KEBBI STATE

DEBT SUSTAINABILITY ANALYSIS (DSA) AND DEBT MANAGEMENT STRATEGY(DMS) REPORT

2023

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CHAPTER ONE

1.1 Background and Objectives

The Debt Sustainability Analysis (DSA) analyses trends and patterns in the State's public finances during the period 2018-2022 and evaluates the debt sustainability in 2023-2032. The analysis highlights recent trends in revenue, expenditure, public debt and the related policies adopted by the State. A debt sustainability assessment is conducted, including scenario and sensitivity analysis, in order to evaluate the prospective performance of the State's public finance. It is a key component of our fiscal strategy that enables us to evaluate capacity for additional financing through other means including borrowings, grants, etc. Since debt has become a major part of public finance structure, a critical analysis is needed to ascertain the possibility of its existence or otherwise, in the budgeting system and public expenditure.

The main objective of the debt strategy is to ensure that the government's financing needs and payment obligations are met at the lowest possible cost, consistent with a prudent degree of risk. Consequently, for the four Debt Management Strategy (DMS), the analysis calculates costs of carrying public debt, and measures risks associated to macroeconomic and fiscal shocks.

1.2 DSA and DMS for Kebbi State

Public Debt has increased significantly over the last few years, particularly other domestic loans which are interventions from the Central Bank to help stabilize the fiscal and debt position of states especially during the COVID -19 and recession period.

However, with the analysis done, these borrowings will still keep the state in a favourable debt sustainability position as performance indicators remain favourable all through the projection period.

Furthermore, over the medium term, given revenue projections (which are very prudent from a Federation Account Allocation Committee (FAAC) perspective), prudent management of recurrent cost and at least maintenance of the current (2023) levels of Capital Expenditure, Kebbi will significantly reduce its debt burdens under the liquidity and solvency lenses, and the baseline shows a balancing of the Domestic: Foreign ratio and movements to longer maturity in the domestic debt market.
TheBaselineandshockssimulatedinsection4ofthisreportshowthatKebbiState,givent he trajectories presented, all performance indicators remain favourable all through the projection years. This implies that the state must continue to be prudent and work to ensure that revenue projections over the future years do not decline. State must continue to make effort to bring more people into the tax net and improve IGR. Debt managers must also work to reduce the state's exposure to debt.

.3 **Long Term Debt Sustainability for Kebbi State**

The State exhibits a solid debt position that appears sustainable in the long term. The state will still be relying on FAAC as its main source of revenue as it is expected to grow averagely by 12.5% over the projection period. Grants is forecast to grow proportionately faster than the other revenue sources while efforts are continually being put in place to improve IGR. Expenditure is projected to grow at a slightly slow pace as the level of borrowing decreases.

A solid debt position results from the State's strong performance in terms of mobilizing IGR—underpinned by the successful tax administration reforms introduced recently—, its control of recurrent expenditure growth and its low level of public debt

Federation Account revenue estimates (Statutory Allocation, VAT) for the period 2023-2026 are again as per the Kebbi State MTEF which are based on elasticity forecasting. Beyond this (i.e. from 2024) it is assumed that Statutory Allocation grows due to the recent policy of the Federal Government on Fuel Subsidy removal and the liberalization of the foreign exchange regime. (this are prudent assumptions) where VAT grows by a further 7.5% per annum (which is modest given the likely inflation rates and Federal tax reforms).

IGR forecasts for 2023 is based on the approved 2023 budget, and thereafter until 2026 on the SDP. This is premised on IGR reforms that are currently being formalised in the state. Beyond 2025, when the full effect of the IGR reforms should be in place, it is anticipated that State IGR will grow at the same pace as State nominal GDP.

Grants are anticipated to continue to grow moderately throughout the period 2023- 2032 even though we projected decline in some years due to anticipated programmes. Kebbi State Government will, as part of the state development plan look to ensure it is continually assessing potential sources of grants both from within Nigeria and externally.

From an expenditure perspective, Kebbi State Government has the desire to ensure sufficient funds are available for Capital Investment, but at the same time acknowledging the need to keep up with personnel and other recurrent costs (i.e. overheads) are sufficient to maintain assets and provide services. Using the 2022 approved budget as a base, personnel costs are forecast to rise by 5.4% and overheads by 7.2% on the average over the period 2022-2032.
Capital expenditure is forecast to grow by 14.5% on the average for the same period.

The public debt includes the explicit financial commitments – like loans and securities – that have paper contracts instrumenting the government promises to repay. The State shall use this standard definition of public debt, which considers non-contingent debt and thus the obligation to repay them is independent of the circumstances, as well as excludes contingent liabilities (i.e. guarantees, state own enterprises non-guaranteed liabilities).

Given the State's own forecasts for the economy and reasonable assumptions concerning the State's revenue and expenditure policies going forward, the long-term outlook for the public debt appears sustainable.

The Kebbi State Government target on Internally Generated Revenue (IGR) is to be able to fund all recurrent and even part of other expenditure so as to set its FAAC and Grants for infrastructuraldevelopment.TheincreasinggenerationandcollectionofIGRsfrom2018todate is a clear indication and direction that Kebbi is within a comfortable zone to debt sustainability/threshold considering the ratios of debt to revenue, GDP, etc.

From the foregoing therefore, and the charts indicators arising from the data on the DSA template which is a true reflection of the State's position has placed the State in a very comfortable position in terms of debt sustainability and further reasonable borrowing plans.

1.4 **Debt Management Strategy**

The State pursues a prudent debt management strategy that maintains an adequate cost of carrying debt and an admissible exposure to risks. A prudent debt management strategy emerges from the State's reliance on a mix of sources of finance, including external concessional loans and domestic low-cost financing. Given the State's own forecasts for the economy and reasonable assumptions concerning the State's budget and financing policies going forward, the medium-term cost-risk profile for the public debt portfolio appears consistent with debt-management objectives.

Kebbi State wants to utilise the alternative borrowing options of commercial bank loans (Agricultural loans, Infrastructure loans), state bonds and external loans from multilateral agencies.

The minimal external loans are expected to be sourcedfromdifferentfinancialinstitutionsforvariousinfrastructure development projects during the projection years. Interest rate is projected to be between 1.15% to 2.47% and maturity between 20 and 30years.

These borrowings will be used to finance capital and other infrastructure projects which will further boost the ease of doing business in the State, attract foreign direct investment and improve the standard and quality of living for the residents. In the same vein, it will enhance the IGR of the State, which will still be used to further service the borrowings.

With the debt management strategy conducted in chapter 5 of this report, state will likely work with the S1 strategy being the strategy with the minimum cost and prudent degree of risk that is implementable.

CHAPTER TWO

KEBBI STATE FISCAL AND DEBT FRAMEWORK

2.1 FiscalReforms

KEBBI State's mission is to mobilize the people of the State to harness all its God-given resources, create and use wealth for the ends of individual happiness, collective fulfilment, and peaceful cohabitation in a safe and secure environment of transparent and honest leadership. The State's fiscal policy is envisaged to control and enforce compliance with established spending and budgeting system, which include aggregate fiscal discipline, allocative efficiency, and effective spending.

Objectives and Targets

The key targets for Kebbi State Government from a fiscal perspective are:

i. Create efficiencies in personnel and overhead expenditure to allow greater resource for capital development

ii. Grow IGR by a minimum of 10% every year from 2024 to 2026

iii. Ensure loans will only be used for capital expenditure projects

iv. Achieve long term target of funding all recurrent expenditure with revenue of a recurrent nature (IGR, VAT and Non-mineral component of Statutory Allocation);

v. Target sources of capital receipts and financing outside of loans (e.g., Grants, PPP, etc.)

vi. Give priority to the completion of ongoing capital projects before new projects are commenced

vii. Grow the economy through targeted spending in areas of comparative advantage.

2.1 2023Budget and 2024-2026 MTEF

KebbiStatehasinthelastcouple ofyearsinstitutionalised the preparationofMedium-TermExpenditure Framework (MTEF). The document serves as a tool for multi-year fiscal Planning and Budget formulation process aimed at enabling the State Government to realistically set fiscal targets and effectively allocate resources to strategic priorities. Key elements of the MTEF are the Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS). The latest edition of the MTEF covers the period 2023-2025 and is referenced later in thisreport.

The EFU provides economic and fiscal analyses which form the basis for the budget planning process. It is aimed primarily at guiding policy and lawmakers in the State Government. The EFU also provides an assessment of budget performance (both historical and current) and identifies significant Global, National and State level factors affecting implementation. The FSP determines the resources available to fund Government programs and projects from a fiscally sustainable perspective. The BPS states the overarching policy goals that will guide the Government's budget decisions and how the budget accords with the government's short-term intentions.Italsostatesanychangestothegovernment'slongandshort-termsfiscalobjectives and assesses how changes in the long-term fiscal objectives and short-term fiscal intentions situates with the principles of responsible fiscal management. As a principle, the MTEF only recognises approved budget figures as sourcedata.

The Budget Policy Thrust

The overall policy objectives are captured by the following points:

i. To reduce over-dependence on Federal transfers through improved independent revenue generation achievable via a technological-driven and autonomous Board of Internal Revenue;

ii. To ensure quality human-capital development initiative through continuous improvement in access to - and quality of - public services, which include education and Health Care Delivery Systems at all levels. Inherent in this is the resolve of government to promote gender equality and inclusive development;

iii. To pursue initiatives that would continue to generate economic growth and guarantee security. This would involve implementation of programmes that generate employment and create wealth and ensure adequate security.

iv. To broaden governance reforms particularly in the area of policy and strategy; public expenditure and financial management; and public service management. As part of this process, Government intends to produce the KEBBI State Development Plan (KBSDP) and Medium-Term Sector Strategy for the key sectors.

CHAPTER THREE

REVENUE, EXPENDITURE, FISCAL AND DEBT PERFORMANCE, 2018- 2023

3.0 Introduction

The figures captured in this section of the report reflects the audited financial statement position for the historical years (2018 -2022). The state debts report also aligns with the 2022 Q4 State Debt Report submitted the Federal Debt Management Office.

3.1 Revenue, Expenditure, Overall & Primary Balance

i. **Aggregate State TOTAL Revenue trend in the last five years and its composition in 2020**

Therevenue of the state for the historical period (2018-2022) comprises all forms of revenue that accrued to the state with the exception of capital receipt. They are StatutoryAllocation,VAT,IGR and ExcessCrude

Aggregate Revenue grew substantially in nominal terms over the period. Total revenue grew from N62,296B in 2018 to N85,155B in 2022.

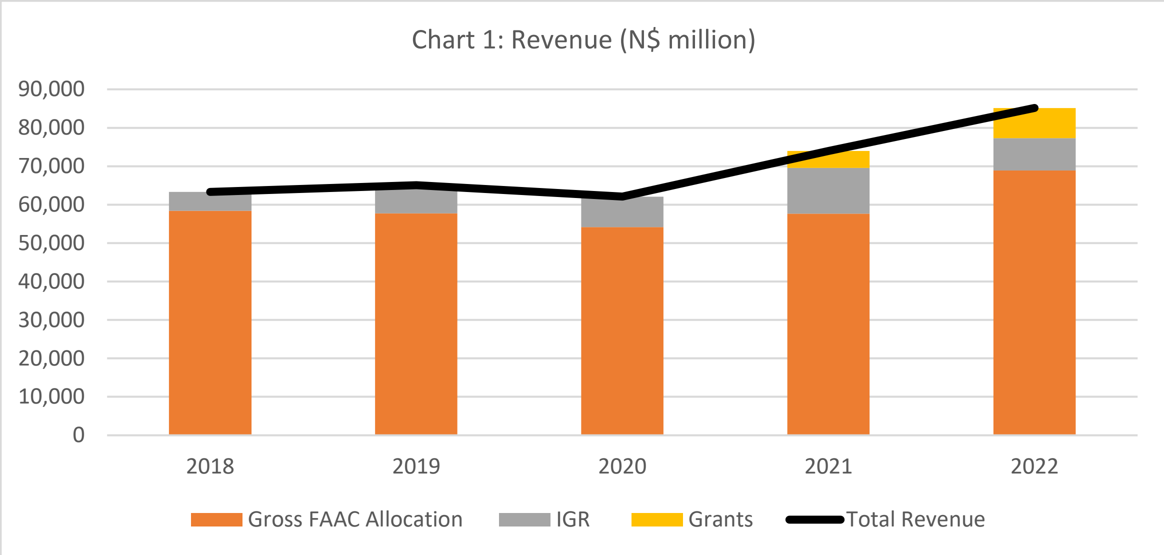
In further breaking down the components of the Gross FAAC, the Gross Statutory Allocation declined over this period from N44,899B in 2018 to N40,812B in 2022.

The Gross FAAC made up for a larger proportion of the growth in revenue over the historical years which is due to increase in income accruing from VAT.

Table 3.1 Kebbi State Aggregate Revenue for 2018-2022

REVENUE TYPE	2018	2019	2020	2021	2022
Gross FAAC	58,414.00	57,737.00	54,126.00	57,676.35	68,868.81
IGR	4,881.96	7,367.33	7,976.26	11,850.57	8,428.98
Grants	-	-	-	4,423.29	7,856.79
Total Revenue	**63,295.96**	**65,104.33**	**62,102.26**	**73,950.20**	**85,154.58**

Below is the chart on Total revenue for the historical years;



Source: Audited Financial Statements

ii. **FAAC Allocations trend in the last five years**

TherehasbeenasteadyincreaseinStatutoryAllocationsince2018 due to the increase in revenue earned from VAT. FAAC grew from N58,414B in 2018 to N68,868B in 2022 which is an increase of almost 18%.

