



DEBT MANAGEMENT OFFICE
NIGERIA

STRATEGIC PLAN
2018 - 2022



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Acronyms and Abbreviations

BOF	Budget Office of the Federation
CBN	Central Bank of Nigeria
CSCS	Central Securities Clearing System
CS-DRMS	Commonwealth Secretariat Debt Recording and Management System
DDR	Debt Data Recording
DeMPA	Debt Management Performance Assessment
DMD	Debt Management Department
DMO	Debt Management Office
DPIs	Debt Performance Indicators
DRSD	Debt Recording and Settlement Department
DSA	Debt Sustainability Analysis
EO	Executive Office
FGN	Federal Government of Nigeria
FMDA	Financial Market Dealers Association
FMF	Federal Ministry of Finance
FSS	Financial Sector Strategy
GIFMIS	Government Integrated Financial Management Information Systems
ICM	International Capital Market
ICT	Information and Communication Technology
IFEMIS	Integrated Financial Economic Management Information System
IT-IS	Information Technology and Information Systems Unit
ISO	International Standard Organisation
MDAs	Ministries, Departments and Agencies
MDD	Market Development Department
MFPCC	Monetary and Fiscal Policy Coordinating Committee
MoF	Ministry of Finance
MTDS	Medium-Term Debt Management Strategy
NASS	National Assembly



Part One
Introduction

1.0 Introduction

The Debt Management Office (DMO) was established in October, 2000 by the Federal Government of Nigeria (FGN), with the aim of centralizing the nation's debt management functions in a single entity, and to address the challenges inherent in the management of Nigeria's debt, which can be attributed in part to the split in the function across several Ministries, Departments and Agencies (MDAs). Amongst others, the mandate of the DMO includes the following:

- a. Advise the Government on all matters related to Public Debt;
- b. Negotiate and contract debt, including issuing securities in the Domestic and International Capital Markets;
- c. Issue guarantees on behalf of the Government;
- d. Maintain a comprehensive, accurate and up to date record of Nigeria's public debt;
- e. Service the public debt of the Government as and when due.



Part Two

**Review of the Implementation of the
3rd Strategic Plan, 2013-2017**

2.0 Review of the Implementation of the 3rd Strategic Plan (2013-2017)

The DMO's 3rd Strategic Plan had the broad objective of ensuring efficient public debt management in terms of a comprehensive, well diversified and sustainable debt portfolio, supportive of Government and private sector needs. This was broken down into seven (7) strategic objectives as presented in the illustration below.

