



YOBE STATE GOVERNMENT

2023

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

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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 2018 - 2022 while also evaluating the ability of the State to sustain its debt in the long term (2023 – 2032). 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.

Note: The DSA-MTDS report is based on the exchange rate of N435.56 to US \$1 from the national Medium-Term Expenditure framework (MTEF) prepared in 2022, which is yet to be reviewed alongside other macroeconomic indicators to reflect current economic realities."

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 2023 Budget and Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS), 2023-2025

2.2.1 Approved 2023 Budget

The 2023 Budget was prepared amidst global challenges created as a result of Russia/Ukraine conflict that resulted in inflation, exchange rate instability, 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 2023 Budget is estimated at N163.005 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 N163.005 billion is proposed by the Yobe State Government in 2023. The 2023 proposed Expenditure comprises, personnel cost of N31.240 billion, Overhead of N30.158 billion, Debt service (Interest and Principal) of N17.525 billion, Other Recurrent Expenditure of N1.932 billion, and Capital Expenditure of N75.143 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

Fiscal Framework

Item	2024	2025	2026
Opening Balance	3,500,000,000	3,500,000,000	3,500,000,000

Recurrent Revenue			
Statutory Allocation	39,787,223,880	40,304,457,790	40,707,502,368
VAT	32,978,784,472	39,401,405,438	46,884,277,622
IGR	14,559,057,444	17,448,255,232	21,047,659,147
Excess Crude/Other FAAC Revenue	14,274,934,204	15,545,881,539	16,060,560,863
Total Recurrent Revenue	101,600,000,000	112,700,000,000	124,700,000,000

Recurrent Expenditure

Personnel Costs	35,842,332,000	37,634,448,600	39,516,171,030
Social Contribution and Social Benefit	6,998,300,000	7,348,215,000	7,715,625,750
Overheads	38,142,468,000	38,905,317,360	39,683,423,707
Grants, Contributions and Subsidies	1,222,900,000	1,247,358,000	1,272,305,160
Public Debt Service	11,950,000,000	10,755,000,000	9,679,500,000
Total	94,156,000,000	95,890,338,960	97,867,025,647
Transfer to Capital Account	10,944,000,000	20,309,661,040	30,332,974,353

Capital Receipts

Grants	56,300,000,000	22,300,000,000	22,300,000,000
Other Capital Receipts	28,100,000,000	0	0
Total	84,400,000,000	22,300,000,000	22,300,000,000

Reserves

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

Capital Expenditure	122,844,000,000	57,109,661,040	62,132,974,353
Discretionary Funds	107,044,000,000	48,309,661,040	55,332,974,353
Non-Discretionary Funds	15,800,000,000	8,800,000,000	6,800,000,000

Financing (Loans)	27,500,000,000	14,500,000,000	9,500,000,000
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Total Revenue (Including Opening Balance)	217,000,000,000	153,000,000,000	160,000,000,000
Total Expenditure (including Contingency)	217,000,000,000	153,000,000,000	160,000,000,000

Closing Balance			
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Ratios			
Growth in Recurrent Revenue	19.17%	10.93%	10.65%
Growth in Recurrent Expenditure	7.16%	1.84%	2.06%
Capital Expenditure Ratio	56.61%	37.33%	38.83%
Deficit (Financing) to Total Expenditure	12.67%	9.48%	5.94%

The Key Objectives of Approved 2023 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 considered critical by the citizens.
- 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 re-structuring) 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, 2018-2022

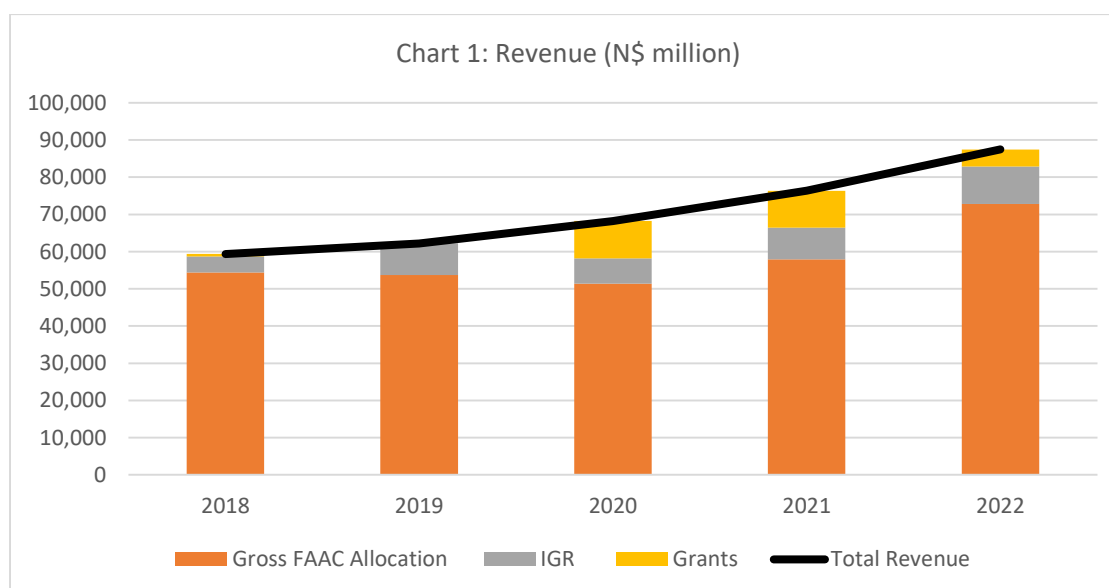
3.1 Revenue

Yobe State's Recurrent Revenue stood at N87.47 billion in 2022 compared to N76.344 billion in the period of 2021, which represent an increase of N11.129 billion or 14.5 percent. The Revenue has shown improvements from 2018 (N59.370 billion) to (N87.473 billion) in 2022, 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 N54.370 billion in 2018 to N51.389 billion in 2020, which present a declined of N 2.981 billion or 5.80 percent, the decline was due to

slow in financial activities during the Coronavirus Pandemic Period in 2020. Meanwhile an increase is recorded from 57.937 in 2021 to 72.790 billion in 2022.

Yobe State's Internally Generated Revenue (IGR) shows a growth during the period under review, the IGR shows a significant grow from N4.375 billion 2018, N8.515 billion in 2019, declined to N6.833 billion due to coronavirus pandemic in 2020 and increase to 10.117 in 2022. 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.

	2018	2019	2020	2021	2022
Total Revenue	59,370	62,194	68,220	76,344	87,473
Gross FAAC Allocation	54,370	53,679	51,389	57,935	72,790
IGR	4,375	8,515	6,833	8,492	10,117
Grants	625	0	9,998	9,917	4,566

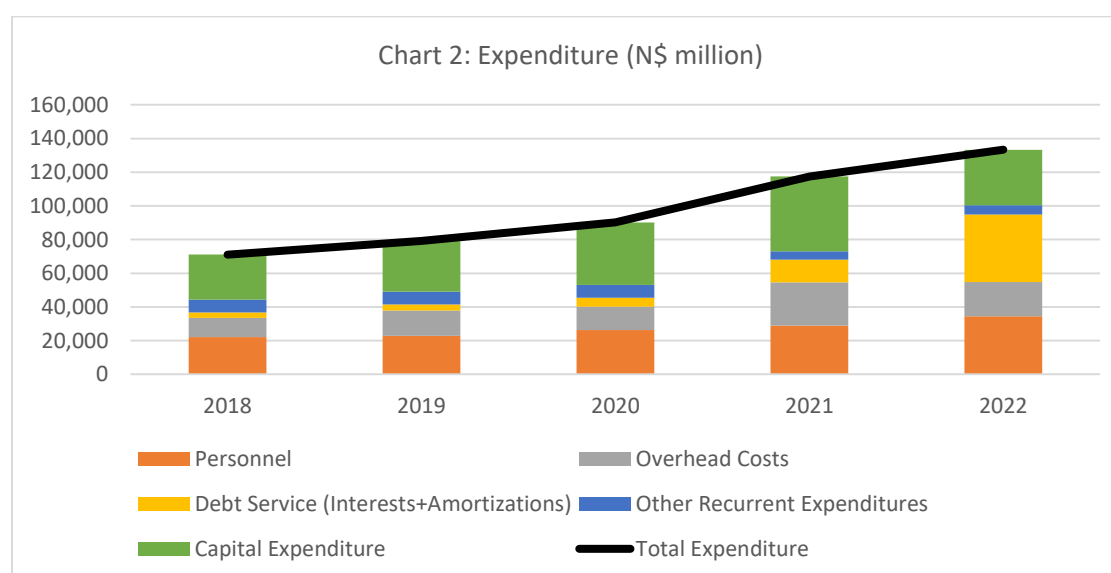


3.2 Expenditure Performance

The State's Total Expenditure includes Capital expenditure, Personnel costs, Overhead costs, other recurrent expenditure, and Debt service (interest payment and principal repayment). In 2022 Yobe State Expenditure amounted N133.367 compared to N117.456 billion in 2021,

which represent a growth of N27.260 or 23.208 percent. The personnel cost stood at N22.048 billion in 2018, N22.872 billion in 2019, N26.274 billion in 2020, N28.880 billion in 2021 and 34,381 in 2022, respectively. The overhead cost stood at N20.504 in 2022, N25.786 billion in 2021, N13.927 billion in 2020, N15.102 billion in 2019 and N11.499 billion in 2018 Capital expenditure amounted to N32.931 in 2022, N44.421 in 2021, N37.165 billion in 2020, N30.096 billion in 2019 and N26.699 billion in 2018, respectively. The Total debt service that comprises the interest payment and principal repayment stood at N39.930 in 2022, N13.532 in 2021, compared to N3.147 billion in 2018 (see table below).

	2018	2019	2020	2021	2022
Total Expenditure	71,090	79,186	90,197	117,456	133,367
Personnel	22,048	22,872	26,274	28,880	34,381
Overhead Costs	11,499	15,102	13,927	25,786	20,504
Debt Service (Interests + Amortizations)	3,147	3,537	5,255	13,532	39,930
Other Recurrent Expenditures	7,697	7,579	7,576	4,837	5,621
Capital Expenditure	26,699	30,096	37,165	44,421	32,931



3.3 STATE DEBT PORTFOLIO, 2018 - 2022

Yobe State's Debt stock amounted to N100.257 in 2022 compared to N90.530 billion in 2021, representing an increase of N9.727 billion or 10.744 percent. The increase in the Total Debt stock was reflected in both Domestic and External Debt components. The external debt stock increased from N8.070 billion in 2021 to N8.528 billion in 2022, while the domestic debt stock significantly increased to N91.729 billion in 2022 from N82.460 billion in 2021, domestic debt increase was due to additional new stock from Budget support facility of N15.035 billion, Commercial Bank Loans of (N801 Million of contract financing, 945 million zenith bank) and N5 billion family homes loan facility) in 2022.

