

SENATE OF THE FEDERAL REPUBLIC OF NIGERIA

REPORT OF THE CAMPAIGN FOR DEBT RELIEF TO NIGERIA'S PRINCIPAL CREDITOR COUNTRIES UNDERTAKEN BY A NATIONAL ASSEMBLY TEAM IN APRIL AND MAY 2005

**PRESENTED TO THE SENATE ON THURSDAY 2nd JUNE 2005
BY THE SENATE CHIEF WHIP
SENATOR UDOMA UDO UDOMA**

1. It will be recalled that on the 22nd March 2005, under the auspices of the then Senate President, Adolphus Wabara, a roundtable on debt relief was organized by the Senate, with the assistance and support of the Debt Management Office of the Presidency. Flowing from the recommendations of this roundtable conference, it was decided that a team from the Senate should visit Nigeria's principal creditors to seek support for the total cancellation of Nigeria's debts.

2. Prior to the convening by the Senate of this roundtable, the House of Representatives had conducted a debate on the issue of Nigeria's debts and had unanimously passed a resolution urging the Executive to cease any further foreign debt payments. It was the view of the House that Nigeria's foreign debts were unsustainable, and that it was unconscionable for our creditors to insist on the payments of those debts. Given the shared objective of both Houses of the National Assembly for 100% debt cancellation, it was agreed that for greater effectiveness the parliamentary delegation which should visit the creditor countries should be a combined National Assembly delegation.

3. Accordingly, a team consisting of two Senators and two members of the House of Representatives was constituted as follows:

- (1) Senator Udoma Udo Udoma - Senate Chief Whip and Team Leader
- (2) Senator Patrick Osakwe - Chairman, Senate Committee on Local & Foreign Debts
- (3) Hon. Farouk Lawan - Chairman, House Committee on Finance
- (4) Hon. Sadiq Sanusi - Chairman, House Committee on Aid, Loans & Debt Management

4. The Team was accompanied by Officials of the Debt Management Office namely;

- (1) Mrs. Funmi Ilamah – Director, Debt Management Office
- (2) Dr. Christopher Onosode – Deputy Director, Debt Management Office
- (3) Mrs. Janet Jiya – Chief Legal Officer, Debt Management Office.

Given the importance of the mission, the National Assembly team was joined in one or two meetings by Dr. Mansur Muhtar, the Director-General of the Debt Management Office.

5. The team carried out the campaign in two sets of visits. On the first trip the team visited the United States, the United Kingdom, Germany and Italy, from Monday the 24th of April 2005 to Saturday, 7th of May, 2005. The second trip which was to France and Japan was from Monday, 16th of May 2005 to Sunday, 22nd of May, 2005. The timing of the visits was aimed at ensuring that a resolution of the Nigerian Debt issue would be on the agenda of the G8 Summit scheduled to hold from 6th to 8th July 2005 at Gleneagles, Scotland.

6. The main purpose of the campaign was to solicit support through the various parliaments, non-governmental organizations, and other decision makers, in the creditor countries, for debt cancellation for Nigeria. The key objective was essentially two-fold:

1. Solicit support for the cancellation of Nigeria's debt owed to creditor countries;
2. Urge countries to use their leadership and influence to persuade other creditor partner nations, particularly within the Paris Club, to support the call for total debt cancellation for Nigeria.

7. Throughout the visits, the delegation pressed the Nigerian case for debt cancellation by delivering the following key messages to its target audiences:

- Nigeria's debt is unsustainable, even at current oil prices, given its pressing social and developmental objectives. Nigeria's \$36 billion debt stock is an enormous burden, draining much of the government's resources and severely limiting programs in support of economic and human development and poverty reduction, including its ability to meet the Millennium Development Goals (MDGs) by 2015.
- Nigeria is a poor country, with her oil revenues equating to just about 50 cents per day for every Nigerian. 91 million of its 140 million citizens live below the poverty line and its annual debt service obligation of about \$3 billion, an amount 13 times and 5 times its spending on health and education respectively, perpetrates a vicious cycle of austerity and poverty. Indeed, poverty is really at the heart of most of the religious and ethnic clashes in Nigeria, including those perpetuated in the oil-rich Niger Delta regions.
- Nearly all of Nigeria's foreign debt is odious, much of it incurred by military dictators who ruled the country for most of the 80's and 90's. Many of these loans were spent, not on public welfare, health and economic development, but on phantom "projects". Because the people of Nigeria did not benefit from the foreign loans then, nor did they have a say in their procurement, the delegation argued that it is immoral to expect these loans to be repaid.
- Nigeria is strategically important to the west. Western countries have a national interest in Nigeria becoming a strong democracy, a stable economic partner and a regional force for political and economic reform. A strong Nigeria would also be better placed to continue its peace-keeping role thereby maintaining security in the West African region, and beyond. Nigeria is crucial to the economic and environmental stability of the West African region, as it accounts for 47 per cent of West Africa's population and 41 per cent of the region's GDP. Within Africa as a whole, one in five Africans is Nigerian, so if Nigeria fails, Africa will likely fail as well.
- 2005 is a crucial year for Nigeria with elections only two years away when, for the first time in Nigeria's history, there would be a transition from a sitting democratically elected President to another. Debt relief would clearly demonstrate to the Nigerian people one of the dividends of a democratic polity. Indeed, if the US, the UK, and other western creditor nations do not act now, the future of democracy in Nigeria may be in peril.

