

Export Credit Agencies in Nigeria



A Case Study



African Forum and Network
on Debt and Development

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African Forum and Network on Debt and Development

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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 complement of Seven programme and five support staff.

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Preface


Calls for the reform or even elimination of export credit agencies (ECAs) come in the broader policy context of government commitments to meet Millennium Development Goals (MDGs) that set targets for poverty alleviation, health, education, and environmental protection. In terms of their financial impact on international trade, these agencies are unsurpassed, but rarely do they receive attention in the financial press or broader recognition. A key concern in development circles is that public resources directed via ECAs to support export promotion have contributed very little to sustainable development or the MDGs more broadly.

It is alleged that 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 conspiracy of the ECAs and International financial institutions. In economic, social and political terms, Nigeria at forty-six (on October 1, 2006) is a sick toddler with tottering and economic and political legs in spite of its immense human, material and natural resources. The standard of living of the average Nigerian continues to plummet as most citizens live on less than 1USD a day. In 2005, there were much more controversies, bickering, bitterness and bustling in negotiating a Debt relief than in getting the loans that later created a debt crisis for Nigeria.

This research report is an attempt by AFRODAD through the use of Nigeria as a country-based case study--aimed at revealing and explaining ECAs history, role, functions, and controversies regarding their missions--so to stimulate debate on the role, achievements and failures of export credits in Africa with the sole purpose of unveiling the closed and secretly guarded manner by which ECAs have operated in developing countries. For those who are opportunistic about ECAs playing a positive role in Africa's development more often than not the discussion is on how best to ensure a proposed reform agenda for ECAs that would support sustainable development. This includes steps on how to minimize the negative development impacts of current ECAs activities (lack of transparency and accountability, corruption, bribery, environmental degradation, etc) and how to maximize the positive development benefits (risk management, infrastructure development, technological transfer, etc) to be gained from ECA support. For the pessimistic doing away with ECAs is more emphasized than reform them.

If reform is to remain preferable to elimination of ECAs, however, it will be necessary for national governments to take meaningful and timely steps that ensure enforcement of ethical standards of their operation, local control of these agencies and putting them to work where their comparative advantage is needed most. A potential future for ECAs begins with the adoption of reforms that allow ECAs to remain relevant in the global marketplace and lead ECAs to shift a share of their support to projects and exports that contribute significantly to sustainable development. A potential future for ECAs begins with the adoption of reforms that allow ECAs to remain relevant in the global marketplace and lead ECAs to shift a share of their support to projects and exports that contribute significantly to sustainable development.

The point has to be made that ECAs in themselves do not pose a threat to Africa's development; it is the structure of their operations that do. For a long time, Africa bargained from a terribly difficult and disadvantaged position with its partners. In many cases, such bargaining disadvantages do not arise out of poor position, but simply on account of lack of information.



Charles Mutasa

Executive Director

AFRODAD

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Abbreviations and Acronyms

AFRODAD	African Forum and Network on Debt and Development
AIAE	African Institute of Applied Economics
BNDES	National Social and Economic Development Bank
CSO	Central Statistics Office
DBS	Atradius NV Hoofdkantoor
DMO	Debt Management Office
DPR	Department of Petroleum Resources
ECA	Export Credit Agencies
ECGD	Export Credit Guarantee Department
EDC	Export Development Canada
EIAs	Environmental Impact Assessments
EXIM	Export-Import
FDI	Foreign Direct Investment
FINNVERA	Finnish Export Credit Agency
FTA	Fair and Transparent Arbitration
GDP	Gross Domestic Product
HERMES	Euler Hermes Kreditversicherungs-AG
IIL	Investors International Limited
IMF	International Monetary Fund
JBIC	Japan Bank for International Cooperation
KfW	Kreditanstalt fuer wiederaufbau
MDGs	Millennium Development Goals
METI	Ministry of Economy, Trade and Industry
NEEDS	National Economic Empowerment and Development Strategy
NEXI	Nippon Export and Investment Insurance
NGO	Non Governmental Organization
NITEL	Nigeria Telecommunications
NLNG	Nigeria Liquefied Natural Gas
NNPC	Nigeria National Petroleum Corporation
OECD	Organization for Economic Cooperation and Development
OPIC	Overseas Private Investment Corporation
OTF	Official Trade finance
TPE	Tyazpron Export
WB	World Bank
WTO	World Trade Organization

1.0 Introduction

In more recent years, the growing need for transparency in Africa has opened the opportunity to know more about the ECAs and their role in the development processes of African countries. This demand for more transparency is also being placed on the Organization for Economic Cooperation and Development (OECD) countries who own the largest and most influential ECAs and have largely shielded the ECAs from the public eye in spite of their atrocious behaviour and negative impact on entrenching indebtedness without benefit, environmental degradation and compromising the poor people's sustainable livelihoods in many parts of the third world..

For many years now, the campaigns on Debt relief have been based on the understanding that the main components of the structure of the debt overhang in Africa were the debt to the Multilateral institutions (The World Bank, Regional Development Banks and the IMF), Bilateral (Government to Government) negotiated in the Paris Club and bilaterally for non-Paris Club members and Commercial Debt (negotiated in the London Club). Although Export Credit Agencies (ECA) were known to have a bearing on the African Debt overhang the nature and extent of such bearing was not well understood. It is only in recent years that it has become known for a fact that as part of the Bilateral Debt a large part of the external Debt of many African countries is held directly by ECAs: 58% in Lesotho, 55% in Gabon, 42% in Congo and 21% in South Africa and that a number of other debt-generating transactions were facilitated by ECAs. Less understood too was the nature of these institutions and their activities. This lack of understanding is based on the fact that the operations of the ECAs have been shrouded in total secrecy.

When Nigeria obtained independence in 1960, the world believed that, in no distant time, she would usher in economic prosperity for her citizens. It was because of this thinking the world saw Nigeria as the future economic giant 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 2½ times the size of Britain.

However, surprisingly, the nation's vault soon began to dry up. 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 conspiracy of the export credit agencies, international financial institutions and the Western governments. A breather only came in 2006 when Nigeria exited the Paris Club debt. Understanding the interface between the Nigerian elites, ECAs and international financial institutions is made possible and put in better perspective when a look is taken at the background/context of the debts. This research document focuses on Export credits agencies' role in Nigeria's development quest.

There are several export credit agencies (ECAs) operating in Nigeria. The volume of operations of these ECAs can be measured by the share of Nigeria's debt held by ECAs. Of the country's US\$35.9 billion external debt (as at 2004) to the Paris Club group of creditors, ECAs debt amounted to US\$30.8 billion, approximately 86% of total sum. According to the Director General, Debt Management Office in Abuja, "All of Nigeria's Paris Club debts were owed to ECAs. This is due to the fact that the original loans were guaranteed by ECAs and these guarantees were invoked. Since the first Paris Club debt rescheduling in 1986, all Nigeria's Paris Club debts have been owed through ECAs..."

1.1 Rationale

Recent discussions on Africa's external debt largely focused on the multilateral debt, particularly the debt owed to the World Bank, the IMF and the African Development Bank. While some countries were provided with partial debt relief, little attention is given to the role of Export Credit Agencies (ECAs) as creditors of export credit debt and their impact on sustainable development. Export credits are an increasingly important source of public financial flows to under-developed countries.

ECA supported activities in developing countries have raised substantial concern. It has been widely observed that ECA supported operations frequently work as clandestine ventures that convert 'risky money' in western countries into profits for western multinational corporations and banks.

They do this by making the money work in developing countries, but solely for the benefit of the multinationals and banks. In the recipient developing countries, ECA supported activities have often been carried out at the expense of poor populations and the environment without offering them substantive benefits in return. Domestically, little has been done about these activities because the environmental and safety policies and legislation needed to adequately protect the recipient countries and their citizens from the adverse side effects of the risky, large scale operations that are supported by the ECAs are so often either weak or non-existent.

Borrowing heavily from abroad, especially through the use of export credits to finance development, has spiraled out of control for many African countries and has left those governments at the mercy of often fickle investors. Growing evidence of the negative impacts of ECAs includes environmental degradation, corruption, mismanagement and increased debt burdens.

1.2 Research Objectives

The major aim of the study is (using Nigeria as a case study) to investigate the extent of the African debt overhang resulting from the use of export credits and offer solutions pertaining to how best ECA supported credits and investments can contribute to sustainable and equitable development in Africa. To achieve this, the following specific objectives were pursued:

- To secure a better understanding of the role of export credits in Africa's mounting external debt and environmental degradation.
- To identify and analyze the mechanisms by which export credits contribute to Africa's indebtedness and ecological damage.
- To document evidence regarding the need to adopt more effective environmental and debt management strategies for export credits in Africa.
- To establish the role, success and failure of export credits in financing development in Africa.
- To ascertain the opportunity costs of using export credits to finance development in developing countries and their implications.
- To initiate public debate on the need for public accountability and transparency of export credits.

Although this was a tall order, the main expected outcomes of this research was to provide a basis on which to initiate public debate on the need for public accountability and transparency of export credits and to stimulate policy change and institution of new mechanisms to overcome the identified issues. More important, to create a basis for further research which could not be achieved in this first attempt.

1.3 Methodology

This section highlights the scientific aspects of the conceptual framework, and data collection and data analysis methods. Interviews with key stakeholders were done to supplement as well as verify the use of secondary data.

Literature review was a continuous process carried out at various stages of the study. A considerable number of documents was reviewed and used to inform key components of the study. It captured the subject matter from the perspective of other authentic observers. The literature review also informed the design of the data collection and data verification tools, as well as the conceptual framework for analysis. It drew data from several national and international institutions.

To this end, the study relied mainly on secondary data from official and credible international sources, including the Debt Management Office (DMO), the World Bank and IMF, Central Statistical Office (CSO) and NGO sources. The quantitative analysis employed in this report was largely descriptive and focused on deriving and explaining various quantitative indicators on the operations and consequences of ECAs. For aspects that could not be easily quantified, qualitative assessments were relied upon.

In-depth analysis of the effects of ECAs in African countries is limited by lack of adequate and accurate data. From the full profile of ECA-supported projects considered in the descriptive analysis, a case study of one ECA was selected.

