DEBT MANAGEMENT OFFICE
NIGERIA

2019

Annual Report and Statement of Accounts

His Excellency
MUHAMMADU BUHARI, GCFR
President, Commander-in-Chief of the Armed Forces
Federal Republic of Nigeria

His Excellency
PROF. YEMI OSINBAJO, SAN, GCON
Vice President
Federal Republic of Nigeria

MRS. (DR.) ZAINAB SHAMSUNA AHMED
Honourable Minister of Finance, Budget & National Planning
Federal Republic of Nigeria

DMO SUPERVISORY BOARD

PROF. YEMI OSINBAJO, SAN, GCON
Vice President, Federal Republic of Nigeria
CHAIRMAN

Mrs. (Dr.) Zainab Shamsuna Ahmed
Hon. Minister of Finance, Budget & National Planning
VICE-CHAIRMAN

Alhaji Abubakar Malami, SAN
Attorney-General of the Federation & Hon. Minister of Justice
MEMBER

Mr. Godwin I. Emefiele
Governor, Central Bank of Nigeria
MEMBER

Alh. Ahmed Idris, FCNA
Accountant-General of the Federation
MEMBER

Ms. Patience Oniha
Director-General, DMO
MEMBER & SECRETARY

DMO MANAGEMENT TEAM

Ms. Patience Oniha
Director-General

Mr. Miji Amidu
Director, Special Assignments

Mrs. Hannatu Suleiman
Director, Organisational Resourcing Department

Mr. Joe Ugoala
Director, Policy, Strategy & Risk Management Department

Mr. Oladele Afolabi
Director, Portfolio Management Department

Mr. Alfred Anukposi
Head, Debt Recording & Settlement Department

Mr. Monday Usiade
Head, Market Development Department

Ms. Elizabeth Ekpenyong
Head, Strategic Programmes Department

MANAGEMENT STAFF OF THE DMO

S/N	Name	Rank	Department/Unit
1.	Oniha, Patience (Ms.)	Director-General	Director-General
2.	Amidu, Miji (Mr.)	Director	Special Assignments
3.	Suleiman, Hannatu (Mrs.)	Director	Organisational Resourcing Department (ORD)
4.	Ugoala, Joe Chiadi (Mr.)	Director	Policy, Strategy and Risk Management Department (PSRMD)
5.	Afolabi, O. Oladipo (Mr.)	Director	Portfolio Management Department (PMD)
6.	Anukposi, Alfred N. (Mr.)	Head of Department	Debt Recording & Settlement Department (DRSD)
7.	Usiade, Monday Isioma. (Mr.)	Head of Department	Market Development Department (MDD)
8.	Ekpenyong, Elizabeth E. (Ms.)	Head of Department	Strategic Programmes Department (SPD)
9.	Jiya, Janet O. (Mrs.)	Deputy Director	On Secondment
10.	Amadi, Johnson Ozurumba (Mr.)	Deputy Director	Team Leader, Policy & Strategy Unit (PSRMD)
11.	Nwankwo, Maraizu (Mr.)	Deputy Director	Team Leader, Statistics, Analysis & Risk Management Unit (PSRMD)
12.	Ekpokoba, Ikem H. (Mr.)	Deputy Director	Team Leader, Task Compliance & Operational Risk Management Unit (PSRMD)
13.	Abubakar, S. Kulo (Mr.)	Deputy Director	Team Leader, Human Resources Unit (ORD)
14.	Anyanwu, Francis Ndubuisi	Deputy Director	Team Leader, Debt Management Training Unit (SPD)
15.	Eleri, Nicholas (Dr.)	Asst. Director	Team Leader, Institutions & Skills Development Unit-Northern Zone (SPD)
16.	Kwaghbulah, Elizabeth M (Mrs.)	Asst. Director	Team Leader, Loans & Other Financing Products (PMD)
17.	Aiyesimoju, Olaitan D. (Mr.)	Asst. Director	Team Leader, Internal Audit & Compliance Unit (DG's Office)
18.	Ijagbemi, Susan. Y (Mrs.)	Asst. Director	Team Leader, Admin. Unit (ORD)
19.	Oluwasile, Wuraola .E (Mrs.)	Asst. Director	Team Leader, Institutions & Skills Development Unit-Southern Zone (SPD)
20.	Masha, Naomi L. E (Mrs.)	Asst. Director	Team Leader, Sub-National Debt Unit (DRSD)
21.	Mustapha-Anas, Maryam S. (Mrs.)	Asst. Director	Team Leader, External Debt & Special Accounts Unit (DRSD)
22.	Ahmed, Fawzia I. (Mrs.)	Asst. Director	Team Leader – Operational Audit Section, Internal Audit & Compliance Unit
23.	Ekiye, Alfred (Mr.)	Asst. Director	Task Compliance & Operational Risk Management Unit (PSRMD)
24.	Said, Jummai U. (Mrs)	Asst. Director	Team Leader, Domestic Debt Unit (DRSD)
25.	Akodu, Idowu S. (Mrs.)	Asst. Director	Team Leader, Debt Service Unit (DRSD)
26.	Aja, Bartholomew O. (Mr.)	Asst. Director	Team Leader, Contingent Liability & Risk Asset Management Unit (PMD)
27.	Onukwuru, Kingsley A. (Mr.)	Asst. Director	Team Leader, Finance & Accounts Unit (ORD)
28.	Edomobi, Chima (Mr.)	Asst. Director	Institutions & Skills Development Unit- Southern Zone (SPD)
29.	Ajeh, Daniel E. (Mr.)	Asst. Director	Team Leader, Information Technology & Information Systems Unit (ORD)
30.	Shikmuut, Ruth D. (Mrs.)	Asst. Director	Institutions & Skills Development Unit- Northern Zone (SPD)

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GLOSSARY

ACOO	Assistant Chief Operations Officer
AfDB	African Development Bank
AFD	French Development Agency
AfDF	African Development Fund
AMCON	Asset Management Corporation of Nigeria
ASI	ALL-Share Index
ATM	Average Time-to-Maturity
ATR	Average Time-to-Re-fixing
BADEA	Arab Bank for Economic Development in Africa
BAS	Bond Auctioning System
BDC	Bureau De Change
BOA	Bank of Agriculture
BoE	Bank of England
BOF	Budget Office of the Federation
BOI	Bank of Industry
BPE	Bureau of Public Enterprises
BPP	Bureau of Public Procurement
CBN	Central Bank of Nigeria
CFR	Commander of the Federal Republic
CHF	Swiss Franc
CMC	Capital Market Committee
CIS	Collective Investment Scheme
CMLMP	Capital Market Literacy Master Plan
COO	Chief Operations Officer
COM-SEC	Commonwealth Secretariat
CPI	Consumer Price Index
CPIA	Country Policy and Institutional Assessment
CRR	Cash Reserve Ratio
CSCS	Central Securities Clearing System

CS-DRMS	Commonwealth Secretariat-Debt Recording & Management System
DAO	Departmental Administrative Officer
DCSS	Direct-Cash Settlement System
DDU	Domestic Debt Unit
DeMPA	Debt Management Performance Assessment
DMDs	Debt Management Departments
DMO	Debt Management Office
DRSD	Debt Recording and Settlement Department
DSA	Debt Sustainability Analysis
DSF-LICs	Debt Sustainability Framework for Low Income Countries
ECA	Excess Crude Account
ECB	European Central Bank
ECFA	External Creditors' Funding Account
EDF	European Development Fund
EM	Emerging Markets
EM-LCBI	Emerging Markets Local Currency Bond Index
ETF	Exchange Traded Funds
ES	External Support
EU	European Union
EUR	Euro
FBN	First Bank of Nigeria Limited
FCT	Federal Capital Territory
FCTA	Federal Capital Territory Administration
FDIs	Foreign Direct Investments
FGN	Federal Government of Nigeria
FICAN	Financial Correspondents Association of Nigeria
FMA	Federal Ministry of Aviation
FMBN	Federal Mortgage Bank of Nigeria
FMFBNP	Federal Ministry of Finance, Budget and National Planning
FMDA	Financial Markets Dealers Association
FMDQ	Financial Market Dealers Quotation (OTC) Securities Exchange

FMoT	Federal Ministry of Transport
FX	Forex
GBB	Galaxy Backbone
GBP	British Pound Sterling
GCFR	Grand Commander of the Federal Republic
GCON	Grand Commander of the Order of the Niger
GDP	Gross Domestic Product
GIFMIS	Government Integrated Financial Management Information System
HOD	Head of Department
IBRD	International Bank for Reconstruction and Development
ICM	International Capital Market
ICT	Information and Communication Technology
ID	Islamic Dinar
IDA	International Development Association
IDB	Islamic Development Bank
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFEM	Inter-Bank Foreign Exchange Market
IGR	Internally Generated Revenue
IMF	International Monetary Fund
IPO	Initial Public Offering
IPPIS	Integrated Personnel and Payroll Information System
ISDU	Institutions & Skill Development Unit
IT	Information Technology
JPY	Japanese Yen
M_3	Broad Money Supply
MC	Market Capitalization
MDAs	Ministries, Departments and Agencies
MDD	Market Development Department
MPC	Monetary Policy Committee
MPR	Monetary Policy Rate

MS	Microsoft
MTDS	Medium-Term Debt Management Strategy
MTEF	Medium-Term Expenditure Framework
MTN	Medium-Term Note
NBS	National Bureau of Statistics
NBET	Nigerian Bulk Electricity Trading PLC
NDIC	Nigeria Deposit Insurance Corporation
NDMF	National Debt Management Framework
NEXIM	Nigerian Export-Import Bank
NFA	Net Foreign Assets
NGN	Nigerian Naira
NIPF	National Investor Protection Fund
NSE	Nigerian Stock Exchange
NSIA	Nigeria Sovereign Investment Authority
NTBs	Nigerian Treasury Bills
OAGF	Office of the Accountant-General of the Federation
OO	Operations Officer
ORD	Organizational Resourcing Department
ORM	Operational Risk Management
OTC	Over-the-Counter
PCOA	Put-Call Option Agreement
PDMMs	Primary Dealer Market Makers
PENCOM	National Pension Commission
PMD	Portfolio Management Department
POO	Principal Operations Officer
PPA	Power Purchase Agreement
PRG	Partial Risk Guarantees
PSRMD	Policy, Strategy and Risk Management Department
PV	Present Value
rDAS	Retail Dutch Auction System
S4	Scripless Securities Settlement System

SAN	Senior Advocate of Nigeria
SDN	Sovereign Debt Note
SDR	Special Drawing Rights
SEC	Securities and Exchange Commission
SFTAS	States Fiscal Transparency, Accountability and Sustainability
SIU	Securities Issuance Unit
SMEs	Small and Medium Enterprises
SOO	Senior Operations Officer
SNDU	Sub-National Debt Unit
SPD	Strategic Programmes Department
STF	Sub-Treasury of the Federation
SRGIs	Strategic Revenue Generating Initiatives
TBs	Treasury Bonds
TDR	Trade Data Repository
TL	Team Leader
TSA	Treasury Single Account
USD	United States Dollar
USA	United States of America
UK	United Kingdom
WAIFEM	West African Institute for Financial and Economic Management
WAMZ	West African Monetary Zone
WB	World Bank
WEO	World Economic Outlook

DMO'S VISION, MISSION, BROAD OBJECTIVE, CORE VALUES AND BRAND

VISION

To be a Public Debt Management Institution of global reference.

MISSION

To meet the Government's financing needs in a prudent manner that supports economic development, while proactively managing the risks associated with the public debt.

BROAD OBJECTIVE

To use Debt and Debt-related instruments to support Nigeria's development goals, while ensuring that public debt is sustainable.

CORE VALUES

Staff performance in their respective assignments, and engagements with each other, as well as stakeholders will reflect the following core values, as captured in the acronym **R.E.C.I.T.E.**

R - **R**espect:	To hold staff and stakeholders in high esteem
E – **E**xcellence:	To be outstanding in service delivery
C – **C**ommitment:	To be totally devoted to delivering on the DMO's Mandate
I – **I**ntegrity:	To be transparent in our operations
T –**T**eamwork:	To ensure that all members of staff have collective responsibility for the DMO's mandate and work together towards its achievement.
E-**E**fficiency:	To optimize our resources in the execution of our mandate

BRAND

The key attributes of the DMO's Brand – the overarching messages to be conveyed by its name, its work and its people, among both internal and external stakeholders are reflected in the acronym **P.R.I.C.E.**

P - Professional:	Knowledge-driven and efficient service delivery.
R - Resourceful:	Skillful and prompt in dealing with emerging challenges, difficulties and situations in the workplace.
I - Innovative:	A haven for new ideas, originality and creativity
C - Congenial:	Pleasant and friendly staff, delightful work environment
E - Ethical:	Conform to accepted standards of social and professional conduct in the discharge of assigned responsibilities.

MANDATE OF THE DEBT MANAGEMENT OFFICE

The mandate of the Debt Management Office as articulated in Part III, Section 6 of the Debt Management (Establishment) Act 2003, specifies that the DMO shall:

i. Maintain a reliable database of all loans taken or guaranteed by the Federal or State Governments or any of their agencies;
ii. Prepare and submit to the Federal Government a forecast of loan service obligations for each financial year;
iii. Prepare and implement a plan for the efficient management of Nigeria's external and domestic debt obligations at sustainable levels compatible with desired economic activities for growth and development and participate in negotiations aimed at realizing these objectives;
iv. Verify and service external debts guaranteed or directly taken by the Federal Government;
v. On an agency basis, service external debts taken by State Governments and any of their agencies, where such debts are guaranteed by the Federal Government;
vi. Set guidelines for managing Federal Government financial risks and currency exposure with respect to all loans;
vii. Advise the Federal Government on the re-structuring and re-financing of all debt obligations;
viii. Advise the Minister on the terms and conditions on which monies, whether in the currency of Nigeria or in any other currency, are to be borrowed;
ix. Submit to the Federal Government for consideration in the annual budget, a forecast of borrowing capacity in local and foreign currencies;
x. Prepare a schedule of any other Federal Government obligations such as trade debts and other contingent liabilities, both explicit and implicit and provide advice on policies and procedures for their management;
xi. Establish and maintain relationships with international and local financial institutions, creditors and institutional investors in Government debts;
xii. Collect, collate and disseminate information, data and forecasts on debt management with the approval of the Board;

xiii. Carry out such other functions which may be delegated to it by the Minister or by Act of the National Assembly; and

xiv. Perform such other functions which in the opinion of the Office are required for the effective implementation of its functions under the Act.

Part III, Section 7 of the DMO (Establishment) Act, 2003 also provides that the Office shall have powers to:

i. Issue and manage Federal Government loans publicly issued in Nigeria upon such terms and conditions as may be agreed between the Federal Government and the Office; and

ii. Do such other things, which in the opinion of the Board relate to the management of the external debts of the Federal Government.

DIRECTOR-GENERAL'S STATEMENT

It is with honour and great privilege that I present to you, our esteemed stakeholders and the general public, the Annual Report and Statement of Accounts of the Debt Management Office (DMO) for the year ended December 31, 2019. Consistent with best practice and given the extensive scope of public debt management, the Report includes a review of the global and domestic macro-economic environment including policies and activities that impacted on debt and the credit markets in 2019. The Report also provides very detailed data on Nigeria's Public Debt covering the Debts of the Federal Government, the thirty-six (36) State Governments and the Federal Capital Territory.

In furtherance of the DMO's commitment to Transparency in Public Debt Management, detailed information on the Public Debt Stock such as, the breakdown between Domestic and External Debt, the sources of funds and types of debt instruments issued are provided. Given the importance of public debt sustainability in the economic health of a country, the Report includes key highlights of the Debt Sustainability Exercise that was carried out during the year. Also related, the status of the implementation of Nigeria's Medium-Term Debt Management Strategy 2016 – 2019 is presented in the Report.

The DMO's Audited Financial Statement and Accounts for the year ended December 31, 2019, which has been prepared and presented in compliance with the requirements of the International Public Sector Accounting Standards forms a part of this Report.

THE GLOBAL ECONOMY

The Global Economy in the year 2019, witnessed modest growth but remained weak and vulnerable to shocks. Expectedly, many countries retained their pro-growth fiscal and monetary policies during the period. According to the January, 2020 World Economic Outlook (WEO) Update Report of the International Monetary Fund (IMF), the World Output growth in 2019 was estimated at 2.9 percent. Major economies such as the United States of America (USA), China, Japan, Germany and the United Kingdom recorded growth rates of about 2.3 percent, 6.1 percent, 1.0 percent, 0.5 percent and 1.3 percent respectively. Some of the major factors that impacted adversely on the global economy in 2019, were the trade tensions between the USA and China and the prolonged delay in the Brexit Negotiations.

Prospects for a stronger world output growth were positive at the beginning of 2020 which informed the IMF's projection of a Global growth rate of 3.3 percent in 2020. This expectation is based on the retention of expansionary policies across advanced and emerging market economies, improved US-China trade relations and the progress made in Brexit negotiations in December 2019. However, the emergence of the Coronavirus (COVID-19) Pandemic within the first quarter of 2020 changed the growth expectations dramatically. COVID-19 resulted in much higher expenditure by most countries on Health and Welfare issues. The fiscal pressures created by the need for Governments to spend, was compounded by lower revenues triggered by lockdown measures introduced to restrict movements in order to curtail the spread of COVID-19. Thus, the IMF in its April, 2020 WEO Report, lowered its 2020 global growth projection from its January 2020 projection of 3.3 percent to negative 3.0 percent. Notwithstanding, the IMF expects the global economy to rebound by 5.8 percent in 2021 as countries implement measures to manage COVID-19 and stimulate economic growth.

THE DOMESTIC ECONOMY

Gross Domestic Product

Nigeria's economy recorded significant improvement in the review period relative to the preceding year, as the real GDP grew by 2.27 percent in 2019 compared to 1.91 percent in 2018. The National Bureau of Statistics (NBS) reported that the GDP growth was enabled by both the Oil and Non-oil sectors, which grew by 4.59 and 2.06 percent in 2019 compared to 1.14 and 2.00 percent in 2018. The factors that contributed to the higher economic growth include, stability in the foreign exchange market, increased flows of financial resources to the real sector of the economy, as well as, prioritisation of capital spending which sustained the financing of key infrastructure projects such as power, road and rail transport.

The Nigerian economy remained diversified as the Non-oil sector contributed 91.22 percent to the GDP, while the Oil sector contributed 8.78 percent in 2019. The Service Sector (Telecommunications and Financial Services) and Agriculture which accounted for 52.60 percent and 25.16 percent of GDP respectively, were the major drivers of growth in the Non-oil sector during the period.

Inflation

Inflation rose moderately during the year, as the year-on-year headline inflation inched to 11.98 percent in December 2019, from 11.44 percent in the corresponding period of 2018. The increase in inflation was attributed largely to the food component, which rose by 14.67 percent at the end of December 2019, relative to 13.56 percent in December 2018.

External Reserves and Exchange Rate

Nigeria's External Reserves at US$38.07 billion as at December 31, 2019 was lower than the US$42.54 billion recorded as at December 31, 2018. The decline was largely due to capital outflows as foreign investors generally moved their investments to U.S. Securities and other safer haven in a flight to safety. The lower Interest Rates on Government securities and Open Market Operations (OMO) Bills in 2019 when compared to prior years also contributed to the capital outflows. Notwithstanding, the Reserve level of US$38.07 billion was still buoyant as it could finance 5.2 months of imports of goods and services and 9.1 months of import of goods only, higher than the 3 months benchmark recommended by the IMF.

The Naira Exchange Rate closed at US$1/N326 as at December 31, 2019, implying a depreciation of 6.19% when compared to US$1/N307 in the corresponding period of 2018.

FUNDING THE DEFICIT IN THE 2019 APPROPRIATION ACT

The 2019 Appropriation Act had an aggregate Expenditure of N8.92 trillion, Revenue of N6.998 trillion and a Fiscal Deficit of N1.92 trillion. 84 percent of the Fiscal Deficit or the sum of N1,605.64 billion was to be financed through New Borrowing. The New Borrowing was to be raised in equal amounts of N802.82 billion from the Domestic Market and External sources. The New Domestic Borrowing of N802.82 billion was raised during the year in full through the issuance of Federal Government of Nigeria Bonds (FGN Bonds) and to a small extent Federal Government of Nigeria Savings Bond (FGNSB).

The New External Borrowing of N802.82 billion in 2019 Appropriation Act was stepped down due to the very limited time available to raise the funds and use the proceeds before the commencement of the implementation of the 2020 Appropriation Act from January 1, 2020.

Indeed, one of the major fiscal achievements in 2019, was the passage of the 2020 Appropriation Act in December 2019, which will enable Nigeria to implement the Budget in twelve (12) calendar months from January to December. This development aligns with the provision of Nigeria's Constitution whilst also ensuring a more effective implementation of the Budget including New Borrowing, as well as, more comparable fiscal data.

TOTAL PUBLIC DEBT

Nigeria's Total Public Debt comprising the External and Domestic Debts of the Federal and State Governments, as well as, the Federal Capital Territory, was N27,401,381.29 million (US$84,053.32 million) at December 31, 2019, when compared to N24,387,071.74 million (US$79,436.72 million) as at December 31, 2018. In Naira and US Dollar terms, the Public Debt grew by 12.36 percent and 5.8% percent respectively. The increase in the Debt Stock of 12.36 percent is considered modest when viewed against the funding need required for infrastructural development.

The Total External Debt stock as at December 31, 2019 was N9,022,421.64 million (US$27,676.14 million), an increase of 16.28 percent over the N7,759,229.99 million (US$25,274.36 million) as at December 2018. Similarly, Total Domestic Debt stock grew by 10.53 percent to N18,378,959.65 million (US$56,377.18 million) as at December 31, 2019 from N16,627,841.75 (US$54,162.35 million) in December 2018.

The increase in the Total Public Debt in 2019 was from the Federal and State Governments, as well as, the Federal Capital Territory. For the Federal Government's Domestic Debt, the increase was from the New Borrowing of N802.82 billion in the 2019 Appropriation Act and the issuance of N578.80 billion of Promissory Notes in the course of 2019 to settle the Government's Arrears to State Governments, Oil Marketing Companies and Exporters. The sub-nationals also raised funds through the Issuance of Bonds, borrowing from commercial banks and accessing Intervention Funds provided by the Central Bank of Nigeria.

The Total Public Debt as a percentage of GDP was 19.00 percent as at December 31, 2019, which is still within Nigeria's self-imposed Debt Limit of 25 percent and below the international threshold of 55 percent recommended by the IMF and the World Bank for countries in Nigeria's peer-group, as well as the West African Monetary Zone (WAMZ) convergence threshold of 70 percent. The Debt to GDP Ratio of 19% shows that Nigeria's Debt Stock is relatively low and that there is room to accommodate more loans to finance critical infrastructure. However, due to Nigeria's low Revenue generation capacity, Debt Service to Revenue Ratio has been relatively high at over 50% in recent years. A comparison with South Africa and Kenya which have higher Debt to GDP Ratios of 53% and 57% respectively, but with much lower Debt Service to Revenue Ratios of 11.4% and 13.2% (both for the year 2017) underscores the fact that Nigeria's Revenues are low.

OUTCOME OF THE DEBT MANAGEMENT STRATEGY (2016 - 2019)

The year 2019 marked the end of the Medium-Term Debt Management Strategy 2016 – 2019. The main objectives of the Strategy were to ensure that the public debt including New Borrowings, are carried out in a manner that promotes debt sustainability with clear Targets that can be measured and monitored.

Significant gains were recorded by the DMO in its effort to rebalance the composition of the Total Public Debt portfolio in terms of the Domestic versus External Debt and lengthening the maturity profile of the Debt Stock; as most of the Targets in the Strategy were surpassed by the end of 2019 while significant progress was made on others. The outcomes achieved as at December 31, 2019 are presented below:

- The Ratio of Long-Term Domestic Debt to Short-Term Domestic Debt was 81:19 compared to the Target of 75:25;
- The proportion of debts maturing within one year was 15.81 percent of the Total Public Debt as at December 31, 2019, also surpassing the target of not more than 20 percent of the Total Public Debt;

- The Average Time-to-Maturity (ATM) for the Total Public Debt Portfolio was 10.50 years as at December 31, 2019, exceeding the minimum target of 10 years by end of 2019; and,
- The ratio of Domestic to External Debt in the Total Public Debt was 67:33 as at December 31, 2019 compared to the target of 60:40 set for the same period. Although the target is yet to be achieved, the Ratio of 67:33 is a major improvement from the Ratio of 84:16 at the end of 2015.

The factors that contributed to these strong positive outcomes were the increased External Borrowing in the International Capital Market (ICM) through Eurobonds and a Diaspora Bond in 2017 and 2018, New Domestic Borrowing through medium to long dated Federal Government of Nigeria (FGN) Bonds and the redemption of short-dated Nigerian Treasury Bills.

ACTIVITIES IN THE DOMESTIC MARKET

The N802.82 billion provided as New Domestic Borrowing in the 2019 Appropriation Act was raised from the domestic market primarily through the issuance of FGN Bonds in various tenors and to a lesser extent FGN Savings Bond. The diversity in the investor base and liquidity in the market ensured strong demand for FGN Bonds. These are reflected in the high level of Subscription for FGN Bonds; the average Subscription in 2019 was 160.93 percent.

New Product: 30 - Year Tenor FGN Bond

In continuation of the strategy of lengthening the Average Time to Maturity of the Public Debt Stock and developing the domestic debt market, the DMO issued a 30-year Bond for the first time in April 2019. Initially, targeted at long term investors such as insurance companies, in particular, annuity funds, the 30-year Bond was well received by a wide range of investors. In 2019, N395.00 billion of the Bonds were offered to the public and received subscriptions of N807.99 billion.

Apart from providing much needed long-term funds to the Government for the financing of capital projects, the issuance of the 30-year FGN Bond and subsequent trading, has extended the domestic Sovereign Yield Curve from 20 years to 30 years and provided a basis for pricing long term debt such as Mortgages and Corporate Bonds.

Green Bonds

The DMO issued Nigeria's Second Sovereign Green Bond in May 2019. The Green Bond was for N15 billion for a Tenor of seven (7) years at a coupon of 14.50 percent. The Total Subscription was N32.9 billion which demonstrates increasing investor awareness of Green Bonds. The proceeds are being used to finance eligible green projects in the 2018 Appropriation Act. The First Sovereign Green Bond was issued in December 2017 for N10 billion and a Tenor of 7 years.

Promissory Notes

In the year 2019, Promissory Notes in the sum of N578.80 billion were issued to Oil Marketing Companies, Exporters and State Governments bringing the total Promissory Notes issued as at December 2019 to N914.21 billion. Out of this amount, N181.59 billion matured in December 2019, thus bringing the Promissory Notes outstanding as at December 31, 2019 to N732.62 billion.

The issuance of Promissory Notes which are non-interest bearing, have enabled beneficiaries to receive payment for debt owed to them by previous administrations. The Notes have been readily accepted by banks and institutional investors thereby providing funds to the beneficiaries.

OTHER ACTIVITIES OF THE DMO IN 2019

Staff Matters - 2019 Promotion and Training

Pursuant to the need to motivate and equip staff with skills required, the 2019 Promotion Exercise of the DMO was conducted for all eligible members of Staff and successful officers were duly promoted to their new levels. Also, all members of Staff benefited from Training Programmes organised by top grade institutions. In addition, members of staff, participated in Workshops and Training Programmes within and outside Nigeria, organized by international development partners and other stakeholders such as, The International Monetary Fund, The West African Institute for Financial and Economic Management, The Nigerian Stock Exchange and FMDQ OTC Securities Exchange, amongst others.

Upgrade of the Debt Management Software

In the course of the year 2019, the DMO upgraded its debt management software – Commonwealth Secretariat Debt Recording and Management System (CSDRMS) from version 1.3 to version 2.3. The upgraded version includes features for improved debt management. In addition, the upgrade positions the DMO to migrate to the new debt data management software developed by the Commonwealth Secretariat known as the Meridian.

Sub-National Governments

As part of efforts at strengthening capacity for public debt management at the State level, the DMO conducted a special Capacity Building Programme on "Public Debt Creation and Sub-National Debt Management" for officials of the Delta State Government.

The DMO as an implementing agency for debt-related issues under the World Bank's States Fiscal Transparency, Accountability and Sustainable Program for Results (SFTAS), collaborated with the World Bank in various Workshops organized under the Programme for the 36 State Governments, while also commencing the implementation of activities under its purview. Similarly, preliminary work towards the implementation of activities under the MIC-TAF Grant for Sub-National Debt Management Capacity Building Projects sponsored by the African Development Bank also progressed in the course of 2019. Both programmes are geared towards improving various aspects of debt management at the sub-national level.

FMDQ GOLD AWARD

On November 8, 2019, the FMDQ OTC Securities Exchange, which is Nigeria's foremost Exchange for Fixed Income securities, presented the DMO with the FMDQ Gold Award as the Issuer with the "highest number of pace-setting (inaugural) market impacting debt securities". The Award was in recognition of the DMO's pioneering role in the debt capital market, in particular, with the inaugural issuance of Sovereign Sukuk, Green Bonds and a 30-year FGN Bond, all between September 2017 and April 2019.

OUTLOOK

The expectation for the global and Nigerian economy for the year 2020 is one of negative growth at least in the first half of the year 2020 due to the health and economic impact of the COVID-19 Pandemic. In the case of Nigeria, the Nigerian Government has revised the 2020 Appropriation Act and the Medium-Term Expenditure Framework 2020 -2022 to recognise much lower Revenues than initially expected and to re-allocate expenditure to meet the health and social needs occasioned by COVID-19. Consequently, the revised 2020 Budget includes a provision for New Borrowing of N4,198.573 billion which is higher than the N1,595.986 billion in the 2020 Appropriation Act. The DMO will on its part, support the Government on all issues related to Public Debt Management including New Borrowing.

The DMO plans to remain a key player in the financial markets in terms of improving the depth of the market to upscale activities and attract new players, particularly new investors into the market. For this purpose, the DMO will work closely with stakeholders and continue with its sensitisation programmes on Public Debt and financial products.

CONCLUSION

I am grateful to the Chairman of the Supervisory Board of the DMO, and Vice President of the Federal Republic of Nigeria, His Excellency, Professor Yemi Osinbajo, SAN, GCON; the Vice-Chairman of the Board and Honourable Minister of Finance, Budget and National Planning, Mrs. (Dr.) Zainab Shamsuna Ahmed; and the other members of the Supervisory Board for their continued guidance. The close collaboration and partnership that existed between the DMO and the National Assembly, Development Partners and other stakeholders during the year was most useful for the DMO.

Finally, I appreciate the Management and Staff of the DMO whose support ensured that the DMO successfully discharged its mandate in the course of the year.

Patience Oniha
Director-General
June 30, 2020

CHAPTER ONE

THE OPERATING ECONOMIC ENVIRONMENT

The global economy experienced a slowdown in growth in 2019 with global growth rate declining to 2.9 percent in 2019 from 3.7 percent in 2018. This decline in growth rate was largely due to geopolitical tensions, policy uncertainties and weakened demand. In 2019, growth in the advanced economies were subdued, while some key emerging economies witnessed sharper than expected decline in economic growth. The US economic growth recorded a slight moderation in its economic growth declining to 2.3 percent in 2019 from 2.9 percent in 2018. This decrease was primarily driven by rising trade and geopolitical tensions with China and Iran respectively. Japan's economy experienced a decline in output growth due to the fall in demand especially exports to China. Output growth in the Euro-Area weakened in the year under review, attributable mainly to factors that include slower domestic demand and negative impact from net exports, while Emerging Markets and Developing economies witnessed decline in growth due to the ripple effect of dampened demand from the advanced economies further exacerbated by fall in commodity prices. Most Sub-Saharan African economies also witnessed a slowdown in economic growth in the year, reflecting the ripple effects of weakened demand of major trading partners and domestic fragilities. However, Nigeria's economy recorded marginal improvement in economic growth in 2019 rising to 2.2 percent from 1.9 percent in 2018, this was due to economic reforms in the oil and service sectors, as well as other initiatives by the Government and the continued stability in the foreign exchange market.

1.1 The Global Economy

1.1.1 Output Growth

The global economic growth in 2019 witnessed modest growth, but remained weak and vulnerable to shocks. The growth rate declined to 2.9 percent in 2019, compared to 3.7 percent in 2018. This decline was widespread as a result of a number of factors affecting major advanced economies, the resultant ripple effects on emerging markets and developing economies (EMDEs) as well as some countries in Sub-Saharan Africa. According to data from the International Monetary Fund (IMF) World Economic Outlook (October 2019) rising trade and geopolitical tensions between the United States of America (US) and China, the US and Iran, respectively. Further exacerbated the uncertainty about the future of global trading systems and cooperation, amidst weakened demand and financial sentiments in the euro zone area, increased social unrest and weather-related disasters in some countries in Latin America and Sub-Saharan Africa, all contributed to the decline in global economic activities.

The data from the IMF, World Economic Outlook January 2020, indicated that global growth was forecasted to be 3.3 percent in 2020, a marginal increase from the 2.9 percent recorded in 2019 due to improved market sentiments such as diminished fears of a no-deal Brexit, global trade bottoming out and improved sentiments as a result of ongoing trade conflict resolution between the United States and China as well as continued accommodative monetary policies by several governments.

However, the improved prospects for global economic recovery earlier predicted for 2020 by the IMF in January 2020 was disrupted and reversed by the health and economic crisis caused by the Coronavirus pandemic with severe impact on global economy. Accordingly, in the IMF world economic outlook report for April 2020 the global economy growth forecast was revised downwards with global growth now forecasted to contract by 3 percent in 2020. The new forecast is based on the assumptions that the pandemic would ease off by the second half of 2020, with most governments taking policy actions that are geared towards preventing widespread bankruptcies of firms and country-wide financial crises.

For the advanced economies, the economic growth in 2019, slowed down mostly reflecting the global repercussions of the trade tensions between the US and China, escalating threats with the US and Iran resulting in decreased industrial output, weakened global demand and increased uncertainty on business confidence and investment. The US economic growth declined to 2.3 percent in 2019 as against 2.9 percent in 2018 and was forecasted to moderate at 2 percent in 2020. In Japan economic activities decelerated due to weakened exports and manufacturing particularly those to China, which was worsened by the impact of Typhoon Hagibis and the increase in value-added tax (VAT) in October 2019. Japan growth rate is slightly increased from 0.3 percent in 2018 to 0.7 percent in 2019.

Economic growth in the Euro-zone area declined to 1.2 percent in 2019 from 1.9 percent in 2018. The low rate of growth in the euro zone area reflected the weakened demand experienced by many countries in the region. In Germany the introduction of revised auto emission standards was met with soft private consumption, weak industrial production and subdued foreign demand. Whilst the Italian economy continued to experience weak domestic demand exacerbated by higher borrowing costs as sovereign yields remain elevated stifling its economic growth. The economic growth of France was adversely affected by the negative impact of prolonged street protests and industrial action. The United Kingdom fared slightly better than some of its European counterparts as it recorded an economic growth of 1.5 percent in 2019, slightly above the growth rate of the region. This was due to improved sentiments as diminished fears of a hard Brexit supported investors' risk appetite and the positive impact of the fiscal stimulus announced in the UK 2019 budget.

The Emerging Market and Developing Economies (EMDEs) growth rate fell to 3.7 percent in 2019 from a 4.5 percent rate in 2018. This decline was partly due to the spillover effects of weakened demand in the advanced economies adversely affecting commodity prices, especially oil and a higher than expected fall in demand in some countries. The sharp decline in the economic growth of India from an is estimated 7.3 percent in 2018 to 4.8 percent in 2019 largely contributed to the fall in the growth rate of the EMDEs, although it is projected to improve to 5.8 percent in 2020. Its domestic demand slowed more sharply than expected amidst stress in the nonbank financial sector, decline in credit further exacerbated by corporate and environmental regulatory uncertainty. The economies of the Middle East and North Africa decelerated to an estimated 0.1 percent in 2019. Geopolitical and policy constraint on oil sector production slowed growth in oil-exporting economies despite support from public spending reflecting the continued escalation of armed conflicts and slower than-expected pace of reforms. Growth in China inched down from an estimated 6.6 percent in 2018 to 6.1percent in 2019 and is expected to be moderated at 6.0 percent in 2020. The decline in China is mainly attributed to trade tensions with the US and ongoing domestic financial regulatory strengthening.

The Latin America economies growth remained depressed due to a slow post-recession recovery of some of the countries. The region is still characterised by weak investment and social unrest especially in Brazil and Chile respectively and as a region it experienced an estimated 0.1 percent economic growth in 2019. However, it is forecasted to recover to 1.6 percent in 2020 and 2.3 percent in 2021 owing to improved sentiment in the Brazilian economy following the passage of pension reform and the fading of supply disruptions in the mining sector.

The economic recovery in Sub-Saharan Africa showed signs of losing momentum as growth in 2019 is estimated to have declined to 2.4 percent from 3.0 percent in 2018. The decline was primarily triggered by weakened demand and slowdown in the economic activities of its major trading partners countries, fall in commodity prices, further compounded by domestic fragilities in some countries in the region. Growth in the region is forecasted to improve to 2.9% in 2020, assuming investor confidence improves in some large economies which are crucial trading partners, energy bottlenecks ease, oil prices maintain an upward trajectory, stable oil production and robust growth continues among agricultural commodity exporters. Angola, Nigeria, and South Africa account for the three largest economies in the region, all three economies experienced growths that were subdued in 2019, remaining well below historical averages. Growth in the South Africa and Angola economies were anticipated to inch up to 0.9 percent and 1.5 percent respectively in 2020 assuming that ongoing reforms by their various governments provide greater macroeconomic stability and improve the business environment.

The Nigerian economic recovery from the 2016-2017 recession remained fragile requiring interventions from the government to sustain and support it. Economic growth marginally increased to 2.1 Percent in 2019 compared to 1.9 Percent of 2018 and is predicted to be moderated at 2 percent in 2020. Its growth was driven by both its Oil and Non-Oil sectors. Although Oil prices were dampened due to a glut in the sector triggered by oil production dispute between Russia and Saudi Arabia. Towards the end of the year stability in the global oil sector, owing to a resolution of oil dispute between Russia and Saudi Arabia reflected increased oil prices and stable oil production improved Nigeria's economic growth prospect in conjunction with the government's continuous effort at ensuring the implementation of the Economic Recovery and Growth Plan (ERGP).

Growth in the South Africa and Angola economies were anticipated to inch up to 0.9 percent and 1.5 percent respectively in 2020 assuming that ongoing reforms by their various governments provide greater macroeconomic stability and improve the business environment

1.1.2 Inflation

As global economic growth declined, inflation also slid below targets across advanced economies and below historical averages in EMDEs. The IMF reported that average global inflation rate declined to 3.41 percent in 2019 from 3.8 percent in 2018, due to weak demand and moderating energy prices. The average inflation rate in Advanced Economies declined to 1.7 percent at the end of 2019 compared to 2.0 percent in the corresponding period of 2018. While in the Eurozone it moderated to 1.2 percent at the end of 2019, from 1.5 percent in the corresponding period of 2018. The inflation rates in the USA and the United Kingdom both declined from 2.4 and 2.5 percent respectively in December 2018 to 1.8 percent as at December 2019 for both countries. Whilst Japan's core inflation (Inflation which excludes fresh food and energy) slightly rose to 1 percent as at December 2019 from 0.3 percent in December 2018, this was primarily due the increase in consumption rate tax in October 2019.The average inflation rate in the EMDEs moderated to 4.74 percent in December 2019 from 4.9 percent in the corresponding period of 2018.

In Nigeria there was a slight rise in inflation rising to 11.98 percent at the end of December 2019 compared to 11.44 percent in the corresponding period of 2018.

1.2 The Nigerian Economy and Policy Environment in 2019

1.2.1 Developments in Output

According to the National Bureau of Statistics (NBS), Nigeria's economy maintained its steady growth as the real GDP grew by 2.27 percent in 2019 from 1.91 percent in 2018. This growth in GDP was facilitated by stability in the foreign exchange market; increased flows of financial resources to the real sector of the economy; and effective implementation of the Economic Recovery and Growth Plan (ERGP).

The NBS also reported that growth was recorded both the Oil and Non-oil sectors. The real growth rate of the Oil sector was 4.59 percent in 2019 from 1.14 percent in 2018. The Non-oil sector, also grew by 2.06 percent in 2019 compared to 2.00 percent in 2018. On a quarterly basis GDP grew by 2.10, 2.12, 2.28 and 2.55 percent in the first, second, third and fourth quarters, respectively, in the year under review. Table 1.1 shows the trend of selected economic indicators between 2015 and 2019.

