2022
REPORT OF THE
EKITI STATE DEBT SUSTAINABILITY ANALYSIS AND DEBT MANAGEMENT STRATEGY
(STATE DSA-DMS)

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CHAPTER ONE

1.0 INTRODUCTION

1.1 Objective and Content of the State DSA-DMS Report

Ekiti State Government conducted the Debt Sustainability Analysis and Debt Management Strategy (State DSA-DMS) for the year 2022. The DSA analyzes the trends and patterns of the State's Public Finance during the period 2017 – 2021 and evaluates the State's long-term debt sustainability between the years from the year 2022 to 2031. The analysis highlights recent trends in revenue, expenditure, public debt, and the related policies adopted by the State. A Debt Sustainability Assessment was conducted, along with scenario and sensitivity analysis to evaluate the prospective performance of the State's Public Finances. The report includes the State's Debt Management Strategy (DMS) with permissible cost and risk.

The main objective of the DMS is to ensure that Ekiti State Government's financing needs and payment obligations are met at the lowest possible cost, consistent with a prudent degree of risk. There are four different Debt Management Strategies. For the four DMS, the analysis calculates the costs of carrying public debt and measures the risk associated with macroeconomic and fiscal shocks.

Ekiti State DSA-DMS for the year 2022 was conducted and produced by the State's Debt Management Office in collaboration with the Office of Accountant-General and the Ministry of Budget and Economic Planning. The State DSA-DMS was produced using the DSA-DMS Template and Toolkit developed by the Debt Management Office, in partnership with the World Bank Group to analyze the trends and patterns in the State's public finances during the period of 2017- 2021 while also evaluating the ability of the State to sustain its debt in the long term (2022-2032). The State Government undertook the conduct of the Debt Sustainability Analysis and Debt Management Strategy (State DSA-DMS) exercise for the year 2022. It was an exercise that took into consideration the State's historical macroeconomic data from the period 2017 – 2021 and projected data from the period 2022 – 2031.

1.2 Summary of Findings and Results of the State DSA-DMS

The results of the 2022 Sustainability Analysis revealed that the long-term outlook (2022-2031) for Ekiti State exhibits a solid debt position that appears sustainable in the long term. Total revenue (including grants and excluding other capital receipts is projected to increase from ₦77.48 billion in 2021 to ₦347.54 billion by 2031 **(chart 16)**. The State's total expenditure will expand from ₦104.44billion in 2021 to ₦455.336 billion by 2031 **(chart 17)**.

The solid revenue position results from the State's strong performance in terms of mobilizing Internally Generated revenue (IGR) – underpinned by the successful tax administration reforms introduced recently. Ekiti State Internal Revenue is now autonomous with more competent personnel to follow through on its vision with the assistance of up-to-date technology. Also worthy of note is the State's control of recurrent expenditure growth and its low level of public debt.

The public debt and the State's repayment capacity are projected to rise due to a significant increase in domestic loans **(Chart 18)**. The State's debt will grow from ₦152.10billion as of the end of 2021 to ₦543.61 billion by end of 2031. Total public debt considers non-contingent debt and the obligation to repay them is independent of the circumstances as well as excludes the contingent liabilities (i.e. guarantee, State-owned enterprises, and non-guaranteed liabilities). The total domestic debt stock decreased from ₦137.83billion in 2017 to ₦110.28billion in 2019. The domestic debt, however, rose steadily to ₦117.78 in 2020 and further to ₦152.10 billion in 2021. Within the period 2017 – 2021, the value of the debt stock

of Ekiti State increased by 10.35% (nominal growth rate) from ₦137.8billion in 2017 to ₦152.10billion in 2021. The increase in the trend of the public debt stock over the period 2017 – 2021 was a result of the federal government bailout, budget support facility, an increase in State government arrears, and external financing.
The DSA results from certain assumptions and conditions concerning the State's Revenue (i.e. the performance in terms of mobilizing IGR) and Expenditure projections (i.e. Personnel and Overhead Costs and Capital expenditure measures) going forward. Given the State's forecasts for the economy and reasonable assumptions concerning the State's revenue and expenditure policies going forward, the long-term outlook for the public debt appears sustainable.

The State pursues a prudent debt management strategy that maintains an adequate cost of carrying debt and an admissible exposure to risks. A prudent debt management strategy emerges from the State's reliance on a mix of sources of finance, including external concessional loans and domestic low-cost financing. Given the State's own forecasts for the economy and reasonable assumptions concerning the State's budget and financing policies going forward, the medium-term cost-risk profile for the public debt portfolio appears consistent with debt management objectives.

CHAPTER TWO

2.0 EKITI STATE FISCAL AND DEBT FRAMEWORK

2.1 Fiscal Reforms - Revenue and Expenditure in the last 3-5 years

Ekiti State Government had introduced and started the implementation of some fiscal reform within the last 3 – 5 years. Among the reforms are the following:

i. Implementation of the Treasury Single Account via Remita Payment platform across the State for transparent and accountable revenue collection in the State.
ii. Enactment of Ekiti State Debt Management Law 2020
iii. The State Government has introduced mandatory payment of 'Property Tax' payable by landlords and landowners across the 16 Local Government Areas of the state. The new tax policy was part of efforts to shore up the state's Internally Generated Revenue (IGR) for more infrastructural development. The new tax policy was part of efforts to shore up the State's Internally General Revenues (IGR) for more infrastructural development.
iv. Ekiti State Fiscal Responsibility Law No. 4, 2011 was repealed and re-enacted in the year 2019 to provide for the prudent management of the State resource; ensure long-term macro-economic stability, secure greater accountability and transparency in fiscal operation within a Medium-Term Fiscal Policy Framework (MTEF) and the establishment of the Fiscal Responsibility Commission;
v. Ekiti State Board of Internal Revenue Law was passed and assented in the year 2019 to boost internal revenue generation and enhance the optimum collection of all taxes in the State. The law also included the provision for the Autonomy of the State's Board of Internal Revenue.
vi. The State Government adopted the State Fiscal Transparency Accountability and Sustainability programme which was recently introduced by the World Bank to strengthen State-level fiscal transparency, accountability and sustainability; and also adopted Open Government Partnership to boost transparency in Government.
vii. Complete autonomous of the State Board of Internal Revenue Service;
viii. Ekiti State Revenue Service has started a review of the IGR sources and collection modalities to improve on the IGR performance through deployment of a new Revenue collection known as Ekiti Revenue Autonomous System (ERAS).
ix. Introduction and implementation of strategic and well-coordinated empowerment programmes and other social investment programmes;
x. Promotion of good governance through E-Government Initiative, Budget discipline, probity, and accountability in the allocation and utilization of public funds.

In addition to the above, the Federal Government has also introduced some laws which may have consequent impact on the State fiscal variable (i.e. revenues and expenditures) among which is the Finance Act 2020.

2.2 2022 Ekiti State Approved Budget and Medium-Term Expenditure Framework (MTEF), 2022- 2025

2.2.1 Overview of Ekiti State 2022 Budget

Ekiti State Government 2022 Approved Budget Summary

Item	2021 Revised Budget	2021 Performance January to September	2022 Approved Budget
Opening Balance	**11,835,900,000.00**	**16,545,637,798.04**	**7,200,000,000.00**
Recurrent Revenue	**60,744,489,770.55**	**47,797,408,876.04**	**64,028,977,355.83**
11 - GOVERNMENT SHARE OF FAAC	46,551,568,047.12	38,692,465,907.47	49,790,099,639.85
12 - Independent Revenue	14,192,921,723.43	9,104,942,968.57	14,238,877,715.98
Recurrent Expenditure	**58,601,514,802.07**	**47,611,918,682.34**	**60,686,914,229.22**
21 - Personnel Cost	24,468,731,673.07	25,932,332,463.46	27,214,334,664.85
22 - Other Recurrent Costs	34,132,783,129.00	21,679,586,218.88	33,472,579,564.37
Transfer to Capital Account	**13,978,874,968.48**	**16,731,127,991.74**	**10,542,063,126.61**
Capital Receipts	**37,085,986,952.13**	**21,747,255,761.12**	**29,525,015,885.77**
13 - Aid And Grants	18,994,602,915.00	6,730,751,971.64	19,525,015,885.77
14 - Capital Development fund (CDF) Receipts	18,091,384,037.13	15,016,503,789.48	10,000,000,000.00
23 - Capital Expenditure	**51,064,861,920.61**	**25,047,170,910.35**	**40,067,079,012.38**
Total Revenue (including OB)	**109,666,376,722.68**	**86,090,302,435.20**	**100,753,993,241.60**
Total Expenditure	**109,666,376,722.68**	**72,659,089,592.69**	**100,753,993,241.60**
Closing Balance	**-**	**13,431,212,842.51**	**-**

2.2.2 Ekiti State Fiscal Policy Strategies for the 2023 Budget

Macroeconomic Framework

1. The Macroeconomic framework is based on detailed analysis of the following:
   a. IMF National Real GDP growth and inflation forecast from the World Economic Outlook April, 2022;
   b. African Development Bank West Africa Economic Outlook October, 2021
   c. Mineral benchmarks (oil price, production and exchange rate) from the 2019-2021 Federal Fiscal Framework.
   d. NBS CPI Inflation Report May 2021
   e. NBS GDP Report 2022 Q1
   f. CBN MPC Communique 142 May 2022
   g. CBN Monthly Report January 2022
   h. NNPC Monthly Report August 2021
   i. NNPC FAAC Report May 2022
   j. December 2021 FAAC Distributions
   k. Federal Government 2022-2024 MTEF Final Version
   l. Nigeria Economic Sustainability Plan
2. The current and forecast trends in mineral sector indices and the national macroeconomic indices are reflected below

Macro-Economic Framework

Item	2022	2023	2024	2025
National Inflation	16.10%	13.10%	12.70%	12.30%
National Real GDP Growth	3.40%	3.10%	3.05%	3.00%
Oil Production Benchmark (MBPD)	1.5000	1.5000	1.6000	1.8000
Oil Price Benchmark	$62.00	$75.00	$68.00	$60.00
NGN:USD Exchange Rate	415	415	415	415
Other Assumptions				
Mineral Ratio	16%	22%	25%	25%

Fiscal Strategy and Assumptions

Policy Statement

The administration policy statement and operational ideology is to ensure that Ekiti State becomes an economic hub where people can go about their legitimate businesses and live their lives in dignity. This policy will not only guide the direction of Government, it will also be a standard of measurement for all developmental issues including, budget preparation and budget implementation, budget discipline and control through transparency and accountability in Governance.

Objectives and Targets

The key targets from a fiscal perspective are:

i. to establish a fiscal framework consistent with Government Fiscal Policy, Extant Rules such as the Ekiti Public Finance Management Law, Fiscal Responsibility Law, Public Procurement Law, and Debt Management Law among others for effective implementation of the proposed 2023 Budget;

ii. to maintain and increase the vibrant platform for the development of Agriculture and Micro, Small and Medium Scale Enterprises (MSMSEs) and Agribusinesses in the State towards aggressive revenue growth and rapid job creation;

iii. to ensure speedy completion of all ongoing developmental projects with a view to transforming the State's economy.

iv. to further explore all revenue sources, expand tax base, to continue to use Treasury Single Account (TSA) with a view to improving and widening the revenue generation drive of the State hence, reducing the dependence on Federal Allocation;

v. to eliminate poverty through strategic and well-coordinated empowerment programmes and other social investment programmes;

vi. to cushion the effect of global economic crisis on the social and economic activities in the State;

vii. to strengthen the ease-of-doing business policy by through the creation of enabling environment for socio-economic activities in the State;

viii. to sustain current efforts aimed at improving Human Capital Development and capacity building in the State through strategic investments in qualitative education businesses, and health caredelivery system, Agribusiness, etc;

ix. to promote good governance through E-Government Initiative, Budget discipline, probity, and accountability in the allocation and utilization of public funds; and

x. to further attract investors to the State with a view to increasing its Gross Domestic Product (GDP).

2.2.3 Ekiti State Medium Term Fiscal Framework

Indicative Three-Year Fiscal Framework

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

Fiscal Framework

Item	2022	2023	2024	2025
Opening Balance	7,200,000,000	0	0	0
Recurrent Revenue				
Statutory Allocation	34,096,523,107	45,580,869,380	52,446,476,025	57,080,964,117
Derivation				
VAT	24,142,970,880	29,445,471,991	36,415,794,814	45,162,415,037
IGR	20,202,947,148	22,223,241,863	24,445,566,050	26,890,122,654
Excess Crude / Other Revenue	2,650,800,208	2,650,800,208	2,650,800,208	2,650,800,208
Total Recurrent Revenue	**81,093,241,344**	**99,900,383,442**	**115,958,637,097**	**131,784,302,017**
Recurrent Expenditure				
Personnel Costs	22,346,059,141	23,463,362,098	24,636,530,203	25,868,356,713
Social Contribution and Social Benefit	7,728,895,710	8,115,340,496	8,521,107,520	8,947,162,896
Overheads	19,784,998,143	20,989,490,008	22,007,428,902	23,118,111,809
Public Debt Service	10,109,994,906	11,475,115,108	12,840,235,310	12,840,235,310
Total	**59,969,947,900**	**64,043,307,710**	**68,005,301,935**	**70,773,866,729**
Transfer to Capital Account	**28,323,293,444**	**35,857,075,732**	**47,953,335,162**	**61,010,435,288**
Capital Receipts				
Grants	23,622,025,000	11,590,025,000	9,590,025,000	9,590,025,000
Other Capital Receipts	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Total	**24,622,025,000**	**12,590,025,000**	**10,590,025,000**	**10,590,025,000**
Reserves				
Contingency Reserve	2,575,320,965	2,500,108,347	2,686,757,473	2,983,270,772
Planning Reserve	3,079,805,018	3,048,105,482	3,316,628,586	3,919,483,593
Total Reserves	**5,655,125,983**	**5,548,213,829**	**6,003,386,060**	**6,902,754,364**
Capital Expenditure	**63,140,974,371**	**55,413,895,812**	**60,329,185,668**	**71,486,917,489**
Discretional Funds	38,818,406,011	38,741,870,812	46,707,160,668	58,864,892,489
Non-Discretional Funds	24,322,568,360	16,672,025,000	13,622,025,000	12,622,025,000
Financing (Loans)	15,850,781,910	12,515,008,910	7,789,211,566	6,789,211,566
Total Revenue (Including Opening Balance)	**128,766,048,253**	**125,005,417,352**	**134,337,873,662**	**149,163,538,582**
Total Expenditure (including Contingency Reserve)	**128,766,048,253**	**125,005,417,352**	**134,337,873,662**	**149,163,538,582**

Assumptions

1. **Statutory Allocation** – the estimation for statutory allocation is based on elasticity forecast, taking into consideration the macro-economic framework (National) and the mineral assumptions in the 2023-2025 Federal Fiscal Strategy Paper. It is based on historical

mineral revenues flows and elasticity-based forecast using national Real GDP and Inflation data.

2. **VAT** – is based on elasticity forecast using the combined change in GDP and inflation rate. The estimate for 2023-2025 is in line with the current rate of collections (i.e 7.5%). This forecast is contingent upon the resolution of the agitation for collection and distribution of VAT in favour of the status quo. The forecast should be revisited if there are any changes to the VAT collection and distribution arrangement in the country.
3. **Excess Crude/Other Federation Account Distributions** – The forecast method used is own value (historical). The own value used is based on the actual Receipts from January to May, 2022. Furthermore, it is anticipated that own value would be sustained throughout the forecasting period (2023 -2025).
4. **Internally Generated Revenue (IGR)** – The forecast is calculated based on the projected growth rate (own percentage). IGR is expected to increase annually by 15% in 2022 and 10% in 2023, 2024 and 2025 based on IGR reforms initiatives being introduced by the current administration the State.
5. **Grants** – the estimate for internal Grants are based on the actual receipts for 2020 and performance from January to April, 2022. External grants are based on signed Grant Agreements with the International Institutions e,g World Bank, UNICEF, EU, etc.
6. **Miscellaneous Capital Receipts** – – modest amount from sundry sources such as refund from Federal Government and transfers is provided for the years.
7. **Financing (Net Loans)** – The internal and external loans projections are based on signed Agreement and other borrowing expectations.
8. **Personnel** – The outgoing administration began the payment of the consequential adjustment to workers on Grade 07-08 which was suspended in view of the economic realities. However, the new Administration intends to reinstate the consequential adjustment for GL 09-12 and offset the outstanding salaries of the workforce. Consequently, the personnel cost of the State is projected to rise by 5% annually for years 2023-2025.
9. **Social Contribution and Social Benefits** – This includes pension, gratuity, and contributions to Retirement Fund and benefits for past Political Office Holders. It is anticipated that the current growth rate will be maintained at 5% for forecasting period under review.
10. **Overheads** – These are expenses relating to day-to-day operations and maintenance cost. It is projected that the overhead cost of the State would increase steadily over the periods due to prevailing economic realities. The new Administration is expected to defray some backlog of arrears of subventions to the tertiary institutions in the State. The estimation technique used is the Own value method.
11. **Public Debt Service** - This represents the State's total obligation on judgment debts and short- term borrowings. The Own Value estimating method is used in making projections for 2023 – 2025.
12. **Contingency and Planning Reserves** – 2% of Total Revenue has been allocated to Contingency Reserve to be set aside for future occurrence and appropriated in accordance with PFMLaw during budget implementation. Also, 5% of the Total Revenue is set aside for Planning Reserve which will be allocated during Envelope Sharing/MDA Budget defence when they will justify the need for the allocation or more resources over and above the given ceiling.