It was determined a priori that the case study would be a transaction or projects supported by one of the non Paris Club bilateral or commercial creditors since many of these provide loan financing as export or trade credit. The main criteria used in the selection of the appropriate ECA for the case study was the availability of basic, aggregated information on the ECA. This ensured that it was possible for the study to build a full profile of the test case ECA.

1.4 Export Credits as a Development Issue

ECAs, however, have hardly been studied. In fact, not much is known of their activities both in the advanced countries where they come from or in developing countries where they work. Campaigns have been on for the reform of International Financial Institutions, particularly the World Bank and the International Monetary Fund, but little has been said over the years about ECAs. Some countries keep multiple export credit agencies. The United States, for example, has the Export Import Bank, and the Overseas Private Investment Corporation; Germany has the Hermes Kreditversicherungs - AG, PwC Deutsche Revision AG and Kreditanstalt fuer wiederaufbau (KfW); Japan has the Japanese Export Import Bank and Japan Bank for International Cooperation (JBIC) as well as the Nippon Export and Investment Insurance.

The regime governing these official trade finance (OTF) flows has puzzling features. The legal basis of the regime, officially known as the Arrangement on Guidelines for Officially Supported Export Credits (Arrangement), is ambiguous. Supplier states comprise the rich industrial countries that "produce" official export finance or "give" foreign aid to finance the exports of capital goods, military equipment and agricultural products sought by buyer states. Buyer states are generally developing countries, which have limited ability to pay in cash or self finance these imports. Its proceedings are secret. Its membership is restricted to a relatively small number of states. The Organization for Economic Cooperation and Development (OECD) became the forum of choice for the Arrangement because it permitted secrecy and selective membership that better aligned the interests of supplier states against buyer states. Finally, some sectors and modes of finance are more tightly regulated than are others. Some are not regulated at all.

This research study draws extensively from Nigeria's experience as a case study to review ECAs and their operations in Africa. It places the analysis within the context of the pressing development challenges facing many African countries. It outlines salient issues on the journey towards indebtedness for developing countries and ECAs' roles in this. It ends by looking at possible means of harnessing the great potentials in ECAs and minimizing the negative impacts they have on Africa.

2.0 ECAs: Who They Are and What They Do

All governments of industrialized countries (Canada, UK, Germany, France, Japan etc.) have one or more Export Credit Agencies (ECAs) through which they provide support to their domestic business sector for doing business in Africa; for increasing their exports to Africa and also for investments in Africa. It is the role of the ECA to help the exporters to win contracts for sale of consumer goods, capital goods, services and projects by making them "more competitive" (in reality, subsidizing them). Because for Africa credit and financing are the major factors to the buyers, given the shortage of accessible (low interest rates) finance, the ECA will assist the their exporters to have the best possible credit package consisting of the Export Credit itself (directly or through a commercial Bank), Insurance against political and commercial risks and Guarantees that they will get their compensation. The nature of the package will depend on size and nature of the contract and the country importing the services, goods or the project. Countries are graded differently by the OECD for political and economic or commercial risks. The basic understanding behind the activities of most ECAs is that developing countries are risky, and firms from developed countries need additional incentives to do businesses in those places or to give them support to thereby increasing their competitive edge¹.

Newly industrializing countries like Brazil and even South Africa also have Export Credit Agencies for promoting Brazilian and South African exports and investments outside their borders. Africa as a whole also has ECAs meant to promote intra-African trade modeled, more or less, on the same principles as industrialized countries' ECAs. While some ECAs are government agencies like Britain's Export Credit Guarantee Department (ECGD), others are private companies running export credit programmes on behalf of their governments like Germany's HERMES.

Below is a list of some of the Export Credit Agencies:

AFRICA	African Export-Import Bank (Cairo) African Trade Insurance (Nairobi)
BRAZIL	National Social and Economic Development Bank (BNDES)
CANADA	Export Development Canada (EDC)
FRANCE	COFACE Direction des Relations Economiques Exterieures (Ministère de l'Economie, DREE)
GERMANY	Euler Hermes Kreditversicherungs-AG (Hermes) KfW
JAPAN	Japan Bank for International Cooperation (JBIC) Nippon Export and Investment Insurance (NEXI) Trade and Economic Cooperation Bureau Ministry of Economy, Trade and Industry (METI)
NETHERLANDS	Atradius NV Hoofdkantoor (DBS)
UNITED KINGDOM	Export Credit Guarantee Department (ECGD)
UNITED STATES	Overseas Private Investment Corporation (OPIC) Export-Import Bank of the United States (Ex-Im Bank)

¹ The stated objectives of the UK ECGD is "to benefit the UK economy by helping exporters of UK goods and services win business and UK firms to invest overseas, by providing guarantees, insurance and reinsurance against loss, taking into account the Government's international policies." Canada's EDC has as its objective "to support and develop, directly or indirectly, Canada's export trade and Canadian capacity to engage in that trade and to respond to international business opportunities." The Swedish EKN works "to promote Swedish exports by issuing guarantees ... offer (the) Swedish export companies support which corresponds to the support available for their competitors in other countries". There is little if any evidence of any major ECA (including France's COFACE, US's EXIM, Germany's EULER HERMES, Italy's SACE and Japan's NEXI) that does not have similar overriding aims and objectives.

ECAs do provide at least four broad types of official export credit support. Funded or not funded Credit Lines to Commercial Banks for their onward lending to the clients that fulfill the criteria.

- To cover for the above, the ECAs run Risk Programmes which include Country Risk Guarantees and Export Credit Insurance
- Direct credits at competitive rates for pre and post export financing to the companies of the home country to export consumer goods, capital goods or finance projects;
- Project Financing in conjunction with other financiers (e.g. the World Bank) especially for large projects (like the Lesotho Highlands Water Project or the Chad-Cameroon Oil Pipeline)

2.1 Export Credits through Commercial Banks²

Take a case where a manufacturer of medical systems and equipment in Europe wants to sell US\$ 10 million worth of high tech equipment to a private clinic in Uganda. The manufacturer requests an export credit from a commercial Bank to finance the transaction. The Bank provides the export credit (i.e. pays the manufacturer on the understanding that the clinic in Uganda will pay at some point after receiving the goods and that the manufacturer does not have to wait for that time). To provide the credit, the Bank gets an export credit guarantee and insurance from the ECA. With the premium for the export credit insurance and the interest of the export credit incorporated in the price of the equipment, the manufacturer obtains a deal and the medical equipment is exported to Uganda.

If the private clinic in Uganda fails to pay for the exported equipment, the manufacturer and its Bank will submit a claim with the ECA. The ECA will pay the Bank under the guarantee and insurance and scheme and claim the same from the government of Uganda who will have signed a counter guarantee at the time of the deal. Such counter guarantee will have been negotiated by the government of the ECA. In this way, the amount of the equipment will be added as a loan to Uganda (the government and the people).

From the above example it can be seen that ECAs are perceived as a source of finance because they enable African institutions and companies to get what they need as long as the African government can agree to provide the necessary counter guarantee to the government of the foreign company that it will pay for the transaction in case of default. The critical dimension of this is that should the private sector (in this case the private clinic) fail to meet its commitments the loan gets transferred into a Public loan because of the government counter guarantee. This explains why private sector loans were transferred into public loans even if the ordinary people did not benefit from them. Public guaranteed loans therefore have to be scrutinized for their impact on people's lives to secure accountable public finance expenditure.

2.2 Country Risk Programs

As noted in the Ugandan example, the ECA provides various country risk programs which are operationalized through guarantees and insurance. Some of the risks associated with African countries are:

- (a) exchange control regulation that may create convertibility and transfer risks;
- (b) moratorium on debt payment;
- (c) change in law or policy affecting the timing, currency or manner of debt payment;
- (d) government seizure of inputs or outputs or expropriation of enterprises;
- (e) retroactive imposition of import or export restrictions.

All the above risks are essentially policy risks, which are within the control of African Governments. ECA security is hinged on government counter guarantees that impose on African governments certain obligations that give the ECAs leverage to discourage unreasonable government actions that would threaten the transactions it provides guarantee covers for. Key elements in export credits are the credit terms comprising length of credit, starting point for repayment, interest rates, premiums for insurance and guarantees. Through a guarantee, a fixed interest rate maybe supported by an ECA throughout the loan period. Equally it could provide a guarantee of repayment of the loan at a commercial interest rate agreed by the lending Bank and the Borrower. Such interest rate could be fixed or floating.

² This section relies on examples given by BothENDS see www.bothends.org

Official or government supported export credits supported by ECAs require less premium and interest to be paid than those charged for commercial market based export credits.

Although government supported ECAs are said to assume risks in reality they are fully backed up to offer support for those transactions that cannot find export credit support in the financial markets. In reality therefore industrialized countries subsidize their exports through ECAs even if they do not officially wish to accept that in the context of the World Trade Organization (WTO) rules.

2.3 Issues associated with Export Credits

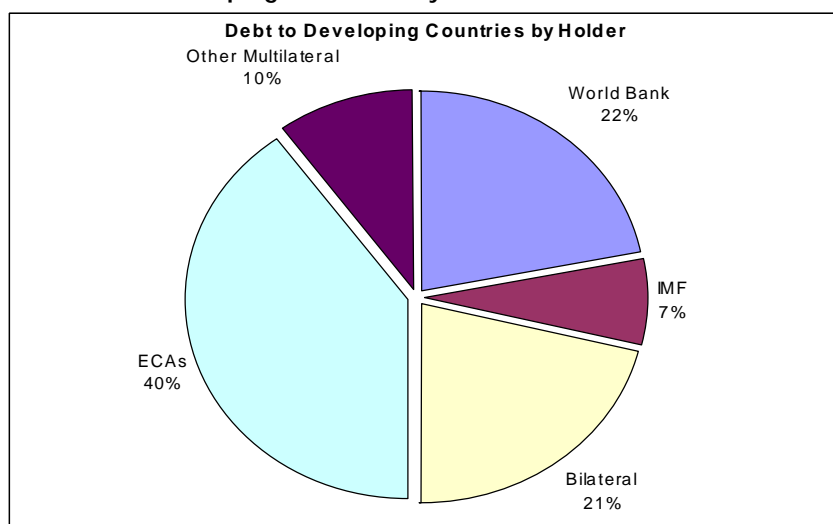
Through the support of their governments, ECAs in the industrialized countries provide a huge amount of Credit (or loans) to developing countries through the private sector and governments. Short term credits cover consumer goods while term credits are used for capital goods or projects.