Other factors leading to the improved Statutory Allocation include the Federal Government's zeal to improve the non-mineral revenue to reduce its over-dependence on oil and gas as its major revenue sources. Significant reforms were introduced mainly in FIRS (Federal Inland Revenue Service) and Nigerian Custom Service which yields positive results.

VAT has constantly surged in the country over the years not least as a result of continuedhighlevelofConsumerPriceinflation.Thistrendisexpectedtocontinuefollo wingthe signing into law of the Finance Bill 2019 which effectively raised the VAT rate from 5% to 7.5%. This will potentially increase revenue that will accrue to Government.

iii. **IGR trend in the last five years.**

The State exhibited a fairly strong IGR growth during the review period. IGR grew from N4,882B in 2018 to N8,429B in 2022 which is like a 73% increase. The IGR figures have steadily been increasing over the years. This is as a result of the continued efforts of the state internal revenue board in putting in measures to enhance tax collections and reducedleakages in the state internal revenue framework.

iv. **Aggregate (total) Expenditure trend in the last five years and its composition in 2022.**

The state expenditure can be classified as Recurrent (Personnel, Overheads, Debt Service and other Recurrent expenditure) and Capital Expenditure. The expenditure of the state did not really witness any increase over the historical years but rather declined. Total expenditure as at 2018 stood at N93,343B while the figure for 2022 is N93.325B.

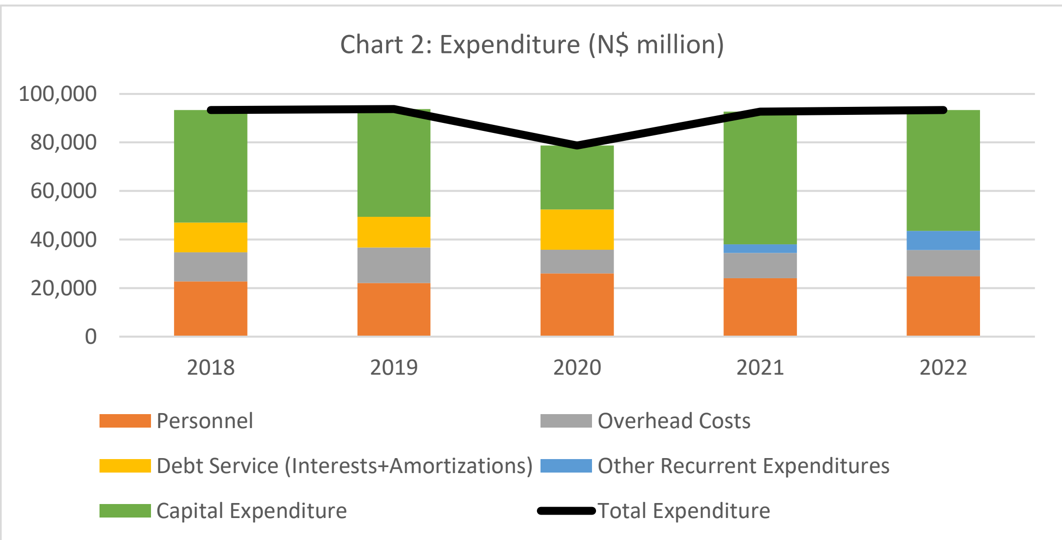
Personnel Cost and Capital Expenditure increased slightly over the historical period.

Below is the table showing Expenditure in the historical years and the growth rate over the period.

Table 3.2 Kebbi State Aggregate Expenditure for 2018-2022

	2018	2019	2020	2021	2022
Personnel	22,743.09	22,154.98	26,095.35	24,090.92	24,842.49
Overhead Costs	11,940.54	14,548.04	9,643.08	10,376.26	10,778.32
Debt Service (Interests+Amortizations)	12,328.12	12,686.65	16,660.88	-	-
Other Recurrent Expenditures	-	-	-	3,599.04	8,000.00
Capital Expenditure	46,331.30	44,378.84	26,343.69	54,608.22	49,704.21
Total Expenditure	**93,343.05**	**93,768.51**	**78,742.99**	**92,674.44**	**93,325.02**

Below is the expenditure chat for the state for the historical years

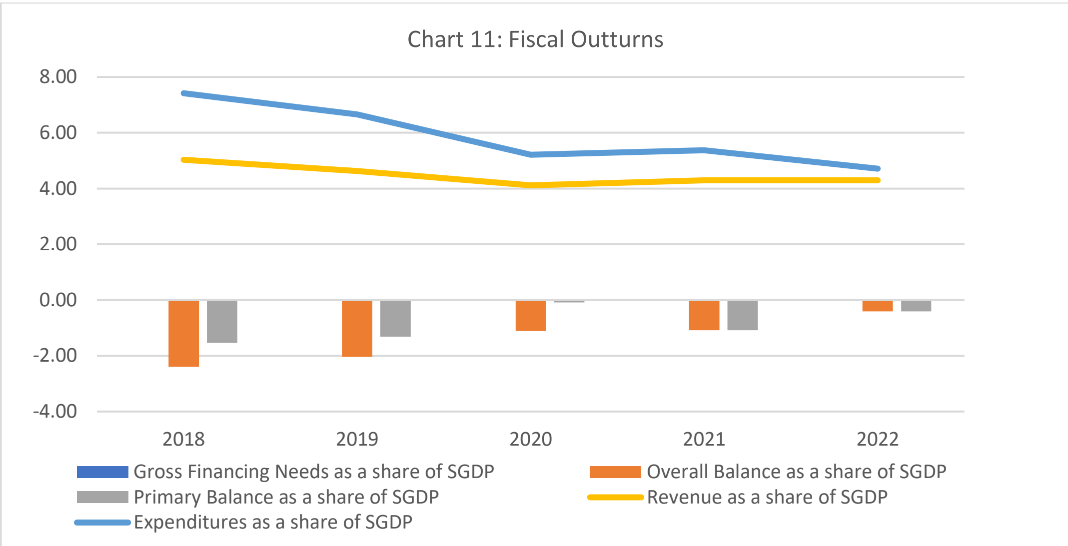


V. Main expenditure variations in the last five years by economic classification

The main expenditure variation happened with capital expenditure. The state had embarked on massive infrastructural projects which resulted in the capital expenditure cost witnessing an increase from N46,331B in 2018 to N54,608B in 2021 even though it slightly declined to N49,704B in 2022.
The personnel cost also slightly increased significantly 2020 due to the implementationofthe N30,000 Minimum Wage.

vi. Overall and primary balance trend in the last five years.

The overall and the primary balance as a share of the State GDP both witnessed similar trajectory in the historical years. Both balances have been decreasing during the review period. For the overall balance, it moved from a deficit of -2.39% in 2018 to of -0.41% of SGDP in 2022. The decline in the overall balance can be attributed to owing to the decrease in FAAC and increased capital expenditure. The primary fiscal balance has been declining continuously during the review period, from a deficit of -1.54% of SGDP in 2018 to -0.41 percent of SGDP in 2022. The state GDP also increased continuously over the five years of the historical period.



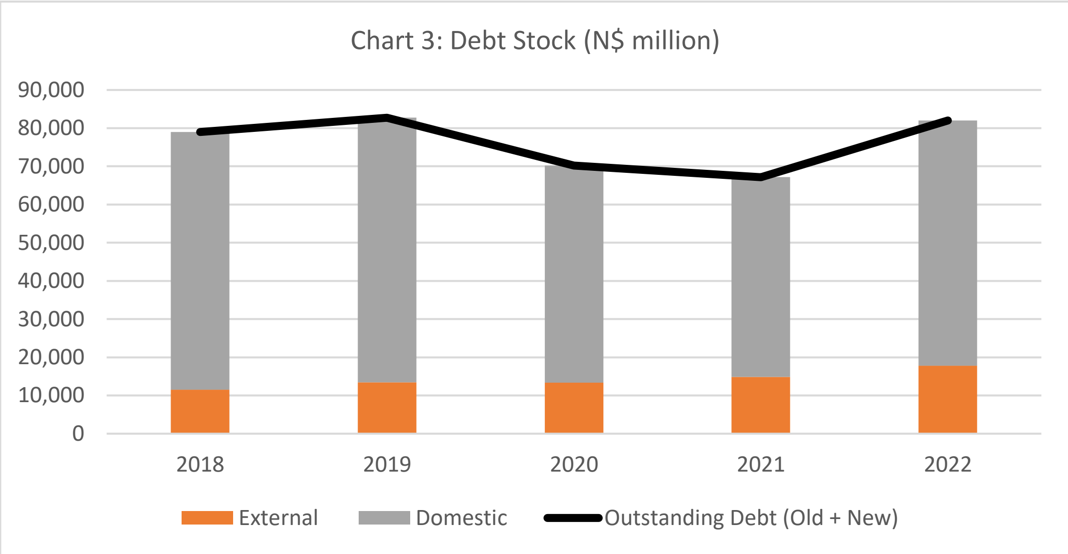
3.2 Kebbi State Existing Debt Portfolio

The State public debt includes the explicit financial commitments – like loans and securities – that have paper contracts instrumenting the government promises to repay as at when due.

i. **Public debt stock amount or its shares on total Revenue at end-2022 and its growth in the last five years**

The State public debt (Domestic and Foreign) amounted to N78,989B as of end 2018 and has been increasing steadily since the collapse of oil prices and the impact of Covid 19 in 2020 which necessitated decrease in FAAC allocations accruing to the state. The debt stock figure had risen to N82,047B as at the end of 2022 which implies a slightly 4% increase.

The chart below also explains the growth in the state Debt stock over the historical years;



ii. **The existing public debt portfolio composition at end-2022.**

The domestic component of the state debt stock as at December 2022 is N64,219B which is 78.27% of the entire state debt portfolio while the external debt stood at N17,829B representing 21.72% of the state debt stock. The state played resorted to borrowing more from the domestic market due to ease of access to finance and the opportunity to renegotiate borrowing terms whenever the need arises.

Table below captures the state debt stock as at December 2022.

DEBT CATEGORY	AMOUNT	PERCENTAGE
Domestic Debt	64,219	78.27%
External Debt	17,829	21.72%
Total Debt (stock)	**82,048**	**100.00%**

The consistent devaluation of the Naira also contributed to increasing value of the external debt stock.

The 2022 closing debt stock by item is summarised in the table below.

Category of Loan	Currency	Denomination	2022 Year End Balance
World Bank (WB)	US Dollars	Million	37.19
African Development Bank (AfDB)	US Dollars	Million	3.74
Total External Debt – Stocks	**US Dollars**	**Million**	**40.93**
Budget Support Facility	Naira	Million	17,239.11
Salary Bailout Facility	Naira	Million	6,152.91
Excess Crude Account Backed Loan	Naira	Million	8,663.80
Commercial Banks Loans	Naira	Million	-
Commercial Agriculture Loan (CBN Development Financing Facility)	Naira	Million	125.95
Infrastructure Loan (CBN Development Financing Facilities)	Naira	Million	16,018.43
Contractors' Arrears	Naira	Million	12,028.00
Pension and Gratuity Arrears	Naira	Million	3,990.43
Total Domestic Debt – Stocks	**Naira**	**Million**	**64,218.63**

Note: Exchange rate for external loan is at N435.6: $1

iii. **Cost and risks exposure of the existing public debt portfolio at end-2022.**

The threshold for debt service as a percentage of revenue is set at 40%. The state over the historical period didn't get close to the benchmark and it is noteworthy to state that given the projected debt levels, it is expected to remain steady over the years. Debt service as a percentage of gross FAAC moved from 21% in 2018 to 18% in 2012.

The external debt service as a share of revenue has increased to 0.9% in 2022 from 0.6% in 2018. This is still very well under control with limited exposure to currency fluctuations.

CHAPTER FOUR

KEBBI STATE DEBT SUSTAINABILITY ANALYSIS

4.0 Introduction

The concept of debt sustainability refers to the ability of the government to honour its future financial obligations. Since policies and institutions governing spending and taxation largely determine such obligations, debt sustainability ultimately refers to the ability of the government to maintain sound fiscal policies overtime without having to introduce major budgetary or debt adjustment in the future. Conversely, fiscal policies are deemed unsustainable when they lead to excessive accumulation of public debt, which could eventually cause the government to take action to address the unwanted consequences of heavy debt burden.

The debt and debt service indicators for Kebbi State for the historical and projection years shows that the debt levels are sustainable. See table below for indicators with threshold;

Table 4.1 Performance Indicators with Threshold

INDICATOR	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Debt as % of SGDP	6.28	5.87	4.65	3.90	4.14	4.05	3.93	3.86	3.74	3.64	3.60	3.47	3.33	3.21	3.08
Threshold	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25
Debt as % of Revenue	124.79	127.07	113.00	90.82	96.35	68.67	69.35	68.66	67.67	77.20	72.35	72.10	71.72	73.30	74.13
Threshold	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200
Debt Service as % of Revenue	19.13	19.25	26.53	9.52	14.80	4.71	4.54	6.45	8.81	11.52	12.61	14.01	14.96	14.76	14.62
Threshold	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Personnel Cost as % of Revenue	35.93	34.03	42.02	32.58	29.17	23.06	22.75	21.34	20.16	21.93	19.27	18.44	17.72	17.38	16.93
Threshold	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60

In the historical years, debt as a percentage of state GDP recorded its highest figure in 2018 at 6.28 % while it is 4.05% in 2023 for the projection years. In all they are still very far from the 25% threshold, that is an indication of the good strategies put in place to manage the debt and fiscal responsibility in the state.

