



**DEBT MANAGEMENT OFFICE
NIGERIA**

**2022
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



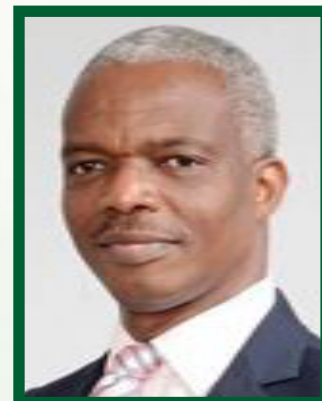
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Vice President, Federal Republic of Nigeria
CHAIRMAN



Hajia Zainab Shamsuna Ahmed
Hon. Minister of Finance, Budget &
National Planning
VICE-CHAIRMAN



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& Hon. Minister of Justice
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Ms. Patience Oniha
Director-General, DMO
MEMBER & SECRETARY



DMO MANAGEMENT TEAM



Ms. Patience Oniha
Director-General



Mr. Miji Amidu
Director, Special Assignments



Mr. Joe Ugoala
Director, Organisational
Resourcing Department



Mr. Oladele Afolabi
Director, Portfolio Management
Department



Mr. Monday Usiade
Director, Market Development
Department



Mr. Maraizu Nwankwo
Head, Debt Recording and
Settlement Department



Ms. Elizabeth Ekpenyong
Head, Strategic Programmes
Department



Mr. Abubakar S. Kulo
Head, Policy Strategy & Risk
Management 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.	Ugoala, Joe Chiadi (Mr.)	Director	Organisational Resourcing Department (ORD)
4.	Afolabi, O. Oladipo (Mr.)	Director	Portfolio Management Department (PMD)
5.	Usiade, Monday Isioma. (Mr.)	Director	Market Development Department (MDD)
6.	Nwankwo, Maraizu (Mr.)	Director	Debt Recording & Settlement Department (DRSD)
7.	Jiya, Janet O. (Mrs.) *	Deputy Director	On Secondment
8.	Ekpenyong, Elizabeth E. (Ms.)	Head of Department	Strategic Programmes Department (SPD)
9.	Abubakar, S. Kulo (Mr.)	Head of Department	Policy, Strategy and Risk Management Department (PSRMD)
10.	Anyanwu, Francis Ndubuisi	Deputy Director	Team Leader, Debt Management Training Unit (SPD)
11.	Ekiye, Alfred (Mr.)	Deputy Director	Team Leader, Admin. Unit (ORD)
12.	Aiyesimoju, Olaitan D. (Mr.)	Deputy Director	Team Leader, Internal Audit & Compliance Unit (DG's Office)
13.	Omar, Maryam Shehu. (Mrs.)	Deputy Director	Team Leader, Policy & Strategy Unit (PSRMD)
14.	Oluwasile, Wuraola E. (Mrs.)	Asst. Director	Team Leader, Institutions & Skills Development Unit- Southern Zone (SPD)
15.	Masha, Naomi L. E (Mrs.)	Asst. Director	Team Leader, Task Compliance & Operational Risk Management Unit (PSRMD)
16.	Ahmed, Fawzia I. (Mrs.) *	Asst. Director	On Secondment
17.	Said, Jummai U. (Mrs.)	Asst. Director	Team Leader, Domestic Debt Unit (DRSD)
18.	Akodu, Idowu S. (Mrs.)	Asst. Director	Team Leader, Debt Service Unit (DRSD)
19.	Aja, Bartholomew O. (Mr.)	Asst. Director	Team Leader, Contingent Liability & Risk Asset Management Unit (PMD)
20.	Onukwuru, Kingsley A. (Mr.)	Asst. Director	Team Leader, Statistics, Analysis & Risk Management Unit (PSRMD)
21.	Edomobi, Chima (Mr.)	Asst. Director	Team Leader, Market Planning, Regulation & Supervision Unit
22.	Shikmuut, Ruth D. (Mrs.)	Asst. Director	Team Leader, Institutions & Skills Development Unit- Northern Zone (SPD)
23.	Olasoji-Onadipe, Olufunmilayo B. (Mrs.)	Asst. Director	Policy & Strategy Unit (PSRMD)
24.	Ogwuegbu, Francis Obinna (Mr.) **	Asst. Director	On Leave of Absence
25.	Mohammed, Isiaku (Mr.)	Asst. Director	Team Leader, Project Unit
26.	Liman, Balarabe M. (Mr.)	Asst. Director	Admin. Unit (ORD)
27.	Yakwo, Lami C. (Ms.)	Asst. Director	Sub-National Debt Unit (DRSD)
28.	Mohammed, Bara Adamu (Mr.)	Asst. Director	Team Leader, Securities Issuance Unit (PMD)
29.	Olafisoye, Bose P. (Mrs.)	Asst. Director	Team Leader, Market Research Intelligence & Product Development Unit (MDD)
30.	Adeoye, Felix O. (Mr.)	Asst. Director	Team Leader, External Debt & Special Accounts Unit (DRSD)
31.	Oshiokhamele, Rachel O. (Mrs.)	Asst. Director	Debt Service Unit (DRSD)
32.	Mamuda Bello A. (Mr.)	Asst. Director	Market Research Intelligence & Product Development Unit (MDD)
33.	Ibrahim, Maimuna Ladi (Mrs.)	Asst. Director	Team Leader, Loans & Other Financing Products (PMD)
34.	Hafizu, Murtala (Mr.)	Asst. Director	Team Leader, Information Technology & Information System Unit (ORD)
35.	Nwogbo Chinwe G. (Mrs.)	Asst. Director	Statistics, Analysis & Risk Management Unit (PSRMD)

Note- * Officer of Secondment.

**Officer on leave of Absence.



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GLOSSARY

ACOO	Assistant Chief Operations Officer
AfDB	African Development Bank
AFD	French Development Agency
AfDF	African Development Fund
AGTF	Africa Growing Together Fund
AMCON	Asset Management Corporation of Nigeria
APIs	Application Programming Interface
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
COVID-19	Corona Virus Disease of 2019



CPI	Consumer Price Index
CPIA	Country Policy and Institutional Assessment
CRF	Consolidated Revenue Fund
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
D-G	Director – General
DLIs	Debt Linked Indicators
DMCBC	Debt Management Capacity Building Consultant
DMDs	Debt Management Departments
DMO	Debt Management Office
DMTU	Debt Management Training Unit
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 Market
EMDEs	Emerging Market Developing Economies
EM-LCBI	Emerging Markets Local Currency Bond Index
ETD	Exchange Traded Derivation
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
FEC	Federal Executive Council
FGN	Federal Government of Nigeria
FIRS	Federal Inland Revenue Service
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
FSDA	Financial Sector Deeping Africa
FSP	Fiscal Strategy Paper
FSS	Financial Statement Surveillance
FX	Foreign Exchange
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
IFRS	International Financial Reporting Standard
IGR	Internally Generated Revenue
IMF	International Monetary Fund
ISB	Investments & Securities Bill
IPO	Initial Public Offering
IPSAS	International Public Sector Accounting Standard
IPPIS	Integrated Personnel and Payroll Information System
IS	Information System
ISDN	Institutions & Skills Development North
ISD-S	Institutions & Skills Development – South
ISDU	Institutions & Skill Development Unit
IT	Information Technology
JICA	Japan International Cooperation Agency
JPY	Japanese Yen
KFW	German Development Bank
LCFE	Lagos Commodities & Future Exchange
LEI	Legal Entity Identifier
LUXSE	Luxembourg Stock Exchange
M ₃	Broad Money Supply
MAC-DSA	Market Access Country-Debt Sustainability Analysis
MC	Market Capitalization
MDAs	Ministries, Departments and Agencies
MGT	Management
MDD	Market Development Department
MIC-TAF	Middle-Income Country Technical Assistance Fund
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
NGX	Nigerian Exchange Limited
NGX Group	Nigerian Exchange Group Plc
NGX Regco	Nigerian Exchange Regulation Limited
NGX Relco	Nigerian Exchange Real Estate Limited
NIBSS	Nigerian Interbank Settlement System
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
PBE	Public Business Entity
PCOA	Put-Call Option Agreement
PDMMs	Primary Dealer Market Makers
PENCOM	National Pension Commission



PforR	Program-for- Result Financing
PMD	Portfolio Management Department
POO	Principal Operations Officer
PPA	Power Purchase Agreement
PPE	Property Plant and Equipment
PRG	Partial Risk Guarantees
PSRMD	Policy, Strategy and Risk Management Department
PV	Present Value
RCMMP	Revised Capital Market Master Plan
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
S&P	Standard & Poor's 500 Index
SPD	Strategic Programmes Department
STF	Sub-Treasury of the Federation
SRGIs	Strategic Revenue Generating Initiatives
SSEI	Sustainable Stock Exchange Initiative
TA	Technical Assistance
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
VAT	Value Added TAX
WAIFEM	West African Institute for Financial and Economic Management
WAMZ	West African Monetary Zone
WB	World Bank
WEO	World Economic Outlook
WHT	Withholding Tax



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 - 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.

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 an 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 gives me great pleasure to present to our esteemed stakeholders the Annual Report and Statement of Accounts of the Debt Management Office (DMO) for the year ended December 31, 2022. The Annual Report portrays the various activities of the DMO towards achieving its mandates and the macroeconomic developments in the global and domestic environment that influenced the outcomes particularly the Nigeria's Public Debt Stock comprising the debt of the Federal Government of Nigeria (FGN), the thirty-six (36) States of the Federation and the Federal Capital Territory (FCT). The Report also presents the debt sustainability analysis and the various risk assessments executed to ensure that the public debt is sustainable and contributes to economic growth and development. The Audited Financial Statement and Accounts for the year ended December 31, 2022, published in line with the requirements of the International Public Sector Accounting Standards (IPSAS) is also presented in this Report.



The Global Economy

The global economy slowed to 3.4 percent in 2022 from a strong growth of 6.0 percent in 2021. The decline in 2022 was due to the global rise in inflation which rose from 4.7 percent in 2021 to 8.8 percent in 2022; the Russia-Ukraine war and the resurgence of COVID-19 in China resulting in a zero-COVID strategy that impacted on global trade growth and international commodity prices. As reported by the International Monetary Fund (IMF) in its World Economic Outlook (WEO), April 2023, the decline in global growth reflects significant slowdown for the Advanced economies from 5.4 percent in 2021 to 2.7 percent in 2022 and the Emerging Market and Developing Economies (EMDE) which also slowed from 6.7 percent in 2021 to 4.0 percent in 2022.

Considering the impact of the high inflation which gave rise to tightening of financial conditions in most regions, the US dollars appreciated to historically strong levels, driving up yield spreads for lower and middle-income economies. According to the IMF, the yield spreads for more than two-thirds of sovereign bonds in sub-Saharan Africa breached the 700 basis points (bps) level in August 2022 causing debt distress in some countries. The WEO update of January 2023



posits that the tighter monetary conditions and lower growth potentially causing financial and debt distress could be tackled by deploying macroprudential tools and strengthening debt restructuring framework.

The outlook is that global growth will fall to 2.8 percent in 2023 and then rise to 3.0 percent in 2024 as a result of the monetary actions to fight inflation especially in Advanced countries howbeit the impact of the continued Ukraine war affecting economic activities. Global inflation is also expected to fall to 6.6 percent in 2023 and 4.3 percent in 2024 with the reopening of China that could boost global trade.

The Domestic Economy

Nigeria's economy measured by the Real Gross Domestic Product (GDP) grew by 3.10 percent in 2022, according to the National Bureau of Statistics (NBS). This is a decline by 0.3 percent from the 3.40 percent recorded in 2021 following the recession in 2020 caused by the COVID-19 pandemic. The growth in 2022 was largely driven by the positive growth in the non-oil sector, particularly in the service sector. The performance of the agricultural sector however, reduced in 2022 due to the flood experienced in some parts of the country. Thus, in reviewing the performance of the economy based on the classification by oil and non-oil sector, the total annual contribution of oil to aggregate GDP in 2022 was 5.67 percent, lower than the 7.24 percent recorded in 2021 while non-oil sector contributed 94.33 percent on aggregate GDP in 2022, higher than the 92.76 percent recorded in 2021. The drop in oil sector performance in 2022 is as a result of lower oil production occasioned by high production cost, theft, insecurity and inadequate investment.

The World bank in its Nigeria Development Update, December 2022 recorded that oil output declined by 20.7 percent in the first nine months of the year and projected that the economy will grow by 2.9 percent in 2023 with a highly uncertain outlook. The Report also showed that Nigeria's economy will remain highly vulnerable to both external and domestic shocks unless urgently needed policy reforms to reduce inflation, increase fiscal revenues, and shift toward a market responsive exchange rate are adopted.

In tandem with global inflation, Nigeria's inflation increased throughout 2022 except in December 2022 when it recorded a decline by 0.13 percent to 21.34 percent (year-on-year)



from 21.47 percent in November 2022. However, on a year-on-year basis, the headline inflation rate was 5.72% points higher compared to the rate recorded in December 2021, which was 15.63%. The increase in inflation is as a result of imported inflation from the spike in global food and energy prices occasioned by the war between Russia and Ukraine, and the disruptions in the supply chain. Domestically, the monetisation of the fiscal deficit and multiple exchange rate also contributed to the high inflation.

Nigeria's External Reserves stood at US\$36.05 billion as at December 30, 2022 and represents a decline of 10.57 percent when compared to US\$40.31 billion recorded as at December 31, 2021. The decline has been ascribed to exchange rate pressures accentuated by a combination of heightened demand and slow accretion to reserves as a result of drastic reduction in foreign investors portfolio inflows into Nigeria amongst others. The Naira Exchange Rate closed at USD/₦448.55 as at December 30, 2022 representing a depreciation of 8.61 percent when compared to USD/₦412.99 as at December 31, 2021.

Funding of the 2022 Appropriation Act

The 2022 Appropriation Act, which was replaced by an Appropriation (Repeal and Enactment) Act, 2022, to accommodate higher fuel subsidy payments had an aggregate Expenditure of ₦17.32 trillion with Budget Deficit of ₦7.35 trillion and New Borrowing of ₦6.10 trillion. The New Borrowings of ₦6.10 trillion is broken into ₦3.53 trillion Domestic and ₦2.57 trillion External. The Debt Management Office (DMO) raised the total planned New Domestic Borrowing of ₦3.53 trillion in full during the year through the issuances of Federal Government of Nigeria (FGN) Bond, Nigerian Treasury Bills (NTBs), Federal Government of Nigeria Savings Bond and Sovereign Sukuk.

Total Public Debt and Debt Sustainability

Nigeria's Total Public Debt Stock comprising the External and Domestic Debts of the FGN and Thirty-Six (36) States and the FCT was ₦46.25 trillion (US\$103.11 billion) as at December 31, 2022, compared to ₦39.56 trillion (US\$95.78 billion) as at December 31, 2021. In naira and dollar terms, the increase represents ₦6.69 trillion (16.92 percent) and US\$7.33 billion (7.65 percent) respectively and were primarily due to New Borrowings in 2022 by the FGN and Sub-National governments to fund Budget Deficit and to execute other projects. The issuance of



Promissory Notes (P-Notes) by the FGN to settle its liabilities also contributed to the growth in public debt stock.

With a higher public debt stock, the Total Public Debt to GDP ratio was 23.20 percent as at December 31, 2022 compared to the ratio of 22.80 percent recorded as at December 31, 2021. However, the ratio of 23.20 percent is within the country specific threshold of 40% and the threshold of the WB/IMF and the Economic Community of West Africa States at 55 percent and 70 percent respectively. The DMO also conducted the Annual Debt Sustainability Analysis using MAC DSA Template highlighting the need for the government to close the gap between expenditure and revenue so as to limit borrowing. For more transparency in public debt, the Terms for the Ways and Means Advances at the CBN were finalized and approval of the National Assembly sought for inclusion in the Total Public Debt.

Implementation of the Medium-Term Debt Management Strategy

The DMO remained on track towards achieving the Targets set out in the MTDS 2020–2023. This is seen in the Total Public Debt to GDP Ratio of 23.20 percent as at December 31, 2022 which is within Nigeria’s self-imposed limit of 40 percent. However, the ratio of Domestic to External Debt in the Total Public Debt Portfolio as at December 31, 2022 remained unchanged at 60:40 as recorded in December 31, 2021 but falls within the MTDS target of 70:30, limiting the exposure of the Total Public Debt portfolio to exchange rate risk. Refinancing risk was also managed by the issuance of long-dated securities in the domestic market. Meanwhile, the FGN’s Contingent Liabilities reduced to ₦3.73 trillion as at December 31, 2022 due to the repayment of some Guarantees in the period under review. This represents a 18.38 percent decrease when compared to ₦4.58 trillion recorded as at December 31, 2021. Thus, FGN’s exposure to Contingent Liabilities as a percentage of GDP dropped to 1.88 percent as at end 2022 from the 2.64 percent of GDP in 2021. However, the ratio of 1.88 percent is within the threshold of 5% Limit contained in the MTDS 2020-2023.

Activities in the International Capital Market

Nigeria had limited access to the International Capital Market (ICM) owing to the relatively high cost of borrowing and as a result was unable to issue Eurobonds in 2022 to fund the



External Borrowing of ₦2.57 billion equivalent of USD6.27 billion (at the Budget Exchange rate of USD1:₦10.15) provided in the 2022 Budget. The high borrowing cost was as a result of high global inflation resulting in interest rate hikes by central banks in major economies. Overall, the Yields of Nigeria's Eurobonds in the ICM rose by an average of 300 basis points in 2022 relative to their levels in 2021 as the US dollar appreciated sharply against most other currencies to historical strong levels amidst increases in other global benchmark interest rates.

Activities in the Domestic Market

The sum of ₦3.534 trillion approved as New Domestic Borrowing to part-finance the deficit in the 2022 Appropriation Act was fully raised from the domestic market through the issuance of FGN securities – FGN Bonds, FGN Savings Bond and Sovereign Sukuk.

The total Subscription in FGN Savings Bond rose to ₦16.589 billion in 2022. This represents an increase by 97.58 percent when compared to ₦8.396 billion issued in 2021. The total number of Subscribers also increased by 237 percent to 8,863 in 2022 from 2,619 in 2021. The significant increase was due to the introduction of FGN Securities Issuance Awareness Programme by the DMO in December 2021 which continued in 2022. The programme is designed to educate retail investors who are the main target of the FGN Savings Bond on the benefits of investing in FGN securities and to engender financial inclusion in the economy.

The DMO issued ₦130.00 billion 10-Year 15.64% Al Ijarah Sukuk due 2032 in the domestic securities market on December 2, 2022. This was the fifth Sovereign Sukuk Offering with an extended tenor of 10 years, this brings the total Issuance since inception in 2017 to ₦742.56 billion. The proceeds will be deployed to finance key economic road projects across the six (6) geo-political zones of the country, and the Federal Capital Territory.

Other Activities of the DMO in 2022

Reappointment for a Second Term in Office

Following a successful First Term in Office spanning the period from July 1, 2017 to June 30, 2022, my appointment as the Director-General of DMO was renewed for a second Term of Five (5) years in accordance with Section iv (9-i) of the Debt Management Office (Establishment ETC) Act, 2003. The reappointment which took effect from July 1, 2022 was



based on the numerous achievements of the DMO under my leadership ranging from the introduction of New Products such as Sukuk and Green Bonds to support the infrastructure drive of the Administration and the introduction of long-term Bonds with tenors of 25 to 30 years in the domestic and international markets with a view to improving the sustainability of the public debt.

Staff Matters - 2022 Promotion and Training

The 2022 Promotion Exercise was conducted successfully and a total of Fifteen (15) officers were successfully promoted to different Grade Levels (GLs) with the highest position being an Assistant Director (GL 15) that was promoted to Deputy Director (GL 16). The DMO also conducted annual Trainings which were facilitated by reputable Training Institutions, such as Phillips Consulting, West Africa Institute for Financial and Economic Management (WAIFEM) and Financial Market Dealers Association (FMDA) for its staff between June and October, 2022. The Training covered areas such as; Strategic Thinking for Corporate Renewal and Turnaround; Fixed Income Securities Analysis for both intermediate and advanced levels; Public Procurement Monitoring and Audit; Medium-Term Debt Management Strategy (MTDS) etc.

Exit from the DMO

During the year under review, one member of staff exited the DMO upon attaining the mandatory retirement age of 60 years, while two resigned from the service of the DMO.

Training for Related External Stakeholders

The DMO also held series of Workshops in conjunction with Training Institutes for Members of Senate Committee on Foreign and Local Debt, the House Committee on Loans, Aids and Debt Management, and the Staff in the Secretariats of the Committees in November and December, 2022.

Capacity Building for Sub-National Governments

To strengthen debt management at sub-national level, the DMO continued its implementation of the World Bank (WB) States Fiscal Transparency, Accountability and Sustainability Programs for Results (SFTAS) which seeks to assist States to achieve debt-related Disbursement Linked



Indicators (DLIs) under the Key Result Area four (4) of the SFTAS Programme. In the year under review, the DMO conducted series of Technical Assistance and Capacity Building activities such as, the Introduction of the 2022 DSA and MTDS Excel Template and Reporting with trainings held between August and September, 2022. This resulted in States being able to populate and submit draft 2022 DSA-MTDS report for review. The DMO continued the supports to all States on needs basis on the Debt Recording and Reporting through Just-in-time Advisory Services.

In another activity, the DMO in partnership with WB also developed guidelines on the Debt Management Performance Assessment (DeMPA) for Sub-national governments. The DeMPA is used to evaluate a country's debt management processes and institutions at the national and sub-national level. Thus, the sensitization exercise in the preparation of DeMPA for sub-national took place in November 2022 with Six (6) States (Akwa-Ibom, Enugu, Gombe, Nasarawa, Oyo and Sokoto) participating.

Further, the African Development Bank (AfDB) Middle Income Country Technical Assistance Fund (MIC-TAF), Sub-National Capacity Building Project (SUBDMO) which is a collaboration between the AfDB and the DMO to develop, at state level, public debt management capacity, promote sound debt management practices, as well as ensuring sustainability of public debt at the sub-national level in Nigeria continued in the year under review. The DMO conducted States-by-States DSA capacity-building workshops for six (6) States in the Southern Zone (Bayelsa, Delta, Enugu, Imo, Ogun, and Ondo) and six (6) States in the Northern Zone (Yobe, Adamawa, Jigawa, Kebbi, Plateau and Benue) in February, 2022. Capacity building for Ministries, Departments, and Agencies (MDAs) at the sub-national level to assist the State Debt Management Departments (DMDs) in the execution of their mandate was also executed. This is in addition to sensitisation of high-level officials, including policymakers working on debt management and the related regulatory and institutional arrangements at the state level to make them aware of critical challenges and opportunities in public debt management and ongoing efforts led by the DMO.



ICT Infrastructure

The DMO continued with the review of its ICT Infrastructure, Operations and Services to enhance business processes under a DMO IT Digital Transformation Project. So far, the approval and procurement processes were completed by the end of 2022 and the project execution to commence 2023.

Outlook

According to the WEO April 2023, the global growth rate is projected to settle at 2.8 percent in 2023 before rising to 3.0 percent in 2024. The projected slowdown in 2023 is against the backdrop of the tight policy stance needed to bring down inflation which has resulted in recent deterioration in financial conditions, ongoing war in Ukraine and continued COVID-19 pandemic challenges. Thus, global inflation is also projected to decline to 7.0 percent in 2023 and 4.9 percent in 2024.

Debt issues also remain high with concerns that sovereign debt distress could in the context of higher borrowing costs and lower growth, spread and become more systemic. Bank failures in the United States and Switzerland further introduced fears of contagion, exposing the risks confronting the global financial system.

Domestically, Nigeria's Total Public Debt Stock is expected to rise in 2023 from the ₦20.51 trillion Expenditure in the 2023 Appropriation Act which has New Borrowing of ₦8.80 trillion to part finance the Deficit of ₦11.34 trillion. New Promissory Notes issuances following necessary approvals and the securitization of the ₦23.7 trillion of the Ways and Means Advances at the CBN will equally add to the increase in public debt stock by end 2023.

However, the proposed removal of fuel subsidy by June 2023 as captured in the 2023 Appropriation Act, if implemented will reduce the budget deficit and free up capital that will drive development in Nigeria. Though the continued high level of insecurity, rising cost of debt servicing and deteriorating fiscal balances, remain major sources of shock to the Nigerian economy. Accordingly, the IMF forecasts that the economy will grow in 2023 by 3.29 percent.

The DMO will continue to manage the public debt using World Bank/IMF recommended Public Debt Management Tools such as the DSA and the MTDS.



Conclusion

With the above, I wish to express my sincere appreciation 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 all the other highly distinguished members of the Board for their continued guidance and support in the course of the year. My gratitude also goes to DMO's Oversight Committees at the National Assembly, our Development Partners and other stakeholders, including Ministries, Departments and Agencies during the year.

Finally, I am particularly thankful to the Management and Staff of the DMO whose consistent focus and dedication to the goals and aspirations of the Office have ensured that we continue to succeed in the discharge of our mandate.

Patience Oniha
Director-General
June 30, 2023

CHAPTER ONE

THE OPERATING ECONOMIC ENVIRONMENT



CHAPTER ONE

THE OPERATING ECONOMIC ENVIRONMENT

Global economic activity contracted, amid elevated inflation, monetary and fiscal tightening, and the continuation of hostilities between Russia and Ukraine in 2022. This was manifested in the growth rate of 3.4 percent recorded in 2022, compared to 5.5 percent rate in 2021. Inflation is expected to persist in the near term, hinged on the surge in commodity prices, heightened by the war in Ukraine amid the escalation of the pre-existing supply disruptions, increased aggregate demand and tight labour market.

1.1 The Global Economy

1.1.1 Output Growth

The Global economy outlook deteriorated largely because of global fight against inflation, the Russia-Ukraine war as well as a resurgence of Covid-19 pandemic in China, all of which weighed heavily on global economic activity in 2022. The International Monetary Fund (IMF) in January 2022, projected a global growth of 4.4 percent for the year. This was subsequently revised downward in October, 2022 to 3.2 percent and further down to 2.9 percent in 2023. The downward review reflected the tightening of global financial condition alongside the major headwinds to global economic growth.

In 2022, Output growth in advanced economies was revised downward to 2.7 per cent from 5.2 per cent in 2021. The United States' GDP was equally adjusted downward to 2.0 per cent in the period under review from 5.7 per cent in 2021; and Canada's to 3.5 per cent, from 4.1 per cent. The United Kingdom's (UK) GDP was also revised downward to 4.1 per cent in 2022 from 7.4 per cent in the previous year. Germany and France were adjusted to 1.9 and 2.6 per cent in 2022 from 2.6 and 6.8 per cent in 2021. Growth projections for Italy were also revised downward to 3.9 per cent, from 6.7 percent in the preceding year. Projections for Spain was adjusted to 5.2 per cent in 2022, from 5.1 per cent while Japan's down to 1.4 per cent in the period under review from 1.7 per cent in the corresponding period of 2021.

Emerging Markets and Developing Economies (EMDEs), which experienced a growth rate of 6.0 percent in 2021 was revised downward to 3.9 in 2022. However, Russia's GDP experienced negative economic growth rate of -2.2 percent in 2022 as compared to 4.7 percent in 2021

while India's at 8.7 per cent in 2021 was down to 6.8 per cent in 2022. China also experienced a downward review to 3.0 per cent in 2022 from 8.1 per cent in 2021.

The Latin America and Caribbean economies were not left out of the shock as the growth rate was estimated at 3.9 percent in 2022 compared to 6.9 recorded in 2021. Similarly, Brazil and Mexico which experienced a growth rate of 4.6 and 4.8 percent in 2021 were revised downward to 3.1 percent in 2022. However, Middle East and Central Asia had a growth rate of 5.3 percent in the period under review compared to 4.5 percent recorded in 2021.

Growth in Sub-Saharan Africa in 2022 contracted to 3.8 percent as against 4.7 percent in 2021. Nigeria and South Africa growth rate were estimated at 3.0 and 2.6 percent as against 3.6 and 4.9 percent recorded in 2021 respectively.

Global Economic Outlook, the IMF World Economic Outlook April 2023 indicated that global output growth was estimated at 3.4 percent in 2022 and expected to decline to 2.8 percent in 2023. This reflects 0.1 percent lower than what was predicted in January, 2023.

1.1.2 Inflation

Global inflation in 2022 according to IMF World Economic Outlook, (April 2022) is expected to remain elevated in the near term, rising to 5.7 per cent in Advanced Economies (AEs) and 8.7 per cent in Emerging Markets and Developing Economies (EMDEs). Inflation is expected to persist in the near term, hinged on the surge in commodity prices, heightened by the war in Ukraine amid the escalation of the pre-existing supply disruptions. Increased aggregate demand and tight labour market conditions are also expected to induce inflationary pressures. While energy is expected to be the main driver of price increases in most economies, rising food prices would also play a significant role in most EMDEs, where food constitutes a larger factor.

The inflationary pressure in most Advanced Economies though moderating, remained elevated, with inflation rates higher than central banks targets. Headline inflation in most advanced economies rose for the fifth consecutive quarters, driven by energy and food prices, the fallout of the war in Ukraine, and subsisting disruptions to the global supply chain, as China faced a renewed surge of the Pandemic. In the UK, inflation soared further to 9.37 percent in 2022 from 4.7 percent in 2021 due to upward pressure from housing and household services cost, fueled by higher energy prices. Similarly, in the US and Canada, headline inflation rose to 7.10 percent and 6.67 percent in 2022 from 6.7 percent and 4.7 percent in 2021, respectively,



despite weaker demand, fall in global crude oil prices, the reopening of refineries in the United States, and the sustained tight stance of monetary authorities

In Emerging Markets and Developing Economies (EMDEs) inflation moderated marginally, due to weaker domestic demand and lower food prices. However, inflation in Turkey remain substantially elevated at 78.06 percent in 2022. On the flip side, headline inflation in Indonesia increased to 5.55 percent, from 1.8 percent in 2021. This is driven mainly by the rising cost of food, transport and communication.

In Nigeria, inflation rose to 21.34 percent in December 2022 compared to 15.63 percent in December 2021. This was due to the rise in prices of food and non-food items. Similarly, while Ghana inflation rate increased significantly from 10.00 percent in December, 2021 to 27.2 percent in 2022, the South African inflation rate rose from 4.6 percent in 2021 to 6.4 percent in 2022.

1.2 The Nigerian Economy and Policy Environment in 2022

1.2.1 Developments in Output

The Nigeria's annual growth of real GDP in 2022 according to the National Bureau of Statistics (NBS) was estimated at 3.10 percent (Year-on-Year) in real terms. This was a decrease of 0.3 percent when compared to the 3.4 percent reported in 2021. The reduction in growth is attributed to the adverse effect of the cash crunch experienced during the period. Broadly, the Nigerian economy has been classified into the oil and non-oil sectors. The annual growth rate of oil stood at -19.22 percent compared to the -8.30 percent recorded in 2021. While the annual contribution of non-oil sector to the GDP in 2022 was 94.81 percent higher than the 92.76 percent recorded in 2021. The oil sector under the reference year, contributed 5.67 percent to real GDP compared to 7.24 percent recorded in 2021. The growth in the non-oil sector was driven by Service and Agricultural (crop production) sector. Within the Services sector, Information & Communications, Trade, Financial & Insurance, and Real Estate subsectors drove overall growth.

The quarter-on-quarter real GDP grew by 3.11, 3.54, 2.25 and 3.52 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 2018 and 2022.



Table 1.1: Selected Macroeconomic Indicators, 2018 - 2022

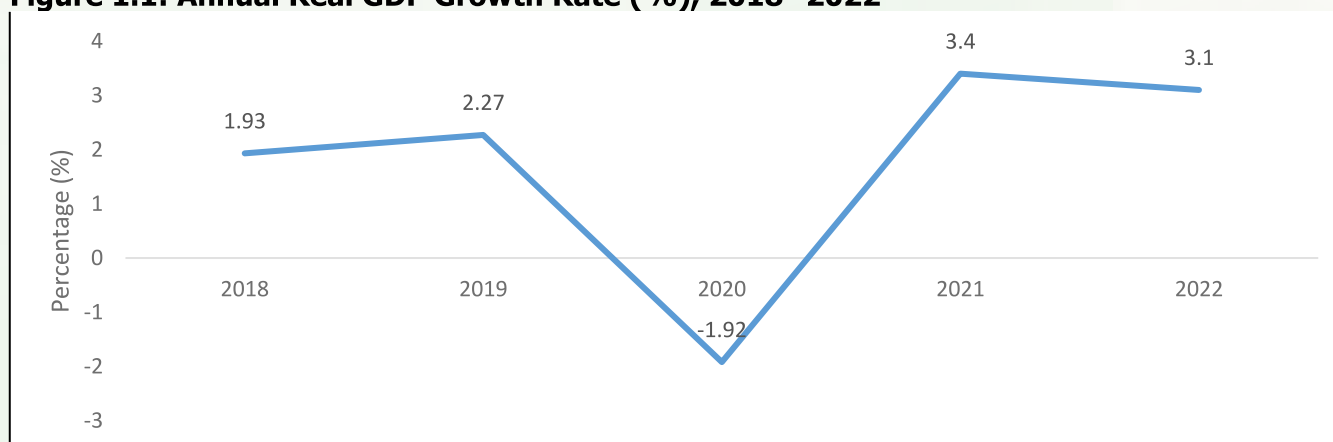
Description	2018	2019	2020	2021	2022
Real GDP Growth Rate (%)	1.93	2.27	-1.92	3.4	3.1
CPI Inflation (end-period) (%)	11.44	11.98	15.75	15.63	21.34
Budget Deficit (% of GDP)	1.73	1.37	2.76	3.3	3.99
External Reserves (US\$ billion)	42.54	38.07	36.48	40.23	36.61
End-Period Exchange Rate (₦)	307.00	326.00	381.00	412.99	448.55
Total Public Debt-to-GDP Ratio (%)	19.09	19.00	21.61	22.80	23.20
Benchmark Crude oil price (US\$)	51.00	60	28	40.0	73.00
Equities Market Capitalization (₦ trillion)	11.72	12.97	21.06	22.30	27.92
Bond Market Capitalization (₦ trillion)	10.17	12.92	13.90	19.8	23.47

Sources: MBNP, NBS, CBN, DMO

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

The Services sector played a key role in driving the performance of the Non-Oil Sector with a contribution of 55.4 percent in 2022, higher than 53.56 percent recorded in 2021. The increase in output was, largely, driven by the non-oil sector, with strong performances in the agriculture contributing 25.58 percent to GDP while the industrial sector recorded 19.02 percent which was lower when compared to 20.06 percent recorded in 2021. Figure 1.1 depicts the annual real growth rate for the period 2018 to 2022.

Figure 1.1: Annual Real GDP Growth Rate (%), 2018 -2022



Source: National Bureau of Statistics (NBS)



1.2.2 Fiscal Developments

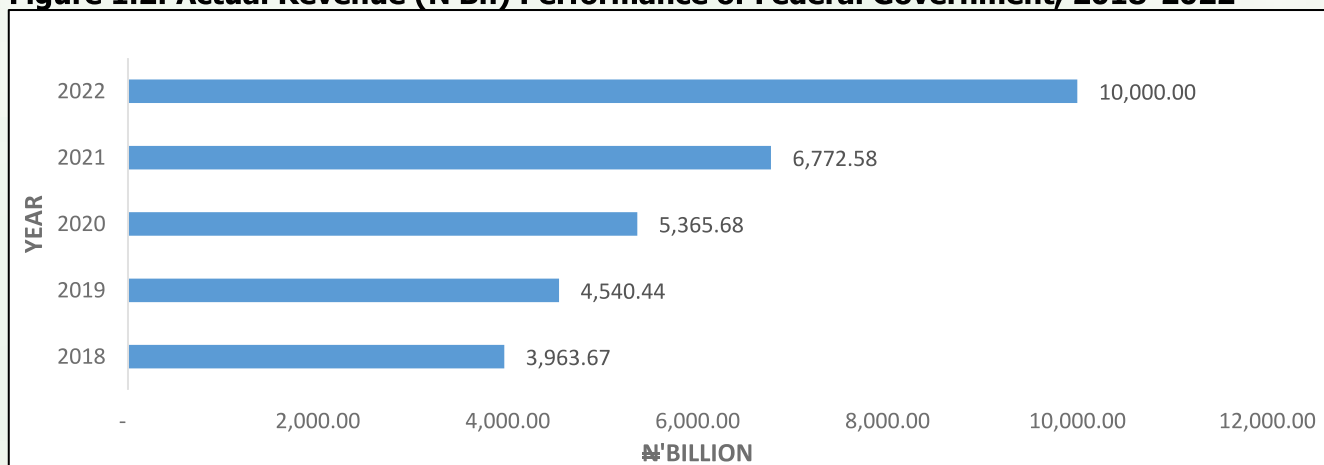
The fiscal operations of the government focus on achieving macroeconomic stability, improving revenue generation, creating fiscal space for infrastructural development, among other objectives aligned with the extant fiscal framework, which influenced the level and composition of government expenditure in the year 2022. The Total Expenditure in the 2022 Appropriation Act was ₦17.32 trillion, with a fiscal deficit of ₦6.1 trillion, compared to the FGN Total Expenditure of ₦12.51 trillion, with a deficit of ₦5.7 trillion in the 2021 Appropriation Act.

The approved Revenue of ₦10.00 trillion in 2022 was 47.71 percent higher than the ₦6.77 trillion in 2021. Thus, the actual revenue performance represented 82.21 percent of the Revenue target of ₦10.00 trillion in the 2022 Appropriation Act.

The New Borrowing in the 2022 Appropriation Act was ₦6,103.98 billion, out of which ₦3,534.05 billion was allocated to Domestic Borrowing and ₦2,569.93 billion to External Borrowing. The New Domestic Borrowing of ₦3,534.05 billion was fully raised during the year, while Eurobond was not issued in 2022 due to limited access to the international capital market and relatively high cost of borrowing. However, a USD1.25 billion Eurobond was issued in march, 2022 to part finance the 2021 Appropriation Act.

The initiatives of Government to deepen and enhance the performance of the non-oil sector, which contributed 94.81 percent to the GDP, higher than 92.76 percent recorded in 2021 have consistently resulted in enhanced Revenue generation as shown in Figure 1.2 below.

Figure 1.2: Actual Revenue (₦'Bn) Performance of Federal Government, 2018-2022



Source: National Bureau of Statistics (NBS) and OAGF

The 2022 budget deficit was ₦6.1 trillion or 3.99 percent of the GDP, compared to the fiscal deficit of ₦5.74 trillion or 3.3 percent of GDP in 2021. Out of the ₦6.1 trillion approved as the New Borrowings to finance the deficit in the 2022 Appropriation Act, ₦3.53 trillion was for the Domestic borrowing and ₦2.57 trillion for the External borrowing. However, while the domestic borrowing was fully achieved, external borrowing could not be sourced to fund the 2022 Appropriation Act due to the high cost of borrowing and the limited access to the International Capital Market in the year under review.

1.2.3 Developments in Money Supply and Prices

Broad Money Supply (M3) according to the Central Bank of Nigeria (CBN) stood at ₦52,140.95 billion as at end-December, 2022. This represents a growth rate of 34.02 percent which was above the indicative benchmark of 16.23 percent and underscore the persistence inflationary pressure in the economy. Growth in broad money assets stemmed from the 36.5 percent increase in the Net Domestic Assets (NDA) which outweighed the 54.5 percent decline in Net Foreign Assets. The major driver of the growth in Net Domestic Assets was the 78.2 percent growth in net claims on the central government, followed by the 19.7 per cent growth in claims on other sectors.

The contribution of the NDA to the growth in broad money assets stood at 28.8 percentage points with net claims on the central government and claims on other sectors contributing 24.3 percentage points and 15.5 percentage points, respectively. Net Foreign Assets (NFA) declined by 54.5 percent, driven wholly by the 55.4 percent rise in liabilities to non-residents by increase loans and sale of CBN bills to non-residents.

The Monetary Policy Committee (MPC) within the year under review raised the Monetary Policy Rate and Cash Reserve Ratio (CRR) at 11.5 and 27.5 percent to 16.5 and 32.5 percent respectively. Other policy parameters were maintained, with the Liquidity ratio at 30.0 percent and the asymmetric corridor of +100 basis points and -700 basis points around the MPR, throughout 2022.

The direction of interest rates in the review period was mixed but largely tilted in the upward trajectory, driven by the sustained policy rate hike. Key short-term interest rates increased in



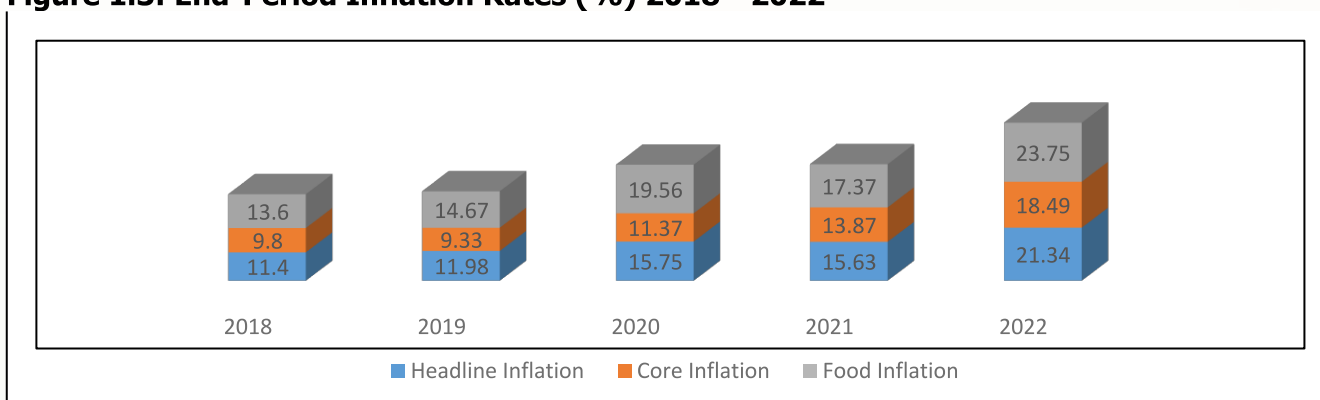
2022 relative to 2021. Similarly, prime, and maximum lending rates increased in the fourth quarter, 2022 relative to the preceding quarter from 12.29 percent and 27.99 percent, to 13.25 percent and 28.53 percent, respectively, as banks repriced their lending rates in line with the policy rate hikes in the quarter. The weighted average term deposit (AVTD) rate also rose by 1.55 percentage points to 5.43 percent from 3.88 percent in the preceding period reflecting the current realities of the hike in Monetary Policy Rate (MPR). Hence, the spread between the average term deposit and maximum lending rates moderated to 23.11 percentage points, from 24.11 percentage points in the preceding period, implying that the policy rate hike had a stronger impact on deposit rates than on lending to households and small businesses.

