



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

**2023**

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## CHAPTER ONE INTRODUCTION

### 1.0

#### 1.1 The 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 2023. The DSA analyzes the trends and patterns of the State's Public Finance during the period 2018 – 2022 and evaluates the State's long-term debt sustainability between the years from the year 2023 to 2032. 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 2023 was conducted and produced by the State's Debt Management Office in collaboration with the, Ministry of Finance, Office of Accountant-General and the Department of Budget and Economic Planning Team. 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 2018- 2022 while also evaluating the ability of the State to sustain its debt in the long term (2023-2032). The State Government undertook the conduct of the Debt Sustainability Analysis and Debt Management Strategy (State DSA-DMS) exercise for the year 2023 as a prerequisite to analyse debt and prospect for revenue. It was an exercise that took into consideration the State's historical macroeconomic data from the period 2018 – 2022 and projected data from the period 2023 – 2032.

#### 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 **(CEC)**.

The DSA-DMS exercise for 2023 revealed the following;

- The debt position of the State as at December 2022 is high when compared to the revenue accruing to the State Total Debt as at Dec 2022 is **N121,861B** while Revenue is **N71,706B**
- The cost of Debt Servicing as at same period stands at **N10,196B**
- Total revenue (including grants and excluding other capital receipts) is projected to increase from **N71,706B** in 2022 to **N130,450B** by 2032(**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 **N80,403B** in 2022 to **N145,268B** by 2032 (**Chart 17**).
- The Debt Stock to Revenue ratio breached the threshold twice in the historical period of 2018-2022 and only 2023 all through the projection period. This implies that the debt sustainability position of the State is solid especially for 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 favourable to the State as the thresholds were not breached.
- The DSA sensitivity analysis carried out also showed that should the risk associated with Revenue and Expenditure crystallizes, the projected deficit will widen and the State will have to borrow more hence the need to ensure that Revenue most importantly is enhanced.

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 2023, the national GDP is expected to grow at 3.55%, Oil price benchmark set at \$75, Oil production per day is expected to be 1.76 mbpd while inflation is projected to remain stable at 16.11%, and exchange rate at N437.57/\$1. Federal Allocation and account Committee (**FEDERAL ALLOCATION AND ACCOUNT COMMITTEE (FEDERAL ALLOCATION ACCOUNT COMMITTEE (FAAC))**) allocations are projected to increase in the present and future years especially with the removal of fuel subsidy and the liberalization of the foreign exchange rates. 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 increases 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 (2020-2023) and the 2023 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 2018-2023 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 8<sup>th</sup> Legislature, on Tuesday December 19<sup>th</sup>, 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 8<sup>th</sup> 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 FEDERAL ALLOCATION ACCOUNT COMMITTEE (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.
- The Electricity Act: This bill was signed by the President Bola Tinubu in June 2023. It is a bill that grants States, companies, and individuals the authority to generate, transmit, and distribute electricity. This new law replaces the Electricity and Power Sector Reform Act of 2005 and consolidates regulations concerning the Nigerian Electricity Supply

Industry (NESI). It aims to establish a comprehensive legal and institutional framework for a competitive electricity market, improve access to electricity, and promote the use of renewable energy. This bill is huge and has the potential to turn around the economic fortune States and indeed the entire country.

The President also signed four Executive Orders that has the potentials to impact the National Economic Climate. The orders are listed below:

- The Finance Act (Effective Date Variation) Order: This order deferred the date of commencement that was contained in the Act from May 23, 2023, to September 1, 2023.
- Customs Excise Tariff Amendment Order, 2023: The President's new executive order, which moved the commencement of the date of tax changes from March 27, 2023, to August 1, 2023.
- 5% Excise Tax on Telecomm suspended: The president also signed an executive order that stopped the 5% Excise Tax on telecommunication services and the excise duty on locally made products.
- Suspension of Green Tax: The newly introduced Green Tax on single-use plastics and Import Tax Adjusted levy on certain vehicles were suspended by President Tinubu.

Below is the Summary of the National Macroeconomic framework from 2023 – 2026.

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

Item	2023- Revised	2024	2025	2026
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)	1.76	1.78	1.80	1.81
Oil Price Benchmark	\$75.00	\$77.96.	\$73.76	\$69.90
NGN: USD Exchange Rate	₦435.57	₦750.00	₦665.61	₦669.79

*Source: Federal Ministry of Finance, Budget & National Planning*

## **2.2 The 2023 Cross River State Budget and the Medium-Term Expenditure Framework (MTEF) 2024-2026**

### **Approved 2023 Budget**

The 2023 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 corona virus 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 2023 budget is estimated at N69,230B. This includes Statutory Allocation, Value Added Tax Internal Generated Revenue, Non-Debt Capital Receipt and Domestic Grants&Foreign Grants

The expenditure proposed by the State Government for the year 2023 stands at N92,709B. 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 2023 stands at N23,479B. However, with the analysis done with the DSA-DMS template, the established deficit to be funded by way of borrowings is established to be N33,042.2B. This encompasses debt service cost

The fiscal framework thrust for 2024-2026 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 2023 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, 2018-2022

#### 3.0 Introduction

This section looks at the historical performance of Cross River State relating to Revenue, Expenditure and Public Debt Trends from 2018 – 2022. 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 2022.** 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 N45,804B in 2018 to N71,706B in 2022 representing an increase of 57%.

Like every other sub-national in the country, the Gross FEDERAL ALLOCATION ACCOUNT COMMITTEE (FAAC) made up the substantial part of the revenue accruing to the State during this period. The Gross Federal Allocation Account Committee (FAAC) improved over the years from 2018 and got to its peak of N54,243.71B in 2020 from N36,009.31B in 2018 and began to witness a deep. As at the close of year 2022, it stood at N43,641.43B. 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

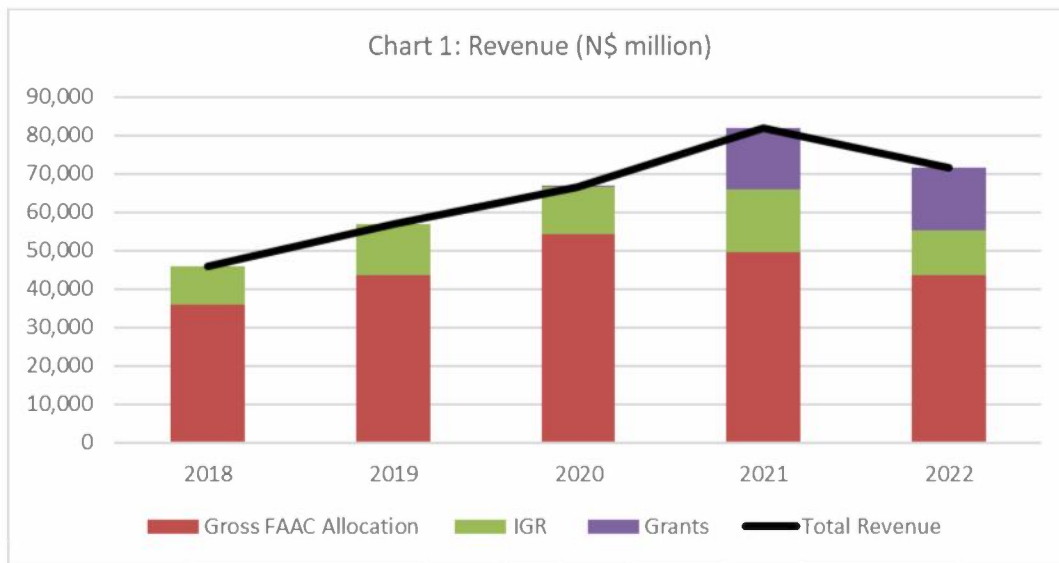
The steady increase in the IGR except for year 2022 made up the decline in Gross Federal Allocation Account Committee (FAAC). IGR increased from N9,794.22B in 2018 to N16,529.68B in 2021 but declined to N11,531.05B in 2022 which the State has been working on. This is as a result of the numerous policies and initiatives being embarked upon by the State Government to improve Internally Generated Revenue.

See below details of total revenue trend for the historical years

**Table 3.1 Cross River State Aggregate Revenue for 2018-2022**

Revenue	2018	2019	2020	2021	2022
Gross FEDERAL ALLOCATION ACCOUNT COMMITTEE (FAAC) Allocation	36,009.31	43,672.33	54,243.71	49,408.98	43,641.43
IGR	9,794.22	13,118.86	12,195.88	16,529.68	11,531.05
Grants	-	-	279.47	16,011.01	16,533.69
<b>Total Revenue</b>	<b>45,803.53</b>	<b>56,791.19</b>	<b>66,719.06</b>	<b>81,949.66</b>	<b>71,706.18</b>

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



ii. **FEDERAL ALLOCATION ACCOUNT COMMITTEE (FAAC) Allocations trend in the last five years.** Cross River State recorded a decline in federal transfers by 8.9% and a further 11.7% in 2021 and 2022 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 except for year 2022.** The IGR of the State has been increasing steadily and got to its peak of N16, 529B in 2021. The figure however declined to N11,531B in 2022 which the State has been working to improve. These actions being taken by the State to improve Internally Generated Revenue (IGR) mainly tax administration reforms aimed at improving collection rates and broadening the tax revenue base are being strengthened.

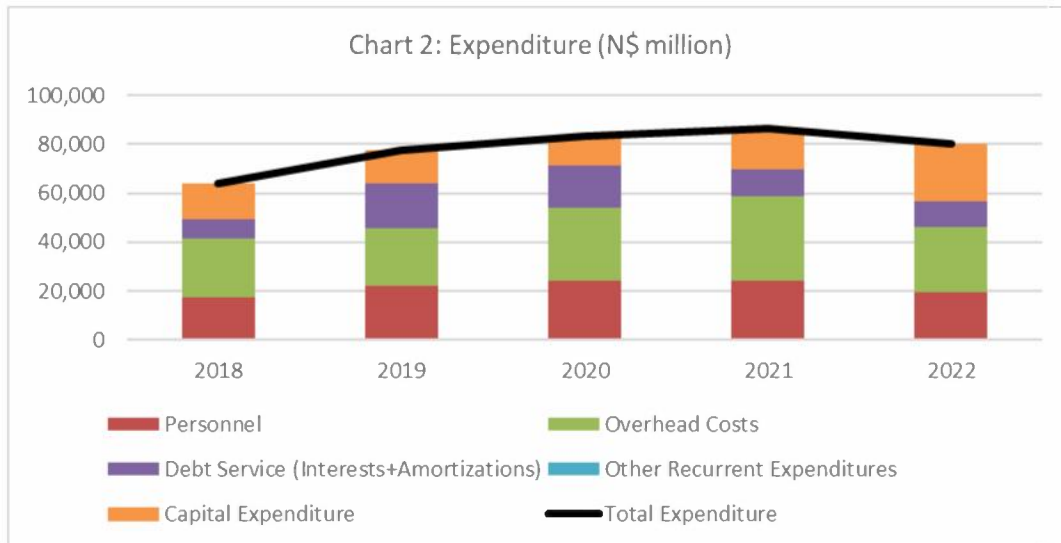
iv. **Aggregate (Total) Expenditure trend in the last five years and its composition in 2022.** Total expenditure in this context includes is all categories of expenses (Personnel, Overhead Cost, Capital Expenditure, interest and amortization). Total expenditure rose from N63,956.01B in 2018 to N86,329.59B in 2021 representing an increase of N22,373.58B but declined to N80,402.85B in year 2022.

