



**KEBBI STATE
DEBT SUSTAINABILITY ANALYSIS
(DSA) AND DEBT MANAGEMENT
STRATEGY(DMS) REPORT**

2025

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CHAPTER ONE

1.1 Background and Objectives

The Debt Sustainability Analysis (DSA) analyses trends and patterns in the State's public finances during the period 2020-2024 and evaluates the debt sustainability in 2025-2034. The analysis highlights recent trends in revenue, expenditure, public debt and the related policies adopted by the State. A debt sustainability assessment is conducted, including scenario and sensitivity analysis, in order to evaluate the prospective performance of the State's public finance. It is a key component of our fiscal strategy that enables us to evaluate capacity for additional financing through other means including borrowings, grants, etc. Since debt has become a major part of public finance structure, a critical analysis is needed to ascertain the possibility of its existence or otherwise, in the budgeting system and public expenditure.

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

1.2 DSA and DMS for Kebbi State

Public Debt has been relatively stable over the last few years especially with the clearance of the intervention loans (Budget Support Facility, Salary Bail Out and Excess Crude backed Loans) from the Central Bank in 2024.

However, with the projected fiscal position in the medium term and the analysis done, the borrowings will have to significantly increase which will make the Debt Stock to Revenue performance indicator breach the threshold from 2027 to 2029 but normalises thereafter for the remaining of the projection years. Other performance indicators show the state in a favourable debt sustainability position all through the projection period.

Furthermore, over the medium term, given revenue projections (which are very prudent from a Federation Account Allocation Committee (FAAC) perspective), prudent management of recurrent cost and the budgeted increased levels of Capital Expenditure, Kebbi will significantly increase its debt burdens under the liquidity and solvency lenses, though the baseline shows a balancing of the Domestic: Foreign ratio and movements to longer maturity in the domestic debt market.

The Baseline and shocks simulated in section 4 of this report show that Kebbi State, given the trajectories presented, all performance indicators remain favourable all through the projection years except for Debt to Revenue ratio between the years of 2027-2029. Given that FAAC allocations have increased

considerably in the last two years due to the reforms being implemented by the Federal Government, the state must continue to be prudent and work to ensure that revenue projections over the future years do not decline. State must intensify efforts to bring more people into the tax net and improve IGR significantly. Debt managers must also continue to work to reduce the state's exposure to debt.

.3 Long Term Debt Sustainability for Kebbi State

The State exhibits a solid debt position that appears sustainable in the long term. The state will still be relying on FAAC as its main source of revenue as it is expected to grow averagely by 21.6% over the projection period. FAAC has been forecasted to grow proportionately faster than the other revenue sources while efforts are continually being put in place to improve IGR. Expenditure is projected to grow at a slightly slow pace as the level of borrowing decreases.

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

Federation Account revenue estimates (Statutory Allocation, VAT) for the period 2025-2028 are again as per the Kebbi State MTEF which are based on elasticity forecasting. It is assumed that Statutory Allocation will continue to grow due to the recent policy of the Federal Government on Fuel Subsidy removal and the liberalization of the foreign exchange regime. (this are prudent assumptions) where VAT grows by a further 7.5% per annum (which is modest given the likely inflation rates and Federal tax reforms).

IGR forecasts for 2025 is based on the approved 2025 budget, and thereafter until 2028 on the SDP. This is premised on IGR reforms that are currently being implemented in the state. Beyond 2025, when the full effect of the IGR reforms should be in place, it is anticipated that State IGR will grow at the same pace as State nominal GDP.

Grants are anticipated to continue to grow moderately throughout the period 2025- 2034 even though we projected decline in some years due to anticipated programmes. Kebbi State Government will, as part of the state development plan look to ensure it is continually assessing potential sources of grants both from within Nigeria and externally.

From an expenditure perspective, Kebbi State Government has the desire to ensure sufficient funds are available for Capital Investment, but at the same time acknowledging the need to keep up with personnel and other recurrent costs (i.e. overheads) are sufficient to maintain assets and provide services. Using the 2025

approved budget as a base, personnel costs are forecast to rise by 14.4% and overheads by 12.7% on the average over the period 2025-2034. Capital expenditure is forecast to grow by 45.2% on the average for the same period.

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

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

The Kebbi State Government target on Internally Generated Revenue (IGR) is to be able to fund all recurrent and even part of other expenditure so as to set its FAAC and Grants for infrastructural development. The increasing generation and collection of IGRs from 2020 to date is a clear indication and direction that Kebbi is within a comfortable zone to debt sustainability/threshold considering the ratios of debt to revenue, GDP, etc.

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

1.4 Debt Management Strategy

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

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

The minimal external loans are expected to be sourced from different financial institutions for various infrastructure development projects during the projection

years. Interest rate is projected to be between 3% to 4% and maturity between 20 and 25 years.

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

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

CHAPTER TWO

KEBBI STATE FISCAL AND DEBT FRAMEWORK

2.1 Fiscal Reforms

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

Objectives and Targets

The State Government's budget focus is on improving governance, fostering institutional reforms, and enhancing agriculture, youth empowerment, and food security.

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

- I. Create efficiencies in personnel and overhead expenditure to allow greater resource for capital development.
- II. Grow IGR by a minimum of about 15% every year from 2025 to 2027
- III. Ensure loans will only be used for capital expenditure projects.
- IV. Achieve long term target of funding all recurrent expenditure with revenue of a recurrent nature (IGR, VAT and Non-mineral component of Statutory Allocation)
- V. Target sources of capital receipts and financing outside of loans (e.g. Grants, PPP, etc.)
- VI. Give priority to the completion of ongoing capital projects before new projects are commenced; and
- VII. Grow the economy through targeted spending in areas of comparative advantage.

2.2 2025 Budget and 2026-2028 MTEF

Kebbi State has in the last couple of years institutionalised the preparation of Medium-Term Expenditure Framework (MTEF). The document serves as a tool for multi-year fiscal Planning and Budget formulation process aimed at enabling the State Government to realistically set fiscal targets and effectively allocate resources to strategic priorities. Key elements of the MTEF are the Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS). The latest edition of the MTEF covers the period 2026-2028 and is referenced later in this report.

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

Kebbi State's Budget Policy Thrust

The overall size of the 2025 budget will be based on resource estimates as provided in the Fiscal Strategy Paper (FSP) and sector allocations in line with the State's development priorities.

The 2025 budget will focus on Agriculture and Rural Development, Infrastructural Development, Health, Education, Water Supply and Sanitation, Environment, Lands and Housing, Culture and Tourism and Youth and Women Empowerment. In the entire sub sectors, priority will be given to on-going projects.

The 2025 Budget Policy thrust is as follows:

- i. To reduce over-dependence on Federal transfers through improved independent revenue generation achievable via a technology-driven and autonomous Kebbi State internal revenue service; these include expanding the tax net, reviewing the rates of fines and fees, and leveraging digital platforms for efficient collection and compliance.
- ii. To accelerate economic growth by harnessing the state's solid mineral potential, promoting responsible mining, and attracting private investment into the sector. This complements ongoing efforts in agriculture, trade, and

- industrialization to create jobs and stimulate wealth creation.
- iii. To ensure quality human-capital development initiative through continuous improvement in access to - and quality of - public services, which include education and Health Care Delivery Systems at all levels. Inherent in this is the resolve of the government to promote gender equality and inclusive development.
 - iv. To pursue initiatives that would continue to generate economic growth and guarantee security. This would involve the implementation of programmes that generate employment and create wealth and ensure adequate security.
 - v. To deepen reforms in public financial management, policy formulation, and service delivery. As part of this, the government will finalize and operationalize the Kebbi State Development Plan (KBSDP 2020 - 2025) and Medium-Term Sector Strategies (MTSS) for priority sectors, as well as other sectoral policy documents, while ensuring alignment with national frameworks and global best practices.

2.3 Legislative Framework for Public Financial Management in Kebbi State

The fundamental law governing public financial management in Nigeria and KEBBI State is the 1999 Constitution as amended. Sections 120 and 121 of the Constitution provide that all revenues accruing to KEBBI State Government shall be received into a Consolidated Revenue Fund (CRF) to be maintained by the Government, and no revenue shall be paid into any other fund, except as authorized by the State House of Assembly (SHoA) for a specific purpose. The withdrawal of funds from the CRF shall be authorized by the SHoA through the annual budget or appropriation process. The Governor of KEBBI State shall prepare and lay expenditure proposals for the coming financial year before the SHoA, and the SHoA shall approve the expenditure proposal by passing an Appropriation Law. The Appropriation Law shall authorize the executive arm of government to withdraw and spend the amounts specified from the CRF.

Institutional Framework for Public Financial Management in Kebbi State

The Constitution vests the executive powers of the State in the Governor. The Constitution provides that “the Governor shall cause to be prepared and laid before the House of Assembly at any time before the commencement of each financial year, estimates of the revenues and expenditure of the State for the next following financial year.”. The Governor of KEBBI State exercises his executive powers either directly or through the Deputy Governor, the Commissioners, Special Advisers, Permanent Secretaries, and other officers in the public service of the State.

2.4 State’s Revenue Policies: Kebbi State Government introduced new “Revenue Bill 2020” the bill make provision for the repeal and re-enactment of a

law no. 002 of 2019 for the administration and collection of revenue accrued to the Kebbi State Government and local government. Under the new bill the “Taxable person” includes an individual or body, individuals, family, corporation sole, trustee or executor or a person who carries out in a place an economic activity, a person exploiting tangible or intangible property for the purpose of obtaining income there from by way of trade of business or person or agency of government acting in that capacity.

The purpose of the new bill are as follows:

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

2.5 State’s Expenditure Policies: Kebbi State’s Expenditure Policies drives through a State’s Comprehensive Development Framework (CDF) which is to develop a holistic socioeconomic development strategy that puts together all major elements affecting the development of the State. The effort represents a shared vision of all stakeholders, a development framework that is designed to guide short and medium-term state development plans and ensure effective linkage to the budget through a Medium-Term Expenditure Framework with sufficient flexibility to respond to emerging needs and exigencies.

This section provides a brief review of the development process of the State since its creation, the overall development objectives, and priorities, as well as its mission and vision. The section also gives an overview of the conceptual underpinnings for the sustainable economic development of the State outlined in the Kebbi State CDF.

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

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

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

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

CHAPTER THREE

REVENUE, EXPENDITURE, FISCAL AND DEBT PERFORMANCE, 2020- 2024

3.0 Introduction

The figures captured in this section of the report reflects the audited financial statement position for the historical years (2020 -2024). The state debts report also aligns with the 2024 Q4 State Debt Report submitted the Federal Debt Management Office.

3.1 Revenue, Expenditure, Overall & Primary Balance

i. Aggregate State TOTAL Revenue trend in the last five years and its composition in 2024

The revenue of the state for the historical period (2020-2024) comprises all forms of revenue that accrued to the state except for capital receipt. They are Statutory Allocation, VAT, IGR and Excess Crude

Aggregate Revenue grew substantially in nominal terms over the period. Total revenue grew from N62,102M in 2020 to N142,914M in 2024.

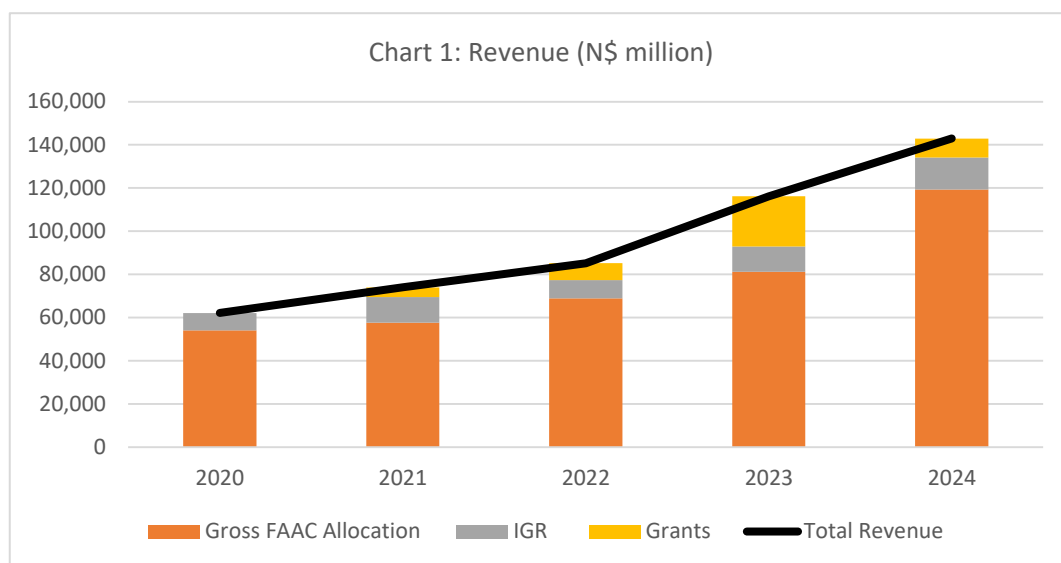
In further breaking down the components of the Gross FAAC, the Gross Statutory Allocation increased over this period from N54,126M in 2020 to N119,311M in 2024.