Key elements in export credits are the length of credit, starting point for repayment, interest rates and risks. In general Export credit terms from the ECA are better than those obtainable on commercial markets. The starting point of the credit, the point at which the buyer should start repaying the Credit offered may vary according to the nature of the goods or services being supplied. Depending on the ECA, for capital goods or spare parts, the starting point could be the time of acceptance of the goods by the buyer; for projects where the seller is responsible for commissioning the starting point is at commissioning and for those projects where the project supplier is not responsible for commissioning the starting point is the date of physical possession of the equipment by the buyer.

The length of the credit for capital projects is dependent on the category in which in which the country of the buyer is The OECD classification puts Cameroon, Nigeria, Zambia and many other African countries into Category II where repayment could range from 8 to a maximum of 10 years. Up to a maximum of 15 years could be applied to renewable energy and water projects. Repayment of the credit portion must be in equal half-yearly, or more frequent, installments. The first, is payable six months from the starting point of credit. Interest also has to be paid at least half-yearly and is usually paid on the reducing balance of the principal outstanding. The OECD Arrangement requires that the buyer must pay at least 15 per cent of the contract value before the starting point of credit. Some ECAs like ECGD also require that at least 5 per cent of the contract value to be paid on or before the date on which the supply contract becomes effective. The ECA may use fixed or floating interest rates depending on the financing package.

In 2002, ECA-held debts constituted as much as 40% of total debt of most developing countries. This is against a combined share of 29% held by the World Bank and the IMF (two institutions whose activities have most seemed to promote the debt overhang in the global south). Bilateral (government to government) debt for the same period amounted to only 21% while other multilateral debts formed only 10% of total debts (figure 1 below). This presents both a threat and an opportunity for developing countries: a threat in the sense that if not well managed as has been the case in the past, these institutions have the capacity of stifling economic growth and welfare in developing countries.

Figure 2.1 Debt to Developing Countries by Holder



But then an opportunity exists in the fact that if the potentials in ECAs are properly harnessed, they could turn out to be great facilitators of growth for Africa.

2.4 ECAs, the Environment and Corruption

NGOs over time have collected adequate evidence to show that ECA have been irresponsible in dealing with issues of environment in relation to the big projects that they support. In recent years ECAs are estimated to have supported between US \$50 - \$70 billion annually in what are called "medium and long-term transactions," a great portion of which are large industrial and infrastructure projects in developing countries. Many of these projects have very serious environmental and social impacts. For example, ECAs finance greenhouse gas-emitting power plants, large scale dams, mining projects, road development in pristine tropical forests, oil pipelines, chemical and industrial facilities, forestry and plantation schemes, to name a few. Because most of these projects are high risk due to their environmental, political, social and cultural impacts, most would not come to life without the support and financial backing of ECAs. Hence, ECAs are strategic development linchpins that play an enormous part in the harmful impacts of corporate globalization.

In 1998, ECAs based in OECD countries made a statement of intent to develop environmental and sustainable development standards for export credit support. Little progress has been made until now. The reality is that as the race to overtake one another heats up, most ECAs are not required by any law under which they operate to consider social and environmental impacts of the projects they support nor do they require such assessments from firms undertaking projects with their support. Thus, many ECA-supported projects are environmentally degrading and often lead to worsening poverty for proximate communities.

The policy sovereignty of the countries involved is often compromised under the threat of less funding in the absence of sovereign guarantees from host governments. There is equally the fallacy of low-cost finance through which governments are encouraged to take up increasing amount of ECA supported projects and financing and accumulate even further debts. With focus on financial implications of ECA-funded projects, host countries often overlook non-financial costs of ECA-supported finances - the excesses in its provision, inappropriateness of the projects to which they are directed, design weaknesses inherent in the projects, overpricing of the goods provided by the exporting firms and the high corruption associated with these projects among others. Monitoring of repayments of ECA-supported funding is often left in the hands of multilateral financial institutions with associated conditionality.

Bribery and corruption is another issue associated with ECA supported projects. The ECAs tend to pay a blind eye to such corruption and bribery and they (the ECAs) are therefore in reality a component of this negative cancer. OECD export credit agencies have agreed to improve common measures aimed at stopping taxpayer support to export contracts that are tainted by bribery. They however are not doing as much as they should to stop corruption and bribery. They will have to adopt the recommendations of the OECD Working Group on Bribery more. This should also apply to the other financing institutions, including the World Bank.

2.5 Export Credits in Nigeria

ECA projects in Nigeria are not directly viable, nor economically sensible given the country's level of development. Massive developmental capitals (both borrowed and domestically mobilized) were put into these projects which viability was in the first place in question. Then owing to the nature of the funding, most of these projects were never completed leading to great losses to the economy. For example, despite having gulped in several billions of dollars, time and attention as well as other resources, the Ajaokuta Steel Industry is yet to take off, close to 30 years after conceptualization and initiation. As late as 2004, last attempts were still on to get the multi-million dollar project to kick off. Below is excerpts of the introduction of a report to the government by the latest (foreign) firm hired to manage the project in a bid to see the possibility of revitalizing it.

Preliminary study for the establishment of the Ajaokuta steel company was concluded in 1975. Thereafter a detailed project report was compiled and accepted in 1978. The company was then established in September 1979. Ajaokuta steel plant is an integrated steel plant installed to produce 1.3 million tonnes per annum of long products of various sections of steel. The process route selected is BF-BOF-CC-RM route namely, Blast Furnace, Basic Oxygen Furnace, Continuous Casting and Rolling Mills.

Since all the groundwork for the start of the project was complete, the Nigerian government signed a global contract in the year 1979 for design, supply and erection of equipments, structures, materials and training of staff with the erstwhile Russian company M/s Tyazprom Export 'TPE'.

Government also signed agreements with Dumez, Fougerolle and Bilfinger and Berger for the civil works. In the year 2000, a technical inspection and evaluation of the Ajaokuta Steel plant facilities was carried out. However, the commercial production could not be started and the plant facilities remained idle. In the year, 2003, the federal government of Nigeria signed an operations and management agreement with Solgas Energy Limited. However, Solgas Energy could not start production in the plant and defaulted on the terms of the agreement. The agreement with Solgas was terminated by the Federal Government due to non-performance. To save the hard earned money of the tax payers, the government decided to make a last effort for the revival of the Steel Plant. On 13th August 2004, the federal government of Nigeria signed a concession agreement with Global Steel Holdings Limited. The otherwise non-operative company received a shot of adrenalin in the wake of the government entering into an agreement with Global Infrastructure Holdings Limited (name changed to Global Steel Holdings Limited) for reviving of the integrated steel plant. The decision invigorated the company, which was in the grip of stagnation since many years".

Immediately after this, the firm gave a long list of constraints that still hinder the effective take-off of the project and which according to it may lead to eventual death of the project. These include

Vandalized cables

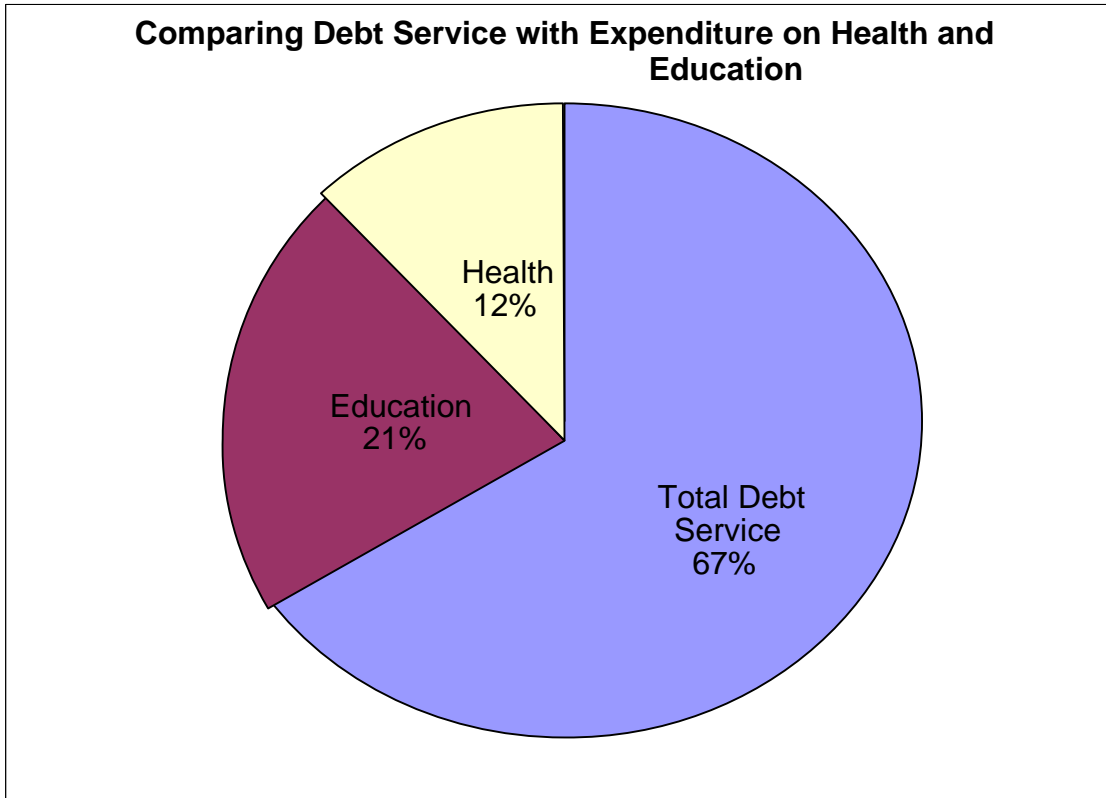
- Repair and replacement of plant and equipment due to improper preservation
- Unavailability of drawings and documents required for commissioning
- Improper hand-over of spares by the immediate past managers which may cause operational problems
- All rubber-based component/spares found unusable
- Battery banks for power distribution system stolen and several others found badly burnt
- Cannibalized equipment for the operation of the rolling mills by previous operators
- All cable tunnels flooded with water
- Damages to the various equipment due to previous electrical fires and accidents
- Frequent power outages resulting in loss of working hours
- Need for high proportion of expatriates due to shortage of requisite skills
- Non-settlement of terminal dues to disengaged and retained employees leading to labour unrest

Each of these problems has the potential of halting the entire project implementation. Everybody seems tired of Ajaokuta. Paradoxically though, Ajaokuta is one of the major sources of the nation's over \$30 billion debt to the Paris Club and debt on it has continued to be serviced since the early 1980s. In fact, like many other projects, it enjoys multiple ECA support, multiple lending and multiple project executors. But much beyond the financial outlay on Ajaokuta, development investment in several other factors has continued to suffer and there is a huge opportunity cost in other sectors where the same set of resources could have been more fruitfully used. By the end of 1990, the Ajaokuta steel project had already cost over US\$3 billion and was expected to need an additional US\$2-3 billion to complete. Whatever is the difference from stated loans in the table is Nigerian counterpart funding. Meanwhile, Ajaokuta is seen by analysts and industry experts as economically unviable as its production costs are estimated to be four times the industry average. Besides, the existing Delta Steel complex in Aladja is meeting domestic demand while running at 50% installed capacity (Moser et al 1997).