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 2018 to 2021. 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 2018-2022**

<b>Expenditure</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
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	10,761.95	10,196.32
Capital Expenditure	14,575.13	13,353.31	11,966.14	16,640.86	23,840.93
<b>Total Expenditure</b>	<b>63,956.01</b>	<b>77,484.93</b>	<b>83,262.59</b>	<b>86,329.59</b>	<b>80,402.85</b>
<b>Growth Rate</b>		<b>21.15%</b>	<b>7.46%</b>	<b>3.68%</b>	<b>-6.87%</b>

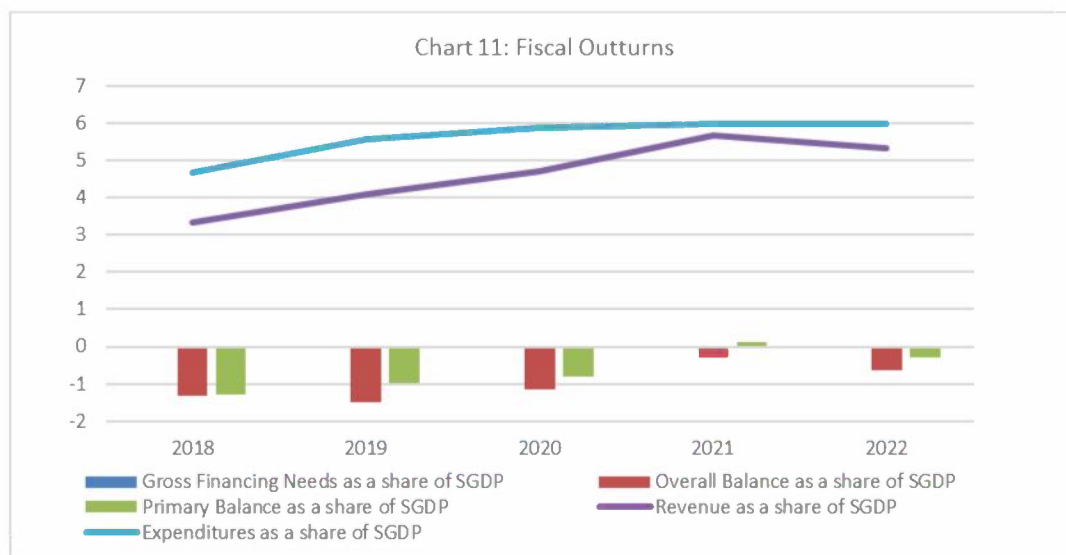
Below is the Expenditure chart depicting the trend between 2018 – 2022



**V. Main expenditure variations in the last five years by economic classification.** Over the period under consideration, analysis shows that Capital Expenditure and Personnel cost are both responsible for this increase in Expenditure.

Overhead Cost rose from N23,824.43B in 2018 to its peak of N34,871.72B in 2021 though witnessed a marginal decline to N27,111.54B in 2022. Capital Expenditure recorded an increase of N9,265.80B over the historical 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 increasing. It moved from -1.33% in 2018 to -0.65% in 2022. Primary Balance followed similar trend but Revenue and Expenditure all as a share of State GDP improved over the historical years.

### 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 all Government promises to repay.

i. Public debt stock amount or its shares on total Revenue at end-2022 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;

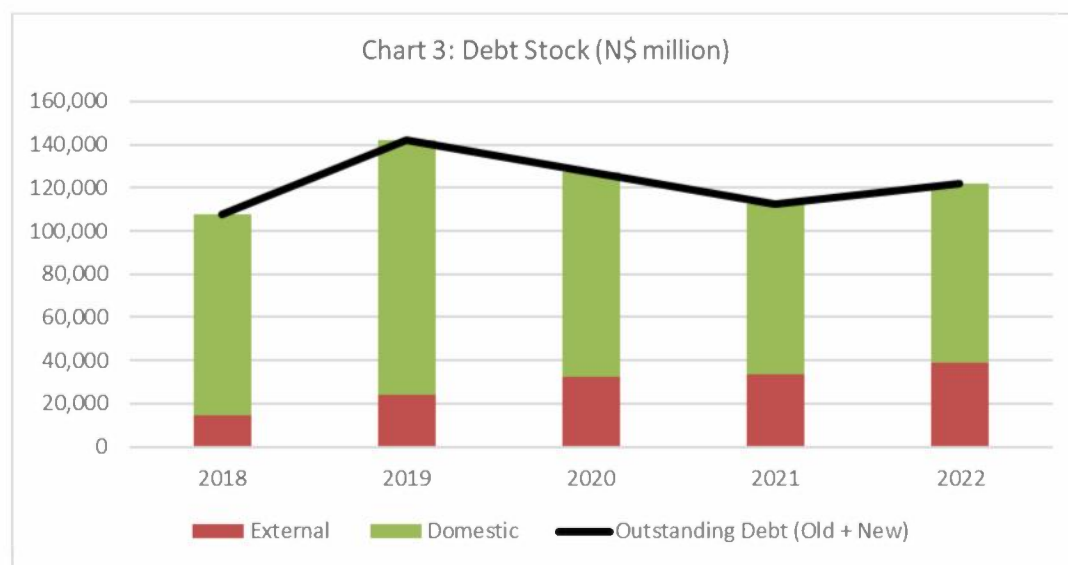
CRS State Debt	2018	2019	2020	2021	2022
External	14,401	23,868	32,553	33,568	38,796
Domestic	93,255	118,067	94,982	78,718	83,065
<b>Total Outstanding Debt</b>	<b>107,656</b>	<b>141,935</b>	<b>127,535</b>	<b>112,286</b>	<b>121,861</b>

The outstanding debt balance for the State as at 2022 December is N121,861B. The State debt had witnessed an increase of N14,205B representing 13% over the last 5 years with its attendant impact on the share of revenue. The debt stock to revenue ratio improved from 235% in 2018 to 170% in 2022.

In summary, the State debt position is stated below;

S/N	DEBT CATEGORY	AMOUNT(Millions)	%
1	Total Domestic Debt	83,065	68.16
2	Total External Debt	38,796	31.84
	<b>TOTAL</b>	<b>121,861</b>	<b>100%</b>

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



ii. **The existing Public debt portfolio composition at end-2022.** 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, 2022

S/N	DEBT CATEGORY FOR DOMESTIC	BALANCE N
1	Budget Support Facility	18,081.67
2	Salary Bailout Facility	9,160.17
3	Restructured Commercial Bank Loans (FGN Bond)	18,779.25
4	Excess Crude Account Backed Loan	9,697.40
5	Commercial Banks Loans	1,358.91
6	State Bonds	1,245.33
7	Judgement Debts	1,139.40
8	Contractors' Arrears	2,951.89
9	Pension and Gratuity Arrears	15,398.62

10	Salary Arrears and Other Staff Claims	5,252.72
	<b>TOTAL DOMESTIC</b>	<b>83,065.35</b>
<b>S/N</b>	<b>DEBT CATEGORY FOR EXTERNAL</b>	<b>BALANCE \$</b>
1	World Bank (WB)	93.1
2	African Development Bank (AfDB)	9.2
	<b>TOTAL EXTERNAL</b>	<b>102.4</b>

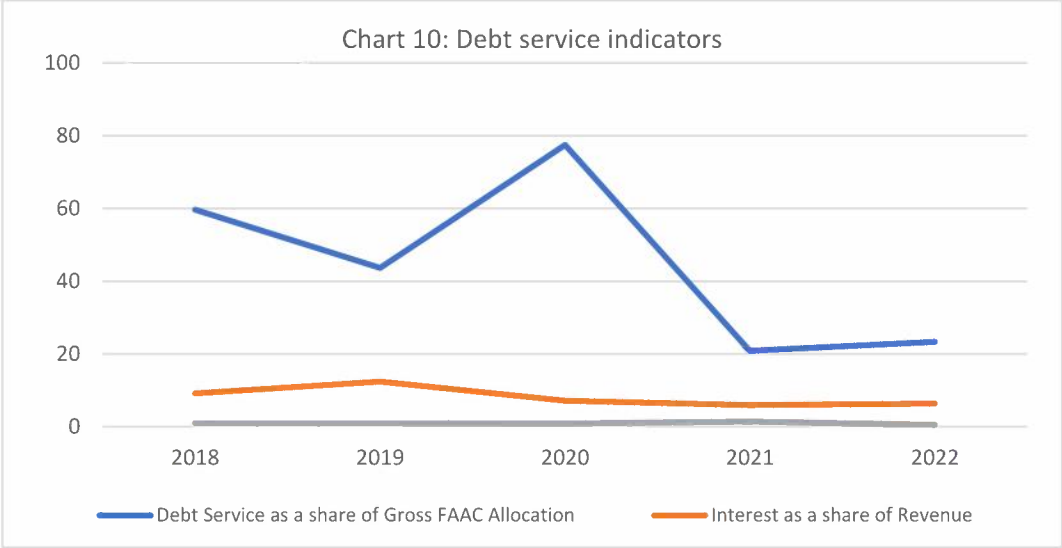
**Note: All figures are expressed in Millions**

**iii. Cost and risks exposure of the existing Public debt portfolio at end-2022.**

The debt portfolio of the State was volatile during the historical period. The State debt rose astronomically from N107,656B in 2018 to N141,935B in 2019 then began declining to N121,861B in 2022 with its attendant implications on the fiscal strength of the State. For emphasis, debt service cost moved from N8,097B in 2018 to its peak at N18,378B in 2019 and declined to N10,196B in 2022 which is a consequence of the deliberate debt management efforts being put in place by the State over the years. The huge reduction in debt stock over the historical years is due to the clearance of contractor’s arrears and redemption of State bonds. Contractors’ arrears was N31,151B in 2019 but has been massively reduced to N2,951B in 2022. Same applies to State Bonds which was reduced from N13,259B in 2018 to N1,245B in 2022.

Debt service as a share of Gross Federal Allocation Account Committee (FAAC) allocation rose from 60% in 2018 to a peak of 77% in 2020 but declined to 23% in 2022. This was due to slight increase in Gross Federal Allocation Account Committee (FAAC) and reduction in debt stock over the historical years. Interest as a share of revenue also rose from 9% in 2018 to 12% in year 2019 and declined to N6% in 2022.

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 is 31 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 sustainable. See table below for indicators with threshold;

**Table 4.1 Performance Indicators with Threshold**

Performance Indicator	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>Debt as % of SGDP</b>	7.86	10.21	9.00	7.76	9.06	11.24	11.38	11.49	11.58	11.50	11.07	10.66	10.07	9.47	9.24
Threshold	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25
<b>Debt as % of Revenue</b>	235	250	191	137	170	226	187	161	162	159	155	149	141	132	129
Threshold	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200
<b>Debt Service as % of Revenue</b>	47	34	63	13	14	17	22	28	33	30	33	27	27	25	25
Threshold	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
<b>Personnel Cost as % of Revenue</b>	38	39	36	29	27	38	27	28	27	26	25	26	26	26	26
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 10.21% in 2019. In the historical years, while for the projections of 2023 – 2032, the highest figure happened in 11.58% in 2026. 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 two of the historical years of 2018 and 2019. For the projection years, the State breached the threshold only in 2023 and remain below the threshold for the rest of the projection period. That is an indication that the projected debt levels in the State is favourable and sustainable subject to continued

implementation of its fiscal policies and also finding 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 was only breached in 2018. It remained positive for the rest of 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 positive as all performance indicators shows favourable positions all through the projection years. However, efforts must continue to be made to improve the fiscal base of the State.

