

# **2023 REPORT OF THE OYO STATE DEBT SUSTAINABILITY ANALYSIS AND DEBT MANAGEMENT**



# STRATEGY (STATE DSA-DMS)

## Table of Contents

CHAPTER ONE .....	5
INTRODUCTION. ....	5
1.1 Background. ....	5
1.2 Summary of Findings.....	6
CHAPTER TWO.....	7
2.1 OYO STATE FISCAL AND DEBT FRAMEWORK.....	7
2.2 2021-2024 MTEF and 2023 Budget.....	8
CHAPTER THREE... ..	13
3.1 Revenue, Expenditure and Fiscal Performance, 2018-2022.....	10
3.1.1 Revenue, Expenditure and Fiscal Performance, 2018-2022.....	10
3.1.2 FAAC Allocations.....	11
3.1.3 IGR... ..	12
3.1.4 Expenditure Performance.....	12
3.2 STATE DEBT PORTFOLIO.....	15
CHAPTER FOUR... ..	19
CONCEPT OF DEBT SUTAINABILITY, ASSUMPTIONS, RESULTS ANALYSIS AND FINGINGS.....	19
4.0 Introduction-Concept of Debt Sustainability.....	19
4.1 Medium Term Budget Forecast .....	20
4.2 Borrowing Options .....	21
4.3 DSA Simulation.....	22
4.4 Oyo State Main Finding.....	25
4.4 DSA SENSITIVITY ANALYSIS... ..	27
CHAPTER FIVE.....	30
5.0 DEBT MANAGEMENT STRATEGY.....	30
5.1 Alternative Borrowing Options.....	30

5.2 DMS Simulation Results .....	32
5.3 DMS Assessment.....	35
ANNEXURES I.....	37
ANNEXURES II.....	40
LIST OF PARTICIPANTS .....	42

## **CHAPTER ONE**

### **1.0 Introduction**

1.1 The State Debt Sustainability Analysis (S-DSA) Toolkit was developed by Debt Management Office, Nigeria and reviewed by the World Bank to analyze the trends and patterns in the State's public finances during the period of 2018 - 2022 while also evaluating the ability of the State to sustain its debt in the long term (2023 – 2032).

The Debt Sustainability Analysis carried out by Oyo State's Technical Team appraised recent Revenue, Expenditure, State Public debt trends, and related policies adopted by the State Government, while considering the policy thrust of the State.

A sub-national sustainability assessment was conducted using baseline scenarios and sensitivity analysis in order to evaluate the prospective performance of the State's public finances going forward. The intention is to assist the Oyo state Government in striking a balance between the State's programmes execution and new borrowings by utilizing recent trends in the State's public finances.

A sustainable debt provides confidence that the government will be able to borrow and pay potential creditors. Unsustainable debt levels, on the other hand, present risks to government expenditures on development and social programmes since a large proportion of revenue would be diverted to debt service.

## **1.2 SUMMARY OF FINDINGS**

The results of the Oyo State S-DSA show that the State's debt portfolio appears to be sustainable in the long term. The State has made giant strides in IGR mobilization through the recently introduced, improved, tax administration reforms and automation of revenue collection. The State's revenue office is now autonomous with more competent personnel to follow through on the state's vision with the assistance of up-to-date technology. Also worthy of mention is the Land Used Charge as a new revenue head embedded with motivators to reduce tax defaulters, and the recently signed MOU with Park Management System (PMS) in the area of tax which is bound to have a positive effect on State Revenue. Given the State's forecasts for the economy and reasonable assumptions concerning its revenue and expenditure policies, there is a need to cut down on recurrent expenditure in order to reduce the deficit which can disrupt the forecast by increasing Debt Stock and Debt Service payment astronomically. The dwindling revenue accrued to Federation Account Allocation Committee (FAAC) is attributed to massive crude oil theft and pipeline vandalism which affected Nigeria's ability to meet its Organization of Petroleum Exporting Countries (OPEC) production quota, issues such as fuel subsidies payment, continued allocation to revenue generating agencies, low tax revenue should be quickly resolved by the Federal Government, if the government wants to come out of its present quagmire.

## **CHAPTER TWO**

### **2.0 OYO STATE FISCAL AND DEBT FRAMEWORK**

#### **2.1 Fiscal Reforms in the Last 4 to 6 years**

The State fiscal reforms essentially focus on expanding the Internally-Generated Revenue and reducing debt stock and liability. Specifically, the State has carried out a number of strategic reforms in the areas of restructuring and strengthening of Revenue Generating Institutions, Amendment of Debt Management Agency's Law and Development of Domestic Arrears Clearance Framework, Adoption of Treasury Single Account (TSA) and IPSAS cash basis and accrual methods, Automation of Payroll System and Public Procurement reforms as well as Alternative Project Funding Approach- Contractor's financing method among others. Furthermore, the State is on the verge of having her Development Plan, Investment Plan and Pensions system reforms through the adoption of the Contributory Pension Scheme.

#### **2.2 Oyo State Approved 2023 Budget and Medium-Term Expenditure Framework (MTEF), 2022-2025**

##### **2.2.1 Approved 2023 Budget**

The Year 2023 budget was derived from Oyo State Accelerated Development Road Map put in place by the present administration and the State had developed Medium-Term Expenditure Framework (MTEF) while the State Development Plan is being finalized for launching. The State Government prioritize her finances on the on-going projects and programs, particularly those that would boost Human Capital Development, Infrastructure Development, Agriculture, Poverty Alleviation and Social Inclusion, Grassroots Development and Social Services, Employment Generation, Qualitative Basic Education,

Quality Healthcare Service Delivery as a catalyst for the exponential growth of the State's economy.

Based on the foregoing fiscal assumptions and parameters. The Oyo State total revenue available to fund the 2023 Budget is estimated at ₦310.432 billion. This includes Internally Generated Revenue, Statutory Allocation, Value Added Tax, Other Statutory Revenue, Domestic Grants, Foreign Grants, Opening Balance, Domestic Loans, Foreign Loans and Sale of Government Assets, respectively.

An aggregate expenditure of ₦310.432 billion is proposed by the Oyo State Government in 2023. The 2023 approved Expenditure comprises, Debt Repayment (Interest and Principal) of ₦20 billion, Personnel of ₦74.661 billion, Overhead ₦25.559 billion, Recurrent Expenditure of ₦22.975 billion, and Capital Expenditure of ₦154.805 billion, respectively.

2.3 Medium Term Budget Forecast: The State has been developing the Medium -Term-Expenditure Framework which provided a projection of revenue and expenditure of the Government. The DSA-MTDS report is based on the exchange rate of N435.56 to US \$1 from the national Medium-Term Expenditure Framework (MTEF) prepared in 2022, which is yet to be reviewed alongside other macroeconomic indicators to reflect current economic realities. "The assumptions are described below:



<b>Macro-Economic Framework</b>					
<b>Item</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
National Inflation	16.11%	17.16%	16.21%	17.21%	27.00%
National Real GDP Growth	3.55%	3.75%	3.30%	3.46%	4.30%
State Inflation	19.64%	20.40%	18.96%	17.50%	23.40%
State Real GDP Growth					5.75%
State GDP Actual	4,052,399,000,000	4,477,480,000,000	4,869,528,000,000	5,306,227,000,000	6.81
Oil Production Benchmark (MBPD)	1.6000	1.6900	1.8300	1.8300	1.700
Oil Price Benchmark	\$73.00	\$70.00	\$66.00	\$62.00	\$73.00
NGN:USD Exchange Rate	410.15	435.57	435.92	437.57	1,550
<b>Other Assumptions</b>					
Mineral Ratio	35%	38%	38%	36%	20%
<b>Fiscal Framework</b>					
<b>Item</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Opening Balance	3,178,260,498	3,337,173,523	3,504,032,199	3,679,233,809	
<b>Recurrent Revenue</b>					
Statutory Allocation	61,349,413,580	71,825,031,313	76,320,020,904	75,425,901,122	76,934,400,000
VAT	46,161,859,152	51,166,169,687	57,408,141,365	64,938,352,832	69,808,700,000
IGR	65,038,996,973	78,408,886,923	99,517,036,963	123,457,976,796	132,717,300,000
Excess Crude / Other Revenue	0	0	0	0	50,688,700,000
<b>Total Recurrent Revenue</b>	<b>172,550,269,705</b>	<b>201,400,087,923</b>	<b>233,245,199,232</b>	<b>263,822,230,749</b>	<b>300,149,100,000</b>
<b>Recurrent Expenditure</b>					
Personnel Costs	66,598,154,294	73,865,016,632	83,419,052,891	94,771,359,118	97,140,643,095
Social Contribution and Social Benefit	17,743,964,957	17,047,959,576	16,111,118,346	14,999,558,934	20,154,768,000
Overheads	19,153,306,959	19,153,306,959	19,153,306,959	19,153,306,959	19,536,373,098
Grants, Contributions and Subsidies	0	0	0	0	0
Public Debt Service	20,000,000,000	20,000,000,000	20,000,000,000	20,000,000,000	43,323,907,756
<b>Total</b>	<b>123,495,426,210</b>	<b>130,066,283,167</b>	<b>138,683,478,197</b>	<b>148,924,225,011</b>	<b>180,155,691,949</b>
<b>Transfer to Capital Account</b>					
	<b>52,233,103,993</b>	<b>74,670,978,279</b>	<b>98,065,753,234</b>	<b>118,577,239,547</b>	<b>141,493,564,107.50</b>
<b>Capital Receipts</b>					
Grants	8,486,914,426	7,198,988,234	8,218,544,141	8,115,000,279	50,503,940,000
Other Capital Receipts	27,846,731,194	27,846,731,194	28,846,731,194	28,846,731,194	21,192,630,000
<b>Total</b>	<b>36,333,645,620</b>	<b>35,045,719,428</b>	<b>37,065,275,334</b>	<b>36,961,731,473</b>	<b>71,696,570,000</b>
<b>Reserves</b>					
Contingency Reserve	2,635,927,953	3,071,058,922	3,551,238,471	4,012,521,968	4,470,177,227
Planning Reserve	2,635,927,953	3,071,058,922	3,551,238,471	4,012,521,968	4,470,177,227
<b>Total Reserves</b>	<b>5,271,855,906</b>	<b>6,142,117,843</b>	<b>7,102,476,943</b>	<b>8,025,043,937</b>	<b>8,940,354,454</b>
<b>Capital Expenditure</b>					
	<b>109,944,893,707</b>	<b>165,024,579,863</b>	<b>159,978,551,625</b>	<b>179,463,927,083</b>	<b>204,480,756,043</b>
Discretionary Funds	86,457,979,281	142,825,591,629	136,760,007,485	156,348,926,804	181,499,940,906
Non-Discretionary Funds	23,486,914,426	22,198,988,234	23,218,544,141	23,115,000,279	22,980,815,137
<b>Financing (Loans)</b>					
	26,650,000,000	61,450,000,000	31,950,000,000	31,950,000,000	21,731,132,446
<b>Total Revenue (Including Opening Balance)</b>					
	<b>238,712,175,823</b>	<b>301,232,980,874</b>	<b>305,764,506,765</b>	<b>336,413,196,031</b>	<b>393,576,802,446</b>
<b>Total Expenditure (including Contingency Reserve)</b>					
	<b>238,712,175,823</b>	<b>301,232,980,874</b>	<b>305,764,506,765</b>	<b>336,413,196,031</b>	<b>393,576,802,446</b>
<b>Closing Balance</b>					
		0	0	0	0
<b>Ratios</b>					
Growth in Recurrent Revenue	-18.29%	16.72%	15.81%	13.11%	18.11%
Growth in Recurrent Expenditure	28.42%	5.32%	6.63%	7.38%	9.10%
Capital Expenditure Ratio	47.16%	55.80%	53.48%	54.54%	59.7%

Deficit (Financing) to Total Expenditure	11.16%	20.40%	10.45%	9.50%	38.49%
Deficit (Financing) to GDP Ratio	1 %	1 %	1%	1%	4%

**Please Note the State used the 2022 approved Medium Term Expenditure Framework for the preparation of this report, due to the fact that year 2023 Medium Term Expenditure Framework of the State is yet to be approved by the State House of Assembly during the preparation of this report.**

### Assumptions

1. **Statutory Allocation** – the estimation for Statutory Allocation is based on an elasticity forecast taking into consideration the macroeconomic framework (national) and the mineral assumptions in the 2023-2026 Federal Fiscal Strategy Paper. Therefore, it is assumed that all the elements contained in national macroeconomic framework will not significantly deviate from the plan.
2. **VAT – It** is based on five years moving average which is calculated based on the State's historical VAT performances, with due consideration for outliers and extreme values during the period. The actual accruals from VAT were more than budget estimates during the period under reference. The estimate for 2023-2025 is in line with the current rate of collections.

