

The Role of the Parliament of Nigeria in Oversight of Public Debt

Analysis based on the Public Debt Management Assessment Tool for Parliaments (PDMAT) 2.0



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The views expressed in the paper are those of the author, and not necessarily those of or endorsed by the institutions in the paper nor the UK government / FCDO.

Please note that it was not possible to meet with the Debt Management Office during the mission. As a result, some conclusions about the capacity of the executive branch to manage public debt are drawn from documents alone and have not been validated.

List of Acronyms

ABP	Annual borrowing plan
AR	Annual Report
CSO	Civil society organization
DeM	Debt management
DeMPA	Debt Management Performance Assessment
DMB Act	Debt Management Bureau Act
DMO Act	Debt Management Office Establishment Act
DMO	Debt management office
DMS	Debt management strategy
DSA	Debt sustainability analysis
EBP	Executive's budget proposal
FCDO	Foreign, Commonwealth and Development Office
FCT	Federal capital territory
FEC	Federal executive council
FGN	Federal Government of Nigeria
FMFBNP	Federal Ministry of Finance, Budget, and National Planning
FMOJ	Federal Ministry of Justice
FRA	Fiscal Responsibility Act
FRC	Fiscal Responsibility Commission
FSP	Fiscal Strategy Paper
ICRC	Infrastructure Concession and Regulatory Commission
IFI	Independent fiscal institution
IMF	International Monetary Fund
MAC	Market Access Country
MDA	Ministry, department, and agency

MFPCC	Monetary and Fiscal Policy Coordinating Committee
MTEF	Medium-term expenditure framework
NABRO	National Assembly Budget and Analysis Office
OBS	Open Budget Survey
PAC	Public accounts committee
PBO	Parliamentary budget office
PBS	Pre-budget statement
PDM	Public debt management
PDMAT	Public Debt Management Assessment Tool
PEFA	Public Expenditure Framework Assessment
PPP	Public-private partnerships
SAI	State audit institution
SAPs	Structural adjustment programmes
SNG	Sub-national government
SOE	State-owned enterprise
WAIFEM	West African Institute for Financial and Economic Management
WFD	Westminster Foundation for Democracy

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Section I – Executive Summary

1.1 Introduction and Overview of the PDMAT 2.0

The Public Debt Management Assessment Tool (PDMAT) 2.0 is an innovative framework developed by Westminster Foundation for Democracy (WFD) to strengthen parliamentary oversight of public debt management worldwide. It is designed to support parliaments in aligning debt management practices with international standards and promoting sustainable fiscal policies. By providing a structured and user-friendly assessment tool, PDMAT 2.0 empowers parliamentarians, parliamentary staff, and oversight bodies to evaluate and improve the transparency, accountability, and sustainability of public debt management.

Public debt management is the process of formulating and implementing strategies to handle a government's debt effectively, aiming to secure funding, balance risk and cost objectives, and achieve other debt-related goals, such as fostering a robust market for government securities. While traditionally managed by executive agencies, the role of parliaments in overseeing public debt has gained increasing recognition.

In democratic systems, parliamentary oversight of public debt management (PDM) is essential for ensuring transparency, which is crucial for maintaining public trust. Parliaments are uniquely positioned to establish and modernize debt-related legal frameworks, scrutinize and ratify loan agreements, and oversee high-risk areas such as state-owned enterprises (SOEs), which are often significant contributors to public debt.

Globally, the extent of parliamentary involvement in debt oversight varies widely. Some parliaments are highly active in monitoring public debt and PDM, while in other countries, oversight is limited or entirely absent. For good governance and fiscal responsibility, it is vital to assess how effectively parliaments are fulfilling their roles in PDM oversight. This includes understanding the availability, completeness, and timeliness of public debt data, as well as reviewing debt management documentation published by national authorities. To address these areas, the PDMAT 2.0 framework organizes its indicators thematically, focusing not only on debt transparency but also on the executive branch's capacity for debt management.

To meet this need, WFD developed the PDMAT 2.0 as an objective tool for measuring parliamentary oversight capacity in public debt management. Targeted at those responsible for ensuring the accountable governance of public debt, PDMAT 2.0 functions as both an evaluative and advisory tool, covering key areas such as debt transparency, fiscal risk management, public participation, and institutional accountability. Through its comprehensive set of dimensions and indicators, the tool enables parliaments to systematically assess debt management strategies, analyse fiscal risks, and scrutinize critical debt-related documents, ensuring alignment with good governance principles. See table 1 below for descriptive breakdown of each dimension.

Dimension	Description
Debt transparency	Assesses the accessibility, accuracy, and comprehensiveness of public debt information.
Legal Framework	Focuses on the parliament's role in shaping a robust legal foundation that governs borrowing, debt reporting, and accountability mechanisms

	promoting transparent, strategically planned and responsibility managed public debt practices.
Ratification of loan agreements/external borrowing	Evaluates the processes in place for parliamentary approval of loan agreements and the involvement of parliament in external borrowing activities.
Role of parliament in the budget cycle	Examines the involvement of parliament throughout the budget cycle, from formulation to audit and oversight, with a particular focus on debt-related matters.
Fiscal risk	Evaluates the government's ability to identify, manage, and report fiscal risks associated with SOEs and sub-national governments (SNGs).
Public participation in debt decision-making	Assesses the involvement of citizens and civil society organizations (CSOs) in the debt decision-making process at critical stages of the budget cycle (formulation, approval, execution, and audit/oversight).
Integrated technical support and external partnerships	Evaluates the availability and integration of internal technical expertise, specifically, the role of the parliamentary budget office (PBO), in enhancing parliament's capacity to interpret debt data.
Capacity of executive branch to manage public debt	Measures the executive branch's capability to manage public debt by examining its capacity to develop and implement the debt management strategy (DMS), monitor and manage debt-related risks, and coordinate debt management with broader macroeconomic policies.

Table 1 PDMAT 2.0 Dimensions and Descriptions

1.2 Methodology

The PDMAT 2.0 methodology is user-friendly and includes an Excel workbook with scores for 67 indicators across the nine dimensions or themes described above. The indicators underlying the nine dimensions provide specific, measurable criteria that parliamentarians can use to evaluate their debt management oversight capacity, and are largely drawn from established public financial management (PFM) assessment tools such as the Debt Management Performance Assessment (DeMPA), the Debt Transparency Heat Map, the Public Expenditure Financial Accountability (PEFA) framework, and the International Budget Partnership's Open Budget Survey (OBS). In addition, publicly available reports from relevant government agencies in Nigeria, key informant interviews with members of the National Assembly of Nigeria, National Assembly Budget and Analysis Office (NABRO), clerks drawn from committees such as Appropriations, Anti-corruption and Financial Crimes, Foreign Aids, Loans and Debt, the Institute for Legislative and Democratic Studies and focus group discussions with members of the Civil Society in Nigeria were engaged to collect data for PDMAT indicators.

The PDMAT complements existing tools by specifically evaluating whether the effectiveness of parliament in its oversight of public debt. The 67 indicators are aggregated by dimension and sub-dimension in a "Summary of Results" tab to assist users in identifying areas requiring attention.

All indicators in the PDMAT 2.0 use a 4-level rating scale. Responses to these indicators vary from the weakest option (denoted as L1 for Level 1) to the strongest option (denoted as L4 for Level 4). Once each indicator is assigned a score of 1 to 4, the individual scores for each of the nine debt management dimensions (and their sub-dimensions) are then aggregated and averaged. Given that scores range from 1 to 4, averages for each debt management dimension will range from a minimum of 1 to a maximum of 4. These averaged scores determine the level of (recommended) attention required by parliamentarians, using the breakdown in Table 3.

This policy brief, together with the underlying Excel, provides users with a snapshot of parliamentary capacity for public debt oversight, identifying specific areas for policy development, improved oversight practices, or capacity strengthening. The PDMAT is an important resource for parliaments committed to effective, transparent, and accountable debt management.

For a detailed explanation of the PDMAT methodology, please see, "A Guide to The Public Debt Management Assessment Tool for Parliaments (PDMAT) 2.0."

1.3 The Expert Mission

The expert mission was carried out by Dr. Terfa Gbahabo and Dr. Bernard Njiri. Meetings were held in the Nigerian Parliament and Ministry of Finance of Nigeria.

1.4 Key Findings and Recommendations

The PDMAT assessment considers Nigeria's public debt management practices against international best practices. In this section, the key findings are summarized and categorized into urgent, high, medium, and low priority areas for Parliament's attention.

1.4.1 Urgent Priority

Debt Strategy and Debt Management (1.2.1 – 1.2.4)

Key debt documents, including the medium-term DMS and the Annual Borrowing Plan (ABP), are not currently published or tabled in Parliament. Parliament should call for the publication of the DMS and ABP and ensure they are examined by a parliamentary committee.

Role of Parliament in the Ratification of Loan Agreements (3.2.1. – 3.2.7.)

In Nigeria, Parliament plays a limited role in the scrutiny, amendment, and monitoring of loan agreements, in part due to a weak legal framework. In the short-term, parliament should engage in ex post scrutiny by reviewing annual debt reports or similar documents to assess new loan commitments, including their terms, amounts borrowed, and compliance with fiscal objectives. In cases where debt reports are not tabled in parliament, parliament should call for the timely publication of comprehensive annual debt reports. Over the longer-term, parliament should strengthen the legal framework around its role in the ratification of loan agreements so that Parliament retains the authority to ratify and issue new loan agreements and offer amendments to loan agreements.

Role of Parliament in Audit/Oversight (4.4.1. – 4.4.3.)

The latest Auditor General's Annual Report (AR) for FY 2020 was published on 15 January 2024, more than three years after the end of the fiscal year. This is well beyond the timeline set by Section 49 of the Fiscal Responsibility Act (2007), which requires the audited accounts of the federal government to be published no later than seven months following the end of the financial year. This

delay significantly impairs the timeliness of audit-based oversight and contravenes both domestic legal requirements and international good practice. According to the Open Budget Survey, Audit Reports for FY 2021 and FY 2022 had not yet been prepared or published as of the assessment period.

Presumably because of the late arrival of the AR, the Public Accounts Committee (PAC) has not been active in reviewing audit findings or holding public hearings. This further weakens Parliament's ability to scrutinize government performance, follow up on audit recommendations, and ensure accountability for the use of public funds.

Comprehensiveness of Fiscal Risk Statement (5.2.1.)

Nigeria does not publish a comprehensive fiscal risk statement that consolidates fiscal risks from SOEs and SNGs. Regular and detailed reporting on fiscal risks promotes transparency and strengthens the government's capacity for effective risk management and fiscal oversight. Parliament should call on the executive to publish a comprehensive fiscal risk statement that includes quantitative performance indicators, such as financial ratios for major SOEs, to assess their fiscal health and potential risks to the broader public sector.

Parliamentary Oversight of Fiscal Risk Statement (5.3.1. – 5.3.4.)

In Nigeria, parliamentary oversight of fiscal risks is weak. Parliament has not designated a committee responsible for oversight of SOEs; a DMS and fiscal risk statement are not currently published (and as a result parliament does not review either report); and parliamentary committees do not meet regularly and conduct in-depth oversight of public debt. Parliament should take steps to strengthen oversight of fiscal risks, including calling for the publication of the DMS and a fiscal risk statement. Parliament should also establish a committee responsible for oversight of SOEs, a source of fiscal risk, and committees should meet regularly to conduct more in-depth oversight of public debt.

Parliamentary Engagement with the Public during the Formulation/Approval Stage (6.1.1. – 6.1.2.)

While public participation is a legal requirement in Nigeria, parliamentary engagement during the budget formulation and approval is weak. Historically, the National Assembly has organized one-day public hearings on the budget during its review of the budget; however, invitations to these hearings are extended on short notice and limited to a privileged few. According to the Open Budget Survey, even these discretionary hearings did not take place in 2022. To enhance public engagement on debt decision-making, the National Assembly's Appropriations Committee should allow members of the public or civil society organizations to testify during its hearings on the budget proposal prior to its approval.

Parliamentary Engagement with the Public during the Audit/Oversight Stage (6.3.1.)

According to the 2023 Open Budget Survey Questionnaire for Nigeria, "The relevant audit reports of 2020 and 2021 have neither been produced nor published. So, there is nothing (for the PAC) to examine." The PAC should call on the Auditor General to submit the AR in accordance with constitutional deadlines and hold public hearings on the findings, as stipulated in Section 85 of the 1999 Nigerian Constitution (as amended). A joint meeting between the PAC and the Office of the Auditor General could then be convened to explore structured opportunities for public involvement in the audit review process.

