

Analyst’s Note on: Nigeria’s Public Debt Stock Report – Q1 2025

Nigeria’s Debt Stock Hits N149.39trn in Q1 2025 on Currency Weakness and Domestic Borrowing....

The Debt Management Office’s (DMO) latest quarterly debt profile report shows that Nigeria's public debt increased by 3.26% quarter-on-quarter to N149.39 trillion as at the end of March 2025. Year-on-year, Nigeria’s debt burden expanded by 22.78% to the N149.39 trillion, underscoring continued fiscal reliance on debt to plug budgetary gaps amid tepid revenue growth and elevated expenditure pressures.

Sequentially, the growth in total debt was largely driven by increased domestic borrowing. The domestic debt stock rose by 5.89% in Q1 2025 to N78.76 trillion, up by N4.4 trillion from the previous quarter. This sharp increase reflects the government’s preference for naira-denominated financing instruments to mitigate exposure to FX volatility and rising global interest rates. Meanwhile, external debt grew modestly by 0.49% quarter-on-quarter and 19.97% year-on-year, adding N344.6 billion to reach N70.63 trillion.

The current debt composition shows a relatively balanced profile, with domestic debt accounting for 52.72% of total public debt and external debt making up 47.28%. Within the domestic segment, the Federal Government holds the bulk at N74.89 trillion (50.13% of total debt), while sub-nationals—including state governments and the FCT—account for N3.87 trillion (2.59%).

We think the increase in the debt profile has been precipitated by the exchange rate volatility which has led to modest depreciation during the period. The naira depreciated slightly from N1,535.32/\$ at end-December 2024 to N1,536.31/\$ by end-March 2025, representing a 0.1% decline. Although relatively modest, this movement still impacted the valuation of external debt. In dollar terms, total public debt rose to \$97.24 billion in Q1 2025, representing a 3.19% increase from \$94.23 billion in Q4 2024 and a 6.32% rise compared to \$91.46 billion recorded in Q1 2024.

In terms of debt servicing, costs remained substantial in Q1. On the domestic side, total debt service payments amounted to N2.61 trillion, comprising N2.37 trillion in interest obligations and N241.91 billion in principal repayments. For external debt, the government made total service payments of \$1.39 billion. Of this, \$727.23 million went to multilateral lenders, \$233.90 million to bilateral creditors, and \$431.61 million to commercial and private sources. These figures highlight Nigeria’s rising cost of debt maintenance and the increasing share of commercial debt in the external portfolio.

At the subnational level, Lagos State remains the most indebted in Nigeria, with domestic debt of N874 billion, driven by continued infrastructure and capital investment. This was followed by Rivers (N364.4 billion), Delta (N204.72 billion), Ogun (N190.14 billion), and Enugu (N188.42 billion). Conversely, Jigawa posted the lowest debt stock at N1.06 billion, followed by Ondo (N11.76 billion), Kebbi (N15.1 billion), Ebonyi (N17.10 billion), and Kogi (N20.39 billion).

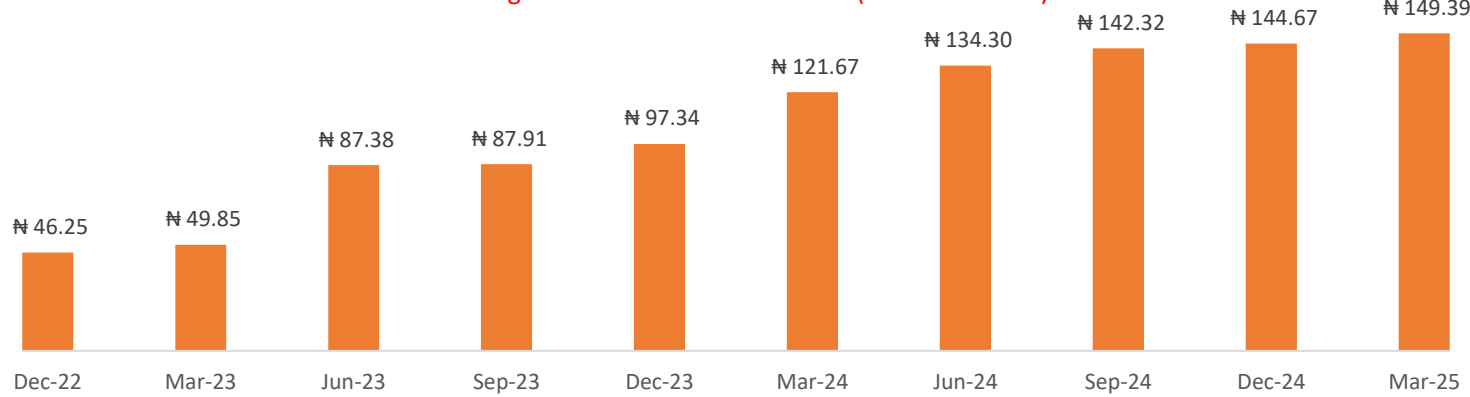
TOP 10 STATES with LEAST DEBT (Mar. 2025)		
Rank	State	Amount (N'bn)
1	JIGAWA	1.06
2	ONDO	11.76
3	KEBBI	15.10
4	EBONYI	17.10
5	KOGI	20.39

TOP 10 STATES with LARGEST DEBT (Mar. 2025)		
Rank	State	Amount (N'bn)
1	LAGOS	874.04
2	RIVERS	364.39
3	DELTA	204.72
4	OGUN	190.14
5	ENUGU	188.42

Nigeria’s debt-to-GDP ratio climbed to 55% at the end of 2024—well above the DMO’s self-imposed ceiling of 40% and a clear indication that the country’s debt burden is entering a less sustainable trajectory. The rising ratio reflects not only increased borrowing but also sluggish GDP growth and a relatively narrow revenue base. This poses significant medium-term risks, especially if interest rates remain elevated globally or oil-related revenues fall short of expectations.

At Cowry Research, we see no near-term respite from the upward trend in Nigeria’s debt stock. With the federal government’s recently approved \$21.5 billion external borrowing plan embedded in the 2025–2026 Medium-Term Expenditure Framework (MTEF), we expect both the headline debt figure and the debt-to-GDP ratio to continue rising.

Chart of Nigeria's Total Public Debt Stock (in 'trillion Naira)



Source: Debt Management Office, Cowry Research

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