- Debt-relief will boost the ongoing social and economic reform efforts by the current government, including its anti-corruption drive, accountability and transparency initiatives, as well as help to release badly needed resources into poverty reduction sectors and infrastructural development. Indeed, prior to 1999, the lack of investment in infrastructure, particularly in the critical power sector, hampered Nigeria's development.
- The private sector, through the privatization process, has been an important engine of growth in Nigeria, and this has also helped to reduce corruption in the public sector.
- Nigeria needs the support of parliamentarians in the creditor countries because debt relief requires appropriation through the budget process in many countries.
- Even though the resolution calling on the Executive to stop debt service payments has been passed so far by the House of Representatives, the decision of the House is reflective of popular Nigerian opinion. Accordingly, the Senate is under tremendous pressure to pass a similar resolution. Of course, a positive response to the Nigerian case from the creditor countries would make such a Senate resolution unnecessary.

8. In each country the delegation met with several persons. These are set out below:

8.1 Visit to the USA

(1) **Rep. John Boozman (R-AZ)** is a *Member of the House Subcommittee on Africa*. Rep. Boozman indicated that until the meeting with the delegation, he was not aware of the specifics of Nigeria's debt. He promised to closely follow the issue while requesting additional information.

(2) **Senator Barrack Obama (D-IL)** is a *newly elected Member of the U.S. Senate where he serves as a Member of the Subcommittee on Africa*. Sen. Obama admitted that he was "green" on the issue, however he promised to look at additional information to enable him to make an informed decision. He however expressed sympathy for African issues.

(3) **Senator Chuck Hagel (R-NE)** is an influential *Member of the United States Senate and current Chairman, Subcommittee on International Economic Policy, Trade and Export Promotion*. Sen. Hagel noted that congress members were aware of the pressures of debt and the link between debt relief and economic growth. Sen. Hagel then expressed support and for that reason he stated that he would be interested in conducting a hearing through his subcommittee on the Nigerian debt issue. For this purpose he requested for additional information on the issue.

(4) **Rep. Maxine Waters (D-CA)** is an influential *Member of the House Subcommittee on International Monetary Policy and Trade* and has long been a champion for debt relief. Rep. Waters noted that President Obasanjo has been very supportive of the US in the past, particularly with regards to regional peacekeeping efforts. She reported that the US millennium challenge account is intended to assist poor countries and that Nigeria was specifically mentioned in the legislation H.R. 1130. Rep. Waters promised to prepare a resolution to thank Nigeria for her regional efforts, and to highlight Nigeria as an invaluable ally of the US.

(5) **Rep. Betty McCollum (D-MN)** is a *Member of the House Subcommittee on Africa*. Rep. McCollum informed the delegation that she would support Nigeria on the debt issue, whether

or not a hearing was held on the issue. However she advised the delegation to do more work on the Executive as Nigeria's debt write off was not part of the recent executive budget package sent to congress. She also warned the delegation to be aware of the Charles Taylor issue. Indeed she indicated that only moments before the meeting, a resolution calling on Nigeria to turn Charles Taylor over to the International War Crimes Tribunal was passed by the US Congress.

(6) **Rep. Diane Watson (D-CA)** is an important *Member of the House Sub-Committee on Africa*. Rep. Watson promised to write a letter to the US House of Representatives formally requesting for debt relief for Nigeria. She also promised to try to get Nigeria on the Congressional Black Caucus (CBC) agenda.

