Fiscal Reform in Nigeria:

Navigating Nigeria's debt burden whilst protecting social spending

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Executive Summary

Nigeria remains in dire need of finance to invest in growth and development.

However, after years of overborrowing and underinvestment in revenue collection and social sectors, Nigeria remains highly fiscally constrained, with little room to invest in priority sectors, let alone weather any further shocks. Global conditions remain unfavourable and uncertain, and whilst the international community can make some changes to help increase financial flows to Nigeria, the domestic policy must finally start to keep pace to capture the growth and development benefits.

This report reviews the deterioration of Nigeria's finances over the last decade, with a focus on debt. We ask whether Nigeria's problem is really just a borrowing one, what other factors have contributed, both domestically and externally, and the implications that these have had on Nigeria's investment in human capital and key sectors. Understanding this, we propose a roadmap out, that charts a path towards sustainable debt, growth and development.

Facts and Figures

DEBT
Nigeria's public debt stock tripled between **2014 and 2021,** largely driven by external debt.

SOCIAL EXPENDITURE
The Government spent just **2.6%, 4.9%, and 6.2%** of its expenditure on agriculture, health, and education in 2021 respectively, compared with 38.1% on debt servicing.

DEBT SERVICE
Debt service ate up **91% of government revenues in 2021,** up from 29% in 2014. Increased borrowing, rising borrowing costs, and lower government revenues are to blame.

FISCAL DEFICIT
Nigeria's fiscal deficit increased sevenfold between 2014 and 2021, from **N881 billion to N6.44 trillion.**

REVENUE
Nigeria's revenue represented just **7.3% of GDP in 2021**, compared with sub-Saharan Africa's average of **17.1% in 2021**[1]**.**

OIL THEFT
620 million barrels of crude oil worth N16.25 trillion ($46.16 billion) were lost between 2009 & 2020. This is almost 60% of the fiscal deficit during the same period[3].

OIL REVENUE
Oil Revenue continues to trend lower, largely due to low oil production. Oil revenue fell from **$12 billion in 2014 to $2.5 billion in 2021.**

CHALLENGES HAVEN'T PEAKED
$4 billion in external debt service is due in 2025, up from **$3 billion** in 2023 and **$2.5 billion** in 2024, creating refinancing challenges[4].

FUEL SUBSIDY
Fuel subsidy is projected to have consumed over **61.4% of oil revenue in 2022.**

THE BOTTOM LINE
More than **six in 10 Nigerians** remain multidimensionally poor[5].

DEBT STOCKS
Nigeria's debt stocks have grown nearly **3 times faster** than its revenue between 2014 and 2021 (20% vs 7%).

TAX WAIVERS
In 2019, **1.2 trillion Naira ($2.76 billion)**[2] in Corporate Income Tax waivers were issued, double the amount of money allocated for education.

The Roadmap out: Requires Domestic and International Efforts

THE NIGERIAN GOVERNMENT SHOULD:

- → Increase debt sustainability, by committing to use concessional sources for all debt, and refinancing where possible to reduce the amount of debt service paid.
- → Resist the attempt to bring back fuel subsidy, drastically cut waste in government expenditure (cost of governance), enhance tax policies and plug revenue leakages to free up resources for investment in social protection and transformational sectors like agriculture, education, health and infrastructure.
- → Work with governments in the region to establish and advocate for common positions on reforms to the global financial architecture.

MULTILATERAL INSTITUTIONS, DONOR COUNTRIES, AND INTERGOVERNMENTAL FORUMS SHOULD:

- → Significantly scale up development finance to African countries.
- → Reform the global debt architecture so that it is fair and equitable.
- → Ensure that African countries have a seat at the table in decision-making forums.

Background

Africa is battling a new debt crisis. Countries already face tough decisions about how and when to restructure unmanageable debts whilst considering the consequences that doing so could have for the economy, social spending, and future prosperity. This is the reality facing Nigeria as its new president takes office. A priority for President Bola Tinubu must be to work across government and with the private sector and international donors to address Nigeria's looming debt crisis.

Nigeria's financing needs remain high. Yet global conditions are uncertain, fuel and food costs remain high, growth prospects look dim, and securing investment is challenging and costly. Unless urgently addressed, the country's financial strain will continue to directly impact its budget, hampering healthcare, education and infrastructure provision, likely pushing more people into poverty.

Nigeria's past failures to reform have put it in a particularly tight corner. New debt has, at times, come at the expense of macroeconomic stability, and has not yielded the revenue and economic growth needed to repay the debt. Global conditions have deteriorated since 2020, putting strain on all sources of finance. Rising interest rates have made private debt more expensive, weak global demand has negatively impacted export revenues, and strained budgets in advanced economies have slowed development aid flows.

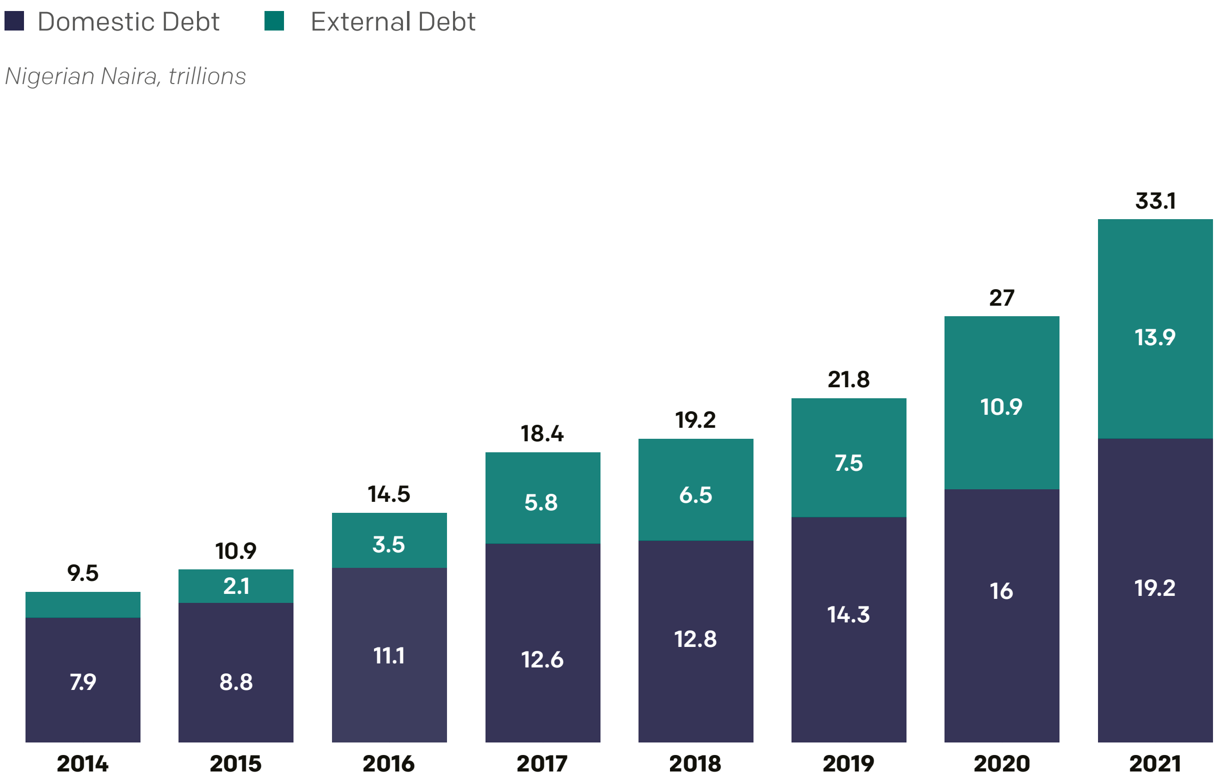
Nigeria faces an uphill battle. Alongside a redoubled international effort to give countries like Nigeria a fair shot at development, Nigeria's leaders must show discipline and adherence to the rule of law as Nigeria seeks to work its way out of the current challenges. Below we outline a path forward that requires both domestic and international cooperation to address Nigeria's financing challenges whilst safeguarding the country's already burdened citizens.

