Nigeria's Foreign Debt Crisis, 1976-2009

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Abstract
Debt Crisis which arises where the debtor country, fails to promptly pay back her debts became pronounced in the international economic arena in 1982 when the Mexican Central Bank made it public that it had ran out of foreign exchange reserve with which to pay back her foreign debts. Nigeria's foreign debt crisis was occasioned by operation of mono-cultural economy, corruption, squander-mania of 1980s, implementation of bad macroeconomic policy and some external factors like hike in prices, rising interest rates and other policies by the developed countries and their banks. However, to exit herself from debts and the associated crisis, various regimes in Nigeria starting from General Olusegun Obasanjo's military led administration of 1970s {which towards the end of regime contracted a 'jumbo loan' which was to be the foundation of un-repayable Nigeria's foreign loan} to the civilian rule of Alhaji Shehu Shagari; General Mohamadu Buhari's led military regime; General Ibrahim Badamosi Babangida's led military regime; adopted so many economic measures. These measures included debt rescheduling, debt buy back, placing of ceiling on the amount of foreign loan to be borrowed annually, outright ban on taking foreign loan, introduction of second tier foreign exchange market policy, among others. All these efforts made little but not much impact as the crisis persisted. However, the more vigorous approach adopted by Chief Olusegun Obasanjo's led civilian administration made a difference as it was able not only obtained debt relief but cancellation of Nigeria's foreign debts. Historical method which sourced data from published materials was used in the analysis of the causes of Nigeria's foreign debt crisis as well as attempts made to exit Nigeria from the foreign debt. The finding reveals that Chief Olusegun Obasanjo's civilian administration combined diplomatic overture with other economic policies which helped it to exit Nigeria from her foreign debt crisis.

Introduction
Nigeria on attainment of independence, became solely responsible for her political, social and economic problems. Her quest for development called for economic interactions with other countries. These economic interactions dove-tailed to borrowing and accepting of grants, and, aids among others. Borrowing to pay later can be rational provided the money is profitably invested. It has a multiplier effect as it increases the financial and real resources available to the borrower; thus if well utilized might lead to prosperity. On this note, borrowing is resorted to as a way of bridging a gap in domestic savings and the requirement of the economy[1].

However, whatever reason(s) why borrowing should be resorted to, the loan contracted must be paid back to the lender. Furthermore, once a loan is contracted, the borrower has incurred a debt. Probably, the reason it has been asserted that debt arises when an economic interaction leads… a country to owe money to another (hence debt is something owed)[2].

Borrowing from external source to finance project(s) in Nigeria started during the colonial period. The colonial master in 1958 borrowed some amount of money from the World Bank to finance railway extension to Borno[3]. However, in her first development plan which spanned the period from 1962 to 1968, Nigeria expected about 41 per cent of public investment totaled 653million to be financed from outside[4]. Furthermore, in her second development plan, it envisaged 19.4 per cent foreign financing for the public sector[5]. During this period, Nigeria was able to sustain her external debt, but the 3rd and 4th development plans which spanned the periods of 1975 – 1980 and 1981 to 1995 respectively[6], met different situation altogether as Nigeria was no longer able to sustain her foreign debts. She was able to sustain her foreign debts during the 1st and 2nd development plans because of the fortune brought her by the oil boom of late 1960s to early 1970s.

This was not the case for the 3rd and 4th development plans. The reason(s) for this situation among others was the slump in oil business in 1977[7]. As the slump in oil business in 1977 affected the 3rd development plans, it inflicted a serious impediment on the 4th development plans. With bent intent on achieving the development plans, loans were contracted with reckless abandon from the International Capital Market. It was during this period that Nigeria's debt entered into crises situation. Nigeria began to witness unsustainable debts as she failed or was finding it very difficult to pay back loans she contracted.