Important in the assessment of the costs incurred through ECA operations and related indebtedness for Nigeria is the cost borne by the social sector (particularly health and education). The 1980s and 1990s remained lost decades for the Nigerian social sector. It was within this period that debt service ballooned and the biggest brunt was borne by the social

sector. Expenditure in the social sector shrank almost by as much as the increase in debt service. Debt service continued to be in the neighbourhood of five times the size of spending in either health or education. Figures 3 below show the relative sizes of total debt service to the Paris Club of creditors relative to expenditures in health and education.

Figure 2.2 Comparing Debt Service with Expenditure on Health and Education



3.0 Economic Doldrums, Indebtedness and Export Credit Agencies

Debt service payment for Nigeria's debts started on a soft, tolerable level in 1958 until it became a hard bargain years later. Matters came to a head in 2003 when one of Nigeria's creditors the Paris Club demanded on all-time high \$3 billion annually for debt service payment.

"Initially, we owed \$35 billion and \$30m billion of that was owed the Paris club group of creditors of 15 countries, most of them Western countries and Japan. We exited the Parish Club through the 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 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 ³"

The contributions of the different export credit agencies and their supporting national governments in the crisis arising from non-performing creditors vary very widely. However, one thing is common to almost all the debts: with the exception of Belgium and Russia, penalties and arrears have amounted to multiples of the original loans extended by the countries through ECAs. There might be questions as to the exact amount that have been remitted to service these debts over the two decades between 1985 and 2005, but there is no question that some funds have been committed to such debt servicing, even against the backdrop of the refusal of the Paris club of creditors to debt restructuring. But despite this, as at end 2004, total debts owed to these ECAs are multiples of the original loans. For such countries as Denmark, France Germany and the Netherlands, total debts as at end 2004 is over 200% of the value of original loan. Other countries with present loans worth over 100% of the original loans include Austria (152%), Finland (100%), Italy (192%), Japan (113%), Spain (135%), Switzerland (133%), United Kingdom (170%), and United States (153%). On the average, the 2004 value of the country's debt is approximately 153% of its original borrowing - and this is after two decades of debt servicing! (See Table 1 below).

Table 3.1 Comparing December 2004 Outstanding Debt with Original Value of Borrowing

Country	ECA	Original Amount (\$m)	Share in P/C Original Loans (%)	Debt value as at Dec 2004 (\$m)	Share in total Debt Value as at Dec 2004 (%)	2004 debt value as ratio of original loan (%)
A	B	C	D	E	F	G
UK	ECGD	4707.17	28.03	8000.32	25.93	169.96
Japan	JEXIM	3927.24	23.39	4447.97	14.42	113.26
Germany	HERMES	2226.59	13.26	5288.66	17.14	237.52
France	COFACE	2132.81	12.70	6249.61	20.26	293.02
Italy	SACE	1026.86	6.11	1975.94	6.41	192.43
Belgium		694.52	4.14	608.19	1.97	87.57
USA	EXIM	641.79	3.82	984.49	3.19	153.4
Netherlands		438.45	2.61	1707.98	5.54	389.55
Austria		342.83	2.04	521.38	1.69	152.08
Denmark		246.8	1.47	571.75	1.85	231.67
Spain		185.29	1.10	249.54	0.81	134.68
Switzerland		151.55	0.90	201.01	0.65	132.64
Russia		67.5	0.40	36.97	0.12	54.77
Finland		3.98	0.02	3.99	0.01	100.25
Sub-total		16793.38	100	30847.8	100	183.69

³ Nigeria's former minister of Finance Dr. Ngozi Okonjo-Iweala disclosed this fact during a Grand House reception for her at Niteshift Colliseum in Lagos on 2nd July, 2006.

Note: Countries in the table are arranged in the order of magnitude of the original loans from them (columns C and D). Relative positions for some of the countries changed in terms of the final value of the debt owed them (columns E and F). Those whose credit multiplied by large proportions as to shift their positions upwards are coloured red while those credit multiplied by less such that their relative positions shifted downwards are coloured blue. Those whose positions remained unchanged are uncoloured.

Much of Nigeria's debt servicing particularly in the 1990s and since 2000 therefore represent no more than excess tax on expired, retired capital. In other words, the existence of the original loans for which these debts servicing were being made is doubtful. But importantly too, a number of the countries whose debts grew very fast moved up in terms of the relative debt that the country owed them. The Netherlands which had the most marked rate of increase in its credit to the country (389.6%) also moved from 8th position to 6th in terms of size of credit to the country, overtaking USA and Belgium whose original debts were far larger than that from Netherlands. Likewise, France through COFACE with debt multiplication in the neighbourhood of 293% moved up to take the second position immediately after the UK displacing Japan and Germany which were second and third respectively in the original list of creditors. Another country that changed its position on account of quickly accumulated arrears and penalties was Denmark which displaced Austria to occupy the ninth position from being 10th, having had its debt multiplied to approximately 232% of its original debt value. In turn, Japan's credit to the country relative to others went down from being the second highest to being fourth as its 2004 debt was only 113% of its original lending to Nigeria. Likewise, Belgium fell to eighth position with increase in 2004 debt value of about 87.6% of its original value while Austria with 2004 value of its original credit at 152% of its original lending moved to the 10th position after Denmark.

3.1 ECAs and Different Classes of Nigeria's Original Debt

As shown in Table 2 below, ECGD contributed more than all ECAs in nearly all the classes of debts holding 28.1% of all debts. This is closely followed by JEXIM of Japan. ECGD contributed 19.7% of direct FGN debt, 67% of guaranteed debt to states, 6% of unguaranteed debts to states, 9% of private sector unguaranteed debts, 6% of post cut off debt and 38.5% of short term trade arrears. This distribution is quite instructive in the dealing of ECGD with Nigeria. Most of the debts to ECGD were concentrated on direct or directly guaranteed debts. Germany, using the HERMES also has an interesting distribution of debt among the different classes - it holds 16.8% of all direct debts, 7.6% of all guaranteed debt, 2.6% of unguaranteed debts, 31.7% of private sector unguaranteed debts, 5.7% of post cut off debt and 16.8% of short term trade arrears. In contrast, SACE held 84.5% of all state unguaranteed debt while France held 16.6% of direct debt, and 33% of private sector unguaranteed debt. This showed some 'specialization' of the ECAs in different aspects of the country's debts. Finland for example, through FINNVERA held all its debts in short term trade arrears, even though this amounted to only 0.1% of short term trade arrears.

By far the highest aspect of loans to the country through ECAs went to what we have tried to capture here with the term 'Consumer goods'. 'Consumer goods' simply consist of short term trade arrears for sundry imports and exports extended by trading firms in developed countries either directly to Government or to private individuals and companies operating in Nigeria. Interestingly too, it is easy to show that the recipient firms were also either multinationals or domestic trading groups with links to northern industries as these are the only set of firms that will demand and have the political muscle to mobilize public guarantees. This class of activity consists of more than a quarter of total original debt. Interestingly, these are little value adding activities that do not generate employment and whose major contribution to the country's output has been the raising of the country's import bills⁴. In addition, quite a number of the materials that were so imported were used in the country's bid for import substitution industrialization and general consumption. Most of the production and trading activities set up using these funds never survived initial start up problems.

⁴Ironically, sundry imports into the country rose from about 13% of GDP in 1970 to more than 31% of GDP in 2003. at the same time, non-oil exports as a ratio of total exports fell from over 80% to less than 5% over the same period. This owes mainly to the nature of trade that has been promoted in the country through available ECA loans and activities of trading firms that merely promote the consumption of goods produced in developed countries.