The Gross FAAC made up for a larger proportion of the growth in revenue over the historical years which is due to policies being implemented by the Federal Government which increased revenue accruing to the Federation Account.

Table 3.1 Kebbi State Aggregate Revenue for 2020-2024

REVENUE TYPE	2020	2021	2022	2023	2024
Gross FAAC	54,126	57,676	68,869	81,191	119,311
IGR	7,976	11,851	8,429	11,737	14,776
Grants	0	4,423	7,857	23,211	8,827
Total Revenue	62,102	73,950	85,155	116,139	142,914

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



Source: Audited Financial Statements

ii. FAAC Allocations trend in the last five years

There has been a steady increase in Statutory Allocation since 2020 due to the increase in revenue earned from VAT, removal of fuel subsidy and liberalization of exchange rates in 2023. FAAC grew from N54,126M in 2020 to N119,311M in 2024 which is an increase of 130%.

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

VAT has constantly surged in the country over the years not least as a result of continued high level of Consumer Price inflation and this trend is expected to continue.

iii. IGR trend in the last five years.

The State exhibited a fairly strong IGR growth during the review period. IGR grew from N7,976M in 2020 to N14,776M in 2024 which represents an 85% increase. The IGR figures have steadily been increasing over the years. This is as a result of the continued efforts of the state internal revenue board in putting in measures to enhance tax collections and reduced leakages in the state internal revenue framework.

iv. Aggregate (total) Expenditure trend in the last five years and its composition in 2024.

The state expenditure can be classified as Recurrent (Personnel, Overheads, Debt Service and other Recurrent expenditure) and Capital Expenditure. The expenditure of the state witnessed any increase over the historical years. Total expenditure as at 2020 stood at N78,742M while the figure for 2024 is N149,585M.

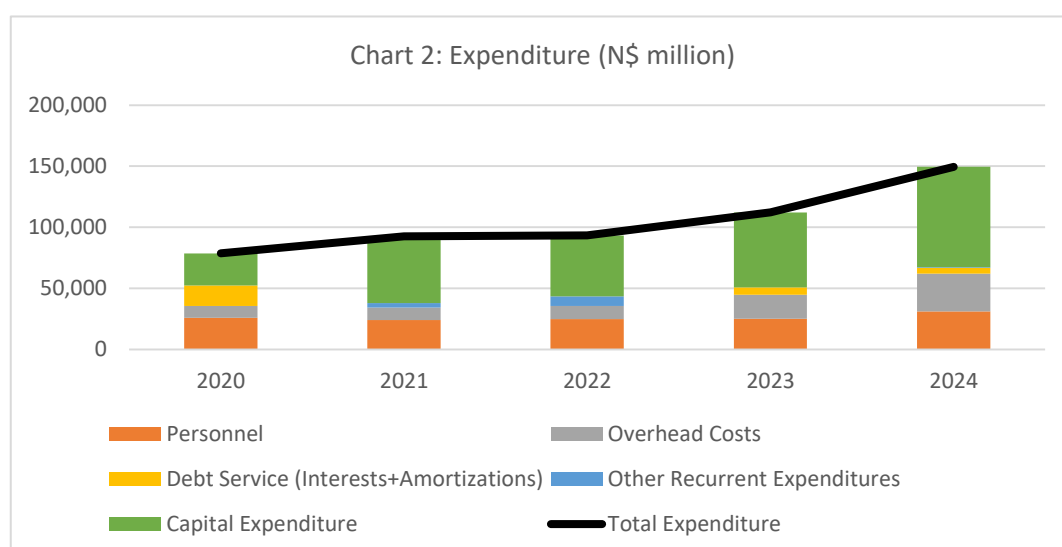
Personnel Cost and Capital Expenditure increased slightly over the historical period.

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

Table 3.2 Kebbi State Aggregate Expenditure for 2020-2024

	2020	2021	2022	2023	2024
Personnel	26,095	24,091	24,842	25,154	31,196
Overhead Costs	9,643	10,376	10,778	19,674	31,028
Debt Service (Interests+Amortizations)	16,661	0	0	5,935	4,723
Other Recurrent Expenditures	0	3,599	8,000	0	436
Capital Expenditure	26,344	54,608	49,704	61,508	82,201
Total Expenditure	78,743	92,674	93,325	112,272	149,585

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



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

The main expenditure variation happened with capital expenditure and overhead

cost. Both expenditure head grew by 212% and 222% respectively over the historical

years. The state had embarked on massive infrastructural projects which resulted in the capital expenditure cost witnessing an increase from N26,344M in 2020 to N82,201M in 2024.

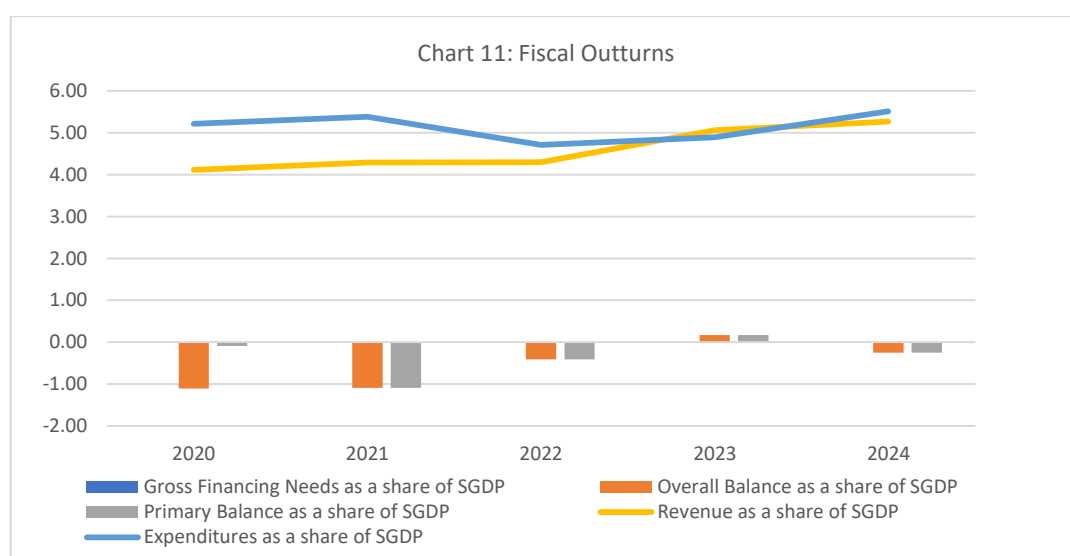
The overhead cost also increased significantly from N9,643M in 2020 to N31,028M in 2024.

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

The overall and the primary balance as a share of the State GDP both witnessed similar trajectory in the historical years as both are measures are negative, indicating persistent fiscal deficits especially for 2020 -2022. A temporary shift to surplus (+0.17% of GDP), in 2023 consistent with the budget surplus observed that year. It returned to a mild deficit (−0.25% of GDP) in 2024, but far smaller than 2020–2021. In most years, the primary balance closely matches the overall balance. These figures show strong improvement from deep deficits (2020–2021) toward balance and surplus by 2023.

In all, the state shows clear fiscal recovery after 2021, surplus in 2023 highlights the strongest fiscal year of the period and 2024 suggests cautious stability, but not yet a fully sustained surplus path. See table below;

Description	2020	2021	2022	2023	2024
Overall Balance as a share of SGDP	-1.10	-1.09	-0.41	0.17	-0.25
Primary Balance as a share of SGDP	-0.09	-1.09	-0.41	0.17	-0.25



Budget Balance – This refers to the difference between the State’s total revenue and

total expenditure within a specific fiscal year. It is one of the key indicators used to assess the fiscal health and sustainability of the state.

See details below for the historical period;

Description	2020	2021	2022	2023	2024
Budget Balance (NGN' Million)	-752.53	-18,724.24	477.49	15,604.45	15,881.40

From the details above, Kebbi State in 2020–2021 witnessed fiscal stress, with 2021 having a very large deficit. From 2022 onward, the state shifts into surplus, with strong improvement in 2023 and 2024. The sharp turnaround from 2022 was due to the revenue growth experienced in the state through FAAC and IGR.

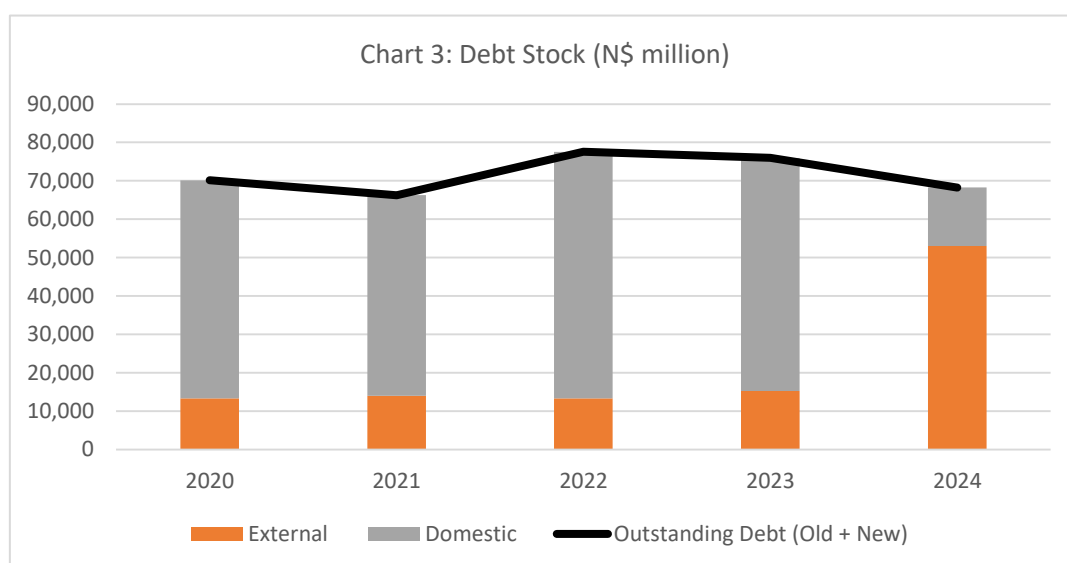
3.2 Kebbi State Existing Debt Portfolio

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

i. **Public debt stock amount or its shares on total Revenue at end 2024 and its growth in the last five years**

The State public debt (Domestic and Foreign) amounted to N70,146M as of end 2020 and has been relatively stable. The debt stock figure had declined to N68,262M as at the end of 2024 due to the clearance of the outstanding CBN intervention loans.

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



ii. **The existing public debt portfolio composition at end-2024.**

The domestic component of the state debt stock as at December 2024 is N15,222M which is 22% of the entire state debt portfolio while the external debt stood at N53,040M representing 78% of the state debt stock. The increase in the foreign debt component is due to the liberalization of foreign exchange which increased exchange rate significantly.

Table below captures the state debt stock as at December 2024.

DEBT CATEGORY	AMOUNT	PERCENTAGE
Domestic Debt	15,222	22%
External Debt	53,040	78%
Total Debt (stock)	68,262	100.00%

The 2024 closing debt stock by item is summarised in the table below.

Category of Loan	Currency	Denomination	2024 Year End Balance
World Bank (WB)	US Dollars	Million	37.1
African Development Bank (AfDB)	US Dollars	Million	3.7
Total External Debt – Stocks	US Dollars	Million	40.8
Commercial Banks Loans	Naira	Million	459
Infrastructure Loan (CBN Development Financing Facilities)	Naira	Million	3,133.5
Contractors' Arrears	Naira	Million	11,629.5
Total Domestic Debt – Stocks	Naira	Million	15,222

Note: Exchange rate adopted for external loan for 2024 is at N1,300: \$1

iii. **Cost and risks exposure of the existing public debt portfolio at end-2024.**

The threshold for debt service as a percentage of revenue is set at 40%. The state over the historical period didn't get close to the benchmark and it is noteworthy to state that given the projected debt levels, it is expected

to remain steady over the years. Debt service as a percentage of gross FAAC moved from 30% in 2020 to 8% in 2024.

The external debt service as a share of revenue increased from 0.92% in 2020 to 1.55% in 2024. This is still very well under control with limited exposure to currency fluctuations.

Debt as a Percentage of Revenue -This ratio provides clearer picture of debt sustainability as it is used to assess the State's ability to service its debt using the revenue it generates. Threshold is set at 200%.

See below the performance for the historical years;

Description	2020	2021	2022	2023	2024
Debt as percentage of Revenue (in percentage)	113	90	91	65	48

The record above shows that 2020's 113% indicates revenue was sufficient to cover debt obligations but the percentage was very high. While it reduced in 2021–2022 and stabilized near 90%. The years 2023–2024 show significant improvement, falling to 65% and then 48%, signalling better debt sustainability.

By 2024 the state appears fiscally healthier, with a moderate debt-to-revenue ratio signalling a declined debt burden.