However, due to effects COVID-19 pandemic and Russia-Ukraine war, it can be revisited if there are any changes to the VAT rates.

3. **Excess Crude** – No provision is made for excess crude fund in line with the present realities.
4. **Internally Generated Revenue (IGR)** – the estimation is based on five years moving average which is calculated based on the State's historical revenue performances, with due consideration for outliers and extreme values during the period.
5. **Grants** – the internal grants are based on the actual receipts for 2021 and performance from January to June 2022 and on signed grant agreements with the World Bank, UNICEF etc.
6. **Financing (Net Loans)** – the internal and external loans are projections based on agreement with lenders.
7. **Personnel** – Personnel Cost has been projected using three-year moving average based on actual historical cost. It is anticipated that the personnel costs will remain at the current level but will increase marginally due to promotion and annual increment, during the medium-term period
8. **Social Contribution and Social Benefits** – It is anticipated that the pension and gratuity payment will remain at the current level but will increase marginally due to new retirees that will increase pension and gratuity payment. Three year moving average is used to forecast Social Contribution and Social Benefit for 2023, 2024 and 2025.

9. **Overheads** – Overhead has been relatively stable over the years to date. It is therefore anticipated that the status quo will remain stable; therefore, own percentage projection technique was adopted.
10. **Grants, Contributions, Subsidies and Transfers** - It is anticipated that Grants, Contribution will remain at least for few years. Therefore, own percentage of 5% is used to forecast this expenditure class for 2023, 2024 and 2025.
11. **Public Debt Service** - is projected using own percentage for the three-year period.
12. **Contingency and Planning Reserves** – 1.5% each of recurrent revenue was reserved for Contingency and Planning Reserves respectively.
13. **Capital Expenditure** –this is based on the balance from the recurrent account plus capital receipts, less than planning and contingency reserve as outlined above.

## **CHAPTER THREE**

### **3.0 REVENUE, EXPENDITURE AND PUBLIC DEBT TREND (2018–2022)**

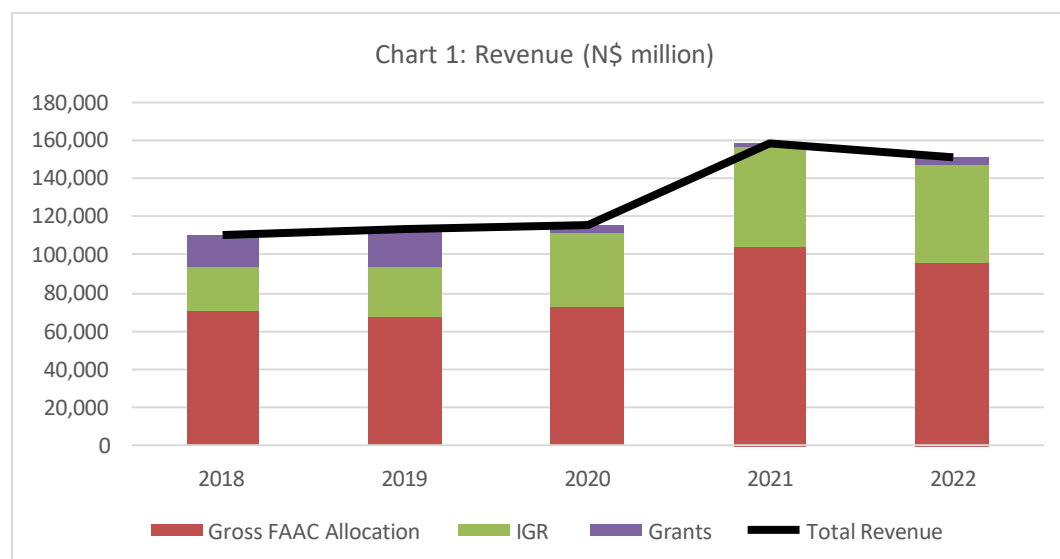
#### **3.1 Revenue, Expenditure and Fiscal Performance, 2018-2022**

3.1.1 Oyo State's Revenue stood at ₦151.137 billion in 2022 compared to ₦158.401 billion in the period of 2021, which represent a decrease of ₦7.264 billion or 4.8 percent. The Revenue has shown improvements from 2018 to 2021, due to the growth increased in the financial resources to the real sector of the economy, and effective implementation of the Economic Policies in the State. The Gross FAAC allocation that comprises the Statutory allocation, derivations, VAT allocation, exchange rate gain, augmentation among others decreased from ₦104.5 billion in 2021 to ₦95.921 billion in 2022, which present a decrease of ₦8.579 billion or 8.94%, the decrease was due to the limited Federal Government interventions to States in the Federation.

Oyo State's Internally Generated Revenue (IGR) shows a growth during the period under review, the IGR shows a significant grew from ₦23.481 billion in 2018 to ₦50.414 billion in 2022. The improvement in IGR was mainly because of tax administration reforms. These reforms covered legal, institutional, and operational frameworks. Accordingly, several reform activities were instituted to strengthen the IGR collection. Specifically, as a bedrock for other reforms, new Revenue Administration law was passed, among other things, to consolidate state revenue code covering all state IGR sources. Collections were thereafter enhanced with improvement on all electronic platforms and payment gateways used by the State Internal Revenue Service. The state also expanded its Taxpayer database and developed an electronic taxpayer database system.

Revenue sources were expanded to include Introduction of Land Use Charge and all revenue leakages were blocked through automation processes.

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Total Revenue</b>	109,989	113,844	115,332	158,401	151,137
<b>Gross FAAC Allocation</b>	70,397	67,036	72,885	104,500	95,921
<b>IGR</b>	23,481	26,586	38,043	52,159	50,414
<b>Grants</b>	16,111	20,223	4,404	1,742	4,802



### 3.1.2 FAAC ALLOCATION

3.1.2.1 There has fluctuations been in Statutory Allocation between the 2018-2022, from ₦70.397 Billion in 2018 to ₦67.036 Billion in 2019, before increasing to ₦72.855 Billion in 2020, ₦104.5Billion in 2021 and declining to ₦95.921Billion in 2022. The increase in Years 2019-2021 is as a result of the rise of global oil prices, improved economic activities which directly affects Company Income Tax (CIT) and Excise Duties (C&E), increased Federal Government intervention to mitigate the effect of the Covid -19 pandemic.

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 consistently surged since the country exited recession in 2017 despite continued high level of Consumer Price inflation. This trend is expected to continue following the signing into law of the Finance Bill 2019 which effectively raised the VAT rate from 5% to 7.5%. The implementation of this policy had consistently increased the State VAT receipt from ₦18.905 Billion in 2019 to ₦47.491 Billion in 2022 which represent an increase of ₦28.585 Billion or 60.19 percent.

### **3.1.3 Internally Generated Revenue**

Oyo witnessed modest growth and significant improvement in the State IGR, where the IGR grew from ₦23.481 billion in 2018, ₦26.586 billion in 2019, ₦38.043 billion in 2020, ₦52.159 billion in 2021, and ₦50.414 billion in 2021, respectively.

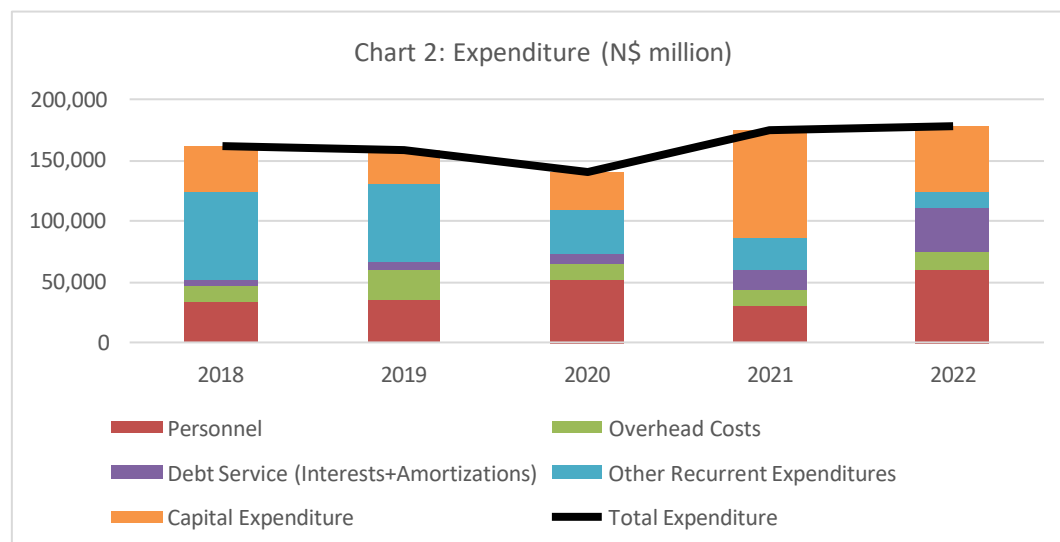
The enhanced in Revenue is largely due to restructuring in IGR collection process. This include the review of Commissions pay to Revenue Consultants, tax administration reforms aimed at improving collection rates and broadening the tax revenue based through the informal sector.

### 3.1.4 Expenditure Performance

The State's Total Expenditure includes Capital expenditure, Personnel costs, Overhead costs, other recurrent expenditure, and Debt service (interest payment and principal repayment). In 2022 Oyo State total expenditure amounted ₦178.281 billion compared to ₦161.367 billion as at end-December 2018, which represent a growth of ₦16.914 billion or 9.48 percent. The personnel cost stood at ₦33.073 billion in 2018, ₦35.592 billion in 2019, ₦51.484 billion in 2020, ₦30.381 billion in 2021, and ₦60.39 in 2022 respectively. The overhead cost stood at ₦14.555 billion in 2022 compared to ₦14.01 billion in 2018 which represent a growth 0.464 billion or 3.19% percent. Capital expenditure amounted to ₦54.918 billion in 2022, ₦88.484 billion in 2021, ₦31.279 billion in 2020, ₦28.973 billion in 2019 and ₦33.573 billion in 2018, respectively. The Total debt service that comprises the interest payment and principal repayment stood at ₦35.459 billion as at end-December 2022 compared to ₦3.898 billion as at end-December 2018.

	2018	2019	2020	2021	2022
<b>Total Expenditure</b>	161,367	158,832	140,860	174,402	178,281
<b>Personnel</b>	33,074	35,592	51,484	30,381	60,390
<b>Overhead Costs</b>	14,091	24,400	14,214	13,052	14,555
<b>Debt Service (Interest + Amortization)</b>	3,898	6,385	7,948	15,851	35,459
<b>Other Recurrent Expenditure</b>	72,731	63,481	35,935	26,635	12,960
<b>Capital</b>	37,573	28,973	31,279	88,484	54,918





### 3.1.5 Main Expenditure Variations Personnel

Remunerations due to the employees of the State which is paid centrally by the Ministry of Finance and make up the overall Personnel Cost. With the restructuring of the Civil Service in 2018 by the State Government, the State recorded a sizeable decline in the number of staff from the service. This further contributed to the decrease in the Personnel Cost. In addition to this, the introduction and implementation of the IPSAS Chart of Account where some Components of the Personnel Cost are now being captured as Overheads further explains the decrease in the actual as against the budgeted.

### OVER HEAD

Overhead Costs, often referred to as overhead or operating expenses are those expenses associated with running the government that cannot be linked to creating or producing a product or service. They are the expenses the government incurs in the day-to-day running of the government. As part of the efforts of the State Government to militate against the hyper-inflation in the

country, the State Government cut non-essential spending especially on overheads such as the 50% reduction in running cost to Ministries, Departments and Agencies in the State.

### **3.2 STATE DEBT PORTFOLIO, 2018 -2022**

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)."

Oyo State's Debt stock amounted to ₦188.560 billion as at end-December 2022 compared to ₦170.359 billion as at end-December 2021, representing an increase of ₦18.201 billion or 9.65 percent. The increase in the Total Debt stock was reflected in Domestic Debt. The external debt stock decreased from ₦27.379 billion in 2022 to ₦27.797 billion in 2021, while the domestic debt stock significantly increased to ₦161.181 billion in 2022 from ₦142.562 billion in 2021.

