



**CROSS RIVER STATE
DEBT SUSTAINABILITY ANALYSIS
&
DEBT MANAGEMENT STRATEGY REPORT
(DSA-DMS)
2022**

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CHAPTER ONE

1.0 INTRODUCTION

1.1 Objective of Debt Sustainability Analysis and Debt Management Strategy

The Government of Cross River State conducted the Debt Sustainability Analysis and Debt Management Strategy (State DSA-DMS) for the year 2022. The DSA analyzes the trends and patterns of the State's Public Finance during the period 2017 – 2021 and evaluates the State's long-term debt sustainability between the years from the year 2022 to 2031. The analysis highlights recent trends in revenue, expenditure, public debt, and the related policies adopted by the State. A Debt Sustainability Assessment was conducted, along with scenario and sensitivity analysis to evaluate the prospective performance of the State's Public Finances. The report includes the State's Debt Management Strategy (DMS) which focused on low cost and prudent degree of risk.

The main objective of the DMS is to ensure that Cross Rivers State Government's financing needs and payment obligations are met at the lowest possible cost, consistent with a prudent degree of risk. Four different Debt Management Strategies were set and evaluated. This comprises of the reference strategy referred as Strategy 1(S1) and other 3 Alternate Strategies (S2-S4). The analysis calculates the costs of carrying public debt and measures the risk associated with macroeconomic and fiscal shocks.

Cross River State DSA-DMS for the year 2022 was conducted and produced by the State's Debt Management Office in collaboration with the Office of Accountant-General and the Ministry of Budget and Economic Planning. The State DSA-DMS was produced using the DSA-DMS Template and Toolkit developed by the Debt Management Office, in partnership with the World Bank Group to analyze the trends and patterns in the State's public finances during the period of 2017- 2021 while also evaluating the ability of the State to sustain its debt in the long term (2022-2032). The State Government undertook the conduct of the Debt Sustainability Analysis and Debt Management Strategy (State DSA-DMS) exercise for the year 2022. It was an exercise that took into consideration the State's historical macroeconomic data from the period 2017 – 2021 and projected data from the period 2022 – 2031.

1.2 Summary of Findings and Results of the State DSA-DMS

By the DSA-DMS exercise carried out, the State exhibits a solid debt position that appears not too sustainable in the medium to the long term. The state will have to work to improve its revenue generating capacity, manage existing and future debts more efficiently and embark on critical expenditure control.

The DSA-DMS exercise for 2022 revealed the following;

- The debt position of the state as at December 2021 is huge compared to the revenue accruing to the state. Total Debt as at Dec 2021 is **N195,328.60B**
- The cost of Debt Servicing as at same period stands at **N18,839.78B**
- Total revenue (including grants and excluding other capital receipts) is projected to increase from **N77,281B** in 2021 to **N143,672.23B** by 2031 (**Chart 16**). There is urgent need for the state to fast-track activities that will propel increment of Internally Generated Revenue for the state.
- The State's total expenditure will expand from **N89,046.30B** in 2021 to **N183,914.12B** by 2031 (**Chart 17**).
- The Debt Stock to Revenue ratio breached the threshold thrice in the historical period of 2017-2021 and for the projection period of 2022-2031, the state breached all though. This implies that the debt sustainability position of the state is threatened both in the historical and projection years.
- For other Performance Indicators with threshold; Debt Stock to GDP, Debt Service to Revenue, Personnel Cost to Revenue, the outputs are positive and favorable to the state as the thresholds were not breached.
- The DSA sensitivity analysis carried out also showed clearly that should the risk associated with Revenue, Expenditure, Interest Rate and Exchange rate crystallizes, the state will be in a dare situation.

The outlook of the Nigerian economy which is the basis of the assumptions for the DSA-DMS exercise is expected to improve marginally based on the following economic indicators. For 2022, the national GDP is expected to grow at 3.55%, Oil price benchmark set at \$73, Oil production per day is expected to be 1.6mbpd while inflation is projected to remain stable at 16.11%, and exchange rate at N410.15/\$1 and the global recovery on the Covid 19 pandemic, FAAC allocations are projected to increase in the present and future years

Given the State's own forecasts for the economy and reasonable assumptions concerning the State's budget and financing policies going forward, the medium-term cost-risk profile for the public debt portfolio appears consistent with debt-management objectives, however consistent and progressive fiscal actions need to be taken to improve the debt sustainability position of the state.

CHAPTER TWO

CROSS RIVER STATE FISCAL AND DEBT FRAMEWORK

2.1 FISCAL REFORMS IN THE LAST 3-5 YEARS

The Cross River State Government had instituted, adopted, adapted and implemented a number of fiscal reforms to ensure transparency, accountability, and sustainability in the sourcing, management and utilization of State resources and debt for the purpose of achieving good governance in the State. Amongst these were the formulation/enactment and revision of various fiscal policies, Laws and plans for improved revenue generation, budgeting, accounting and auditing; effective and efficient treasury management. The following highlights fiscal policy legislations, strategies/programmes and initiatives rolled out for ensure transparency, accountability, and sustainability in sourcing, management and utilization of State resources and debt management within the public finance sector during the period under consideration and subsequent years;

- CRS Public Finance Law No. 12 of 2011
- CRS Fiscal Responsibility Law No. 13 of 2011
- CRS Debt Management Department Law No. 5
- CRS Public Procurement Law No. 1 (Amended) of 2011
- CRS Amended Revenue Administration Law No. 16
- CRS Local Government Harmonized fees/Rates and Charges (2015)
- CRS Harmonized Fees, Levies and Charges for MAs (CRS House of Assembly Resolution 43 of Sept. 2016)
- Consolidated Revenue Code
- Implementation of the National minimum wage increase to workers of the State based on State Government's affordability
- Automation of Internal revenue collections through the pay-direct system platform
- Development and implementation of the Fiscal Strategy Paper (2020-2022) and the 2021 Proposed Medium Term Expenditure Framework to facilitate budget planning and expenditure monitoring and reporting
- Domestication of the National Chart of Accounts of budgeting, accounting and reporting.
- State implementation of the 22 Point Fiscal Sustainability Plan (FSP 2015-2018) of the Federal Government for Budget Support Facility which was designed to improve

transparency and accountability, increase public revenue, rationalize public expenditure, improve public finance management and facilitate sustainable debt management.

- Implementation of the Ministerial Single Account (MSA)/Treasury Single Account (TSA)
- Development and implementation of the Cross River State Growth and Development Strategy (2018-2048) with emphasis on infrastructural development and industrialization of the State
- Participation in and implementation of the EU-world Bank Assisted State and Local Government Reforms Project and the on-going FGN-World Bank assisted State Fiscal Transparency, Accountability and Sustainability Programme for Results (SFTAS PforR)
- Biometric Registration of all State Civil Servants and pensioners and the linkage of Payroll with Bank Verification Number (BVN) to reduce payroll fraud
- Implementation of COVID-19 Tax Compliance Relief Program for individual tax payers and business etc.

The implementation of the above fiscal measures (some of which are still ongoing) by the Cross River State Government have also impacted immensely on the fiscal variables of revenues and expenditures of the State not only for the period 2017-2022 but would continue to do so even in the medium term and long term.

Strategies for continuous optimal internally generated revenue (IGR) collection for future years are as follows:

1. Continuous sensitization and enlightenment of taxpayers for Voluntary Compliance
2. Monthly reviews of IGR collection to upscale collection
3. Blockage of leakages and elimination of obstacles constituted by appointees of the State Government to revenue optimization. The 8th Legislature, on Tuesday December 19th, 2017, passed Resolution, delisting some MDAs from revenue collection.
4. Updating relevant revenue Statutes (including passage of new Laws, Amendment of some existing laws and enactment of some new Regulations) to broaden the State scope of Internally Generated Revenue (IGR) Collection. In this regard, the following specific bills are considered and forwarded to the Cross River State 8th Assembly: -
 - a. **Proposed New Laws**
 - ✓ Cross River State Land Use Charges Law
 - ✓ Cross River State Radio / TV License Law
 - ✓ Cross River State Stamp Duties Law

- ✓ Cross River State Capital Gains Tax Law
- ✓ Cross River State Economic Development Levy Law
- ✓ Cross River State Environment and Ecology Levy Law
- ✓ Cross River State Maritime Sector (Regulation) Law

b. Proposed Amendments to Existing Laws

- ✓ Tourism Development Levy (Amendment) Law
- ✓ Tax Exemption (for Low Income Workers) (Amendment) Law

c. Proposed Regulations

- ✓ Cross River State Land Use Charges Regulations
- ✓ Cross River State Radio / TV License Regulations
- ✓ Cross River State Stamp Duties Regulations
- ✓ Cross River State Capital Gains Tax Regulations
- ✓ Cross River State Economic Development Levy Regulation
- ✓ Cross River State Environment and Ecology Levy Regulation
- ✓ Cross River State Maritime Sector (Regulation) Regulation
- ✓ Cross River State Scrap Regulatory Agency (Law) Regulations
- ✓ Road Infrastructure Maintenance Levy Regulations
- ✓ Tax Exemption (for Low Income Workers) Regulation

5. Consistent monitoring and evaluation of MDAs collections.
6. Training and retraining of our revenue Staff
7. Review the performance of revenue generating consultant
8. Continuous harmonization of revenue heads and collection mechanisms amongst sundry Ministries Departments and Agencies (MDAs) with overlapping revenue jurisdictions.
9. Continuous engagement with Local Government Councils to mitigate conflicts in revenue jurisdictions.
10. Back Duty Recoveries
- 11 Budget implementation report

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

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

Below is the Summary of the National Macroeconomic framework from 2022 – 2025.

Table 2.1 Medium Term Macro-Economic Framework – Key Parameters for the National Macroeconomic projections

Item	2022- Revised	2023	2024	2025
National Inflation	16.11%	17.16%	16.21%	17.21%
National Real GDP Growth	3.55%	3.75%	3.30%	3.40%
Oil Production Benchmark (MBPD)	1.6	1.69	1.83	1.83
Oil Price Benchmark	\$73.00	\$70.00	\$66.00	\$62.00
NGN: USD Exchange Rate	N 410.15	N 435.57	N 435.92	N 437.57

Source: Federal Ministry of Finance, Budget & National Planning

2.2 The 2022 Cross River State Budget and the Medium-Term Expenditure Framework (MTEF) 2023-2025

Approved 2022 Budget

The 2022 State’s budget was prepared with many unforeseen problems in the global trend and the domestic front due to uncertainty in global oil prices, inflation, the gradual recovery from

the coronavirus pandemic in preceding years and the Russia Ukraine war which have serious effects on the National and State economies.

From the foregoing fiscal assumptions and parameters, the State total revenue made to fund the 2022 budget is estimated at N90,753B. This includes Internal Generated Revenue, Statutory Allocation, Value Added Tax, Domestic Grants, Foreign Grants and Sale of Government Assets.

The expenditure proposed by the State Government for the year 2022 stands at N117.977B. These is made up of statutory transfer, recurrent expenditure and capital expenditure.

The deficit position that is to be funded by borrowings for the year 2022 stands at N28,243B. However, with the analysis done with the DSA-DMS template, the established deficit to be funded by way of borrowings is established to be N36,766B. This encompasses debt service cost

The Three-Year State Fiscal Framework

The indicative three-year fiscal framework for the period 2022-2025 is presented below.

Figures presented below are in Millions.

Cross River State Medium Term Fiscal Framework				
Recurrent Revenue	2022	2023	2024	2025
Statutory Allocation	38,122.00	38,962.00	36,539.90	37,799.90
VAT	19,546.23	19,897.15	20,008.23	21,879.21
IGR	28,683.50	29,286.22	31,750.65	33,564.89
Excess Crude/Others	350.50	3,183.39	3,342.56	3,509.69
Total	86,702.23	91,328.76	91,641.34	96,753.69
Recurrent Expenditure				
Personnel	15,645.55	12,103.29	28,954.89	29,402.64
Overheads	34,571.62	31,102.59	40,638.30	18,000.00
Total	50,217.17	43,205.88	69,593.19	47,402.64
Transfer to Capital account	36,485.06	48,122.88	22,048.15	49,351.06
Capital Receipts	1,019.28	1,976.86	2,036.17	2,112.52
Grants	3,031.80	3,183.39	3,342.56	3,509.69
Other Capital Receipts	-	-	-	-
Total	3,031.80	3,183.39	3,342.56	3,509.69

Capital Expenditure	67,760.37	60,961.08	70,051.07	55,280.00
Discretionary Funds	67,760.37	60,961.08	70,051.07	55,280.00
Non-Discretionary Funds				
Net Financing	-28,243.50	-9,654.81	-44,660.36	-2,419.25

The fiscal framework thrust for 2023-2025 is a commitment to create a conducive environment to enable Foreign Direct Investment and complete on-going projects in the State. The State is warming up to actualize the gains of previous budget and industrialization of the State.