CHAPTER FOUR

KEBBI STATE DEBT SUSTAINABILITY ANALYSIS

4.0 Introduction

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

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

Table 4.1 Performance Indicators with Threshold

INDICATOR	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Debt as % of SGDP	5	4	4	3	3	10	14	18	20	21	18	16	13	11	9
Threshold	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25
Debt as % of Revenue	113	90	91	65	48	120	189	248	286	244	167	146	131	117	103
Threshold	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200
Debt Service as % of Revenue	27	9	15	3	7	2	10	22	35	36	30	29	27	24	23
Threshold	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Personnel Cost as % of Revenue	42	33	29	22	22	22	23	21	20	16	12	12	12	12	12
Threshold	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60

In the historical years, debt as a percentage of state GDP recorded its highest figure in 2020 at 5% while it is 21% in 2029 for the projection years. In all they are still far from the 25% threshold, that is an indication of the good strategies put in place to manage the debt and fiscal responsibility in

the state.

For debt as a percentage of revenue with a threshold of 200%, the highest percentage the state recorded happened in 2020 at 113% and declined for the rest of the historical years while in the projection years, the highest point where the threshold was breached is 2028 at 286%.

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

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

Table 4.2 Performance Indicators without Threshold

INDICATORS	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Debt Service as a share of Gross FAAC Allocation	30	12	18	4	8	3	10	24	38	39	32	31	28	26	25
Interest as a share of Revenue	2	2	4	2	2	0	7	16	26	25	20	18	16	14	13
External Debt Service as a share of Revenue	0.92	0.83	0.68	0.57	1.55	1	3	7	9	9	7	7	7	7	6

4.1 Medium Term Budget Forecast

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

Macroeconomic Outlook

The State has recently published KEBBI State Development Plan (KBSDP) and Medium-Term Sector Strategy for the key sectors which includes GDP and revenue growth projections for the state. Furthermore, the State 2026-2028 MTEF further expands on these assumptions particularly with regards Mineral sector assumptions.

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

Item	2025	2026	2027	2028
National Inflation	15.75%	14.21%	10.04%	15%
National Real GDP Growth	4.6%	4.40%	5.5%	3.3%
Oil Production Benchmark (MBPD)	2.06	2.10	2.35	1.8
Oil Price Benchmark	\$75.00	\$76.72	\$75.3	\$55
NGN: USD Exchange Rate	₦1,400	₦1,400	₦1,400	₦1,400

Source: Ministry of Budget & Economic Planning; NUPRC; BOF; NBS

The projected economic growth rate for the National 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, 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 the 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 a reduction in supply-side constraints

occasioned by a drastic reduction in domestic insecurity, improved infrastructure, and a 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 projected net amount accruable to the Federation Account in 2025 is N58.79 trillion. Of this amount, N51.61 trillion is projected to flow into the Main Pool, while N6.95 trillion and N228.85 billion are projected to accrue to the VAT Pool and EMTL, respectively. Oil revenues are projected to be N40.42 trillion, about 69% of total Federation Account receipts and 78% of Main Pool receipts. The Federation Account revenues include Corporate Tax of N5.66 trillion, Customs Revenue of N3.21 trillion, Special Levies of N677.07 billion, NLNG Dividend of N1.40 trillion, Solid Minerals of N31.93 billion, and Nigeria Police Trust Fund (NPTF) levy of N5 billion. The share of the Federal Government from the Main Federation Account Pool will be N27.19 trillion, while the State and Local governments are projected to get N13.79 trillion and N10.63 trillion, respectively. The FGN share of revenue from the VAT Pool and EMTL are projected to be N1.04 trillion and N34.33 billion, respectively. The state shares from the VAT Pool and EMTL are projected to be N3.47 trillion and N114.42 billion, while those of the local governments are N2.43 trillion and N80.10 billion, respectively.

The 2025 Budget and MTEF for Kebbi State, covering 2026 – 2028, upon which this debt sustainability exercise is premised, is hereby presented below.

Table 4.4 Kebbi State Medium Term Fiscal Framework

Kebbi State Medium Term State Fiscal Framework				
Recurrent Revenue	2025	2026	2027	2028
Gross Statutory Allocation	58,335,302,824	65,258,463,076	69,384,536,691	77,416,509,235
Other FAAC transfers (exchange rate gain, augmentation, others)	63,522,870,009	66,699,013,509	70,033,964,184	73,535,662,394
VAT Allocation	87,390,242,394	113,129,489,700	139,249,136,230	168,215,313,500
IGR	25,979,753,684	16,290,236,670	17,104,748,503	17,959,985,928
Total Revenue	235,228,168,911	261,377,202,955	295,772,385,608	337,127,471,057
Recurrent Expenditure				
Personnel costs	58,619,561,792	61,767,605,779	64,855,986,068	68,098,785,371
Overhead costs	45,194,491,307	62,056,944,018	65,780,360,659	71,042,789,511
Other Recurrent Expenditure	14,157,618,778	26,438,689,448	27,760,623,920	29,148,655,117
Public Debt Service	6,569,272,967	25,523,686,561	66,981,605,435	120,882,396,467
Total Recurrent Expenditure	124,540,944,844	175,786,925,806	225,378,576,082	289,172,626,466
Transfer to Capital account	110,687,224,066	85,590,277,149	70,393,809,526	47,954,844,591
Capital Receipts				
Grants	36,830,179,113	6,694,254,655	6,726,579,183	6,756,579,183
Other Non-Debt Creating Capital Receipts	25,604,252,647	0	0	0
Proceeds from Debt-Creating Borrowings	250,886,513,461	219,594,461,679	260,796,334,985	264,955,473,109
Total Capital Receipt	313,320,945,221	226,288,716,334	267,522,914,168	271,712,052,292
Capital Expenditure	451,008,169,287	320,934,335,275	338,717,724,859	319,666,896,883
Projected Borrowings	250,886,513,461	219,594,461,679	260,796,334,985	264,955,473,109

Note:

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

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

Revenue and Expenditure Assumptions

- Statutory Allocation – The forecast for the statutory allocation is based on the benchmarked oil price, exchange rate and the oil production Benchmark for the 3 years. Once they are actualised coupled with the subsidy removal, the State can receive the forecasted figures for cash allocation. It is based on historical mineral revenue flows and Own-percentage forecast was used.
- VAT – 3 Year simple based on the past performance is used to forecast VAT for 2026-2028. This forecast should be revisited if there are any changes to the VAT rates.
- Other Federation Account receipts – the estimation is based on the historical trend (i.e. from 2020- 2024). The State is developing its mineral sector and is expected to receive more funds from derivation and other sources of funds.
- Internally Generated Revenue (IGR) – the current administration is improving on the ongoing measures to grow IGR. These measures have started yielding results as actual IGR for the current year is increasing. Due to the planned exploration of solid minerals in the state, it is anticipated that IGR will continue to increase substantially in the current year and start to increase on the average of 4.2% from 2026 to the rest of the projection years.
- Grants – The internal grants are based on the actual receipts for 2024 and performance from 2020 to 2024. External grants are based on signed grant agreements with the development partners.
- Financing – Kebbi State intends to secure loan/borrowing in 2025 to fund the financing gaps. All internal and external loans are projections based on signed agreements.
- Personnel – It is anticipated that there will be a new minimum wage before the end of the MTEF years.. The projection is that total wage bill will increase on the average of 25.8% over the 2025 – 2028 fiscal

years.

- Social Contribution and Social Benefits – A substantial amount is being owed as pension and gratuity payment. It is appropriate to make adequate provision for these items and other social commitments. Hence, the own value, representing computation for outstanding commitments as well as estimation for next medium term is used.
- Overheads – Overhead has been relatively stable in the historical years except 2024 where the figure spiked. It is expected to increase on the average of 24,2% from 2025 – 2028.
- Public Debt Service - is based on the projected principal and interest repayments for 2025, 2026, 2027 and 2028.
- Contingency and Planning Reserves – This will be allocated when a deficit occurs as it might result from getting less than 100% from projections such as the Statutory Allocation, VAT or excess crude oil account. This is expected to cover the unforeseen that might occur. Contingency is estimated at 5% of total revenues (including opening balance) whilst 5% of the capital development fund is set aside as planning reserve.
- Capital Expenditure – is based on the balance from the recurrent account plus capital receipts, less contingency reserve as outlined above.

Analysis of the 2025 Budget and 2026 – 2028 MTEF

The Kebbi State Medium Term Fiscal Framework (MTEF) for 2025-2028 outlines an ambitious plan characterized by significant projected revenue growth, primarily from federal sources, and a huge capital expenditure program. However, the framework reveals some fiscal challenges. The state's fiscal strategy is reliant on substantial annual borrowing to fund its capital budget. The projections for Internally Generated Revenue (IGR) show a declining contribution to total revenue, indicating dependency on external sources. While the focus on capital investment is commendable, its funding mechanism will present a challenge to the state's fiscal position especially in the medium term which implies that state must work to aggressively improve IGR in the medium to the long term.

The MTEF projects a steady growth in total recurrent revenue, from ₦235.23 billion in 2025 to ₦337.13 billion in 2028.

A closer look at the revenue sources reveals an increasing dependency on federally collected revenues (FAAC and VAT).

Federal Allocations (Statutory, Other FAAC, VAT): This is the dominant source of income. In 2025, these allocations account for ₦209.25 billion, or 88.9% of the total recurrent revenue. By 2028, this figure grows to ₦319.17 billion, representing 94.7% of total recurrent revenue. This highlights a significant vulnerability to fluctuations in federal oil revenues and national economic performance.

Internally Generated Revenue (IGR): The IGR projections are a major point of concern. It is projected at ₦25.98 billion in 2025, drops by 37.3% to ₦16.29 billion in 2026 and shows only marginal growth thereafter, reaching ₦17.96 billion in 2028.

The framework details both recurrent and capital expenditure, with total expenditure planned to be ₦575.55 billion in 2025 and fluctuating to ₦608.84 billion by 2028.

Recurrent Expenditure: Total recurrent expenditure is projected to increase from ₦124.54 billion in 2025 to ₦289.17 billion in 2028.

Personnel and Overhead Costs: These components show a steady and predictable increase, growing by approximately 5-10% annually, which is consistent with inflation and incremental staff costs.

Public Debt Service: As a result of the huge capital expenditure program requiring substantial borrowing, this implies the debt service cost will also increase accordingly in the same period.

Capital Expenditure: The state plans huge capital investment program. The sum of ₦451.01 billion is budgeted for capital expenditure in 2025. The figure normalizes slightly but remains high, averaging around ₦326 billion annually from 2026 to 2028.

4.2 Borrowings Assumptions

For the projection years of 2025 -2034, the deficit that is supposed to be financed by borrowing has been established. The table below shows the gross borrowing requirement from 2025-2034.

New Domestic Financing in Millions of Local Currency										
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and	0.0	0.0	0.0	0.0	0.0	0.0	2,620.5	0.0	17,488.4	0.0

MSMEDF)										
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	0.0	40,293.6	68,796.3	35,701.9	1,038.9	14,325.7	0.0	1,302.3	0.0	0.0
State Bonds (maturity 1 to 5 years)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,894.5	0.0
State Bonds (maturity 6 years or longer)	57,223.9	0.0	52,000.0	0.0	41,271.2	0.0	0.0	0.0	0.0	13,713.8
Other Domestic Financing	0.0	67,300.9	0.0	89,253.5	74,595.1	21,939.2	0.0	15,448.1	0.0	0.0
New External Financing in Million US Dollars										
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	120.8	0.0	100.0	0.0	50.0	0.0	15.2	0.0	0.0	0.0
External Financing - Bilateral Loans	0.0	80.0	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0
Other External Financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Planned Borrowing	250,886.5	219,594.5	260,796.3	264,955.5	186,905.2	36,264.9	23,853.6	16,750.4	19,382.9	13,713.8

Table 4.5 Total Gross Borrowing Requirements for 2025-2034

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Gross Borrowing Requirement	250,886.5	219,594.5	260,796.3	264,955.5	186,905.2	36,264.9	23,853.6	16,750.4	19,382.9	13,713.8

Kebbi State plans to continue to borrow both from the domestic and foreign windows in order to keep its debt portfolio towards a balance mixture of long and short-term maturity. Below is the table showing how the financing deficit is intended to be financed for the baseline;

Table 4.6 Total Planned Borrowing for 2025-2034

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

Table 4.7 Borrowing Terms for Projected New Debts

Borrowing Terms of New Debt (issued/contracted from 2025 onwards)			
Borrowing Terms for New Domestic Debt (issued/contracted from 2025 onwards)	Interest Rate (%)	Maturity (# of years)	Grace (# of years)
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	32.00%	5	0
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	35.00%	10	1
State Bonds (maturity 1 to 5 years)	22.00%	5	1
State Bonds (maturity 6 years or longer)	25.00%	15	1
Other Domestic Financing	15.00%	15	1
Borrowing Terms for New External Debt (issued/contracted from 2023 onwards)	Interest Rate (%)	Maturity (# of years)	Grace (# of years)
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	3.00%	20	1
External Financing - Bilateral Loans	4.00%	25	1
Other External Financing	4.00%	20	1

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

4.3 DSA Simulation Results

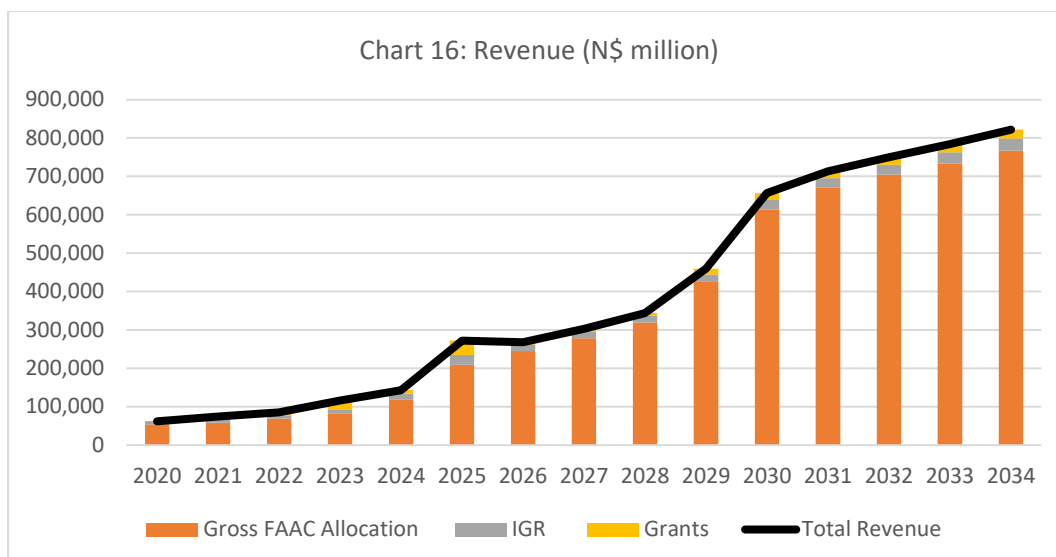
Revenue, expenditure, overall and primary balance over the long-term.