However, the first loan contracted by Nigeria from the International Capital Market which laid the foundation of unsustainability of her debts was the "Jumbo loan of US $ 1billion[8]. This was a total departure from the status quo and indeed conforms to the observation by Aliyu Ahmed – Hameed that "the jumbo loan contracted… represented a major departure in Nigeria's debt profile that was to dramatically change the course of the country's debt relations[9].
The slump in oil business which reared its ugly head in 1977 have continued and Nigeria since then had contracted all manners of loan which she has found unsustainable with the attendant result of the creditors at times insisting on outright refusal to lend more or lending when certain conditions were met. This situation stifled economic development.
The pertinent question which an inquisitive mind may be curious to have answer to, include among others,

- What were those issues that occasioned Nigeria's external debt crisis?
- What were the measures taken by Nigerian leaders to exit the country from the debt crisis?

However, it is to proffer answers to the posed questions that this paper discusses Nigeria's foreign debt crisis starting from 1977 – 2006.

Foreign Debt Crisis Purview
Foreign debt crisis arises where the debtor country had failed to promptly pay back her debt. The debtor country's inability to pay back both the interest and principal were usually occasioned by the shortage of foreign exchange reserve with which it is used in offsetting the debt. The shortage of the foreign exchange reserve may have been occasioned by the or combination of Implementation of bad macroeconomic policy(cies); Downward demand of the product of a monoculture economy; Corruption; Squandermania and even; Some external factors such as hike in prices, rising lending interest rates and others. Furthermore, upon the debtor country's inability to pay promptly as at when due, she still goes to the lending countries, or institutions asking for more credit

Nigeria's Foreign Debt Crisis: Causes
Borrowing inter alia, is rational provided the resources contracted are profitably invested. On this note, the investment was expected to yield more resources with which payments be made. It is on this ground therefore stands the observation that "a country which borrowed foreign exchange to meet… needs is expected to earn adequate foreign exchange in the future to meet debt obligation when due[10]. But unfortunately for Nigeria, she has been finding it difficult to earn adequate foreign exchange with which to meet her debt obligations and has therefore been witnessing foreign debt crisis. However, there has been issues which occasioned Nigeria's foreign debt crisis. These issues which can be classified into two, internal and external. Internal causes of Nigeria's foreign debt crisis include these;

Monocultural Economy
Nigeria has immediately after the discovery of crude oil in commercial quantity, abandoned the production and exporting of cash crops – groundnut, palm oil, cocoa, rubber and other commodities that earn her foreign reserve. She concentrated on oil revenue which "increased dramatically to an unprecedented level[11]. Unfortunately, the unprecedented revenue from the crude oil did not last. Also the revenue was not profitably invested and there was unprecedented importation and depletion of Nigeria's foreign reserve. Little wonder the observation that "Nigeria … (imported for the period of) 23.9 months without … exporting a cent worth of good" [12].

The increase in foreign revenue from crude oil has not been steady as it has been witnessing intermittent fluctuations. Between 1973 and 1976, there was oil boom accessioned by the demand of Nigerian crude oil by the West. By 1977, the oil boom ceased, hence the observation that "by 1977, oil boom had turned oil glut, because of the conservation measures taken by the western countries to reduce oil consumption"[13]. This situation seemed to have changed between 1978 and 1981 as there was a recovery in the price of oil. However, the fluctuation has remained and changing intermittently up till this day and Nigeria's foreign reserved has continued in the same direction. In this regard therefore, reliance on only oil revenue by Nigeria has continued. It has thrown up speculative situations that induced unprecedented importation and depletion of Nigeria's foreign reserve. Nigeria had continued a monocultural economy for the period covered by this paper, witnessing fluctuation in the price of crude oil and was in constant short of foreign reserve to pay their debt, hence witnessing foreign debt crisis.

Implementation of Bad Macro Economic Policies

Internally, Nigeria introduced and implemented some bad macro-economic policies. First was the devaluation of her currency in 1973[14]. This policy was an instrument intended to cheapen the naira value to that of the devalued dollar. The United States of America at this period was witnessing depression which had engulfed the developed countries. Nigeria no doubt had expected that with the devaluation, more of her products would be demanded globally. She was oblivious of the fact that as the result of her dependency on oil revenue, that she has turned a monocultural economy.