13. **Capital Expenditure** – This is the balance from the Recurrent Account plus Capital Receipts, less Planning and Contingency Reserves. The projection is contingent upon the Reserves and ease of accessing long term loans/Drawdown

2.2.4 Analysis of the Medium-Term Policy

The ceiling for the total budget size for 2023 fiscal year is **₦125,005,417,352.00** of which the sum of **₦64,043,307,710.00** will be for Recurrent Expenditure, **₦55,413,895,812.00** for Capital Expenditure, and **₦5,548,213,829.00** will be for contingency and planning reserve that will be allocated to sectors at bilateral discussion stage to fund critical expenditure items. The Capital Expenditure component is divided into Discretionary Capital expenditure of the sum of **₦38,741,870,812.00** that will be spent across all MDAs and non- discretionary Capital Expenditure of **₦16,672,025,000.00** which is specifically earmarked for projects and programmes in Health, Education, Infrastructure, Agriculture and Governance. The non-discretionary amount is in the form of loans and grants. The Sectoral Allocation for capital expenditure in the State is captured in line with the six-point Agenda of the Administration. As captured in the manifesto of the new Administration, job creation for young people and human capital development would be the top priorities of the State Government to further tap the rich human resources of the State. Other critical areas in the State's policy thrust include Agriculture and Rural Development; Infrastructure and Industrialisation; Arts, Culture, and Tourism; and Governance.

The key points arising from this document are summarised below.

i. Aggressive Internally Generated Revenue should be pursued to a levelcommensurate with ongoing economic activities in the State
ii. Government Plans to improve macro-economic performance through service delivery in major areas such as road networks, water supply, power supply to provide the infrastructure needed for sustainable economic growth and development in all sectors of the Ekiti economy
iii. The National Government should intensify efforts towards mitigating the impact of COVID-19 pandemic and activities of the Herdsmen, kidnappers, Boko Haram in the North-East and other insurgent groups across the Country in order to achieve high level of revenue to finance the Budget
iv. The Recurrent Ratio to Capital Ratio is relatively normal. However, Budget discipline and monitoring should be sustained in order to achieve higher Budget performance
v. This document should serve as a tool for economic recovery, growth andsustainable economic development
vi. The Risk associated with political instability and unrest should be controlled to a bearable minimal
vii. The ultimate goal is to modernize agriculture to ensure food security, employment and provide raw materials for industrial development
viii. The goal of the Government is to correct the decline in the Education sector and strengthen the human capital development in the State
ix. The State Government is determined to curb poverty to reduce the mortality rate and incessant illness in Ekiti State
x. The State Government is further committed to promoting public involvement and massive participation of all stakeholders in the Budget process through Town/Community meetings, thereby creating a platform for His Excellency, the Governor to have one-on-one/group interaction with the good people of Ekiti in

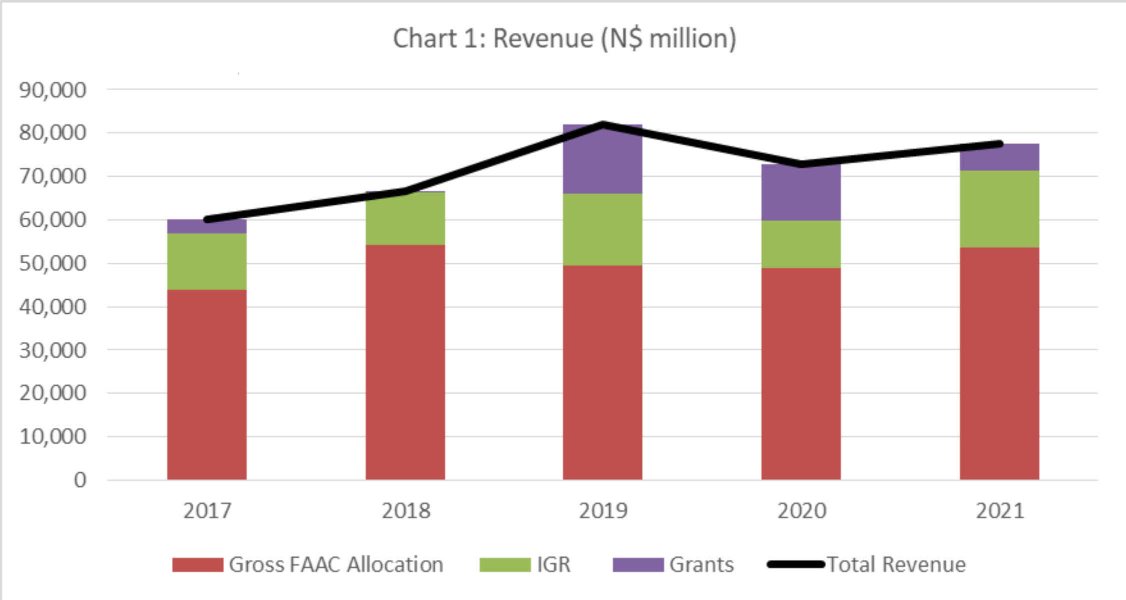
order to know their peculiar challenges and to fashion out administrative strategies to solve the identified challenges.

CHAPTER THREE

REVENUE, EXPENDITURE, FISCAL AND PUBLIC DEBT TRENDS (2017-2021)

3.1 Revenue, Expenditure, Overall and Primary Balance

3.1.1 Revenue Performance



Ekiti State aggregate total revenue is made up of the following:

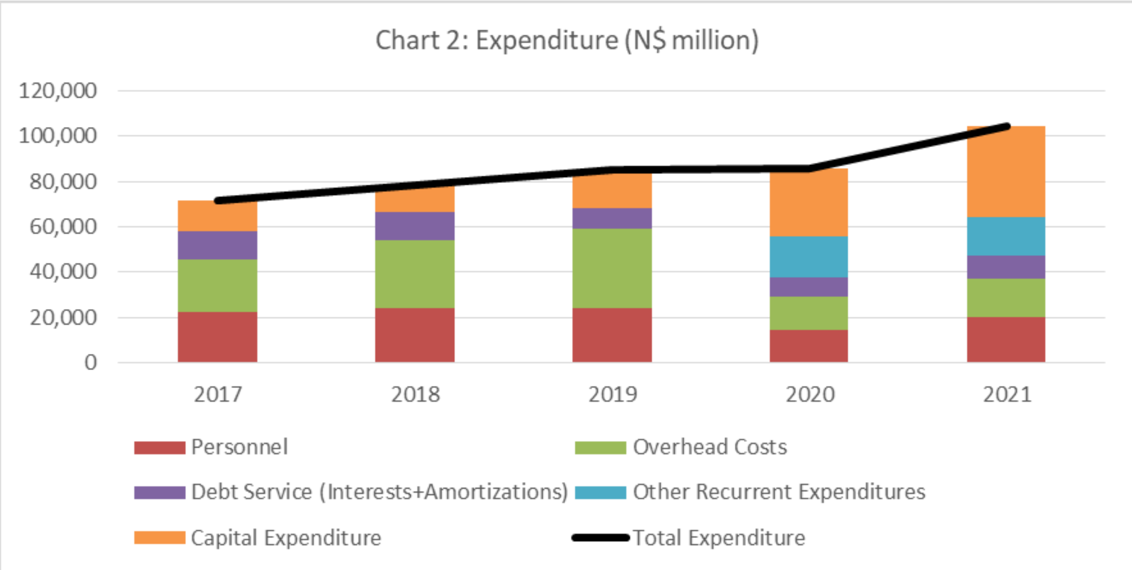
i. Statutory Allocation from the Federal Government (Oil, Customs, and CIT tax revenues)
ii. Other FAAC transfers which include exchange rate gains, augmentations, among other (i.e. Excess Crude Accounts)
iii. VAT allocation
iv. Internally Generated Revenue (IGR) which include tax and non-tax independent revenues.
v. Capital Receipts includes grants (domestic and foreign), sales of government assets, proceeds from debt-creating borrowings, etc.

Aggregate State TOTAL Revenue trend in the last five years and its composition in 2021 - The aggregate Total Revenue of the State initially shows a consistent increase during 2017-2019 period and thereafter decreased in the year 2020(**Chart 1**). The total revenue was ₦60.171 billion in the year 2017, and by 2019, had risen to ₦81.95 billion, largely driven by a growth in Gross FAAC allocation and Grants. However, the aggregate State revenue declined by ₦9.23 billion in year 2020 to ₦72.72 billion due to the adverse impact of the COVID-19 pandemic on the State IGR inflows and the monthly FAAC allocations. Within the period 2017 to 2021, the nominal growth rate of the Total Revenue stands at 28.76%. The State invested in grant and donor funded opportunities, which started to yield significant results in 2019, when Ekiti State received over ₦16 billion as grants. The State Government also established an Office for Development Partnerships, to attract grants from both local and international partners.

FAAC Allocation trend in the last five years - Within the analyzed 5 years-period, the Federal transfers registered an initial increased from N43.79 billion in 2017 to N54.244 billion in 2018. This trend, however, declined in the following two years (2019-2020) due to lower crude oil receipts as a result of the adverse impact of the Covid-19 pandemic. The State's federal allocation, including transfers from the excess crude account had an overall increase of 22.67% between 2017 – 2021. The FAAC allocations increased by 23.86% between 2017 – 2018 and later fell slightly by 8.91%. The decline is largely attributable to a slide in federal oil receipts.

Internally Generated Revenue in the last five years - The State exhibited a fairly volatile and strong Internally Generated Revenue (IGR) growth during the review period. The IGR grew by 34.69% between 2017 and 2021, while the IGR as a share of aggregate revenue (excluding grants) had a marginal increase of 0.99% (21.68% in 2017 and 22.67% in 2021). The improvement in the IGR is mainly as a result of tax administration reforms initiated at the inception of the present administration in the year 2018. The reforms were aimed at improving revenue collection and broadening the tax revenue base. In addition, the State Government recently introduced the payment of land use charge tax by the owners of landed properties in Ekiti State. The payment of the tax will further increase the State's revenue, while the implementation of the Ekiti State Internal Revenue Law will trigger a significant increase in the revenue of the State.

3.1.2 Expenditure Performance



The expenditure items of the State can be classified under the following:

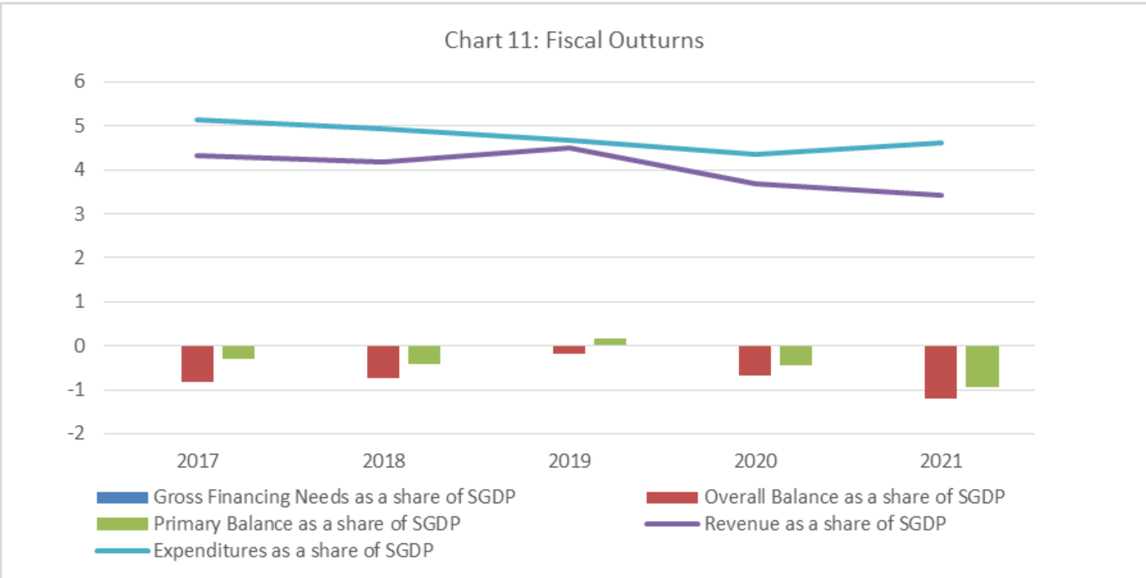
i. **Personnel costs** – Salaries, Pensions and Gratuity, Allowances and Contributions, etc.;
ii. **Overhead Costs** – Travel and Transport, Utilities, Materials and Supplies, Maintenance Services, etc.;
iii. **Other Recurrent Expenditure** – other recurrent expenditure excluding Personnel Costs, Overhead Costs and Interest Payments;
iv. **Capital Expenditure** – Acquisition of non-financial assets and capital transfer to Public Entities, among others;
v. **Amortized Payments** – amortized payments of State bonds, commercial bank loans, and external loans.

Aggregate (total) Expenditure trend in the last five years and its composition in 2021 – Ekiti State's aggregate expenditure remained stable during the period 2017 – 2021 with significant growth rate of 46.09%. As a percentage of State GDP (SGDP), aggregate expenditure averagely stood at 5.0% between 2017 – 2021. During the period, the bulk of expenditure went to recurrent spending – personnel costs, overhead, and debt service (interest + amortization) representing 73.67% of total spending on average.

The personnel component of the aggregate total expenditure had a decrease of ₦1.904 billion amounting to 8.53% reduction between 2017 and 2021, while **overhead cost** also reduced by 27.89% between the same period. This was a reflection of the fiscal policy of the new administration to ensure budget realism. On the other hand, **other recurrent expenditures** excluding Personnel costs, overhead costs, and interest payments which recorded nothing for years 2017 – 2019 recorded ₦18.08 billion and ₦16.97 billion in the years 2020 and 2021 respectively

The debt service component decreased significantly by 18.49%. The decrease was due to the successful debt management policy of the State Government. The **capital expenditure** experienced a substantial increase of 200.02% within the same period. The variation can be traced to the policy of the State Government to embark on more capital projects in order to deliver on the electioneering promises.