External Audit (9.1.1. – 9.1.2.)

Audits on debt management activities are not published. Parliament should call for the publication of audit reports on debt management and establish mechanisms to ensure audit recommendations are implemented, enhancing accountability, transparency, and public trust in fiscal decisions.

1.4.2 High Priority

Comprehensiveness and Accessibility of Debt Information (1.1.1. – 1.1.10.)

Nigeria has made progress in the timeliness and completeness of debt information, publishing data in key budget documents such as the Pre-Budget Statement (PBS), Executive's Budget Proposal (EBP), and Year-End Report. However, the information is not consistently presented across these documents, limiting Parliament's and the public's ability to track debt performance and borrowing trends throughout the budget cycle. Additionally, key reports such as the In-Year Reports, Mid-Year Review, and AR are often produced for internal use only or published too late to support timely legislative scrutiny or public engagement.

According to international good practice, the DMS should be published annually on a rolling basis, to ensure that borrowing plans remain responsive to evolving fiscal and market conditions. There is no explicit legal requirement in Nigeria that mandates the publication of a DMS in Nigeria. The last published DMS, which covered FYs 2020–2023, did not meet international standards. For example, it did not provide information on how borrowing would support economic growth or reduce key risks, such as dependence on foreign loans and lack of export diversification.

Although a more recent Debt Management Framework Paper has been prepared for FY 2025–2027, it does not constitute a proper DMS. The framework paper omits key elements required under international good practice—such as cost-risk analysis, clearly defined targets for debt indicators, and alternative financing scenarios. Without these components, it cannot serve as a substitute for a comprehensive DMS that promotes transparency, informs borrowing decisions, and supports fiscal sustainability.¹

Role of Parliament in Strengthening the Legal Framework (2.2.1. – 2.2.5.)

The Constitution of the Federal Republic of Nigeria grants the National Assembly exclusive authority to legislate on borrowing and public debt, a mandate operationalized through the Debt Management Bureau (DMB) Act, 2011 and the FRA 2007. These laws define institutional roles, borrowing purposes, and reporting obligations, including requirements for concessional borrowing terms, debt sustainability thresholds, and oversight mechanisms. While the DMB Act mandates annual debt reporting and the FRA promotes transparency in borrowing terms, implementation gaps remain. Debt oversight is supported by dedicated committees in both legislative chambers, which have formal mandates to review and influence debt policy. However, current legislation does not require the tabling or parliamentary scrutiny of the ABP. The introduction of nine bills in the 10th Assembly – Including one to repeal and reenact the FRA – reflects growing legislative momentum to strengthen debt governance, transparency, and accountability and a commitment to enhancing existing legislation to strengthen the legal framework governing debt management.

¹ Ernest Ereke, "The National Assembly and sustainable debt management in Nigeria" (2025). https://www.wfd.org/sites/default/files/2025-04/WFD_AFRODAD_2025_05_The%20National%20Assembly%20and%20sustainable%20debt%20management%20in%20Nigeria.pdf, pg. 11

Capacity of the Executive Branch to Assess Loan Agreements (3.1.1 – 3.1.2)

As a DMS is not published, there is no evidence of the debt management office continuously monitoring market conditions. However, the legal advisors are involved in the scrutiny of loan agreements. Parliament should call for the regular and timely publication of the DMS.

Role of Parliament in Budget Execution (4.3.1)

In Nigeria, a committee does examine in-year budget implementation; however, the committee does not publish a report with findings and recommendations. To enhance transparency and accountability, the committee should publish a report with its findings and recommendations.

General government (SOEs, Local government) (5.1.1 – 5.1.6)

Nigeria does publish sufficient information on the sources of fiscal risk, including contingent liabilities, state-owned enterprises, or the borrowing activities of sub-national governments. Parliament should call for enhanced transparency around the reporting of fiscal risks, including contingent liabilities, state-owned enterprises, and the borrowing activities of sub-national governments.

Parliamentary Engagement with the Public during the Execution Stage (6.2.1)

There are no formal opportunities to engage with the National Assembly during its review of budget execution, unless there is an inquiry going on as part of investigation into alleged malpractices. Parliament should establish opportunities to engage with the public during budget implementation, including during its review of In-Year Reports and the Mid-Year Report.

1.4.3 Medium Priority

Legal Framework and Standing Orders of Parliament (2.1.1 – 2.1.2)

Nigeria's legal framework related to debt includes the FRA 2007 and the DMB Act. According to section 47(1) of the FRA, "the Minister may with the approval of the Federal Executive Council, grant guarantees on behalf on any Government in the Federation." Additionally, section 47(3) stipulates that "no State, Local Government or Federal Agency shall on its own borrow externally" in foreign currency." Section 41(1)(a) of the FRA further defines the purposes of borrowing, noting that "government at all tiers shall only borrow for capital expenditure and human development, provided that, such borrowing shall be on concessional terms with low interest rate and with a reasonable long amortization period subject to the approval of the appropriate legislative body where the necessary."²

The legal framework requires the publication of legal guarantees for public entities and Nigeria's states, reporting is not comprehensive and sufficiently disaggregated. Parliament should call for the regular and timely reporting of all debt documents and introduce amendments to the existing legal framework that strengthen the report requirements for public sector entities, including presenting disaggregated reporting for SOE guarantees.

Role of Parliament in Budget Formulation (4.1.1 – 4.1.5)

In Nigeria, Parliament debates the Medium-Term Expenditure Framework (MTEF) and approves recommendations prior to the tabling of the draft budget. However, Parliament does not review key debt documents such as the DMS and the ABP, as neither is currently published or tabled.

² Fiscal Responsibility Act, Nigeria, 2007. <https://internationalbudget.org/wp-content/uploads/Nigeria-FiscalResponsibilityAct2007-English.pdf>

Parliament should therefore call for the timely publication of both documents and ensure they are subject to committee scrutiny.

Role of Parliament in Budget Approval (4.2.1 – 4.2.2)

In Nigeria, the Finance and Appropriations Committees examines the budget and reports its findings and recommendations to the National Assembly. In addition, all sectoral committees in the National Assembly review budget proposals for ministries, departments and agencies (MDAs) under their remit and report to the Appropriations Committee which collates and harmonises the budget before passage by the Committee of the Whole House. However, no committee publishes a report with its findings and recommendations. To enhance transparency and accountability, committees should publish reports with their findings and recommendations.

Integrated Technical Support and External Partnerships (7.1.1 – 7.1.6)

Nigeria has established two independent fiscal institutions (IFIs): the NABRO and the Fiscal Responsibility Commission (FRC), as referenced in the FRA (2007). However, NABRO lacks legal independence and remains an administrative unit without statutory backing. As noted in the 2023 Open Budget Survey peer review comments, “NABRO exists as an administrative outfit without a force of law. The NABRO establishment bill has been stalled for more than 18 years since it was first introduced in 2005.”³

Strengthening NABRO’s legal status and institutional independence is a necessary precondition for expanding its mandate. With adequate autonomy, NABRO could begin producing independent macroeconomic forecasts, costing new policy proposals, and assessing debt sustainability—functions that would significantly enhance Parliament’s ability to scrutinize fiscal and debt-related decisions. Supporting NABRO to evolve into a fully functional IFI should therefore be a medium-term reform priority for strengthening legislative oversight.

1.4.4 Low Priority

Capacity of the Executive Branch to Manage Public Debt (8.1.1 – 8.1.2)

Nigeria has centralized public borrowing under the Debt Management Office (DMO), as mandated by the DMB Act (2011) and the National Debt Management Framework (2023-2027). The DMO is the sole agency responsible for managing federal public debt, coordinating closely with the Ministry of Finance and other institutions through platforms such as the Monetary and Fiscal Policy Coordinating Committee (MFPCC).

While strong institutional structures exist, including frameworks for loan guarantees and fiscal risk monitoring, these efforts would benefit from improved transparency. To strengthen oversight, the DMO and related institutions should publish their reports and engage more actively with Parliament.

Section II – State of Debt in Nigeria

The public debt crisis in Nigeria gained prominence in the 1980s after a sharp decline in global oil prices. As oil revenues dropped, the country turned to foreign loans to cover its budget shortfalls. This reliance on external borrowing triggered a long-lasting debt challenge, which was further

³ Open Budget Survey Questionnaire, Nigeria, 2023.

worsened by the adoption of structural adjustment programmes (SAPs).⁴ These measures contributed to a period of stagnation coupled with economic hardship and social instability. Additionally, Nigeria has for years maintained relatively low debt-to-GDP – below the 40 percent Nigeria-imposed threshold until in 2022 when this target was surpassed. In 2005 and 2006⁵, Nigeria reached a landmark agreement with the Paris Club (a group of creditor countries) to write off \$18 billion (about 60% of total Paris Club debt) of its external debt. The debt cancellation significantly reduced debt-to-GDP by 2007 as shown in Fig. 1. From there after, the country focused on domestic borrowing.

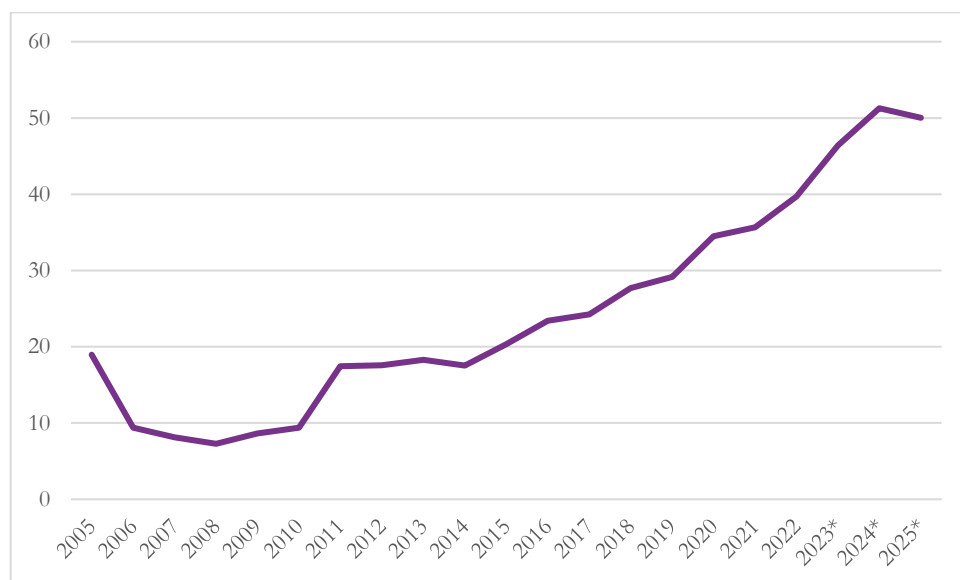


Figure 1 General Government Gross Debt (% of GDP)⁶

Over the recent years, domestic borrowing has been shrinking with external debt rising rapidly, with the “external debt stock rising from USD3.54 billion at the end of December 2006 to USD42.49 billion at the end of December 2023,”⁷ (see Fig. 2) while States and Federal Capital Territory (FCT) borrow heavily from the domestic market. The requirement for Federal Government of Nigeria (FGN) guarantees for external borrowing by the States is likely to have reduced vulnerability of States to external debt thus opting for domestic debt that only requires approval by the Local Government Assemblies. A more cursory look into Fig. 3 shows that States and FCT pose significant fiscal risk as they have been on average accounting for above 10 percent of public debt in Nigeria.