For debt as a percentage of revenue, the highest percentage the state recorded happened in 2018 at 124.79% and declined for the rest of the historical years to the projection years as state never got near the threshold for the rest of the projection years.

For Debt service as a percentage of revenue, the threshold is 40% and the state did not breach this threshold all through the historical and projection years. Personnel cost as a percentage remained below the threshold of 60% all through the historical and projection period. In summary, the debt sustainability position of the state for the historical and future years is not in any way threatened as all the performance indicators recorded positive numbers all through the future years.

The following indicators without threshold; Debt service to FAAC, Interest Payment to Revenue, and external debt service revenue all remained favourable as depicted in the table below as they all posted positive outlook all through the historical and projection years.

Table 4.2 Performance Indicators without Threshold

INDICATORS	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Debt Service as a share of Gross FAAC Allocation	20.73	21.70	30.44	12.21	18.30	6.76	6.37	8.75	11.64	14.74	16.25	17.74	18.68	18.27	17.92
Interest as a share of Revenue	2.20	3.56	1.63	2.25	4.40	1.66	2.99	4.04	5.50	6.41	6.89	6.67	6.75	6.61	6.56
External Debt Service as a share of Revenue	0.62	0.77	0.93	0.88	0.95	0.61	0.63	0.56	0.54	0.58	0.49	0.53	0.50	0.66	0.62

4.1 Medium Term BudgetForecast

Kebbi state has developed the Medium -Term-Expenditure Framework which provided a projection of revenue and expenditure of the Government. The assumptions are described below.

MacroeconomicOutlook

The State has recently published KEBBI State Development Plan (KBSDP) and Medium-Term Sector Strategy for the key sectors which includes GDP and revenue growth projections for the state. Furthermore, the State 2024-2026MTEFfurtherexpandsontheseassumptionsparticularlywithregardsMin eralsector assumptions.

Table 4.3 Medium Term Macro-Economic Framework – Key Parameters for the National Macroeconomic projections

Item	**2023-Revised**	**2024**	**2025**	**2026**
National Inflation	16.11%	17.16%	16.21%	17.21%
National Real GDP Growth	3.55%	3.75%	3.30%	3.40%
Oil Production Benchmark (MBPD)	1.76	1.78	1.80	1.81
Oil Price Benchmark	$75.00	$77.96.	$73.76	$69.90
NGN: USD Exchange Rate	₦435.57	₦750.00	₦665.61	₦669.79

Source: Ministry of Finance, Budget & National Planning; NNPC; BOF; NBS
*Notes: (i) * The initial projection is not likely to be achieved based on current trends. (ii) The medium-term projections deviate from the projections in the National Development Plan (NDP) 2021-2025. They have been updated based on a combination of current realities and a modified medium-term outlook. For instance, inflation and growth in the NDP are projected at **14.93% and ***4.39%, respectively, for 2023.*

The Russian invasion of Ukraine, resulting in higher crude oil prices, has worsened Nigeria's economic performance. On the fiscal side, oil revenue accretion to the Federation Accounts is much lower due to the huge petrol subsidy costs, which are recovered from crude oil and gas revenues before remittance to the federation account. The real economy is experiencing sustained inflationary pressures, worsened by high energy costs, while external account and exchange rate pressures persist. These factors and the medium-term outlook underly the medium-term projections. In the medium term, real GDP growth is projected at 3.75% in 2023, from a revised projection of 3.55% in 2022 – a downward revision from the 2022 budget prediction.

Growth is expected to moderate to 3.30% in 2024 before picking up to 3.46% in 2025. The inflation rate is projected to average 17.16% in 2023, up from the revised average of 16.11% for 2022. Upward pressure on prices is expected to be driven by the current and lagged effect of the global price surge due to the Russian-Ukraine war, domestic insecurity, rising imports, and exchange rate depreciation, as well as other supply-side constraints. It is envisaged that shocks from global environment, domestic challenges like insecurity and fiscal expansion would not only induce inflationary pressure but impact exchange rate and interest rates. Consequently, it is projected that the naira will depreciate to N435.57/US$ in 2023, N750/US$ in 2024, N665.61/US$ in 2025 and N669.79/US$ in 2026

The MTEF for Kebbi State for covering 2023 – 2026 upon which this debt sustainability exercise is premised is hereby presented below;

Table 4.4 Kebbi State Medium Term Fiscal Framework

Kebbi State Medium Term State Fiscal Framework				
Recurrent Revenue	**2023**	**2024**	**2025**	**2026**
Gross Statutory Allocation	62,706,692,543	61,936,220,558	67,409,279,920	72,882,339,282
Other FAAC transfers (exchange rate gain, augmentation, others)	5,768,125,350	4,331,824,940	4,331,824,940	4,331,824,940
VAT Allocation	23,517,060,749	37,906,289,378	47,010,907,826	56,115,526,274
IGR	10,186,764,165	15,557,040,600	16,334,892,630	17,112,744,660
Sales of Govt Assets and Privatization Proceeds	3,946,100,000	0	0	0
Total Revenue	**106,124,742,806**	**119,731,375,476**	**135,086,905,316**	**150,442,435,156**
Recurrent Expenditure				
Personnel costs	30,458,421,489	33,222,181,152	34,383,290,210	35,544,399,268
Overhead costs	18,772,483,528	12,565,400,956	13,193,671,004	13,821,941,052
Other Recurrent Expenditure	20,000,000,000	7,305,883,907	8,036,472,298	8,767,060,689
Public Debt Service	6,218,946,809	6,635,751,503	10,391,403,902	15,521,730,930
Total Recurrent Expenditure	**75,449,851,826**	**59,729,217,518**	**66,004,837,414**	**73,655,131,939**
Transfer to Capital account	**30,674,890,981**	**60,002,157,958**	**69,082,067,902**	**76,787,303,217**

Capital Receipts				
Grants	29,928,437,088	26,280,000,000	26,055,000,000	25,830,000,000
Other Non-Debt Creating Capital Receipts	19,089,927,262	2,130,034,627	4,677,638,179	7,225,241,731
Proceeds from Debt-Creating Borrowings	12,690,455,977	12,819,744,468	13,258,311,614	14,471,553,389
Total Capital Receipt	**61,708,820,327**	**41,229,779,095**	**43,990,949,793**	**47,526,795,120**
Capital Expenditure	**97,754,170,094**	**101,731,937,053**	**112,773,017,695**	**123,814,098,337**
Projected Borrowings	**12,690,455,977**	**12,819,744,468**	**13,258,311,614**	**14,471,553,389**

Note:
The Medium-Term Budget (MTB) forecast is an expression of the state government's public policy for the near future taking into consideration the necessary underlying assumptions. There are few instances where the MTB forecast above slightly differ from the figures adopted for the baseline projections, it is largely due to adjustments made in relation to inflation and rising crude oil prices in the global oil market.

Kebbi State medium-term debt sustainability is predicated upon a gradual recovery of the Nigerian economy that will increase FAAC statutory allocation.

Revenue and ExpenditureAssumptions

Statutory Allocation – The forecast for the statutory allocation is based on the benchmarked oil price, exchange rate and the oil production Benchmark for the 3 years. Once they are actualised coupled with the subsidy removal, the State can receive the forecasted figures for cash allocation. It is based
on historical mineral revenue flows and elasticity-based forecast was used.

VAT – elasticity based on the past performance is used to forecast VAT for 2024-2026. This forecast should be revisited if there are any changes to the VAT rates.

Other Federation Account receipts – the estimation is based on the historical trend (i.e. from 2017- 2022). The State is developing its mineral sector and is expected to receive more funds from derivation and other sources of funds.

Internally Generated Revenue (IGR) – the current administration is improving on the ongoing measures to grow IGR. These measures have started yielding results as actual IGR for the current year is increasing. It is anticipated that IGR will continue to increase by 30% in the current year and start to stabilise from 2024 with a minimum annual growth of 30%. Own Percentage is therefore used to forecast IGR for 2024 – 2026.

Grants – The internal grants are based on the actual receipts for 2021 and performance from 2017 to June 2022. External grants are based on signed grant agreements with the development partners.

Financing – Kebbi State intends to secure an external loan/borrowing in 2023. All internal and external loans are projections based on signed agreements.

Personnel – It is anticipated that there will be a new minimum wage before the end of 2023 to cushion the effect of the subsidy removal and naira devaluation which will impact on the wage bill from the fourth quarter of 2023. The projection is that total wage bill will increase by 10% in 2023, with a gradual increase of 15%, 18% and 22% over the 2024 – 2026 fiscal years.

Social Contribution and Social Benefits – A substantial amount is being owed as pension and gratuity payment. It is appropriate to make adequate provision for these items and other social commitments. Hence, the own value, representing computation for outstanding commitments as well as estimation for next medium term is used.

Overheads – Overhead has been relatively stable between 2018 and 2022. It is anticipated that it will increase further in the projection years.

Public Debt Service - is based on the projected principal and interest repayments for 2024, 2025 and 2026.

Capital Expenditure – is based on the balance from the recurrent account plus capital receipts.

4.2 BorrowingsAssumptions

For the projection years of 2023 -2032, the deficit that is supposed to be financed by borrowing has been established. The table below shows the gross borrowing requirement from 2023-2032.

New Domestic Financing in Millions of Local Currency										
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	4,160.63	8,732.78	7,882.26	5,223.38	9,240.19	5,681.32	8,759.12	5,155.27	8,493.73	7,655.43
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	-	4,086.96	5,376.05	-	-	-	3,027.69	9,989.34	-	-
State Bonds (maturity 1 to 5 years)	-	-	-	8,226.53	9,282.09	11,656.28	-	-	-	7,673.25
State Bonds (maturity 6 years or longer)	-	-	-	-	-	-	-	-	-	-
Other Domestic Financing	6,292.63	-	-	-	-	-	14,156.53	-	22,631.11	-
New External Financing in Million US Dollars										
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	5.14	-	-	2.35	-	15.75	-	31.02	-	38.15

External Financing - Bilateral Loans	-	-	-	-	-	-	-	-	-	-
Other External Financing	-	-	-	-	-	-	-	-	-	-
Total Planned Borrowing	**12,690**	**12,820**	**13,258**	**14,472**	**18,522**	**24,200**	**25,943**	**28,658**	**31,125**	**31,944**

Table 4.5 Total Gross Borrowing Requirements for 2023-2032

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Gross Borrowing Requirement	12,690.46	12,819.74	13,258.31	14,471.55	18,522.28	24,199.86	25,943.34	28,657.71	31,124.84	31,944.27

KebbiStateplans to continue to borrow both from the domestic and foreign windows in other to keepitsdebtportfoliotowardsabalancemixtureoflongandshort- term maturity. Below is the table showing how the financing deficit is intended to be financed for the baseline;

Table 4.6 Total Planned Borrowing for 2023-2032

For each of these borrowing options at domestic and external level, there exist their financing terms. The table below shows the financing terms for these intended borrowing options;

Table 4.7 Borrowing Terms for Projected New Debts

Borrowing Terms of New Debt (issued/contracted from 2023 onwards)			
Borrowing Terms for New Domestic Debt (issued/contracted from 2023 onwards)	**Interest Rate (%)**	**Maturity (# of years)**	**Grace (# of years)**
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	21.00%	5	1
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	22.00%	8	1
State Bonds (maturity 1 to 5 years)	17.50%	5	1

State Bonds (maturity 6 years or longer)	18.00%	12	1
Other Domestic Financing	10.00%	15	0
Borrowing Terms for New External Debt (issued/contracted from 2023 onwards)	**Interest Rate (%)**	**Maturity (# of years)**	**Grace (# of years)**
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	2.47%	30	7
External Financing - Bilateral Loans	1.15%	20	5

In setting up the alternative strategies 2 – 4 for the debt management strategy analysis, the new domestic and external financing categories and its borrowing terms defined in the reference debt strategy (S1) will be automatically applied on the alternative debt strategies.