	2018	2019	2020	2021	2022
Outstanding Debt (Existing + New)	118,101	122,208	120,150	170,359	188,560
External	26,585	30,640	25,654	27,797	27,379
Domestic	91,516	91,568	94,496	142,562	161,181

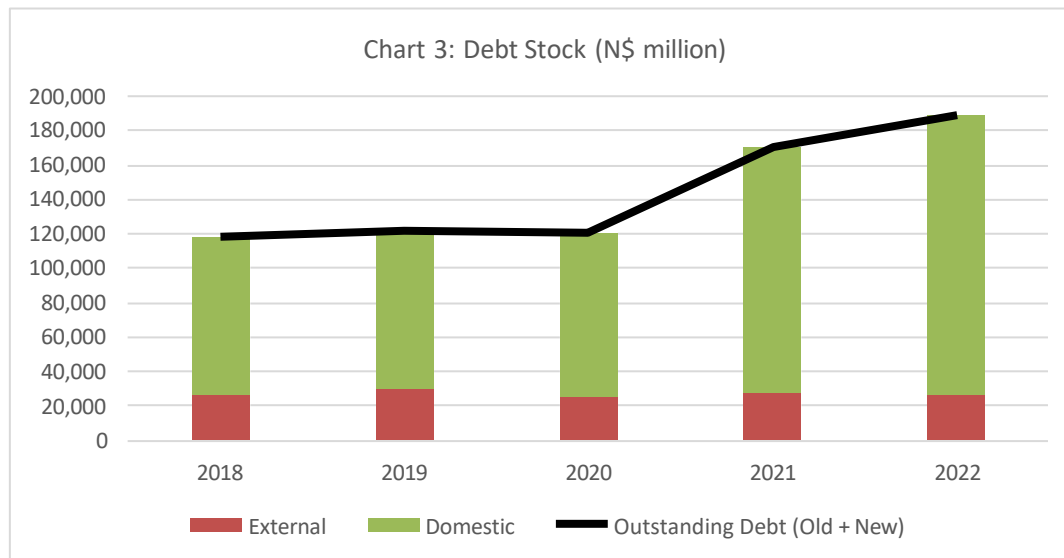


Chart 3: shows an increase in the Debt Stock from ₦118.101 billion in 2018 to ₦188.560 billion in 2022, due to Central Bank of Nigeria Intervention on Covid-19, Differentiated Cash Reserve Requirement and FGN Bridge Financing facilities accessed by the State in 2021, ever growing Pension and Gratuities loans indebtedness.

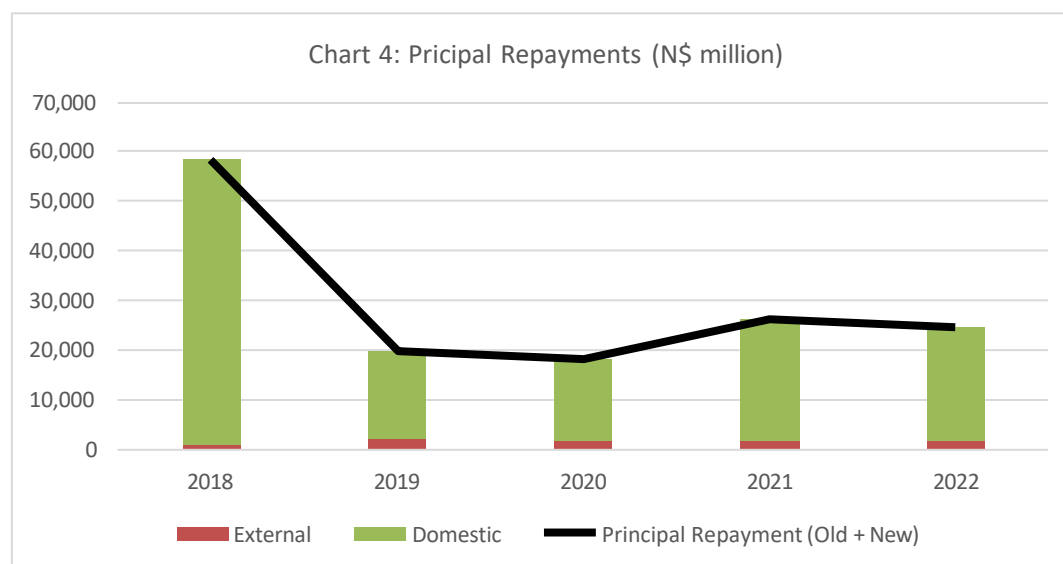
Oyo State Debt Portfolio as at the end of 2022 consist of external ₦27.379 billion or 14.52 percent and Domestic debt was amounted to ₦161.181 billion or 85.48 percent, respectively.

Oyo State holds a low cost and low risk debt portfolio. The debt portfolio has an average domestic interest rate of 9.67 percent and average external interest of 1.03 Percent in 2022. The State debt portfolio is minimally exposed to currency, rollover, and interest rate risk. Exposures to currency fluctuations is limited because the foreign currency – denominated loans are only 14.52 percent of the total debt stock in 2022. Most all the loans in Oyo State are fixed-rate obligations, thus not affected by changes in interest rates. A large portion

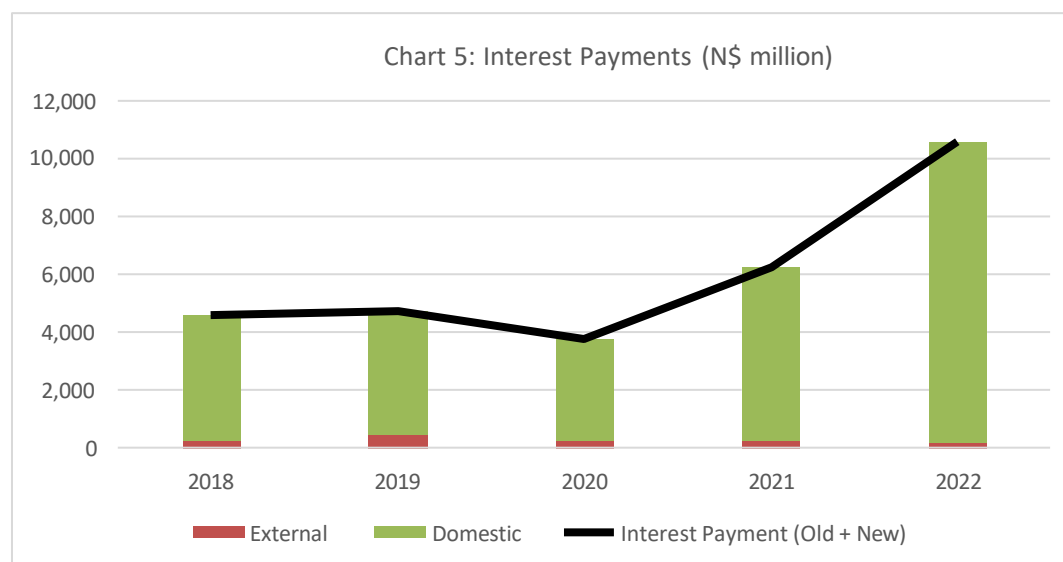
of these loans have maturities ranging from 20 to 40 years and include financing from the Federal Government and Multilateral organizations. Therefore, rollover/refinancing risk associated with the potential deterioration of domestic financial conditions is reasonably negligible.

Oyo State Debt Service amounted to ₦62.951 billion, ₦24.403 billion, ₦21.785 billion, ₦32.379 and ₦35.066 billion for 2018, 2019, 2020, 2021 and 2022 respectively. The principal repayment stood at ₦58.324 billion in 2018 compared to ₦24.493 billion in 2022 as a result of moratorium on Central Bank of Nigeria Intervention on Differentiated Cash Reserve Requirement and FGN Bridge Financing facilities accessed by the State in 2021, liquidation of commercial bank loan and reduced payment of pensions and gratuity arrears by the State Government. While the Interest Payment amounted to ₦4.627 billion in 2018 compared to ₦10.573 million in 2022. The principal repayments and Interest payment were on both External Debt and Domestic Debt (see Chart 4 and 5)

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Principal Repayment (Old + New)</b>	58,324	19,647	18,008	26,147	24,493
<b>External</b>	805	2,068	1,560	1,633	1,819
<b>Domestic</b>	57,519	17,580	16,448	24,514	22,674



	2018	2019	2020	2021	2022
<b>Interest Repayment (Old + New)</b>	4,627	4,756	3,777	6,232	10,573
<b>External</b>	259	462	245	228	190
<b>Domestic</b>	4,368	4,295	3,532	6,004	10,383



## **CHAPTER FOUR CONCEPT OF DEBT SUSTAINABILITY, ASSUMPTIONS, RESULTS ANALYSIS AND FINDINGS**

### **4.0 Introduction-Concept of Debt Sustainability**

A debt sustainability analysis (DSA) assesses how a state or nation's current level of debt and prospective borrowing affect its present and future ability to meet debt service obligations. It is a consensus that a key factor for achieving external and public debt sustainability is macroeconomic stability.

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. Government therefore should endeavor to strike a balance between revenue and expenditure, so that any debt incurred will not impact negatively on the State, leading to serious financial crisis.

### **OYO STATE DEBT SUSTAINABILITY ANALYSIS**

Chart 21 shows to the Debt as a percentage of State GDP (with indicative threshold of 25%). The sustainability position of the State's Total debt portfolio in the fiscal block shows a relative descending trend from 2018 to 2032. Even though the ratio has continued to decline steadily over the period under review peaking at a value of 7 percent in 2018, 2019, 2021, 2022 and 2023, it is well

within the threshold insinuating room for additional further borrowing under the right circumstances. Based on this, the State's GDP have potentials for growth and can also accommodate the State's debt stock, with minimal effect on the State economy.

Chart 22-24 shows the Debt as a percentage of revenue, Debt Service as a percentage of Revenue and Personnel Costs are below the threshold to the end of projection period. The Government is coming up with various reforms, in its revenue drive. Debt Service as percentage of Gross FAAC Allocation (without and indicative threshold) estimated to decrease from 89 percent in 2023 to 15 percent in 2032. Interest Payment as a percentage of Revenue revealed that, the maximum exposure of the State Interest towards Revenue is 6.99 percent in year 2022 with overall positive outlook. Looking at the External Debt Service as a percentage of Revenue, the maximum exposure of the State Revenue towards External Debt shows that the External debt of the State was properly managed, peaking at 1.32 percent in year 2022.

#### **4.1 Medium Term Budget Forecast**

Debt sustainability analysis of the State is predicated on the continuation of recent efforts to grow the IGR of the State annually by 7 percent in the medium term. The economy is expected to gradually recover from 2023-2025, with real GDP expanding at an average annual Debt sustainability analysis of the State is predicated on the continuation of recent efforts to grow the IGR of the State annually by 7 percent in the medium term. The economy is expected to gradually recover from 2023-2025, with real GDP expanding at an average annual rate of 4 percent and domestic inflation increasing above 22.5 percent by 2023. The moderate recovery will be supported by economic growth through

diversification and increase in the share of VAT. The Tax Administration reforms adopted by the State Government will also strengthen resources provided by IGR, as well as numerous industries that are being attracted to the State through industrialization drive, which are expected to continue in the next few years. This will benefit the economy immensely.

#### Oyo State Debt burden indicators as at end-2022

<b>Indicators</b>	<b>Thresholds</b>	<b>Ratio</b>
Debt as % of GDP	25%	6.51
Debt as % of Revenue	200%	124.76
Debt Service as % of GDP	40%	23
Personnel Cost as % of Revenue	60%	40
Debt Service as % of FAAC Allocation	Nil	37
Interest payment as % of Revenue	Nil	7
External Debt Service as % of Revenue	Nil	1

The State has put in various Tax Administration reforms to strengthen its IGR in order to sustain its debt, these include the enactment of new Revenue Administration Law, Land Use Charge Administration Law, with these new reforms adopted by the State Government, the IGR of the State is expected to grow in the next few years and this will benefit the State towards overall economic recovery. On the other hand, is the Civil Service Reforms Policies being implemented with regard to personnel and overhead cost, which are likely to decline from their historical trends.



## **4.2 BORROWING OPTIONS**

Oyo state government intends to finance its new borrowing from 2023 to 2032 mainly through other domestic financing of usually single digit interest rate from the Federal Government through the Central Bank of Nigeria with an average of 70.55 percent, Commercial Bank Loans (maturity 1-5 years) with an average of 9.31 percent, Commercial Bank Loans (maturity 6 year above) estimated at 0.83 percent, State Bonds (maturity 1-5 years) at 2.07 percent and State Bonds (maturity 6 years above) at 0.42 percent over projection period, compared with External financing – Concessional financing which was estimated at 15 percent and bilateral financing projected at 2 percent. For external financing was due to the limited funding envelopes from the external borrowing with long processing time required loans from Multilateral loans from World Bank and Africa Development Bank.

