents the government from meeting its human rights obligations to Nigerian citizens, whether as defined in the 1999 Nigerian Constitution as well as regional and international Conventions. Basically, these rights fall under three major categories:

- (1) Economic rights to food, shelter, work and income.
- (2) Social rights to security as well as physical and mental health.
- (3) Cultural rights to education and non-discrimination.

In some instances, Nigeria has been able to meet these rights. However, in a majority of cases, there has been an outright violation of them either because of the absence of political will or the scarcity/non-availability of resources caused by Nigeria's debt burden or the malaise of looting of the public treasury by her leaders. It was in recognition of this dire situation that Rachel Ordu of the Centre for Economic Growth and Development, Nigeria said:

"The 130m people in Nigeria are being denied their economic and social rights which guarantee access to employment, education, health, water, electricity and employment as a result of Nigeria's debt burden."⁷⁷

In concrete terms, Nigeria has experienced human rights violations in these selectively chosen areas of activities or deprivations:

7.1 Education

Section 18 Sub-section 3 of the 1999 Nigerian Constitution prescribes that the government shall strive to eradicate illiteracy and shall, as and when applicable, provide:

- (i) Free, compulsory and universal primary education
- (ii) Free secondary, tertiary and adult literacy programme

Infact, Article 26 Section 1 of the Universal Declaration of Human Rights (1948) states:

"Everyone has a right to education. Education shall be free at least in the elementary and fundamental stages. Elementary education shall be compulsory. Technical and professional education shall be made generally available and higher education shall be equally accessible to all on the basis of merit."

So far, Nigeria has not been able to fulfil the right to Education For All.⁷⁸ Good quality education is not available in Nigeria either. Giving a comparative insight into this reality at the university level, Dr. Ngozi Osarenren⁷⁹ observed:

"In Ghana, they have what is called the book and research allowance which is about \$2,000. They pay this to every lecturer once in a year to write books and do research. Education is taken more seriously in Ghana than it is here."

In addition, the widespread cases of examination malpractices, which prompted the education, minister Dr. (Mrs.) Oby Ezekwesili to declare that examination cheats would be handed over to the EFCC, is another indication that Nigerians don't have access to good quality education as a right.

7.2 Poverty

Poverty is a violation of the economic and social rights of an individual because it excludes citizens from an acceptable standard of living. UNDP report has said that about 70% of Nigerians are poor. Nigeria's Central Bank's governor Prof. Charles Soludo has claimed the figure has dropped to 54%. He noted, however:

"The incidence of poverty in Nigeria is 54%. That one out of two Nigerians still live in deep poverty is a challenge to all of us."⁸⁰

Because of widespread poverty in Nigeria, the citizens have not been able to exercise their rights to access several life opportunities including those to natural justice, equality and human dignity.

7.3 Unemployment

Chronic unemployment has been with Nigerians since the 1980s when President Ibrahim Babangida introduced SAP. An element of this IMF/World Bank structural programme is the Second-Tier Foreign Exchange Market (SFEM) launched in 1986. SFEM resulted in Nigeria's currency, the naira, to crash from 0.56 to 3.32 naira to one dollar, thus making life expensive and unbearable. Invariably it became more difficult for Nigerians to exercise their rights to a decent standard of living.

SAP under military dictator President Ibrahim Babangida was unilaterally introduced without a plebiscite or a referendum. Hence, it was a violation of the political and democratic rights of Nigerian. In the same vein, NEEDS⁸¹ - now in operation in Nigeria and a reworked version of SAP - was imposed on Nigeria even though the government of President Obasanjo said it was home-grown. Three key elements of NEEDS, namely privatization, commercialization and decreasing public expenditure have substantially robbed majority of Nigerians of their fundamental human right to a decent standard of life.

To start with, privatization and commercialization have priced goods and services out of the reach of ordinary Nigerian further worsening his poverty level. Only a few Nigerians, majority of who have piled up looted public assets, now have access to these goods and services. Some of them have even used the looted funds to buy up privatized enterprises in Nigeria.

One other fallout of NEEDS are job rationalization or what the government calls "downsizing and rightsizing of public department for enhanced efficiency." The policy and the inability of the Nigerian government to provide an enabling environment for economic activity has culminated in both massive jobs loses and high unemployment in Nigeria. Impliedly, NEEDS, in a way, infringes on the right of the citizens to work. Government officials,⁸² in recognition of the rising wave of unemployment in the country, have advocated that any new government coming to power in 2007 must endeavour to provide 2 million jobs annually for Nigerians. While unemployment is disenfranchising millions of Nigerians from their right to work, the government embarked on the retrenchment of 33,000 public servants.⁸³

The Central Bank of Nigeria's policy demanding a N25 billion minimum Bank recapitalisation - an offshoot of NEEDS - led to the failure of 14 banks and 25 successful ones. The policy brought about job loses.⁸⁴

7.4 Insecurity

The Nigerian 1999 Constitution as well as several regional and international conventions guarantees every citizen the right to security for both his life and property. Currently, this right is not fully secured in Nigeria because lack of appropriate tools, equipment, welfare package, training, enough personnel, etc. Inadequate funding for the police has been identified by the Presidential Committee on Police Equipment Fund.⁸⁵ until the necessary funds are made available to the police, Nigerians would continue to live without their rights to adequate security.

7.5 Health

The World Health Organisation (WHO) ranks Nigeria's health system as the 187th among 191 member states. Cheap, good and accessible Medicare is therefore out of reach of the common man. On this ground, he is discriminated against in the provision of health service, a situation that infringes on his right to equality.

7.6 Housing

The right to decent, affordable shelter is one basic right Nigerians, of all walk of life, are supposed to enjoy. Nonetheless, they have not been able to exercise this right. It is violated more in the breach. For instance, a UN report has stated that Nigeria has a housing deficit of 17m units.⁸⁶ In other words, a lot of Nigerians don't have a roof over their heads. Thus, their rights to a decent accommodation are violated. According to the report, Nigeria needs between N31trillion to N36 trillion to correct the situation. Unfortunately, this fund is not available. In the past, a National Housing Policy (NHP) was drawn up. It emphasized the role of mortgage institutions in the provision of accommodation.

