



Ref. August 19, 2020

Senator Ahmed Lawan
President of the Senate
Federal Republic of Nigeria,
National Assembly Complex
Three-Arms Complex
Abuja, Nigeria



NIGERIA MUST AVOID A DEBT CRISIS

I am writing to you, and your colleagues, on an issue that is urgent and important as regards our national security. Without mincing words, Nigeria, as a nation, is in danger of entering a debt crisis. That is if we are not already in one.

On May 29, 2015, Nigeria's total national debt stood at approximately N12 trillion. As of August 2020, our national debt has tripled to N28.63 trillion. Even more alarming is the fact that the foreign debt portion of our national debt has risen from less than \$10 billion on May 29, 2015 to almost \$30 billion in August 2020.

A further cause for concern is the fact that not all of these debts are necessary. A study of the use to which these monies have been put to will show that much of it has gone towards items or projects that are non productive or viable.

Another issue arising, are the terms and conditions of the loans being procured, which may, if care is not taken, put Nigeria in the same situation as nations who have lost some of their independence due to their inability to service or repay their debts.

It is prudent that I do not go into too much detail, in order that panic does not set in amongst the citizenry, and the economy. However, I am aware that Distinguished Senators have been appraised of the full details of these troubling facts, and that in public and private, many of our patriotic Parliamentarians have shared these same concerns I have raised here.

What should be done? We must do something. We cannot watch askance, while our nation teeters towards financial peril, and the

future of our youths, as well as generations yet unborn, has been placed in what could very well be bondage-like conditions. We must take decisive action.

As such, in view of your role as a check on the excesses of other arms of government, may I suggest that going forward, the National Assembly should refuse to approve any new loan requests, where such loans are to be spent on projects or items that are not income generating, or production based, or indeed viable.

For the avoidance of doubt, in the business world, a project is deemed viable when the economic benefits of that project outweighs its cost. Looking at some of the projects and items that our current indebtedness has been spent on, on a line-by-line item, much of them are unviable.

The more Nigeria continues to go into debt to fund consumption and unviable projects, the more we risk insolvency. Our debt to GDP ratio may look healthy, however, our debt to revenue ratio is very unhealthy and this is reflected in Nigeria's bond market. Our foreign reserves are depleting and we have had to devalue the Naira more than once this year. What we spend on debt servicing now dwarfs actual investment on our people. These are very disturbing signs.

Even beyond this, may I further appeal to the National Assembly to pay particular attention to the details of these loans, and apply this rule - when in doubt, leave out taking such loans? We cannot be frivolous about issues surrounding our sovereignty. Our political independence is highly compromised if we have no economic independence.

Taking these actions may lead to a situation where the powers that be may not take kindly to you. However, I can assure you that if you do, the verdict of history will be kind to you. The powers-that-be is transient. But History is permanent and unforgiving.



Atiku Abubakar, GCON

Wazirin Adamawa

Vice President of Nigeria, 1999-2007