



KEBBI STATE
DEBT SUSTAINABILITY ANALYSIS (KS - DSA)
REPORT

DECEMBER 2020

December 2020

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Chapter 1: Introduction

Kebbi State Debt Sustainability Analysis (KS - DSA) covers the period of 5-year historical from 2015 to 2019 and 10-year projection 2020-2029, under various macroeconomic assumptions and Shock scenarios. To ensure that State debt stock remains sustainable in the medium to long-term, by using the State's macroeconomic framework, to assess the current and future debt levels, as well as its ability to meet debt service obligations as and when due, and without compromising growth and development.

The KS DSA forecast for primary balance that comprises the difference between revenue and expenditure, plus the existing debt service (interest payment and principal repayments). The revenue were based on the harmonized revenue law of the state government, which provided for capital gains tax, and other property tax to expand the tax base to maximally increase the state internally generated revenue that are considered achievable. Also, the state forecasts increased recurrent and capital expenditures with expected growth in the National economy with cascading effects in the State's economy leading to increase in overall economic activities in the private sector, as well as job creation in the public sector. The forecast is in line with international public sector accounting standards (IPSAS) and consistent with our strategic plan in the medium-term to long-term vision.

Chapter 2: The State Fiscal and Debt Framework

Kebbi State Government Budget prepared in line with the Federal Government's outlook for each fiscal year, by using oil price benchmark per barrel to project the Statutory allocation, considered inflation rate and exchange rate during projections. The economy is the primary and critical component of life, the Kebbi State Government submitted an Economic Policies and Procurement Bills to the State House of Assembly with a view to transforming the State economy in urban and rural area, particularly health care, agriculture, education, agriculture, Small Medium Enterprises, solid minerals. This is expected to boost Internal Generated Revenue.

Kebbi State Government Budget is driven by Agriculture, youth empowerment and provide an enabling environment for Small Medium Enterprises to grow and pave way for industrial development of the State's government. The Government also rolled out a social intervention programme to provide support to the poor and the unemployed; reconstructed and equipped skills acquisition centres to provide training for women and youth towards self-reliance; and building the critical infrastructure needed to speed up the development of the State.

In the first quarter of the 2020, however, the Coronavirus Disease (COVID-19) which appeared in Asia gradually became a global pandemic. The global fight against the deadly virus led to the shut down of the economies of the world and this affects Nigeria's revenue that accrued to the

State. Both import and export commodities were affected. This unprecedented dire situation led to recession in some part of the world. Nigeria had its fair share of the COVID-19 pandemic recession due to fall in the revenue and this seriously led to loss of job, businesses and lives. In addition, the world economy suffers greatly due to the consequences of policies like lockdown, which came into effect in many parts of the world to contain the virus. Nigeria and many countries are currently experiencing various degrees of economic difficulties.

The Government has put in place a harmonized revenue law to expand the tax net and boost Internally Generated Revenue. The increase in Internally Generated Revenue is expected to positively impact on the debt obligations as well as economic development of the State. The State plans to augment the State budget through borrowings from domestic loans and external loans.

Chapter 3: The State Revenue, Expenditure, and Public Debt Trends (2015 - 2019)

The State economy experienced a growth in 2019, with 53.18 percent growth in the IGR from N4,881.96 million in 2018 to N7,478.09 million in 2019. This was due to economic reforms to improve tax and other service sectors, as well as other initiatives by the Government especially in the agricultural sector.

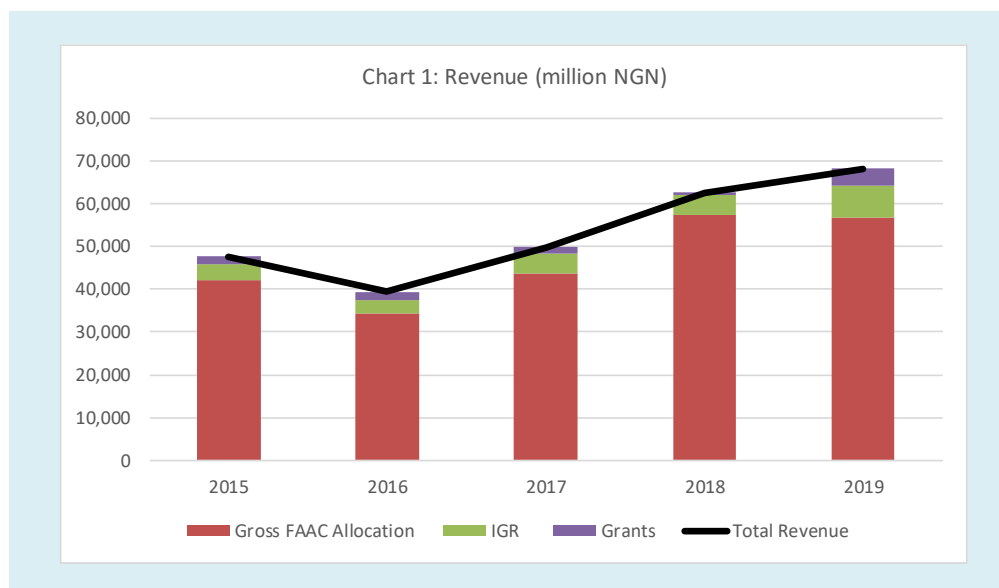
3.1 Revenue and Expenditure

Revenue - The State's economy comprises Statutory Allocation, Derivation, VAT Allocation, IGR, and Capital Receipt. The State's Revenue amounted to N68,245.74 million as at end 2019 from N62,679.12 million as at end 2018, representing an increase of N5,566.62 million or 8.88

percent. This growth increased flows of financial resources to the real sector of the economy and effective implementation of the Economic Policies in the State.

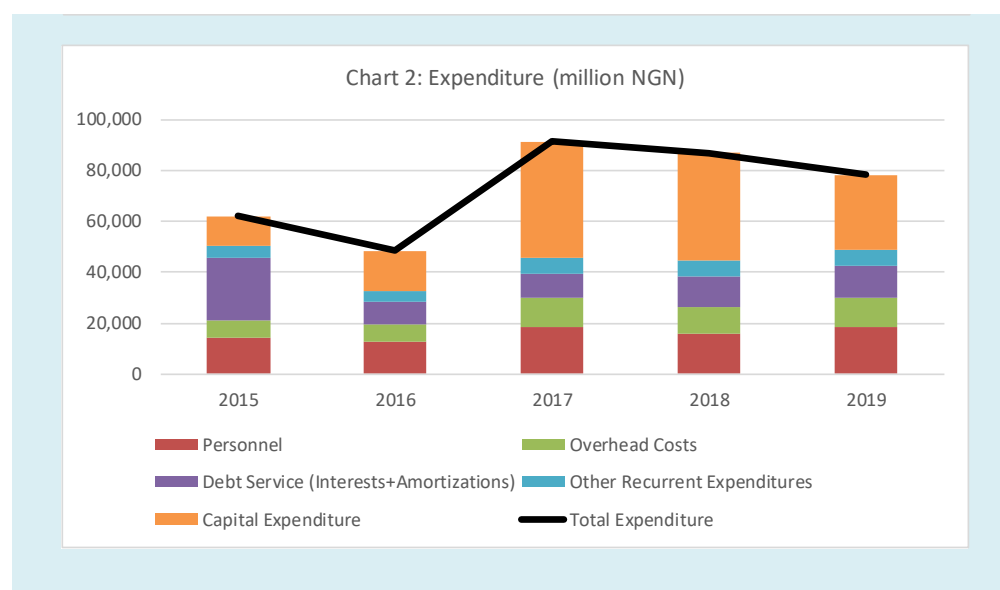
- a. Kebbi recorded a slight decline in the review period relative to the preceding year, as the FAAC Allocations declined by N454.29 million or -0.79 percent from N57,340.66 million in 2018 compared to N56,886.37 million in 2019.
- b. Kebbi witnessed modest growth and significant improvement in the State **Internally Generated Revenue (IGR)**, where the IGR grew by 53.18 percent or N2,596.13 million from N4,881.96 million in 2018 to N7,478.09 million in 2019 (as shown in Chart 1, below). The improvement in IGR is mainly due to the tax reforms aimed at improving collection efficiency and broadening the tax revenue base.