Because they borrowed short-term loans from commercial banks at cut-throat lending rates to finance housing projects, the cost of the housing units were very high. Consequently, poor and marginalized Nigerians could not afford them. Impliedly, their rights to decent shelter remained unfulfilled. Later, the housing policy was revisited and a new one formulated apparently to overcome the problem of the oil one. Specifically, the new housing policy made a provision for a National Housing Fund (NHF). The fund was expected to be drawn on by private land investors' developers. With it, they were to build houses which the NHF loan ceiling of N5m. Still, given that the NHF has not been adequately funded and the costs of the houses were expensive for poor, ordinary Nigerians, their rights to decent housing have still remained a mirage. To worsen matter, individual housing initiatives are hard bargains granted that building materials are scarce and expensive while land acquisition since the late 70s have been a tedious, costly undertaking due to the Land Use Decree (1979).

That Nigeria at 46 on October 1, 2006 had not significantly met the human rights of her citizens to a decent life explained why The Guardian newspaper editorial on the same day was aptly headlined NIGERIA AT 46: QUO VADIS: The editorial, in part, bemoaned:

"In economic, social and political terms, Nigeria at forty-six is a sick toddler with tottering and economic and political legs in spite of its immense human, material and natural resources...In the area of insecurity in the nation, it is approximating practically to Hobbes' type. Heritage Foundation and the Wall Street Journal, two influential organizations based in the United States ranked Nigeria 146th out of 157 countries listed for assessment on economic growth. In Sub-Saharan Africa, the report rated Nigeria above only one country Zimbabwe. And this is in spite of the fact that Nigeria makes over \$20 billion (or over N2.8 trillion per annum from oil alone).

The standard of living of the average Nigerian continues to plummet as the per capita income based on Purchasing Power Parity (PPP) remains at about \$10.50. In Malaysia, the same figure is PPP \$9,512 while in South Africa it is PPP \$10,346. Over 87% of the population in Nigeria lives below the poverty line. Allocation on education since 2001 oscillated between 5% and 10.5%, falling short of the minimum 26% of the national budget recommended by UNESCO..."

On their part, Nigeria's creditors violated Article 55 of the UN Charter by demanding payment of her debts - an action which rendered her unable to fulfil her economic obligations to her citizens. This article enjoins members to promote:-

- Higher standard of living, full employment and conditions of economic and social development in member states.
- The solution of international economic, social, health and related problems through joint or separate action in cooperation with the UN.
- Educational and cultural co-operation, and
- Universal respect for and observance of, human rights and fundamental freedom for all without distinction as to race, sex, language or religion.

8.0 Lessons Learnt From Stolen Asset Recovery and Debt Relief

Over time, Nigeria has become conscious of the fact that the scourge of stolen assets/wealth and foreign debts crisis create serious crises in the country. One of which is the violation of the human rights of her citizens. This is why she has been putting institutional structures on the ground to prevent or minimize their re-occurrence.

In the area of promoting foreign debt minimization and sustainability, the federal Government of Nigeria established an autonomous Debt Management Office in 2000. It is headed by Dr. Mansur Muhtar and is entrusted with the mission to 'transform Nigeria's Debt portfolio into an asset for growth and development.' Among other duties, the office has the mandate⁸⁷ to:

- (1) Maintain a reliable database of all loans taken or guaranteed by the federal or state government or any of their agencies.
- (2) Advise the minister (of finance) on the terms and conditions on which monies, whether in the currency of Nigeria or in any other currency, are to be borrowed.
- (3) Submit to the federal government for consideration in the annual budget, a forecast of borrowing capacity in local and foreign currencies.
- (4) Prepare a schedule of any other federal obligation such as trade debts and other contingent liabilities, both explicit and implicit, and provide advice on policies and procedures for their management.
- (5) Carry out such other function, which may be delegated to it by the minister of finance or by act of the National Assembly, and perform such other functions, which in the opinion of the office are required for the effective implementation of its functions under the act.

Similarly, the federal government is putting and has put in place measures to stem the occurrence of stolen wealth syndrome occasioned by the looting of Nigeria's public assets. Firstly, the government has set up anti-corruption agencies like the ICPC and the EFCC. Secondly, the Nigeria Extractive Industries Transparency Initiative (NEITI) ⁸⁸ was launched by president Obasanjo in February, 2004 to promote public accountability and transparency in the oil and gas sector of the Nigeria economy. This sector, which account for over 80 % of export earnings in Nigeria, largely creates the assets looted by public officials and their accomplices. Since its inception, officials of NEITI have carried out an audit of the sector. Presently, an NEITI Bill has been sent to the National Assembly for an enabling act to institutionalize the work of the outfit and ensure it outlives the administration of President Obasanjo. Efforts are on course to facilitate the Passage of the bill through pressure put on the National Assembly by the government, civil society, including of course the Publish What You Pay (PWYP), Nigeria.

Thirdly, in addition to the NEITI Bill, there are the Fiscal Responsibility Bill (FRB) Public Procedure Bill (PPB) and the Freedom of Information Bill (FOI) now before the National Assembly. The Fiscal Responsibility Bill is aimed at enhancing financial prudence in the public sector. The malaise of contractocracy by which contracts are inflated, abandoned or funds meant for them diverted into private pockets etc - is the target of the public procurement Bill. Finally, the freedom of information Bill seeks to give legal capacity to civil society to enable it demand for and obtain information from public servants without many inhibitions as it is now the case. When passed into law, the Bill will be a veritable too for fighting corruption in public places and minimize the occurrence of stolen assets. Both the Fiscal Responsibility Bill and the Public Procurement Bill are executive bills while the Freedom of Information Bill is a private member bill.

Following Nigeria's harrowing experience from her foreign debts crisis and stolen assets, she is confident that with the establishment of the Debt management office and the enactment of these bills, Nigeria would be reborn.

Other lessons have been similarly learnt by Nigeria during the course of working for debt relief and stolen assets recovery.

8.1 Lessons from the Case of Stolen Wealth Recovery

Lesson One

One lesson learnt is that the journey to stolen asset tracking, collation, documentation and repatriation is long, bumpy complex and difficult. Take the case of Abacha Loot. President Obasanjo first made contact with the Swiss authorities on the loot in 1999 after he was sworn in as president. But it was only in 2002, it was possible for the authorities to release substantial relevant records of them, including bank documentation of the loot. Later, after due court processes, the authorities agreed to repatriate \$493m to Nigeria. In May 2005, following an appeal by the Abacha family, Switzerland's Federal Tribunal sat, considered the appeal but threw it out. Invariably, the tribunal reconfirmed the Swiss authorities' earlier order demanding the return of most of the frozen Abacha loot. The last repatriation of the loot was made in February 2006 making the total assets recovered by Nigeria so far to be \$700m after about seven years of hard work.