⁴ Epia, O. (2025). *Legislative Oversight and the Inverse Proportionality of Debt and Development*, pg. 8, [wfd_afrodad_2025_02_legislative_oversight_and_the_inverse_proportionality_of_debt_and_development.pdf](https://www.wfd.org/sites/default/files/2025-04/wfd_afrodad_2025_02_legislative_oversight_and_the_inverse_proportionality_of_debt_and_development.pdf)

⁵ Nwankwo, A. E. (2025). *Remedying a Gap in African Parliaments’ Oversight of Public Debt*. Pg. 5, https://www.wfd.org/sites/default/files/2025-04/wfd_afrodad_2025_03_remedying_a_gap_in_african_parliaments_oversight_of_public_debt.pdf

⁶ Data source: IMF, Oct 2024 WEO, Note: * represents estimates

⁷ Nwankwo, A. E. (2025). *Remedying a Gap in African Parliaments’ Oversight of Public Debt*. Pg. 5, https://www.wfd.org/sites/default/files/2025-04/wfd_afrodad_2025_03_remedying_a_gap_in_african_parliaments_oversight_of_public_debt.pdf

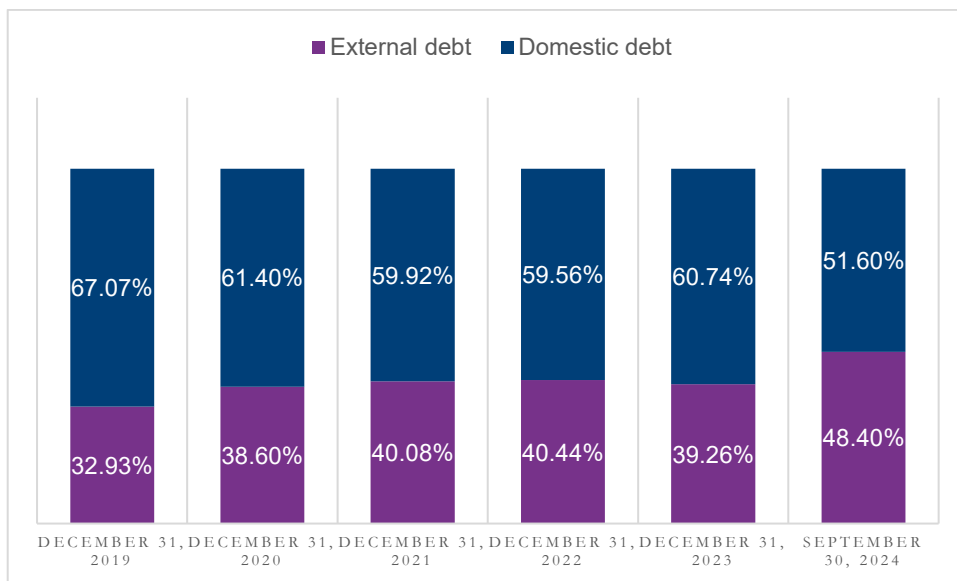


Figure 2 Percentage Composition of Domestic and External Debt

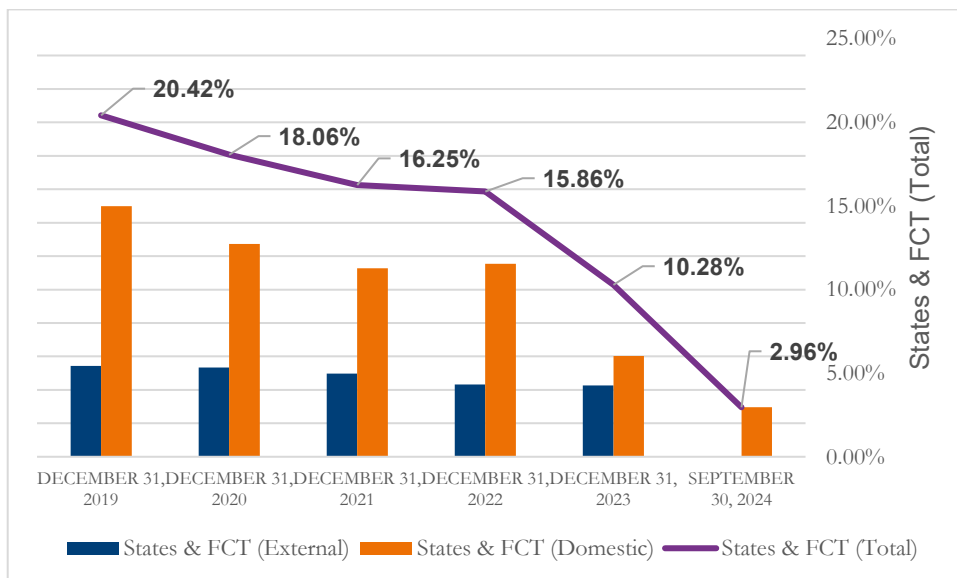


Figure 3 Percentage of Debt by States and FCT⁸

Although public debt-to-GDP ratio for Nigeria has not hit the International Monetary Fund's (IMF) 60 percent benchmark for emerging market countries, standing at "51% in the period under review,"⁹, critical issues such as inconsistency in government debt data sources and elevated debt service to revenue ratio highlights a dire need for effective debt management and oversight.

⁸ Data source: Debt Management Office, Nigeria

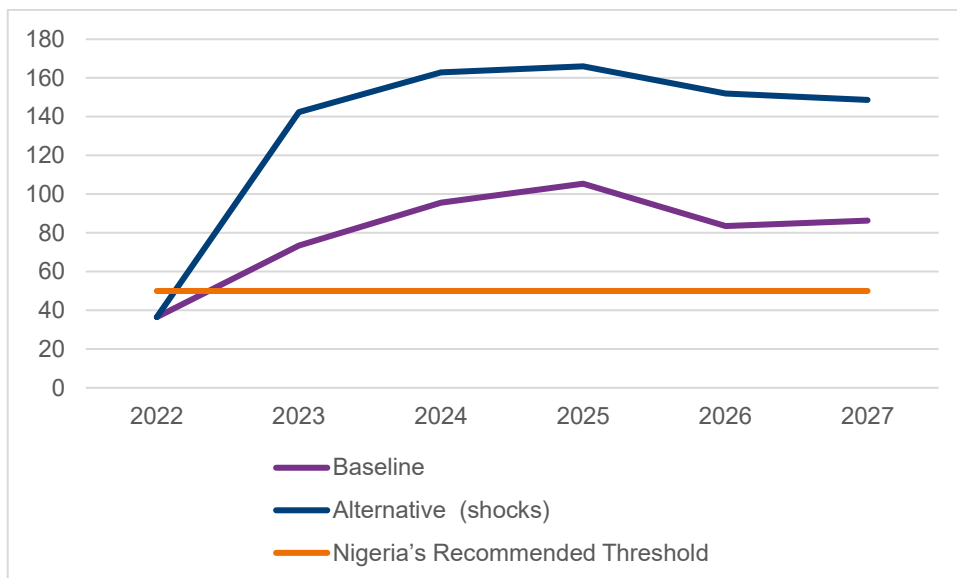


Figure 4 FGN Debt Service-to-Revenues (%)¹⁰

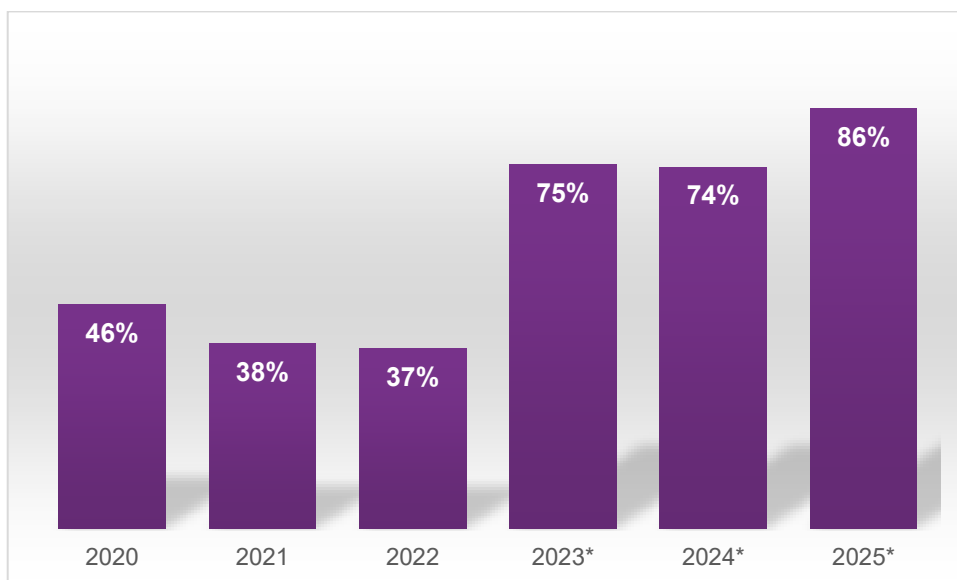


Figure 5 Debt Service to Revenue¹¹

¹⁰ Data source: Debt Management Office, 2022 Report of The Annual National Market Access Country (MAC) Debt Sustainability Analysis (DSA).

¹¹ Data source: MTEF/FSP, Note: * denotes author calculations

Section III – Overview of Key Findings

3.1 Debt Transparency

High Priority (Score 1.9)

Dimension 1 considers the transparency of debt information. Debt transparency refers to the publication of comprehensive, timely, and detailed information on debt and borrowing strategies. Complete, timely, and detailed debt information is essential for accountability actors, including parliament, auditors, and civil society, to hold government to account for debt decision-making. Improved debt transparency reduces the likelihood of corruption, lowers government's cost of borrowing, and protects government from debt distress and default (OGP 2023: 17).

3.1.1 Key Findings

Comprehensiveness and Accessibility of Debt Information

High Priority (Score 2.2)

Sub-dimension 1 considers the comprehensiveness and consistency of debt information across key debt strategy and budget documents. The indicators in sub-dimension 1 assess the scope (whether reported debt information encompasses all public sector debt, including general government and SOEs) and frequency (specifically, whether debt estimates are updated more than once per year) of debt information (indicators 1.1.1 and 1.1.2, respectively). They also examine whether government discloses the breakdown between external and internal debt (indicator 1.1.3). External debt is the portion of a country's debt that is borrowed from foreign lenders and must usually be repaid in the currency in which the loan was made. This sub-dimension also assesses whether governments publish three key estimates of debt across the main budget documents (indicators 1.1.4, 1.1.5, 1.1.6, 1.1.7, and 1.1.8). This includes: the amount of net new borrowing required during the entire budget year; the central government's total debt burden at the end of the budget year; and the interest payments on the outstanding debt for the entire budget year. Recognizing that timely estimates on outstanding debt at the end of the budget year are essential to transparency and accountability, the indicators also examine the timeliness of the publication of the Year-end and Audit Reports (indicators 1.1.9 and 1.1.10). See the scores received by Nigeria for sub-dimension 1.1. in table 2 below.

Indicator Number	Description	Score
1.1.1.	How broad is the sectorial coverage for the Debt-to- Gross Domestic Product (GDP) ratio?	L2
1.1.2.	How often are debt figures updated and published by the ministry of finance?	L4
1.1.3.	Does the government report on both internal and external debt and/or debt guarantees?	L3

1.1.4.	Does the PBS present three estimates related to government borrowing and debt: the amount of net new borrowing required during the budget year; the total debt outstanding at the end of the budget year; and interest payments on the debt for the budget year?	L3
1.1.5.	Does the EBP or any supporting budget documentation present three estimates* related to government borrowing and debt: the amount of net new borrowing required during the budget year; the total debt outstanding at the end of the budget year; and interest payments on the debt for the budget year?	L2
1.1.6.	Do in-year reports present three estimates* related to actual government borrowing and debt: the amount of net new borrowing; the total debt outstanding; and interest payments?	L1
1.1.7.	Does the mid-year review of the budget include updated estimates of government borrowing and debt, including its composition, for the budget year underway?	L1
1.1.8.	Does the ministry of finance publish a YER that presents the differences between the original estimates of government borrowing and debt, including its composition, for the fiscal year and the actual outcome for that year?	L2
1.1.9.	When is the YER made publicly available to the public? Please specify the time frame in relation to the end of the budget year. If the YER is not released to the public or is released more than 12 months after the end of the budget year, please indicate this explicitly.	L3
1.1.10.	When is the Annual Audit Report made publicly available following the end of the fiscal year?	L1

Table 2 Scores received for sub-dimension 1.1. "Comprehensiveness and accessibility of debt information."

Nigeria has made progress on the timeliness and completeness of its debt information, but there is room for improvement. According to the World Bank's Debt Heat map, debt information is updated quarterly, discloses the breakdown of domestic and external debt, and complete data is available for the central government, but does not include SOEs.

While Nigeria publishes some information on debt in its budget documents, including the PBS, EBP, and the YER, the information provided is not consistent across the documents, undermining a user's ability to compare estimates of debt information across the budget cycle. For example, the draft budget includes information on the interest payments, while the PBS does not – and neither document reports on the total amount of debt outstanding for the budget year. An added complication is that some documents, such as the In-year Reports, Mid-Year Review, and AR are not considered

publicly available: the In-Year Reports and Mid-Year Review are published too late to be considered useful, while the Audit Report is produced for internal use only.

