



## REPORT

OF

# 2- DAY WEST AFRICA REGIONAL - DEBT ADVOCACY MEETING AND DEBT TRAINING SESSION

HELD ON 20<sup>TH</sup> - 21<sup>ST</sup> MAY, 2021

@ BARCELONA HOTELS, BLANTRYERE  
STREET, WUSE 11, ABUJA



*Theme: Sharing Experiences and Mobilizing A Common Debt Advocacy Position in the  
West Africa Region*

## **DAY ONE: DEBT ADVOCACY MEETING**

### **1.0 Background and Context**

The Africa Network for Environment and Economic Justice (ANEEJ), a Civil Society Organisation working on issues of debt and structural adjustments with head office in Benin City and Advocacy office in Abuja collaborated with the African Forum on Debt and Development (AFRODAD) based in Harare, Zimbabwe to organise a 2-day West Africa Regional debt advocacy hybrid meeting and debt training in Abuja, Nigeria. The purpose of the meeting and training was to engage stakeholders at national and regional levels, and to discuss and forge a common African position and understanding on issues of sustainable development financing in Africa.

The meeting intended to permit exchanges and the sharing of experiences that produce an evidence base to support debt advocacy in the West Africa region through a pan-African approach. Capacity building of stakeholder is also a motivating factor for these events which were required to support AFRODAD's debt advocacy work and to influence the institution and implementation of sustainable debt management policies by African governments and their bilateral and multilateral development agencies. This is expected to contribute to ensuring sustainable development financing for Africa's notable the sustainable development goals and Africa's Agenda 2063.

The meeting was also used to engage debt management stakeholders in Nigeria, on Nigerian debt management concerns, also to review current state of indebtedness in Nigeria in the midst of COVID-19 and to extensively evaluate Nigeria's debt sustainability indicators and finally to review, discuss and draw lessons from previous debt reports on Nigeria and debt management that will lead to sharing with the stakeholders' perspectives on how to effectively manage Nigeria's debts.

The West Africa Regional hybrid Meeting and Training was held under the theme: ***“Sharing Experiences and Galvanising a Common Debt Advocacy Position in the West Africa Region”***. It was built from experiences in previous work that AFRODAD and ANEEJ has done in the region, with the intention to reiterate policy recommendations geared towards measures of dealing with debt and sustainable development financing options in the current COVID-19 context that threatens to roll back hard-earned development gains of recent years.

The meeting and training were also used to afford AFRODAD the opportunity to evaluate and learn from its previous work and to generate additional knowledge and information that will feed into its advocacy work and strategies. Recent work in the region by AFRODAD included national debt advocacy meetings held in Ghana, Republic of Benin, Cote d'Ivoire and Nigeria. AFRODAD also concluded studies in Ghana, Benin, Cote d'Ivoire and Togo to evaluate the extent to which loan contraction in the region reflects the principles of responsible borrowing. Studies were also concluded in domestic debt management in Nigeria and Niger. Other research interventions have covered assessment of national financing and investment policies

in the ECOWAS member countries with regard to the ECOWAS Regional Financing and Investment Protocol as well as studies that have analysed the debt sustainability impact of Covid-19 rescue packages in the region.

Many African countries are therefore faced with significant risks of declining growth, poor development performance and deteriorating living conditions especially for the poor and other vulnerable groups who bear the brunt of the economic hardship. It is within this broader context that AFRODAD and its partner ANEEJ are organizing the two days debt advocacy meeting and training to interrogate debt management strategies within the context of the COVID-19 pandemic in West Africa and other African nations. Nigeria is Africa's leading economy and lessons drawn from its own experience will be useful in further diagnosing Africa's debt conundrum.

However, Figures from the Nigeria Debt Office shows that the country's public debt as at December 31, 2020 stood at almost 33 trillion Naira. This represents about 17.11 percent increase from the figures a year earlier which stood at 25.7 trillion Naira. Under current baseline analyses, Nigeria's public debts are expected to remain in an upward trend for the next five years – reaching up to 37.4 percent of the country's GDP in 2022 before dropping slightly to 36.3 percent in 2025. This will tighten the public service expenditure on the provision of essential services and infrastructural investments as debt service payments are expected to continue to absorb a large share of federal government revenues over the medium term under current policies. Reports show that about N921.9 billion was put into domestic debt service between January and June 2020, while N288.6 billion was used on foreign debts; making a total of N1.21 trillion. This is about 12.3 percent increase from the N1.06 trillion committed during the same period of 2019 to debt servicing<sup>1</sup>.

Nonetheless, Nigeria's public debts are estimated to remain below averages for most other emerging economies. However, its liquidity-based indicators show that it remains highly vulnerable to both expected and unexpected shocks. Stress tests depict significant fiscal risks when taking into consideration the federal government of Nigeria's explicit contingent liabilities (which amount to about 3 percent of the country's GDP) as well as non-guaranteed liabilities of government owned entities and certain PPP and energy-related projects. These vulnerabilities look more heightened an economy significantly battered economy by the outbreak of the covid-19 pandemic as one will have with other economies around the world. The pandemic has led to restricted growth, economic contraction, weak market dynamics and worsening balance of payment especially as its outbreak is also accompanied by a fall in remittances. This has created fiscal financing gaps that could plunge the country into additional borrowing than as usual<sup>2</sup>.

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<sup>1</sup> Analysis based on data from Nigeria Debt Management Office: <https://www.dmo.gov.ng/debt-profile/total-public-debt> and Nairametrics: [https://nairametrics.com/2020/09/11/nigeria-total-public-debt-hits-n31-trillion-as-debt-service-gulp-over-n1-2-trillion-in-h1-2020/#:~:text=Research%20Analysis-.Nigeria%20total%20public%20debt%20hits%20N31%20trillion%20as%20debt%20service,2%20trillion%20in%20H1%202020&text=Nigeria's%20Total%20Debt%20Stock%20\(Foreign,increase%20when%20compared%20with%20N28](https://nairametrics.com/2020/09/11/nigeria-total-public-debt-hits-n31-trillion-as-debt-service-gulp-over-n1-2-trillion-in-h1-2020/#:~:text=Research%20Analysis-.Nigeria%20total%20public%20debt%20hits%20N31%20trillion%20as%20debt%20service,2%20trillion%20in%20H1%202020&text=Nigeria's%20Total%20Debt%20Stock%20(Foreign,increase%20when%20compared%20with%20N28).

<sup>2</sup> Based on readings from IMF: <https://www.imf.org/en/Publications/CR/Issues/2020/04/29/Nigeria-Request-for-Purchase-under-the-Rapid-Financing-Instrument-Press-Release-Staff-Report-49384> and WEF: <https://www.weforum.org/agenda/2020/08/africa-largest-economy-worst-contraction-in-a-decade/>

In overall terms, Nigeria is faced with a tough economic recovery in the face of increasing indebtedness and a weak economic performance. While its debt levels remain sustainable and the economy remains fairly resilient with the economic policies in place, current scenarios heighten Nigeria's challenges and economic vulnerabilities. It is in this regard that AFRODAD and ANEEJ set out to interrogate the country's debt management strategies in the face of current challenges.