3.1.3 Fiscal Outturns – overall and primary balance trend in the last five years



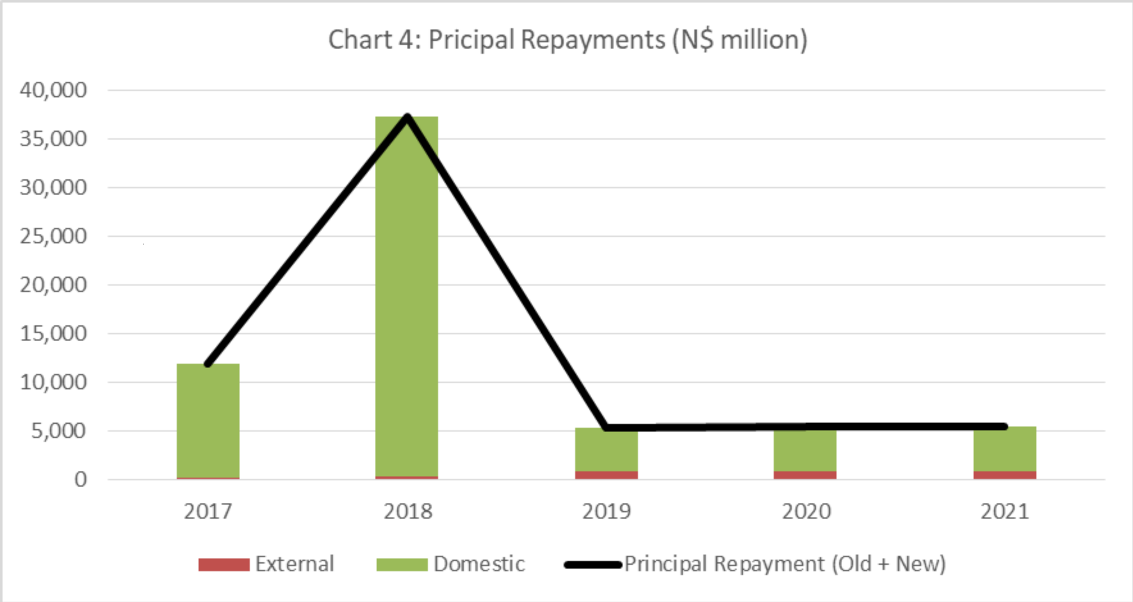
The overall balance is calculated at total revenue including grants and excluding other capital receipts minus total expenditure including interest and principal payments; the primary balance as revenue minus total expenditure including amortization payments and excluding interest payments; and the gross financing need as the primary balance plus debt services and financing needs other than amortization payments.

The overall fiscal balance and the primary fiscal balance declined during the period under review. The overall balance maintained an average deficit of 1% of State Gross Domestic Products (S-GDP) from 2017 – 2021 with a recovery of 0% in the year 2020. The decline could be traced to the fall in the federal transfer (oil receipt) from the federal government. The primary fiscal balance had a fiscal recovery of 0% from periods 2017 to 2020. The Primary fiscal balance declined to deficit of 1% in 2021owing to the decline in federal transfers and the growth of capital expenditures.

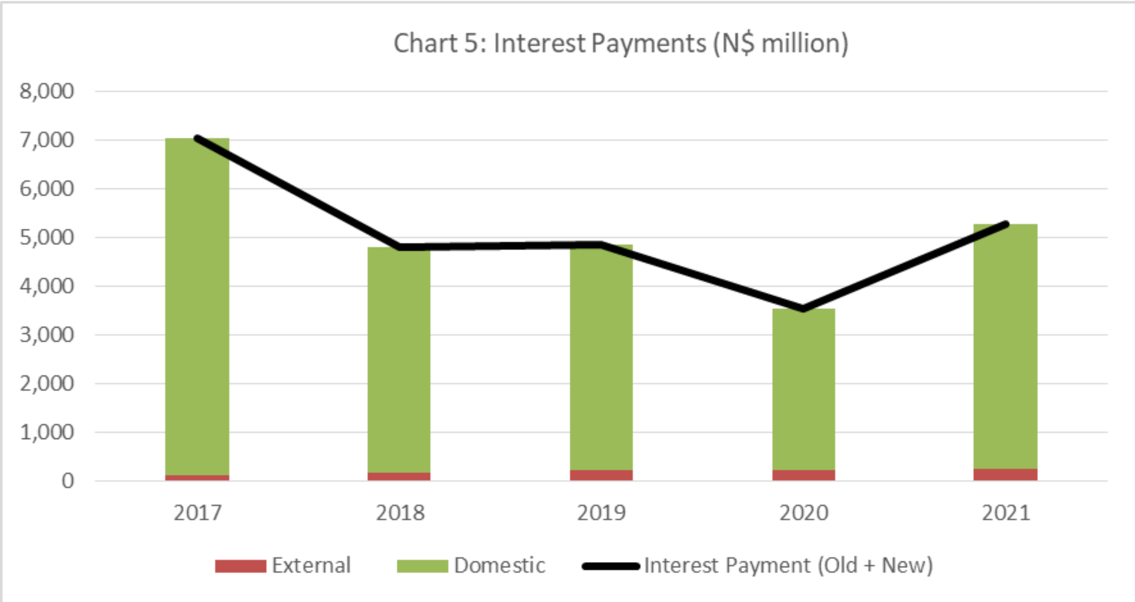
3.1.4 Optional Charts

- Principal Repayment

The State's repayment profile is dominated by domestic debt repayment, mainly due to it constituting most of the State's debt, and the much shorter maturity profile of domestic debt, when compared with concessionary foreign debt which tend to be much longer dated, with flexible moratorium periods. Within the period under review, the principal repayment the total principal repayment had an offshoot of sun of N37.23 billion in 2018, thereafter the repayment fell averagely to ₦5.39 billion owing to the FGN Restructuring Programme.

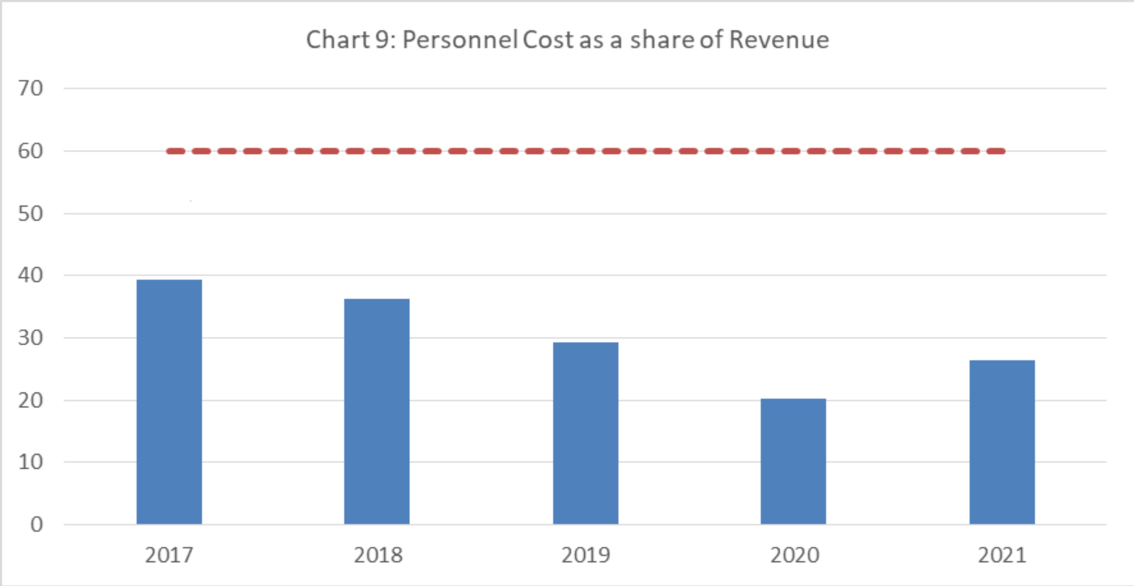


- Interest Payment



The interest payment is made up of both internal and external components. Interest payment fell from N7.02 billion in 2017 to N3.54 billion in year 2020. As expected the domestic component accounted for more of the total interest payment

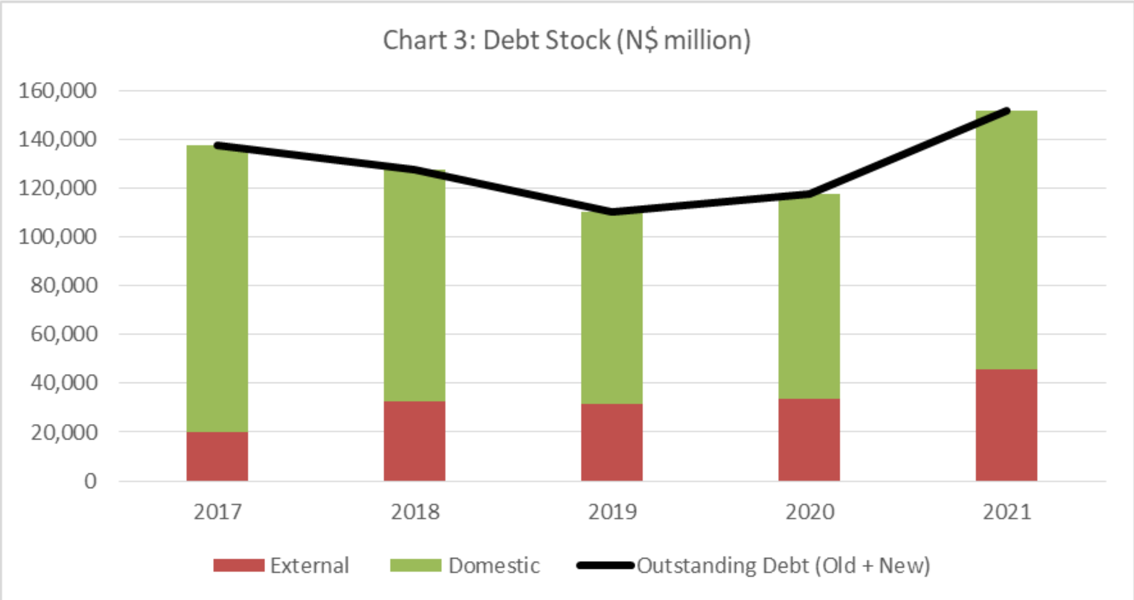
- Personnel Cost



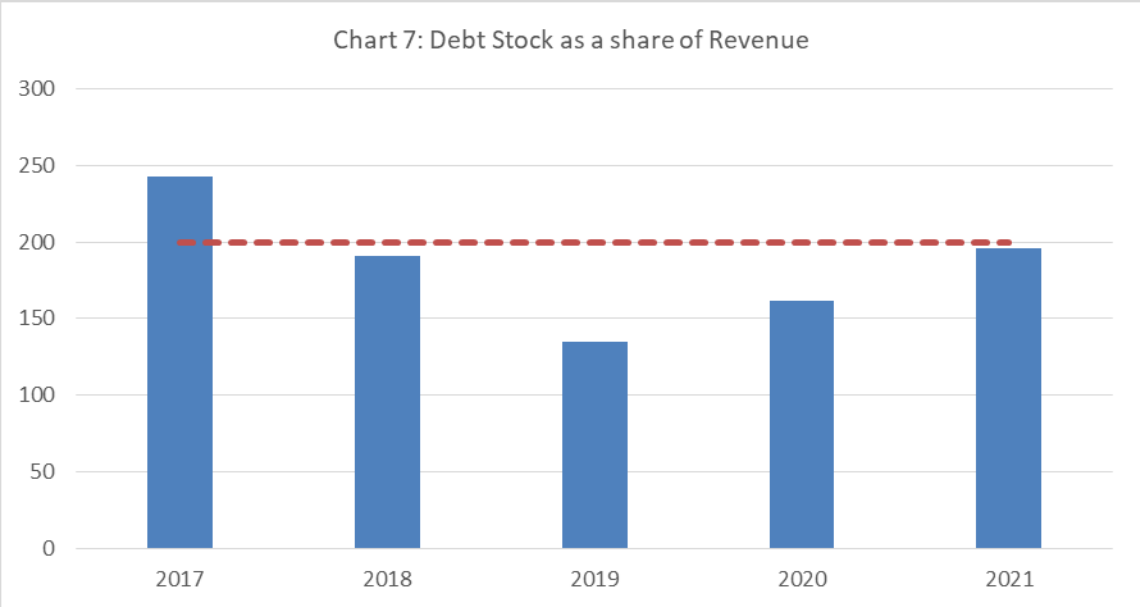
The personnel cost as share of revenue remains under the threshold of 60%. It fell from 37% in 2017 to 20% in 2020 and thereafter increased to 26% in the 2021.

3.2 Existing Public Debt Portfolio of Ekiti State

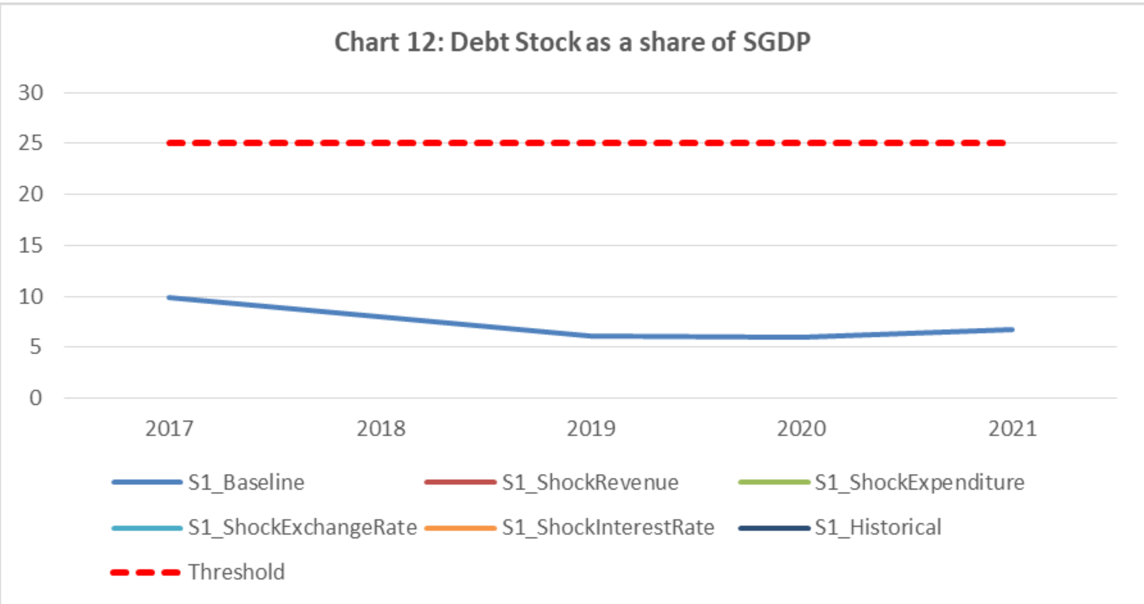
3.2.1 The Evolution of the State Debt Stock between 2017 and 2021



The total public debt includes the explicit financial commitments – like loans and securities – that have paper contracts instruments which the State Government promises to repay. Total public debt considers non-contingent debt and the obligation to repay them is independent of the circumstances as well as excludes the contingent liabilities (i.e. guarantee, State-owned enterprises and non-guaranteed liabilities). The total debt stock increased from ₦117.77billion in 2020 to ₦115.10billion in 2021. Within the period 2017 – 2021, the value of the debt stock of Ekiti State increased by 10.35% (nominal growth rate) from ₦137.83billion in 2017 to ₦152.10billion in 2021. The increase in the trend of the public debt stock over the period 2017 – 2021 was as a result of the federal government bailout and budget support facility, increase in State government arrears and external financing to contain the adverse impact of the COVID-19 pandemic on the economy of the State.



The debt-to-revenue ratio (debt stock as a share of revenue) rose above the threshold of 200% at 229% in 2017 only. The increase was due to the federal government bailouts facilities during the period. The share of public debt stock on total Revenue at end years 2018, 2019, 2020 and 2021 stood at 119%, 135%, 162% and 196% respectively. These are below the threshold of 200% for the period 2016 – 2020. Thereafter the ratio has been projected to experience a steady decline



The debt stock as a share of SGDP ratios remain steadily below the threshold of 25% between the years 2017 – 2021. The baseline scenario ratio was 10% in year 201, fell to 8% in 2018, 6% in 2019 and 2020. It, however, increase minimally to 7% in the year 2021.

