EKITI STATE DEBT SUSTAINABILITY ANALYSIS AND DEBT MANAGEMENT STRATEGY (STATE DSA-DMS), 2024

DEBT MANAGEMENT UNIT, MINISTRY OF FINANCE

TABLE OF CONTENTS

CHAPTER ONE

1.0 INTRODUCTION

1.1 Objective and Content of the State DSA-DMS Report

The Ekiti State Debt Sustainability Analysis and Debt Management Strategy (State DSA-DMS) for 2024 was conducted by the State Debt Management Unit within the Ministry of Finance, in collaboration with other relevant Ministries, Departments, and Agencies. The DSA portion of the report examines trends and patterns in the State's public finances from 2019 to 2023 and estimates the long-term debt sustainability for the period from 2024 to 2033. This analysis highlights recent trends in revenue, expenditure, public debt, and the policies implemented by the State. A Debt Sustainability Assessment was performed, along with scenario and sensitivity analyses, to evaluate the potential performance of the State's public finances. The report also includes the State's Debt Management Strategy (DMS), outlining permissible costs and risks.

The primary goal of the debt management strategy is to ensure that the Ekiti State Government can meet its financing needs and payment obligations at the lowest possible cost while maintaining a prudent level of risk. There are four distinct debt management strategies. This analysis assesses the costs of carrying public debt and evaluates the risks linked to macroeconomic and fiscal shocks for each strategy.

The State DSA-DMS Report was created using the DSA-DMS Template and Toolkit developed by the Debt Management Office in collaboration with the World Bank Group. This report analyses trends and patterns in the State's public finances from 2019 to 2023 and assesses the State's capacity to sustain its debt in the long term, covering the period from 2024 to 2033. The 2024 Debt Sustainability Analysis and Debt Management Strategy (State DSA-DMS) exercise considered the State's historical macroeconomic data from 2019 to 2023 and projected data for 2024 to 2033.

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

The findings from the 2024 Sustainability Analysis indicate that Ekiti State is in a strong position regarding its long-term outlook, projected from 2024 to 2033. The analysis suggests that the state's debt levels are manageable and do not present a risk of unsustainability. Key factors contributing to this positive assessment include prudent fiscal management, efficient allocation of resources, supportive fiscal reform and a commitment to maintaining economic stability. Overall, the report highlights a favourable trajectory for Ekiti State's financial health in the coming years, suggesting confidence in its ability to navigate economic challenges while meeting its obligations. The State's total revenue (including grants and excluding other capital receipts) is projected to increase from ₦149.74billion in 2023 to ₦633.16 billion by 2033 **(chart 16)**. The State's total expenditure will expand from ₦130.61billion in 2023 to ₦893.39 billion by 2033 **(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 fiscal reforms of the present administration. 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 amortization payment are projected to rise due to a consistent increase in domestic loans **(Chart 18)**. The State's debt stock is expected to increase from ₦154.39billion as of the end of 2023 to ₦1,003.00billion by the end of 2033. 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 ₦116.97billion in 2022 to ₦108.52billion in 2023. Domestic debt increased from N78.72billion in 2019 to N108.52billion in 2023 resulting in an increase of 37.86%. Within the period 2019 – 2023, the value of the total debt stock of Ekiti State increased by 47.34% (nominal growth rate) from ₦104.79billion in 2019 to ₦154.39billion in 2023. The increase in the trend of the public debt stock over the period 2019 – 2023 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

Over the past 3 to 5 years, Ekiti State Government has undertaken a series of significant fiscal reforms aimed at enhancing the State's financial health and promoting sustainable economic growth. These reforms have been designed to improve revenue generation, enhance transparency in financial management, and streamline public expenditure. The following are some specific reforms that have been implemented:

i. Implementation of the Treasury Single Account via the 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 resources; 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. Decentralizing revenue collection - The state has opened a new tax office (Ekiti State Internal revenue Service Area Tax Office in Ikole -Ekiti) to decentralize revenue collection and improve tax administration.
ix. Ekiti State Revenue Service has started a review of the IGR sources and collection modalities to improve the IGR performance through the deployment of a new Revenue collection known as Ekiti Revenue Autonomous System (ERAS).
x. Introduction and implementation of strategic and well-coordinated empowerment programmes and other social investment programmes;

xi. 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 a consequent impact on the State fiscal variable (i.e. revenues and expenditures) among which is the Finance Act 2020.

2.2 2024 Ekiti State Approved Budget and Medium-Term Expenditure Framework (MTEF), 2024- 2026

2.2.1 Overview of Ekiti State 2024 Budget
Ekiti State Government 2024 Approved Budget Summary

Ekiti State Government 2024 Approved Budget Summary

Item	2023 Approved Budget	2023 Performance January to September	2024 Executive Budget Proposal	2024 Approved Budg
Opening Balance	**5,000,000,000.00**	**9,994,754,409.91**	**4,894,754,409.91**	**4,894,754,409**
Recurrent Revenue	**80,362,578,854.29**	**77,931,336,247.26**	**104,381,864,189.76**	**104,381,864,189**
11 - GOVERNMENT SHARE OF FAAC	64,042,117,000.20	53,355,740,517.21	81,850,438,137.00	81,850,438,13
12 - Independent Revenue	16,320,461,854.09	24,575,595,730.05	22,531,426,052.76	22,531,426,05
Recurrent Expenditure	**79,510,633,058.89**	**65,599,401,846.21**	**87,577,583,682.41**	**88,952,583,682**
21 - Personnel Cost	31,405,055,031.91	22,738,880,854.79	31,024,520,311.11	31,024,520,31
22 - Other Recurrent Costs, of which:	48,105,578,026.98	42,860,520,991.42	56,553,063,371.30	57,928,063,37
Other Non Debt Recurrent	30,217,842,581.08	31,279,637,026.07	44,403,063,371.30	45,778,063,371
Debt Service	17,887,735,445.90	11,580,883,965.35	12,150,000,000.00	12,150,000,000
Transfer to Capital Account	**5,851,945,795.40**	**22,326,688,810.96**	**21,699,034,917.26**	**20,324,034,917**
Other Receipts	**28,210,139,669.53**	**12,493,689,222.21**	**50,295,863,315.94**	**50,295,863,315**
13 - Aid And Grants	11,779,744,211.73	5,149,389,620.30	8,663,052,793.00	8,663,052,79
14 - Capital Development fund (Cdf) Receipts	16,430,395,457.80	7,344,299,601.91	41,632,810,522.94	41,632,810,52
23 - Capital Expenditure (Capital Expenditure)	**34,062,085,464.93**	**18,571,768,715.76**	**71,994,898,233.20**	**70,619,898,233**
Total Revenue (including OB)	**113,572,718,523.82**	**100,419,779,879.38**	**159,572,481,915.61**	**159,572,481,915**
Total Expenditure	**113,572,718,523.82**	**84,171,170,561.97**	**159,572,481,915.61**	**159,572,481,915**
Closing Balance	-	**16,248,609,317.41**	-	-

2.2.2 Ekiti State Fiscal Policy Strategies for the 2024 Budget

Macroeconomic Framework

1. The macroeconomic framework is based on a detailed analysis of the following:
   A. International Monetary Fund (IMF)
      i. World Economic Outlook April 2023
      ii. World Economic Outlook July 2023 Update
      iii. African Economic Outlook October 2021
      iv. Fiscal Monitor April 2023
      v. Article IV February 2023
      vi. Select Issues February 2023
      vii. World Bank Global Economic Prospects January 2023
      viii. World Bank Nigeria development Update June 2023
      ix. African development Africa Macroeconomic Performance and Outlook 2023
      x. OPEC July 2023 Monthly Oil Market Report
      xi. US Energy Information Administration Short Term Energy Outlook (STEO) July 2023
   B. NBS CPI Inflation Report June 2023
   C. NBS GDP Report 2023 Q1
   D. CBN MPC Communique 149 July 2023
   E. CBN Monthly Report February 2023
   F. NNPC Monthly Report July 2022 (a little out of date)
   G. February 2023 FAAC Distributions
   H. Federal Government 2023-2025 MTEF Final Version
   I. Nigeria Economic Sustainability Plan
   J. FAAC Schedule I 2014-2023

2. The current and forecast trends in mineral sector indices and the national macroeconomic indices are reflected below:

Macro-Economic Framework

Item	2023	2024	2025	2026
National Inflation	22.00%	20.00%	15.50%	15.20%
National Real GDP Growth	3.20%	3.00%	3.00%	3.00%
State Inflation	0.00%	0.00%	0.00%	0.00%
State Real GDP Growth	0.00%	0.00%	0.00%	0.00%
State GDP Actual	0	0	0	0
Oil Production Benchmark (MBPD)	1.5000	1.6000	1.7000	1.8000
Oil Price Benchmark	$75.00	$65.00	$65.00	$65.00
NGN:USD Exchange Rate	750	750	750	750
Other Assumptions				
Mineral Ratio	25%	30%	32%	35%

Source: National Bureau of Statistics (NBS), Ekiti State Bureau of Statistics, NNPC, Federal Ministry of Budget& National Planning

Fiscal Strategy and Assumptions

Policy Statement

The administration policy statement and operational ideology is to ensure that the State realize its vision of shared prosperity through the implementation of its 6-Pillar namely: job creation for young people; human capital development; agriculture and rural development, infrastructure and industrialization; arts culture and tourism; and governance. 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 achieve shared prosperity through collaboration, compassion, fiscal prudence and quality service delivery;
ii. to create enabling environment for Micro, Small and Medium Enterprises to thrive through business-friendly policies and provision of infrastructure;
iii. to expand the revenue base in the area of Internally Generated Revenue (IGR), create enabling environment for the deployment and implementation of modern technology in collection and widening the tax net;
iv. to ensure timely completion of on-going developmental projects through equitable and effective distribution and allocation of available resources.

v. to strengthen the security architecture of the State to safety of lives and property in the various cities and farmsteads and ensure unhindered access to justice;
vi. to cushion the effect of the petrol subsidy removal and unification of exchange rate through strategic and well-coordinated empowerment programmes and social investment programmes;
vii. to guarantee food security and support agro-allied industries by encouraging farming and deepening agricultural value chain through a combination of policies, programmes and direct investments;
viii. to further widen the base and create employment opportunities through the exploration and exploitation of mineral resources available in the State;
ix. to further develop human capital index by expanding access to free and compulsory qualitative education and providing affordable and good healthcare service;
x. to provide a veritable platform for youths and women empowerment and skills acquisition and entrepreneurial development;
xi. to further strengthen and build relationship with existing development partners and attract new ones to the State for developmental collaborations;
xii. to further promote good governance through budget discipline, probity and accountability in the allocation and utilization of public funds;
xiii. to improve the capacity of public servants and provide enabling environment for them for continued effective service delivery;
xiv. to promote arts and tourism in the State by developing the tourism hubs and showcasing them in the global space as a veritable source of revenue to the State; and
xv. to encourage the patronage of businesses in Ekiti State to boost local content and stimulate economic activities.

2.2.3 Ekiti State Medium-Term Fiscal Framework

Indicative Three-Year Fiscal Framework

The indicative three-year fiscal framework for the period 2024-2026 is presented in the table below.

Macro-Economic Framework

Item	2023	2024	2025	2026
National Inflation	22.00%	20.00%	15.50%	15.20%
National Real GDP Growth	3.20%	3.00%	3.00%	3.00%
State Inflation	0.00%	0.00%	0.00%	0.00%
State Real GDP Growth	0.00%	0.00%	0.00%	0.00%
State GDP Actual	0	0	0	0
Oil Production Benchmark (MBPD)	1.5000	1.6000	1.7000	1.8000
Oil Price Benchmark	$75.00	$65.00	$65.00	$65.00
NGN:USD Exchange Rate	750	750	750	750
Other Assumptions				
Mineral Ratio	25%	30%	32%	35%

Fiscal Framework

Item	2023	2024	2025	2026
Opening Balance	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000
Recurrent Revenue				
Statutory Allocation	75,369,970,641	89,162,546,077	104,828,083,575	124,682,200,970
Derivation				
VAT	29,589,106,602	38,754,925,207	49,359,784,993	61,522,112,515
IGR	17,585,672,512	18,464,956,137	19,388,203,944	20,357,614,141
Excess Crude / Other Revenue	4,000,000,000	4,400,000,000	4,400,000,000	4,400,000,000
Total Recurrent Revenue	**126,544,749,755**	**150,782,427,421**	**177,976,072,512**	**210,961,927,626**
Recurrent Expenditure				
Personnel Costs	19,138,573,944	23,923,217,429	26,315,539,172	28,947,093,090
Social Contribution and Social Benefit	7,575,563,019	8,333,119,321	8,916,437,674	9,540,588,311
Overheads	24,679,947,078	29,615,936,493	31,096,733,318	32,651,569,984
Public Debt Service	17,579,493,899	20,432,023,996	20,549,524,527	21,400,981,029
Total	**68,973,577,940**	**82,304,297,241**	**86,878,234,691**	**92,540,232,414**
Transfer to Capital Account	**62,571,171,815**	**73,478,130,180**	**96,097,837,821**	**123,421,695,212**
Capital Receipts				
Grants	19,710,139,670	16,016,125,000	12,016,125,000	9,388,474,000
Other Capital Receipts	0	0	0	0
Total	**19,710,139,670**	**16,016,125,000**	**12,016,125,000**	**9,388,474,000**
Reserves				
Contingency Reserve	6,577,237,488	7,789,121,371	9,148,803,626	10,798,096,381
Planning Reserve	1,715,626,230	1,999,525,104	2,321,919,256	2,755,843,384
Total Reserves	**8,292,863,717**	**9,788,646,475**	**11,470,722,882**	**13,553,939,766**
Capital Expenditure	**79,488,447,767**	**92,187,608,706**	**106,625,239,939**	**126,238,229,447**
Discretional Funds	56,778,308,097	69,689,483,706	89,627,114,939	113,867,755,447
Non-Discretional Funds	22,710,139,670	22,498,125,000	16,998,125,000	12,370,474,000
Financing (Loans)	8,500,000,000	15,482,000,000	12,982,000,000	9,982,000,000
Total Revenue (Including Opening Balance)	**159,754,889,425**	**187,280,552,421**	**207,974,197,512**	**235,332,401,626**
Total Expenditure (including Contingency Reserve)	**156,754,889,425**	**184,280,552,421**	**204,974,197,512**	**232,332,401,626**
Closing Balance	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000

