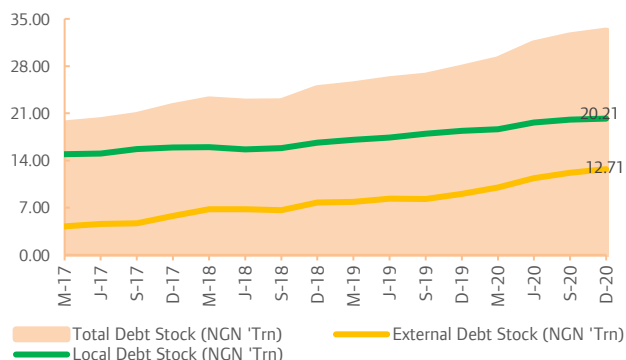
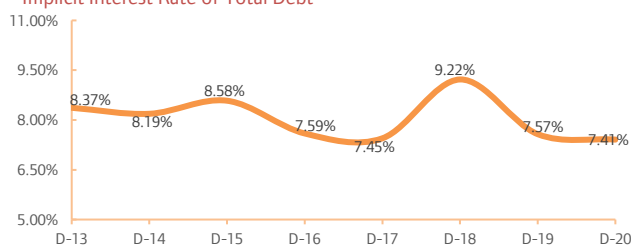


Evolution of Total, Local and External Debt Stocks



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
2018	4,190.41	1,797.90	42.91%
2019	4,530.28	1,661.30	36.67%
2020	3,660.02	1,878.12	51.31%

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 (2020)

Debt Indicator	Actual (%age)	Target (%age)
Domestic to External Debt	61-39	70 max-30 min
Long term to Short term Debt	77-23	75 min-25 max
Concessional to Non-Concessional	66:34	To Maximize
Debt to GDP	22	40

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

Nigeria's Debt Rises to N32.92 Trillion in FY 2020 on Foreign Debt

According to Debt Management Office (DMO), Nigeria's total public debt stock surged by 20.12% to N32.92 trillion as at December 2020 (from N27.40 trillion as at December 2019). The increase in the country's total debt stock was chiefly due to a 40.82% rise in external debt to N12.71 trillion (or USD33.35 billion at N381.00/USD) as at December 2020 from N9.02 trillion (or USD27.68 billion at N326.00/USD) in December 2019 – essentially multilaterals. Nigeria received USD3.54 billion worth of loans from IMF, USD2.86 billion from AfDB and additional loan of N1.43 billion from IDA within the period under review. Also, the depreciation of the Naira against the greenback exacerbated external debt; year-on-year, Naira depreciated against the USD by 16.87% to close at N381/USD as at December 2020. Hence, external debt service payments rose to N560.36 billion (or USD1.51 billion) in FY 2020 from N414.00 billion (or USD1.33 billion) printed in FY 2019. Given the sustained rise in external debt and the drop in total exports, the stock of external debt as a percentage of exports jumped to 101.25% in 2020 from 47% in 2019. Further breakdown of the total external debt stock in FY 2020, showed that Multilateral loan accounted for 53.78% (USD17.93 billion) of which loans from International Development Association (IDA) was USD11.12 billion while loan from IMF was USD3.54 billion. Bilateral loan accounted for 12.17% (USD4.06 billion) of which loan from China (Exim Bank of China) was USD3.26 billion while loan from France was USD0.50 billion in FY 2020. Commercial loans accounted for 34.05% (USD11.36 billion) of which Eurobonds was USD10.87 billion while Diasporal bond was USD0.30 billion. Local debt stock increased by 9.96% to N20.21 trillion in FY 2020 (from N18.38 trillion in 2019). Breakdown of the domestic debt figure showed that FG's domestic debt stock rose to N16.02 trillion in 2020 (from N14.27 trillion in 2019). Domestic debt service payment increased by 13.25% to N1.88 trillion in 2020 from N1.66 trillion recorded in 2019.

We note the moderation in the implicit interest rate on total borrowings to 7.41% in 2020 amid increased concessionary loans (especially from IMF and AfDB) and low domestic interest rate environment in 2020. However, given the recent trend reversal in domestic interest rates in 2021, we expect an upward pressure on debt service as a percentage of FGN retained revenue which grew to 51.31% in 2020 from 36.67% in 2019. Expected improvement in government revenue, especially from crude oil sales, could help boost Nigeria's debt profile.