	2018	2019	2020	2021	2022
Outstanding Debt (Old + New)	34,751	37,175	62,988	90,530	100,257
External	6,958	8,198	8,122	8,070	8,528
Domestic	27,793	28,977	54,866	82,460	91,729

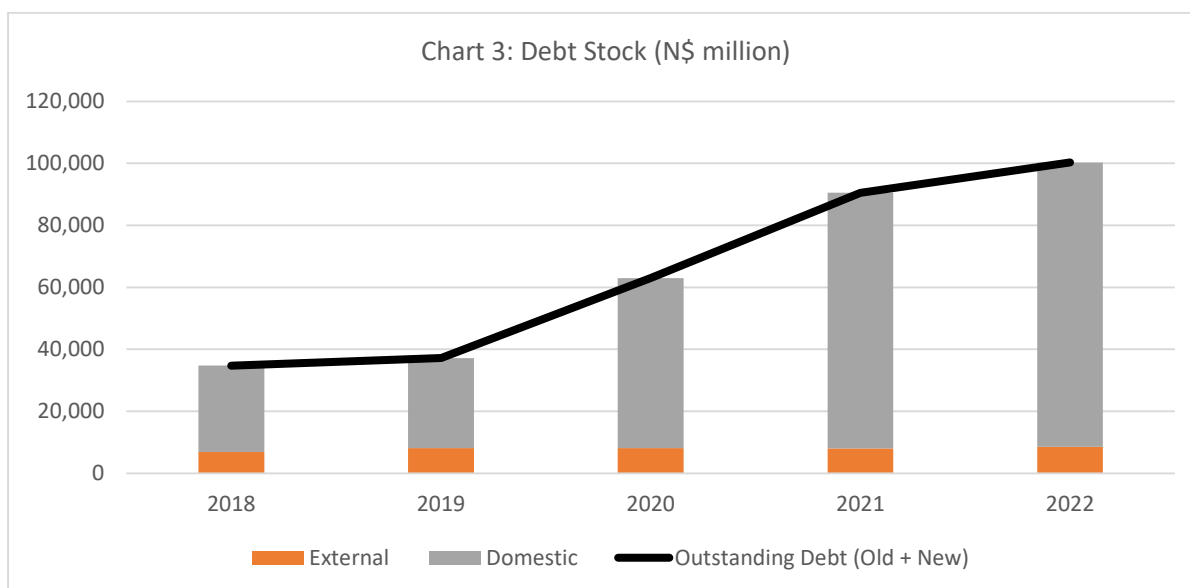


Chart 3: shows an increase in the Debt Stock from N34.751 billion in 2018 to N100.257 billion in 2022. Domestic debt comprises Budget Support Facility, Excess Crude Account Backed Loan, Pension and Gratuity Arrears, with the new additional stock in 2022 from budget support facility, Commercial Bank Loans, and family homes.

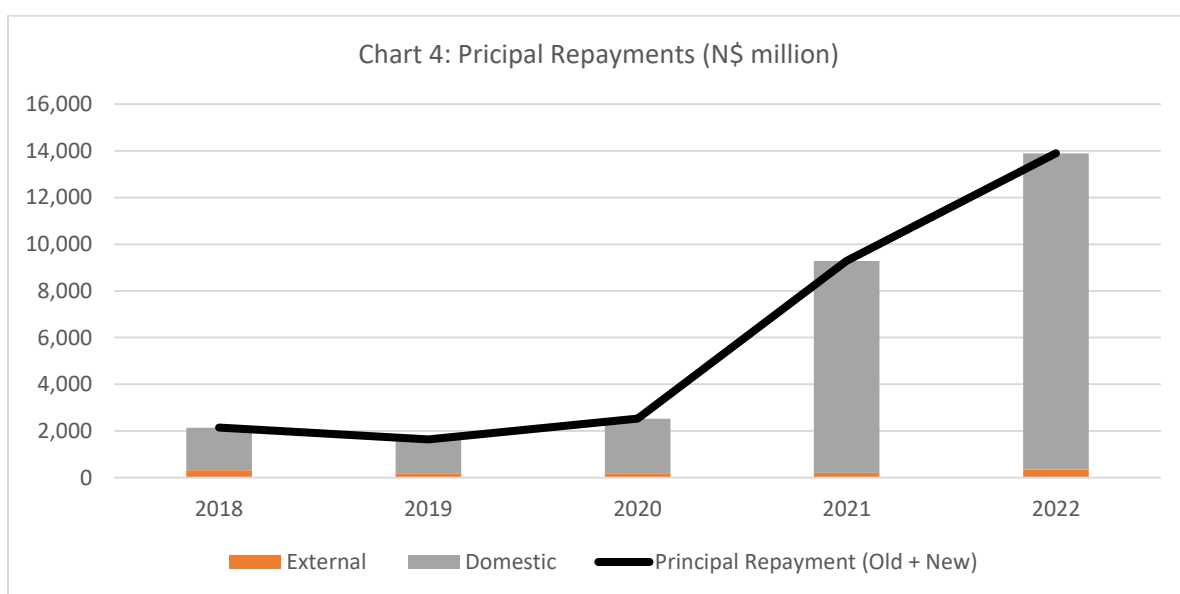
Yobe State Debt composition consists of external debt N8.528 billion or 8.51 percent and Domestic debt was amounted to N91.729 billion or 91.49 percent, respectively.

Yobe State holds a medium cost and medium risk debt portfolio. The debt portfolio has an average domestic interest rate of 19.79 percent and average external interest of 1.66 percent in 2022. 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 8.51 percent of total debt stock in 2022. 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.

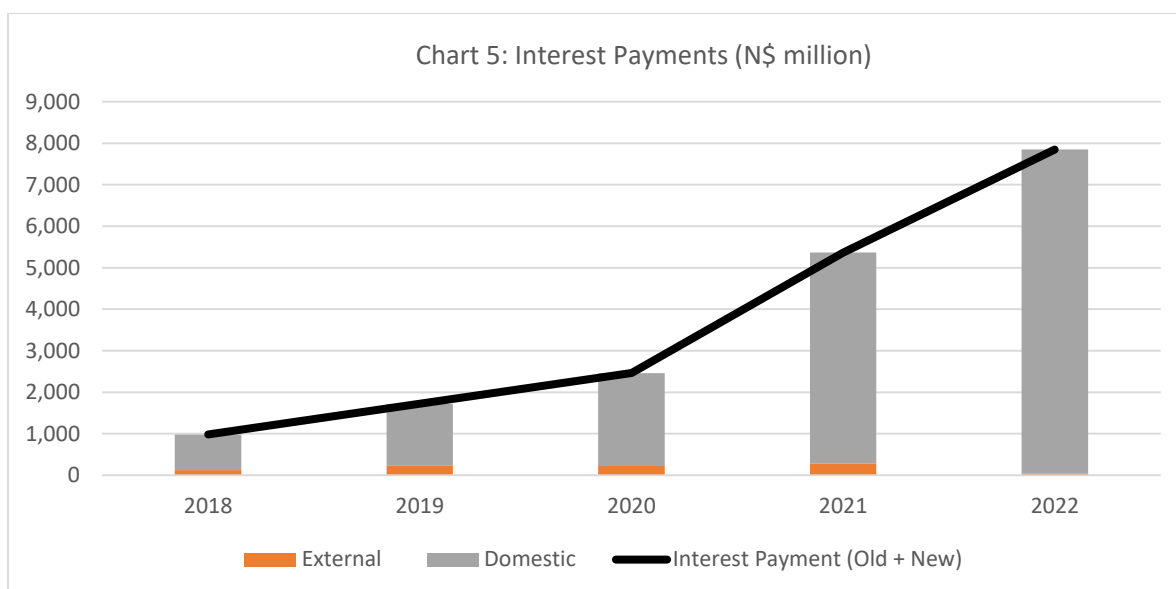
Yobe State Debt Service amounted to N3.129 billion in 2018, N3.363 billion in 2019, N4.988 billion in 2020 N14.653 billion in 2021 N21.745 billion in 2022 respectively. The principal repayment amounted at N2.146 billion in 2018, N2.536 billion in 2020, 9.289 in 2021 and

13.894 in 2022 respectively. While the Interest Payment amounted to N7.851 billion in 2022 compared to N5.365 billion in 2021. The principal repayments and Interest Payment made were on both External Debt and Domestic Debt (see Chart 4 and 5).

	2018	2019	2020	2021	2022
Principal Repayment (Old + New)	2,146	1,642	2,526	9,289	13,894
External	316	168	166	201	341
Domestic	1,830	1,474	2,360	9,088	13,553



	2018	2019	2020	2021	2022
Interest Payment (Old + New)	983	1,721	2,463	5,365	7,851
External	127	239	224	284	38
Domestic	856	1,482	2,239	5,081	7,813



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 2018 to 2032. Even though the ratio has continued to decline steadily over the period to 2.11 percent in 2032 compared with 11.01 percent in 2022 and 10.66 percent in 2021, 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 114.61 percent in 2022 to 87.95 percent in 2023, decrease to 83.56 percent in 2024, and increase to 113.18 percent in 2025, increase to 117.25 percent in 2026, also decrease to 114.95 percent in 2027, decrease 51.39 percent in 2031, and 39.02 percent in 2032 as against the threshold of 200 percent over the projection period.

Debt Service as percentage of Revenue projected to increase from 13.49 percent in 2023 to 15.51 percent in 2032 (with indicative threshold of 40 percent). Personnel Cost as percentage of Revenue estimated to decline from 39.30 percent in 2022 to 32.23 percent` in 2023, and 23.80 percent in 2032 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 17.16 percent, 5.48 percent, and 0.37 percent in 2032.

4.1 MEDIUM-TERM BUDGET FORECAST

The sustainability of the State's medium-term debt is closely tied to the gradual recovery of the Nigerian economy, a prospect that is expected to strengthen the FAAC (Federation Account Allocation Committee) statutory allocation. In light of the current economic conditions marked by high inflation, largely attributed to the recent removal of fuel subsidies and a notable increase in the exchange rate, the State's outlook envisions a gradual economic rebound from 2024 to 2026. This revival is characterized by an anticipated 3% average annual expansion in real GDP and a concerted effort to bring domestic inflation levels back below the 10% mark by 2024. These optimistic prospects are rooted in several contributing factors, including a positive trajectory in global oil prices, a resurgence in domestic production, the application of prudent fiscal policies, and the pursuit of stability in the exchange rate utilized for international financial transactions.

In essence, while acknowledging the challenging economic backdrop characterized by elevated inflation and exchange rate fluctuations, the State's debt sustainability plan hinges on a carefully projected economic resurgence, driven by a combination of strategic measures and external economic dynamics. One noteworthy development contributing to this economic recovery is the efforts by the Nigerian government to enhance non-oil revenue sources, such as customs duties and VAT, are anticipated to enhance the State's financial position compared to the relatively subdued levels witnessed in 2021.

To reinforce debt sustainability, it is imperative that the State continues its ongoing initiatives to mobilize local revenue sources. The State Government's proactive measures, including the enactment of The State Development Plan - Yobe State Socio-Economic Report Agenda (YOSERA), implementation of the Revenue Law, have strengthened internal revenue generation (IGR) and are set to persist in the coming years. Furthermore, the construction of five mother markets, construction of cargo airport, and increase in tax rate in Yobe, alongside other measures, promises to augment revenue streams. This shift towards enhancing local revenue aligns with the broader economic recovery, reinforcing fiscal stability. In terms of expenditure, there are no expected policy changes regarding personnel and overhead costs. Historical trends in these areas are likely to remain unaltered, contributing to budgetary predictability.

In summary, the combination of increase in statutory allocation as result of removable of fuel subsidy, the construction of 5 modern market, construction of cargo international airport and increase in tax rate in Yobe is expected to enhance revenue and play a vital role in the State's debt management strategy. These positive developments underscore a commitment to fiscal sustainability and provide avenues for debt reduction, ultimately ensuring the State's long-term financial health.