Average Open Buy Back (OBB), NIBOR-30 and NIBOR-90 rates increased to 13.29 percent, 12.85 percent, and 13.74 percent in the last quarter of 2022 from 12.90 percent, 11.50 percent and 11.71 percent, respectively, in the preceding quarter. The increase in these rates was occasioned by the increase in average MPR to 15.94 percent relative to the preceding quarter's level of 13.94 percent. However, the interbank call rate shed 230 basis points to close the period at 11.70 percent from 14.00 percent in the third quarter, possibly driven by a reduced appetite for non-collateral lending at the interbank market.

The headline inflation (year-on-year) rose to 21.34 percent in December 2022, from 15.63 percent in December 2021. This was 5.71 percent higher when compared with the rate recorded in 2021. This increase was driven by the hike in food prices owing to persisting high transport and logistics cost and demand pressure because of the festive season. Also, increased production costs, and other structural issues continued to impact on output and prices during the period under review. The rise in core inflation (year-on-year) to 18.49 percent from 13.87 percent in the preceding year was attributed to an increase in the cost of imported and locally manufactured goods due to tighter global economic conditions and structural deficiencies. In the same vein, food inflation (year-on-year) also inched up to 23.75 percent, compared with 17.37 percent in 2021. The upward trend in food inflation was due mainly to shortages in farm produce supply, necessitated by the flood witnessed during the year. In addition, high cost of inputs, including energy prices, and the demand pressure from the end of year festivities drove prices upward. Figure 1.3 shows the trend in Headline Inflation from 2018 to 2022.



Figure 1.3: End-Period Inflation Rates (%) 2018 - 2022

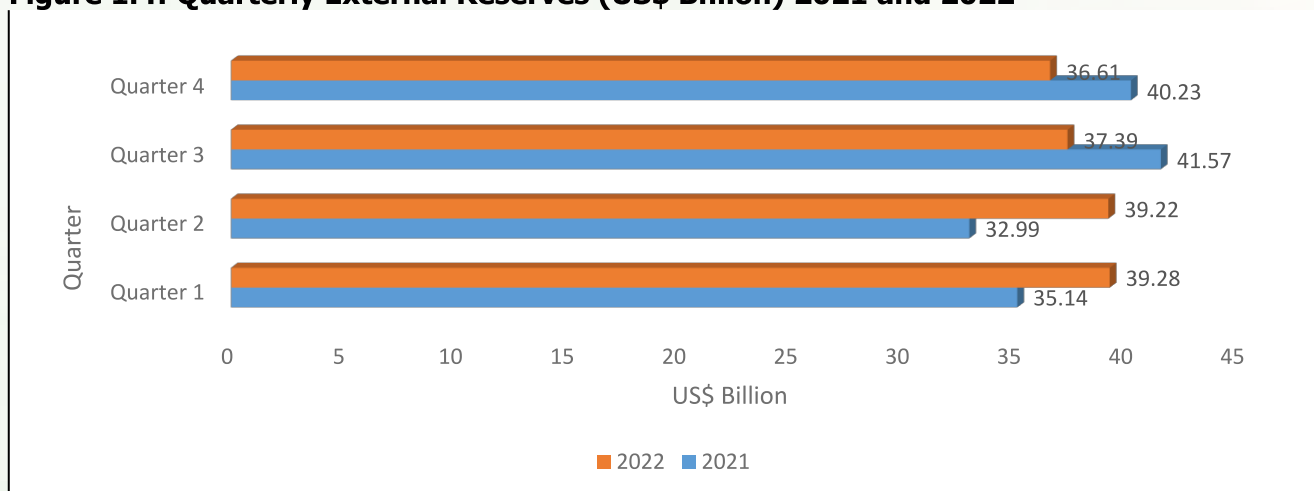


Source: National Bureau of Statistics (NBS)

1.2.4 External Sector Developments

Gross External Reserves as at December 31, 2022 stood at US\$36.61 billion compared to US\$ 40.52 billion in the corresponding period of 2021. The level of external reserve position could cover 6.8 months of imports for goods and services or 9.3 months of import for goods only. This is above international standard benchmark of 3 months import cover.

Figure 1.4: Quarterly External Reserves (US\$'Billion) 2021 and 2022



Source: Central Bank of Nigeria (CBN)

The average exchange rate of the naira per US dollar at the I & E window depreciated by 8.8 percent to ₦445.71/US\$ at end December, 2022 compared to ₦414.34/US\$, in the preceding year. The development was attributed to the increased demand pressure in the foreign exchange market, as a result of the dwindling resources from crude oil receipts and capital inflow.



1.2.5 Domestic Capital Market

1.2.5.1 Developments in the Domestic Equities Market

Activities in the Nigerian Stock Exchange (NSE) remained bullish in the year 2022. The Data from The Nigerian Stock Exchange revealed that NGX- All Share Index (ASI) increased to 51,251.06 points (19.98 percent) to close the year, compared to 42,716.44 points in the corresponding period of 2021. Capitalization rose by 25.20 percent to ₦27.92 trillion as at the end December 2022, from ₦22.30 trillion as at the end of December 2021. Similarly, the total volume and value of shares traded increased in the review period. This was driven, mainly by portfolio reshuffling to alpha stocks ahead of the 2022 full year dividend earnings results.

1.2.5.2 Developments in the Domestic Bond Mark

Trading activities in FGN Bonds decreased in 2022 compared to 2021 according to data from the FMDQ Securities Exchange Limited (FMDQ). The Total Face Value of FGN Bonds traded decreased by 19.57 percent from ₦13.84 trillion to ₦11.13 trillion, while Consideration decreased by 23.81 percent from ₦15.65 trillion to ₦11.93 trillion. The number of transactions or deals also decreased in the period under review. The decrease in the value and number of the FGN Bonds traded on the FMDQ in 2022 was due to persistent rise in inflation and the resultant increase in the yields of FGN Bonds across maturities.

1.2.5.3 Corporate Bonds Issuances in 2022

The Corporate Bonds segment of the domestic bond market witnessed significant increase in activities, in terms of the number of transactions in 2022 relative to 2021. Table 1.2 shows that sixteen (16) Corporates raised a total sum of ₦751.08 billion as against eleven (11) Corporates in 2021 with total Issuance of ₦338.77 billion. This represents an increase of 121.7 percent in terms of issue size. The high level of corporate issuance was due to a rebound of economic activities, amidst the gradual global economic recovery from the effects of the COVID-19 pandemic, particularly the financial markets.



Table 1.2: Corporate Bonds Issuances in 2021 and 2022

2021		2022	
Bond Issuers	Amount (₦ Billion)	Bond Issuers	Amount (₦ Billion)
Ardova	25.30	ABC Transport	0.90
CERPAC Receivables Funding SPV Plc	1.25	Accelerex SPV Plc	2.28
C&L Leasing Plc	10.00	Dangote Cement Plc	4.27
Dangote Cement Plc	50.00	Dangote Cement Plc	23.34
Family Homes Sukuk Issuance Programme Plc	10.00	Dangote Cement Plc	88.40
GPC-SPV Company Plc	20.00	Dangote Industries Funding Plc	10.47
LFZC Funding SPV Plc	10.50	Dangote Industries Funding Plc	177.12
Mecure Industries Funding SPV	3.00	Dangote Industries Funding Plc	112.42
MTN Nigeria Communication Plc	199.99	e-Transact International Plc	5.77
NSP-SPV Powercorp Plc	6.23	Eat & Go Finance SPV	3.50
Sundry Foods Funding SPV Plc	2.50	Family Homes Sukuk Issuance Programme Plc	20.00
		Geregu Power Plc	40.09
		LFZC Funding SPV Plc	25.00
		MTN Nigeria Communications Plc	10.09
		MTN Nigeria Communications Plc	104.91
		Niger Delta Exploration & Production Plc	10.32
		Parthian Partners SPV Plc	10.00
		Presco Plc	34.50
		TAJ Sukuk Issuance Programme SPV Plc	10.00
		The Company for Habitat and Housing in Africa	27.18
		The Company for Habitat and Housing in Africa	18.82
		United Capital Plc	11.73
Total	338.77		751.08

Source: Securities and Exchange Commission

CHAPTER TWO

APPRAISAL OF DEBT MANAGEMENT STRATEGY



CHAPTER TWO

APPRAISAL OF DEBT MANAGEMENT STRATEGY

The debt management strategy for 2022 is part of the medium-term strategy 2020-2023, which was developed with the main aim of meeting government financing needs at a minimal costs and prudent level of risk while ensuring the public debt portfolio is sustainable as well as broaden the domestic investor-base, by providing alternative asset class to further deepen the FGN Securities market and domestic capital market as a whole. The strategy was targeted at achieving the preferred public debt portfolio mix of Maximum of 70% and minimum of 30% for Domestic and External financing respectively by the end of 2023. The Domestic Debt mix ratio stabilized at 80:20 for long to short-term debts as at December 31, 2021 and 80:20 as at December 31, 2022. Also, the actual performance mix for Domestic and External finance was retained at 60:40 as at December 31, 2022 as it was 60:40 as at December 31, 2021. The DMO also continued its capacity building programmes for the Sub-national Debt Managers through its two (2) major donor interventions namely, the African Development Bank (AfDB) Middle Income Country Technical Assistant Fund (MIC-TAF) Grant for Sub-national Debt Management Capacity Building Project and the State Fiscal Transparency and Accountability (SFTAS) Programme for Result (PforR), Federal Ministry of Finance, Budget and National Planning with fundina support from the World Bank.

2.1 Introduction

The Debt Management Strategy adopted for 2022, is part of the medium-term strategy 2020-2023, which was developed with the main aim of meeting government financing needs at minimal costs and prudent level of risk while ensuring that Public Debt Portfolio is sustainable, as well as broaden the domestic investor-base, by providing alternative asset class and further deepen the FGN securities market and the domestic capital market as a whole. The Strategy was targeted at achieving the preferred Public Debt portfolio mix in the medium-term, as well as sustain the initiatives directed at achieving effective public debt management at the sub-national level.

2.2 Key Objectives

The subsisting Strategy was prepared mainly to guide the borrowing decisions of the Federal Government of Nigeria (FGN) for the period 2020-2023. The Debt Management Strategy was reviewed and approved by the Federal Executive Council (FEC) on February 10, 2021, following the expiration of the Debt Management Strategy, 2016-2019. The key objectives of the Debt Management Strategy, 2020-2023 are as follows:

- i. Borrowing from External and Domestic sources will be in line with the Funding Structure for New Borrowings in the revised 2022 Appropriation Act;



- ii. MTEF, 2021-2022; thereby maintaining a mix of not more than 70% and not less than 30% between Domestic sources and External sources respectively;
- iii. Reducing the cost of Debt Service, as measured by the ratio of Interest Payments-to-Revenue Ratio. The Strategy recognizes that the achievement of this objective, depends on significant increase in the Government's revenue;
- iv. Moderating the level of Debt-related Risks namely Refinancing and Foreign Exchange Risks.
- v. Maximizing funds available to Nigeria from Multilateral and Bilateral sources in order to access cheaper and long-tenored funds, whilst taking cognisance of the limited funding envelopes available to Nigeria, due to Nigeria's classification as a Lower-Middle-Income country;
- vi. Ensure Debt Sustainability, as measured by the Debt to GDP ratio, (which should be within the WB/IMF's recommended threshold of 55 percent), Interest Payment to Revenue Ratios;
- vii. Sustaining the issuances of longer-tenured debt instruments in both the domestic debt market and International Financial Markets; and,
- viii. To further broaden the Investor base, by providing alternative asset class and further deepen the FGN securities market and the domestic capital market as a whole through the introduction of a new domestic debt instrument (Inflation-linked Bond, though subject to the trends in inflation).

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;
- ii. Keeping the Average Time-to-Maturity (ATM) for the Total Public Debt Portfolio at a minimum of 10 years; and,
- iii. Keeping the Variable Rate Debt as percentage (%) of Total Debt at less than 5 percent.

2.3 Implementation Status

The result of the execution of the Debt Management Strategy in 2022, remained stable as the ratio of the Domestic to External Debt in the Total Public Debt portfolio was about 60:40 as at



December 31, 2022, which is same as 60:40 actual result of year 2021. The Domestic Debt mix ratio also remained 80:20 for long to short-term debts as at December 31, 2022 compared to 80:20 as at December 2021. Debt maturing within one year was 14.60%* percent of the Total Public Debt as at December 31, 2022, compared with the target of not more than 20 percent of the FGN's Total Public Debt. The Average Time-to-Maturity (ATM) improved to 9.70 years by end of December, 2022, which is approximately within the threshold of the minimum 10 years. Total Public Debt as a percentage of GDP was 23.20 percent which is below the maximum target of 40 percent stipulated in the strategy.

Table 2.1: The performance and Key Targets of the Debt Management Strategy

Portfolio Composition		2021 Actual	2022 Actual	2020-2023 Target
	Domestic: External	60:40	60:40	Max.70:Min.30 ¹
	Domestic Debt Mix: Long: Short	70:30	80:20	Min. 75:Max. 25 ¹
Risks				
Refinancing	Debt maturing in 1 year as % of total debt	14.60%	14.60%*	Max. 20%
	Average Time to Maturity (Years)	10.28 years	9.70years	Min. 10 years
Interest rate	Variable Rate Debt as % of Total Debt	2.90%	3.16%	Less than 5%
Fiscal Sustainability ratios				
	Total Public Debt as % of GDP	22.80%	23.20%	40% ²
	Sovereign Guarantees as % of GDP	2.64%	2.38%	Max. 5%

¹The introduction of New Domestic Debt from the Issuance of Promissory Notes and expectations of the inclusion of Ways and Means Advances and SOEs' debts in the FGN's Debt Stock will result in an increase in the Domestic Debt and may also result in more short-tenored Debt in the Debt Stock.

²Increased to accommodate New Borrowings to fund Budget, issuance of more Promissory Notes and the proposal to report 5 SOEs' debts (including AMCON)

in the FGN's Balance Sheet in line with the IMF's guidelines, and proposed inclusion of Ways and Means.

*Estimates

2.4 External Debt Management Strategy

The DMO in 2022 continued to borrow in accordance with the approved MTEF 2021 -2023, and in line with the debt management strategy for the same period , which stipulates that the Nigerian government would continue to finance part of its deficit through external sources from multilateral, bilateral and commercial sources, to finance development programmes, by



addressing critical infrastructure needs, and rebalance the total debt portfolio, so as to achieve the optimal debt portfolio composition of 70:30 for domestic and external debt, respectively, in the medium-term.

The External Debt Stock (Multilateral, Bilateral and Commercial, Promissory Notes and Syndicated Loan Sources) showed an increase in the stock of Total External Debt of US\$33,620.09 million in 2021 compared to US\$37,238.54 million as at December 31, 2022, representing about 40 percent of the Total Public Debt portfolio (US\$103,110.80). The Multilateral windows constituted the larger proportion of the external borrowings as at December 31 2022. The share of Multilateral sources in the total external debt stock was 48.45 Percent while Bilateral, Commercial, Promissory and Syndicated sources represented 12.15 percent, 37.46 percent, 1.31 percent and 0.62 percent respectively in the year under review).

The Nigerian Foreign Exchange Policies in the year made it un-attractive to foreign portfolio investors, and limited the country access to the International Capital Market due to unfavourable market conditions, which made it impossible to issue Eurobonds to raise external capital to part finance the Budget deficit. However, other financing options and sources such as Export Credit and Syndicated Loan Financings were explored to fund specific projects in the Budget. Accordingly, only USD1.25 billion Eurobond was issued by Nigeria in March 2022, and USD260 billion syndicated was sourced in addition to the aforementioned external loan sources.

2.5 Domestic Debt Management Strategy

The Domestic Debt Management Strategy for 2022 continued to focus on issuance of medium to longer-term domestic financing to reduce debt service cost and moderate the Refinancing risk. The target was aimed at achieving a Domestic Debt portfolio mix of 75:25 for long-term and short-term debts. The proportion of long-term debt in the domestic debt portfolio relative to short-term debt was 80:20 as at December 31, 2022. The Total Domestic Debt was USD61,415.93 million (₦27,548,116.06 million) or about 60 percent of the Total Public Debt Stock. This comprised Federal Government US\$49,515.92 million (₦22,210,364.60) and the 36 States and the FCT US\$11,900.01 million (₦5,337,751.40). The threshold of the Domestic to External Debt in the Medium-Term Debt Strategy 2020 -2023 is 70:30.



2.6 Sub-National Debt Management Strategy

The DMO also continued its capacity building programmes for the Sub-national Debt Managers through two (2) intervention programmes supported by development partners namely:

- a. **The African Development Bank (AfDB) Middle Income Country Technical Assistant Fund (MIC-TAF) Grant for Sub-national Debt Management Capacity Building Project.** In order to equip the officials of the States with the skills and knowledge to undertake annual DSA at the Sub-National level.
- b. **The State Fiscal Transparency, Accountability and Transparency (SFTAS) Programme for Result (PforR),** domiciled at the Federal Ministry of Finance, Budget and National Planning with a loan from the World Bank. Under this, the following training programmes were conducted: the DMO-SFTAS in the year under review conducted virtual refresher workshop for all States and FCT on MTDS Excel template, and Sub-National Debt Management Performance Assessment (DEMPA), and also **Just-in-Time Advisory Services:** Support on debt management legal framework was provided to some States, as well as support to all States on needs basis on Debt Recording and Reporting through Just-in-time Advisory Services.

CHAPTER THREE

NIGERIA'S TOTAL PUBLIC DEBT



CHAPTER THREE

NIGERIA'S TOTAL PUBLIC DEBT

The outstanding Total Public Debt of Nigeria as at December 31, 2022 was ₦46,250,367.94 million (US\$103,110.84 million) compared to ₦39,556,032.50 million (US\$95,779.64 million) in 2021, representing an increase of ₦6,694,335.44 million or 16.92 percent. The increase was attributed largely 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 proportion of Total External Debt stock as a percentage of the Total Public Debt was 40.44 percent as at December 31, 2022, while that of the Total Domestic Debt stock was 59.56 percent.

3.1 Total Public Debt Outstanding

Nigeria's Total Public Debt (comprising the External and Domestic debt of the Federal, States Government and the Federal Capital Territory) was ₦46,250,367.94 million (US\$103,110.84 million) as at December 31, 2022 compared to ₦39,556,032.50 million (US\$95,779.64 million) as at December 31, 2021, representing an increase of ₦6,694,335.44 million (US\$ 7,331.20 million) or 16.92 percent in Naira and 7.65 percent in dollar terms. The increase in the Total Public Debt stock was reflected in both Domestic and External Debt components. The Total External Debt stock stood at ₦18,702,251.88 million (US\$38,391.32 million) or 40.44 percent of the Total Public Debt stock, while the Total Domestic Debt stock was ₦27,548,116.06 million (US\$61,415.93 million) or 59.56 percent of the Total Public Debt stock. The increase in the Total External Debt stock in the year was largely as a result of the issuance of USD1.250 billion Eurobonds and disbursements from existing Multilateral and Bilateral creditors. The growth in the Total Domestic Debt stock on the other hand was from new issuances of domestic securities (FGN Bonds, Treasury Bills, FGN Savings Bond and Sukuk) by the FGN to fund the 2022 Appropriation Act and other Project commitments of the Government during the year under review, as well as borrowing by the thirty-six (36) States and the Federal Capital Territory (FCT).

The FGN's Domestic Debt stock as at December 31, 2022 amounted to ₦22,210,364.60 million, compared to ₦19,242,557.11 million as at December 31, 2021. This represented an increase of ₦2,967,807.49 million or 15.42 percent. This was as a result of new issuances of FGN Securities to fund the New Domestic Borrowing in the 2022 Appropriation Act and refinancing of matured debt obligations, as well as settlement of outstanding FGN arrears with Promisory Notes, in



favour of Oil Marketing Companies, Exporters, State Governments and Local Contractors. Table 3.1 shows Nigeria's Total Public Debt Outstanding for the period, 2018-2022.

Table 3.1: Nigeria's Total Public Debt Outstanding, 2018-2022

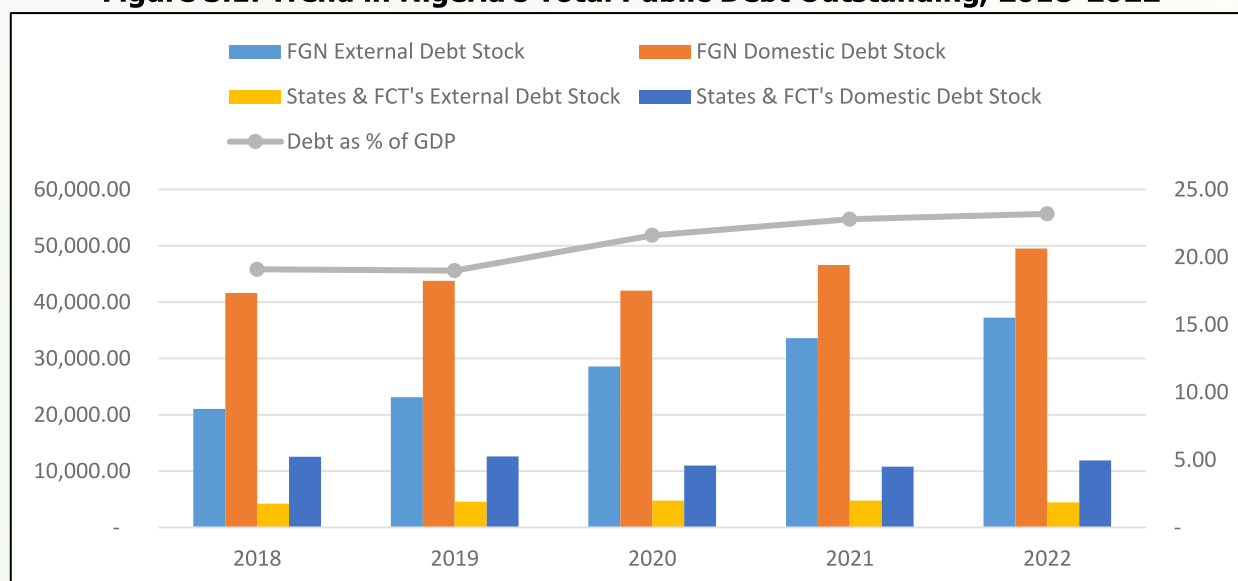
	2018	2019	2020	2021	2022
External Debt Stock					
Federal Government of Nigeria					
US\$ Million	21,043.65	23,111.27	28,574.45	33,620.09	37,238.54
NGN' Million	6,460,399.86	7,534,274.02	10,886,865.45	13,884,760.97	16,703,347.12
States & FCT					
US\$ Million	4,230.72	4,564.87	4,773.63	4,771.23	4,456.37
NGN' Million	1,298,830.13	1,488,147.62	1,818,753.03	1,970,470.28	1,998,904.76
Total External Debt Stock					
US\$ Million	25,274.36	27,676.14	33,348.08	38,391.32	41,694.91
NGN' Million	7,759,229.99	9,022,421.64	12,705,618.48	15,855,231.25	18,702,251.88
as % of GDP	6.07	6.26	8.34	9.14	9.38
% of Total	31.82	32.93	38.6	40.08	40.44
Domestic Debt Stock					
Federal Government of Nigeria					
US\$ Million	41,610.44	43,781.12	42,057.55	46,593.28	49,515.92
NGN' Million	12,774,405.70	14,272,644.79	16,023,885.38	19,242,557.11	22,210,364.60
States & FCT					
US\$ Million	12,551.91	12,596.06	10,986.91	10,795.04	11,900.01
NGN' Million	3,853,436.05	4,106,314.86	4,186,010.99	4,458,244.14	5,337,751.46
Total Domestic Debt Stock					
US\$ Million	54,162.35	56,377.18	53,044.46	57,388.32	61,415.93
NGN' Million	16,627,841.75	18,378,959.65	20,209,896.37	23,700,801.25	27,548,116.06
as % of GDP	13.02	12.74	13.27	13.66	13.82
% of Total	68.18	67.07	61.4	59.92	59.56
Nigeria's Total Public Debt Stock					
US\$ Million	79,436.72	84,053.32	86,392.54	95,779.64	103,110.84
NGN' Million	24,387,071.74	27,401,381.29	32,915,514.85	39,556,032.50	46,250,367.94
as % of GDP	19.09	19.00	21.61	22.80	23.20

Source: DMO

Note: CBN Official Exchange Rate of US\$1/NGN448.55 as at December 31, 2022 was used in converting 2022 figures.

Nigeria's Total Public Debt as a percentage of GDP ratio was 23.20 percent as at December 31, 2022 compared to 22.80 percent in the corresponding period of 2021. This ratio is still within Nigeria's self-made Limit of 40 percent set under the approved MTDS, 2020-2023 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 the total public debt outstanding for the period, 2018-2022.

Figure 3.1: Trend in Nigeria's Total Public Debt Outstanding, 2018-2022



Source: DMO

3.1.1 Total FGN's Debt Outstanding by Original Maturity

Total FGN's Debt stock (debts of the States and FCT were excluded) by Original Maturity as at December 31, 2022 comprised long-term debt of US\$81,349.25 million or 89.19 percent, and short-term debt of US\$9,861.59 million or 10.81 percent. The FGN's External Debt outstanding by Original Maturity amounted to US\$41,694.91 million or 45.71 percent as a percentage of Total FGN's Debt was made up of long-term and short-term instruments only. However, the FGN's Domestic Debt outstanding by Original Maturity comprised both short-term and medium-long term debts. The short-term debt by Original Maturity was US\$9,860.03 million or 10.81 percent of the Total FGN's Debt, consisting of the Nigerian Treasury Bills only. The medium-long term Domestic Debt amounted to US\$39,655.90 million or 43.48 percent of the Total FGN's Debt, which comprised FGN Bonds (US\$36,610.33 million), Treasury Bonds (US\$113.70



million), FGN Savings Bond (US\$61.32 million), FGN Sukuk (US\$1,655.46 million), FGN Green Bond (US\$33.44 million) and Promissory Notes (US\$1,181.66 million), respectively. Table 3.2 and Figure 3.2 show the Total FGN's Debt outstanding by Original Maturity.

Table 3.2: Total FGN's Debt Outstanding by Original Maturity, 2018-2022(US\$' Million)

	2018	2019	2020	2021	2022
External Debt Stock					
Short – term ²	0.00	0.00	0.00	0.00	1.56
% of total	0.00	0.00	0.00	0.00	0.00
Medium-Long term	21,043.65	23,111.27	28,574.45	38,391.32	41,693.35
% of total	37.62	36.89	40.46	45.17	45.71
Sub-Total	21,043.65	23,111.27	28,574.45	38,391.32	41,694.91
Domestic Debt Stock					
Short – term ²	8,911.95	8,133.47	7,716.13	9,876.39	9,860.03
% of total	14.22	12.16	10.92	11.63	10.81
Medium-Long term	32,698.50	35,647.64	34,341.32	36,716.89	39,655.90
% of total	52.19	53.29	48.62	43.20	43.48
Sub-Total	41,610.44	43,781.10	42,057.44	46,593.28	49,515.93
Total	62,654.09	66,892.37	70,631.89	84,984.60	91,210.84

Source: DMO

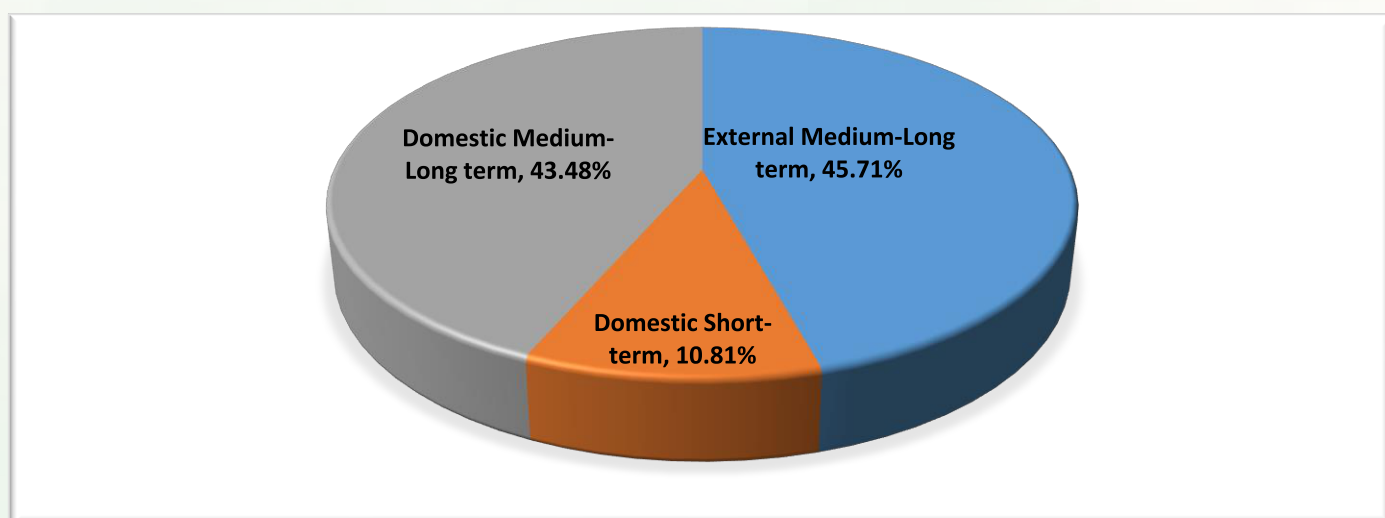
¹ Official CBN Exchange Rate of ₦448.55/US\$1 as at 31/12/2022 was used for 2022 figures

² Short-term external debt are debt with less than 1-year original maturity

³ Short-term domestic debt consists of 91, 182 and 364 days Nigerian Treasury Bills.

⁴ Medium-Long term domestic debt consists of Treasury Bonds, FGN Saving Bonds, FGN Sukuk, Promissory Notes and FGN Bonds for 2 or more years

Figure 3.2: Total FGN's Debt Outstanding by Original Maturity as at December 31, 2022



Source: DMO



3.2 FGN's Total Public Debt - Interest Payments in 2022

In 2022, the Interest and Rental Payment on FGN's Total Public Debt amounted to US\$7,406.20 million, relative to US\$6,093.62 million in 2021, reflecting an increase of US\$1,312.58 million or 21.54 percent. Interest and Rental payments were made during the year on both External Debt and Domestic Debt. External Debt, Interest Payments were made on Multilateral and Bilateral debts, as well as the Commercial debts. For Domestic Debt, Interest and Rental payments were made in respect of FGN Bonds, NTBs, Treasury Bond, FGN Savings Bond, FGN Sukuk and FGN Green Bond (Table 3.3).

Table 3.3: Total FGN's Public Debt - Interest and Rental Payments, 2018-2022 (US\$' Million)

	2018	2019	2020	2021	2022
External Debt	687.8	1,065.07	1,138.05	1,119.06	2,405.50
<i>% of Total</i>	<i>(10.51)</i>	<i>(17.29)</i>	<i>(19.16)</i>	<i>18.36</i>	<i>32.48</i>
Domestic Debt	5,856.35	5,095.18	4,802.34	4,974.56	5,000.70
<i>% of Total</i>	<i>(89.49)</i>	<i>(82.71)</i>	<i>(80.84)</i>	<i>81.64</i>	<i>67.52</i>
	6,544.15	6,160.25	5,940.39	6,093.62	7,406.20

Source: DMO

Official CBN Exchange Rate of ₦148.55/US\$1 as at 31/12/2022, was used for 2022 figures.

Note: States and FCT's Interest payment on External debt was included

3.3 FGN's Total Public Debt - Principal Repayments in 2022

The FGN's Total Public Debt principal repayment was US\$1,614.55 million in year 2022 from US\$1,581.77 million in 2021, representing an increase of US\$32.78 million or 2.07 percent, the principal repayments made were on both the External Debt and the Domestic Debt including their respective deferred principal payment. For External Debt, principal repayments made on Multilateral and Bilateral debts, amounted to US\$602.45 million or 66.48 percent as a percentage of the Total Principal Repayment, whilst those on the Domestic Debt were redemptions on Treasury Bonds, FGN Savings Bond and Promissory Notes amounting to US\$55.74 million or 7.87 percent and US\$652.60 million or 92.13 percent respectively (Table 3.4).

Table 3.4: Total FGN's Public Debt - Principal Repayments, 2018-2022 (US\$' Million)

	2018	2019	2020	2021	2022
External Debt	712.75	268.51	418.16	989.97	906.24
<i>% of Total</i>	<i>(100.00)</i>	<i>(29.76)</i>	<i>(86.44)</i>	<i>62.58</i>	<i>56.13</i>
Domestic Debt	0	633.71	65.62	591.80	708.31
<i>% of Total</i>	<i>(0.00)</i>	<i>(70.24)</i>	<i>(13.56)</i>	<i>37.42</i>	<i>43.87</i>
	712.75	902.22	483.78	1,581.77	1,614.55

Source: DMO

Note: States and FCT's Interest payment on External debt were included

CHAPTER FOUR

NIGERIA'S EXTERNAL DEBT



CHAPTER FOUR

NIGERIA'S EXTERNAL DEBT

Nigeria's External Debt as at December 31, 2022 was US\$41,694.92 million compared to US\$38,391.32 million as at December 31, 2021. The External Debt stock comprised Multilateral and Bilateral Loans, as well as Eurobonds and a Syndicated Loan. While the Multilateral and Bilateral Loans are mostly Concessional, the Eurobonds and Syndicated Loan are Non-Concessional. The increase in External Debt stock in the year under review was due to Eurobond issuance, a syndicated loan, additional disbursements from existing Multilateral and Bilateral loans, and non-interest Notes issued to settle Federal Government of Nigeria's (FGN) arrears. 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.

4.1 External Debt Stock

Nigeria's Total External Debt moved by US\$3,303.60 million or 8.61 percent to US\$41,694.92 million as at December 31, 2022, from US\$38,391.32 million as at December 31, 2021. This was due to the Eurobond issued by Nigeria in March 2022, as part of the funding for the 2021 Appropriation Act, a USD\$260 billion syndicated loan for a rail project, additional disbursements from existing multilateral and bilateral loans, and the depreciation of the Naira to the US Dollar during the period, from ₦112.99/US\$1 by December 31, 2021 to ₦448.55/US\$1 by December 31, 2022. As a result, the ratio of External Debt-to-GDP increased to 9.38 percent as at December 31, 2022, from 9.14 percent in the corresponding period of 2021. Table 4.1 shows the trend of External Debt outstanding by Source for the period, 2018 – 2022.

Table 4.1: External Debt Outstanding by Source, 2018-2022 (US\$' Million)

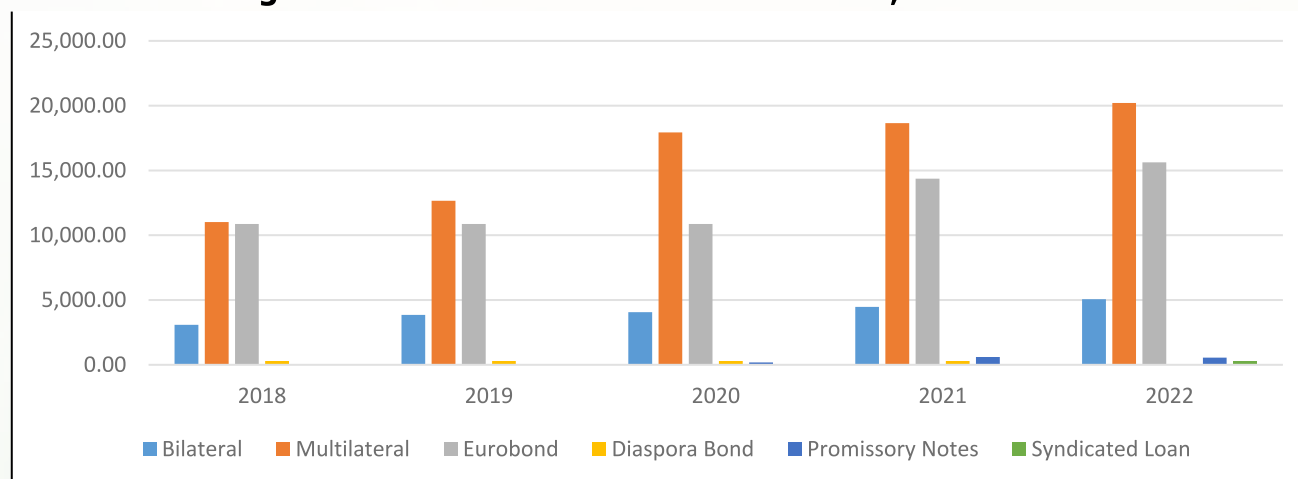
Source	2018	2019	2020	2021	2022
1. Bilateral	3,091.68	3,847.41	4,059.39	4,466.05	5,067.19
2. Multilateral	11,014.34	12,660.38	17,933.65	18,656.28	20,201.47
Sub-Total	14,106.02	16,507.79	21,993.04	23,122.33	25,268.66
1. Eurobonds	10,868.35	10,868.35	10,868.35	14,368.35	15,618.35
2. Diaspora Bond	300.00	300.00	300.00	300.00	0
3. Promissory Notes*	0	0	186.70	600.64	547.91
4. Syndicated Loan	0	0	0	0	260.00
Sub-Total	11,168.35	11,168.35	11,355.05	15,268.99	16,426.26
Grand Total	25,274.36	27,676.14	33,348.08	38,391.32	41,694.92
1. Bilateral	12.23	13.90	12.17	11.63	12.15
2. Multilateral	43.58	45.75	53.78	48.60	48.45
Sub-Total	55.81	59.65	65.95	60.23	60.60
1. Eurobonds	43.00	39.27	32.59	37.43	37.47
2. Diaspora Bond	1.19	1.084	0.90	0.78	0.00
3. Promissory Notes*	0.00	0.00	0.56	1.56	1.31
4. Syndicated Loan	0.00	0.00	0.00	0.00	0.62
Sub-Total	44.19	40.35	34.05	39.77	39.40
Grand Total	100	100	100	100	100

Source: DMO

Note*These are non-interest notes issued to settle FGN arrears.



Figure 4.1: Trends in External Debt Stock, 2018–2022



Source: DMO

New External Borrowing have been to maximise the concessional sources, while the balance would be from Commercial sources. Consequently, the Multilateral and Bilateral creditors have continued to be the main sources of External Debt Borrowing, line with Nigeria’s Medium-Term Debt Management Strategy, 2020 - 2023. Table 4.1 and Figure 4.1 show the trend of External Debt Stock since 2018-2022, indicating that borrowings were mainly from Multilateral and Bilateral Sources compared to other sources.

4.2 External Debt Stock by Source (Creditor Category)

As shown in Table 4.2, the Official Creditors (Multilateral and Bilateral Loans) constituted US\$25,268.65 million or 60.60 percent of the Total External Debt Stock by source, as at December 31, 2022. International Development Association (IDA), International Monetary Fund (IMF) and the African Development Bank (AfDB) constituted the main Multilateral Creditors, with US\$13,446.12 million (32.25 percent), US\$3,266.46 million (7.83 percent) and US\$955.61 million (3.82 percent) of the Total External Debt stock, respectively as at December 31, 2022. China, France and Germany led the Bilateral Creditors, with US\$4,293.63 million (10.30 percent), US\$535.95 million (1.29 percent) and US\$144.54 million (0.35 percent) of the Total External Debt stock, respectively. Whereas, the Commercial debt accounted for US\$15,878.35 million (38.08 percent) of the Total External Debt Stock, comprising Eurobonds of US\$15,618.35 million (37.46 percent) and Syndicated Loan of US\$260.00 million (0.62 percent). Promissory Notes, which are non-interest notes accounted for US\$547.91 million (1.31 percent) of the Total External Debt stock as at December 31, 2022.



Table 4.2: External Debt Stock by Source as at December 31, 2022 (US\$' Million)

Category	Principal Balance	Principal Arrears	Interest Arrears	Total	Percentage
Multilateral – WB Group					
IMF	3,266.46	0.00	0.00	3,266.46	7.83
IDA	13,446.12	0.00	0.00	13,446.12	32.25
IBRD	487.03	0.00	0.00	487.03	1.17
AfDB Group:					
AfDB	1,591.81	0.00	0.00	1,591.81	3.82
AGTF	18.71	0.00	0.00	18.71	0.04
ADF	955.61	0.00	0.00	955.61	2.29
Other Multilaterals:					
BADEA	5.52	0.00	0.00	5.52	0.01
EDF	38.02	0.00	0.00	38.02	0.09
IDB	140.00	0.00	0.00	140.00	0.34
IFAD	252.74	0.00	0.00	252.74	0.61
Sub-Total	20,201.47	0.00	0.00	20,201.47	48.45
China (Exim Bank of China)					
	4,293.63	0.00	0.00	4,293.63	10.30
France (AFD)	535.95	0.00	0.00	535.95	1.29
Japan (JICA)	62.72	0.00	0.00	62.72	0.15
India (Exim Bank of India)	30.34	0.00	0.00	30.34	0.07
Germany (KfW)	144.54	0.00	0.00	144.54	0.35
Sub-Total	5,067.18	0.00	0.00	5,067.18	12.15
Eurobonds					
	15,618.35	0.00	0.00	15,618.35	37.46
Syndicated Loan					
	260.00	0.00	0.00	260.00	0.62
Sub-Total	15,878.35	0.00	0.00	15,878.35	38.08
Promissory Notes*					
	547.91	0.00	0.00	547.91	1.31
Sub-Total	547.91	0.00	0.00	547.91	1.31
GRAND TOTAL	41,694.91	0.00	0.00	41,694.91	100.00

Source: DMO

Note: *These are non-interest notes issued to settle FGN arrears.

4.3 External Debt Stock by Instrument Type

The External Debt Stock by Instrument Type is broken down into Non-Marketable and Marketable instruments. The Non-Marketable Debt (Loans) constituted 61.23 percent of the Total External Debt Stock, while the Marketable Debt accounted for 38.77 percent as at December 31, 2022 (Table 4.3).