Thus, there were not much commodities to export. Furthermore, due to the depression being witnessed by the developed countries, there was a drop in demand of crude oil, and the devaluation had nothing but a negative impact on the Nigerian economy. This situation no doubt occasioned this observation;

> At the domestic front, a number of policy measures hostile to the Nigerian economy were unwittingly implemented. First was the devaluation of naira in 1973, a measure intended to adjust the naira value to that of the devalued dollars of the same year. The measure was much uncalled for, because Nigeria's economic structure would not permit any benefit from devaluation to accrue to the country[15].

The devaluation indeed was negative as it "led to speculative activities, smuggling and inflationary pressures of the magnitude unknown before" [16]. At the heels of the devaluation was another policy known as "Udoji Salary Award" [17]. Probably haven seen the revenue that accrued to the country from the crude oil, the public servants agitated for increase in their salary. Also, relying on the same fortune, the government obliged by setting up Udoji Salary review panel. The panel's recommendations threw up Udoji salary award.

The implementation of the recommendation "doubled (and tripled) salaries and paid arrears running into several millions[18]. The effect of the policy was inflation of a higher magnitude. Much money was pushed into the economy without equal match to products, hence much money began to chase few goods. This situation triggered importation thereby, increased the foreign debt the more.

Corruption Culture

Another issue that caused Nigeria's foreign debt crisis was corruption culture. Between the period1979–1983, Nigeria experienced corruption at a high magnitude. This no doubts called for Onoh's observation that;

> The corruption culture of the period (1979-1983) which was unprecedented in Nigeria's annals, manifested itself strongly in all aspect of borrowings. Front-end fees or management fees were inflated. The use of third party agents as loan negotiators led to all sorts of fees such as placement fees, legal fees etc, which were later adjusted and balance and shared among corrupt officials who helped in negotiating the loan for Nigeria. Importers were not left out, all tricks… were applied to milk the country dry. Just as Nigerian negotiators colluded with international bankers, so did Nigerian importers with international exporters. Over-invoicing became the order of the day. A number of unjustifiable surcharges and margins were built into import bills[19].

He also indicted other institutions such as the Customs and Nigeria's Central Bank that were involved in Nigeria's foreign trade. On this note, this paper cites his observation in detail;

> At the ports, the customs and port officials assisted in the provision of custom bill(s) of entry and other documents to indicate that the goods described in the documents did arrive 'clean' at the port and were duly cleared. Such documents were promptly lodged with banks for foreign exchange remittance when no such goods ever reached the Nigerian ports. At the Foreign Exchange Department of the Central Bank of Nigeria, illegal foreign exchange transfers were made for fraudulent businessmen with good connections. Bank Clerks and Telex Operators… have easy access to telex codes. They transfer foreign exchange at will. These Central Bank Clerks… possess the expertise to telex out any amount and in collaboration with overseas agents… shift the money from one international account to another until it could no longer be traced or at least with greatest difficulty after a large part of the amount have been spent[20].

From the above, one would not be nailed to a cross if he posits that the above situation must have occasioned high profile foreign debt and depletion of the Nigeria's Foreign reserve. Indeed, it was observed that the trade debt arrears outstanding consist mainly of fraudulent claims arising from manipulations from Nigerian (officials and businessmen) and their collaborating overseas agents[21].

Squandermania of 1980s

This took place simultaneously with the corruption culture. The oil boom of between 1973 and 1976 made Nigeria to be seen as a wealthy country both locally and internationally. Basking on the euphoria of a wealthy country, Nigeria therefore swung into contracting of Euro-dollar loans as well as embarked on trades of less profit and growth values. These Euro-dollar loans and trade arrears were generally of short maturities with high interest charges.