Yobe State Debt burden indicators as at end-2022

Indicators	Thresholds	Ratio
Debt as % of GDP	25%	11.01
Debt as % of Revenue	200%	114.61
Debt Service as % of Revenue	40%	24.86
Personnel Cost as % of Revenue	60%	39.30
Debt Service as % of FAAC Allocation	Nil	29.87
Interest Payment as % of Revenue	Nil	8.98
External Debt Service as % of Revenue	Nil	0.43

4.2 BORROWING OPTIONS

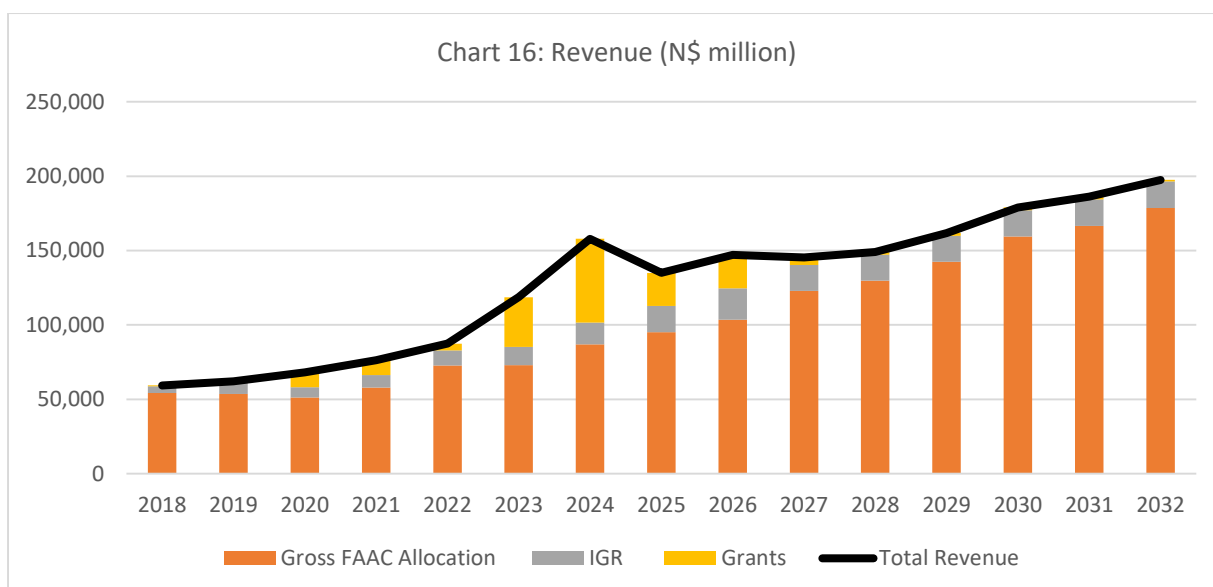
Yobe state government intends to finance its new borrowing from 2023 to 2032 mainly from Domestic financing through Commercial Bank Loans (maturity 1-5 years) with an average of 13.02 percent, Commercial Bank Loans (maturity 6 year above) estimated at 14.40 percent, State Bonds (maturity 1-5 years) at 45.19 percent, and State Bonds (maturity 6 years above) at 27.39 percent, over projection period. 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

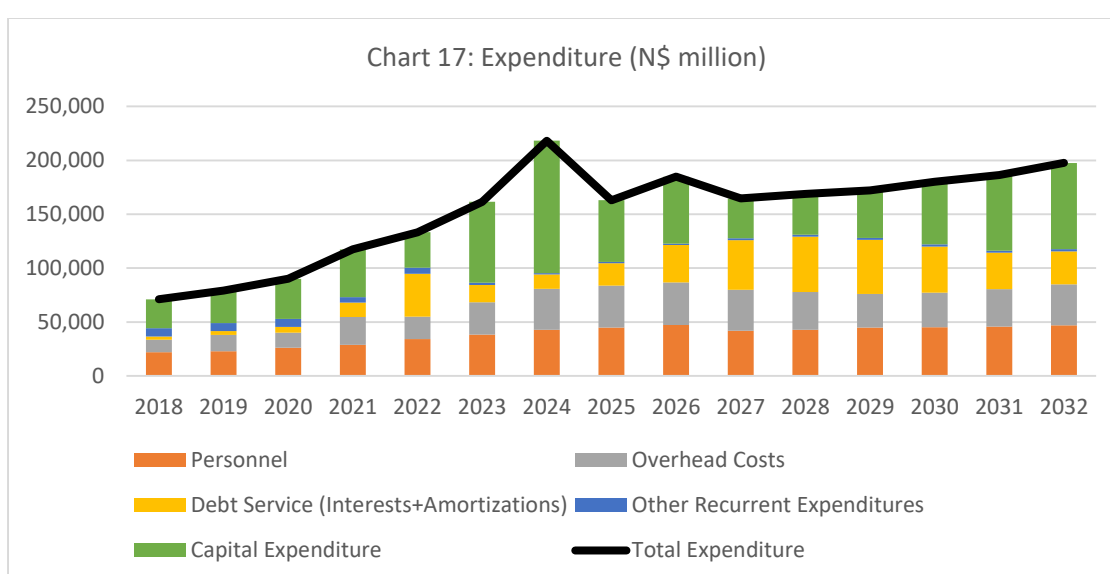
Recent shocks underscore the urgent need to significantly diversify and improve government revenues and reduce the dependence on oil revenue sources. Government remains committed to using innovative ways to raise the revenues required to finance its expenditure and diversifying its revenue sources. Higher 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 N87.473 billion in 2022 to N186.300 billion in 2032, representing an increase of N98.827 billion or 112.98 percent over the projection period. Gross FAAC Allocation projected to grow from 72.790 billion in 2022 to 178.500 billion in 2032, and Grants projected to decline from 33.400 billion in 2023 to N1.00 billion in 2032. The projections were sources from the Approved 2023 Budget; Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS), 2024-2026; and projections period of 2026-2032 was estimated by the Ministry of Economic Planning & Budget official.

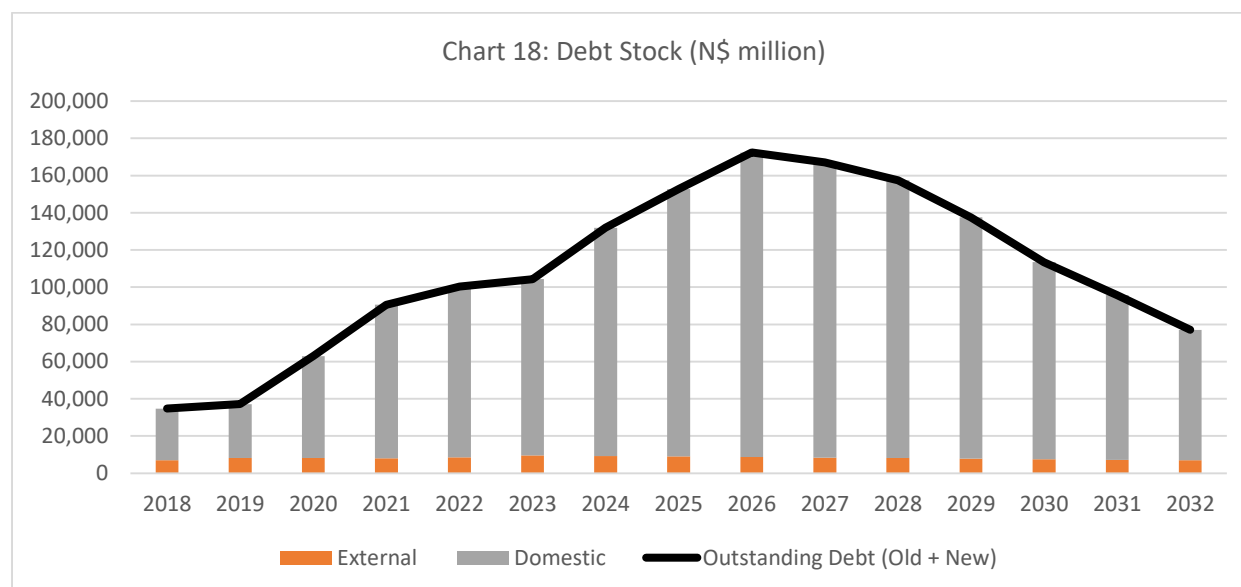
The Internally Generated Revenue (IGR)'s tax system will be further strengthened over the medium term by improving collection efficiency, enhancing compliance, and reorganizing the business practices of revenue agencies in the state as well as employing appropriate technology. In addition, efforts will be made to bring more businesses in the informal sector into the tax net. IGR estimated to grow by N5.748 billion or 47.540 percent (from N12.252 billion in 2023 to N18.000 billion in 2032), over the projection period of the Approved 2023 Budget; Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS), 2023-2026; and projections period of 2027-2032 was estimated by the Ministry of Economic Planning & Budget official.



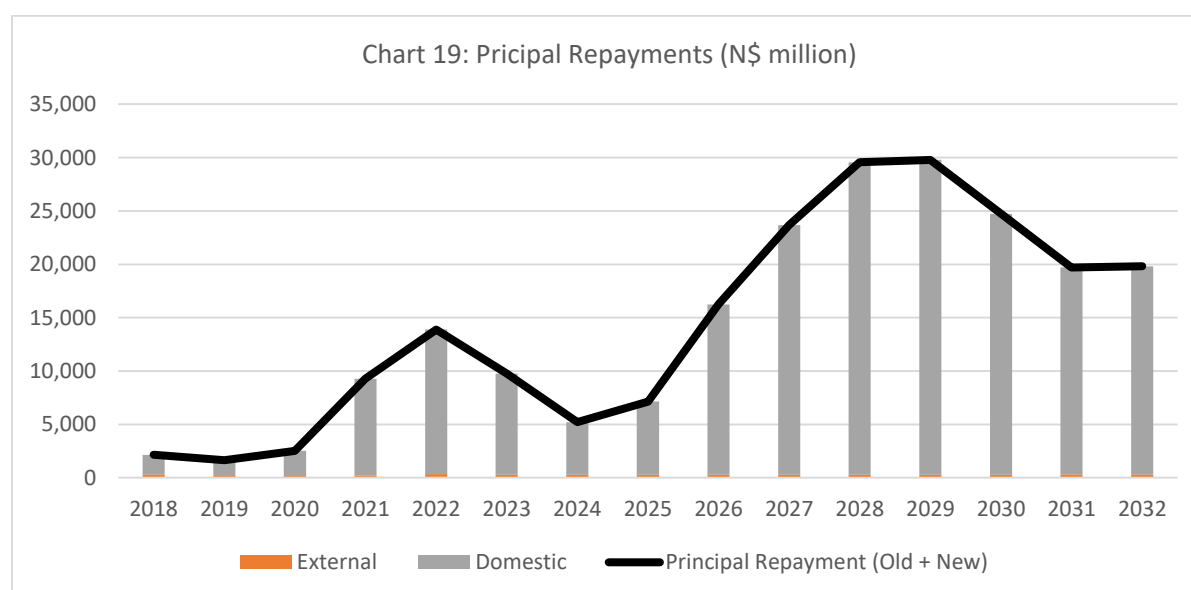
Total expenditure projected at N161.486 billion in 2023, N218.169 billion in 2024, N162.992 billion in 2025, N184.809 billion in 2026, 164.631 billion in 2027, N168.960 billion in 2028, N192.106 billion in 2029 and N180.058 billion in 2030, N186.326 in 2031 and N197.630 in 2032, respectively, indicating stability in the state growth recovery. Personnel, Overhead Costs, Debt Service, Other Recurrent Expenditures estimated at N47.000 billion, N38.000 billion, N30.630 billion, and N2.000 billion in 2032. Capital Expenditure estimated to increase over the projection period from N32.931 billion in 2022, N62.133 billion in 2026, N38.000 billion in 2028 and N80.000 billion in 2032, respectively. over the projection period as provided in the Approved 2023 Budget; Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS), 2023-2026; and projections period of 2027-2032 was estimated by the Ministry of Economic Planning & Budget official.



