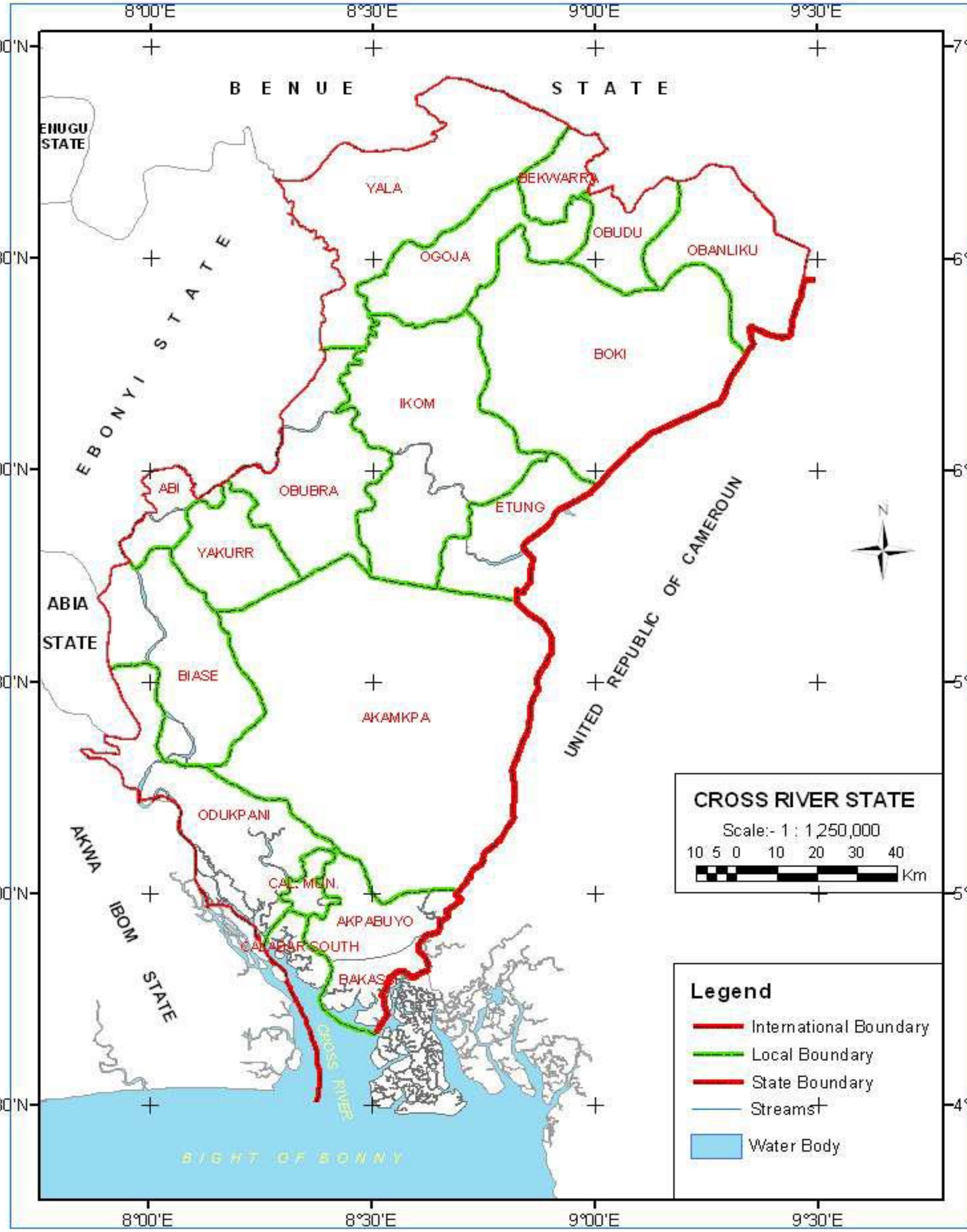
2020

REPORT OF THE

CROSS RIVER STATE

DEBT SUSTAINABILITY ANALYSIS

(S-DSA)



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State Boundary
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CONTENT

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background

Policy Objective

The purpose of the Cross River State Debt Sustainability Analysis (DSA) is to assess the trends and patterns of the State's public finances during the period 2015-2019 and to evaluate the State's long term debt sustainability for the period 2020-2029. The analysis highlights trends in revenues, expenditures, and public debts and the related policies adopted by the State. The DSA report consist of four (4) chapters: Chapter 1, deals with the background of the report stating the policy objectives and methodology; Chapter 2, handles the State's fiscal and debt framework highlights- the State's fiscal report for the last 3-5yrs, the 2020 budget and MTEF 2021-2023 and the state medium term management strategy (MTSS) ; Chapter 3, details the revenue, expenditure, fiscal and debt performance, 2015-2019; while the concluding Chapter 4, explains the concept of debt sustainability, assumptions, results and analysis and findings. The report also details the charts and tables employed in the description, analysis and assessment of the reports section.

METHODOLOGY

In order to evaluate the prospective performance of the State's public finances, a debt sustainability assessment was conducted from 2nd to 5th December, 2020 using S-DSA MS Excel template. The participating States filled their data based on the dateline of 2015 -2019 historical and 2020-2029 projected figures. The State Debt Sustainability Analysis committee, comprising representatives from the Min. of finance, Office of the Accountant-General, Debt Management Department, Department of Budget Monitoring and Evaluation, and the Internal Revenue Service.

1.2 Summary of Findings

The Cross River State Debt Sustainability Analysis reveals the following findings and results with regards to the revenue trend, expenditure projection and debt trend:

2. The Total Revenue inflows will grow gradually within the period 2020-2029 at 5 percent. The Gross FAAC Allocation will increase astronomically as well as the IGR at same percent but the Grants is insignificant.

11. The Total Expenditure is projected at 5 percent. The Personnel Cost for the period 2020-2024 does not show any significant change, while 2025-2029 shows a slight increase. The Overhead Cost shows increase from 2020-2024, with slight difference from 2025-2029 which indicate that Government will be running at a loss. The Debt Stock rose from 2020-2024 and got extinct from 2025-2029. There is galloping rise and fall in the Capital Expenditure in all the years.

111. The Debt Stock is made up of external and domestic. The external debt rose steadily in all the years with slight increases, the domestic debt rose highly in 2018-2019 within the period 2015-2024 and nosedived from 2025- 2029. This shows that as revenue is increased more debts will be service.

1.3 Overall Results

- The current debt position shows significant increase in the domestic debt in 2018-2019, and a slight increase in external debt within the same period. However, debt will not be sustainable within the period.
- The long-term outlook 2020-2029 shows that debt will not be sustainable from 2015-2023 and will be sustainable from 2024-2029.
- Internally Generated Revenue should be rigorously pursued and borrowings be prioritized only on need assessments.

