Kogi State Government

Debt Sustainability Analysis

&

Debt Management Strategy (DSA-DMS) Report for 2024

APPROVAL PAGE

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CHAPTER ONE

1.0 INTRODUCTION

1.1 Objective of Debt Sustainability Analysis and Debt Management Strategy

The objective of Debt Sustainability Analysis (DSA) is to assess the sustainability of current debt stock of Kogi State and the State Government's capacity to sustain the envisaged increased borrowing to finance infrastructural development. The results from this exercise will inform the government on the amount and terms of financing that are consistent with long-term debt sustainability and progress towards achieving the state's development objectives. The DSA analyses the fiscal position of the state for the historical years 2019-2023 while also evaluating the debt sustainability position for the projection years 2024-2033. A debt sustainability assessment is conducted, including scenario and sensitivity analysis, in order to evaluate the prospective performance of the State's public finances. The results of the current DSA exercise which is combined with the DMS (Debt Management Strategy) analysis will help to determine the optimal composition of public debt consistent with a sustainable debt level obtained in the DSA.

The core objective of the state having a debt management strategy is to ensure that the State government's financing need is met in a timely and cost-effective manner and to minimize borrowing costs subject to keeping risks at an acceptable level. Consequently, four DMS have been formulated. The analysis calculates costs of carrying public debt, and measures risks associated to macroeconomic and fiscal shocks.

1.2 Summary and findings of the State DSA-DMS

The State exhibits a strong debt position that appears sustainable in the long term. A solid debt position results from the State's strong performance in terms of mobilizing IGR underpinned by the successful tax administration reforms introduced recently, its better management of recurrent expenditure growth and its moderate levels of public debt. Given the State's own forecasts for the economy and reasonable assumptions concerning the State's revenue and expenditure policies going forward, the long-term outlook for the public debt appears sustainable.

The State pursues a prudent debt management strategy that maintains an adequate cost of carrying debt and an admissible exposure to risks. A prudent debt management strategy emerges from the State's reliance on a mix of sources of finance. The debt stock position of the state as at year 2023 stood at **N139,252M** with the component being 87% of domestic debt, while the external debt share is 13%. The debt stock is expected to increase from **N139,252M** in 2023 to **N431,612M** in 2033. This is as a result of the decision of the government to continually invest in infrastructure to improve the road network in urban and rural areas through construction of new roads, bridges and rehabilitation of existing ones

The outlook of the Nigerian economy which is the basis of the assumptions for the DSA-DMS exercise is expected to improve marginally based on the following economic indicators. For 2024, the national GDP is expected to grow at 3.8%, oil price benchmark set at $77.96, oil production per day is expected to be 1.76mbpd while inflation is projected to rise to 21.40%, and exchange rate at N800/$1 and FAAC allocations are projected to increase in the present and future years.

Given the State's own forecasts for the economy and reasonable assumptions concerning the State's budget and financing policies going forward, the medium-term cost-risk profile for the public debt portfolio appears consistent with debt-management objectives.

CHAPTER TWO

2.0 The State Fiscal and Debt Framework

2.1 Fiscal Reforms in Kogi State

Kogi State in the last 3-5 years has embarked on various reforms to improve the fiscal and debt sustainability position of the State. These policies are being to yield result which is evident in the growth of the Internally Generated Revenue (IGR). Some of the fiscal reforms include:

- The Medium-Term Expenditure Framework (MTEF) – This provides Government with a tool to manage the pressure between competing policy priorities and budget realities. This helps to reprioritize expenditure and make policy choices that are affordable in the medium term. This document covers period of 2024 - 2026
- The Economic and Fiscal Update (EFU) – This document was put together to provide detailed statement of the Government's financial position including updated economic and fiscal forecasts, analysis of the fiscal position and a summary of specific fiscal risks which form the basis for budget planning process in Kogi State. The EFU also provides an assessment of budget performance (both historical and current) and identifies significant factors affecting implementations.
- The Fiscal Strategy Paper (FSP) – This guide to the state budget process. It consists of a macroeconomic framework that indicates fiscal targets and estimates revenues and expenditure, including government financial obligations in the medium term. The document also set out the underlying assumptions for these projections, provides an evaluation and analysis of the previous budget, and presents an overview of consolidated debt and potential fiscal risks.
- Other Laws, policy and guidelines impacting the fiscal space in the State include the;
  - Kogi State Fiscal Responsibility Law
  - Kogi State Revenue Administrative Law 2013 (Kogi State Revised Revenue Administrative Law 2017);
  - Kogi State Public Procurement Law

- Kogi State Public Finance Management (PFM) Law
- Kogi State Financial Instructions (FI)
- Kogi State Audit Law
- Kogi State Arrears Clearance Framework
- Monitoring & Evaluation Policy Guides.

- Opening of Consolidated Debt Service Account: This measure was put in place to further enhance the State's debt repayment obligations.

At the National level, the Federal Government has also put in place laws that will impact on the fiscal position of states by virtue of the federal allocations accruing to states. Some of these laws include;

- The Finance Act of 2019 – This law was signed by the President and became effective on 13 January 2020. The chargeable VAT rate was increased from 5% to 7.5%. The Act also increased Corporate Tax rate relating the company's turnover. This increases the Tax income to the FG and also increases the VAT allocation to the States and share of FAAC.
- The Petroleum Industry Act: The new Petroleum Industry Act 2021 was recently assented and signed into law by the President. The PIA was enacted to provide for the legal, governance, regulatory and fiscal framework for the Nigerian Petroleum Industry, the establishment and development of host communities and other related matters in the upstream, midstream and downstream of the petroleum industry in Nigeria.

2.2 Main Features of the 2024 Budget and the MTEF for 2025-2027

Kogi State 2023 Budget Policy Statement

1. The fiscal strategy of Government is anchored on the on-going Public Financial Management Reform (PFM). Over the period 2024 -2026 the State Government fiscal policy is directed at:
   - Improving the efficiency and effectiveness of spending;
   - Achieving a better balance between capital and recurrent expenditure;

- Including greater control of the wage bill;
- Directing capital expenditure on critical infrastructure such as Agriculture, Health Road, Education, Security, Water, Youth engagement etc
- Boosting revenue receipts by identifying and blocking revenue leakages; and gradual fiscal consolidation in order to achieve a level of public spending consistent with macroeconomic stability and sustainable debt.

Below is the Macroeconomic framework of the State from 2024 – 2027

Table 2.1 Medium Term Macro-Economic Framework

Medium Term Macro-Economic Framework				
Item	**2024**	**2025**	**2026**	**2027**
National Inflation	21.40%	15.75%	14.21%	10.04%
National Real GDP Growth	3.8%	4.6%	4.40%	5.5%
Oil Production Benchmark (MBPD)	1.76	2.06	2.10	2.35
Oil Price Benchmark	$77.96	$75.00	$76.72	$75.3
NGN: USD Exchange Rate	₦800.00	₦1,400	₦1,400	₦1,400

Assumptions

1. **Statutory Allocation** - is premised on elasticity based forecast consistent with the macroeconomic framework and the numerous assumptions in the 2024-2026 Fiscal Strategy Paper displayed above.
2. **VAT** - is also based on elasticity forecasting using National Real GDP Growth and Inflation data as the explanatory variables for VAT growth.
3. **Excess Crude/Other Revenue** - the previous year excess crude/other revenue (2023), which includes Nigerian National Petroleum Corporation (NNPC) refunds, exchange gains,

budget support facilities and all other excess distributions, were used in the forecast using own percentage.

4. **Internally Generated Revenue (IGR)**–IGR forecast was based on own percentage of the actual collections.
5. **Grants** - grants are very hard to predict and the recording of actual grant receipts is not accurate as a lot of expenditure is off budget. The forecasts are based on current commitments from Federal Government/and the development partners (including UNICEF, NEPAD and the World Bank group). These funds are non-discretionary and are therefore tied to the implementation of specific programmes/projects. If the funds are not forthcoming, the programmes/projects will not be implemented. The estimates for 2025-2027 are thus conservatively based on the current 2024 budget.
6. **Financing (Net Loans)** – The State is planning to access World Bank, African Development Bank, Islamic Development Bank and other Foreign Institutions' Loans to finance its 2025 – 2027 Budget. These Loans are mostly non-discretional in nature, and they are tied to delivering a specific project or programme in a particular sector.
7. **Personnel** – Forecast is based on own percentage using actual historical personnel figures and considering the N70,000 minimum wage recently approved. This assumes gradual growth rate of employment.
8. **Overheads** – The forecasting method used to estimate overhead figures for the period 2024 is own percentage with the hope that cost of running government will maintain the trend.
9. **Contingency and Planning Reserves** -2% of total revenue has been allocated to the Contingency Reserve which will be used in accordance with Finance Act, during budget implementation. Also 2% deduction of the same total revenue is for Planning Reserve which will be allocated during MDA budget defence to MDAs that are able to justify the need for more resources over and above the given ceiling.

10. **Capital Expenditure** - is based on the recurrent account surplus plus capital receipts.

Table 2.2 Kogi State Medium Term Fiscal Framework

Kogi State Fiscal Framework				
Recurrent Revenue	**2024**	**2025**	**2026**	**2027**
Statutory Allocation	161,201,372,659	167,232,782,375	170,948,435,988	200,009,670,106
VAT	15,605,980,643	16,152,877,740	16,209,200,000	16,521,300,000
IGR	16,239,069,000	16,239,100,000	16,239,100,000	16,577,312,984
Excess Crude/Others	0	-	-	-
Total	**193,046,422,302**	**199,624,760,114**	**203,396,735,988**	**233,108,283,090**
Recurrent Expenditure				
Personnel	65,285,900,000	65,285,900,000	65,285,900,000	65,597,500,000
Overheads	56,692,737,000	57,259,665,000	58,404,858,000	38,079,633,938
Total	**121,978,637,000**	**122,545,565,000**	**123,690,758,000**	**103,677,133,938**
Transfer to Capital account	**71,067,785,302**	**77,079,195,114**	**79,705,977,988**	**129,431,149,152**
Capital Receipts				
Grants	2,259,275,000	2,259,272,000	2,259,272,000	2,371,886,422
Other Capital Receipts	0	-	-	-
Total	**2,259,275,000**	**2,259,272,000**	**2,259,272,000**	**2,371,886,422**
Reserves				
Contingency Reserve	1,082,495,062	1,684,155,302	1,712,155,890	1,748,403,626
Planning Reserve	707,691,099	1,125,359,773	1,140,777,975	1,158,496,681
Total	**1,790,186,161**	**2,809,515,075**	**2,852,933,865**	**2,906,900,307**
Capital Expenditure	**112,542,000,000**	**118,169,100,000**	**124,077,555,000**	**130,281,432,750**
Discretional Funds	68,978,923,694	109,726,462,214	111,224,863,611	112,942,767,794
Non-Discretional Funds	-	-	-	-
Net Financing	**39,214,939,698**	**38,830,632,886**	**42,112,305,012**	**850,283,598**

By the MTEF framework that the state has put in place, the deficit for each year of the MTEF has been established and will be financed by Domestic and External borrowings.

Summary analysis of MTFF forecasts and their implications for fiscal and debt policies throughout the period 2024-2027.

The medium term is projected to record an increase in key macroeconomic parameters, indicating a continuous gradual rebound of the Nigerian economy. However, the oil price benchmark is projected to moderate while the exchange rate is projected to average N1400/$ over the medium term.

The projected economic growth rate for the 2025-2027 Medium-Term Expenditure Framework indicates that growth is expected to increase gradually over the next three years. Real GDP is projected to increase to 4.6% in 2025, moderate to 4.4% in 2026 and then rise to 5.5% in 2027. The principal drivers are increased investments in infrastructure, agriculture, and social services. While the economy is still largely consumption-driven, most of the growth in real GDP during the period will be driven by the anticipated increase in domestic oil refining capacity, telecommunications, crop production, and employment, with the bulk of projected growth coming from the non-oil sector. Targeted investments through the Renewed Hope Infrastructure Development Fund will significantly improve growth.

Nominal consumption is projected to increase to N206.83 trillion in 2025 and N233.31 trillion and N263.95 trillion in 2026 and 2027, respectively, due to the expected increase in wages following the new minimum wage and cash transfers to households. These factors will also impact the inflation rate, which, although projected to decline to 15.75% in 2025, will remain at a lower double-digit level over the medium term.

A reduction in inflation rate is anticipated in 2026 and 2027 due to the lag effect of tight monetary policy on demand for goods and services, expected lower deficit financing and reduction in supply-side constraints occasioned by a drastic reduction in domestic insecurity, improved infrastructure, and generally better operating environment for businesses.

Based on the underlying assumptions for the medium term, the Federation Account revenues are expected to increase as the government sustains its policy on petrol subsidy removal and a market-determined exchange rate. In addition, increases in non-oil taxes are projected to boost accretion into the Federation Account significantly.

The increase in revenue accruing to the federation account implies that FAAC allocation to Kogi state will increase over the medium to the long term which necessitated the upward fiscal projections for the state. With this anticipated revenue projections, the gross borrowing requirement of the state is expected to continue to decline which is why the debt stock of the state is expected to witness moderate additions and to remain sustainable over the medium to the long-term period. Despite the planned continued massive infrastructural development in the state, the debt position of the state is expected to moderately increase by N124,186M over the ten years projection period giving that the state adopts optimum debt strategy that prioritizes cost and risk. Debt stock for 2024 is N307,426M while 2033 is N431,612M.

2.4 Fiscal Objectives and Targets

The specific fiscal objective of Kogi State is effective allocation of scarce resources to identified critical programmes and projects, with the following major targets (non-quantifiable and time bound targets):

- To improve the quality of education to citizens at all levels in order to produce articulate and skilled manpower necessary for economic transformation of the State;
- To improve access to healthcare leading to improvement in efficiency of the healthcare delivery system;
- To ensure food security and generate a high proportion of the GDP from agriculture;
- To exploit the full potentials and expand trade and commerce in the State to ensure that products from agricultural and industrial activities have access to markets locally and internationally;
- To ensure gainful employment of youths and create opportunities for the development of their talents;
- To achieve sustainable development and promoting social and economic development through culture and tourism;
- To establish the necessary framework for a robust mining and Solid minerals sector, branding Kogi State as the foremost mining and minerals exploitation destination;

- ❖ To improve the road network in the State through continued construction of new roads and bridges and rehabilitation of existing ones in urban and rural areas;
- ❖ To improve the quantity, quality and access to safe water for domestic, commercial and industrial uses as well as improve sanitation and hygiene practices among the citizens;
- ❖ To ensure sustainable use of the environment and continuous management of environmental challenges such as pollution, degradation and gully erosion;
- ❖ To ensure easy access to lands for agricultural, residential, commercial and industrial uses to all citizens and investors to facilitate the social and economic development of the State;
- ❖ To improve the quantity of decent housing and facilitate the creation of viable urban communities in the state;
- ❖ To improve and expand affordable housing options through the use of public private partnership arrangements;
- ❖ To reduce average power outage through the generation and distribution of adequate electricity in the urban and rural areas in Kogi State;
- ❖ To rejuvenating the transportation sector and all its players to facilitates Internally Generated Revenue;
- ❖ To provide an enabling environment to facilitate economic and social development in the State as well as introduce and implement reform measures to strengthen governance institutions, i.e. the Civil Service, the pension etc.;
- ❖ To increased security of lives and property in the state;
- ❖ To continue to expand the State's revenue base in the area of Internally Generated Revenue (IGR) and
- ❖ To reduce the level of Domestic Debt Profile of Kogi State.