SECTION ONE

Nigeria’s Debt situation - stock, service, revenue and the impact on expenditure

The Federal Government of Nigeria's (FGN) public debt has risen sharply in recent years. From just N9.5 trillion in 2014, public debt more than tripled by 2021, when it reached N33.1 trillion. FGN debt as a portion of GDP increased from 11.6% to 28.8% over that period[6]. The rise was mainly driven by external debt, which increased from N1.6 trillion in 2014 to N13.9 trillion in 2021, an average of 37% per year. Meanwhile, domestic debt increased by an average of 14% annually, from N7.9 trillion to N19.2 trillion.

Graph 1: Nigerian Federal Government debt has increased significantly over recent years, driven by rising external debt



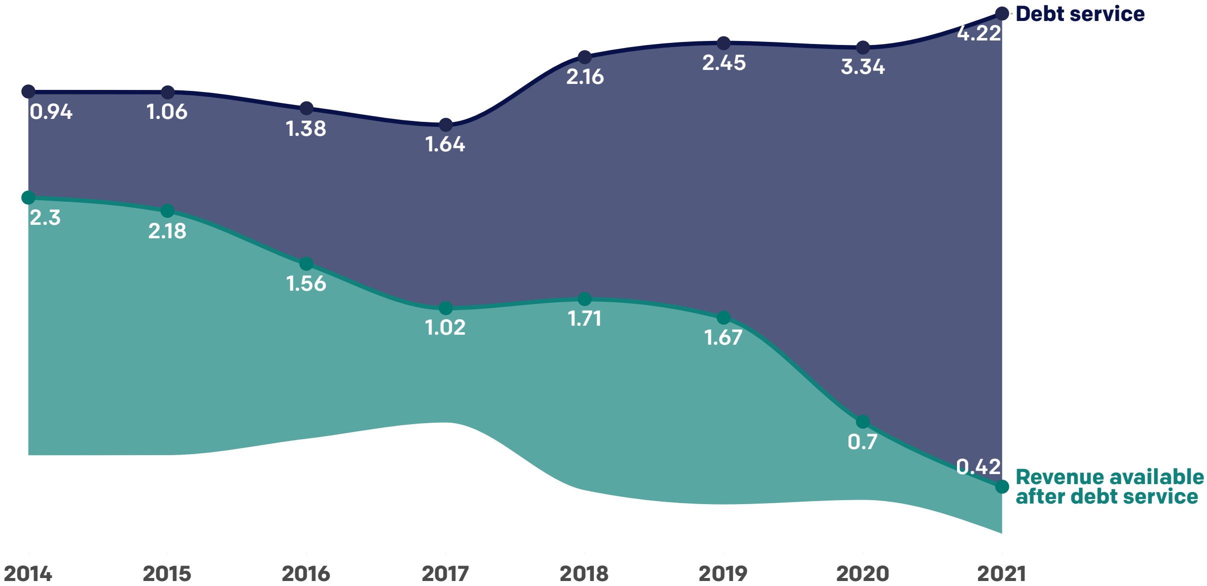
Source: Debt Management Office of Nigeria
Notes: Data is in current prices.

However, compared to other African countries, which average 24.0%[7], Nigeria's 28.8% debt to GDP ratio doesn't seem that high. As long as countries can keep up with repayments, the total debt is less important. France and the US have ratios of 123% and 126% and face no debt sustainability challenges or problems borrowing[8].

The challenge for Nigeria, like for many low- and middle-income countries, is that debt servicing is taking up greater shares of revenue, making its debt less sustainable. Ninety-one percent of Nigeria's N4.6 trillion in revenues in 2021 went toward servicing its debt, up from 29% in 2014. That left just 9% or N278 billion to finance the entire budget, including healthcare, education, and infrastructure investments. The government ended up spending N11 trillion in 2021, taking on new debt to cover its budget and worsening the vicious debt cycle that the country finds itself in today.