Table 4.3: External Debt Stock by Instrument Type, 2018-2022 (₦' Million)

Instrument Type	2018	2019	2020	2021	2022
Non-Market-Based (Loans)	14,106.01	16,507.79	21,993.04	23,122.33	25,528.65
<i>% of Total</i>	<i>55.81</i>	<i>59.65</i>	<i>65.95</i>	<i>60.23</i>	<i>61.23</i>
Market Based (Bonds)	11,168.35	11,168.35	11,355.05	15,268.99	16,166.26
<i>% of Total</i>	<i>44.19</i>	<i>40.35</i>	<i>34.05</i>	<i>39.77</i>	<i>38.77</i>
Total	25,274.36	27,676.14	33,348.09	38,391.32	41,694.91

Source: DMO

Notes

i. Non-Marketable Debt are Loans obtained from the Multilateral and Bilateral sources, and Syndicated Loans

ii. Marketable Debt comprise Eurobonds issued in the International Capital Market (ICM), and Promissory Notes issued to Local

Contractors

4.4 Currency Composition of External Debt

Table 4.4 shows that as at December 31, 2022, the Currency Composition of the External Debt Stock comprises of: Swiss Francs (CHF), Yuan Renminbi, EURO, Great Britain Pounds (GBP), ID Units of Account (Islamic Dinar), Japanese Yen (JPY), United States Dollar (US\$) and Special Drawing Rights (SDRs). The major currencies are the US\$ and SDR, accounting for 57.08 and 41.25 percent of the Total External Debt Stock, respectively. The other currencies (CHF, EUR, GBP, ID and JPY) cumulatively accounted for 1.67 percent of the Total External Debt stock.

Table 4.4: External Debt Stock by Currency Composition as at December 31, 2022

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	4,563,820.82	485.97	2,217,878,634.75	448.55	4,944,551.63	0.01%
YUAN	1,066,811,03	65.01	69,349,971,687.55	448.55	154,609,233.50	0.33%
EUR	537,434,194.	478.92	257,386,264,439.3	448.55	573,818,447.08	1.23%
GBP	14,811,931.1	540.10	7,999,910,672.57	448.55	17,835,047.76	0.04%
IDB Units of	20,631,519.8	596.93	12,315,579,357.39	448.55	27,456,424.83	0.06%
Yen*	18,584,199.8	3.40	63,260,616.36	448.55	141,033.59	0.00%
US Dollars	26,652,416,7	448.55	11,954,941,536,64	448.55	26,652,416,757	57.08%
SDR (Special	14,475,279,2	596.93	8,640,732,803,826	448.55	19,263,700,376	41.25%
Total			20,945,007,205,		46,694,921,8	100.00

Source: DMO

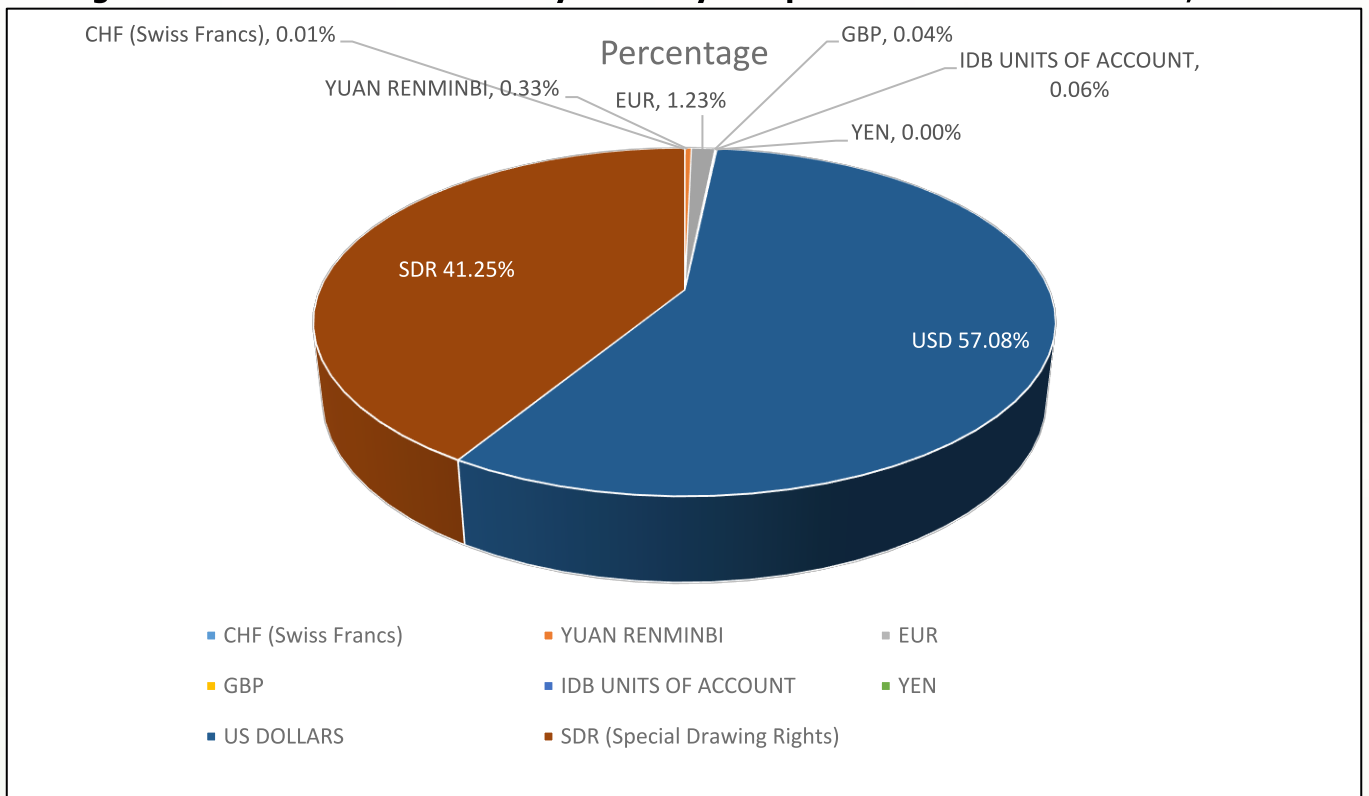
Note: i. SDR is a virtual World Bank's currency used in granting loan facilities and it comprises GBP, EUR, USD, JPY and CHF

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, 2022



Source: DMO

4.5 External Debt by Remaining/Residual Maturities

The Total External Debt Stock outstanding by Remaining/Residual Maturities was broken down 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 share of short-term in the Total External Debt stock accounted for US\$1,513.66 million or 3.63 percent, medium-term (US\$6,154.56 million or 14.76 percent) and long-term (US\$34,026.70 million or 81.61 percent). The larger share of longer-term External Debt helps to mitigate the External Debt stock from refinancing risks associated with short-term debts.

**Table 4.5: External Debt by Remaining or Residual Maturity as at December 31, 2022
(US\$' Millions)**

Creditor Category	Short-Term (0 – 1yr)	Medium-Term (>1 – 3yrs)	Long-Term (Over 3yrs)
Multilateral			
IMF	613.63	1,840.88	811.95
IDA	263.98	932.99	12,249.15
IBRD	5.24	49.12	432.67
AfDB	112.84	335.32	1,143.65
AGTF	0.00	1.75	16.42
ADF	22.08	71.19	862.33
BADEA	0.27	0.81	4.44
EDF	4.58	14.06	19.37
IDB	5.31	19.73	114.95
IFAD	4.34	21.54	226.89
Sub-Total	1,032.27	3,287.39	15,881.82
Bilateral			
Exim Bank of China	153.81	1,035.78	3,104.04
Exim Bank of India	5.52	16.55	8.27
French Development Agency	42.47	136.51	356.98
Japan International Cooperation Agency	0.59	1.77	60.36
Germany Kreditanstalt Fur Wiederaufbau (KfW)	19.05	58.19	67.30
Sub-Total	221.44	1,248.80	3,596.95
Commercial			
Eurobonds	0.00	1,618.35	14,000.00
Syndicated Loan	260.00	0.00	0.00
Sub-Total	259.99	1,618.35	14,000.00
Promissory Notes*	0.00	0.00	547.91
Grand Total	1,513.70	6,154.54	34,026.68

Source: DMO

Note: *These are non-interest notes issued to settle arrears of the FG to Local Contractors

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 the 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 and Environment. Table 4.6 shows sectors with the share in the outstanding External Debt Stock as at December 31, 2022. The key sector is the Budget Support (Multi Sector) with 38.21 percent and 37.46 percent in 2021 and 2022 respectively. Table 4.7 shows the FGN Guarantees and



Contingent Liabilities as at December 31, 2022. The Power sector has the highest guarantee with 51.23 percent in the period under review.

Table 4.6: Sectoral Allocation of External Debt in 2021 & 2022 (US\$' Million)

Economic Sector	2021		2022	
	Amount Outstanding	% Share of Total	Amount Outstanding	% Share of Total
LOANS				
Agriculture and Rural	3,030.80	7.89	3,152.98	7.56%
Budget Support	4,384.47	11.42	4,084.51	9.80%
Science & Technology	462.38	1.20	526.42	1.26%
Education	1,091.19	2.84	1,250.27	3.00%
Energy and Solid Mineral	1,781.24	4.64	2,656.76	6.37%
Environment	725.05	1.89	732.40	1.76%
Health & Social Welfare	2,478.17	6.46	2,410.02	5.78%
Housing & Urban	786.04	2.05	786.31	1.89%
Economic	4,802.29	12.51	5,786.54	13.88%
Transport	3,580.70	9.33	4,142.45	9.94%
BONDS				
Budget Support	14,668.35	38.21	15,618.35	37.46%
Promissory Notes*	600.64	1.56	547.91	1.31%
Total	38,391.32	100.00	41,694.92	100.00

Source: DMO

Notes: *These are non-interest notes issued to settle arrears of the FG to Local Contractors

Table 4.7: Nigeria's Guarantees and Contingent Liabilities as at December 31, 2022

	Sector	Amount Outstanding (₦)	% Share of Total	% Per Sector
Federal Mortgage Bank of Nigeria	Housing	5,238,066,514.60	8.5	0.76
Nigeria Mortgage Refinance Company Plc	Housing	22,951,433,960.00	0.62	
FCDA – Katampe Infrastructure	Transport	7,440,504,380.68	0.20	0.90
Lekki Port LFTZ Enterprise – Lekki Deep Sea Port	Transport	25,942,200,000.00	0.70	
Power Sector Contingent Liability (POCA)	Power	699,187,918,684.92	18.85	51.23
Power Sector Contingent Liability (POCA)	Power	103,634,505,878.00	2.79	
Legacy FGN Exposure PHCN Successor Companies	Power	1,097,540,979,100.00	29.59	
NNPC-AKK Gas Pipeline Project	Oil & Gas	1,062,308,949,100.98	28.64	28.64
Pension Arrears for MDAs	Finance	684,991,225,834.65	18.47	18.47
		3,709,235,783,453.83	100.00	100.00

Source: DMO

*Exchange Rate \$/N448.5

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



4.7 External Debt by Concessionality

The Concessional Debts represents 55.60 percent of the Total External Debt Stock, while the Non-Concessional Debts accounted for 44.40 percent as at December 31, 2022, compared to 59.90 percent and 55.10 percent in the corresponding period of 2021, respectively. Table 4.8 and Figure 4.3 show that the Concessional Debts were sourced mainly from Multilateral and Bilateral Creditors, while the Non-Concessional Debts comprised the Eurobond Issuances, Syndicated Loan, and issuance of Promissory Notes, as well as 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, with 32.25 percent of the Total External Debt Stock as at December 31, 2022.

Table 4.8: Concessional and Non-Concessional External Loans as at December 31, 2021 (US\$' Million)

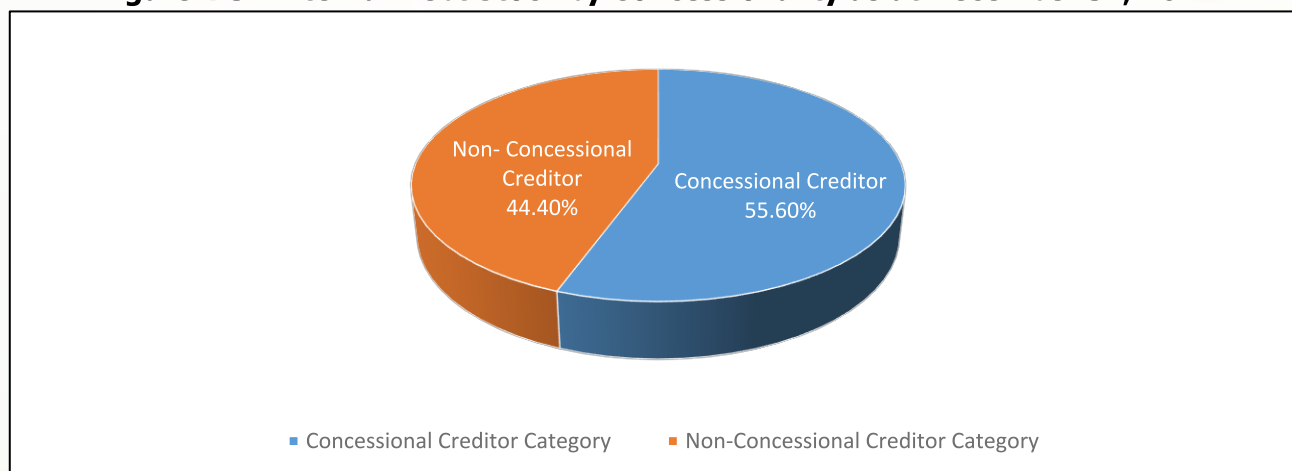
Funding Sources	Amount	% of Total Debt
Concessional Creditor Categories	23,189.82	55.60
Multilateral	18,122.64	
International Monetary Fund	3,266.46	7.83
International Development Association (IDA)	13,446.12	32.25
International Fund for Agricultural Development	252.74	0.61
European Development Fund (EDF)	38.02	0.09
African Development Fund (ADF)	955.61	2.29
Africa Growing Together Fund (AGTF)	18.17	0.04
Islamic Development Bank (IDB)	140.00	0.34
Arab Bank for Economic Development (BADEA)	5..52	0.01
Bilateral	5,067.18	
Exim Bank of China	4,293.63	10.30
French Development Agency (AFD)	535.95	1.29
Japan (JICA)	62.72	0.15
Exim Bank of India	30.34	0.07
Germany (KFW)	144.54	0.35
Non-Concessional Creditor Categories	18,505.09	44.40
Multilateral	2,078.84	
African Development Bank (AfDB)	1,591.81	3.82
International Bank for Reconstruction and	487.03	1.17
Commercial	15,878.35	
Eurobonds	15,618.35	37.46
Syndicated Loan	260.00	0.62
Promissory Notes*	547.91	1.31
Grand Total	41,694.91	100.00

Source: DMO

Note: *These are non-interest notes issued to settle arrears of the FG to Local Contractors



Figure 4.3: External Debt Stock by Concessionality as at December 31, 2022



Source: DMO

4.8 External Debt Flows

4.8.1 External Debt Principal Repayments

The External Debt Principal Repayment amounted to US\$906.24 million as at December 31, 2022 compared to US\$989.97 million as at December 31 2021, representing a decrease of US\$8.46 million or 8.46 percent. This was due to the redemption of diaspora bond in the period under review in the sum of US\$300.00 million. The principal repayments made in the year amounted to (US\$411.23 million) and (US\$191.22 million) for Multilateral Debts and Bilateral Debts respectively, as shown in Table 4.9.

Table 4.9: External Debt Principal Repayments by Creditor Category, 2018-2022 (US\$' Million)

	Principal Repayments				
	2018	2019	2020	2021	2022
A. Official					
1. Multilateral	129.71	182.51	262.71	311.04	411.23
2. Bilateral	83.04	86.41	155.45	178.93	191.22
B. Commercial					
1. Eurobonds	500.00	-	-	500.00	-
2. Diaspora Bond	-	-	-	-	300.00
C. Promissory notes*					
	-	-	-	-	3.79
Total	712.75	268.51	418.16	989.97	906.24

Source: DMO

Note: *These are non-interest notes issued to settle arrears of the FG to Local Contractors



4.8.2 External Debt Interest Payments in 2022

The Interest Payments on the External Debt in 2022 was US\$1,499.23 million compared to US\$1,119.07 million in 2021, showing an increase of US\$380.16 million or 33.97 percent. The increase is explained by the redemption of the debut US\$500million Eurobonds that will mature in the year under review, which required payment of interest on maturity. External Debt Interest Payments by Creditor category is shown in Table 4.10.

Table 4.10: External Debt Interest Payments by Creditor Category, 2018-2022 (US\$' Million)

Interest Payments					
	2018	2019	2020	2021	2022
A. Official					
1. Multilateral	56.17	147.05	170.37	185.08	207.39
2. Bilateral	59.01	88.45	96.52	110.76	145.33
B. Commercial					
1. Eurobonds	514.00	770.95	823.22	806.35	1,132.13
2. Diaspora Bond	16.88	16.88	16.88	16.88	8.44
3. Syndicated Loan	-	-	-	-	5.95
C. Others¹	41.75	41.74	20.89	-	-
Total	687.80	1,065.07	1,127.88	1,119.07	1,499.23

Source: DMO

¹Outstanding 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\$4,781,352.30 was credited to the FGN in 2022 as waivers granted, due to prompt remittances of principal and interest payments during the year. Specifically, the sum of US\$4,532,050.45, US\$81,781.86, US\$111,680.00, US\$67,275.53, and US\$244.46 were granted to the FGN in respect of prompt payments made to IDA, IDB, AFD, And BADEA as shown in Table 4.11.

Table 4.11: Waivers in 2022 (US\$' Thousand)

Category	Waiver/ Credit
MULTILATERAL	
IDA	4,532.05
IDB	181.78
BADEA	0.24
BILATERAL	
FRENCH DEVELOPMENT AGENCY (AFD)	67.28
TOTAL	4,781.35

Source: DMO



4.8.4 External Debt Principal Repayments Projections (2023–2032)

The Principal Repayments on the External Debt is projected to increase due to the redemption of some Eurobonds in the projection period. The principal repayments are projected to be made in respect of 6.375% US\$500M JUL 2023 Eurobond; 7.625% US\$1.118BN NOV 2025 Eurobond; 6.500% US\$1.5BN NOV 2027 Eurobond, 6.125% US\$1.25BN 2028 Eurobond, 8.375% US\$1.25BN 2029, 7.143% US\$1.25BN 2030, 8.747% US\$1.00BN 2031, and 7.875% US\$1.50BN 2032 due to mature between 2023 and 2032. Table 4.12 shows the External Debt Principal Repayment projections in the next 10 years, 2022-2031.

Table 4.12: External Debt Principal Repayment Projections, 2022 – 2031 (US\$' Million)

Category of Debt	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Multilateral										
ADF										
Principal	24.53	28.27	28.85	29.20	29.51	31.42	33.00	33.85	33.84	42.14
ADB										
Principal	132.12	129.12	142.32	151.94	151.94	151.94	151.94	171.31	181.01	181.01
AGTF										
Principal	-	4.08	4.83	6.83	6.83	6.83	6.83	8.01	8.01	8.01
IFAD										
Principal	7.48	5.63	12.11	15.78	15.78	15.78	15.78	15.78	15.78	15.78
IDA										
Principal	409.51	351.11	417.94	503.08	532.47	533.65	567.44	604.82	630.56	777.70
IMF										
Principal	848.97	1,363.17	681.59	-	-	-	-	-	-	-
EDF										
Principal	4.98	4.13	4.17	4.22	4.27	4.31	4.33	2.20	-	-
BADEA										
Principal	0.39	0.37	0.38	0.38	0.38	0.39	0.39	0.39	0.40	0.040
IDB										
Principal	14.18	13.52	15.99	18.45	18.89	23.51	23.69	23.88	24.08	22.07
IBRD										
Principal	6.05	9.22	20.31	21.35	23.93	25.14	26.43	27.77	29.20	30.65
Sub-Total	1,448.2	1,908.6	1,328.5	751.24	784.01	792.98	829.84	888.00	922.88	1,077.7
Bilateral										
Principal	247.08	320.52	485.73	527.67	557.86	583.96	601.57	638.02	558.85	555.01
Sub-Total	247.08	320.52	485.73	527.67	557.86	583.96	601.57	638.02	558.85	555.01
Commercial										
ICM										
Principal	500.00	-	1,118.35	-	1,500.00	1,250.00	1,250.00	1,250.00	1,000.00	1,500.00
Syndicated										
Principal	300.00	-	-	-	-	-	-	-	-	-
Sub-Total	800.00	-	1,118.35	-	1,500.00	1,250.00	1,250.00	1,250.00	1,000.00	1,500.00
Promissory Notes*										
Promissory Notes*										
Principal	184.63	41.90	41.90	41.90	41.90	41.90	41.90	41.90	41.90	-
Sub-Total	184.63	41.90	41.90	41.90	41.90	41.90	41.90	41.90	41.90	-
New Financing	185.22	185.22	185.22	185.22	185.22	185.22	185.22	185.22	-	-
Total Principal	2,865.1	2,459.2	3,159.7	1,506.0	3,068.9	2,854.0	2,908.5	3,003.1	2,523.6	3,132.7
	4	6	0	2	9	5	2	4	2	6

Source: DMO

Note: *These are non-interest notes issued to settle arrears of the FG to Local Contractors



4.8.5 External Debt Interest Payment Projections, 2023–2032

Table 4.13 shows an increase in projected External Debt Interest Payment over the 10-year period, as a result of the anticipated increase in borrowing from external sources to finance Budget Deficits, in line with Nigeria’s Medium-Term Debt Management Strategy, 2020 - 2023.

Table 4.13: External Debt Interest Payment Projections, 2023 - 2032 (US\$' Million)

Category of Debt	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Multilateral										
ADF										
Interest	17.36	10.88	11.11	10.87	10.56	10.24	9.84	9.46	9.07	8.69
ADB										
Interest	84.06	75.67	80.71	77.44	70.80	63.88	56.61	49.51	42.41	35.42
AGTF										
Interest	1.26	2.88	4.86	6.23	6.44	6.20	5.78	5.38	4.98	4.59
IFAD										
Interest	3.29	3.49	4.43	5.05	4.88	4.62	4.37	4.11	3.85	3.59
IDA										
Interest	207.95	186.86	213.16	226.24	227.96	223.49	215.38	205.91	195.93	185.43
IMF										
Interest	8.39	15.05	2.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EDF										
Interest	0.37	0.27	0.22	0.18	0.14	0.10	0.05	0.01	0.00	0.00
BADEA										
Interest	0.57	0.07	0.07	0.06	0.06	0.06	0.05	0.05	0.05	0.04
IDB										
Interest	6.14	4.56	4.40	2.52	2.29	2.11	1.93	1.75	1.55	1.34
IBRD										
Interest	16.27	15.51	15.08	14.42	13.72	12.96	12.15	11.31	10.42	9.49
Sub-Total	345.17	315.22	336.45	343.01	336.85	323.68	306.17	287.49	268.26	248.60
Bilateral										
Interest	184.63	128.51	133.94	133.09	128.55	120.43	110.42	97.72	83.99	71.94
Sub-Total	136.41	128.51	133.94	133.09	128.55	120.43	110.42	97.72	83.99	71.94
Commercial										
ICM										
Interest	1,184.47	1,152.59	1,152.59	1,067.32	1,067.32	969.82	840.91	743.92	626.43	552.75
Syndicated										
Interest	34.08	8.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub-Total	1,218.55	1,160.73	1,152.59	1,067.32	1,067.32	969.82	840.91	743.92	626.43	552.75
Total Interest	1,700.12	1,604.47	1,622.98	1,543.41	1,532.72	1,413.92	1,257.52	1,129.13	978.68	873.28

Source: DMO

4.8.6 External Debt Disbursements

Total External Debt Disbursements in 2022 was US\$5,014.40 million compared to US\$6,432.61 million in the preceding year. The disbursements were largely from Eurobonds, Multilateral and Bilateral Creditors. Table 4.14 shows External Debt Disbursements by Source from 2018-2022.



Table 4.14: External Debt Disbursements by Source, 2018-2022 (US\$' Million)

Source	2018	2019	2020	2021	2022
Multilateral					
IMF	-	-	3,358.90	-	-
IDA	945.37	1,253.39	1,193.48	1,346.69	2,350.97
IFAD	28.36	31.34	22.03	24.99	34.41
AfDB	134.99	136.66	310.18	20.88	147.34
ADF	67.48	69.71	27.64	47.58	39.40
AGTF	-	-	0.08	4.80	13.14
IDB	-	-	1.65	7.63	25.00
BADEA	-	-	-	-	-
IBRD	-	285.33	0.23	1.53	41.61
Sub-Total	1,176.20	1,776.43	4,914.18	1,454.10	2,651.87
Bilateral	796.29	714.27	350.79	551.92	851.01
Commercial	5,368.35	-	181.87	4,000.00	1,509.96
Promissory Notes*	-	-	-	426.59	1.56
TOTAL	7,340.84	2,490.70	5,446.84	6,432.61	5,014.40

Source: DMO

Note: *These are non-interest notes issued to settle arrears of the FG to Local Contractors

4.8.7 Net Resource Flows and Net Transfers on External Debt

Nigeria's Net Resource Flows and Net Transfers on the External Debt were US\$4,108.16 million and US\$2,608.94 million in 2022 compared to US\$5,116.85 million and US\$3,997.79 million in 2021. The Net inflows in the year were as a result of disbursements from the Multilateral, Bilateral and Syndicated Creditors. Table 4.15 shows the Net Resource Flows and the Net Transfers on External Debt by Source in 2022.

Table 4.15: Net Resource Flows and Net Transfers on External Debt by Source in 2022 (US\$' Million)

Creditor Category	Disbursements in 2021	Principal Repayments in 2021	Net Resource Flows in 2021	Interest Paid in 2021	Net Transfers in 2021
	(A)	(B)	C (A-B)	(D)	E(C-D)
Multilateral	2,651.87	411.23			2,033.26
Bilateral	851.01	191.22			514.46
Syndicated	259.96	-			254.01
Oil Warrants	-	-		-	-
Eurobonds	1,250.00	300.00			(190.56)
Promissory		3.79		-	(2.23)
Total	5,014.40	906.24			2,608.94

Source: DMO

(i) Net resource flow equals disbursements less principal repayments.

(ii) Net transfers equal Net Resource flow less Interest payments.

4.9 International Capital Market Operations

4.9.1 Performance of Nigeria's Eurobonds in the Secondary Market



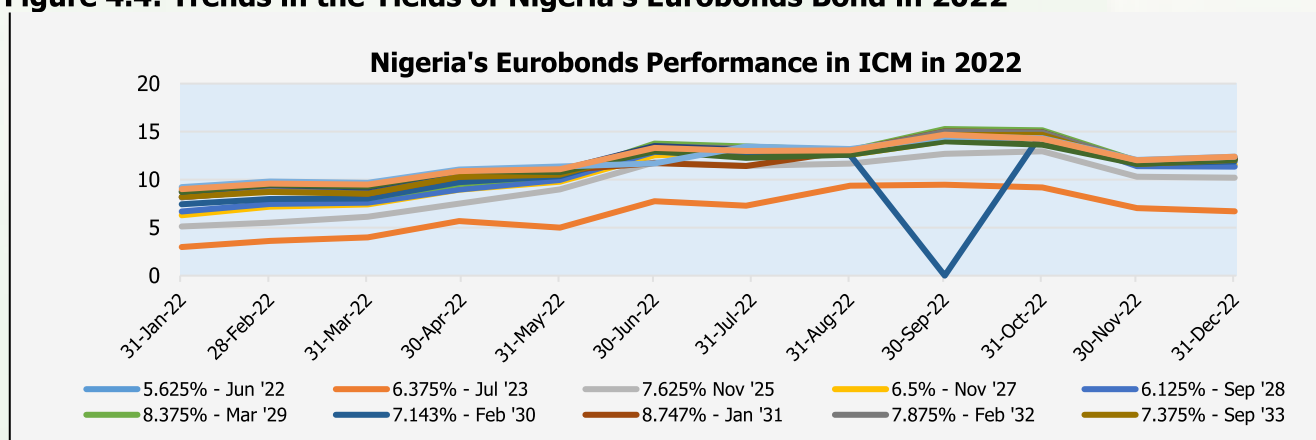
The Yields of Nigeria’s Eurobonds in the International Capital Market (ICM) rose by an average of 300 basis points in 2022 relative to their risen levels in 2021. The elevated yields led to increased cost of borrowing and restriction in market access. Some of the factors that accounted for the increase in the yields of Nigeria’s Eurobonds includes the rising global inflationary trends with resultant interest rates hike by central banks of major economies, such as the US Federal Reserve, the Bank of England and the European Central Bank. Others include, the ongoing Russia – Ukraine War with its adverse effect on global supply chain and the slow global economic recovery from external shocks occasioned by COVID-19 Pandemic.

Table 4.16: Trends in Selected Nigeria’s Eurobonds End-Month Yields (January-December, 2021 and 2022)

Months	2021					2022				
	7.625% NOV 2025	6.500% NOV 2027	8.747% JAN 2031	7.696% FEB 2038	9.248% NOV 2049	7.625% NOV 2025	6.500% NOV 2027	8.747% JAN 2031	7.696% FEB 2038	9.248% NOV 2049
January	4.07	5.02	6.43	7.12	7.76	5.12	6.29	8.17	8.75	9.22
February	4.02	5.17	6.55	7.35	7.90	5.51	7.19	8.85	9.43	9.80
March	4.41	5.79	7.22	7.83	8.29	6.13	7.42	8.53	9.16	9.67
April	4.10	5.34	6.66	7.33	7.86	7.50	8.95	10.30	10.93	11.05
May	4.06	5.18	6.60	7.28	7.85	8.99	9.79	10.97	10.99	11.37
June	4.22	5.24	6.69	7.35	7.93	11.80	12.53	13.72	13.50	13.69
July	4.23	5.18	6.76	7.34	7.85	11.43	12.83	13.42	13.09	13.45
August	4.32	5.28	6.71	7.35	7.86	11.67	12.59	13.00	13.05	13.18
September	4.59	5.68	7.22	7.75	8.37	12.69	14.02	15.02	14.43	14.48
October	5.00	5.95	7.47	8.02	8.57	12.95	14.61	14.92	14.31	14.32
November	6.02	6.85	8.39	8.88	9.36	10.30	11.58	11.76	11.83	12.05
December	5.60	6.40	7.86	8.48	9.03	10.20	11.57	12.20	12.23	12.39

Source: Bloomberg

Figure 4.4: Trends in the Yields of Nigeria’s Eurobonds Bond in 2022



Source: Bloomberg



4.9.2 Comparative Performance of other African Sovereigns Eurobonds

Table 4.17 presents the performance of Nigeria’s Eurobonds and selected African countries with similar term-to-maturity and credit rating during the period under review. Nigeria’s Eurobonds and that of Angola, Ghana and Kenya traded at higher yields when compared to the levels recorded in 2021. Some of the reasons attributable for the significant increase in the yields of the African Sovereign Eurobonds includes:

- i. The tightening monetary policy occasioned by the interest rates hikes by most central banks of advance economies; and,
- ii. Reduced Investors’ appetite for high-risk premium on emerging market’ Eurobonds due to flight to safety by investors as a result of rising yields of those economies.

Table 4.17: Comparative of Selected African Countries Eurobonds Yields in 2022

Date	NIGERIA 7.625% NOV 2047	NIGERIA 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
31-Jan-22	8.74	6.29	8.60	6.42	11.57	9.37	9.57	7.92
28-Feb-22	9.48	7.19	9.53	8.10	13.45	10.90	9.72	7.94
31-Mar-22	9.28	7.42	9.30	7.85	12.54	9.71	9.48	7.71
29-Apr-22	10.92	8.95	10.92	9.82	14.74	10.57	10.43	8.95
31-May-22	10.79	9.79	10.68	9.94	16.87	12.27	10.47	8.90
30-Jun-22	12.96	12.53	13.57	14.40	18.11	13.37	12.98	12.19
29-Jul-22	12.27	12.83	13.35	14.42	19.15	14.67	12.07	11.79
31-Aug-22	12.61	12.59	12.25	12.95	23.48	16.81	12.38	11.29
30-Sep-22	13.99	14.02	13.79	14.40	22.92	16.77	13.92	13.59
31-Oct-22	13.63	14.61	13.02	13.50	30.38	19.18	12.39	11.96
30-Nov-22	11.63	11.58	10.56	9.71	24.62	17.85	11.23	9.71
30-Dec-22	12.08	11.57	10.70	10.08	22.59	17.27	11.87	10.19

Source: Bloomberg

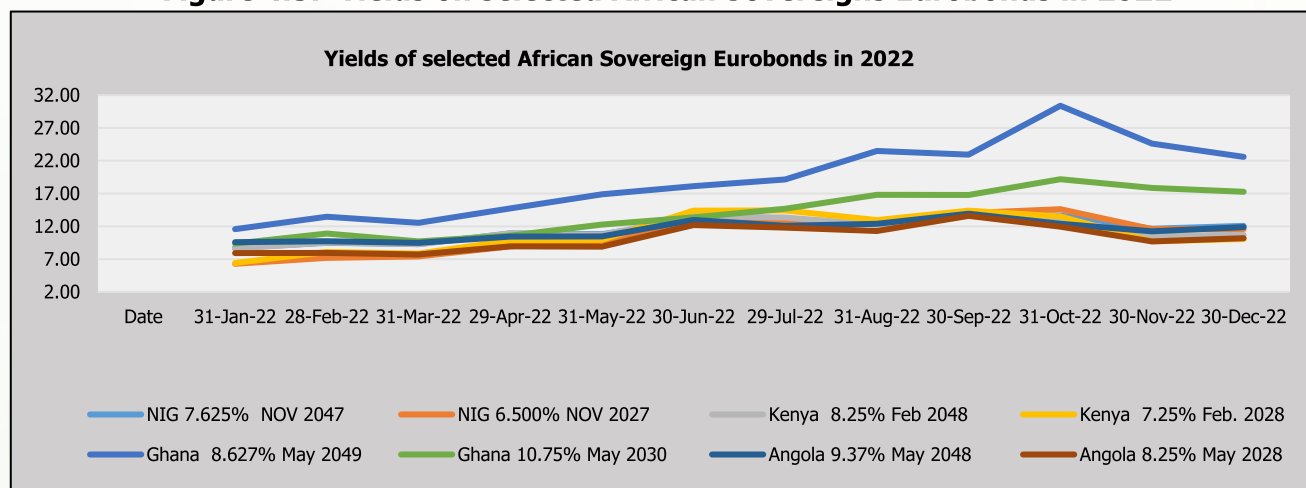
Table 4.18: Credit Rating of Nigeria and Selected African Countries

Country	Credit Rating		
	Fitch	S&P	Moody's
Nigeria	B-	B-	B3
Kenya			
Ghana			
Angola	B-	B-	B3
South-Africa	BB-	BB-	Ba2

Source: Bloomberg



Figure 4.5: Yields on selected African Sovereigns Eurobonds in 2022



Source: Bloomberg

4.9.3 Eurobonds Issuance in 2022

The Debt Management Office on behalf of the Federal Government of Nigeria issued a 7-year US\$1.250 billion Eurobond in the International Capital Market (ICM) on March 24, 2022. The Issuance was part of the US\$6.183 billion (₦2.343 trillion) New External Borrowing in the 2021 Appropriation Act. The proceeds were used to finance critical projects in the 2022 Budget. This Issuance made Nigeria the first African country that accessed the ICM in fiscal year 2022. The Order-book peaked at about US\$4.00 billion. The level of subscription recorded and the quality of investors demonstrates investors' confidence in Nigeria during the book building. Table 14 presents the Issuance Statistics.

Table 4.19: Eurobonds Issuance Statistics

Amount	USD1.250 billion
Coupon (Fixed)	8.375% per annum
Issue Yield	8.375%
Issue Date	March 24, 2022
Maturity Date	March 24, 2029
Security	Senior Unsecured Debt
Rating	B- (Stable) (S&P), B (Stable) (Fitch), B2 (Stable) (Moody's)
Type	144A/RegS
Tenor	7 Years
Interest Payment	Semi-Annually – March 24 and September 24
Listing	The London Stock Exchange, with Secondary Listing on the Nigerian Exchange Limited and the FMDQ Securities Exchange Limited.
Primary Total Subscription	USD3.676 billion
Use of Proceed	Funding of critical capital projects in the 2021 Budget.



4.9.4 Eurobonds issued by African Sovereigns in 2022

Three (3) African Sovereigns (Angola, South Africa and Nigeria) issued Eurobonds in the International Capital Market (ICM) in 2022. Angola issued a 10-year US\$1.75 billion, Eurobonds at Coupon of 8.75%; South Africa issued US\$3.00 billion in two tranches of a 10-year US\$1.4 billion Eurobonds at 5.875% and a 30-year US\$1.6 billion Eurobonds at 7.3%. Nigeria on the other hand issued a 7-year US\$1.25 billion Eurobonds at 8.375%. The reduction in the issuance of Eurobonds by African Sovereigns could be partly attributed to increase in yields in the ICM due to increasing global inflationary pressures triggered mainly by Russian-Ukraine war. This led to restriction in market access by most countries in the continent. These factors resulted in some African Sovereigns having to request for bailouts from the International Monetary Fund (IMF) to refinance maturing obligations, shore up their battered economies and prevent commodity prices spiraling out of control. For instance, Ghana and Zambia secured US\$3 billion & US\$1.3 billion bail outs respectively from the IMF in 2022 to meet external obligations.

Table 4.20: Eurobonds Issued by African Sovereigns in 2022

Country	Credit Rating			Date Issued	Amount (USD)	Tenor (Year)	Coupon (%)	Issued Yield (%)
	Fitch	S&P	Moody's					
Angola	B-	B-	B3	April 7, 2022	1.75	10	8.8	8.8
Nigeria	B-	B-	B3	March 24, 2022	1.25	7	8.375	8.375
South Africa	BB-	BB-	Ba2	April 12, 2022	1.40	10	5.875	5.875
					1.60	30	7.3	7.3
Total					6.00			

Source: Bloomberg

4.9.5 Eurobonds issued by Nigerian Corporates in 2022

Nigerian Corporates did not access the ICM to raise capital through the issuance of Eurobonds in 2022.

4.10 External Loans Borrowing Programme in 2022

Table 4.21 shows the external loans contracted by the FGN in 2022 to finance strategic economic and social development programmes and projects across the country.



Table 4.21: External Loans Signed by the FGN in 2022

S/N	Project Name	Creditor	Currency	Loan Amount
1	Investment in Digital Creative Enterprises (IDICE)	AfDB	USD	170,000,000.00
2	Construction of Lafia Bypass Road and the Dualization of 9th Mile (Enugu) – Otukpo – Makurdi Road Project (KEFFI PHASE II)	China Exim bank	USD	845,753,418.66
3	E-Border Solution Project	China Exim bank	USD	172,745,820.62
4	Lagos and Ogun Transmission Project	JICA	JPY	26,180,000,000.00
5	Financing Infrastructure & Related Services in the Health Sector in Oyo State	French Treasury	EURO	55,000,000.00
6	Nigeria Distribution Sector Recovery Program	IBRD	USD	500,000,000.00
7	Family Homes Funds Project	AfDB	USD	60,000,000.00
8	Nigeria Morocco Gas Pipeline	IsDB	USD	29,750,000.00
9	Special Agro Processing Zone Project in 3 States FCT, Kano and Kwara (SAPZ)	IsDB	USD	150,000,000.00
10	Upgrading of Minna-Bida Road Project	<ul style="list-style-type: none"> ▪ IsDB - USD86.64 million ▪ Abu Dhabi Fund – USD50 million 	USD	136,640,000.00
11	Kaduna Bus Rapid Transport Project	AFD	EURO	110,000,000.00
12	Livestock Productivity and Resilience Support Project	IDA	USD	500,000,000.00
13	Euler Hermes Covered Facility Agreement on the supply and operation of 10 x 132/33 KV mobile substation and 10 x 132/33 KV transformers for Phase 1 of the Presidential Power Initiative	Deutsche Bank AG	EURO	60,418,752.00
14	Agro-Climatic Resilience in Semi-Arid Landscapes Project	IDA	USD	700,000,000.00
15	National Social Safety Net Program- Scale Up	IDA	USD	800,000,000.00
16	Reaching Out-of-School Children Project in Kaduna State	IsDB	USD	10,500,000.00
17	Nigeria Urban Water Sector Reform and Akure Water Supply and Sanitation Project	<ul style="list-style-type: none"> ▪ AfDB – USD104.2 million ▪ AGTF – USD20 million 	USD	124,200,000.00
18	Special Agro-Industrial Processing Zones Phase 1 (SAPZ 1) Program	<ul style="list-style-type: none"> ▪ AfDB - USD160 million ▪ AGTF - USD50 million 	USD	210,000,000.00
19	Special Agro-Industrial Processing Zones Programme	IFAD	USD	49,970,000.00

Source: Federal Ministry of Finance and World Bank Website

Notes:

AFD – Agence Française De Développement

AfDB – African Development Bank

AGTF – African Growing Together Fund

CDB – China Development Bank

CHINA EXIM BANK – Export – Import Bank of China

IBRD – International Bank for Reconstruction and Development

IFAD – International Fund for Agricultural Development

IsDB – Islamic Development Bank

JICA – Japan International Cooperation Agency

IDA – International Development Association, World Bank

CHAPTER FIVE

NIGERIA'S DOMESTIC DEBT



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The FGN's Domestic Debt stock as at December 31, 2022 was ₦22,210.37 billion compared to ₦19,242.56 billion as at December 31, 2021, reflecting an increase of ₦2,967.81 billion or 15.42 percent. The increase in the Domestic Debt stock was due mainly to the issuance of FGN Bonds to fund the 2022 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 Rental and Debt Service Payments on the Domestic Debt in 2022 was ₦2,560.78 billion compared to ₦2,054.44 billion in 2021. The increase of ₦506.34 billion or 24.65 percent on the debt service payments was as a result of the redemption of the Treasury Bond and the Promissory Note that fell due in the year under review.