CHAPTER THREE

3. The State Revenue, Expenditure and Public Debt Trends (2019 - 2023)

3.0 Introduction

This section looks at the historical performance of Kogi State relating to Revenue, Expenditure and Public Debt Trends from 2019 – 2023. The figures captured here reflects the actual performance of the state for this period supported by the State financial statements.

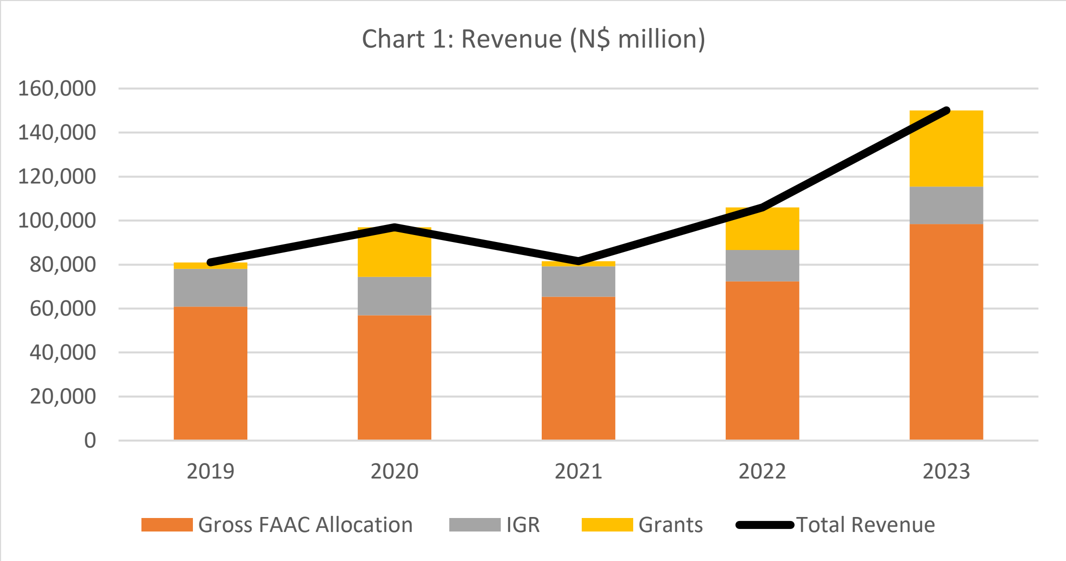
3.1 Revenue, Expenditure, Overall & Primary Balance

i. **Aggregate State TOTAL Revenue trend in the last five years and its composition in 2023.** The total revenue in this context is all revenue accruing to the state but excluding capital receipt. The total revenue that accrued to the state was N81,005M in 2019 and increased to NN96,911M in 2020 and then came down to N81,584M in 2021. The state however recorded its highest revenue of N150,094B in 2023. Gross FAAC (comprises of gross statutory allocation, other FAAC transfers and VAT) did increase significantly. See below details of total revenue trend for the historical years

Table 3.1 Kogi State Aggregate Revenue for 2019-2023

Revenue	2019	2020	2021	2022	2023
Gross FAAC Allocation	60,828	56,891	65,396	72,425	98,456
Grants	17,199	17,455	13,779	14,169	16,926
IGR	2,977	22,565	2,410	19,445	34,711
Total Revenue	**81,005**	**96,911**	**81,584**	**106,039**	**150,094**

Below is the chart of the total Revenue of Historical Years



ii. **FAAC Allocations trend in the last five years.** Kogi State recorded an increased in federal transfers by 30% in 2019 but declined in 2020 and increased again in 2021. The fall in revenue is largely attributable to a slide in federal oil receipts due to the lower oil prices and to attacks on oil installations in the South-South region of the country. FAAC however increased to N98,456M in 2023 which is attributable to the increase in price of crude and subsidy removal.

iii. **IGR trend in the last five years. The State exhibited strong IGR growth during the review period.** The IGR of the state has been steadily increasing but witnessed a huge leap in 2021 resulting in 50% increase over the 2019 figure. IGR for 2020 was N56,891M and increased to N65, 396M in 2021. The increment was sustained in 2023, but the state recorded a decrease of N56,891M for 2020. The state recorded an increment resulting in a closing balance of N85,327M for 2023. IGR witnessed an average growth rate of 21.63% from 2019 – 2023. This improvement in IGR is mainly a result of tax administration reforms aimed at improving collection rates and broadening the tax revenue base.

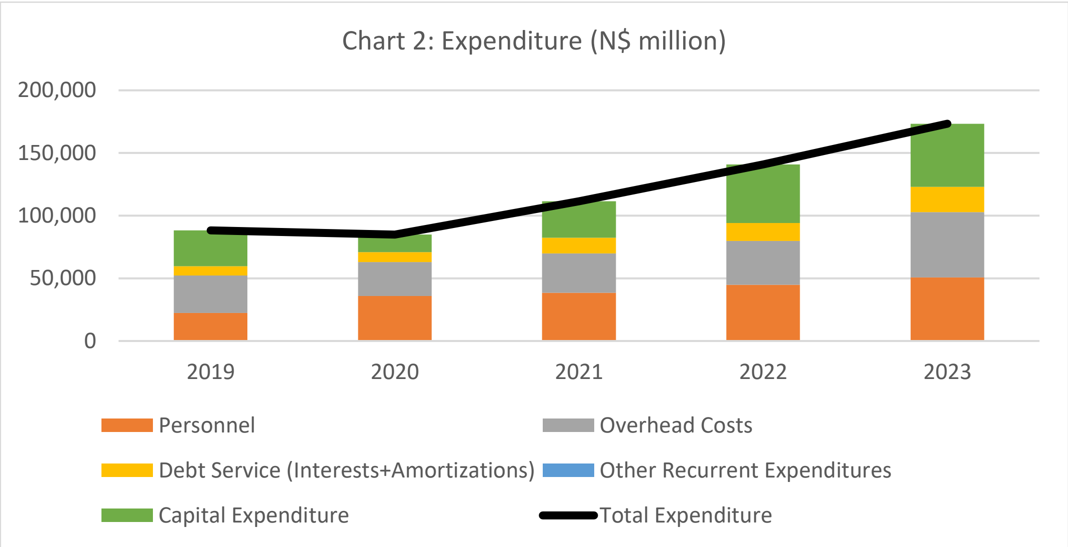
iv. **Aggregate (total) Expenditure trend in the last five years and its composition in 2023.** Total expenditure in this context includes all categories of expenses interest and amortization. Total expenditure increased from N88,240.00M in 2019 to N173,374M in 2023. This was to the increase in overhead cost and the other classes of cost.

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

Table 3.2 Kogi State Aggregate Expenditure for 2019-2023

Expenditure	**2019**	**2020**	**2021**	**2022**	**2023**
Personnel	22,364	35,940	38,382	44,916	50,729
Overhead Costs	29,826	27,137	31,484	34,908	52,033
Debt Service (Interests + Amortizations)	7,460	7,794	12,454	14,222	20,240
Other Recurrent Expenditures	0	0	0	0	0
Capital Expenditure	28,590	14,045	29,134	46,938	50,372
Total Expenditure	**88,240**	**84,916**	**111,455**	**140,985**	**173,374**

Below is the Expenditure chart depicting the trend between 2019 – 2023

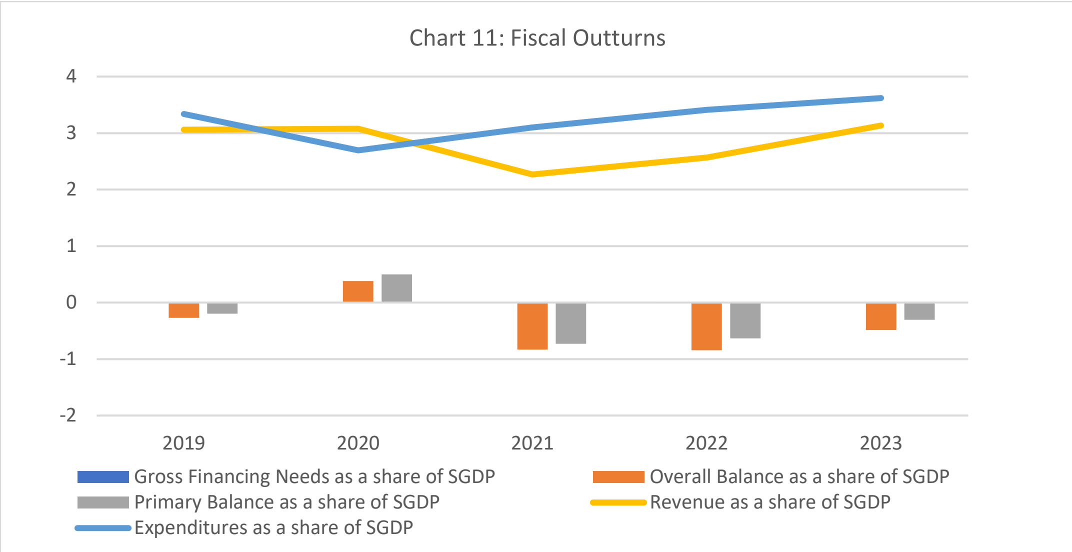


v. **Main expenditure variations in the last five years by economic classification.** Over the period, analysis shows that Personnel, Overhead costs and Capital Expenditure are responsible for this huge leap in Expenditure from N88,240M to its peak of 173,374M in 2023. For Capital Expenditure, except for the drop in 2020, it steadily increased over the historical year. Overhead Cost did witness the same trend.

The Personnel Cost also increased all through the historical years from 2019 to 2023 as a result of payments of arrears of Salaries to some staff cleared, payment of salary to newly employed staff in CUSTECH, Osara, Kogi State Polytechnic, Lokoja, Kogi State University, Anyigba, College of Education, Ankpa, School of Nursing and Midwifery, Obangede, College of Health Sciences, Idah, Kogi State University, Kabba and social benefits to Pensioners.

Debt Service though recorded an increase, it remained favourable when benchmarked against revenue all though the historical period.

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



From the chart above, the Overall balance as a share of GDP witnessed -0.27% in 2019 and -0.49% for 2023. This can be related to the huge expenditure figure for this period. The primary balance also witnessed similar trend.

3.2 Existing Public Debt Portfolio

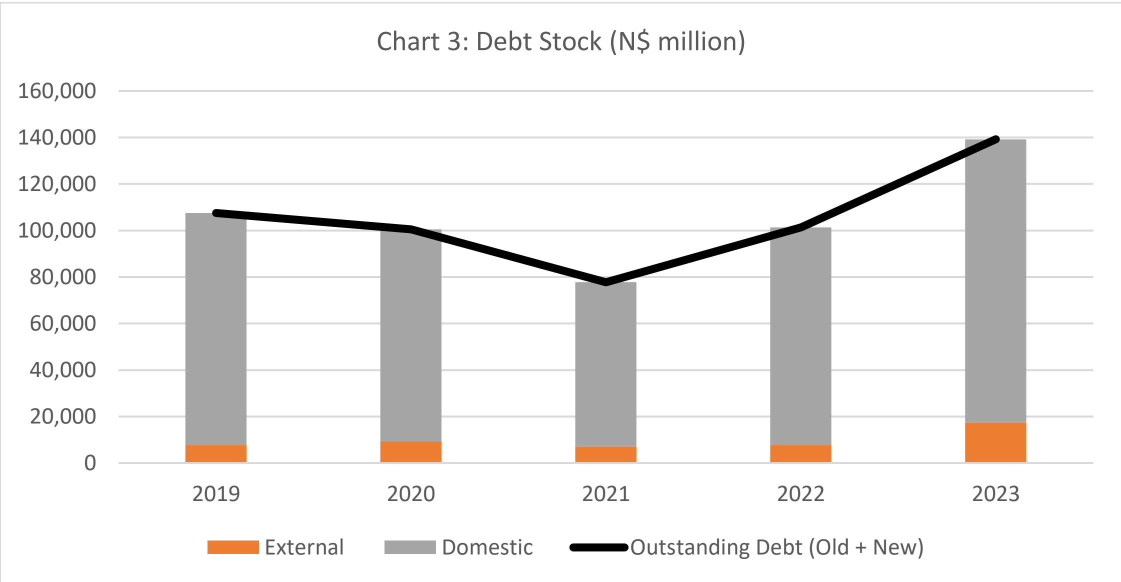
The State public debt includes the explicit financial commitments – like loans and securities – that have paper contracts instrument that government promises to repay.

i. **Public debt stock amount or its shares on total Revenue at end-2023 and its growth in the last five years.** As at December 2023, Kogi state public Debt stood at **N139,252M.** It declined in 2020 and further in 2021 due to the decision of the state to settle outstanding arrears – Contractors, Pension & Gratuity and Salary. The table below gives the summary.

Table 3.3 Kogi State Debt Data as at December,2023

	KOGI STATE DEBT DATA AS AT 31st DECEMBER 2023		
S/N	**DEBT CATEGORY**	**AMOUNT(Millions)**	**%**
1	Total Domestic Debt	121,808	87
2	Total External Debt	17,444	13
	TOTAL	**139,252**	**100%**

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



The domestic debt constitutes 87% of the debt stock of the state while the external is 13%.

As at December 2019, total domestic debt stock was N99,826M, but decline to N70,660M in 2021. The decline was as result of settlement of some outstanding Domestic loans by the State Government. Eg

Arrears, Accelerated Agric Development Scheme (AADS) and Commercial Agricultural Credit Scheme (CACS 1). And also, most states were struggling to pay salaries which resulted in the FG through the CBN granting Salary Bailout facility to states. Kogi State got N19,391M in 2019 and another Excess Crude Account Bank Loan of N9,695M. In 2019, the state got Budget Support facility of N16M while Contractors Arrears also decreased from 13,000M in 2019 to N468M in 2023. Total domestic debt stock decreased from 91,337M in 2020 to N70,660M in 2021 due to clearance of Contractors Arrears and settlement of Salary Bailout repayment with Sterling Bank. It then increased from N93,621M in 2022 to N121,808M in 2023.