The Key Objectives of Approved 2022 Budget

- a. Ensure leveraging on the comparative advantage in Agriculture and Tourism to create job opportunities in the State;
- b. Ensure the completion of all on-going Capital projects and sustain the current investment in infrastructural facilities;
- c. Sustain and intensify the current efforts in independent revenue generation;
- d. Improve the State’s public financial management to entrench transparency, accountability and integrity;
- e. Develop the social and economic and economic infrastructure to support development in all ramifications;
- f. Strategic diversification of the State’s economy using the Public Private Partnership model

CHAPTER THREE

CROSS RIVER STATE REVENUE, EXPENDITURE, FISCAL AND DEBT PERFORMANCE, 2017-2021

3.0 Introduction

This section looks at the historical performance of Cross River State relating to Revenue, Expenditure and Public Debt Trends from 2017 – 2021. The figures captured here reflects the actual performance of the state for this period supported by the State financial statements.

3.1 Revenue, Expenditure, Overall & Primary Balance

i. **Aggregate State TOTAL Revenue trend in the last five years and its composition in 2021.** The total revenue in this context is all revenue accruing to the state but excluding capital receipt. The total revenue that accrued to the state increased steadily from N45,803.53B in 2017 to N79,163.05B in 2021 representing an increase of 73%.

Like every other state in the country, the Gross FAAC made up the substantial part of the revenue accruing to the state during this period. The Gross FAAC improved over the years from 2017 and got to its peak of N54,243.71B in 2019 from N36,009.31B in 2017 and began to witness a deep. As at the close of year 2021, it stood at N47,830.51. This deep can be attributed to the volatility in the international oil market prices and the declined oil production in the country which resulted into lesser revenue into the Federation Account

The steady increase in the IGR made up the decline in Gross FAAC. IGR increased from N9,794.22B in 2017 to N26,563.46B in 2021 representing a whopping increase of 171%. This is a result of the numerous policies and initiatives being embarked upon by the State Government to improve IGR

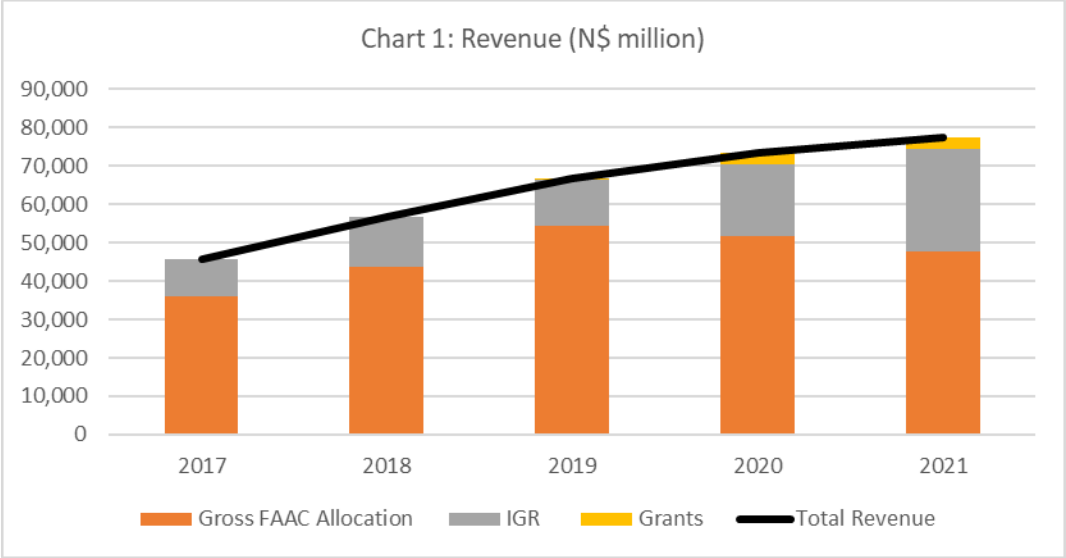
See below details of total revenue trend for the historical years

Table 3.1 Cross River State Aggregate Revenue for 2017-2021

Revenue	2017	2018	2019	2020	2021
Gross FAAC Allocation	36,009.31	43,672.33	54,243.71	51,710.78	47,830.51
IGR	9,794.22	13,118.86	12,195.88	18,745.57	26,563.46
Grants	-	0	279.47	2,749.93	2,887.43
Other Non-Debt	0	0	0	0	1,881.65

Capital Receipt					
Total Revenue	45,803.53	56,791.19	66,719.06	73,206.28	79,163.05

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



ii. **FAAC Allocations trend in the last five years.** Cross River State recorded a decline in federal transfers by 4.7% and a further 7.5% in 2020 and 2021 respectively. The decline is largely attributable to a slide in federal oil receipts due to the volatility in the international oil market, lower oil prices and the attacks on oil installations in the South-South region of the country.

iii. **IGR trend in the last five years.** The State exhibited strong IGR growth during the review period. The IGR of the state has been steadily increasing but witnessed a huge leap in 2020 resulting in 53.7% increase over the 2019 figure. IGR for 2019 was N12,196B and increased to N18,746B in 2020. The state recorded another massive increase of 41.7% resulting in a close balance of N26,563B for 2021. In summary, IGR witnessed an average growth rate of 30.6% in the historical period. This improvement in IGR is mainly a result of tax administration reforms aimed at improving collection rates and broadening the tax revenue base.

iv. **Aggregate (total) Expenditure trend in the last five years and its composition in 2021.** Total expenditure in this context includes is all categories of expenses (Personnel, Overhead Cost, Capital Expenditure, interest and amortization). Total expenditure rose from N63,956.01B in 2017 to N92,726.8B in 2020 representing an increase of N28,770.79B but declined to N89,046.30B in year 2021.

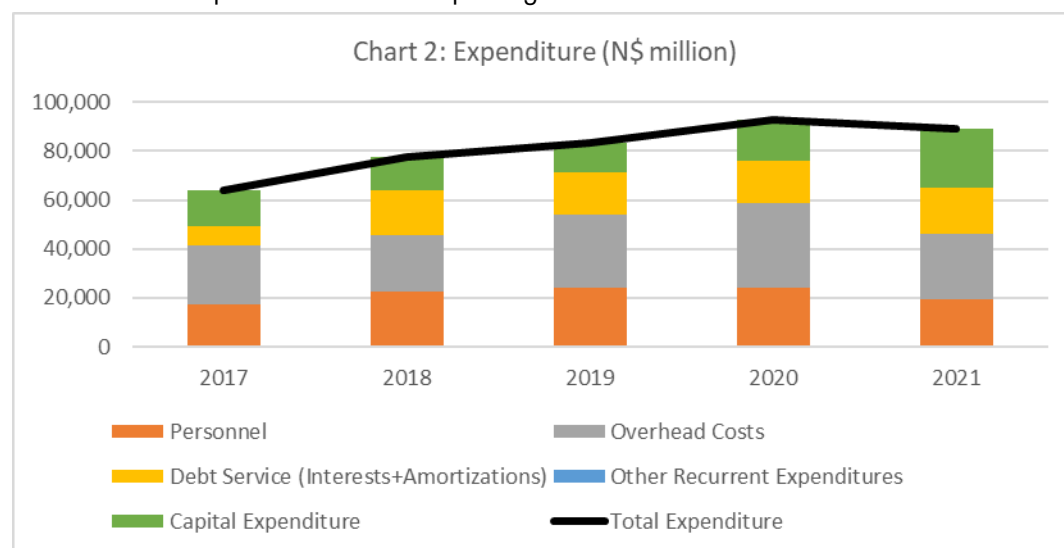
The increase in the expenditure profile of the state is in the overhead cost which has steadily increased over the years even more than capital expenditure. This cost line increased by 46%

from 2017 to 2020. Below is the table showing the expenditure details in the historical years and the growth rate over the period.

Table 3.2 Cross River State Aggregate Expenditure for 2017-2021

Expenditure	2017	2018	2019	2020	2021
Personnel	17,458.50	22,327.14	24,257.19	24,055.06	19,254.05
Overhead Costs	23,824.43	23,426.88	29,621.36	34,871.72	27,111.54
Debt Service	8,097.94	18,377.59	17,417.90	17,159.16	18,839.78
Capital Expenditure	14,575.13	13,353.31	11,966.14	16,640.86	23,840.93
Total Expenditure	63,956.01	77,484.93	83,262.59	92,726.80	89,046.30
Growth Rate		21.15%	7.46%	11.37%	-3.97%

Below is the Expenditure chart depicting the trend between 2017 – 2021



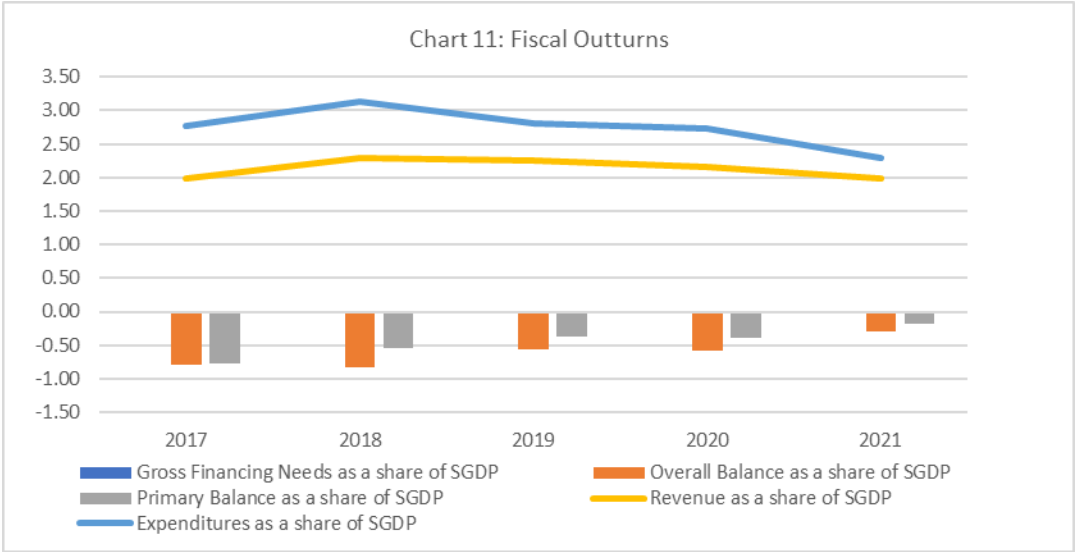
V. Main expenditure variations in the last five years by economic classification. Over the period, analysis shows that Overhead Cost and Debt Service cost are both responsible for this huge leap in Expenditure.

Overhead Cost rose from N23,824.43B in 2017 to its peak of N34,871.72B in 2020 though witnessed a marginal decline to N27,111.54B in 2021. Debt service recorded an increase of

N10,741.83B over the historical years. Debt service figure as at 2017 was N8,097.94 but rose to N18,839.78B in 2021 which shows clearly that the state is highly geared and serious efforts should be made over the future years to manage the rising debt profile of the state as is already reflecting on sustainability.

The ratio of expenditure to state GDP is however observed to have decreased. It moved from 2.76% in 2017 to the peak of 3.12% in 2018 in the historical years. It has declined to 2.29 as at 2021. This does not indicate though that state expenditure is better managed. The decrease is due to the appreciation in the state GDP figures over the last 5 years.

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



From the chart above, the Overall balance as a share of state GDP has been decreasing. It moved from -0.78% in 2017 to 0.83% in 2018 and started improving to -0.30% in 2021. Primary Balance, Revenue and Expenditure all as a share of state GDP followed similar trend from 2017 to 2021.

3.2 Existing Public Debt Portfolio

The State public debt is the total amount that includes Domestic debt, External debt, Arrears and other types of outstanding financial liabilities. It includes the explicit financial commitments

– like loans and securities – that have paper contracts instrumenting the government promises to repay.

i. Public debt stock amount or its shares on total Revenue at end-2021 and its growth in the last five years.

