DMO NEWS

The In-house newsletter of the Debt Management Office

June 2006

Vol. 3 No. 1

Special Edition

Nigeria's Paris Club Debt Deal

OUR MISSION

… To transform Nigeria's debt portfolio into an asset for growth and development

OUR VISION

… To build a world-class Debt Management Office capable of making Nigeria's debt sustainable by 2006

OUR CORE VALUES

***E**xcellence*
***C**ommitment*
***I**ntegrity*
***T**eam Work*
***E**fficiency*

EXCITE

At last
A Rebirth of DMO NEWS!

After an absence of close to 18 months, we have again put pen to paper to produce a *Special Edition* of our In-house newsletter, DMO NEWS.

We in Corporate Affairs regret the long absence and sincerely apologise to our numerous readers. We want to however, affirm our commitment to bridge the gap created. We delighted to churn out this edition. Our joy is unspeakable!

Over time, a lot has happened. Our main focus in this edition is the Paris Club debt deal which Nigeria secured. The Debt Relief is one achievement that the DMO cannot stop celebrating! The D-G in an interview granted CA sheds more light on the intricacies of the deal, the path to victory and key points necessary to sustain a credible post Paris Club debt status for Nigeria.

Success and indeed any laudable achievement attracts in its stead, increased goodwill and commendation. Little wonder therefore that shortly after the debt deal was secured the formidable Minister of Finance, Dr. (Mrs.) Ngozi Okonjo-Iweala deemed it pertinent to invite international rating agencies to benchmark the country internationally, make maximum use of the country's improved external debt profile and improve the business environment for the private sector internationally. This effort earned Nigeria a BB - rating by two world acclaimed ratings agencies Fitch and Standard and Poor's. We take a look at the socioeconomic implications of the credit ratings.

As part of efforts geared at locking in the gains of the debt deal, matters relating to fiscal prudence, transparency and accountability in the conduct of business among all tiers of government and the effective management of Nigeria's resources has been accorded greater prominence by both the Executive and Legislative Arms of Government. Accordingly, a National Assembly Roundtable on Nigeria's Fiscal Responsibility Legislation was organized recently at the Transcorp Hilton hotel, Abuja. The Roundtable convened by the President of the Senate, Senator Ken Nnamani was coordinated by the Debt Management Office, working as the Secretariat of the National Working Group on the Fiscal Responsibility Bill. DMO NEWS was present at this event and tells the story in words and pictures.

As the rephrased adage says, *all work and no play just don't pay,* DMO NEWS is also packed with loads of interesting articles. Managing Yourself takes a look at causes and effects of man's great enemy—Procrastination. Our Social Diary captures all the fun and thrills of both the Valentine celebration in the Office and the exchange of marital vows between Sulayman Yusuff-Shellengs and his heartthrob, Margaret.

From Lifestyle, we bring you bits on improving your style and personality. Perfumes and the beauty of a deep throat laughter are our treat.

So what do you think about this *Special Rebirth Edition*? We are eager to read your comments and suggestions. We appreciate the concerns expressed by you on the long absence of your beloved newsletter. We thank all contributors to this edition for their support and encouragement

It is our humble desire that you will find this edition truly refreshing and informative.

As we look forward to serving you with another interesting edition in the next quarter, we remain your truly wishing you pleasurable reading

Elizabeth Ekpenyong

In this Edition

Understanding The Paris Club Debt Deal

Borrowing, it has always been said is not a vice in itself. What is important is the purpose for which the borrowed funds are put to yield anticipated revenue. Institutions, countries and individuals seek additional source of funding for projects. The Nigerian nation has never been an exception to this practice.

Shortly after its independence, Nigeria in 1964, approached the Parish Club of creditors for assistance. A loan of $13.1 million was taken from the Italian government in 1964 for the building of the Niger dam. This loan signaled the first of a series of borrowings undertaken by the Federal government to embark upon and actualize its developmental projects. Though the rate of borrowing and the frequencies was pretty insignificant, the oil boom of 1971-1981 introduced an era of big borrowing in Nigeria. Loans were acquired by various tiers of government as Nigeria embarked on major development and reconstruction projects in the wake of the civil war. The borrowing continued well into the 1979 - 1983 civilian era, as the Federal Government embarked on the guaranteeing of many reckless loans taken by private banks, state governments and parastatals.

With the crash of oil prices in 1982, Nigeria was unable to pay off the funds it borrowed. Interest payments spiked, penalties rose, the signaling of an imminent crisis had begun. This pattern continued well into military regimes of 1985-1993 and 1993-1998, when Nigeria unilaterally stopped servicing its debts to the Paris Club altogether, after the Paris Club refused to substantially reduce Nigeria's debt.

A turn around in Nigeria's debt situation began in 1999, with the ascension to power of the civilian administration of President Olusegun Obasanjo. President Obasanjo identified debt relief as a key objective of his administration and tenaciously pursued it. His continuous effort and tireless diplomatic engagement, as well as consistent focus on debt relief, helped keep the issue at the forefront of the national agenda, build a conducive political climate and remove occasional challenges. In addition, he cultivated relationships with the leadership of key Paris Club creditor countries, in particular the UK, France and the USA, to secure their support. President Obasanjo campaigned "*Nigeria pays more on interest payments that it does health care. Given this debt level, Nigeria cannot achieve the Millennium Development Goals"*

The Minister of Finance, Dr. Ngozi Okonjo-Iweala, also made significant efforts towards articulating and implementing the reform programme, including her dynamic leadership of the economic management team. She exploited a vast network of contacts across the globe and engaged the support of the World Bank, civil society and the media. Economic and governance reforms, as well as anti-corruption measures further facilitated the execution of the deal.

In 2005, a number of advocacy groups in Nigeria and abroad intensified their campaigns for debt relief for Africa in general and Nigeria in particular. In the run-up to the G8 summit in Gleneagles from July 6-8 2005, a combined National Assembly and DMO delegation visited six major creditor countries to solicit support through the various parliaments, non-governmental organisations, key decision makers and Nigerians in diaspora. The major goal of the advocacy campaign was to amplify Nigeria's quest for cancellation of at least two-thirds of the debt owed to the Paris Club.

Sources of Nigeria's Paris Club Debts

Nigeria's debt to the Paris Club were made up of loans insured through Export Credit Agencies of creditor governments or their appropriate institutions, extended to the Federal Government of Nigeria (FGN), the States and other public entities which are covered by the guarantee of the Federal

Government of Nigeria. The Paris Club debts also include commercial credits or trade arrears incurred by private entities which have been verified by the Federal Government .

The drastic reduction in foreign exchange earnings in the 1980s made it extremely difficult for Nigeria to meet its external payment obligations, resulting in massive build up of arrears.

The foreign creditors reacted by suspending new lines of credit, thus compounding the economic problems facing the country. Nigeria then decided to approach the Paris Club for an agreement on paying at a later date. This however did not restore the lines of credit.

Between 1986 and 2000, Nigeria rescheduled its debts on four different occasions. The effects of rescheduling included:

- extending the period of repayment, &

- improving the means with which payments are made

However, despite these rescheduling agreements, Nigeria's Paris Club debt still continued to increase because of the country's inability to fully pay what was due each year. Nigeria's debt outstanding to its fifteen Paris Club creditor countries stood at $ 30,847,807,415.39, as at December 31, 2004.

This debt relief effort yielded fruit on June 29, 2005, when the Paris Club and Nigeria agreed on an $18 billion debt relief package

Details of the Paris Club Debt Deal

The debt relief agreement concluded between Nigeria and the Paris Club was as follows:

- The Paris Club agreed to give Nigeria "Naples term: debt relief. This simply means a combination of clearing arrears leading to partial debt relief. Nigeria will then be eligible to buy back the remainder of its debt at a discounted rate given performance of the economy under the Policy Support Instrument of the International Monetary Fund. The deal will ultimately result in a write-off of 60% of the total debt stock.
- Nigeria is required to settle arrears owed to the Paris Club. Arrears are amounts of principal, interest and late interest that have been due, but have not been paid. It is a standard requirement of the Paris Club for a debtor to clear its arrears prior to commencement of any debt relief negotiation. It should be noted that Nigeria's case is exceptional in the sense that the debt agreement was made even before the settlement of the arrears .

In October 2005, Nigeria paid US$7,575.91 to the Paris Club and the country's total indebtedness was immediately reduced. With this, Nigeria's indebtedness to the Paris Club stood at US$15,412.40 million, as at December 2005.

April 21, 2006 marked the completion of the Paris Club debt deal. This was upon the approval by the International Monetary Fund, IMF, of a Policy Support Instrument (PSI). The PSI is a formal mechanism for the IMF to monitor and endorsed Nigeria's home-grown economic development strategy, NEEDS. The Federal Government of Nigeria successfully adhered to the NEEDS benchmarks and the Executive Board of the IMF formally endorsed the PSI on Monday, April 17, 2006.

With the IMF endorsement, Nigeria proceeded to make a final payment of US$ 4.5billion to the Paris Club of creditors thus signalling the final cancellation of the remaining debts. Nigeria's debt deal with the Paris Club of creditors resulted in a total debt stock reduction of $18 billion. This implies a cash outlay of $12.4 billion, however, Nigeria paid just $12.09 billion resulting in savings of $305million (Net of transaction costs). It is worth mentioning that these savings were due to proactive exchange rate currency transaction undertaken by the Central Bank of Nigeria under the instructions of the DMO.

Nigeria today, stand proudly free of any debt owed to the Paris Club of Creditors

Nigeria's Policy Support Instrument with the IMF

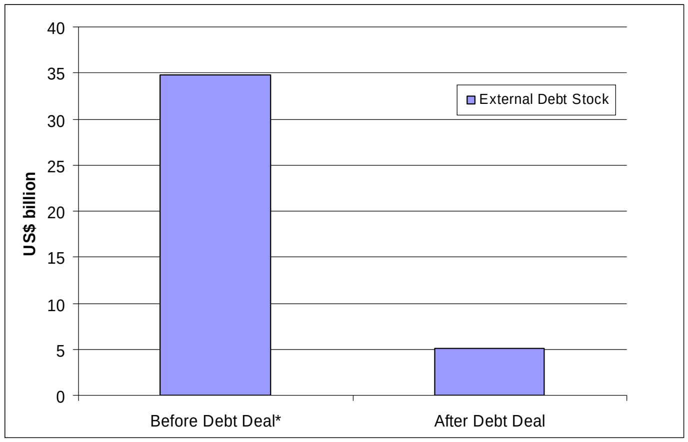
Usually, to reach a deal with the Paris Club, a country is required to have a formal agreement with the IMF. Nigeria does not have an IMF programme, and thus has signed up to a new framework with the IMF known as a Policy Support Instrument (PSI).