5.1 FGN's Domestic Debt Stock

The FGN's Domestic Debt stock outstanding as at December 31, 2022 was ₦22,210.37 billion compared to ₦19,242.56 billion in the corresponding period of 2021, representing an increase of ₦2,967.81 billion or 15.42 percent. The issuances of FGN Bonds to finance the 2022 Appropriation Act, Sukuk, Nigeria Treasury Bills and Promissory Notes mainly contributed to the growth of the FGN Domestic Debt stock, in spite of the redemption of the Treasury Bond and some Promissory Notes that matured in 2022.

The FGN's Domestic Debt Stock comprises, FGN Bonds of ₦16,421.56 billion or 73.94 percent of the FGN's Total Domestic Debt stock as at December 31, 2022. The other component are; NTBs of ₦4,422.72 billion or 19.91 percent, Treasury Bonds of ₦50.99 billion or 0.23 percent, FGN Savings Bonds of ₦27.51 billion or 0.12 percent, FGN Sukuk of ₦742.56 billion or 3.34 percent, FGN Green Bonds of ₦15.00 billion or 0.07 percent and Promissory Notes of ₦530.03 billion or 2.39 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, 2022.

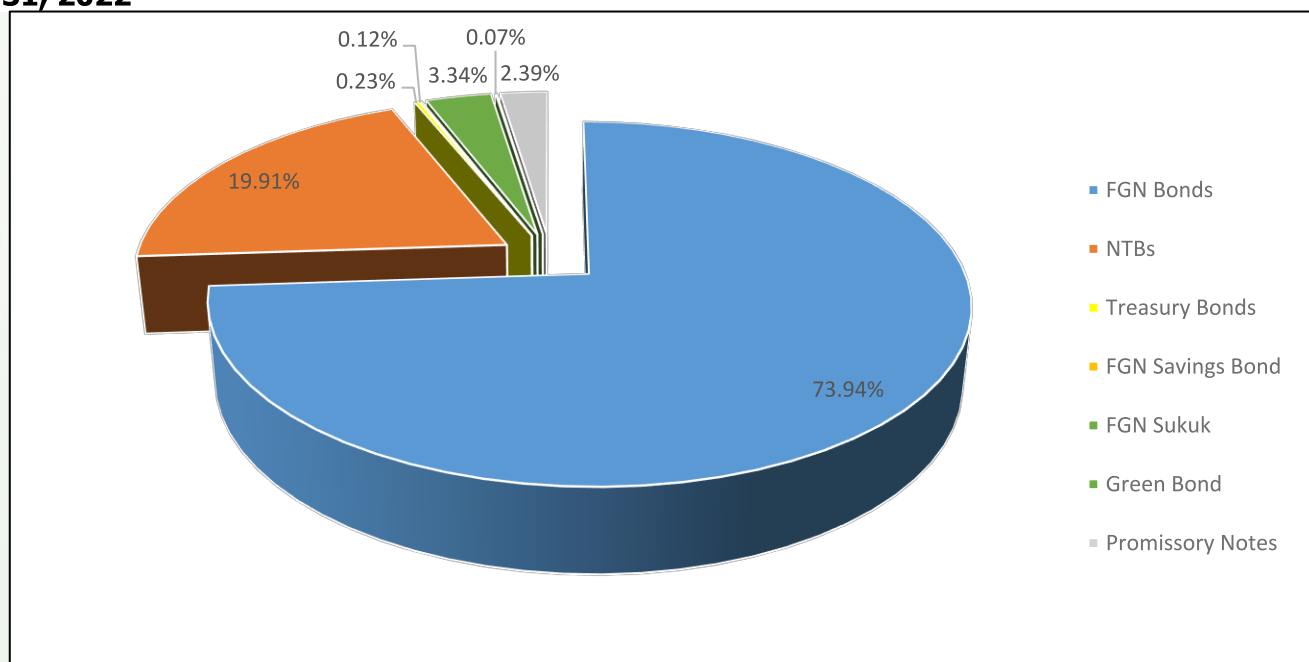


Table 5.1 FGN Domestic Debt Outstanding by Instruments, 2018-2022

	2018	2019	2020	2021	2022
Instruments	₦' Billion	₦' Billion	₦' Billion	₦' Billion	₦' Billion
FGN Bonds	9,334.74	10,524.16	11,830.27	13,963.22	16,421.56
NTBs	2,735.97	2,651.51	2,720.43	3,786.14	4,422.72
Treasury Bonds	150.99	125.99	100.98	75.99	50.99
FGN Savings Bond	10.8	12.67	12.29	16.42	27.51
FGN Sukuk	200	200.00	362.56	612.56	742.56
Green Bonds	10.69	25.69	25.69	25.69	15.00
Promissory Notes	331.27	732.62	971.66	762.54	530.03
Total	12,774.41	14,272.64	16,023.88	19,242.56	22,210.37
Instruments	% of Total	% of Total	% of Total	% of Total	% of Total
FGN Bonds	73.07	73.74	73.83	72.56	73.94
NTBs	21.42	18.58	16.98	19.68	19.91
Treasury Bonds	1.18	0.88	0.63	0.39	0.23
FGN Savings Bond	0.08	0.09	0.08	0.09	0.12
FGN Sukuk	1.57	1.40	2.26	3.18	3.34
Green Bond	0.08	0.18	0.16	0.13	0.07
Promissory Notes	2.59	5.13	6.06	3.96	2.39
Total	100	100	100	100	100

Source: DMO

Figure 5.1 Composition of FGN's Domestic Debt Stock by Instruments as at December 31, 2022



Source: DMO



The share of FGN's Domestic Debt Stock composition continued to grow from 73.07 percent in 2018 to 73.94 percent in 2022, which together with the FGN Sukuk and Promissory Notes contributed significantly to the lengthening of the Average Time-to-Maturity of the Debt portfolio (Table 5.1). While the share of FGN Bonds, which is the principal instrument for long-term borrowing in the domestic market has continued to grow, the share of NTBs declined from 21.42 percent in 2018 to 19.91 percent at the end of 2022, which is in line with the country's debt management strategy.

Table 5.1 shows that the FGN Domestic Debt Stock by instruments was measuredly dominated by FGN Bonds and Nigeria Treasury Bills (NTBs) in 2022. The shares of FGN Bonds and NTBs were relatively larger since 2018, at 73.94 percent and 19.91 percent in 2022, respectively. This is followed by the FGN Sukuk and Promissory Notes with shares of 3.34 percent and 2.39 percent in 2022, respectively. The share of Green Bond increased from 0.08 percent in 2018 to 0.18 percent in 2019 and thereafter decreased significantly to 0.07 percent in 2022.

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, 2022. The breakdown revealed that Banks and Discount Houses held the largest share of the FGN's Total Domestic Debt stock with ₦11,538.53 billion or 51.95 percent, followed by Non-Bank Public with ₦5,382.79 billion or 24.23 percent and the Central Bank of Nigeria (CBN) with ₦5,241.18 billion or 23.60 percent. The balance of ₦47.87 billion or 0.22 percent of the FGN's Total Domestic Debt was held in a Sinking Fund created by the FGN to redeem Treasury Bonds.

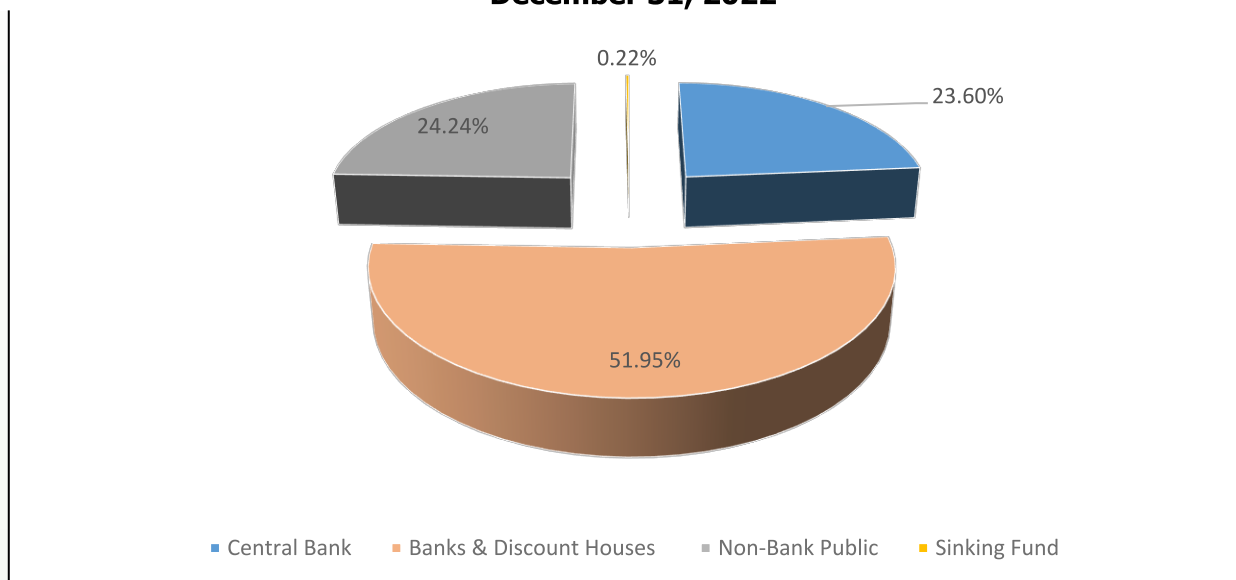
Table 5.2: FGN's Domestic Debt by Holder's Category, as at December 31, 2022 (₦ Billion)

Instrument	Central Bank	Banks & Discount Houses	Non-Bank Public	Sinking Fund	Amount Outstanding
FGN Bonds	3,568.15	10,147.63	2,705.78	-	16,421.57
Nigerian Treasury Bills (NTBs)	1,669.91	1,390.90	1,361.91	-	4,422.72
Treasury Bonds	3.12	-	-	47.87	50.99
Savings Bond	-	-	27.51	-	27.51
FGN Sukuk	-	-	742.56	-	742.56
FGN Green Bond	-	-	15.00	-	15.00
Promissory Notes	-	-	530.03	-	530.03
Total	5,241.18	11,538.53	5,382.79	47.87	22,210.37
<i>% of Total</i>	<i>23.60%</i>	<i>51.95%</i>	<i>24.24%</i>	<i>0.22%</i>	<i>100.00%</i>

Source: DMO



Figure 5.2: Composition of FGN's Domestic Debt by Holders' Category as at December 31, 2022



Source: DMO

The Table 5.3 shows that holdings by the Central Bank (CBN) increased from 7.48 percent in 2021 to 23.60 percent in 2022. However, Non-Bank Public (mainly Pension Fund Administrators, Asset and Fund Managers, as well as Insurance companies) dropped from 56.60 in 2019 to 24.24 percent in 2022. Bank holders saw a slight reduction from 52.35 percent in 2021 to 51.95 percent in 2022. Whereas there is a reduction in Sinking Fund from 0.7 percent in 2018 to 0.22 percent in 2022. The larger portion of the Non-Bank Public was as a result of 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, 2018 -2022 (₦' Billion)

Investor Type	2018	2019	2020	2021	2022
CBN	2,005.44	1,860.62	2,543.71	1,440.15	5,241.18
<i>% of Total</i>	<i>15.70</i>	<i>13.04</i>	<i>15.88</i>	<i>7.48</i>	<i>23.60</i>
Banks	3,768.58	4,248.49	6,929.44	10,073.57	11,538.53
<i>% of Total</i>	<i>29.50</i>	<i>29.76</i>	<i>43.24</i>	<i>52.35</i>	<i>51.95</i>
Non-Bank Public	6,905.30	8,078.58	6,467.75	7,667.18	5,382.79
<i>% of Total</i>	<i>54.06</i>	<i>56.60</i>	<i>40.36</i>	<i>39.84</i>	<i>24.24</i>
Sinking Fund	95.08	84.95	82.98	61.69	47.87
<i>% of Total</i>	<i>0.74</i>	<i>0.60</i>	<i>0.52</i>	<i>0.32</i>	<i>0.22</i>
Total	12,774.40	14,272.64	16,023.88	19,242.56	22,210.37

Source: CBN, DMO



5.3 FGN's Domestic Debt by Residual Maturity

Table 5.4 shows that the FGN's Domestic Debt has been lengthened considerably over the past five years (2018-2022). The medium to long-term FGN Domestic Debt account for larger share of stock between 2018 and 2022. In 2022, the short-term debt represents 26.87 percent of the stock, while the medium to long-term account for 731.13 percent. The decrease in the share of Short-term debt from 29.18 percent in 2018 to 26.87 percent in 2022, aligns with the Debt Management Strategy of targeting 75:25 for long-term to short-term debts in the Domestic Debt Portfolio. This has helped substantially to moderate refinancing and interest rate risks associated with short-term debts.

Table 5.4: FGN's Domestic Debt Outstanding by Residual Maturity, 2018 – 2022 (₦ Billion)

Year	Short Term ¹	%	Medium-Long Term ²	%	Total	%
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
2020	4,402.36	27.47	11,621.53	72.53	16,023.89	100
2021	4,689.67	24.37	14,552.89	75.63	19,242.56	100
2022	5,968.67	26.87	16,241.69	73.13	22,210.36	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 Service in 2022

Table 5.5 shows that the Total FGN's Interest, Rental, and Principal repayments on FGN's Domestic Debt was ₦2,560.78 billion in 2022, relative to ₦2,054.44 billion in 2021. The increase of ₦506.34 billion or 24.65 percent interest and rental payments on FGN's Domestic Debt reflects redemption of the Treasury Bond and Promissory Notes that matured in 2022. While the Interest and Payments made in the year on FGN Bonds constituted 73.45 percent of the FGN's Total Domestic Debt Service; other shares of Debt Service accounted for payment made on NTBs (10.33 percent), Treasury Bonds (1.35 percent), FGN Green Bond (0.14 percent), FGN Sukuk (3.24 percent), FGN Savings Bonds (0.07 percent) and Promissory Notes (11.43 percent). Table 5.6 shows FGN's Domestic Debt Service for the period, 2018 - 2022, indicating that the largest debt service payment was made on FGN Bonds and NTBs.



Table 5.5: FGN’s Domestic Debt Service in 2022 (₦ Million)

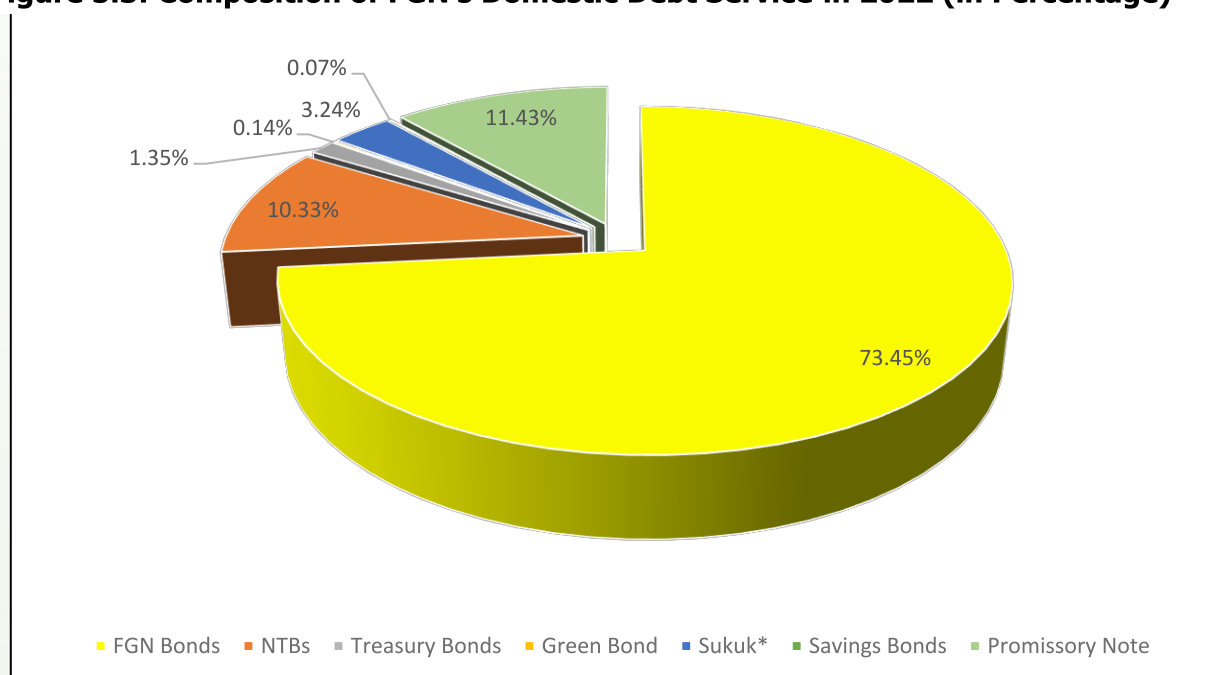
Instruments	Principal Repayment	Interest/Rental	Total	% of Total
FGN Bonds	-	1,880,947.68	1,880,947.68	73.45
NTBs	-	264,407.44	264,407.44	10.33
Treasury Bonds	25,000.00	9,498.50	34,498.50	1.35
Green Bond	-	3,616.01	3,616.01	0.14
Sukuk*	-	82,919.38	82,919.38	3.24
Savings Bonds	-	1,675.66	1,675.66	0.07
Promissory Note	292,711.79	-	292,711.79	11.43
Total Debt Service	317,711.79	2,243,064.67	2,560,776.47	100

Source: DMO

FGN Bonds, NTBs, FGN Savings Bond, Green Bonds, Promissory Notes that matured during period were refinanced.

*Sukuk holders earn periodic rental on investment.

Figure 5.3: Composition of FGN’s Domestic Debt Service in 2022 (in Percentage)



Source: DMO

Table 5.6: Trends in FGN’s Domestic Debt Service 2018-2022 (₦ Billion)

Year	Domestic Debt Service
2018	1,797.90
2019	1,661.03
2020	1,854.69
2021	2,054.44
2022	2,560.78

Source: DMO



5.5 Size and Composition of the Domestic Debt Market

The aggregate Face Value of the outstanding Domestic Debt Instruments comprised the FGN Securities, State Governments' and Corporates Bonds as at December 31, 2022 stood at ₦21,596.77 billion. There was an increase of ₦3,799.34 billion or 17.59 percent when compared to ₦17,797.43 billion recorded in 2021. The increase was due to the rise in the share of FGN Bonds, Sukuk, FGN Savings Bond and Corporates Bonds during the period under review. Table 5.8 shows that the proportionate share of FGN Bonds, Sukuk, Promissory Notes, State Governments and Corporate Bonds relative to the total size of the domestic debt market was 76.04, 3.44, 2.45, 2.29 and 15.35 percent in 2022 compared to 78.46, 3.44, 4.29, 3.15 and 10.00 percent in 2021, respectively. The share of Corporates Bonds increased significantly in 2022 both in absolute terms and in the market share by ₦1,534.35 billion or 46.29 percent relative to 2021. These indicates further deepening of the domestic debt market.

Table 5.7: Size and Composition of Domestic Bonds Market: 2021 and 2022

Issuer	2021		2022	
	Amount Outstanding (₦' Billion)	% of Total	Amount Outstanding (₦' Billion)	% of Total
FGN Bond	13,963.21	78.46	16,421.56	76.04
Treasury Bonds	75.98	0.43	50.99	0.23
Sukuk	612.56	3.44	742.56	3.44
Green	25.69	0.14	15.00	0.07
FGN Savings Bonds	16.42	0.09	27.51	0.13
Promissory Notes	762.54	4.28	530.03	2.45
State Governments	561.01	3.15	494.75	2.29
Corporates	1,780.02	10.00	3,314.37	15.35
Total	17,797.43	100.00	21,596.77	100.00

Sources: SEC and DMO

Note: Corporates are included to show the total size of the Domestic Bond Market but are NOT part of the Public Debt Outstanding

5.6 FGN Bonds Primary Market Activities

FGN Bonds of 10 and 20-year tenors were issued by the FGN in the primary market in the year under review. The sum of ₦2,475,000.00 million was offered, out of which ₦3,063,654.25 million was allotted during the year, from a total subscription of ₦4,779,791.27 million, representing a subscription level of 193.12 percent in the year 2022 (Table 5.8). The demand for FGN securities as shown in the table below reflects a high level of subscription. This is an indication that the domestic debt market remained robust with diversified and growing investor-



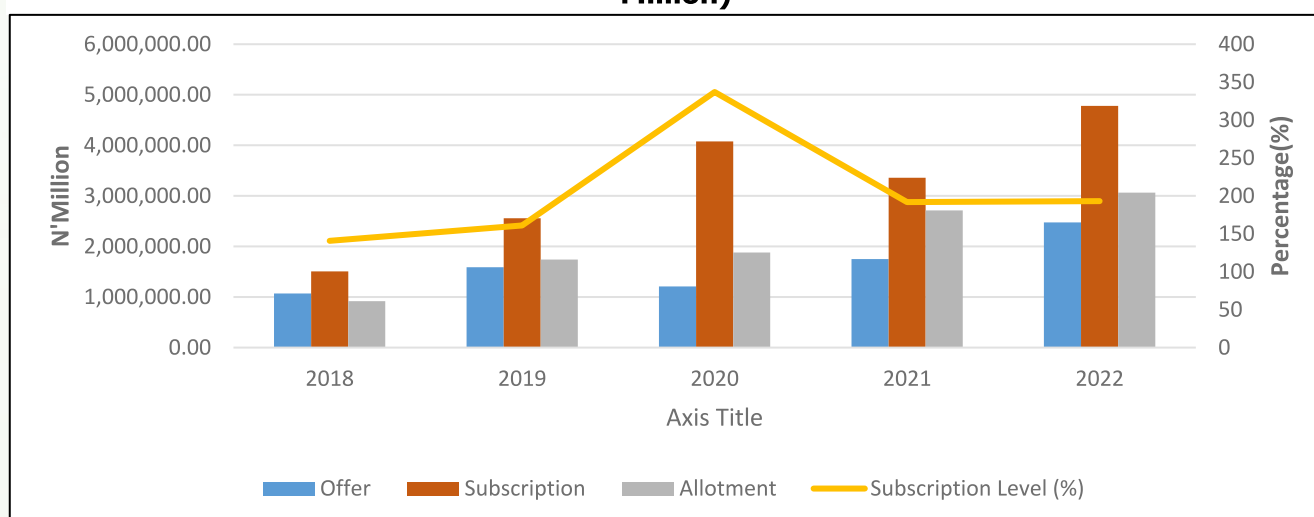
base including Banks, Non-Bank Public, Pension Funds and Asset Managers, Insurance Companies and other institutional investors. Table 5.8 shows the FGN Bonds primary market issuances from 2018 – 2022.

Table 5.8: FGN Bonds Primary Market Issuance, 2018 – 2022 (₦' Million)

Year	Offer	Subscription	Allotment	Subscription Level (%)
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
2020	1,210,000.00	4,077,215.99	1,879,393.34	336.96
2021	1,750,000.00	3,357,333.42	2,712,148.03	191.85
2022	2,475,000.00	4,779,791.27	3,063,654.25	193.12

Source: DMO

Figure 5.4: Summary of Yearly FGN Bonds Offer, Subscription & Allotment, 2018-2022 (₦' Million)



Source: DMO

5.7 FGN Bonds Allotment by Residency

Allotments of the FGN Bonds by Residency Classification show that resident investors accounted for ₦3,834,146.06 million or 99.01 percent of Bonds allotted in 2022, compared to ₦2,644,963.03 million or 99.01 percent in 2021. Allotments to Non-resident investors decreased significantly to N38,333.46 million or 0.99 percent of the Bonds in 2022 relative to 2.48 percent in 2021, reflecting a significant decrease in participation by Non-resident investors. This was due to the gradual recovery of global financial market from the impact of COVID-19, and the rebound in the international prices of commodity, particularly oil prices, which gives the non-resident investors confidence in the FGN Bond instrument. Table 5.10 shows the Allotment of FGN Bonds by Residency Classification.



Table 5.9: Allotment of FGN Bonds by Residency Classification (₦' Million)

Classification	2021		2022	
	Amount	% of Total	Amount	% of Total
Residents	2,644,963.03	97.52%	3,834,146.06	99.01%
Non-Residents	67,185.00	2.48%	38,333.46	0.99%
Total	2,712,148.03	100.00%	3,872,479.52	100.00%

Source: DMO

5.8 Trend Analysis of FGN Bonds Allotment by Residency

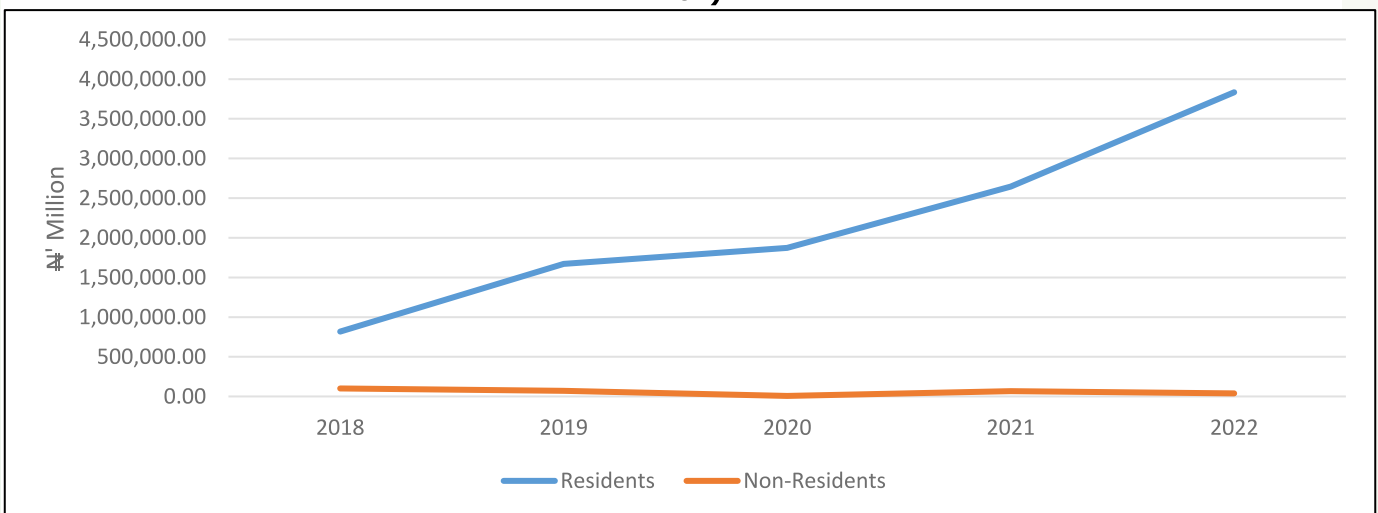
The breakdown of FGN Bonds allotments by Residency revealed a significant decline in participation by Non-residents in FGN Bonds Auctions down to 0.01 percent in 2022 compared to 2.48 percent in 2021, as shown in Table 5.10 and Figure 5.4. The decrease in Non-Resident investors' participation shows a growing and diversified investor base of the FGN Bond market.

Table 5.10: Summary of Allotment of FGN Bonds by Residency Classification, 2018-2022 (₦' Million)

Year	Residents	%	Non-Residents	%	Total	%
2018	817,974.71	89.01	100,951.61	10.99	918,926.33	100
2019	1,671,581.28	95.93	70,881.18	4.07	1,742,462.46	100
2020	1,872,393.34	99.63	7,000.00	0.37	1,879,393.34	100
2021	2,644,963.03	97.52	67,185.00	2.48	2,712,148.03	100
2022	3,834,146.06	0.99	38,333.46	0.01	3,872,479.52	100

Source: DMO

Figure 5.5: Summary of Allotment of FGN Bonds by Residency Classification, 2018 – 2022 (₦' Million)



Source: DMO



5.9 Analysis of FGN Bonds Auctions by Tenor

FGN Bonds with Tenors of 10 and 20-year were issued in 2022. As indicated in Table 5.11, the 10-year tenor accounted for 40.84 percent of the total FGN Bonds issued, while the 20-year tenor accounted for 59.16 percent. The long tenor instruments dominated the bond market to meet investors' needs for longer tenor Bonds, and also lengthen the yield curve of FGN Securities. Tables 5.12 and 5.13 show the monthly analysis of FGN Bonds issued by Tenor, and monthly FGN Bonds Issuances, Subscriptions and Allotments in 2022, while Figure 5.12 shows the Monthly Issuance in the year under review.

Table 5.11: Analysis of FGN Bonds Issuance by Tenor in 2022 (₦' Million)

Tenor*	Amount (₦' Million)	% of Total
10-Year	1,218,143.82	40.20%
20-Year	1,812,360.42	59.80%
Total	3,030,504.25	100.00%

Source: DMO

* Represents original Issuance Tenor

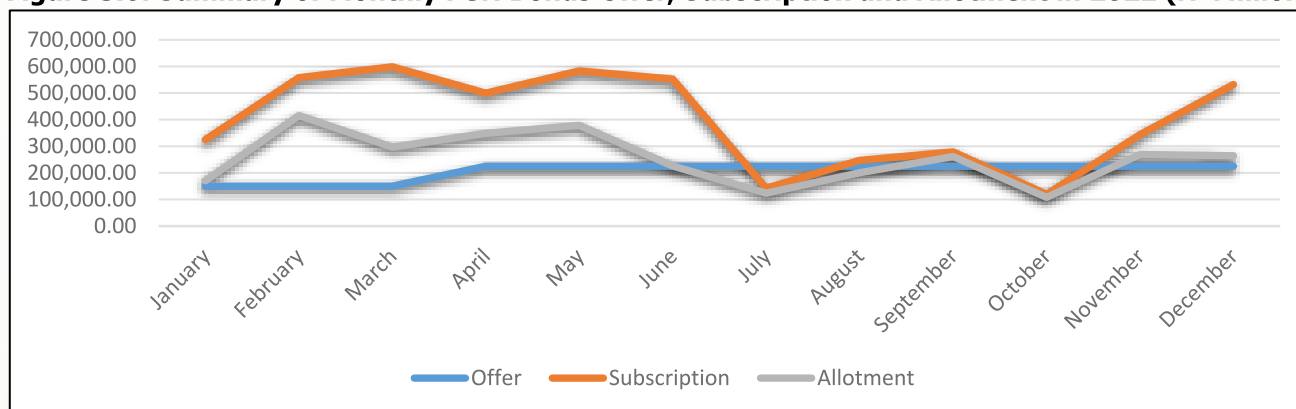
Table 5.12: Monthly Analysis of FGN Bonds Issuance by Tenor in 2022 (₦' Million)

Month	10 Yr (2025)	10-Yr (2026)	10-Yr (2032)	20-Yr (2037)	20-Yr (2042)	Total
January		81,716.67			88,918.55	170,635.22
February		153,398.62			262,022.20	415,420.82
March		127,635.00			169,371.68	297,006.68
April	74,277.72		155,917.45		118,381.72	348,576.88
May	88,923.66		85,344.20		171,000.00	345,267.86
June	79,594.40		39,916.50		106,617.88	226,128.78
July	5,303.13		17,824.20		100,718.12	123,845.45
August	4,212.42		28,838.45		167,522.90	200,573.77
September	42,360.96		79,743.08	139,397.80		261,501.84
October	3,125.00		11,901.00	92,854.16		107,880.16
November	25,125.60		27,117.72	216,908.32		269,151.65
December	45,448.06		40,420.00	178,647.09		264,515.14
Total	368,370.94	362,750.29	487,022.60	627,807.37	1,184,553.05	3,030,504.25

Source: DMO



Figure 5.6: Summary of Monthly FGN Bonds Offer, Subscription and Allotment in 2022 (₦ Million)



Source: DMO

5.10 Allotment of FGN Bonds by Investor Type in 2022

The breakdown of FGN Bond allotments by Investor Type shows that Fund Managers & Non-Bank Financial Institutions accounted for 67.41 percent of the total FGN Bonds allotted in 2022, followed by Deposit Money Banks (22.34 percent), Pension Funds (8.15 percent), Foreign Investors (0.62 percent), Insurance (0.80 percent), Government Agencies (0.54 percent), and Retail/Other Institutional Investors (0.14 percent) The breakdown is shown in Table 5.13 and Figure 5.6 below.

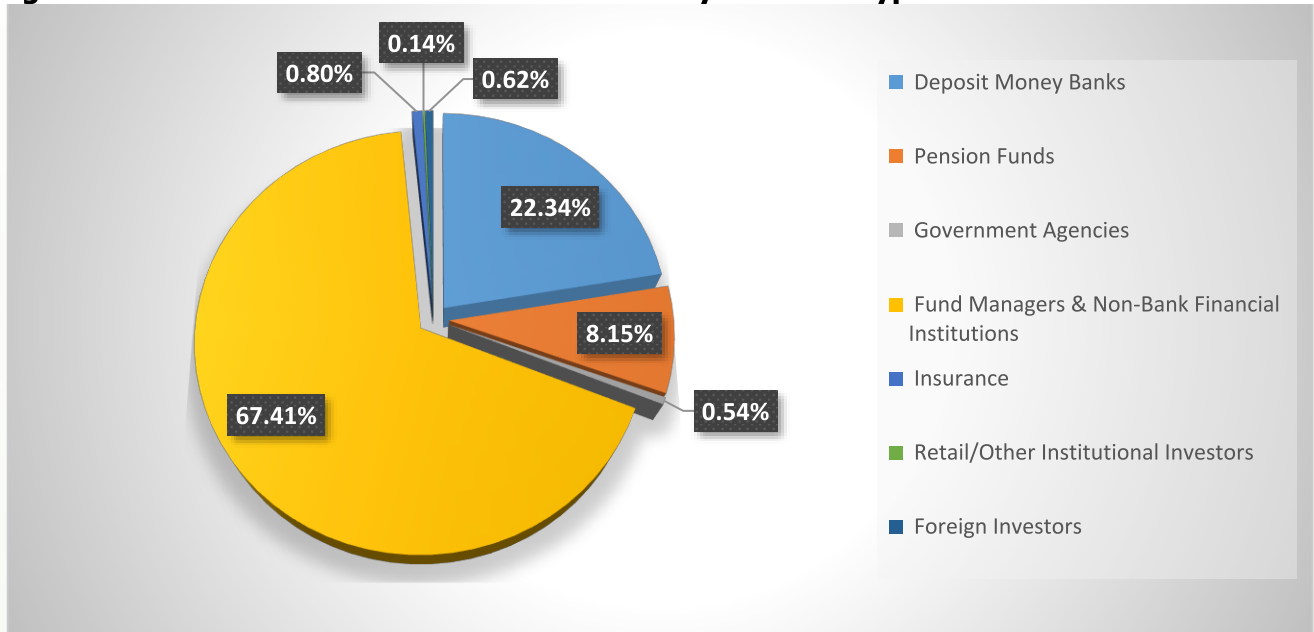
Table 5.13: Summary of FGN Bond Auctions & Allotments by Investor Type in 2022 (₦ Million)

	Amount	Result
Total Subscription	-	7,649,621.08
Range of Bids (%)	-	11.8000% - 18.0000%
Range of Marginal Rates	-	12.5000% - 16.2499%
Range of Coupons	-	13.9900% - 18.0000%
		% of Total Allotment
Deposit Money Banks	1,199,076.98	22.34%
Pension Funds	437,658.56	8.15%
Government Agencies	29,000.00	0.54%
Fund Managers & Non-Bank Financial Institutions	3,618,887.17	67.41%
Insurance	43,051.00	0.80%
Retail/Other Institutional Investors	7,400.70	0.14%
Foreign Investors	33,333.00	0.62%
	5,368,407.42	100.00%

Source: DMO



Figure 5.7: Allotments of FGN Bonds Issuance by Investor Type in 2022

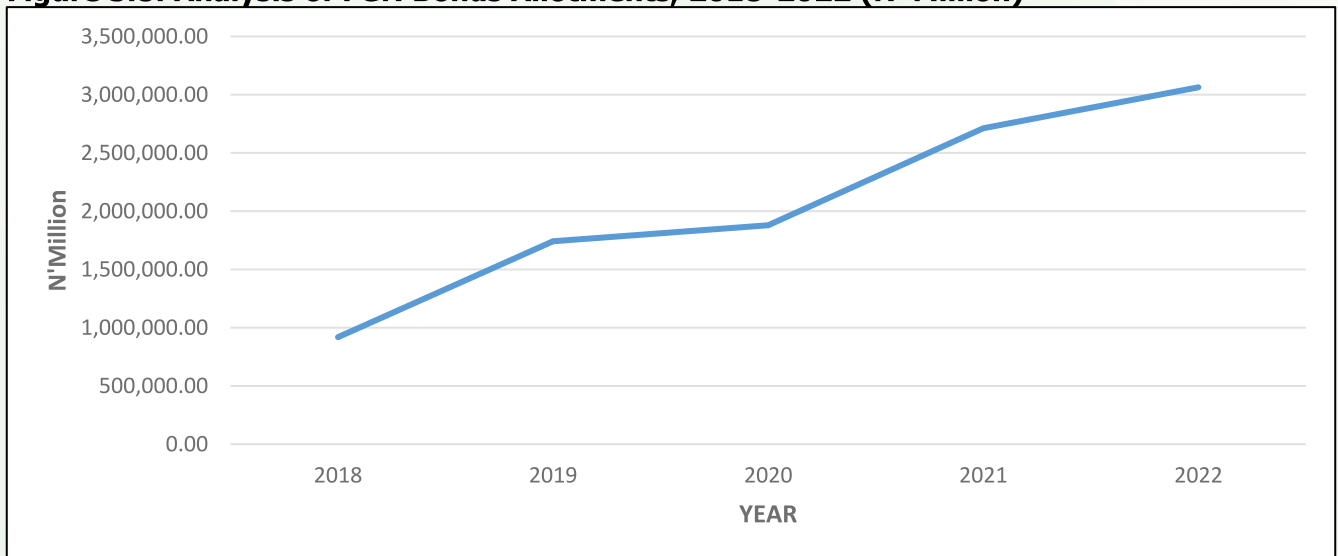


Source: DMO

5.11 Trend Analysis of FGN Bonds Allotment

Figure 5.8 and Table 5.9 shows the trend of Allotments of the FGN Bonds from 2018 to 2022. Analysis of the trend reveals an increase in Allotment of FGN Bonds to ₦3,063,654.25 million in 2022, from ₦918,926.33 million allotted in 2018. This was attributed 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, 2018-2022 (₦' Million)



Source: DMO



5.12 FGN Domestic Secondary Bond Market in 2022

5.12.1 Trading of FGN Bonds on the FMDQ Securities Exchange

Table 5.14 compares the FGN Bonds Secondary Market Trades on the FMDQ Securities Exchange (FMDQ) for 2021 to that of 2022. From Table 5.14, it can deduce that trading activities in FGN Bonds decreased in 2022 compared to 2021. The Total Face Value of FGN Bonds traded decreased by 19.57 percent from ₦13.84 trillion to ₦11.13 trillion, while Consideration decreased by 23.81 percent from ₦15.65 trillion to ₦11.93 trillion. The number of Transactions or Deals also reduced by 23.30 percent from 22,389 to 17,173 for the same period under review. The decrease in the value and number of the FGN Bonds traded on the FMDQ in 2022 was due to a persistent rise in inflation and the resultant increase in the yields of FGN Bonds which reduces demand for existing bonds across maturities.

Table 5.14: FGN Bonds Secondary Market Trades on the FMDQ Securities Exchange, 2021-2022

Period	2021			2022		
	Number of Transactions	Face Value (N' 000)	Considerations (N' 000)	Number of Transactions	Face Value (N' 000)	Considerations (N' 000)
January	2,205	1,340,239,494	1,908,556,415	1,887	1,229,246,196	1,270,270,666
February	2,436	1,359,916,412	1,897,464,265	2,236	1,544,560,131	1,709,731,305
March	1,850	1,107,889,018	1,295,709,547	2,271	1,814,421,977	2,092,826,752
April	1,925	1,221,396,275	1,247,640,680	823	483,832,660	513,558,536
May	1,882	1,022,935,107	1,025,520,447	1,634	1,001,567,192	1,079,547,208
June	2,037	1,210,129,213	1,252,336,111	1,154	844,004,522	920,567,140
July	1,892	1,113,367,463	1,176,851,868	775	354,860,502	370,790,442
August	2,263	1,183,343,866	1,275,251,450	850	398,839,783	402,970,804
September	2,132	1,443,052,336	1,526,345,465	1,260	720,384,543	756,803,182
October	1,535	1,090,482,450	1,156,037,786	1,031	555,198,802	574,829,093
November	1,115	820,097,672	894,334,659	1,437	896,586,332	887,603,261
December	1,117	929,756,794	998,898,053	1,815	1,289,463,028	1,348,242,749
Total	22,389	13,842,606,100	15,654,946,747	17,173	11,132,965,668	11,927,741,139

Source: FMDQ Securities Exchange Limited (FMDQ)

5.12.2 FGN Securities Traded on The Nigerian Exchange Limited (NGX)

The Total Face Value of FGN Securities (FGN Bonds, FGN Savings Bond and Sovereign Sukuk) traded on the NGX increased by 36.52 percent to ₦3,647.45 million in 2022 from ₦2,671.76 million in 2021. The total Consideration increased by 34.15 percent to ₦3,794.73 million in 2022 from ₦2,828.81 million in 2021, while the number of transactions decreased by 11.07 percent to 932 in 2022 from 1,048 in 2021 (Table 5.17).