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

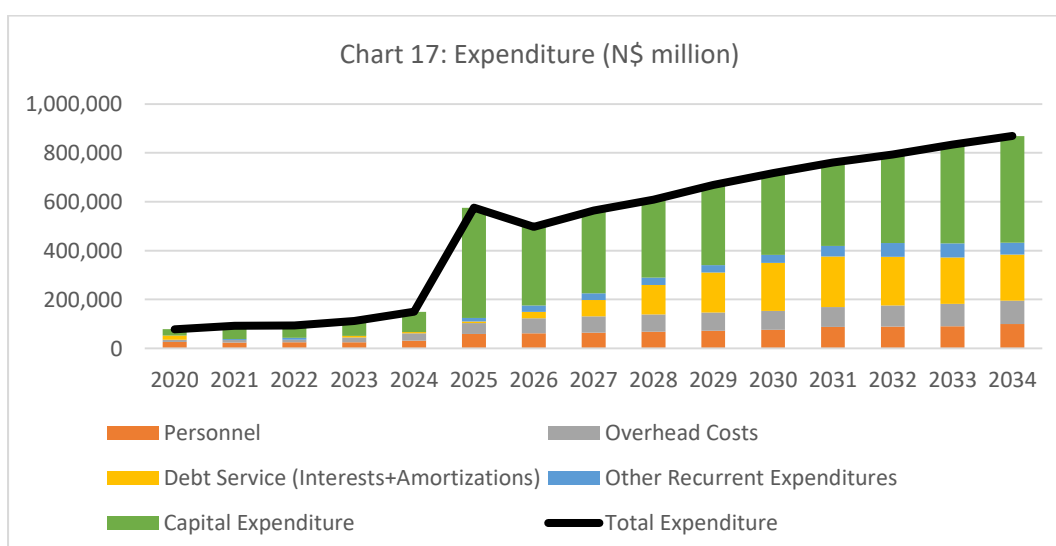
As expected, FAAC allocation is projected to be the largest in the revenue categories even though state is working to diversify. Kebbi State Total Revenue (including grants and excluding other capital receipts) is expected to increase from N142,914M in 2024 to N821,921M in 2034, representing an increase of 475% percent over the projection period. This huge projected growth is premised on the continued increment in the revenue accruing to the Federation account and the possibility of the state tapping into the mining sector with the huge mineral deposits in the state during the projection years.

To further break it down, Gross FAAC Allocation projected to grow from N119,311M in 2024 to N767,104M in 2034, which implies an increase of N647,793M while Grants is projected to grow from N8,827M to N23,000M within the same period. The projections were sourced from the Approved 2025 Budget; MTEF, 2026-2028; projections for the other years are as estimated by the Ministry of Economic Planning & Budget official.

The Internally Generated Revenue (IGR)'s tax system will be further strengthened over the medium term by improving collection efficiency, enhancing compliance, and reorganizing the business practices of revenue agencies in the state as well as employing appropriate technology. In addition, efforts will be made to bring more businesses in the informal sector into the tax net. IGR estimated to increase by N14,776M in 2024 to N31,817M in 2034.



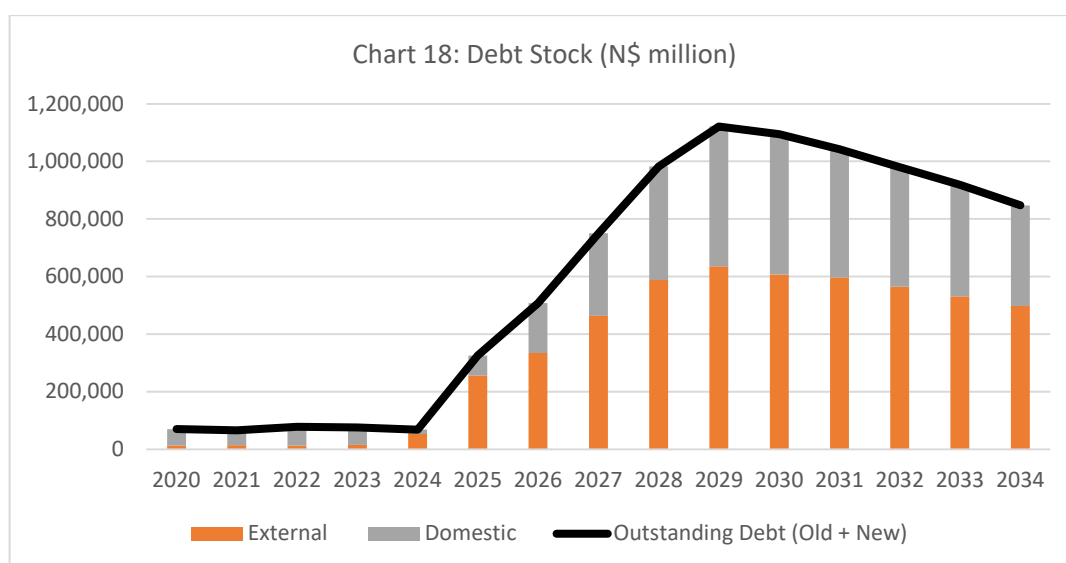
Kebbi state total expenditure for the projection years will expand from N149,585M in 2024 to N868,635M by 2034. Expenditure was projected to grow by almost 481% due to the state's huge infrastructural development plan. For instance, the projection for capital expenditure for 2025 is NN451,008M which is N368,807M above the actual figure of N82,201M in 2024. Wage is expected to increase during the projected years due to rising cost of living. Within same period, personnel cost is projected to grow from N31,196M to N100,162M, overhead from NN31,028M to N95,204M while capital expenditure will grow from N82,201M to N435,709M all as provided in the Approved 2025 Budget; MTEF, 2026-2028; 2029-2034 projections as estimated by the Ministry of Economic Planning & Budget.



Therefore, the fiscal deficit—computed as the difference between revenue and expenditure—is expected to remain within a range of N250,886.5 and

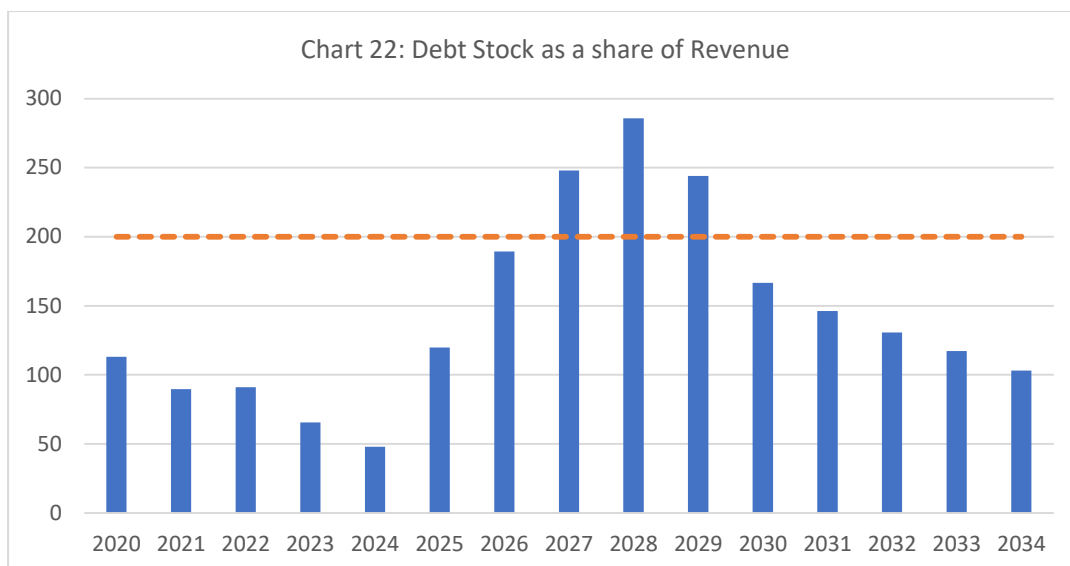
decline to N13,713.8M in nominal terms over the projection years.

The State's Debt Stock estimated to increase from N68,262M in 2024 to NN847,488M in 2034, representing an increase of N779,266M over the projection period. Domestic debt is projected to grow from N15,222M to N349,450M while external debt is to grow from N53,040M to N498,038M over the projection period. The debt portfolio is expected to be more of external debt due to a more favourable borrowing terms.

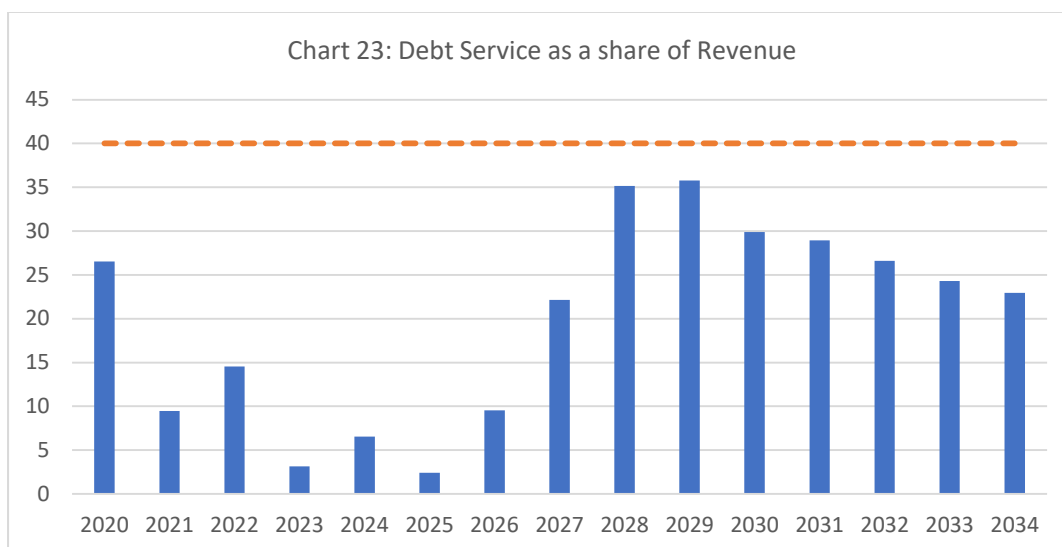


Main finding and conclusion of the baseline scenario under the reference debt strategy (S1) in terms of debt sustainability. The gross financing requirement necessitated creating new borrowings for the projection years. The state's debt is projected to rise from N68,262M as of end-2024 to NN847,488M by 2034.

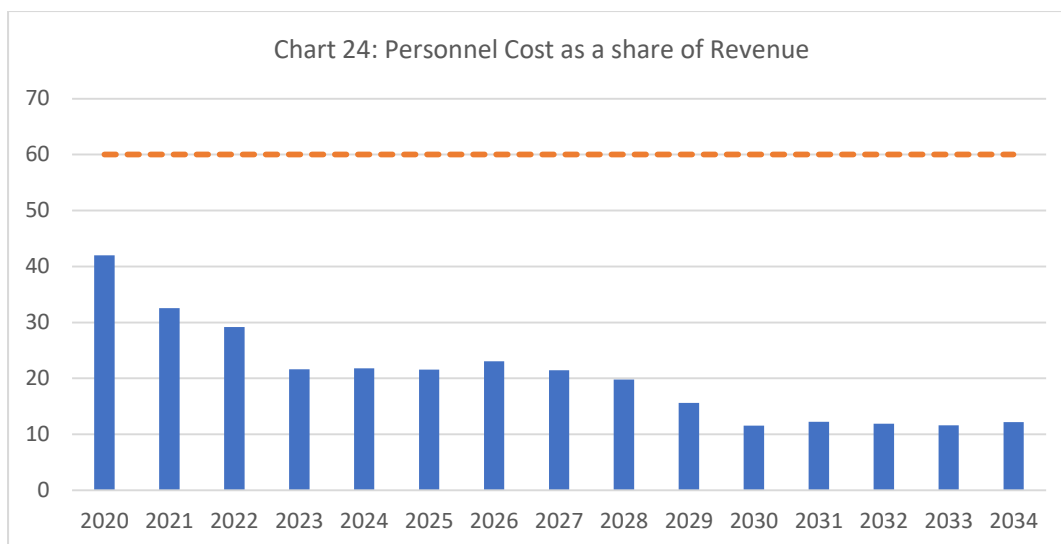
As a result of the increase in debt stock from 2024-2034, the state will continue to incur debt service cost. The debt service obligations remain below the debt service threshold of 40% except for years 2027 - 2029. However, this ratio improved and remained below the threshold for the rest of the projection years.



