THE SENATE

FEDERAL REPUBLIC OF NIGERIA

COMMITTEE ON LOCAL AND FOREIGN DEBTS

REPORT

ON

THE NIGER STATE'S DEVELOPMENT POLICY OPERATIONS (DPO) CREDIT FACILITIES FROM WORLD BANK AND ISLAMIC DEVELOPMENT BANK

May, 2019.

REPORT OF THE SENATE COMMITTEE ON LOCAL AND FOREIGN DEBTS ON THE NIGER STATE DEVELOPMENT POLICY OPERATION (DPO) CREDIT FACILITY REQUEST OF USD266 MILLION FROM THE WORLD BANK

1.0 INTRODUCTION

The Senate of the Federal Republic of Nigeria at its sitting on Wednesday, 5th July, 2017 considered the request of Mr. President, Commander-in-Chief of the Armed Forces of the Federation, for the approval of the 2016-2018 External Borrowing (Rolling) Plan on separation of States projects and referred same to the Committee on Local and Foreign Debts for further legislative action.

Following the recommendations of the Committee, the Senate granted a phased-approval of Mr. President's loans request. Six (7) States were granted approval in the first phase and one (2) State in the second phase of approval. This report is being given specifically for Niger State, in this third phase of the loans request approvals.

This fund for Development Policy Operation (DPO) from the World Bank is proposed to finance key programmes of the government of Niger State, aimed at stimulating internally generated revenue and develop critical infrastructure that will attract private investors to the State and thus increase employment opportunities to residents and citizens.

The World Bank Development Policy Operation (DPO) is a budget-support facility to finance budget gaps that governments often encounter in implementing their annual budgets.

It is worthy of note that the World Bank, normally presents strict criteria for prospective borrowing organizations and governments to be fulfilled as a prerequisite to assess the facility. Also the provision of Sections 41, 42, 44 and 47 of Fiscal Responsibility Act, 2007 prescribe conditions for borrowing and compliance limit upon which the approval of the National Assembly will be premised.

2.0 MANDATE OF THE COMMITTEE

Following its approval of the loans' request for a total of seven (7) States at its sittings of Thursday, July 27, 2017 and Thursday, November 9, 2017, the Senate adopted proposals in the first and second reports of the Committee and mandated it to consider Niger state Development Policy Operation (DPO) as contained in the 2016 - 2018 Approved External Borrowing Plan.

3.0. MEMBERSHIP OF THE COMMITTEE

3.1 The membership of the Committee is as follows:-

1.	Senator Shehu Sani	-	Chairman
2.	Senator Philip A. Gyunka	-	Vice Chairman
3.	Senator David A.B. Mark	-	Member

4. Senator Ahmed Rufai Sani - Member
5. Senator Sulaiman Nazif - Member
6. Senator Aliyu M. Wammakko - Member
7. Senator Joseph O. Ogba - Member
8. Senator Ovie Omo - Agege - Member
9. Senator Andrew I. Uchendu - Member
10. Muhammad Bello Musa - Committee Clerk.

4.0 METHODOLOGY

4.1. The Committee received briefs from the following Federal and State Government officials in the course of its work:

(1) The Honourable Minister, Federal Ministry of Finance;

(2) The Director General, Debt Management Office;

(3) The Chairman, Fiscal Responsibility Commission; and

(4) The Honourable Commissioner of Finance, Niger state

4.2. The Committee also relied on the following documents in the course of the assignment:

(i). Fiscal Responsibility Act, 2007

(ii). Debt Management Office Act, 2003

(iii). Debt Sustainability Analysis published by the Debt Management Bureau, 2016

(iv) The World Bank Implementation Completion and Results Report on Niger state's Development Policy Operation (DPO).

5. FINDINGS AND OBSERVATIONS

Based on the submissions and interactions with the invited Government officials, the Committee observed as follows:

i. That the Development Policy Operation, DPO (Budget Support) of USD266 million for Niger state was approved by World Bank in 2016 and captured in 2016 - 2018 borrowing plan as approved by the National Assembly.
ii. That the credit facility has an attractive low financing data of 1.25% interest; moratorium of 5 years and a 25 year maturity tenor.
iii. That the facility is already captured in the 2016-2018 Medium Term Expenditure Framework (MTEF).
iv. That according to the latest Debt Management Office figures, Niger state has a total debt stock of USD232.1 million.
v. That approving the current loan request of USD266 million for Niger state will bring its total debt stock to USD498.1 million.

6. RECOMMENDATION

The Committee recommends that the Senate do approve the request of USD266 million for Niger state as contained in the 2016 - 2018 External Borrowing (Rolling) Plan of Mr. President, Commander-in-Chief of the Armed Forces.

7. CONCLUSION

That with the present total debt stock of Niger state at the moment, the new borrowing sought will make the debt service to revenue ratio sustainably, thereby facilitating the State

Government's ability to meet its other basic obligations to the people and further enhanced the economic viability of the State.

The Committee wishes to express its gratitude to the President of the Senate, the leadership and Distinguished Senators for the confidence reposed in it to carry out the assignment.

The Committee therefore moves:

***That the Senate* do approve Niger state Development Policy Operation (DPO) in the sum of USD266 million only as contained in the 2016 - 2018 External Borrowing (Rolling) Plan of Mr. President Commander-in-Chief of the Armed Forces.**

We so move.