Nigeria did not make contingent plan on how to repay these loans as well as balance the trade arrears. The situation catapulted the Nigeria's debt profile from N1.87billion in 1980 to N3.72billion in 1985, while the debt service ratio of the low level of 0.8% in 1980 rapidly rose to 33.2% in 1985[22]. Furthermore, there was a passage of import – liberalization bill by the Nigeria National Assembly on the grounds that there was a bottled up demand in the economy. About 70% of all imports according to 1, Aluko-Oluku were then on the open general licence (OGL) with only 30% under licence[23]. The situation therefore provided opportunity for an import-surge never witnessed before in the country "as letters of credit were opened and confirmed rapidly both by banks which had long trading tradition in Nigeria, also by other strange banks from strange places[24].

Furthermore, many suppliers abroad exported goods and services to Nigeria on the bases of "open account bills for exchange and unconfirmed letters of credit[25]. With this situation, Nigeria was committed to huge foreign trade payments from which she had continued to find difficult to exit. Still to compound the nation's liquidity problem, it has been noted that "state governments too went all out to contract Euro – dollar loans… indiscriminately and in some cases for consumption… facilities without any consideration… for means of repayment when due[26].
Having discussed the internal issues that led to the Nigeria's foreign debt crisis, the segment below is devoted to the discussion of the external causes.

Policies of Developed Countries and their Banks

The rise in the crude oil prices in 1973 and 1979 which also has been referred to as "Oil Price Shocks"[27] increased revenue of Nigeria as an oil exporting country. Nigeria was unable to absorb the excess revenue within her economy hence deposited the revenue in the commercial banks of the developed countries. The deposits were not also fully utilized by the developed countries no thanks to the recession plaguing them at the period.

The deposits were re-channeled back to Nigerian in the form of loans. In order for Nigeria to accept the loans, the developed countries convinced her that she was under borrowed. It was on this conviction and advice that Nigeria since 1978 had continued to contract all manners of loan. The conviction of the under borrowed situation was aptly captured this way;

> The international financial markets…saturated with the re-cycled petro-dollar… the industrialized countries lacking the absorptive capacity to utilize the excess liquidity (using their) canvassers, descended on the ignorant developing countries… convinced them to borrow because they were under borrowed[28].

Unfortunately, these loans were not profitably utilized as this observation indicated that;

> At the height of the recovery of oil prices between 1978 and 1981, when Nigeria's credit rating rose dramatically, the then civilian administration in an attempt to exhaust to the full Nigeria's loan credit rating which had been under-utilized up till then, acquired loans without due regard to their effective utilization[29].

The end result of the above situation was that Nigeria landed into external debt crisis.

Rising Interest Rates

During the first oil price hike, the interest rate in the international economy was noted to be low and even negative to Nigeria[30] upon the fact that the developed countries were wallowing in inflation. However, the second oil price hike increased both money and real interest rates. The industrialized countries adopted monetary policies as a check to the inflation ravaging them. The outcome of the monetary policies was a "sharp increase in money and real interest rates[31]. Consequent upon this, the cost of servicing the past debts and new debts increased for the underdeveloped countries to which Nigeria belongs. Jhingan aptly noted the situation this way,

> The cost of debt service was made worse by the growing proportion of debt at variable interest rates in the form of loans from commercial banks belonging to developed countries. For instance, the ratio of debt service to export of all developing countries increased from 13.2% in 1980 to 25.9% in 1986[32].

From this observation, all the loans contracted by Nigeria which were then to be paid back attracted high real interest rate thereby contributed to Nigeria foreign debt crisis.

Mexican Central Bank Pronouncement

After 1979, Nigeria as well as other less developed countries and even some developed countries had accumulated huge external debt which had entered into crisis situation. The crisis situation culminated to the international debt crisis of the 1980s. The Mexican debt crisis was made public in August 1982 when her Central Bank announced that it had run out of foreign exchange reserve; hence could not pay its foreign debt of $80billion[33].

This revelation provoked phobia in the developed countries and the lending institutions. Consequent upon this, the banks and other institutions of the developed countries fearing that other countries might key into Mexican stand, commenced the refusal to granting new loans insisting that the old loans be paid. The refusal to granting new loans was extended throughout the clime. This stand worsened Nigeria's externals debt situation. She could not borrow for new projects and was not able to pay the old debt.