Table 3.2 ECAs and Shares in Disaggregated Debt in Nigeria

(All figures are in percentage except where otherwise indicated)

Country	Rep ECA	Direct Debt by FGN	Guarant. Debt	State Unguarant Debt	Private Sector Unguarant. Debt	Post Cut Off Debt	Short Term Trade Arrears	Total (%)
United Kingdom	ECGD	19.7	67.0	5.8	9.1	6.0	38.5	28.1
Germany	KFW/HERMES	16.8	7.6	2.6	31.7	5.7	16.8	14.6
France	COFACE	16.6	8.7	3.0	33.0	11.0	4.5	12.0
Italy	SACE	3.6	0.0	84.5	0.0	2.3	0.8	5.9
Japan	MEXI/JEXIM	24.4	1.7	0.0	0.0	57.1	27.9	23.4
The Netherlands	NCM (ATRADIUS)	2.3	1.0	0.0	14.0	0.8	2.7	2.6
Russia	ExIm Bank	1.0	0.0	0.0	0.0	0.0	0.0	0.4
Spain	CESCE	0.0	3.0	0.0	1.7	0.0	0.3	0.6
United States	EXIM	6.7	0.0	0.0	0.0	0.8	4.0	3.9
Switzerland	ERG	0.0	0.0	0.0	5.6	0.0	2.2	0.9
Austria	OEKB	2.7	4.5	0.7	3.9	0.0	0.6	2.0
Belgium	DUCROISE	6.2	0.4	3.4	1.1	10.9	1.0	4.1
Denmark	EKF	0.0	6.0	0.0	0.0	5.4	0.6	1.5
Finland	FINNVERA	0.0	0.0	0.0	0.0	0.0	0.1	0.0
	% of Total Debt	40.07	12.42	4.71	5.27	10.24	27.28	
	Total (\$m)	6727.25	2085	791.58	885.6	1719.78	4580.486	16789.7

Source: Calculated from data from Debt Management Office, the Presidency, Abuja

Interestingly too, activities in this sector are most prone to corruption given the nebulous nature of these transactions. In the books of the Debt management office, these transactions were simply recorded as short term trade arrears pre- or post- 1983 or 1984 as the case may be. One of the implications is that of all the classes of transactions, this is one of the least transparent areas of acquisition of debt, and yet it is the highest! There is no specific records of its contributions to corruption but there is no question that these have been the case particularly through over and under-invoicing for the firms involved in the accumulation of these debts. Most of the goods brought in these transactions were either under declared or over-invoiced depending on the particular interests and circumstances surrounding their imports - whether they received import tariff waivers or were taxed.

The second class of activities is general services. Activities that are here lumped under 'general activities' include the establishment of hotels (both public and private), telecommunications, markets, transportation (including air transport services, upgrading and maintenance), national identity card project among others. As in the former class of debt-inducing consumption, the general development of projects and facilities in the general services group of activity has been rather disappointing. Ostensibly, the initial aims were to use these to contribute to economic growth in the country. But ex-post assessment of these activities gives a very regrettable situation. For example, presently none of the hotels mentioned in the projects named in the original document is still functioning in the hands of government. Both NICON NOGA Hotel and Capital Hotels in Abuja which initial contribution to the debt was jointly in excess of \$265 million have been renamed severally, changed management and ownership at least four times, and as a last resort, both were put up for sale by the Federal Government on account of low returns and abuse of proceeds. The same is true of Nike Lake resort hotel with over Most of the hotels have remained moribund over the years or completely handed over to private sector operators at ridiculously low prices.

Another set of huge investment in the area of general activities went to the development of telecommunications - particularly through Nigeria Telecommunications (NITEL), the national carrier. After over three decades of operations, NITEL was only able to get telephone across to less than 500,000 Nigerians in a country of over 120 million persons, making the country one of the least developed countries in telecommunications up till 2001.

Meanwhile, besides the huge debt that NITEL incurred for Nigeria, it continued to be a channel of great leakage of public resources. Despite the fact that it was designed to operate as a commercial venture, the Federal government through the Ministry of information and Communication has continued to fund basic operations, including salary payment in NITEL. In frustration, the federal government decided to privatize and sell NITEL outright to private operators. Up till the time of this report (August 2006) and after several attempts, this is yet to be successfully concluded - with several problems emerging at different times, including minor arguments over the worth of NITEL. The Bureau of Public Enterprises (BPE), the agency of government in charge of privatization has met more frustrations in the sale of NITEL than it probably has in the combined sale of most of the other parastatals. After initial failure of a bid by London-based Investors International Limited (IIL), a management lease arrangement was concluded as an interim arrangement while BPE arranges for another bidding process. Yet for over 20 years, the nation continued to serve debt arising from the setting up of NITEL, with multiple costs in domestic maintenance of the infrastructure, and opportunity costs in terms of foregone services⁵.

The same fate seemed to have befallen almost all the other projects included in the 'General Services' group. The national Identity card project was stillborn and never kicked off. In fact, it is surprising that some of the political arm-twisting that trailed the project seemed to have waited until the Federal Government had obtained over \$76 million in loans to undertake it. Likewise Nigeria Airways, which for several years, was a major pipeline for waste of public resources through the Ministry of Aviation. Eventually, in the late 1980s, it could not operate again and has remained dormant with almost all the crafts lying immobile at different airports. Finally in 2004, it sold off its shares in Nigeria Airways to private Nigerians and a partnership was entered into with Virgin Atlantic to become a majority shareholder in a completely new national carrier to be named Virgin Nigeria. And indeed, it seemed ridiculous some of the projects for which debts were incurred under this group of activities. It did not seem to make much sense that the country borrowed \$173 million from OECF to produce trade and investment policy except it was under intense pressure to please some vested interest groups. This is a clear example of the sort of ridiculous programmes undertaken with pressure from external sources and some of which are responsible for greatly fueling corruption in the country. Table 3 below shows the broad distribution of the borrowings by activities.

Table 3.3 Sectoral/Activity Composition of Nigeria's Original Borrowing

Sector	Total Original Borrowing (\$ millions)	% of Total Original Borrowing
Consumer Goods	4580.47	27.28
General Services	3215.50	19.15
Oil, Gas and Energy	2265.63	13.49
Steel and Heavy Duty Manufacturing	1464.63	8.72
Water Services and Dams	1331.55	7.93
Light Manufacturing	946.41	5.64
Light Food and Agric Processing	734.03	4.37
Physical Infrastructure	673.91	4.01
Unclassified	596.61	3.55
Agriculture	460.87	2.74
Social Infrastructure	444.91	2.65
Textiles	75.16	0.45
Total	16789.70	100

3.2 Investments and ECAs Debt

The other group of activities that contributed significantly to the debt situation is investment in oil, gas and energy sector, with about 13.5% of the total initial debt. The story in this sector remains similarly pathetic.

⁵ In June 2006, workers in NITEL downed tools for over one month, almost strangulating economic activities as telephone services in the country were shaky given that most of the licensed private operators in the sector depend on NITEL's infrastructure for their own operations. For this period, landline calls using NITEL infrastructure was literally impossible.

The oil sector in Nigeria presently contributes less than 2% of total employment, has the weakest linkage with other productive sectors in the country and is probably one of the highest contributors to corruption in Nigeria⁶.

Quite a huge chunk of the borrowing in this sector went into the establishment of petrochemical firms - particularly Eleme petrochemical plant. Presently, Eleme petrochemical is still in fairly good condition (as in still producing) and it is a major supplier of cellophane products, even though operators complain that its supplies are in gross shortage of the need of the industry. However, the establishment of thermal plants and refineries has not been as successful. None of the four refineries in the country is working. Nigeria remains a net importer of petroleum products. After several years of huge maintenance costs, under-capacity utilization, it has become clear that the country's refineries are of little use to petroleum refining. The dilemma is quite unique because to even privatize these things, there is need to refurbish them and make them somewhat functional to be attractive to investors. This itself requires huge funds, which the federal government seems unwilling to commit any further having extensively committed funds into resuscitating refineries over the years without success. The thermal plants are supposed to help in generating energy for the country's use.

Another aspect to examine is physical infrastructure and here we will include water and dams. Between these two, the nation got indebted to the tune of about \$2.07 billion representing about 12% of total original debt stock. The current situation in water and dams provision has been mixed. Public drinking water supply in the country is also in bad shape. However, dams for agricultural works have been slightly more successful with some of the irrigation projects still functional. Particularly in the southern part of the country, water provision is a luxury. Majority of the cities in the south has epileptic water supply and in many cases there is none in existence. The situation in the Northern part is slightly better but still with a lot of space for improvement. However, the provision of other physical infrastructure - housing, road construction and other public support infrastructure are in bad shape. When the country borrowed money to construct some of these, there were little if any provisions for maintenance. In many cases as well, the structures put up were of very poor quality. The effect was that barely five to ten years after the initial outlay in physical infrastructure, there was massive decay in the same infrastructure without any provisions for repairs. This has been one of the biggest areas of lack in the country. By the time the Obasanjo administration came into power in 1999, less than 50% of the entire Federal road network are in good shape. Both urban and rural infrastructure have largely decayed and in need of touching up. Thus, as in most other sectors, the nation was faced with double tragedy in respect of infrastructure funding - service the debts partly used to fund the provision of these infrastructure and then find additional funds to repair, maintain and save them from imminent total collapse.

At the same time, less attention was ostensibly paid to health and education, as well as agriculture. While there was significant degeneration in virtually every area of the country's developmental programme, the trends in health, education and agriculture were tragic. While agriculture still retains a high proportion of employment in the economy, the median age of workers in the sector is now close to 50 years. The sector is completely unattractive to youths and there have been little if any improvement in the technology of agricultural production since 1980. Yield per hectare of major crops fell drastically over the two decades between 1985 and 2005. The education and health sectors suffered some of the worst forms of decapitalization and brain drain in the 1980s and 1990s. At the lower levels of education, public schools almost completely collapsed while more expensive private schools sprang up severally.

Contingent liabilities, described in terms of debt incurred by lower tiers of government or government parastatals but which liabilities were taken up by the Federal Government, have not performed better. During the Second Republic and the 1988 to 1993 period, a number of states went straight to ECAs to contract debt often with (but sometimes without) Federal Government sovereign guarantees. Quite a number of these funds obtained from these debts were invested in 'developmental projects'. As shown in Appendix 1, many of the projects have lasted several years decades and yet are far from completion. This is a key financial and developmental cost to the country as the funds and other resources put into these projects could have been employed elsewhere with greater impact on the poor.

Besides generating debts that have to be taken up publicly, for every ECA funding there are additional funds leveraged from both the private and public sectors within the host economy. In the event that the activity which the ECA puts its fund is not rewarding, then the opportunity cost of such funds leveraged from within as well as the interests paid to the ECA are all deadweight costs to the economy.

⁶ Oil production cost in Nigeria is one of the highest in the world. In addition, the Nigerian National Petroleum Corporation has not been audited for over 20 years of operations. The oil and gas sector in Nigeria is unarguably one of the most opaque sectors in the economy.

In the Nigerian situation, this constitutes one of the most serious economic and social costs that the country bore in its dealings with ECAs. The entire 1970s and 1980s could easily be regarded as lost developmental decades in terms of the country's growth. The major reason is on account of the nature and structure of projects taken up both directly by the country and in conjunction with foreign firms with ECA support.