Graph 2: Debt service consumes nearly all government revenue

Nigerian Naira, trillions



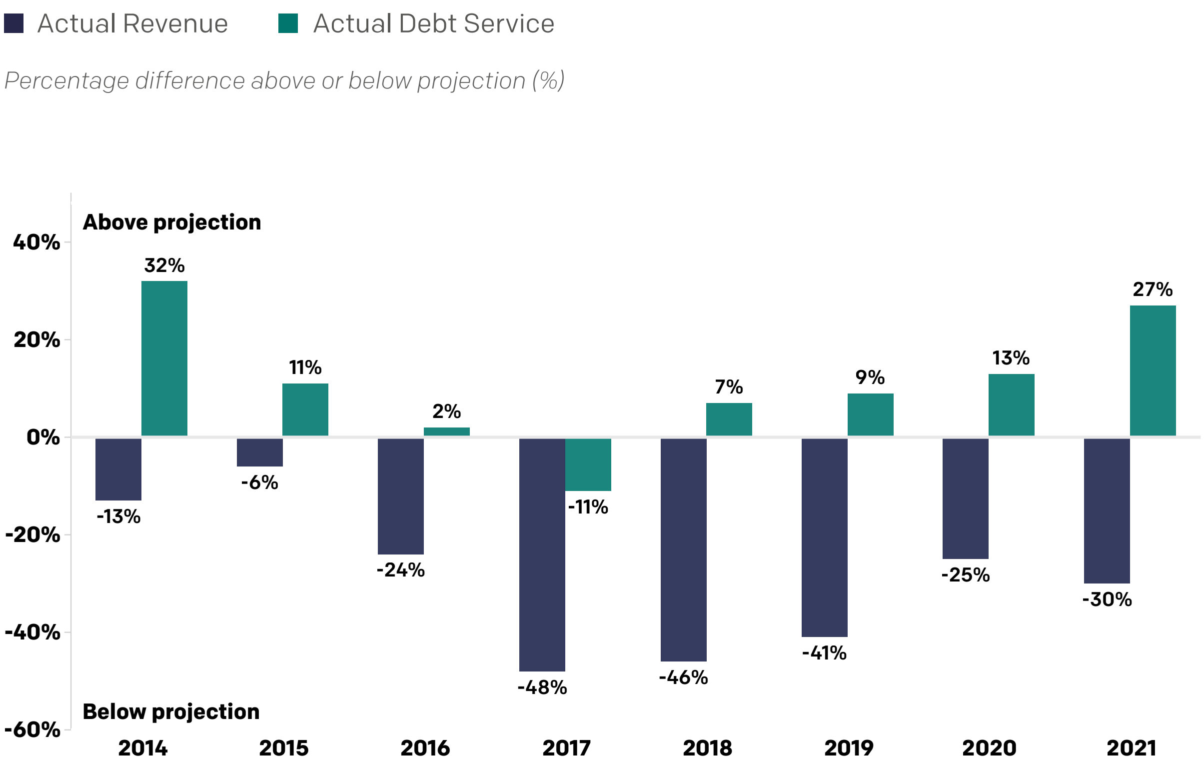
Source: Budget Office of the Federation, Federal Republic of Nigeria
Notes: Revenue available after debt service shows total actual revenue minus actual debt service for that year.

Rising debt service payments have been exacerbated by two factors; insufficient government revenues and higher borrowing costs. Both have domestic and external drivers, which are explored in *sections 2 and 3*.

Nigeria's revenue growth has not kept pace with the amount of debt being taken on. Between 2014 and 2021, Nigeria's revenue grew by 7% per year, on average, from N3.2 trillion to N4.6 trillion. Debt stocks, meanwhile, rose by 20% per year on average (almost quadrupling) and debt service increased by 24% per year on average.

Nigeria's revenue represented just 7.3% of GDP in 2021. Even Ethiopia, in the midst of an internal conflict, managed a 11.0% revenue-to-GDP ratio that year. Sub-Saharan Africa's average was 17.1% in 2021[9]. Nigeria has the largest GDP in Africa, and about two-thirds of this is from the informal sector[10], making revenue collection challenging. Nevertheless, Nigeria has been consistently bad at predicting and achieving revenue targets, falling short by an average of 29% every year since 2014. Despite seeing improvement in recent years (2017 saw just half of projected revenue collected), 2021 revenue was still 30% lower than projected. The government is predicting 2022 revenues of N8.2 trillion. If accurate, that would mark a sizable 77% increase over 2021, but given the government's poor track record of accurately projecting revenues, a lower figure is plausible.

Graph 3: Nigeria consistently generates less actual revenue and pays more actual debt service than projected

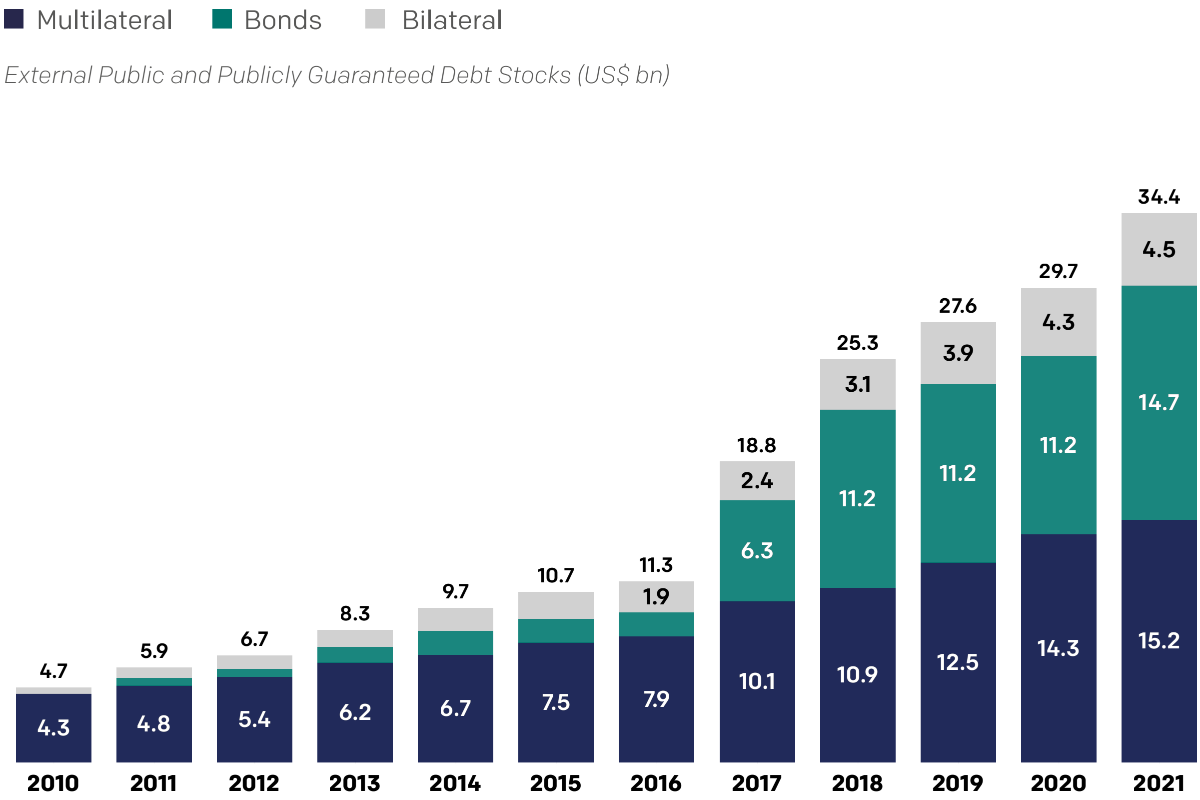


Source: Budget Office of the Federation, Federal Republic of Nigeria
Notes: Figure shows the difference between actual values and projected values, as a share of projected values.