Table 1.1: Selected Macroeconomic Indicators, 2015 - 2019

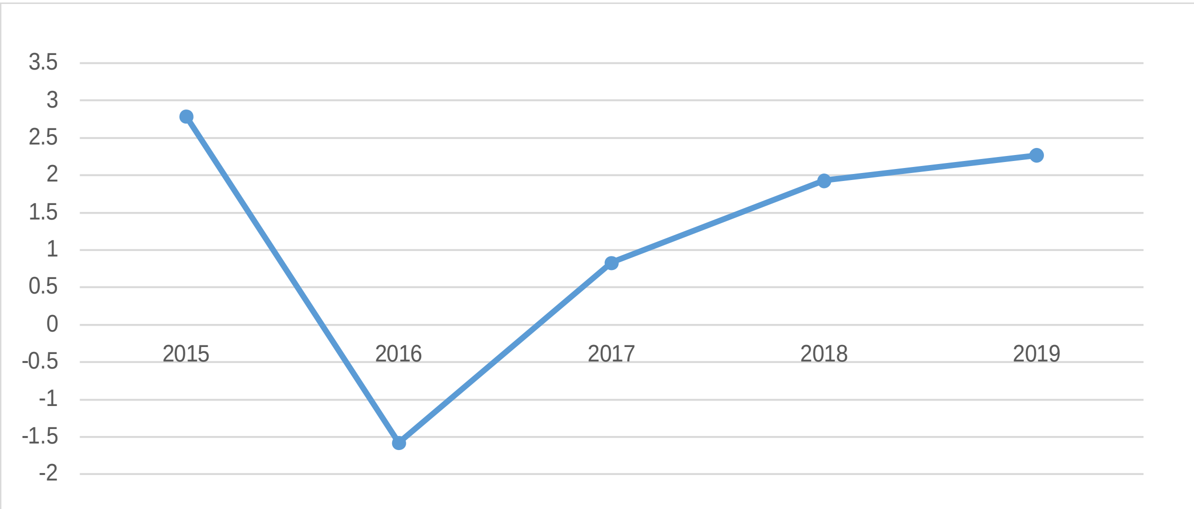
Description	2015	2016	2017	2018	2019
Real GDP Growth Rate (%)	2.79	-1.58	0.83	1.93	2.27
CPI Inflation (end-period) (%)	9.60	18.55	15.37	11.44	11.98
Budget Deficit (% of GDP)	1.09	2.14	2.18	1.73	1.37
External Reserves (US$' billion)	28.29	26.99	39.35	42.54	38.07
End-Period Exchange Rate (₦)	197.00	305.00	306.00	307.00	326.00
Total Public Debt-to-GDP Ratio (%)	13.02	16.27	18.20	19.09	19.00
Benchmark Crude oil price (US$)	53.00	38.00	44.50	51.00	60
Equities Market Capitalization (₦' trillion)	9.65	9.11	13.62	11.72	12.97
Bond Market Capitalization (₦' trillion)	7.14	6.25	9.29	10.17	12.92

Sources: MBNP, NBS, CBN, DMO

Note: Total Public Debt-to-GDP ratio includes FGN, States & FCT's Debt Stock

In real terms, the Non-oil sector contributed 91.22 percent to the GDP on an annual basis, while the Oil sector contributed 8.78 percent in 2019. The Services sector played key role in driving performance of the Non-oil Sector with a contribution of 52.60 percent in 2019, a slight moderation from 52.62 percent in 2018. while Agriculture and Industrial sectors were almost unchanged contributing 5.16 and 22.25 percent in 2019, relative to 25.13 and 22.24 percent in 2018. Overall, the policies and initiatives of Government ensured that the economy remained on the path of sustainable growth as shown in Figure 1.1.

Figure 1.1: Annual Real GDP Growth Rate (%), 2015 -2019



Source: National Bureau of Statistics (NBS)

1.2.2 Fiscal Developments

In the 2019 Budget of Continuity, the major thrust of the FGN was to further reposition the economy on the path of higher, inclusive, diversified and sustainable growth, hence it continued with reflationary & consolidation policies of the 2017 and 2018 Budgets respectively, which helped put the economy back on the path of growth.

The Total Expenditure in the 2019 Appropriation Act was ₦8.92 trillion, with a deficit of ₦1.918 trillion.

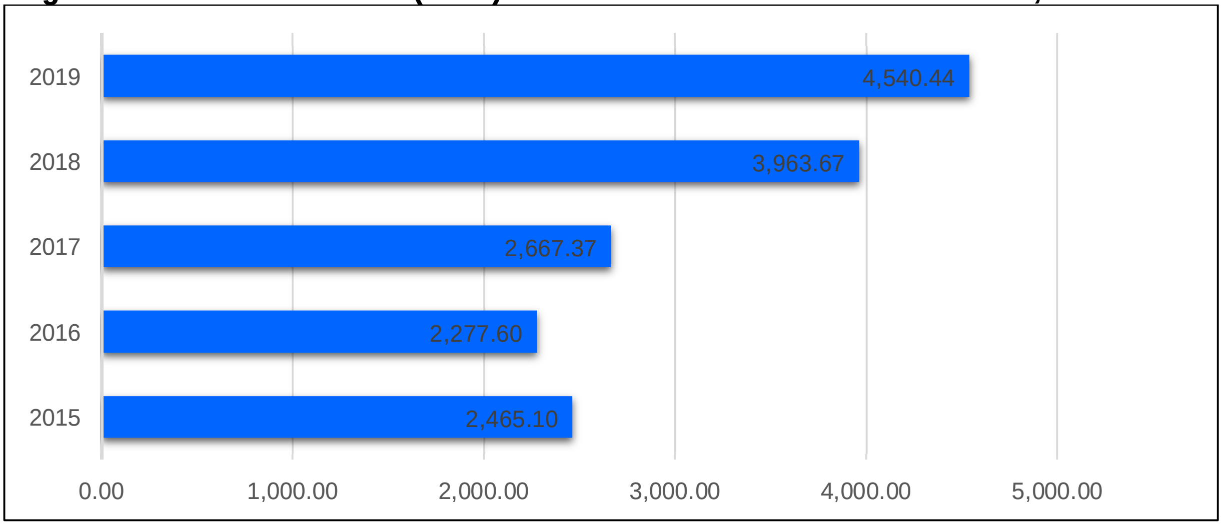
The projected Capital Expenditure of ₦2.93 trillion in the 2019 Appropriation Act was earmarked for funding key sectors of the economy, particularly critical infrastructure projects in power, roads, rail and agriculture, while the Revenue Estimate of ₦6.998 trillion was based on a crude oil price benchmark of US$60 per barrel per day and Exchange Rate of ₦305 to the US Dollar.

The New Borrowing in the 2019 Appropriation Act was ₦1,605.64 billion, allocated equally to Domestic Borrowing (₦802.82 billion) and External Borrowing (₦802.82 billion). The New Domestic Borrowing of ₦802.82 billion was fully raised during the year, while the New External Borrowing was stepped down due to the late passage of the 2019 Appropriation Act and the normalization of the Fiscal Year from January 2020.

The Government is cognizant of the significant challenge it faces with regards to revenue generation and continues to drive initiatives geared at tackling it. During the period under review key reforms were implemented aimed at improving revenue generation, collection and expenditure management.

These efforts are already yielding positive results as there was with significant growth in the non-oil sector, contributing 91.22 percent to the GDP in 2019; decrease in budget deficit, the 2019 budget deficit was N1.92 trillion or 1.37 percent of the GDP, compared to the fiscal deficit of N1.95 trillion or 1.73 percent of GDP in 2018 and also enhanced Revenue generation as shown in Figure 1.2. The actual Revenue of ₦4.54 trillion in 2019 was 14.67 percent higher than the ₦3.96 trillion generated in 2018. However, the performance represented 56.59 percent of the Revenue target of ₦6.998 trillion in the 2019 Appropriation Act.

Figure 1.2: Actual Revenue (₦'bn) Performance of Federal Government, 2015-2019



Source: National Bureau of Statistics (NBS)

Some key reforms and strategic initiatives launched in 2019 are listed below:

A. Strategic Revenue Growth Initiative (SRGI): This was launched in January 2019 with a focus on driving sustainable revenue generation in various sectors of the economy by uncovering new revenue streams and improving the enforcement of Revenue collection on existing sources.

B. The passage of the 2019 Finance Act: This significant milestone marked a return to an era of active fiscal supervision geared at stimulating the economy and creating an enabling environment for sustainable development. The 2019 finance act made a variety of changes to taxation, customs and excise tariffs, stamp duty etc. These changes were aimed at raising the necessary revenue required to defray public expenditure, support sustainable increase in public expenditure whilst ensuring that tax law provisions are consistent with the national policy objectives of the Federal Government of Nigeria

1.2.3 Developments in Money Supply and Prices

The Central Bank of Nigeria (CBN) reported that Broad Money Supply (M3) grew by 6.22 percent (year-to-date) in December, 2019. The growth in (M3) reflecting the impact of the

Bank’s recent policy on loan-to-deposit ratio which was targeted at employment-stimulating sectors such as agriculture, manufacturing, retail and small-to-medium enterprises, to boost domestic output in the short to medium term.

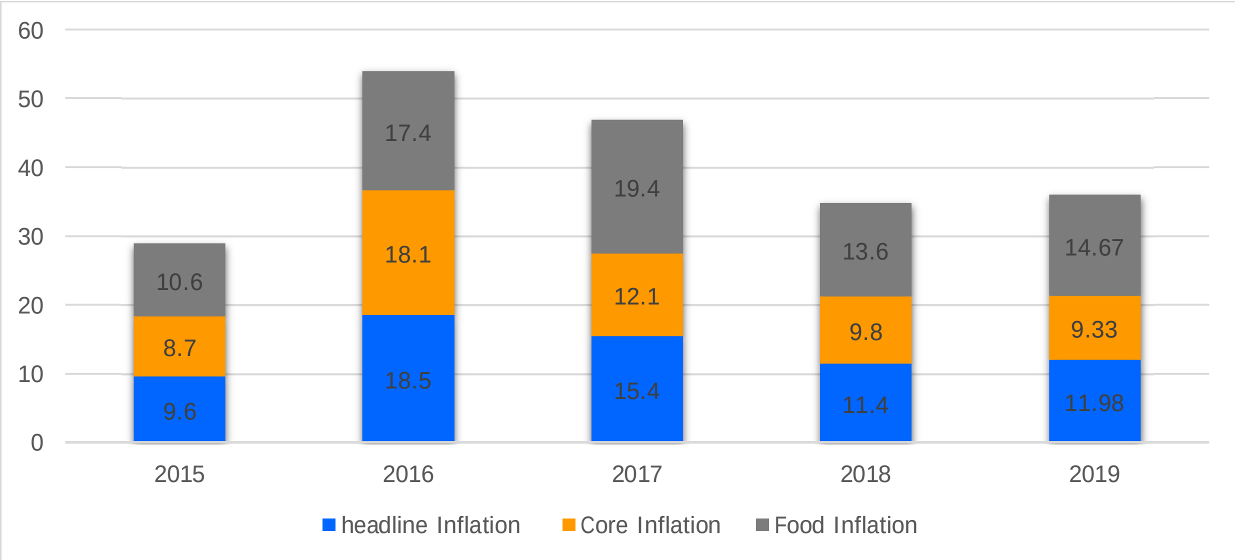
The improved flow of credit to the economy resulted in increase in credit to Government and the Private Sector, which grew to 92.95 percent and 13.61 percent in December 2019 respectively.

The Central Bank of Nigeria (CBN) maintained its tight Monetary Policy stance in order to sustain exchange rate stability and curtail inflationary pressure. The Cash Reserve Ratio (CRR) on both public and private sector deposits were at 22.5 percent, Liquidity ratio at 30.0 percent, the asymmetric corridor of +200 basis points and -500 basis points around the MPR were retained. However, the Monetary Policy Rate (MPR) was reduced slightly by 50 basis point to 13.5 percent in the first quarter of 2019, due to the relative stability of key macroeconomic variables.

Interest rates in 2019 were relatively lower due to increased level of liquidity in the banking system. The Average Prime Lending and Inter-bank Rates fell by 1.61 and 6.53 percentage points to 14.99 and 3.40 per cent at the end of December 2019, from 16.60 and 9.93 percent in the corresponding period of 2018.The CBN attributed the higher level of liquidity in the system and consequent lower Interest Rates to surplus funds in the hands of investors who were disqualified from participating in the Open Market Operations (OMO) Bill Auctions.

The headline inflation (year-on-year) rose moderately to 11.98 percent in December 2019, from 11.44 percent in December 2018. The increase in inflation was largely attributed to food and core components, which rose by 14.67 and 9.33 percent at the end of December 2019. The ''All items less farm produce'' or Core inflation, which excludes the prices of volatile agricultural produce however, declined marginally from 9.87 percent as at December 2018 to 9.33 percent at the end of December 2019. The decline observed in core inflation was attributed to the relative stability in the foreign exchange market whilst the rise in food inflation reflects largely seasonality effect and the impact of the continued insurgency in some food producing areas of the country. At 11.44 percent and 11.98 percent in 2018 and 2019 respectively, Headline inflation has reduced significantly from 18.5 percent and 15.4 percent recorded in 2016 and 2017 respectively.

Figure 1.3: End-Period Inflation Rates (%) 2015 - 2019

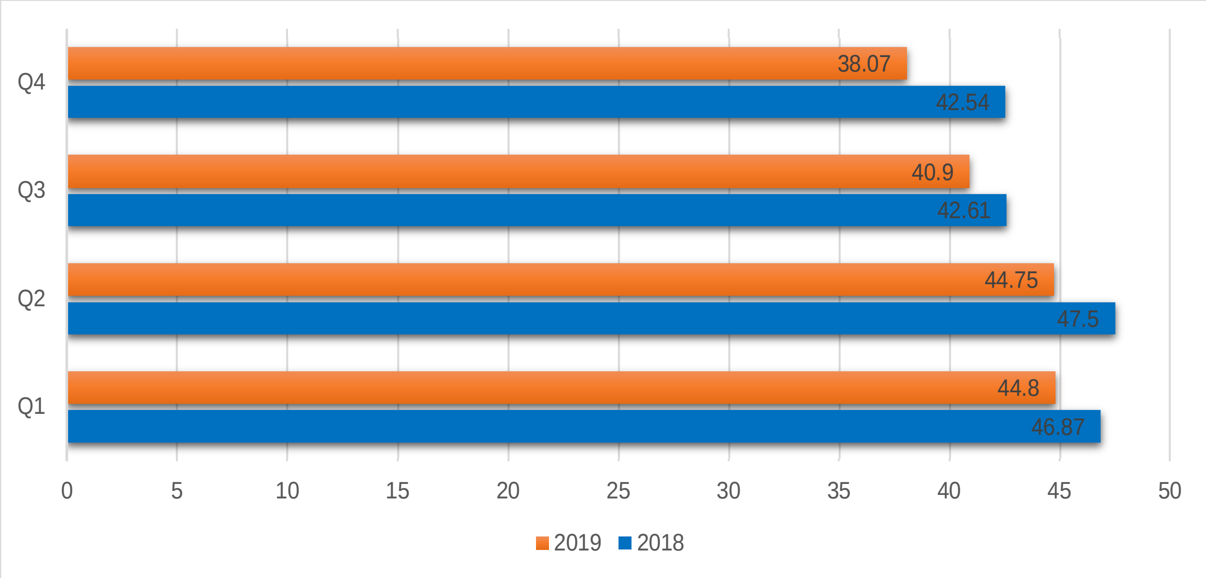


Source: National Bureau of Statistics (NBS)

1.2.4 External Sector Developments

Gross External Reserves as at December 31, 2019 stood at US$38.07 billion compared to US$ 42.54 billion in the corresponding period of 2018. The decline was largely due to increased intervention by the CBN in the foreign exchange market. However, the Reserve level could finance 5.2 months of imports of goods and services and 9.1 months of import of goods only, higher than the IMF benchmark of 3 months.

Figure 1.4: Quarterly External Reserves (US$' billion) 2018 and 2019



Source: Central Bank of Nigeria (CBN)

The CBN continued the flexible exchange rate policy in the year with official window retained at ₦305/US$ and sustained its intervention at both the inter-bank and the Bureau De Change (BDC) segments, thereby maintaining relative stability to the market. The average exchange rate of the Naira to the US dollar at the inter-bank market was ₦306.95/US$ in the fourth quarter of 2019 compared to ₦306.70/US$ in the corresponding period of 2018, representing a depreciation of 0.08 percent. However, the average exchange rate at the BDC segment appreciated by 0.8 percent to ₦359.42/US$ in the fourth quarter of 2019, relative to N362.34/US$ in the corresponding period of 2018. Similarly, the average exchange rate at the Investors and Exporters (I & E) window appreciated by 0.4 percent to ₦362.83/US$ in the fourth quarter of 2019, relative to ₦364.21/US$ in the corresponding period of 2018.

1.2.5 Domestic Capital Market

1.2.5.1 Developments in the Domestic Equities Market

Data from The Nigerian Stock Exchange (The NSE) indicated that the performance of the Equities Market in 2019 was bearish as the All-Share Index (ASI) fell by -14.60% to close the year at 26,842.07 compared to 31,430.50 in the corresponding period of 2018. Market Capitalization improved by 10.57% to ₦12.97 trillion at the end of December 2019 from

₦11.73 trillion recorded at the end of December 2018, mainly due to the listings of highly capitalized shares of MTN Nigeria Communications Plc and Airtel Africa with market capitalizations of ₦2,401 Trillion and ₦1,307 Trillion respectively.

1.2.5.2 Developments in the Domestic Bond Market

In April 2019, the DMO issued a debut 30-year FGN Bond for ₦30 Billion thereby lengthening the FGN Bond Yield Curve from 20 to 30 years. The issue also provided the long-term funds needed for infrastructure development and additional investment outlets for the growing annuity assets in the pension and insurance sub-sectors of the financial system. The second Sovereign FGN Green Bond for ₦15 billion with a coupon rate of 14.50% and 7-year tenure was also raised in June, 2019, the proceeds were used to fund environmentally friendly projects by the FGN.

In line with the DMO's commitment to supporting the development of the capital market, the second ₦100 billion Sovereign Sukuk issued on December 28, 2018 and ₦15.00 billion FGN Green Bonds issued on June 13, 2019, were listed on the NSE and FMDQ Securities Exchange Limited on July 23, 2019 and October 14, 2019, respectively. All the bonds issued by the DMO in 2019 were significantly oversubscribed, further reflecting investor confidence and increasing appetite for the government bonds.

According to the Nigeria Stock exchange Market Capitalization for FGN bond increased to ₦12.01 trillion as at the end of September 2019 from ₦9.47 trillion at the end of September 2018.

1.2.5.3 Corporate Bonds Issuances in 2019

The Corporate Bonds segment of the domestic bond market was relatively less active in 2019 when compared to the level of activity recorded in 2018. Table 1.2 shows that ten (10) Corporates raised capital from the domestic debt market in 2019 with total issuance of N168.72 billion as against nineteen (19) Corporates in 2018 with total issuance of N250.50 billion.

CHAPTER TWO

APPRAISAL OF DEBT MANAGEMENT STRATEGY

In 2019, due to the late passage of the Appropriation Act, external borrowing was stepped down and as a result external financing activity in the fiscal year were minimal only allowing for disbursement of pre-existing loan commitment. However, the domestic market financing remained active with strong appetite and demand for government securities and as such the DMO issued its debut 30-year tenor bond. This issuance was pivotal in achieving and in some instances surpassing some of the targets set in the 2016-2019 Debt Management Strategy. The issuance of the 30-year bond in 2019 improved the Average-Time-To Maturity for the Total Public Debt Stock to 10.50 years surpassing the target of ten years. It also helped to improve the ratio for long to short term debt in the domestic portfolio which rose to 81:19 as at December 2019 compared to the target of 75:25. The proportion of debt maturing within one year was 15.81 percent of Total Public debt as at December 2019 a significant improvement from the current stipulated target of 20 percent. The DMO also ensured that capacity building initiatives of the Sub National debt management strategy were also sustained in the year under review.

2.1 Introduction

Nigeria's Debt Management Strategy, 2016-2019 continued to provide the basis for the borrowing decisions of Government towards meeting its financing needs at least cost and prudent degree of risk, whilst ensuring the sustainability of the Public Debt Portfolio. The Strategy also underpinned efforts to attain the preferred Public Debt portfolio mix in the medium-term, as well as sustained the initiatives directed at achieving effective public debt management at the sub-national level.

The following are the key objectives of the Debt Management Strategy, 2016-2019:

i. Achieve an optimal debt portfolio mix for domestic and external debt of 60:40 by the end of year 2019;
ii. Attain a domestic debt portfolio mix for the long-term relative to the short-term debt instruments of 75:25 ratio by the end of year 2019;
iii. Significantly reduce the rate of growth of total public debt stock in general, particularly the domestic debt component, and ensure sustainability of the long-term debt;
iv. Reduce cost of Debt service, by substituting the relatively more expensive domestic debt with the less expensive external debt that are procured from both concessional and non-concessional sources; and,

v. Further lengthen the maturity profile of the domestic debt portfolio through reduction in the issuances of new short-term debt instruments and refinancing of maturing NTBs with external financing.

The targets for managing interest and refinancing risks as outlined in the Debt Management Strategy are as follows:

i. Keeping the proportion of debt maturing within one (1) year at not more than 20 percent of the Total Debt Public Portfolio; and,
ii. Keeping the Average Time-to-Maturity (ATM) for the Total Public Debt Portfolio at a minimum of 10 years.

2.2 Implementation Status

The Total Public Debt portfolio witnessed a slight improvement in its composition despite the inability to raise new external finance. This was due to outstanding disbursement being released by Multilateral and Bilateral creditors. The ratio of Domestic to External Debt in the Total Public Debt portfolio was 67:33 as at December 31, 2019, though it was slightly short of the targeted composition of 60:40 by end of 2019, it represented a substantial improvement in the Total Public Debt ratio of 84:16 for Domestic Debt to External Debt at the commencement of the Strategy in 2016.

This represents a substantial improvement compared to the Total Public Debt ratio of 84:16 for Domestic Debt to External Debt at the commencement of the Strategy in 2016, thus, reflecting the efforts of the DMO towards achieving the target debt composition by increasing the level of External Debt through accessing the International Capital Market, part of which was used in refinancing short-dated domestic debt (NTBs) for implementation of the Strategy during the period.

The Domestic Debt mix ratio improved to 81:19 for long and short-term debts as at December 31, 2019 compared to 79:21 as at December 2018 surpassing the targeted Domestic Debt mix of 75:25 for long to short term debts by end of 2019. This again indicates significant improvement when compared to the Domestic Debt mix of 69:31 for long- and short-term debts at the inception of the current strategy. The strategy of borrowing long, and restructuring of the domestic debt portfolio by refinancing matured NTBs with longer tenored securities lengthened the FGN Bond Yield Curve up to 30 years within the period and was critical to the successes recorded.

The proportion of debt maturing within one year was 13.77 percent of the Total Public Debt as at December 31, 2019, surpassing the target of not more than 20 percent of the Total Public Debt by end-December, 2019. This also reflects a significant improvement compared to the proportion of debt maturing in one year at 29.15 percent of the Total Public Debt at the beginning of the Strategy. In the same vein, the Average Time-to-Maturity (ATM) for the Total Public Debt Portfolio was 10.50 years as at December 31, 2019, which exceeds the minimum target of 10 years by end-December, 2019. This achievement has substantially reduced the refinancing risk for the Total Public Debt, compared to the level of 7.15 years as at the end-December, 2015.

2.3 External Debt Management Strategy

The External Debt Management Strategy was aimed at reducing the cost of External Debt Service by maximizing available funding opportunities from the concessional and semi-concessional sources. However, given the limited funding windows from the concessional sources, it became expedient for the Government to still maintain access to the International Capital Market (ICM).

Despite the lack of new external borrowing, the disbursement by the concessional and semi-concessional creditors resulted in the growth of the External Debt stock which was consistent with the Debt Management Strategy, 2016-2019, which seeks to achieve a ratio of 60:40 between Domestic Debt and External Debt.

There was minimal activity in the ICM in 2019 due to The New External Borrowing being stepped down due to the late passage of the 2019 Budget and the normalization of the Fiscal Year from January 2020. However, the External Debt stock increased to US$27,676.14 million as at December 31, 2019, from US$25,274.36 million in the corresponding period of 2018 due mainly to additional disbursements by the Multilateral and Bilateral Creditors. The increase in the Total External Debt stock (FGN, States and FCT's External Debt stock) represented 32.93 percent of the Total Public Debt stock. Whereas, the share of the Multilateral, Bilateral and Commercial Debts (Eurobonds and Diaspora Bond) accounted for 45.75, 13.90 and 40.35 percent of the Total External Debt Stock as at December 31, 2019.

Despite the lack of new external borrowing, the disbursement by the concessional and semi-concessional creditors resulted in the growth of the External Debt stock in the period is consistent with the Debt Management Strategy, 2016-2019, which seeks to achieve a ratio of 60:40 between Domestic Debt and External Debt.

2.4 Domestic Debt Management Strategy

The Domestic Debt Strategies employed in 2019 bared some similarities with the previous year's, some of which involved refinancing maturing NTBs with cheaper and longer tenored external financing, and issuance of domestic debt securities with longer maturities to lengthen the maturity profile of the Domestic Debt portfolio was sustained in 2019. The aim was to achieve a Domestic Debt portfolio mix of 75:25 for long-term and short-term debts so as to reduce debt service cost and refinancing risk.

The proportion of long-term debt in the domestic debt portfolio increased relative to short-term debt, as there were concerted efforts to rebalance the Domestic Debt portfolio. This resulted in the reduction of the proportion of short-term debt, particularly the NTBs compared to the FGN Bonds from 21.42 percent as at December 31, 2018 to 18.58 percent as at December 31, 2019.

The Total Domestic Debt stock (FGN, States and FCT's Domestic debt stock) was ₦18,378,959.65 million or 67.07 percent of the Total Public Debt stock, while the FGN Domestic Debt stock was ₦14,272,644.79 million or 52.09 percent as at December 31, 2019.

2.5 Sub-National Debt Management Strategy

As part of efforts at institutionalizing sound public debt management practices, the DMO continued its capacity building initiatives at the sub-national level in 2019. A Special Capacity Building Programme on "Public Debt Creation and Sub-National Debt Management" was conducted for officials of the Delta State Government, involving different MDAs in the State.

The DMO also played active roles in the series of scoping missions by the World Bank which culminated in the development of Guidelines on Domestic Expenditure Arrears Management for the States, aimed at assisting the States in the attainment of the States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Disbursement Linked Indication 8 (DLI 8). With funding support by the World Bank, the Guidelines were rolled out to the States as part of a technical support to States to enhance their ability to achieve the DLI 8.

The Domestic Debt stock of the 36 States and FCT was ₦4,106,314.86 million or 14.99 percent of the Total Public Debt stock as at December 31, 2019.

CHAPTER THREE
NIGERIA'S TOTAL PUBLIC DEBT

The outstanding Total Public Debt of Nigeria as at December 31, 2019 was ₦27,401,381.29 million (US$84,053.32 million) compared to N24,387,071.74 million (US$79,436.72 million) in 2018, representing an increase of N3,014,309.55 million or 12.36 percent. The increase was attributed largely due to new domestic borrowings during the year by the Federal and Sub-national Governments, as well as additional disbursements on existing Multilateral and Bilateral loans. The share of Total External Debt stock as percentage of the Total Public Debt was 32.93 percent as at December 31, 2019, while that of the Total Domestic Debt stock was 67.07 percent.

3.1 Total Public Debt Outstanding

Nigeria's Total Public Debt stock (comprising the FGN, States and FCT) as at December 31, 2019 was ₦27,401,381.29 million (US$84,053.32 million) compared to ₦24,387,071.74 million (US$79,436.72 million) as at December 31, 2018, representing an increase of ₦3,014,309.55 million or 12.36 percent in Naira terms. The increase in the Total Public Debt stock was reflected in both Domestic and External Debt components. The Total External Debt stock as at December 31, 2019 was ₦9,022,421.64 million (US$27,676.14 million) or 32.93 percent of the Total Public Debt stock, while the Total Domestic Debt stock was ₦18,378,959.65 million (US$56,377.18 million) or 67.07 percent of the Total Public Debt stock. Whereas the increase in the Total External Debt stock in the year was largely due to additional disbursements on existing Multilateral and Bilateral loans, the growth in the Total Domestic Debt stock was attributed to new issuances of domestic securities by the FGN and Sub-nationals during the review period.

The FGN's Domestic Debt stock was ₦14,272,644.79 million as at December 31, 2019 compared to ₦12,774,405.70 million as at December 31, 2018, which represented an increase of ₦1,498,239.09 million or 11.73 percent. The increase was as a result of new issuances of FGN Securities to fund the New Domestic Borrowing in the 2019 Appropriation Act and refinancing of matured debt obligations, as well as settlement of outstanding FGN arrears with Promissory Notes, in favour of Oil Marketing Companies, Exporters and State Governments. Table 3.1 shows Nigeria's Total Public Debt Outstanding for the period, 2015-2019.

Table 3.1: Nigeria's Total Public Debt Outstanding, 2015-2019

	2015	2016	2017	2018	2019
External Debt Stock					
Federal Government of Nigeria					
US$' Million	7,348.52	7,838.66	14,796.30	21,043.65	23,111.27
NG₦' Million	1,447,658.28	2,390,791.51	4,527,670.69	6,460,399.86	7,534,274.02
States & FCT					
US$' Million	3,369.91	3,567.62	4,117.13	4,230.72	4,564.87
NG₦' Million	663,872.39	1,088,123.88	1,259,841.96	1,298,830.13	1,488,147.62
Total External Debt Stock					
US$' Million	10,718.43	11,406.28	18913.44	25,274.36	27,676.14
NG₦' Million	2,111,530.71	3,478,915.40	5,787,512.64	7,759,229.99	9,022,421.64
as % of GDP	*2.18*	*3.26*	*4.85*	*6.07*	*6.26*
% of Total	*16.75*	*20.04*	*26.64*	*31.82*	32.93
Domestic Debt Stock					
Federal Government of Nigeria					
US$' Million	44,857.85	36,256.41	41,142.11	41,610.44	43,781.12
NG₦' Million	8,836,995.86	11,058,204.30	12,589,486.13	12,774,405.70	14,272,644.79
States & FCT					
US$' Million	9,852.25	9,728.84	10,943.71	12,551.91	12,596.06
NG₦' Million	1,655,178.71	2,822,889.88	3,348,774.26	3,853,436.05	4,106,314.86
Total Domestic Debt Stock					
US$' Million	54,710.10	45,985.25	52,085.82	54,162.35	56,377.18
NG₦' Million	10,492,174.57	13,881,094.18	15,938,260.39	16,627,841.75	18,378,959.65
as % of GDP	*10.84*	*13.01*	*13.35*	*13.02*	*12.74*
% of Total	*83.25*	*79.96*	*73.36*	*68.18*	67.07
Nigeria's Total Public Debt Stock					
US$' Million	**65,428.53**	**57,391.53**	**70,999.26**	**79,436.72**	**84,053.32**
NG₦' Million	**12,603,705.28**	**17,360,009.58**	**21,725,773.03**	**24,387,071.74**	**27,401,381.29**
as % of GDP	*13.02*	*16.27*	*18.20*	*19.09*	*19.00*

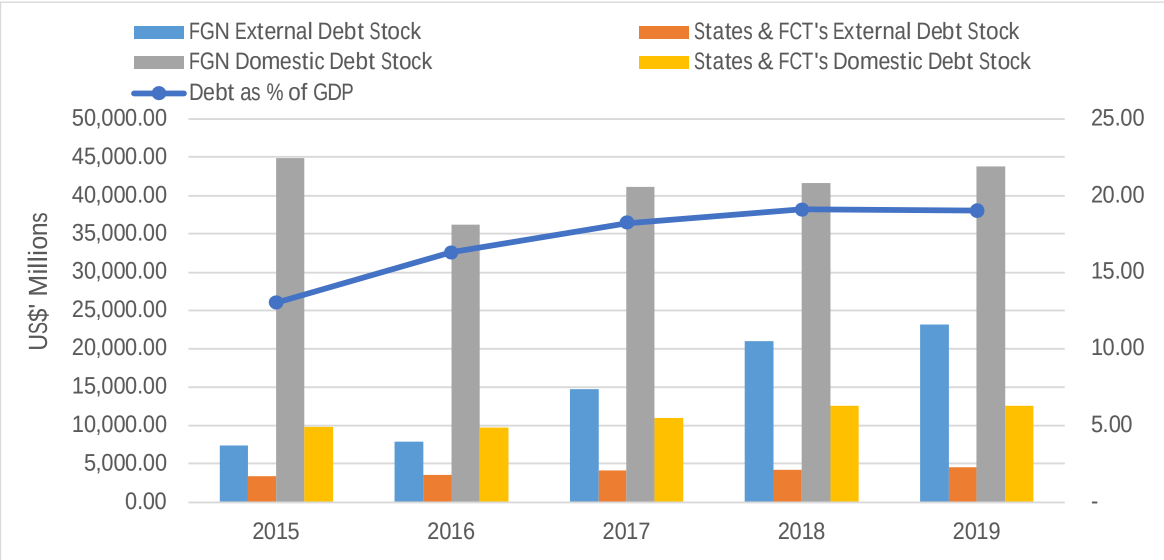
Source: DMO

Note: CBN Official Exchange Rate of US$1 to NGN326.00 as at December 31, 2019 was used in converting 2019 figures.

Meanwhile, the ratio of Nigeria's Total Public Debt-to-GDP for Nigeria as at December 31, 2019 was 19.00 percent compared to 19.09 percent in the corresponding period of 2018. This ratio is still within the Country Specific Debt Limit of 25 percent and below the maximum benchmark of 55 percent recommended by the IMF and World Bank for countries in Nigeria's peer-group, as well as the West African Monetary Zone (WAMZ) convergence threshold of

70 percent. Figure 3.1 shows the trend in total public debt outstanding for the period, 2015-2019.

Figure 3.1: Trend in Nigeria's Total Public Debt Outstanding, 2015-2019



Source: DMO

3.1.1 Total FGN's Debt Outstanding by Original Maturity

The FGN's Total Public Debt stock (excluding debts of the States and FCT) by Original Maturity as at December 31, 2019 comprised long-term debt of US$58,236.39 million or 87.06 percent, and short-term debt of US$8,656.00 million or 12.94 percent. The FGN's External Debt outstanding by Original Maturity of US$23,111.27 million or 34.55 percent of the FGN's Total Public Debt was made up of only long-term instruments. However, the FGN's Domestic Debt outstanding by Original Maturity comprised both long-term and short-term debts. The long-term Domestic Debt amounted to US$35,125.12 million or 52.51 percent of the FGN's Total Public Debt, comprising FGN Bonds (US$32,282.69 million), Treasury Bonds (US$386.47 million), FGN Savings Bond (US$38.87 million), FGN Sukuk (US$613.50 million), FGN Green Bond (US$78.80 million) and Promissory Notes (US$2,247.31 million). Whereas the short-term debt by Original Maturity was US$8,656.00 million or 12.94 percent of the FGN's Total Public Debt, consisting of Nigerian Treasury Bills and Promissory Notes. Table 3.2 and Figure 3.2 show the FGN's Total Public Debt outstanding by Original Maturity.

Table 3.2: Total FGN's Debt Outstanding by Original Maturity, 2015-2019 (US$' Million)

	2015	2016	2017	2018	2019
External Debt Stock					
Short – term[2]	0.00	0.00	0.00	0.00	0.00
% of total	-	-	-	-	-
Long-term	7,348.52	7,838.66	14,796.30	21,043.65	23,111.27
% of total	*14.08*	*17.78*	*26.45*	*33.59*	*34.55*
Sub-Total	**7,348.52**	**7,838.66**	**14,796.30**	**21,043.65**	**23,111.27**
Domestic Debt Stock					
Short – term[2]	14,075.47	10,745.18	11,698.69	8,911.95	8,656.00
% of total	*26.96*	*24.37*	*20.91*	*14.22*	*12.94*
Long-term	30,782.38	25,511.23	29,443.42	32,698.50	35,125.12
% of total	*58.96*	*57.86*	*52.64*	*52.19*	*52.51*
Sub-Total	**44,857.85**	**36,256.41**	**41,142.11**	**41,610.44**	**43,781.12**
Total	**52,206.37**	**44,095.07**	**55,938.41**	**62,654.09**	**66,892.39**

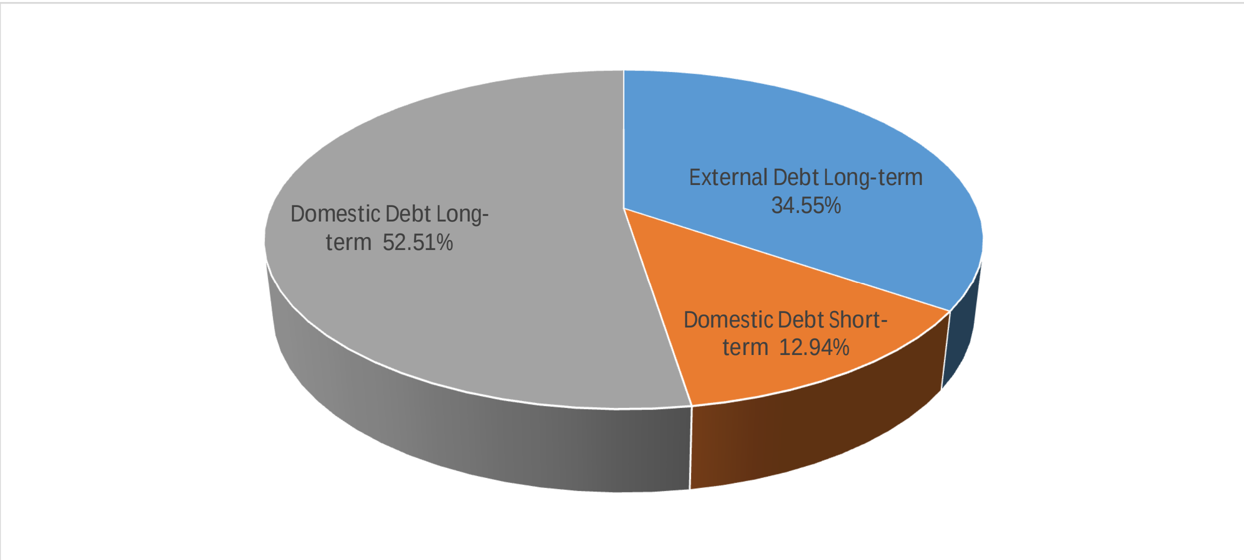
Source: DMO

[1] Official CBN Exchange Rate of ₦326.00/US$1 as at 31/12/2019 was used for 2019 figures

[2] Short-term external debt is debt with less than 1-year original maturity

[3] Short-term domestic debt consists of 91, 182 and 364 days Nigerian Treasury Bills. Long-term domestic debt consists of Treasury Bonds and FGN Bonds for 2 or more years

Figure 3.2: Total FGN's Debt Outstanding by Original Maturity as at December 31, 2019



Source: DMO

3.2 FGN's Total Public Debt - Interest Payments in 2019

The Interest Payment on FGN's Total Public Debt in 2019 amounted to US$6,160.25 million relative to US$6,544.15 million in 2018, reflecting a decrease of US$383.90 million or 5.87 percent (Table 3.3). Interest payments were made during the year on both External Debt and Domestic Debt. For External Debt, Interest Payments were made on Multilateral and

Bilateral debts, as well as the following Commercial debts: 6.75% US$500M JAN, 2021; 6.375% US$500M JUL 2023; 7.875% US$1.5BN FEB 2032; 7.625% US$1.5BN NOV 2047; 6.500% US$1.5BN NOV 2027; 7.143% US$1.25BN FEB 2030; 7.696% US$1.25BN FEB 2038; 7.625% US$1.118BN NOV 2025; 8.747% US$1.0BN JAN 2031; 9.248% US$750M JAN 2049; and, 5.625% US$300M DIASPORA JUN 2022. For Domestic Debt, Interest payments were made in respect of FGN Bonds, NTBs, Treasury Bond, FGN Savings Bond, FGN Sukuk and FGN Green Bond. The higher proportion of Interest Payment on Domestic Debt reflects the higher share of FGN's Domestic Debt stock in the Total Public Debt, which is about 52 percent as at December 31, 2019.

Table 3.3: Total FGN's Public Debt - Interest Payments, 2015-2019 (US$' Million)

	2015	2016	2017	2018	2019
Interest Payment on External Debt	184.21	182.60	279.55	687.80	1,065.07
% of Total	(3.44)	(4.42)	(5.57)	(10.51)	(17.29)
Interest Payment on Domestic Debt	5,168.18	3,946.76	4,742.56	5,856.35	5,095.18
% of Total	(96.56)	(95.58)	(94.43)	(89.49)	(82.71)
	5,352.38	**4,129.36**	**5,022.11**	**6,544.15**	**6,160.25**

Source: DMO
Official CBN Exchange Rate of ₦326.00/US$1 as at 31/12/2019, was used for 2019 figures.

3.3 FGN's Total Public Debt - Principal Repayments in 2019

The Principal Repayment on FGN's Total Public Debt was US$902.22 million in 2019 compared to US$712.75 million in 2018 (Table 3.4). The principal repayments made were on both External Debt and Domestic Debt. For External Debt, principal repayments made were on Multilateral and Bilateral debts, amounting to US$268.51 million, whilst those on Domestic Debt were redemptions on Treasury Bonds and Promissory Notes, amounting to US$633.71 million.

Table 3.4: Total FGN's Public Debt - Principal Repayments, 2015-2019 (US$' Million)

	2015	2016	2017	2018	2019
External Debt	104.27	116.58	124.29	712.75	268.51
% of Total	(45.10)	(58.71)	(81.70)	(100)	(29.76)
Domestic Debt	126.90	81.97	81.70	-	633.71
% of Total	(54.90)	(41.29)	(39.66)	(0)	(70.24)
	231.17	**198.49**	**205.99**	**712.75**	**902.22**

Source: DMO

CHAPTER FOUR

NIGERIA'S EXTERNAL DEBT

Nigeria's External Debt as at December 31, 2019 was US$27,676.14 million compared to US$25,274.36 million as at December 31, 2018. The External Debt stock comprised Multilateral and Bilateral Loans, as well as Eurobonds and Diaspora Bond. While the Multilateral and Bilateral Loans are mostly Concessional, the Eurobonds and Diaspora Bond are Non-Concessional. The increase in External Debt stock in the year under review was mainly due to additional disbursements by the Multilateral and Bilateral Creditors, as the New External Borrowing in the 2019 Appropriation Act was stepped down as a result of the late passage of the 2019 Budget. The structure of the External Debt by remaining maturity has continued to be dominated by longer-tenored debts, reflecting the low exposure of the External Debt portfolio to refinancing risk. The additional disbursements from Multilateral and Bilateral creditors during the year were responsible for the increase in the new inflow of funds into the country.

