NATIONAL DEBT MANAGEMENT FRAMEWORK

2018 - 2022
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<th>Description</th>
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<tr>
<td>AMCON</td>
<td>Asset Management Corporation of Nigeria</td>
</tr>
<tr>
<td>ATM</td>
<td>Average Term-to-Maturity</td>
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<td>ATR</td>
<td>Average Term-to-Refixing</td>
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<tr>
<td>BAS</td>
<td>Bond Auction System</td>
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<td>BOF</td>
<td>Budget Office of the Federation</td>
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<td>BMSC</td>
<td>Bond Market Steering Committee</td>
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<td>BOP</td>
<td>Balance of Payments</td>
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<tr>
<td>CDF</td>
<td>Capital Development Fund</td>
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<td>CBN</td>
<td>Central Bank of Nigeria</td>
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<td>CLM</td>
<td>Contingent Liability Management</td>
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<tr>
<td>CMC</td>
<td>Cash Management Committee</td>
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<td>CLMC</td>
<td>Cash and Liquidity Management Committee</td>
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<td>CRF</td>
<td>Consolidated Revenue Fund</td>
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<td>CSCS</td>
<td>Central Securities Clearing System</td>
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<td>DAS</td>
<td>Dutch Auction System</td>
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<tr>
<td>DMDs</td>
<td>Debt Management Departments</td>
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<td>DMO</td>
<td>Debt Management Office</td>
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<td>DRSD</td>
<td>Debt Recording and Settlement Department</td>
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<tr>
<td>DSA</td>
<td>Debt Sustainability Analysis</td>
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<td>ERGP</td>
<td>Economic Recovery and Growth Plan</td>
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<td>FCT</td>
<td>Federal Capital Territory</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>FEC</td>
<td>Federal Executive Council</td>
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<td>FGN</td>
<td>Federal Government of Nigeria</td>
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<td>FIRS</td>
<td>Federal Inland Revenue Service</td>
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<td>FLAC</td>
<td>Fiscal and Liquidity Management Committee</td>
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<td>FMBNP</td>
<td>Federal Ministry of Budget and National Planning</td>
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<td>FMDA</td>
<td>Financial Markets Dealers Association</td>
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<td>FMDQ OTC</td>
<td>Financial Market Dealers Quotations Over-The-Counter</td>
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<td>FMF</td>
<td>Federal Ministry of Finance</td>
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<td>FMoJ</td>
<td>Federal Ministry of Justice</td>
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<td>FRA</td>
<td>Fiscal Responsibility Act, 2007</td>
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<td>FRN</td>
<td>Federal Republic of Nigeria</td>
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<tr>
<td>FSS</td>
<td>Financial System Strategy</td>
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<tr>
<td>Abbreviation</td>
<td>Full Form</td>
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<td>PENCOM</td>
<td>National Pension Commission</td>
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<td>PMD</td>
<td>Portfolio Management Department</td>
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<td>PPPs</td>
<td>Public-Private-Partnerships</td>
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<td>PV</td>
<td>Present Value</td>
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<td>RMC</td>
<td>Risk Management Committee</td>
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<tr>
<td>SEC</td>
<td>Securities and Exchange Commission</td>
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<td>SDGs</td>
<td>Sustainable Development Goals</td>
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<tr>
<td>Sukuk</td>
<td>Islamic Bond</td>
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<td>SND</td>
<td>Sub-national Debt</td>
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<td>SNGs</td>
<td>Sub-national Governments</td>
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<tr>
<td>SPD</td>
<td>Strategic Programmes Department</td>
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<td>SPG</td>
<td>Special Programmes Group</td>
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<td>TBs</td>
<td>Treasury Bonds</td>
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<td>TCs</td>
<td>Treasury Certificates</td>
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<td>TSA</td>
<td>Treasury Single Account</td>
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<td>WB</td>
<td>World Bank</td>
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CHAPTER ONE

INTRODUCTION

The National Debt Management Framework (NDMF), is a Reference document, as well as a compendium of Nigeria’s key Debt Management Policies, Strategies and Frameworks. It has been designed to ensure that government’s borrowing activities are conducted in accordance with statutory provisions and regulations, as well as international best practices.

The 3rd NDMF covers the period 2018-2022, and is expected to guide the activities and operations of Nigeria’s public debt management during this period. The Framework includes an assessment of the implementation of the NDMF for 2013-2017, in terms of realization of its objectives and the challenges encountered on public debt management, as well as expectations for the future. Therefore, the 3rd NDMF, 2018-2022, has been prepared with the following objectives:

i. to review the performance of the Total Public Debt Portfolio, in terms of Costs and Risks, by reference to the targets in the NDMF, 2013-2017;
ii. to implement aspects of the NDMF, 2013-2017, which are still relevant for the period, 2018-2022;
iii. to incorporate the Broad Objective and the Strategic Objectives of the Public Debt function, as captured in the DMO’s Strategic Plan, 2018-2022;
iv. to incorporate the subsisting Debt Management Strategy, 2016-2019, including various the Public Debt Targets;
v. to reflect and incorporate developments in the domestic financial market and the International Capital Market; and,
vi. to review the External and Domestic Borrowing Guidelines for Federal, States, FCT, and their Agencies.

The Framework is divided into eight Chapters, as summarized below:

Chapter 1 – Introduction;


Chapter 3 - Legal Framework for Public Debt Management;

Chapter 4 - Institutional Framework for Public Debt Management;

Chapter 5 – Public Debt Management Objectives and Coordination;
Chapter 6 – Nigeria’s Debt Management Strategy, 2016 to 2019;

Chapter 7 – Portfolio Risk Management Framework; and,

Chapter 8 – External and Domestic Borrowing Guidelines for the Federal, States, FCT and their Agencies.
CHAPTER TWO

REVIEW OF THE NATIONAL DEBT MANAGEMENT FRAMEWORK, 2013-2017

2.1 The Objectives of the NDMF, 2013-2017

The second NDMF, 2013-2017 was designed to achieve the Strategic Objectives outlined in the DMO’s third Strategic Plan, 2013-2017, principal of which was to efficiently meet the government’s financing needs at the lowest possible cost and at a prudent degree of risk.