4.3 DSA Simulation Results

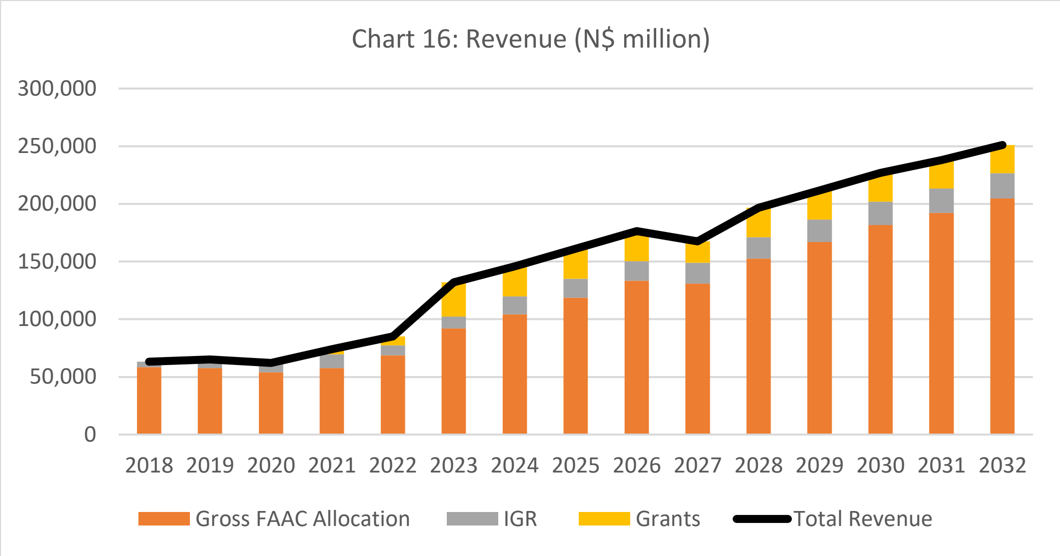
Revenue, expenditure, overall and primary balance over the long-term.

The objective of the debt sustainability analysis simulation exercise is to analyse the sustainability of the state's public debt portfolio and build an optimum debt strategy based on clearly defined debt management and macroeconomic framework.

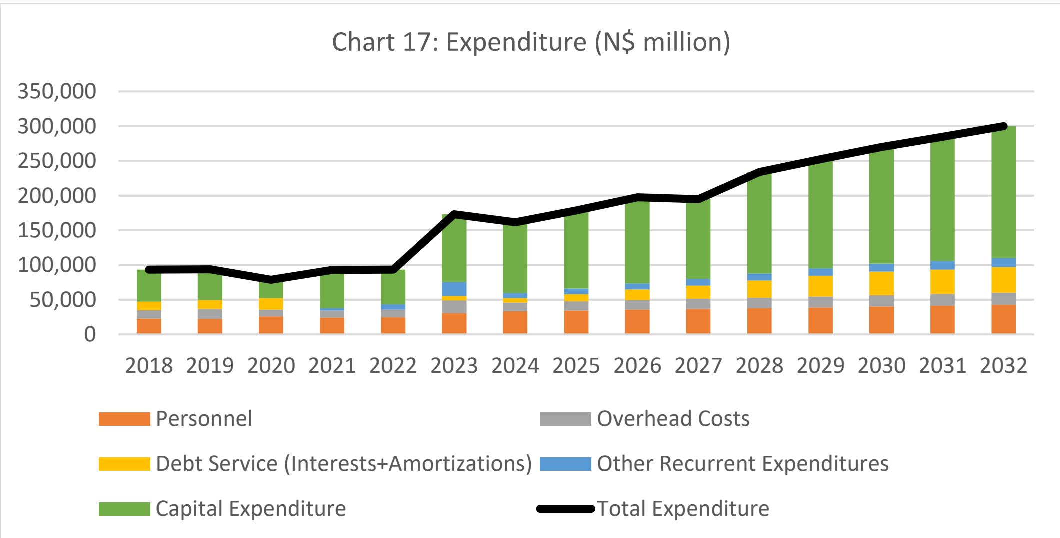
As expected, FAAC allocation is projected to be the largest in the revenue categories even though state is working to diversify. Kebbi State Total Revenue (including grants and excluding other capital receipts) is expected to increase from N85,155B in 2022 to N251,056B in 2032, representing an increase of 195% percent over the projection period.

To further break it down, Gross FAAC Allocation projected to grow from N68,868B in 2022 to 204,796B in 2032, which implies an increase of N135,928B while Grants is projected to grow from 7,857B to N24,480B within the same period. The projections were sources from the Approved 2023 Budget; MTEF, 2024-2026; projections for the other years are as estimated by the Ministry of Economic Planning & Budget official.

The Internally Generated Revenue (IGR)'s tax system will be further strengthened over the medium term by improving collection efficiency, enhancing compliance, and reorganizing the business practices of revenue agencies in the state as well as employing appropriate technology. In addition, efforts will be made to bring more businesses in the informal sector into the tax net. IGR estimated to increase by N8,429B in 2022 to N21,780B in 2032.

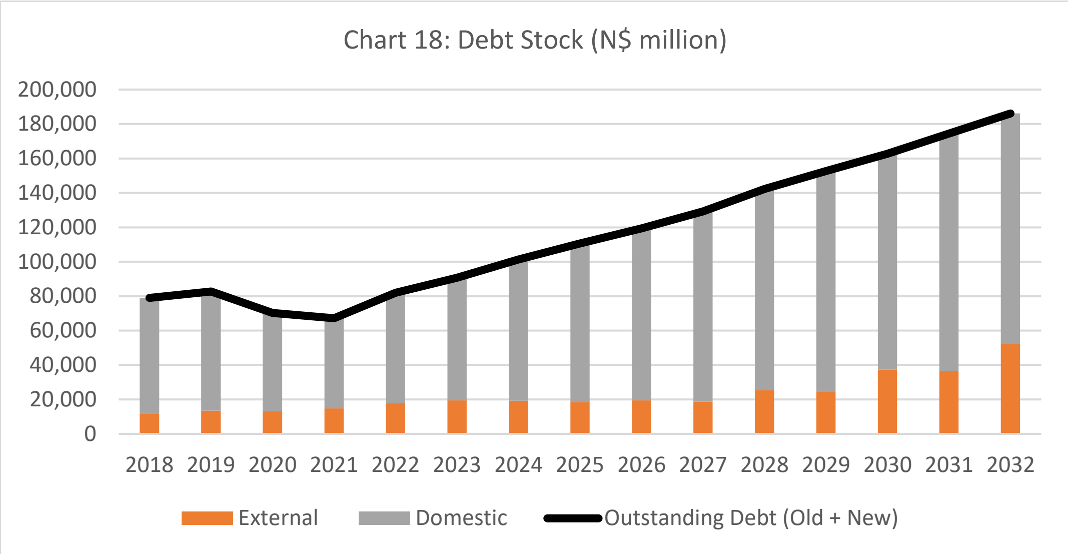


Kebbi state total expenditure for the projection years will expand from 93,325B in 2022 to N300,001B by 2032. Expenditure was projected to grow by almost 221% due to the state's continued infrastructural development in the state, expected wage increase due to fuel subsidy removal and the further devaluation of the naira. Within same period, personnel cost is projected to grow from N24,842B to N42,511B, overhead from N10,778B to N17,592B while capital expenditure will grow from N49,704 to N190,061B all as provided in the Approved 2023 Budget; MTEF, 2024-2026; 2027-2032 projections as estimated by the Ministry of Economic Planning & Budget.



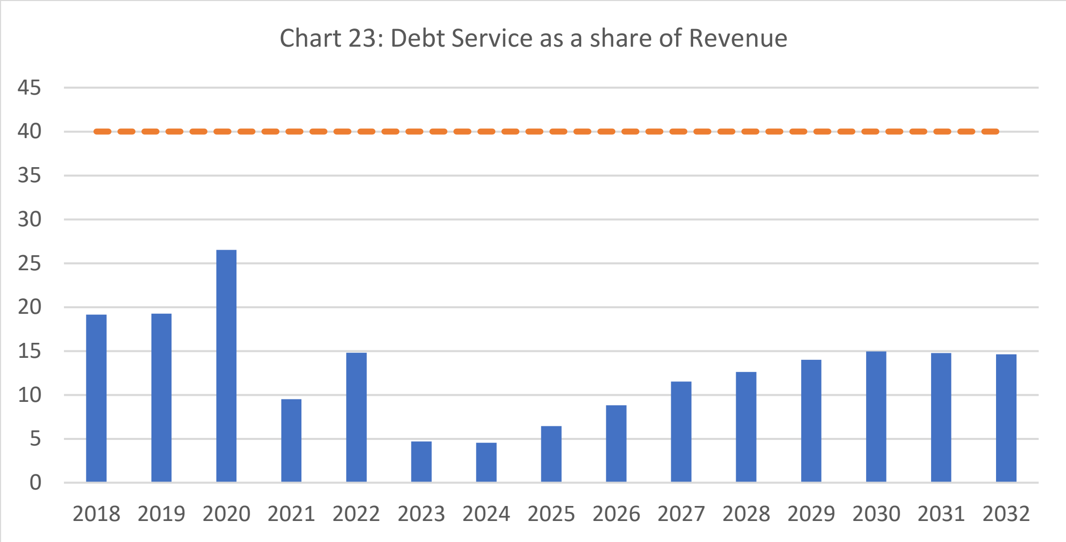
Therefore, the fiscal deficit—computed as the difference between revenue and expenditure—is expected to remain within a range of N12,690.5B to N31,944.3B in nominal terms.

The State's Debt Stock estimated to increase from N82,047 in 2022 to N186,110B in 2032, representing an increase of N104,063B over the projection period. Domestic debt is projected to grow from N64,219B to N133,895B while Externa; Debt is to grow from N17,829 to N52,214B over the projection period. The debt portfolio is more in domestic due to the ease of access to finance and the easier possibility to renegotiate to restructure loans when the need arises.

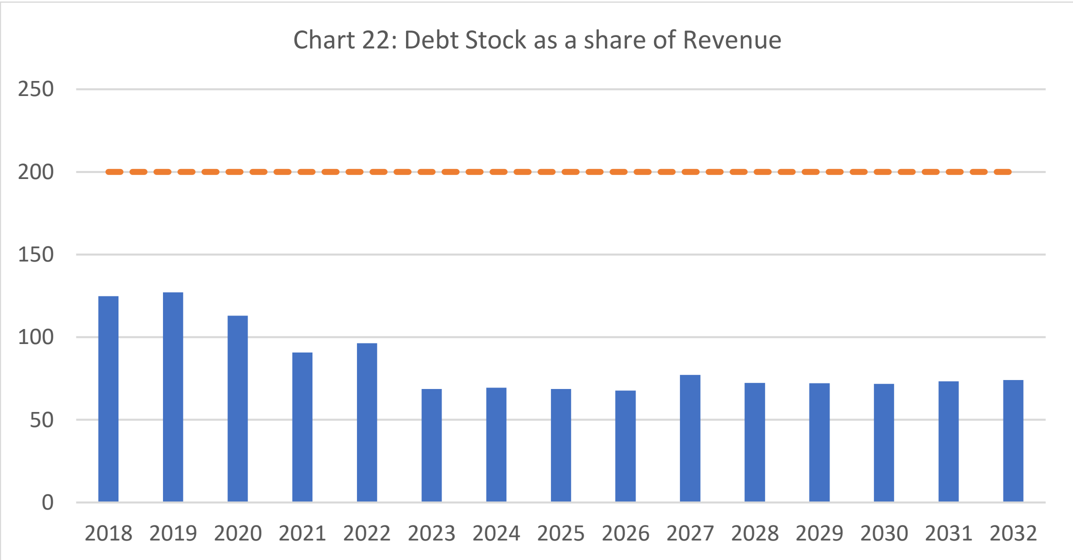


Main finding and conclusion of the baseline scenario under the reference debt strategy (S1) in terms of debt sustainability. The gross financing requirement necessitated creating new borrowings for the projection years. The state's debt is projected to rise from N82,047B as of end-2022 to N186,110B by 2032.

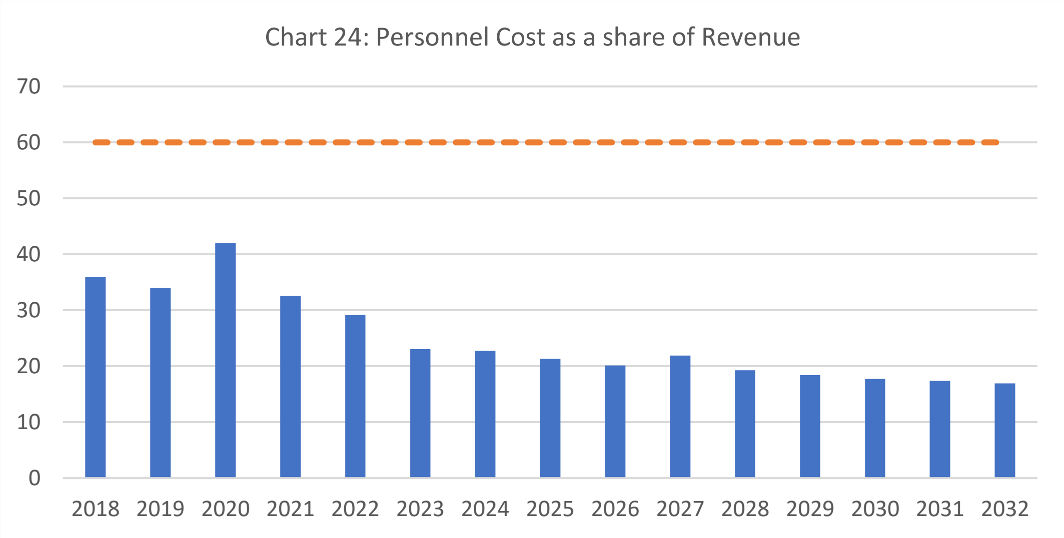
As a result of the increase in debt stock from 2022-2032, the state will continue to incur debt service cost, however, debt service obligations will be far below the debt service threshold of 40%. The debt service ratio did not breach the threshold all through the projection years.