4.1 External Debt Stock

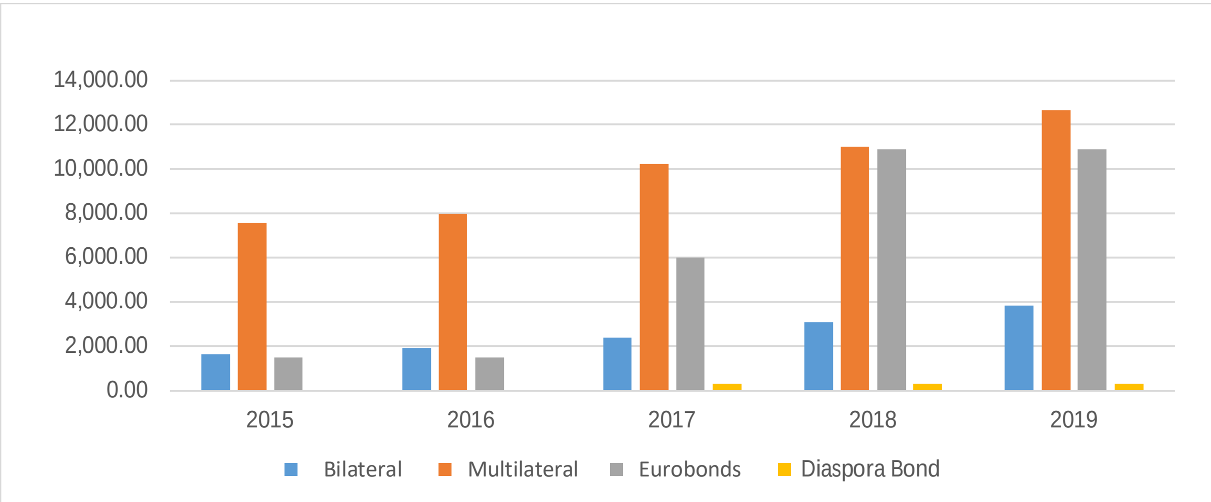
Nigeria's Total External Debt stock was US$27,676.14 million as at December 31, 2019, relative to US$25,274.36 million as at December 31, 2018, indicating an increase of US$2,401.78 million or 9.50 percent in US Dollar terms. The increase in External Debt stock was mainly due to additional disbursements by the Multilateral and Bilateral Creditors and the depreciation of the Naira to the US Dollar during the period, from ₦307/US$1 by December 31, 2018 to ₦326/US$1 by December 31, 2019. The New External Borrowing in the 2019 Appropriation Act was stepped down due to the late passage of the 2019 Budget and the normalization of the Fiscal Year from January 2020. Meanwhile, the ratio of External Debt-to-GDP marginally increased to 6.26 percent as at December 31, 2019, against 6.07 percent in the corresponding period of 2018. Table 4.1 shows the trend of External Debt outstanding by Source for the period, 2015 – 2019.

Table 4.1: External Debt Outstanding by Source, 2015-2019 (US$' Million)

Source	2015	2016	2017	2018	2019
1. Bilateral	1,658.00	1,918.06	2,372.00	3,091.68	3,847.41
2. Multilateral	7,560.43	7,988.22	10,241.44	11,014.34	12,660.38
Sub-Total	9,218.43	9,906.28	12,613.44	14,106.02	16,507.79
1. Eurobonds	1,500.00	1,500.00	6,000.00	10,868.35	10,868.35
2. Diaspora Bond	0	0	300.00	300.00	300.00
Sub-Total	1,500.00	1,500.00	6,300.00	11,168.35	11,168.35
Grand Total	**10,718.43**	**11,406.28**	**18,913.44**	**25,274.36**	**27,676.14**
1. Bilateral	15.47	16.82	12.54	12.23	13.90
2. Multilateral	70.54	70.03	54.15	43.58	45.75
Sub-Total	**86.01**	**86.85**	**66.69**	**55.81**	**59.65**
1. Eurobonds	13.99	13.15	31.72	43.00	39.27
2. Diaspora Bond	0.00	0.00	1.59	1.13	1.084
Sub-Total	**13.99**	**13.15**	**33.31**	**44.19**	**40.35**
Grand Total	**100**	**100**	**100**	**100**	**100**

Source: DMO

Figure 4.1: Trends in External Debt Stock, 2015–2019



Source: DMO

The trend of External Debt Stock by Source from 2015 - 2019 is shown in Table 4.1 and Figure 4.1. The Multilateral creditors have continued to be a dominant source of External Debt stock. The consistent growth in Multilateral and Bilateral Debt was attributed to the sustained access to concessional funding sources (when available) to meet Government's financing needs, in line with Nigeria's Debt Management Strategy, 2016 – 2019. However, funds available from the Multilateral and Bilateral are limited and often insufficient to meet external financing needs, thereby resulting in considerable increase in the stock of Eurobonds to finance critical infrastructure projects in the country.

4.2 External Debt Stock by Source (Creditor Category)

As shown in Table 4.2, the Official Creditors (Multilateral and Bilateral Loans) constituted US$16,507.79 million or 59.65 percent of the Total External Debt Stock as at December 31, 2019. While the International Development Association (IDA), African Development Bank (AfDB) and African Development Fund (ADF) dominated the Multilateral Creditors, with US$9,692.32 million (35.02 percent), US$1,359.26 million (4.91 percent) and US$926.14 million (3.35 percent) of the Total External Debt stock, China, France and Germany led the Bilateral Creditors, with US$3,175.12 million (11.47 percent), US$361.75 million (1.31 percent) and US$202.27 million (0.73 percent) of the Total External Debt stock as at December 31 2019. Whereas, the Commercial debt accounted for US$11,168.35 million (40.35 percent) of the Total External Debt Stock, comprising Eurobonds of US$10,868.35 million (39.27 percent) and Diaspora Bond of US$300.00 million (1.08 percent) of the Total External Debt stock as at December 31, 2019.

Table 4.2: External Debt Stock by Source as at December 31, 2019 (US$' Million)

Category	Principal Balance	Principal Arrears	Interest Arrears	Total	Percentage
Multilateral – WB Group					
IDA	9,692.32	0.00	0.00	9,692.32	35.02
IBRD	409.51	0.00	0.00	409.51	1.48
AfDB Group					
AfDB	1,359.26	0.00	0.00	1,359.26	4.91
ADF	926.14	0.00	0.00	926.14	3.35
Other Multilaterals					
BADEA	5.88	0.00	0.00	5.88	0.02
EDF	55.17	0.00	0.00	55.17	0.20
IDB	14.26	0.00	0.00	14.26	0.05
IFAD	197.84	0.00	0.00	197.84	0.71
Sub-Total	**12,660.38**	**0.00**	**0.00**	**12,660.38**	**45.75%**
Bilateral					
China (Exim Bank of China)	3,175.12	0.00	0.00	3,175.12	11.47
France (AFD)	361.75	0.00	0.00	361.75	1.31
Japan (JICA)	76.13	0.00	0.00	76.13	0.28
India (Exim Bank of India)	32.14	0.00	0.00	32.14	0.12
Germany (KFW)	202.27	0.00	0.00	202.27	0.73
Sub-Total	**3,847.41**	**0.00**	**0.00**	**3,847.41**	**13.90%**
Commercial					
Eurobonds	10,868.35	0.00	0.00	10,868.35	39.27
Diaspora Bond	300.00	0.00	0.00	300.00	1.08
Sub-Total	**11,168.35**	**0.00**	**0.00**	**11,168.35**	**40.35%**
GRAND TOTAL	**27,676.14**	**0.00**	**0.00**	**27,676.14**	**100.00%**

Source: DMO

4.3 External Debt Stock by Instrument Type

The External Debt Stock by Instrument Type is classified into Non-marketable and Marketable instruments. The Non-marketable debt (Loans) constituted 59.65 percent of the Total External Debt Stock, while the Marketable debt accounted for 40.35 percent as at December 31, 2019 (Table 4.3).

Table 4.3: External Debt Stock by Instrument Type, 2015-2019 (₦' Million)

Instrument Type	2015	2016	2017	2018	2019
Non-Marketable (Loans)	9,218.43	9,906.27	12,613.44	14,106.01	16,507.79
% of Total	*86.01*	*86.85*	*66.69*	*55.81*	*59.65*
Marketable (Bonds)	1,500.00	1,500.00	6,300.00	11,168.35	11,168.35
% of Total	*13.99*	*13.15*	*33.31*	*44.19*	*40.35*
Total	**10,718.43**	**11,406.27**	**18,913.44**	**25,274.36**	**27,676.14**

Source: DMO
Notes
i. Non-Marketable Debt are Loans obtained from the Multilateral and Bilateral sources
ii. Marketable Debt comprise Eurobonds and Diaspora Bond issued in the International Capital Market (ICM)

4.4 Currency Composition of External Debt

Table 4.4 shows the Currency Composition of the External Debt Stock as at December 31, 2019. The currencies include: Swiss Francs (CHF), EURO, Great Britain Pounds (GBP), ID Units of Account (Islamic Dinar), Japanese Yen (JPY), United States Dollar (US$) and Special Drawing Rights (SDR). The predominant currencies are the US$ and SDR, accounting for 63.14 and 35.56 percent of the Total External Debt stock respectively. The other currencies (CHF, EUR, GBP, ID and JPY) cumulatively accounted for 1.30 percent of the Total External Debt stock.

Table 4.4: External Debt Stock by Currency Composition as at December 31, 2019

Currency	Debt Stock in Original Currency	Naira Exchange Rate	Debt Stock in Naira	US$ Exchange Rate to the Naira	Debt Stock in US$	% of Total
CHF (Swiss Francs)	5,265,601.41	337.13	1,775,192,203.35	326.00	5,445,374.86	0.02
EUR	194,825,435.41	366.16	71,337,281,429.73	326.00	218,826,016.66	0.79
GBP	21,362,266.72	430.32	9,192,610,614.95	326.00	28,198,192.07	0.10
IDB Units of Account (ID)	10,310,948.92	450.80	4,648,175,773.14	326.00	14,258,207.89	0.05
Yen* (JPY)	10,116,454,600.00	3.00	30,376,678,227.42	326.00	93,179,994.56	0.34
US Dollars	17,475,790,564.97	326.00	5,697,107,724,180.22	326.00	17,475,790,564.97	63.14
SDR (Special Drawing Rights)	7,116,199,448.39	450.80	3,207,982,711,334.21	326.00	9,840,437,764.83	35.56
Total			**9,022,420,373,763.02**		**27,676,136,115.84**	**100.00**

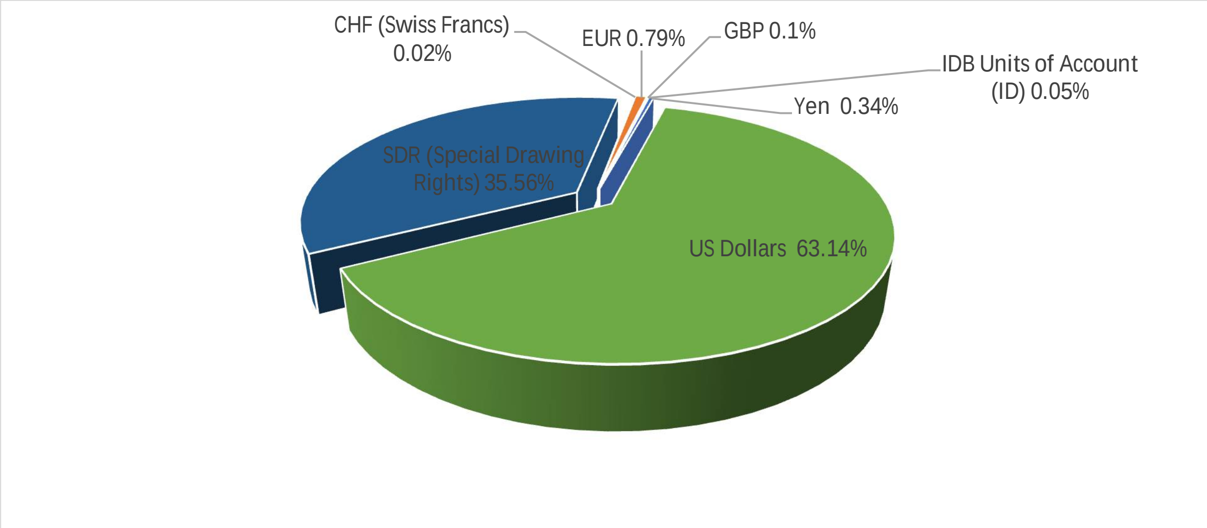
Source: DMO

Note: i. SDR is a virtual World Bank's currency used in granting loan facilities and it comprises GBP, EUR, USD, JPY and CHF

ii. IDB's Units of Account is disbursed in USD.

iii. * JPY Stock is in multiple of thousand.

Figure 4.2: External Debt Stock by Currency Composition as at December 31, 2019



Source: DMO

4.5 External Debt by Remaining/Residual Maturities

The Total External Debt Stock outstanding by Remaining/Residual Maturities were categorized into short-term (equal to and less than 1 year), medium-term (above 1 year and less than 3 years) and long-term maturities (over 3 years). The short-term component in the Total External Debt stock accounted for US$0.14 million or 0.0005 percent, medium-term (US$1,399.59 million or 5.06 percent) and long-term (US$26,276.40 or 94.94 percent). The larger share of longer-term External Debt helps to mitigate the External Debt portfolio from refinancing risk. The long tenors of the Eurobonds issued in 2017 and 2018 helped to improve the maturity structure of the External Debt portfolio.

Table 4.5: External Debt by Remaining or Residual Maturity as at December 31, 2019 (US$' Million)

Creditor Category	Short-Term (0 – 1yr)	Medium-Term (>1 – 3yrs)	Long-Term (Over 3yrs)
Multilateral			
IBRD	0.00	26.21	383.30
IDA	0.00	462.86	9,229.46
IFAD	0.14	10.45	187.25
AfDB	0.00	141.44	1,217.82
ADF	0.00	25.43	900.70
BADEA	0.00	0.73	5.15
IDB	0.00	2.38	11.88
EDF	0.00	10.07	45.10
Sub-Total	**0.14**	**679.57**	**11,980.66**
Bilateral			
Exim Bank of China	0.00	302.56	2,872.56
Exim Bank of India	0.00	20.00	12.14
French Development Agency	0.00	48.83	312.92
Japan International Cooperation Agency	0.00	10.53	65.60
Germany Kreditanstalt Fur Wiederaufbua (KFW)	0.00	38.10	164.17
Sub-Total	**0.00**	**420.02**	**3,427.39**
Commercial			
Eurobonds	0.00	0.00	10,868.35
Diaspora Bond	0.00	300.00	0.00
Sub-Total	**0.00**	**300.00**	**10,868.35**
as % of Total	(0.00)	(5.06)	(94.94)
Grand Total	**0.14**	**1,399.59**	**26,276.40**

Source: DMO

4.6 Sectoral Allocation of External Debt

In line with the vision of the Government to support the development of infrastructure projects and human capital, the proceeds of external borrowings were allocated to the following key sectors: Agriculture, Science and Technology, Water, Energy (Electricity and Gas), Transportation (Rail, Road and Air), Housing, Education, Health, Social Welfare, Environment and Finance. Table 4.6 shows sectors with increased allocations in 2019, namely: Agriculture (9.88 percent), Transport (12.04 percent) and Health & Social Welfare

(7.37 percent) compared to 11.50, 11.28 and 6.66 percent, respectively, in 2018. Table 4.7, shows Nigeria's Public and Publicly Guaranteed External Debt (by Non-Financial/Financial Sector) as at December 31, 2019.

Table 4.6: Sectoral Allocation of External Debt in 2018 & 2019 (US$' Million)

Economic Sector	2018		2019	
	Amount Outstanding	% Share of Total	Amount Outstanding	% Share of Total
	Loans		Loans	
Agriculture and Rural Development	2,906.27	11.50	2,733.24	9.88
Budget Support	871.60	3.45	870.48	3.15
Science & Technology	474.17	1.88	449.53	1.62
Education	771.86	3.05	863.10	3.12
Energy and Solid & Mineral Development	1,089.66	4.31	1,397.29	5.05
Environment	343.21	1.36	659.31	2.38
Finance, Insurance, Etc.	2,827.96	11.19	-	-
Transport	2,851.15	11.28	3,331.81	12.04
Health & Social Welfare	1,682.96	6.66	2,038.84	7.37
Housing & Urban Development	287.17	1.14	702.69	2.54
Economic	-	-	3,461.50	12.51
Budget Support **(Bonds)**	11,168.35	44.19	11,168.35	40.35
Total	**25,274.36**	**100.00%**	**27,676.14**	**100.00**

Source: DMO

Table 4.7: Nigeria's Public and Publicly Guaranteed External Debt (by Financial/Financial Public) as at December 31, 2019

Classification*	Creditor	Sector	Amount Outstanding
Non-Financial Public			
FGN and States			**22,112,504,054.89**
Parastatals (Corporations)			**4,168,343,713.87**
Niger Basin Water Resources Development	International Development Association	Agriculture	115,045,767.43
National Programme for Food Security	Islamic Development Bank	Agriculture	14,258,207.89
NGA/TGO/Benin Power System Interc. Project	African Development Fund	Electricity	14,673,340.02
Transmission Development Project	International Development Association	Electricity	86,039,446.67
Nigerian-Communications-Satelite (NIGCOMSAT)	Exim Bank of China	Computer Technology	-
Nigerian National Public Communication System	Exim Bank of China	Scientific &Tech Equip.	338,038,461.54
Nigerian Railway Modernization Project. (Lagos- Ibadan Section)	Exim Bank of China	Rail Transport	759,844,594.88
Nigerian Railway Modernization Project. (Idu- Kaduna Section)	Exim Bank of China	Rail Transport	423,076,923.08
Nigerian ICT Infrastructure Backbone Project	Exim Bank of China	Scientific &Tech Equip.	100,000,000.00
Nigerian Abuja Light Rail	Exim Bank of China	Rail Transport	500,000,000.00
Polio Eradication Support Project	International Development Association	Health & Social Welfare	122,648,293.79
Polio Eradication Support Project II	International Development Association	Health & Social Welfare	84,707,700.61
Polio Eradication Support Project III	International Development Association	Health & Social Welfare	122,648,293.79
Transport Sector & Governance Reform Program	African Development Bank	Road Transport	270,000,000.00
Growth and Employment (GEM) Project	International Development Association	Investment	65,536,228.76
Nigerian Four Airport Terminal expansion & Sanitation Project	Exim Bank of China	Air Transport	455,282,629.96
First Agriculture Development Policy Financing	International Development Association	Agriculture	91,679,640.00
Nigerian Zungeru Hydroelectric Project	Exim Bank of China	Energy - Electricity	518,240,940.65
Power Expansion Project	Exim Bank of China	Energy - Electricity	29,586,700.06
Public Private Partnership Program – First Phase Project	International Development Association	Infrastructure Concession Regulatory Commission	16,199,024.75
West Africa Agricultural Productivity Program (WAAPP-1B)	International Development Association	Agriculture	40,837,519.99
Financial Public			**1,395,288,347.08**
Banks			
NACB Institutional Strengthening	ADF	Agriculture	2,719,982.25
Housing Finance	IDA	Housing & Urban Dev.	174,415,665.43
Development Finance Project	IBRD	Finance & Insurance	409,507,115.73
Nigerian Export-Import Bank	ADB	Finance & Insurance	14,258,714.29
Bank of Industries	ADB	Finance & Insurance	66,758,241.76
Establishment of Development Bank of Nigeria	kfw	Finance & Insurance	190,476,190.48
Development Bank of Nigeria	ADB	Finance & Insurance	400,000,000.00
Development Bank of Nigeria	ADF	Finance & Insurance	46,152,437.14
Development Bank of Nigeria	AFD	Finance & Insurance	91,000,000.00
Grand Total			**27,676,136,115.84**

*Compilation of data in respect of Private Sector External Debt is still on-going
Source: DMO

4.7 External Debt by Concessionality

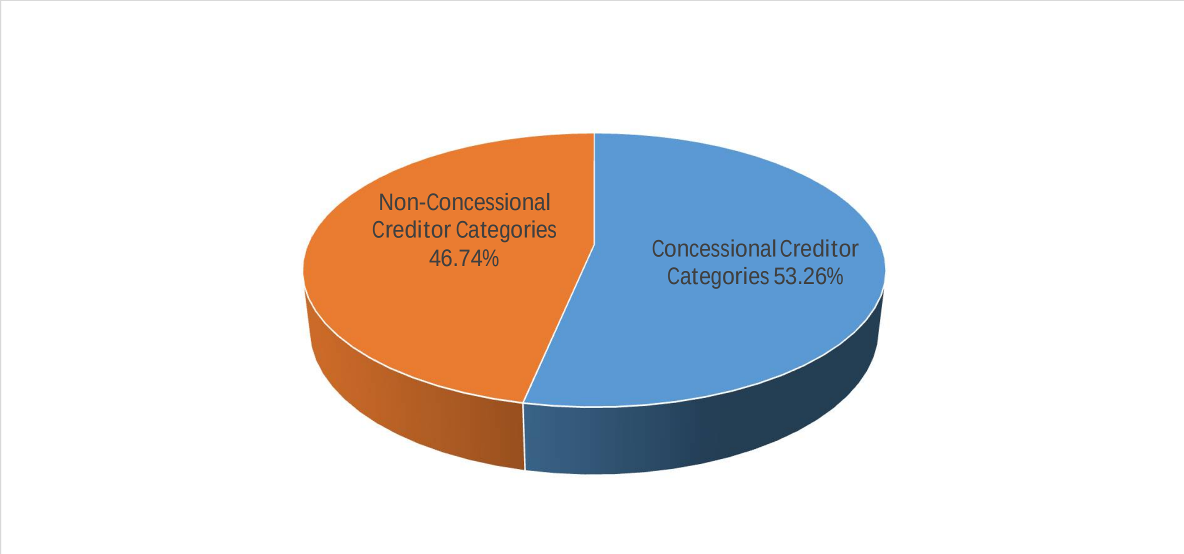
The share of concessional debts in the Total External Debt Stock was 53.26 percent, while the non-concessional debts accounted for 46.74 percent as at December 31, 2019, compared to 50.32 percent and 49.68 percent in the corresponding period of 2018. Table 4.8 and Figure 4.3 show that the concessional debts were contracted mainly from Multilateral and Bilateral creditors, while the non-concessional debts were from Commercial Sources (Eurobonds and Diaspora Bond), as well as from the non-concessional windows of the multilateral agencies such as AfDB and IBRD. The International Development Association (IDA) accounted for the largest Creditor from the concessional sources in 2019, with 35.02 percent of the Total External Debt Stock as at December 31, 2019.

Table 4.8: Concessional and Non-Concessional External Loans as at December 31, 2019 (US$' Million)

Funding Sources	Amount Outstanding	% of Total Debt
Concessional Creditor Categories	**14,739.02**	**53.26**
Multilateral	**10,891.61**	**39.35**
International Development Association (IDA)	9,692.32	35.02
International Fund for Agricultural Development (IFAD)	197.84	0.71
European Development Fund (EDF)	55.17	0.20
African Development Fund (ADF)	926.14	3.35
Islamic Development Bank (IDB)	14.26	0.05
Arab Bank for Economic Development (BADEA)	5.88	0.02
Bilateral	**3,847.41**	**13.91**
Exim Bank of China	3,175.12	11.47
French Development Agency (AFD)	361.75	1.31
Japan (JICA)	76.13	0.28
Exim Bank of India	32.14	0.12
Germany (KFW)	202.27	0.73
Non-Concessional Creditor Categories	**12,937.12**	**46.74**
Multilateral	**1,768.77**	**6.39**
African Development Bank (AfDB)	1,359.26	4.91
International Bank for Reconstruction and Development (IBRD)	409.51	1.48
Commercial	**11,168.35**	**40.35**
Eurobonds	10,868.35	39.27
Diaspora Bond	300.00	1.08
Grand Total	**27,676.14**	**100**

Source: DMO

Figure 4.3: External Debt Stock by Concessionality as at December 31, 2019



Source: DMO

4.8 External Debt Flows

4.8.1 External Debt Principal Repayments

The total Principal Repayment on the External Debt Stock as at December 31, 2019 was US$268.51 million compared to US$712.75 million as at December 31 2018, representing a drop of US$444.24 million or 62.33 percent. Unlike in 2018, none of the Eurobonds and Diaspora Bond were due for redemption in the year under review, thus accounting for the decrease. The principal repayments made in the year were only on Multilateral and Bilateral debts, amounting to US$182.10 million and US$86.41 million, respectively (Table 4.9).

Table 4.9: External Debt Principal Repayments by Creditor Category, 2015-2019 (US$' Million)

Principal Repayments					
	2015	2016	2017	2018	2019
A. Official					
1. Multilateral	84.27	96.58	104.29	129.71	182.51
2. Bilateral	20.00	20.00	20.00	83.04	86.41
B. Commercial					
1. Eurobonds	-	-	-	500.00	-
2. Diaspora Bond	-	-	-	-	-
C. Others	-	-	-	-	-
Total	**104.27**	**116.58**	**124.29**	**712.75**	**268.51**

Source: DMO

4.8.2 External Debt Interest Payments in 2019

Interest Payments on External Debt in 2019 amounted to US$1,065.07 million compared to US$687.80 million in 2018, reflecting an increase of US$377.27 million or 54.85 percent. The increase was due to Interest Payments made on Multilateral and Bilateral debts, as well as the payment of interest on the Commercial debts: 6.75% US$500M JAN, 2021; 6.375% US$500M JUL 2023; 7.875% US$1.5BN FEB 2032; 7.625% US$1.5BN NOV 2047; 6.500% US$1.5BN NOV 2027; 7.143% US$1.25BN FEB 2030; 7.696% US$1.25BN FEB 2038; 7.625% US$1.118BN NOV 2025; 8.747% US$1.0BN JAN 2031; 9.248% US$750M JAN 2049; and, 5.625% US$300M DIASPORA JUN 2022. External Debt Interest Payments by Creditor category is shown in Table 4.10.

Table 4.10: External Debt Interest Payments by Creditor Category, 2015-2019 (US$' Million)

Interest Payments					
	2015	**2016**	**2017**	**2018**	**2019**
A. Official					
1. Multilateral	17.19	17.98	32.32	56.17	147.04
2. Bilateral	34.36	40.38	46.93	59.01	88.45
B. Commercial					
1. Eurobonds	91.26	91.26	150.32	514.00	770.95
2. Diaspora Bond	-	-	8.44	16.88	16.88
C. Others[1]	41.72	33.12	41.74	41.75	41.72
Total	**184.53**	**182.75**	**279.74**	**687.80**	**1,065.04**

Source: DMO

[1]Outstanding Oil Warrants, which were associated with the London Club debt were exited in 2007, and Agency fees paid to Citibank in respect of Oil Warrants

4.8.3 Waivers

The total sum of US$1,941,830.00 was accrued to the FGN in 2019 as waivers granted due to prompt remittances of principal and interest payments during the year. In specific terms, the sum of US$1,247,670.00, US$368,240.00, US$323,650.00, US$1,840.00, US$280 and US$150.00 were granted to the FGN in respect of prompt payments made to IDA, IFAD, IDB, AFD, KFW and BADEA as shown in Table 4.11.

Table 4.11: Waivers in 2019 (US$' Thousand)

Category	Waiver / Credit
MULTILATERAL	
IDA	1,247.67
IFAD	368.24
IDB	323.65
AFD	1.84
KFW	0.28
BADEA	0.15
TOTAL	**1,941.83**

Source: DMO

4.8.4 External Debt Principal Repayments Projections (2020–2029)

Principal Repayments on External Debt is projected to increase due to the maturity profile of some Eurobonds and Diaspora Bond in the projection period. The principal repayments in the total sum of US$3,918.35 million is projected to be made in respect of 6.75% US$500M JAN 2021 Eurobond; 5.625% US$300M JUN 2022 Diaspora Bond; 6.375% US$500M JUL 2023 Eurobond; 7.625% US$1.118BN NOV 2025 Eurobond; and, 6.500% US$1.5bn NOV 2027 Eurobond, due to mature between 2021 and 2027. Table 4.12 shows the External Debt Principal Repayment projections in the next 10 years, 2020-2029.

Table 4.12: External Debt Principal Repayment Projections, 2020 – 2029 (US$' Million)

Category of Debt	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
MULTILATERAL										
ADF										
Principal	13.41	17.30	26.80	30.34	32.43	33.35	33.34	33.66	35.64	37.44
ADB										
Principal	61.49	76.05	125.57	125.57	128.15	121.73	122.73	122.73	122.73	122.73
AGTF										
Principal	0.00	0.00	2.00	2.00	5.33	6.08	6.83	6.83	6.83	6.83
IFAD										
Principal	4.60	5.97	5.97	5.97	11.48	14.00	15.47	15.47	15.47	15.47
IDA										
Principal	210.93	257.53	329.49	438.22	474.52	481.36	480.65	481.85	483.33	526.46
EDF										
Principal	5.06	5.06	5.11	5.15	5.21	5.26	5.32	5.38	5.44	5.47
ABFEDA (BADE)										
Principal	0.37	0.37	0.37	0.38	0.38	0.38	0.39	0.39	0.39	0.40
IDB										
Principal	1.97	2.65	2.65	2.65	2.65	2.65	2.65	2.65	2.65	2.65
IBRD										
Principal	10.66	21.60	22.70	23.80	25.00	26.30	27.65	29.05	30.50	32.05
Sub-Total	**308.49**	**386.53**	**520.66**	**634.08**	**685.15**	**691.11**	**695.03**	**698.01**	**702.98**	**749.5**
Bilateral										
Principal	170.60	269.74	318.44	332.75	353.81	517.69	543.85	543.85	543.85	543.85
Sub-Total	**170.60**	**269.74**	**318.44**	**332.75**	**353.81**	**517.69**	**543.85**	**543.85**	**543.85**	**543.85**
Commercial										
Eurobonds										
Principal	0.00	500.00	0.00	500.00	0.00	1118.35	0.00	1500.00	0.00	0.00
Diaspora Bonds										
Principal	0.00	0.00	300.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub-Total	**0**	**500**	**300**	**500**	**0**	**1118.35**	**0**	**1500**	**0**	
Others										
Oil Warrants										
Principal	0	0	0	0	0	0	0	0	0	0
Sub-Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
Total Principal	**479.09**	**1,156.26**	**1,139.10**	**1,466.82**	**1,038.97**	**2,327.17**	**1,238.89**	**2,741.87**	**1,246.84**	**1,293.35**

Source: DMO

4.8.5 External Debt Interest Payment Projections, 2020–2029

Table 4.13 shows an increase in projected External Debt Interest Payment over the 10-year period as a result of the anticipated increased borrowing from external sources to finance Budget Deficits, in line with the country's Debt Management Strategy, 2016 - 2019.

Table 4.13: External Debt Interest Payment Projections, 2020 - 2029 (US$' Million)

Category of Debt	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
MULTILATERAL										
ADF										
Interest	10.00	9.51	10.31	10.66	10.66	10.58	10.51	10.22	9.89	9.48
ADB										
Interest	48.82	47.80	50.19	50.90	49.76	47.15	43.61	39.97	36.41	32.69
AGTF										
Interest	0.64	1.17	2.20	2.88	3.04	3.01	2.83	2.62	2.42	2.21
IFAD										
Interest	2.04	2.90	3.86	4.45	4.40	4.26	4.07	3.86	3.65	3.44
IDA										
Interest	123.60	134.11	157.43	176.13	179.53	177.22	170.95	164.33	157.75	151.02
EDF										
Interest	0.54	0.49	0.44	0.39	0.34	0.28	0.23	0.18	0.12	0.07
ABFEDA (BADE)										
Interest	0.07	0.08	0.07	0.07	0.06	0.06	0.06	0.05	0.05	0.05
IDB										
Interest	-0.15	0.15	0.05	0.05	0.00	0.00	0.00	0.00	0.00	0.00
IBRD										
Interest	15.11	14.25	14.14	13.47	12.76	11.96	11.14	10.28	9.40	8.43
Sub-Total	**200.67**	**210.45**	**238.69**	**259.01**	**260.54**	**254.52**	**243.38**	**231.51**	**219.68**	**207.39**
Bilateral										
Interest	110.56	106.44	109.95	111.97	113.82	112.85	105.22	94.90	82.33	69.27
Sub-Total	110.56	106.44	109.95	111.97	113.82	112.85	105.22	94.90	82.33	69.27
Commercial										
Eurobonds										
Interest	823.22	823.12	789.46	789.47	757.59	757.59	672.32	672.32	574.82	574.82
Diaspora Bonds										
Interest	16.88	16.88	8.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub-Total	840.10	840.00	797.90	789.47	757.59	757.59	672.32	672.32	574.82	574.82
Others										
Oil Warrants										
Interest	41.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial Service Fee	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Financing	180.32	910.44	910.44	910.44	910.44	910.44	910.44	910.44	910.44	910.44
Sub-Total	180.32	910.44	910.44	910.44	910.44	910.44	910.44	910.44	910.44	910.44
Total Interest	**1,331.65**	**2,067.32**	**2,056.97**	**2,070.88**	**2,042.39**	**2,035.40**	**1,931.36**	**1,909.16**	**1,787.27**	**1,761.91**

Source: DMO

4.8.6 External Debt Disbursements

Total External Debt Disbursements in 2019 was US$2,490.70 million compared to US$7,340.84 million in the preceding year. The disbursements were largely from Multilateral and Bilateral Creditors, as Eurobonds were not issued in 2019. Table 4.14 shows External Debt Disbursements by Source from 2015-2019.

Table 4.14: External Debt Disbursements by Source, 2015-2019 (US$' Million)

Source	2015	2016	2017	2018	2019
Multilateral					
IDA	758.38	1,578.50	814.75	945.37	1,253.39
IFAD	11.09	11.20	23.71	28.36	31.34
AfDB	250.00	9.89	783.26	134.99	136.66
ADF	111.32	138.89	51.42	67.48	69.71
IDB	-	-	-	-	-
BADEA	-	0.09	-	-	-
IBRD	3.57	0.26	120.30	-	285.33
Sub-Total	**1,134.35**	**1,738.83**	**1,793.43**	**1,176.20**	**1,776.43**
Bilateral	240.06	112.35	**445.68**	**796.29**	**714.27**
Commercial	-	-	**4,800.00**	**5,368.35**	**-**
TOTAL	**1,374.41**	**1,851.18**	**7,039.11**	**7,340.84**	**2,490.70**

Source: DMO

4.8.7 Net Resource Flows and Net Transfers on External Debt

Nigeria's Net Resource Flows and Net Transfers on External Debt were US$2,222.19 million and US$1,157.12 million in 2019 compared to US$6,628.09 million and US$5,868.79 million in 2018. The Net inflows in the year were on account of disbursements from Multilateral and Bilateral creditors.

Table 4.15: Net Resource Flows and Net Transfers on External Debt by Source in 2019 (US$' Million)

Creditor Category	Disbursements in 2019	Principal Repayments in 2019	Net Resource Flows in 2019	Interest Paid in 2019	Net Transfers in 2019
	(A)	(B)	C (A-B)	(D)	E(C-D)
Multilateral	1,776.43	182.10	1,894.33	147.05	1,447.28
Bilateral	714.27	86.41	627.86	88.45	539.41
Commercial		-	-	-	-
Oil Warrants	-	-	-	41.72	(41.72)
Eurobonds		-	-	787.82	(787.82)
Citibank Agency Fees	-	-	-	0.03	(0.03)
Total	**2,490.70**	**268.51**	**2,222.19**	**1,065.07**	**1,157.12**

Source: DMO
(i) Net resource flow equals disbursements less principal repayments.
(ii) Net transfers equal Net Resource flow less Interest payments.

4.9 The International Capital Market

4.9.1 Performance of Nigeria's Eurobonds and Diaspora Bond in the Secondary Market

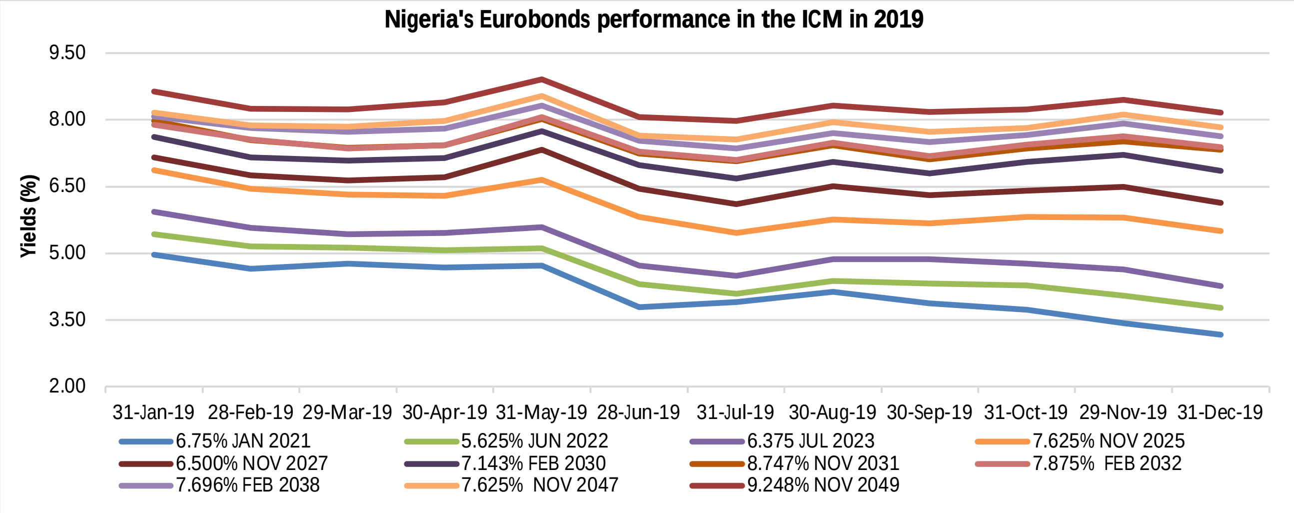
The Yields of Nigeria's Eurobonds and Diaspora Bond in the ICM tightened in 2019 when compared to the Yields recorded in 2018. The Eurobonds Yields declined by about 61 basis points across all maturities, as shown in Table 4.16. The reduction in the Yields, especially in the second quarter of 2019, implied that the average cost of borrowing in the ICM decreased in 2019. The foremost factor responsible for the reduction in the Yields in the year was the cut in Benchmark Interest Rates by the US Federal Reserve Bank in the months of July, September and October 2019 by 25 basis points in each of the times. The Yield of Diaspora Bond opened at 5.42% in January and closed at 3.77% in December, 2019, representing a tightening of about 165 basis point.