(7) **Rep. Sheila Jackson Lee (D-CA)** is a leading *Member of the House Judiciary Committee*. Rep. Jackson Lee indicated her willingness to play a leadership role on the issue of Nigeria's quest for debt relief. Because of the importance of the Appropriations Committee process, she invited **Rep. Sanford Bishop (D-GA)**, *Member of the House Appropriations Committee* – from the floor of the House of Representatives to meet with the delegation. She indicated that she would be willing to write a letter to Ms. Condoleeza Rice, the US Secretary of State, and John Snow, the US Treasury Secretary urging for debt relief for Nigeria.

(8) **Sen. Christopher Smith (R-NJ)** is *Chairman of the House Subcommittee on Africa*. Sen. Smith assured the delegation that he would try to orchestrate a hearing soon. Senator Smith used the opportunity of the delegation's visit to acquaint them with other Bills he had pushed through in the US Senate, including Bills on Human Trafficking and Protecting Unborn Children.

(9) **Rep. Gregory Weeks (D-NY)** is a *Member of the House Subcommittee on Africa*. Rep. Weeks suggested that the debt problem might be better tackled through a comprehensive plan from the African Union highlighting the benefits of debt relief. He felt this might be more effective than unilateral campaigns by individual countries, such as Nigeria. He noted that Nigeria needed to strengthen its regulatory authorities, promote transparency and allay the fears of multinational corporations intending to invest in Nigeria because of their perception of a weak judiciary and the lack of enforcement of rights in Nigeria. Rep. Weeks however promised to push through a hearing on Nigeria by soliciting the help of Rep. Smith, Rep. Hyde and others.

(10) **Rep. William Jefferson (D-LA)** is the *Co-Chair of the Nigerian Caucus*. Hon. Jefferson asked about the role of the IMF in Nigeria, to which the delegation explained that Nigeria had a home-grown programme in the NEEDS, which is being monitored by the IMF. Hon Jefferson expressed the desire on the part of the Nigerian Caucus to be more involved on the debt issue.

(11) **Rep. Thomas Tancredo (R-CO)** is a *Member of the House subcommittee on Africa*. Rep. Tancredo confessed that prior to the meeting he was not aware of the severity of Nigeria's debt burden. He praised Nigeria's strategic role in the sub-region, calling Nigeria an "invaluable ally" of the US. Rep. Tancredo promised to make a strong case for the US to cancel Nigeria's debt if Nigeria takes the lead on the Darfur crisis, particularly under the auspices of the African Union. The delegation promised to take this up with the Nigerian President, Chief Olusegun Obasanjo.

(12) **Rep. Donald Payne (D-NJ)** is the *ranking Minority Member of the House Subcommittee on Africa*. Rep. Payne acknowledged President Obasanjo's efforts in stabilizing democracy in

Nigeria and his commitment to change. He singled out the economic reform program and the anti-corruption drive as two important pillars that would anchor Nigeria's emerging democracy. Rep. Payne promised to be supportive should a hearing be scheduled, which he noted would likely be initiated by the Committee on International Monetary Policy and Trade.

(13) **Rep. Ed Royce (R-CA)** is *Co-Chair of the Nigerian Caucus*. He is also currently the *Deputy Chairman of the Subcommittee on Africa, and the Chairman, Subcommittee on International Terrorism and Non Proliferation*. Rep. Royce was full of praise for Nigeria's leadership role in sub-Saharan Africa and recounted Nigeria's peace-keeping efforts in the region. While pledging continued support for Nigeria, he however cautioned that unless the Taylor issue was resolved and corruption reigned in, Nigeria's debt relief campaign might be jeopardised. Rep. Royce however warned that the recent motion by the Nigerian House of Representatives in support of unilateral debt cancellation might have a backlash on trade and investment. After the meeting, the delegation was treated to an extensive guided tour of the US Congress by Rep. Ed Royce. During the tour, the delegation was introduced to **Rep. Tom Delay (R-TX)**, *House Majority Whip*, and **Senator Lindsey Graham (R-SC)**.

(14) **The Center for Strategic and International Studies (CSIS)** is a Washington DC-based think-tank. Its Africa program aims to shape discourse in Congress, the executive branch and among private interest groups. The roundtable discussion was held with the Nigeria Working Group chaired by Professor Peter Lewis and Professor J. Stephen Morrison, Director of the Africa Center. The capacity audience included representatives from US government agencies, special interest groups and civil society organizations (CSOs). The delegation fielded questions on a wide range of subjects, which included the upcoming national elections; the political reform conference; the debt-issue; political developments in the sub-region including the Charles Taylor issue and; the anti-corruption campaign in Nigeria, to mention a few.

