

YOBE STATE GOVERNMENT

2022

**YOBE STATE DEBT SUSTAINABILITY ANALYSIS
DEBT MANAGEMENT STRATEGY
(YOBE S-DSA-DMS) REPORT**

Contents

1.0 INTRODUCTION	2
2.0 YOBE STATE FISCAL AND DEBT FRAMEWORK	3
3.0 REVENUE, EXPENDITURE, FISCAL AND DEBT PERFORMANCE, 2016-2020 ...	7
4.0 DEBT SUSTAINABILITY ANALYSIS	12
5.0 DEBT MANAGEMENT STRATEGY	22
ANNEXURES I	0
ANNEXURES II	1
LIST OF PARTICIPANTS	Error! Bookmark not defined.

1.0 INTRODUCTION

1.1 BACKGROUND

The State Debt Sustainability Analysis (S-DSA) Toolkit was developed by Debt Management Office, Nigeria and reviewed by the World Bank to analyze the trends and patterns in the State's public finances during the period of 2017 - 2021 while also evaluating the ability of the State to sustain its debt in the long term (2022 – 2031). The DSA carried out by Yobe State's Technical Team appraised recent Revenue, Expenditure, State Public debt trends, and related policies adopted by the State Government, while considering the policy thrust of the State. A sub-national sustainability assessment was conducted using baseline scenarios and sensitivity analysis to evaluate the prospective performance of the State's public finances going forward. The intention is to assist the Yobe state Government in striking a balance between the State's programs execution and new borrowings by utilizing recent trends in the State's public finances.

1.2 SUMMARY OF FINDINGS

The results of the Yobe State S-DSA show that the State's debt portfolio appears to be sustainable in the long term. The State has made giant strides in IGR mobilization through the recently introduced, improved, tax administration reforms. Yobe State adopted a strategy named "Medium Term Sector Strategies (MTSS)" is thus a road map that combines ambition and realism, and clearly plots priorities, deliverables and costs. It shows the chain of results that will achieve policy goals. The MTSS process involves getting the spending agencies within a sector to articulate their medium-term goals and objectives against the background of the overall goals of the YOSERA; identify and document key initiatives being embarked upon to achieve their goals and objectives (i.e. their key projects and programs); cost these initiatives, prioritize and phase the initiatives over a three year period; define the expected outcomes of the initiatives in clear measurable terms; and link expected outcomes to their objectives and goals. The State Development Plan - Yobe State Socio Economic Reform Agenda (YOSERA) defines economic targets, policy road map and goals while the MTSS set out specific inputs and activities to deliver specific outputs in the YOSERA.

2.0 YOBE STATE FISCAL AND DEBT FRAMEWORK

2.1 Fiscal Reforms

The Fiscal Reforms being implemented by the Yobe State Government in the last four to six years include the Public Financial Management (PFM) and Human Resource Management (HRM) which are sub-divided into Budget reform, Audit reform, Public Procurement reform, Tax Administration reform, and Civil Service & Pension reform. These reforms led to the enactment of Laws that regulates implementation of Fiscal Policies in the State. The Laws are Yobe State Socio-Economic Reform Agenda (YOSERA), Yobe State Fiscal Responsibility Law (FRL); Medium Term Fiscal Framework (MTFF); Medium Term Budget Framework (MTBF); Medium Term Sector Strategies (MTSS). Yobe State Finance Management Law; Yobe State Government Financial Regulations; Yobe State Public Procurement Law. The FRL for instance, provides for the creation of the implementation organ, medium term fiscal framework, how public expenditure should be carried out, borrowing process, transparency and accountability in governance and principles of sound financial management.

2.2 Yobe State Approved 2022 Budget and Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS), 2023-2025

2.2.1 Approved 2022 Budget

The 2022 Budget was prepared amidst a challenging global and domestic environment due to the persistent headwinds from the Coronavirus Pandemic. The resulting global economic recession, low oil prices and heightened global economic uncertainty have had important implications for our economy.

Based on the foregoing fiscal assumptions and parameters. The Yobe State total revenue available to fund the 2022 Budget is estimated at N163.95 billion. This includes Internally Generated Revenue, Statutory Allocation, Value Added Tax, Other Statutory Revenue, Domestic Grants, Foreign Grants, Opening Balance, Domestic Loans, Foreign Loans and Sale of Government Assets, respectively.

An aggregate expenditure of N163.95 billion is proposed by the Yobe State Government in 2022. The 2022 proposed Expenditure comprises, Gross FAAC allocation of N38.64 billion, Overhead of N31.43 billion, Debt service (Interest and Principal) of N21.3 billion, Other Recurrent Expenditure of N5.36 billion, and Capital Expenditure of N73.66 billion, respectively.

2.2.2 Indicative Three-Year Fiscal Framework

The indicative three-year fiscal framework for the period 2023-2025 is presented in the table below.

Yobe State Medium Term Fiscal Framework

Macro-Economic Framework

Item	2023	2024	2025
National Inflation	17.16%	16.21%	17.21%
National Real GDP Growth	3.75%	3.30%	3.46%
Oil Production Benchmark (MBPD)	1.6900	1.8300	1.8300
Oil Price Benchmark	\$70.00	\$66.00	\$62.00
NGN:USD Exchange Rate	435.57	435.92	437.57
Other Assumptions			
Mineral Ratio	21.75%	21.75%	21.75%

Fiscal Framework

Item	2023	2024	2025
Opening Balance	8,500,000,000	3,500,000,000	3,500,000,000

Recurrent Revenue			
Statutory Allocation	38,555,340,512	38,417,505,914	38,632,720,311
VAT	25,793,593,004	31,553,845,036	39,131,348,999
IGR	12,251,676,727	14,902,440,557	17,998,264,614
Excess Crude/Other FAAC Revenue	4,654,755,431	2,982,338,710	2,982,338,710
Total Recurrent Revenue	81,255,365,673	87,856,130,217	98,744,672,635

Recurrent Expenditure

Personnel Costs	30,931,456,000	31,704,742,400	32,497,360,960
Social Contribution and Social Benefit	7,006,000,000	7,181,150,000	7,360,678,750
Overheads	30,311,996,000	26,768,236,596	26,768,236,596
Grants, Contributions and Subsidies	2,015,586,000	1,148,511,000	1,148,511,000
Public Debt Service	17,535,679,000	17,535,679,000	17,535,679,000
Total	87,800,717,000	84,338,318,996	85,310,466,306
Transfer to Capital Account	1,954,648,673	7,017,811,221	16,934,206,329

Capital Receipts

Grants	36,400,000,000	30,300,000,000	28,300,000,000
Other Capital Receipts	30,000,000,000	0	0
Total	66,400,000,000	30,300,000,000	28,300,000,000

Reserves

Contingency Reserve	0	0	0
Planning Reserve	0	0	0
Total Reserves	0	0	0

Capital Expenditure	75,354,648,673	39,317,811,221	47,234,206,329
Discretionary Funds	67,954,648,673	36,517,811,221	44,434,206,329
Non-Discretionary Funds	7,400,000,000	2,800,000,000	2,800,000,000

Financing (Loans)	7,000,000,000	2,000,000,000	2,000,000,000
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Total Revenue (Including Opening Balance)	163,155,365,673	123,656,130,217	132,544,672,635
Total Expenditure (including Contingency)	163,155,365,673	123,656,130,217	132,544,672,635

Closing Balance			
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Ratios			
Growth in Recurrent Revenue	12.13%	8.12%	12.39%
Growth in Recurrent Expenditure	2.70%	-3.94%	1.15%
Capital Expenditure Ratio	46.19%	31.80%	35.64%
Deficit (Financing) to Total Expenditure	4.29%	1.62%	1.51%

The Key Objectives of Approved 2022 Budget

- i. Sustain and improve the State's healthcare delivery system by establishment of emergency medical Ambulance services to reduce loss of lives, renovation of primary health centers and construction of critical ones especially in hard-to-reach communities, recruitment of health care professionals to reduce gaps in human resource needed in the health facilities.
- ii. Provision and maintenance of electricity transmission network in the state
- iii. Enhance the overall improvement in human capital by Providing Employment opportunities and promote self-reliance for economic empowerment to youths, women, people with disability and other vulnerable groups.
- iv. consolidate and improve on the provision of functional education strategy already embarked upon in the State, with emphasis on zero level of out of school children, renovation of schools, recruitment of more teachers etc.
- v. Provision of safe drinking water across the state.
- vi. Ensure security of lives and properties of the residents of the State.
- vii. To ameliorate the effects of covid 19 on people, SMEs and MSMEs across the State by proving loans through NG cares programs.
- viii. Ensure the completion of the on-going capital projects and sustain the current investment in infrastructural facilities.
- ix. Sustain and intensify the current efforts in Independent Revenue generation.
- x. Improve the state's public financial management to entrench transparency, accountability, and integrity; and
- xi. Strategic diversification of the state's economy using the Public Private Partnership (PPP) model.

Fiscal Strategy Objectives and Targets

The key targets from a fiscal perspective are:

- i. Completion of on-going legacy projects.
- ii. Continue to ensure reduction in non-essential overheads.
- iii. Executions of capital expenditures both COVID-19 related and those considered critical by the government.
- iv. Diversify the internal revenue base and also reviewing revenue projections to reflect current realities.
- v. Compliance with NGF Budget guidelines that maybe given from time to time.
- vi. Ensure adjustment of debt servicing or repayment period (re-financing and restructuring) in order to free up funds for other developmental projects.
- vii. Use loans to finance capital expenditure projects only;
- viii.** Target sources of capital receipts and financing outside of loans (e.g., Aid and Grants, PPP, etc.).

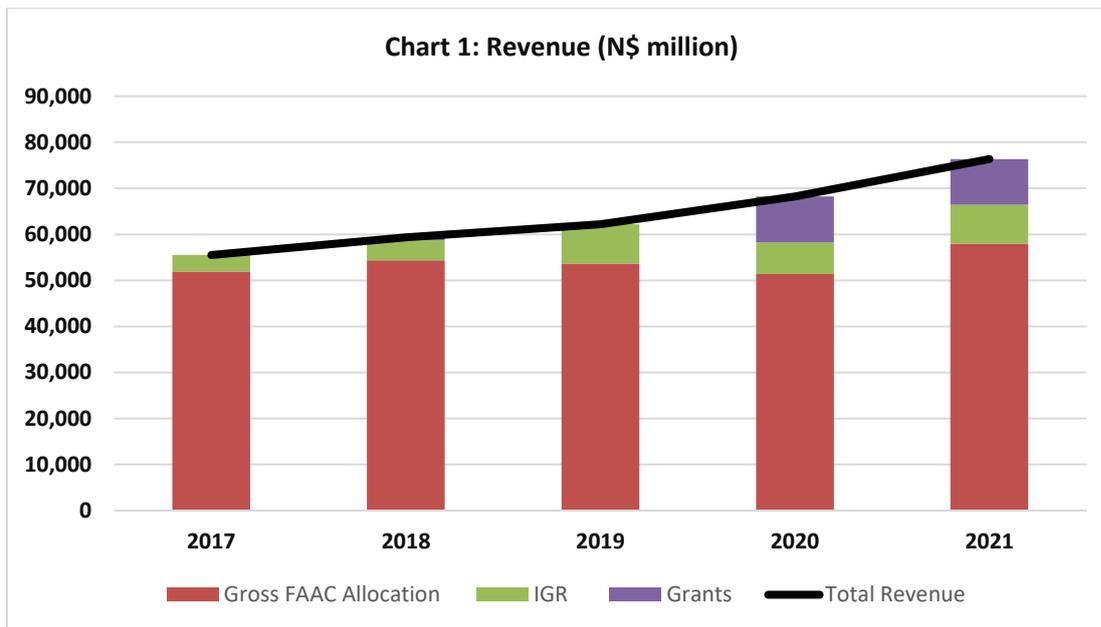
3.0 REVENUE, EXPENDITURE, FISCAL AND DEBT PERFORMANCE, 2017-2021

3.1 Revenue

Yobe State's Recurrent Revenue stood at N76.344 billion in 2021 compared to N58.222 billion in the period of 2020, which represent an increase of N18.122 billion or 31.12 percent. The Revenue has shown improvements from 2017 (N55.502 billion) to 2021 (N76.344 billion), the increase was due to the growth increased in the financial resources to the real sector of the economy, and effective implementation of the Economic Policies in the State. The Gross FAAC allocation that comprises the Statutory allocation, derivations, VAT allocation, exchange rate gain, augmentation among others declined from N53.679 billion in 2019 to N51.389 billion in 2020, which present a declined of N2.290 billion or 4.27 percent, the decline was due to slow in financial activities during the Coronavirus Pandemic Period in 2020. Meanwhile an increase is recorded from 51.389 in 2020 to 57.935 billion in 2021.

