ZAMFARA STATE GOVERNMENT
NIGERIA

ZAMFARA STATE
DEBT SUSTAINABILITY ANALYSIS-DEBT MANAGEMENT STRATEGU
(DSA-DMS) REPORT

2024

Contents

1. INTRODUCTION

Zamfara State Debt Sustainability Analysis covers the period 2019 to 2023 (5-year historical) and 2024-2033 (10-year projection), under various macroeconomic assumptions, Shock scenarios and related policies adopted in the state. To ensure that State debt stock remains sustainable in the medium to long-term, by using the State's macroeconomic framework with a view to assessing the current and future debt levels, as well as its ability to meet debt service obligations as and when due, and without compromising growth and development.

Zamfara State Debt Sustainability Analysis forecast for primary balance that comprises the difference between revenue and expenditure, plus the existing debt service (interest payment and principal repayments). The State's Internal Revenue Services was restructured to boost revenue generation in the State. The reform was based on the State Revenue laws, which provided capital gains tax, property tax, etc., in order to expand the tax base/web to maximally increase the State's Internally Generated Revenue that are considered achievable. However, the State also envisages an increase in recurrent and capital expenditures with expected growth in the National economy, industries, agriculture and mining activities with vast effects on the State's economy. The forecast is in line with International Public Sector Accounting Standards (IPSAS) and consistent with our strategic plan in the medium-to-long-term vision.

Global growth is projected to stay at 3.1 percent in 2024 and 3.2 percent in 2025, with the 2024 forecast 0.2 percentage point higher than that in the October 2023 World Economic Outlook (WEO) on account of greater-than-expected resilience in the United States and several large emerging market and developing economies, as well as fiscal support in China. The forecast for 2024–2025 is, however, below the historical (2000–2019) average of 3.8 percent, with elevated central bank policy rates to fight inflation, a withdrawal of fiscal support amid high debt weighing on economic activity, and low underlying productivity growth. Inflation is falling faster than expected in most regions, in the midst of unwinding supply-side issues and restrictive monetary policy. Global headline inflation is expected to fall to 5.8 percent in 2024 and to 4.4 percent in 2025, with the 2025 forecast revised down.

With disinflation and steady growth, the likelihood of a hard landing has receded, and risks to global growth are broadly balanced. On the upside, faster disinflation could lead to further easing financial conditions. Looser fiscal policy than necessary and then assumed in the projections could imply temporarily higher growth, but at the risk of a more costly adjustment later. Stronger structural reform momentum could bolster productivity with positive cross-border spillovers. On the downside, new commodity price spikes from geopolitical shocks—including continued attacks in the Red Sea—and supply disruptions or more persistent underlying inflation could prolong tight monetary conditions. Deepening property sector woes in China or, elsewhere, a disruptive turn to tax hikes and spending cuts could also cause growth disappointments.

Policymakers' near-term challenge is to successfully manage the final descent of inflation to target, calibrating monetary policy in response to underlying inflation dynamics and where wage and price pressures are clearly dissipating, adjusting to a less restrictive stance. At the same time, in many cases, with inflation declining and economies better able to absorb effects of fiscal tightening, a renewed focus on fiscal consolidation to rebuild budgetary capacity to deal with future shocks, raise revenue for new spending priorities, and curb the rise of public debt is needed. Targeted and carefully sequenced structural reforms would reinforce productivity growth and debt sustainability and accelerate convergence toward higher income levels. More efficient multilateral coordination is needed for, among other things, debt resolution, to avoid debt distress and create space for necessary investments, as well as to mitigate the effects of climate change.

Economic growth in Nigeria slowed from 3.3 percent in 2022 to 2.9 percent in 2023 due to high inflation and sluggish growth in the global economy, which declined from 3.5 percent in 2022 to 3.2 percent in 2023. Growth was driven by services and agriculture on the supply side and by consumption and investment on the demand side. Inflation rose from 18.8 percent in 2022 to 24.5 percent in 2023, due to rising fuel costs and a depreciating naira. Petrol prices increased 167 percent, from N254 per liter in May 2023 to N671 in December 2023.

The exchange rate was depreciated by 95.6 percent in 2023, resulting from the floating of the naira in June 2023. Monetary policy was tightened to control inflation, with the policy rate increased from 17.5 percent in January 2023 to 18.75 percent in December 2023. The fiscal deficit narrowed from 5.4 percent of GDP in 2022 to 5.1 percent, as general government revenues improved from 6.7 percent of GDP in 2022 to 7.6 percent in 2023, although remaining low. The deficit was financed mainly by domestic borrowing, including from the Central Bank's Ways and Means. Public debt remained low at 40percent of GDP in 2023, but the federal government debt service to revenue ratio was high, at 111 percent, due to weak revenues. The current account surplus improved from 0.2 percent of GDP in 2022 to 0.9 percent in 2023, driven by higher oil prices and exports. International reserves remained robust but dropped from 6.6 months of import cover in 2022 to 5 months in 2023, reflecting tight global financing conditions. The poverty level remains high, with multidimensional poverty at 63 percent and income poverty at 40 percent. Income inequality is lower than in many middle-income countries, with a Gini coefficient of 0.35 percent.

Economic growth is projected to increase to 3.2 percent in 2024 and 3.4 percent in 2025, due to improved security, higher oil production, and stronger consumer demand. Inflation is expected to rise to 31.6 percent in 2024, driven by higher food prices and continued depreciation of the naira, before moderating to 20.7 percent in 2025 as inflationary pressures abate. The fiscal deficit, financed by domestic borrowing, is projected to narrow to 4.3 percent of GDP in 2024 and 4.1 percent in 2025 as both oil and nonoil revenues improve. The current account surplus is expected to improve to 3.0 percent of GDP in 2024 and 3.6 percent in 2025 due to higher oil exports. Headwinds include insecurity, lower oil production, rising fuel and food prices, and further exchange rate depreciation. Tailwinds include new oil production from the Dangote refinery, which is expected to lower energy prices as it starts supplying the local market.

Despite some evidence of structural transformation, reflected in agriculture employment's falling share in total employment from 49.3 percent in 2000 to 35.2 percent in 2021, the pace of transformation is not sufficient to propel industrial take-off. Labor has relocated to the services sector, whose share of employment rose from 39.4 percent in 2000 to 52.1 percent in 2021. However, industry's share of employment has increased only marginally over the past 20 years, from 11.3 percent to 12.7 percent, reflecting slow industrialization. Furthermore, wage employment is low, at 11.8 percent, reflecting low-quality jobs and characterized by high informality, at 92.6 percent.

2. THE STATE FISCAL AND DEBT FRAMEWORK

Zamfara State Government has been active in involving the public in its budgetary preparation by way of citizens participation in budgeting, this is very important in the developing countries as a means of improving the performance and accountability of bureaucracies and improving social justice. As the economy is the primary and critical component of life, the State government has vibrant economic policies to harness the abundant economic potential, particularly agriculture and solid minerals. The State Government set up a State Economic Management Team, for the purpose of revising and tracking the current and future economic development of the State.

The Zamfara State Government is making strenuous efforts to win the confidence of foreign investors to invest in the State, most especially in the mining, agriculture, and hospitality industry. The Government also rolled out a social intervention programme to provide support to the poor and the unemployed; reconstructed and equipped skills acquisition Centre to provide training for women and youth towards self-reliance; and building the critical infrastructure needed to speed up the development of the State.

The Government has put in place a harmonized revenue law to expand the tax net and boost internally generated revenue. The increase in IGR is expected to positively impact on the financial obligation of the State as well as the economic development of the State. The State plans to augment the State budget through borrowings from domestic loans and external loans.

Medium-Term Budget Forecast

The Economic and Fiscal Update (EFU) provides economic and fiscal analysis which forms the basis for budget planning process. It is aimed primarily at policy makers and decision takers in Zamfara State Government. The EFU also provides an assessment of budget performance (both historical and current) and identifies significant factors affecting implementation.

On the other hand, Fiscal Strategy Paper (FSP) is a key element in Medium Term Budget Framework (MTBF) and annual budget process, and as such, it determines the resources available to fund Government projects and programmes from a fiscally sustainable perspective.

Zamfara State Government decided to adopt the preparation of the MTEF for the first time in 2013 as part of the movement toward a comprehensive Public Financial Management process. This is the Tenth (10) rolling iteration of the document and covers the period 2024-2026.

The implication for the 2024-2026 forecast is that if more capital receipts are not obtained and the IGR increases, the same scenario may still be recorded since the State IGR cannot fund recurrent expenditure, but the debt stock continues to be remained sustainable over the period.

The MTEF documents strengthen top-down budgeting in line with the requirements of fiscal responsibility legislation. The document assists the State in achieving the following objectives:

a. to ensure overall and proper linkage between policy, planning and budgeting.
b. to improve fiscal policy formulation and implementation by instituting a medium-term budget framework as part of the regular economic management process.
c. to improve budget allocations that reflect the State policy priorities and development needs of the State.
d. to provide robust medium term expenditure programmes of selected critical MDAs.
e. ensuring budget execution through more predictable cash releases, there by guaranteeing more effective service delivery.
f. reducing deviation between budgeted and executed levels of expenditures.
g. to improve cash management for Transparency and Accountability

This refers to the physical arrangement through which all PFM Process are being carried out. This process depends on whether the financial item is either revenue or expenditure. On the revenue side, the framework in this dimension provides the roles of the following institutions:

a. Zamfara Internal Revenue Services (ZIRS) - It is the main revenue collecting Agency on behalf of the State Government. It was established by legislative act.
b. Office of the Accountant General. This Office collects not only those revenues primarily subsumed by the KIRS and other revenue collecting agencies, but also all accrued revenues from Federation Accounts and Capital receipts as may be

from time to time. The Office of the Accountant General is an integral Division of Ministry of Finance which has five Departments headed by substantive Directors.

c. On the expenditure side, the institutional framework in respect of expenditure emanates from the provisions of the approved Budget for the year under review. This budget document derives its source from four streams namely:
    - Policy pronouncements by the Government.
    - Proposals from Ministries, Departments and Agencies of the State.
    - Citizens' Demand through Town Hall meeting Conducted in the State.
    - Public inputs through SHoA (conducted through public hearing and representations) and SHoA resolution.

The commitment in the budget is actualized through the issuance of Warrants to State Accountant-General (AG) initiated by MoPB, certified by Ministry of Justice and approved by the Executive Governor to carry out the mandate. The Warrant itself could be General or provisional. This instrument authorizes the AG to commence spending of public Funds within the stipulation of the approved legislative Budget of the year.

All MDAs serve as springboard for the implementation of the Budget provisions. In compliance with the Financial Instructions, relevant circulars and provisions, as well as other relative directives that from time to time are ushered in by the State Executive Council. The legislative arm of the Government also exercises oversight functions to ensure compliance with the contents of the approved Budget document as well as adherence to all available guiding rules and statutes.

Another important institutional framework in the circle of financial management in the State also includes the Public Procurement Bureau. This institution plays a significant role in ensuring compliance with the existing Monetary & Fiscal Policies by every Government establishment. It ensures adherence with the best practice: as well as monitors the execution of all capital projects.

The foundation for any fiscal discipline and the attainment of fiscal realism starts with the Economic and Fiscal Update (EFU). It (the EFU) presents data and analyzes information on all the strata of the state, national and global economic and fiscal situations. This formed the basis for fiscal and macroeconomic assumptions and projections reflected in the Fiscal Strategy Paper which also goes further to manifest medium-term fiscal projections (revenue and expenditure). The EFU gives a measured reflection of recent budget performance identifying factors that significantly affect the attainment of budgetary outputs and outcomes which transmit into the subsequent fiscal plans.

The EFU provides the context for a prospective Fiscal Strategy Paper (FSP) that feeds into the Medium-Term Expenditure Framework (MTEF) where resources are strategically allocated considering Government policy objectives and priorities as dictated by the budget policy statements.

Thus FSP is an indispensable element in annual budget process as it determine the resources available to fund government prioritized projects and programmes in a sustainable manner and consistent with its development policy objective and priorities as encapsulated in the existing policy document It provides justification and corroborate the estimation for medium-term major Revenue and Expenditure aggregates including important components of the MTEF Process such as fiscal targets, fiscal constraints and an assessment of the fiscal risks. The details of the macroeconomic assumptions are as shown in the table below.

Zamfara State Medium-Term Budget Forecast (MTBF) is a fiscal arrangement that allow Government to extend the horizon for fiscal policy making beyond the annual budgetary calendar. Although the approval of the Annual budget law remains the key step in which important decisions on budgetary policy are adopted, most fiscal measures have budgetary implications that go well beyond the usual yearly budgetary cycle. As a result, a single year perspective provides a poor basis for sound fiscal planning.

The Baseline macroeconomic assumptions for 2024 State DSA are based on the projections outlined in the Zamfara State's Medium-Term Budget Framework (MTBF) projection and indicative macroeconomic assumptions reflect the national policy directions and oil statutory revenue projection as

contained in the Revised FGN MTEF 2024-2027. The forecast covers the preparation, execution, and monitoring of multiannual budget plans and contains both expenditure and revenue projections as well as the resulting budget balances. The details of the macroeconomic assumptions are as shown in the table below.

Zamfara State Medium-Term Budget Forecast (MTBF), 2024-2027

Macroeconomic Assumptions	2024	2025	2026	2027
National Inflation	20.00%	15.50%	15.20%	15.20%
National Real GDP Growth	3.00%	3.00%	3.00%	3.00%
Budget Oil Production Volume (mbpd)	1.6	1.7	1.8	1.8
Oil Price Benchmark (US$ per barrel)	65	65	65	65
Average Exchange Rate (N/US$)	1,300	1,200	1,100	1,000
Revenue				
Gross Statutory Allocation	125,139.19	140,569.63	145,915.05	160,080.61
Other FAAC transfers	3,402.81	7,027.60	8,528.98	8,655.43
VAT Allocation	27,187.87	30,193.81	39,832.57	45,799.08
IGR	25,654.01	26,530.85	27,663.56	27,329.45
Grants	10,300.00	13,366.21	12,586.78	13,207.35
Sales of Govt Assets and Privatization Proceeds	0	2153.18	2184.09	3,215.00
Other Non-Debt Creating Capital Receipts	0	3450.53	3530.78	5,611.03
Total Revenue	**191,683.88**	**223,291.80**	**240,241.81**	**263,897.95**
Expenditure				
Personnel costs	55,866.62	55,941.95	59,480.79	65,619.63
Overhead costs	40,011.30	45,881.78	48,399.42	53,527.41
Other Recurrent Expenditure*	49,451.33	55,657.46	57,963.59	61,769.72
Capital Expenditure	90,582.02	85,374.25	86,825.48	85,320.24
Total Expenditure	**235,911.27**	**242,855.44**	**252,669.27**	**266,236.99**
New Domestic Borrowing	10,361.90	8,320.60	25,335.50	10,302.00
New External Borrowing	0.00	25185.12	5,000.23	9,791.91

*The amount for debt service projection that comprises existing and new debt service was included under other recurrent expenditure.