The following indicators without threshold;

- Debt service to Federal Allocation Account Committee (FAAC)
- Interest Payment to Revenue
- External debt service to revenue

The Debt service to FEDERAL ALLOCATION ACCOUNT COMMITTEE (FAAC) ratio was high in the first 3 years of the historical period but declined in 2021& 2022. The ratio began to attain disturbing levels from 2026 to 2028 with its peak at 54.73%. Since almost half of the projected inflow from FEDERAL ALLOCATION ACCOUNT COMMITTEE (FAAC) has been eaten up by Debt Service, State must concentrate on raising IGR substantially  
Interest as a share of revenue ratio also increased in the projection years.

**Table 4.2 Performance Indicators without Threshold**

INDICATOR	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Debt Service as a share of Gross FAAC Allocation	59.70	43.67	77.47	20.89	23.36	26.10	37.29	45.34	53.29	50.22	54.73	43.55	44.36	40.39	40.19
Interest as a share of Revenue	9.20	12.41	7.19	5.94	6.38	7.43	12.43	13.32	12.98	15.24	14.95	14.36	12.55	12.12	11.96
External Debt Service as a share of Revenue	0.99	0.96	0.90	1.43	0.54	0.68	0.54	0.42	1.09	1.05	1.01	0.97	1.28	1.85	1.83

#### 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 Federal Allocation Account Committee (**FAAC**) statutory allocation. According to the Federal Government and State’s own forecasts, the Nigerian economy is expected to gradually recover in the period 2024-2026, with real GDP expanding at

an average annual rate of 3 percent and domestic inflation hovering around 16.11% 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 2024-2026 Medium-Term Expenditure Framework;

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

<b>Item</b>	<b>2023- Revised</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
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)	1.76	1.78	1.80	1.81
Oil Price Benchmark	\$75.00	\$77.96.	\$73.76	\$69.90
<b>NGN: USD Exchange Rate</b>	<b>₦435.57</b>	<b>₦750.00</b>	<b>₦665.61</b>	<b>₦669.79</b>

*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 \*\*16.11% and \*\*\*3.55%, 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 underlay 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 be at an average 16.11% in 2023. 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, N750/US\$ in 2024, N665.61/US\$ in 2025 and N669.79/US\$ in 2026.

The Medium Term Expenditure Framework (**MTEF**) for Cross River State covering 2024 – 2026 upon which this debt sustainability exercise is premised is hereby presented below;

**Table 4.4 Cross River State Medium Term Fiscal Framework**

<b>Cross River State Medium Term Fiscal Framework</b>				
<b>Recurrent Revenue</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Statutory Allocation	32,158.76	37,233.18	46,663.60	48,413.49
VAT	12,111.19	13,558.47	16,992.56	17,629.78
IGR	12,076.99	17,998.19	22,556.78	23,402.66
<b>Total</b>	<b>56,346.94</b>	<b>68,789.85</b>	<b>86,212.94</b>	<b>89,445.93</b>
<b>Recurrent Expenditure</b>				
Personnel	25,645.55	23,103.29	28,954.89	29,402.64
Overhead Costs	30,809.68	31,918.83	46,365.25	47,034.40
Debt Service	11,554.90	18,942.48	28,863.16	35,191.78
<b>Total</b>	<b>68,010.13</b>	<b>73,964.60</b>	<b>104,183.30</b>	<b>111,628.82</b>
<b>Transfer to Capital account</b>	- 11,663.19	- 5,174.75	- 17,970.36	- 22,182.89
<b>Capital Receipts</b>				
Grants	11,864.00	17,369.92	17,891.02	18,561.93
Other Capital Receipts	1,019.28	1,976.86	2,036.17	2,112.52
<b>Total</b>	<b>12,883.28</b>	<b>19,346.78</b>	<b>19,927.18</b>	<b>20,674.45</b>
<b>Capital Expenditure</b>	<b>24,699.21</b>	<b>25,588.38</b>	<b>26,509.56</b>	<b>27,463.90</b>
Discretionary Funds	24,699.21	25,588.38	26,509.56	27,463.90
Non-Discretionary Funds				
<b>Net Financing</b>	<b>23,479.11</b>	<b>11,416.34</b>	<b>24,552.73</b>	<b>28,972.34</b>

**Revenue and Expenditure Assumptions**

Federation Account revenue estimates (Statutory Allocation, VAT) for the period 2024-2026 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 assumption) 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 2023 is based on the approved 2023 budget, and thereafter until 2026. 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 4.4% 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 2023 approved budget as a base, personnel costs are forecast to rise by 6.5% and overheads by 4.7% on the average over the period 2023-2032.

Capital expenditure is forecast to grow on the average of 5.3% from 2023 - 2032

#### 4.2 Borrowing Options

The debt sustainability and analysis exercise has helped to ascertain the funding gap for the projection years of 2023-2032. See details below;

**Table 4.5 Total Gross Borrowing Requirements for 2023-2032**

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>Total Gross Borrowing Requirements</b>	33,042.2	14,858.3	21,337.0	28,881.4	22,410.2	21,810.3	14,502.8	14,877.8	12,558.6	12,266.3

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 2023-2032**

<b>New Domestic Financing in Million of Local Currency</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>
Commercial Bank Loans (maturity 1 to 5 years)	0.0	14,858.3	0.0	0.0	0.0	6,315.0	0.0	0.0	0.0	0.0
Commercial Bank Loans (maturity 6 years or longer)	6,432.4	0.0	0.0	7,062.5	0.0	0.0	0.0	0.0	0.0	0.0
State Bonds (maturity 1 to 5 years)	26,609.8	0.0	0.0	21,818.8	0.0	15,495.3	0.0	14,877.8	0.0	0.0
State Bonds (maturity 6 years or longer)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12,558.6	0.0
Other Domestic Financing ( )	0.0	0.0	0.0	0.0	22,410.2	0.0	0.0	0.0	0.0	12,266.3
<b>New External Financing in Million US Dollars</b>	0.0	0.0	49.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	0.0	0.0	0.0	0.0	0.0	0.0	33.3	0.0	0.0	0.0

External Financing - Bilateral Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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The financing terms for these category of financing options for both domestic and external instrument is detailed below;

<b>Borrowing Terms for New Domestic Debt (issued/contracted from 2023 onwards)</b>	<b>Interest Rate (%)</b>	<b>Maturity (# of years)</b>	<b>Grace (# of years)</b>
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	20.00%	5	1
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	22.00%	10	2
State Bonds (maturity 1 to 5 years)	17.00%	5	1
State Bonds (maturity 6 years or longer)	18.00%	7	0
Other Domestic Financing ( )	10.00%	15	2
<b>Borrowing Terms for New External Debt (issued/contracted from 2023 onwards)</b>	<b>Interest Rate (%)</b>	<b>Maturity (# of years)</b>	<b>Grace (# of years)</b>
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	3.50%	30	5
External Financing - Bilateral Loans	3.00%	20	5
Other External Financing	3.00%	5	3

### 4.3 DSA Simulation Results

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

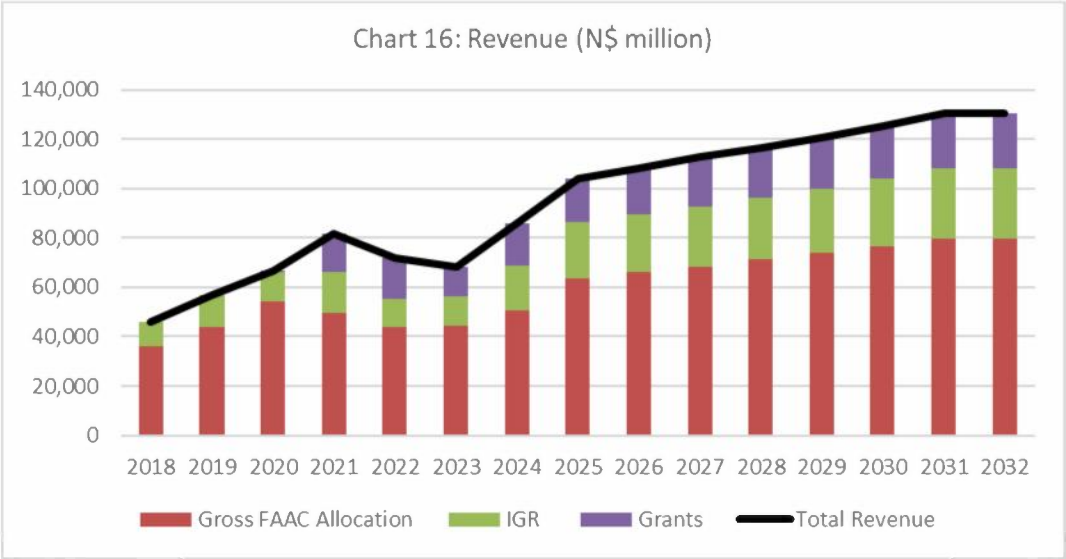
The objective of the debt sustainability analysis simulation exercise is to analyse the sustainability of the State's Public debt portfolio and build an optimum debt management strategy based on macroeconomic framework.

Cross River State Total Revenue (including grants and excluding other capital receipts) is expected to increase from N71,706BB in 2022 to N130,450B in 2032, representing an increase

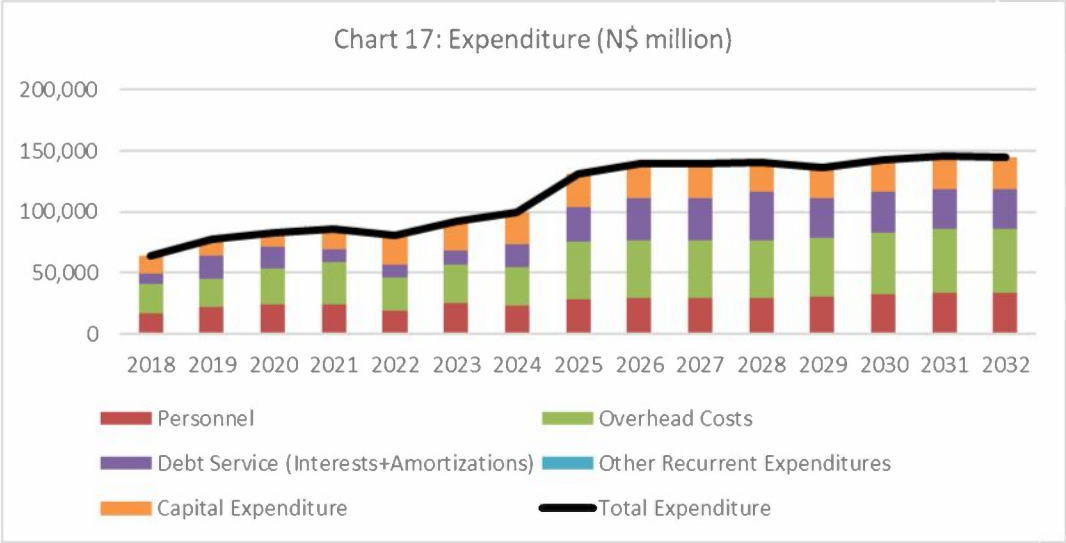
of 82% percent over the projection period. The Gross Federal Allocation Account Committee (FAAC) is projected to constitute the substantial part of the income accruing to the State in the projection period. Gross Federal Allocation Account Committee (FAAC) Allocation is projected to grow from N43,641B in 2022 to N79,766B in 2032. Grant is projected to grow from N16,534B in 2022 to N22,419B in 2032. These projections were sourced from the Approved 2023 Budget; MTEF, 2024-2026; 2027-2032 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 N8,734B from N19,531B in 2022 to N28,265B in 2032.