The existing public debt portfolio composition at end-2023. Kogi State debt portfolio largely consists of domestic loans. The state equally has external loans. See loan schedule below;

Table 3.4 Kogi State Domestic Debt Data as at December, 2023

S/N	DEBT CATEGORY FOR DOMESTIC	BALANCE N
1	Budget Support Facility	22,394.08
2	Salary Bailout Facility	27,284.88
	Salary Bailout Facility LGA	9,089.75
3	Restructured Commercial Bank Loans (FGN Bond)	696.49
4	Excess Crude Account Backed Loan	9,089.75
5	Commercial Banks Loans	33,380.00
6	State Bonds	1,163.36
7	Commercial Agriculture Loan (CBN Development Financing Facility)	249.82
8	Micro Small and Medium Enterprise Development Fund (CBN Development Financing Facility)	142.82
9	Covid 19 Health Intervention Fund	1,682.87
10	CBN Bridge Financing	12,028.56

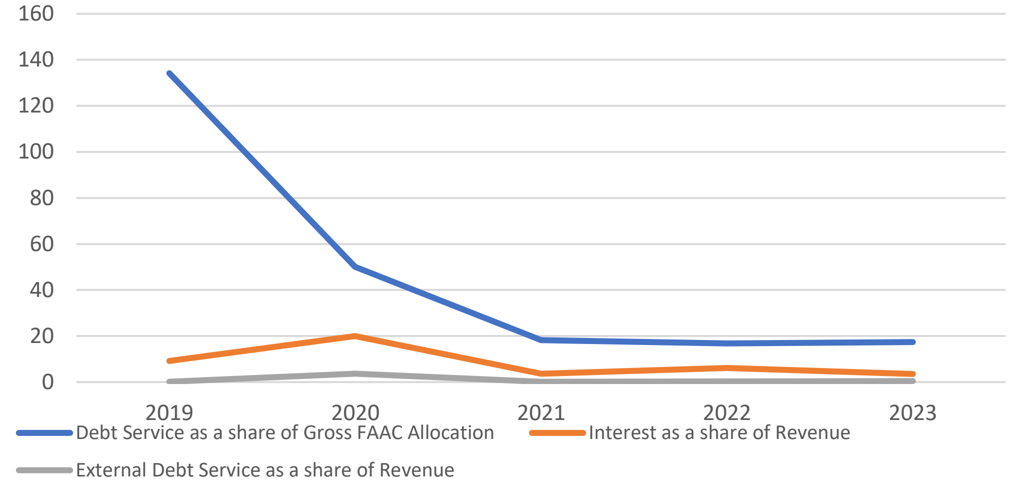
11	Contractors' Arrears	468.56
12	Pension and Gratuity Arrears	4,080.91
13	Salary Arrears and Other Staff Claims	57.50
	Total	**121,808.34**
S/N	**DEBT CATEGORY FOR EXTERNAL**	**BALANCE $**
1	World Bank (WB)	45.0
2	African Development Bank (AfDB)	1.0
	Total	**46.0**

Note: All figures are expressed in Millions. Exchange rate for external loan in the template for 2023 is at N379.00: $1

ii. **Cost and risks exposure of the existing public debt portfolio at end-2023.**

The debt portfolio of the state was relatively stable during the historical period. Debt service as a share of Gross FAAC allocation was 134% in 2019, but decline drastically to 50% in 2020, 18% in 2021 17% in 2022 and 17% in 2023 respectively. Interest as a share of revenue was 9% in 2019 and also 20% in year 2020 then decline to 4% in 2021, rose again to 6% in 2022 and decline to 4% in 2023. We also noted that the debt portfolio is narrowly exposed to currency, interest rate, and rollover risks. Exposure to currency fluctuations is limited because the foreign currency-denominated liabilities are only 13 percent of the total debt stock. Most domestic loans and all external loans are fixed-rate obligations, thus not affected by changes in interest rates. As these loans have maturities running from 10 to 40 years and include financing from the Federal Government and multilateral organizations, rollover risk associated with potential deterioration of domestic financial conditions is negligible. Chart below is showing debt service indicators for the historical years.

Chart 10: Debt service indicators



CHAPTER FOUR

Debt Sustainability Analysis

4.0 Introduction

The concept of debt sustainability refers to the ability of the state government to honour its future financial obligations. Since policies and institutions governing spending and taxation largely determine such obligations, debt sustainability ultimately refers to the ability of the government to maintain sound fiscal policies 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.

The debt and debt service indicators for Kogi State for the historical year's shows that the debt levels are sustainable. See table below for indicators with threshold;

Table 4.1 Performance Indicators with Threshold

Indicators	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Debt as % of SGDP	4	3	2	2	3	5	5	5	5	5	4	4	3	3	3
Threshold	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25
Debt as % of Revenue	133	104	95	96	93	157	168	186	184	172	138	126	116	105	103
Threshold	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200
Debt Service as % of Revenue	101	29	15	11	11	5	16	21	22	23	23	23	21	20	19
Threshold	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Personnel Cost as % of Revenue	28	37	47	42	34	33	32	32	28	32	26	25	30	30	31
Threshold	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60

The average rate for debt as a percentage of State GDP is 5%. it recorded its highest percentage in the historical period of 4% in 2019 and dropped to 3% in 2023. This rate is nowhere near the threshold of 25% in the historical years, this is an indication that the debt is sustainable at a long run. Debt as a percentage of revenue is favourable all through the historical and projection years. For 2023, the rate is 93% which is less than the threshold of 200%. For Debt service as a percentage of revenue, the threshold is 40% which the state breached in 2019, however, the rate has dropped to 29% in 2020, 15% in 2021, 11% in 2022 and 11% in 2023 which implies that the state has also returned to a sustainable position from year 2020 to 2023. Personnel cost as a percentage remained below the threshold of 60% all through the historical period. In summary, the debt sustainability position of the state for the historical years is not threatened.

The following indicators without threshold; Debt service to FAAC, Interest Payment to Revenue, and external debt service revenue all remained favourable as depicted in the table below.

Table 4.2 Performance Indicators without Threshold

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Debt Service as a share of Gross FAAC Allocation	134	50	18.2	16.8	17.4	5.4	17.2	22.7	24.1	24.8	24.3	24.4	22.3	21.3	19.4
Interest as a share of Revenue	9.22	20	3.56	6.19	3.52	2.06	12	14.6	15.2	14.8	15.6	14.1	12.6	11.1	10.6
External Debt Service as a share of Revenue	0.15	3.64	0.2	0.31	0.38	0.2	1.07	0.96	1.15	2.53	2.05	2.44	2.7	2.49	2.28

Even though Debt service outweighs the Gross FAAC allocation in 2019, it has returned to 50% in 2020 and further came down to 17% in 2023 which shows an improvement in the debt service performance of Kogi State. For the projection years however, it shows deterioration in debt service performance in year 2027 to 2033 respectively.

4.1 Medium Term Expenditure Forecast

Kogi State's medium-term debt sustainability is predicated upon a gradual recovery of the Nigerian economy that will increase FAAC statutory allocation. According to the Federal Government and State's own forecasts, the Nigerian economy is expected to gradually recover in the period 2023-2026, with real GDP expanding at an average annual rate of 3.8% and domestic inflation hovering around 21.40% percent by 2024. Such a moderate recovery will be supported by higher oil prices in global markets, an increase in domestic production, prudent fiscal policy, and the stabilization of the exchange rate relevant for international public-sector financial transactions at its current level. Oil and gas revenue, as well as shared resources such as custom duties and VAT, would then increase relative to the depressed levels observed in 2020, thus improving the State's revenue position. As such, the state debt expansionary policy in year 2023-2026 can be sustained.

The table below presents the State's Macro-Economic projections for the 2024-2027 Medium-Term Expenditure Framework;

Table 4.3 Medium Term Macro-Economic Framework

Medium Term Macro-Economic Framework				
Item	**2024**	**2025**	**2026**	**2027**
National Inflation	21.40%	15.75%	14.21%	10.04%
National Real GDP Growth	3.80%	4.60%	4.40%	5.50%
Oil Production Benchmark (MBPD)	1.76	2.06	2.1	2.35
Oil Price Benchmark	$77.96	$75.00	$76.72	$75.3
NGN: USD Exchange Rate	₦800.00	₦1,400	₦1,400	₦1,400

SOURCE: Ministry of Finance, Budget and National Planning, NNPC, BOF and NBS.

The projected economic growth rate for the 2025-2027 Medium-Term Expenditure Framework indicates that growth is expected to increase gradually over the next three years. Real GDP is projected to increase to 4.6% in 2024, moderate to 4.4% in 2025 and then rise to 5.5% in 2026. The principal drivers are increased investments in infrastructure, agriculture, and social services. While the economy is still largely consumption-driven, most of the growth in real GDP during the period will be driven by the anticipated increase in domestic oil refining capacity, telecommunications, crop production, and employment, with the bulk of projected growth coming from the non-oil sector. Targeted investments through the Renewed Hope Infrastructure Development Fund will significantly improve growth.

Nominal consumption is projected to increase to N206.83 trillion in 2025 and N233.31 trillion and N263.95 trillion in 2026 and 2027, respectively, due to the expected increase in wages following the new minimum wage and cash transfers to households. These factors will also impact the inflation rate, which, although projected to decline to 15.8% in 2025, will remain at a lower double-digit level over the medium term.

A reduction in inflation rate is anticipated in 2026 and 2027 due to the lag effect of tight monetary policy on demand for goods and services, expected lower deficit financing and reduction in supply-side constraints occasioned by a drastic reduction in domestic insecurity, improved infrastructure, and generally better operating environment for businesses.

Based on the underlying assumptions for the medium term, the Federation Account revenues are expected to increase as the government sustains its policy on petrol subsidy removal and a market-determined exchange rate. In addition, increases in non-oil taxes are projected to boost accretion into the Federation Account significantly.

The MTEF for Kogi State covering 2024-2027 and the 2024 annual budget is presented below.

Table 4.4 Kogi State Medium Term Fiscal Framework

Kogi State Fiscal Framework				
Recurrent Revenue	**2024**	**2025**	**2026**	**2027**
Statutory Allocation	161,201,372,659	167,232,782,375	170,948,435,988	200,009,670,106
VAT	15,605,980,643	16,152,877,740	16,209,200,000	16,521,300,000
IGR	16,239,069,000	16,239,100,000	16,239,100,000	16,577,312,984
Excess Crude/Others	0	-	-	-
Total	**193,046,422,302**	**199,624,760,114**	**203,396,735,988**	**233,108,283,090**
Recurrent Expenditure				
Personnel	65,285,900,000	65,285,900,000	65,285,900,000	65,597,500,000
Overheads	56,692,737,000	57,259,665,000	58,404,858,000	38,079,633,938
Total	**121,978,637,000**	**122,545,565,000**	**123,690,758,000**	**103,677,133,938**
Transfer to Capital account	**71,067,785,302**	**77,079,195,114**	**79,705,977,988**	**129,431,149,152**
Capital Receipts				
Grants	2,259,275,000	2,259,272,000	2,259,272,000	2,371,886,422
Other Capital Receipts	0	-	-	-
Total	**2,259,275,000**	**2,259,272,000**	**2,259,272,000**	**2,371,886,422**
Reserves				
Contingency Reserve	1,082,495,062	1,684,155,302	1,712,155,890	1,748,403,626
Planning Reserve	707,691,099	1,125,359,773	1,140,777,975	1,158,496,681
Total	**1,790,186,161**	**2,809,515,075**	**2,852,933,865**	**2,906,900,307**
Capital Expenditure	**112,542,000,000**	**118,169,100,000**	**124,077,555,000**	**130,281,432,750**
Discretional Funds	68,978,923,694	109,726,462,214	111,224,863,611	112,942,767,794
Non-Discretional Funds	-	-	-	-
Net Financing	**39,214,939,698**	**38,830,632,886**	**42,112,305,012**	**850,283,598**

Kogi state Debt sustainability analysis is predicated on the continuation of recent efforts to mobilize local revenue sources, and on unchanged policies concerning personnel and other operating expenses. At local level, the tax administration reforms adopted by the State Government to strengthen resources provided by IGR, are expected to continue in the next few years and will benefit from the overall economic recovery. Additionally, the reforms being undertaken to manage recurrent expenditure will continue especially relating to personnel and overhead costs. Personnel cost is expected to increase due to the implementation of new minimum wage and subsequent increments in three years interval.

4.2 Borrowing Options

The debt sustainability and analysis exercise has helped to establish the funding gap for the projection years of 2024-2033. See details below;

Table 4.5 Total Gross Borrowing Requirements for 2024-2033

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Gross Borrowing Requirement	19,627	74,083	100,902	92,458	169,726	228,007	294,068	413,581	574,348	729,173

The state intends to create new debts by sourcing for funds both from the domestic and external markets to address these deficits. Below are the details of the financing options the state intends to utilize for each of the projection years;

Table 4.6 Total Planned Borrowing for 2024-2033

New Domestic Financing in Million of Local Currency	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**
Commercial Bank Loans (maturity 1 to 5 years)	0	0	0	0	0	0	0	0	0	0
Commercial Bank Loans (maturity 6 years or longer)	21,304	0	0	0	28,589	0	12,874	0	20,709	0
State Bonds (maturity 1 to 5 years)	0	0	0	8,980	0	0	0	0	0	20,512
State Bonds (maturity 6 years or longer)	45,000	0	32,829	0	24,390	0	0	0	0	0

Other Domestic Financing ()	0	49,258	0	30,000	0	14,805	0	25,541	0	0
New External Financing in Million US Dollars	50	0	30	0	0	0	0	0	0	30
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	0	0	0	40	0	0	0	0	0	0
External Financing - Bilateral Loans	0	0	0	0	0	0	0	0	0	0

The financing terms for these category of financing options for both domestic and external instrument is detailed below;

Borrowing Terms for New Domestic Debt (issued/contracted from 2022 onwards)	**Interest Rate (%)**	**Maturity (# of years)**	**Grace (# of years)**
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	35	5	1
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	34	9	1
State Bonds (maturity 1 to 5 years)	25	5	0
State Bonds (maturity 6 years or longer)	24	9	0
Other Domestic Financing ()	15	20	0
Borrowing Terms for New External Debt (issued/contracted from 2022 onwards)	**Interest Rate (%)**	**Maturity (# of years)**	**Grace (# of years)**

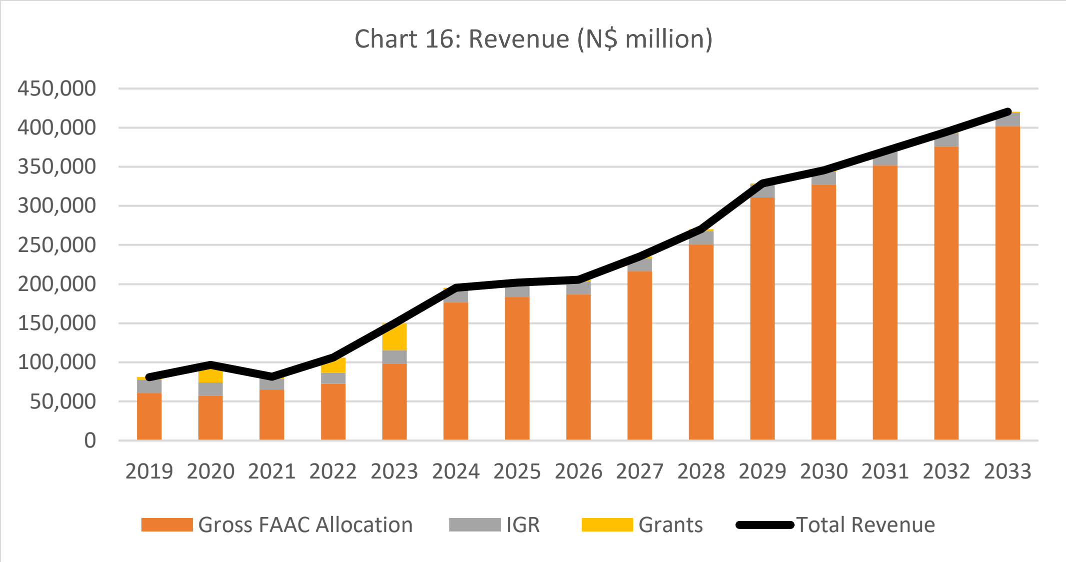
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	3	20	3
External Financing - Bilateral Loans	3	25	3
Other External Financing	2.5	23	4

It is important to mention that the new domestic and external financing categories and its borrowing terms defined in the reference debt strategy (S1) will be automatically applied on the alternative debt strategies.