Table 4.16: Trends in Nigeria's Eurobonds and Diaspora Bond Prices and Yields (January – December, 2019)

Date	6.75% JAN 2021	5.625% JUN 2022	6.375 JUL 2023	7.625% NOV 2025	6.500% NOV 2027	7.143% FEB 2030	8.747% NOV 2031	7.875% FEB 2032	7.696% FEB 2038	7.625% NOV 2047	9.248% NOV 2049
	Closing Yield (%)	Closing Yield (%)	Closing Yield (%)	Closing Yield (%)	Closing Yield (%)	Closing Yield (%)	Closing Yield (%)	Closing Yield (%)	Closing Yield (%)	Closing Yield (%)	Closing Yield (%)
31-Jan-19	4.97	5.42	5.93	6.86	7.15	7.62	7.97	7.89	8.08	8.16	8.64
28-Feb-19	4.65	5.15	5.57	6.45	6.75	7.15	7.54	7.56	7.81	7.88	8.25
29-Mar-19	4.76	5.12	5.42	6.32	6.63	7.08	7.37	7.35	7.73	7.84	8.23
30-Apr-19	4.68	5.07	5.46	6.28	6.71	7.15	7.43	7.42	7.79	7.97	8.39
31-May-19	4.72	5.11	5.59	6.66	7.33	7.75	8.01	8.07	8.32	8.53	8.91
28-Jun-19	3.78	4.30	4.71	5.82	6.44	6.97	7.24	7.28	7.52	7.64	8.05
31-Jul-19	3.90	4.09	4.49	5.45	6.10	6.68	7.07	7.09	7.36	7.55	7.97
30-Aug-19	4.12	4.39	4.86	5.75	6.52	7.06	7.42	7.48	7.71	7.94	8.33
30-Sep-19	3.88	4.31	4.86	5.68	6.30	6.79	7.12	7.19	7.49	7.73	8.17
31-Oct-19	3.72	4.28	4.76	5.81	6.40	7.05	7.36	7.43	7.66	7.82	8.24
29-Nov-19	3.42	4.05	4.64	5.79	6.50	7.21	7.51	7.64	7.91	8.12	8.45
31-Dec-19	3.17	3.77	4.25	5.51	6.13	6.85	7.32	7.37	7.63	7.82	8.16

Source: Bloomberg

Figure 4.4: Trends in the Yields of Nigeria's Eurobonds in 2019



Source: Bloomberg

4.9.2 Comparative Performance with other African Sovereigns' Eurobonds

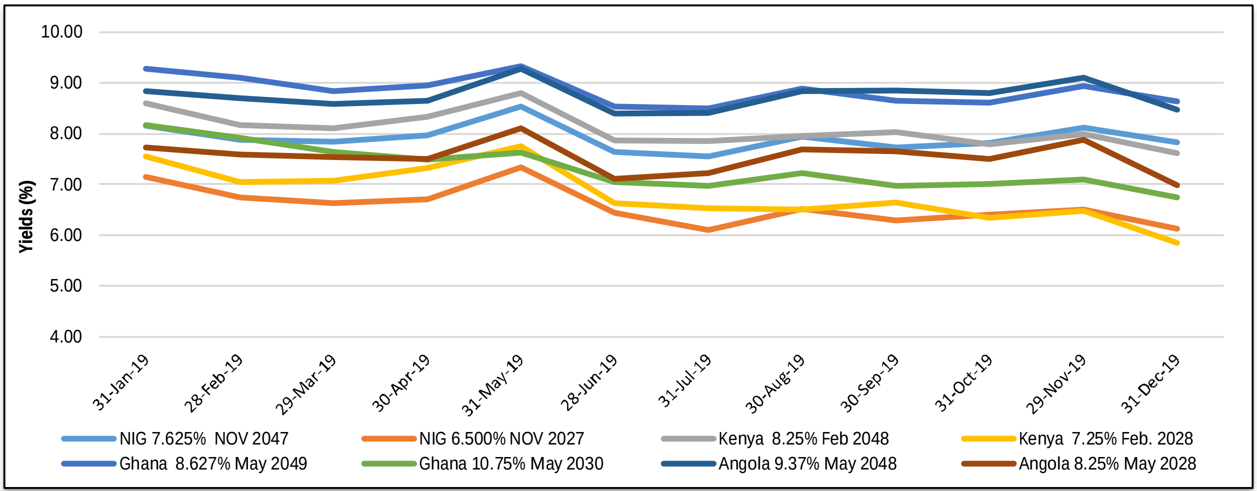
Table 4.17 compares the trends in the Yields of Nigeria's Eurobonds in the Term-to-Maturities of 10 and 30 years with selected African peers. Nigeria's 7.625% NOV 2047 which was about the same maturity with Kenya's 8.25% FEB 2048, Ghana's 8.627% MAY 2049 and Angola's 9.37% MAY 2048 opened in January at 8.16%, 8.60%, 9.28%, 8.83%, and closed and in December 2019 at 7.82%, 7.61%, 8.63%, 8.48%, respectively. This shows that the Yields of Nigeria's Eurobonds and those of its African peers tightened by an average of 58.25 basis points during the period under review.

Table 4.17: Comparative Performance of Eurobonds Yields of Nigeria's Peers in 2019

	NIG 7.625% NOV 2047	NIG 6.500% NOV 2027	Kenya 8.25% Feb 2048	Kenya 7.25% Feb. 2028	Ghana 8.627% May 2049	Ghana 10.75% May 2030	Angola 9.37% May 2048	Angola 8.25% May 2028
Date	Closing Yields	Closing Yields	Closing Yields	Closing Yields	Closing Yields	Closing Yields	Closing Yields	Closing Yields
31-Jan-19	8.16	7.15	8.60	7.56	9.28	8.17	8.83	7.73
28-Feb-19	7.88	6.75	8.17	7.06	9.10	7.92	8.70	7.60
29-Mar-19	7.84	6.63	8.11	7.07	8.83	7.64	8.58	7.54
30-Apr-19	7.97	6.71	8.33	7.33	8.96	7.48	8.65	7.49
31-May-19	8.53	7.33	8.79	7.75	9.33	7.63	9.28	8.10
28-Jun-19	7.64	6.44	7.86	6.64	8.54	7.04	8.39	7.12
31-Jul-19	7.55	6.10	7.85	6.53	8.49	6.97	8.41	7.22
30-Aug-19	7.94	6.52	7.95	6.51	8.88	7.22	8.83	7.69
30-Sep-19	7.73	6.30	8.04	6.65	8.65	6.96	8.84	7.65
31-Oct-19	7.82	6.40	7.78	6.34	8.61	7.01	8.80	7.50
29-Nov-19	8.12	6.50	8.00	6.48	8.94	7.10	9.10	7.88
31-Dec-19	7.82	6.13	7.61	5.85	8.63	6.75	8.48	6.99

Source: Bloomberg

Figure 4.5: Yields on selected African Sovereigns Eurobonds in 2019



Source: Bloomberg

4.9.3 Eurobonds Issuance by other African Countries in 2019

Table 4.18 presents five (5) African Sovereigns that issued Eurobonds in 2019, compared to Seven (7) countries, apart from Nigeria, that accessed the ICM for funding of various economic programmes in 2018. In the year under review, South Africa raised US$5.0 billion in two tranches of US$2.0 billion & US$3.00 billion, while Kenya issued US$2.1 billion in two tranches of US$0.9 billion & US$1.2 billion. Other African Sovereigns that issued Eurobonds were Ghana (US$3.0 billion in three tranches of US$0.750 billion, US$1.25 billion & US$1.0 billion), Tunisia (EUR700 million) and Benin Republic (US$567 million). The total amount raised by the five (5) African countries was US$9.667 billion and EUR700 million. The Eurobonds issued by these countries were mainly used to refinance matured debt obligations, funding of infrastructure projects and Budget Deficits. All the issuances were oversubscribed by investors, indicative of investors’ growing appetite for debt instruments issued by African Sovereigns.

Table 4.18: Eurobonds Issued by African Sovereigns in 2019

Country	Credit Rating			Date Issued	Amount	Tenor (Years)	Coupon (%)	Issue Yield (%)
	Fitch	S&P	Moody's					
Republic of Benin	B	B-	B3	March 26, 2019	USD0.567	6	5.80	5.90
Ghana	B	B-	B3	March 19, 2019	USD 0.750	7	7.875	7.875
					USD 1.25	12	8.125	8.125
					USD 1.00	31	8.950	8.950
Kenya	B+	B+	-	May 18, 2019	USD 0.90	7	7.00	7.00
					USD 1.20	12	8.00	8.00
Tunisia	B+	B	B2	July 2019	€700	7	7.00	6.38
South Africa	B/B+	B/B	Baa3	Sept. 2019	USD 2.00	10	4.85	4.85
					USD 3.00	30	5.75	5.75
Total					U$D9.667/700Euros			

Source: Bloomberg and Citi (12/2/2020 Report)

4.9.4 Eurobonds Issuance by Nigerian Corporates in 2019

In 2019, Nigerian corporates were not active in the ICM as there was only one issuance which was by Ecobank, as indicated in Table 4.19. The Bank issued a five (5) year US$450 million unsecured Notes priced at 9.75 percent. The proceeds of the issuance were used to fund the Bank's corporate obligations, including the refinancing of matured debt and for general commercial purposes.

Table 4.19: Eurobonds Issued by Nigerian Corporates in 2019

Corporate	Credit Rating		Date Issued	Amount (US$ Million)	Tenor (Years)	Coupon (%)	Issue Yield (%)
	Fitch	S&P					
Ecobank	B	B/B	April, 2019	450	5	9.75	9.75

Source: Bloomberg

4.9.5 Outlook for the International Capital Market in 2020

The International Monetary Fund (IMF) reported in its January 2020 edition of the World Economic Outlook of increase in Global growth to 3.3 percent in 2020 indicating an increase of 0.4 percent from the 2.9 percent estimated for 2019. However, following the outbreak of the Coronavirus pandemic, the IMF in its World Economic Outlook (April 2020) projected global growth to contract by about -3.0 percent in 2020, a downgrade of 6.3 percentage points from the January 2020 edition. The prospects for growth in China and US were equally revised, with growth slipping below 5 percent for the US and 1.2 percent for China. The report further noted that the outbreak of the Virus affected commodity markets as demand for oil contracted in the first quarter of 2020, leading to a sharp drop in crude oil prices below US$20 per barrel. Where the pandemic is protracted and not contained within reasonable time, global growth would be weakened considerably with attendant adverse impact on financial markets, travel and hospitality sectors and disruption in the supply chain. Consequently, it is envisaged that if trade tensions between the US and China persist and Covid-19 pandemic was not speedily contained, global output would experience substantial contraction. The sharp drop in global oil prices would adversely affect the economies of commodity exporting countries, including Nigeria, as revenues from oil shrinks, and hamper the financial capacity to effectively implement the annual budget, thereby constraining the Government to resort to monetary and fiscal stimulus thus, leading to further borrowing.

4.10 External Loans Borrowing Programme in 2019

Table 4.21 shows the external loans contracted by the FGN in 2019 to finance strategic economic and social development programmes and projects across the country.

Table 4.21: External Loans Negotiated and Signed by the FGN in 2019

S/N	Project Name	Agreement Date	Creditor	Currency	Loan Amount
1	Value Chain Development Programme Additional Financing	4/3/2019	IFAD	USD	89,100,000.00
2	Africa Trade Insurance (ATI) Agency: Country Membership Programme	4/3/2019	AfDB	ADF Units Accounts	1,400,000.00
3	Africa Trade Insurance (ATI) Agency: Country Membership Programme	4/3/2019	AfDB	ADF Units Accounts	8,810,000.00
4	Program for Integrated Development and Adaptation to Climate Change in the Niger Basin (PIDACC)	4/3/2019	AfDB	ADF Units Accounts	6,000,000.00
5	Accelerating Nutrition Result in Nigeria Project	12/2/2019	IDA	SDR	156,500,000.00
6	Accelerating Nutrition Result in Nigeria Project (Grant Agreement)	12/2/2019	IDA	USD	7,000,000.00
7	Nigeria Erosion and Watershed Management Project-Additional Financing	12/2/2019	IDA	USD	100,000,000.00
8	Nigeria Erosion and Watershed Management Project-Scale up Financing	12/2/2019	IDA	SDR	208,700,000.00
9	Fiscal Governance and Institutions Projects	12/2/2019	IDA	SDR	87,000,000.00
10	North Core Dorsale Nord Regional Power Interconnectivity Project	16/5/2019	IDA	USD	27,400,000.00
11	Lagos State Strategic Transport Masterplan Project	9/5/2019	AFD	Euro	178,683,105.51
12	States Fiscal Transparency, Accountability and Sustainability Program for Results	12/2/2019	IDA	SDR	521,600,000.00
13	Nigeria for Women	12/2/2019	IDA	SDR	69,600,000.00
14	Nigeria Four Airport Terminals Expansion Incremental Project	27/12/2019	EXBC	USD	208,905,161.53
15	Nigeria Four Airport Terminals Expansion Ancillary Project	27/12/2019	EXBC	USD	183,621,056.84

Source: Federal Ministry of Finance, Budget and National Planning

Notes: 1. AfDB - African Development Bank
2. AFD - Agence Francaise de Developpement
3. EXBC - Exim Bank of China
4. IDA - International Development Association
5. IFAD - International Fund for Agricultural Development

CHAPTER FIVE

NIGERIA'S DOMESTIC DEBT

FGN's Domestic Debt stock as at December 31, 2019 was ₦14,272.64 billion compared to ₦12,774.41 billion as at December 31, 2018, reflecting an increase of ₦1,498.23 billion or 11.73 percent. The increase in the Debt stock was due mainly to the issuance of FGN Bonds to partly fund the deficit in the 2019 Appropriation Act, refinancing of matured FGN securities and the settlement of local debts and other contractual obligations of the FGN through the issuance of Promissory Notes. The FGN's Interest Payments on Domestic Debt in 2019 was ₦1,661.03 billion compared ₦1,797.90 billion in 2018. The decrease of ₦136.87 billion or 7.61 percent on interest payments reflects the relative decline in interest rates in the domestic market in the year under review. The demand for FGN securities in the year was high, indicative of the diversified and growing investor base, and the secondary market for FGN Bonds

5.1 FGN's Domestic Debt Stock

The FGN's Domestic Debt stock outstanding as at December 31, 2019 was ₦14,272.64 billion compared to ₦12,774.41 billion in the corresponding period of 2018, representing an increase of ₦1,498.23 billion or 11.73 percent. The increase in the FGN's Domestic Debt stock in the period under review was mainly as a result of the issuance of FGN Bonds to fund the 2019 Appropriation Act and refinancing of matured FGN securities, as well as the settlement of local debts and other contractual obligations of the FGN through the issuance of Promissory Notes.

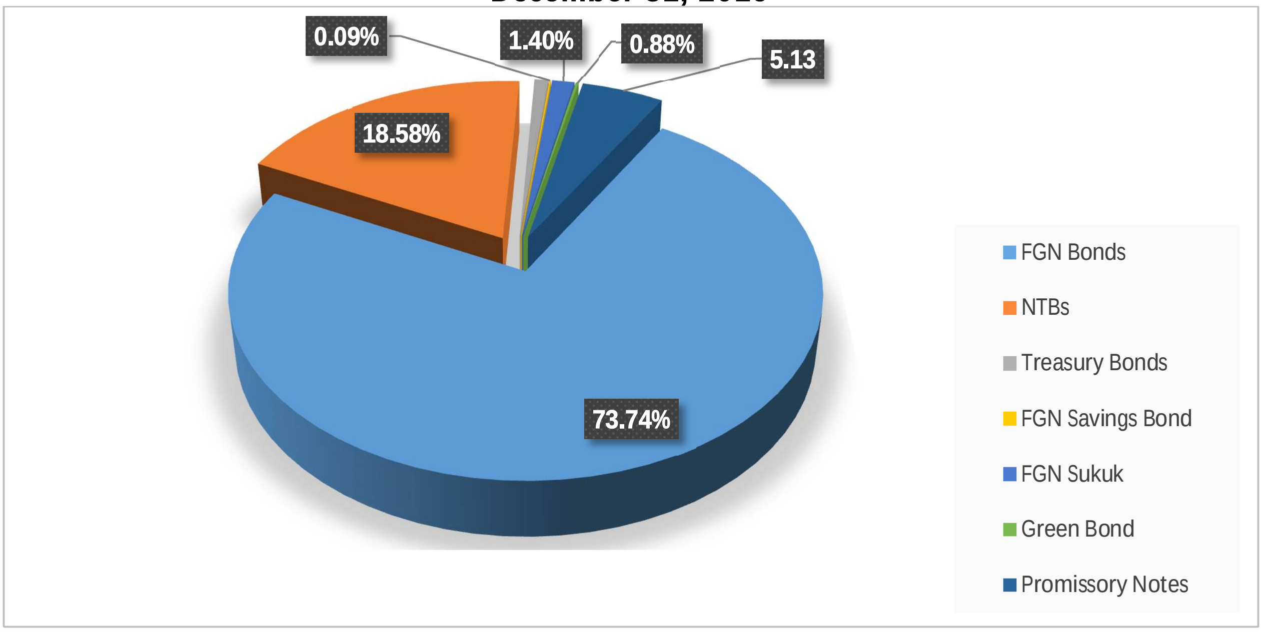
The FGN's Domestic Debt portfolio comprised FGN Bonds of ₦10,524.16 billion or 73.74 percent of the FGN's Total Domestic Debt stock as at December 31, 2019. Others include NTBs of ₦2,651.51 billion or 18.58 percent, Treasury Bonds of ₦125.99 billion or 0.88 percent, FGN Savings Bonds of ₦12.67 billion or 0.09 percent, FGN Sukuk of ₦200.00 billion or 1.40 percent, FGN Green Bonds of ₦25.69 billion or 0.18 percent and Promissory Notes of ₦732.62 billion or 5.13 percent of the FGN's Total Domestic Debt stock. Table 5.1 and Figure 5.1 show the composition of the FGN's Domestic Debt Stock outstanding as at December 31, 2019.

Table 5.1 Nigeria: Trend in Domestic Debt Outstanding by Instruments, 2015-2019

	2015	2016	2017	2018	2019
Instruments	**N' Billion**	**N' Billion**	**N' Billion**	**N' Billion**	**N' Billion**
FGN Bonds	5,808.14	7,564.94	8,715.81	9,334.74	10,524.16
NTBs	2,772.87	3,277.28	3,579.80	2,735.97	2,651.51
Treasury Bonds	255.99	215.99	175.99	150.99	125.99
FGN Savings Bond	-	-	7.2	10.8	12.67
FGN Sukuk	-	-	100	200	200.00
Green Bonds	-	-	10.69	10.69	25.69
Promissory Notes	-	-	-	331.27	732.62
Total	**8,837.00**	**11,058.21**	**12,589.49**	**12,774.41**	**14,272.64**
Instruments	**% of Total**	**% of Total**	**% of Total**	**% of Total**	**% of Total**
FGN Bonds	65.73	68.41	69.23	73.07	73.74
NTBs	31.38	29.64	28.43	21.42	18.58
Treasury Bonds	2.90	1.95	1.40	1.18	0.88
FGN Savings Bond	-	-	0.06	0.08	0.09
FGN Sukuk	-	-	0.79	1.57	1.40
Green Bond	-	-	0.08	0.08	0.18
Promissory Notes	-	-	-	2.59	5.13
Total	**100**	**100**	**100**	**100**	**100**

Source: DMO

Figure 5.1 Composition of FGN's Domestic Debt Stock by Instruments as at December 31, 2019



Source: DMO

The upward trend in the FGN's Domestic Debt Stock continued as the share of FGN Bonds grew from 65.73 percent in 2015 to 73.74 percent at the end of 2019. The debut issuance of the 30 -year government bond, together with together with the FGN Sukuk and FGN Green Bond have contributed significantly to the lengthening of the Average Time-to-Maturity of the Debt portfolio to 10.50 years as at December 2019 surpassing the target 10 years. Table 5.1 shows that, whereas, the share of FGN Bonds which is the principal instrument for long-term borrowing in the domestic market has continued to increase as a percentage of Total Domestic Debt stock, the share of NTBs has continued to decline steadily from 21.42 percent in 2017 to 18.58 percent at the end of 2019, which is in line with the country's debt management strategy. The share of Treasury Bonds has also continued to trend downwards from 2.90 percent in 2015 to 0.88 percent at the end of December 2019, due to its gradual redemption over the years. While the share of FGN Savings Bond, FGN Green Bond and Promissory Notes as a percentage of Total Domestic Debt stock increased from 0.08, 0.08 and 2.59 percent respectively in 2018 to 0.09, 0.18 and 5.13 percent at the end of December 2019, the share of FGN Sukuk slightly declined from 1.57 percent in 2018 to 1.40 percent at the end of December 2019, as there was no new issuance during the year.

5.2 FGN's Domestic Debt Stock by Category of Holders

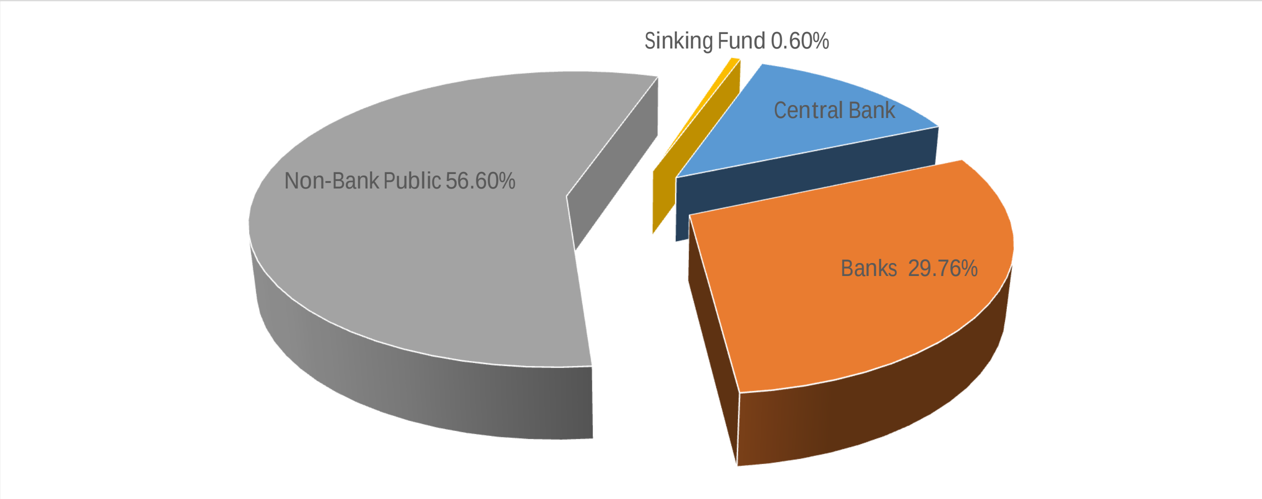
Table 5.2 shows the FGN's Total Domestic Debt outstanding by Holders' Category as at December 31, 2019. The breakdown revealed that Non-Bank Public held the largest share of the FGN's Total Domestic Debt stock with ₦8,078.58 billion or 56.60 percent, followed by Banks with ₦4,248.49 billion or 29.76 percent and the Central Bank of Nigeria (CBN) with ₦1,860.62 billion or 13.04 percent. The balance of ₦84.95 billion or 0.60 percent of the FGN's Total Domestic Debt was held in a Sinking Fund created by the FGN to redeem Treasury Bonds.

Table 5.2: FGN's Domestic Debt by Holder's Category, as at December 31, 2019 (₦' Billion)

Instrument	Central Bank	Banks	Non-Bank Public	Sinking Fund	Amount Outstanding
FGN Bonds	1,608.28	3,935.44	4,980.43	84.95	10,609.10
Nigerian Treasury Bills (NTBs)	211.30	269.80	2,170.42	-	2,651.52
Treasury Bonds	41.04	-	-	-	41.04
Savings Bond	-	-	12.67		12.67
FGN Sukuk		43.25	156.75		200.00
FGN Green Bond			25.69		25.69
Promissory Notes			732.62		732.62
Total	**1,860.62**	**4,248.49**	**8,078.58**	**84.95**	**14,272.64**
% of Total	*13.04%*	*29.76%*	*56.60%*	*0.60%*	*100.00%*

Source: DMO

Figure 5.2: Composition of FGN's Domestic Debt by Holders' Category as at December 31, 2019



Source: DMO

The trend in FGN's Domestic Debt outstanding by Category of Holders from 2015 to 2019 is shown in Table 5.3. The Non-Bank Public (mainly Pension Fund Administrators, Asset and Fund Managers, as well as Insurance companies) are the main holders of the FGN's domestic debt instruments. The increasing proportion of the Non-Bank Public is largely due to the diversification of the investor base and market development activities of the DMO and other stakeholders.

Table 5.3: FGN's Domestic Debt Outstanding by Holders Category, 2015-2019 (₦' Billion)

Investor Type	2015	2016	2017	2018	2019
CBN	877.3	1,688.20	1,703.81	2,005.44	1,860.62
% of Total	*9.93*	*15.27*	*13.53*	*15.70*	*13.04*
Banks	3,284.01	3,736.02	5,350.79	3,768.58	4,248.49
% of Total	*37.16*	*33.79*	*42.50*	*29.50*	*29.76*
Non-Bank Public	4,513.49	5,493.54	5,416.54	6,905.30	8,078.58
% of Total	*51.07*	*49.68*	*43.02*	*54.06*	*56.60*
Sinking Fund	162.2	140.45	118.35	95.08	84.95
% of Total	*1.84*	*1.27*	*0.94*	*0.74*	*0.60*
Total	**8,837.00**	**11,058.21**	**12,589.49**	**12,774.40**	**14,272.64**

Source: CBN, DMO

5.3 FGN's Domestic Debt by Residual Maturity

Table 5.4 shows the Maturity Structure of the FGN's Domestic Debt as at December 31, 2019. The breakdown of the FGN's Domestic Debt by Maturity reveals that the short-term debt (less than one year to maturity) constituted 24.66 percent, while debt maturing between 1 and 3 years accounted for 13.08 percent of the FGN's Total Domestic Debt portfolio. The other maturities are 3 to 10 years and 10 years and above, which accounted for 36.02 and 26.25 percent of the FGN's Domestic Debt Portfolio respectively. The reduction in the share of Short-term debt from 29.18 percent in 2018 to 24.66 percent in 2019, is in line with the Debt Management Strategy of targeting 75:25 for long-term to short-term debts in the Domestic Debt Portfolio. Table 5.5 shows that the Maturity Structure of the FGN's Domestic Debt has been lengthened considerably over the past five years (2015-2019), with medium to long-term debts dominating the Portfolio. This has helped substantially to moderate refinancing and interest rate risks associated with short-term debts.

5.4: Maturity Structure of FGN's Domestic Debt, 2019

Residual Maturity (Years)	% Share of Outstanding Debt, 2019
≤ 1 Year	24.66
> 1 ≤ 3 Years	13.08
> 3 ≤ 10 Years	36.02
> 10 years	26.25
Total	**100.00**

Source: DMO

Table 5.5: FGN's Domestic Debt Outstanding by Residual Maturity, 2015 – 2019 (N' Billion)

Year	Short Term[1]	%	Medium-Long Term[2]	%	Total	%
2015	3,379.25	38.24	5,457.75	61.76	8,837.00	100
2016	3,902.41	35.29	7,155.79	64.71	11,058.20	100
2017	4,105.34	32.61	8,484.14	67.39	12,589.49	100
2018	3,728.14	29.18	9,046.26	70.82	12,774.41	100
2019	3,519.58	24.66	10,753.05	75.34	14,272.64	100

Source: DMO
Notes: [1] Instruments with up to 1-year remaining maturity
[2] Instruments with more than 1-year remaining maturity

5.4 FGN's Domestic Debt Interest Payments in 2019

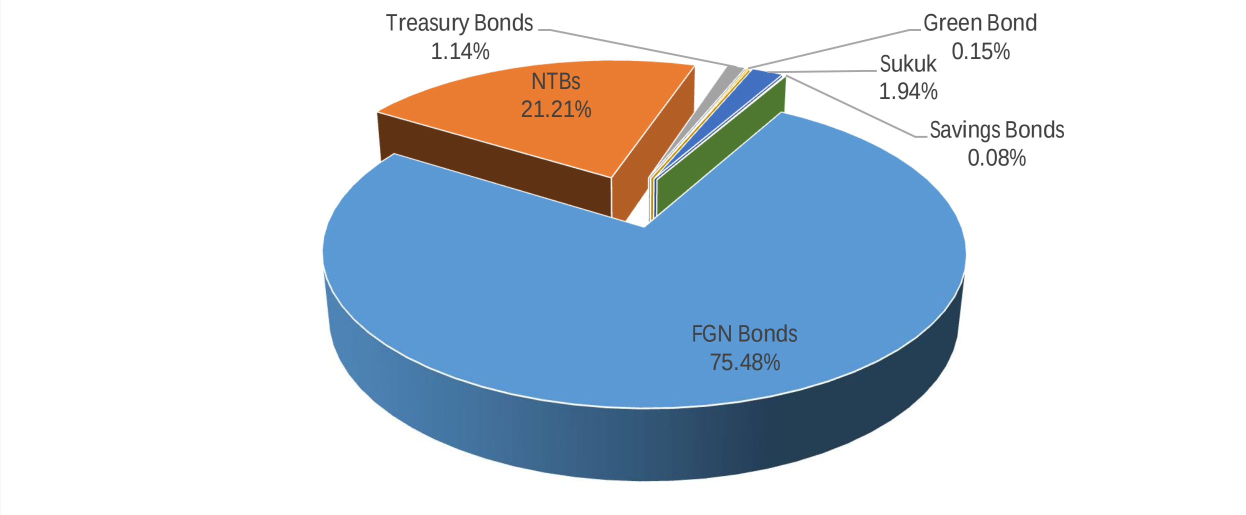
Table 5.6 shows that the Total FGN's Interest Payments on Domestic Debt was ₦1,661.03 billion in 2019, relative to ₦1,797.90 billion in 2018. The decrease of ₦136.87 billion or 7.61 percent interest payments on FGN's Domestic Debt reflects the relative decline in domestic market rates in 2019. Whereas, Interest Payments made in the year on FGN Bonds constituted 75.48 percent of the FGN's Total Domestic Debt Interest Payments, the share of Interest Payments made on NTBs was 21.21 percent, Treasury Bonds (1.14 percent), FGN Green Bond (0.15 percent), FGN Sukuk (1.94 percent) and FGN Savings Bonds (0.08 percent). Table 5.7 shows the trends in FGN's Domestic Debt Interest Payments for the period, 2015 - 2019, indicating a relative drop in interest payments in the year under review when compared to 2018. This was as a result of the general decline in interest rates in domestic market.

Table 5.6: FGN's Domestic Debt Interest Payments in 2019 (₦' Million)

Instruments	Principal Repayment	Interest	Total	% of Total
FGN Bonds	-	1,253,741.22	1,253,741.22	75.48
NTBs	-	352,330.67	352,330.67	21.21
Treasury Bonds	-	18,873.50	18,873.50	1.14
Green Bond	-	2,531.49	2,531.49	0.15
Sukuk	-	32,213.00	32,213.00	1.94
Savings Bonds		1,337.84	1,337.84	0.08
Total Debt Service	**-**	**1,661,027.73**	**1,661,027.73**	**100**

Source: DMO
FGN Bonds and NTBs that matured during period were refinanced.

Figure 5.3: Composition of FGN's Domestic Interest Payments in 2019 (in Percentage)



Source: DMO

Table 5.7: Trends in FGN's Domestic Debt Interest Payments, 2015-2019 (₦' Billion)

Year	Domestic Debt Interest Payment
2015	1,018.13
2016	1,228.76
2017	1,476.22
2018	1,797.90
2019	1,661.03

Source: DMO

5.5 Size and Composition of the Domestic Bond Market

The aggregate Face Value of outstanding Domestic Bonds comprising FGN securities, State Governments' Bonds, Corporate Bonds and Supra-National Bonds as at December 31, 2019 stood at ₦11,533.26 billion compared to ₦10,484.42 billion as at December 31, 2018. This represents an increase of ₦1,048.84 billion or 10.00 percent which was attributable to the growth in the share of FGN Bonds, Green Bonds and FGN Savings Bonds. Table 5.8 shows that the proportionate share of FGN Bonds relative to the total size of the domestic bond market increased to 91.25 percent in 2019 from 89.03 percent recorded in 2018, while the share of Supra-national Bond, State Governments' and Corporate Bonds declined as a result of the redemption of matured bonds, which included ₦8.10 billion Supra-national bonds.

Table 5.8: Size and Composition of Domestic Bonds Market: 2018 and 2019

Description	2018		2019	
Issuer	Amount Outstanding (₦' Billion)	% of Total	Amount Outstanding (₦' Billion)	% of Total
FGN Bond	9,334.74	89.03	10,524.16	91.25
Treasury Bonds	150.99	1.44	125.99	1.09
Sukuk	200.00	1.91	200.00	1.73
Green Bond	10.69	0.10	25.69	0.22
FGN Savings Bonds	10.75	0.10	12.67	0.11
Supra-Nationals	8.10	0.08	0.00	0.00
State Governments	320.10	3.05	232.17	2.01
Corporates	449.05	4.28	412.58	3.58
Total	**10,484.42**	**100**	**11,533.26**	**100**

Sources: SEC and DMO
Note: Corporate and Supra-Nationals are included to show the total size of the Domestic Bond Market and are not part of the Public Debt Outstanding

5.6 FGN Bonds Primary Market Activities

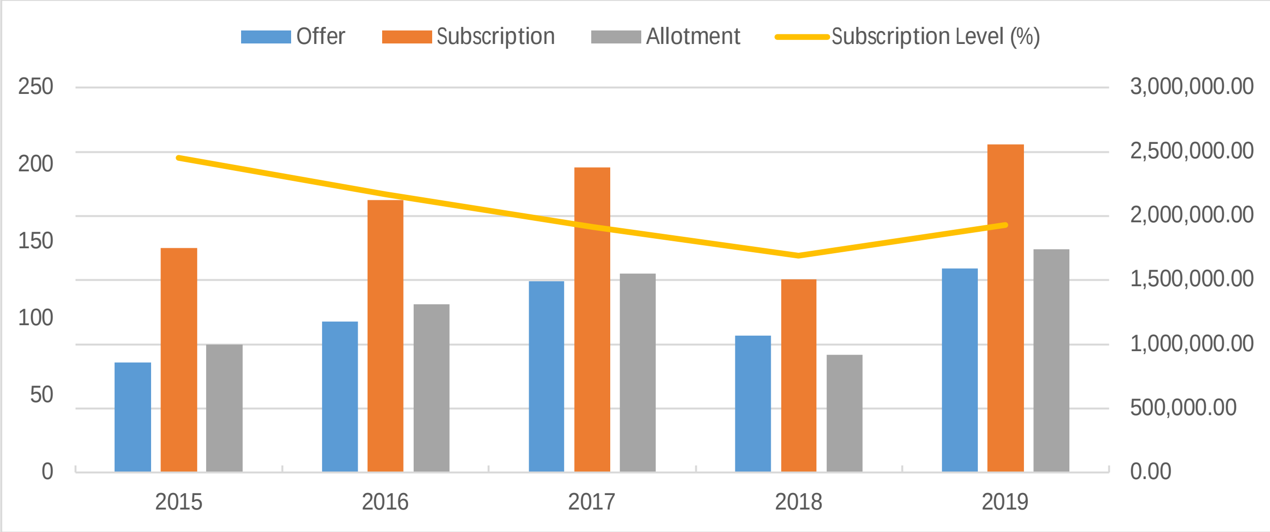
FGN Bonds of 5, 7, 10 and 30-year tenors were issued by the FGN in the primary market in the year under review. The sum of ₦1,590,000.00 million was offered, out of which ₦1,742,462.46 million was allotted during the year, from a total subscription of ₦2,558,720.96 million, representing a subscription level of 160.93 percent in the year (Table 5.9). The demand for FGN securities as shown in the high level of subscription, is an indication that the domestic debt market remained strong with diversified and growing investor-base including Banks, Pension Funds, Fund and Asset Managers, Insurance Companies and other institutional investors. Table 5.9 shows the FGN Bonds primary market issuances from 2015 - 2019.

Table 5.9: FGN Bonds Primary Market Issuance, 2015 – 2019 (₦' Million)

Year	Offer	Subscription	Allotment	Subscription Level (%)
2015	858,220.00	1,753,460.45	998,740.00	204.31
2016	1,175,000.00	2,125,748.10	1,308,303.33	180.91
2017	1,490,000.00	2,377,402.45	1,550,463.78	159.56
2018	1,070,000.00	1,506,041.18	918,926.33	140.75
2019	1,590,000.00	2,558,720.96	1,742,462.46	160.93

Source: DMO

Figure 5.4: Summary of Yearly FGN Bonds Offer, Subscription & Allotment, 2015-2019 (₦' Million)



Source: DMO

5.7 FGN Bonds Allotment by Residency

Allotments of the FGN Bonds by Residency Classification shows that resident investors accounted for ₦1,671,581.28 million or 95.93 percent of Bonds allotted in 2019, compared to ₦817,974.71 million or 89.01 percent in 2018. Allotments to Non-resident investors declined to ₦70,881.18 million or 4.07 percent of the Bonds in 2019 relative to ₦100,951.61 million or 10.99 percent in 2018, reflecting a drop of 29.79 percent in participation by Non-resident investors at the Auctions. Table 5.10 shows the Allotment of FGN Bonds by Residency Classification.

Table 5.10: Allotment of FGN Bonds by Residency Classification (₦' Million)

	2018		2019	
Classification	**Amount**	**% of Total**	**Amount**	**% of Total**
Residents	817,974.71	89.01	1,671,581.28	95.93
Non-Residents	100,951.61	10.99	70,881.18	4.07
Total	**918,926.328**	**100.00**	**1,742,462.46**	**100.00**

Source: DMO

5.8 Trend Analysis of FGN Bonds Allotment by Residency

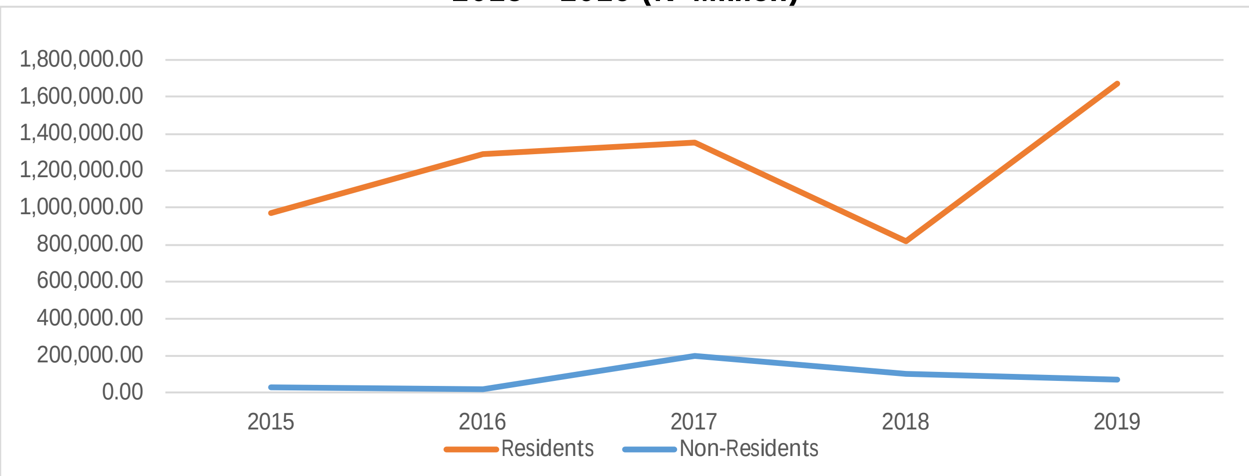
The breakdown of FGN Bonds allotments by Residency revealed a decline in participation by Non-residents in FGN Bonds Auctions to 4.07 percent in 2019 compared to 10.99 percent in 2018, as shown in Table 5.11 and Figure 5.5. The drop in Non-Resident investors' participation may be attributed to the moderation in domestic interest rates in 2019, relative to 2018.

Table 5.11: Summary of Allotment of FGN Bonds by Residency Classification, 2015 – 2019 (N' Million)

Year	Residents	%	Non-Residents	%	Total	%
2015	968,801.21	97.00	29,938.79	3.00	998,740.00	100.00
2016	1,290,303.33	98.62	18,000.00	1.38	1,308,303.33	100.00
2017	1,352,071.41	87.20	198,391.37	12.80	1,550,462.78	100.00
2018	817,974.71	89.01	100,951.61	10.99	918,926.33	100.00
2019	1,671,581.28	95.93	70,881.18	4.07	1,742,462.46	100.00

Source: DMO

Figure 5.5: Summary of Allotment of FGN Bonds by Residency Classification, 2015 – 2019 (₦' Million)



Source: DMO

5.9 Analysis of FGN Bonds Auctions by Tenor

FGN Bonds with Tenors of 5-year, 7-year, 10-year and 30-year were issued in 2019. As indicated in Table 5.12, the 5-year tenor accounted for 19.75 percent of the total FGN Bonds issued, while the 7-year, 10-year and 30-year tenors accounted for 5.42, 42.66 and 32.17 percent, respectively. The 30-year Bond was introduced to the market for the first time in April 2019, to meet investors' needs for longer tenor Bonds and also lengthen the yield curve of FGN Securities. Tables 5.13 and 5.14 show the monthly analysis of FGN Bonds issued by Tenor, and monthly FGN Bonds Issuances, Subscriptions and Allotments in 2019, while Figure 5.6 shows the Monthly Issuance in the year under review.