The other key objectives include the following:

i. To maintain a sustainable public debt portfolio;

ii. Develop capacity and strengthen sound debt management at the Sub-national level towards achieving Total Public Debt Sustainability;

iii. To achieve an optimal debt mix of 60:40 for Domestic and External, and 75:25 for Long and Short-term debt in the domestic debt portfolio, respectively;

iv. To set appropriate Risk Benchmarks, such as Average Term-to-Maturity (ATM) and Average Term-to-Refixing (ATR) for the domestic debt portfolio;

v. Smoothening of the maturity profile of the FGN debt portfolio to mitigate refinancing risks through an appropriate liability management strategy, such as Bond Switches, Bond Buybacks and Sinking Fund;

vi. Deepening the secondary FGN securities market liquidity through the issuance of benchmark securities and introduction of Securities Lending;

vii. To develop and implement effective system for contracting, recording and monitoring Contingent Liabilities, as well as a process for managing the associated risks;

viii. Ensuring transparency in all securities issuance operations to enhance investor confidence;

ix. Sustaining and increasing Nigeria’s visibility as a Sovereign Issuer in the International Capital Market (ICM); and,

x. Develop a Head Office Complex for the DMO that would improve the work environment, and finalize the amendment of the DMO Act, 2003, to enhance the operational flexibility of the Office.

2.2 Outstanding Objectives and Issues in the Implementation of the NDMF, 2013-2017

Some of the outstanding objectives and issues in the NDMF, 2013-2017 that are still relevant going forward, include the following:
a. Further developing and strengthening of the technical capacity of the staff of the States’ Debt Management Departments (DMDs) in the following areas:
   ▪ Facilitation of the conduct of DSAs by the DMDs;
   ▪ Provision of Technical Support in the formulation of State Debt Management Strategies.


c. Introduction of Liability Management tools to reduce bunching and Refinancing Risks in the domestic debt portfolio.

d. Deepening the Secondary FGN Securities market by introducing Securities Lending to enhance market liquidity.

e. Attaining an optimal debt composition of 60:40 for Domestic and External debt, and 75:25 for long and short-term debts, respectively, so as to reduce the cost of debt service and roll-over risk.

f. Ensuring the realization of the following outstanding Corporate issues:
   ▪ Amendment of the DMO Act, 2003;
   ▪ Development of the DMO’s Office Complex.

Since these are still relevant, they have been incorporated into the 3rd NDMF, 2018-2022.
CHAPTER THREE

LEGAL AND REGULATORY FRAMEWORK FOR PUBLIC DEBT MANAGEMENT

3.0 Introduction

The legal framework for public debt management in Nigeria is clearly specified in various legislations. These legal and regulatory provisions, prescribe public debt issues such as authority to borrow and approval process for new borrowing, amongst others.

3.1 Legal Framework for Public Debt Management

3.1.1 The Constitution of the Federal Republic of Nigeria, 1999 (as amended)

The Constitution grants the National Assembly (NASS), the exclusive powers to make laws that regulate domestic and external borrowing in the country, as stated in items 7 and 50 of the Exclusive Legislative List under the Second Schedule to the 1999 Constitution. Pursuant to this constitutional authority, the NASS enacted the DMO (Establishment, etc) Act, 2003 (DMO Act), and the Fiscal Responsibility Act, 2007 (FRA). The DMO Act is the legal instrument that created the DMO and specifies its mandate and responsibilities, while the FRA covers public financial management with regulations on the Total Public Debt, authorisation for borrowing by all tiers of Government and use of borrowed funds, amongst others.

The NASS also has the statutory mandate to approve, through appropriation, all domestic borrowings by the Federal Government and by Resolution, all external borrowing by all tiers of Government. This means that the Federal Government of Nigeria (FGN) can only borrow (domestic and external) after the prior approval and Resolution (for external borrowing) of the NASS.

3.1.2 The Debt Management Office (Establishment, etc) Act, 2003

This Act establishes the DMO as a government agency, charged with the responsibility of managing Nigeria’s public debt. The Act empowers the DMO to, among other things:

a) advise government on how to fund its financing gap and determine borrowing limits;

b) issue guidelines on domestic and external borrowing by Federal and Sub-national Governments (SNGs) and their agencies; and,

c) determine the level of Federal Government’s contingent liabilities that may result in extra-budgetary spending and recommend appropriate action for dealing with them.
3.1.3 The Local Loans (Registered Stock and Securities) Act, CAP. L17 (LFN), 2004
This Act provides for the creation and issuance of registered stocks, Government Promissory Notes and Bearer Bonds for the purpose of raising loans in Nigeria by the Federal Government.

3.1.4 The Treasury Bills Act, CAP. T18 (LFN), 2004
This Act empowers the Federal Ministry of Finance (FMF) to issue short-term debt instruments (Nigerian Treasury Bills – NTBs), through the Central Bank of Nigeria (CBN) on behalf of the FGN and to credit the Consolidated Revenue Fund (CRF) with the proceeds of the issuance.

3.1.5 The Treasury Certificate Act, CAP. T19 (LFN), 2004
This Act makes provisions which enable the FGN to raise short-term loans of not more than two (2) years tenor through the issuance of Treasury Certificates (TCs).

3.1.6 The Government Promissory Notes Act, CAP. G4 (LFN), 2004
The Act empowers the FGN to issue Promissory Notes to raise sums of money by way of loan for the purpose of repaying any such loan raised by the Federal Government.

3.1.7 Investments and Securities Act, 2007 (ISA)
The ISA gives legal backing to the Securities and Exchange Commission (SEC) and includes specific provisions guiding the issuance of Bonds and other borrowing instruments in the capital market by the FGN, State Governments and Local Governments. The Act also empowers it to regulate borrowing from the domestic capital market by all tiers of government and their agencies, as well as, private sector enterprises. Pursuant to the provisions of this Act, the SEC makes rules and issues guidelines to regulate borrowing from the domestic capital market.

3.1.8 The Central Bank of Nigeria Act, 2007
This Act enables the CBN to among other things, act as Bankers to the Government. It also empowers the CBN to register, discount or rediscount Bonds issued by any tier of government and their agencies. Under the Act, only Bonds that are publicly offered for sale and with maturity not exceeding three years, are eligible for discounting and rediscounting by the CBN.

3.1.9 Fiscal Responsibility Act, 2007 (FRA)
The FRA makes provisions, which seek to promote fiscal discipline on the Federal, and to some extent the States and their agencies, as well as Local Governments. This is with particular reference to its requirement for setting of a consolidated borrowing limit for the Federation, Fiscal Deficit-to-GDP Ratio for the FGN (currently set at 3 percent of the GDP). The Act also
prescribes the basis for borrowing, the issuance of Guarantees by the FGN. The FRA also established a Fiscal Responsibility Commission (FRC) as an agency of government for the administration of the provisions in the Act.

