Executive-Legislature Relations in Foreign Relations: The Case of Nigeria's 2005 Debt Forgiveness by the Paris Club

Abdulrasheed Alada [*]

Abstract

Nigeria's external indebtedness dated back to pre-independence period but the debts were not much of a burden on the economy. However, with the oil glut of 1978, things began to change in the direction of accumulated external debts. Following the adverse effect of the debt burden on the country, the new civilian administration that emerged in 1999 was poised to tackle the debt problem headlong. However, the democratic context in Nigeria is such that no arm of government has absolute control over the formulation and implementation of government's policies; there was the need, therefore, for cooperation between the executive and the legislature on the debt issue. This article examines the role of actors within the executive and legislative arms aimed at securing debt cancellation for the country in 2005. It argues that Nigeria was able to secure debt cancellation due largely to synergy of actions between the executive and legislative institutions, informed by both arms' recognition of the impact of the excruciating debt burden on the country. The article concludes that there is need for more institutional cooperation in order to achieve greater prospects for the country's democratic aspirations.

Keywords: Executive, Legislature, Debt, Nigeria, Governance, Synergy

---

[*] PhD Political Science, Department of Political Science, University of Illorin, Illorin.

1. Introduction

That the legislature is an important institution in a democracy is no longer a subject of controversy. Scholars have also emphasised the centrality of the legislature's harmonious relations with the executive to the advancement of democratic virtues (Omotola, 2014; Bassey, 2014; Alabi and Egbewole, 2010; Eminue, 2006; Aiyede, 2006 Barkhan, 2004; Akinsanya and Davies, 2002; Maduagwu, and Oche 1992). In Nigeria, quite a number of writings on the country's democracy have noted the importance of harmonious executive-legislature relations to deepening the democratic process.

While this is a realization, most writings have delved on conflicting aspect of relations between the executive and the legislature. They have focused on issues such as national budgets (Azuta-Mba, 2008; Nzekwe, 2008; Eminue, 2006; Aiyede, 2006; Hamlai, 2006; Aiyede and Isumonoh, 2002); constitution amendment (Muhammad, 2013; Iyinbo, 2006; Aghalino, 2006; Mantu, 2006) as well as impeachment attempts such as that against the President in 2006 (Fagbadebo, 2010; Omotola, 2006; Omotola, 2003; Madunagu, 2003; Akinsanya, 2002) as issues that generated most acrimony between the two arms. Some others (Aminu, 2006; Abdullahi, 2004; Adejokun, 2004; Dunmoye, 2003) have tried to offer explanations for the predominance of conflict and in the process recommended effective liaison as panacea to the frosty relations. Unfortunately, these writings have paid little or no attention to the possibility of harmonious relations existing between them and how this came about. Second, focus has largely been on domestic issues with a neglect of issues that transcended the country's borders. In the light of the above, this paper examines the issue of Nigeria's debt cancellation by the country's creditors in 2005 and how it has helped to unfold a harmonious pattern of relations between the executive and the legislature. The significance of the debt cancellation is underscored by the fact that it transcends the realm of domestic politics and secondly, it is one issue that witnessed profound concurrence on the part of both the executive and legislative institutions.

The paper is structured into six sections, beginning with this introductory section. This is followed by a discussion on the debt burden, after which a discussion on Nigeria's debt profile follows. Section four focuses on executive-legislature relations over the debt issue while section five is on explaining the rational as well as impact of cooperation between the two arms. Section six concludes the paper.

2. Concepts of Debt and Debt Burden

Broadly defined, a debt is an obligation owed by one party to another. In economic sense, it is the totality of obligations in monetary terms owed to a creditor. From this broad context, we can distinguish between public and private debts. The public debt or national debt of a country implies all the financial liabilities of the country accumulated over time. It is the total amount owed by the government of a country to its creditors (Ishola, 2009) that include individuals, private organizations and international financial institutions or foreign countries. Such monies are either borrowed for consumption or for investment purposes but in whichever direction, such borrowings usually attract interests. Also, public debt which may accrue from monies borrowed from external or domestic creditors is usually incurred to curb the effects of budget deficit; cushion the effect of unexpected increase in government expenditure as a result of war or other forms of natural disasters and, to accelerate economic growth among others. A major difference between public debt as against private debt – a debt that is owed by an individual in his private capacity - lay in the domain of their impact. While public debt has profound implications for a country's economy, including macro-economic stability, private debt does not have such perverse effect on the nation's economy but rather, on the economic power of the individual that is indebted. The irony of debt is that at the point of incurring it, it represents a transfer from the creditor to the debtor but once the obligation to pay (principal and interest) is incurred, the reverse becomes the case.

Public debt is considered to be an important source of income to the government in the sense that if revenues accruable to the government through taxes and other sources are inadequate to cover government's expenditure, the government may resort to borrowing. Such debt may be raised internally or externally. While internal debt refers to public debt floated within the country through such instruments as government bonds or securities of various kinds; external debt refers to loans floated outside the country from multinational agencies or other countries. In whichever case, an obligation is incurred to pay both the principal and interest on the loan.

It is worth stating that the debt burden becomes stiffer where a loan or debt is incurred and spent on projects with a short term span rather than long term. The implication of this is that debt burden impacts on future generations. This is as a result of debt repayment which requires deploying certain percentage of a country's income to servicing debts that have been procured and consumed many years earlier. The debt servicing obligation is made worse by the fact that national debts, especially external debts, are incurred in foreign currencies and the repayment therefore must be in foreign currencies. Consequently, its effects become more pervasive where the exchange rate continues to decline against the currency of the debtor nation. In other words, in the case of developing and underdeveloped countries with constant tendencies towards devaluation of their currencies, the impacts of unfavourable exchange rate adds to the burden.