The Swiss example is replicated in Liechtenstein, Luxembourg, the British island of Jersey, UK and other places where Abacha loot were hidden away. Indeed, it was not always easy for Nigeria to access the assets. Hence, only 99% of them have been recovered from Switzerland till date. In spite of all the efforts undertaken during the exercise.

Lesson Two

Nigeria lacks expertise and experience in the forensic and legal investigation and recovery of stolen assets. It is for this reason Nigeria had to hire foreigners for the task at great cost to the nation. Even then, it was discovered that, because corruption was rare in Switzerland, she didn't have the professional cadre to handle Nigeria's peculiar cases of assets recovery efficiently and effectively. To compound the problem, there was no extant documentation of public fund theft undertaken by Nigeria in preparation for recovery-stolen assets in future. Therefore, the asset recovering exercise was guided sometimes by hunches, guesses, trial runs and speculations, which largely didn't scientifically help the assets recovery effort.

Lesson Three

A lot of bilateral multilateral collaboration was required by Nigeria while working for the repatriation of her stolen assets. Nigeria discovered that she could not go it alone. The stolen assets she was seeking to repatriate were stashed abroad in other countries. Because Nigeria had excellent diplomatic relationship with these countries, a platform for seeking their assistance was guaranteed. It was this fulfilled conditionality that inspired Switzerland's political goodwill towards Nigeria making the guest country bend backwards to accommodate Nigeria's legal shortcomings and assist in the recovery of Abacha loot. For instance, under Switzerland 1983 Federal Act on mutual assistance in criminal matters, assets may be returned on the basis of a legally enforceable seizure order from the applicant state. In exceptional cases - if assets frozen are obviously of criminal origin - the assets can be returned without such an order.⁸⁹

Nigeria was largely able to repatriate the Abacha Loot in Switzerland using this exceptional provision. The Federal Office of Justice ruled for instance that a greater part of funds linked to Abacha were "clearly of criminal origin". This ruling, therefore, upheld its Federal Court's verdict on the subject, thus dismissing Abacha family's appeal that the funds rightly belonged to it.

Meanwhile, Abacha stolen assets recovery in Liechtenstein, Luxembourg and the UK were hampered largely by the absence of the criminal convictions in Nigeria that the Abacha family looted them.⁹⁰ In the case of Jersey, a British Island, where Abacha associates loot worth about \$160m were lodged in nine bank accounts, the assets were repatriated to Nigeria following her request for the assets and investigations by Jersey is attorney-general and financial services commission that the assets were of criminal origin.

Invariably, what assisted Nigeria's recovery of the stolen assets of Abacha and his associates were the appropriate laws in some countries. Nonetheless, it is worth putting on Record that some banks ignored these laws to admit Abacha loot into their banking system. By this behaviour, these banks can be accused of conniving with Abacha and his associates to and keep Nigeria's stolen assets and thereafter place them at beck and call of the international capital/money market.

Lesson Four

Because of the stolen asset syndrome, Nigeria bagged a bad image abroad. She became a victim of what the Debt Management Office termed "What ordinarily would have been solely an issue of corruption within the shores of the country was internationalized as foreign banks/countries helped Nigeria in searching for her stolen assets.

Additionally, Nigeria suffered from international humiliation as a result of the stolen assets. For instance, repatriation of the assets was followed by an imposed conditionality that the World Bank should monitor the disbursement of all funds involved. Livio Zanolari, spokesman of Swiss Federal Police and Justice Department, told Reuters that:

"The transfer (of stolen funds) became possible with the signing of agreement with the World Bank to monitor Nigeria's use of the funds".⁹¹

The imposed conditionality on the use to which recovered funds could be put was a sort of infringement on Nigeria's political sovereignty.

Lesson Five

A pro-active approach is a necessary prerequisite for a successful stolen assets programme by both the nation making the assets repatriation request and the one receiving it. Realizing this, President Obasanjo made several trips abroad appealing to all countries to assist Nigeria in locating and repatriating the country's stolen assets within their borders.

It is on record that countries which demonstrated pro-active response to Nigeria's request for her stolen asset repatriation scored major successes in meeting it. The British island of Jersey is one of these countries. An IMF Report released in November 2003 said of this country:

" Jersey demonstrates a high level of compliance with the FATF forty plus eight Recommendations particularly with respect to the confiscation of proceeds of criminal conduct, law enforcement and prosecution power, customer identification, exchange of information, international co-operation, and resources to combat terrorist financing"

The Jersey Financial Service Commission (JFSC), which handled the stolen assets case of Nigeria, was equally commended by the IMF for upgrading her financial regulatory and supervisory system to meet international standard for insurance, banking, securities and anti-money laundering.

Following appeals from president Obasanjo, JFSC in 2003 undertook and concluded investigations into her financial system's involvement in the stolen asset scam from Nigeria under her (Jersey's) investigation of fraud law (1991). Abacha loots were traced by the commission to seven bank accounts. Later \$180m from these accounts were returned to Nigeria with a promise made by the commission to return more of such loot whenever they are discovered. President Obasanjo was impressed by the pro-active support of Jersey and the commission. On June 2004, he paid a visit to the island to express Nigeria's gratitude to her leader for this support.

Lesson Six

CSO can be relied on to play a critical role in the global campaign to repatriate Nigeria's stolen assets. They were indeed organized under the umbrella of the Nigeria Network on Stolen Assets (NNSA) led by ANEEJ's executive director Rev. David Ugolor. NNSA played the dual role of supporting the government's assets repatriation effort and monitoring the use of the repatriated assets for providing sustainable pro-poor social services for Nigerians.

8.2 Lessons from the Case of Foreign Debt

Lesson One

Like Nigeria's stolen assets, her foreign debts also gave Nigeria the bad image of incurable debts despite her huge natural endowments. With time she became a pariah nation with limited investment possibilities. Explaining the situation, Dr. Mansur Muhtar, director-general of Debt Management Office (DMO) observed:

"Most of what we heard was that our creditor countries will not be willing to concede countries to give Nigeria debt cancellation because the image of Nigeria is historically that of a corrupt use of its resources."⁹²

It took a lot of government effort drafting in promoting and sustaining NEEDS⁹³ reforms, which included the establishment of the ICPC and EFCC as well as the Due process/Price Intelligence unit- before global financial confidence began to return to Nigeria.