(15) **The Centre for Global Development (CGD)** is a Washington DC-based non-partisan think-tank dedicated to improving policies of rich countries vis-à-vis the poorest countries in the world. The delegation met with Nancy Birdsall, Director of CDG, as well as Todd Moss and Scott Stanley. The Center has written extensively on debt relief for Nigeria. They counseled against unilateral action by Nigeria on repudiating its debt and advised Nigeria to negotiate for favourable debt relief terms.

(16) **Civil Society Organizations (CSOs)**. An interactive session, under the auspices of Africa Action, was held with a number of CSOs including the Institute of Policy Studies, 50 Years is Enough Organization and Jubilee USA Network. The common theme was their support for the cancellation of Nigeria's debt and the need to synchronize the efforts of the various CSOs.

8.2. Visit to the UK

(1) **The UK Treasury** was represented by *Mr. Jon Cunliffe* and *Mr. Andrew Kilpatrick*, Managing Director, Macroeconomic Policy and International Finance and Head of Global Economics, respectively. Mr. Jon Cunliffe noted that while "sentiment was changing" amongst creditors who are examining the Debt Sustainability Analysis through the lens of the MDGs, Export Credit Agencies (ECAs) still acted primarily as "debt collectors" with entrenched positions. Furthermore, the rise in the price of oil has complicated matters. The UK is supportive of Nigeria's claim for substantial debt relief, as is the US and this is predicated on a) evidence of an anti-corruption drive; b) sound economic management; c) the NEEDS programme (which he noted, "was unfortunately not accepted internationally"); and

finally, d) the sense of a political “window of opportunity” – which could close again. The UK he said, was primarily focussing on the MDGs. He cautioned against repudiation – arguing that this would not improve Nigeria’s access to international capital markets.

(2) The legislators briefed the **Business Correspondent of BBC 2’s flagship current affairs programme - Newsnight** - and conducted interviews with various members of the African press based in London including **Ben Television, African Panorama and the Nigerian International television station**. The legislators also gave interviews to a number of print media, including the **UK Guardian** newspaper (the article appeared in the Guardian the following day) and to **N-Power radio**. They took part in a meeting at Church House, Westminster, co-hosted by **Advocacy International, Christian Aid and the Jubilee Debt campaign**, the objective being to mobilise British-based NGOs behind the Nigerian case for debt relief in advance of the Gleneagles G8 Summit. The legislators also addressed a public meeting of **Nigerians in Diaspora**, sharing the platform with **Diane Abbott, Labour MP for Hackney** and other election candidates a day before the UK general elections.

8.3 Visit to Germany

(1) **In Berlin**, the legislators were granted an exclusive interview with the **Financial Times Deutschland**.

(2) A joint meeting was held with the **German Federal Ministry of Finance**, represented by *Dr. Wenzel*, Head of Directorate International Finance Policy and the Federal Ministry for Development Co-operation, represented by *Dr. Zattler*, Head of Department World Bank and International Debt.

(3) The delegation then met with the **Federal Ministry for Economics**, represented by *Dr. Kruse*, Head of Directorate Foreign Trade and Payments Financing and *Mrs. Bierbrauer*, Deputy Head of the German Paris Club delegation.

(3) The Nigerian Ambassador to Germany arranged for the delegation to address an informal gathering of **German NGOs**, including MISEREOR, the largest aid agency (Catholic) in Europe, as well as representatives of the **Nigerians in Diaspora**.

8.4 Visit to Italy

(1) **In Rome**, a meeting was arranged at the **Italian Senate** with *Senator Francesco Martone*, Chairman of the Foreign Affairs Committee taking the chair. It is also worthy to mention that **Mr. Berlusconi, the Italian Prime Minister**, sent a representative to the meeting with a message of support for the Nigerian delegation. An interpreter translated the speeches by the delegation, and by the Italian speakers, simultaneously.

(2) A joint meeting was also held with the **Italian Federal Ministry of Economy & Finance**, and the Foreign Affairs Ministry, represented by *Mr. Claudio Spinedi*, Head of the Italian delegation to the Paris Club, *Mr. Filippo Giansante* and other officials from both ministries.

(3) Meetings were held in Rome with the **Italian media; Italian NGOs** as well as representatives of **Nigerians in Diaspora**.