See below the revenue chart;

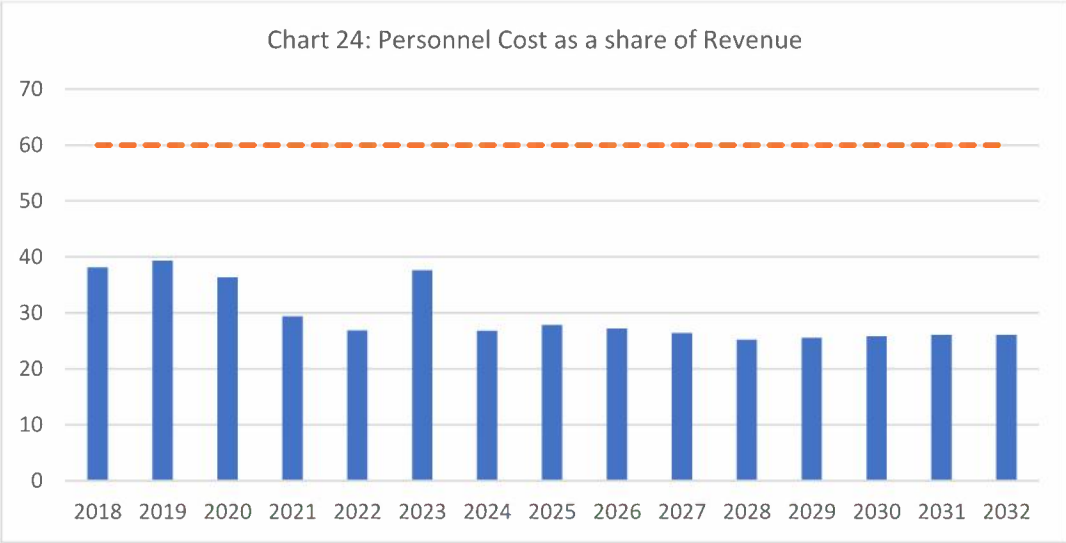


Total expenditure for the projection years is projected to expand from N80,403B in 2022 to N145,268B billion by 2032. Expenditure is projected to grow by more than 81% over the projection years. The decision by the State government to continually improve the infrastructural position of the State necessitated the increased projection for capital projects. The debt position of the State relative to revenue also made projection for debt servicing to increase. Other categories of expenditure like Personnel and overheads were also projected to increase substantially over the years.

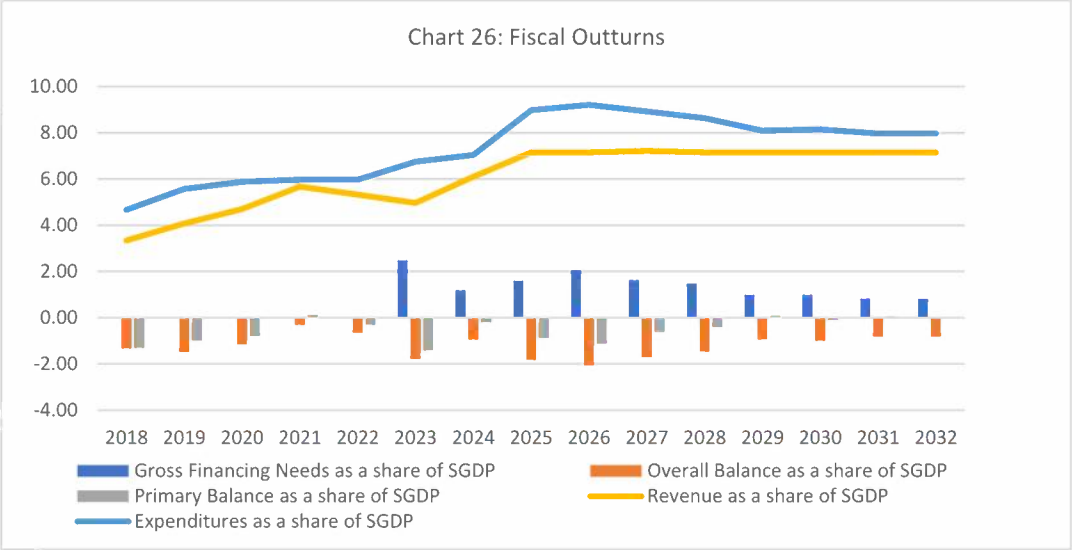


Therefore, the fiscal deficit—computed as the difference between revenue and expenditure—is expected to remain within a range of N33,042.2B to N12,266.3B in nominal terms.

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.



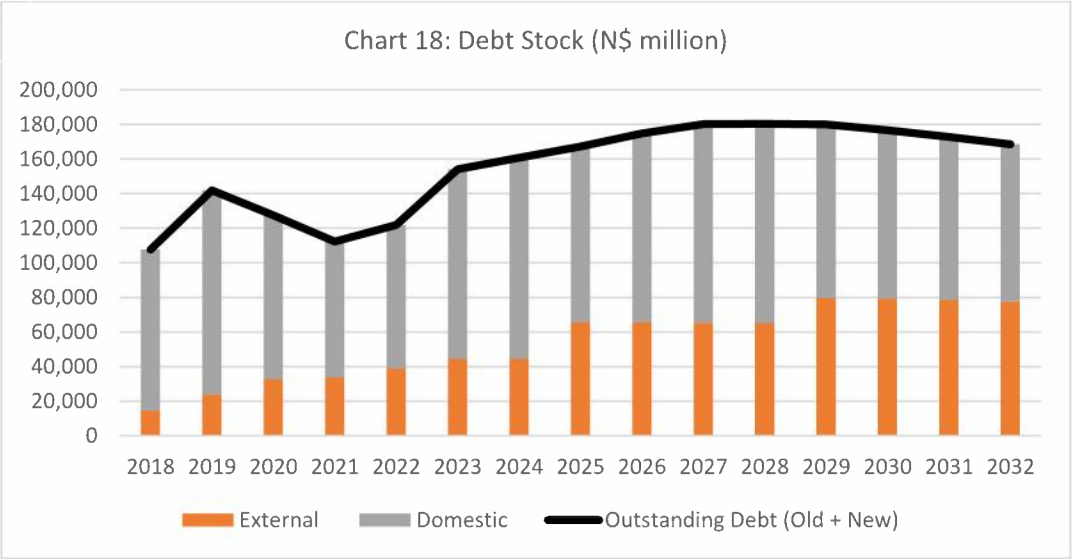
Primary balance which is the difference between the State’s revenue and its non interest expenditure can be measured as a percentage of State GDP.



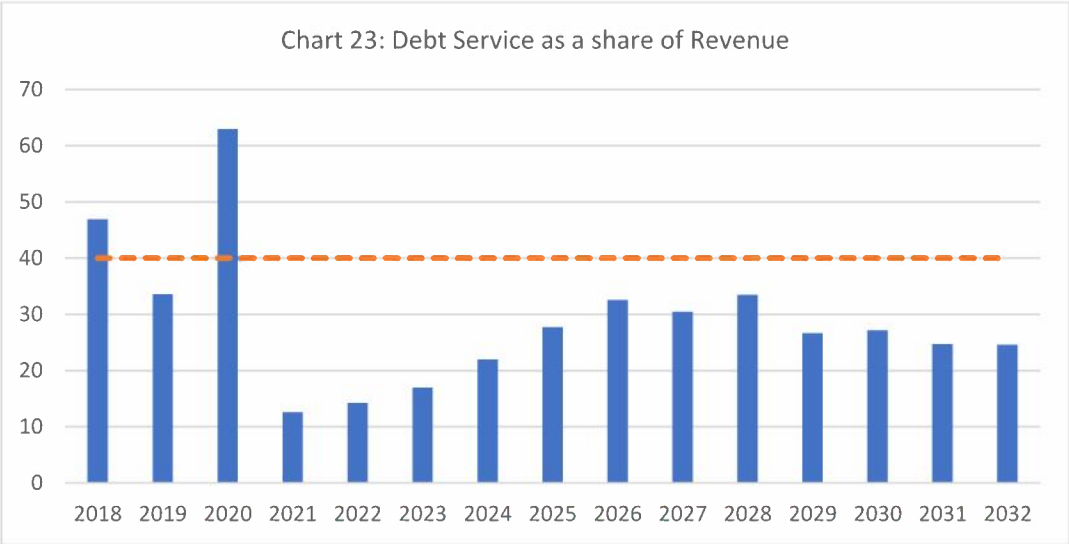
Revenue as a share of State GDP and expenditure as a share of GDP both improved in the projection years of 2023 – 2032. The overall balance and the primary balance as a share of State GDP recorded negative values in some of the projection years.

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

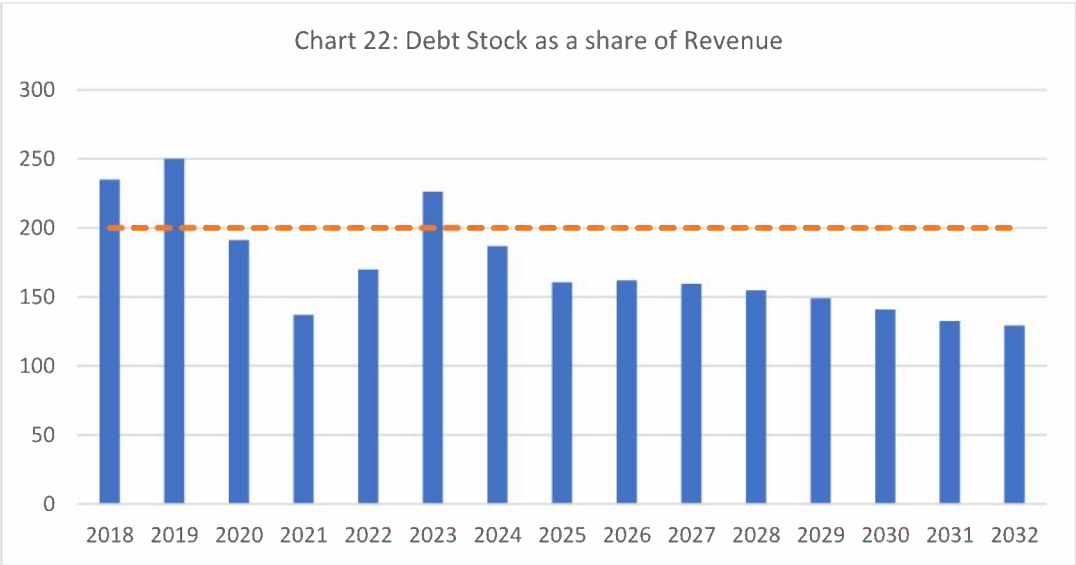
The gross financing requirement necessitated creating new borrowings for the projection years. The State’s debt is projected to raise from N121,861B as of end-2022 to N168,601B by 2032. See chart below;



As a consequence of the increase in debt stock from 2022-2032, 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.



Except for year 2023, debt as a percentage of revenue performance indicator which is set at a threshold of 200% is positive all through the projection by the State. This shows a solid debt sustainability position for the State from 2024 to 2032. State must continue its fiscal reforms measure, make efforts to increase revenue and manage debt position more effectively and efficiently.



## Conclusion

**Cross River State DSA result shows that the State remains at Low Risk of Debt Distress in the future years.** Revenue and expenditure as a percentage of State GDP will improve in the medium term to the long term into the projection years. 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 only breached the threshold in year 2023, for the other 9years of the projection periods, it remained well below the threshold.