Analysis of Attempts Made by the Various Regimes at Solving Nigeria's Foreign Debt Crisis

Having discussed the issues that led to Nigeria's foreign debt crisis, various attempts to the solution of the crisis remain the focus of this segment. It has been observed that "since 1980s, Nigeria's debt burden has … become a huge crisis and obstacle to sustainable development"[34]. However, the need for sustainable development has continued to be a pull and push factor compelling Nigeria not only to seek but made attempts at solving debt crisis.

On this ground therefore, it was noted that successive (regimes)…indicated fiscal and monetary policies to address the problem even… major international monetary institutions…prescribed structural and economic measures…to allow the country…meet its debt repayment obligations to its creditors[35]. However, Nigeria adopted some internal and external measures in its attempts at solving her foreign debt crisis.

On this ground therefore, it was noted that successive (regimes) …. initiated fiscal and monetary policies to address the problem even… major international monetary institutions… prescribed structural and economic measures…to allow the country…meet its debt repayment obligations to its creditors[35]. Between 1977 and 1998, internal measures were adopted by the then out-going military regime of General Olusegun Obasanjo on the amount and limit to loan Nigeria could contract annually by "the promulgated decree 30 which pegged the loan at" five billion dollar which can only be sourced on behalf of Nigeria by the Federal Ministry of Finance" [36]. What this meant was that the incoming civilian administration and other succeeding regimes were statutory not to borrow more than five billion dollars every year, also that the loan must be contracted on behalf of the state government(s) by the Federal Ministry of Finance. The regime further initiated some other "deflationary fiscal and monetary policies to check government spending[37].

Unfortunately, the decree 30 was not adhered to by the civilian administration of Alhaji Shehu Shagari that succeeded the military regime, hence the observation that "however both the state and federal government breached the ceilings by continuing borrowing from private sources[38]. When it dawned on Shehu Shagari's administration that the situation was getting out of hand, and in the bid to stern the tide, it introduced the economic stabilization act which relied mainly on a combination of import restrictions, monetary controls and fiscal policies supported with import licensing system[39]. Furthermore, the administration went for refinancing agreements on some of Nigeria's foreign debts. This led to the singing of two refinancing agreements, hence Obadan observed that…two refinancing agreements were signed in July and September 1983. In both agreements, US$ 2.1billion worth of trade arrears on confirmed letters of credit were refinanced[40]. Upon all these attempts, the situation remained critical.

Alhaji Shehu Shagari's led civilian administration was sacked on December 1983 by the military coup led by General Mohammadu Buhari. General Mohammadu Buhari led military administration continued with the stringent economic measures of the overthrown civilian administration. The administration in its bid to tackle foreign debt crisis, came up with so many measures. Firstly, it placed a ban on any project that would involve borrowing from foreign sources; hence foreign loan was to be obtained will be embarked upon by either Federal or State Governments[41]. This no doubt was done to conserve foreign exchange with which to offset some of Nigeria's debt.

This ban was later relaxed by the administration and was replaced with a ceiling ban on the amount the government can borrow. On this ceiling it was observed that "it again instituted borrowing ceiling with an annual limit of US$200 million for state governments"[42]. The regime also went for refinancing that was concluded in 1984 on short-term trade debts. The refinancing agreement on the short-term trade debts were reached with difficulty as the trade creditors had come up with stringent conditions. On this situation it was noted that,

> The third refinancing agreement was on short-term trade debt arrears mainly on open account and involving \$1.9billion. It was negotiated with difficulty as overseas trade creditors insisted on the payment of post maturity interest of back log interest estimated to between \$400 and \$600 million. (They) further complicated the negotiation by insisting that refinancing was contingent upon the outcome of the IMF negotiations which was then in progress[43].