Table 5.15: FGN Bonds Secondary Market Trades on the Nigeria Exchange Limited

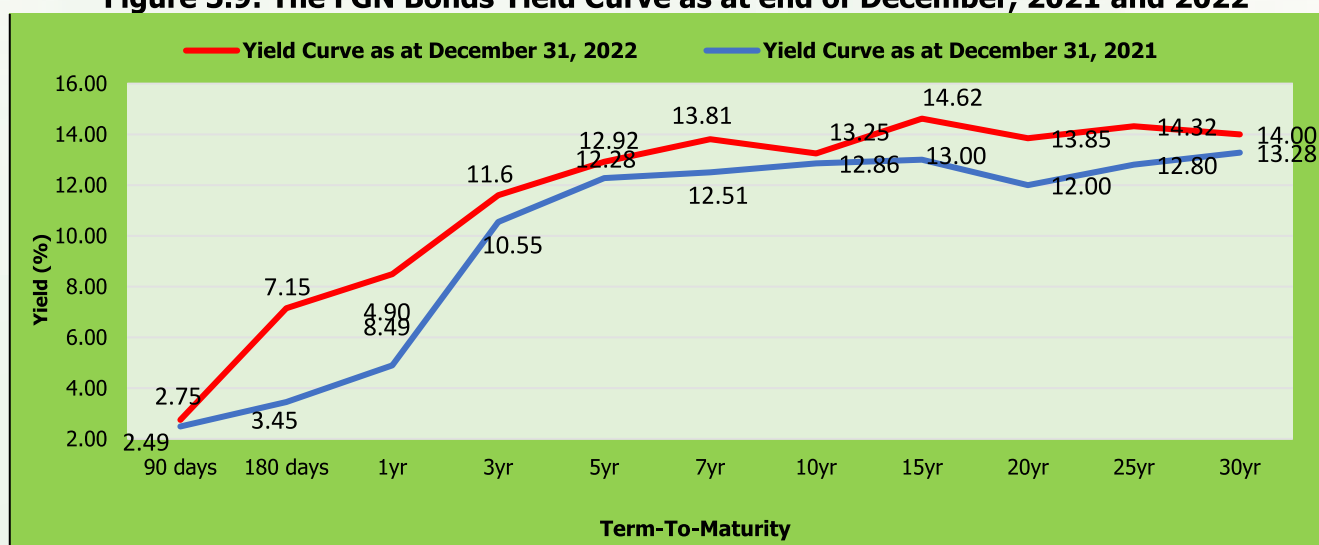
Period	2021			2022		
	Number of Transactions	Face Value (₦)	Consideration (₦)	Number of Transactions	Face Value (₦)	Consideration (₦)
January	77	44,496,000	49,708,369	61	188,623,000	190,972,254
February	46	84,774,000	105,073,211	67	295,368,000	318,300,608
March	90	451,628,000	471,668,080	66	204,573,000	219,638,774
April	76	221,112,000	255,015,993	66	377,566,000	393,295,845
May	160	300,411,000	311,770,740	74	246,038,000	260,860,182
June	103	382,392,000	387,387,877	88	248,602,000	254,837,452
July	62	234,958,000	262,092,218	116	1,089,388,000	1,129,282,157
August	67	207,076,000	211,163,351	113	317,304,000	328,866,628
September	133	346,373,000	357,506,324	79	280,453,000	305,045,620
October	109	141,441,000	149,609,802	49	53,651,000	53,591,524
November	74	187,322,000	197,507,940	70	211,620,000	210,877,975
December	51	69,778,000	70,301,400	83	134,265,000	129,157,387
Total	1,048	2,671,761,000	2,828,805,306	932	3,647,451,000	3,794,726,406

Source: NGX

5.12.3 Sovereign Yield Curve

The Sovereign Yield Curve for FGN Bonds (Securities) December 31, 2022 was fairly upward sloping but shifted upward by an average of 108 basis points (bps) across maturities (Figure 5.9) when compared with the Yield Curve as of December 31, 2021.

Figure 5.9: The FGN Bonds Yield Curve as at end of December, 2021 and 2022



Source: FMDQ



5.13 Market-Wide Developments in 2022

5.13.1 FGN Savings Bond Issuance in 2022

Table 5.18 shows that the total Subscription in FGN Savings Bond in 2022 was ₦16.589 billion, while the total number of Subscribers was 8,863. The volume of Subscription increased by 97.58 percent when compared to the sum of ₦8.396 billion issued in 2021, while the number of Subscribers (investors) also rose by 237 percent from 2,619 in 2021 to 8,847 in 2022. The significant increase recorded in the level of Subscriptions of FGN Savings Bond in 2022 was due to the FGN Securities Issuance Awareness Programme introduced by the DMO in 2021 as part of its continuous efforts to create awareness of the derivable benefits from investing in the product among the populace, and thereby, deepen financial inclusion in the economy.

Table 5.16: FGN Savings Bond Monthly Issuances and Numbers of Subscribers

Issue Dates	Issue Amount (₦ million)		Number of Subscribers	
	2 - Year	3 - Year	2 - Year	3 - Year
19-Jan-22	154.21	383.44	83	139
16-Feb-22	163.70	483.11	105	169
16-Mar-22	626.54	1,527.28	239	619
13-Apr-22	503.48	634.93	111	217
18-May-22	358.01	748.45	485	765
15-Jun-22	769.92	1,104.75	701	621
13-Jul-22	451.04	915.87	393	427
10-Aug-22	529.00	933.60	640	689
14-Sep-22	530.73	1,596.79	484	620
12-Oct-22	282.09	945.62	119	283
16-Nov-22	414.80	1,325.54	153	354
14-Dec-22	297.81	908.65	153	294
Total	5,081.32	11,508.02	3,666	5,197
Grand Total	16,589.34		8,863	

Sources: DMO

Table 5.17: FGN Savings Bond Annual Subscriptions and Number of Subscribers (2018 – 2022)

Period	Amount Issued (₦ Billion)	Number of Subscribers
2018	3.553	3,698
2019	5.763	5,173
2020	3.637	1,476
2021	8.396	2,619
2022	16.589	8,847
Total	45.135	31,675

Sources: DMO



5.13.2 Sovereign Sukuk Issuance in 2022

The DMO issued ₦130.00 billion 10-Year 15.64 percent Al-Ijarah Sukuk due 2032 in the domestic securities market on December 02, 2022. This was the fifth Sovereign Sukuk Offering, that brings the total Issuance to ₦742.56 billion all of which were deployed to finance road infrastructure across the six (6) geo-political zones of the country, and the Federal Capital Territory. The Subscription was opened to the investing public with an initial offer sum of ₦100.00 billion. The Offering attracted interest from a wide range of retail and institutional investors with total Subscription of ₦165.25 billion, whereupon the issue size was up scaled to ₦130.00 billion. This attests to the fact that the DMO's market development objectives of increasing savings culture, growing FGN securities investor base and promoting financial inclusion, amongst others are being achieved. The positive response could be attributable to increased investors' confidence as a result of the visible impact of the use of proceeds of the previous Sukuk issuance and the continuous market sensitization by the DMO.

The proceeds of 2022 Sovereign Sukuk Issuances like other Sukuk Issuances will be used to finance the rehabilitation and construction of sections of key economic Road Projects identified by the Federal Ministry of Works and Housing and the Federal Capital Territory Administration across the six geo-political zones of the country, and the Federal Capital Territory.

Issuance Statistics of ₦130 Billion Sukuk:

<i>Instrument Type:</i>	<i>Sovereign Sukuk.</i>
<i>Amount Offered:</i>	<i>₦100 billion</i>
<i>Subscription:</i>	<i>₦165.25 billion.</i>
<i>Amount Allotted/Issued:</i>	<i>₦130 Billion.</i>
<i>Rental Rate:</i>	<i>15.64%.</i>
<i>Issue Date:</i>	<i>December 02, 2022.</i>
<i>Tenor:</i>	<i>10-year.</i>
<i>Maturity Date:</i>	<i>December 2032.</i>
<i>Listing:</i>	<i>Nigerian Exchange Limited and the FMDQ Securities Exchange Limited.</i>
<i>Status/Security:</i>	<i>Backed by the full faith and credit of the Federal Government of Nigeria (FGN) and ranks pari passu with all unsecured FGN obligations.</i>
<i>Use of Proceeds:</i>	<i>Solely to finance the construction/rehabilitation of Road Projects identified by the Federal Ministry of Works and Housing and the Federal Capital Territory Administration.</i>
<i>Domicile of Funds:</i>	<i>Sukuk Issue Proceeds Account at the Central Bank of Nigeria.</i>

**Table 5.18: Summary of Subscription and Allotment for 2022 Sovereign Sukuk**

S/N	Investor Category	Allotment (₦)	% of Total Allotments
1	Retail investors	13,656,272,000.00	10.50
2	Deposit Money Bank	27,735,172,000.00	21.33
3	Non-Interest Financial Institutions	32,056,300,000.00	24.66
4	Assets/Fund Managers	4,114,913,000.00	3.17
5	Government Agencies	1,407,618,000.00	1.08
6	Insurance Company	100,000,000.00	0.08
7	Non-Bank Financial Institution	54,054,000.00	0.04
8	Pension Fund Administrator	50,875,671,000.00	39.14
Total		130,000,000,000.00	100.00

5.13.3 Sub-National Bond Issuances in 2022

Reports from the Securities and Exchange Commission show that no State Government accessed the domestic securities market in 2022. This indicates a decline of activities in the sub-national segment of the market when compared to 2021 when Lagos State raised the sum of ₦137.33 billion. Table 5.20 presents Bonds Issuances by Sub-National Governments from 2018 to 2022.

Table 5.19: Sub-National Bonds Issuances in 2021 and 2022

2021		2022	
Bond Issuers	Amt. (₦' Billion)	Bond Issuers	Amt. (₦' Billion)
Lagos	137.33	Nil	-
Total	137.33		-

Source: Securities and Exchange Commission

Table 5.20: Sub-National Bonds Issuances from 2018 – 2022

Period	Total Issuance in in ₦ 'Billion	Number of States
2018	0.00	0
2019	150.00	2
2020	114.88	2
2021	137.33	1
2022	0.00	0
Total	499.60	5

Source: Securities and Exchange Commission

5.13.4 Corporate Bond Issuances in 2022

The Corporate Bonds segment of the domestic bond market witnessed significant increase in activities, in terms of the number of transactions in 2022 relative to 2021. Table 5.21 shows that sixteen (16) Corporates raised a total sum of ₦751.08 billion as against eleven (11) Corporates in 2021 with total Issuance of ₦338.77 billion. This represents an increase of 121.7



percent in terms of issue size. The high level of corporate issuance was due to a rebound of economic activities, amidst the gradual global economic recovery from the effects of the COVID-19 pandemic, particularly the financial markets.

Table 5.21: Corporate Bonds Issuances in 2021 and 2022

2021		2022	
Bond Issuers	Amt. (₦')	Bond Issuers	Amt. (₦')
Ardova	25.30	ABC Transport	0.90
CERPAC Receivables Funding SPV Plc	1.25	Accelerex SPV Plc	2.28
C&L Leasing Plc	10.00	Dangote Cement Plc	4.27
Dangote Cement Plc	50.00	Dangote Cement Plc	23.34
Family Homes Sukuk Issuance	10.00	Dangote Cement Plc	88.40
GPC-SPV Company Plc	20.00	Dangote Industries Funding Plc	10.47
LFZC Funding SPV Plc	10.50	Dangote Industries Funding Plc	177.12
Mecure Industries Funding SPV	3.00	Dangote Industries Funding Plc	112.42
MTN Nigeria Communication Plc	199.99	e-Transzact International Plc	5.77
NSP-SPV Powercorp Plc	6.23	Eat & Go Finance SPV	3.50
Sundry Foods Funding SPV Plc	2.50	Family Homes Sukuk Issuance Programme Plc	20.00
		Geregu Power Plc	40.09
		LFZC Funding SPV Plc	25.00
		MTN Nigeria Communications Plc	10.09
		MTN Nigeria Communications Plc	104.91
		Niger Delta Exploration & Production Plc	10.32
		Parthian Partners SPV Plc	10.00
		Presco Plc	34.50
		TAJ Sukuk Issuance Programme SPV Plc	10.00
		The Company for Habitat and Housing in Africa	27.18
		The Company for Habitat and Housing in Africa	18.82
		United Capital Plc	11.73
Total	338.77		751.08

Source: Securities and Exchange Commission

5.14 Recent Developments in the FGN Bond Market in 2022

5.14.1 Benchmark Bonds

The Government introduced a new Benchmark Bonds (13.00% FGN JAN 2042) in April 2022, in addition to re-opening of existing Bonds to implement the Domestic Borrowing Programme in 2022. At the end of 2022, there were thirteen (13) FGN Benchmark Bonds as shown in Table 5.21



Table 5.22: FGN Benchmark Bonds as at end of December 31, 2022

S/N	Bond Name	Tenor Benchmark (Years)	Maturity Dates
1.	14.20% FGN MAR 2024	2	14/03/2024
2.	13.53% FGN MAR 2025	3	23/03/2025
3.	12.50% FGN JAN 2026	5	22/01/2026
4.	16.2884% FGN MAR 2027	5	17/03/2027
5.	13.98% FGN FEB 2028	7	23/02/2028
6.	14.55% FGN APR 2029	7	26/04/2029
7.	12.1493% FGN JUL 2034	10	18/07/2034
8.	12.50% FGN MAR 2035	15	27/03/2035
9.	12.40% FGN MAR 2036	15	18/03/2036
10.	16.2499% FGN APR 2037	15	18/04/2037
11.	14.13% FGN JAN 2042	20	21/01/2042
12.	14.80% FGN APR 2049	25	26/04/2049
13.	12.98% FGN MAR 2050	30	27/03/2050

5.14.2 FGN Securities Issuance Awareness Programme

The DMO commenced FGN Securities Issuance Awareness Programme in major cities across the country in January 2021 to further promote financial inclusion and enhance subscriptions in FGN Securities, especially amongst retail investors in the Domestic Debt market. In the course of the Programme in 2022, the DMO visited the following cities Umuahia in Abia, Yola in Adamawa, Enugu, Ibadan in Oyo, Kano and Lagos States. The effectiveness of the Awareness Programme could be seen in the significant increase in the level of the subscriptions in FGNSB by 97.58 percent from ₦8.396 billion in 2021 to ₦16.589 billion in 2022.

5.14.3 Initiatives by the Securities and Exchange Commission

The Securities and Exchange Commission (SEC) launched the 2021–2025 Revised Capital Market Master Plan (RCMMP) in collaboration with the Financial Sector Deepening Africa (FSDA) as part of its efforts on continuous repositioning of the capital market. Other initiatives include:

- i. The presentation of the Investments and Securities Bill (ISB) to the National Assembly for legislative consideration. The ISB, if approved, is expected to enhance the performance of the capital market to further facilitate economic diversification.
- ii. The development of a taxation regulation regime on non-interest financial institutions in collaboration with the Federal Inland Revenue Service (FIRS) and other market stakeholders. The Non-Interest Finance (Taxation) Regulation has been approved and gazette.



- iii. The approval of five (5) commodity-linked products (Spot Commodity Contracts; Exchange Traded Commodities; Input Notes; Forward Contracts; and Asset Backed Commercial Paper) developed by AFEX Commodities Exchange, as well as, trading in Gold and Gold Contracts on the Lagos Commodities and Futures Exchange (LCFE). The approval of these products is part of the SEC's continuous efforts to deepen the array of financial instruments in the capital market.
- iv. The enlightenment campaigns on the infusion of Capital Market Studies into the Curriculum of Basic and Secondary Schools in Nigeria.

5.14.4 Initiatives by Nigerian Exchange Limited

The activities of the Nigerian Exchange Limited (NGX) during the year under review include:

- i. The obtaining of the approval of the SEC to implement the Rules of Listing on NGX Technology Board, a specialized platform that will enable technology-based companies list their shares on the Exchange;
- ii. The launching of the West Africa's Exchange Traded Derivatives Market with Equity Index Futures Contracts as part of its initiatives towards market integration across the region;
- iii. The coordination of the launch of the African Exchange Linkage Project (AELP) Link Trading Platform aimed at facilitating seamless cross-border securities trading among African stock exchanges. The AELP e-platform incorporates stock market integration, order-book routing system and market order-book data sharing. The first phase of AELP will connect seven (7) exchanges across fourteen (14) African countries, including Nigeria; and,
- iv. The signing of a Memorandum of Understanding with the Bank of Industry and the Dubai Financial Market to deepen the capital market, build capacity of stakeholders through financial literacy programs and promote listings.

5.14.5 Initiatives by FMDQ Securities and Exchange Limited

The FMDQ Securities and Exchange limited achieved and implemented some initiatives in 2022, which includes:

- i. The obtaining of the buy-in of the DMO on the planned introduction of FGN Bond Futures as the maiden product for the FMDQ Exchange-Traded Derivatives (ETD) market. The



proposed FGN Bond Futures and FMDQ ETD Market is expected to serve as a hedging tool for investment in sovereign bonds and other fixed income instruments, with the aim of deepening liquidity in the fixed income market;

- ii. The redesigning and launching of a revamped FMDQ Client's Trading, Reporting and Surveillance System for the fixed income markets ("PenDealer"). This is expected to enhance governance and price discovery;
- iii. The implementation of market-wide capacity building and training sessions for various stakeholders; and,
- iv. The FMDQ Academy introduced four (4) new courses on financial markets to its curriculum. The courses are offered free to stakeholders of which over two thousand six hundred (2,600) persons have participated since inception.

5.14.6 Initiatives by Central Securities and Clearing System PLC

The initiatives of the Central Securities and Clearing System Plc. (CSCS) during the year under review include the following:

- i. Deployment of real-time automated transfer of securities from non-trading custody accounts to trading accounts to improve the turnaround time of custodians' accounts;
- ii. Deployment of self-service web portals for Brokers, Issuers and Registrars to enhance user experience and service turnaround time. The CSCS also deployed Application Programming Interfaces (APIs) to facilitate the end-to-end straight through processing on key services (including investor account opening);
- iii. Undertook advocacy for cybersecurity, including organisation of a National Cybersecurity Conference with participation across key public and private sector stakeholders; and,
- iv. Collaboration with the DMO to develop a securities subscription web portal to facilitate electronic distribution of Federal Government Savings Bonds.

CHAPTER SIX

DEBT SUSTAINABILITY ANALYSIS



CHAPTER SIX

DEBT SUSTAINABILITY ANALYSIS

The 2022 Debt Sustainability Analysis was conducted using the Market Access Countries Framework. The result of the exercise, shows that Nigeria's Total Public Debt to GDP approached the country specific threshold of 40 percent at 37.10 percent in 2023 from 23.40 percent recorded in 2022 at the baseline while the ratio was bridged throughout the projection period in the alternative scenario with 2023 recording 45.40 percent. The significant increase in the 2023 ratio is due to the inclusion of the New Borrowing in the 2023 Budget, Ways and Means Advances at the Central Bank and Promissory Notes which added to the Public Debt Stock. While the Debt Stock remains sustainable, the result of the baseline shows that Nigeria has little space for borrowing when considering the 40 percent threshold set in the MTDS, 2020 - 2023. Also, the debt service to revenue ratio exceeded the country recommended threshold of 50 percent in both the baseline and alternative scenarios highlighting Nigeria's exposure to debt distress if concerted efforts are not pursued to increase revenue and bring the revenue to GDP ratio up from the current level of 10.86 percent as at December 2021 to a more acceptable ratio of 15 percent by December 2023 as recommended in the Strategic Revenue Growth Initiative

6.1 Introduction

Nigeria conducted the 2022 Debt Sustainability Analysis (DSA) exercise using Market Access Countries (MAC) Framework. The MAC framework was also used for the 2021 DSA following Nigeria's classification as a Lower-Middle Income country with significant access to International Capital Market (ICM). The MAC-DSA exercise was done in conjunction with other stakeholders, namely: the 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) with support from the World Bank (WB).

The MAC-DSA Framework categorizes countries into Lower Scrutiny and Higher Scrutiny based on debt burden benchmarks and other indicators; and access to exceptional financing. Countries are classified as Higher Scrutiny if they have a current or projected public debt to GDP ratio above 50 percent for Emerging Markets or above 60 percent for Advanced Economies. Higher Scrutiny also applies to countries with Gross Financing Needs to GDP above 10 percent for Emerging Markets or 15 percent for Advanced Economies. The third category for Higher Scrutiny is for countries having access to Exceptional Financing. Lower Scrutiny are for countries with a lower debt burden below the above benchmarks. Nigeria having been classified under Lower Scrutiny category based on IMF World Economic Outlook October 2022 Report, conducted the Basic MAC-DSA as required which includes the Baseline and Alternative Scenarios in addition to Contingent liabilities and other customized shocks. However, in recognition that



a lower debt burden levels may not rule out the risk of debt distress under lower scrutiny, the 2022 MAC-DSA exercise also included other risk assessment for a more in-depth assessment of the inherent risks in the Public Debt Portfolio. The 2022 MAC-DSA also took into account the country's self-imposed Debt to GDP ratio that was set at 40 percent in the MTDS, 2020 – 2023 and a new benchmark of 50 percent for FGN Debt Service to Revenue ratio to allow for a proper analysis of the dangers of low revenue to public debt sustainability.

6.2 Objectives of the 2022 MAC-DSA Exercise

The 2022 MAC-DSA exercise was aimed at assessing the country's borrowing prospects and the capacity to service its current and future debt obligations under the Baseline and Alternative scenarios. The DMO is mandated through its Act, to advise government on its borrowing capacity and the ability to service debt and also ensure that the public debt is sustainable. The outcome of the DSA therefore, serves as a key input into Nigeria's Medium-Term Expenditure Framework (MTEF), the Fiscal Strategy Paper (FSP), and the FGN Annual Budget.

6.3 Methodology

The MAC-DSA Analytical Framework provides for a 10-year historical and a 5-year projected data using various macroeconomic assumptions for the assessment of debt sustainability. The 2022 MAC-DSA exercise projection period was for 2022-2027 with 2022 as the base year while, the historical data was from 2012-2021. The analysis conducted was under the Baseline and Alternative Scenario in addition to the Realism of the Baseline Scenario, Sensitivity to Macro-Fiscal Risk and Contingent Liabilities.

The scope of the Debt was the Gross Public Debt, that is, the General Government Debt (comprising of the External and Domestic Debts of the FGN, thirty-six (36) States and the FCT). Under the Baseline projection, the FGN Domestic component included the ₦23.72 trillion Ways and Means Advances at the CBN comprising the ₦22.72 trillion (pending the approval of the NASS) and the additional ₦1.0 trillion in the 2022 Supplementary Budget. Also included are the contractual Arrears and Judgement Debts of ₦2.87 trillion proposed to be cleared through the issuance of Promissory Notes in 2023. Under the Alternative scenario, the FGN's Contingent Liabilities, including Guarantees in the sum of ₦4.58 trillion as at December 2021 was included.



6.4 Summary of the 2022 MAC-DSA Exercise

6.4.1 Baseline Scenario

Under the baseline scenario, the macroeconomic assumptions used for the projections were as stated in the 2023 – 2025 MTEF and FSP, the 2023 Appropriation Act and the National Development Plan (NDP) 2021 – 2025. Variations from the NDP were also made taking into account current realities in the GDP and inflation affected by the ongoing war in Ukraine and the monetary tightening globally. The result of the Baseline Scenario (Table 6.1) showed that Public Debt to GDP ratio rose to 37.1 percent in 2023 from 23.4 percent in 2022 and averaged 36.64 percent throughout the projection period. Also, the Gross Financing Needs to GDP ratio increased to 7.2 percent in 2023 from 5.3 percent in 2022 and averaged 5.98 percent in the projection period. This is indicative that Nigeria’s Debt is sustainable when compared with the WB/IMF recommended MAC-DSA thresholds of 70 and 15 percent for Debt to GDP and Gross Financing Need to GDP ratios for Emerging Markets respectively.

The FGN Debt Service to Revenue Ratio however, rose significantly to 73.5 percent in 2023 from 36.5 percent in 2022 and remained above the country benchmark of 50 percent throughout the projection period signifying threat to debt sustainability on account of low government revenue.

Table 6.1: Total Public Debt Indicators, 2022-2027 (Baseline Scenario)

S/N	Indicators	Threshold	2022	2023	2024	2025	2026	2027
i.	Total Public Debt-to-GDP (%)	70*	23.4	37.1	37.2	37.0	36.6	35.3
ii.	Gross Financing Needs-to-GDP (%)	15*	5.3	7.2	6.0	6.1	5.6	5.0
iii.	FGN Debt Service-to-Revenue (%)	50**	36.5	73.5	95.6	105.4	83.5	86.3

* The WB/IMF Threshold showing the level in which if exceeded, promptly raises sovereign risk to unsustainable level

** Nigeria’s Recommended Threshold

Further risk assessment to check for susceptibility to debt distress under the baseline scenario is shown in Table 6.2. There was a high spread on Nigeria’s Eurobond yield at 947 basis points measured against the benchmark rate of 600 basis points suggesting an increase in cost of New Borrowings and a perceived credit risk of the sovereign. The Short-Term Debt as a percentage of Total Debt also exceeded the benchmark rate of 1.0 percent at 1.3 percent



signifying refinancing risk. However, a moderate risk was seen in the share of the Public Debt held by non-resident at 40 percent when compared to the threshold of 45 percent and the share of foreign currency-denominated debt at 40 percent against the threshold of 60 percent.

Table 6.2: Total Public Debt Profile Risk Assessment (Baseline Scenario)

Details	Threshold	Outcome	Assessment
Bond Spread (in Basis Points)	600	947	High
Annual Change in Short-term Debt (in percent of Total Debt)	1.0	1.3	High
Public Debt Held by Non-Resident (in percent of Total Debt)	45	40	Moderate
Public Debt in Foreign Currency (in percent of Total Debt)	60	40	Moderate

Source: 2022 MAC DSA

6.4.2 Macro-Fiscal Shock Scenario

Following the projections for public debt in the baseline scenario based on the assumptions underlying the macroeconomic framework, various macro shocks were applied to determine its impact on the Public Debt trajectory. The shocks include real GDP growth, inflation, real interest rate, real exchange rate and primary balance. Table 6.3 shows a higher ratio of Public Debt to GDP, Gross Financing Needs to GDP and Debt Service to Revenue compared to the Baseline. The Public Debt to GDP ratio and Debt Service to Revenue also bridged the country specific threshold of 40 percent and 50 percent respectively, signifying a threat to debt sustainability if urgent fiscal and monetary measures are not taken to cushion the impact of any shock.

Table 6.3: Total Public Debt Indicators, 2023-2027 (Shock Scenario)

N/S	Indicators	Threshold*	Threshold**	2023	2024	2025	2026	2027
i	Total Public Debt-to-GDP (%)	70	40	40.99	44.34	45.07	46.01	46.24
ii	Gross Financing Needs-to-GDP (%)	15	-	8.27	8.80	8.49	8.20	8.01
iii	FGN Debt Service-to-Revenue (%)	-	50	63.08	82.65	102.44	96.75	102.27

* IMF/WB Threshold showing the level in which if exceeded, promptly raises sovereign risk to unsustainable level

** Country Specific Threshold

6.4.3 Alternative Scenario

The Alternative Scenario assumes that the fiscal and monetary conditions and the general operating macroeconomic environment will deteriorate should Government fail to address the current economic challenges such as low revenues, subsidy on premium motor spirit and foreign exchange scarcity. Thus, the Alternative Scenario was customised to include the various macro shocks in addition to Contingent Liabilities of about ₦4.58 trillion as at December 2021 which added to the Total Public Debt Stock. Table 6.3 shows that the Public Debt to GDP and Debt Service to Revenue ratios exceeded the country specific thresholds and a worsening of the ratios compared to the Baseline. However, the debt ratios are still within the MAC-DSA threshold for the projection period.

Table 6.4: Total Public Debt Indicators, 2023 – 2027 (Alternative Scenario)

N/S	Indicators	Threshold*	Threshold**	2023	2024	2025	2026	2027
i	Total Public Debt-to-GDP (%)	70	40	45.4	47.5	49.0	50.6	51.6
ii	Gross Financing Needs-to-GDP (%)	15	-	8.8	8.0	8.7	9.0	9.1
iii	FGN Debt Service-to-Revenue (%)	-	50	142.3	162.9	166.0	152.04	148.61

* IMF/WB Threshold showing the level in which if exceeded, promptly raises sovereign risk to unsustainable level

** Country Specific Threshold

6.5 Conclusion

The 2022 MAC-DSA outcome shows that Nigeria's Total Public Debt to GDP ratio rose to 37.1 percent in 2023 from 23.4 percent in 2022. The substantial increase in the ratio is due to the inclusion of the ₦8.80 trillion New Borrowings for 2023, the FGN Ways and Means Advances of ₦23.71 trillion and an estimated Promissory Notes to be issued in 2023 amounting to ₦2.87 trillion which added to the debt stock. The overall analysis of the Public Debt portfolio shows that Nigeria's Public Debt remains at a moderate risk of debt distress albeit evidence of refinancing and exchange rate risk as indicated by the Debt Service to Revenue ratio, widened Eurobond spread and Short-Term to the Total Public Debt ratios. The Public Debt to GDP ratio of 37.1 percent in 2023 also indicated a narrowing of borrowing space for Government when compared to the country specific threshold of 40 percent set in the MTDS 2020 - 2023.



The FGN Debt Service-to-Revenue ratios in the projection period at both the baseline and alternative scenarios also highlights the threat to debt sustainability. Therefore, there is an urgent need to increase the revenues in the short to long-term, in order to reduce fiscal deficit and New Borrowing and in turn reduce the Debt Service to revenue ratios to sustainable levels.

6.6 Recommendations

Based on the analysis of the results of the 2022 MAC-DSA, the DMO recommends as follows:

- i. Although the Baseline analysis projects Total Public Debt-to-GDP ratio at 37.1 percent for 2023 indicating a borrowing space of 2.9 percent (equivalent of about ₦14.66 trillion) when compared to the self-imposed limit of 40 percent, it is recommended that this should be discountenanced or be reviewed upward. This is because the outcome of the Shock Scenario, which is more realistic in the circumstances, exceeded the self-imposed limit;
- ii. The projected FGN Debt Service-to-Revenue ratio at 73.5 percent for 2023 is high and is a threat to debt sustainability. Attaining a sustainable FGN Debt Service-to-Revenue ratio would require an increase of FGN Revenue from ₦10.49 trillion projected in 2023 Appropriation Act to about ₦15.5 trillion. Therefore, there is an urgent need to increase revenues in the short and long-term, in order to bring this Debt Service-to-Revenue ratio to a sustainable level;
- iii. With respect to expansion in fiscal deficit, there is need to strictly adhere to the provision of extant legislations on Government borrowing, especially the Fiscal Responsibility Act 2007 in terms of Fiscal Deficit-to-GDP and Central Bank of Nigeria Act, 2007 as it relates to Ways and Means Advances, in order to moderate the growth rate of public debt;
- iv. Government should take out capital projects in the Budget, which would have otherwise been funded from borrowing to be financed through the Public-Private-Partnership Scheme, thereby reducing Government borrowing; and
- v. Government can as well reduce borrowing through Privatization and/or Sales of Government Property.

CHAPTER SEVEN

SUB-NATIONAL DEBT MANAGEMENT



CHAPTER SEVEN

SUB-NATIONAL DEBT MANAGEMENT

The Total External Debt Stock of the States and the FCT was US\$4,456.37 million as at December 31, 2022 relative to US\$4,773.63 million as at December 31, 2021 representing a marginal decrease of US\$314.86 million or 6.61 percent. The External Debt Stock of Sub-nationals constitute 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 2022 was US\$204.87 million compared to the US\$178.45 million in 2021, while the Domestic Debt of the States and FCT as at December 31, 2022 was ₦4.456 trillion compared to ₦4.771 trillion as at December 31, 2021.

7.1 External Debt Stock of States and FCT

The Total External Debt Stock of the States and the FCT was US\$ 4,456.37 million as at December 31, 2022 compared to US\$4,771.23 million as at December 31, 2021 representing a marginal decrease of US\$314.86 million or 6.61 percent (Table 7.1 and Figure 7.1). This decrease is as a result of matured debts of existing creditors for some States. While the Multilateral creditors accounted for US\$4,174.61 million or 93.68 percent of the External Debt Stock of the States and the FCT, the stock of debt owed to Bilateral creditors amounted to US\$281.75 million or 6.32 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, ADF, China Exim Bank and JICA. 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.

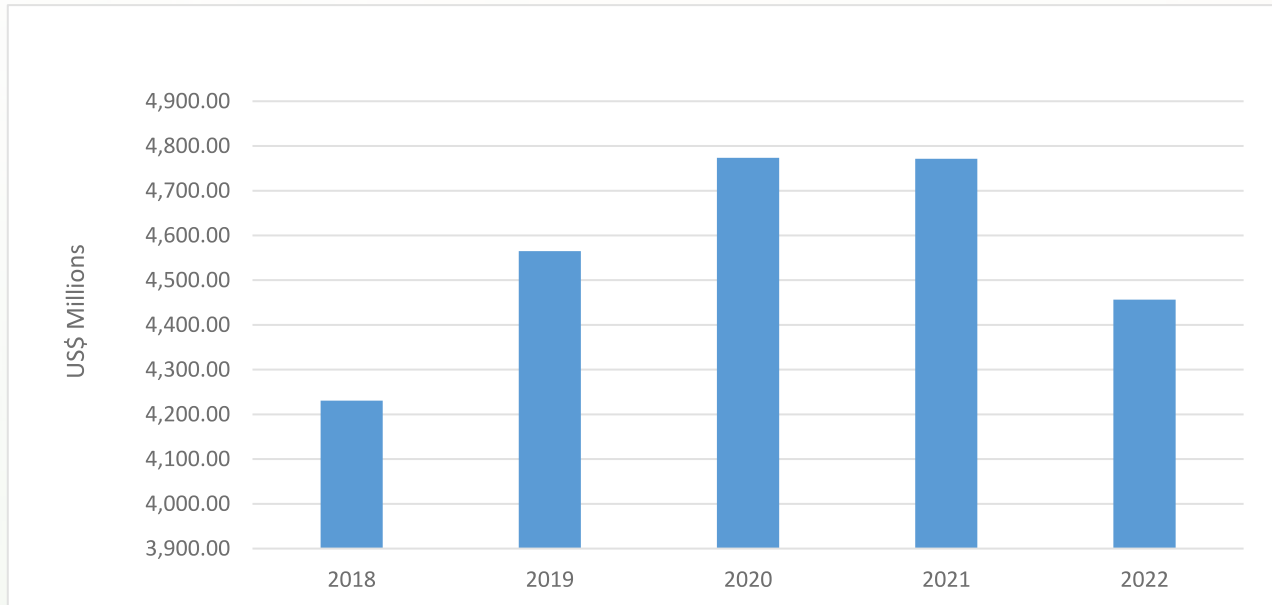
Table 7.1: Trend in States' & FCT's External Debt Stock, 2018 - 2022 (US\$' Million)

Years	2018	2019	2020	2021	2022
States' External Debt Stock	4,230.72	4,564.87	4,773.63	4,771.23	4,456.37

Source: DMO



Figure 7.1: Trend in States' & FCT's External Debt Stock, 2018 - 2022 (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, 2022. Lagos State had the highest External Debt of US\$1,250.06 million or 28.05 percent, followed by Kaduna and Edo States with US\$573.74 million or 12.87 percent and US\$261.15 million or 5.867 percent. Borno and Yobe States and FCT had the lowest outstanding External Debt, with US\$18.10 million or 0.41 percent, US\$22.51 million or 0.51 percent, and US\$24.36 million or 0.55 percent, respectively.



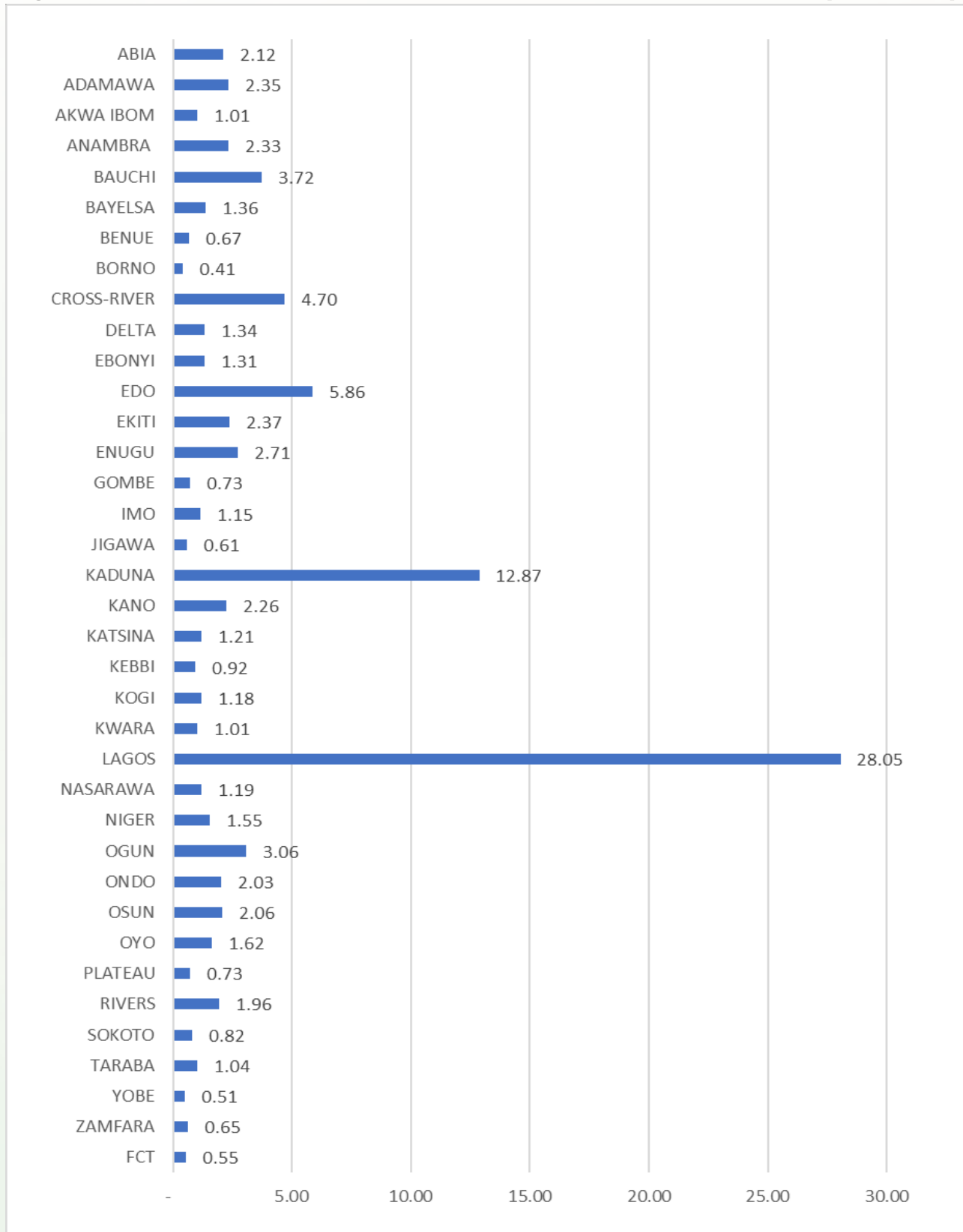
Table 7.2: External Debt Stock of States & FCT as at December 31, 2022 (US\$)

S/ No	States and FGN	Multilateral	Bilateral (AFD)	Bilateral (CHINA EXIM BANK, JICA, INDIA, KFW)	Commercial Eurobonds & Diaspora Bonds	Promissory Notes	Syndicate Loan	Total	Percentage of Total
		USD	USD	USD	USD			USD	
1	Abia	90,542,907.40	3,736,896.66	-	-	-	-	94,279,804.06	2.12
2	Adamawa	99,604,525.81	5,000,000.00	-	-	-	-	104,604,525.81	2.35
3	Akwabom	41,109,423.64	3,736,896.66	-	-	-	-	44,846,320.30	1.01
4	Anambra	103,824,427.39	-	-	-	-	-	103,824,427.39	2.33
5	Bauchi	162,042,591.29	3,736,896.66	-	-	-	-	165,779,487.95	3.72
6	Bayelsa	60,394,724.44	-	-	-	-	-	60,394,724.44	1.36
7	Benue	29,938,978.80	-	-	-	-	-	29,938,978.80	0.67
8	Borno	18,101,408.65	-	-	-	-	-	18,101,408.65	0.41
9	Cross River	159,062,743.45	33,220,845.29	17,242,089.11	-	-	-	209,525,677.85	4.70
10	Delta	59,871,451.27	-	-	-	-	-	59,871,451.27	1.34
11	Ebonyi	58,572,170.14	-	-	-	-	-	58,572,170.14	1.31
12	Edo	261,153,246.26	-	-	-	-	-	261,153,246.26	5.86
13	Ekiti	105,588,932.98	-	-	-	-	-	105,588,932.98	2.37
14	Enugu	115,855,747.39	5,000,000.00	-	-	-	-	120,855,747.39	2.71
15	Gombe	32,482,206.51	-	-	-	-	-	32,482,206.51	0.73
16	Imo	44,094,668.50	7,000,000.00	-	-	-	-	51,094,668.50	1.15
17	Jigawa	26,987,918.67	-	-	-	-	-	26,987,918.67	0.61
18	Kaduna	560,645,059.52	-	13,098,397.14	-	-	-	573,743,456.66	12.87
19	Kano	93,726,056.33	6,940,049.49	-	-	-	-	100,666,105.82	2.26
20	Katsina	50,178,739.41	3,736,896.66	-	-	-	-	53,915,636.07	1.21
21	Kebbi	37,194,848.32	3,736,896.66	-	-	-	-	40,931,744.98	0.92
22	Kogi	49,060,158.70	3,736,896.66	-	-	-	-	52,797,055.36	1.18
23	Kwara	41,129,682.91	3,736,896.66	-	-	-	-	44,866,579.57	1.01
24	Lagos	1,148,608,219.39	101,453,292.44	-	-	-	-	1,250,061,511.83	28.05
25	Nassarawa	52,998,091.94	-	-	-	-	-	52,998,091.94	1.19
26	Niger	59,615,062.67	9,615,384.62	-	-	-	-	69,230,447.29	1.55
27	Ogun	103,602,415.92	32,657,327.10	-	-	-	-	136,259,743.02	3.06
28	Ondo	86,945,604.57	3,736,896.66	-	-	-	-	90,682,501.23	2.03
29	Osun	82,359,402.44	9,419,991.53	-	-	-	-	91,779,393.97	2.06
30	Oyo	68,499,226.78	3,736,896.66	-	-	-	-	72,236,123.44	1.62
31	Plateau	28,662,378.68	3,736,896.66	-	-	-	-	32,399,275.34	0.73
32	Rivers	87,134,070.90	-	-	-	-	-	87,134,070.90	1.96
33	Sokoto	32,820,873.98	3,736,896.66	-	-	-	-	36,557,770.64	0.82
34	Taraba	46,470,133.79	-	-	-	-	-	46,470,133.79	1.04
35	Yobe	22,514,198.36	-	-	-	-	-	22,514,198.36	0.51
36	Zamfara	28,861,053.20	-	-	-	-	-	28,861,053.20	0.65
37	FCT	24,361,837.47	-	-	-	-	-	24,361,837.47	0.55
FCT		4,174,615,187.87	251,412,753.73	30,340,486.25	-	-	-	4,456,368,427.85	100.00
FGN		16,026,850,837.83	4,785,441,242.85	-	15,618,352,000.00	547,913,432.50	259,995,931.40	37,238,553,444.58	-
Grand Total		20,201,466,025.70	5,036,853,996.58	30,340,486.25	15,618,352,000.00	547,913,432.50	259,995,931.40	41,694,921,872.43	-
Percentage of States & FCT to Grand Total								11%	-
Percentage of FGN to Grand Total								89%	-

Source: DMO



Figure 7.2: External Debt Stock of States & FCT as at December 31, 2022 (% 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 2022 was US\$204.87 million compared to US\$178.45 million in 2021, representing an increase of US\$26.42 million or 0.15 percent. This increase was due to payment of principal and interest on the outstanding loans during the year under review. Table 7.3 shows the trend of External Debt Service of the States and the FCT from 2018 to 2022.