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 2024-2026 Federal Fiscal Strategy Paper. It is based on historical mineral revenue flows and elasticity-based forecasts 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 2024-2026 is in line with the current rate of collections (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 its own value (historical). The own value used is based on the actual Receipts from January to June, 2023. Furthermore, it is anticipated that own value would be sustained throughout the forecasting period (2024 -2026).
4. **Internally Generated Revenue (IGR) –** The forecast is calculated based on the projected growth rate (own percentage). IGR is expected to increase annually by 10% based on the IGR reform initiative being introduced by the current administration of the State.
5. **Grants –** the estimates for internal Grants are based on the actual receipts for 2022 and performance from January to June, 2023. External grants are based on signed Grant Agreements with International Institutions e.g. the World Bank, UNICEF, EU, etc.
6. **Miscellaneous Capital Receipts –** modest amount from sundry sources such as refunds from the Federal Government and transfers is provided for the years.
7. **Financing (Net Loans) –** The internal and external loan projections are based on signed Agreements and other borrowing expectations.
8. **Personnel –** The present administration approved the payment of the consequential adjustment to workers on Grade 14-17. It also approved the payment of the 2017 leave bonus for civil servants. Furthermore, it has defrayed some of the outstanding salaries of the workforce. Consequently, the personnel cost of the State is projected to rise by 25% in year 2024 and 10% in 2025 and 2026 respectively due to the appointment of Political Office Holders, recruitment of public servants and clearance of other outstanding emoluments.
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 growth rate will increase by 7% in 2024 and 5% in 2025 and 2026 respectively for the 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 2024 – 2026.
12. **Contingency and Planning Reserves –** 5% of Total Recurrent Revenue plus Opening Balance has been allocated to Contingency Reserve to be set aside for future occurrence and appropriated in accordance with PFM Law during Budget implementation. Also, 2% of the Capital Expenditure is set aside for Planning Reserve which will be allocated during Envelope Sharing with MDA when they will justify the need for the allocation or the need for more resources over and above the given ceiling.
13. **Capital Expenditure –** This is the balance from the Recurrent Account plus Capital Receipts plus Financing (Loans), less Planning and Contingency Reserves and Closing balance. The projection is contingent upon the Reserves and ease of accessing long-term loans/Drawdown.
14. **Opening Balance** – This is the estimated utilized revenue that would be transferred into the next fiscal year.

2.2.4 Budget Policy Statement

Budget Policy Thrust

The administration's policy statement and operational ideology is to ensure that Governance is all-inclusive most especially in Budget process, through participatory and bottom-up approach in Budget preparation. Budget as a short- term Development Plan, shall be adopted to ensure a sustainable and rapid development of Ekiti State. The Budget will be a fallout of the 2021-2050 State Development Plan. It will be a standard of measurement for all developmental activities in relation to the six (6) Points Agenda of the new Administration in the State. The overall policy objectives are captured by the following Policy Statements:

i. to provide quality education and harness the benefits of the State's Knowledge Zone to create jobs, new markets, and attract financing for industrious Ekiti entrepreneurs to start or grow their businesses;
ii. to complete all strategic infrastructure projects in transport, agriculture and energy to improve the quality of life for all and make Ekiti competitive for businesses of all sizes;
iii. to provide a conducive environment and sustainable welfare package for Ekiti State's workers, retirees and traditional institutions, develop the State's rural, support farmers and improve the productivity of the agriculture sector;
iv. to develop the Arts, Culture and Tourism industry by investing in attractions, cultural endowments and assets;

v. to provide qualitative and affordable health care service delivery;

vi. to drive innovation, create wealth through development of information, Communication and Technology to bring deserved development; and

vii. to promote prosperity, peace and progress through a secure environment and competitive markets.

2.2.5 Analysis of the Medium-Term Policy

The The ceiling for the total budget size for 2024 fiscal year is **N184,280,552,421.00** of which the sum of **N82,304,297,241.00** will be for Recurrent Expenditure, **N92,187,608,706.00** for Capital Expenditure, and **N9,788,646,475.00** 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 **N69,689,483,706.00** that will be spent across all MDAs and non-discretionary Capital Expenditure of **N22,498,125,000.00** 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 key points arising from this document are summarised below.

i. Aggressive Internally Generated Revenue should be pursued to a level commensurate 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 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 and sustainable economic development.

vi. Risk associated with political instability and unrest should be controlled to a bearable level.

vii. The ultimate goal is to modernize agriculture to ensure food security, employment and provide raw materials for industrial development.

viii. The goal of Government is to correct the decline in Education sector and strengthen the human capital development in the State.

ix. The State Government is determined to curb poverty to reduce mortality rate and incessant illness in Ekiti State.

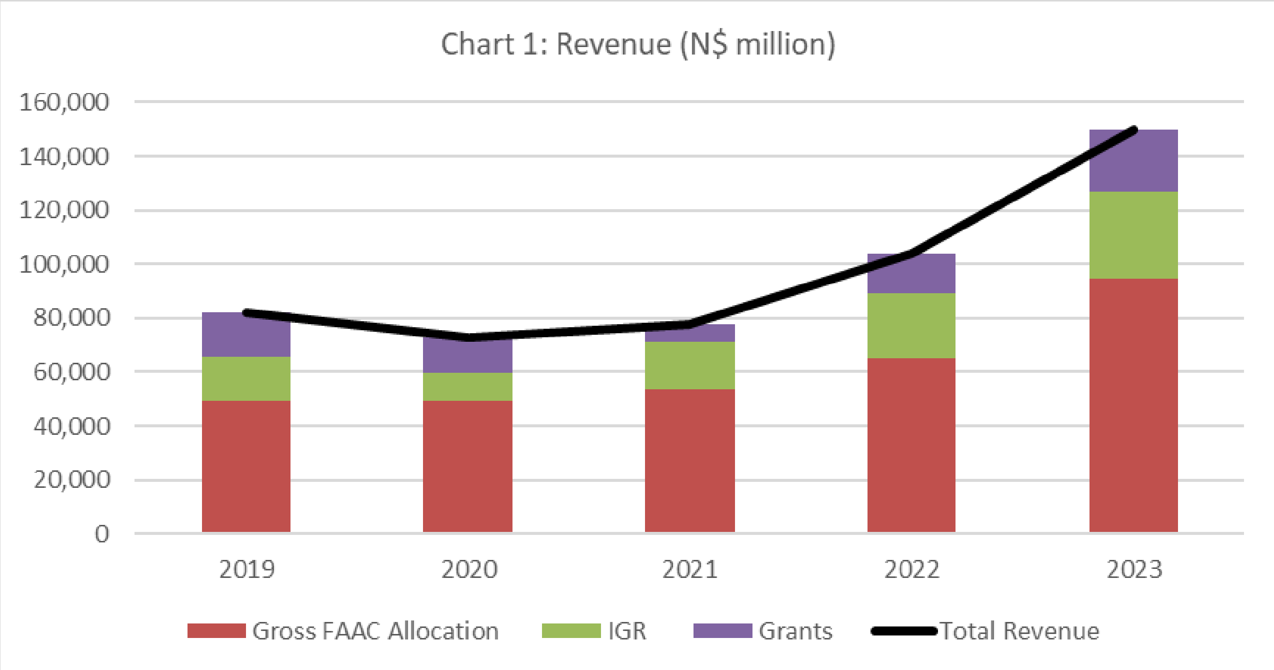
x. The State Government is further committed to promote public involvement and massive participation of all stakeholders in the Budget process through Town/Community meetings, thereby creating a platform for His Excellency, the Governor to have one-on-one/group interaction with the good people of Ekiti 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 (2019-2023)

3.1 Revenue, Expenditure, Overall and Primary Balance (2019-2023)

3.1.1 Revenue Performance



	2019	2020	2021	2022	2023
Total Revenue	81,950	72,720	77,479	103,940	149,744
Gross FAAC Allocation	49,409	49,055	53,721	65,063	94,880
IGR	16,530	10,909	17,568	24,216	32,277
Grants	16,011	12,756	6,191	14,662	22,587

Ekiti State's 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 include exchange rate gains, and augmentations, among others (i.e. Excess Crude Accounts);
iii. Value Added Tax (VAT) allocation;
iv. Internally Generated Revenue (IGR) includes tax and non-tax-independent revenues;
v. Capital Receipts include grants (domestic and foreign), sales of government assets, proceeds from debt-creating borrowings, etc.

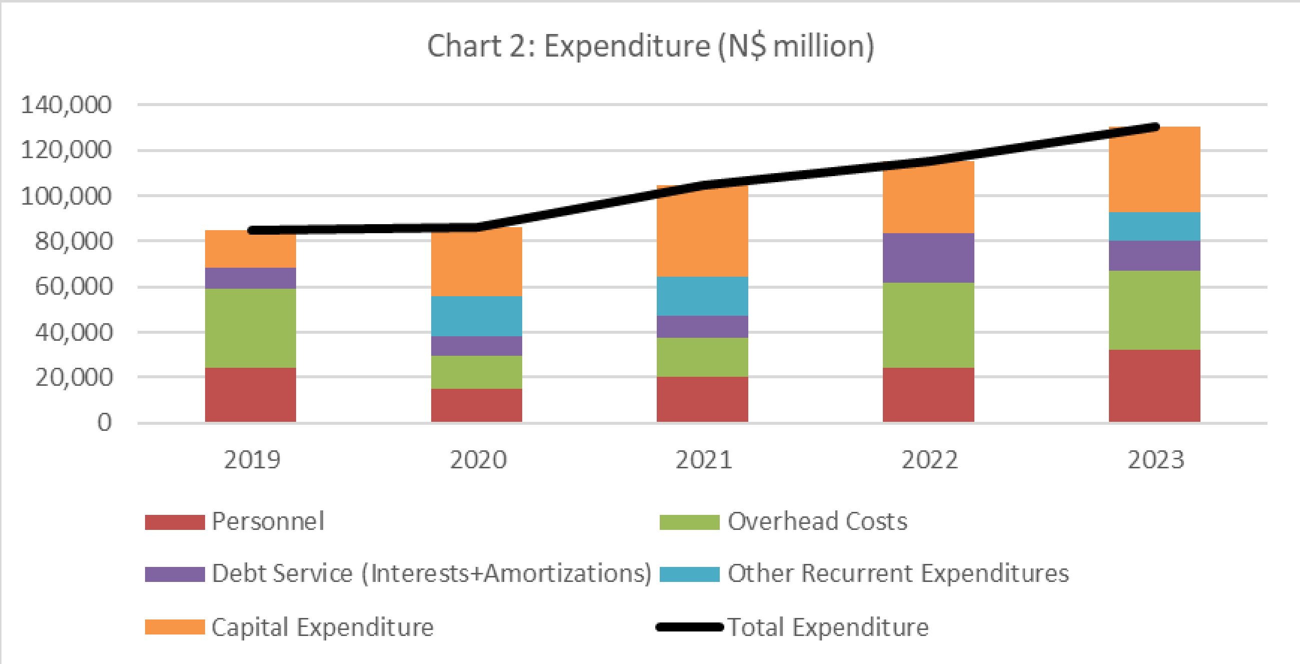
- **Aggregate State TOTAL Revenue trend in the last five years and its composition in 2023 -** From 2019 to 2020, the State experienced a 11.26% decrease in total revenue. Thereafter, the aggregate revenue of the State rose within the period 2020 to 2023 (**Chart 1**). The total revenue was ₦81.95 billion in the year 2019, and by 2020, it had fallen to ₦72.72 billion, largely due to the adverse impact of the COVID-19 pandemic on the State's IGR inflows and monthly FAAC allocations. Within the period 2019 to 2023, the nominal growth rate of the Total Revenue stands impressively at 82.73%. The State invested in grant and donor-funded opportunities, which started to yield significant results in 2023 when Ekiti State received over ₦22.59 billion as grants. Subsequently, to secure additional funding from various development projects, the State Government has taken the proactive step of creating an Office for Development Partnerships. This office is tasked with actively seeking out and attracting grants from both local and international partners, to promote the growth and progress of the state. By establishing this dedicated resource, the government aims to broaden its financial resources and create more opportunities for development and positive change. The preceding assisted the State in accessing grants in 2022.

- **FAAC Allocation trend in the last five years –** In the reviewed period, the revenue generated from FAAC Allocation constituted the highest proportion of the total revenue earned. Over 5 years, from 2019 to 2023, there were fluctuations in the Federal transfers received by the State. The initial years declined slightly from ₦49.41 billion in 2019 to ₦49.06 billion in 2020. However, this downward trend was reversed in the following three years (2021 and 2023). The State's federal allocation, which includes transfers from the excess crude account, experienced an overall substantial increase of 92.03% between 2019 and 2023. It is worth noting that the FAAC allocations decreased by 0.72% between 2019 and 2020, but later increased significantly by 93.42% from 2020 - 2023. This is largely attributed to an increase in federal oil receipts that stimulated the state's economy in response to the adverse effects of the COVID-19 pandemic.

- **Internally Generated Revenue in the last five years -** During the period under review, the State experienced a notable and somewhat unstable growth in its Internally Generated Revenue (IGR). Specifically, the IGR grew significantly by 95.26% between 2019 and 2023, while its share of aggregate revenue (excluding grants) increased marginally by 1.38% (from 20.17% in 2019 to 21.55% in 2023). This noteworthy improvement in the IGR was largely attributable to the tax administration reforms that were initiated by the State Government in 2018.

