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Management of External Debt: Nigeria's Experience

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MANAGEMENT OF EXTERNAL DEBT: NIGERIA'S EXPERIENCE[1]

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This paper traces the genesis of Nigeria's external debt from the period prior to the introduction of the Structural Adjustment Programme (SAP) to the current period. The factors which combine to bring the external debt to its current level comprise borrowings from the multilateral and bilateral institutions, the accumulation of trade arrears, default in the repayment of loans, capitalization of unpaid interest, and depreciation of the U.S. dollar against other major international currencies in which the loans were contracted. Measures taken to limit the growth of Nigeria's external debt include embargo on new loans, directives to State Governments to minimize external borrowings, and the adoption of SAP as well as refinancing, restructuring and rescheduling of the debt. With regard to the debt owed to the London Club, Nigeria bought back 62 per cent of the debt and issued collateralized Par Bonds for the remaining 38 per cent to achieve a debt and debt service reduction through a Brady type deal. The package obtained from the Paris Club so far has only provided a temporary relief and had never provided any debt reduction. In fact, the debt stock owed to the Club increased despite the fact that no new debts were procured following the capitalization of unpaid interest in the consolidation period. The other strategy adopted to reduce the debt stock is the Debt Conversion Programme (DCP). For purposes of achieving enduring debt relief the paper proposes that 50 per cent of the commercial component should be converted to a 30 year collateralized Par Bonds, while the remaining 50 per cent should be rescheduled over a period of 25 years with fixed interest rate of 5 per cent per annum including a grace period of 5 years. The entire government/ODA debts should be rescheduled over a period of 25 years at a fixed interest rate of 3.5 percentage point below the market rate, including a grace period of 10 years. All the debts should also be eligible for conversion under the DCP.

Since the collapse of the oil boom in 1981, the Nigerian economy has undergone considerable strains and stresses. The pressure has been evident in the persistent deficits in the balance of payments, low external reserves, deficits in government finances, mounting external debt etc. The inherent weaknesses in the structure of the economy as reflected in the over-dependence on foreign exchange earnings from oil, undue dependence on imports for its productive base in the face of declining foreign exchange earnings and weak terms of trade led to a situation in which government sought to bridge the domestic financial resource gap with external borrowing.

The first major borrowing was the jumbo loan of about US $1.00 billion which was contracted in 1978 from the international capital market (ICM). The loan had a short term maturity with very high interest rate and was used to finance a number of projects. Thereafter more external borrowings from private capital markets were undertaken as credits from bilateral and multilateral sources dried up. Furthermore some State Governments resorted to imprudent borrowings from external sources to finance all sorts of projects of doubtful viability.

The debt problem soon escalated. The magnitude and severity of Nigeria's debt problem is more forcefully demonstrated by movements of certain debt ratios. At 13.3 per cent in 1980, the debt/export ratio rose to 404.2 per cent in 1986 through 341.0 per cent in 1987 and to 241.5 per cent in 1991. The ratio of debt/GDP rose continuously from only 3.8 per cent in 1980 through 62.3 per cent in 1986 to 350.1 per cent in 1991. Similarly the debt burden as measured by the ratio of debt service/ exports of goods and services rose rapidly from 0.7 per cent in 1980 through 28.1 per

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cent in 1985 to 25.8 per cent in 1991. This ratio would have exceeded 65 per cent since 1985 but for payment defaults and subsequent debt restructuring and refinancing.

The purpose of this paper is to provide a profile of Nigeria's external debt and debt service since 1980 as well as articulate efforts put in place by the authorities to reduce the stock and burden of debt in order to promote growth and development of the economy. The analysis is also aimed at fostering international comparisons, especially with other debt-distressed Third World countries in their bid to solve the debt problem.

For ease of presentation, the paper is divided into four parts. Part I highlights the trends in Nigeria's external debt and debt service burden. Part II focuses on analysis of the debt management strategies adopted by Government while Part III assesses the impact of external debt restructuring and refinancing on the external debt stock, debt service and the debt service ratio. Part IV contains concluding observations, highlighting issues and lessons.