Ishola (2009) identified a host of factors that make it difficult for countries to fulfil their debt obligations. These include, over borrowing in which case the total borrowing is beyond the country's servicing capability; mismanagement of the loan; natural disasters which may reduce the country's capability; inability to earn enough foreign exchange in the case of external debt servicing. Indeed, some of these factors and some others precipitated Nigeria's descent into the debt crises before it enjoyed relief from some of its external creditors in 2005. It is equally important to stress that following crises that are often generated by the debt burden, governments often come up with various techniques of debt management. That is, the formulation and implementation of a debt policy designed to achieve certain objectives (Bhatia, 2006). This may require the establishment of institutions specifically for that purpose or implementation of such policy by a consortium of governmental organizations or units. In Nigeria, following the crisis generated by the debt burden, a Debt Management Office (DMO) was established by the Federal Government for that purpose.

3. Nigeria's Debt profile

The issue of Nigeria's debt has been gaining currency among analysts and economists alike. So much was said especially in the build-up to Nigeria's debt forgiveness by the Paris Club of Creditors. The trend of discussion showed that Nigeria's total public debt consisted of both domestic and external debts. But the domestic debt which as at the end of 2004 stood at 10.3 billion dollars (DMO, 2005) was not as problematic for the country as the external debt which as at the same period stood at about 35 billion dollars. Moreover, Nigeria has consistently fulfilled her domestic debt obligations. Indeed, as the then Nigeria's Minister of Finance puts it, 'Nigeria's debt problem is really a Paris Club debt problem' (Okonjo-Iweala, n.d.). According to her and prior to the debt relief, about 85 per cent of the debt was owed to the Paris Club of 15 creditor nations - Austria, Belgium, Brazil, Denmark, Finland, France, Germany, Italy, Japan, the Netherlands, the Russian Federation, Spain, Switzerland, the United Kingdom and the United States of America. Only 8 per cent of the debt was owed to multilateral institutions such as the African Development Bank and the World Bank whilst the balance of 7 per cent was owed to the London Club of commercial creditors and holders of Promissory Notes. Nigeria does not owe the IMF any money. Table 1 gives graphical details of percentage share of various categories of Nigerian government's external debt.

Table 1: Percentage share of Various Segments of Nigeria's External Debt, 1985 - 2004

Year	Creditor Category							Grand Total (A + B)
	A: Official				**B: Private**			
	Paris Club	Multilateral	Others (Non Paris Club)	**Sub Total**	Promissory Notes	Banks (London Club)	**Sub Total**	
1985	41.44	6.97	10.26	**58.66**	22.51	18.83	**41.34**	**100.00**
1986	39.99	7.38	11.23	**58.61**	17.59	23.81	**41.39**	**100.00**
1987	44.46	10.54	7.18	**62.18**	17.13	20.70	**37.82**	**100.00**
1988	46.92	9.25	8.75	**64.91**	15.67	19.42	**35.09**	**100.00**
1989	50.25	10.04	7.32	**67.60**	14.41	17.98	**32.40**	**100.00**
1990	51.88	11.61	5.06	**68.55**	13.75	17.71	**31.45**	**100.00**
1991	52.75	11.91	4.31	**68.97**	13.28	17.75	**31.03**	**100.00**
1992	59.69	16.39	4.45	**80.53**	11.78	7.69	**19.47**	**100.00**
1993	63.24	12.87	5.74	**81.84**	11.00	7.16	**18.16**	**100.00**
1994	62.30	14.96	4.95	**82.21**	10.80	6.99	**17.79**	**100.00**
1995	66.50	13.54	4.02	**84.06**	9.66	6.28	**15.94**	**100.00**
1996	68.04	16.63	0.43	**85.09**	7.63	7.28	**14.91**	**100.00**

1997	70.07	16.14	0.29	**86.50**	5.95	7.54	**13.50**	**100.00**
1998	72.39	14.73	0.23	**87.35**	5.55	7.10	**12.65**	**100.00**
1999	73.14	14.03	0.25	**87.41**	5.30	7.29	**12.59**	**100.00**
2000	74.91	12.24	0.51	**87.66**	5.12	7.23	**12.34**	**100.00**
2001	77.94	9.87	0.43	**88.24**	4.56	7.21	**11.76**	**100.00**
2002	81.89	9.55	0.18	**91.63**	3.72	4.65	**8.37**	**100.00**
2003	83.45	9.24	0.16	**92.85**	2.77	4.38	**7.15**	**100.00**
2004	85.82	7.86	0.13	**93.81**	2.18	4.01	**6.19**	**100.00**

Source: Debt Management Office (DMO), 2005

From the table above, it is observed that the Paris Club of creditors was not just Nigeria's major creditor but also, its share of the nation's debt grew astronomically from 41.44 per cent in 1985 to 85.82 per cent in 2004. It was also the only one that had increased in leaps and bound. The table indicated that debt to multinationals have only increased marginally from 6.97 per cent in 1985 to 7.86 per cent in 2004. Similarly, debts to non-Paris Club members drastically reduced from 10.26 per cent to 0.13 per cent in 1985 and 2004 respectively. Similar reductions were recorded in the country's external private debt (that is, debts owed to non-government institutions) from 41.34 per cent to 6.19 per cent between 1985 and 2004.

According to the Debt Management Office (DMO, n.d.), Nigeria's external indebtedness dates back to pre-independence period and were mainly long-term loans from multilateral and official sources such as the World Bank and the country's major trading partners; such loans being obtained for developmental purposes. For instance, when the country obtained its first major loan of 28 million dollars from the World Bank in 1958, it was for the purpose of constructing the railway. Equally in 1964, the country obtained a loan of about 13.1 million dollars from the Paris Club, precisely, Italian government, to fund building of the Niger dam. However, the rate of borrowing and frequencies before late 1970s was highly insignificant (DMO News, June, 2006) while the debt burden did not exert much pressure on the economy because the interest rates were generally low (Sanni, 2008). Similarly, the debts were not much of a burden on the economy because the loans were obtained on soft terms coupled with the fact that the country had abundant revenue receipts from oil, especially during the oil boom of 1973-1976. However, with the oil glut of 1978, things began to change in the direction of accumulated external debts for the country. Indeed, the fall in oil prices and consequently, oil revenue in 1978 forced the country to raise the first jumbo loan of more than one billion dollars from the international capital market (DMO, n.d; Sanni, 2008). Hence, the 1978 jumbo loan marked the beginning of big external borrowing by Nigeria.