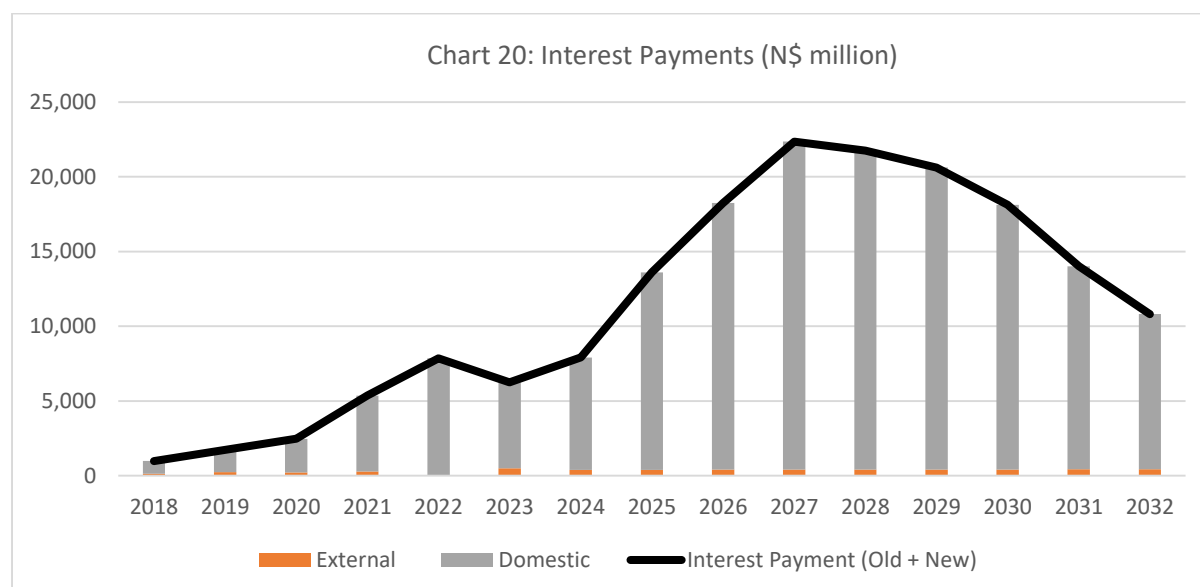
As a result of the State's modest increase in GDP, great improvement in IGR, increase in Personnel, Overhead costs, and Capital Expenditure. The increased in projected expenditure increase the debt through Primary Balance. Yobe State's Debt Stock estimated to decrease from N104.362 billion in 2023 to N77.062 in 2032. External Debt projected to decrease to N6.932 billion while Domestic Debt to increase by N70.13 billion over the projection period, 2023-2032.



Principal Repayment projected to increase from N9.766 billion in 2023 to N19.814 billion in 2032. External principal repayment projected to increase by 305 million and Domestic principal repayment by N19.509 billion over the projection period.

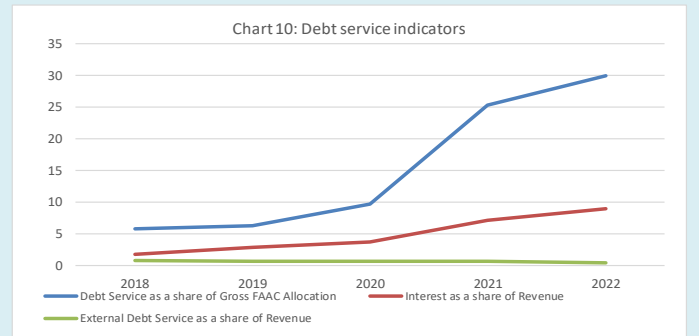
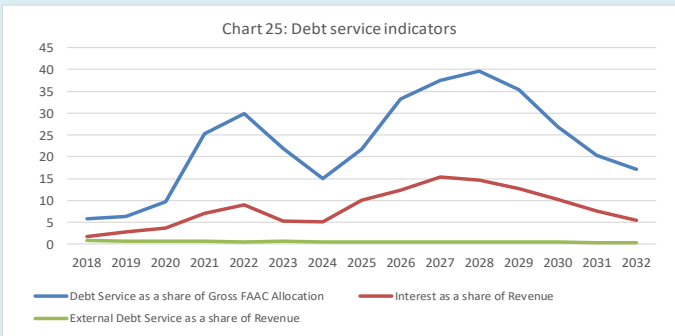
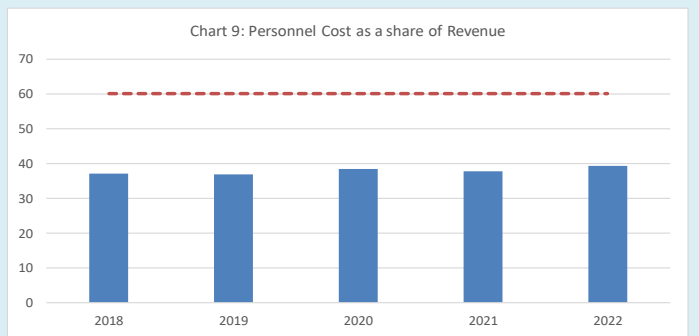
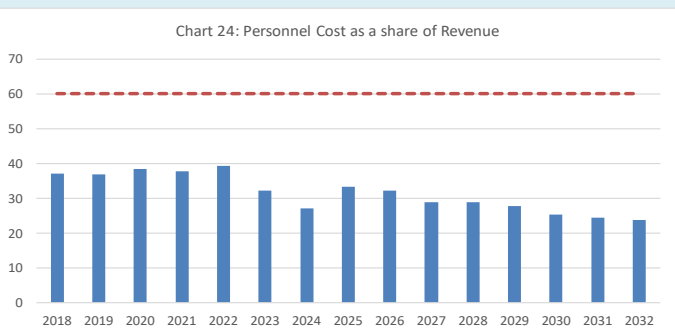
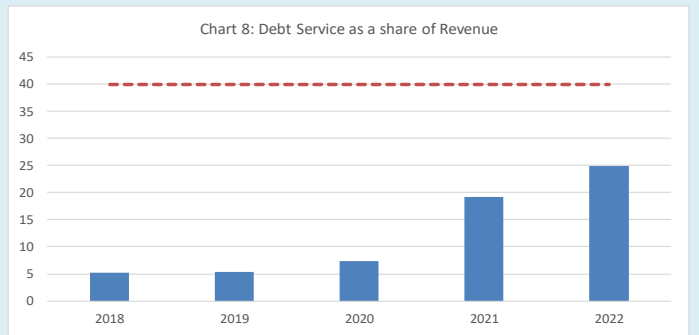
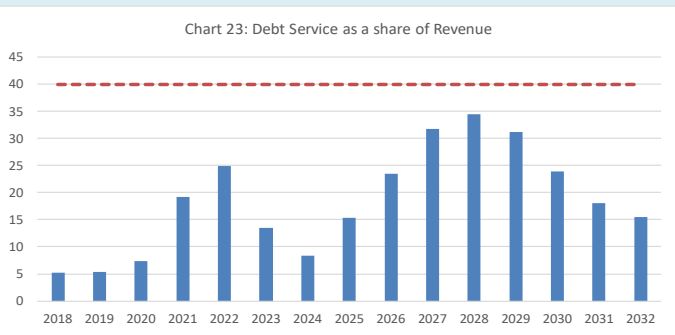
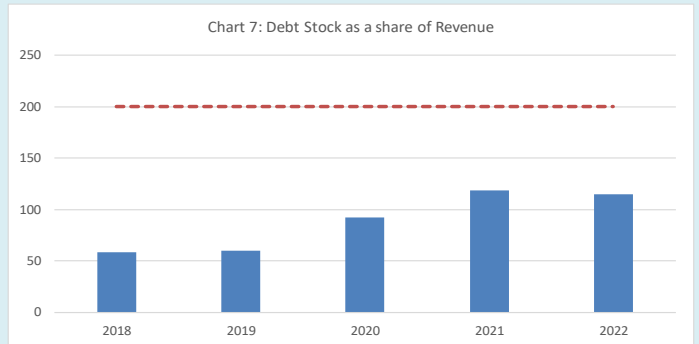
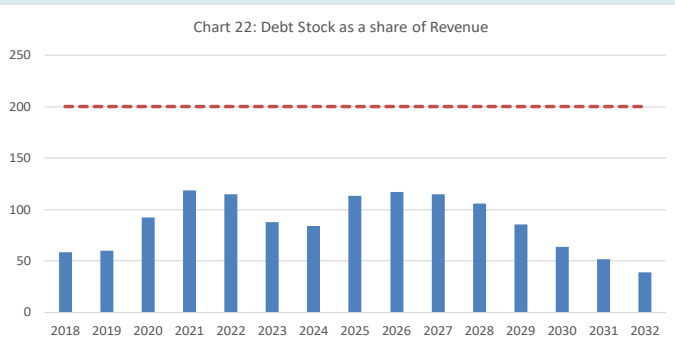
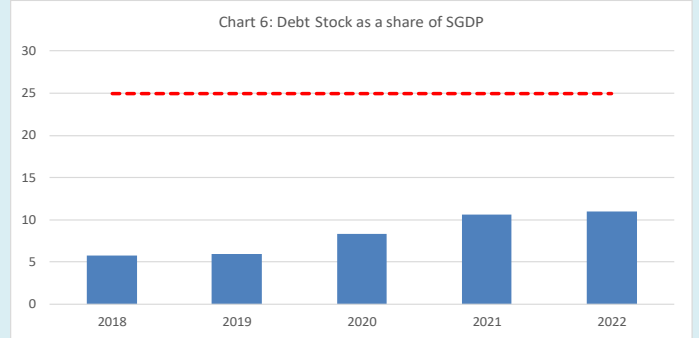
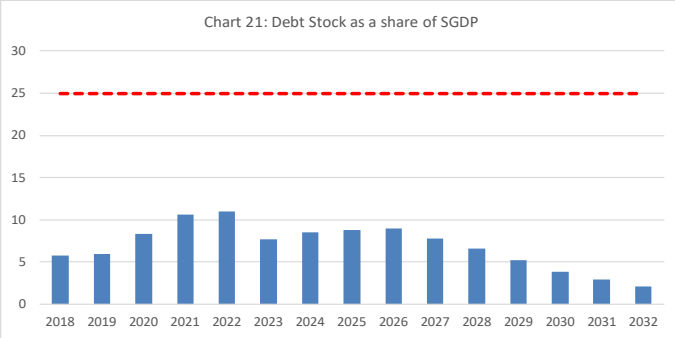


Interest payment projected to increase from N6.241 billion in 2023 to N10.816 billion in 2032. External principal repayment projected to increase by N436 million and Domestic principal repayment by N10.381 billion from 2023 to 2032 over the projection period.