Nigeria's debt is becoming more expensive. Interest rates – and therefore Nigeria's interest payments – have increased significantly since mid-2022. That has caused the cost of debt service to increase at a faster pace than the country's overall debt levels.

Interest rates can be determined by the type of lender, as well as economic factors. For Nigeria's external debt, we can see the change in the composition of lenders over time. Cheaper, or concessional rates are usually given by advanced economy governments or multilateral development banks like the World Bank and the African Development Bank (AfDB). However, these loans often come with strings attached, and take a long time to organise. Private sector lending does not have these constraints, but carries more expensive market rates. Nigeria has increased its private debt in the form of Eurobonds, which are government bonds that are denominated in foreign currency, from $1.5 billion or 15% of total debt in 2014, to $14.7 billion or 43% in 2021[11].

Graph 4: Nigeria is increasingly relying on costlier private sector bonds to meet its financing needs



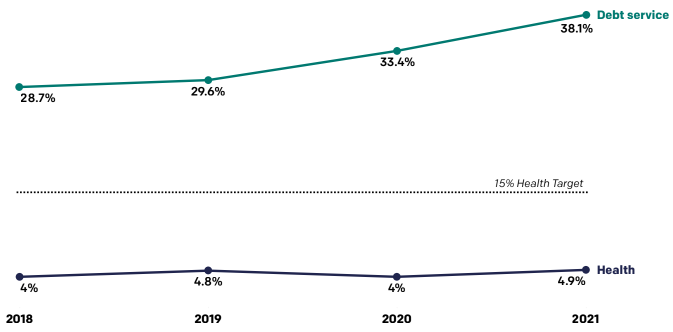
Source: International Debt Statistics (IDS) database
Notes: Data is external debt only (in current prices).

The increasing cost of servicing debts is restraining government spending on human capital and agricultural transformation. As shown in the graph above, the higher cost of servicing Nigeria's debt in the face of declining government revenues is taking up limited fiscal space that should be allocated to key areas that are transformational to the growth of the economy and improved well-being of the citizens.

Nigeria, however, is still not spending enough on these key sectors and is falling short of meeting its commitments. This includes the Abuja Declaration commitment of allocating at least 15% of the budget to health, the government's Malabo Declaration commitment to allocate at least 10% of public expenditure to agriculture, and the UNESCO recommendation of spending a minimum of 15% of total public spending on education. Nigeria spent only 2.6%, 4.9% and 6.2% on agriculture, health and education, respectively in 2021. Meanwhile, Nigeria spent nearly triple that combined amount, 38.1% on debt servicing.

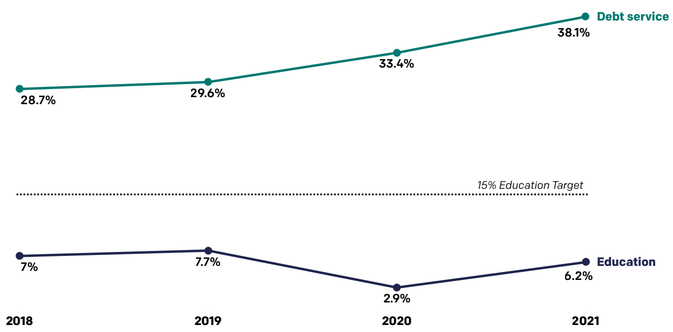
Graph 5: High debt service prevents Nigeria from reaching the health spending target

Share of actual federal government expenditure (%)



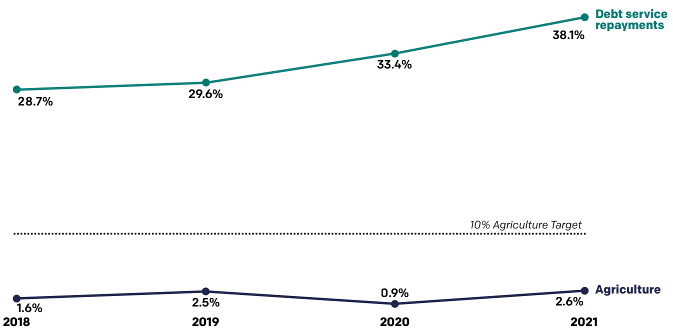
Graph 6: High debt service prevents Nigeria from reaching the education spending target

Share of actual federal government expenditure (%)



Graph 7: High debt service prevents Nigeria from reaching the agriculture spending target

Share of actual federal government expenditure (%)



Source: Budget Office of the Federation, Federal Republic of Nigeria

Nigeria's vicious debt cycle. The federal government is now at a point where it needs to take on more debt to service its existing debts and meet other spending commitments - having failed to achieve a significant increase in its revenue mobilisation. To help cover fiscal shortfalls, the FGN has designed the Ways and Means clause, which enables the Federal government to borrow from the Central Bank of Nigeria. It is meant to be a short term, emergency fund that must not exceed 5% of the previous year's actual revenue and must be repaid by the end of the year it was granted[12]. The outstanding ways and means balance at the year-end of 2018 – close to the end of the first term of the Buhari administration – was N8.1 trillion. That was 60 times more than the 5% of the revenue earned in 2017, which is a breach of the statutory limit. Since 2019, the Government has stopped officially reporting on the amount of debt accrued under the Ways and Means clause.

However, recent reports state that it reached NGN 22.7 trillion at the end of 2022, almost double the NGN 11.7 trillion reported in 2019, which has not been repaid annually as required[13]. We also know that from the N9 billion accrued in 2017, the total debt service due on Ways and Means debt reached N1.22 trillion in 2021 - making up 28.9% of all debt service[14]. Overuse of the Ways and Means clause has not only been costly, but has helped fuel inflation by increasing the amount of money in the domestic market[15]. The Senate approved President Buhari's request to restructure this debt[16], which the World Bank estimates could save Nigeria 0.6% of GDP between 2023 and 2027[17]. It is critical that the new administration follows through on this commitment.