In explaining the astronomical transformation in Nigeria's debt profile, Ishola (2009) adduced that the daunting increases in Nigeria's debt stock was a reflection of substantial increase in loans from foreign creditors, the accumulation of trade debt arrears, default in the repayment of loans, capitalization of unpaid interests during debt rescheduling, and unfavourable exchange rates. These points were also stressed in another form by the DMO (n.d.) which maintained that although there was glut in 1978, the oil market began to recover from 1979 with the price of crude oil reaching an all-time high of 39 dollar per barrel in 1981. This led to a chain of events in the country that included the notion that the country was buoyant, accompanied by reckless spending; relaxation of deflationary measures put in place in the face of the oil glut in 1978 and; emergence of a production and consumption pattern that favoured importation leading to indiscriminate and excessive importation. However, the euphoria of the oil boom was short-lived as oil prices crashed again in 1982. Arising from this situation was declining foreign exchange earnings and un-sustainability of the entrenched production and consumption pattern. Consequently, rather than address these problems through internal economic measures, the Federal and State governments embarked on massive external borrowings from the international capital market (DMO, n.d.). This led to increase in Nigeria's external loan obligation and became aggravated due to inability of successive governments to adequately service the debts. Table 2 below indicates increasing profile of the country's outstanding debts between 1985 and 2004.

Table 2: Nigeria's Debt Profile, 1985 – 2004 (US Dollars)

Year	Creditor Category							Grand Total (A + B)
	A: Official				**B: Private**			
	Paris Club	Multilateral	Others (Non Paris Club)	**Sub Total**	Promissory Notes	Banks (London Club)	**Sub Total**	
1985	7,833.00	1,317.00	1,939.00	**11,089.00**	4,255.00	3,560.00	**7,815.00**	**18,904.00**
1986	10,228.00	1,887.00	2,873.00	**14,988.00**	4,498.00	6,088.00	**10,586.00**	**25,574.00**
1987	12,589.00	2,985.00	2,032.00	**17,606.00**	4,850.00	5,860.00	**10,710.00**	**23,316.00**
1988	14,400.00	2,838.00	2,685.00	**19,923.00**	4,810.00	5,960.00	**10,770.00**	**30,693.00**
1989	15,871.00	3,171.00	2,311.00	**21,353.00**	4,553.00	5,680.00	**10,233.00**	**31,586.00**
1990	17,171.00	3,842.00	1,675.00	**22,688.00**	4,550.00	5,861.00	**10,411.00**	**33,099.00**
1991	17,793.00	4,016.00	1,454.00	**23,263.00**	4,479.00	5,988.00	**10,467.00**	**33,730.00**
1992	16,454.70	4,518.00	1,226.10	**22,198.80**	3,246.00	2,120.00	**5,366.00**	**27,564.80**
1993	18,160.50	3,694.70	1,647.30	**23,502.50**	3,159.90	2,055.80	**5,215.70**	**28,718.20**
1994	18,334.32	4,402.27	1,456.31	**24,192.90**	3,178.17	2,057.79	**5,235.96**	**29,428.86**
1995	21,669.60	4,411.00	1,311.20	**27,391.80**	3,148.00	2,045.00	**5,193.00**	**32,584.80**
1996	19,091.00	4,665.00	121.00	**23,877.00**	2,140.00	2,043.00	**4,183.00**	**28,060.00**
1997	18,980.39	4,372.68	79.19	**23,432.26**	1,612.54	2,043.00	**3,655.54**	**27,087.80**
1998	20,829.93	4,237.00	65.77	**25,132.70**	1,597.84	2,043.00	**3,640.84**	**28,773.54**
1999	20,507.33	3,933.23	69.34	**24,509.90**	1,486.10	2,043.21	**3,529.31**	**28,039.21**
2000	21,180.00	3,460.00	143.77	**24,783.77**	1,446.70	2,043.21	**3,489.91**	**28,273.68**
2001	22,092.93	2,797.87	121.21	**25,012.01**	1,291.78	2,043.21	**3,334.99**	**28,347.00**
2002	25,380.75	2,960.59	55.55	**28,396.89**	1,153.18	1,441.79	**2,594.97**	**30,991.87**
2003	27,469.92	3,042.08	51.63	**30,563.63**	911.39	1,441.79	**2,353.18**	**32,916.81**
2004	30,847.81	2,824.32	47.50	**33,719.63**	783.23	1,441.79	**2,225.03**	**35,944.66**

Source: Debt Management Office (DMO), 2005

The table indicates an increase in Nigeria's total external debt from 18,904.00 billion dollars in 1985 to a whopping 35,944.66 billion dollar in 2004. From the figures, Nigeria's debt obligation to the Paris Club, Multinationals and non-Paris Club stood at 30,847.81 billion dollars, 2,824.32 billion dollars and 47.50 billion dollars respectively under the official debt category. Equally, the private debt category had 783.23 billion dollar and 1,441.79 billion dollar to Promissory note and London Club respectively. With this scenario, there is no doubt that Nigeria had a great debt burden and an imminent debt crisis to address.

As the problems mounted over the years, successive Nigerian governments tried to address it following which Nigeria had four rescheduling agreements with the Paris Club (in December 1986, March 1989, January 1991 and 2000 respectively). The efforts provided for traditional rescheduling terms with market-related interest rates. Unfortunately, Nigeria defaulted on these agreements due to high debt service obligations and adverse cash flow position, which contributed to the build-up of its debt profile. The table below showed Nigeria's debt service payment for a 20 year period beginning 1985.