MAIN FINDING

The Baseline Scenario results shows that the ratio of Debt as % of GDP estimated at 11.01 percent in 2021, 7.72 percent in 2023, 8.96 percent in 2026, 6.67 percent in 2028 and 2.11 percent in 2032, respectively, as against the indicative threshold of 25 percent. The ratio of Debt as % of Revenue estimated at 114.61 percent in 2022, 87.95 percent in 2023, 113.18 percent in 2025, 105.74 percent in 2028 and 39.02 percent in 2032, 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 2023 to 2032, with the strongminded efforts by the State Government through its various initiatives and reforms in the key sectors of the economy, respectively.



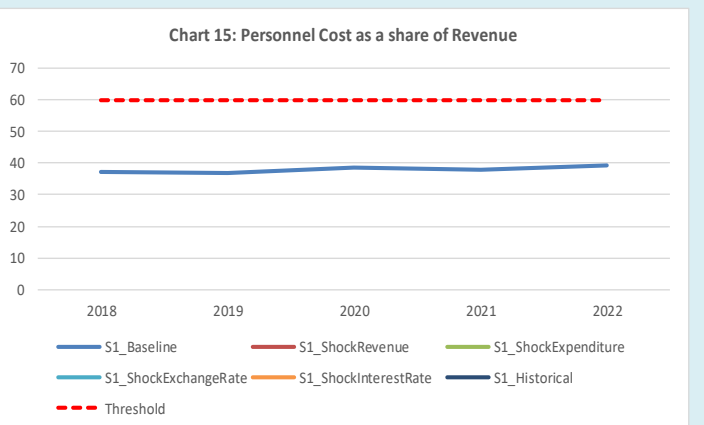
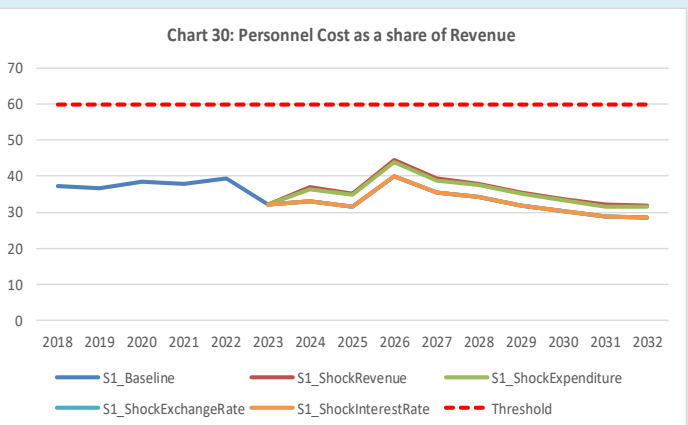
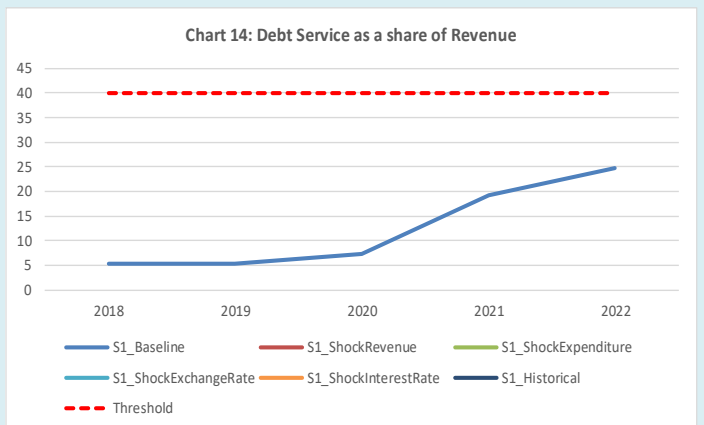
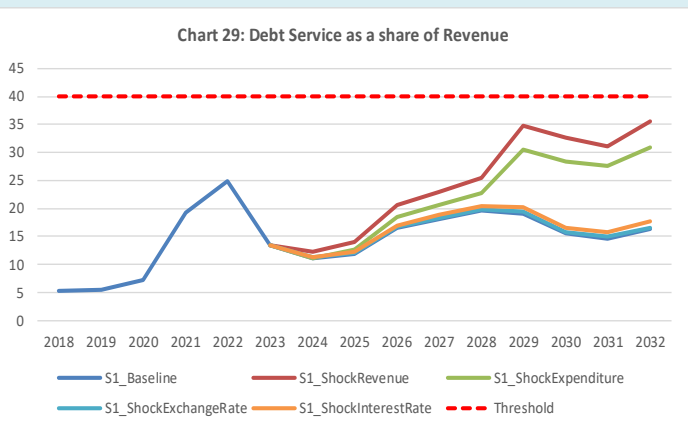
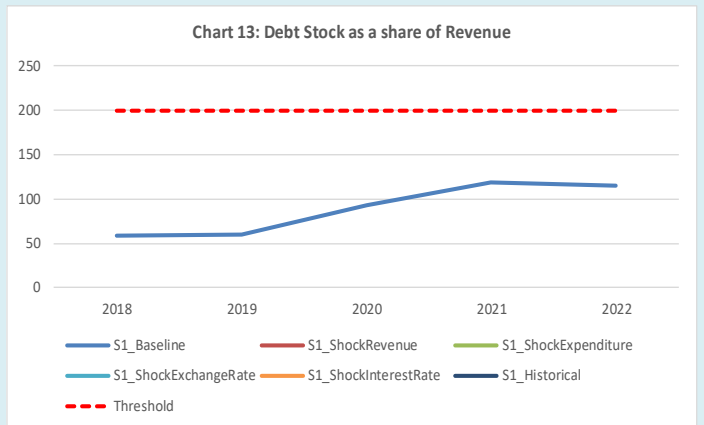
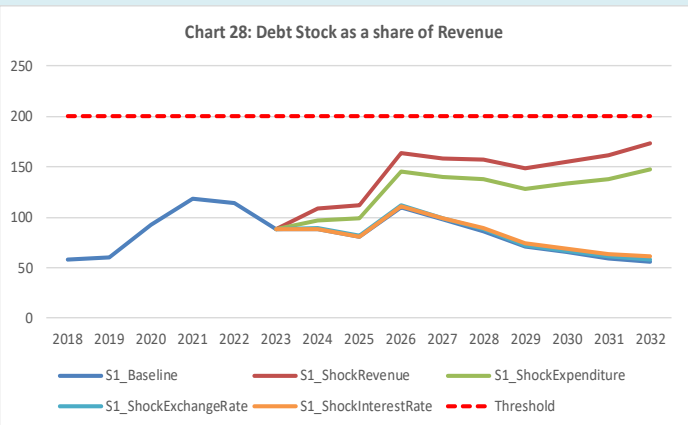
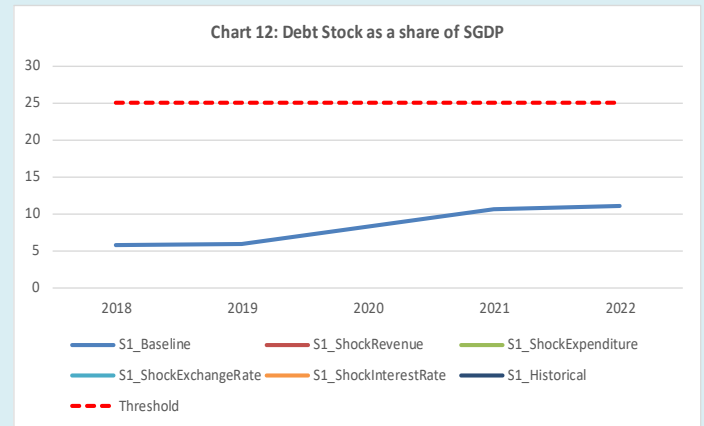
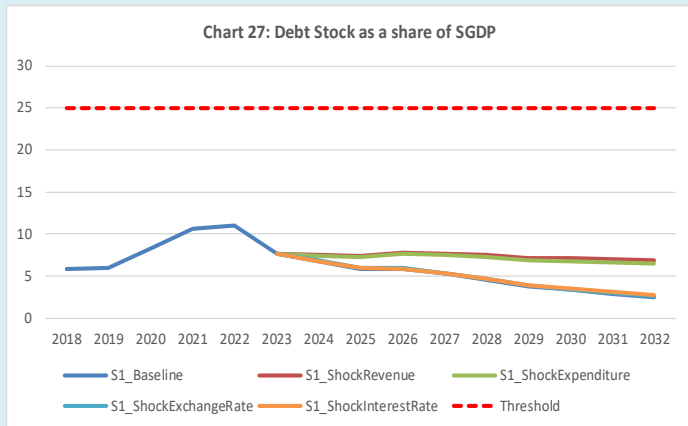
CONCLUSION

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 2023 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 2032 under revenue and expenditure shocks. The debt service as percent of Revenue is also close to the benchmarks from 2027 to 2030 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.



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, 2023-2027, analyses the debt management strategies outcomes of the three debt management performance indicators namely Debt Stock to Revenue, Debt Services to Revenue and Interest to Revenue. The cost is measured by the expected value of a performance indicator in 2027, as projected in the baseline scenario. Risk is measured by the deviation from the expected value in 2027 caused by an un-expected shock, as projected in the most adverse scenario.

5.1 Alternative Borrowing Options

Strategy 1 (S1) reflects a "Baseline" MTEF Financing Mix: In this strategy the government decided to focus more of its financing from 2023 to 2027, 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 7.84 percent, Commercial Bank loans (maturity above 6 years) accounts on average 17.72 percent, State Bonds (maturity of 1-5 years) accounted on average of 39.82 percent and state Bonds (maturity 6 years or longer) 34.62 percent over the DMS period of 2023 to 2027.

Strategy 2 (S2) focus more financing through commercial bank loans: In this strategy it has been assumed the distribution remains the same in 2023 as its in strategy 1. The remaining of borrowing distributions from 2023 to 2027, the state government will focus its financing through commercial bank loans with average 63.96 percent under maturity of 1-5 years and 0.00 percent under maturity of above 6 years, State Bonds with average of 7.37

percent (maturity of 1-5 years) and 28.67 percent under (maturity of above 6 years) 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 2023 to 2027, through Commercial Bank loans (1-5 years) with an average of 38.76 percent, State Bond (1-5 years) 34.08 percent, State Bond (Maturity 6 years or longer) 11.64 percent respectively. as against the Commercial Bank loans with the maturity of above 6 years with average of 15.52 percent. This strategy considers the scenario where proportions of external and domestic debt instruments in 2023 remains the same with strategy 1 and 2.

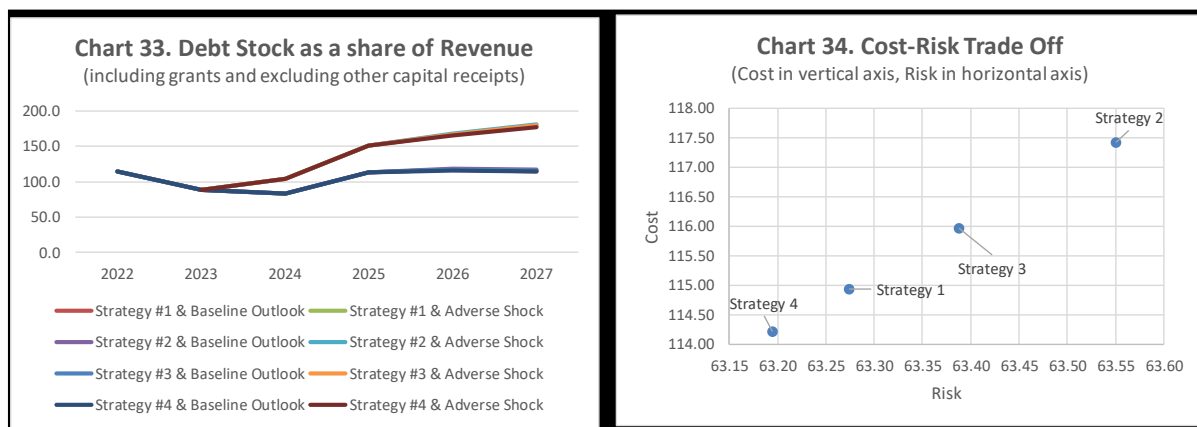
Strategy (S4) focus its financing through external Concessional Loans. It follows the broad parameters of the financing mix in the fiscal year 2023 and MTEF, 2023-2026. This Strategy (S4) considers the scenario where proportions of external and domestic debt instruments in 2023 differs with strategy 1,2 and 3. External Financing - Concessional Loans and Bilateral loans represents an average of 0.013 percent from 2023-2027 , compared with the other gross financing which comprises Commercial bank loans (1-5 years) of 67.426 percent and Commercial bank loans (above 6 years) of 21.945 percent, state bonds (maturity 1-5 years) of 0.00 and 10.616 percent (maturity above 6 years) percent 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.