Subject to any statutory or regulatory changes, the DMO shall continue to draw its operational powers and conduct Government borrowings and related activities based on these various legislations and regulations for the efficient and effective management of the nation’s public debt within the period of the 3rd NDMF.
CHAPTER FOUR

INSTITUTIONAL FRAMEWORK FOR PUBLIC DEBT MANAGEMENT

4.0 Introduction
This section seeks to describe the institutional framework for public debt management and includes detailed information about the DMO, who is the principal agent for public debt management and the roles of other institutions involved in public debt management.

4.1 Organizational Framework for Public Debt Management

4.1.1 Debt Management Office
The DMO is mandated to manage Nigeria’s public debt (External and Domestic, including Contingent Liabilities). Part III, Section 6 of the DMO Act, outlines the functions and powers of the DMO as follows:

a. Maintain a reliable database of all loans taken or guaranteed by the Federal or State Governments or any of their agencies;
b. Prepare and submit to the Federal Government a forecast of loan service obligations for each financial year;
c. Prepare and implement a plan for the efficient management of Nigeria’s external and domestic debt obligations at sustainable levels compatible with desired economic activities for growth and development and participate in negotiations aimed at realising these objectives;
d. Verify and service external debts guaranteed or directly taken by the Federal Government;
e. On agency basis, service external debts taken by State Governments and any of their agencies, where such debts are guaranteed by the Federal Government;
f. Set guidelines for managing the Federal Government’s financial risks and currency exposure with respect to all loans;
g. Advise the Federal Government on the re-structuring and re-financing of all debt obligations;
h. Advise the Minister on the terms and conditions on which monies, whether in the currency of Nigeria or in any other currency, are to be borrowed;
i. Submit to the Federal Government for consideration in the annual budget, a forecast of borrowing capacity in local and foreign currencies;
j. Prepare a schedule of any other Federal Government obligations such as trade debts and other contingent liabilities, both explicit and implicit and provide advice on policies and procedures for their management;

k. Establish and maintain relationships with international and local financial institutions, creditors and institutional investors in Government debts;

l. Collect, collate, disseminate information, data and forecasts on debt management with the approval of the Board;

m. Carry out such other functions, which may be delegated to it by the Minister or by an Act of the National Assembly; and,

n. Perform such other functions which in the opinion of the Office, are required for the effective implementation of its functions under the DMO Act.

The Office shall also have power to:

a) Issue and manage Federal Government loans publicly issued in Nigeria upon such terms and conditions as may be agreed between the Federal Government and the Office;

b) Issue, from time to time, guidelines for the smooth operation of the debt conversion programmes of the Federal Government; and,

c) do such other things, which in the opinion of the Board relate to the management of the external debts of the Federal Government.

In line with its mandate, the DMO has issued some Guidelines that cover the issuance of FGN securities in the domestic market, the secondary market for FGN securities in the domestic market, and borrowing by all the tiers of Government and their agencies. These include:

- A Guide to Operations for the Debt Management Office, Nigeria, in the Federal Government of Nigeria Bond Market (Revised in 2015); and,
- External and Domestic Borrowing Guidelines for Federal, States, FCT, and their Agencies.

### 4.1.2 Board and Management Structure of the DMO

The DMO Act provides for a 7-member Supervisory Board as follows:

i. The Vice President of the Federal Republic of Nigeria Chairman

ii. The Honourable Minister of Finance Vice Chairman

iii. Honourable Attorney-General of the Federation and Minister
of Justice Member
iv. The Chief Economic Adviser to the President Member
v. The Governor of the Central Bank of Nigeria Member
vi. The Accountant-General of the Federation Member
vii. The Director-General of the DMO Member/Secretary

4.1.3 Departments and Operational Responsibilities
In line with sound practices in public debt management, the DMO’s organisational structure is divided into Front, Middle and Back Office, all of which report to the Director-General. The Front Office comprises the Portfolio Management Department, Market Development Department and Strategic Programmes Department. The Middle Office and the Back Office each has one Department – Policy, Strategy and Risk Management Department and Debt Recording and Settlement Department, respectively. There is also the Organisational Resourcing Department, which provides corporate support.

Key Functions of the Front, Middle and Back Office

<table>
<thead>
<tr>
<th>Front Office</th>
<th>Middle Office</th>
<th>Back Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>FGN Securities Issuance and Contingent Liability Management</td>
<td>Development of Debt Policies and Strategies</td>
<td>Recording and Maintenance of Public Debt Data (external and domestic)</td>
</tr>
<tr>
<td>Sub-national Debt Management Development Activities and Sub-national Debt Data</td>
<td>Risk Management, Monitoring and Task Compliance</td>
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The roles and responsibilities of the different operational offices of the DMO under the above structure are as described below:

4.1.3.1 Office of the Director-General
The Director-General's Office provides overall coordination and strategic management of all the activities of the DMO, including those of the departments in the Front, Middle and Back Offices, as well as the Organizational Resourcing Department (ORD). There are also two (2)
Units which report directly to the Director-General - Legal Services Unit (LSU) and Internal Audit and Control Unit (IA & CU). The LSU provides legal advice to the DMO on its activities, while also ensuring that they are compliant with Laws and Regulations of the Federal Government of Nigeria. The IA & CU carries out independent review of the accounting, financing and other operations of the DMO for compliance, as well as evaluating the effectiveness of the Internal Control system in the organisation.

The Director-General’s Office also coordinates the activities of the Secretariat for the DMO Supervisory Board.

**4.1.3.2 Portfolio Management Department (PMD)**

The PMD is responsible for the securities issuance activities of the DMO in the financial markets, and other forms of borrowing as approved. It also participates in the negotiations of the Terms and Conditions of proposed borrowings from Multilateral and Bilateral sources, as well as tracking and managing Contingent Liabilities (Guarantees) of the Federal Government; with a view to ensuring that such liabilities are tracked and monitored for any budgetary provisions, if necessary.

It is also responsible for managing On-lent loans to the MDAs, based on approvals received to grant such loans. In addition, the PMD evaluates all requests by Sub-nationals for borrowing from external and domestic sources to ensure compliance with stipulated thresholds.

**4.1.3.3 Market Development Department (MDD)**

The MDD is responsible for Financial Market Planning and Research, Development of new products, Regulation and Supervision of Primary Dealer Market Makers in FGN Securities, as well as coordinating the activities relating to Sovereign Securities Issuance (Eurobonds and Diaspora Bond) in the International Capital Market.