| Revenue | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| Total Revenue | 47,675.01 | 39,353.49 | 49,829.72 | 62,679.12 | 68,245.74 |
| Gross FAAC Allocation | 42,269.69 | 34,408.23 | 43,829.09 | 57,340.66 | 56,886.37 |
| IGR | 3,592.41 | 3,132.34 | 4,425.49 | 4,881.96 | 7,478.09 |
| Grants | 1,812.91 | 1,812.91 | 1,575.14 | 456.50 | 3,881.28 |



Expenditure- The State's Total expenditure covers Capital expenditure, Personnel costs, Overhead costs, other recurrent expenditure, and Debt service (interest payment and principal repayment) recorded N78,284.53 million as at end-2019 which was lower compared to N86,799.48 million as at end-2018. Chart1 to 3 shows the trend of Revenue, Expenditure and Fiscal Outturns from 2015 and 2019.

| Expenditure Performance | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|-----------|-----------|-----------|-----------|-----------|
| Total Expenditure | 61,986.21 | 48,404.69 | 91,212.95 | 86,799.48 | 78,284.53 |
| Personnel | 14,341.11 | 12,589.30 | 18,409.70 | 15,870.64 | 18,777.13 |
| Overhead Costs | 6,671.09 | 6,971.67 | 11,688.22 | 10,564.15 | 11,411.97 |
| Debt Service (Interests+Amortizations) | 24,670.26 | 8,745.09 | 9,363.85 | 12,192.26 | 12,564.45 |
| Other Recurrent Expenditures | 4,874.22 | 4,278.82 | 6,425.02 | 5,807.12 | 6,093.94 |
| Capital Expenditure | 11,429.53 | 15,819.82 | 45,326.16 | 42,365.31 | 29,437.05 |

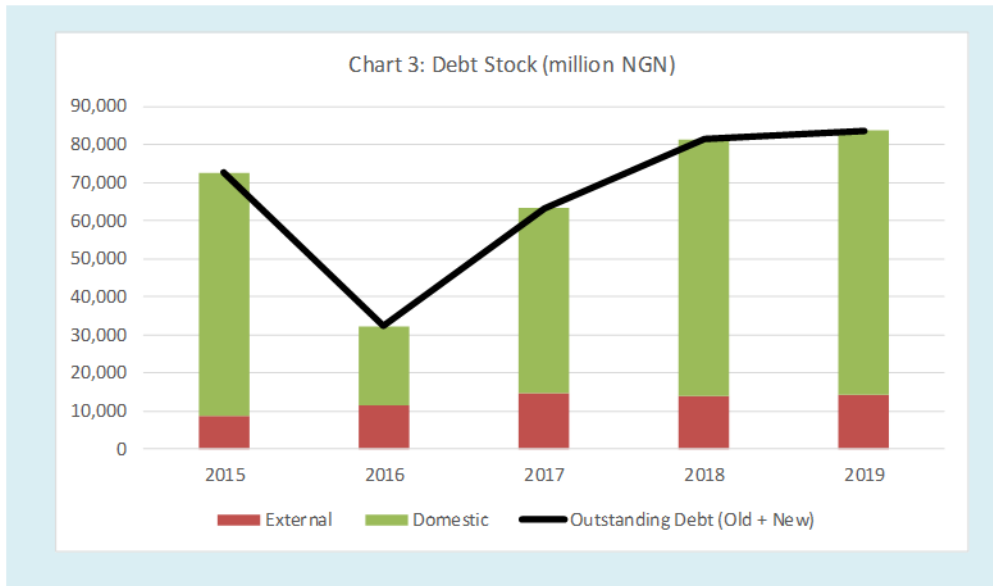


3.2 Existing Public Debt Portfolio

- a. Debt Stock - Kebbi State Total comprising the External and Domestic Debts was N83,620.60 million at December 31, 2019, when compared to N81,424.43 million as at December 31, 2018. The State debt grew by 2.70 percent or N2,199.17 million, respectively. The External Debt grew to N14,354.11 million as at end 2019 compared to N13,978.10

million in 2018, while the Domestic Debt stock stood at N69,265.49 million as at December 31, 2019 compared to N67,44.33 million in December 2018. The increase was attributed largely due to new domestic borrowings during the year.

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------|-----------|-----------|-----------|-----------|-----------|
| Outstanding Debt (Old + New) | 72,689.44 | 32,323.41 | 63,352.21 | 81,420.43 | 83,619.60 |
| External | 8,896.10 | 11,672.42 | 14,622.71 | 13,978.10 | 14,354.11 |
| Domestic | 63,793.34 | 20,650.99 | 48,729.50 | 67,442.33 | 69,265.49 |

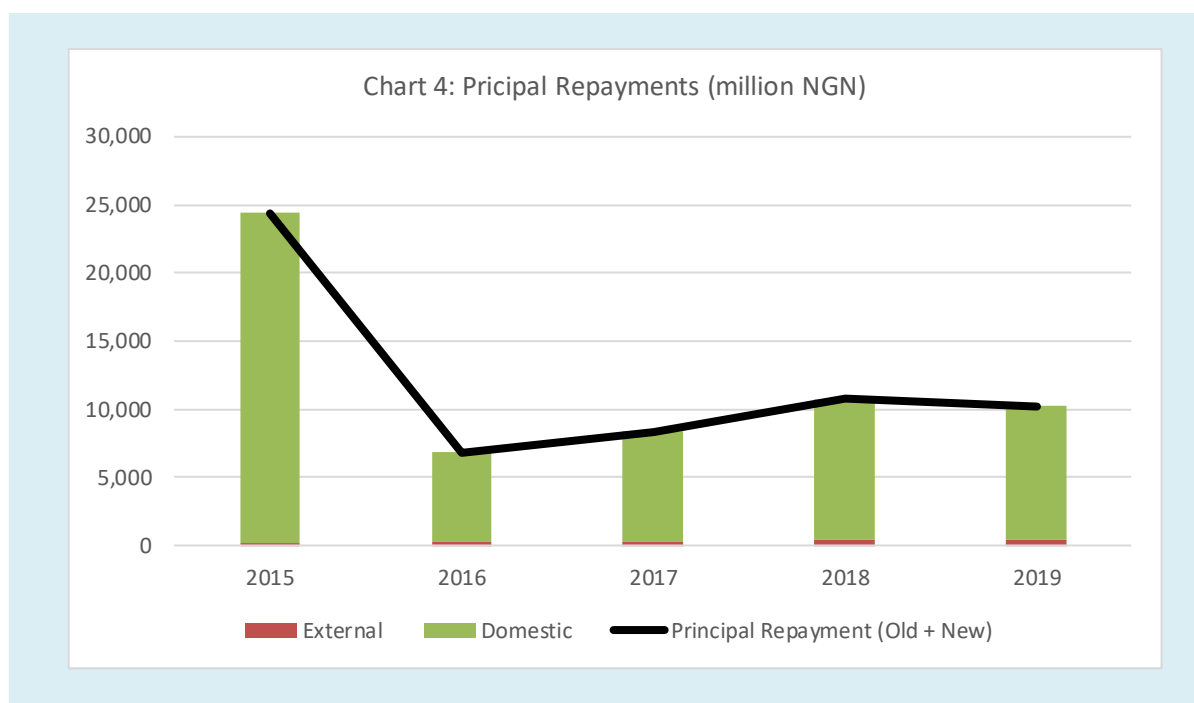


b. **Debt composition** - The main domestic debt portfolio consists of Bail out loans, Budget Support Facility, Excess Crude Account Backed Loan, Contractor's Arrears and Pensions & Gratuity arrears. While the External Debt includes World Bank (IDA and IFAD) and African Development Fund (AfDF). In 2019 the composition of external debt to domestic debt portfolio stood at 17.17 percent to 82.83 percent, compared to the debt composition of the external debt to domestic debt portfolio of 17.17 percent to 82.83 percent in 2018.