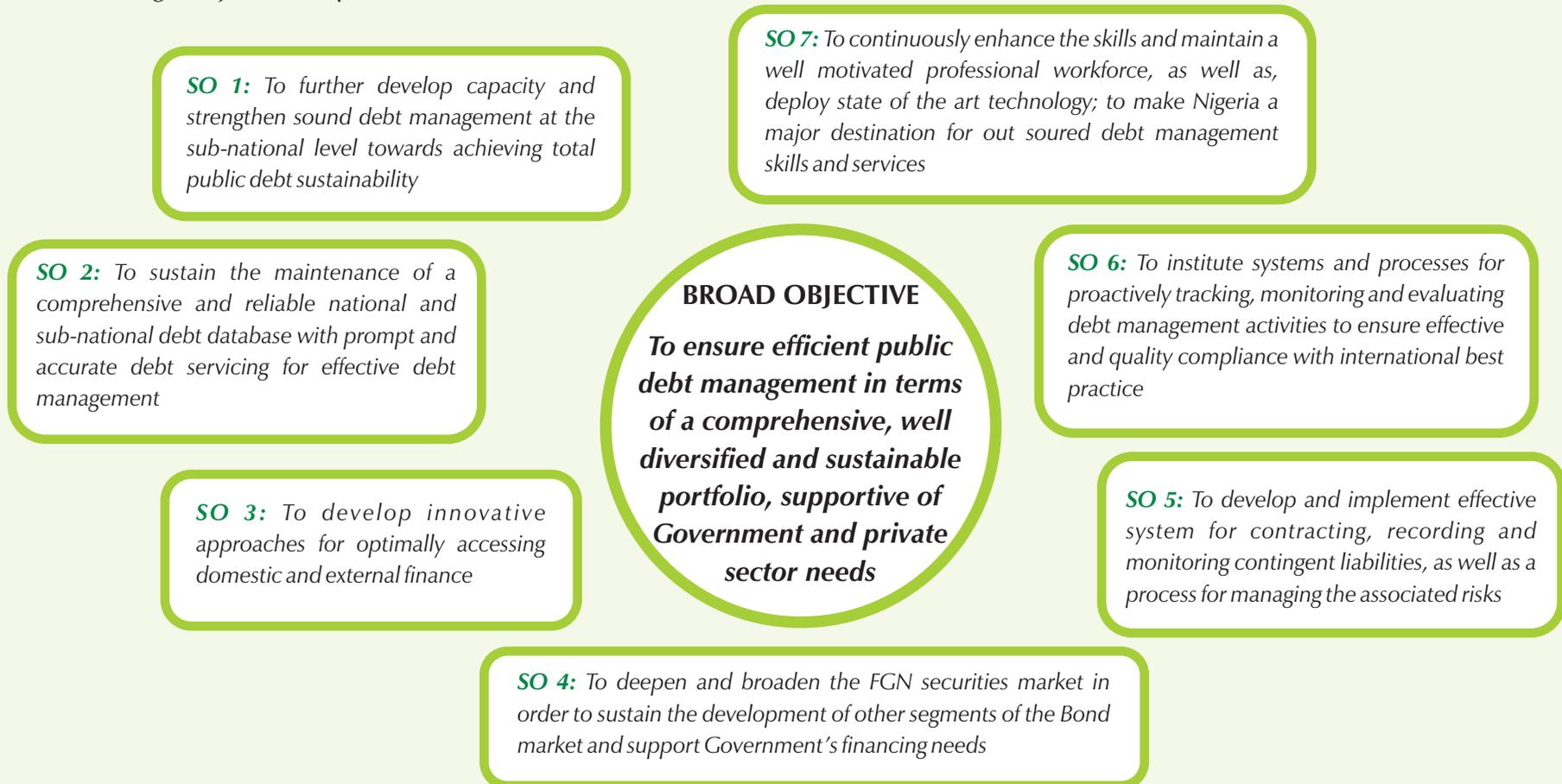


Figure: DMO Strategic Plan, 2013-2017, Broad Objective and Strategic Objectives

Furthermore, fifty-nine (59) activities were identified as critical to the achievement of these objectives. Out of the 59 activities, the implementation assessment revealed that only twenty-eight (28) were fully achieved, nine (9) stalled or discontinued, eight (8) were yet to commence, while the remaining activities were mainly operational and tactical in nature without clearly defined measurable outcomes.

Some of the outstanding areas from the 3rd Strategic Plan that remain relevant to the DMO going forward, are:

- a. Improving knowledge and skill level at the sub-national level;
- b. Amendment of the DMO Establishment Act, 2003, to reflect current realities; to expunge “Guarantees on External Loans”; to empower the DMO to generate Revenue from the various services offered to MDAs and States, such as guarantees to third parties, etc; and,
- c. The plan to build a befitting Office Complex for the DMO, which would improve the working environment and sense of wellbeing of staff.

2.1 Major Achievements of the 3rd Strategic Plan

The major achievements recorded by the DMO in the implementation of its 3rd Strategic Plan include:

- a. The maintenance of a comprehensive and accurate public debt database;
- b. Funding FGN's Budget Deficits;
- c. Accessing the International Capital Market;
- d. Formulation and Implementation of Debt Management Strategy and Policy Frameworks;
- e. Introduction of new products in the Domestic and International Capital Market, namely - FGN Savings Bonds, Sukuk, Green Bonds and Diaspora Bond;
- f. Implementation of the electronic Bond Auctioning System; and,
- g. Establishment and maintenance of Web pages on Bloomberg and Reuters.

2.2 Challenges in the implementation of the 3rd Strategic Plan

Among the major challenges encountered in the implementation of the 3rd Strategic Plan were:

- a. The non-passage of DMO Amendment Act;
- b. Inadequate funding for the implementation of some initiatives;
- c. Low staff morale due to continued delays in the actualization of key human resource issues, such as remuneration and less than optimal posting of staff and;
- d. Inability to properly manage certain categories of external stakeholders.