3.2.2 Debt Portfolio Composition

Ekiti State total public debt portfolio is made up of domestic (internal) debt and external (foreign) debt stock components. The domestic element includes the following:

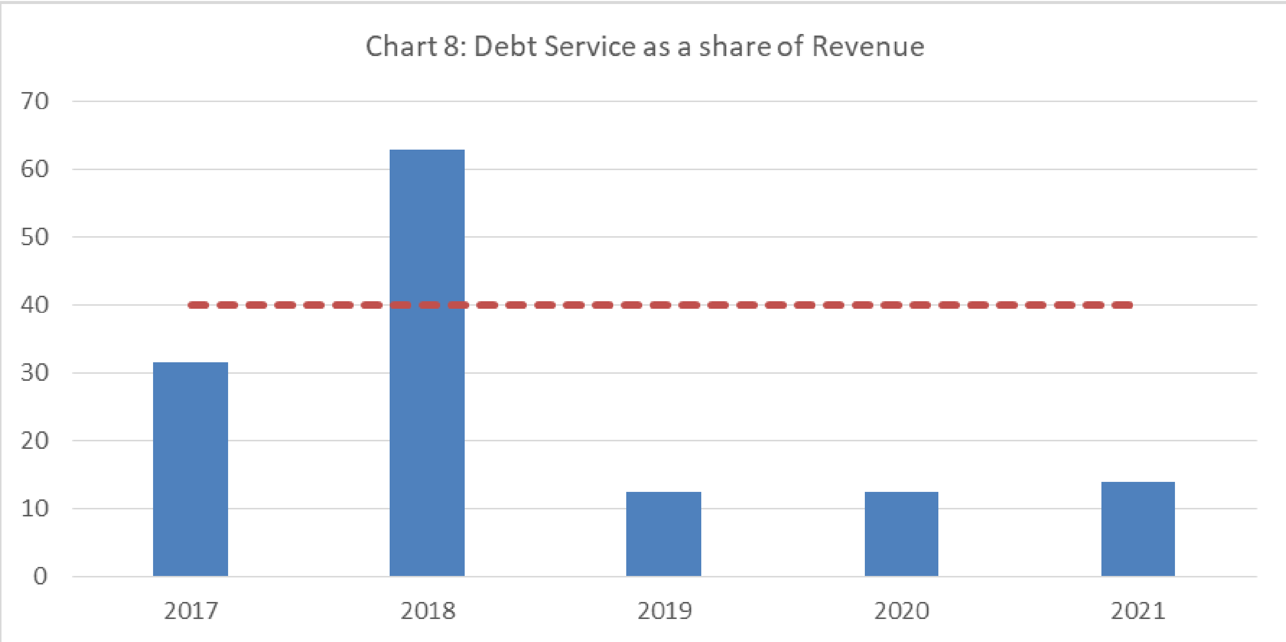
i. Budget Support Facility,
ii. Salary Bailout,

iii. FGN Restructuring Bond,
iv. Excess Crude Accounts Backed Loan,
v. Commercial Bank Loan,
vi. State Bonds,
vii. Commercial Agriculture Loan,
viii. Judgment Debt,
ix. Contractors Arrears,
x. Pension and Gratuity Arrears,
xi. Salary Arrears

The external debt stock comprises of World Bank and African Development Bank loans. The domestic debt stock makes up 69.95%, while external debt makes up the balance of 30.05% of the public debt portfolio as at end - 2021.

3.3 Cost and Risk Exposure of the existing public debt portfolio at end - 2021

The State's debt portfolio at end 2021 was held at a low-cost and low-risk. The debt portfolio carried on the average, an implicit interest rate (share of interest payments paid in 2021 on the public debt stock in 2019) of 4.78% in 2019-2021 and the interest payments as a share of the total revenue in 2021 (includes grants and excludes other capital receipts) was 6.81% at end – 2021. This means that the State did enter into minimal financial commitment with implicit interest rate. In addition, the interest payments represented just 5.05% of the total expenditure (including interest and amortization payments). The debt portfolio exposure to currency risk is 30.05% which indicates that the debt portfolio is narrowly exposed to currency, interest rate, and rollover risks. Ekiti State's exposure to currency fluctuation is limited because the foreign currency-denominated liabilities are only a 30.05% of the total debt stock. Most internal loans and all external loans are fixed-rate obligations, thus not affected by changes in interest rates. As the average maturity of these loans are between 10 to 40 years and Ekiti State financial obligations including financing from the Federal Government and the multilateral organizations, rollover risk associated with potential deterioration of domestic financing condition is negligible.



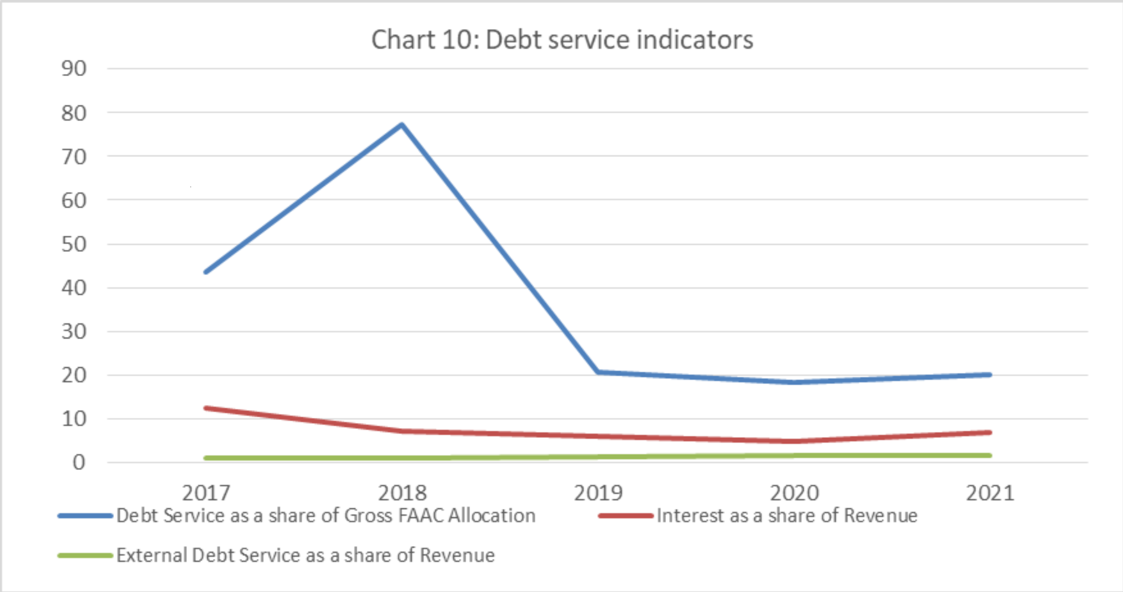


Chart 10: Debt service indicators
90
80
70
60
50
40
30
20
10
0
2017
2018
2019
2020
2021
Debt Service as a share of Gross FAAC Allocation
Interest as a share of Revenue
External Debt Service as a share of Revenue

CHAPTER FOUR

DEBT SUSTAINABILITY ANALYSIS

4.0 Introduction - Concept of Debt Sustainability Analysis

Definition of Debt Sustainability

The concept of debt sustainability refers to the ability of the government to honour its future financial obligations. Since policies and institutions governing spending and taxation largely determine such obligations, debt sustainability ultimately refers to the ability of the government to maintain sound fiscal policies over time without having to introduce major budgetary or debt adjustments in the future. Conversely, fiscal policies are deemed unsustainable when they lead to excessive accumulation of public debt, which could eventually cause the government to take action to address the unwanted consequences of a heavy debt burden. Debt sustainability is a situation in which the borrower is expected to be able to continue servicing its debts (the 'solvency' condition) without an 'unrealistically large' future correction to the balance of income and expenditure (IMF, 2001).

Debt Burden and Performance Indicators 2017 - 2031

		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
WITH INDICATIVE THRESHOLDS	Debt/SGDP	10	8	6	6	7	7	6	6	6	6	6	7	7	7	7
	Threshold	**25**	**25**	**25**	**25**	**25**	**25**	**25**	**25**	**25**	**25**	**25**	**25**	**25**	**25**	**25**
	Debt/Revenue	229	191	135	162	196	181	178	173	162	161	161	175	178	174	156
	Threshold	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**
	Debt Service/ Revenue	32	63	13	12	14	13	15	21	20	24	28	26	29	29	36
	Threshold	**40**	**40**	**40**	**40**	**40**	**40**	**40**	**40**	**40**	**40**	**40**	**40**	**40**	**40**	**40**
	Personnel Cost/Revenue	37	36	29	20	26	23	22	20	19	23	26	37	32	31	27
	Threshold	**60**	**60**	**60**	**60**	**60**	**60**	**60**	**60**	**60**	**60**	**60**	**60**	**60**	**60**	**60**
WITHOUT THRESHOLDS	Debt Service / FAACAllocation	43	77	21	18	20	22	24	32	31	36	42	39	45	45	57
	Interest/Revenue	12	7	6	5	7	8	10	12	12	11	13	13	14	15	14
	External Debt Service/Revenue	1	1	1	2	2	1	1	1	1	2	2	2	3	3	7

Source: ChartsDSA Sheet of Ekiti State DSA-DMS Template

The above table contains Ekiti State debt burden and performance indicators. The Indicators were computed to assess the debt sustainability of the State, some with thresholds and others without thresholds.

4.1 Medium-Term Budget Forecast

4.1.1 Main features of the macroeconomic outlook under which the State DSA-DMS Baseline Scenario is being conducted

Ekiti State and Nigerian economy at large had been on a rough path even before the outbreak of COVID-19 pandemic. Although the trajectory of economic growth had been improving since 2017, economic growth was still fragile and driven by just a few sectors. There is a high level of contagion across main macroeconomic indices in response to crude oil prices and production shocks – GDP, inflation, exchange rates and public expenditure all suffering. Nigeria's economy entered into recession in 2020, with the real GDP contracting by 1.8%, reversing three years of recovery from 2017 to 2020. This downturn resulted from the fall in crude oil prices on account of falling global demand and containment measures to fight the spread of COVID–19 pandemic. However, in the fourth quarter of 2020, the Nigerian economy recovered and expanded by 0.11%; exiting one of its worst recessions, having posted a decline of 6.1% and 3.6% in 2020 Q2 and Q3, respectively. Ekiti State's medium-term sustainability is predicated upon a gradual recovery on the Nigeria economy that will increase FAAC statutory allocation. According to the Federal Government and State Government forecasts (Ekiti State MTEF, 2022-2024), the Nigeria economy is expected to sustain its economic recovery. The recovery is expected to be supported by higher oil prices in global markets, an increase in domestic production, prudent fiscal policy, and the stabilization of the exchange rate relevant for international public-sector financial transactions at its current level. Oil and gas revenue, as well as shared resources such as customs duties and VAT, would then increase thereby improving the State's revenue position.

4.1.2 Ekiti State's revenue and expenditure policies going forward under the baseline scenario.

Under the State's Debt Sustainability Analysis, the nation's GDP growth rate is expected to have an impact on the State's revenue. The DSA is also predicated on the continuation of recent efforts by Ekiti State Government to mobilize local revenue sources, and on unchanged policies concerning personnel and other operating expenses. The fiscal reforms adopted by the State Government to strengthen resources provided by IGR, are expected to continue in the next few years and will benefit from the overall economic recovery. On the other hand, no new policies are anticipated with regard to personnel and overhead costs. However, the State is expected to ensure consistent annual increment in its personnel and overhead costs by making provision for a steady annual increase of 5%.

4.2 Borrowing options

The following are the key assumptions on the planned borrowings of the reference debt management strategy (S1) for Ekiti State:

i. the **names of debt instruments**

New Domestic Financing in Million of Local Currency			
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Naira	Million	
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Naira	Million	
State Bonds (maturity 1 to 5 years)	Naira	Million	
State Bonds (maturity 6 years or longer)	Naira	Million	
Other Domestic Financing	Naira	Million	
New External Financing in Million US Dollars			
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	US Dollars	Million	
External Financing - Bilateral Loans	US Dollars	Million	
Other External Financing	US Dollars	Million	

ii. the **financing terms (maturity, grace period, and interest rate) of each of the debt instruments**

Borrowing Terms of New Debt (issued/contracted from 2022 onwards)			
Borrowing Terms for New Domestic Debt (issued/contracted from 2022 onwards)	**Interest Rate (%)**	**Maturity (# of years)**	**Grace (# of years)**
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	20.00%	5	1
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	15.00%	10	2
State Bonds (maturity 1 to 5 years)	10.00%	5	1
State Bonds (maturity 6 years or longer)	10.00%	7	1
Other Domestic Financing	14.00%	7	0
Borrowing Terms for New External Debt (issued/contracted from 2022 onwards)	**Interest Rate (%)**	**Maturity (# of years)**	**Grace (# of years)**
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	5.00%	5	3
External Financing - Bilateral Loans	5.50%	10	2
Other External Financing	6.00%	5	2

The total planned borrowings of the reference debt management strategy (S1) for Ekiti State within the projected period (2022 – 2031) are reported in the table below:

2022 (N000,000)	2023 (N000,000)	2024 (N000,000)	2025 (N000,000)	2026 (N000,000)	2027 (N000,000)	2028 (N000,000)	2029 (N000,000)	2030 (N000,000)	2031 (N000,000)
23,369.8	**24,588.9**	**29,017.8**	**25,971.2**	**52,507.5**	**66,714.6**	**108,475.2**	**113,033.3**	**105,893.9**	**106,883.4**

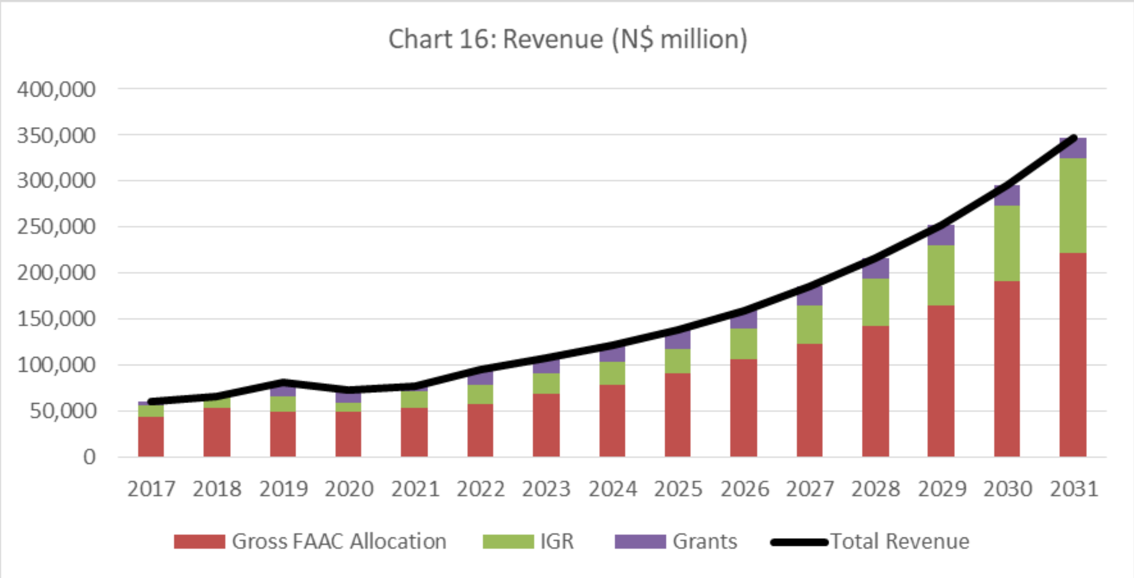
The State plans to use new domestic financing in Naira and new external financing in US Dollars as presented in the table below to cover its gross financing needs under the reference debt strategy (S1) between the projected period of 2021 and 2031.