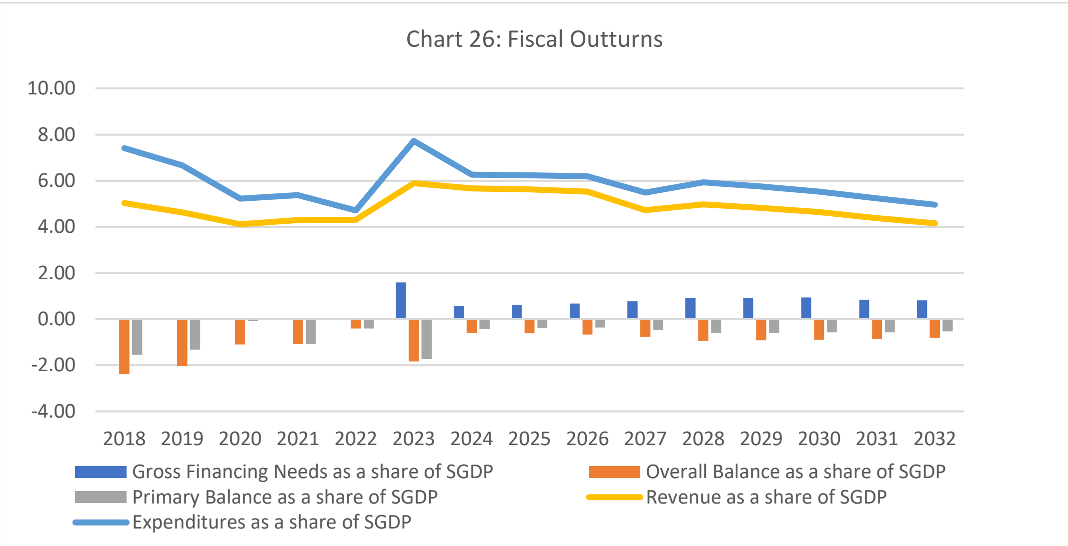
Debt as a share of revenue with a threshold of 200% was not breached by the state all through the historical and projections years which implies sound debt management and sustainability for the state both in the medium and long term.



A major component of recurrent expenditure in the state is Personnel Cost. Established threshold for personnel cost as a share of revenue is 60%. Kebbi State did not breach this threshold in both the historical and projection years. The effect of the reforms ongoing in the state's civil service is evident in the chart below.



Primary balance which is the difference between the state's revenue and its non interest expenditure can be measured as a percentage of state GDP. All other indices (Gross financing need, Overall, Balance, Revenue & Expenditure) measured as a share of state GDP witnessed improvement from the historical to the projection years.



Conclusion

Kebbi State DSA result shows that the State remains at the Low Risk of Debt Distress.

Revenue and expenditure as a percentage of state GDP will decline in the medium term but improve into the projection years. The debt and debt service indicators remain positive as there are no expected breaches in the indicators with threshold.

The analysis of the baseline indicator under the reference debt Strategy (S1) suggest that the state will be able to preserve the sustainability of its debt in the medium and long term. However, it is important for the state to continue to implement the reforms in IGR, by bringing more people into the tax net, deploy technology in tax assessment and collection, so that internally generated revenue can continue to improve. The cost management initiatives being embarked upon by the state especially regarding recurrent expenditure should continually be pursued.

4.3 Debt Sustainability Analysis Sensitivity Analysis

The Debt Management Strategy put together by Kebbi State is structured to have six scenarios; the baseline scenario, four shock (Shock Revenue, Shock Expenditure, Shock Exchange Rate & Shock Interest Rate) scenarios, and the historical scenario. The shocks are used in testing the resilience of the figures in the baseline scenario. Shocks are measured as a percentage deviation from the baseline scenario. The state relied on the projected macroeconomic assumptions in setting up the reference strategy which requires that a sensitivity analysis needs to be undertaken considering macroeconomic and policy shocks to evaluate the robustness of the sustainability assessment for the Baseline scenario under the reference debt strategy S1. In considering both macroeconomic and policy shocks, the State assumed that the external and domestic borrowings will cover any revenue shortfall and additional expenditure relative to the baseline scenario.

The 2023 DSA analysis shows that Kebbi remains at low risk of debt distress under sensitivity analysis. Under the Debt to Revenue performance indicator with a threshold of 200%, none of the shocks breached the threshold in nearly all the projection years. This implies that the state is comfortable and must continue to work to ensure that revenue projections over the future years do not decline. State must continue to make effort to bring more people into the tax net and improve IGR. Debt managers must also work to reduce the state's exposure to debt.

Except for the historical scenario which has outrageous figures which by extension means will not be considered for this analysis, all under shock scenarios did not breach the threshold in other performance indicators which justifies the low debt distress assumption by the state. Nonetheless, relevant state authorities must continue to work to ensure that the debt sustainability position is not threatened in the future. See below the relevant charts.

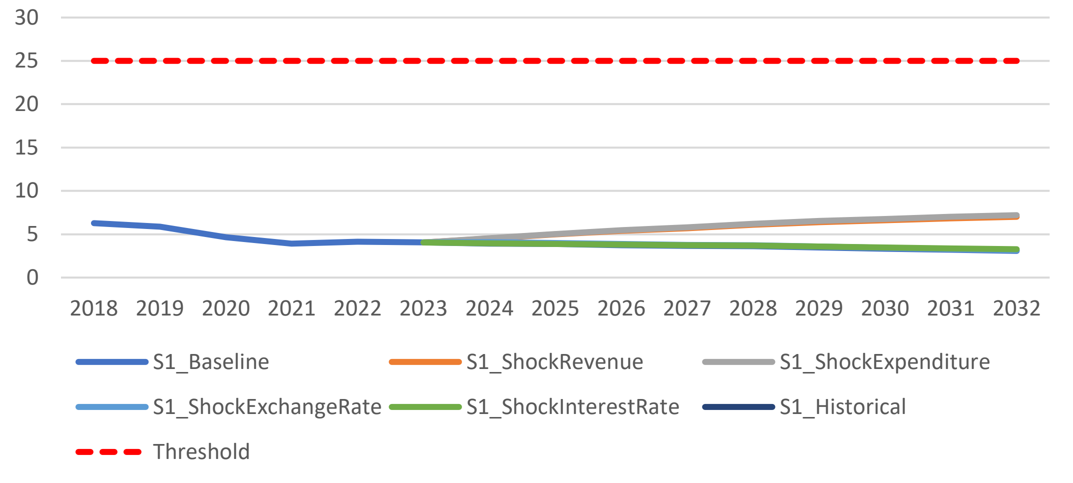


Chart 27: Debt Stock as a share of SGDP

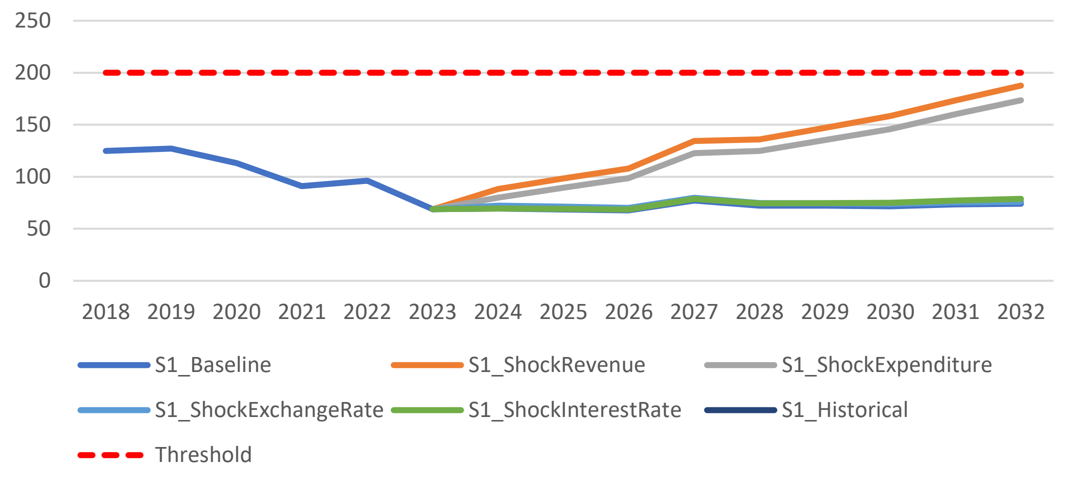


Chart 28: Debt Stock as a share of Revenue

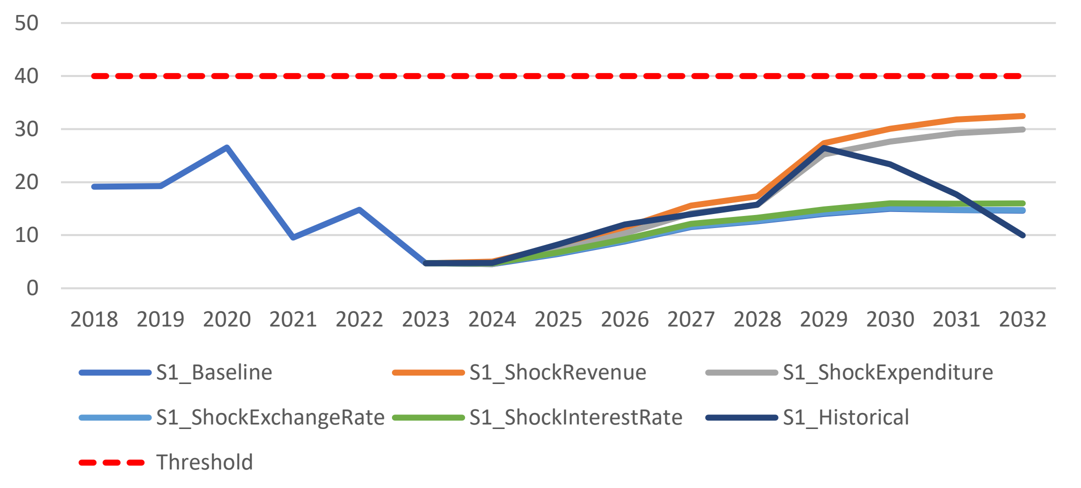


Chart 29: Debt Service as a share of Revenue

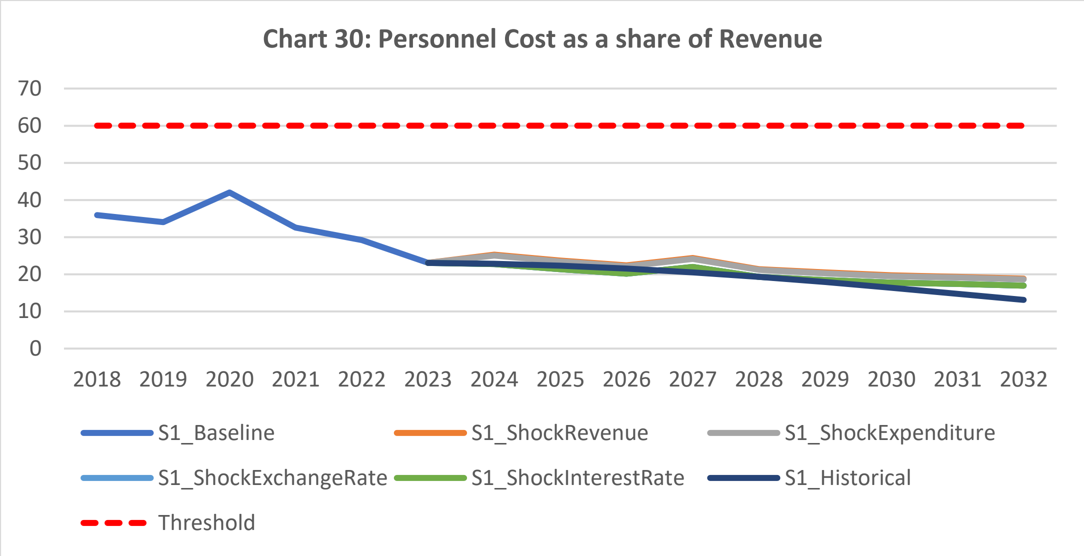


Chart 30: Personnel Cost as a share of Revenue
70
60
50
40
30
20
10
0
2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032
S1_Baseline
S1_ShockRevenue
S1_ShockExpenditure
S1_ShockExchangeRate
S1_ShockInterestRate
S1_Historical
Threshold

CHAPTER FIVE

CONCEPT OF DEBT MANAGEMENT STRATEGY

5.0 Introduction

Public debt management is the process of establishing and executing a strategy for managing the government's debt in order to raise the required amount of funding at the lowest possible cost over the medium to long run, consistent with a prudent degree of risk. Debt Management Strategy examines the costs and risks inherent in the current debt portfolio, as well as in the debt portfolios that would arise from a range of possible issuance strategies, considering factors such as the macroeconomic and financial market environment, the availability of financing from different creditors and markets, and vulnerabilities that may have an impact on future borrowing requirements and debt service costs.