PART I

TRENDS IN NIGERIA'S EXTERNAL DEBT AND EXTERNAL DEBT SERVICE, 1983 — 1991

Nigeria's external debt stock witnessed substantial changes, both in quantum and structure, between 1983 and 1991. In absolute terms, total external debt outstanding rose from $17,765 million in 1983 through $25,574 million in 1986 to $23,364 million in 1991. Thus, between 1983 and 1991, the external debt increased by $15,599 million, representing an annual growth rate of 7.3 per cent (See Table 1). In relative terms, the changes have not been less remarkable. Available statistics showed that though the ratio of debt outstanding to real Gross Domestic Product (GDP) was only 20.5 per cent in 1983, it had increased to 62.3 per cent by 1987, rising further to 350.1 per cent in 1991. This implies that interest payments apart, Nigeria would need more than her three years' GDP to pay off her principal debt obligations. The position is no less alarming when the debt to export ratio is used. At 148.9 per cent in 1983, the debt/export ratio reached a peak of 418.3 per cent in 1988, declining to 241.5 per cent in 1991 (See Table 3). The daunting increase in the debt stock is a reflection of increases in loans from the ICM as well as the multilateral and bilateral institutions, the accumulation of trade arrears, default charges on overdue scheduled payments, capitalisation of unpaid interest and the depreciation of the U.S. dollar against other major international currencies in which the loans were contracted.

There has also been some changes in terms of the structure and composition of the debt stock. Of the total debt outstanding in 1983, obligations to the Paris Club of creditors amounted to $5,390 million or 30.3 per cent, while $6,263 million (35.3%), $884 million (5%) and $1,526 million (8.6%) were owed to the London Club of creditors, multilateral institutions and "others", respectively. Trade arrears for which promissory notes were issued from November 1984 amounted to $3,702 million or 20.8 per cent. By the end of 1985 — the eve of our first rescheduling exercise with the Paris Club — the Paris Club's relative share in total debt outstanding had increased to 41.4 per cent while the London Club's share had declined to 18.8 per cent due to the cash payments on the unrefinanced trade arrears. It is worthy to note that the Paris Club's relative share has been on the increase, accounting for 53.3 per cent at the end of 1991 (see

Table 2).

The total external debt service payments amounted to $1,984 million in 1983, rising to $3,359 million in 1984. It increased to $4,029 million in 1985 but declined to $1,862 million in 1986. However, not only had debt servicing been increasing since 1987, interest payments as a proportion of the total witnessed substantial increase between 1986 and 1988. The debt service ratio increased from 16.6 per cent in 1983 to 25.9 per cent in 1984, declining to 19.3 per cent in 1987. It however increased to 25.8 per cent in 1991. The external debt service payment to external reserves ratio which was as high as 190.6 per cent in 1983, reached a peak of 286.1 per cent in 1988 but declined to 88.3 per cent in 1990. By 1991, this ratio had reduced further to 79.8 per cent. Debt service payments as a proportion of federal government retained revenue increased from 23.9 per cent in 1983 to 40.5 per cent in 1986 but has since then maintained an increasing trend, reaching 109.6 per cent in 1991. The dramatic increase in the debt service payment in 1990 is largely due to the fact that two Paris Club Agreements ran concurrently between May and December, 1990 (i.e. between end of one consolidation period and the beginning of another); thus requiring substantial payments to service them.

PART II

ANALYSIS OF NIGERIA'S DEBT MANAGEMENT STRATEGIES

The strategies adopted by the Nigerian authorities to manage the country's debt were carefully designed, not only to ameliorate the debt burden but also to stimulate sustainable growth in the economy. As a first step the factors that led to the debt overhang were identified and classified into two broad headings viz:

(i) *domestic factors* — these included inappropriate policy measures taken by government such as the Pre-SAP policy of maintaining over valued exchange rate for government's import-substitution industrialisation strategy, pre-SAP exchange control measures, Pre-SAP inappropriate pricing of agricultural products, inadequate incentive framework for direct foreign investment, inflation, etc; and

(ii) *external factors* — these relate to developments in the oil market, instability in commodity prices, adverse terms of trade, rising international real interest rates, fluctuations in the value of key currencies, etc.

Having identified these factors, government took firm and definite measures to address them. Some of the measures taken were:

(a) embargo on new loans;
(b) directives to State Governments to restrict their external borrowings to the barest minimum;
(c) adoption of the Structural Adjustment Programme (SAP);

(d) active support of the international financial communities particularly the World Bank and the International Monetary Fund (IMF); and

(e) debt relief through refinancing, rescheduling and restructuring on terms consistent with the realities of the country's finances.

What follows is a detailed discussion of the measures that were taken by Government to manage the country's external debt.