Debt Strategy and Debt Management

Urgent Priority (Score 1.3)

Sub-dimension 2 examines the comprehensiveness of debt information in budget documents. Consistent, timely, and complete reporting on debt information throughout the budget cycle is critical to understanding how borrowing and debt decisions impact government revenues and expenditures. The indicators in sub-dimension 2 assess whether key budget documents present information on the composition of debt, including interest rates on the debt; maturity profile of the debt; and whether the debt is domestic or external (indicators 1.2.2 and 1.2.3). According to the Open Budget Survey, the composition of the debt gives an indication of the potential vulnerability of the country's debt position, and whether the cost of servicing the accumulated debt is affordable. Interest rates affect the amount of interest that must be paid to creditors. The maturity profile indicates the final payment date of the loan, at which point the principal (and all remaining interest) is due to be paid. Domestic debt is held by a country's citizens, banks, and businesses, while external debt is held by foreigners.

This dimension also assesses whether the government has prepared key debt documents, including a medium-term DMS with a description of the existing debt portfolio and evolution over time (indicator 1.2.1) and an ABP, detailing how the government plans to meet its financing needs in a manner that aligns with the DMS (indicator 1.2.4). Publishing and updating the DMS and ABP enhances transparency, fosters clear communication with relevant stakeholders, and ensures alignment between a country's medium-term debt strategy and ABPs -- helping maintain confidence in government borrowing practices and supporting economic and fiscal stability. See the scores received for sub-dimension 1.2. below in table 3.

Indicator Number	Description	Score
1.2.1.	Has the government prepared a DMS with the long-term objective of contracting debt within robust cost-risk trade-offs?	L1
1.2.2.	Does the EBP or any supporting budget documentation present information related to the composition of the total debt outstanding at the end of the budget year?	L2
1.2.3.	Do in-year reports present information related to the composition of the total actual debt outstanding?	L1
1.2.4.	Is an ABP published each year, detailing how the government's financing needs will be met in alignment with the DMS, and is it regularly reviewed and updated based on market conditions and fiscal requirements?	L1

Table 3 Scores received for sub-dimension 1.2. "Debt strategy and debt management."

Information on the composition of debt in budget documents is limited. The draft budget proposal includes some information on the breakdown of domestic versus external debt; however, more detailed information is not published.

Further, as highlighted above, Nigeria's In-Year Reports are not considered publicly available, as they are published too late to be useful. In addition, Nigeria does not currently publish a DMS nor an ABP. According to the World Bank's Debt Transparency Heat Map, a DMS has not been published since FY 2020 (covering fiscal years 2020 – 2023), with previous DMS covering "2012 to 2015 ... and from 2016 to 2019."¹² However, Nigeria's DMS overlooks the crucial aspect of connecting debt financing to economic growth. It fails to consider the productivity of debt as a key factor in decision-making operations, and evaluations of public debt. Specifically, the DMS does not align public borrowing with private sector projects, particularly diversification of exports and foreign exchange revenue – of which are measures that moderate foreign exchange risks and reduce the chances of unsustainable external debt.¹³ A Debt Management Framework Paper for FYs 2025-2027 was prepared but does not include indicator target ranges and does not qualify as a DMS.¹⁴

The World Bank's Debt Transparency Heat Map also confirms that a comprehensive ABP is not publicly available. While the Budget Office of the Federation under the Ministry of Budget and Economic Planning does prepare a MTEF and Fiscal Strategy Paper (FSP), these documents, according to the DeMPA criteria, do not constitute an ABP. Specifically, the following are absent:

- Forecasted split between the main types of external financing (e.g., international bond issuance, loans); and
- Forecasted split between the main types of domestic financing (e.g., commercial loans and securities, such as T-Bills, or T-bonds);
- The only disaggregated information provided by source is bilateral versus multilateral loans, and domestic versus external loans.

Nevertheless, Nigeria's MTEF provides "projections for revenue generation from various sources, including taxes and non-tax revenues [which] inform borrowing decisions by indicating how much revenue can realistically be expected to service debts."¹⁵ These mechanisms for monitoring performance allows for "adjustments in spending or borrowing strategies as necessary to maintain fiscal health."¹⁶

¹² Nwankwo, A. E. (2025). *Remedying a Gap in African Parliaments' Oversight of Public Debt*. Pg. 12, https://www.wfd.org/sites/default/files/2025-04/wfd_afrodad_2025_03_remedying_a_gap_in_african_parliaments_oversight_of_public_debt.pdf

¹³ Nwankwo, A. E. (2025). *Remedying a Gap in African Parliaments' Oversight of Public Debt*. Pg. 12, https://www.wfd.org/sites/default/files/2025-04/wfd_afrodad_2025_03_remedying_a_gap_in_african_parliaments_oversight_of_public_debt.pdf

¹⁴ Open Budget Survey (2023). [Link](#).

¹⁵ Ereke, E. (2025). *The National Assembly and Sustainable Debt Management in Nigeria*. Pg. 11 https://www.wfd.org/sites/default/files/2025-04/WFD_AFRODAD_2025_05_The%20National%20Assembly%20and%20sustainable%20debt%20management%20in%20Nigeria.pdf

¹⁶ Ereke, E. (2025). *The National Assembly and Sustainable Debt Management in Nigeria*. Pg. 11 https://www.wfd.org/sites/default/files/2025-04/WFD_AFRODAD_2025_05_The%20National%20Assembly%20and%20sustainable%20debt%20management%20in%20Nigeria.pdf

3.1.2 Recommendations

To enhance debt transparency, Nigeria's Parliament should undertake the following actions:

- Call for the regular and timely publication of the DMS. A DMS should cover at least the medium term (three to five years) and include a description of the existing debt portfolio's composition and evolution over time. The DMS should consider the market risks being managed – particularly the interest rate, exchange rate, and refinancing/rollover risks – and the future environment for debt management in terms of fiscal and debt projection.
- An amendment to the FRA should include timely publication of an ABP and its review by a parliamentary committee. A publicly available ABP helps ensure consistency between a government's DMS and its annual plans to finance the budget deficit. The ABP should clearly outline how the government intends to meet its gross financing needs, broken down by domestic and external sources. It should specify the projected volumes from various financing instruments, including securities tenors and retail or wholesale segments if relevant. The ABP should align with the DMS and include analysis on portfolio cost and risk indicators, with regular internal reviews (at least quarterly) to adjust for changing market and fiscal conditions.
- Advocate for the timely publication of budget documents. This includes In-Year Reports, Mid-Year Review, and AR. According to the Open Budget Survey, the In-Year Reports should be published within three months of the fiscal period; the Mid-Year Review should be published within no later than three months after the mid-point of the fiscal year; and the AR should be published within 18 months of the fiscal to which it refers.
- Advocate for improved comprehensiveness of debt information in budget documents. Critical debt information is included in the DMS, including outstanding total debt portfolio, total public debt-to-GDP, external and domestic sources, funding structure for new borrowings, debt servicing cost and debt-related risks (refinancing, interest rate and foreign exchange risks). Debt information should also be included in key budget documents.
- Advocate for enhanced coverage of debt information to include state-owned enterprises. International best practices recommend debt reporting that encompasses both general government and SOEs, collectively referred to as public sector debt, to give a complete picture of a country's borrowing.

3.2 Legal Framework

High Priority (Score 2.4)

This dimension assesses the strength of the existing legal framework for debt management as well as parliament's role in revising the legal framework governing debt management to promote greater transparency and accountability. Debt management laws can be revised to improve the definition of public debt to include guarantees and contingent liabilities, clarify institutional roles, and mandate transparency and oversight practices to enhance accountability.

3.2.1 Findings

Legal Framework and Standing Orders of Parliament

Medium Priority (Score 2.5)

Sub-dimension 1 assesses the strength of the existing legal framework. A strong framework can promote transparency by mandating government reporting on total public debt exposure (including guarantees), facilitate comprehensive oversight and monitoring of debt obligations across all levels of the public sector, and reduce fiscal risk.

The indicators in this dimension examine whether the legal framework delineates institutional roles such as who can borrow and issue guarantees; defines debt types and purposes; requires transparent, regular reporting on debt, including levels, risks, and terms; and mandates strategic planning for debt through the publication of a DMS (indicator 2.1.1). This dimension also considers whether the legal framework requires public sector entities to report their borrowing activities to the central government, and if it establishes clear guidelines for central oversight, reporting, and authorisation of such borrowing and guarantees (indicator 2.1.2). See table 4 below for the scores received for sub-dimension 2.1.

Indicator Number	Description	Score
2.1.1.	Does the CG's legal framework specify: (1) who can borrow and issue guarantees, (2) define debt types and purposes, and (3) require debt reports and a medium-term strategy?	L3
2.1.2.	Does the legal framework require public sector entities, including SOEs, local governments and statutory bodies, to report their borrowing activities to the CG, and does it establish clear guidelines for central oversight, reporting, and authorisation of such borrowing and guarantees?	L2

Table 4 Scores received for sub-dimension 2.1." Legal framework and standing orders of parliament."

In Nigeria, the Constitution of the Federal Republic of Nigeria serves as the primary legal foundation for parliamentary oversight and authority over public debt matters. Specifically, the Second Schedule, Part 1, Item of 7 of the 1999 Constitution assigns exclusive authority to the National Assembly to legislate on borrowing both domestically and internationally for the Federation or any of its States. Exercising this constitutional mandate, the National Assembly has enacted two key laws that define its role in managing public debt: the DMB Act (2011) and the FRA, 2007.

Section 41 of the FRA 2007¹⁷ stipulates the framework for debt management:

- According to Sec. 41(1)(a), "borrowing shall be on concessional terms with low interest rate and with a reasonable long amortization period subject to the approval of the appropriate legislative body where necessary."
- Sec. (1)(b) mandates that the government "ensure[s] that the level of public debt as a proportion of national income is held at a sustainable level as prescribed by the National Assembly from time to time on the advice of the Minister."
- Further, Sec. 41(2) establishes the role of Parliament in borrowing approval by stating, "notwithstanding the provisions of subsection 1 (a) of this section and subject to the approval

¹⁷ FISCAL RESPONSIBILITY ACT, 2007 No. 31. [Link](#)

of this section and subject to the approval of the National Assembly, the Federal Government may borrow from the capital market.”

- Broadly, the DMO Act fulfills the requirement to publish debt reports as it requires publication of an annual ex-post debt report. However, the last AR was the DMO 2020 Annual Report, published in 2022.

In addition, authorisation of domestic borrowing by sub-national governments (the states) is the mandate of Local Assemblies, rather than the central government.

Role of Parliament in Strengthening the Legal Framework

High Priority (Score 2.4)

Sub-dimension 2 examines the extent to which legislative oversight over debt management is institutionalized and captured in law. From a transparency perspective, the indicators in this dimension assess whether existing legislation stipulates that key debt documents, including the DMS and Annual Borrowing Statement, should be tabled in parliament and scrutinized by a parliamentary committee (indicators 2.2.2 and 2.2.3). From an accountability perspective, the indicators examine whether the legal framework promotes dialogue and interaction between parliament and the executive by mandating (1) key debt documents published by the executive are reviewed by a parliamentary committee (indicator 2.2.5) and (2) the executive responds to parliament’s feedback on debt documents (indicator 2.2.1). Indicators in this dimension also consider whether parliament plays a role in revising or drafting legal framework governing debt management to promote greater transparency and accountability (indicator 2.2.4). See scores received for sub-dimension 2.2. below in table 5.

Indicator Number	Description	Score
2.2.1.	Is the executive branch required to respond to recommendations provided by parliamentary committees on debt documents, including timelines for providing such responses?	L3
2.2.2.	Is it stipulated in legislation that the DMS should be tabled in parliament and examined by a parliamentary committee	L4
2.2.3.	Is it stipulated in legislation that the ABP should be tabled in parliament and examined by a parliamentary committee?	L1
2.2.4.	Does parliament actively contribute to strengthening the legal framework governing debt management, such as by enhancing existing PFM or PDM legislation? Where such legislation does not exist, does parliament play a role in drafting or reviewing proposals for its development?	L2
2.2.5.	Do the rules of procedure mandate that each key debt document published by the executive branch is reviewed by a parliamentary committee?	L2

Table 5 Scores received for sub-dimension 2.2.” Role of parliament in strengthening legal framework.”