The table below shows the evolution of the Cross River State debt profile over the historical years;

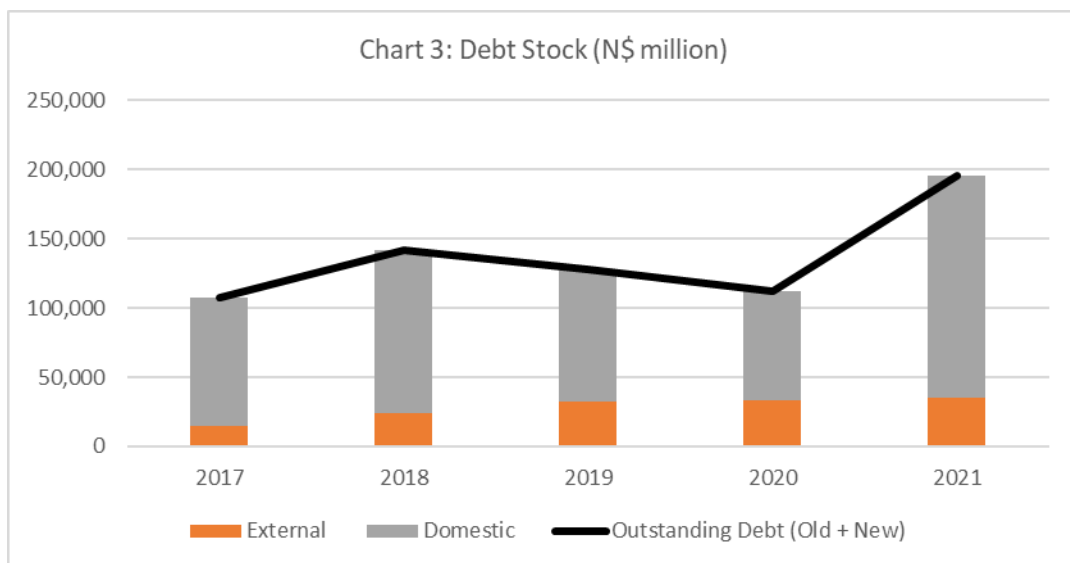
CRS State Debt	2017	2018	2019	2020	2021
External	14,400.73	23,867.70	32,552.94	33,568.18	35,512.30
Domestic	93,255.07	118,067.25	94,981.63	78,717.89	159,816.30
Total Outstanding Debt	107,655.80	141,934.95	127,534.56	112,286.07	195,328.60

The outstanding debt balance for the state as at 2021 December is N195,328.60B. The state debt had witnessed an increase of N87,672.50B representing 81% over the last 5 years with its attendant impact on the share of revenue. The debt stock to revenue ratio had moved from 235% in 2017 to 253% in 2021.

In summary, the state debt position is stated below;

S/N	DEBT CATEGORY	AMOUNT(Millions)	%
1	Total Domestic Debt	159,328.60	81.82
2	Total External Debt	35,512.30	18.18
	TOTAL	195,328.60	100%

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



ii. The existing public debt portfolio composition at end-2021. As stated above, Cross River State debt portfolio largely consists of domestic loans. The state equally has external loans. See loan schedule below;

Cross River State Debt Data as at December, 2021

S/N	DEBT CATEGORY FOR DOMESTIC	BALANCE N
1	Budget Support Facility	17,513.97
2	Salary Bailout Facility	6,909.32
3	Restructured Commercial Bank Loans (FGN Bond)	30,434.69
4	Excess Crude Account Backed Loan	8,963.38
5	Commercial Banks Loans	6,762.05
6	State Bonds	984.20
7	CBN Commercial Agriculture Loan	5,962.02
8	Judgement Debts	3,915.30
9	Contractors' Arrears	39,527.00
10	Pension and Gratuity Arrears	13,678.46
11	Salary Arrears and Other Staff Claims	5,857.72
12	Other Debts	19,308.22
	TOTAL DOMESTIC	159,816.33

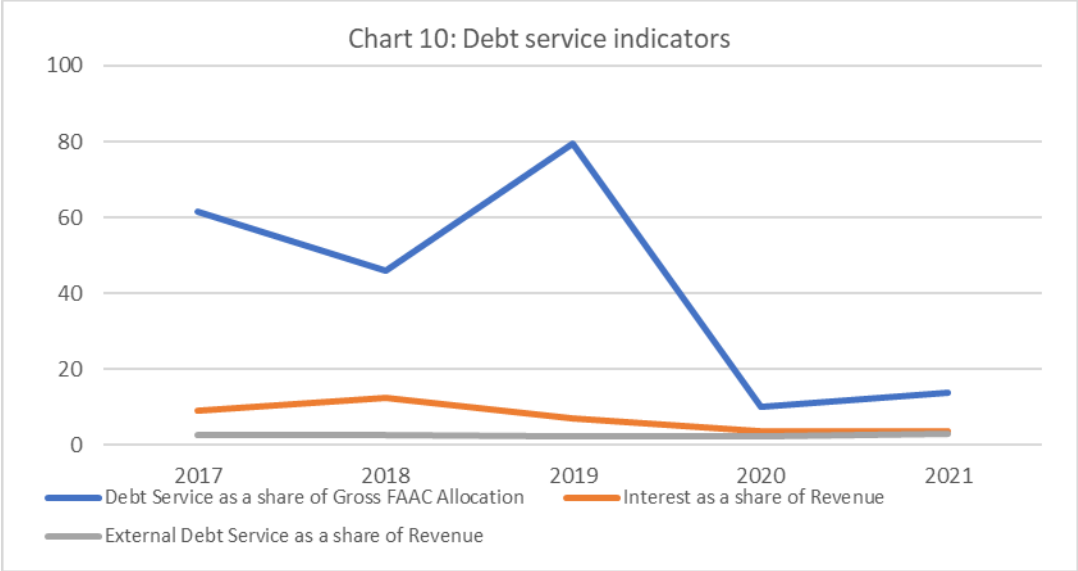
S/N	DEBT CATEGORY FOR EXTERNAL	BALANCE \$
1	World Bank (WB)	92.52
2	African Development Bank (AfDB)	1.23
	TOTAL EXTERNAL	93.74

Note: All figures are expressed in Millions

iii. Cost and risks exposure of the existing public debt portfolio at end-2021.

The debt portfolio of the state was volatile during the historical period. The state debt rose astronomically from N107,655.80B in 2017 to N195,328.60B in 2021 with its attendant implications on the fiscal strength of the state. For emphasis, debt service cost moved from N8,097.94B in 2017 to N18,839.78B in 2021. The huge leap from N112,286.07B in 2020 is due to the massive jump in Contractors Arrears and Other debts totalling N58,835B. Debt service as a share of Gross FAAC allocation rose from 62% in 2017 to a peak of 79% in 2019 but declined to 14% in 2021. This is not because the debt figures were better managed but due to increase in Gross FAAC relative to the figures for 2017. Interest as a share of revenue also rose from 9% in 2017 to 12% in year 2018 and declined to N4% in 2021.

We also noted that the debt portfolio is narrowly exposed to currency, interest rate, and rollover risks. Exposure to currency fluctuations is limited because the foreign currency-denominated liabilities are only 18 percent of the total debt stock. Most domestic loans and all external loans are fixed-rate obligations, thus not affected by changes in interest rates. As these loans have maturities running from 10 to 40 years and include financing from the Federal Government and multilateral organizations, rollover risk associated with potential deterioration of domestic financial conditions is negligible. Chart below is showing debt service indicators for the historical years.



CHAPTER FOUR

4.0 Introduction

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

The debt and debt service indicators for Cross River State for the historical and projection years shows that the debt levels are not sustainable. See table below for indicators with threshold;

Table 4.1 Performance Indicators with Threshold

Performance Indicator	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Debt as % of SGDP	4.65	5.72	4.30	3.30	5.03	5.16	4.75	5.12	4.79	4.43	4.15	3.81	3.50	3.16	2.86
Threshold	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25
Debt as % of Revenue	235	250	191	153	253	257	260	316	318	330	316	303	299	284	281
Threshold	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200
Debt Service as % of Revenue	48.52	35.29	64.51	7.21	8.68	7.24	12.87	18.86	23.26	31.44	32.77	33.20	34.08	36.37	36.42
Threshold	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Personnel Cost as % of Revenue	38.12	39.31	36.36	32.86	24.91	17.44	12.81	30.48	29.33	29.47	28.00	26.75	26.79	25.18	26.35
Threshold	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60

For Debt as a share of GDP, the state recorded the highest figure of 5.72% in 2018 In the historical years, while for the projections of 2022 – 2031, the highest figure happened in 5.12% in 2024. In all they were all very distant from the 25% threshold, that is an indication of

the robustness of the productivity level of the state to accommodate the debt levels. For debt as a percentage of revenue, the state crossed the threshold in three of the projection years of 2017, 2016 & 2021. For the projection years, the state breached the threshold all through the 10 years. That is an indication that the present debt levels in the state are not sustainable and there is a crucial need to review its fiscal policies and find a way to improve the revenue generation capacity of the state to accommodate the existing and projected debt levels. For Debt service as a percentage of revenue, the threshold is 40% and the state did not breach this threshold all through the and projection years though breached it twice in the historical period. 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 threatened by the output of the Debt as share of Revenue performance indicator. All hands must be on deck to massively improve the revenue base of the state.

The following indicators without threshold;

- Debt service to FAAC
- Interest Payment to Revenue
- External debt service revenue

The Debt service to FAAC ratio was high in the first 3 years of the historical period but declined in 2020 & 2021. The ratio began to attain disturbing levels from 2026 to 2031 with its peak at 57.39%. Since almost half of the projected salary from FAAC has been eaten up by Debt Service, state must concentrate on raising IGR substantially. Interest as a share of revenue ratio increased in the projection years.

Table 4.2 Performance Indicators without Threshold

INDICATOR	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Debt Service as a share of Gross FAAC Allocation	61.72	45.90	79.34	10.21	14.02	11.19	19.60	29.92	36.91	51.53	52.69	52.96	53.97	57.45	57.39
Interest as a share of Revenue	9.20	12.41	7.19	3.66	3.75	3.66	8.98	11.31	15.31	17.47	18.87	17.03	18.93	18.93	17.38

External Debt Service as a share of Revenue	2.58	2.67	2.42	2.50	2.95	1.77	1.28	1.27	2.47	2.55	2.44	3.06	3.07	3.81	4.03
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4.1 Cross River State Medium Term Expenditure Forecast

Cross River State medium-term debt sustainability is predicated upon a gradual recovery of the Nigerian economy that will increase FAAC statutory allocation. According to the Federal Government and State’s own forecasts, the Nigerian economy is expected to gradually recover in the period 2022-2025, with real GDP expanding at an average annual rate of 3 percent and domestic inflation decreasing below 10 percent by 2023. Such a moderate recovery will be supported by higher oil prices in global markets, an increase in domestic production, prudent fiscal policy, and the stabilization of the exchange rate relevant for international public-sector financial transactions at its current level. Oil and gas revenue, as well as shared resources such as custom duties and VAT, would then increase relative to the depressed levels observed in 2020, thus improving the State’s revenue position.

The table below presents the National Macro-Economic projections for the 2023-2025 Medium-Term Expenditure Framework;

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

Item	2022- Revised	2023	2024	2025
National Inflation	16.11%	17.16%	16.21%	17.21%
National Real GDP Growth	3.55%	3.75%	3.30%	3.40%
Oil Production Benchmark (MBPD)	1.60	1.69	1.83	1.83
Oil Price Benchmark	\$73.00	\$70.00	\$66.00	\$62.00
NGN: USD Exchange Rate	₦ 410.15	₦ 435.57	₦ 435.92	₦ 437.57

Source: Ministry of Finance, Budget & National Planning; NNPC; BOF; NBS Notes: (i) * The

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

The Russian invasion of Ukraine, resulting in higher crude oil prices, has worsened Nigeria's economic performance. On the fiscal side, oil revenue accretion to the Federation Accounts is much lower due to the huge petrol subsidy costs, which are recovered from crude oil and gas revenues before remittance to the federation account. The real economy is experiencing sustained inflationary pressures, worsened by high energy costs, while external account and exchange rate pressures persist. These factors and the medium-term outlook underly the medium-term projections. In the medium term, real GDP growth is projected at 3.75% in 2023, from a revised projection of 3.55% in 2022 – a downward revision from the 2022 budget prediction. Growth is expected to moderate to 3.30% in 2024 before picking up to 3.46% in 2025. The inflation rate is projected to average 17.16% in 2023, up from the revised average of 16.11% for 2022. Upward pressure on prices is expected to be driven by the current and lagged effect of the global price surge due to the Russian-Ukraine war, domestic insecurity, rising imports, and exchange rate depreciation, as well as other supply-side constraints. It is envisaged that shocks from global environment, domestic challenges like insecurity and fiscal expansion would not only induce inflationary pressure but impact exchange rate and interest rates. Consequently, it is projected that the naira will depreciate to N435.57/US\$ in 2023, N435.92/US\$ in 2024 and N437.57/US\$ in 2025.

The MTEF for Cross River State covering 2022 – 2025 upon which this debt sustainability exercise is premised is hereby presented below;

Table 4.4 Cross River State Medium Term Fiscal Framework

Cross River State Medium Term Fiscal Framework				
Recurrent Revenue	2022	2023	2024	2025
Statutory Allocation	38,122.00	38,962.00	36,539.90	37,799.90
VAT	19,546.23	19,897.15	20,008.23	21,879.21

IGR	28,683.50	29,286.22	31,750.65	33,564.89
Excess Crude/Others	350.50	3,183.39	3,342.56	3,509.69
Total	86,702.23	91,328.76	91,641.34	96,753.69
Recurrent Expenditure				
Personnel	15,645.55	12,103.29	28,954.89	29,402.64
Overheads	34,571.62	31,102.59	40,638.30	18,000.00
Total	50,217.17	43,205.88	69,593.19	47,402.64
Transfer to Capital account	36,485.06	48,122.88	22,048.15	49,351.06
Capital Receipts				
Grants	3,031.80	3,183.39	3,342.56	3,509.69
Other Capital Receipts	-	-	-	-
Total	3,031.80	3,183.39	3,342.56	3,509.69
Capital Expenditure	67,760.37	60,961.08	70,051.07	55,280.00
Discretionary Funds	67,760.37	60,961.08	70,051.07	55,280.00
Non-Discretionary Funds				
Net Financing	-28,243.50	-9,654.81	-44,660.36	-2,419.25

Revenue and Expenditure Assumptions

Federation Account revenue estimates (Statutory Allocation, VAT) for the period 2023-2025 are as per the Cross River State MTEF which are based on elasticity forecasting (see MTEF for more details). Beyond this, it is assumed that Statutory Allocation remains stable at the 2023 levels (this is a 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 2022 is based on the approved 2022 budget, and thereafter until 2025. This is premised on IGR reforms that are currently being implemented in the state. It is expected that the full effect of the IGR reforms should be more visible in future years. It is also anticipated that State IGR will grow at the same pace as State nominal GDP.