c. The Kebbi State Debt Service amounted to N12,564.45 million in 2019 relative to the N12,192.26 million in 2018, reflecting an increase of N372.19 million or 3.05 percent. The

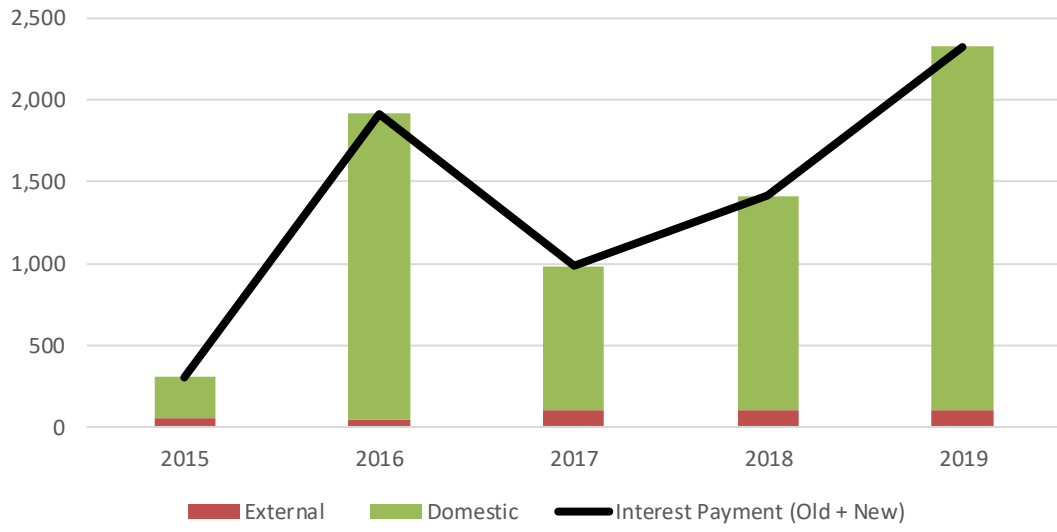
principal repayment showed a slight decline from N10,779.84 million in 2018 to N10,241.83 million. Kebbi state Interest Payment on N1,412.41 million in 2018 compared N2,322.62 million in 2019. The principal repayments and Interest Payment made were on both External Debt and Domestic Debt (chart 4 and 5).

| Principal Repayment | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| Principal Repayment | 24,365.66 | 6,827.29 | 8,378.35 | 10,779.84 | 10,241.83 |
| External | 219.04 | 261.96 | 324.64 | 375.88 | 427.62 |
| Domestic | 24,146.62 | 6,565.34 | 8,053.71 | 10,403.97 | 9,814.21 |



| Interest Payment | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------------------|-------------|-------------|-------------|-------------|-------------|
| Interest Payment | 304.60 | 1,917.80 | 985.50 | 1,412.41 | 2,322.62 |
| External | 59.33 | 48.27 | 99.87 | 102.83 | 103.81 |
| Domestic | 245.27 | 1,869.53 | 885.63 | 1,309.59 | 2,218.81 |

Chart 5: Interest Payments (million NGN)



Chapter 4: Debt Sustainability Analysis

“The concept of debt sustainability refers to the ability of the government to honor 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 over time without having to introduce major budgetary or debt adjustments 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 a heavy debt burden”.

Table 1: Kebbi State Debt burden indicators as at end-2019

| Indicators | Thresholds | Ratio |
|---------------------------------------|------------|--------|
| Debt as % of GDP | 25% | Nil |
| Debt as % of Revenue | 200% | 122.53 |
| Debt Service as % of Revenue | 40% | 18.41 |
| Personnel Costas % of Revenue | 60% | 27.51 |
| Debt Service as % of FAAC Allocation | Nil | 22.09 |
| Interest Payment as % of Revenue | Nil | 3.40 |
| External Debt Service as % of Revenue | Nil | 0.78 |

Note: Nil means not available

Source: Kebbi State DMD

3.4 Medium-Term Budget Forecast

Kebbi State Government’s Medium-Term Budget Forecast determine the accessible resources and ensured the use of these resources for the medium term. Medium-Term Expenditure Framework is a five-year period projection as well as source document for the preparation of State Budget proposal to be tabled before the State House of Assemble. Medium-Term Budget

Planning implies approval of State Budget law for one year, and determination of maximally allowable expenditure levels for the subsequent two years.

Kebbi State's Medium-term covers macroeconomic analysis, government's fiscal policy objectives for medium term, state budget revenue projections and state budget expenditure ceilings for each ministry and their agencies (MDAs) for medium term. The details of the macroeconomic assumptions are as shown in the table below.

Kebbi State Medium Term Expenditure Framework (MTEF)-(FY2021-2025)

| Source | 2021 | 2022 | 2023 | 2024 | 2025 |
|--|-------------------|-------------------|--------------------|--------------------|--------------------|
| Revenue | | | | | |
| IGR | 18,598.50 | 16,378.42 | 16,869.77 | 17,207.17 | 17,723.38 |
| Statutory Allocation | 44,844.19 | 57,064.26 | 70,088.93 | 76,990.42 | 82,139.94 |
| Value Added Tax | 18,438.62 | 23,048.28 | 25,553.11 | 28,108.42 | 30,919.26 |
| Opening Bank Balance | 16,608.80 | 18,269.68 | 20,096.65 | 22,106.32 | 24,316.95 |
| Grants | 19,909.61 | 20,905.09 | 21,427.72 | 22,499.10 | 23,624.06 |
| Other FAAC Transfers and Miscellaneous Revenue | 11,961.85 | 13,158.04 | 14,473.84 | 15,197.54 | 15,959.41 |
| Total Revenue | 130,361.58 | 148,823.77 | 168,510.02 | 182,108.97 | 194,683.01 |
| Expenditure | | | | | |
| Personnel Cost | 35,364.78 | 37,133.02 | 37,247.01 | 37,302.88 | 42,898.32 |
| Consolidated Revenue Fund Charges | 12,019.69 | 12,620.67 | 12,999.29 | 13,649.25 | 13,922.24 |
| Overheads | 16,450.74 | 20,563.42 | 23,647.94 | 24,830.33 | 26,071.85 |
| Capital | 74,761.99 | 88,488.68 | 106,594.21 | 120,402.76 | 127,274.50 |
| Others | | | | | |
| Total Expenditure | 138,597.19 | 158,805.79 | 180,488.45 | 196,185.24 | 210,166.90 |
| Budget Deficit | (8,235.62) | (9,982.02) | (11,978.43) | (14,076.27) | (15,483.90) |
| Internal Loans | 6,250.00 | 7,500.00 | 9,000.00 | 10,800.00 | 11,880.00 |
| External Loans | 1,985.62 | 2,482.02 | 2,978.43 | 3,276.27 | 3,603.90 |
| Total New Loan | 8,235.62 | 9,982.02 | 11,978.43 | 14,076.27 | 15,483.90 |

State's Revenue policies- Kebbi State Government introduced new "*Revenue Bill 2020*" the bill make provision for the repeal and re-enactment of a law no. 002 of 2019 for the administration and collection of revenue accrued to the Kebbi State Government and local government. Under the new bill the "Taxable person" includes an individual or body, individuals, family, corporation sole, trustee or executor or a person who carries out in a place an economic activity, a person exploiting tangible or intangible property for the purpose of obtaining income there from by way of trade of business or person or agency of government acting in that capacity.

Purpose of the new bill are as follows:

- To establish a single Central revenue account (herein after called "the Account") for all the internally generated revenue of the state.
- The account should be utilized by SIRS for the purpose of capturing the total revenue collection of the state.
- The account shall be maintained and operated with the designated IGR reporting Bank, which shall account for all revenues collected by Lead Bank through designated collecting Bank as may from time to time be authorized by the Governor or any other person authorized by him.