Furthermore, the State Government recently introduced a new policy that requires the payment of land use charge tax by all landowners in Ekiti State. This new policy is expected to further augment the State's revenue, while the implementation of the Ekiti State Internal Revenue Law 2020 triggered a significant increase in the State's revenue. Overall, these initiatives demonstrate the State's commitment to enhancing its revenue generation capacity and promoting sustainable development. These reforms which were aimed at enhancing revenue collection and expanding the tax revenue base resulted in an increase of 83.73% from ₦17.57 billion in 2021 to ₦32.28 billion in 2023.

3.1.2 Expenditure Performance



	2019	2020	2021	2022	2023
Total Expenditure	85,100	85,846	104,435	115,374	130,611
Personnel	24,055	14,685	20,423	24,479	32,201
Overhead Costs	34,872	14,786	16,893	36,995	34,736
Debt Service (Interests+Amortizations)	9,532	8,332	10,093	22,307	13,330
Other Recurrent Expenditures	0	18,080	16,965	0	12,659
Capital Expenditure	16,641	29,964	40,062	31,593	37,684

The expenditure items of the State include 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.

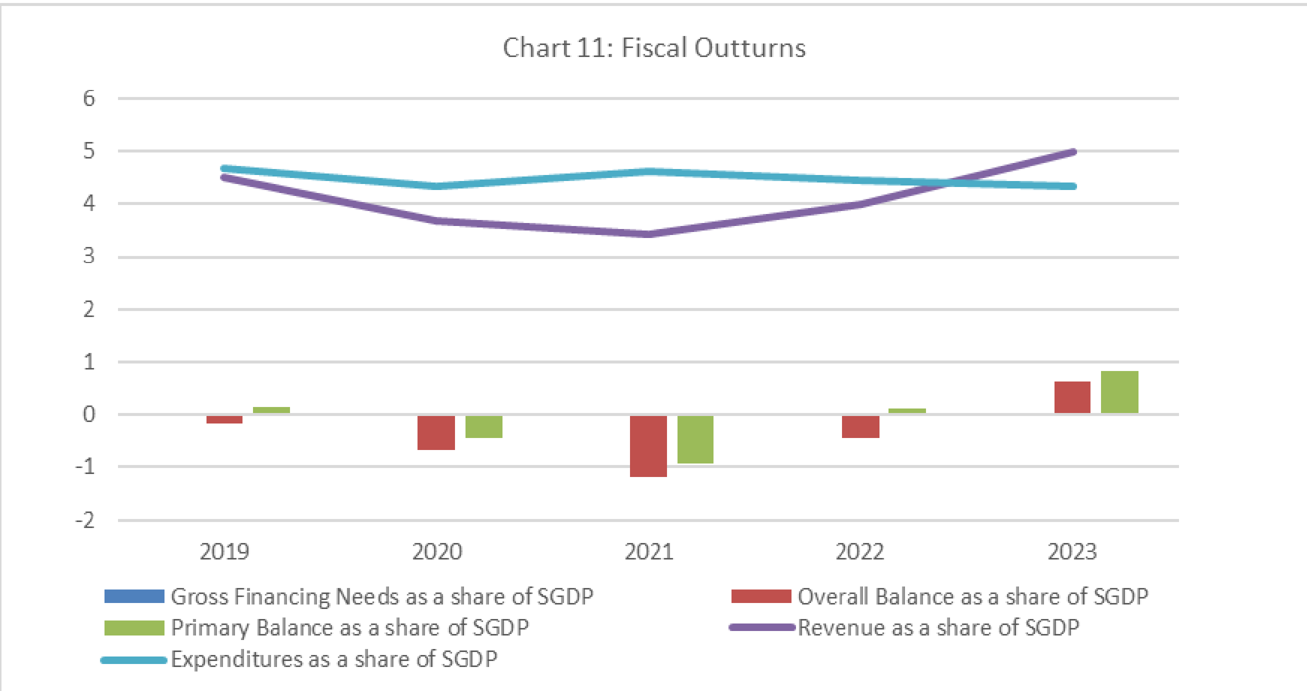
Aggregate (total) Expenditure trend in the last five years and its composition in 2023 – Between 2019 and 2020, Ekiti State's total spending remained steady, with a minimal growth rate of 0.88%. However, the total expenditure rose significantly by 52.15% from ₦85.85 billion in 2020 to ₦130.61 billion in 2023. In 2023, the spending on capital expenditure had the largest share of the total expenditure. This is to stimulate State GDP growth. During the period, Capital spending was relatively volatile but showed positive growth of 126.45%. The bulk of expenditure went to recurrent spending –

personnel costs, overheads, and debt charges – representing 70.19% of total spending on average.

Main expenditure variation in the last five years by economic classification - The majority of the spending went towards recurrent expenses such as personnel costs, overhead, and debt service (interest + amortization). The personnel component of total spending decreased by ₦9.37 billion, a reduction of 38.95% between 2019 and 2020. The personnel cost, however, increased from ₦14.69 billion in 2020 to ₦32.20 billion in 2023 resulting in an increase of 119.28%. In line with the personnel costs trend, overhead costs decreased by 57.60% during the period 2019 - 2020. This was due to the fiscal policy aimed at ensuring budget realism. Meanwhile, other recurrent expenses excluding personnel costs, overhead costs, and interest payments, recorded no spending in 2019 and 2022.

From 2019 to 2020, debt service decreased by 12.59%, thanks to the successful debt management policy of the State Government. However, the debt service costs increased from ₦8.33 billion in 2020 to ₦22.31 billion in 2022. This is due to the expiration of the moratorium given to the State on some financial obligations. Capital expenditure experienced an increase of 126.45% within the period 2019 and 2023. The rise in capital project expenditure can be attributed to the State Government's deliberate policy to fulfil their election promises. They have taken on various capital projects in order to achieve their goals and deliver on their commitments. This strategic approach has led to an increase in the number of projects being undertaken, ultimately resulting in the growth of the economy and overall development of the state.

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



	2019	2020	2021	2022	2023
Gross Financing Needs as a share of SGDP	0	0	0	0	0
Overall Balance as a share of SGDP	-0.17	-0.66	-1.19	-0.44	0.64
Primary Balance as a share of SGDP	0.16	-0.45	-0.93	0.13	0.83
Revenue as a share of SGDP	4.49	3.68	3.43	4.01	4.98
Expenditures as a share of SGDP	4.66	4.34	4.63	4.45	4.35

The overall balance is calculated as 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.

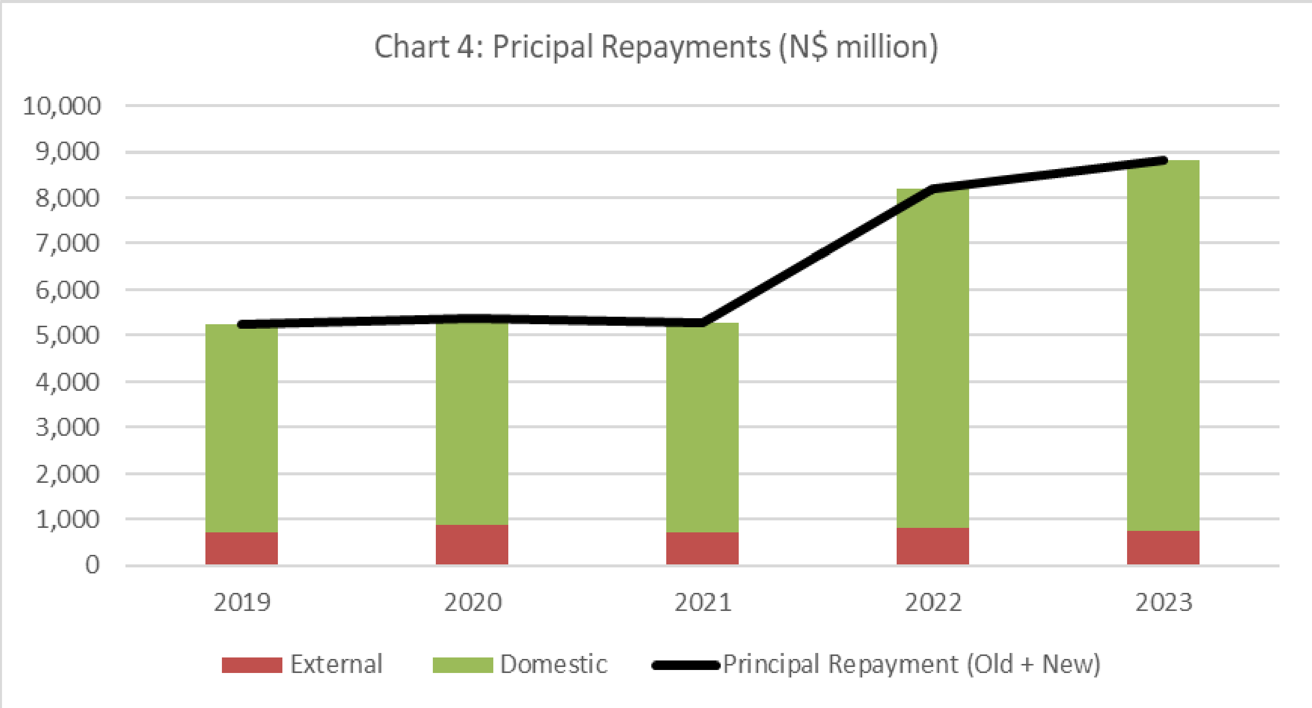
The overall fiscal balance and the primary fiscal balance experienced inconsistent trends during the period under review. The overall balance maintained an average deficit of 0.37% of State Gross Domestic Products (S-GDP). The decline could be traced to the fall in the federal transfer (oil receipt) from the federal government. The primary fiscal balance had an average fiscal decline of 0.41% from the period 2019 to 2021. It was 0.16% in 2019 and declined further to a deficit of 0.45% and 0.93% in 2021 and 2022 respectively owing to the decline in federal transfers and the growth of capital expenditures. Overall balance recorded a surplus of 0.64% of the State GDP in 2023.

3.1.4 Other Charts

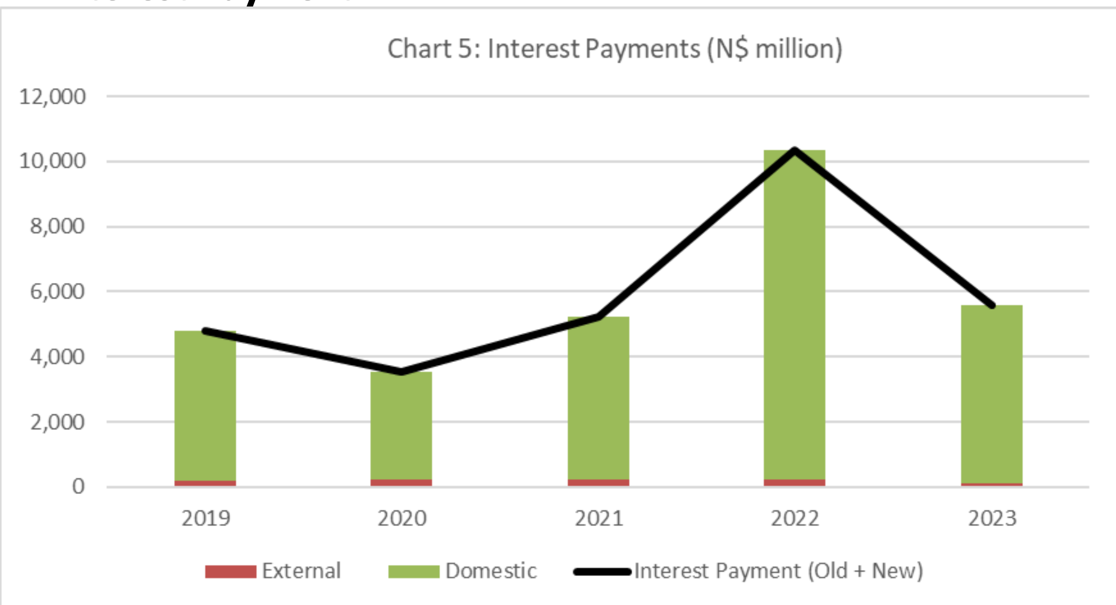
- **Principal Repayment**

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 tends to be much longer dated, with flexible moratorium periods. Within the period 2019 and 2021, the total principal repayment maintained an average of ₦5.31 billion owing to the FGN Restructuring Programme. As a result of the negative impact of the COVID pandemic, the State found it necessary to secure additional loans to maintain fiscal stability which led to a slight rise in the principal repayment amount for the years 2022 and 2023.

	2019	2020	2021	2022	2023
Principal Repayment (Old + New)	5,240	5,391	5,292	8,207	8,829
External	727	887	726	805	751
Domestic	4,513	4,504	4,567	7,401	8,078



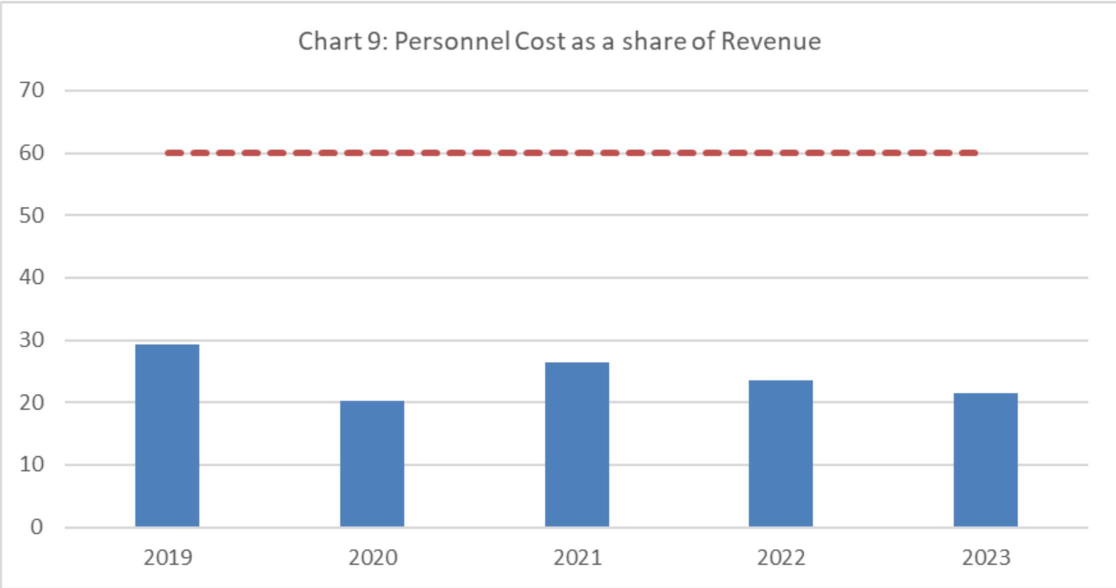
- **Interest Payment**



	2019	2020	2021	2022	2023
Interest Payment (Old + New)	4,818	3,529	5,223	10,359	5,580
External	183	214	215	231	134
Domestic	4,634	3,315	5,008	10,128	5,446

The payment of interest is composed of both internal and external factors, which together determine the total interest payable. Over the years, we have seen a decline in interest payments from ₦4.82 billion in 2019 to ₦3.53 billion in 2020. However, we have witnessed a subsequent increase, with interest payments rising from ₦5.22 billion in 2021 to ₦10.36 billion in 2022. This trend highlights the importance of keeping a close eye on the factors that affect interest payments, both internally and externally, to make informed decisions and manage financial resources effectively. As expected the interest payment fell to N5.58 billion in 2023.