Assumption of the MTEF, 2024-2027

a. Statutory Allocations – The assumption is based on an elasticity forecast taking into consideration the macroeconomic framework (national) and the mineral assumptions in the Federal Fiscal Strategy Paper. It is based on historical mineral revenues flows and elasticity-based forecasts using national Real GDP and inflation data.

b. VAT – The estimation is based on elasticity forecast using the combined change in GDP and inflation rate.

c. Other Federation Account Distributions – The assumption is based on an elasticity forecast taking into consideration the macroeconomic framework (national) and the mineral assumptions in the Federal Fiscal Strategy

Paper. It is based on historical mineral revenues flows and elasticity-based forecast using national Real GDP and inflation data.

d. Internally Generated Revenue (IGR) – The estimation is own value which is calculated based on the current growth rate marked up slightly to factor the current administration's reform initiatives to grow the IGR and all payments of any nature must be done through the TSA.

e. Grants – The internal grants are mostly based on the expected grant from local donors and programs. External grants are mostly based on signed grant agreements with the World Bank, UNICEF, EU etc.

f. Financing (Net Loans) – the internal and external loans are projections based on agreement ZGS 2024-2027 EFU-FSP-BPS Consolidated Revenue Fund Charges – this includes public debt charges (which is external debt servicing) which is changing in medium term. The estimation is own value determined based on the debt servicing costs (principal and interest repayment) for 2024-2027.

g. Personnel – It is anticipated that the new minimum wage of Thirty Thousand will have negative impact on rising personal cost in the State because of the burden on the side of the government.

h. Overheads – Overhead has been relatively stable over the years to date. It is anticipated that the status quo will remain stable. Consequently, the estimation is own value calculated using the current growth rate.

i. Capital Expenditure – Highlights on Some of the Projects to be Executed in 2024 Fiscal Year. Some of the projects to be undertaken by this administration in the course of implementation of the 2024 budget are: Continuation of Urban Renewal Programme, Construction of Roads across the State, Earth dam at Bagega, Magami, Galadi, Jangeru and Dansadau, Renovation of CAS Bakura, General Hospitals across the State, Education facilities across the State, Ultra-Modern Diagnosis Centre for each of the Senatorial zone, New economic city, Execution of the Gusau Airport project, as well as made adequate provision for social intervention programmes to cushion the effect of the prevailing economic hardship and insecurity. micro-credit disbursement to Small and Medium Enterprises, the FADAMA Programme for food security, and other poverty alleviation support materials. Skills Acquisition programmes would be strengthened to provide job opportunities to our teeming populations in the State.

The forecast covers 2024-2033 macroeconomic analysis, government's fiscal policy for medium and long-term, state budget revenue projections and state budget expenditure ceilings for each ministry and their agencies (MDAs) for medium to long-term. Zamfara State Government work with all stakeholders through collaboration, commitment, and partnership to achieve the following: sufficient levels of budget transparency; public participation in the budget; Strengthen monitoring & oversight of budget execution; and Sustain improvements on open budgeting Government participatory.

State's Revenue policies

Zamfara State House of Assembly has passed the long-awaited consolidated Revenue Bill into law. The Bill is to provide for the establishment of the Fiscal Responsibility Agency with a view to generating sufficient revenue for the state. Zamfara State has suffered from the activities of armed bandits and other criminalities in the last few years. These unholy activities have greatly affected virtually all aspects of life including revenue generation. This necessitated the State House of Assembly to find ways of reviving the state Internally Generated Revenue. Presenting the committee's report to the house for consideration and passage into law, the Bill will improve the State revenue generation and block all leakages/wastages. The Bill adopted versions of successful Revenue Laws of some neighboring States which will help in the free flow of economic activities across the States and the country at large.

State Government enacted Public Financial Management Law with a view to providing sound Public Expenditure and Financial Management in Zamfara State aimed at ensuring that for the purpose of overall economic development of the State Government strives towards the following:

a. Limit or reduce government debt to prudent levels by ensuring that the budget deficit at the end of a financial year shall not exceed six per centum of the estimated gross state domestic product and to ensure that such levels be maintained thereafter.
b. Ensure prudent management of the financial risks faced by the Government, having regard to changing economic circumstances.
c. Adopt policies relating to spending which do not increase government debt to excessive levels.
d. Adopt policies relating to spending and taxing, as are consistent with a reasonable degree of stability and predictability in the level of tax rates in the future.
e. Ensure that the sum which is calculated as the guarantee and given as a percentage of the gross state domestic product for the current financial year along with the two preceding financial years, does not in the aggregate exceed 4.5 per centum.
f. Ensure that at the end of a financial year the total liabilities of the Government (including external debt at the current exchange rates) do not exceed twenty per centum of the estimated gross state domestic product for that financial year and that at the end of the financial year.

State Expenditure policies

Government spending drives economic activities either through the development of large-scale infrastructural projects or through the execution of capital projects and provision of resources to the citizens in the form of social grants. Investments in education and health have long-term economic benefits. Fiscal policy is the deliberate adjustment of government spending, borrowing or taxation to help achieve desirable economic objectives in a State. This section provides a brief review of the development process of the State since its creation, the overall development objectives, and priorities, as well as its mission and vision. The section also gives an overview of the conceptual underpinnings for the sustainable economic development of the State outlined in the Zamfara State CDF.

3. THE STATE REVENUE, EXPENDITURE, AND PUBLIC DEBT TRENDS (2019–2023)

The State economy experienced a growth through an independent revenue of the state (IGR), that generated N22,162 million in 2023 compared to N19,414 million in 2022, representing an increase of N2,748 million or 14.16 percent within the period, an was due to economic reforms to improve tax, as well as the implementations other policies that strengthen the state internal revenue that held within the period.

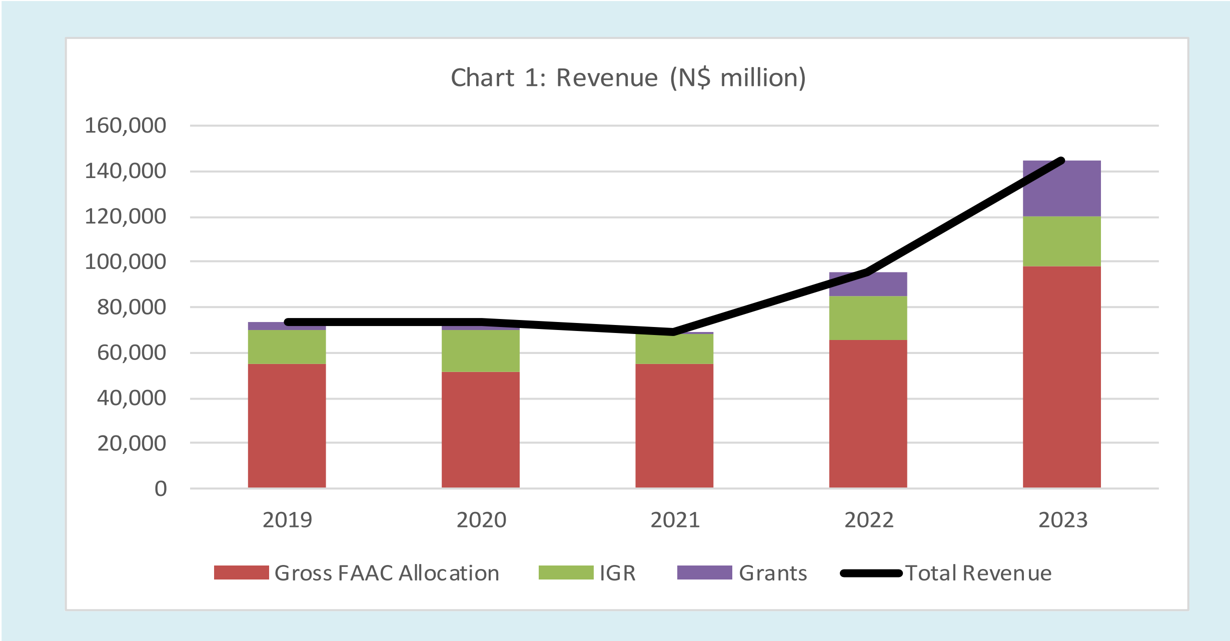
Revenue and Expenditure

Zamfara State total revenue comprises Statutory Allocation, Derivation, VAT Allocation, IGR, and Capital Receipt. The State's Revenue recorded an increase from N73,136 million in 2019 to N144,949 million in 2023, representing an increase of N71,812 million or 98.19 percent.

Zamfara State FAAC allocation recorded N54,993 million in 2019, N51,847 million in 2020, N55,321 million in 2021, N65,610 million in 2022, and N98,411 million in 2023 respectively. The Internally Generated Revenue (IGR) recorded a steady growth over the historical period of N15,416 million in 2019, N18,499 million in 2020, N12,964 million in 2021, N19,414 million in 2022 and N22,162 million in 2023 respectively. The improvement in IGR is mainly because of tax reforms aimed at improving collection efficiency and broadening the tax revenue base. The actual grant received by Zamfara State Government comprises internal grants and external grants. Grants received recorded at N2,727 million in 2019 and N24,376 million in 2023 respectively. The details of the revenue are as shown in the table below.

Revenue Performance, 2019-2023 (NGN' Million)

Revenue Performance	2019	2020	2021	2022	2023
Total Revenue	73,136	73,912	68,762	95,501	144,949
Gross FAAC Allocation	54,993	51,847	55,321	65,610	98,411
IGR	15,416	18,499	12,964	19,414	22,162
Grants	2,727	3,566	477	10,477	24,376



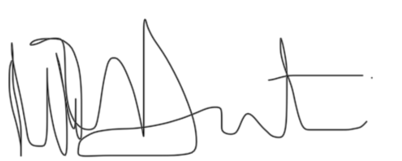
Expenditure - The State's Total expenditure covers Capital expenditure, Personnel costs, Overhead costs, other recurrent expenditure, and Debt service (interest payment and principal repayment) stood at N83,521 million in 2019, N110,551 million in 2020, N87,673 million in 2021, N133,054 million in 2022, and N118,999 million respectively.

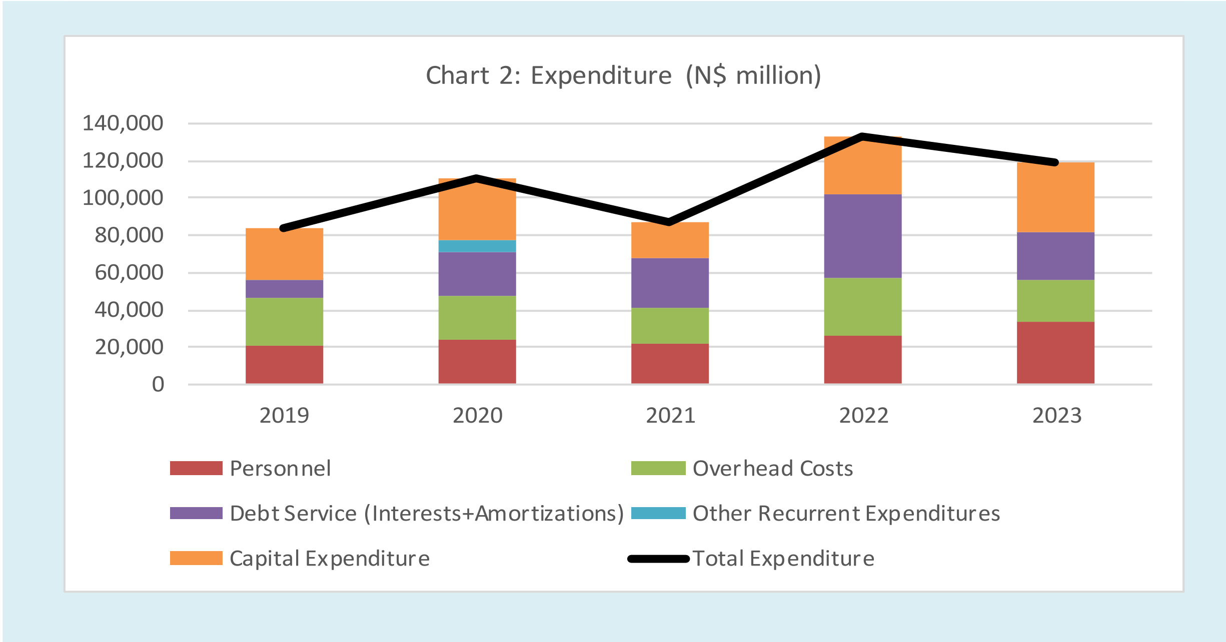
Personnel costs recorded N20,791 million in 2019, N24,402 million in 2020, N21,460 million in 2021, N26,376 million in 2022 and N33,868 million 2023. Overhead Cost amounted to N26,109 million in 2019, N19,305 million in 2021 and N22,139 million in 2023, respectively.

Debt Service - The Total debt service is based on the existing debt stock which comprises the principal and interest repayments for 2019 to 2023. Other Recurrent Expenditure recorded N7,282 million in 2020 during the period. The Capital Expenditure was recorded N27,027 million, N32,728 million, N20,234 million, N30,769 million and N36,839 million during the period of 2019, 2020, 2021, 2022, and 2023 respectively.

Expenditure Performance, 2019-2023 (NGN' Million)

	2019	2020	2021	2022	2023
Total Expenditure	83,521	110,551	87,673	133,054	118,999
Personnel	20,791	24,402	21,460	26,376	33,868
Overhead Costs	26,109	23,442	19,305	30,695	22,139
Debt Service (Interests + Amortizations)	9,535	22,698	26,675	45,214	26,153
Other Recurrent Expenditures	58	7,282	0	0	0
Capital Expenditure	27,027	32,728	20,234	30,769	36,839





3.2 Existing Debt Portfolio

Subnational 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 term, consistent with a prudent degree of risk. In a broader macroeconomic context for public policy, governments should seek to ensure that both the level and rate of growth in their public debt are on a sustainable path and that the debt can be serviced under a wide range of circumstances, including economic and financial market stress, while meeting cost and risk objectives.