SECTION TWO

External factors have contributed to Nigeria's deteriorating debt situation

Global interest rates and Credit Ratings Agencies have driven up the cost of Nigeria's external debt, particularly the $14.7 billion owed in foreign currency Eurobonds.

When interest rates in the US were low, up until 2020, Eurobonds also carried a lower interest rate, so it made sense to borrow. However, the US has increased its interest rate rapidly over the past two years in response to rising inflation. After cutting rates to 0.25% in 2020[18] and then throughout 2021[19] to try to hold up economic growth amidst the Covid-19 pandemic, the US Federal Reserve Bank has since hiked rates 9 times to reach 5%[20]. This has driven up the cost of Nigeria's bonds, which factor this interest rate in.

The cost of those bonds also is determined in part by Credit Rating Agencies, which assess the risk that Nigeria may be unable to repay its debt and apply a risk premium. Those agencies have been credibly accused of applying an arbitrary risk premium of as much as 2.9% to African countries[21].

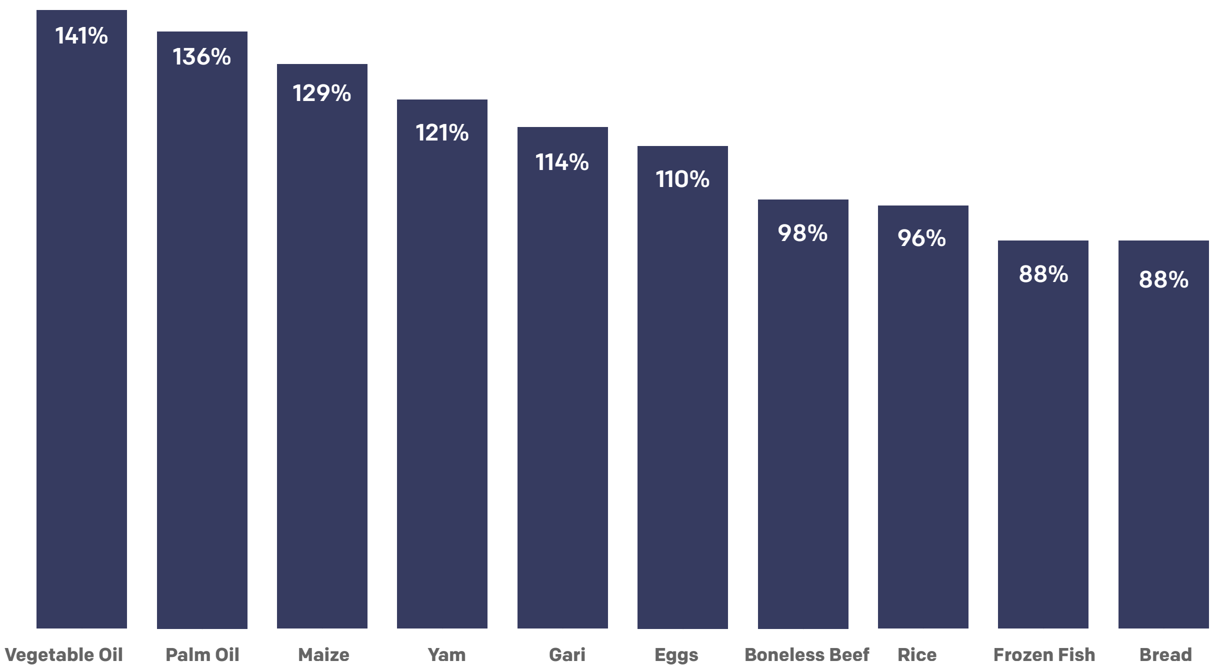
Global interest rates are not expected to decline this year, whilst the unstable environment means that global investors are now less inclined to buy bonds in riskier markets[22]. Combined, this means that we expect challenges in accessing private finance in emerging markets to persist, and the extra amount Nigeria pays for its sovereign debt to further increase[23].

Global conditions have also had an impact on revenue and expenditure. The Russian war in Ukraine has driven up oil and food prices worldwide. Despite being an oil-producing country, Nigeria's fuel subsidy has caused the fiscal deficit to widen in recent years, reaching N6.4 trillion in 2021, an 8% increase from 2020. Nigeria's fiscal deficit is expected to widen further in 2022. Fiscal deficits are a key driver of increases in debt burdens, as it is one of the few ways that governments can finance them[24].

Government faces increased fiscal pressure as domestic food prices have been driven up as the result of Covid-19, adverse weather conditions, elevated insecurity and the war in Ukraine. Nigeria is a net importer of food. The country experienced a significant increase of 25% in net basic food imports, rising from $3.6 billion in 2019 to $4.5 billion in 2021[25]. The high costs of imported cereals, fertilisers and fuel mean that domestic food prices are likely to remain high - disproportionately impacting the poorest, who spend higher shares of their income on food. Between March 2019 and March 2023, the prices of major food items have more than doubled[26]. Nigeria is among the group of countries worldwide that are least food secure, with about 25.3 million people projected to face acute food insecurity during the June to August lean season in 2023. Responding adequately to the food security crisis will put further pressure on government finances, as it would require providing support for agriculture and nutrition programs such as cash transfers, school feeding programs, input subsidies, and livelihood support to rural farmers.

Graph 8: Prices of major food items have significantly increased since 2019

Change in price over 2019 to 2023 (%)