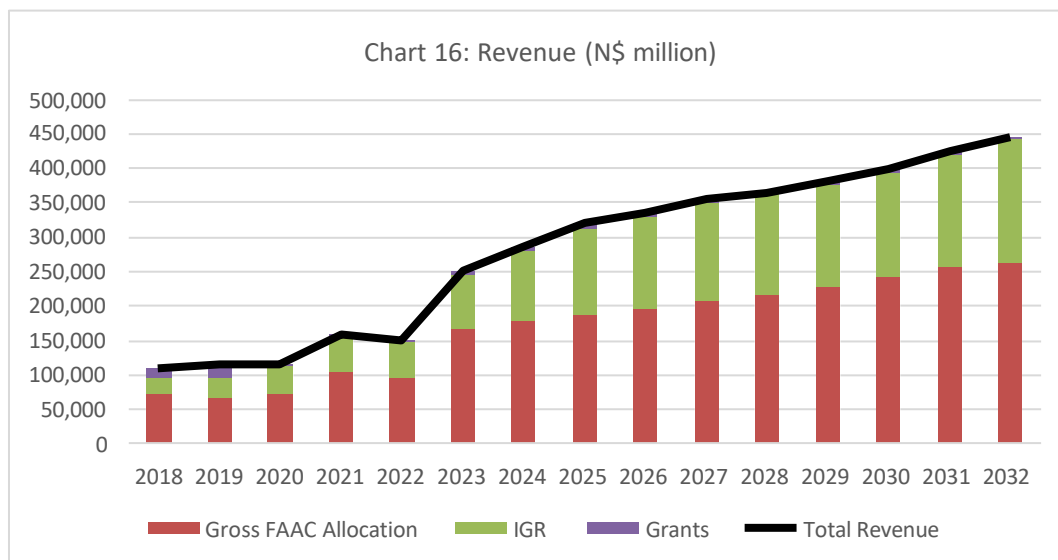
## **4.3 DSA SIMULATION RESULTS**

Recent shocks underscore the urgent need to significantly diversify and improve government revenues and reduce the dependence on oil revenue sources. Government remains committed to using innovative ways to raise the revenues required to finance its expenditure and diversifying its revenue sources. The medium-term target is to increase the Revenue-to-GDP ratio to 15%. Higher revenue collections will enable Government to deliver public services more effectively, enhance infrastructure investment, and improve investment in human capital.

Oyo State Total Revenue (including grants and excluding other capital receipts) is expected to increase from ₦280.231 billion in 2022 to ₦483.091 billion in 2032, representing an increase of ₦202.86 billion or 41.99 percent

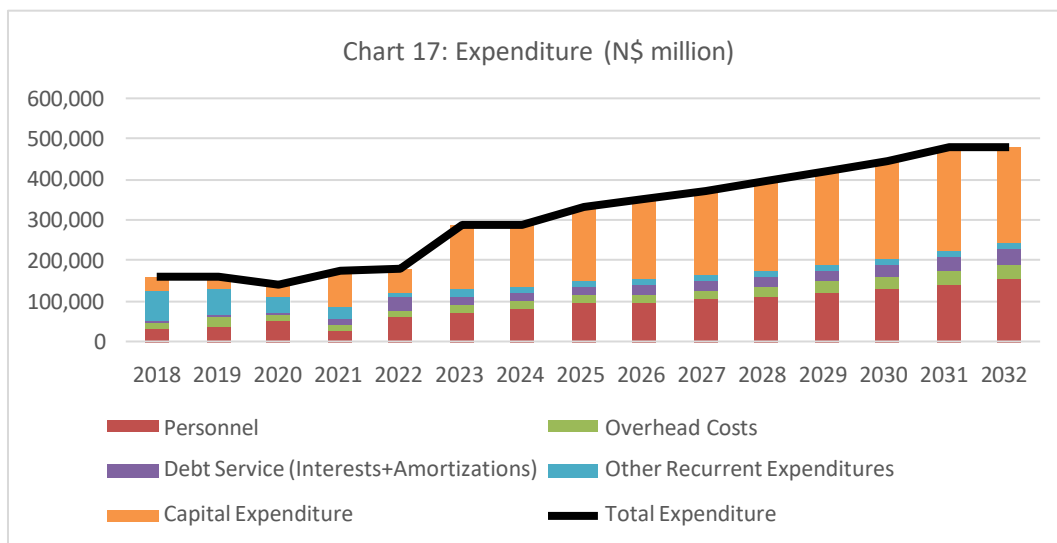
over the projection period. Gross FAAC Allocation projected to grow from 71.825 billion in 2023 to 88.155 billion in 2032. The projections were sources from the Approved 2023 Budget; MTEF, 2022-2025; 2026-2032 projections as estimated by the Ministry of Budget and Economic Planning.

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 grow by ~~N~~99,793.31 billion or 56.00 percent (from ~~N~~78.402 billion in 2023 to ~~N~~178.202 billion in 2032), over the projection period of the Approved 2023 Budget; MTEF, 2022-2025; 2026-2032 projections as estimated by the Ministry of Budget and Economic Planning.



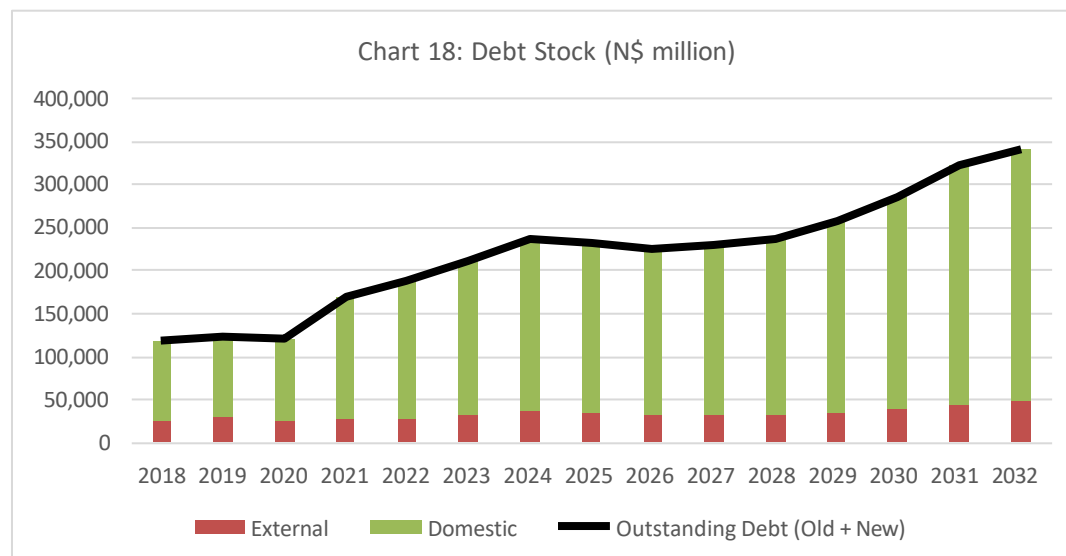
Total expenditure projected at ~~N~~286.022 billion in 2023, ~~N~~288.490 billion in 2024, ~~N~~331.201 billion in 2025, ~~N~~352.795 billion in 2026, ~~N~~372.396 billion in 2027, ~~N~~394.222 billion in 2028, ~~N~~418.283 billion in 2029, ~~N~~446.529 billion in

2030, ₦477.643 billion in 2031 and ₦480.845 billion in 2032, respectively, indicating stability in the state growth recovery. Personnel Cost, Debt Service, Overhead Cost, Other Recurrent Expenditure and Capital Expenditure estimated to increase over the projection period. Personnel cost is expected to increase from ₦73.856 billion in 2023 to ₦154.149 billion in 2032, Overhead Cost increase from ₦19.153 in 2023 to ₦34.609 billion in 2032, Debt Service increases from ₦19.131 billion in 2023 to ₦38.853 billion in 2032, Capital Expenditure ₦156.826 billion in 2023 to ₦236.840 billion in 2032 while Other Recurrent Expenditure was projected to decline over the projection period from ₦ 17.048 billion in 2023 to ₦16.392 billion in 2032 as provided in the Approved 2023 Budget, MTEF stipulated by the projections estimated by the Ministry of Budget and Economic Planning.



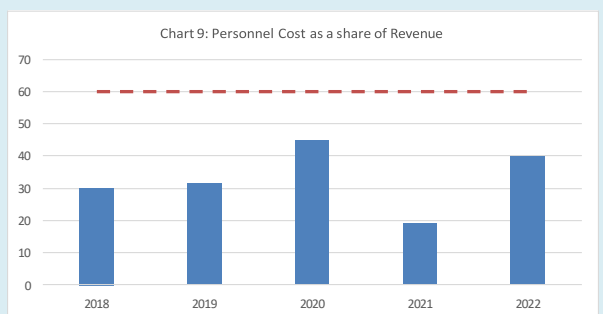
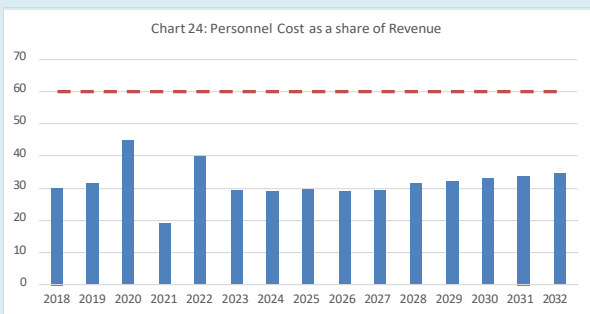
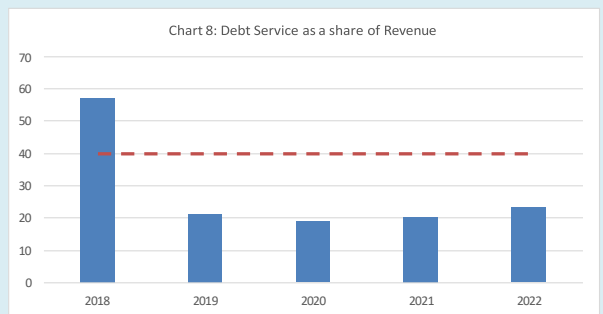
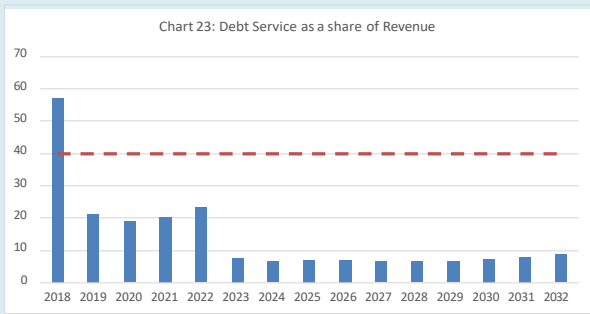
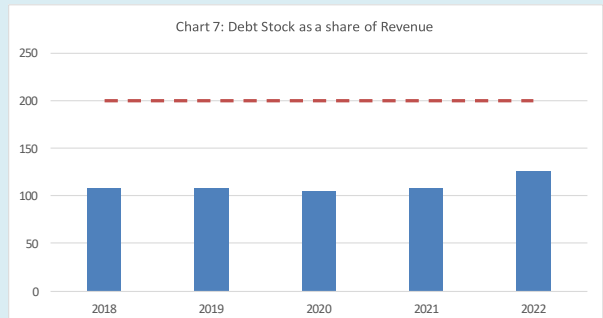
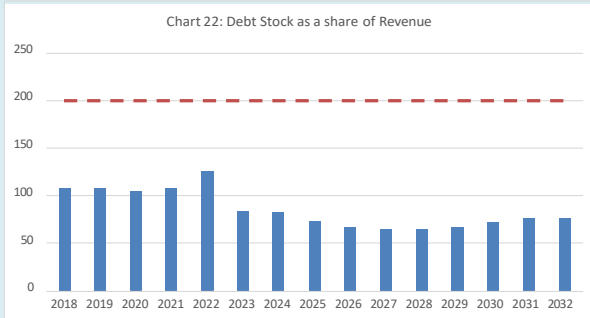
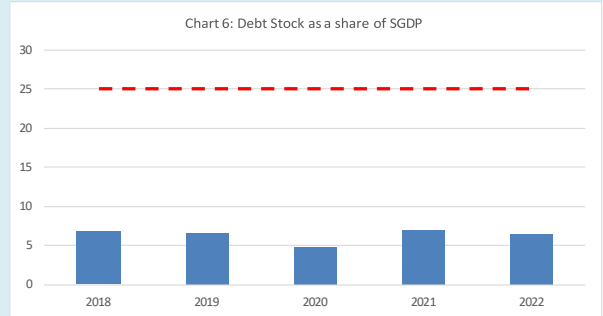
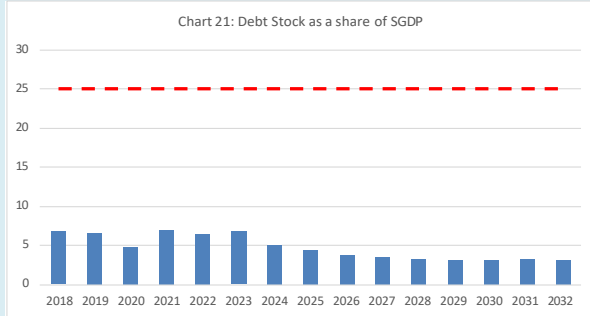
As a result of the State's modest increase in GDP, great improvement in IGR, increase in Capital Expenditure, Overhead costs, Personnel Cost, Other Recurrent Expenditure and Debt Services. The increased in projected expenditure increase the debt through Primary Balance. Oyo State's Debt Stock estimated to increase from ₦188.559 billion in 2022 to ₦ 341.755 billion in 2032,

representing an increase of ₦153.196 billion or 44.83 percent over the projection period. External Debt projected to increase by ₦15.677 billion or 26.33 percent and Domestic Debt is expected to increase by ₦115.088 billion or 39.39 percent.