Yobe State's Internally Generated Revenue (IGR) shows a growth during the period under review, the IGR shows a significant grow from N3.598 billion in 2017, N4.375 billion 2018, N8.515 billion in 2019, declined to N6.833 billion due to coronavirus pandemic in 2020 and increase to 8.492 in 2021. The improvement in IGR was mainly because of tax administration reforms. These reforms covered legal, institutional, and operational frameworks. Accordingly, several reform activities were instituted to strengthen the IGR collection. Specifically, as a bedrock for other reforms, new Revenue Administration law was passed, among other things, to consolidate state revenue code covering all state IGR sources. Collections were thereafter enhanced with improvement on all electronic platforms and payment gateways used by the State Internal Revenue Service. The state also expanded its Taxpayer database and developed an electronic taxpayer database system. Revenue sources were expanded to include Introduction of Land Use Charge and all revenue leakages were blocked through automation processes.

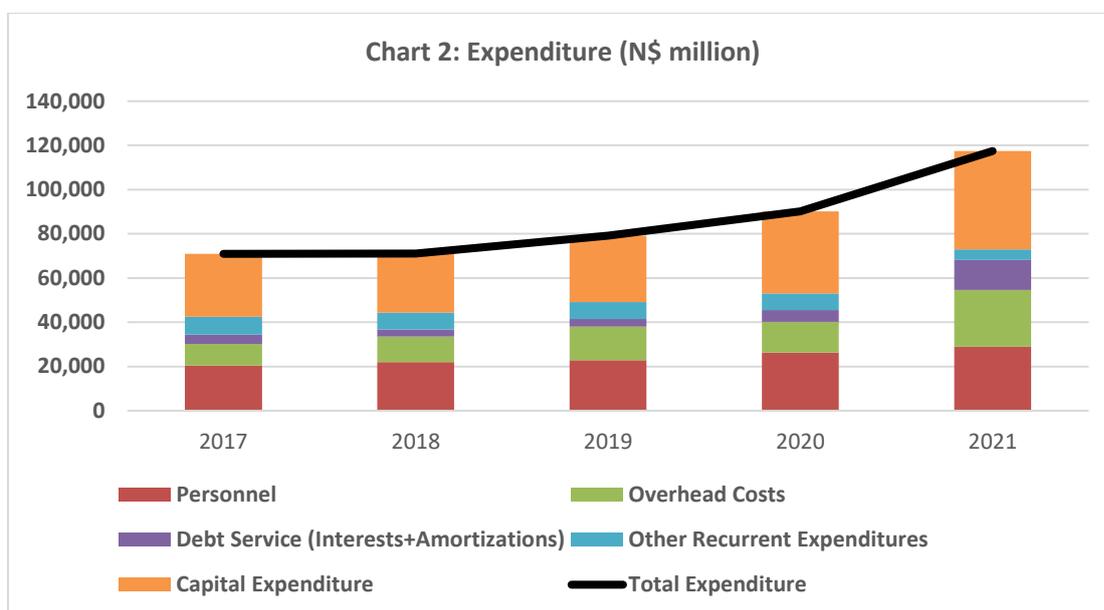
	2017	2018	2019	2020	2021
Total Revenue	55,502	58,745	62,194	58,222	76,344
Gross FAAC Allocation	51,904	54,370	53,679	51,389	57,935
IGR	3,598	4,375	8,515	6,833	8,492
Grants	0	0	0	0	9,917



3.2 Expenditure Performance

The State's Total Expenditure includes Capital expenditure, Personnel costs, Overhead costs, other recurrent expenditure, and Debt service (interest payment and principal repayment). In 2021 Yobe State Expenditure amounted N117.457 compared to N90.197 billion in 2020, which represent a growth of N27.260 or 30.222 percent. The personnel cost stood at N20.345 billion in 2017, N22.048 billion in 2018, N22.872 billion in 2019, N26.274 billion in 2020 and N28.880 billion in 2021, respectively. The overhead cost stood at N25.786 billion in 2021, N13.927 billion in 2020, N15.102 billion in 2019, N11.499 billion in 2018 and N9.860 billion in 2017. Capital expenditure amounted to N44.421 in 2021, N37.165 billion in 2020, N30.096 billion in 2019, N26.699 billion in 2018 and N28.454 billion in 2017, respectively. The Total debt service that comprises the interest payment and principal repayment stood at N13.532 in 2021, compared to N4.222 billion in 2017 (see table below).

	2017	2018	2019	2020	2021
Total Expenditure	70,948	71,090	79,186	90,197	117,457
Personnel	20,345	22,048	22,872	26,274	28,880
Overhead Costs	9,860	11,499	15,102	13,927	25,786
Debt Service (Interests + Amortizations)	4,222	3,147	3,537	5,255	13,532
Other Recurrent Expenditures	8,067	7,697	7,579	7,576	4,837
Capital Expenditure	28,454	26,699	30,096	37,165	44,421



3.3 STATE DEBT PORTFOLIO, 2017 - 2021

Yobe State's Debt stock amounted to N91.842 billion in 2021 compared to N63.505 billion in 2020, representing an increase of N28.337 billion or 44.261 percent. The increase in the Total Debt stock was reflected in both Domestic and External Debt components. The external debt stock increased from N8,637 billion in 2020 to N9.382 billion in 2021, while the domestic debt stock significantly increased to N82.460 billion in 2021 from N54.868 billion in 2020, domestic debt increase was due to additional new stock from Budget support facility of N3.007 billion, Commercial Bank Loans of (N9.951 billion of contract financing, N2 billion covid 19 loan facility) and N20 billion Infrastructure Loan (CBN Development Financing Facilities) in 2021.

	2017	2018	2019	2020	2021
Outstanding Debt (Old + New)	35,655	36,196	37,194	63,505	91,842
External	7,474	8,403	8,639	8,637	9,382
Domestic	28,181	27,793	28,977	54,868	82,460

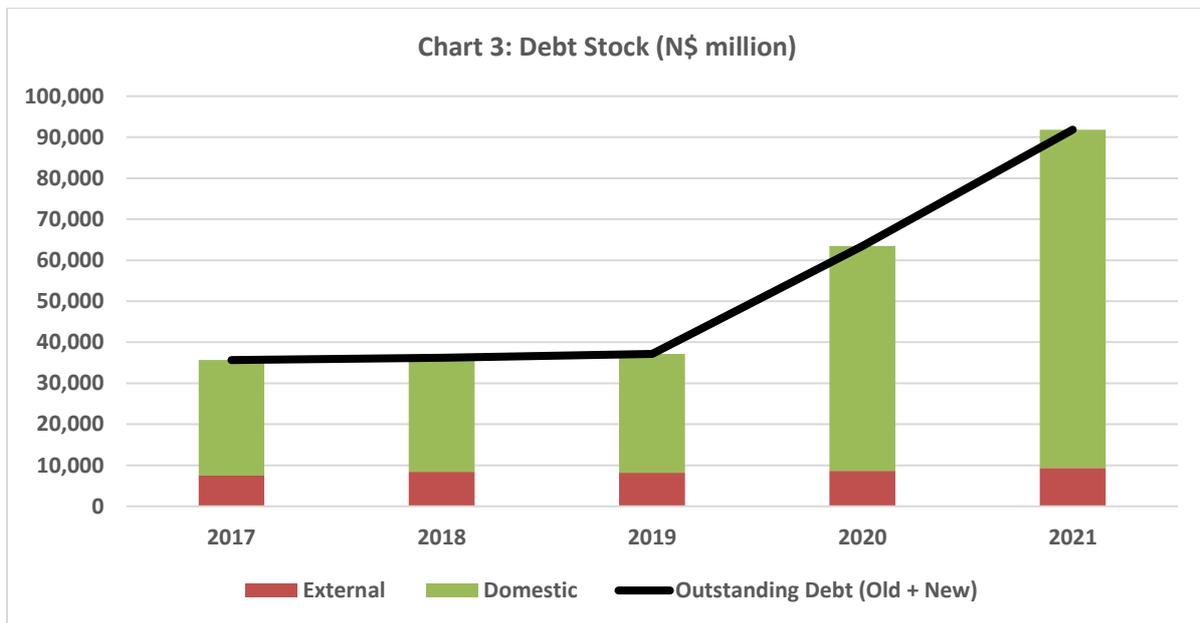


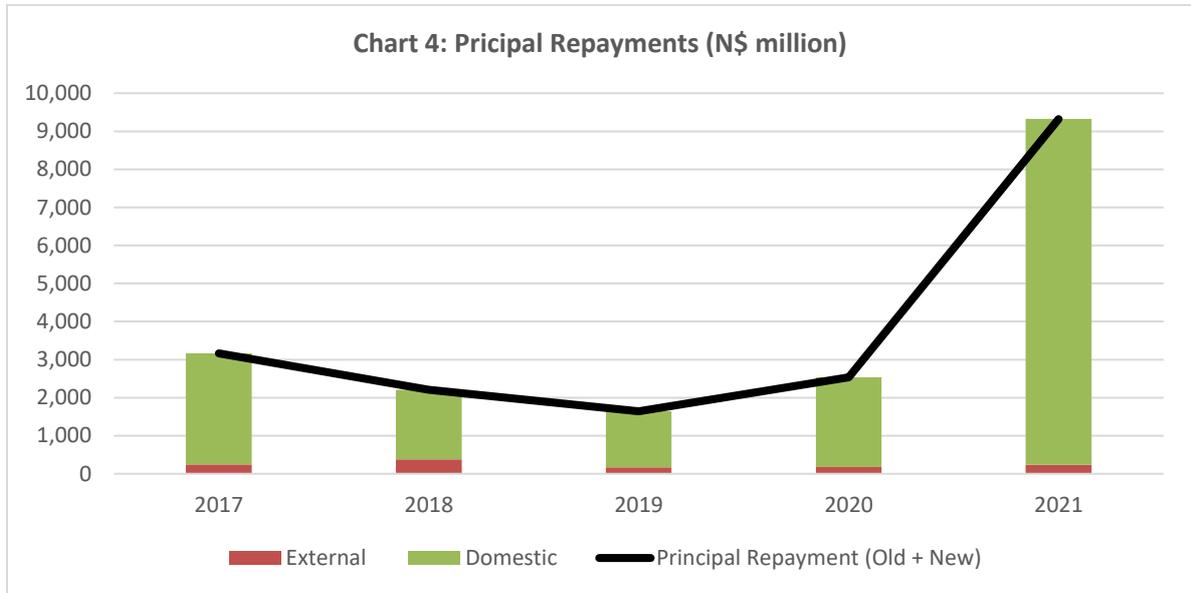
Chart 3: shows an increase in the Debt Stock from N35.655 billion in 2017 to N91.842 billion in 2021. Domestic debt comprises Budget Support Facility, Excess Crude Account Backed Loan, Contractors' Arrears, Pension and Gratuity Arrears, with the new additional stock in 2021 from budget support facility, Commercial Bank Loans and Infrastructure Loan (CBN Development Financing Facilities).

Yobe State Debt composition consists of external debt N9.382 billion or 10.215 percent and Domestic debt was amounted to N82.460 billion or 89.78 percent, respectively.

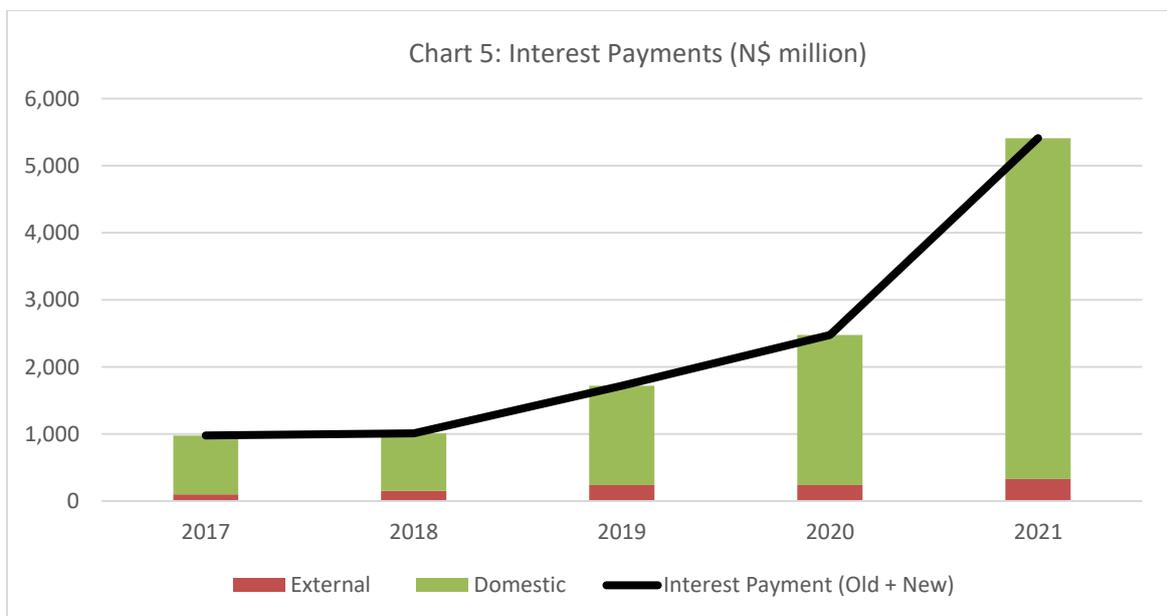
Yobe State holds a medium cost and medium risk debt portfolio. The debt portfolio has an average domestic interest rate of 9.40 percent and average external interest of 1.33 percent in 2021. The State debt portfolio is minimally exposed to currency, rollover, and interest rate risks. Exposures to currency fluctuations is limited because the foreign currency-denominated loans are only 15.47 percent of total debt stock in 2021. Most all the loans in Yobe State are fixed-rate obligations, thus not affected by changes in interest rates. A large portion of these loans have maturities ranging from 10 to 35 years and include financing from the Federal Government and Multilateral organizations. Therefore, rollover/refinancing risk associated with potential deterioration of domestic financial conditions is reasonably negligible.