Nigeria lost almost an entire generation of students and health development units. Incidence of brain drain from the country rose sharply in both sectors⁷. Corruption has always been endemic in Nigeria. But it grew disproportionately in the 1980s and 1990s owing to the country's exposure to external influences, culminating in the country's position as the second most corrupt country in the world in 1999, which position it judiciously held till 2005. In October 2003, allegations of a \$180 million bribery emerged following the first expansion of the Nigeria Liquefied Natural Gas (NLNG) and the latter NLNG Plus (trains 4 and 5) projects involving the TSKJ consortium and Tristar. This project, with TSKJ consortium at the driving seat received support from a number of major OECD ECAs - EXIM (US), SACE (Italy), ECGD (UK) and Gerling-NCM (Holland). Yet there is little, if any public appreciation and awareness of the activities of ECAs in the country. Thus, Nigerian operations of ECAs are shrouded in much secrecy and could be laden with corruption.

3.3 At Last, Debt Relief...

With the assumption of office of the present Obasanjo administration, the President set out vigorously to return the country on the path of sustainable growth through far-reaching economic reforms. To do this, it formed an economic team made up of new breed technocrats in government. The major tenets of the economic reform are encapsulated in a policy plan document surnamed National Economic Empowerment and Development Strategy (NEEDS). The NEEDS has four major planks - a social charter, reforming government and its institutions, private sector development and a financing/implementation strategy. The NEEDS signaled to the outside world that Nigeria is ready to do whatever sitting up was required without the probing of the outside world. This signaling started a series of events. Already, the President in his first tenure spent most of the time shuttling countries trying to beg for elusive debt relief. But with the economic team at work, things changed dramatically. A number of policy changes were introduced and there was some sense of direction in government.

With the NEEDS on ground, it became easier to resume talks on some fair treatment of Nigeria's debt. This led to series of meetings and eventually, by September 2005, the country was able to reach a compromise with the Paris club of creditors to pay off \$12 billion out of its \$30 billion debt to the club while the other \$18 will be written off. Presently, the country is working assiduously to also exit the London Club of creditors. Much as many have criticized the arrangement for a whopping \$12 billion bulk payment for a country at Nigeria's level of development and economic welfare, many analysts support the move on the ground of its potentials for getting the country on a new footing with the rest of the world and releasing the age-long odium of indebtedness for which the country has come to be identified. A few others see in it the potential for the country to concentrate attention on the development of its neglected social sector.

⁷ While Nigerian hospitals have been described as mere consulting clinics with little or no facility for treatment, Nigerian doctors form the largest proportion of non-indigenous group of qualified professionals in the United States of America.

4.0 ECAs and The Environment

A look at the impact of ECAs in Nigeria indicate that most ECAs-backed projects are either completely dead or comatose, having been a continuous drain on public resources for many years. Many of these have had to be handed over to private sector operatives to see the possibility for reviving them. But then, it also have to be noted that the major reasons why many of these investments either never got completed or were stillborn or worse still became drains on public finances for years without putting any resources back to the state or fulfilling the development purpose for which they were initiated is that many were overpriced at inception or the resources meant for their construction were partially or wholly embezzled midway. In many cases, ECAs are not directly involved in such, but the firms that receive their support are.

The legendary 10% kickback in Nigeria was institutionalized in the 1980s; a time that also 'coincided' with the period of boom of ECA-supported lending and project financing in Nigeria. Some of the projects like Edo/Delta water supply and Bauchi State Health project had to be cancelled midway (with about 75% and 85% of the projects respectively finished) with cost overruns and loan for them exhausted. The Nigerian landscape is replete with a litany of such abandoned and uncompleted projects (see Appendix II). For the federal government, a 1992 Presidential Monitoring Task Force identified 3,907 federal projects which had been started prior to 1992. Of these, only 808 had been completed by 1992, and project managers were able to identify future completion dates for only 1,068 projects-leaving 2,031 or 52 percent with an uncertain future. It is common to find projects that had gulped several hundreds of millions of dollars lying waste for more than a decade.

The Nigerian economy is critically dependent on products and services generated by the natural environment and on oil in particular. The majority of the poorest Nigerians depend directly on natural resources. Their livelihoods are intimately linked to soil productivity and availability of water. Similarly, the productivity of the urban poor is closely connected to safe access to natural resources, whether coastal and maritime or groundwater resources. Thus, sustainable use of Nigeria's natural resources is fundamental to poverty reduction and long-term development (Soludo et al 2003).

Analytic work carried out in 1990 noted that land degradation is the most serious environmental problem facing Nigeria. Three aspects of the problem were identified: soil degradation, affecting 50 million people with an annual cost estimate in excess of US\$3 billion, water contamination, affecting 40million people and estimated to cost more than US\$1 billion dollars to correct, and deforestation, affecting 50million people, with an estimated loss of forest resources of US\$570 million annually. In aggregate, the annual cost of these and other resources of environmental degradation were estimated to be on the order of US\$6.9 billion in current prices, or 20% of GDP. While little new data is available, the situation has more than likely worsened since 1990 (Soludo et al, 2003). A major factor that has been known to contribute more than any other to the problem of environmental degradation in Nigeria is oil production. With the growth of the oil industry and a fast growing population, there has been substantial damage to Nigeria's ecology. This is most grievous and pronounced in the Niger delta region of the South from where much of the country's oil is drilled. Thus, even with a weak manufacturing industry, there is still a high level of land, air, and water pollution in the country. This is in addition to the endangering of the northern part of the country by desert encroachment. The problem of the oil industry is mainly oil spillage, gas flaring and water pollution.

Nigeria has a burgeoning oil and petrochemical industry. Coordination in this sector is supposed to be handled by the state petroleum firm, the Nigeria National Petroleum Corporation, NNPC. There are also three refining and petrochemical installations located at Kaduna, Warri and Eleme, all three subsidiaries of NNPC, and producing polypropylene, carbon black, ethylene, polyethylene, ethylene glycol, and polyvinyl chloride. Interestingly, all three refineries and petrochemical firms in Nigeria were set up with a lot of support from foreign firms, variously insured in turn by ECAs.

4.1 The Case of the Niger Delta

Niger Delta is the bedrock of Nigeria's crude oil production. All the nine states of the Niger Delta are oil bearing with Bayelsa, Delta and Rivers accounting for 75 per cent of oil production. Since the Nigerian civil war, ownership of crude oil resources has been vested in the federal government³ rather than in the state or community where it is located. It is thus only through intergovernmental financial transfers from federal to states and local governments that the oil revenue may be transferred to the population.

The Niger Delta zone, which hosts a number of the oil wells and oil producing firms in the country remains a potential time-bomb. Environmental degradation in the area is one of the worst anywhere on earth. Aquatic lives and land surfaces are all endangered species. The region is also one of the least developed in Nigeria despite being the source of Nigeria's wealth. Natural gas flaring has contributed more emissions of greenhouses gases than all other sources in sub-Saharan Africa combined. The energy loss associated with flaring of four billion cubic meters of natural gas annually is equivalent to 60% of the total thermal-based power generation in sub-Saharan Africa. This is in addition to pollution associated with 'normal' industry activities in the Niger delta. There have been over 4,000 oil spills in the Niger Delta since 1960, and gas flaring from oil extraction has resulted in serious air pollution. Oil toxicity has led to a near disappearance of the mangrove - a key source of fuel wood for locals and a habitat for the region's fauna. Farming and fishing as economic activities are seriously endangered in the zone and marine life is basically contaminated endangering as well human lives within the zone.

This issue has remained a key flashpoint for political unrest in the Delta and has made the zone a largely disquieted one. The Ogonis, an ethnic group that predominates in the region, have protested that not only have foreign oil firms backed by ECAs degraded the local environment, but that the Nigerian federal government also has acquiesced by not enforcing environmental laws and regulations. Clashes between tribal groups and security forces have resulted in numerous deaths, as well as periodic disruptions in oil production. Protest actions occur with regularity, with local youths seizing oil platforms or taking hostages and forcing oil companies to withdraw their staff and/or to halt oil production until their demands are met. Once in a while, pollution and associated neglect of the zone are turned to cheap political bargaining points. Often, when the youths take hostages of oil workers, moves are made to reach a compromise between them and government or the firms whose workers are taken hostage. Such moves often do not address the bedrock issues. Some funds often may change hands, or some short term promises made that end up not addressing the root causes of the problems. Under such circumstances, the hostages are released and the government retires back to rest, while the oil companies return to the routine of degradation - and everybody is seemingly happy.

But most disturbing is the government's and operating oil firms' perceived indifference to the environment in the Niger Delta. This is made much worse by the lack of coherent pollution control policy. Severally, the government has issued threats to the oil firms to quit gas flaring, an obviously outdated practice in fossil mineral exploitation still practiced in Nigeria, to no avail. The government seems obviously incapable or has its hands tied by its entanglements with the oil companies and ECAs. Whatever the case though, deadlines come and go and the practice remains. There is as well no known environmental remediation programmes from the oil firms nor any existing incentive for power plants to implement pollution abatement strategies, up this 2002, it was not yet mandatory for any oil firm to submit an environmental impact assessment for proposed sites for oil drilling, nor policies for compensation for the local communities in the event of unintended oil spillage.

Some efforts were taken between 2002 and 2003 to address the question of oil spillage and environmental degradation, with Shell BP ordered to pay \$1.5 billion to the Ijaw tribe for decades of neglect. And even if this was not fully obeyed, it sent a signal that things might be changing. In addition, the Department of Petroleum Resources of the NNPC has produced a document on Environmental Guidelines and Standards for the Oil Industry and firms have been mandated to comply with this or risk paying fine. There is also a provision now for the DPR to conduct regular health, safety and environmental audit of the oil firms. These have led to some oil firms in the region trying to now point out what they do to mitigate to reduce environmental risks in their areas of operation.