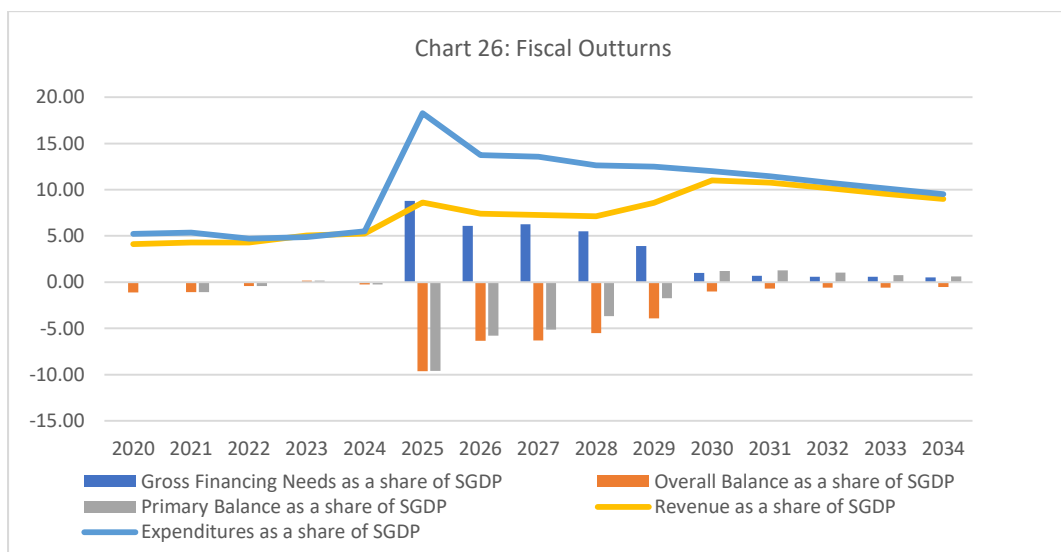
Debt as a share of revenue with a threshold of 200% was not breached by the state all through the historical and projections years except from 2027 – 2029 which implies good debt management and sustainability for the state in the long term.



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



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



Conclusion

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

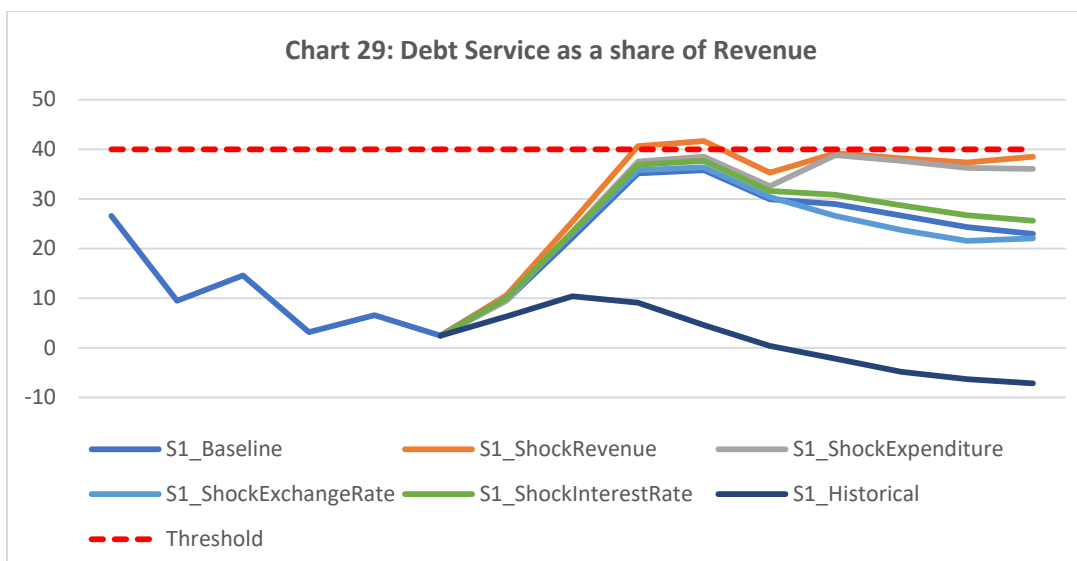
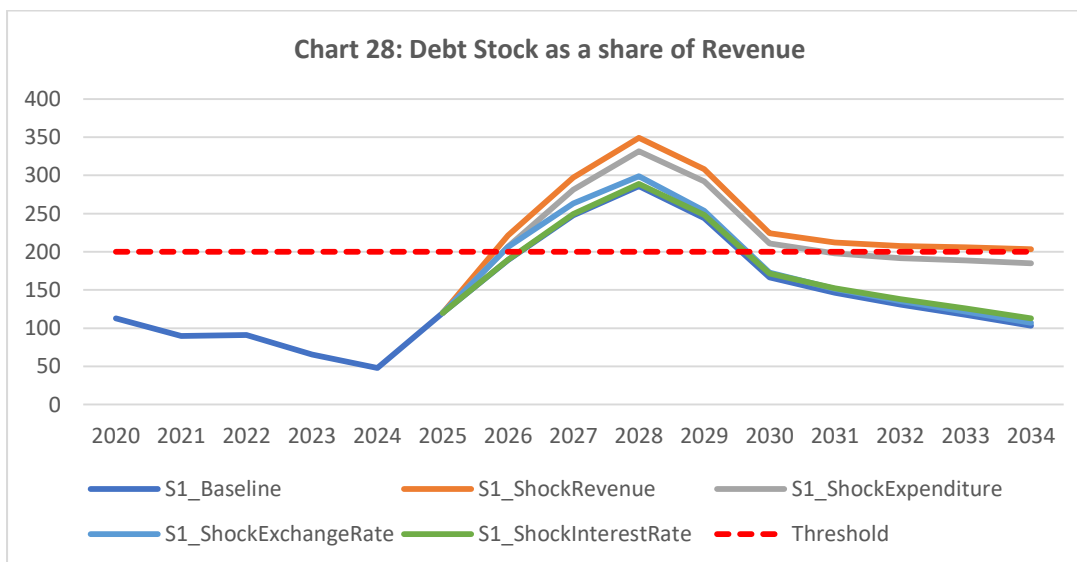
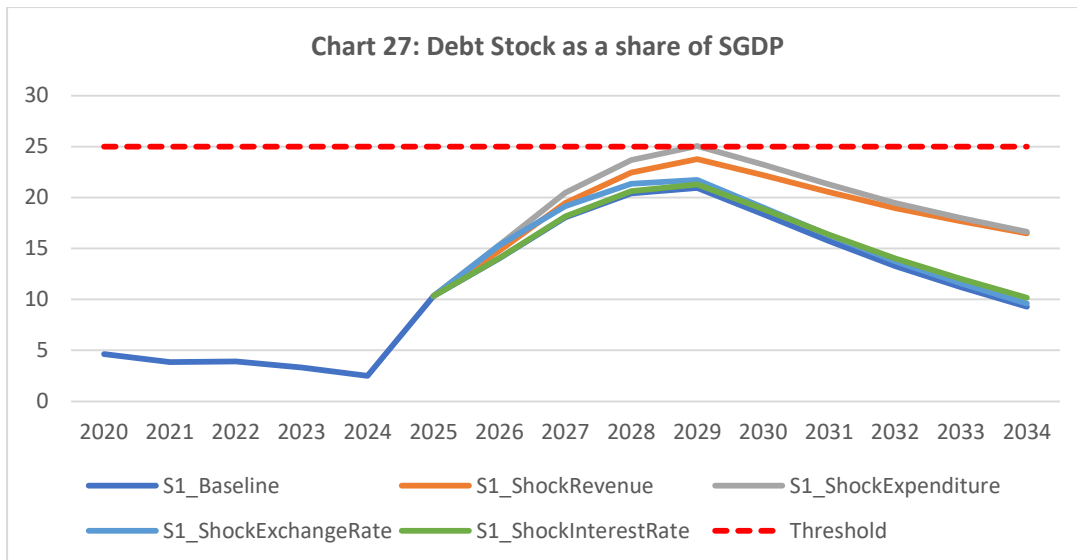
Revenue and expenditure as a percentage of state GDP will decline in the medium term but improve into the projection years. The debt and debt service indicators remain positive as there are no expected breaches in the indicators with threshold except for debt to revenue ration from 2027-2029.

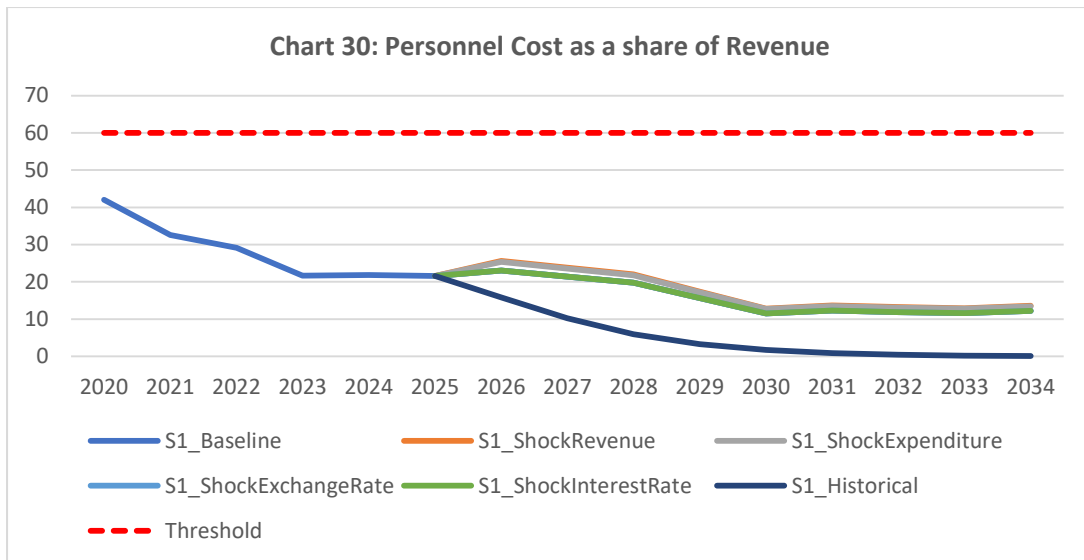
The analysis of the baseline indicator under the reference debt Strategy (S1) suggest that the state will be able to preserve the sustainability of its debt in the medium and long term. However, it is important for the state to start working towards extracting its solid minerals, continue to implement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

4.4 Debt Sustainability Analysis Sensitivity Analysis

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

The 2025 DSA analysis shows that Kebbi remains at medium risk of debt distress under sensitivity analysis. Under the Debt to Revenue performance indicator with a threshold of 200%, the shocks breached the threshold in 2026 but got back below the threshold towards the end of the projection years. This implies that the state must continue to work to ensure that revenue projections over the future years do not decline. State must continue to make effort to bring more people into the tax net and improve IGR. Debt managers must also work to reduce the state's exposure to debt. All other shock scenarios did not breach the threshold in other performance indicators which justifies the medium debt distress assumption by the state. Nonetheless, relevant state authorities must continue to work to ensure that the debt sustainability position is not threatened in the future. See below the relevant charts.





CHAPTER FIVE

CONCEPT OF DEBT MANAGEMENT STRATEGY

5.0 Introduction

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

The Debt Management Strategy provides alternative strategies to meet the financing requirements for Kebbi State. The strategies are shown by the breakdown of funding mix (domestic debt and external debt) and within the broad categories of domestic and external, the share of each stylized instrument has also been illustrated. The following four strategies are assessed by the government. The Kebbi State's Debt Management Strategy, 2025-2029, analyses the debt management strategies outcomes of the three debt management performance indicators namely Debt Stock to Revenue, Debt Services to Revenue and Interest to Revenue. The cost is measured by the expected value of a performance indicator in 2029, as projected in the baseline scenario. Risk is measured by the deviation from the expected value in 2029 caused by an un-expected shock, as projected in the most adverse scenario.

5.1 Alternative Borrowing Options

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

The state government intends to utilize the financing options available in the domestic market (Commercial bank loans, State bonds and other domestic financing – CBN loans) and external market (Concessional loans from World Bank & AFDB, Bilateral loans) to fund the gross borrowing requirement for 2025-2034 while ensuring that it's done at the lowest cost possible with a prudent of risk.