State's Expenditure policies - Government spending drives economic activity either through the development of large-scale infrastructural projects or through the provision of resources to the poor in the form of social grants. Investments in education and health have long-term economic benefits.

Fiscal policy is the deliberate adjustment of government spending, borrowing or taxation to help achieve desirable economic objectives. Kebbi State Government introduced new Bill titled "Price Intelligence and Public Procurement Bill, 2020" the objected of the bill are as follows:

- Maximize economy and efficiency in public procurement;
- Promote economic development through public procurement

- Obtain value for money in public procurement;
- Promote integrity and engender public confidence in the public procurement process;
- Foster transparency in the public procurement process;
- Encourage participation in public procurement
- Provide for the fair and equitable treatment of all persons participating in public procurement proceedings; and,
- Encourage the State economic growth by enabling the participation of small and medium sized enterprises in Public procurement.

4.2 Borrowing Options

The borrowing options are considered due to the timing of government's cash flows throughout the fiscal year. Domestic borrowing serve as one of the main sources of borrowing with average ratio of 83.77 percent over the projection period from 2020 to 2029 and given the limited funding envelopes from the external borrowing with long processing time required, domestic borrowing are mainly through: the commercial banks, Federal Government and other Central Bank of Nigeria (Interventions) loans are main source of financing.

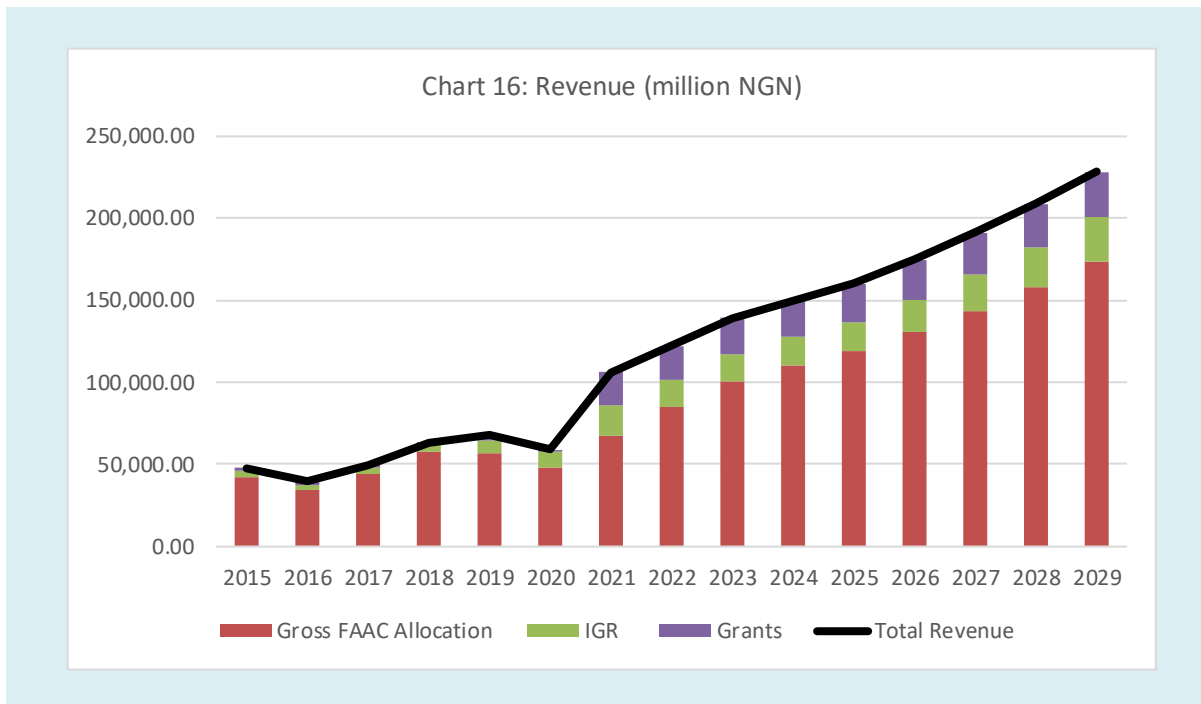
Borrowing Options

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
|--|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Domestic Financing | | | | | | | | | | |
| Commercial Bank Loans 1 <> 5 years | 0 | 6,000 | 3,000 | 5,973 | 0 | 16,817 | 10,000 | 2,520 | 5,951 | 6,974 |
| Commercial Bank Loans - 6 years > | 1,005 | 8,161 | 17,501 | 12,865 | 12,000 | 8,458 | 21,997 | 23,550 | 20,633 | 15,208 |
| State Bonds - 1 <> 5 years) | 0 | 0 | 0 | 0 | 7,000 | 0 | 0 | 0 | 0 | 0 |
| State Bonds - 6 years > | 0 | 0 | 0 | 0 | 10,871 | 0 | 0 | 0 | 0 | 0 |
| Other Domestic Financing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Domestic Financing | 1,005 | 14,161 | 20,501 | 18,838 | 29,871 | 25,275 | 31,997 | 26,070 | 26,584 | 22,182 |
| Domestic Financing | | | | | | | | | | |
| External Financing - Concessional Loans (e.g., WB, AfDB) | 0 | 7 | 8 | 9 | 10 | 44 | 0 | 0 | 0 | 0 |
| External Financing - Bilateral Loans | 0 | 0 | 0 | 21 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other External Financing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| External Financing | 0 | 7 | 8 | 30 | 10 | 44 | 0 | 0 | 0 | 0 |
| Total Gross Borrowing Requirements | 1,005 | 16,643 | 23,716 | 29,865 | 31,784 | 40,224 | 30,089 | 23,550 | 23,633 | 17,208 |

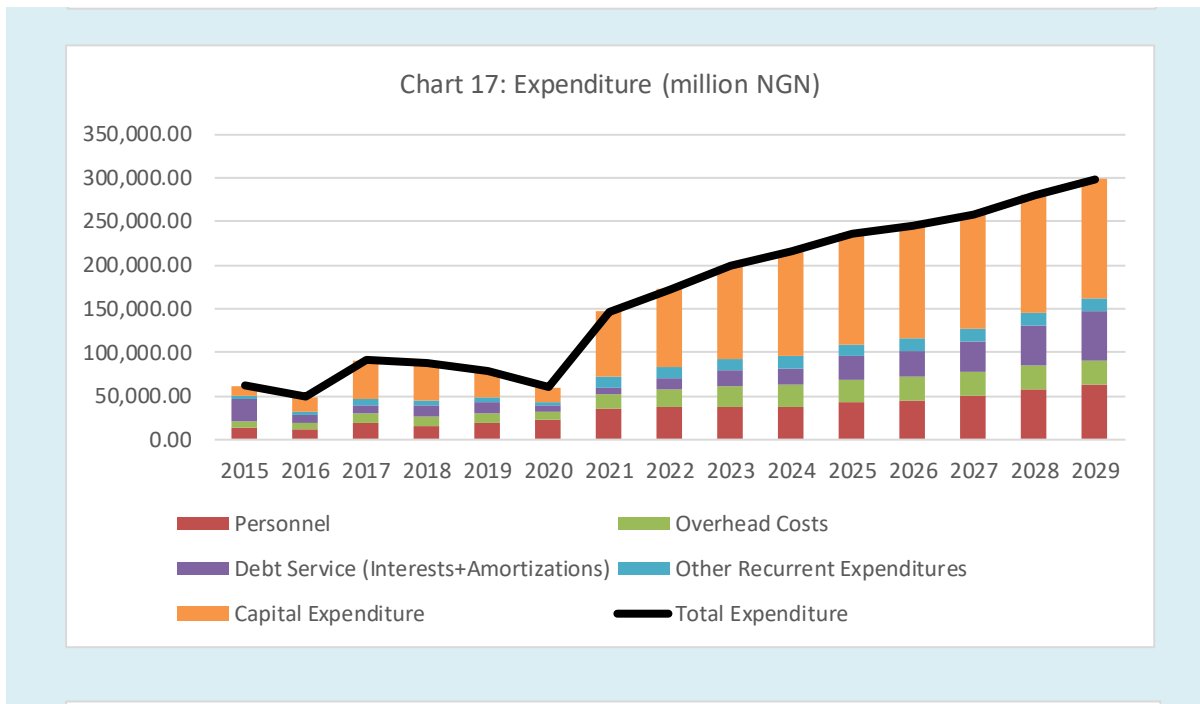
4.3.1 DSA Simulation Results

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

Revenue is expected to grow during the projected period, driven largely by expected improvement in FAAC allocation in average of 14.72 percent over the projection period from 2020 to 2029. The FAAC allocation is estimated to increase from N47,690.55 million in 2020 to N173,804.03 in 2029. Similarly, the IGR projected to increase from N9,608.71 million in 2020 to 26,586.81 million in 2021, respectively.

