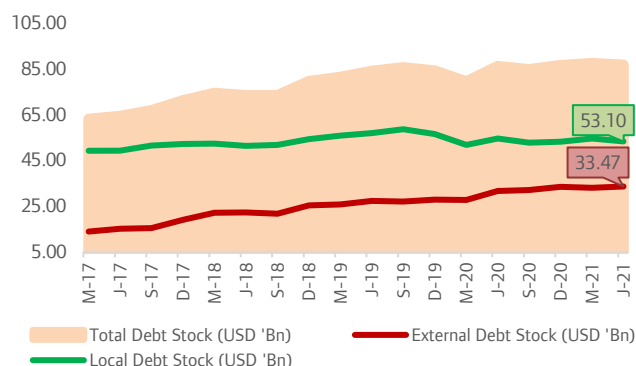
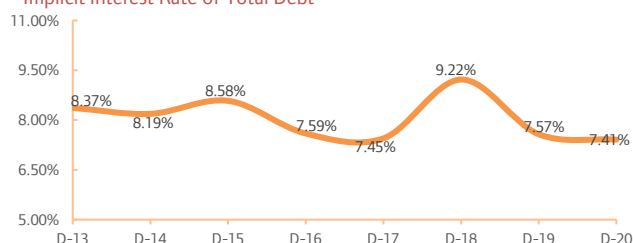


Evolution of Total Debt, External & Local Debts



Implicit Interest Rate of Total Debt



Total Debt Service as %age of FGN Retained Revenue (TDSRR)

Year	FGN Retained Revenue (N 'Bn)	Total Debt Service (N 'Bn)	TDSRR
2019	4,530.28	1,661.30	36.67%
2020	3,660.02	1,878.12	51.31%
H1 2021	2,322.59	1,145.97	49.34%

Stock of External Debt as %age of Total Exports

Year	Exports (USD' Bn)	External Debt Service (USD' Bn)	Stock of External Debt/Exports
2018	61.22	1.47	2.40%
2019	64.79	1.33	2.06%
2020	39.62	1.51	3.81%

Debt Management Performance (Q2 2021)

Debt Indicator	Actual (%age)	Target (%age)
Domestic to External Debt	61-39	70 max-30 min
Long term to Short term Debt	78-22	75 min-25 max
Concessional to Non-Concessional	68:32	To Maximize
Debt to GDP (annualized)	50	40

Sources: Debt Management Office, National Bureau of Statistics, Central Bank of Nigeria, Cowry Research

Nigeria's Debt Nears USD100 billion as External Borrowings Rise...

Freshly released data from Debt Management Office (DMO) showed that Nigeria's total public debt stock increased quarter on quarter (q-o-q) by 7.12% to N35.47 trillion as at June 2021 (from N33.11 trillion as at March 2021). The q-o-q increase in the country's total debt stock was basically from increases in both external and domestic credits. Specifically, external debt rose q-o-q by 9.95% to N13.71 trillion (or USD33.47 billion at N409.66/USD) as at June 2021 from N12.47 trillion (or USD32.86 billion at N379.50/USD) in March 2021. Within the quarter, Nigeria received additional USD538.35 million worth of multilateral loans, a large chunk of it from International Development Association. More so, the depreciation of the Naira against the greenback increased external debt; q-o-q, Naira depreciated against the USD by 7.95% to close at N409.66/USD as at June 2021. In the review quarter, Nigeria paid down part of its Multilateral (USD64.56 million) and Bilateral (USD28.14million) principal which amounted to USD92.70 million. Hence, external debt service payments fell to N84.50 billion (or USD206.26 million) in Q2 2021 from N126.02 billion (or USD332.07 million) printed in Q1 2021. Further breakdown of the total external debt stock in Q2 2021 showed that Multilateral loans accounted for 54.88% (USD18.37 billion) of which loans from International Development Association (IDA) was USD11.62 billion, loan from IMF was USD3.50 billion while others stood at USD3.25 billion. Bilateral loan accounted for 12.70% (USD4.25 billion) of which loan from China (Exim Bank of China) was USD3.48 billion and loan from France was USD0.48 billion in Q2 2021. Commercial loans accounted for 31.88% (USD10.67 billion) of which Eurobonds was USD10.37 billion while Diasporal bond was USD0.30 billion. Meanwhile, local debt stock increased by 5.41% to N21.75 trillion in Q2 2021 (from N20.64 trillion in Q1 2021). Breakdown of the domestic debt figure showed that FG's domestic debt stock rose to N17.63 trillion in Q2 2021 (from N16.51 trillion in Q1 2021). Despite the significant rise in FG's domestic loan, local debt service payment plunged by 47.33% to N322.75 billion in Q2 2021 from N612.71 billion recorded in Q1 2021.

Much of the country's rising debt appears to have been spent on recurrent expenditure and abandoned capital projects rather than infrastructural projects that would ease business operations and catalyse profitability that would, in turn, yield higher income via taxation for the government; hence, the imbalance between the physical infrastructure and the huge debts so far. Thus, we therefore expect FG to tie each tranche of loan to a particular capital project as exhibited with its Sukuk loans which has been more effective in delivering infrastructure.