## OYO STATE MAIN FINDING

The Baseline Scenario results shows that the ratio of Debt as % of GDP is projected at 6.78 percent in 2023, 4.38 percent in 2025, 3.49 percent in 2027, 3.15 percent in 2030 and 3.05 percent in 2032, respectively, as against the indicative threshold of 25 percent. The ratio of Debt as % of Revenue estimated at 83.58 percent in 2023, 72.64 percent in 2025, 64.47 percent in 2028, 71.50 percent in 2030 and 76.59 percent in 2032, respectively, the ratio of Debt as % of Revenue remain below the threshold over the projection period. Meanwhile, the ratios of Debt Service to Revenue and Personnel Cost to Revenue trends remains under the threshold over the projection period from 2023 to 2032, with the strongminded efforts by the State Government through its various initiatives and reforms in the key sectors of the economy, respectively.



## CONCLUSION

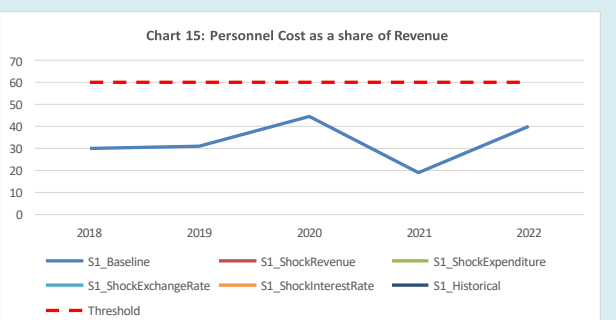
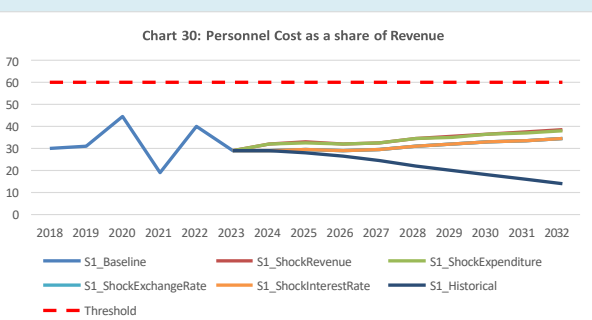
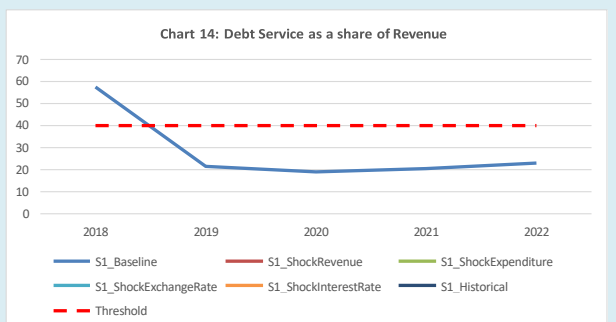
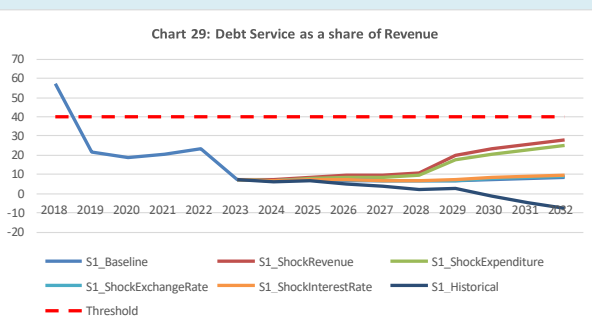
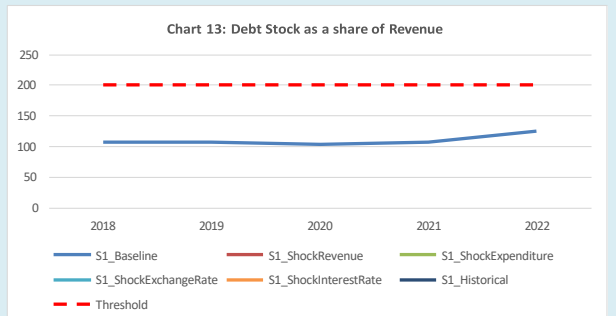
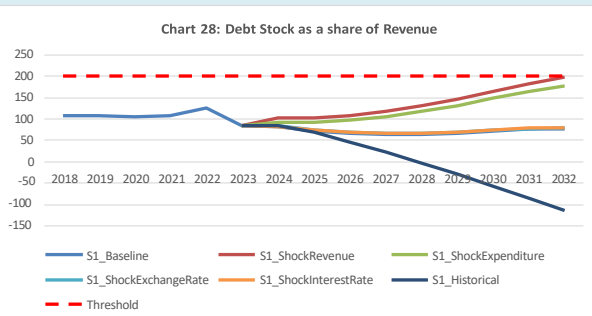
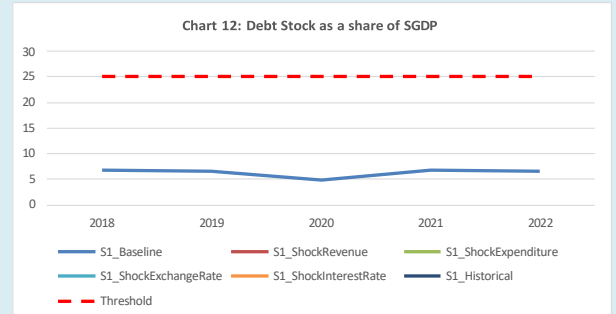
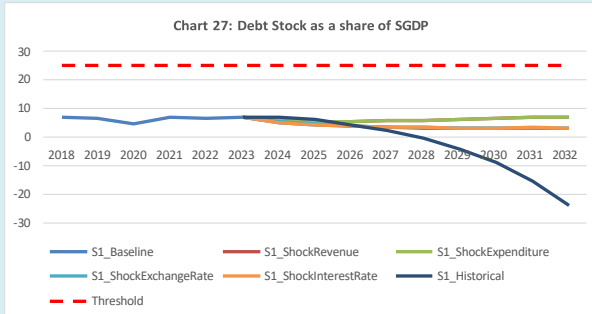
Oyo State DSA result shows that, the State remains at the Low Risk of Debt Distress. The State remains mostly sensitive to the revenue shocks, expenditure shocks, exchange rate shocks, interest rate shocks and historical shocks, indicating that an increase in aggregate output, does not result to a proportionate increase in revenue. There is, therefore, the urgent need for the authorities to fast-track efforts aimed at further diversifying the sources of revenue away from crude oil (FAAC), as well as implement far-reaching policies that will bolster IGR into the state. This has become critical, given the continued volatility in the FAAC allocation.

### 4.4 DSA SENSITIVITY ANALYSIS

The State faces important sources of fiscal risks associated to the possibility of adverse country wide macroeconomic conditions and the reversal of the State's revenue and expenditure policies. A sensitivity analysis is undertaken considering macroeconomic shocks and policy shocks to evaluate the robustness of the sustainability assessment for the baseline scenarios discussed in the previous sub-sections. When considering both macroeconomic and policy shocks, it is assumed that external and domestic borrowings cover any revenue shortfall and additional expenditure relative to the baseline scenario discussed earlier.

**The 2023 DSA analysis shows that Oyo remains at low risk of debt distress under sensitivity analysis.** The State DSA analysis shows improve related to revenue shocks, expenditure shocks, exchange rate shocks, interest rate shocks and historical shock, that would lead to decrease Gross Financing Needs over the projection period. The shocks apply breached the

threshold under debt as percent of GDP from 2032 under historical shocks. The debt as percent of Revenue, Debt service as percentage of Revenue is well below the threshold. There is, need for the authorities to sustain the current efforts aimed at further diversifying the sources of revenue away from crude oil (FAAC), as well as implement far reaching policies that will bolster IGR into the state. This has become critical, given the continued volatility in the FAAC allocation.





## **5.0 DEBT MANAGEMENT STRATEGY**

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 Oyo 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. Following four strategies are assessed by the government. The Oyo'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 unexpected shock, as projected in the most adverse scenario.

## **5.1 Alternative Borrowing Options**

**Strategy 1 (S1) reflects a “Baseline” MTEF Financing Mix:** It follows the broad parameters of the financing mix in the fiscal year 2023 and MTEF, 2022-2024. External gross borrowing under Concessional loans accounts on average 2 percent over the strategic period mainly through World Bank, African Development Bank and BADE, respectively. The Domestic gross financing comprises commercial bank loans, State bonds and other domestic financing. The Domestic Financing under the Commercial Bank loans (maturity of 1-5 years) accounts on average 9.13 percent, Commercial Bank loans (maturity above 6 years) accounts on average 0.83 percent, state bond (maturity of 1-5 years) accounts 2.07, state bond (maturity above 6 years) accounts for 0.42 percent and Other Domestic Financing accounts on average of 70.55 percent over the DMS period of 2023 to 2027.

### **Strategy 2 (S2) focus more financing through commercial bank loans:**

In this strategy it has been assumed the distribution between external and domestic borrowing remains the same in 2022 as its in strategy 1. The remaining of borrowing distributions from 2023 to 2027, the state government will focus its financing through commercial bank loans with average 36.52 percent under maturity of 1-5 years and 22.41 percent under maturity of above 6 years over the strategic period, state bond (maturity of 1-5 years) accounts 4.98 percent, state bond (maturity above 6 years) accounts for 3.32 percent compared to other domestic financing needs that accounted for 15.77 percent.

**Strategy (S3) focus its financing through domestic debt market.** In strategy 3, the government decided to focus more of its financing from 2023 to 2027, through State Bonds (1-5 years), State Bonds (above 6 years),

Commercial Bank loans (1-5 years), Commercial Bank loans (above 6) with an average of 34.98 percent, 24.07 percent, 5.81 percent, 2.49 percent and Other Domestic financing accounts 15.76 percent. This strategy considers the scenario where proportions of external and domestic debt instruments in 2023 remains the same with strategy 1.

**Strategy (S4) focus its financing through other domestic financing.** In this strategy it has been assumed the distribution between external and domestic borrowing remains the same in 2023 as its in strategy 1. The remaining of borrowing distributions from 2023 to 2027, the state government will focus its financing through commercial bank loans with average 9.96 percent under maturity of 1-5 years and 4.15 percent (maturity above 6 years), state bond (maturity of 1-5 years) accounts 12.45 percent, state bond (maturity above 6 years) accounts for 6.64 under maturity of above 6 years over the strategic period and other domestic financing needs that accounted for 49.80 percent.

## **5.2 DMS Simulation Results**

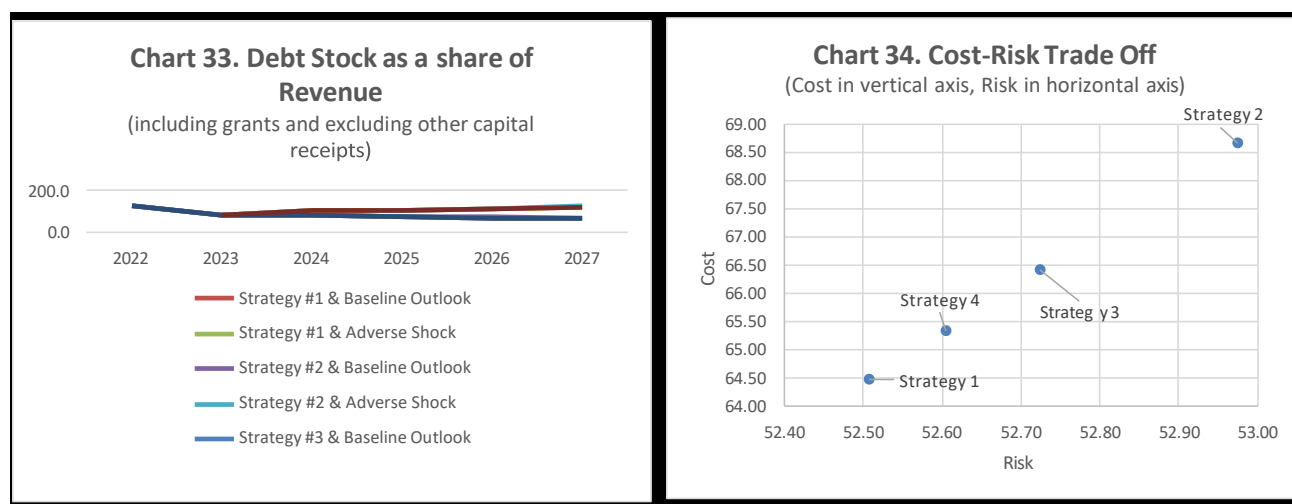
Analysis of strategies & outcomes of the analysis. The cost risk trade off charts illustrate the performance of the alternative strategies with respect to four debt burden indicators.