Debt related committees have been formed in both chambers of the National Assembly. The Loans and External Debt Committee in the Senate and Aids, Loans and Debt Management Committee in the House of Representatives. These committees have the right to request any documents or reports from the DMO (see page 141 of the House Standing Orders, 2023) and are required to visit the DMOs periodically to oversee their activities. The mandate of the debt committee formed in the National Assembly is as follows:

“Standing Order 20(12)

- 1) There shall be a Committee to be known as the Committee on Aids, Loans and Debt Management constituted at the commencement of the life of the House.
- 2) The Committee’s jurisdiction shall cover:
 - a. oversight of the Debt Management Office of the Federation;
 - b. formulation of policy guidelines and laws for borrowing moneys within and/or outside Nigeria for the purposes of the Federation or of the States;
 - c. formulation of policies and laws, subject to the conditions of such loans, guiding the verification and payment of all external and internal debts of the country;
 - d. developing and helping to implement the strategies for the reduction or cancellation of the country’s external debt burden;
 - e. internal borrowing;
 - f. public debt;
 - g. foreign loans;
 - h. designing and encouraging regional and international strategies for debt relief or debt cancellation for developing nations;
 - i. formulation of policies and laws guiding the search for and utilisation of external aids for funding programmes or projects for Federal or State Governments;
 - j. annual budget estimates

Box 1 Mandate of the Committee on Aids, Loans and Debt Management

In addition, existing legislation does not mandate the tabling or parliamentary scrutiny of an ABP. However, some information on borrowing plans has been included in the MTEF and FSP, both of which are tabled in parliament.

The review of the AR produced by the DMO is mandated by the rules of procedure, as stipulated under Section 14 of the DMB Act, 2011 and reinforced by Senate Standing Order 92 (as amended in 2023). This legal framework is further supported by the provisions outlined in Parts V and VI of the DMB Act, 2011.

The scope of this review encompasses all key activities of the DMO, including debt management performance, levels of government debt, borrowing plans, risk management strategies, and the monitoring of sub-national debt.

Additionally, interviews conducted with the Clerk of the House Committee on Aids, Loans, and Debt Management confirmed that the following key debt documents are subject to review:

- 1) Loan Agreement Documents
 - a. The content of this review includes the terms and conditions of each loan, including repayment schedules, interest rates, guarantees, and grace periods.
- 2) Loan Terms Analysis
 - a. The purpose of this review is to evaluate the viability and sustainability of proposed loans to ensure alignment with fiscal and debt sustainability objectives.

3) MTEF

- a. The function of this review is to link the government's borrowing plans with its broader fiscal strategy, providing context for debt sustainability within the medium-term fiscal outlook.

4) External Borrowing (Rolling) Plan

- a. This review's coverage includes a two-year forward-looking plan outlining anticipated external borrowing activities and financing needs.

5) Debt Sustainability Report

- a. The focus of this review is to assess the sustainability of existing and proposed debt, incorporating both domestic and external liabilities.

6) Project Proposal Documents

- a. This review is applicable when the documents are submitted when borrowing is tied to specific capital or infrastructure projects; outlines project objectives, cost, expected impact, and financing structure.

7) Sovereign Guarantee Documents

- a. This review occurs in the case of state-level borrowing and requires approval from the State Executive Council and a resolution from the State House of Assembly. The documents must be submitted to the Federal Ministry of Finance and the DMO for review. Additionally, it must be cleared by the Federal Ministry of Justice before final approval by the Federal Executive Council (FEC).

Box 2 Rules of procedure for the review of key debt documents

When Parliament does examine debt documents, according to the Standing Orders, the executive is mandated to respond to parliament's feedback on debt documents, and the timeframe for the response is specified (generally two to four weeks). However, in practice, Parliament only requests specific documents for matters related to corruption that have been flagged by the Accountant General. As a result, Committee reports related to public debt are not issued and a government response is not prompted.

Parliament has played a role in scrutinizing to amend debt legislation. In the 10th National Assembly, nine bills have been introduced to reform the FRA, 2007: eight in the House and one in the Senate. This indicates a commitment to strengthening fiscal governance. Of the 8 Bills introduced in the House, five (HBS 71, 873, 1150, 1304, and 1478) were consolidated into a single bill following second reading and are currently awaiting committee deliberation and report. These Bills were consolidated to harmonise the different proposed amendments into a unified bill for a holistic reform.

Importantly, three of the consolidated bills were sponsored by ranking Members of the House. Hon. Oluwole Oke (HB 71), now in his sixth term, previously chaired the Committee on Public Accounts in the 9th Assembly and currently leads the Committee on Foreign Affairs. The Deputy Speaker of the House of Representatives, Hon. Benjamin Kalu sponsored HB 1478, which seeks to repeal and reenact the FRA. Considering the experience of these two legislators, the 10th Assembly may successfully repeal and reenact the FRA, 2007

The remaining three House Bills (HB. 371, HB. 1097, and HB. 1388) are awaiting second reading. In the Senate, Sen. Emmanuel Udende introduced a parallel amendment bill (SB41) on 26 September 2023, which is still awaiting second reading.

These legislative efforts highlight the Assembly's commitment to improving public financial management, ensuring debt transparency, and aligning fiscal responsibility with Nigeria's broader economic reform objectives.

It was established during the interviews that the MTEF/FSP and DMS are tabled in Parliament. However, the law does not mention specific documents. Additionally, other debt related documents are submitted to Parliament on request by the relevant committee, which is in line with Standing Order 20 (12)(f). Parliamentary involvement in shaping and updating debt management legislation can help ensure a robust, transparent framework that promotes fiscal responsibility and aligns with national priorities and global best practices.

3.2.2 Recommendations

Parliament should strengthen the legal framework around legislative oversight over debt management by taking the following actions:

- Nigeria has a strong legal framework for central government debt management. Citing the DMO Act, relevant parliamentary committees should call for the timely and regular publication of the DMS.
- Parliament should call for amendments to existing legislation or new legislation that stipulates that key debt documents, including the ABP, be produced, published, and examined by a parliamentary committee.
- Parliament should introduce amendments to the existing legal framework that strengthen the report requirements for public sector entities, including presenting disaggregated reporting for SOE guarantees.

3.3 Ratification of Loan Agreements/External Borrowing

Urgent Priority (Score 1.3)

Dimension 3 examines parliament's role in reviewing or ratifying loan agreements. Effective parliamentary oversight over the government's decision to enter into new loan agreements, and the terms of such agreements, can help deter imprudent borrowing. This dimension assesses the capacity of the executive branch to assess loan agreements, as well as parliament's oversight role in the ratification of loan agreements.

3.3.1 Key Findings

Capacity of the Executive Branch to Assess Loan Agreements

High Priority (Score 2.0)

Sub-dimension 3.1 examines the capacity of the executive branch to assess loan agreements. According to good practice, the debt management office should continuously monitor market conditions, enhancing the efficiency of debt operations and ensuring alignment between country borrowing practices and current economic conditions (indicator 3.1.1). This dimension also assesses the extent to which advisors are involved in all stages of the debt process (indicator 3.1.2). Consistent and detailed legal engagement allows for early identification and management of legal risks, including key issues such as definitions of indebtedness, default events and sovereign immunity clauses. Requiring final approval of all legal clauses by advisors before concluding negotiations strengthens the legal integrity of debt agreements, aligning with best practices for minimising risks and ensuring compliance with market disclosure obligations. See table 6 below for scores received for sub-dimension 3.1.

Indicator Number	Description	Score
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3.1.1.	Does the debt management office monitor market conditions continuously, and are borrowing terms reassessed before each loan negotiation?	L1
3.1.2.	Are legal advisors involved from the initial stages of negotiation through to the finalisation of legal agreements for debt transactions, with all clauses reviewed and approved before concluding the negotiation?	L3

Table 6 Scores received for sub-dimension 3.1. "Capacity of the executive branch to assess loan agreements."

In the absence of a published DMS, there is no demonstrable evidence that the debt management office continuously monitors market conditions. Monitoring market conditions is important because it helps government borrow at the right time and in the right way, reducing costs and avoiding unnecessary financial risks.

In addition, the Federal Ministry of Justice (FMOJ) participates in the public debt process, mainly for external borrowing. For example, the legal opinions required for external borrowing are issued by the FMOJ. The Ministry also approves the engagement of legal advisers engaged for borrowing, as well as validates agreements and other documentation required for borrowing by government. Further, the Office of the Attorney General ensures loan agreements comply with relevant laws such as the FRA and the DMO Act and represents Nigeria in debt-related disputes to safeguard national interests.

Role of Parliament in the Ratification of Loan Agreements

Urgent Priority (Score 1.1)

Sub-dimension 3.2 assesses parliament's role in the loan approval process, in law and in practice. Parliamentary involvement in the loan approval or the ratification process enables parliament to verify that the government has undertaken rigorous economic appraisal, selection, and costing and has a monitoring strategy in place – deterring imprudent borrowing. Indicators in this sub-dimension examine whether parliaments are legally required to ratify loan agreements before they become effective (indicator 3.2.1), whether parliament is involved in the initial loan approval process undertaken by the government (pre-ratification) (indicator 3.2.4), if a parliamentary committee scrutinizes individual loans in practice (indicator 3.2.2), and whether criteria are in place to assess the individual loans as part of the approval or ratification process (indicator 3.2.5). This dimension also considers whether parliament can request amendments to loan agreements as opposed to simply ratifying or rejecting the loan agreement (indicator 3.2.3).

According to good practice, there should be a parliamentary committee that monitors the investment projects financed by loan agreements. This dimension therefore also assesses the extent of parliament's oversight after loan agreements have been approved, including whether parliament regularly reviews and assess the implementation and outcomes of loan agreements post-ratification to ensure compliance with terms and evaluate their effectiveness (indicator 3.2.6).

In cases where parliament does not play a role in ratifying loan agreements, parliament should engage in ex post scrutiny by reviewing annual debt reports or similar documents to assess new loan commitments, including their terms, amounts borrowed, and compliance with fiscal objectives (indicator 3.2.7). See scores received for sub-dimension 3.2. below in table 7.

Indicator Number	Description	Score
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3.2.1.	Is parliament legally required to ratify any loan agreements before they become effective?	L1
3.2.2.	Does a parliamentary committee scrutinise individual loans? If yes, which committee(s)?	L1
3.2.3.	Does parliament have the authority to request amendments to loan agreements?	L1
3.2.4.	Is parliament involved in the loan approval process (pre-ratification)?	L1
3.2.5.	Are criteria in place to assess the individual loans as part of the approval or ratification process?	L1
3.2.6.	Does parliament regularly review and assess the implementation and outcomes of loan agreements post-ratification to ensure compliance with terms and evaluate their effectiveness?	L2
3.2.7.	Does parliament use annual debt reports or similar documents to scrutinise new loan commitments, including their terms, total amounts borrowed, and alignment with fiscal objectives?	L1

Table 7 Scores received for sub-dimension 3.2." Role of parliament in the ratification of loan agreements."

In Nigeria, Parliament plays a limited role in the ratification of loan agreements. Parliament does not have the authority to approve loan agreements and does not do so in practice. Moreover, when parliament requests loan agreements from the executive, the information requests are typically not met. Further, parliament is not involved in the initial loan approval process undertaken by government.

Parliament does assess the implementation of loan agreements, but only on an ad hoc basis. Mostly, the Committees on Local and Foreign Debt, as well as Foreign Aids, Loans and Debt management are only involved when there are court awards. The Senate Committee on Anti-Corruption and Financial Crimes, the House Committee on Financial Crimes and the House Committee on Anti-corruption may also get involved if there is alleged malpractice. Like all standing Committees in the National Assembly, these committees conduct field visits to inspect project implementation and conduct public hearings.

In the absence of ex ante scrutiny of loan agreements, Parliament does use debt documents to scrutinize new loan commitments, including the terms. Debt reports are submitted to parliament upon request. Additionally, the "Senate Committee on Local and Foreign Debts ensures that all borrowing requests from the national and sub-national governments comply with national economic objectives

and sustainable debt practices.”¹⁸ However, their utility in scrutinizing new loan agreements is limited, as the disclosure of the terms of new external loan commitments is not comprehensive and because the most recent publicly available annual debt report is for FY 2020.

3.3.2 Recommendations

To enhance oversight over public debt, parliament should strengthen its role in the ratification or approval of loan agreements.

- In the short-term, parliament should engage in ex post scrutiny by reviewing annual debt reports or similar documents to assess new loan commitments, including their terms, amounts borrowed, and compliance with fiscal objectives. In cases where debt reports are not tabled in parliament, Parliament should call for the timely publication of comprehensive annual debt reports.
- Over the medium to long-term, Parliament should strengthen the legal framework around its role in the ratification of loan agreements so that Parliament retains the authority to ratify new loan agreements and propose amendments to loan agreements. Parliament should also proactively seek technical assistance to strengthen its capacity to review loan agreements at the committee level, as needed.
- Parliament should strengthen its role in reviewing and assessing the implementation of loan agreements post-oversight by regularly monitoring investment projects financed by loan agreements. This can either be performed by the debt management committees, the House Committees on Treaties, Protocols and Agreements, or any standing committee whose jurisdiction cuts across the project for which the loan was meant.

