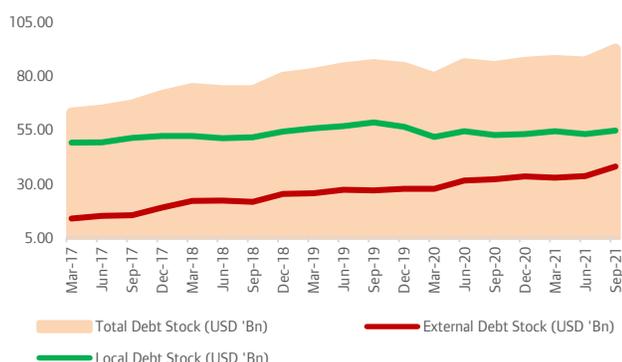




# Nigeria's Debt Watch: Q3 2021

MPR: 11.50%  
November Inflation Rate: 15.40%  
Q3 2021 GDP Growth Rate: 4.03%

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 (Q3 2021)

Debt Indicator	Actual (%age)	Target (%age)
Domestic to External Debt	59-41	70 max-30 min
Long term to Short term Debt	77-24	75 min-25 max
Concessional to Non-Concessional	61:39	To Maximize
Debt to GDP (annualized)	54	40

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

## Nigeria's Debt Hits N38 Trillion on Increased External Debts...

The Debt Management Office (DMO), in its recently released data, showed that Nigeria's total public debt stock increased further quarter on quarter (q-o-q) by 7.16% to N38.00 trillion as at September 2021 (from N35.47 trillion as at June 2021). The q-o-q rise in the country's total debt stock was chiefly from the rise in external debt (commercial category) credits. Specifically, external debt rose q-o-q by 13.58% to N15.57 trillion (or USD37.98 billion at N410.30/USD) as at September 2021 from N13.71 trillion (or USD33.47 billion at N409.66/USD) in June 2021. Within the quarter, Nigeria received additional USD4 billion worth of commercial loans (Eurobonds). More so, the depreciation of the Naira against the greenback increased external debt; q-o-q, Naira depreciated further against the USD by 0.16% to close at N410.30/USD as at September 2021. Amid rising foreign loans, particularly the commercial category, external debt service payments rose to N143.18 billion (or USD348.96 million) in Q3 2021 from N84.50 billion (or USD206.26 million) in Q2 2021. Notably, Nigeria paid down part of its Multilateral (USD110.45 million) and Bilateral (USD61.38 million) principal which amounted to USD171.83 million. Further breakdown of the total external debt stock in Q3 2021 showed that Multilateral loans accounted for 48.17% (USD18.28 billion) of which loans from International Development Association (IDA) was USD11.57 billion, loan from IMF was USD3.47 billion while others stood at USD3.24 billion. Bilateral loan accounted for 11.59% (USD4.39 billion) of which loan from China (Exim Bank of China) was USD3.59 billion and loan from France was USD0.52 billion in Q3 2021. Commercial loans accounted for 38.65% (USD14.67 billion) of which Eurobonds was USD14.37 billion while Diasporal bond was USD0.30 billion. Promissory notes accounted for 1.59% (USD0.60 billion). Meanwhile, local debt stock increased by 5.41% to N22.43 trillion in Q3 2021 (from N21.75 trillion in Q2 2021). Breakdown of the domestic debt figure showed that FG's domestic debt stock rose to N18.23 trillion in Q3 2021 (from N17.63 trillion in Q2 2021). Hence, local debt service payment skyrocketed by 69.45% to N678.59 billion in Q3 2021 from N322.75 billion printed in Q2 2021.

We note that the federal government needs to reduce its actual recurrent expenditure and increase its actual revenue in order to stem the tide of rising actual deficit and the resultant borrowing spree. Also, there is a need for policy document that would tie all borrowings, going forward, to a particular capital project as exhibited with Sukuk and China loans which have been more effective in delivering infrastructure such as the Lagos-Ibadan railway.