CHAPTER TWO

CROSS STATE FISCAL AND DEBT FRAMEWORK

2.1 FISCAL REFORMS IN THE LAST 3-5 YEARS

Within the past 3-5 years, the Cross River State Government had instituted, adopted and implemented a number of fiscal reforms to ensure transparency, accountability, and sustainability in the sourcing, management and utilization of State Public Financial resources 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; procurement of goods, works and services as well as sustainable debt management. The following highlights the outstanding fiscal policy legislations, strategies/programmes and initiatives rolled out for implementation within the public finance sector during the period:

- CRS Public Finance Law N0.12
- CRS Fiscal Responsibility Law N0. 13
- CRS Debt Management Department Law N0. 5
- CRS Public Procurement Law N0.1 (Amended)
- CRS Amended Revenue Administration Law N0. 16
- CRS Local Government Harmonized fees/ Rates and Charges (2015)
- CRS Harmonized Fees, Levies and Charges for MDAs (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 for 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 CRS 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 Program for Results (SFTAS P for R)
- 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 businesses. etc.

The implementation of the above fiscal measures (some of which are still ongoing) by the Cross River State Government have no doubt impacted immensely on the fiscal variables of revenues and expenditures of the State not only for the period 2015-2020 but would continue to do so even in the next medium term.

2.2 2021-2023 Medium-Term Expenditure Framework (MTEF), 2020 Appropriation Act (Budget)

The proposed budget inflow for 2021 and 2022 fiscal years are N281.9b and N216, 986,895.18 respectively. The MTEF projections are for N294,597,128,501 for 2021 and N306,374,336.70 for 2022, some gigantic projection will be rolled over to 2023 and 2024 MTEF period. This will certainly equate inflow and outflow and balance the budgets of 2021 and 2022. The Strategy will give a deficit balance of N248, 046,061 reducible from the bigger project provisions. In all, each sector will add up 40 percent in 2021 and also in 2022 and 2023.

The budget policy thrust for 2021-2023 is a commitment to create a conducive environment to enable Foreign Direct Investment and for Donors to invest more in the State. The State is warming up to actualize the gains of previous budget and industrialization of the State.

The proposed 2020 revised budget decreased by 86.63 percent from One Trillion, One Hundred Billion, One Hundred and Sixty Eight Million, Six Hundred and Sixty Five Thousand, One Hundred and Thirteen Naira (N1,100,168,654,113.00) to One Hundred and Forty Seven Billion, Eighty-Seven Million, Two Hundred and Forty Eight Thousand, Eight Hundred and Seventy Three and Ninety One Kobo (N147,087,248,873.91). The State Budget has always depended on the Federal Government Oil Price per barrel and the revised budget depends on the oil price of $20 per barrel. The 2020 approved budget also depended on the Federal Government Oil price of $57 per barrel, as was expressed in the Medium Term Expenditure Framework.

The Internally Generated Revenue in the approved budget was N72, 954,573,267 as against the sum of N20, 725,030,427 in the 2020 Revised Budget. This indicates a reduction of N52, 229,542,840. The following reasons are adduced for the drastic deductions:

a. The COVID- 19 lockdown affected the overall collection of revenue
b. Most of the business centers were closed, thus it became impossible to generate revenue,
c. In May 2020, the Governor introduced a policy of tax cut and exemption of some individuals’ tax payers and businesses.
d. The original 2020 budget was over ambitious with outrageous forecast on revenue generation. However, the revised budget took care of all the blotted figures to ensure realistic collectable revenue.

The Personnel Cost, Overhead Cost and the Consolidated Fund Charges were all reduced in the revised budget to realistic numbers. The Capital Expenditure was also affected because of overdependence on MOUs which were never achieved. The original budget has N915, 268,606,107 as against N70, 793,770,666 in the revised budget. The State was expectant of receiving grants within the year and made a provision of N200, 000,000 which never came. In the revised budget, all Foreign Direct Investment and External Grants were dropped. This drop affected the reduction observed in the 2020 revised budget. The Commercial loans projection was N111, 354,382,939 against N39, 000,000,000 in the revised budget which is considered reliable and achievable.

The proposed 2021 budget size is N281, 900,000,000 as against N147, 130,166,966 in the 2020 revised budget. This gives an increase of 47.8 percent. The effect of COVID 19 pandemic reduced efficiency in revenue collection, but with gradual subsiding of the pandemic, businesses are resuming fully. In that regard, the market economy ratio of 30 percent increase was used to determine 2021, 2022 and 2023. It is believed that farm work will stabilize and taxes defreeze will be freeze by Government policy.

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2.3 Medium-Term Debt Management Strategy (MTDS)

The Cross River State came up with an analytical tool for financing its activities at the lowest possible cost over the medium to long-run, consistent with a prudent degree of risk. The State's debt portfolio is made up of External and Domestic debt. The External consist of the World Bank Loans and African Development Bank; while the Domestic is made up of Commercial Bank Loans, Contract Expenditure Arrears, Judgment debts, Pension and Gratuity Salary Arrears and other support to the State. The composition of both the external and domestic debt in terms of their ratios is29 percent and 71percent respectively. Considering the Cost of debt and its attendant risk in terms of refinancing, interest rate and exchange rate associated with it, the State is trying to beef up revenue to match debt service, and through industrialization in areas we have comparative advantage. However, the development of MTDS has helped in prioritizing borrowings and the management of the borrowed fund, in order to achieve a portfolio that will reflect its cost and risk preference, while meeting financing needs. It has also assisted the State to manage risk exposure arising from its debt portfolio, reduce macro-financial risks, reinforces fiscal policy and support the development of a functioning Government securities market.

CRS'S TOTAL PUBLIC DEBT PORTFOLIO AS AT DECEMBER 31, 2019

DEBT CATEGORY	Amount in (N)
Total External Debt	68,121,110,000
Total Domestic Debt	166,953,580,000
CRS'S TOTAL PUBLIC DEBT	**235,074,690,000**

In 2019, the Total Public Debt Stock is N235, 074,690,000. This amount is made up of N68, 121,110,000for External debt and N166.953, 580,000 for Domestic debt. In spite of financial constraint occasioned by loss of oil wells, low statutory inflows as result of glut in the international oil prices, and low internally generated revenue due to instability in Government policies. The State is still making deliberate efforts in reducing its debt stock.

CHAPTER THREE

REVENUE, EXPENDITURE, FISCAL AND DEBT PERFORMANCE, 2015-2019

3.1 Revenue and Expenditure Performance, and Fiscal Outturns, 2015-2019

3.1.1 REVENUE PREFORMANCE

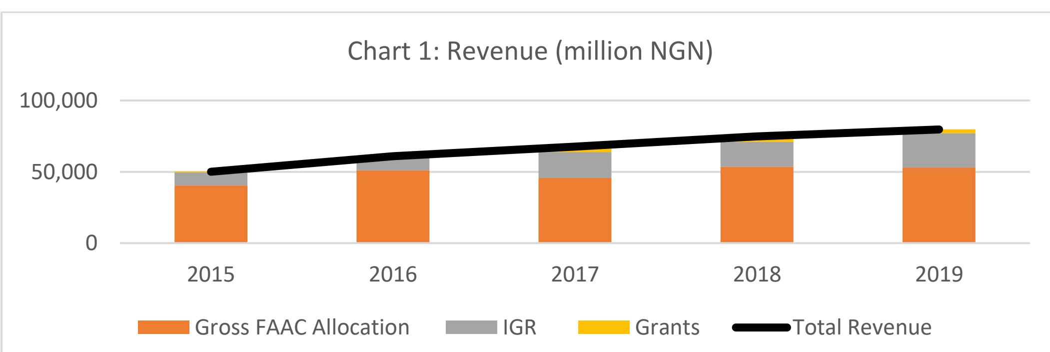
Total Revenue trend within the period 2015-2019 has grossly appreciated due to major reforms in tax laws and tax administration with wonderful policies reviews. These tax laws and policies have been our source of strength and optimism, pointing to the fact that the State will do better in the future. However, the State experienced low revenue inflows as a result of loss of oil wells and other major setbacks in the macroeconomic frontals. This resulted in the aggregate State revenue being decreased as well as sharp decline in Federal transfers. However, this condition affected the performance of revenue inflows to the State. The Total Revenue in the year 2019 grew significantly than the previous year's 2015-2018 due to reforms in the tax laws and management despite the decline in Federal transfers.