## **2.0 Objectives**

Aim of the debt meeting was to mobilise Civil Society voices to approach debt advocacy through a pan-African lens; to explore and push for policy suggestions that can bring lasting solutions to the problem of unsustainable debt burdens in Africa and to reflect on how to increase the political will for effective policy uptake among governments and multilateral and bilateral development agencies to advance Africa's development interests

## **3.0 Arrival, Registration and Opening Prayer**

The meeting commenced with arrival and registration of participants and dignitaries and followed up with the opening prayer by reciting the second stanza of the National Anthem. After the opening prayer, the following people were called to the high table for recognition; The Executive Director of ANEEJ, Rev David Ugolor, the Executive Director of AFRODAD Mr. Jason Braganza who joined virtually from Harare, representative of the Minister of State, Finance, Budget and National Planning, Dr. Philip Ugbodaga, the representative of the Director of Debt Management Office, Mr. Monday Usiade, the representative of the Chairman, National Assembly Committee on Local and Foreign Debts, Hon (Dr.) Abubakar Yusuf Ahmed, the Executive Director Equity Advocates, Mrs. Ene Ede and Honorable Mbowe, National Assembly Sub-committee on Public Finance Gambia who also joined virtually.



*From Left: Representative of the Director of Debt Management Office, Mr. Monday Usiade, ANEEJ Executive Director, Rev. David Ugolor (Standing); representative of the Minister of State, Finance, Budget and National Planning, Dr. Philip Ugbodaga; Executive Director Equity Advocates, Mrs. Ene Ede; ANEEJ Deputy Executive Director, Mr. Leo Atakpu; and Facilitator of the session, Mr. Emmanuel Uche.*

### **3.1 Welcome Address, Opening Remarks and Keynote Address**

The opening and welcome remarks were delivered by both ANEEJ and AFRODAD respectively. In his remark the Executive Director of ANEEJ, Reverend David Ugolor welcomed all participants and the dignitaries as well as the colleagues who joined virtually across the Africa countries and mentioned that the outcomes of the meeting shall be disseminated widely to relevant agencies and stakeholders invited but that could not present due to other engagement.

In his remarks, Reverend Ugolor said Africa's debt challenge has been heightened due to the outbreak of Covid-19 and the attendant sharp decline in commodity prices which have led to economic contraction in the region. He further said, this raise concerns on the debt sustainability outlook of Sub-Saharan Africa and their ability to meet the financing requirements for the sustainable development goals (SDGs) and the African Union's Agenda 2063.



*ANEJ Executive Director, Rev. David Ugolor giving his opening and welcome remarks at the opening session of the West Africa Region Debt Advocacy Meeting in Abuja.*

He further said the IMF debt sustainability analysis as of February 2021 shows that the majority of countries in West Africa have remained in moderate debt distress, a further analysis indicates that debt accumulation prior to the outbreak of Covid-19 outpaces the ability of growth performance to support debt servicing. Of the fifteen-member states of the Economic Community of West African States (ECOWAS), five are already faced with heavy debt burdens. This includes: Gambia and Ghana (in debt distress), Guinea-Bissau and Sierra Leone (in high risk of debt distress). In his conclusion, he said with the experts in the room for the meeting including the resource persons that will deliver various strategies that stakeholders will adopt to get African countries including Nigeria out of the debt trap and provide more resources to finance the nation's much needed development plans.

The Executive Director, AFRODAD, Mr. Jason Braganza, in his welcome remarks emphasized majorly on why the African governments are still involved in irresponsible borrowing and some creditors are encouraging irresponsible lending with a latent motive to continually dominate African nations to obtain loans for purposes that cannot repay such loans. He mentioned in his remarks that it is high time African countries recognised the Africa Borrowing Charter Principles developed by AFRODAD and need for its popularization among stakeholders in African countries in order to effectively and efficiently engage with creditors and governments on issues of loan procurement, debt management and monitoring of its utilization for its purpose of development.



*Executive Director, AFRODAD, Mr. Jason Braganza gives his opening and welcome remarks via zoom.*

He said the Borrowing Charter aims to sustainably balance public debt levels with the necessity to accelerate inclusive development and enhance public service delivery in Africa, the Borrowing Charter also aims to contribute to improvements in the transparency of the political, institutional and administrative processes used; and the accountability of the State actors involved in: the contraction and management of public debt; the issuance of public guarantees; the selection and implementation of debt financed projects; and the formulation and execution of overall fiscal policy, within the context of strengthened legal frameworks and the rule of law. All the guiding principles of the charter are actions and expected commitments set out in pursuit of the African shared vision of “The Africa We Want: Agenda 2063” for “A prosperous Africa based on inclusive growth and sustainable development”.

He concluded that, African Governments should recognize that civil society organizations, communities and movements with a right to engage on issues of public debt through their research and advocacy work as they are directly affected. Information disclosure is key to transparency and accountability but is also a Right as enshrined in The African Charter on Human and People’s Rights. The AFRODAD Executive Director mentioned that, The African Borrowing Charter seeks to protect the continent from unsustainable and unsafe public debt contraction and accumulation, in order to stem the risks of possible deterioration in the fiscal positions of African states and living standards of African citizens. This cautionary goal stems from Africa’s past experiences with heavy indebtedness.

Mr.Braganza also emphasized that, fiscal instability has been a major feature of African economies directly related to debt issues. Lack of fiscal discipline in African countries has led to persistent budget deficits and mounting debt stock. Sub-Sahara Africa has equally shown a decline in budget transparency, participation and oversight. He said given that African countries are dependent on volatile commodity revenues, making their budgets vulnerable to fiscal pressures, there is a need for a legal framework which will call for fiscal discipline. He then closed his remarks by saying need for Africa to look inward for solutions towards sustainable

debt is inevitable. He wished all participants robust deliberations and look towards the key outcomes of the session where experiences will be shared *and mobilize a common debt advocacy position in the Africa continent.*

### **3.2 Remarks/Presentations**

Presentation was made by the representative of the Director General of the Debts Management Office under this topic; ***Nigeria's Local and Foreign Debt Management: Updates from the Debt Management Office.*** *The agency was represented by* Mr. Monday Usiade, Head, Market Development. The Director made his submission under the heading of **Debt Sustainability Analysis (DSA)** where he said Nigeria undertakes the conduct of the Debt Sustainability Analysis (DSA) exercise on an annual basis. He continued by saying it is an exercise that takes into consideration a country's ten-year historical macroeconomic data and twenty-year projected data to assess the level of risk of debt distress. The DSA Framework provides an objective assessment of debt sustainability in a given macroeconomic context, that outlines a country's fiscal and monetary stance under certain assumptions and conditions.



