DEBT MANAGEMENT OFFICE

NIGERIA

2021 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

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Vice President, Federal Republic of Nigeria
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DMO MANAGEMENT TEAM



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Director-General



Mr. Miji Amidu
Director, Special Assignments



Hajiya Hannatu Bint Musa
Director, Policy, Strategy & Risk Management Department



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

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

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
ASI	ALL-Share Index
ATM	Average Time-to-Maturity
ATR	Average Time-to-Re-fixing
BADEA	Arab Bank for Economic Development in Africa
BAS	Bond Auctioning System
BDC	Bureau De Change
BOA	Bank of Agriculture
BoE	Bank of England
BOF	Budget Office of the Federation
BOI	Bank of Industry
BPE	Bureau of Public Enterprises
BPP	Bureau of Public Procurement
CBN	Central Bank of Nigeria
CFR	Commander of the Federal Republic
CHF	Swiss Franc
CMC	Capital Market Committee
CIS	Collective Investment Scheme
CMLMP	Capital Market Literacy Master Plan
COO	Chief Operations Officer
COM-SEC	Commonwealth Secretariat
CPI	Consumer Price Index
CPIA	Country Policy and Institutional Assessment
CRR	Cash Reserve Ratio
CSCS	Central Securities Clearing System
CS-DRMS	Commonwealth Secretariat-Debt Recording & Management System
DAO	Departmental Administrative Officer
DCSS	Direct-Cash Settlement System
DDU	Domestic Debt Unit
DeMPA	Debt Management Performance Assessment
DLIs	Debt Linked Indicators
DMCBC	Debt Management Capacity Building Consultant
DMDs	Debt Management Departments
DMO	Debt Management Office
DRSD	Debt Recording and Settlement Department
DSA	Debt Sustainability Analysis
DSF-LICs	Debt Sustainability Framework for Low Income Countries
ECA	Excess Crude Account
ECB	European Central Bank
ECFA	External Creditors' Funding Account

EDF	European Development Fund
EM	Emerging Market
EMDEs	Emerging Market Developing Economies
EM-LCBI	Emerging Markets Local Currency Bond Index
ETF	Exchange Traded Funds
ES	External Support
EU	European Union
EUR	Euro
FBN	First Bank of Nigeria Limited
FCT	Federal Capital Territory
FCTA	Federal Capital Territory Administration
FDIs	Foreign Direct Investments
FGN	Federal Government of Nigeria
FICAN	Financial Correspondents Association of Nigeria
FMA	Federal Ministry of Aviation
FMBN	Federal Mortgage Bank of Nigeria
FMFBNP	Federal Ministry of Finance, Budget and National Planning
FMDA	Financial Markets Dealers Association
FMDQ	Financial Market Dealers Quotation (OTC) Securities Exchange
FMoT	Federal Ministry of Transport
FX	Forex
GBB	Galaxy Backbone
GBP	British Pound Sterling
GCFR	Grand Commander of the Federal Republic
GCON	Grand Commander of the Order of the Niger
GDP	Gross Domestic Product
GIFMIS	Government Integrated Financial Management Information System
HOD	Head of Department
IBRD	International Bank for Reconstruction and Development
ICM	International Capital Market
ICT	Information and Communication Technology
ID	Islamic Dinar
IDA	International Development Association
IDB	Islamic Development Bank
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFEM	Inter-Bank Foreign Exchange Market
IGR	Internally Generated Revenue
IMF	International Monetary Fund
IPO	Initial Public Offering
IPPIS	Integrated Personnel and Payroll Information System
ISDU	Institutions & Skill Development Unit
IT	Information Technology
JICA	Japan International Cooperation Agency
JPY	Japanese Yen
KFW	German Development Bank
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
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
NIPF	National Investor Protection Fund
NSE	Nigerian Stock Exchange
NSIA	Nigeria Sovereign Investment Authority
NTBs	Nigerian Treasury Bills
OAGF	Office of the Accountant-General of the Federation
OO	Operations Officer
ORD	Organizational Resourcing Department
ORM	Operational Risk Management
OTC	Over-the-Counter
PCOA	Put-Call Option Agreement
PDMMs	Primary Dealer Market Makers
PENCOM	National Pension Commission
PMD	Portfolio Management Department
POO	Principal Operations Officer
PPA	Power Purchase Agreement
PRG	Partial Risk Guarantees
PSRMD	Policy, Strategy and Risk Management Department
PV	Present Value
rDAS	Retail Dutch Auction System
S4	Scripless Securities Settlement System
SAN	Senior Advocate of Nigeria
SDN	Sovereign Debt Note
SDR	Special Drawing Rights

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

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

VISION

To be a Public Debt Management Institution of global reference.

MISSION

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

BROAD OBJECTIVE

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

CORE VALUES

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

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

BRAND

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

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

MANDATE OF THE DEBT MANAGEMENT OFFICE

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

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

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

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

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

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

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

DIRECTOR-GENERAL'S STATEMENT



It is with great pleasure that I present to you the Annual Report and Statement of Accounts of the Debt Management Office (DMO) for the year ended December 31, 2021. The Annual Report highlights the various macroeconomic developments in both the global and domestic environment which impacted on the activities of the DMO thus leading to changes in Nigeria's Public Debt Statistics. A breakdown of the Public Debt Statistics comprising of the External and Domestic Debt Statistics of the Federal Government of Nigeria (FGN), the thirty-six (36) States of the Federation and the Federal Capital Territory (FCT) are presented in this Report. Also contained in this Report are updates on the Medium-Term Debt Management Strategy, 2020 – 2023, the 2021 Debt Sustainability Analysis and the Audited Financial Statement and Accounts for the year ended December 31, 2021, published in line with the requirements of the International Public Sector Accounting Standards.

The Global Economy

The global economy rebounded with a strong growth of 6.1 percent in 2021 following the slowdown of -3.1 percent witnessed in 2020 due to the COVID-19 pandemic. The recovery resulted largely from strong consumer spending and increase in investment from the 2020 global recession, supported by the relaxation of pandemic-related lockdowns amidst greater successes in COVID-19 vaccination in developed countries and some developing nations. Strong growth was seen in major economies like China and the United States though the growth moderated towards the end of 2021. According to the data from the International Monetary Fund (IMF) World Economic Outlook (April 2022), Advanced Economies recorded a growth of 5.2 percent from the -4.5 percent in 2020, while growth in Emerging Market and Developing Economies (EMDEs) rose by 6.8 percent in 2021 from the -2.0 percent in 2020. It is instructive to note that the large fiscal stimulus packages in most countries including favourable monetary policies and improvement in international trade and high commodity prices, also accounted for the positive recovery. In the area of monetary policies, many Central Banks of developed economies continued their Asset Purchases known as Quantitative Easing which helped stabilize financial markets by providing liquidity, thus easing harsh financial conditions and reducing uncertainties. The improvement in the Financial Markets enabled Nigeria to return to the International Capital Market (ICM) in

September 2021. Albeit the positive recovery, economic activities slowed down towards the end of 2021 as a result of the emergence of new COVID-19 variants, widespread supply bottlenecks affecting global production and trade and rising inflationary pressures in major developed economies and a number of developing countries. The upsurge in inflation also led to some advanced economies central banks, such as the US Federal Reserve and those in Latin America to tighten their monetary policy with fears that further tightening, especially in the United States in 2022, may trigger huge capital outflows from the EMDEs and would put pressure on exchange rates and add to the increase in domestic prices. These challenges gave rise to a projection of the global outlook to moderate to 4.4 percent in 2022 in the IMF World Economic Outlook, January 2022. Further, with the Russia/Ukraine war and rising energy and food prices, the global outlook in 2022 and 2023 was revised further down to 3.6 percent with inflation set to worsen by 5.7 percent in advanced economies and 8.7 percent in EMDEs, in the IMF World Economic Outlook, April 2022.

The Domestic Economy

In tandem with the growth in the global economy, the Nigerian economy grew by 3.40 percent in 2021 following sustained quarterly growth rate since the recession in 2020 when the economy contracted by -6.10 percent and -3.6 percent in Q2 and Q3 of 2020 respectively due to the COVID-19 pandemic. The growth in 2021, according to the National Bureau of Statistics (NBS), from the -1.92 percent rate in 2020, was as a result of pick-up of economic activities occasioned by the easing of the lockdown, implementation of the Economic Sustainability Programme and improvement in global trade. The oil and non-oil sectors of the Nigerian economy contributed 7.24 percent and 92.76 percent respectively to the real GDP in 2021. The contribution of the oil sector fell by 0.92 percent compared to the 8.16 percent in 2020 due to the lower oil output of 1.50 million barrels per day (mbps) on average in 2021 compared to the 1.56 mbps in 2020. However, the contribution of the non-oil sector, rose by 0.92 percent from the 91.84 percent in 2020 driven by the Agriculture, Trade, Information and Communication and Financial and Insurance. The improvement is as a result of the various fiscal and monetary interventions on the economy.

The inflation rate for 2021 was 16.95 percent on average reaching the 16.5% forecast of the World Bank, and reflected the impact of the depreciation of the Naira as well as problems occasioned by lingering security challenges across the country. However, the headline inflation (year-on-year) moderated from the 15.75 percent in December 2020 to 15.63 percent in December, as a result of the food inflation which declined from 19.56 percent in

2020 to 17.37 percent in 2021 occasioned by the various CBN interventions in agriculture and robust harvest in the season.

The External Reserves as at December 31, 2021 was USD40.520 billion and represented a 14.55 percent increase from the USD35.374 billion in December 31, 2020, which resulted from foreign exchange receipts from the International Monetary Fund's SDR allocation and issuance of Eurobonds. The Naira Exchange Rate closed at USD/₦412.99 representing a depreciation of 8.82 percent when compared to USD/₦379.50 as at December 31, 2020.

Funding the 2021 Appropriation Act

The 2021 Appropriation Act including the Supplementary Budget had an aggregate Expenditure of ₦14.570 trillion and total Revenue of ₦8.121 trillion with the sum of ₦5.489 trillion as New Borrowing which was raised from the Domestic and External markets. The New Domestic Borrowing of ₦3.145 trillion was fully raised during the year while External Borrowing of ₦1.624 trillion which was ₦719.788 billion less than the approved amount was raised. The proceeds of the New Borrowing were utilized for funding key projects in the Appropriation Act.

Total Public Debt in 2021 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 stood at ₦39.556 trillion (USD95.779 billion) as at December 31, 2021, which is an increase of ₦6.641 trillion (20.17 percent) or USD9.387 billion (10.87 percent) from ₦32.916 trillion (USD86.392 billion) as at December 31, 2020. The increase in Total Public Debt was mainly due to new borrowing in 2021 (External and Domestic Debt), and new disbursements from existing external Multilateral and Bilateral Creditors.

Despite the increase in Debt level, the Total Public Debt as a percentage of Gross Domestic Product (GDP) remained sustainable at 22.80 percent as at December 31, 2021.This is an increase of 1.19 percent compared to 21.61 percent at December 31, 2020. This ratio was far below within the Country Specific Debt Limit of 40 percent set under the approved MTDS, 2020-2023 and 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. However, with a low Debt to GDP Ratio, the country is faced with a relatively high Debt Service to Revenue Ratio. This is as a result of

Nigeria's low revenue base compared to other peer countries. Thus, efforts to increase and diversify the revenue generation and thus lower the Debt Service to Revenue ratio, occasioned by Nigeria's low revenue base. Accordingly, efforts to increase and diversify the country's revenue profile and thus lower the Debt Service to Revenue ratio through the implementation of the Strategic Revenue Growth Initiatives of the FGN and the annual Finance Acts are ongoing. To further ensure Debt Sustainability and Debt Data Transparency aimed at achieving effective public debt management, the DMO is working assiduously with other fiscal and monetary agencies to securitise the Ways and Means Advances at the CBN.

Implementation of the Debt Management Strategy

Following the targets set in the Medium-Term Debt Strategy (MTDS), 2020–2023, particularly, the Domestic to External Debt composition of 70:30 which is expected to be achieved by end of the year 2023 and the implementation of the 2021 Appropriation Act, the ratio of domestic to External Debt in the Total Public Debt portfolio as at December 31, 2021 was 60:40. When compared to the ratio of 61:39 in December 31, 2020, there were marginal decrease in the Domestic Debt and an increase in External debt which can be attributed to the Eurobond issuance of USD4.00 billion in 2021.

Activities in the International Capital Market

On the average, the Yields of Nigeria's Eurobonds and Diaspora Bond in the ICM in 2021 were lower compared to their levels in 2020 due to the gradual recovery of global financial markets from the impact of COVID-19 and the rebound in the international prices of commodity, particularly oil price. Following the recovery, Nigeria raised the sum of USD4 billion through Eurobonds in September 2021. The Order Book peaked at USD12.2 billion which enabled the Federal Government of Nigeria (FGN) to raise USD1 billion more than the USD3 billion initially announced. The successful issuance was described as "one of the biggest financial trades to come out of Africa in 2021" and "an excellent outcome". The proceeds of the Eurobonds were used to finance projects in the 2021 Appropriation Act.

Activities in the Domestic Market

The DMO successfully issued ₦2,712.148 billion of FGN Bonds of tenors ranging from 10 years to 30 years in the domestic market which was utilized to finance part of the deficit of the FGN. Trading in the secondary market showed remarkable improvement with a face

value of ₦2,671.76 million in 2021 from ₦1,158.52 million recorded in 2020 reflecting pick-up of economic activities after the lockdown occasioned by COVID-19 Pandemic in 2020.

The total subscription for the FGN Savings Bond which was introduced in March 2017, to encourage retail participation in the securities market was ₦8.396 billion in 2021, which was a 231.84 percent improvement over the ₦3.637 billion recorded in 2020.

The DMO issued the fourth Sovereign Sukuk of ₦250.00 billion 10-Year 13.00% Al Ijarah Sukuk Due 2031 on December 29, 2021, as part of its infrastructure funding initiatives. The total Subscription for the Sukuk was ₦861.85 billion, representing a Subscription level of about 344 percent from a wide class of investors boosting the deliberate efforts of the DMO to diversify the investor base for its products. It is worthy to note that the volume of Sukuk has increased over the years from the debut issuance in September 2017 of ₦100 billion, followed by the ₦100 billion in 2018 and ₦162.557 billion in 2020 which demonstrates FGN's policy thrust towards project-tied financing.

Other Activities of the DMO in 2021

Staff Matters - 2021 Promotion and Training

The 2021 Promotion Exercise of the DMO was successfully conducted for all eligible members of Staff. Annual Trainings was also conducted for all Staff in areas such as; Market Access - Debt Sustainability Analysis (MAC-DSA), using the World Bank/ IMF Template, Microsoft Excel Package (Advanced & In-depth), Financial Market Analysis & Advanced Fixed Income Securities Analysis, ICT Skills for Procurement, Managing Costs and Risks in Public-Private Partnership Projects, Financial Market Analysis & Advanced Fixed Income Securities Analysis, etc. Some Staff also benefitted from Workshops and Seminars organized by IMF, African Training Institute and those under the SFTAS Programme and AFDB MIC-TAF Grant.

Repositioning and Redeployment

The usual staff Redeployment within Departments was carried out to address the gaps created by the exit of five (5) members of Staff. An Officer was also Seconded to the DMO from the Federal Ministry of Finance while a new Unit called Project Unit was created in the Director-General's Office to manage the SFTAS and AFDB Programme to ensure successful implementation of set Targets.

Training for DMO's External Stakeholders

Workshops were conducted for Members of the Senate Committee on Local and Foreign Debts and their counterparts in the House of Representatives Committee on Loans, Aids and Debt Management, as well as the Secretariats of the Two (2) Committees in November and December, 2021.

Capacity Building for Sub-National Governments

The DMO continued its various training and empowerment programmes towards effective debt management for the thirty-six (36) States of the Federation and the FCT which included programmes covered by the World Bank sponsored States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Programme for Results 2021. The activities undertaken included the sensitization of States and FCT on the Legal Framework for Debt Management, conducting Sub-national DSA-MTDS and Domestic Arrears Management. In addition, the DMO in collaboration with the World Bank developed a Sub-national Debt Sustainability Analysis (S-DSA) and Medium-Term Debt Strategy (MTDS) Templates which guided and enabled the States of the Federation and FCT to conduct the Annual DSA and MTDS as part of the SFTAS debt-related activities in 2021.

Other Donor Interventions in Sub-National Debt Management which is the AfDB MIC-TAF Grant enabled the DMO to carry out training on "*Effective Public Debt Management and Domestic Debt Reconciliation (CB1)*" for officials of some States which include Edo, Nasarawa, Kwara, Benue, Taraba, Abia, Anambra and Cross River States. Zonal training on DSA was also carried out in collaboration with the West African Institute for Financial and Economic Management (WAIFEM) for the thirty-six (36) States of the Federation and the FCT in 2021 in addition to a State-by-State DSA which covered Six (6) States in the Northern Zone and Six (6) States in the Southern Zone of the Federation. At the end of the exercises the 12 States (Benue, Yobe, Kebbi, Ondo, Imo, Delta, Jigawa, Plateau, Adamawa, Bayelsa, Enugu and Ogun State) that participated were able to provide the data required, populate the DSA templates, analyse the output and prepare DSA reports for their respective States.

ICT Infrastructure

The DMO continued with the review of its ICT Infrastructure, Operations and Services to enhance its business process through engagement with relevant stakeholders.

Outlook

The ongoing war in Ukraine and surging inflation are major threats to the current recovery in global and domestic economy. However, the IMF has projected a growth rate of 3.4 percent for the Nigerian Economy in 2022 following increase in global oil prices according to its WEO Report, April 2022. This is up from the 2.7 percent published in its January 2022 Report. It is expected that with the launch of the National Development Plan, 2021 – 2025, in December 2021 by the FGN and with a ₦17.127 trillion 2022 Appropriation Act with New Borrowing of ₦5.139 trillion to part finance the Deficit of ₦6.386 trillion will increase the Total Public Debt and debt Service obligation of the Government in 2022. A planned Supplementary Budget of ₦2.55 trillion to provide for Subsidy on Petroleum Products from June to December 2022 will also add to the Total Public Debt. However, the DMO will continue to manage the public debt using the various Public Debt Management Tools such as the DSA and the MTDS especially as the rising interest rates in advanced economies which will make financing more expensive is becoming a reality.

Conclusion

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 the other distinguished members of the Board for their continued guidance and support. I am also appreciative of the close collaboration and partnership between the DMO and the National Assembly, 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, 2022

CHAPTER ONE

THE OPERATING ECONOMIC ENVIRONMENT

The global economy continues its growth path with sustained policy support and favourable business expectations, following the wider coverage of COVID-19 vaccines. This was manifested in the growth rate of 5.5 percent recorded in 2021, compared to the negative growth of -3.3 percent rate in 2020. Growth in all the region rebounded due to improvement in the distribution of the COVID-19 Vaccines and easing of the lockdown restrictions.

1.1 The Global Economy

1.1.1 Output Growth

The global economy experienced a stronger than expected recovery with global growth at 5.5 percent in 2021 compared to -3.3 percent contraction of in 2020. As a result of recovery in the global economy, the output in many countries rebounded in 2021 after a sharp decline in 2020. The International Monetary Fund (IMF), in January 2021, projected a GDP growth of 5.5 percent for the year, which was subsequently revised upward in April 2021 to 5.9 percent. The upward review reflected the anticipated vaccine-drive build-up in the year and ancillary policy support across economies. However, the strength of recovery is predicated on medical interventions and effectiveness of policy support.

Recent data by World Economic Outlook shows that beyond 2022, global growth is projected to moderate to about 3.3 percent over the medium-term. Advanced economies output is forecast to exceed pre-pandemic medium-term projection, largely reflecting sizable anticipated further policy support in the U.S.

However, for the advanced economies which experienced negative economic growth in 2020 as a result of the COVID-19 Pandemic, the US economy experienced a growth rate of 6.0 percent in 2021 against -3.4 percent in 2020. It was projected to moderate at 5.2 percent in 2022. The Japan economy witnessed a rebound with a growth rate of 2.4 percent in 2021 from the -4.6 in 2020. Euro Areas also experienced an increase in a growth rate to 5.0 percent from -6.30 percent in 2020. Germany, Italy, United Kingdom and Canada experienced positive growth rates of 3.1, 5.8, 6.8 and 5.7 percent, respectively in 2021

compared to their respective growth rate of -6.30, -8.9, and -5.3 percent respectively, in 2020.

Emerging Market and Developing Economies (EMDEs), had a growth of 6.0 percent from a contraction of -2.0 percent in 2020. China's economy grew at rate of 8.0 percent in 2021 as a result of improvement in the distribution of the COVID-19 Vaccines, and easing of the lockdown restrictions with new export business expansion. According to the World Economic Outlook (April, 2022), China's prospects for 2022 is reviewed slightly downward due to anticipated scaling down of public investment. Russia experienced improvement in their economic activities as they witnessed positive growth of 4.7 percent in 2021 compared to -3.0 percent in 2020.

The Latin America and the Caribbean economies were not left out in the economic lift, as a result of the improvement in the distribution of COVID-19 vaccines. The region experienced a growth of 7.7 percent in 2021 compared to -7.1 in 2020. However, it is projected to recover to 11.3 percent in 2022, following the discovery and distribution of the COVID-19 Vaccines, and easing of the lockdown restrictions, and new fiscal and monetary policy measures. Middle East and Central Asia had a growth of 4.1 percent in 2021 as against a contraction of -2.8 percent in 2020.

Growth in the Sub-saharan Africa in 2021 rebounded to 3.7 percent in spite of the negative growth of -1.7 percent in 2020. Growth in the region is projected at 3.80 percent in 2022 with the continuing slow rollout of vaccines as the main factor weighing on the recovery.

South Africa which had a growth of -6.4 percent in 2020 was expected to rebound to 5.0 percent in 2021 as a result of access to COVID-19 Vaccines and their effectiveness to contain the renewed waves and new policy reforms.

In Nigeria, economic growth increased to 2.6 percent in 2021 compared to -1.8 percent in 2020. The economy was projected to grow by 2.7 percent in 2021, as result of access to COVID-19 Vaccines, improved Oil price, fiscal and monetary policy reforms put in place by the Government among which were; promotion of manufacturing and local production at all levels to curb unneccessary demand for foreign exchange to stem the pressure on exchange rate, mobilize resources to stimulate the economy and fund projects in Economic Sustainability Plan, fiscal measure to safeguard Oil revenues, and other fiscal and monetary measures, as well as other policy reforms of the government

Global Economic Outlook, the IMF, World Economic Outlook April 2022, indicated that global growth was projected at 5.9 percent in 2021 and to decline to (4.9 percent) for 2022. This reflects a decrease in the advanced economy and low-income developing countries, as Vaccine access remains the principal driver in the global recovery, as well as effectiveness of in policy support across countries.

1.1.2 Inflation

The IMF World Economic Outlook (April, 2022) reported that inflation in most Advanced Economies remained high and unlikely to abate in the short to medium term. For 2022, inflation is projected at 5.7 percent in advanced economies and 8.7 percent in emerging market and developing economies (1.8 and 2.8 percentage points higher than in the January World Economic Outlook). The main factors shaping the inflation outlook in Europe and to lesser extent the United States are the war in Ukraine, which has aggravated spikes in commodity, oil and gas prices, as well as geopolitical uncertainty.

Some EMDEs, including the Middle East and Central Asia have also been similarly affected by higher global food prices. Inflation has remained high due to a combination of the war in Ukraine, sanctions on Russia and Belarus, persisting exchange rate pressures and supply bottlenecks associated with the lockdown restrictions.

In the Sub-Saharan Africa, inflation has been steadily increasing since 2019. Drivers of inflation in Sub-Sahara region include rising food prices, global factors, such as pandemic-related supply chain disruptions and rising commodity prices, and changes in domestic administered prices.

In Nigeria, inflation moderated to 15.63 percent in December 2021 compared to 15.75 percent in December 2020. Similarly, while Ghana inflation rate dropped from 9.90 percent in December, 2020 to 9.3 percent in 2021. However, the South African inflation rate increased from 3.3 percent in 2020 to 4.4 percent in 2021.

1.2 The Nigerian Economy and Policy Environment in 2021

1.2.1 Developments in Output

The annual growth of real GDP in 2021 according to the National Bureau of Statistics (NBS) was estimated at 3.40 percent, an increase of 1.48 percent when compared to the -1.92 percent in 2020. Broadly, the Nigerian economy has been classified into the oil and non-oil

sectors. The oil sector in 2021 witnessed an annual growth rate of –8.30 percent, an increase from the -8.89 percent in 2020. While the annual contribution of non-oil sector to the GDP in 2021 was 92.76 percent, the oil sector under the reference year, contributed 7.24 percent to real GDP.

In real terms, the non-oil sector on annual basis, contributed 92.76 percent to the nation's GDP higher than 91.84 percent in 2020. The growth in the non-oil sector was driven by Information and Communication (Telecommunications & Broadcasting), Agriculture (Crop Production). Other drivers of growth in the non-oil sector were Real Estate, Manufacturing (Food, Beverage & Tobacco), Mining and Quarrying (Quarrying and other Minerals), and Construction, accounting for positive GDP. The quarter-on-quarter real GDP grew by 0.51, 5.01, 4.03 and 3.98 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 2017 and 2021.

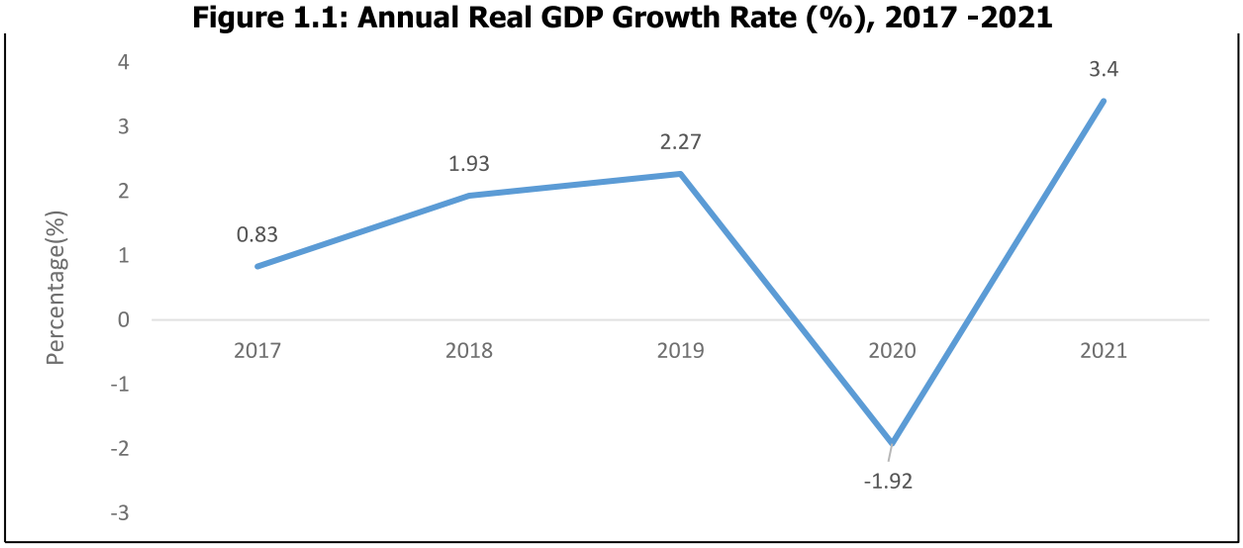
Table 1.1: Selected Macroeconomic Indicators, 2017 - 2021

Description	2017	2018	2019	2020	2021
Real GDP Growth Rate (%)	0.83	1.93	2.27	-1.92	3.4
CPI Inflation (end-period) (%)	15.37	11.44	11.98	15.75	15.63
Budget Deficit (% of GDP)	2.18	1.73	1.37	2.76	3.3
External Reserves (US$' billion)	39.35	42.54	38.07	36.48	40.23
End-Period Exchange Rate (₦)	306.00	307.00	326.00	381.00	412.99
Total Public Debt-to-GDP Ratio (%)	18.20	19.09	19.00	21.61	22.80
Benchmark Crude oil price (US$)	44.50	51.00	60	28	40.0
Equities Market Capitalization (₦' trillion)	13.62	11.72	12.97	21.06	22.30
Bond Market Capitalization (₦' trillion)	9.29	10.17	12.92	13.90	19.8

Sources: MBNP, NBS, CBN, DMO
Note: Total Public Debt-to-GDP ratio includes FGN, States & FCT's Debt Stock

The Services sector played key role in driving the performance of the Non-Oil Sector with a contribution of 55.11 percent in 2021, higher than 52.44 percent recorded in 2020. The increase in output was, largely, driven by the non-oil sector, with strong performances in the agriculture contributing 26.84 in 2021, relative to 26.21 while the industrial sector recorded 18.05 percent which was lower when compared to 21.36 percent recorded in 2020. Figure 1.1 depicts the annual real growth rate for the period 2017 to 2021.

Figure 1.1: Annual Real GDP Growth Rate (%), 2017 -2021



Source: National Bureau of Statistics (NBS)

1.2.2 Fiscal Developments

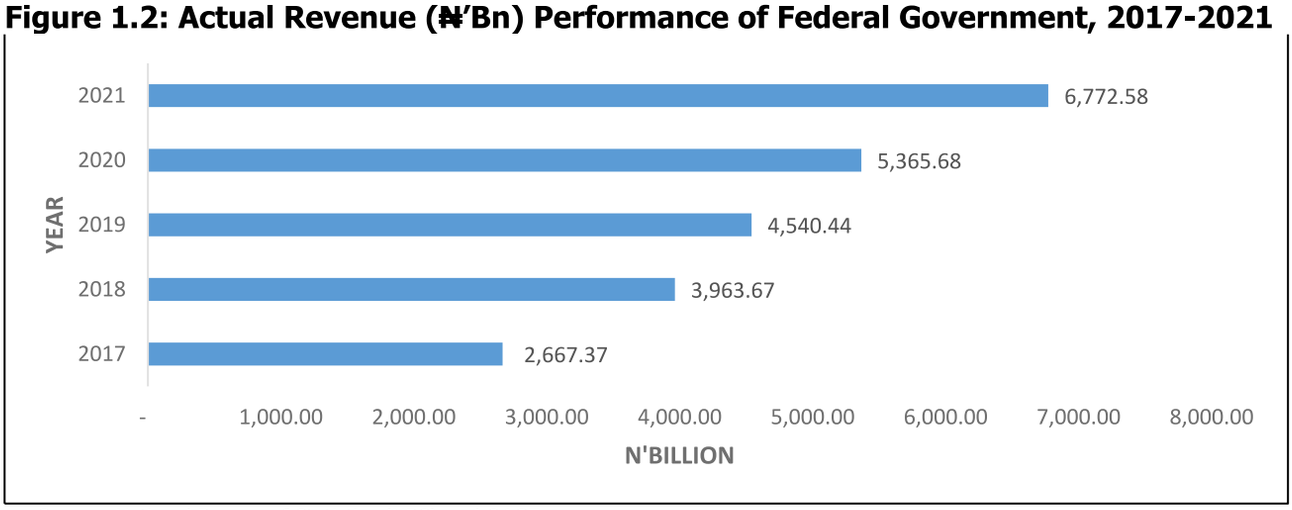
The fiscal operations of the government remained aligned with extant fiscal framework which focuses on achieving macroeconomic stability, food security, Job creation and containment of the impact of COVID-19 pandemic among other objectives, which influenced the level and composition of government expenditure in the year 2021. The Total Expenditure in the 2021 Appropriation Act was ₦12.51 trillion, with a fiscal deficit of ₦5.7 trillion, compared to the FGN Total Expenditure of ₦9.97 trillion, with a deficit of ₦4.6 trillion in the 2020 Appropriation Act.

The approved Revenue of ₦6.77 trillion in 2021 was 26.10 percent higher than the ₦5.37 trillion in 2020. Thus, the actual revenue performance represented 70.75 percent of the Revenue target of ₦6.77 trillion in the 2021 Appropriation Act.

The New Borrowing in the 2021 Appropriation Act was ₦5,488.88 billion, out of which ₦3,145.49 billion was allocated to Domestic Borrowing and ₦2,343.39 billion to External Borrowing. The New Domestic Borrowing of ₦3,145.49 billion was fully raised during the year, while for the New External Borrowing of ₦1,623.60 billion only out of the appropriated ₦2,343.39 billion was raised. This was due to the effect of Covid-19 pandemic on global economic activities.

The initiatives of Government to deepen and enhance the performance of the non-oil sector, which contributed 92.76 percent to the GDP, higher than 91.84 percent recorded in 2020 have consistently resulted in enhanced Revenue generation as shown in Figure 1.2 below.

Figure 1.2: Actual Revenue (₦'Bn) Performance of Federal Government, 2017-2021



Source: National Bureau of Statistics (NBS) and OAGF

The 2021 budget deficit was ₦5.74 trillion or 3.3 percent of the GDP, compared to the fiscal deficit of ₦4.20 trillion or 2.76 percent of GDP in 2020. Out of the ₦5.74 trillion approved as New Borrowings to finance the deficit in the 2021 Appropriation Act, ₦3.15 trillion was for Domestic borrowing and ₦2.34 trillion for External borrowing. However, while the domestic borrowing was fully achieved, ₦1.62 trillion amount or 69.28 percent was borrowed from the New External Borrowing in the year under review. This was due to the effect of Covid-19 pandemic on global economic activities.

1.2.3 Developments in Money Supply and Prices

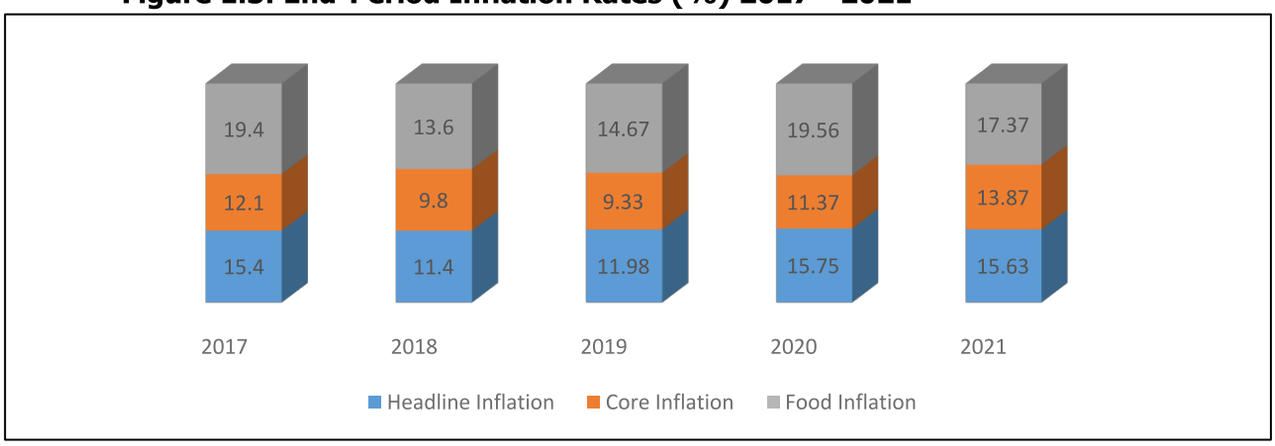
Broad Money Supply (M3) according to the Central Bank of Nigeria (CBN) stood at ₦38,904.92 billion as at end-December, 2021. This represents a growth rate of 13.77 percent above the indicative benchmark of 9.99 percent. The increase was largely driven by the growth in Net Domestic Assets (NDA) of 15.58 percent in December 2021. Net Foreign Assets (NFA), however, decreased to 6.06 percent in December 2021. The sharp growth in Net Domestic Assets (NDA) was largely attributed to the increase in claims on the Federal government and other sectors. The slowdown in growth of Net Foreign Assets (NFA) resulted from a decrease in foreign assets holdings of the banking system in favour of more domestic investments.

