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Stakeholder Engagement Event on Advancing Debt Relief for Climate Action: Post African Climate Summit Reflections and the Way Forward

16th October 2023 at the Exclusive Serene Hotel, Wuye, Abuja.

Background

Nigeria's deepening debt crisis does not occur in isolation. High fiscal deficits in many African countries have made it difficult to build resilience and tackle the multiple shocks (i.e., the Covid-19 pandemic, and natural disasters). In 2022, eight African countries were in debt distress and thirteen were at high risk of debt distress. 144 million non-poor were at high risk of falling into poverty. Against this backdrop, African leaders, who gathered at the Africa Climate Summit in Nairobi from 04-06 September, have called for debt relief across the continent to allow countries to get on with responding to the climate crisis. The Nairobi declaration also included a call for global carbon taxes and for increased representation of African and other countries in the governance of multilateral banks. With this declaration, they have joined calls by the V20 and others to make the international financial architecture fit-for-climate.

The African Network for Environment and Economic Justice (ANEEJ) in collaboration with 55 CSOs under the umbrella of the Network for Debt, Development and Climate Change (NDDCC) with support from hbs Nigeria organized a 1 –Day stakeholder engagement titled - "**Advancing Debt Relief for Climate Action: Post African Climate Summit Reflections and the Way Forward.**" This Stakeholder Engagement Event served as a platform for stakeholders, including political decision-makers, climate negotiators, legislators and CSOs, to reflect on the outcomes of the Africa Climate Summit held in Nairobi from 4th to 6th September. The event also discussed measures on how Nigeria can actively support the agenda of debt relief for climate action at the upcoming COP28 in the UAE in November and beyond.

50 physical and 10 online participants were in attendance, among these were representatives from the government - MDAs & Legislatures - The Federal Ministry of Environment, The National Council on Climate Change (NCCC), The Debt Management Office (DMO), The Auditor General of the Federation (AGoF), Senate Committee on Local and Foreign Debts, the Fiscal Responsibility Commission (FRC), and the Auditor General of the Federation. CSO groups were also present - the Centre for the study of the Economy of Africa (CSEA), AGORA Policy, Oxfam, Christian Aid, CISLAC, ActionAid Nigeria, Premium Times, CJID, Global Initiative for Food Security and Ecosystem Preservation (GIFSEP), BudgIT, Centre for Social Justice (CSJ), EnviroNews, C21st, Climate & Sustainable Development Network (CSDeVNet), STRADEV, Women Environment Program (WEP), EnviroNews Nigeria, Environmental Green Voice, The Cable Foundation, Americas Empowerment Institute (Nigeria), Good Governance Team Nigeria, Institutional and Sustainable Development Foundation, Connected Development (CODE), Carbon Free Africa, Centre for Inclusive Social Development, Keen and Care Initiative, Accountability Lab Nigeria, Connected Advocacy, Lekeh Development Foundation and ANEEJ. Media groups like AIT, Thisday Newspaper, Vanguard Newspaper, Cable Newspaper, and TV360, were also present.



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Key Observations

The meeting reviewed the Nairobi Declaration of the Africa Climate Summit as it relates to the issues of Debt, Climate and development and how they relate to the people of Nigeria and Africa. The meeting also expressed deep concern over the rising debt crisis in Nigeria and Africa and that debt service and payments are exacerbating the climate crisis.

1. Africa is burning fast, than the rest of the World. African countries are most vulnerable and bear the brunt of the climate crisis even though they contribute less to carbon emissions.
2. The voice of developed governments and companies dominated the African Climate Summit and drowned the voices of communities and people devastated by carbon emissions.
3. The African Climate Summit was not strong on demanding for a cut-down on GHG emission by the large polluting developed countries, nor was it strong on the demand and call for climate justice. The African Climate Summit (ACS) seems to rather focus more on financing emissions – carbon credit, carbon markets, etc.
4. Nigeria's voice, position and representation at the African Climate Summit, can be more amplified, strong and visible. There is need for better preparation and collaboration among Nigerian CSOs, experts, negotiators and government (NCCC, Ministry of Environment, Department of Climate Change, etc) to show Nigeria as a FORCE to recon with and put more pressure in the international dialogue for climate justice and demanding more access to climate finance. Nigeria was not seen nor acted as a FORCE in the ACS in Nairobi. This should not be in COP 28 by November.
5. There is a need for African countries to demand from high emitting developing countries to have clear implementation timelines and plans to phase out their high emitting technologies, while Africa and Nigeria should also be more deliberate in low carbon development, greening our budget and increasing collaboration to build capacities for green transition.
6. The meeting expressed deep concern over the non-operationalisation of the \$100 billion Climate Finance promised at the Copenhagen Climate Summit. International global climate finance and funds are not designed in a manner that allows for easy accessibility by African countries. Hence the need to build capacities especially for government officials on ways to estimate and assess climate finance; this calls for lots of advocacy support and technical collaboration.
7. As of 2022, more than half of the low-income countries in Sub-Saharan Africa were assessed by the IMF to be at high risk or already in debt distress. These trends have sparked concerns of a looming debt crisis in the region.
8. Of the fifteen-member states of the Economic Community of West African States (ECOWAS), eleven of them are currently in debt distress. A new report by the Nigerian Economic Summit Group and the Open Society Initiative for West Africa has disclosed that Nigeria and 10 other Economic Community of West African States countries are currently in debt distress based on debt sustainability analysis.
9. Nigeria is currently reeling in a chronic debt burden, which poses a formidable challenge to our nation's progress. The recent debt figures are worrisome. According to figures obtained from