*The representative of the Director of Debt Management Office, Mr. Monday Usiade making presentation on Nigeria's Local and Foreign Debt Management: Updates from the Debt Management Office*

He explained that the exercise ensures that the nation's total Public Debt Portfolio is annually subjected to appropriate qualitative and quantitative analysis, by evaluating the country's repayment capacity for its current and future debt obligations, in order to ascertain the level of risk of debt distress. The DSA assessment is usually in two parts according to the DMO representative, that is - External and Fiscal. The External DSA covers the External Debt of the central government (FGN), States and the Federal Capital Territory (FCT), including

government agencies' borrowings that are guaranteed by the FGN, and Private Sector External Debt (as may be available). The Fiscal DSA covers Total Public Debt-External and Domestic of the FGN, and the States, including FCT. The DSA assessment also includes Stress Tests, which is an in-built mechanism that subjects some of the key assumptions in the Baseline Scenario to various shocks. These include: real GDP growth rate, Primary Balance, Export growth rate, Exchange Rate depreciation, etc.

He further explained that while Nigeria's total public debt stock is relatively low vis-à-vis the country's GDP, the increased funding requirements needed to sustain the Economic recovery, address the huge infrastructural deficit, as well as meet budget financing requirements, would entail enormous funding resources, including borrowing. Based on the Country's Economic Blue Print – the Economic Recovery and Growth Plan (ERGP), 2017-2020, which was launched in April 2017, fiscal deficit for the period is projected to average at 1.93 percent of GDP, which is still within the 3 percent stipulated by the Fiscal Responsibility Act, 2017.

He said the proposed debt financing is expected to be in line with the country's Debt Management Strategy, which aims at restructuring the debt portfolio, in such a way as to achieve an optimal mix of 60:40 (domestic to external), so as to also reduce overall Debt Servicing costs of the portfolio. Thus, the proposed funding plan in the current MTEF, indicates a gradual increase in the share of foreign financing relative to domestic financing. This is expected to drastically reduce the overall cost of borrowing and also address the challenge of crowding out the private sector from the domestic debt market.

The Head Market development of the DMO said the outcome of the analysis under the Baseline Scenario reveals that Nigeria's External Debt Portfolio remains at a Low Risk of Debt Distress. The debt ratios are well below all of their respective thresholds throughout the projection period. External borrowing is projected to rise marginally between 2017 and 2033 and given Nigeria's current status as a Lower Middle-Income country more funds are expected from the commercial sources, including the International Capital Market (ICM). Economic activities as measured by the GDP and Exports are projected to grow with increases in oil prices and production levels, which would impact positively on the revenue to government. It is also expected that infrastructure investments and various structural reforms that the government is implementing in the key sectors of the economy, will support Exports and boost productivity and overall economic growth.

In conclusion, he said the result of the annual DSA exercise showed that Nigeria's risk of debt distress remained moderate, indicating a breach of the threshold by just one of the Debt Portfolio Indicators (Total Public Debt Service to Revenue), when the portfolio is subjected to shocks (Stress Tests). It further highlighted the vulnerability of the Debt Portfolio to shocks in revenue and exports, as well as substantial currency devaluation.

Another remark came from the representative of the Chairman National Assembly Committee on the Local and Foreign Debt Management represented by Hon (Dr.) Abubakar Yusuf Ahmed who made remarks on: **Nigeria's Local and Foreign Debt Management: Role of the National Assembly**. In his submission at the opening session, he said the nature of public debt has changed in many ways, Often the result is that economies appearing to be healthy or at low

risk of debt distress are propelled into crisis by debt that was not publicly known or recorded as a result of secret debt agreements, contingent liabilities or bailouts of State-Owned Enterprises (SOEs). He stated that the Nigerian Debt Management Office has been doing an excellent job in keeping track of the nation's debt records as the National Assembly have had several interfaces with them in the course of their oversight duties.



*The representative of the Chairman, National Assembly Committee on Local and Foreign Debts, Hon (Dr.) Abubakar Yusuf Ahmed gives update on Nigeria's Local and Foreign Debt Management: Role of the National Assembly, during his remarks.*

Dr Yusuf Ahmed also agreed that it is clear that there are significant risks associated with leaving executive alone to effectively manage public debt without proper oversight. Therefore, he said members of the parliament needs to, among other things, set and modernize legal frameworks for debt management, properly examine and ratify loan agreements and oversee the riskiest generators of public debt—SOEs. He added that with the new policy introduced by the World Bank in terms of the incentives for states that can exhibit openness and transparency in their public finance management under the SFTAS project its being rewarded with the sum of 500 million dollars in order to encourage transparency and openness in their operations.

The National Assembly representative emphasised that, borrowing is not bad but the utilization needs to be monitored by relevant stakeholders to deliver the objective of the borrowed fund. He painted a scenario, on why countries borrow. He said, in developing countries, taxation and development financing from bilateral and multilateral agencies are the primary sources of funding to cover government expenses. When the total funds collected through taxation and development financing is insufficient to fully fund the government's various commitments, governments need to borrow money. In the short-run, governments increase public debt for a variety of reasons, including to stimulate the economy during an economic downturn and to

pay for infrastructure investment, which can boost long-term growth, and in turn generate revenues to service the higher debt.

The lawmaker also said the global economic environment is set to remain unstable, it is becoming more difficult for developing economies to leverage debt financing for sustainable development. At the same time, the international community has adopted the most ambitious development agenda yet, the 2030 Agenda for Sustainable Development. He concluded that there is need for the parliamentarians to strengthen their oversight functions over the Debts Management Office and other agencies of government saddled with such responsibilities to curtail excess borrowing that are for consumption or cannot pay itself in the future.

### **3.3 Declaration of the Regional Meeting open**

The Minister of State for Finance, Budget and National Planning, Prince Clem Agba represented by his Special Adviser, Dr. Phillip Ugbodaga centered its presentation on the various initiatives the current government is doing to cope with the impact of the COVID-19 - ***Debt and Aid Effectiveness: The Nigerian Experience and Ministry of Finance, Budget & National Planning plans on Aid effectiveness for Nigeria.*** The Minister said borrowing are always for capital projects, and agreed that revenue decrease was experienced during the pandemic that affected the whole world including Nigeria. He called for debt cancellation for poor countries in order to cope with the negative impact of the COVID-19.

He then highlighted some of the initiatives of the government under the Muhammadu Buhari administration such as; Adoption and approval for the implementation of the 2<sup>nd</sup> National Action Plan of the Open Government Partnership, continuous implementation of the Treasury Single Account popularly called TSA, various tax reforms, enactment of relevant laws and policies and information sharing and synergies among the Anti-corruption Agencies for reduction in the leakages of the government spending.