Table 7.3: External Debt Service of States & FCT, 2018 – 2022 (US\$' Million)

S/N	States	2018	2019	2020	2021	2022
1	Abia	1.5	1.82	1.72	2.17	2.09
2	Adamawa	1.72	1.73	2.55	2.62	2.57
3	Akwa Ibom	4.35	1.72	1.74	1.69	1.75
4	Anambra	1.62	1.99	2.03	2.00	1.89
5	Bauchi	2.63	4.89	5.20	5.05	4.87
6	Bayelsa	1.24	1.41	1.42	1.56	1.58
7	Benue	0.93	1.04	1.01	1.18	1.23
8	Borno	0.65	0.69	0.75	0.85	0.87
9	Cross River	9.12	4.6	7.62	7.88	12.01
10	Delta	1.02	1.11	1.04	1.25	1.19
11	Ebonyi	1.42	1.65	1.70	1.83	1.91
12	Edo	2.97	3.28	3.43	3.39	4.94
13	Ekiti	1.94	3.56	3.82	4.06	3.99
14	Enugu	2.02	3.1	3.18	3.28	3.23
15	Gombe	1.37	1.36	1.69	2.08	1.66
16	Imo	1.95	2.08	2.08	2.75	2.52
17	Jigawa	1.08	1.13	1.16	1.20	1.20
18	Kaduna	7.64	8.7	13.77	16.10	18.46
19	Kano	2.25	2.81	2.85	2.92	3.26
20	Katsina	4	4.11	4.21	4.26	4.08
21	Kebbi	1.55	1.53	1.84	1.99	1.97
22	Kogi	1.06	1.16	1.47	1.49	1.72
23	Kwara	1.5	1.56	1.55	1.78	1.75
24	Lagos	35.2	43.03	57.05	61.81	80.74
25	Nasarawa	1.23	1.34	1.34	1.30	1.37
26	Niger	1.33	1.56	2.24	2.30	2.15
27	Ogun	2.91	2.84	3.04	3.78	5.67
28	Ondo	2.4	2.65	2.62	2.62	2.56
29	Osun	3.94	4.12	5.20	5.16	4.88
30	Oyo	4.84	8.29	10.95	11.18	10.58
31	Plateau	0.82	0.89	1.30	1.26	1.29
32	Rivers	2.12	9.46	8.36	7.26	6.90
33	Sokoto	1.42	1.5	1.47	1.60	1.56
34	Taraba	0.8	0.8	1.11	2.25	1.74
35	Yobe	1.34	1.36	0.95	1.33	1.28
36	Zamfara	0.94	1.12	1.13	1.19	1.08
37	FCT	1.44	1.12	1.54	2.03	2.34
	Total	116.24	137.56	165.90	178.45	204.87

Source: DMO



7.3 Collation and Publication of Sub-National Domestic Debt Data

DMO's ensured timely and accurate collation and publication of the sub-national domestic debt data in 2022. 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 quarter end. As at December 31, 2022, thirty-three (33) States and the FCT had submitted their validated signed-off end of year domestic data to the DMO.

7.4 Domestic Debt Stock of the States

The Table below shows the Domestic Data of the 36 States of the Federation and the FCT as at December 31, 2022.



Table 7.4: Total Domestic Debt of the 36 States and the FCT as at Dec. 31, 2022 (NG#)

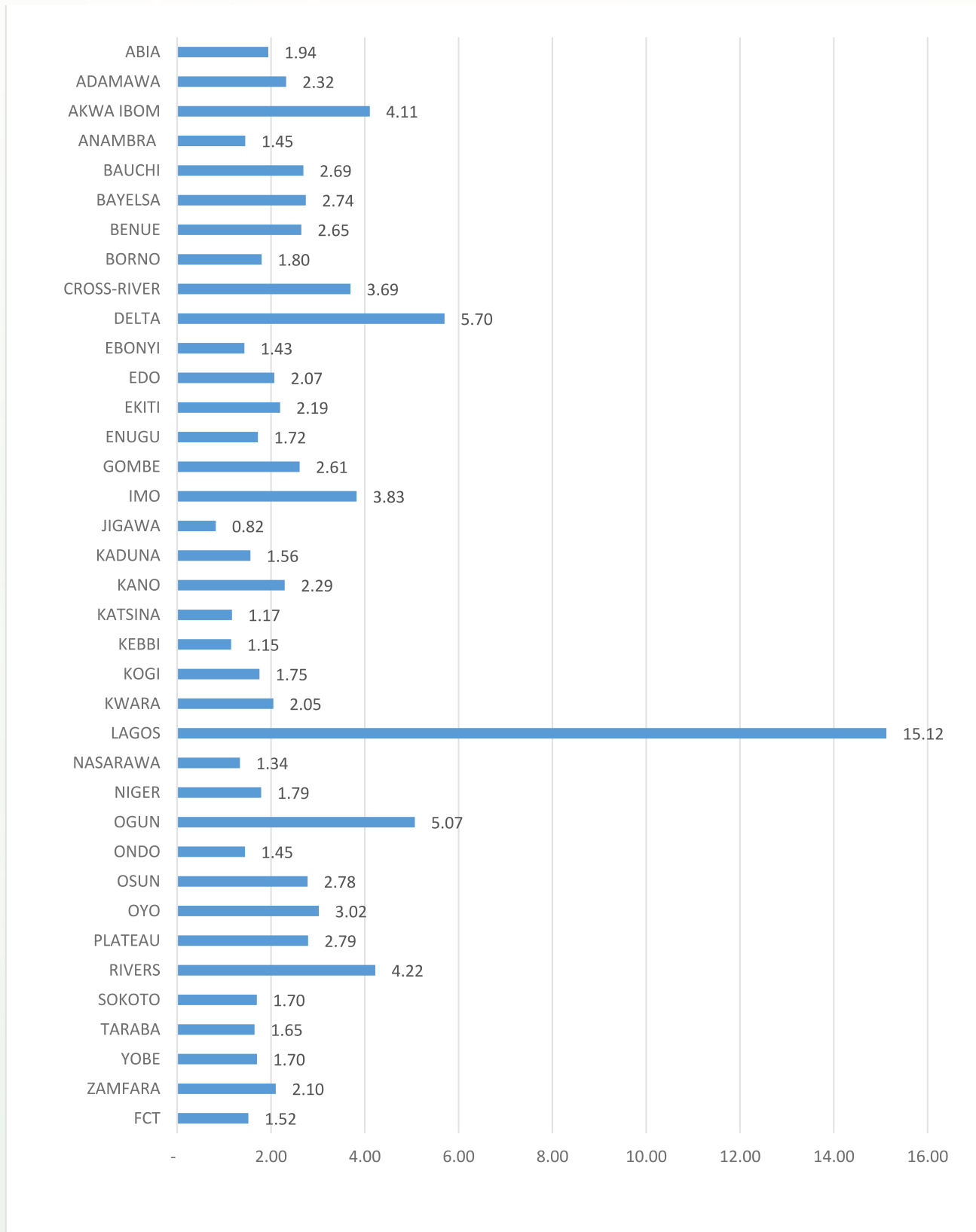
SN	STATE	DEBT STOCK (N)	PERCENTAGE SHARE OF TOTAL
1	ABIA	103,710,011,090.63	1.94
2	ADAMAWA	124,000,573,916.51	2.32
3	AKWA IBOM	219,265,319,660.24	4.11
4	ANAMBRA	77,487,683,347.04	1.45
5	BAUCHI	143,638,075,199.37	2.69
6	BAYELSA	146,371,493,447.19	2.74
7	BENUE	141,294,318,833.79	2.65
8	BORNO	96,135,894,362.56	1.8
9	CROSS-RIVER	197,210,152,707.36	3.69
10	DELTA	304,245,915,945.65	5.7
11	EBONYI	76,496,806,095.94	1.43
12	EDO	110,591,684,782.43	2.07
13	EKITI	117,147,875,751.50	2.19
14	ENUGU	91,856,182,849.75	1.72
15	GOMBE	139,322,895,697.91	2.61
16	IMO	204,224,291,725.13	3.83
17	JIGAWA	43,952,167,579.02	0.82
18	KADUNA	83,294,928,661.31	1.56
19	KANO	122,361,942,618.03	2.29
20	KATSINA	62,374,809,154.32	1.17
21	KEBBI	61,310,171,246.00	1.15
22	KOGI	93,621,765,035.49	1.75
23	KWARA	109,382,057,027.36	2.05
24	LAGOS	807,208,634,237.88	15.12
25	NASARAWA	71,437,890,993.83	1.34
26	NIGER	95,590,899,934.18	1.79
27	OGUN	270,450,024,234.79	5.07
28	ONDO	77,150,360,913.76	1.45
29	OSUN	148,366,712,357.73	2.78
30	OYO	161,180,878,265.05	3.02
31	PLATEAU	149,013,440,711.35	2.79
32	RIVERS	225,505,011,357.83	4.22
33	SOKOTO	90,595,002,766.24	1.7
34	TARABA	87,959,866,608.42	1.65
35	YOBE	90,776,488,122.65	1.7
36	ZAMFARA	112,197,059,996.35	2.1
37	FCT	81,022,168,940.36	1.52
Total		5,337,751,456,173.93	100

Notes

1. This Domestic Debt Data Report is generated from the signed-off submissions received from the 36 States of the Federation and FCT
2. Domestic Debt Stock for Thirty-three (33) States: Abia, Adamawa, Akwa Ibom, Anambra, Bauchi, Bayelsa, Benue, Borno, Cross River, Delta, Ebonyi, Edo, Ekiti, Enugu, Gombe, Imo, Jigawa, Kaduna, Kano, Kebbi, Kogi, Kwara, Lagos, Nasarawa, Niger, Ogun, Ondo, Osun, Oyo, Plateau, Sokoto, Yobe, Zamfara and the FCT are as at December 31, 2022.
3. Domestic Debt Stock Figures for Katsina and Taraba States were as at September 30, 2022
4. Domestic Debt Stock Figure for Rivers State was as at September 30, 2021



Figure 7.3: Domestic Debt Stock of States & FCT as at Dec. 31, 2022 (in % of Total)



Source: States and the Federal Capital Territory



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

7.5.1 Capacity Building for Sub-National Debt Managers

Technical Workshop on Sovereign and Sub-National DeMPA: aimed to identifying the core strengths and weakness of debt management functions both at the Federal and States level, as well as chart an approach to handling the weaknesses. Sovereign DeMPA Assessment workshop was held from November 14–16, 2022 for different levels and Departments of the DMO while Sub-National DeMPA (SN-DeMPA) was conducted for Six States namely: Akwa-Ibom, Enugu, Gombe, Nasarawa, Oyo and Sokoto from November 17-19, 2022. These States were also exposed to the SN-DeMPA methodology and how to complete the self-assessment questionnaire. The next stage is the analysis of questionnaire, drafting of report and accessing the quality assurance of those reports when completed.

Development of Guidelines on sub-national DeMPA and sensitization of States on the preparation of DeMPA: DeMPA Guidelines has been developed by the World Bank and the DMO. The sensitization of different stakeholders at the State-level on the basic understanding of DeMPA was aimed at ensuring cooperation and understanding among the staff of the DMDs.

Under the AfDB MIC-TAF Grant, the DMO in the year under review, continued its mandate of promoting sound debt management practices and ensuring sustainability of Public Debt at the Sub-national level.

Under this Project Capacity Building 3 (CB 3) - State-by-State Debt Sustainability Analysis (DSA) was conducted: The DMO conducted States-by-States DSA capacity-building workshops for six (6) States in the Southern Zone namely: Bayelsa, Delta, Enugu, Imo, Ogun, and Ondo and six (6) States in the Northern Zone; Yobe, Adamawa, Jigawa, Kebbi, Plateau and Benue in February, 2022. The main objective of the training programme was to equip officials of the States with the requisite skills and knowledge to undertake annual DSA at the Sub-National level in order to improve debt management practices, reduce cost of debt servicing, ensure debt sustainability and advance macroeconomic management.



Furthermore, the DMO made concerted efforts to entrench sound debt management practices and strengthened sub-national debt management institutional framework by:

- i. Equipping the thirty-six (36) States of the Federation including the Federal Capital Territory (FCT) officials with the skills and knowledge to undertake annual DSA at the sub-national level;
- ii. Building the capacity of Ministries, Departments, and Agencies (MDAs) at the sub-national level to assist the State Debt Management Departments (DMDs) in the execution of their mandate;
- iii. Ensuring that high-level officials, including policymakers involved in debt management and related regulatory and institutional arrangements at the state level, are aware of critical challenges and opportunities in public debt management as well as the continuous efforts made by the DMO;
- iv. Training participants on the converted World Bank Analytical Template for sub-national DSA into the Excel-Based Sub-national DSA Template; and,
- v. Undertaking hands-on training in conducting sub-national debt sustainability using DSA tools developed in MS Excel.

7.5.2 Donor Intervention in Sub-National Debt Management

Under the States Fiscal Transparency, Accountability and Sustainability (SFTAS) Programme for Results (PforR), and the African Development Bank (AfDB) MIC-TAF Grant for Subnational Debt Management Capacity Building in Nigeria. DMO been one of the implementing Agency's responsible for providing Technical Assistance (TA) support to States in assisting the thirty-six (36) States and FCT to achieve:

- i. Debt related Disbursement Linked Indicators (DLI);
- ii. DLI 7- Strengthen public debt management and fiscal responsibility framework;
- iii. DLI 8- Improved clearance/reduction of stock of domestic expenditure arrears, and;
- iv. DLI 9- Improved Debt Sustainability.

In the implementation of the 2022 SFTAS Program and to achieve Disbursement Linked Indicators (DLIs), a series of activities, are grouped under four (4) major types of interventions was applied.



- i. Peer Learning Programmes: The DMO-SFTAS organised a one-day virtual refresher workshop on the April 26, 2022 for all States. The objective was to introduce the 2022 DSA and MTDS Excel Template, the Guidance Notes and Report Template. A three-day technical clinic was held for both Southern and Northern States on August 29-31, 2022 and September 5-7, 2022 respectively. As a result of the series of trainings, the States were able to populate the template and prepare draft 2022 DSA-MTDS reports for review.
- ii. Technical Assistance and Capacity Building Initiatives: Improved Capacity of States to prepare Debt Sustainability Analysis and Debt Management Strategy Reports: The DMO adopted a series of approaches like virtual technical workshops, virtual technical clinics, physical technical clinics and Just-in-time advisory using interactive approaches. The combination of approaches used in the capacity building, the knowledge of the resource persons and the intensity as well as the frequency of contacts with the States enabled them to publish Debt Sustainability Analysis Reports and Medium-Term Debt Management Strategy that meet the requirement of DLI.
- iii. Improved Fiscal Year Debt Stock Reconciliation: The DMO was able to reconcile the Domestic Debt under its purview while working with the CBN to do the same for the debt under its purview. This exercise has ensured that the figures used for the 2021 APA is close to reality and has paved the way for future and improved debt reconciliation by the DMO.
- iv. Just-in-time Advisory Services on State Debt Management Legal Framework to Anambra and Katsina: The DMO team held a just-in-time advisory with the Katsina and Anambra States on debt management legal framework on May 24, 2022. Katsina Debt Management Law has been reviewed again by the IVA and the WB and has been cleared. States and FCT have requested for just-in-time advisory on the population of the DSA-MTDS template and completion of the report. Supports are being provided to all States on needs basis on Debt Recording and Reporting through Just-in-time Advisory.

CHAPTER EIGHT

RISK ANALYSIS OF FGN'S PUBLIC DEBT



CHAPTER EIGHT

RISK ANALYSIS OF FGN'S PUBLIC DEBT

Nigeria's Total Public Debt Sustainability stood at 23.20 percent for the ratio of Total Public Debt to GDP as at December 31, 2022, which is still below the 55 percent threshold recommended by the IMF and World Bank, as well as the Country's Specific Debt Limit of 40.00 percent. 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 constant, as the share of External Debt in the Public Debt portfolio remained at 40.00 percent at the end of December 2022, compared to 40.00 percent in the corresponding period of 2021. 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 FGN's Contingent Liabilities as a percentage of GDP was 1.88 percent in 2022 compared to 2.64 percent in the corresponding period of 2021.

8.1 Introduction

Total Public Debt Sustainability, 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, 2022, is presented in this chapter. 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 stood at 23.20 percent as at December 31, 2022 compared to 22.80 percent in the corresponding period of 2021. This represents an increase of 0.41 percent, which was due to the new additional borrowing in the year 2022 (Table 8.1). This ratio is within the Country's Specific Debt Limit of 40 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 ratio of Total Interest Payment-to-FGN Revenue remained relatively high at 62.63 percent in 2022, indicative of improvement in Federal Government Revenue during the period under review. However, Government needs to enhance its revenue initiatives and reforms to generate more revenue. The ratio of Total External Debt-to-Exports was 64.92 percent as at December 2022, relative to 92.57 percent in the corresponding period of 2021.



Table 8.1: Trend in Total Public Debt Sustainability Indicators, 2018-2022

	Thresholds	2018	2019	2020	2021	2022
Total Public Debt as % of GDP	55	19.09	19.00	21.61	22.80	23.20
External Debt as % of GDP	40	6.07	6.26	8.34	9.14	9.38
Domestic Debt as % of GDP	-	13.02	12.74	13.27	13.66	13.82
External Debt as % of Exports	180	38.69	44.77	96.63	92.57	64.92
FGN's Interest Payment as % of Revenue ²	-	51.28	43.19	66.51	47.45	68.62

Source: DMO

¹Nigeria's country-specific threshold for Total Public Debt-to-GDP is 40%.

²Interest 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, 2022. The outcome reveals that the cost of External Debt increased from 2.67 percent in 2021 to 5.40 percent in 2022, while the average cost of Domestic Debt decreased from 9.79 percent in 2021 to 9.30 percent in 2022. 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, 2022

Risk Indicators		Target ²	External Debt	Domestic Debt	Total Debt
FGN's Total Public Debt (US\$' Millions)			41,694.91	61,415.93	103,110.84
Total Public Debt (incl. States' Dom. Debts) as % of GDP ¹		Max. 40%	9.38	13.82	23.20
Cost of debt	Average Interest Rate (%)	*	5.40	9.30	7.70
Refinancing risk	Debt maturing in 1yr (% of total)	Max. 20%	0.00	16.05	14.37
	Average Time-to-Maturity (ATM) years	Min. of 10 yrs.	10.5	9.00	9.70
Interest rate risk	Average Term to Re-fixing (ATR) years	*	10.60	1.00	9.70
	Debt Re-fixing in 1yr (% of total)	*	8.96	16.05	15.10
	Fixed rate debt (% of total)	*	92.51	100.00	96.84
	T-bills (percent of total)	*	0.00	19.91	9.56
FX risk	External Debt (% of Total Public Debt) ³	40	-	-	40.44

Source: DMO

Notes:

¹Nominal Values of Total Public Debt Stock was used, and includes States' & FCT's Domestic Debt Stock

²Nigeria's Country Specific Targets as set in its Debt Management Strategy, 2020-2023, while none was for the indicators marked (*)

³Total 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) was relatively high at 5.40 in 2022 compared to 2.67 percent in 2021. Conversely, the weighted Average Interest Rates of the Domestic Debt was moderately low at 9.30 percent in 2022 when compared to 9.79 percent in 2021. The Average Interest Rate for the Total FGN's Public Debt slightly increased from 6.50 percent in 2021 to 7.70 percent in 2022, which was partly attributable to the general increase in cost of debt during the year under review.

Table 8.3: Trend in Average Interest Rate (Weighted), 2018-2022

Year	2018	2019	2020	2021	2022
External Debt - Average Interest Rate (%)	4.75	4.30	3.39	2.67	5.40
Domestic Debt – Average Interest Rate (%)	12.73	9.43	11.42	9.79	9.30
Total Debt - Average Interest Rate (%)	9.66	7.45	7.87	6.50	7.70

Source: DMO

8.3.3 Refinancing Risk

The exposure of the FGN Public Debt to Refinancing Risk was moderate, the debt maturing within one year decreased from 14.60 percent in 2021 to 14.37 percent in 2022, as a result of reduction of short-term domestic debts (NTBs), as well as borrowing Long term in the Domestic and International Capital Markets. The ratio of Average Time-to-Maturity (ATM) stood at 9.00 years as at December 31, 2022, which is below the strategic target of a minimum of 10 years. Table 8.5 shows the Trend in Refinancing Risk Indicators, 2018-2022.

Table 8.4: Trend in Refinancing Risk Indicators, 2018-2022

Year	2018	2019	2020	2021	2022
Debt Maturing in 1 year (%)	18.57	13.77	14.50	14.60	14.37
External Debt – Average Time-to-Maturity (Years)	13.97	13.19	13.48	11.70	10.50
Domestic Debt - Average Time-to-Maturity (Years)	7.43	7.85	8.56	9.10	9.00
Total Debt - Average Time-to-Maturity (Years)	11.62	10.50	10.52	10.28	9.70

Source: DMO



8.3.2 Interest Rate Risk

The exposure of FGN’s Public Debt to Interest Rate Risk decreased slightly in 2022, as Average Time-to-Refixing (ATR) decreased from 11.18 years as at December 31, 2021 to 10.60 years as at December 31, 2022. Conversely the proportion of fixed rate debt decreased marginal from 97.10 percent in 2021 to 96.84 percent in 2022, as the share of variable rate debt increased from 2.90 percent in 2021 to 3.16 percent in 2022. The Debt Re-fixing in one year as percentage of total debt, which indicates exposure of the outstanding debt portfolio to interest rate changes, showed that the interest rate risk slightly declined from 17.36 percent in 2021 to 15.10 percent in 2022, 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, 2018-2022, is shown in Table 8.4.

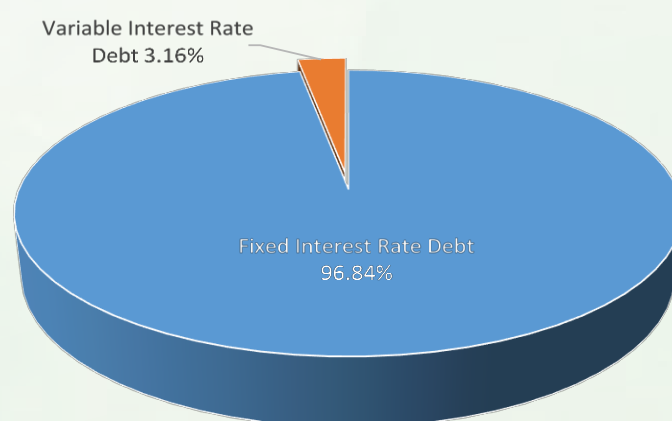
Table 8.5: Trend in Interest Rate Risk Indicators, 2018-2022

Year	2018	2019	2020	2021	2022
Fixed Interest Rate Debt (%)	97.52	96.46	97.25	97.10	96.84
Variable Interest Rate Debt (%)	2.48	3.54	2.75	2.90	3.16
External Debt - Average Time-to-Re-fixing (Years)	13.44	12.60	12.99	11.18	10.6
Domestic Debt - Average Time-to-Re-fixing (Years)	7.43	7.85	8.56	9.10	10.0
Total Debt - Average Time-to-Re-fixing (Years)	9.71	10.08	10.52	10.04	9.70
Debt Re-fixing in 1 year (% of Total Public Debt)	20.98	17.18	17.12	17.36	15.10

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, 2022



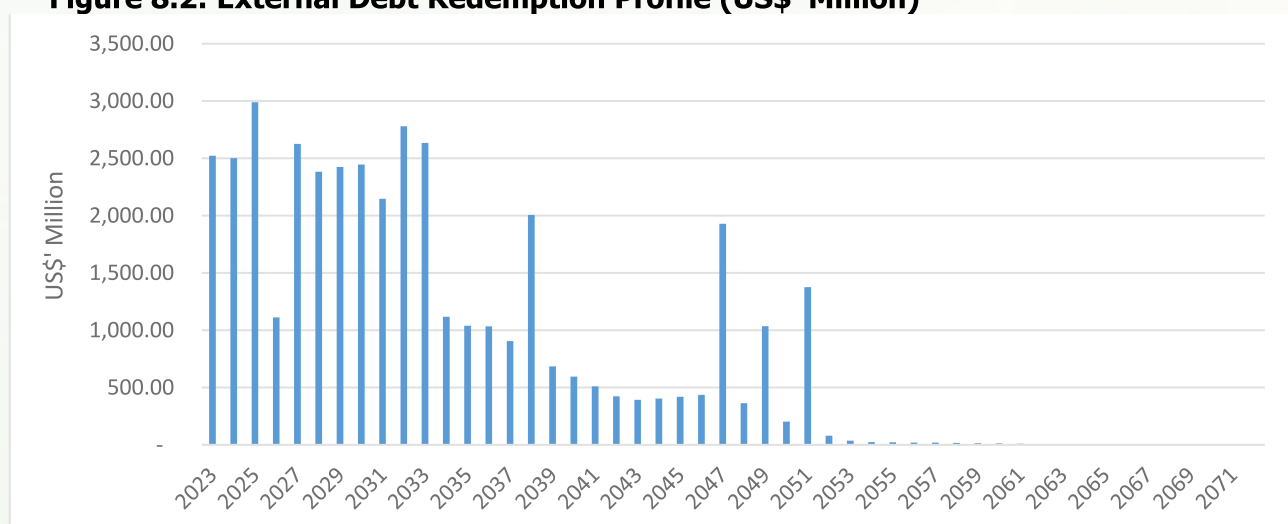
Source: DMO



8.4 Redemption Profile

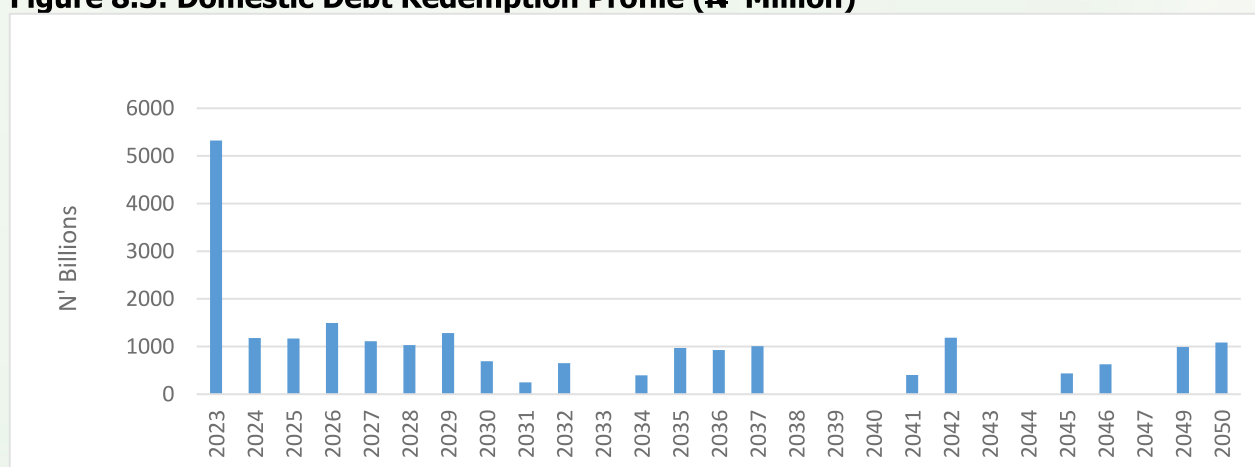
The External Debt Redemption Profile is fairly smooth with intermittent relatively high maturities occasioned by maturities of Eurobonds and the IMF Rapid Financing Instrument obtained in 2020 to ameliorate the Impact of the COVID 19 Pandemic. The issuance of securities in the ICM had been structured 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 (US\$' Million)



Source: DMO

Figure 8.3: Domestic Debt Redemption Profile (N' Billion)



Source: DMO



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

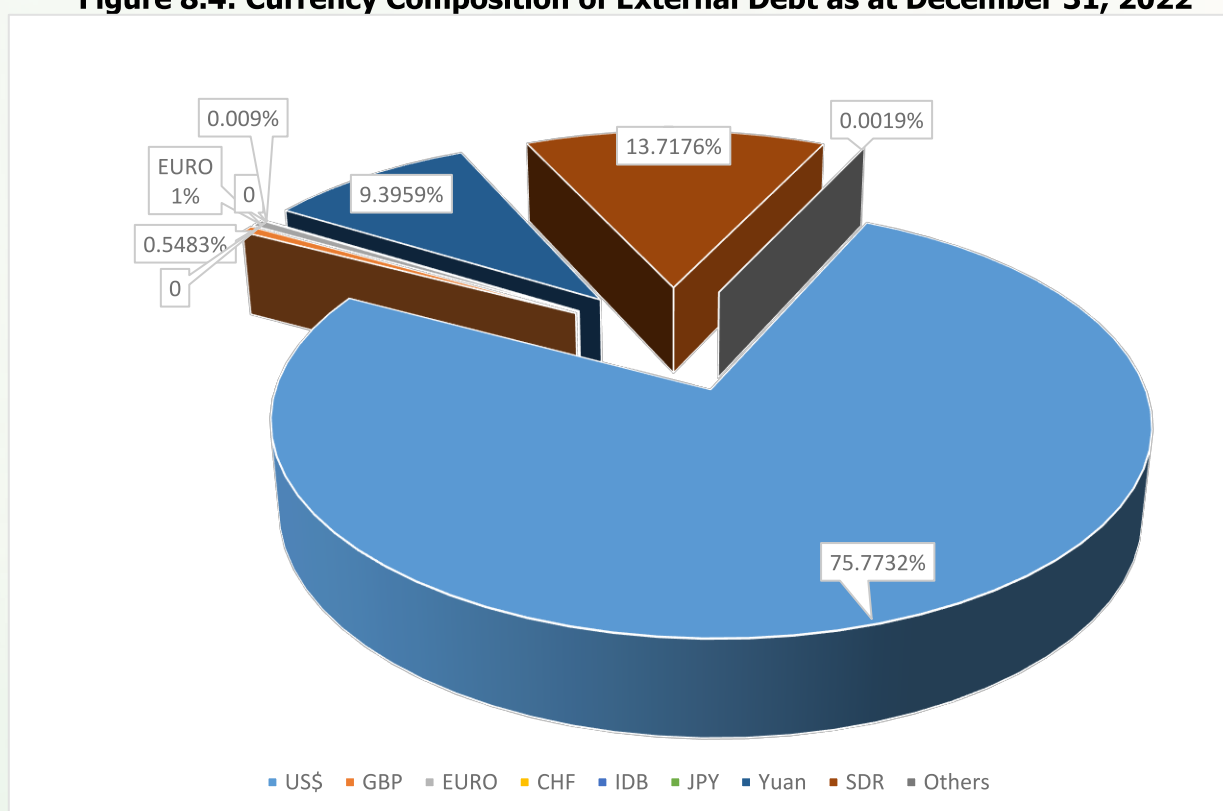
The FGN's Public Debt portfolio exposure to Foreign Exchange Risk remained constant in the year under review, as the share of Total External Debt remained at 40 percent of the Total Debt Portfolio as at December 31, 2022, with 40 percent also as at December 2021. The trend of the External Debt Component of the Total Public Debt Portfolio for the period, 2018-2022, is shown in Table 8.6.

Table 8.6: Trend in Foreign Exchange Component of Debt Portfolio, 2018-2022

Yea	201	201	202	202	202
Domestic Debt (%)	68	67	61	60	60
External Debt (%)	32	33	39	40	40
Total Debt	100	100	100	100	100

Source: DMO

Figure 8.4: Currency Composition of External Debt as at December 31, 2022



Source: DMO



The Currency Composition of the External Debt portfolio as at December 31, 2022, comprised the United States Dollar (US\$), British Pound Sterling (GBP), Euro (EUR), Swiss Franc (CHF), Chinese Yuan (Renminbi), Islamic Dinar (ID), Japanese Yen (JPY) and Special Drawing Rights (SDR). The US Dollars and SDR constituted 75.77 and 13.72 percent of the Currency Composition of the External Debt portfolio, respectively. Other currencies; GBP(0.55 percent), EUR (0.55 percent), CHF (0.00 percent), Chinese Yuan (9.40 percent), ID (0.01 percent) and JPY (0.01 percent). 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) from 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, 2022

Currency	USD Equivalent	% of Total
US Dollars	26,652,416,757.65	75.7732
GB Pounds	17,835,047.76	0.5483
Euro	573,818,447.08	0.5540
Swiss Franc	4,944,551.63	0.0000
Japanese Yen	141,033.59	0.0090
Chinese Yuan (Renminbi)	154,609,233.50	9.3959
Special Drawing Rights (SDR) Allocation	19,263,700,376.38	13.7176
Other Currencies	27,456,424.83	0.0019
TOTAL	46,694,921,872.43	100.00

Source: CBN

Figure 8.5: Currency Composition of External Reserves as at end December 31, 2022

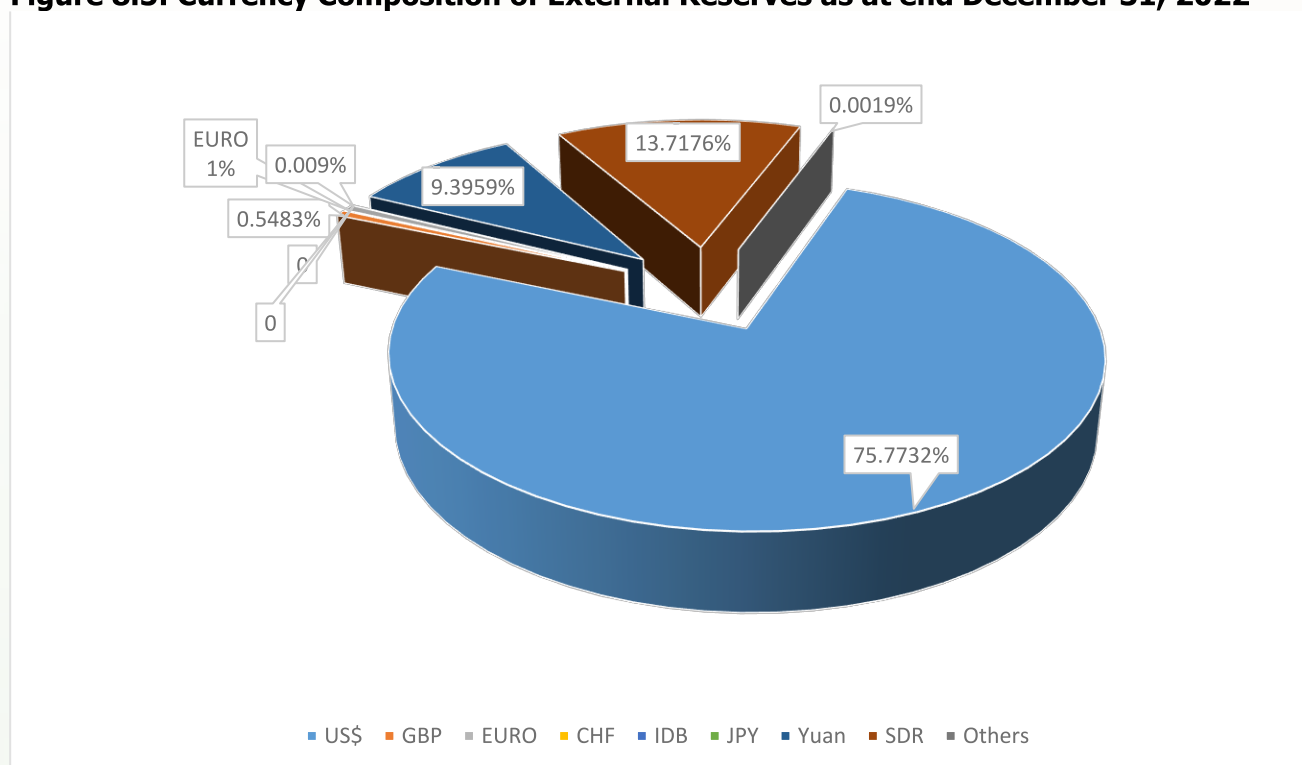


Table 8.7 and Figure 8.5 show that Nigeria’s External Reserves stood at US\$46.7 billion as at December 31, 2022. The following comprised the Currency Composition of the External Reserves: US Dollars (75.77 percent), GBP (0.55 percent), Euro (0.55 percent), JPY(0.01 percent), Chinese Yuan (9.40 percent), SDR (13.72 percent) and other currencies (0.01 percent). The Currency Composition of the External Debt portfolio closely matched the Currency Composition of the country’s External Reserves, thereby providing a 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, 2022 (in percent)

Currencies	US\$	GBP	EURO	CHF	IDB	JPY	Yuan	SDR	Others
External Debt: Currency Composition	57.08	0.04	1.23	0.01	-	0.00	0.33	41.25	0.06
External Reserve: Currency Composition	75.7732	0.5483	0.5540	-	-	0.0090	9.3959	13.7176	0.0019

Source: DMO and CBN



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

The FGN On-Lent loans to various MDAs amounted to N174.09 billion as at December 31, 2022. This is similar to the amount as at December 31, 2021. The DMO manages the credit risk associated with the On-Lent loans through close monitoring to ensure timely and full payment when due. The On-Lent Loans are also backed by a Memorandum of Understanding (MOU) executed between the DMO and the MDAs to mitigate the Risk.

8.7 FGN's Contingent Liabilities

The FGN's Contingent Liabilities amounted to ~~N~~3,738.683 billion in 2022 representing a decrease of 18.38 percent when compared to ~~N~~4,580.722 billion in 2021. The decrease was due to the full repayment of ~~N~~1.478 billion loan guarantee to the Nigerian Export-Import (NEXIM) Bank outstanding in 2021 and the facility to Nigeria Bulk Electricity Trading (NBET) which was closed out on September 23, 2022. The FGN's exposure to Contingent Liabilities as a percentage of GDP was at 1.88 percent in 2022 compared to 2.64 percent in 2021, representing a decline of 0.76 percent caused by reduction in the FGN's Contingent Liabilities in the period under review. Table 1 shows the FGN's exposure to Contingent Liabilities during the period, 2018-2022.

Table 8.9: FGN's Contingent Liabilities 2018-2022 (N' Billion)

S/N	Liability Type	2018	2019	2020	2021	2022
1.	Federal Mortgage Bank of Nigeria	5.238	5.238	5.238	5.238	5.238
2.	Nigerian Export-Import (NEXIM) Bank	6.790	3.487	2.746	1.478	-
3.	FCDA- Katampe Infrastructure Project	7.441	7.441	7.441	7.441	7.441
4.	Nigeria Mortgage Refinance Company Plc	18.226	17.707	26.839	24.990	22.951
5.	Lekki Port LFTZ Enterprise – Lekki Deep Sea Port	-	-	-	24.600	26.913
6.	World Bank Partial-Risk Guarantee in support of Azura-Edo IPP*	72.641	-	-	-	-
7.	Power Sector Contingent Liabilities Put-Call Option Agreement (PCOA)	-	495.642	401.637	663.013	642.961
8.	Power Sector Contingent Liabilities – Partial Risk Guarantees (PRG)	-	73.465	90.842	98.272	107.513



9.	Payment Assurance Facility for Nigeria Bulk Electricity Trading Plc	561.305	623.590	971.711	1,022.594	-
10.	Legacy FGN Exposure from PHCN Successor Companies	-	778.029	962.064	1,040.756	1,138.613
11.	NNPC – AKK Gas Pipeline Project	-	-	931.181	1,007.347	1,102.062
12.	Pension Arrears for MDAs	1,245.510	855.258	785.269	684.991	684.991
	Total	1,917.150	2,859.859	4,184.998	4,580.722	3,738.683

Exchange Rate as at December 31, 2022: \$/₦448.55 - NAFEX Exch. Rate

Notes:

1. The Guarantee was issued, on the 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 component.
2. 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. N29 billion (N8 billion -Series 1; N11 billion - Series 2 and N10 billion - Series 3) has been utilized out of the total Guarantee available in the sum of N440 billion.
3. 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. The Facility was fully implemented and closed out as at September 23, 2022
4. Power Sector Contingent Liabilities arising from Put-Call Option Agreement (PCOA) in favour of Azura-Edo Independent Power Project (IPP) - \$771,215,050.42; Calabar NIPP - \$500,000,000.00; Afrinergia Power Limited - \$67,585,541.22.00 & CT Cosmos - \$94,619,757.71.00. Submitted to DMO by Nigeria Bulk Electricity Trading (NBET) Plc.
5. 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 - \$3,28,250.00 & CT Cosmos - \$4,602,150.00. NBET provided the data.
6. 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.
7. FGN Guarantee for the Ajaokuta-Kaduna-Kano (AKK) Gas Pipeline Project undertaken by the Nigeria National Petroleum Corporation (NNPC). The Guarantee covers 85% (US\$2,456,944,166.11) of the total cost (US\$2,890,522,548.36) of the Project. However, the Loan was not finalised and the Guarantee has not been utilized.
8. 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



CHAPTER NINE

FEDERAL GOVERNMENT ON-LENT LOANS

The total outstanding on-lent loans to MDAs stood at ₦174.09 billion as at December 31, 2022. This is similar to the figure in December 2021. On-lent loans are extended to various MDAs by the FGN through the DMO to support the development of critical sectors of the economy.

9.1 Introduction

As part of its development agenda to promote growth and reduce poverty, the FGN through the DMO borrows and it is on-lent to various MDAs for infrastructure development and funding of special projects. The major sectors that benefit from the on-lent loans are Agriculture, Transportation, Education and other key sectors of the economy. The loans are actively managed to reduce credit risk associated with on-lent loans and a Memorandum of Understanding (MOU) is entered into between the DMO and the benefitting MDA to ensure full payment and timely recovery of the loans.