Strategy 2.

The assumption is that the state intends to finance its total gross borrowing requirement by contracting only commercial bank loans all through the projection years. Reason being that commercial bank loans are the easier to access. It also comes with opportunity for renegotiation of the borrowing terms should the need arises. The state will be borrowing with the range of N250,886.5M to N2,273,614.6M all through 2025-2034. There are two categories of Commercial bank loans; first is 1-5 years which serves short term funding requirement and the other is 6 years and above, this takes care of the medium to long term.

Strategy 3.

The state assumes that State Bonds both for 1-5 years and 6 years and above will be sourced to fund its deficit for the projection years. Utilizing the state bonds option comes with a moderate cost and the foreign exchange rate risk will be mitigated. The state will be raising within the range of N250,886.5M to N851,473.3M from 2025-2034.

Strategy 4.

The state assumes that Commercial Bank Loans and Other Domestic Financing option will be utilized to fund its deficit for the projection years. The state will be raising within the range of N250,886.5M to N903,444.5M from 2025-2034.

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 2025 onwards)	Interest Rate (%)	Maturity (# of years)	Grace (# of years)
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	32.00%	5	0
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	35.00%	10	1
State Bonds (maturity 1 to 5 years)	22.00%	5	1
State Bonds (maturity 6 years or longer)	25.00%	15	1
Other Domestic Financing ()	15.00%	15	1

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)	3.00%	20	1
External Financing - Bilateral Loans	4.00%	25	1
Other External Financing	4.00%	20	1

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 Stock/Revenue

The table below shows the performance of the state from 2025-2029 when expressing debt as a percentage of revenue.

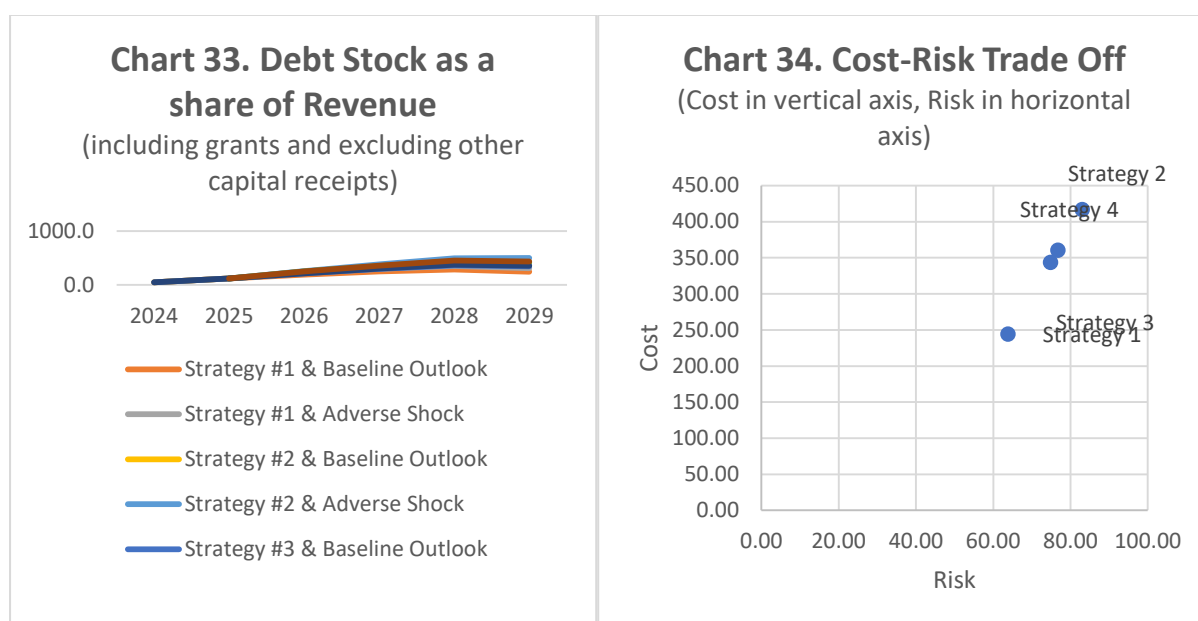
The Strategy 1 (S1) presented the lowest cost and lowest risk in all the 4 strategies. Cost as at 2029 is projected to be 244% while the risk is 63.9%.

Year 2028 had the highest debt stock to revenue ratio but it is expected to decline in 2029 provided the state keeps projected debt and revenue at manageable levels within this period.

							COST	RISK measured only in 2029
Debt Stock as % of Revenue (including grants and excluding other capital receipts)	2024	2025	2026	2027	2028	2029		
Strategy #1 & Baseline Outlook	47.8	119.7	189.3	247.9	285.7	244.0		63.9
Strategy #1 & Adverse Shock		119.7	221.4	297.2	349.2	307.9		
Strategy #2 & Baseline Outlook	47.8	119.7	222.8	321.4	414.8	416.5		83.1
Strategy #2 & Adverse Shock		119.7	258.7	378.9	492.6	499.6		

Strategy #3 & Baseline Outlook	47.8	119.7	214.6	296.9	364.4	343.2	74.9
Strategy #3 & Adverse Shock		119.7	249.5	351.6	436.7	418.1	
Strategy #4 & Baseline Outlook	47.8	119.7	214.7	304.8	378.4	360.1	76.8
Strategy #4 & Adverse Shock		119.7	249.7	360.4	452.2	436.9	

From the Cost-Risk trade off chart below, strategy 1 has the lowest cost and the lowest risk.



5.2.2 Debt Service/Revenue

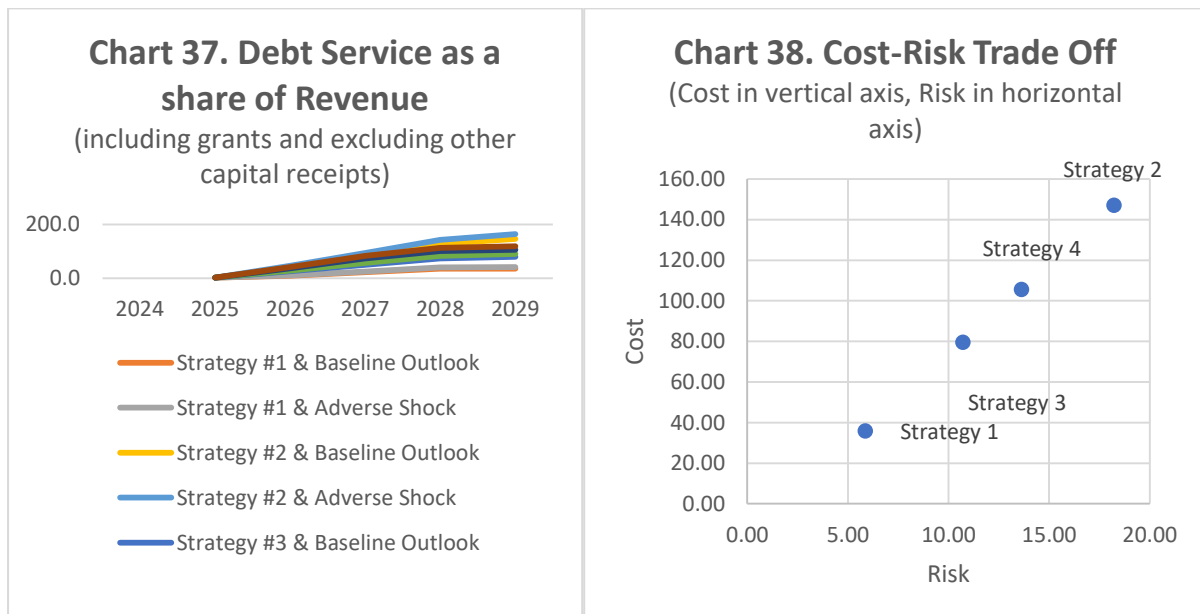
The table below shows the performance of the state from 2025-2029 when expressing debt service as a percentage of revenue.

Under this performance indicator, strategy S1 in the year of measurement (2029) cost of 35.8% and 5.9% as risk which is the lowest when compared to other alternative strategies.

Debt Service as % of Revenue (including grants and excluding other capital receipts)							RISK measured only in 2029
		2025	2026	2027	2028	2029	
Strategy #1 & Baseline Outlook		2.4	9.5	22.1	35.2	35.8	5.9
Strategy #1 & Adverse		2.4	10.6	25.4	40.6	41.7	

Shock							
Strategy #2 & Baseline Outlook		2.4	41.4	83.8	127.6	146.9	18.2
Strategy #2 & Adverse Shock		2.4	46.0	93.9	143.3	165.2	
Strategy #3 & Baseline Outlook		2.4	25.7	50.3	73.6	79.4	10.7
Strategy #3 & Adverse Shock		2.4	28.5	56.7	83.3	90.2	
Strategy #4 & Baseline Outlook		2.4	37.1	74.0	100.8	105.5	13.6
Strategy #4 & Adverse Shock		2.4	41.2	83.0	113.5	119.2	

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



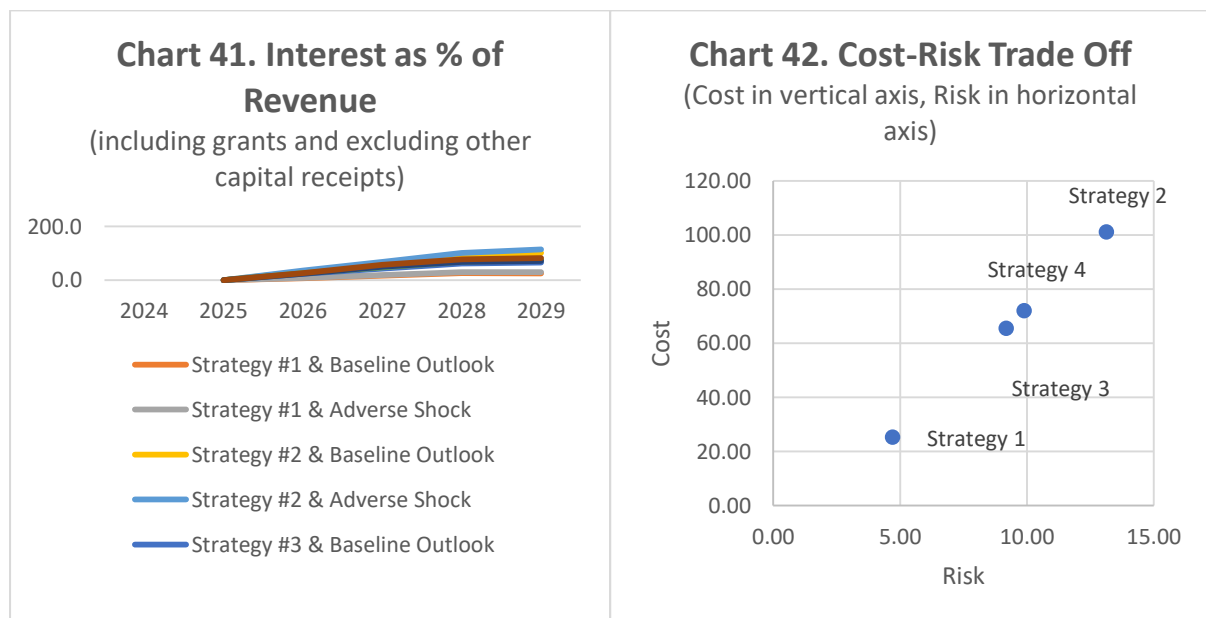
5.2.3 Interest/Revenue

Under this performance indicator, Strategy 4 equally has the lowest cost and risk at 25.3% and 4.7% respectively.

The table below shows the performance of the state from 2025-2029 when expressing interest as a percentage of revenue.

						COST	RISK measured only in 2029
Interest as % of Revenue (including grants and excluding other capital receipts)		2025	2026	2027	2028	2029	
Strategy #1 & Baseline Outlook		0.3	7.5	16.1	25.8	25.3	4.7
Strategy #1 & Adverse Shock		0.3	8.3	18.7	30.2	30.0	
Strategy #2 & Baseline Outlook		0.3	31.9	59.9	90.1	101.2	13.1
Strategy #2 & Adverse Shock		0.3	35.4	67.4	101.7	114.3	
Strategy #3 & Baseline Outlook		0.3	23.6	42.7	61.4	65.5	9.2
Strategy #3 & Adverse Shock		0.3	26.3	48.2	69.7	74.7	
Strategy #4 & Baseline Outlook		0.3	23.8	50.4	68.4	72.0	9.9
Strategy #4 & Adverse Shock		0.3	26.5	56.8	77.6	81.9	

From the Cost-Risk trade off chart below, 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 the 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 the lowest degree of risk for the four strategies in all the performance indicators considered. Hence, S1 is recommended for implementation.

Though the current debt stock of the state is presently tilted towards external debt, which is at 78% of the state debt stock, the state will be exploring more of both external and domestic options in meeting its funding gap for the projection years. With the way the strategies were set up, S1 has fairly balanced components of domestic and foreign loans, hence making it a good choice. Implementation of S1 is also feasible when compared to other strategies.