- **Personnel Cost**

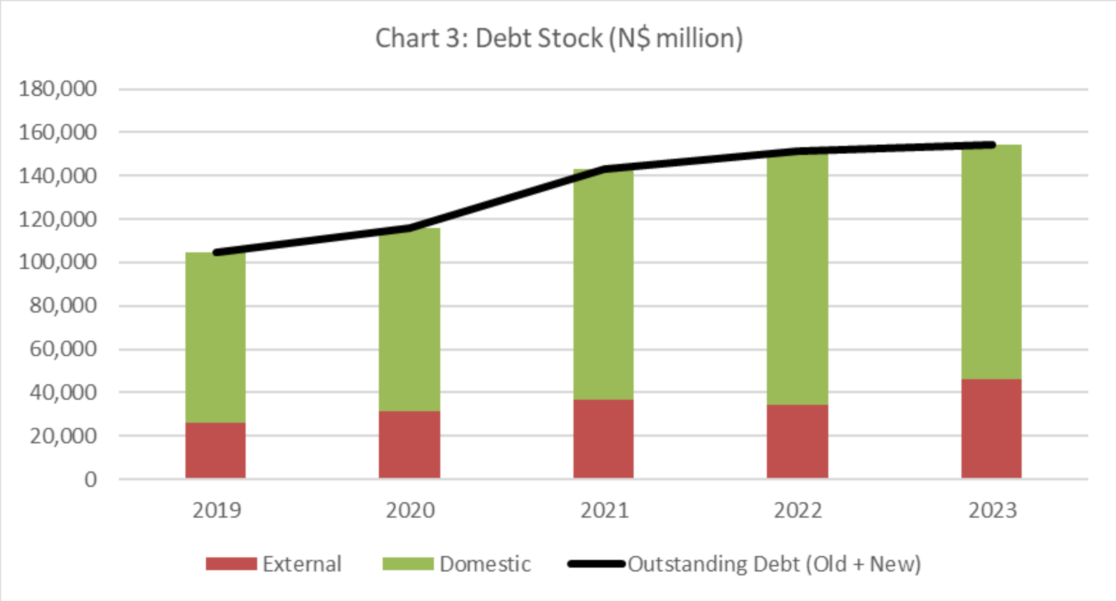


	2019	2020	2021	2022	2023
Personnel Cost as % of Revenue	29	20	26	24	22
Threshold	60	60	60	60	60

Over the years, the percentage of personnel cost as a proportion of revenue has been closely monitored. Fortunately, it has consistently remained below the 60% threshold. Notably, in 2019, it was recorded at 29% and reduced significantly further to 20% in 2020. However, it marginally increased to 22% in 2023.

3.2 Existing Public Debt Portfolio of Ekiti State

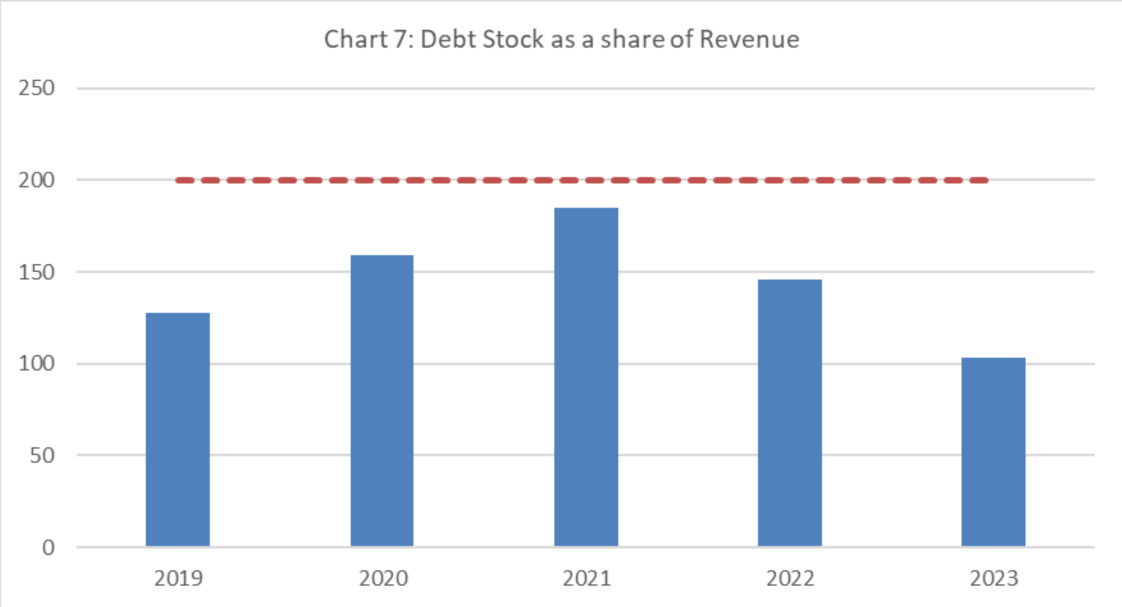
3.2.1 The Evolution of the State Debt Stock between 2019 and 2023



	2019	2020	2021	2022	2023
Outstanding Debt (Old + New)	104,789	115,692	143,356	151,393	154,394
External	26,071	31,496	36,964	34,422	45,878
Domestic	78,718	84,196	106,392	116,971	108,517

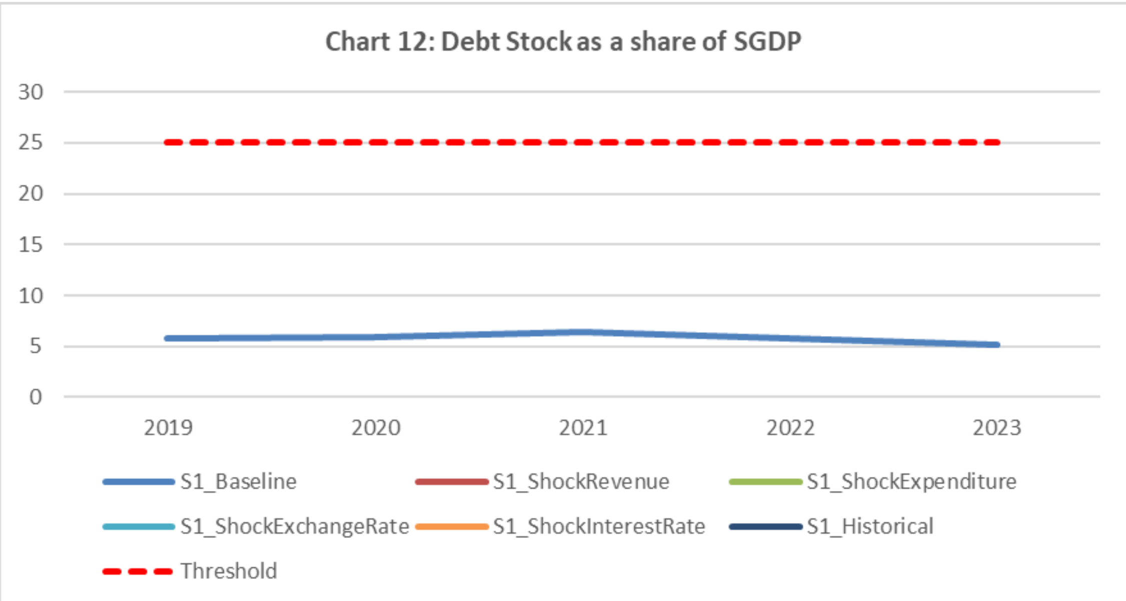
The total public debt encompasses a wide range of explicit financial commitments undertaken by the State Government, including loans and securities that are documented by paper contracts. These financial instruments represent the State Government's promise to repay the borrowed funds, along with any applicable interest and fees, over a specified period. The public debt also includes any other financial obligations that the government has incurred, such as unfunded pension liabilities and contractual obligations to provide services or make payments in the future.

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 ₦104.79billion in 2019 to ₦154.39billion in 2023. Within the period, the value of the debt stock of Ekiti State increased by 47.34% (nominal growth rate). Between 2019 and 2023, the public debt stock increased due to a few factors. These include the federal government's bailout and budget support facility, the increase in State government arrears, and external financing aimed at lessening the negative effects of the COVID-19 pandemic on the State's economy.



	2019	2020	2021	2022	2023
Debt as % of Revenue	128	159	185	146	103
Threshold	200	200	200	200	200

The debt-to-revenue ratio (debt stock as a share of revenue) remains below the threshold of 200% within the period 2019 and 2023. This is the percentage of the State's revenue which is used to offset public debt. The share of public debt stock on total Revenue at years end 2019, 2020, 2021, 2022, and 2023 stood at 128%, 159%, 185%, 146% and 103% respectively.



Debt as % of SGDP	2019	2020	2021	2022	2023
S1_Baseline	6	6	6	6	5
S1_ShockRevenue	[redacted]				
S1_ShockExpenditure					
S1_ShockExchangeRate					
S1_ShockInterestRate					
S1_Historical					
Threshold	25	25	25	25	25

The debt stock as a share of SGDP ratio remains steadily below the threshold of 25% between the years 2019 – 2023. Over the course of 2019 to 2023, the ratio of the baseline scenario decreased from 6% to 5%. This indicates a consistent trend in the proportion of the State's Gross Domestic Products that were utilized to counterbalance the State's debt stock during the four-year period.

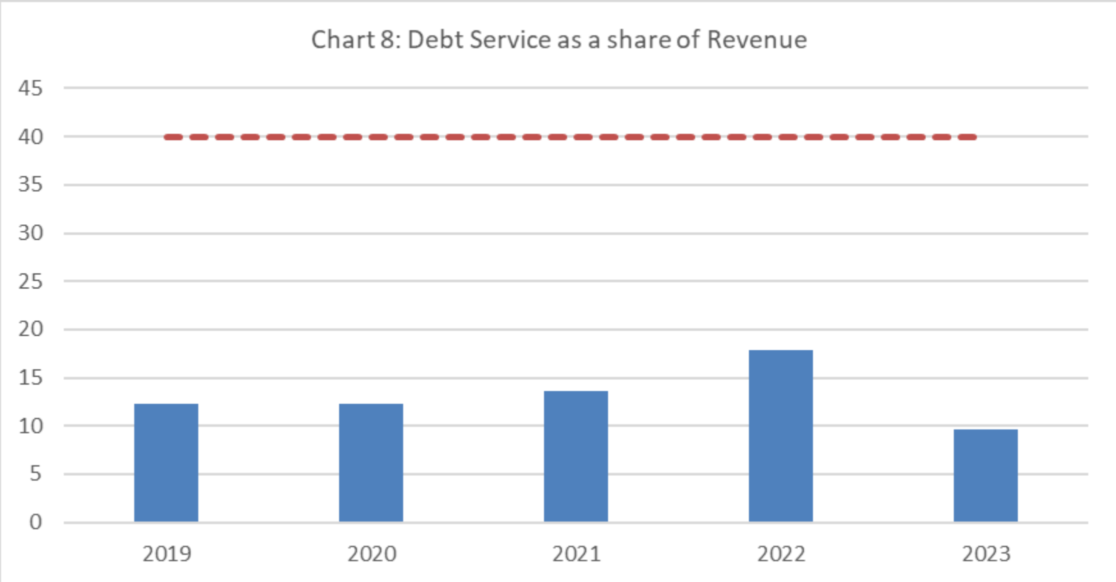
3.2.2 Debt Portfolio Composition

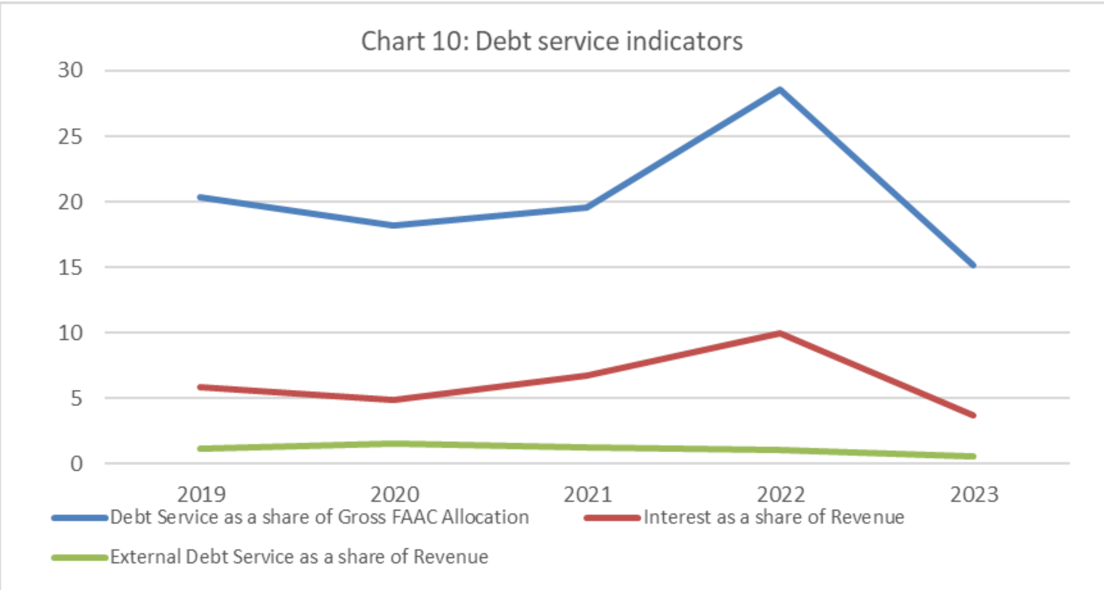
Ekiti State's public debt is composed of two main components: domestic debt and external debt. The domestic debt includes various loans and arrears, such as the Budget Support Facility, Salary Bailout, FGN Restructuring Bond, Excess Crude Accounts Backed Loan, Commercial Bank Loan, State Bonds, Commercial Agriculture Loan, Judgment Debt, Contractors Arrears, Pension and Gratuity Arrears, and Salary Arrears. These represent the various financial obligations owed by the state government to different creditors, including banks, pensioners, contractors, and public servants. The external debt stock comprises World Bank and African Development Bank loans.