Lesson Two

Debt Relief negotiations are time-consuming⁹⁴ they are also expensive. In an attempt to show that the Paris debt negotiations abnormally are deep into Nigeria's scarce resource, ELENDU REPORTS posted a news item on the internet that the federal government spent about \$250,000 monthly on several consultants that helped out in the debt negotiations. Immediately, Nigeria's Debt Management Office countered the internet statement. In its defence, the office explained that the government only paid out \$100,000 monthly to Lazard Freres, a debt consultant for all levels of the Paris debt negotiations. The office continued:

"It is a standard operating procedure for all countries seeking debt relief to appoint a consultant. The consultant asked for a range of \$200,000-\$250,000 a month. But the figure was negotiated downwards. This is because Nigeria also had handy the technical expertise of Dr. Ngozi Okonjo-Iweala (Minister of Finance) and Dr. Mansur Muhtar (Director-General, Debt Management Office).⁹⁵

The explanation, however, didn't still mean that the negotiations that led to the Paris debt relief weren't expensive. One needs to take into recognition that it cost Nigeria a fortune even paying the bills for President Obasanjo's shuttling around the world capitals of the creditor countries between 1999 and 2005 when eventually the Paris debt deal was struck.

Lesson Three

There was much more controversies, bickering, bitterness and bustling in negotiating a Debt relief than in getting the loans that later created a debt crises for Nigeria, In fact, the debates over the Paris debt negotiation- and now those of the London Club- took front stage that got people discussing them with vexation most of the time. On one occasion, a fuming Dr. Ngozi Okonjo-Iweala, Nigeria's former minister of finance, neck-deep in the debt negotiation, put pen to paper attacking a critic of the deal. Her write-up was published in ThisDAY newspaper of July 20, 2005 as a bitter rejoinder to two articles by Mr. Simon Kolawole. Part of her own article titled DEBT RELIEF, OUTDATED IDEOLOGY AND COMMON SENSE read:

" It is rarely my style to respond to articles or opinion pieces except where they deliberately misinform and mislead the public as Mr. Simon Kolawole's two articles on the recent debt relief do .It is clear that Simon Kolawole is not in possession of the facts on how the Paris Club debt works otherwise he would not have made some of the misguided arguments he put forward in those two articles .His lengthy pieces are full of factual errors and errors of logic garnished with populist 1960's ideology, much of which is passé Quick frankly, his arguments defy common sense."

On the contrary, no venom was spilled during negotiations that eventually ended in the taking of the loans which ballooned into the debt crisis that befell Nigeria. The implication here is that had enlightened public debate preceded these loans and had a Debt Management Office been in place. Most of them wouldn't have been taken in the first instance.

Lesson Four

There is the need for an institutionalized mechanism for handling the management of a nation's debt. Such an arrangement will allow for the proper collation and documentation of her debts as well as eliminate the need for burdensome reconciliation of accounts whenever disagreements exist between creditors and debtors. On realizing this lesson, Nigeria set up a Debt Management Office in October 2000. Before then, sovereign debt management functions were split among several government departments and agencies, thus encouraging diffused debt management responsibilities as well as their poor co-ordination and over bureaucratization. This accounted for the different figures on Nigeria debts quoted by different figures departments; public officials; as well as Nigeria and her creditors. This discrepancy in the figures were reconciled by the Debt Management Office after it was established and following several bipartite meetings held with the relevant creditors.⁹⁶

Lesson Five

A home-grown Policy Support Instrument (PSI) can be developed by a country and endorsed by the creditors club, the World Bank and IMF because it meets their standards. This explained why Nigeria put together NEEDS using a Nigeria group of seasoned academics and professionals that are knowledgeable of the workings of these global institutions. Much more than merely developing NEEDS, the government threw its full weight behind it to ensure its successful implementation. Thus, after NEEDS had worked for three years, from 2003 to 2005 to the satisfaction of her creditors and the Bretton Wood Institutions (World Bank\ IMF), Nigeria's case for favourable debt treatment by the Paris club was assured. It was because of this development Dr. Ngozi Okonjo-Iweala, Nigeria's former minister of finance, declared during the negotiations to exit the Paris Club debt that Nigeria was qualified for debt relief. Therefore, the country was not begging for it.

Lesson Six

It is very important for a country to revise, update borrowing laws/regulations explicitly to meet new extenuating circumstances as well as ensure that the laws/regulations are implemented. Certainly, it was because this rule wasn't kept that resulted in Nigeria's external debt and stolen assets crises. For instance, there were laws drawn up in the 1960s regulating external borrowings. Specifically, there was the external Loans Act of 1962 that prescribed that loans should only be used for development programmes. Subsequently in 1965, the act was amended to widen the user base of external loan. However, there was no clear rule stipulating sanctions for looting the loans or misapplying them. Aware of the dire consequences of outdated and non-explicit laws on stolen assets and on external borrowing, Nigeria has revised her laws on these twin issues as part of her economic programme.

Lesson Seven

Harnessing the support of empathic stakeholders and building a consensus around national issues are critical to the success of government policies and programmes. It was a realization of this fact that made the government to reach out to all stakeholders supporting its initiatives on favourable debt treatment and the repatriation of Nigeria's stolen assets. CSOs working on debts and development as well as on stolen assets were one of such stakeholders. These CSOs have been playing pivotal roles in these government initiatives by acting either as amplifying stations for government positions on debt and stolen assets; or by acting as government mouth pieces/proxies for making controversial views on them when politics and diplomacy wouldn't permit the government to do so. Indeed, CSOs have carved a niche for themselves as support engines of national aspirations, patriotism, growth and development. Following an appreciation of their roles, the government now has a high-profile adviser on civil society matters in the Presidency. Also, the government meets regularly with CSOs at consultative fora on national issues while CSOs are being appointed to membership of government agencies. Currently the CSOs are represented in the National Stakeholders Working Group (NSWG) of NEITI, a government policy framework for promoting transparency in the extractive sector.

Lesson 8

Foreign interest, in the form of IFIs and Multi-National Corporations (MNCs), contributed to the external debt crisis that befell Nigeria. Speaking on this development, Dr. Daniel Kaufmann,⁹⁷ emphasized that it took two to tangle and then revealed;

"We have found that Multinationals are still paying bribes in Africa. Multinationals in Organization For Economic Co-operation And Development (OECD) Countries in Europe, Latin America that have laws and legislations against bribes in their countries of operations in Africa."

Also, a US Senate probe report in 2004 has alleged World Bank complicity in project Financing arrangement in developing countries. According to the report, this development has resulted in the misuse of \$200 billion by Multi-lateral Development Banks (MDBs) like Inter-American Development Bank, European Bank for Reconstruction and Development, Asian Development Bank and African Development Bank. The report affirmed that there are well-documented cases of these IFIs complicity in corruption in places like Zaire and Palestinian homelands where contracts involving foreign loans are awarded through rigged bids in areas like transportation, education, water resources and health. In addition, the report noted that, in some cases, contractors were paid for shoddy jobs or non-performing projects.⁹⁸

Nigeria, a developing country, was equally a victim of IFIs corruption-- an act which also contributed to her foreign debt and stolen assets conundrum.