Furthermore, "the regime raised the debt service ratio to 44% in 1985[44]. Upon all these efforts, the foreign debt crisis persisted. The General Muhammadu Buhari led military administration was sacked in 1985 by another military dictator led by General Ibrahim Babangida. This administration was to continue with attempts at tackling the foreign debt crisis it inherited by firstly appointing a crack team of… negotiators made up of the chief executives of major banks and officials who were able to obtain two stand still of 90days each from London club of creditors only[45]. The stand stills meant that Nigeria was granted a moratorium on the loan she was negotiating for a refinancing for a total of 6 months.
While the moratorium was about to lapse, the administration introduced "Second-Tier Foreign Exchange Market[46] which subjected Nigerian currency (Naira) to the exchange rate based on market forces. The intention for this among others was to encourage exports and discourage importation. With

this in place, the administration was able to conclude a reschedule agreement with London and Paris Club in 1986, 1989 and 1991 with that of 1986 totaling $7.5billion. It also pegged the ratio of debt services at maximum of 30 percent of the earnings from export goods and services which lasted from 1986 - 1997[47].

Table 1:
This table shows Nigerians External Debt By Source 1980-1991 (US $ Million) as it continued to accumulate year after year

Source	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
Multinational	NA	NA	NA	884	1097	1317	1886	2985	2838	3171	3841	3650
Paris Club	NA	NA	NA	5390	5811	7833	10228	12589	14400	15871	17171	17793
London Club	NA	NA	NA	6263	4996	3560	6088	5860	5960	5680	5861	5988
Promising Notes	NA	NA	NA	3702	4125	4255	4498	4850	4810	4553	4550	4479
Others	NA	NA	NA	1526	1318	1939	2873	2032	2685	2311	1675	1454
Total	8921	12039	12954	17765	17347	18904	25573	28316	30693	31586	33099	33364

Source: DMO Annual Report and Statement of Account 2002

The foreign debt crisis persisted and transited to the civilian dispensation of Chief Olusegun Obasanjo. The civilian administration of Chief Olusegun Obasanjo added extra vigor to the attempts previously made at solving Nigeria's foreign debt crisis. Even before the inauguration of the administration in 1999, the president elect, Chief Obasanjo had visited places such as World Bank, industrialized western countries namely, United States of America, Britain, France, Italy, Germany, Canada and others to clamour for debt forgiveness, even total cancellation of Nigeria's foreign debt. These visits were noted in this way;

> …before his official inauguration, having won the presidential election, Chief Obasanjo toured several countries of the world, especially the industrialized western nations comprising the United States of America, Britain, France, Italy, Germany, Canada etc to clamour for debt forgiveness or outright cancellation of Nigeria's foreign debt[48].

However, upon all, the debt continued to accumulate year after year as the table below indicates.

This table shows Nigeria's External Debt by Sources 1992 – 2000 (US $m)

Source	1992	1993	1994	1995	1996	1997	1998	1999	2000
Multilateral	4518	3694.7	44023	4411	4665	4372.7	4237	3993.3	3460
Paris Club	164339	18,1605	183343	21669.6	19.091	18980.4	20829.9	20534.3	21180
London Club	2120	20551.8	2057.3	2045	2.043	2043	2043	2043	2,043.2
Promissory Notes	3246	3159.9	31782	3148	2.140	1612.5	1597.8	1486.8	1446.7
Others	1326.2	1647.3	1456.3	1311.2	121.0	79.2	65.8	69.3	143.8
Total	**275648**	**287182**	**294289**	**325848**	**28060**	**27087.8**	**28773.5**	**28066.9**	**28273.7**

Source: CBN, Annual Report and Statement of Account (various issues)
DMO Annual Report and Statement of Accounts 2002

At home, the Olusegun Obasanjo led civilian administration created an administrative unit charged with the responsibilities of managing Nigeria's debt which he designated Debt Management Office in the year 2000, just two years after his inauguration. With this office, the previous management system of Nigeria's foreign debt which was split across eight departments in the Ministry of Finance, the office of the Accountant General of the Federation and the Central Bank of Nigeria was brought under one unit[49]. This on ground, the operational inefficiencies, poor co-ordination, inadequate debt data recording system, difficulty in verifying creditors' claims and incoherent debt strategies among others became a thing of the past and Nigeria was seen to have become very serious about solving her foreign debt crisis. Little wonder the assertion that "with the establishment of Debt Management Office; it sends the right signals to the international community and in particular, the country's creditors that Nigeria was ready to honour her financial obligations….[50].