The domestic debt stock makes up 70.29% of the total public debt portfolio, while external debt makes up the balance of 29.71% of the public debt portfolio as of the year-end 2023.

3.3 Cost and Risk Exposure of the existing public debt portfolio at the end - 2023

The public debt includes explicit financial commitments– like loans and securities – that have paper contracts instrumenting the government promises to pay. The State's debt portfolio at the end of 2023 was held at a low cost and low risk. The debt portfolio carried on average, an implicit interest rate (share of interest payments paid in 2023 on the public debt stock in 2023 of 3.61% and the interest payments as a share of the total revenue (includes grants and excludes other capital receipts) was 4% at end – 2023. This means that the State did enter into a minimal financial commitment with an implicit interest rate. In addition, the interest payments represented just 4.27% of the total expenditure (including interest and amortization payments). The debt portfolio exposure to currency risk is calculated by the share of the foreign currency-denominated liabilities on the total debt stock. The debt portfolio exposure to currency risk is 29.71% 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 29.71% 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 maturity of these loans ranges 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.





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 2019 – 2033

		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
WITH INDICATIVE THRESHOLDS	Debt/SGDP	6	6	6	6	5	7	6	5	5	5	5	6	7	8	10
	Threshold	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25
	Debt/Revenue	128	159	185	146	103	153	130	110	98	96	100	108	121	139	158
	Threshold	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200
	Debt Service/Revenue	12	12	14	18	10	8	7	7	6	7	7	9	12	16	21
	Threshold	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
	Personnel Cost/Revenue	29	20	26	24	22	14	16	18	20	23	26	30	33	36	40
	Threshold	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
WITHOUT THRESHOLDS	Debt Service/FAAC Allocation	20	18	20	29	15	10	8	8	8	8	9	12	17	24	33
	Interest/Revenue	6	5	7	10	4	4	4	4	4	4	5	6	8	11	14
	External Debt Service/Revenue	1	2	1	1	1	2	2	2	1	2	2	3	3	4	4

Source: Charts DSA Sheet of Ekiti State DSA-DMS Template

The table presented above gives an in-depth analysis of the debt burden and performance indicators of Ekiti State, which are essential for evaluating the overall fiscal health of the region. It outlines various metrics that assess the sustainability of the state's debt levels, some of which are accompanied by established benchmarks or thresholds that help gauge financial stability, while others do not have such predefined limits.

These performance indicators encompass a range of factors, including the ratio of debt to revenue, debt service to revenue ratios, and other fiscal measures that reflect the state's ability to manage its debt obligations without jeopardizing economic growth. By closely analyzing these metrics, stakeholders—including policymakers, investors, and financial analysts—can gain valuable insights into the state's economic condition and future financial prospects. This thorough examination is crucial for informed decision-making regarding investments, budget allocations, and overall economic strategies aimed at improving the state's fiscal responsibility and sustainability.

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 the Nigerian economy have been grappling with various difficulties, hindering their progress towards economic stability and growth. The nation's Economic growth is still fragile and dependent on only a few sectors, despite improving since 2017. 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 are all suffering. In 2020, Nigeria's economy experienced a recession as the real GDP contracted by 1.8%. This downturn marks a reversal of the three-year period of recovery that occurred between 2017 and 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 the 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 of the Nigerian economy that will increase FAAC statutory allocation. According to forecasts from both the Federal Government and the State Government outlined in the Ekiti State Medium Term Expenditure Framework (MTEF) for 2024 to 2026, the Nigerian economy is projected to continue on its path of recovery. This anticipated recovery is expected to be bolstered by multiple factors, including a rise in global oil prices, which could significantly enhance the country's oil revenue. Additionally, an increase in domestic production across various sectors is likely to contribute positively to the overall economic landscape.

Prudent fiscal policies implemented by the government are also expected to play a crucial role in maintaining economic stability. These policies aim to ensure responsible management of resources and expenditures, fostering an environment conducive to growth. Furthermore, the stabilization of the exchange rate, particularly for international public-sector financial transactions, is considered pivotal; maintaining this stability at current levels will help facilitate smoother trade and investment activities.

As oil and gas revenue improves, alongside increases in shared resources such as customs duties and value-added tax (VAT), it is anticipated that the state's revenue position will reflect significant growth. This enhancement in revenue will allow the state government to allocate more resources towards developmental projects and public services, ultimately contributing to the overall prosperity of the region and its populace.

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

The State's Debt Sustainability Analysis (DSA) indicates that the anticipated growth rate of the nation's Gross Domestic Product (GDP) will significantly influence the revenue generation capabilities of the State. This analysis is fundamentally based on the ongoing initiatives undertaken by the Ekiti State Government aimed at maximizing local revenue sources. It assumes that these efforts will persist and that existing policies regarding personnel expenses and other operational costs will remain unchanged in the foreseeable future.

The fiscal reforms implemented by the State Government are designed to enhance the resources derived from Internally Generated Revenue (IGR), and these reforms are expected to continue yielding positive results over the next few years. These improvements are likely to align with the broader economic recovery that is projected to take place, potentially further boosting the State's financial position.

Even though the personnel cost is expected to rise due to the increase of the minimum wage in Nigeria, the State is committed to maintaining fiscal discipline by ensuring that there is a consistent annual increment in these expenses. To that end, a provision for a steady annual increase of 30% and 5% in personnel and overhead costs respectively has been planned. This approach aims to sustain the operational efficiency of the State while adapting to the economic landscape.

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 2024 onwards)			
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, i	35.00%	4	1
Commercial Bank Loans (maturity 6 years or lon	33.50%	10	2
State Bonds (maturity 1 to 5 years)	18.50%	5	1
State Bonds (maturity 6 years or longer)	9.75%	15	2
Other Domestic Financing	10.50%	7	0
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., W	8.50%	30	4
External Financing - Bilateral Loans	8.00%	25	4
Other External Financing	8.33%	35	0

The total planned borrowings of the reference debt management strategy (S1) for Ekiti State within the projected period (2024 – 2033) are reported in the table below:

2024 (₦000,000)	2025 (₦000,000)	2026 (₦000,000)	2027 (₦000,000)	2028 (₦000,000)	2029 (₦000,000)	2030 (₦000,000)	2031 (₦000,000)	2032 (₦000,000)	2033 (₦000,000)
6,576.70	8,188.80	13,422.80	22,403.00	40,157.90	62,892.00	96,639.70	148,136.20	215,564.20	306,558.80

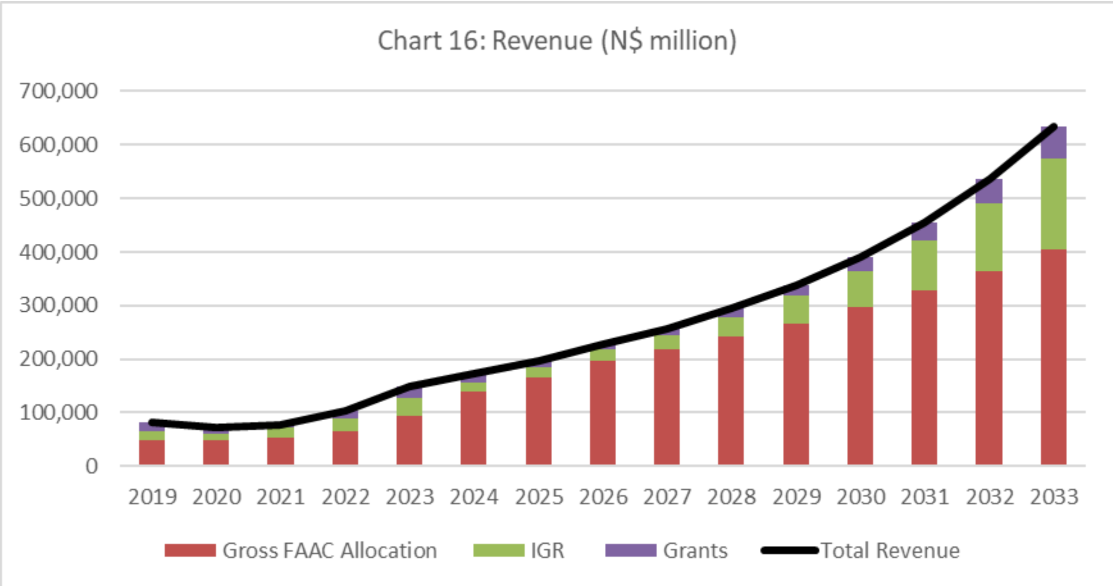
The State plans to use new domestic financing in Naira and new external financing in US Dollars as presented in the table below to cover its gross financing needs under the reference debt strategy (S1) between the projected period of 2024 and 2033.

New Domestic Financing in Million of Local Currency			2024 (₦000,000)	2025 (₦000,000)	2026 (₦000,000)	2027 (₦000,000)	2028 (₦000,000)	2029 (₦000,000)	2030 (₦000,000)	2031 (₦000,000)	2032 (₦000,000)	2033 (₦000,000)
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Naira	Million	4,889.00	0.00	0.00	0.00	9,444.30	0.00	19,155.60	0.00	26,998.20	70,622.80
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Naira	Million	1,687.70	2,188.80	0	0	5,013.60	0	13,962.50	31,087.90	0	47,393.80
State Bonds (maturity 1 to 5 years)	Naira	Million	0	0	11,983.90	0	0	13,092.00	0	58,170.60	46,319.40	69,798.30
State Bonds (maturity 6 years or longer)	Naira	Million	0	0	0	6,403.00	0	0	19,090.00	0	52,725.60	56,843.90
Other Domestic Financing	Naira	Million	0	0	1,438.90	0	0	0	15,331.60	17,777.70	19,121.00	0
New External Financing in Million US Dollars												
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	US Dollars	Million	0	1.8	0	7.8	10.1	14.7	9.8	12.8	21.9	32.5
External Financing - Bilateral Loans	US Dollars	Million	0	1.9	0	4.6	9.6	15.2	8.8	13.9	10.3	29.4
Other External Financin	US Dollars	Million	0	1.3	0	3.6	6	19.9	10.5	14.4	38.2	0
Total Planned Borrowing	Naira	Million	6,576.70	8,188.80	13,422.80	22,403.00	40,157.90	62,892.00	96,639.70	148,136.20	215,564.20	306,558.80
Total Gross Borrowing Requirements (calculated by the Template Baseline Scenario)	Naira	Million	6,576.70	8,188.80	13,422.80	22,403.00	40,157.90	62,892.00	96,639.70	148,136.20	215,564.20	306,558.80

4.3 Debt Sustainability Analysis Simulation Results and Findings

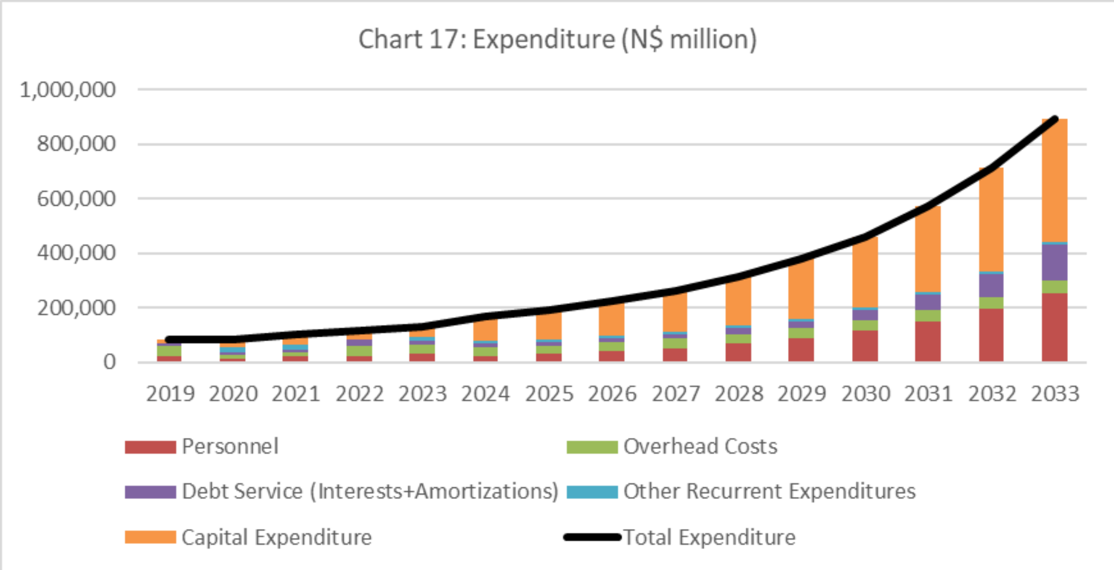
The main DSA findings and results of the Baselines Scenario under the reference debt strategy (S1) in terms of projected revenue, expenditure, primary and overall balance; and debt stock and debt service indicators and thresholds are presented below:

