

# Nigeria's debt jumped from N46trn in December 2022 to N87trn in June 2023 — DMO

The Debt Management Office has said that Nigeria's debt jumped from N46 trillion in December 2022 to N87 trillion as at June 30, 2023. The Director General of the DMO, Patience Oniha, disclosed the debt figures recently in Abuja. Oniha spoke during the interactive session held at the instance of the House Committee on Appropriations, chaired by Hon. Abubakar Bichi. She said: "Let me speak a bit about public debt as you requested in the letter inviting us. "The first point is that we have run a budget deficit for many years, for which the DMO has been raising funds locally and internationally to support the budget. "The point I would like to make is that as the level of borrowing increases, you have to service them, so debt services increase also. "Again, we run budget deficits because we have projects and programmes in the budget that the government wants to run. "If we go back from 2015 and 2016, we know we have been through about two or three recessions. "So, a lot of that bringing the economy out of recession was funded from borrowing. "The first one was through the Economic Recovery and Growth Plan and the last one was during COVID. "So, debt has increased and so has debt service. "We usually publish the debt data every quarter. "So, the most recent data we have in terms of debt stock is as of June 30th of 2023. "The figure for public debt is N87.37 trillion. "That is made up of external and domestic debt and it is for the Federal Government and the 36 States and FCT. "Let me quickly add that out of the N87 trillion, about 90 percent belongs to the Federal Government.

"I believe because of the role the Federal Government plays, we account for the largest share. "But we report everything because that is best practice. "If you compare that figure to last year's December, it was N46 trillion. "So, it has grown sharply because we have borrowed. "You can say: In six months? "But also because we added the Ways and Means advances to that number. "It is public. "It was approved. "The DMO's role is to manage that debt and make sure it is sustainable and that there is no default because borrowing is not a bad thing, but when you borrow, you use it well. "Debt has been growing largely from new borrowings. "You see the MTEF, for instance, that you have approved, it has borrowings in each of the years of N8.7 trillion, N10.2 trillion and N11.58 trillion, just to buttress the point that as you increase the funds, the debt stock grows. "So, it also growing because we have issued Promissory Notes and, again, like I said, Ways and Means advances. "We usually like to say that debt stock relative to our GDP is not the issue. "That has grown from 23 percent in March to about 40 percent in June. "The same way the debt stock grew. "But what we need to do is to focus on debt service revenue, which is very high. "That is why I said the discussions about revenue, we cannot stop talking about them enough. "So, apart from trying to generate as much revenue as we should, what else should we be doing?

"We are advocates for a number of initiatives being taken. "Privatisation of those projects so they can be better managed. "You can attract capital. "Do the private-public partnership so

not everything is on the budget. "Because when you put everything on the budget, you cannot get a deficit for which you need to borrow. "We should strongly support the Fiscal Reform and Tax Policy Committee. "We really need to get that working to change the story of us. "For this year 2023, the DMO was to provide about N8.8 trillion. "N7 trillion of that is domestic, meaning we borrow it here in naira. "And then there is N1.7 trillion that ordinarily in normal times, we would have issued Eurobonds or from other sources. "So, out of the domestic of N7 trillion as we speak, we have raised the full amount. "So, you can say we have raised a significant amount to fund this budget. "If the international markets had been covered and we were investing in countries with similar ratings like Nigeria, by now we would also have issued a Euro bond. "We have been extremely supportive of funding the budget and the operations of government." On funding of some of the proposed infrastructure projects, Oniha said the present administration is to ensure direct support with the SUKUK. She said:

"This year, some of that N7 trillion we issued by way of SUKUK and you will soon begin to see the roads across the FCT. "Having spoken to what is in the 2023 budget, of which we have raised N7 trillion out of the N8.8 trillion, so we know that in 2024, from the MTEF, there is N8.749 trillion. "So, the levels of borrowing are still high, but I think as the MTEF is a rolling document, as the picture looks better on revenues, maybe the numbers would be lower." Speaking earlier, Bichi said the interactive session with the heads of Ministries, Departments and Agencies was to address strategies for rising inflation, reduce the burden of Nigeria's debt profile, sectoral budgetary allocations and dynamics of budget releases. The Chairman of the Appropriations Committee said: "Others are economic diversification strategies, revenue generation forecasts, and any useful information that will facilitate the enactment of the bill and effective implementation of the Appropriations Act, 2024. r "Amidst concerns to address the infrastructural gap in the country, eliminate poverty and generally achieve the 8-Point Renewed Hope Agenda, there is a need to ensure that all loose ends to revenue are tied, as this can have a gross impact on the government's ability to implement the 2024 Appropriation Bill when passed. While the revised MTEF and FSP showed that revenue-generating efforts by the present administration are already yielding fruit, more needs to be done to ensure that government-owned enterprises optimise their revenue-generating potential. "In light of the above, this interaction is designed to engage relevant stakeholders to provide insight on the perspective of the budget and enable the Committee to play its coordinating role in ensuring allocation efficiency in the 2024 appropriation process.