Table 3: Nigeria's External Debt Service Payment, 1985 – 2004 (US Dollars)

Year	Creditor Category							Grand Total (A + B)
	A: Official				**B: Private**			
	Paris Club	Multilateral	Others (Non Paris Club)	**Sub Total**	Promissory Notes	Banks (London Club)	**Sub Total**	
1985	410.90	98.20	10.10	**519.20**	0.00	981.50	**981.50**	**1,500.70**
1986	182.60	231.60	7.50	**421.70**	0.00	856.90	**856.90**	**1,278.60**
1987	186.90	244.30	0.50	**431.70**	0.00	308.30	**308.30**	**740.00**
1988	531.80	460.70	4.70	**997.20**	0.00	584.70	**584.70**	**1,581.90**
1989	246.60	514.70	128.80	**890.10**	248.30	1,029.90	**1,278.20**	**2,168.30**
1990	1,672.90	640.10	453.30	**2766.30**	340.90	465.20	**806.10**	**3,572.40**
1991	1,506.70	733.40	502.20	**2742.30**	376.60	316.10	**692.70**	**3,435.00**
1992	536.00	810.00	141.90	**1,487.90**	267.30	637.40	**904.70**	**2,392.60**

1993	234.60	643.20	442.80	**1,320.60**	256.10	195.80	**451.90**	**1,772.50**
1994	59.20	758.90	626.60	**1,444.70**	254.80	143.50	**398.30**	**1,843.00**
1995	271.80	826.90	109.00	**1,207.70**	251.90	161.00	**412.90**	**1,620.60**
1996	359.70	814.40	336.40	**1,510.50**	238.40	127.70	**366.10**	**1,876.60**
1997	306.10	800.20	127.70	**1,234.00**	226.80	35.80	**262.60**	**1,496.60**
1998	228.54	680.23	19.77	**928.54**	216.29	127.71	**344.00**	**1,272.54**
1999	644.49	659.17	34.80	**1,338.46**	258.70	127.74	**386.44**	**1,724.90**
2000	812.67	623.23	1.52	**1,437.42**	149.52	129.07	**278.59**	**1,716.01**
2001	1,273.62	491.48	33.81	**1,798.91**	195.18	134.08	**329.26**	**2,128.17**
2002	161.55	472.12	75.86	**709.54**	192.12	266.75	**458.87**	**1,168.40**
2003	1,020.18	509.23	13.26	**1,542.66**	176.42	90.21	**266.62**	**1,809.28**
2004	994.44	487.28	11.64	**1,493.37**	171.23	90.15	**261.39**	**1,754.75**
Total	**11,641.29**	**11,499.34**	**3,082.17**	**26,222.79**	**3,820.56**	**6,809.51**	**10,630.06**	**36,852.86**

Source: Debt Management Office (DMO), 2005

It is, however, important to note that although Nigeria had been committing sums to servicing its debt, this tended to fall short of expected obligations; the shortfall was what transformed into arrears and attracted severe penalty interest. This trend contributed to the explosion in Nigeria's external debt stock over the years. Another important fact is that, prior to year 2000; management of Nigeria's debt was treated by a host of units under the Ministry of Finance and the Central Bank of Nigeria. This among others led to haphazard treatment of debt issues and lack of credible records on Nigeria's debt which also impacted negatively on debt management. Consequently, the new civilian administration that emerged in 1999 was poised to tackle the debt problem headlong by advertising the debt issue at every opportunity and justifying why Nigeria needed debt cancellation. According to the then President, Olusegun Obasanjo, at different fora, the debt issue was one that must be dealt with 'even in these difficult times of near economic collapse' (Obasanjo, 1999) because of the belief that there was great inequity and injustice in the debt issue which required global attention (Obasanjo, 2003).

Earlier during the First anniversary of his administration, President Obasanjo had noted that Nigeria carried a heavy burden of international debt that seemed quite likely to ensure that most of its earnings would be committed merely to paying mostly doubtful debts, leaving the country with little to address the legitimate needs of the people (Obasanjo, 2000a). Consequently, the president announced while presenting his 2001 budget address to a joint session of the National Assembly (NASS) that his government had put two major strategies in place to address the issue of Nigeria's debt. The first was the conclusion of a Stand-By Arrangement (SBA) with the International Monetary Fund (IMF), which was approved by the Executive Board of the Fund on August 4, 2000. It was expected that the successful implementation of the SBA programme would enable the government to proceed with the design and implementation of a Medium Term Economic Strategy (MTES) that would subsequently pave way for negotiation with the Paris Club of Creditors for concessional debt relief. The second strategy according to the President was the establishment of a Debt Management Office (DMO) in August 2000 to consolidate and centralise the management of Nigeria's external and domestic debts (Obasanjo, 2000b).

The DMO was established on 4th October, 2000 to centrally coordinate the management of Nigeria's debt, which was hitherto done by myriad of establishments in an uncoordinated fashion. Although the Act establishing the DMO was officially passed in 2003, section 2 of the Act deems the organization to have come into effect in August 2000 (FGN, 2003). Before this time, the issue of Nigeria's debt was handled by a host of departments within the Ministry of Finance and the Central Bank of Nigeria (CBN). These included Debt Management Department, Debt Conversion Committee and various departments responsible for processing and effecting loan repayments on behalf of all the other agencies or departments of government. Among others, this un-streamlined management led to a host of problems that included operational inefficiency, poor coordination and lack of accurate debt statistics.

The establishment of the DMO, therefore, was to ensure not only the creation of an autonomous debt management office but also to ensure good debt management practices that make positive impact on economic growth and national development, particularly in reducing debt stock and cost of public debt servicing in a manner that save resources for investment in poverty reduction programs among others (DMO, n.d). Sections 6 and 7 of the establishment Act stated the functions and powers of the Office to include maintaining a reliable database of all loans taken or guaranteed by the Federal or State Governments or any of their agencies; verify and service external debts guaranteed or directly taken by the Federal Government and; advise the Federal Government on the re-structuring and re-financing of all debt obligations (section 6). Equally, section 7 (a – c) provided for the powers of the office and this included power to (a) issue and manage Federal Government loans publicly issued in Nigeria upon such terms and conditions that may be agreed between the Federal Government and the Office; (b) issue, from time to time, guidelines for the smooth operation of the debt conversion programme of the Federal Government and; (c) do such other things which in the opinion of the Board relate to the management of the external debts of the Federal Government (FGN, 2003). Like all other agencies of the executive, the activities of the DMO were contingent upon approval by the National Assembly (NASS).