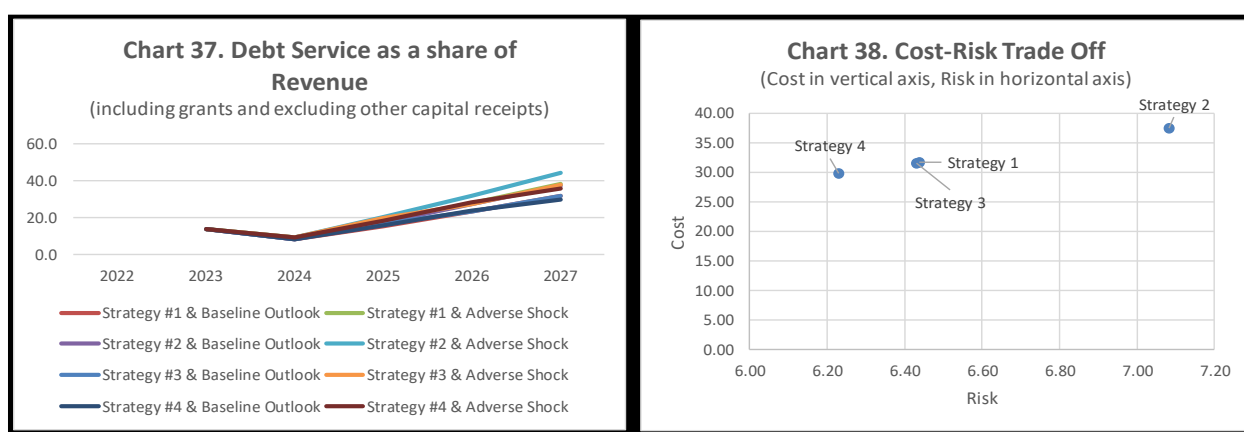
a. Debt as a share Revenue:

- Strategy 3 shows the Cost ratio of Debt to Revenue estimated to decrease from 88.0 percent in 2023 to 96.8 percent, as against Strategy 1 of 97.5 percent, Strategy 2 of 98.8 percent over the DMS period of 2027, compared with the Risks measured of Strategy 3 (60.9 percent), Strategy 1 (61.0 percent), Strategy 2 (61.0 percent) and Strategy 4 (61.1 percent), respectively.
- Analysis using this debt indicator of debt to revenue shows that S4 is the least costly and riskier which was estimated at 114.2 percent and 63.2 percent compared to Strategy 1 (114.9 percent and 63.3 percent) while Strategy 3 (116.0 percent and 63.4 percent), respectively. On the other hand, Strategy 2 is the costliest and riskiest strategy which was estimated as 117.4 percent and 63.6 percent, Strategy 1,2 and 3 concentrated on more commercial bank loans and State bonds borrowings with no proportion of external financing over the DMS period of 2023-2027.



b. Debt Service as a share of Revenue:

- In terms of Debt Service to Revenue, Strategy 4 has the lowest costs of 13.5 percent in 2023 to 29.8 percent in 2027 and lowest risks of 6.2 percent compared to Strategy 1 (costs at 31.7 percent and risks at 6.4 percent), Strategy 2 (costs at 37.5 percent and risks at 7.1 percent) and Strategy 3 (costs at 31.6 percent and risks at 6.4 percent), respectively, as at end of the strategic period of 2027.
- Strategy 4 has the lowest costs at 29.8 percent and minimum risks at 6.2 percent under the Debt Service to Revenue, followed by Strategy 3 costs at 31.6 percent and risks at 6.4 percent. But the Strategy 1 is the costliest and riskiest strategy as the domestic debt financing considered more commercial bank loans.

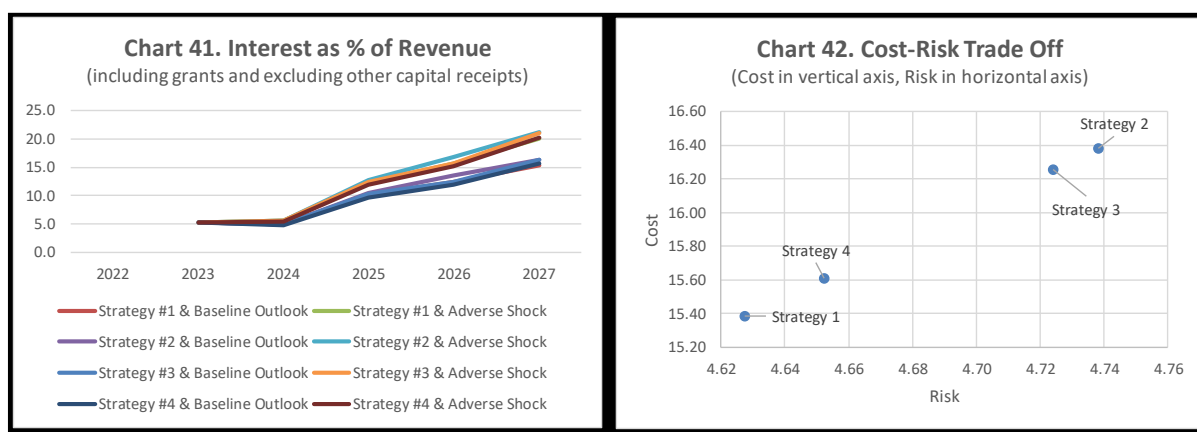


c. Interest as a share of Revenue

- Strategy 1 is the least costs with regards to Interest to Government revenues, which projected the Costs at 15.4 percent and Risks at 4.6 percent, whilst Strategy 2 is the most costly and risky strategy at 16.4 percent and 4.7 percent, compared to Strategy 4 with moderate costs and risks of 15.6 percent and 4.7 percent and Strategy 3 with

estimated costs and risks of 16.3 percent and 4.7 percent, as at end of the strategic period of 2027.

- The ratios of Interest as percent of Revenue analysis shows that S1 yield the lowest costs and risks due to combination of commercial bank of 1 to 5 year and 6 year with state bond of 1-5 years maturity. Compared to S4 and S3 with the moderate costs and risks. S2 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 S4 these results were just marginally better when compared with Strategy S1. ***Strategy 1 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 2023.***

In comparison to the current debt position, Yobe State debt portfolio stood at N 100.256 billion as at end of-2022, which expected an increase to N167.008 billion under Strategy 1 to the end of the strategic period, compared to Strategy 2 (N170.621 billion), Strategy 3 (N168.493 billion), and Strategy 4 (N170.978 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, S1 is selected as the preferred strategy for the 2023-2027.

The Debt Management Strategy, 2023-2027 represents a robust framework for prudent debt management, as it provides a systematic approach to decision making on the appropriate composition of external and domestic borrowing to finance the 2023 budget. The cost-risk

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

ASSUMPTION

1. Opening Balance – The state anticipated opening balance of ₦1.655 billion for the three years period
2. Statutory Allocation – This is estimated using 5 year Moving Average forecast, which project ₦38.555 as government's share of FAAC in 2023, ₦38.418 billion in 2024 and slightly increase to ₦38.633 billion in 2025.
3. VAT – Government share of VAT is estimated using elasticity forecasting method ₦25.794 billion in 2023, ₦31.554 billion 2024 and ₦39.131 billion in 2025
4. Excess Crude – Excess Crude and other FAAC Revenues expected is earmarked at ₦4.655 billion for the three years period
5. Internally Generated Revenue (IGR) – The state government anticipate to increase its revenue base, blocking the identified leakages. The sum of ₦12.252 billion was earmarked in 2023.
6. Grants – the sum of ₦33.4 billion was earmarked as grants in 2023 internal grants.
7. Miscellaneous Capital Receipts – ₦30.1 billion was earmarked as other capital receipt expected from the refunds of airport ₦10.0 billion, Refund from on Federal Road ₦18 billion and ₦2.1 billion Withholding Tax Arrears FG.
8. Financing (Net Loans) – sum of ₦12.595 billion is expected to be collected from Capital Market Issuance the sum ₦4,595 billion, N-CARES ₦2.5 billion and ACREsAL ₦2.5 billion Women Development Loan ₦1.0 billion and SABER PforR Loan Facility ₦2.0 billion respectively.
9. Personnel – the sum of ₦31.240 billion earmarked as personnel cost in 2023, ₦32.021 billion in 2024 and ₦32.822 billion in 2025 respectively
10. Social Contribution and Social Benefits – ₦7.181 was earmarked for payment of pension, gratuities and other social contributions.
11. Overheads – other recurrent services witnessed a steady growth year-on-year with ₦30.158 billion in 2023, ₦26.768 billion and ₦26.768 billion in 2024 and 2025 respectively using own percentage forecasting method.
12. Grants, Contributions, Subsidies and Transfers – the sum of ₦1.932 billion was earmarked in 2023, ₦1.149 and ₦1.149 billion in 2024 and 2025 respectively.
13. Public Debt Service – Sum of ₦17.526, ₦17.526 and ₦17.256 billion was earmarked to service the debts in 2023, 2024 and 2025 respectively.
14. Contingency and Planning Reserves: – Planning reserve of ₦0.
15. Capital Expenditure – the sum of ₦75.144 billion in 2023, ₦42.011 billion and ₦49.920 billion in 2024 and 2025.