Furthermore, the Debt Management Office has been in the forefront of all the negotiations Nigeria had with its creditors from its inception in 2000. These negotiations brought remarkable changes in the attempts at solving Nigeria's foreign debt crisis, hence the observation;

> In all negotiations the Debt Management Office (DMO)… played very crucial role. Through lengthy and painstaking bilateral negotiations with creditors, the DMO succeeded in re-negotiating applicable interest rates for rescheduling the consolidated Paris Club debts down to an average five percent compared to the historic level of 12 percent. Again through debt buy back, the Par Bond debt stock was reduced to $1441 billion from $2043 billion yielding a saving of $601.4billion[51].

The Obasanjo led civilian administration was able not only to service and reschedule Nigeria's foreign debt, it attracted debt cancellation. It also paid substantial part of the debt. For instance, between 1999 and 2004, Nigeria paid about US$ 7billion and reached rescheduling agreement with the Paris Club in 2000 and 2003[52]. The administration embarked on diplomacy of debt relief which yielded tremendous success at solving Nigeria's foreign debt crisis.

The President visited many countries, personalities, received many visitors, sponsored attendance to, and organized international conferences and even collaborated with non-Governmental Organizations in this regard. In his numerous visits to countries abroad, people began to wonder and criticize his travels and in response to the critics, it was reported that Obasanjo posited that "one of the foci of his foreign policy thrust was quest for debt relief which in order to be efficacious required his personal involvement" [53]. Further on his travels, it was observed that "President Obasanjo led a sustainable diplomatic effort in the campaign for debt relief including personal contact at the highest level with leadership of the G8, the European Union and multilateral institutions[54].

President Olusegun Obasanjo visited the United Kingdom met with the Prime Minister, Mr. Tony Blair, even the president of the World Bank James Wolfensohn soliciting their support in influencing the Paris Club to consider the granting of debt relief to Nigeria. This visit was observed this way "…President Obasanjo visited the United Kingdom. In a meeting with Prime Minister Tony Blair and the President of the World Bank James Wolfensohn, (he) appealed for their assistance in influencing the Paris Club to … the granting of debt relief…"[55].

In his visit to Nigeria, after the inauguration of Obasanjo's civilian led administration, the then secretary General of the United Nations, Kofi Annan supported Nigeria's campaign for debt relief as he posited that… Nigeria and indeed other debtor nations in Africa qualify for debt relief…[56]. Furthermore in the year 2000, a non-governmental organization Jubilee 2000 visited Obasanjo and intimated him on reasons why Nigeria government should step up campaign for her debt relief. In this regard, it was noted that "in the year 2000 shortly after assuming office, Jubilee 2000 UK arrived Aso Rock, Abuja to inform President Olusegun Obasanjo that among others, "$55billion of the country's… assets were slashed in overseas bank account[57]. These visits no doubt served as morale booster and spurred the administration the more.

The Obasanjo's civilian led administration as has been noted sponsored attendance to and organized conferences as a means to campaign for Nigeria's foreign debt relief. The administration through its debt manager DMO hosted an international conference on sustainable debt strategy. In his speech to declare open the conference, Obasanjo harped on debt reduction to enable his government attend social needs to the people. This speech was observed this way, "…the president campaigned for debt reduction that is based on the social needs of… poor social conditions[58]. Another international conference was hosted by Nigeria in 2004 at Abuja. In this conference tagged "Nigeria – US Investment Conference[59], the president queried the bases upon which the US extended special dispensations for debt relief to Russia and Iraq, two resource-rich countries and did not extend the same concession to Nigeria[60],