A PSI is purely a formal monitoring and endorsement arrangement of the IMF, and does not constitute any new programme or any new conditionalities. The IMF's PSI framework is designed for low-income countries that may not need, or want, IMF financial assistance, but still seek IMF advice, monitoring and endorsement of their policies. PSIs are voluntary and demand driven. PSI-supported programmes are based on country-owned poverty reduction strategies, adopted in a participatory process involving civil society and development partners, and articulated in a national document. Members' performance under a PSI is normally reviewed semi-annually, irrespective of the status of the programme.

What the PSI means for Nigeria is an arrangement for IMF officials to endorse NEEDS, Nigeria's home-grown economic reform programme. The IMF already endorses NEEDS on a quarterly basis, and the PSI only formalises this endorsement arrangement. Therefore, it does not represent any new policy requirements for Nigeria.

This PSI arrangement has been necessary in order for Nigeria to obtain a debt relief deal from the Paris Club, and as such has benefited Nigeria significantly

Nigeria's External Debt Stock Before & After the Paris Club Deal



Reform Measures in Place to Prevent a Reoccurence of the Debt Crisis

As part of the economic reform programme and plans to institutionalise transparency and accountability, several important measures have been taken. These include a Fiscal Responsibility Bill, a Public Procurement Bill, an Extractive Industries Transparency Initiative (EITI) Bill, and a framework for the Overview of Public Expenditure in NEEDS (OPEN). These will help to improve public financial management in Nigeria and will help to ensure that the debt crisis does not happen again.

The Fiscal Responsibility Bill has been designed to reform the management of public finances in Nigeria. The Law will commit all tiers of government to a set of rules for efficient economic management in terms of standardised planning, as well as control and monitoring of public borrowing and expenditure. The Public Procurement Bill aims to enforce due process in the award of government contracts; reduce wasteful expenditure, and ensure value for money in the public procurement process. The EITI Bill aims to enhance transparency in the oil, gas and solid minerals sectors by enforcing a system of 'publish what you pay'. In addition, the Federal Government has introduced a system of publishing monthly allocations to State and Local Governments from the Federation Account.

OPEN is a mechanism for enhanced funding, tracking and monitoring of budget lines in key sectors aimed at meeting the MDGs. It will monitor the use to which the direct budgetary gains from debt relief will be put, and can also be expanded to track future aid disbursements from international development partners. This monitoring will also involve representatives from the civil society, the media and the organized private sector

Signing of Bilateral Agreements between Nigeria & the Paris Club Countries

Minister of Finance with some NASS leadership

D-G DMO presenting his Welcome Remarks

DMO legal luminaries - Micheal Ohiani & Opeyemi Jiya discussing with an Embassy official

Members of the diplomatic corps from Paris Club creditor countries

Signing of the bilateral agreement

Exchange of documents between Nigeria and the Paris Club countries

D-G DMO, Mansur Muhtar with former D-G DMO, Akin Arikawe

Minister of Information – Frank Nweke Jnr. and other dignitaries at the signing ceremony

Group photograph – Minister of Finance, D-G DMO, NASS leadership and Ambassadors of the Paris Club

Minister of Finance, Dr. (Mrs.) Ngozi Okonjo-Iweala with H.E. the Ambassador of Japan

Signing of the bilateral agreement between Nigeria and Japan

Exchange of documents between Nigeria and Japan

PRESIDENT,

FEDERAL REPUBLIC OF NIGERIA

PRES/221

May 24, 2006

The Director-General,
Debt Management Office,
NDIC Building,
Constitution Avenue,
Abuja.

OFFICE OF THE DIRECTOR GENERAL
DEBT MANAGEMENT OFFICE
ABUJA
30 MAY 2006
RECEIVED
BY ______ SIGN ______

Dear DG,

LETTER OF COMMENDATION – DEBT MANAGEMENT OFFICE

I am writing to express my special appreciation to the Debt Management Office for its immense contribution towards the successful realisation of the landmark debt deal reached with Paris Club creditors recently.

I commend the tireless efforts, selfless service and outstanding commitment deployed by the management and staff in executing the organisation's mandate. In particular, I wish to place on record your remarkable achievements in establishing a credible external debt data base; improving transparency, efficiency and professionalism in debt management; as well as provision of vital technical support in negotiations with our creditors.

I encourage you to continue the excellent work. In particular, I expect that you would continue to deploy your efforts towards addressing the challenges posed by our domestic and London Club debt portfolio, with a view to securing a sustainable debt profile for our country and ensuring a better future for Nigerians.

The Debt Management Office has established itself as an exemplary government agency that is worthy of emulation by other public agencies. I urge you and your team to continue to serve as a beacon, particularly as we strive to create a new public service that will facilitate the attainment of this administration's vision of building a better Nigeria.

Yours sincerely,

OObasanjo

OLUSEGUN OBASANJO

Debt Relief - More Kudos for Nigeria as International Agencies Confirm Economic Rating

Nigeria's economy received a major boost in January as it has earned an official rating from one of the most respected international assessors of the economic health of nations. The rating by Fitch, a leading global ratings agency, is the first ever on Nigeria.

In July 2005, Fitch and other rating agencies were invited by the Honourable Minister of Finance, Dr Ngozi Okonjo-Iweala, on behalf of the Federal Government, to benchmark the country internationally, make maximum use of the country's improved external debt profile and improve the business environment for the private sector internationally.

Nigeria's ratings are underpinned by the current government's strong commitment to economic reform, including measures to improve governance, tackle corruption, accelerate privatization and rationalize the banking system.

The agency assigned a BB- rating on Nigeria, which puts the country in the same category as Brazil, Venezuela, Iran, Turkey, Ukraine and Vietnam.

The rating of Nigeria, according to analysts, is a highly significant development which signposts growing acknowledgement of the gains of the economic reform programme by the international community. It is a sign of Nigeria's willingness to be benchmarked internationally and to submit its economy to an annual review by international rating agencies.

Reacting to the development, the Minister of Finance, Dr Ngozi Okonjo-Iweala commented: "The rating of Nigeria by Fitch is great news for the country. Fitch is a highly respected name and whatever it says is taken very seriously by people around the world, especially governments and investors.

The rating shows that international confidence in the Nigerian economy is growing. For the private sector, the news is especially good. With the overall improvement in the country's profile which is confirmed by the rating, Nigerian companies can have easier access to credit from outside at more favourable rates."

The Minister described the development as further evidence that the vision of President Olusegun Obasanjo as exemplified in the reform programme and the hard work of the Economic Team are paying off.

According to a statement issued by Fitch, "Nigeria's ratings are underpinned by the current government's strong commitment to economic reform, including measures to improve governance, tackle corruption, accelerate privatization and rationalize the banking system".

The debt agreement which the nation reached with the Paris Club between June and October 2005 which resulted in the write-off of 18 billion dollars of the country's debt was identified by Fitch as a major factor responsible for the growing health and improving prospects of the Nigerian economy and a major contributor to this relatively favourable rating.

The statement also noted that "the establishment of an oil-price based fiscal rule whereby all oil revenues above a reference price (USD33 for 2006) are deposited into an Excess Revenue Account at the Central Bank of Nigeria and the Fiscal Responsibility Bill recently submitted to the parliament represent an important strengthening of the macroeconomic policy framework."

Though it noted the nation's legacy of political misrule and economic mismanagement, Fitch acknowledged that the present government is taking serious steps to tackle the problem through the Economic and Financial Crimes Commission, the Extractive Industries Transparency Initiative and other initiatives. The report also stated that recent upsurge in social unrest in the Niger Delta is "not expected to permanently and materially impair oil production and exports."

The favourable BB- rating given Nigeria by Fitch Ratings was again confirmed by another leading international rating agency, Standard & Poor's

(S&P). The agency also assigned a BB long term rating to the naira, confirming the stability in the value of the local currency. S&P also gave a short term rating of B to the country.

Like Fitch, S&P was invited by the Minister of Finance, to assess the status of the nation's economy within the context of the on-going economic reform programme.

Reacting to the development, Dr. Okonjo-Iweala stated that the S&P report is a confirmation of the earlier one by Fitch.

"It shows that the Fitch rating was not a fluke. S&P, like Fitch, is a respected name and it worked independently to produce its report so we are very pleased that the favourable assessment of the performance of our economy in the short and medium term has been confirmed. It shows we are doing the right things and that there is cause for optimism but we cannot afford to rest on our oars just yet. There is still a lot more work to be done to ensure that the economy continues to improve, jobs created and poverty declines significantly."

S&P which monitors the economic prospects of 110 sovereign governments worldwide described the outlook on Nigeria as "stable" and noted "the government's improving fiscal management and outturns."

The report by S&P which was released at 1pm Nigerian time on Monday, February 6, 2006 in London also identified the Paris Club debt deal, the movement toward an oil price-based fiscal rule and significant programme of expenditure reform as factors which are freeing up resources for investment in the country's economic development in areas like infrastructure.

According to Standard &Poor's, "the reforms, aided by higher oil prices, have seen the government's consolidated balance shift from repeated deficit pre-2004, to a surplus of more than 10% of GDP in 2005, expected to rise to 16% and 17% in 2006 and 2007, respectively."

The S & P report also confirmed Nigeria's newly established status as a net creditor country with foreign reserves estimated at about $30 billion in 2005, almost double the 2004 level. It noted that the nation's economic prospects will further improve when further progress is made in tackling the political and social challenges that the nation faces in different areas

Culled from Press Release issued by FMF- Abuja

Benefits of the Paris Club Debt Deal

With the conclusion of the Paris Club debt deal, Nigeria's external debt has attained a sustainable level. This means that Nigeria will be able to service its debt without recourse to exceptional financing.