New Domestic Financing in Million of Local Currency												
			2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Naira	Million	15,987.60	-	8,098.30	-	25,895.90	-	30,789.90	12,890.00	3,340.30	3,904.00
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Naira	Million	2,087.30	15,098.60	3,245.90	4,003.20	26,611.60	-	2,567.10	11,893.90	10,000.00	13,933.20
State Bonds (maturity 1 to 5 years)	Naira	Million	-	-	15,985.00	20,000.00	-	-	6,222.20	70,765.10	11,394.60	37,926.60
State Bonds (maturity 6 years or longer)	Naira	Million	4,392.90	-	-	-	-	44,492.60	7,129.50	4,938.30	74,575.00	1,117.40
Other Domestic Financing	Naira	Million	-	5,964.30	909.60	-	-	-	922.50	-	4,575.00	33,069.20
New External Financing in Million US Dollars												
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	US Dollars	Million	2.20	3.60	-	-	-	45.90	33.70	5.20	-	18.00
External Financing - Bilateral Loans	US Dollars	Million	-	4.00	1.90	-	-	3.90	88.90	13.20	4.90	23.30
Other External Financing	US Dollars	Million	-	1.00	-	4.80	-	4.40	25.80	12.20	-	-
							-					
Total Planned Borrowing	Naira	Million	23,369.80	24,588.90	29,017.80	25,971.20	52,507.50	66,714.60	108,475.20	113,033.30	105,893.90	106,883.40
Total Gross Borrowing Requirements (calculated by the Template Baseline Scenario)	Naira	Million	23,369.84	24,588.89	29,017.81	25,971.19	52,507.52	66,714.55	108,475.18	113,033.26	105,893.86	106,883.43

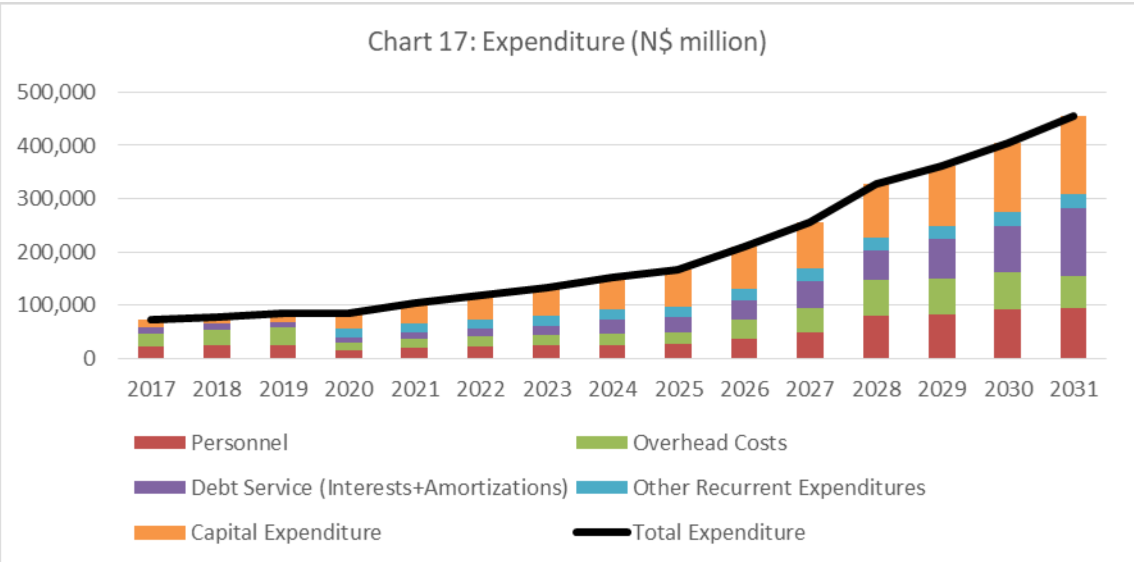
4.3 Debt Sustainability Analysis Simulation Results and Findings

The main DSA findings and results of the Baselines Scenario under the reference debt strategy (S1) in terms of projected revenue, expenditure, primary and overall balance; and debt stock and debt service indicators and thresholds are presented below:

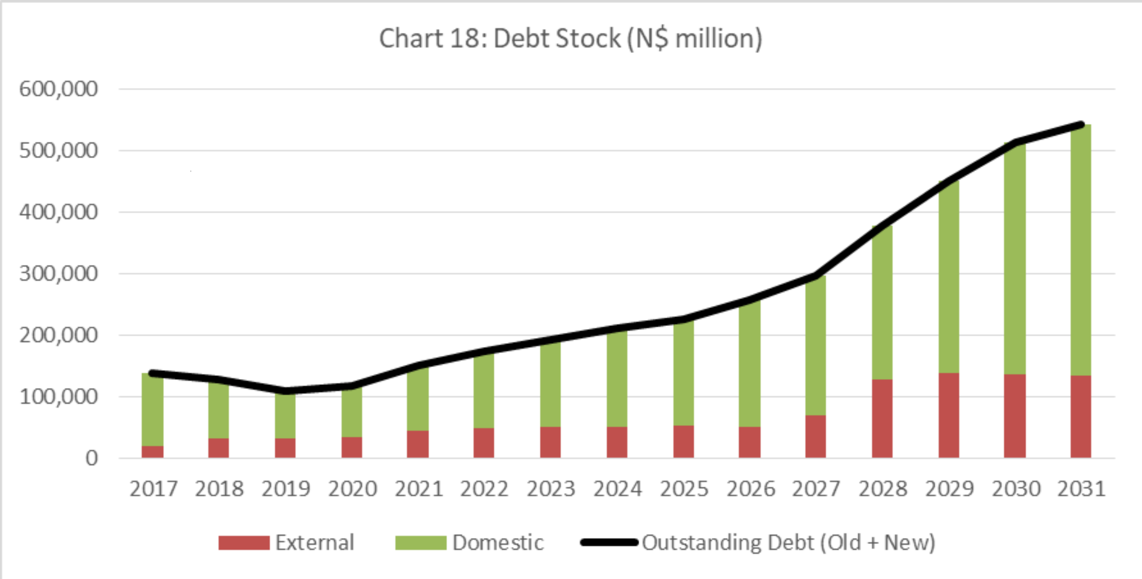
4.3.1 Revenue



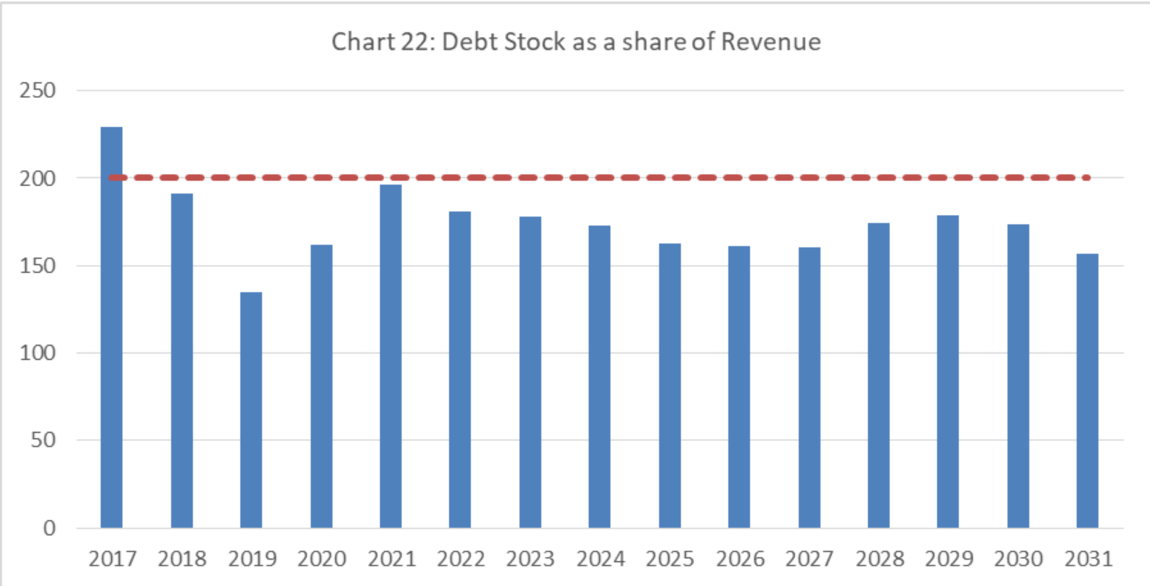
4.3.2 Expenditure



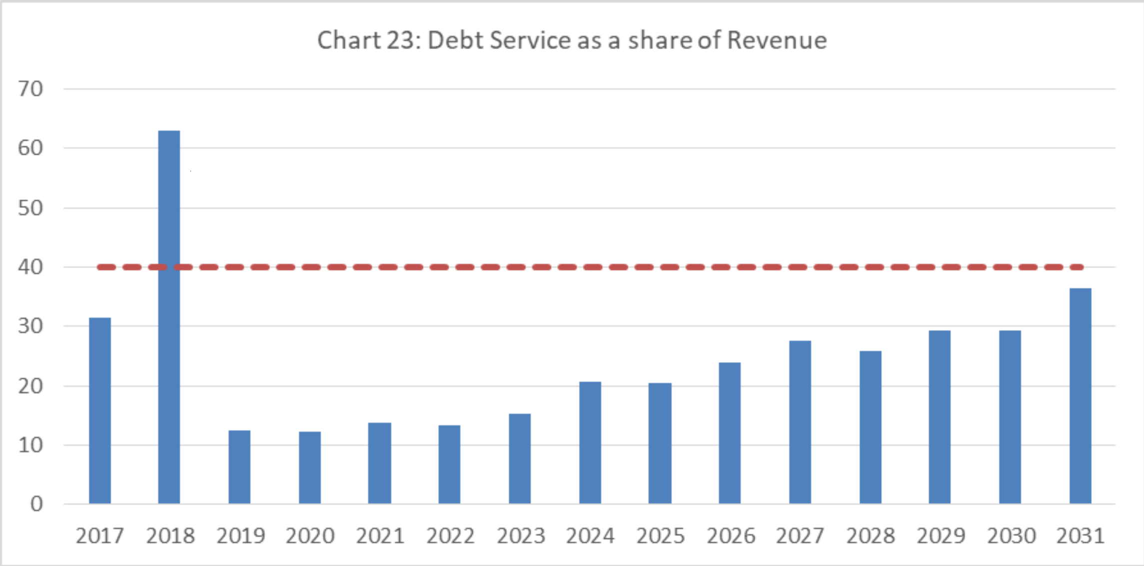
4.3.3 Debt Stock



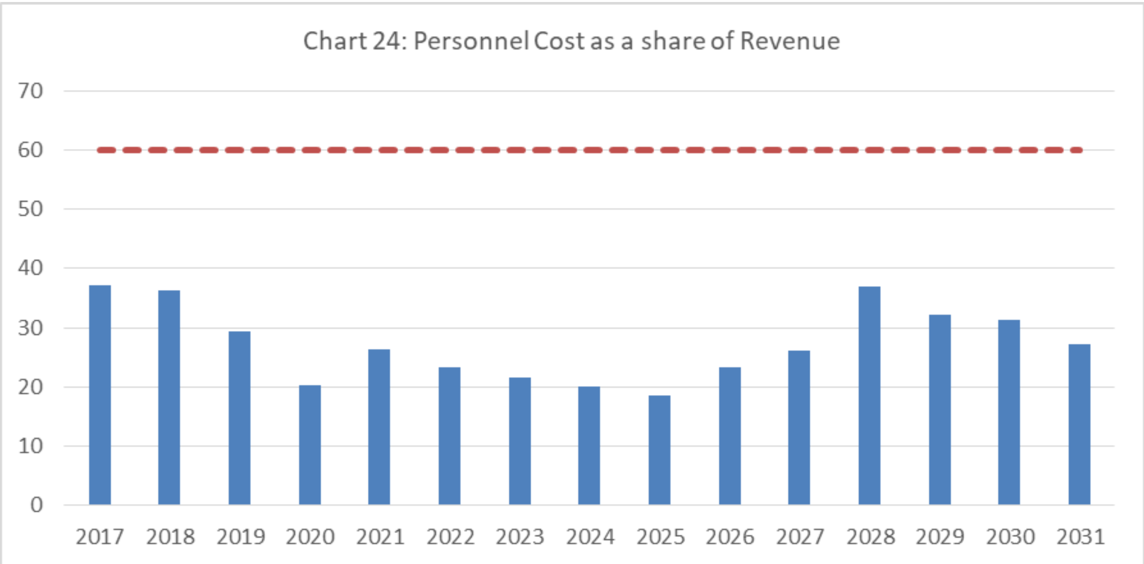
4.3.4 Debt as a Share of Revenue



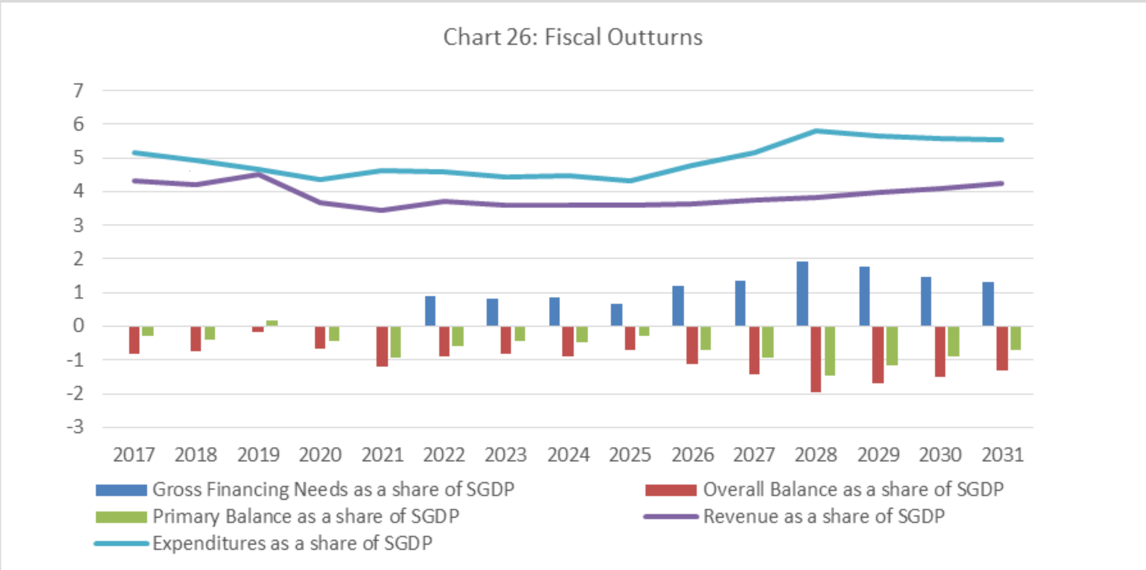
4.3.5 Debt Service as a Share of Revenue

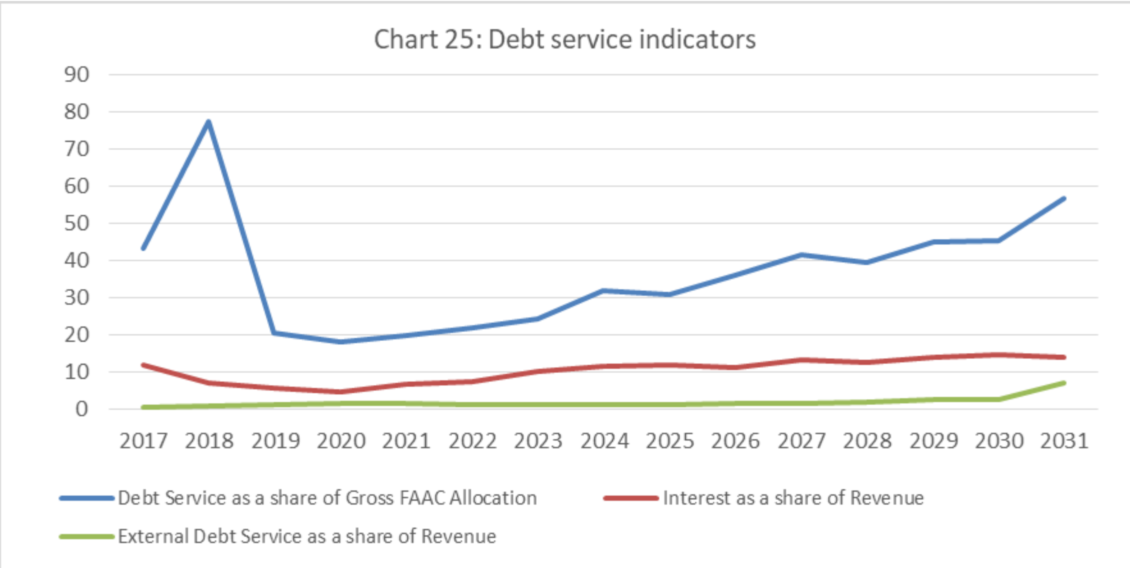


4.3.6 Personnel Cost



4.3.7 Fiscal Outturns





Main Findings and Conclusion of the Baseline scenario under the reference Debt strategy (S1) in terms of debt sustainability.

Revenue, expenditure, overall and primary balance over long-term. In the Baseline Scenario under the reference debt strategy (S1), the State preserves debt sustainability. **Total revenue** is made up of Gross FAAC Allocation, IGR and Grants, and excluding other capital receipts. The total revenue is projected to increase steadily from ₦77.48 billion in 2021 to ₦347.52 billion by 2031(chart 16) resulting into a growth of 348.53%. Under the projected years, gross FAAC allocation is expected to contribute immensely to the aggregate revenue. The State is therefore expected to sustain its revenue reforms to ensure that the share of IGR in the aggregate revenue is significant.