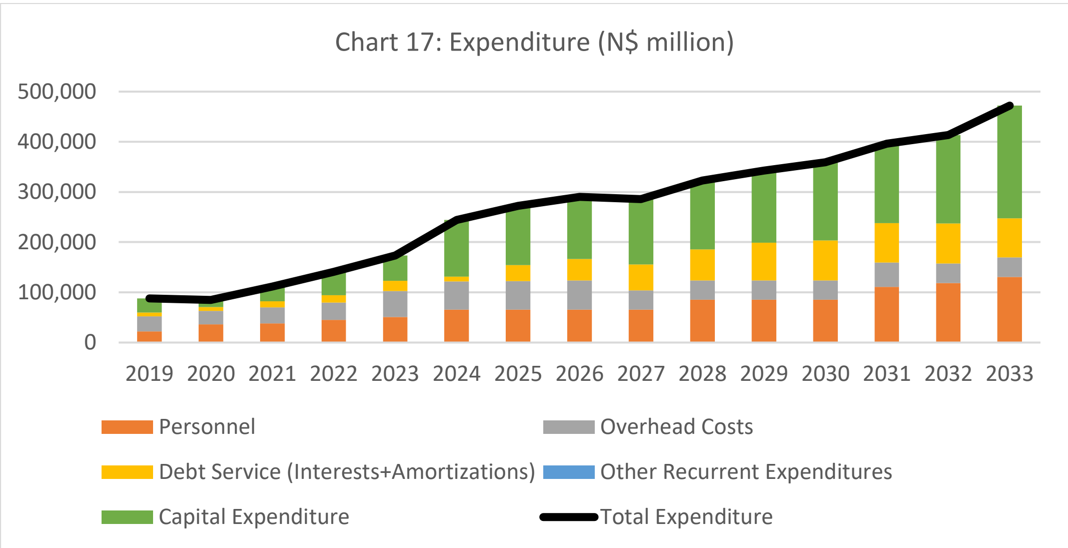
4.3 DSA Simulation Results

Revenue, expenditure, overall and primary balance over the long-term. The objective of the debt sustainability analysis simulation exercise is to analyse the sustainability of the state's public debt portfolio and build an optimum debt strategy based on macroeconomic framework.

In the Baseline Scenario under the reference debt strategy (S1), the State preserves debt sustainability. Total revenue (including grants and excluding other capital receipts) is projected to increase from N150,094M in 2023 to N420,439M by 2033. Between 2024-2027 which are the years the state budget and MTEF covered, revenue is projected to have an average growth rate of 12.5% while from 2028-2033, revenue is expected to grow at an average rate of 10.3%.

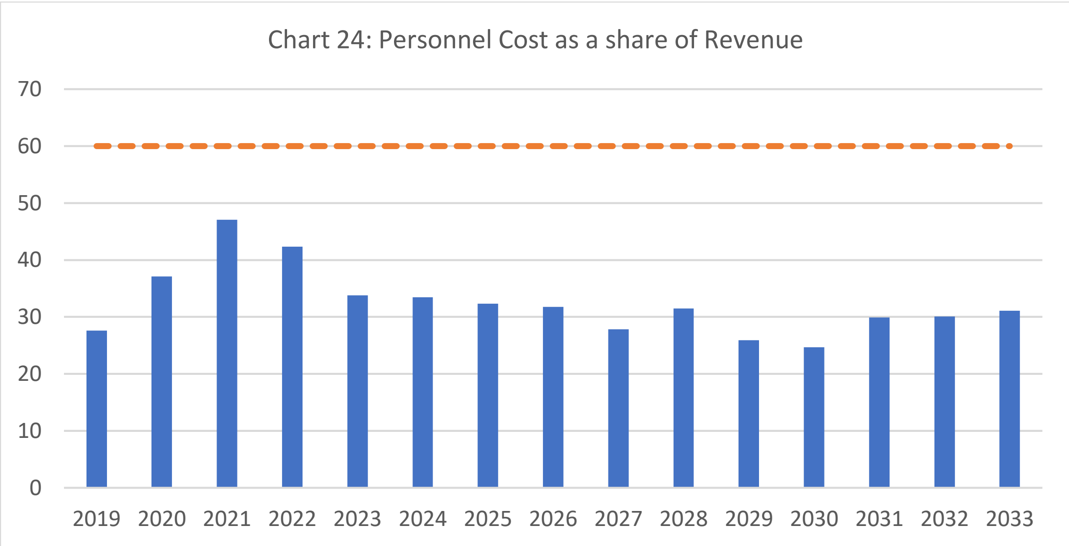


Total expenditure for the projection years will expand from N173,374M in 2023 to N472,173M by 2033. Expenditure was projected to increase by 40.8% in 2024 due to the state's decision to maintain the existing infrastructural development. Categories of recurrent expenditure like Personnel and overheads were also projected to increase substantially.

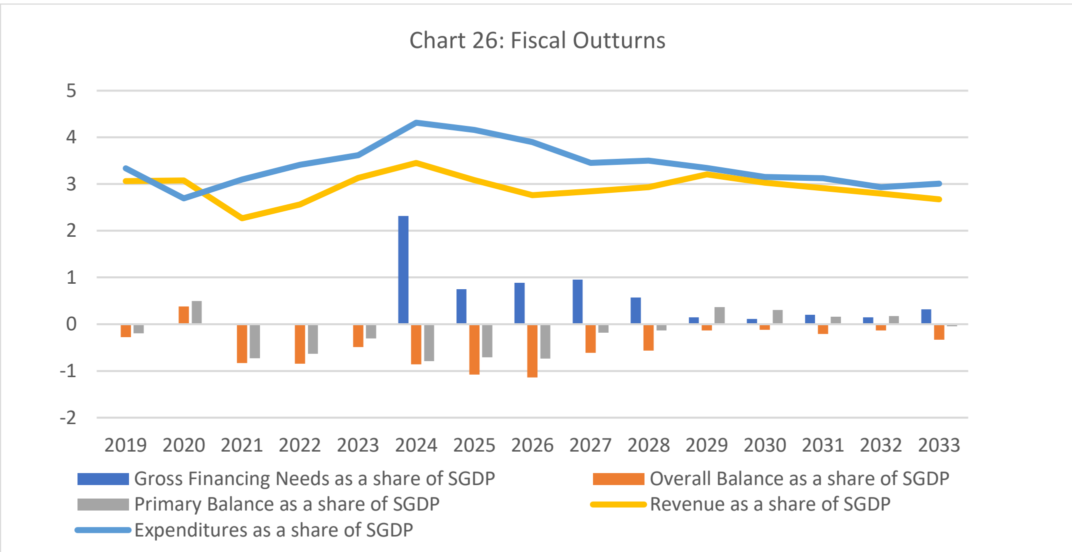


Therefore, the fiscal deficit—computed as the difference between revenue and expenditure—is expected to remain within a range of N131,303.8M in 2024 to N50,511.6M in 2033.

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

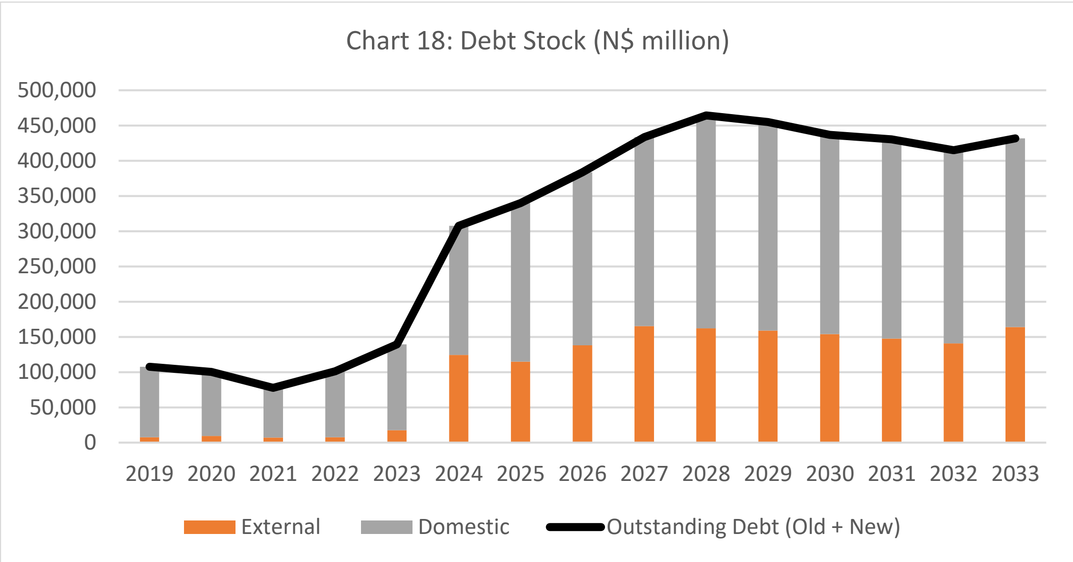


Primary balance which is the difference between the state's revenue and its non interest expenditure can be measured as a percentage of state GDP.

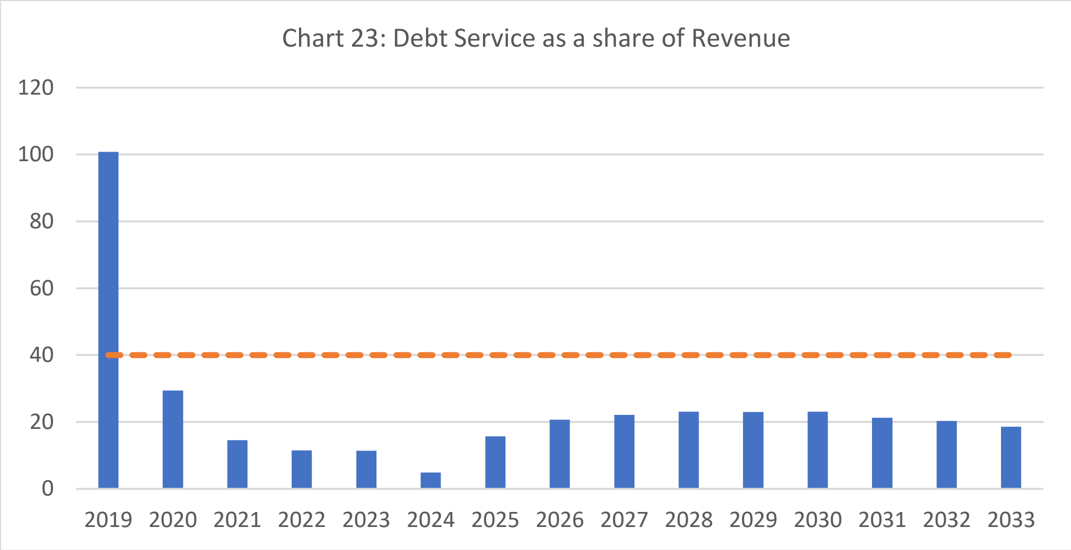


Revenue as a share of GDP was on the average of 3% all through the projection years. Same applies for expenditure as a share of GDP though witnessed fluctuations. The overall balance and the primary balance as a share of state GDP recorded negative values in some of the projection years.

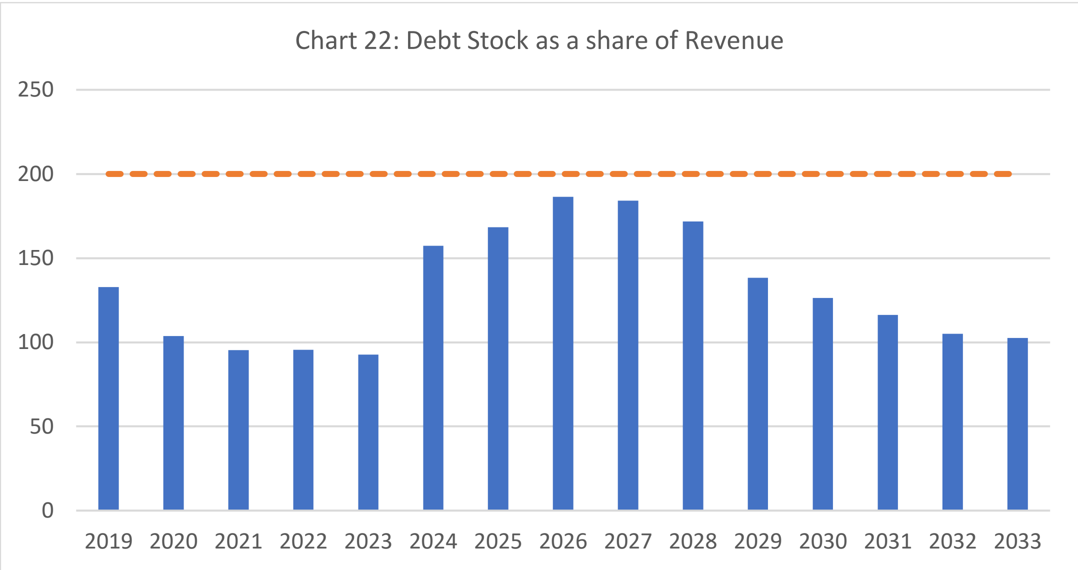
Main finding and conclusion of the baseline scenario under the reference debt strategy (S1) in terms of debt sustainability. The gross financing requirement necessitated creating new borrowings for the projection years. The state's debt is projected to rise from N139,252M as of end 2023 to N431,612M by 2033. See chart below;



As a consequence of the increase in debt stock from 2024-2033, the debt service obligation of the state will also increase however, the increase is still within the threshold of debt service to revenue ratio of 40%. The debt service ratio did not breach the threshold throughout the projection years. This shows that the State debt is sustainable. However, the state should continue to intensify efforts to increase the internally generated revenue to meet up with its financial needs.