### **a. Debt as a share Revenue:**

➤ Strategy 1 shows the Cost ratio of Debt to Revenue estimated to decrease from 83.6 percent in 2023 to 64.5 percent, as against Strategy 4 (65.3 percent), strategy 3 (66.4 percent) and strategy 2 (68.7 percent), over the DMS period of 2027, compared with the Risks measured of strategy 1 (52.5

percent), strategy 4 (52.6 percent), strategy 3 (52.7 percent) and strategy 3 (53 percent), respectively.

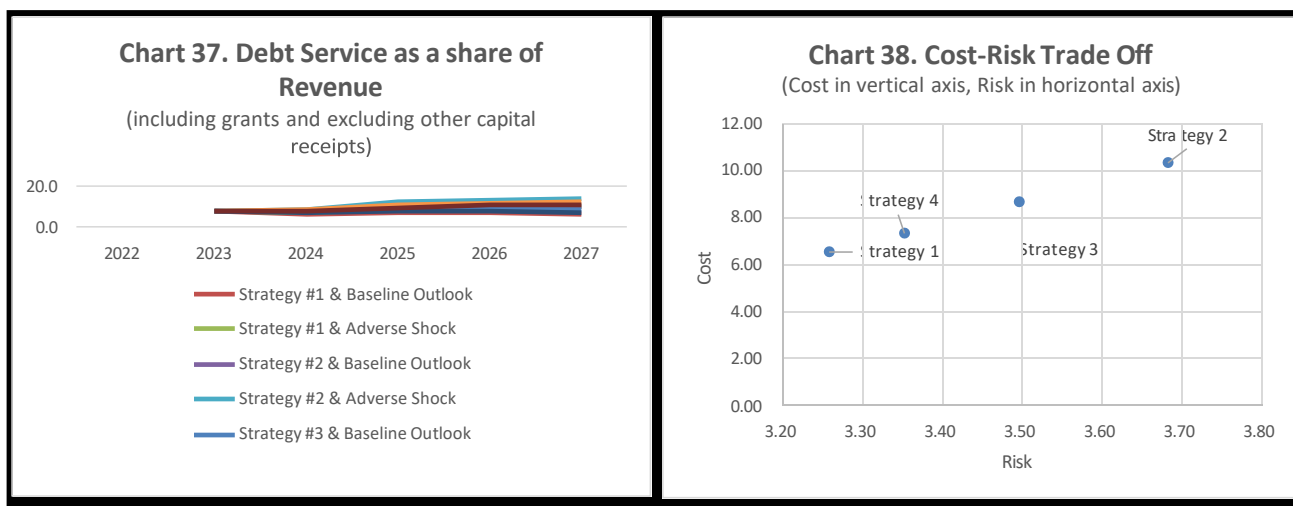
➤ Analysis using this debt indicator of debt to revenue shows that S1 is the least costly and riskier which was estimated at 64.5 percent and 52.5 percent compared to Strategy 4 (65.3 percent and 52.6 percent), Strategy 3 (66.4 percent and 52.7 percent), respectively. On the other hand, Strategy 2 is the costliest and riskiest strategy which was estimated as 68.7 percent and 53 percent, which concentrated mainly on commercial bank loan over the DMS period of 2023-2027.



#### b. Debt Service as a share of Revenue:

➤ In terms of Debt Service to Revenue, Strategy 1 has the lowest costs of 7.6 percent in 2023 to 6.5 percent in 2027 and lowest risks of 3.3 percent compared to Strategy 4 (costs at 7.3 percent and risks at 3.4 percent), Strategy 3 (costs at 8.6 percent and risks at 3.5 percent) and Strategy 2 has the highest cost at 10.3 percent and risks at 3.7 percent), respectively, as at end of the strategic period of 2027.

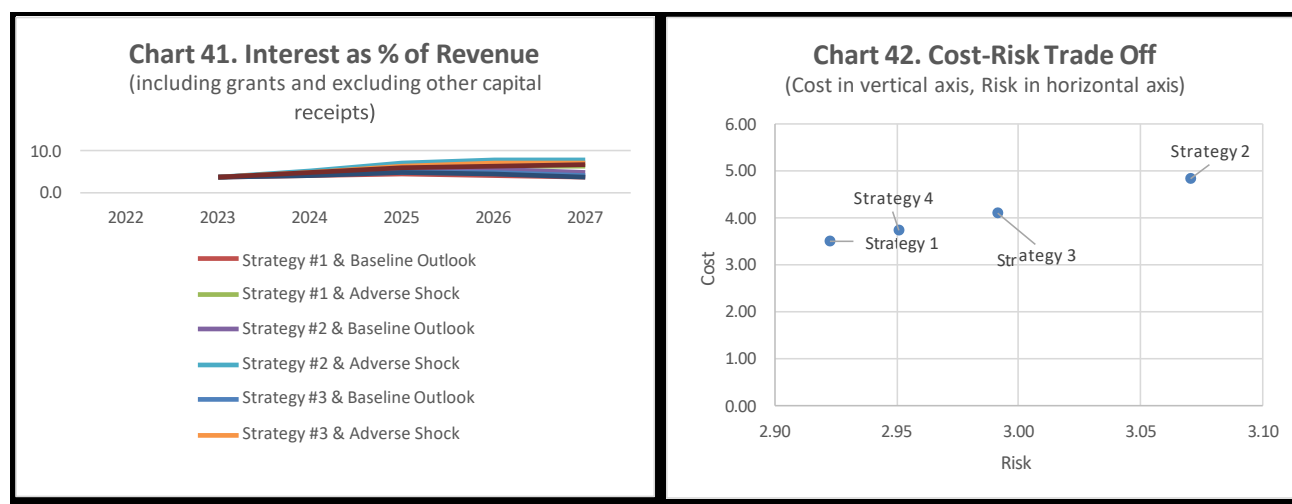
➤ Strategy 1 has the lowest costs at 6.5 percent and minimum risks at 3.3 percent under the Debt Service to Revenue, followed by Strategy 4 costs at 7.3 percent and risks at 3.4 percent. But the strategy 4 is followed by Strategy 3 costs at 8.6 percent and a risk of 4.5 percent. But the Strategy 2 is the costliest and riskiest strategy with a cost of 10.3 percent and risk of 3.7 percent as the commercial bank loans



## Interest as a share of Revenue

Strategy 1 is the least costs with regards Interest to Government revenues, which projected to increase from 3.8 percent in 2023 to 3.5 percent in 2027 and Risks at 2.9 percent, whilst Strategy 2 is the most costly and risky strategy at 4.8 percent, compared to strategy 4 with moderate costs and risks of 3.7 percent and 4.1 percent and strategy 3 with estimated costs and risks of 3.0 percent and 3.0 percent, as at end of the strategic period of 2027.

➤ The ratios of Interest as percent of Revenue analysis shows that S1 yield the lowest costs and risks due to high other domestic funding having a single digit interest rate Compared to S4 and S3 with the moderate costs and risks. S2 is the most costly and risky strategy.



### 5.3 DMS Assessment

The preferred strategy was not solely based on the Analytical Tool assessment of all four strategies but took into consideration the ability to implement the chosen strategy successfully in the medium-term. Therefore, although the Analytical Tool's results of cost and risk would suggest that the recommended strategy be S1 these results were just marginally better when compared with Strategy S4. And though S4 did not meet the targeted Debt Service to Revenue, it was considered that S1 is the most feasible of the strategies to implement in the short-term and it would still greatly improve the portfolio's debt position relative to the base year 2022.

In comparison to the current debt position, Oyo State debt portfolio stood at ₦188.559 billion as at end-2022, which expected an increase to ₦229.504 billion under S1 during the strategic period, compared to S2 (₦244.458 billion), S3 (₦236.450 billion), and S4 (₦232.612 billion) at the end of 2027. In addition to this, the cost/risk trade-offs are considered, using the debt to GDP, debt to revenue, debt service to GDP, debt service to revenue, interest to GDP and interest payment to GDP ratios, S1 is selected as the preferred strategy for the

2023-2027. The Debt Management Strategy, 2023-2027 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)	The Stae GDP according to NBS 2013-2017 Report recorded average Growth Rate of 2.2%. The World Bank Group projections for the State GDP was used for years 2018-2032 as supplied by the DMO, Abuja.	Debt Management Office, Abuja
Revenue	Revenue	The estimation for Statutory Allocation is based on an elasticity forecast taking into consideration the macroeconomic framework (national) and the	Approved 2023 Budget and State MTEF 2022-
	1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allo	mineral assumptions in the 2022-2024 Federal Fiscal Strategy Paper. It is based on historical mineral revenues flows and elasticity-based forecast using national Real GDP growth, inflation data and mineral data (oil price and production benchmarks and a mineral ratio	2025
		The estimation for Statutory Allocation is based on an elasticity forecast taking into consideration the macroeconomic framework (national) and the	Approved 2023 Budget and State MTEF 2022-
	1.a. of which Net Statutory Allocation ('net' means of deductions)	mineral assumptions in the 2022-2024 Federal Fiscal Strategy Paper. It is based on historical mineral revenues flows and elasticity-based forecast using national Real GDP growth, inflation data and mineral data (oil price and production benchmarks and a mineral ratio	2025
	1.b. of which Deductions	Explained in Chapter two of the DSA-DMS Report	Approved 2023 Budget and State MTEF 2022-2025
	2. Derivation (if applicable to the State)		Approved 2023 Budget and State MTEF 2022-2025
	3. Other FAAC transfers (exchange rate gain, augmentation, others)	the estimation is based on the current receipt (i.e. from January to May, 2023)	Approved 2023 Budget and State MTEF 2022-2025
	4. VAT Allocation	is based on five yeaars moving average forecast using the combined change in GDP growth and Inflation Rate. The estimate for 2022-2024 is in line with the current rate of collections.	Approved 2023 Budget and State MTEF 2022-2025
	5. IGR	the estimation is based on five years moving average which is calculated based on the State's historical revenue performances, with due consideration for outliers and extreme values during the period	Approved 2023 Budget and State MTEF 2022-2025
	6. Capital Receipts	the internal grants are based on the actual receipts for 2023 and performance from January to May 2023 and on signed grant agreements with the World Bank, UNICEF etc.SFTAS: the fund is already secured; it is however a Performance for Result (P4R) initiative and the State is expected to get the result as indicated;	Approved 2023 Budget and State MTEF 2022-2025
	6.a. Grants	Financial Statement figures were used for actuals, while MTEF were used for 2022 – 2024. 2024 figure was used from 2024 - 2032	Approved 2023 Budget and State MTEF 2022-2025
	6.b. Sales of Government Assets and Privatization Proceeds	Financial Statement figures were used for actuals, while MTEF were used for 2022 – 2024. 2024 figure was used from 2024 - 2032	Approved 2023 Budget and State MTEF 2022-2025
	6.c. Other Non-Debt Creating Capital Receipts	Financial Statement figures were used for actuals, while MTEF were used for 2022 – 2024. 2024 figure was used from 2024 - 2032	Approved 2023 Budget and State MTEF 2022-2025
Expenditure	Expenditure		
	1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	Personnel Cost has been projected using three-year moving average based on actual historical cost.	Approved 2023 Budget and State MTEF 2022-2025
	2. Overhead costs	Overhead has been relatively stable over the years to date. It is therefore anticipated that the status quo will definitely remain stable; therefore, we adopted the four-year moving average techniques.	Approved 2023 Budget and State MTEF 2022-2025
	3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Alloca	recurrent expenses was sustianed and the 2022 -2024 MTEF Projection	2025
	4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest	recurrent expenses was sustianed and the 2022 -2024 MTEF Projection	Approved 2023 Budget and State MTEF 2022-2025
		Capital expenses were incurred in the provision of critical infrastructure that would generate further revenue to the State (i) The MTEF 2021 -2024 average projection 12% is based on the gradual improvement of the economy in the second quarter of 2023 and the need to provide welfare and	Approved 2023 Budget and State MTEF 2022-
	5. Capital Expenditure	social protection to the citizens and the existing infrastructural deficit within the State .(ii) In view of fiscal sustainability, the State is poised to	



achieve an average capital  
expenditure target of  
N188b (i.e 33%  
performance) for the  
MTEF 2021 -2023 while the  
out years 2024 -2031  
capital projection is  
constant in view of  
change of government  
and other macro  
economic indicators .