Source: Nigeria National Bureau of Statistics

SECTION THREE

Domestic policy challenges

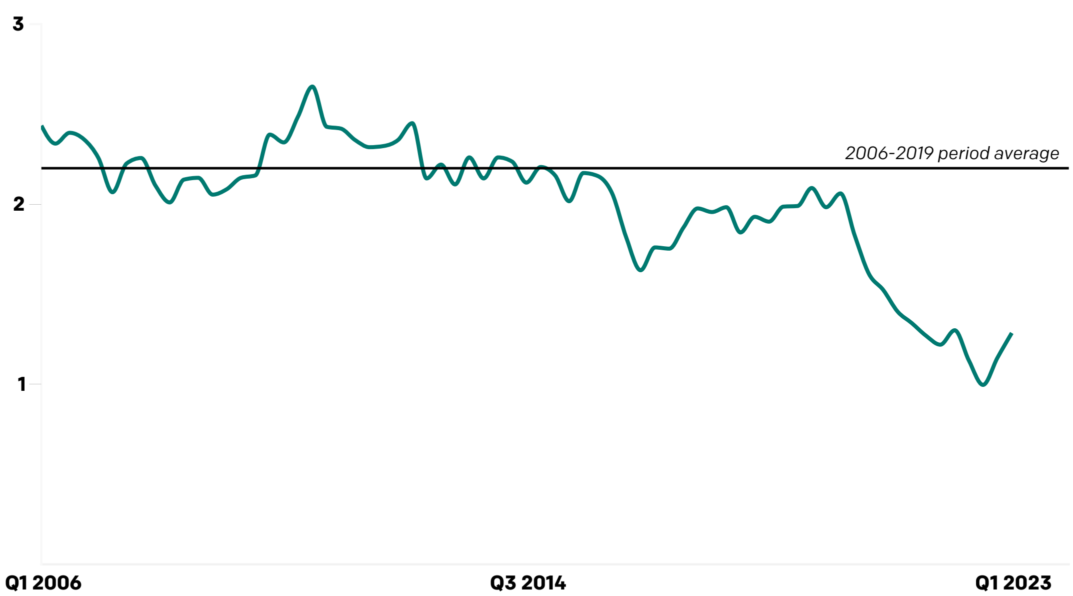
Oil production deficit and fuel subsidy weighs heavily on revenue mobilization. Nigeria's budget deficit has deepened, reflecting the crippling effects of oil production shortfalls and the government's unsustainable spending on fuel subsidies.

The COVID-19 pandemic caused global economic supply disruptions in 2020, but Nigeria's oil production continued to decline in 2021 and 2022, driven by theft, vandalism, communal conflict, and inadequate investment[27]. Despite implementing surveillance measures and installing new pipelines to curb oil theft, Nigeria has continued to suffer significant losses. According to the Nigerian Extractive Industries Transparency Initiative (NEITI), the country lost almost 620 million barrels of crude oil valued at N16.25 trillion ($46.16 billion) to crude oil theft between 2009 and 2020[28]. This eye-opening figure, which represents almost 60% of the fiscal deficit during the same period, already highlights the urgent need for decisive action to address the rampant problem of crude oil theft. In 2022, oil theft and pipeline vandalism grew markedly, with Nigeria losing an average of 437,000 barrels of oil daily, resulting in a monthly revenue loss of $700 million (N322 billion)[29]. In 2022, Nigeria produced an average of 1.2 million barrels of crude oil per day which is 25% less than the 2022 (revised) budget estimate.

Although measures to tackle oil theft through greater surveillance and capture of barges and criminals are finally bearing results, restoring crude oil production to pre-pandemic levels remains a significant challenge. While there has been some progress, with crude oil production increasing from a low of 0.9 million barrels per day (mbpd) in September 2022 to 1.3 mbpd in March 2023, there is still a long way to go to reach the historical production average of 2.2 mbpd[30].

Graph 9: Oil production is well below pre-covid levels

Barrels per day (millions)



Source: Central Bank of Nigeria
Notes: Oil production shows average quarterly production. The 2006-2019 period average (median) is 2.2 million barrels per day.

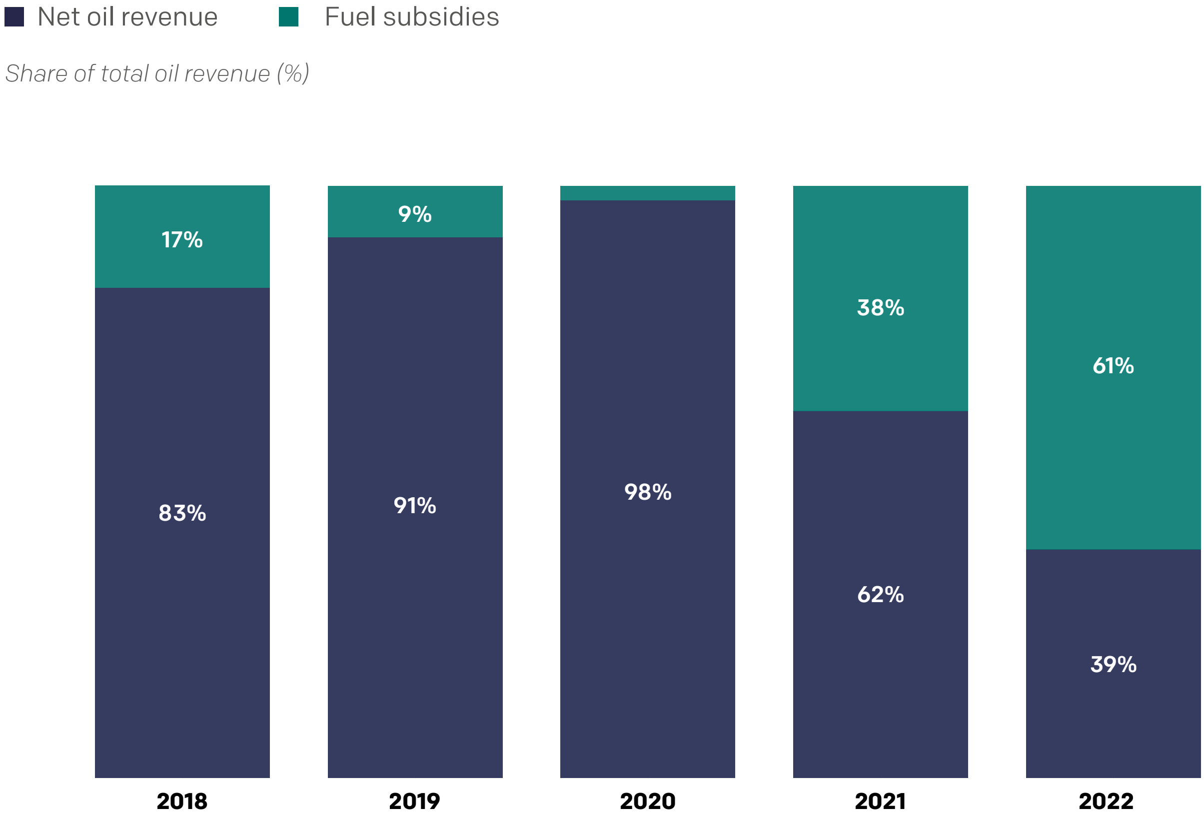
In addition to implementing measures to combat oil theft, the Nigerian government must commit to the full implementation of the Petroleum Industry Act (PIA) to boost investment in the upstream and downstream sectors of the oil and gas industry, as not reaching the full potential of the sector represents a huge financial leakage. Effective implementation of the PIA will provide a more favourable investment climate for companies and encourage more investment in the oil and gas value chain, which will ultimately help to boost production and revenue for the country. However, to build resilience to climate change and other external trade shocks, it is crucial for the Nigerian government to prioritize medium to long-term strategies that promote diversification away from oil and gas. This includes promoting investment in renewable energy, sustainable food systems, digital infrastructure, creative economy and other labour-intensive sectors. Such measures will not only reduce the country's dependence on a single industry but also foster economic stability, job creation and sustainable growth in the face of evolving global challenges.