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 debt sustainability position of the State is not threatened in the medium and long term. To ensure that this debt sustainability position is maintained, the State must continue 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 favourable in terms of cost and repayment cycle where necessary
- e. Ensure new loans are contracted at the least possible cost
- f. Focus more on getting foreign loans at the terms are more favourable

### 4.4 Debt Sustainability Analysis Sensitivity Analysis

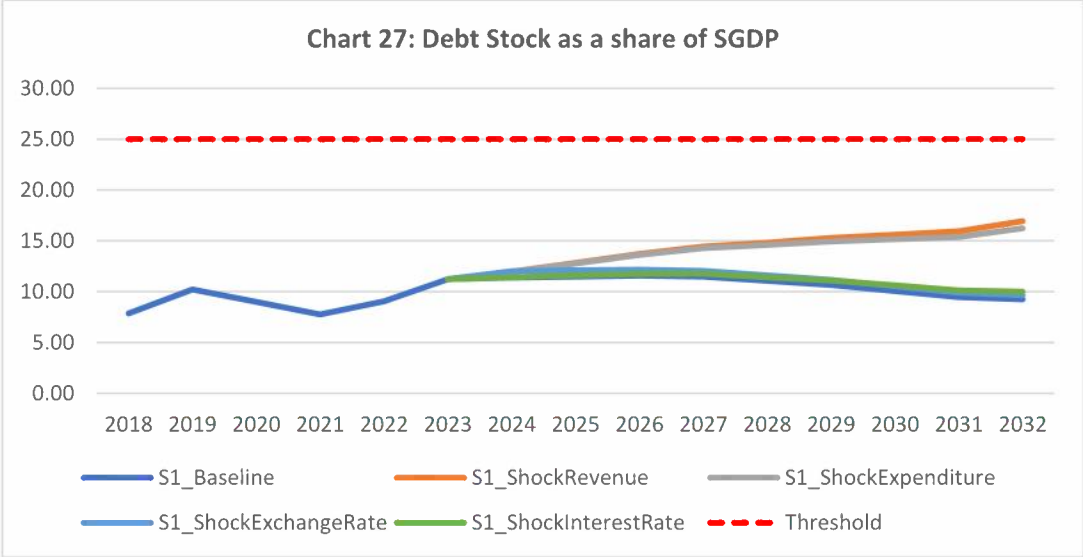
The Debt Management Strategy put together by Cross River State is structured to have six scenarios; the baseline scenario, four shock (Shock Revenue, Shock Expenditure, Shock Exchange Rate & Shock Interest Rate) scenarios, and the historical scenario. The shocks are used in testing the resilience of 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 2023 DSA analysis shows that Cross River State remains at low risk of debt distress under sensitivity analysis.** Under the Debt to Revenue performance indicator with a threshold of 200%, the shock revenue scenario and shock expenditure breached the threshold in nearly all the projection years except for 2025. A 10% reduction in revenue and 10% increase in expenditure will likely put the State in an unfavourable position. This suggests that the State must work to ensure that revenue projections over the future years do not decline and in fact must be increased substantially. State must continue to make effort to bring more people into the tax net and improve IGR. Expenditure must be well managed to remain under control while Debt managers must also work to reduce the State’s exposure to debt.

For Debt Service to Revenue, all the shocks remain moderate 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 medium 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.



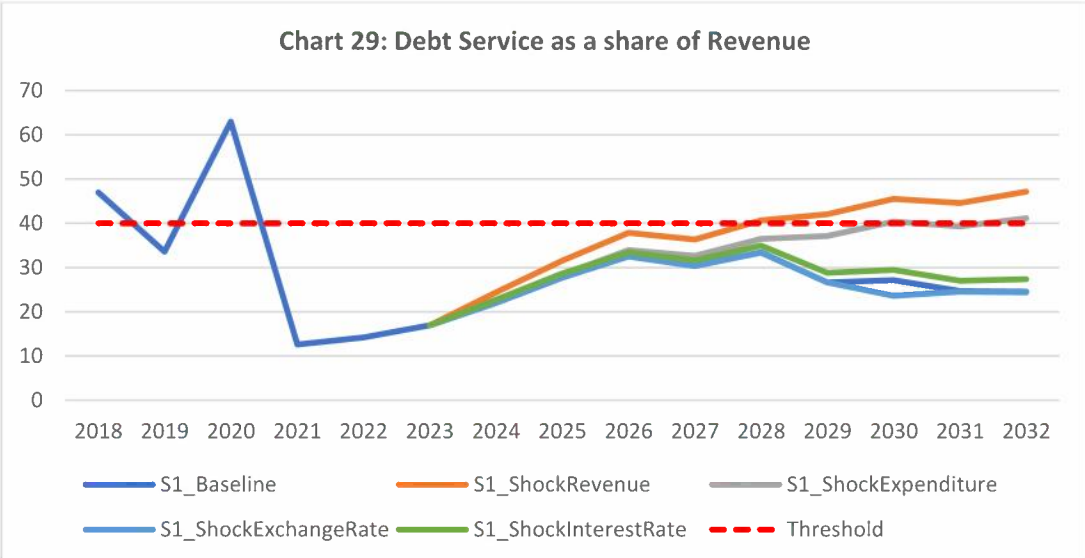
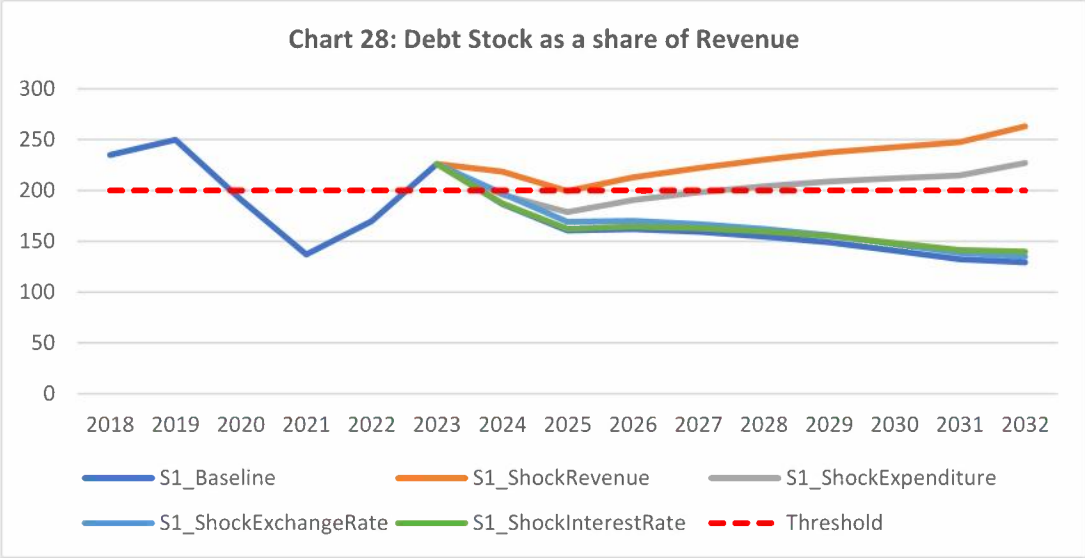
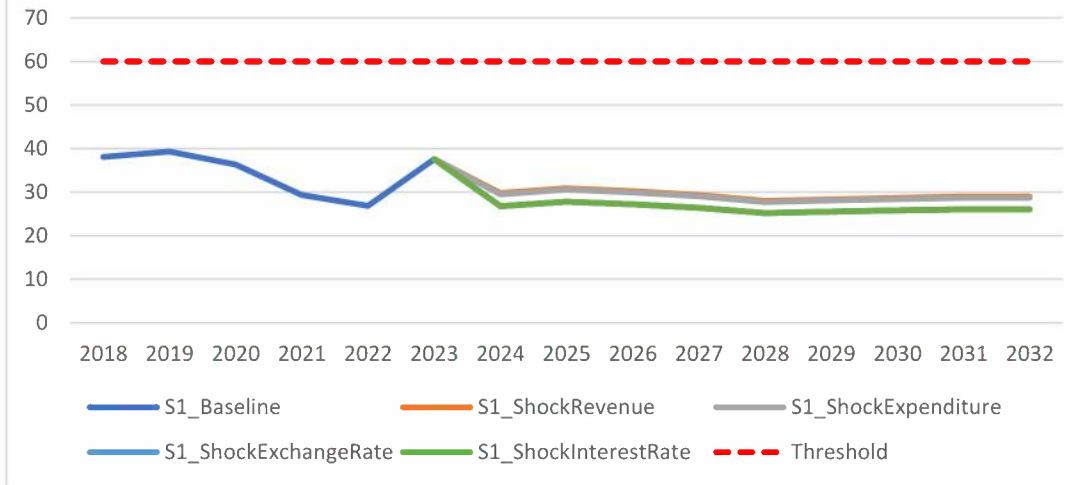


Chart 30: Personnel Cost as a share of Revenue



## **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, 2023-2027, analyses the debt management strategies outcomes of the three debt management performance indicators namely Debt Stock to Revenue, Debt Services to Revenue and Interest to Revenue. The cost is measured by the expected value of a performance indicator in 2027, as projected in the baseline scenario. Risk is measured by the deviation from the expected value in 2027 caused by an 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 2023-2032 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 only commercial bank loans 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 within the range of N33,042.2B to N49,485.8B all through 2023-2032.

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.

**For Strategy 3.** The State assumes that State bond(s) both for 1-5 years and 6 years and above will be sourced to fund its deficit for the projection years. Utilizing State bonds comes with a

moderate cost and the foreign exchange rate risk will be mitigated. The State will be raising within the range of N33,024.2B to N44,736.1B from 2023-2032.

**For Strategy 4.**

The State assumes that Commercial Bank Loans of 1-5 years, State Bonds of 1-5 years and External Financing (Concessional Loans) will be sourced to fund its deficit for the projection years. Utilizing these options comes with the advantage of moderate cost, long repayment periods. The State will be raising within the range of N33,042.2B to N12,656.4B from 2023-2032.