2.3 Key Lessons Learnt from the 3rd Strategic Plan

Some of the Key Lessons learnt from the 3rd Strategic Plan include the realization that:

- a. The fifty-nine (59) activities were too many relative to the institution's capacity and competencies;
- b. Some of the activities were not feasible within the Strategic Plan horizon; and,
- c. Some of the activities were routine or operational in nature rather than strategic.



Part Three
DMO's 4th Strategic Plan, 2018 - 2022

3.0 DMO's 4th Strategic Plan, 2018 - 2022

Following the expiration of the 3rd Strategic Plan (2013 – 2017), and in recognition of the evolving roles of the DMO, and the need to align public debt management activities with Government's economic policy thrusts, as encapsulated in the Economic Recovery and Growth Plan (ERGP), amongst others, the need to develop a new Strategic Plan therefore, became imperative.

The building blocks for the 4th Strategic Plan are:

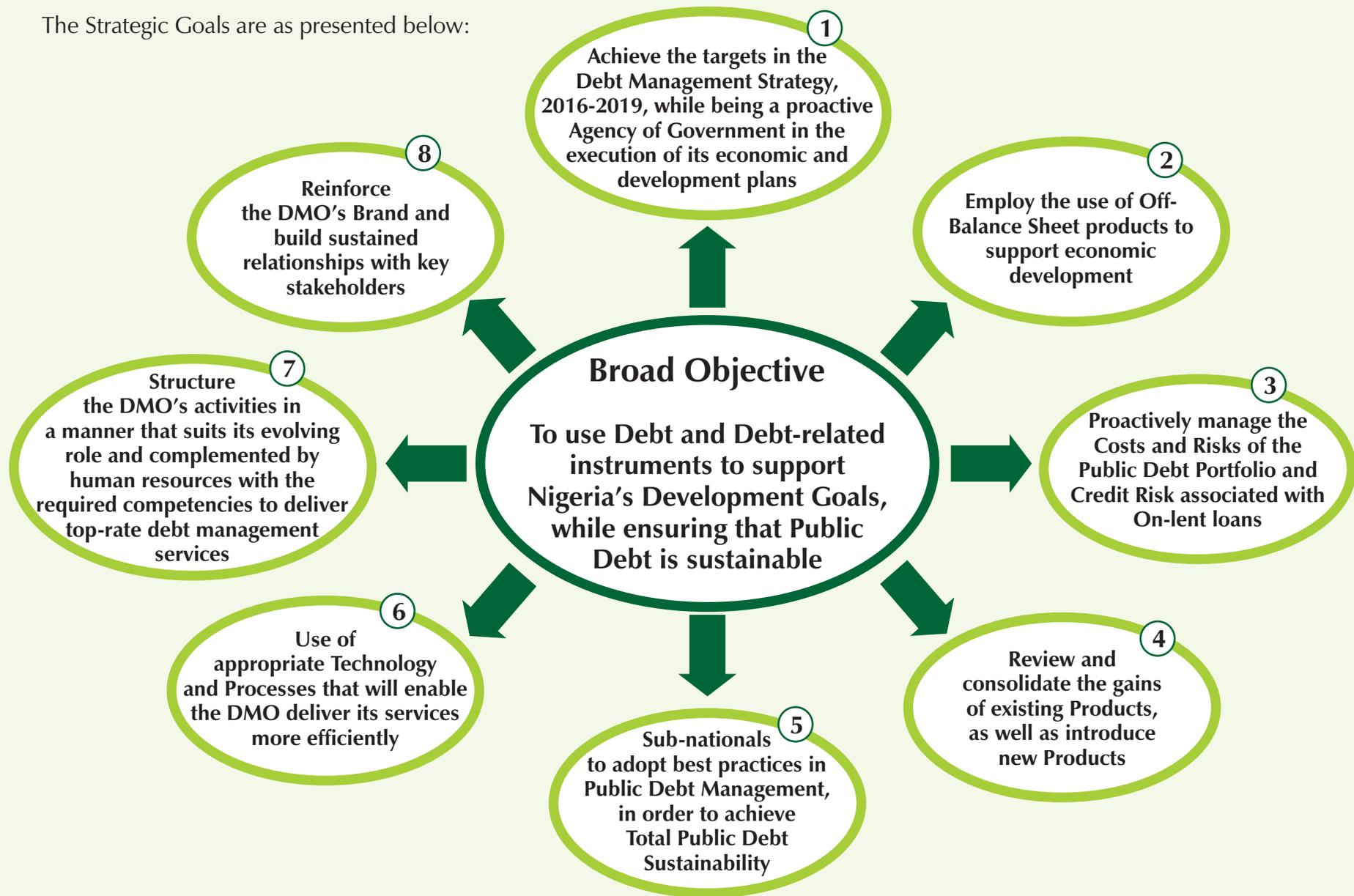
- a. Changing investor needs and higher investor expectations from the DMO on products and services;
- b. Government's prioritisation of the development of infrastructure which requires new and more creative ways of financing;
- c. The active and supportive role expected of the DMO under the ERGP, two of whose pillars are reducing the infrastructure gap and a private sector-led growth;
- d. The growing Contingent Liabilities of the Government and the expected increase in Guarantees to support infrastructural development;
- e. The growing Public Debt Stock and the need for Portfolio Risk Management to be brought to the fore, in addition to the existence of a Debt Management Strategy; and,
- f. The need to upscale debt management capacity at the sub-national level.