- **FAAC Trend Taking into Account the National Revenue Trend**

The fall in oil prices the world over and other factors (e.g. corruption, instability in policies, attacks on oil installations) has adverse consequences in statutory inflows to the State. It is believed that despite the hard times, the FAAC will help in ameliorating financial stress faced by the State. In recent times, it has been observed that the State federal allocation, including transfers from the excess crude account fell by 35 percent for the period 2015-2019, while as a percentage of GSDP, it fell from 2.4 percent in 2015 to 1.2 percent in 2019. The decline is largely attributable to a slide in federal oil receipts due to lower oil prices and rebel attacks on oil production facilities.

- **INTERNALLY GENERATED REVENUE**

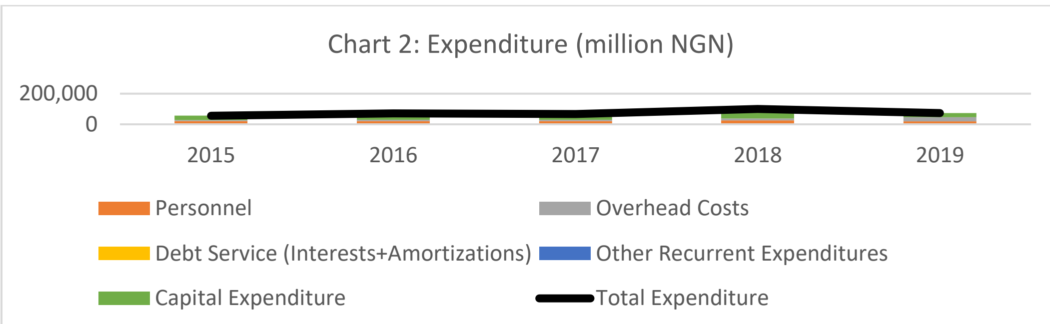
The determinant for the variations of the IGR has been the Tax administration Reforms aimed at improving the collection of rates and broadening the tax revenue base. Suffice it to say that the State is witnessing strong IGR growth drive during the review period. IGR grew by 26.72 percent in 2017 to 30.24 percent in 2019 as a share of aggregate revenue.



3.1.2 **Expenditure Performance**

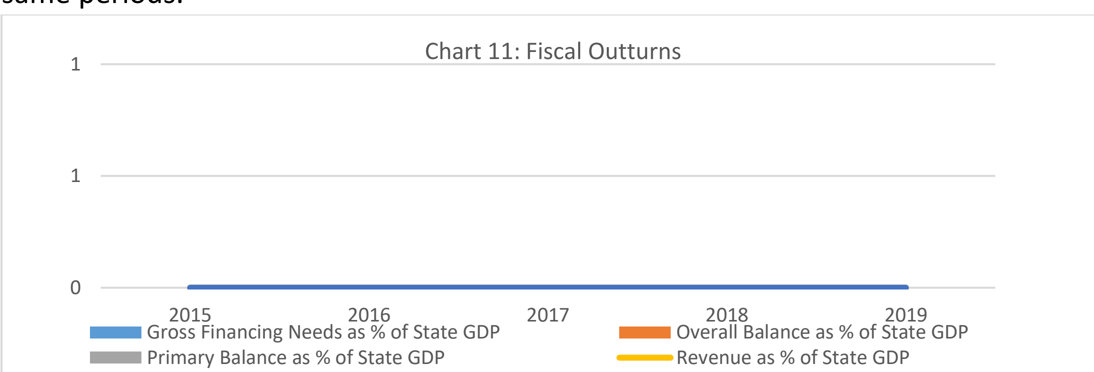
- **TOTAL EXPENDITURE TREND**

Total Expenditure trend is made up of the Capital Expenditure, Personnel and Overhead costs for the period 2015 to 2019. In 2015, the Capital expenditure was low compared to subsequent years. It became higher in 2018 even more than end-2019. However, for the period 2015-2019, real aggregate expenditure grew by 23 percent. As a percentage of GSDP, aggregate spending increased from 18.17 percent in 2015 to 23.24 percent in 2019. Capital spending was relatively volatile but showed positive growth of 18 percent over the analyzed period, while recurrent expenditure registered a modest growth of 5percent. During the period, the bulk of expenditure went to recurrent spending-personnel costs, overhead costs, and debt charges etc. representing 65 percent of total spending on average. Capital expenditure represent 35 percent of the total spending.



3.1.3 FISCAL OUTTURNS

The fiscal outturns shows that there is decline in 2015, 2016 and 2018, while in 2017 and 2019 there is hike in the outturns. Thus 2019 revenue of N102,447.65 will offset 2019 expenditure of N74,252.95 with a balance of N28.194.7. The primary balance outturns equally declined in the same periods.



3.2Cross River State Debt Portfolio, 2015-2019

3.2.1 Total Debt

The State's total debt portfolio for the period 2015-2019 as shown in the MS-Excel sheet is as follows:

2015 (BILLION NAIRA)	2016 (BILLION NAIRA)	2017 (BILLION NAIRA)	2018 (BILLION NAIRA)	2019 (BILLION NAIRA)
141,852.00	157,258.00	164,076.00	225,815.00	235,075.00

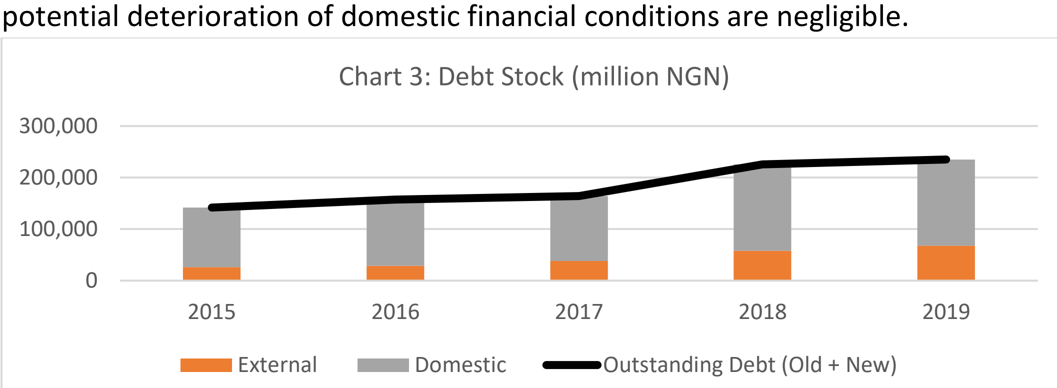
The State's public debt amounted to N235, 075.00 billion as at end-2019 and has been increasing rapidly since the collapse of oil prices and the inability of Government to focus on measures aim at reducing the debt stock. From the trend, it is obvious that the total debt Stock is gradually growing without a firm policy of control.