- The conclusion of the debt deal heralds a "fresh start" or a new beginning for Nigeria. Nigeria's credit status provides an opportunity to accelerate the process of rekindling the economy and intensifying the fight against poverty.
- Significant improvements in the debt ratios are expected shortly. The net percentage value (NPV) of external debt as a percentage of gross domestic product is expected to fall from the pre-relief level of 52 percent to approximately 4.8 percent by the end of 2006. The NPV of debt to government revenue will also fall from 412 percent to 16.1 percent, and the NPV of debt to exports will fall from 152 percent to 15.7 percent

- Debt service as a percentage of government revenue and exports will fall. Nigeria will need only 2.0% of government revenue, and 2.1% of its export earnings to service its external debt after the debt relief.
- The debt write-off of US$18 billion constitutes a direct savings on debt service payments. Nigeria has in the last five years been spending an average of US$1 billion out of about US$2.1 billion falling due annually in Paris Club debt service. This substantial amount would immediately be made available to fund critical priority sectors such as health, basic education, water, power, road networks and other infrastructure to stimulate the economy and encourage private sector investment.
- The debt relief also removes the debt overhang

- The savings from debt relief are imperative for the implementation of NEEDS, and the attainment of the Millennium Development Goals (MDGs) in Nigeria.
- The exceptional circumstance of the debt relief de-classifies Nigeria as a "bad and doubtful debtor" country, into a credit worthy country. It is therefore a testimonial to an improving political environment and investment climate, which will help to increase foreign direct investment (FDI), expand the industrial base and help to enhance wealth creation.
- Export credit guarantee agencies will be confident to restore insurance cover for exports of goods and services, as well as investment capital to the Nigerian private sector. This will improve the competitiveness of private enterprises.

External Debt Sustainability Ratios: Before & After the Paris Club

Solvency Indicators	***Before***	***After***
NPV of Debt/GDP	51.4%	4.8%
NPV of Debt/Exports	151.9%	15.7%
NPV of Debt/Revenue	412.0%	16.1%
Liquidity Indicators		
Debt Service/Exports	7.4%	2.1%
Debt Service/Revenue	20.1%	8.7%

Notes: All figures for 'Before' the debt deal are as at 31 December, 2004. Solvency figures for 'After' the debt deal are projected for end-2006, as the debt stock reduction will have taken place. Liquidity figures for after the deal are projected for 2007 as debt service figures for 2006 will include third phase Paris Club exit payments

FGN Bond Issuance Programme

It is now common knowledge that after an absence of 17 years, the Federal Government of Nigeria in 2003, resuscitated the floatation of bonds on the Nigerian capital market in with the issuance of the 1st FGN Bonds.

The aim of the bond issuance was:

- To help government fund its deficits in a way consistent with macroeconomic stability and fiscal prudence to subject it to the discipline of the market;
- To provide the benchmark reference for bond issuance by other bodies like the state government or corporate bonds for a rapid development of the economy
- To create and sustain a liquid and deep secondary market which will impact positively on other bonds.

The FGN Bonds issuance programme continued in July 2005 with the floatation of N140 billion 2nd FGN Bonds. The objectives were to restructure the existing stock of NTBs into bonds with longer maturities and help sustain the momentum of reviving and deepening the capital market.

The total proceeds of the 2nd FGN Bonds 2005 series was N178.27 billion. The utilization of the process was as follows:

1. N149.40 billion was for restructuring 91-day NTBs into FGN bonds of 2 – 3 year maturities;
2. Infrastructural projects were funded with N27 billion on capital expenditures like:
   - Railway construction
   - Upgrading the airport to international standards
   - Good education
   - Improved power supply
   - Potable water
   - Affordable health care

In January 2006, the DMO once again invited all individuals, organizations, institutions, Chambers of Commerce, T6rade Associations etc, to take advantage of the opportunity for long-term investment in the FGN Bonds.

Driven by a goal of raising N 260.7 billion for the Federal Government through the floatation of FGN Bonds, the Application List for the 1st tranche of 3rd FGN Bonds 2006 Series opened on January 23, 2006. Between January & June 2006, FGN Bonds totaling N155billion and N175.93billion were issued and allotted respectively to the investing public through the monthly auctions. The tenors ranged from 3 to 7 years.

A summary of the auction from January - June appears on the next page.

ANALYSIS OF ALLOTMENT FOR THE 3RD FGN BOND 2006 SERIES (JANUARY - JUNE)

(=N= Million)

SERIES	1	2	3	4	5	6	7	8	9	10
DATE OF AUCTION	28-01-06	24-02-06	24-02-06	31-03-06	31-03-06	28-04-06	28-04-06	26-05-06	26-05-06	30-06-06
TENOR	3-YEAR	3-YEAR	5-YEAR	3-YEAR	5-YEAR	3 - YEAR	5 - YEAR	5 - YEAR	7 - YEAR	7 - YEAR
ISSUE AMOUNT	25,000.00	10,000.00	20,000.00	10,000.00	20,000.00	10,000.00	20,000.00	10,000.00	10,000.00	20,000.00
TOTAL SUBSCRIPTION	**73,149.03**	**29,449.94**	**45,591.43**	**15,783.27**	**13,387.03**	**34,344.54**	**43,853.00**	**33,962.00**	**16,587.00**	**28,944.56**
TOTAL ALLOTMENT	**36,704.82**	**12,612.19**	**23,481.21**	**8,163.30**	**8,087.03**	**15,406.13**	**26,905.00**	**12,515.20**	**10,361.80**	**21,697.56**
(a) Deposit Money Banks	16,728.12	12,611.13	22,281.21	6,397.53	6,862.83	7,670.00	11,500.00	10,000.00	10,350.00	19,250.00
(b) Discount Houses	-	-	-	250.00		-	-	-	-	1,000.00
(c) Pension Funds	3,500.00	-	-	250.00	1.70	-	4.00	5.00	11.80	1,380.61
(d) Non-Bank Financial Instit	16,453.00	-	1,200.00	1,265.00	1,215.00	7,735.00	15,400.00	2500	-	59.00
(d) Individuals	23.7	1.06	-	0.77	7.5	1.13	1.00	10.2	-	7.95
Range of bids	8.% - 25.%	6.% - 20.%	12.45% - 23.%	8.% - 20%	8.% - 23.%	7% - 18%	7% - 17%	5% - 17%	12% - 18%	8% - 19.48%
MARGINAL RATE (COUPON)	**15%**	**12.50%**	**14.50%**	**12.50%**	**14.5%**	**12.00%**	**13.50%**	**12.00%**	**15.00%**	**16.00%**

Quest for a Sustainable Debt Strategy - Initiatives by DMO/WAIFEM/DRI

Managing Nigeria's debt burden has for years constituted a major challenge, scarce resources meant for crucial investments in basic healthcare, education, poverty reduction and restoring growth continue to be diverted into servicing the ever-growing external debt portfolio.

The unsustainable debt situation led the government to resume dialogue with creditors on debt relief. Nigeria employed a large level of political initiatives to garner support of the international community and was eventually able to clinch a debt relief / exit deal from her Paris Club creditors in June 2005.

On the domestic debt scene, efforts have over the years also been centred on restructuring the securitized domestic debt portfolio and financing fiscal deficit with funds from the capital market. In addition, efforts are ongoing to regularize arrears of pensioners and local contractors through the issuance of appropriate FGN bonds to these category of stakeholders.

In a bid to truly ascertain the sustainability of Nigeria's debt portfolio and monitor the effects of the debt relief and future new borrowings, the government decided to hold a Nigeria National Debt Strategy and New Financing Analysis Workshop, (DSA) which was held from January 23 - February 02, 2006 in Abuja.

The Workshop was organized by the West African Institute for Financial and Economic Management (WAIFEM) and Debt Relief International (DRI) . Participants were drawn form the Debt Management Office, the Central Bank of Nigeria, Federal Ministry of Finance, the National Assembly, National Bureau of Statistics, National Planning Commission, National Poverty Eradication Programme and the Office of the Accountant General of the Federation.

For effective utilization of the potentials and expertise of participants, the Workshop was divided into 8 Working Groups as follows:

Data Specialists; External Debt Managers; Domestic Debt Managers; New Financing Strategy Group; Macroeconomic Projections Group; and Poverty Reduction Programme Group.

Regarding Nigeria's external debt sustainability, the workshop concluded that "Nigeria's external debt sustainability is maintained through most of the period when economic reforms are continually implemented, combined with a borrowing policy that favours concessional borrowing or grants, and an external debt restructuring strategy that exits from commercial debt, in particular oil warrants. The preliminary analysis also showed that Nigeria would be able to achieve the MDGs through implementing its macroeconomic program without jeopardising its external debt sustainability.

Group picture of DMO/WAIFEM/DRI workshop participants (Front Row) - L to R: Mr. Stephen Kaboyo - Director, Domestic Financial Market Dept, Bank of Uganda; Dr. Chris Itsede - D-G, WAIFEM; Ms. Yvonne Quanash - Head, Aid & Debt Mgt Unit, Ministry of Finance & Economic Planning, Accra, Ghana; Dr. Mansur Muhtar - D-G, DMO; Mr. Matthew Morris - Economic Adviser, DFID; Dr. Abraham Nwankwo – Director, Portfolio Mgt, DMO & Mr. Nazifi Darma - Assistant Director Policy Strategy & Risk Mgt, DMO.

STATE GOVERNMENT DEBT MANAGEMENT & DEVELOPMENT FINANCING STRATEGIES

In furtherance of efforts to assist the 36 States of the Federation toward strengthening public debt management, the Debt Management Office in collaboration with West African Institute for Financial and Economic Management (WAIFEM) and Debt Relief International (DRI) organized a Seminar on *State Government Debt Management and Development Financing Strategies.* The Seminar dates were Wednesday - Thursday, 14th - 15th of June 2006 and the venue was Reiz Continental Hotel, Abuja.