Over 90% of Nigeria's FDI goes into the oil industry. Quite a number of these generated debt for the country as outlined in earlier sections through ECAs, but some others did not. Unfortunately, the government does not have a definite means of dealing with this issue. Historically, the issue of environmental impact assessment has continued to be glossed over. Even when the companies have or are forced by ethical reasons to develop an environmental impact assessment of their investments, these are mere formalities as the institutional capacity for enforcement of environmental laws has been largely lacking in Nigeria. Where they exist, their implementation is largely tainted by corruption.

But then, most of the companies themselves do not have any scruples about not having EIAs. There is no laws either that forces them to keep to any. In several cases as often the case in the Niger delta, local communities have risen against

environmental degradation. The responses of the firms in such cases have been far from commendable. Meanwhile, the use of renewable energy sources is still small and investment in them is even smaller. Only a small proportion of all investments (including FDI) or loans to either the public or private sector go into the development of hydropower, geothermal, and solar energy. Hydropower output accounted for 6.8% (0.06 quads) of the country's 0.92 quads' worth of energy consumption in 2001. Meanwhile output of the Kainji, the major hydropower dam in the country fluctuates with seasonality of rainfall.

Effective demand from third parties regarding EIAs and environmental regularities in the oil industry in Nigeria has been negatively affected by two factors. First, civil society in Nigeria is relatively weak and dependent on government. The second point, namely that there is a lot of corruption and opaqueness in the operations of the entire oil industry in Nigeria - in investment, output and sales - is linked to this. The capacity of civil society is quite weak. There is much ignorance among civil society groups about such general operation of the oil industry as well as the technicalities of investment, quality control, output operations and interface with the local communities (including the nature of the contracts signed with these communities, where applicable). This has been a great inhibition to being a watchdog to oil firms and their sponsors in the case of government failing to play its very crucial regulatory roles.

Whether it is environmental pollution or low investment arising from high public debt payment, the group that is most negatively affected is women and children. As a socio-cultural definition of roles, responsibilities, privileges and obligations, gender to a large extent constitutes a potentially significant determinant of access to and use of productive resources and employment status (Moser, 1993; Feldstein and Jiggins 1994; Olawoye, 2001). For almost all facets of rural and peasantry life in Nigeria, women constitute the bulk of labour force and form nearly 70% of the entire population of the poor. Thus, environmental degradation affects their means of livelihood much more significantly than that of any other group. This is somewhat the outcome of an underlying socio-cultural practice of gender stereotyping embodied in local traditions and customs and relating to access to assets. Thus, the greatest users of wood fuel are women; so deforestation affects them the most. In addition, the burden of family life for an average poor household in Nigeria often implies taking care of water supply and general supplementation of income and consumption expenditure in the household. Any and all pollutions therefore directly affect the activities of women in Nigeria.

5.0 Conclusion

It has to be acknowledged that the Nigerian government needs help in dealing with ECAs. It needs help to stay focused such that it does not fall into a debt trap. Also, it needs help in the design of anti-corruption and pro-environmental laws for sustainable business operations as well as the monitoring of such programmes. Presently, and by all standards, ECAs and their operations continue to be a black box in Nigeria. Awareness and understanding of their operations, intentions and potentials is still largely lacking. This awareness is most critical in building the domestic support base for tackling the tendencies towards corruption and environmental degradation of ECAs and ECA-supported activities.

The traditional mandates of the Debt management office will have to be redefined not only in terms of keeping a debt database, verifying creditor's claims and processing them for payments, monitoring debt indicators and developing a sustainable debt strategy as currently outlined. The new roles have to include serving as the clearing house for all debt contracts so that there can be a central monitoring mechanism for government accumulation of debt. Part of the major reasons why the Nigerian debt became a problem before it could be realized is the historical lack of a clearing house. The Debt Management office will also in this light serve to draw up guidelines for conditions of credit-facilitated projects in the country.

The law of incentives and sanctions demands that developing countries take up the responsibility of designing laws guiding investments that could be supported by ECAs. In other words, the government can begin to delineate terms for firms that intend to seek ECA support of any kind for operations in the country. Nigeria, more than any other developing country, stands a chance to take this sort of position regarding ECAs and firms receiving their support. Having pulled off the debt stronghold, it can afford to use its freedom judiciously for the benefit of its residents.

Ideas should be traded as to how developing countries can exploit opportunities presented by this trend. The point has to be made that all groups - national and international - have to work together to bring about responsible behaviour among all agencies dealing with financial and capital flows. As noted in earlier sections of this work, ECAs are generally growing to be a significant factor in international capital flows and the movement of resources to developing countries. It will be naïve to wish this development away. Beyond then the necessity of closer monitoring by local groups, the present attempt by global advocacy groups to insist on reform of the operations of ECAs to ensure that their risk coverage is directed to productive activities with minimum external hazards to host communities should be intensified. It does not make sense for export credit agencies to lend to governments for omnibus 'development projects' that most often do not have market values and are unsustainable. In this sense also, strengthening the audit requirements for ECAs on firms that they must support is crucial. This has to be enforced by the government departments under which each ECA works or in cases of independent ECA departments, by the national lawmakers.

From the forgoing, to reverse the resource-curse phenomenon, a multistakeholder approach of integrating environment, development and conflict prevention is desirable.

- There is the express need to provide sufficient teeth for the OECD anti-bribery convention and guidelines to bite erring companies operating even outside the OECD countries to check the culture of impunity and corruption among industries operators.
- All International Financial Institutions, regional banks and export credit agencies should collaborate with CSOs in Nigeria and other stakeholders to work for transparency, good governance and corporate accountability in extractive industries. This is because it is in their best interests to create a sustainable investment environment in natural resource-rich countries.
- The Nigerian government and extractive companies must begin to respect citizens' rights and consider a minimum of 50 per cent derivation for oil-bearing states. Oil companies supported by ECAs need to respect Memoranda of Understanding entered into with oil communities which are often violated.

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Appendix 1 Contingent Liabilities

Status of Some Projects involving State Loans with Federal Guarantees

S/No	Projects	Year of Approval	Amount in Million	Percentage Disbursement	Status
1.	Anambra/Enugu Rural Infrastructure Project	1989	\$122.55	63.70	Inadequate counterpart funding and unsatisfactory performance of local contractors
2.	Edo/Delta Water Supply Project	1990	\$118.11	100.04	75% completed, loan exhausted with cost overruns
3.	Ibadan Water Supply Project	1986	\$39	75.96	Mixed up disbursement, inadequate counterpart funding
4.	Forestry development Project Ondo/Ogun	1986	\$104	38.12	Inadequate local counterpart contribution
5.	Nigeria Agricultural & Cooperative Bank, NACB, Institutional Strengthening Project	1992	\$6.915	66.81	Poor Management/Irregular audit reports and quarterly progress reports
6.	Savanna Sugar Rehabilitation	1991	\$68.7	5.52	-
7.	Hadejia Valley Irrigation	1991	\$55.26	-	Notice of cancellation given
8.	Forestry Resources Study	1993	\$4.08	26.84	Default in implementation schedule
9.	Bacita Sugar Expansion	1989	\$101.22	78.51	Ongoing
10.	Plateau State Water Supply	1991	\$141	49.87	-
11.	Bauchi State Health	1990	\$33.855	100	85% completed, loan exhausted with cost overruns
12.	Bauchi Township Water Supply	1988	\$67.425	100	Completed satisfactorily
13.	Kwara/Kogi/Niger Health Project	1991	\$19.62	65.14	Inadequate counterpart funding
14.	Multi-state health services rehabilitation Kebbi/Ondo/Ogun/Sokoto	1992	\$82.89	6.10	Inadequate counterpart funding
15.	Rivers State Rice Development Study	1991	\$2.07	72.46	Loan cancellation notice given
16.	Line of credit to Nigerian Industrial Development Bank NIDB	1989	\$120	84.91	-
17.	River Basin Irrigation Planning Study	1992	\$5.52	-	Loan cancellation notice given
18.	Animal vaccine and drug production	1992	\$0.78	-	Loan cancellation in October 1996 for being inactive
19.	Ibadan – Ilorin Highway	1994	\$161.7	-	Unsigned loan cancellation in May 1996
20.	Industrial Exports Support	1993	\$225	-	Loan cancelled in July 1996 at government's request
21.	Bank Note and Security Paper	1994	\$85.59	-	Unsigned loan cancelled in May 1996
22.	Gombe Water Supply	1994	\$76.65	-	Unsigned loan cancelled in May 1996

Source: Environmental and Economic Justice (ANEEJ) on Nigeria's Debt

Appendix 2

Selected Sectoral/Activity Classification of Nigeria's Original Borrowing from ECAs

A. Heavy Duty Manufacturing and Steel

Borrower	Lender	Project	Agreement Date	Curr	Amount	Exc Rate	USD Equivalent
FGN	LLOYDS	Ajaokuta Steel RM	9/13/1982	GBP	16.66	1.65	27.49
DYWIDAG NIGERIA	TEREX	Earth Moving Equip	12/10/1981	GBP	4.02	1.65	6.63
FGN	Credit Lyonnaise	Ajaokuta Steel	5/29/1981	FRF	556.65	5.71	97.49
FGN	Banque Paribas	Ajokuta Steel	5/29/1981	FRF	244	5.71	42.73
Imo	B.U.E	Aluminium Extrusion Plant	11/18/1980	FRF	108.58	5.71	19.02
PAN	Credit Lyonnais	Auto Parts	8/13/1984	USD	200	1	200
FGN	Government of Germany	Jos Steel Coy	12/9/1979	DEM	145	1.68	86.31
FGN	Government of Germany	Osogbo steel Coy	13/09/1979	DEM	165	1.68	98.21
FGN	Government of Germany	Delta steel Coy	12/6/1979	DEM		1.68	
FGN	Government of Germany	Ajokuta	6/1/1981	DEM	669.9	1.68	398.75
FGN	Government of Germany	Delta steel coy	5/11/1995	DEM	47.01	1.68	27.98
FGN	KOBE STEEL	Kastina Steel	9/27/1979	JPY	22,613.00	144	157.03
FGN	KOBE STEEL	Kastina Steel	3/8/1982	JPY	11,757.00	144	81.65
FGN	INTERBANK	National Truck Manufacturers		USD	N.A	1	
FGN	BANK MEES& HOPE	OSHOGBO ROLLING MILL	5/2/1985	DFL	50.32	1.89	26.62
FGN	CREDIT ANSTALDT	DELTA STEEL MILL	6/13/1979	ATS	1.143.00	11.83	96.62
FGN	CREDIT ANASTALDT	STEYR NIGERIA	6/1/1905	ATS	72.8	11.83	6.15
FGN	CA-BV	DELTA STEEL	10/31/	ATS	N/R	11.83	
FGN	CREDIT ANSTALT	DELTA STEEL	11/5/1985	ATS	N/R	11.83	
FGN	STEYR		11/23/1987	ATS	N/R	11.83	
FGN	USA	Lagos Mini Steel	3/9/1981	USD	37.57	1	37.57
FGN	HBSC BANK MIDLAND	Qua Steel Products	16/4/1981	DEM	91.35	1.68	54.38
Sub Total							1464.63