3.2.2 Debt Composition

The State's debt composition is made up of domestic and external debts. The External Debt is made up of: WB and AFDB; and Domestic Debt is made up of: the Budget Support facility, Salary Bailout fund, Government to Government, Contract arrears, Judgment debts, Commercial bank loans, Withholding Tax arrears, ECOWAS Bank for Investment and Development loan. Excess crude Account loan, State's Bond, FGN support Bond and other liabilities

3.3 Cost and Risk Profile

It is fortunate that the State holds a low cost, low-risk debt portfolio. The debt portfolio carried an average, implicit interest rate of 3.50 percent in 2018-2019 and the interest payments represented by 3.37 percent of total expenditure. In addition, the debt portfolio is narrowly exposed to currency, interest rate and rollover risks. Exposure to currency fluctuation is limited because the foreign currency-denominated liabilities are only 20 percent of the total stock. Most internal loans and all external loans are fixed rate obligations, thus not affected by changes in interest rate. As these loans have maturities running from 5 to 40 years and include financing from the Federal Government and the World Bank, rollover risk associated with potential deterioration of domestic financial conditions are negligible.



CHAPTER FOUR

CONCEPT OF DEBT SUSTAINABILITY, UNDERLYING ASSUMPTIONS, RESULT ANALYSIS AND FINDINGS

4.0 Introduction – Concept of Debt Sustainability Analysis

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

With Indicative Thresholds	Without Thresholds
Debt/GDP-25 percent	Debt Service/FAAC Allocation
Debt/Revenue-200 percent	Interest Payment/ Revenue
Debt Service/Revenue-40percent	External Debt Service/Revenue
Personnel cost/Revenue-60percent	

It is indicative that in all, our outstanding debts are beyond the thresholds.

4.1 Medium-Term Budget Forecast

In preparing the State Budget, we took cognizance of the macroeconomic variables and other indexes such as the medium term expenditure framework, government policies, and trainings to ensure that the amount proposed aligns with the actual budget for any particular year.

4.1.1 Revenue Assumptions

The State's medium-term debt sustainability is predicated upon a gradual recovery of the State economy through increased FAAC statutory allocation and the review of tax laws. Accordingly, the State economy is expected to gradually recover in the period 2021-2023, at 5 percent growth rate, with real GDP expanding at an average annual rate and domestic inflation decreasing. Such a moderate recovery will be supported by higher tax reforms as already put in place, as well as 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.

4.1.2 Expenditure Assumption

Debt sustainability analysis is also predicated on the continuation of recent efforts to mobilize local revenue sources, to meet up expenditure needs of Government. The expenditure is projected at 5 percent growth per year. It is believed that the growth in revenue will result to a corresponding growth in expenditure.

4.2 Borrowing Assumptions (Options)

4.2.1 Domestic Borrowing Terms

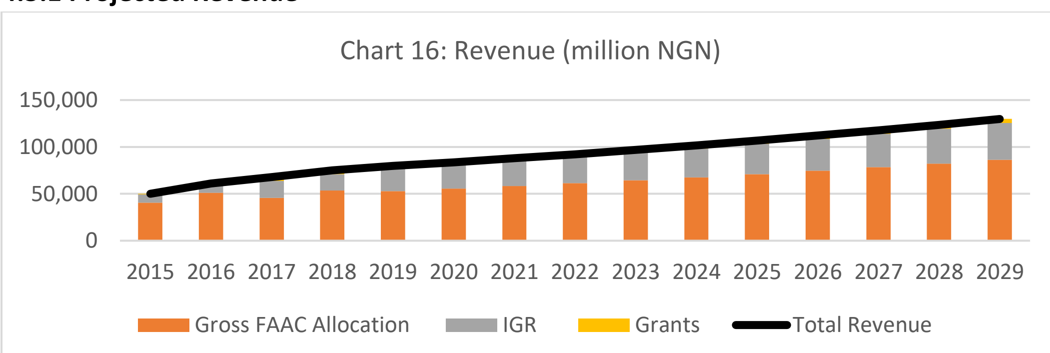
The key assumption of the planned borrowing is to use the facility for the restructuring of some commercial bank loans, buy-back some contract arrears as well as the payment of pension and gratuity. Besides, the new loans will operate with an interest rate of 10 percent, grace period of four (4) years and maturity period of 5 years.

4.2.2 External Borrowing

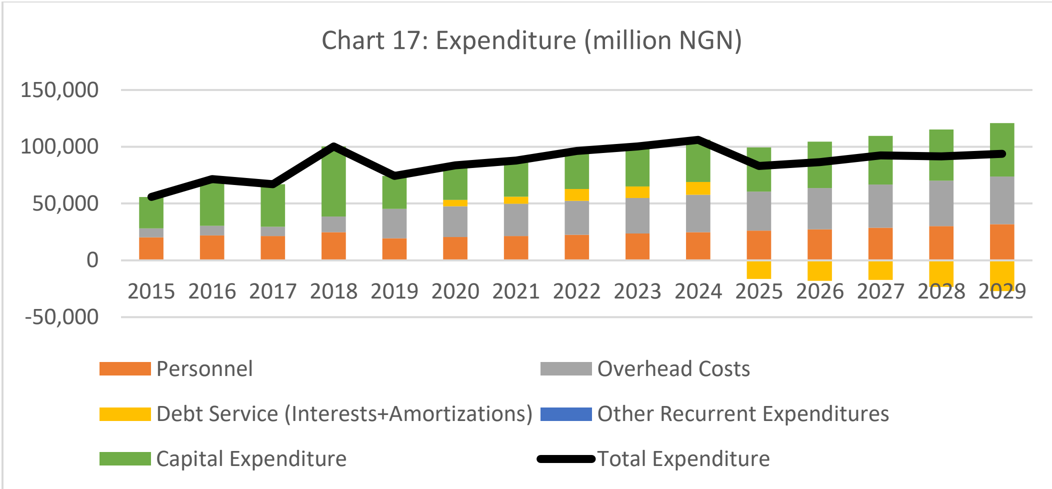
The State is not intending to go for any External borrowing at the moment despite its low interest rate and long term grace period because of the bottlenecks involved with such loans.