3.4 Role of Parliament in the Budget Cycle

High Priority (Score 2.2)

Dimension 4 considers parliament’s role in the budget cycle. Parliaments have a critical role to play throughout the budget cycle. As a representative of the people, parliaments ensure budget policies and decisions reflect the needs and priorities of citizens and provide oversight over budget implementation. They can help set the broad parameters of the budget and define strategic priorities; amend the budget to ensure budget allocations align with national development goals; and monitor budget implementation and review audit reports.

Each stage of the budget cycle also represents an entry point for parliament to provide oversight over the government’s DMS.

3.4.1 Key Findings

Budget Formulation

Medium Priority (Score 3.0)

Sub-dimension 4.1 examines parliament’s role during budget formulation. During budget formulation, parliaments can help set the broad parameters of the budget and define strategic priorities. This

¹⁸ Epia, O. (2025). *Legislative Oversight and the Inverse Proportionality of Debt and Development*, pg. 12, wfd_afrodad_2025_02_legislative_oversight_and_the_inverse_proportionality_of_debt_and_development.pdf

includes considering the balance between debt repayments and social spending. These discussions typically take place within parliament's finance and budget committee.

According to good practice, parliament should have an opportunity to review the government's broad budget priorities and fiscal parameters and approve recommendations for the upcoming budget (OBS 2024: 122) (indicator 4.1.1). In addition, as part of its pre-budget engagement, parliament should review key debt documents, including the DMS and the ABP, to ensure planned borrowing practices are consistent with fiscal sustainability and debt management goals (indicators 4.1.2 and 4.1.3). Finally, this sub-dimension assesses if the executive is required to respond within a specified timeframe to parliamentary findings and recommendations on the DMS (indicator 4.1.4), and whether, in practice, the executive responded in a timely manner (indicator 4.1.5). See table 8 below for scores received for sub-dimension 4.1.

Indicator Number	Description	Score
4.1.1.	Does Parliament or a parliamentary committee debate budget policy or review the PBS prior to tabling the EBP?	L4
4.1.2.	To what extent is the DMS tabled in parliament and reviewed by a parliamentary committee?	L4
4.1.3.	Does Parliament review the ABP? Does this review assess its alignment with fiscal policy and the debt management goals outlined in the DMS?	L1
4.1.4.	Is the executive branch required to formally respond to parliamentary committee recommendations on the DMS within a specified time frame?	N/A
4.1.5.	Has the executive provided responses to all recommendations issued by parliamentary committees regarding the DMS in a timely manner?	N/A

Table 8 Scores received for sub-dimension 4.1. "Budget formulation."

In Nigeria, the House Committee on Finance debates the MTEF and FSP, and both documents are approved by the Senate. However, the last DMS to be tabled was for FYs 2020 – 2023 and an ABP is not published. (Further, the score for indicators 4.1.4 and 4.1.5 are not applicable as a sufficiently recent DMS has not been published.

Budget Approval

Medium Priority (Score 2.5)

Sub-dimension 4.2 assesses the extent of parliament's scrutiny of the draft budget, including public debt information (indicators 4.2.1 and 4.2.2). According to good practice at least one committee of parliament should scrutinise the draft budget, and the committee should publish a report with its findings and recommendations to inform debate in plenary. When the draft budget is tabled, parliament can scrutinize estimates related to total borrowing and debt; the composition of total debt; prior year debt information and actual outcomes; and long-term debt sustainability (IBP). See scores received for sub-dimension 4.2 below in table 9.

Indicator Number	Description	Score
4.2.1.	Does a committee of parliament scrutinise the EBP?	L2
4.2.2.	Does committee include scrutiny of the EBP include public debt information?	L3

Table 9 Scores received for sub-dimension 4.2." Budget approval."

In Nigeria, the Finance and Appropriations Committee examines the budget and reports its findings and recommendations to the National Assembly as mandated under section 81(1) of the Constitution wherein the executive must prepare and present a budget proposal to the National Assembly for review¹⁹. Furthermore, the Constitution (1999) mandates under section 81(2) that proposed spending be prepared and presented as the Appropriation Bill in front of the National Assembly.²⁰ In addition, all sectoral committees in the National Assembly review budget proposals for MDAs under their remit and report to the Appropriations Committee which collates and harmonises the budget before passage by the Committee of the Whole House. However, no committee publishes a report with its findings and recommendations.

In addition, the draft budget typically includes some debt information, including on, "loan funded projects." This information is scrutinized by a parliamentary committee, but the committee does not publish a report with findings.

Budget execution

High Priority (Score 2.0)

Sub-dimension 4.3 examines parliamentary monitoring of budget execution, including budgeted versus actual debt information. During budget execution, parliament can improve accountability by monitoring debt levels during the budget year as well as monitor budget deviations to assess whether overspending or reduced revenues can cause unexpected deficits and borrowing (IBP).

According to good practice, at least one parliamentary committee should review in-year budget execution (indicator 4.3.1), which may take place as part of parliament's review of In-year Reports or the Mid-year Review. Effective parliamentary oversight is vital for ensuring that government spending aligns with national priorities. Parliament's role in tracking expenditures and holding the government accountable for implementing the budget as approved supports progress towards achieving these goals. See table 10 below for scores received for sub-dimension 4.3.

¹⁹ Ereke, E. (2025). *The National Assembly and Sustainable Debt Management in Nigeria*. Pg. 10
https://www.wfd.org/sites/default/files/2025-04/WFD_AFRODAD_2025_05_The%20National%20Assembly%20and%20sustainable%20debt%20management%20in%20Nigeria.pdf.

²⁰ Ereke, E. (2025). *The National Assembly and Sustainable Debt Management in Nigeria*. Pg. 14
https://www.wfd.org/sites/default/files/2025-04/WFD_AFRODAD_2025_05_The%20National%20Assembly%20and%20sustainable%20debt%20management%20in%20Nigeria.pdf.

Indicator Number	Description	Score
4.3.1.	Does a parliamentary committee scrutinise the in-year reports or the mid-year review?	L2

Table 10 Scores received for sub-dimension 4.3. "Budget execution."

In Nigeria, a committee does examine in-year budget implementation. According to Section 30 of Nigeria's FRA 2007 the Minister of Finance is mandated through the Budget Office to present a budget implementation report on a quarterly basis to the Fiscal Responsibility Council and the Joint Finance Committee of the National Assembly. By convention, the Joint Finance Committees of the National Assembly reviewed the in-year reports presented to them; however, the committees do not publish a report with findings and recommendations.

Audit/Oversight stage

Urgent Priority (Score 1.5)

Sub-dimension 4.4 evaluates whether a parliamentary hearing reviews the year-end report (indicator 4.4.1) and organizes hearings to discuss the key findings and recommendations from the audit report (indicator 4.4.2). This dimension also assesses the extent to which parliament scrutinizes public debt information as part of its review of the year-end and audit reports (parliaments can have Public Accounts Committees review audit reports that assess borrowing and debt management decisions (IBP)) (indicator 4.4.3).

Interaction between legislatures and Supreme Audit Institutions (SAIs) is critical to pressuring executives to implement audit recommendations and report on their progress. Parliaments rely on high quality audit reports to effectively scrutinize budget implementation and SAIs require parliament to publicly examine audit reports to put pressure on government to implement audit recommendations.

According to good practice, a parliamentary committee, often the PAC, should examine the audit report on the annual budget produced and published by the SAI.

See table 11 below for scores received for sub-dimension 4.4.

Indicator Number	Description	Score
4.4.1.	Does a parliamentary committee scrutinise the YER?	L1
4.4.2.	Does a parliamentary committee hold hearings on audit findings?	L1
4.4.3.	Do the parliamentary hearing(s) include financial, or compliance audit findings related to public debt?	L1

Table 11 Scores received for sub-dimension 4.4. "Audit/oversight stage."

According to the Open Budget Survey 2023 “the relevant audit reports of 2020 and 2021 have neither been produced nor published. So, there is nothing (for the PAC) to examine”.

3.4.2 Recommendations

Parliament can improve the effectiveness of oversight during the budget process by taking the following actions.

- Parliament should call for the timely publication of the DMS and ABP.
- The Joint Finance Committee of the National Assembly should publish reports with their findings and recommendations after scrutinizing the draft budget and in-year reports.
- Parliament should call on the SAI to publish the Auditor General’s AR in a timely manner. The PAC should examine the Auditor General’s AR (when tabled) and publish a report with findings and recommendations.
- Parliament should exert pressure on the executive to respond to all recommendations issued by parliamentary committees regarding the DMS in a timely manner to support a more collaborative approach to improving debt management practices.

3.5 Fiscal Risk

Urgent Priority (Score 1.7)

Dimension 5 assesses fiscal risks. According to the IMF, fiscal risks are factor that cause fiscal outcomes to deviate from expectations. Fiscal risks may include macroeconomic shocks, government financial support to of state-owned enterprises, or contingent liabilities (obligations triggered by uncertain events). Transparent fiscal risk reporting enables stakeholders, including parliament, to identify, monitor, and manage fiscal risks, including holding government to account for decisions that expose government to increased risk.

3.5.1 Key Findings

General Government (SOEs, SNGs)

High Priority (Score 1.9)

Sub-dimension 1 assesses government reporting around key fiscal risks, including contingent liabilities, state-owned enterprises, and sub-national borrowing.

A primary source of fiscal risks is contingent liabilities, or legal obligations for governments to make payments only if unanticipated events occur. According to good practice, governments should publish a statement of purpose or policy rationale for each contingent liability; the new contingent liabilities for the budget year; and the total amount of outstanding guarantees or insurance commitments at the end of the budget year (indicators 5.1.1 and 5.1.6). Parliament should review this list to promote transparency and accountability around contingent liabilities (5.1.2). This dimension also considers whether the central government publishes an annual report that quantifies and consolidates all significant explicit contingent liabilities (indicator 5.1.7).

State-owned enterprises are legal entities created by government to provide goods and services (for example, providing essential services or loans to businesses). They can be partially or fully owned by government. According to good practice, SOEs should be legally required to provide financial statements on an annual basis. This should be in the form of a consolidated report on the financial performance of the SOE sector published by central government annually (indicator 5.1.3)

This dimension also evaluates whether the legal framework require sub-national governments to report their borrowing activities to the central government and outline specific guidelines for central

oversight, monitoring, and authorisation of these activities (indicator 5.1.4). Comprehensive transparency, oversight, and monitoring helps promote transparency and accountability of debt across all levels of government. See scores received for sub-dimension 5.1. below in table 12.

Indicator Number	Description	Score
5.1.1.	Does the ministry of finance record and publish a list of CLs in the Executive budget proposal or other published document?	L3
5.1.2.	Is this list reviewed by a parliamentary committee?	L1
5.1.3.	Are SOEs legally required to provide financial statements on an annual basis? Does this include a consolidated report on the financial performance of the SOE sector published by CG annually?	L2
5.1.4.	Does the legal framework require sub-national governments to report their borrowing activities to the CG and outline specific guidelines for central oversight, monitoring, and authorisation of these activities?	L1
5.1.5.	Does the CG (CG) annually quantify and report all significant explicit CL (CL), including state guarantees, insurance schemes, Public Private Partnership (PPP)-related risks, and potential financial impacts from litigation, in its financial reports?	L3
5.1.6.	How broad is the coverage of CL?	L1

Table 12 Scores received for sub-dimension 5.1. "General Government (SOEs, SNGs)."

A statement of contingent liabilities is included in the MTEF and FSP; however, this information is highly aggregated and not comprehensive. For example, it is missing information on SOEs and local government. Additionally, contingent liabilities are not quantified in the MTEF/FPP, limiting the visibility of potential fiscal risks. Further, parliament does not routinely review information on contingent liabilities.

According to the Financial Reporting Act, SOEs are required to provide a financial statement on an annual basis; however, no consolidated report of the SOE sector is published. The Act States, "Each corporation shall, not later than three months after the end of its financial year, cause to be prepared and published its audited financial reports in accordance with such rules as may be prescribed from time to time."