3.1 Broad Objective of the 4th Strategic Plan

The Broad Objective of the 4th Strategic Plan is:

To use Debt and Debt-related instruments to support Nigeria's development goals, while ensuring that public debt is sustainable.

The Strategic Goals are as presented below:



3.2 DMO Mission Statement

The Mission Statement in the 3rd Strategic Plan, 2013-2017 is “to manage Nigeria's debt as an asset for growth, development and poverty reduction, while relying on a well-motivated professional workforce and state-of-the-art technology.”

After a critical review of this Mission Statement, against the back ground of the DMO's role, in relation to the Government's policies and needs, as well as the expectations of stakeholders in terms of products and services, the new Mission Statement for the plan period for the DMO is:

To meet the Government's financing needs in a prudent manner that supports economic development, while proactively managing the risks associated with the public debt.

3.3 DMO Vision Statement

The Vision Statement in the 3rd Strategic Plan is “to be one of the leading public debt management institutions in the world, in terms of best practice and contribution to national development.”The new Vision Statement in the 4th Strategic Plan, 2018-2022:

To be a Public Debt Management Institution of global reference.

3.4 DMO Core Values

The DMO's Core Values in the 3rd Strategic Plan were based on the principle of **E-X-C-I-T-E** as defined below:

EX - Excellence: We deliver what we promise and add value

C - Commitment: We are willing to work hard and give our energy and time to work

I - Integrity: We will display transparent honesty in all our working relationships with our colleagues, internal and external stakeholders

T - Teamwork: We will strive to work well together as a team, respecting one another

E - Efficiency: We will use our time, human resources, technology to perform our tasks, producing more with given resources.

During the Strategic Plan period for 2013-2017, the Core Values in EXCITE were only partially achieved. Thus, some of these Values have been retained with modifications while new Values have been added to ensure that the values practiced by the institution are adequate for the performance of its expanded and evolving role. The new Core Values are:

- R - Respect:** To hold staff and stakeholders in high esteem
- E - Excellence:** To be outstanding in service delivery
- C - Commitment:** To be totally devoted to delivering on the DMO's Mandate
- I - Integrity:** To be transparent in our operations
- T - Teamwork:** To ensure that all members of staff have collective responsibility for the DMO's mandate and work together towards its achievement.
- E - Efficiency:** To optimize our resources in the execution of our Mandate

The **RECITE** acronym was selected to ensure that the new Values can easily be remembered.

Going forward, DMO's members of staff will need to imbibe and reflect the core values in how they perform their respective assignments, and engagements with each other and stakeholders.

3.5 DMO Brand

A brand is an important organizational asset, brought to life across all facets of the corporate entity. If properly defined and managed, it creates identification, differentiation and value for the organisation and its members.

The 4th Strategic Plan recognises the need to define and manage the DMO Brand. While, there is a general sense of brand awareness in the public domain, the DMO has not been presented or understood by members of staff as a brand that connote some attributes. This limited the extent to which employees have made the Brand part of their daily work or fulfilled the Brand promise to external stakeholders and colleagues.