Yobe State Debt Service amounted to N4.142 billion in 2017, N3.221 billion in 2018, N3.364 billion in 2019, N5.013 billion in 2020 and N14.732 billion in 2021 respectively. The principal repayment amounted at N3.164 billion in 2017, N2.212 billion in 2018, N2.536 billion in 2020, and N9.321 billion in 2021 respectively. While the Interest Payment amounted to N5.411 billion in 2021 compared to N2.477 billion in 2020. The principal repayments and Interest Payment made were on both External Debt and Domestic Debt (see Chart 4 and 5).

	2017	2018	2019	2020	2021
Principal Repayment (Old + New)	3,164	2,212	1,643	2,536	9,321
External	248	382	169	176	233
Domestic	2,916	1,830	1,474	2,360	7,888



	2017	2018	2019	2020	2021
Interest Payment (Old + New)	978	1,009	1,721	2,477	5,411
External	102	153	239	238	330
Domestic	876	856	1,482	2,239	5,081



4.0 DEBT SUSTAINABILITY ANALYSIS

A debt sustainability analysis (DSA) assesses how a state or nation's current level of debt and prospective borrowing affect its present and future ability to meet debt service obligations. It is a consensus that a key factor for achieving external and public debt sustainability is macroeconomic stability. The concept of debt sustainability 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. Government therefore should endeavor to strike a balance between revenue and expenditure, so that any debt incurred will not impact negatively on the State, leading to serious financial crisis.

YOBE STATE DEBT SUSTAINABILITY ANALYSIS

Chart 21 shows to the Debt as a percentage of State GDP (with indicative threshold of 25%). The sustainability position of the State's Total debt portfolio in the fiscal block shows a gradual ascending trend from 2017 to 2031. Even though the ratio has continued to decline steadily over the period to 2.32 percent in 2031 compared with 8.84 percent in 2021 and 8.07 percent in 2022, it is well within the threshold insinuating room for additional further borrowing under the right circumstances.

Based on this, the State's GDP have potentials for growth and can also accommodate the State's debt stock, with minimal effect on the State economy. Chart 22 shows the Debt as a percentage of revenue estimated to decline from 120.30 percent in 2021 to 86.80 percent in 2022, increase to 90.15 percent in 2023, and decrease to 89.5 percent in 2024, decrease to 82.95 percent in 2025, increase to 106.87 percent in 2026, also decrease to 53.26 percent in 2030, and 46.14 percent in 2031 as against the threshold of 200 percent over the projection period.

Debt Service as percentage of Revenue projected to increase from 18.53 percent in 2022 to 19.22 percent in 2030 (with indicative threshold of 40 percent). Personnel Cost as percentage of Revenue estimated to decline from 37.83 percent in 2021 to 33.73 percent in 2022, and 0.08 percent in 2031 as against the threshold of 60 percent. Debt Service as a percentage of Gross FAAC Allocation, Interest as percentage Revenue and External Debt Service as percentage of Revenue estimated at 17.31 percent, 6.75 percent, and 0.35 percent in 2031.

4.1 MEDIUM-TERM BUDGET FORECAST

Debt sustainability analysis of the State is predicated on the continuation of recent efforts to grow the IGR of the State annually in the medium term. The economy is expected to gradually recover from 2023-2025, with real GDP expanding at an average annual rate of 4 percent and domestic inflation decreasing below 10.94 percent by 2022. The moderate recovery will be supported by economic growth through diversification and increase in the share of VAT. The Tax Administration reforms adopted by the State Government will also strengthen resources provided by IGR, as well as numerous industries that are being attracted to the State through industrialization drive, which are expected to continue in the next few years. This will benefit the economy immensely.

The State has put in various Tax Administration reforms to strengthen its IGR in order to sustain its debt, these include the enactment of The State Development Plan - Yobe State Socio-Economic Report Agenda (YOSERA), Revenue Administration Law, with these new reforms adopted by the State Government, the IGR of the State is expected to grow in the next few years, and this will benefit the state towards overall economic recovery. On the other hand, the Civil Service Reform Policies being implemented with regard to personnel and overhead cost, which are likely to decline from their historical trends.

The debt sustainability analysis is also predicted on continuation of policies to create more fiscal space, through domestic revenue mobilization, prioritization and efficiency gains on spending, or perhaps debt management. Beyond specific revenue and spending measures, the state can also maximize fiscal space by improving the fiscal frameworks—a medium term framework that credibly balances the need for short term support with medium-term consolidation can contain borrowing costs and sustain confidence.

The Yobe State's policy direction focuses on diversifying the revenue sources and intensify efforts to improve the independent revenue base of the state to reduce the state's overdependence on FAAC Allocations and Donor Partners grants and assisted projects. It further intensifies effort and strategies on control and enforced compliance with the established spending limits to achieve sound budgeting system, which include aggregate fiscal discipline, allocative efficiency and effective spending. It also aimed at continued robust fiscal response to post COVID 19 pandemic and a restored relative peace in the state.

Yobe State Debt burden indicators as at end-2021

Indicators	Thresholds	Ratio
Debt as % of GDP	25%	8.84
Debt as % of Revenue	200%	120.30
Debt Service as % of Revenue	40%	17.73
Personnel Cost as % of Revenue	60%	37.83
Debt Service as % of FAAC Allocation	Nil	23.36
Interest Payment as % of Revenue	Nil	7.09
External Debt Service as % of Revenue	Nil	0.74

4.2 BORROWING OPTIONS

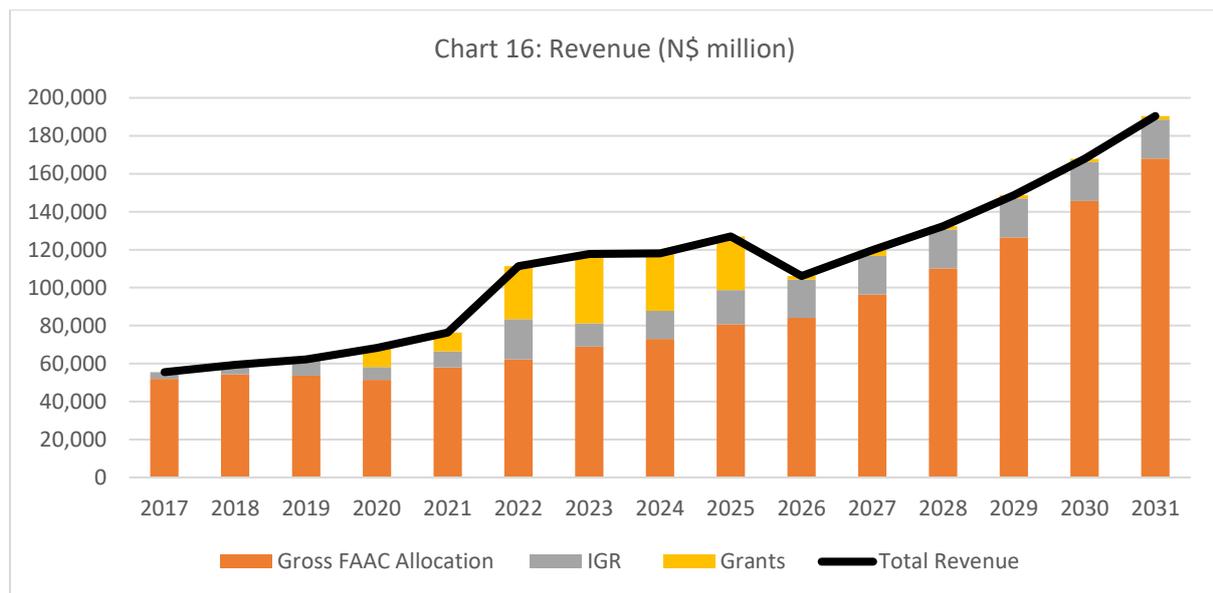
Yobe state government intends to finance its new borrowing from 2022 to 2031 mainly from Domestic financing through Commercial Bank Loans (maturity 1-5 years) with an average of 28.51 percent, Commercial Bank Loans (maturity 6 year above) estimated at 22.05 percent, State Bonds (maturity 1-5 years) at 15.17 percent, and State Bonds (maturity 6 years above) at 34.27 percent, over projection period, compared with External financing – Concessional financing which was estimated at 16.05 percent and Bilateral financing projected at 5.84 percent. For external financing was due to the limited funding envelopes from the external borrowing with long processing time required loans from Multilateral and Bilateral.

4.3 DSA SIMULATION RESULTS

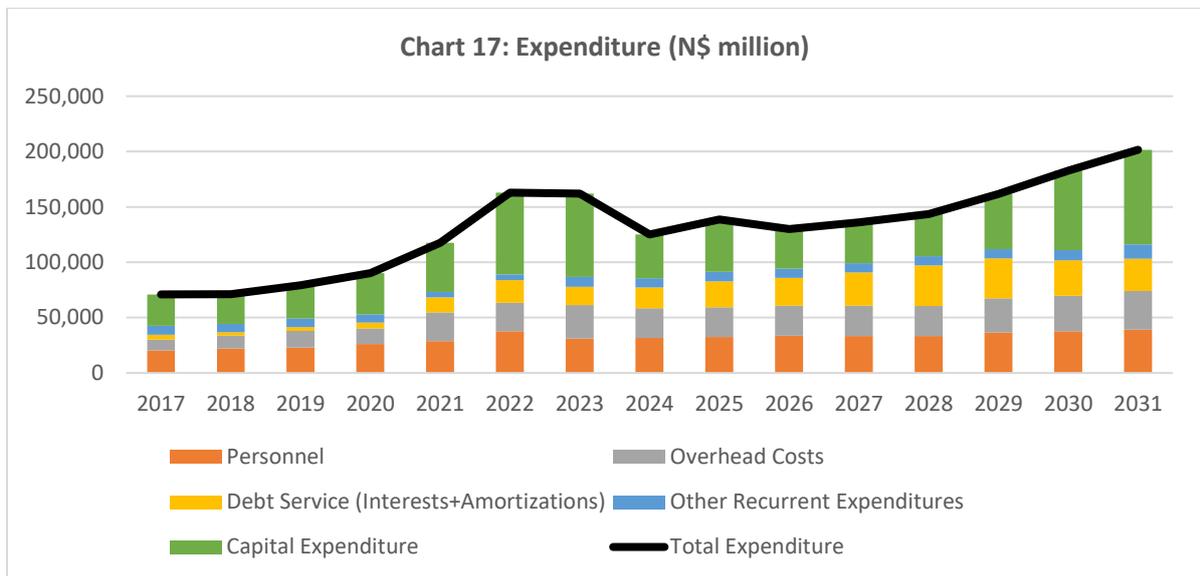
Recent shocks underscore the urgent need to significantly diversify and improve government revenues and reduce the dependence on oil revenue sources. Government remains committed to using innovative ways to raise the revenues required to finance its expenditure and diversifying its revenue sources. Higher revenue collections will enable Government to deliver public services more effectively, enhance infrastructure investment, and improve investment in human capital.

Yobe State Total Revenue (including grants and excluding other capital receipts) is expected to increase from N111.355 billion in 2021 to N190.420 billion in 2031, representing an increase of N79.065 billion or 71.002 percent over the projection period. Gross FAAC Allocation projected to grow from 57.935 billion in 2021 to 168.070 billion in 2031, and Grants projected to decline from 28 billion in 2022 to N1.8 billion in 2031. The projections were sources from the Approved 2022 Budget; Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS), 2023-2025; and projections period of 2025-2031 was estimated by the Ministry of Economic Planning & Budget official.