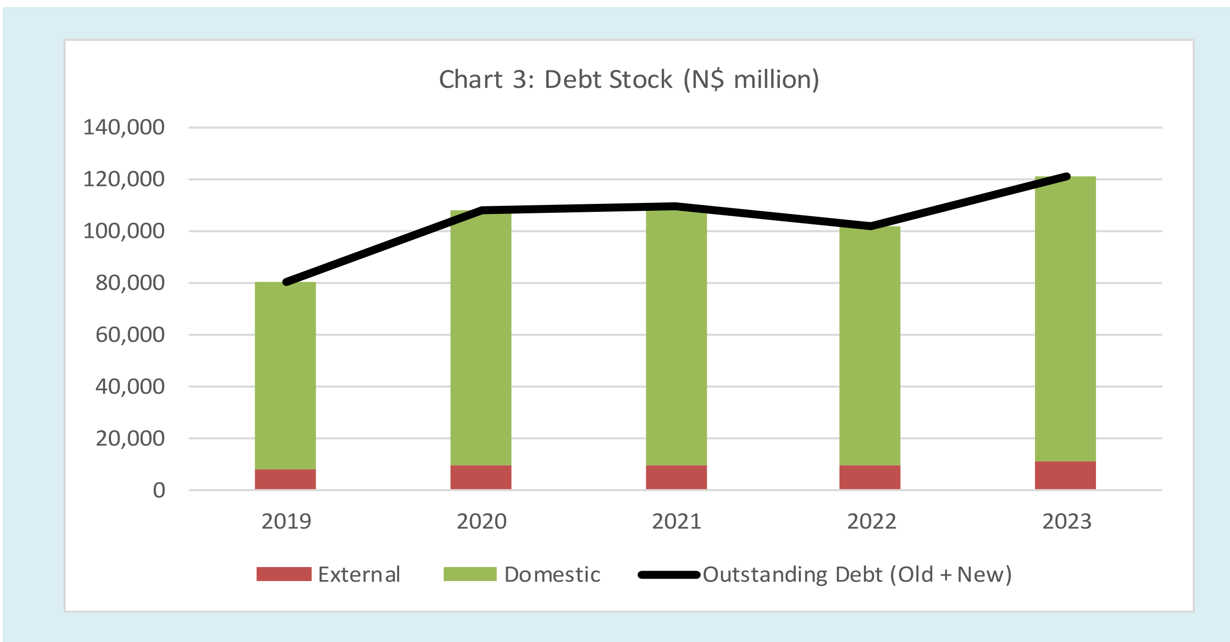
Every government faces policy choices concerning debt management objectives, in particular its preferred risk tolerance, the parts of the government balance sheet that debt managers should be responsible for, the management of contingent liabilities, and the establishment of sound governance for public debt management. Poorly structured debt portfolios, in terms of maturity, currency, or interest rate composition and large contingent liabilities, have been important factors in inducing or propagating economic crises in many countries throughout history.

Sound risk management practices are essential given that a government's debt portfolio is usually the largest financial portfolio in the country and can contain complex and risky financial structures, which have the potential to generate substantial risk to the government's balance sheet and overall financial stability.

Zamfara State Debt stock comprises of External and Domestic Debt, as the total debt stock stood at N80,745 million in 2019, N107,833 million in 2020, N109,441 million in 2021, N101,849 million in 2022 and N121,578 million in 2023 respectively. The increase in the Debt stock was reflected in External Debt component, due to the additional disbursements on existing Multilateral loans, and the decline reflected from the domestic debt component, which resulted as a result of repayment of principal. The details of the debt stock are as shown in the table below.

Debt Stock, 2019-2023 (NGN' Million)

	2019	2020	2021	2022	2023
Outstanding Debt	80,745	107,833	109,441	101,849	121,578
External	8,229	9,816	9,502	9,409	11,010
Domestic	72,516	98,018	99,940	92,441	110,567



Debt composition

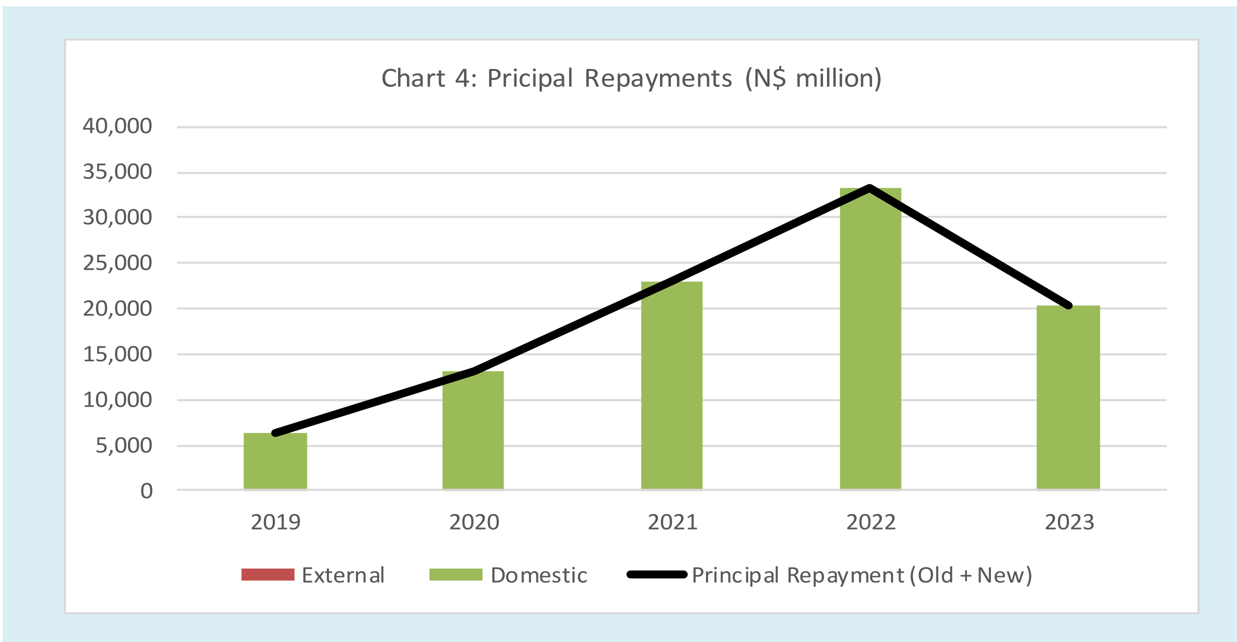
The main domestic debt portfolio consists of Salary Bail out, Budget Support Facility, Restructured Commercial Bank Loans (FGN), Excess Crude Account Backed Loan, Contractor's Arrears, State Bonds, Commercial Agricultural Loan, Infrastructure Loan, Contractors' Arrears and Pensions & Gratuity arrears. While the External Debt includes World Bank (IDA and IFAD) and African Development Fund (AfDF). Therefore, the ratio of External debt to Domestic debt stood at 9.06 percent to 90.94 percent in 2023.

Debt Service

The Zamfara State total debt service comprises interest payment and principal repayment, that recorded N9,454 million in 2019, N22,217 million in 2020, N32,493 million in 2021, N42,847 million in 2022 and N26,049 million in 2023 respectively. While, the actual Principal Repayment was recorded at N6,378 million in 20219, N22,902 million and 20,434 million in 2023 respectively. the table of principal repayment below.

Principal Repayment, 2019-2023 (NGN' Million)

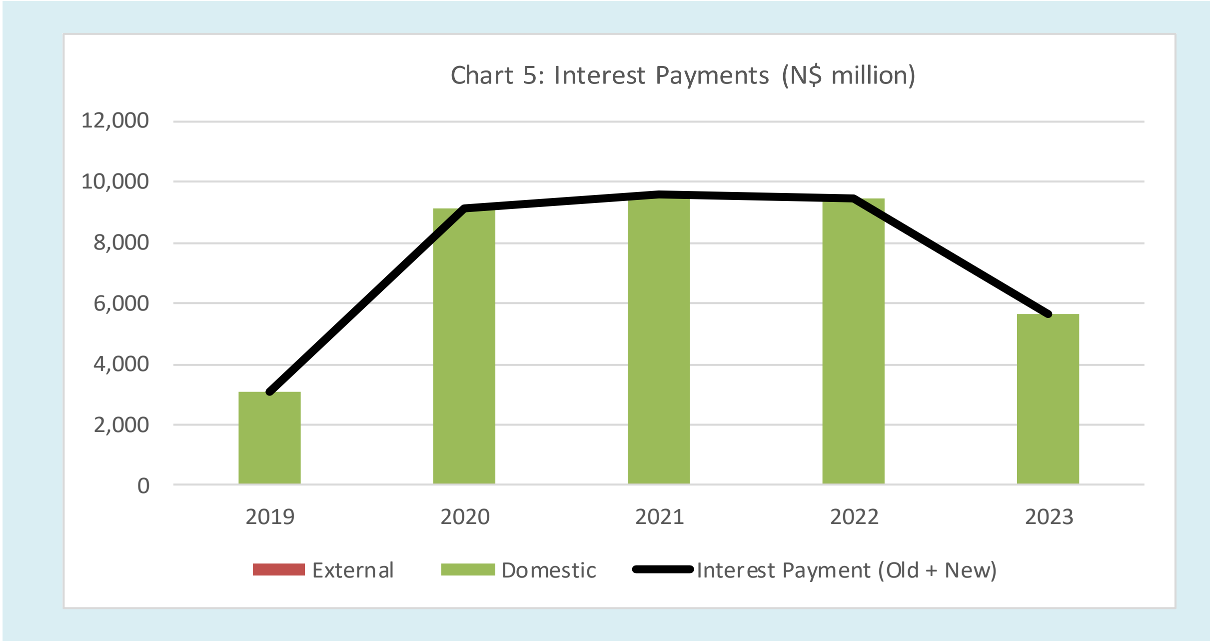
	2019	2020	2021	2022	2023
Principal Repayment	6,378	13,090	22,902	33,363	20,434
External	218	283	289	126	222
Domestic	6,160	12,807	22,613	33,237	20,213



Interest Payment was recorded during the historical period as N3,076 million in 2019, N9,127 million in 2020, N9,591 million in 2021, N9,484 million and N5,614 million in 2023 respectively.

Interest Payment, 2019-2023 (NGN' Million)

	2019	2020	2021	2022	2023
Interest Payment	3,076	9,127	9,591	9,484	5,614
External	65	52	74	31	34
Domestic	3,011	9,075	9,516	9,453	5,580



Budget Balance – the actual budget balance for Zamfara State government indicated a deficit of N127.4 million in 2019, N19,807.0 million in 2020, as the budget balance presented a surplus of N10,200.8 million in 2021, N5,176.0 million in 2022, and N72,179.3 million in 2023 respectively.

The analysis revealed that the debt as percentage of revenue revealed the ratio of 110.40 percent in 2019, 145.89 percent in 2020, 159.16 percent in 2021, 106.65 percent in 2022, and 83.88 percent in 2023 respectively.

Budget Balance & Debt to Revenue Ratios, 2019-2023

	2019	**2020**	**2021**	**2022**	**2023**
Budget Balance (NGN' Million)	-127.4	-19,807.0	10,200.8	5,176.0	72,179.3
Debt as percentage of Revenue (in percentage)	110.40	145.89	159.16	106.65	83.88

4. DEBT SUSTAINABILITY ANALYSIS

"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".

The State debt burden indicators reveal that, in 2023 the ratio of Debt to GDP stood at 5.40 percent which is far below the threshold of 25 percent. Debt to Revenue ratio recorded 83.88 percent as against the threshold of 200 percent. Debt service to Revenue stood at 17.97 percent compared with the benchmark of 40 percent. Personnel Cost to revenue accounted at 23.37 percent as against the threshold of 60 percent. The Debt Service as percent of FAAC, Interest Payment as percent Revenue, and External debt service to Revenue remained at 26.47 percent, 3.87 percent and 0.18 percent respectively. The details of the debt burden indicators are as shown in the table below.

Zamfara State Debt Burden Indicators

	Threshold	2019	2020	2021	2022	2023
Debt as % of GDP	25	5.95	7.28	6.47	5.24	5.40
Debt as % of Revenue	200	110.40	145.89	159.16	106.65	83.88
Debt Service as % of Revenue	40	12.93	30.06	47.25	44.87	17.97
Personnel Cost as % of Revenue	60	28.43	33.02	31.21	27.62	23.37
Debt Service as % of Gross FAAC Allocation	Nil	17.19	42.85	58.74	65.31	26.47
Interest as % of Revenue	Nil	4.21	12.35	13.95	9.93	3.87
External Debt Service as % of Revenue	Nil	0.39	0.45	0.53	0.16	0.18

Borrowing options

Gross Financing Needs is the sum of budget deficits and funds required to roll over debt that matures over the year. Zamfara State Government intends to source its Gross Financing Needs mainly through domestic borrowing from commercial Banks, domestic debt market (State Bonds) Federal Government and other Central Bank of Nigeria (Interventions) over the projection period, 2024 to 2033, due to the limited funding envelopes from the external borrowing with long processing time required loans from Multilateral and Bilateral. The details of the New Borrowing terms and Financing options are as shown in the table below.