The Debt Management Strategy provides alternative strategies to meet the financing requirements for Kebbi State. The strategies are shown by the breakdown of funding mix (domestic debt and external debt) and within the broad categories of domestic and external, the share of each stylized instrument has also been illustrated. The following four strategies are assessed by the government. The Kebbi State's Debt Management Strategy, 2023-2027, analyses the debt management strategies outcomes of the three debt management performance indicators namely Debt Stock to Revenue, Debt Services to Revenue and Interest to Revenue. The cost is measured by the expected value of a performance indicator in 2027, as projected in the baseline scenario. Risk is measured by the deviation from the expected value in 2027 caused by an un-expected shock, as projected in the most adverse scenario.

5.1 Alternative Borrowing Options

Aside the baseline strategy, there are other three strategies (S2, S3, S4) set up as alternative strategies. A debt management strategy analysis will be conducted to identify the worst possible scenario that will outperform the baseline for every strategy.

The state government intends to utilize the financing options available in the domestic market (Commercial bank loans, State bonds and other domestic financing – CBN loans) and external market (Concessional loans from World Bank & AFDB, Bilateral loans) to fund the gross borrowing requirement for 2023-2032 while ensuring that it's done at the lowest cost possible with a prudent of risk.

Strategy 2.

The assumption is that the state intends to finance its total gross borrowing requirement by contracting only commercial bank loans all though the projection years. Reason being that commercial bank loans are the easier to access. It also comes with opportunity for renegotiation of the borrowing terms should the need arises. The state will be borrowing with the range of N12,690.5B to N57,469.9B all through 2023-2032. There are two categories of Commercial bank loans; first is 1-5 years which serves short term funding requirement and the other is 6 years and above, this takes care of the medium to long term.

Strategy 3.

The state assumes that Commercial Bank Loans (1-5 years) and State Bonds both for 1-5 years and 6 years and above will be sourced to fund its deficit for the projection years. Utilizing the state bonds option comes with a moderate cost and the foreign exchange rate risk will be mitigated. The state will be raising within the range of N12,690.5B to N45,703.2B from 2023-2032.

Strategy 4.

The state assumes that External Financing (Concessional Loans (e.g., World Bank, African Development Bank) and (Bilateral Loans) will be sourced to fund its deficit for the projection years. The state will be raising within the range of N12,690.5B to N1,448.4B from 2023-2032.

For all the four strategies, the borrowing assumptions remain the same;

Table 5.1 Borrowing Terms and Assumptions for New Loans

Borrowing Terms for New Domestic Debt (issued/contracted from 2022 onwards)	**Interest Rate (%)**	**Maturity (# of years)**	**Grace (# of years)**
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	21.00%	5	1
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	22.00%	8	1
State Bonds (maturity 1 to 5 years)	17.50%	5	1
State Bonds (maturity 6 years or longer)	18.00%	12	1
Other Domestic Financing ()	10.00%	15	0

Borrowing Terms for New External Debt (issued/contracted from 2022 onwards)	Interest Rate (%)	Maturity (# of years)	Grace (# of years)
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	2.47%	30	7
External Financing - Bilateral Loans	1.15%	20	5

5.2 Debt Management Strategy Simulation Results

In assessing the debt management strategy and getting results, the baseline strategy S1 is compared with the other three alternative strategies S2, S3 and S4 using the following debt performance indicators highlighted above. They are Debt stock/revenue ratio, Debt service/revenue and interest/ revenue ratios. The cost and risk for each alternative strategy is analysed in comparison to the reference strategy (S1) including the trade-offs for each strategy in terms of risk and cost.

5.2.1 Debt Stock/Revenue

The table below shows the performance of the state from 2023-2027 when expressing debt as a percentage of revenue.

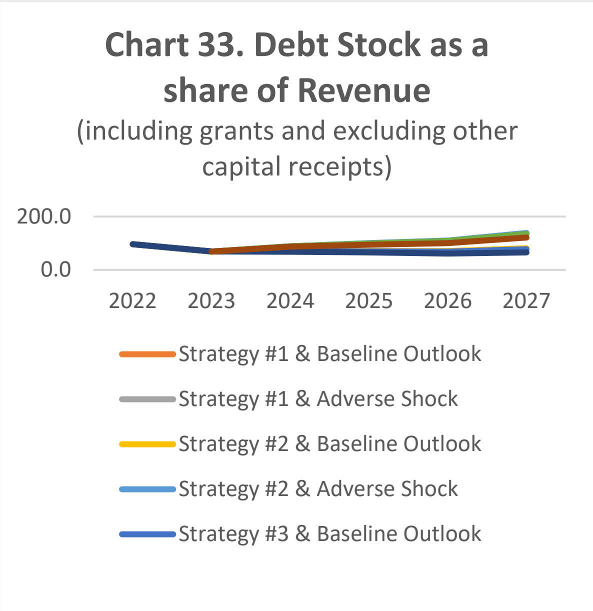
The Strategy 4 (S4) presented the lowest cost and lowest risk in all the 4 strategies. Cost as at 2027 is projected to be 65.8% while the risk is 55.7%.

Year 2022 had the highest debt stock to revenue ratio but it is expected to continue to decline in the medium term provided the state keeps projected debt and revenue at manageable levels within this period.

						COST	RISK measured only in 2027
Debt Stock as % of Revenue (including grants and excluding other capital receipts)	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2027**
Strategy #1 & Baseline Outlook	96.4	68.7	69.3	68.7	67.7	77.2	57.0
Strategy #1 & Adverse Shock		68.7	88.2	98.3	108.0	134.2	
Strategy #2 & Baseline Outlook	96.4	68.7	70.2	70.2	70.0	81.1	57.4
Strategy #2 & Adverse Shock		68.7	89.1	100.0	110.6	138.6	
Strategy #3 & Baseline Outlook	96.4	68.7	69.9	69.5	68.5	78.2	57.1
Strategy #3 & Adverse Shock		68.7	88.8	99.2	108.9	135.3	

Strategy #4 & Baseline Outlook	96.4	68.7	68.5	65.5	61.3	65.8	55.7
Strategy #4 & Adverse Shock		68.7	87.2	94.8	100.9	121.5	

From the Cost-Risk trade off chart below, strategy 4 has the lowest cost and the lowest risk.



5.2.2 Debt Service/Revenue

The table below shows the performance of the state from 2023-2027 when expressing debt service as a percentage of revenue.

Under this performance indicator, strategy S4 in the year of measurement (2027) cost of 2.7% and 3.1% as risk which is the lowest when compared to other alternative strategies.

						COST	**RISK measured only in 2027**
Debt Service as % of Revenue (including grants and excluding other capital receipts)		**2023**	**2024**	**2025**	**2026**	**2027**	**2027**
Strategy #1 & Baseline Outlook		4.7	4.5	6.4	8.8	11.5	4.0
Strategy #1 & Adverse Shock		4.7	5.0	8.0	11.4	15.6	
Strategy #2 & Baseline Outlook		4.7	5.1	7.9	10.4	14.1	4.3
Strategy #2 & Adverse		4.7	5.6	9.6	13.2	18.4	

Shock							
Strategy #3 & Baseline Outlook		4.7	4.8	7.8	10.2	13.7	4.3
Strategy #3 & Adverse Shock		4.7	5.3	9.5	12.9	18.0	
Strategy #4 & Baseline Outlook		4.7	3.4	3.2	2.9	2.7	3.1
Strategy #4 & Adverse Shock		4.7	3.8	4.3	4.8	5.7	

From the Cost-Risk trade off, strategy 4 comes easily as the most preferred scenario being that it has the lowest cost and the lowest degree of risk.

Chart 37. Debt Service as a share of Revenue
(including grants and excluding other capital receipts)

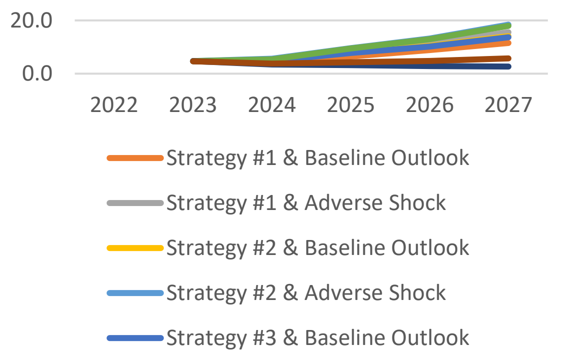
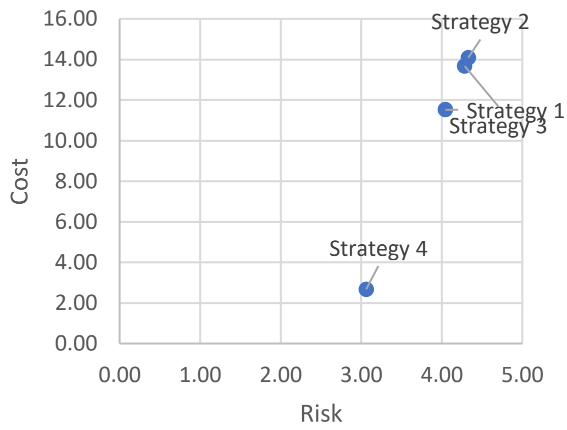


Chart 38. Cost-Risk Trade Off
(Cost in vertical axis, Risk in horizontal axis)



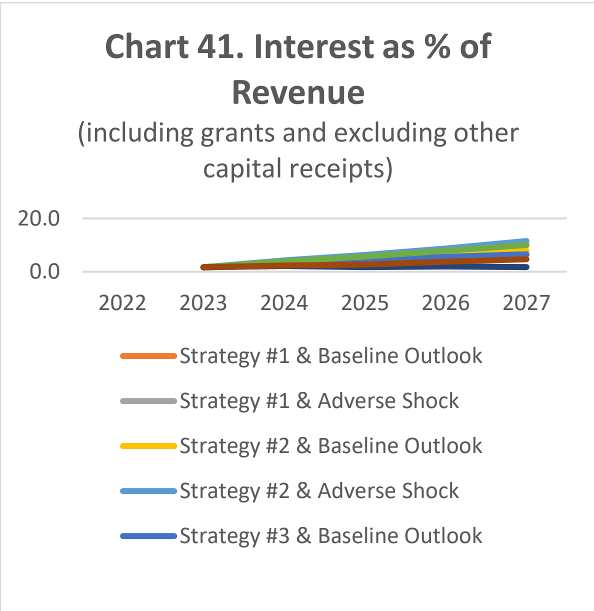
5.2.3 Interest/Revenue

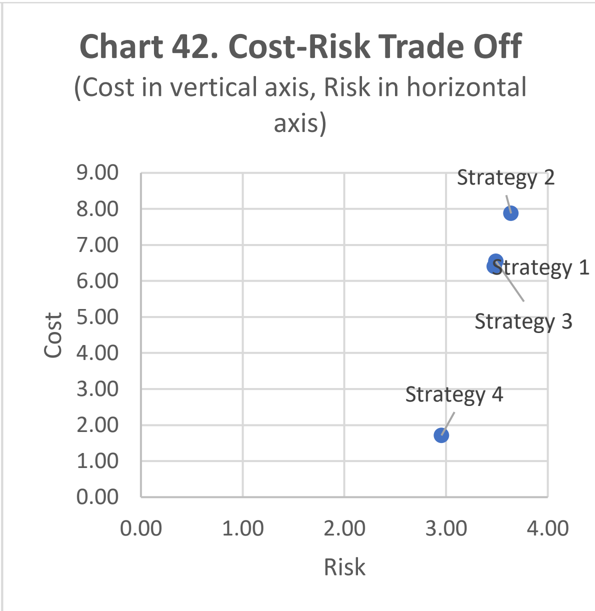
Under this performance indicator, Strategy 4 equally has the lowest cost and risk at 1.7% and 4.7% respectively.
The table below shows the performance of the state from 2023-2027 when expressing interest as a percentage of revenue.

						COST	**RISK measured only in 2027**
Interest as % of Revenue (including grants and excluding other capital receipts)		**2023**	**2024**	**2025**	**2026**	**2027**	**2027**
Strategy #1 & Baseline		1.7	3.0	4.0	5.5	6.4	3.5

Outlook							
Strategy #1 & Adverse Shock		1.7	3.3	5.3	7.7	9.9	
Strategy #2 & Baseline Outlook		1.7	3.8	4.9	6.4	7.9	3.6
Strategy #2 & Adverse Shock		1.7	4.2	6.2	8.7	11.5	
Strategy #3 & Baseline Outlook		1.7	3.5	4.3	5.6	6.5	3.5
Strategy #3 & Adverse Shock		1.7	3.9	5.6	7.8	10.0	
Strategy #4 & Baseline Outlook		1.7	2.1	1.7	2.0	1.7	3.0
Strategy #4 & Adverse Shock		1.7	2.4	2.7	3.8	4.7	

From the Cost-Risk trade off chart below, strategy 4 comes easily as the most preferred scenario being that it has the lowest cost and the lowest degree of risk.





5.2.4 Debt Management Strategy Assessment

From the analysis of cost-risk profile of the four debt management strategies, S4 comes easily as the most preferred strategy being that it recorded the lowest cost and lowest degree of risk for the four strategies in all the performance indicators. However, Strategy S4 is not implementable due to the constraints in accessing funding from external sources all through the projection years.

The Baseline Strategy (S1) which has the next lowest figures in terms of Cost and Risk will therefore be considered hence recommended for implementation. The choice of S1 is also because implementation is possible as there is limited constraint to accessing finance in the domestic market and enough time to plan in accessing finding externally.