The legal framework does not require sub-national governments to report their borrowing activities to central government, nor outline specific guidelines for central oversight, monitoring, and authorisation of these activities. However, this is not the case for external borrowing which requires a sovereign guarantee. State assemblies approve and oversee domestic borrowing by the state governments while the National Assembly approves all the borrowing by the federal government, as well as guarantees by the federal government on behalf of state government. The FRA (2007) does not give a limit to guarantees so long as it is for development.

Further, while the DMO publishes guarantees for SOEs and the states (local governments), as it is legally required to do so per the DMB Act, the level of reporting is not comprehensive. Specifically, it is not disaggregated for SOE guarantees and requires more detail. The following critical information is not reported:

- **Loan amount guaranteed** (in local and foreign currency).
- **Lender** or creditor institution (e.g., domestic bank, foreign creditor).
- **Date of issuance and expiration** of the guarantee.
- **Percentage of loan covered** by the guarantee.
- **Terms and conditions** (interest rate, repayment period, currency).
- **Type of guarantee** (e.g., full credit guarantee, partial guarantee, performance guarantee).

Comprehensive Fiscal Risk Statement

Urgent priority (Score: 1.5)

Sub-dimension 5.2 assess whether the central government publishes a comprehensive fiscal risk statement that consolidates fiscal risks from SOEs and SNGs (indicator 5.2.1). This report should include quantitative performance indicators, such as financial ratios for major SOEs, to assess their fiscal health and potential risks to the broader public sector. Regular and detailed reporting on these fiscal risks promotes transparency and strengthens the government's capacity for effective risk management and fiscal oversight. See the score received for sub-dimension 5.2. below in table 13.

Indicator Number	Description	Score
5.2.1.	Does the CG publish an annual fiscal risk statement that consolidates key fiscal risks from the broader public sector, including SOEs and sub-national governments, and does it include financial ratios to assess the performance of major SOEs?	L1

Table 13 Scores received for sub-dimension 5.2. "Comprehensive fiscal risk statement."

No consolidated fiscal risk statement has been published or is publicly available.

Parliamentary oversight of fiscal risk

Urgent priority (Score: 1.5)

Sub-dimension 3 examines parliament's oversight of fiscal risks. Parliamentary review of fiscal risks strengthens oversight, mitigates potential risks in debt management, and ensures that parliament is informed of broader fiscal vulnerabilities. The indicators in this dimension assess whether there is a parliamentary committee responsible for oversight of SOEs (indicator 5.3.1); whether parliament reviews fiscal risks reported in the debt management report (indicator 5.3.2); the extent to which parliament scrutinizes the annual fiscal risk statement (5.3.3); and, if parliamentary committees meet regularly and conduct in-depth oversight of public debt (5.3.4). See scores for sub-dimension 5.3. below in table 14.

Indicator Number	Description	Score
5.3.1.	Is there a parliamentary committee responsible exclusively for oversight of SOEs? If not, is another parliamentary committee mandated to play this oversight role? If yes, what is the specific mandate related to SOEs? Which committee carries out this function and how many SOEs does the committee review on an annual basis?	L1
5.3.2.	Does parliament actively review fiscal risks reported in the DMS, including risks from SOEs, PPPs, and external borrowing?	L2
5.3.3.	To what extent does parliament scrutinise the annual fiscal risk statement, particularly regarding SOE, CL and macroeconomic risks?	L1
5.3.4.	To what extent do parliamentary oversight committees meet regularly and conduct in-depth analyses of public debt, including evaluating fiscal risks, assessing debt sustainability, and examining sector-specific debt issues, such as those related to SOEs and local governments?	L2

Table 14 Scores received for sub-dimension 5.3." Parliamentary oversight of fiscal risk."

In Nigeria, parliamentary oversight of fiscal risks is weak. Parliamentary committees do not oversee fiscal risks in a structured or comprehensive manner. Specifically, there is no designated committee responsible for oversight of SOEs, fiscal risks reported in the debt management report are not reviewed, and the annual fiscal risk statement is not scrutinized²¹. While committees do meet, they do not do so regularly or conduct in-depth oversight of public debt.

3.5.2 Recommendations

Parliament should enhance its oversight of fiscal risk to ensure greater transparency and accountability over public finances at the national and sub-national levels.

- Parliament should call for enhanced transparency around the reporting of fiscal risks, including contingent liabilities, state-owned enterprises, and the borrowing activities of sub-national governments.
- Parliament should call for the production and publication of a comprehensive fiscal risk statement. When published, parliament should scrutinize the statement.
- It was advised that, under the Standing Orders, sectoral committees are responsible for oversight within their respective mandates. However, establishing a dedicated oversight committee for SOEs could help ensure that Parliament maintains a comprehensive and

²¹ While information was provided indicating that a Senate Committee examined this issue five years ago, the details are outdated. Given that the PDMAT focuses on the current role of the National Assembly, it has been decided that references to the Senate will not be included.

coordinated view of the sector. It is recommended that a model like those adopted by other East African legislatures, such as Uganda and Tanzania, be considered.

- Parliament should call for the publication of the DMS and review fiscal risks reported in the report.
- Parliament should conduct regular and high-quality oversight sessions on public debt, meeting at a frequency that aligns with key stages of the budget cycle and debt reporting deadlines.

3.6 Public Participation in Debt Decision-Making

Urgent priority (Score: 1.3)

Dimension 6 assesses the extent to which parliament has established formal opportunities for public participation during the budget process and the quality of those engagements. According to good practice, parliament should engage with the public during each of the four stages of the budget cycle: formulation, approval, execution, and audit oversight. In addition, parliamentary engagement with the public should be open to all (that is, parliament should not exert discretion in determining which members of the public or civil society organizations it engages with), and parliament should provide information to citizens on which public inputs were received and how inputs were used during legislative deliberations.

Parliamentary engagement with civil society and the public can enhance oversight to ensure transparency, accountability and effective government action, including over debt management.

3.6.1 Key Findings

Formulation and Approval Stage

Urgent priority (Score: 1.0)

According to good practice, parliament should put in place mechanisms to allow the public to participate in its deliberations on the annual budget, including during the pre-budget phase when the executive is formulating the draft budget as well as during budget discussions after the budget has been tabled in parliament and before it is approved (OBS 2024: 150) (indicator 6.1.1). Public testimony and feedback are an important input for members of parliament as they seek to shape budget priorities that reflect the needs and priorities of the citizens members serve, and the contributions of civil society, academics, and other experts can help offset a lack of technical skills and analytic capacity in parliament.

This sub-dimension also assesses whether parliament provides a written record of public inputs on the budget, along with a detailed account of how these inputs were addressed, to ensure transparency and accountability in parliamentary decision-making and responsiveness (indicator 6.1.2). See scores for sub-dimension 6.1. below in table 15.

Indicator Number	Description	Score
6.1.1.	Does the legislature hold open public hearings on the budget where any citizen or CSO can testify without restriction, or are alternative non-discretionary methods used to gather public input?	L1

6.1.2.	Does the legislature provide a written document or recording that includes public inputs and explains, in detail or in general, how these inputs were used or not used in budget deliberations?	L1
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Table 15 Scores received for sub-dimension 6.1. "Formulation and approval stage."

Public participation in the budget process is a legal requirement in Nigeria under Articles 14(2)(c) of the Constitution of the Federal Republic of Nigeria, 1999²². It was suggested in an interview that the public is always invited to participate in Abuja—particularly during the budget-making process. This underscores the limited nature of public engagement, as it reveals that participation is centralized in the capital and inaccessible to most citizens across the country. Civil society organizations further confirmed this weakness, citing short notice periods (typically 2–3 days) and the failure to widely publicize invitations, which significantly restrict meaningful public involvement in debt-related decisions.

As per Standing Order 20(16)(2)(b) – the Committee on Appropriations holds hearings on the Budget within thirty days after the transmittal of the budget to the National Assembly each year. Although there is no mention of public hearings under the functions of Committee on Aids, Loans and Debt Management, there is some indirect engagement of the public on debt matters through budget documents such as MTEF/FSP. However, according to the Open Budget Survey, even these discretionary hearings did not take place in 2022.

The lack of publication of timely debt reports for public consumption impedes citizen's ability to effectively participate during public participations forums and holding the government to account using evidence from debt documents. This contravenes Sec. 44(5) of the FRA, 2007 as it states that "Without prejudice to the specific responsibilities of the National Assembly and Central Bank of Nigeria, the DMO shall maintain comprehensive, reliable and current electronic database of internal and external public debts, guaranteeing public access to the information." In this context, the responses from Members of Parliament and clerks drawn from various committees that DMO avails information upon request does not fully satisfy the Act's intent regarding public access.

Execution Stage

High priority (Score: 2.0)

Parliament should also engage with the public as it monitors budget execution (indicator 6.2.1). Public involvement in expenditure monitoring enhances transparency and accountability. See the score for sub-dimension 6.2. below in table 16.

Indicator Number	Description	Score
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²² It was advised that as per Senate Standing Order 91 (4) a, public hearings are sometimes conducted on the appropriation bill. Budget defense hearings (where MDAs appear before the committees overseeing them) are open to the public and televised unless a closed session is requested.

6.2.1.	Does parliament facilitate public participation in its scrutiny of in-year budget execution reports and the mid-year review, allowing citizens and CSOs to provide feedback?	L2
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Table 16 Scores received for sub-dimension 6.2. "Execution stage."

There are no formal opportunities to engage with the National Assembly during its review of budget execution, unless there is an inquiry taking place as part of investigation into alleged malpractices. In these cases, civil society groups have noted challenges to effective public engagement, including the limited availability of key documents, a centralized approach to participation, short notice periods for engagement opportunities, and the absence of formal feedback mechanisms.

Audit/Oversight Stage

Urgent priority (Score: 1.0)

To promote transparency and accountability, parliament should establish opportunities for members of the public to testify during hearings on the Audit Report or put in place other mechanisms to collect public views on the audit report (for example, soliciting written submissions) (indicator 6.3.1). Opening hearings on the Audit Report to the public creates opportunities for the public to learn about how the government has managed public funds during the budget year and demands accountability in instances of mismanagement (OBS 2024b:153). See the score for sub-dimension 6.3. below in table 17.

Indicator Number	Description	Score
6.3.1.	Does the national legislature hold public hearings on the Audit Report, allowing citizen testimony without discretion, or alternatively, use non-discretionary methods to gather public input on the report?	L1

Table 17 Scores received for sub-dimension 6.3. "Audit/oversight stage."

There are no formal opportunities to engage with the National Assembly during its scrutiny of audit oversight, particularly since the Auditor General's report has not been tabled in Parliament in recent years.

3.6.2 Recommendations

To enhance public engagement in debt oversight, the National Assembly should introduce regular public hearings and consultations with stakeholders, including:

- The National Assembly's Appropriations Committee should allow members of the public or civil society organizations to testify during its hearings on the budget proposal prior to its approval.
- The PAC should call on the Auditor General to submit the Annual AR in accordance with statutory deadlines. Once the report is submitted, the Committee should hold public hearings on its findings, as stipulated in Section 85 of the 1999 Nigerian Constitution (as amended).

3.7 Integrated Technical Support and External Partnerships

Medium priority (Score: 2.5)

Dimension 7 examines whether an IFI exists and the extent to which its analysis supports parliaments scrutiny and oversight of the budget. IFIs are independent bodies that analyze fiscal policy and performance and report to either the legislature or the executive (OBS 2024: 119). They can be helpful providing independent analysis of debt reports to guide legislative members in their review of debt issues. Examples of IFIs are parliamentary budget offices and fiscal councils.

3.7.1 Key Findings

According to good practice and as highlighted in the OECD's Principles for Independent Fiscal Institutions, IFIs should be legally independent, adequately funded, and sufficiently staffed to provide impartial and forward-looking analysis, contributing meaningfully to the budget formulation and approval process and supporting effective fiscal accountability (indicator 7.1.1). Further, IFIs should play an active role in producing or assessing macroeconomic and fiscal forecast (indicator 7.1.2), as well as publish its own costings of new policy proposals, that can be used by the legislature, media, and public to evaluate government budget projections/proposals, thereby enhancing accountability and informed decision-making (indicator 7.1.3). IFIs should also analyze debt sustainability and the government's DMS to provide an independent perspective on the government debt policies (indicator 7.1.5), and parliament use these analyses in its review and debate of debt (indicator 7.1.6). In addition, to promote transparency and accountability, representatives of IFIs should actively engage with legislative committees to support dynamic interaction between the two oversight bodies and publish their analyses in a timely manner (indicator 7.1.4). See scores received for dimension 7 below in table 18.