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

Table 9.1 shows the total number of benefitting MDAs and the principal amount of the loans outstanding as at December 31, 2022 at ₦174.09 billion. This is similar to the amount outstanding as at December 31, 2021 as no new loans were on-lent in the period under review and no down payment on principal from any MDA.



TABLE 9.1: Principal Outstanding on On lent Loans as at December 31, 2022

S/N	MDA	FACILITY	LOAN AMOUNT (N)	PRINCIPAL AMOUNT OUTSTANDING (N)
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 (FMF)	₦6.3 billion Pioneer Consumer Car Finance Scheme for Public Servants	6,300,000,000.00	1,882,841,431.80
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 Nig. Bank for Commerce and Industry to the FGN	2,500,711,000.00	2,410,293,267.05
TOTAL			220,621,886,142.72	174,093,596,639.81

CHAPTER TEN

INSTITUTIONAL ISSUES



CHAPTER TEN

INSTITUTIONAL ISSUES

The implementation of the DMO 4th Strategic Plan, 2018-2022 recorded considerable progress and notable Achievements in 2022, alongside the Nigeria's Debt Management Strategy (MTDS) 2020-2023, which provided a guide to the borrowing activities of the Federal Government in the medium-term. The DMO also conducted trainings for Staff and other external Stakeholders, as well as enhanced its business processes by improving the ICT infrastructure during the period. DMO continued efforts to ensure timely and accurate collation and publication of the sub-national domestic debt data in 2022.

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

The end of the fiscal year 2022 marked the end year of the DMO's 4th Strategic Plan, 2018-2022, and as in the previous year, notable achievements were made in 2022.

Achievements:

- i. Continued funding of part of the fiscal deficits of the Federal Government's Appropriation (Repeal and Enactment Acts, 2022, successfully raising the total planned New Domestic Borrowing of ₦3.534 trillion*
- ii. Sustained the issuance of longer-tenored instruments in order to minimize refinancing risk;*
- iii. Achieved the following results in the Nigeria's Debt Management Strategy, 2020 - 2023;*
 - a) Attained Total Public Debt ratio of 60:40 for Domestic to External debt, efforts to achieve the target of the public debt composition of 70:30 ratio for domestic and external debt are being intensified.*
 - b) Attained Domestic Debt portfolio mix of 80:20 ratio for Long-term to Short term debt;*
 - c) Reduced proportion of debt maturing within one year in the Total Public Debt Portfolio to 14.37 percent; and,*
 - d) the maturity profile of the Total Public Debt portfolio to an average of 9.70 years which is a dip from the previous year due to the issuance of short-dated Promissory Notes.*

10.2 Debt Sustainability Analysis (2022)

The DMO organized the 2022 MAC DSA Exercise from December 6 -11, 2022 in conjunction with other stakeholders, namely: The 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 World Bank provided technical assistance. The Public Debt Sustainability Analysis of the public debt portfolio shows that Nigeria's public

debt remains at a moderate risk of debt distress albeit evidence of refinancing and exchange rate risk as indicated by the Debt Service to Revenue ratio, widened Eurobond spread and Short-Term to Total Public Debt ratios.

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. The DMO Supervisory Board held one (1) Virtual Meeting in 2022.

10.4 Staffing Issues

10.4.1 The Re-appointment of the Director-General of the DMO

Ms. Patience Oniha, the Director-General of the DMO, whose first tenure of Five (5) years expired on June 31, 2022 was graciously reappointed by the President and Commander-in-Chief of the Armed Forces for another Five (5) years, with effect from July 1, 2022 to June 30, 2027. Her re-appointment for a second term was based on the significant achievements recorded by the DMO in the five (5) years, under her leadership.

Amongst the achievements are the introduction of Sukuk and Green Bonds to finance the development of infrastructure where there is a huge gap, the introduction of long-term Bonds with tenors of 30 years in the domestic and international markets aimed at improving the sustainability of the public debt and opening up avenues for raising long-term funds for Corporates. This is aside from attracting diverse investors including retail investors to the FGN Bond Market.

Internally, the Director-General introduced reforms to strengthen the DMO, as a critical Agency in the public finance ecosystem of the country.

10.4.2 Recruitment of New Staff

There was no recruitment of new staff into the DMO in 2022.



10.4.3 Staff Exit

In 2022, one member of staff exited the DMO upon attaining the mandatory retirement age of 60 years, while two others resigned from the service of the DMO.

10.4.4 Repositioning/Redeployment Exercise

The Assistant Director, Information Technology and Information Systems (IT&IS) was made the Team Leader (IT&IS Unit) with effect from January, 2022. The Special Programmes Department (SPD) was restructured and the Debt Management Training Unit (DMTU) was absorbed into it. The Team Leader of the absorbed DMTU was redeployed to lead the Sub-National Debt Unit of DRSD while the Chief Operations Officer (DMTU) was redeployed to Institutions and Skills Development (North) Unit of the SPD. The former Team Leader, Sub-National Unit was moved to lead the Task Compliance and Operational Risk Management Unit, while the Operations Officer I, ISD-N Unit of SPD was redeployed to the External Debt & Special Accounts Unit of Debt Recording and Settlement Department in April, 2022.

10.4.5 Senior Management Staff Movement

The Director-General in January 21, 2022, approved the upgrade of the Team Leader, Task Compliance and Organisational Risk Management as the Head of Policy, Strategy and Risk Management Department, to fill the vacancy created by the retirement of the Director heading the Department in 2021

10.4.6 Staff Promotion Exercise

The 2022 Promotion Exercise was conducted successfully for all Candidates. Fifteen (15) officers were successfully promoted to different Grade Levels (GLs).

One Assistant Director (GL 15) was promoted to Deputy Director (GL 16); a Chief Operations Officer (GL 14) was promoted to Assistant Director (GL 15) while three (3) Assistant Chief Operations Officers (GL 13) were promoted to Chief Operations Officers (GL 14). Three (3) Principal Operations Officers (GL 12) were promoted to Assistant Chief Operations Officers (GL 13) and one (1) Senior Operations Officer (GL 10) was promoted to Principal Operations Officer (GL 12). Five (5) officers, who were Operations Officers II (GL 8) were promoted to Operations Officer I (GL 9) and one (1) officer was converted from Office Assistant Cadre to Operations Officer Cadre on GL 8.



10.4.7 Training for DMO's External Stakeholders

As part of its External Stakeholders training programme, the DMO in conjunction with Training Institutes conducted Workshops for Members of Senate Committee on Foreign and Local Debt, the House Committee on Loans, Aids and Debt Management, and the Staff in the Secretariats of the Committees in November and December, 2022.

10.4.8 DMO Staff Training

Trainings were carried out from the second to the fourth quarter of the year, in accordance with the training needs of all members of staff. The Trainings were carried out between June and October, 2022 in the following areas:- Strategic Thinking for Corporate Renewal and Turnaround; Introduction to Fixed Income Securities Analysis; Intermediate Fixed Income Securities Analysis; Advance Fixed Income Securities Analysis; Public Procurement Monitoring and Audit; Managing the HR Function; Network/Internet Technology Planning Setup; Basic and Intermediate PPP Training; Public Finance Management; Medium-Term Debt Management Strategy (MTDS); Attitudinal Change and Work Ethics & Productivity Improvement. All these trainings were facilitated by reputable Training Institutions, such as Phillips Consulting, West Africa Institute for Financial and Economic Management and FMDQ.

10.5 Sub-National Debt Management Activities

10.5.1 Capacity Building for Sub-National Debt Managers

The DMO-SFTAS program and the AfDB MIC-TAF Grant for Subnational Debt Management Capacity building in Nigeria have contributed to improved debt transparency and sustainability through the following:

- i. Legal Frameworks that are fit-for-purpose and guide debt management functions in the States. A total of 35 States has enacted debt management and fiscal responsibility laws that met the requirements of SFTAS. The remaining State has also enacted and is amending the law to meet the SFTAS requirement on debt contracting and management.
- ii. Timely Submission of Quarterly Debt Reports by the States for effective debt reporting. States now submit their quarterly debt reports on time, that is, within two months (8 weeks) after the end of each quarter.



- iii. Improvement in the Preparation and Dissemination of Debt Sustainability and Debt Management Strategy Reports. States have been publishing Debt Sustainability Analysis (DSA) and Medium-Term Debt Management Strategies (MTDS) Reports on their Websites since 2020. A total of 36 States produced DSA and MTDS reports of adequate standard in 2022 and published same on their websites.
- iv. Improvement in the Capacity of States to Conduct Debt Sustainability Analysis and prepare Debt Management Strategy. States have improved in their capacity in terms of understanding the underlying principles and the mechanics of debt sustainability analysis, as well as debt management strategy.
- v. Built the capacity of the DMO staff on Sovereign and Sub-national Debt Management Performance Assessment (DeMPA) methodology
- vi. Built the capacity of officials of five (5) States on Sub-national Debt Management Performance Assessment (DeMPA) methodology. Currently, DeMPA is being carried out in these five (5) States under the coordination of the DMO-SFTAS Team I conjunction with the World Bank Team.
- vii. Debt Stock Reconciliation. The DMO has worked with the States to ensure verification and harmonization of debt figures reported by the State Governments. The reconciliation exercise has ensured that the published debt data reported by the States are accurate.
- viii. Ensured the creation of comprehensive, reliable, timely, and accurate database at state level through domestic debt data reconstruction and general technical support granted to the States
- ix. Strengthened the capacity of sub-national debt managers to optimally manage state debt obligations and their associated risks
- x. Equipped policymakers with understanding of public debt management, its dynamics and contribution to the economic management and development in States, as well as desirability of effective debt management, and the provision of relevant debt and fiscal responsibility legislations.



10.5.2 Collation and Publication of Sub-National Domestic Debt Data

DMO continued to ensure timely and accurate collation and publication of the sub-national domestic debt data continued in 2022. 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 period end. As at December 31, 2022, thirty-three (33) States and the FCT had submitted their validated signed-off end of year domestic data to the DMO.

10.6 ICT Infrastructure

In the bid to further consolidate on the gains made in the adoption of ICT as a tool to enhance the DMO's business process, the following milestones were achieved in 2022;

- In order to implement the ICT Review Recommendations based on the comprehensive review of its ICT Infrastructure, Operations and Services, the DMO has finalized and obtained all the necessary approvals for the successful implementation of the identified projects in the DMO IT Digital Transformation Project. All the procurement processes were completed by the end of 2022 and the project execution commenced in 2023.
- 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 the Bloomberg Platform and with settlement on the Central Bank of Nigeria Scripless Securities Settlement System (CBN S4).
- The DMO Website was fully supported and maintained with regular data updates. All information and updates were successfully carried out on the website and DMO pages on the social media. This has continued to improve the DMO's outreach to the public and stakeholders.
- The DMO's entire network is fully secured with the configuration and integration of the Acronis Antivirus, which was brought in for a proof of concept (POC) service to replace Sophos Intercept X Anti-Virus and Firewall Solution. It comes with a lot of additional features over the Sophos Anti-Virus.
- The DMO has maintained its external and internal communication by integrating the Modern IP Telephony System with dedicated E1 line and IP Teleconferencing



Solution on the Galaxy Backbone platform. The new system enables the organization to communicate easily with external stakeholders from anywhere around the world virtually.

- ICT Services were maintained optimally with over 95% uptime for the period under review, thus contributing significantly in the DMO's achievement of its objectives in 2022.

CHAPTER ELEVEN

FINANCIAL STATEMENTS AND ACCOUNTS



CHAPTER ELEVEN

FINANCIAL STATEMENTS AND ACCOUNTS

11.1 Corporate Information

**Supervisory Board
Chairman:**

Prof. Yemi Osinbajo, SAN, GCON
Vice-President, Federal Republic of Nigeria

Vice-Chairman:

Mrs. (Dr.) Zainab Shamsuna Ahmed
Hon. Minister of Finance, Budget and
National Planning

Member

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

Member

Dr. Doyin Salami
Chief Economic Adviser to the President

Member

Anamekwe Chukwunyere Nwabuoku, FCNA, FCTI
Accountant-General of the Federation

Member

Mr. Godwin Emefiele, CON
Governor, Central Bank of Nigeria

Member/Secretary

Patience Oniha
Director-General & Chief Executive

Principal Officers:

Patience Oniha
Miji Amidu
Joe Ugoala
Oladele Afolabi
Monday Usiade

Director-General
Director, Special Assignments
Director, Organisational Resourcing Department
Director, Portfolio Management Department
Director, Market Development
Department

Maraizu Nwankwo
Settlement

Director, Debt Recording &

Elizabeth Ekpenyong

Department
Head, Strategic Programmes
Department

Sani Kulo Abubakar

Head, Policy, Strategy & Risk Management
Department

Registered Office:

1st Floor, NDIC Building
Plot 447/448 Constitution Avenue,
Central Business District, Garki, Abuja

Independent Auditors:

SIAO (Chartered Accountants)
Floor 1, Bank of Industry Building
Herbert Macaulay Way
Central Business District, Abuja FCT

Bankers:

Central Bank of Nigeria
Central Business District, Abuja.



11.2 Financial Highlights

	2022 ₦'000	2021 ₦'000	Change	
			₦'000	%
Statement of Financial Position				
Property, Plant and Equipment	348,829	258,601	90,228	35
Intangible Asset	-	-	-	
Other Receivables	54,217	17,147	37,070	216
Prepayments	2,640	2,640	-	-
Cash and Cash Equivalents	4,995,571	5,828,366	(832,795)	(14)
Total Assets	5,401,257	6,106,753	(705,496)	(12)
Equity/Net Assets				
Capital Grant	495,715	409,080	86,635	21
Accumulated Financial Performance	4,505,481	4,241,041	264,440	6
Account Payables and Accruals	400,062	1,456,633	(1,056,571)	(73)
Total Equity and Liabilities	5,401,257	6,106,753	(705,496)	(12)
Statement of Financial Performance				
Total Income	3,780,829	5,258,342	(1,477,514)	(28)
Total Expenditure	3,516,388	3,784,017	(267,629)	(7)
Surplus	264,440	1,474,325	(1,209,885)	(82)



11.3 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 2022.

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.

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 the preparation and implementation of a plan for 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 45 of the Financial Statements

Operating Results

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



	2022 ₦'000	2021 ₦'000
Total Income	3,780,829	5,258,342
Total Expenditure	(3,516,388)	(3,784,017)
Surplus for the Year	264,440	1,474,325

The results for the year are set out in the statement of financial performance on page **15**

Events after the Reporting Date

As stated in Note 24 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, color, 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 skill sets 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.



DEBT MANAGEMENT OFFICE NIGERIA
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
Supervisory Board's Report

Independent Auditors

The Independent auditors, Messrs. SIAO (Chartered Accountants), have indicated their willingness to continue in office in accordance with extant rules governing the audit of Federal Government-owned Agencies and Parastatals.

By Order of the Board

Patience Oniha

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

Date.....*February 5, 2025*



11.4 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 assessed 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.

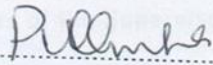
The Board accepts responsibility for the annual Financial Statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in conformity with the International Public Sector Accounting Standards issued by the International Public Sector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

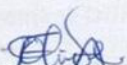


DEBT MANAGEMENT OFFICE NIGERIA
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
Statement of Supervisory Board's Responsibilities

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
Director-General/Chief Executive
FRC/2018/ICAN/00000018421


.....
Feyisayo Olumide-akinyemi
Head, Finance and Accounts
FRC/2025/PRO/ICAN/001/732531

Date: Feb 5, 2025

Date: Feb 5, 2025



11.5 Independent Auditors' Report



Lagos: 18b, Olu Holloway Road, Ikoyi, Lagos.
Tel: +234 7015180258, 08186199124

Abuja: 1st Floor B Wing,
Bank of Industry Building Tower 1,
No. 3, Hamid Joda Close,
Central Business District Area, Abuja-FCT.
Tel: 02092912463, 02092912462
E-mail: enquiries@siao-ng.com
Website: www.siao-ng.com

**DEBT MANAGEMENT OFFICE NIGERIA
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
Independent Auditors' Report**

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 2022, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Debt Management Office as at December 31, 2022, and its financial performance and cash flows for the period then ended in accordance with International Public Sector Accounting Standards.

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.



DEBT MANAGEMENT OFFICE NIGERIA
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
Independent Auditors' Report

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 the 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.

Independent Auditors' Report



DEBT MANAGEMENT OFFICE NIGERIA

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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 the Debt Management Office (Establishment, etc.) Act, 2003, we confirm that:

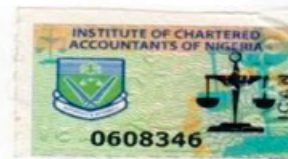
- I. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;
- II. In our opinion, proper books of account have been kept by the DMO, so far as it appears from our examination of those books; and
- III. The DMO's Statement 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

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

SIAO
Chartered Accountants
Abuja, Nigeria

Date: *7th February 2025*

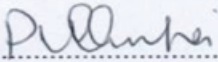


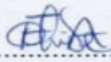


DEBT MANAGEMENT OFFICE NIGERIA
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
Statement of Financial Position As at 31 December 2022

	Notes	2022 N'000	2021 N'000
Assets			
Non-Current Assets			
Property, Plant & Equipment	2	348,829	258,601
		<u>348,829</u>	<u>258,601</u>
Current Assets			
Other Receivables	4	54,217	17,147
Prepayments	5	2,640	2,640
Cash and Cash Equivalents	6	4,995,571	5,828,366
		<u>5,052,428</u>	<u>5,848,152</u>
Total Assets		<u>5,401,257</u>	<u>6,106,753</u>
Equity and Liabilities			
Net Assets/Equity			
Capital Fund		495,715	409,080
Reserves		4,505,481	4,241,041
Total Net Assets/Equity		<u>5,001,195</u>	<u>4,650,121</u>
Liabilities			
Non-Current Liabilities			
		-	-
Current Liabilities			
Account Payables and Accruals	7	400,062	1,456,633
		<u>400,062</u>	<u>1,456,633</u>
Total Funds and Liabilities		<u>5,401,257</u>	<u>6,106,753</u>

The Financial Statements were approved and authorized for issue by the Board of Directors on February 5, 2023 and were signed on its behalf by:


.....
Patience Oniha
Director-General/Chief Executive
FRC/2018/ICAN/00000018421


.....
Feyisayo Olumide-akinyemi
Head, Finance and Accounts
FRC/2025/PRO/ICAN/001/732531

The accounting policies and the accompanying notes on pages 122 - 160 form an integral part of these Financial Statements.



11.6 Statement of Financial Performance for the Year Ended 31 December 2022

	Notes	2022 ₦'000	2021 ₦'000
Income			
Appropriation/(Subvention)	8	799,923	808,023
FGN Bond Floatation Receipts	9	2,678,773	4,241,130
Special TSA Accounts (AfDB) Receipts (i)	10	-	193,551
Grants & Aids Receipts	11	-	2,000
SFTAS Receipts	12	287,960	-
Other Income	13	14,173	13,639
		<u>3,780,829</u>	<u>5,258,342</u>
Expenditure			
Operating Expenses	14	250,467	175,078
Grants and Aids Expenses	15	1,201	2,638
Special TSA Accounts (AfDB) Expenses	16	144,941	80,643
SFTAS Expenses	19	150,355	148,262
Personnel Cost	20	650,577	651,067
		<u>1,197,541</u>	<u>1,057,688</u>
Other Expenditures			
Bank Charges	17	317	4,108
FGN Bond Floatation Expenses	18	2,302,971	2,716,722
Return to Consolidated Revenue Fund	21	15,559	5,499
		<u>2,318,847</u>	<u>2,726,329</u>
Total Expenditure		<u>3,516,388</u>	<u>3,784,017</u>
Surplus for the year		264,440	1,474,325

The accounting policies and the accompanying notes on pages 122 - 160 form an integral part of these Financial Statements.



11.7 Statement of Changes in Net Assets/Equity

	Capital Fund	Reserves	Accumulated Surplus
As at 1 January 2022	409,080	4,241,041	4,650,121
Surplus for the year	-	264,440	264,440
Receipt into Capital Fund	86,635	-	86,635
As at 31 December 2022	495,715	4,505,481	5,001,196
As at 1 January 2021	228,593	2,766,716	2,995,309
Surplus for the year	-	1,474,325	1,474,325
Receipt into Capital Fund	180,487	-	180,487
As at 31 December 2021	409,080	4,241,041	4,650,121

The accounting policies and the accompanying notes on pages 122 - 160 form an integral part of these Financial Statements.



11.8 Statement of Cash Flows

	Notes	2022 ₦'000	2021 ₦'000
Cash Flows from Operating Activities			
Cash Received as Statutory Allocation, Grants and Aids	8 - 13	3,726,612	5,239,936
Operating Expenses and Personnel Cost	14 - 19	(3,028,601)	(2,265,826)
Other Receivables	4	17,147	48,793
Account Payables and Accruals	7	(1,454,553)	(311,366)
Net Cash Flows from Operating Activities		<u>(739,396)</u>	<u>2,711,537</u>
Cash Flows from Investing Activities:			
Purchase of PPE Items	2	(180,034)	(34,605)
Proceeds from disposal of PPE		-	1,264
Net Cash Flows from Investing Activities		<u>(180,034)</u>	<u>(33,341)</u>
Cash Flows from Financing Activities:			
Capital Fund Receipts	8b	86,635	180,487
FGN Bond Floatation Expenses	18b	-	-
Net Cash Flows from Financing Activities		<u>86,635</u>	<u>180,487</u>
Net Cash and Cash Equivalents for the Year		(832,795)	2,858,684
Cash and Cash Equivalents at 1 January		<u>5,828,366</u>	<u>2,969,682</u>
Cash and Cash Equivalents at 31 December	6	<u>4,995,571</u>	<u>5,828,366</u>
Represented By:			
Central Bank of Nigeria (Grants and Aids)		163	1,364
Central Bank of Nigeria (FGN Bond Account)		4,770,113	5,482,371
Central Bank of Nigeria (Special TSA Account) AfDB		-	143,792
Capital Fund (GIFMIS)		62,510	180,487
SFTAS Account		162,785	20,352
		<u>4,995,571</u>	<u>5,828,366</u>

The accounting policies and the accompanying notes on pages 122 - 160 form an integral part of these Financial Statements.



11.9 Statement of Comparison of Budget and Actual Amounts

	A	B	C	D	E
	Budget (Appropriation Act)	Budget Releases	Actual	Performance Difference (A-C)	Performance Difference (B-C)
	₦	₦	₦	₦	₦
RECURRENT EXPENDITURE					
PERSONNEL	711,530,884	654,786,154	649,215,753	62,315,131	5,570,400
OVERHEADS				-	-
LOCAL TRAVEL & TRANSPORT - TRAINING	10,000,000	10,000,000	9,980,000	20,000	20,000
LOCAL TRAVEL & TRANSPORT - OTHERS	15,000,000	15,000,000	14,714,167	285,833	285,833
TELEPHONE CHARGES	4,204,000	4,204,000	3,825,000	379,000	379,000
INTERNET ACCESS CHARGES	1,354,160	1,354,160	1,348,973	5,187	5,187
OFFICE STATIONARIES / COMPUTER CONSUMABLES	7,000,000	7,000,000	5,705,569	1,294,431	1,294,431
NEWSPAPERS	1,200,000	1,200,000	1,188,556	11,444	11,444
PRINTING OF NON-SECURITY DOCUMENTS	750,000	750,000	708,881	41,119	41,119
DRUGS & MEDICAL SUPPLIES	208,000	208,000	-	208,000	208,000
UNIFORMS & OTHER CLOTHING	1,500,000	1,500,000	1,485,000	15,000	15,000
MAINTENANCE OF MOTOR VEH. / TRANSPORT EQUIPMENT.	5,500,000	5,500,000	5,321,762	178,238	178,238
MAINTENANCE OF OFFICE FURNITURE	300,000	300,000	245,500	54,500	54,500
MAINTENANCE OF OFFICE BLDG / RESIDENTIAL QTRS.	1,200,000	1,200,000	1,199,382	618	618
MAINTENANCE OF OFFICE / IT EQUIPMENT	2,000,000	2,000,000	1,830,211	169,789	169,789
LOCAL TRAINING	16,567,203	16,567,203	16,496,500	70,703	70,703
SECURITY CHARGES	250,000	250,000	240,000	10,000	10,000
OFFICE RENT	31,240,000	18,169,504	15,320,982	15,919,018	2,848,522
FINANCIAL CONSULTING	4,200,000	4,200,000	2,666,250	1,533,750	1,533,750
INFORMATION TECHNOLOGY CONSULTING	1,500,000	1,500,000	1,397,600	102,400	102,400
MOTOR VEHICLE FUEL COST	9,680,000	9,680,000	9,654,252	25,748	25,748
INSURANCE PREMIUM	3,352,898	3,352,898	3,304,986	47,912	47,912
REFRESHMENT & MEALS	19,500,000	19,500,000	19,345,448	154,553	154,553
HONORARIUM & SITTING ALLOWANCE	1,000,000	1,000,000	475,485	524,515	524,515
PUBLICITY & ADVERTISEMENTS	500,000	500,000	-	500,000	500,000
POSTAGES & COURIER SERVICES	789,690	789,690	759,932	29,758	29,758
WELFARE SERVICES	15,000,000	15,000,000	14,991,694	8,306	8,306
SUBSCRIPTION TO PROFESSIONAL BODIES	3,050,000	3,050,000	3,049,890	110	110
TOTAL OF OVERHEAD COST	156,845,951	143,775,455	135,256,020	21,589,931	8,519,436
TOTAL RECURRENT EXPENDITURE	868,376,835	798,561,609	784,471,773	83,905,062	14,089,836
CAPITAL EXPENDITURE (a) 2021					
PURCHASE OF PHOTOCOPYING MACHINES	15,000,000	15,000,000	14,979,319	20,681	20,681.2500
PURCHASE OF INDUSTRIAL EQUIPMENT	6,503,407	6,503,407	6,499,857.50	3,550	3,550
PURCHASE OF INDUSTRIAL EQUIPMENT	1,584,000	1,584,000	1,583,788	213	212.50
PURCHASE OF SCANNERS	9,900,000	9,900,000	9,900,000	-	-
PURCHASE OF COMPUTER PRINTERS	12,000,000	12,000,000	12,000,000	-	-
PURCHASE OF SECURITY EQUIPMENT	10,200,000	10,200,000.00	10,200,000	-	-
PURCHASE OF SECURITY EQUIPMENT	4,500,000	4,500,000	4,500,000	-	-
PURCHASE OF OFFICE FURNITURE AND FITTINGS	10,800,000	10,800,000.00	10,800,000	-	-

**Statement of Comparison of Budget and Actual Amounts (Contd.)**

	A	B	C	D	E
	Budget (Appropriation Act)	Budget Releases	Actual	Performance Difference (A-C)	Performance Difference (B-C)
	₦	₦	₦	₦	₦
RECURRENT EXPENDITURE					
PURCHASE OF MOTOR VEHICLES	110,000,000	110,000,000	109,571,500	428,500	428,500
TOTAL CAPITAL EXPENDITURE (2021)	180,487,407	180,487,407	180,034,464	452,943	452,943
CAPITAL EXPENDITURE (b) 2022					
RESEARCH AND DEVELOPMENT	15,000,000	15,000,000	9,334,000	5,666,000	5,666,000.00
RESEARCH AND DEVELOPMENT	15,000,000	15,000,000	-	15,000,000	15,000,000
PURCHASE OF INDUSTRIAL EQUIPMENT	22,000,000	364,593	-	22,000,000	364,593
PURCHASE OF INDUSTRIAL EQUIPMENT	40,000,000	-	-	40,000,000	-
COMPUTER SOFTWARE ACQUISITION	21,270,815	21,270,815	-	21,270,815	21,270,815
COMPUTER SOFTWARE ACQUISITION	25,000,000	-	-	25,000,000	-
RESEARCH AND DEVELOPMENT	35,000,000	35,000,000	14,791,850	20,208,151	20,208,151
TOTAL CAPITAL EXPENDITURE (2022)	173,270,815	86,635,408	24,125,850	149,144,966	62,509,558

- (a) The Balance of the 2021 Capital budget was mopped up in September 2022.
- (b) The 2022 Capital Budget year has been extended to June 30, 2023, which accounts for the Balance yet unutilized at the end of 2022.

11.10 Notes to the Financial Statements**1.1 General Information****1.1.1 Reporting Entity:**

The Debt Management Office (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 a 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 orderly growth and development of the national economy.

1.1.3 Financial Period

These Financial Statements cover the financial period from 1 January 2022 to 31 December 2022 with comparative figures for the year ended 31 December 2021.

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 operation 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 IPSAS.

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 in the format of Accrual Basis IPSAS – Financial Reporting under the Accrual Basis of Accounting. The Statement of Cash Flows as required by IPSAS 2- Statement of Cash Flows has also been presented.

1.2.6 New Standards, Amendments and Interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting period and have not been early adopted by the agency. These standards are not expected to have a material impact on the entity in the current or future reporting periods. These are as follows:

i. **IPSAS 41, Financial Instruments;**

The IPSASB has issued Non-Authoritative Amendments to IPSAS 41, Financial Instruments. This pronouncement was issued in December 2020. It provides additional non-authoritative guidance in IPSAS 41, Financial Instruments, to clarify the requirements for classifying, recognizing, and measuring public sector-specific financial instruments.

Additional guidance underlines that public sector items that meet the definition of a financial instrument should be accounted for by applying existing IPSAS principles, and clarifies the principles themselves to help improve financial information. This guidance relates to the following monetary items unique to the public sector:

- Monetary gold;
- Currency in circulation;
- IMF quota subscriptions; and
- IMF Special Drawing Rights (SDRs).

The effective date of Non-Authoritative Amendments to IPSAS 41 is January 1, 2023, which aligns with the deferred implementation date of IPSAS 41, *Financial Instruments*. Earlier adoption concurrent with early adoption of IPSAS 41 is encouraged.

ii. **IPSAS 42, Social Benefits;**

The International Public Sector Accounting Standards Board approved IPSAS 42, *Social Benefits* in December 2018. It was issued in January 2019.



IPSAS 42, *Social Benefits*, provides guidance on accounting for social benefits expenditure. It defines social benefits as cash transfers paid to specific individuals and/or households to mitigate the effect of social risk. Specific examples include state retirement benefits, disability benefits, income support and unemployment benefits. The standard requires an entity to recognize an expense and a liability for the next social benefit payment.

IPSAS 42 seeks to improve the relevance, faithful representativeness, and comparability of the information that a reporting entity provides in its financial statements about social benefits. To accomplish this, IPSAS 42 establishes principles and requirements for:

- Recognizing expenses and liabilities for social benefits;
- Measuring expenses and liabilities for social benefits;
- Presenting information about social benefits in the financial statements; and
- Determining what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the social benefits provided by the reporting entity.

The effective date of IPSAS 42 was January 1, 2022, with earlier adoption encouraged. However, with this amendment, the effective date has been deferred by one year to January 1, 2023.

iii. Long-term Interests in Associates and Joint Ventures (Amendments to IPSAS 36) and Prepayment Features with Negative Compensation (Amendments to IPSAS 41);

The IPSASB issued amendments to IPSAS 36 and IPSAS 41. This comprises of:

Part I: Long-term Interests in Associates and Joint Ventures (Amendments to IPSAS 36); and

Part II: Prepayment Features with Negative Compensation (Amendments to IPSAS 41).

The objective of Part I of Long-term Interests in Associates and Joint Ventures (Amendments to IPSAS 36) and Prepayment Features with Negative Compensation (Amendments to IPSAS 41) is to make amendments to IPSAS to converge with the narrow-scope amendments to IAS 28, Investments in Associates and Joint Ventures, made by the IASB in Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28). Clarify that IPSAS 41, *Financial Instruments*, including its



impairment requirements, applies to long- term interests in associates and joint ventures.

An entity shall apply these amendments retrospectively in accordance with IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*, for annual financial statements covering periods beginning on or after January 1, 2022. This amendment has extended the effective date of implementation of these standards to January 1, 2023.

The objective of Part II of Long-term Interests in Associates and Joint Ventures (Amendments to IPSAS 36) and Prepayment Features with Negative Compensation (Amendments to IPSAS 41) is to propose amendments to IPSAS to converge with the narrow-scope amendments to IFRS 9, *Financial Instruments*, made by the IASB in Prepayment Features with Negative Compensation (Amendments to IFRS 9) (issued October 2017). Amend the classification requirements so that particular financial assets with prepayment features that may result in reasonable negative compensation for the early termination of the contract are eligible to be measured at amortized cost or at fair value through net assets/equity. An entity shall apply these amendments for annual periods beginning on or after January 1, 2022. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact. Note that the effective date has been deferred to January 1, 2023.

iv. Collective and Individual Services (Amendments to IPSAS 19)

Revision of IPSAS 19 as a result of Collective and Individual Services (Amendments to IPSAS 19) issued in January 2020. The purpose of these amendments to IPSAS 19, Provisions, Contingent Liabilities and Contingent Assets, is to provide guidance on determining whether a provision arises for collective and individual services.

- Collective services are services provided by a public sector entity simultaneously to all members of the community that are intended to address the needs of society as a whole. The provision of collective service to one individual does not reduce the amount available to other individuals; there is no rivalry in the consumption of collective services. Consumption of collective services is usually passive and does not require the explicit agreement or active participation of those benefiting from the service.
- Individual services are goods and services provided to individuals and/or households by a public sector entity that are intended to address the needs of



society as a whole. The provision of an individual service to one individual may reduce the amount available to other individuals or may delay the receipt of those services by some individuals. Consumption of individual services requires the explicit agreement or active participation of those benefiting from the service. Goods or services provided by a public sector entity on commercial terms do not address the needs of society as a whole and therefore do not satisfy the definition of individual services.

An entity shall apply this amendment for annual financial statements covering periods beginning on or after January 1, 2022. Earlier application is encouraged. The effective date has been extended by one year to January 1, 2023. If an entity applies the amendments for a period beginning before January 1, 2023, it shall disclose that fact and apply IPSAS 42, Social Benefits, at the same time.

v. Amendments to Improvements IPSAS, 2019

Amendment: Part 1a

Amendment to IPSAS 5, *Borrowing Cost*

An entity shall apply this amendment for annual financial statements covering periods beginning on or after January 1, 2023. Earlier application is permitted. If an entity applies this amendment for a period beginning before January 1, 2023, it shall disclose the fact and apply IPSAS 41 at the same time.

Amendment: Part 1c

Amendment to IPSAS 30, *Financial Instruments: Disclosure*

Paragraph AG5 was amended by improvements to IPSAS, 2019 issued in January 2020. An entity shall apply this amendment for annual financial statements covering periods beginning on or after January 1, 2023. Earlier application is permitted. If an entity applies this amendment for a period beginning before January 1, 2023, it shall disclose the fact and apply IPSAS 41 at the same time.

Amendment: Part 1d

Amendment to IPSAS 33, *First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)*

Paragraph 113 was amended, paragraph 113A was added and paragraph 114 was deleted by Improvements to IPSAS, 2019, issued in January 2020. An entity shall apply these amendments for annual financial statements covering periods beginning on or



after January 1, 2023. Earlier application is permitted. If an entity applies this amendment for a period beginning before January 1, 2023, it shall disclose the fact and apply IPSAS 41 at the same time.

vi. IPSAS 43: Lease

The International Public Sector Accounting Standards Board (IPSASB) approved IPSAS 43 on December 2021 and on 31st January 2022, the standard was issued. IPSAS 43 was issued to replace IPSAS 13 Leases.

IPSAS 43 is based on International Financial Reporting Standard (IFRS) 16, *Leases*, developed by the International Accounting Standards Board (IASB). For lessees, IPSAS 43 introduces a right-of-use model that replaces the risks and rewards incidental to ownership model in IPSAS 13. For lessors, IPSAS 43 substantially carries forward the risks and rewards incidental to ownership model in IPSAS 13.

This guidance relates to the following in the public sector:

Leases will improve the transparency of lease accounting in the public sector while maintaining alignment with IFRS.

IPSAS 43 provides public sector entities time to prepare for the new requirements and allows for learning to be drawn from the private sector experience in applying IFRS 16." The publication of IPSAS 43 completes the IPSASB's first phase of work on Leases. The IPSASB will continue its work by considering additional public sector-specific issues in its Other Lease-Type Arrangements project.

IPSAS 43 has an effective date of January 1, 2025. Earlier application is permitted in certain circumstances.

vii. IPSAS 44: Non-current Assets Held for Sale and Continued Operations

IPSAS 44 is based on International Financial Reporting Standard (IFRS) 5, Non-current Assets Held for Sale and Discontinued Operations. The new IPSAS specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations. IPSAS 44 includes additional public sector requirements, in particular,

b. The disclosure of the fair value of assets held for sale that are measured at their carrying amounts, when the carrying amount is materially lower than their fair value.



c. Providing guidance on how to account for public sector assets that are held for sale on commercial terms.

IPSAS 44 specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations. It requires assets that meet the criteria to be classified as held for sale to be:

- Measured at the lower of carrying amount and fair value less costs to sell and depreciation on such assets to cease; and
- Presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

Further guidance on this topic is important from a public interest perspective, as it ensures transparency and accountability when decisions to sell public sector assets have been taken.

IPSAS 44 has an effective date of January 1, 2025. Earlier application is permitted.

viii. Improvements to IPSAS, 2021

This contains non-substantive changes to IPSAS through a collection of unrelated amendments. The amendments made through Improvements to IPSAS, 2021 issued in January 2022 are shown in the tables below:

Part I General Improvements to IPSAS

IPSAS	Summary of change
IPSAS 22, <i>Disclosure of Financial Information About the General Government Sector.</i>	These amendments refer to the latest edition of the System of National Accounts, 2008 (2008 SNA) to replace the former (SNA 1993). See part I-1 An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2023. Earlier application is permitted.
IPSAS 39, <i>Employee Benefit</i>	Amendment to delete the word "composite" from the term "composite social security programs" because it is no longer an IPSAS-defined term. See part I-2



<p>RPG 1, <i>Reporting on the Long-Term Sustainability of an Entity's Finances</i></p>	<p>Add paragraph BC7A in the Basis for Conclusions (BC) to indicate that the Conceptual Framework and the Social Benefits projects were completed in October 2014 and January 2019, respectively, because the BCs mentioned these projects as ongoing when RPG1 was issued in July 2013. See part I-3</p>
<p>IPSAS 29, <i>Financial Instruments: Recognition and Measurement</i> (as applicable prior to the adoption of IPSAS 41, <i>Financial Instruments</i>).</p>	<p>Add in the current effective IPSAS 29 (as applicable prior to the adoption of IPSAS 41, See part I-4), the hedging amendments proposed to IPSAS 29 (as amended by IPSAS 41 see part II-1b and Part II-2b), and changes in the contractual cash flows amendments proposed to IPSAS 41(see part II-2a)</p>



Part II IFRS Alignment Improvements to IPSAS

The amendments in part II are from the following IASB amendments:

IFRS	Equivalent IPSAS	Summary of Change
<i>Interest Rate Benchmark Reform (Phase One and Phase Two)</i>		
Interest Rate Benchmark Reforms (Amendments to IFRS 9, IAS 39 and IFRS 7). (Issued in September 2019).	IPSAS 41, <i>Financial Instruments</i> ; IPSAS 29, <i>Financial Instruments: Recognition and Measurement</i> (as amended by IPSAS 41 when it was first published in 2018); and IPSAS 30, <i>Financial Instruments: Disclosures</i> .	Amendments to provide: <ul style="list-style-type: none"> • Temporary relief not to discontinue hedge accounting in IPSAS 41 (see part II-1a) and IPSAS 29 (see part II-1b); and • Additional disclosure requirements in IPSAS 30 (see part II- 1c).
Interest Rate Benchmark Reforms - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) (Issued in August 2020).	IPSAS 41, <i>Financial Instruments</i> ; IPSAS 29, <i>Financial Instruments: Recognition and Measurement</i> (as amended by IPSAS 41 when it was first published in 2018); and IPSAS 30, <i>Financial Instruments: Disclosures</i> .	Amendments to provide: <ul style="list-style-type: none"> • A practical expedient not to treat changes in the contractual cashflows of a financial asset or financial liability as a modification in IPSAS 41 (see part II- 2a); • Additional relief not to discontinue hedge accounting in IPSAS 41 (see part II-2a) and IPSAS 29 (see part II-2b); and • Further disclosure requirements in IPSAS 30 (see part II- 2c).
<i>Annual Improvements to IFRS Standards 2018 – 2020 Cycle</i>		



IFRS	Equivalent IPSAS	Summary of Change
Amendment to IFRS 1, <i>First-time adoption of International Financial Reporting Standards</i> (Issued in May 2020).	IPSAS 33, <i>First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)</i>	Amendments to extend the exemption in IPSAS 33 to include components of net assets/equity such as cumulative translation differences (see part II-3a).
Amendment to IFRS 9, <i>Financial Instruments</i> (Issued in May 2020).	IPSAS 41, <i>Financial Instruments</i>	Amendments to clarify the fees that an entity includes when it applies the '10 percent' test to derecognize a financial liability in IPSAS 41 (see part II-3b).
Other IFRS Alignment Improvements		
Onerous contracts-Cost of Fulfilling a Contract (Amendment to IAS 37) (Issued in May 2020).	IPSAS 19, <i>Provisions, Contingent Liabilities and Contingent Assets.</i>	Amendments to clarify the costs of fulfilling a contract that an entity includes when assessing whether a contract will be loss-making or onerous in IPSAS 19 (see part II-4a).
Property, Plant and Equipment-Proceeds before Intended Use. (Amendments to IAS 16) (Issued in May 2020).	IPSAS 17, <i>Property, Plant and Equipment</i>	Amendments to prohibit proceeds from selling items produced before that asset is available for use to be deducted from the cost of property, plant and equipment (see part II-4b).

ix. 2022 Handbook of International Public Sector Accounting Pronouncements.

This Handbook contains the complete International Public Sector Accounting Standards, published as of January 31, 2022. It also includes the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities.

x. Editorial Corrections to PBE (Public Benefit Entity International Public Sector Accounting Standard).

Correction to IFRS Standards—Issued on 1 January 2022 and Annotated IFRS Standards— Issued on 1 January 2022. The following editorial correction applies to IFRS Standards— Issued on 1 January 2022 (RB-2022) and Annotated IFRS Standards—Issued on 1 January 2022 (ARB-2022) as a consequence of an error that was made when compiling those volumes. The 'original document and reference' column identifies the originally affected publication. This is effective immediately.