New Borrowing Terms

New Borrowing Terms			
Borrowing Terms for New Domestic Debt (issued/contracted from 2024 onwards)	**Interest Rate (%)**	**Maturity (# of years)**	**Grace (# of years)**
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	35.00%	4	0
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	35.00%	10	2
State Bonds (maturity 1 to 5 years)	23.00%	5	0
State Bonds (maturity 6 years or longer)	23.00%	10	0
Other Domestic Financing	35.00%	5	1
Borrowing Terms for New External Debt (issued/contracted from 2024 onwards)	**Interest Rate (%)**	**Maturity (# of years)**	**Grace (# of years)**
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	2.47%	30	7
External Financing - Bilateral Loans	1.15%	20	5
Other External Financing	0.00%	0	0

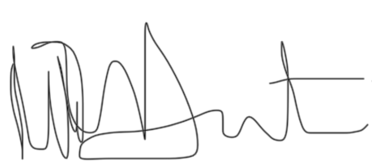
Financing Option

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
New Domestic Financing (NGN' Million)										
Commercial Bank Loans (maturity 1 to 5 years)	7,000.0	3,320.6	15,335.5	10,302.0	10,484.7	15,353.1	10,000.0	9,959.2	7,046.2	4,000.0
Commercial Bank Loans (maturity 6 years)	3,361.9	5,000.0	0.0	0.0	12,000.0	6,000.0	0.0	19,389.6	5,060.0	0.0
State Bonds (maturity 1 to 5 years)	0.0	0.0	10,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State Bonds (maturity 6 years or longer)	0.0	0.0	0.0	0.0	0.0	0.0	20,739.1	0.0	0.0	8,378.0
Other Domestic Financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New External Financing (US$' Million)										
External Financing - Concessional Loans	0.0	21.0	4.5	0.0	0.0	7.0	7.8	0.0	0.0	31.0
External Financing - Bilateral Loans	0.0	0.0	0.0	9.8	0.0	0.0	0.0	9.6	28.0	0.0
Other External Financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Gross Borrowing Requirements	**10,361.9**	**33,505.7**	**30,335.7**	**20,093.9**	**22,484.7**	**28,353.1**	**38,524.8**	**38,989.6**	**40,106.2**	**43,378.0**

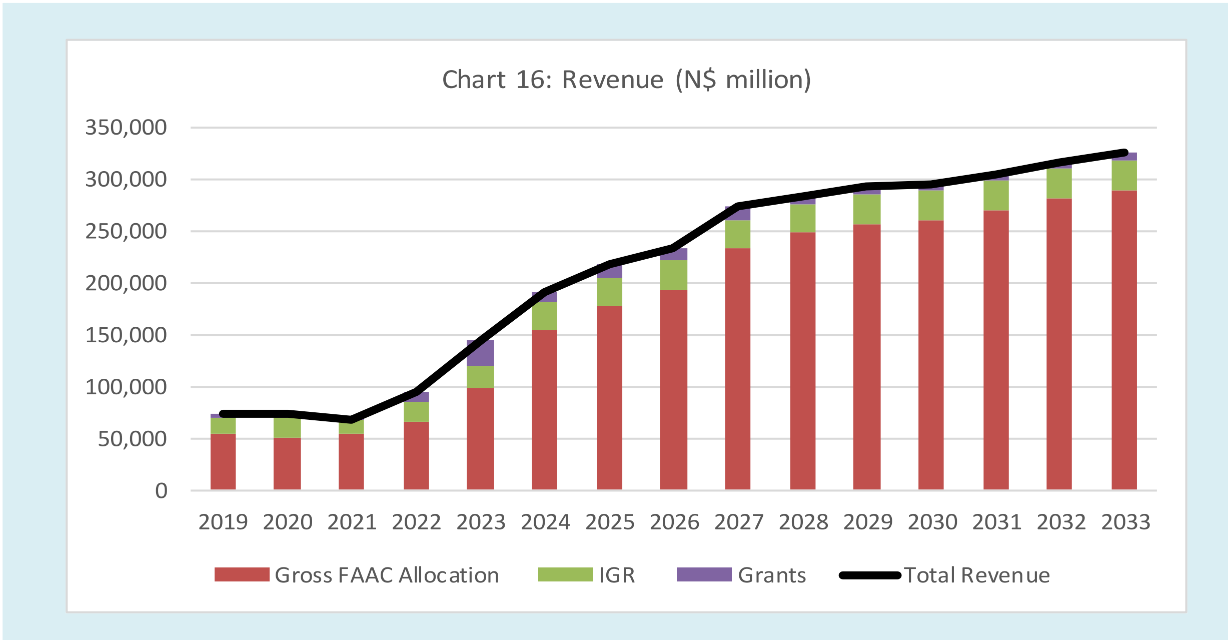
Note: Gross Financing Needs (defined as the sum of budget deficits and funds required to roll over debt that matures over the year.

DSA Simulation Results

Zamfara State Revenue are estimated to grow during the projected period from N191,684 million in 2024, N275,072 million in 2027, N295,432 million in 2030 and N325,758 million in 2033, which largely driven by expected improvement in FAAC allocation from N155,730 million in 2024, N234,535 million in 2027, N261,614 million in 2030 and N289,649 million in 2033. Internally Generated Revenue (IGR) estimated at N25,654 million in 2024, N27,329 million in 2027, N28,448



million in 2030 and N29,236 million in 2033, respectively. The details of the revenue are shown in the table below. Estimated on Revenue were sources from the 2024 Approved Budget; Medium Term Expenditure Framework (MTEF), 2024-2026; the projections period from 2027-2033 projections as estimated by the official of Zamfara State Ministry of Budget and Economic Planning.



State Expenditure

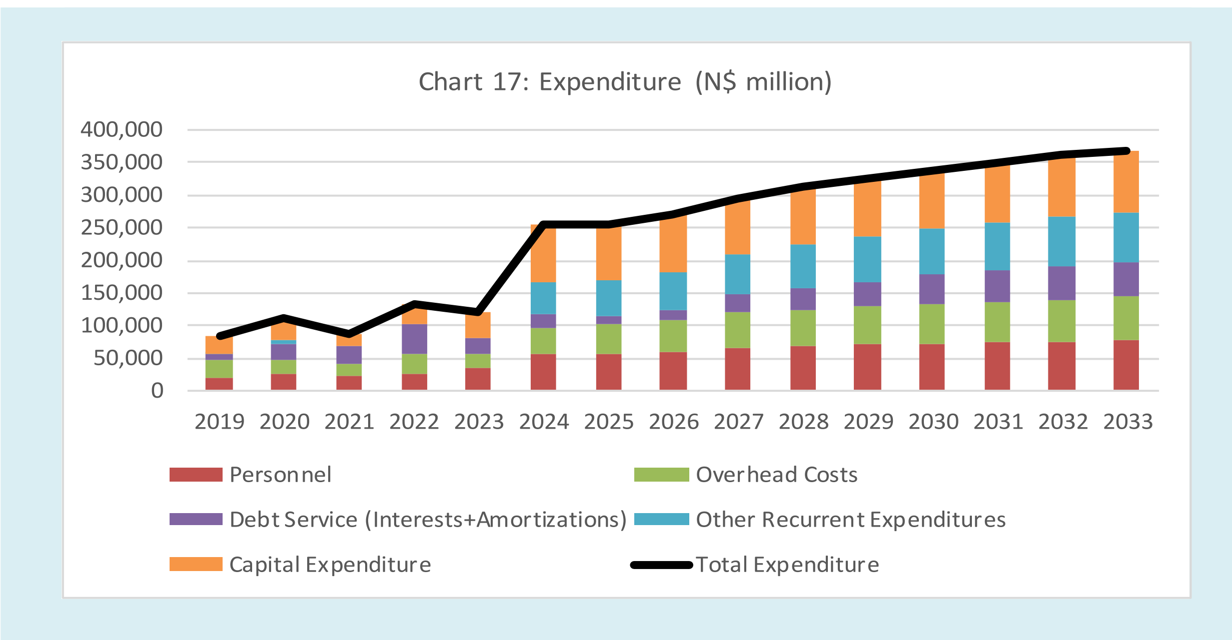
Expenditure is projected to grow by 44.06 percent or N112,827 million in the estimated period from 2024-2033, the Capital expenditure has the largest share over the estimated period. indicating stability in the state growth recovery. The growth in the period is predicated on sustaining effective implementation of all existing laws. The government is expected to continue its fiscal strategy of directing resources to the most productive and growth-enhancing sectors, including Agriculture, Infrastructure, Manufacturing, Housing and Construction, Education, Health and Water Resources within the period.

The projection on the Expenditure were sources from the 2024 Approved Budget; Medium Term Expenditure Framework (MTEF), 2024-2026; the projections period from 2027-2033 projections as estimated by the official of Zamfara State Ministry of Budget and Economic Planning.

Personnel – The staff auditing is to check abnormalities in the pay roll. The Zamfara State government determined and adopted the new minimum wages that was recommended by the Nigeria’s Governors Forum, as result of the removal subsidy, devaluation of national currency naira, food prices escalated, and as well as high inflation in the country. The personnel cost in 2024 was projected at N55,867 million, 2027 (N65,620 million), 2030 (N72,636 million) and 2033 (N77,357 million). The Overheads is estimated at N40,011 million in 2024, N53,527 million in 2027, N60,576 million in 2030 and N66,760 million in 2033 respectively.

Total Debt Service is based on the projected principal and interest repayments for 2024-2033. Hence, an own value has been used anticipating that public debt charge will remain largely stable with minimal growth over the projection period. Other Recurrent Expenditure comprises Social Contribution and Social Benefits projected at N49,451 million in 2024, N61,770 million in 2027, N70,688 million in 2030 and N76,798 million in 2033 respectively.

Capital Expenditure is based on the balance from the recurrent account plus capital receipts, and less contingency reserve as outlined above. The capital expenditure is estimated at N90,5582 million in 2024, N85,320 million in 2027, N89,079 million in 2030 and N95,780 million in 2033 respectively.

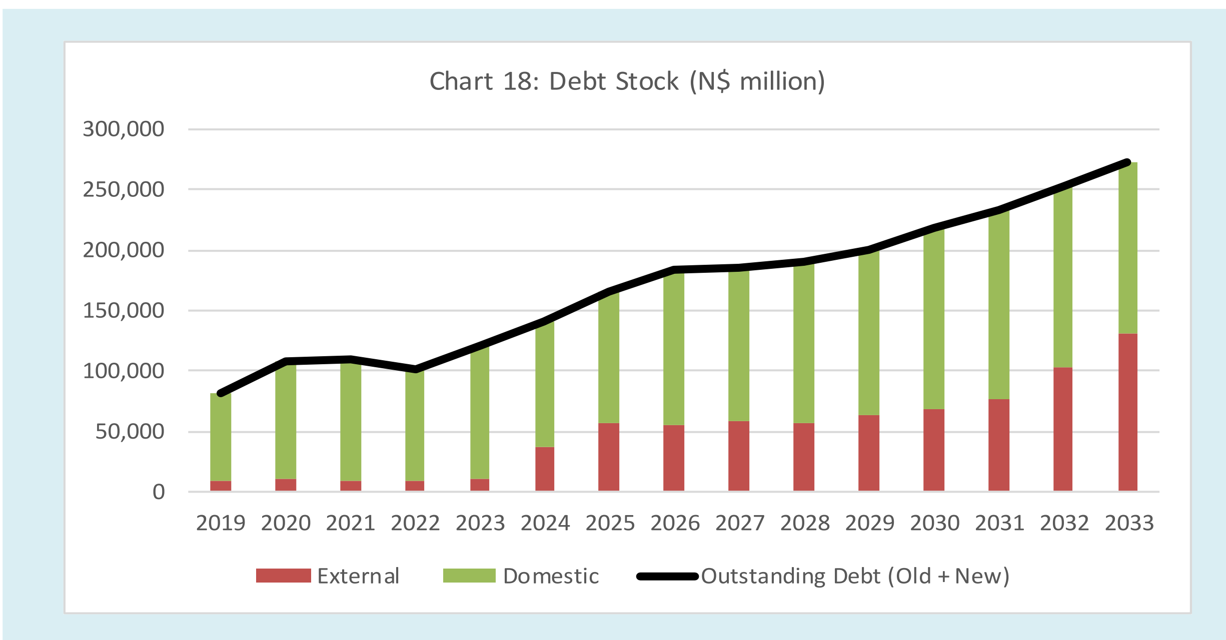


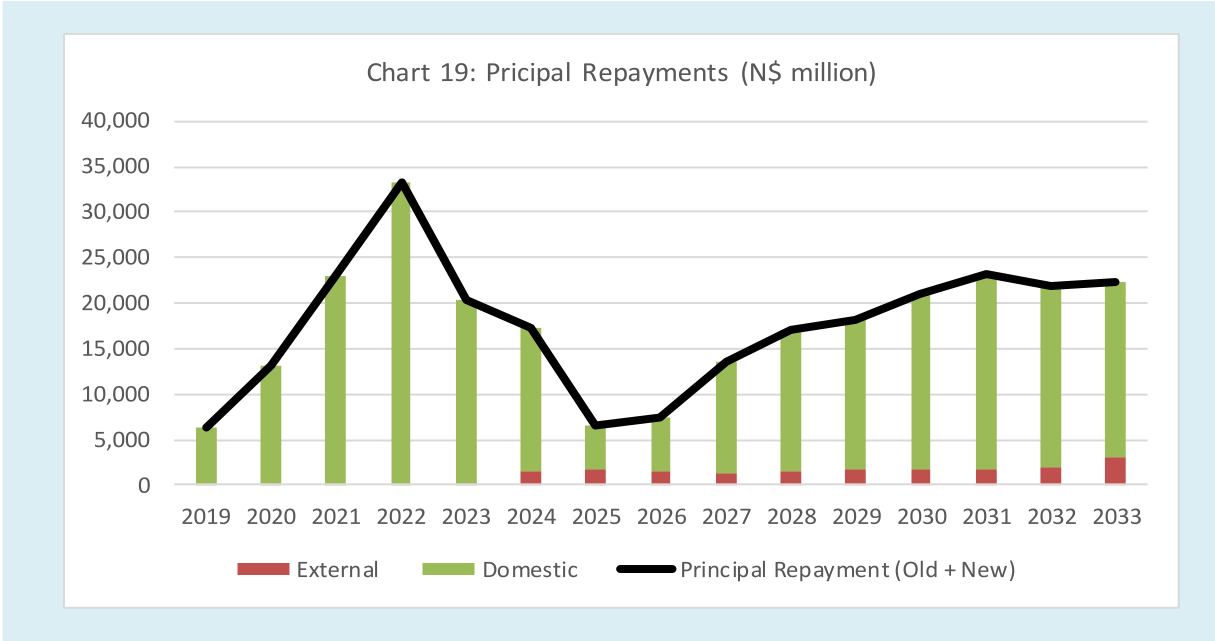
Primary Balance - Is the overall fiscal balance excluding net interest payments on state debt – it is equally important feature of short-run sustainability, as it illustrates to what extent a government can honors its obligations without incurring additional debt. Side by side with net interest payments for debt servicing, which constitute an inflexible part of State budgeting. The primary balance provides a clearer picture of the state of fiscal management in a country/subnational. The State Government primary balance is guided by the State's MTEF, 2024-2026 and other government policies and reforms.