1. REFINANCING OF SHORT -TERM TRADE ARREARS

As a result of the economic difficulties facing the country in the early 1980s which constrained the nation's ability to pay for its imports, arrears of trade debts were accumulated. The foreign creditors refused to open new lines of credit. To solve the problem, it became necessary to seek for relief by refinancing the trade arrears. Arrangements were, therefore, entered into with creditors to refinance arrears in respect of letters of credit outstanding as at July 13, 1983. A total of US$2,112 million worth of letters of credit was refinanced. The main features of this first refinancing exercise included a repayment period of 30 months from January 1984 to July 1986, with a grace period of six months. Interest was fixed at LIBOR plus 1% per annum.

Despite this effort, the trade arrears continued to mount, thus further increasing the level of the country's indebtedness. It became absolutely necessary to intensify all efforts to secure further relief. Thus in 1984, Government decided to refinance the remaining trade arrears especially those contracted through open accounts and bills for collection by issuing promissory notes to cover them. The terms of the promissory notes agreement included the payment of interest at the rate of one per cent above the arithmetic average of the lending rates quoted by some major international banks in New York, London and Paris. They also included a maturity period of six years with a grace period of $2^1/_2$ years and the redemption of the notes in 14 equal quarterly instalments beginning from October 1986. However, following the difficulty in servicing the debt under these terms, the agreement was renegotiated leading to the stretching of the repayment period over 22 years with an effective rate of return of 5 per cent per annum. The new terms are generally believed to be the best relief package which the country has got. The total value of Promissory notes issued amounted to US$4.8 billion.

2. RESCHEDULING AND RESTRUCTURING OF COMMERCIAL BANKS' DEBTS (i.e. LONDON CLUB DEBTS)

London Club debts covered arrears of commercial bank debts which were incurred through the medium of letters of credit. These debts were those that were accumulated after the first refinancing exercise of 1983. Negotiations with the Club commenced in 1986 and the agreement to refinance and restructure the debts were signed on 23rd November, 1987. Under the agreement, a total sum of US$2.8 billion of incorporated and payable debts were refinanced while US$3 billion of medium and long-term component of the debt was restructured. Thus the total exposure of banks' debts amounted to US$5.8 billion. The terms of the 1987 agreement included interest rate of $1^1/_4$% per annum above LIBOR with a repayment period of over five years. The banks were to provide new money of US$320 million. Under the terms of the agreement the country was required to repay US$1.345 billion per annum. The high debt service obligation made it impossible for the country to meet its commitment and consequently it defaulted. The banks, in turn, did not provide new money. This necessitated a new round of renegotiation of the agreement with the Club.

New agreements known as the Refinancing and Restructuring Amendment Agreements were signed on 22nd March, 1989. The agreements contained a menu of options designed to provide the country with further debt service relief. The options included longer terms of repayment, conversion of payable debt into interest bearing Naira denominated securities with a coupon rate of 13.25% per annum and with a maturity of 18 months. The agreements further provided for interest rate that varied from zero per cent per annum for payable debt to LIBOR plus a margin of $^{7}/_{8}$% per annum for trade debts and $^{13}/_{16}$% per annum for medium/long term debts. The agreements had the effect of reducing payments to the Club from US$1.345 billion under the 1987 agreement to US$711 million. However the cashflow situation of the country could not absorb such a high debt service rate as provided for under the 1989 amendment agreements.

Consequently, the country once more approached the banks in March 1990 with a request for the entire debt to be restructured. The country's proposal was designed to achieve an effective debt service reduction. Essentially, the proposal was for the conversion of all the commercial banks' debt into a 30-year bond with a grace period of 10 years and at an interest rate of 3% per annum. The banks made a counter proposal which contained a menu of options viz:

(i) debt buyback;
(ii) issuance of Par Bonds with principal and interest collateralised; and
(iii) traditional rescheduling.

Following these proposals both sides entered into an intensive and protracted negotiations which lasted for one year and on March 1, 1991 an agreement in principle was reached. The highlights included:

— conversion of the debts into a single currency denomination i.e. US dollar;
— debt buyback;
— issuance of a 30-year Par Bonds with principal amount fully collateralised with US Treasury Zero coupon or equivalent US obligations and interest amount for one year also collateralised;
— fixed interest rate of 6.25% per annum on the Par Bonds;
— traditional rescheduling with interest rate of LIBOR plus $^{13}/_{16}$% and repayment period of 20 years (10 years grace period and 10 years repayment period).
— banks favouring the traditional option were required to provide new money of up to 10% of the amount so committed;
— interest on the new money to be LIBOR plus 1% per annum.