(4) **In Padua**, the delegation was invited to the launch of the world-wide **UN MDG campaign**, as well as the launch of the **Italian Make Poverty History** campaign. The launch was the largest gathering of **Italian civil society with CIVITAS**, a World Bank-sponsored

civil society organization, **Sdebitarsi, Action Aid and FOCSIV (an umbrella organisations for NGOs)** and several others represented. Although it was not possible for the delegation to attend the plenary for these launches, the delegation contributed to a workshop, and to the press conference in advance of the event.

8.5 Visit to France

(1) The delegation met with officials of the **Paris Club** represented by *Mr. Jouet*, chairman of the Paris Club, *Monsieur Emmanuel Moulin*, Secretaire-General du Club de Paris; and *Madame Claire Cheremetinski*, (responsible for Nigeria within the Paris Club) of the Secretariat de Club de Paris. Mr. Jouet stated that the French government was willing to help Nigeria and had in fact maintained an open door policy because they appreciated, amongst others, the regional role played by Nigeria in West Africa, which is key to the stabilisation of the whole region. He however stated that the French government was considering Nigeria's application more on political rather than financial grounds. Mr. Jouet advised that Nigeria should not discourage them from continuing to work on a negotiated debt relief package by unilateral repudiation.

(2) The delegation also met with the **French Finance Ministry** represented by *Mr. Xavier Muska*, Head and *the Directeur General, Direction Generale Du Tresor et dela Politique Economique, Ministere de L'economie*. They indicated the willingness of the French Government to consider debt relief for Nigeria.

8.6 Visit to Japan

(1) **In Tokyo**, the delegation met with key **Paris Club figures in the Finance Ministry** including *Mr. Kiyoto Ido*, Director-General of the International Bureau, which is responsible for policy in relation to the Paris Club; *Mr. Mitsuhiro Furusawa*, Director of the Development Policy Division; *Mr. Takashi Harada*, Section Chief, Development Policy Division; and *Mr. Ryusuke Nakayama*, Deputy Director Development Policy Division. The Japanese expressed their deep appreciation of the Nigerian case and noted that creditors "were intensely discussing Nigeria", within the framework of the Paris Club and the G7 processes. It was reported that Japan was proposing to assist Africa through the provision of a 2-step loan to the African Development Bank – to be disbursed to small and private enterprises.

(2) The delegation also had the opportunity to meet with *Mr. Iwao Matsuda*, Chair of the Committee on International Affairs in **Japan's House of Councillors – the National Diet of Japan**; *Mr. Masaharu Kohno*, Personal Representative of the **Prime Minister of Japan for Africa** and Director-General for Sub-Saharan African Affairs; **journalists; NGOs** as well as **Nigerians in Diaspora**.

9. Conclusion:

The Delegation is very optimistic as to the results of the trip. However, there are a number of measures that, in our view, must be taken to keep up the pressure so as to yield results.

(1) Mobilisation of Nigerians both in Nigeria and the Diaspora

It is important that Nigerians continue to be mobilized to appreciate the importance of debt relief for Nigeria. This is a national problem and must be seen by all Nigerians as

such. It is particularly important that the Media continues to be educated on the issue. All our embassies must be involved in this assignment and they must fully utilize Nigerians in the diaspora, many of whom, we discovered, are very enthusiastic about helping their country.

(2) Domestic Reform

It is important that the tempo of our domestic economic reforms be maintained and sustained. This will be a clear signal to all the Creditor Countries that we are dealing with a new Nigeria that means business.

(3) Coordination with other Debtor Countries in Africa and Beyond

We must coordinate our efforts with other debtor countries so that our creditors do not play us one against the other. If our creditors can form a cartel, such as the Paris Club, there is no reason why debtor countries with similar debt repayment issues cannot work more closely together. For this purpose we would suggest that the National Assembly should consider discussing with the Argentineans who also took a unilateral decision on debt repudiation.

(4) Continuing to engage with our Creditors

The delegation appreciates that significant progress has been made by the persistence of our President, Chief Olusegun Obasanjo, on this matter. We encourage him to continue putting pressure on our western creditors. All relations between Nigeria and any of our creditor countries must be defined by the position of that Country on the issue of debt relief for Nigeria.

10. Appreciation

The delegation wishes finally to register our appreciation to the Director General of the Debt Management Office, Dr Mansur Muhtar, and his staff, for facilitating and arranging the trip.

Senator Udoma Udo Udoma
Chief Whip of the Senate & Team Leader
2nd Day of June 2005