4.3.1 Revenue



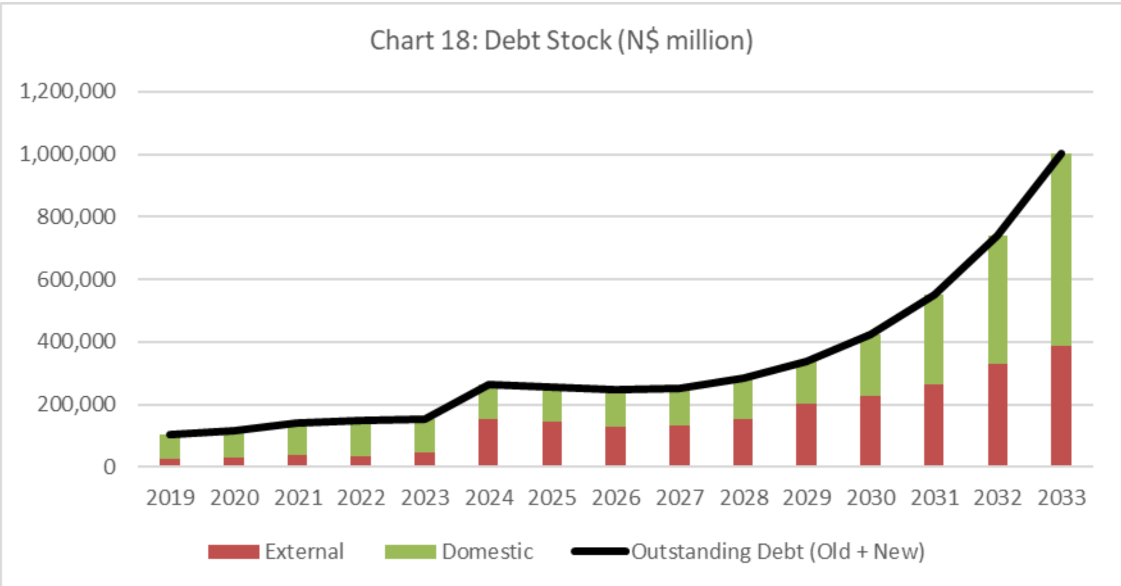
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Total Revenue	81,950	72,720	77,479	103,940	149,744	172,989	196,182	226,541	257,548	294,325	338,302	391,337	455,862	535,067	633,156
Gross FAAC Allocation	49,409	49,055	53,721	65,063	94,880	138,508	164,778	196,794	217,766	241,099	267,060	295,945	328,083	363,840	403,625
IGR	16,530	10,909	17,568	24,216	32,277	18,465	19,388	20,358	27,599	37,416	50,724	68,767	93,228	126,389	171,345
Grants	16,011	12,756	6,191	14,662	22,587	16,016	12,016	9,388	12,183	15,810	20,517	26,625	34,551	44,837	58,185

4.3.2 Expenditure



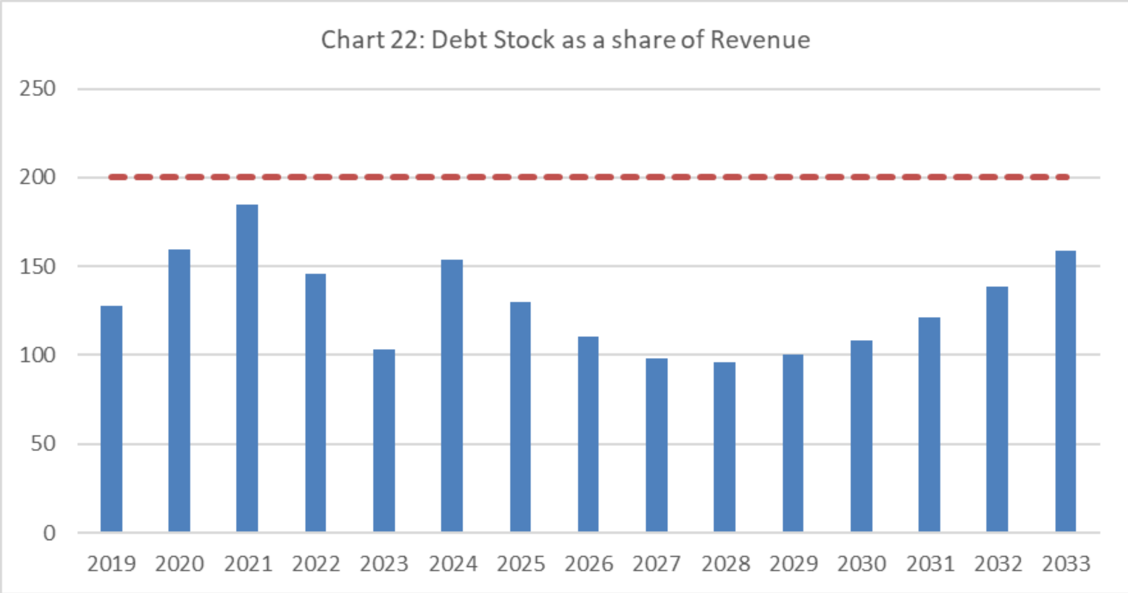
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Total Expenditure	85,100	85,846	104,435	115,374	130,611	169,637	191,960	224,450	264,438	315,867	378,854	461,170	571,830	712,029	893,392
Personnel	24,055	14,685	20,423	24,479	32,201	23,923	31,100	40,430	52,559	68,327	88,825	115,473	150,115	195,149	253,694
Overhead Costs	34,872	14,786	16,893	36,995	34,736	29,616	31,097	32,652	34,284	35,998	37,798	39,688	41,673	43,756	45,944
Debt Service (Interests+Amortizations)	9,532	8,332	10,093	22,307	13,330	14,369	13,598	15,589	16,568	20,218	24,550	34,700	56,381	86,637	131,879
Other Recurrent Expenditures	0	18,080	16,965	0	12,659	9,541	9,541	9,541	9,541	9,541	9,541	9,541	9,541	9,541	9,541
Capital Expenditure	16,641	29,964	40,062	31,593	37,684	92,188	106,625	126,238	151,486	181,783	218,140	261,768	314,121	376,945	452,334

4.3.3 Debt Stock



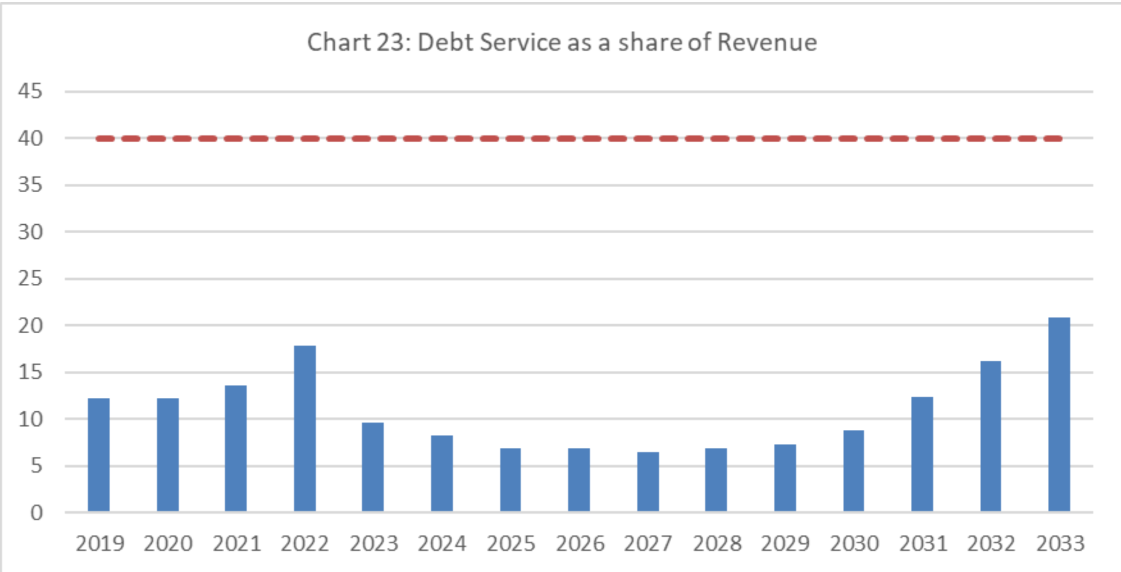
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Outstanding Debt (Old + New)	104,789	115,692	143,356	151,393	154,394	265,486	255,435	249,262	252,769	283,366	338,156	422,324	551,598	741,442	1,003,003
External	26,071	31,496	36,964	34,422	45,878	154,114	145,259	130,363	131,975	155,035	202,023	227,584	264,844	330,474	385,666
Domestic	78,718	84,196	106,392	116,971	108,517	111,372	110,176	118,899	120,795	128,332	136,132	194,740	286,754	410,968	617,336

4.3.4 Debt as a Share of Revenue



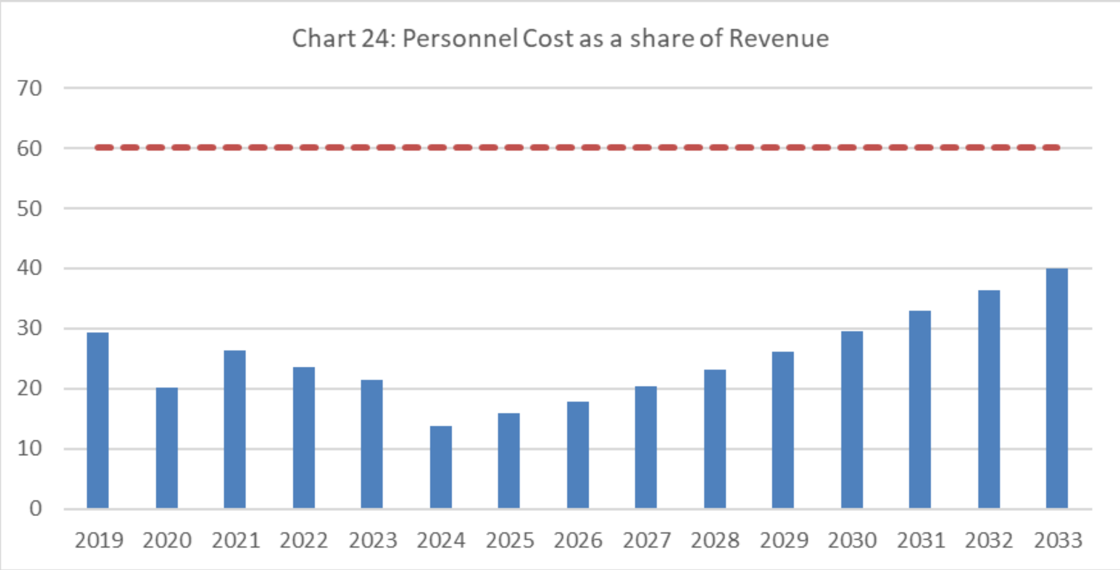
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Debt as % of Revenue	128	159	185	146	103	153	130	110	98	96	100	108	121	139	158
Threshold	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200

4.3.5 Debt Service as a Share of Revenue



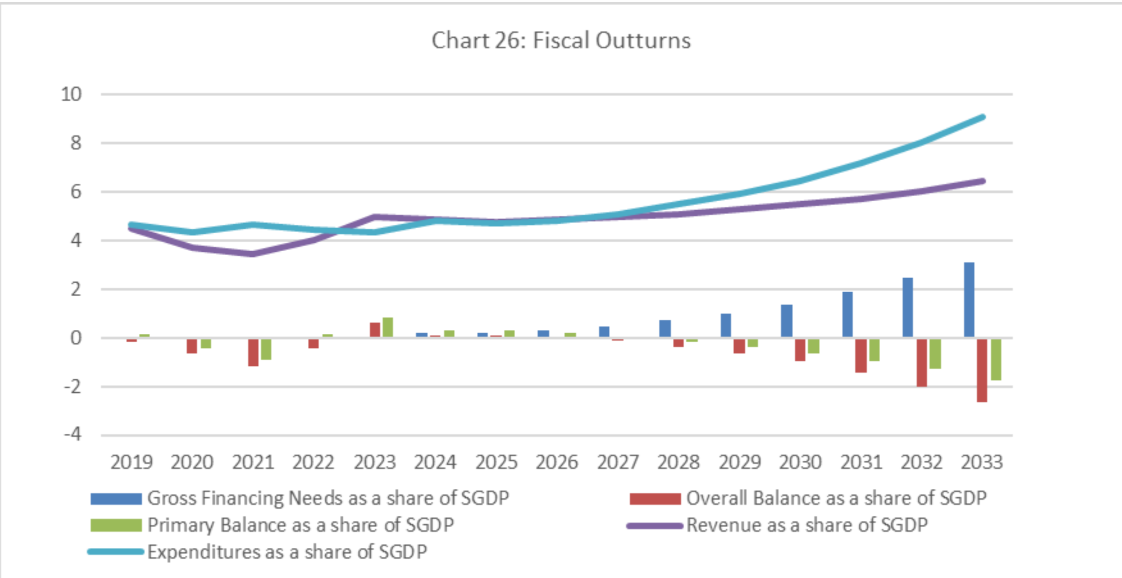
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Debt Service as % of Revenue	12	12	14	18	10	8	7	7	6	7	7	9	12	16	21
Threshold	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40