The implementation of the agreement ran into a hitch when Nigeria offered to collateralise the Par Bonds with the Resolution Funding Corporation Zero Coupon Bonds (REFCORP BONDS) instead of US Treasury Zero coupons. The argument was that the agreement provided for an alternative which would be equivalent to a US Treasury obligation. The country argued very firmly that REFCORP Bonds were equivalent to US Treasury Zero coupons. The banks rejected the collateral and this led to a stalemate and consequently both sides went back to the negotiation table.

The negotiation resulted in a revision of some of the terms of the agreement. The highlights of the revision included:

— Principal amount to be collateralised with US Treasury Zero Coupon Bonds;
— Interest rate was fixed at $5^1/_2$% per annum for the first three years and at 6.25% per annum thereafter; and
— banks that elected for the traditional rescheduling were required to provide 20% of the amount so committed to the option.

The agreement was successfully closed on January 21, 1992 and Nigeria bought back 62% of the debt and issued collateralised Par Bonds for the remaining 38%. Thus the country was able to achieve a debt and debt service reduction through a Brady type deal.

3. PARIS CLUB RESCHEDULING

Nigeria first entered into an agreement with the Paris Club in December 1986. Since then there has been two other similar agreements with the Club in March 1989 and January 1991. The first two agreements provided for rescheduling under conventional or traditional terms with market related interest rates. Under the 1991 rescheduling exercise, the debts were rescheduled on terms applicable to the medium income heavily indebted countries of the lower category. The country was grouped along with Congo, Morocco, Hunduras and El-Salvador which had earlier been accorded a similar treatment by the Paris Club. Debts rescheduled under the 1991 agreement amounted to US$3.2 billion.

At US$17,793 million at the end of December, 1991, Paris Club debt constitutes about 53.6 per cent of the country's total debt stock and its debt service commitments results in substantial net outflow of foreign exchange. The debt is. therefore, the most significant overhang which needs to be adequately addressed in order to accelerate the much-needed economic growth.

It is, however, recognised that the Club provides other concessional rescheduling terms like the Toronto terms, Trinidad terms, Poland/Egypt terms and Benin/Nicaragua initiatives which are designed to provide the beneficiary debtor countries with debt and debt service reduction. Despite Nigeria's efforts at securing any of these concessional rescheduling terms the Paris Club has not deemed it fit to grant any concession, probably because of the Club's exaggerated notion of the country's wealth and resources.

The package which the country had obtained from the Club had only provided very temporary relief and had not resulted in any way in the reduction of the net present value of the debt. The package was always structured to apply only to maturities falling due within a consolidation period of about 15 months and not the entire debt stock. This has made rescheduling under the Paris Club very complex and complicated as several agreements could run concurrently.

Other debt management schemes adopted by the country included:

Debt Conversion Programme (DCP) — This was introduced in July 1988. The main objectives were to reduce the external debt stock and lighten the debt service burden, encourage capital inflows including repatriation of flight capital; and assist the recapitalization of private sector investment and the generation of employment opportunities. Eligible debt was initially limited to promissory notes but later expanded to cover bank debts. As at end-1991 a total sum of US$632.5 million has been converted under the programme.

PART III

IMPACT OF EXTERNAL DEBT RESTRUCTURING, REFINANCING AND RESCHEDULING ON NIGERIA'S EXTERNAL DEBT STOCK AND DEBT SERVICE

The impact of the Paris Club rescheduling exercises so far is that the debt stock increased significantly in the period under review despite the fact that no new debts were procured. Under the assumption that another traditional rescheduling agreement similar to the one that was signed in 1991 would be obtained in 1992, a debt service relief of US$1,975.5 million and US$1,063.9 million would be enjoyed within the consolidation period of 1992 and 1993, respectively. Thereafter normal but higher debt service burden would emerge. For instance in 1994 the debt service will rise to US$2,883 million compared with US$1,809.4 million in 1993. Also, the outstanding debt to the Club would increase from $16,765 million to $17,934 million due to the consolidation exercise (see table 4).