Debt as a percentage of revenue with a threshold of 200% was equally not breached by the state from 2024 to 2033. However, the state should continue to adopt optimum debt management strategies.



The analysis of the Baseline Scenario under the reference debt strategy (S1) suggests the State will preserve the sustainability of its debt both in the medium and long term as all performance indicators remain positive. However, the state must continue with the following initiatives to sustain the debt sustainability position of the state;

i. The implementation of the reforms in IGR sector to continue by bringing more people into the tax net, deploy technology in tax assessment and collection, so that internally generated revenue can continue to improve.

ii. The cost management initiatives being embarked upon by the state especially regarding recurrent expenditure (overhead and personnel cost) should continually be pursued.
iii. Explore possibility of getting more grants both locally and externally to improve revenue over the years.
iv. Renegotiate the financing terms of the existing debt to be more favorable in terms of cost and repayment cycle.
v. Ensure new loans are contracted at the least possible cost
vi. Focus on getting loans at a more favorable terms.

4.4 Debt Sustainability Analysis Sensitivity Analysis

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

- **Shock Revenue.** In the shock revenue scenario, it is assumed that there will be 10% reduction in gross statutory allocation, other FAAC transfers, VAT, IGR and grants in nominal value starting from 2025-2033. If this happens it will have an adverse impact on the state as the state will be required to borrow more to fund the widening deficit. The increase in borrowing will also impact on the debt service cost making it higher. In the baseline scenario, debt revenue is expected to rise from N307,426M in 2024 to N431,612M in 2033 while in the shock revenue scenario, it will be N797,413M. Notably, therefore, a major risk for debt sustainability is the reversal of the State's successful revenue mobilization efforts and a failure to maintain current patterns of expenditure growth.

- **Shock Expenditure.** In the shock expenditure scenario, it is assumed that there will be 10% decrease in Personnel cost, Overhead cost, other recurrent expenditure and Capital expenditure in nominal terms each year, starting in 2024 until 2033. Should the risk of 10% decrease in these categories of cost crystalizes, it will adversely affect the fiscal, debt and debt services position of the state in a significant manner. Expenditure will equally increase from N307,426M in 2025 to N778,085M in 2033 thereby increasing the borrowing requirement for the affected years. The state must continue to work to put expenses under control at the projected level.

- **Shock Exchange Rate.** The assumption under this scenario is that there will be a one-time 20% devaluation (NGN/US$) in 2024. The exchange rate is expected to remain at N1,300 – N1,000/$ in the projection years. The State's debt sustainability would deteriorate mildly if the exchange rate shock materializes under the reference debt strategy (S1).

- **Shock Interest.** This scenario assumes a 200 basis points increase of the new domestic financing interest rate each year, starting in 2024 until 2033.The State's debt sustainability would deteriorate if interest rate shocks materialize under the reference debt strategy (S1), mainly as a consequence of a diminished repayment capacity. It will adversely affect the state since a huge share of the state debt stock is projected to be from the domestic market. The debt service cost will also increase during this period.

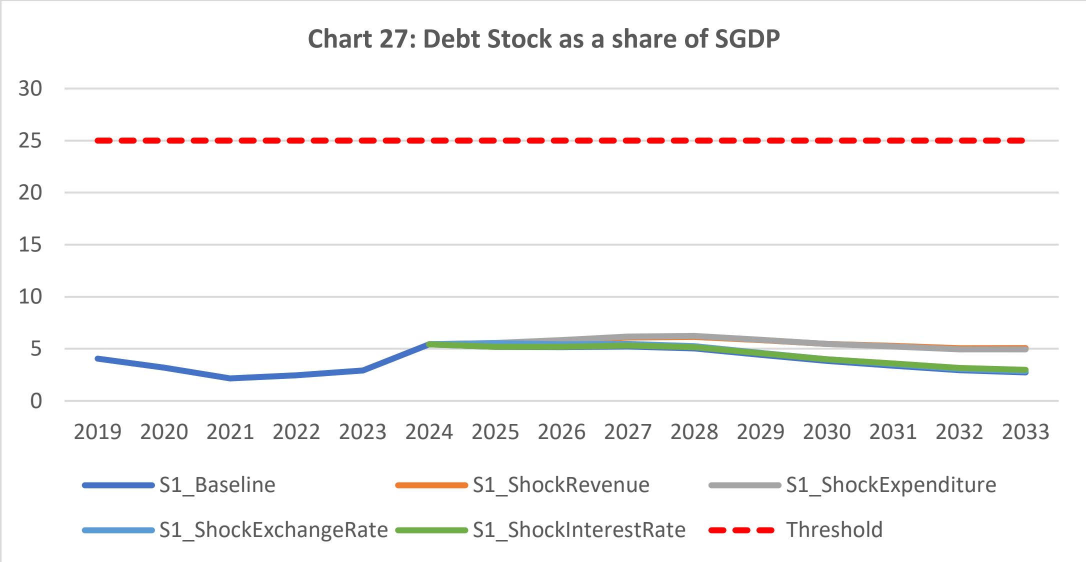
The 2024 DSA analysis shows that Kogi State remains at medium risk of debt distress under sensitivity analysis. Under the Debt to Revenue performance indicator with a threshold of 200%, the shock revenue scenario remained above the threshold for some years in the projection period while other shocks remained below. A 10% reduction in revenue and will likely affect the state adversely. The state must work to ensure that revenue to be earned over the future years must increase substantially above projections. State must continue to make effort to bring more people into the tax net and improve IGR. Expenditure must be well managed to remain under control while Debt managers must also work to reduce the state's exposure to debt.

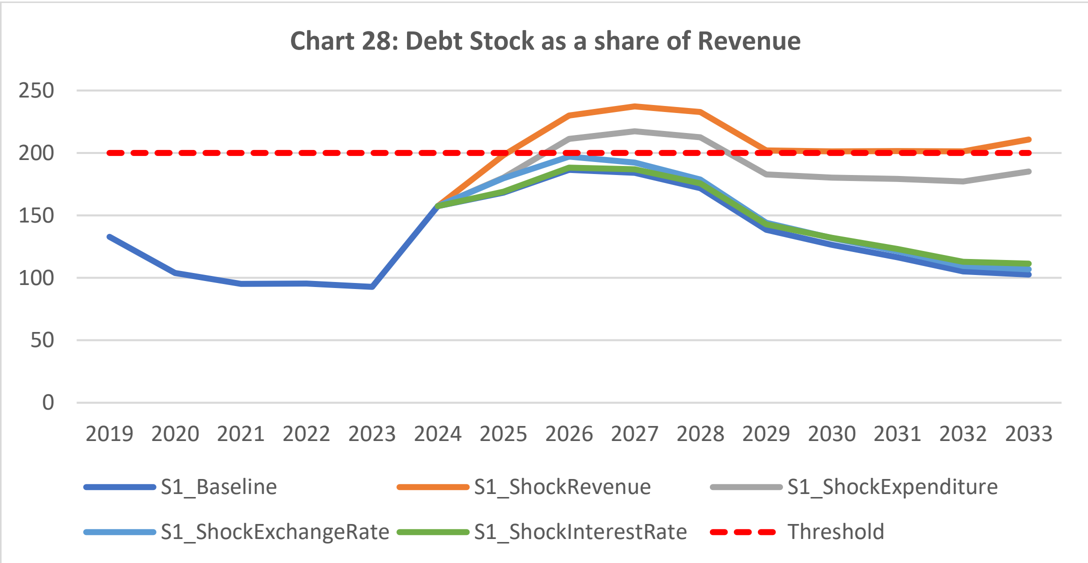
For Debt Service to Revenue, all the shocks remain moderate. That notwithstanding, the state must continually monitor revenue and expenditure all through the projection years to avert any risk.

None of the other shock scenarios breached the threshold in other performance indicators which justifies the medium debt sustainability assumptions by the state.

Relevant state authorities must continue to work to ensure that the debt sustainability position is not further threatened in the medium to the long term.

See below the relevant charts.





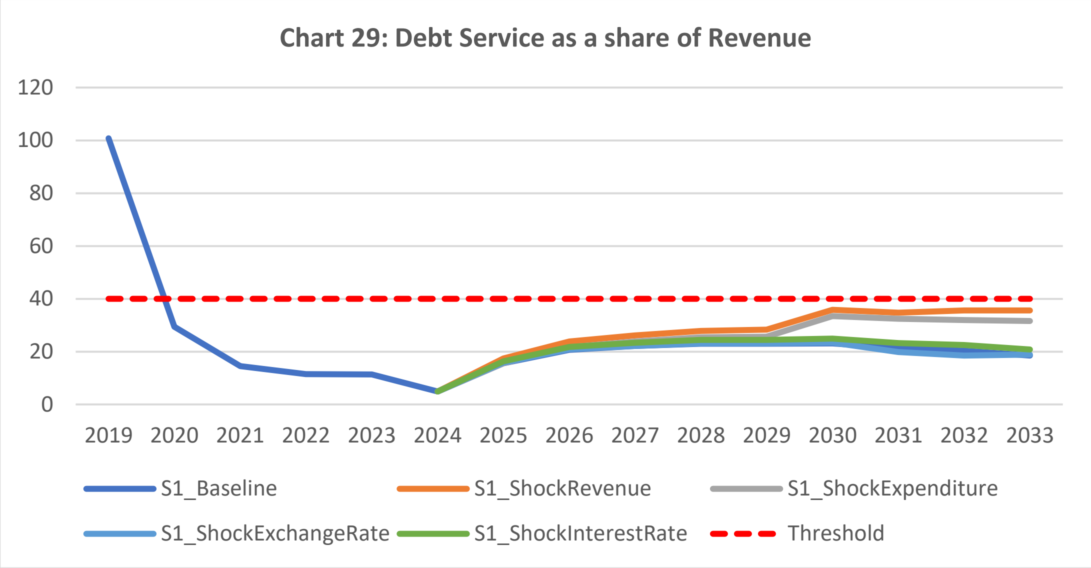


Chart 29: Debt Service as a share of Revenue
120
100
80
60
40
20
0
2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033
S1_Baseline
S1_ShockRevenue
S1_ShockExpenditure
S1_ShockExchangeRate
S1_ShockInterestRate
Threshold

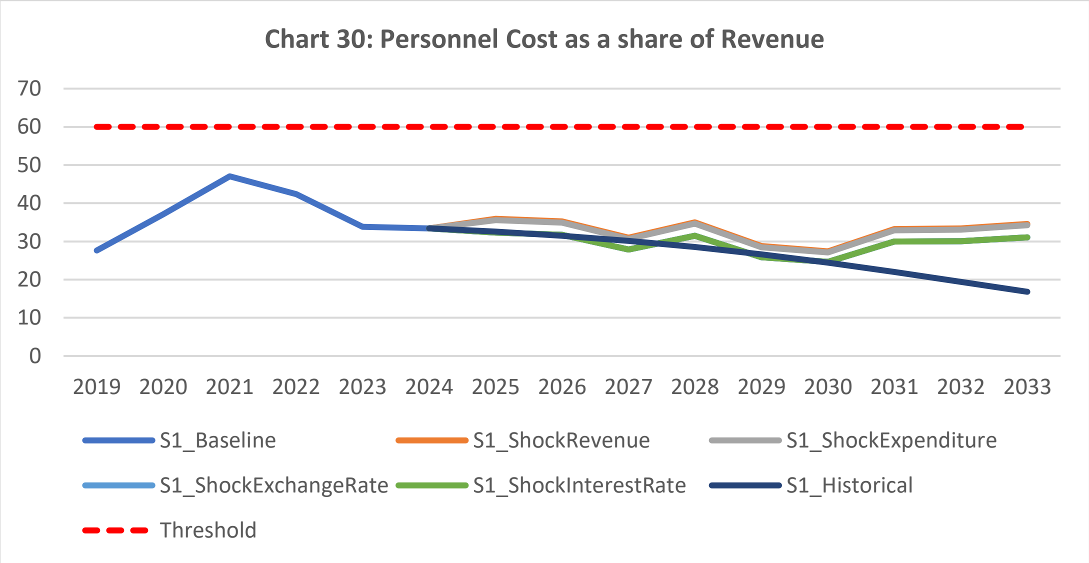


Chart 30: Personnel Cost as a share of Revenue
70
60
50
40
30
20
10
0
2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033
S1_Baseline
S1_ShockRevenue
S1_ShockExpenditure
S1_ShockExchangeRate
S1_ShockInterestRate
S1_Historical
Threshold

CHAPTER FIVE

Debt Management Strategy

5.0 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 term, consistent with a prudent degree of risk**.** It should also meet any other public debt management goals the government may have set, such as developing and maintaining an efficient market for government securities. Governments should seek to ensure that both the level and rate of growth in their public debt are on a sustainable path and that the debt can be serviced under a wide range of circumstances, including economic and financial market stress, while meeting cost and risk objectives. Public debt management requires accurate analysis of the cost and the risk associated with feasible choices of public debt portfolios because of its impact on the economy and the general welfare of the populace.

For the 2024 DSA-DMS exercise, four strategies were set up and are to be evaluated based on the concept of Cost and Risk. Debt management performance indicators are the basis of assessment and we work with the following indicators to assess the debt management strategies. They include;

- Debt Stock/Revenue (%)
- Debt Services/Revenue (%) and
- Interest/Revenue (%)

For all debt management strategy, cost is measured by the expected value of a performance indicator while Risk is measured by the deviation from the expected value caused by an un-expected shock as projected in the most adverse scenario in the same period.

5.1 Alternative Borrowing Options

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

Kogi state government intends to utilize the financing options available in the domestic market (Commercial bank loans, State bonds and other domestic financing – CBN loans) and external market (Concessional loans from World Bank & AFDB, Bilateral loans) to fund the gross borrowing requirement for 2024-2033 while ensuring that it's done at the lowest cost possible with a prudent of risk. The other debt management objective of the state include;

- Reduce the adverse effect of high taxes on the populace by borrowing prudently
- To mitigate against rollover risk and other associated risk
- To secure liquid assets for cash management purposes as decided by state treasury office.