2025

Closing Cash and Bank Balance

Closing Cash and Bank Balance

of the Accountant-General with the General Purpose Financial Statement

Financial Statement

Debt Amortization and Interest Payments	Debt Outstanding at end-2022		
	External Debt - amortization and interest	1st line charge deductions from FAAC allocation	Approved 2023 Budget and State MTEF 2022-2025
	Domestic Debt - amortization and interest	1st line charge deductions from FAAC allocation (ii) IGR	Approved 2023 Budget and State MTEF 2022-2025
	<b>New debt issued/contracted from 2023 onwards</b>		
	<b>New External Financing</b>		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	1st line charge deductions from FAAC allocation. The DSA-MTDS report is based on the exchange rate of N435.56 to US \$1 from the national Medium-Term Expenditure Framework (MTEF) prepared in 2022, which is yet to be reviewed alongside other macroeconomic indicators to reflect current economic realities."	Approved 2023 Budget and State MTEF 2022-2025
	External Financing - Bilateral Loans		
	Other External Financing		
	<b>New Domestic Financing</b>		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loan	1st line charge deductions from FAAC allocation (ii) IGR	Approved 2023 Budget and State MTEF 2022-2025
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure	1st line charge deductions from FAAC allocation (ii) IGR	Approved 2023 Budget and State MTEF 2022-2025
	State Bonds (maturity 1 to 5 years)	1st line charge deductions from FAAC allocation	Approved 2023 Budget and State MTEF 2022-2025
	State Bonds (maturity 6 years or longer)	1st line charge deductions from FAAC allocation	Approved 2023 Budget and State MTEF 2022-2025
	Other Domestic Financing	1st line charge deductions from FAAC allocation (ii) IGR	Approved 2023 Budget and State MTEF 2022-2025

**Proceeds from Debt-Creating Borrowings  
corresponding to Debt Strategy S1**

**Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S1**

**New Domestic Financing in Million Naira**

Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loan

1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 9.13% of the gross borrowing plan

Approved 2023 Budget and State MTEF 2022-2025

Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure

1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 0.83% of the gross borrowing plan

Approved 2023 Budget and State MTEF 2022-2025

State Bonds (maturity 1 to 5 years)

1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 2.07% of the gross borrowing plan

Approved 2023 Budget and State MTEF 2022-2025

State Bonds (maturity 6 years or longer)

1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 0.42% of the gross borrowing plan

Approved 2023 Budget and State MTEF 2022-2025

Other Domestic Financing

1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 70.55% of the gross borrowing plan

Approved 2023 Budget and State MTEF 2022-2025

**New External Financing in Million US Dollar**

External Financing - Concessional Loans (e.g., World Bank, African Development Bank)

1st line charge deductions from FAAC allocation The State Government intends to 17% of the gross borrowing plan. he DSA-MTDS report is based on t Approved 2023 Budget and State MTEF 2022-2025

External Financing - Bilateral Loans

Other External Financing

	<b>New debt issued/contracted from 2023 onwards</b>		
	<b>New External Financing</b>		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	1st line charge deductions from FAAC allocation The State Government intends to 17% of the gross borrowing plan. The DSA-MTDS report is b	Approved 2023 Budget and State MTEF 2022-2025
	External Financing - Bilateral Loans		
	Other External Financing		
	<b>New Domestic Financing</b>		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrast	1st line charge deductions from FAAC allocation (ii) IGR	Approved 2023 Budget and State MTEF 2022-2025
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans,	1st line charge deductions from FAAC allocation (ii) IGR	Approved 2023 Budget and State MTEF 2022-2025
	State Bonds (maturity 1 to 5 years)	1st line charge deductions from FAAC allocation	Approved 2023 Budget and State MTEF 2022-2025
	State Bonds (maturity 6 years or longer)	1st line charge deductions from FAAC allocation	Approved 2023 Budget and State MTEF 2022-2025
	Other Domestic Financing	1st line charge deductions from FAAC allocation (ii) IGR	Approved 2023 Budget and State MTEF 2022-2025
<b>Proceeds from Debt-Creating Borrowings (new bonds, new loans, etc.) for Debt Strategy S1 corresponding to Debt Strategy S1</b>			
	<b>New Domestic Financing in Million Naira</b>		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrast	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 9.13% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans,	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 0.83% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
	State Bonds (maturity 1 to 5 years)	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 2.07% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
	State Bonds (maturity 6 years or longer)	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 0.42% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
	Other Domestic Financing	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 70.55% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
	<b>New External Financing in Million US Dollar</b>		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	1st line charge deductions from FAAC allocation The State Government intends to 17% of the gross borrowing plan. The DSA-MTDS report is b	Approved 2023 Budget and State MTEF 2022-2025
	External Financing - Bilateral Loans		
	Other External Financing		
<b>Proceeds from Debt-Creating Borrowings (new bonds, new loans, etc.) for Debt Strategy S2 corresponding to Debt Strategy S2</b>			
	<b>New Domestic Financing in Million Naira</b>		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrast	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 36.52% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans,	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 22.41% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
	State Bonds (maturity 1 to 5 years)	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 4.98% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
	State Bonds (maturity 6 years or longer)	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 3.32% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
	Other Domestic Financing	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 15.77% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025

**Proceeds from Debt-Creating Borrowings (new bonds, new loans, etc.) for Debt Strategy S2 corresponding to Debt Strategy S2**

New Domestic Financing in Million Naira		
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrast	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 36.52% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans,	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 22.41% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
State Bonds (maturity 1 to 5 years)	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 4.98% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
State Bonds (maturity 6 years or longer)	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 3.32% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
Other Domestic Financing	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 15.77% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
New External Financing in Million US Dollar		
External Financing - Concessional Loans (e.g., World Bank, African Develop	1st line charge deductions from FAAC allocation The State Government intends to 17% of the gross borrowing plan. The DSA-MTDS report is b	Approved 2023 Budget and State MTEF 2022-2025
External Financing - Bilateral Loans		
Other External Financing		

**Proceeds from Debt-Creating Borrowings (new bonds, new loans, etc.) for Debt Strategy S3 corresponding to Debt Strategy S3**

New Domestic Financing in Million Naira		
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrast	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 5.81% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans,	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 2.49% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
State Bonds (maturity 1 to 5 years)	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 34.86% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
State Bonds (maturity 6 years or longer)	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 24.07% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
Other Domestic Financing	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 15.76% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
New External Financing in Million US Dollar		
External Financing - Concessional Loans (e.g., World Bank, African Develop	1st line charge deductions from FAAC allocation The State Government intends to 17% of the gross borrowing plan. The DSA-MTDS report is b	Approved 2023 Budget and State MTEF 2022-2025
External Financing - Bilateral Loans		
Other External Financing		

**Proceeds from Debt-Creating Borrowings (new bonds, new loans, etc.) for Debt Strategy S4 corresponding to Debt Strategy S4**

New Domestic Financing in Million Naira		
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrast	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 9.96% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans,	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 4.15% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
State Bonds (maturity 1 to 5 years)	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 12.45% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
State Bonds (maturity 6 years or longer)	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 6.64% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
Other Domestic Financing	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 49.80% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
New External Financing in Million US Dollar		
External Financing - Concessional Loans (e.g., World Bank, African Develop	1st line charge deductions from FAAC allocation The State Government intends to 17% of the gross borrowing plan. The DSA-MTDS report is b	Approved 2023 Budget and State MTEF 2022-2025
External Financing - Bilateral Loans		
Other External Financing		



	<b>New External Financing in Million US Dollar</b>		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	1st line charge deductions from FAAC allocation The State Government intends to 17% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
	External Financing - Bilateral Loans		
	Other External Financing		
<b>Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S3</b>	<b>Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S3</b>		
	<b>New Domestic Financing in Million Naira</b>		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans)	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 5.81% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans)	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 2.49% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
	State Bonds (maturity 1 to 5 years)	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 34.86% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
	State Bonds (maturity 6 years or longer)	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 24.07% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
	Other Domestic Financing	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 15.76% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
	<b>New External Financing in Million US Dollar</b>		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	1st line charge deductions from FAAC allocation The State Government intends to 17% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
	External Financing - Bilateral Loans		
	Other External Financing		
<b>Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S4</b>	<b>Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S4</b>		
	<b>New Domestic Financing in Million Naira</b>		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans)	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 9.96% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans)	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 4.15% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
	State Bonds (maturity 1 to 5 years)	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 12.45% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
	State Bonds (maturity 6 years or longer)	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 6.64% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
	Other Domestic Financing	1st line charge deductions from FAAC allocation (ii) IGR. The State Government intends to 49.80% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
	<b>New External Financing in Million US Dollar</b>		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	1st line charge deductions from FAAC allocation The State Government intends to 17% of the gross borrowing plan	Approved 2023 Budget and State MTEF 2022-2025
	External Financing - Bilateral Loans		
	Other External Financing		

## Annex 2

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)	1,727,749.14	1,833,823.57	2,506,753.94	2,485,417.27	2,895,495.25	3,111,006.68	4,621,273.63	5,309,292.85	5,906,870.33	6,572,131.60	7,312,317.92	8,135,867.73	9,052,169.83	10,071,670.46	11,205,992.34
Exchange Rate NGN/US\$ (end-Period)	253.19	305.79	306.50	326.00	379.00	435.57	435.57	435.57	435.57	435.57	435.57	435.57	435.57	435.57	435.57
Fiscal Indicators (Million Naira)															
<b>Revenue</b>	<b>122,267.05</b>	<b>128,091.58</b>	<b>121,407.56</b>	<b>215,351.20</b>	<b>234,399.90</b>	<b>280,231.59</b>	<b>320,827.45</b>	<b>325,028.96</b>	<b>336,341.96</b>	<b>371,834.50</b>	<b>380,758.96</b>	<b>416,068.98</b>	<b>439,919.74</b>	<b>478,238.66</b>	<b>483,091.71</b>
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	47,691.95	46,183.49	38,017.65	39,715.91	42,578.60	71,825.03	76,320.02	75,425.90	76,934.42	78,473.11	80,434.94	82,445.81	84,919.18	87,466.76	88,185.97
1.a. of which Net Statutory Allocation ('net' means of deductions)	39,796.36	34,799.03	26,588.93	23,759.43	20,641.36	52,934.70	55,425.47	52,527.13	52,031.42	51,565.89	51,523.49	51,530.14	51,999.30	52,542.65	51,257.63
1.b. of which Deductions	7,895.60	11,384.45	11,428.71	15,956.49	21,937.24	18,890.33	20,894.55	22,898.77	24,903.00	26,907.22	28,911.44	30,915.66	32,919.89	34,924.11	36,928.33
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)	5,431.68	1,946.42	11,626.69	25,095.45	5,851.35	43,786.80	45,976.14	48,274.94	50,688.69	53,223.12	55,884.28	58,678.49	61,612.42	64,693.04	66,691.14
4. VAT Allocation	17,273.85	18,905.66	23,241.09	39,688.60	47,491.45	51,166.17	57,408.14	64,938.35	69,808.73	75,044.38	81,047.93	87,531.77	96,284.95	105,913.44	109,242.00
5. IGR	23,480.68	26,585.81	38,042.73	52,158.86	50,413.71	78,408.89	99,517.04	123,457.98	132,717.33	142,671.12	145,524.55	148,435.04	151,403.74	162,002.00	178,202.20
6. Capital Receipts	28,388.90	34,470.20	10,479.40	58,692.40	88,064.79	35,044.70	41,606.11	12,931.79	6,192.79	22,422.76	17,867.26	38,977.87	45,699.45	58,163.42	40,770.39
6.a. Grants	16,110.60	20,222.60	4,403.60	1,742.04	4,802.01	7,198.99	8,218.54	8,115.00	4,303.50	6,573.15	0.00	5,324.25	4,791.83	4,312.64	3,881.38
6.b. Sales of Government Assets and Privatization Proceeds	0.00	0.00	296.40	0.00	0.00	0.00	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	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
6.d. Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc.)	3,978.30	4,049.10	2,889.70	56,950.40	83,262.79	27,845.72	33,387.57	4,816.79	1,889.29	15,849.61	17,867.26	33,653.62	40,907.62	53,850.78	36,889.01
<b>Expenditure</b>	<b>161,366.50</b>	<b>158,831.65</b>	<b>140,860.19</b>	<b>174,402.20</b>	<b>178,281.27</b>	<b>286,022.39</b>	<b>288,490.32</b>	<b>331,201.34</b>	<b>352,795.18</b>	<b>372,396.08</b>	<b>394,222.29</b>	<b>418,283.84</b>	<b>446,529.00</b>	<b>477,643.18</b>	<b>480,845.52</b>
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	33,073.76	35,592.31	51,484.14	30,380.50	60,389.73	73,865.02	83,419.05	94,771.36	97,140.64	104,911.89	113,304.85	122,369.23	132,158.77	142,731.47	154,149.99
2. Overhead costs	14,090.54	24,399.61	14,214.23	13,051.96	14,554.77	19,153.31	19,153.31	19,153.31	19,536.37	21,490.01	23,639.01	26,002.91	28,603.20	31,463.52	34,609.88
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	1,949.00	3,192.60	3,974.10	8,368.12	10,629.66	9,589.83	11,499.19	13,802.75	13,294.43	12,389.86	12,749.42	13,337.89	15,399.39	17,902.94	21,248.42
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted from FAAC Allocation)	755.52	953.43	1,044.70	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 Allocation	1,193.48	2,239.17	2,929.40	8,368.12	10,629.70	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 Personnel Costs, Overhead Costs and Interest Payments)	72,731.19	63,481.30	35,934.72	26,635.00	12,960.47	17,047.96	16,111.12	14,999.56	15,299.55	15,605.54	15,917.65	16,236.00	16,560.73	16,891.94	16,392.43
5. Capital Expenditure	37,573.01	28,973.23	31,278.90	88,484.20	54,917.70	156,825.59	150,760.01	179,463.93	197,410.32	207,280.84	217,644.88	228,527.12	239,953.48	251,951.15	236,840.23
6. Amortization (principal) payments	1,949.00	3,192.60	3,974.10	7,482.38	24,828.88	9,540.69	7,547.64	9,010.43	10,113.86	10,717.94	10,966.48	11,810.68	13,853.43	16,702.14	17,604.57
Budget Balance ('+' means surplus, '-' means deficit)	-39,099.45	-30,740.07	-19,452.63	40,949.00	56,118.60	-5,790.80	32,337.13	-6,172.38	-16,453.22	-561.59	-13,463.33	-2,214.86	-6,609.27	595.49	2,246.19
Opening Cash and Bank Balance	12,521.30	-26,578.10	-57,318.20	-76,770.80	-35,821.80	20,296.80	14,506.00	46,843.13	40,670.75	24,217.53	23,655.95	10,192.62	7,977.76	1,368.49	1,963.98
Closing Cash and Bank Balance	-26,578.10	-57,318.20	-76,770.80	-35,821.80	20,296.80	14,506.00	46,843.13	40,670.75	24,217.53	23,655.95	10,192.62	7,977.76	1,368.49	1,963.98	4,210.17