The Monetary Policy Committee (MPC) however retained the Monetary Policy Rate at 11.5 percent. Other policy parameters were maintained, with the Cash Reserve Ratio (CRR) on both public and private sector deposits at 27.5 percent, Liquidity ratio at 30.0 percent and the asymmetric corridor of +100 basis points and -700 basis points around the MPR, throughout 2021.

Key short-term interest rates declined, reflecting improved banking system liquidity. However, while the average maximum lending rate dropped by 0.38 percentage point to 27.31 percent in fourth quarter, 2021 from 27.70 percent in the third quarter of the period under review, the prime lending rate, increased marginally by 0.06 percent to 11.70 percent as at end December 2021, following ample liquidity system in the banks. In real terms, these rates are juxtaposed against the inflation rate of 15.63 percent. Average term-deposit rate rose by 0.12 percentage point to 3.86 percent, leading to a narrowed spread between the deposit and lending rates. The spread between the average term deposit and maximum lending rates narrowed by 0.25 percentage point to 23.71 percent in the fourth quarter of 2021.

The headline inflation (year-on-year) slowed to 15.63 percent in December 2021, from 15.75 percent in December 2020. This was largely attributed to the food and headline inflation components, which moderated to 15.63 and 17.37 percent (Y-o-Y) in December 2021, respectively, from 15.75 and 19.56 percent when compared to the corresponding period in 2020. The decrease in food inflation was driven by better agricultural output, owing to the increased harvest of maturing crops and continued impact of the various CBN intervention programme. However, core inflation inched up to 13.87 percent as at end December, 2021 compared to 11.37 percent as at end December, 2020. The rise in core inflation was attributed to higher demand for gas, liquid fuel, wine, actual and imputed rentals for housing, tobacco, spirit, cleaning, repair, and hire of clothing, garments, shoes, and other footwear and clothing materials, particularly with the December, festive period. Figure 1.3 shows the trend in Headline Inflation from 2017 to 2021.

Figure 1.3: End-Period Inflation Rates (%) 2017 - 2021

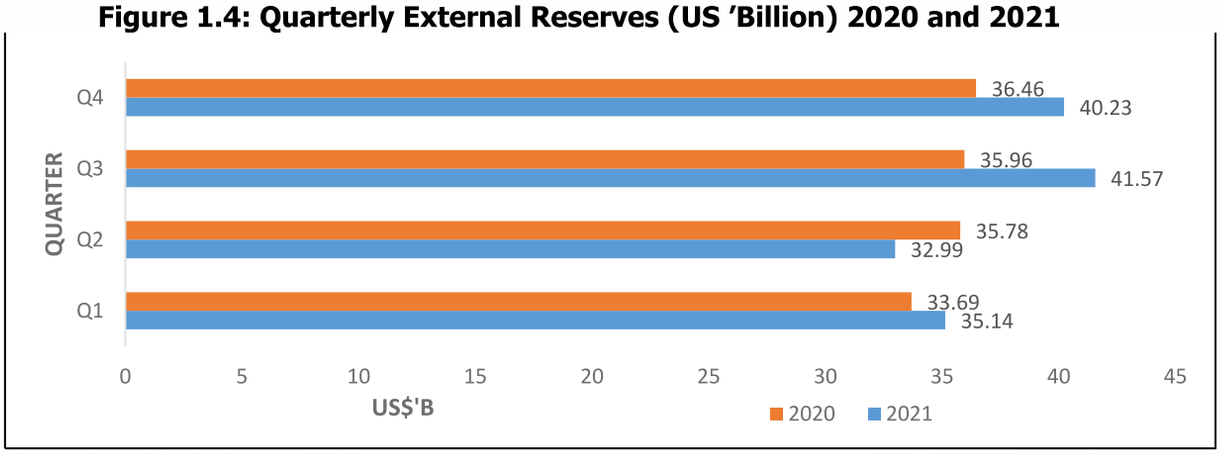


Source: National Bureau of Statistics (NBS)

1.2.4 External Sector Developments

Gross External Reserves as at December 31, 2021 stood at US$40.52 billion compared to US$ 36.46 billion in the corresponding period of 2020. The increase in external reserve was due to the additional Special Drawing Right (SDR) allocation of US$3.4 billion by the IMF and the receipt of US$4.0 billion FGN Eurobond in the review period. The level of external reserve position could cover 7.7 months of imports for goods and services, and 10.2 months of import for goods only, higher than the IMF benchmark of 3 months.

Figure 1.4: Quarterly External Reserves (US 'Billion) 2020 and 2021



Source: Central Bank of Nigeria (CBN)

The average exchange rate of the naira per US dollar at the I & E window depreciated marginally by 0.1 percent to ₦412.43/US$, compared to ₦411.89/US$, in the preceding quarter. 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 2021. The Data from The Nigerian Stock Exchange revealed that NGX- All Share Index (ASI) increased to 42,716.44 points (6.07 percent) to close the year, compared to 40,270.72 points in the corresponding period of 2020. Capitalization rose by 5.89 percent to ₦22.30 trillion as at the end December 2021, from ₦21.06 trillion as at the end of December 2020. Similarly, the total volume and value of shares traded increased in the review period. This was driven, mainly by the sentiments and portfolio switching from fixed-income investments.

1.2.5.2 Developments in the Domestic Bond Mark

The Total Face Value of the outstanding Domestic Securities made up of FGN Securities, State Governments' and Corporates Bonds as at December 31, 2021 decreased by 38.85 percent from ₦22.64 trillion to ₦13.84 trillion. Consideration decreased by 48.42 percent from ₦30.35 trillion to ₦15.65 trillion. Number of Deals also decreased by 20.08 percent from 28,016 to 22,389 in the same period under review. The large decrease in the value and number of wholesales FGN Bonds traded in the secondary Market on the FMDQ in 2021, was due to the volatility in the domestic market occasioned by unfavourable macroeconomics environment.

1.2.5.3 Corporate Bonds Issuances in 2021

The Corporate Bonds segment of the domestic bond market was significantly active in 2021 when compared to the level of activity in 2020. Table 1.2 shows that eleven (11) Corporates raised capital from the domestic debt market in 2021 with the total Issuance of ₦338.77 billion as against three (3) Corporates in 2020 with total Issuance of ₦25.00 billion. The Security and Exchange Commission (SEC) attributed the increase in corporate issuance to rebound on economic activities, amidst the slow but gradual global economic recovery from the effects of the COVID-19 pandemic, particularly the financial markets.

Table 1.2: Corporate Bonds Issuances in 2020 and 2021

2020		*2021*	
Bond Issuers	**Amt. (₦' Billion)**	**Bond Issuers**	**Amt. (₦' Billion)**
Novambl Investments SPV Plc Plc/Series 1.	10.00	Ardova	25.30
FBNQuest Merchant Bank SPV	5.00	CERPAC Receivables Funding SPV Plc	1.25
United Capital Plc N10B Series 1.	10.00	C&L Leasing Plc	10.00
		Dangote Cement Plc	50.00
		Family Homes Sukuk Issuance Programme Plc	10.00
		GPC-SPV Company Plc	20.00
		LFZC Funding SPV Plc	10.50
		Mecure Industries Funding SPV	3.00
		MTN Nigeria Communication Plc	199.99
		NSP-SPV Powercorp Plc	6.23
		Sundry Foods Funding SPV Plc	2.50
Total	**25.00**		**338.77**

Source: Securities and Exchange Commission

CHAPTER TWO
APPRAISAL OF DEBT MANAGEMENT STRATEGY

The debt management strategy for 2021 is part of the medium term strategy 2020-2022, 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 improved from 83:17 for long to short-term debts as at December 31, 2020 to 80:20 as at December 31, 2021, while the actual performance mix for Domestic and External finance stood at 59.92:40.08 as at December 31, 2021 as against that of 61:39 as at December 31, 2020. 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 funding support from the World Bank.

2.1 Introduction

The Debt Management Strategy adopted for 2021, is part of the medium-term strategy 2020-2022, 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

Besides, the Strategy was prepared to guide the borrowing decisions of the Federal Government of Nigeria (FGN) for the period 2020-2023 while also reviewing the Debt Management Strategy for 2016-2019. It was 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 2021 Appropriation Act, and the new
ii. MTEF, 2021-2023; thereby maintaining a mix of not more than 70% and not less than 25% 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 recognises 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; and,

vii. Sustaining the issuances of longer-tenored 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 2021, shows a substantial improvement as the ratio of Domestic to External Debt in the Total Public Debt portfolio was about 60:40 as at December 31, 2021 compared to 61:39 actual result of year 2020. The Domestic Debt mix ratio was 79:21 for long to short-term debts as at December 31, 2021

compared to 83:17 as at December 2020. Debt maturing within one year was 11.63 percent of the Total Public Debt as at December 31, 2021, compared with the target of not more than 20 percent of the FGN's Total Public Debt. The Average Time-to-Maturity (ATM) stood at 10.28 years, which is above the strategic target of minimum 10 years by end of December, 2021. Total Public Debt as a percentage of GDP was 22.80 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		2020 Actual	2021 Actual	2020-2023 Target
	Domestic: External	61:39	60:40	Max.70:Min.30[1]
	Domestic Debt Mix: Long: Short	83:17	70:30	Min. 75:Max. 25[1]
Risks				
Refinancing	Debt maturing in 1 year as % of total debt	14.50%	14.60%	Max. 20%
	Average Time to Maturity (Years)	10.74 years	10.28 years	Min. 10 years
Interest rate	Variable Rate Debt as % of Total Debt	2.75%	2.90%	Less than 5%
Fiscal Sustainability ratios				
	Total Public Debt as % of GDP	21.61%	22.80%	40%[2]
	Sovereign Guarantees as % of GDP	2.75%	2.64%	Max. 5%

[1]The 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.

[2]Increased 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.

CHAPTER THREE
NIGERIA'S TOTAL PUBLIC DEBT

The outstanding Total Public Debt of Nigeria as at December 31, 2021 was ₦39,556,032.50 million (US$95,779.64) compared to ₦32,915,514.85 million (US$86,392.54 million) in 2020, representing an increase of ₦6,069,765.22 million or 20.17 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 share of Total External Debt stock as percentage of the Total Public Debt was 40.08 percent as at December 31, 2021, while that of the Total Domestic Debt stock was 59.92 percent.

3.1 Total Public Debt Outstanding

Nigeria's Total Public (comprised FGN, States and FCT) Debt stock amounted to ₦39,556,032.50 million (US$95,779.64 million) as at December 31, 2021 compared to ₦32,915,514.85 million (US$86,392.54 million) as at December 31, 2020, representing an increase of ₦6,640,517.65 million (US$ 9,387.10 million) or 20.17 percent in Naira terms. The increase in the Total Public Debt stock was reflected in both Domestic and External Debt components. The Total External Debt stock stood at ₦15,855,231.25 million (US$38,391.32 million) or 40.08 percent of the Total Public Debt stock, while the Total Domestic Debt stock was ₦23,700,801.25 million (US$57,388.32 million) or 59.92 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 USD4.00 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 and Sukuk) by the FGN to fund the 2021 Appropriation Act and other contractual obligations during the review period, 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, 2021 amounted to ₦19,242,557.11 million compared to ₦16,023,885.38 million as at December 31, 2020. This represented an increase of ₦3,218,671.73 million or 20.09 percent. The sub-nationals (36 States and FCT) domestic debt stood at ₦4,438,244.14 million in 2021 compared to ₦4,186,018.14 million in 2020, which represented an increase of ₦272,233.15 million. Table 3.1 shows Nigeria's Total Public Debt Outstanding for the period, 2017-2021.

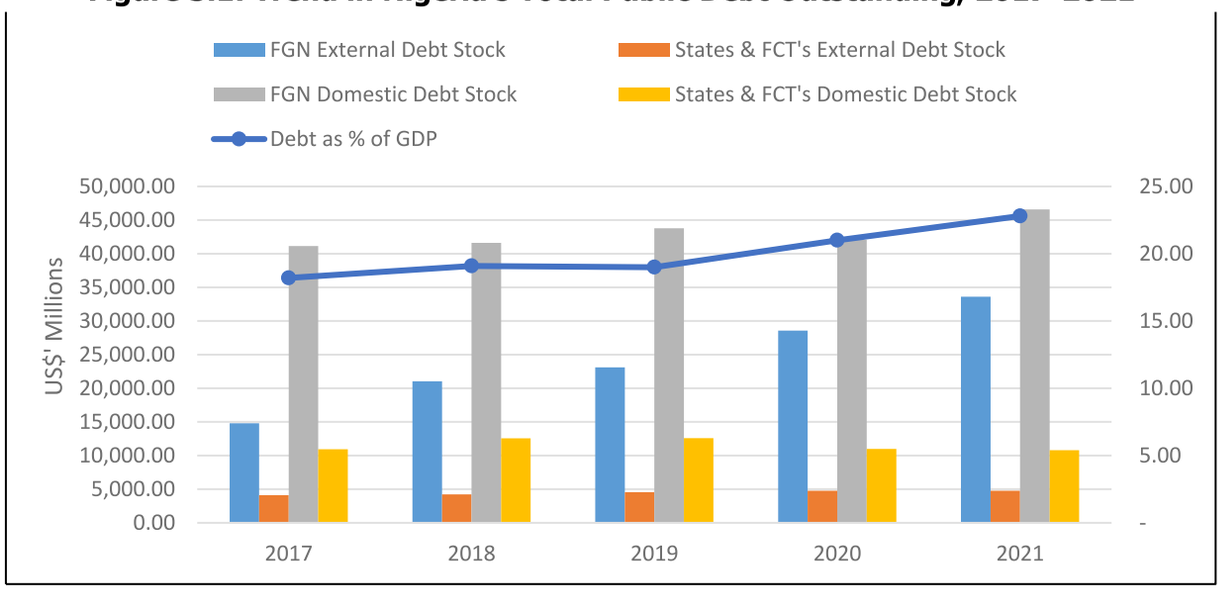
Table 3.1: Nigeria's Total Public Debt Outstanding, 2017-2021

	2017	2018	2019	2020	2021
External Debt Stock					
Federal Government of Nigeria					
US$' Million	14,796.30	21,043.65	23,111.27	28,574.45	33,620.09
NG₦' Million	4,527,670.69	6,460,399.86	7,534,274.02	10,886,865.45	13,884,760.97
States & FCT					
US$' Million	4,117.13	4,230.72	4,564.87	4,773.63	4,771.23
NG₦' Million	1,259,841.96	1,298,830.13	1,488,147.62	1,818,753.03	1,970,470.28
Total External Debt Stock					
US$' Million	18,913.44	25,274.36	27, 676.14	33,348.08	38,391.32
NG₦' Million	5,787,512.64	7,759,229.99	9,022,421.64	12,705,618.48	15,855,231.25
as % of GDP	*4.85*	*6.07*	*6.26*	*8.34*	*9.14*
% of Total	*26.64*	*31.82*	*32.93*	38.60	40.08
Domestic Debt Stock					
Federal Government of Nigeria					
US$' Million	41,142.11	41,610.44	43,781.12	42,057.55	46,593.28
NG₦' Million	12,589,486.13	12,774,405.70	14,272,644.79	16,023,885.38	19,242,557.11
States & FCT					
US$' Million	10,943.71	12,551.91	12,596.06	10,986.91	10,795.04
NG₦' Million	3,348,774.26	3,853,436.05	4,106,314.86	4,186,010.99	4,458,244.14
Total Domestic Debt Stock					
US$' Million	52,085.82	54,162.35	56,377.18	53,044.46	57,388.32
NG₦' Million	15,938,260.39	16,627,841.75	18,378,959.65	20,209,896.37	23,700,801.25
as % of GDP	*13.35*	*13.02*	*12.74*	*13.27*	*13.66*
% of Total	*73.36*	*68.18*	*67.07*	61.40	59.92
Nigeria's Total Public Debt Stock					
US$' Million	**70,999.26**	**79,436.72**	**84,053.32**	**86,392.54**	**95,779.64**
NG₦' Million	**21,725,773.03**	**24,387,071.74**	**27,401,381.29**	**32,915,514.85**	**39,556,032.50**
as % of GDP	*18.20*	*19.09*	*19.00*	*21.00*	*22.80*

Source: DMO
Note: CBN Official Exchange Rate of US$1/NGN412.99 as at December 31, 2021 was used in converting 2021 figures.

Nigeria's Total Public Debt as percentage of GDP ratio was 22.80 percent as at December 31, 2021 compared to 21.61 percent in the corresponding period of 2020. This ratio is still within Nigeria's self-imposed Limit of 40 percent set in the Medium-term Debt Management Strategy (MTDS), 2020-2023. It is well below the benchmark of 55 percent recommended by the IMF and World Bank, as well as the Economic Community of West African States (ECOWAS), convergence threshold of 70 percent. Figure 3.1 shows the trend in total public debt outstanding for the period, 2017-2021.

Figure 3.1: Trend in Nigeria's Total Public Debt Outstanding, 2017-2021



Source: DMO

3.1.1 Total FGN's Debt Outstanding by Original Maturity

Total FGN's Debt stock (excludes the debts of the States and FCT) by Original Maturity as at December 31, 2021 comprised long-term debt of US$75,108.21 million or 88.38 percent, and short-term debt of US$9,876.39 million or 11.63 percent. The External Debt outstanding by Original Maturity amounted to US$38,391.32 million or 45.17 percent. It constituted the Total FGN's Debt, made up of long-term debt 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$9,876.39 million or 11.63 percent of the Total FGN's Debt, consisting of the Nigerian Treasury Bills and the Nigerian Promissory Notes only. The medium-long term Domestic Debt amounted to US$36,716.89 million or 43.20 percent of the Total FGN's Debt, which comprised FGN Bonds (US$33,810.07 million), Treasury Bonds (US$183.99 million), FGN Savings Bond (US$39.77 million), FGN Sukuk (US$1,483.22 million), FGN Green Bond (US$62.20million) and Promissory Notes (US$1,137.63 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, 2017-2021(US$' Million)

	2017	2018	2019	2020	2021
External Debt Stock					
Short – term[2]	0.00	0.00	0.00	0.00	0.00
% of total	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*
Medium-Long term	14,796.30	21,043.65	23,111.27	28,574.45	38,391.32
% of total	*33.56*	*37.62*	*36.89*	*40.46*	*45.17*
Sub-Total	14,796.30	21,043.65	23,111.27	28,574.45	38,391.32
Domestic Debt Stock					
Short – term[2]	11,698.69	8,911.95	8,133.47	7,716.13	9,876.39
% of total	*20.91*	*14.22*	*12.16*	*10.92*	*11.63*
Medium-Long term	29,443.42	32,698.50	35,647.64	34341.32	36,716.89
% of total	*52.64*	*52.19*	*53.29*	*48.62*	*43.20*
Sub-Total	41,142.11	41,610.44	43,781.10	42,057.44	46,593.28
Total	**55,938.07**	**62,654.09**	**66,892.37**	**70,631.89**	**84,984.60**

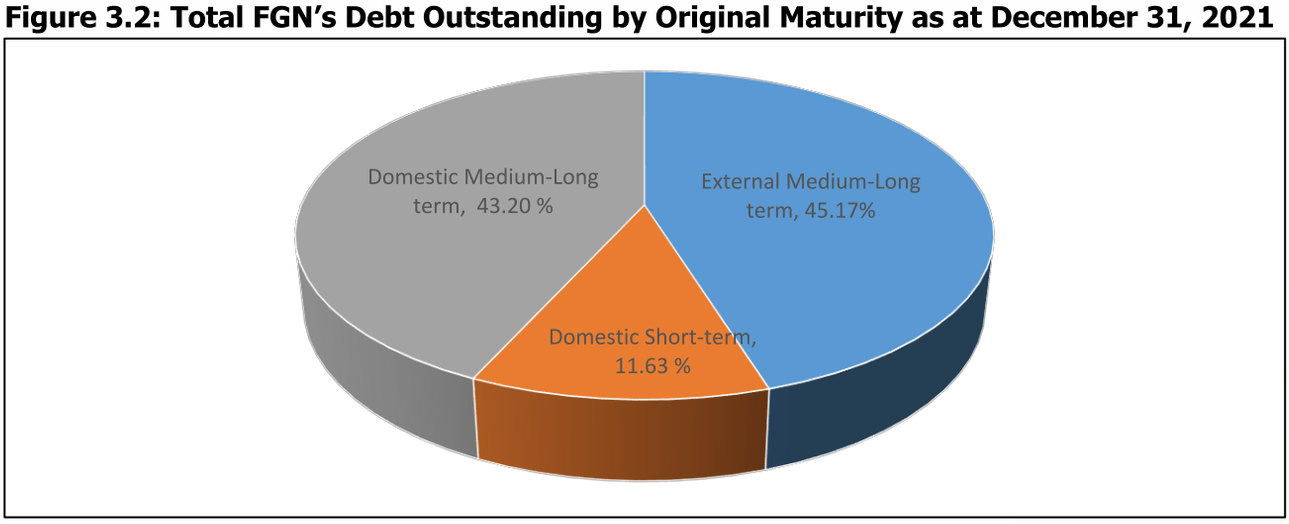
Source: DMO

[1] Official CBN Exchange Rate of ₦412.99/US$1 as at 31/12/2021 was used for 2021 figures

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

[3] Short-term domestic debt consists of 91, 182 and 364 days Nigerian Treasury Bills. Medium-Long term domestic debt consists of Treasury Bonds, 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, 2021



Source: DMO

3.2 FGN's Total Public Debt - Interest Payments in 2021

In 2021, the Interest Payment on FGN's Total Public Debt amounted to US$6,093.62 million, relative to US$5,940.39 million in 2020, showing an increase of US$153.23 million or 2.58 percent. Interest 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 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 Payments, 2017-2021 (US$' Million)

	2017	2018	2019	2020	2021
External Debt	279.55	687.8	1,065.07	1,138.05	1,119.06
% of Total	*(5.57)*	*(10.51)*	*(17.29)*	*(19.16)*	*18.36*
Domestic Debt	4,742.56	5,856.35	5,095.18	4,802.34	4,974.56
% of Total	*(94.43)*	*(89.49)*	*(82.71)*	*(80.84)*	*81.64*
	5,022.11	**6,544.15**	**6,160.25**	**5,940.39**	**6,093.62**

Source: DMO
Official CBN Exchange Rate of ₦412.99/US$1 as at 31/12/2021, was used for 2021 figures.
Note: States and FCT's Interest payment on External debt was included

3.3 FGN's Total Public Debt - Principal Repayments in 2021

FGN's Total Public Debt principal repayment was US$1,581.77 million in year 2021 from US$483.78 million in 2020, representing an increase of US$1,097.99 million or 69.42 percent, the principal repayments made were on both External Debt and Domestic Debt. For External Debt, principal repayments made on Multilateral and Bilateral debts, amounted to US$989.97 million or 62.58 percent of the Total Principal Repayment, whilst those on Domestic Debt were redemptions on Treasury Bonds and Promissory Note amounting to US$60.53 million or 10.23 percent and US$531.27 million or 89.77 percent respectively (Table 3.4).

Table 3.4: Total FGN's Public Debt - Principal Repayments, 2017-2021 (US$' Million)

	2017	2018	2019	2020	2021
External Debt	124.29	712.75	268.51	418.16	989.97
% of Total	*(60.34)*	*(100.00)*	*(29.76*	*(86.44)*	*62.58*
Domestic Debt	81.7	0	633.71	65.62	591.80
% of Total	*(39.66)*	*(0.00)*	*(70.24)*	*(13.56)*	*37.42*
	205.99	**712.75**	902.22	483.78	**1,581.77**

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

CHAPTER FOUR

NIGERIA'S EXTERNAL DEBT

Nigeria's External Debt as at December 31, 2021 was US$38,391.32 million compared to US$33,348.08 million as at December 31, 2020. The External Debt stock comprised Multilateral and Bilateral Loans, as well as Eurobonds and Diaspora Bond. While the Multilateral and Bilateral Loans are mostly Concessional, the Eurobonds and Diaspora Bond are Non-Concessional. The increase in External Debt stock in the year under review was due to the issuance of Eurobonds, additional disbursements by the Multilateral and Bilateral Creditors and non-interest Notes issued to settle the arrears of the Federal Government to Local Contractors. The structure of the External Debt by remaining maturity has continued to be dominated by longer-tenored debts, reflecting the low exposure of the External Debt portfolio to refinancing risk. The issuance of Eurobonds during the year were mainly responsible for the increase in the new inflow of funds into the country.

4.1 External Debt Stock

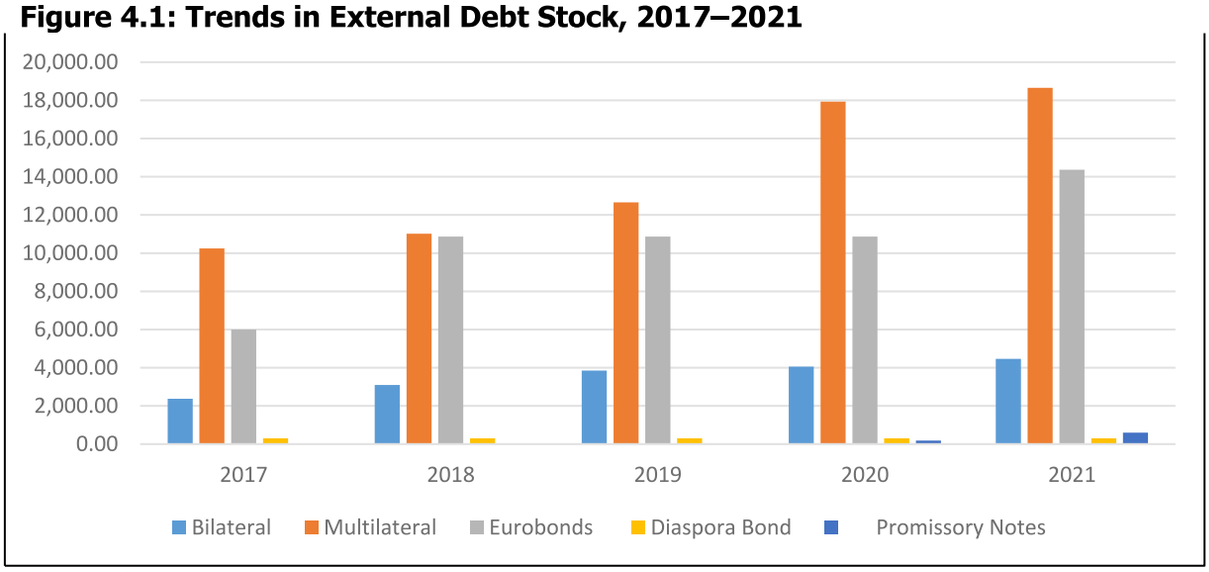
Nigeria's Total External Debt stock was US$38,391.32 million as at December 31, 2021, relative to US$33,348.08 million as at December 31, 2020, indicating an increase of US$5,043.24 million or 15.12 percent in US Dollar terms. The increase in External Debt stock was mainly due to the issuance of Eurobonds in the ICM and the depreciation of the Naira to the US Dollar during the period, from ₦381/US$1 by December 31, 2020 to ₦412.99/US$1 by December 31, 2021. Meanwhile, the ratio of External Debt-to-GDP increased to 9.14 percent as at December 31, 2021, against 8.34 percent in the corresponding period of 2020. Table 4.1 shows the trend of External Debt outstanding by Source for the period, 2017 – 2021.

Table 4.1: External Debt Outstanding by Source, 2017-2021 (US$' Million)

Source	2017	2018	2019	2020	2021
1. Bilateral	2,372.00	3,091.68	3,847.41	4,059.39	4,466.05
2. Multilateral	10,241.44	11,014.34	12,660.38	17,933.65	18,656.28
Sub-Total	12,613.44	14,106.02	16,507.79	21,993.04	23,122.33
1. Eurobonds	6,000.00	10,868.35	10,868.35	10,868.35	14,368.35
2. Diaspora Bond	300.00	300.00	300.00	300.00	300.00
3. Promissory Notes*	0	0	0	186.70	600.64
Sub-Total	6,300.00	11,168.35	11,168.35	11,355.05	15,268.99
Grand Total	**18,913.44**	**25,274.36**	**27,676.14**	**33,348.08**	**38,391.32**
1. Bilateral	12.54	12.23	13.90	12.17	11.63
2. Multilateral	54.15	43.58	45.75	53.78	48.60
Sub-Total	**66.69**	**55.81**	**59.65**	**65.95**	**60.23**
1. Eurobonds	31.72	43.00	39.27	32.59	37.43
2. Diaspora Bond	1.59	1.19	1.084	0.90	0.78
3. Promissory Notes*	0.00	0.00	0.00	0.56	1.56
Sub-Total	**33.31**	**44.19**	**40.35**	**34.05**	**39.77**
Grand Total	**100**	**100**	**100**	**100**	**100**

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

Figure 4.1: Trends in External Debt Stock, 2017–2021



Source: DMO

The trend of External Debt Stock by Source from 2017 - 2021 is shown in Table 4.1 and Figure 4.1. The Multilateral creditors have continued to be the main source of External Debt stock. The consistent growth in Multilateral and Bilateral Debt was attributed to the sustained access to concessional funding sources (when available) to meet Government's financing needs, in line with Nigeria's Medium-Term Debt Management Strategy, 2020 - 2023. In addition, the need to finance critical infrastructure projects in the country has resulted in considerable increase in the stock of Eurobonds.

4.2 External Debt Stock by Source (Creditor Category)

As shown in Table 4.2, the Official Creditors (Multilateral and Bilateral Loans) constituted US$23,122.33 million or 60.23 percent of the Total External Debt Stock as at December 31, 2021. While the International Development Association (IDA), International Monetary Fund (IMF) and the African Development Bank (AfDB) were the main Multilateral Creditors, with US$11,972.41 million (31.18 percent), US$3,435.33 million (8.95 percent) and US$1,546.44 million (4.03 percent) of the Total External Debt stock, respectively. China, France and Germany led the Bilateral Creditors, with US$3,634.91 million (9.47 percent), US$561.60 million (1.46 percent) and US$164.27 million (0.43 percent) of the Total External Debt stock, respectively, as at December 31 2021. Whereas, the Commercial debt accounted for US$14,668.35 million (38.21 percent) of the Total External Debt Stock, comprising Eurobonds of US$14,368.35 million (37.43 percent) and Diaspora Bond of US$300.00 million

(0.78 percent). Promissory Notes, which are non-interest notes accounted for US$600.64 million (1.56 percent) of the Total External Debt stock as at December 31, 2021.

Table 4.2: External Debt Stock by Source as at December 31, 2021 (US$' Million)

Category	Principal Balance	Principal Arrears	Interest Arrears	Total	Percentage
Multilateral – WB Group					
IMF	3,435.33	0.00	0.00	3.435.33	8.95
IDA	11,972.41	0.00	0.00	11,972.41	31.19
IBRD	410.60	0.00	0.00	410.60	1.07
AfDB Group:					
AfDB	1,546.44	0.00	0.00	1,546.44	4.03
AGTF	4.72	0.00	0.00	4.72	0.01
ADF	960.07	0.00	0.00	960.07	2.50
Other Multilaterals:					
BADEA	5.88	0.00	0.00	5.88	0.015
EDF	45.45	0.00	0.00	45.45	0.12
IDB	37.51	0.00	0.00	37.51	0.10
IFAD	237.87	0.00	0.00	237,87	0.62
Sub-Total	**18,656.28**	**0.00**	**0.00**	**18,656.28**	**48.60**
China (Exim Bank of China)	3,634.91	0.00	0.00	3,634.91	9.47
France (AFD)	561.60	0.00	0.00	561.60	1.46
Japan (JICA)	71.79	0.00	0.00	71.79	0.19
India (Exim Bank of India)	33.48	0.00	0.00	33.48	0.09
Germany (KFW)	164.27	0.00	0.00	164.27	0.43
Sub-Total	**4,466.05**	**0.00**	**0.00**	**4,466.05**	**11.63**
Eurobonds	14,368.35	0.00	0.00	14,368.35	37.43
Diaspora Bond	300.00	0.00	0.00	300.00	0.78
Sub-Total	**14,668.35**	**0.00**	**0.00**	**14,668.35**	**38.21**
Promissory Notes*	600.64	0.00	0.00	600.64	1.56
Sub-Total	**600.64**	**0.00**	**0.00**	**600.64**	**1.56**
GRAND TOTAL	**38,391.32**	**0.00**	**0.00**	**38,391.32**	**100.00%**

Source: DMO

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

4.3 External Debt Stock by Instrument Type

The External Debt Stock by Instrument Type is classified into Non-Marketable and Marketable instruments. The Non-Marketable debt (Loans) constituted 60.23 percent of the Total External Debt Stock, while the Marketable debt accounted for 39.77 percent as at December 31, 2021 (Table 4.3).

Table 4.3: External Debt Stock by Instrument Type, 2017-2021 (₦' Million)

Instrument Type	2017	2018	2019	2020	2021
Non-Marketable (Loans)	12,613.44	14,106.01	16,507.79	21,993.04	23,122.33
% of Total	*66.69*	*55.81*	*59.65*	*65.95*	*60.23*
Marketable (Bonds)	6,300.00	11,168.35	11,168.35	11,355.05	15,268.99
% of Total	*33.31*	*44.19*	*40.35*	*34.05*	*39.77*
Total	**18,913.44**	**25,274.36**	**27,676.14**	**33,348.09**	**38,391.32**

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

4.4 Currency Composition of External Debt

Table 4.4 shows the Currency Composition of the External Debt Stock as at December 31, 2021. The currencies include: Swiss Francs (CHF), Yuan Renminbi, EURO, Great Britain Pounds (GBP), ID Units of Account (Islamic Dinar), Japanese Yen (JPY), United States Dollar (US$) and Special Drawing Rights (SDRs). The predominant currencies are the US$ and SDR, accounting for 57.15 and 40.18 percent of the Total External Debt stock, respectively. The other currencies (CHF, EUR, GBP, ID and JPY) cumulatively accounted for 2.67 percent of the Total External Debt stock.