Table 5.12: Analysis of FGN Bonds Issuance by Tenor in 2019 (₦' Million)

Tenor*	Amount (₦' Million)	% of Total
5-year	344,218.67	19.75
7-year	94,496.00	5.42
10-year	743,282.12	42.66
30-year	560,465.67	32.17
Total	**1,742,462.46**	**100.00**

Source: DMO
* Represents original Issuance Tenor

Table 5.13: Monthly Analysis of FGN Bonds Issuance by Tenor in 2019 (₦' Million)

Month	5-Year*	7-Year*	10-Year*	30-Year*	Total
January	5,845.00	20,096.00	91,040.95	**	116,981.96
February	1,500.00	12,250.00	136,250.00	**	150,000.00
March	39,800.00	62,150.00	20,000.00	**	121,950.00
April	6,814.00	**	37,430.00	53,160.00	97,404.00
May	27,375.00	**	35,000.00	48,930.00	111,305.00
June	28,993.50	**	49,858.60	31,486.00	110,338.10
July	40,193.75	**	36,926.00	67,904.60	145,024.35
August	14,050.00	**	17,681.00	27,795.00	59,526.00
September	20,329.00	**	71,155.93	55,303.50	146,788.43
October	32,114.48	**	64,401.00	46,304.52	142,820.00
November	59,865.63	**	96,699.71	96,360.56	252,925.90
December	67,338.30	**	86,838.92	133,221.50	287,398.72
Total	**344,218.67**	**94,496.00**	**743,282.12**	**560,465.67**	**1,742,462.46**

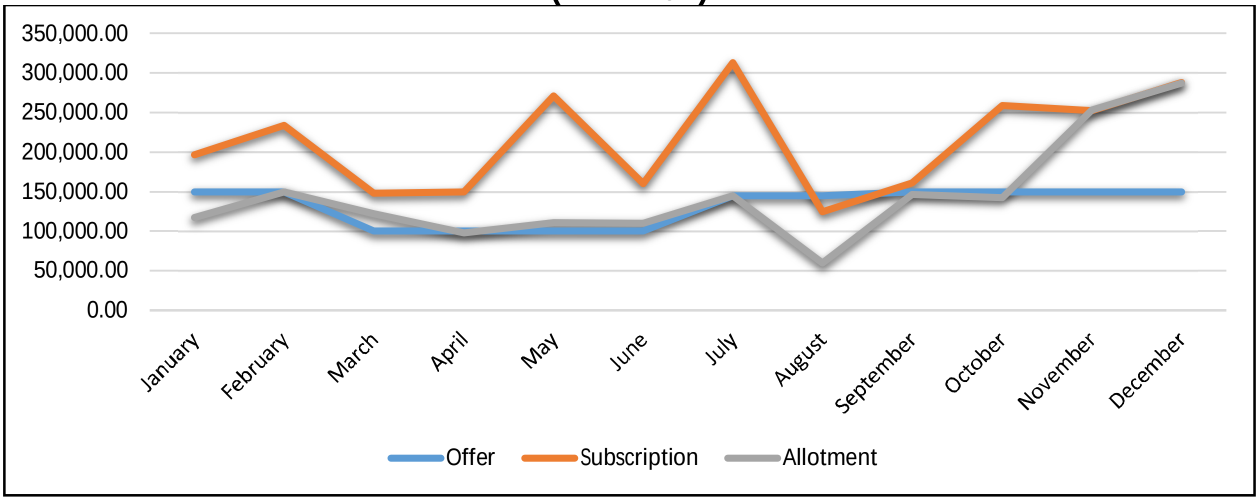
Source: DMO
* Represents original Issuance Tenor
**Tenor not offered in those months

Table 5.14: Summary of Monthly FGN Bonds Offer, Subscription & Allotment in 2019 (N' Million)

Month	Offer	Subscription	Allotment
January	150,000.00	197,089.01	116,981.96
February	150,000.00	234,341.50	150,000.00
March	100,000.00	148,474.08	121,950.00
April	100,000.00	149,304.00	97,404.00
May	100,000.00	271,111.01	111,305.00
June	100,000.00	160,133.10	110,338.10
July	145,000.00	313,026.25	145,024.35
August	145,000.00	124,583.50	59,526.00
September	150,000.00	160,895.03	146,788.43
October	150,000.00	258,987.96	142,820.00
November	150,000.00	252,346.81	252,925.90
December	150,000.00	288,428.73	287,398.72
Total	**1,590,000.00**	**2,558,720.96**	**1,742,462.46**

Source: DMO

Figure 5.6: Summary of Monthly FGN Bonds Offer, Subscription & Allotment in 2019 (₦' Million)



5.10 Allotment of FGN Bonds by Investor Type in 2019

The breakdown of FGN Bond allotments by Investor Type shows that Fund Managers & Non-Bank Financial Institutions accounted for 36.59 percent of the total FGN Bonds allotted in 2019, followed by the Deposit Money Banks (22.00 percent), Government Agencies (21.44 percent), Pension Funds (12.29 percent), Foreign Investors (4.07 percent), Insurance (3.26

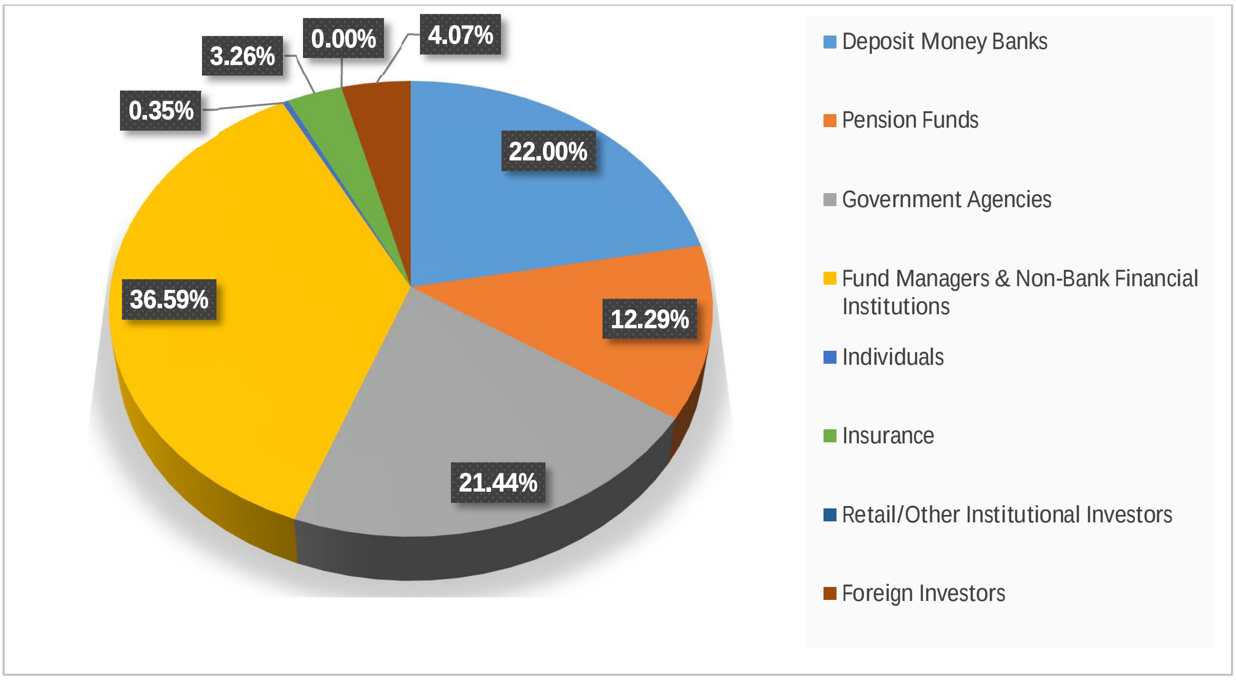
percent), Retail/Other Institutional Investors (0.00 percent) and Individuals (0.35 percent). The breakdown is shown in Table 5.15 and Figure 5.7 below.

Table 5.15: Summary of FGN Bond Auctions & Allotments by Investor Type in 2019 (₦' Million)

Description	Amount	Result
Total Subscription		**2,558,720.96**
Range of Bids (%)		9.0000% - 17.5000%
Range of Marginal Rates (%)		11.0000% - 15.3500%
Range of Coupons (%)		12.7500% - 14.8000%
		% of Total Allotment
Deposit Money Banks	383,404.88	22.00
Pension Funds	214,110.08	12.29
Government Agencies	373,588.43	21.44
Fund Managers & Non-Bank Financial Institutions	637,577.29	36.59
Individuals	6,154.60	0.35
Insurance	56,696.00	3.26
Retail/Other Institutional Investors	50.00	0.00
Foreign Investors	70,881.18	4.07
Total Allotment	**1,742,462.46**	**100**

Source: DMO

Figure 5.7: Allotments of FGN Bonds Issuance by Investor Type in 2019

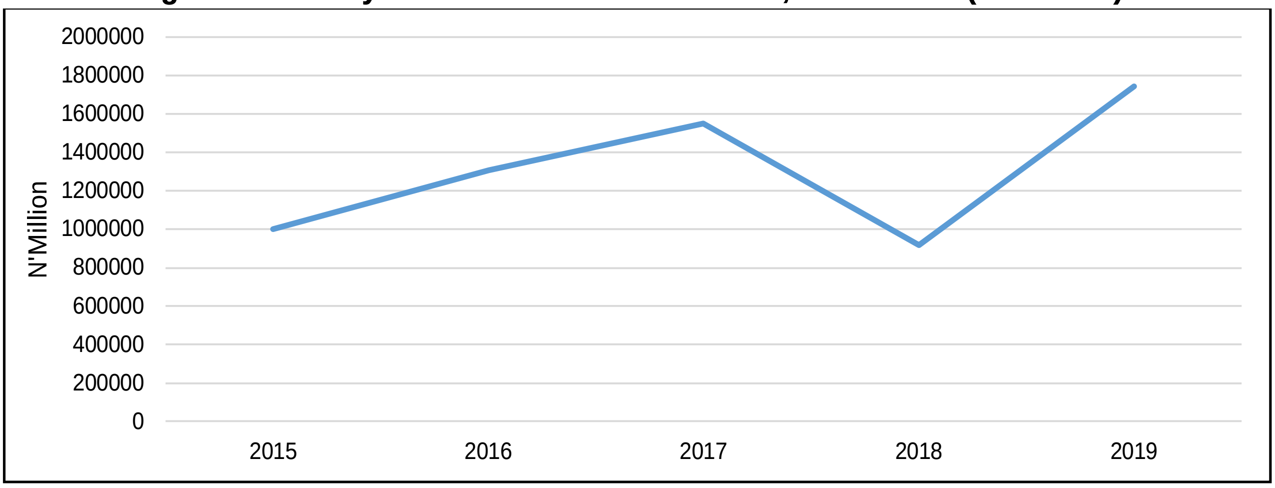


Source: DMO

5.11 Trend Analysis of FGN Bonds Allotments

Figure 5.8 shows the trend of Allotments of the FGN Bonds from 2015 to 2019. Analysis of the trend reveals an increase in Allotment of FGN Bonds to ₦1,742,462.46 million in 2019, from ₦918,926.33 million allotted in 2018. This was attributable largely to increase in Government Financing needs through Domestic Borrowings and refinancing of maturing FGN Bonds during the year under review.

Figure 5.8: Analysis of FGN Bonds Allotments, 2015-2019 (₦' Million)



Source: DMO

5.12 FGN Domestic Secondary Bond Market in 2019

5.12.1 Trading of FGN Bonds on the FMDQ and The NSE Trading

The FGN Bonds traded in the Secondary Market increased in 2019 relative to 2018 on the FMDQ Securities Exchange, as shown in Table 5.16. Total Face Value of Trades rose by 43.80 percent from ₦17.13 trillion in 2018 to ₦24.64 trillion in 2019. Consideration increased by 42.71 percent from ₦18.05 trillion in 2018 to ₦25.76 trillion in 2019, while the number of Deals decreased by 19.77 percent from 51,048 in 2018 to 40,954 in the same period under review.

Table 5.16: FGN Bonds Secondary Market Trades on the FMDQ Securities Exchange, 2018 - 2019

	2018			2019		
Period	Number of Transactions	Face Value (₦' 000)	Consideration (₦' 000)	Number of Transactions	Face Value (₦' 000)	Consideration (₦' 000)
January	5,044	899,124,886	1,005,765,932	2,436	1,325,749,618	1,321,257,436
February	5,006	909,461,016	1,009,906,716	4,358	1,497,346,374	1,479,600,396
March	5,646	1,691,316,570	1,784,878,252	3,994	1,415,029,080	1,451,020,013
April	7,470	1,738,542,600	1,906,169,859	2,874	1,252,831,640	1,259,275,105
May	5,534	1,916,287,432	2,109,957,246	2,882	1,398,727,546	1,403,497,860
June	3,498	1,296,783,576	1,637,370,349	2,200	1,222,287,108	1,239,043,663
July	4,238	1,528,088,040	1,590,193,149	4,394	4,087,326,364	4,149,767,929
August	2,374	1,577,780,960	1,616,542,084	2,710	1,366,721,884	1,409,167,545
September	4,738	2,135,561,892	2,069,753,417	1,856	961,407,374	984,177,538
October	3,074	1,264,549,860	1,225,214,079	3,580	2,106,974,502	2,158,204,930
November	2,422	1,119,115,128	1,062,076,065	4,302	3,063,216,816	3,295,286,103
December	2,004	1,055,690,208	1,032,939,611	5,368	4,939,214,836	5,605,368,647
Total	**51,048**	**17,132,302,168**	**18,050,766,760**	**40,954**	**24,636,833,142**	**25,755,667,165**

Source: The NSE and FMDQ Securities Exchange Limited

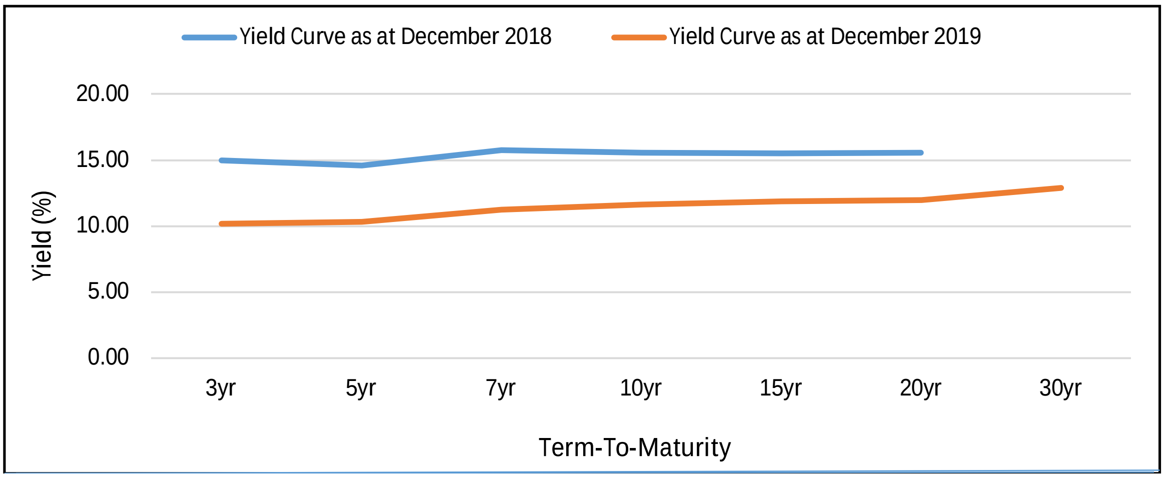
5.12.2 FGN Bonds Traded on The NSE

Total Face Value of FGN Bonds traded on The NSE increased significantly by 445.35 percent to ₦1,342.28 million in 2019 from ₦246.14 million in 2018. The Consideration also increased by 434.45 percent to ₦1,383.31 million in 2019 from ₦258.83 million in 2018, as well as the number of Deals to 224 in 2019 from 121 deals in 2018.

5.12.3 Sovereign Yield Curve

The Sovereign Yield Curve as at end of December, 2019 slightly trended upwards, but later moved downward by an average of 410 basis points (bps) across maturities compared to the Yield Curve in the corresponding period of 2018 (Figure 5.9). The downward movement in the FGN yield curve was an indication of the lower domestic interest rates, reflecting the CBN's policy of excluding individuals and local corporates from participation in the Open Market Operations (OMO) Bills in the second half of 2019.

Figure 5.9: The FGN Bonds Yield Curve as at end of December, 2018 and 2019



Source: FMDQ

5.13 Market-Wide Developments in 2019

5.13.1 FGN Savings Bond Issuance in 2019

The FGN Savings Bond was introduced into the domestic market in March 2017 with the main objectives of encouraging savings and promoting financial inclusion. A total subscription of ₦5.762 billion was recorded from 5,173 subscribers in 2019, representing an increase of 62.17 and 39.89 percent, respectively, compared to a total subscription of ₦3.553 billion from 3,698 subscribers recorded in 2018. The increase is attributable to the DMO's sustained efforts in creating awareness among the investing public, as well as, decline in the yields of Nigerian Treasury Bills (NTBs) in the year under review.

5.13.2 Sovereign Green Bonds Issuance in 2019

As part of the FGN's efforts towards fulfilling its commitments to the Paris Agreement on Climate Change, the DMO issued a 7-year ₦15 billion Green Bond at a coupon of 14.50 percent in the domestic debt market on June 13, 2019, to finance projects in the 2018 Appropriation Act. The Offering attracted significant interest from a wide range of investors with Total Subscription of ₦32.9 billion, that is, a Subscription Rate of 220 percent. Retail Investors accounted for 1.43 percent of the Total Allotment compared to 0.67 percent recorded in the debut Issuance in 2017, indicating that the objectives of financial inclusion and deepening of investor base are being achieved. The proceeds of the offer were used to fund environmentally friendly projects identified by the Federal Ministry of Environment. The following are the Issuance Statistics:

Instrument Type:	Green Bond.
Amount:	₦15 Billion.
Coupon:	14.50%, payable semi-annually.
Issuance Date:	June 13, 2019.
Tenor:	7-year.
Maturity Date:	June 13, 2026.
Subscription level:	₦32.9 Billion.
Listing:	The Nigerian Stock Exchange and the FMDQ OTC Securities Exchange.
Status/Security:	Backed by the full faith and credit of the Federal Government of Nigeria (FGN) and are charged upon the general assets of Nigeria.

5.13.3 Sub-national Bond Issuances in 2019

Two (2) Sub-nationals (Ondo and Lagos States) raised a total of ₦150.00 billion from the domestic bond market in 2019. This represents significant improvement compared to 2018 when no Sub-national government raised funds from the market. The various amounts raised by these two States were ₦50.00 billion and ₦100.00 billion at interest rates of 13.00 percent and 12.25 percent.

5.13.4 Corporate Bond Issuances in 2019

The Corporate Bonds segment of the domestic bond market was relatively less active in 2019 compared to the level of activity recorded in 2018. Table 5.17 shows that ten (10)

Corporates raised the sum of ₦168.72 billion from the domestic debt market in 2019 as against nineteen (19) Corporates in 2018 with total Issuance of ₦250.50 billion.

Table 5.17: Corporate Bonds Issuances in 2018 and 2019

2018		2019	
Bond Issuers	**Amount (₦' Billion)**	**Bond Issuers**	**Amount (₦' Billion)**
C & I Leasing Plc	7.00	Access Bank Plc.	30.00
Cerpac Receivables Funding SPV Plc.	12.50	Wema Funding SPV Plc.	9.72
Cerpac Receivables Funding SPV Plc.	1.60	Primero BRT Securitization SPV Plc.	16.50
Cerpac Receivables Funding SPV Plc.	4.83	Union Bank of Nigeria Plc.	30.00
Depthwize Funding Company Plc.	20.00	Access Bank Plc.	15.00
ENG Funding SPV Plc.	40.00	GEL Utility Funding SPV Plc.	13.00
FBNQ MB Funding SPV Plc.	10.00	TAK Agro Infrastructure Plc.	15.00
Flour Mills of Nigeria Plc.	10.11	Interswitch Africa One Plc.	23.00
Flour Mills of Nigeria Plc.	10.00	Eat & Go Finance SPV Plc.	11.50
Mixta Real Estate Plc.	2.96	FBNQest MB Funding SPV Plc.	5.00
Mixta Real Estate Plc.	2.32		
Nigeria Mortgage Refinance Company Plc.	11.00		
Stanbic IBTC Bank Plc.	30.00		
Sterling Bank Plc.	19.74		
Sterling Investment Management SPV Plc.	32.90		
UACN Property Development Company Plc.	4.36		
Union Bank of Nigeria Plc.	7.19		
Union Bank of Nigeria Plc.	6.31		
Wema Funding SPV plc.	17.68		
Total	**250.50**	**Total**	**168.72**

Source: Securities and Exchange Commission

5.14 Listing of the 2018 Sovereign Sukuk and Green Bonds

The second ₦100 billion Sovereign Sukuk issued on December 28, 2018 and ₦15.00 billion Green Bonds issued on June 13, 2019, were listed on the Floors of The NSE and FMDQ Securities Exchange Limited on July 23, 2019 and October 14, 2019, respectively. The listing of these securities on the local Exchanges would provide liquidity for investors and a further testimony of the DMO's commitment to the development of the Nigeria's domestic capital market.

5.15 Utilization of the 2018 ₦100 Billion Sovereign Sukuk

The proceeds of the second ₦100 billion Sovereign Sukuk issued in the last quarter of 2018 was used in 2019 to finance the construction and rehabilitation of sections of Twenty-Eight (28) key economic Road Projects, as appropriated in the 2018 Budget. The Sukuk funded Road Projects, spread across the six (6) geo-political zones of the country brought relief to road users, linked government borrowing to specific critical projects and helped improve infrastructure delivery across the country. Table 5.18 shows the Road Projects and amount allocated to each geo-political zone.

Table 5.18: 2018 Sukuk Funded Road Projects in the Six Geopolitical Zones

Zone	Projects	Amount (₦'bn)	Description
North Central	6	16.67	Dualisation of Suleja-Minna road, Abuja-Abaji road section 1, Abuja-Lokoja road section iv, Construction of Oju/Loko-Oweto bridge and Dualisation of Obajana junction to Benin phase 2.
North East	5	16.67	Kano-Maiduguri road (Section II-1V), rehabilitation of Gwoza-Bamboa-Goniri-Ngamdu-Bornu State.
North West	4	16.67	Kano-Maiduguri road, Dualisation of Kano-Katsina, road construction of Kaduna Eastern by-pass, construction of Kano western bye pass.
South East	4	16.67	Rehabilitation of Enugu-Port Harcourt (i-iii) rehabilitation of outstanding section of Onitsha-Enugu.
South South	6	16.67	Dualisation of Obajana junction to Benin phase 2: section ii-iv, Dualisation of Yenegwe road junction-Kolo-Otuoke-Bayelsa, construction of Ikom bridge.
South West	3	16.67	Reconstruction of the outstanding sections of Benin-Ofosu, pavement strengthening and asphalt overlay of Ajebandele-Ijebu ode pavement.
TOTAL	**28**	**100.00**	

Source: DMO

5.16 Settlement of Inherited Local Debts and Other Contractual Obligations of the Federal Government

5.16.1 Update on Issuance and Maturity of Promissory Notes in 2019

The Federal Executive Council (FEC) approved the establishment of a Promissory Note and a Bond Issuance Programme to settle inherited Local Debts and Contractual Obligations of the Federal Government of Nigeria of about ₦2.67 trillion in July 2017. Subsequent to the approval of FEC, the approval of the National Assembly (NASS) was sought to ensure compliance with the Fiscal Responsibility Act, 2007. The NASS approved the issuance of Promissory Notes for the following five (5) categories of creditors for a total sum of ₦1.540 trillion out of the thirteen (13) categories approved by FEC:

i. Accrued Interest and Foreign Exchange Differentials due to Oil Marketing Companies (OMCs);
ii. Refunds to State Governments for Federal Government Projects executed;
iii. Claims of Exporters under the Export Expansion Grant (EEG) Scheme (Partial);
iv. Major Contractors' Claims (Partial); and,

v. Other Contractors' Claims (Partial).

Out of the total sum of ₦1.540 trillion approved by NASS, a total sum of ₦914.213 billion was issued to Oil Marketing Companies, State Governments and Exporters as at December 31, 2019. Out of the total amount issued, the sum of ₦181.589 billion has matured and was redeemed as at December 31, 2019, leaving a balance of ₦732.623 billion outstanding as at December 31, 2019 (Table 5.19)

Table 5.19: Summary of Promissory Notes Issued as at December 31, 2019 (₦ Million)

Creditors Category	Amount Issued	Redeemed	Outstanding
Oil Marketing Companies	334,867.891	181,589.179	153,278.712
State Governments	487,852.989	-	487,852.989
Exporters	91,491.685	-	91,491.685
Total	**914,212.564**	**181,589.179**	**732,623.386**

Source: DMO

5.17 New Initiatives and Developments in the FGN Bond Market in 2019

5.17.1 Benchmark Bonds

The FGN introduced two (2) new Benchmark FGN Bonds into the market in 2019. These were 30-year (14.80% FGN APR 2049) and a new 10-year (14.55% FGN APR 2029). The introduction of the 30-year FGN Bond was targeted at meeting the investment needs of Annuity and Pension Funds Managers, whose products are of long-term maturities. This also culminated in lengthening of maturities of the FGN Securities in the domestic debt market from 20-year to 30-year in 2019. There were fourteen (14) FGN Benchmark Bonds at the end of the year under review, as shown in Table 5.20.

Table 5.20: FGN Benchmark Bonds as at end of December, 2019

Bond Name	Tenor Benchmark (years)
14.50% FGN JUL 2021	3
16.39% FGN JAN 2022	3
12.75% FGN APR 2023	5
14.20% FGN MAR 2024	5
13.53% FGN MAR 2025	7
12.50% FGN JAN 2026	7
16.2884% FGN MAR 2027	7
13.98% FGN FEB 2028	10
14.55% FGN APR 2029	**10**
10.00% FGN JUL 2030	10
12.1493% FGN JUL 2034	15
12.40% FGN MAR 2036	15
16.2499% FGN APR 2037	20
14.80% FGN APR 2049	**30**

Source: DMO

5.17.2 Initiatives by the Securities and Exchange Commission

As part of the Securities and Exchange Commission's (SEC) efforts towards the sustenance of investors' confidence and deepening of the Nigerian Capital Market, the Commission streamlined the steps for issuance of new securities to ensure a shorter and more efficient process. The Commission reduced its approval timeline from six (6) weeks to two (2) weeks. The SEC also reviewed the Rules on Collective Investment Schemes (CIS) aimed at improving the global competitiveness of the CIS Industry in Nigeria. Part of the review was the reduction of costs to aid comparison and performance evaluation. The offer and operational costs (that is the total expense ratio) were also reviewed downward from a 3.0 percent cap to 1.0 percent cap.

5.17.3 Initiatives by The Nigerian Stock Exchange

The Nigerian Stock Exchange (NSE) launched and implemented several initiatives in 2019. These include:

i. The released of a Derivatives Market Rule Book that will serve as a guide for trading derivatives on the bourse.

ii. The launching of the Facts Behind the Sustainability Report (FBSR) to promote Environmental, Social and Governance (ESG) practice and reporting.

iii. The launch of X-Mobile, designed to provide market participants, especially retail investors, convenient, faster and real-time access to The Exchange's activities.

iv. The signing of a Memorandum of Understanding with the Luxembourg Stock Exchange (LuxSE) to facilitate cooperation in promoting cross-listing and trading of Green Bonds in Nigeria and Luxembourg.

5.17.4 Initiatives by FMDQ Securities Exchange Limited

The FMDQ Securities Exchange Limited ("the Exchange") implemented some initiatives in 2019. These include:

i. The introduction of the 13th Monthly Naira-Settled OTC FX Futures Contract to enable portfolio investors effectively manage risks with reasonable certainty of the protections available for the full tenor of their underlying investments. This is expected to further boost liquidity in the Nigerian financial market.

ii. The delivery of several focused capacity training for stakeholders in the financial market under the Nigerian Green Bond Market Development Programme. The Training sessions were aimed at developing and deepening the Nigerian corporate green bond market.

iii. The setting up of the Financial Centre for Sustainability (FC4S), Lagos. The Centre is expected to provide an advocacy platform that will support policy makers in their pursuit and associated activities to mobilize impactful investments and drive standards needed to tackle the socio-economic challenges facing the country.

iv. The amendment of the Commercial Paper Registration and Quotation Rules for the administration of its members, products and markets in line with global best practices. This is to enable the Exchange maintain the integrity of the Nigerian financial markets, as well as ensure protection of investors.

5.17.5 Initiatives by Central Securities and Clearing System

The Central Securities and Clearing System Plc. (CSCS) implemented the following initiatives:

i. The introduction of Reg Connect, a web-based application designed to enhance data exchange between CSCS and Registrars. The web solution is expected to facilitate the day-to-day processes regarding the maintenance of registers and immediate validation of data to ensure accuracy of records in a seamless and timely manner.

ii. The launch of a Mobile App on both Google Play and Apple Store geared towards providing better connection to the market and further improve investors' engagement.

5.18 Outlook for the Domestic Debt Market in 2020

In addition to FGN Bonds and NTBs, the DMO plans to sustain the issuance of other FGN Securities (FGN Savings Bond, FGN Sovereign Sukuk, FGN Green Bond), in the domestic capital market to meet Government's funding needs.

The sustainability of the decline in Yield of Government Securities that commenced in the second half of 2019, would depend on the monetary policy stance of the CBN, level of liquidity in the Foreign Exchange Market, domestic inflation expectations, as well as other exogenous factors in the global economy in 2020.

In terms of size, the DMO expects the Domestic Bond Market to grow in 2020 due to the continued issuance of FGN Securities to part-finance the deficit in the 2020 FGN Appropriation Act, and likely resumption of Sub-National borrowing from the bond market as a result of the prevailing low interest rate regime.

CHAPTER SIX
DEBT SUSTAINABILITY ANALYSIS

The 2019 DSA Exercise was conducted from November 14-23, 2019 and the outcome revealed that Nigeria's debt portfolio remained at a moderate risk of debt distress, but remains vulnerable to revenue and export shocks. The GDP-related parameters remained below their respective benchmarks for both the External Debt and Total Public Debt, while the Revenue and Export-related indicators were susceptible to revenue and export shocks. The ratio of the Total Public Debt-to-GDP was estimated at 19.10 percent as at December 31, 2019, which was well below the WB/IMF recommended Threshold of 55 percent for countries in Nigeria's peer group. It is expected that the revenue-based parameters would improve considerably, given the concerted efforts being made by the Government and the various reform initiatives in the Oil & Gas, Agriculture and Solid minerals sectors, as well as the efforts to strengthen the Tax Administration and Collections system.

6.1 Introduction

The 2019 Debt Sustainability Analysis (DSA) Exercise was conducted in November 2019 by the DMO, in conjunction with other relevant stakeholders, namely – the Federal Ministry of Finance, Budget and National Planning (FMFBNP), Central Bank of Nigeria (CBN), Budget Office of the Federation (BOF), Office of the Accountant-General of the Federation (OAGF) and National Bureau of Statistics (NBS).

The Ministries, Departments and Agencies (MDAs) that participated in the 2019 DSA workshop provided the following macroeconomic data used for the Exercise, which cut across the four sectors of the economy – Fiscal, Monetary, Real and External sectors.

6.2 Methodology

The 2019 DSA Exercise adopted the revised World Bank and International Monetary Fund (IMF) Low Income Countries Debt Sustainability Framework (LIC-DSA), which was launched in July 2018. It is anchored on the Composite Indicator (CI), which evaluates the Debt Carrying capacity of a country by combining the World Bank's CPIA score and other macroeconomic variables, such as real GDP growth rate, remittances, import coverage of reserves and World Economic Growth rate. Other features of the CI include the grouping of countries into one of three policy performance categories, namely: Weak Policy (CI <2.69); Medium Policy ($2.69 \leq$ CI ≤ 3.05); and, Strong Policy (CI >3.05). In addition, the CI applies different indicative debt thresholds, depending on the performance category of a country.

The coverage of Total Public Debt in the 2019 DSA split into two components the Total External Debt and Total Domestic Debt. The Total External Debt consists of External Debt of the FGN, thirty-six (36) States of the Federation and the FCT, while the Total Domestic Debt comprises the FGN Domestic Debt and the Domestic Debt of the thirty-six (36) States and the FCT. Therefore, the Total Public DSA comprises all External Debt and Domestic Debt of the FGN, States and FCT. Stress Tests, which help to gauge the sensitivity of projected Debt Burden Indicators to changes in assumptions, such as GDP growth rate, Primary Balance, Exports and Exchange Rate depreciation, were applied to evaluate the degree of vulnerabilities of the debt portfolio to risk of distress.

The revised LIC-DSF Framework is still relevant to Nigeria, given that over 50 percent of the country's External Debt portfolio is Concessional. In addition, the Framework provides additional Thresholds that trigger early warning signals of potential risks of debt distress, thereby providing guidance to the Government in its borrowing decisions.

6.3 Risk Rating

The **LIC-DSF Risk Rating** classifies countries into four broad categories, namely: **Low**, **Moderate**, **High** and **in Debt Distress**, according to their levels of probability of Debt Distress as explained below.

i. **Low Risk of Public Debt Distress**: This situation arises where the Public and Publicly Guaranteed (PPG) External Debt and the Total Public Debt-to-GDP ratio remain below the recommended benchmarks under the Baseline and the Most Extreme Shocks. Publicly Guaranteed debts are debt liabilities of public and private sector units, of which their servicing is contractually guaranteed by the sovereign.

ii. **Moderate Risk of Debt Distress**: This is a situation where the PPG External Debt has a moderate risk signal or if the PPG External Debt is low and the Total Public Debt Stock indicator breaches the recommended benchmark under Stress Tests.

iii. **High Risk of Public Debt Distress**: This situation arises where any of the four (4) external debt burden indicators or the Total Public Debt burden indicator breaches their corresponding benchmarks under the Baseline.

iv. **In Debt Distress**: This situation arises where a country is already experiencing difficulties in servicing its debts, evidenced by the existence of debt service arrears.

6.4 Baseline Scenario

The Baseline Scenario was used which assumes current Government's policy thrusts, as encapsulated in the 2019 Appropriation Act and MTEF, 2019 – 2021. The data used covered a 20-year projection period, 2019-2039), under various macroeconomic assumptions, including Stress Tests scenarios and Realism Tools, to assess the credibility of the forecasts. The outcomes of the Exercise were used to compare the country's debt sustainability indicators against internationally established debt burden thresholds, which measure the Solvency and Liquidity positions of a country.

Based on the revised LIC-DSF and the CI, Nigeria was classified in 2019 as a Medium Performer, with a Composite Index Score of 2.87, and a recommended threshold for Total Public Debt-to-GDP ratio of 55 percent, being the recommended benchmark for countries in Nigeria's peer group.

The result of the Baseline Scenario was presented in three parts, namely:

i. External Debt Sustainability Analysis, which includes External Debts of the FGN, States, and the FCT;
ii. The Fiscal sustainability of the FGN-only, which covers the Total External Debt (FGN, 36 States and FCT), FGN's Domestic Debt and Revenues; and,
iii. Fiscal Sustainability Analysis of the Total Public Debt of the Federation, which comprises the totality of external and domestic debts - owed by both the FGN and the Sub-national Governments (States + FCT).

The Standard Stress Tests for each of these Baseline Scenarios were also considered.

6.4.1 External Debt Sustainability

The outcome shows that the External Debt remains at a Moderate Risk of Debt Distress. This is due to the fact that all the debt burden indicators, both the Solvency and Liquidity Indicators remain below their respective thresholds throughout the projection period, under the Baseline Scenario, but some ratios such as External Debt-to-Exports, External Debt Service-to-Exports and External Debt Service-to-Revenue show some breaches under the Most Extreme Shock scenarios (Table 6.1). This highlights the weak export base of the country, which is concentrated on oil, and thus subject to oil price shocks.

It is to be noted, however, that the ongoing initiatives by the Government to boost Exports and Revenue, as well as efforts to create favourable business environment to attract more non-debt creating flows such as Foreign Direct Investments (FDIs) are expected to moderate the Export shocks in the medium to long-term. This is further illustrated in Figure 6.2.

Table 6.1: External Debt Sustainability Indicators in Percent, 2019-2039

Details	Threshold	2019	2020	2021	2022	2023	2024	2029	2039
External Debt Stock									
In Percent of GDP	40	6.8	6.9	6.3	5.6	5.2	4.9	3.0	0.7
In percent of Exports	180	49.1	48.6	46.7	44.8	42.7	40.9	29.6	9.6
External Debt Service									
In percent of Exports	15	2.3	3.6	4.2	4.6	4.2	3.5	3.8	1.7
In percent of Revenue	18	6.4	9.5	12.5	12.7	11.9	10.4	10.7	4.1

Source: 2019 DSA
Note: The Thresholds are determined periodically by the WB/IMF, based on the CI Rating Exercise.

6.4.2 Fiscal Sustainability Analysis (FGN-Only)

The fiscal sustainability of the FGN-only covers the Total External Debt (FGN, 36 States and FCT), FGN's Domestic Debt and Revenues. The revised LIC-DSF provides only one Benchmark for the assessment of the Fiscal Sustainability (Total Public Debt). The recommended Benchmark of Total Public Debt as a percentage of GDP for Medium performing countries, which includes Nigeria is 55 percent. The ratio of FGN's Total Public Debt-to-GDP is projected to remain low throughout the period, showing that the FGN's Total Public Debt is sustainable in the medium to long-term, as shown in Table 6.2. Meanwhile, the revised DSA Framework does not provide Benchmarks for the FGN's Total Public Debt-to-Revenue and FGN's Total Debt Service-to-Revenue. The relatively higher ratios of FGN's Total Public Debt-to-Revenue and FGN's Total Debt Service-to-Revenue of 338.2 and 37.1 percent in 2021, respectively, went up from 328.6 and 30.6 percent in 2019, before trending downwards to 90.8 and 10.6 percent by 2039, reflecting the revenue challenge the country is facing, which is being addressed by the Government through its Strategic Revenue Growth Initiatives.

Table 6.2: Total FGN's Debt Sustainability in Percent, 2019-2039

Details	Threshold	2019	2020	2021	2022	2023	2024	2029	2039
Total Public Debt Stock									
In percent of GDP	55	16.5	16.9	15.6	14.1	13.2	12.4	8.2	2.8
In Percent of Revenue		328.6	316.9	338.2	312.1	307.4	306.6	225.6	90.8
Total Public Debt Service									
In Percent of Revenue	Nil	30.6	32.3	37.1	36.1	35.6	33.8	28.1	10.6

Source: 2019 DSA

Note: Under the Fiscal Sustainability, the WB/IMF threshold is only applicable to the Total Public Debt to GDP, which is set at 55 percent

6.4.3 Fiscal Sustainability Analysis (Total Public Debt Sustainability) - The Federation – FGN, States and FCT

The Total Public Debt remains below its benchmark thoughout the projection period under the Baseline, but remains vulnerable to revenue shocks. The Fiscal Sustainability of the Federation covers the External debt, Domestic debt and Revenues of the FGN, States and FCT. The ratio of Total Public Debt-to-GDP of the Federation remains below the Benchmark of 55 percent threshold throughout the projected period under the Baseline (Table 6.3). The Total Public Debt sustainability outcome closely reflected those of the FGN's, but with lower values for revenue-related indicators, due to the inclusion of the States' and FCT's revenue to the FGN's. The ratio of Total Public Debt to Revenue increased slightly in 2020, before trending downwards, thereafter, reflecting the envisaged increase of revenue in response to the various initiatives by the Government. The same trend was noted for the ratio of Total Public Debt Service-to-Revenue, which increased in 2020 and 2021, before trending downwards.

Table 6.3: Total Public Debt Sustainability in Percent, 2019-2039

Details	Threshold	2019	2020	2021	2022	2023	2024	2029	2039
Total Public Debt Stock									
In percent of GDP	55	19.1	19.6	18.1	16.4	15.2	14.1	8.8	2.8
In Percent of Revenue		211.3	212.3	211.4	199.4	192.4	188.3	140.7	55.6
Total Public Debt Service									
In Percent of Revenue	Nil	25.2	26.1	27.6	26.9	26.7	26.2	23.1	8.1

Source: 2019 DSA

Note: Under the Fiscal Sustainability, the WB/IMF threshold is only applicable to the Total Public Debt to GDP, which is set at 55 percent.

6.5 The Borrowing Space (Granularity)

6.5.1 The Borrowing Space, otherwise referred to as Granularity, is usually applied when a country moves from Low Risk to a Moderate Risk. The Granularity determines the

Borrowing Space that would be available to the country, without undermining debt sustainability. From the 2019 DSA, Nigeria is classified as a Moderate Risk of Debt Distress, due to Revenue challenge.

6.5.2 The Classification of Borrowing Space (Granularity)

6.5.2.1 The Borrowing Space is classified as follows:

i Limited Space to Absorb Shocks – if at least one Baseline Debt burden indicator is close enough to its threshold that the median shock would downgrade it to high risk;

ii Substantial Space to Absorb Shocks – if all Baseline indicators are well below their thresholds over the projection period; and

iii Some Space to Absorb Shocks – if the Baseline indicators do not fall in the two categories above.

Figure 6.1 shows that the borrowing space is substantial between 2019 and 2020, as all the Baseline indicators trended below their respective thresholds until 2021 when the ratio of External Debt Service-to-Revenue breached its threshold (Figure 6.1d). The ratio of Total External Debt-to-GDP places Nigeria in the Substantial Borrowing Space category, but the higher ratio of External Debt Service-to-Revenue places Nigeria at ***Some Space to Absorb Shocks* category**. This indicates some constraints to debt repayment capacity arising from low revenue, which is being addressed by the various ongoing initiatives and reforms by the Government aimed at boosting revenue, thereby enhancing the country's Borrowing Space in the medium to long-term.

Figure 6.1: Nigeria's Qualification of the Moderate Risk Category, 2019-2029

Sources: Country authorities; and staff estimates and projections.

[1/]For the PV debt/GDP and PV debt/exports thresholds, x is 20 percent and y is 40 percent. For debt service/Exports and debt service/revenue thresholds, x is 12 percent and y are 35 percent.

6.6 Summary of Findings and Conclusions

6.6.1 Findings

i. On the External Debt Sustainability Analysis, the results show that the ratio of External Debt to GDP remains below its indicative threshold under the Baseline scenario. However, based on the Most Extreme Shock on Export, the ratios of External Debt-to-Exports, External Debt Service-to-Exports and External Debt Service-to-Revenue breached their respective thresholds.

ii. For the Total Public Debt Sustainability Analysis, the ratio of Public Debt to GDP remains below its benchmark under the Baseline scenario, but the revenue-related debt indicators were relatively high under the shock scenario, indicating incidence of revenue challenge. However, the ongoing efforts by the Government towards improving revenue generation and diversifying the economy to enhance exports, through various initiatives and reforms in the key sectors of the economy - Oil and Gas, Agriculture and Solid Minerals sectors, Tax Administration and Collections, as well as the Strategic Revenue Growth Initiatives, and, with the recent signing into law of the Finance Act by Mr. President, would enhance the revenue performance, and thus, improve the Export and Revenue-related indicators and Borrowing Space in the medium to long-term.

iii. With Moderate Risk of External Debt Distress Rating, the country's Borrowing Space, otherwise referred to as Granularity, is assessed. The exercise shows that there is *Some Space to Borrow* based on the country's current revenue profile. Meanwhile, the ratio of External Debt Service-to-Revenue trends towards the threshold and breached substantial space mark by 2021. With the concerted efforts by the Government to improve revenue through its various initiatives and reforms in the key sectors of the economy, which are highlighted above, the country's Borrowing Space is expected to be enhanced considerably.