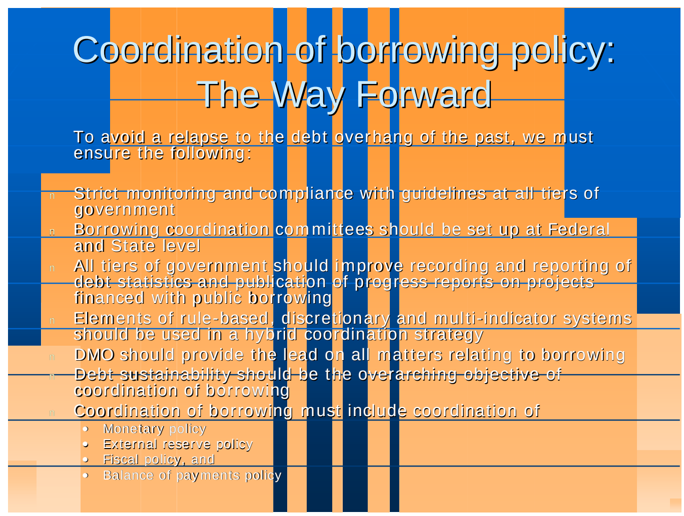
The Seminar, aimed at addressing the process of building state level debt management capacity as well as developing policies and guidelines for managing sub-national debt and borrowing had the following as objectives:

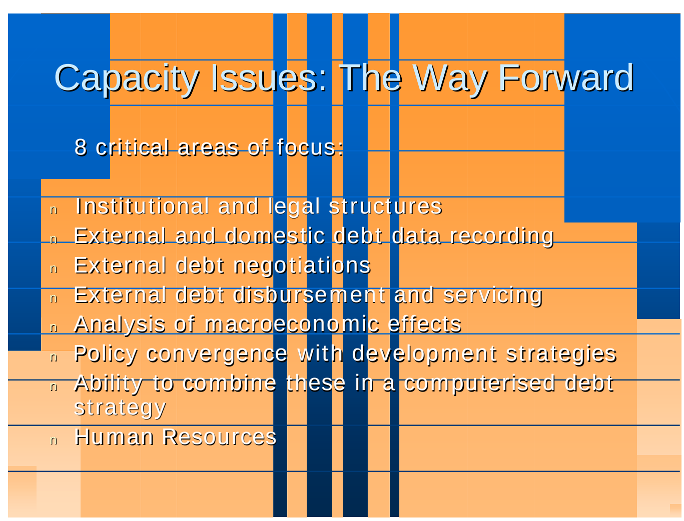
- Creating awareness of the need to establish credible Debt Management Units at the State Level;
- Enabling Nigeria achieve an integrated Debt Management framework for overall national Debt Sustainability;
- Highlight the problems of over borrowing at sub national level;
- Indicate best practices for sources of development financing; and
- Formulate a strategy and action plan for capacity building at state level and the way forward.

The two-day Seminar was enriched with presentations from the three organizing institutions - DMO, WAIFEM & DRI, three States of the Federation as well as from the World Bank.

In her keynote address, the Honourable Minster of Finance, Mrs. Nenadi E. Usman, represented by Mrs. J. Animashun, reiterated the importance of imparting knowledge on developments and trends in public debt management to debt management at the State level. She listed among the envisaged outcomes of the seminar the formulation of external and domestic debt strategies at the state level.

A summary of key points from the Seminar is attached below





Special Interview

The Paris Club Debt Deal - Nigeria saved $8bn in interest payment!

Nigeria's journey to debt relief has been long, torturous, challenging and above all rewarding. To give greater insight to the hurdle, DMO NEWS *spoke with no other person than the Director-General of the Debt Management Office. In this Special Interview below, Dr. Mansur Muhtar shed light on DMO's activities, the path to debt relief and the challenges ahead.*

The DMO is just over 5 years old! A major deal has been secured for the country. How was the DMO able to achieve this feat?

Shortly after his victory at the 1999 presidential elections and long before he was sworn-in as the civilian president of Nigeria, President Olusegun Obasanjo prioritized securing debt relief from creditors as a cardinal objective of his administration. He did this having considered the debilitating effect of the debt burden on Nigeria's economic growth and stability. For him, the debt burden was a big threat to Nigeria's nascent democracy.

Before the campaign for debt relief began, the right structures had to be put in place. The establishment of the DMO in 2000 ensured the centralization and consolidation of Nigeria's debt management functions. It also facilitated auditing the country's loan portfolio, updating and computerizing the debt database as well as the reconciliation of debt figures with the creditors.

As the quest for debt relief intensified, President Obasanjo constituted an Economic Man-

agement Team under his leadership and direction providing the vision for the team to go forward. We should never loose sight of the fact that President Obasanjo took over at a time when the country was facing a serious reputational overhang of a corrupt nation that had not managed her resources nor her economy well. The president appreciated the fact that for Nigeria to receive serious sympathetic hearing from the creditors, the country needed to demonstrate that she deserved debt relief.

To get debt relief, you have to demonstrate that you have a credible economic programme. One of the challenges Nigeria faced was that traditionally, a desiring country had to subject itself to an IMF programme with all the conditionalities. It took a long time to demonstrate the credibility, coherence and strength of Nigeria's economic reform programme with a view to getting the creditors to agree that this would constitute the basis for granting us debt relief. This task was a major journey in itself.

In addition, to advocacy campaigns and support from particular members of the international community, the great effort put in to overcoming the negative perception of Nigeria's anti-corruption crusade helped smoothen the grounds for getting the debt relief from our creditors.

We should also not forget that Nigeria in her quest for debt relief was also making an unusual request to her creditors. Mr. President wanted a complete and permanent exit. This is not consistent with the rules of the games in the Paris Club. Members of the club always want to continue to keep you indebted – if they give you debt relief, they would want you to spread the payments over 20 years.

We calculated that even with the debt relief we received we would pay interest of about $8billion over and above what we would have paid if we secured a permanent exit. Getting the Paris Club creditors to accept Nigeria's proposal was a battle of its own. We had to convince them to bend their rules and agree on a permanent exit. Coincidentally, this was also the period of growing revenue and excess crude oil which the president in concert with the National

Assembly and the State Governors chose to deploy to exit the Paris Club debt. In making this decision of a permanent exit, Mr. President made a collective sacrifice to ensure that generations of Nigerian children yet unborn would be free from this debt.

How much did Nigeria owe to the Paris Club creditors?

At the time we were negotiating the debt relief, Nigeria's debt to the Paris Club totalled $31 billion. On the debt deal, what was done was to reach an agreement to give out debt relief amounting to 60% of the debt stock. This therefore came to $18 billion. This amount, I must add, is the largest ever debt deal in Africa and second largest in the world, second to Iraq. Since we wanted a permanent exit we had to commit ourselves to paying the remaining 40%

If we had opted to defer or spread out the Paris Club payments, how much would Nigeria had paid to the Paris Club?

Two issues are pertinent here! 1st, the exit strategy was also one thing we use to entice some of the creditors to agree to the deal. We needed 100% consent of all the creditor countries and the lack of consent of one spelt the non-existence of a debt deal. Secondly, even if they had given the debt relief of 60%, we had opted to stretch the payment of $12.4 billion over the period of time which is normally 21 years rescheduling at 5.5% interest rate. We had calculated that we would have had to pay an additional $8billion in interest payment. So by paying off right away, we have saved the country $ 8billion in interest payment to the Paris Club.

Having successfully cleared the Paris Club debts, what is the office doing regarding the multilateral and London Club debts?

On the outstanding $5billion owed to London Club and multilateral Institutions like the World Bank and the African Development Bank, the Federal Ministry of Finance and the DMO are working towards getting relief on this category of debts. We are looking at possibilities for exchange or some transactions that would lead to positive benefits for the country. We are at the preliminary stage. We are looking at implications of each possible approach and the most cost effective manner of debt service payments.

Interestingly with the conclusion of the Paris Club debts we recall DMO's mission of making Nigeria's debt sustainable by 2006. Its 2006, What's the action plan now?

This is really a thing of pride for us. Since our establishment in 2000, the DMO has been guided by a vision of building a world-class Debt Management Office capable of making Nigeria's debt sustainable by 2006. With the completion of the Paris Club debt deal, Nigeria's debt stock is now sustainable. We will certainly continue in our efforts to make DMO a world-class organization as well as work with all our stakeholders and partners towards our mission, which is to transform Nigeria's debt portfolio into an asset for growth and development. In addition, we would redirect our energy towards new challenges – putting in place appropriate structures, policy guidelines and institutional arrangements to prevent a reoccurrence of the debt trap we found ourselves in; providing greater support to the states to build their debt management capacity. We would direct a lot of attention towards restructuring our domestic debt portfolio and enhancing the development of the capital market. We have for long neglected the issue of local contractors debts. The task ahead of us would be to securitize about 50% of the verified local contractors debts, which is in the range of N150 billion. We therefore expect greater collaboration with the Budget Office and the Central Bank. We would also be issuing FGN Bonds in the region of N40 – 50 billion to settle outstanding pension arrears. There is still a lot of work for the DMO.

What are the envisaged benefits of the debt deal to the average Nigerian?

The benefits of the Paris Club debt deal will accrue in very tangible ways. The cancellation of $18billion worth of debt entails a significant write-off from our books and enables resources to be channelled towards meeting our developmental needs. As a corollary, the government no longer needs to spend the $1billion a year on average in servicing its Paris Club debts. To ensure that the debt relief savings are judiciously utilized, a Virtual Poverty Fund Oversight of Pubic Expenditure in NEEDS (OPEN) has been set up to monitor and track spending of the debt relief savings.

continued on page 27

DMO Coordinates National Assembly Roundtable on Fiscal Responsibility In Nigeria

On the 3rd of April, 2006 the National Assembly organised a Roundtable on Nigeria's Fiscal Responsibility Legislation in the Congress Hall of Transcorp Hilton, Abuja. The event was facilitated by the Debt Management Office.

The theme of the Roundtable was *Fiscal Responsibility Legislation in Nigeria: Issues and Challenges*, and the objective was to provide a platform for stakeholders to familiarise themselves with the major provisions of the proposed Bill, highlight the key challenges and collaborate in the sharing of expertise and understanding on the implementation of the resultant Fiscal Responsibility Law (FRL).

The Roundtable was declared open by the President of the Federal Republic of Nigeria, His Excellency, Chief Olusegun Obasanjo, accompanied by His Excellency, the Vice President of the Federal Republic of Nigeria, Alhaji Atiku Abubakar.

In attendance at the Roundtable were representatives from a wide spectrum of stakeholders, including members of the National Assembly, State Governors, members of the Federal Executive Council, State Commissioners and some Local Government Chairmen. Also in attendance were representatives of political parties, Federal Agencies, the organised private sector, the academia and civil society organisations, the diplomatic community and other players in the key sectors of the Nigerian economy. International experts were also invited to share their experiences with the participants.