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the Debt Management Office (DMO), Debt as share of GDP has more than doubled from 17.7% in 2012 to 37.3% in 2022. Deficit financing has risen by about 370% from 2.41 trillion Naira in 2016 to 11.34 trillion Naira in 2023. Nigeria's public debt stood at N87.3 trillion as at June 30 2023. This puts serious limitations on the public finances of the country at a time of increasing social hardship (driven by inflation) and accelerating climate change impacts.

10. It is an illusion – self-deceiving for continue to measure Nigeria's Debt Sustainability using the Debt to GDP ratio, because Nigeria's GDP does not reflect our revenue stance. Based on debt to revenue (our earning power), debt servicing costs have reached worrisome levels. In 2022, Nigeria at the federal level spent more than 80% of its revenue on service debt (leaving the country with less than 20% to cater for security, salaries, health, agriculture, infrastructure, education, etc)
11. Accessing debt relief for climate change, for a country with very poor fiscal management, huge public waste, large misappropriation, lacking transparency and accountability mechanism, poor exclusive leadership and have a proportionally larger international private debt will not be easy without a continental joint effort, enforcing fiscal responsibility, and endorsement from African Development Bank (ADB), or World Bank and IMF.
12. Adhering to relevant legal and institutional fiscal frameworks is important in the context of high and rising debt levels. Although the country has a comprehensive legal framework that specifies processes and obligations of government entities to manage debt, these are not always complied with. For example, annual borrowing plans are not made available to the public and borrowing occurs without being attached to any particular projects, contributing to a lack of transparency and accountability.

Recommendations

1. President Bola Ahmed Tinubu and the Federal Government of Nigeria should take leadership at COPS 28 in advancing the Nairobi Africa Declaration on Climate Change and there should be coordination amongst African leaders.
 - ✓ Nigeria is a leading economy and political power on the African continent. President Bola Tinubu as chair of the Economic Community of West African States (ECOWAS), and given the country's physical climate and transition risks, should use its position and influence to help champion initiatives that seek to reform the international financial architecture in a way that will help to make it fairer and fit for climate. Specifically, Nigeria should join the Emergency Coalition for Debt Sustainability and Climate Prosperity led by the V20, rally behind the Bridgetown Initiative and actively engage in the reform package on the international financial architecture suggested by the UN Secretary-General.
2. Need to operationalise the Loss and Damage global fund and the mechanism put in place for countries in less developed countries for victims of environmental damage to access as agreed in COPS 27.
3. The International Community and creditor countries should urgently consider Debt relief and debt restructuring for countries in debt distress in Africa to avoid a major developmental catastrophe that stares the world in the face.



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4. Adoption of principles of responsible sovereign lending and accountability encompassing credit rating, risk analysis and debt sustainability assessment frameworks and urge the financial markets to commit to eliminating this disparity by 2025.
5. Review of Debt Sustainability Analysis to take Climate, and poverty into consideration and not just Debt to GDP or Debt to Revenue indicators. An enhanced Debt Sustainability Analysis that integrate climate and other sustainability risks, and climate resilience benefits, as well as estimates of a country's financing needs for climate change adaptation, mitigation, and achieving the broader goals set out in the 2030 Agenda for the SDGs;
6. Call for nationality and re-channelling of Special Drawing Rights for countries in most need of the instrument to bridge the funding gap on Climate finance.
7. Operationalisation of International Climate Finance Funds, including the \$100bn promised in Copenhagen to support adaptation and mitigation programmes for Nigeria and other African countries to achieve the SDGs and Paris Climate Agreement.
8. Nigeria and African Leaders should work to improve Domestic Resource mobilisation to address the Climate crisis buffeting the region.
9. The Nigerian Government should go to COP 28 with a strong technical team that will be involved in Climate negotiations. There is need for government, CSOs, climate experts in Nigeria to rally together and meet ahead of COP 28 to have pre-meeting and develop a joint position for Nigeria as a continental leader in the continent.
10. Transparency and accountability with borrowings at both the federal and state levels in line with the Fiscal Responsibility Act and the Nigeria National Assembly should participate in the climate debate and play their roles in the interest of the poor and vulnerable citizens suffering the impact of Climate Change.
11. Nigeria's government should align itself with emerging initiatives for global financial architecture reform such as the proposed International financial management architecture under the United Nations, the Bridgetown Initiative and the V20 Group of ministers.
12. The National Assembly should review the existing legal and institutional frameworks relevant to debt management with the view of closing existing loopholes and strengthening transparency and enforcement. For example, the Fiscal Responsibility Commission and Debt Management Office should be empowered to sanction breaches of existing laws and regulations.
13. Lawmakers should carry out loan approvals with proper scrutiny and approvals be subject to public hearings and input. Public disclosure of, for example, the terms and conditions of loans, and borrowing plans are critical steps to increase transparency and accountability in Nigeria.
14. The Nigerian government and her decision-makers, should reduce its reliance on borrowings from the international capital market and commercial loans. There is a need to more strictly adhere to the provision of the law on maintaining concessional loans.