It must, however, be stressed that while the executive arm has the prerogative of initiating policies to address the myriad of challenges confronting the country, the approval of the legislature is *sine qua non* for the policy to take effect. In other words, the democratic context in Nigeria is such that no arm of government has absolute control over the formulation and implementation of government's policies. This is as a result of inherent separation of governmental powers in the system. Therefore, much as the executive was interested in securing debt relief for Nigeria, the legislature must be actively involved in order to give legal backing to such endeavour. This, in a nut shell, formed the crux of relations between the two arms.

4. Executive-Legislature Relations and Nigeria's Debt Cancellation

It is important to state at the outset that the issue of Nigeria's debt relief from the Paris Club of Creditors witnessed what could be described as large scale cooperation between the executive and legislative arms. There seems to be a tacit understanding for cooperation between the two arms to the extent that right from the time the issue started to the point where it was concluded, there was no indication of any profound disagreement between the two arms. The fact that appropriations for debt servicing were usually approved by the NASS as proposed by the executive indicated substantial level of cooperation between the two arms. This is evidenced in statistics for various appropriation bills and Acts passed by the NASS between 1999 and 2007. Equally, the legislature wasted no time in approving the sum of 12.4 billion dollars in supplementary appropriation for 2005 as proposed by the executive for exiting Nigeria from the Paris Club debt in 2005. All these were pointers to the fact that the debt relief

issue captured both the interest of the executive arm and lawmakers. What can be seen as the first official engagement of the two arms in the debt forgiveness process came up during the visit of President Bill Clinton of the United States to Nigeria in 2000. According to President Clinton while addressing a joint session of the NASS along with officials of the executive arm in Nigeria:
The United States has taken the lead in rescheduling Nigeria's debt within the Paris Club, and I believe we should do more. Nigeria shouldn't have to choose between paying interest on debt and meeting basic human needs, especially in education and health (Clinton, 2000).

He noted further that the US was prepared to support a substantial reduction of Nigeria's debts on a multilateral basis as long as (i) the country's economic and financial reforms continue to make progress, and (ii) the benefits of debt reduction go to the people (Clinton, 2000). Thus, it could be reasoned that both arms were unanimous in mobilising the support of Nigeria's foreign allies towards achieving debt cancellation. While the executive was working through its economic team that is, the Ministry of Finance and the DMO, the NASS was working through appropriate committees in both Houses of the NASS, notably committee on debt and some ad hoc committees.

Essentially, two approaches can be discerned in the workings of the two arms of government. The first is synergy of activities between both arms. That is, both arms working together on securing debt cancellation while the second involved each arm devising its own internal strategy towards achieving the common objective. It must be emphasised that both approaches were informed by their mutual perception of the debt burden as inimical to economic development and democratic sustenance in the country. With regards to the former, the executive always kept the legislature abreast of developments in its quest for debt cancellation and at some moments, members of the NASS were invited to fora where such issues were discussed. Equally as mentioned earlier, the NASS was usually positively disposed to the executive's proposal on issues relating to Nigeria's external debt. This is evidenced in the various budgetary approvals relating to debt servicing. In other words, of the many issues that brought about conflict in the relationship between the executive arm and the legislature at the national level between 1999 and 2007, the issue of Nigeria's external debt was not one. As observed by Muhtar, Director General of the DMO, both the legislature and the executive, in concert with state governors, were committed to deploying proceeds from the excess crude in 2005 to exiting Nigeria from the Paris Club debt (Muhtar, 2006).

With regards to the latter approach, each arm continued to work based on strategies it believed would help the realisation of the objective. On the part of the executive, strategies employed included advertising Nigeria's debt burden which was why Nigeria deserved debt cancellation. It also included garnering local and international support for the cause. This point was stressed by the President himself when he noted that shortly after his election in 1999, he began to talk to world leaders on the need for debt relief for Nigeria in addition to wooing investors (Obasanjo, 2005a). Also in his address to a Joint session of NASS after Nigeria secured debt cancellation in principle, the President recounted how he had not minced words at every forum in making a case for debt cancellation. Such forum included Conferences of World Food Programme (WFP), Food and Agricultural Organisation (FAO), International Labour Organisation (ILO), South-South Summit, World Economic Forum as well as meeting with leaders of the G8 countries (Obasanjo, 2005b).

A major component of the sustained effort to achieve debt cancellation was the conclusion of a Policy Support Instrument (PSI) with the International Monetary Fund (IMF) by the Nigerian government. This was in consonance with the principle of Creditors that to reach a debt deal with the Paris Club, a country was expected to have a formal agreement with the IMF (DMO, 2005). Since Nigeria did not have an IMF programme or agreement in place there was the need for a PSI. According to the DMO (2005), a PSI is a formal monitoring and endorsement arrangement of the IMF, and does not constitute any new programme or any new conditionality. The IMF's PSI framework was designed for low-income countries that may not need IMF financial assistance, but still seek IMF advice, monitoring and endorsement of their policies. Also, PSI supported programmes were based on country-owned poverty reduction strategies. Consequently, Nigeria's home grown National Economic Empowerment and Development Strategy (NEEDS) adopted by the government since 2004 provided a good framework for the PSI. In other words, while the IMF had endorsed the NEEDS programme, at informal level, before then, the PSI agreement formalized IMF endorsement of NEEDS as an economic reform policy. All the above were in addition to intensification of other socio-economic reform programmes including the fight against corruption and ensuring transparency and accountability in governance.

On the part of the legislature, the campaign for debt relief largely involved discussions at the floor of both Houses on the benefits and the need for debt cancellation for Nigeria; participation in stakeholders' discussion forum as well as shuttle diplomacy by selected members of the NASS to push for debt cancellation. For instance in early 2005, the House of Representatives (HoR) during plenary conducted a debate and resolved that Nigeria should stop any external debt service payment because these debts, according to them, were no longer sustainable and therefore, not worthy for creditors to insist that they must be paid (HoR Hansard, February, 2005). Shortly after this and sequel to debates at the floor of the Senate, a roundtable on debt relief was organized in March 2005 with support from the DMO under the auspices of the then Senate President, Adolphos Wabara. A major decision taken at the roundtable was the need for a delegation of the NASS to meet with the country's creditors and seek support for cancellation. Accordingly, a seven-man team led by Senator Udoma Udo Udoma and comprising another senator, two members of the HoR and three officials of the DMO was mandated to visit the country's creditors, institutions and some world leaders that could facilitate realization of Nigeria's debt cancellation bid.