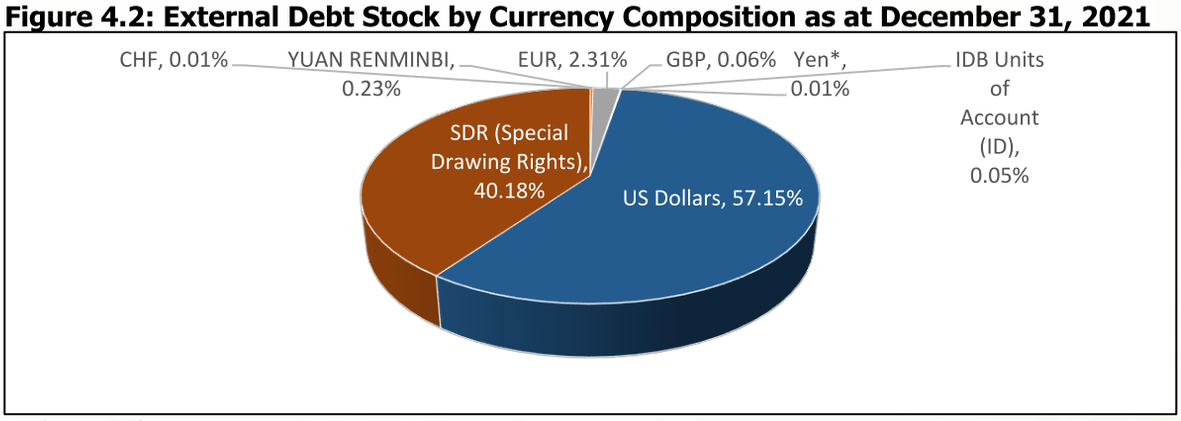
Table 4.4: External Debt Stock by Currency Composition as at December 31, 2021

Currency	Debt Stock in Original Currency	Naira Exchange Rate	Debt Stock in Naira	US$ Exchange Rate to the Naira	Debt Stock in US$	% of Total
CHF (Swiss Francs)	4,797,728.60	452.15	2,169,292,986.49	412.99	5,252,652.57	0.01%
YUAN RENMINBI	562,370,820.67	65.04	36,576,598,176.38	412.99	88,565,336.15	0.23%
EUR	783,785,811.52	467.50	366,419,866,885.60	412.99	887,236,656.78	2.31%
GBP	16,301,725.44	556.42	9,070,606,069.32	412.99	21,963,258.36	0.06%
IDB Units of Account (ID)	14,674,016.94	578.02	8,481,875,271.66	412.99	20,537,725.54	0.05%
Yen* (JPY)	19,237,314.63	3.59	69,061,959.52	412.99	167,224.29	0.00%
US Dollars	21,940,482,843.78	412.99	9,061,200,009,652.70	412.99	21,940,482,843.78	57.15%
SDR (Special Drawing Rights)	11,022,539,870.86	578,02	6,371,248,496,154.50	412.99	15,427,125,344.81	40.18
Total			**15,855,235,807,156.20**		**38,391,331,042.29**	**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, 2021



Source: DMO

4.5 External Debt by Remaining/Residual Maturities

The Total External Debt Stock outstanding by Remaining/Residual Maturities were categorized into short-term (equal to and less than 1 year), medium-term (above 1 year and less than 3 years) and long-term maturities (over 3 years). The short-term component in the Total External Debt stock accounted for US$690.08 million or 1.80 percent, medium-term (US$2,553.19 million or 6.65 percent) and long-term (US$35,148.06 million or 91.55 percent). The larger share of longer-term External Debt helps to mitigate the External Debt portfolio from refinancing risk. The long tenors of the Eurobonds issued in the year under review helped to improve the maturity structure of the External Debt portfolio.

Table 4.5: External Debt by Remaining or Residual Maturity as at December 31, 2021 (US 'Millions)

Creditor Category	Short-Term (0 – 1yr)	Medium-Term (>1 – 3yrs)	Long-Term (Over 3yrs)
Multilateral			
IMF	0.00	858.84	2,576.50
IDA	316.63	436.03	11,219.75
IBRD	0.77	14.05	396.47
AfDB	110.76	110.64	1,325.04
AGTF	0.00	0.00	4.72
ADF	18.76	43.70	897.61
BADEA	0.36	0.37	5.15
EDF	5.15	5.19	35.12
IDB	3.19	4.83	29.49
IFAD	6.02	6.02	225.82
Sub-Total	**461.64**	**1,479.67**	**16,715.67**
Bilateral			
Exim Bank of China	153.81	153.81	3,327.30
Exim Bank of India	7.41	7.41	18.66
French Development Agency	38.94	88.29	434.37
Japan International Cooperation Agency	9.93	4.96	56.90
Germany Kreditanstalt Fur Wiederaufbua (KFW)	19.05	19.05	126.17
Sub-Total	**229.13**	**273.52**	**3,963.40**
Commercial			
Eurobonds	0.00	500.00	13,868.35
Diaspora Bond	0.00	300.00	0.00
Sub-Total	**0.0**	**800.00**	**13,868.35**
Promissory Notes*	**0.00**	**0.00**	**600.64**
as % of Total	1.80	6.65	91.55
Grand Total	**690.08**	**2,553.19**	**35,148.06**

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 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 increased allocations in 2021, they are the Budget Support/Bonds (38.21 percent) and Energy and Solid Mineral Development (4.64 percent) sectors, compared to 33.49 and 4.55 percent, respectively, in 2020. Table 4.7, shows the FGN Guarantees and Contingent Liabilities as at December 31, 2021. The Power sector has the highest guarantee with 61.66 percent in the period under review.

Table 4.6: Sectoral Allocation of External Debt in 2020 & 2021 (US$' Million)

	2020		2021	
Economic Sector	Amount Outstanding	% Share of Total	Amount Outstanding	% Share of Total
LOANS				
Agriculture and Rural Development	2,977.20	8.93	3,030.80	7.89
Budget Support	4,411.04	13.23	4,384.47	11.42
Science & Technology	413.96	1.24	462.38	1.20
Education	917.23	2.75	1,091.19	2.84
Energy and Solid Mineral Development	1,515.69	4.55	1,781.24	4.64
Environment	720.82	2.16	725.05	1.89
Transport	3,421.78	10.26	3,580.70	9.33
Health & Social Welfare	2,298.10	6.89	2,478.17	6.46
Housing & Urban Development	737.53	2.21	786.04	2.05
Economic	4,579.68	13.73	4,802.29	12.51
BONDS				
Budget Support	11,168.35	33.49	14,668.35	38.21
Promissory Notes*	186.70	0.56	600.64	1.56
Total	**33,348.08**	**100.00**	**38,391.32**	**100.00**

Source: DMO

Note: *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, 2021

	Sector	Amount Outstanding (₦)	% Share of Total	% Per Sector
Nigerian Export-Import (NEXIM) Bank	Finance & Insurance	1,478,188,165.90	0.03	**14.99**
Pension Arrears for MDAs	Finance & Insurance	684,991,225,834.65	14.96	
Federal Mortgage Bank of Nigeria	Housing	5,238,066,514.60	0.11	**0.66**
Nigeria Mortgage Refinance Company Plc	Housing	24,990,554,544.29	0.55	
NNPC-AKK Gas Pipeline Project	Oil & Gas	1,007,347,108,105.10	21.99	**21.99**
Payment Assurance Facility for Nigeria Bulk Electricity Trading Plc	Power	1,022,594,792,752.19	22.32	**61.66**
Power Sector Contingent Liability (POCA)	Power	663,013,267,943.70	14.47	
POCA – Partial Risk Guarantee (PRG)	Power	98,272,654,000.00	2.15	
Legacy FGN Exposure PHCN Successor Companies	Power	1,040,756,300,000.00	22.72	
Lekki Port LFTZ Enterprise – Lekki Deep Sea Port	Transport	24,600,000,000.00	0.54	**0.70**
FCDA – Katampe Infrasture Project	Transport	7,440,504,380.68	0.16	
Total		**4,580,722,662,241.11**	**100.00**	**100.00**

*Exchange Rate $/N410
*Compilation of data in respect of Private Sector External Debt is still on-going
Source: DMO

4.7 External Debt by Concessionality

The share of concessional debts in the Total External Debt Stock was 59.90 percent, while the non-concessional debts accounted for 55.10 percent as at December 31, 2021, compared to 40.10 percent in the corresponding period of 2020. Table 4.8 and Figure 4.3 show that the concessional debts were secured mainly from Multilateral and Bilateral creditors, while the non-concessional debts were raised from Commercial Sources (Eurobonds and Diaspora Bond), issuance of Promissory Notes, as well as from the non-concessional windows of the multilateral agencies such as AfDB and IBRD. The International Development Association (IDA) accounted for the largest Creditor from the concessional sources in 2021, with 31.19 percent of the Total External Debt Stock as at December 31, 2021.

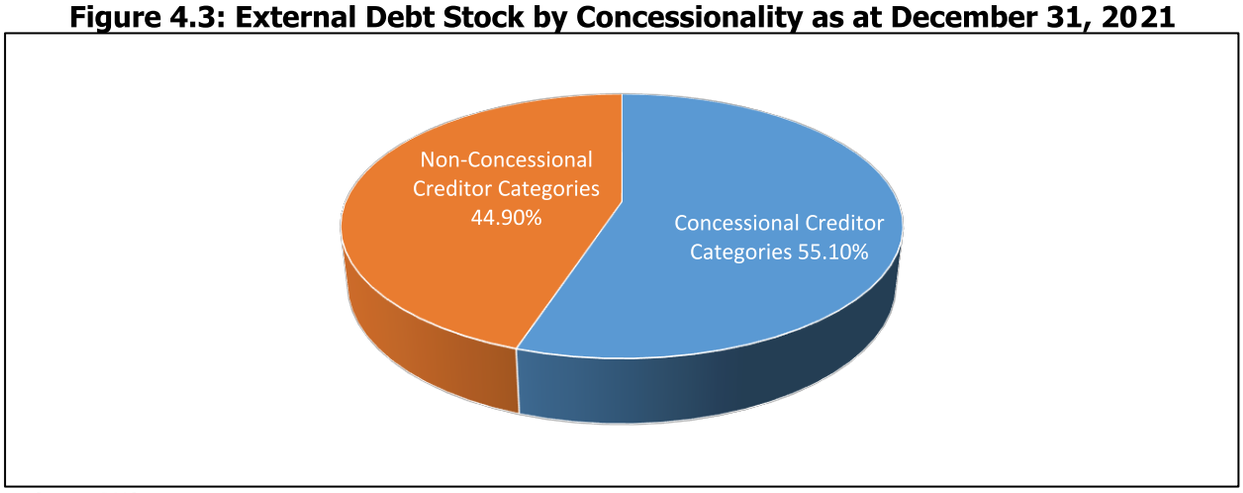
Table 4.8: Concessional and Non-Concessional External Loans as at December 31, 2021 (US$' Million)

Funding Sources	Amount	% of Total
Concessional Creditor Categories	**21,165.29**	**55.10**
Multilateral	**16,699.24**	**43.50**
International Monetary Fund	3,435.33	8.95
International Development Association (IDA)	11,972.41	31.19
International Fund for Agricultural Development (IFAD)	237.87	0.62
European Development Fund (EDF)	45.45	0.12
African Development Fund (ADF)	960.07	2.50
Africa Growing Together Fund (AGTF)	4.72	0.01
Islamic Development Bank (IDB)	37.51	0.10
Arab Bank for Economic Development (BADEA)	5.88	0.02
Bilateral	**4,466.05**	**11.63**
Exim Bank of China	3,634.91	9.47
French Development Agency (AFD)	561.60	1.46
Japan (JICA)	71.79	0.19
Exim Bank of India	33.48	0.09
Germany (KFW)	164.27	0.43
Non-Concessional Creditor Categories	**17,226.03**	**44.90**
Multilateral	**1,957.04**	**5.10**
African Development Bank (AfDB)	1,546.44	4.03
International Bank for Reconstruction and Development	410.60	1.07
Commercial	**14,668.35**	**38.21**
Eurobonds	14,368.35	37.43
Diaspora Bond	300.00	0.78
Promissory Notes*	**600.64**	**1.56**
Grand Total	**38,391.32**	**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, 2021



Source: DMO

4.8 External Debt Flows

4.8.1 External Debt Principal Repayments

The total Principal Repayment on the External Debt Stock as at December 31, 2021 was US$989.97 million compared to US$418.16 million as at December 31 2020, representing an increase of US$571.81 million or 136.74 percent. The increase was mainly due to redemption of Eurobonds amounting to US$500.00 in the year under review. Principal repayment to Multilateral and Bilateral Creditors also increased by 18.40 percent and 15.10 percent respectively. The principal repayments made in the year were Multilateral debts (US$311.04) and Bilateral debts (US$178.93) as shown in Table 4.9.

Table 4.9: External Debt Principal Repayments by Creditor Category, 2017-2021(US$' Million)

Principal Repayments					
	2017	2018	2019	2020	2021
A. Official					
1. Multilateral	104.29	129.71	182.51	262.71	311.04
2. Bilateral	20.00	83.04	86.41	155.45	178.93
B. Commercial					
1. Eurobonds	-	500.00	-	-	500.00
2. Diaspora Bond	-	-	-	-	-
C. Others	-	-	-	-	-
Total	**124.29**	**712.75**	**268.51**	**418.16**	**989.97**

Source: DMO

4.8.2 External Debt Interest Payments in 2021

Interest Payments on External Debt in 2021 amounted to US$1,119.07 million compared to US$1,127.88 million in 2020, showing a decrease of US$8.81 million or 0.787 percent. The decrease was due to redemption of the debut USD$500m Eurobonds that matured in the year under review. External Debt Interest Payments by Creditor category is shown in Table 4.10.

Table 4.10: External Debt Interest Payments by Creditor Category, 2017-2021 (US$' Million)

	Interest Payments				
	2017	**2018**	**2019**	**2020**	**2021**
A. Official					
1. Multilateral	32.32	56.17	147.05	170.37	185.08
2. Bilateral	46.93	59.01	88.45	96.52	110.76
B. Commercial					
1. Eurobonds	150.32	514.00	770.95	823.22	806.35
2. Diaspora Bond	8.44	16.88	16.88	16.88	16.88
C. Others[1]	41.74	41.75	41.74	20.89	-
Total	**279.74**	**687.80**	**1,065.07**	**1,127.88**	**1,119.07**

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

4.8.3 Waivers

The total sum of US$1,036,410.00 was accrued to the FGN in 2021 as waivers granted, due to prompt remittances of principal and interest payments during the year. In specific terms, the sum of US$717,890.00, US$138,890.00, US$111,680.00, US$43,400.00, US$19,990, US$4,410 and US$150.00 were granted to the FGN in respect of prompt payments made to IDA, ADB, IDB, AGTF, IFAD, AFD and BADEA as shown in Table 4.11.

Table 4.11: Waivers in 2021 (US$' Thousand)

Category	Waiver/ Credit
MULTILATERAL	
IDA	717.89
ADB	138.89
IDB	111.68
AGTF	43.40
IFAD	19.99
BADEA	0.15
BILATERAL	
FRENCH DEVELOPMENT AGENCY (AFD)	4.41
TOTAL	**1,036.41**

Source: DMO

4.8.4 External Debt Principal Repayments Projections (2022–2031)

Principal Repayments on External Debt is projected to increase due to the maturity profile of some Eurobonds and Diaspora Bond in the projection period. The principal repayments is projected to be made in respect of 5.625% US$300M JUN 2022 Diaspora Bond; 6.375% US$500M JUL 2023 Eurobond; 7.625% US$1.118BN NOV 2025 Eurobond; and, 6.500% US$1.5BN NOV 2027 Eurobond, due to mature between 2022 and 2027. 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	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Multilateral										
ADF										
Principal	23.94	27.50	31.22	32.20	32.18	32.51	34.58	36.57	37.76	37.76
ADB										
Principal	110.76	110.76	114.34	127.54	137.16	137.16	137.16	137.16	135.19	135.19
AGTF										
Principal	0.00	0.00	4.08	4.83	6.83	6.83	6.83	6.83	6.83	6.83
IFAD										
Principal	6.02	6.02	7.09	14.10	15.58	15.58	15.58	15.58	15.58	15.58
IDA										
Principal	316.63	436.03	474.18	527.98	565.73	566.95	568.44	611.01	658.12	691.72
IMF										
Principal	0.00	858.84	1717.66	858.84	0.00	0.00	0.00	0.00	0.00	0.00
EDF										
Principal	5.15	5.19	5.25	5.31	5.36	5.42	5.48	5.51	2.79	0.00
BADEA										
Principal	0.36	0.37	0.37	0.38	0.38	0.38	0.39	0.39	0.39	0.40
IDB										
Principal	8.50	10.60	10.60	11.20	11.20	11.20	15.80	15.80	15.80	15.80
IBRD										
Principal	4.03	9.30	12.88	22.43	23.59	24.81	26.06	27.40	28.78	30.27
Sub-Total	**475.40**	**1,464.60**	**2,377.6**	**1,604.80**	**798.02**	**800.85**	**810.32**	**856.25**	**901.25**	**933.54**
Bilateral										
Principal	236.31	254.56	353.46	529.59	585.23	615.42	649.60	639.54	613.94	534.34
Sub-Total	**236.31**	**254.56**	**353.46**	**529.59**	**585.23**	**615.42**	**649.60**	**639.54**	**613.94**	**534.34**
Commercia										
Principal	345.68	719.79	41.90	1,160.25	41.90	1,541.90	1,291.90	41.90	1,291.90	1,041.90
Sub-Total	**345.68**	**719.79**	**41.90**	**1,160.25**	**41.90**	**1,541.90**	**1,291.90**	**41.90**	**1,291.90**	**1,041.90**
Total Principal	**1,057.39**	**2,438.95**	**2,773.03**	**3,294.63**	**1,425.14**	**2,958.16**	**2,751.81**	**1,537.69**	**2,807.08**	**2,509.77**

Source: DMO

4.8.5 External Debt Interest Payment Projections, 2022–2031

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

Table 4.13: External Debt Interest Payment Projections, 2022 - 2031 (US$' Million)

Category of Debt	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Multilateral										
ADF										
Interest	9.97	12.43	12.49	12.22	11.89	11.50	11.14	10.71	10.28	9.85
ADB										
Interest	14.50	15.50	16.80	17.10	16.03	14.74	13.49	12.16	10.88	9.61
AGTF										
Interest	0.06	0.37	0.75	0.97	1.01	0.99	0.93	0.86	0.80	0.74
IFAD										
Interest	2.45	3.14	3.94	4.36	4.20	3.99	3.78	3.57	3.36	3.15
IDA										
Interest	163.15	199.32	222.13	230.20	226.91	219.88	211.49	202.80	193.35	183.24
IMF										
Interest	34.35	33.08	18.96	3.03	0.00	0.00	0.00	0.00	0.00	0.00
EDF										
Interest	0.44	0.39	0.34	0.29	0.23	0.18	0.12	0.07	0.01	0.00
BADEA										
Interest	0.06	0.08	0.07	0.07	0.06	0.06	0.06	0.05	0.05	0.05
IDB										
Interest	0.60	0.60	0.60	0.40	0.40	0.40	0.40	0.40	0.40	0.40
IBRD										
Interest	13.15	13.60	13.39	12.97	12.35	11.71	11.03	10.31	9.56	8.77
Sub-Total	**238.73**	**278.52**	**289.47**	**281.61**	**273.09**	**263.45**	**252.43**	**240.94**	**228.69**	**215.80**
Bilateral										
Interest	106.80	117.66	130.51	134.54	127.94	117.54	105.01	91.47	77.67	65.01
Sub-Total	**106.80**	**117.66**	**130.51**	**134.54**	**127.94**	**117.54**	**105.01**	**91.47**	**77.67**	**65.01**
Commercial										
Interest	1,088.22	1,079.78	1,047.90	1,047.90	962.63	962.63	865.13	788.57	743.92	626.43
Sub-Total	**1,088.22**	**1,079.78**	**1,047.90**	**1,047.90**	**962.63**	**962.63**	**865.13**	**788.57**	**743.92**	**626.43**
Total Interest	**1.433.75**	**1,475.96**	**1,467.88**	**1464.05**	**1,363.66**	**1,343.62**	**1,222.57**	**1,120.98**	**1,050.29**	**907.23**

Source: DMO

4.8.6 External Debt Disbursements

Total External Debt Disbursements in 2021 was US$6,432.61 million compared to US$5,446.84 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 2017-2021.

Table 4.14: External Debt Disbursements by Source, 2017-2021 (US$' Million)

Source	2017	2018	2019	2020	2021
Multilateral					
IMF	-	-	-	3,358.90	-
IDA	814.75	945.37	1,253.39	1,193.48	1,346.69
IFAD	23.71	28.36	31.34	22.03	24.99
AfDB	783.26	134.99	136.66	310.18	20.88
ADF	51.42	67.48	69.71	27.64	47.58
AGTF	-	-	-	0.08	4.80
IDB	-	-	-	1.65	7.63
BADEA	-	-	-	-	-
IBRD	120.30	-	285.33	0.23	1.53
Sub-Total	**1,793.43**	**1,176.20**	**1,776.43**	**4,914.18**	**1,454.10**
Bilateral	**445.68**	**796.29**	**714.27**	**350.79**	**551.92**
Commercial	**4,800.00**	**5,368.35**	**-**	**181.87**	**4,000.00**
Promissory Notes*					**426.59**
TOTAL	**7,039.11**	**7,340.84**	**2,490.70**	**5,446.84**	**6,432.61**

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 External Debt were US$5,116.85 million and US$3,997.79 million in 2021 compared to US$5,028.68 million and US$3,890.62 million in 2020. The Net inflows in the year were on account of disbursements from Multilateral and Bilateral creditors. Table 4.15 shows Net Resource Flows and Net Transfers on External Debt by Source in 2021.

Table 4.15: Net Resource Flows and Net Transfers on External Debt by Source in 2021 (US$' Million)

Creditor	Disbursements	Principal	Net Resource	Interest Paid	Net Transfers
	(A)	(B)	C (A-B)	(D)	E(C-D)
Multilateral	1,454.10	311.04	1,143.06	185.08	957.98
Bilateral	652.72	178.93	473.79	110.76	363.03
Commercial		-	-	-	-
Oil	-	-	-	-	-
Eurobonds	4,000.00	500.00	3,500.00	823.22	2,676.78
Promissory	426.59	-	-	-	-
Citibank	-	-	-	-	-
Total	**6,533.41**	**989.97**	**5,116.85**	**1,119.06**	**3,997.79**

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

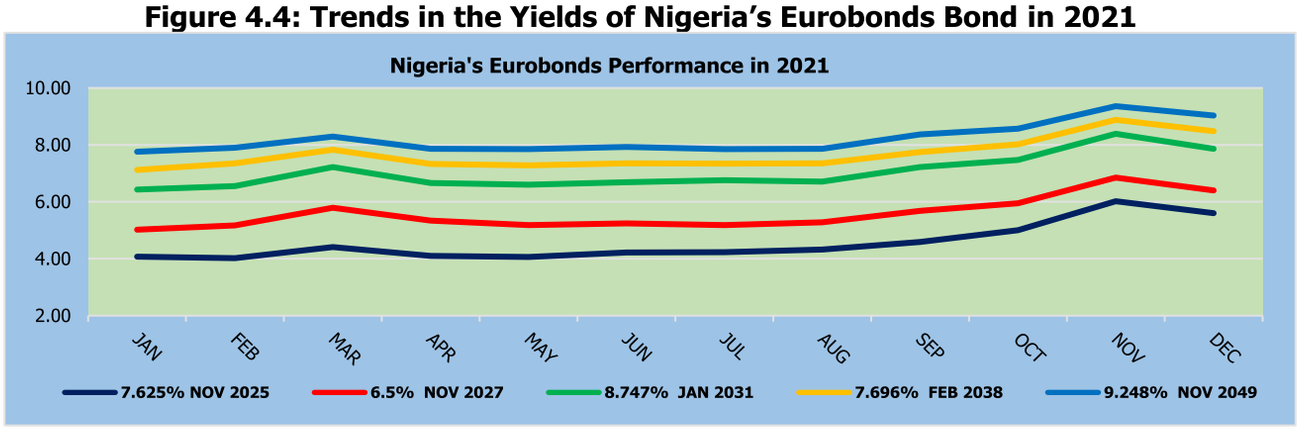
On the average, the Yields of Nigeria's Eurobonds and Nigerian Diaspora Bond in the International Capital Market (ICM) in 2021 were lower compared to their levels in 2020 due to the gradual recovery of global financial markets from the impact of COVID-19 and the rebound in the international prices of commodity, particularly oil price. Table 4.16 shows that 7.625% NOV 2025, 6.500% JUL 2027, 8.747% NOV 2031, 7.696% FEB 2038 and 9.248% NOV 2049 Eurobonds traded end-month of March 2021 at Yields of 4.41%, 5.79%, 7.22%, 7.83% and 8.29%, respectively. The same instruments traded at end-month of March 2020 at Yields of 13.34%, 12.78%, 13.77%, 12.08% and 13.20% respectively at end-month March 2020. The increase in the Yields across the five (5) instruments in 2020 when compared to 2021 is as a result of Covid-19 Pandemic, which led to shut down in global economic activities.

Table 4.16: Trends in Selected Nigeria's Eurobonds End-Month Yields (January – December, 2020 and 2021)

Months	2020					2021				
	7.625% NOV 2025	6.500% N0V 2027	8.747% N0V 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	4.99	6.00	7.17	7.63	8.10	4.07	5.02	6.43	7.12	7.76
February	5.60	6.57	7.54	8.04	8.47	4.02	5.17	6.55	7.35	7.90
March	13.34	12.78	13.77	12.08	13.20	4.41	5.79	7.22	7.83	8.29
April	11.53	11.27	12.03	11.00	11.35	4.10	5.34	6.66	7.33	7.86
May	8.54	8.50	9.62	9.40	10.08	4.06	5.18	6.60	7.28	7.85
June	7.07	7.36	8.72	8.64	9.12	4.22	5.24	6.69	7.35	7.93
July	6.86	7.34	8.28	8.41	8.92	4.23	5.18	6.76	7.34	7.85
August	6.16	6.59	7.59	7.95	8.54	4.32	5.28	6.71	7.35	7.86
September	6.58	7.27	8.36	8.74	9.26	4.59	5.68	7.22	7.75	8.37
October	6.37	6.99	8.16	8.53	9.04	5.00	5.95	7.47	8.02	8.57
November	4.68	5.61	6.89	7.29	7.99	6.02	6.85	8.39	8.88	9.36
December	4.18	5.13	6.50	7.02	7.70	5.60	6.40	7.86	8.48	9.03

Source: Bloomberg

Figure 4.4: Trends in the Yields of Nigeria's Eurobonds Bond in 2021



Source: Bloomberg

4.9.2 Comparative Performance of other African Sovereigns Eurobonds

Table 4.17 below shows the performance of Nigeria's Eurobonds relative to debt instruments of selected African countries with similar credit ratings (Table 4.18) and tenor issued during the year under review. The Nigeria's 6.500% NOV 2027, Kenya's 7.250% FEB 2028, Ghana's 10.750% MAY 2030 and Angola's 8.25% MAY 2028 Eurobonds opened trading in January 2021 at 5.02%, 5.13%, 6.14% and 8.11%, respectively.

Table 4.17: Comparative of Selected African Countries Eurobonds Yields in 2021

Date	Nigeria	Nigeria	Kenya	Kenya	Ghana	Ghana	Angola	Angola
31-Jan-21	5.02	7.21	5.13	7.08	6.14	8.53	8.11	9.38
28-Feb-21	5.17	7.40	5.24	7.29	6.31	8.88	8.11	9.48
30-Mar-21	5.79	7.85	6.15	7.91	7.06	9.30	8.89	9.90
30-Apr-21	5.34	7.51	5.62	7.57	6.82	8.84	7.59	8.99
31-May-21	5.18	7.48	5.18	7.27	6.71	8.78	7.37	8.93
20-Jun-21	5.24	7.56	5.23	7.32	6.77	8.91	7.29	8.84
31-Jul-21	5.18	7.50	5.21	7.27	6.93	9.04	7.13	8.84
31-Aug-21	5.28	7.50	4.87	7.07	6.86	8.96	6.87	8.70
30-Sep-21	5.68	7.89	5.27	7.47	7.46	9.67	7.39	8.98
31-Oct-21	5.95	8.17	5.64	7.81	8.13	10.22	7.99	9.36
30-Nov-21	6.85	8.97	6.05	8.32	9.13	11.44	9.34	10.26
31-Dec-21	6.40	8.56	5.63	8.05	8.66	10.98	7.99	9.52

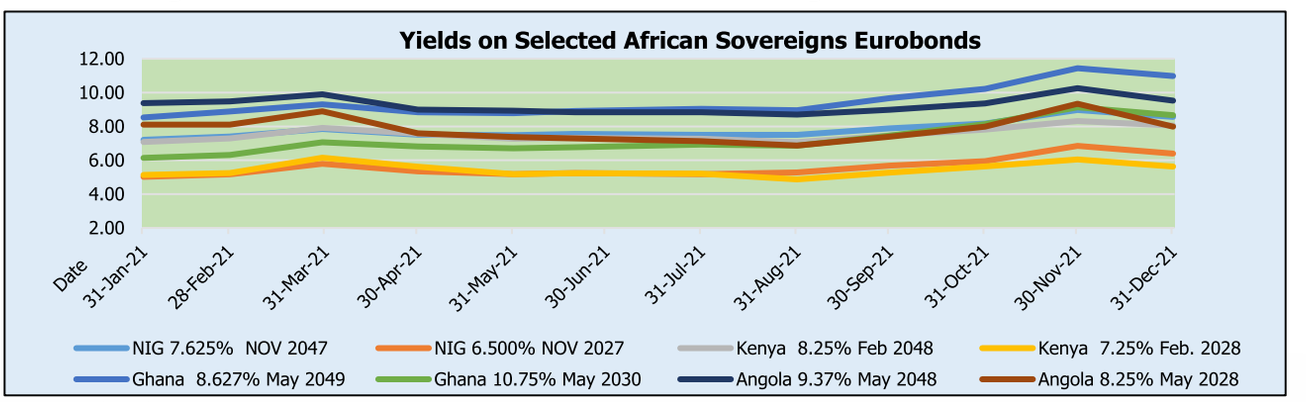
Source: Bloomberg

Table 4.18: Credit Rating of Nigeria and Selected African Countries

Country	Credit Rating		
	Fitch	S&P	Moody's
Nigeria	B	B+	B
Kenya	B+	B	B2
Ghana	B-	B-	Caa1
Angola	B-	B-	B3

Source: Bloomberg

Figure 4.5: Yields on selected African Sovereigns Eurobonds in 2021



Source: Bloomberg

4.9.3 Eurobonds Issuance in 2021

Nigeria returned to the International Capital Market (ICM) with the Eurobonds Issuance in September 2021. The purpose was to implement the New External Borrowing in the 2021 Appropriation Act. The Order Book peaked at USD12.20 billion, which enabled the FGN to raise USD1.00 billion more than the USD3.00 billion initial offer. The level of subscription and the quality of investors demonstrates confidence in Nigeria (Table 4.19).

Table 4.19: Eurobonds Issuance Statistics

US$4.00 billion			
Amount	**US$1.25 billion**	**US$1.50 billion**	**US$1.25.00 million**
Coupon (Fixed)	6.125% per annum	7.375% per annum	8.25% per annum
Issue Yield	6.125%	7.375%	8.25%
Issue Date	September 28, 2021		
Maturity Date	September 28, 2028	September 28, 2033	September 28, 2051
Security	Senior Unsecured Debt		
Rating	B (S&P), B+(Fitch), B2 (Moody's)		
Type	144/RegS		
Tenor	7-year	12-year (Long)	30-year (Long)
Interest Payment	Semi-Annually – March 28 and September 28		
Listing	The London Stock Exchange, (Secondary Listing – Nigerian Exchange Limited and the FMDQ Securities Exchange Limited).		
Total Subscription	US$12.20 billion		
Use of Proceed	Funding of Budget Deficit in the 2021 Appropriation Act		

4.9.4 Eurobonds issued by African Sovereigns in 2021

Table 4.20 presents the Seven (7) Sub-Saharan African Sovereigns that issued Eurobonds in the ICM in 2021 to finance budget deficits and refinance maturing debt obligations when compared to four (4) countries that accessed the ICM in 2020. Kenya issued US$1.00 billion, 12.5-year with a Coupon of 6.30%. Ghana issued US$3.25 billion in four (4) tranches of US$0.525 billion, US$1.00 billion, USD1.00 billion and US$0.50 billion. Benin Republic on its part issued EUR1.00 billion, 11-year Tenor at a Coupon Rate of 4.875%. Senegal, after three years' absence in the ICM, issued a EUR0.80 billion with 11-year Tenor and 5.375% Coupon. In February 2021, Republic of Ivory Coast accessed the ICM with a Eurobond Issuance of EUR0.85 billion, 11-year Tenor and Coupon of 4.30%, while Cameroon on the other hand issued EUR0.70 billion of 11-year and 5.95% Coupon. Egypt raised a total of US$6.75 billion Eurobonds in February and September 2021, both Issuances were done in three (3) tranches. Cumulatively the total value of the new Eurobonds issued by African Sovereigns in 2021 stood at USD$18.525 billion (including Nigeria's US$4.00 billion in (Table 4.19) and EUR3.35 billion.

Table 4.20: Eurobonds Issued by African Sovereigns in 2021

Country	Credit Rating			Date Issued	Amount		Tenor (Year)	Coupon (%)	Issued Yield (%)
	Fitch	S&P	Moody's		USD (billion)	EUR (billion)			
Kenya	B+	B	B2	June 2021	1.00		12.5	6.30	6.30
Ghana	B-	B-	Caa1	March 2021	0.525		4	zero	-
					1.00		7	7.75	7.75
					1.00		12	8.625	8.625
					0.50		20	8.875	8.875
Benin	B+	B1	B+	June 2021		1.00	11	4.875	4.875
Senegal	NR	B+	Ba3	October 2021		0.8	16	5.375	5.375
Ivory Coast	B+	NR	Ba3	February 2021		0.85	10	4.30	4.30
Cameroon	B	B	B2			0.70	11	5.95	5.95
Egypt	B+	B	B2	February and September 2021	0.750		5	3.875	3.875
					1.5		10	5.875	5.875
					1.5		40	7.50	7.50
					1.125		6	5.80	5.80
					1.125		12	7.30	7.30
					0.750		30	8.75	8.75
Total					**14.525**	**3.35**			

Source: Bloomberg

4.9.5 Eurobonds issued by Nigerian Corporates in 2021

Four (4) Nigerian Corporates (all bank) accessed the ICM in 2021 with Eurobonds Issuances amounting to US$1,850 million, compared to 2020 that only First Bank of Nigeria Limited issued a 5-year, US$350 Million Eurobonds. The banks that issued Eurobonds in the ICM in

2021 were Ecobank Nigeria Limited, Access Bank Plc, United Bank for Africa Plc, and Fidelity Bank Plc. Ecobank issued two tranches of US$300 and US$350 million Eurobonds with Tenors of 5-year and 10-year at a Coupon of 7.125% and 8.750%; Access Bank issued a 5-year US$500 million Eurobonds at a Coupon of 6.127%; United Bank for Africa issued a 5-year US$300 million Eurobonds at a Coupon of 6.750%; and, Fidelity Bank issued a 5-year US$400 million Eurobonds at a Coupon of 7.765% (Table 4.21).

Table 4.21: Details of Eurobonds Issued by Nigerian Corporates in 2021

Corporate	Credit Rating		Date Issued	Amount (US$ Million)	Tenor (Years)	Coupon (%)	Issue Yield (%)
	Fitch	S&P					
Ecobank Nigeria Ltd.	B	B-/B	2021	300	5-year	7.125	7.125
				350	10-year	8.750	8.750
Access Bank Plc.	B	B/B	2021	500	5-year	6.127	6.127
United Bank for Africa Plc	B+	B	2021	300	5-year	6.750	6.750
Fidelity Bank	B-	B-	2021	400	5-year	7.765	7.765
Total				**1,850**			

Source: Bloomberg

4.10 External Loans Borrowing Programme in 2021

Table 4.22 shows the external loans contracted by the FGN in 2021 to finance strategic economic and social development programmes and projects across the country.