Grants are anticipated to increase on the average of 7.6% over the projection years. State is working to ensure it is continually assessing potential sources of grants both from within Nigeria and externally.

From an expenditure perspective, Cross River State Government has the desire to ensure sufficient funds are available for Capital Expenditure, but at the same time acknowledging the need to keep up with and ensure operation and maintenance costs (i.e., overheads) are sufficient to maintain assets and provide services. Using the 2022 approved budget as a base, personnel costs are forecast to rise by 12.5% and overheads by 2.8% on the average over the period 2022-2031.

Capital expenditure is forecast to grow on the average of 19% from 2022 - 2031

4.2 Borrowing Options

The debt sustainability and analysis exercise has helped to ascertain the funding gap for the projection years of 2022-2031. See details below;

Table 4.5 Total Gross Borrowing Requirements for 2022-2031

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Total Gross Borrowing Requirements	35,747	18,749	61,653	26,629	29,729	36,164	34,236	34,792	32,912	37,447

Cross River State is planning to create new debts by sourcing for funds both from the domestic and external markets to address these established funding gaps.

Below are the details of the financing options the state intends to utilize for each of the projection years;

Table 4.6 Total Planned Borrowing for 2022-2031

New Domestic Financing in Million of Local Currency	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Commercial Bank Loans (maturity 1 to 5 years)	1,124	-	-	6,629	-	-	7,719	-	2,677	-
Commercial Bank Loans (maturity 6 years or longer)	11,271	6,719	-	-	10,000	-	-	10,184	-	9,800
State Bonds (maturity 1 to 5 years)	-	-	22,226	-	-	-	26,517	-	-	10,750
State Bonds (maturity 6 years or longer)	8,353	-	-	-	19,729	-	-	24,608	-	-
Other Domestic Financing ()	15,000	12,029	-	20,000	-	10,047	-	-	10,875	-
New External Financing in Million US Dollars	-	-	96	-	-	64	-	-	-	-

External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	-	-	-	-	-	-	-	-	47	-
External Financing - Bilateral Loans	-	-	-	-	-	-	-	-	-	41

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

Borrowing Terms for New Domestic Debt (issued/contracted from 2021 onwards)	Interest Rate (%)	Maturity (# of years)	Grace (# of years)
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	20	4	0.6
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	19	8	1
State Bonds (maturity 1 to 5 years)	19	5	0.6
State Bonds (maturity 6 years or longer)	18	10	1
Other Domestic Financing ()	10	15	0
Borrowing Terms for New External Debt (issued/contracted from 2021 onwards)	Interest Rate (%)	Maturity (# of years)	Grace (# of years)
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	3	20	5
External Financing - Bilateral Loans	3	15	5

Other External Financing	10	15	0
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It is important to mention that the new domestic and external financing categories and its borrowing terms defined in the reference debt strategy (S1) will be automatically applied on the alternative debt strategies.

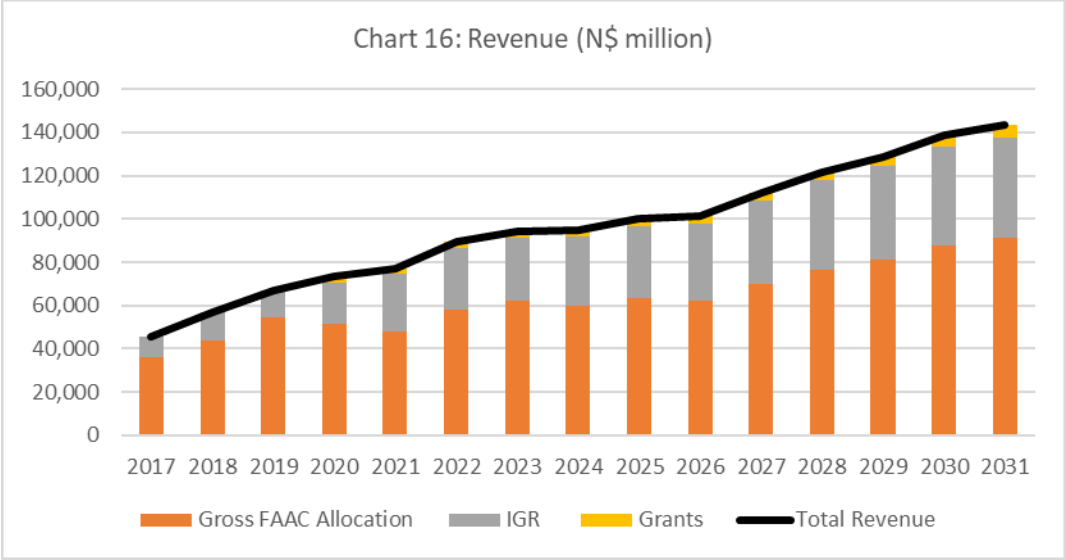
4.3 DSA Simulation Results

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

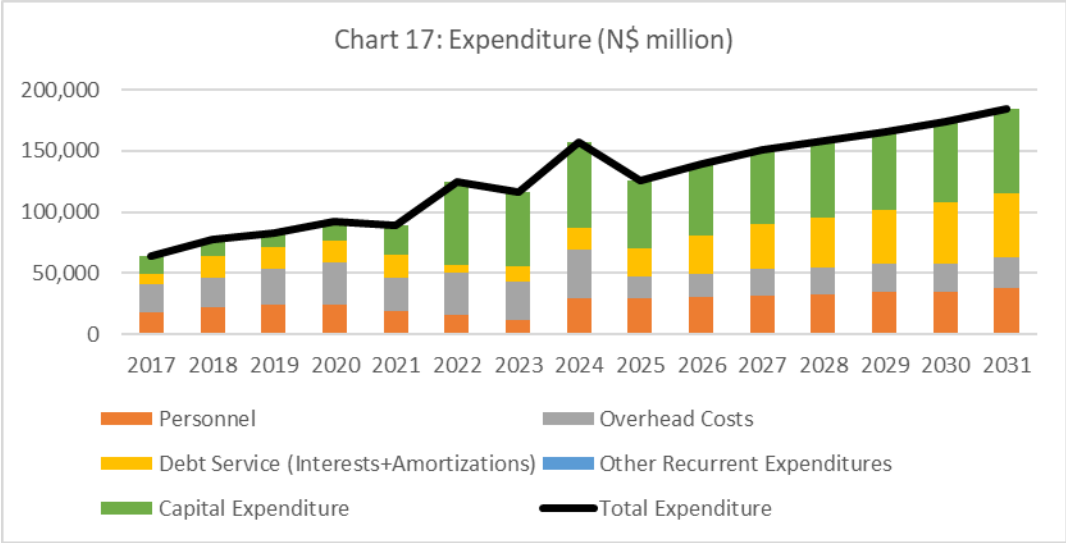
The objective of the debt sustainability analysis simulation exercise is to analyse the sustainability of the state's public debt portfolio and build an optimum debt management strategy based on macroeconomic framework.

Cross River State Total Revenue (including grants and excluding other capital receipts) is expected to increase from N77,281.41B in 2021 to N143,672.23B in 2031, representing an increase of 86% percent over the projection period. The Gross FAAC is projected to constitute the substantial part of the income accruing to the state in the projection period. Gross FAAC Allocation is projected to grow from N47,830.51B in 2021 to N91,172.21B in 2031. Grant is projected to grow from 3,031.8B in 2021 to N5,912.79B in 2031. These projections were sourced from the Approved 2022 Budget; MTEF, 2023-2025; 2026-2031 projections as estimated by the Ministry of Economic Planning & Budget official.

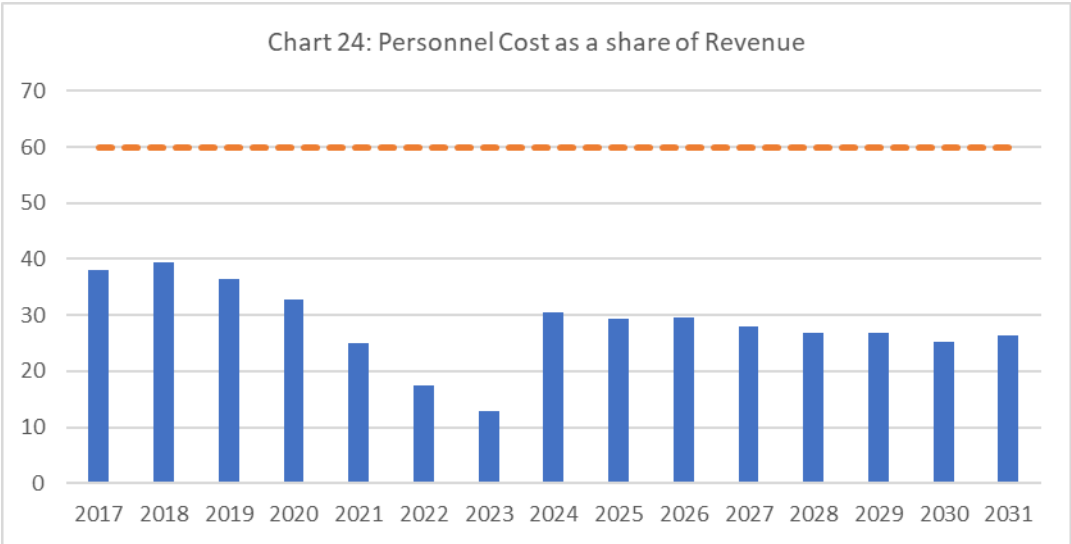
The Internally Generated Revenue (IGR)'s tax system will be further strengthened over the medium term by improving collection efficiency, enhancing compliance, and reorganizing the business practices of revenue agencies in the state as well as employing appropriate technology. In addition, efforts will be made to bring more businesses in the informal sector into the tax net. IGR estimated to increase by N20,023.77B from N26,563.46B in 2021 to N46,587.23B in 2031.



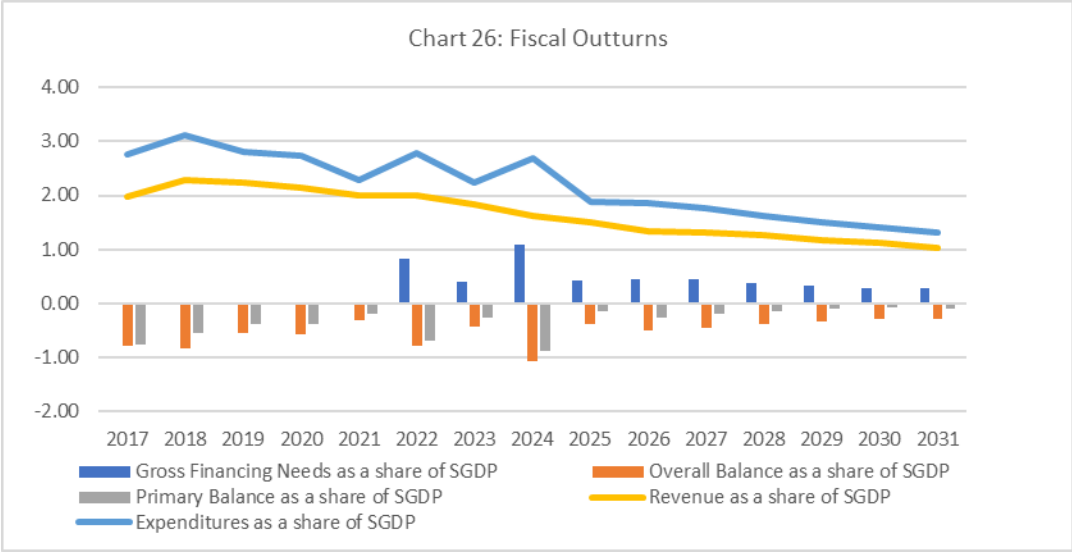
Total expenditure for the projection years will expand from N89,046.3B in 2021 to N183,046.3B billion by 2031. Expenditure is projected to grow by more than 100% over the projection years. The decision by the state government to continually improve the infrastructural position of the state necessitated the increased projection for capital projects. The huge debt burden of the state relative to revenue also made projection for debt servicing to be very high as substantial part of the expenditure profile will be for debt servicing. Other categories of expenditure like Personnel and overheads were also projected to increase substantially over the years.