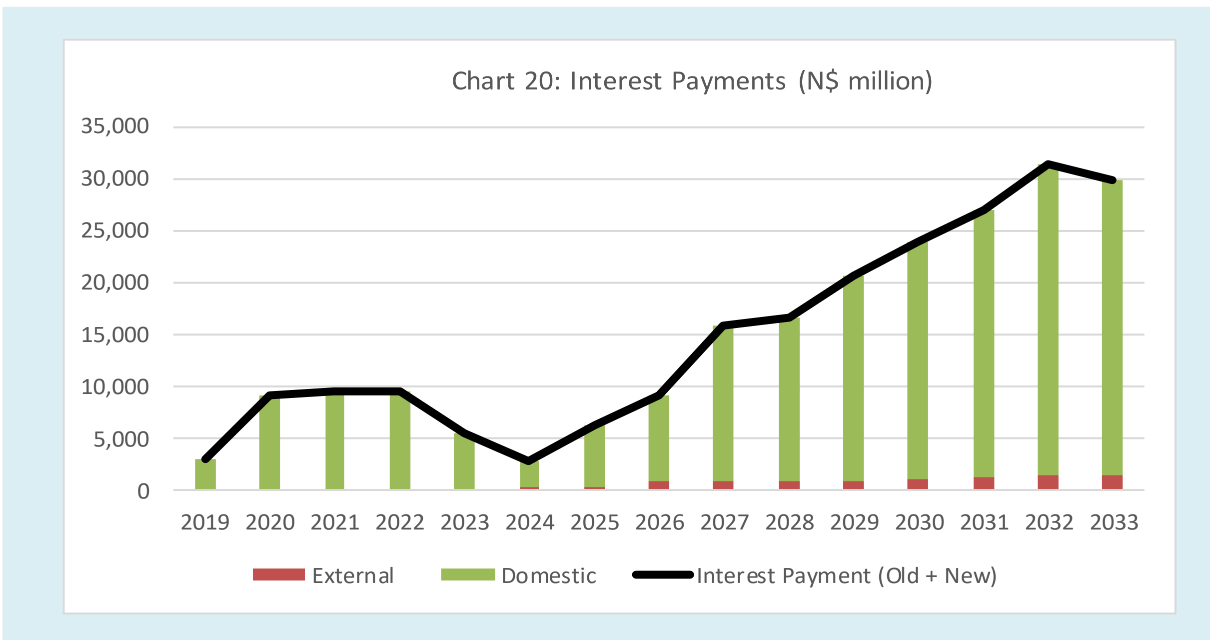
Zamfara State should sustain the current Budget reform programme particularly as it relates to the preparation of a realistic budget, ensuring policy-plan-budget linkages using the State MTSSs, and early passage of the budget. Efforts should be made to prepare MTSS for other sectors not yet provided for.

Zamfara State must continue to monitor the performance of mineral-based revenues to ensure estimates are consistent with the latest development globally and within the Federal Government's budget process. If the benchmark price of crude in the Federal FSP is lower or higher than $65 per barrel used herein and IMF, World Bank, OPEC and US Energy Information Administration Reports validate the oil price benchmark provided in Federal FSP, the State should revisit the assumptions and recalculate statutory allocation.

Debt Stock - Zamfara State's Debt Stock estimated to N141,391 million in 2024, N185,184 million in 2027, N218,336 million in 2030 and N273,433 million in 2033 respectively. The debt service is based on the projected principal repayment and interest payments. Hence, based on the projection public debt service will increase due to expected disbursements on existing loans over the medium term. While the principal repayment was estimated to increase from N17,305 million in 2024 to N22,384 million in 2033, compared with the Interest Payment of N2,867 million in 2024 to N29,831 million in 2033. (see Charts 18, 19 and 20, below).







Main Key Findings

The 2024 Baseline Scenario results revealed that debt as % of GDP is projected at 5.32 percent in 2024, 4.76 percent in 2027, 4.07 percent in 2030 and 3.70 percent in 2033, as against the indicative benchmarks of 25 percent. The ratio Debt as % of Revenue estimated at 73.76 percent in 2024, 67.32 percent in 2027, 73.90 percent in 2030 and 83.94 percent in 2033 compared with the benchmarks of 200 percent. Meanwhile, the ratios of Debt Service to Revenue projected to 10.52 percent in 2024, 10.74 percent in 2027, 15.18 percent in 2030 and 16.03 percent in 2033 as against the benchmark of 40 percent and Personnel Cost to Revenue trends remain under the threshold over the projection period from 2024 to 2033, with the strongminded efforts by the State Government through its various initiatives and reforms in the key sectors of the economy, respectively. The details of the debt and debt service indicators are as shown in the table below.

On the Total Debt Sustainability Analysis, the results show that the ratio of Debt to revenue remains below its indicative threshold under the Baseline scenario. However, based on the Most Extreme Shock in Revenue, Expenditure, Exchange rate and Interest rate, and historical remains moderate debt distress over the projection period.

Zamfara State Debt Burden Indicators. 2024-2033

	Thresh-old	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Debt as % of SGDP	25	5.32	5.38	5.25	4.76	4.40	4.17	4.07	3.93	3.80	3.70
Debt as % of Revenue	200	73.76	76.08	78.37	67.32	67.16	68.26	73.90	76.61	79.46	83.94
Debt Service as % of Revenue	40	10.52	5.90	7.04	10.74	11.92	13.15	15.18	16.37	16.77	16.03
Personnel Cost as % of Revenue	60	29.15	25.70	25.36	23.86	23.82	23.83	24.59	23.94	23.35	23.75
Debt Service as a % of Gross FAAC Allocation	nil	12.95	7.22	8.50	12.60	13.58	15.00	17.14	18.43	18.90	18.03
Interest as a share of Revenue	nil	1.50	2.91	3.88	5.78	5.88	7.00	8.08	8.80	9.89	9.16
External Debt Service as a share of Revenue	nil	1.03	0.92	1.03	0.82	0.90	0.92	0.98	1.01	1.10	1.42

2024 DSA-DMS exercise shows that there is substantial Space to Borrow based on the state's current revenue profile. Meanwhile, the ratios of Debt Service to Revenue and Personnel Cost to Revenue trends remain under the threshold over the projection period from 2024 to 2033, with strong-minded efforts by the State Government through its various initiatives and reforms in the key sectors of the economy.

Debt and Debt Service Indicators and Thresholds – Baseline Scenario

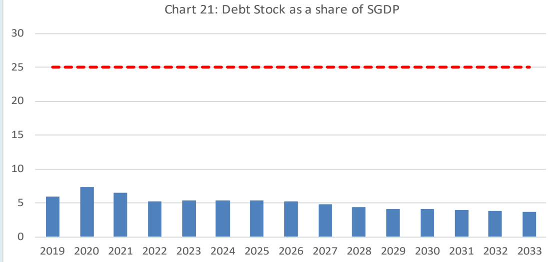


Chart 21: Debt Stock as a share of SGDP

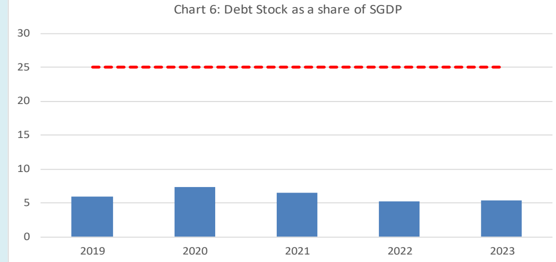


Chart 6: Debt Stock as a share of SGDP

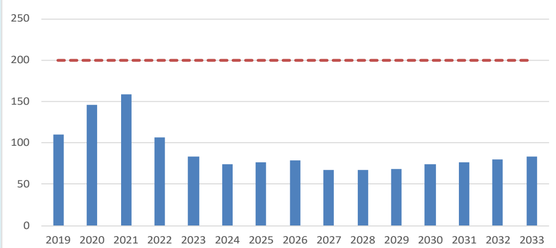


Chart 22: Debt Stock as a share of Revenue

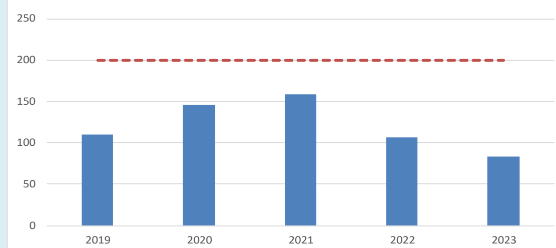


Chart 7: Debt Stock as a share of Revenue

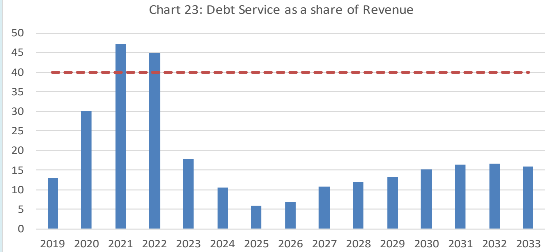


Chart 23: Debt Service as a share of Revenue

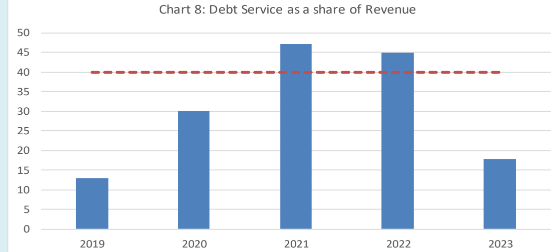


Chart 8: Debt Service as a share of Revenue

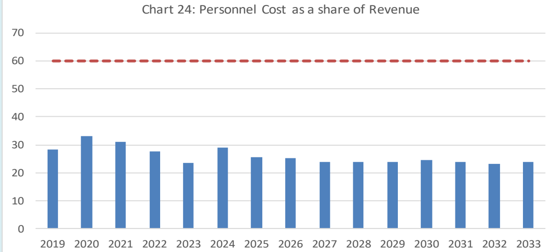


Chart 24: Personnel Cost as a share of Revenue

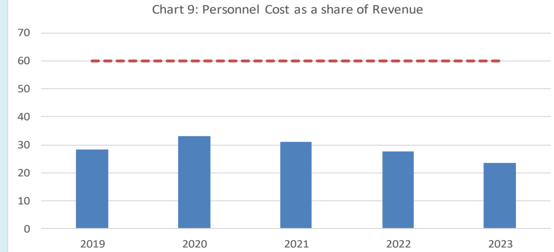


Chart 9: Personnel Cost as a share of Revenue

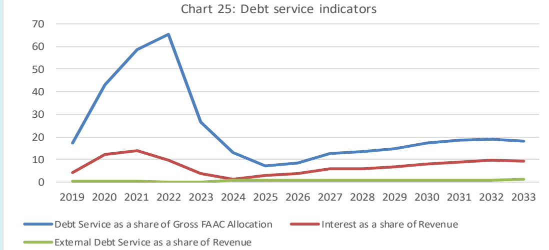


Chart 25: Debt service indicators

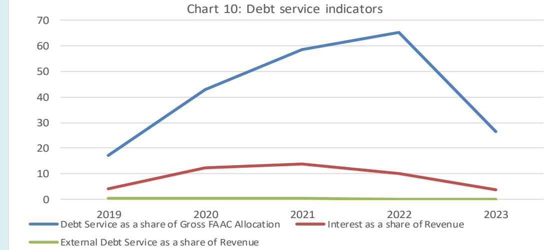


Chart 10: Debt service indicators

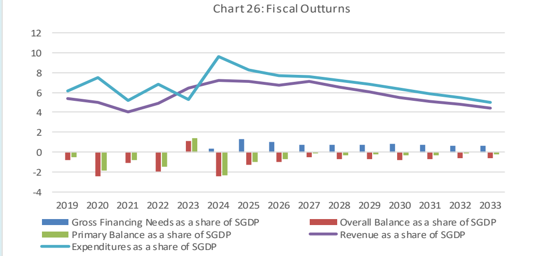


Chart 26: Fiscal Outturns

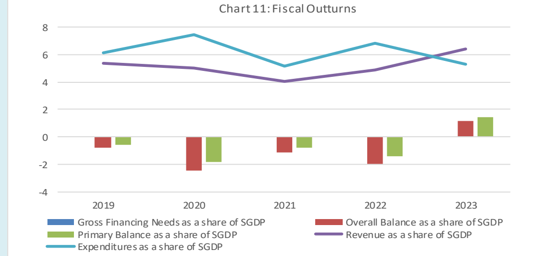


Chart 11: Fiscal Outturns

Conclusion

Zamfara State 2024 DSA analysis result revealed that the State debt burden remains at a low risk of debt distress relative to the baseline scenario with Some-Space to accommodate shocks. However, debt sustainability remains at a Low Risk of debt distress with capacity to accommodate shocks in Revenue, Expenditure, Exchange rate and Interest Rate. The ongoing efforts by the government towards improving revenue generation and diversifying the economy, through various initiatives and reforms in Tax Administration and Collections, as well as the Public Financial Management, would improve the outlook for Total Debt with enhanced revenue performance. Thus, the Revenue indicators and Borrowing Space are expected to improve in the medium to long-term.

DSA Sensitivity Analysis

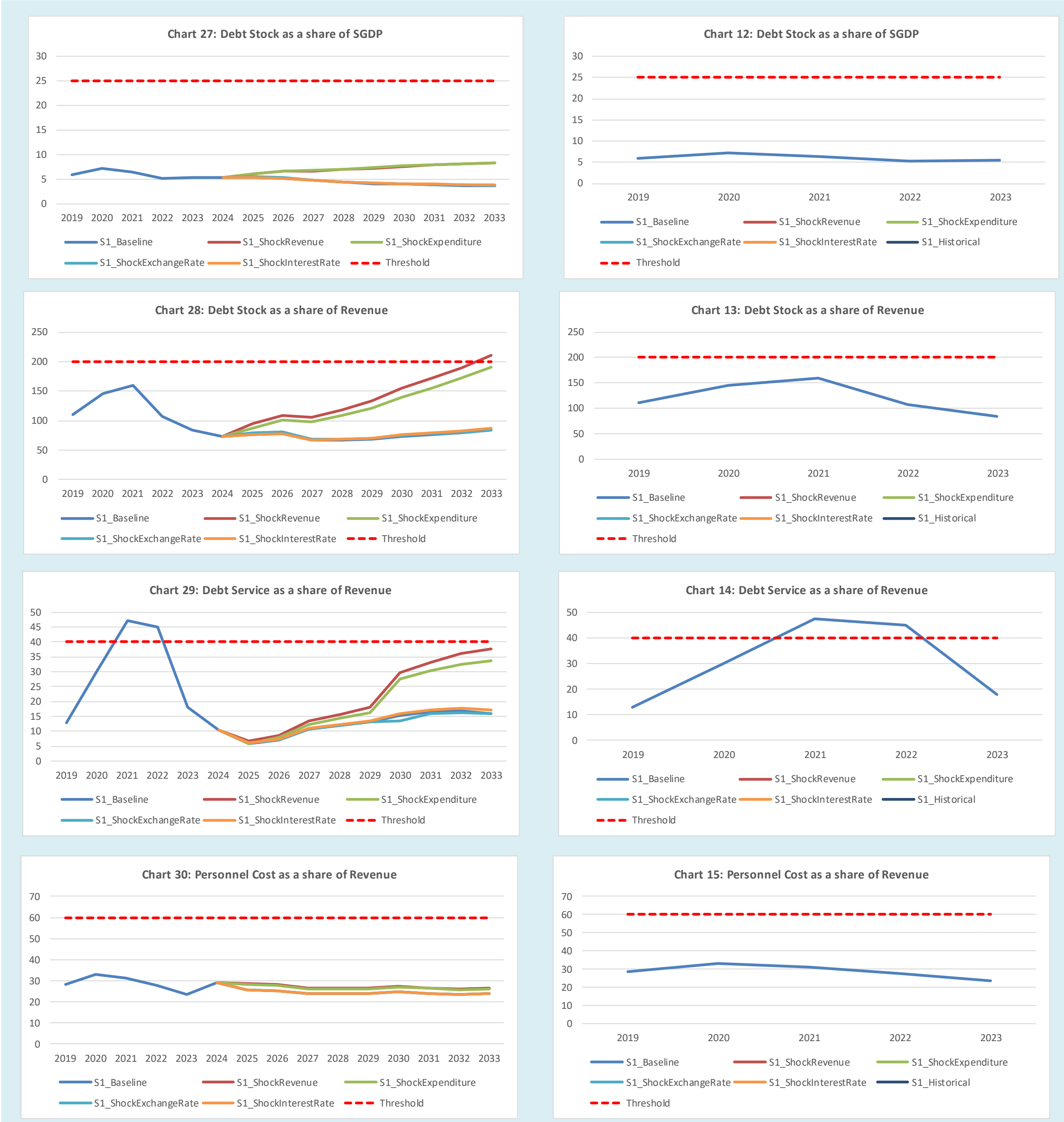
2024 DSA sensitivity analysis revealed that the State debt burden remains at low risk of debt distress under sensitivity analysis. As the analysis under pessimistic scenario shows deteriorated or weakening ratios due to application of revenue shocks, expenditure shocks, exchange rate shocks, interest rate shocks and historical shock, that would lead to increase Gross Financing Needs over the projection period. The shocks applied under debt stock to GDP, debt service to revenue, as well as personnel cost to revenue are all remains below the thresholds from 2024 to 2033, except for the debt stock to revenue that slightly breach the threshold through revenue shock by 11 percent in 2033. Looking at the debt sensitivity analysis the debt stock to GDP and debt stock to revenue shocks are slightly closer to thresholds, which indicated an urgent need for the authorities to fast-track efforts aimed at further diversifying the sources of revenue away from FAAC allocation, as well as implementing far-reaching policies that will bolster the internal revenue, which lead to become critical, given the continued volatility in the FAAC allocation.