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Commitment

1. The National Council on Climate Change (NCCC) commitment to inviting the represented CSOs in the climate space to a pre-COP 28-planning meeting ahead of the COP in November 2023.
2. The Debt Management Office (DMO) delegate commit to setting up a meeting between the members of the Network and the DG – DMO to further discuss the highlighted issues and meas through which the Nigerian government and her relevant agencies can voice and move towards achieving debt relief for climate change.
3. The Office of the Auditor General of the Federation, commit to work with the Network and carry her along her institutional environmental and climate audit programs.
4. ANEEJ on behalf of the Network, commits to share the communique to all relevant actors, hold follow-up engagement with the above agencies and relevant offices on their commitments, and continue to advance discussions on debt and climate change with the network and other stakeholders with and outside the country.

Undersigned Organizations

Accountability Lab Nigeria	Follow Taxes
Action Aid Nigeria	New Century Initiative (NCI) Enugu State.
Advocacy for Information	Global Initiative for Food Security and Ecosystem Preservation (GIFSEP)
Advocacy for Peace	Good Governance Team (GGT)
African Centre for Leadership, Strategy and Development (CentreLSD)	Grassroot Development Initiative (GDI)
African Initiative for Transparency Accountability and Responsible Leadership (AfriTAL)	Heinrich Boell Stiftung Nigeria
African Network for Environmental and Economic Justice (ANEEJ)	Herald for Community Development (HECODEV)
Agora Policy	Institutional and Sustainable Development Foundation (ISDF)
Americas Empowerment Institute (Nigeria)	International Centre for Energy and Environment Development (ICEED)
BudGIT Foundation	Kal'Maji Foundation (BarnsConnect)
Carbon Free Africa Network (CFAN)	Keen and Care Initiative (KCI), Nigeria
Center for Gender Economics (CGE Africa)	Lekeh Development Foundation
Centre for 21st-Century Issues	National Council on Climate Change (NCCF)
Centre for Climate Change and Development (CCCC)	Natural Resource Governance Institute (NRGI)
Centre for Development Support Initiatives (CEDSI Nigeria)	Nigerian Institute of Social and Economic Research (NISER)
Centre for Inclusive Social Development	OrderPaper Initiative
Centre for Journalism Innovation and Development (CJID)	OXFAM Nigeria
Centre for Media Policy and Accountability (CMPA)	Paradigm Leadership Support Initiative (PLSI)
Centre for Social Justice (CSJ)	Premium Times
Centre for the Study of the Economies of Africa (CSEA)	Policy Alert
Chachavivi Women and Girl Child Development Foundation (CWGCDF)	Positive Youth Transformation Initiative (PYTI)
Christian Aid	Praxis Academy
Civil Resource Development and Documentation Centre (CIRDOC)	Procurement Monitoring Group
Civil Society Legislative Advocacy Centre (CISLAC)	Publish What You Pay (PWYP)
Clean Technology Hub Nigeria (CleanTechHub)	Social Action
Climate & Sustainable Development Network (CSDeVNet)	Socio-Economic Research and Development Centre (SERDEC)
Connected Advocacy for Employment and Youth Development Initiatives (CAEYDI)	Sustainable Research and Action for Environmental Development (SRADeV Nigeria)
Connected Development (CODE)	Surge Africa Organization
Daily Commerce	The Cable Foundation
EnviroNews Nigeria	The Nigerian Observer Newspaper
Environmental Green Voice	Women Environmental Program (WEP)

Signed:

Rev David Ugolor
CEO ANEEJ
For the Network



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