The DMO has gone further to define the key attributes of its Brand going forward – the overarching messages to be conveyed by its name, its work and its people, among both internal and external stakeholders are reflected in the acronym **P-R-I-C-E**.

- P - Professional:** Knowledge-driven and efficient service delivery.
- R - Resourceful:** Skillful and prompt in dealing with emerging challenges, difficulties and situations in the workplace.
- I - Innovative:** A haven for new ideas, originality and creativity
- C - Congenial:** Pleasant and friendly staff, delightful work environment
- E - Ethical:** Conform to accepted standards of social and professional conduct in the discharge of assigned responsibilities



Part Four

Strategic Goals, Objectives and Initiatives
for the DMO's 4th Strategic Plan

4.0 Strategic Goals, Objectives and Initiatives for the DMO's 4th Strategic Plan

S/N	Strategic Goals	Strategic Objective(s)	Strategic Initiatives	Indicators/Metrics	Timeline
1.	To achieve the targets in the Debt Management Strategy, 2016-2019, while being a proactive Agency of Government in the execution of its economic and development plans.	<ul style="list-style-type: none"> • To meet Government's financing needs at a minimal cost, and at a prudent level of risk, while supporting its Economic Agenda for development. 	<ul style="list-style-type: none"> • Periodic Review of the Debt Portfolio to assess performance in terms of meeting the targets in the Debt Management Strategy. • Establish and advise Government on a proactive basis on new annual borrowing, based on the outcome of the Debt Sustainability Analysis and the Debt Management Strategy exercises. 	<ul style="list-style-type: none"> • Achieve an optimal debt portfolio mix of 60:40 for domestic and external debt by end-December, 2019. • Attain a 75:25 ratio for long and short-term debt instruments in the domestic debt portfolio by end-December, 2019. • Keep the share of debt maturing within 1-year, as a percentage of Total Debt Portfolio at not more than 20%. • Target an Average Time-to-Maturity (ATM) for the Total Debt Portfolio at a minimum of 10 years. • Maintain a Public Debt Portfolio that is within approved Limits, and sustainable, as defined by the Government approved Debt/GDP Ratio, and any other thresholds that may be approved by the Government. 	<p>Q4, 2019</p> <p>Q4, 2019</p> <p>Q4, 2019</p> <p>Q4, 2019</p> <p>2018-2022</p>

S/N	Strategic Goals	Strategic Objective(s)	Strategic Initiatives	Indicators/Metrics	Timeline
			<ul style="list-style-type: none"> Prepare periodic Reports for the Government on the Outlook in the Domestic and International Market, in terms of liquidity and cost of borrowing for the purpose of planning. Prepare a New Debt Management Strategy for 2020-2023. 	<ul style="list-style-type: none"> Present to Government the Outlook Report with recommendations. Secure approval for the new Debt Management Strategy for the period, 2020-2023. Implement the approved Debt Management Strategy. 	<p>2018-2022</p> <p>Q4, 2019</p> <p>2020-2022</p>
2.	Employ the Use of Off-Balance Sheet products to support economic development.	<ul style="list-style-type: none"> To develop and introduce a Policy and Framework for the use of Guarantees and other Off-Balance Sheet products to support infrastructure financing and other projects beneficial to the economy. 	<ul style="list-style-type: none"> Develop a Policy Document and Framework for Sovereign Guarantee and other Off-Balance Sheet products for approval by Government. Introduce a standard in-house process for recording, monitoring and routinely assessing the risks to Government on the Contingent Liabilities Portfolio. Sensitise Stakeholders about the new Policy and Framework. 	<ul style="list-style-type: none"> Existence of approved Policy and Framework for Guarantees and other Contingent Liability products. Periodic Assessment of the Contingent Liabilities to ensure that it is consistent with the Policy and Framework. Workshops for Stakeholders. 	<p>2018-2019</p> <p>2018-2019</p> <p>2018-2019</p>