In the case of the London Club, payments made to the Club from 1987 to end-1991 amounted to US$1,918.6 million. These payments represented payable Debt repayments; and interest payments on Refinanced Letters of Credit and Restructured debt. Due to exchange rate variations the stock of the debt rose from US$5.86 billion to well over US$5.98 billion between 1987 and 1991. However, with the restructuring of the debt under the Brady type arrangement the stock has been reduced to US$2.050 billion. In the same vein outstanding debt stock on Promissory Notes at the end of 1991 amounted to US$4.479 billion which is slightly lower than the 1988 stock of US$4.8 billion. Under the Debt Conversion Programme (DCP) up to US$632.5 million debt had been redeemed by the end of 1991, but this constitutes a very small proportion of the total debt stock.

The most positive impact of our debt management strategies is felt in the debt service reliefs they had offered. Following the rescheduling of debt concluded, the debt service payments in 1983 amounted to $1,984 million, rising to $3,359 million and $4,029 milion in 1984 and 1985, respectively. Assuming no rescheduling was undertaken, the corresponding obligations for those years would have been $2,184 million, $4,143 million and $4,784 million, respectively.

Debt service obligations, with rescheduling, were $1,862 million, $1,602 million and $1,933 million, in 1986, 1987 and 1988, respectively, compared with obligations of $6,079 million, $6,420 million and $5,889 million in those years, respectively, if we had not rescheduled. The corresponding figures for 1989, 1990 and 1991 were $1,909 million, $3,839 million and $3,565 million as against $5,889, $5,610 and $7,542 million, respectively without rescheduling.

The debt service ratios declined remarkably in the review period, reflecting the decline in debt service obligations following debt rescheduling. With rescheduling, debt service ratios ranged between 13.7 per cent and 25.8 per cent in the period 1986 through 1991 compared with a range of 54.6 per cent and 81.3 per cent if rescheduling had not been undertaken (See table 5).

The results of analysis indicate that the performance of the debt management strategies adopted by Government was mixed. Although short term reliefs from debt service burden were recorded, given the nature of rescheduling undertaken in the case of the Paris Club, involving the compounding of principal and interest in the consolidation period averaging about 15 months, the debt overhang was hardly reduced.

PROPOSED SOLUTION

Arising from the above analysis, it has become necessary to propose a solution for Paris Club debts based on our experience so far. A distinction should be made between commercial debts and Government/ODA debts and each category should be treated differently. The debts should be treated as follows:

A. *Commercial Debts*

(i) convert 50 per cent of the entire commercial debts into a 30-year collateralised Par Bonds; and

(ii) reschedule the remaining 50 per cent over a period of 25 years with fixed interest rate of 5 per cent per annum including a grace period of 5 years.

B. *Government/ODA debts*

Reschedule the entire government/ODA debts over a period of 25 years at a fixed interest rate of 3.5 percentage points below the market rate i.e. 2.7 per cent per annum) including a grace period of 10 years.

All the debts should be eligible for conversion under the Debt Conversion Programme.

Financial Implications of the Proposal

Under the proposal, debt service obligation in the first year would amount to US$1,841.50 million and thereafter would fall to US$940.99 million per annum during the grace period. The debt service figure for the first year would be so high because of the need to provide collateral for the principal amount. After the grace period, debt service obligation would rise to US$1,368.53 million per annum and would remain so until the entire debt is fully repaid.

COMMENTS ON THE PROPOSAL

Apart from providing cash flow relief, the proposal has many advantages. First it addresses the entire debt and not maturities due within a consolidation period. The advantage is that once 50 per cent of the commercial debt is collateralised, the debtor country would only have to bother about interest payment on that portion of the debt as the principal is guaranteed for repayment at the maturity of the Par Bond. Another advantage is that the debt stock would not increase without contracting new debt; whereas the traditional rescheduling arrangement provided by Paris Club tends to increase the debt stock through capitalisation of interest amounts due within a consolidation period.

The proposal would eliminate the complexity of managing Paris Club debts, which tends to get complicated when two or more agreements run concurrently.

Although, we do recognise that some creditor countries may have some regulatory constraints in implementing the proposal, it is our firm belief that an arrangement based on the package would be mutually beneficial to both the creditor and the debtor in providing a lasting solution to the Paris Club debt problem and therefore calls for serious consideration.

PART IV

CONCLUDING OBSERVATIONS: ISSUES AND LESSONS

This paper has discussed the external debt problem, articulated the measures put in place by Government to ameliorate it and assessed the successes so far achieved.