Welcoming participants to the Roundtable, the Chief Host and President of the Senate Senator Ken Nnamani commended the initiative of the Executive in proposing this bill, and indicated that in accordance with best democratic practices, the National Assembly will seek wide consultation in the consideration of this Bill. Goodwill messages were delivered by the Speaker of the House of Representatives, Honourable Aminu Bello Masari, the Governor of Akwa Ibom State, Architect Obong Victor Attah, as the Chairman of Forum of State Governors, and the Chairman of ALGON, Honourable Baver Dzeremo.

In his keynote address, the President recalled "the fact that the Bill was under consideration, made Nigeria's case for debt relief easier in the countries numerous deliberations. It provided additional proof to the creditors that Nigeria was working hard to prevent a relapse into a past characterised by reckless spending and imprudent borrowing". The President noted that the Fiscal Responsibility Bill was a cornerstone of his administrations economic reform initiative. The Bill would widen the nations focus and horizon with respect to institutionalizing a culture of transparency and probity. This would in turn ensure an extension of the ongoing reforms to all branches and tiers of government. With the Fiscal Responsibility Bill, the nation he added was set to occupy a vantage position to partake in the positive impact of the on-going globalization process.

The formal opening ceremony was followed by a short coffee break and then the combined Roundtable Table Session due to time constraints.

Panel of discussants included the Minister of Finance, Dr. (Mrs.) Ngozi Okonjo-Iweala, former Chairman of the Nigerian Economic Summit Group, Prof. Anya O. Anya, the Executive

Director, Budget Transparency Network, Mr. Eze Onyekpere, and the NLC President, Mr. Adams Oshiomole. To share international experiences on fiscal responsibility legislation, the combined session had Dr. George Kopits (Member of the monetary Council National Bank of Hungary) and Mr. Menachem Katz (Fiscal Affairs Department - IMF).

The activities of Roundtable Day-1 were brought to close with a Dinner and Cultural Night was hosted by the Honourable Minister of the Federal Capital Territory, Mallam Nasir El-Rufai. His Excellency, Atiku Abubakar, Vice-President, Federal Republic of Nigeria was the Special Guest of Honour.

On Tuesday, April 04, 2006, a Technical Workshop of the National Assembly Roundtable was held.

Divided into three sessions, speakers at the technical Worksop included Dr. George Kopits, Mr. Menachem Katz and Prof. Ukwu I. Ukwu who discussed Design Issues. Others speakers were Messrs Eze Onyekpere and Samuel Famakinwa who spoke on the FRL Bill. The third technical Session had as panellists Alhaji Dankwambo, Mr. Bill McCarten and Dr. Mansur Bajulaye-Shasi. They dwelt on implementations issues of the Bill.

For details of the Roundtable and the papers presented, check: www.dmo.gov.ng

Elizabeth Ekpenyong & Adesola Adesanya

FRL Photo Speak

We are here for this important event

HMF Dr. (Mrs.) Ngozi Okonjo-Iweala presenting her paper

Senator Farouk Bunza & DG DMO, Dr. Mansur Muhtar

Senate Chief Whip Udoma Udo Udoma & DG DMO

DMO Client Service Charter – Impressive!

Cross Section of participants

Senate President, the Vice President, Atiku Abubakar & Deputy Senate President at FRL Dinner

Menachem Katz, DG DMO, George Kopits & Prof Ukwu at Technical Session

Happy faces of DMO staff

Wisdom Lines

"The biggest room in the world is the room for self-improvement "

Sidney N. Bremer

"Sometimes it is the very thing you hate or detest that becomes the turning point or the deciding factor in your life. It is indeed one of life's greatest ironies. So hate very little and always bear in mind the immense possibilities of the human mind"

Liman Balarabe

"The key to overcoming procrastination is to just get started. In fact, within a few minutes of working on a project, you generally get your second wind. Runner for instance know that the first mile is always harder than the second. Getting past the barrier to your second wind is what overcoming procrastination is all about"

From the book – The Management Bible

Excellence

- Giving your best at all times
- Performing every task well and on time

Commitment

- Prioritizing your job
- Being dedicated to duty

Integrity

- Dealing honestly with your responsibilities
- Looking inwards and being satisfied that you have earned the day's pay cheque

Teamwork

- Pulling together human resources
- Working in harmony with your colleagues

Efficiency

- Having Speed, Precision, Accuracy & Timeliness as your watch words
- Prodding an exciting spirit to every aspect of your DMO relationship

How to end Procrastination

Procrastination is one of the main reasons we do not perform to our full potential.
It is a comfortable human habit that's difficult to break!
However, if you allow procrastination to become deeply entrenched in you, it will wreck your personal effectiveness and the effectiveness of your organization.
It casts aspersions on your integrity.
Below are 12 techniques that most successful people have used over the years to beat procrastination. Discover, through application, which techniques work best for you!

It's a fact

Procrastination is the world's #1 time-waster!

Banish it from your life if you want to become a better manager!

1. The Priorities plan
If you are forced into procrastination beyond your control because there are just too many tasks and so little time, do the important things first! Prioritize and give greatest and immediate attention to the most pressing jobs.

2. The divide-and-conquer strategy
If you are procrastinating because of sheer awesomeness of a task, the key is to break it up into smaller, more manageable components. Once you start accumulating small victories, you'll be well on your way.

3. The killer-punch plan
The divide-and-conquer strategy won't work if your problem is that you keep putting off a single task like returning a phone call, writing a thank-you note etc. The killer-punch is needed for a specific task that can only be accomplished in one hit. There is only one solution - get it off your plate immediately!

4. The ten-minute treatment
Take the task you've been procrastinating over and resolve to spend 10-minutes a day on it. After your first 10 whole-hearted minutes, reconsider. If you put it aside until tomorrow, okay. Probably, however, you'll realize that the job isn't so dreadful; you'll have gained enough momentum to go beyond the planned 10-minutes.

5. The bribe-yourself technique
Promise yourself a reward for getting the job done by a certain deadline. Bribe yourself with things you delight in. Do not cheat yourself by accepting your bribe before you complete the task as this will only reinforce your procrastination.

6. The post-a-sign strategy
Display a small or large sign at work or at home with a message to remind you of the job to be done.

7. The do-nothing method
Do nothing for 15 minute - nothing but stare at and think about the job at hand. Experts have adjudged that you should become very uneasy—and after 10 minutes, you'll fire and be off and running with the task.

8. The see-it-all done approach
We procrastinate when we cannot foresee achievement. If you are having trouble getting started - close your eyes and relax… Imagine that you have just finished your project, done a terrific job, and are basking in the good feeling of having achieved another goal.

9. The lock-away technique
Perhaps, as a busy person, you simply need to isolate yourself from interruption for a couple of hours to get a difficult job done. If this is the case, tell people about your problem and lock yourself from others for the required period.

10. The monitoring manoeuvre
For those length and seemingly overwhelming tasks, take a colleague into confidence-not to do the job for you, but to have a trusted friend to talk over the task with, to provide support, to check on progress, and to nudge you gently, and often towards the deadline.

11. The go-public tactic
Motivate yourself negatively by committing yourself publicly to a deadline. To avoid embarrassment, you'll get the job done or lose face!

12. The peak performance time routine
Do the toughest jobs at that time of the day when you are most alert, rested and energized. On the alternative, choose an unusual time for you - e.g., set the alarm for 4.30 a.m. and work an hour on that task.

Culled from Leadership Newspaper

Viewpoint

"Procrastination involves deciding that it is in your best interest to do something and you delay doing it even though you can see the disadvantages in the day"
Micheal Bernard
in Procrastinate later

DMO Director posted on Special Assignment to the World Bank

Dr. Abraham Nwankwo, Director Portfolio Management has been posted on a Special Assignment to the World Bank. This information is contained in a letter dated April 21, 2006, from the Honourable Minster of Finance Dr. (Mrs.) Ngozi Okonjo-Iweala to the Director-General of the DMO.

Dr. Nwankwo would be replacing Mr. Haruna Mohammed as the Senior Advisor to the Executive Director for Africa Constituency 1 at the World Bank Headquarters in Washington DC, USA. The posting which takes effect from July 01, 2006 is for a period of three years.

As our dear Director prepares to leave the shores of the motherland, DMO NEWS wishes him all the very best for a successful tenure at the World Bank.

Portrait of an Achiever

Abraham Ekwutonyeukwunonu Nwankwo, an Economist, obtained his B.Sc. (1980), M.Sc. (1983) and Ph.D. (1985) degrees all in Economics from the University of Nigeria, Nsukka. In 1980, he won prize for the Best Economics First Degree result from the academic institution. In 1985, he again won the University's prize for Outstanding Ph.D. Research. Abraham Nwankwo was the first Ph.D. in Economics produced from the University of Nigeria, 25 years after the institution was established.

He began his working career as a lecturer in the same University. He lectured for 5 years before venturing on a versatile career in banking occupying top management positions in various banks. Thereafter, he had a stint in consultancy and handled a couple of corporate restructuring and start-up projects.

In 2001, he changed the circle of his navigation around the world of work by joining the Public Service as a member of the Management Team of the Debt Management Office. In July 2004, Abraham Nwankwo was appointed Director Portfolio Management.

Born on the 6th of August 1954 in Umulogho Obowo in Imo State, his father, Nwankwo Anowii, the paramount ruler of the Obowo clan, had many wives among whom was Abraham's mother , Titi , the 32nd of his 33 wives.

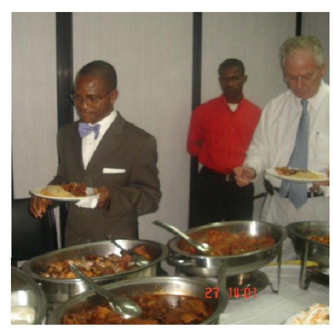
Abraham Nwankwo's philosophy in life is to be an active contributor to the march towards human progress and the building of one family of humanity.

An economist, erudite scholar, writer and poet, his published works include "Minds on Time" - collection of poems; Tatu - Drama and Oracles for Heroes - Prose. "A New Window" is the title of his yet to be published novel.

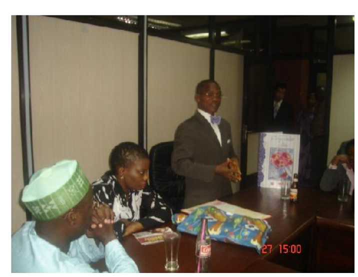
Dr. Abraham Nwankwo is married to Obioma, and together they have three wonderful children - Chindu, Chinzu and Chinju.