Table 4.22: External Loans Negotiated and Signed by the FGN in 2021

S/N	Project Name	Creditor	Currency	Loan Amount
1	COVID-19 Action Delivery and Economic Stimulus Program	IDA	XDR	531,300,000.00
2	Second Africa Higher Education Centers of Excellence for Development Impact	IDA	XDR	55,100,000.00
3	States Fiscal Transparency, Accountability and Sustainability	IDA	XDR	531,300,000.00
4	Eurobonds	ICM	USD	1,250,000,000.00
5	Eurobonds	ICM	USD	1,500,000,000.00
6	Eurobonds	ICM	USD	1,250,000,000.00

Source: Federal Ministry of Finance, Budget and National Planning

CHAPTER FIVE
NIGERIA'S DOMESTIC DEBT

FGN's Domestic Debt stock as at December 31, 2021 was ₦19,242.56 billion compared to ₦16,023.88 billion as at December 31, 2020, reflecting an increase of ₦3,218.68 billion or 20.09 percent. The increase in the Debt stock was due mainly to the issuance of FGN Bonds to fund the 2021 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 Domestic Debt in 2021 was ₦2,054.44 billion compared to ₦1,854.69 billion in 2020. The increase of ₦199.75 billion or 10.77 percent on debt service payments was as a result of redemption of the Promissory Note that fall due in the year under review.

5.1 FGN's Domestic Debt Stock

The FGN's Domestic Debt stock outstanding as at December 31, 2021 was ₦19,242.56 billion compared to ₦16,023.88 billion in the corresponding period of 2020, representing an increase of ₦3,218.68 billion or 20.09 percent. The increase in the FGN's Domestic Debt stock in the period under review was mainly as a result of the issuance of FGN Bonds to fund the 2021 Appropriation Act, Issuance of Sukuk, Nigeria Treasury Bills, settlement of local debts and other contractual obligations of the FGN despite the redemption of the Treasury Bond and Promissory Notes that matured in 2021.

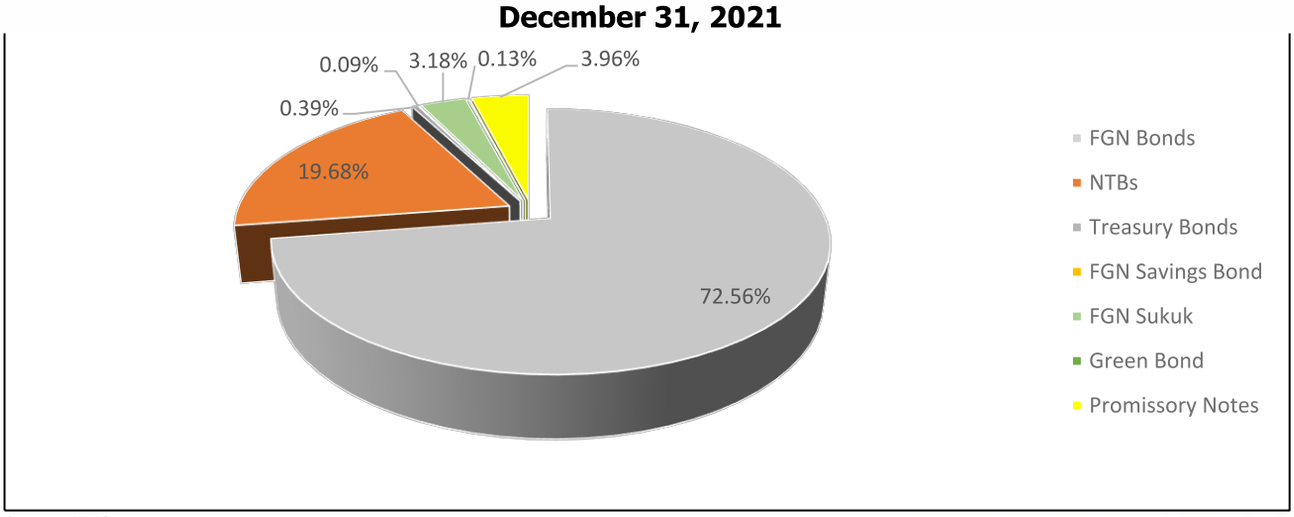
The FGN's Domestic Debt portfolio comprises of FGN Bonds of ₦13,963.22 billion or 72.56 percent of the FGN's Total Domestic Debt stock as at December 31, 2021. Others include NTBs of ₦3,786.14 billion or 19.68 percent, Treasury Bonds of ₦75.99 billion or 0.39 percent, FGN Savings Bonds of ₦16.42 billion or 0.09 percent, FGN Sukuk of ₦612.56 billion or 3.18 percent, FGN Green Bonds of ₦25.69 billion or 0.13 percent and Promissory Notes of ₦762.54 billion or 3.96 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, 2021.

Table 5.1 Nigeria: Trend in Domestic Debt Outstanding by Instruments, 2017-2021

	2017	2018	2019	2020	2021
Instruments	**₦' Billion**	**₦' Billion**	**₦' Billion**	**₦' Billion**	**₦' Billion**
FGN Bonds	8,715.81	9,334.74	10,524.16	11,830.27	13,963.22
NTBs	3,579.80	2,735.97	2,651.51	2,720.43	3,786.14
Treasury Bonds	175.99	150.99	125.99	100.98	75.99
FGN Savings Bond	7.2	10.8	12.67	12.29	16.42
FGN Sukuk	100	200	200.00	362.56	612.56
Green Bonds	10.69	10.69	25.69	25.69	25.69
Promissory Notes	-	331.27	732.62	971.66	762.54
Total	**12,589.49**	**12,774.41**	**14,272.64**	**16,023.88**	**19,242.56**
Instruments	**% of Total**	**% of Total**	**% of Total**	**% of Total**	**% of Total**
FGN Bonds	69.23	73.07	73.74	73.83	72.56
NTBs	28.43	21.42	18.58	16.98	19.68
Treasury Bonds	1.40	1.18	0.88	0.63	0.39
FGN Savings Bond	0.06	0.08	0.09	0.08	0.09
FGN Sukuk	0.79	1.57	1.40	2.26	3.18
Green Bond	0.08	0.08	0.18	0.16	0.13
Promissory Notes	-	2.59	5.13	6.06	3.96
Total	**100**	**100**	**100**	**100**	**100**

Source: DMO

Figure 5.1 Composition of FGN's Domestic Debt Stock by Instruments as at December 31, 2021



Source: DMO

The trend in the FGN's Domestic Debt Stock composition continued to increase as the share of FGN Bonds grew from 69.23 percent in 2017 to 72.56 percent in 2021, 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 shows that, whereas, 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 28.43 percent in 2017 to 19.68 percent at the end of 2021, which is in line with the country's debt management strategy. The share of Treasury Bonds has also dropped from 1.40 percent in 2017 to 0.39

percent at the end of December 2021, as a result of gradual redemption over the years. While the share of FGN Sukuk, FGN Green Bond and Savings Bond as a percentage of Total Domestic Debt Stock increased from 0.79, 0.08 and 0.06 percent in 2017 to 3.18, 0.13 and 0.09 percent respectively at the end of December 2021, the share of Promissory Notes having increased from 2.59 percent in 2018 to 6.06 percent in 2020, decreased significantly to 3.96 percent as at the end of December 2021 due to redemption of the Promissory Note that mature in 2021.

5.2 FGN's Domestic Debt Stock by Category of Holders

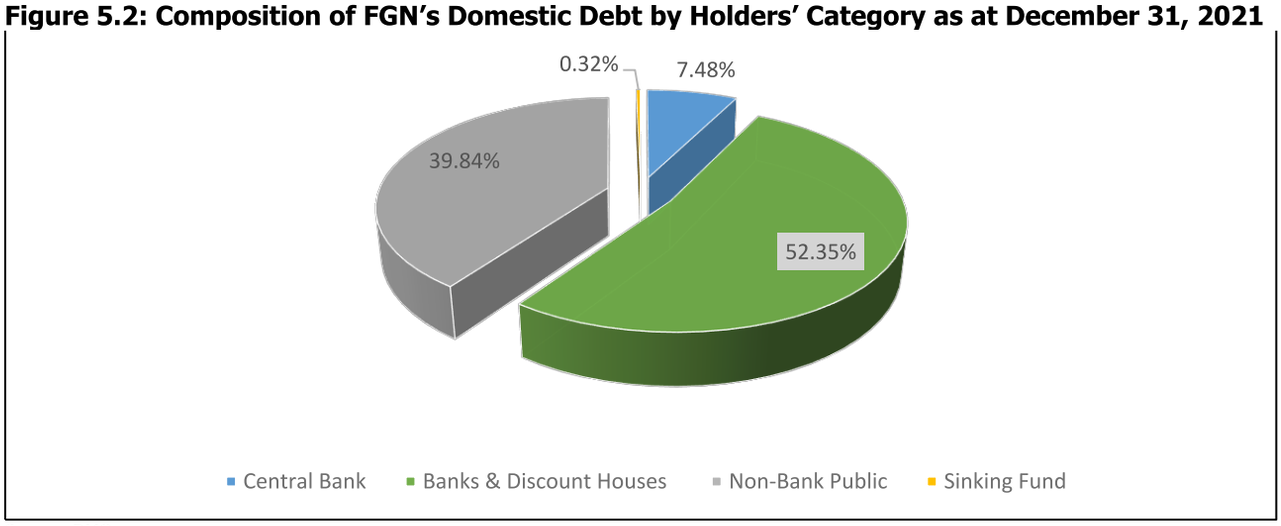
Table 5.2 shows the FGN's Total Domestic Debt outstanding by Holders' Category as at December 31, 2021. The breakdown revealed that Banks and Discount Houses held the largest share of the FGN's Total Domestic Debt stock with ₦10,073.57 billion or 52.35 percent, followed by Non-Bank Public with ₦7,667.18 billion or 39.84 percent and the Central Bank of Nigeria (CBN) with ₦1,440.15 billion or 7.48 percent. The balance of ₦61.69 billion or 0.32 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, 2021(₦' Billion)

Instrument	Central Bank	Banks & Discount Houses	Non-Bank Public	Sinking Fund	Amount Outstanding
FGN Bonds	577.52	8,549.07	4,836.66	-	13,963.22
Nigerian Treasury Bills (NTBs)	848.33	1,524.50	1,413.31	-	3,786.14
Treasury Bonds	14.30	-	-	61.69	75.99
Savings Bond	-	-	16.42		16.42
FGN Sukuk		-	612.56		612.56
FGN Green Bond		-	25.69		25.69
Promissory Notes		-	762.54		762.54
Total	**1,440.15**	**10,073.57**	**7,667.18**	**61.69**	**19,242.56**
% of Total	*7.48%*	*52.35%*	*39.84%*	*0.32%*	*100.00%*

Source: DMO

Figure 5.2: Composition of FGN's Domestic Debt by Holders' Category as at December 31, 2021



Source: DMO

The trend in FGN's Domestic Debt outstanding by Category of Holders from 2017 to 2021 is shown in Table 5.3. The Bank and Non-Bank Public (mainly Pension Fund Administrators, Asset and Fund Managers, as well as Insurance companies) are the main holders of the FGN's domestic debt instruments with a respective share of 52.35 and 39.84 percent in 2021. 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, 2017-2021 (₦' Billion)

Investor Type	2017	2018	2019	2020	2021
CBN	1,703.81	2,005.44	1,860.62	2,543.71	1,440.15
% of Total	*13.53*	*15.70*	*13.04*	*15.88*	*7.48*
Banks	5,350.79	3,768.58	4,248.49	6,929.44	10,073.57
% of Total	*42.50*	*29.50*	*29.76*	*43.24*	*52.35*
Non-Bank Public	5,416.54	6,905.30	8,078.58	6,467.75	7,667.18
% of Total	*43.02*	*54.06*	*56.60*	*40.36*	*39.84*
Sinking Fund	118.35	95.08	84.95	82.98	61.69
% of Total	*0.94*	*0.74*	*0.60*	*0.52*	*0.32*
Total	**12,589.49**	**12,774.40**	**14,272.64**	**16,023.88**	**19,242.56**

Source: CBN, DMO

5.3 FGN's Domestic Debt by Residual Maturity

Table 5.4 shows the Maturity Structure of the FGN's Domestic Debt as at December 31, 2021. The breakdown of the FGN's Domestic Debt by Maturity reveals that the short-term debt (less than one year to maturity) constituted 24.37 percent, while debt maturing between 1 and 3 years accounted for 10.38 percent of the FGN's Total Domestic Debt

portfolio. The other maturities are 3 to 10 years and 10 years and above, which accounted for 31.94 and 33.30 percent of the FGN's Domestic Debt Portfolio, respectively. The decrease in the share of Short-term debt from 32.61 percent in 2017 to 24.37 percent in 2021, aligns with the Debt Management Strategy of targeting 75:25 for long-term to short-term debts in the Domestic Debt Portfolio. Table 5.5 shows that the Maturity Structure of the FGN's Domestic Debt has been lengthened considerably over the past five years (2017-2021), with medium to long-term debts dominating the Portfolio. This has helped substantially to moderate refinancing and interest rate risks associated with short-term debts.

Table 5.4: Maturity Structure of FGN's Domestic Debt, 2021

Residual Maturity (Years)	% Share of Outstanding Debt, 2021
≤ 1 Year	24.37
> 1 ≤ 3 Years	10.38
> 3 ≤ 10 Years	31.94
> 10 years	33.30
Total	**100.00**

Source: DMO

Table 5.5: FGN's Domestic Debt Outstanding by Residual Maturity, 2017 – 2021 (₦' Billion)

Year	Short Term[1]	%	Medium-Long Term[2]	%	Total	%
2017	4,105.34	32.61	8,484.14	67.39	12,589.49	100
2018	3,728.14	29.18	9,046.26	70.82	12,774.41	100
2019	3,519.58	24.66	10,753.05	75.34	14,272.64	100
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

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 (Interest and Rental Payments) in 2021

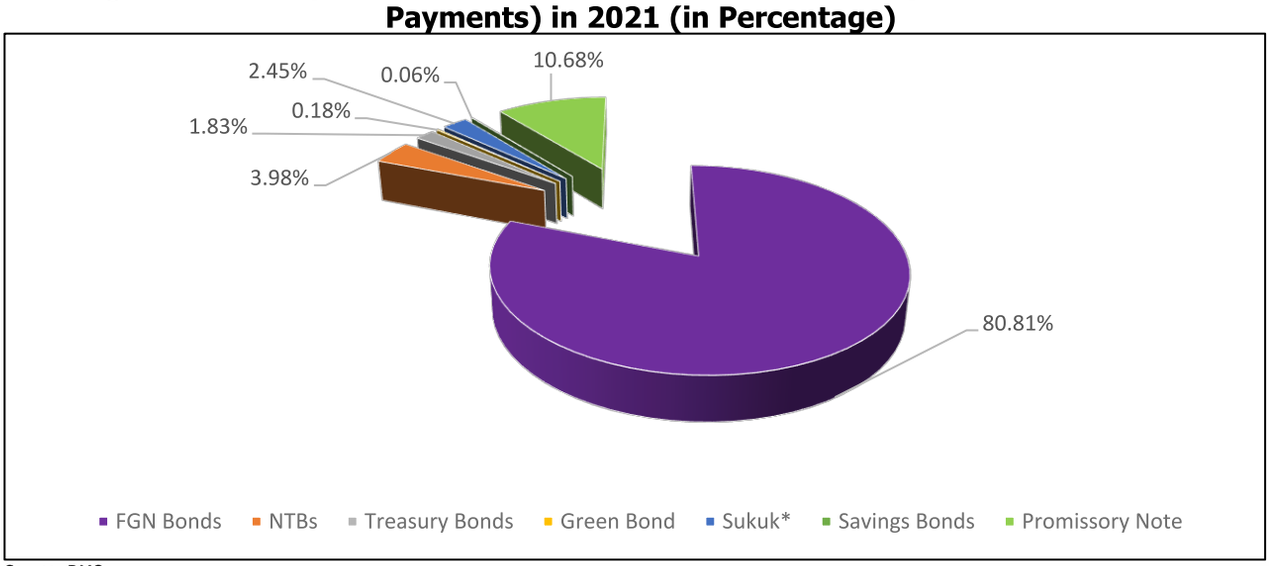
Table 5.6 shows that the Total FGN's Interest, Rental, and Principal repayments on Domestic Debt was ₦2,054.44 billion in 2021, relative to ₦1,854.69 billion in 2020. The increase of ₦199.75 billion or 10.77 percent interest and rental payments on FGN's Domestic Debt reflects redemption of the Promissory Notes that falls due in 2021. While the Interest and Payments made in the year on FGN Bonds constituted 80.81 percent of the FGN's Total Domestic Debt Service, the other share of debt service made on NTBs was 3.98 percent, Treasury Bonds (1.83 percent), FGN Green Bond (0.18 percent), FGN Sukuk (2.45 percent), FGN Savings Bonds (0.06 percent) and Promissory Notes (10.68 percent). Table 5.7 shows the trends in FGN's Domestic Debt Service for the period, 2017 - 2021, indicating a relative increase in interest and rental payments in the year under review when compared to 2020. The net increase was due to the redemption of the Promissory Notes that fell due in the period under review.

Table 5.6: FGN's Domestic Debt Service (Interest and Rental Payments) in 2021 (₦' Million)

Instruments	Principal Repayment	Interest/Rental	Total	% of Total
FGN Bonds	-	1,660,246.05	1,660,246.05	80.81
NTBs	-	81,809.85	81,809.85	3.98
Treasury Bonds	25,000.00	12,623.50	37,623.50	1.83
Green Bond	-	3,615.59	3,615.59	0.18
Sukuk*	-	50,404.77	50,404.77	2.45
Savings Bonds	-	1,334.27	1,334.27	0.06
Promissory Note	219,407.48	-	219,407.48	10.68
Total Debt Service	**244,407.48**	**1,810,034.03**	**2,054,441.53**	**100**

Source: DMO
FGN Bonds and NTBs that matured during period were refinanced.
*Sukuk holders earn periodic rental on investment.

Figure 5.3: Composition of FGN's Domestic Debt Service (Interest and Rental Payments) in 2021 (in Percentage)



Source: DMO

Table 5.7: Trends in FGN's Domestic Debt Service (Interest & Rental Payments), 2017-2021 (₦' Billion)

Year	Domestic Debt Service
2017	1,476.22
2018	1,797.90
2019	1,661.03
2020	1,854.69
2021	2,054.44

Source: DMO

5.5 Size and Composition of the Domestic Debt Market

The aggregate Face Value of outstanding Domestic Debt Instruments comprised FGN Securities, State Governments' and Corporates Bonds as at December 31, 2021 was

₦17,797.42 billion. There was an increase of ₦3,898.89 billion or 28.05 percent when compared to ₦13,898.54 billion as at the end of 2020. The increase was due to the growth in the share of FGN Bonds, Sukuk, State Governments and Corporates Bonds during the period under review. Table 5.8 shows that the share of FGN Bonds, Treasury Bonds, Green Bonds and Promissory Notes relative to the total size of the domestic debt market was 78.46%, 0.43%, 0.14% and 4.28% in 2021 relative to 85.12%, 0.73%, 0.18% and 6.99% in 2020, respectively. The share of Sukuk, State Governments and Corporates Bonds increased significantly in 2021 both in absolute terms and in the share of the total outstanding by ₦250 billion, ₦257.97 billion and ₦1,487.96 billion or 69%, 85% and 509.47%, respectively. These indicates further deepening of the domestic debt market.

Table 5.8: Size and Composition of Domestic Bonds Market: 2020 and 2021

	2020		2021	
Issuer	**Amount Outstanding (₦' Billion)**	**% of Total**	**Amount Outstanding (₦' Billion)**	**% of Total**
FGN Bond	11,830.26	85.12	13,963.21	78.46
Treasury Bonds	100.98	0.73	75.98	0.43
Sukuk	362.56	2.61	612.56	3.44
Green	25.69	0.18	25.69	0.14
FGN Savings Bonds	12.29	0.09	16.42	0.09
Promissory Notes	971.66	6.99	762.54	4.28
State Governments	303.04	2.18	561.01	3.15
Corporates	292.06	2.10	1,780.02	10.00
Total	**13,898.54**	**100.00**	**17,797.43**	**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

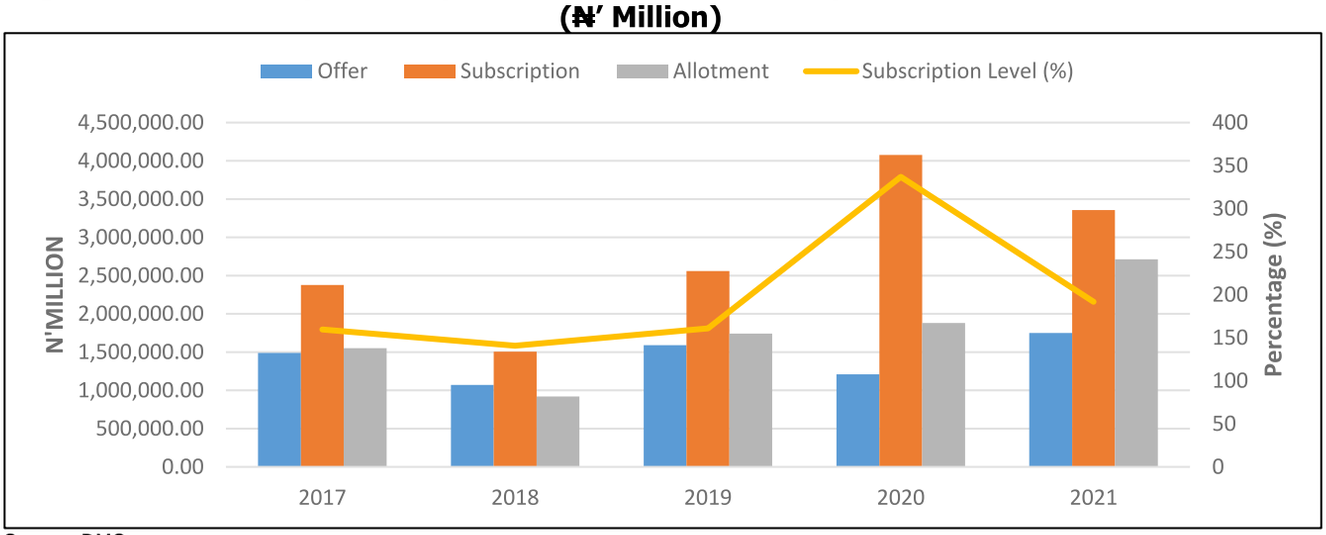
FGN Bonds of 10, 15, 20, 25 and 30-year tenors were issued by the FGN in the primary market in the year under review. The sum of ₦1,750,000.00 million was offered, out of which ₦2,712,148.03 million was allotted during the year, from a total subscription of ₦3,357,333.42 million, representing a subscription level of 191.85 percent in the year 2021 (Table 5.9). 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, Fund and Asset Managers, Insurance Companies and other institutional investors. Table 5.9 shows the FGN Bonds primary market issuances from 2017 – 2021.

Table 5.9: FGN Bonds Primary Market Issuance, 2017 – 2021 (₦' Million)

Year	Offer	Subscription	Allotment	Subscription Level (%)
2017	1,490,000.00	2,377,402.45	1,550,463.78	159.56
2018	1,070,000.00	1,506,041.18	918,926.33	140.75
2019	1,590,000.00	2,558,720.96	1,742,462.46	160.93
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

Source: DMO

Figure 5.4: Summary of Yearly FGN Bonds Offer, Subscription & Allotment, 2017-2021 (₦' Million)



Source: DMO

5.7 FGN Bonds Allotment by Residency

Allotments of the FGN Bonds by Residency Classification shows that resident investors accounted for ₦2,644,963.03 million or 97.52 percent of Bonds allotted in 2021, compared to ₦1,872,393.34 million or 99.63 percent in 2020. Allotments to Non-resident investors increased significantly to ₦67,185.00 million or 2.48 percent of the Bonds in 2021 relative to ₦7,000.00 million or 0.37 percent in 2020, reflecting a significant increase of almost 860.00 percent 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 5.10: Allotment of FGN Bonds by Residency Classification (₦' Million)

	2020		2021	
Classification	**Amount**	**% of Total**	**Amount**	**% of Total**
Residents	1,872,393.34	99.63	2,644,963.03	97.52
Non-Residents	7,000.00	0.37	67,185.00	2.48
Total	**1,879,393.34**	**100.00**	**2,712,148.03**	**100.00**

Source: DMO

5.8 Trend Analysis of FGN Bonds Allotment by Residency

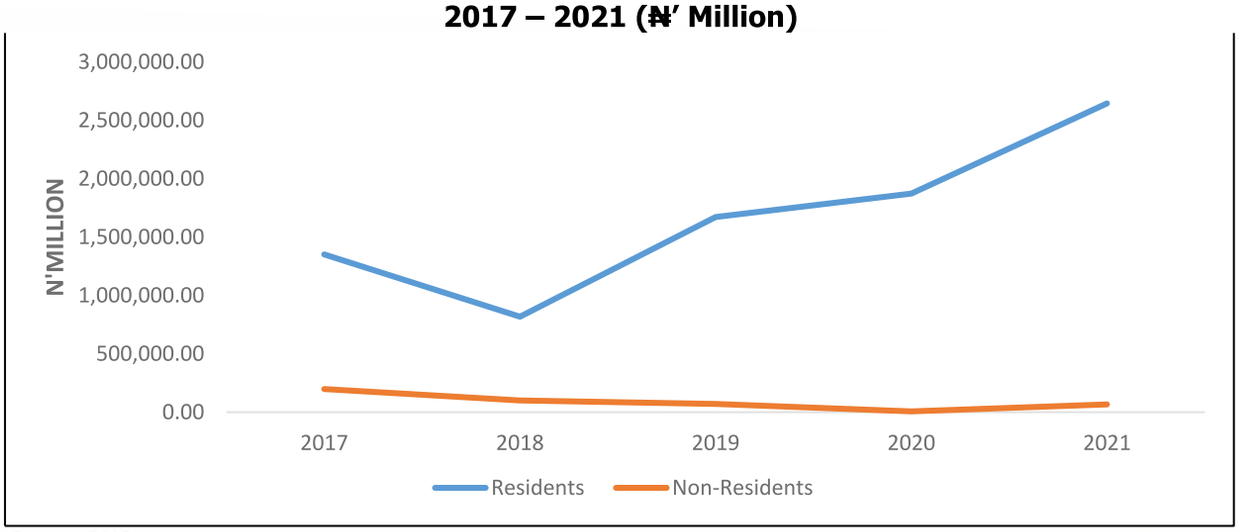
The breakdown of FGN Bonds allotments by Residency revealed a significant increase in participation by Non-residents in FGN Bonds Auctions to 2.48 percent in 2021 compared to 0.37 percent in 2020, as shown in Table 5.11 and Figure 5.5. The increase in Non-Resident investors' participation shows a growing and diversified investor base of the FGN Bond market.

Table 5.11: Summary of Allotment of FGN Bonds by Residency Classification, 2017 – 2021 (₦' Million)

Year	Residents	%	Non-Residents	%	Total	%
2017	1,352,071.41	87.20	198,391.37	12.80	1,550,462.78	100.00
2018	817,974.71	89.01	100,951.61	10.99	918,926.33	100.00
2019	1,671,581.28	95.93	70,881.18	4.07	1,742,462.46	100.00
2020	1,872,393.34	99.63	7,000.00	0.37	1,879,393.34	100.00
2021	2,644,963.03	97.52	67,185.00	2.48	2,712,148.03	100.00

Source: DMO

Figure 5.5: Summary of Allotment of FGN Bonds by Residency Classification, 2017 – 2021 (₦' Million)



Source: DMO

5.9 Analysis of FGN Bonds Auctions by Tenor

FGN Bonds with Tenors of 10-year, 15-year, 20-year, 25-year and 30-year were issued in 2021. As indicated in Table 5.12, the 10-year tenor accounted for 25.07 percent of the total FGN Bonds issued, while the 15-year, 20-year, 25-year and 30-year tenors accounted for 19.45, 15.76, 22.21 and 17.51 percent, respectively. 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 5.13 and 5.14 show the monthly analysis of FGN Bonds issued by Tenor, and monthly FGN Bonds Issuances, Subscriptions and Allotments in 2021, while Figure 5.13 shows the Monthly Issuance in the year under review.

Table 5.12: Analysis of FGN Bonds Issuance by Tenor in 2021 (₦' Million)

Tenor*	Amount (₦' Million)	% of Total
10-year	680,024.77	25.07
15-year	527,454.39	19.45
20-year	427,570.11	15.76
25-year	602,305.31	22.21
30-year	474,793.45	17.51
Total	**2,712,148.03**	**100.00**

Source: DMO
* Represents original Issuance Tenor

Table 5.13: Monthly Analysis of FGN Bonds Issuance by Tenor in 2021 (₦' Million)

Month	10-Year*	15-Year*	20-Year*	25- Year*	30-Year*	Total
January	70,901.50	83,427.85	-	16,028.00	-	170,357.35
February	85,619.38	98,902.00	-	18,029.50	-	202,550.88
March	44,012.72	86,291.85	-	131,796.22	-	262,100.79
April	65,473.31	112,778.50	-	96,202.18	-	274,453.98
May	20,138.40	41,154.84	-	113,954.70	-	175,247.94
June	54,305.45	104,899.34	-	171,093.32	-	330,298.11
July	135,613.30	-	51,156.60	55,201.40	-	241,971.30
August	64,248.41	-	91,027.00	-	104,814.90	260,090.31
September	42,373.10	-	115,854.70	-	118,826.85	277,054.66
October	44,804.30	-	52,723.91	-	95,244.80	192,773.01
November	37,151.90	-	32,190.90	-	155,906.90	225,249.70
December	15,383.00	-	84,617.00	-	-	100,000.00
Total	**680,024.77**	**527,454.39**	**427,570.11**	**602,305.31**	**474,793.45**	**2,712,148.03**

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

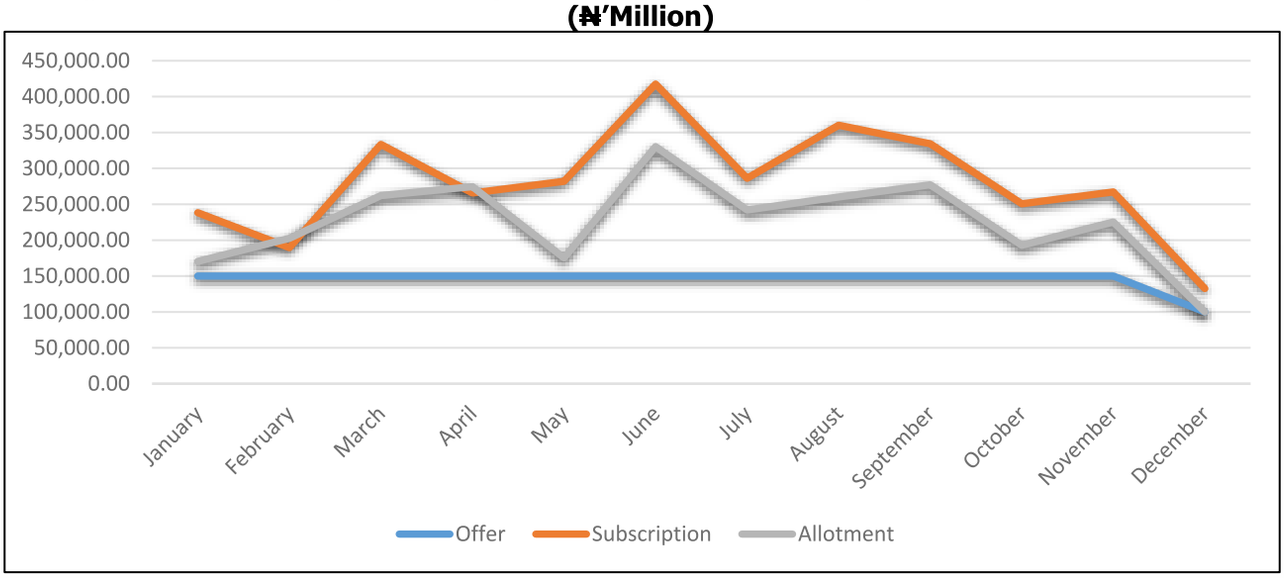
Table 5.14: Summary of Monthly FGN Bonds Offer, Subscription & Allotment in 2021 (₦' Million)

Month	Offer	Subscription	Allotment
January	150,000.00	238,273.82	170,357.35
February	150,000.00	189,513.76	202,550.88
March	150,000.00	333,480.49	262,100.79
April	150,000.00	265,676.48	274,453.98
May	150,000.00	281,970.78	175,247.94
June	150,000.00	417,487.41	330,298.11
July	150,000.00	286,108.10	241,971.30

August	150,000.00	360,019.01	260,090.31
September	150,000.00	334,322.46	277,054.66
October	150,000.00	250,723.01	192,773.01
November	150,000.00	267,151.70	225,249.70
December	150,000.00	132,606.40	100,000.00
Total	**1,750,000.00**	**3,357,333.42**	**2,712,148.03**

Source: DMO

Figure 5.6: Summary of Monthly FGN Bonds Offer, Subscription & Allotment in 2021 (₦'Million)



Source: DMO

5.10 Allotment of FGN Bonds by Investor Type in 2021

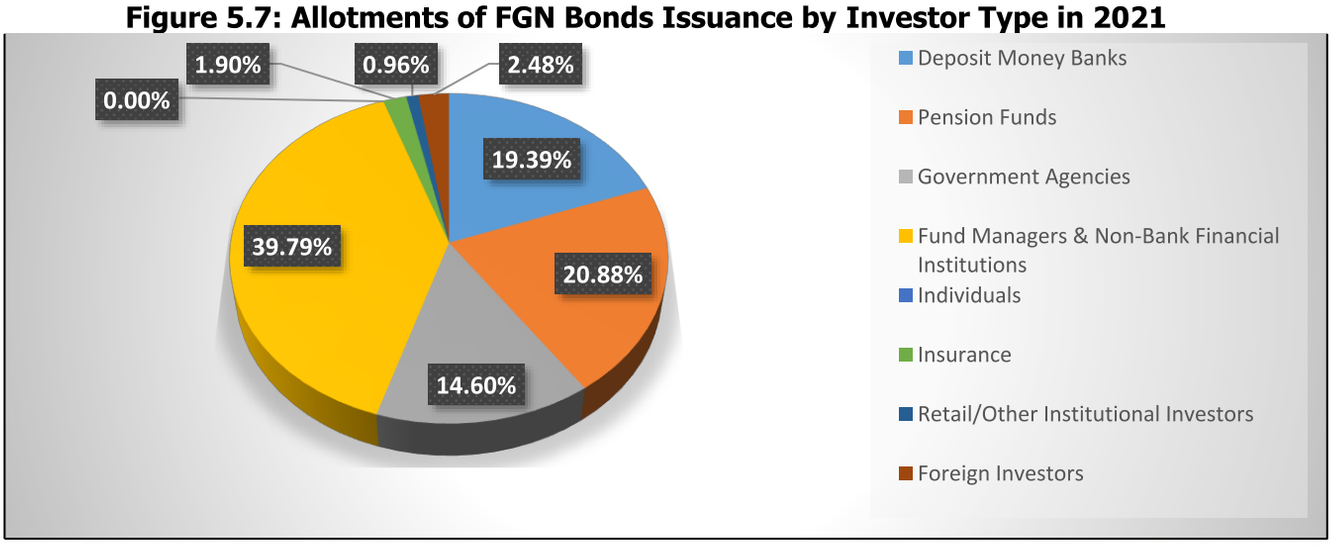
The breakdown of FGN Bond allotments by Investor Type shows that Fund Managers & Non-Bank Financial Institutions accounted for 39.79 percent of the total FGN Bonds allotted in 2021, followed by Pension Funds (20.88 percent), Deposit Money Banks (19.39 percent), Government Agencies (14.61 percent), Foreign Investors (2.48 percent), Insurance (1.90 percent), Retail/Other Institutional Investors (0.96 percent) and Individuals (0.00 percent). The breakdown is shown in Table 5.15 and Figure 5.7 below.