Nigeria has taken several steps to curtail such corruption. One of these steps is the enactment of the Money Laundering (Prohibition) Act 2004. The EFCC and other bodies, which include the Special Control Unit against Money Laundering of the Ministry of Commerce, have been working round the clock to put paid to corruption in public places. The effort of these agencies was rewarded recently in June 2006 with the de-listing of Nigeria from a list of Non-Cooperative Countries and Territories (NCCT) by the Financial Action Task Force (FATF). Discussing the de-listing exercise in a release dated June 23, 2006, FATF declared:

"This decision recognizes the progress that Nigeria has made in implementing anti-money laundering reforms including the establishment of a financial intelligence unit and progress of money laundering investigations, prosecutions and convictions. In addition, Nigeria has taken steps at the highest levels to fight corruption. The FATF will continue to monitor the situation of Nigeria over the next year."⁹⁹

Nigeria's success story in fighting money laundering has been assisted by technical and financial assistance offered by the British Council's Security, Justice and Growth programme as well as British Department For International Development (DFID) programme.

8.3 Key Recommendations

Following Nigeria's experience in working for debt relief and stolen assets recovery, it has become pertinent to offer these key recommendations on how to facilitate the initiatives effortlessly today and in future.

On Stolen Assets Recovery

- Effort should be intensified to fight corruption in public offices since the practice oils the stolen asset industry. Existing legislations on corruption should be enforced without fear or favour using existing independent anti-graft bodies. The laws establishing them should be revised regularly so as to adapt them to prevailing circumstances.
- The suggestion of Jack Blum¹⁰⁰ that an international revolving fund should be set up for tracking, locating, litigating on seizing and repatriating stolen assets - should be upheld. According to him, applicant states working on stolen assets recovery should contribute to the fund; while, also, a certain percentage of money assets recovered during successful cases would be paid into it. The fund, explained Jack Blum, would be used by a government to hire a stolen asset management body which responsibility it would be to access lawyers, investigators, foreign experts, etc to pursue stolen asset recovery cases. At present, such a fund doesn't exist. What obtains is the standard contingency fee model.
- Attempts should be made to honour the spirit of all anti-corruption treaties and conventions to which Nigeria and other nations should be signatories. Among these treaties and conventions are:
 - The African Union Convention on Prevention and Combating Corruption and Related Offences.¹⁰¹ The convention enjoins African government officials to declare their assets; adhere to ethical codes of conduct; provide citizens access to government information about budget spending; and protect those who blow the whistle on state fraud. Additionally, the convention has provisions for cross-border law enforcement co-operation within Africa. In essence, the convention prevents Africa from becoming a safe haven for looters or their stolen assets, among other things.
 - The UN Treaty on Corruption. Approved in October 2003, it is the UN's first internationally-negotiated treaty against corruption. The treaty incorporates a clause authorizing governments to repatriate any stolen or illegally appropriated assets brought under their jurisdiction. Potentially, the treaty is expected to deter the looting and accumulation of stolen assets abroad.
 - The UN Secretary-General, Kofi Annan, after saying the treaty would curb corruption, one of the biggest obstacles to development and poverty alleviation opined: "Corruption hurts the poor disproportionately by diverting funds intended for development and undermining a government's ability to provide basic services, etc".

On Foreign Debts/IFIs

- There is the need to establish an international body, which duty it will be to identify and announce the names of regimes that are odious.
- Seema Jayachandran and Michael Kremer had in 2005 suggested this as a way of giving a fair and sufficient notice that lenders who give loans to such regimes do so at their own risk. Had such a body pronounced on the odiousness of all Nigeria's military regimes and the corrupt civilian administration of President Shehu Shagari,¹⁰² Nigeria wouldn't have ended up in her foreign debt crisis. Other countries wouldn't have, either.
- Also, as recommended by the Jubilee Research Paper¹⁰³ a Fair and Transparent Arbitration Procedure (FTAP) should be established on either an ad hoc or permanent basis. It will be the responsibility of this procedure to determine a credible debt work-out for parties, the terms and how much of the legitimate debt owed the creditors is sustainable. The modality of this body will have to be agreed upon by the parties. But it should be noted that on grounds of independence, the procedure/body should consist of two members each of the debtor and creditor while a neutral member should be appointed to head the body. It will be the responsibility of successor country to call for adjudication on an inherited debt to determine its legitimacy and work-out.
- There should be bad debts in principle and practice and a code of bankruptcy that sanctions IFIs/sovereign governments, which lend when it is absolutely unnecessary; or which lending to debtors overshoots rational limits. This recommendation takes into consideration this view of World Watch:¹⁰⁴

"Such indignation (as expressed against debt defaulters) is understandable but misses the reality that sharing losses is the company of lending overshoot. Bankruptcy codes in most nations, honed over centuries, recognize that letting a bankrupt survive to do business is often in the interest of all concerned. They also recognize that forcing over-eager lenders to take a loss teaches a healthy prudence."

All effort should be made always by the government to strengthen the capacity of the Debt Management Office and sustain its tempo of work aimed at preventing Nigeria from being ensnared into another debt trap.

Corruption is one word that mediated the incidence of stolen assets and foreign debt crisis in Nigeria. For instance, it was widespread corruption by her elites that led to the looting of the nations resources, including foreign loans, and the stashing of the loot abroad as stolen assets. Similarly, it was the reckless inflow of foreign loans that ignited the corrupt tendency in these same elites, encouraging them to misappropriate and loot them.

Given these, it behoves Nigeria to take the issue of corruption very seriously. Effort should be made to stamp out the malaise from her body politics. Of course, Nigeria has structures on the ground for waging a campaign against corruption. Nevertheless, they appear not to have come of age, in terms of popular appeal, in making fundamental breakthrough in this area of human activity. Maybe, this explains why the World Bank report on Worldwide Governance Indicators for 2006 - released soon after its Singapore meeting - does not still consider that Nigeria has made much significant improvement in good governance, transparency and public accountability. At the end of the day, therefore, all hands must be on deck to root out corruption from Nigeria so that she can eliminate the scourge of stolen assets and prevent the re-occurrence of another foreign debt crisis.

