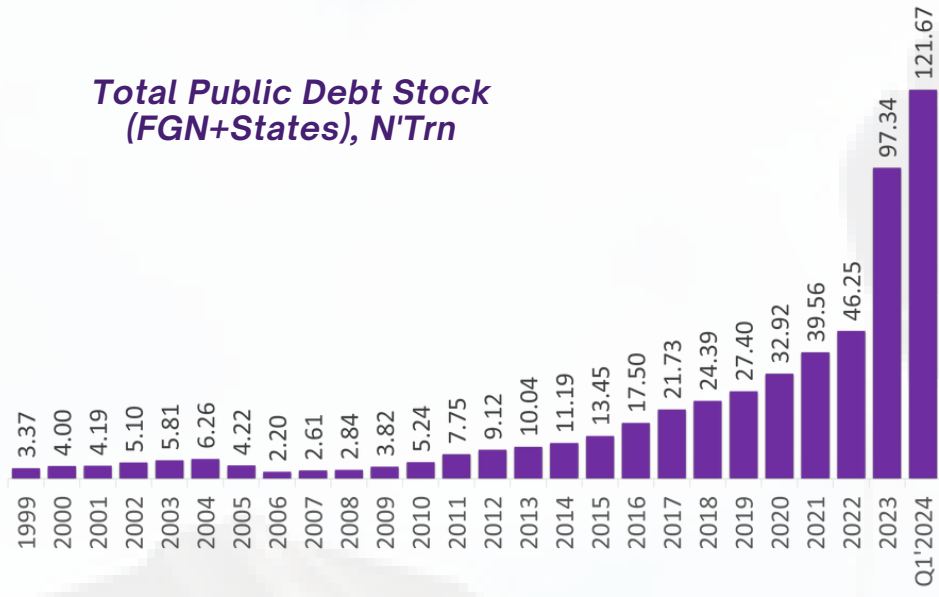


NIGERIA'S DEBT IS RISING FAST !

25 Years of 'Democratic' Debt Accumulation

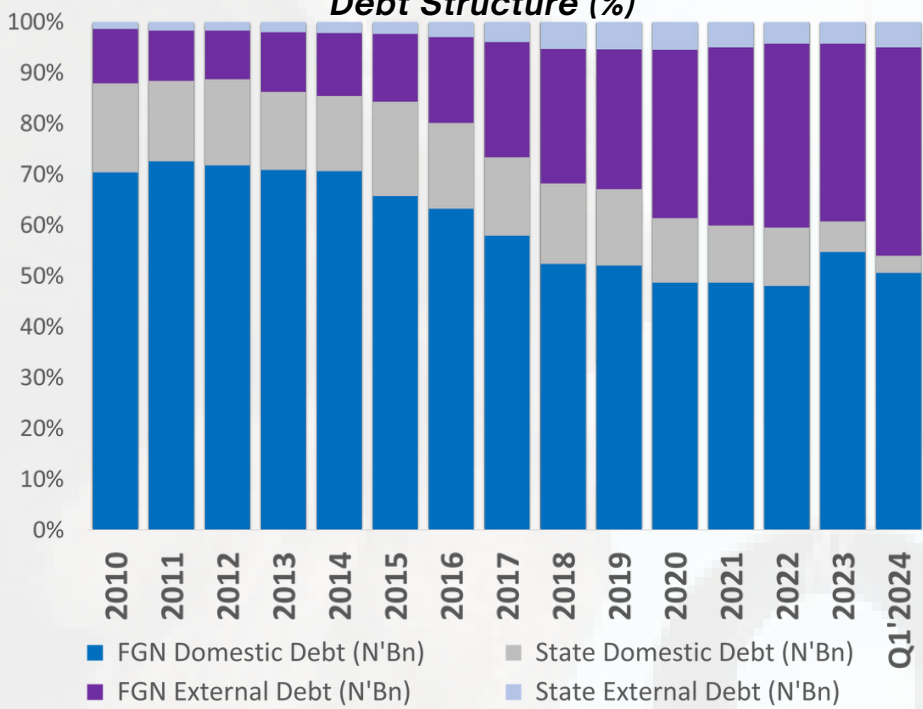
21-Jun-2024

Total Public Debt Stock (FGN+States), N'Trn



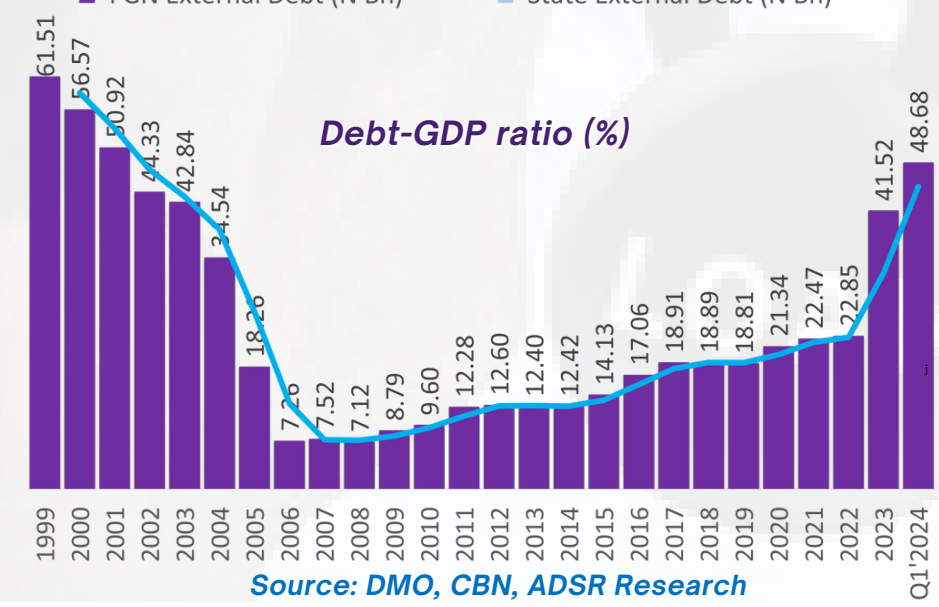
- The Nigeria's total public debt stock was N3.37 trillion in 1999, and it increased to N46.25 trillion in 2022.
- However, it rose sharply to N97.34 trillion in 2023, and to N121.67 trillion in 2024'Q1.
- Recent increase can be attributed to:
 - new borrowing to fund the rising government's budget deficits
 - exchange rate devaluation leading to increased valuation of existing and new external debts
 - securitization (recognising) of the N22.7 trillion Ways & Means earlier advanced by the CBN.

Debt Structure (%)



- The external component of Nigeria's debt is gaining prominence
 - Both for the FGN and State Governments, but more for the former
- For instance, the share of external debts (FGN + States) which stood at about 10% in 2010 increased to 46% in 2024'Q1

Debt-GDP ratio (%)



- Nigeria's Debt-GDP ratio was 61.51% in 1999, and it fell to 7.26% in 2006
 - The country secured a debt relief with the Paris Club in June, 2005 to cancel 60% (i.e. \$18bn out of the \$30.84bn) of its debt to the Club and repaid the balance.
- At 48.68% Debt-GDP ratio in 2024'Q1, the country's debt situation is looking more like the pre-debt relief years.
- Thus, improved focus should be on the quantity and quality of assets created using these debts.
- This is necessary for Nigeria's fiscal and public debt sustainability.

Source: DMO, CBN, ADSR Research