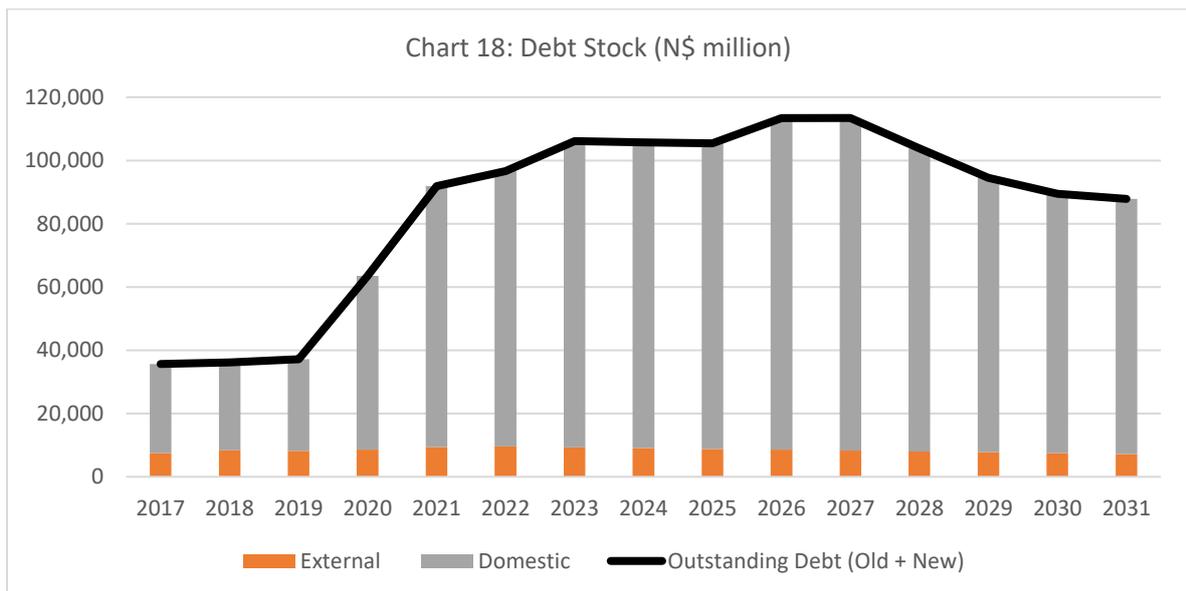
The Internally Generated Revenue (IGR)'s tax system will be further strengthened over the medium term by improving collection efficiency, enhancing compliance, and reorganizing the business practices of revenue agencies in the state as well as employing appropriate technology. In addition, efforts will be made to bring more businesses in the informal sector into the tax net. IGR estimated to grow by N12.058 billion or 141.992 percent (from N8.492 billion in 2021 to N20.550 billion in 2031), over the projection period of the Approved 2022 Budget; Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS), 2023-2025; and projections period of 2025-2031 was estimated by the Ministry of Economic Planning & Budget official.



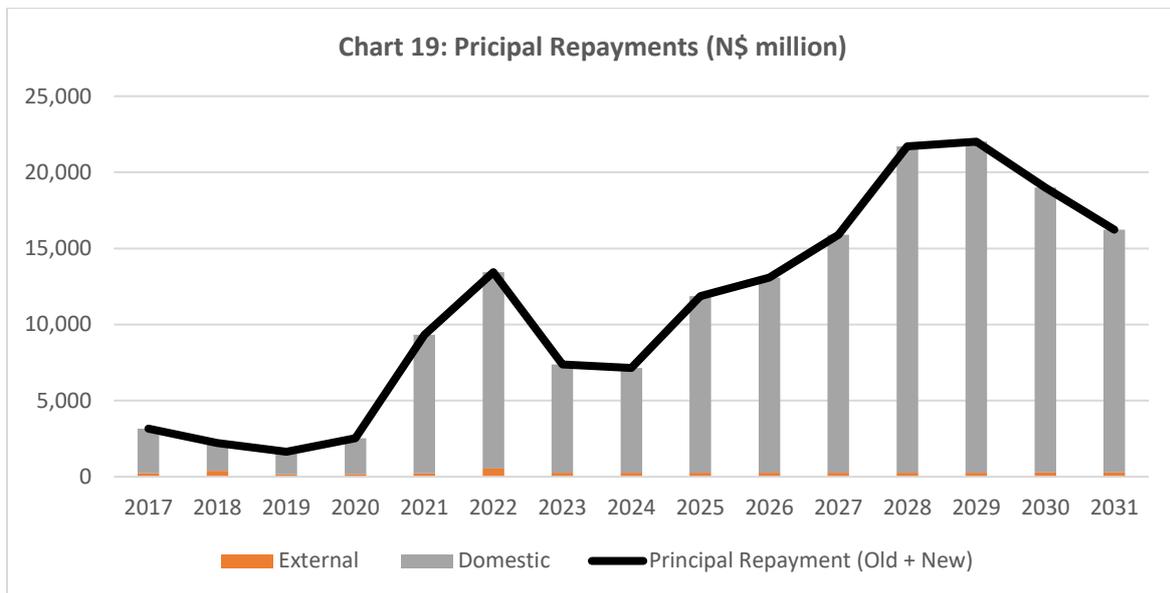
Total expenditure projected at N161.845 billion in 2022, N120.392 billion in 2023, N123.052 billion in 2024, N123.613 billion in 2025, N130.000 billion in 2026, N137.722 billion in 2027, N146.093 billion in 2028, N165.005 billion in 2029 and N188.660 billion in 2030 and N208.992 in 2031, respectively, indicating stability in the state growth recovery. Personnel, Overhead Costs, Debt Service, Other Recurrent Expenditures estimated at N39.000 billion, N35.000 billion, N55.535 billion, and N13.000 billion in 2031. Capital Expenditure estimated to increase over the projection period from N34.960 billion in 2023, N35.000 billion in 2025, N38.000 billion in 2028 and N85.500 billion in 2031, respectively. over the projection period as provided in the Approved 2022 Budget; Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS), 2023-2025; and projections period of 2025-2031 was estimated by the Ministry of Economic Planning & Budget official.



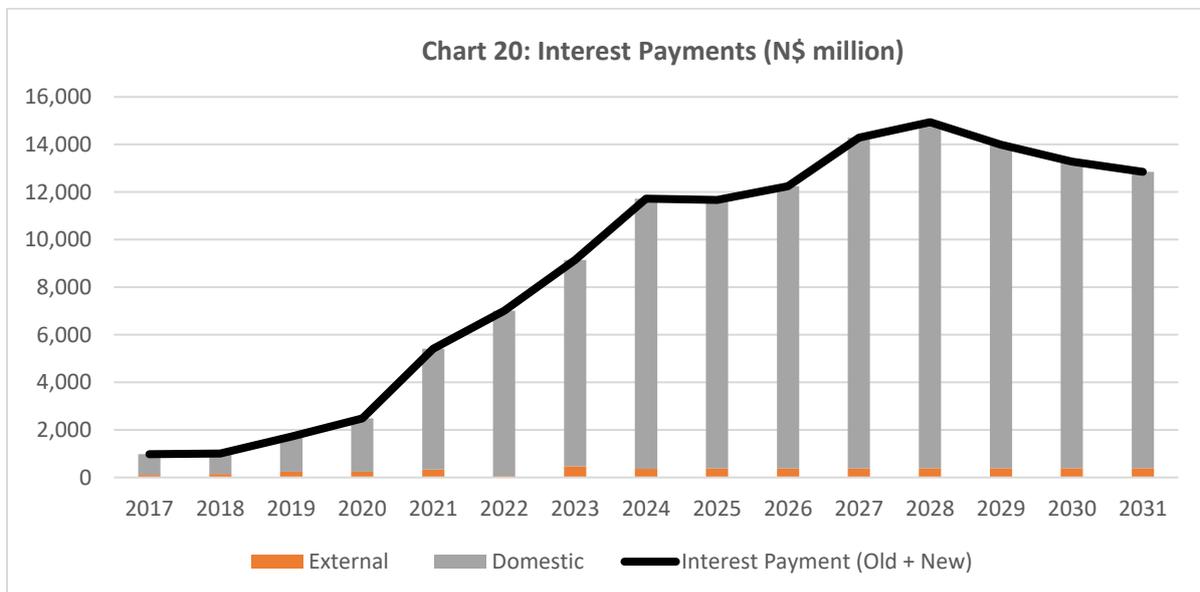
As a result of the State’s modest increase in GDP, great improvement in IGR, increase in Personnel, Overhead costs, and Capital Expenditure. The increased in projected expenditure increase the debt through Primary Balance. Yobe State’s Debt Stock estimated to increase from N97.520 billion in 2022 to N110.768 in 2031. External Debt projected to decrease to N7.482 billion while Domestic Debt to increase by N103.286 billion over the projection period, 2022-2031.



Principal Repayment projected to increase from N12.590 billion in 2022 to N20.535 billion in 2031. External principal repayment projected to increase by 278.89 million and Domestic principal repayment by N20.256 billion over the projection period.



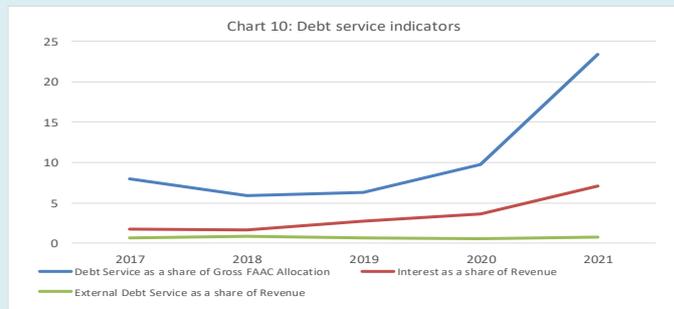
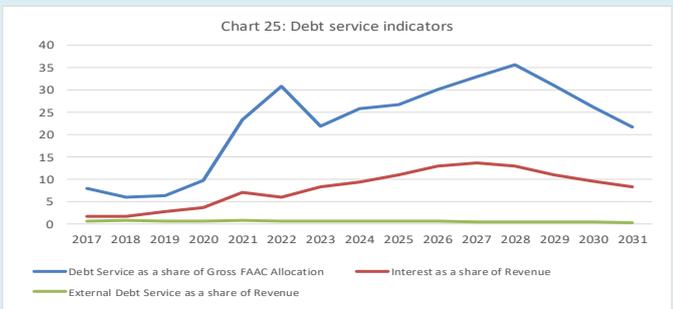
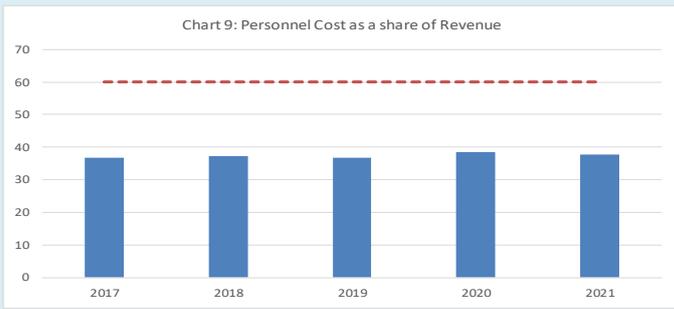
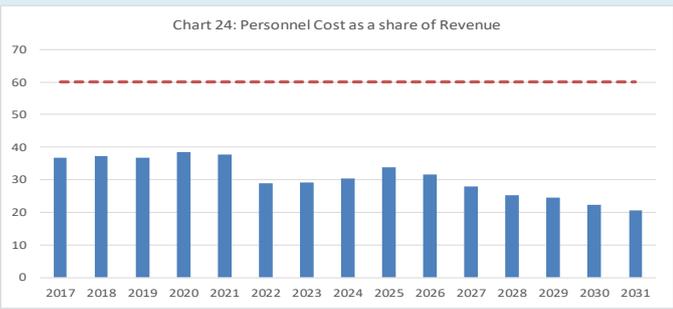
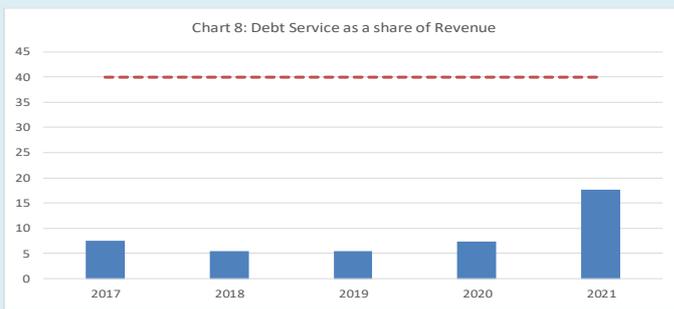
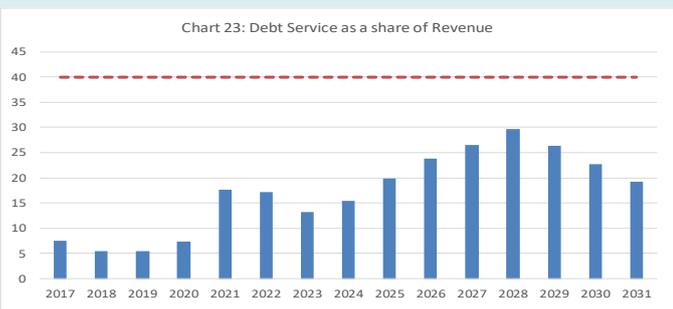
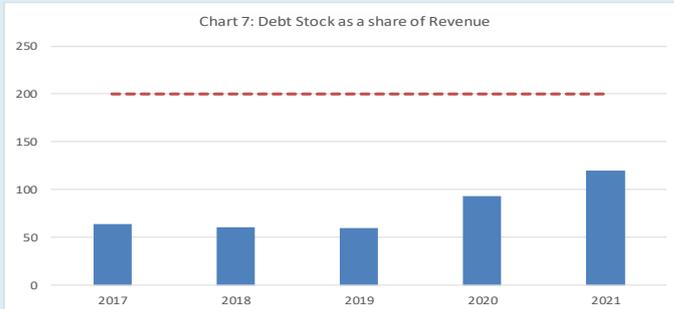
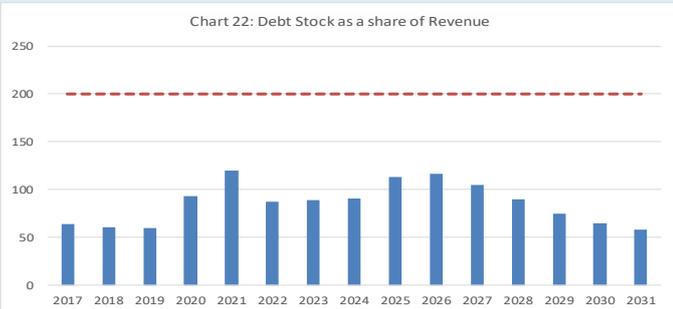
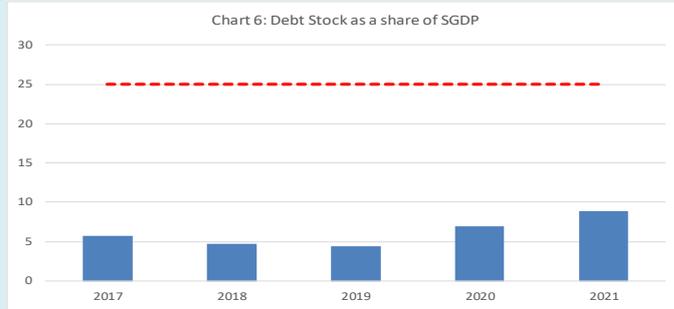
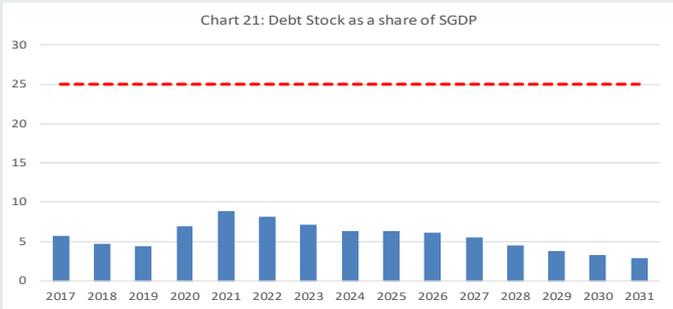
Interest payment projected to increase from N6.601 billion in 2022 to N15.957 billion in 2031. External principal repayment projected to increase by N394.02 million and Domestic principal repayment by N15.563 billion from 2022 to 2031 over the projection period.