In its report submitted to the Senate at the end of the visit, the team leader noted that the team had two main objectives to first, solicit support for the cancellation of Nigeria's debt owed to creditor countries and second, urge countries to use their leadership and influence to persuade other creditor partner nations, particularly within the Paris Club, to support the call for total debt cancellation for Nigeria (Udoma, 2005). Thus, with two set of visits between April and May 2005, the team was able to meet parliamentarians, non-governmental organizations, and other decision makers, in the creditor countries such as United States (US), United Kingdom (UK), Germany, Italy, Japan and France. High point of their meeting was on the necessity of debt cancellation for Nigeria considering its position and obligations within the African region; the positive impacts which debt cancellation will have on its economic reform agenda and democratic sustenance and the fact that most of the debts were accrued under illegitimate governments. At the end, the team was optimistic that the various efforts would translate into positive outcomes for the country.

True to this optimism, the Paris Club of Creditors in a press release dated 25 June, 2005 agreed in principle to Nigeria's request for debt cancellation. According to the release, the Club took note of the economic reform programmes implemented by the Nigerian authorities since 2003 and of their willingness to take advantage of exceptional revenues in order to finance an exit treatment from the Paris Club debt coupled with advantages that may accrue to Nigeria from this treatment. The Club, therefore, was ready to invite Nigeria to negotiate in Paris as soon as it concluded a Policy Support Instrument (PSI) with the IMF (Paris Club, 2005a).

Nigeria's final exit from the Paris Club debt came via another press release by the Club dated 20th October which stated that:

> The representatives of the Paris Club creditor countries met on 18, 19 and 20 October 2005 and agreed with the representatives of the Federal Republic of Nigeria on a comprehensive treatment of its debt. This agreement implements the debt treatment framework for Nigeria announced by the Paris Club on 29 June 2005.

While expressing optimism about prospect of the debt cancellation package, the Club observed further that:

> This exceptional treatment of Nigeria's debt offers a fair, sustainable, and definitive solution to Nigeria and Paris Club creditors. With the large debt relief included in this agreement, Paris Club creditors extend their strong support to Nigeria's economic development policy and its fight against poverty (Paris Club, 2005b).

In clear terms, what the debt cancellation meant for Nigeria was that based on the 2004 figures, Nigeria was to enjoy outright cancellation of 60 per cent of its about 30 billion dollars debt while the balance of 12.4 billion dollars was to be paid based on agreed principles. The implication of this was that, by the end of 2005, Nigeria would no longer be indebted to the Paris Club of Creditors as its stock of outstanding external debts would be to other agencies and multinationals. While so many efforts have gone into securing debt cancellation for Nigeria from its Paris Club Creditors, it also needs to be emphasised that the international community was not oblivious of what was happening in Nigeria. In other words, seeing the kind of cooperation and unity of purpose that went into the agitation for debt cancellation, the international community might not have had any choice but to give in to such demand. This thinking even became more credible when it is realized that major world powers lent their support to the debt cancellation bid.

5. Understanding the Basis and Impact of Executive-Legislature Relation on the Debt Cancellation

While it is obvious that executive-legislature relations for most of the period between 1999 and 2007 had been characterized more by conflict and instability, cordial relations occurred between the two arms over the debt cancellation bid. Put differently, the constant bickering over national budgets and some other issues was not allowed to completely mar governmental process as both arms seemmed to have related cordially on the issue of Nigeria's debt cancellation from the Paris Club. Although the issue of debt payment falls within the economic policy and strategy of the executive arm, the fact that monies to be used for such purpose must be approved by the NASS makes it an issue that requires cordial relations between them. It is thus observed that executive-legislature relation over the debt issue witnessed considerable harmony between the two arms which by extension implies there was no complete breakdown of government. It remained that this development could not be divorced from the nationalistic tendencies among actors more especially since it also involved actors beyond the country's territorial enclave on one hand and (in-group versus out-group), and on the other hand, more resources was expected to be available for national development. In other words, asking for debt relief was in the interest of the country because greater percentage of national budget hitherto devoted to payment of debt could be used to provide more infrastructures and to embark on other development programmes.

Related to this is the argument that having enough economic resources would help sustain the democratic ferment. This economic undercurrent of democratic practice was underscored by Princeton N. Lyman in an address to the Nigeria – US conference in Abuja, where he observed that unless a firm foundation was established, politically and economically, there was neither guarantee that democracy would survive nor economic hopes realised in Nigeria (Lyman 2004). Thus, since Nigerians were thirsty for liberty and freedom that come with democracy (Nnamani, 2006c), it is imperative for institutions of governance to work in that direction. Some other scholars, however, linked the idea of cooperation between the two arms to what may be regarded as political opportunism, defined in terms of self or group interest as a major undercurrent of behaviours exhibited by political actors. In light of this, the cooperation of the executive and legislative arms on the debt cancellation could be linked to monetary considerations accruable from trips to negotiate debt forgiveness.

However, cooperation over the debt forgiveness issue could be viewed in a larger context beyond the debt issue and linked first, to the desire of actors to avoid complete breakdown of the democratic process and second, to availability of monetary resources, especially from excess crude sales, to prosecute an exit from the Paris Club debt. With regards to the former, given the economic undertone of successful democratic practice, both legislative and executive actors could not afford to jeopardise the economic benefits of an exit from a debt obligation, especially, given the concerns that Nigeria as at 2005 was spending more on interest payments than it did on health care and education. On the latter, while the price of crude oil at the international market was over $50, Nigeria had a budget benchmark of $30 thereby creating a huge surplus in oil earnings. The tremendous increase in oil revenues emboldened the country towards seeking an exit from the Paris Club debt.