Photo Speak

PMD *Sends Abraham Nwankwo Forth*



Pictures from the Send Forth Lunch organized in honour of Dr. Abraham Nwankwo, on by staff of the Portfolio Management Department



Know Your Colleagues

Dr. Godson Dinneya is 44 years old. A 1985 graduate of Economics from the University of Nigeria, he obtained his M.Sc in Economics from University of Lagos and his Ph.D also in Economics from Rhodes University in South Africa

Before joining the Debt Management Office in June 2005, Godson Dinneya was a Research Fellow at the Nigerian Institute of International Affairs.

As Team Leader, Strategy in the Policy Strategy & Risk Management Department of the DMO, Dr. Dinneya has been very actively involved with the design and documentation of Nigeria's National and Sub-National debt strategies which are currently being implemented.

A Christian, God-fearing, gender sensitive and friendly person, Dinneya, is married to Florence, the apple of his eyes. Together, they have five children - two boys & three girls. A football enthusiast, his hobbies include reading autobiographies, watching science fiction and traveling.

Godson Dinneya is also the author of the book "Political Economy of Democratization in Nigeria".

In 2005, he won the John McMenemy Prize of the Canadian Political Science Association with his work entitled: *"Constructing a Cardinal Measure of Democratic Development in a Transitional Polity: The Nigerian Example"*

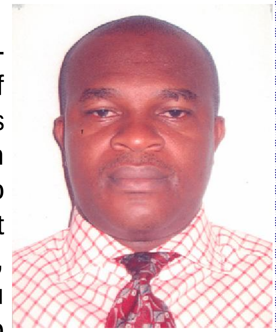
Mr. Joe Ugoala has had over 17 years post graduation experience in financial services sector - cutting across merchant banking, commercial banking and stock broking.

Having qualified as a Chartered Stockbroker and with a degree in Mathematics/Computer Sciences and an MBA in Financial Management, Ugoala was convinced he was well equipped for the business world.

He joined the Debt Management Office in April 2006, as Team Leader in the Portfolio Management Department. Prior to his joining the DMO, he was a top management staff of Universal Trust Bank Plc. He occupied the position of Head, Investment Banking Department. Other positions he has occupied in leading Nigerian financial institutions include - Head Corporate Planning, IT/Research and Corporate Finance respectively with the Centre-Point Group (Centre-Point Merchant Bank Plc & Centre-Point Investments Ltd)

He is married to Bibian, his soul mate. Their union is blessed with three lovely children Uzoh, Onyinye and Chi-Chi.

For leisure, Joe Ugoala loves to watch detective movies. He reads a lot and listens to soul music. He also enjoys sight seeing.



An Assistant Chief Operations Officer with the Portfolio Management Department, Mr. Maraizu Nwankwo joined the Debt Management Office in April 2006.

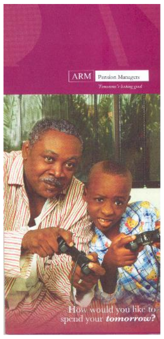
The University of Nigeria graduate of Business Management with an MBA in Marketing boasts of over 10 years experience in management consulting, project and credit management, banking and training. Notable institutions that have benefited from his wealth of experience include Walton Solomon Associates Ltd, Fidelity Bank Plc and Dasot Capital Partners Ltd. Mr. Nwankwo has been involved in due diligence assignments on ACB International Bank Plc, Citizens International Bank Ltd and Guardian Express Bank.

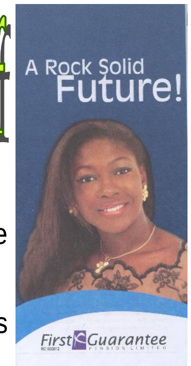
With a passion for reading and a flair for writing, Nwankwo is driven by the conviction that there is a reward for hard work and gain in godliness with contentment. His motivations are honesty, love and integrity while he is put off by arrogance, disrespect and injustice.

He is married to Nnennaya and together they have two children, Joel and Chiamaka.

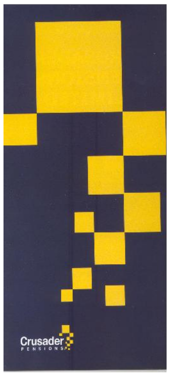
He views the DMO as a dynamic organization with a vibrant team.

DMO Ensures Wonderful Retirement For Staff



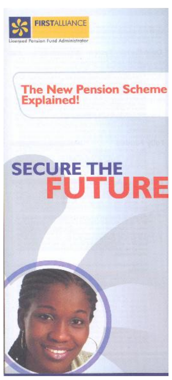


The enactment of the Pension Reform Act 2004 brought with it, the establishment by the Federal Government of Nigeria, of a Contributory Pension Scheme for employees of both the public and private sectors.



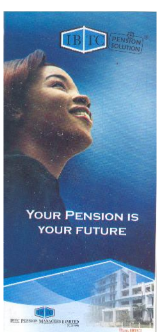
The key objectives of the scheme are:

- to ensure that every employee in the public or private sector would upon retirement, receive his benefits as at when due.
- to assist improvident individuals by ensuring that they save in order to cater for their livelihood at old age.

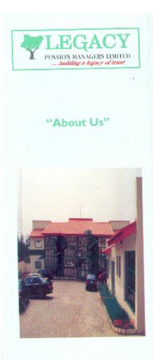


To manage funds accruing to the scheme, the Act provides for the appointment of Pension Funds Administrators (PFA) and a Pension Asset Custodian (PAC). A total number of twelve PFA were recognized by the Federal Government for the operations of the contributory Pension Scheme.

In April 2006, the DMO, as part of efforts to ensure understanding and staff 100% buy-in to the scheme invited the twelve PFAs to present their proposals to staff. The presentations were to ensure that staff made the right choice of PFA. As a pension contributor, each eligible member of staff is required to open a Retirement Savings Account (RSA) with a PFA of his choice.



DMO staff have been given up to the end of June 2006 to complete the process of opening the RSAs with the PFA of their choice and then furnish the Human Resources Unit with information needed to conclude the process ▲



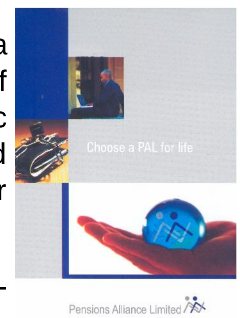
Frequently Asked Questions

Q: Who is covered by the new pension scheme?

A: The new pension scheme covers all employees in the public service of the Federation, the FCT and the private sector of the economy.

Q: Are there any category of employees exempted from the pension scheme?
A: Employees who have 3years or less to retire and the categories of persons covered by the provisions of sections 291 of the 1999 Constitution of the Federal Republic of Nigeria are exempted from the new pension scheme.

Q: How much is an employee expected to contribute to the new pension scheme?
A: An employee shall make a monthly contribution of 7.5% of the total of his/her monthly basic salary, transport allowance and housing allowance into his/her RSA.

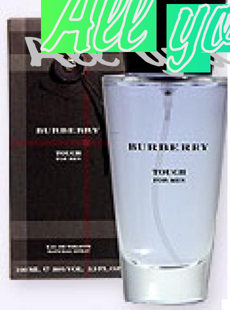


Q: Will the employer also contribute to the staff's RSA?
A: The employer shall contribute a minimum of 7.5% of the employees monthly emoluments towards the retirement benefits of the employee.

Q: What is a Retirement Savings Account?
A: A Retirement Savings Account is an account opened by a PFA on behalf of a pension contributor. Every employee is expected to open an RSA into which his/her contributions and returns on investments are paid. The RSA is operated in a manner similar to a savings account, except that no contributor can withdraw money from the RSA before his/her retirement. The PFA is required to invest the RSA funds and issue a quarterly statement of accounts to the contributor.

Culled from the PENCOM Website

All you need to know about PERFUMES!



Perfume is the ultimate sensory experience, calling up emotions and forgotten memories.

Since a number of us spend a small fortune on exotic and extraordinary fragrances and do not know how best to use them, here are a few tips and suggestions. Join me on this trip to discover new ideas for dousing yourself in mood-boosting aromas; determine the best ways to wear your fragrance and how to give it staying power.

Types of Fragrances

Perfume is the purest, smoothest and roundest of all the concentrations of fragrance and the most expensive by far. It contains 20 - 40% of fragrance oils held in alcohol, a much higher concentration than in other types of fragrance. 50% of the fragrance is formulated with the long-lasting base notes. Perfume is generally dabbed onto the skin rather than sprayed on.

Eau de parfum is the most popular kind of fragrance and contains 7 - 14% fragrance oils. Around 70% of an eau de parfum is lost after several hours but the remaining 30% will linger 24 hours after its been used. For an inexpensive fragrance that will linger, I advise you to pick up an eau de parfum. Apply your choice to the places where the skin is warmest - the *wrists, collarbone, in the crook of the elbows, behind your knees and around the ankles*.

Eau de toilette contains 1 - 3% fragrance oils, of which 80 per cent will evaporate within three hours. Many women buy eau de toilette expecting it to last all day. The eau de toilette was originally created to be splashed all over the body to refresh and wake you up instantly. Don't spray an eau de toilette on your pulse points. instead spritz some onto your hairbrush and run the brush through your hair for a more lasting effect.

Eau de cologne this is the first type of commonly used fragrance. It has a classic men's scents that last like a very concentrated eau de toilette.

Scented body creams contain around 8% aromatic oils, while scented body lotions have 3 - 5% aromatic oils. Their thick cream or lotion base makes the scent linger all over in its concentrated form for several hours.

Other General Fragrance Tips

- Don't apply fragrance behind the ears, there are too many sebaceous glands in the area that can affect the way a perfume smells.
- The best way to make your fragrance linger all day is to layer your scents. Indulge in a foaming scented bubble bath and use the complementary scented soap (if it isn't available, use a non-scented variety so that you don't wind up with a clash of odors). Afterwards, use lavish amounts of the matching body lotion and follow up with a spritz or dab of your chosen scent. Your skin will absorb the fragrance molecules over the complete surface of your body.

- Scenting your clothes, fragrance is a wonderful way to surround yourself with uplifting, natural scents all the time. Spray a little fragrance unto your laundry before you iron it. Take care, however, when applying commercial fragrance that contains alcohol to coloured clothing or linen, as they take the colour out of your clothes or stain them.
- When applying fragrance to the skin, allow it dry before dressing.
- You may spritz your scent into the air a few inches in front of you, and then step into the perfumed mist.