MAIN FINDING

The Baseline Scenario results shows that the ratio of Debt as % of GDP estimated at 8.1 percent in 2022, 7.1 percent in 2023, 6.1 percent in 2026, 4.6 percent in 2028 and 2.9 percent in 2031, respectively, as against the indicative threshold of 25 percent. The ratio of Debt as % of Revenue estimated at 87.6 percent in 2022, 88.8 percent in 2023, 113.3 percent in 2025, 89.5 percent in 2028 and 58.2 percent in 2031, respectively, the ratio of Debt as % of Revenue remain below the threshold of 200 percent over the projection period. Meanwhile, the ratios of Debt Service to Revenue and Personnel Cost to Revenue trends remains below threshold

over the projection period from 2022 to 2031, with the strongminded efforts by the State Government through its various initiatives and reforms in the key sectors of the economy, respectively.



CONCLUSION

Yobe State DSA result shows that, the State remains at the Low Risk of Debt Distress. The State remains mostly sensitive to the revenue shocks, expenditure shocks, exchange rate shocks, interest rate shocks and historical shocks, indicating that an increase in aggregate output, does not result to a proportionate increase in revenue. There is, therefore, the urgent need for the authorities to fast-track efforts aimed at further diversifying the sources of revenue away from crude oil (FAAC), as well as implement far-reaching policies that will bolster IGR into the state. This has become critical, given the continued volatility in the FAAC allocation.

4.4 DSA SENSITIVITY ANALYSIS

The State faces important sources of fiscal risks associated to the possibility of adverse country wide macroeconomic conditions and the reversal of the State's revenue and expenditure policies. A sensitivity analysis is undertaken considering macroeconomic shocks and policy shocks to evaluate the robustness of the sustainability assessment for the baseline scenarios discussed in the previous sub-sections. When considering both macroeconomic and policy shocks, it is assumed that external and domestic borrowings cover any revenue shortfall and additional expenditure relative to the baseline scenario discussed earlier.

The 2022 DSA analysis shows that Yobe remains at moderate of debt distress under sensitivity analysis. The State DSA analysis shows deteriorate related to revenue shocks, expenditure shocks, exchange rate shocks, interest rate shocks and historical shock, that would lead to increase Gross Financing Needs over the projection period. The shocks apply is close to the threshold under debt as percent of Revenue from 2026 to 2029 under revenue and expenditure shocks. The debt service as percent of Revenue breached the benchmarks from 2027 to 2033 through revenue and expenditure shocks. There is, an urgent need for the authorities to fast-track efforts aimed at further diversifying the sources of revenue away from crude oil (FAAC), as well as implement far-reaching policies that will bolster IGR into the state. This has become critical, given the continued volatility in the FAAC allocation.

Chart 27: Debt Stock as a share of SGDP

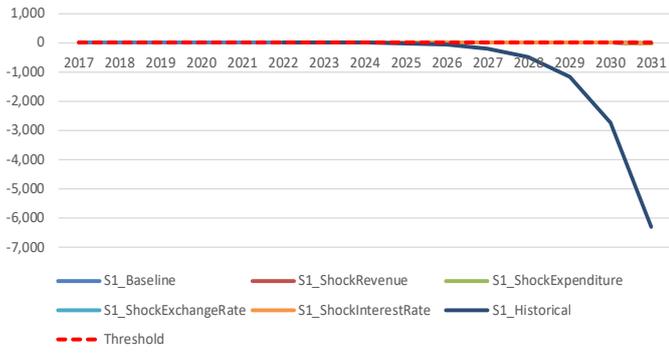


Chart 12: Debt Stock as a share of SGDP

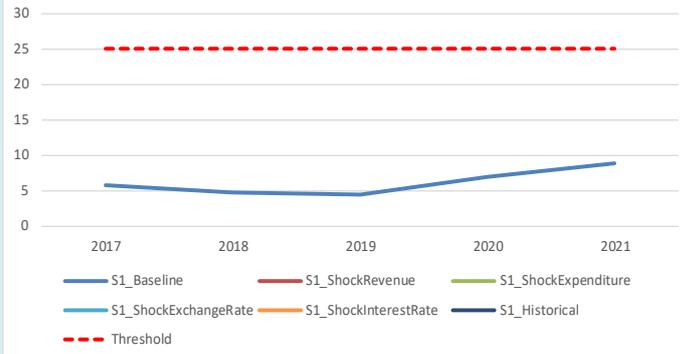


Chart 28: Debt Stock as a share of Revenue

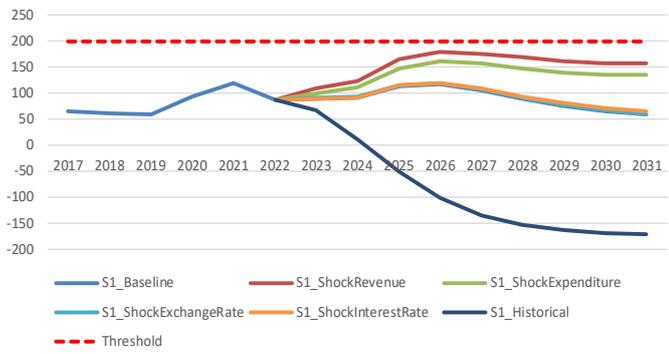


Chart 13: Debt Stock as a share of Revenue

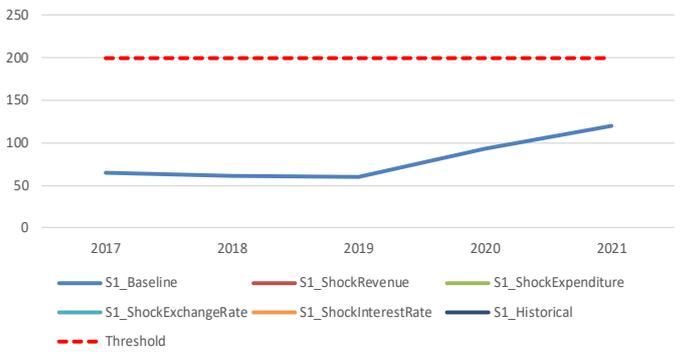


Chart 29: Debt Service as a share of Revenue

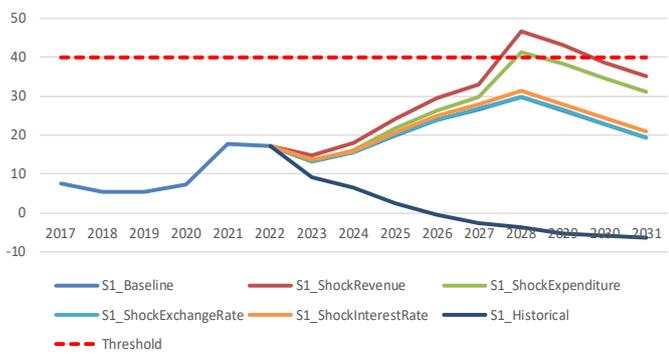


Chart 14: Debt Service as a share of Revenue

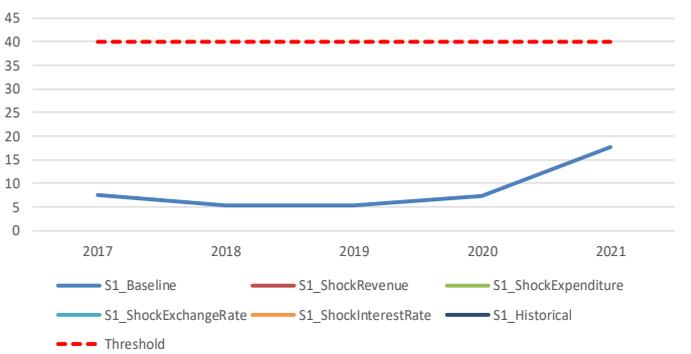


Chart 30: Personnel Cost as a share of Revenue

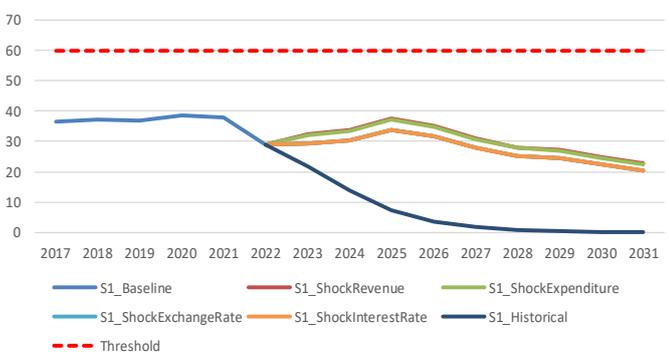
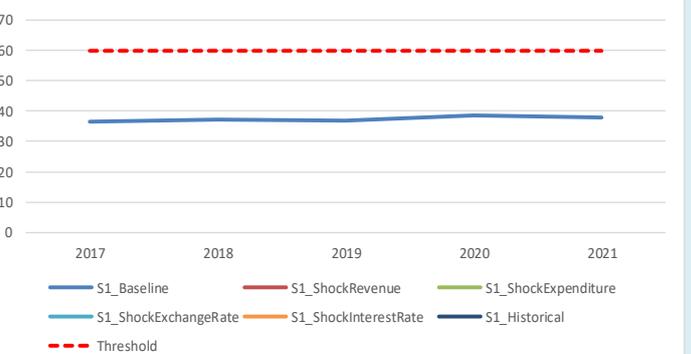


Chart 15: Personnel Cost as a share of Revenue



5.0 DEBT MANAGEMENT STRATEGY

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 Yobe. 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. Following four strategies are assessed by the government. The Yobe's Debt Management Strategy, 2022-2026, analyses the debt management strategies outcomes of the three debt management performance indicators namely Debt Stock to Revenue, Debt Services to Revenue and Interest to Revenue. The cost is measured by the expected value of a performance indicator in 2026, as projected in the baseline scenario. Risk is measured by the deviation from the expected value in 2026 caused by an un-expected shock, as projected in the most adverse scenario.