Therefore, the fiscal deficit—computed as the difference between revenue and expenditure—is expected to remain within a range of N35,746.9B to N37,446.8B in nominal terms. A major component of recurrent expenditure in the state is Personnel Cost. Established threshold for personnel cost as a share of revenue is 60%. Cross River 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.



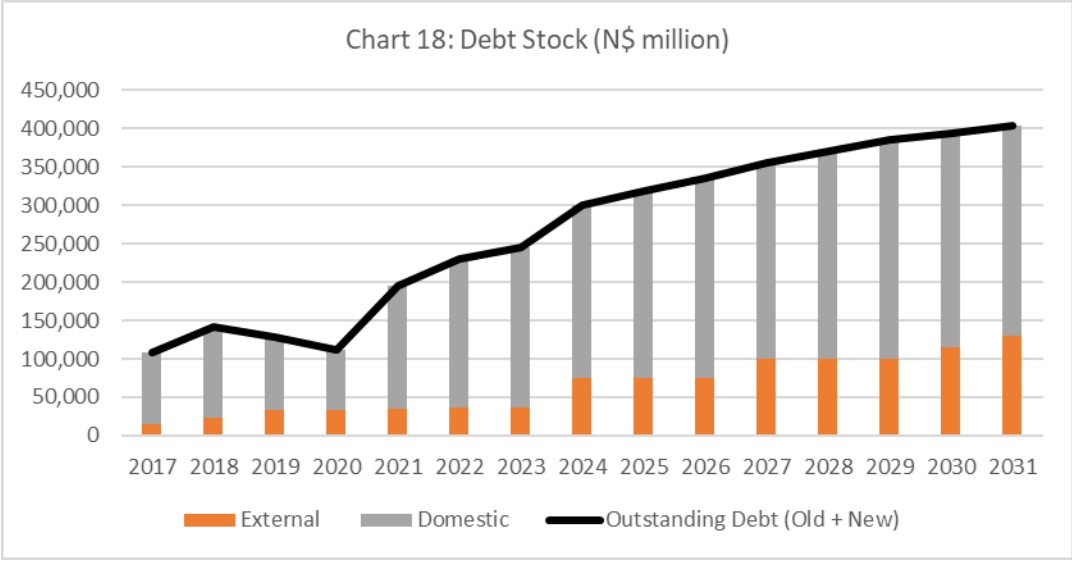
Primary balance which is the difference between the state’s revenue and its non interest expenditure can be measured as a percentage of state GDP.



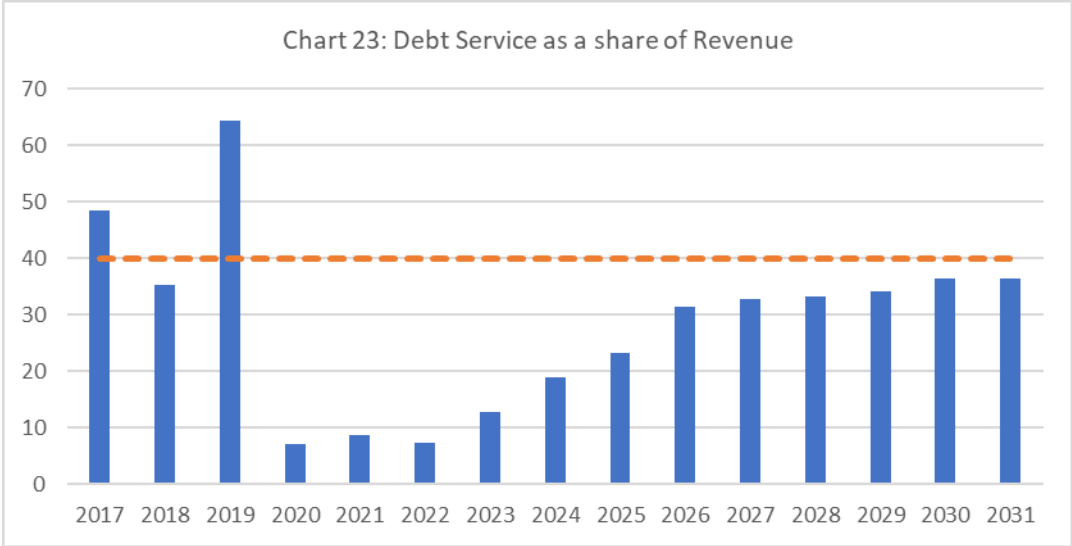
Revenue as a share of state GDP and expenditure as a share of GDP both declined in the projection years of 2022 – 2031. The overall balance and the primary balance as a share of state GDP recorded negative values in some of the projection years.

Main finding and conclusion of the baseline scenario under the reference debt strategy (S1) in terms of debt sustainability.

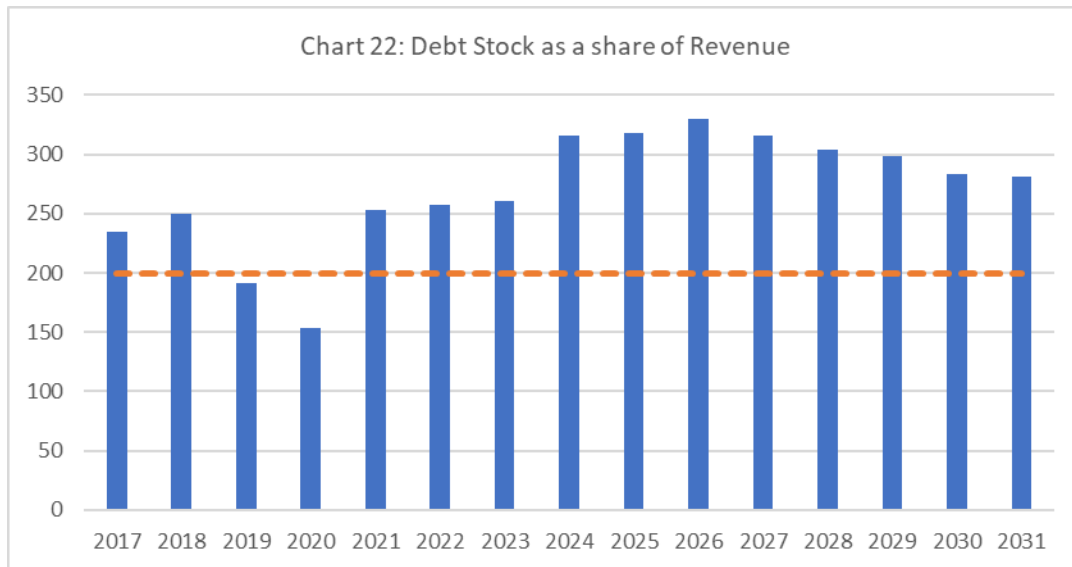
The gross financing requirement necessitated creating new borrowings for the projection years. The state’s debt is projected to raise from N195,328.6B as of end-2021 to N403,684.2B by 2031. See chart below;



As a consequence of the increase in debt stock from 2022-2031, the debt service obligation of the state will also increase however, the increase is still within the threshold of debt service to revenue ratio of 40%. The debt service ratio did not breach the threshold all through the projection years.



Debt as a percentage of revenue with a threshold of 200% was breached by the state all through the projection period which shows that debt sustainability position of the state is threatened. The trend happened as well in the historical period which means state must begin to make concerted efforts to increase revenue and manage debt position more effectively and efficiently.



Conclusion

Cross River State DSA result shows that the State remains at Moderately High Risk of Debt Distress in the future years. Revenue and expenditure as a percentage of state GDP will decline in the medium term to the long term into the projection years. Even though the debt service to revenue indicator remain positive as there is no expected breach of the threshold all through the projection years, the debt stock to revenue indicator breached the threshold all though the projection years which calls for concerns. However, other performance indicators like Debt stock as a percentage of State GDP and Personnel Cost as a share of revenue all remained positive.

The analysis of the baseline indicators under the reference debt Strategy (S1) suggest that the state will struggle with the sustainability of its debt in the medium and long term. To return to sustainability, the state intends to carry out the following in addition to the measures highlighted in chapter 2;

- a. The implementation of the reforms in IGR sector to continue by bring more people into the tax net, deploy technology in tax assessment and collection, so that internally generated revenue can continue to improve.
- b. The cost management initiatives being embarked upon by the state especially regarding recurrent expenditure (overhead and personnel cost) should continually be pursued.
- c. Explore possibility of getting more grants both locally and externally to improve revenue over the years

- d. Renegotiate the financing terms of the existing debt to be more favorable in terms of cost and repayment cycle
- e. Ensure new loans are contracted at the least possible cost
- f. Focus more on getting foreign loans at the terms are more favorable

4.4 Debt Sustainability Analysis Sensitivity Analysis

The Debt Management Strategy put together by Cross River 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 2022 DSA analysis shows that Cross River State remains at moderately high risk of debt distress under sensitivity analysis. Under the Debt to Revenue performance indicator with a threshold of 200%, the shock revenue scenario breached the threshold in nearly all the projection years. This implies that the state must work to ensure that revenue projections over the future years do not decline and in fact increased substantially. 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.

For Debt Service to Revenue, all the shocks remain moderate except for Shock Revenue and Shock Expenditure which means that state must continually monitor revenue and expenditure all through the projection years to avert the risk associated with this indicator should it crystallize.

All other shock scenarios did not breach the threshold in other performance indicators which justifies the moderate high debt distress assumption by the state. Nonetheless, relevant state

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

See below the relevant charts.

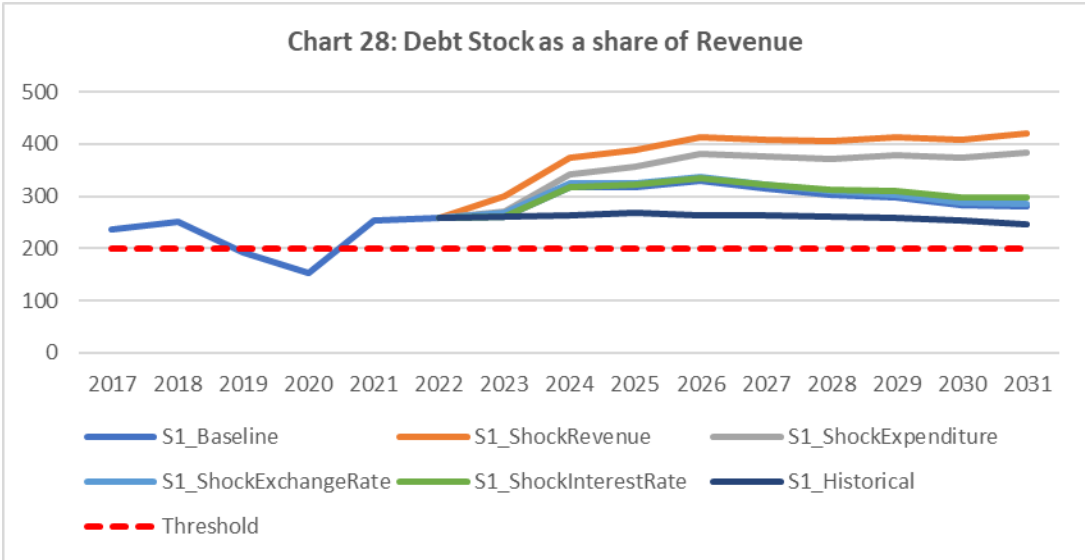
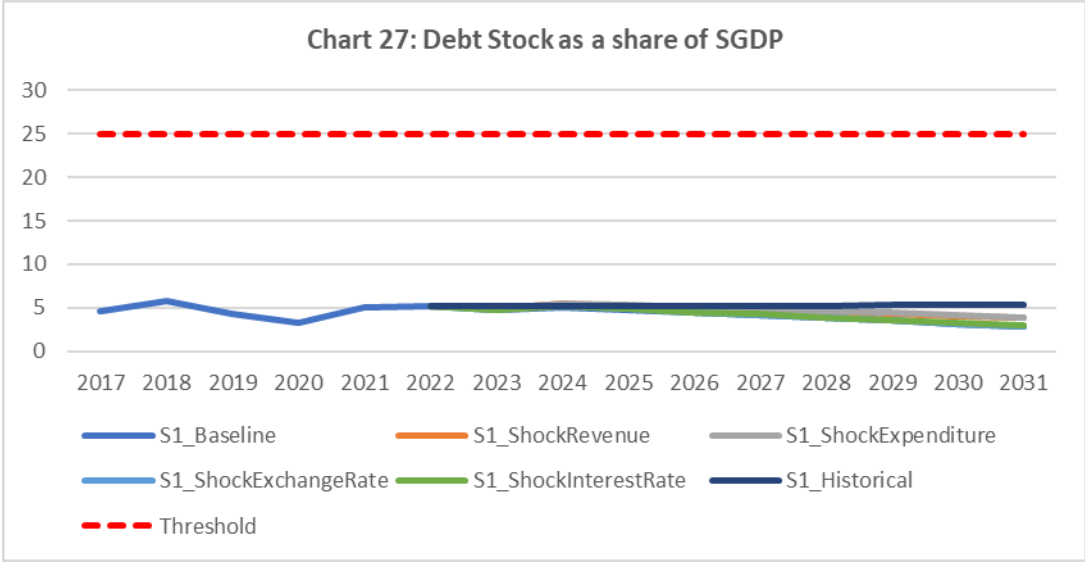