Endnotes

1. Daily Independent/July 4, 2006/P. A1 and A2
2. Debt Management Office: Annual Report And Statement Of Account (2005)/P. 18-19.
3. Obadan I. Mike (2002): "External Debt And Management Policy" in Nigerian Economy Structure, Growth And Development (Eds) by Milton A. Iyoha and Chris Itsede, Benin City.
4. Vanguard Newspaper/July 14, 2005
5. The Guardian of Nigeria/June 11, 2005
6. Mike Obadan Op Cit.
7. Vanguard Newspaper/July 14, 2005/Op. Cit
8. Debt Management Office (2005)/P. 28
9. Quarterly Actual Debt Service Payment For 2006 (DMO Report/September 2006)
10. Thisday/September 19, 2006. Note that because of Nigeria's healthy international (external) reserves following government's relative prudence and higher crude oil prices, Nigeria has improved prospects for servicing her remaining debts as at when due. In 2005, the reserves rose to \$28.3 billion, an amount sufficient to provide import cover for 26.1 months. CSOs working on debts and development, however, want all the debt cancelled.
11. The economic reforms specifically established the EFCC and ICPC to stamp out corruption in public office in Nigeria.
12. The Comet Newspaper/February 11, 2006/P. 8/9
13. Patricia Adams: Loose Lending, Corruption And The Third World's Environmental Legacy (London: Earth Scan, 1991) P. 165
14. Oxfam et al (2004): "Debt Cancellation for Nigeria" (Report Of A Workshop Organized by Oxfam GB in Collaboration With ANEEJ From November 9-13, 2004/ P. 5)
15. Alexander Sack in 1927 formularised the concept/doctrine of odious debt. Among other issues raised by him, he argued that a loan can be considered odious where there is absence of consent by the people before it was obtained. In addition, the loan is odious when it doesn't bring significant benefits to them. Further, he said the conclusion is reached where there is evidence that there is widespread corruption and/or oppression perpetrated by the regime, which obtained the loan. According to Sack the odious logic still holds even when the loans was used beneficially but freed domestic funds for other illicit or oppressive purposes.
16. Laura Simon's documented titled Additional Data and Figures on Liberia (2005) (assistant@eurodad.org). Note that in this same document, she argues that Nigeria's external debt of \$ 31.3 billion is 100% odious (P. 12)
17. Umoren Rose (2001): "Economic Reforms and Nigeria's Political Crisis. (Spectrum Books Limited, Ibadan) P. 18.
18. Thisday/July 20, 2005/Back page
19. Joe Halon: "Illegitimate" Loans: Lenders, Not Borrowers, Are Responsible (Third World Quarterly. Vol. 27 No. 2, 2006)
20. Joe Halon. (Op. Cit)
21. Article of Agreement (Article 111, Clause 5, Paragraph C.)
22. Patricia Adams (Op. Cit)
23. Obasanjo is ruling Nigeria for the second time. He first became Nigeria's head of state as a soldier from 1976-

79. Then in 1999, he was elected a civilian president of Nigeria, a post he would relinquish in 2007.
24. Alhaji Isa Mohamed's analysis is published in the National Assemble Newsletter GAVEL TO GAVEL Vol. 1 of July 27-August 2, 1999/P.15. The analysis is titled: "Foreign Loans Are Conduit Pipes for Embezzlement."
 25. The Punch Newspaper/July 24, 2004.
 26. Nuhu Ribadu (Op. Cit)
 27. World Bank (1991) Report/P. 404. The report estimated that the Gulf Oil windfall was worth \$ 14 billion. The Babangida government disputes this figure and says it is lower.
 28. Thisday/August 12, 2006. If the federal Government of Nigeria seizes the 24% shares of Mohammed Babangida in Globacom blue-chip firm, it will be re-enacting its experience with the late Director of Finance and Accounts at Independent National Electoral Commission (INEC) Mrs. Olusegun Akanni. When the Federal Government discovered the =N= 1 billion was not honestly earned, it froze the accounts into which the fund was lodged. Subsequently, the government appropriated the entire fund and other assets illegitimately acquired by the late director who died in the October 23, 2005 Bellview plane crash (Thisday/July 26, 2006).
 29. Federal Office of Justice (FOJ), Switzerland: see document titled "Abacha Funds to be handed over to Nigeria: Majority of Assets Obviously of Criminal Origin". August 18, 2004
 30. Thisday Newspaper/August 2, 2006/P.3
 31. ICPC is less known and acknowledge unlike EFCC. But nevertheless, the agency is combating corruption
 32. The lecture was organized by Financial Institutions training Centre (FITC) in Lagos on August 10, 2006.
 33. The Comet Newspaper/October 13, 2996/P.7
 34. The two governors are Joshua Dariye of Plateau State and Deprieye Alamiyeseigha of Bayelsa State. The later was impeached by his state house of Assembly for abuse of office, corruption and money laundering and is now being prosecuted for the same offences by the EFCC. But this has not been the case for Joshua Dariye. His state house of assembly has, so far, been shielding him from impeachment needed to remove his constitutional immunity before prosecuting him
 35. The US Ambassador to Nigeria Mr. John Campbell made this disclosure in Lagos on June 27, 2005 at a roundtable discussion with select media executives. On the occasion he said corruption "has done much damage to the country and is a major barrier towards Nigeria moving forward." Also, he stated that the US is providing legal assistance to Nigeria in its resolve to track and repatriate illegal, stolen Nigerian money in the US.
 36. Debt Management Office (DMO, 2002). P.8. with respect to the Paris Club a DMO (2004) document titled: NIGERIA AND THE PARIS CLUB showed that the Paris Club debts as at July 3, 2003 was adjusted downwards by \$ 536.1m after the debt reconciliation meeting with the Club creditors.
 37. DMO: Nigeria And The Paris Club (2004)
 38. Obadan I. Mike (2002): "External Debt And Management Policy" in the book NIGERIA ECONOMY, STRUCTURE, GROWTH AND DEVELOPMENT (Edited by Milton A. Iyoha and Chris Itsede)
 39. The Guardian of London/January 31, 2005, Dr. Ngozi Okonjo-Iweala spoke the mind of President Obasanjo and the Federal Executive Council (FEC) of the Republic of Nigeria.
 40. Thisday Newspaper/March 14, 2005, Alhaji Bello Masari made this speech in Akure while addressing the South-South Legislators Forum
 41. The Guardian of Nigeria/August 1, 2003, Prof. Charles Soludo spoke while briefing state house correspondents in Abuja on the outcome of president Obasanjo's trip to London. The trip was undertaken to hold consultations with British Prime Minister Tony Blair and World Bank President Mr. James Wolfensohn on Nigeria's debt.