Rising fuel subsidy depletes government's resources, hindering the capacity to tackle poverty.
Post-pandemic rise in oil prices have led to increased costs for imported petrol, resulting in higher fuel subsidies and adding strain to the government's finances. This situation is concerning as the subsidy cost has surged from 2.4% of oil revenues in 2020 to an alarming 38% in 2021[31], surpassing the combined expenditure on education, health, and social protection[32]. In 2022, IMF projections indicated that fuel subsidies would consume over 60% of oil revenues, causing transfers to the Federation Account to fall to zero in the first four months of the year (from N487 billion during the same period in 2020, and N196 billion in 2021)[33].

Following the inauguration of President Tinubu, the Federal Government removed the the petrol subsidies on May 31 2023. Despite facing historical public pressure and protests that forced previous governments to reverse its decision to remove subsidies thrice in the last decade, the incoming administration has shown commitment to bring a closure to the 5 decades-long fuel subsidy regime to mitigate its sizable impact on the country's budget, economy and vulnerable households. While the intention of the subsidy is to make fuel affordable for Nigerian citizens, evidence suggests that only a small fraction of petrol is utilized by the Nigerian poor and middle class. Consequently, poor households will receive fewer government interventions as the subsidy depletes resources that could be allocated to social programs such as education, health, rural infrastructure, and cash transfers. Any attempt to bring back the fuel subsidy will exacerbate the country's financial problems and hinder its ability to address the ongoing crisis.

Maintaining the status quo, on the other hand, will substantially increase government revenues for development financing. It is crucial for the government to recognize these implications and take necessary steps to mitigate the negative effects of the subsidy on poor households.

Graph 10: Fuel subsidies are consuming an increasing share of total oil revenue



Source: IMF Staff Country Reports, Nigeria 2022
Notes: Net oil revenue shows total oil revenue excluding expenditure on fuel subsidies. 2022F is forecasted data.

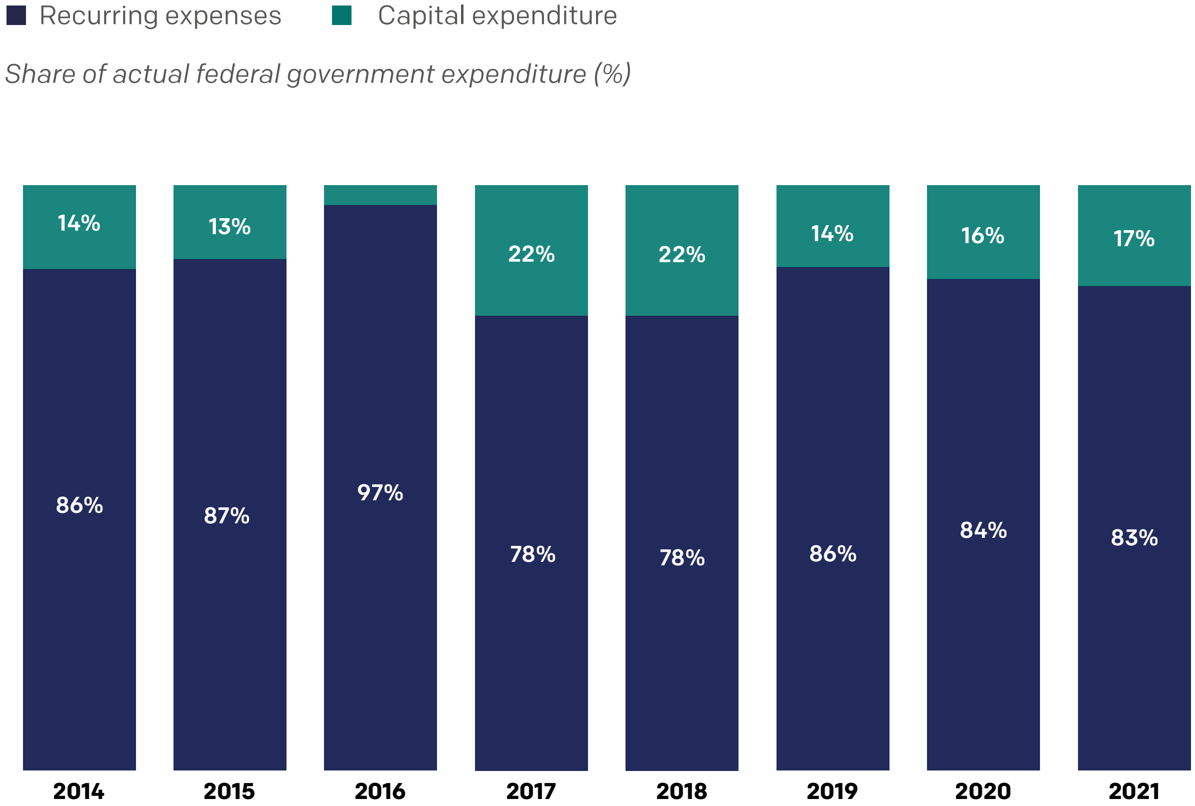
Financial leakages further limit Nigeria's revenue. Nigeria's tax revenue is lower than its potential because of the ineffective use of tax incentives, large informal sector and illicit financial flows, among others. The federal government's ineffective use of tax incentives, which it rarely assesses or discloses, further limits its revenue. Although tax incentives can be beneficial for attracting investments in a particular sector, it is global best practice to regularly assess it to ascertain that it achieves the objectives for which it was given in the first place. However, while the legislation requires the evaluation and reporting of the budgetary and financial implications of tax incentive[34], Nigeria has only reported the financial implications of the tax incentives issued once, in 2019, when it disclosed that 1.2 trillion Naira ($2.76 billion) in Corporate Income Tax waivers were issued, about double the amount allocated for education that year[35].