Chart 29: Debt Service as a share of Revenue

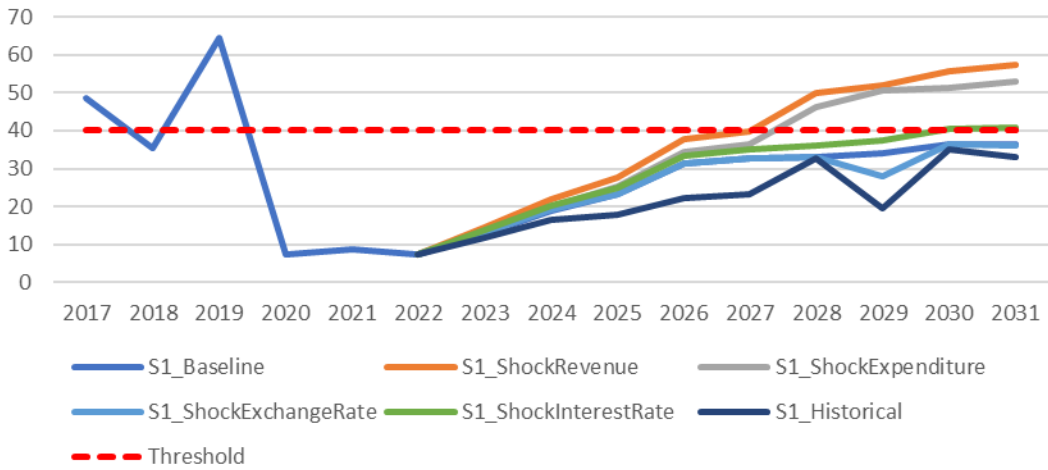
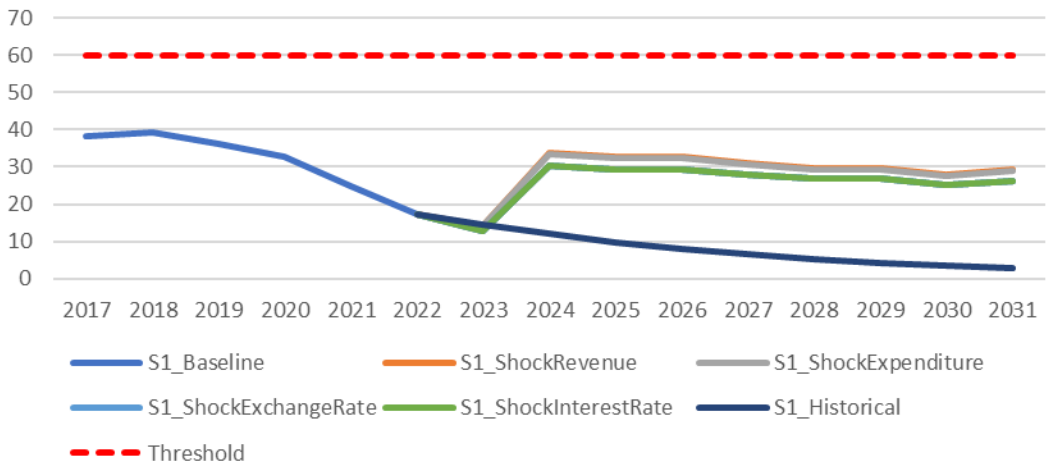


Chart 30: Personnel Cost as a share of Revenue



CHAPTER FIVE

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 Cross River 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 Cross River State Debt Management Strategy, 2022-2026, 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 2026, as projected in the baseline scenario. Risk is measured by the deviation from the expected value in 2026 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 outperform the baseline for every strategy.

Cross River 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 2022-2031 while ensuring that it's done at the lowest cost possible with a prudent of risk.

For Strategy 2. The assumption is that the state intends to finance its funding gap by contracting commercial bank loans and State Bonds all though the projection years. Reason being that domestic 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 N35,746.93B to N105,370.6B all through 2022-2031. There are two categories of Commercial bank loans & State bonds; 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.

For Strategy 3. The state assumes that Commercial Bank loans both for 1-5 years and 6 years and Other Domestic Financing will be sourced to fund its deficit for the projection years. Utilizing the commercial bank loan and other domestic financing option comes with a moderate cost and the foreign exchange rate risk will be mitigated. Other domestic financing most times are CBN intervention loans that comes with very favourable terms. The state will be raising within the range of N35,746.93B to N98,207.5B from 2022-2031.

For Strategy 4.

The state assumes that State Bonds of 1-5 years and 6 years and above will be sourced to fund its deficit for the projection years. Utilizing the State Bond option also comes with the advantage of moderate cost, long repayment periods & foreign exchange rate risk will be mitigated. The state will be raising within the range of N95,510 to N102,164.6B from 2022-2031.

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 2021 onwards)	Interest Rate (%)	Maturity (# of years)	Grace (# of years)
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	20	4	0.6
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	19	8	1
State Bonds (maturity 1 to 5 years)	19	5	0.6
State Bonds (maturity 6 years or longer)	18	10	1
Other Domestic Financing ()	10	15	0

Borrowing Terms for New External Debt (issued/contracted from 2021 onwards)	Interest Rate (%)	Maturity (# of years)	Grace (# of years)
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	3	20	5
External Financing - Bilateral Loans	3	15	5
Other External Financing	10	15	0

5.2 Debt Management Strategy Simulation Results

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

5.2.1 Debt Stock/Revenue

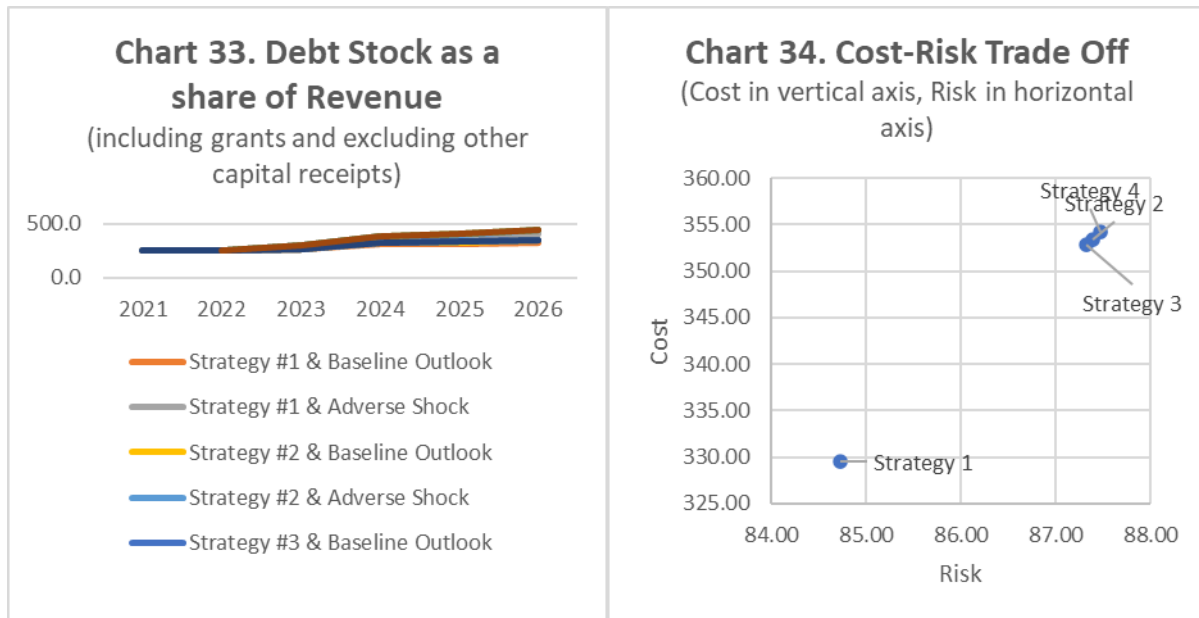
The table below shows the performance of the state from 2022-2026 when expressing debt as a percentage of revenue.

The baseline outlook(S1) presented the lowest cost and lowest risk in all the 4 strategies even though higher than the threshold. Cost as at 2026 is projected to be 329.51% while the risk is 84.73%.

Debt Stock as % of Revenue (including grants and excluding other capital receipts)	2021	2022	2023	2024	2025	COST	RISK measured only in 2026
						2026	2026
Strategy #1 & Baseline Outlook	252.75	257.17	260.12	316.17	318.13	329.51	84.73
Strategy #1 & Adverse Shock		257.17	300.13	374.36	388.17	414.24	
Strategy #2 & Baseline Outlook	252.75	257.17	261.84	320.35	330.66	353.41	87.39

Strategy #2 & Adverse Shock		257.17	302.04	379.00	402.10	440.79	
Strategy #3 & Baseline Outlook	252.75	257.17	261.62	320.50	331.53	352.87	87.33
Strategy #3 & Adverse Shock		257.17	301.80	379.16	403.07	440.20	
Strategy #4 & Baseline Outlook	252.75	257.17	261.62	320.30	331.12	354.18	87.47
Strategy #4 & Adverse Shock		257.17	301.80	378.94	402.60	441.65	

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



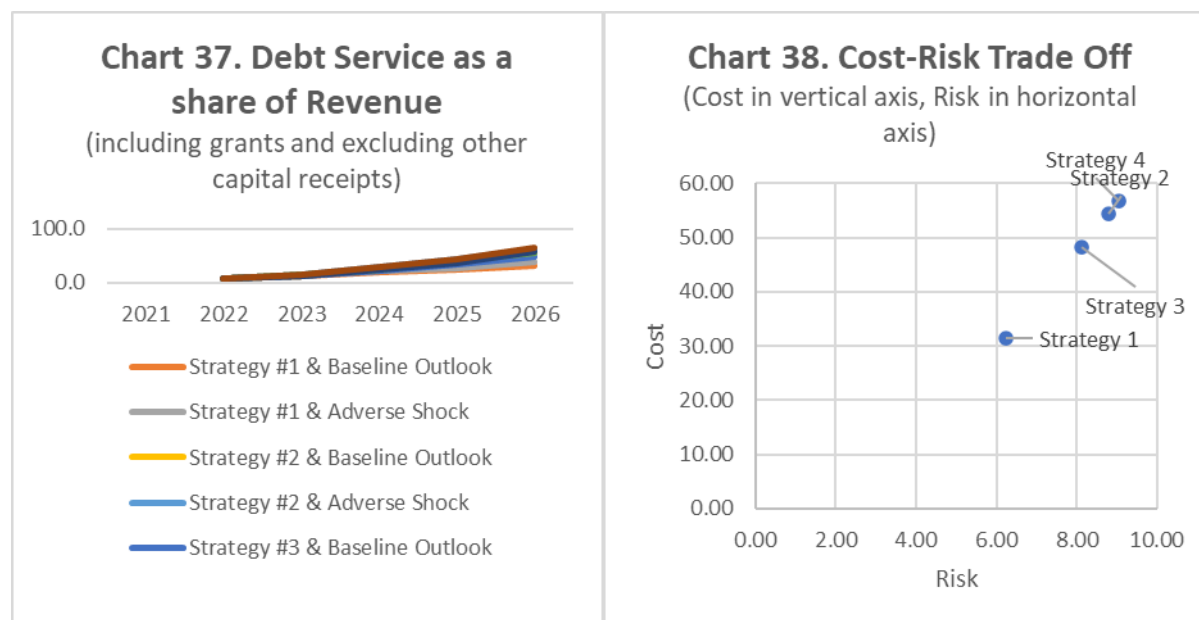
5.2.2 Debt Service/Revenue

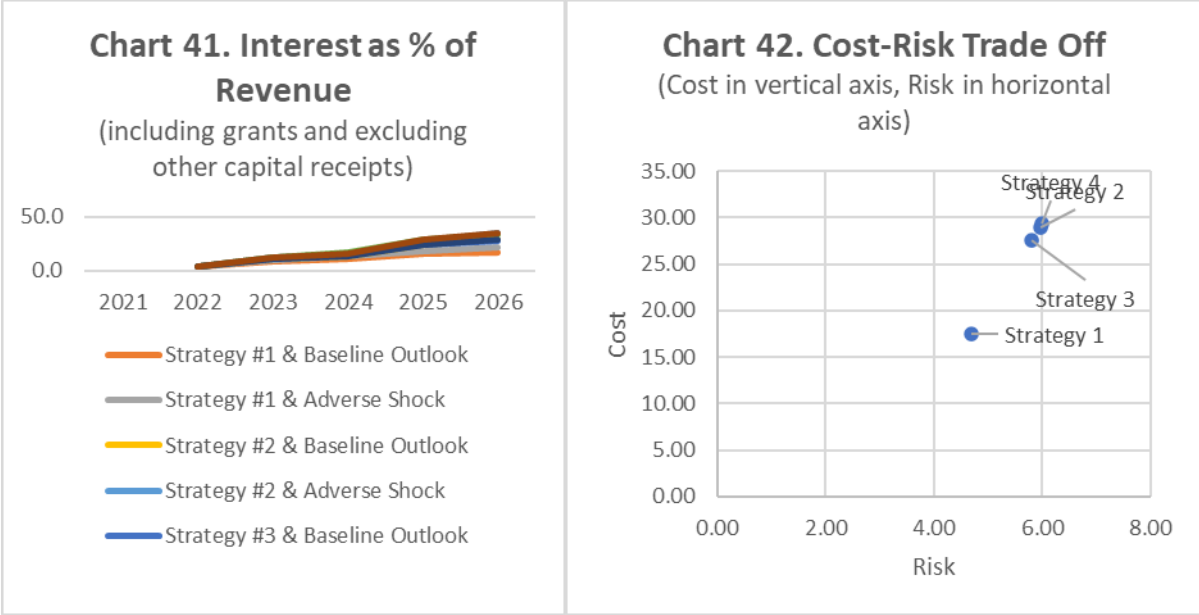
The table below shows the performance of the state from 2022-2026 when expressing debt service as a percentage of revenue.