**4.1.3.4 Strategic Programmes Department (SPD)**

The SPD is responsible for assisting States in the establishment of Debt Management Departments (DMDs), and the formulation of the enabling legislation for prudent and effective sub-national debt management. The Department also implements the DMO’s initiatives on the development of debt management capacity, as well as the coordination and implementation of support such as grants from development partners.

**4.1.3.5 Policy, Strategy and Risk Management Department (PSRMD)**

The PRSMD is responsible for the formulation of medium and long-term Debt Management Policies and Strategies; conducting Debt Sustainability Analysis (DSA) on an annual basis,
Statistical Analysis and Risk Management; and, Task Compliance and management of Operational Risks. The Department is also responsible for the analysis of developments in Nigeria and International environment that have implications for the debt stock and new borrowing.

4.1.3.6 Debt Recording and Settlement Department (DRSD)
The DRSD is responsible for the recording of all the FGN’s public debt (Domestic, External and other Special accounts), and for servicing the public debt stock. The Department also provides information and data that support the reporting and analysis of the public debt, including debt and debt service forecasts.

4.1.3.7 Organisational Resourcing Department (ORD)
The ORD Department provides corporate service support to all the DMO Departments and the D-G’s Office. Functions within the Department are: Finance and Accounts, Human Resources Management and General Administration.

4.2 Transparency in Public Debt Management Implemented by the DMO
The organisational framework for public debt management ensures transparency in public debt management activities ranging from the Debt Stock and Debt Service to new borrowing, as well as Debt Management Strategy, amongst others. For this purpose, the DMO prepares and publishes the following reports and documents routinely, while also providing information on topical issues relating to public debt on a need basis through Publication, Media Interviews and Press Releases:

i. Debt Management Strategy, which presents Government’s financing strategy and targets that will ensure that the debt stock is sustainable;

ii. DMO’s Strategic Plan, a 4-year Plan document which spells out the Vision, Mission and Broad Objectives of the organisation;

iii. National Debt Management Framework, which contains key Debt Management Policies, Strategies and Frameworks that have been designed to ensure that government’s borrowing activities are conducted in accordance with statutory provisions and regulations;

iv. Annual Report and Statement of Accounts, which contains detailed report on Public Debt Management activities and the use of its resources;

v. Quarterly Debt Data which provides detailed information on the Public Debt at the end of each Quarter;
Offer Circulars and Auction Results are:

vii. *Monthly FGN Bond Offer Circular* - The Circular is issued prior to an FGN Auction and it states the Dates of Auction, Amount and specific instruments to be auctioned, and their respective amounts being offered and other basic details to guide subscribers.

viii. *Monthly FGN Bond Auction Result* – This is released on the Date of the Auction to provide critical information on the Auction such as Total Subscription, Amount Allotted and Marginal Rate.

In addition, the DMO engages the external stakeholders in various interactive fora designed to enhance information sharing and transparency, notably, Press Briefings, through which the DMO regularly offers clarifications on issues around Nigeria’s public debt management.

### 4.3 Accountability

As part of sound public debt management practice, the financial transactions arising from debt management activities are audited annually by reputable External Auditors as a way of engendering accountability. Public Debt Management operation is expected to be audited every three (3) years, in line with best practices as recommended by the World Bank under Debt Management Performance Assessment (DeMPA), and the DMO had conducted such audit in the past, which is expected to be sustained, going forward. The IA & CU also conducts routine audit of the public debt management operations and reports its findings to the Director-General. These reports include, Quarterly, Half-Yearly and Annual Reports. In addition, the IA & CU audits the financial transactions of the Office and renders statutory returns to the Accountant-General and the Auditor-General of the Federation.

### 4.4 Roles of other key Agencies involved in Public Debt Management

The Legal Framework highlighted in Chapter 3, specifies the authority to borrow and to issue new debt, as well as undertake debt and debt-related transactions on behalf of the government. There are other Government institutions involved in Nigeria’s borrowing activities. These are presented below:

#### 4.4.1 Public Sector

- **a) Federal Ministry of Finance (FMF)**
  - i. Provides strategic leadership for the DMO as the supervising Ministry;
ii. Reviews and approves the DMO’s proposals for borrowing in the domestic and international capital markets;

iii. Prepares the Medium-Term External Borrowing Plan for Approval;

iv. Considers and approves proposals for new securities to be issued by the DMO for borrowing purposes;

v. Considers and approves recommendations from the DMO for borrowing by State Governments and the issuance of Sovereign Guarantees;

vi. Leads the Loan Negotiation Team, and Signs all External Loan Agreements with respect to the Multilateral and Bilateral loans;

vii. Participates in the DSA and MTDS Workshops organised by the DMO and provides Fiscal Policy inputs, as well as data on the External Borrowing Plan of the FGN.

b) Federal Executive Council (FEC)
   
   i. Approves New Borrowing in the Annual and Supplementary Budgets;
   

c) The National Assembly (NASS)
   
   i. Approves the New Borrowing in the Annual and Supplementary Budgets;
   
   ii. Approves (by Resolution) the Terms and Conditions of External Borrowings in the International Capital Market;

   iii. Approves the Medium-Term External Borrowing Plan and the Terms and Conditions.

d) Central Bank of Nigeria (CBN)
   
   i. Considers and approves new products to be issued for borrowing purposes by the DMO;
   
   ii. Upon the request of the DMO, considers and grants Liquid Asset status to FGN securities issued in the domestic market;

   iii. Acts as the Fiscal Agent (Registrar and Settlement bank) for all FGN Securities issued in the domestic market, as well as Issuing House for Nigerian Treasury Bills;

   iv. Implements the externalisation of the External Debt Service payments based on the mandate (authorisation) from the OAGF;

   v. Participates in the DSA and MTDS Workshops and provides data on Monetary Policy and Balance of Payments (BOP).
e) Federal Ministry of Justice (FMoJ)
   i. Provides Legal Opinion where required, for domestic and external borrowing;
   ii. Considers and clears the engagement of external Legal Advisers by the DMO as a stipulated in FMoJ’s Circular;
   iii. Vets and validates contractual documents with external parties to ensure that the Fees (and Expenses), fall within the threshold prescribed by the FMoJ;

f) Federal Ministry of Budget and National Planning (FMBNP)
   i. Prepares the Annual and where applicable, supplementary Budgets of the Federal Government from where the Budget Deficit and New Borrowings to finance the Budget are derived;
   ii. Projected Debt Service figures are provided by the DMO to the FMBNP for the preparation of Budgets;
   iii. Collect, collate and add data and information on key economic indices such as GDP and Inflation to fiscal policy documents;
   iv. Participates in the DSA and MTDS Workshops and provides projected data on some Macroeconomic variables, as well as information on the key economic policy thrusts of the government.