The representative of the Minister of state for finance, budget and national planning appreciated the organisers of the meeting. He mentioned that the issue of debt advocacy is very apt as we increasingly experience short falls in revenue accruable to government to finance economic growth and development. He said revenue decline has led to deficit that has to be financed through a well-structured debt management mechanism. He said after the Paris Club debt cancellation some years back, government has consciously managed the economy so that it will not slide into another debt overhang again. This was possible because of the government's constant debt sustainability analysis to guide its decision in borrowing plans.

He then agreed with other speakers in his submission that borrowing itself is not a bad idea as long as it is applied to finance projects that will help grow the economy with multiplier effects on economic growth and development. Such as; projects that have potential revenue inflow to pay back. The representative of the Minister said, government is concerned that debt service has continued to mount pressure on government revenue. He said the Ministry in collaboration with other critical stakeholders continues to think out of the box with a view to coming up with innovative ways to boosting revenue, targeted at: blocking the leakages; through expansion of tax base; exploring new sources of revenue and finally to improve government expenditure management etc.

The representative of the Minister of Finance said, increasing role of the stakeholders especially the private sector and the government in managing Official Development Assistance (ODA) flows since Accra and the poor information flows with the responsibility of coordinating ODA on the part of Nigerian Government was a complete negation of the principles of harmonization and mutual accountability of ODAs as enshrined in the Paris Declaration and Accra Agenda for Action (AAA). This situation clearly makes ODA ineffective in Nigeria. In the light of the above, the Nigeria government is in discussion with call for a development cooperation architecture that more effectively, promotes equity, justice and a rights-based approach to development which considers the present reality of Nigeria as a developing country as provider and recipient of cooperation; guarantees full and genuine multi-stakeholder participation; and deepens the accountability of all actors for meeting their development commitments.

In his concluding remarks, he said the session provides a unique opportunity to reach out to different stakeholders through advocacy for proper understanding of the issues confronting not only Nigeria, but the entire continent of Africa. He then promised the ministry continuous partnership to partner with relevant non-government actors like ANEEJ and those present today to collectively develop our economy and achieve Nigeria and indeed Africa of our dreams. He then declared the meeting open and wished all very successful deliberations and that he will be expecting policy recommendations from the meeting that will lead to improvement in government revenue generation and debt management.



*The Minister of State for Finance, Budget and National Planning, Prince Clem Agba represented by his Special Adviser, Dr. Phillip Ugbodaga declared opened, the West Africa Region – Debt Advocacy Meeting in Abuja*

#### **4.0 Technical Session/Panel Discussion: Brief Introduction on Meeting Theme**

## **ECOWAS Debt Sustainability Trends: Challenges and Opportunities.**

The following people made presentations on the subject matter:

- Mr. Theophilus Yungong-AFRODAD
- Chief Taiwo Akerele, CEO, Policy House, Nigeria
- George Osei-Bimpeh - – Ghana
- Prof Babacar Sène – Senegal
- Professeur Koumou Dodji Nettey - Togo
- Présentation de la situation de la dette dans l'espace UEMOA par Ange Marie CODO - Benin.

There were other presentations by other experts on the following topics:

- COVID-19 pandemic – impacts and risks on debt governance-Ms Inyingi Irimagha
- Domestic resource mobilization - addressing illicit financial flows and tax leakages in ECOWAS -Dr Oscar Ubhenin

### **4.1 Key Issues from the Presentations**

- The issue of what constitutes national debt was emphasized such as; sovereign debt; Country debt and Federation debt.
- What cause sovereign/national debt? It was explained that it could be when a country/state/nation spend more than it earns, when a country needs to invest in heavy infrastructure projects that will repay itself or when there is a national emergency that requires urgent attention like cases of EBOLA or COVID-19
- A country's debt-carrying capacity depends on several factors—Among them the quality of institutions and debt management capacity, policies, and macroeconomic fundamentals. As well as the country's capacity to carry debt over time, as this could also be influenced by the global economic environment.
- Debt sustainability frameworks for Low Income Countries is a tool used by Joint IMF/World bank for analysis
- Factors that determine debt sustainability scenarios were listed to includes: Remittance inflows; domestic taxation policies; International reserves coverage; State of global environment and Real growth potentials
- Common /standard trends in the regional economy that need to be strengthened are also discussed such as; Weak tax administration systems suggesting a largely informal economy; Average GDP growth is around 2% P.A; focus is on poverty reduction not industrialisation; weak private sector involvement and net exporters of raw materials, African nation's weak industrial production capacities.
- Debt is an instrument for the north to dominate countries of the south. Strong Advocacy is required to break this vicious cycle of southern unsustainable indebtedness

### **4.2 Key issue(s) for consideration**

- That capability to pay back loan should be the basis of taking credit facilities of any kind as good credit is for the 'capable' and not necessarily for the 'needy'

- There is need for African countries, especially Nigeria to increase its revenue mobilisation capacity as a major consideration for credit appraisal and advance
- Nigeria should reconsider refocusing on more advanced and industrialised loan utilization as the harder the credit terms and conditions especially the interest rate and moratorium for repayment, the more likely such loan will the nation be trapped by rich powerful creditors.
- West African countries need to be consistent on key economic policies in order to reduce some of the major challenges to debt management, its expected impact and efficient utilisation in the region.
- African countries should reduce over reliance on international market for price of commodities that hinder planning and repayment terms e.g price of crude oil, gold and cocoa
- Political instability and its impact on the micro economic environment such as consumer appetite and behaviour, exchange of goods and services need to be checked in our continent for a sustainable development.
- Monetary policy environment such as money supply, interest rates, inflationary trend and control and Quantitative Easing (QE) need to be properly checked by the economists and the Central Banks in the region for effective and efficient service delivery.

#### **4.3 Available Opportunities for African Countries**

West Africa has huge potential to become the economic hub of the African continent due to the following factors;

- Access to the Atlantic Ocean and international water bodies for maritime/fishing) and the Gulf of Guinea for Oil and gas exploration
- Serve as gateway to North and Central Africa in terms of haulage, and transportation of goods and services to landlock countries.
- Most West African countries are five hours away by flight from the Americas e.g Dakar, Senegal and Gambia.
- West Africa is lucky to be linked directly by language to major economic and industrial powers such as France, United Kingdom, the United States and Canada. Hence language is not a barrier.
- Most West African countries are major shareholders in development finance institutions such as AfDB, the World bank and IMF, suggesting a robust engagement around development financing, SME growth and industrialisation is possible.
- Focusing more on regional economic integration through shared/linked infrastructure such as a superhighway and railway;
- Leveraging more on private sector participation in credit availability and disbursement while the countries stand as sovereign guarantor;
- More investment and focus on heavy infrastructure and less on bureaucratic services and institutional support

- Investing in building skills and human capital for retention and artificial intelligence.
- African nations need to resort to AFRODAD's Charter on debt management and CSOs need to popularize the initiative in the West Africa sub-region for government buy-in.