5.1 Alternative Borrowing Options

Strategy 1 (S1) reflects a "Baseline" MTEF Financing Mix: In this strategy the government decided to focus more of its financing from 2022 to 2026, through The Domestic gross financing comprises of commercial bank loans, State bonds and other domestic financing. The Domestic Financing under the Commercial Bank loans (maturity of 1-5 years) accounts on average 26.59 percent, Commercial Bank loans (maturity above 6 years) accounts on average 40.99 percent, State Bonds (maturity of 1-5 years) accounted on average of 19.32 percent and state Bonds (maturity 6 years or longer) 13.10 percent over the DMS period of 2022 to 2026.

Strategy 2 (S2) focus more financing through commercial bank loans: In this strategy it has been assumed the distribution remains the same in 2022 as its in strategy 1. The remaining of borrowing distributions from 2022 to 2026, the state government will focus its financing through commercial bank loans with average 31.09 percent under maturity of 1-5 years and 19.81 percent under maturity of above 6 years, State Bonds with average of 49.11 percent over the strategic period, compared to other financing needs.

Strategy (S3) focus its financing through domestic debt market. In strategy 3, the government decided to focus more of its financing from 2022 to 2026, through State Bonds (1-5 years), State Bonds (above 6 years), Commercial Bank loans (1-5 years) with an average of 15.17 percent, 34.27 percent, 28.51 percent, respectively. as against the Commercial Bank loans with the maturity of above 6 years with average of 22.05. This strategy considers the scenario where proportions of external and domestic debt instruments in 2022 remains the same with strategy 1 and 2.

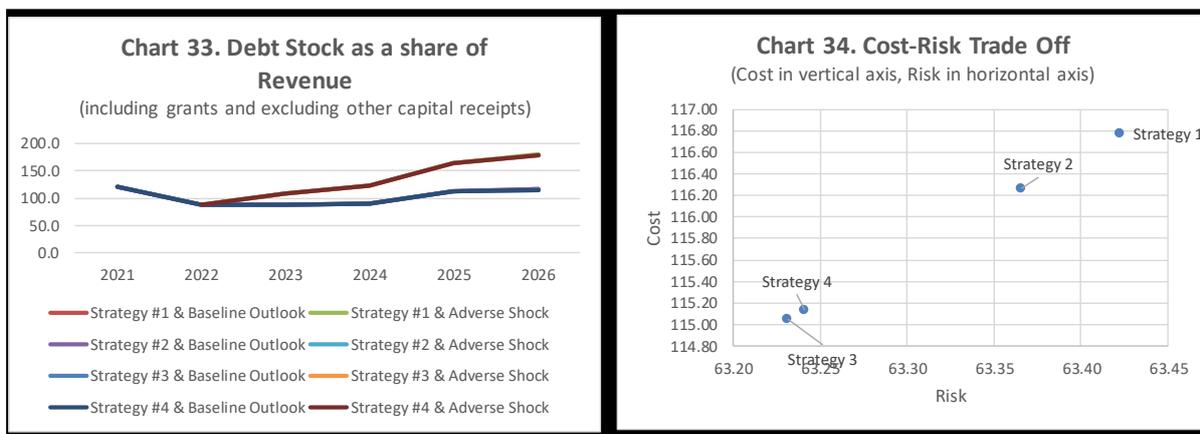
Strategy (S4) focus its financing through external Concessional Loans. It follows the broad parameters of the financing mix in the fiscal year 2022 and MTEF, 2022-2024. This Strategy (S4) considers the scenario where proportions of external and domestic debt instruments in 2022 differs with strategy 1,2 and 3. External Financing - Concessional Loans and Bilateral loans represents an average of 13.09 percent from 2022-2026, compared with the other gross financing which comprises Commercial bank loans (1-5 years) of 34.43 percent and Commercial bank loans (above 6 years) of 21.38 percent, state bonds (maturity 1-5 years) of 15.32 percent and state bonds (maturity of 6 years or longer) of 15.78 percentage respectively.

5.2 DMS Simulation Results

Analysis of strategies & outcomes of the analysis. The cost risk trade off charts illustrates the performance of the alternative strategies with respect to four debt burden indicators.

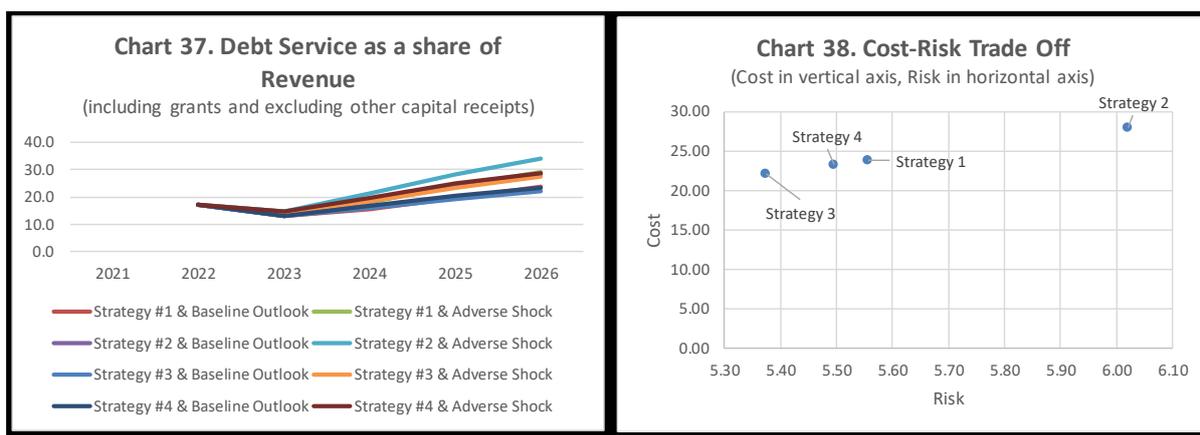
a. Debt as a share Revenue:

- Strategy 3 and 4 shows the Cost ratio of Debt to Revenue estimated to increase from 87.6 percent in 2022 to 115.1 percent, as against Strategy 1 of 116.8 percent, Strategy 2 of 116.3 percent over the DMS period of 2026, compared with the Risks measured of Strategy 3 (63.2 percent), Strategy 1 (63.4 percent), Strategy 2 (63.4 percent) and Strategy 4 (63.2 percent), respectively.
- Analysis using this debt indicator of debt to revenue shows that S3 is the least costly and riskier which was estimated at 115.1 percent and 63.2 percent compared to Strategy 1 (116.8 percent and 63.4 percent) Strategy 2 (116.3 percent and 63.4 percent), respectively. On the other hand, Strategy 1 is the costliest and riskiest strategy which was estimated as 116.8 percent and 63.4 percent, Strategy 1 concentrated on more State bonds borrowings and commercial bank loans with no proportion of external financing over the DMS period of 2022-2026.



b. Debt Service as a share of Revenue:

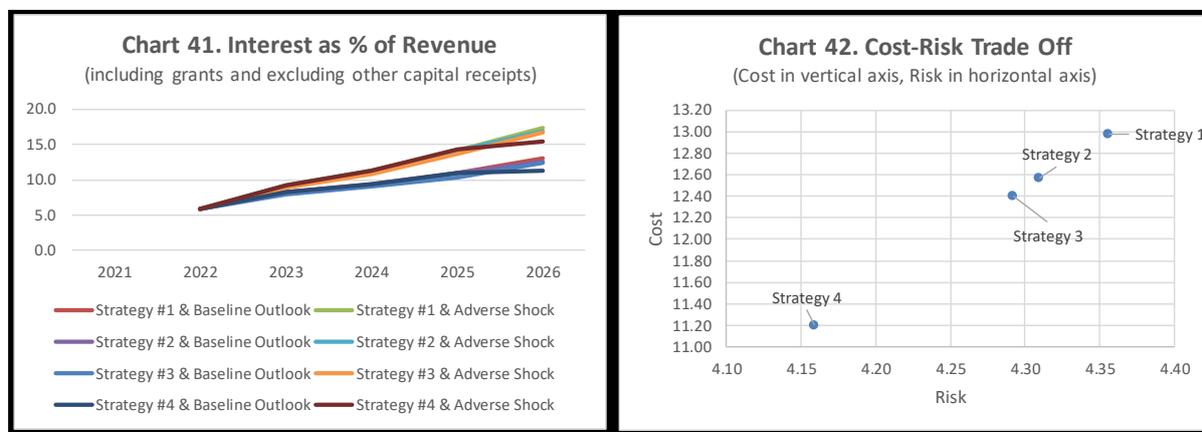
- In terms of Debt Service to Revenue, Strategy 3 has the lowest costs of 17.2 percent in 2022 to 22.1 percent in 2026 and lowest risks of 5.4 percent compared to Strategy 1 (costs at 23.8 percent and risks at 5.6 percent), Strategy 4 (costs at 23.2 percent and risks at 5.5 percent) and Strategy 2 (costs at 28.0 percent and risks at 6.0 percent), respectively, as at end of the strategic period of 2026.
- Strategy 3 has the lowest costs at 22.1 percent and minimum risks at 5.4 percent under the Debt Service to Revenue, followed by Strategy 4 costs at 23.2 percent and risks at 5.5 percent. But the Strategy 2 is the costliest and riskiest strategy as the domestic debt financing considered more commercial bank loans.



c. Interest as a share of Revenue

- Strategy 4 is the least costs with regards Interest to Government revenues, which projected the Costs at 11.2 percent and Risks at 4.2 percent, whilst Strategy 1 is the most costly and risky strategy at 13.0 percent and 4.4 percent, compared to Strategy 3 with moderate costs and risks of 12.4 percent and 4.3 percent and Strategy 2 with estimated costs and risks of 12.6 percent and 4.3 percent, as at end of the strategic period of 2026.

- The ratios of Interest as percent of Revenue analysis shows that S4 yield the lowest costs and risks due to external financing, as the external debt service terms requirement has low interest rate, longer maturity and grace period in concessional external financing. Compared to S1 and S2 with the moderate costs and risks. S1 is the most costly and risky strategy.



5.3 DMS Assessment

The preferred strategy was not solely based on the Analytical Tool assessment of all four strategies but took into consideration the ability to implement the chosen strategy successfully in the medium-term. Therefore, although the Analytical Tool's results of costs and risks would suggest that the recommended strategy be S3 these results were just marginally better when compared with Strategy S1. **Strategy 3 was considered as the most feasible of the strategies to implement in the short to medium-term and it would still greatly improve the portfolio's debt position relative to the base year 2021.**

In comparison to the current debt position, Yobe State debt portfolio stood at N 91.842 billion as at end of-2021, which expected an increase to N122.027 billion under Strategy 3 to the end of the strategic period, compared to Strategy 1 (N126.453 billion), Strategy 2 (N135.444billion), and Strategy 4 (N122.115 billion). In addition to this, the cost/risk trade-offs are considered, using the debt to GDP, debt to revenue, debt service to GDP, debt service to revenue, interest to GDP and interest payment to GDP ratios, S3 is selected as the preferred strategy for the 2022-2026.

The Debt Management Strategy, 2022-2026 represents a robust framework for prudent debt management, as it provides a systematic approach to decision making on the appropriate composition of external and domestic borrowing to finance the 2022 budget. The cost-risk trade-off of alternative borrowing strategies under the DMS has been evaluated within the medium-term context.