Table 5.15: Summary of FGN Bond Auctions & Allotments by Investor Type in 2021 (₦' Million)

	AMOUNT	RESULT
Total Subscription		3,357,333.43
Range of Bids (%)		10.0141% - 13.7158%
Range of Marginal Rates (%)		11.443% - 12.763%
Range of Coupons (4)		7.98%-14.2%
		% OF TOTAL ALLOTMENT
Deposit Money Banks	525,798.43	19.387
Pension Funds	566,405.56	20.884
Government Agencies	396,100.00	14.605
Fund Managers & Non-Bank Financial Institutions	1,079,144.55	39.789
Individuals	-	0.000
Insurance	51,405.20	1.895
Retail/Other Institutional Investors	26,109.30	0.963
Foreign Investors	67,185.00	2.477
TOTAL ALLOTMENT	2,712,148.03	100.00

Source: DMO

Figure 5.7: Allotments of FGN Bonds Issuance by Investor Type in 2021

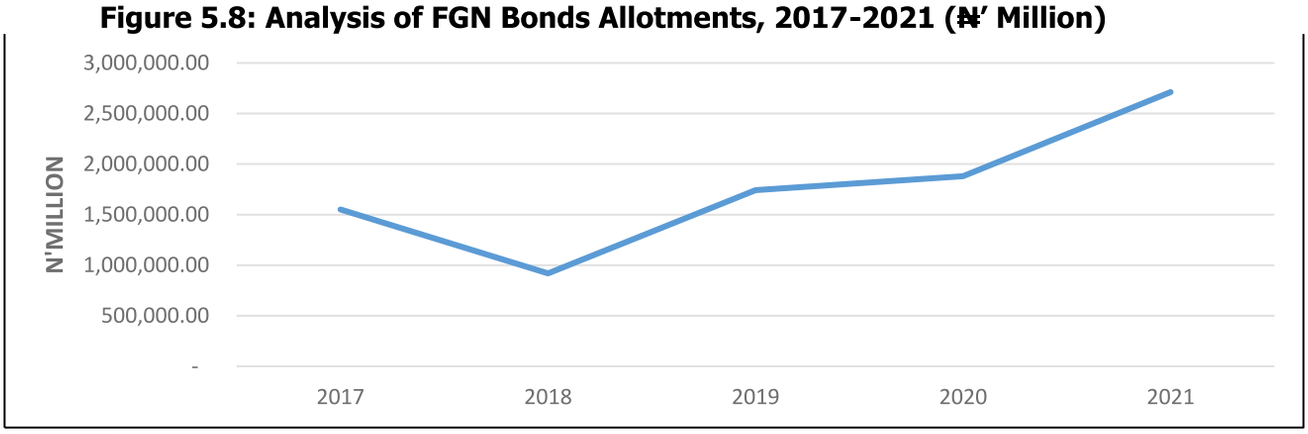


Source: DMO

5.11 Trend Analysis of FGN Bonds Allotments

Figure 5.8 shows the trend of Allotments of the FGN Bonds from 2017 to 2021. Analysis of the trend reveals an increase in Allotment of FGN Bonds to ₦ 2,712,148.03 million in 2021, 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, 2017-2021 (₦' Million)



Source: DMO

5.12 FGN Domestic Secondary Bond Market in 2021

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

Trading activities in FGN Bonds in the Secondary Market decreased in 2021 relative to 2020 on the FMDQ Securities Exchange Limited (FMDQ) (Table 6). Total Face Value of Trades decreased by 38.85 percent from ₦22.64 trillion to ₦13.84 trillion, while Consideration decreased by 48.42 percent from ₦30.35 trillion to ₦15.65 trillion. Number of Deals also decreased by 20.08 percent from 28,016 to 22,389 in the same period under review. The large decrease in the value and number of wholesales FGN Bonds traded in the secondary Market on the FMDQ in 2021 was due to the volatility in the domestic market caused by unfavourable macroeconomics environment.

Table 5.16: FGN Bonds Secondary Market Trades on the FMDQ Securities Exchange, 2020 - 2021

	2020			2021		
Period	Number of Transactions	Face Value (₦' 000)	Consideration (₦' 000)	Number of Transactions	Face Value (₦' 000)	Consideration (₦' 000)
January	2,960	2,264,145,150	2,675,860,892	2,205	1,340,239,494	1,908,556,415
February	2,791	2,141,579,744	2,616,310,670	2,436	1,359,916,412	1,897,464,265
March	1,920	2,367,369,708	2,684,108,749	1,850	1,107,889,018	1,295,709,547
April	1,548	1,311,157,796	1,532,018,665	1,925	1,221,396,275	1,247,640,680
May	436	263,915,200	300,298,448	1,882	1,022,935,107	1,025,520,447
June	2,707	2,354,771,487	2,807,969,434	2,037	1,210,129,213	1,252,336,111
July	2,426	1,997,962,261	2,619,264,557	1,892	1,113,367,463	1,176,851,868
August	2,255	2,086,507,089	2,856,297,471	2,263	1,183,343,866	1,275,251,450
September	2,876	2,073,494,117	2,799,872,425	2,132	1,443,052,336	1,526,345,465
October	3,500	2,513,229,804	3,957,583,301	1,535	1,090,482,450	1,156,037,786
November	2,576	1,632,177,302	2,735,938,518	1,115	820,097,672	894,334,659
December	2,021	1,631,997,096	2,763,475,292	1,117	929,756,794	998,898,053
Total	**28,016**	**22,638,306,754**	**30,348,998,422**	**22,389**	**13,842,606,100**	**15,654,946,747**

*2020 data comprised of FGN Securities traded on the FMDQ and Nigerian Exchange Limited
Sources: NGX and FMDQ

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

Trading activities in the FGN Securities (FGN Bonds, FGN Savings Bond and Sukuk) in the Secondary Market increased in 2021 on the NGX relative to 2020. The trading on the NGX constitute the retail market of the FGN Securities Secondary Market. The Total Face Value of FGN Bonds traded on The NGX increased by ₦1,513.34 million or 130.64 percent to ₦2,671.76 million in 2021 from ₦1,158.52 million in 2020. The Consideration increased by 108.80 percent to ₦2,828.81 million in 2021 compared to ₦1,354.79 million in 2020. Number of Deals increased to 1,048 in 2021 from 696 in 2020.

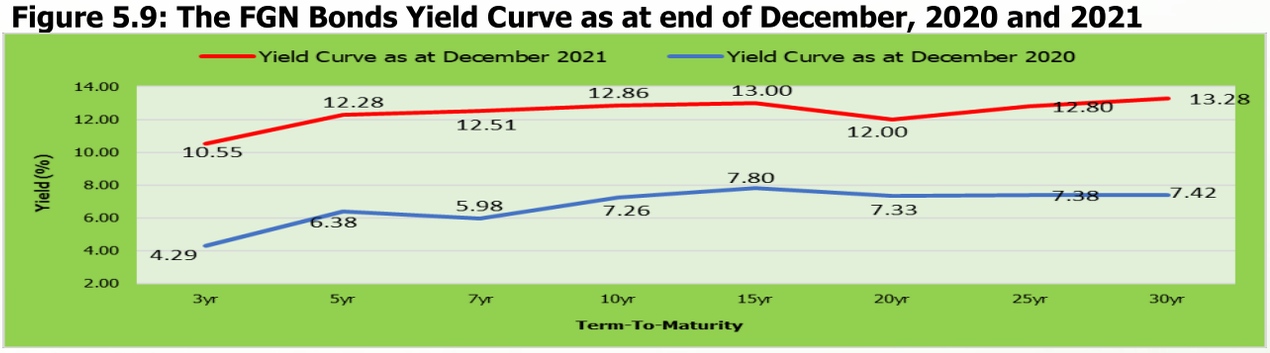
Table 5.17: FGN Bonds Secondary Market Trades on the Nigeria Exchange Limited (2020 and 2021)

	2020			2021		
Period	**Number of Transactions**	**Face Value**	**Consideration**	**Number of Transactions**	**Face Value**	**Consideration**
January	84	305,705,000	348,130,784	77	44,496,000	49,708,369
February	89	125,403,000	146,365,723	46	84,774,000	105,073,211
March	72	178,771,000	201,538,791	90	451,628,000	471,668,080
April	22	11,033,000	12,487,785	76	221,112,000	255,015,993
May	39	28,350,000	30,709,536	160	300,411,000	311,770,740
June	39	16,211,000	17,640,017	103	382,392,000	387,387,877
July	50	30,921,000	39,116,874	62	234,958,000	262,092,218
August	69	94,217,000	105,777,126	67	207,076,000	211,163,351
September	52	129,925,000	151,503,607	133	346,373,000	357,506,324
October	61	127,673,000	168,732,106	109	141,441,000	149,609,802
November	58	40,474,000	52,623,231	74	187,322,000	197,507,940
December	61	69,738,000	80,160,005	51	69,778,000	70,301,400
Total	**696**	**1,158,421,000**	**1,354,785,585**	**1,048**	**2,671,761,000**	**2,828,805,306**

5.12.3 Sovereign Yield Curve

The Sovereign Yield Curve as at end of December, 2021 was fairly upward slopping, but shifted upward by an average of 572 basis points (bps) across maturities (Figure 5.9) when compared with the Yield Curve as at December 31, 2020.

Figure 5.9: The FGN Bonds Yield Curve as at end of December, 2020 and 2021



Source: FMDQ

5.13 Market-Wide Developments in 2021

5.13.1 FGN Savings Bond Issuance in 2021

The DMO introduced the FGN Savings Bond into the domestic market in March 2017 with the aim of encouraging savings, and most importantly to promote financial inclusion. A total Subscription of ₦8.396 billion and 2,619 number of subscribers were recorded in 2021 (Table 5.18) representing 231.84 percent and 177.32 percent increase, when compared to ₦3.637 billion and 1,477 in 2020, respectively. It is important to note that the low level of Subscription in 2020 was attributed to non-issuances of FGN Savings Bond in the months of March, April, May and June as a result of Covid-19 Pandemic, which led to shut down in global economic activities.

Table 5.18: FGN Savings Bond Monthly Issuances and Numbers of Subscribers

Issue Date	Issue Amount (₦)		Number of Subscribers	
	2 - Year	3 - Year	2 - Year	3 - Year
13-Jan-21	0.018	0.078	21	44
10-Feb-21	0.673	1.125	75	172
10-Mar-21	0.357	0.504	76	144
14-Apr-21	0.198	0.382	59	114
14-May-21	0.170	0.531	80	158
16-Jun-21	0.221	0.604	94	165
14-Jul-21	0.341	0.621	94	211
11-Aug-21	0.205	0.683	99	228
15-Sep-21	0.086	0.561	72	173
13-Oct-21	0.066	0.249	66	112
10-Nov-21	0.133	0.285	68	118
15-Dec-21	0.099	0.203	66	110
Total	**2.569**	**5.826**	**870**	**1749**
Grand Total	**8.396**		**2,619**	

Sources: DMO

5.13.2 Sovereign Sukuk Issuance in 2021

On December 29, 2021, the DMO on behalf of the Federal Government issued ₦250.00 billion 10-Year 13.00% Al Ijarah Sukuk Due 2031 in the domestic securities market as part of its infrastructure funding initiatives. This was the fourth Sovereign Sukuk Offering. The sum of up to ₦200.00 billion was offered to investors, while ₦250.00 billion was allotted. The Offering attracted significant interest from a wide range of retail and institutional investors with total Subscription of ₦861.85 billion, representing a Subscription level of about 344 percent. The participation by a wide range of investors means that the DMO is achieving its market development objectives of diversifying FGN securities investor base, increasing the savings culture and promotion of financial inclusion, amongst others.

The DMO issued its debut Sovereign Sukuk of ₦100 billion in September 2017, which was followed by a second and third Issuances of ₦100 billion and ₦162.557 billion in December 2018 and June 2020, respectively. It is important to note that the Sukuk Issuances are all project-tied. Like Issuance of 2017, 2018 and 2020 the proceeds of the 2021 Sukuk are being used to finance the rehabilitation and construction of key economic Roads Projects across the six (6) Geopolitical Zones, Federal Capital Territory and West-Eastern Road Project, identified by the Federal Ministry of Works and Housing, Federal Capital Territory and Ministry of Niger Delta Affairs.

The Issuance Statistics of ₦250 Billion Sukuk:

Instrument Type:	*Sovereign Sukuk.*
Amount Offered:	*₦200 billion*
Subscription:	*₦861.85 billion.*
Amount Allotted/Issued:	*₦250 Billion.*
Rental Rate:	*13.00%.*
Issue Date:	*December 29, 2021.*
Tenor:	*10-year.*
Maturity Date:	*December 2031.*
Listing:	*Nigerian Exchange Limited and the FMDQ Securities Exchange Limited.*
Status/Security:	*Backed by the full faith and credit of the Federal Government of Nigeria (FGN) and ranks pari passu with all unsecured FGN obligations.*
Use of Proceeds:	*Solely to finance the construction/rehabilitation of Road Projects identified by the Federal Ministry of Works and Housing, Federal Capital Territory Administration and the Ministry of Niger Delta Affairs.*
Domicile of Funds:	*Sukuk Issue Proceeds Account at the Central Bank of Nigeria.*

Table 5.19: Summary of Allotment for 2021 Sovereign Sukuk

S/N	Investor Category	Allotment (₦)	% of Total Allotments
1	Retail	17,448,543,000.00	6.98
2	Government Agencies	1,790,130,000.00	0.72
3	Pension Fund Administrators	37,851,611,000.00	15.14
4	Insurance Companies	456,500,000.00	0.18
5	Non-Interest Financial Institutions	26,863,400,000.00	10.75
6	Non-Bank Financial Institutions	2,642,217,000.00	1.05
7	Assets/Fund Managers	3,728,454,000.00	1.49
8	Deposit Money Bank	159,219,145,000.00	63.69
Total		**250,000,000,000.00**	**100.00**

5.13.3 Sub-National Bond Issuances in 2021

Table 5.20 shows that only Lagos state raised a total of ₦137.33 billion from the domestic securities market in 2021. There was an increase in the amount raised in 2021 when compared to the sum of ₦114.88 billion in 2020 from two (2) States. The sum of ₦137.33 billion was raised by Lagos at an Interest Rate of 13.00 percent per annum.

Table 5.20: Sub-National Bonds Issuances in 2020 and 2021

2020		*2021*	
Bond Issuers	**Amt. (₦' Billion)**	**Bond Issuers**	**Amt. (₦' Billion)**
Ondo	14.88	Lagos	137.33
Lagos	100.00		
Total	**114.88**		**137.33**

Source: Securities and Exchange Commission

Table 5.21: Sub-National Bonds Issuances from 2017 – 2021

Period	Total Issuance in in ₦ 'Billion
2017	97.39
2018	0.00
2019	150.00
2020	114.88
2021	137.33
Total	499.60

Source: Securities and Exchange Commission

5.13.4 Corporate Bond Issuances in 2021

The Corporate Bonds segment of the domestic bond market was significantly active in 2021 when compared to the level of activity in 2020. Table 5.22 shows that eleven (11) Corporates raised capital from the domestic debt market in 2021 with total Issuance of

₦338.77 billion, as against three (3) Corporates in 2020 with total Issuance of ₦25.00 billion. The SEC attributed the increase in corporate issuance to rebound on economic activities, amidst the slow but gradual global economic recovery from the effects of the COVID-19 pandemic, particularly in the financial markets.

Table 5.22: Corporate Bonds Issuances in 2020 and 2021

2020		*2021*	
Bond Issuers	**Amt. (₦' Billion)**	**Bond Issuers**	**Amt. (₦' Billion)**
Novambl Investments SPV Plc Plc/Series 1.	10.00	Ardova	25.30
FBNQuest Merchant Bank SPV	5.00	CERPAC Receivables Funding SPV Plc	1.25
United Capital Plc N10B Series 1.	10.00	C&L Leasing Plc	10.00
		Dangote Cement Plc	50.00
		Family Homes Sukuk Issuance Programme Plc	10.00
		GPC-SPV Company Plc	20.00
		LFZC Funding SPV Plc	10.50
		Mecure Industries Funding SPV	3.00
		MTN Nigeria Communication Plc	199.99
		NSP-SPV Powercorp Plc	6.23
		Sundry Foods Funding SPV Plc	2.50
Total	**25.00**		**338.27**

Source: Securities and Exchange Commission

5.14 Recent Developments in the FGN Bond Market in 2021

5.14.1 Benchmark Bonds

There was no introduction of new Benchmark Bonds by the FGN in 2021 as the Government only re-opened the existing Bonds by increasing their issue size. At the end of 2021 there were fifteen (15) FGN Benchmark Bonds as shown in Table 5.23.

Table 5.23: FGN Benchmark Bonds as at end of December, 2021

Bond Name	Tenor Benchmark (years)
12.75% FGN APR 2023	3
14.20% FGN MAR 2024	3
13.53% FGN MAR 2025	3
12.50% FGN JAN 2026	5
16.2884% FGN MAR 2027	5
13.98% FGN FEB 2028	7
14.55% FGN APR 2029	7
10.00% FGN JUL 2030	10
12.1493% FGN JUL 2034	10
12.50% FGN MAR 2035	15
12.40% FGN MAR 2036	15
16.2499% FGN APR 2037	15
9.80% FGN JUL 2045	20
14.80% FGN APR 2049	25
12.98% FGN MAR 2050	30

5.14.2 Initiatives by the Securities and Exchange Commission

The Securities and Exchange Commission's (SEC) had a mid-term review of the Capital Market Master Plan 2015-2025 (CMMP). The purpose is to consolidate on the successes achieved so far and to incorporate important developments occasioned by the dynamism of the capital and the global economy. Other SEC's recent accomplishments and initiatives include:

i. The enhancement of existing regulatory framework guiding the operations of the market through Issuances of new rules and regulations, namely; Rules on Robo-Advisory Services, Trade Repositories, Central Counterparty (CCP); Investment-based Crowdfunding, Mandatory Registration of Private Funds; Issuance of Social Bonds and Annual Renewal of Registration of Capital Market Operators, as well as, Guidelines on Regulatory Incubation.
ii. Constitution of a market-wide committee on Identity Management to harmonise the various database of investors and facilitate data accuracy for the entire spectrum of the Nigerian Capital Market. The outcome of the committee assignment is expected to help in resolving the lingering issues around the unclaimed dividend in Capital Market.
iii. Approval of the first-electronic based public offering of equities with a combined feature of price discovery through a book-building exercise to Qualified Institutional Investors, and subsequent offer to Retail Investors.

5.14.3 Initiatives by Nigerian Exchange Group Plc

Following the full demutualization of The Nigerian Stock Exchange (NSE) and the statutory approvals of the SEC and Corporate Affairs Commission, The NSE transitioned into a non-operating holding company, Nigerian Exchange Group Plc. (NGX Group) with three subsidiaries – Nigerian Exchange Limited (NGX); NGX Regulation Limited (NGX RegCo) and NGX Real Estate Limited (NGX RelCo).

The relevant activities of the NGX in relation to the domestic capital market include:

i. Launching of the maiden edition of the digital only version of the 2021 NGX Annual Factbook (X-Factbook), and released an enhanced version of its X-Mobile App;

ii. Amendments of the NGX Market Making Rules and relaunched the NGX Market Making Program across the various listed asset classes;
iii. In collaboration with International Finance Corporation (IFC) launched the first-of-its kind gender gap assessment report which highlights the gender gaps in Nigeria's private sector through a study of the 30 most capitalized companies on NGX; and
iv. Participated in the Sustainable Stock Exchanges Initiative (SSEI) working group for Climate Action and Finance to develop a Model Guidance on climate reporting for Securities Exchanges.

5.14.4 Initiatives by FMDQ Holdings Plc

The FMDQ Holdings Plc implemented some initiatives in 2021, including:

i. Launching of the Pioneer Global Partnership with the University of Oxford to accelerate the growth of Nigeria's start-ups and nurture a future generation of young Nigerian leaders in entrepreneurship, through knowledge exchange and collaboration;
ii. Execution of a Memorandum of Understanding with the Financial Sector Deepening (FSD) Africa to facilitate the issuance of the maiden ₦25.00 billion Lagos State Green Bond and other sustainability-linked debt securities towards achieving the global Sustainable Development Goals;
iii. Launching of the pioneer Green Exchange in Africa – FMDQ Green Exchange, a virtual information repository platform which is expected to drive the growth of Green and sustainable securities, as well as, provide reliable Green-based data in the Nigerian financial market; and
iv. Execution of Listing Agent and Cooperation Agreement with Luxembourg Stock Exchange (LuxSE) to facilitate the dual listing of securities issued by financial institutions and corporates in Nigeria on both FMDQ Exchange.

5.14.5 Initiatives by Central Securities and Clearing System PLC

The key activities of the Central Securities and Clearing System Plc. (CSCS) in the capital market include the following:

i. Obtained full accreditation for the issuance of Legal Entity Identifier (LEI) to traded securities. LEI is a global 20-digit alpha-numeric code that helps to identify issuers of securities and funds for ease of trading and exchange; and

ii. Organized Cybersecurity workshop to sensitize cybersecurity industry professionals, financial institutions and Capital market operators on the innovative ways of enhancing security architecture of businesses.

CHAPTER SIX

DEBT SUSTAINABILITY ANALYSIS

2021 Debt Sustainability Analysis result, shows that Nigeria's Total Public Debt is sustainable in the medium-term. The Debt Level and Gross Financing Needs show low risk to debt sustainability as all the debt burden indicators are below the Baseline and Shock scenarios. The Total Public Debt-to-GDP ratio was below the benchmark of 60 percent for the Emerging Markets. Similarly, the Gross Financing Needs are high but lower than the benchmark of 15.00 percent over the projection period. This highlights the urgent need for concerted efforts to be intensified to boost non-oil revenue.

6.1 Introduction

Nigeria adopted Market Access Country-Debt Sustainability Analysis (MAC-DSA) Framework to conduct its debt sustainability exercise in 2021, however, the Low-Income Countries Debt Sustainability Framework (LIC-DSF,) was used in 2020, due to larger share of concessional debt, which accounted for 59.92 percent of the country's External Debt stock. The MAC-DSA Framework applies to countries in Advances Economies and Emerging Markets, which have significant access to market financing. The reason for the adoption of the MAC-DSA Framework was based on the reclassification of Nigeria as a Lower-Middle-Income country, which means limited funding access from concessional borrowing, thus, more focus on market-based financing. In other words, 70.48 percent of FGN's Total Public Debt stock as at December 31, 2020, was market-based debt, which comprised domestic debt with a share of 55.42 percent and External Debt accounting for 15.06 percent. Of the External Debt portion, Eurobond accounted for 33.49 percent in 2020. Furthermore, Nigeria increased its visibility in the International Capital Market (ICM) with the issuance of USD4.0 billion Eurobonds in three tranches of 6.25% USD1.25 billion (7-year), 7.35% USD1.5 billion (12-year) and 8.25% USD1.25 billion (30-year) in 2021 These developments give further justifications for the adoption of MAC-DSA Framework.

The Baseline projections for the Exercises was based on the macroeconomic assumptions outlined in the 2022 Appropriation Act and the MTEF 2022-2024 and Fiscal Strategy Paper (FSP), as well as Medium-Term National Development Plan, 2021-2025. The real GDP growth is projected at 2.5 percent and 4.2 percent in 2021 and 2022 respectively. On average, real GDP is expected to grow by 3.14 percent per annum from 2021-2025, which is above the potential (projected) real GDP growth of 2.0 percent per annum during the corresponding period and pre-pandemic growth of 2.27 percent in 2019. In nominal terms,

GDP is anticipated to growth by 10.69 percent in 2021, 9.36 percent in 2022 and an average of 9.99 percent from 2021-2026. The headline inflation on a year-on-year basis is estimated to decline from 15.75 percent in 2020 to 15.0 percent in 2021, 13 percent in 2022 and 11.0 percent in 2023.

Fiscal deficit in the revised 2020 Appropriation Act was ₦4.608 trillion or 3.30 percent of GDP, relative to ₦1.918 trillion or 1.37 percent of GDP in 2019. The fiscal deficit is projected to stand at ₦4.486 trillion or 3.14 percent to GDP in 2021, N4.805 trillion or 3.27 percent in 2022 and ₦4.539 trillion or 3.00 percent in 2023. New financing will continue to be in line with the country's Medium-Term Debt Management Strategy, 2020-2023, which is to borrow more from domestic sources using long-term instruments, while concessional and semi-concessional funding from multilateral and bilateral sources will be prioritized for external borrowing, as well as market financing. The funding strategy is to support the strategic composition target of 70:30 ratio for domestic and external debt, as well as the 75:25 ratio for long to short-term debt in the domestic debt portfolio.

The 2021 MAC DSA Exercise was conducted by the DMO from November 2-11, 2021 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.

6.2 Objectives of 2021 MAC-DSA

The objective of the 2021 MAC-DSA is to assess the country's capacity to service current and its future debt obligations under both Baseline projections and Shock scenarios. Thus, it helps to inform the borrowing decisions of Government. 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, as well as the Medium-Term Debt Management Strategy (MTDS).

6.3 Methodology

The 2021 MAC DSA covers a 10-year historical period (2011-2020) and a 6-year projection (2021-2026) based on assumptions on a number of macroeconomic variables namely: real GDP growth rate, Exchange rate, Interest rate, inflation rate among others, as well as subjecting the assumptions to Stress Tests and Shocks to assess the resilience and

sustainability of the public debt portfolio. The data coverage for the Exercise under the Baseline Scenario included the Domestic Debt and External Debt of both the Federal Government and those of the thirty-six (36) States of the Federation and the Federal Capital Territory (FCT), while the Alternative Scenario incorporated the FGN Guarantees in the sum of N4.63 trillion as at December 31, 2020 and Ways and Means Advances of the Central Bank of Nigeria in the sum of N15.0 trillion in the Total Public debt. The Baseline projections for the 2021 DSA were based on the macroeconomic assumptions outlined in the 2022 Appropriation Act and the Medium-Term Expenditure Framework (MTEF) 2022-2024 and Fiscal Strategy Paper (FSP), as well as Medium-Term National Development Plan, 2021-2025. The real GDP growth is projected at 2.5 percent and 4.2 percent in 2021 and 2022, respectively. The headline inflation on a year-on-year basis is estimated to decline from 15.75 percent in 2020 to 15.0 percent in 2021, 13 percent in 2022 and 11.0 percent in 2023.

6.4 Summary of the 2021 DSA Exercise

6.4.1 Baseline Scenario

The Baseline Scenario showed that Nigeria's Total Public Debt is sustainable in the medium-term. The Debt portfolio and Gross Financing Needs show low risk to debt sustainability, as all the debt burden indicators are below their respective World Bank (WB) and International Monetary Fund's (IMF) recommended MAC-DSA thresholds of 60 and 15 percent for Emerging Markets. The financing needs are met by domestic financing through the issuances of FGN securities in the domestic financing market. External financing would be from the concessional and semi-concessional sources, as well as market financing by the issuance of Eurobonds in line with the Nigeria's Medium-Term Debt Management Strategy (MTDS), 2020-2023. Table 6.1 shows the Total Public Debt Indicators for 2021-2023 from the DSA.

Table 6.1: Total Public Debt Indicators, 2021-2023 (Baseline Scenario)

N/S	Indicators	Threshold*	2021	2022	2023
i	Total Public Debt-to-GDP (%)	60	25.5	26.1	25.8
ii	Gross Financing Needs-to-GDP (%)	15	3.8	3.1	2.4
iii	Debt Service-to-Revenue (%)		33.9	28.2	31.5

* The Threshold means the level in which if exceeded, promptly raises sovereign risk to unsustainable level

The ratio of Debt Service-to-Revenue is projected to decline from 33.9 percent in 2021 to 28.2 percent in 2022, as a consequence of improvement in the revenue performance of the

Government, but would increase to 31.5 percent in 2023 due to the payment of maturing USD500 million Eurobonds.

Table 6.2 shows that the Liquidity risk measured by Bond Spread at 315 basis points, which is within the low (early warning - 200 basis points) and high (upper bound - 600 basis points) risk thresholds and Exchange rate risk measured by share of Foreign Currency denominated debt as a percentage of Total Public debt at 34 percent of Total Public debt, which is within the low (early warning - 20 percent) and high (upper-bound - 60 percent) risk thresholds showed a moderate risk exposure to the Total Public Debt portfolio. However, the negative change in the share of short-term debt at -1.1 percent, below the low (0.5 percent) and high (1.0 percent) risk thresholds implies a very low risk level, indicating a reduction in the share of short-term debt relative to long-term debt in the Total Public debt stock. Table 6 shows the Total Public Debt Risk Assessment (Baseline)

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

S/N	Risk Type	Indicators	Low Risk Threshold	Moderate Risk Threshold	High Risk Threshold	2021 DSA Risk Measures
i	Liquidity Risk	Bond Spread (basis points)	Below 200	Between 200 and 600	Above 600	315
ii	Exchange Rate Risk	Share of Debt in Foreign Currency (in Percent of Total Public Debt)	Below 20	Between 20 and 60	Above 60	34
iii	Refinancing Risk	Share of Short-term Debt in the Total Debt (in Percent of Total Public Debt)	Below 0.5	Between 0.5 and 1.0	Above 1.0	-1.4

6.4.1.1 Macro-Fiscal Shock Scenario

The combined Macro-Fiscal Shock that incorporates the individual shock (real GDP growth, inflation, real Interest rate, real Exchange rate and Primary Balance) would increase the Total Public Debt-to-GDP ratio to 30.2 and 32.1 percent in 2022 and 2023 respectively compared to the 26.1 and 25.8 percent in the Baseline, but lower than the MAC-DSA threshold of 60 percent for Emerging Markets. The ratios of Debt-Service-to-Revenue are high in the Macro-Shock scenario at 31.1 and 38.5 percent in 2022 and 2023, respectively, compared to 28.2 and 31.5 percent in the baseline. Table 6.3 shows the Total Public Debt, 2021-2023 under the shock scenario.

Table 6.3: Total Public Debt Indicators, 2021-2023 (Shock Scenario)

N/S	Indicators	Threshold*	2021	2022	2023
i	Total Public Debt-to-GDP (%)	60	24.2	30.2	32.1
ii	Gross Financing Needs-to-GDP (%)	15	3.6	4.6	4.2
iii	Debt Service-to-Revenue (%)		32.0	31.1	38.5

* The Threshold means the level in which if exceeded, promptly raises sovereign risk to unsustainable level

6.4.1.2 Oil Price Shock Scenario

Under Oil Price Shock, the Total Public-Debt-to-GDP ratio would go up to 27.3 and 29.6 percent in 2022 and 2023 respectively compared to 26.1 and 25.8 percent in the baseline. The higher Gross Financing Needs-to-GDP and Debt Service-to-Revenue ratios under the Oil Price shock scenario compared to the Baseline and Macro-Fiscal shocks reinforce the need for the Government to continue to boost domestic revenue mobilization. Table 6.4 shows the Total Public Debt, 2021-2023 under the Oil Price shock scenario.

Table 6.4: Total Public Debt Indicators, 2021-2023 (Shock Scenario)

N/S	Indicators	Threshold*	2021	2022	2023
i	Total Public Debt-to-GDP (%)	60	24.2	27.3	29.6
ii	Gross Financing Needs-to-GDP (%)	15	3.6	5.0	4.6
iii	Debt Service-to-Revenue (%)		32.0	37.8	44.5

* The Threshold means the level in which if exceeded, promptly raises sovereign risk to unsustainable level

6.4.2. Alternative Scenario

Under the Alternative Scenario by the inclusion of FGN Guarantees in the sum of ₦4.63 trillion as at December 31, 2020 and Ways and Means Advances of the Central Bank of Nigeria in the sum of ₦15.0 trillion, would also increase the Total Public Debt-to-GDP ratios to 36.5 and 35.4 percent in 2022 and 2023 respectively compared to 26.1 and 25.8 percent in the Baseline, but still below the MAC-DSA threshold of 60 percent for the Emerging Markets. These high debt levels would come with increase in short-term risks, which would be moderated significantly when on-going arrangements to securitise the Ways and Means Advances into longer dated FGN securities are concluded. Table 6.5 shows the Total Public Debt Indicators for 2021-2023 from the DSA with FGN Guarantees and Ways and Means Advances of the CBN.

Table 6.5: Total Public Debt Indicators, 2021-2023 (with FGN Guarantees and Way and Means)

S/N	Indicators	Threshold*	2021	2022	2023
i	Total Public Debt-to-GDP (%)	60	28.0	36.5	35.4
ii	Gross Financing Needs-to-GDP (%)	15	3.8	3.6	3.3
iii	Debt Service-to-Revenue (%)		33.9	35.5	42.7

* The Threshold means the level in which if exceeded, promptly raises sovereign risk to unsustainable level

6.5 Conclusion

Nigeria's Total Public Debt portfolio remains at a moderate risk under the Baseline Scenario, but susceptible to refinancing, liquidity and exchange rate risks. Refinancing risk is mitigated by longer maturities of the debt instruments in line with targets in the MTDS, 2020-2023 which provides for an average tenor of 10 years for Total Public Debt stock, and 75:25 for long and short in Domestic Debt. The low Gross Financing Needs-to-GDP at a range between 2 and 4 percent and Bond spread of 315 basis points, compared to their respective thresholds of 15 percent and 600 basis points minimize the liquidity risk, while the foreign exchange risk is mitigated by the domestic currency denominated debt, which accounted for 61.40 percent of the Total Public Debt as at December 31, 2020. The Macro-Fiscal and Oil Price shocks are expected to increase these risks and financing pressures, as well as Debt Service-to-Revenue ratio, which was high at 37.8 and 44.5 in 2022 and 2023 respectively, under the oil price shock compared to 28.2 and 31.5 under the baseline. The sustained implementation of economic initiatives and reforms by the Government aimed at stimulating growth and boosting revenue, as well as restructuring of the CBN's Ways and Means Advances into longer dated FGN Securities are expected to moderate financing pressures and liquidity risk, respectively in the medium-term

Under the Alternative Scenario, by the inclusion of FGN Guarantees in the sum of ₦4.63 trillion as at December 31, 2020 and Ways and Means Advances of the Central Bank of Nigeria in the sum of ₦15.0 trillion, the Total Public Debt-to-GDP ratios were relatively high at 36.5 and 35.4 percent in 2022 and 2023 respectively compared to 26.1 and 25.8 percent in the Baseline, but below the MAC-DSA threshold of 60 percent for Emerging Markets.

6.6 Recommendations

The key policy recommendations of the 2021 MAC-DSA exercise include:

6.6.1 Borrowing Limit for 2022-2023

The DSA Exercise presents an opportunity to determine the available fiscal space for Borrowing for the succeeding year 2022, based on the Country-Specific Debt Limit of 40 percent (up to 2023), for the ratio of Public Debt-to-GDP. Given that the Total Public Debt-to-GDP ratio is projected at 26.12 percent by December 31, 2022, the fiscal space available for borrowing is estimated at 13.88 percent. Therefore, based on the projected 2022 GDP

of US$448.32 billion and Nigeria's country-specific Debt to GDP limit of 40 percent, the Borrowing Limit for the fiscal years 2022 and 2023 will be about US$62.21 billion or ₦25.586 trillion (at an official exchange rate of US$1/₦411.3). In line with Nigeria's MTDS, 2020-2023, the proposed New Borrowing could be raised from both Domestic and External sources. These recommended maximum amounts that could be borrowed, would depend on the absorptive capacity of the domestic debt market, and the ability to access the external market. In line with the MTDS, 2020-2023, the borrowings would be long-term, and would be strategically deployed to fund priority infrastructure projects some of which are expected to generate revenues.