Strict adherence to prudent debt management as well as fiscal discipline contributed towards debt sustainability. With the provisions of law guiding domestic and international borrowing by Fiscal Responsibility Act, and Debt Management, the Government is positioned for prudent debt management and fiscal discipline to be able to honor its future financial obligations without recourse to any financing options.

In line with the 2024 debt sustainability analysis, projections, the Zamfara State Debt remains sustainable due to strict adherence to prudent debt management as well as fiscal discipline. With the provisions of law guiding domestic and international borrowing by Fiscal Responsibility Act, and Debt Management, the Government is positioned for prudent debt management and fiscal discipline to be able to honor its future financial obligations. Fiscal policies guiding Cash Management and IGR are expected to consolidate on the gains of the State achievements.

With the MTB and FSP, the fiscal policy both on revenue expansion and expenditure control is targeted towards mobilization of funds for the budget as well as investments in the State. The Government has reviewed its fiscal policies in the areas of Cash management, IGR, etc. These fiscal components are targeted towards boosting revenue generation for Government financial obligation as well as investment, this is achievable through proper linkage between policy, planning and budgeting, as well as ensuring budget execution through more predictable cash releases to the affected projects. The Government is ready to apply fiscal policies necessary to achieve desired revenue generation, budget planning, as well as expenditure control, bearing in mind investment that will complement the efforts of the State's revenue generation.

Chart 9: Debt and Debt Service Indicators and Thresholds



5. 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, achieve its risk and cost objectives, and to meet any other sovereign debt management goals the government may have set, such as developing and maintaining an efficient market for government securities. The 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, in light of 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 risks inherent in the structure of the government's debt should be carefully monitored and evaluated. These risks should be mitigated to the extent feasible by modifying the debt structure, taking into account the cost of doing so. To guide borrowing decisions and reduce the government's risk, the authorities should consider the financial and other risk characteristics of the government's cash flow associated with external and domestic financing

The Debt Management Strategy provides alternative strategies to meet the financing requirements for Zamfara State. The strategies are shown by the breakdown of funding mix (domestic debt and external debt) and within the broad categories of domestic and external, the share of each stylized instrument has also been illustrated. The State's Debt Management Strategy, 2024-2028, 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 2028, as projected in the baseline scenario. Risk is measured by the deviation from the expected value in 2028 caused by an unexpected shock, as projected in the most adverse scenario. The following four strategies are assessed by the government.

5.1 Alternative Borrowing Options

Strategy 1 (S1) Reflects a "status quo" MTEF Financing Mix: It follows the broad parameters of the financing mix in the fiscal year 2024 and MTEF, 2024-2026. The domestic gross financing comprises commercial bank loans, State bonds and other domestic financing, as the Commercial Bank loans with the maturity of 1-5 years are projected to account on average of 41.42 percent, the Commercial Bank loans with the maturity of above 6 years estimated with an average of 18.16 percent, State Bond with the maturity of 1-5 years is estimated at 8.92 percent, and the external gross borrowing under Concessional loans accounts on average 22.77 percent over the strategic period mainly through World Bank and African Development Bank, as the bilateral windows expected to contribute 8.73 percent over the DMS period of 2024-2028.

Strategy 2 (S2) Focus more on financing through commercial bank loans: In this strategy it has been assumed the distribution between external and domestic borrowing remains the same in 2024 as its in strategy 1. With the remaining borrowing distributions from 2024 to 2027, the state government will focus its financing through commercial bank loans with an average of 32.69 percent under maturity of 1-5 years, 17.73 percent under maturity of above 6 years, other gross financing needs through the concessional and bilateral loans which are estimated to account on average of 31.43 percent and 9.88 percent over the strategic period.

Strategy (S3) Focus its financing through domestic debt market: Under strategy 3, the Zamfara government decided to focus its financing from 2024 to 2028, through Commercial Bank loans (1-5 years), Commercial Bank loans with the maturity of above 6 years, as well as Concessional and bilateral Loans with an average of 28.31 percent, 18.66 percent, 35.00 percent and 18.03 percent respectively. This strategy considers the scenario where proportions of external and domestic debt instruments in 2024 remain the same with strategy 1.

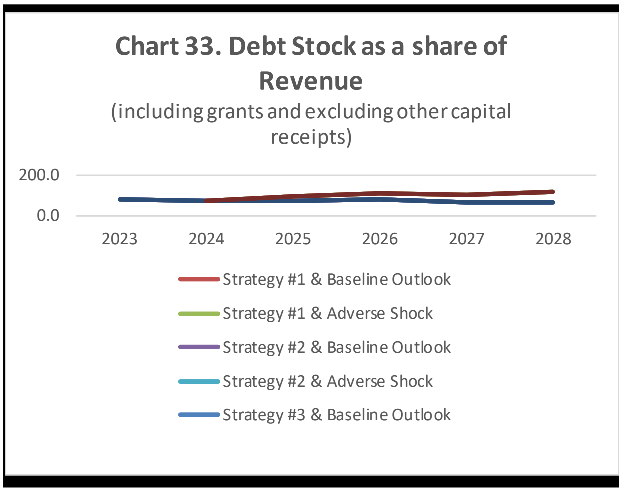
Strategy (S4) increases the share of external and domestic borrowing: Strategy 4, The External Financing comprises the Concessional and Biliteral Loans with an average of 28.00 percent and 12.45 percent over the projected period, other gross financing comprises Commercial bank loans (1-5 years), State Bonds (1-5 years) Commercial bank loans and Commercial bank loans (above 6 years) with average financing of 9.70 percent, 10.37 percent, 22.49 percent and 16.99 percent over the projected period.

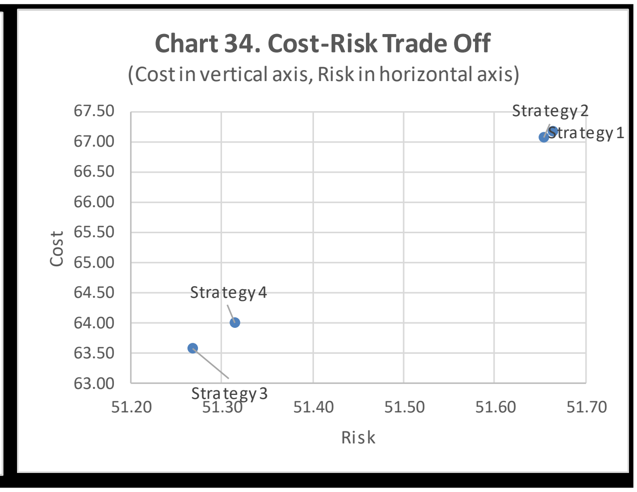
5.2 DMS Simulation Results

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:

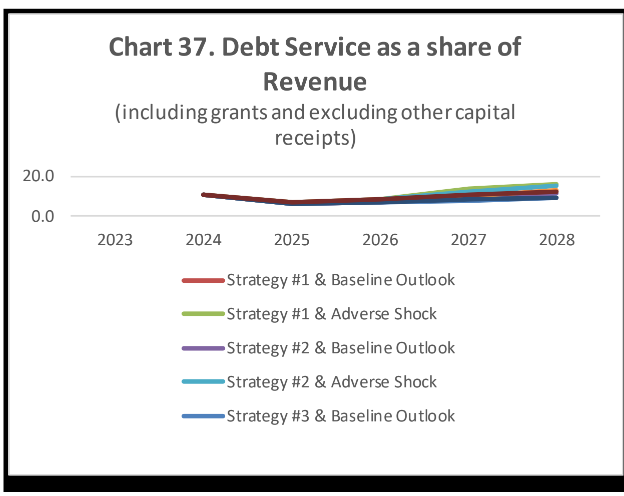
- Strategy 1 shows the Cost ratio of Debt to Revenue estimated at 67.16 percent, Strategy 2 (67.06 percent), Strategy 3 (63.58 percent) and Strategy 4 (64.00 percent) over the DMS period of 2028, as the Risks measured under Strategy 1 estimated at (51.66 percent), Strategy 2 (51.65 percent), Strategy 3 (51.27 percent) and Strategy 4 (51.31 percent) respectively.
- Analysis using this debt indicator of debt to revenue shows that S3 has the lowest costs and risks with the average measured by 63.58 percent and 51.27 percent and Strategy 1 has the highest Costs and risks under debt to GDP ratio over the DMS period.

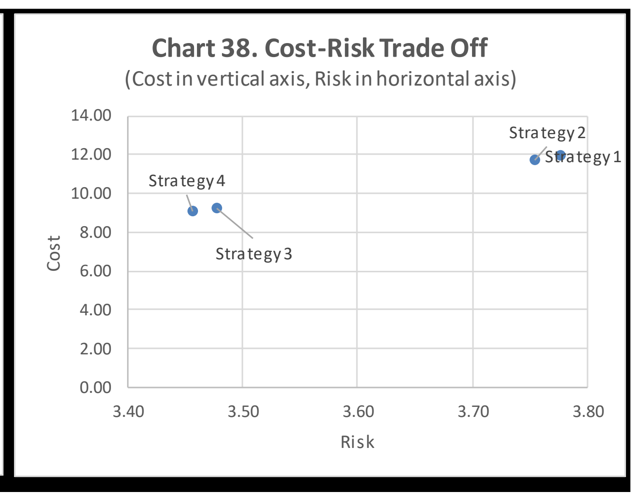




b. **Debt Service as a share of Revenue:**

- In terms of Debt Service to Revenue, Strategy 4 has the lowest costs of 9.05 percent and lowest risks of 3.46 percent compared to Strategy 3 (moderate costs at 9.23 percent and risks at 3.48 percent), Strategy 2 (moderate costs at 11.73 percent and risks at 3.75 percent) and S2 (highest costs at 11.92 percent and risks at 3.78 percent), respectively, as at end of strategy period.
- Strategy 4 has the lowest costs and risks at 9.05 percent and 3.46 percent, compared Strategy 2 with the highest cost and risk, compared Strategies that estimated to have moderate costs and Moderate during the projection period.

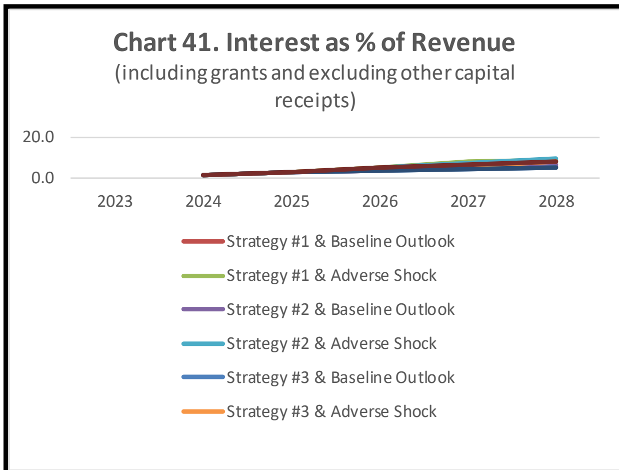


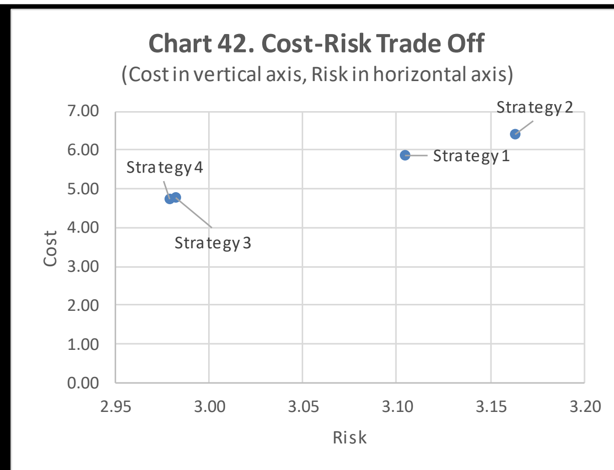


c. **Interest as a share of Revenue**

- S4 is the least costly with regards Interest to Government revenues with an estimate of 4.75 percent, S3 was projected at 4.78 percent, whilst the S4 and S3 projected with the least risks of 2.98 percent the risks to increase to 9.23 percent and least risks of 3.38

percent over the estimated period of 2028, whilst S2 is the costliest and riskiest of 6.41 percent and 3.16 percent as the S1 recorded a moderate after S2 with the 5.88 percent and 3.10 percent by the end of strategic period.