42. Weekend Observer/August 20, 2005.
43. Financial Times of London/January 12, 2005
44. The Guardian of Nigeria/May 8, 2005
45. The Guardian of Nigeria/May 8, 2005
46. The Guardian of Nigeria/February 3, 2005
47. Weekend Observer/September 24, 2005/P. 12-13
48. Anne Pettifor: New Start Nigeria/Core Briefing Paper, Iraq And Nigeria: Comparing the Case for Debt Cancellation. See Weekend Observer/August 20, 2005 for excerpts of reproduced paper.
49. The Guardian of Nigeria/February 3, 2005
50. The Guardian of Nigeria/June 13, 2005
51. Debt Management Office: Nigeria And The Paris Club (2004)
52. Patricia Adams (Op. Cit) P. 193.
53. Dr. Ngozi Okonjo-Iweala: "Debt Relief, Outdated Ideology and Common Sense." July 20, 2005. A rejoinder to an article by Simon Kolawole, a columnist with Thisday newspaper.
54. Debt Management Office (2005): Annual Report and Statement of Accounts (Op. Cit).
55. Sam Aluko, a retired and renowned university Professor of economics confirmed this view in an interview with a newspaper The Comet of July 8, 2006 (P.4). He said: " I am a member of the international debt relief. We (Nigerians) were not really on the list of those to be granted debt relief. Because in 2000, the United Nations Development Programme, World Bank and creditors countries met and identified 42 countries that were due for debt relief around the world. Thirty-four of them in Africa, four in Europe, two in Asia and two in Latin America. We were not part of the 32 in Africa. But there came a the international community was agitated about Nigeria, that it might break up, so there was a group within the creditors countries both in the Paris Club and London Club countries that said if Nigeria break up, they may not be able to pay any of their debts. So, whatever they (the creditors) could collect before Nigeria breaks up, they wanted to collect and I opposed it. So it was that panic that really influences them to include Nigeria to get \$ 18 billion on the condition that we pay \$ 12 billion. Because that \$ 12 billion, if they (creditors) invest it, in the end, they will not lose. It is better that way rather than get \$ 1.2 billion every year which we were not paying, anyway." About two months after Prof. Sam Aluko gave this interview and five months after Nigeria's exit from the Paris Club debt, the Independent Evaluation Group (IEG), a unit of the World Bank released a report on September 14, 2006 categorizing Nigeria as one of the fragile states at risk of collapse because of "an increase in corruption and deteriorating governance." (Source: The Punch/September 15, 2006. This statement was later, countered by the World Bank's communication officer in Nigeria, though, when Nigeria took exception to the remark.
56. Debt Management Office: Nigeria And The Paris Club (2004) Op. Cit.
57. By this categorization, Nigeria was excluded from the Heavily Indebted Poor Countries (HIPC's). There are 18 of them in Africa. Cumulatively, the HIPC's got a debt reprieve of \$ 16.7 billion offered by the US and Britain. (Source: The Guardian of Nigeria June 11, 2005)
58. Obasanjo gave this rundown in a briefing speech to the National Assembly. The speech was reproduced in Thisday newspaper of July 27 and 28, 2005
59. It was because of Nigeria's home-grown NEEDS drawn up by a crack team which included Dr. Ngozi Okonjo-Iweala, former finance minister of Nigeria, that she asserted-while fielding questions from journalists --- on May 2005 that: "Nigeria is not begging for debt relief. She is following laid-down principles on how to qualify for debt relief. Already, Nigeria has met the principles."

60. Brazil traded off gold mining rights in exchange for her foreign debts. In her case, Bishmetal Corporation Limited, a subsidiary of the Japanese conglomerate Mitsubishi Metal Corporation, assumed her debts and got in return rights to mine gold in the Amazon. (Patricia Adams Op. Cit.)
61. Vanguard newspaper/July 14, 2005/P. 12 and 14
62. Professor Jeffery D. Sachs is the Special Adviser to the UN Secretary-General on MDGs
63. The Comet Newspaper/July 8, 2006/P.14
64. Dr. Chu Okongwu was a finance minister under the regime of President Bagangida, a military dictator, who rule Nigeria from 1985-1993
65. Simon Kolawole is a senior journalist with the influential Thisday Newspaper in Nigeria. He writes a popular weekly column on the back page of the paper
66. Prof. Jeffery Sachs made the statement on July 13, 2005 while in Nigeria to inspect Nigeria's National Poverty Eradication Programme (NAPEP) clinic project. He was at Kiyi, a small rural settlement in Kuje -- on the occasion --- to identify with the agency's project. His comment was reported in Vanguard newspaper of July 14, 2005.
67. Thisday Newspaper/August 23, 2006
68. Nigeria's former minister of education Mrs. Chinwe Nora Obaji disclosed this while commissioning the multipurpose Information Communication Technology (ICT) Centre at Nnamdi Azikiwe University, Awka. The Thisday Newspaper of October 26, 2005 carried the story.
69. Commonwealth Education Fund (CEF), Nigeria document (June 2005)
70. Thisday Newspaper/May 28 2006/P.3 The committee made the disclosure during a meeting with President Obasanjo at Ota, a town in Ogun state, Nigeria.
71. Prof. Olabisi Ogunfowora spoke at the guest lecture of Oluwadamilare Abayomi Onamuta lecture series commemorating his 70th birthday on July 5, 2006. title of the lecture was: FUNDAMENTALS OF POVERTY ALLEVIATION, FOOD SECURITY AND LIVELIHOOD IMPROVEMENT IN A DEMOCRATIC NIGERIA.
72. The federal government of Nigeria today disputes the UNDP report that 70% of Nigerians live on less than one dollar a day. The government says the figure was climbed down to 54%. Even then, Prof. Charles Soludo, governor of Nigeria's Central bank has said that Nigerian is very poor is unacceptable to government.
73. The government report is titled SETTLEMENT OF PARIS CLUB DEBT AFTER DEBT RELIEF. It was prepared by the federal ministry of finance, the Debt Management Office (DMO) and the office of Accountant-General of the federation.
74. The computation of the states' figure of the debts was based on the debt reconciliation exercise carried out in 2002 by the Revenue Mobilization, Allocation and Fiscal Commission and the exchange rate of the US dollar vis-à-vis other currencies as at December 2004.
75. The Comet Newspaper/March 9, 2006.
76. Thisday Newspaper/June 6, 2004
77. The Politics Of The MDGs And Nigeria (2005) AFRODAD Publication
78. It is to assist Nigeria to realise this human rights that Commonwealth Education Fund (CEF), Nigeria has a partnership initiative with some NGOs, including ANEEJ in the country.
79. Dr. Ngozi Osarenren is Head, Department of Education Foundations, University of Lagos, Akoka, Nigeria. She was on sabbatical in Ghana from August 2005-June 2006. See The Punch newspaper of September 17, 2006/page

23 for her full interview. Note, too, some other shortcomings of Nigeria's education have been identified earlier in this research. See section titled THE PARIS DEBT DEAL-- AN APPRAISAL OF ITS EFFECTS ON NIGERIA.