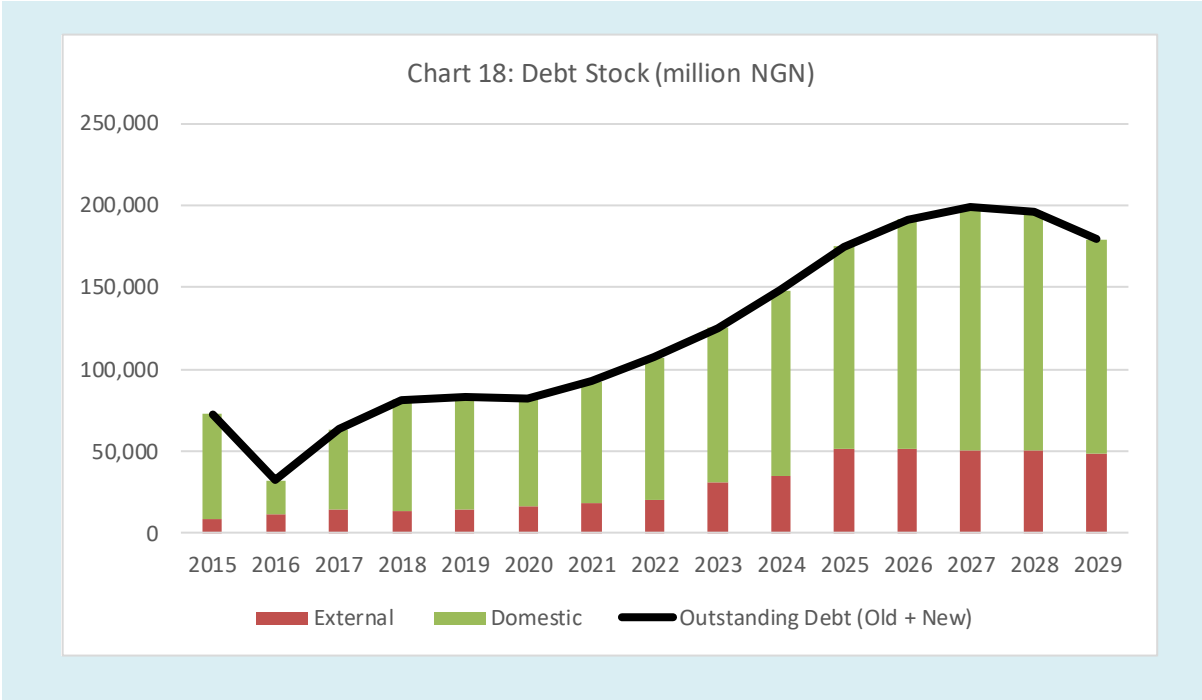


Expenditure projected to grow at 19.70 percent averagely over the projection period, the Capital expenditure has the largest share as at end 2029, which was estimated at 136,205.93 million or 45.61 percent as % of total expenditure, respectively. indicating stability in the state growth recovery. The growth in the period is predicated on sustaining effective implementation of the new laws. Government is expected to continue its fiscal strategy of directing resources to the most productive and growth-enhancing sectors, including Agriculture, Infrastructure, Manufacturing, Housing and Construction, Education, Health and Water Resources within the period.



Primary Balance-The fiscal deficit of Kebbi State Medium Term Expenditure Framework (MTEF), 2021-2025 estimated for 2021 was N8,235.62 million as against the estimated gross financing needs of N16,643.15 million. **Gross Financing Needs is the sum of budget deficits and funds required to roll over debt that matures over the year.** The fiscal deficit projection beyond the projection period of 2021 – 2025 is estimated to have an average of N26,708.35 million from 2026 to 2029. The fiscal deficit projection beyond the MTEF period is hinged on the anticipated improvement on the revenue due to the various initiatives and reforms by Government, as well as efficiency and quality of spending.

Debt Stock projected at N179,429.15 million as at end-December 2029 compared to N82,043.46 million as at end December 2020, respectively.



Main Key Findings

On the Total Debt Sustainability Analysis, the results show that the ratio of Debt to revenue remains below its indicative threshold under the Baseline scenario. However, based on the Most Extreme Shock in Revenue, Expenditure, Exchange rate and Interest rate, and historical remains below threshold over the projection period.

2020 DSA exercise shows that there is substantial Space to Borrow based on the state’s current revenue profile. Meanwhile, the ratios of Debt Service to Revenue and Personnel Cost to Revenue trends remains under the threshold over the projection period from 2020 to 2029, with the strongminded efforts by the State Government through its various initiatives and reforms in the key sectors of the economy.

The revenue-based indicators show that the Debt to Revenue for 2020 and 2029 were projected at 139.55 percent and 78.62 percent respectively and were still below the threshold of 200

percent. Kebbi State would remain under the threshold for External Debt to Revenue, which is 200 percent over the projection period.

For the Debt Service to Revenue, the outcome shows 2021, 2025 and 2029 were projected at 7.93 percent, 16.60 percent and 24.56 percent with threshold of 40 percent to the end of the projection period in the medium to long term.

The Personnel Cost to Revenue remained under state threshold of 60 percent. Thus, Kebbi State Debt remained sustainable on the revenue and debt indicators.