Under this performance indicator, strategy S1 in the year of measurement (2026) recorded cost of 31.44% and 6.23% as risk which is the lowest when compared to other alternative strategies.

Debt Service as % of Revenue (including grants and excluding other capital receipts)	COST						RISK measured only in 2026
	2021	2022	2023	2024	2025	2026	2026
Strategy #1 & Baseline Outlook		7.24	12.87	18.86	23.26	31.44	6.23
Strategy #1 & Adverse Shock		7.24	14.30	21.84	27.60	37.67	
Strategy #2 & Baseline Outlook		7.24	13.53	26.42	37.70	54.37	8.78
Strategy #2 & Adverse Shock		7.24	15.04	30.24	43.64	63.15	
Strategy #3 & Baseline Outlook		7.24	13.31	22.15	34.78	48.32	8.11
Strategy #3 & Adverse Shock		7.24	14.79	25.50	40.40	56.43	
Strategy #4 & Baseline Outlook		7.24	13.31	25.13	36.96	56.68	9.04
Strategy #4 & Adverse Shock		7.24	14.79	28.80	42.81	65.72	

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.





5.2.4 Debt Management Strategy Assessment

From the analysis of cost-risk profile of the four debt management strategies, S1 comes easily as the most preferred strategy being that it recorded the lowest cost and lowest degree of risk for the four strategies in all the performance indicators considered hence recommended for implementation. The current debt stock of the state is presently tilted towards domestic loan which is at 81.82% of the state debt stock. This comes with its high debt service obligations when compared to foreign loans that characteristically have low cost and more favorable borrowing terms. With the way the strategies were set up, only S1 has components of foreign loan hence making it a good choice. Implementation of S1 is also feasible when compared other Strategies.

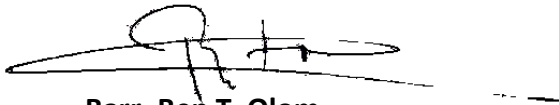
The current debt portfolio for Cross River State as of end of 2021 is N195,328.6B, the portfolio is expected to rise to N334,509.87B in 2026 in the S1, N358,771.50B in S2, N358,229.72B & N359,554.21 billion in S3 & S4 respectively. This implies that implementing S1 will benefit the state more than any other strategy even in the medium term.

The Debt Management Strategy, 2022-2026 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 2022 budget. The cost-risk

trade-off of alternative borrowing strategies under the DMS has been evaluated within the medium-term context.

CROSS RIVER STATE TECHNICAL TEAM

S/N	NAME	DEPARTMENT	DESIGNATION
1	Hon. Ajah Francis Ajah, ACA, MBA, MBA, ANIM, ACICMN.	Debt Management Dept.	Special Adviser
2	Mr. Oka Iwara Eteng	Min. of Finance	Focal Person, SFTAS PforR
3	Mr Festus Ushie.	Debt Management Dept.	Deputy Director
4	Benjamin Ubi	Budget Office	Snr. Budget Officer
5	Lawrence Omaji	Accountant- General	Snr. Accountant



Barr. Ben T, Qlom
Permanent Secretary
For: Commissioner for Finance
Cross River State Ministry of Finance

Annex 1

2022

		Projection Methodology	Source
Assumptions:			
Economic activity	State GDP (at current prices)	The projections for Cross River State Gross Domestic Price (at current prices) is in line with the World Bank Group Estimates	Debt Management Office, Abuja
Revenue	<p>Revenue</p> <p>1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)</p> <p>1.a. of which Net Statutory Allocation ('net' means of deductions)</p> <p>1.b. of which Deductions</p> <p>2. Derivation (if applicable to the State)</p> <p>3. Other FAAC transfers (exchange rate gain, augmentation, others)</p> <p>4. VAT Allocation</p> <p>5. IGR</p> <p>6. Capital Receipts</p> <p>6.a. Grants</p> <p>6.b. Sales of Government Assets and Privatization Proceeds</p> <p>6.c. Other Non-Debt Creating Capital Receipts</p>	<p>Projection is based on initial Federal Government Medium Term Expenditure Framework (2022-2024) and then extrapolated</p> <p>The Net Statutory Allocation is projected to increase in line with the National GDP Growth Rate</p> <p>Deduction is projected to increase in line with the National GDP Growth Rate</p> <p>Not Applicable</p> <p>The National GDP Growth Rate is projected to determine the changes in Other FAAC Transfers</p> <p>VAT rate is 7.5% and its allocation to states is based on the FG MTEF 2021-2023, then extrapolated</p> <p>The State Internally Generated Revenue is projected in line with the State MTEF for year 2022 - 2025, thereafter the IGR is projected to grow by 5.6% on the average from 2026-2031</p> <p>In line with the projections by the State's Ministry of Finance and Economic Development</p>	<p>DSA Team, Ministry of Finance and Economic Development. Cross River State</p> <p>DSA Team, Ministry of Finance and Economic Development. Cross River State</p> <p>DSA Team, Ministry of Finance and Economic Development. Cross River State</p> <p>DSA Team, Ministry of Finance and Economic Development. Cross River State</p> <p>DSA Team, Ministry of Finance and Economic Development. Cross River State</p> <p>DSA Team, Ministry of Finance and Economic Development. Cross River State</p> <p>DSA Team, Ministry of Finance and Economic Development. Cross River State</p> <p>DSA Team, Ministry of Finance and Economic Development. Cross River State</p>
Expenditure	<p>Expenditure</p> <p>1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)</p> <p>2. Overhead costs</p> <p>3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)</p> <p>4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)</p> <p>5. Capital Expenditure</p>	<p>It is assumed that the Personnel cost of Cross River State Government would increase on annual basis in line with the MTEF of the State for the period 2023-2025. We thereafter make a provision for an increase in the State' Personnel Costs in line with political and economic reality in the State</p> <p>It is assumed that the Overhead cost of Cross River State Government would increase on annual basis in line with the MTEF of the State for the period 2023-2025. We thereafter make a provision for a steady increase in line with the economic and political reality</p> <p>As captured by the existing amortization schedule</p> <p>Not applicable</p> <p>The Capital Expenditure is expected to grow by 19% on the average from 2022 - 2031</p>	<p>DSA Team, Ministry of Finance and Economic Development. Cross River State</p> <p>DSA Team, Ministry of Finance and Economic Development. Cross River State</p> <p>DSA Team, Ministry of Finance and Economic Development. Cross River State</p>
Closing Cash and Bank Balance	Closing Cash and Bank Balance	The Closing Cash and Bank Balance is projected to follow the State projections and the political and economic reality in the State	

Debt Amortization	Debt Outstanding at end-2021	
	External Debt - amortization and interest	
	Domestic Debt - amortization and interest	As captured by the existing amortization schedule
	New debt issued/contracted from 2022 onwards	
	New External Financing	
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Interest Rate - 3%; Maturity - 20 Years; Grace -5 years
	External Financing - Bilateral Loans	Interest Rate - 3%; Maturity - 15 Years; Grace -5 years
	Other External Financing	Interest Rate - 3%; Maturity - 15 Years; Grace -5 years
	New Domestic Financing	
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Interest Rate - 20%; Maturity - 4 Years; Grace -0.6 years
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Interest Rate - 19%; Maturity - 8 Years; Grace -1 years	
State Bonds (maturity 1 to 5 years)	Interest Rate - 19.00%; Maturity - 5 Years; Grace -0.6 years	
State Bonds (maturity 6 years or longer)	Interest Rate - 18.00%; Maturity - 10 Years; Grace -1 years	
Other Domestic Financing	Interest Rate - 10.00%; Maturity - 15 Years; Grace - 0 years	
Planned Borrowings (new bonds, new loans, etc.) for Debt Proceeds from De Strategy S1 corresponding to	New Domestic Financing in Million Naira	
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Interest Rate - 20%; Maturity - 4 Years; Grace -0.6 years
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Interest Rate - 19%; Maturity - 8 Years; Grace -1 years
	State Bonds (maturity 1 to 5 years)	Interest Rate - 19.00%; Maturity - 5 Years; Grace -0.6 years
	State Bonds (maturity 6 years or longer)	Interest Rate - 18.00%; Maturity - 10 Years; Grace -1 years
	Other Domestic Financing	Interest Rate - 10.00%; Maturity - 15 Years; Grace - 0 years
	New External Financing in Million US Dollar	
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Interest Rate - 3%; Maturity - 20 Years; Grace -5 years
	External Financing - Bilateral Loans	Interest Rate - 3%; Maturity - 15 Years; Grace -5 years
	Other External Financing	Interest Rate - 3%; Maturity - 15 Years; Grace -5 years

Proceeds from Debt Strategy S2 corresponding to	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S2	
	New Domestic Financing in Million Naira	
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Interest Rate - 20%; Maturity - 4 Years; Grace -0.6 years
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Interest Rate - 19%; Maturity - 8 Years; Grace -1 years
	State Bonds (maturity 1 to 5 years)	Interest Rate - 19.00%; Maturity - 5 Years; Grace -0.6 years
	State Bonds (maturity 6 years or longer)	Interest Rate - 18.00%; Maturity - 10 Years; Grace -1 years
	Other Domestic Financing	Interest Rate - 10.00%; Maturity - 15 Years; Grace - 0 years
	New External Financing in Million US Dollar	
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Interest Rate - 3%; Maturity - 20 Years; Grace -5 years
	External Financing - Bilateral Loans	Interest Rate - 3%; Maturity - 15 Years; Grace -5 years
Other External Financing	Interest Rate - 3%; Maturity - 15 Years; Grace -5 years	
Proceeds from Debt Strategy S3 corresponding to	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S3	
	New Domestic Financing in Million Naira	
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Interest Rate - 20%; Maturity - 4 Years; Grace -0.6 years
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Interest Rate - 19%; Maturity - 8 Years; Grace -1 years
	State Bonds (maturity 1 to 5 years)	Interest Rate - 19.00%; Maturity - 5 Years; Grace -0.6 years
	State Bonds (maturity 6 years or longer)	Interest Rate - 18.00%; Maturity - 10 Years; Grace -1 years
	Other Domestic Financing	Interest Rate - 10.00%; Maturity - 15 Years; Grace - 0 years
	New External Financing in Million US Dollar	
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Interest Rate - 3%; Maturity - 20 Years; Grace -5 years
	External Financing - Bilateral Loans	Interest Rate - 3%; Maturity - 15 Years; Grace -5 years
Other External Financing	Interest Rate - 3%; Maturity - 15 Years; Grace -5 years	
Proceeds from Debt Strategy S4 corresponding to	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S4	
	New Domestic Financing in Million Naira	
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Interest Rate - 20%; Maturity - 4 Years; Grace -0.6 years
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Interest Rate - 19%; Maturity - 8 Years; Grace -1 years
	State Bonds (maturity 1 to 5 years)	Interest Rate - 19.00%; Maturity - 5 Years; Grace -0.6 years
	State Bonds (maturity 6 years or longer)	Interest Rate - 18.00%; Maturity - 10 Years; Grace -1 years
	Other Domestic Financing	Interest Rate - 10.00%; Maturity - 15 Years; Grace - 0 years
	New External Financing in Million US Dollar	
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Interest Rate - 3%; Maturity - 20 Years; Grace -5 years
	External Financing - Bilateral Loans	Interest Rate - 3%; Maturity - 15 Years; Grace -5 years
Other External Financing	Interest Rate - 3%; Maturity - 15 Years; Grace -5 years	