S/N	Strategic Goals	Strategic Objective(s)	Strategic Initiatives	Indicators/Metrics	Timeline
3.	Use of appropriate Technology and Processes that will enable the DMO deliver its services more efficiently.	<ul style="list-style-type: none"> To extend the use of technology to more areas of the DMO's activities and upgrade existing technologies and processes to improve work efficiency and communication. 	<ul style="list-style-type: none"> Acquire an updated version of a relevant Debt Management Software that meets the DMO's specifications, in-terms of Recording, Monitoring and Projecting Debt Variables, as well as Data Archiving, Retrieval and flexible generation of Reports for effective management. Enhance the subsisting Website to suit the DMO's profile with features for On-line Communication with the Public. Develop an ICT Strategy that would drive the DMO's business processes, towards actualizing the Strategic Objectives. Deploy the use of Technology to market and issue some FGN securities. Review the process for appraising requests from Sub- 	<ul style="list-style-type: none"> Implement an updated and appropriate version of the Debt Management Software. Acquire and operationalize the new Software. Install a Website that is appropriate to DMO's profile and useful to communicating on-line with the Public. Introduce and implement an approved ICT Strategy. Implement a more robust Business Continuity Plan. Secure an ISO Certification. Attract more investors to FGN securities and enable a Straight-Through-Process (STP) for issuance and settlement. Revised Guidelines for Borrowing by sub-nationals. 	<p>2019-2020</p> <p>2019-2021</p> <p>2018-2020</p> <p>2018-2019</p> <p>2018-2019</p> <p>2019-2021</p> <p>2018-2022</p> <p>2018-2019</p>

S/N	Strategic Goals	Strategic Objective(s)	Strategic Initiatives	Indicators/Metrics	Timeline
			<p>nationals for ISPOs, Guarantees, etc, to promote efficiency (shorter turn-around time), improve accuracy, maintain an electronic database of such requests received from sub-nationals.</p> <ul style="list-style-type: none"> Review the Internal Audit and Compliance Function for adequacy relative to the DMO's activities and responsibilities. Further integrate the newly created Legal Services Unit (LSU) into the activities of the DMO. 	<ul style="list-style-type: none"> Revised Template for Evaluating Requests from sub-nationals. Develop or Acquire an electronic system/software for processing requests from sub-nationals and maintaining a database. Introduce a system for collecting data periodically on IGR from sub-nationals as a Routine. Prepare the required Report with recommendations. Identify additional activities for the LSU incorporating the enhanced responsibilities of the DMO. 	<p>2018-2019</p> <p>2019-2020</p> <p>2018-2019</p> <p>2018-2019</p> <p>2018-2019</p>
4.	Structure the DMO's activities in a manner that suits its evolving role and complemented by	<ul style="list-style-type: none"> To increase institutional capacity to deliver and achieve the strategic goals. 	<ul style="list-style-type: none"> Develop a new Organogram. Deploy staff to areas of competence. 	<ul style="list-style-type: none"> Implement the new Organogram. Implement staff placement, that is functional. 	<p>2018</p> <p>2018-2019</p>

S/N	Strategic Goals	Strategic Objective(s)	Strategic Initiatives	Indicators/Metrics	Timeline
	human resources with the required competencies to deliver top-rate debt management services.		<ul style="list-style-type: none"> Build staff capacity through specialised trainings and where opportunities and financing are available, embark on Study Tours and Attachments. Recruit staff for specialised areas where there are immediate needs. Seek for an amendment to the DMO Act to empower the DMO in various areas. Improve staff remuneration subject to approvals. 	<ul style="list-style-type: none"> Train staff in the relevant areas. Recruit new Staff, where required. Amended or New DMO Act. Introduce an improved staff Remuneration Package. 	<p>2018-2022</p> <p>2018-2020</p> <p>2019-2021</p> <p>2018-2019</p>
5.	Reinforce the DMO's Brand and build sustained relationships with key stakeholders	<ul style="list-style-type: none"> Institutionalize the DMO as a professional, ethical, and highly productive public service institution. Commence plans to build a befitting Office Complex for the DMO, in order to improve the working environment and sense of wellbeing of staff. 	<ul style="list-style-type: none"> To make the Public Affairs Unit functional by deploying competent professionals in that area, with an enlarged scope to cover Media and Stakeholders. To secure a financing arrangement for the DMO Office Complex, and necessary approvals. 	<ul style="list-style-type: none"> Existence of an effective Media and Stakeholder Engagement Unit. Financing arrangement concluded and approvals secured. 	<p>2018-2019</p> <p>2018-2022</p>