6.6.2 Other Recommendations

i Strengthening and continued implementation of the Strategic Revenue Growth Initiatives to shore up Government revenues, to reduce financing pressures, and expand the fiscal space;

ii Sustaining the implementation of the National Development Plan (NDP), 2021-2025 to maintain the recovery in the economy;

iii Rationalizing expenditure by focusing on priority spending on growth-enhancing sector of the economy;

iv Effective implementation of the Petroleum Industry Act (PIA), 2021 which is expected to attract investment in the oil and gas sector;

v Enhancing growth in non-oil Export through fiscal and trade incentives,

vi Maintaining relative stability in the foreign exchange market;

vii Encouraging private sector participation in funding infrastructure projects through Public-Private Partnership arrangements; and,

viii Improving and sustaining political and macroeconomic stability, as well as addressing security and infrastructural challenges, to attract Foreign Direct Investments (FDIs).

CHAPTER SEVEN

SUB-NATIONAL DEBT MANAGEMENT

The Total External Debt Stock of the States and the FCT was US$4,771.23 million as at December 31, 2021 relative to US$4,773.63 million as at December 31, 2020 representing a marginal decrease of US$2.40 million or 0.05 percent. The External Debt Stock of Sub-nationals constitutes FGN's on-lent loans obtained from Multilateral and Bilateral sources, whose proceeds were utilized by the States and FCT to finance various projects and programmes. The Total External Debt Service of the States and the FCT in 2021 was US$178.45 million compared to the US$165.90 million in 2020, while the Domestic Debt of the States and FCT as at December 31, 2021 was ₦4.458 trillion compared to ₦4.186 trillion as at December 31, 2020.

7.1 External Debt Stock of States and FCT

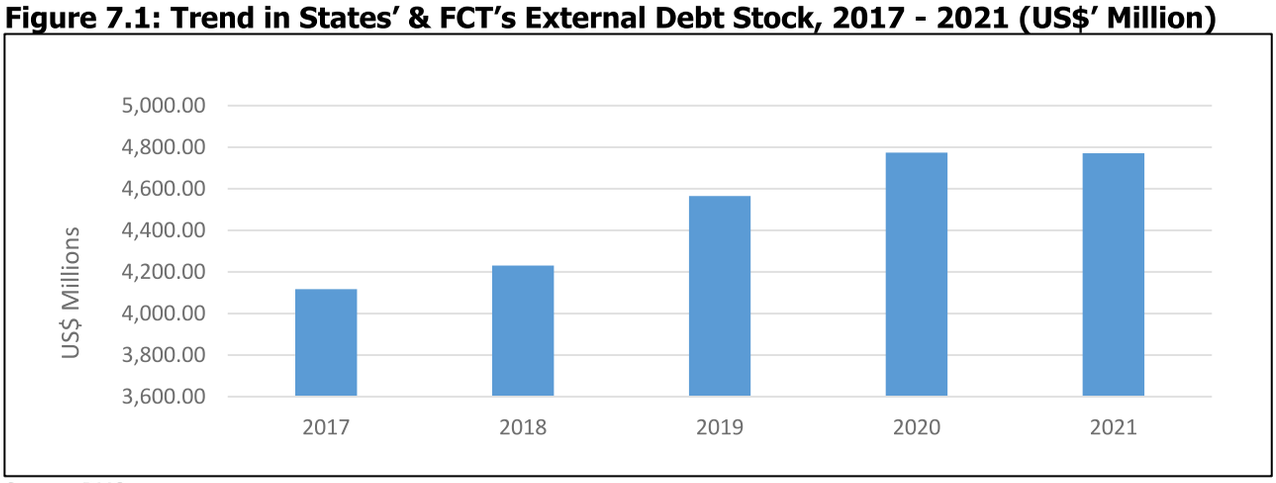
The Total External Debt Stock of the States and the FCT was US$4,771.23 million as at December 31, 2021 compared to US$4,773.63 million as at December 31, 2020 representing a marginal decrease of US$2.4 million or 0.05 percent (Table 7.1 and Figure 7.1). This decrease as a result of disbursements declined by existing Multilateral and Bilateral creditors for some States. While the Multilateral creditors accounted for US$4,498.45 million or 93.46 percent of the External Debt Stock of the States and the FCT, the stock of debt owed to Bilateral creditors amounted to US$239.60 million or 6.54 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, 2017 - 2021 (US$' Million)

Years	2017	2018	2019	2020	2021
States' External Debt Stock	4,117.13	4,230.72	4,564.87	4,773.63	4,771.23

Source: DMO

Figure 7.1: Trend in States' & FCT's External Debt Stock, 2017 - 2021 (US$' Million)



Source: DMO

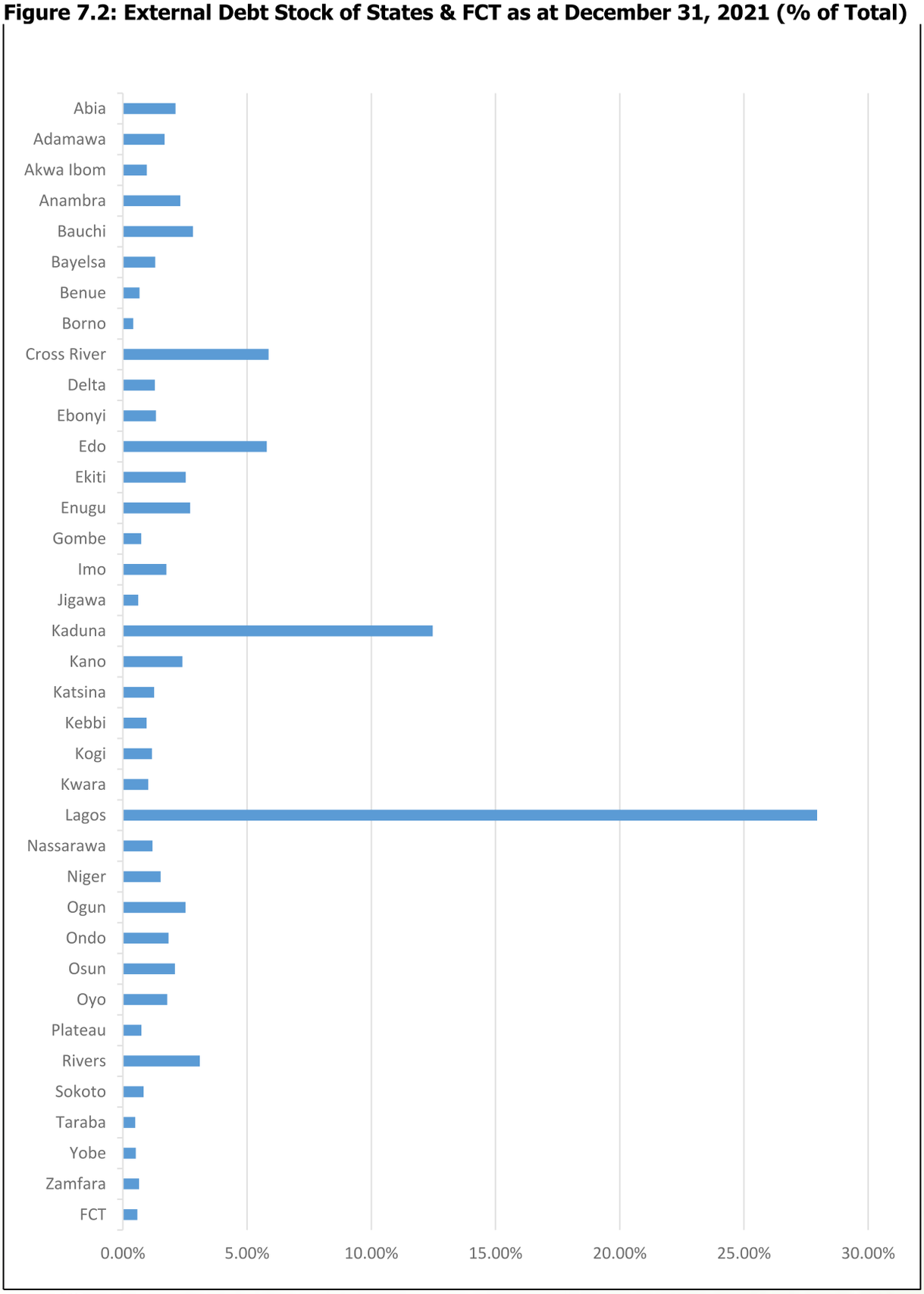
Table 7.2 and Figure 7.2 show the breakdown of External Debt outstanding for the States and the FCT as at December 31, 2021. Lagos State had the highest External Debt of US$1,333.52 million or 27.95 percent, followed by Kaduna and Cross River States with US$595.12 million or 12.47 percent and US$279.71 million or 5.86 percent. Taraba and Yobe States and FCT had the lowest outstanding External Debt, with US$23.54 million or 0.49 percent, US$24.75 million or 0.52 percent, and US$27.80million or 0.52 percent, respectively.

Table 7.2: External Debt Stock of States & FCT as at December 31, 2021 (US$)

S/N	States and FGN	Multilateral	Bilateral (AFD)	Bilateral (CHINA EXIM BANK, JICA, INDIA, KFW	Commercial		Total	
						Prommisory Notes		
		USD	USD	USD	Eurobonds & Diaspora Bonds USD		USD	% of Total
1	Abia	101,132,954.37	-	-	-	-	101,132,954.37	2.12%
2	Adamawa	73,728,066.38	6,500,000.00		-	-	80,228,066.38	1.68%
3	Akwa Ibom	46,031,858.21	-	-	-	-	46,031,858.21	0.96%
4	Anambra	110,269,840.49	-	-	-	-	110,269,840.49	2.31%
5	Bauchi	134,455,238.40	-	-	-	-	134,455,238.40	2.82%
6	Bayelsa	62,124,800.66	-	-	-	-	62,124,800.66	1.30%
7	Benue	32,004,644.69	-	-	-	-	32,004,644.69	0.67%
8	Borno	19,845,873.22	-	-	-	-	19,845,873.22	0.42%
9	Cross River	215,134,292.83	43,900,000.00	20,676,994.82	-	-	279,711,287.65	5.86%
10	Delta	61,412,768.79	-	-	-	-	61,412,768.79	1.29%
11	Ebonyi	63,468,402.18	-	-	-	-	63,468,402.18	1.33%
12	Edo	276,295,191.95	-	-	-	-	276,295,191.95	5.79%
13	Ekiti	120,603,760.16	-	-	-	-	120,603,760.16	2.53%
14	Enugu	122,693,969.00	6,500,000.00	-	-	-	129,193,969.00	2.71%
15	Gombe	35,140,105.02	-	-	-	-	35,140,105.02	0.74%
16	Imo	76,652,334.49	7,000,000.00	-	-	-	83,652,334.49	1.75%
17	Jigawa	29,456,929.24	-	-	-	-	29,456,929.24	0.62%
18	Kaduna	582,324,014.34	-	12,798,853.50	-	-	595,122,867.84	12.47%
19	Kano	110,866,692.27	3,369,600.00	-	-	-	114,236,292.27	2.39%
20	Katsina	60,007,294.84	-	-	-	-	60,007,294.84	1.26%
21	Kebbi	45,502,202.91	-	-	-	-	45,502,202.91	0.95%
22	Kogi	55,987,205.25	-	-	-	-	55,987,205.25	1.17%
23	Kwara	48,868,548.63	-	-	-	-	48,868,548.63	1.02%
24	Lagos	1,201,231,462.26	132,291,538.46	-	-	-	1,333,523,000.72	27.95%
25	Nassarawa	56,876,073.68	-	-	-	-	56,876,073.68	1.19%
26	Niger	60,111,596.25	12,500,000.00	-	-	-	72,611,596.25	1.52%
27	Ogun	115,292,486.65	5,000,000.00	-	-	-	120,292,486.65	2.52%
28	Ondo	82,671,377.95	5,000,000.00	-	-	-	87,671,377.95	1.84%
29	Osun	87,733,113.57	12,245,989.00	-	-	-	99,979,102.57	2.10%
30	Oyo	85,267,618.51	-	-	-	-	85,267,618.51	1.79%
31	Plateau	30,682,283.68	5,000,000.00	-	-	-	35,682,283.68	0.75%
32	Rivers	147,779,956.85	-	-	-	-	147,779,956.85	3.10%
33	Sokoto	39,721,872.70	-	-	-	-	39,721,872.70	0.83%
34	Taraba	23,544,189.83	-	-	-	-	23,544,189.83	0.49%
35	Yobe	24,757,878.32	-	-	-	-	24,757,878.32	0.52%
36	Zamfara	31,003,814.54	-	-	-	-	31,003,814.54	0.65%
37	FCT	27,770,992.98	-	-	-	-	27,770,992.98	0.58%
Total		**4,498,451,706.10**	**239,307,127.46**	**33,475,848.32**	-	-	4,771,234,681.88	100.00%

Source: DMO

Figure 7.2: External Debt Stock of States & FCT as at December 31, 2021 (% 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 2021 was US$178.45 million compared to US$165.90 million in 2020, represent an increase of US$12.55 million or 7.56 percent was due to payment of principal and interest on the outstanding loans during the year. Table 7.3 shows the trend of External Debt Service of the States and the FCT from 2017 to 2021.

Table 7.3: External Debt Service of States & FCT, 2017 - 2021 (US$' Million)

S/N	States	2017	2018	2019	2020	2021
1	Abia	1.16	1.5	1.82	1.72	2.17
2	Adamawa	1.72	1.72	1.73	2.55	2.62
3	Akwa Ibom	4.41	4.35	1.72	1.74	1.69
4	Anambra	1.49	1.62	1.99	2.03	2.00
5	Bauchi	2.63	2.63	4.89	5.20	5.05
6	Bayelsa	1.12	1.24	1.41	1.42	1.56
7	Benue	0.87	0.93	1.04	1.01	1.18
8	Borno	0.73	0.65	0. 69	0.75	0.85
9	Cross River	9.27	9.12	4.6	7.62	7.88
10	Delta	0.82	1.02	1.11	1.04	1.25
11	Ebonyi	1.26	1.42	1.65	1.70	1.83
12	Edo	2.78	2.97	3.28	3.43	3.39
13	Ekiti	2.47	1.94	3.56	3.82	4.06
14	Enugu	2.07	2.02	3.1	3.18	3.28
15	Gombe	1.01	1.37	1.36	1.69	2.08
16	Imo	1.9	1.95	2.08	2.08	2.75
17	Jigawa	1.05	1.08	1.13	1.16	1.20
18	Kaduna	8.09	7.64	8.7	13.77	16.10
19	Kano	1.96	2.25	2.81	2.85	2.92
20	Katsina	4.08	4	4.11	4.21	4.26
21	Kebbi	1.84	1.55	1.53	1.84	1.99
22	Kogi	0.97	1.06	1.16	1.47	1.49
23	Kwara	1.33	1.5	1.56	1.55	1.78
24	Lagos	31.47	35.2	43.03	57.05	61.81
25	Nasarawa	1.03	1.23	1.34	1.34	1.30
26	Niger	1.35	1.33	1.56	2.24	2.30
27	Ogun	3	2.91	2.84	3.04	3.78
28	Ondo	2.03	2.4	2.65	2.62	2.62
29	Osun	3.85	3.94	4.12	5.20	5.16
30	Oyo	4.59	4.84	8.29	10.95	11.18
31	Plateau	0.77	0.82	0.89	1.30	1.26
32	Rivers	2.07	2.12	9.46	8.36	7.26
33	Sokoto	1.36	1.42	1.5	1.47	1.60
34	Taraba	0.73	0.8	0.8	1.11	2.25
35	Yobe	1.27	1.34	1.36	0.95	1.33
36	Zamfara	0.81	0.94	1.12	1.13	1.19
37	FCT	1.49	1.44	1.12	1.54	2.03
	Total	**110.83**	**116.24**	**137.56**	**165.90**	**178.45**

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 2021. 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, 2021, 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, 2021.

Table 7.4: Total Domestic Debt of the 36 States and the FCT as at Dec. 31, 2021 (₦)

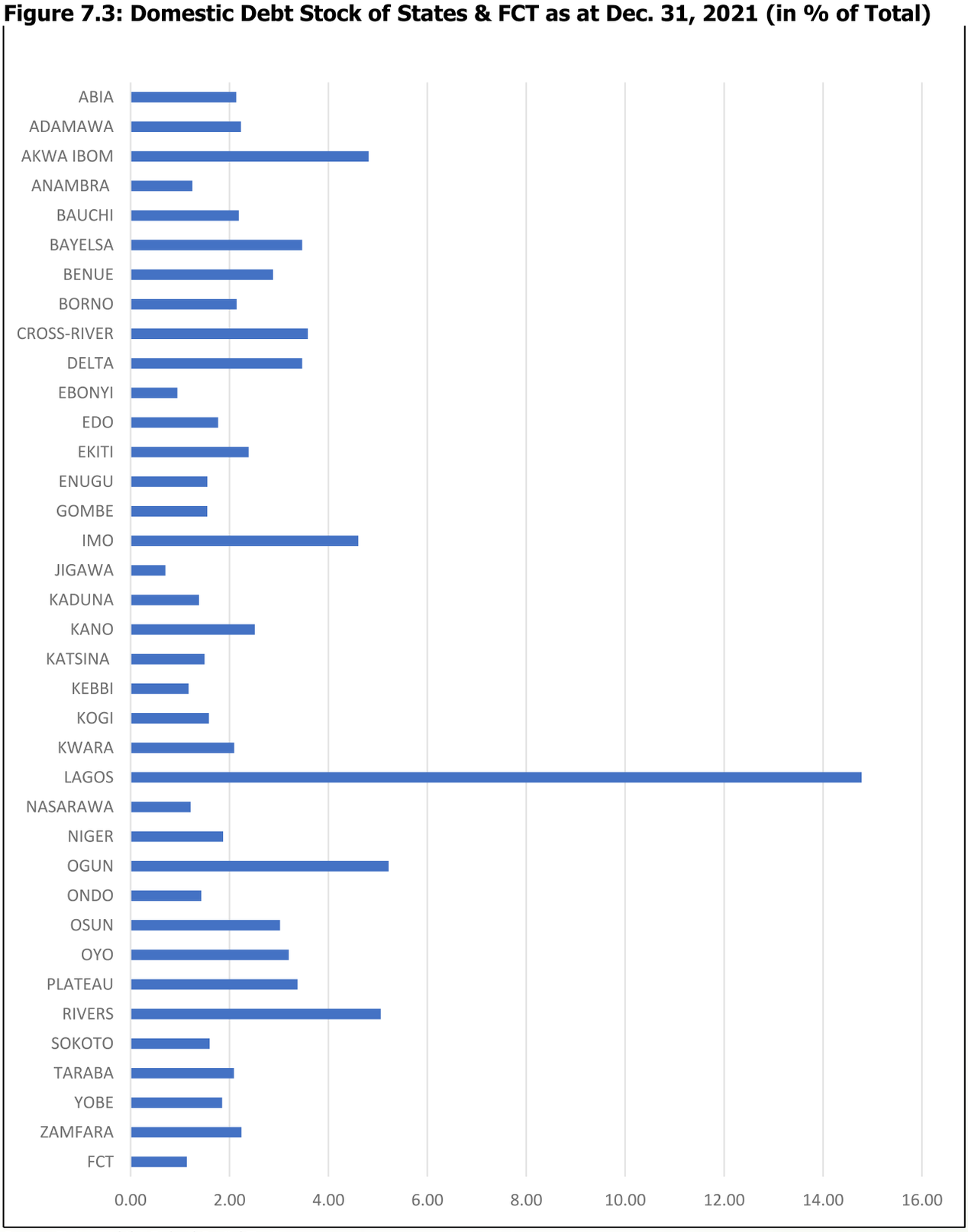
S/N	State	Debt Stock	% Share of Total
1	Abia	95,212,687,526.87	2.14
2	Adamawa	99,546,925,540.21	2.23
3	Akwa ibom	214,608,901,124.02	4.81
4	Anambra	55,715,871,700.61	1.25
5	Bauchi	97,512,505,086.17	2.19
6	Bayelsa	154,610,714,417.03	3.47
7	Benue	128,349,137,648.15	2.88
8	Borno	95,629,388,229.27	2.15
9	Cross-river	159,817,911,703.63	3.58
10	Delta	154,613,430,716.40	3.47
11	Ebonyi	42,160,050,001.31	0.95
12	Edo	78,898,662,554.42	1.77
13	Ekiti	106,392,266,984.46	2.39
14	Enugu	69,169,594,013.02	1.55
15	Gombe	69,131,414,495.94	1.55
16	Imo	205,189,461,320.27	4.60
17	Jigawa	31,355,699,951.72	0.70
18	Kaduna	61,711,008,612.16	1.38
19	Kano	111,896,457,385.67	2.51
20	Katsina*	66,675,639,486.81	1.50
21	Kebbi	52,328,132,269.40	1.17
22	Kogi	70,660,141,638.40	1.58
23	Kwara	93,372,803,241.96	2.09
24	Lagos	658,959,728,218.34	14.78
25	Nasarawa	54,097,105,862.47	1.21
26	Niger	83,400,390,653.54	1.87
27	Ogun	232,622,135,016.73	5.22
28	Ondo	63,812,139,549.89	1.43
29	Osun	134,700,861,676.61	3.02
30	Oyo	142,561,877,915.91	3.20
31	Plateau	150,496,218,244.16	3.38
32	Rivers**	225,505,011,356.83	5.06
33	Sokoto	71,290,133,242.97	1.60
34	Taraba	93,184,991,218.36	2.09
35	Yobe	82,461,349,492.75	1.85
36	Zamfara	99,939,746,045.19	2.24
37	FCT	50,653,647,410.77	1.14
	TOTAL	**4,458,244,141,552.41**	**100.00**

Source: DMO

Notes:

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

Figure 7.3: Domestic Debt Stock of States & FCT as at Dec. 31, 2021 (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

As parts of its efforts to upscale the knowledge and competence of the sub- national debt managers, SPD in the year under review held a one-day virtual training on the "Use of Excel for Domestic Debt Data Collation and Reporting" in August 2021 for officials of the Borno State Debt Management Department. The Training Session was declared opened by the Permanent Secretary in the State Ministry of Finance, while the participants included the State Accountant-General, as well as, other senior officials from the Final Accounts Department and the SFTAS Focal Officer.

In October 2021, a capacity building programme on "Public Debt Creation and Sub-national Debt Management" was conducted for officials of the Anambra State Debt Management Department, Staff of the Ministry of Finance and other MDAs in the State. The training brought together thirty-six (36) Senior and Middle Cadre Officers drawn from (13) MDAs in the State, among which were the Offices of the State Accountant-General and Auditor General, the State Ministries of Finance and Economic Planning, Transport, Public Utilities, Environment, Agriculture, Trade & Commerce, Information and Education, as well as the Office of the State Head of Service.

Under the AfDB MIC-TAF Grant, the DMO in the year under review, successfully carried out the following capacity building programmes for the officials of the Sub-nationals:

i. Capacity Building 1- Effective Public Debt Management and Domestic Debt Reconciliation – This Capacity Building Programme was conducted for officials of the Edo, Nasarawa, Kwara, Benue, Taraba, Abia, Anambra and Cross River States across the north and south geographical zones in Nigeria. This programme commenced in 2020 and was scoped to cover twelve (12) States, which was achieved in the 2021 Fiscal Year. The training programme helped to improve debt management practices in the States through awareness on the role of Debt Management in the overall public finance management function of the State, as well as, strengthen the capacity of sub-national debt managers to optimally manage the State's debt obligations.

ii. Capacity Building 2 - Zonal Debt Sustainability Analysis (DSA) – This Capacity Building Programme was conducted in collaboration with the West African Institute for Financial and Economic Management engaged as the Debt Management Capacity Building Consultant (DMCBC), provided technical assistance to enable the States and FCT to conduct the DSA on their own. At the end of the Programme the 36 States that participated were able to prepare DSA reports for their respective States. The CB 2 which commenced in November 2021 was completed in December, 2021 covering the six (6) geo-political zones of the Federation namely; North West, North East, North Central, South West, South -South and the South East.

iii. Capacity Building 3 - State-by-State DSA – The DMO also conducted the State-by-State DSA training Programme in collaboration with WAIFEM, who provided technical assistance. The State-by-State Debt Sustainability Analysis (DSA) exercises were conducted for Six (6) States in the Northern Zone and Six (6) States in the Southern Zone of the Federation. The Programme further furnished the States and the FCT officials with the more in-depth skills and knowledge to undertake annual DSA at the Sub-national level in order to improve debt management practices, reduce cost of debt service, ensure debt sustainability and advance macroeconomic management. At the end of the exercises, 12 States (Benue, Yobe, Kebbi, Ondo, Imo, Delta, Jigawa, Plateau, Adamawa, Bayelsa, Enugu and Ogun State) that participated were able to conduct and prepare DSA reports for their respective States.

7.5.2 Donor Intervention in Sub-National Debt Management

Under the States Fiscal Transparency, Accountability and Sustainability (SFTAS) Programme for Results (PforR), The DMO is assisting the States and FCT to achieve Debt related Disbursement Linked Indicators (DLI): DLI 7- Strengthen public debt management and fiscal responsibility framework, DLI 8- Improved clearance/reduction of stock of domestic expenditure arrears and DLI 9- Improved Debt Sustainability.

In the implementation of the 2021 SFTAS Program, the DMO's Work-Plan targets series of Activities, which can be grouped under four (4) major types of interventions as follows:

i. Peer Learning Programmes: the DMO-SFTAS in the year under review engaged the States and FCT which involved sharing of information and

experiences to sustain efficient and sound debt management practices. Activities conducted include the sensitization of States and FCT on the Legal Framework for Debt Management, conducting Sub-national DSA-MTDS and Domestic Arrears Management. Therefore, as part of its effort to assist the States and FCT achieve DLI 9, the DMO in collaboration with the World Bank developed a Sub-national Debt Sustainability Analysis (S-DSA) and Medium-Term Debt Strategy (MTDS) Template which guided and enabled the States of the Federation and FCT to conduct annual DSA and MTDS towards achieving DLI-9 (Debt Sustainability).

ii. Technical Assistance and Capacity Building Initiatives: the DMO-SFTAS conducted series of both virtual and physical Technical Workshops aimed to address and explain technical issues on the S-DSA and MTDS Template as the Report Template. The physical technical workshops were held in Abuja for the Northern States and Lagos for the Southern States, respectively.

iii. Just-in-Time Advisory Services: The DMO-SFTAS organised a customised Virtual just-in-time advisory services to some States on the development of Legal Framework for Public Debt Management and Fiscal Responsibility, Debt Reporting, Debt Recording and Management Systems, State DSA and MTDS, as well as Domestic Arrears Management.

iv. Capacity Building to the DMO: With support from the World Bank, DMO staff benefited in the Capacity building in areas of development of Guidelines, Technical Knowledge Notes, Tools and Templates to provide Technical Assistance and Capacity Building activities to the States and FCT.

As at end December 2021, while all 36 States of the Federation and the FCT had conducted their S-DSA-MTDS with necessary DMO-SFTAS guidance, Thirty-Four States (34) plus FCT were able to achieve DLI 7.2 requirements and publish the final version of S-DSA-DMS report on their respective websites.

CHAPTER EIGHT
RISK ANALYSIS OF FGN'S PUBLIC DEBT

Nigeria's Total Public Debt Sustainability stood at 22.80 percent for the ratio of Total Public Debt to GDP as at December 31, 2021, which is still below the 55.00 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 moderate, as the share of External Debt in the Public Debt portfolio marginally increased from 39.00 percent in 2020 to 40.00 percent in 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 declined to 2.64 in 2021 compared to 2.75 percent in 2020.

8.1 Introduction

This Chapter presents the Total Public Debt, Costs and Risks performance and FGN's Debt portfolio (excluding States' and FCT's Domestic Debt Stock), performance, as at December 31, 2020. Further analysis of the following risk indicators is covered: Interest Rate, Refinancing, Exchange rate, Credit and Contingent Liabilities risks.

8.2 Debt Portfolio Performance

The ratio of Total Public Debt-to-GDP was at 22.80 percent as at December 31, 2021 compared to 21.61 percent in the corresponding period of 2020, which represent an increase of 1.19 percent due to the new additional borrowing in the year 2020 (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 declined from 66.51 percent in 2020 to 47.45 percent in 2021, indicative of the improvement in Federal Government Revenue in 2021. The government needs to enhance its revenue initiatives and reforms to generate more revenue. The ratios of External Debt Service-to-Exports and External Debt Service-Revenue were at 5.34 percent and 10.00 percent in 2021 compared to 4.73 percent and 7.88 percent in 2020, the increased was as a result of matured 6.75% Eurobond JAN 2021 US$500 million over the period.

Table 8.1: Trend in Total Public Debt Sustainability Indicators, 2017-2021

	Thresholds	2017	2018	2019	2020	2021
Solvency Ratios						
Total Public Debt as % of GDP	55	18.20	19.09	19.00	21.61	22.80
External Debt as % of GDP	*40*	*4.85*	*6.07*	*6.26*	*8.34*	*9.14*
Domestic Debt as % of GDP	-	*13.35*	*13.02*	*12.74*	*13.27*	*13.66*
External Debt as % of Exports	180	43.54	38.69	44.77	96.63	92.57
Liquidity Ratio						
External Debt Service as % of Exports	15	1.12	2.37	2.27	4.73	5.34
External Debt Service as % of Total Revenue	18	2.36	5.95	5.21	7.88	10.00
FGN's Interest Payment as % of Revenue[2]	-	57.22	51.28	43.19	66.51	47.45

Source: DMO
[1]Nigeria's country-specific threshold for Total Public Debt-to-GDP is 40%.
[2]Interest Payment and Revenue apply to FGN-only

8.3 Costs and Risks Performance of FGN Public Debt Portfolio

The analysis of Costs and Risks Performance of the FGN's Public Debt portfolio as at December 31, 2021, covers the External debt of FGN, States and FCT and Domestic debt FGN only. The outcome revealed that the cost of External Debt declined from 3.39 percent in 2020 to 2.67 percent in 2020. Similarly, the average cost of Domestic Debt was at 9.79 percent in 2021 compared to 11.42 percent in 2020. 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, see Table 8.2 below.

Table 8.2: Costs and Risks Indicators of FGN's Total Public Debt Portfolio as at December 31, 2021

Risk Indicators		Target[2]	External	Domestic	Total
FGN's Total Public Debt (NGN' Billions)			15,855	19,242	35,090
Total Public Debt (incl. States' Dom. Debts) as % of GDP[1]		Max. 40%	9.14	13.66	22.80
Cost of debt	Average Interest Rate (%)	*	2.67	9.79	6.50
Refinancing risk	Debt maturing in 1yr (% of total)	Max. 20%	2.50	24.56	14.60
	Average Time-to-Maturity (ATM) years	Min. of 10 yrs	11.70	9.10	10.28
Interest rate risk	Average Term to Re-fixing (ATR) years	*	11.18	9.10	10.04
	Debt Re-fixing in 1yr (% of total)	*	8.61	24.56	17.36
	Fixed rate debt (% of total)	*	93.55	100.0	97.10
FX risk	External Debt (% of Total Public Debt)[3]	30	-	-	40.08

Source: DMO
Notes:
[1]Nominal Values of Total Public Debt Stock was used, and includes States' & FCT's Domestic Debt Stock
[2] Nigeria's Country Specific Targets as set in its Debt Management Strategy, 2020-2023, while none was at for the indicators marked (*)
[3]Total Public Debt covers External and Domestic debts of the FGN, States and FCT

8.3.1 Average Cost of FGN's Total Public Debt

As shown in Table 8.3, the Weighted Average Interest Rates of the External Debt were relatively lower at 2.67 and 9.79 percent in 2021 compared to 3.39 and 11.42 percent in 2020. The weighted Average Interest Rate for the Total FGN's Debt slightly reduced from 7.87 percent in 2020 to 6.50 percent in 2021.

Table 8.3: Trend in Average Interest Rate (Weighted), 2017-2021

Year	2017	2018	2019	2020	2021
External Debt - Average Interest Rate (%)	2.97	4.75	4.30	3.39	2.67
Domestic Debt – Average Interest Rate (%)	12.48	12.73	9.43	11.42	9.79
Total Debt - Average Interest Rate (%)	8.55	9.66	7.45	7.87	6.50

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 slightly increased from 14.50 percent in 2020 to 14.60 percent in 2021. The ratio of Average Time-to-Maturity (ATM) was at 10.28 years as at December 31, 2021 and 10.52 years as at December 31, 2020, these are in line with the strategic target minimum of 10 years. Table 8.5 shows the Trend in Refinancing Risk Indicators, 2017-2021.

Table 8.4: Trend in Refinancing Risk Indicators, 2017-2021

Year	2017	2018	2019	2020	2021
Debt Maturing in 1 year (%)	23.53	18.57	13.77	14.50	14.60
External Debt – Average Time-to-Maturity (Years)	14.26	13.97	13.19	13.48	11.70
Domestic Debt - Average Time-to-Maturity (Years)	7.78	7.43	7.85	8.56	9.10
Total Debt - Average Time-to-Maturity (Years)	11.55	11.62	10.50	10.52	10.28

Source: DMO

8.3.2 Interest Rate Risk

The exposure of FGN's Public Debt to Interest Rate Risk decreased in 2021, as reflected in the decrease of the Average Time-to-Refixing (ATR) to 10.04 years as at December 31, 2021 from to 10.52 years as at December 31, 2020. This is also reflected in the marginal dropped in proportion of fixed rate debt from 97.25 percent in 2020 to 97.10 percent, as the share of variable rate debt slightly increased from 2.75 percent in 2020 to 2.90 in 2021. The Debt Re-fixing in one year as percentage of total, which indicates exposure of the

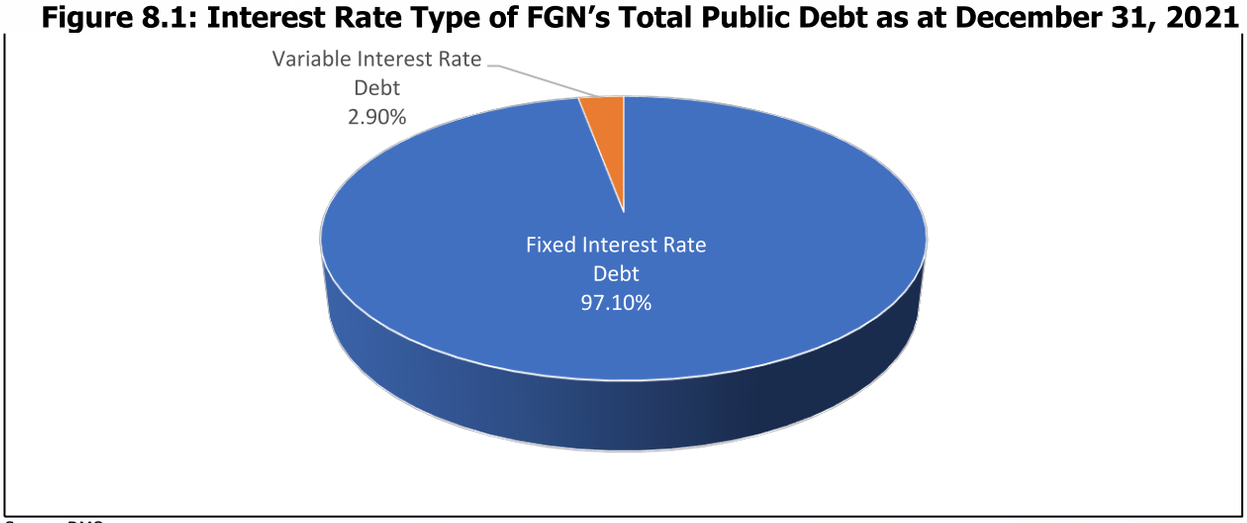
outstanding debt portfolio to interest rate changes, showed that the interest rate risk amounted at 17.36 percentage point in 2021 compared to 17.12 percent in 2020, representing a marginal increase of 0.24 percent over the period, indicating appreciable improvement in the structure of the portfolio in favour of longer-tenored both in external and domestic borrowing. In Table 8.4, Trend in Interest Rate Risk Indicators, 2017-2021, in Table 8.4.