The paper also observed that the magnitude of the external debt outstanding mirrors the impact of pressures under which the economy has been functioning especially since the eruption of the oil crisis in 1981. Besides the rapid accumulation of trade arrears from 1982, the debt problem has been traced to the fall in crude oil prices, collapse in commodity prices and the protracted softening of the world oil market since 1981 with the resultant decline in foreign exchange earnings and pressure on the balance of payments.

The paper further highlighted the debt management strategies adopted by Government which were evident in the agreements reached with London and Paris Clubs of creditors. Under the London Club agreement, the country achieved a debt and debt service reduction, thus reducing to a tolerable level the impact of the annual debt service obligations to the Club on the country's cashflow. The debt service obligation was reduced from $700 million to about $113 million per annum.

The situation with the Paris Club is quite different. All the agreements reached with the club were based on traditional rescheduling terms. These terms had the effect of increasing the quantum of the debt without the country contracting new loans. The debts, it was observed, were increased through capitalisation of interests due within consolidation periods. In effect the Paris Club debt constitutes a single major element in the Nigerian debt structure which still needs to be adequately addressed if the country is to get out of the debt overhang.

In spite of the ameliorating effects of the debt management strategies adopted so far, especially in terms of moderating the outflow of resources in the form of debt service payments and the financing gap in the balance of payments, the debt burden has slowed down economic development and exacerbated socio-economic problems. The accumulation of trade arrears and defaults on debt servicing would have led to some erosion in the country's credit-worthiness. The protracted restructuring exercises, under the London Club and the Paris Club of creditors have been complex and expensive and tended to divert attention from the more important issues of growth and development. Besides, the "new money" packages in the restructuring arrangements never materialised, thereby making the problem of adjustment more burdensome.

LESSONS

A number of lessons have emerged from the country's bid to minimise the debt burden.

First, monetary, fiscal and exchange rate policies adopted must be restructured and tailored at all times to discourage import demand. The raw materials used for production of goods in the economy must be sourced internally to a large extent in the medium term.

Second, while reinforcing the implementation of the policy of payment for imports on current basis, there is need at all times to tie external borrowing to projects or income generating assets.

Third, the importance of external borrowing to promote investment in the economy is well recognised. However, the problem is that the debt stock as well as the debt burden might increase, if the experience of defaults in payments on principal and interest as and when due is replicated. There is therefore, need to create a more conducive environment for foreign capital inflow in the form of direct foreign investment.

Fourth, while reinforcing the implementation of the Federal Government external borrowing policy enunciated in 1988 with stringent provisions on loan acquisition, loan agreements, drawings and repayments with respect to State Governments and Parastatals, there is urgent need to keep a lid on private sector external borrowings.

Fifth, a more aggressive debt management strategy which would borrow largely from the London Club's approach whole incorporating elements of the Toronto and Trinidad terms should be adopted for the Paris Club debt which accounts for over 50 per cent of Nigeria's debt overhang.

TABLE 1

EXTERNAL PUBLIC DEBT OUTSTANDING
US $ MILLION

	1983	1984	1985	1986	1987	1988	1989	1990	1991
Multilateral	844	1,097	1,317	1,887	2,985	2,838	3,171	3,842	3,650
Paris Club	5,390	5,811	7,833	10,228	12,589	14,400	15,871	17,171	17,793
London Club	6,263	4,996	3,560	6,088	5,860	5,960	5,680	5,861	5,988
Promissory Notes	3,702	4,125	4,255	4,498	4,850	4,810	4,553	4,550	4,479
Others	1,526	1,318	1,939	2,873	2,032	2,685	2,311	2,675	1,454
Total	17,765	17,347	18,904	25,574	28,316	30,693	31,586	33,099	33,364

Memorandum Items:
Share in total debt (%)

	1983	1984	1985	1986	1987	1988	1989	1990	1991
Paris Club	30.3	33.5	41.4	40.0	44.5	46.9	50.2	51.9	53.3
London Club	35.3	28.8	18.8	23.8	20.7	19.4	18.0	17.7	17.9
Multilateral	5.0	6.3	7.0	7.4	10.5	9.2	10.0	11.6	10.9

TABLE 2

ECONOMIC VARIABLES FOR MEASURING DEBT SERVICE RATIOS
US $ MILLION[1]