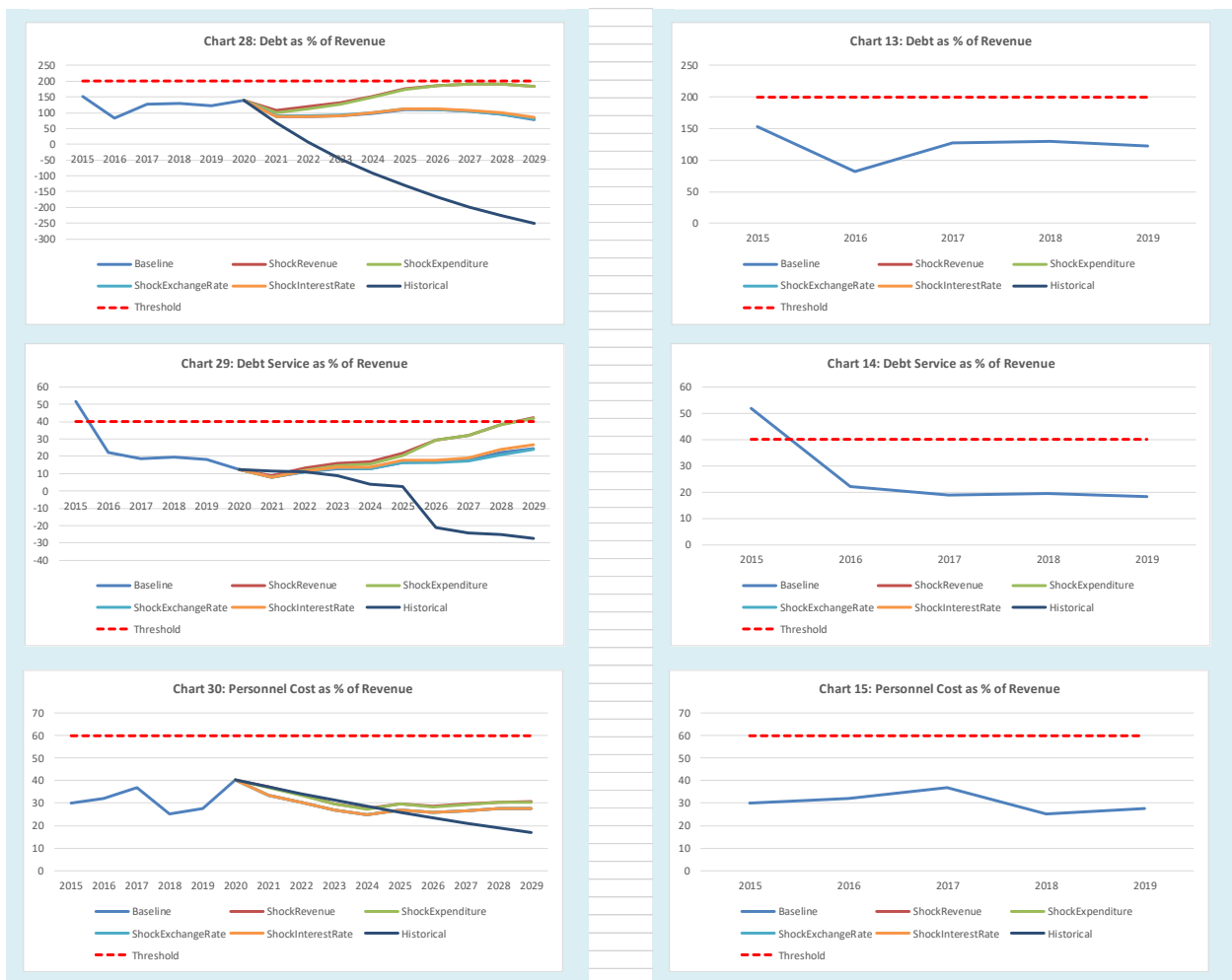
Conclusion

The outcome of the 2020 DSA revealed that Kebbi's Total Debt remains at a Very Low Risk of Debt distress with substantial space to accommodate shocks. Kebbi State Risk Rating remains at a Moderate Risk of debt distress with capacity to accommodate shocks in Revenue, Expenditure, Exchange rate and Interest Rate. The ongoing efforts by the government towards

improving revenue generation and diversifying the economy, through various initiatives and reforms in Tax Administration and Collections, as well as the Strategic Revenue Law, would improve the outlook for Total Debt with enhanced revenue performance. Thus, the Revenue indicators and Borrowing Space are expected to improve in the medium to long-term.

4.3.2 DSA Sensitivity Analysis

Kebbi State Debt Portfolio remains sustainable in relation to the revenue shocks. Given the projected size of the State’s revenue, which shows an average growth of 14.19 percent over the projection period, this projection outweighs the average growth of debt accumulation of 8.66 percent, the result obtained under the fiscal sustainability of the State External and Domestic Debt indicates that state is at a low risk of debt distress.



Annex I: Baseline Assumptions

Revenue Assumptions:

This include oil revenue forecast base on the key projection parameters (oil prices in \$, exchange rate, oil production). The IGR is projected using time series analysis, VAT is projected with the assumption of its responsiveness to economic activities and projected on the changes in IGR. Aids and grants is projected base on annual target growth rate of 10.8% in capital development.

Expenditure Assumptions:

Personnel cost for 2021 (moving forward) is projected with the assumption of minimum wage implementation. Consolidated revenue charges is projected on the weighted changes in IGR. Overhead cost is projected on the assumption of fiscal policy to reduce cost of governance and pave way for improved capital investment and industrial development in the State. The Government also rolled out a social intervention programme to provide support to the poor and the unemployed; reconstructed and equipped skills acquisition centres to provide training for women and youth towards self-reliance; and building the critical infrastructure needed to speed up the development of the State.

Borrowing Assumptions (Options)

Domestic Borrowing - Terms (interest rate, maturity and Grace Period)

Domestic borrowing is anticipated to be through the issuance of bond, with an interest rate of not more than 14% (but could be lower) and with repayment period of not less than 6 years..

External Borrowing - Terms (Interest rate, maturity and Grace Period):

External borrowings are usually tied to a specific project/program and is not envisaged for now though within the MTEF.

| | | Projection Methodology | Source |
|---|---|---|--|
| Assumptions: | | | |
| Economic activity | State GDP (at current prices) | For example: State GDP projected using the actual S-GDP and projected N-GDP nominal growth rate | For example: State Bureau of Statistics, NBS, etc. |
| Revenue | Revenue 1. Gross Statutory Allocation ('gross' means with no deductions) of which Net Statutory Allocation ('net' means of deductions) of which Deductions 2. Derivation (if applicable to the State) 3. Other FAAC transfers (exchange rate gain, augmentation, others) 4. VAT Allocation 5. IGR 6. Capital Receipts Grants Sales of Government Assets and Privatization Proceeds Other Non-Debt Creating Capital Receipts | Natioanal Medium Term Expenditure Framework, 2020-2022 and 2021-2023 was used as guide in projecting 2024-2029 Natioanal Medium Term Expenditure Framework, 2020-2022 and 2021-2023 was used as guide in projecting 2024-2029 Natioanal Medium Term Expenditure Framework, 2020-2022 and 2021-2023 was used as guide in projecting 2024-2029 Kebbi State's Medium Term Expenditure Framework, 2021-2025 was used Kebbi State's Medium Term Expenditure Framework, 2021-2025 was used Kebbi State's Medium Term Expenditure Framework, 2021-2025 was used | Budget Office of the Federatio Budget Office of the Federatio Budget Office of the Federatio State Ministry of Budget and Economic Planning State Ministry of Budget and Economic Planning State Ministry of Budget and Economic Planning |
| Expenditure | Expenditure 1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other) 2. Overhead costs 3. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments) 4. Capital Expenditure | Kebbi State's Medium Term Expenditure Framework, 2021-2025 was used Kebbi State's Medium Term Expenditure Framework, 2021-2025 was used Kebbi State's Medium Term Expenditure Framework, 2021-2025 was used Kebbi State's Medium Term Expenditure Framework, 2021-2025 was used | State Ministry of Budget and Economic Planning State Ministry of Budget and Economic Planning State Ministry of Budget and Economic Planning State Ministry of Budget and Economic Planning |
| Closing Cash and Bank Balance | Closing Cash and Bank Balance | Kebbi State's Medium Term Expenditure Framework, 2021-2025 was used | State Ministry of Budget and Economic Planning |
| Proceeds from Debt-Creating Borrowings | Planned Borrowings (new bonds, new loans, etc.) New Domestic Financing in Million Naira Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Inf Loans, and MSMEDF) Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Inf Loans, and MSMEDF) State Bonds (maturity 1 to 5 years) State Bonds (maturity 6 years or longer) Other Domestic Financing New External Financing in Million US Dollars External Financing - Concessional Loans (e.g., World Bank, African Development Bank) External Financing - Bilateral Loans Other External Financing | | |
| Debt Amotization and Interest Payments | Debt Outstanding at end-2019 External Debt - amortization and interest Domestic Debt - amortization and interest New debt issued/contracted from 2020 onwards New External Financing External Financing - Concessional Loans (e.g., World Bank, African Development Bank) External Financing - Bilateral Loans Other External Financing New Domestic Financing in Million Naira Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Inf Loans, and MSMEDF) Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Inf Loans, and MSMEDF) State Bonds (maturity 1 to 5 years) State Bonds (maturity 6 years or longer) Other Domestic Financing | For example: amortization and interest payments estimated using profiles recorded in the DMO. Include the external debt service paid through FAAC deductions For example: amortization and interest payments estimated using profiles recorded in the DMD. Include the ones paid directly by the State and through FAAC deductions Insert the Borrowing Terms for New External Debt: interest rate (%), maturity (# years) and grace period (#) For example: Redemption profile linear, repayment in 40 years with 5-year grace period. Interest rate: fix at 1% Insert the Borrowing Terms for New Domestic Debt: interest rate (%), maturity (# years) and grace period (#) | DMO DMO |