4.3 Simulation Results and Findings

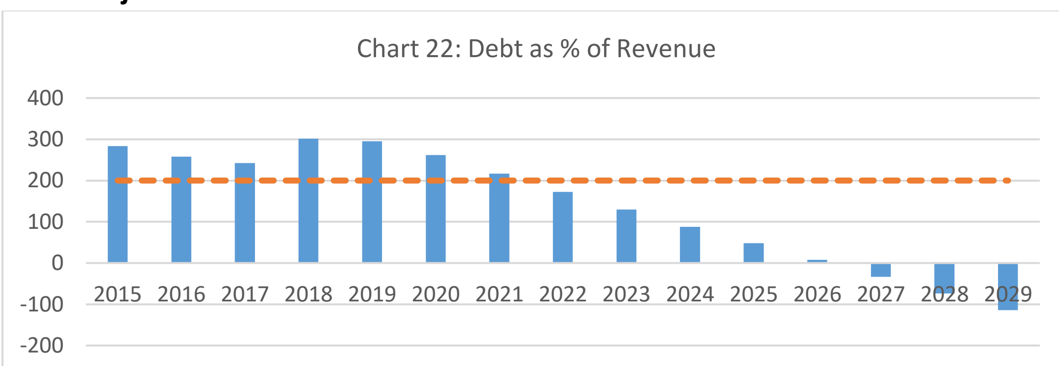
4.3.1 Projected Revenue



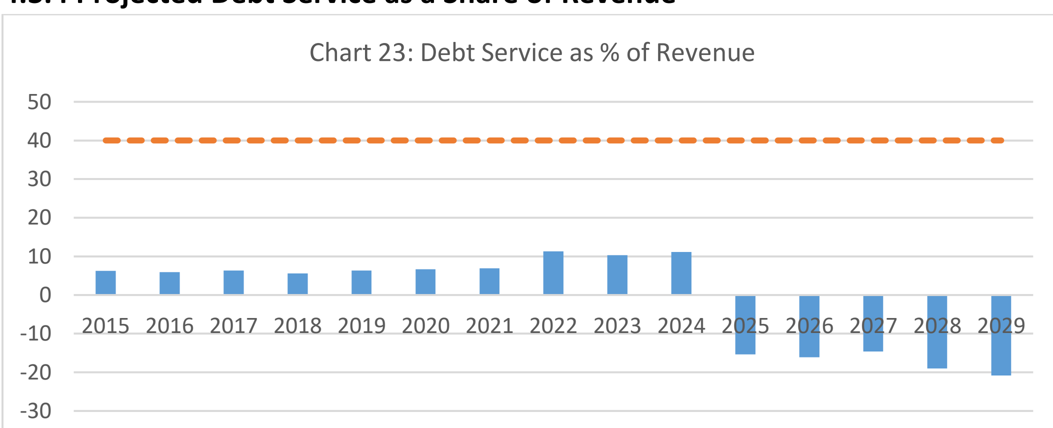
4.3.2 Projected Expenditure



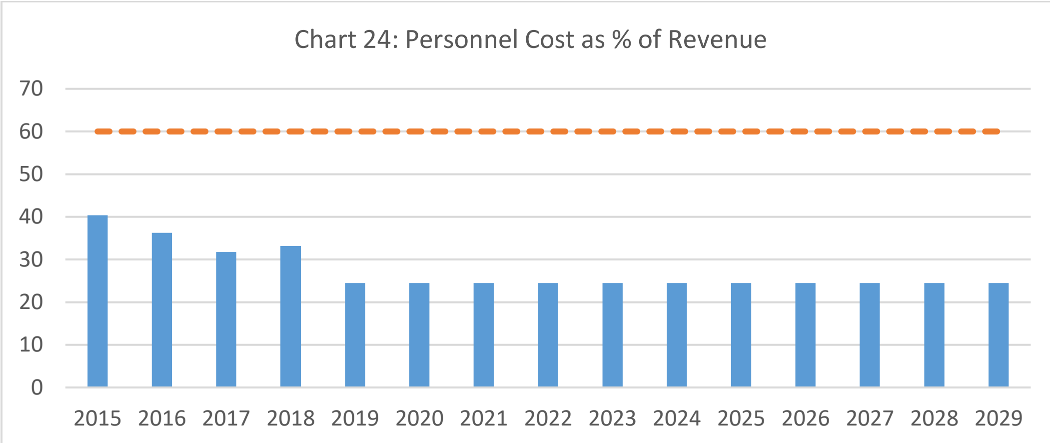
4.3.3 Projected Debt as a Share of Revenue



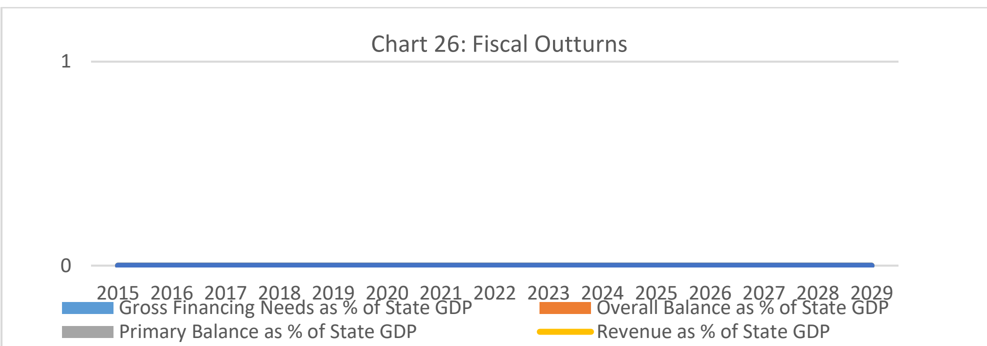
4.3.4 Projected Debt Service as a Share of Revenue



4.3.5 Projected Personnel Cost



4.3.6 Fiscal Outturns



4.3.7 FINDINGS AND CONCLUSION OF THE BASELINE SCENARIO IN TERMS OF DEBT SUSTAINABILITY

The projected Debt trend for the period 2020-2029 shows a steady growth in Debt stock which will only be complemented by a steady rise in Revenue. This achievement will be possible to meet up with debt service in order to reduce the stock appropriately. It is clear that Debt as a share of Revenue is above the threshold of 200 percent.

In the same vein, the threshold for the projected debt trend 2020-2029 shows that we are not carrying out service obligations enough. Considering the threshold for debt service to revenue at 40 percent more debt service payment needs to be carried out and prioritized.

In conclusion, conscious effort must be put in place to boost internally generated revenue by adopting all necessary protocol and measures that will pay-off in this regard.

4.4 DSA Sensitivity Analysis (Shock Analysis)

The baseline scenario adopted in terms of projected revenue, expenditure, primary and overall balance, and Debt Stock and Debt Service shows that we are not sustainability. Sensitivity analysis is used to assess the robustness of the sustainability with the Baseline Scenario. The State is engrossed with some fiscal risk associated to the possibility of adverse country-wide macroeconomic conditions and the reversal of the State's revenue and expenditure policies will make the magic. In considering both macroeconomic and policy shock, it is assumed that external and domestic borrowings cover any revenue shortfall and additional expenditure relative to the baseline scenario.

4.4.2 Revenue Shock

The Baseline Scenario shows that at -10 percent deviation from the baseline, there will be gradual increase in the projected revenue in all its categories. The revenue shock figures appear all in red at -10 percent shock level, while the baseline figures are in blue.