Indicator Number	Description	Score
7.1.1.	Does an independent fiscal institution (IFI) such as a PBO exist that provides non-partisan budget analysis to support the budget formulation and/or approval process, with its independence set in law and adequate staffing and resources to fulfil its mandate?	L3
7.1.2.	What role does the IFI have in producing or assessing macroeconomic and/or fiscal forecasts, including whether it publishes its own forecasts or provides an assessment of the government's official forecasts?	L2
7.1.3.	Does the IFI publish its own costings of new policy proposals, and if so, does it cover all proposals, major proposals only, or a limited selection, or does it assess the executive's estimates instead?	L1
7.1.4.	How frequently did the head or a senior staff member of the IFI actively participate and testify in legislative committee hearings over the past 12 months?	L4
7.1.5.	How frequently does the PBO analyse debt sustainability and the DMS, and report its findings to parliament?	L2

7.1.6.	Does parliament utilise PBO debt analysis in legislative debates or committee reviews related to debt?	L3
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Table 18 Scores received for dimension 7. “Integrated technical support and external partnerships.”

Nigeria has established two IFIs: the NABRO and the FRC. The FRC is an independent institution, established by the FRA 2007 where one of its functions being to “Undertake fiscal and financial studies, analysis and diagnosis and disseminate the result to the general public”. However, according to the Open Budget Survey 2023, it is poorly funded. NABRO reports to the National Assembly but does not have its independence set out in law.

In terms of its scope of work, the FRC does not publish its own macroeconomic or fiscal forecast, but it does produce a publish a review of the government’s forecast included in Nigeria’s PBS. Neither institution, however, publishes its own costings of new policy proposals, to assess their impact on the budget.

NABRO does, however, analyse government debt reports if there is a special request or interest in a particular debt issue by the Senate or House Committee overseeing debt management. Additionally, sometimes National Assembly committees even employ consultants to support technical analysis. The insights from these reports are at times incorporated into committee reports.

NABRO receives capacity building trainings from institutions such as the World Bank, IMF and the West African Institute for Financial and Economic Management (WAIFEM). The trainings enhance the capacity of NABRO to analyze debt trends using publicly available data. However, NABRO does not run independent debt sustainability analyses, the interval of debt trainings is not defined and no members of the National Assembly sitting in various committees relevant to debt mentioned to have ever benefited from debt management and assessment trainings.

With respect to interactions between senior officials from IFIs and Parliament, representatives from the FRC routinely participate in parliamentary hearings on the MTEF. However, it is noted that the NABRO does not currently provide testimony. Enhancing NABRO’s engagement with parliamentary committees could strengthen the budget oversight process.

3.7.2 Recommendations

Parliament should take steps to strengthen the independence and mandate of its IFIs. The recommendations described here may involve increasing the capacity and funding of existing fiscal institutions.

- NABRO should produce and publish a costing of new policy proposals. As a first step, NABRO could produce and publish an assessment of the official costing of a limited number of new policy proposals.
- NABRO should also provide an independent perspective on the government’s debt decisions and strategy by producing and publishing an assessment of Nigeria’s debt sustainability and the government’s DMS.

3.8 Capacity of the executive branch to manage public debt

Low priority (Score: 4.0)

Dimension 8 assesses the capacity of the executive branch to manage public debt. This dimension examines whether borrowing is centralized under a single debt management office and if effective mechanisms or structures are in place to ensure effective coordination among debt management entities (indicator 8.1.1). It also evaluates whether the government ensures

coordination and monitoring of loan guarantees and on-lending, including the establishment of mechanisms for regular information exchange (indicator 8.1.2).

3.8.1 Key Findings

Effective debt management requires clear coordination among entities involved in borrowing transactions. According to good practice, this coordination should be supported by formal mechanisms – such as committee meetings, shared planned documents, or agency agreements – to clarify roles and streamline decision-making. At the highest level, as articulated in the World Bank’s DeMPA framework, the most effective organizational structure for central government borrowing and debt management transactions is a single DMO that is responsible for all central government borrowing to ensure consistency, accountability, and efficiency in debt operations. This office may be part of the finance ministry, an independent agency, or within the central bank. Similarly, the issuance and monitoring of loan guarantees and on-lending should be supported by effective coordination among relevant government entities, including regular information sharing through structured communication and the establishment of formal mechanisms to guide and oversee these processes. Clear regulations defining roles and responsibilities further strengthen accountability and transparency in managing guarantees and on-lent credits. At the highest level, responsibilities for guarantees/on-lending are integrated into the DMO or a principal guarantee entity is appointed. See table 19 below for scores received for dimension 8.

Indicator Number	Description	Score
8.1.1.	Are there established mechanisms or structures to ensure effective coordination among debt management entities, and is borrowing centralised under a single DMO	L4
8.1.2.	Does the government ensure coordination in the issuance and monitoring of loan guarantees and on-lending, including the establishment of mechanisms for regular information exchange?	L4

Table 19 Scores received for dimension 8.” Capacity of the executive branch to manage public debt.”

Nigeria has established a DMO that is the custodian for all debt information at both levels of government. Borrowing is centralized under the DMO as underpinned by section 3.1.2 of the National Debt Management Framework (2023-2027), wherein it is stated the DMB Act (2011) charges the DMO as the sole government agency for managing Nigeria’s public debt.²³ Furthermore, section 4.1.1. of the framework further confirms this mandate, with the responsibility of the DMO being to “issue and manage Federal Government loans ... and do such other things which in the opinion of the Board relate to the management of the external debts of the Federal Government.”²⁴ Inter-agency coordination is formalized through structures such as the MFPCC, described as “a platform for the clarification and harmonization of the objectives of public debt management policies, fiscal, as well

²³ National Debt Management Framework (2023-2027). Section 3.1.2.

²⁴ National Debt Management Framework (2023-2027). Section 4.1.1.

as monetary policies...”²⁵ The framework demonstrates established mechanisms and structures to ensure effective coordination among debt management entities as well as borrowing being centralized under a single DMO.

The issuance of loan guarantees and on-lending at the Central Government level is coordinated through the DMO and the Federal Ministry of Finance, Budget, and National Planning (FMFBNP). This is underpinned by the Debt Management Framework, stating that “proposals for the issuance of FGN guarantees ... are routed through the FMFBNP as a matter of policy and procedure.”²⁶ Additionally, the DMO developed and continues to review “a framework by the IMF for Nigeria to manage Sovereign Guarantees and Contingent Liabilities.”²⁷ Further, the DMO collaborates with the Infrastructure Concession and Regulatory Commission (ICRC) as well as other stakeholders to assess and monitor fiscal risks arising from guarantees. This is exemplified by the Debt Management Framework noting that “the DMO collaborates with [the ICRC] to ascertain fiscal risks including contingent liabilities arising from public-private partnership (PPP) transactions.”²⁸ While sub-national entities may borrow independently, they cannot obtain federal guarantees without passing through this centralized approval and coordination. This practice is underpinned by the Debt Management Framework, wherein a “federal government guarantee shall be a requirement, and no state, local government or federal agency shall on its own borrow externally.”²⁹

3.8.2 Recommendations

Nigeria has established the institutions and processes for strong debt management within the executive. As highlighted in the indicators above, these institutions, including the DMO, should make their reports publicly available and collaborate with Parliament to enhance its oversight over debt management.

3.9 External Audit

Urgent priority (Score 1.3)

Dimension 9 assesses whether external audits of debt management are published to ensure transparency and accountability (indicator 9.1.1). This dimension also assesses mechanisms exist to ensure findings and outcomes from audit reports are addressed (9.1.2).

SAIs are an essential source of information for parliament, including on debt management. External audits, including financial, compliance, and performance audits, must be conducted regularly and in line with international standards. SAIs can conduct financial audits that ensure to assess the accuracy and completeness of debt reports and records; compliance audits to examine whether the management of public debt adheres to legal and regulatory frameworks; and performance audits to assess the effectiveness, efficiency, and economy of borrowing and debt management decisions. Together, these audits should assess the reliability, effectiveness, and efficiency of Debt

²⁵ National Debt Management Framework (2023-2027). Section 4.5.1.

²⁶ National Debt Management Framework (2023-2027). Section 4.2.1.

²⁷ National Debt Management Framework (2023-2027). Section 2.3 (i).

²⁸ National Debt Management Framework (2023-2027). Section 4.3.4.

²⁹ National Debt Management Framework (2023-2027). Section 3.1.3. (vii).

Management (DeM) activities, ensuring compliance with laws and regulations. Audit findings must be publicly disclosed to promote transparency and accountability.

SAls in turn rely on parliament to put pressure on the executive to act on audit findings and recommendations. This involves holding committee hearings; hearing from the accounting officer as a witness; issuing recommendations; and following up to ensure that the executive branch has acted on those recommendations. See table 20 for scores received for dimension 9.

3.9.1 Findings

Indicator Number	Description	Score
9.1.1.	Are financial, compliance, and performance audits of Debt Management (DeM) activities conducted regularly in accordance with international standards, with findings publicly disclosed to ensure transparency and accountability?	L1
9.1.2.	What is the degree of commitment to address the outcomes from the audits?	L1

Table 20 Scores received for dimension 9." External audit."

Audits on debt management activities are not published; therefore, there is no public knowledge on whether external audits on debt management are conducted. Further, the executive's compliance with audit recommendations in general is slow and mainly politically driven, with no harsh measures expected when the ruling party has a majority in both houses.

3.9.2 Recommendations

External audits, including financial, compliance, and performance audits, must be conducted regularly and in line with international standards. Parliament should call for the publication of audit reports on debt management. Further, the goal of external and internal auditing is to promote accountability in debt contracting and management. Therefore, parliament should adopt mechanisms and processes that encourage the executive to adopt corrective measures according to ensure that the outcomes from audits are addressed.

Section IV - Conclusion

Nigeria has a comprehensive legal and regulatory framework governing fiscal policy and public debt management. However, the country's growing debt servicing burden, coupled with limited legislative engagement in key debt decisions, highlights a gap between formal legal provisions and actual parliamentary oversight. Despite having the authority to influence fiscal governance, Parliament lacks timely access to critical debt documents, plays only a minimal role in loan ratification, and is not systematically involved in scrutinizing fiscal risks or audit findings.

By addressing these shortcomings, Parliament can play a much stronger role in promoting transparency, accountability, and more strategic debt management. Opportunities exist for both immediate and medium-term reform, including strengthening legal mandates, improving committee practices, and reinforcing the independence and analytical capacity of parliamentary support institutions.

Key Recommendations to Strengthen Parliamentary Oversight of Public Debt

Call for the Timely Submission and Review of Key Debt Documents:

Parliament should demand the timely publication and tabling of the DMS and ABP and ensure these are reviewed by relevant committees.

Strengthen the Legal Framework for Loan Ratification:

Parliament should initiate or support legislative amendments to give it a formal role in ratifying loan agreements before they are concluded, ensuring transparency and alignment with national **priorities**.

Mandate Executive Responses to Parliamentary Recommendations:

Introduce or amend rules of procedure to require written responses from the executive on recommendations issued by debt- and audit-related committees.

Enhance Oversight of State-Owned Enterprises and Fiscal Risks:

Parliament should establish or empower a committee to regularly review the performance of SOEs and the broader fiscal risks they pose, including through review of fiscal risk statements and debt guarantees.

Ensure Public Engagement in Debt and Audit Oversight:

The PAC should first call on the Auditor General to submit Annual Audit Reports in a timely manner, as required by the Constitution. Where reports are not submitted or are significantly delayed, the PAC should work with the Office of the Auditor General to ascertain the underlying causes—whether institutional, financial, or political—and advocate for the necessary remedies. Once audit reports are available, the PAC should organize public hearings to review the findings and allow for input from citizens and civil society. The PAC's findings and recommendations should be formally published and followed up through established oversight mechanisms.

Support the Legal Independence and Capacity of NABRO:

Parliament should pass legislation to provide NABRO with legal independence and secure budget allocations to enable it to deliver independent debt sustainability analyses, policy costings, and macroeconomic forecasts in support of legislative decision-making.

Promote Use of Debt-to-Revenue Metrics:

Parliament should request that debt sustainability assessments presented to it go beyond debt-to-GDP ratios and incorporate debt-to-revenue metrics, which better reflect Nigeria's fiscal context.

Encourage State Assemblies to Strengthen Oversight of Sub-National Borrowing:

The National Assembly can play a leadership role by engaging State Assemblies on best practices for overseeing domestic borrowing by local governments, including with structured tools such as the PDMAT to identify gaps and build capacity.

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