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, the DMS Analytical Tool's results of cost and risk show that Strategy 4 has the lowest costs and risks, as the analysis indicated that the baseline (Strategy 1) and Strategy 3 were rated with the moderate costs and risks, and S2 was rated with highest costs and risks indicators. Thus, the financing need under S1 is more flexible to financing/adopt than Strategy 4 looking at the borrowing procedures from external sources, as S4 concentrated more of its financing from the External windows, compared with S1 which focused more on domestic financing and mix with external windows, which Zamfara State Government consider more affordable and flexible to adopt. **It was considered that S1 is the most favorable among the strategies to implement within the short term and it would still greatly improve the portfolio's debt position relative to the base year 2024**.

Comparison to the current debt position of the Zamfara State, the State debt portfolio stood at N121,577.59 million as at end 2023, which expected an increase to N190,510.55 million under S1 during the strategic period, compared to S2 (N190,238.20 million), S3 (N180,374.44 million), and S4 (N181,548.13 million). 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 period from 2024-2028.

The Debt Management Strategy, 2024-2028 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 2024 budget. The cost-risk trade-off of alternative borrowing strategies under the DMS has been evaluated within the medium-term context.

Summary of 2024 DSA-DMS

Zamfara State 2024 DSA analysis result revealed that the State debt burden remains at a low risk of debt distress relative to the baseline scenario with Some-Space to accommodate shocks. However, debt sustainability remains at a Low Risk of debt distress with capacity to accommodate shocks in Revenue, Expenditure, Exchange rate and Interest Rate. The ongoing efforts by the government towards improving revenue generation and diversifying the economy, through various initiatives and reforms in Tax Administration and Collections, as well as the Public Financial Management, would improve the outlook for Total Debt with enhanced revenue performance. Thus, the Revenue indicators and Borrowing Space are expected to improve in the medium to long-term.

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, It was considered that S1 is the most favorable among the strategies to implement within the short term and it would still greatly improve the portfolio’s debt position relative to the base year.

Annex I: Baseline Assumptions

Statutory Allocations – The assumption is based on an elasticity forecast taking into consideration the macroeconomic framework (national) and the mineral assumptions in the Federal Fiscal Strategy Paper. It is based on historical mineral revenues flows and elasticity-based forecasts using national Real GDP and inflation data.

VAT – The estimation is based on elasticity forecast using the combined change in GDP and inflation rate.

Other Federation Account Distributions – The assumption is based on an elasticity forecast taking into consideration the macroeconomic framework (national) and the mineral assumptions in the Federal Fiscal Strategy Paper. It is based on historical mineral revenues flows and elasticity-based forecasts using national Real GDP and inflation data.

Internally Generated Revenue (IGR) – The estimation is own value which is calculated based on the current growth rate marked up slightly to factor the current administration's reform initiatives to grow the IGR and all payments of any nature must be done through the TSA

Grants – The internal grants are mostly based on the expected grant from local donors and programs. External grants are mostly based on signed grant agreements with the World Bank, UNICEF, EU etc.

Financing (Net Loans) – the internal and external loans are projections based on agreement ZGS 2024-2026 EFU-FSP-BPS Consolidated Revenue Fund Charges – this includes public debt charges (which is external debt servicing) which is changing in medium term. The estimation is own value determined based on the debt servicing costs (principal and interest repayment) for 2024-2026

Personnel – It is anticipated that the new minimum wage of Thirty Thousand will have negative impact on rising personal cost in the State because of the burden on the side of the government.

Overheads – Overhead has been relatively stable over the years to date. It is anticipated that the status quo will definitely remain stable. Consequently, the estimation is own value calculated using the current growth rate.

Capital Expenditure – Highlights on Some of the Projects to be Executed in 2024 Fiscal Year. Some of the projects to be undertaken by this administration in the course of implementation of the 2024 budget are: Continuation of Urban Renewal Programme, Construction of Roads across the State, Earth dam at Bagega, Magami, Galadi, Jangeru and Dansadau, Renovation of CAS Bakura, General Hospitals across the State, Education facilities across the State, Ultra-Modern Diagnosis Center for each of the Senatorial zone, New economic city, Execution of the Gusau Airport project, as well as made adequate provision for social intervention programmes to cushion the effect of the prevailing economic hardship and insecurity. micro-credit disbursement to Small and Medium Enterprises, the FADAMA Programme for food security, and other poverty alleviation support materials. Skills Acquisition programmes would be strengthened to provide job opportunities to our teeming populations in the State.

2024

Assumptions:		Projection Methodology	Source
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 include VAT Alloc	The assumption is based on an elasticity forecast taking into consideration the macroeconomic framework (national) and the mineral assumptions in the Federal Fiscal Strategy Paper. It is based on historical mineral revenues flows and elasticity-based forecast using national Real GDP and inflation data.	ZM 2024 Approved Budget & MTEF, 2024-2026
	1.a. of which Net Statutory Allocation ('net' means of deductions)	The assumption is based on an elasticity forecast taking into consideration the macroeconomic framework (national) and the mineral assumptions in the Federal Fiscal Strategy Paper. It is based on historical mineral revenues flows and elasticity-based forecast using national Real GDP and inflation data.	ZM 2024 Approved Budget & MTEF, 2024-2026
	1.b. of which Deductions	The assumption is based on an elasticity forecast taking into consideration the macroeconomic framework (national) and the mineral assumptions in the Federal Fiscal Strategy Paper. It is based on historical mineral revenues flows and elasticity-based forecast using national Real GDP and inflation data.	ZM 2024 Approved Budget & MTEF, 2024-2026
	2. Derivation (if applicable to the State)		ZM 2024 Approved Budget & MTEF, 2024-2026
	3. Other FAAC transfers (exchange rate gain, augmentation, others)	The assumption is based on an elasticity forecast taking into consideration the macroeconomic framework (national) and the mineral assumptions in the Federal Fiscal Strategy Paper. It is based on historical mineral revenues flows and elasticity-based forecast using national Real GDP and inflation data.	ZM 2024 Approved Budget & MTEF, 2024-2026
	4. VAT Allocation	The estimation is based on elasticity forecast using the combined change in GDP and inflation rate.	ZM 2024 Approved Budget & MTEF, 2024-2026
	5. IGR	The estimation is own value which is calculated based on the current growth rate marked up slightly to factor the current administration’s reform initiatives to grow the IGR and all payments of any nature must be done through the TSA	ZM 2024 Approved Budget & MTEF, 2024-2026
	6. Capital Receipts	the estimation is based on the current receipt.	ZM 2024 Approved Budget & MTEF, 2024-2026
	6.a. Grants	The internal grants are mostly based on the espected grant from local donors and programs which was estimated at N29 billion. External grants are mostly based on signed grant agreements with the World Bank, UNICEF, EU etc	ZM 2024 Approved Budget & MTEF, 2024-2026
	6.b. Sales of Government Assets and Privatization Proceeds	The estimation is based on the current receipt.	ZM 2024 Approved Budget & MTEF, 2024-2026
	6.c. Other Non-Debt Creating Capital Receipts	The estimation is based on the current receipt.	ZM 2024 Approved Budget & MTEF, 2024-2026
Expenditure	**Expenditure**		
	1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	It is anticipated that the new minimum wage of Thirty Thousant will have negetive impact on rising personal cost in the State because of the burden on the side of the government.	DSA Team, Ministry of Finance Zamfara State
	2. Overhead costs	Overhead has been relatively stable over the years to date. It is anticipated that the status quo will definitely remain stable. Consequently, the estimation is own value calculated using the current growth rate.	DSA Team, Ministry of Finance Zamfara State
	3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Alloca	Amortization and interest payments estimated using profiles recorded in the DMO. Include the external debt service paid through FAAC deductions	DSA Team, Ministry of Finance Zamfara State
	4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest P	Other recurrent has been relatively stable over the years to date. It is anticipated that the status quo will definitely remain stable.	DSA Team, Ministry of Finance Zamfara State
	5. Capital Expenditure	Highlights on Some of the Projects to be Executed in 2024 Fiscal Year. Some of the projects to be undertaken by this administration in the course of implementation of the 2024 budget are: Continuation of Urban Renewal Programme, Construction of Roads across the State, Earth dam at Bagega, Magami, Galadi, Jangeru and Dansadau, Renovation of CAS bakura, General Hospitals across the State, Education facilities across the State, Ultra-Modern Diagnosis Center for each of the Senatorial zone, New economic city, Execution of the Gusau Airport project, as well as made adequate provision for social intervention programmes to cushion the effect of the prevailing economic hardship and insecurity. micro-credit disbursement to Small and Medium Enterprises, the FADAMA Programme for food security, and other poverty alleviation support materials. Skills Acquisition programmes would be strengthened to provide job opportunities to our teeming populations in the State.	
Closing Cash and Bank Balance	**Closing Cash and Bank Balance**	Financial Statements	
Debt Amotization and Interest Payments	**Debt Outstanding at end-2023**		
	External Debt - amortization and interest	Amortization and interest payments estimated using profiles recorded in the DMO. Include the external debt service paid through FAAC deductions	
	Domestic Debt - amortization and interest	Amortization and interest payments estimated using profiles recorded in the DMO. Include the external debt service paid through FAAC deductions	
	New debt issued/contracted from 2024 onwards		
	New External Financing		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	The External and Domestic Debt Service Cost which comprises principal repayment and interest payment are projections based on agreement ZM Approved Budget 2022 and MTEF, 2024-2026	
	External Financing - Bilateral Loans	The External and Domestic Debt Service Cost which comprises principal repayment and interest payment are projections based on agreement ZM Approved Budget 2024 and MTEF, 2024-2026	
	Other External Financing	The External and Domestic Debt Service Cost which comprises principal repayment and interest payment are projections based on agreement ZM Approved Budget 2024 and MTEF, 2024-2026	
	New Domestic Financing		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loan	The External and Domestic Debt Service Cost which comprises principal repayment and interest payment are projections based on agreement ZM Approved Budget 2024 and MTEF, 2024-2026	
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure	The External and Domestic Debt Service Cost which comprises principal repayment and interest payment are projections based on agreement ZM Approved Budget 2024 and MTEF, 2024-2026	
	State Bonds (maturity 1 to 5 years)	The External and Domestic Debt Service Cost which comprises principal repayment and interest payment are projections based on agreement ZM Approved Budget 2024 and MTEF, 2024-2026	
	State Bonds (maturity 6 years or longer)	The External and Domestic Debt Service Cost which comprises principal repayment and interest payment are projections based on agreement ZM Approved Budget 2024 and MTEF, 2024-2026	
	Other Domestic Financing	The External and Domestic Debt Service Cost which comprises principal repayment and interest payment are projections based on agreement ZM Approved Budget 2024 and MTEF, 2024-2026	
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S1	**Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S1**	**Insert the Borrowing Terms for New External Debt: interest rate (%), maturity (# years) and grace period (#)**	
	New Domestic Financing in Million Naira		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loan	Gross Financing Needs was distributed based on the ZM 2024 Approved Budget and MTEF, 2024-2026	
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure	Gross Financing Needs was distributed based on the ZM 2024 Approved Budget and MTEF, 2024-2026	
	State Bonds (maturity 1 to 5 years)	Gross Financing Needs was distributed based on the ZM 2024 Approved Budget and MTEF, 2024-2026	
	State Bonds (maturity 6 years or longer)	Gross Financing Needs was distributed based on the ZM 2024 Approved Budget and MTEF, 2024-2026	
	Other Domestic Financing	Gross Financing Needs was distributed based on the ZM 2024 Approved Budget and MTEF, 2024-2026	
	New External Financing in Million US Dollar	Gross Financing Needs was distributed based on the ZM 2024 Approved Budget and MTEF, 2024-2026	
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Gross Financing Needs was distributed based on the ZM 2024 Approved Budget and MTEF, 2024-2026	
	External Financing - Bilateral Loans	Gross Financing Needs was distributed based on the ZM 2024 Approved Budget and MTEF, 2024-2026	
	Other External Financing	Gross Financing Needs was distributed based on the ZM 2024 Approved Budget and MTEF, 2024-2026	
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 Loan	New Borrowing Options for Strategy 2 consider more Financing from commercial banks (1-5 years and above 6 years) compared to other financing	
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure	New Borrowing Options for Strategy 2 consider more Financing from commercial banks (1-5 years and above 6 years) compared to other financing	
	State Bonds (maturity 1 to 5 years)	New Borrowing Options for Strategy 2 consider more Financing from commercial banks (1-5 years and above 6 years) compared to other financing	
	State Bonds (maturity 6 years or longer)	New Borrowing Options for Strategy 2 consider less Financing from commercial banks (1-5 years and above 6 years) compared to other financing	
	Other Domestic Financing	New Borrowing Options for Strategy 2 consider less Financing from commercial banks (1-5 years and above 6 years) compared to other financing	
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	New Borrowing Options for Strategy 2 consider more Financing in concessional Loans e.g World Bank, African Development Bank	
	External Financing - Bilateral Loans	New Borrowing Options for Strategy 2 consider more Financing in concessional Loans e.g World Bank, African Development Bank	
	Other External Financing	New Borrowing Options for Strategy 2 consider more Financing in concessional Loans e.g World Bank, African Development Bank	
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 Loan	New Borrowing Options for Strategy 3 consider more Financing from State Bonds (1-5 years and above 6 years) compared to other financing	
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure	New Borrowing Options for Strategy 3 consider more Financing from State Bonds (1-5 years and above 6 years) compared to other financing	
	State Bonds (maturity 1 to 5 years)	New Borrowing Options for Strategy 3 consider more Financing from State Bonds (1-5 years and above 6 years) compared to other financing	
	State Bonds (maturity 6 years or longer)	New Borrowing Options for Strategy 3 consider more Financing from State Bonds (1-5 years and above 6 years) compared to other financing	
	Other Domestic Financing	New Borrowing Options for Strategy 3 consider more Financing from State Bonds (1-5 years and above 6 years) compared to other financing	
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	New Borrowing Options for Strategy 4 consider more External Financing from Concessional loans and Bilateral loans compared to other financing	
	External Financing - Bilateral Loans	New Borrowing Options for Strategy 4 consider more External Financing from Concessional loans and Bilateral loans compared to other financing	
	Other External Financing	New Borrowing Options for Strategy 4 consider more External Financing from Concessional loans and Bilateral loans compared to other financing	
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 Loan	New Borrowing Options for Strategy 3 consider more Financing from State Bonds (1-5 years and above 6 years) compared to other financing	
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure	New Borrowing Options for Strategy 3 consider more Financing from State Bonds (1-5 years and above 6 years) compared to other financing	
	State Bonds (maturity 1 to 5 years)	New Borrowing Options for Strategy 3 consider more Financing from State Bonds (1-5 years and above 6 years) compared to other financing	
	State Bonds (maturity 6 years or longer)	New Borrowing Options for Strategy 3 consider more Financing from State Bonds (1-5 years and above 6 years) compared to other financing	
	Other Domestic Financing	New Borrowing Options for Strategy 3 consider more Financing from State Bonds (1-5 years and above 6 years) compared to other financing	
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	New Borrowing Options for Strategy 4 consider more External Financing from Concessional loans and Bilateral loans compared to other financing	
	External Financing - Bilateral Loans	New Borrowing Options for Strategy 4 consider more External Financing from Concessional loans and Bilateral loans compared to other financing	
	Other External Financing	New Borrowing Options for Strategy 4 consider more External Financing from Concessional loans and Bilateral loans compared to other financing	