4.4.3 Expenditure Shock

In the same vein, the Baseline Scenario shows a 10 percent deviation from the baseline with the increase in the projected expenditure. The figures for the baseline scenario are blue while that of the expenditure is red at 10 percent shock level

4.4.4 Exchange Rate Shock

The shock is based on an interest rate of10, maturity period of more than six years and a grace period of 4 years with a 20 percent deviation from the baseline as Exchange rate changes.

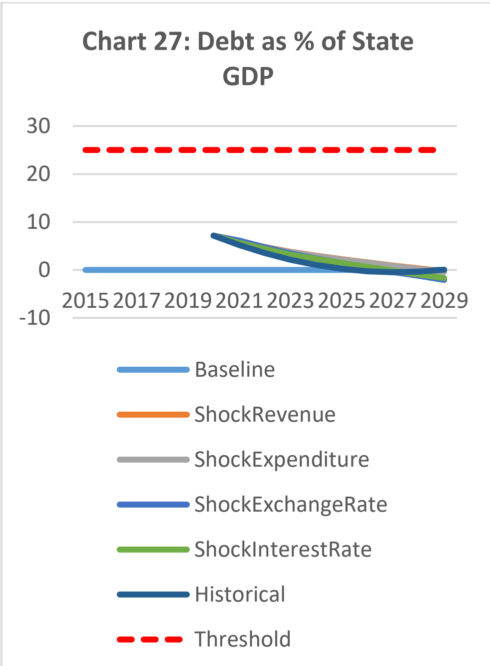
4.4.5 Interest Rate Shock

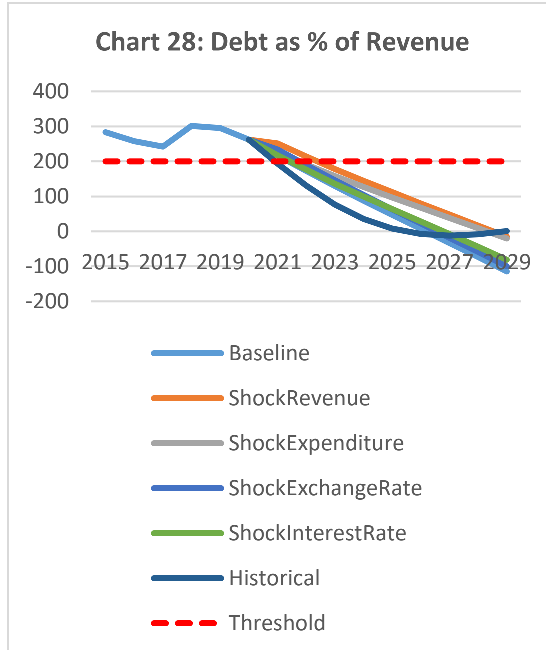
The shocks will normalize the growth of revenues, FAAC, and IGR, but will vary the growth of the GDP for the projected years. The interest rate of 12 percent is used, a maturity period of more than six years and a grace period of 4 years with a 2.0 percent deviation from the baseline.

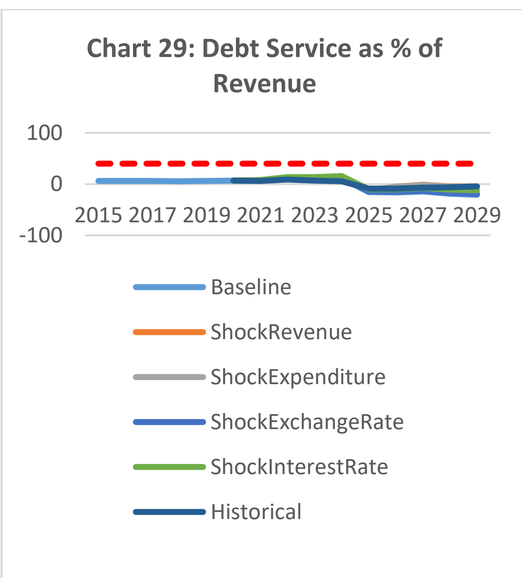
4.4.6 Historical Shock

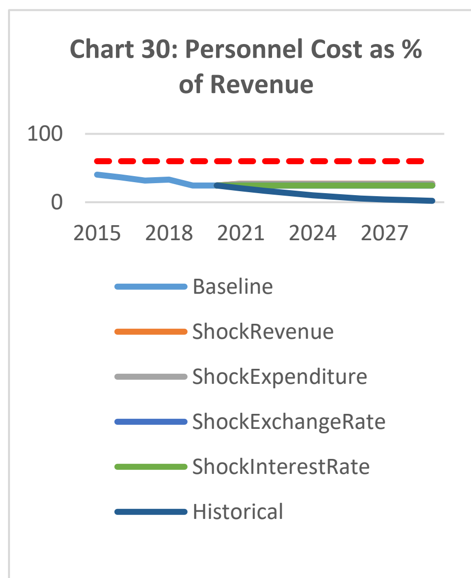
The historical shock indicated that in 2019 the growth rate of GDP is 12.90 percent, Gross Statutory Allocation is --1.04 percent, Internally Generated Revenue is 37.27 percent, and Total Revenue is 6.32 percent.

The State's debt sustainability is expected to largely deteriorate if the revenue/expenditure shock were to occur, as a result of both excessive deficits and diminished repayment capacity. The projected fiscal deficits will increase systematically going forward and even double the imbalance expected by 2029 in the no-shock scenario. In addition, the public debt ratio grows up to unsustainable levels in the next few years. Notably, therefore, a major risk for debt sustainability is the reversal of the State's successful revenue mobilization efforts and a failure to maintain current patterns of expenditure growth. It will also deteriorate moderately if the exchange rate/interest rate shocks materialize, mainly as a consequence of a diminished repayment capacity. The projected fiscal deficits exceed N-7.52billion from 2026 onwards, and hence are only slightly higher than the imbalances expected in the baseline scenario. On the other hand, the public debt ratio will deteriorate chiefly as a consequence of the revenue shortfall and will reach 194.15percent of Total Revenue by 2021. This implies a moderate worsening of the State's public debt position and a build-up of fiscal vulnerability in the medium term.