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

**Table 5.1 Borrowing Terms and Assumptions for New Loans**

<b>Borrowing Terms for New Domestic Debt (issued/contracted from 2023 onwards)</b>	<b>Interest Rate (%)</b>	<b>Maturity (# of years)</b>	<b>Grace (# of years)</b>
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	20.00%	5	1
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	22.00%	10	2
State Bonds (maturity 1 to 5 years)	17.00%	5	1
State Bonds (maturity 6 years or longer)	18.00%	7	0
Other Domestic Financing ( )	10.00%	15	2
<b>Borrowing Terms for New External Debt (issued/contracted from 2023 onwards)</b>	<b>Interest Rate (%)</b>	<b>Maturity (# of years)</b>	<b>Grace (# of years)</b>
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	3.50%	30	5
External Financing - Bilateral Loans	3.00%	20	5
Other External Financing	3.00%	5	3

**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.

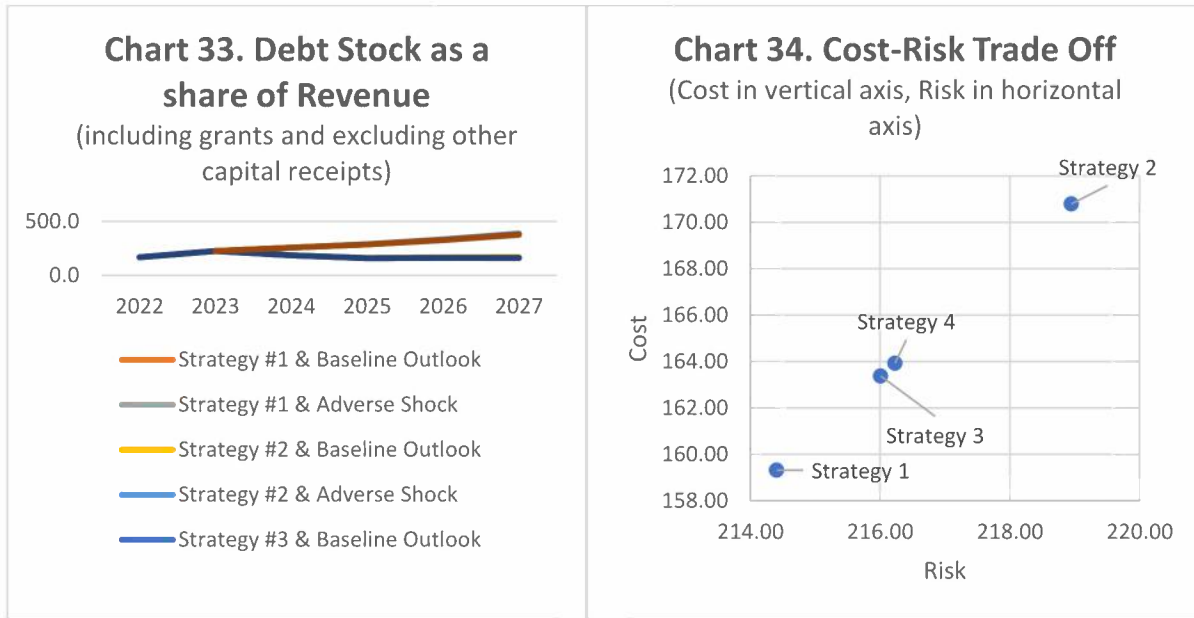
### 5.2.1 Debt Stock/Revenue

The table below shows the performance of the State from 2023-2027 when expressing debt as a percentage of revenue.

The baseline outlook(S1) presented the lowest cost and lowest risk in all the 4 strategies. Cost as at 2027 is projected to be 159.3% while the risk is 214.4%.

Debt Stock as % of Revenue (including grants and excluding other capital receipts)							COST	RISK measured only in 2027
	2022	2023	2024	2025	2026	2027	2027	
Strategy #1 & Baseline Outlook	169.9	226.1	186.7	160.6	161.9	159.3	214.4	
Strategy #1 & Adverse Shock		226.1	257.6	287.8	327.0	373.7		
Strategy #2 & Baseline Outlook	169.9	226.1	187.4	162.3	167.9	170.8	219.0	
Strategy #2 & Adverse Shock		226.1	258.6	290.2	335.3	389.7		
Strategy #3 & Baseline Outlook	169.9	226.1	186.7	160.1	163.8	163.4	216.0	
Strategy #3 & Adverse Shock		226.1	257.6	287.1	329.6	379.4		
Strategy #4 & Baseline Outlook	169.9	226.1	186.3	159.9	163.5	163.9	216.2	
Strategy #4 & Adverse Shock		226.1	257.2	286.8	329.2	380.2		

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



### 5.2.2 Debt Service/Revenue

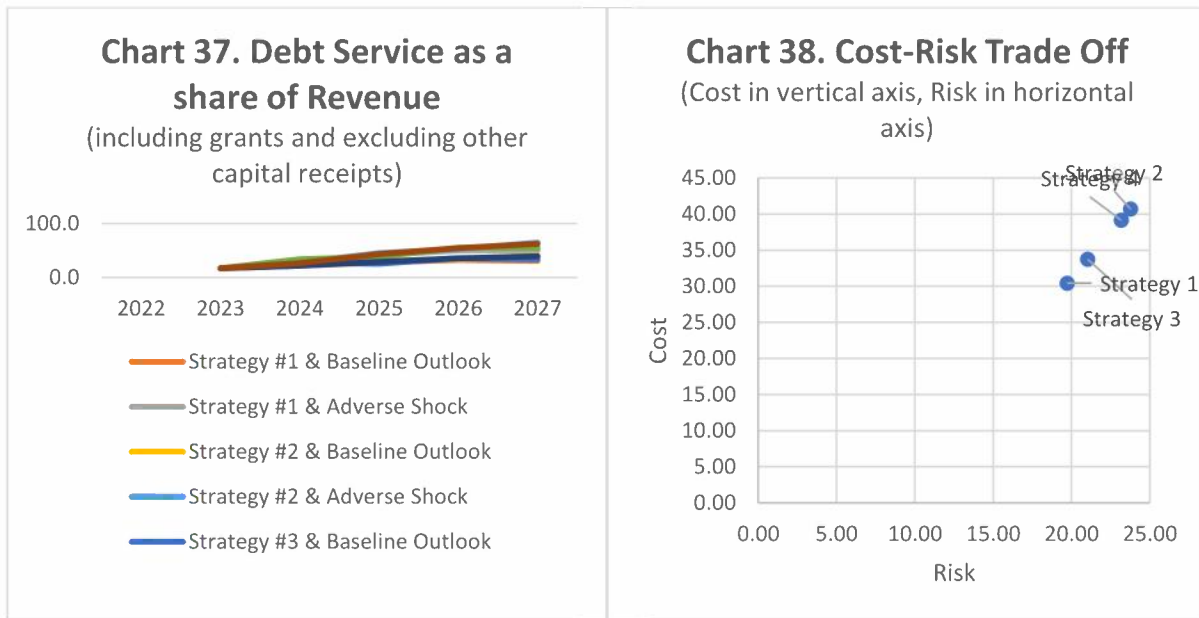
The table below shows the performance of the State from 2023-2027 when expressing debt service as a percentage of revenue.

Under this performance indicator, strategy S1 in the year of measurement (2027) recorded cost of 30.4% and 19.7% 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 2027
	2023	2024	2025	2026	2027	2027
Strategy #1 & Baseline Outlook	16.9	22.0	27.7	32.6	30.4	19.7
Strategy #1 & Adverse Shock	16.9	26.8	41.4	50.3	50.2	
Strategy #2 & Baseline Outlook	16.9	22.8	30.3	34.2	40.7	23.8
Strategy #2 & Adverse Shock	16.9	27.7	45.1	52.5	64.5	
Strategy #3 & Baseline Outlook	16.9	27.5	25.4	35.9	33.8	21.0
Strategy #3 & Adverse Shock	16.9	33.4	38.2	54.9	54.8	

Strategy #4 & Baseline Outlook	16.9	21.6	28.9	35.5	39.2	23.2
Strategy #4 & Adverse Shock	16.9	26.3	43.1	54.3	62.3	

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.



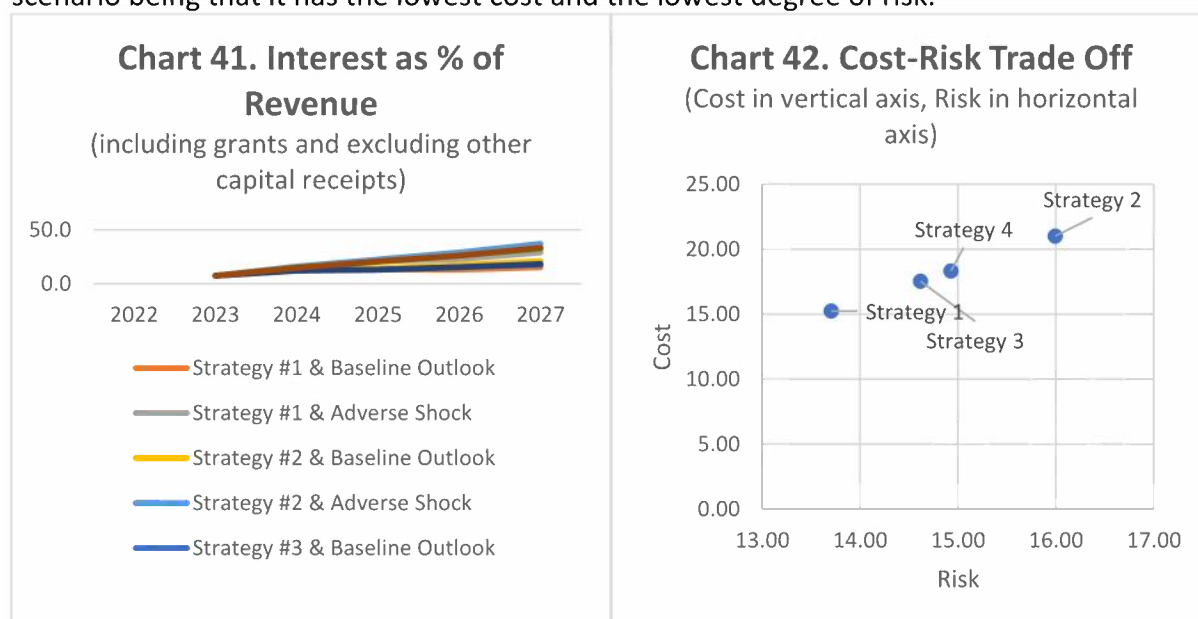
### 5.2.3 Interest/Revenue

Under this performance indicator, Strategy 1 equally has the lowest cost and risk at 15.2% and 13.7% respectively.

The table below shows the performance of the State from 2023-2027 when expressing interest as a percentage of revenue.

					<b>COST</b>	<b>RISK measured only in 2027</b>
<b>Interest as % of Revenue (including grants and excluding other capital receipts)</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2027</b>
Strategy #1 & Baseline Outlook	7.4	12.4	13.3	13.0	15.2	13.7
Strategy #1 & Adverse Shock	7.4	15.1	21.1	22.8	28.9	
Strategy #2 & Baseline Outlook	7.4	13.2	14.4	17.3	21.0	16.0
Strategy #2 & Adverse Shock	7.4	16.1	22.6	28.9	37.0	
Strategy #3 & Baseline Outlook	7.4	12.4	12.9	15.3	17.5	14.6
Strategy #3 & Adverse Shock	7.4	15.1	20.5	26.0	32.2	
Strategy #4 & Baseline Outlook	7.4	12.1	13.0	15.2	18.3	14.9
Strategy #4 & Adverse Shock	7.4	14.7	20.6	26.0	33.3	

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 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.

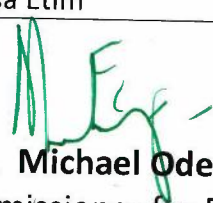
The current debt stock of the State is presently tilted towards domestic loan which is at 81.82% of the State debt stock. This comes with its high debt service obligations when compared to foreign loans that characteristically have low cost and more favorable borrowing terms. With the way the strategies 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 2022 is N121,861B, the portfolio is expected to rise to N180,126.37B in 2027 in the S1, N193,100.14B in S2, N184,710.26B & N185,340.13B 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, 2023-2027 represents a robust framework for prudent debt management, as it provides a systematic approach to decision making on the appropriate composition of external and domestic borrowing to finance the 2023 budget. The cost-risk trade-off of alternative borrowing strategies under the DMS has been evaluated within the medium-term context.