g) Fiscal Responsibility Commission (FRC)
   Monitors borrowings for compliance with the provisions in the FRA, 2007, as it relates to the Ratio of Fiscal Deficit-to-GDP, which is set at a maximum of 3% amongst others.

h) Office of Accountant-General of the Federation (OAGF)
   i. Considers and approves new products to be issued for borrowing purposes by the DMO;
   ii. Issues mandates to the CBN for externalisation of the External Debt Service payments;
   iii. Participates in the DSA and MTDS Workshops, and provides data on actual Fiscal Accounts;
   iv. Provides Actual FGN Revenue Figures for the purpose of computing the Debt Service to Revenue Ratio.
i) Securities and Exchange Commission (SEC)
   i. Regulates activities in the Nigerian Capital Market, where both the FGN and
      States Governments issue securities;
   ii. Enforces compliance with the ISA, 2007 by market operators;
   iii. The DMO actively collaborates with SEC on issues related to the development
      of the domestic capital market;
   iv. Collaborates with the DMO in the implementation of the External and Domestic
      Borrowing Guidelines for Federal, States, FCT, and their Agencies.

4.4.2 Private Sector

a) The Nigerian Stock Exchange (NSE)
   i. Provides a platform for the listing and secondary market trading for FGN
      Securities, except Nigerian Treasury Bills;
   ii. A strategic partner to the DMO for market development initiatives.

b) Financial Markets Dealers Association (FMDA)
   i. Supports the DMO in its initiatives and activities towards the deepening of the
      FGN domestic securities market;
   ii. Serves as an umbrella body for the DMO-registered Primary Dealer Market
       Makers in domestic FGN Securities;
   iii. Sets parameters for Secondary Market trading in fixed income securities such
       as standard ticket size and two-way quotes;
   iv. Collaborates with the DMO on capacity building for stakeholders.

c) FMDQ OTC Securities
   i. Provides the platform for the listing of FGN securities including Nigerian
      Treasury Bills for secondary market trading by institutions;
   ii. Provides a data bank and timely information on FGN securities listed and trading
      thereby facilitating the information dissemination.
CHAPTER FIVE

NIGERIA’S PUBLIC DEBT MANAGEMENT OBJECTIVES AND STRATEGY

5.0 Introduction
The overall objective of Government Debt Management Strategy is to ensure that Government’s funding needs are met at most optimal borrowing cost, while maintaining risk at a prudent level and supporting the development of the government’s securities market.

5.1 Objectives of Public Debt Management
In line with the Strategic Plan, 2018-2022, which was formulated to align public debt management activities with Government’s economic agenda - the Economic Recovery and Growth Plan (ERGP), the Broad Objective of Nigeria’s Public Debt Management is: ‘To use Debt and Debt-related instruments to support Nigeria’s development goals, while ensuring that Public Debt is sustainable’. This is expected to address both immediate and evolving challenges, which include: changing investor needs and higher investor expectations from the DMO on product and services; Government’s prioritization of the development of infrastructure, which requires new and more creative ways of financing; the growing Contingent Liabilities of the Government and the expected increase in Guarantees to support infrastructural development. Others include, the need to manage the growing Public Debt Stock and provide Portfolio Risk Management, in addition to the existence of a Debt Management Strategy; and the need to upscale debt management capacity at the sub-national level.

In view of the above, the Strategic Objectives are as follows:

i. 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;

ii. Employ the use of Off-Balance Sheet products to support economic development;

iii. Proactively manage the Costs and Risks of the Public Debt Portfolio and Credit Risk associated with On-lent loans;

iv. Review and consolidate the gains of existing Products, as well as introduce New Products;

v. Sub-nationals to adopt best practices in Public Debt Management, in order to achieve Total Public Debt Sustainability;
vi. Appropriate Technology and Processes that will enable the DMO deliver its services more effectively and efficiently;

vii. Structure the DMO’s activities in a manner that suits its evolving role and complemented by human resources with the required competences to deliver top rated debt management services; and

viii. Reinforce the DMO’s Brand and build sustained relationship with key stakeholders.

5.2 Scope of Public Debt Management

The scope of debt management activities covers the financial obligations of the Federal Government, which includes External debts (Multilateral, Bilateral, Eurobonds and Diaspora Bond), securitized Domestic Government debts (FGN Bond, Nigerian Treasury Bills, Sovereign Sukuk, FGN Savings Bonds and Green Bond), as well as Contingent Liabilities arising from the issuance of Sovereign Guarantees. The Total Public Debt Stock comprises External and Domestic Debts of the FGN, States and the Federal Capital Territory. In line with the regulatory requirements, the States and FCT, as well as their Agencies are not allowed to borrow externally. The Federal Government borrows and on-lend to the sub-nationals.

5.3 Debt Management Strategy, 2016-2019

The Debt Management Strategy sets out the Government’s strategy for meeting its financing needs at most optimal borrowing costs and risks, which ensures that the borrowings are within the desired portfolio mix between External and Domestic in the medium to long-term. The Nigeria’s Public Debt Management Strategy over the medium-term (2016-2019), seeks to rebalance the structure of the Public Debt Portfolio, as well as, reduce Debt Service Cost by substituting the relatively more expensive Domestic Debt with less expensive external debt from both the Concessional and Non-concessional source and, thus achieve these broad Targets, namely:

i. An optimal debt portfolio mix of 60:40 for Domestic and External Debt by end-2019;

ii. A ratio of 75:25 for long and short-term debt instruments in the domestic debt portfolio by end-2019;

iii. Keeping the Average Time-to-Maturity (ATM) for the Total Public Debt Portfolio at a minimum of 10 years, by end-2019;

iv. Keeping the share of debt maturing within 1 year, as a percentage of Total Debt Portfolio at not more than 20%, by end-2019.
5.4 **External Debt Management Strategy**

The External Debt Management Strategy seeks to increase external financing with a view to rebalancing the public debt portfolio, in order to reduce the cost of debt and lengthen the maturity profile of the Debt Stock. To achieve a significant reduction in cost would require that the Government accesses long-term external financing in such a way that it first maximizes the available funds from the concessional and semi-concessional sources, considering what may be readily available within a given period, after which other external sources in the International Capital Market can then be accessed.

