



For Immediate Release

Media Contact:

Tony Kopetchny, ph: 202.416.0705, email: tkopetchny@cgdev.org

Nigerian Debt Deal Reduces Risk of Instability in Major Oil Producing Nation

Washington: A deal announced in Paris today to relieve Nigeria of \$18 billion in debt is a major boost for poverty reduction and stability in a fragile nation that is Africa's most populous country and the world's fifth largest oil supplier, according to a leading debt expert.

“The Nigerian debt deal is a win-win solution,” said Todd Moss, a leading scholar on Nigeria's debt at the Center for Global Development (CGD). **“It is a huge boost for Nigeria, where the current leadership is working to break the stranglehold of cronyism and corruption. It is also good news for the U.S. and other rich countries, since greater stability in Nigeria reduces the risk of a major disruption in global oil supplies.”**

The Nigerian deal is the outcome of more than a year's worth of negotiations that gained momentum in June with a World Bank decision to reclassify Nigeria in a way that made it eligible for debt relief. Nigeria accounts for about 10% of U.S. oil imports and is one of the world's poorest and most populous countries, with 100 million people living on less than a dollar a day.

Moss said that Nigerian President Olusegun Obasanjo faces a hostile parliament that has made debt relief a major test of his administration. **“The debt deal will strengthen Obsanjo's hand in pushing for reforms, thereby reducing the threat of instability,”** he said.

Under the deal, Nigeria's overall debt drops by about \$30 billion. Nigeria will use windfall oil profits to pay rich country creditors roughly \$6 billion to clear arrears, plus another \$6 billion to buy back \$24 billion at about twenty-five cents on the dollar. The deal saves Nigeria \$18 billion it otherwise would have owed. When all is done, only a manageable \$6 billion in commercial debt will remain.

CGD is an independent Washington-based think tank that works to improve the policies of the U.S. and other rich countries towards development. Research at CGD on Nigeria's debt led by Moss helped to shape the proposals that were announced today.

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