The current debt stock of the state is presently titled towards domestic loan which is at 78.27% of the state debt portfolio which shields the state from huge exchange rate fluctuations as presently being witnessed in the country. So, Strategy 1 comes good and its very implementable.

The current debt portfolio for Kebbi as of end of 2022 is N82,047B, the portfolio is expected to rise to N129,243B in 2027 in the S1, N135,841B in S2, N130,941B & N110,147B in S3 & S4 respectively. This implies there will be improvement by year 2027 if the reference strategy (S1) is implemented.

The Debt Management Strategy, 2022-2027 represents a robust framework for prudent debt management, as it provides a systematic approach to decision making on the appropriate composition of external and domestic borrowing to finance the 2023 budget. The cost-risk trade-off of alternative borrowing strategies under the DMS has been evaluated within the medium-term context.

Annex 1

		Projection Methodology	Source
Assumptions:			
Economic activity	State GDP (at current prices)	State GDP projected using the actual S-GDP and projected N-GDP nominal growth rate	State Statistics and NBS
Revenue	**Revenue**		
	1. Gross Statutory Allocation ('gross' means v	Statutory Allocation – The forecast for the statutory allocation is based on the benchmarked oil price and the oil production Benchmark for the 3 years. Once they are actualised and the impending subsidy removal goes through, the State can receive the forecasted figures for cash allocation. It is based on historical mineral revenue flows and elasticity-based forecast was used.	2023 Budget and MTEF, 2024-2026
	1.a. of which Net Statutory Allocation ('net' means of deductions)		2023 Budget and MTEF, 2024-2026
	1.b. of which Deductions	Statutory Allocation – the estimation for statutory allocation is based on an elasticity forecast taking into consideration the key macroeconomic and fiscal assumptions as contained in the FGN 2022 – 2024 MTEF as well as the mineral ratio for which we considered the mid-point between possible removal of subsidy	2023 Budget and MTEF, 2024-2026
	2. Derivation (if applicable to the State)		2023 Budget and MTEF, 2024-2026
	3. Other FAAC transfers (exchange rate gain, a	Other Federation Account receipts – the estimation is based on the historical trend (i.e. from 2016- 2021). The State is developing its mineral sector and will receive more funds from derivation and also other sources of funds.	2023 Budget and MTEF, 2024-2026
	4. VAT Allocation	VAT – elasticity based on the past performance is used to forecast VAT for 2023-2025. This forecast should be revisited if there are any changes to the VAT rates.	2023 Budget and MTEF, 2024-2026
	5. IGR	Internally Generated Revenue (IGR) – the current administration introduced measures to grow IR. These measures have started yielding results as actual IR increased by 28% in 2018. It is anticipated that IR will continue to increase by 5% every year from 2021 and start to stabilise from 2023. Own Percentage is therefore used to forecast IGR for 2023 – 2025.	2023 Budget and MTEF, 2024-2026
	6. Capital Receipts		2023 Budget and MTEF, 2024-2026
	6.a. Grants	Grants – The internal grants are based on the actual receipts for 2020 and performance from 2015 to April 2020. External grants are based on signed grant agreements with the development partners.	2023 Budget and MTEF, 2024-2026
	6.b. Sales of Government Assets and Privatization Proceeds		2023 Budget and MTEF, 2024-2026
	6.c. Other Non-Debt Creating Capital Recei	Other Federation Account Distributions – the estimation is based on the current receipt, with 5% growth per year based on 2020 actuals. Furthermore, it is anticipated that this administration will press FAAC for excess crude distributions in 2021 to fund the new minimum wage.	2023 Budget and MTEF, 2024-2026
Expenditure	**Expenditure**		
	1. Personnel costs (Salaries, Pensions, Civil S	Personnel – It is anticipated that the new minimum wage will impact on the wage bill from the first quarter of 2021. The projection is that total wage bill will increase by 10.4% in 2022, 10% in both 2023 - 2025.	2023 Budget and MTEF, 2024-2026
	2. Overhead costs	Overheads – Overhead has been relatively stable over the last five years. It is anticipated that the status quo will remain. Consequently, own percentage method is used to forecast overhead for 2023, 2024 and 2025.	2023 Budget and MTEF, 2024-2026
	3. Interest Payments (Public Debt Charges, inc	Public Debt Service - is based on the projected principal and interest repayments for 2023, 2024 and 2025	DMO, Nigeria
	4. Other Recurrent Expenditure (Excluding Per	Social Contribution and Social Benefits – A substantial amount is being owed as pension and gratuity payment. It is appropriate to make adequate provision for these items and other social commitments. Hence, the own value, representing computation for outstanding commitments as well as estimation for next medium term is used. and Special programme is expected to increase marginally on the actual performance level of 2022. This trend is expected in the period of forecast and have been incorporated in the basis of the forecast for 2023 – 2025.	2023 Budget and MTEF, 2024-2026
	5. Capital Expenditure	Capital Expenditure – is based on the balance from the recurrent account plus capital receipts, less contingency reserve as outlined above.	2023 Budget and MTEF, 2024-2026
Closing Cash and Bank Balance	**Closing Cash and Bank Balance**	Financial Statements	2023 Budget and MTEF, 2024-2026

Debt Amotization and Interest	**Debt Outstanding at end-2022**		
	External Debt - amortization and interest	Public Debt Service - is based on the projected principal and interest repayments for 2023, 2024 and 2025	DMO, Nigeria
	Domestic Debt - amortization and interest	Public Debt Service - is based on the projected principal and interest repayments for 2023, 2024 and 2025	DMO, Nigeria
	New debt issued/contracted from 2023 onwards		
	New External Financing		
	External Financing - Concessional Loans (e.g.,	External Concessional loan of 2.47% with 30 years repayment period and moratorium of 7 years	DSA-DMS Technical Team
	External Financing - Bilateral Loans	External Bilateral loan of 1.15% with 20 years repayment period and moratorium of 5 years	DSA-DMS Technical Team
	Other External Financing		DSA-DMS Technical Team
	New Domestic Financing		
	Commercial Bank Loans (maturity 1 to 5 years	Commercial bank loan of 21% with 5 years repayment period and moratorium of 1 year	DSA-DMS Technical Team
	Commercial Bank Loans (maturity 6 years or l	Commercial bank loan of 22% with 8 years repayment period and moratorium of 1 year	DSA-DMS Technical Team
	State Bonds (maturity 1 to 5 years)	State Bonds of 17.50% with 5 years repayment period and moratorium of 1 year	DSA-DMS Technical Team
	State Bonds (maturity 6 years or longer)	State Bonds of 18.00% with 12 years repayment period and moratorium of 1 year	DSA-DMS Technical Team
	Other Domestic Financing	CBN Intervention Loan of 10.00% with 15 years repayment period and no moratorium	DSA-DMS Technical Team
Proceeds from Debt-Creating I	**Planned Borrowings (new bonds, new loans, etc.)**	**Insert the Borrowing Terms for New External Debt: interest rate (%), maturity (# years) and grace period (#)**	
corresponding to Debt Strateg	**New Domestic Financing in Million Naira**		
	Commercial Bank Loans (maturity 1 to 5 years	Commercial bank loan of 21% with 5 years repayment period and moratorium of 1 year	DSA-DMS Technical Team
	Commercial Bank Loans (maturity 6 years or l	Commercial bank loan of 22% with 8 years repayment period and moratorium of 1 year	DSA-DMS Technical Team
	State Bonds (maturity 1 to 5 years)	State Bonds of 17.50% with 5 years repayment period and moratorium of 1 year	DSA-DMS Technical Team
	State Bonds (maturity 6 years or longer)	State Bonds of 18.00% with 12 years repayment period and moratorium of 1 year	DSA-DMS Technical Team
	Other Domestic Financing	CBN Intervention Loan of 10.00% with 15 years repayment period and no moratorium	DSA-DMS Technical Team
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g.,	External Concessional loan of 2.47% with 30 years repayment period and moratorium of 7 years	DSA-DMS Technical Team
	External Financing - Bilateral Loans	External Bilateral loan of 1.15% with 20 years repayment period and moratorium of 5 years	DSA-DMS Technical Team
	Other External Financing		DSA-DMS Technical Team
Proceeds from Debt-Creating I	**Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S2**		
corresponding to Debt Strateg	**New Domestic Financing in Million Naira**		
	Commercial Bank Loans (maturity 1 to 5 years	Commercial bank loan of 21% with 5 years repayment period and moratorium of 1 year	DSA-DMS Technical Team
	Commercial Bank Loans (maturity 6 years or l	Commercial bank loan of 22% with 8 years repayment period and moratorium of 1 year	DSA-DMS Technical Team
	State Bonds (maturity 1 to 5 years)	State Bonds of 17.50% with 5 years repayment period and moratorium of 1 year	DSA-DMS Technical Team
	State Bonds (maturity 6 years or longer)	State Bonds of 18.00% with 12 years repayment period and moratorium of 1 year	DSA-DMS Technical Team
	Other Domestic Financing	CBN Intervention Loan of 10.00% with 15 years repayment period and no moratorium	DSA-DMS Technical Team
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g.,	External Concessional loan of 2.47% with 30 years repayment period and moratorium of 7 years	DSA-DMS Technical Team
	External Financing - Bilateral Loans	External Bilateral loan of 1.15% with 20 years repayment period and moratorium of 5 years	DSA-DMS Technical Team
	Other External Financing		DSA-DMS Technical Team

Proceeds from Debt-Creating I	**Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S3**		
corresponding to Debt Strateg	**New Domestic Financing in Million Naira**		
	Commercial Bank Loans (maturity 1 to 5 years	Commercial bank loan of 21% with 5 years repayment period and moratorium of 1 year	DSA-DMS Technical Team
	Commercial Bank Loans (maturity 6 years or l	Commercial bank loan of 22% with 8 years repayment period and moratorium of 1 year	DSA-DMS Technical Team
	State Bonds (maturity 1 to 5 years)	State Bonds of 17.50% with 5 years repayment period and moratorium of 1 year	DSA-DMS Technical Team
	State Bonds (maturity 6 years or longer)	State Bonds of 18.00% with 12 years repayment period and moratorium of 1 year	DSA-DMS Technical Team
	Other Domestic Financing	CBN Intervention Loan of 10.00% with 15 years repayment period and no moratorium	DSA-DMS Technical Team
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g.,	External Concessional loan of 2.47% with 30 years repayment period and moratorium of 7 years	DSA-DMS Technical Team
	External Financing - Bilateral Loans	External Bilateral loan of 1.15% with 20 years repayment period and moratorium of 5 years	DSA-DMS Technical Team
	Other External Financing		DSA-DMS Technical Team

Proceeds from Debt-Creating I	**Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S4**		
corresponding to Debt Strateg	**New Domestic Financing in Million Naira**		
	Commercial Bank Loans (maturity 1 to 5 years	Commercial bank loan of 21% with 5 years repayment period and moratorium of 1 year	DSA-DMS Technical Team
	Commercial Bank Loans (maturity 6 years or l	Commercial bank loan of 22% with 8 years repayment period and moratorium of 1 year	DSA-DMS Technical Team
	State Bonds (maturity 1 to 5 years)	State Bonds of 17.50% with 5 years repayment period and moratorium of 1 year	DSA-DMS Technical Team
	State Bonds (maturity 6 years or longer)	State Bonds of 18.00% with 12 years repayment period and moratorium of 1 year	DSA-DMS Technical Team
	Other Domestic Financing	CBN Intervention Loan of 10.00% with 15 years repayment period and no moratorium	DSA-DMS Technical Team
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g.,	External Concessional loan of 2.47% with 30 years repayment period and moratorium of 7 years	DSA-DMS Technical Team
	External Financing - Bilateral Loans	External Bilateral loan of 1.15% with 20 years repayment period and moratorium of 5 years	DSA-DMS Technical Team
	Other External Financing		DSA-DMS Technical Team