4.3.6 Personnel Cost

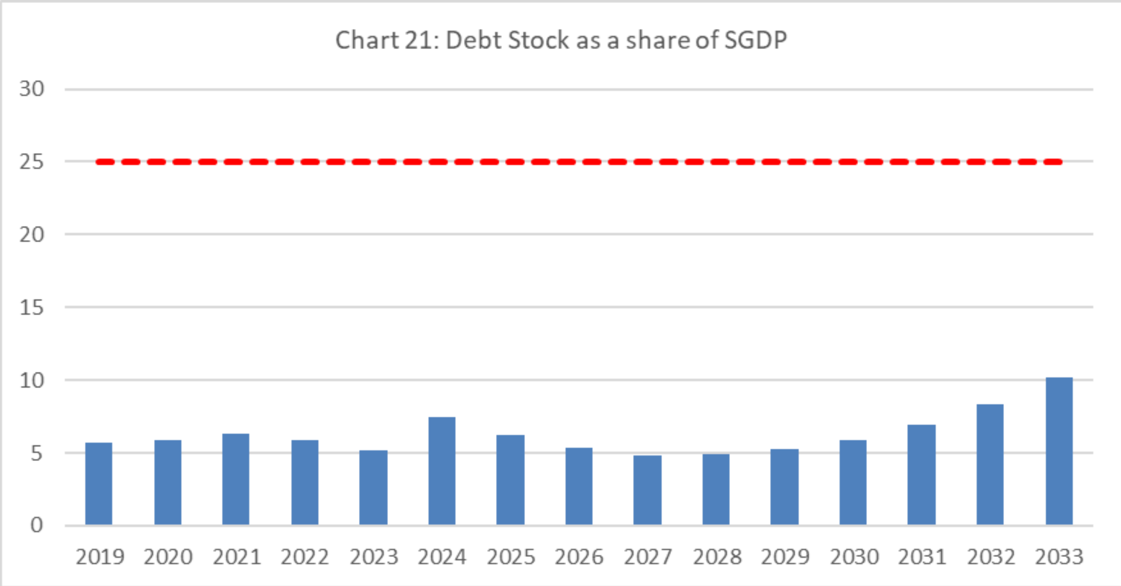


	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Personnel Cost as % of Revenue	29	20	26	24	22	14	16	18	20	23	26	30	33	36	40
Threshold	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60

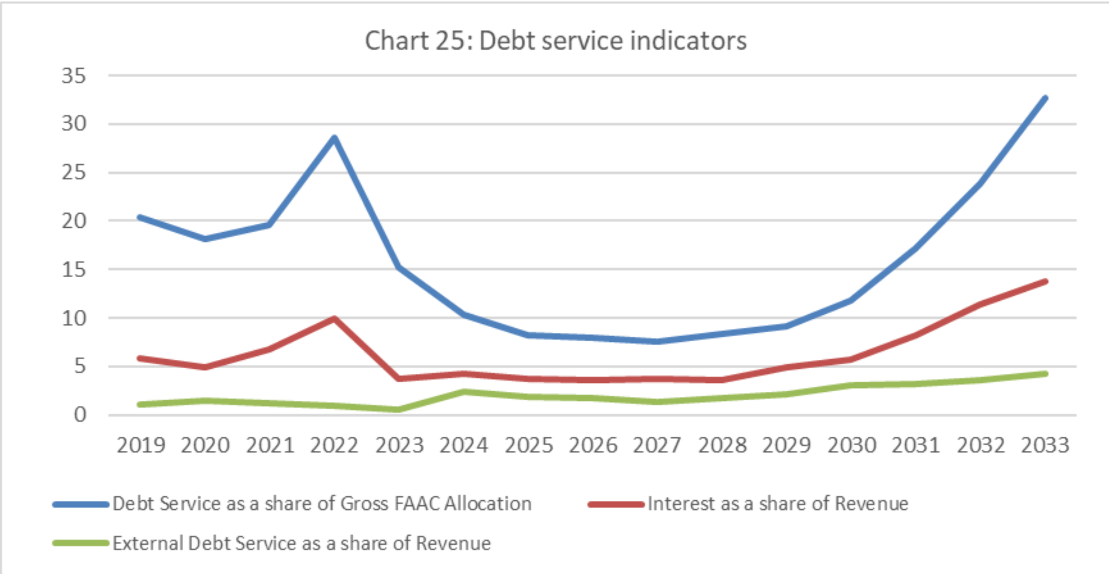
4.3.7 Fiscal Outturns



	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Gross Financing Needs as a share of SGDP	0	0	0	0	0	0	0	0	0	1	1	1	2	2	3
Overall Balance as a share of SGDP	0	-1	-1	0	1	0	0	0	0	0	-1	-1	-1	-2	-3
Primary Balance as a share of SGDP	0	0	-1	0	1	0	0	0	0	0	0	-1	-1	-1	-2
Revenue as a share of SGDP	4	4	3	4	5	5	5	5	5	5	5	5	6	6	6
Expenditures as a share of SGDP	5	4	5	4	4	5	5	5	5	5	6	6	7	8	9



	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Debt as % of SGDP	6	6	6	6	5	7	6	5	5	5	5	6	7	8	10
Threshold	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25



	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Debt Service as a share of Gross FAAC Allocatio	20	18	20	29	15	10	8	8	8	8	9	12	17	24	33
Interest as a share of Revenue	6	5	7	10	4	4	4	4	4	4	5	6	8	11	14
External Debt Service as a share of Revenue	1	2	1	1	1	2	2	2	1	2	2	3	3	4	4

Main Findings and Results of the Baseline Scenario under the Reference Debt Strategy (S1).

i. **Revenue, expenditure, overall and primary balance over the long term.** In the Baseline Scenario under the reference debt strategy (S1), the State preserves debt sustainability. In the short run, the State's debt sustainability is expected to deteriorate moderately. However, in the long run, the debt sustainability indicators are projected to record a rapid deterioration between 2031 – 2033 as a result of revenue and expenditure shocks due to both excessive deficit and diminished repayment capacity. Ekiti State Government should embark on fiscal measures to reduce recurrent expenditure and sustain all the ongoing revenue drive reforms to mitigate the shocks in the future. **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 ₦149.74 billion in 2023 to ₦633.16 billion by 2033 (chart 16) resulting in a growth of 322.83%. 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 584.01% from ₦130.61 billion in 2023 to ₦893.39 billion by 2033 (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 in the future. Overall Balance is computed as the difference between Revenue including grants and excluding other capital receipts and expenditures including interest and amortization payments. The primary balance is the Revenues minus Expenditures including amortization payments and excluding interest payments i.e. overall balance minus the interest payments. The primary and overall balance in nominal values (naira) is presented in the table below. Therefore, **the fiscal deficit** – computed as the difference between revenue and expenditure – is expected to stand at an average surplus of ₦24.36 billion within the period 2023 to 2033. The fiscal deficit shall remain within a range of ₦46.32 billion to ₦1.11 billion in normal terms, compared to the 2021 deficit of ₦8.43 billion.

Overall Balance and Primary Balance in Nominal Values

	2019 (₦000,000)	2020 (₦000,000)	2021 (₦000,000)	2022 (₦000,000)	2023 (₦000,000)	2024 (₦000,000)	2025 (₦000,000)	2026 (₦000,000)	2027 (₦000,000)	2028 (₦000,000)	2029 (₦000,000)	2030 (₦000,000)	2031 (₦000,000)	2032 (₦000,000)	2033 (₦000,000)
Total Revenue	88,824.00	86,952.48	96,004.68	117,017.20	160,330.20	179,565.32	203,311.24	238,384.34	279,941.36	338,536.87	414,110.33	512,882.65	635,342.78	804,329.66	1,027,429.16
Total Expenditure	85,100.07	85,845.72	104,435.36	115,373.87	130,610.75	169,636.77	190,900.55	222,870.98	264,428.00	319,920.84	391,771.09	486,075.57	603,174.28	765,727.46	981,106.51
Overall Balance	3,723.93	1,106.76	- 8,430.68	1,643.50	29,719.45	9,928.55	12,410.69	15,513.36	15,513.36	18,616.03	22,339.24	26,807.09	32,168.50	38,602.21	46,322.65
Primary Balance	- 1,093.61	- 2,422.08	- 13,653.63	- 8,715.98	24,139.66	2,530.95	5,197.36	7,415.27	5,990.37	7,959.40	5,891.46	4,578.22	- 5,350.56	- 22,314.18	- 40,558.81

ii. **Main finding and conclusion of the baseline scenario under the reference debt strategy (S1) in terms of debt sustainability.** The public debt and the State's amortization payment are projected to rise due to a substantial increase in external loans (Chart 18). The debt stock at ₦154.39 billion in 2023 is expected to rise to N265.49 billion in 2024. The substantial increase in the debt stock is attributed to a rise in the external loan component (58.05% of the total debt stock), driven by currency depreciation from the exchange rate volatility. The fluctuations in the exchange rate can make existing foreign debt more expensive to service, indirectly contributing to a higher debt stock. The total debt stock is projected to rise to ₦1,003.00 billion in 2033 with a growth rate of 549.64% as a result of a significant rise in the external loan component. 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** was 103% in 2023. It however fell minimally to 96% in 2028 and thereafter rose to 158% in 2033. It remains below the threshold of 200% within the projected period (2024 – 3033). Likewise, **the debt service as a share of revenue** would remain under the threshold of 40% within the projected years of 2024 - 2033. The debt service to revenue ratio is expected to stand at 0.08 by 2024 and fall to 0.06 in 2027 thereafter it is expected to rise to 0.21 by 2033. 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 2024-2033. **The State's debt service as a percentage of FAAC allocation** is projected to be 10% in 2024 and fall to 8% from 2025 to 2028. It would later increase to 33% in the year 2033. Within the projected period of 2024 – 2033, **the external debt service to revenue ratio** would exhibit a steady trend of 1% from 2021 to 2023 and 2% from 2024 to 2026. The ratio would increase to 4% in 2033. This is expected to result from the minimum of the State's exposure to external debt**. Interest repayment to revenue** is expected to be 4% in 2024 and increase to 14% in the year 2033. The percentage of **Ekiti State's debt on the S-GDP** remains under the threshold of 25% with an average ratio of 6.4% between 2024 and 2033. Based on the above-presented scenario, the debt and debt services indicators indicate that Ekiti State's public finances debts will remain sustainable in the medium 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 is a technique used to understand how changes in various independent variables impact a particular dependent variable while keeping a set of assumptions constant. It is a powerful tool used in decision-making processes for evaluating and comparing the impact of different scenarios, and identifying which variables have the most significant effect on the outcome. By analyzing the sensitivity of a model, one can better understand the risks and uncertainties associated with the underlying assumptions, and make more informed decisions. 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** scenario shows the fiscal projections provided by the State for the period 2024-2033. The 2024 projections include the 2024 Budget figures. The 2025-2026 projections include the 2024-2026 MTEF figures. If the State does not produce forecasts for a 10-year period, the projections for 2027-2033 will be provided by the State based on the guidance of the DMO and the World Bank.
2. **Shock Revenue** scenario 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 2025 until 2033. 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 2025 until 2033.
4. **Shock Exchange Rate** scenario includes a one-time 20% devaluation (NGN/US$) in 2024. The exchange rate difference regarding the baseline is maintained over the projected period (2025-2033).
5. **Shock Interest Rate** scenario includes a 200 basis points increase of the new domestic financing interest rate each year, starting in 2024 until 2033.
6. **Historical** scenario assumes that the State GDP, revenues and primary expenditures in 2025-2033 grow in line with their respective historical average growth rates observed in 2020-2023.

4.5 The DSA Sensitivity Analysis for Ekiti State

The findings and conclusions of each shock scenario under the reference debt strategy (S1) according to debt sustainability are presented below. The historical period provides an unreliable scenario. Consequently, the findings exclude the historical scenario:

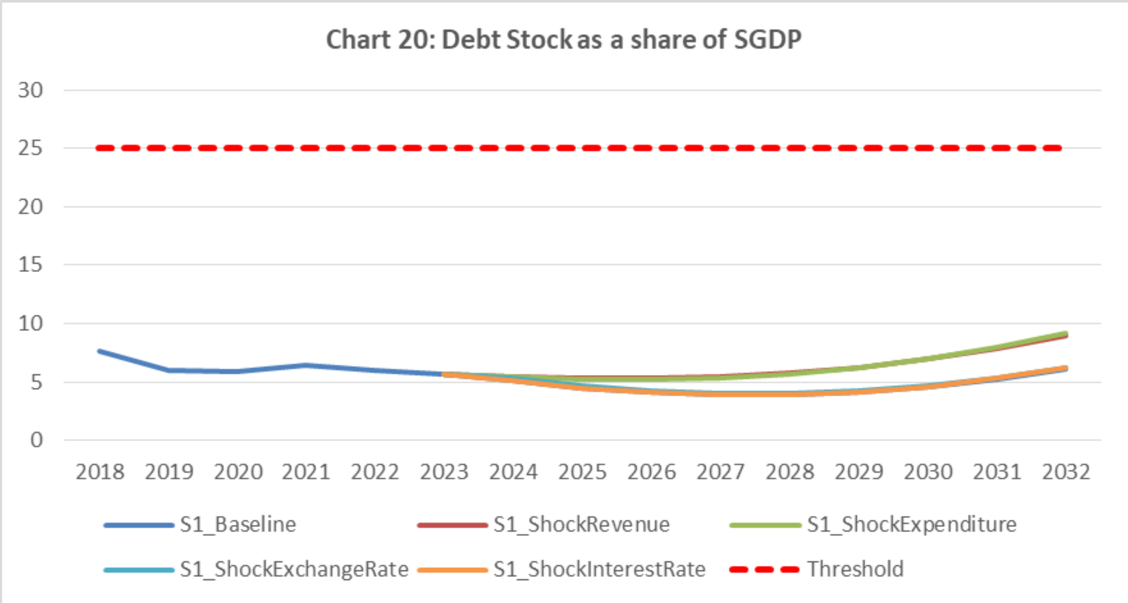


Chart 20: Debt Stock as a share of SGDP
30
25
20
15
10
5
0
2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032
S1_Baseline
S1_ShockRevenue
S1_ShockExpenditure
S1_ShockExchangeRate
S1_ShockInterestRate
Threshold