#### **4.4 Key Policies Recommendations for the Region to Work on**

- West Africa debts are semi- sustainable based on available data. Although the region appears technically insolvent due to low or weak revenue mobilisation capacity, there is need to focus more on domestic resource mobilisation.
- Exchange rate crisis appears to undermine regional growth.
- Debt service as a percentage of investment in public utilities appears to be a huge challenge undermining competitive advantage.
- Credit should be channeled to viable economic/production related projects than consumption, commercial agriculture than subsistence farming.
- Africa should not be considered as a begging continent but rather a continent with opportunities and window for accelerated global development.
- ECOWAS economy is still largely informal making data capture a challenge.

#### **5.0 Tea Break and Group Photo Session**

Participants then gathered for group pictures and then went for working tea break session. While the tea session was going on, participants resumed into technical and panel discussions in order to dwell more on the issues, with hope to come up with strategies and policy recommendations for various stakeholders on the issue for implementation.

#### **6.0 Interactive Session**

During the interactive session, participants noted that partnership between the Nigerian Government and Civil Society Organisations on Aid and Development issues need to be strengthened and therefore agreed that there is no need to establish or form another coalition on debt advocacy. But rather ANEEJ that has been playing the leading role in the country because of their long engagement on the issue with their partner AFRODAD should continue to play the role while other CSOs and those that will be co-opted in the future should be part of the network of CSOs working on issues of Aid and development Effectiveness.

It was also agreed at the interactive session on issues around Aid Alignment, Effectiveness, Result Accountability Initiative (AERA), an initiative of the Nigerian Parliament, the Ministry of Finance, Budget and National Planning and Civil Society Organisations, CSOs which was agreed with World Bank during the negotiation should be activated in order to strengthen Parliamentary role in budgeting, aid effectiveness, results and accountability for resources and debts management, all these initiative will support the Ministry of Finance, Budget and National Planning in its aid policy as well as strengthen institutional mechanism for aid coordination, results and performance. The gathering also used the occasion to call on Nigeria government to deepen its partnership with civil society by expanding the current space for engagement.

## **7.0 Various Follow up Issues and Key Recommendations**

Issues discussed by various panelists cut across the following: ECOWAS Debt Sustainability trends: challenges and opportunities; COVID-19 pandemic – impacts and risks on debt governance; Domestic resource mobilization - addressing illicit financial flows and tax leakages in ECOWAS. All the panelists centred their presentations on why African countries should borrow *wisely; as well as learn what countries do with borrowed money is very important; that there is need to increase our revenue drive so as to reduce borrowings*. Also discussed by the panelist are the need to restructure our borrowing portfolio to reflect the current realities. Borrowing by the sub national governments should be proactive in information sharing on the borrowings and their utilization with structured plan of repayment and sustainability.

Another panelist agreed that apart from the borrowing, there is need to close all leakages in government spending in order to reduce corruption, doing this, will make our leaders to have change of orientation and behaviour that will lead to reduction in the cost of governance in West African countries. All the panelists agreed that if all these should be adhered to, it will help African countries to engage in responsible borrowing and investment that can be coordinated by various economic commission like ECOWAS, AU, SADC etc.

Lack of fiscal discipline is another area that the panelists agreed that our political leaders need to review to suit the current reality so that the noticed short fall in revenue that has led Nigerian to various borrowing will be controlled. The panelist said why looking into issue of fiscal disciplining, debt sustainability analysis is always key to be review always to guide our borrowing.

In another submission a panelist, it was noted that, multiplier effect of borrowing with direct impact on the ordinary people should always be one of the guiding principles. In doing this, government should be ready to partner with relevant stakeholders especially NGOs on advocacy on debt management to review our borrowing plans. Violation of laws and legal frameworks should be sanctioned in borrowing so that the borrowing processes will be transparent.

Proactive disclosure and publication of relevant loans and grants from various sources should be advocated for by key stakeholders with Debt Management Office, while domestic resource mobilization should be encouraged by various countries in Africa especially in Nigeria. The panelists then agreed that there is need to review and adjust the debts servicing structures from what is obtainable currently. That our borrowing should target financing critical infrastructures that will lead to poverty reduction create wealth and tackle unemployment and efforts should be geared towards investment in health and education sector as COVID-19 exposed the huge weaknesses in the sector.

## **8.0 Key Issues from the Technical Session**

In the light of the above key observations, and issues raised by the panelists, participants at the debt advocacy meeting made the following **recommendations for follow up:**

1. Call for debt relief for Nigeria and other poor countries amid covid-19. Multilateral and bilateral donors should increase their grants, not loans to poor countries in their further response to the COVID-19 pandemic.
2. Called on the Federal Government to place an embargo on further collection of new loans and take concrete steps to improve Domestic Resource Mobilization at all levels.
3. Demand for public debt audit for the period 2010- 2020 with a view to identifying gaps that would help prevent frivolous and reckless spending of procured loans
4. All future loans should be channeled to projects and services that can repay such loans
5. Debt's sustainability analysis needs to be reviewed constantly to meet the current realities amid the COVID -19 Pandemic.
6. West African governments should show more commitments to partner with relevant stakeholders especially NGOs on advocacy on debt management to review our borrowing plans to attain Sustainable Development Goals before 2030 deadline.
7. Multilateral donors should tighten conditionalities attached to their loans to reduce the 'quick take' syndrome as multilateral loans remain the biggest external current debt burden of Nigeria.
8. Government should embrace and encourage Private Sector Participation in infrastructural development by creating an enabling environment including guaranteeing of loans for large scale projects and divests itself from such ventures going forward.
9. That future borrowings should concentrate on emergency issues rather than borrowing for social amenities or consumption and encouraging proper and coordinated small and medium enterprises initiatives that will add more values to the economy.
10. That implementation of Africa Borrowing Charter principles in Nigeria will present an opportunity to pull together initiatives such as the OGP and the National Anti-Corruption Strategy to effectively address corruption and establish greater synergy between state and non-state actors in debt management processes in Nigeria and by extention other West African countries.

## **9.0 Closing Remarks**

The day one advocacy meeting was closed with appreciation to all participants and the AFRODAD team and other colleagues that joined virtually for making time and resources available to be part of sharing experiences and mobilizing a common debt advocacy position in the west Africa region at the meeting.

The session was popularised on various ANEEJ social media platforms during the session for visibility and media engagement. Participants then went for late group lunch and the session was closed with hope to commence the training session in day two of the event.

## **10.0 DAY TWO: DEBT TRAINING SESSION**

### **10.01 Background and Justification**

The purpose of the training is to engage stakeholders at national and regional levels, and to discuss and forge a common African position and understanding on issues of sustainable development financing in Africa. It was intended to permit exchanges and the sharing of experiences that produce an evidence base to support debt advocacy in the West Africa region through a pan-African approach. Capacity building of stakeholder is also a motivating factor for these events which are required to support AFRODAD's debt advocacy work and to influence the institution and implementation of sustainable debt management policies by African governments and their bilateral and multilateral development agencies. This is expected to contribute to ensuring sustainable development financing for Africa's – notable sustainable development goals and Africa's Agenda 2063.