In one of the sponsored attended conference of the World Senate held at Paris in March 2000, late Dr. Chuba Okadigbo, the then Nigeria's Senate President called for the cancellation of Nigeria's foreign debt. He made the call based on the fact that most of the loans hanging over Nigeria were obtained by illegitimate military regimes. He also argued further that IMF mislead Nigeria by its policies which made Nigeria to being one of the poorest countries in the world. Dr Chuba Okadigbo's stand was observed this way,

> "… late Senate President Dr. Chuba Okadigbo addressing the world senate meeting at Parish in March 2000, stated that loans accumulated by illegitimate regimes combined with blunders of the IMF… made Nigeria one of the poorest countries in the world. He argued that the term debt relief could be understood in three senses namely; rescheduling, forgiveness and cancellation and that it was in the third sense that the National Assembly was making case for debt cancellation[60].

In the same vein, in Manila Philippines, on April 2005, the Nigerian delegates to the Inter-Parliamentary Union Conference appealed for the cancellation of Nigeria's foreign debt. This appeal was recorded in this manner, "Again at the April 2005 conference of inter-parliamentary Union (IPU) in Manila Philippines, the Nigeria's delegation appealed to the parliamentarians from the creditors nation to pressure their governments to oblige Nigeria with debt relief[62].

It has been observed inter alia that in the year, Jubilee 2000 UK visited Olusegun Obasanjo led administration, intimated him why Nigeria should step up campaign for her foreign debt relief. In this visit also the Nigerian branch of Jubilee UK 2000 under the leadership of Rev. David Ugolor and others, presented over 1million signature to Olusegun Obasanjo which made up the 24 million[63] signatories of the petition calling on the creditor countries to cancel the debt of poor countries in year 2000, for onward presentation to the United Nations. This was duly presented and no doubt added its own pressure on the administration's campaign for the cancellation of Nigeria's foreign debt which eventually came to fruition. For it was stated that …the news was broken that at the G8 Finance Minister's meeting held in June 2005, it was agreed that a substantial debt relief should be granted to Nigeria[64]. The debt relief only expected Nigeria to clear the arrears of her debt to the tune of about US$6million by September 2005 and another US $6million by early 2006, then her remaining 67% total debt [65] be cancelled. However, the table below shows Nigeria categories and weight of external creditors as at Dec. 31, 2004.

Table3: Shows Nigerians categories and weight of external creditors as at December 31, 2004.

Categories	Amount (US $m)	Percentage
Multilateral	3826.32	7.86
Paris Club	30,647.57	8.82
Non-Paris Club Bilateral	47.50	0.13
London Club	1441.79	4.01
Promissory Note	783.23	2.18
Grand Total	**35,444.66**	**100.00**

Source: Debt Management Office (DMO)

In early 2005, Nigeria's external debt stood at 35billion US dollars[66] and it was this debt that Nigeria got relief from through the resilience of Olusegun Obasanjo led civilian administration.

Conclusion

Nigeria's foreign debt crisis was consolidated because of issues which can be categorized into internal and external. The issues include, Nigeria monocultural economic status, implementation of bad economic policies, corruption culture, squandermania, policies of developed countries and their banks, rising interest rate in the international economies and the Mexican Central Bank pronouncement of 1982.

However various administrations in Nigeria made some attempts at exiting from the debt crisis which had continued to stifle Nigeria's economic growth. These attempts were negotiating and receiving debt rescheduling, debt buy back, debt refinancing, pegging of debt service ratio, pegging of ceiling to the amount of debt to be incurred annually and campaign for debt cancellation cum forgiveness. Having adopted these means, it was the campaign adopted by Olusegun Obasanjo led civilian administration that exited Nigeria from foreign debt crisis in 2006. It is important also to note that the Obasanjo whose military regime in Nigeria laid the foundation of Nigeria's foreign debt crisis at the contract of the US $1million Jumbo loan in 1978 also had his civilian led administration campaigned and got the cancellation of Nigeria's foreign debt which crisis had stifled economic growth. However, though outside the period of this study, this paper believes that the foreign debt crisis is gradually coming back.

Endnotes

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