6.7 Conclusion

i. **The Final Risk Rating for the country from the outcome of the 2019 DSA revealed that Nigeria's External Debt remains at a Moderate Risk of Debt distress with capacity to accommodate minimal shocks, while Nigeria's Total Public Debt remains sustainable, but still susceptible to Revenue shocks.**

ii. However, the ongoing efforts by the Government towards improving revenue generation and diversifying the economy to enhance exports, through various initiatives and reforms in the critical sectors of the economy such as Oil and Gas, Agriculture and Solid Minerals sectors, Tax Administration and Collections, as well as the Strategic Revenue Growth Initiatives and, with the recent signing into law of the

Finance Act by Mr. President, which increases the Value Added Tax (VAT) from 5 percent to 7.5 percent, would enhance the revenue performances and thus, improve the Export and Revenue-related indicators in the medium to long-term.

6.8 Recommended Borrowing Limit for the successive Years

The DSA Exercise presents an opportunity to determine the available fiscal space for borrowing for the succeeding years, based on the prevailing Country-Specific Debt Limit of 25 percent for the ratio of Public Debt-to-GDP. Given the DSA projected ratio of Total Public Debt-to-GDP of 19.10 percent by end-December 2019, the fiscal space available for borrowing is estimated at 5.90 percent. Hence, based on the MTEF projected 2020 GDP of US$468 billion (about ₦142.74 trillion), the maximum borrowing space amounts to US$27.61 billion or ₦8.42 trillion (i.e. 5.90 percent of US$468 billion). It should be noted though, that the draft Medium-Term Debt Management Strategy, 2020-2023 has proposed an increase in the Debt to GDP Ratio above the 25% mark.

CHAPTER SEVEN

SUB-NATIONAL DEBT MANAGEMENT

The Total External Debt Stock of the States and the FCT was US$4,564.87 million as at December 31, 2019 relative to US$4,230.72 million as at December 31, 2018, representing an increase of US$334.15 million or 7.90 percent. The External Debt Stock of Sub-nationals constitutes FGN's on-lent loans obtained from Multilateral and Bilateral sources, whose proceeds were utilized by the States and FCT to finance various projects and programmes. The Total External Debt Service of the States and the FCT in 2019 was US$137.56 million compared to the US$116.24 million in 2018, while the Domestic Debt of the States and FCT as at December 31, 2019 was ₦4.106 trillion compared to ₦3.853 trillion as at December 31, 2018. In the year under review, the DMO continued the capacity building and other intervention programmes aimed at upscaling the debt management skills and competencies at the sub-national level.

7.1 External Debt Stock of States and FCT

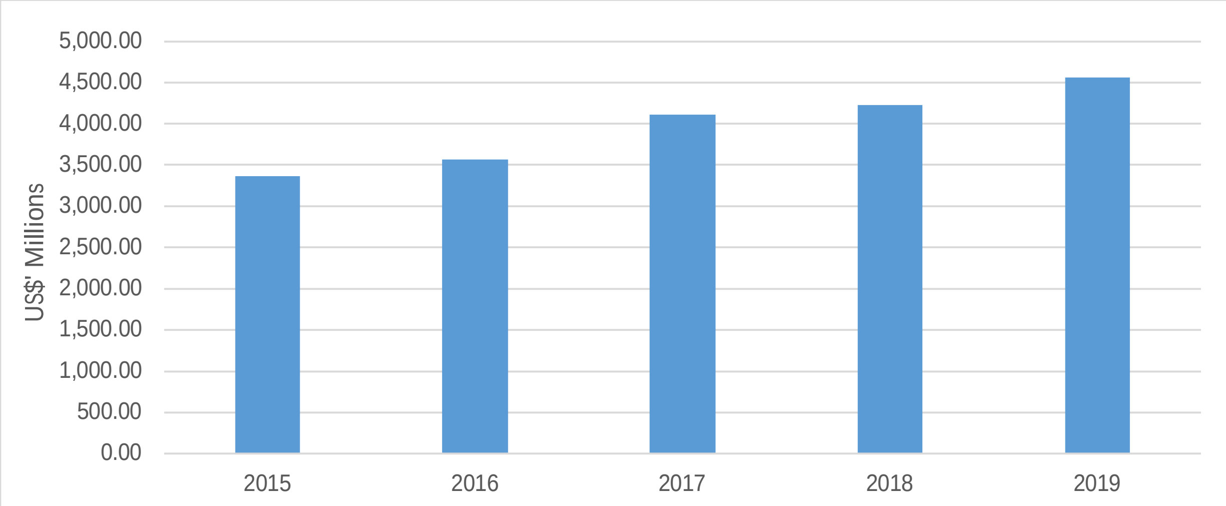
The Total External Debt Stock of the States and the FCT was US$4,564.87 million as at December 31, 2019 compared to US$4,230.72 million as at December 2018, representing an increase of US$334.15 million or 7.90 percent (Table 7.1 and Figure 7.1). The increase was largely due to disbursements on existing Multilateral and Bilateral loans. While the Multilateral creditors accounted for US$4,293.43 million or 94.05 percent of the External Debt Stock of the States and the FCT, Bilateral creditors comprised US$271.44 million or 5.95 percent as shown in Table 7.2. The Multilateral and Bilateral loans were contracted by the FGN on behalf of the States and FCT from IDA, IFAD, AfDB and ADF. The loans were utilized by the State Governments and the FCT to finance mainly capital projects in priority sectors, including Education, Health Care, Water Supply and Housing.

Table 7.1: Trend in States' & FCT's External Debt Stock, 2015 - 2019 (US$' Million)

Years	2015	2016	2017	2018	2019
States' External Debt Stock	3,369.91	3,567.62	4,117.13	4,230.72	4,564.87

Source: DMO

Figure 7.1: Trend in States' & FCT's External Debt Stock, 2015 - 2019 (US$' Million)



Source: DMO

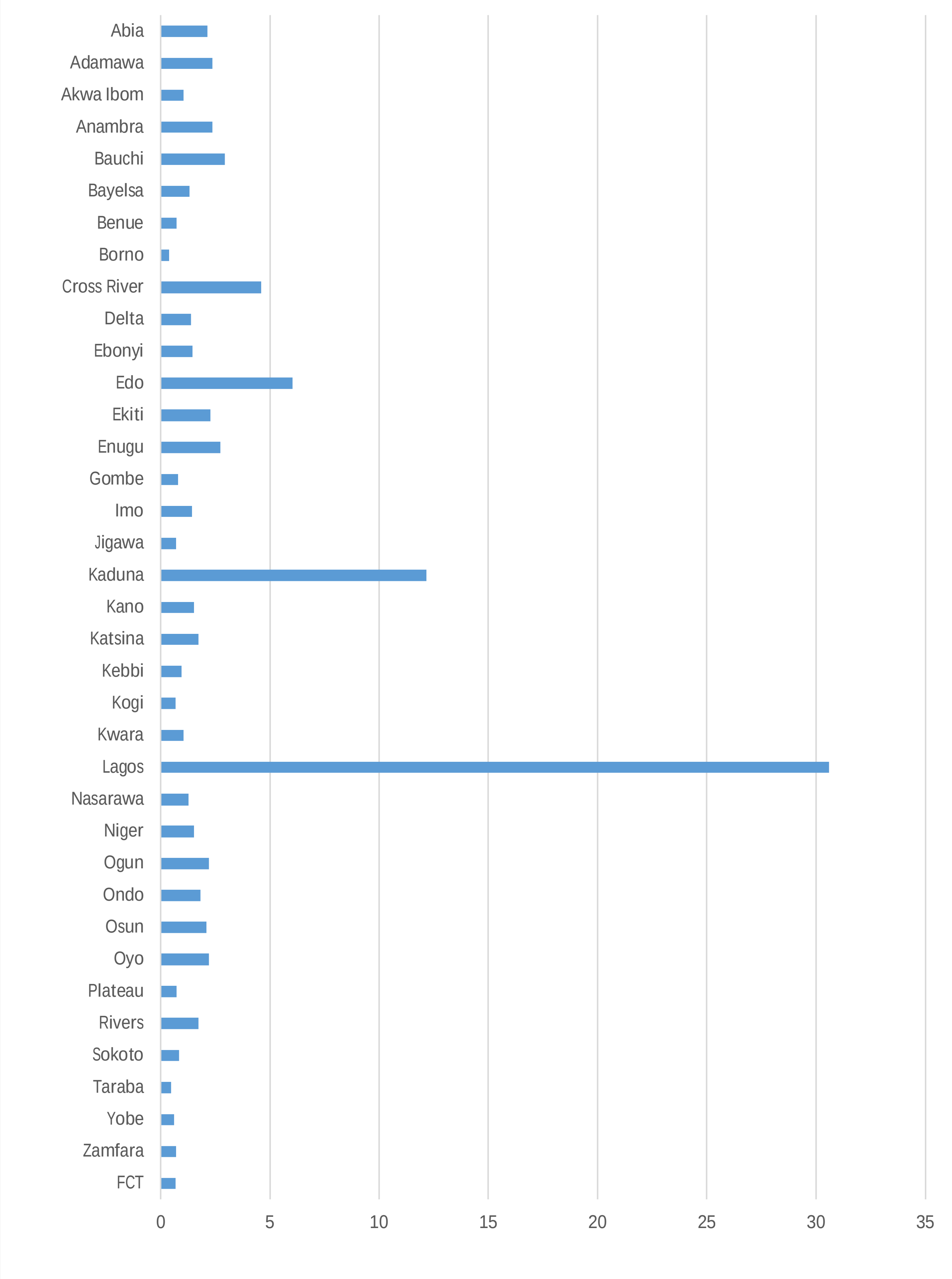
Table 7.2 and Figure 7.2 show the breakdown of External Debt outstanding for the States and the FCT as at December 31, 2019. Lagos State had the highest External Debt of US$1,396.19 million or 30.59 percent, followed by Kaduna and Edo States with US$554.78 million or 12.15 percent and US$275.93 million or 6.04 percent. Borno, Taraba and Yobe States had the lowest outstanding External Debt, with US$17.11 million or 0.37 percent, US$20.93 million or 0.46 percent and US$26.82 million or 0.59 percent, respectively.

Table 7.2: External Debt Stock of States & FCT as at December 31, 2019 (US$)

S/N	States	Multilateral	Bilateral (AFD)	Bilateral (China Exim Bank, IJCA, India & KFW)	Total	% of Total
1	Abia	96,590,580.32	-	-	96,590,580.32	2.12
2	Adamawa	102,260,507.99	6,500,000.00	-	108,760,507.99	2.38
3	Akwa Ibom	47,975,832.57	-	-	47,975,832.57	1.05
4	Anambra	108,082,910.62	-	-	108,082,910.62	2.37
5	Bauchi	133,895,440.95	-	-	133,895,440.95	2.93
6	Bayelsa	59,551,021.22	-	-	59,551,021.22	1.3
7	Benue	33,423,734.61	-	-	33,423,734.61	0.73
8	Borno	17,108,647.74	-	-	17,108,647.74	0.37
9	Cross River	146,602,110.12	43,900,000.00	18,458,349.16	208,960,459.28	4.58
10	Delta	62,529,421.13	-	-	62,529,421.13	1.37
11	Ebonyi	65,195,266.98	-	-	65,195,266.98	1.43
12	Edo	275,926,866.86	-	-	275,926,866.86	6.04
13	Ekiti	102,969,866.22	-	-	102,969,866.22	2.26
14	Enugu	117,509,342.53	6,500,000.00	-	124,009,342.53	2.72
15	Gombe	36,367,707.14		-	36,367,707.14	0.8
16	Imo	57,762,458.04	7,000,000.00	-	64,762,458.04	1.42
17	Jigawa	30,951,433.08	-	-	30,951,433.08	0.68
18	Kaduna	541,103,168.16		13,678,734.10	554,781,902.26	12.15
19	Kano	65,741,619.39	3,369,600.00	-	69,111,219.39	1.51
20	Katsina	79,094,469.28	-	-	79,094,469.28	1.73
21	Kebbi	44,031,005.92	-	-	44,031,005.92	0.96
22	Kogi	30,505,748.28	-	-	30,505,748.28	0.67
23	Kwara	47,103,555.07	-	-	47,103,555.07	1.03
24	Lagos	1,263,899,372.32	132,291,538.46	-	1,396,190,910.78	30.59
25	Nasarawa	57,988,645.44	-	-	57,988,645.44	1.27
26	Niger	57,492,024.65	12,500,000.00	-	69,992,024.65	1.53
27	Ogun	95,609,253.25	5,000,000.00	-	100,609,253.25	2.2
28	Ondo	77,810,320.85	5,000,000.00	-	82,810,320.85	1.81
29	Osun	83,246,086.29	12,245,989.00	-	95,492,075.29	2.09
30	Oyo	100,197,001.10	-	-	100,197,001.10	2.19
31	Plateau	27,971,563.18	5,000,000.00	-	32,971,563.18	0.72
32	Rivers	78,427,671.72	-	-	78,427,671.72	1.72
33	Sokoto	37,805,958.76	-	-	37,805,958.76	0.83
34	Taraba	20,933,475.15	-	-	20,933,475.15	0.46
35	Yobe	26,819,652.57	-	-	26,819,652.57	0.59
36	Zamfara	32,505,220.21	-	-	32,505,220.21	0.71
37	FCT	30,436,592.62	-	-	30,436,592.62	0.67
	Total	**4,293,425,552.33**	**239,307,127.46**	**32,137,083.26**	**4,564,869,763.05**	**100**

Source: DMO

Figure 7.2: External Debt Stock of States & FCT as at December 31, 2019 (% of Total)



Source: DMO

7.2 External Debt Service of the States and FCT

The Total External Debt Service of the 36 States and the FCT from January - December 2019 was US$137.56 million compared to US$116.24 million in 2018. The increase of US$21.32 million or 18.34 percent was due to payment of principal and interest on those loans during the year. Table 7.3 shows the trend of External Debt Service of the States and the FCT from 2015 to 2019.

Table 7.3: External Debt Service of States & FCT, 2015 - 2019 (US$' Million)

S/N	States	2015	2016	2017	2018	2019
1	Abia	1.1	1.03	1.16	1.5	1.82
2	Adamawa	1.26	1.33	1.72	1.72	1.73
3	Akwa Ibom	5.43	4.26	4.41	4.35	1.72
4	Anambra	1.1	1.54	1.49	1.62	1.99
5	Bauchi	2.31	2.28	2.63	2.63	4.89
6	Bayelsa	1.35	1.17	1.12	1.24	1.41
7	Benue	0.95	0.87	0.87	0.93	1.04
8	Borno	0.75	0.71	0.73	0.65	0. 69
9	Cross River	10.05	9.36	9.27	9.12	4.6
10	Delta	1.03	0.93	0.82	1.02	1.11
11	Ebonyi	1.38	1.31	1.26	1.42	1.65
12	Edo	2.27	2.56	2.78	2.97	3.28
13	Ekiti	1.97	1.75	2.47	1.94	3.56
14	Enugu	1.95	1.85	2.07	2.02	3.1
15	Gombe	1.06	1.58	1.01	1.37	1.36
16	Imo	1.98	1.85	1.9	1.95	2.08
17	Jigawa	0.99	0.99	1.05	1.08	1.13
18	Kaduna	7.57	7.03	8.09	7.64	8.7
19	Kano	1.84	1.78	1.96	2.25	2.81
20	Katsina	4.54	4.15	4.08	4	4.11
21	Kebbi	1.67	1.49	1.84	1.55	1.53
22	Kogi	1.12	1	0.97	1.06	1.16
23	Kwara	1.19	1.11	1.33	1.5	1.56
24	Lagos	20.82	26.94	31.47	35.2	43.03
25	Nasarawa	1.17	1.1	1.03	1.23	1.34
26	Niger	1.57	1.45	1.35	1.33	1.56
27	Ogun	3.18	2.96	3	2.91	2.84
28	Ondo	2.2	1.98	2.03	2.4	2.65
29	Osun	4.31	3.95	3.85	3.94	4.12
30	Oyo	4.85	4.72	4.59	4.84	8.29
31	Plateau	0.81	0.8	0.77	0.82	0.89
32	Rivers	2	1.81	2.07	2.12	9.46
33	Sokoto	1.53	1.4	1.36	1.42	1.5
34	Taraba	0.79	0.68	0.73	0.8	0.8
35	Yobe	1.28	1.55	1.27	1.34	1.36
36	Zamfara	1.09	0.96	0.81	0.94	1.12
37	FCT	1.64	1.45	1.49	1.44	1.12
	Total	102.08	103.68	110.83	116.24	137.56

Source: DMO

7.3 Domestic Debt Stock of the States

The breakdown of the Domestic Debt stock of the 36 States and the FCT showed that Lagos, Rivers, Akwa Ibom and Delta States had the highest Domestic Debt outstanding, with ₦444.23 billion (10.82 percent), ₦266.94 billion (6.50 percent), ₦237.34 billion (5.78 percent) and ₦233.89 billion (5.70 percent) of the Total Domestic Debt stock of the Sub-nationals. Whereas, Yobe, Anambra, Jigawa and Ebonyi States had the lowest Domestic Debt, with ₦28.98 billion (0.71 percent), ₦33.92 billion (0.83 percent), ₦34.61 billion (0.84 percent) and ₦46.74 billion (1.14 percent) of the Total Domestic Debt stock of the Sub-nationals. Table 7.4 shows the Total Domestic Debt of the 36 States of the Federation and the FCT as at December, 31, 2019.

Table 7.4: Total Domestic Debt of the 36 States and the FCT as at December 31, 2019 (₦)

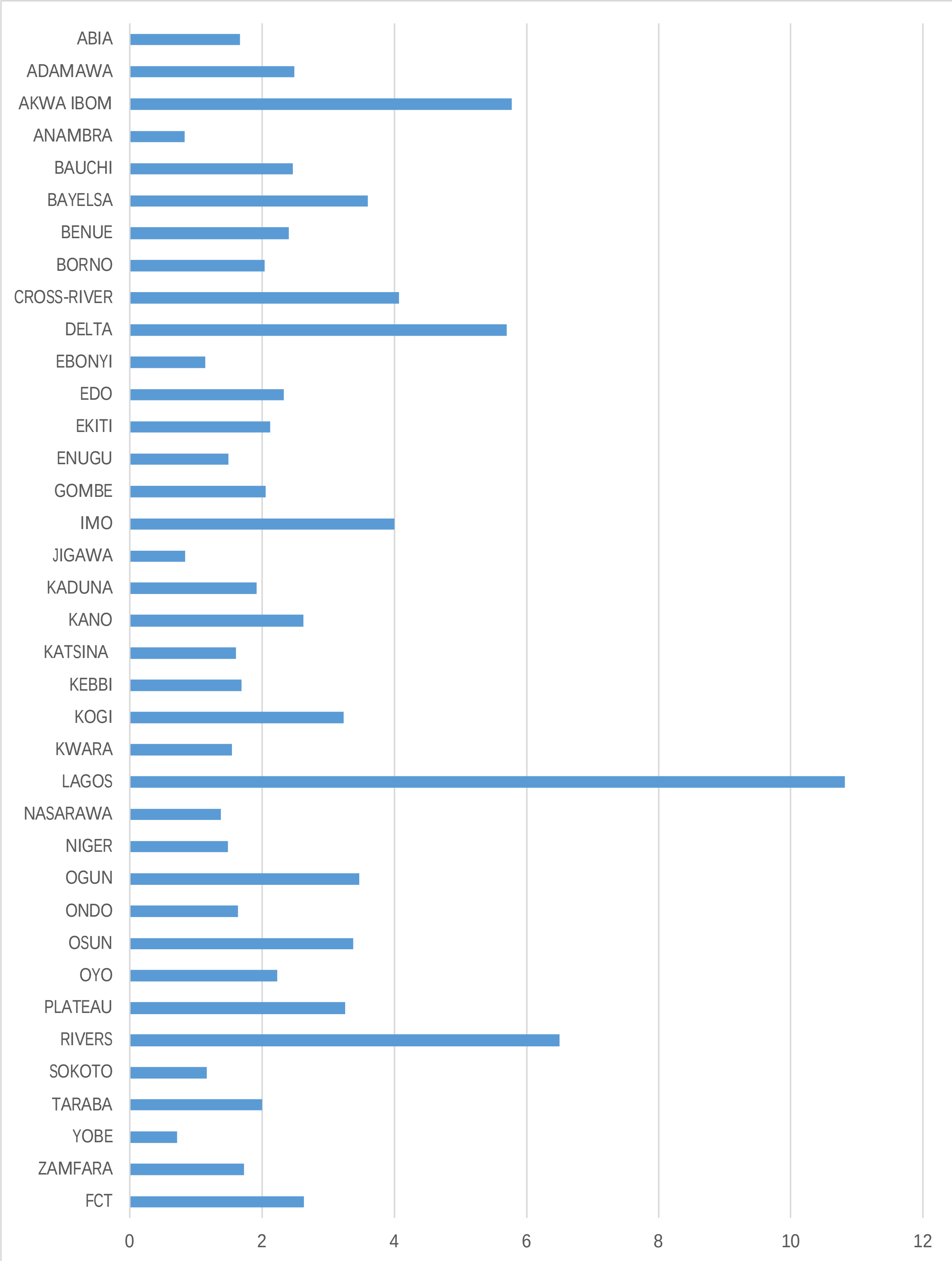
S/N	State	Debt Stock	% Share of Total
1	Abia	68,762,374,753.95	1.67
2	Adamawa	102,412,601,107.74	2.49
3	Akwa ibom	237,341,078,707.15	5.78
4	Anambra	33,917,442,019.21	0.83
5	Bauchi	101,423,864,754.87	2.47
6	Bayelsa	147,929,524,665.93	3.60
7	Benue	98,730,928,301.97	2.40
8	Borno	83,599,771,781.15	2.04
9	Cross-river	166,953,584,919.28	4.07
10	Delta	233,892,694,776.08	5.70
11	Ebonyi	46,737,752,789.83	1.14
12	Edo	95,690,771,242.47	2.33
13	Ekiti	86,911,500,995.42	2.12
14	Enugu	61,025,443,963.29	1.49
15	Gombe	84,010,339,110.86	2.05
16	Imo	164,435,823,451.61	4.00
17	Jigawa	34,610,526,951.73	0.84
18	Kaduna	78,898,311,155.72	1.92
19	Kano	107,753,774,512.23	2.62
20	Katsina	66,164,163,901.64	1.61
21	Kebbi	69,265,493,403.43	1.69
22	Kogi	132,464,662,160.12	3.23
23	Kwara	63,045,912,989.77	1.54
24	Lagos	444,227,001,473.16	10.82
25	Nasarawa	56,511,568,599.28	1.38
26	Niger	60,614,429,101.92	1.48
27	Ogun	142,289,204,760.78	3.47
28	Ondo	67,502,414,614.20	1.64
29	Osun	138,654,383,316.79	3.38
30	Oyo	91,567,943,904.22	2.23
31	Plateau	134,013,693,544.66	3.26
32	Rivers*	266,936,225,793.65	6.50
33	Sokoto	47,710,497,795.61	1.16
34	Taraba	82,321,127,723.11	2.00
35	Yobe	28,977,026,987.90	0.71
36	Zamfara	70,841,492,738.26	1.73
37	FCT	108,169,510,528.50	2.63
Total		**4,106,314,863,297.49**	**100.00**

Source: DMO

Notes: * Domestic Debt Stock Figures for Rivers State were as at December 30, 2018.

1. This Domestic Debt Data Report is generated from the signed-off submissions received from the States and the FCT
2. Domestic Debt Stock for Thirty three (33) States, (Abia, Adamawa, Anambra, Akwa Ibom, Bauchi, Bayelsa, Benue, Cross River, Delta, Ebonyi, Edo, Ekiti, Enugu, Gombe, Imo, Jigawa, Kaduna, Kano, Kebbi, Kogi, Kwara, Lagos, Nasarawa, Niger, Ogun, Ondo, Osun, Oyo, Plateau, Sokoto, Taraba, Yobe, Zamafara and FCT) were as at December 31, 2019.
3. Domestic Debt Stock for Borno State was as at September 30, 2019.
4. Domestic Debt Stock for Katsina State was as at June 30, 2019.

Figure 7.3: Domestic Debt Stock of States & FCT as at Dec., 31, 2019 (in % of Total)



Source: States and the Federal Capital Territory

7.4 Institutional Support to Debt Management Departments (DMDs) in the States

7.4.1 Capacity Building for Sub-National Debt Managers

In the year under review, the DMO carried out a Special Capacity Building Programme on "*Public Debt Creation and Sub-National Debt Management*" for officials of the Delta State Government. The Training Programme was designed for the Delta State Debt Management Department, and it involved a total of twenty- five (25) Senior and Middle Cadre Officers drawn from seven (7) MDAs in the State namely: The State Ministries of Finance, Economic Planning and Justice, the Office of the Accountant General, the Bureau for State Pensions, the Bureau for Local Government Pensions and the Debt Management Department. The Training Programme acquainted participants with the broad knowledge of public debt management.

7.4.2 Donor Intervention in Sub-National Debt Management

During the year, the DMO applied for and obtained a twelve (12) month extension from the African Development Bank (AfDB) Middle Income Country Technical Assistance Fund (MIC-TAF) Grant Agreement, thereby extending the completion timeline from December 31, 2019 to December 31, 2020.

As part of the implementation strategy for the Project, the DMO in 2019, engaged the services of a Project Implementation Support Officer (PISO), to provide support to the DMO AfDB Project Implementation Unit, in preparation and processing of the procurement plans. In December 2019, the DMO obtained the AfDB's No Objection to invite selected companies, to submit quotations for the supply of Goods and Items, needed for the Implementation of the Sub-National Capacity Building Project.

In pursuance of its mandate as an implementing agency in the World Bank's States Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results (PforR), the DMO played active roles in the series of scoping missions by the Bank which culminated in the development of Guidelines on Domestic Expenditure Arrears Management for the States, aimed at assisting the States in the attainment of the SFTAS Disbursement Linked Indication Indicator. With funding support by the World Bank, the Guidelines were rolled out to the

States as part of a technical support programme to enhance their ability to achieve the DLI 8.

7.4.3 Collation and Publication of Sub-National Domestic Debt Data

The DMO's efforts to ensure timely and accurate collation and publication of the sub-national domestic debt data was further strengthened in 2019, with the effective commencement of the SFTAS Program. All the thirty-six States of the Federation and the FCT worked tirelessly to generate, submit and have the DMO validate their domestic debt data within a period of sixty (60) days from the end of each quarter. As at December 31, 2019, thirty-three (33) States and the FCT had submitted their validated signed-off end-year domestic debt data to the DMO.

CHAPTER EIGHT
RISK ANALYSIS OF FGN'S PUBLIC DEBT

Nigeria's Total Public Debt remained sustainable at 19.00 percent for the ratio of Total Public Debt to GDP as at December 31, 2019, which is still below the 55 percent threshold recommended by the IMF and World Bank. Though the Portfolio remains vulnerable to revenue and exports shocks, the revenue challenges are being addressed by the Government through its on-going Strategic Revenue Growth Initiatives. The exposure of the Total Public Debt portfolio to exchange rate risk was moderate, as the share of External Debt in the Public Debt portfolio marginally increased to 33 percent at the end of December 2019, from 32 percent in the corresponding period of 2018, due to the effective implementation of the country's Debt Management Strategy. The exposure to refinancing risk reduced considerably as a result of the strategy of issuance of longer-tenored securities in the domestic market. Meanwhile, the exposure of the FGN to Contingent Liabilities as a percentage of GDP was *1.45 percent at the end of December, 2019 compared to 1.50 percent in the corresponding period of 2018.*

8.1 Introduction

This Chapter presents the Sustainability of Total Public Debt as well as Costs and Risks performance of the FGN's Debt portfolio (excluding States' and FCT's Domestic Debt Stock), as at December 31, 2019. Further analysis of the following risk indicators is covered: Interest Rate, Refinancing, Exchange rate, Credit and Contingent Liabilities risks.

8.2 Debt Sustainability

The ratio of Total Public Debt-to-GDP slightly declined to 19.00 percent as at December 31, 2019 from 19.09 percent in the corresponding period of 2018 (Table 8.1). This ratio is within the Country's Specific Debt Limit of 25 percent and below the benchmark of 55.00 percent recommended by the IMF and World Bank for countries in Nigeria's peer-group, as well as the West African Monetary Zone convergence threshold of 70.00 percent. The decrease in the ratio was attributed to the improvement real GDP growth rate of 3 percent in 2019 compared to 1.91 percent in the previous year. The ratio of Total Interest Payment-to-FGN Revenue remained relatively high at 43.19 percent in 2019, indicative of the Revenue challenge which is being addressed by the various initiatives and reforms by the Government to enhance revenue generation. The ratio of Total External Debt-to-Exports was 44.77 percent as at December 2019, relative to 38.69 percent in the corresponding period of 2018.

Table 8.1: Trend in Total Public Debt Sustainability Indicators, 2015-2019

	Thresholds	2015	2016	2017	2018	2019
Solvency Ratios						
Total Public Debt as % of GDP	55	13.02	16.27	18.20	19.09	19.00
External Debt as % of GDP	*40*	*2.13*	*3.26*	*4.85*	*6.07*	*6.26*
Domestic Debt as % of GDP	-	*10.89*	*13.01*	*13.35*	*13.02*	*12.74*
External Debt as % of Exports	180	13.66	40.93	43.54	38.69	44.77
Liquidity Ratio						
FGN's Interest Payment as % of Revenue[2]	-	37.49	48.05	57.22	51.28	43.19

Source: DMO
[1]Nigeria's country-specific threshold for Total Public Debt-to-GDP is 25%.
[2]Interest Payment and Revenue apply to FGN-only

8.3 Costs and Risks Performance of FGN Public Debt Portfolio

Table 8.2 shows the Costs and Risks Performance of the FGN's Public Debt portfolio as at December 31, 2019. The outcome reveals that the cost of External Debt reduced from 4.75 percent in 2018 to 4.30 percent in 2019, while the average cost of Domestic Debt declined from 12.73 percent in 2018 to 9.43 percent in 2019. The exposures of the debt portfolio to Interest Rate and Refinancing Risks were relatively low, due to the improvements in the structure of the debt portfolio, arising from further extension of the tenors of the debt instruments, for both the domestic and external debt.

Table 8.2: Costs and Risks Indicators of FGN's Total Public Debt Portfolio as at December 31, 2019

Risk Indicators		Target[2]	External Debt	Domestic Debt	Total Debt
FGN's Total Public Debt (US$' Millions)			27,676.14	43,781.12	71,457.26
Total Public Debt (incl. States' Dom. Debts) as % of GDP[1]		Max. 25%	6.26	12.74	19.00
Cost of debt	Average Interest Rate (%)	*	4.30	9.43	7.45
Refinancing risk	Debt maturing in 1yr (% of total)	Max. 20%	1.27	24.77	13.77
	Average Time-to-Maturity (ATM) years	Min. of 10 yrs	13.19	7.85	10.50
Interest rate risk	Average Term to Re-fixing (ATR) years	*	12.60	7.85	10.08
	Debt Re-fixing in 1yr (% of total)	*	8.56	24.77	17.18
	Fixed rate debt (% of total)	*	92.43	100.00	96.46
	T-bills (percent of total)	*	0.00	18.58	9.88
FX risk	External Debt (% of Total Public Debt)[3]	40	-	-	38.72

Source: DMO
Notes:
[1]Nominal Values of Total Public Debt Stock was used, and includes States' & FCT's Domestic Debt Stock
[2] Nigeria's Country Specific Targets as set in its Debt Management Strategy, 2016-2019, while none was at for the indicators marked (*)
[3]Total Public Debt covers External and Domestic debts of the FGN, States and FCT

8.3.1 Average Cost of FGN's Total Public Debt

As shown in Table 8.3, the Weighted Average Interest Rates of the External Debt (FGN, States and FCT) and Domestic Debt (FGN only), were relatively lower at 4.30 and 9.43 percent in 2019 compared to 4.75 and 12.73 percent in 2018. This resulted in reduction of the Average Interest Rate for the Total FGN's Public Debt from 9.66 percent in 2018 to 7.45 percent in 2019, which was partly attributable to the general decline in domestic interest rates during the year under review.

Table 8.3: Trend in Average Interest Rate (Weighted), 2015-2019

Year	2015	2016	2017	2018	2019
External Debt - Average Interest Rate (%)	1.74	3.10	2.97	4.75	4.30
Domestic Debt – Average Interest Rate (%)	13.00	11.11	12.48	12.73	9.43
Total Debt - Average Interest Rate (%)	10.77	9.19	8.55	9.66	7.45

Source: DMO

8.3.2 Interest Rate Risk

The exposure of FGN's Public Debt to Interest Rate Risk slightly increased in 2019, as Average Time-to-Refixing (ATR) Increased from 9.71 years as at December 31, 2018 to 10.08 years as at December 31, 2019. This is also reflected in the marginal decline in proportion of fixed rate debt from 97.52 percent in 2018 to 96.46 percent in 2019, as the share of variable rate debt increased from 2.48 percent in 2018 to 3.54 percent in 2019. Table 8.4 shows the reduction in the proportion of FGN's Public Debt that would be subject to interest rate re-fixing in one year from 20.98 percent in 2018 to 17.18 percent in 2019, indicating appreciable improvement in the structure of the portfolio in favour of longer-tenored domestic and external borrowing. The Trend in Interest Rate Risk Indicators, 2015-2019, is shown in Table 8.4.

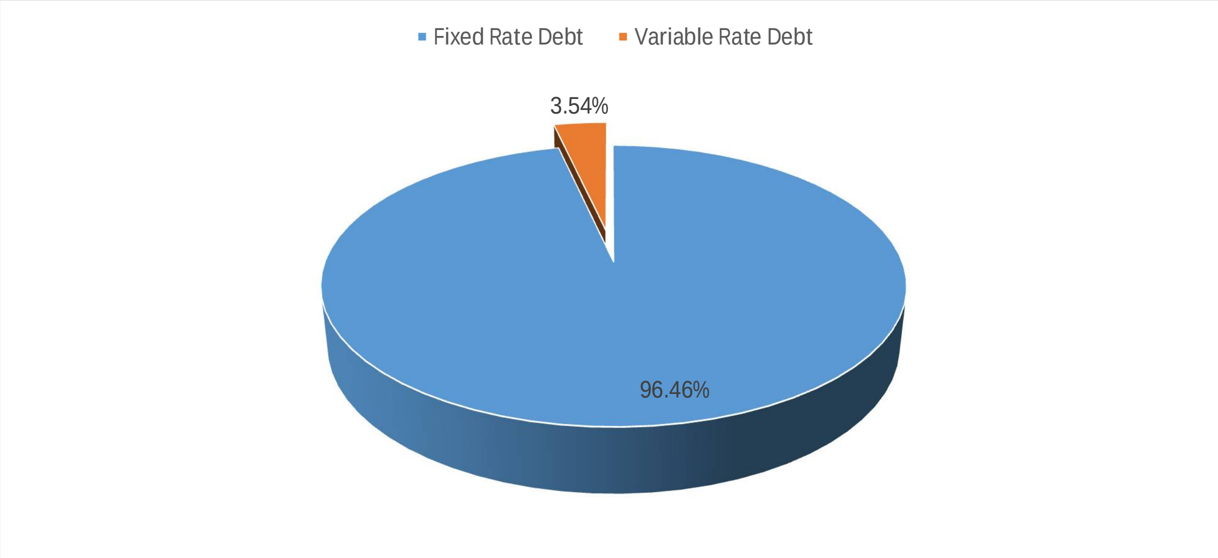
Table 8.4: Trend in Interest Rate Risk Indicators, 2015-2019

Year	2015	2016	2017	2018	2019
Fixed Interest Rate Debt (%)	98.96	94.74	97.28	97.52	96.46
Variable Interest Rate Debt (%)	1.04	5.26	2.72	2.48	3.54
External Debt - Average Time-to-Re-fixing (Years)	13.86	13.43	13.41	13.44	12.60
Domestic Debt - Average Time-to-Re-fixing (Years)	5.35	7.53	7.78	7.43	7.85
Total Debt - Average Time-to-Re-fixing (Years)	7.04	8.93	9.55	9.71	10.08
Debt Re-fixing in 1 year (% of Total Public Debt)	30.19	29.12	26.22	20.98	17.18

Source: DMO

Note: Average Time-to-Re-fixing (ATR): Provides a measure of weighted average time it takes until all the principal payments in the debt portfolio become subject to a new interest rate. This takes account the time when variable rates on floating debt are reset, and or fixed rate debt needs to be refinanced.

Figure 8.1: Interest Rate Type of FGN's Total Public Debt as at December 31, 2019



Source: DMO

8.3.3 Refinancing Risk

The exposure of the FGN Public Debt to Refinancing Risk was moderate with Average Time-to-Maturity (ATM) at 10.50 years as at December 31, 2019, which is above the strategic target minimum of 10 years (Table 8.5). The proportion of debt maturing within one year reduced from 18.57 percent in 2018 to 13.77 percent in 2019, as a result of the redemption of short-term domestic debt (NTBs), as well as borrowing Long in the Domestic and International Capital Markets. Table 8.5 shows the Trend in Refinancing Risk Indicators, 2015-2019.

Table 8.5: Trend in Refinancing Risk Indicators, 2015-2019

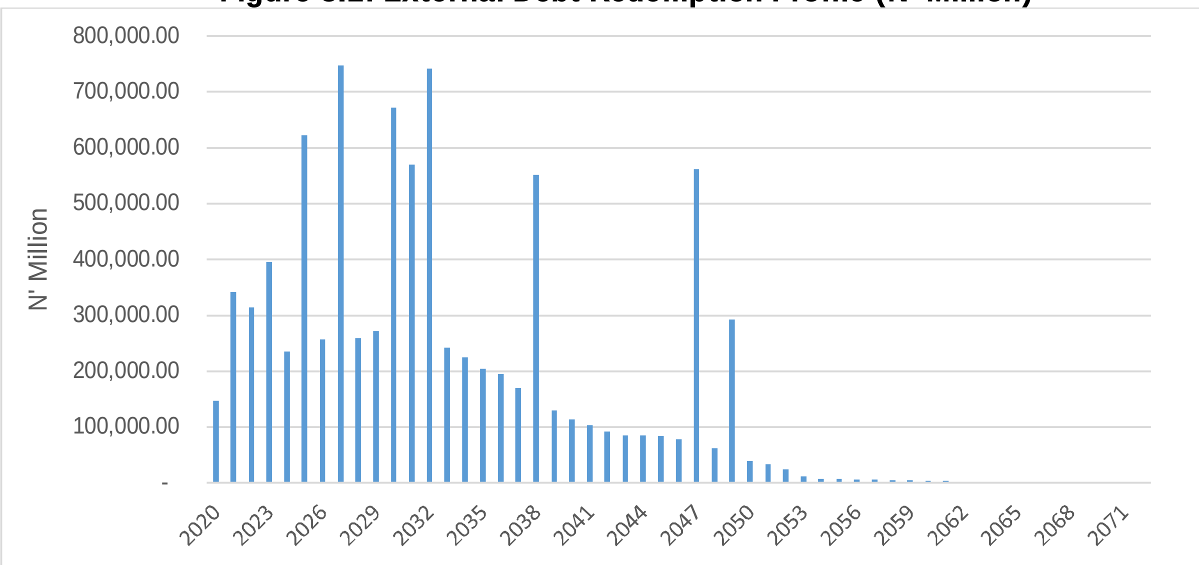
Year	2015	2016	2017	2018	2019
Debt Maturing in 1 year (%)	29.15	23.86	23.53	18.57	13.77
External Debt – Average Time-to-Maturity (Years)	14.39	13.57	14.26	13.97	13.19
Domestic Debt - Average Time-to-Maturity (Years)	5.35	7.53	7.78	7.43	7.85
Total Debt - Average Time-to-Maturity (Years)	7.15	9.54	11.55	11.62	10.50

Source: DMO

8.4 Redemption Profile

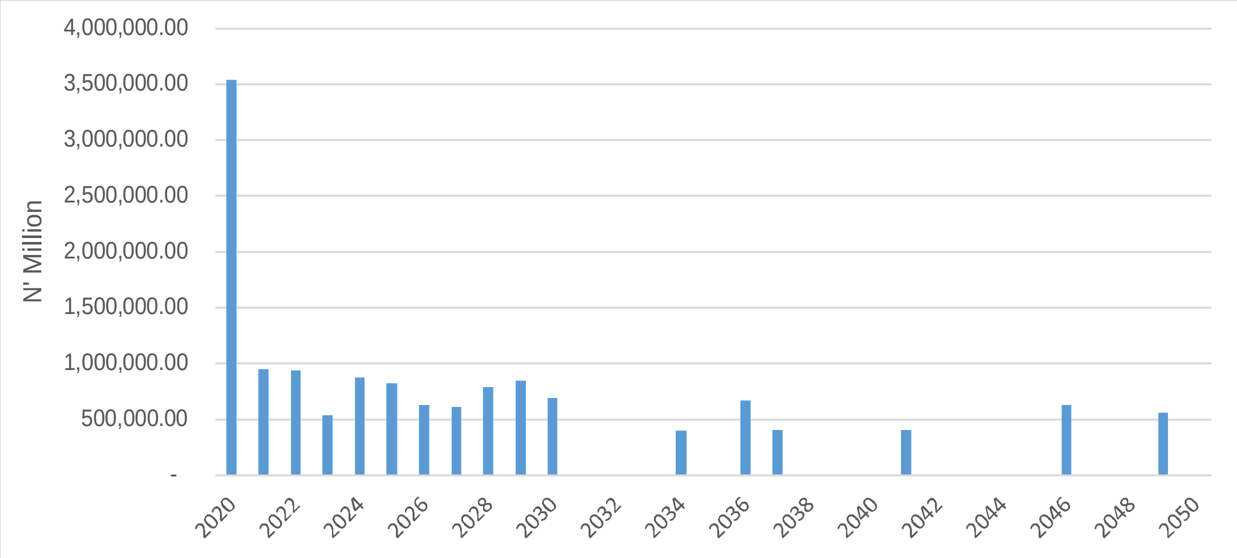
The External Debt Redemption Profile is fairly smooth with intermittent relatively high maturities occasioned by maturities of Eurobonds or the Diaspora Bond. The issuance of securities in the ICM had been structured to spread the maturities over several years (up to 30 years) to avoid bunching of maturities and to create a US Dollar Sovereign Yield Curve for Nigeria in the ICM (Figure 8.2). The Domestic Debt Redemption Profile is also evenly spread out as most of the Debt consists of FGN Bonds and to a lesser extent NTBs, FGN Sukuk, FGN Savings Bond and FGN Green Bonds (Figure 8.3).