Addressing the issues related to debt sustainability in the context of the COVID-19 crisis recovery call for a wider reflection beyond just governments cycles. All stakeholders need to fully participate in the process to ensure effectiveness. In that respect, a multi-stakeholder dialogue that considers the contribution of non-state actors, as well as that of the affected communities, through those who in the civil society carry their voices is necessary. The advocacy training session was to serve as a critical step toward that direction, by ensuring wide consultation and integration of various perspectives. The session was used to consider the wider areas of development finance - including issues of domestic resource mobilisation, illicit financial flows, public private partnerships, private financing for development - while proffering recommendations on possible policy solutions to current and emerging development financing challenges.

### **10.02 Training Objectives:**

- To enhance stakeholder understanding on the complexities and implications of indebtedness in West Africa
- To build the capacity of stakeholders in understanding issues of sustainable mobilisation of financial resources to advance Africa's development agenda
- To strengthen CSOs, MPs, and Journalist's partnerships with AFRODAD on working towards the effective institution of sustainable development financing policies in African countries
- To track the extent to which AFRODAD policy recommendations are being implemented and how policy uptake can be facilitated through partner networks

### **10.03 Methodology**

The strategy for the training was to work closely with the mapped participants mobilised by ANEEJ and AFRODAD to participate in the two days event in order to refresh the participants minds as some said the issues of debt advocacy was new to them. The training objectives were clearly defined for participants before each presentations that covers the followings; The module presented revolve around the following: ECOWAS Regional Debt Sustainability under COVID-19 pandemic and economic recovery by Mr. Momodou Touray; Sovereign Debt Restructurings - definitions, history, theories and new proposals by Dr. Magalie Masamba - University of Pretoria South Africa; Responsible Debt Contraction in the ECOWAS Region by Tirivangani Mutazu Senior Policy Analyst AFRODAD and Principles, Criteria and Cases and Debt Swap for PtP Initiative in Africa by Prof. Lester Salamon, Director, PtP project, Centre for Civil Society Studies, John Hopkins University, U.S.A.

The organisers identified experts who made presentations on topical debt issues in the Africa as a continent. Speakers were provided with kick-off inputs and brief biography of the presenters were read out by the facilitator and it was followed by an interactive presentation. The session was simultaneously interpreted in both English and French languages for participants understanding with structured participatory way to get people engaged for more understanding without leaving any one behind.

Case studies, experiences sharing and power point presentations were used for retention of knowledge. The training methodology took into consideration that most of the participants may be new to the topics as such considered the following; simple power point presentation to enhance learning by viewing' group discussion; plenary sessions; question and answer sessions. Definition of key concepts within the training becomes the first pathway to build knowledge gap. The sessions detailed into the various sessions with objectives for each session.

The actions undertaken within the framework of the two days event was to produce the planned output which were closely placed before the participants. In other words, the training was designed to transform **inputs** into **outputs**, **outcomes** as well as **impact**. The session dwelt on result-based outcomes and effective communication with key stakeholders on the debt advocacy etc.

### **11.0 First Presentation: ECOWAS Regional Debt Sustainability Under Covid-19 Pandemic and Economic Recovery by Mr. Momodou Touray**

The following were highlighted as expected fiscal implications of the Covid-19 in Low Income Countries according to the presenter:

- The Covid-19 crisis and widespread containment measures have led to a fall in growth rates around the world
- A recovery is not expected before 2022
- A new semantics for what's going on: "the Great lockdown" worst recession since the Great Depression
- IMF WEO (June 2020): deep recessions in 2020 and slow recovery in 2021.

The context for the above implication includes: Cumulative hit to growth larger in the EMDE when China did not consider debt service suspension for poor countries. He listed several scenarios for a way out of the current crisis to include: the square root, drop & bounce back

effect with slow recovery and double-deep or double –hit drop. The crisis will affect the developing countries through several channels:

- Rising prices of basic foodstuffs due to disruption of international supply chains
- Falling world trade
- Tightening in global financial conditions (rating agencies have downgraded some LIC countries). For example; Nigeria as oil exporting country: (risk of falling oil prices). Nigeria downgraded in March 2020 by S&P (from B to B-). The major argument was risk of fiscal shock. Gabon was downgraded in April 2020 by Fitch (from B to CCC). the major argument was weaker capacity to service the debt – liquidity risk.
- Drop in air traffic and tourism was noticed immediately Mauritius was downgraded by Moody’s (from Baa1 stable to negative). The argument was that it has lower tourism potential during the pandemics and many other tourist attractions across the world and such affect growth.
- The number of poor people is likely to increase and the living standards of vulnerable populations will deteriorate.

Some of the Fiscal Response to the Pandemic

- Tax release for employers to retain workers and raising health care spending
- In-kind provision of foods in form of palliative
- Conditional cash transfers to the poorest
- Higher health expenditure + higher interest spending
- Increase in public spending to combat the negative effects of the crisis on the economy
- Debt Service Suspension Initiative: DSSI for 77 countries (initiated by the G-20 in March 2020). China the biggest donor to Nigeria and other African countries did not key into debt suspension for poor countries due to the global covid-19 pandemic and its impact on Africa.

The presentation concluded by highlighting the key indicators in borrowing such as: Liquidity risk; Solvency risk; Economic policy approach; Inter-temporal solvency;

### **11.1 Second Presentation: Sovereign Debt Restructurings - definitions, history, theories and new proposals by Dr. Magalie Masamba - University of Pretoria South Africa**

The presentation commenced with introduction of the objectives of the presentation as; To build participants capacity to participate in current SDR debate, bringing their African perspective, and recommendations to allows for continued CSO engagement; To enable participants to understand the indebtedness of their region and make a case for SDR where necessary in view of the challenges of post-Covid recovery and to enable the participants to explore the competing theories on sovereign debt restructuring from the perspectives of both creditors and debtors nations.