For Strategy 2. The assumption is that the state intends to finance its funding gap by contracting commercial bank loans and external bilateral loans all through the projection years. Reason being that commercial bank loans are the easiest to secure. It also comes with opportunity for renegotiation of the borrowing terms should the need arises.

For Strategy 3. The state assumes State Bonds (1-5 years) will be raised and other external financing accessed to fund its deficit for the projection years. There are two categories of state bond, 1- 5 years for short term and 6 years & above for long term. Utilizing the bond option comes with a moderate cost and the rollover & interest rate risk will be mitigated.

For Strategy 4. States assumes that the funding gap will be financed with state bonds (1-6 years) and external concessional loans all through the projection years. Concessional loans by its nature comes with very low interest rate, long maturity period and some years of moratorium. The option is cheaper compared to the domestic options but open to the vagaries of exchange rate fluctuations.

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

Table 5.1 Borrowing Terms and Assumptions for New Loans

Borrowing Terms for New Domestic Debt (issued/contracted from 2022 onwards)	**Interest Rate (%)**	**Maturity (# of years)**	**Grace (# of years)**
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	35	5	1
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	34	9	1
State Bonds (maturity 1 to 5 years)	25	5	0
State Bonds (maturity 6 years or longer)	24	9	0
Other Domestic Financing ()	15	20	0
Borrowing Terms for New External Debt (issued/contracted from 2021 onwards)	**Interest Rate (%)**	**Maturity (# of years)**	**Grace (# of years)**
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	3	20	3
External Financing - Bilateral Loans	3	25	3
Other External Financing	2.5	23	4

5.2 Debt Management Strategy Simulation Results

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

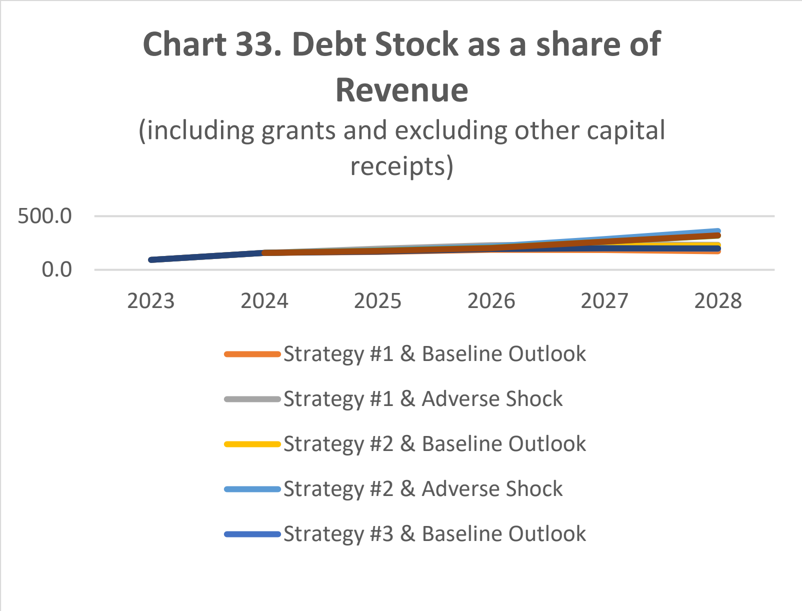
5.2.1 Debt Service/Revenue

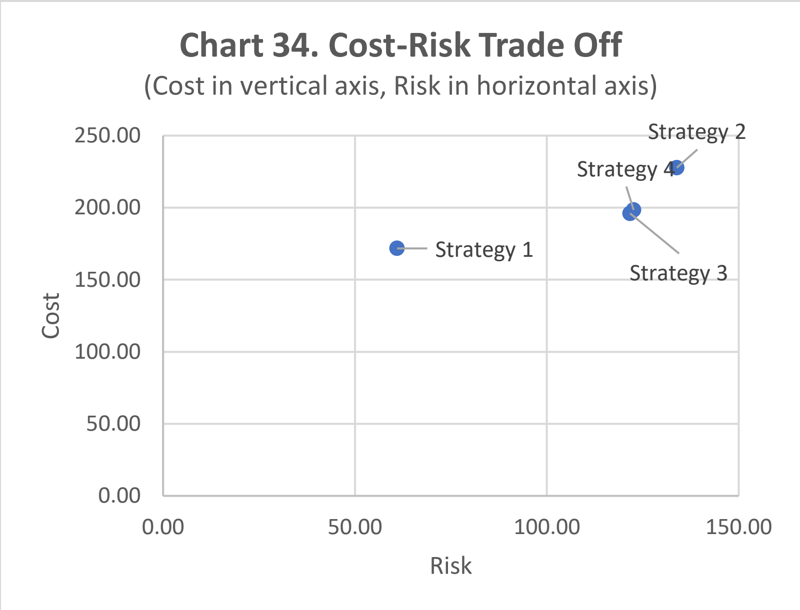
The table below shows the performance of the state from 2024-2028 when expressing debt as a percentage of revenue. In year 2024 - 2028, strategy 1 recorded the lowest cost of 171.7% and risk of 60.9%.

Table 5.2 Cost & Risk for Debt Stock as a % of Revenue.

						Cost	Risk measured in 2028
Debt Stock as % of Revenue (including grants and excluding other capital receipts)	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2028**
Strategy #1 & Baseline Outlook	92.8	157.4	168.3	186.5	184.1	171.7	60.9
Strategy #1 & Adverse Shock		157.4	198.1	230.1	237.3	232.7	
Strategy #2 & Baseline Outlook	92.8	157.4	175.5	207.1	220.6	227.7	133.9
Strategy #2 & Adverse Shock		157.4	181.6	216.8	285.5	361.6	
Strategy #3 & Baseline Outlook	92.8	157.4	173.3	196.8	200.8	196.1	121.7
Strategy #3 & Adverse Shock		157.4	179.3	206.0	261.6	317.8	
Strategy #4 & Baseline Outlook	92.8	157.4	170.9	194.3	200.7	198.4	122.6
Strategy #4 & Adverse Shock		157.4	176.9	203.3	261.4	321.1	

From the Cost-Risk trade off chart below, the adverse shock is revenue and strategy 1 comes easily as the most preferred scenario being that it has the lowest cost and the lowest degree of risk.





5.2.2 Debt Service/Revenue

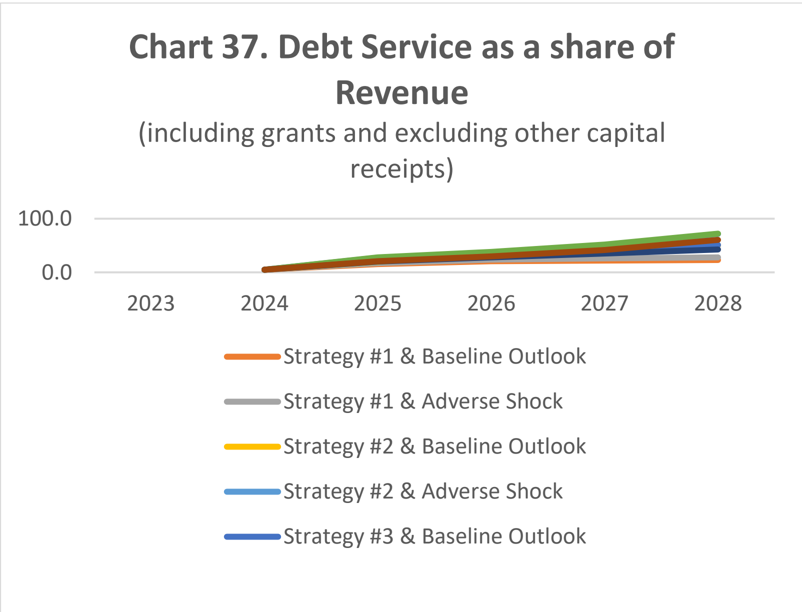
Under this performance indicator, debt service as a percentage of revenue, Strategy 1 has the lowest cost and recorded the lowest degree of risk. Cost as at 2028 which is the year of evaluation is 23.04% while risk stands at 5%.

S1 is therefore the best strategy when compared to others.

Table 5.3 Cost & Risk for Debt Service as a % of Revenue.

Debt Service as % of Revenue (including grants and excluding other capital receipts)	2024	2025	2026	2027	Cost 2028	Risk measured in 2028 2028
Strategy #1 & Baseline Outlook	4.89	15.65	20.66	22.1	23.04	5
Strategy #1 & Adverse Shock	4.89	17.39	23.83	26.2	27.88	
Strategy #2 & Baseline Outlook	4.89	19.43	33.91	41.4	50.56	21
Strategy #2 & Adverse Shock	4.89	20.08	35.72	49.8	71.56	
Strategy #3 & Baseline Outlook	4.89	27.12	36.01	43	50.94	21
Strategy #3 & Adverse Shock	4.89	28.03	37.93	51.7	72.09	
Strategy #4 & Baseline Outlook	4.89	19.94	28.08	34.8	42.57	18
Strategy #4 & Adverse Shock	4.89	20.61	29.59	41.9	60.49	

From the Cost-Risk trade off chart below, the adverse shock is revenue and strategy 1 comes easily as the most preferred scenario being that it has the lowest cost and the lowest degree of risk.



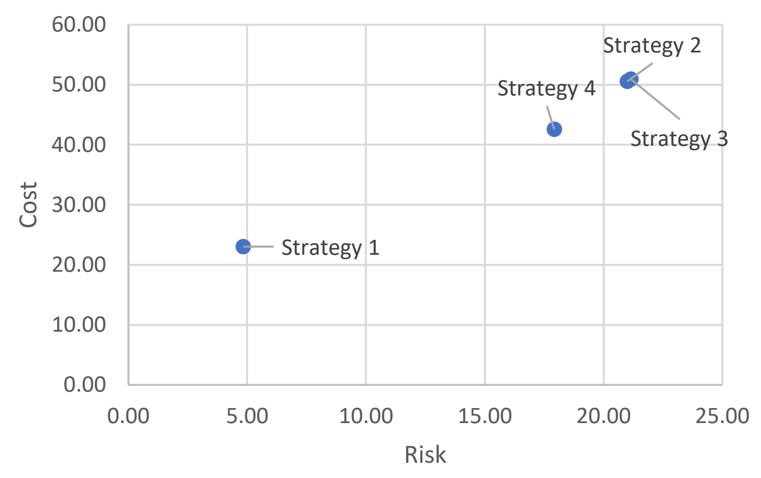


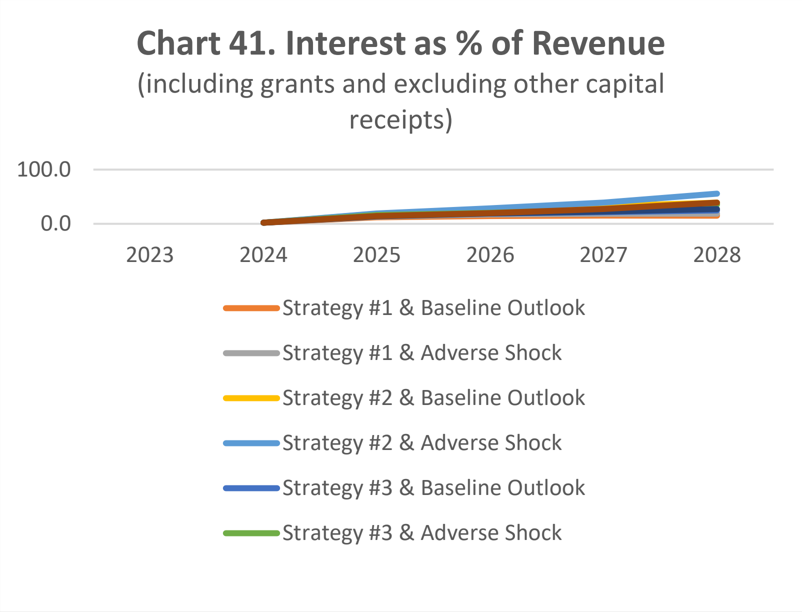
Chart 38. Cost-Risk Trade Off
(Cost in vertical axis, Risk in horizontal axis)

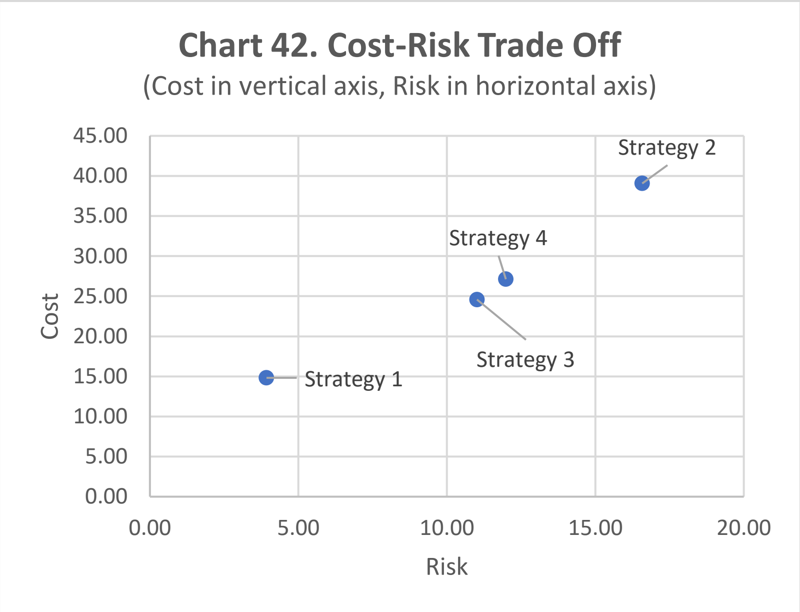
5.2.3 Interest/Revenue

Under this performance indicator, it is projected that interest to revenue ratio will continue to increase on yearly basis which also reflects the rise in debt stock over the years. Strategy 1 has the lowest cost of 14.82% and lowest risk of 4% making it the preferred strategy.

Table 5.4 Cost & Risk for Interest as a % of Revenue.

					Cost	Risk measured in 2028
Interest as % of Revenue (including grants and excluding other capital receipts)	**2024**	**2025**	**2026**	**2027**	**2028**	**2028**
Strategy #1 & Baseline Outlook	2.064	12	14.58	15.2	14.82	4
Strategy #1 & Adverse Shock	2.064	13.33	17.07	18.5	18.75	
Strategy #2 & Baseline Outlook	2.064	18.25	27.14	32.4	39.06	17
Strategy #2 & Adverse Shock	2.064	18.86	28.59	38.9	55.64	
Strategy #3 & Baseline Outlook	2.064	15.51	19.31	21.7	24.59	11
Strategy #3 & Adverse Shock	2.064	16.03	20.35	26.1	35.6	
Strategy #4 & Baseline Outlook	2.064	13.68	18.8	22.8	27.12	12
Strategy #4 & Adverse Shock	2.064	14.14	19.82	27.4	39.11	





From the Cost-Risk trade off chart below, the adverse shock is revenue and strategy 1 comes easily as the most preferred scenario being that it has the lowest cost and the lowest degree of risk.