Also, the attainment of debt cancellation for Nigeria is a reflection of the strength in institutional cooperation. For instance, the feat over debt cancellation is a demonstration of what can be achieved in an atmosphere of cooperation and unity. This situation can be well appreciated when we consider the impact which a conflicting situation may have had on the whole process. For instance, if both arms had not cooperated, it would have been difficult for the executive to get or have its supplementary bill for 2005 approved on time by the legislature. Similarly, the acceptance by the Paris Club to debt cancellation cannot be completely dissociated from the level of cooperation that existed between the two core institutions of government. For instance, the Paris Club had announced in a Press release prior to the cancellation that it took note of the economic reform program implemented by the Nigerian authorities since 2003 and of their willingness to take advantage of exceptional revenues in order to finance an exit treatment from the Paris Club debt as well as its decision to renew closer relations with the International Financial Institutions (Paris Club, 2005). These two measures which provided soft landing for the debt cancellation would not have been possible without the cooperation of the two arms informed by their mutual realisation of the strength in institutional cooperation

Perhaps it could also be argued that since the democratic process in Nigeria was gradually maturing, cooperation between the two arms is inevitable. This may be understood against the background of the fact that as at the time the country applied for debt relief, it had successfully held a second election which showed some level of growth in the practice of democracy. Given this context, political actors seem to have improved on their knowledge and extent of imbibing democratic ethos of negotiation and compromise. In other words, there was mutual understanding among actors of seeing things through the lens of democratic development rather than egoistic tendencies which characterised past administration.

6. Conclusion

From what has been said in this paper, conflict in executive-legislature relations is not a hopeless tragedy for Nigeria as there could be grounds for harmonious relations. Second, the fact that the debt burden was excruciating on the Nigerian state was no longer in doubt. This situation coupled with desire for the country to be free from the debt trap created the awareness and the need for debt cancellation. There is no doubt that the executive arm went all out to see that this feat was achieved by deploying all its machineries, including establishment of a Debt Management Office, to pursue the aspiration. The legislature was not left out of this as they worked on the same page with the executive arm over seeking debt cancellation for Nigeria. Indeed, the executive and the legislature worked in harmony to ensure realisation of the goal. This synergy of actions eventually paid-off with the cancellation of substantial percentage of Nigeria's external debt by the Paris Club of Creditors. While the synergy that took place in their actions has been explained within the ambit of several factors, the episode equally brought out the strength in institutional cooperation. It is against this background that more efforts are required on the path of stakeholders to foster cooperation among governmental and societal institutions in order to have a formidable foundation for development.

References

Abdullahi, Y. A. (2004), 'Principles and Strategies for Legislature/Executive Partnership for Stable Democratic Development and Good Governance' in Mato, K. (ed.), *Legislating for Democracy* Proceedings of the Retreat of House of Representatives pp 163 - 166

Adejokun, O. (2004), 'Legislative-Executive Relations through Effective Liaison in Nigeria' in Mato, K. (ed.), *Legislating for Democracy* Proceedings of the Retreat of House of Representatives pp 167 - 174

Aghalino, S. (2006), 'Dynamics of Constitutional Development in Nigeria, 1914-1999' *Indian Journal of Politics* Vol. XL No 2 April –Sept pp 1 - 21

Aiyede, Emmanuel R. (2006) 'Legislative-Executive Relationship in Nigeria's Democracy' in Ojo, Emmanuel O. (ed) *Challenges of Sustainable Democracy in Nigeria*. Ibadan: John Archers pp 140-154.

Aiyede, Remi E. and Isumonah, V. Adefemi (2002), 'Towards Democratic Consolidation in Nigeria: Executive - Legislature Relations and the Budgetary Process' *Research Report 52* Ibadan: Development Policy Centre

Akinsanya, A.A. (2002), 'Impeachment of governor Abdulkadir Balarabe Musa of kaduna State' in Akinsanya, A. A. and Idang, J. G. (eds.), *Nigerian Government and Politics, 1979 – 1983* Calabar: Wusen Publishers pp 203 – 238

Akinsanya, Adeoye A. and Davies, Arthur E. (2002), 'Legislative – Executive Relations' in Akinsanya, Adeoye A. and Idang, John G. (eds.), *Nigerian Government and Politics, 1979 – 1983* Calabar: Wusen Publishers pp 136 – 153

Alabi, M. O. A. and Egbewole, W. O. (2010), 'The Legislature in Nigeria: An Analysis of a neglected Institution of Governance' in Alabi, M. O. A. and Egbewole, W. O. (eds.) *Perspectives on the Legislature in the Government of Nigeria* Morocco: African Training and Research Centre in Administration for Development (CAFRAD) pp 1 - 12

Aminu, J. (2006), Improving Executive/Legislative Relationship Lecture Marking the Third Oba Okunade Sijuwade Distinguished Guest Lecture, at OAU, Ife excerpted from *Newswatch*, June 12

Azuta-Mbata, J. (2008), The Legislature and the Budget Process in Nigeria: Appraisal of Roles and Outcomes' in Hamali, l. (ed.), Report of the 2008 Senate Retreat Abuja: Policy Analysis and Research Project pp 68 - 72

Barkan, D. et al., (2004) 'Emerging Legislatures: Institutions of Horizontal Accountability' in Levy, B. and Kpunde, S. (eds) Building State Capacity in Africa: New Approaches, Emerging Lessons USA: World Bank Institute for development pp 209 - 257

Bassey, C. O. (2014), 'Legislature-Executive Relations and the Future of Democracy in Nigeria' in Ojo, E. O. and Omotola, J. S. (eds.), *The Legislature and Governance in Nigeria Vol. 1: A Festschrift for John A. A. Ayoade* Ibadan:: John Archers (Publishers) Limited pp 36 – 52

Bathia, H. L. (2006), *Public Finance* New Dhelhi: Vikas Publishing House PVT Ltd

Clinton, B. (2000), Remarks to a Joint Session of the National Assembly, National Assembly, Abuja, August 26

DMO (2005), *Annual Reports and Statement of Accounts* Abuja: Debt Management Office

DMO (n.d.) *Origin of Nigeria's Deb*t. Available online at:www.dmo.org Asessed 13th December, 2011