The Strategy seeks to increase the share of External Debt to 40% of the Total Public Debt by end-December, 2019.

5.5 **Domestic Debt Management Strategy**

The focus of the Domestic Debt Management Strategy is to reduce the stock of short-term debt (NTBs) by refinancing maturing NTBs with external financing and FGN Bonds to reduce the cost of borrowing and lengthen the maturity of the Debt Stock.

The Strategy also provides for the introduction of new FGN debt instruments into the domestic capital market.

The strategy is aimed at achieving a domestic debt portfolio mix of 75:25 for long-term to short-term debt, in order to reduce refinancing risk and borrowing costs as short-term interest rates have become higher than long-term interest rates over a long period.

5.6 **Sub-national Debt Management Strategy**

The DMO will continue to build on the successes recorded in strengthening the public debt management institutions, legal frameworks and strengthening capacities in the 36 States and Federal Capital Territory. This is to ensure that Sub-national governments subscribe to sound public debt management practices required to achieve public debt sustainability and macroeconomic stability for the country as a whole.
CHAPTER SIX

COORDINATION OF PUBLIC DEBT MANAGEMENT WITH FISCAL AND MONETARY POLICIES

6.0 Introduction

This section highlights the level of coordination and collaboration between Public Debt Management, Fiscal and Monetary Policies which are necessary for achieving overall macroeconomic stability.

6.1 Debt Management Coordination with Fiscal and Monetary Policies

The effective coordination of Public Debt Management with Fiscal, as well as Monetary Policy Management is very paramount to achieving macroeconomic stability of the economy. This helps to facilitate the efficient implementation of the objectives of Monetary Policy and Public Debt Management.

For Nigeria, there is a clear separation of functions between Debt Management and Monetary Policy Operations. While the DMO is responsible for managing the country’s Public Debt, the CBN oversees the Monetary Policy Management. However, given the relationship between Fiscal (which includes Debt Management) and Monetary Policies and their implications for macroeconomic stability, there are various platforms aimed at fostering information sharing, for the purpose of planning and policy formulation, especially on government’s current and future liquidity needs. Aside regular bilateral engagements, with the Honourable Minister of Finance and the Governor of the CBN who also serve as Vice-Chairman and Member of the DMO’s Supervisory Board respectively, engagements with stakeholders on fiscal and monetary policies and activities take place at strategic and operational levels, and structured through Workshops, Committees, and Meetings, which also involve other stakeholders.

Technical Workshops:

i. **Conducting Debt Sustainability Analysis (DSA) Workshops**: The DSA workshop is aimed at assessing the ability of the country to service its current and future debt obligations, taking into account envisaged increased borrowing to finance infrastructure development. It seeks to ensure that the Total Public Debt Portfolio is maintained at a sustainable level at medium to long-term. Given that the exercise requires fiscal, macroeconomic and debt data projected for 20 years, the Workshop is conducted by the DMO, in collaboration with the relevant Ministries, Departments and Agencies (MDAs), including Federal Ministry of Finance (FMF), Federal Ministry of Budget and
Conducting Medium-Term Debt Management Strategy (MTDS) Workshops: The MTDS Workshop seeks to determine the appropriate public debt management strategy for the country in order to effectively meet its financing needs at a relatively lower cost and risk, while ensuring that the Total Public Debt Portfolio remains sustainable in the medium to long-term. It also seeks to formulate optimal mix of debt and benchmark that define the country’s costs and risks tolerance level. The participants at the workshop includes Federal Ministry of Finance (FMF), Federal Ministry of Budget and National Planning (FMBNP), Central Bank of Nigeria (CBN), Budget Office of the Federation (BOF), Office of the Accountant-General of the Federation (OAGF) and National Bureau of Statistics (NBS).

Committees:

i. Monetary and Fiscal Policies Coordinating Committee (MFPCC): This Committee provides a platform for the clarification and harmonization of the objectives of Public Debt Management Policies, Fiscal, as well as Monetary Policies, amongst other issues. Members of the Committee are drawn from the DMO, FMF, FMBNP, CBN, BOF, NBS and OAGF.

ii. Fiscal Liquidity Assessment Committee (FLAC): The Liquidity Management Committee comprises CBN Departments that have responsibility for Monetary Policy formulation, Operations and Monitoring, as well as MDAs involved in fiscal operations such as NNPC, NCS, FMF and FIRS. The Committee reviews daily collections and updates on liquidity data arising from Government’s fiscal operations; collating information on projected revenue and expenditure; and making daily and monthly projections to determine the net fiscal injection and withdrawal of liquidity to the system.

iii. Cash Management Committee: The Cash Management Committee, which is headed by the Honourable Minister of Finance was established to review the cash-plan and cash-flow projection of the FGN, upon which the Minister approves the cash allocation to the MDAs and issues warrants. Members of the Committee comprise the DMO, BOF, CBN, OAGF, FIRS, Customs and the NNPC. The implementation of the TSA and the use of GIFMIS platform have enhanced the activities of this Committee.
Other Fora:
The other fora for sharing information which further enhances and strengthens stakeholder relationships include:

i. **Committees of the NASS for Public Debt Management:** In line with the Constitutional provisions, which grant NASS the exclusive powers to approve all borrowings by the FGN, NASS had set up two special Committees to closely oversee public debt management activities of the Government. These Committees are Senate Committee on Local and Foreign Debts, and House Committee on Aids, Loans and Debt Management. These Committees are to carry out oversight function on all activities related to borrowings by the Government, to ensure that public debt is managed at sustainable levels.

ii. **FSS 2020 Committee:** The Financial Systems Strategy (FSS) 2020 was launched in 2006 by the Central Bank of Nigeria in collaboration with other key Financial System regulators to fast track and enhance the growth and development of the Nigeria’s financial system. The vision is to make Nigeria the safest and fastest growing financial system amongst emerging markets, that would drive rapid and sustainable economic growth. The Committee has three broad strategic objectives, which are:
   a. To strengthen the domestic financial market;
   b. Enhance integration with external financial market; and,
   c. Engineer Nigeria’s evolution into an international financial centre.