B. Oil and Energy Infrastructure

Borrower	Lender	Project	Agreement Date	Curr	Amount	Exc Rate	USD Equivalent
FGN	MORGAN GREENFELL	Petro Chem	6/8/1982	GBP	56	1.65	92.4
NNPC	BFCE	Eleme Petrochem	8/1/1990	FRF	138.21	5.71	24.21
FGN	B.F.C.E	Egbin Thermal Plant	7/19/1982	FRF	1,073.60	5.71	69.89
FGN	Banque Paribas	Jebba Hydro	9/10/1979	FRF	1,045.60	5.71	188.02
FGN	B.F.C.E	NNPC Petrochem.	5/13/1982	FRF	480.08	5.71	84.08
FGN	BNP	External Line Plant	5/29/1981	FRF	184	5.71	32.22
FGN	BNP	Sub-marine	8/10/1979	FRF	41	5.71	7.18
FGN	MARUBENI	Egbim Thermal	11/19/1982	JPY	124,244.00	144	862.81
FGN	MARUBENI	DELTA IV	5/20/1986	JPY	14,131.00	144	98.13
FGN	MARUBENI	NEW REFINERY	11/29/1985	JPY	61,397.00	144	426.37
FGN	EXIM	OSO CONDENSATE	24-Apr	JPY	5,815.00	144	40
FGN	EXIM	PETROCHEM	8/14/1990	JPY	35,155.20	144	244.13
FGN	CREDITO ITALIANO	Petro Chemical NNPC	8/11/1982	USD	80	1	80
FGN	Italy	Eleme Petrochemicals	8/1/1990	USD	16.19	1	16.19
Sub Total							2265.63

C. Agriculture

Borrower	Lender	Project	Agreement Date	Curr	Amount	Exc Rate	USD Equivalent
Bendel	LAZARD	Warri Farms	1/28/1983	GBP	9.6	1.65	15.84
Benue	LAZARD	Agric Water Project	9/17/1982	GBP	87.57	1.68	144.49
Borno	MASSEY FERGUSON	Tractor Trailers	5/8/1981	GBP	2.52	1.65	4.16
Borno	R.A LISTER	Farm Equip	2/5/1982	GBP	1.23	1.65	2.03
FGN	Government of Germany	Cocoa	16/08/1979	DEM	34.8	1.68	20.71
FGN	Government of Germany	Poultry Products	11/11/1981	DEM	28.3	1.68	16.85
FGN	Government of Germany	Agbade Farms	N/R	DEM	2.75	1.68	1.64
Sub Total							460.87

D. Social Infrastructure

Borrower	Lender	Project	Agreement Date	Cur	Amount	Exc Rate	USD Equivalent
Gongola	LAZARD	Hospital	7/20/1983	USD	86.96	1	86.96
Plateau	MIDLAND	Agric Water/Health	1/17/1981	GBP	96	1.65	158.4
FGN	Government of Germany	Science Equipment	1/8/1980	DEM	34.9	1.68	20.77
FGN	Italy	Anambra Science Equipment	10/13/1988	USD	3.53	1	3.53
FGN	Italy	Imo Specialist Hospital	5/16/1989	USD	3.76	1	3.76
FGN	Italy	Imo Supply Pharmaceuticals	10/17/1989	USD	3.65	1	3.65
FGN	Italy	Anambra Supply of Drugs	10/13/1988	USD	3.65	1	3.65
FGN	MARYLAND BANK INTSA	Ogun Pharm Project	31/3/1981	CHF	36.21	1.51	23.98
NIGER STATE	OLB	RURAL HOSP PHASE 11	2/25/1988	ATS	N/R	11.83	
FGN	ALTOHAND ELS GES MBH	AL SHIFA PHARMACY	3-Nov	ATS	N/R	11.83	
ANAMBRA- FG N	BANCO EXTE RIOR	ANAMB RA SPECIA LIST HOSP	11/22/1982	PTA	5,220.00	109.45	47.69
KWARA STATE	PRIVATE BANK EN	HOSPITAL	2/2/1983	DKK	603.22	6.52	92.52
Sub Total							444.91

D. Water and Dam Projects

Borrower	Lender	Project	Agreement Date	Curr	Amount	Exc Rate	USD Equivalent
FGN	LLOYDS	Oyan Dam	6/11/1979	USD	40	1	40
Bauchi	STD CHARTERE	Balanga Dam	7/16/1982	GBP	14.44	1.65	23.83
Imo	LAZARD	Ohafia Water	7/16/1982	GBP	12.36	1.68	20.39
Kano	MORGAN GREENFELL	Water Project	6/30/1983	GBP	25	1.65	41.25
Niger	MORGAN GREENFELL	Water Project	12/1/1980	USD	141	1	141
Oyo	MORGAN GREENFELL	Oshogbo Water	8/13/1982	GBP	81.07	1.65	133.77
Kwara	MORGAN GREENFELL	Water Project	4/14/1983	GBP	101.6	1.65	167.64
Kwara	MORGAN GREENFELL	Water Project	4/14/1983	USD	N/R	1	
Ondo	N.M ROTHSCH	Ero Water Project	2/27/1981	GBP	19	1.65	31.35
Cross River	PATERSON CANDY INTL	Water Equip	8/29/1979	GBP	8.65	1.65	14.27
BAUCHI STATE GOVT	STANDARD CHARTARD	Balanga Dam	11/19/1986	GBP	7.06	1.65	11.64
NIGER STATE GOVT	LAZARD	NIGER WATER SCHEME	12/22/1988	GBP	22.37	1.65	36.92
LASG	BFCE	Adiyan Water Supply 1	12/30/1987	FRF	424.63	5.71	73.37
LASG	SGFR	Adiyan Water Supply II12/30/1987	12/30/1987	FRF	501.43	5.71	74.37
FGN	Natexis	Hadeija Jaimaa Irrigation	12/28/1990	FRF	100	5.71	17.51
FGN	BNP	Lower Usman Dam	6/14/1981	FRF	399.09	5.71	69.89
Lagos	Societe Generale	Iju Water	8/18/1981	FRF	67.13	5.71	11.76
Kwara	Degremont	Ilorin Water	7/4/1974	FRF	38.79	5.71	6.69
FGN	Itily	Niger Dam	13/7/1964	LIT	16.34	1,253.00	0.01
FGN	SSC ITALIA S.P.A	Owerri Water Imo	28/2/1979	USD	18.98	1	18.98
FGN	ULTRAFIN AG	Umuahia Water	14/7/1986	CHF	15.3	1.24	12.38
FGN	ULTRAFIN AG	Abakaliki Water	20/8/1981	DEM	150	1.68	89.29
FGN	ULTRAFIN AG	Emene Dam	20/8/1981	DEM		1.68	
FGN	ULTRAFIN AG	Abeokuta Water Scheme	10/10/1980	CHF	68.7	1.51	45.5
FGN	BANCO DI ROMA	Sokoto Rima Goroyo Dam	7/9/1979	USD	55	1	55.55

FGN	COMPT COMMET IND	OGUN WATER TREATMENT	6/1/1983	BFR	274.46	35.2	7.8
FGN	USA	Ilesha Water	12/4/1983	USD	58.99	1	58.99
FGN	FNBC	SWASHI DAM	1/1/1990	USD	8.88	1	8.88
FGN	FNBC	KAMPE DAM	27/12/1989	USD	10.45		
Post Cut Off Debt	FNBC	SWASHI DAM	1/1/1990	USD	4.55	1	4.55
FGN	USA	Chad Basin	26/10/1984	USD	12.88	1	12.88
FGN	USA	Chad Basin	29/3/1985	USD	4.13	1	1.13
ONDO- FGN	BANCO EXTERIOR	LITTLEOSSE WATER	10/23/1982	USD	15.57	1	15.57
FGN	DENMARK	DANISH WATER SUPPLY	3/19/1971	DKK	19.9	6.52	3.05
LAGOS STATE	PRIVATE BANKEN	6 MINI WATER	3/2/1983	DKK	215.27	6.52	33.02
FGN	EXIM	Kainji Dam	6/7/1974	JPY	3,968.00	144	27.56
Sub Total							1331.55

E. General Services

Borrower	Lender	Project	Agreement Date	Curr	Amount	Exc Rate	USD Equivalent
Ogun	BANK OF SCOTLAND	Ota Hotel A Project	6/23/1982	GBP	12.91	1.65	21.3
Ogun	BANK OF SCOTLAND	Ota Hotel B Project	12/3/1984	GBP	4.9	1.65	8.09
Ogun	BANK OF SCOTLAND	Abeokuta Market	6/24/1982	GBP	2.83	1.65	4.67
Ogun	BANK OF SCOTLAND	Ijebu Ode A Market	6/22/1982	GBP	13.39	1.65	22.09
Ogun	BANK OF SCOTLAND	Ijebu Ode B Market	12/4/1984	GBP	4.95	1.65	8.17
Kwara	THORN EMI	NTA Ilorin	12/3/1974	GBP	2.44	1.65	4.03
NBCI	MORGAN GRENPELL	NBCI	1/12/1981	USD	20	1	20
FGN	Indosuez	NICON- NOGA Hotels	10/12/1981	FRF	801	5.71	140.28
FGN	B.F.C.E	Airbus	11/19/1984	USD	82.43	1	82.43

Source: (for full list/details) Debt Management Office, Abuja