Figure 8.2: External Debt Redemption Profile (N' Million)



Source: DMO

Figure 8.3: Domestic Debt Redemption Profile (₦' Million)



Source: DMO

8.5 Exchange Rate Risk (Foreign Exchange Component in the Debt Portfolio)

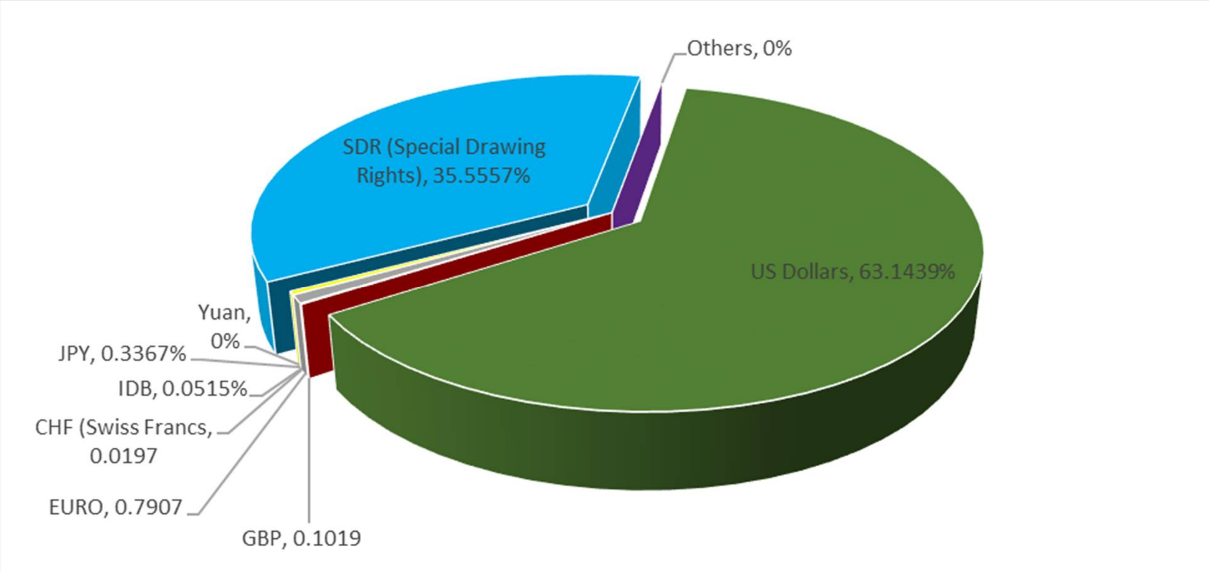
The FGN's Public Debt portfolio exposure to Foreign Exchange Risk remained minimal in the year under review, as the share of Total External Debt remained at 33 percent of the Total Debt portfolio as at December 31, 2019, compared to 32 percent as at December 2018 (Table 8.6). The trend of the External Debt Component of the Total Public Debt Portfolio for the period, 2015-2019, is shown in Table 8.6.

Table 8.6: Trend in Foreign Exchange Component of Debt Portfolio, 2015-2019

Year	2015	2016	2017	2018	2019
Domestic Debt (%)	80	80	73	68	67
External Debt (%)	20	20	27	32	33
Total Debt	100	100	100	100	100

Source: DMO

Figure 8.4: Currency Composition of External Debt as at December 31, 2019



Source: DMO

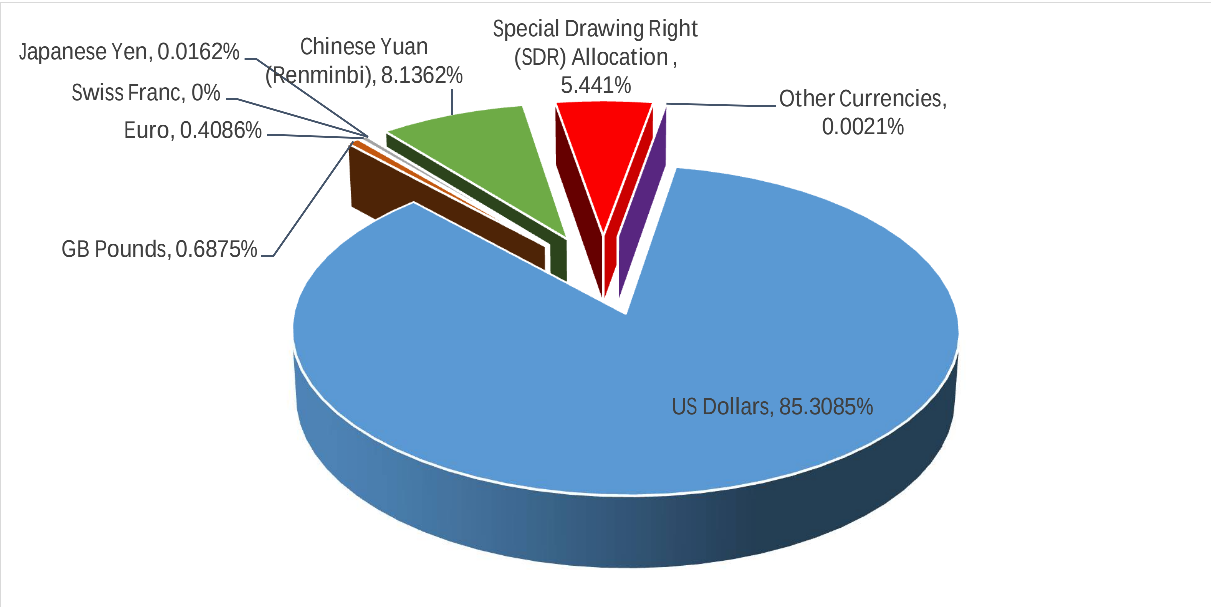
The Currency Composition of the External Debt portfolio as at December 31, 2019, comprised the United States Dollar (US$), British Pound Sterling (GBP), Euro (EUR), Swiss Franc (CHF), Islamic Dinar (ID), Japanese Yen (JPY) and Special Drawing Rights (SDR). The US Dollars constituted 63.14 percent of the Currency Composition of the Total External Debt portfolio, while SDR accounted for 35.56 percent. Others include GBP (0.10 percent), EUR (0.79 percent), CHF (0.02 percent), ID (0.05 percent) and JPY (0.34 percent). As shown in Figure 8.4, the US Dollars and SDR dominated the Currency Composition of the External Debt portfolio. Exchange Rate Risk arising from the exposure to the US Dollars is mitigated by Nigeria's External Reserves which is predominantly in US Dollars. In addition, the External Creditors' Funding Account (ECFA) through which External Debt Service is made is also denominated in US Dollars. Similarly, Nigeria's export earnings are denominated in US Dollars, thereby further mitigating the Exchange Rate Risk arising from the exposure of the External Debt portfolio to the US Dollars.

Table 8.7: Currency Composition of External Reserve Asset as at December 31, 2019

Currency	USD Equivalent	% of Total
US Dollars	32,496,318,609.91	85.3085
GB Pounds	261,871,596.89	0.6875
Euro	155,642,272.95	0.4086
Swiss Franc	-	0.000
Japanese Yen	6,167,739.14	0.0162
Chinese Yuan (Renminbi)	3,099,305,103.95	8.1362
Special Drawing Rights (SDR) Allocation	2,072,626,806.42	5.4410
Other Currencies	788,071.46	0.0021
TOTAL	**38,092,720,200.72**	**100**

Source: CBN

Figure 8.5: Currency Composition of External Reserves as at end December 31, 2019



Source: DMO

Table 8.7 and Figure 8.5 show that Nigeria's External Reserves stood at US$38.09 billion as at December 31, 2019. The following comprised the Currency Composition of the External Reserves: US Dollars (85.3085 percent), GBP (0.6875 percent), Euro (0.4086 percent), JPY (0.0162 percent), Chinese Yuan (8.1362 percent), SDR (5.4410 percent) and other currencies (0.0021 percent). The Currency Composition of the External Debt portfolio closely matched the Currency Composition of the country's External Reserves, thereby providing further hedge to the External Debt portfolio against Exchange Rate fluctuation (Table 8.8).

Table 8.8: Composition of External Debt & Reserve Assets as at December 31, 2019 (in percent)

Currencies	US$	GBP	EURO	CHF	IDB	JPY	Yuan	SDR	Others
External Debt: Currency Composition	63.1439	0.1019	0.7907	0.0197	0.0515	0.3367	-	35.5557	-
External Reserve: Currency Composition	85.3085	0.6875	0.4086	-	-	0.0162	8.1362	5.4410	0.0021

Source: DMO and CBN

8.6 Credit Risk (FGN's On-lent Loans to MDAs)

As at December 31, 2019, the Credit Risk on the outstanding On-Lent Loans by the FGN to MDAs to fund developmental projects in the key sectors of the economy was relatively stable. All the Loans were backed by Memoranda of Understanding (MOU) executed between the DMO and the MDAs, to ensure that they are serviced and fully paid as and when due in order to mitigate the Risk.

8.7 FGN's Contingent Liabilities

The exposure of Contingent Liabilities increased by ₦942.71 billion or 49.17 percent from ₦1,917.150 billion as at December 31, 2018 to ₦2,859.859 billion as at December 31, 2019. The increase in the outstanding amount of FGN's Contingent Liabilities in the year was due to the inclusion of the Contingent Liabilities arising from the Power Sector through the Put-Call Option Agreement (PCOA) and Partial Risk Guarantees (PRG), associated with the Power Purchase Agreement (PPA) executed by the Nigerian Bulk Electricity Trading Plc (NBET). The FGN's exposure to Contingent Liabilities as a percentage of GDP declined from 1.50 percent as at December 31, 2018 to 1.98 percent as at December 31, 2019, largely due to enhanced growth rate of the real GDP from 1.93 percent in 2018, to 2.27 percent in 2019. Table 8.9 shows the FGN's exposure to Contingent Liabilities during the period, 2015-2019.

Table 8.9: FGN's Contingent Liabilities 2015-2019 (₦' Billion)

S/N	Liability Type	2015	2016	2017	2018	2019
1.	Local Contractors Debts	233.942	159.287	-	-	-
2.	Federal Mortgage Bank of Nigeria	6.91	5.24	5.238	5.238	5.238
3.	Nigerian Export-Import (NEXIM) Bank	39.4	61.00	15.250	6.790	3.487
4.	FCDA- Katampe Infrastructure Project	7.441	7.441	7.441	7.441	7.441
5.	Nigeria Mortgage Refinance Company Plc	8.00	8.00	7.583	18.226	17.707
6.	Lekki Port LFTZ Enterprise – Lekki Deep Sea Port	157.60	-	-	-	-
7.	World Bank Partial-Risk Guarantee in support of Azura-Edo IPP*	46.689	72.29	72.285	72.641	-
8.	Power Sector Contingent Liabilities Put-Call Option Agreement (PCOA)	-	-	-	-	495.642
9.	Power Sector Contingent Liabilities – Partial Risk Guarantees (PRG)	-	-	-	-	73.465
10.	Payment Assurance Facility for Nigeria Bulk Electricity Trading Plc	-	-	-	561.305	623.590
11.	Legacy FGN Exposure from PHCN Successor Companies	-	-	-	-	778.029
12.	Pension Arrears for MDAs	1,156.49	1,132.21	1,043.535	1,245.510	855.258
	Total	**1,656.472**	**1,445.47**	**1,151.332**	**1,917.150**	**2,859.859**

*From 2019, reclassified under Power Sector Contingent Liabilities - PRG & PCOA

Notes:

1. Local Contractors Debts - The FGN Guarantee was given to cover the N233,942,080,700.00 Face Value of the 5-year 2016/2017 Split Coupon Bonds issued by the Special Purpose Vehicle (SPV) set up for the resolution of the Local Contractors Debts. The Guarantee expired in July 2017 and did not crystalize.
2. Federal Mortgage Bank of Nigeria - FGN Guarantee of FMBN Bond issued to enable the Bank raise funding from the capital market to refinance the sale of Federal Government non-essential houses under the monetization programme of the Government.
3. Nigerian Export-Import Bank (NEXIM) - FGN Guarantee to NEXIM for the Master Line of Credit from African Development Bank (AfDB) with a current value of US$50 million to finance part of the cost of the Export Oriented Small and Medium Enterprises financing programme of the Nigerian Export Import (NEXIM) Bank. The tenor is for 10 years. Total outstanding obligation on the loan as at December 31, 2019 was US$11,377,679.10 (N3,487,258,644.15 @306.5/$).
4. FCDA – Katampe Infrastructure Project - The Guarantee was issued on behalf of the Federal Capital Development Authority (FCDA), in favour of FBN Capital Limited and FBN Trustees Limited, in respect of a bank facility granted to Deanshanger Projects Limited for the provision of integrated civil infrastructure to Katampe District, Abuja. The current outstanding amount confirmed by FCDA is N7,440,504,380.68, excluding accrued interest.
5. Nigeria Mortgage Refinance Company Plc - The Guarantee is to enable NMRC raise long term funds from the capital market by issuing notes for the purpose of refinancing or purchasing mortgages created by Eligible Mortgage Lenders. N19 billion (N8 billion-Series 1 Bond and N11 billion Series 2 Bond) has been utilized out of the total Guarantee available in the sum of N440 billion.
6. Lekki Port LFTZ Enterprise - FGN Guarantee in favour of Lekki Port LFTZ Enterprise (Concessionaire) to cover the sum of US$800 million (N245,200,000,000.00 converted at N306.5/$) in respect of the investment by the Concessionaire for the purpose of funding the construction of a Deep Sea Port at Lekki Lagos, Nigeria, on a Build, Own, Operate and Transfer basis, for a period of forty-five years, for and on behalf of the Nigerian Ports Authority. The Guarantee will become effective at financial close.
7. World Bank Partial-Risk Guarantee in support of Azura-Edo IPP (Now classified under Power Sector Contingent Liabilities – PCOA & PRG) - World Bank Partial Risk Guarantee in the sum of US$237 million, comprising Debt Mobilization Guarantee of US$117 million and a Liquidity Guarantee of US$120 million, in support of the 450 megawatts Azura-Edo Independent Power Project (IPP). The Federal Government of Nigeria (FGN) entered into an Indemnity Agreement with the International Bank for Reconstruction and Development (IBRD) - World Bank, in 2015, to unconditionally and irrevocably reimburse to the World Bank amounts paid by the Bank directly or indirectly in relation to or arising from the IBRD Guarantee and to undertake such other obligations to the Bank as are set forth in the Indemnity Agreement.
8. Power Sector Contingent Liabilities - Put-Call Option Agreement - Power Sector Contingent Liabilities arising from Put-Call Option Agreement (PCOA) in favour of Azura-Edo Independent Power Project (IPP) - $938,905,531.57; Calabar NIPP - $500,000,000.00; Afrinergia Power Limited - $74,250,000.00 & CT Cosmos - $103,950,000.00. Converted at N306.5/$. Submitted to DMO by Nigeria Bulk Electricity Trading (NBET) Plc.
9. Power Sector Contingent Liabilities – Partial Risk Guarantees - Power Sector Contingent Liabilities arising from Partial Risk Guarantee (PRG) in favour of Azura-Edo IPP - $120,000,000.00; Calabar NIPP - $111,800,000.00; Afrinergia Power Limited - $3,287,250.00 & CT Cosmos - $4,602,150.00. Converted at N306.5/$. NBET provided the data.
10. Payment Assurance Facility for Nigeria Bulk Electricity Trading (NBET) Plc - FGN Guarantee to the Central Bank of Nigeria for providing N1,301,000,000,000.00 to the Nigeria Bulk Electricity Trading Plc (NBET) for settlement of invoices from Power Generation Companies.
11. Legacy FGN Exposure from PHCN Successor Companies - Figures provided by BPE on FGN's exposure in respect of the debt component of the purchase price of the PHCN successor companies. US$2,538,430,000.00 converted @N306.5/$.
12. Pension Arrears for MDAs - Data provided by PENCOM to DMO: Outstanding Retirement Benefits Liability of the FGN for certain categories of its employees. The last employee would be retiring in 2039.

CHAPTER NINE

FEDERAL GOVERNMENT ON-LENT LOANS

The FGN extended loans to some MDAs, as part of its efforts to ensure that priority development projects were financed to support the growth of critical sectors of the economy so as to enhance the creation of jobs and reduce poverty. As at December 31, 2019, the total outstanding On-lent loans to the MDAs was ₦174.13 billion

9.1 Introduction

The On-lent loans to the MDAs were part of Government's efforts to support the growth of critical sectors of the economy. The loans were extended to the MDAs to fund selected critical projects such as Roads and Railways, Agriculture, Transport, Education, Cotton, Garment and Textile, amongst others. To ensure full recovery and timely repayment, each of the On-lent loans was backed by a Memorandum of Understanding (MOU) executed between the DMO and the benefitting MDA.

9.2 Analysis of FGN's On-lent Loans to MDAs

As at December 31, 2019, the outstanding number of MDAs that benefited from the FGN's On-lent loans were Eleven (11), the same as in the previous year, as there were no new loans to the MDAs. However, the principal amount of the loans outstanding as at December 31, 2019 declined to ₦174.13 billion from ₦176.26 billion as at end December 2018 (Table 9.1).

Table 9.1: Principal Outstanding on FGN On-Lent Loans to MDAs as at December 31, 2019

S/N	Benefiting MDA	Facility	Loan Amount (₦)	Principal Amount Outstanding (₦)
1	Federal Capital Territory Administration (FCTA)	₦15 Billion FGN Funding of Health and Education Projects in the FCT.	15,000,000,000.00	3,872,918,492.93
2	Federal Ministry of Finance, Budget & National Planning (FMFBNP)	₦6.3 Billion Pioneer Consumer Car Finance Scheme for Public Servants.	6,300,000,000.00	1,916,331,393.11
3	Federal Ministry of Transport (FMoT)	₦12.5 Billion Nig. Railway Revitalization (25 Locomotives).	12,500,000,000.00	12,500,000,000.00
4	Ministry of Defence	₦35 Billion Funding of Peace Keeping Operations.	35,000,000,000.00	11,275,102,824.49
5	Ministry of Mines and Steel Development	₦2.24 Billion Ajaokuta/NIOMCO Staff Salary Arrears.	2,239,175,142.72	2,239,175,142.72
6	Nigerian Television Authority (NTA)	₦4.5 Billion Loan for Upgrading of NTA's Broadcast Equipments.	4,500,000,000.00	2,431,265,480.82
7	Federal Capital Territory Administration (FCTA)	₦20 Billion Seed Money for Infrastructural Development of Four Districts of the FCT.	20,000,000,000.00	20,000,000,000.00
8	Federal Mortgage Bank of Nigeria (FMBN)	₦5 Billion for the development of the Housing Sector of the economy granted to FMBN.	5,000,000,000.00	5,000,000,000.00
9	Bureau of Public Enterprises (BPE)	Settlement of ₦63.03 Billion Loan Facility granted to Transcorp Plc for NITEL/MTEL Buy-Out.	63,030,000,000.00	60,480,000,000.00
10	Bureau of Public Enterprises (BPE)	NITEL/MTEL Terminal Benefits.	54,552,000,000.00	52,002,000,000.00
11	Bank of Industry (BOI)	Indebtedness of the defunct Nigerian Bank for Commerce and Industry to the FGN.	2,500,711,000.00	2,410,293,267.05
	Total		**220,621,886,142.72**	**174,127,086,601.12**

Source: DMO

CHAPTER TEN

INSTITUTIONAL ISSUES

In 2019, The DMO continued the implementation of its 4th Strategic Plan, 2018-2022 and achieving some target milestones for the year, including surpassing most targets set in Nigeria's Debt Management Strategy, 2016-2019, at the end of the plan period. The Office also conducted trainings for Staff and other external Stakeholders, as well as enhanced its business processes by improving the ICT infrastructure. The efforts towards upscaling the public debt management capacity of sub-nationals were equally sustained during the review period.

10.1 The DMO's 4th Strategic Plan, 2018-2022

The sustained implementation of the DMO's 4th Strategic Plan, 2018-2022, which aligned Public Debt Management activities with the Economic Recovery and Growth Plan (ERGP) of the Government, resulted in achievement of the following milestones in 2019:

i. *Continued funding of part of the fiscal deficits of the Federal Government's Appropriation Acts, by fully raising the ₦802.82 billion New Domestic Borrowing in the 2019 Appropriation Act;*

ii. *Issued the first 30-year FGN Bonds in the domestic market. Prior to this time, 20-year FGN Bonds was the longest tenored debt instrument in the domestic market;*

iii. *Achieved the following results and surpassed targets in the Nigeria's Debt Management Strategy, 2016 -2019;*

   a) *Attained Total Public Debt ratio of 67:33 for Domestic to External debt;*
   b) *Lengthened the maturity profile of the Total Public Debt portfolio to an average of 10.50 years;*
   c) *Attained Domestic Debt portfolio mix of 81:19 ratio for Long-term to Short term debt; and,*
   d) *Reduced proportion of debt maturing within one year in the Total Public Debt Portfolio to 15.81 percent.*

iv. *The DMO, in collaboration with relevant Stakeholders prepared a new Medium Term Debt Management Strategy for the country, Nigeria's Debt Management Strategy, 2020 – 2023.*

10.2 Debt Sustainability Analysis (2019)

The DMO organized the 2019 Debt Sustainability Analysis (2019 DSA) Exercise from November 14-23 2019, in collaboration with relevant MDAs, namely: Federal Ministry of Finance, Budget and National Planning (FMFBNP), Central Bank of Nigeria (CBN), Budget Office of the Federation (BOF), National Bureau of Statistics (NBS) and the Office of the Accountant-General of the Federation (OAGF).

The outcome of the 2019 DSA showed that Nigeria's debt portfolio remains at moderate risk of debt distress, but susceptible to revenue and export shocks. In terms of borrowing space, the ratio of Total External Debt-to-GDP places Nigeria in the Substantial Borrowing Space category, but the higher ratio of External Debt Service-to-Revenue places Nigeria at the Category of ***Some Space to Absorb shocks***. This indicates some constraints to debt repayment capacity arising from low revenue, which the Government is addressing through its ongoing initiatives and reforms aimed at boosting revenue, thus helping to improve the country's Borrowing Space and ability to absorb shocks in the medium to long-term.

10.3 DMO's Supervisory Board Activities

The Vice President of the Federal Republic of Nigeria is the Statutory Chairman of the DMO Supervisory Board, with the Honourable Minister of Finance as Vice Chairman. The other members include the Attorney-General of the Federation and Honourable Minister of Justice, Chief Economic Adviser to the President, Governor of the Central Bank of Nigeria, Accountant-General of the Federation, and the Director-General of Debt Management Office, who doubles as the Secretary to the Board. Meanwhile, the Supervisory Board is yet to be inaugurated.

10.4 Staffing Issues

10.4.1 Staff Exit

In 2019, two members of staff exited the DMO, one officer exited upon attaining the mandatory retirement age of 60 years, while the other officer voluntarily resigned his appointment with the DMO.

10.4.2 Repositioning/Redeployment Exercise

The Director-General redeployed the Team Leader, Statistics and Risk Management Unit from the Policy, Strategy and Risk Management Department to head the Debt Recording and Settlement Department, in November 2019, following the retirement of the erstwhile HOD. In addition, a Director from the Federal Ministry of Justice was seconded to replace the former head of the Legal Service Unit of the DMO.

10.4.3 Staff Promotion Exercise

The 2019 DMO Promotion Examination was conducted successfully for all qualified candidates within the year.

10.4.4 Training for DMO's External Stakeholders

Training for Members of the House of Representatives Committee on Loans, Aid and Debt Management and the Committee's Secretariat was organized successfully within the year.

10.4.5 DMO Staff Training

In accordance with the Training Needs of members of Staff of the DMO, the following Training programmes were conducted in 2019:

S/N	COURSE	NO. OF STAFF
1	Leading with Critical Thinking, Creativity & Innovation	6
2	Introduction to Fixed Income Securities	20
3	Intermediate Fixed Income Securities	25
4	Report Writing Skills & Office Management	4
5	Public Procurement Audit Workshop	6
6	Practical Applications in International Public Sector Accounting Standards (IPAS) And Interactial Financial Reporting Standards	5
7	CS-DRMS Version 2.3 Training	17
8	Methodologies for Public Debt Sustainability Analysis Using Revised DSA Framework	13
9	Vehicle Maintenance & Safety Techniques	16
10	Security Awareness for Corporate Safety	2
	Total Participants	**114**

10.5 Sub-national Debt Management Activities

10.5.1 Capacity Building for Sub-National Debt Managers

In the year under review, the DMO executed a Special Capacity Building Programme on "Public Debt Creation and Sub-National Debt Management" for officials of the Delta State Government. The participants were acquainted with knowledge of the full spectrum of public debt management by the DMO.

10.5.2 Collation and Publication of Sub-National Domestic Debt Data

The DMO's efforts to ensure timely and accurate collation and publication of the sub-national domestic debt data was further bolstered in 2019, with the effective commencement of the World Bank's SFTAS Program. As at December 31, 2019, thirty-three (33) States and the FCT had submitted their validated signed-off end-2019 domestic data to the DMO.

10.5.3 Donor Intervention in Sub-National Debt Management

In 2019, the DMO applied for and obtained a twelve (12) month extension of the African Development Bank (AfDB) Middle Income Country Technical Assistance Fund (MIC-TAF) Grant Agreement, thereby extending the completion timeline from December 31, 2019 to December 31, 2020.

The DMO also obtained the Bank's No Objection to invite selected companies to submit quotations for the supply of Goods and Items needed for the Implementation of the Sub-National Capacity Building Project.

As an implementing agency in the States Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results (PforR), the DMO played active roles in the series of scoping missions by the World Bank which culminated in the development of Guidelines on Domestic Expenditure Arrears Management for the States, aimed at assisting the States in the attainment of the SFTAS Disbursement Linked Indicator 8 (DLI 8). With funding support by the World Bank, the Guidelines were rolled out to the States as part of technical support to enhance the ability of States to achieve the DLI 8.

10.6 ICT Infrastructure

To further consolidate on the gains made in leveraging ICT to enhance the DMO's business process, the following milestones were achieved in 2019;

- The DMO carried out a comprehensive review of its ICT Infrastructure, Operations and Services with recommendation on better ways to optimise the use of ICT aimed at improving its service delivery effectiveness.

- The Office successfully designed and supported the implementation and operation of an innovative, fully home grown online portal system for carrying out Reverse Auction of Promissory Notes issued to deserving exporters under the Federal Government Promissory Notes Issuance Programme. The Promissory Notes Auction Portal System went live with the debut Reverse Auction on November 21, 2019. Together with the Transaction Parties, the DMO ensured a smooth and successful reverse auction for the Promissory Notes issuance during the year 2019.
- Biometric Access Control System was maintained for optimal performance, data security and access was restricted to only authorized personnel.
- The Bond Auctioning System (BAS) has remained operational and all FGN Bond Auctions have been successfully conducted with the participation of the Primary Dealer Market Makers (PDMMs) using Bloomberg Platform and with settlement on the Central Bank of Nigeria's Scripless Securities Settlement System (CBN S4).
- Regular maintenance and data update have been sustained in respect of the DMO's Website. All links were maintained to remain active and enhance accessibility of menu items. All information and updates were successfully carried out on the website and DMO pages on the Social Media. This has continued to increase DMO's outreach to external stakeholders.
- The DMO has maintained its external and internal communication by integrating the Modern IP Telephony System with dedicated E1 line on the Galaxy Backbone platform. The new system enables the organization to communicate easily even with external stakeholders from anywhere around the world.
- ICT Services were maintained optimally with over 95% uptime for the period under review, thereby contributing significantly to the DMO's achievements in 2019.

CHAPTER ELEVEN

FINANCIAL STATEMENTS AND ACCOUNTS

Corporate Information

Chairman:	**Prof. Yemi Osinbajo, SAN, GCON** Vice-President, Federal Republic of Nigeria
Vice Chairman:	**Mrs. Zainab Shamsuna Ahmed** Hon. Minister of Finance
Member	**Alhaji Abubakar Malami, SAN** Attorney-General/Minister of Justice
Member	Chief Economic Adviser to the President
Member	**Alh. Ahmed Idris, FCNA** Accountant-General of the Federation
Member/Secretary	**Patience Oniha** Director-General & Chief Executive
Registered Office:	1st Floor, NDIC Building, Plot 447/448 Constitution Avenue, Central Business District, Garki-Abuja.
Independent Auditors:	**SIAO** (Chartered Accountants) 18b, Olu Holloway Road Ikoyi, Lagos.
Bankers:	Central Bank of Nigeria Central Business District, Abuja. Abuja

Principal Officers:

Patience Oniha	Director-General
Mr. Miji Amidu	Director, Special Assignments
Mrs. Hannatu Suleiman	Director, Organisational Resourcing Department
Mr. Joe Ugoala Department	Director, Policy, Strategy & Risk Management
Mr. Oladele Afolabi	Director, Portfolio Management Department
Mr. Maraizu Nwankwo Head, Debt Recording & Settlement Department	
Mr. Monday Usiade	Head, Market Development Department
Ms. Elizabeth Ekpenyong	Head, Strategic Programmes Department

Financial Highlights

	2019	2018	Change	
Statement of Financial Position	₦	₦	₦	%
Property, Plant and Equipment	**197,510,163**	*227,035,348*	*(29,525,186)*	*(13)*
Intangible Asset	**1,554,000**	*2,719,500*	*(1,165,500)*	*(43)*
Other Receivables	**136,683,318**	*55,502,022*	*81,181,296*	*146*
Prepayments	**2,640,000**	*1,244,192*	*1,395,808*	*112*
Cash and Cash Equivalents	**4,309,134,810**	*2,710,981,360*	*1,598,153,450*	*59*
Total Assets	**4,647,522,290**	*2,997,482,422*	*1,650,039,868*	*55*
Equity				
Accumulated Financial Performance	**3,640,420,870**	*2,326,195,830*	*1,314,225,040*	*56*
Account Payables and Accruals	**1,007,101,420**	*671,286,592*	*335,814,828*	*50*
Total Equity	**4,647,522,290**	*2,997,482,422*	*1,650,039,868*	*55*
Statement of Financial Performance				
Total Income	**3,877,329,970**	*4,104,917,750*	*(227,587,780)*	*(6)*
Total Expenditure	**2,563,104,940**	*3,566,566,445*	*(1,003,461,515)*	*(28)*
Surplus	**1,314,225,040**	*538,351,305*	*775,873,736*	*144*

Supervisory Board's Report

The Supervisory Board is pleased to present the annual report together with the Debt Management Office's (DMO) audited Financial Statements for the year ended 31 December 2019.

These Financial Statements are prepared in accordance with the International Public Sector Accounting Standards; in compliance with the Financial Reporting Council Act No 6, 2011 and in the manner required by Debt Management Office (Establishment, etc.) Act, 2003.

Legal Form

The Debt Management Office (DMO) is a public agency created by an Act of the National Assembly. The Debt Management Office (Establishment, etc.) Act, 2003. The DMO was established on 4th October, 2000 to centrally manage Nigeria's debt, which was hitherto being done by a myriad of establishments in an uncoordinated fashion.

Vision

Our vision is to be a Public Debt Management Institution of global reference.

Mission

Our Mission is to meet the Government's financing needs in a prudent manner that supports economic development, while proactively managing the risks associated with the public debt.

Values

Our Core Values are based on the principle of **R-E-C-I-T-E**

R - Respect: To hold staff and stakeholders in high esteem.
E – Excellence: To be outstanding in service delivery.
C – Commitment: To be totally devoted to delivering on the DMO's Mandate.
I – Integrity: To be transparent in our operations.
T – Teamwork: To ensure that all members of staff have collective responsibility for the DMO's mandate and work together towards its achievement.
E – Efficiency: To optimize our resources in the execution of our Mandate.

Principal Activities

The main activities of the Office as defined in Sections 6 (1) (a-n) and 6 (2) (a-c) of the Debt Management Office (Establishment, etc.) Act, 2003 include preparation and implementation of a plan on the efficient management of Nigeria's external and domestic debt obligations at sustainable levels aligned with the development objective of government.

State of Affairs

In the opinion of the Supervisory Board, the state of DMO's affairs was satisfactory and no events have occurred since the financial position date which would affect the Financial Statements as presented.

Property, Plant and Equipment

Information relating to changes in property, plant and equipment is shown in **Note 2** on page 26 to the Financial Statements.

Operating Results

Highlights of DMO's operating results for the year under review are as follow:

	2019 ₦	*2018* *₦*
Total Income	**3,877,329,970**	*4,104,917,750*
Total Expenditure	**(2,563,104,930)**	*(3,566,566,445)*
Surplus for the Year	**1,314,225,040**	*538,351,305*

The results for the year are set out in the statement of financial performance on **page 12.**

Events after the Reporting Date

As stated in **Note 20** no events or transactions have occurred after the reporting period which would have a material effect on the Financial Statements as presented.

Format of Financial Statements

The Financial Statements are presented in accordance with the reporting and presentation requirements of the International Public Sector Accounting Standards; in compliance with the Financial Reporting Council Act No 6, 2011 and in the manner required by Debt Management Office (Establishment, etc.) Act, 2003.

Equal Employment Opportunity

The Office pursues an equal employment opportunity policy. It does not discriminate against any person on the ground of race, religion, colour, or physical disability.

Training and Development

The Office places great emphasis on the training and development of its staff and other stakeholders and believes that its employees are its greatest assets. Training courses are geared towards the developmental needs of staff and the improvement of their skills set to face the increasing challenges in the financial sector. We will continue to invest in our human capital to ensure that our people are well motivated and positioned to contribute effectively to the DMO's vision.

Independent Auditors

The auditors, Messrs SIAO (Chartered Accountants), have indicated their willingness to act as auditors in office in accordance with Section 357 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 (as amended).

By Order of the Board

Patience Oniha
Director-General/Secretary
FRC/2018/ICAN/00000018421

Date................................

Statement of Supervisory Board's Responsibilities

The Supervisory Board accepts responsibility for the preparation of the accompanying Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in accordance with the International Public Sector Accounting Standards; in compliance with the Financial Reporting Council Act No. 6, 2011 and in the manner required by the Debt Management Office (Establishment, etc.) Act, 2003.

The Board is of the opinion that the accompanying Financial Statements give a true and fair view of the state of the financial affairs of the Debt Management Office, in compliance with the Financial Reporting Council Act No. 6, 2011 and in the manner required by the Debt Management Office (Establishment, etc.) Act, 2003.

The Board further accepts responsibility for the maintenance of adequate accounting records as required by the Debt Management Office (Establishment, etc.) Act, 2003 and for such internal controls as the Board determines necessary to enable the preparation of Financial Statements that are free from material misstatements whether due to fraud or error.

The Board has made assessment of the DMO's ability to continue as a going concern and has no reason to believe that the Office will not remain a going concern in the years ahead.

The responsibilities include ensuring that the Office:

(a) Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Office;
(b) Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
(c) Prepares its Financial Statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, which are consistently applied.

The Board accepts responsibility for the annual Financial Statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in conformity with the International Public Sector Accounting Standards issued by International Public Sector Accounting Standards Board (IPSASB) and adopted by the Financial Reporting Council of Nigeria.

Nothing has come to the attention of the Supervisory Board to indicate that the Office will not remain a going concern for at least twelve months from the date of this statement

Signed on behalf of the Supervisory Board by:

....	....
Patience Oniha	**Joe Ugoala**
Director-General/Chief Executive	**Director,**
	Policy, Strategy & Risk Management Dept.
FRC/2018/ICAN/00000018421	**FRC/2017/CISN/00000016371**
Date:………………………………......,	**Date:………………………………….,**

To the Members of the Supervisory Board, Debt Management Office Nigeria (DMO)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of Debt Management Office (DMO), which comprise the statement of financial position as at 31 December, 2019, the statement of financial performance, the statement of cash flows for the year then ended, statement of changes in net assets/equity, statement of comparison of budget and actual amounts, summary of significant accounting policies and other explanatory notes.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the audit of the Financial Statements section of our report. We are independent of the Office in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Directors are responsible for the other information. The other information comprises the Supervisory Board's Report.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Respective Responsibilities of the Supervisory Board

The DMO Board is responsible for the preparation and fair presentation of these Financial Statements in accordance with the relevant standards issued by the Financial Reporting Council of Nigeria Act, No 6, 2011, Fiscal Responsibility Act, 2007, relevant extant circulars issued by the Federal Government of Nigeria and in the manner required by the Debt Management Office (Establishment, etc.) Act, 2003 and for such internal control as the DMO determines necessary to enable the presentation of Financial Statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by DMO Board;

- Conclude on the appropriateness of DMO's Board use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Office to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

- Obtain sufficient appropriate audit evidence regarding the financial information or business activities of the Office to express an opinion on the Financial Statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Debt Management Office (Establishment, etc.) Act, 2003, we confirm that:

I. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;

II. In our opinion, proper books of account have been kept by the DMO, so far as it appears from our examination of those books; and

III. The DMO's Statements of : Financial Position, Financial Performance, Changes in Net Assets/Equity, Cash Flows, Comparison of Budget and Actual Amounts and other accompanying notes are in agreement with the books of account.

……………………………………….

Abiodun Ariyibi, FCA
FRC NO: FRC/2013/ICAN/00000001548

SIAO
Chartered Accountants
Lagos, Nigeria

Date:...................................

Statement of Financial Position

	Notes	2019	2018
		N	N
Assets			
Non-Current Assets			
Property, Plant & Equipment	2	197,510,163	227,035,348
Intangible Asset	3	1,554,000	2,719,500
		199,064,163	229,754,848
Current Assets			
Other Receivables	4	136,683,318	55,502,022
Prepayments	5	2,640,000	1,244,192
Cash and Cash Equivalents	6	4,309,134,810	2,710,981,360
		4,448,458,127	2,767,727,574
Total Assets		4,647,522,290	2,997,482,422
Equity And Liabilities			
Equity			
Accumulated Financial Performance		3,640,420,870	2,326,195,830
Total Equity		3,640,420,870	2,326,195,830
Liabilities			
Current Liabilities			
Account Payables And Accruals	7	1,007,101,420	671,286,592
		1,007,101,420	671,286,592
Total Equity And Liabilities		4,647,522,290	2,997,482,422

The Financial Statements were approved and authorised for issue by the Board of Directors on ....
and were signed on its behalf by:

....

Patience Oniha
Director-General/Chief Executive

FRC/2018/ICAN/00000018421

....

Joe Ugoala
Director,
Policy, Strategy & Risk Management Dept.
FRC/2017/CISN/00000016371

The significant accounting policies on pages 17 to 22 and the accompanying explanatory notes on pages 23 to 25 form integral parts of these Financial Statements.

Statement of Financial Performance

	Notes	2019	2018
		₦	₦
Income			
Appropriation/(Subvention)	8	706,676,858	455,738,818
FGN Bond Floatation Receipts	9	3,166,653,112	3,604,407,596
Special TSA Accounts (AfDB) Receipts	10	-	36,141,336
Grants & Aids Receipts	11	4,000,000	8,000,000
		3,877,329,970	4,104,287,750
Other Income	12	-	630,000
Total Income		3,877,329,970	4,104,917,750
Expenditure			
Operating Expenses	13	111,262,175	113,545,171
Grants and Aids Expenses	14	2,473,700	6,984,805
Special TSA Accounts (AfDB) Expenses	15	18,070,668	14,827,088
Personnel Cost		419,543,888	389,752,296
		551,350,431	525,109,360
Other Expenditures			
Bank Charges (CSCS and NIBBS Processing Fee)	16	13,139,828	7,583,056
FGN Bond Floatation Expenses	17	1,775,722,371	3,030,836,177
Return to Consolidated Revenue Fund	18	222,892,299	3,037,852
		1,998,614,670	3,041,457,085
Total Expenditure		2,563,104,930	3,566,566,445
Surplus of Income over Expenditure		1,314,225,040	538,351,306

The significant accounting policies on pages 17 to 22 and the accompanying explanatory notes on pages 23 to 25 form integral parts of these Financial Statements.