Annex II: Zamfara State Baseline Scenarios, 2019-2033

	Actuals					Projections									
Indicator	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
BASELINE SCENARIO															
Economic Indicators															
State GDP (at current prices)	1,356,608.94	1,481,390.90	1,690,973.91	1,943,450.26	2,251,352.97	2,659,232.91	3,076,386.93	3,497,797.56	3,891,737.01	4,330,043.90	4,817,715.09	5,360,310.25	5,964,015.19	6,635,712.40	7,383,059.51
Exchange Rate NGN/US$ (end-Period)	253.19	305.79	306.50	326.00	379.00	1,300.00	1,200.00	1,100.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Fiscal Indicators (Million Naira)															
Revenue	**83,393.85**	**90,744.41**	**97,874.28**	**138,230.83**	**191,178.05**	**202,045.79**	**256,797.46**	**270,577.54**	**303,991.86**	**316,288.15**	**329,306.06**	**341,915.74**	**351,662.08**	**361,129.93**	**372,709.59**
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	41,191.00	32,640.00	31,248.07	37,777.25	31,857.66	125,139.19	140,569.63	145,915.05	180,080.61	185,694.32	190,512.35	193,419.45	201,450.76	207,817.38	212,936.34
1.a. of which Net Statutory Allocation ('net' means of deductions)	41,191.00	32,640.00	31,248.07	37,777.25	31,857.66	125,139.19	140,569.63	145,915.05	160,080.61	185,694.32	190,512.35	193,419.45	201,450.76	207,817.38	212,936.34
1.b. of which Deductions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Derivation (if applicable to the State)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Other FAAC transfers (exchange rate gain, augmentation, others)	1,816.00	4,167.00	3,989.30	3,400.00	33,129.44	3,402.81	7,027.60	8,528.98	8,655.43	9,008.20	9,388.61	9,598.04	9,907.47	10,207.47	10,765.90
4. VAT Allocation	11,986.00	15,040.00	20,083.44	24,432.93	33,423.40	27,187.87	30,193.81	39,832.57	45,799.08	54,358.90	57,830.68	58,596.82	60,116.18	63,939.41	65,946.68
5. IGR	15,416.04	18,499.25	12,963.91	19,413.96	22,162.10	25,654.01	26,530.85	27,663.56	27,329.45	27,586.81	28,158.51	28,448.14	28,537.77	29,037.77	29,235.70
6. Capital Receipts	12,984.81	20,398.15	29,589.56	53,206.69	70,605.45	20,661.90	52,475.57	48,637.37	42,127.29	39,639.92	43,415.91	51,853.29	51,649.90	50,127.89	53,824.97
6.a. Grants	2,727.36	3,566.00	476.93	10,476.65	24,376.01	10,300.00	13,366.21	12,586.78	13,207.35	7,027.92	8,248.49	5,369.06	5,689.63	6,689.63	6,873.00
6.b. Sales of Government Assets and Privatization Proceeds	0.00	0.00	0.00	0.00	0.00	0.00	2,153.18	2,184.09	3,215.00	3,436.00	3,042.82	3,107.73	2,038.64	0.00	0.00
6.c. Other Non-Debt Creating Capital Receipts	60.01	2,671.12	10,315.09	8,477.42	33,129.44	0.00	3,450.53	3,530.78	5,611.03	6,691.28	3,771.53	4,851.78	4,932.03	3,332.03	3,574.00
6.d. Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc.)	10,197.45	14,161.03	18,797.53	34,252.62	13,100.00	10,361.90	33,505.65	30,335.72	20,093.91	22,484.72	28,353.07	38,524.72	38,989.60	40,106.23	43,377.97
Expenditure	**83,521.29**	**110,551.44**	**87,673.44**	**133,054.36**	**118,998.79**	**256,083.07**	**255,697.46**	**269,177.54**	**295,791.86**	**312,988.15**	**326,806.06**	**337,815.74**	**349,562.08**	**360,729.93**	**368,909.59**
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	20,791.36	24,402.15	21,460.44	26,375.96	33,868.07	55,866.62	55,941.95	59,480.79	65,619.63	67,558.46	70,097.30	72,636.14	73,174.98	74,174.98	77,357.00
2. Overhead costs	26,109.44	23,441.93	19,304.81	30,694.98	22,138.96	40,011.30	45,881.78	48,399.42	53,527.41	56,465.95	58,015.27	60,575.58	62,575.58	64,575.58	66,759.70
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	3,094.47	9,139.34	5,455.75	9,875.06	5,845.74	2,866.88	6,337.25	9,090.31	15,911.61	16,669.81	20,584.53	23,865.70	26,911.88	31,430.37	29,830.88
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted from FAAC Allocation)	3,011.36	9,074.94	5,355.42	4,236.76	4,923.14	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	83.11	64.41	100.34	5,638.30	922.60	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)	58.10	7,281.70	0.00	0.00	0.00	49,451.33	55,657.46	57,963.59	61,769.72	65,275.85	69,581.98	70,688.11	72,688.11	74,988.11	76,798.30
5. Capital Expenditure	27,027.18	32,728.05	20,233.67	30,769.22	36,838.55	90,582.02	85,374.25	86,825.48	85,320.24	89,859.85	90,445.64	89,079.01	91,079.01	93,700.00	95,780.00
6. Amortization (principal) payments	6,440.74	13,558.26	21,218.78	35,339.13	20,307.47	17,304.92	6,504.77	7,417.95	13,643.26	17,158.22	18,081.33	20,971.19	23,132.51	21,860.89	22,383.71
Budget Balance (' + ' means surplus, ' - ' means deficit)	**-127.44**	**-19,807.04**	**10,200.84**	**5,176.00**	**72,179.26**	**-54,037.28**	**1,100.00**	**1,400.00**	**8,200.00**	**3,300.00**	**2,500.00**	**4,100.00**	**2,100.00**	**400.00**	**3,800.00**
Opening Cash and Bank Balance	**13,215.65**	**13,088.21**	**-6,718.82**	**3,482.02**	**8,658.02**	**80,837.28**	**26,800.00**	**27,900.00**	**29,300.00**	**37,500.00**	**40,800.00**	**43,300.00**	**47,400.00**	**49,500.00**	**49,900.00**
Closing Cash and Bank Balance	**13,088.21**	**-6,718.82**	**3,482.02**	**8,658.02**	**80,837.28**	**26,800.00**	**27,900.00**	**29,300.00**	**37,500.00**	**40,800.00**	**43,300.00**	**47,400.00**	**49,500.00**	**49,900.00**	**53,700.00**
Financing Needs and Sources (Million Naira)															
Financing Needs						**10,361.90**	**39,109.36**	**36,050.59**	**28,919.94**	**32,612.00**	**35,167.42**	**46,484.23**	**45,960.27**	**43,438.26**	**46,951.97**
i. Primary balance						-44,227.39	-25,167.35	-18,142.33	8,834.93	4,516.03	5,998.44	2,452.66	6,184.12	10,253.00	9,062.62
ii. Debt service						20,171.79	12,842.02	16,508.26	29,554.87	33,828.03	38,665.86	44,836.90	50,044.39	53,291.26	52,214.59
Amortizations						17,304.92	6,504.77	7,417.95	13,643.26	17,158.22	18,081.33	20,971.19	23,132.51	21,860.89	22,383.71
Interests						2,866.88	6,337.25	9,090.31	15,911.61	16,669.81	20,584.53	23,865.70	26,911.88	31,430.37	29,830.88
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)						-54,037.28	1,100.00	1,400.00	8,200.00	3,300.00	2,500.00	4,100.00	2,100.00	400.00	3,800.00
Financing Sources						**10,361.90**	**39,109.36**	**36,050.59**	**28,919.94**	**32,612.00**	**35,167.42**	**46,484.23**	**45,960.27**	**43,438.26**	**46,951.97**
i. Financing Sources Other than Borrowing						0.00	5,603.71	5,714.87	8,826.03	10,127.28	6,814.35	7,959.51	6,970.67	3,332.03	3,574.00
ii. Gross Borrowings						10,361.90	33,505.65	30,335.72	20,093.91	22,484.72	28,353.07	38,524.72	38,989.60	40,106.23	43,377.97
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)						7,000.00	3,320.60	15,335.50	10,302.00	10,484.70	15,353.10	10,000.00	9,959.20	7,046.20	4,000.00
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)						3,361.90	5,000.00	0.00	0.00	12,000.00	6,000.00	0.00	19,389.60	5,060.00	0.00
State Bonds (maturity 1 to 5 years)						0.00	0.00	10,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Bonds (maturity 6 years or longer)						0.00	0.00	0.00	0.00	0.00	0.00	20,739.10	0.00	0.00	8,378.00
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	25,185.12	5,000.23	0.00	0.00	7,000.00	7,785.67	0.00	0.00	31,000.00
External Financing - Bilateral Loans						0.00	0.00	0.00	9,791.90	0.00	0.00	0.00	9,640.80	28,000.00	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	-0.07	0.00	0.01	0.02	-0.03	-0.05	0.00	0.03	-0.03
Debt Stocks and Flows (Million Naira)															
Debt (stock)	**80,744.88**	**107,833.26**	**109,441.25**	**101,849.49**	**121,577.59**	**141,390.72**	**165,611.73**	**183,789.44**	**185,184.06**	**190,510.55**	**200,782.29**	**218,335.82**	**234,192.92**	**252,438.26**	**273,432.51**
External	8,228.67	9,815.74	9,501.50	9,408.70	11,010.40	36,138.40	56,880.68	55,616.46	59,016.90	57,496.82	62,814.27	68,917.38	76,875.63	103,004.46	130,915.96
Domestic	72,516.21	98,017.53	99,939.75	92,440.79	110,567.18	105,252.32	108,731.05	128,172.98	126,167.15	133,013.73	137,968.02	149,418.44	157,317.29	149,433.80	142,516.55
Gross borrowing (flow)						**10,361.90**	**33,505.65**	**30,335.72**	**20,093.91**	**22,484.72**	**28,353.07**	**38,524.72**	**38,989.60**	**40,106.23**	**43,377.97**
External						0.00	25,185.12	5,000.23	9,791.90	0.00	7,000.00	7,785.67	9,640.80	28,000.00	31,000.00
Domestic						10,361.90	8,320.53	25,335.50	10,302.01	22,484.72	21,353.07	30,739.05	29,348.80	12,106.23	12,377.97
Amortizations (flow)	**6,378.14**	**13,090.46**	**22,902.07**	**33,362.99**	**20,434.44**	**17,304.92**	**6,504.77**	**7,417.95**	**13,643.26**	**17,158.22**	**18,081.33**	**20,971.19**	**23,132.51**	**21,860.89**	**22,383.71**
External	217.70	283.19	289.34	125.70	221.93	1,628.15	1,662.97	1,524.39	1,335.41	1,520.08	1,682.56	1,682.56	1,682.56	1,871.17	3,088.50
Domestic	6,160.43	12,807.27	22,612.73	33,237.30	20,212.51	15,676.76	4,841.80	5,893.57	12,307.84	15,638.14	16,398.78	19,288.64	21,449.96	19,989.73	19,295.21
Interests (flow)	**3,075.91**	**9,126.90**	**9,590.94**	**9,484.00**	**5,614.07**	**2,866.88**	**6,337.25**	**9,090.31**	**15,911.61**	**16,669.81**	**20,584.53**	**23,865.70**	**26,911.88**	**31,430.37**	**29,830.88**
External	64.55	51.96	74.46	31.24	33.82	350.57	333.00	883.64	912.35	1,040.88	1,028.74	1,201.64	1,393.95	1,614.82	1,541.35
Domestic	3,011.36	9,074.94	9,516.47	9,452.76	5,580.25	2,516.31	6,004.25	8,206.67	14,999.26	15,628.93	19,555.78	22,664.06	25,517.93	29,815.55	28,289.53
Net borrowing (gross borrowing minus amortizations)						**-6,943.01**	**27,000.88**	**22,917.77**	**6,450.65**	**5,326.50**	**10,271.74**	**17,553.53**	**15,857.09**	**18,245.34**	**20,994.26**
External						-1,628.15	23,522.15	3,475.84	8,456.49	-1,520.08	5,317.44	6,103.11	7,958.24	26,128.83	27,911.50
Domestic						-5,314.86	3,478.73	19,441.93	-2,005.83	6,846.58	4,954.29	11,450.42	7,898.85	-7,883.49	-6,917.25
Debt and Debt-Service Indicators															
Debt Stock as % of SGDP	**5.95**	**7.28**	**6.47**	**5.24**	**5.40**	**5.32**	**5.38**	**5.25**	**4.76**	**4.40**	**4.17**	**4.07**	**3.93**	**3.80**	**3.70**
Debt Stock as % of Revenue (including grants and excluding other capital receipts)	**110.40**	**145.89**	**159.16**	**106.65**	**83.88**	**73.76**	**76.08**	**78.37**	**67.32**	**67.16**	**68.26**	**73.90**	**76.61**	**79.46**	**83.94**
Debt Service as % of SGDP						**0.76**	**0.42**	**0.47**	**0.76**	**0.78**	**0.80**	**0.84**	**0.84**	**0.80**	**0.71**
Debt Service as % of Revenue (including grants and excluding other capital receipts)						**10.52**	**5.90**	**7.04**	**10.74**	**11.92**	**13.15**	**15.18**	**16.37**	**16.77**	**16.03**
Interest as % of SGDP						**0.11**	**0.21**	**0.26**	**0.41**	**0.38**	**0.43**	**0.45**	**0.45**	**0.47**	**0.40**
Interest as % of Revenue (including grants and excluding other capital receipts)						**1.50**	**2.91**	**3.88**	**5.78**	**5.88**	**7.00**	**8.08**	**8.80**	**9.89**	**9.16**
Personnel Cost as % of Revenue (including grants and excluding other capital receipts)						**29.15**	**25.70**	**25.36**	**23.86**	**23.82**	**23.83**	**24.59**	**23.94**	**23.35**	**23.75**