- Fragrance tends to last longer on oilier skins
- Don't be afraid to experiment with your everyday fragrance in a new way

Till we meet again in the next edition, continue to glow radiating the best of fragrances

Omolara Etim-Bassey

Your Medicine and You

Laughter

When last did you have a good laugh? In these hard times, many people probably do not recall when last they had a real good laugh. Many may probably ask what is there to laugh about when I am still thinking of how to get food on the table?

In the midst of all difficulties, we need to know a basic truth about laughter. Laughter is therapeutic! One uses thirteen facial muscles to laugh and precisely over two hundred tiny muscles to frown!

Laughter, associated with humour has an effect on most of the systems of human body, the cardiovascular system (heart), the muscular system, the central nervous system, (Brain and spinal cord) and the immune system.

There are different types of laughter: you laugh when you are happy, amused, filled with joy ; you could laugh in mockery of another person; you could laugh in disbelief of a fact; and you could even laugh on an impulse of sad news.

Today, I have chosen to dwell on genuine laughter - deep seated laughter which is brought about through humour. Examples of these are: laughter of a joke, laughter in response to good news, laughter shared with friends, laughter which makes you burst spontaneously in joy. This is called *MIRTHFUL LAUGTHER*.

What are the effects of Laughter on your body?

- Mirthful laughter relaxes the central nervous system. Under stress, we produce a hormone called adrenaline. This stress hormone leads to fright, fear and flight. When we laugh, our bodies produce hormones known as endorphins which calm down the central nervous system and produce a feeling of well being. The same effect takes place in the muscular system.
- The person who laughs is much more flexible than the one who frowns and this is because laughter improves the blood pressure and functioning of the heart. This is achieved through increased respiratory exchange with more oxygen going in and carbon dioxide going out.
- After a hard day at work, laughing and playing with your family and friends eases the day's tension. This in turn heals diseases and improves the quality of your life.
- Laughter motivates and lifts your spirit high. Your out-look on life improves and the greater the intensity of your laughter the stronger the positive effect on your body and health.

Laughter is totally cost free! Laughter may last for just a while, its memories last for a real long time.

Laughter is it - so go ahead, let your hair down, clear your throat and do a real good, deep laugh. You're all the better for it!

Laugh out Loud!

Pamela Bakari

Love In the Air

February 14 is always a special day for Love. At the DMO, the story was the same.

Whether intentionally or otherwise, some members of staff turned up to work with an touch of red on their clothing.

Gifts were exchanged between some staff.

continued page 27

The Paris Club Debt Deal
Terms & Key Players

S	E	C	U	R	I	T	I	Z	E	D	B	C	D	E	T	B	L	M	O	L	U	S	E	G	U	N	O	B	A	S	A	N	J	O	B	A	S	U	N
O	E	R	Q	D	N	O	R	Y	Z	B	A	C	D	S	I	I	N	B	A	R	K	S	S	E	N	D	I	N	G	O	S	E	N	X	H	G	C	A	D
Z	E	R	O	I	V	D	K	B	X	L	O	V	A	L	E	L	R	E	S	E	A	R	C	H	C	O	U	P	O	N	A	N	D	B	O	N	D	S	S
O	V	A	L	V	E	I	V	U	Y	A	T	Y	R	U	S	A	E	R	U	S	E	R	U	S	E	D	Z	I	P	P	E	R	M	A	R	I	T	O	P
N	A	M	A	E	S	V	E	S	Z	Z	O	G	R	O	S	T	R	A	N	S	A	C	T	I	O	N	O	N	E	M	R	O	B	J	P	D	U	N	I
E	X	I	S	S	T	E	S	Y	A	E	S	O	P	O	E	E	R	A	I	N	R	O	P	I	N	E	T	A	P	A	A	S	U	E	I	N	S	O	N
C	I	T	S	E	M	O	D	B	B	N	I	L	E	P	T	R	W	A	S	T	R	Y	O	O	Y	E	O	F	K	N	C	E	Y	S	L	S	A	T	S
M	E	N	T	A	E	T	E	O	C	N	I	G	E	R	I	A	T	O	W	E	E	P	S	L	T	D	O	C	T	S	E	E	B	T	E	T	V	E	F
B	L	B	A	R	N	M	D	Y	D	E	S	A	I	L	N	L	P	O	I	T	A	P	T	U	R	S	A	H	E	U	T	R	A	E	R	S	E	T	O
A	R	T	I	S	T	I	C	C	E	K	C	H	A	N	G	E	M	G	O	R	R	E	O	U	E	B	I	L	L	R	R	E	C	R	O	T	T	R	R
X	R	R	S	T	S	O	P	H	F	N	A	N	E	M	E	M	B	E	R	I	S	L	E	F	Y	O	C	T	Y	M	A	S	K	A	N	U	U	A	G
C	O	D	E	R	O	P	E	A	G	O	T	T	A	T	R	A	I	T	O	R	J	T	E	U	E	E	N	D	H	U	C	T	O	R	U	O	P	I	I
R	M	S	S	S	O	O	C	I	H	W	S	W	Y	N	N	O	I	T	A	G	I	L	B	O	O	L	G	O	P	H	K	Y	U	E	U	G	I	N	V
E	U	I	U	C	C		O	N	I	L	A	T	E	N	I	U	Y	E	A	R	N	S	P	E	Q	W	T	O	M	T	E	L	L	G	A	I	T	T	E
D	L	O	P	P	H	H	P	S	J	E	X	C	H	A	N	F	I	R	M	P	O	I	O	G	M	O	R	O	U	A	K	N	E	E	L	O	O	O	N
I	T	L	P	O	O	E	E	X	K	C	H	A	N	G	E	E	E	S	I	X	S	I	X	N	M	Y	Q	O	I	R	E	E	P	M	O	T	T	O	E
T	I	I	E	O	P	U	D	D	L	I	S	T	H	I	S	T	O	R	I	C	T	M	E	M	X	M	A	Y	N	L	M	P	A	R	B	O	N	D	S
O	L	T	S	L	A	V	E	U	U	E	X	P	R	E	S	S	E	X	I	T	E	D	E	X	T	E	R	P	N	N	M	O	P	A	S	B	G	T	S
R	A	T	R	A	I	L	P	I	L	L	B	E	E	X	T	E	R	N	A	L	D	E	B	T	S	D	O	L	E	O	U	T	S	T	R	A	T	E	G
S	T	E	O	P	O	C	A	P	M	D	E	B	T	T	Q	U	E	E	R	R	E	L	I	E	F	O	O	L	L	D	E	A	L	M	T	O	O	O	E
I	E	R	E	T	O	P	I	G	N	T	P	A	G	A	U	U	P	I	T	R	A	I	N	L	O	O	P	E	L	E	D	T	I	N	V	E	S	M	T
T	R	S	B	R	U	K	E	N	O	O	O	V	L	G	I	P	I	L	O	N	D	O	N	C	L	U	B	U	I	V	W	D	N	O	P	R	E	J	R
A	A	E	S	O	N	E	L	T	P	P	T	A	K	A	N	D	N	P	L	A	I	N	S	E	E	R	V	N	M	E	E	S	F	B	T	G	L	P	N
L	L	N	O	E	L	K	S	M	E	P	E	I	N	T	P	P	A	R	I	S	C	L	U	B	U	T	L	E	E	L	L	T	R	A	I	N	E	R	E
Y	A	T	A	M	V	E	N	O	P	W	R	O	O	P	L	O	P	I	S	T	L	E	M	E	S	S	U	P	I	O	L	R	A	I	N	K	N	O	W
H	T	S	P	O	U	E	Z	T	I	E	M	K	B	A	P	C	L	U	B	Z	Z	C	V	D	T	B	Y	L	I	P	V	A	S	L	O	N	E	X	T
E	R	E	Y	Q	U	P	N	O	R	S	S	P	N	S	S	M	E	C	O	N	O	M	I	C	A	C	I	H	O	M	G	I	T	P	T	A	K	I	N
A	I	N	E	K	P	C	J	O	E	P	P	N	K	C	O	T	S	E	N	T	E	R	Y	I	A	D	I	N	O	E	N	G	R	O	B	B	A	N	K
L	A	T	S	O	K	N	U	P	W	P	I	G	N	I	W	O	R	R	O	B	P	A	I	R	I	S	E	N	L	N	I	T	U	I	K	D	A	T	E
T	L	A	T	P	N	C	L	E	O	N	L	L	L	L	R	S	F	I	M	F	S	R	C	B	I	T	I	E	R	T	T	H	C	O	L	L	R	R	F
H	A	N	M	O	A	E	Y	T	G	J	L	J	K	I	O	P	L	N	O	Y	G	O	A	L	L	T	T	I	N	M	S	E	T	K	G	R	E	A	A
B	N	S	K	Y	E	L	L	O	F	U	N	D	I	N	G	O	O	T	R	O	M	I	L	L	O	I	T	E	R	Y	U	N	U	I	T	O	E	M	S
W	N	O	E	E	E	I	G	N	I	B	R	E	W	M	F	T	I	E	E	E	H	I	E	R	U	I	N	S	S	E	H	O	R	S	E	W	E	O	T
E	E	Q	U	S	L	N	O	R	S	O	O	P	E	T	O	S	J	R	D	K	I	S	T	A	I	N	B	V	E	E	T	H	E	R	R	O	R	P	L
A	R	V	Q	A	A	O	Y	A	T	W	B	U	R	D	E	N	O	N	A	B	I	G	N	R	E	S	I	G	N	S	R	A	I	D	E	R	D	O	A
L	R	O	B	H	O	P	Y	E	S	S	T	O	E	M	P	F	U	A	B	I	P	G	N	U	P	A	S	T	E	E	R	V	O	I	C	E	O	W	N
T	O	C	R	E	D	I	T	Y	I	O	P	A	N	T	A	L	O	L	O	P	P	I	E	N	O	U	J	A	I	L	E	R	I	M	A	T	P	R	E
H	R	E	R	O	Y	E	R	O	S	E	R	O	T	T	E	N	O	L	I	A	L	O	S		L	A	C	S	I	F	B	A	N	C	R	A	Z	E	E
S	V	E	S	T	E	D	I	N	T	E	R	E	S	T	B	E	S	Y	M	A	I	N	T	R	I	A	L	T	E	S	T	R	U	S	E	R	O	A	T
O	P	E	N	E	S	S	A	R	E	E	S	T	E	D	U	C	A	T	I	O	N	I	S	T	S	P	R	O	M	I	O	S	O	R	Y	N	O	T	E

NEEDS	DEMOCRACY	CREDIT	QUEST	OLUSEGUN
DEBT	SERVICE	STOCK	BUYBACK	OBASANJO
RELIEF	NAPLES	BURDEN	SECURITIZED	MANSUR
HISTORIC	PORTFOLIO	RESCHEDULE	FOREIGN	MUHTAR
PARIS CLUB	LONDON CLUB	EXTERNAL	REFINANCE	DEVELOPMENT
DEAL	MULTILATERAL	OBLIGATION	BOND	NENADI USMAN
NIGERIA	BILATERAL	ARREARS	WORLD	INFRASTRUCTURE
OVERHANG	CREDITORS	ECONOMIC	BANK	MONITOR
PROMISSORY NOTE		OUTSTANDING	OKONJO-IWEALA	FISCAL

Happy Birthday!

