COWRY RESEARCH ANALYSTS' FLASHNOTE: NIGERIA'S TOTAL PUBLIC DEBT – Q3'2025

Cowry Research

N153.3tn and Counting: Nigeria's Debt Stock Exposes Deepening Structural Deficit Pressures.....

According to the latest official data from the Debt Management Office (DMO), Nigeria's total public debt stock stood at ₦153.29 trillion, equivalent to approximately $103.94 billion as of September 30, 2025. This figure reflects a modest quarter-on-quarter increase of about ₦900 billion, or 0.59%, from ₦152.40 trillion (roughly $99.66–103.28 billion) recorded at the end of June 2025.

While we think that this increase appears modest on the surface, the cumulative trajectory of the debt stock tells a more complex story about the country's fiscal direction. For context, Nigeria's total public debt profile and debt servicing costs serve as critical indicators of the country's fiscal health, highlighting the ongoing reliance on borrowing to address budget deficits, fund infrastructure, and manage economic pressures in the face of weak revenues.

The debt stock is divided into domestic and external components. Domestic debt amounted to ₦81.82 trillion, or about $55.47 billion, accounting for approximately 53% of the total. This portion is predominantly held by the Federal Government (around ₦77.81 trillion), with states and the Federal Capital Territory contributing a smaller share of roughly ₦4 trillion.

Domestic borrowing primarily involves local instruments such as Federal Government of Nigeria (FGN) bonds, treasury bills, and other securities.

External debt, on the other hand, totaled ₦71.48 trillion, or approximately $48.46 billion, representing about 47% of the overall debt stock. This category has seen increases due to disbursements and exchange rate effects. External debt is categorized into multilateral, bilateral, and commercial borrowings.

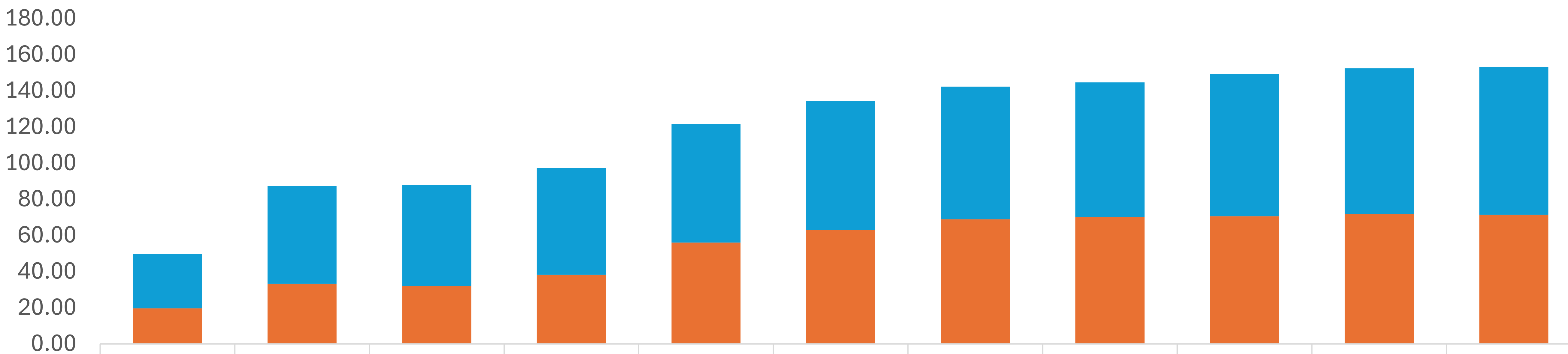
Multilateral loans, which are often concessional and come from institutions like the World Bank Group, African Development Bank, and others, form the largest segment at around $23.41 billion (about 48.31% of external debt). Bilateral debts, involving direct government-to-government arrangements with creditors such as China's Exim Bank, France, Japan, and others, stand at approximately $6.29 billion (12.97%). Commercial borrowings, including Eurobonds and syndicated loans with higher interest rates, make up the remainder.

Largely, Nigeria's debt-to-GDP ratio has hovered in the 50–53% range, a level that international frameworks generally regard as sustainable. However, that assessment comes with important caution that revenue underperformance and naira depreciation have continued to apply pressure on what might otherwise appear to be a comfortable threshold. Perhaps more telling than the debt stock itself is what Nigeria is spending to service it. In the first nine months of 2025, the country paid out ₦10.81 trillion in debt servicing costs; a figure that lays bare the scale of the fiscal squeeze.

Domestic debt servicing consumed approximately ₦6.32 trillion of that total, driven in large part by elevated local interest rates and the frequent rollover requirements of short-term borrowing instruments. FGN bonds alone accounted for ₦4.17 trillion in servicing costs, as the largest component tied to longer-term deficit financing. Nigerian Treasury Bills added another ₦1.81 trillion, a consequence of their short maturities and high turnover.