The current debt portfolio for Kebbi State as of end of 2024 is N68,262M, the portfolio is expected to rise to N1,121,254.17M in 2029 in S1, N1,913,668.53M in S2, N1,576,795.05M & N1,654,593.40M in S3 & S4 respectively. This implies that implementing S1 will benefit the state more than any other strategy, even in the medium term.

The Debt Management Strategy, 2025-2029, represents a robust framework for prudent debt management, as it provides a systematic approach to decision-making on the appropriate composition of external and domestic borrowing to finance the 2025 budget. The cost-risk trade-off of alternative borrowing strategies under the DMS has been evaluated within the medium-term context.

Annex 1

Assumptions:		Projection Methodology	Source
Economic activity	State GDP (at current prices)	State GDP projected using the actual S-GDP and projected N-GDP nominal growth rate	State Statistics, NBS and World Bank
Revenue	Revenue		
	1. Gross Statutory Allocation ('gross' means w	Statutory Allocation – The forecast for the statutory allocation is based on the benchmarked oil price, exchange rate and the oil production Benchmark for the 3 years. Once they are actualised coupled with the sustained subsidy removal, the State can receive the forecasted figures for cash allocation and general expenditure execution. It is based on historical mineral revenue flows and elasticity-based forecast was used. .	2025 Approved Budget, MTEF - 2026-2028, State, DMO & WB Projections - 2029-2034
	1.a. of which Net Statutory Allocation ('net'	Statutory Allocation – The forecast for the statutory allocation is based on the benchmarked oil price, exchange rate and the oil production Benchmark for the 3 years. Once they are actualised coupled with the sustained subsidy removal, the State can receive the forecasted figures for cash allocation and general expenditure execution. It is based on historical mineral revenue flows and elasticity-based forecast was used.	2025 Approved Budget, MTEF - 2026-2028, State, DMO & WB Projections - 2029-2034
	1.b. of which Deductions		2025 Approved Budget, MTEF - 2026-2028, State, DMO & WB Projections - 2029-2034
	2. Derivation (if applicable to the State)		2025 Approved Budget, MTEF - 2026-2028, State, DMO & WB Projections - 2029-2034
	3. Other FAAC transfers (exchange rate gain, a	Other Federation Account receipts – The estimation is based on the historical trend (i.e. from 2019- 2024). The State is developing its mineral sector and is expected to receive more funds from derivation and other sources of funds. Additionally, other components of the federal account receipts are also forecasted to present positive outturns within the 2026 – 2028.	2025 Approved Budget, MTEF - 2026-2028, State, DMO & WB Projections - 2029-2034
	4. VAT Allocation	VAT – elasticity forecast method was used and based on the past performance, which is used to forecast VAT for 2026-2028. This forecast considered the new tax reform act and the sustained VAT rate of 7.5%, while also considering specific changes in Kebbi state share of VAT pool and change in VAT receipts.	2025 Approved Budget, MTEF - 2026-2028, State, DMO & WB Projections - 2029-2034
	5. IGR	Internally Generated Revenue (IGR) – the current administration is improving on the ongoing measures to grow IGR. These measures have started yielding results as actual IGR for the current year quarter 2 is beginning to show great outlook as it currently stands at 36.1%. It is anticipated that IGR will continue to increase by 10% in the current year and start to stabilise from 2026 with a minimum annual growth of 15%. Own Percentage of 25%, 30% and 27% is therefore used to forecast IGR for 2026 – 2028 respectively. The decline in 2028 is due electioneering activities.	2025 Approved Budget, MTEF - 2026-2028, State, DMO & WB Projections - 2029-2034
	6. Capital Receipts		2025 Approved Budget, MTEF - 2026-2028, State, DMO & WB Projections - 2029-2034
	6.a. Grants	Grants – The internal grants are based on the actual receipts for 2024 and performance from 2019 to 2024. External grants are based on signed grant agreements with the development partners and multilateral donors.	2025 Approved Budget, MTEF - 2026-2028, State, DMO & WB Projections - 2029-2034
	6.b. Sales of Government Assets and Privati	Sale of Govt Assets and Other Non-Debt creating Capital receipts are based on the actual receipts from 2019 to 2023.	2025 Approved Budget, MTEF - 2026-2028, State, DMO & WB Projections - 2029-2034
	6.c. Other Non-Debt Creating Capital Receipt	Sale of Govt Assets and Other Non-Debt creating Capital receipts are based on the actual receipts from 2019 to 2023.	2025 Approved Budget, MTEF - 2026-2028, State, DMO & WB Projections - 2029-2034
Expenditure	Expenditure		
	1. Personnel costs (Salaries, Pensions, Civil Se	Personnel – with the implementation of the new minimum wage, the subsidy removal, naira devaluation and the ongoing recruitment of teachers and health workers in the state. These will have impact on the wage bill. The projection is that total wage bill will increase by 20% in 2025, with a progressive l increase of 30% in 2026 and a stabilized workforce wage bill which imply a slight decline of 20% and 15% for 2027 and 2027 respectively.	2025 Approved Budget, MTEF - 2026-2028, State Projections 2029-2034
	2. Overhead costs	Overheads – The current government administration have increasingly ensured adequate release for the operational running of ministries, department and agency through their monthly unhindered cash allocations as since in the positive performance of overhead expenditure in 2023 and 2024, hence overhead is forecasted at an increasing margin own percentage of 4%, 6% and 8% for 2026, 2027, and 2028 (respectively).	2025 Approved Budget, MTEF - 2026-2028, State Projections 2029-2034
	3. Interest Payments (Public Debt Charges, incl	Public Debt Service - is based on the projected principal and interest repayments for 2026, 2027, and 2028 .	DMO, Nigeria
	4. Other Recurrent Expenditure (Excluding Pers	Special programme is expected to increase marginally on the actual performance level of 2022. This trend is expected in the period of forecast and have been incorporated in the basis of the forecast for 2026 – 2028	2025 Approved Budget, MTEF - 2026-2028, State Projections 2029-2034
	5. Capital Expenditure	Capital Expenditure – is based on the balance from the recurrent account plus capital receipts, less contingency reserve as outlined above.	2025 Approved Budget, MTEF - 2026-2028, State Projections 2029-2034
Closing Cash and Bank Balance	Closing Cash and Bank Balance	Closing Cash and Bank Balance are based on the revenue assumptions, projected to receipt within the projected period.	2025 Approved Budget, MTEF - 2026-2028, State Projections 2029-2034

Debt Amortization and Interest	Debt Outstanding at end-2024		
	External Debt - amortization and interest	Public Debt Service - is based on the projected principal and interest repayments for 2026, 2027, and 2028 .	DMO, Nigeria
	Domestic Debt - amortization and interest	Public Debt Service - is based on the projected principal and interest repayments for 2026, 2027, and 2028 .	DMO, Nigeria
	New debt issued/contracted from 2025 onwards		
	New External Financing		
	External Financing - Concessional Loans (e.g.,	Financing – Kebbi State intends to secure an external loan/borrowing in 2026. All internal and external loans are projections based on signed agreements	2025 Approved Budget, MTEF - 2026-2028, State Projections 2029-2034
	External Financing - Bilateral Loans	Financing – Kebbi State intends to secure an external loan/borrowing in 2026. All internal and external loans are projections based on signed agreements	2025 Approved Budget, MTEF - 2026-2028, State Projections 2029-2034
	Other External Financing	Financing – Kebbi State intends to secure an external loan/borrowing in 2026. All internal and external loans are projections based on signed agreements	2025 Approved Budget, MTEF - 2026-2028, State Projections 2029-2034
	New Domestic Financing		
	Commercial Bank Loans (maturity 1 to 5 years,	Financing – Kebbi State intends to secure an external loan/borrowing in 2026. All internal and external loans are projections based on signed agreements	2025 Approved Budget, MTEF - 2026-2028, State Projections 2029-2034
Proceeds from Debt-Creating corresponding to Debt Strategy S1	Commercial Bank Loans (maturity 6 years or longer)	Financing – Kebbi State intends to secure an external loan/borrowing in 2026. All internal and external loans are projections based on signed agreements	2025 Approved Budget, MTEF - 2026-2028, State Projections 2029-2034
	State Bonds (maturity 1 to 5 years)	Financing – Kebbi State intends to secure an external loan/borrowing in 2026. All internal and external loans are projections based on signed agreements	2025 Approved Budget, MTEF - 2026-2028, State Projections 2029-2034
	State Bonds (maturity 6 years or longer)	Financing – Kebbi State intends to secure an external loan/borrowing in 2026. All internal and external loans are projections based on signed agreements	2025 Approved Budget, MTEF - 2026-2028, State Projections 2029-2034
	Other Domestic Financing	Financing – Kebbi State intends to secure an external loan/borrowing in 2026. All internal and external loans are projections based on signed agreements	2025 Approved Budget, MTEF - 2026-2028, State Projections 2029-2034
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g.,	Financing – Kebbi State intends to secure an external loan/borrowing in 2026. All internal and external loans are projections based on signed agreements	2025 Approved Budget, MTEF - 2026-2028, State Projections 2029-2034
	External Financing - Bilateral Loans	Financing – Kebbi State intends to secure an external loan/borrowing in 2026. All internal and external loans are projections based on signed agreements	2025 Approved Budget, MTEF - 2026-2028, State Projections 2029-2034
	Other External Financing	Financing – Kebbi State intends to secure an external loan/borrowing in 2026. All internal and external loans are projections based on signed agreements	2025 Approved Budget, MTEF - 2026-2028, State Projections 2029-2034
	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S2		
	New Domestic Financing in Million Naira		
Proceeds from Debt-Creating corresponding to Debt Strategy S2	Commercial Bank Loans (maturity 1 to 5 years,	Financing distributions was agreed by the State DSA-DMS Technical Team	DSA-DMS Technical Team
	Commercial Bank Loans (maturity 6 years or longer)	Financing distributions was agreed by the State DSA-DMS Technical Team	DSA-DMS Technical Team
	State Bonds (maturity 1 to 5 years)	Financing distributions was agreed by the State DSA-DMS Technical Team	DSA-DMS Technical Team
	State Bonds (maturity 6 years or longer)	Financing distributions was agreed by the State DSA-DMS Technical Team	DSA-DMS Technical Team
	Other Domestic Financing	Financing distributions was agreed by the State DSA-DMS Technical Team	DSA-DMS Technical Team
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g.,	Financing distributions was agreed by the State DSA-DMS Technical Team	DSA-DMS Technical Team
	External Financing - Bilateral Loans	Financing distributions was agreed by the State DSA-DMS Technical Team	DSA-DMS Technical Team
	Other External Financing	Financing distributions was agreed by the State DSA-DMS Technical Team	DSA-DMS Technical Team

Proceeds from Debt-Creating Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S3		
corresponding to Debt Strategy	New Domestic Financing in Million Naira	
	Commercial Bank Loans (maturity 1 to 5 years, or longer)	Financing distributions was agreed by the State DSA-DMS Technical Team
	Commercial Bank Loans (maturity 6 years or longer)	Financing distributions was agreed by the State DSA-DMS Technical Team
	State Bonds (maturity 1 to 5 years)	Financing distributions was agreed by the State DSA-DMS Technical Team
	State Bonds (maturity 6 years or longer)	Financing distributions was agreed by the State DSA-DMS Technical Team
	Other Domestic Financing	Financing distributions was agreed by the State DSA-DMS Technical Team
	New External Financing in Million US Dollar	
	External Financing - Concessional Loans (e.g., IDA, AfDB, etc.)	Financing distributions was agreed by the State DSA-DMS Technical Team
	External Financing - Bilateral Loans	Financing distributions was agreed by the State DSA-DMS Technical Team
	Other External Financing	Financing distributions was agreed by the State DSA-DMS Technical Team
Proceeds from Debt-Creating Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S4		
corresponding to Debt Strategy	New Domestic Financing in Million Naira	
	Commercial Bank Loans (maturity 1 to 5 years, or longer)	Financing distributions was agreed by the State DSA-DMS Technical Team
	Commercial Bank Loans (maturity 6 years or longer)	Financing distributions was agreed by the State DSA-DMS Technical Team
	State Bonds (maturity 1 to 5 years)	Financing distributions was agreed by the State DSA-DMS Technical Team
	State Bonds (maturity 6 years or longer)	Financing distributions was agreed by the State DSA-DMS Technical Team
	Other Domestic Financing	Financing distributions was agreed by the State DSA-DMS Technical Team
	New External Financing in Million US Dollar	
	External Financing - Concessional Loans (e.g., IDA, AfDB, etc.)	Financing distributions was agreed by the State DSA-DMS Technical Team
	External Financing - Bilateral Loans	Financing distributions was agreed by the State DSA-DMS Technical Team
	Other External Financing	Financing distributions was agreed by the State DSA-DMS Technical Team