Barka da bikin ranar haihuwa !

Mrs. Risquah Adedokun	Jan 01
Mr. Mohammed Sa'ad	Jan 01
Mr. Adesina Idris	Jan 06
Mr. Olayiwola Popoola	Jan 10
Mrs. Opeyemi Jiya	Jan 13
Mr. Nasir Mahmoud	Jan 15
Mrs. Aisha Jibril	Jan 18

Ekun odun ojo ibi !

Ms. Ayotunde Hanidu	Feb 02
Mr. Mamuda Bello	Feb 05
Ms. Elizabeth Ekpenyong	Feb 06
Mr. Liman Balarabe	Feb 06
Mr. Paul Adekunle	Feb 11
Mrs. Nneka Nzewi	Feb 14
Mr. Garba Sule	Feb 22
Mrs. Halima Tukur	Feb 24
Mr. Adejo Idejo	Feb 28
Ms. Chioma Otugo	Feb 28
Mr. Abubakar Zakari	Feb. 29

Ogologo Ndu Na Aruisike !

Mr. Adebola Lawal	March 03
Mr. Haruna Babajo	March 06
Mrs. Lucy Okpanachi	March 06
Mrs. Funmi Ilamah	March 13
Mr. Joseph Odo	March 19
Mr. Umar Abubakar	March 23
Mr. Ademola Akinto	March 25
Mrs. R. Oshiokhamele	March 26
Ms. Chioma Egwin	March 29

Barka da bikin ranar haihuwa !

Mr. Peter Mukolu	April 09
Mrs. Ada Ezekwesili	April 19
Mr. Magaji Mahmoud	April 24
Mr. Sulaiman Isah	April 25
Ms. Josephine Odubu	April 30

Ekun odun ojo ibi !

Mr. Khali Baba	May 04
Kunle Olatunjoye	May 05
Mr. Cijeyu Ojong	May 06
Mr. Nazifi Darma	May 16
Mr. Nura Danmadami	May 16
Mr. Idris Garba	May19
Ms. Zubaida Umar	May 21
Ms. Patience Ngboma	May 29

Ogologo Ndu Na Aruisike !

Ms. Justina Liobe	June 05
Ms. Maryam Omar	June 06
Mr. Sani Abubakar	June 06
Mr. Daniel Ojeh	June 09
Mr. Godson Dinneya	June 09
Mrs. Angela T-Okoye	June 22
Ms. Rahima Tukur	June 22
Mr. Jude Okokon	June 26
Mr. Babatunde Ogunrle	June 27

Happy Birthday!

Interview with DG, DMO

Continued from Page 16

The 2006 budget has earmarked these savings for spending in priority areas which include – health, education, water, agriculture, power and works among others. In addition to the direct benefits above, the removal of the debt overhang will also help to restore investor confidence in Nigeria, attract increased foreign direct investment and facilitate the smooth conduct of trade with other countries by improving access to the facilities of export credit guarantee agencies.

What were your reactions to the Thisday Award for the best deal of the year 2005 which the DMO received?

Well I was elated really. I think its great to gain the recognition and acknowledge the effort that was put into the quest for debt relief. Again from the Thisday award, it is clear to everyone clinching the Paris Club debt deal was a splendid for Nigeria as a nation and Africa as a continent ▲

Adesola Adesanya & Elizabeth Ekpenyong

Love In the Air

Continued from Page 25

To crown the romantic atmosphere, a beautiful bouquet of flowers was even delivered to a particular member of staff by a loved one.

In the spirit of the season, Corporate Affairs Section invited the D-G and all members of staff to its office to share in the valentine cake, soft drinks and tray loads of tantalizing suya the Section had purchased. CA's pleasant surprise was greeted with broad smiles from staff. What was the reaction of DMO members of staff thrilled by the surprise?

"It was fantastic, it was a big and pleasant surprise there was meat and cake and lots of minerals to drink'.

"It brought every one together to signal DMO's unity and love".

"I was caught unaware and came late but still had some thing to drink and meat to eat CA keep it up and improve more on it."

From CA, the message was *all work and no love, just won't pay!* We are glad to have made your Val day special! ▲

Halima Tukur

Wedding Bells!

It began on Saturday, February 11, 2006, Sulayman Yusuff-Shellengs of the Finance and Accounts Unit traveled to far away Yola, Adamawa State to ask for the hand of his heart throb, Margaret Sawa. The colourful engagement ceremony was held at the Sawa Family Compound in Lekitaba. The rich display of the Hausa culture was breath taking.

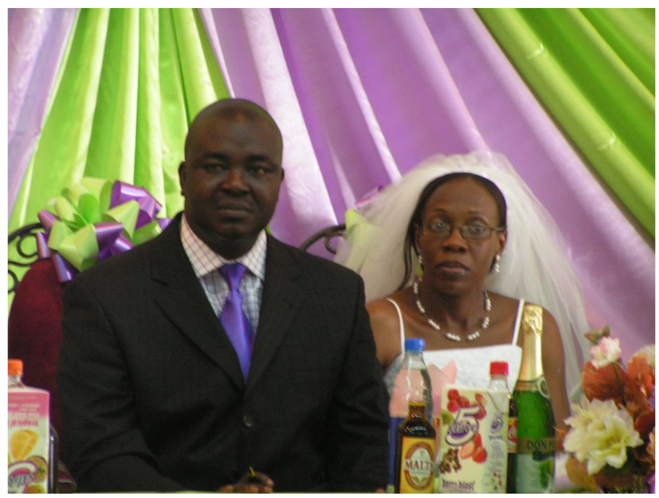
10 am, Saturday, February 18, 2006, all road led to the AMAC Marriage Registry in Garki—Abuja, for the exchange of marital vows between Sulayman Yusuff-Shellengs and Margaret Sawa. The loving atmosphere was further spiced with the wonderful humour of the Marriage Registrar.

The wedding ceremony brought together the crème de la crème of Abuja. At the wedding reception held at Scorpion Officers Mess Camp W U Bassey - Asokoro, it was glamour, glitz, pomp and pageantry. Members of staff of the Debt Management Office decked in vibrant colours were in attendance to lend support to the newly weds and their families.

Photo Speak serves few of the beautiful pictures at the celebration of love.

To the bride and groom, DMO NEWS wishes conjugal bliss all the way.

Mr. & Mrs. Sulayman Yusuff-Shellengs receiving their marriage certificate



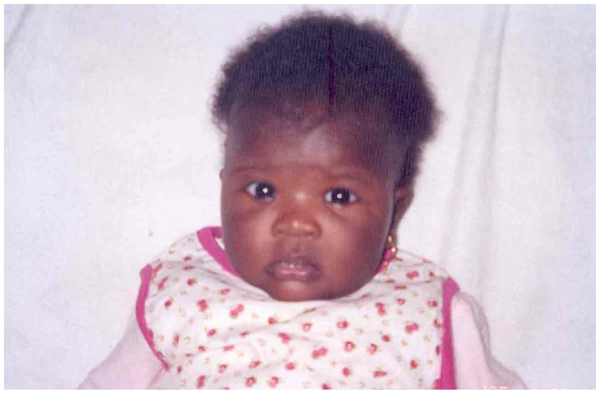
Mr. & Mrs. Sulayman Yusuff-Shellengs

The couple with DMO members of staff

DMO Members of Staff - Greg Anowuru, Jack Delaney, Ayotunde Hanidu & Maryam Omar at the wedding reception

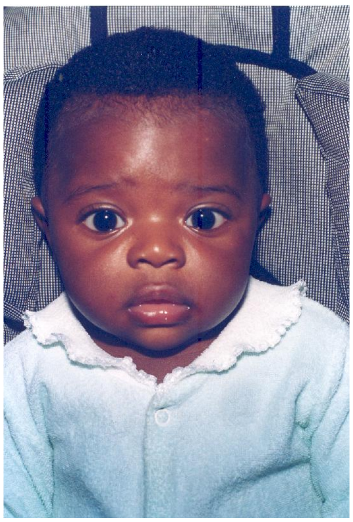
Welcome to the World!

Denzel Nzewi - *January 15, 2006*



Fatima Mohd Dadan-Garba - *January 15, 2006*

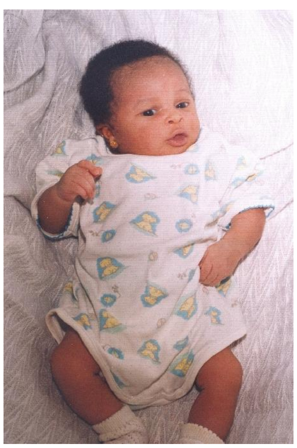
Oladapo Adesina-Idris - *January 20, 2006*



Nu'uman Abdulazeez - *January 30, 2006*

Toma Husam - *March 21, 2006*

Derinsola Akodu - April 06, 2006



Kosisochukwu Joy Anowuru - *June 01, 2006*

To the parents of these babies:

Nneka Anaemena Nzewi - *Corporate Affairs*
Aisha Jubril - *Debt Registration & Settlement*
Idris Adesina - *IT & SA*
Halima Abdulazeez - *IT & SA*
Greg Anowuru - *DG's Office*
Maimuna Ibrahim - *Policy Strategy Risk Mgt*
Akodu Idowu - *Debt Reg. & Settlement*
Banu Haruna - *Portfolio Management*

DMO NEWS says congratulations! May these bundles of joy bring laughter, greater love, wealth and other wonderful blessings to your family - Amen!

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