**CROSS RIVER STATE TECHNICAL TEAM**

S/N	NAME	DEPARTMENT	DESIGNATION
1	Hon. Ajah Francis Ajah, ACA, MBA, MBA, AMNIM, ACICMN.	Debt Management Dept.	Permanent Secretary
2	Mr Festus Ushie.	Debt Management Dept.	Deputy Director
3	Lawrence Omaji CNA	Accountant - General	Chief Accountant
4	Benjamin Ubi	Budget Office	Snr. Budget Officer
5	Ansa Etim	Debt Management Dept.	Chief Accountant



**Hon. Michael Odere, ACA, FCIB, ACTI, FIMC.**  
Commissioner for Finance.  
Cross River State

# Annex 1

2023

		Projection Methodology	Source
<b>Assumptions:</b>			
<b>Economic activity</b>	State GDP (at current prices)	The Projection for CRS Domestic Product (at Current Prices) is in line with the World Bank Group Es	Debt Management Office, Abuja
<b>Revenue</b>	<b>Revenue</b>		
	1. Gross Statutory Allocation ('gross' means with no deductions; d	Projection is based on Federal Government Medium Term Expenditure Framework(2023 -2026) FAAC Allocation will continue to grow upward leaving the State with more money because of the removal of subsidy. The subsidy fund will be reinvested back to States rather than paying foreign exchange.	DSA Team, Ministry of Finance and Economic Development. Cross River State
	1.a. of which Net Statutory Allocation ('net' means of deductio	The Net Statutory Allocation is projected to increase in line with the national GDP growth rate.	DSA Team, Ministry of Finance and Economic Development. Cross River State
	1.b. of which Deductions	Deduction is projected to increase in line with the Mational GDP growth rate.	DSA Team, Ministry of Finance and Economic Development. Cross River State
	2. Derivation (if applicable to the State)	Not Applicable	
	3. Other FAAC transfers (exchange rate gain, augmentation, others)	The National GDP Growth rate is projected to determine the changes in Other FAAC Transfers	DSA Team, Ministry of Finance and Economic Development. Cross River State
	4. VAT Allocation	The VAT rate is 7.5% and its allocation to States is based on FG MTEF	DSA Team, Ministry of Finance and Economic Development. Cross River State
	5. IGR		DSA Team, Ministry of Finance and Economic Development. Cross River State
	6. Capital Receipts		
	6.a. Grants		DSA Team, Ministry of Finance and Economic Development. Cross River State
	6.b. Sales of Government Assets and Privatization Proceeds		
	6.c. Other Non-Debt Creating Capital Receipts		
<b>Expenditure</b>	<b>Expenditure</b>		
	1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefit	Personnnel cost is projected to increase based on the national minimum wage policy and the recent agitation for increase in salary due tp removal of fuel subsidy	DSA Team, Ministry of Finance and Economic Development. Cross River State
	2. Overhead costs		DSA Team, Ministry of Finance and Economic Development. Cross River State
	3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)		
	4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)		DSA Team, Ministry of Finance and Economic Development. Cross River State
	5. Capital Expenditure	Capital expenditure will experience slow but steady increase but will witness a reduction in Capital expenditure in 2028.	
<b>Closing Cash and</b>	<b>Closing Cash and Bank Balance</b>	The Closing Cash and Bank balances is projected to follow th eState projections and the Politicaland Economic reality in the State.	

<b>Debt Amortization</b>	<b>Debt Outstanding at end-2022</b>	
	External Debt - amortization and interest	
	Domestic Debt - amortization and interest	As captured by the existing Amortization Schedule
	<b>New debt issued/contracted from 2023 onwards</b>	
	<b>New External Financing</b>	
	External Financing - Concessional Loans (e.g., World Bank, African	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% , Grace 5 Years
	<b>New Domestic Financing</b>	
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loa	Interest Rate 20%, Maturity - 4 Years; Grace 0-6 Years
Commercial Bank Loans (maturity 6 years or longer, including Agri	Interest Rate - 19% Maturity -8 Years, Grace 1 years	
State Bonds (maturity 1 to 5 years)	Interest Rate - 19%; Maturity - 5 Years; Grace 0 - 6 years	
State Bonds (maturity 6 years or longer)	Interest Rate 18%; Maturity - 10 year, Grace - 1 year	
Other Domestic Financing	Interest Rate 10% , Maturity - 15 Years , Grace 0 year	
<b>Proceeds from Debt corresponding to</b>	<b>Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S1</b>	
	<b>New Domestic Financing in Million Naira</b>	
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loa	Interest Rate 20 %; Maturity - 4 Years , Grace 0 - 6 Years
	Commercial Bank Loans (maturity 6 years or longer, including Agri	Interest Rate - 19%; Maturity - 5 Years; Grace 0 - 6 years
	State Bonds (maturity 1 to 5 years)	Interest Rate - 19%; Maturity - 5 Years; Grace 0 - 6 years
	State Bonds (maturity 6 years or longer)	Interest Rate 18% , Maturity - 10 Years, Grace - 1 year
	Other Domestic Financing	Interest Rate 10% , Maturity - 15 years; Grace - 0 Years
	<b>New External Financing in Million US Dollar</b>	
	External Financing - Concessional Loans (e.g., World Bank, African	Interest Rate - 3% - Maturity 20 Years Grace - 5 Years
	External Financing - Bilateral Loans	Interest Rate - 3% Maturity - 15% , Grace 5 Years
Other External Financing	Interest Rate - 3% Maturity - 15% , Grace 5 Years	
<b>Proceeds from Debt corresponding to</b>	<b>Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S2</b>	
	<b>New Domestic Financing in Million Naira</b>	
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loa	Interest Rate 20%, Maturity - 4 Years; Grace 0-6 Years
	Commercial Bank Loans (maturity 6 years or longer, including Agri	Interest Rate - 19% Maturity -8 Years, Grace 1 years
	State Bonds (maturity 1 to 5 years)	Interest Rate - 19%; Maturity - 5 Years; Grace 0 - 6 years
	State Bonds (maturity 6 years or longer)	Interest Rate 18% , Maturity - 10 Years, Grace - 1 year
	Other Domestic Financing	Interest Rate 10% , Maturity - 15 years; Grace - 0 Years
	<b>New External Financing in Million US Dollar</b>	
	External Financing - Concessional Loans (e.g., World Bank, African	Interest Rate - 3% - Maturity 20 Years Grace - 5 Years
	External Financing - Bilateral Loans	Interest Rate - 3% Maturity - 15% , Grace 5 Years
Other External Financing	Interest Rate - 3% Maturity - 15% , Grace 5 Years	

**Proceeds from Debt Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S3**

corresponding to

**New Domestic Financing in Million Naira**

Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans)	Interest Rate 20%, Maturity - 4 Years; Grace 0-6 Years
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans)	Interest Rate - 19% Maturity -8 Years, Grace 1 years
State Bonds (maturity 1 to 5 years)	Interest Rate - 19%; Maturity - 5 Years; Grace 0 - 6 years
State Bonds (maturity 6 years or longer)	Interest Rate 18% , Maturity - 10 Years, Grace - 1 year
Other Domestic Financing	Interest Rate 10% , 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% , Grace 5 Years
Other External Financing	Interest Rate - 3% Maturity - 15% , Grace 5 Years

**Proceeds from Debt Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S4**

corresponding to

**New Domestic Financing in Million Naira**

Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans)	Interest Rate 20%, Maturity - 4 Years; Grace 0-6 Years
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans)	Interest Rate - 19% Maturity -8 Years, Grace 1 years
State Bonds (maturity 1 to 5 years)	Interest Rate - 19%; Maturity - 5 Years; Grace 0 - 6 years
State Bonds (maturity 6 years or longer)	Interest Rate 18% , Maturity - 10 Years, Grace - 1 year
Other Domestic Financing	Interest Rate 10% , 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% , Grace 5 Years
Other External Financing	Interest Rate - 3% Maturity - 15% , Grace 5 Years

## Annex II

Indicator	Actuals					Projections									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>BASELINE SCENARIO</b>															
<b>Economic Indicators</b>															
State GDP (at current prices)	1,369,400.00	1,390,020.00	1,417,820.40	1,446,176.81	1,344,944.43	1,371,843.32	1,412,998.62	1,455,388.58	1,509,965.65	1,566,589.36	1,629,252.94	1,689,372.37	1,753,568.52	1,823,711.26	1,823,711.26
Exchange Rate NGN/US\$ (end-Period)	253.19	305.79	306.50	326.00	379.00	435.57	435.57	435.57	435.57	435.57	435.57	435.57	435.57	435.57	435.57
<b>Fiscal Indicators (Million Naira)</b>															
<b>Revenue</b>	<b>70,615.11</b>	<b>69,295.11</b>	<b>76,716.11</b>	<b>88,824.00</b>	<b>73,587.82</b>	<b>102,272.39</b>	<b>102,994.93</b>	<b>127,477.15</b>	<b>139,001.74</b>	<b>138,660.13</b>	<b>140,630.19</b>	<b>137,707.15</b>	<b>142,763.90</b>	<b>145,560.17</b>	<b>145,267.83</b>
1. Gross Statutory Allocation ('gross' means with no deductions; do not deduct)	18,227.17	25,352.83	38,019.91	36,817.36	32,192.46	31,658.76	35,441.98	44,418.73	46,084.43	47,812.60	49,725.10	51,559.96	53,519.24	55,660.01	55,660.01
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	21,355.51	26,945.26	37,411.78	37,848.91	38,753.53	41,118.99	42,093.23	45,188.52	49,411.97	49,411.97
1.b. of which Deductions	11,302.73	12,121.30	10,677.82	8,205.01	8,205.01	10,303.25	8,496.73	7,006.95	8,235.52	9,059.07	8,606.12	9,466.73	8,330.72	6,248.04	6,248.04
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	1,547.41	600.00	500.00	1,791.20	2,244.88	2,329.06	2,416.40	2,513.05	2,605.79	2,704.81	2,813.00	2,813.00
4. VAT Allocation	7,582.36	9,059.09	10,214.62	11,044.20	10,848.97	12,111.19	13,558.47	16,992.56	17,629.78	18,290.90	19,022.54	19,724.47	20,474.00	21,292.96	21,292.96
5. IGR	9,794.22	13,118.86	12,195.88	16,529.68	11,531.05	12,076.99	17,998.19	22,556.78	23,402.66	24,280.26	25,251.47	26,183.24	27,178.21	28,265.34	28,265.34
6. Capital Receipts	24,811.57	12,503.93	10,276.52	22,885.35	18,415.34	45,925.45	34,205.08	41,264.21	49,555.81	45,859.97	44,118.03	37,633.70	38,887.65	37,528.88	37,236.54
6.a. Grants	0.00	0.00	279.47	16,011.01	16,533.69	11,864.00	17,369.92	17,891.02	18,561.93	20,258.00	20,028.32	20,767.37	21,556.53	22,418.79	22,418.79
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)	24,811.57	12,503.93	9,997.05	6,874.35	0.00	33,042.17	14,858.30	21,337.02	28,881.36	22,410.23	21,810.30	14,502.80	14,877.79	12,558.61	12,266.28
<b>Expenditure</b>	<b>63,956.01</b>	<b>77,484.93</b>	<b>83,262.59</b>	<b>86,329.59</b>	<b>80,402.85</b>	<b>92,709.33</b>	<b>99,552.97</b>	<b>130,692.86</b>	<b>139,092.72</b>	<b>139,768.68</b>	<b>140,572.12</b>	<b>136,815.80</b>	<b>142,864.05</b>	<b>145,423.43</b>	<b>145,267.83</b>
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	25,645.55	23,103.29	28,954.89	29,402.64	29,872.77	29,366.41	30,834.73	32,376.46	33,995.29	33,995.29
2. Overhead costs	23,824.43	23,426.88	29,621.36	34,871.72	27,111.54	30,809.68	31,918.83	46,365.25	47,034.40	47,034.40	47,727.64	48,445.83	50,189.88	51,996.72	51,996.72
3. Interest Payments (Public Debt Charges, including interests deducted)	328.66	7,088.98	5,325.31	6,087.57	4,575.46	5,068.02	10,712.38	13,868.78	14,024.51	17,233.28	17,421.24	17,354.22	15,743.91	15,816.19	15,601.77
3.a. of which Interest Payments (Public Debt Charges, excluding interest)	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)	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	24,699.21	25,588.38	26,509.56	27,463.90	28,452.60	24,476.90	25,358.07	26,270.96	27,216.71	27,216.71
6. Amortization (principal) payments	7,769.28	11,288.61	12,092.59	4,674.38	5,620.86	6,486.88	8,230.10	14,994.37	21,167.28	17,175.62	21,579.93	14,822.95	18,282.83	16,398.52	16,457.35
<b>Budget Balance ('+' means surplus, '-' means deficit)</b>	<b>6,659.10</b>	<b>-8,189.82</b>	<b>-6,546.48</b>	<b>2,494.42</b>	<b>-6,815.02</b>	<b>9,563.06</b>	<b>3,441.95</b>	<b>-3,215.71</b>	<b>-90.98</b>	<b>-1,108.56</b>	<b>58.07</b>	<b>891.36</b>	<b>-100.15</b>	<b>136.75</b>	<b>0.00</b>
<b>Opening Cash and Bank Balance</b>	<b>6,918.93</b>	<b>13,578.03</b>	<b>5,388.21</b>	<b>-1,158.27</b>	<b>1,336.15</b>	<b>-5,478.88</b>	<b>4,084.18</b>	<b>7,526.14</b>	<b>4,310.42</b>	<b>4,219.44</b>	<b>3,110.89</b>	<b>3,168.96</b>	<b>4,060.31</b>	<b>3,960.17</b>	<b>4,096.91</b>
<b>Closing Cash and Bank Balance</b>	<b>13,578.03</b>	<b>5,388.21</b>	<b>-1,158.27</b>	<b>1,336.15</b>	<b>-5,478.88</b>	<b>4,084.18</b>	<b>7,526.14</b>	<b>4,310.42</b>	<b>4,219.44</b>	<b>3,110.89</b>	<b>3,168.96</b>	<b>4,060.31</b>	<b>3,960.17</b>	<b>4,096.91</b>	<b>4,096.91</b>