Annex II

Indicator	Actuals					Projections									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
BASELINE SCENARIO															
Economic Indicators															
State GDP (at current prices)	2,314,948.82	2,480,347.58	2,967,906.95	3,400,928.39	3,882,082.15	4,473,864.36	5,176,144.08	5,871,077.10	6,655,453.00	7,544,621.52	8,552,582.95	9,695,208.03	10,990,487.83	12,458,817.00	14,123,314.95
Exchange Rate NGN/US\$ (end-Period)	253.19	305.79	306.50	326.00	379.00	410.00	410.00	410.00	410.00	410.00	410.00	410.00	410.00	410.00	410.00
Fiscal Indicators (Million Naira)															
Revenue	70,615.11	69,295.11	76,716.11	80,080.35	104,258.97	126,500.24	115,237.71	158,673.32	129,004.48	134,438.26	150,779.26	158,390.38	166,145.35	174,189.43	183,670.52
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Alloc:	18,227.17	25,352.83	38,019.91	36,817.40	32,192.46	38,122.00	38,962.00	36,539.90	37,799.90	39,702.60	44,912.60	45,346.10	47,283.30	49,713.60	51,903.00
1.a. of which Net Statutory Allocation ('net' means of deductions)	6,924.44	13,231.53	27,342.09	28,612.35	23,987.46	29,365.60	30,465.32	28,416.35	29,564.35	31,546.32	35,456.69	35,879.37	38,952.54	39,984.90	42,078.20
1.b. of which Deductions	11,302.73	12,121.30	10,677.82	8,205.01	8,205.01	8,756.36	8,496.73	8,436.90	8,364.50	8,156.30	9,455.90	9,466.73	8,330.72	9,728.73	9,824.83
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)	10,199.78	9,260.42	6,009.18	2,749.93	2,887.43	350.50	3,183.39	3,342.56	3,509.69	3,685.18	3,869.43	5,062.91	5,266.05	6,813.00	7,813.00
4. VAT Allocation	7,582.36	9,059.09	10,214.62	12,143.44	12,750.62	19,546.23	19,897.15	20,008.23	21,879.21	18,547.45	21,087.05	25,941.40	28,838.47	31,292.96	31,456.21
5. IGR	9,794.22	13,118.86	12,195.88	18,745.57	26,563.46	28,683.50	29,286.22	31,750.65	33,564.89	35,897.35	38,597.58	41,377.46	43,246.33	45,487.25	46,587.23
6. Capital Receipts	24,811.57	12,503.93	10,276.52	9,624.23	29,865.00	39,798.01	23,908.95	67,031.98	32,250.79	36,605.69	42,312.60	40,662.52	41,511.20	40,882.63	45,911.08
6.a. Grants	0.00	0.00	279.47	2,749.93	2,887.43	3,031.80	3,183.39	3,342.56	3,509.69	3,685.18	3,869.43	4,062.91	4,266.05	5,418.79	5,912.79
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	0.00	0.00	0.00	0.00	1,881.65	1,019.28	1,976.86	2,036.17	2,112.52	3,191.74	2,279.41	2,363.52	2,453.34	2,551.47	2,551.47
6.d. Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc.	24,811.57	12,503.93	9,997.05	6,874.30	25,096.69	35,746.93	18,748.70	61,653.25	26,628.58	29,728.77	36,163.75	34,236.09	34,791.81	32,912.37	37,446.82
Expenditure	63,956.01	77,484.93	83,262.59	92,726.80	89,046.30	124,472.64	116,328.71	157,562.32	126,007.48	139,456.26	151,091.26	157,966.68	165,157.15	174,355.13	183,914.12
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	17,458.50	22,327.14	24,257.19	24,055.06	19,254.05	15,645.55	12,103.29	28,954.89	29,402.64	29,915.18	31,452.80	32,584.70	34,529.30	34,925.50	37,854.50
2. Overhead costs	23,824.43	23,426.88	29,621.36	34,871.72	27,111.54	34,571.62	31,102.59	40,638.30	18,000.00	19,400.00	21,600.00	21,945.00	22,800.00	23,100.00	25,257.30
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocat	328.66	7,088.98	5,325.31	6,087.57	4,575.46	3,285.45	8,483.14	10,738.61	15,346.05	17,733.94	21,202.56	20,745.21	24,396.65	26,264.35	24,966.84
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted from	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.b. of which Interest deducted from FAAC Allocation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest P:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5. Capital Expenditure	14,575.13	13,353.31	11,966.14	16,640.86	23,840.93	67,760.37	60,961.08	70,051.07	55,280.00	58,224.00	61,224.00	63,001.00	63,900.00	65,879.60	68,478.50
6. Amortization (principal) payments	7,769.28	11,288.61	12,092.59	11,071.60	14,264.30	3,209.66	3,678.60	7,179.44	7,978.80	14,183.14	15,611.90	19,690.77	19,531.20	24,185.69	27,356.98
Budget Balance ('+' means surplus, '-' means deficit)	6,659.10	-8,189.80	-6,546.50	-12,646.00	15,212.70	2,027.60	-1,091.00	1,111.00	2,997.00	-5,018.00	-312.00	423.70	988.20	-165.70	-243.60
Opening Cash and Bank Balance	6,918.93	13,578.03	5,388.21	-1,158.27	-13,804.30	1,408.40	3,436.00	2,345.00	3,456.00	6,453.00	1,435.00	1,123.00	1,546.70	2,534.90	2,369.20
Closing Cash and Bank Balance	13,578.03	5,388.21	-1,158.27	-13,804.30	1,408.40	3,436.00	2,345.00	3,456.00	6,453.00	1,435.00	1,123.00	1,546.70	2,534.90	2,369.20	2,125.60
Financing Needs and Sources (Million Naira)															
Financing Needs						36,766.21	20,725.56	63,689.41	28,741.10	32,920.51	38,443.17	36,599.61	37,245.15	35,463.84	39,998.29
i. Primary balance						-28,243.50	-9,654.81	-44,660.36	-2,419.25	-6,021.43	-1,940.71	4,260.07	7,670.90	14,820.49	12,081.93
ii. Debt service						6,495.11	12,161.74	17,918.05	23,324.85	31,917.08	36,814.46	40,435.98	43,927.85	50,450.03	52,323.82
Amortizations						3,209.66	3,678.60	7,179.44	7,978.80	14,183.14	15,611.90	19,690.77	19,531.20	24,185.69	27,356.98
Interests						3,285.45	8,483.14	10,738.61	15,346.05	17,733.94	21,202.56	20,745.21	24,396.65	26,264.35	24,966.84
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)						2,027.60	-1,091.00	1,111.00	2,997.00	-5,018.00	-312.00	423.70	988.20	-165.70	-243.60
Financing Sources						36,766.21	20,725.56	63,689.41	28,741.10	32,920.51	38,443.17	36,599.61	37,245.15	35,463.84	39,998.29
i. Financing Sources Other than Borrowing						1,019.28	1,976.86	2,036.17	2,112.52	3,191.74	2,279.41	2,363.52	2,453.34	2,551.47	2,551.47
ii. Gross Borrowings						35,746.93	18,748.70	61,653.25	26,628.58	29,728.77	36,163.75	34,236.09	34,791.81	32,912.37	37,446.82
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)						1,123.56	0.00	0.00	6,628.60	0.00	0.00	7,719.45	0.00	2,676.80	0.00
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)						11,270.73	6,719.33	0.00	0.00	10,000.00	0.00	0.00	10,183.80	0.00	9,800.00
State Bonds (maturity 1 to 5 years)						0.00	0.00	22,225.75	0.00	0.00	0.00	26,516.64	0.00	0.00	10,749.80
State Bonds (maturity 6 years or longer)						8,352.64	0.00	0.00	0.00	19,728.80	0.00	0.00	24,608.01	0.00	0.00
Other Domestic Financing						15,000.00	12,029.40	0.00	20,000.00	0.00	10,047.23	0.00	0.00	10,875.30	0.00
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)						0.00	0.00	39,427.50	0.00	0.00	26,116.52	0.00	0.00	0.00	0.00
External Financing - Bilateral Loans						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	19,360.27	0.00
Other External Financing						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16,897.02
Residual Financing						0.00	-0.03	0.00	-0.02	-0.03	0.00	0.00	0.00	0.00	0.00

Debt Stocks and Flows (Million Naira)

Debt (stock)	107,655.80	141,934.95	127,534.56	112,286.07	195,328.60	230,770.57	245,840.66	300,314.47	318,964.24	334,509.87	355,061.72	369,607.04	384,867.65	393,594.33	403,684.17
External	14,400.73	23,867.70	32,552.94	33,568.18	35,512.30	37,269.00	36,592.50	75,454.20	74,933.50	74,445.60	100,107.02	99,680.62	99,282.92	115,604.69	129,463.21
Domestic	93,255.07	118,067.25	94,981.63	78,717.89	159,816.30	193,501.57	209,248.16	224,860.27	244,030.75	260,064.28	254,954.70	269,926.42	285,584.73	277,989.64	274,220.96
Gross borrowing (flow)						35,746.93	18,748.70	61,653.25	26,628.58	29,728.77	36,163.75	34,236.09	34,791.81	32,912.37	37,446.82
External						0.00	0.00	39,427.50	0.00	0.00	26,116.52	0.00	0.00	19,360.27	16,897.02
Domestic						35,746.93	18,748.70	22,225.75	26,628.58	29,728.77	10,047.23	34,236.09	34,791.81	13,552.10	20,549.80
Amortizations (flow)	18,010.61	12,996.79	38,240.27	2,600.96	3,805.74	3,209.66	3,678.60	7,179.44	7,978.80	14,183.14	15,611.90	19,690.77	19,531.20	24,185.69	27,356.98
External	1,064.62	1,350.07	1,420.88	1,586.84	1,937.06	1,148.00	676.50	565.80	520.70	487.90	455.10	426.40	397.70	3,038.50	3,038.50
Domestic	16,945.99	11,646.73	36,819.39	1,014.12	1,868.68	2,061.66	3,002.10	6,613.64	7,458.10	13,695.24	15,156.80	19,264.37	19,133.50	21,147.19	24,318.48
Interests (flow)	4,213.74	7,047.30	4,797.87	2,677.45	2,899.23	3,285.45	8,483.14	10,738.61	15,346.05	17,733.94	21,202.56	20,745.21	24,396.65	26,264.35	24,966.84
External	117.94	168.18	192.41	245.59	342.61	444.77	533.72	640.46	1,951.38	2,105.09	2,289.54	3,294.38	3,560.00	2,245.16	2,747.12
Domestic	4,095.80	6,879.12	4,605.45	2,431.86	2,556.62	2,840.68	7,949.43	10,098.15	13,394.67	15,628.85	18,913.01	17,450.82	20,836.65	24,019.18	22,219.72
Net borrowing (gross borrowing minus amortizations)						32,537.27	15,070.10	54,473.80	18,649.78	15,545.63	14,545.85	15,260.61	15,260.61	8,726.68	10,089.84
External						-1,148.00	-676.50	38,861.70	-520.70	-487.90	25,661.42	-426.40	-397.70	16,321.77	13,858.52
Domestic						33,685.27	15,746.60	15,612.11	19,170.48	16,033.53	-5,109.57	14,971.72	15,658.31	-7,595.09	-3,768.68

Debt and Debt-Service Indicators

Debt Stock as % of SGDP	4.65	5.72	4.30	3.30	5.03	5.16	4.75	5.12	4.79	4.43	4.15	3.81	3.50	3.16	2.86
Debt Stock as % of Revenue (including grants and excluding other capital receipts)	235.04	249.92	191.15	153.38	252.75	257.17	260.12	316.17	318.13	329.51	316.07	303.48	298.58	283.72	280.98
Debt Service as % of SGDP						0.15	0.23	0.31	0.35	0.42	0.43	0.42	0.40	0.40	0.37
Debt Service as % of Revenue (including grants and excluding other capital receipts)						7.24	12.87	18.86	23.26	31.44	32.77	33.20	34.08	36.37	36.42
Interest as % of SGDP						0.07	0.16	0.18	0.23	0.24	0.25	0.21	0.22	0.21	0.18
Interest as % of Revenue (including grants and excluding other capital receipts)						3.66	8.98	11.31	15.31	17.47	18.87	17.03	18.93	18.93	17.38
Personnel Cost as % of Revenue (including grants and excluding other capital receipts)						17.44	12.81	30.48	29.33	29.47	28.00	26.75	26.79	25.18	26.35

Adverse Shock Scenario is defined by the worst performance indicator measured in year 2026

For Debt Stock as % of SGDP the adverse shock is: Historical	Historical														
Debt Stock as % of SGDP						5.16	5.14	5.17	5.23	5.19	5.24	5.27	5.32	5.35	5.37
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)						257.17	300.13	374.36	388.17	414.24	409.27	406.16	413.24	408.13	420.16
For Debt Service as % of SGDP the adverse shock is: Expenditure	Expenditure														
Debt Service as % of SGDP						0.15	0.23	0.32	0.38	0.46	0.48	0.58	0.60	0.57	0.54
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)						7.24	14.30	21.84	27.60	37.67	39.89	49.80	51.92	55.76	57.43
For Interest as % of SGDP the adverse shock is: Expenditure	Expenditure														
Interest as % of SGDP						0.07	0.16	0.20	0.26	0.27	0.30	0.27	0.28	0.28	0.25
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)						3.66	9.97	13.45	18.75	22.15	24.45	23.21	26.24	27.09	26.48

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