Annex II: Kebbi State Baseline Scenarios, 2020-2029

| | Actuals | | | | | Projections (Baseline Scenario) | | | | | | | | | |
|--|-------------------|-------------------|------------------|------------------|------------------|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
| Economic Indicators | | | | | | | | | | | | | | | |
| State GDP (million NGN, at current prices) | 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 |
| Exchange Rate NGN/US\$ (end-Period) | 196.49 | 253.19 | 305.79 | 306.50 | 326.00 | 379.00 | 379.00 | 379.00 | 379.00 | 379.00 | 379.00 | 379.00 | 379.00 | 379.00 | 379.00 |
| Fiscal Indicators (million NGN) | | | | | | | | | | | | | | | |
| Revenue | 69,751.51 | 65,059.42 | 59,175.22 | 62,888.12 | 69,661.14 | 59,804.05 | 147,004.73 | 172,539.35 | 198,374.90 | 213,892.95 | 234,906.82 | 242,722.88 | 255,516.02 | 276,800.29 | 293,633.73 |
| 1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here) | 29,720.53 | 21,525.23 | 29,940.21 | 44,849.07 | 43,479.15 | 33,106.25 | 44,844.19 | 57,064.26 | 70,088.93 | 76,990.42 | 82,139.94 | 90,575.72 | 99,877.84 | 110,135.30 | 121,446.19 |
| of which Net Statutory Allocation ('net' means of deductions) | 29,720.53 | 21,525.23 | 29,940.21 | 44,849.07 | 43,479.15 | 33,106.25 | 44,844.19 | 57,064.26 | 70,088.93 | 76,990.42 | 82,139.94 | 90,575.72 | 99,877.84 | 105,141.40 | 110,682.36 |
| 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, augmentation, others) | 4,577.07 | 4,612.37 | 3,965.36 | 1,145.28 | 1,402.59 | 1,587.44 | 4,186.65 | 4,605.31 | 5,065.85 | 5,319.14 | 5,585.79 | 6,181.80 | 6,470.49 | 6,772.66 | 7,088.94 |
| 4. VAT Allocation | 7,972.09 | 8,270.64 | 9,923.52 | 11,346.32 | 12,004.63 | 12,996.86 | 18,438.62 | 23,048.28 | 25,553.11 | 28,108.42 | 30,919.26 | 34,011.19 | 37,412.31 | 41,153.54 | 45,268.89 |
| 5. IGR | 3,592.41 | 3,132.34 | 4,425.49 | 4,881.96 | 7,478.09 | 9,608.71 | 18,598.50 | 16,378.42 | 16,869.77 | 17,207.17 | 17,723.38 | 19,614.47 | 21,707.33 | 24,023.51 | 26,586.81 |
| 6. Capital Receipts | 23,889.41 | 27,518.85 | 10,920.64 | 665.50 | 5,296.67 | 2,504.79 | 60,936.77 | 71,443.08 | 80,797.25 | 86,267.80 | 98,538.43 | 92,339.71 | 90,048.05 | 94,715.29 | 93,242.89 |
| Grants | 1,812.91 | 1,812.91 | 1,575.14 | 456.50 | 3,881.28 | 1,500.00 | 19,909.61 | 20,905.09 | 21,427.72 | 22,499.10 | 23,624.06 | 24,609.18 | 25,635.38 | 26,704.38 | 27,817.95 |
| Sales of Government Assets and Privatization Proceeds | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7,775.21 | 8,552.73 | 9,408.00 | 9,878.40 | 10,373.62 | 10,893.34 | 11,439.09 | 12,012.19 | 12,614.00 |
| Other Non-Debt Creating Capital Receipts | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 16,608.80 | 18,269.68 | 20,096.65 | 22,106.32 | 24,316.95 | 26,748.64 | 29,423.51 | 32,365.86 | 35,602.45 |
| Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc.) | 22,076.50 | 25,705.93 | 9,345.50 | 209.00 | 1,415.39 | 1,004.79 | 16,643.15 | 23,715.58 | 29,864.88 | 31,783.98 | 40,223.81 | 30,088.55 | 23,550.07 | 23,632.86 | 17,208.49 |
| Expenditure | 61,986.21 | 48,404.69 | 91,212.95 | 86,799.48 | 78,284.53 | 59,804.05 | 147,004.73 | 172,539.35 | 198,374.90 | 213,892.95 | 234,906.82 | 242,722.88 | 255,516.02 | 276,800.29 | 293,633.73 |
| 1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other) | 14,341.11 | 12,589.30 | 18,409.70 | 15,870.64 | 18,777.13 | 23,606.86 | 35,364.78 | 37,133.02 | 37,247.01 | 37,302.88 | 42,898.32 | 45,235.34 | 51,010.83 | 57,269.12 | 63,059.03 |
| 2. Overhead costs | 6,671.09 | 6,971.67 | 11,688.22 | 10,564.15 | 11,411.97 | 7,621.16 | 16,450.74 | 20,563.42 | 23,647.94 | 24,830.33 | 26,071.85 | 26,593.29 | 27,125.15 | 27,667.66 | 28,221.01 |
| 3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation) | 304.60 | 1,917.80 | 985.50 | 1,412.41 | 2,322.62 | 2,359.11 | 2,507.25 | 4,622.32 | 5,642.79 | 8,243.56 | 9,829.60 | 12,064.25 | 13,483.15 | 15,227.65 | 15,107.64 |
| 4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments) | 4,874.22 | 4,278.82 | 6,425.02 | 5,807.12 | 6,093.94 | 4,121.16 | 12,019.69 | 12,620.67 | 12,999.29 | 13,649.25 | 13,922.24 | 14,200.68 | 14,484.70 | 14,774.39 | 15,069.88 |
| 5. Capital Expenditure | 11,429.53 | 15,819.82 | 45,326.16 | 42,365.31 | 29,437.05 | 17,181.19 | 74,761.99 | 88,488.68 | 106,594.21 | 120,402.76 | 127,274.50 | 129,450.89 | 131,664.50 | 133,915.97 | 136,205.93 |
| 6. Amortization (principal) payments | 24,365.66 | 6,827.29 | 8,378.35 | 10,779.84 | 10,241.83 | 4,914.57 | 5,900.28 | 9,111.24 | 12,243.67 | 9,464.15 | 14,910.31 | 15,178.42 | 17,747.69 | 27,945.50 | 35,970.24 |
| Budget Balance ('+' means surplus, '-' means deficit) | -22,076.50 | -25,705.93 | -9,345.50 | -209.00 | -1,415.39 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Opening Cash and Bank Balance | 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 |
| Closing Cash and Bank Balance | 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 |