ANNEXURES
Table of Assumptions

		Projection Methodology	Source
Assumptions:			
Economic activity	State GDP (at current prices)	The State GDP projected using the actual S-GDP and projected N-GDP nominal growth rate with actual and projected figures from the National Bureau of Statistics.	
Revenue	**Revenue**		
	1. Gross Statutory Allocation ('gross' means with no deductions)	The Gross Statutory Alocation with grow by 5 percent if corruption and destruction of oil facilities are control. Equally, if sharing formula should be reviewed upward to enable the State overcome incessant financial stress.	
	of which Net Statutory Allocation ('net' means of deductions)		
	of which Deductions		
	2. Derivation (if applicable to the State)		
	3. Other FAAC transfers (exchange rate gain, augmentation, others)		
	4. VAT Allocation		
	5. IGR	The State Revenue is expected to grow by 5 percent in addition to the reviews in tax laws, industralisation drive that is on-going, and production in farm products..	
	6. Capital Receipts		
	Grants		
	Sales of Government Assets and Privatization Proceeds		
	Other Non-Debt Creating Capital Receipts		
Expenditure	**Expenditure**		
	1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	Following CPI inflation, expenditure should to be reviewed upward in line with current realities.	
	2. Overhead costs		
	3. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)		
	4. Capital Expenditure	State GDP nominal growth is likely to grow in the future as a result the Capital Expenditure should be reviewed upward to avoid shortfalls.	
Closing Cash and Bank Balance	**Closing Cash and Bank Balance**	Target for Cash and Bank Balance	
Proceeds from Debt-Creating Borrowin	**Planned Borrowings (new bonds, new loans, etc.)**		
	New Domestic Financing in Million Naira		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Inf Loans, and MSMEDF)		
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Inf Loans, and MSMEDF)		
	State Bonds (maturity 1 to 5 years)		
	State Bonds (maturity 6 years or longer)		
	Other Domestic Financing		
	New External Financing in Million US Dollars		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)		
	External Financing - Bilateral Loans		
	Other External Financing		
Debt Amotization and Interest Paymen	**Debt Outstanding at end-2019**		
	External Debt - amortization and interest	For example: amortization and interest payments estimated using profiles recorded in the DMO. Include the external debt service paid through FAAC deductions	DMO
	Domestic Debt - amortization and interest	For example: amortization and interest payments estimated using profiles recorded in the DMD. Include the ones paid directly by the State and through FAAC deductions	DMD
	New debt issued/contracted from 2020 onwards		
	New External Financing	**Insert the Borrowing Terms for New External Debt: interest rate (%), maturity (# years) and grace period (#)**	
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	For example: Redemption profile linear, repayment in 40 years with 5-year grace period. Interest rate: fix at 1%	
	External Financing - Bilateral Loans		
	Other External Financing		
	New Domestic Financing in Million Naira	**Insert the Borrowing Terms for New Domestic Debt: interest rate (%), maturity (# years) and grace period (#)**	
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Inf Loans, and MSMEDF)		
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Inf Loans, and MSMEDF)		
	State Bonds (maturity 1 to 5 years)		
	State Bonds (maturity 6 years or longer)	yhlt	
	Other Domestic Financing		

Baseline Projection Table Sheet

	Actuals					Projections (Baseline Scenario)									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Economic Indicators															
State GDP (million NGN, at current prices)	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
Exchange Rate NGN/US$ (end-Period)	196.49	253.19	305.79	306.50	326.00	379.00	379.00	379.00	379.00	379.00	379.00	379.00	379.00	379.00	379.00
Fiscal Indicators (million NGN)															
Revenue	**80,202.71**	**72,309.79**	**70,025.80**	**100,931.85**	**102,447.65**	**83,574.50**	**87,962.18**	**96,369.73**	**100,208.89**	**106,076.01**	**83,131.50**	**86,384.05**	**92,484.06**	**91,667.07**	**93,903.91**
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	32,533.12	43,411.14	36,182.98	42,758.63	41,406.21	43,476.52	45,650.34	47,932.86	50,329.50	52,845.98	55,488.28	58,262.69	61,175.82	64,234.62	67,446.35
of which Net Statutory Allocation ('net' means of deductions)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which Deductions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Derivation (if applicable to the State)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Other FAAC transfers (exchange rate gain, augmentation, others)	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. VAT Allocation	7,886.24	7,698.88	9,517.93	10,766.79	11,565.19	12,143.44	12,750.62	13,388.15	14,057.56	14,760.43	15,498.45	16,273.38	17,087.05	17,941.40	18,838.47
5. IGR	9,093.80	9,140.44	18,104.56	17,552.11	24,093.84	25,298.53	26,563.46	27,891.63	29,286.22	30,750.53	32,288.05	33,902.46	35,597.58	37,377.46	39,246.33
6. Capital Receipts	0.00	0.00	0.00	0.00	0.00	2,656.00	2,997.76	7,157.09	6,535.62	7,719.07	-20,143.28	-22,054.47	-21,376.39	-27,886.40	-31,627.23
Grants	539.45	675.56	3,961.26	3,868.84	2,618.99	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
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
Other Non-Debt Creating Capital Receipts	30,150.11	11,383.77	2,259.07	25,985.48	22,763.43	23,901.61	25,096.69	26,351.52	27,669.10	29,052.55	30,505.18	32,030.44	33,631.96	35,313.56	37,079.23
Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc.)	0.00	0.00	0.00	0.00	0.00	-23,995.54	-24,986.35	-22,226.24	-24,316.87	-24,676.04	-54,158.15	-57,770.09	-58,877.78	-67,262.86	-72,972.52
Expenditure	**55,862.91**	**71,640.81**	**67,151.01**	**100,158.97**	**74,252.95**	**83,574.50**	**87,962.18**	**96,369.73**	**100,208.89**	**106,076.01**	**83,131.50**	**86,384.05**	**92,484.06**	**91,667.07**	**93,903.91**
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	20,188.55	22,066.92	21,498.67	24,866.92	19,469.91	20,443.41	21,465.58	22,538.86	23,665.80	24,849.09	26,091.54	27,396.12	28,765.93	30,204.22	31,714.43
2. Overhead costs	7,876.88	8,434.08	8,142.95	13,813.76	25,771.00	27,059.55	28,412.52	29,833.15	31,324.81	32,891.05	34,535.60	36,262.38	38,075.50	39,979.27	41,978.24
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	0.00	0.00	0.00	0.00	0.00	2,749.95	2,115.07	1,364.61	804.23	51.82	-747.66	-3,097.32	-5,605.10	-8,364.70	-11,562.90
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)	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	27,797.48	41,139.81	37,509.38	61,478.30	29,012.05	30,462.65	31,985.78	33,585.07	35,264.33	37,027.54	38,878.92	40,822.87	42,864.01	45,007.21	47,257.57
6. Amortization (principal) payments	0.00	0.00	0.00	0.00	0.00	2,858.94	3,983.23	9,048.04	9,149.73	11,256.51	-15,626.90	-14,999.99	-11,616.26	-15,158.93	-15,483.43
Budget Balance ('+' means surplus, '-' means deficit)	**24,339.80**	**668.99**	**2,874.79**	**772.88**	**28,194.70**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Opening Cash and Bank Balance	**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**
Closing Cash and Bank Balance	**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**