ANNEXURES I

2023		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	Revenue 1. Gross Statutory Allocation ('gross' means with no deductions; do not 1.a. of which Net Statutory Allocation ('net' means of deductions) 1.b. of which Deductions 2. Derivation (if applicable to the State) 3. Other FAAC transfers (exchange rate gain, augmentation, others) 4. VAT Allocation 5. IGR 6. Capital Receipts 6.a. Grants 6.b. Sales of Government Assets and Privatization Proceeds 6.c. Other Non-Debt Creating Capital Receipts	Statutory Allocation – This is estimated using the MA 5 Year X-Outliers forecasting which project ₦38.555 government's share of FAAC in 2023, ₦38,418 billion, 2024 and slight Statutory Allocation – This is estimated using the MA 5 Year X-Outliers forecasting which project ₦38.555 government's share of FAAC in 2023, ₦38,418 billion, 2024 and slight Statutory Allocation – This is estimated using the MA 5 Year X-Outliers forecasting which project ₦38.555 government's share of FAAC in 2023, ₦38,418 billion, 2024 and slight Excess Crude – Excess Crude and other FAAC Revenues expected is earmarked at ₦8,655 billion in 2023, 2,982 billion in 2024, 2982 billion and 2025 VAT – government share of VAT is estimated using Elasticity ₦25.794 billion in 2023, 31.554 billion in 2024 and 39.131 billion in 2025. while 2026 to 2031 projections are using Internally Generated Revenue (IGR) – The state government anticipate to increase its revenue base, blocking the identified leakages. The sum of ₦12.252 billion was earmark Grants – sum of ₦33.400 billion was earmarked as grants in 2023 comprising ₦300 mill expected from conditional grand scheme (CGS), 21 billion for the development of nat Other Capital Receipts - ₦30.100 billion was earmarked in 2023 which comprises of ₦10 billion from sales of Damaturu Cargo international airport, 18.00 billion refunds from	2023 Approved Budget & EFU-FSP-BPS, 2023-2025 2023 Approved Budget & EFU-FSP-BPS, 2023-2025 2023 Approved Budget & EFU-FSP-BPS, 2023-2025 2023 Approved Budget & EFU-FSP-BPS, 2023-2025 2023 Approved Budget & EFU-FSP-BPS, 2023-2025 2023 Approved Budget & EFU-FSP-BPS, 2023-2025 2023 Approved Budget & EFU-FSP-BPS, 2023-2025 2023 Approved Budget & EFU-FSP-BPS, 2023-2025 2023 Approved Budget & EFU-FSP-BPS, 2023-2025 2023 Approved Budget & EFU-FSP-BPS, 2023-2025 2023 Approved Budget & EFU-FSP-BPS, 2023-2025
Expenditure	Expenditure 1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other) 2. Overhead costs 3. Interest Payments (Public Debt Charges, including interests deducted from 4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs 5. Capital Expenditure	Personnel – the sum of ₦38.246 billion earmarked as personnel cost in 2023, ₦39.212 billion in 2024 and ₦40.183 billion in 2025 respectively Overheads – other recurrent services witnessed a steady growth year-on-year with ₦25.716 billion in 2022, ₦30.312 billion and ₦26.768 billion in 2023 and 2024, 26.768 billion Interest payments was earmarked as ₦6.618 billion in 2023, ₦9.142 billion in 2023, ₦11.715 billion in 2024 and ₦11.673 billion in 2025 respectively. Grants, Contributions, Subsidies and Transfers – the sum of ₦1.932 billion was earmarked in 2023, ₦1.149 and ₦1.149 billion in 2024 and 2025 respectively. Capital Expenditure – the sum of ₦75.144 billion in 2023, ₦42.011 billion and ₦49.920 billion in 2024 and 2025	2023 Approved Budget & EFU-FSP-BPS, 2023-2025 2023 Approved Budget & EFU-FSP-BPS, 2023-2025 2023 Approved Budget & EFU-FSP-BPS, 2023-2025 2023 Approved Budget & EFU-FSP-BPS, 2023-2025 2023 Approved Budget & EFU-FSP-BPS, 2023-2025
Closing Cash and Bank Balance	Closing Cash and Bank Balance	Closing Balance – The state anticipated closing balance of ₦2.930 billion in 2023, ₦3.500 in 2024 and ₦3.500 in 2025	2023 Approved Budget & EFU-FSP-BPS, 2023-2025
Debt Amotization and Interest Payments	Debt Outstanding at end-2022 External Debt - amortization and Interest Domestic Debt - amortization and Interest New debt issued/contracted from 2023 onwards New External Financing External Financing - Concessional Loans (e.g., World Bank, African Development External Financing - Bilateral Loans Other External Financing New Domestic Financing Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, State Bonds (maturity 1 to 5 years) State Bonds (maturity 6 years or longer) Other Domestic Financing	Amortization and interest payments estimated using profiles recorded in the DMO. Include the external debt service paid through FAAC deductions Amortization and interest payments estimated using profiles recorded in the DMO. Include the external debt service paid through FAAC deductions Interest Rate 1.5%, Maturity of 30 years, and Grace period of 7 year Interest Rate 2.5%, Maturity of 12 years, and Grace period of 5 year Interest Rate 1%, Maturity of 4 years, and Grace period of 1 year Interest Rate 22%, Maturity of 4 years, and Grace period of 1 year Interest Rate 20%, Maturity of 10 years, and Grace period of 1 year Interest Rate 19%, Maturity of 5 years, and Grace period of 1 year Interest Rate 18%, Maturity of 7 years, and Grace period of 1 year	DMO, Nigeria and Yobe State Government DMO, Nigeria and Yobe State Government DMO, Nigeria and Yobe State Government DMO, Nigeria and Yobe State Government DMO, Nigeria and Yobe State Government DMO, Nigeria and Yobe State Government DMO, Nigeria and Yobe State Government DMO, Nigeria and Yobe State Government
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S1	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S1 New Domestic Financing in Million Naira Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, State Bonds (maturity 1 to 5 years) State Bonds (maturity 6 years or longer) Other Domestic Financing New External Financing in Million US Dollar External Financing - Concessional Loans (e.g., World Bank, African Development External Financing - Bilateral Loans Other External Financing	Financing (Net Loans) – sum of ₦12.595 billion is expected to be collected which comprises of ₦4.595 from commercial bank loans, ₦2.500 Billion ACREsAL, ₦2.5 billion, NGC/ Financing (Net Loans) – sum of ₦12.595 billion is expected to be collected which comprises of ₦4.595 from commercial bank loans, ₦2.500 Billion ACREsAL, ₦2.5 billion, NGC/ Financing (Net Loans) – sum of ₦12.595 billion is expected to be collected which comprises of ₦4.595 from commercial bank loans, ₦2.500 Billion ACREsAL, ₦2.5 billion, NGC/ Financing (Net Loans) – sum of ₦12.595 billion is expected to be collected which comprises of ₦4.595 from commercial bank loans, ₦2.500 Billion ACREsAL, ₦2.5 billion, NGC/ Financing (Net Loans) – sum of ₦12.595 billion is expected to be collected which comprises of ₦4.595 from commercial bank loans, ₦2.500 Billion ACREsAL, ₦2.5 billion, NGC/ Financing (Net Loans) – sum of ₦2.500 Billion from ACREsAL, ₦2.5 billion, NGCAREs on programme for results loan facility, ₦1.00billion on women development fund and ₦2 Financing (Net Loans) – sum of ₦2.500 Billion from ACREsAL, ₦2.5 billion, NGCAREs on programme for results loan facility, ₦1.00billion on women development fund and ₦2 Financing (Net Loans) – sum of ₦2.500 Billion from ACREsAL, ₦2.5 billion, NGCAREs on programme for results loan facility, ₦1.00billion on women development fund and ₦2	2023 Approved Budget & EFU-FSP-BPS, 2023-2025 2023 Approved Budget & EFU-FSP-BPS, 2023-2025 2023 Approved Budget & EFU-FSP-BPS, 2023-2025 2023 Approved Budget & EFU-FSP-BPS, 2023-2025 2023 Approved Budget & EFU-FSP-BPS, 2023-2025 2023 Approved Budget & EFU-FSP-BPS, 2023-2025 2023 Approved Budget & EFU-FSP-BPS, 2023-2025 2023 Approved Budget & EFU-FSP-BPS, 2023-2025 2023 Approved Budget & EFU-FSP-BPS, 2023-2025 2023 Approved Budget & EFU-FSP-BPS, 2023-2025 2023 Approved Budget & EFU-FSP-BPS, 2023-2025
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S2	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S2 New Domestic Financing in Million Naira Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, State Bonds (maturity 1 to 5 years) State Bonds (maturity 6 years or longer) Other Domestic Financing New External Financing in Million US Dollar External Financing - Concessional Loans (e.g., World Bank, African Development External Financing - Bilateral Loans Other External Financing	Financing distributions were agreed by the State DSA-DMS Technical Team Financing distributions were agreed by the State DSA-DMS Technical Team Financing distributions were agreed by the State DSA-DMS Technical Team Financing distributions were agreed by the State DSA-DMS Technical Team Financing distributions were agreed by the State DSA-DMS Technical Team Financing distributions were agreed by the State DSA-DMS Technical Team Financing distributions were agreed by the State DSA-DMS Technical Team Financing distributions were agreed by the State DSA-DMS Technical Team	DSA-DMS Technical Team DSA-DMS Technical Team DSA-DMS Technical Team DSA-DMS Technical Team DSA-DMS Technical Team DSA-DMS Technical Team DSA-DMS Technical Team DSA-DMS Technical Team DSA-DMS Technical Team
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S3	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S3 New Domestic Financing in Million Naira Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, State Bonds (maturity 1 to 5 years) State Bonds (maturity 6 years or longer) Other Domestic Financing New External Financing in Million US Dollar External Financing - Concessional Loans (e.g., World Bank, African Development External Financing - Bilateral Loans Other External Financing	Financing distributions were agreed by the State DSA-DMS Technical Team Financing distributions were agreed by the State DSA-DMS Technical Team Financing distributions were agreed by the State DSA-DMS Technical Team Financing distributions were agreed by the State DSA-DMS Technical Team Financing distributions were agreed by the State DSA-DMS Technical Team Financing distributions were agreed by the State DSA-DMS Technical Team Financing distributions were agreed by the State DSA-DMS Technical Team Financing distributions were agreed by the State DSA-DMS Technical Team	DSA-DMS Technical Team DSA-DMS Technical Team DSA-DMS Technical Team DSA-DMS Technical Team DSA-DMS Technical Team DSA-DMS Technical Team DSA-DMS Technical Team DSA-DMS Technical Team DSA-DMS Technical Team
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S4	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S4 New Domestic Financing in Million Naira Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, State Bonds (maturity 1 to 5 years) State Bonds (maturity 6 years or longer) Other Domestic Financing New External Financing in Million US Dollar External Financing - Concessional Loans (e.g., World Bank, African Development External Financing - Bilateral Loans Other External Financing	Financing distributions were agreed by the State DSA-DMS Technical Team Financing distributions were agreed by the State DSA-DMS Technical Team Financing distributions were agreed by the State DSA-DMS Technical Team Financing distributions were agreed by the State DSA-DMS Technical Team Financing distributions were agreed by the State DSA-DMS Technical Team Financing distributions were agreed by the State DSA-DMS Technical Team Financing distributions were agreed by the State DSA-DMS Technical Team Financing distributions were agreed by the State DSA-DMS Technical Team	DSA-DMS Technical Team DSA-DMS Technical Team DSA-DMS Technical Team DSA-DMS Technical Team DSA-DMS Technical Team DSA-DMS Technical Team DSA-DMS Technical Team DSA-DMS Technical Team DSA-DMS Technical Team