5.2.4 Debt Management Strategy Assessment

From the analysis of cost-risk profile of the four debt management strategies, S1 comes easily as the most preferred strategy being that it recorded the lowest cost and risk for the four strategies. S1 becomes the most preferred strategy which can be successfully implemented in the medium term.

The current debt portfolio for Kogi as of end of 2023 is N139,252M, which is expected to increase to N 464,338M in 2028 in the S1, N 615,762M in S2, N 530,132M & N 536,593M in S3 & S4 respectively. This implies there may be improvement by year 2028 if the reference strategy (S1) is implemented as it offers better debt position by 2028.

It is important to note that Kogi State public debt management policy is driven by the principle of gradual reduction of public debt to GDP ratio. S4 has the lowest Debt to GDP ratio of 5% as at 2028.

Annex 1

		Projection Methodology	Source
Assumptions:			
Economic activity	State GDP (at current prices)	The State GDP for 2024 to 2027 was forcasted using sectoral growth forcasts (Agriculture, Oil industry and non oil industry and Services) for the Nigerian Economy for the period and maitaining the States' sectoral share in National GDP for the period 2019-2023, we projected the States' GDP for 2024-2027. After 2024, states' grow at the national GDP potential growth rate 4.8 percent. Federal and State Bureau of Statistics	Debt Management Office, Abuja
Revenue	**Revenue**		
	1. Gross Statutory Allocation ('gross' mea	Projections start from the aggregate federation projection that is constant with the nominal GDP forcast for 2024-2033. State allocation for each of these components are estimated using formulae based on fixed shares.	FAAC Allocation
	1.a. of which Net Statutory Allocation	Projections start from the aggregate federation projection that is constant with the nominal GDP forcast for 2023-2033. State allocation for each of these components are estimated using formulae based on fixed shares.	FAAC Allocation and Internally Generated Revenue (IGR)
	1.b. of which Deductions		FAAC Allocation
	2. Derivation (if applicable to the State)		FAAC Allocation
	3. Other FAAC transfers (exchange rate gai	Excess crude receipt is distributed from the Federation Account based on Mineral Revenue receipts above the oil benchmark price, production and exchange rate, it includes exchange gains, refunds from NNPC and FIRS, and augmentation.	Kogi IRS, Accountant-General's Office,Ministry of Finance, Budget and Economic Planning.
	4. VAT Allocation	VAT (Value Added Tax) is an ad-valorem tax applied to sales of almost all goods and services within the Nigerian economy.	Kogi IRS, Accountant-General's Office,Ministry of Finance, Budget and Economic Planning.
	5. IGR	Projections start from the aggregate federation projection that is constant with the nominal GDP forcast for 2024-2033. State allocation for each of these components are estimated using formulae based on fixed shares.	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	6. Capital Receipts		
	6.a. Grants	Projection is based on expectations from Federal Government Sustainable Development Goals (SDGs), Conditional Grants Scheme, as well as grants from the international development partners (including UK - Department for International Development (DFID), European Union (EU), United Nations Children's Fund (UNICEF), and the World Bank.	DSA Team, Ministry of Finance and Economic Development. Kogi State
	6.b. Sales of Government Assets and Pr	Kogi State made losses on the disposals of Assets to the turn of (N12.3B in 2023) but was not projected for sal	State Audited Financial Statement, 20
	6.c. Other Non-Debt Creating Capital Receipts		
Expenditure	**Expenditure**		
	1. Personnel costs (Salaries, Pensions, Civ	The State takes into cognizance the implementation of N72,500 minimum wage to cushion the effect of oil subsidy removal	Government circular Minimum Wage Law, 2024 and Kogi State Revised 2024 Budget Estimates
	2. Overhead costs	Overhead costs show irregular spending year by year. This was largely due to increased cost of running government, especially with respect to maintenance of many government offices.	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)		Audited Financial Statement and DMO quarterly Report
	4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)		
	5. Capital Expenditure	The state intends through its policy (Consolidation) to achieve a balance between Capital and recurrent expenditure by directing capital expenditure on critical infrastructure such as roads, health, agriculture, education etc.Capital Expenditure is based on the recurrent account surplus plus capital receipts	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
Closing Cash and Bank Ba	**Closing Cash and Bank Balance**	The coupon and principal bonds payment is expected to end in year 2025. The cash balance in the sinking fund account (which is part of the cash balance in the actual years) is expected to be distributed.	Bank Statement and Books of Accounts

Debt Amotization and In	#VALUE!		
	External Debt - amortization and interest	The increase in External Debt is as a result of fluctuation in exchange rate. In the interim, despite the risk pose by foreign exchange.	mortization and DMO Quarterly Repor
	Domestic Debt - amortization and interest	The Debt Service is expected to increase in the projected years, which will be as a result of more loans to fund the deficit budget in the projected years.Total Domestic Debt/Total Recurrent Revenue; Total Domestic Debt/IGR; Total Public Debt/Total Revenue; Total Debt Service to total revenue and Domestic Debt Service/IGR are not impressive.	mortization and DMO Quarterly Repor
	#VALUE!		
	New External Financing		
	External Financing - Concessional Loans (	External Financing- Concessional Loans is projected to have an interest rate of 7%. Maturity year of 20 years a	mortization and DMO Quarterly Repor
	External Financing - Bilateral Loans	External Financing- Bilateral Loans is projected to have an interest rate of of 6%. Maturity year of 25 years and a grace period of 3 years.	mortization and DMO Quarterly Repor
	Other External Financing	Other External Financing is projected to have an interest rate of 10%, Maturity year of 23 years and grace period of 4 years.	
	New Domestic Financing		
	Commercial Bank Loans (maturity 1 to 5 y	Commercial Bank Loan is projected to have an interest of rate of 35%. Maturity year of 5 years and a grace period of 1 year. The state projected to borrowed from Commercial Bank to cover any revenue shortfall and that commercial bank loans are the easiest to secure, it also comes with opportunity for renegotiation of the borrowing terms should the need arises. 1-5 years serves short term funding requiement.	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	Commercial Bank Loans (maturity 6 years	Commercial Bank Loan is projected to have an interest of rate of 34%. Maturity year of 9 years and a grace period of 1 year.The state projected to borrowed from Commercial Bank to cover any revenue shortfall and that commercial bank loans are the easiest to secure, it also comes with opportunity for renegotiation of the borrowing terms should the need arises. 1-6 years takes care of medium to long term funding requiement.	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	State Bonds (maturity 1 to 5 years)	State Bonds is projected to have an interest of rate of 25%. Maturity year of 5 years and grace period of 0 year. The state projected to raised fund to finance its deficit through short term state Bonds of 1-5 years maturity period because utilizing the bond option comes with a moderate cost and risk.	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	State Bonds (maturity 6 years or longer)	State Bonds is projected to have an interest of rate of 24%. Maturity year of 9 years and grace period of 0 year. The state projected that the funding gap will be financed by long term state bonds of 6 years or longer maturity period because utilizing the bond comes with a moderate cost and risk.	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	Other Domestic Financing	Other Domestic financing is projected to have an interest of rate of 15%. Maturity year of 20 years and grace p	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
Proceeds from Debt-Cre corresponding to Debt St	**Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S1**		
	New Domestic Financing in Million Naira		
	Commercial Bank Loans (maturity 1 to 5 y	Commercial Bank Loan is projected to have an interest of rate of 35%. Maturity year of 5 years and a grace period of 1 year. The state projected to borrowed from Commercial Bank to cover any revenue shortfall and that commercial bank loans are the easiest to secure, it also comes with opportunity for renegotiation of the borrowing terms should the need arises. 1-5 years serves short term funding requiement.	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	Commercial Bank Loans (maturity 6 years	Commercial Bank Loan is projected to have an interest of rate of 34%. Maturity year of 9 years and a grace period of 1 year.The state projected to borrowed from Commercial Bank to cover any revenue shortfall and that commercial bank loans are the easiest to secure, it also comes with opportunity for renegotiation of the borrowing terms should the need arises. 1-6 years takes care of medium to long term funding requiement.	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	State Bonds (maturity 1 to 5 years)	State Bonds is projected to have an interest of rate of 25%. Maturity year of 5 years and grace period of 0 year. The state projected to raised fund to finance its deficit through short term state Bonds of 1-5 years maturity period because utilizing the bond option comes with a moderate cost and risk. The State is projected to borrow from the Capital Market the sum of N11.2B in 2025 to N40.1B in 2029.	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	State Bonds (maturity 6 years or longer)	State Bonds is projected to have an interest of rate of 24%. Maturity year of 9 years and grace period of 0 year. The state projected that the funding gap will be financed by long term state bonds of 6 years or longer maturity period because utilizing the bond comes with a moderate cost and risk.	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	Other Domestic Financing	Other Domestic financing is projected to have an interest of rate of 15%. Maturity year of 20years and grace period of 0 year. The State projected to borrow from CBN Intervention Fund the sum of N20B in 2025 to N41B in 2029.	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (	External Financing- Concessional Loans is projected to have an interest rate of 7%. Maturity year of 20 years a	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	External Financing - Bilateral Loans	External Financing- Bilateral Loans is projected to have an interest rate of of 6%. Maturity year of 25 years and a grace period of 3 years.	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	Other External Financing	Other External Financing is projected to have an interest rate of 10%, Maturity year of 23 years and grace peri	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
Proceeds from Debt-Cre corresponding to Debt St	**Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S2**		
	New Domestic Financing in Million Naira		
	Commercial Bank Loans (maturity 1 to 5 y	Commercial Bank Loan is projected to have an interest of rate of 35%. Maturity year of 5 years and a grace period of 1 year. The state projected to borrowed from Commercial Bank to cover any revenue shortfall and that commercial bank loans are the easiest to secure, it also comes with opportunity for renegotiation of the borrowing terms should the need arises. 1-5 years serves short term funding requiement.	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	Commercial Bank Loans (maturity 6 years	Commercial Bank Loan is projected to have an interest of rate of 34%. Maturity year of 9 years and a grace period of 1 year.The state projected to borrowed from Commercial Bank to cover any revenue shortfall and that commercial bank loans are the easiest to secure, it also comes with opportunity for renegotiation of the borrowing terms should the need arises. 1-6 years takes care of medium to long term funding requiement.	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	State Bonds (maturity 1 to 5 years)	State Bonds is projected to have an interest of rate of 25%. Maturity year of 5 years and grace period of 0 year. The state projected to raised fund to finance its deficit through short term state Bonds of 1-5 years maturity period because utilizing the bond option comes with a moderate cost and risk.	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	State Bonds (maturity 6 years or longer)	State Bonds is projected to have an interest of rate of 24%. Maturity year of 9 years and grace period of 0 year. The state projected that the funding gap will be financed by long term state bonds of 6 years or longer maturity period because utilizing the bond comes with a moderate cost and risk.	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	Other Domestic Financing	Other Domestic financing is projected to have an interest of rate of 15%. Maturity year of 20 years and grace p	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (	External Financing- Concessional Loans is projected to have an interest rate of 7%. Maturity year of 20 years a	Federal DMO, Abuja
	External Financing - Bilateral Loans	External Financing- Bilateral Loans is projected to have an interest rate of of 6%. Maturity year of 25 years and a grace period of 3 years.	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	Other External Financing	Other External Financing is projected to have an interest rate of 10%, Maturity year of 23 years and grace peri	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.

Proceeds from Debt-Cre: corresponding to Debt St	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S3		
	New Domestic Financing in Million Naira		
	Commercial Bank Loans (maturity 1 to 5 y	Commercial Bank Loan is projected to have an interest of rate of 35%. Maturity year of 5 years and a grace period of 1 year. The state projected to borrowed from Commercial Bank to cover any revenue shortfall and that commercial bank loans are the easiest to secure, it also comes with opportunity for renegotiation of the borrowing terms should the need arises. 1-5 years serves short term funding requiement.	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	Commercial Bank Loans (maturity 6 years	Commercial Bank Loan is projected to have an interest of rate of 34%. Maturity year of 9 years and a grace period of 1 year.The state projected to borrowed from Commercial Bank to cover any revenue shortfall and that commercial bank loans are the easiest to secure, it also comes with opportunity for renegotiation of the borrowing terms should the need arises. 1-6 years takes care of medium to long term funding requiement.	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	State Bonds (maturity 1 to 5 years)	State Bonds is projected to have an interest of rate of 25%. Maturity year of 5 years and grace period of 0 year. The state projected to raised fund to finance its deficit through short term state Bonds of 1-5 years maturity period because utilizing the bond option comes with a moderate cost and risk.	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	State Bonds (maturity 6 years or longer)	State Bonds is projected to have an interest of rate of 24%. Maturity year of 9 years and grace period of 0 year. The state projected that the funding gap will be financed by long term state bonds of 6 years or longer maturity period because utilizing the bond comes with a moderate cost and risk.	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	Other Domestic Financing	Other Domestic financing is projected to have an interest of rate of 15%. Maturity year of 20 years and grace p	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (	External Financing- Concessional Loans is projected to have an interest rate of 7%. Maturity year of 20 years a	Federal DMO, Abuja
	External Financing - Bilateral Loans	External Financing- Bilateral Loans is projected to have an interest rate of of 6%. Maturity year of 25 years and a grace period of 3 years.	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	Other External Financing	Other External Financing is projected to have an interest rate of 10%, Maturity year of 23 years and grace peri	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.