*Screenshot: Virtual presentation by Dr. Magalie Masamba of the University of Pretoria South Africa, on Sovereign Debt Restructurings - definitions, history, theories and new proposals.*

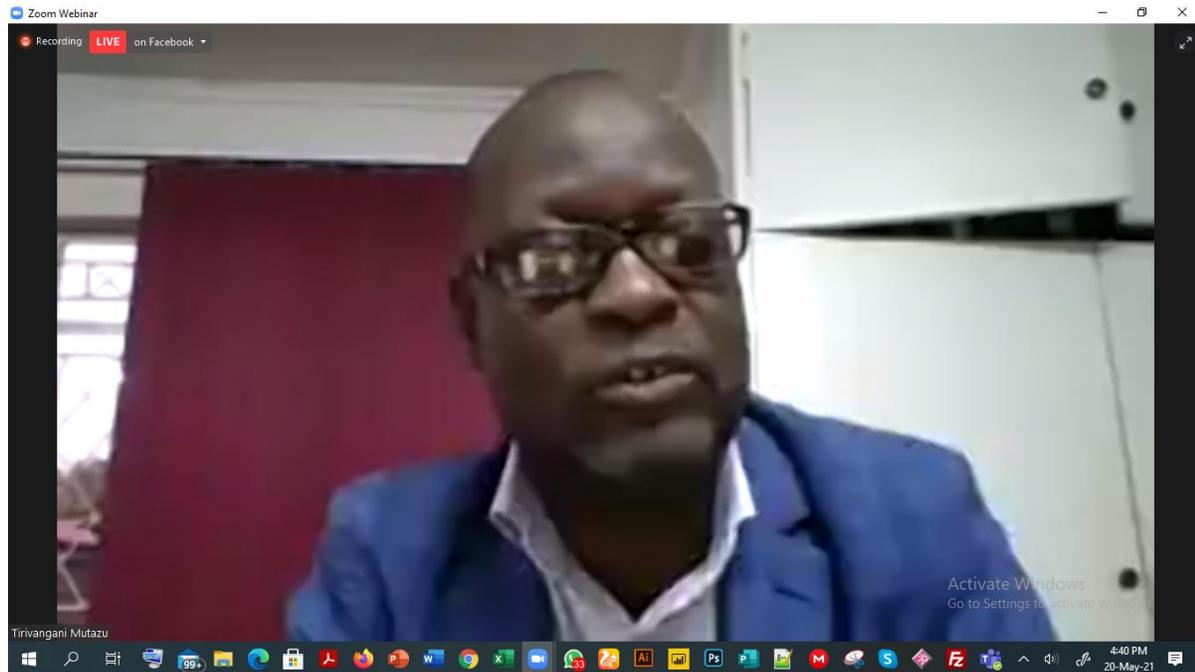
Key concepts, processes and history were discussed with participants for proper understanding. She said debt restructuring are inherently challenging and may be a very painful experience for the debtor and its citizens and creditors. For the debtors, the costs in addition to the broader economic impacts in a country and a region, may also include reputational damage and limited access to the financial markets. For the creditors, there is the possibility of not being paid in full.

She continued by saying HIPC had two stage process: Decision point and completion point: the activities under two processes include; access interim finance, eligible countries should not qualify for non-concessional loans from International financial institutions; must demonstrate unsustainable debt levels; clear track record of reform performance; and develop a Poverty Reduction Strategy Paper (PRSP). While completion point is for the countries to access full debt relief. The shortcomings of the programme were also highlighted as follows: Need for relief for broader set of countries; need for faster relief; need for stronger emphasis on poverty reduction and ‘topping-up’ of relief after Completion Point.

She concluded by saying that it is time to rethink the Sovereign Debt Restructuring Mechanism in Africa by revisiting the idea of an international rule of law for SDR. The alternative approaches, also enhancements of the contractual approach need to be reviewed to meet the reality on ground. The use of anti-vulture fund legislation needs in order to close the missing link, that will result in approaches that would deal with transparency, human rights, and other developmental concerns in African countries.

**11.2 Third Presentation: Responsible Debt Contraction in the ECOWAS Region by Tirivangani Mutazu Senior Policy Analyst, AFRODAD**

In his presentation, Tirivangani looked at the Institutional And Legal Debt Management Frameworks, World Bank's Debt Management Performance Assessment Methodology (DeMPA). While he detailed the objectives of the presentation as follows: To build the capacity of participants to be able to understand and contribute to the on-going debates on responsible debt contractions and to be able to demand for accountability from duty bearers. Also, to enhance and deepen participants understanding of the principles of the African Borrowing Charter as a document on responsible debt contraction.

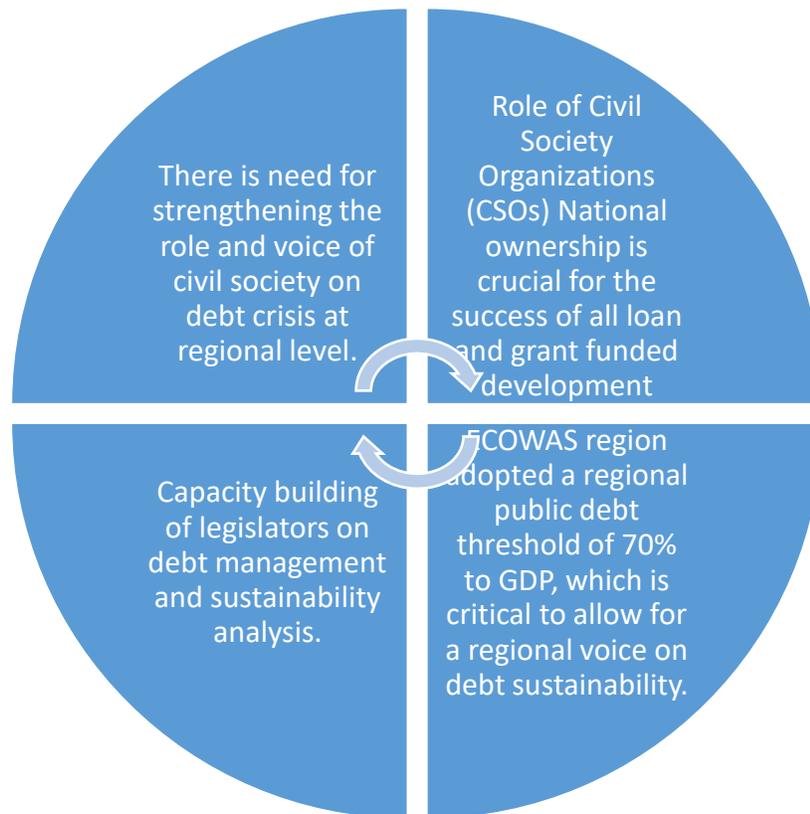


*Virtual presentation on Responsible Debt Contraction in the ECOWAS Region by Tirivangani Mutazu, Senior Policy Analyst AFRODAD*

He discussed the drivers of Africa's new indebtedness, current debt challenges in such a way that sustainable balance of public debt levels with the necessity acceleration of inclusive development and enhance public service delivery in Africa. He further mentioned that the African Borrowing Charter was an initiative of AFRODAD – civil society - developed in 2013 and revised in 2018 in 3 major languages for stakeholder engagement on debts advocacy.

Another legal framework referred to by the AFRODAD Senior Policy Analyst was the The DeMPA that was developed by the World Bank in cooperation with international partners during 2007 and is now used by 141 national and subnational governments. He said the DeMPA examines central government debt management activities and closely related functions, the DeMPA informs plans to reform and strengthen debt management capacity, processes and institutions. He said it also helps governments monitor progress toward international sound practices and regular debt performance assessments as crucial to ensure sustenance in sound debt management

He empathized the role of the CSOs in debt management advocacy as critical as it was shown in the diagram below:



He concluded that if all the above legal framework can be adhered to by all stakeholders, it would contribute to improved transparency of the political, institutional and administrative processes used, accountability of the State actors involved contraction and management of public debt the issuance of public guarantees, selection and implementation of debt financed projects formulation and execution of overall fiscal policy.