The Committee comprises financial institutions, including financial market regulators, Private and Public Sector institutions and Associations collaborating to ensure that the Nigerian financial market develops in an orderly manner, with the CBN providing the Secretariat for the Committee. Membership of the Committee comprise the following:
   a. Central Bank of Nigeria (CBN)
   b. Nigerian Deposit Insurance Corporation (NDIC)
   c. Debt Management Office (DMO)
   d. Securities exchange Commission (SEC)
   e. Small and Medium Enterprises Development Agency (SMEDAN)
   f. Federal Inland Revenue Services (FIRS)
   g. National Pension Commission (PENCOM)
   h. Nigerian Insurance Commission (NAICOM)
   i. Federal Mortgage Bank of Nigeria (FMBN)
   j. Financial Reporting Council (FRC)
k. The Nigerian Stock Exchange (NSE)

**iv. Capital Market Committee (CMC):** The Capital Market Committee (CMC) was established to serve as a platform for the exchange of ideas and information among market stakeholders, as well as for feedback to Securities and Exchange Commission (SEC) on how to continuously improve the market activities and regulations. The members of the Committee comprise SEC, which serves as the Secretariat, and representatives of capital market operators and trade groups, as well as other stakeholders. The Committee meets on a quarterly basis to deliberate on various issues affecting the market and other policy matters. The DMO serves as a member of the observer group and presents update on FGN securities Issuances, Auction Results and Redemptions and other activities in the domestic market.
CHAPTER SEVEN

PORTFOLIO RISK MANAGEMENT FRAMEWORK

7.0 Introduction
The Public Debt Stock, similar to financial portfolios is subject to a variety of risk, which may be due to domestic and/or external shocks, as well as properly structured debt portfolio. Given the potential far-reaching effect on the economy of a debt crisis, a well-documented Risk Management Framework has been adopted for Nigeria and is implemented.

7.1 Risk Management Framework
The Risk Management Framework covers the identification of the various Portfolio Risks and measures to manage the identified risks of the Total Public Debt Portfolio. The identified risks associated with the Public Debt Portfolio include: Refinancing Risk, Interest Rate Risk, Exchange Rate Risk, Liquidity Risk, Settlement Risk, Credit Risk, and Contingent Liability Risk.

7.1.1 Identifying and Managing the Risks
i. Refinancing Risk: The risk that existing debt would have to be refinanced at a time of unfavourable market conditions, and thus, at unfavourable borrowing terms (such as higher costs) for the government. The management of refinancing risk include: ensuring that more of the borrowing is for long-term debt rather than short-term; maintaining an evenly spread out maturity profile, so as to avoid the incidence of bunching of maturities; establishing and adequately funding of a Sinking Fund Account to facilitate smoothened redemption of maturing debt obligations, as against refinancing them; as well as the diversification of debt instruments to attract diverse investors in order to mitigate investor concentration risk. Management of refinancing risk could also be done through liability management instruments such as Bond Switches and Buybacks.

ii. Interest Rate Risk: This is the risk that Interest Rates could rise leading to higher borrowing costs for the Government. Interest Rate Risk is managed by ensuring that borrowings are made on a fixed interest rate basis rather than a floating interest rate basis to reduce the impact of interest rate volatility on debt service costs. In addition, spreading the maturities of the debt stock and setting maximum maturities in a period are deployed to reduce Interest Rate Risk by ensuring that a large amount of debt do not mature in a single year.
iii. **Exchange Rate Risk:** This is the risk that the value of the debt would increase due to the volatility in exchange rates. A depreciation or devaluation in the local currency relative to the currency of its foreign currency debt will increase the Debt Service Costs. In view of the strategic target of increasing external borrowing in order to attain a ratio of 60:40 for Domestic to External Debt by end-December, 2019. The DMO’s Strategic Plan, 2018-2022 seeks to introduce risk management tools to manage this risk. In the meantime, this risk is mitigated by the fact that the borrowings are being deployed to fund priority infrastructure projects that would boost economic development, Government Revenues and export earnings that will ease debt service payments. The Exchange Rate risk is also mitigated by the close match between the currency composition in the External Debt Stock and those of the External Reserves.

iv. **Liquidity Risk:** The risk that relates to difficulty in raising the required amount of financing from the markets at a given time due to lack of market depth or tight liquidity situation. This risk is managed through borrowing from the domestic and external sources, issuing a wide range of securities to enlarge and diversify the investor base and avoid a bunching of maturities.

v. **Settlement Risk:** This refers to the probability that a counter-party (investor, creditor, issuing house) fails to deliver funds to the Government. This has the potential of destabilizing the plans for the utilization of the proceeds of the borrowing. The risk is managed by ensuring that its counter-parties for settlement are reliable and have capacity to deliver funds.

vi. **Credit Risk (Default on On-Lent Loans):** This is the risk of non-performance by borrowers on loans extended to third parties such as the Sub-nationals and MDAs. The Risk is mitigated and a Memorandum of Understanding (MOU) or the Subsidiary Loan Agreement (SLA) executed between the DMO (or FMF for Multilateral) and the benefiting State or MDA, so as to ensure timely and full repayment of such loans. The risk is further mitigated by maintaining Sinking Funds that are funded through ISPOs.

vii. **Crystallisation of Contingent Liabilities:** Contingent liabilities arise because of the role the government plays by supporting the Private Sector investments for the provision of infrastructure and other developmental projects through the issuance of guarantees. The contingent liabilities could be explicit, in the case of outright financial guarantees or implicit, where the government may have a moral obligation to intervene and assume a liability to prevent any incidence of contagion to the economy.
Although the Contingent Liabilities do not ordinarily form part of the debt stock, however, given the potential financial claims against the government, they could pose severe constraints on the government’s fiscal position, if and when they crystallise. The DMO has put in place some measures for reducing government’s risk exposure to contingent liabilities. These include:

a. Creation of a Special Unit – Contingent Liability & Risk Asset Management Unit (CL RAMU), under the Portfolio Management Department (PMD), for the monitoring, tracking, as well as handling transactions related to Contingent Liabilities.

b. Monitoring of projects for which the FGN issued Sovereign Guarantees, and setting up of a Sinking Fund for the repayment of the guaranteed amounts in the event of any crystallization;

c. Executing MoUs with the relevant MDA, State Government or the FCT; and,

d. The articulation of the Policies and Framework for managing Contingent Liabilities.