#### Financing Needs and Sources (Million Naira)

<b>Financing Needs</b>	<b>27,845.72</b>	<b>33,387.57</b>	<b>4,816.79</b>	<b>1,889.29</b>	<b>15,849.61</b>	<b>17,867.26</b>	<b>33,653.62</b>	<b>40,907.62</b>	<b>53,850.78</b>	<b>36,889.01</b>
i. Primary balance	-14,506.00	17,996.40	11,824.02	5,065.78	6,696.60	-7,614.69	-10,719.91	-18,264.06	-18,650.21	4,210.17
ii. Debt service	19,130.52	19,046.84	22,813.19	23,408.29	23,107.80	23,715.90	25,148.56	29,252.83	34,605.09	38,852.99
Amortizations	9,540.69	7,547.64	9,010.43	10,113.86	10,717.94	10,966.48	11,810.68	13,853.43	16,702.14	17,604.57
Interests	9,589.83	11,499.19	13,802.75	13,294.43	12,389.86	12,749.42	13,337.89	15,399.39	17,902.94	21,248.42
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)	-5,790.80	32,337.13	-6,172.38	-16,453.22	-561.59	-13,463.33	-2,214.86	-6,609.27	595.49	2,246.19
<b>Financing Sources</b>	<b>27,845.72</b>	<b>33,387.57</b>	<b>4,816.79</b>	<b>1,889.29</b>	<b>15,849.61</b>	<b>17,867.26</b>	<b>33,653.62</b>	<b>40,907.62</b>	<b>53,850.78</b>	<b>36,889.01</b>
i. Financing Sources Other than Borrowing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ii. Gross Borrowings	27,845.72	33,387.57	4,816.79	1,889.29	15,849.61	17,867.26	33,653.62	40,907.62	53,850.78	36,889.01
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	2,542.31	3,048.28	439.77	172.49	1,445.40	1,631.28	3,072.58	3,734.87	4,916.58	3,367.97
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	231.12	277.12	39.98	15.68	131.55	148.30	279.33	339.53	446.96	306.18
State Bonds (maturity 1 to 5 years)	577.80	692.79	99.95	39.10	328.88	370.75	698.31	848.83	1,117.40	765.45
State Bonds (maturity 6 years or longer)	115.56	138.96	19.99	7.84	65.78	74.15	139.66	169.77	223.48	153.09
Other Domestic Financing	19,644.30	23,554.93	3,398.24	1,331.90	11,181.90	12,606.90	23,744.70	28,858.50	37,990.73	26,024.20
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	4,734.65	5,675.48	818.87	322.32	2,696.18	3,035.92	5,719.03	6,956.05	9,155.68	6,272.21
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	-0.02	0.01	-0.02	-0.04	-0.08	-0.04	0.01	0.07	-0.05	-0.08

#### Debt Stocks and Flows (Million Naira)

<b>Debt (stock)</b>	<b>118,100.67</b>	<b>122,207.72</b>	<b>120,150.23</b>	<b>170,359.12</b>	<b>188,559.84</b>	<b>210,951.49</b>	<b>236,791.41</b>	<b>232,597.77</b>	<b>224,373.20</b>	<b>229,504.87</b>	<b>236,405.65</b>	<b>258,248.59</b>	<b>285,302.79</b>	<b>322,451.42</b>	<b>341,735.86</b>
External	26,584.92	30,639.78	25,654.05	27,797.24	27,378.96	33,835.99	37,061.09	35,342.28	33,031.45	32,995.28	33,194.85	35,777.84	39,252.36	44,764.68	49,531.67
Domestic	91,515.76	91,567.94	94,496.18	142,561.88	161,180.88	177,115.49	199,730.32	197,255.49	191,341.75	196,509.59	203,210.80	222,470.76	246,050.42	277,686.75	292,204.20
<b>Gross borrowing (flow)</b>	<b>27,845.72</b>	<b>33,387.57</b>	<b>4,816.79</b>	<b>1,889.29</b>	<b>15,849.61</b>	<b>17,867.26</b>	<b>33,653.62</b>	<b>40,907.62</b>	<b>53,850.78</b>	<b>36,889.01</b>					
External	4,734.65	5,675.48	818.87	322.32	2,696.18	3,035.92	5,719.03	6,956.05	9,155.68	6,272.21					
Domestic	23,111.07	27,712.09	3,997.92	1,566.97	13,153.43	14,831.34	27,934.59	33,951.57	44,695.10	30,616.80					
<b>Amortizations (flow)</b>	<b>58,323.79</b>	<b>19,647.22</b>	<b>18,008.49</b>	<b>26,147.32</b>	<b>24,493.03</b>	<b>9,540.69</b>	<b>7,547.64</b>	<b>9,010.43</b>	<b>10,113.86</b>	<b>10,717.94</b>	<b>10,966.48</b>	<b>11,810.68</b>	<b>13,853.43</b>	<b>16,702.14</b>	<b>17,604.57</b>
External	805.24	2,067.70	1,560.09	1,633.26	1,819.20	2,364.23	2,450.38	2,537.68	2,633.15	2,732.34	2,836.36	3,136.04	3,481.53	3,643.37	1,605.22
Domestic	57,518.55	17,579.52	16,448.40	24,514.06	22,673.83	7,176.46	5,097.26	6,472.75	7,480.71	7,985.60	8,130.12	8,674.63	10,371.90	13,058.78	16,099.35
<b>Interests (flow)</b>	<b>4,626.78</b>	<b>4,756.28</b>	<b>3,776.91</b>	<b>6,232.40</b>	<b>10,572.83</b>	<b>9,589.83</b>	<b>11,499.19</b>	<b>13,802.75</b>	<b>13,294.43</b>	<b>12,389.86</b>	<b>12,749.42</b>	<b>13,337.89</b>	<b>15,399.39</b>	<b>17,902.94</b>	<b>21,248.42</b>
External	259.03	461.74	245.20	228.20	189.50	239.20	330.98	441.62	454.81	458.46	509.61	567.60	675.49	803.61	975.11
Domestic	4,367.75	4,294.54	3,531.71	6,004.20	10,383.33	9,350.63	11,168.21	13,361.13	12,839.62	11,931.41	12,239.81	12,770.29	14,723.90	17,099.33	20,273.31
<b>Net borrowing (gross borrowing minus amortizations)</b>	<b>18,305.03</b>	<b>25,839.92</b>	<b>-4,193.64</b>	<b>-8,224.57</b>	<b>5,131.67</b>	<b>6,900.78</b>	<b>21,842.94</b>	<b>27,054.19</b>	<b>37,148.64</b>	<b>19,284.44</b>					
External	2,370.42	3,225.09	-1,718.81	-2,310.83	-36.16	199.56	2,582.99	3,474.52	5,512.32	4,766.99					
Domestic	15,934.61	22,614.83	-2,474.83	-5,913.74	5,167.84	6,701.22	19,259.95	23,579.67	31,636.32	14,517.45					

#### Debt and Debt-Service Indicators

Indicator1_baseline	Debt Stock as % of SGDP	6.84	6.66	4.79	6.85	6.51	6.78	5.12	4.38	3.80	3.49	3.23	3.17	3.15	3.20	3.05
Indicator2_baseline	Debt Stock as % of Revenue (including grants and excluding other capital receipts)	99.84	98.52	101.63	107.55	124.76	83.58	82.38	72.64	67.09	64.47	65.14	67.53	71.50	75.98	76.59
Indicator3_baseline	Debt Service as % of SGDP						0.61	0.41	0.43	0.40	0.35	0.32	0.31	0.32	0.34	0.35
Indicator4_baseline	Debt Service as % of Revenue (including grants and excluding other capital receipts)						7.58	6.63	7.12	7.00	6.49	6.54	6.58	7.33	8.15	8.71
Indicator5_baseline	Interest as % of SGDP						0.31	0.25	0.26	0.23	0.19	0.17	0.16	0.17	0.18	0.19
Indicator6_baseline	Interest as % of Revenue (including grants and excluding other capital receipts)						3.80	4.00	4.31	3.97	3.48	3.51	3.49	3.86	4.22	4.76
	Personnel Cost as % of Revenue (including grants and excluding other capital receipts)						29.27	29.02	29.60	29.04	29.47	31.22	32.00	33.12	33.63	34.55
Adverse Shock Scenario is defined by the worst performance indicator measured in year 2027																
	For Debt Stock as % of SGDP the adverse shock is: Revenue	Revenue														
Indicator1_shock	Debt Stock as % of SGDP						6.78	5.75	5.57	5.52	5.70	5.87	6.21	6.54	6.91	7.05
	For Debt Stock as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue	Revenue														
Indicator2_shock	Debt Stock as % of Revenue (including grants and excluding other capital receipts)						83.58	102.64	102.59	108.28	116.98	131.53	146.77	164.81	182.21	196.66
	For Debt Service as % of SGDP the adverse shock is: Revenue	Revenue														
Indicator3_shock	Debt Service as % of SGDP						0.61	0.41	0.47	0.48	0.48	0.48	0.85	0.92	0.97	1.00
	For Debt Service as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue	Revenue														
Indicator4_shock	Debt Service as % of Revenue (including grants and excluding other capital receipts)						7.58	7.36	8.71	9.45	9.75	10.82	20.15	23.20	25.56	28.00
	For Interest as % of SGDP the adverse shock is: Revenue	Revenue														
Indicator5_shock	Interest as % of SGDP						0.31	0.25	0.30	0.31	0.31	0.33	0.35	0.39	0.42	0.46
	For Interest as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue	Revenue														
Indicator6_shock	Interest as % of Revenue (including grants and excluding other capital receipts)						3.80	4.45	5.59	6.09	6.40	7.46	8.37	9.79	11.11	12.73

## **LIST OF PARTICIPANT**

1. MR. TAJUDEEN ADEMOLA OLAYIWOLA - DIRECTOR (DEBT MANAGEMEN),  
MINISTRY OF FINANCE
2. MR. BABATUNDE AMUZAT GIWA - DEPUTY DIRECTOR (DEBT  
MANAGEMENT), MINISTRY OF FINANCE
3. MR. SAHEED ADEBAYO ALLI - DEPUTY DIRECTOR (FUND), OFFICE OF  
THE ACCOUNTANT -GENERAL
4. MRS. EUNICE OMOLARA AKINLABI - ADMINISTRATIVE OFFICER (DEBT  
MANAGEMENT) MINISTRY OF FINANCE