The total expenditure will expand by 335.97% from ₦104.44 billion in 2021 to ₦455.33 billion by 2031 (chart 17). The capital expenditure would contribute mostly to the aggregate expenditures of the State in the long-term. The State is expected to spend more on capital projects for the development of infrastructural development in the State to further boost the revenue of the in the future. Therefore, the fiscal deficit – computed as the difference between revenue and expenditure – is expected to stand at an average of deficit of ₦62.53 billion within the period 2021 to 2031.

The public debt and the State's repayment capacity are projected to rise due to a substantial increase in internal loans (Chart 18). The State's debt will grow from ₦152.10 billion as of end of 2021 to ₦543.61 billion by end of 2031. The share of domestic debt is expected to contribute more to the aggregate debt and debt repayment in the years under review. However, the debt and the debt service indicators under the baseline scenario indicate the sustainability of the state's public debt trend and repayment capacity. **The debt stock as a percentage of revenue** is 196% in 2021. It however falls to174% in 2030 and remains below the threshold of 200% within the projected period. Likewise, **the debt service as a share of revenue** would be stable under the threshold of 40% within the projected years of 2021 - 2031. The debt service to revenue ratio is expected to stand at 0.14 by 2021 and rise to 0.28 by 2027. The ratio would still remain under the threshold by rising further to 0.36 by the year 2031. Flowing from the expected increase in the debt commitment and repayment by the State Government, the debt service share of the State's revenue would stand below the threshold in the projected period 2021-2031.

The State's debt service as a percentage of FAAC allocation is projected to be 20% in 2021 and further increase minimally to 57% in year 2031. Within the projected period of 2021 – 2031, **the external debt service to revenue ratio** would exhibit a steady trend and oscillate between 1% - 7%. This is expected to result from the minimum of the State exposure to external debt.

Interest repayment to revenue is expected to be 7% in 2021 and increase to 14% in the year 2031. The percentage of **Ekiti State's debt on the S-GDP** remains under the threshold of 25% with an average ratio of 6.00% between 2021 and 2031. The debt and the debt services indicators under the baselines scenario as presented above revealed that Ekiti would be able to preserve the sustainability of its public finances debts in the medium term and long term. Consequently, the analysis of the Baseline Scenario under the reference debt strategy (S1) suggests that the State will be able to preserve the sustainability of the debt in the medium and long term. Consequently, the outcome of the analysis under the Baseline Scenario reveals that Ekiti State's domestic and external Debt Portfolio remains at low risk of debt distress.

4.4 DSA Sensitivity Analysis

4.4.1 Sensitivity analysis determines how different values of an independent variable affect a particular dependent variable under a given set of assumptions. In other words, sensitivity analysis studies how the uncertainty in the output of a model or system can be divided and allocated to different sources of uncertainty in its inputs. Sensitivity analysis determines how different values of an independent variable affect a particular dependent variable under a given set of assumptions.

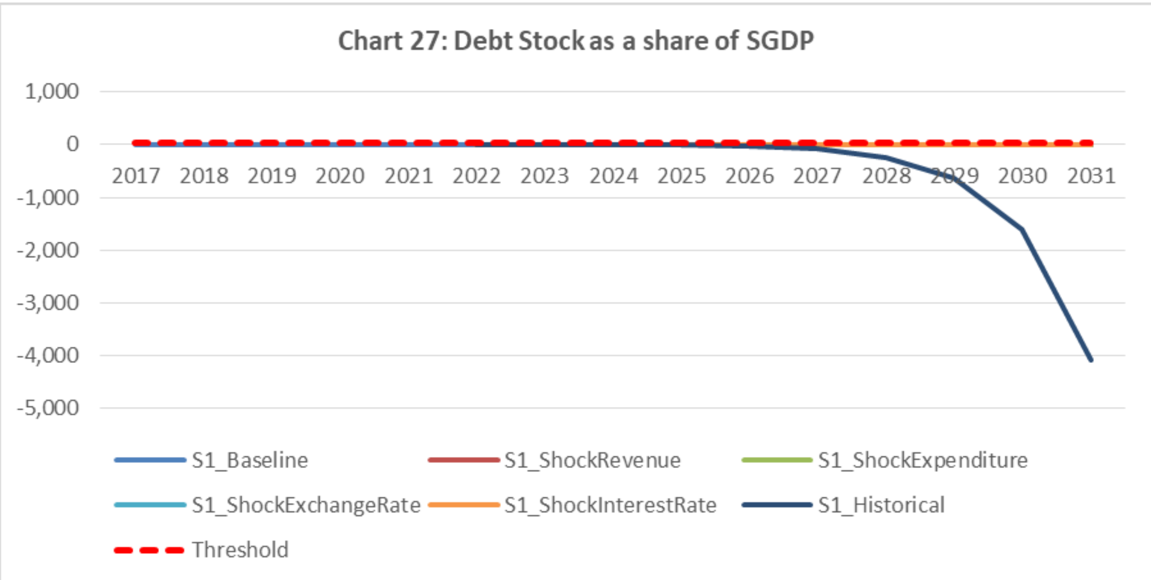
Under the DSA sensitivity analysis, Ekiti State faces important sources of fiscal risks associated with the possibility of adverse country-wide macroeconomic conditions and the reversal of the State's revenue and expenditure policies. The sensitivity analysis used macroeconomic shocks and policy shocks to evaluate and assess the robustness of the sustainability assessment for the Baseline scenario under the reference debt strategy (S1) discussed in the previous subsection. When considering both the macroeconomic and policy shocks, it is assumed that external and domestic borrowings cover any revenue shortfall and additional expenditure relative to the baseline scenario.

The DSA Sensitivity analysis for Ekiti State shall be conducted under six scenarios (one baseline scenario, four shock scenarios and one historical scenario). Shocks are measured as a percentage deviation from the baseline scenario.

1. **Baseline** scenarios shows the fiscal projections provided by the State for the period 2022-2031. The 2022 projections include the 2022 Budget figures. The 2023-2024 projections include the 2022-2024 MTEF figures. If the State does not produce forecasts for a 10-year period, the projections for 2025-2031 will be provided by the State based on the guidance of the DMO and the World Bank.
2. **Shock Revenue** scenarios includes a 10% decline of the Gross Statutory Allocation, Derivation, Other FAAC Transfers, VAT Allocation, IGR and Grants in nominal terms each year, starting from 2023 until 2031. Note we refer to Gross FAAC Allocation as the sum of Gross Statutory Allocation, Derivation, Other FAAC Transfers, and VAT Allocation.
3. **Shock Expenditures** scenario includes a 10% increase of the Personnel cost, Overhead cost, Other recurrent expenditure and Capital expenditure in nominal terms each year, starting in 2023 until 2031.
4. **Shock Exchange Rate** scenarios includes a one-time 20% devaluation (NGN/US$) in 2023. The exchange rate difference regarding the baseline is maintained over the projected period (2023-2031).
5. **Shock Interest Rate** scenarios includes a 200 basis points increase of the new domestic financing interest rate each year, starting in 2022 until 2031.
6. **Historical** scenario assumes that the State GDP, revenues and primary expenditures in 2023-2031 grow in line with their respective historical average growth rates observed in 2018-2021.

4.5 The DSA Sensitivity Analysis for Ekiti State

The findings and conclusions of each shock scenario and the historical scenario, under the reference debt strategy (S1) according to the debt sustainability are presented below:



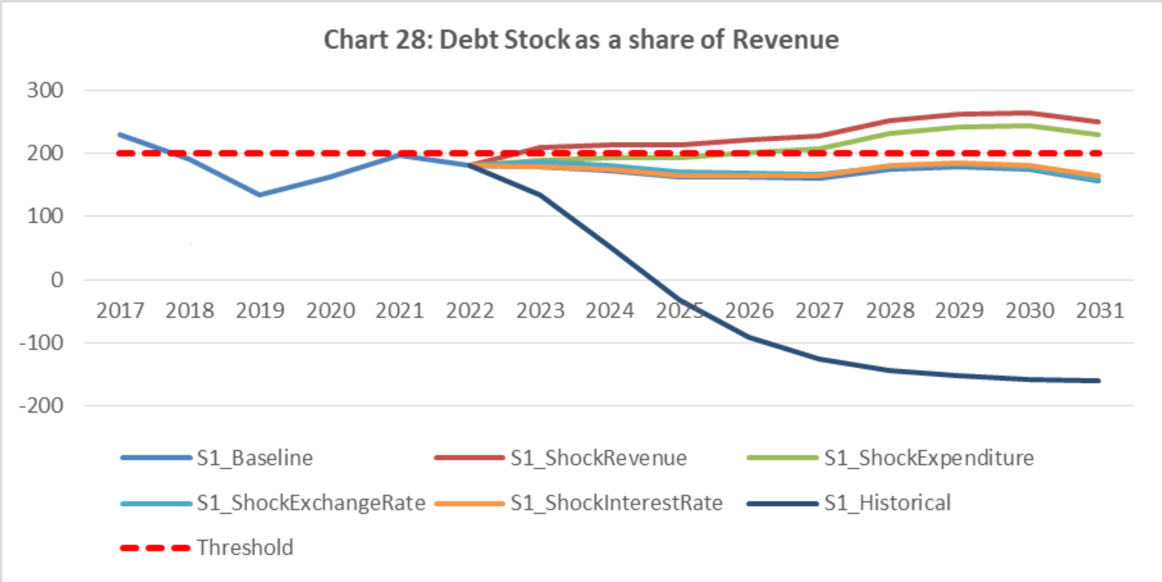


Chart 28: Debt Stock as a share of Revenue
300
200
100
0
-100
-200
2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031
S1_Baseline
S1_ShockRevenue
S1_ShockExpenditure
S1_ShockExchangeRate
S1_ShockInterestRate
S1_Historical
Threshold

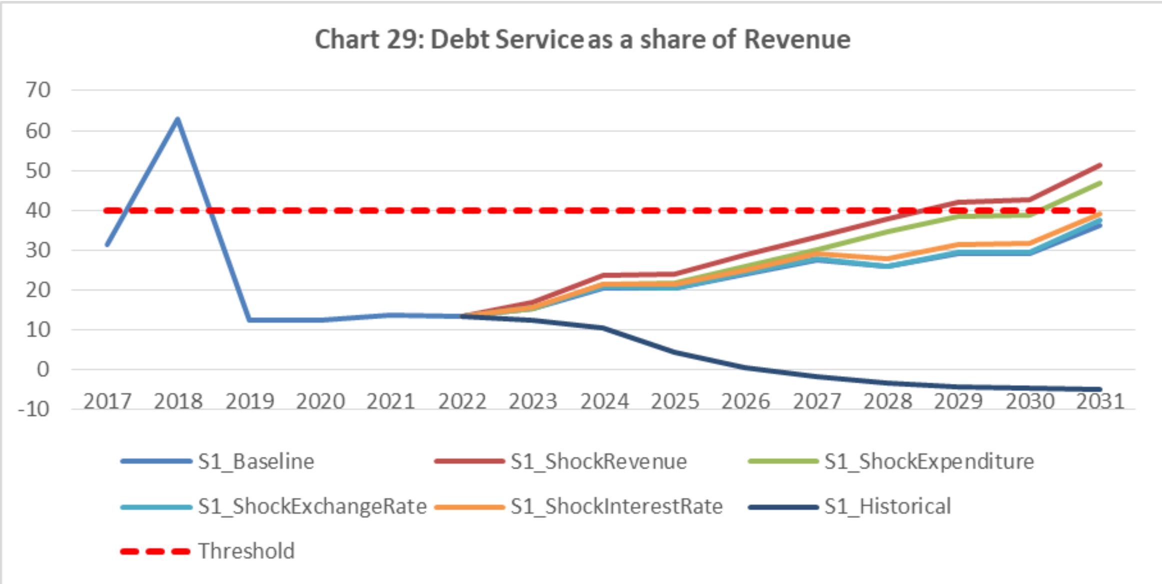


Chart 29: Debt Service as a share of Revenue
70
60
50
40
30
20
10
0
-10
2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031
S1_Baseline
S1_ShockRevenue
S1_ShockExpenditure
S1_ShockExchangeRate
S1_ShockInterestRate
S1_Historical
Threshold

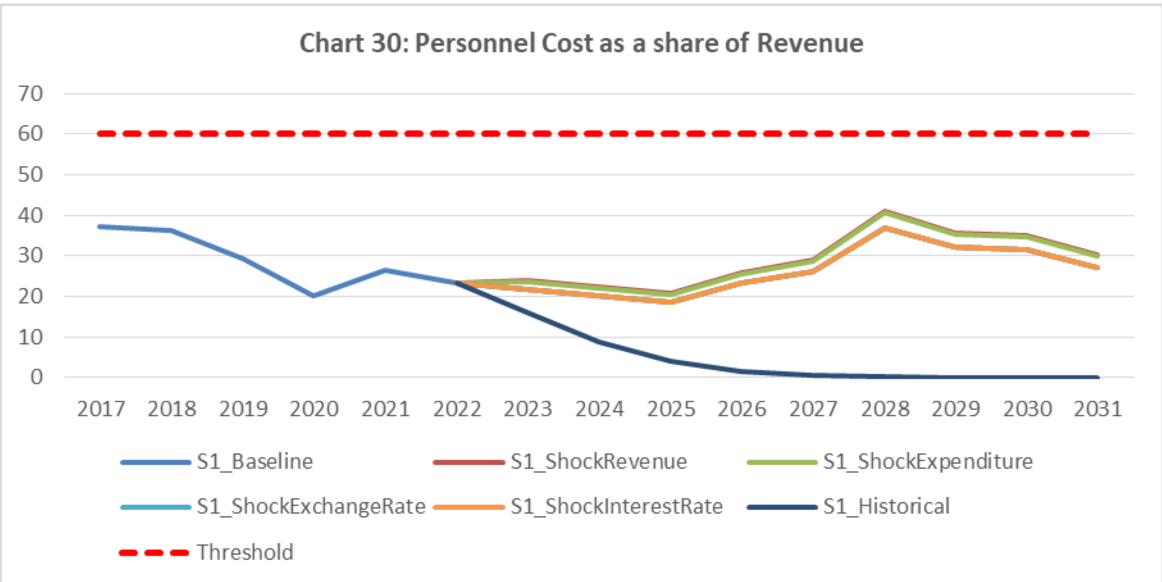


Chart 30: Personnel Cost as a share of Revenue
70
60
50
40
30
20
10
0
2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031
S1_Baseline
S1_ShockRevenue
S1_ShockExpenditure
S1_ShockExchangeRate
S1_ShockInterestRate
S1_Historical
Threshold

4.6 Results and Conclusion of the Shock Scenario in terms of Debt Sustainability of Ekiti State

Under the reference strategy, the State's debt sustainability is expected to deteriorate moderately if the revenue and expenditure shocks materialize as a result of reduced revenue inflows. The debt sustainability indicators are expected to be affected moderately by the revenue and expenditure shocks in the long term due to both excessive deficit and diminished repayment capacity. The State therefore needs to do more to ensure the sustainability of all the ongoing revenue drive reforms to mitigate the shocks in the future.

CHAPTER FIVE

DEBT MANAGEMENT STRATEGY

5.0 Introduction - Concept of Debt Management Strategy

Definition of Public Debt Management

Public debt management is the process of establishing and executing a strategy for managing the government's debt in order to raise the required amount of funding at the lowest possible cost over the medium to long run, consistent with a prudent degree of risk.