Table 8.5: Trend in Interest Rate Risk Indicators, 2017-2021

Year	2017	2018	2019	2020	2021
Fixed Interest Rate Debt (%)	97.28	97.52	96.46	97.25	97.10
Variable Interest Rate Debt (%)	2.72	2.48	3.54	2.75	2.90
External Debt - Average Time-to-Re-fixing (Years)	13.41	13.44	12.60	12.99	11.18
Domestic Debt - Average Time-to-Re-fixing (Years)	7.78	7.43	7.85	8.56	9.10
Total Debt - Average Time-to-Re-fixing (Years)	9.55	9.71	10.08	10.52	10.04
Debt Re-fixing in 1 year (% of Total Public Debt)	26.22	20.98	17.18	17.12	17.36

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, 2021

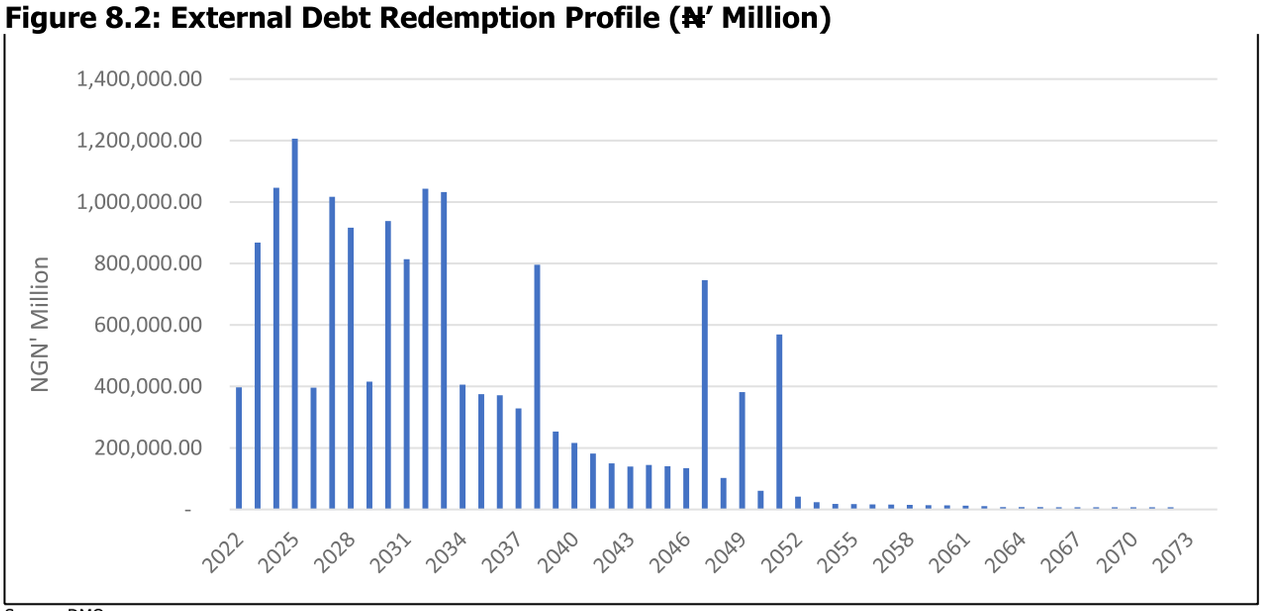


Source: DMO

8.4 Redemption Profile

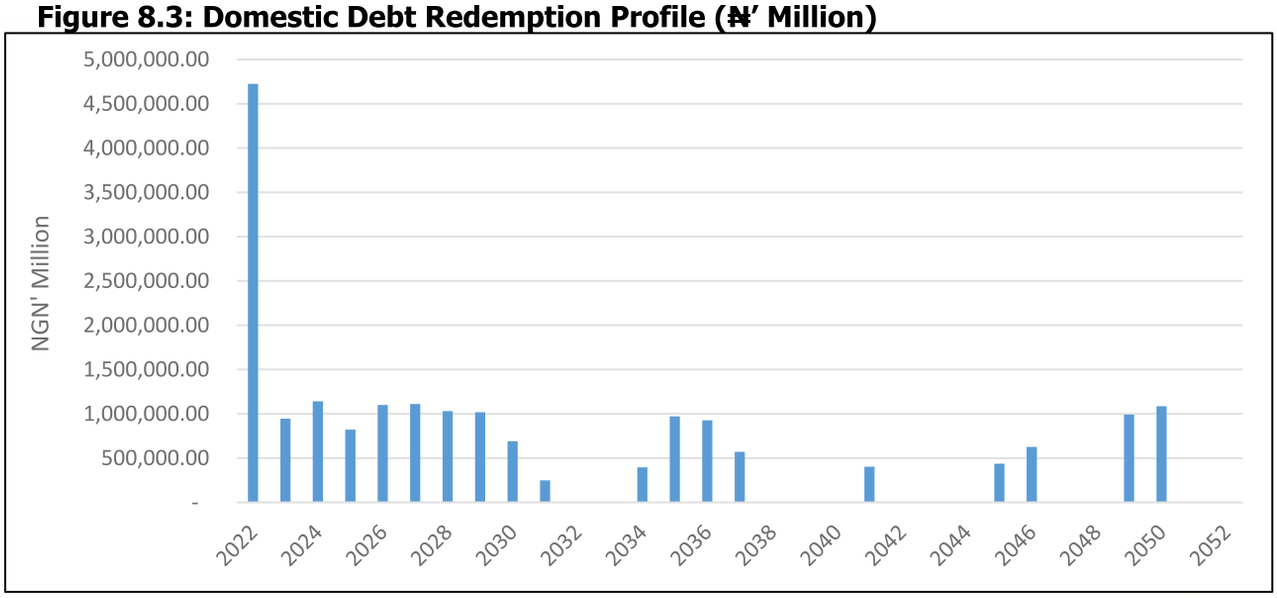
The External Debt Redemption Profile is fairly smooth with relatively high maturities occasioned by maturities of Eurobonds or the Diaspora Bond. The issuance of securities in the ICM was structured to spread the maturities over several years (up to 30 years) to avoid bunching of maturities and to create a US Dollar Sovereign Yield Curve for Nigeria in the ICM. The Domestic Debt Redemption Profile is also evenly spread out so as to avoid bunching of maturities. See Figures 8.2 and 8.3 below.

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



Source: DMO

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



Source: DMO

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

The FGN's Public Debt portfolio exposure to Foreign Exchange Risk remained minimal in the year under review, as the share of Total External Debt was at 40.00 percent of the Total Debt portfolio in 2021 and 39.00 percent in 2020, compared with the benchmark of domestic to external debt composition of Max70:Min30 in the MTDS, 2020-2023. The trend of the External Debt Component of the Total Public Debt Portfolio for the period, 2017-2021, see Table 8.6.

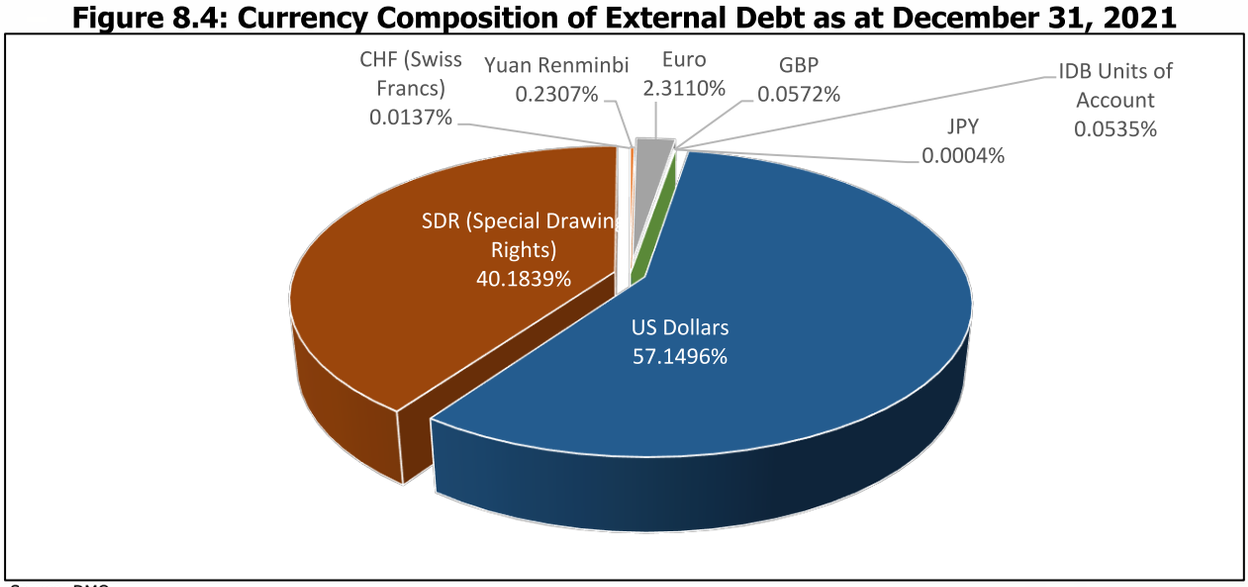
Table 8.6: Trend in Foreign Exchange Component of Debt Portfolio, 2017-2021

Year	2017	2018	2019	2020	2021
Domestic Debt (%)	73	68	67	61	60
External Debt (%)	27	32	33	39	40
Total Debt	100	100	100	100	100

Source: DMO

The Currency Composition of the External Debt portfolio as at December 31, 2021, comprised the United States Dollar (US$), British Pound Sterling (GBP), Euro (EUR), Swiss Franc (CHF), Chinese Yuan (Renminbi), Islamic Dinar (ID), Japanese Yen (Yen), Special Drawing Rights (SDR). US Dollars accounted for 57.1496 percent of the Currency Composition of the Total External Debt portfolio, while SDR accounted for 40.1839 percent. Others include GBP (0.0572 percent), EUR (2.2110 percent), CHF (0.0137 percent), Chinese Yuan (0.2307 percent), ID (0.0535 percent) and JPY (0.0004 percent), respectively. As shown in Figure 8.4, the US Dollars and SDR dominated the Currency Composition of the External Debt portfolio.

Figure 8.4: Currency Composition of External Debt as at December 31, 2021



Source: DMO

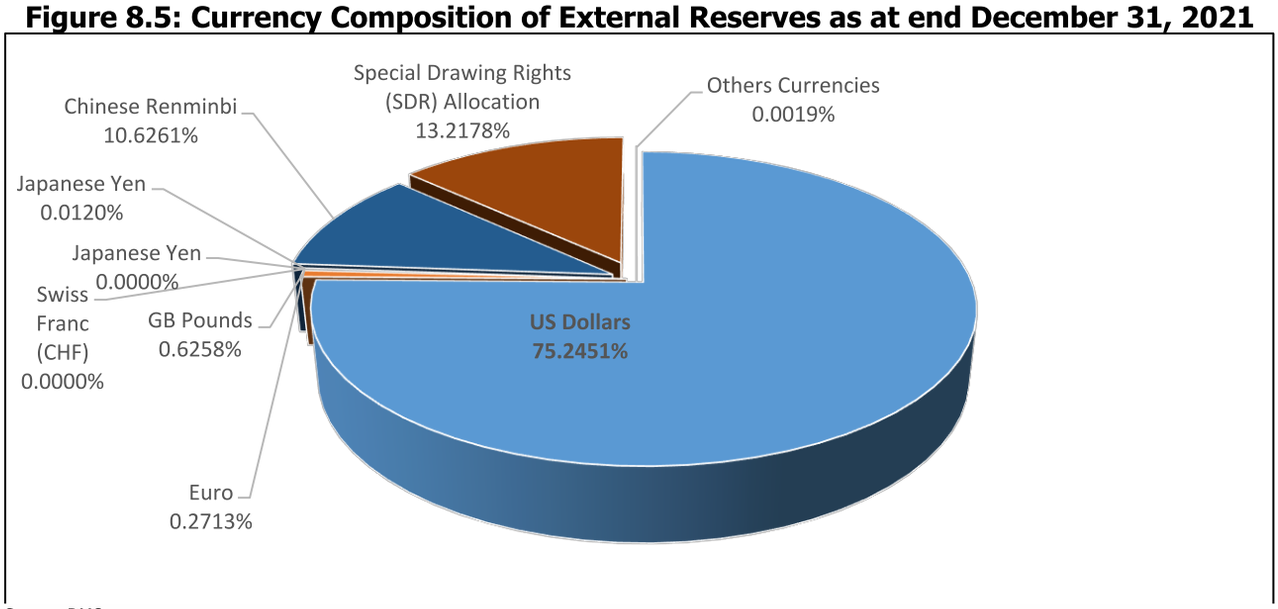
Exchange Rate Risk arising from the exposure to the US Dollars is mitigated by Nigeria's External Reserves, which is predominantly in US Dollars. In addition, the External Creditors' Funding Account (ECFA) through which External Debt Service is made is also denominated in US Dollars.

Table 8.7: Currency Composition of External Reserve Asset as at December 31, 2021

Currency	USD Equivalent	% of Total
US Dollars	30,489,714,620.72	75.2451
GB Pounds	253,577,487.57	0.6258
Euro	109,932,202.58	0.2713
Swiss Franc	0.00	0.0000
Japanese Yen (JPY)	4,862,463.81	0.0120
Chinese Yuan (Renminbi)	4,305,752,222.15	10.6261
Special Drawing Rights (SDR) Allocation	5,355,922,843.00	13.2178
Other Currencies	769,890.10	0.0019
TOTAL	**40,520,531,729.93**	**100**

Source: CBN

Figure 8.5: Currency Composition of External Reserves as at end December 31, 2021



Source: DMO

Table 8.7 and Figure 8.5 show that Nigeria's External Reserves stood at US$38.09 billion as at December 31, 2019. The Currency Composition of the External Reserves is made up of the following currencies: US Dollars (75.2451 percent), GBP (0.6258 percent), Euro (0.2713 percent), JPY (0.0120 percent), Chinese Yuan (10.6261 percent), SDR (13.2178 percent) and other currencies (0.0019 percent). The Currency Composition of the External Debt portfolio closely matched the Currency Composition of the country's External Reserves, thereby providing further hedge to the External Debt portfolio against Exchange Rate fluctuation (Table 8.8).

Table 8.8: Composition of External Debt & Reserve Assets as at December 31, 2021 (in percent)

Currencies	US$	GBP	Euro	CHF	IDB	JPY	Yuan	SDR	Others
External Debt: Currency Composition	57.1496	0.0572	2.3110	0.0137	0.0535	0.0004	0.2307	40.1839	0.0000
External Reserve: Currency Composition	75.2451	0.6258	0.2713	0.0000	0.0000	0.0120	10.6261	13.2178	0.0019

Source: DMO and CBN

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

As at December 31, 2021, the Credit Risk on the outstanding On-Lent Loans by the FGN to MDAs to fund developmental projects in the key sectors of the economy was relatively minimal. All the Loans were backed by Memoranda of Understanding (MOU) executed between the DMO and the MDAs, to ensure that they are serviced and fully paid as and when due to mitigate the Risk.

8.7 FGN's Contingent Liabilities

Federal Government of Nigeria's Contingent Liabilities amounted to ₦4,580.722 billion in 2021 compared to ₦4,184.998 billion in 2020, representing an increase of ₦395.724 million or 9.46 percent. The FGN's Contingent Liabilities increased in the 2021 due to the inclusion of the Lekki Port LFTZ Enterprise – Lekki Deep Sea Port, as well as additional CLs from Power Sector Contingent Liabilities Put-Call Option Agreement (PCOA), Power Sector Contingent Liabilities – Partial Risk Guarantees (PRG), Payment Assurance Facility for Nigeria Bulk Electricity Trading Plc, Legacy FGN Exposure from PHCN Successor Companies, NNPC – AKK Gas Pipeline Project, respectively. The FGN's exposure to Contingent Liabilities as a percentage of GDP was at 2.64 percent in 2021 compared to 2.75 percent in 2020, representing a decline of 0.11 percent caused by the increased in GDP for the review period. Table 8.9 shows the FGN's exposure to Contingent Liabilities during the period, 2017-2021.

Table 8.9: FGN's Contingent Liabilities 2017-2021 (₦' Billion)

S/N	Liability Type	2017	2018	2019	2020	2021
1.	Local Contractors Debts	-	-	-	-	
2.	Federal Mortgage Bank of Nigeria	5.238	5.238	5.238	5.238	5.238
3.	Nigerian Export-Import (NEXIM) Bank	15.250	6.790	3.487	2.746	1.478
4.	FCDA- Katampe Infrastructure Project	7.441	7.441	7.441	7.441	7.441
5.	Nigeria Mortgage Refinance Company Plc	7.583	18.226	17.707	26.839	24.990
6.	Lekki Port LFTZ Enterprise – Lekki Deep Sea	-	-	-	-	24.600
7.	World Bank Partial-Risk Guarantee in support	72.285	72.641	-	-	-
8.	Power Sector Contingent Liabilities Put-Call	-	-	495.642	401.637	663.013
9.	Power Sector Contingent Liabilities – Partial	-	-	73.465	90.842	98.272
10.	Payment Assurance Facility for Nigeria Bulk	-	561.305	623.590	971.711	1,022.594
11.	Legacy FGN Exposure from PHCN Successor	-	-	778.029	962.064	1,040.756
12	NNPC – AKK Gas Pipeline Project	-	-	-	931.181	1,007.347
13.	Pension Arrears for MDAs	1,043.535	1,245.510	855.258	785.269	684.991
	Total	**1,151.332**	**1,917.150**	**2,859.859**	**4,184.998**	**4,580.722**

Exchange Rate as at December 31, 2021: $/N410 - NAFEX Exch. Rate
*From 2019, reclassified under Power Sector Contingent Liabilities – PRG & PCOA

Notes:

1. Local Contractors Debts - The FGN Guarantee was given on November 24, 2021 to cover the N233,942,080,700.00 Face Value of the 5-year 2016/2017 Split Coupon Bonds issued by the Special Purpose Vehicle (SPV) set up for the resolution of the Local Contractors Debts. The Guarantee expired in July 2017 and did not crystalize.

2. Federal Mortgage Bank of Nigeria - FGN Guarantee of FMBN Bond issued to enable the Bank raise funding from the capital market to refinance the sale of Federal Government non-essential houses under the monetization programme of the Government. All investors in the Bond have been paid and the outstanding balance represents amounts due to Mortgage Loan Originators.

3. Nigerian Export-Import Bank (NEXIM) - FGN Guarantee given on June 2, 2014 to NEXIM for a 10-year Master Line of Credit from African Development Bank (AfDB) in the original sum of US$200 million, which was later revised downward to US$50 million to finance part of the cost of the Export Oriented Small and Medium Enterprises financing programme of the Nigerian Export Import (NEXIM) Bank. Total outstanding obligation as at February 1, 2021: US$3,605,336.99. Converted @410/$).

4. FCDA – Katampe Infrastructure Project - The Guarantee was issued on behalf of the Federal Capital Development Authority (FCDA), in favour of FBN Capital Limited and FBN Trustees Limited, in respect of a bank facility granted to Deanshanger Projects Limited for the provision of integrated civil infrastructure to Katampe District, Abuja. The current outstanding amount confirmed by FCDA is N7,440,504,380.68, excluding accrued interest.

5. Nigeria Mortgage Refinance Company Plc - The Guarantee is to enable NMRC raise long term funds from the capital market by issuing notes for the purpose of refinancing or purchasing mortgages created by Eligible Mortgage Lenders. N29 billion (N8 billion-Series 1; N11 billion Series 2 & N10 billion – Series 3) has been utilized out of the total Guarantee available in the sum of N440 billion.

6. Lekki Port LFTZ Enterprise - FGN Guarantee in favour of Lekki Port LFTZ Enterprise (Concessionaire) to cover the sum of US$800 million in respect of the investment by the Concessionaire for the purpose of funding the construction of a Deep-Sea Port at Lekki Lagos, Nigeria, on a Build, Own, Operate and Transfer basis, for a period of forty-five years, for and on behalf of the Nigerian Ports Authority. $60 million has been utilized out of the Guarantee.

7. World Bank Partial-Risk Guarantee in support of Azura-Edo IPP (Now classified under Power Sector Contingent Liabilities – PCOA & PRG). - World Bank Partial Risk Guarantee in the sum of US$237 million, comprising Debt Mobilization Guarantee of US$117 million and a Liquidity Guarantee of US$120 million, in support of the 450 megawatts Azura-Edo Independent Power Project (IPP). The Federal Government of Nigeria (FGN) entered into an Indemnity Agreement with the International Bank for Reconstruction and Development (IBRD) - World Bank, in 2015, to unconditionally and irrevocably reimburse to the World Bank for amounts paid by the Bank directly or indirectly in relation to or arising from the IBRD Guarantee and to undertake such other obligations to the Bank as are set forth in the Indemnity Agreement.

8. Power Sector Contingent Liabilities - Put-Call Option Agreement - Power Sector Contingent Liabilities arising from Put-Call Option Agreement (PCOA) in favour of Azura-Edo Independent Power Project (IPP) - $938,905,531.57; Calabar NIPP - $500,000,000.00; Afrinergia Power Limited - $74,250,000.00 & CT Cosmos - $103,950,000.00. Converted@ N410/$. Submitted to DMO by Nigeria Bulk Electricity Trading (NBET) Plc.

9. Power Sector Contingent Liabilities – Partial Risk Guarantees - Power Sector Contingent Liabilities arising from Partial Risk Guarantee (PRG) in favour of Azura-Edo IPP - $120,000,000.00; Calabar NIPP - $111,800,000.00; Afrinergia Power Limited - $3,287,250.00 & CT Cosmos - $4,602,150.00. Converted@N410/$. NBET provided the data.

10. Payment Assurance Facility for Nigeria Bulk Electricity Trading (NBET) Plc - FGN Guarantee to the Central Bank of Nigeria for providing N1,301,000,000,000.00 to the Nigeria Bulk Electricity Trading Plc (NBET) for settlement of invoices from Power Generation Companies.

11. Legacy FGN Exposure from PHCN Successor Companies - Figures provided by BPE on FGN's exposure in respect of the debt component of the purchase price of the PHCN successor companies. US$2,538,430,000.00 converted @N410/$.

12. NNPC – AKK Gas Pipeline Project - 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$2,890,522,548.36) of the Project. Converted @N410/$.

13. Pension Arrears for MDAs - Data provided by PENCOM to DMO: Outstanding Retirement Benefits Liability of the FGN for certain categories of its employees. The last employee would be retiring in 2039.

CHAPTER NINE

FEDERAL GOVERNMENT ON-LENT LOANS

The on-lent loans to some MDAs, were part of Government's efforts to ensure that priority development projects were financed to support the growth of critical sectors of the economy so as to enhance the creation of jobs and reduce poverty. As at December 31, 2021, the total outstanding On-lent loans to the MDAs was ₦174.09 billion

9.1 Introduction

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

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

As at December 31, 2021, the number of MDAs that benefited from the FGN's On-lent loans were Eleven (11), the same as in the previous year. The principal amount of the loans outstanding in the year under review (2021) decreased following a repayment of the loan by one of the beneficiaries. This brought the amount of stock outstanding as at 31 December, 2021 to ₦174.09 billion. See Table 9.5 below:

Table 9.1: Principal Outstanding on On-lent Loans as at December 31, 2021

Principal Outstanding on On-lent Loans as at December 31, 2021				
S/N	MDA	FACILITY	LOAN AMOUNT (N)	PRINCIPAL AMOUNT OUTSTANDING (N)
1	Federal Capital Territory Administration (FCTA)	N15 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)	N6.3 Biillion Pioneer Consumer Car Finance Scheme for Public Servants	6,300,000,000.00	1,882,841,431.80
3	Federal Ministry of Transport (FMoT)	N12.5 Billion Nig. Railway Revitalization (25 Locomotives)	12,500,000,000.00	12,500,000,000.00
4	Ministry of Defence	N35 Billion Funding of Peace Keeping Operations	35,000,000,000.00	11,275,102,824.49
5	Ministry of Mines and Steel Development	N2.24 Billion Ajaokuta/NIOMCO Staff Salary Arrears	2,239,175,142.72	2,239,175,142.72
6	Nigerian Television Authority (NTA)	N4.5 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)	N20 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)	N5 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 N63.03 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 Indutry (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

The implementation of the DMO 4th Strategic Plan, 2018-2022 recorded considerable progress and notable achievements in 2021, 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 2021.

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

The end of the fiscal year 2021 marked the third year of the implementation of the DMO's 4th Strategic Plan, 2018-2022, and as in the previous year, notable achievements were made in 2021.

Achievements:

i. *Continued funding of part of the fiscal deficits of the Federal Government's Appropriation Acts, by raising through External Borrowing ₦3.145 trillion and ₦1.623 trillion as New Domestic Borrowing in the 2021 Appropriation Act;*
ii. *Sustained the issuance of longer-tenored instruments in order to minimize refinancing risk;*
iii. *Achieved the following results and surpassed targets in the Nigeria's Debt Management Strategy, 2020 -2023;*
    a) *Attained Total Public Debt ratio of 60:40 for Domestic to External debt;*
    b) *Lengthened the maturity profile of the Total Public Debt portfolio to an average of 10.28 years;*
    c) *Attained Domestic Debt portfolio mix of 80:20 ratio for Long-term to Short term debt; and,*
    d) *Reduced proportion of debt maturing within one year in the Total Public Debt Portfolio to 14.60 percent.*
    e) *Efforts to achieve the target of the public debt composition of 70:30 ratio for domestic and external debt are being intensified.*

10.2 Debt Sustainability Analysis (2021)

The DMO organized the 2021 MAC DSA Exercise from November 2-11, 2021 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 shows that Nigeria's Total Public Debt is sustainable in the medium-term. The Debt Profile shows moderate risk and susceptible to some shocks such as Market Perception, Share of Debt held by Non-Resident and Foreign Currency

Denominated Debt, which may undermine debt sustainability in the medium-term. However, the sustained implementation of economic initiatives and reforms by the Government aimed at stimulating growth and boosting revenue are expected to moderate these shocks and financing pressures in the medium-term. In addition, if the CBN financing through Ways and Means Advances is re-structured into long term debt.

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) Meetings in 2021. The Meeting was held at the Office of the Vice President and Chairman of the Board on June 3, 2021.

10.4 Staffing Issues

10.4.1 Recruitment of New Staff

There was no recruitment of new staff into the DMO in 2021.

10.4.2 Staff Exit

In 2021, four (4) members of staff exited the DMO, three (3) exited upon attaining the mandatory retirement age of 60 years, and one (1) voluntarily resigned her appointment with the DMO.

10.4.3 Repositioning/Redeployment Exercise

The Director-General effected the redeployment of some Staff amongst the Departments and Units within the year. One officer was posted from the Office of the Accountant General of the Federation (OAGF) to the DMO (Finance and Accounts Unit). In addition, one (1) staff in the Federal Ministry of Justice (FMoJ) was posted to the DMO to join the two existing staff in the Legal Service Unit and also to replace the outgoing staff who was posted out of the DMO.

The Project Unit was created under the DG's Office, to handle the SFTAS Project and two (2) Officers were deployed to manage the Unit.

10.4.4 Staff Promotion Exercise

The 2021 DMO Promotion Examination was conducted for all qualified candidates.

10.4.5 Training for DMO's External Stakeholders

A Workshop was conducted for Members of the House Committee on Loans, Aid and Debt Management, Senate Committee on Foreign and Local Debt and the Clerks of the Committees in November, 2021.

10.4.6 DMO Staff Training

Trainings were carried out in the 4th Quarter of the year, in accordance with the training needs of all members of staff. The Trainings were carried out between November and December, 2021 in the following areas:-, Executive Management/ Leadership (The Complete Course on How to Lead Public Sector- Focus area Driving Government Performance), Management Training – The Leadership Principles, Management Training – The Leadership Principles, Training on the Market Access - Debt Sustainability Analysis (MAC-DSA), using the World Bank/ IMF Template, Microsoft Excel Package (Advanced & In-depth), Financial Market Analysis & Advanced Fixed Income Securities Analysis, ICT Skills for Procurement, Managing Costs and Risks in Public-Private Partnership Projects, Financial Market Analysis & Advanced Fixed Income Securities Analysis (Batch I and II), Business Writing Skills, Financial Reporting Standards Modules 1 & 2, Advanced Motoring & Safety Techniques between November and December, 2021.

10.5 Sub-National Debt Management Activities

10.5.1 Capacity Building for Sub-National Debt Managers

As part of its efforts to upscale the knowledge and competence of the sub-national debt managers, SPD in the year under review held a one-day virtual training on "Use of Excel for Domestic Debt Data Collation and Reporting" in August 2021 for officials of the Borno State Debt Management Department, as well as senior officials from the Final Accounts Department and the SFTAS Focal Officer.

In October 2021, a capacity building programme on "Public Debt Creation and Sub-national Debt Management" was conducted for officials of the Anambra State Debt Management Department, Staff of the Ministry of Finance and other MDAs in the State. The programme was aimed at upscaling the debt recording and reporting skills of both new and existing debt

managers, as well as acquaint all participants on the processes and mechanisms in debt contracting. In attendance were thirty-six (36) Senior and Middle Cadre Officers drawn from (13) MDAs in the State, among which were the Offices of the State Accountant General and Auditor General, the State Ministries of Finance and Economic Planning, Transport, Public Utilities, Environment, Agriculture, Trade & Commerce, Information and Education, as well as the Office of the State Head of Service.

In addition, under the AfDB MIC-TAF Grant, the DMO in the year under review, successfully carried out 3 more capacity building programmes for the officials of the Sub-nationals: Effective Public Debt Management and Domestic Debt Reconciliation, Zonal Debt Sustainability Analysis (DSA), and State-by-State DSA training Programme in collaboration with WAIFEM as the Debt Management Capacity Building Consultants (DMCBC).

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 2021. 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, 2021, 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 2021;

- In its bid to implement the ICT Review Recommendations based on the comprehensive review of its ICT Infrastructure, Operations and Services, the DMO has engaged the National Information Technology Development Agency (NITDA) and the Bureau of Public Procurement (BPP) to obtain all the necessary approvals for the successful implementation of the identified projects.
- The IT&IS Unit organized and coordinated all the online (virtual) meetings with the relevant transaction parties towards the successful issuance of the USD4 Billion Eurobond in the International Capital Market (ICM) in the Year 2021. This also applies to the issuance of ₦250 Billion Sukuk in the Domestic Market.
- 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 Sophos Intercept X Anti-Virus and Firewall Solution. This also enables the opportunity for VPN connection to the DMO network from outside.
- The DMO has maintained its external and internal communication by integrating the Modern IP Telephony System with dedicated E1 line on the Galaxy Backbone platform. The new system enables the organization to communicate easily 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 2021.

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	**Alh. Ahmed Idris, FCNA** 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	Director-General
Mr. Miji Amidu	Director, Special Assignments
Hajiya Hannatu Bint Musa	Director, Policy, Strategy & Risk Management Department (Retired September 19 2021)
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 & Settlement Department
Ms. Elizabeth Ekpenyong	Head, Strategic Programmes 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. Abuja

11.2 Financial Highlights

	2021 ₦'000	*2020 Restated * ₦'000*	Change *₦'000*	%
Statement of Financial Position				
Property, Plant and Equipment	**258,601**	*288,371*	(29,770)	(10)
Intangible Asset	**-**	*389*	(389)	(100)
Other Receivables	**17,147**	*48,793*	(31,646)	(65)
Prepayments	**2,640**	*2,640*	-	-
Cash and Cash Equivalents	**5,828,366**	*2,969,682*	2,858,684	96
Total Assets	**6,106,753**	*3,309,875*	2,796,879	85
Equity/Net Assets				
Capital Grant	**409,080**	*228,593*	180,487	79
Accumulated Financial Performance	**4,241,041**	*2,766,716*	1,474,325	53
Account Payables and Accruals	**1,456,633**	*314,566*	1,142,066	363
Total Equity and Liabilities	**6,106,753**	*3,309,875*	2,796,879	85
Statement of Financial Performance				
Total Income	**5,258,342**	*2,976,462*	2,281,880	77
Total Expenditure	**3,784,017**	*2,615,179*	1,168,838	45
Surplus	**1,474,325**	*361,283*	1,113,042	308

*The comparative figures of 2020 financial statements have been restated in line with the provisions of IPSAS 3 *"Accounting Policies, Changes in Accounting Estimates and Errors"*. The details can be found in notes 25 of these financial statements.

11.3 Supervisory Board 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 2021.

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 preparation and implementation of a plan on the efficient management of Nigeria's external and domestic debt obligations at sustainable levels aligned with the development objective of government.

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

11.4 Supervisory Board's Report

Property, Plant and Equipment
Information relating to changes in property, plant and equipment is shown in Note 2 on page 28 to the Financial Statements

Operating Results

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

	2021	*2020 (restated)*	*2019*
	₦'000	*₦'000*	*₦'000*
Total Income	**5,258,342**	*2,976,462*	*3,877,329*
Total Expenditure	**(3,784,017)**	*(2,615,179)*	*(2,563,104)*
Surplus for the Year	**1,474,325**	*361,283*	*1,314,225*

The results for the year are set out in the statement of financial performance on page 13**.**

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

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

Equal Employment Opportunity

The Office pursues an equal employment opportunity policy. It does not discriminate against any person on the ground of race, religion, 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 skills set to face the increasing challenges in the financial sector.

We will continue to invest in our human capital to ensure that our people are well motivated and positioned to contribute effectively to the DMO's vision.

DEBT MANAGEMENT OFFICE NIGERIA
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021
Statement of Financial Position As at 31 December 2021

	Notes	2021	2020 Restated	*2019*
Assets		**₦'000**	**₦'000**	***₦'000***
Non-Current Assets				
Property, Plant & Equipment	2	**258,601**	*288,371*	*197,510*
Intangible Asset	3	**-**	*389*	*1,554*
		258,601	*288,760*	*199,064*
Current Assets				
Other Receivables	4	**17,147**	*48,793*	*136,683*
Prepayments	5	**2,640**	*2,640*	*2,640*
Cash and Cash Equivalents	6	**5,828,366**	*2,969,682*	*4,309,135*
		5,848,152	*3,021,115*	*4,448,458*
Total Assets		**6,106,753**	***3,309,875***	*4,647,522*
Equity and Liabilities				
Net Assets/Equity				
Capital Grant		**409,080**	*228,593*	-
Accumulated Fund		**4,241,041**	*2,766,716*	*3,640,421*
Total Net Assets/Equity		**4,650,121**	*2,995,309*	*3,640,421*
Liabilities				
Non-Current Liabilities		-	-	-
		-	-	-
Current Liabilities				
Account Payables and Accruals	7	**1,456,633**	*314,566*	*1,007,101*
		1,456,633	*314,566*	*1,007,101*
Total Funds and Liabilities		**6,106,753**	***3,309,875***	*4,647,522*

The Financial Statements were approved and authorized for issue by the Board of Directors on February 5, 2025 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 103 - 128 form an integral part of these Financial Statements.