Debt Management Unit, Yobe State

Indicator	Actuals					Projections									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
BASELINE SCENARIO															
Economic Indicators															
State GDP (at current prices)	600,955.46	623,045.58	758,924.00	849,452.68	910,479.66	1,352,480.43	1,553,838.89	1,728,728.31	1,923,426.33	2,140,052.22	2,381,075.60	2,649,244.24	2,947,615.38	3,279,590.56	3,648,954.45
Exchange Rate NGN/US\$ (end-Period)	253.19	305.79	306.50	326.00	379.00	435.57	435.57	435.57	435.57	435.57	435.57	435.57	435.57	435.57	435.57
Fiscal Indicators (Million Naira)															
Revenue	74,877.00	66,110.00	101,729.00	111,303.00	127,007.00	161,354.01	218,784.18	162,991.82	184,808.62	163,630.63	168,959.61	171,606.13	179,557.88	188,326.11	198,629.89
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	43,023.00	42,382.00	33,838.00	34,356.00	36,681.00	38,555.00	39,787.00	40,304.00	40,707.00	60,000.00	60,000.00	72,000.00	77,000.00	80,000.00	90,000.00
1.a. of which Net Statutory Allocation ('net' means of deductions)	41,528.00	40,218.00	32,644.00	29,486.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1.b. of which Deductions	1,495.00	2,164.00	1,194.00	4,870.00	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)	1,165.00	219.00	4,155.00	3,611.00	12,425.00	8,655.00	14,275.00	15,546.00	16,061.00	16,000.00	16,500.00	16,500.00	16,500.00	16,500.00	16,500.00
4. VAT Allocation	10,182.00	11,078.00	13,396.00	19,968.00	23,684.00	25,794.00	32,979.00	39,401.00	46,884.00	47,000.00	53,184.56	54,000.00	66,000.00	70,000.00	72,000.00
5. IGR	4,375.00	8,515.00	6,833.00	8,492.00	10,117.00	12,252.00	14,559.00	17,448.00	21,048.00	17,300.00	17,500.00	17,500.00	17,700.00	18,000.00	18,000.00
6. Capital Receipts	16,132.00	3,916.00	43,507.00	44,876.00	44,100.00	76,098.01	117,184.18	50,292.82	60,108.62	23,330.63	21,775.05	11,606.13	2,357.88	3,826.11	2,129.89
6.a. Grants	625.00	0.00	9,998.00	9,917.00	4,566.00	33,400.00	56,300.00	22,300.00	22,300.00	5,000.00	1,750.00	1,750.00	1,750.00	1,800.00	1,000.00
6.b. Sales of Government Assets and Privatization Proceeds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.c. Other Non-Debt Creating Capital Receipts	15,507.00	3,216.00	6,500.00	0.00	0.00	30,100.00	28,100.00	0.00	2,000.00	0.00	0.00	0.00	0.00	0.00	0.00
6.d. Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc.)	0.00	700.00	27,009.00	34,959.00	39,534.00	12,598.01	32,784.18	27,992.82	35,808.62	18,330.63	20,025.05	9,856.13	607.88	2,026.11	1,129.89
Expenditure	71,090.00	79,185.83	90,197.21	117,456.29	133,367.00	161,486.81	218,169.38	162,991.82	184,808.62	164,630.63	168,959.61	172,106.13	180,057.88	186,326.11	197,629.89
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	22,048.00	22,872.00	26,274.00	28,880.00	34,381.00	38,246.00	42,840.00	44,982.00	47,232.00	42,000.00	42,950.25	45,000.00	45,300.00	45,700.00	47,000.00
2. Overhead costs	11,499.00	15,102.00	13,927.00	25,786.00	20,504.00	30,158.00	38,142.00	38,905.00	39,683.00	38,000.00	35,000.00	31,000.00	32,000.00	35,000.00	38,000.00
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	1,009.25	1,736.28	2,515.67	5,410.90	9,327.00	6,241.19	7,911.03	13,608.93	18,243.55	22,355.55	21,753.88	20,623.03	18,127.62	14,016.74	10,816.35
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted from FAAC Allocation)	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	0.00
3.b. of which Interest deducted from FAAC Allocation	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	0.00
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)	7,697.00	7,579.00	7,576.00	4,837.00	5,621.00	1,932.00	1,223.00	1,247.00	1,272.00	1,600.00	1,700.00	1,700.00	1,900.00	1,900.00	2,000.00
5. Capital Expenditure	26,699.00	30,096.00	37,165.00	44,421.00	32,931.00	75,144.00	122,844.00	57,109.00	62,133.00	37,000.00	38,000.00	44,000.00	58,000.00	70,000.00	80,000.00
6. Amortization (principal) payments	2,137.75	1,800.55	2,739.54	8,121.39	30,603.00	9,765.62	5,209.35	7,139.89	16,245.07	23,675.09	29,555.48	29,783.10	24,730.26	19,709.37	19,813.54
Budget Balance ('+' means surplus, '-' means deficit)	3,787.00	-13,075.83	11,531.79	-6,153.29	-6,360.00	-132.80	614.80	0.00	0.00	-1,000.00	0.00	-500.00	-500.00	2,000.00	1,000.00
Opening Cash and Bank Balance	13,288.04	17,075.04	3,999.21	15,531.00	9,377.70	3,018.00	2,885.20	3,500.00	3,500.00	3,500.00	2,500.00	2,500.00	2,000.00	1,500.00	3,500.00
Closing Cash and Bank Balance	17,075.04	3,999.21	15,531.00	9,377.71	3,018.00	2,885.20	3,500.00	3,500.00	3,500.00	2,500.00	2,500.00	2,000.00	1,500.00	3,500.00	4,500.00

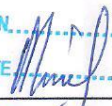
ANNEXURES II

Financing Needs and Sources (Million Naira)																				
Financing Needs						42,698.01	60,884.18	27,992.82	37,808.62	18,330.63	20,025.05	9,856.13	607.88	2,026.11	1,129.89					
i. Primary balance						-26,824.00	-47,149.00	-7,244.00	-3,320.00	26,700.00	31,284.31	40,050.00	41,750.00	33,700.00	30,500.00					
ii. Debt service						16,006.81	13,120.38	20,748.82	34,488.62	46,030.63	51,309.36	50,406.13	42,857.88	33,726.11	30,629.89					
Amortizations						9,765.62	5,209.35	7,139.89	16,245.07	23,675.09	29,555.48	29,783.10	24,730.26	19,709.37	19,813.54					
Interests						6,241.19	7,911.03	13,608.93	18,243.55	22,355.55	21,753.88	20,623.03	18,127.62	14,016.74	10,816.35					
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)						-132.80	614.80	0.00	0.00	-1,000.00	0.00	-500.00	-500.00	2,000.00	1,000.00					
Financing Sources						42,698.01	60,884.18	27,992.82	37,808.62	18,330.63	20,025.05	9,856.13	607.88	2,026.11	1,129.89					
i. Financing Sources Other than Borrowing						30,100.00	28,100.00	0.00	2,000.00	0.00	0.00	0.00	0.00	0.00	0.00					
ii. Gross Borrowings						12,598.01	32,784.18	27,992.82	35,808.62	18,330.63	20,025.05	9,856.13	607.88	2,026.11	1,129.89					
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)						0.00	10,000.00	0.00	0.00	0.00	0.00	9,856.13	0.00	0.00	1,129.89					
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)						12,598.01	0.00	0.00	10,000.00	0.00	0.00	0.00	607.88	0.00	0.00					
State Bonds (maturity 1 to 5 years)						0.00	22,784.20	27,992.80	0.00	0.00	20,025.05	0.00	0.00	2,026.11	0.00					
State Bonds (maturity 6 years or longer)						0.00	0.00	0.00	25,808.60	18,330.60	0.00	0.00	0.00	0.00	0.00					
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						0.00	-0.02	0.02	0.02	0.03	0.00	0.00	0.00	0.00	0.00					
Debt Stocks and Flows (Million Naira)																				
Debt (stock)						34,750.65	37,175.13	62,988.25	90,530.13	100,256.50	104,361.72	131,936.55	152,789.48	172,353.03	167,008.58	157,478.15	137,551.18	113,428.80	95,745.54	77,061.89
External						6,957.65	8,198.13	8,122.25	8,070.13	8,527.50	9,526.71	9,250.36	8,971.24	8,689.34	8,404.61	8,117.04	7,826.59	7,533.24	7,236.95	6,932.05
Domestic						27,793.00	28,977.00	54,866.00	82,460.00	91,729.00	94,835.01	122,686.19	143,818.24	163,663.70	158,603.97	149,361.11	129,724.59	105,895.56	88,508.59	70,129.84
Gross borrowing (flow)											12,598.01	32,784.18	27,992.82	35,808.62	18,330.63	20,025.05	9,856.13	607.88	2,026.11	1,129.89
External											0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Domestic											12,598.01	32,784.18	27,992.82	35,808.62	18,330.63	20,025.05	9,856.13	607.88	2,026.11	1,129.89
Amortizations (flow)						2,146.49	1,642.18	2,525.51	9,288.75	13,894.10	9,765.62	5,209.35	7,139.89	16,245.07	23,675.09	29,555.48	29,783.10	24,730.26	19,709.37	19,813.54
External						316.49	168.18	165.51	200.75	341.10	273.62	276.35	279.11	281.91	284.73	287.57	290.45	293.35	296.29	304.90
Domestic						1,830.00	1,474.00	2,360.00	9,088.00	13,553.00	9,492.00	4,933.00	6,860.78	15,963.16	23,390.36	29,267.91	29,492.65	24,436.91	19,413.08	19,508.64
Interests (flow)						982.59	1,720.51	2,462.75	5,364.62	7,850.90	6,241.19	7,911.03	13,608.93	18,243.55	22,355.55	21,753.88	20,623.03	18,127.62	14,016.74	10,816.35
External						126.59	238.51	223.75	283.62	37.90	492.19	390.43	394.33	398.28	402.26	406.28	410.34	414.45	418.59	435.57
Domestic						856.00	1,482.00	2,239.00	5,081.00	7,813.00	5,749.00	7,520.60	13,214.60	17,845.28	21,953.29	21,347.60	20,212.68	17,713.17	13,598.15	10,380.78
Net borrowing (gross borrowing minus amortizations)											2,832.39	27,574.83	20,852.93	19,563.55	-5,344.45	-9,530.43	-19,926.97	-24,122.38	-17,683.26	-18,683.65
External											-273.62	-276.35	-279.11	-281.91	-284.73	-287.57	-290.45	-293.35	-296.29	-304.90
Domestic											3,106.01	27,851.18	21,132.05	19,845.46	-5,059.73	-9,242.86	-19,636.52	-23,829.03	-17,386.97	-18,378.75
Debt and Debt-Service Indicators																				
Debt Stock as % of SGDP						5.78	5.97	8.30	10.66	11.01	7.72	8.49	8.84	8.96	7.80	6.61	5.19	3.85	2.92	2.11
Debt Stock as % of Revenue (including grants and excluding other capital receipts)						58.53	59.77	92.33	118.58	114.61	87.95	83.56	113.18	117.25	114.94	105.74	85.04	63.39	51.39	39.02
Debt Service as % of SGDP											1.18	0.84	1.20	1.79	2.15	2.15	1.90	1.45	1.03	0.84
Debt Service as % of Revenue (including grants and excluding other capital receipts)											13.49	8.31	15.37	23.46	31.68	34.45	31.16	23.95	18.10	15.51
Interest as % of SGDP											0.46	0.51	0.79	0.95	1.04	0.91	0.78	0.61	0.43	0.30
Interest as % of Revenue (including grants and excluding other capital receipts)											5.26	5.01	10.08	12.41	15.39	14.61	12.75	10.13	7.52	5.48
Personnel Cost as % of Revenue (including grants and excluding other capital receipts)											32.23	27.13	33.32	32.13	28.91	28.84	27.82	25.31	24.53	23.80

LIST OF PARTICIPANTS

1. **Mohammed Alkali Dinkiri** – Accountant General
2. **Mohammed Ibrahim** – Head of Debt Management Unit
3. **Tijjani Kachalla Goni** – Principal Accountant Final Accounts
4. **Umar Abdu Umar** – Debt Management officer


DATE 18/12/2023
Musa Audu Farafara FCNA,
For: Hon. Commissioner, Ministry of Finance


DATE 18/12/2023
Muhammad Ibrahim
Head Debt Management Unit