

PHC Consortium			Risk: C00026 - Consequence of Imposing Interest-free status on National Debt										Risk Snapshot	
Risk ID	Category / Element	Risk Short Title	Description	Desired Outcome			Current Situation			Proposed Strategy				
C00026 □	C3 Finance / Funding	Consequence of Imposing Interest-free status on National Debt	The Nigerian government holds a national debt of approximately \$2.5 billion, with monthly debt servicing costs of around \$500 million, which now surpasses the nation's GDP. A potential solution under consideration is to declare the national debt "interest-free," thereby releasing \$500 million per month for infrastructure development and citizen welfare. However, this move could have significant legal, financial, and political consequences that need thorough analysis, particularly the implications of effectively defaulting on loan agreements.	To release \$500 million in debt service payments for reinvestment into national infrastructure and welfare programs without incurring severe legal or financial penalties that would jeopardize Nigeria's relationships with lenders or global financial standing.			The Nigerian government is paying approximately \$500 million per month to service its national debt, which is unsustainable given the nation's GDP. The nature of the loans, the identities of the lenders, and the specific terms of each loan agreement are still under review. There is an understanding that making loans interest-free could significantly enhance the country's ability to invest in its own development.			1. Financial Assessment: Analysis of the loans, including lenders, terms, and potential legal implications. 2. Legal Consultation: Review legal framework around debt agreements and potential repercussions of defaulting or renegotiating terms. 3. Diplomatic Communication: Correspondence to each lender, thanking them for understanding and cooperation, while discussing new financial terms. 4. Risk Mitigation: Develop contingency plans to handle any negative responses from lenders, including exploring renegotiation of loan terms or securing alternative funding options.				
What Could Go Wrong?			1. Legal repercussions of altering loan terms. 2. International backlash or damage to Nigeria's creditworthiness. 3. Potential sanctions or legal claims. 4. Impact on future access to global financial markets. 5. Political instability through perception of default.											
Risk (three-part) Statement			Current Risk			Response Type	Manageability	Residual Risk	Risk Owner	Due Date	Close Date	Last Review Date		
Cause	Risk Event [uncertainty]	Consequence	Probability	Impact	Score (PxI)							Notes		
Excessive national debt and unsustainable debt servicing obligations.	The Nigerian government declares its national debt "interest-free," effectively ceasing interest payments to lenders.	Release of \$500 million per month for national development, but potential legal action by lenders, damaged international reputation, and possible sanctions.	5	5 H-4 C-4 Q-2 S-2	25		5	15	Winter, David	31Dec24	Open	07Sep24		
Mitigating Actions / Response														
ID	Actions										Action Owner	Due Date	Close Date	
#1	Conduct a detailed analysis of the loans, including the lenders, terms, and potential legal implications of declaring the loans interest-free. [Latest: Pass to the Ministry of Finance.]										Winter, David	07Oct24	Open	
#2	Engage legal experts to review the legal framework around debt agreements and potential repercussions of defaulting or renegotiating terms. [Latest: Pass to the Ministry of Justice.]										Winter, David	07Oct24	Open	
#3	Prepare diplomatic correspondence to each lender, thanking them for their understanding and cooperation in supporting Nigeria's development goals, while discussing the new financial terms. [Latest: Pass to the Ministry of Foreign Affairs.]										Winter, David	07Oct24	Open	
#4	Develop contingency plans to handle any negative responses from lenders, including exploring renegotiation of loan terms or securing alternative funding options. [Latest: Pass to Central Bank of Nigeria (CBN) - collaborating with the Ministry of Finance]										Winter, David	07Oct24	Open	
#5	Establish a Project Health Control (PHC) Service as an aid to governance matters in Nigeria.										Winter, David	07Oct24	Open	
Last 10 RM Events (Meetings/Interviews/Workshops).														
Mtg.	Date	Title / Person / Department			Objective						(0 Events held.)			
Comments														
History														
Top Risk														
Summary														
Consequence of Imposing Interest-free status on National Debt														
Top Risk Mitigation														
Financial assessment, Legal consultation, Diplomatic communications, Risk mitigation.														