DEBT MANAGEMENT OFFICE NIGERIA
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021
Statement of Supervisory Board's Responsibilities

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

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

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

The Board has made an assessment of 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.

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	**Feyisayo Olumide-akinyemi**
Director-General/Chief Executive	**Head, Finance and Accounts**
FRC/2018/ICAN/00000018421	**FRC/2025/PRO/ICAN/001/732531**
Date: February 5, 2025	**Date:** February 5, 2025

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DEBT MANAGEMENT OFFICE NIGERIA
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021
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
Director-General/Secretary
FRC/2018/ICAN/00000018421

Date.. February 5, 2025

11.5 Independent Auditors' Report

SIAO

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 2021
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, 2021, 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, 2021, 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.

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.

SIAO

DEBT MANAGEMENT OFFICE NIGERIA
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021
Independent Auditors' Report

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by DMO Board;
- Conclude on the appropriateness of DMO's Board use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Office to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information or business activities of the Office to express an opinion on the Financial Statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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DEBT MANAGEMENT OFFICE NIGERIA
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021
Independent Auditors' Report

Report on Other Legal and Regulatory Requirements

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

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

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

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

Abiodun Ariyibi

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

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
0608810
ICAN

SIAO
Chartered Accountants
Abuja, Nigeria

Date: 7th February 2025

11.6 Statement of Financial Performance

For The Year Ended 31 December 2021

	Notes	2021 ₦'000	2020 ₦'000
Income			
Appropriation/(Subvention)	8	**808,023**	*744,927*
FGN Bond Floatation Receipts	9	**4,241,130**	*1,910,321*
Special TSA Accounts (AfDB) Receipts (i)	10	**193,551**	*34,047*
Grants & Aids Receipts	11	**2,000**	*2,000*
SFTAS Receipts	12	**-**	*285,018*
Other Income	13	**13,639**	*14*
		5,258,342	*2,976,462*
Expenditure			
Operating Expenses	14	**175,078**	*166,323*
Grants and Aids Expenses	15	**2,638**	*3,576*
Special TSA Accounts (AfDB) Expenses	16	**80,643**	*7,383*
SFTAS Expenses		**148,262**	*135,814*
Personnel Cost		**651,067**	*649,601*
		1,057,688	*962,697*
Other Expenditures			
Bank Charges	17	**4,108**	*6,364*
FGN Bond Floatation Expenses	18	**2,716,722**	*1,645,964*
Return to Consolidated Revenue Fund	20	**5,499**	*15,515*
		2,726,329	*1,652,481*
Total Expenditure		**3,784,017**	*2,615,179*
Surplus for the year		**1,474,325**	*361,283*

The accounting policies and the accompanying notes on pages 103 - 128 form an integral part of these Financial Statements.

11.7 Statement of Changes in Net Assets/Equity

	Capital Grant	Reserves	Accumulated Surplus
	₦'000	₦'000	₦'000
As at 1 January 2020	-	3,640,420	**3,640,420**
Surplus for the year	-	361,283	**361,283**
Receipt into Capital Fund	228,593	-	**228,593**
Restatement of Asset Write Down	-	(17,913)	**(17,913)**
Refund to FGN Bond Issuance Account	-	(1,217,075)	**(1,217,075)**
As at 31 December, 2020	**228,593**	**2,766,716**	**2,995,309**
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 103 - 128 form an integral part of these Financial Statements.

11.8 Statement of Cash Flows

	Notes	2021 ₦'000	2020 ₦'000
Cash Flows from Operating Activities			
Cash Received as Statutory Allocation, Grants and Aids	8 - 13	**5,239,936**	**2,927,608**
Operating Expenses and Personnel Cost	14 – 19	**(2,265,826)**	**(2,272,898)**
Other Receivables	4	**48,793**	**136,683**
Account Payables and Accruals	7	**(311,366)**	**(973,259)**
Net Cash Flows from Operating Activities		**2,711,537**	**(181,866)**
Cash Flows from Investing Activities:			
Purchase of PPE Items	2	**(34,605)**	**(169,165)**
Proceeds from disposal of PPE		**1,264**	**62**
Net Cash Flows from Investing Activities		**(33,341)**	**(169,103)**
Cash Flows from Financing Activities:			
Capital Fund Receipts	8b	**180,487**	**228,593**
FGN Bond Floatation Expenses	18b	**-**	**(1,217,075)**
Net Cash Flows from Financing Activities		**180,487**	**(988,482)**
Net Cash and Cash Equivalents for the Year		**2,858,684**	**(1,339,453)**
Cash and Cash Equivalents at 1 January		**2,969,682**	**4,309,135**
Cash and Cash Equivalents at 31 December	6	**5,828,366**	**2,969,682**
Represented By:			
Central Bank of Nigeria (Grants and Aids)		**1,364**	**2,002**
Central Bank of Nigeria (FGN Bond Account)		**5,482,371**	**2,746,823**
Central Bank of Nigeria (Special TSA Account) AfDB		**143,792**	**29,908**
Capital Fund (GIFMIS)		**180,487**	**34,661**
SFTAS Account		**20,352**	**156,288**
		5,828,366	**2,969,682**

The accounting policies and the accompanying notes on pages 103 - 128 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	**651,176,920**	**651,176,920**	**651,066,669**	**110,251**	**110,251**
Overheads				-	-
Local travel & transport - training	6,361,000	6,361,000	6,308,300	52,700	52,700
Local travel & transport - others	10,346,398	10,346,398	10,091,671	254,727	254,727
International travel & transport: others	500,000	500,000	494,832	5,168	5,168
Telephone charges	4,204,000	4,204,000	4,201,389	2,611	2,611
Internet access charges	1,354,160	1,354,160	1,328,040	26,120	26,120
Office stationaries / computer consumables	3,793,520	3,793,520	3,762,443	31,077	31,077
Newspapers	1,200,000	1,200,000	1,145,994	54,006	54,006
Printing of non-security documents	724,250	724,250	713,006	11,244	11,244
Drugs & medical supplies	208,000	208,000	173,600	34,400	34,400
Uniforms & other clothing	600,000	600,000	600,000	-	-
Maintenance of motor veh. / transport equip.	4,192,000	4,192,000	4,176,905	15,095	15,095
Maintenance of office furniture	300,000	300,000	241,640	58,360	58,360
Maintenance of office bldg / residential qtrs.	1,200,000	1,200,000	1,199,636	364	364
Maintenance of office / it equipments	1,500,000	1,500,000	1,499,128	872	872
Local training	10,240,409	10,240,409	10,194,400	46,009	46,009
Security services	250,000	250,000	250,000	-	-
Office rent	61,562,946	61,562,946	61,446,977	115,969	115,969
Financial consulting	4,200,000	4,200,000	4,159,200	40,800	40,800
Information technology consulting	1,500,000	1,500,000	1,468,025	31,976	31,976
Motor vehicle fuel cost	9,680,000	9,680,000	9,642,302	37,698	37,698
Bank charges (other than interest)	300,000	300,000	300,000	-	-
Insurance premium	3,352,898	3,352,898	3,310,002	42,896	42,896
Refreshment & meals	17,129,280	17,129,280	17,060,471	68,809	68,809
Honorarium & sitting allowances	500,000	500,000	490,000	10,000	10,000
Publicity & advertisements	500,000	500,000	462,787	37,213	37,213
Postages & courier services	789,690	789,690	772,117	17,573	17,573
Welfare packages	8,357,400	8,357,400	8,302,600	54,800	54,800
Subscription to professional bodies	2,000,000	2,000,000	1,986,333	13,667	13,667
Total overheads	**156,845,951**	**156,845,951**	**155,781,797**	**1,064,154**	**1,064,154**
Total recurrent expenditure	**808,022,871**	**808,022,871**	**806,848,465**	**1,174,405**	**1,174,405**
Capital expenditure (a) 2019					
Purchase of motor vehicles	49,400,000	32,650,000	32,650,000	16,750,000	-
Purchase of furniture and fittings	31,835,200	20,150,225	20,150,225	11,684,975	-
Purchase of security equipments	1,852,500	440,750	440,750	1,411,750	-
Purchase of computer printers	760,000	-	-	760,000	-
Purchase of industrial equipment	608,000	299,606	247,500	360,500	52,106
Purchase of computers	1,125,750	-	-	1,125,750	-
Total capital expenditure (2019)	**85,581,450**	**53,540,581**	**53,488,475**	**32,092,975**	**52,106**
Capital expenditure (b) 2020					
Purchase of industrial equipment	16,000,000	16,000,000	15,999,600	400	400
Purchase of security equipments	3,760,000	3,760,000	**3,757,148**	2,853	2,853
Total capital expenditure (2020)	**19,760,000**	**19,760,000**	**19,756,748**	**3,253**	**3,253**
Total capital expenditure (2019-2020) [a+b]					**55,358.95**
Capital expenditure (c) 2021					
Purchase of photocopying machines	15,000,000	15,000,000	-	15,000,000	15,000,000
Purchase of industrial equipment	6,503,407	6,503,407	-	6,503,407	6,503,407
Purchase of industrial equipment	1,584,000	1,584,000	-	1,584,000	1,584,000
Purchase os scanners	9,900,000	9,900,000	-	9,900,000	9,900,000
Purchase of computer printers	12,000,000	12,000,000	-	12,000,000	12,000,000
Purchase of security equipments	10,200,000	10,200,000	-	10,200,000	10,200,000
Purchase of security equipments	4,500,000	4,500,000	-	4,500,000	4,500,000
Purchase of office furniture and fittings	10,800,000	10,800,000	-	10,800,000	10,800,000
Purchase of motor vehicles	110,000,000	110,000,000	-	110,000,000	110,000,000
Capital expenditure (2021)	**180,487,407**	**180,487,407**	-	**180,487,407**	**180,487,407**
Total capital expenditure (2019-2021) [a+b+c]	**285,828,857**	**253,787,988**	**73,245,223**	**212,583,635**	**180,542,766**
Total	**1,093,851,728**	**1,061,810,859**	**880,093,688**	**213,758,040**	**181,717,171**

(a) The balance from the 2019 and 2020 budget for Capital Expenditure of ₦55,358.95 (Fifty-Five Thousand, Three Hundred and Fifty-Eight Naira Ninety-Five Kobo) was returned to the Consolidated Revenue Fund (CRF) in 2021.

(b) The 2021 Capital Budget year was extended to May 31 2022, and this accounted for the balance yet to be utilized at the end of the year 2021.

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 an orderly growth and development of the national economy.

1.1.3 Financial Period

These Financial Statements cover the financial period from 1 January 2021 to 31 December 2021 with comparative figures for the year ended 31 December 2020 restated.

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 IPSASs.

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

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

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

1.2.5 Accounting Convention and Basis of Measurement

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

The Statement of Financial Performance, Statement of Comparison of Budget and Actual amounts by function, and notes forming parts thereof have been prepared on the format of Accrual Basis IPSAS – Financial Reporting under the Accrual Basis of Accounting. The Statement of Cash Flows as required by IPSAS 2- *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 2021 reporting periods 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:

a) IPSAS 41: *Financial Instrument*

b) IPSAS 42: *Social Benefit*
c) Long-term Interests in Associates and Joint Ventures (Amendments to IPSAS 36) and Prepayment Features with Negative Compensation (Amendments to IPSAS 41)
d) IPSAS 19: *Collective and Individual Services*
e) Amendments to Improvements to IPSAS, 2019
f) IPSAS 43: *Lease*
g) IPSAS 44: *Non-current Assets Held for Sale and Discontinued Operations*
h) Improvements to IPSAS, 2021

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 new 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 a 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 to IPSAS, 2019

Amendment: Part 1aAmendment 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,

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

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 amendments that are unrelated. 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, *Disclosure of Financial Information About the General Government Sector*.	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, *Employee Benefit*	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
RPG 1, *Reporting on the Long-Term Sustainability of an Entity's Finances*	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

IPSAS 29, *Financial Instruments: Recognition and Measurement (*as applicable prior to the adoption of IPSAS 41, *Financial Instruments).*	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)

Part II IFRS Alignment Improvements to IPSAS

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

IFRS	***Equivalent IPSAS***	***Summary of Change***
Interest Rate Benchmark Reform (Phase One and Phase Two)		
Interest Rate Benchmark Reforms (Amendments to IFRS 9, IAS 39 and IFRS 7). (Issued in September 2019).	IPSAS 41, *Financial Instruments*; IPSAS 29, *Financial Instruments: Recognition and Measurement* (as amended by IPSAS 41 when it was first published in 2018); and IPSAS 30, *Financial Instruments: Disclosures*.	Amendments to provide: • 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, *Financial Instruments*; IPSAS 29, *Financial Instruments: Recognition and Measurement* (as amended by IPSAS 41 when it was first published in 2018); and IPSAS 30, *Financial Instruments: Disclosures*.	Amendments to provide: • 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).
Annual Improvements to IFRS Standards 2018 - 2020 Cycle		

IFRS	***Equivalent IPSAS***	***Summary of Change***
Amendment to IFRS 1, *First-time adoption of International Financial Reporting Standards* (Issued in May 2020).	IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)*	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, Financial Instruments (Issued in May 2020).	IPSAS 41, *Financial Instruments*	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, Provisions, Contingent Liabilities and Contingent Assets.	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, Property, Plant and Equipment	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).

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 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 in 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 previous period.

6. Budget Figures

These are figures from the approval 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 is 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 grant 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 fulfilment 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 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 expense when they are due.

e) Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the 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 result 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 source 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 comprises 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 comprises of: 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.

19. 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, it 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, threshold to be determined by the respective tier of government/Entities).

20. 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
c) Inventories held for distribution for public purposes are recorded at cost, adjusted where applicable for any loss of service potentials.
d) Inventories are reported under Current Assets in the Statement of Financial Position.

21. Loans Granted:

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

22. 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 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 joints 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 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 recognised directly in the equity of the joint venture, an Entity should recognise 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 unrealised gains on transactions between inter-group transactions are eliminated, unrealised 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 are 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.

23. 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 the investment in a period exceeding 12 months from the reporting date. 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 is calculated using the effective interest method and is 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 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 as 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.

24. Property, Plant & Equipment (PPE)

a. All PPE are 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.

c. 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, custom 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.
d. 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.
e. 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.

25. Investment Property

These are cash-generating property owned by a PSE. An investment property is initially recognised 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 recognised 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.

26. 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 recognised 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.

27. Intangible Assets

a. These consist of assets that are not physically tangible which 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: its 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 amortised over the estimated useful life using the straight-line method on an annual basis.
d. Classes of Intangible Assets are as follows:
   i. Softwares acquired externally
   ii. Patent right
   iii. Copyrights
   iv. Trademarks and brand acquired
   v. Franchise
   vi. Other Intangible assets
e. Intangible Assets are to be Amortised on a straight-line basis over their estimated useful life based on the substance of their agreements.

28. Deposits

a) Deposits consist of resource 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 reporting period, it shall be accounted for as a Non-Current Deposits and classified as Non-Current Liabilities.

29. Loans & Debts

a. Loans are funds borrowed to be paid back at an agreed period of time. They are presented in Statement of Financial Position as liabilities and are categorised 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.

30. 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.

31. Payables

Payables are recognized initially at fair value and subsequently measured at amortised 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, it shall be accounted for as Non-Current Liabilities.

32. 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.

33. 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.

34. 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.

35. 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 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.

36. 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.

37. Leases:

Finance leases

a. These are leases which 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.

38. 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, 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.

39. 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.

40. 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.

41. 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 it's 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.
c. 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 2021

	Land	Motor Vehicle	Computer/ IT Equipment	Office Furniture & Fittings	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
Cost					
At 1 January 2021	120,037	221,825	190,252	105,561	637,674
Additions	-	16,000	-	18,605	34,605
Disposal	-	(23,486)	-	-	(23,486
As at 31 December, 2021	120,037	214,338	190,252	124,166	648,79
Depreciation					
At 1 January 2021	-	131,368	143,654	74,280	349,302
Charge for the Year	-	32,201	21,601	10,568	64,370
Disposal		(23,481)	-	-	(23,481
At 31 December 2021	-	140,088	165,255	84,848	390,19
Net Book Value					
At 31 December, 2021	120,037	74,250	24,996	39,318	258,60
At 31 December, 2020	*120,037*	*90,456*	*46,597*	*31,281*	*288,37*

2.1 Property, Plant & Equipment as at 31 December 2020

	Land	*Motor Vehicle*	*Computer/IT Equipment*	*Office Furniture & Fittings*	*Total*
	₦'000	*₦'000*	*₦'000*	*₦'000*	*₦'000*
Cost					
At 1 January 2020	*120,037*	*168,979*	*213,617*	*179,966*	*682,599*
*Adjustment of PPE **	*-*	*(51,518)*	*(51,428)*	*(111,143)*	*(214,089)*
Additions	*-*	*104,364*	*28,063*	*36,738*	*169,16*
As at 31 December, 2020	*120,037*	*221,825*	*190,252*	*105,561*	*637,674*
Depreciation					
At 1 January 2020	*-*	*138,494*	*181,025*	*165,569*	*485,089*
Charge for the Year	*-*	*33,369*	*20,652*	*6,370*	*60,391*
*Adjustment ***	*-*	*(40,495)*	*(58,022)*	*(97,660)*	*(196,177*
At 31 December 2020	*-*	*131,368*	*143,655*	*74,280*	*349,303*
Net Book Value					
At 31 December, 2020	*120,037*	*90,456*	*46,597*	*31,281*	*288,371*
At 31 December, 2019	*120,037*	*30,484*	*32,593*	*14,396*	*197,510*

* The sum of **₦214, 089,404** (Two Hundred and Fourteen Million, Eighty-Nine Thousand, Four Hundred and Four Naira) represents the value of PPE which include Motor vehicle, Computer/IT Equipment and Office Furniture disposed of over the years but were not removed from the asset schedule. This had resulted in an overstatement of asset value and depreciation.
**The sum of ₦196,178,821 represents the adjustment on the continuous depreciation value of the disposed assets which were not removed from the assets schedule. This figure was further adjusted by N2,000 to correct the accumulated depreciation brought forward from Motor Vehicles.
The net adjusted PPE figure of N17.91 million has been restated in the statement of changes in Equity/Net Assets.

		2021	*2020*
		₦'000	*₦'000*
3	**Intangible Assets**		
	Computer Software		
	Cost:		
	At 1 January	**4,662**	*4,662*
	Addition for the year	**-**	*-*
	At 31 December	**4,662**	*4,662*
	Amortisation:		
	At 1 January	**4,274**	*3,108*
	Charge for the Year	**389**	*1,166*
	At 31 December	**4,662**	*4,274*
	Net Book Value	**-**	*389*

4	**Other Receivables**		
	WHT on Commission to Receiving Banks/Primary Dealers & Market Makers/Distribution Agents	**17,147**	*48,793*
		17,147	*48,793*
5	**Prepayments**		
	Prepaid Auction Centre Rent	**2,640**	*2,640*
		2,640	*2,640*
6	**Cash and Cash Equivalents**		
	Central Bank of Nigeria (Grants and Aids)	**1,364**	*2,002*
	Central Bank of Nigeria (FGN Bond Account)	**5,482,371**	*2,746,823*
	Central Bank of Nigeria (Special TSA Account) AfDB	**143,792**	*29,908*
	Capital Fund (GIFMIS)	**180,487**	*34,661*
	SFTAS Account	**20,352**	*156,288*
		5,828,366	*2,969,682*

		2021	*2020*
		₦'000	*₦'000*
7	**Account Payables and Accruals**		
	Office Rent	**-**	*45,963*
	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	**322,317**	-
	FGN Bond 5% WHT	**-**	*11,159*
	FGN Bond 10% WHT	**-**	*186*
	Trustee Fees: Sukuk Expenses	**-**	*10,875*
	NGX Quotation & Listing Fees	**108,628**	-
	Government Stockbrokers Fees	**12,363**	*12,363*
	WHT Payable	**180,440**	*117,153*
	Fiscal Agency Fees	**11,963**	*7,608*
	Advertisements	**5,273**	*101*
	Audit Fees	**4,000**	*6,670*
	Capacity Building	**231**	-
	Engagement with Stakeholders		*69,673*
	Local Travel & Transport	**818**	*738*
	Information Communication Technology Expense	**-**	*24,995*
	Consultancy Services	**120**	-
	SFTAS Account Payables	**11,013**	*7,08*
		1,456,633	*314,566*

8	**Appropriation/(Subvention)**		
	Recurrent – Overhead	**95,326**	*64,282*
	- Personnel	**649,601**	*433,562*
		808,023	*744,927*
8b	**Appropriation/(Subvention)**		
	Capital Fund	**180,487**	*228,593*
		180,487	*228,593*

		2021	*2020*
		₦'000	*₦'000*
9	**FGN Bond Flotation Receipts**		
	FGN Domestic Bond Floatation Account	**2,059,894**	*618,000*
	FGN Bond WHT Commission	**400,643**	*417,879*
	Promissory Note Account	**-**	*874,442*
	International Capital Market	**1,780,593**	-
		4,241,130	*1,910,321*
10	**Special TSA Accounts (AfDB) Receipts**	**193,551**	*34,047*
11	**Grants & Aids receipts (i)**	**2,000**	*2,000*

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

		2021	2020
		₦'000	₦'000
12	**SFTAS Receipts**	-	285,018

		2021	2020
		₦'000	₦'000
13	**Other Income**		
	(i) Revenue (other income) Remittance to CRF	-	62
	(ii) Return of salary in lieu of notice	3,005	87
	(iii) Refunds	706	-
	(iv) Bank Interest SFTAS	23	-
	(v) Gain on Disposal of Assets	1,259	-
	(vi) Gain on Foreign Exchange Translation	8,646	
		13,639	149

		2021	2020
		₦'000	₦'000
14	**Operating Expenses**		
	Administrative Overheads (supplementary a)	103,202	100,577
	Repairs and Maintenance (supplementary b)	7,118	4,191
	Depreciation and Amortisation	64,759	61,557
		175,078	166,323

15	**Grants & Aids Expenses**		
	Local Travel and Transport	1,938	3,575
	Telephone Charges	700	-
	Bank Charges	1	
		2,638	3,575

16	**Special TSA Account (AfDB) Expenses**		
	Local Travel and Transport	72,199	7,380
	Bank Charges	41	3
	Refreshment & Meals	8,333	-
	Printing of non-security documents	71	
		80,643	7,383

	2021	2020
	₦'000	₦'000

17	**Bank Charges**		
	FGN Bond Operations	**3,808**	*6,364*
	Statutory Account	**300**	
		4,108	*6,364*

		2021	2020
		₦'000	*₦'000*
18	**FGN Bond Floatation Expenses**		
	Domestic Bond Floatation (supplementary c)	**1,806,023**	*1,560,149*
	International Capital Market (supplementary d)	**904,472**	*14,995*
	Promissory Note Account (supplementary e)	**6,227**	*70,820*
		2,716,722	*1,645,964*
18b	**FGN Bond Floatation Cost Refund**		
	Transfer payment back to FGN Bond Issuance Account	**-**	*1,217,075*
		-	*1,217,075*
19	**SFTAS Expenses (Funded by the SFTAS Project Fund)**		
	Coordination Of Capacity Building For DSA	**58,533**	*93,548*
	Office Equipment	**-**	*14,827*
	Computer Consumables	**726**	*840*
	Furniture and Fittings	**-**	*253*
	Consultancy Fees	**80,745**	*26,118*
	Bank Charges	**50**	*47*
	Office Consumables	**115**	*134*
	Operating Cost –Communication	**1,800**	*49*
	State Public Debt Laws	**2,500**	-
	Local Travels & Other Office Expenses	**47**	-
	Program Mgt Training & Capacity Building	**3,746**	
		148,262	*135,814*
20	**Return to Consolidated Revenue Fund (CRF)**		
	Overheads	**1,064**	*6*
	Personnel Emolument	**110**	*0.03*
	Capital Return to Consolidated Revenue Fund	**55**	-
	Return of Salaries in lieu of notice	**-**	*87*
	Revenue (Other Income) Remittance to CRF	**4,270**	*62*
		5,499	*155*

21.1 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.

21.2 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.

21.3 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.

21.3.1 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.

21.3.2 Interest Rate Risk

This is the risk associated with movement of the interest rate on domestic and international capital market. 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.

21.3.3 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.

22. 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.

23. 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 2021 which have not been adequately provided for in these Financial Statements.

24. 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.

25. 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 prior period presented as if the error had never occurred. The 2020 Financial was restated to disclose the Capital Allocation as a component of the Organisation's Equity as required by IPSAS 1: *Presentation of Financial Statements*.

The changes to the affected financial statement line items are stated below:

	2020 Restatement Adjustment		
	As published in 2020	**Adjustments**	**2020 Restated**
	₦'000	**₦'000**	**₦'000**
Statement of Financial Position			
Property, Plant & Equipment	**288,373**	*(2)*	*288,371*
Capital Grant	**-**	*(228,593)*	*228,593*
Accumulated Fund	**2,995,179**	*228,463*	*2,766,716*
Account Payables and Accruals	**314,698**	*132*	*314,566*
Statement of Financial Performance			
Appropriation/(Subvention)	**973,520**	(228,593)	*744,927*
Special TSA Accounts (AfDB) Expenses	**7,380**	(3)	*7,383*
Bank Charges	**6,445**	81	*6,364*
FGN Bond Floatation Expenses	**1,646,018**	54	*1,645,964*
Surplus for the year	**589,743**	228,460	*361,283*

26. 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 Board is of the opinion that there is no additional information on this segment, which has not been captured.

27. Approval of Financial Statements

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

11.11 Supplementary Information

		2021	*2020*
		₦'000	*₦'000*
a	**Administrative Overheads**		
	Local Travel and Transport: Training & Others	**16,400**	*11,694*
	International Travel and Transport: Training & Others	**495**	*330*
	Communication, Telephone and Postages	**4,974**	*3,062*
	Newspapers/Magazines/Books and Periodical	**1,146**	*543*
	Computer Materials and Supplies	**3,762**	*6,458*
	Printing of Non-Security Documents	**713**	*465*
	Drugs and Medical Supplies	**174**	*244*
	Uniforms and Other Clothing	**600**	*230*
	Refreshment and Meals	**17,060**	*12,308*
	Security Services	**250**	*160*
	Office Rent	**15,484**	*15,321*
	Financial Consulting	**1,759**	*2,160*
	Financial Consulting Audit Fees	**3,200**	-
	Information Technology Consulting	**1,468**	*405*
	Motor Vehicle Fuel and Lubricants	**9,642**	*5,870*
	Local Training	**10,194**	*5,818*
	Welfare packages	**8,303**	*5,614*
	Subscription to Professional Bodies	**1,986**	*1,024*
	Publicity and Advertisement	**463**	*310*
	Insurance Premium	**3,310**	*2,288*
	Internet Access Charges	**1,328**	*1,168*
	Honorarium & Sitting Allowance	**490**	*337*
	Research and Development (R&D) Expense	**-**	*24,767*
		103,202	*100,577*

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

b	**Repairs and Maintenance**		
	Motor Vehicles	**4,177**	*2,153*
	Office Furniture and Fittings	**242**	*192*
	Office Building	**1,200**	*821*
	Computers and IT Equipment	**1,499**	*1,024*
		7,118	*4,191*

		2021	2020
		₦'000	₦'000
c.	**Domestic Bond Floatation Expenses**		
	Travels	**14,126**	*98,017*
	International Travel and Transport	**-**	*5,594*
	Refreshment and Meals	**-**	*23,606*
	Annual workshop on Debt Sustainability Analysis Expenses	**14,185**	*6,258*
	Issuance of Sukuk Expenses	**400,597**	*338,862*
	Auction Centre Electricity Charges	**346**	*356*
	Government Stockbrokers Fees	**24,725**	*20,604*
	FMDQ Securities Exchange Ltd/NGX Quotation & Listing Fees	**269,878**	*251,012*
	IT & IS Support	**65,195**	*44,300*
	Consultancy Services	**19,326**	*10,731*
	Marketing Services	**171,950**	*53,544*
	Auction Centre Rent	**6,290**	*5,280*
	Capacity Building	**113,158**	*62,043*
	Repairs and Maintenance	**-**	*525*
	Subscriptions (Reuters, Bloomberg)	**162,236**	*110,288*
	Postages	**-**	*458*
	Honorarium and Sitting Allowance	**-**	*3,234*
	Fiscal Agency Fees	**21,598**	*20,709*
	Audit Fees	**-**	*3,470*
	Public Debt Engagement	**79,537**	*72,087*
	WHT on FGN Bond Commission	**-**	*417,879*
	FGN Bond WHT	**400,643**	*11,345*
	Advertisements	**38,598**	-
	Review of DMO organogram	**3,635**	
		1,806,023	*1,560,149*

		2021	2020
		₦'000	₦'000
d.	**International Capital Market (ICM) Operations**		
	Local Travel and Transport	**672**	*75*
	Fees & Expenses of Transaction Parties	**662,916**	-
	Road Shows – International travel & transport	**105,406**	-
	Fees to Other Parties (Rating Agencies & London Stock Exchange	**133,798**	*24*
	Engagement with stakeholders	**1,679**	-
	Publicity and Communication Fees	**-**	*14,895*
		904,472	*14,995*
e.	**Promissory Note Account**		
	Local Travel & Transport	**5,768**	*4,262*
	Refreshment & Meals	**26**	*51*
	Postages & Courier	**-**	*434*
	Financial Advisory Services	**-**	*63,759*
	10% Contingency	**434**	-
	Promissory Note Application Portal Virtual	**-**	*2,313*
		6,227	*70,820*
f.	**SFTAS Expenses**		
	Coordination of Capacity Building for DSA	**58,533**	*93,548*
	Office Equipment	**-**	*14,827*
	Computer Consumables	**726**	*840*
	Furniture and Fittings	**-**	*253*
	Consultancy Fees	**80,745**	*26,118*
	Bank Charges	**50**	*47*
	Office equipment Consumables	**115**	*134*
	Operating Cost -Communication	**1,800**	*49*
	State Public Debt Laws	**2,500**	-
	Local Travels & Other Office Expenses	**47**	-
	Program Mgt Training & Capacity Building	**3,746**	-
		148,262	*135,814*

OTHER NATIONAL DISCLOSURES

11.11.2 Statement of Value Added

	2021 ₦'000	%	2020 ₦'000	%
Income	**5,244,703**		*2,976,313*	
Less: Cost of Services Rendered				
Foreign	**-**		-	
Local	**3,068,192**		*1,904,021*	
	2,176,511		*1,072,292*	
Other Operating Income	**13,639**		*149*	
Value Added	**2,190,150**	**100**	*1,072,441*	*10*
Distributed as follows:				
Employees				
Salaries, Pension and Welfare	**651,067**	**30**	*649,601*	*60*
Provided for Asset Replacement				
Depreciation and Amortization	**64,759**	**3**	*61,557*	*6*
Surplus for the year	**1,474,325**	**67**	*361,283*	*3*
	2,190,150	**100**	*1,072,441*	*10*

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

11.11.3 Statement of Financial Position

Five Year Financial Summary

	2021	2020	2019	2018	2017
Assets	**₦'000**	*₦'000*	*₦'000*	*₦'000*	*₦'000*
Non-Current Assets					
Property, Plant & Equipment	**258,601**	*288,371*	*197,510*	*227,035*	*203,299*
Intangible Asset	**-**	*389*	*1,554*	*2,720*	*3,885*
	258,601	*288,760*	*199,064*	*229,755*	*207,184*
Current Assets					
Other Receivables	**17,147**	*48,793*	*136,683*	*55,502*	*37,300*
Prepayments	**2,640**	*2,640*	*2,640*	*1,244*	*1,617*
Cash and Cash Equivalents	**5,828,366**	*2,969,682*	*4,309,135*	*2,710,981*	*1,612,004*
	5,848,153	*3,021,116*	*4,448,458*	*2,767,728*	*1,650,921*
Total Assets	**6,106,753**	*3,309,876*	*4,647,522*	*2,997,482*	*1,858,105*
Equity And Liabilities					
Equity					
Capital Grant	**409,080**	*228,593*			
Reserves	**4,241,041**	*2,766,716*	*3,640,421*	*2,326,196*	*1,824,263*
Total Equity	**4,650,121**	*2,995,308*	*3,640,421*	*2,326,196*	*1,824,263*
Liabilities					
Non-Current Liabilities	**-**	-	-	-	-
Current Liabilities					
Account Payables and Accruals	**1,456,633**	*314,566*	*1,007,101*	*671,287*	*33,842*
	1,456,633	*314,566*	*1,007,101*	*671,287*	*33,842*
Total Equity And Liabilities	**6,106,753**	*3,309,876*	*4,647,522*	*2,997,482*	*1,858,105*

Statement of Financial Performance

	2021	2020	2019	2018	2017
	₦'000	*₦'000*	*₦'000*	*₦'000*	*₦'000*
Income					
Appropriation/(Subvention)	**808,023**	*744,927*	*706,677*	*455,739*	*574,461*
FGN Bond Floatation Receipts	**4,241,130**	*1,910,321*	*3,166,653*	*3,604,408*	*2,472,884*
Special TSA Accounts (AfDB)	**193,551**	*34,047*	-	*36,141*	-

Grants & Aids Receipts	**2,000**	*2,000*	4,000	8,000	8,000
SFTAS Receipts	**-**	*285,018*			
	5,244,703	*2,976,313*	*3,877,330*	*4,104,288*	*3,055,345*
Other Income	**13,639**	*149*	-	*630*	*836*
Total Income	**5,258,342**	*2,976,462*	*3,877,330*	*4,104,918*	*3,056,181*
Expenditure					
Operating Expenses	**175,078**	*166,322*	*111,262*	*113,545*	*94,229*
Grants and Aids Expenses	**2,638**	*3,576*	*2,474*	*6,985*	*7,055*
Special TSA Accounts (AfDB) Expenses	**80,643**	*7,383*	*18,071*	*14,827*	-
Personnel Cost	**651,067**	*649,601*	*419,544*	*389,752*	*405,135*
	909,426	*826,882*	*551,350*	*525,109*	*506,419*
Other Expenditures					
Bank Charges	**4,108**	*6,364*	*13,140*	*7,583*	*506*
FGN Bond Floatation Expenses	**2,716,722**	*1,645,964*	*1,775,722*	*3,030,836*	*4,426,305*
Return to Consolidated Revenue Fund	**5,499**	*155*	*222,892*	*3,038*	*19,768*
SFTAS Expenses	**148,262**	*135,814*	-	-	-
	2,874,591	*1,788,296*	*2,011,754*	*3,033,874*	*4,446,072*
Total Expenditure	**3,784,017**	*2,615,179*	*2,563,104*	*3,566,566*	*4,952,998*
Surplus/(Deficit) of Income over Expenditure	**1,474,325**	*361,283*	*1,314,225*	*538,351*	*(1,896,817)*