There are three debt-management performance indicators utilized in this report to assess the debt-management strategies outcomes of Ekiti State

- Debt Stock as % of Revenue (including grants and excluding other capital receipts)
- Debt Service as % of Revenue (including grants and excluding other capital receipts)
- Interest as % of Revenue (including grants and excluding other capital receipts)

The **measure of cost** is simply the value of the given performance indicator obtained in the last projected year (2026) by combining the four strategies and the baseline outlook. The **measure of risk** is the change in the value of the given performance indicator in the fifth year of the projection when it moves from the baseline to the adverse shock. For example, if the debt service to revenue ratio in 2026 is expected to be 20% under the reference strategy S1 but the adverse shock scenario placed the same indicator in the value of 25% in 2026, then the risk of carrying the reference strategy S1 is 5 percentage points. The cost and Risk are only measured in 2026 for the baseline

5.1 Alternative Borrowing Options

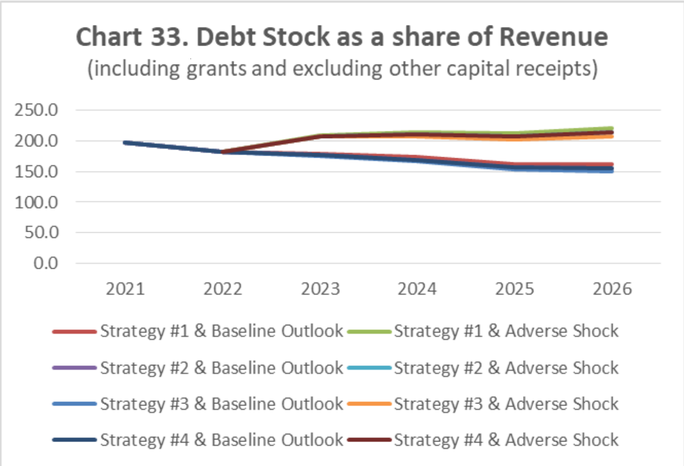
There are three alternative Debt Management Strategies for Ekiti State (S2, S3, and S4). The second alternative DMS (S2) encourages the State to borrow more from domestic debt instruments such as Commercial bank loans, Bonds, and other domestic financings. This is done to ensure that the State has no exposure (zero risks) to foreign debt instruments for the development of the domestic debt markets. On the other hand, the third Strategy (S3) focuses only on external financing. The State would borrow through external sources (external financing) such as concessional loans e.g. World Bank and African Development Bank, and Bilateral Loans. This is due to the fact that the external financing are contracted under concessionary terms and conditions. The S4 gave fair consideration to all the financing instruments to fund specific expenses (such as capital investments) in the State.

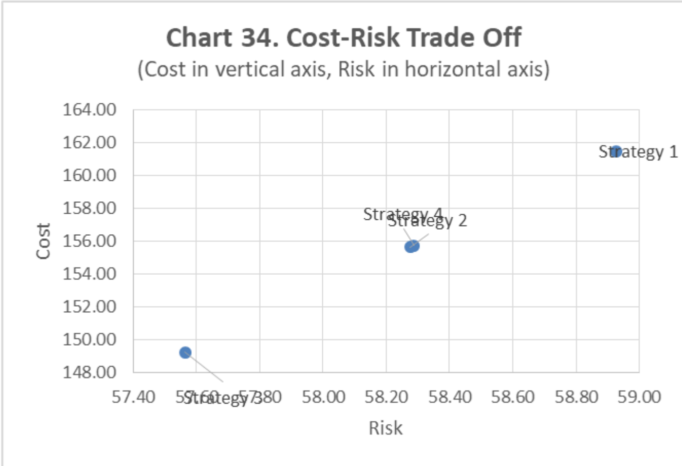
5.2 Debt Management Strategy (DMS) Simulation Results

The analysis of the results obtained from the four DMS, focuses on the three performance indicators. The three debt-management performance indicators are presented for the baseline and the most adverse scenario of the reference debt strategy (S1) and the alternative debt strategy (S2, S3, S4). It should be noted that there are no thresholds for the assessment of the debt-management performance indicators under the different debt strategies.

5.2.1 Debt/Revenue

Under the four strategies, the projected Debt/Revenue in the Baseline Scenario for period 2021 – 2026 all continuously decreased from 180.9% in 2022 to 162.5% on the average in 2025.

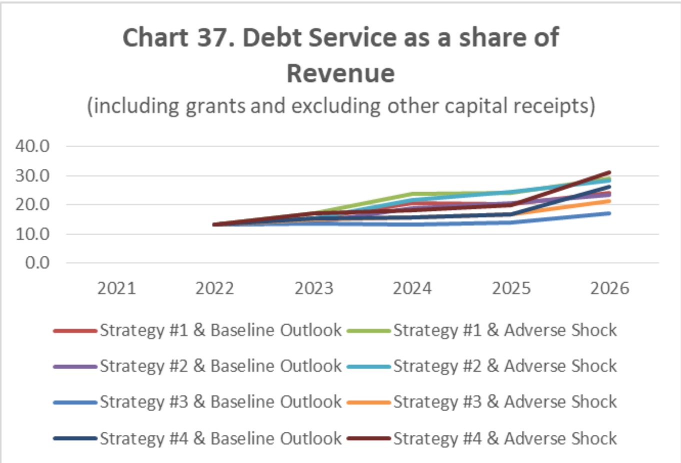


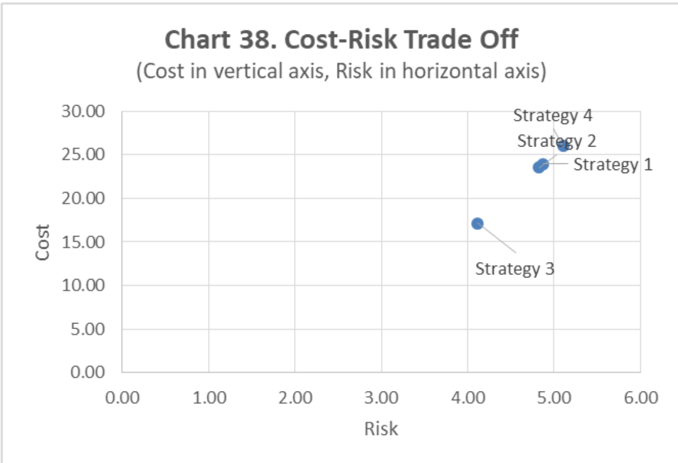


The Cost-Risk Trade-off scatter plot shows the trade-off of the cost and risk for the four DMS. Looking at the chart, the preferred strategy combines the lesser cost couple with the lesser risk. For the debt/revenue indicator, the **alterative strategy (S3)** is the preferred one since it shows the lesser cost and the lesser risk (149.2% Cost and 57.6% Risk).

5.2.2 Debt Service/Revenue

Under the four strategies, the projected Debt service/Revenue in the Baseline Scenario for period 2022 – 2026 rises steadily between 2022 and 2025 and thereafter experiences a sharp increase from 2025 to 2026.

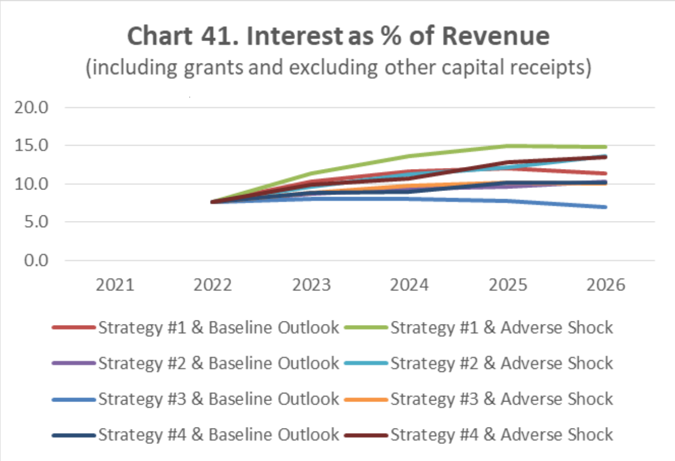


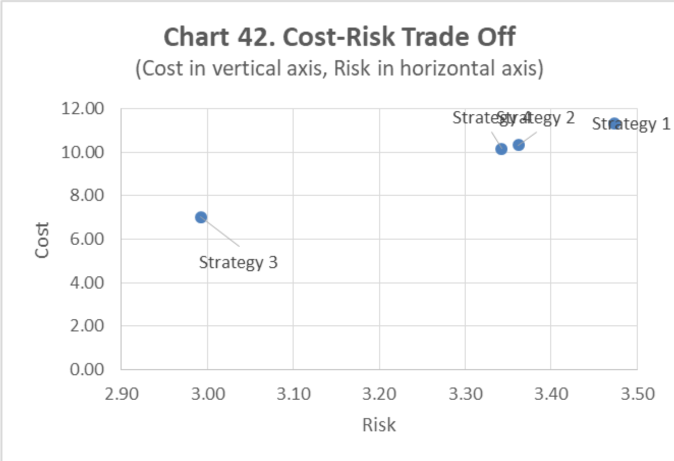


The Cost-Risk Trade-off scatter plot shows the trade-off of the cost and risk for the four DMS. Looking at the chart, the preferred strategy combines the lesser cost couple with the lesser risk. For the debt service/revenue indicator, the **alterative strategy (S3)** is the preferred one since it shows the lesser cost and the lesser risk (17.1% of Cost and 4.1% of Risk)

5.2.3 Interest/Revenue

Under the four strategies, the projected Interest/Revenue in the Baseline Scenario for period 2021 – 2025 initially experienced a marginally increase (2022 – 2024) and thereafter increase for the subsequently years rises sharply (2024 -2026).





The Cost-Risk Trade-off scatter plot shows the trade-off of the cost and risk for the four DMS. Looking at the chart, the preferred strategy combines the lesser cost couple with the lesser risk. Like the previous indicators, for the interest/revenue indicator, the **alterative strategy (S3)** is the preferred one since it shows the lesser cost and the lesser risk with risk of 7% and cost of 3%.

5.2.4 Debt Management Strategy Assessment

The cost-risk profile observed in the four DMS revealed that it would be optimal for the State to operate under the alternative Strategy (S3). However, the alternative Strategy (S3) is not implementable in the real sense. It is not practicable for the State government to borrow more from external sources than domestic sources as this would increase the exposure of the State to foreign debt instruments. In addition to the above, it should be noted that the fragile nature of the country's economy and its vulnerability to foreign exchange indicators would not allow the State to adopt the alternative Strategy (S3).

Consequently, the State would settle for the Reference Strategy (S1) which gave fair consideration to all the available financing instruments (both domestic and foreign). A comparison of the performance of the reference strategy (S1) with the performance of the other three alternative strategies (S2, S3, and S4) proves that the best strategy under the three indicators is the Reference Strategy (S1).

Ekiti State is expected to experience an improvement in the cost of carrying debt portfolio to market risks as a consequent of borrowings in the reference debt management strategy (S1). The State would need to ensure that its interest burden and debt-service obligation is reduced.

2022

		Projection Methodology	Source
Assumptions:			
Economic activity	State GDP (at current prices)	The projections for Ekiti State Gross Domestic Price (at current prices) is in line with the World Bank Group Estimates	TWG
Revenue	**Revenue**		
	1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocat	Projection is based on initial Federal Government Medium Term Expenditure Framework (2022-2024) and then extrapolated	DMO, Abuja
	1.a. of which Net Statutory Allocation ('net' means of deductions)	The Net Statutory Allocation is projected to increase in line with the National GDP Growth Rate	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	1.b. of which Deductions	Deduction is projected to increase in line with the National GDP Growth Rate	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	2. Derivation (if applicable to the State)	Not Applicable	
	3. Other FAAC transfers (exchange rate gain, augmentation, others)	The National GDP Growth Rate is projected to determine the changes in Other FAAC Transfers	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	4. VAT Allocation	VAT allocation is based on the FG MTEF 2021-2023, then extrapolated	DMO, Abuja
	5. IGR	The State Internally Generated Revenue is projected in line with the State MTEF for year 2022 - 2025, theafter the IGR is expected to increase by 25% annually (2026-2031)	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	6. Capital Receipts		
	6.a. Grants	In line with the projections by the State's Ministry of Finance and Economic Development	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	6.b. Sales of Government Assets and Privatization Proceeds		
	6.c. Other Non-Debt Creating Capital Receipts		
Expenditure	**Expenditure**		
	1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	It is assumed that thePersonnel cost of Ekiti State Government would increase on annual basis in line with the MTEF of the State for the period 2023-2025. We thereafter make a provision for an increase in the State' Personnel Costs in line with political and economic reality in the State	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	2. Overhead costs	It is assumed that the Overhead cost of Ekiti State Government would increase on annual basis in line with the MTEF of the State for the period 2023-2025. We thereafter make a provision for a steady increase in line with the economic and political reality	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocatic	as captured by the existing amortization schedule	
	4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Pa	Similar to other expenditure we make a projection of 5% steady annual increase in the Other Recurrent Expenditure	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	5. Capital Expenditure	The Capital Expenditure is expected to follow the State projections and the political reality in the State	
Closing Cash and Bank Balance	**Closing Cash and Bank Balance**	The Closing Cash and Bank Balance is projected to follow the State projections and the political and economic reality in the State	
Debt Amotization and Interest Payments	**Debt Outstanding at end-2021**		
	External Debt - amortization and interest	The projection for the External debt (amortization and interest) is expected to remain constant over the period using the 3-year (2019-2021) average values of USD $2.7million for amortization and $0.7million for interest	DMO, Ekiti State
	Domestic Debt - amortization and interest	as captured by the existing amortization schedule	DMO, Ekiti State
	New debt issued/contracted from 2022 onwards		
	New External Financing		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Interest Rate - 5%; Maturity - 5 Years; Grace -3 years	DMO, Ekiti State
	External Financing - Bilateral Loans	Interest Rate - 5.5%; Maturity - 10 Years; Grace -2 years	DMO, Ekiti State
	Other External Financing	Interest Rate - 6%; Maturity - 5 Years; Grace -2 years	DMO, Ekiti State
	New Domestic Financing		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Interest Rate - 20%; Maturity - 5 Years; Grace -1 years	DMO, Ekiti State
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Interest Rate - 15%; Maturity - 10 Years; Grace -2 years	DMO, Ekiti State
	State Bonds (maturity 1 to 5 years)	Interest Rate - 10.00%; Maturity - 5 Years; Grace -1 years	DMO, Ekiti State
	State Bonds (maturity 6 years or longer)	Interest Rate - 10.00%; Maturity - 7 Years; Grace -1 years	DMO, Ekiti State
	Other Domestic Financing	Interest Rate - 14.00%; Maturity - 7 Years; Grace - 0 years	DMO, Ekiti State

Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S1	**Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S1**		
	New Domestic Financing in Million Naira		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Interest Rate - 20%; Maturity - 5 Years; Grace -1 years	DMO, Ekiti State
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Interest Rate - 15%; Maturity - 10 Years; Grace -2 years	DMO, Ekiti State
	State Bonds (maturity 1 to 5 years)	Interest Rate - 10.00%; Maturity - 5 Years; Grace -1 years	DMO, Ekiti State
	State Bonds (maturity 6 years or longer)	Interest Rate - 10.00%; Maturity - 7 Years; Grace -1 years	DMO, Ekiti State
	Other Domestic Financing	Interest Rate - 14.00%; Maturity - 7 Years; Grace - 0 years	DMO, Ekiti State
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Interest Rate - 5%; Maturity - 5 Years; Grace -3 years	DMO, Ekiti State
	External Financing - Bilateral Loans	Interest Rate - 5.5%; Maturity - 10 Years; Grace -2 years	DMO, Ekiti State
	Other External Financing	Interest Rate - 6%; Maturity - 5 Years; Grace -2 years	DMO, Ekiti State
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 Loans, and MSMEDF)	Interest Rate - 20%; Maturity - 5 Years; Grace -1 years	DMO, Ekiti State
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Interest Rate - 15%; Maturity - 10 Years; Grace -2 years	DMO, Ekiti State
	State Bonds (maturity 1 to 5 years)	Interest Rate - 10.00%; Maturity - 5 Years; Grace -1 years	DMO, Ekiti State
	State Bonds (maturity 6 years or longer)	Interest Rate - 10.00%; Maturity - 7 Years; Grace -1 years	DMO, Ekiti State
	Other Domestic Financing	Interest Rate - 14.00%; Maturity - 7 Years; Grace - 0 years	DMO, Ekiti State
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Interest Rate - 5%; Maturity - 5 Years; Grace -3 years	DMO, Ekiti State
	External Financing - Bilateral Loans	Interest Rate - 5.5%; Maturity - 10 Years; Grace -2 years	DMO, Ekiti State
	Other External Financing	Interest Rate - 6%; Maturity - 5 Years; Grace -2 years	DMO, Ekiti State
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 Loans, and MSMEDF)	Interest Rate - 20%; Maturity - 5 Years; Grace -1 years	DMO, Ekiti State
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Interest Rate - 15%; Maturity - 10 Years; Grace -2 years	DMO, Ekiti State
	State Bonds (maturity 1 to 5 years)	Interest Rate - 10.00%; Maturity - 5 Years; Grace -1 years	DMO, Ekiti State
	State Bonds (maturity 6 years or longer)	Interest Rate - 10.00%; Maturity - 7 Years; Grace -1 years	DMO, Ekiti State
	Other Domestic Financing	Interest Rate - 14.00%; Maturity - 7 Years; Grace - 0 years	DMO, Ekiti State
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Interest Rate - 5%; Maturity - 5 Years; Grace -3 years	DMO, Ekiti State
	External Financing - Bilateral Loans	Interest Rate - 5.5%; Maturity - 10 Years; Grace -2 years	DMO, Ekiti State
	Other External Financing	Interest Rate - 6%; Maturity - 5 Years; Grace -2 years	DMO, Ekiti State
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 Loans, and MSMEDF)	Interest Rate - 20%; Maturity - 5 Years; Grace -1 years	DMO, Ekiti State
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Interest Rate - 15%; Maturity - 10 Years; Grace -2 years	DMO, Ekiti State
	State Bonds (maturity 1 to 5 years)	Interest Rate - 10.00%; Maturity - 5 Years; Grace -1 years	DMO, Ekiti State
	State Bonds (maturity 6 years or longer)	Interest Rate - 10.00%; Maturity - 7 Years; Grace -1 years	DMO, Ekiti State
	Other Domestic Financing	Interest Rate - 14.00%; Maturity - 7 Years; Grace - 0 years	DMO, Ekiti State
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Interest Rate - 5%; Maturity - 5 Years; Grace -3 years	DMO, Ekiti State
	External Financing - Bilateral Loans	Interest Rate - 5.5%; Maturity - 10 Years; Grace -2 years	DMO, Ekiti State
	Other External Financing	Interest Rate - 6%; Maturity - 5 Years; Grace -2 years	DMO, Ekiti State