Statement of Changes in Net Assets/Equity

	Accumulated Surplus/(Deficit)
	N
As at 1 January 2018	1,824,263,489
Prior Year Restatements:	
Omission of prior year depreciation	(777,000)
Understatement of prior year Financial Advisory Services: Sukuk	(5,500,000)
Omission of prior year rent	(30,641,964)
Overstatement of prior year Govt Stockbrokers Fees	500,000
Transfer from Statement of Financial Performance	538,351,305
As at 31 December, 2018	2,326,195,830
As at 1 January 2019	**2,326,195,830**
Transfer from Statement of Financial Performance	**1,314,225,040**
As at 31 December, 2019	**3,640,420,870**

The significant accounting policies on pages 17 to 22 and the accompanying explanatory notes on pages 23 to 25 form integral parts of these Financial Statements.

Statement of Cash Flows

	Notes	2019 ₦	2018 ₦
Cash Flows from Operating Activities			
Cash Received as Statutory Allocation, Grants and Aids	8,10,11 & 12	710,676,858	500,510,154
Operating Expenses and Personnel Cost	13,14,15 & 18	(774,242,730)	(528,147,212)
Adjustment for Non-Cash Item:			
Depreciation and Amortisation	13	31,911,153	26,402,927
Prior Year adjustments		-	(36,418,964)
Changes in Working Capital:			
Other Receivables	4	(81,181,296)	(18,202,022)
Prepayments	5	(1,395,808)	373,270
Account Payables and Accruals	7	335,814,827	637,444,628
		221,583,005	581,962,780
Dividend Income			
Finance Charges	16	(13,139,828)	(7,583,056)
Net Cash Flows from Operating Activities		208,443,177	574,379,724
Cash Flows from Investing Activities:			
Purchase of PPE Items	2	(1,220,468)	(48,973,457)
Net Cash Flows from Investing Activities		(1,220,468)	(48,973,457)
Cash Flows from Financing Activities:			
FGN Bond Floatation Receipts	9	3,166,653,112	3,604,407,596
FGN Bond Floatation Expenses	17	(1,775,722,371)	(3,030,836,177)
Net Cash Flows from Financing Activities		1,390,930,741	573,571,419
Net Cash and Cash Equivalents for the Year		1,598,153,452	1,098,977,686
Cash and Cash Equivalents at 1 January		2,710,981,358	1,612,003,672
Cash and Cash Equivalents at 31 December	6	4,309,134,810	2,710,981,358

The significant accounting policies on pages 17 to 22 and the accompanying explanatory notes on pages 23 to 25 form integral parts of these Financial Statements.

Statement of Comparison of Budget and Actual Amounts

	A	B	C	D	E
	Original And Final Budget (Appropriation Act)	Budget Releases	Actual	Performance Difference (A-C)	Performance Difference (B-C)
Recurrent Expenditure	₦	₦	₦	₦	₦
Personnel	496,339,834	433,562,135	419,543,888	76,795,946	14,105,433
Overheads					
Local Travel & Transport - Training	15,361,000	11,996,696	11,996,696	3,364,304	-
Local Travel & Transport - Others	5,846,400	5,844,711	5,844,711	1,689	-
International Travel & Transport: Others	2,999,998	272,500	272,500	2,727,498	-
Telephone Charges	2,704,000	2,704,000	2,704,000	-	-
Internet Access Charges	254,160	247,472	206,000	48,160	41,472
Office Stationaries / Computer Consumables	3,143,520	3,012,550	3,012,550	130,970	-
Newspapers	1,200,000	1,199,935	1,199,935	65	-
Printing Of Non-Security Documents	1,124,250	1,006,175	1,006,175	118,075	-
Drugs & Medical Supplies	208,000	68,750	68,750	139,250	-
Uniforms & Other Clothing	336,000	312,500	312,500	23,500	-
Maintenance Of Motor Veh. / Transport Equip.	3,192,000	3,191,117	3,191,117	883	-
Maintenance Of Office Furniture	300,000	212,075	212,075	87,925	-
Maintenance Of Office Bldg / Residential Qtrs.	1,200,000	1,193,199	1,193,199	6,801	-
Maintenance Of Office / It Equipment	2,000,000	1,989,665	1,989,665	10,335	-
Local Training	23,240,409	5,020,995	5,020,995	18,219,414	-
Security Services	1,080,000	860,000	860,000	220,000	-
Office Rent	15,600,000	-	-	15,600,000	-
Financial Consulting	3,489,650	3,200,000	3,200,000	289,650	-
Information Technology Consulting	1,500,000	1,473,600	1,473,600	26,400	-
Motor Vehicle Fuel Cost	5,001,000	5,000,000	5,000,000	1,000	-
Bank Charges (Other Than Interest)	300,000	210,630	210,630	89,370	-
Insurance Premium	1,522,898	-	-	1,522,898	-
Refreshment & Meals	5,129,280	5,111,000	5,111,000	18,280	-
Honorarium & Sitting Allowances	3,150,000	-	-	3,150,000	-
Publicity & Advertisements	500,000	497,431	497,431	2,569	-
Postages & Courier Services	500,040	491,824	491,824	8,216	-
Welfare Services	8,000,400	7,965,590	7,965,590	34,810	-
Subscription To Professional Bodies	2,000,000	1,199,729	1,199,729	800,271	-
	110,883,005	**64,282,143**	**64,240,671**	**46,642,334**	41,472
Total Recurrent Expenditure	**607,222,839**	**479,460,967**	**483,784,559**	**123,438,280**	**14,146,906**
Capital Expenditure					
Purchase of 50 Computer Desktops & 30	7,125,750	0	0	7,125,750	7,125,750
Purchase of Enterprise Servers	21,000,000	0	0	21,000,000	21,000,000
Purchase of Printers & Scanners	2,360,000	0	0	2,360,000	2,360,000
Purchase of 2 Units of Toyota Corolla	75,000,000	0	0	75,000,000	75,000,000
Procurement of Air Conditioners	8,386,330			8,386,330	8,386,330
Procurement of Carpets & Rugs	7,000,000			7,000,000	7,000,000
Procurement of Toyota Prado (1 Unit)	50,000,000	0	0	50,000,000	50,000,000
Procurement of Office Tables & Chairs	19,500,000			19,500,000	19,500,000
Procurement of Fireproof Cabinet and Saves	1,852,500			1,852,500	1,852,500
Procurement of Office Metal Shelves	608,000			608,000	608,000
Conduct of Debt Sustainability Analysis (DSA)	16,000,000	0	0	16,000,000	16,000,000
Total Capital Expenditure	**208,832,580**	-	-	**208,832,580**	**208,832,580**
Total	**816,055,419**	**497,844,279**	**483,784,559**	**332,270,860**	**222,979,486**

Statement of Comparison of Budget and Actual Amounts

(a) Overhead- Actual Expenditure relative to Performance was constrained by the level of budget releases. Total amount released for Overhead was ₦64,282,143.36 out of the sum of ₦110,883,005.00 budgeted while the sum of ₦64,240,671.12 was utilized, leaving only ₦41,472.24 which was returned to CRF.

(b) The Capital Allocation approved for the DMO in the 2018 Appropriation Act in the sum of ₦174,600,000.00 was not released till 2019. The expenditure was rolled over to 2020 of which utilization was combined with the 2019 appropriation of ₦ 34,232,580.06 bringing the total amount incurred in 2020 to ₦ 208,832,580.06.

(c) Utilization of the Personnel Budget is based on actual amounts paid to Staff through the Integrated Personnel Payroll Information Systems (IPPIS).

The significant accounting policies on pages 17 to 22 and the accompanying explanatory notes on pages 23 to 25 form integral parts of these Financial Statements.

Notes to the Financial Statements

1.1 General Information

1.1.1 Reporting Entity:
The DMO was established on 4th October, 2000 to centrally coordinate the management of Nigeria's debt, which was hitherto being done by a myriad of establishments in an uncoordinated fashion. This diffused debt management strategy led to inefficiencies.

1.1.2 Principal Activities
The DMO was established to achieve the following mandates/objectives:

- Good debt management practices that make positive impact on economic growth and national development, particularly in reducing debt stock and cost of public debt servicing in a manner that saves resources for investment in poverty reduction programs;
- Prudently raising financing to fund government deficits at affordable costs and manageable risks in the medium- and long-term;
- Consciously avoiding debt crisis and achieving an orderly growth and development of the national economy.

1.1.3 Financial Period
These Financial Statements cover the financial period from 1 January 2019 to 31 December 2019 with comparative figures for the year ended 31 December 2018.

1.1.4 Going Concern
The Supervisory Board believes that there is no intention or threat from any party to curtail significantly its line of business in the foreseeable future. Thus, these financial statements are prepared on a going concern basis.

1.2 Basis of Preparation

1.2 .1 Statement of Compliance
The Financial Statements have been prepared in accordance with Accrual Basis – International Public Sector Accounting Standards (IPSAS). These are prepared in line with the Treasury Circulars issued by the Office of the Accountant-General of the Federation and the requirements of the Financial Reporting Council of Nigeria in accordance with the Federal Government Roadmap on migration to IPSAS accrual basis of financial reporting.

1.2 .2 Functional and Presentation Currency
These Financial Statements are presented in Nigerian Naira, which is the functional currency of the Office.

1.2 .3 Composition of the Financial Statements
The Financial Statements are prepared on the historical cost basis under the Accrual Basis of Accounting.
The principal accounting policies adopted are set out below. The Financial Statements are presented in Naira.

The Financial Statements comprise:

- Statement of Financial Position;
- Statement of Financial Performance;
- Statement of Changes in Net Assets/Equity;
- Statement of Cash Flows;
- Statement of Comparison of Budget and Actual Amounts
- Notes to the Financial Statements.

1.2.4 Use of Judgements, Estimates and Assumptions

The preparation of Financial Statements in conformity with IPSASs for not-for profit organisations requires the use of judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in notes.

DMO Board should select and apply the Office's accounting policies so that the Financial Statements comply with all the requirements of each applicable IPSASs.

Where there is no specific requirement, DMO Board should develop policies to ensure that the Financial Statements provide information that is:

- Relevant to the decision making needs of all users; and
- Reliable in that:
  - i represent faithfully the results and financial position of the Office;
  - ii reflect the economic substance of events and transactions;
  - iii are free from bias; and
  - iv are complete in all material respects.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1.2.5 Accounting Convention and Basis of Measurement

These Financial Statements are prepared on the historical cost basis under the Accrual Basis of Accounting.

The Statement of Financial Performance, Statement of Comparison of Budget and Actual amounts by function and notes forming parts thereof have been prepared on the format of Accrual Basis IPSAS – Financial Reporting under the Accrual Basis of Accounting. The Statement of Cash Flows as required by IPSAS 2- Statements of Cash Flows has also been presented.

1.2.6 New Standards and Interpretations

The following standards and amendments and interpretations to existing standards published and mandatory for the Office's accounting period beginning on or after 1 January 2019. Earlier application is permitted:

- Amendments to IPSAS 10: Financial Reporting in Hyperinflationary Economies;
- Amendments to IPSAS 16: Investment Property;
- Amendments to IPSAS 17: Property, Plant, and Equipment;
- Amendments to IPSAS 22: Disclosure of Financial Information about the General Government Sector;
- Amendments to IPSAS 24: Presentation of Budget Information in Financial Statements;
- Amendments to IPSAS 31: Intangible Assets;
- Amendments to IPSAS 33: First – time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)
- Amendments to IPSAS 34: Separate Financial Statements
- Amendments to IAS 40 (issued December 2016) IPSAS 16: Investment Property
- Annual Improvements to IFRSs 2011–2013 Cycle (issued December 2013) IPSAS 16
- IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration (issued December 2016) IPSAS 4: The effects of Changes in Foreign Exchange Rates and IPSAS 33: First Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)
- Annual Improvements to IFRSs 2014-2016 Cycle (issued December 2016) IPSAS 36: Investment in Associates and Joint Ventures.
- Annual Improvements to IFRSs 2015–2017 Cycle (issued December 2017) IPSAS 37: Joint Arrangements, IPSAS 40: Public Sector Combinations and IPSAS 5: Borrowing Costs.

1.2.6.1 Amendments to IPSAS 10: Financial Reporting in Hyperinflationary Economies

The amendment is for the replacement of the term "primary financial statements" (which is not defined in IPSAS) with the term "financial statements" (which is a defined term) to ensure consistency within the Standards and across all IPSAS.

1.2.6.2 Amendments to IPSAS 16: Investment Property

The amendment is to update the requirements regarding the transfer of investment property when an entity completes the construction or development of a self-constructed investment property that will be carried at fair value. Following the amendments made by Improvements to IPSASs issued in January 2010, investment property under construction is within the scope of IPSAS 16, and hence is not transferred from another class of asset on completion of the construction. A new heading is inserted before paragraph 76 to clarify that the paragraph provides guidance on initially measuring self-constructed investment property at fair value. Paragraph 76 is also amended to clarify that this could be prior to completion.

1.2.6.3 Amendments to IPSAS 16: Investment Property

The transitional disclosure requirement as contained in paragraph 97 is amended to ensure consistency with other amendments made by IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).

An entity that (a) has previously applied IPSAS 16 (2001), and (b) elects for the first time to classify and account for some or all eligible property interests held under operating leases as investment property, shall recognize the effect of that election as an adjustment to the opening balance of accumulated surpluses or deficits for the period in which the election is first made. In addition:

(a) If the entity has previously disclosed publicly (in financial statements or otherwise) the fair value of its investment property in earlier periods (determined on a basis that satisfies the definition of fair value and the guidance in paragraphs 45–61), the entity is encouraged, but not required:
   i To adjust the opening balance of accumulated surpluses or deficits for the earliest period presented for which such fair value was disclosed publicly; and
   ii To restate comparative information for those periods; and
(b) If the entity has not previously disclosed publicly the information described in (a), it shall not restate comparative information and shall disclose that fact.

1.2.6.4 Amendments to IPSAS 17: Property, Plant and Equipment
The amendment clarifies that transitional provisions in IPSAS 17 (2001) provide entities with a period of up to five years to recognize all property, plant, and equipment and make the associated measurement and disclosure from the date of its first application.

Entities that have previously applied IPSAS 17 (2001) may continue to take advantage of this five-year transitional period from the date of first application of IPSAS 17 (2001). These entities shall also continue to make disclosures required by paragraph 104 disclose the fact that they are relying on these transitional provisions. Information on the major classes of asset that have not been recognized shall also be disclosed. When an entity takes advantage of the transitional provisions for a second or subsequent reporting period, details of the assets or classes of asset that were not recognized at the previous reporting date but that are now recognized shall be disclosed.

1.2.6.5 Amendments to IPSAS 22: Disclosure of Financial Information about the General Government Sector
The amendment is for the replacement of the term "primary financial statements" (which is not defined in IPSAS) with the term "financial statements" (which is a defined term) to ensure consistency within the Standards and across all IPSAS.

1.2.6.6 Amendments to IPSAS 24: Presentation of Budget Information in Financial Statements
The amendment is for the replacement of the term "primary financial statements" (which is not defined in IPSAS) with the term "financial statements" (which is a defined term) to ensure consistency within the Standards and across all IPSAS.

This amendment clarifies that an entity shall present a comparison of budget and actual amounts as additional budget columns in the Financial Statements only where the Financial Statements and the budget are prepared on a comparable basis.

Comparisons of budget and actual amounts may be presented in a separate Financial Statement, (Statement of Comparison of Budget and Actual Amounts or a similarly titled statement) included in the complete set of Financial Statements as specified in IPSAS 1. Alternatively, where the Financial Statements and the budget are prepared on a comparable basis – that is, on the same basis of accounting for the same entity and reporting period, and adopt the same classification structure – additional columns may be added to the existing Financial Statements presented in accordance with IPSASs.

In those jurisdictions where budgets are prepared on the accrual basis and encompass the full set of Financial Statements, additional budget columns can be added to all the primary Financial Statements required by IPSASs. In some jurisdictions, budgets prepared on the accrual basis may be presented in the form of only certain of the Financial Statements that comprise the full set of Financial Statements as specified by IPSASs.

1.2.6.7 Amendments to IPSAS 31: Intangible Assets

This amendment extends the requirement to consider whether reassessing the useful life of an intangible asset as finite rather than indefinite is an indicator that the asset may be impaired to include revalued intangible assets, following the publication of Impairment of Revalued Assets (Amendments to IPSAS 21, Impairment of Non-Cash-Generating Assets, and IPSAS 26, Impairment of Cash-Generating Assets).

1.2.6.8 Amendments to IPSAS 33: First – time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)

The amendment clarifies that the exemption from providing comparative information applies only to the first financial statements issued following the adoption of accrual basis IPSAS.

1.2.6.9 Amendments to IPSAS 33: First – time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)

This amendment also provides update on the Basis for Conclusions and Implementation Guidance to reflect the fact that relief from the requirement to disclose experience adjustments in respect of defined benefit schemes is no longer required. This disclosure was previously required by IPSAS 25, Employee Benefits, but was not carried forward to the replacement Standard, IPSAS 39, Employee Benefits.

1.2.6.10 Amendments to IPSAS 34: Separate Financial Statements

This amendment is to correct the measurement and presentation of controlled investment entities in the separate financial statements of controlling entities that are not themselves investment entities.

The amendment clarifies that if a controlling entity is required in accordance with IPSAS 35, to measure its investment in a controlled entity at fair value through surplus/deficit in accordance with IPSAS 29, it shall also account for that investment in the same way in its separate financial statements. A controlling entity that is not itself an investment entity shall measure its investments in a controlled investment entity in accordance with paragraph 12 in its separate financial statements.

1.2.6.11 Annual Improvements to IFRS

IPSAS 4: The Effects of Changes in Foreign Exchange Rates

This amendment clarifies how to account for a transaction when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or revenue.

IPSAS 5: Borrowing Costs

This amendment clarifies that an entity includes borrowings made specifically to obtain a qualifying asset in general borrowings when that qualifying asset is ready for its intended use or sale.

IPSAS 16, Investment Property

Amend the requirements relating to transfers of investment property to reflect the principle that a change in use would involve (a) an assessment of whether a property meets, or has ceased to meet, the definition of investment property; and (b) supporting evidence that a change in use has occurred. The list of circumstances in which a transfer occurs is re-characterized as a non-exhaustive list of examples to be consistent with this principle.

IPSAS 36: Investments in Associates and Joint Ventures

This amendment clarifies that an entity is able to choose between applying the equity method or measuring the investment at fair value for each investment in an associate or joint venture.

IPSAS 37: Joint Arrangements

This amendment clarifies the accounting for a previously held interest in a joint operation when a party obtains joint control.

IPSAS 39: Employee Benefits

This amendment requires an entity to use the updated assumptions from the remeasurement associated with a change to a plan (an amendment, curtailment or settlement) to determine current service cost and net interest for the remainder of the reporting period after the change to the plan.

IPSAS 40: Public Sector Combinations

This amendment clarifies the accounting for a previously held interest in a joint operation when a party obtains control of the joint operation.

1.3 Statement of Significant Accounting Policies

The significant accounting policies set out below have been applied consistently to all years presented in these Financial Statements, unless otherwise indicated:

1.3.1 Property, Plant and Equipment

1.3.1.1

Recognition and measurement:

Property, Plant and Equipment (PPE) are stated at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes the original purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to operate in the manner intended by DMO Board.

When parts of an item of Property, Plant and Equipment have different useful life, they are accounted for as separate items (major components) of Property, Plant and Equipment.

Gains and losses on disposal of an item of Property, Plant and Equipment are determined by comparing the proceeds from disposal with the carrying amount of Property, Plant and Equipment, and are recognised net within other income in profit or loss.

1.3.1.2 Subsequent Costs

Subsequent costs on Property, Plant and Equipment are included in the asset's carrying amount, as appropriate; only when it is probable that future economic benefits associated with the item will flow to the Office for over more than one accounting year and the cost of the item can be measured reliably. All repairs and maintenance costs are charged to the income statement during the financial year in which they are incurred.

1.3.1.3

Depreciation

Depreciation is provided to write down the cost of Property, Plant and Equipment to their estimated residual values over their estimated useful lives on a straight line basis:

	No of Years
• Land	Nil
• Motor Vehicles	4
• Computer/IT Equipment	4
• Office Furniture and Equipment	5

Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the asset is depreciated separately based on the pattern which reflects how the economic benefits are consumed.

The assets' residual values and useful economic lives are reviewed annually, and adjusted if appropriate, at the date of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable value.

1.3.2 Intangible Assets

Intangible assets comprise computer software licenses. Intangible assets are recognized at cost. Intangible assets with a definite useful life are amortized using the straight-line method over their estimated useful economic life.

Intangible assets with an indefinite useful life are not amortized. Generally, the identified intangible assets of DMO have a finite useful life. At each date of the statement of financial position, intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits. If such indications exist, the intangible assets are analyzed to assess whether their carrying amount is fully recoverable. An impairment loss is recognized if the carrying amount exceeds the recoverable amount.
Amortization is calculated on a straight line basis over the useful lives as follows:

- Computer Software: 4 years

1.3.2.1 Impairment of Non-financial assets

All assets are reviewed whenever events or changes in circumstances indicate that the carrying amounts for those assets may not be recoverable. If assets are determined to be impaired, the carrying amounts of those assets are written down to their recoverable amount, which is the higher of fair value less cost of disposal and value in use, the latter being determined as the amount of estimated risk-adjusted discounted future cash flows. For this purpose, assets are grouped into cash generating units based on separately identifiable and largely independent cash inflows.

1.3.3 Revenue Recognition

Revenue is recognized on the date of receipt of money by the bank or clearance of cheque. Revenue is recognized on a gross basis and any related costs are recorded separately. Receipts representing recovery of any previous overpayment are adjusted against relevant expenditure, if it occurs in the same financial year.

1.3.4 Recognition of Expenditure

Expenditure is recognized on the date when payment is made or cheque is issued. The financial year to which the payments pertain is determined by the date on which a cheque or payment advice is issued. Policies for recognition of expenditure are as follows:

- Payments made through cheque: Expenditure is recognized on the date the cheque is issued,
- Inter-government transfers: Expenditure is recognized on the date the transfer is made by the transferor; and
- Payments directly into bank accounts: For direct payments into bank account, expenditure is recognized on the date the payment advice is issued to the bank.

1.3.5 Foreign Currency

Transactions in foreign currencies are recorded in the books at the rates of exchange prevailing on the date of transaction. Exchange differences arising on settlement of these transactions are recognized in the statement of cash receipts and payments, but are not being disclosed separately.

1.3.6 Cash and Cash Equivalent

For the purpose of statement of cash flow, cash and cash equivalents comprise cash with Banks in Nigeria and cash held as imprest in the custody of DMO.

1.3.7 Taxation

There was no provision for both Income and Education Taxes during the period ended 31 December, 2018 because the Office is a non-profit making Organization.

1.3.8 Staff Retirements Benefits

Debt Management Office operates a defined retirement benefit plan for its staff. The Office and the employees contribute 10% and 8% respectively on the staff consolidated salaries and allowances.

1.3.9 Grants and Aids

These are receipts from Development Partners and Donor Agencies mainly for funding specific programmes and capacity building. They are accounted for in the year they are received.

2 Property, Plant & Equipment

Cost	Land	Motor Vehicle	Computer/IT Equipment	Office Furniture & Fittings	Total
	₦	₦	₦	₦	₦
At 1 January, 2019	120,037,177	168,978,593	213,617,447	178,745,061	681,378,278
Additions	-	-	-	1,220,468	1,220,468
As at 31 December, 2019	120,037,177	168,978,593	213,617,447	179,965,529	682,598,745
Depreciation					
At 1 January, 2019	-	126,428,806	167,279,119	160,635,005	454,342,930
Charge for the Year	-	12,065,674	13,745,642	4,934,337	30,745,653
At 31 December 2019	-	138,494,480	181,024,761	165,569,342	485,088,583
Net Book Value					
At 31 December, 2019	120,037,177	30,484,113	32,592,686	14,396,187	197,510,163
At 31 December, 2018	*120,037,177*	*42,549,787*	*46,338,328*	*18,110,056*	*227,035,348*

* The sum of **₦208,832,580.06** (Two Hundred and Eight Million, Eight Hundred and Thirty Two Thousand, Five Hundred and Eighty Naira, Six Kobo) provided in the 2018 & 2019 Appropriation Acts as Capital Expenditure meant for procurement of Vehicles, Office Furniture and Equipment amongst others was released and utilized in 2020.

Property, Plant & Equipment as t 31 December 2018

Cost	Land	Motor Vehicle	Computer/IT Equipment	Office Furniture & Fittings	Total
	₦	₦	₦	₦	₦
At 1 January, 2018	120,037,177	168,978,593	164,643,990	178,745,061	632,404,821
Additions	-	-	48,973,457	-	48,973,457
As at 31 December,	120,037,177	168,978,593	213,617,447	178,745,061	681,378,278
Depreciation					
At 1 January, 2018	-	114,363,132	158,634,880	156,107,491	429,105,503
Charge for the Year	-	12,065,674	8,644,239	4,527,514	25,237,427
At 31 December 2018	-	126,428,806	167,279,119	160,635,005	454,342,930
Net Book Value					
At 31 December,	120,037,177	42,549,787	46,338,328	18,110,056	227,035,348
At 31 December,	120,037,177	54,615,461	6,009,110	22,637,570	203,299,318

		2019	2018
		₦	₦
3	**Intangible Assets**		
	Computer Software		
	Cost:		
	At 1 January	4,662,000	4,662,000
	Addition for the year	-	-
	At 31 December	4,662,000	4,662,000
	Amortisation:		
	At 1 January	1,942,500	777,000
	Charge for the Year	1,165,500	1,165,500
	At 31 December	3,108,000	1,942,500
	Net Book Value	1,554,000	2,719,500
4	**Other Receivables**		
	Accrued FGN Bond WHT Commission(i)	136,683,318	55,502,022
		136,683,318	55,502,022

(i) The sum of ₦136,683,318 (Accrued FGN Bonds WHT Commission) relates to Nov and Dec, 10% WHT deducted at source by CBN from the commissions paid to PDMMs for the services rendered on Bond issuances to be remitted to FIRS through DMO.

		2019	2018
		₦	₦
5	**Prepayments**		
	Insurance Prepaid	-	1,244,192
	Prepaid Auction Centre Rent	2,640,000	-
		2,640,000	1,244,192
6	**Cash and Cash Equivalents**		
	Central Bank of Nigeria (Grants and Aids)	3,578,589	2,052,289
	Central Bank of Nigeria (FGN Bond Account)	4,302,312,641	2,682,942,470
	Central Bank of Nigeria (Special TSA Account) AfDB	3,243,580	25,986,601
		4,309,134,810	2,710,981,360

	2019	2018
	₦	₦
7 Account Payables and Accruals		
Accrued Office Rent	61,283,927	45,962,946
Accrued Postages & Courier: Special TSA Account (AfDB)	-	316,163
Accrued Refreshment and Meals: Special TSA Account (AfDB)	-	1,786,750
Accrued Printing expenses: Special TSA Account (AfDB)	-	1,065,550
Accrued Publicity & Advertisement: Special TSA Account (AfDB)	-	1,502,000
Accrued Finance Charges: Special TSA Account (AfDB)	-	1,891
Accrued Financial Advisory Services Fees: Sukuk	-	103,838,010
Accrued Trustee Fees: Sukuk	20,720,000	100,000,000
Accrued Listing Fees (FGN Securities)	260,304,451	136,409,668
Accrued Government Stockbrokers Fees	5,500,000	5,500,000
Accrued Finance Charges (Central Securities Clearing System)	11,353,641	4,606,757
Other Liabilities	500,000,000	-
Accrued FGN Bond WHT Commission	136,683,318	55,502,022
Accrued Rating Agency Fees (International Capital Market)	-	199,517,500
Accrued Listing Fees (International Capital Market)	-	433,086
Accrued Legal Service Fees (Domestic FGN Securities)	-	11,644,250
Audit Fees	3,200,000	3,200,000
Accrued Training & Capacity Building	1,651,083	-
Accrued Engagement with Stakeholders	6,405,000	-
	1,007,101,420	671,286,592

8 Appropriation/(Subvention)		
Recurrent – Overhead	64,282,143	64,681,753
- Personnel	433,562,135	391,057,065
Capital Fund	208,832,580	-
	706,676,858	455,738,818

		2019	2018
		₦	₦
9	**FGN Bond Flotation Receipts**		
	FGN Domestic Bond Floatation Account	2,289,891,739	2,153,328,953
	FGN Bond WHT Commission	186,805,397	210,305,468
	Promissory Note Account	689,955,976	-
	International Capital Market	-	1,240,773,175
		3,166,653,112	3,604,407,596
10	**Special TSA Accounts (AfDB) Receipts**	-	36,141,336
11	**Grants & Aids Receipts**	4,000,000	8,000,000

This refers to funds relating to capacity building at the subnational levels. The relating expenses can be found in Note 14.

		2019	2018
		₦	₦
12	**Other Income**		
	Tender Fees	-	630,000
		-	630,000

13	**Operating Expenses**		
	Administrative Overheads (supplementary a)	72,764,967	81,147,357
	Repairs and Maintenance (supplementary b)	6,586,055	5,994,887
	Depreciation and Amortisation	31,911,153	26,402,927
		111,262,175	113,545,171

		2019	2018
		₦	₦
14	**Grants & Aids Expenses**		
	Local Travel and Transport	2,057,600	6,835,600
	Telephone Charges	300,000	-
	Charges and Printing Expenses	116,100	149,205
		2,473,700	6,984,805
15	**Special TSA Account (AfDB) Expenses**		
	Local Travel and Transport	-	6,878,800
	Refreshments and Meal	-	5,057,810
	Special TSA Account Charges	-	6,765
	Postages & Courier	-	316,163
	Printing Expenses	-	1,065,550
	Publicity and Advertisements	-	1,502,000
	Reversal of Double Credit by CBN	18,070,668	-
		18,070,668	14,827,088
16	**Bank Charges (CSCS and NIBBS Processing Fee)**		
	FGN Bond Operations	12,929,198	7,392,901
	Statutory Account	210,630	190,155
		13,139,828	7,583,056

The increase in Bank Charges is due to increased activities arising from new domestic instruments introduced (FGN Savings Bond and Sukuk) for which processing fees were paid to CSCS and NIBSS.

		2019	2018
17	**FGN Bond Floatation Expenses**		
	Domestic Bond Floatation (supplementary c)	1,291,631,153	1,359,646,326
	International Capital Market (supplementary d)	455,305,761	1,457,015,507
	WHT on FGN Bond Commission	-	210,305,467
	Diaspora Bond Floatation (supplementary f)	-	3,868,877
	Promissory Note Account	28,785,457	-
		1,775,722,371	3,030,836,177

	2019	2018
18 Return to Consolidated Revenue Fund	**₦**	₦
Overheads	**41,472**	76,540
Personnel Emolument	**14,018,247**	1,304,769
Capital Return to CRF	**208,832,580**	1,026,543
Revenue (Other Income) Remittance to CRF	-	630,000
	222,892,299	3,037,852

19 Capital Commitments

The DMO Board is of the opinion that all known liabilities and commitments, which are relevant in assessing the Office's state of affairs have been taken into account in the preparation of these Financial Statements.

20 Events after Reporting Date

There were no post reporting events, which could have had a material effect on the financial position and performance of the Office as at 31 December, 2019 which have not been adequately provided for in these Financial Statements.

However, towards the end of 2019, there was an outbreak of the novel corona virus disease code named COVID-19 which has spread globally. The outbreak has been declared a global Pandemic i.e. Public Health Emergency of International concern by World Health Organization (WHO) in March 2020. As at the date of this report, the Nigerian Centre for Disease Control (NCDC) has confirmed covid-19 cases in almost all the States in Nigeria.

The disease has caused a significant reduction in social interaction, disruption in economic activities while some public facilities have been shut down in a bid to contain the spread of the virus.

The Directors have considered the potential implications of this outbreak on the Agency's activities and operations and are taking measures to ensure that the Agency's ability to continue to discharge its mandate to the government and peoples of Nigeria is not affected significantly. The various measures instituted by the government to contain the pandemic have not curtailed the Agency's ability to continue to operate and to serve the public. The Directors are confident that the Agency will continue to operate into the foreseeable future.

21 Contingent Liabilities

The DMO Board is of the opinion that there are no material contingent liabilities that required disclosure in these Financial Statements. However, the contingent liability (if any), are those in the normal course of business involving the Office and the third parties to the transactions.

22 Comparative Note to the Financials

Certain comparative figures have been restated where necessary for a more meaningful comparison.

23 Segment Reporting

Nigeria is the Office's primary geographical location. The Office receives subventions from the Federal Government of Nigeria through the Ministry of Finance. Accordingly, no further business or geographical segment information is reported. The DMO Board is of the opinion that there is no additional information on this segment, which has not been captured.

24 Approval of Financial Statements

The Financial Statements were approved by the DMO Board on ....,

Supplementary Information

		2019	2018
		₦	₦
a	**Administrative Overheads**		
	Local Travel and Transport: Training & Others	17,841,407	23,260,521
	International Travel and Transport: Training & Others	272,500	155,920
	Communication, Telephone and Postages	3,195,824	3,189,077
	Newspapers/Magazines/Books and Periodical	1,199,935	1,193,520
	Computer Materials and Supplies	3,012,550	3,104,576
	Printing of Non-Security Documents	1,006,175	939,750
	Drugs and Medical Supplies	68,750	98,060
	Uniforms and Other Clothing	312,500	331,500
	Refreshment and Meals	5,111,000	5,115,630
	Security Services	860,000	180,000
	Office Rent	15,320,982	15,320,982
	Audit Fees	3,200,000	3,200,000
	Information Technology Consulting	1,473,600	1,447,600
	Motor Vehicle Fuel and Lubricants	5,000,000	3,842,641
	Local Training	5,020,995	9,694,526
	Welfare packages	7,965,590	7,981,007
	Subscription to Professional Bodies	1,199,729	976,272
	Publicity and Advertisement	497,431	204,100
	Insurance Premium	-	911,675
	Internet Access Charges	206,000	-
		72,764,967	81,147,357
b	**Repairs and Maintenance**		
	Motor Vehicles	3,191,117	2,580,999
	Office Furniture and Fittings	212,075	295,075
	Office Building	1,193,199	1,198,088
	Computers and IT Equipment	1,989,665	1,920,725
		6,586,055	5,994,887

Supplementary Information

		2019	2018
		₦	₦
c	**Domestic Bond Floatation Expenses**		
	Local Travel and Transport	89,241,406	77,640,437
	International Travel and Transport	39,997,672	84,147,043
	Refreshment and Meals	27,974,410	53,510,778
	Debt Sustainability Analysis Exercise	12,039,580	15,837,410
	Trustee Fees and Expenses: Sukuk	78,649,869	185,979,267
	Financial Advisory Services Fees and Expenses: Sukuk	105,288,439	194,332,678
	Financial Advisory Services Fees: Green Bond	-	24,000,000
	Publicity and Advertisement	187,265,000	120,446,318
	Government Stockbrokers Fees	33,000,000	27,000,000
	Listing Fees	260,304,451	241,409,668
	Information Communication Technology Services	55,839,810	36,653,624
	Legal Advisory Services	11,259,250	18,535,203
	Marketing Services	199,185,821	128,008,903
	Auction Centre Rent	3,265,323	5,280,000
	Local Training	57,995,021	61,254,000
	Repairs and Maintenance	1,170,399	1,625,937
	Subscriptions (Reuters, Bloomberg and others)	116,833,814	78,327,847
	Postages	559,882	959,586
	Honorarium and Sitting Allowance	-	2,209,243
	Insurance Premium	1,244,192	2,488,384
	Medium Term Debt Strategy Expenses	7,787,500	-
	Maintenance & Upgrade of CSDRMS	2,729,314	-
		1,291,631,153	1,359,646,326

Notes to the Financial Statements

		2019	2018
		₦	₦
d.	**International Capital Market (ICM) Operations**		
	International Travel and Transport	-	66,668,484
	Listing Fees	6,985,758	1,447,642
	Legal Advisory Services	59,103,058	203,310,789
	Financial Advisory Fees and Expenses	238,275,772	895,280,543
	Rating Agency Fees	118,900,319	224,234,333
	Fiscal Agency Fees	15,889,961	19,010,222
	Publicity and Communication Fees	16,150,892	32,701,594
	Selection Panel Expenses and Logistics	-	14,361,900
		455,305,761	1,457,015,507
e.	**Diaspora Bond**		
	Listing Fees	-	242,706
	Fiscal Agency Fees	-	3,626,171
		-	3,868,877
f.	**Promissory Note Account**		
	Engagement with stakeholders	19,110,000	-
	Local Travel & Transport	9,084,600	-
	Refreshment & Meals	73,000	-
	Postages & Courier	517,857	-
		28,785,457	-

Other National Disclosures

Statement of Value Added

	2019		2018	
	₦	%	₦	%
Income	3,877,329,970		4,104,287,750	
Less: Cost of Services Rendered:				
Foreign	(502,161,886)		(3,626,596,727)	
Local	(1,609,488,003)		(906,649,182)	
	1,765,680,081		953,876,529	
Other Operating Income	-		630,000	
Value Added	1,765,680,081	100	954,506,529	100
Distributed as Follows:				
Employees				
Salaries, Pension and Welfare	419,543,888	24	389,752,296	41
Provided for Asset Replacement				
Depreciation and Amortisation	31,911,153	2	26,402,927	3
Surplus for the year	1,314,225,040	81	538,351,306	56
	1,765,680,081	100	954,506,529	100

Value Added represents the additional wealth the Office has been able to create by its own and its employees' efforts. This statement shows the allocation of the wealth among employees, provider of capital and that retained for the future creation of more wealth

Five-Year Financial Summary

	2019	2018	2017	2016	2015
Assets	₦	₦	₦	₦	₦
Non-Current Assets					
Property, Plant & Equipment	197,510,163	227,035,348	203,299,319	135,852,257	551,118,100
Intangible Asset	1,554,000	2,719,500	3,885,000	-	-
	199,064,163	229,754,848	207,184,319	135,852,257	551,118,100
Current Assets					
Other Receivables	136,683,318	55,502,022	37,300,000	-	-
Prepayments	2,640,000	1,244,192	1,617,462	53,509,482	-
Cash and Cash Equivalents	4,309,134,810	2,710,981,360	1,612,003,672	3,550,239,260	1,482,064,319
	4,448,458,127	2,767,727,574	1,650,921,134	3,603,748,742	1,482,064,319
Total Assets	4,647,522,290	2,997,482,422	1,858,105,453	3,739,600,999	2,033,182,419
Equity And Liabilities					
Equity					
Accumulated Financial Performance	3,640,420,870	2,326,195,830	1,824,263,489	3,721,080,017	2,033,182,419
Total Equity	3,640,420,870	2,326,195,830	1,824,263,489	3,721,080,017	2,033,182,419
Liabilities					
Non-Current Liabilities	-	-	-	-	-
Current Liabilities					
Account Payables and Accruals	1,007,101,420	671,286,592	33,841,964	18,520,982	-
	1,007,101,420	671,286,592	33,841,964	18,520,982	-
Total Equity And Liabilities	4,647,522,290	2,997,482,422	1,858,105,453	3,739,600,999	2,033,182,419

Statement of Financial Performance

	2019	2018	2017	2016	2015
	₦	₦	₦	₦	₦
Income					
Appropriation/Subvention	**706,676,858**	*455,738,818*	*574,461,170*	*566,710,265*	*661,328,675*
FGN Bond Floatation Receipts	**3,166,653,112**	*3,604,407,596*	*2,472,884,196*	*3,784,874,414*	-
Special TSA Accounts (AfDB)	-	*36,141,336*	-	-	*1,223,014,555*
Grants & Aids Receipts	**4,000,000**	*8,000,000*	*8,000,000*	*4,000,000*	*6,000,000*
	3,877,329,970	*4,104,287,750*	*3,055,345,366*	*4,355,584,679*	*1,890,343,230*
Other Income	-	*630,000*	*835,659*	*35,230,450*	*1,562,934*
Total Income	**3,877,329,930**	*4,104,917,750*	3,056,181,025	4,390,815,129	1,891,906,164
Expenditure					
Operating Expenses	**111,262,175**	*113,545,171*	*94,229,152*	*101,392,172*	*158,281,325*
Grants and Aids Expenses	**2,473,700**	*6,984,805*	7,055,200	3,936,800	4,578,400
Special TSA Accounts (AfDB) Expenses	**18,070,668**	*14,827,088*	-	-	-
Personnel Cost	**419,543,888**	*389,752,296*	405,134,984	401,183,398	417,252,203
	551,350,431	*525,109,360*	506,419,336	506,512,370	580,111,928
Bank Charges					
Other Expenditures					
Bank Charges	**13,139,828**	*7,583,056*	506,100	4,658,487	3,509,833
Service Wide Votes	-	-	-	-	*45,957,448*
FGN Bond Floatation Expenses	**1,775,722,371**	*3,030,836,177*	*4,426,304,532*	*1,781,342,607*	1,412,369,280
Return to Consolidated Revenue Fund	**222,892,299**	*3,037,852*	*19,767,585*	*1,411,424*	*41,477,851*
	1,998,614,670	3,041,457,085	4,446,578,217	1,787,412,518	1,503,314,412
Total Expenditure	**2,563,104,930**	*3,566,566,445*	4,952,997,553	2,293,924,888	2,083,426,340
Surplus/(Deficit) of Income over Expenditure	**1,314,225,040**	538,351,305	(1,896,816,528)	2,096,890,241	(191,520,176)