	Actuals					Projections (Baseline Scenario)									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Financing Needs and Sources (million NGN)															
Financing Needs						**-93.93**	**110.33**	**4,125.28**	**3,352.23**	**4,376.51**	**-23,652.97**	**-25,739.65**	**-25,245.82**	**-31,949.30**	**-35,893.29**
i. Primary balance						5,702.83	5,987.97	6,287.37	6,601.74	6,931.82	7,278.41	7,642.33	8,024.45	8,425.67	8,846.96
ii. Debt service						5,608.90	6,098.30	10,412.65	9,953.96	11,308.33	-16,374.56	-18,097.32	-17,221.37	-23,523.63	-27,046.33
Amortizations						2,858.94	3,983.23	9,048.04	9,149.73	11,256.51	-15,626.90	-14,999.99	-11,616.26	-15,158.93	-15,483.43
Interests						2,749.95	2,115.07	1,364.61	804.23	51.82	-747.66	-3,097.32	-5,605.10	-8,364.70	-11,562.90
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financing Sources						**-93.93**	**110.33**	**4,125.28**	**3,352.23**	**4,376.51**	**-23,652.97**	**-25,739.65**	**-25,245.82**	**-31,949.30**	**-35,893.29**
i. Financing Sources Other than Borrowing						23,901.61	25,096.69	26,351.52	27,669.10	29,052.55	30,505.18	32,030.44	33,631.96	35,313.56	37,079.23
ii. Gross Borrowings						-23,995.54	-24,986.35	-22,226.24	-24,316.87	-24,676.04	-54,158.15	-57,770.09	-58,877.78	-67,262.86	-72,972.52
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Bonds (maturity 1 to 5 years)						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Bonds (maturity 6 years or longer)						35,000.00	33,250.00	31,587.50	30,008.13	28,507.72	27,082.33	25,728.22	24,441.81	23,219.72	22,058.73
Other Domestic Financing						20,000.00	19,000.00	18,050.00	17,147.50	16,290.13	15,475.62	14,701.84	13,966.75	13,268.41	12,604.99
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)						0.00	0.00	0.00	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	0.00	0.00	0.00	0.00
Other External Financing						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Residual Financing						-78995.54	-77236.35	-71863.74	-71472.49	-69473.88	-96716.10	-98200.14	-97286.33	-103750.98	-107636.24
Debt Stocks and Flows (million NGN)															
Debt (stock)	**141,852.11**	**157,257.80**	**164,076.08**	**225,815.00**	**235,074.69**	**219,295.12**	**190,325.54**	**159,051.26**	**125,584.66**	**89,652.11**	**51,120.86**	**8,350.77**	**-38,910.75**	**-91,014.68**	**-148,503.77**
External	26,329.86	29,115.71	38,427.38	57,859.15	68,121.11	77,351.19	75,414.13	73,380.21	71,244.60	69,002.20	66,647.69	64,175.45	61,579.60	58,853.96	55,992.03
Domestic	115,522.25	128,142.09	125,648.71	167,955.85	166,953.58	141,943.93	114,911.41	85,671.05	54,340.06	20,649.90	-15,526.83	-55,824.68	-100,490.35	-149,868.64	-204,495.81
Gross borrowing (flow)						**-23,995.54**	**-24,986.35**	**-22,226.24**	**-24,316.87**	**-24,676.04**	**-54,158.15**	**-57,770.09**	**-58,877.78**	**-67,262.86**	**-72,972.52**
External						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Domestic						-23,995.54	-24,986.35	-22,226.24	-24,316.87	-24,676.04	-54,158.15	-57,770.09	-58,877.78	-67,262.86	-72,972.52
Amortizations (flow)	**1,204.09**	**1,486.06**	**1,966.13**	**2,048.44**	**2,525.40**	**2,858.94**	**3,983.23**	**9,048.04**	**9,149.73**	**11,256.51**	**-15,626.90**	**-14,999.99**	**-11,616.26**	**-15,158.93**	**-15,483.43**
External	749.38	1,013.92	1,285.78	1,353.22	1,511.28	1,844.82	1,937.06	2,033.92	2,135.61	2,242.39	2,354.51	2,472.24	2,595.85	2,725.64	2,861.93
Domestic	454.72	472.14	680.36	695.22	1,014.12	1,014.12	2,046.16	7,014.12	7,014.12	9,014.12	-17,981.41	-17,472.23	-14,212.11	-17,884.57	-18,345.35
Interests (flow)	**1,913.33**	**2,149.19**	**2,318.28**	**2,171.63**	**2,544.78**	**2,749.95**	**2,115.07**	**1,364.61**	**804.23**	**51.82**	**-747.66**	**-3,097.32**	**-5,605.10**	**-8,364.70**	**-11,562.90**
External	315.33	297.55	332.76	289.36	225.85	315.08	378.10	453.72	544.46	653.36	784.03	940.83	1,129.00	1,354.80	1,625.76
Domestic	1,598.00	1,851.64	1,985.51	1,882.27	2,318.93	2,434.87	1,736.97	910.89	259.77	-601.54	-1,531.68	-4,038.15	-6,734.10	-9,719.50	-13,188.66
Net borrowing (gross borrowing minus amortizations)						**-26,854.48**	**-28,969.58**	**-31,274.27**	**-33,466.60**	**-35,932.55**	**-38,531.25**	**-42,770.09**	**-47,261.51**	**-52,103.93**	**-57,489.09**
External						-1,844.82	-1,937.06	-2,033.92	-2,135.61	-2,242.39	-2,354.51	-2,472.24	-2,595.85	-2,725.64	-2,861.93
Domestic						-25,009.66	-27,032.52	-29,240.36	-31,330.99	-33,690.16	-36,176.73	-40,297.85	-44,665.66	-49,378.29	-54,627.17
Debt and Debr-Service Indicators															
Debt as % of GDP	**#DIV/0!**	**#DIV/0!**	**#DIV/0!**	**#DIV/0!**	**#DIV/0!**	**#DIV/0!**	**#DIV/0!**	**#DIV/0!**	**#DIV/0!**	**#DIV/0!**	**#DIV/0!**	**#DIV/0!**	**#DIV/0!**	**#DIV/0!**	**#DIV/0!**
Debt as % of Revenue	**283.41**	**258.11**	**242.12**	**301.30**	**295.01**	**262.10**	**216.64**	**172.42**	**129.66**	**88.15**	**47.87**	**7.45**	**-33.05**	**-73.63**	**-114.41**
Debt Service as % of Revenue	**6.23**	**5.97**	**6.32**	**5.63**	**6.36**	**6.70**	**6.94**	**11.29**	**10.28**	**11.12**	**-15.33**	**-16.14**	**-14.63**	**-19.03**	**-20.84**
Personnel Cost as % of Revenue	**40.33**	**36.22**	**31.72**	**33.18**	**24.43**	**24.43**	**24.43**	**24.43**	**24.43**	**24.43**	**24.43**	**24.43**	**24.43**	**24.43**	**24.43**
Debt Service as % of Gross FAAC Allocation	**7.71**	**7.11**	**9.37**	**7.88**	**9.57**	**10.08**	**10.44**	**16.98**	**15.46**	**16.73**	**-23.07**	**-24.28**	**-22.00**	**-28.63**	**-31.35**
Interest as % of Revenue	**3.82**	**3.53**	**3.42**	**2.90**	**3.19**	**3.29**	**2.41**	**1.48**	**0.83**	**0.05**	**-0.70**	**-2.76**	**-4.76**	**-6.77**	**-8.91**
External Debt Service as % of Revenue	**2.13**	**2.15**	**2.39**	**2.19**	**2.18**	**2.58**	**2.64**	**2.70**	**2.77**	**2.85**	**2.94**	**3.04**	**3.16**	**3.30**	**3.46**

CROSS RIVER STATE TECHNICAL TEAM

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

30/12/2020

Hon. Asuquo Ekpenyong, Jnr.
Commissioner for Finance