80. The Nation Newspaper/September 14, 2006/P.12
81. From PRSP TO NEEDS--A NEW FAÇADE (2003), a publication by ANEEJ convincingly demonstrates that SAP and NEEDS are the same coin. In the forward of the publication Rev. David Ugolor, ANEEJ's executive director affirmed: "This report is an attempt to demonstrate that President Obasanjo's new Economic reform policy NEEDS shares a striking similarity with SAP and PRSP. Consequently, to the author, NEEDS is an old economic wine in a new bottle which cannot promote a rapid economic growth and alleviate the worsening poverty among over 70% of the Nigerian population."
82. Prof. Charles Soludo, Governor, Central Bank of Nigeria and Alhaji El Rufai, boss of the Federal Capital Territory, Abuja. Both of them were members of the team that drew up the NEEDS document. Manufacturer Association of Nigeria (MAN) says it can create 5m jobs annually if the enabling environment exists (The Nation/September 7, 2006/P.19. but then it doesn't exist.
83. The Guardian Newspaper/September 25, 2006/P.4. The Bureau of Public Service Reforms (BPSR), Abuja -- a government agency -- is charged pruning the public services. The head of service Alhaji Ahmed Yahale at a conference of the Chattered Institute of Personnel Management, Abuja last week (of September, 2006) said that the number of retirees/retrenched workers might increase. Out of about =N=26 billion budgeted for the exercise only =N=2.598 billion has been paid as severance benefits during the first phase of payments on September 10, 2006. Yayale spoke against the backdrop that most states and local governments in Nigeria have imposed a ban on employment because of cash crunch and the requirements of SEEDS and LEEDS for decreased public expenditure; and the endorsement of the private sector as engine of economic development. SEEDS and LEEDS are the downloaded version of NEEDS at the state/local government level. All of them rely on the private sector to provide jobs. Also, as Yayale spoke the Chairman of the Nigeria's National Youth Service Scheme (NYSC) announced that retrenchment was about to take place in his establishment. The boss of the scheme, who made the pronouncement in Benin City on September 26, 2006, added, "That the restructuring will affect all facets of the scheme." See The Punch newspaper September 25, 2006/ P. 10 for details of the press statement. Meanwhile, as workers are being sacked from their jobs, several of them have neither received their severance benefits nor started earning their pensions. As at September 2006, the federal government owed its workers about =N=7 billion of pension arrears, a negligible amount of which has been paid. What is more a lot of Nigerians' standard of living is short-changed by government inability to address adequately the payment of =N=1.33 trillion owed local contractors.
84. Reporting the job loses The Punch Newspaper of January 19, 2006 used the headline: WORKERS IN TRAPPED, FAILED BANKS AGONISE... HOPE OF GETTING NEW JOBS A MIRAGE
85. This point has previously been made. See THE PARIS DEBT DEAL -- AN APPRAISAL OF ITS EFFECTS ON NIGERIA.
86. Nigeria's FIGURE IS 12-14M AS ESTIMATED BY THE federal Office of Statistics (FOS)
87. Debt Management Office (DMO): Annual Report And Statement of Accounts (2005). The DMO is the first of its kind in Nigeria
88. NEITI is the Nigeria version of the Extractive Industry Transparency Initiative (EITI) launched by UK Prime Minister Tony Blair at the World Summit on Sustainable Development in Johannesburg in September 2002.
89. Legal Remedies For The Resource Curse (2005) P. 38

90. Legal Remedies For The Resource Curse (2005) Op. Cit.
91. Thisday Newspaper/September 10/ 2005
92. Dr. Mansur Muktar made this observation on July 13, 2005 while speaking at a News Agency of Nigeria (NAN) forum.
93. NEEDS is President Obasanjo's /Nigeria's economic blueprint for transforming the country. Although home-grown, it meets IMF/World Bank benchmark as a Policy Support Instrument (PSI) for revamping the battered Nigerian economy. Two highlights of NEEDS are, namely: (i) The Promotion of good governance, public accountability and transparency in the public sector. This explains why the government has institutionalised the ICPC and EFCC, two of Nigeria's anti-corruption agencies; as well as the Due Process/Price Intelligence Unit for ensuring financial prudence in public procurement procedures. (ii) Primacy of the private sector as the engine of economic growth and development while the government limits itself largely to the provision of an enabling environment for private enterprise.
94. In part, see President Obasanjo's account of the negotiation that culminated in the Paris debt relief. It is contained in the section sub-titled NEGOTIATING FOR DEBT RELIEF WITHIN CONTEXT OF STOLEN WEALTH.
95. Thisday newspaper/January 26, 2006/P. 3
96. Debt Management Office (2002). P. 7
97. Dr. Daniel Kaufnaan is Director, Governance and Anti-Corruption of the World Bank Institute. He spoke in Abuja (2005) during his review of recent trends in governance and anti-corruption around the globe. For details, see The Guardian of Nigeria/June 11, 2005
98. This reported IFIs complicity in corruption in developing countries -- which include Nigeria, of course -- is the subject of an editorial in the comet Newspaper of June 10, 2004/p.17 titled WORLD BANK COMPLICITY
99. Thisday Newspaper/September 6, 2006/P. 38. The story was written by Philips, CEO of Philip Consulting Group
100. Jack A. Blum: "Recovering Dictators Plunder (P. 39/40). He is of the law firm LABEL NOVINS AND LAMONT
101. Only 15 African countries are said, to have ratified this convention. About 37 others including Nigeria has not done so even though the convention was adopted in 2004 a long time ago.
102. The EFCC chairman Alhaji Nuhu Ribadu has said that the civilian government of President Shehu Shagari (1979-83 was corrupt. (Op)
103. The paper is titled: CHAPTER 9/11 Resolving International Debt Crisis -- The Jubilee Framework For International Insolvency". It is written by Ann Pettifor (nef/January 2002)
104. World Watch (2001) / P. 15