DMO News, Vol 3, No. 1, Abuja, June, 2006

Eminue, O. (2006), 'Executive – Legislative Relations: Some Preliminary Observations on the Budget Process' in Ojo, E. O. (ed), *Challenges of Sustainable Democracy in Nigeria* Ibadan: John Achers Publishers pp155 - 182

Fagbadebo, O. (2010), 'Impeachment Procedure and Judicial Intervention in the Legislative Process in Nigeria' in Alabi, M. O. A. and Egbewole, W. O. (eds.) *Perspectives on the Legislature in the Government of Nigeria* Morocco: African Training and Research Centre in Administration for Development (CAFRAD) pp 145 - 168

FGN (2003), Debt Management Office (Establishment, etc) Act 2003

Hamalai, L. (2006), 'The Role of the Parliament in Facilitating the Budget Process' in *Report of the Retreat on 2006 Budget for Appropriation Committees of the National Assembly* Abuja: policy Analysis and Research Project, National Assembly pp 21 - 26

Ishola, K. A. (2009), *Public Sector Accounting and Finance* Ilorin: INDEMAC (publishers Nigeria) Limited

Ita-giwa, F. (2004),' Legislature – Executive Relation through Effective Liaison in Nigeria' in Mato, K. (ed.), *Legislating for Democracy*

Proceedings of the Retreat of House of Representatives pp 159 – 162

Iyinbo, Osa (2006), Nigeria's Impeachment Saga: Democracy on the Legislature's Butcher Block. Available online at: www.dawodu.com/iyinbo Accessed on 15th May, 2008

Maduagwu, M. O. and Oche, O. D. (1992), 'The Legislature' in Imobighe, T. A. (ed.), *The Politics of the Second Republic* Kuru: NIPSS pp 105 - 137

Madunagu, Edwin (2003), Impeachment in Nigeria. Available online at: www.nigerdeltacongress.com/iarticles/impeachment_in_nigeria.htm Accessed on 15th May, 2008

Mantu, I. (2006), Issues in the Constitution Review. Text of Speech at the World Press Conference on the National Assembly Joint Constitution Review Committee, *Daily Independent* Lagos, February 23.

Muhtar, M. (2006), *Interview* DMO News Vol 3, No. 1, Abuja, June

Nigerian National Petroleum Corporation (2005) Annual Statistical Bulletin, 2005. Online at: http://www.nnpcgroup.com/Portals/0/Monthly%20Performance/2005%20Annual%20Statistical%20Bulletin.pdf (Accessed on 13th December, 2011)

Nnamani, K. (2006c), Text of Remarks by Senator Ken Nnamani, President,Senate of the Federal Republic of Nigeria, on Democracy in Nigeria and the 2007 Election at the Center for Strategic and International Studies, Washington DC, on Friday, August 4

Nzekwe, G. (2008), 'The Legislature and Sustainable Development in Nigeria: The Role of the Legislature in the Budget Process' in Hamali, l. (ed.), Report of the 2008 Senate Retreat Abuja: Policy Analysis and Research Project pp 73 - 79

Obasanjo, O. (1999), 'The New Dawn' President Obasanjo's Inaugural address to the nation - May 29, 1999 Available online at: www.dawodu.com/obas1.htm Accessed 13th December, 2011

Obasanjo, O. (2000a), The address to the nation by His Excellency President Olusegun Obasanjo on the occasion of the first anniversary of his democratically elected government. Abuja, May 29

Obasanjo, O. (2000b), Text of Year 2001 budget address of the President to the Joint Session of the National Assembly, Abuja, November, 9

Obasanjo, O. (2003), 'We will heal Nigeria' Being President Olusegun Obasanjo's Inaugural speech at Eagle Square, Abuja, May 29 Available online at: www.dawodu.com/obas13.htm Assessed 13th December, 2011

Obasanjo, O. (2005a), Debt Relief For Nigeria: A Dividend of Democracy, President Obasanjo's Address To The Nation On Debt Relief June 29

Obasanjo, O. (2005b), Report of the National Political Reform Conference and Recent Debt Relief Granted to Nigeria. Briefing by His Excellency, President Olusegun Obasanjo, to the National Assembly on the Report of the National Political Reform conference and Recent Debt Relief Granted to Nigeria Abuja, 26th July

Okonjo-Iweala, N. (n.d.), Understanding Nigeria's Debt Situation. Available online at: www.dmo.gov.ng Assessed 13th December, 2011

Omotola, J. S. (2014), 'The Legislature in democratic Theory:: Nigeria in Comparative Perspective' in Ojo, E. O. and Omotola, J. S. (eds.), *The Legislature and Governance in Nigeria Vol. 1: A Festschrift for John A. A. Ayoade* Ibadan:: John Archers (Publishers) Limited pp 3 – 35

Omotola, J. Shola (2003), Public Attitudes towards Impeachment Threat against President Olusegun Obasanjo, unpublished M.Sc Dissertation, Department of Political Science, University of Ibadan, Nigeria

Omotola, J. Shola (2006) "Impeachment Threats and Nigeria's Democracy in, Ojo, Emmanuel O. (ed.), *Challenges of Sustainable Democracy in Nigeria* Ibadan: John Archers Publishers pp 183-208

Paris Club (2005a), Press-Release Paris Club Creditors Agree In Principle On A Comprehensive Debt Treatment For Nigeria

Paris Club (2005b), Paris Club Agrees on a Comprehensive Treatment of Nigeria's Debt

Sanni, H. T. (2008), 'The Paris Club Debt Relief Initiative for Nigeria' in Saliu, H. A. et al (eds.), *Nigeria Beyond 2007: Issues, Prospects and Challenges* Ilorin: Faculty of Business and Social Sciences, University of Ilorin pp 328 – 346

Saliu, H. A. (2001). "Democracy and Political Opportunism in Nigeria" *Ife Social Science Review* Vol. 19 No. 1 pp 72-81

Udoma, U. U. (2005), Report of the Campaign for Debt Relief to Nigeria's Principal Creditor Countries undertaken by a National Assembly Team in April and May 2005 presented to the Senate on Thursday 2nd June