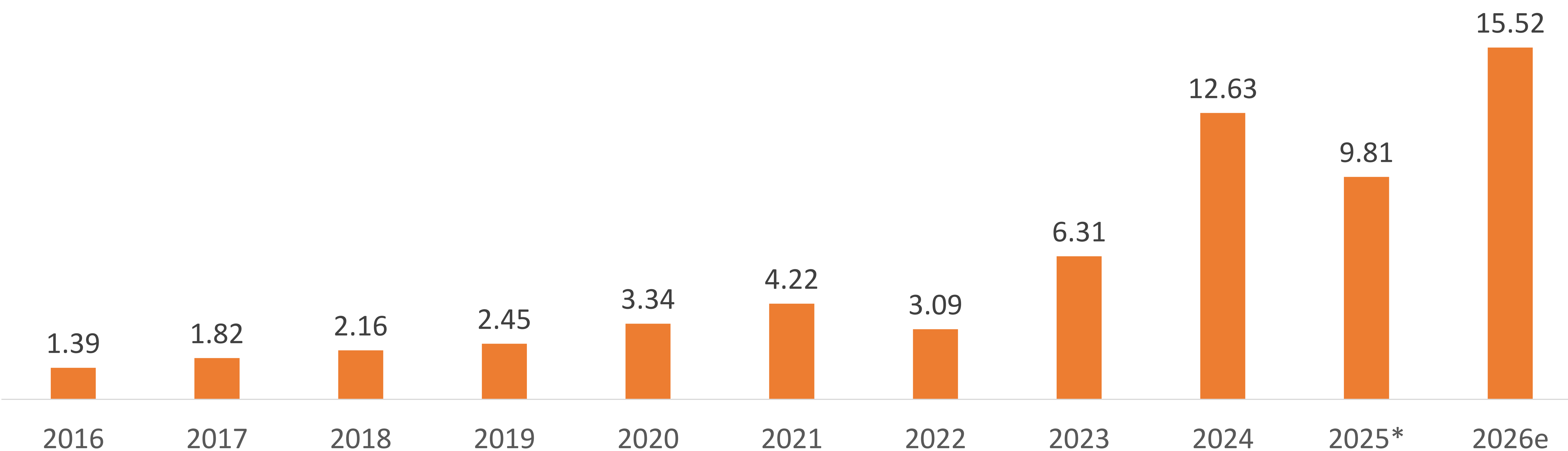
Other instruments contributed smaller but notable amounts: FGN Sukuk (Sharia-compliant infrastructure bonds) accounted for ₦70.72 billion, promissory notes and principal repayments totaled ₦262.05 billion, FGN Savings Bonds accounted for ₦9.6 billion, and Green Bonds required just ₦1.08 billion. On the external side, debt servicing for the period amounted to approximately $3.34 billion, or about ₦4.49 trillion at prevailing exchange rates.

NIGERIA'S TOTAL PUBLIC DEBT PORTFOLIO (N'trn)



	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025
Domestic	30.21	54.13	55.93	59.12	65.65	71.22	73.43	74.38	78.76	80.55	81.82
External	19.64	33.25	31.98	38.22	56.02	63.07	68.89	70.29	70.63	71.85	71.48

FG's Actual Debt Service in Trillions



***Indicats data as of July 2025**

Source: Debt Management Office, Budget Office, Cowry Research

The proposed 2026 federal budget brings the debt challenge into even sharper relief. Between ₦15.52 trillion and ₦15.9 trillion has been earmarked for debt servicing, representing roughly 27% of total proposed expenditure of ₦58.18 trillion.

More strikingly, that allocation is projected to absorb approximately 45 kobo (45%) of every naira of expected government revenue. With projected revenues around ₦34.33 trillion, the implication is clear that nearly half of what the government expects to earn will go directly toward servicing existing debt before a single new project breaks ground.

Nigeria's growing debt stock is not the product of reckless borrowing in isolation. It reflects structural realities such as chronic budget deficits, a strategic tilt toward domestic financing to reduce foreign exchange exposure, and the ongoing imperative to fund infrastructure and development priorities.

The DMO's own Debt Sustainability Analysis frameworks suggest the debt remains broadly manageable. But "broadly manageable" is doing a lot of heavy lifting in a context where debt servicing consistently crowds out spending on education, healthcare, and capital investment.

The path forward runs through revenue. Stronger revenue from non-oil sources, improved tax collection efficiency, and disciplined expenditure management are not optional extras as they are prerequisites for breaking the cycle of deficit financing and ensuring that borrowing serves growth rather than constraining it.

CONTACT US

HEAD OFFICE
Plot 1319, Karimu Kotun Street,
Victoria Island
Lagos
Website: www.cowryasset.com
Email: research@cowryasset.com

ABUJA OFFICE
Statement Suites Hotel D03 (3rd Floor), Plot 1002,
1st Avenue, Off Ahmadu Bello Way
Central Business District,
Abuja
Website: www.cowryasset.com
Email: research@cowryasset.com

PORT HARCOURT OFFICE
UPDC Complex, 26 Aba Road,
Port-Harcourt
River State
Website: www.cowryasset.com
Email: research@cowryasset.com

RESEARCH TEAM

CHARLES ABUEDE

Cabuede@cowryasset.com

TAIWO LUPO

Tlupo@cowryasset.com

TOMIWA JIMOH

Tjimoh@cowryasset.com

www.cowryasset.com www.twitter.com/cowryassetmgt www.facebook.com/cowryasset