Annex II

Indicator	Actuals					Projections									
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
BASELINE SCENARIO															
Economic Indicators															
State GDP (at current prices)	1,509,588.76	1,723,161.12	1,980,443.29	2,294,206.83	2,715,690.08	3,151,975.94	3,615,244.27	4,154,833.99	4,815,054.70	5,357,350.23	5,960,721.80	6,632,048.10	7,378,982.51	8,210,040.42	9,134,696.22
Exchange Rate NGN/US\$ (end-Period)	305.80	306.50	326.00	379.00	1,300.00	1,602.69	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00
Fiscal Indicators (Million Naira)															
Revenue	77,990.46	73,950.20	93,802.51	127,876.08	165,466.20	548,549.11	487,665.92	563,295.30	608,839.52	668,869.22	716,698.13	759,845.00	793,487.81	833,198.65	868,635.00
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation h	34,635.00	38,170.40	40,821.42	33,804.10	15,927.13	58,335.30	65,258.46	69,384.54	77,416.51	150,253.29	195,696.35	239,064.73	263,405.73	272,284.71	289,873.11
1.a. of which Net Statutory Allocation ('net' means of deductions)	34,635.00	38,170.40	40,821.42	33,804.10	15,927.13	58,335.30	65,258.46	69,384.54	77,416.51	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)	4,394.00	3,053.63	3,611.56	13,486.02	38,434.44	63,522.87	66,699.01	70,033.96	73,535.66	95,596.36	135,275.27	141,557.85	145,025.21	153,032.77	164,942.60
4. VAT Allocation	15,097.00	16,452.31	24,435.83	33,900.80	64,949.68	87,390.24	113,129.49	139,249.14	168,215.31	178,858.38	282,230.05	290,676.06	295,811.27	308,573.53	312,288.23
5. IGR	7,976.26	11,850.57	8,428.98	11,737.08	14,775.72	25,979.75	16,290.24	17,104.75	17,959.99	19,755.98	26,731.58	23,904.74	26,295.22	28,924.74	31,817.21
6. Capital Receipts	15,888.20	4,423.29	16,504.72	34,948.09	31,379.20	313,320.95	226,288.72	267,522.91	271,712.05	224,405.21	76,764.87	64,641.62	62,950.38	70,382.91	69,713.85
6.a. Grants	0.00	4,423.29	7,856.79	23,211.02	8,826.78	36,830.18	6,694.25	6,726.58	6,756.58	15,000.00	16,500.00	18,000.00	19,500.00	21,000.00	23,000.00
6.b. Sales of Government Assets and Privatization Proceeds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.c. Other Non-Debt Creating Capital Receipts	84.20	0.00	8,647.94	11,737.08	196.14	25,604.25	0.00	0.00	0.00	22,500.00	24,000.00	22,788.00	26,700.00	30,000.00	33,000.00
6.d. Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc.)	0.00	0.00	0.00	0.00	22,552.40	250,886.51	219,594.46	260,796.33	264,955.47	186,905.21	36,264.87	23,853.62	16,750.38	19,382.91	13,713.85
Expenditure	78,742.99	92,674.44	93,325.02	112,271.63	149,584.80	575,549.11	496,721.26	564,096.30	608,839.52	668,869.22	716,698.13	759,845.00	793,487.81	833,198.65	868,635.00
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	26,095.35	24,090.92	24,842.49	25,153.76	31,195.76	58,619.56	61,767.61	64,855.99	68,098.79	71,718.54	75,804.47	87,520.56	89,270.97	91,056.39	100,162.03
2. Overhead costs	9,643.08	10,376.26	10,778.32	19,674.18	31,028.47	45,194.49	62,056.94	65,780.36	71,042.79	74,594.93	78,324.68	82,240.91	86,352.95	90,670.60	95,204.13
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	15,356.57	0.00	0.00	0.00	0.00	805.11	20,031.99	48,644.68	88,588.43	116,243.45	132,580.91	130,718.52	120,340.18	110,299.40	103,465.17
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted from FAAC	14,975.98	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.b. of which Interest deducted from FAAC Allocation	380.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payment	0.00	3,599.04	8,000.00	0.00	436.07	14,157.62	26,438.69	27,760.62	29,148.66	30,606.09	32,136.39	43,743.21	55,430.37	57,201.89	49,061.99
5. Capital Expenditure	26,343.69	54,608.22	49,704.21	61,508.44	82,201.49	451,008.17	320,934.34	338,717.72	319,666.90	327,581.80	334,225.20	340,047.90	362,880.40	403,683.80	435,709.30
6. Amortization (principal) payments	1,304.31	0.00	0.00	5,935.26	4,723.00	5,764.16	5,491.70	18,336.92	32,293.96	48,124.41	63,626.48	75,573.89	79,212.93	80,286.56	85,032.38
Budget Balance ('+' means surplus, '-' means deficit)	-752.53	-18,724.24	477.49	15,604.45	15,881.40	-27,000.00	-9,055.34	-801.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Opening Cash and Bank Balance	26,369.77	25,617.24	6,893.00	7,370.49	22,974.94	38,856.34	11,856.34	2,801.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
Closing Cash and Bank Balance	25,617.24	6,893.00	7,370.49	22,974.94	38,856.34	11,856.34	2,801.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00

Financing Needs and Sources (Million Naira)

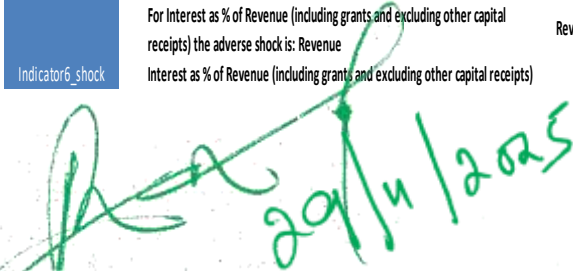
Financing Needs	276,490.77	219,594.46	260,796.33	264,955.47	209,405.21	60,264.87	46,641.62	43,450.38	49,382.91	46,713.85
i. Primary balance	-296,921.49	-203,126.12	-194,615.73	-144,073.08	-45,037.35	135,942.52	159,650.80	156,102.73	141,203.06	141,783.70
ii. Debt service	6,569.27	25,523.69	66,981.61	120,882.40	164,367.86	196,207.39	206,292.42	199,553.11	190,585.97	188,497.55
Amortizations	5,764.16	5,491.70	18,336.92	32,293.96	48,124.41	63,626.48	75,573.89	79,212.93	80,286.56	85,032.38
Interests	805.11	20,031.99	48,644.68	88,588.43	116,243.45	132,580.91	130,718.52	120,340.18	110,299.40	103,465.17
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)	-27,000.00	-9,055.34	-801.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financing Sources	276,490.77	219,594.46	260,796.33	264,955.47	209,405.21	60,264.87	46,641.62	43,450.38	49,382.91	46,713.85
i. Financing Sources Other than Borrowing	25,604.25	0.00	0.00	0.00	22,500.00	24,000.00	22,788.00	26,700.00	30,000.00	33,000.00
ii. Gross Borrowings	250,886.51	219,594.46	260,796.33	264,955.47	186,905.21	36,264.87	23,853.62	16,750.38	19,382.91	13,713.85
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	2,620.53	0.00	17,488.41	0.00
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	0.00	40,293.60	68,796.33	35,701.92	1,038.92	14,325.69	0.00	1,302.25	0.00	0.00
State Bonds (maturity 1 to 5 years)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,894.50	0.00
State Bonds (maturity 6 years or longer)	57,223.92	0.00	52,000.00	0.00	41,271.18	0.00	0.00	0.00	0.00	13,713.85
Other Domestic Financing	0.00	67,300.86	0.00	89,253.55	74,595.11	21,939.19	0.00	15,448.13	0.00	0.00
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	193,662.59	0.00	140,000.00	0.00	70,000.00	0.00	21,233.08	0.00	0.00	0.00
External Financing - Bilateral Loans	0.00	112,000.00	0.00	140,000.00	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Debt Stocks and Flows (Million Naira)

Debt (stock)	70,146.17	66,274.56	77,562.38	75,962.95	68,262.01	325,734.12	507,352.45	749,811.86	982,473.37	1,121,254.17	1,093,892.56	1,042,172.28	979,709.73	918,806.08	847,487.55
External	13,335.62	13,946.43	13,343.75	15,272.07	53,040.00	256,857.59	334,499.85	463,766.75	588,410.88	635,730.49	607,260.66	596,383.60	564,317.35	531,177.47	498,037.59
Domestic	56,810.55	52,328.13	64,218.63	60,690.88	15,222.01	68,876.53	172,852.59	286,045.11	394,062.49	485,523.68	486,631.90	445,788.68	415,392.38	387,628.61	349,449.96
Gross borrowing (flow)						250,886.51	219,594.46	260,796.33	264,955.47	186,905.21	36,264.87	23,853.62	16,750.38	19,382.91	13,713.85
External						193,662.59	112,000.00	140,000.00	140,000.00	70,000.00	0.00	21,233.08	0.00	0.00	0.00
Domestic						57,223.92	107,594.46	120,796.33	124,955.47	116,905.21	36,264.87	2,620.53	16,750.38	19,382.91	13,713.85
Amortizations (flow)	15,460.39	5,344.29	9,217.92	1,528.41	7,039.80	5,764.16	5,491.70	18,336.92	32,293.96	48,124.41	63,626.48	75,573.89	79,212.93	80,286.56	85,032.38
External	484.41	518.32	477.10	542.78	1,821.01	2,194.76	1,873.30	10,733.10	15,355.87	22,680.39	28,469.83	32,110.14	32,066.25	33,139.88	33,139.88
Domestic	14,975.98	4,825.97	8,740.83	985.63	5,218.78	3,569.40	3,618.40	7,603.82	16,938.09	25,444.02	35,156.65	43,463.75	47,146.68	47,146.68	51,892.50
Interests (flow)	1,014.01	1,659.00	3,157.87	2,101.55	2,324.12	805.11	20,031.99	48,644.68	88,588.43	116,243.45	132,580.91	130,718.52	120,340.18	110,299.40	103,465.17
External	88.99	92.87	102.68	116.33	399.01	491.91	5,504.81	9,984.81	13,917.70	19,063.92	20,489.09	19,580.93	19,199.23	18,180.54	17,128.33
Domestic	925.02	1,566.14	3,055.19	1,985.22	1,925.11	313.20	14,527.18	38,659.87	74,670.73	97,179.53	112,091.82	111,137.59	101,140.95	92,118.86	86,336.85
Net borrowing (gross borrowing minus amortizations)						245,122.35	214,102.77	242,459.41	232,661.51	138,780.80	-27,361.61	-51,720.28	-62,462.55	-60,903.65	-71,318.53
External						191,467.83	110,126.70	129,266.90	124,644.13	47,319.61	-28,469.83	-10,877.06	-32,066.25	-33,139.88	-33,139.88
Domestic						53,654.52	103,976.06	113,192.51	108,017.38	91,461.19	1,108.22	-40,843.22	-30,396.30	-27,763.77	-38,178.65

Debt and Debt-Service Indicators

Indicator1_baseline	Debt Stock as % of SGDP	4.65	3.85	3.92	3.31	2.51	10.33	14.03	18.05	20.40	20.93	18.35	15.71	13.28	11.19	9.28
Indicator2_baseline	Debt Stock as % of Revenue (including grants and excluding other capital receipts)	90.04	89.62	91.08	65.41	47.83	119.73	189.26	247.87	285.70	244.04	166.64	146.13	130.62	117.22	103.11
Indicator3_baseline	Debt Service as % of SGDP						0.21	0.71	1.61	2.51	3.07	3.29	3.11	2.70	2.32	2.06
Indicator4_baseline	Debt Service as % of Revenue (including grants and excluding other capital receipts)						2.41	9.52	22.14	35.15	35.77	29.89	28.92	26.61	24.32	22.93
Indicator5_baseline	Interest as % of SGDP						0.03	0.55	1.17	1.84	2.17	2.22	1.97	1.63	1.34	1.13
Indicator6_baseline	Interest as % of Revenue (including grants and excluding other capital receipts)						0.30	7.47	16.08	25.76	25.30	20.20	18.33	16.04	14.07	12.59
	Personnel Cost as % of Revenue (including grants and excluding other capital receipts)						21.55	23.04	21.44	19.80	15.61	11.55	12.27	11.90	11.62	12.19
Adverse Shock Scenario is defined by the worst performance indicator measured in year 2029																
Indicator1_shock	For Debt Stock as % of SGDP the adverse shock is: Expenditure	Expenditure														
	Debt Stock as % of SGDP						10.33	15.34	20.47	23.67	25.04	23.22	21.27	19.48	17.99	16.63
Indicator2_shock	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)						119.73	221.40	297.16	349.21	307.94	224.08	212.16	207.39	205.70	203.39
Indicator3_shock	For Debt Service as % of SGDP the adverse shock is: Expenditure	Expenditure														
	Debt Service as % of SGDP						0.21	0.71	1.70	2.68	3.30	3.59	4.17	3.83	3.46	3.24
Indicator4_shock	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)						2.41	10.58	25.39	40.59	41.65	35.27	39.18	38.15	37.33	38.51
Indicator5_shock	For Interest as % of SGDP the adverse shock is: Expenditure	Expenditure														
	Interest as % of SGDP						0.03	0.55	1.26	2.01	2.40	2.52	2.32	2.03	1.79	1.62
Indicator6_shock	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)						0.30	8.30	18.66	30.15	30.01	24.50	23.23	21.62	20.40	19.74


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