ASSUMPTION

- a. Opening Balance – The state anticipated opening balance of ₦9.199 billion for the three years period.
- b. Statutory Allocation – This is estimated using the elasticity forecasting which project ₦38.644 government’s share of FAAC in 2022, ₦43.887 billion, 2023 and slightly decline to ₦41.989 billion in 2024.
- c. Value Added Tax (VAT) – government share of VAT is estimated using own value ₦20.526 billion in 2022, 2023 and 2024.
- d. Excess Crude – Excess Crude and other FAAC Revenues expected is earmarked at ₦2.982 billion for the three years period.
- e. Internally Generated Revenue (IGR) – The state government anticipate increasing its revenue base, blocking the identified leakages. The sum of ₦21.203 billion was earmarked in 2022. This also include refund on NEPA ground rent of ₦5 billion.
- f. Grants – sum of ₦28 billion was earmarked as grants in 2022 comprising internal grant of ₦22.3 billion and ₦5.7 billion External grant (SFTAS).
- g. Miscellaneous Capital Receipts – ₦21.177 billion was earmarked as other capital receipt expected from the refunds on expenditures government incurred on federal roads and other sources of government revenues.
- h. Financing (Net Loans) – sum of ₦2.5 billion is expected to be collected from NCARES on program for results loan facility basis, and ₦15.00 billion is expected from Federal Government budget support facility.
- i. Personnel – sum of ₦30.618 billion earmarked as personnel cost in 2022, ₦32.482 billion in 2023 and ₦33.294 billion in 2024 respectively.
- j. Social Contribution and Social Benefits – ₦5.870 was earmarked for payment of pension, gratuities, and other social contributions.
- k. Overheads – other recurrent services witnessed a steady growth year-on-year with ₦29.437 billion in 2022, ₦30.173 billion and ₦31.078 billion in 2023 and 2024 respectively using own percentage forecasting method.
- l. Grants, Contributions, Subsidies and Transfers – sum of ₦1.989 million was earmarked in 2022, ₦2.018 and ₦2.119 billion in 2023 and 2024 respectively.
- m. Public Debt Service – Sum of ₦21.300, ₦19.170, and ₦17.253 billion was earmarked to service the debts in 2022, 2023 and 2024 respectively.
- n. Capital Expenditure – sum of ₦73.657 billion in 2022, ₦34.960 billion and ₦33.444 billion in 2023 and 2024

ANNEXURES I

2022		Projection Methodology	Source
Assumptions:			
Economic activity	State GDP (at current prices)	State GDP projected using the actual S-GDP and projected N-GDP nominal growth rate	State Statistics and NBS
Revenue	<p>Revenue</p> <ol style="list-style-type: none"> Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation) <ol style="list-style-type: none"> of which Net Statutory Allocation ('net' means of deductions) 1.b. of which Deductions Derivation (if applicable to the State) Other FAAC transfers (exchange rate gain, augmentation, others) VAT Allocation IGR Capital Receipts <ol style="list-style-type: none"> Grants Sales of Government Assets and Privatization Proceeds Other Non-Debt Creating Capital Receipts 	<p>Statutory Allocation – This is estimated using the elasticity forecasting which project N38.644 government's share of FAAC in 2022, N38.555 billion, 2023 and slightly decline to N38.418 billion in 2024, 38.633 billion in 2025, while 2026 to 2031 Projections are from Federal government MTEF</p> <p>Net Statutory Allocation – This is estimated using the elasticity forecasting which project N32.968 government's share of FAAC in 2022, N32.847 billion in 2023 and slightly decline to N32.710 billion in 2024, 32.925 billion in 2025, while 2026 to 2031 Projections are from Federal government MTEF</p> <p>Net Statutory Allocation – This is estimated using the elasticity forecasting which project N32.968 government's share of FAAC in 2022, N32.847 billion in 2023 and slightly decline to N32.710 billion in 2024, 32.925 billion in 2025, while 2026 to 2031 Projections are from Federal government MTEF</p> <p>Excess Crude – Excess Crude and other FAAC Revenues expected is earmarked at N2.982 billion in 2022, 4655 billion in 2023, 2982 billion in 2024 and 2025</p> <p>VAT – government share of VAT is estimated using own value N20.526 billion in 2022, 25.794 billion in 2023, 31.554 billion in 2024 and 39.131 billion in 2025, while 2026 to 2031 Projections are from Federal government MTEF</p> <p>Internally Generated Revenue (IGR) – The state government anticipate to increase its revenue base, blocking the identified leakages. The sum of N20.203 billion was earmarked in 2022. This also include refund on NEPA ground rent of N5 billion, 12.525 billion in 2023, 14.902 billion in 2024 and 17.998 billion in 2025.</p> <p>Grants – sum of N28 billion was earmarked as grants in 2022 comprising N300 mill expected from conditional grand scheme (CGS), 20 billion for the development of natural resources and tourism, 1.5 billion UBE Maching grants and 500 million Agro climatic Resilience, while the sum of N5.7 billion external grant from SFTAS</p> <p>Other Capital Receipts – N25.899 billion was earmarked in 2022 which comprises of N21.177 billion as refunds from federal government on federal roads executed by the state government and N4.722 billion extraordinary items.</p>	<p>2022 Approved Budget & EFU-FSP-BPS, 2023-2025</p>
Expenditure	<p>Expenditure</p> <ol style="list-style-type: none"> Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other) Overhead costs Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation) Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments) Capital Expenditure 	<p>Personnel – sum of N37.560 billion earmarked as personnel cost in 2022, N30.931 billion in 2023, 31.704 billion in 2024 and N32.497, billion in 2025 respectively</p> <p>Overheads – other recurrent services witnessed a steady growth year-on-year with N25.716 billion in 2022, N30.312 billion and N26.768 billion in 2023 and 2024, 26.768 billion in 2025 respectively using own percentage forecasting method.</p> <p>Interest payments was earmarked as N7.012 billion in 2022, N9.342 billion in 2023, N11.715 billion in 2024 and N11.673 billion in 2025 respectively.</p> <p>Social Contribution and Social Benefits – N3.792 was earmarked for payment of pension, gratuities and other social contributions. 2.Grants, Contributions, Subsidies and Transfers – sum of N21.615 million was earmarked in 2022, N24.857 and N28.586 billion in 2023 and 2024 respectively.</p> <p>Capital Expenditure – sum of N73.657 billion in 2022, N75.355 billion and N39.318 billion in 2023 and 2024, 47.234 in 2025</p>	<p>2022 Approved Budget & EFU-FSP-BPS, 2023-2025</p>
Closing Cash and Bank Balance	Closing Cash and Bank Balance	Closing Balance – The state anticipated closing balance of N2.300 billion in 2022, N3.500 in 2023 and N3.500 in 2024	2022 Approved Budget & EFU-FSP-BPS, 2023-2025
Debt Amortization and Interest Payments	<p>Debt Outstanding at end-2021</p> <p>External Debt - amortization and interest</p> <p>Domestic Debt - amortization and interest</p> <p>New debt issued/contracted from 2022 onwards</p> <p>New External Financing</p> <p>External Financing - Concessional Loans (e.g., World Bank, African Development Bank)</p> <p>External Financing - Bilateral Loans</p> <p>Other External Financing</p> <p>New Domestic Financing</p> <p>Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans)</p> <p>State Bonds (maturity 1 to 5 years)</p> <p>State Bonds (maturity 6 years or longer)</p> <p>Other Domestic Financing</p>	<p>Amortization and interest payments estimated using profiles recorded in the DMO. Include the external debt service paid through FAAC deductions</p> <p>Amortization and interest payments estimated using profiles recorded in the DMO. Include the external debt service paid through FAAC deductions</p> <p>Insert the Borrowing Terms for New External Debt: Interest rate (%), maturity (# years) and grace period (#)</p> <p>Interest Rate 1.5%, Maturity of 30 years, and Grace period of 7 year</p> <p>Interest Rate 2.5%, Maturity of 12 years, and Grace period of 5 year</p> <p>Interest Rate 15%, Maturity of 4 years, and Grace period of 1 year</p> <p>Insert the Borrowing Terms for New Domestic Debt: Interest rate (%), maturity (# years) and grace period (#)</p> <p>Interest Rate 19%, Maturity of 4 years, and Grace period of 1 year</p> <p>Interest Rate 19%, Maturity of 10 years, and Grace period of 1 year</p> <p>Interest Rate 18%, Maturity of 5 years, and Grace period of 1 year</p> <p>Interest Rate 17%, Maturity of 7 years, and Grace period of 1 year</p>	<p>DMO, Nigeria and Yobe State Government</p>
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S1	<p>Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S1</p> <p>New Domestic Financing in Million Naira</p> <p>Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans)</p> <p>State Bonds (maturity 1 to 5 years)</p> <p>State Bonds (maturity 6 years or longer)</p> <p>Other Domestic Financing</p> <p>New External Financing in Million US Dollar</p> <p>External Financing - Concessional Loans (e.g., World Bank, African Development Bank)</p> <p>External Financing - Bilateral Loans</p> <p>Other External Financing</p>	<p>Financing (Net Loans) – sum of N2.5 billion is expected to be collected from NCARES on programme for results loan facility basis and N15 billion (BSF) Finance bridging</p> <p>Financing (Net Loans) – sum of N2.5 billion is expected to be collected from NCARES on programme for results loan facility basis and N15 billion (BSF) Finance bridging</p> <p>Financing (Net Loans) – sum of N2.5 billion is expected to be collected from NCARES on programme for results loan facility basis and N15 billion (BSF) Finance bridging</p> <p>Financing (Net Loans) – sum of N2.5 billion is expected to be collected from NCARES on programme for results loan facility basis and N15 billion (BSF) Finance bridging</p> <p>Financing (Net Loans) – sum of N2.5 billion is expected to be collected from NCARES on programme for results loan facility basis and N15 billion (BSF) Finance bridging</p> <p>Financing (Net Loans) – sum of N2.5 billion is expected to be collected from NCARES on programme for results loan facility basis and N15 billion (BSF) Finance bridging</p> <p>Financing (Net Loans) – sum of N2.5 billion is expected to be collected from NCARES on programme for results loan facility basis and N15 billion (BSF) Finance bridging</p>	<p>2022 Approved Budget & EFU-FSP-BPS, 2023-2025</p>
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S2	<p>Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S2</p> <p>New Domestic Financing in Million Naira</p> <p>Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans)</p> <p>State Bonds (maturity 1 to 5 years)</p> <p>State Bonds (maturity 6 years or longer)</p> <p>Other Domestic Financing</p> <p>New External Financing in Million US Dollar</p> <p>External Financing - Concessional Loans (e.g., World Bank, African Development Bank)</p> <p>External Financing - Bilateral Loans</p> <p>Other External Financing</p>	<p>Financing distributions was agreed by the State DSA-DMS Technical Team</p> <p>Financing distributions was agreed by the State DSA-DMS Technical Team</p> <p>Financing distributions was agreed by the State DSA-DMS Technical Team</p> <p>Financing distributions was agreed by the State DSA-DMS Technical Team</p> <p>Financing distributions was agreed by the State DSA-DMS Technical Team</p> <p>Financing distributions was agreed by the State DSA-DMS Technical Team</p>	<p>DSA-DMS Technical Team</p>
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S3	<p>Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S3</p> <p>New Domestic Financing in Million Naira</p> <p>Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans)</p> <p>State Bonds (maturity 1 to 5 years)</p> <p>State Bonds (maturity 6 years or longer)</p> <p>Other Domestic Financing</p> <p>New External Financing in Million US Dollar</p> <p>External Financing - Concessional Loans (e.g., World Bank, African Development Bank)</p> <p>External Financing - Bilateral Loans</p> <p>Other External Financing</p>	<p>Financing distributions was agreed by the State DSA-DMS Technical Team</p> <p>Financing distributions was agreed by the State DSA-DMS Technical Team</p> <p>Financing distributions was agreed by the State DSA-DMS Technical Team</p> <p>Financing distributions was agreed by the State DSA-DMS Technical Team</p> <p>Financing distributions was agreed by the State DSA-DMS Technical Team</p> <p>Financing distributions was agreed by the State DSA-DMS Technical Team</p>	<p>DSA-DMS Technical Team</p>
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S4	<p>Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S4</p> <p>New Domestic Financing in Million Naira</p> <p>Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans)</p> <p>State Bonds (maturity 1 to 5 years)</p> <p>State Bonds (maturity 6 years or longer)</p> <p>Other Domestic Financing</p> <p>New External Financing in Million US Dollar</p> <p>External Financing - Concessional Loans (e.g., World Bank, African Development Bank)</p> <p>External Financing - Bilateral Loans</p> <p>Other External Financing</p>	<p>Financing distributions was agreed by the State DSA-DMS Technical Team</p> <p>Financing distributions was agreed by the State DSA-DMS Technical Team</p> <p>Financing distributions was agreed by the State DSA-DMS Technical Team</p> <p>Financing distributions was agreed by the State DSA-DMS Technical Team</p> <p>Financing distributions was agreed by the State DSA-DMS Technical Team</p> <p>Financing distributions was agreed by the State DSA-DMS Technical Team</p>	<p>DSA-DMS Technical Team</p>