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

<b>Financing Needs</b>	<b>34,061.45</b>	<b>16,835.16</b>	<b>23,373.19</b>	<b>30,993.88</b>	<b>25,601.97</b>	<b>24,089.71</b>	<b>16,866.33</b>	<b>17,331.12</b>	<b>15,110.09</b>	<b>14,817.75</b>
i. Primary balance	-12,943.50	5,549.27	2,274.26	4,106.92	7,698.38	14,969.54	16,202.20	16,595.47	17,241.37	17,241.37
ii. Debt service	11,554.90	18,942.48	28,863.16	35,191.78	34,408.91	39,001.17	32,177.17	34,026.74	32,214.71	32,059.12
Amortizations	6,486.88	8,230.10	14,994.37	21,167.28	17,175.62	21,579.93	14,822.95	18,282.83	16,398.52	16,457.35
Interests	5,068.02	10,712.38	13,868.78	14,024.51	17,233.28	17,421.24	17,354.22	15,743.91	15,816.19	15,601.77
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)	9,563.06	3,441.95	-3,215.71	-90.98	-1,108.56	58.07	891.36	-100.15	136.75	0.00
<b>Financing Sources</b>	<b>34,061.45</b>	<b>16,835.16</b>	<b>23,373.19</b>	<b>30,993.88</b>	<b>25,601.97</b>	<b>24,089.71</b>	<b>16,866.33</b>	<b>17,331.12</b>	<b>15,110.09</b>	<b>14,817.75</b>
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	33,042.17	14,858.30	21,337.02	28,881.36	22,410.23	21,810.30	14,502.80	14,877.79	12,558.61	12,266.28
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	0.00	14,858.30	0.00	0.00	0.00	6,314.98	0.00	0.00	0.00	0.00
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	6,432.36	0.00	0.00	7,062.53	0.00	0.00	0.00	0.00	0.00	0.00
State Bonds (maturity 1 to 5 years)	26,609.82	0.00	0.00	21,818.83	0.00	15,495.32	0.00	14,877.79	0.00	0.00
State Bonds (maturity 6 years or longer)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12,558.61	0.00
Other Domestic Financing	0.00	0.00	0.00	0.00	22,410.23	0.00	0.00	0.00	0.00	12,266.28
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	0.00	0.00	21,337.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00
External Financing - Bilateral Loans	0.00	0.00	0.00	0.00	0.00	0.00	14,502.80	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)**

<b>Debt (stock)</b>	<b>107,655.80</b>	<b>141,934.95</b>	<b>127,534.56</b>	<b>112,286.07</b>	<b>121,860.88</b>	<b>154,206.84</b>	<b>160,835.04</b>	<b>167,177.68</b>	<b>174,891.76</b>	<b>180,126.37</b>	<b>180,356.73</b>	<b>180,036.59</b>	<b>176,631.54</b>	<b>172,791.63</b>	<b>168,600.56</b>
External	14,400.73	23,867.70	32,552.94	33,568.18	38,795.53	44,433.06	44,286.93	65,506.06	65,395.89	65,277.37	65,158.85	79,547.98	79,436.29	78,499.07	77,561.85
Domestic	93,255.07	118,067.25	94,981.63	78,717.89	83,065.35	109,773.78	116,548.11	101,671.62	109,495.87	114,849.00	115,197.88	100,488.61	97,195.25	94,292.57	91,038.72
<b>Gross borrowing (flow)</b>	<b>33,042.17</b>	<b>14,858.30</b>	<b>21,337.02</b>	<b>28,881.36</b>	<b>22,410.23</b>	<b>21,810.30</b>	<b>14,502.80</b>	<b>14,877.79</b>	<b>12,558.61</b>	<b>12,266.28</b>					
External	0.00	0.00	21,337.02	0.00	0.00	0.00	14,502.80	0.00	0.00	0.00					
Domestic	33,042.17	14,858.30	0.00	28,881.36	22,410.23	21,810.30	0.00	14,877.79	12,558.61	12,266.28					
<b>Amortizations (flow)</b>	<b>17,282.73</b>	<b>12,025.90</b>	<b>37,227.14</b>	<b>5,449.19</b>	<b>5,620.86</b>	<b>6,486.88</b>	<b>8,230.10</b>	<b>14,994.37</b>	<b>21,167.28</b>	<b>17,175.62</b>	<b>21,579.93</b>	<b>14,822.95</b>	<b>18,282.83</b>	<b>16,398.52</b>	<b>16,457.35</b>
External	336.74	379.17	407.75	935.96	230.05	153.13	146.13	117.89	110.17	118.52	118.52	113.68	111.69	937.22	937.22
Domestic	16,945.99	11,646.73	36,819.39	4,513.23	5,390.81	6,333.74	8,083.97	14,876.49	21,057.11	17,057.11	21,461.41	14,709.27	18,171.14	15,461.30	15,520.13
<b>Interests (flow)</b>	<b>4,213.74</b>	<b>7,047.30</b>	<b>4,797.87</b>	<b>4,870.23</b>	<b>4,575.46</b>	<b>5,068.02</b>	<b>10,712.38</b>	<b>13,868.78</b>	<b>14,024.51</b>	<b>17,233.28</b>	<b>17,421.24</b>	<b>17,354.22</b>	<b>15,743.91</b>	<b>15,816.19</b>	<b>15,601.77</b>
External	117.94	168.18	192.41	235.89	158.56	313.36	322.49	324.22	1,068.45	1,064.99	1,062.65	1,058.95	1,489.96	1,478.11	1,448.24
Domestic	4,095.80	6,879.12	4,605.45	4,634.33	4,416.90	4,754.66	10,389.88	13,544.56	12,956.06	16,168.29	16,358.59	16,295.27	14,253.95	14,338.07	14,153.53
<b>Net borrowing (gross borrowing minus amortizations)</b>	<b>26,555.29</b>	<b>6,628.20</b>	<b>6,342.65</b>	<b>7,714.08</b>	<b>5,234.60</b>	<b>230.36</b>	<b>-320.15</b>	<b>-3,405.05</b>	<b>-3,839.91</b>	<b>-4,191.07</b>					
External	-153.13	-146.13	21,219.13	-110.17	-118.52	-118.52	14,389.13	-111.69	-937.22	-937.22					
Domestic	26,708.43	6,774.33	-14,876.49	7,824.25	5,353.12	348.88	-14,709.27	-3,293.35	-2,902.69	-3,253.85					

Debt and Debt-Service Indicators

Debt Stock as % of SGDP	7.86	10.21	9.00	7.76	9.06	11.24	11.38	11.49	11.58	11.50	11.07	10.66	10.07	9.47	9.24
Debt Stock as % of Revenue (including grants and excluding other capital re	235.04	249.92	191.15	137.02	169.94	226.07	186.67	160.59	161.93	159.32	154.76	148.99	140.82	132.46	129.25
Debt Service as % of SGDP						0.84	1.34	1.98	2.33	2.20	2.39	1.90	1.94	1.77	1.76
Debt Service as % of Revenue (including grants and excluding other capital receipts)						16.94	21.99	27.73	32.58	30.43	33.47	26.63	27.13	24.70	24.58
Interest as % of SGDP						0.37	0.76	0.95	0.93	1.10	1.07	1.03	0.90	0.87	0.86
Interest as % of Revenue (including grants and excluding other capital receipts)						7.43	12.43	13.32	12.98	15.24	14.95	14.36	12.55	12.12	11.96
Personnel Cost as % of Revenue (including grants and excluding other capital receipts)						37.60	26.81	27.81	27.22	26.42	25.20	25.52	25.81	26.06	26.06

Adverse Shock Scenario is defined by the worst performance indicator measured in year 2027

For Debt Stock as % of SGDP the adverse shock is:	Historical															
Historical																
Debt Stock as % of SGDP						11.24	13.44	15.83	19.02	23.05	28.25	34.81	42.83	52.98	65.76	
For Debt Stock as % of Revenue (including grants and excluding other capital receipts) the adverse shock is:	Historical															
Historical																
Debt Stock as % of Revenue (including grants and excluding other capital receipts)						226.07	257.61	287.78	327.00	373.73	430.97	498.85	575.57	666.47	773.22	
For Debt Service as % of SGDP the adverse shock is:	Historical															
Historical																
Debt Service as % of SGDP						0.84	1.40	2.28	2.92	3.09	3.76	5.34	6.23	7.48	9.37	
For Debt Service as % of Revenue (including grants and excluding other capital receipts) the adverse shock is:	Historical															
Historical																
Debt Service as % of Revenue (including grants and excluding other capital receipts)						16.94	26.76	41.44	50.26	50.16	57.34	76.53	83.70	94.11	110.14	
For Interest as % of SGDP the adverse shock is:	Historical	Historical														
Historical																
Interest as % of SGDP						0.37	0.79	1.16	1.33	1.79	2.10	2.51	2.92	3.60	4.43	
For Interest as % of Revenue (including grants and excluding other capital receipts) the adverse shock is:	Historical															
Historical																
Interest as % of Revenue (including grants and excluding other capital receipts)						7.43	15.14	21.12	22.85	28.95	31.99	36.01	39.25	45.27	52.07	