Indicator	Actuals					Projections									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	BASELINE SCENARIO														
Economic Indicators															
State GDP (at current prices)	1,390,020.00	1,593,681.00	1,824,238.00	1,977,000.00	2,256,700.00	2,600,710.00	3,008,954.00	3,412,926.00	3,868,893.00	4,385,778.00	4,971,717.00	5,635,939.00	6,388,900.00	7,242,457.00	8,210,050.00
Exchange Rate NGN/US$ (end-Period)	253.19	305.79	306.50	326.00	379.00	410.00	410.00	410.00	410.00	410.00	410.00	410.00	410.00	410.00	410.00
Fiscal Indicators (Million Naira)															
Revenue	**69,295.11**	**76,716.11**	**88,824.00**	**86,952.48**	**96,004.68**	**119,423.47**	**133,178.10**	**151,188.50**	**164,669.30**	**212,102.50**	**252,213.73**	**324,791.69**	**366,100.45**	**401,922.48**	**454,425.44**
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	25,474.30	38,019.91	36,817.36	30,307.57	31,661.40	36,487.88	42,215.52	47,883.25	54,280.45	61,532.32	69,753.03	79,072.04	89,636.06	101,611.44	115,186.73
1.a. of which Net Statutory Allocation ('net' means of deductions)	13,231.53	27,342.09	28,612.35	22,515.92	17,534.55	20,207.51	23,379.56	26,518.42	30,061.28	34,077.47	38,630.22	43,791.22	49,641.72	56,273.86	63,792.05
1.b. of which Deductions	12,121.30	10,677.82	8,205.01	7,791.66	14,126.88	16,280.37	18,835.97	21,364.83	24,219.17	27,454.85	31,122.81	35,280.82	39,994.34	45,337.58	51,394.69
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)	9,260.42	6,009.18	1,547.41	5,401.84	2,650.80	3,054.89	3,534.42	4,008.94	4,544.54	5,151.69	5,839.96	6,620.17	7,504.63	8,507.25	9,643.82
4. VAT Allocation	9,059.09	10,214.62	11,044.20	13,345.34	19,408.30	18,938.00	22,725.00	27,271.00	32,725.00	39,270.00	47,123.00	56,548.00	67,858.00	81,429.00	97,715.00
5. IGR	13,043.18	12,195.88	16,529.68	10,909.30	17,567.78	20,202.95	22,223.24	24,445.57	26,890.12	33,612.65	42,015.82	52,519.77	65,649.71	82,062.14	102,577.67
6. Capital Receipts	12,458.20	10,276.52	22,885.35	26,988.43	24,716.40	40,739.76	42,479.91	47,579.74	46,229.19	72,535.84	87,481.92	130,031.71	135,452.05	128,312.65	129,302.22
6.a. Grants	3,334.32	279.47	16,011.01	12,756.34	6,190.69	17,369.92	17,891.02	18,561.93	20,258.00	20,028.32	20,767.37	21,556.53	22,418.79	22,418.79	22,418.79
6.b. Sales of Government Assets and Privatization Proceeds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.c. Other Non-Debt Creating Capital Receipts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.d. Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc.)	9,123.90	9,997.05	6,874.35	14,232.09	18,525.70	23,369.84	24,588.89	29,017.81	25,971.19	52,507.52	66,714.55	108,475.18	113,033.26	105,893.86	106,883.43
Expenditure	**71,489.05**	**78,458.26**	**85,100.07**	**85,845.72**	**104,435.36**	**118,895.60**	**133,154.90**	**152,102.90**	**166,559.10**	**209,176.90**	**256,138.83**	**326,792.49**	**362,158.35**	**404,071.58**	**455,329.04**
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	22,327.14	24,257.19	24,055.06	14,684.57	20,423.02	22,346.06	23,463.36	24,636.53	25,868.36	37,161.77	48,519.86	79,945.86	81,443.15	93,015.31	94,666.07
2. Overhead costs	23,426.88	29,621.36	34,871.72	14,785.90	16,892.77	19,785.00	20,989.49	22,007.43	23,118.11	34,274.02	45,487.72	66,762.10	68,100.21	69,505.22	60,980.48
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	7,088.98	5,325.31	6,087.57	4,172.32	5,942.69	7,377.60	11,138.91	14,160.70	16,752.35	18,111.90	24,733.55	27,264.35	35,161.16	43,120.93	48,995.81
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted from FAAC Allocation)	0.00	0.00	0.00	857.53	587.77	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.b. of which Interest deducted from FAAC Allocation	0.00	0.00	6,087.57	3,314.79	5,354.92	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)	0.00	0.00	0.00	18,079.52	16,964.54	17,812.77	18,703.41	19,638.58	20,620.50	21,651.53	22,734.11	23,870.81	25,064.35	26,317.57	27,633.45
5. Capital Expenditure	13,353.31	11,966.14	16,640.86	29,963.52	40,061.59	46,168.55	53,415.81	60,587.25	68,681.70	77,857.58	88,259.35	100,050.80	113,417.59	128,570.18	145,747.15
6. Amortization (principal) payments	5,292.73	7,288.26	3,444.87	4,159.87	4,150.76	5,405.63	5,443.93	11,072.42	11,518.08	20,120.10	26,404.24	28,898.57	38,971.89	43,542.38	77,306.08
Budget Balance (' + ' means surplus, ' - ' means deficit)	**-2,193.93**	**-1,742.16**	**3,723.93**	**1,106.76**	**-8,430.68**	**527.87**	**23.20**	**-914.40**	**-1,889.80**	**2,925.60**	**-3,925.10**	**-2,000.80**	**3,942.10**	**-2,149.10**	**-903.60**
Opening Cash and Bank Balance	**15,887.30**	**13,693.40**	**11,951.24**	**15,675.15**	**16,781.91**	**8,351.23**	**8,879.10**	**8,902.30**	**7,987.90**	**6,098.10**	**9,023.70**	**5,098.60**	**3,097.80**	**7,039.90**	**4,890.80**
Closing Cash and Bank Balance	**13,693.37**	**11,951.24**	**15,675.17**	**16,781.91**	**8,351.23**	**8,879.10**	**8,902.30**	**7,987.90**	**6,098.10**	**9,023.70**	**5,098.60**	**3,097.80**	**7,039.90**	**4,890.80**	**3,987.20**

Financing Needs and Sources (Million Naira)															
Financing Needs						**23,369.84**	**24,588.89**	**29,017.81**	**25,971.19**	**52,507.52**	**66,714.55**	**108,475.18**	**113,033.26**	**105,893.86**	**106,883.43**
i. Primary balance						-10,058.74	-7,982.86	-4,699.09	409.44	-11,349.91	-19,501.86	-54,313.06	-34,958.10	-21,379.65	18,514.86
ii. Debt service						12,783.23	16,582.84	25,233.12	28,270.43	38,232.00	51,137.79	56,162.92	74,133.06	86,663.31	126,301.89
Amortizations						5,405.63	5,443.93	11,072.42	11,518.08	20,120.10	26,404.24	28,898.57	38,971.89	43,542.38	77,306.08
Interests						7,377.60	11,138.91	14,160.70	16,752.35	18,111.90	24,733.55	27,264.35	35,161.16	43,120.93	48,995.81
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)						527.87	23.20	-914.40	-1,889.80	2,925.60	-3,925.10	-2,000.80	3,942.10	-2,149.10	-903.60
Financing Sources						**23,369.84**	**24,588.89**	**29,017.81**	**25,971.19**	**52,507.52**	**66,714.55**	**108,475.18**	**113,033.26**	**105,893.86**	**106,883.43**
i. Financing Sources Other than Borrowing						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ii. Gross Borrowings						23,369.84	24,588.89	29,017.81	25,971.19	52,507.52	66,714.55	108,475.18	113,033.26	105,893.86	106,883.43
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)						15,987.60	0.00	8,098.30	0.00	25,895.90	0.00	30,789.90	12,890.00	3,340.30	3,904.00
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)						2,087.30	15,098.60	3,245.90	4,003.20	26,611.60	0.00	2,567.10	11,893.90	10,000.00	13,933.20
State Bonds (maturity 1 to 5 years)						0.00	0.00	15,985.00	20,000.00	0.00	0.00	6,222.20	70,765.10	11,394.60	37,926.60
State Bonds (maturity 6 years or longer)						4,392.90	0.00	0.00	0.00	0.00	44,492.60	7,129.50	4,938.30	74,575.00	1,117.40
Other Domestic Financing						0.00	5,964.30	909.60	0.00	0.00	0.00	922.50	0.00	4,575.00	33,069.20
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)						902.00	1,476.00	0.00	0.00	0.00	18,819.00	13,817.00	2,132.00	0.00	7,380.00
External Financing - Bilateral Loans						0.00	1,640.00	779.00	0.00	0.00	1,599.00	36,449.00	5,412.00	2,009.00	9,553.00
Other External Financing						0.00	410.00	0.00	1,968.00	0.00	1,804.00	10,578.00	5,002.00	0.00	0.00
Residual Financing						0.04	-0.01	0.01	-0.01	0.02	-0.05	-0.02	-0.04	-0.04	0.03

Debt Stocks and Flows (Million Naira)															
Debt (stock)	**137,829.61**	**127,458.75**	**110,278.16**	**117,773.87**	**152,099.67**	**173,802.47**	**192,947.44**	**210,892.83**	**225,345.95**	**257,733.36**	**298,043.68**	**377,620.28**	**451,681.65**	**514,033.12**	**543,610.47**
External	19,762.36	32,477.12	31,560.26	33,578.00	45,707.40	49,241.00	51,660.00	51,332.00	52,193.00	50,293.33	69,780.29	127,684.25	138,164.88	137,307.29	134,538.08
Domestic	118,067.25	94,981.63	78,717.89	84,195.87	106,392.27	124,561.47	141,287.44	159,560.83	173,152.95	207,440.03	228,263.38	249,936.03	313,516.77	376,725.83	409,072.39
Gross borrowing (flow)						**23,369.84**	**24,588.89**	**29,017.81**	**25,971.19**	**52,507.52**	**66,714.55**	**108,475.18**	**113,033.26**	**105,893.86**	**106,883.43**
External						902.00	3,526.00	779.00	1,968.00	0.00	22,222.00	60,844.00	12,546.00	2,009.00	16,933.00
Domestic						22,467.84	21,062.89	28,238.81	24,003.19	52,507.52	44,492.55	47,631.18	100,487.26	103,884.86	89,950.43
Amortizations (flow)	**11,960.68**	**37,226.19**	**5,393.20**	**5,449.37**	**5,464.11**	**5,405.63**	**5,443.93**	**11,072.42**	**11,518.08**	**20,120.10**	**26,404.24**	**28,898.57**	**38,971.89**	**43,542.38**	**77,306.08**
External	313.96	406.80	879.97	945.40	897.13	1,107.00	1,107.00	1,107.00	1,107.00	1,899.67	2,735.04	2,940.04	2,065.38	2,866.58	19,702.21
Domestic	11,646.73	36,819.39	4,513.23	4,503.97	4,566.98	4,298.63	4,336.93	9,965.42	10,411.08	18,220.44	23,669.20	25,958.53	36,906.52	40,675.80	57,603.87
Interests (flow)	**7,018.37**	**4,797.42**	**4,856.12**	**3,542.99**	**5,273.70**	**7,377.60**	**11,138.91**	**14,160.70**	**16,752.35**	**18,111.90**	**24,733.55**	**27,264.35**	**35,161.16**	**43,120.93**	**48,995.81**
External	139.25	191.96	221.78	228.20	265.30	287.00	332.10	520.70	563.55	681.63	639.60	1,692.45	4,921.59	5,569.98	5,577.41
Domestic	6,879.12	4,605.45	4,634.33	3,314.79	5,008.40	7,090.60	10,806.81	13,640.00	16,188.81	17,430.28	24,093.95	25,571.89	30,239.57	37,550.95	43,418.40
Net borrowing (gross borrowing minus amortizations)						**17,964.21**	**19,144.97**	**17,945.39**	**14,453.11**	**32,387.42**	**40,310.31**	**79,576.61**	**74,061.36**	**62,351.48**	**29,577.35**
External						-205.00	2,419.00	-328.00	861.00	-1,899.67	19,486.96	57,903.96	10,480.63	-857.58	-2,769.21
Domestic						18,169.21	16,725.97	18,273.39	13,592.11	34,287.08	20,823.35	21,672.65	63,580.74	63,209.06	32,346.56

Debt and Debt-Service Indicators															
Debt Stock as % of SGDP	**9.92**	**8.00**	**6.05**	**5.96**	**6.74**	**6.68**	**6.41**	**6.18**	**5.82**	**5.88**	**5.99**	**6.70**	**7.07**	**7.10**	**6.62**
Debt Stock as % of Revenue (including grants and excluding other capital receipts)	**229.06**	**191.04**	**134.57**	**161.95**	**196.31**	**180.94**	**177.69**	**172.62**	**162.47**	**161.49**	**160.67**	**174.57**	**178.48**	**173.64**	**156.42**
Debt Service as % of SGDP						**0.49**	**0.55**	**0.74**	**0.73**	**0.87**	**1.03**	**1.00**	**1.16**	**1.20**	**1.54**
Debt Service as % of Revenue (including grants and excluding other capital receipts)						**13.31**	**15.27**	**20.65**	**20.38**	**23.96**	**27.57**	**25.96**	**29.29**	**29.28**	**36.34**
Interest as % of SGDP						**0.28**	**0.37**	**0.41**	**0.43**	**0.41**	**0.50**	**0.48**	**0.55**	**0.60**	**0.60**
Interest as % of Revenue (including grants and excluding other capital receipts)						**7.68**	**10.26**	**11.59**	**12.08**	**11.35**	**13.33**	**12.60**	**13.89**	**14.57**	**14.10**
Personnel Cost as % of Revenue (including grants and excluding other capital receipts)						**23.26**	**21.61**	**20.17**	**18.65**	**23.29**	**26.16**	**36.96**	**32.18**	**31.42**	**27.24**

EKITI STATE TECHNICAL TEAM

a. Mrs. Lucy B. Bamisile	Director, State Finances, Ministry of Finance and Economic Development
b. Mr. Rotimi O. Ipinmoroti	Deputy Accountant-General, Office of the Accountant-General
c. Mr. Mathew A. Olagoke	Head, Ekiti State Debt Management Unit
d. Mrs. Olamide Alake	Deputy Director, Ministry of Budget and Economic Planning
e. Mr. Taye T. Adelusi	Focal Person, SFTAS, Ekiti State.

AKINTUNDE OYEBODE
HON. COMMISSIONER
MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT,
EKITI STATE
9th December, 2022