7.2 Debt Sustainability Analysis (DSA)
To assess the portfolio risk, stress tests are periodically conducted using analytical tools on the basis of the economic and financial shocks to which the country may be potentially exposed to. For this purpose, the DMO has conducted the DSA on an annual basis since 2005. The DSA is a rigorous and systematic exercise that is conducted to ensure that the nation’s Total Public Debt Portfolio is subjected to appropriate qualitative and quantitative analysis, by evaluating the country’s repayment capacity for its current and future debt obligations, in order to ascertain the level of risk of debt distress. It provides guidance to the government on its borrowing decisions in order to ensure that its financing needs and future repayment ability are considered; set borrowing limits and advise on funding options; and, to also provide inputs into the national budget, as well as information data necessary for updating the Medium-Term Expenditure Framework (MTEF).

The DSA exercise uses the joint World Bank/IMF Debt Sustainability Framework for Low-Income Countries (DSF-LICs), which is usually revised periodically. The latest Framework (released in July, 2018), takes into consideration a country’s ten-year historical macroeconomic data and twenty-year projected data to assess the level of risk of debt distress. The framework presents indicative debt thresholds, based on the World Bank/IMF’s Composite Indicator (CI), which classifies countries into three (3) Policy Performance Categories: Weak Policy (CI <2.69); Medium Policy (2.69≤ CI ≤3.05); and, Strong Policy (CI >3.05). The CI applies different indicative debt thresholds, depending on the performance category of these countries.
In the revised Framework, there are four (4) Debt Burden Indicators in the External Block – two (2) Solvency and two (2) Liquidity measures, while the Solvency Threshold for the Fiscal Block (combined external and domestic debt), comprised one threshold. The External Debt burden thresholds and Total Public Debt benchmarks are shown in Table 7.1.

<table>
<thead>
<tr>
<th>Composite Indicator (CI)</th>
<th>Solvency Ratio</th>
<th>Liquidity Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fiscal</td>
<td>External</td>
</tr>
<tr>
<td>NPV of Debt as a % of</td>
<td>GDP</td>
<td>GDP</td>
</tr>
<tr>
<td>GDP</td>
<td>35</td>
<td>30</td>
</tr>
<tr>
<td>Medium</td>
<td>55</td>
<td>40</td>
</tr>
<tr>
<td>Strong</td>
<td>70</td>
<td>55</td>
</tr>
</tbody>
</table>

Source: World Bank/IMF; Note: Thresholds were also revised, with the release of the new LIC - DSF Template in July, 2018.

The analysis evaluates Baseline Scenario for over a 20-year projection period, under various macroeconomic assumptions, Stress Tests scenarios and Realism Tools which are meant to assess the credibility of the forecasts. The outcomes of the exercise are used to compare the country’s debt sustainability indicators against internationally established debt burden thresholds/benchmarks, which measure the Solvency and Liquidity positions of the country.

In order to still remain prudent in its borrowing activities, the government decided to set a Country-specific Debt Limit of 25 percent for the ratio of Total Public Debt-to-GDP, up to end-December, 2020, as against the revised global threshold of 55 percent for countries in Nigeria’s peer group.

Meanwhile, Nigeria is expected to migrate to the Market Access (MAC) DSA Framework soon, given that it has been reclassified as a Lower-Middle-Income country, with brighter prospects of accessing more external funding from the non-concessional sources such as the International Capital Markets (ICM).

7.2.1 Risk Management Committee (RMC): Part of the Risk Management Strategy requires the setting up of a standing inter-departmental Risk Management Committee (RMC), which would be saddled with the responsibility for monitoring, evaluating, reporting and providing recommendations on how to effectively manage the various risks associated with the public debt portfolio and to publish same periodically.
7.2.2 Measures of Risks and Risk Benchmarks

Risk measures are computed and evaluated periodically to assess their impact on the total public debt portfolio. The Risk Benchmarks provide measurable reference for the medium-term targets set for the debt portfolio, in the Debt Management Strategy, 2016-2019. These benchmarks are explained below:

i. Debt Portfolio Composition
   - Targeting an optimal debt composition of **60:40** for domestic and external debt, respectively by progressively increasing the percentage share of external financing, taking into account the need to moderate foreign exchange risk in the short to medium-term.
   - Targeting a domestic debt mix of **75:25** for long and short-term debts, respectively, so as to reduce the cost of debt service and roll-over risk.

ii. Interest Rate and Refinancing Risks
   - Keeping the share of debt maturing within 1 year, as a percentage of Total Debt Portfolio at not more than 20%.
   - Targeting an Average Time-to-Maturity (ATM) for the Total Debt Portfolio at a minimum of 10 years.

The performance of the Risk Indicators for the period 2013 to 2017, are presented in the Table 7.2 below:

**Table 7.2: Portfolio Risk Measures and Performance, 2013-2017**

<table>
<thead>
<tr>
<th>Type of Risk</th>
<th>Risk Indicators</th>
<th>Benchmark /Target</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refinancing Risks</td>
<td>Average Time to Maturity (ATM) years</td>
<td>Min of 10 years</td>
<td>5.80</td>
<td>6.50</td>
<td>7.15</td>
<td>9.54</td>
<td>11.55</td>
</tr>
<tr>
<td></td>
<td>Debt Maturing in 1 year (% of Total)</td>
<td>&lt; 20%</td>
<td>35.0</td>
<td>33.0</td>
<td>29.15</td>
<td>23.86</td>
<td>23.53</td>
</tr>
<tr>
<td>Interest Rate Risk</td>
<td>Average Time to Re-fixing (ATR) years</td>
<td>N/A</td>
<td>5.80</td>
<td>6.40</td>
<td>7.04</td>
<td>8.93</td>
<td>9.55</td>
</tr>
<tr>
<td></td>
<td>Fixed Rate Debt (% of Total)</td>
<td>N/A</td>
<td>99.41</td>
<td>99.53</td>
<td>98.96</td>
<td>94.74</td>
<td>97.28</td>
</tr>
<tr>
<td>Foreign Exchange Risk</td>
<td>FX Debt relative to Domestic Debt (%)</td>
<td>40:60</td>
<td>16:84</td>
<td>16:84</td>
<td>20:80</td>
<td>20:80</td>
<td>27:73</td>
</tr>
<tr>
<td>Domestic Debt Mix</td>
<td>Long-term to Short-term</td>
<td>75:25</td>
<td>64:36</td>
<td>64:36</td>
<td>69:31</td>
<td>70:30</td>
<td>72:28</td>
</tr>
</tbody>
</table>

Source: DMO
Note: N/A – Not Applicable, as they were not specified
CHAPTER EIGHT

EXTERNAL AND DOMESTIC BORROWING GUIDELINES – FOR FEDERAL, STATES, FCT AND THEIR AGENCIES

(Undergoing further review)