	1983	1984	1985	1986	1987	1988	1989	1990[2]	1991[2]
Gross Domestic Prod. (GDP) (at 1984 Factor Cost)	86,535	82,125	77,226	41,030	17,823	17,139	11,340	11,250	9,530
External Reserves	1,041	1,491	1,839	2,071	1,170	721	1,827	4,350	4,465
Fed. Govt. Retained Revenue	8,306	9,119	10,896	4,601	4,064	3,436	3,622	4,910	3,252
External Debt	17,765	17,347	18,904	25,574	28,316	30,693	31,586	33,099	33,364
External Debt Service:-	1,984	3,359	4,029	1,862	1,602	1,933	1,909	3,839	3,565
Principal	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,928	1,959
Interest								1,911	1,606
Export of Goods & Services	11,930	12,977	14,356	6,327	8,305	7,337	8,703	14,540	13,815
Import of Goods & Services	11,036	8,848	7,458	3,161	4,130	4,355	3,693	4,948	7,756
Memorandum items:									
N/(US $)	0.7506	0.7672	0.8924	1.7323	3.9691	4.5367	7.3651	8.0378	9.9095

1. Except for external debt figures, others were derived from naira denominated statistics, converted at the exchange rates stated above.
2. Estimates

TABLE 3

DEBT SERVICING CAPACITY RATIOS

	1983	1984	1985	1986	1987	1988	1989	1990	1991
Debt Service Ratio[1]	16.6	25.9	28.1	29.4	19.3	26.3	21.9	26.4	25.8
Debt Serv. to Ext. Reserves[1]	190.6	225.3	219.1	89.9	136.9	268.1	104.5	88.3	79.8
External Reserves to Import (in Months)	1.1	2.0	3.0	7.9	3.4	2.0	5.9	10.5	6.9
Debt Serv. to Govt. Revenue[1]	23.9	36.8	37.0	40.5	39.4	56.3	52.7	78.2	109.6
Debt to G.D.P.	20.5	21.1	24.5	62.3	158.9	179.1	278.5	294.2	350.1
Debt to Exports	148.9	133.7	131.7	404.2	341.0	418.3	362.9	227.6	241.5

1. These ratios reflect the impact of debt rescheduling.

TABLE 5

DEBT SERVICING CAPACITY RATIOS IF THERE HAD BEEN NO RESCHEDULING[1]

	1983	1984	1985	1986	1987	1988	1989	1990[2]	1991[2]
External Debt Service:-	2,184	4,143	4,784	5,141	6,079	6,420	5,889	5,610	7,542
Export of Goods & Services	11,930	12,977	14,356	6,327	8,305	7,337	8,703	14,540	13,815
Fed. Govt. Retained Revenue	8,306	9,119	10,896	4,601	4,064	3,436	3,622	4,910	3,252
Debt Serv. to Govt. Revenue	26.3	45.4	43.9	111.7	149.6	186.8	162.6	114.3	231.9
Debt Service Ratio	18.3	31.9	33.3	81.3	73.2	87.5	67.7	38.6	54.6
Memorandum items:									
N/(US $)	0.7506	0.7672	0.8924	1.7323	3.9691	4.5367	7.3651	8.0378	9.9095

1. Except for external debt figures, others were derived from naira denominated statistics, converted at the exchange rates stated above.
2. Estimates

TABLE 4

PARIS CLUB DEBT STOCK AND DEBT SERVICE PROJECTIONS UNDER THE NO-RESCHEDULING AND TRADITIONAL RESCHEDULING OPTIONS (US $ MILLION)

DEBT STOCK		DEBT SERVICE											
		1992			1993			1994			1995		
		P	I	T	P	I	T	P	I	T	P	I	T
16765.39	No 1992 Resch.	1394.00	1336.38	2730.38	1605.81	1267.51	2873.31	1579.72	1125.17	2704.89	1290.66	862.26	2152.93
17933.94	Traditional Resch.	389.26	365.66	754.92	922.51	886.90	1809.41	1579.72	1303.76	2883.48	1290.66	1040.84	2331.50

SUMMARY OF DEBT RELIEF ARISING FROM TRADITIONAL RESCHEDULING OPTION (US $ MILLION)

DEBT STOCK		DEBT SERVICE											
		1992			1993			1994			1995		
		P	I	T	P	I	T	P	I	T	P	I	T
0.00	No 1992 Resch.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1168.55	Traditional Resch.	-1004.74	-970.72	-1975.46	-683.29	-380.81	-1063.91	0.00	178.59	178.59	0.00	178.58	178.58

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