Annex II: Kebbi State Baseline Scenarios, 2020-

2029...Cont'd

| | Actuals | | | | | Projections (Baseline Scenario) | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|---------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
| Financing Needs and Sources (million NGN) | | | | | | | | | | | | | | | |
| Financing Needs | | | | | | 1,004.79 | 41,027.16 | 50,537.99 | 59,369.53 | 63,768.70 | 74,914.38 | 67,730.53 | 64,412.67 | 68,010.91 | 65,424.94 |
| i. Primary balance | 6,268.89 | -32,619.63 | -36,804.43 | -41,483.08 | -46,060.98 | -50,174.46 | -40,487.85 | -33,181.83 | -24,837.76 | -14,347.06 | | | | | |
| ii. Debt service | 7,273.68 | 8,407.53 | 13,733.56 | 17,886.46 | 17,707.72 | 24,739.91 | 27,242.68 | 31,230.84 | 43,173.15 | 51,077.88 | | | | | |
| Amortizations | 4,914.57 | 5,900.28 | 9,111.24 | 12,243.67 | 9,464.15 | 14,910.31 | 15,178.42 | 17,747.69 | 27,945.50 | 35,970.24 | | | | | |
| Interests | 2,359.11 | 2,507.25 | 4,622.32 | 5,642.79 | 8,243.56 | 9,829.60 | 12,064.25 | 13,483.15 | 15,227.65 | 15,107.64 | | | | | |
| iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | | | |
| Financing Sources | | | | | | 1,004.79 | 41,027.16 | 50,537.99 | 59,369.53 | 63,768.70 | 74,914.38 | 67,730.53 | 64,412.67 | 68,010.91 | 65,424.94 |
| i. Financing Sources Other than Borrowing | 0.00 | 24,384.01 | 26,822.41 | 29,504.65 | 31,984.72 | 34,690.57 | 37,641.98 | 40,862.60 | 44,378.05 | 48,216.45 | | | | | |
| ii. Gross Borrowings | 1,004.79 | 16,643.15 | 23,715.58 | 29,864.88 | 31,783.98 | 40,223.81 | 30,088.55 | 23,550.07 | 23,632.86 | 17,208.49 | | | | | |
| Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF) | 0.00 | 6,000.00 | 3,000.00 | 9,000.00 | 0.00 | 15,000.00 | 10,000.00 | 0.00 | 3,000.00 | 2,000.00 | | | | | |
| Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF) | 1,004.79 | 10,643.15 | 8,000.00 | 12,864.88 | 12,000.00 | 8,458.00 | 20,088.55 | 23,550.07 | 20,632.86 | 15,208.49 | | | | | |
| State Bonds (maturity 1 to 5 years) | 0.00 | 0.00 | 0.00 | 0.00 | 7,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | | | |
| 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 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | | | |
| External Financing - Concessional Loans (e.g., World Bank, African Development Bank) | 0.00 | 0.00 | 12,715.58 | 0.00 | 12,783.98 | 16,765.81 | 0.00 | 0.00 | 0.00 | 0.00 | | | | | |
| External Financing - Bilateral Loans | 0.00 | 0.00 | 0.00 | 0.00 | 8,000.00 | 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 NGN) | | | | | | | | | | | | | | | |
| Debt (stock) | 72,689.44 | 32,323.41 | 63,352.21 | 81,420.43 | 83,619.60 | 82,043.46 | 92,786.33 | 107,390.67 | 125,011.89 | 147,331.72 | 172,645.22 | 187,555.34 | 193,357.71 | 189,045.07 | 170,283.32 |
| External | 8,896.10 | 11,672.42 | 14,622.71 | 13,978.10 | 14,354.11 | 16,087.38 | 15,543.87 | 28,159.59 | 35,555.98 | 48,241.76 | 64,357.35 | 64,263.46 | 63,583.89 | 63,494.58 | 62,281.68 |
| Domestic | 63,793.34 | 20,650.99 | 48,729.50 | 67,442.33 | 69,265.49 | 65,956.08 | 77,242.46 | 79,231.08 | 89,455.91 | 99,089.96 | 108,287.86 | 123,291.88 | 129,773.82 | 125,550.49 | 108,001.64 |
| Gross borrowing (flow) | | | | | | 1,004.79 | 16,643.15 | 23,715.58 | 29,864.88 | 31,783.98 | 40,223.81 | 30,088.55 | 23,550.07 | 23,632.86 | 17,208.49 |
| External | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 12,715.58 | 8,000.00 | 12,783.98 | 16,765.81 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Domestic | 1,004.79 | 16,643.15 | 23,715.58 | 29,864.88 | 31,783.98 | 40,223.81 | 30,088.55 | 23,550.07 | 23,632.86 | 17,208.49 | | | | | |
| Amortizations (flow) | 24,365.66 | 6,827.29 | 8,378.35 | 10,779.84 | 10,241.83 | 4,914.57 | 5,900.28 | 9,111.24 | 12,243.67 | 9,464.15 | 14,910.31 | 15,178.42 | 17,747.69 | 27,945.50 | 35,970.24 |
| External | 219.04 | 261.96 | 324.64 | 375.88 | 427.62 | 600.37 | 543.51 | 99.86 | 603.62 | 98.21 | 650.21 | 93.89 | 679.57 | 89.31 | 1,212.90 |
| Domestic | 24,146.62 | 6,565.34 | 8,053.71 | 10,403.97 | 9,814.21 | 4,314.21 | 5,356.77 | 9,011.38 | 11,640.05 | 9,365.95 | 14,260.10 | 15,084.53 | 17,068.12 | 27,856.19 | 34,757.34 |
| Interests (flow) | 304.60 | 1,917.80 | 985.50 | 1,412.41 | 2,322.62 | 2,359.11 | 2,507.25 | 4,622.32 | 5,642.79 | 8,243.56 | 9,829.60 | 12,064.25 | 13,483.15 | 15,227.65 | 15,107.64 |
| External | 59.33 | 48.27 | 99.87 | 102.83 | 103.81 | 110.29 | 99.86 | 603.62 | 412.26 | 1,056.27 | 815.70 | 1,815.47 | 1,225.21 | 1,815.47 | 1,220.27 |
| Domestic | 245.27 | 1,869.53 | 885.63 | 1,309.59 | 2,218.81 | 2,248.81 | 2,407.39 | 4,018.70 | 5,230.52 | 7,187.29 | 9,013.90 | 10,248.78 | 12,257.94 | 13,412.18 | 13,887.37 |
| Net borrowing (gross borrowing minus amortizations) | | | | | | -3,909.78 | 10,742.87 | 14,604.34 | 17,621.21 | 22,319.83 | 25,313.50 | 14,910.12 | 5,802.38 | -4,312.64 | -18,761.75 |
| External | -600.37 | -543.51 | -543.51 | -543.51 | -543.51 | -600.37 | -543.51 | 7,396.39 | 12,685.78 | 16,115.59 | -93.89 | -679.57 | -89.31 | -1,212.90 | -1,212.90 |
| Domestic | -3,309.41 | 11,286.38 | 1,988.62 | 10,224.83 | 9,634.05 | 9,197.90 | 15,004.01 | 6,481.94 | -4,223.33 | -17,548.85 | | | | | |
| Debt and Debt-Service Indicators | | | | | | | | | | | | | | | |
| Debt as % of GDP | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
| Debt as % of Revenue | 152.47 | 82.14 | 127.14 | 129.90 | 122.53 | 139.53 | 87.55 | 88.02 | 89.93 | 98.14 | 107.91 | 107.18 | 101.18 | 90.54 | 74.62 |
| Debt Service as % of Revenue | 51.75 | 22.22 | 18.79 | 19.45 | 18.41 | 12.37 | 7.93 | 11.26 | 12.87 | 11.80 | 15.46 | 15.57 | 16.34 | 20.68 | 22.38 |
| Personnel Cost as % of Revenue | 30.08 | 31.99 | 36.95 | 25.32 | 27.51 | 40.15 | 33.37 | 30.44 | 26.80 | 24.85 | 26.81 | 25.85 | 26.69 | 27.43 | 27.63 |
| Debt Service as % of Gross FAAC Allocation | 58.36 | 25.42 | 21.36 | 21.26 | 22.09 | 15.25 | 12.46 | 16.21 | 17.76 | 16.04 | 20.85 | 20.83 | 21.72 | 27.31 | 29.39 |
| Interest as % of Revenue | 0.64 | 4.87 | 1.98 | 2.25 | 3.40 | 4.01 | 2.37 | 3.79 | 4.06 | 5.49 | 6.14 | 6.89 | 7.06 | 7.29 | 6.62 |
| External Debt Service as % of Revenue | 0.58 | 0.79 | 0.85 | 0.76 | 0.78 | 1.21 | 0.61 | 0.58 | 0.73 | 0.77 | 0.92 | 1.09 | 1.00 | 0.91 | 1.07 |

Kebbi State - Technical Team

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|----|---------------------------------|---|---|
| 1. | Umar Faruk Muhammed Jega | - | Director DMD |
| 2. | Abdulrahman A. Fakai | - | Director Main Account |
| 3. | Mohammed Umar Tilli | - | Director Inspectorate |
| 4. | Aminu Abdullahi | - | Director Planning (BIR) |
| 5. | Usman Abubakar Kwaifa | - | Director Budget (Ministry of Budget) |
| 6. | Ibrahim Sarki Gwandu | - | Focal Person (SFTAS) |