Despite the large size of the informal economy in Nigeria, businesses in the informal sector do not report their income and hence are not taxed. Also, tax rates across various types are lower in Nigeria compared to her peers, undermining the tax revenue collected. For instance, excise tax on tobacco in Nigeria is at 30% ad valorem (plus 4.2 Naira) on each cigarette stick[36] compared to 175% for Ghana[37].

Illicit financial flows - which are illegal movement of money from one country to another - is another form of leakage draining government revenue in Nigeria. These flows, driven by tax evasion, illegal extractive activities, trade misinvoicing, bribery and corruption and transborder financial crime, not only hinder the country's development through loss of resources, but also worsen inequality. In Nigeria, the 2021 State of Tax Justice Report revealed that about $1.8 billion is lost annually through corporate tax abuse[38]. This[39] amount of money could put at least 2.5 million out-of-school children in school[40].

Although the Nigerian government has taken some steps to address the issue, for instance through the establishment of the Economic and Financial Crimes Commission to curb money laundering and corruption, and the repatriation of up to $1.48 billion[41] in stolen assets through the Stolen Asset Recovery Initiative (StAR), a lot still needs to be done. Nigeria should work to establish a unified African position to push for a truly fair global tax system that enables Nigeria and other African countries to collect their fair share of taxes from multinational corporations. That includes pushing for the implementation of a global standard for public country-by-country reporting[42] and unitary taxation[43].

Graph 11: Federal government prioritises recurring expenses over capital expenditure



Source: Budget Office of the Federation, Federal Republic of Nigeria

Nigeria's increasing debt burden has not translated into improved developmental outcomes. While debt can be used to finance developmental projects and drive developmental outcomes, its effectiveness depends on how well the borrowed funds are utilised and managed. Despite Nigeria's growing debt burden, little progress has been made in translating this debt into significant developmental outcomes. Notwithstanding that Nigeria's debt stock and debt burden have increased significantly over the past decade, most Nigerians are no better off today, and many are worse off as a result of the pandemic, with more than six in 10 being multidimensionally poor[44]. One key reason is the inefficiency of public spending. Historically, the federal government has spent more on recurrent items like wages and debt servicing than on capital expenditure like infrastructural development such as the construction of roads and railway systems and improving the electrical grid.

Another reason that debt has not translated into development impacts is the mismanagement of borrowed funds, corruption, and a lack of accountability in the utilisation of public resources. To achieve meaningful developmental outcomes, there is a need for transparent and accountable use of all public resources, including debt.

SECTION FOUR
Solutions, the roadmap out

Nigeria needs both domestic and multilateral solutions to improve fiscal capacity. The nigerian government should:

1. Increase debt sustainability

- **Immediate:** Commit to use concessional sources for all debt, refinancing where possible to reduce the amount of service paid. This should include the refinancing of the Ways and Means loan, which could save 0.6% of GDP between 2023 and 2027; legal limits on its use should be adhered to in the future.
- **Immediate:** Increase debt transparency, particularly for terms agreed on collateralized debt, domestic subnational debt and State Owned Enterprise (SOE) debt.
- **Short term:** Utilise innovations to refinance and reduce debt such as disaster clauses, debt swaps and other future opportunities (like Brady bonds[45] for instance), to reduce debt and smooth payments.

2. Free up resources for investment in social sectors and areas (agriculture, education, health and social protection)

- **Immediate:** Block leakages in public finance including the haphazard use of tax incentives by committing:
    - to full transparency by annually reporting the tax incentives granted;
    - to publish any studies done to assess the potential impact of the tax incentive;
    - to only grant tax incentives when a credible cost-benefit analysis indicates that they are financially sound investment of public funds
    - to do an audit to assess whether tax incentives were beneficial.
- **Immediate:** Effectively prioritise government spending to maximise better outcomes that deliver on developmental goals.
- **Short term:** Divert funds to be saved from the fuel subsidy removal to better-targeted programmes like infrastructural development and direct cash transfers to the most vulnerable.
- **Short term:** Implement policies that will enhance formalisation of informal businesses in order to broaden the tax base.
- **Short term:** Introduce tax reforms such as increasing excise taxes and property taxes, to increase tax revenues.

3. Work with governments in the region to reach common positions on the global financial architecture, including:

- **Immediate:** Work with borrower groups to speak with one voice on reform of the G20's Common Framework, ensuring that African countries' priorities for fair and fast restructurings are represented.

- **Immediate:** Push for fair pricing of African debt, by supporting the AU's African Peer Review Mechanism and UNECA's network of regulators group to implement regulation for Credit Rating Agencies operating in Africa.

- **Immediate:** Work with the African Union to identify a common position/tax framework that Africa can champion in light of the current global debate on international tax rules.

- **Medium-term:** Work to increase Africa's voice in global forums through the AU and other coalitions.

Multilateral Institutions, donor countries, and Intergovernmental forums should:

1. Increase the amount of development finance available to African countries to invest in growth and development

- **Immediate:** Reform Multilateral Development Banks (MDB) to unlock up to $1trillion in additional concessional lending.

- **Short Term:** Enable the rechanneling of Special Drawing Rights (SDRs) through the AfDB to increase the financial resources available to Nigeria.

- **Short Term:** Replenish International Development Association (IDA) and other concessional windows. Nigeria is eligible for both IDA and International Bank for Reconstruction and Development (IBRD) lending.

2. Reform the global debt architecture to function so that it is fit for purpose

- **Immediate:** Reform the Common Framework to enable debt workouts to be fast, effective and predictable, and expand eligibility to Middle Income Countries (MICs) like Nigeria.

- **Immediate:** Protect borrowing countries from unfair litigation in New York and English courts by exploring and implementing anti-holdout legislation.

- **Immediate:** Innovate around new debt instruments that support current global conditions, including swaps, suspension clauses and brady bonds.

- **Medium term:** Ensure that Africa's finance is priced fairly by improving the transparency of Credit Ratings Agencies.

3. Rebalance the global power dynamic

- **Immediate:** Fund facilitation of south-south collaboration, research and policy think tanks.

- **Immediate:** Invest in manufacturing and value added industry in African countries.

- **Medium term:** Ensure African countries have a meaningful seat at the table in decision making forums and have increased representation in the Bretton Wood Institutions.

- **Medium term:** Implement public beneficial ownership registers to help stem illicit financial flows, and support reforms to the global tax system that thwart tax avoidance and enable African countries to collect their fair share of taxes.

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