**11.3 Fourth Presentation: Principles, Criteria and Cases and Debt Swap for PtP Initiative in Africa by Prof. Lester Salamon, Director, PtP project, Centre for Civil Society Studies, John Hopkins University, U.S.A.**

Professor Lester tried to make the presentation simple, knowing well that the issue of discussion is somehow new to the participants. He then highlighted the Three crucial elements of the subject matter as follows: A State-owned or controlled asset, a transformation generating significant proceeds and an independent, private, foundation capturing all or a portion of the assets to promote a public purpose.



*Virtual presentation on Debt Swap for PHILANTHROPICATION thru PRIVATIZATION (PtP) Initiative in Africa by Prof. Lester Salamon, Director, PtP project, Centre for Civil Society Studies, John Hopkins University, U.S.A.*

He stated the crucial elements of PtP to include: any state-owned; a transformation generating significant proceeds; controlled asset; and an independent, private, foundation capturing all or a portion of the assets to promote a public purpose. He listed what constitute PtP assets to include: any State-owned, controlled or subsidized asset such as State-owned enterprises/facilities, royalties from state regulated industries, fines for corporate misdeeds, privatization of cooperatives or nonprofits or recovered stolen assets. He said most importantly PtP could also be categorised under: Public debt forgiveness, each has led to PtP foundations.

The presenter also took time to discuss what a debt swap means in the context of debt advocacy. He said debt swap involved; A deal between Lenders (Creditors) and Borrower (Debtor) where a creditor agrees to forgive all or part of a loan or a situation where a debtor puts equivalent in local currency aside for mutually agreed public purpose.

Professor Lester cited some PtP debt swap example Foundations: The Foundation for Polish-German Corporation created in 1990 with an initial loan of 1billion Deutschmarks. The Foundation for Community Development, Mozambique created in 1994. The Creditors are: Norway, Sweden, Finland, Denmark and Holland with an initial loan of \$10million.

He concluded with the few challenges faced in debts swap Foundations to include the fact that it requires foreign indebtedness, negotiations with creditors and debtor Governments, enabling laws or review of existing laws for foundations. For foundations, it must require compelling case for use of forgiven debt swap proceeds.

Despite the challenges debt swaps has some win-win gains for both the creditor and the debtor. First, it is appealing to foreign creditors, it guarantees assets diverted or stolen and such loan must focus on precious resources on agreed priority needs as contained in the debts agreement and it must have citizen trust and confidence if carefully structured and promoted during the negotiations.

**13.0 Group picture of Event**



*Group photos of participants present at the West Africa Region – Debt Advocacy and Training Session in Abuja*



*Cross-section of participants at Day-1 of the West Africa Region - Debt Advocacy and Training Sessions in Abuja, Nigeria*

## **ANNEX1 Agenda**

**WEST AFRICA REGION - DEBT ADVOCACY & TRAINING SESSIONS**  
**Theme: *SHARING EXPERIENCES AND MOBILISING A COMMON DEBT***  
***ADVOCACY POSITION IN THE WEST AFRICA REGION***

<b>DAY 1</b>	<b>THURSDAY 20<sup>th</sup> May, 2021</b>	<b>PRESENTERS</b>
9.00–11:00	<p>Welcome, opening remarks and keynote address - ecosystem of West Africa's debt architecture</p> <p><u>Remarks/Presentations</u></p> <p><i>Nigeria's Local and Foreign Debt Management: Updates from the Debt Management Office</i></p>	<p>ANEEJ Executive Director ---Rev David Uolor  AFRODAD Executive Director– Mr Jason Braganza</p> <p>The Director General, Debt Management Office (represented by Mr. Monday Usiade, Head, Market Development)</p> <p>The Chairman, National Assembly Committee on Local and Foreign Debts, National Assembly</p> <p>Le représentant du Ministère de l'Economie et des Finances - Cote d'Ivoire</p>

	<p><i>Nigeria's Local and Foreign Debt Management: Role of the National Assembly</i></p> <p><i>Declaration of the Regional Meeting open</i>  <i>-Debt and Aid Effectiveness: The Nigerian Experience and Ministry of Finance, Budget &amp; National Planning plans on Aid effectiveness for Nigeria</i></p>	<p>Honorable Mbowe, National Assembly Sub-committee on Public Finance - Gambia</p> <p>The Honourable Minister of State Finance, Budget and National Planning, Federal Ministry of Finance, Budget and National Planning</p>
11:00–11:30	TEA BREAK	
11:30–13:00	<p>Brief Introduction on meeting Theme</p> <p>ECOWAS Debt Sustainability trends: challenges and opportunities</p>	<p>Mr. Theophilus Yungong-ARODAD  Chief Taiwo Akerele, CEO, Policy House, Nigeria  George Osei-Bimpeh - – Ghana  Prof Babacar Sène – Senegal  Professeur KOUMOU Dodji Nettey - Togo  Présentation de la situation de la dette dans l'espace UEMOA par Ange Marie CODO -Benin</p>
13:00–14:00	LUNCH	
14:00–15:00	COVID-19 pandemic – impacts and risks on debt governance	Ms. Inyingi Irimagha, Gender and Development Action, Nigeria
15:00–16:00	Domestic resource mobilization - addressing illicit financial flows and tax leakages in ECOWAS	Dr. Oscar Ubhenin, Ambrose Alli University, Ekpoma, Nigeria
16:00 – 17:00	Closing plenary: where do we go from here?	ANEEJ/AFRODAD

**PROGRAMME**

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**REGIONAL DEBT ADVOCACY MEETING**

**DEBT TRAINING SESSION**

DAY 2	FRIDAY 21 <sup>st</sup> MAY 2021	PRESENTERS
9.00–11:00	<p>ECOWAS Regional Debt Sustainability under COVID-19 pandemic and economic recovery</p> <p><i>Presentation and discussion</i></p>	Mr. Momodou Touray

<b>11:00–11:30</b>	<b>TEA BREAK</b>	
11:30–13:00	Sovereign Debt Restructurings - definitions, history, theories and new proposals  <i>Presentation and discussion</i>	Dr. Magalie Masamba - University of Pretoria South Africa  -
<b>13:00–14:00</b>	<b>LUNCH</b>	
14:00–15:30	Responsible Debt Contraction in the ECOWAS Region: Principles, Criteria and Cases  <i>Presentation and discussion</i>	AFRODAD – Tirivangani Mutazu Senior Policy Analyst
15:30 – 17:00	Debt Swap for PtP Initiative in Africa  <i>Presentation and discussion</i>	Prof. Lester Salamon, Director, PtP project, Centre for Civil Society Studies, John Hopkins University, U.S.A.