Debt Management Unit, Yobe State

ANNEXURES II

Indicator	Actuals					Projections									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
BASELINE SCENARIO															
Economic Indicators															
State GDP (at current prices)	623,046.00	758,924.00	849,453.00	910,480.00	1,039,292.00	1,197,721.00	1,385,732.00	1,571,776.00	1,781,765.00	2,019,809.00	2,289,655.00	2,595,553.00	2,942,319.00	3,335,413.00	3,781,024.00
Exchange Rate NGN/US\$ (end-Period)	253.19	305.79	306.50	326.00	379.00	410.00	410.00	410.00	410.00	410.00	410.00	410.00	410.00	410.00	410.00
Fiscal Indicators (Million Naira)															
Revenue	63,757.00	74,877.00	66,110.00	101,729.00	111,303.00	154,753.96	123,072.02	122,221.98	120,976.76	131,000.22	137,222.26	146,995.28	164,603.15	187,659.55	212,491.93
1. Gross Statutory Allocation ('gross' means with no deductions; do not inc	28,157.00	43,023.00	42,382.00	33,838.00	34,356.00	38,644.00	43,887.00	41,990.00	35,563.00	39,120.00	43,032.00	47,335.00	52,068.00	57,275.00	63,003.00
1.a. of which Net Statutory Allocation ('net' means of deductions)	26,677.00	41,528.00	40,218.00	32,644.00	29,486.00	28,204.00	35,712.00	33,815.00	27,388.00	30,945.00	37,121.00	41,424.00	46,157.00	51,364.00	59,264.00
1.b. of which Deductions	1,480.00	1,495.00	2,164.00	1,194.00	4,870.00	10,440.00	8,175.00	8,175.00	8,175.00	8,175.00	5,911.00	5,911.00	5,911.00	5,911.00	3,739.00
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)	14,643.00	1,165.00	219.00	4,155.00	3,611.00	2,982.00	2,982.00	2,982.00	5,603.10	5,568.10	6,100.00	6,138.83	6,445.77	6,768.06	7,100.00
4. VAT Allocation	9,104.00	10,182.00	11,078.00	13,396.00	19,968.00	20,526.00	20,526.00	20,526.00	32,809.00	39,371.00	47,245.00	56,694.00	68,033.00	81,639.00	97,967.00
5. IGR	3,598.00	4,375.00	8,515.00	6,833.00	8,492.00	21,203.00	21,627.00	22,059.00	20,200.00	20,250.00	20,300.00	20,451.10	20,400.00	20,500.00	20,550.00
6. Capital Receipts	8,255.00	16,132.00	3,916.00	43,507.00	44,876.00	71,398.96	34,050.02	34,664.98	26,801.66	26,691.13	20,545.26	16,376.35	17,656.38	21,477.49	23,871.93
6.a. Grants	0.00	625.00	0.00	9,998.00	9,917.00	28,000.00	22,300.00	22,300.00	5,000.00	1,750.00	3,000.00	1,750.00	1,750.00	1,750.00	1,800.00
6.b. Sales of Government Assets and Privatization Proceeds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.c. Other Non-Debt Creating Capital Receipts	0.00	15,507.00	3,216.00	6,500.00	0.00	25,899.00	5,000.00	5,000.00	0.00	2,000.00	0.00	0.00	0.00	0.00	0.00
6.d. Proceeds from Debt-Creating Borrowings (bond issuance, loan disbu	8,255.00	0.00	700.00	27,009.00	34,959.00	17,499.96	6,750.02	7,364.98	21,801.66	22,941.13	17,545.26	14,626.35	15,906.38	19,727.49	22,071.93
Expenditure	70,947.90	71,090.00	79,185.83	90,197.21	117,456.29	161,845.27	120,392.42	123,052.08	123,612.66	130,000.22	137,722.26	146,093.78	165,004.65	188,659.55	208,991.93
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	20,345.00	22,048.00	22,872.00	26,274.00	28,880.00	32,200.00	32,482.00	33,295.00	33,600.00	33,525.00	33,500.00	33,450.00	36,500.00	37,595.80	39,000.00
2. Overhead costs	9,860.00	11,499.00	15,102.00	13,927.00	25,786.00	31,437.00	30,173.00	31,079.00	27,022.90	27,100.00	27,150.00	27,150.00	31,000.00	32,000.00	35,000.00
3. Interest Payments (Public Debt Charges, including interests deducted fro	999.23	1,009.25	1,736.28	2,515.67	5,410.90	6,601.27	9,276.87	10,209.51	10,825.09	13,764.92	16,291.84	17,119.77	16,395.65	15,980.84	15,956.77
3.a. of which Interest Payments (Public Debt Charges, excluding interest:	876.00	856.00	1,482.00	2,239.00	4,399.17	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	123.23	153.25	254.28	276.67	1,011.73	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	8,067.00	7,697.00	7,579.00	7,576.00	4,837.00	5,360.00	8,036.00	8,286.00	8,300.00	8,150.00	8,304.98	8,307.47	8,309.96	9,000.00	13,000.00
5. Capital Expenditure	28,454.00	26,699.00	30,096.00	37,165.00	44,421.00	73,657.00	34,960.00	33,444.00	35,000.00	36,000.00	37,000.00	38,000.00	50,000.00	72,000.00	85,500.00
6. Amortization (principal) payments	3,222.67	2,137.75	1,800.55	2,739.54	8,121.39	12,590.00	5,464.55	6,738.57	8,864.67	11,460.30	15,475.44	22,066.54	22,799.04	22,082.91	20,535.17
Budget Balance ('+' means surplus, '-' means deficit)	-7,190.90	3,787.00	-13,075.83	11,531.79	-6,153.29	-7,091.31	2,679.60	-830.10	-2,635.90	1,000.00	-500.00	901.50	-401.50	-1,000.00	3,500.00
Opening Cash and Bank Balance	20,478.94	13,288.04	17,075.04	3,999.21	15,531.00	9,377.71	2,286.40	4,966.00	4,135.90	1,500.00	2,500.00	2,000.00	2,901.50	2,500.00	1,500.00
Closing Cash and Bank Balance	13,288.04	17,075.04	3,999.21	15,531.00	9,377.71	2,286.40	4,966.00	4,135.90	1,500.00	2,500.00	2,000.00	2,901.50	2,500.00	1,500.00	5,000.00

Financing Needs and Sources (Million Naira)

Financing Needs	43,398.96	11,750.02	12,364.98	21,801.66	24,941.13	17,545.26	14,626.35	15,906.38	19,727.49	22,071.93
i. Primary balance	-31,299.00	5,671.00	3,753.00	-4,747.80	1,284.10	13,722.02	25,461.46	22,886.60	17,336.26	17,920.00
ii. Debt service	19,191.27	14,741.42	16,948.08	19,689.76	25,225.22	31,767.28	39,186.31	39,194.69	38,063.75	36,491.93
Amortizations	12,590.00	5,464.55	6,738.57	8,864.67	11,460.30	15,475.44	22,066.54	22,799.04	22,082.91	20,535.17
Interests	6,601.27	9,276.87	10,209.51	10,825.09	13,764.92	16,291.84	17,119.77	16,395.65	15,980.84	15,956.77
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)	-7,091.31	2,679.60	-830.10	-2,635.90	1,000.00	-500.00	901.50	-401.50	-1,000.00	3,500.00
Financing Sources	43,398.96	11,750.02	12,364.98	21,801.66	24,941.13	17,545.26	14,626.35	15,906.38	19,727.49	22,071.93
i. Financing Sources Other than Borrowing	25,899.00	5,000.00	5,000.00	0.00	2,000.00	0.00	0.00	0.00	0.00	0.00
ii. Gross Borrowings	17,499.96	6,750.02	7,364.98	21,801.66	22,941.13	17,545.26	14,626.35	15,906.38	19,727.49	22,071.93
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	0.00	0.00	7,365.00	0.00	12,941.10	0.00	0.00	15,906.40	0.00	0.00
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	17,500.00	0.00	0.00	13,801.70	0.00	0.00	14,626.40	0.00	0.00	0.00
State Bonds (maturity 1 to 5 years)	0.00	6,750.00	0.00	8,000.00	0.00	17,545.30	0.00	0.00	19,727.50	0.00
State Bonds (maturity 6 years or longer)	0.00	0.00	0.00	0.00	10,000.00	0.00	0.00	0.00	0.00	22,071.90
Other Domestic Financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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	-0.04	0.02	-0.02	-0.04	0.03	-0.04	-0.05	-0.02	-0.01	0.03

Debt Stocks and Flows (Million Naira)

Debt (stock)	35,655.16	36,196.00	37,194.27	63,505.00	91,842.15	97,519.51	98,804.97	99,431.38	112,368.37	123,849.19	125,919.01	118,478.82	111,586.17	109,230.75	110,767.51
External	7,474.16	8,403.00	8,217.27	8,639.00	9,382.15	9,894.55	9,636.99	9,376.87	9,114.14	8,848.78	8,580.77	8,310.08	8,036.68	7,760.55	7,481.66
Domestic	28,181.00	27,793.00	28,977.00	54,866.00	82,460.00	87,624.96	89,167.98	90,054.51	103,254.23	115,000.41	117,338.24	110,168.74	103,549.49	101,470.20	103,285.86
Gross borrowing (flow)	17,499.96	6,750.02	7,364.98	21,801.66	22,941.13	17,545.26	14,626.35	15,906.38	19,727.49	22,071.93					
External	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					
Domestic	17,499.96	6,750.02	7,364.98	21,801.66	22,941.13	17,545.26	14,626.35	15,906.38	19,727.49	22,071.93					
Amortizations (flow)	3,164.03	2,212.23	1,642.58	2,536.04	8,121.39	12,590.00	5,464.55	6,738.57	8,864.67	11,460.30	15,475.44	22,066.54	22,799.04	22,082.91	20,535.17
External	248.13	382.23	168.58	176.04	233.39	255.00	257.55	260.13	262.73	265.36	268.01	270.69	273.40	276.13	278.89
Domestic	2,915.90	1,830.00	1,474.00	2,360.00	7,888.00	12,335.00	5,207.00	6,478.44	8,601.94	11,194.94	15,207.43	21,795.85	22,525.64	21,806.77	20,256.27
Interests (flow)	978.04	1,008.89	1,721.07	2,476.98	5,410.73	6,601.27	9,276.87	10,209.51	10,825.09	13,764.92	16,291.84	17,119.77	16,395.65	15,980.84	15,956.77
External	102.04	152.89	239.07	237.98	329.73	360.27	363.87	367.51	371.18	374.90	378.64	382.43	386.25	390.12	394.02
Domestic	876.00	856.00	1,482.00	2,239.00	5,081.00	6,241.00	8,913.00	9,842.00	10,453.90	13,390.03	15,913.19	16,737.33	16,009.40	15,590.72	15,562.75
Net borrowing (gross borrowing minus amortizations)	4,909.96	1,285.47	626.41	12,936.99	1,285.47	626.41	12,936.99	11,480.83	2,069.82	2,069.82	-7,440.19	-6,892.65	-2,355.42	1,536.77	
External	-255.00	-257.55	-260.13	-262.73	-265.36	-268.01	-270.69	-276.13	-278.89						
Domestic	5,164.96	1,543.02	886.54	13,199.72	11,746.18	2,337.83	-7,169.50	-6,619.26	-2,079.29	1,815.66					

Debt and Debt-Service Indicators

Debt Stock as % of SGDP	5.72	4.77	4.38	6.97	8.84	8.14	7.13	6.33	6.31	6.13	5.50	4.56	3.79	3.27	2.93
Debt Stock as % of Revenue (including grants and excluding other capital rece)	64.24	60.97	59.80	93.09	120.30	87.58	88.76	90.51	113.30	116.77	105.22	89.51	75.04	65.04	58.17
Debt Service as % of SGDP	1.60	1.06	1.08	1.11	1.25	1.39	1.51	1.33	1.14	0.97					
Debt Service as % of Revenue (including grants and excluding other capital receipts)	17.23	13.24	15.43	19.85	23.78	26.54	29.60	26.36	22.67	19.16					
Interest as % of SGDP	0.55	0.67	0.65	0.61	0.68	0.71	0.66	0.56	0.48	0.42					
Interest as % of Revenue (including grants and excluding other capital receipts)	5.93	8.33	9.29	10.92	12.98	13.61	12.93	11.03	9.52	8.38					
Personnel Cost as % of Revenue (including grants and excluding other capital receipts)	28.92	29.18	30.31	33.88	31.61	27.99	25.27	24.55	22.39	20.48					

LIST OF PARTICIPANTS

1. A
2. A
3. B
4. B

HON. COMMISSIONER
YOBE STATE MINISTRY OF FINANCE
& ECONOMIC DEVELOPMENT
P. M. B. 1045, DAMATURU


Mustapha Musa FCNA
Hon. Commissioner,
Ministry of Finance
Yobe State




Muhammad Ibrahim
Head Debt Management Unit
Ministry of Finance

21/12/2022