Annex II

Indicator	Actuals					Projections									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
	BASELINE SCENARIO														
Economic Indicators															
State GDP (at current prices)	1,258,307.22	1,408,405.11	1,509,588.76	1,723,161.12	1,980,443.29	2,242,432.57	2,576,287.88	2,866,257.12	3,189,069.32	3,548,238.26	3,947,858.59	4,392,486.16	4,887,189.92	5,437,609.68	6,050,020.47
Exchange Rate NGN/US$ (end-Period)	253.19	305.79	306.50	326.00	435.57	435.57	435.57	435.57	435.57	435.57	435.57	435.57	435.57	435.57	435.57
Fiscal Indicators (Million Naira)															
Revenue	**80,547.53**	**77,335.45**	**77,990.46**	**73,950.20**	**93,802.51**	**167,833.53**	**160,961.15**	**179,077.86**	**197,969.23**	**194,698.09**	**233,053.80**	**252,475.42**	**272,867.92**	**284,013.18**	**300,510.74**
1. Gross Statutory Allocation ('gross' means with	44,899.00	43,707.00	34,635.00	38,170.40	40,821.42	62,706.69	61,936.22	67,409.28	72,882.34	71,355.40	83,828.46	89,301.52	94,774.58	96,247.64	105,720.70
1.a. of which Net Statutory Allocation ('net' m	44,899.00	43,707.00	34,635.00	38,170.40	40,821.42	62,706.69	61,936.22	67,409.28	72,882.34	71,355.40	83,828.46	89,301.52	94,774.58	96,247.64	105,720.70
1.b. of which Deductions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Derivation (if applicable to the State)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Other FAAC transfers (exchange rate gain, augm	2,089.00	1,928.00	4,394.00	3,053.63	3,611.56	5,768.13	4,331.82	4,331.82	4,331.82	4,331.82	4,331.82	4,331.82	4,331.82	4,331.82	4,331.82
4. VAT Allocation	11,426.00	12,102.00	15,097.00	16,452.31	24,435.83	23,517.06	37,906.29	47,010.91	56,115.53	55,220.14	64,324.76	73,429.38	82,534.00	91,638.62	94,743.24
5. IGR	4,881.96	7,367.33	7,976.26	11,850.57	8,428.98	10,186.76	15,557.04	16,334.89	17,112.74	17,890.60	18,668.45	19,446.30	20,224.15	21,002.00	21,779.86
6. Capital Receipts	17,251.57	12,231.12	15,888.20	4,423.29	16,504.72	65,654.89	41,229.78	43,990.95	47,526.80	45,900.12	61,900.31	65,966.40	71,003.37	70,793.10	73,935.13
6.a. Grants	0.00	0.00	0.00	4,423.29	7,856.79	29,928.44	26,280.00	26,055.00	25,830.00	18,605.00	25,380.00	25,155.00	24,930.00	24,705.00	24,480.00
6.b. Sales of Government Assets and Privatizat	0.00	0.00	0.00	0.00	0.00	3,946.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.c. Other Non-Debt Creating Capital Receipts	51.57	31.12	84.20	0.00	8,647.94	19,089.93	2,130.03	4,677.64	7,225.24	8,772.85	12,320.45	14,868.05	17,415.66	14,963.26	17,510.86
6.d. Proceeds from Debt-Creating Borrowings (	0.00	2,200.00	0.00	0.00	0.00	12,690.46	12,819.74	13,258.31	14,471.55	18,522.28	24,199.86	25,943.34	28,657.71	31,124.84	31,944.27

Expenditure	**93,343.05**	**93,768.51**	**78,742.99**	**92,674.44**	**93,325.02**	**173,204.02**	**161,461.15**	**178,777.86**	**197,469.23**	**194,798.09**	**233,853.80**	**252,275.42**	**270,117.92**	**284,863.18**	**300,010.74**
1. Personnel costs (Salaries, Pensions, Civil Serva	22,743.09	22,154.98	26,095.35	24,090.92	24,842.49	30,458.42	33,222.18	34,383.29	35,544.40	36,705.51	37,866.62	39,027.73	40,188.84	41,349.94	42,511.05
2. Overhead costs	11,940.54	14,548.04	9,643.08	10,376.26	10,778.32	18,772.48	12,565.40	13,193.67	13,821.94	14,450.21	15,078.48	15,706.75	16,335.02	16,963.29	17,591.56
3. Interest Payments (Public Debt Charges, includ	10,711.69	10,141.52	15,356.57	0.00	0.00	2,195.73	4,359.32	6,518.10	9,694.00	10,723.90	13,532.14	14,121.63	15,305.80	15,738.69	16,460.76
3.a. of which Interest Payments (Public Debt C	10,403.97	9,814.21	14,975.98	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.b. of which Interest deducted from FAAC Allo	307.73	327.31	380.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Other Recurrent Expenditure (Excluding Person	0.00	0.00	0.00	3,599.04	8,000.00	20,000.00	7,305.88	8,036.47	8,767.06	9,497.65	10,228.24	10,958.83	11,689.41	12,420.00	13,150.59
5. Capital Expenditure	46,331.30	44,378.84	26,343.69	54,608.22	49,704.21	97,754.17	101,731.94	112,773.02	123,814.10	114,855.18	145,896.26	156,937.34	167,978.42	179,019.50	190,060.58
6. Amortization (principal) payments	1,616.42	2,545.13	1,304.31	0.00	0.00	4,023.22	2,276.43	3,873.30	5,827.74	8,565.64	11,252.06	15,523.15	18,620.43	19,371.75	20,236.19
Budget Balance (' + ' means surplus, ' - ' means deficit	**-12,795.53**	**-16,433.06**	**-752.53**	**-18,724.24**	**477.49**	**-5,370.49**	**-500.00**	**300.00**	**500.00**	**-100.00**	**-800.00**	**200.00**	**2,750.00**	**-850.00**	**500.00**
Opening Cash and Bank Balance	**55,598.36**	**42,802.83**	**26,369.77**	**25,617.24**	**6,893.00**	**7,370.49**	**2,000.00**	**1,500.00**	**1,800.00**	**2,300.00**	**2,200.00**	**1,400.00**	**1,600.00**	**4,350.00**	**3,500.00**
Closing Cash and Bank Balance	**42,802.83**	**26,369.77**	**25,617.24**	**6,893.00**	**7,370.49**	**2,000.00**	**1,500.00**	**1,800.00**	**2,300.00**	**2,200.00**	**1,400.00**	**1,600.00**	**4,350.00**	**3,500.00**	**4,000.00**

Financing Needs and Sources (Million Naira)

Financing Needs	**35,726.45**	**14,949.78**	**17,935.95**	**21,696.80**	**27,295.12**	**36,520.31**	**40,811.40**	**46,073.37**	**46,088.10**	**49,455.13**
i. Primary balance	-34,878.00	-8,814.03	-7,244.55	-5,675.06	-8,105.58	-12,536.10	-10,966.62	-9,397.14	-11,827.66	-12,258.17
ii. Debt service	6,218.95	6,635.75	10,391.40	15,521.73	19,289.54	24,784.20	29,644.78	33,926.23	35,110.44	36,696.95
Amortizations	4,023.22	2,276.43	3,873.30	5,827.74	8,565.64	11,252.06	15,523.15	18,620.43	19,371.75	20,236.19
Interests	2,195.73	4,359.32	6,518.10	9,694.00	10,723.90	13,532.14	14,121.63	15,305.80	15,738.69	16,460.76
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)	-5,370.49	-500.00	300.00	500.00	-100.00	-800.00	200.00	2,750.00	-850.00	500.00
Financing Sources	**35,726.45**	**14,949.78**	**17,935.95**	**21,696.80**	**27,295.12**	**36,520.31**	**40,811.40**	**46,073.37**	**46,088.10**	**49,455.13**
i. Financing Sources Other than Borrowing	23,035.99	2,130.03	4,677.64	7,225.24	8,772.85	12,320.45	14,868.05	17,415.66	14,963.26	17,510.86
ii. Gross Borrowings	12,690.46	12,819.74	13,258.31	14,471.55	18,522.28	24,199.86	25,943.34	28,657.71	31,124.84	31,944.27
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	4,160.63	8,732.78	7,882.26	5,223.38	9,240.19	5,681.32	8,759.12	5,155.27	8,493.73	7,655.43
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	0.00	4,086.96	5,376.05	0.00	0.00	0.00	3,027.69	9,989.34	0.00	0.00
State Bonds (maturity 1 to 5 years)	0.00	0.00	0.00	8,226.53	9,282.09	11,656.28	0.00	0.00	0.00	7,673.25
State Bonds (maturity 6 years or longer)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Domestic Financing	6,292.63	0.00	0.00	0.00	0.00	0.00	14,156.53	0.00	22,631.11	0.00
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	2,237.19	0.00	0.00	1,021.64	0.00	6,862.26	0.00	13,513.10	0.00	16,615.58
External Financing - Bilateral Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other External Financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Residual Financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Debt Stocks and Flows (Million Naira)															
Debt (stock)	**78,989.18**	**82,729.57**	**70,176.70**	**67,161.85**	**82,047.27**	**90,714.51**	**101,257.82**	**110,642.83**	**119,286.65**	**129,243.29**	**142,191.08**	**152,611.28**	**162,648.56**	**174,401.64**	**186,109.72**
External	11,546.85	13,464.07	13,366.15	14,833.72	17,828.64	19,372.12	19,259.26	18,511.99	19,425.72	18,644.72	25,404.34	24,623.34	37,355.44	36,477.17	52,214.48
Domestic	67,442.33	69,265.49	56,810.55	52,328.13	64,218.63	71,342.39	81,998.57	92,130.84	99,860.93	110,598.57	116,786.74	127,987.94	125,293.12	137,924.48	133,895.24
Gross borrowing (flow)						**12,690.46**	**12,819.74**	**13,258.31**	**14,471.55**	**18,522.28**	**24,199.86**	**25,943.34**	**28,657.71**	**31,124.84**	**31,944.27**
External						2,237.19	0.00	0.00	1,021.64	0.00	6,862.26	0.00	13,513.10	0.00	16,615.58
Domestic						10,453.26	12,819.74	13,258.31	13,449.91	18,522.28	17,337.60	25,943.34	15,144.61	31,124.84	15,328.68
Amortizations (flow)	**10,714.47**	**10,215.31**	**15,461.50**	**5,377.27**	**8,855.59**	**4,023.22**	**2,276.43**	**3,873.30**	**5,827.74**	**8,565.64**	**11,252.06**	**15,523.15**	**18,620.43**	**19,371.75**	**20,236.19**
External	310.50	401.10	485.52	551.30	114.77	693.71	112.86	747.27	107.91	781.00	102.64	781.00	781.00	878.27	878.27
Domestic	10,403.97	9,814.21	14,975.98	4,825.97	8,740.83	3,329.50	2,163.57	3,126.03	5,719.83	7,784.64	11,149.42	14,742.15	17,839.43	18,493.48	19,357.92
Interests (flow)	**1,394.53**	**2,316.18**	**1,014.21**	**1,664.91**	**3,748.91**	**2,195.73**	**4,359.32**	**6,518.10**	**9,694.00**	**10,723.90**	**13,532.14**	**14,121.63**	**15,305.80**	**15,738.69**	**16,460.76**
External	84.94	97.37	89.20	98.77	693.71	112.86	802.52	163.16	836.26	183.13	861.49	346.94	346.94	680.69	678.29
Domestic	1,309.59	2,218.81	925.02	1,566.14	3,055.19	2,082.87	3,556.80	6,354.94	8,857.74	10,540.77	12,670.65	13,774.69	14,958.86	15,058.00	15,782.47
Net borrowing (gross borrowing minus amortizations)						**8,667.24**	**10,543.31**	**9,385.01**	**8,643.82**	**9,956.64**	**12,947.79**	**10,420.19**	**10,037.28**	**11,753.09**	**11,708.08**
External						1,543.48	-112.86	-747.27	913.73	-781.00	6,759.62	-781.00	12,732.10	-878.27	15,737.31
Domestic						7,123.76	10,656.18	10,132.28	7,730.08	10,737.64	6,188.17	11,201.20	-2,694.82	12,631.36	-4,029.23
Debt and Debt-Service Indicators															
Debt Stock as % of SGDP	6.28	5.87	4.65	3.90	4.14	4.05	3.93	3.86	3.74	3.64	3.60	3.47	3.33	3.21	3.08
Debt Stock as % of Revenue (including grants and excl	98.13	110.15	90.08	90.82	96.35	68.67	69.35	68.66	67.67	77.20	72.35	72.10	71.72	73.30	74.13
Debt Service as % of SGDP						0.28	0.26	0.36	0.49	0.54	0.63	0.67	0.69	0.65	0.61
Debt Service as % of Revenue (including grants and excluding other capital receipts)						4.71	4.54	6.45	8.81	11.52	12.61	14.01	14.96	14.76	14.62
Interest as % of SGDP						0.10	0.17	0.23	0.30	0.30	0.34	0.32	0.31	0.29	0.27
Interest as % of Revenue (including grants and excluding other capital receipts)						1.66	2.99	4.04	5.50	6.41	6.89	6.67	6.75	6.61	6.56
Personnel Cost as % of Revenue (including grants and excluding other capital receipts)						23.06	22.75	21.34	20.16	21.93	19.27	18.44	17.72	17.38	16.93
Adverse Shock Scenario is defined by the worst performance indicator measured in year 2027															
For Debt Stock as % of SGDP the adverse shock is: Expenditure	Expenditure														
Debt Stock as % of SGDP						4.05	4.53	5.03	5.45	5.79	6.22	6.52	6.77	7.01	7.20
For Debt Stock as % of Revenue (including grants and excluding	Revenue														
Debt Stock as % of Revenue (including grants and excluding other capital receipts)						68.67	88.17	98.28	108.01	134.21	136.05	147.04	158.26	173.45	187.64
For Debt Service as % of SGDP the adverse shock is: Historical	Historical														
Debt Service as % of SGDP						0.28	0.26	0.43	0.60	0.68	0.76	1.28	1.14	0.89	0.52
For Debt Service as % of Revenue (including grants and excluding	Revenue														
Debt Service as % of Revenue (including grants and excluding other capital receipts)						4.71	5.05	7.97	11.39	15.57	17.31	27.36	30.09	31.81	32.47
For Interest as % of SGDP the adverse shock is: Historical	Historical														
Interest as % of SGDP						0.10	0.17	0.30	0.42	0.44	0.48	0.42	0.35	0.24	0.11
For Interest as % of Revenue (including grants and excluding	Revenue														
Interest as % of Revenue (including grants and excluding other capital receipts)						1.66	3.32	5.30	7.72	9.88	10.95	11.55	12.50	13.34	14.26

SADIQ SAMBO KAOJE
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