S/N	Strategic Goals	Strategic Objective(s)	Strategic Initiatives	Indicators/Metrics	Timeline
		<ul style="list-style-type: none"> Increase the level of Engagement with key Stakeholders to secure their support for the DMO, as an institution and its products, service and activities. 	<ul style="list-style-type: none"> Organise periodic Meetings and Workshops to sensitise them about the DMO's activities. 	<ul style="list-style-type: none"> Adopt Quarterly Press Briefing. Quarterly Meeting with Market Operators and Regulators. Annual or Bi-annual sensitisation of key stakeholders. Annual Workshops for Federal Legislators. 	<p>2018-2022</p> <p>2018-2022</p> <p>2018-2022</p> <p>2018-2022</p>
6.	Review and Consolidate the gains of existing Products, as well as introduce New Products	<ul style="list-style-type: none"> To ensure that the DMO's product suite are acceptable to a wide range of investors and can adequately be used to meet the Government's financing and refinancing needs. 	<ul style="list-style-type: none"> Review the DMO's existing products for acceptance to investors and appropriateness to the Government. Develop and introduce new products that are appropriate for the Government's need and/or those of Investors and Market Makers in FGN's securities. 	<ul style="list-style-type: none"> Modify existing products where required. Introduce new Products such as, Securities Buy-Backs, Infrastructure Bonds, Switches and longer-dated bonds. 	<p>2018-2022</p> <p>2018-2022</p>
7.	Sub-nationals to adopt best practices in Public Debt Management, in order to achieve Total Public Debt Sustainability	<ul style="list-style-type: none"> To ensure that the culture of effective Public Debt Management at sub-national level is entrenched. 	<ul style="list-style-type: none"> Adoption of Debt Management Policies and Strategies by the 36 States of the Federation and the FCT through engagement with policy and decision makers. 	<ul style="list-style-type: none"> Fiscal Responsibility and/or Financial Management Law, passed by the remaining 13 States. Adoption of DSA and MTDS as Debt Management tools. 	<p>2018-2020</p> <p>2018-2022</p>

S/N	Strategic Goals	Strategic Objective(s)	Strategic Initiatives	Indicators/Metrics	Timeline
			<ul style="list-style-type: none"> Effective Debt Management Units/Departments at the sub-national level through Capacity Building (on Debt Management, Debt Sustainability Analysis (DSA), and Medium-Term Debt Management Strategy (MTDS), and any other area that may be identified. Implement the various milestones under the Multilateral Institutions Support programmes. 	<ul style="list-style-type: none"> Timely Submission of Debt Data. Develop Templates for Sub-national DSA and MTDS. Implement Capacity Building on Debt Management, DSA, and MTDS. Conduct DSA or MTDS for 5 States. As specified in the respective MoUs. 	<p>2018-2020</p> <p>2018-2022</p> <p>2020-2022</p> <p>2018-2022</p> <p>2018-2022</p>
8.	Proactively manage the Costs and Risks of the Public Debt Portfolio and Credit Risk associated with On-lent loans.	<ul style="list-style-type: none"> To maintain a public debt portfolio whose costs and risks are within limit and improve the process for managing On-lent risk to ensure compliance and minimise the risk of default. 	<ul style="list-style-type: none"> Develop parameters for measuring the Cost and Risk of the Public Debt Stock and obtain necessary approvals. Review the Public Debt Portfolio Cost and Risk against identified parameters and their benchmarks. Undertake a holistic review of DMO's On-lent loans and recommend remedial actions. 	<ul style="list-style-type: none"> Adopt and Monitor an approved Cost and Risk Parameters. Ensure that the Public Debt Portfolio is reviewed. Prepare remedial actions for Non-performing On-lent loans. 	<p>2019-2020</p> <p>2019-2022</p> <p>2018-2019</p>

S/N	Strategic Goals	Strategic Objective(s)	Strategic Initiatives	Indicators/Metrics	Timeline
			<ul style="list-style-type: none"> • Prepare Guidelines for On-lending by FGN to Sub-nationals. • Introduce an electronic system including a Template for recording and monitoring the performance of On-lent loans. 	<ul style="list-style-type: none"> • Implement an approved Guideline for On-lending. • Introduce an electronic system for appraising, recording and monitoring On-lent loans. 	<p>2018-2019</p> <p>2018-2020</p>