Proceeds from Debt-Cre: corresponding to Debt St	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S4		
	New Domestic Financing in Million Naira		
	Commercial Bank Loans (maturity 1 to 5 y	Commercial Bank Loan is projected to have an interest of rate of 35%. Maturity year of 5 years and a grace period of 1 year. The state projected to borrowed from Commercial Bank to cover any revenue shortfall and that commercial bank loans are the easiest to secure, it also comes with opportunity for renegotiation of the borrowing terms should the need arises. 1-5 years serves short term funding requiement.	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	Commercial Bank Loans (maturity 6 years	Commercial Bank Loan is projected to have an interest of rate of 34%. Maturity year of 9 years and a grace period of 1 year.The state projected to borrowed from Commercial Bank to cover any revenue shortfall and that commercial bank loans are the easiest to secure, it also comes with opportunity for renegotiation of the borrowing terms should the need arises. 1-6 years takes care of medium to long term funding requiement.	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	State Bonds (maturity 1 to 5 years)	State Bonds is projected to have an interest of rate of 25%. Maturity year of 5 years and grace period of 0 year. The state projected to raised fund to finance its deficit through short term state Bonds of 1-5 years maturity period because utilizing the bond option comes with a moderate cost and risk.	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	State Bonds (maturity 6 years or longer)	State Bonds is projected to have an interest of rate of 24%. Maturity year of 9 years and grace period of 0 year. The state projected that the funding gap will be financed by long term state bonds of 6 years or longer maturity period because utilizing the bond comes with a moderate cost and risk.	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	Other Domestic Financing	Other Domestic financing is projected to have an interest of rate of 15%. Maturity year of 20 years and grace p	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (	External Financing- Concessional Loans is projected to have an interest rate of 7%. Maturity year of 20 years a	Federal DMO, Abuja
	External Financing - Bilateral Loans	External Financing- Bilateral Loans is projected to have an interest rate of of 6%. Maturity year of 25 years and a grace period of 3 years.	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.
	Other External Financing	Other External Financing is projected to have an interest rate of 10%, Maturity year of 23 years and grace peri	Kogi State MTEF, Ministry of Finance, Budget and Economic Planning.

Annex 2

Indicator	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
			Actuals							Projections					
	BASELINE SCENARIO														
Economic Indicators															
State GDP (at current prices)	2,645,515.00	3,151,690.00	3,597,583.00	4,134,731.00	4,789,801.00	5,657,574.00	6,545,078.00	7,441,638.00	8,279,752.00	9,212,260.00	10,249,790.00	11,404,173.00	12,688,568.00	14,117,618.00	15,707,615.00
Exchange Rate NGN/US$ (end-Period)	253.19	305.79	306.50	326.00	379.00	1,300.00	1,200.00	1,100.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Fiscal Indicators (Million Naira)															
Revenue	**104,198.40**	**98,812.70**	**81,584.10**	**111,141.40**	**150,549.27**	**326,609.54**	**251,142.46**	**271,485.37**	**314,459.83**	**323,377.78**	**343,650.59**	**358,397.32**	**395,519.59**	**415,401.91**	**470,950.56**
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT	45,509.55	37,462.87	41,719.00	47,173.02	58,204.94	161,201.37	167,232.78	170,948.44	200,009.67	234,011.31	293,793.24	310,338.09	334,795.56	358,510.81	373,057.65
1.a. of which Net Statutory Allocation ('net' means of 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
1.b. of which Deductions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Derivation (if applicable to the State)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Other FAAC transfers (exchange rate gain, augmentation, others)	3,231.49	4,783.91	3,026.43	0.00	5,425.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. VAT Allocation	12,086.86	14,643.92	20,650.50	25,251.90	34,825.83	15,605.98	16,152.88	16,209.20	16,521.30	16,802.90	16,925.40	17,145.20	17,356.80	17,597.40	28,700.20
5. IGR	17,199.21	17,455.22	13,778.53	14,168.59	16,926.38	16,239.07	16,239.10	16,239.10	16,577.31	16,775.76	16,836.62	16,220.87	16,536.62	16,775.80	16,836.60
6. Capital Receipts	26,171.30	24,466.80	2,409.66	24,547.90	35,166.90	133,563.12	51,517.70	68,088.63	81,351.55	55,787.81	16,095.32	14,693.17	26,830.60	22,517.90	52,356.11
6.a. Grants	2,977.40	22,564.80	2,409.66	19,445.24	34,711.31	2,259.28	2,259.27	2,259.27	2,371.89	2,809.08	1,289.98	1,818.98	1,289.98	1,809.10	1,844.55
6.b. Sales of Government Assets and Privatization Proceeds	0.00	0.00	0.00	5,012.80	-12.26	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	1,902.00	0.00	89.88	467.90	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 disbursemen	0.00	0.00	0.00	0.00	0.00	131,303.84	49,258.42	65,829.36	78,979.66	52,978.73	14,805.34	12,874.19	25,540.62	20,708.80	50,511.56
Expenditure	**88,240.00**	**84,916.00**	**111,455.00**	**140,984.70**	**173,373.80**	**244,070.84**	**272,319.56**	**290,262.47**	**286,061.63**	**322,555.18**	**342,727.99**	**359,319.92**	**396,342.19**	**413,800.11**	**472,173.46**
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	22,364.00	35,939.80	38,381.92	44,916.19	50,728.92	65,285.90	65,285.90	65,285.90	65,597.50	85,183.27	85,183.30	85,183.30	110,738.28	118,738.28	130,738.28
2. Overhead costs	29,826.17	27,136.53	31,484.25	34,908.33	52,033.28	56,692.74	57,259.67	58,404.86	38,079.63	38,283.50	38,387.22	38,512.81	48,678.31	38,743.80	38,809.30
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC A	1,995.31	3,689.40	3,580.11	8,875.86	8,719.00	4,030.60	24,221.70	29,975.06	35,771.76	40,079.98	51,421.90	48,634.27	46,670.79	43,670.41	44,411.24
3.a. of which Interest Payments (Public Debt Charges, excluding interests deduct	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.b. of which Interest deducted from FAAC Allocation	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
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Inte	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
5. Capital Expenditure	28,589.76	14,045.20	29,134.42	46,938.00	50,372.00	112,542.00	118,169.10	124,077.56	130,281.43	136,795.50	143,635.28	155,817.04	158,357.90	176,275.79	224,589.58
6. Amortization (principal) payments	5,464.74	4,105.10	8,874.30	5,346.30	11,520.60	5,519.60	7,383.20	12,519.10	16,331.31	22,212.92	24,100.29	31,172.50	31,896.92	36,371.83	33,625.06
Budget Balance (' + ' means surplus, ' - ' means deficit)	**15,958.40**	**13,896.70**	**-29,870.90**	**-29,843.30**	**-22,824.53**	**82,538.70**	**-21,177.10**	**-18,777.10**	**28,398.20**	**822.60**	**922.60**	**-922.60**	**-822.60**	**1,601.80**	**-1,222.90**
Opening Cash and Bank Balance	**16,497.92**	**32,456.28**	**46,352.80**	**16,481.90**	**-13,361.40**	**-36,185.90**	**46,352.80**	**25,175.70**	**6,398.60**	**34,796.80**	**35,619.40**	**36,542.00**	**35,619.40**	**34,796.80**	**36,398.60**
Closing Cash and Bank Balance	**32,456.28**	**46,352.80**	**16,481.90**	**-13,361.40**	**-36,185.90**	**46,352.80**	**25,175.70**	**6,398.60**	**34,796.80**	**35,619.40**	**36,542.00**	**35,619.40**	**34,796.80**	**36,398.60**	**35,175.70**

Financing Needs and Sources (Million Naira)

Financing Needs	**131,303.84**	**49,258.42**	**65,829.36**	**78,979.66**	**52,978.73**	**14,805.34**	**12,874.19**	**25,540.62**	**20,708.80**	**50,511.56**
i. Primary balance	-39,214.94	-38,830.63	-42,112.31	1,521.60	10,136.77	61,639.45	66,009.99	52,204.49	60,935.24	26,301.84
ii. Debt service	9,550.20	31,604.90	42,494.15	52,103.07	62,292.91	75,522.19	79,806.77	78,567.70	80,042.24	78,036.30
Amortizations	5,519.60	7,383.20	12,519.10	16,331.31	22,212.92	24,100.29	31,172.50	31,896.92	36,371.83	33,625.06
Interests	4,030.60	24,221.70	29,975.06	35,771.76	40,079.98	51,421.90	48,634.27	46,670.79	43,670.41	44,411.24
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)	82,538.70	-21,177.10	-18,777.10	28,398.20	822.60	922.60	-922.60	-822.60	1,601.80	-1,222.90
Financing Sources	**131,303.84**	**49,258.42**	**65,829.36**	**78,979.66**	**52,978.73**	**14,805.34**	**12,874.19**	**25,540.62**	**20,708.80**	**50,511.56**
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	131,303.84	49,258.42	65,829.36	78,979.66	52,978.73	14,805.34	12,874.19	25,540.62	20,708.80	50,511.56
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	21,303.80	0.00	0.00	0.00	28,588.50	0.00	12,874.20	0.00	20,708.80	0.00
State Bonds (maturity 1 to 5 years)	0.00	0.00	0.00	8,979.70	0.00	0.00	0.00	0.00	0.00	20,511.60
State Bonds (maturity 6 years or longer)	45,000.00	0.00	32,829.40	0.00	24,390.20	0.00	0.00	0.00	0.00	0.00
Other Domestic Financing	0.00	49,258.40	0.00	30,000.00	0.00	14,805.30	0.00	25,540.60	0.00	0.00
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	65,000.00	0.00	33,000.00	0.00	0.00	0.00	0.00	0.00	0.00	30,000.00
External Financing - Bilateral Loans	0.00	0.00	0.00	40,000.00	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	0.04	0.02	-0.04	-0.04	0.03	0.04	-0.01	0.02	0.00	-0.04

Debt Stocks and Flows (Million Naira)

Debt (stock)	**107,548.39**	**100,571.84**	**77,747.03**	**101,308.57**	**139,252.10**	**307,426.29**	**339,718.92**	**383,466.58**	**433,572.34**	**464,338.15**	**455,043.20**	**436,744.89**	**430,388.59**	**414,725.56**	**431,612.06**
External	7,722.29	9,234.74	7,086.89	7,687.77	17,443.85	124,573.80	114,751.20	137,968.60	165,226.00	162,084.82	158,943.65	154,037.76	147,413.70	140,789.64	164,165.57
Domestic	99,826.10	91,337.10	70,660.14	93,620.80	121,808.25	182,852.49	224,967.72	245,497.98	268,346.34	302,253.32	296,099.55	282,707.12	282,974.88	273,935.92	267,446.49
Gross borrowing (flow)						**131,303.84**	**49,258.42**	**65,829.36**	**78,979.66**	**52,978.73**	**14,805.34**	**12,874.19**	**25,540.62**	**20,708.80**	**50,511.56**
External						65,000.00	0.00	33,000.00	40,000.00	0.00	0.00	0.00	0.00	0.00	30,000.00
Domestic						66,303.84	49,258.42	32,829.36	38,979.66	52,978.73	14,805.34	12,874.19	25,540.62	20,708.80	20,511.56
Amortizations (flow)	**74,157.88**	**9,098.07**	**8,973.97**	**5,600.58**	**11,852.60**	**5,519.60**	**7,383.20**	**12,519.10**	**16,331.31**	**22,212.92**	**24,100.29**	**31,172.50**	**31,896.92**	**36,371.83**	**33,625.06**
External	101.28	3,500.27	99.67	254.28	332.00	260.00	240.00	220.00	200.00	3,141.18	3,141.18	4,905.88	6,624.06	6,624.06	6,624.06
Domestic	74,056.60	5,597.80	8,874.30	5,346.30	11,520.60	5,259.60	7,143.20	12,299.10	16,131.31	19,071.75	20,959.11	26,266.62	25,272.85	29,747.76	27,000.99
Interests (flow)	**7,472.48**	**19,370.08**	**2,901.62**	**6,565.32**	**5,279.16**	**4,030.60**	**24,221.70**	**29,975.06**	**35,771.76**	**40,079.98**	**51,421.90**	**48,634.27**	**46,670.79**	**43,670.41**	**44,411.24**
External	22.12	30.58	66.32	71.72	233.46	130.00	1,920.00	1,760.00	2,500.00	3,700.00	3,611.76	3,523.53	3,354.66	3,186.63	2,963.22
Domestic	7,450.36	19,339.50	2,835.30	6,493.60	5,045.70	3,900.60	22,301.70	28,215.06	33,271.76	36,379.98	47,810.14	45,110.74	43,316.13	40,483.78	41,448.02
Net borrowing (gross borrowing minus amortizations)						**125,784.24**	**41,875.22**	**53,310.26**	**62,648.36**	**30,765.81**	**-9,294.95**	**-18,298.31**	**-6,356.30**	**-15,663.03**	**16,886.51**
External						64,740.00	-240.00	32,780.00	39,800.00	-3,141.18	-3,141.18	-4,905.88	-6,624.06	-6,624.06	23,375.94
Domestic						61,044.24	42,115.22	20,530.26	22,848.36	33,906.98	-6,153.77	-13,392.43	267.76	-9,038.96	-6,489.43

Debt Stock as % of SGDP		4.07	3.19	2.16	2.45	2.91	5.43	5.19	5.15	5.24	5.04	4.44	3.83	3.39	2.94	2.75
Debt Stock as % of Revenue (including grants and excluding other capital receipts)		103.22	103.78	95.30	95.54	92.78	157.41	168.27	186.46	184.12	171.72	138.38	126.40	116.33	105.08	102.66
Debt Service as % of SGDP							0.17	0.48	0.57	0.63	0.68	0.74	0.70	0.62	0.57	0.50
Debt Service as % of Revenue (including grants and excluding other capital receipts)							4.89	15.65	20.66	22.13	23.04	22.97	23.10	21.24	20.28	18.56
Interest as % of SGDP							0.07	0.37	0.40	0.43	0.44	0.50	0.43	0.37	0.31	0.28
Interest as % of Revenue (including grants and excluding other capital receipts)							2.06	12.00	14.58	15.19	14.82	15.64	14.08	12.61	11.06	10.56
Personnel Cost as % of Revenue (including grants and excluding other capital receipts)							33.43	32.34	31.75	27.86	31.50	25.90	24.65	29.93	30.08	31.10
Adverse Shock Scenario is defined by the worst performance indicator measured in year 2028																
For Debt Stock as % of SGDP the adverse shock is: Historical	Historical															
Debt Stock as % of SGDP							5.43	5.92	6.43	7.63	8.46	9.22	9.58	9.45	8.61	6.76
For Debt Stock as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue	Revenue															
Debt Stock as % of Revenue (including grants and excluding other capital receipts)							157.41	198.08	230.07	237.28	232.67	202.04	201.20	201.64	201.14	210.74
For Debt Service as % of SGDP the adverse shock is: Historical	Historical															
Debt Service as % of SGDP							0.17	0.56	0.74	0.89	1.10	1.36	1.42	1.27	1.88	1.76
For Debt Service as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue	Revenue															
Debt Service as % of Revenue (including grants and excluding other capital receipts)							4.89	17.39	23.83	26.18	27.88	28.27	35.83	34.80	35.54	35.57
For Interest as % of SGDP the adverse shock is: Historical	Historical															
Interest as % of SGDP							0.07	0.43	0.52	0.60	0.71	0.93	0.95	0.97	0.92	0.89
For Interest as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue	Revenue															
Interest as % of Revenue (including grants and excluding other capital receipts)							2.06	13.33	17.07	18.48	18.75	20.13	19.32	18.55	17.72	18.07