IFRS 17 Insurance Contract

Original Documents and Reference	Other publications affected	Instruction	Text After Correction
Page A892 of IFRS Standards — Issued on 1 January, 2022 (RB-2022).	ARB-2022, p. A1069.	When the effects of Amendments to IFRS 17 (issued by the IASB in June 2020) were incorporated into the revised version of IFRS 17, as reproduced in RB-2022 and ARB-2022, the word 'and' was erroneously inserted at the beginning of paragraph 65(c). The word 'and' where it first appears in that subparagraph (before the words 'any cash flows') should therefore be deleted.	Any cash flows arising at that date; and

xi. Public Sector Specific Financial Instruments (Non-Authoritative Amendments to Public Benefit Entity) IPSAS 41.

Establishes requirements for the recognition and measurement of financial instruments by Tier 1 and Tier 2 public benefit entities. When applied, PBE IPSAS 41 supersedes most of PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*. PBE IPSAS 41 also supersedes PBE IFRS 9 *Financial Instruments*.

Issued May 2019. Date compiled to December 2022. This excludes PBE IFRS 17 and Amendments to PBE IFRS 17. Effective January 1st, 2023.

xii. Initial Application of PBE (Public Benefit Entity International Public Sector Accounting Standard).

This applies to Not-for-profit PBEs only. It establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts.

Issued July 2019. Date compiled to December 2022. This version is effective for reporting periods beginning on or after 1 January 2023 (early application permitted).

xiii. 2022 Omnibus Amendments to PBE (Public Benefit Entity International Public Sector Accounting Standard).

The amendments and improvements to PBE Standards. These proposals are relevant to Tier 1 and Tier 2 public benefit entities (PBEs) in the public and not-for-profit sectors.



Exposure Draft *2022 Omnibus Amendments to PBE Standards* (the ED) contains the following proposed amendments to PBE Standards.

- Amendments arising from recent IPSASB improvements;
- Amendments arising from the IPSASB's *Amendments to IPSAS 5, Borrowing Costs – Non-authoritative Guidance*;
- Amendments arising from recent IASB amendments; and
- Other New Zealand amendments, arising from comments from New Zealand constituents.

These amendments are effective for reporting periods beginning on or after 1 Jan 2023 (early application permitted). Issued June 2022.

In addition to the above standards, the following standards were issued in 2023 which are yet to become effective and have not been early adopted by the Debt Management Office: *IPSAS 45-Property, Plant, and Equipment* with the effective date of 1st January 2025
IPSAS 46-Measurement with the effective date of 1st January 2025
IPSAS 47-Revenue with the effective date of 1st January 2026
IPSAS 48-Transfer Expense with the effective date of 1st January 2026

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. Basis of Accounting

These General-Purpose Financial Statements (GPFS) have been prepared under the Accrual Basis of Accounting.

2. Accounting Period

The accounting year (fiscal year) shall be from 1st January to 31st December in line with the National Treasury Circular Ref. OAGF/CAD/026/V.1/102 of 30th December 2013. Each accounting year is divided into 12 calendar months (periods) and shall be set up as such in the accounting system.

3. Reporting Currency

The GPFS shall be prepared in the Nigerian Naira (₦).



4. Consolidation Policy (applicable to controlling entities)

- I. All MDA of the Government shall be consolidated except Commercial Public Sector Entities (CPSE).
- II. Consolidated of the GPFS shall be in agreement with the provisions of all the relevant legal requirements.
- III. Controlled entities are fully consolidated from the date on which control is transferred to the Public Entity. They are de-consolidated from the date that control ceases.
- IV. Controlling Entity with interest in a CPSE should account for such by presenting it as an Investment, recognizing the Net assets of the Investee Entity in the Statement of Financial Position.

5. Comparative Information

The General Purpose Financial Statements shall disclose all numerical information relating to the previous period.

6. Budget Figures

These are figures from the approved budget in accordance with the Appropriation Act prepared on Cash Basis.

7. Revenue:

Fees, taxes and fines

- a) Revenue from non-exchange transactions such as fees, taxes, and fines should be recognized when the event (specify event) occurs and the asset recognition criteria are met.
- b) Other non-exchange revenues are recognized when it is probable that the future economic benefits or services potential associated with the asset will flow to the Entity and the fair value of the asset can be measured reliably.

Other Operating Revenues

- a) Other operating revenues arise from exchange transactions in the ordinary course of the Entity's activities.
- b) Revenues comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of an Entity's activities.
- c) Revenue is shown net of tax, returns, rebates and discounts.



Sales of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually when goods are delivered.

Other Revenue / Income

- a) Other revenue/income consists of fees, fines, debt forgiveness, commissions, rentals, gains on disposal of assets, etc.
- b) Any gain on disposal is recognized at the date the control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

8. Aid and Grants:

- a) Aid and Grants to an Entity are recognized as income on entitlement, while aid and grants to other government/agencies are recognized as expenditure on commitment.
- b) Grant should be recognized as either in kind (assets, goods, or service) or Cash.
- c) Assets-related grants for which conditions are fully met should be recognized systematically as income in the GPFS to compensate the cost of the Asset (depreciation) it is intended to represent by applying deferred Income method.

9. Subsidies, Donations and Endowments

Subsidies, donations and Endowments to an Entity are recognized as income when money is received, or entitlement to receive money is established, except where fulfillment of any restrictions attached to these monies is not probable.

10. Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on receipt of the asset (cash, goods, services, and property) if it is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.



11. Expenses

All expenses should be reported on an accrual basis, i.e. all expenses are to be recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made.

12. Employee Benefits/Pension Obligations:

Under the Defined Benefits Scheme:

- a) Provision should be made, where applicable, using an actuarial valuation for retirement gratuities. The actuarial valuation determines the extent of anticipated entitlements payable under employment contracts and brings to account a liability using the present value measurement basis, which discounts expected future cash flows.
- b) To the extent that it is anticipated that the liability will arise during the following year the entitlements are recorded as Current Liabilities. The remainder of the anticipated entitlements are recorded as Non-Current Liabilities.

Under the Defined Contribution Scheme

- a) Public Entities make pension and national insurance contributions on behalf of employees in line with the Pension Act 2014 as amended. The contributions are treated as payments to a defined contribution pension plan.
- b) A defined contribution plan is a pension plan under which fixed contributions are paid into a separate pension Entity fund managed by Pension Fund Administrators (PFA).
- c) The Entity has no legal or constructive obligations to pay further contributions if the pension Entity does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.
- d) The contributions are recognized as employee benefit expenses when they are due.
- e) Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

13. Interest on Loans:

- a) Interest on loans shall be treated as expenditure or as a charge in the financial performance report (Statement of Financial Performance).
- b) Interest expense is accrued using the effective interest rate method.
- c) The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount.



- d) The method applies this rate to the principal outstanding to determine interest expense in each period.

14. Foreign currency transactions:

- a) Foreign currency transactions throughout the year shall be converted into Nigeria Naira at the ruling (Central Bank of Nigeria- CBN) rate of exchange at the date of transactions.
- b) Foreign currency balances, as at the year-end, shall be valued at the exchange rates prevailing on that date.
- c) Foreign Exchange gains/losses are recognized as income or expenses in the Statement of Financial Performance.
- d) Gain or loss from the translation of foreign operations results should be recognized in the reserve (translation reserve).

15. Minority Interest

This represents the interests of external parties during the year under review.

16. Statement of Cash Flow

This statement shall be prepared using the direct method in accordance with the format provided in the GPFS.

The cash flow statement shall consist of three (3) sections:

- a) Operating activities – These include cash received from all income sources of government and record the cash payments made for the supply of goods and services.
- b) Investing activities – These are activities relating to the acquisition and disposal of non-current assets.
- c) Financing activities – These comprise the changes in equity and debt capital structure of the PSE.

17. Cash and cash equivalents

- a) Cash and cash equivalent means cash balance on hand, held in bank accounts, demands deposits and other highly liquid interest with an original maturity of three (3) months or less in which the entity invests as part of its day-to-day cash management and which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.
- b) Cash and cash equivalent is recorded under current assets in the statement of financial position.



18. Account receivable:

a) Receivables from exchange transactions

- I. Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.
- II. A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of the receivables.

b) **Receivables from non-exchange transactions**

- I. Receivables from non-exchange transactions comprise fees, taxes, and fines (and any penalties associated with these activities) as well as social benefit receivables that do not arise out of a contract.
- II. These receivables are initially accessed at normal amount or face value; that is, the receivables reflect the amount of tax owed, levy, fine charged, etc.
- III. These receivables are subsequently for penalties as they are charged or possible write down as a result of impairment.
- IV. Interest and penalties charged on tax receivables are presented as tax revenue in the statement of financial performance.

Prepayments

- a) Prepaid expenses are amounts paid in advance of receipt of goods and services.
- b) They can represent payments made early in the year for benefits to be received over the latter part of the year, or payments made in one year for benefits to be received in subsequent years.
- c) Prepayments for which the benefits are to be derived in the following 12 months should be classified as Current Assets. Where the benefits are expected to accrue beyond the next 12 months, they should be accounted for as a Long-Term Prepayment and classified as Non-Current Assets.
- d) Prepayments that are identifiable with specific future revenue or event, e.g. adverts, should be expensed in the period in which the related event takes place, those that relate to specific time periods, e.g insurance, rent, leasehold premises, should be recognized as an expense in such periods.
- e) Prepayments not exceeding e.g. ₦10,000 shall be expensed immediately, except there is a possibility of obtaining a refund or credit within the same financial year. (However, a threshold is to be determined by the respective tier of government/Entities).



19. Inventories:

- a) Inventories are valued initially at cost and subsequently at the lower of cost and net realizable value.
- b) Cost is determined using the FIFO method
Inventories held for distribution for public purposes are recorded at cost, and adjusted where applicable for any loss of service potentials.
- c) Inventories are reported under Current Assets in the Statement of Financial Position.

20. Loans Granted:

Loans granted are shown at estimated realizable value after providing for bad, doubtful debts and impairment.

21. Investments:

Investments in associates

- a) An Entity's investments in associates are accounted for using the equity method of accounting.
- b) An associate is an Entity over which a PSE has a significant influence and that is neither a subsidiary nor a joint venture.
- c) Under the equity, investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Entity's share of net assets of the associate.
- d) The statement of financial performance reflects the share of the results of operations of the associates.
- e) Where there has been a change recognized directly in the equity of the associate, the Investing entity recognizes its share of any change and discloses this where applicable, in the statement of changes in net assets/equity.

Investments in joint ventures

- a) A PSE's investments in its joint ventures are accounted for using the equity method of accounting.
- b) A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.
- c) Under the equity method, investments in joint ventures are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Entity's share of net assets of the joint venture.
- d) The statement of financial performance reflects the share of the results of



operations of the joint venture.

- e) Where there has been a change recognized directly in the equity of the joint venture, an Entity should recognize its share of any changes and discloses this, when applicable, in the statement of changes in net assets/equity.

Investment in Controlled entities (subsidiaries)

- a. The controlled entities are all entities (including special purpose entities) over which a PSE or its entities has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights.
- b. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a PSE controls another Entity.
- c. The controlled entities are fully consolidated from the date on which control is transferred to the Public Entity. They are de-consolidated from the date that control ceases.
- d. Intra-economic entity transactions, balances and unrealized gains on transactions between inter-group transactions are eliminated, and unrealized losses are also eliminated.
- e. Accounting policies of controlled entities should be consistent with the policies adopted by the controlling entity.

Impairment of Investments

PSE is to determine at each reporting date whether there is any objective evidence as to whether an investment is impaired, if this is the case, the PSE calculates the amount of impairment as being the difference between the recoverable amount of the investment and the carrying value and recognizes the amount in the statement of financial performance.

22. Financial Assets at fair value through net assets

- a. Where a PSE uses its surplus cash to purchase short-term investments, the financial assets are classified at initial recognition as Financial Assets at fair value through net assets.
- b. An available-for-sale financial assets are included in non-current assets where a PSE intends to dispose of investment in a period exceeding 12 months from the reporting date.
- c. Regular purchases and sales of financial assets are recognized at fair value on the



trade date (the date on which Entity commits to purchase or sell the asset) and subsequently at fair value with any resultant fair value gains or losses recognized in the statement of Net Assets/Equity.

- d. Realized gains and losses on Financial Assets at fair value through net assets are recognized in the consolidated statement of financial performance as income or expense from Financial Assets at fair value through net assets securities.'
- e. Impairment losses on Financial Assets at fair value through Net assets are calculated using the effective interest method and are recognized in the consolidated statement of financial performance as part of expenses.
- f. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the entity shall establish fair value using valuation techniques. These include:
 - i. The use of recent arm's length transactions,
 - ii. Reference to other instruments that are substantially the same
 - iii. Discounted cash flow analysis
 - iv. Option pricing models
 - v. Making maximum use of market inputs and relying as little as possible on entity-specific inputs.
- g. Entities shall ascertain at the date of preparation of each statement of the financial report whether there is objective evidence that a financial asset or a group of financial assets is impaired.
- h. In the case of equity securities classified as available Financial Assets at fair value through net assets, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities have been impaired.
- i. If any such evidence exists for Financial Assets at fair value through net assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized is presented in the statement of financial performance.

23. Property, Plant & Equipment (PPE)

- a. All PPE is stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Where an asset is acquired in a non-exchange transaction for nil or nominal



consideration the asset is initially recognized at fair value, where fair value can be reliably determined, and as income systematically over the useful life of the PPE in the statement of financial performance.

- b. The following shall constitute expenditure on PPE:
 - i. Amounts incurred on the purchase of such assets plus other relevant cost incidental to bringing the asset to working condition. Consumables are to be wholly expensed irrespective of their amounts.
 - ii. Construction Cost- including materials, labour, and overheads.
 - iii. Improvements to existing PPE, which significantly enhance their useful life.

Cost

The cost of an item of PPE shall comprise its purchase price, including import and non-recurring costs and any directly attributable costs of bringing the asset to its location and working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

- a. PPE shall be stated at cost or at their professional valuation less accumulated depreciation and impairment.
- b. The amount recorded for a PPE shall include all costs directly related to its acquisition including expenditures incurred to place the asset in usable condition for the Service. Accordingly, the cost of the assets shall include acquisition or construction costs, customs duties, transportation charges, professional fees and installation costs. Cash discounts shall be netted against the cost of the assets.

Capitalization

- a. The capitalization threshold shall be ₦50,000 (Fifty Thousand Naira).
- b. Only amounts spent in connection with the above and whose values are equal or in excess of ₦50,000 (Fifty Thousand Naira) shall be capitalized.
- c. All assets equal to or above this amount shall be recorded in the PPE Register. However, in certain cases, it may be appropriate to aggregate individually insignificant value items such as chairs and tables, printers and UPS, etc., and apply the capitalization threshold to the aggregate value. An item of PPE whose costs are below the capitalization threshold shall be charged appropriately to the



following accounts: office supplies – furniture, office supplies – IT equipment, office supplies – household equipment, etc.

- d. Where an asset's category already exists for a newly acquired asset below the capitalization threshold, such an asset shall be capitalized irrespective of its cost and recorded in the PPE register under the appropriate category.

Depreciation

The cost of PPE should be depreciated from the date they are available for use on a straight- line basis over their expected useful lives less any estimated residual value using applicable rates as follows:

S/N	Item of PPE	Depreciation Rate
A	Leased Property	Over the term of the lease
B	Buildings	2 %
C	Investment property	2 %
D	Infrastructure	5 %
E	Plant and Machinery	10%
F	Transportation Equipment (except K)	20%
G	Office Equipment	25%
H	Furniture and Fittings	20%
I	Specialised Assets (e.g. books, military and paramilitary assets)	10%
J	Bearer Plant	4%
K	Aircraft, Ship and Train	5%
L	Specific cultural and heritage assets	Unlimited

- i. The full depreciation charge shall be applied to PPE in the year they are available for use and no depreciation in the year of disposal.



- ii. Fully depreciated assets that are still in use are carried in the books at a carrying amount of ₦1000.00
- iii. An asset's carrying amount is written down immediately to its recoverable amount or recoverable service amount if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

Revaluation

- a. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period
- b. Surplus arising from the revaluation shall be transferred to the revaluation reserve in the financial position under reserves.
- c. In case of revaluation deficit, it shall be set against the respective asset value and the corresponding entry to either the revaluation reserve – if surplus exists on the same class of asset, or to the statement of financial performance as an expense.

Disposal

Gain or loss from disposal of an item of PPE is presented in surplus/deficit.

Impairment

An impairment test is to be conducted where there are indications that an item of PPE may have been impaired.

24. Investment Property

These are cash-generating properties owned by a PSE. An investment property is initially recognized at Cost. Determination of the cost is the same with PPE.

Subsequent measurement of investment property is at fair value at period end and any fair value gain or loss is recognized in surplus/deficit.

Investment Income

Rental income earned/received from an investment property is presented in surplus/deficit as investment income.



Disposal

Gain or loss from disposal of investment property is presented in surplus/deficit.

25. Constituency Project Assets

a. Constituency project Assets: these are assets whose acquisition or constructions are financed through approved interventions from budgetary provisions and are expected to be located across the various constituencies.

b. The acquired or constructed assets by the relevant PSE shall be recognized as an asset and thereafter transferred to the benefiting constituency.

A PSE should transfer the constituency project asset to the beneficiary, and expense through the Statement of Financial performance.

26. Intangible Assets

a. These consist of assets that are not physically tangible and have been acquired or internally generated and held for use from which benefits are derivable beyond a financial year.

b. The cost of an item of intangible asset shall comprise purchase price, including non-recurring costs and any directly attributable costs of bringing the asset to its state of intended use. Any trade discounts and rebates shall be deducted in arriving at the purchase price.

c. Intangible assets are tested for impairment annually and amortized over the estimated useful life using the straight-line method on an annual basis

d. Classes of Intangible Assets are as follows:

- i. Software acquired externally
- ii. Patent right
- iii. Copyrights
- iv. Trademarks and brand acquired
- v. Franchise
- vi. Other Intangible assets

e. Intangible Assets are to be Amortized on a straight-line basis over their estimated useful life based on the substance of their agreements.

27. Deposits

a) Deposits consist of resources held in custody on behalf of third parties.

b) Deposits can also represent payments received in advance for goods/services to be offered later.



- c) Deposits, for which the services are to be offered within 12 months from the end of the reporting period, shall be classified as Current Liabilities. Where the services are expected to span beyond the next 12 months after the end of the reporting period, they shall be accounted for as Non-Current Deposits and classified as Non-Current Liabilities.

28. Loans & Debts

- a. Loans are funds borrowed to be paid back at an agreed period of time. They are presented in the Statement of Financial Position as liabilities and are categorized as either short or long-term loans.
- b. Short-term loans and debts are those expected to be settled within 12 months from the end of a reporting period. While long-term loans and debts are expected to be settled in a period exceeding 12 months from the end of a reporting period.

29. Unremitted Deductions

- a. Unremitted Deductions are monies owed to third parties such as tax Authorities, Unions, Cooperatives, Schemes and Associations, other government agencies, etc. These include tax deductions and other deductions at source.

These amounts shall be stated in the GPFS at their repayment value, which shall be treated as Current Liabilities in the Statement of Financial Position.

30. Payables

Payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Accrued Expenses

- a. These are monies payable to third parties in respect of goods and services received.
- b. Accrued Expenses for which payment is due in the next 12 months shall be classified as Current Liabilities. Where the payments are due beyond the next 12 months, they shall be accounted for as Non-Current Liabilities.

31. Current Portion of Borrowings

This is the portion of the long-term loan/ borrowings that is due for repayment



within the next 12 months. This portion of the borrowings shall be classified under Current Liabilities in the Statement of Financial Position.

32. Public Funds

- a. These are balances of Government funds at the end of the financial year.
- b. They are classified under the Non-Current Liabilities in the Statement of Financial Position and include Trust Funds, Revolving Funds, and other Funds created by Government.

33. Reserves

Reserves are classified under equity in the Statement of Financial Position and include Surpluses/ (Deficit) Reserve, Translation Reserve, Revaluation Reserve, Fair Value Reserve and other Reserves.

34. Contingent Liability

- a. A contingent liability is a possible obligation arising from past events whose existence will be confirmed only by uncertain future event(s) or a present obligation arising from past events that are not recognized because either an outflow of economic benefit is not probable or the amount of the obligation cannot be reliably measured.
- b. Contingent liabilities shall only be disclosed in the Notes to the GPFS.

35. Contingent Assets

- a. Contingent assets are possible future assets arising from past events whose existence will be confirmed on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.
- b. Contingent assets shall only be disclosed in the Notes to the GPFS.

36. Leases:

Finance leases

- a. These are leases that effectively transfer to the lessee Entity substantially all the risks and benefits incidental to ownership of the leased asset.
- b. They are capitalized at the present value of the minimum lease payment.
- c. The leased assets and corresponding liabilities are recognized while the



leased assets are depreciated over the period the Entity is expected to benefit from their use.

Operating Leases

- a. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.
- b. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of financial performance on a straight-line basis over the period of the lease.

37. Financial Instruments

- a. These form part of the Government's everyday operations. These financial instruments include Bank Accounts, Short Term Deposits, Trade & Accounts Receivable, Trade & Accounts Payable, Term Borrowings, Treasury Bills, and FGN Bonds, all of which are recognized in the Statement of Financial Position.
- b. Investment income and associated expenses e.g. transaction cost in relation to all financial instruments are recognized in the Statement of Financial Performance.

38. Borrowings

- a. Borrowings are recognized initially at fair value, net of transaction costs incurred.
- b. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of financial performance over the period of the borrowings using the effective interest method.
- c. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan. The fee is capitalized and amortized over the period of the facility to which it relates.
- d. Borrowings falling due within 12 months are classified as current liabilities while borrowings falling due over more than 12 months are classified as long-term borrowings.
- e. Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized and included in the cost of that asset.
- f. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.



- g. All other borrowing costs are recognized as an expense in the period in which they are incurred.

39. Transfers to other government entities

Transfers to other government entities are non-exchange items and are recognized as expenses in the statement of financial performance.

40. Service Concession Arrangement:

Service Concession Arrangement Assets

- a. Service Concession Assets are operated by third parties under the terms of Service Concession Arrangements. On recognition, the original service concession asset is measured at its fair value and any difference between its fair value and its carrying amount is recognized in the Statement of Financial Performance.
- b. Since the fair value of assets previously transferred under Service Concession Arrangements is not reliably available, Government has chosen to adopt the standard prospectively from 1 January 2016.

If the terms of the arrangement require Government to compensate the operator for the concession asset by making payments and the payments are separable between the asset and service portions of the payment then the fair value of the original service concession asset is the fair value of the asset portion of the payments. If however, the asset and service portions of the payments are not separable, the fair value is determined using estimation techniques.

Service Concession Arrangement Liabilities

- a. When Government recognizes a Service Concession Arrangement asset it also recognizes a liability of an equal amount.
- b. The liability is split between a financial liability and a performance obligation.
- c. The financial liability arises from the payments due from an entity under the terms of the Service Concession Arrangement and the performance obligation from the rights granted to the operator under the terms of the Service Concession Arrangement to earn revenues from the Service Concession Assets or associated asset(s).



2 Property, Plant & Equipment as at 31 December 2022

	Land	Motor Vehicle	Computer/IT Equipment	Office Furniture & Fittings	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
Cost					
At 1 January 2022	120,037	214,338	190,252	124,166	648,793
Additions	<u> </u>	<u>109,572</u>	<u>38,527</u>	<u>31,936</u>	<u>180,034</u>
As at 31 December 2022	<u>120,037</u>	<u>323,912</u>	<u>228,779</u>	<u>156,102</u>	<u>828,828</u>
Depreciation					
At 1 January 2022	-	140,088	165,255	84,848	390,192
Charge for the Year	<u>-</u>	<u>50,285</u>	<u>23,508</u>	<u>16,013</u>	<u>89,806</u>
At 31 December 2022	<u>-</u>	<u>190,373</u>	<u>188,764</u>	<u>100,861</u>	<u>479,998</u>
Net Book Value					
At 31 December 2022	<u>120,037</u>	<u>133,537</u>	<u>40,015</u>	<u>55,241</u>	<u>348,829</u>
At 31 December 2021	<u>120,037</u>	<u>74,250</u>	<u>24,996</u>	<u>39,318</u>	<u>258,601</u>



Property, Plant & Equipment as at 31 December 2021

	<i>Land</i>	<i>Motor Vehicle</i>	<i>Computer/IT Equipment</i>	<i>Office Furniture & Fittings</i>	<i>Total</i>
	<i>₦'000</i>	<i>₦'000</i>	<i>₦'000</i>	<i>₦'000</i>	<i>₦'000</i>
<i>Cost</i>					
<i>At 1 January 2021</i>	<i>120,037</i>	<i>221,825</i>	<i>190,252</i>	<i>105,561</i>	<i>637,674</i>
<i>Additions</i>	<i>-</i>	<i>16,000</i>	<i>-</i>	<i>18,605</i>	<i>34,605</i>
<i>Disposal</i>	<i>-</i>	<i>(23,486)</i>	<i>-</i>	<i>-</i>	<i>(23,486)</i>
<i>As at 31 December 2021</i>	<u><i>120,037</i></u>	<u><i>214,338</i></u>	<u><i>190,252</i></u>	<u><i>124,166</i></u>	<u><i>648,793</i></u>
<i>Depreciation</i>					
<i>At 1 January 2021</i>	<i>-</i>	<i>131,368</i>	<i>143,654</i>	<i>74,280</i>	<i>349,302</i>
<i>Charge for the Year</i>	<i>-</i>	<i>32,201</i>	<i>21,601</i>	<i>10,568</i>	<i>64,370</i>
<i>Disposal</i>	<i>-</i>	<i>(23,481)</i>	<i>-</i>	<i>-</i>	<i>(23,481)</i>
<i>At 31 December 2021</i>	<u><i>-</i></u>	<u><i>140,088</i></u>	<u><i>165,255</i></u>	<u><i>84,848</i></u>	<u><i>390,192</i></u>
<i>Net Book Value</i>					
<i>At 31 December 2021</i>	<u><i>120,037</i></u>	<u><i>74,250</i></u>	<u><i>24,996</i></u>	<u><i>39,318</i></u>	<u><i>258,601</i></u>
<i>At 31 December 2020</i>	<u><i>120,037</i></u>	<u><i>90,456</i></u>	<u><i>46,597</i></u>	<u><i>31,281</i></u>	<u><i>288,371</i></u>



	2022 N'000	2021 N'000
3 Intangible Assets		
Computer Software		
Cost:		
At 1 January	4,662	4,662
Addition for the year	-	-
At 31 December	<u>4,662</u>	<u>4,662</u>
Amortisation:		
At 1 January	4,662	3,108
Charge for the Year	-	389
At 31 December	<u>4,662</u>	<u>4,662</u>
Net Book Value	<u>-</u>	<u>-</u>
4 Other Receivables		
WHT on Commission to Receiving Banks/Primary Dealers & Market Makers/Distribution Agents	<u>54,217</u>	<u>17,147</u>
	<u>54,217</u>	<u>17,147</u>
5 Prepayments		
Prepaid Auction Centre Rent	<u>2,640</u>	<u>2,640</u>
	<u>2,640</u>	<u>2,640</u>
6 Cash and Cash Equivalents		
Central Bank of Nigeria (Grants and Aids)	163	1,364
Central Bank of Nigeria (FGN Bond Account)	4,770,113	5,482,371
Central Bank of Nigeria (Special TSA Account) AfDB	-	143,792
Capital Fund (GIFMIS)	62,510	180,487
SFTAS Account	<u>162,785</u>	<u>20,352</u>
	<u>4,995,571</u>	<u>5,828,366</u>



	2022 N'000	2021 #'000
7 Account Payables and Accruals		
Bloomberg Subscription Fees	-	30,802
Fees & Expenses of Transaction Parties	-	607,416
FMDQ Securities Exchange Ltd Quotation & Listing Fees	-	161,250
Issuance of Sukuk Expenses	163,622	322,317
Nigerian Exchange Ltd Quotation & Listing Fees	-	108,628
Government Stockbrokers Fees	12,363	12,363
WHT Payable	192,637	180,440
Fiscal Agency Fees	7,176	11,963
Advertisements	3,302	5,273
Audit Fees	5,280	4,000
Capacity Building	-	231
Local Travel & Transport	-	818
Consultancy Services	-	120
SFTAS Account Payables	7,349	11,013
Road Show Expense	8,216	-
Marketing of FGN Savings Bond	116	-
	400,062	<u>1,456,633</u>
8 Appropriation/(Subvention)		
Recurrent – Overhead	143,775	156,846
- Personnel	656,147	<u>651,177</u>
	799,923	<u>808,023</u>
8b Appropriation/(Subvention)		
Capital Fund	86,635	<u>180,487</u>
	86,635	<u>180,487</u>



	2022	<i>2021</i>
	₦'000	<i>₦'000</i>
9 FGN Bond Flotation Receipts		
FGN Domestic Bond Floatation Account	1,649,432	<i>2,059,894</i>
FGN Bond WHT Commission	491,489	<i>400,643</i>
International Capital Market	537,852	<i>1,780,593</i>
	<u>2,678,773</u>	<i><u>4,241,130</u></i>
10 Special TSA Accounts (AfDB) Receipts	-	<i>193,551</i>
11 Grants & Aids receipts (i)	-	<i>2,000</i>

(i) These are receipts from state government mainly for funding the capacity building of their staff.

	2022	<i>2021</i>
	₦'000	<i>₦'000</i>
12 SFTAS Receipts	<u>287,960</u>	<i>-</i>
13 Other Income		
(i) Return of salary in lieu of notice	1,016	<i>3,005</i>
(ii) Refunds	3,516	<i>706</i>
(iii) Bank Interest SFTAS	-	<i>23</i>
(iv) Gain on Disposal of Assets	-	<i>1,259</i>
(v) Gain on Foreign Exchange Translation	9,641	<i>8,646</i>
	<u>14,173</u>	<i><u>13,639</u></i>



	2022	<i>2021</i>
	₦'000	<i>₦'000</i>
14 Operating Expenses		
Administrative Overheads (supplementary a)	152,065	<i>103,202</i>
Repairs and Maintenance (supplementary b)	8,597	<i>7,118</i>
Depreciation and Amortisation	<u>89,806</u>	<i><u>64,759</u></i>
	<u><u>250,467</u></u>	<i><u><u>175,078</u></u></i>
15 Grants & Aids Expenses		
Local Travel and Transport	-	<i>1,938</i>
Telephone Charges	1,200	<i>700</i>
Bank Charges	<u>1</u>	<i><u>1</u></i>
	<u><u>1,201</u></u>	<i><u><u>2,638</u></u></i>
16 Special TSA Account (AfDB) Expenses		
Local Travel and Transport	46,013	<i>72,199</i>
Bank Charges	19	<i>41</i>
Refreshment & Meals	-	<i>8,333</i>
Printing of non-security documents	-	<i>71</i>
Local training	7,141	-
Consultancy-Direct payment @ N406.77	63,131	-
Unutilized funds returned to AfDB	<u>28,637</u>	-
	<u><u>144,643</u></u>	<i><u><u>80,643</u></u></i>
	2022	<i>2021</i>
	₦'000	<i>₦'000</i>
17 Bank Charges		
FGN Bond Operations	-	<i>3,808</i>
Statutory Account	<u>317</u>	<i><u>300</u></i>
	<u><u>317</u></u>	<i><u><u>4,108</u></u></i>



	2022 #’000	2021 #’000
18 FGN Bond Floatation Expenses		
Domestic Bond Floatation (supplementary c)	1,829,672	1,806,023
International Capital Market (supplementary d)	467,625	904,472
Promissory Note Account (supplementary e)	<u>5,674</u>	<u>6,227</u>
	<u>2,302,971</u>	<u>2,716,722</u>
19 SFTAS Expenses (Funded by the SFTAS Project Fund)		
Foreign Grant (SFTAS) (supplementary f)	<u>150,355</u>	<u>148,262</u>
	<u>150,355</u>	<u>148,262</u>
20 Personnel Cost		
	<u>650,577</u>	<u>651,067</u>
	<u>650,577</u>	<u>651,067</u>
21 Return to Consolidated Revenue Fund (CRF)		
Overheads	8,519	1,064
Personnel Emolument	5,570	110
Capital Return to Consolidated Revenue Fund	453	55
Return of Salaries in lieu of notice	1,016	-
Revenue (Other Income) Remittance to CRF	<u>-</u>	<u>4,270</u>
	<u>15,559</u>	<u>5,499</u>

22.1 Credit Risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Also referred to as Default risk.

22.2 Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset, usually at short notice.



22.3 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk.

22.3.1 Currency Risk

This is the risk associated with exchange rate movements. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The agency's exposure to currency risk is very minimal.

22.3.2 Interest Rate Risk

This is the risk associated with movement of the interest rate on domestic and international capital markets. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Debt Management Office is not exposed to interest rate risk as the bulk of its debt portfolio of the Federal Government of Nigeria is on fixed interest rate terms. The financial liabilities in its financial statements come from payables and accruals.

22.3.3 Other Price Risk

is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

23. 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.

24. 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 2022 which have not been adequately provided for in these Financial Statements.



25. 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.

26. Comparative Note to the Financials

Certain comparative figures have been restated where necessary for a more meaningful comparison. In line with IPSAS 3 "*Accounting Policies, Changes in Accounting Estimates and Errors*"; retrospective restatement is necessary to correct disclosure of the element of financial statements by adjusting the opening balance of each affected component of net assets/equity for the earliest period presented and the other comparative amounts disclosed for the prior period presented as if the error had never occurred.

27. Segment Reporting

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

28. Approval of Financial Statements

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

**11.11 Supplementary Information**

	2022	<i>2021</i>
	N'000	<i>₦'000</i>
a. Administrative Overheads		
Local Travel and Transport: Training & Others	24,694	<i>16,400</i>
International Travel and Transport: Training & Others	-	<i>495</i>
Communication, Telephone and Postages	4,585	<i>4,974</i>
Newspapers/Magazines/Books and Periodical	1,189	<i>1,146</i>
Computer Materials and Supplies	5,706	<i>3,762</i>
Printing of Non-Security Documents	709	<i>713</i>
Drugs and Medical Supplies	-	<i>174</i>
Uniforms and Other Clothing	1,485	<i>600</i>
Refreshment and Meals	19,345	<i>17,060</i>
Security Services	240	<i>250</i>
Office Rent	15,321	<i>15,484</i>
Financial Consulting	-	<i>1,759</i>
Financial Consulting Audit Fees	3,200	<i>3,200</i>
Information Technology Consulting	2,144	<i>1,468</i>
Motor Vehicle Fuel and Lubricants	9,654	<i>9,642</i>
Local Training	16,497	<i>10,194</i>
Welfare packages	14,992	<i>8,303</i>
Subscription to Professional Bodies	3,050	<i>1,986</i>
Publicity and Advertisement	-	<i>463</i>
Insurance Premium	3,305	<i>3,310</i>
Internet Access Charges	1,349	<i>1,328</i>
Honorarium & Sitting Allowance	475	<i>490</i>
Research and Development (R&D) Expense	<u>24,126</u>	<i><u>103,202</u></i>
	<u>152,065</u>	<i><u>103,202</u></i>

Note: Research and Development Expense is in respect of Fund expended for the conduct of the Debt Sustainability Analysis Exercise.

Apart from the audit service, the External Auditors, Messrs. SIAO Partners do not offer any other professional service to Debt Management Office.

**b Repairs and Maintenance**

	2022 '000	2021 #'000
Motor Vehicles	5,322	4,177
Office Furniture and Fittings	246	242
Office Building	1,199	1,200
Computers and IT Equipment	<u>1,830</u>	<u>1,499</u>
	<u>8,597</u>	<u>7,118</u>

c. Domestic Bond Floatation Expenses

Travels	76,907	14,126
Debt Sustainability Analysis Expenses	695	14,185
Issuance of Sukuk Expenses	358,913	400,597
Issuance of Green Bond	3,662	-
Auction Centre Electricity Charges	323	346
Government Stockbrokers Fees	24,725	24,725
Listing Fees	270,979	269,878
IT & IS Support	24,852	65,195
Consultancy Services	1,661	19,326
Marketing Services	152,788	171,950
Auction Centre Rent	5,640	6,290
Capacity Building	61,068	113,158
Subscriptions (Reuters, Bloomberg)	111,263	162,236
CSCS Costs	9,806	-
NIBSS Processing Fees	575	-
Contribution to FSS 2020	544	-
Fiscal Agency Fees	22,825	21,598
Engagement with Stakeholders	106,460	79,537
Publicity	2,550	-
FGN Bond WHT	517,489	400,643
Advertisements	72,819	38,598
Review of DMO organogram	<u>3,129</u>	<u>3,635</u>
	<u>1,829,672</u>	<u>1,806,023</u>



	2022 N'000	2021 N'000
d. International Capital Market (ICM) Operations		
Local Travel and Transport	-	672
Fees & Expenses of Transaction Parties	456,237	662,916
Road Shows – International travel & transport	8,216	105,406
Fiscal Agencies Fees	-	133,798
Engagement with stakeholders	-	1,679
Fees to Other Parties	3,172	-
	467,625	904,472
e. Promissory Note Account		
Local Travel & Transport	5,334	5,768
Refreshment & Meals	-	26
10% Contingency	340	434
	5,674	6,227
f. SFTAS Expenses		
Coordination of Capacity Building for DSA	80,492	58,533
SFTAS Consultant	57,673	-
Computer Consumables	1,143	726
Furniture and Fittings	2,175	-
Consultancy Fees	-	80,745
Bank Charges	50	50
Office Consumables	5,433	115
Operating Cost -Communication	3,247	1,800
State Public Debt Laws	-	2,500
Local Travel & Other Office Expenses	142	47
Program Mgt Training & Capacity Building	-	3,746
	150,355	148,262

OTHER NATIONAL DISCLOSURES



11.11.2 Statement of Value Added

	2022		2021	
	₦'000	%	₦'000	%
Income	3,766,655		<i>5,244,703</i>	
Less: Cost of Services Rendered				
Local	<u>2,776,006</u>		<u>3,068,192</u>	
	990,649		<i>2,176,511</i>	
Other Operating Income	<u>14,173</u>		<u>13,639</u>	
Value Added	<u>1,004,822</u>	<u>100</u>	<u><i>2,190,150</i></u>	<u><i>100</i></u>
Distributed as follows:				
Employees				
Salaries, Pension and Welfare	650,577	65	<i>651,067</i>	<i>30</i>
Provided for Asset Replacement				
Depreciation and Amortization	89,806	9	<i>64,759</i>	<i>3</i>
Surplus for the year	<u>264,440</u>	<u>26</u>	<u><i>1,474,325</i></u>	<u><i>67</i></u>
	<u>1,004,822</u>	<u>100</u>	<u><i>2,190,150</i></u>	<u><i>100</i></u>

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



11.11.3 Statement of Financial Position Five-Year Summary

	2022	2021	2020	2019	2018
	₦'000	₦'000	₦'000	₦'000	₦'000
Assets					
Non-Current Assets					
Property, Plant & Equipment	348,829	258,601	288,371	197,510	227,035
Intangible Asset	-	-	389	1,554	2,720
	<u>348,829</u>	<u>258,601</u>	<u>288,760</u>	<u>199,064</u>	<u>229,755</u>
Current Assets					
Other Receivables	54,217	17,147	48,793	136,683	55,502
Prepayments	2,640	2,640	2,640	2,640	1,244
Cash and Cash Equivalents	4,995,571	5,828,366	2,969,682	4,309,135	2,710,981
	<u>5,052,428</u>	<u>5,848,153</u>	<u>3,021,116</u>	<u>4,448,458</u>	<u>2,767,728</u>
Total Assets	<u>5,401,257</u>	<u>6,106,753</u>	<u>3,309,876</u>	<u>4,647,522</u>	<u>2,997,482</u>
Equity And Liabilities					
Equity					
Capital Grant	495,715	409,080	228,593		
Reserves	4,505,481	4,241,041	2,766,716	3,640,421	2,326,196
Total Equity	<u>5,001,195</u>	<u>4,650,121</u>	<u>2,995,308</u>	<u>3,640,421</u>	<u>2,326,196</u>
Liabilities					
Non-Current Liabilities	-	-	-	-	-
Current Liabilities					
Account Payables and Accruals	400,062	1,456,633	314,566	1,007,101	671,287
	<u>400,062</u>	<u>1,456,633</u>	<u>314,566</u>	<u>1,007,101</u>	<u>671,287</u>
Total Equity and Liabilities	<u>5,401,257</u>	<u>6,106,753</u>	<u>3,309,876</u>	<u>4,647,522</u>	<u>2,997,482</u>



11.11.4 Statement of Financial Performance

	2022	2021	2020	2019	2018
	₦'000	₦'000	₦'000	₦'000	₦'000
Income					
Appropriation/(Subvention)	799,923	808,023	744,927	706,677	455,739
FGN Bond Floatation Receipts	2,678,773	4,241,130	1,910,321	3,166,653	3,604,408
Special TSA Accounts (AfDB)	-	193,551	34,047	-	36,141
Grants & Aids Receipts	-	2,000	2,000	4,000	8,000
SFTAS Receipts	287,960	-	285,018		
	3,766,655	5,244,703	2,976,313	3,877,330	4,104,288
Other Income	14,173	13,639	149	-	630
Total Income	3,780,829	5,258,342	2,976,462	3,877,330	4,104,918
Expenditure					
Operating Expenses	250,467	175,078	166,322	111,262	113,545
Grants and Aids Expenses	1,201	2,638	3,576	2,474	6,985
Special TSA Accounts (AfDB) Expenses	144,941	80,643	7,383	18,071	14,827
Personnel Cost	650,577	651,067	649,601	419,544	389,752
	1,047,186	909,426	826,882	551,350	525,109
Other Expenditures					
Bank Charges	317	4,108	6,364	13,140	7,583
FGN Bond Floatation Expenses	2,302,971	2,716,722	1,645,964	1,775,722	3,030,836
Return to Consolidated Revenue Fund	15,559	5,499	155	222,892	3,038
SFTAS Expenses	150,355	148,262	135,814	-	-
	2,469,203	2,874,591	1,788,296	2,011,754	3,033,874
Total Expenditure	3,516,388	3,784,017	2,615,179	2,563,104	3,566,566
Surplus of Income over Expenditure	264,440	1,474,325	361,283	1,314,225	538,351