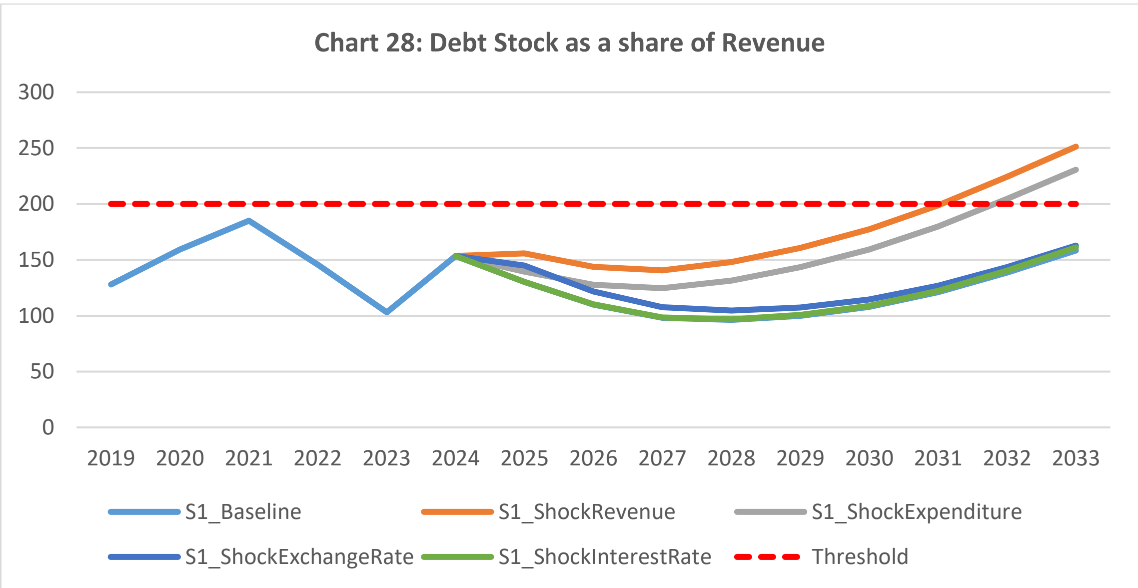
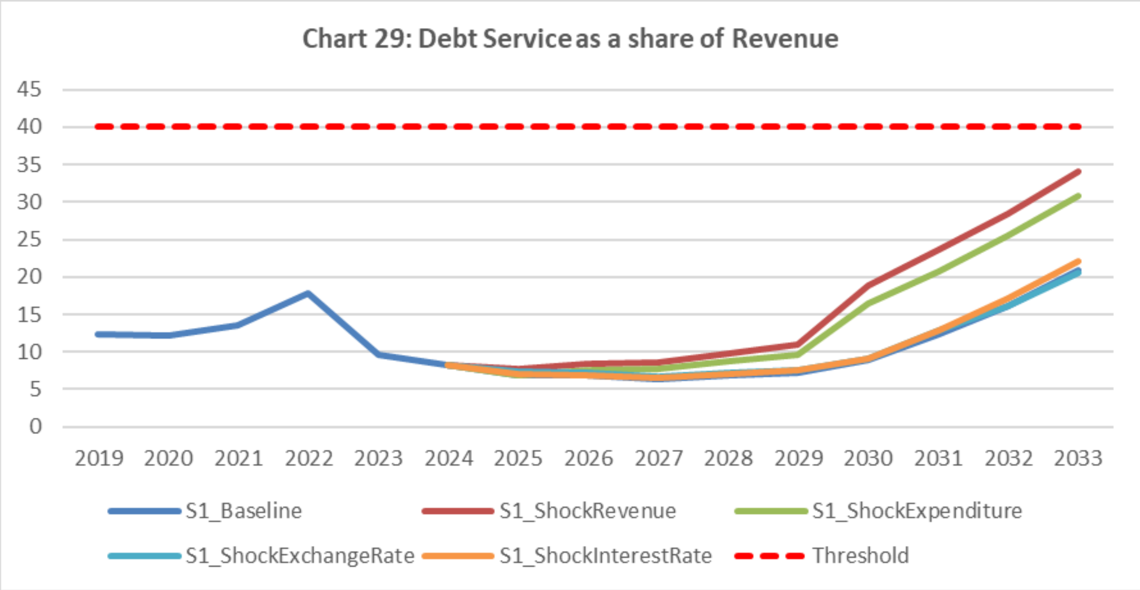
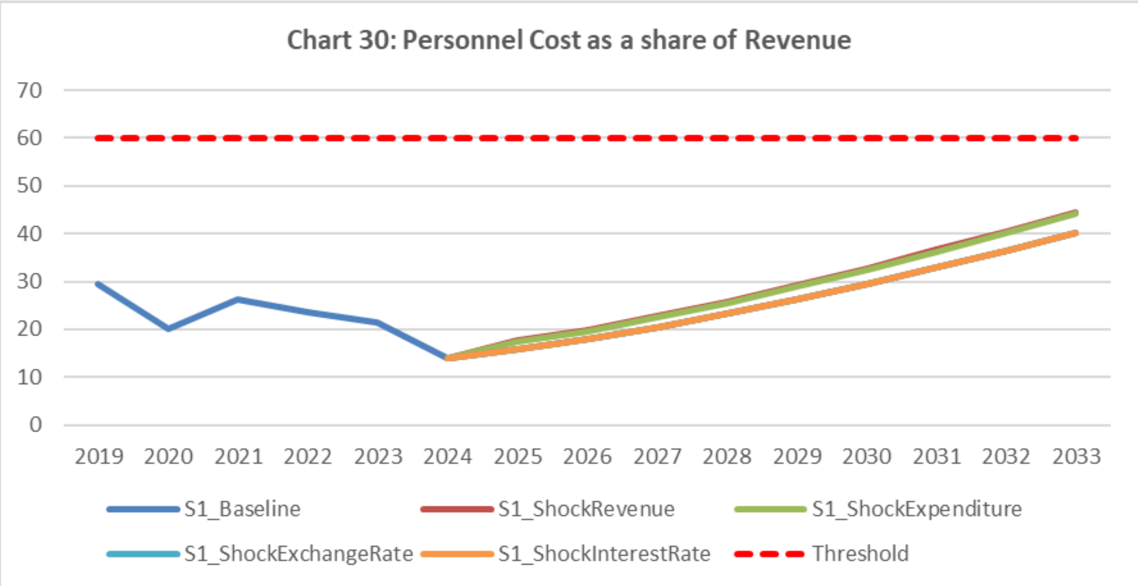


Chart 28: Debt Stock as a share of Revenue
300
250
200
150
100
50
0
2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033
S1_Baseline
S1_ShockRevenue
S1_ShockExpenditure
S1_ShockExchangeRate
S1_ShockInterestRate
Threshold





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

Under the reference strategy, it is anticipated that the State's debt sustainability will experience a moderate deterioration if shocks related to exchange rates and interest rates occur under the baseline debt management approach (referred to as S1). This expected decline is primarily attributed to the occurrence of excessive budget deficits paired with a reduced capacity for repayment, which further strains the fiscal health of the State.

In scenarios where revenue and expenditure shocks materialize, the outlook for debt sustainability under strategy S1 is expected to worsen significantly. Such shocks would likely lead to a notable decline in revenue inflows, thus exacerbating the already precarious financial situation. Over the long term, debt sustainability indicators—such as the debt-to-GDP ratio, fiscal balance, and repayment capacities—are projected to be adversely influenced by these revenue and expenditure fluctuations. The compounding effects of excessive deficits coupled with the diminished capability to meet repayment obligations will create further challenges.

Given this outlook, it is crucial for the State to take proactive measures to bolster the effectiveness and sustainability of all ongoing reforms aimed at enhancing revenue generation. By doing so, the State can better mitigate the potential shocks that may arise, thereby reinforcing its fiscal resilience and ensuring a more stable economic future. Enhancing revenue streams, managing expenditures prudently, and addressing the factors that contribute to debt accumulation will be essential in safeguarding the State's financial health moving forward.

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 (2028) 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 2028 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 2028, then the risk of carrying the reference strategy S1 is 5% points. The cost and Risk are only measured in 2028 for the baseline

5.1 Alternative Borrowing Options

Ekiti State has developed three distinct alternative Debt Management Strategies (DMS): S2, S3, and S4. Each of these strategies presents a unique approach to managing the state's debt and financing needs, reflecting different priorities and risk profiles.

The second alternative, Debt Management Strategy S2, emphasizes the importance of domestic borrowing. This strategy primarily focuses on utilizing domestic debt instruments such as loans from commercial banks, the issuance of bonds, and various forms of domestic financing. The rationale behind this approach is to mitigate the risks associated with foreign debt, which can be influenced by fluctuating exchange rates and other external economic factors. By prioritizing domestic sources of financing, S2 also seeks to bolster the development and sustainability of the local debt markets, encouraging further investment within the state and stimulating economic growth.

Conversely, the third strategy, S3, adopts a more outward-looking perspective toward financing. This strategy specifically centers on external funding avenues, wherein the state seeks to procure loans from international sources. These include concessional loans offered by multilateral organizations such as the World Bank and the African Development Bank, as well as bilateral loans from friendly nations. The appeal of S3 lies in the favourable terms often associated with external financing, which can include lower interest rates and extended repayment periods. This can significantly ease the financial burden on the state's budget, making it an attractive option for funding development projects and initiatives.

The fourth strategy, S4, presents a balanced and integrative approach to debt management. It considers a diverse array of financing instruments to adequately address the state's specific funding requirements. This strategy allows for a tailored approach, enabling the government to fund particular expenses, such as infrastructure development and capital investments, based on the most advantageous financial instruments available. By strategically selecting from both domestic and external sources, S4 aims to optimize cost-effectiveness and reduce overall financial risk.

Additionally, a set of summary tables has been prepared to illustrate the share of proceeds from each funding source under the Reference Debt Management Strategy, as well as the three alternative Debt Management Strategies (S2, S3, and S4). These tables provide a clear comparison of the funding sources and highlight how each strategy allocates financial resources to meet the state's objectives effectively.

Reference Debt Management Strategy (S1)

4.A. Reference Debt Management Strategy S1. Information on Planned Borrowings Creating New Debt (new bonds, new loans, etc.) (See Note 4 in Guidance for Completing Data Request)													
Insert planned Borrowings (new bonds, new loans, etc.) as nominal amounts in Million of local currency or Million of US dollars. Total Planned Borrowings must equal the Gross Borrowing Requirement (calculated by the Template in the Baseline Scenario)													
New Domestic Financing in Million of Local Currency													
Commercial Bank Loans (maturity 1 to 5 years, i	Naira	Million		4,889.0	0.0	0.0	0.0	9,444.3	0.0	19,155.6	0.0	26,998.2	70,622.8
Commercial Bank Loans (maturity 6 years or lon	Naira	Million		1,687.7	2,188.8	0.0	0.0	5,013.6	0.0	13,962.5	31,087.9	0.0	47,393.8
State Bonds (maturity 1 to 5 years)	Naira	Million		0.0	0.0	11,983.9	0.0	0.0	13,092.0	0.0	58,170.6	46,319.4	69,798.3
State Bonds (maturity 6 years or longer)	Naira	Million		0.0	0.0	0.0	6,403.0	0.0	0.0	19,090.0	0.0	52,725.6	56,843.9
Other Domestic Financing	Naira	Million		0.0	0.0	1,438.9	0.0	0.0	0.0	15,331.6	17,777.7	19,121.0	0.0
New External Financing in Million US Dollars													
External Financing - Concessional Loans (e.g., W	US Dollars	Million		0.0	1.8	0.0	7.8	10.1	14.7	9.8	12.8	21.9	32.5
External Financing - Bilateral Loans	US Dollars	Million		0.0	1.9	0.0	4.6	9.6	15.2	8.8	13.9	10.3	29.4
Other External Financing	US Dollars	Million		0.0	1.3	0.0	3.6	6.0	19.9	10.5	14.4	38.2	0.0

First Alternative Debt Management Strategy (S2)

4.B. Alternative Debt Management Strategy S2. Information on Planned Borrowings Creating New Debt (new bonds, new loans, etc.) (See Note 4 in Guidance for Completing Data Request)													
Insert planned Borrowings (new bonds, new loans, etc.) as nominal amounts in Million of local currency or Million of US dollars. Total Planned Borrowings must equal the Gross Borrowing Requirement (calculated by the Template in the Baseline Scenario)													
New Domestic Financing in Million of Local Currency													
Commercial Bank Loans (maturity 1 to 5 years, i	Naira	Million		0.0	0.0	4,801.8	4,778.5	17,256.1	10,494.4	42,819.0	40,984.4	59,999.7	80,130.5
Commercial Bank Loans (maturity 6 years or lon	Naira	Million		0.0	0.0	7,042.0	9,664.6	5,318.9	13,421.6	0.0	41,929.4	49,347.0	70,987.5
State Bonds (maturity 1 to 5 years)	Naira	Million		6,576.7	0.0	0.0	0.0	5,976.8	19,918.3	0.0	48,172.4	59,123.0	69,987.0
State Bonds (maturity 6 years or longer)	Naira	Million		0.0	7,128.9	0.0	0.0	6,976.8	16,166.1	65,259.6	37,103.4	47,659.8	89,762.7
Other Domestic Financing	Naira	Million		0.0	0.0	0.0	7,950.3	8,683.4	15,808.4	13,466.9	11,291.2	53,133.6	83,405.4
New External Financing in Million US Dollars													
External Financing - Concessional Loans (e.g., W	US Dollars	Million		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
External Financing - Bilateral Loans	US Dollars	Million		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other External Financing	US Dollars	Million		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Second Alternative Debt Management Strategy (S3)

4.C. Alternative Debt Management Strategy S3. Information on Planned Borrowings Creating New Debt (new bonds, new loans, etc.) (See Note 4 in Guidance for Completing Data Request)													
Insert planned Borrowings (new bonds, new loans, etc.) as nominal amounts in Million of local currency or Million of US dollars. Total Planned Borrowings must equal the Gross Borrowing Requirement (calculated by the Template in the Baseline Scenario)													
New Domestic Financing in Million of Local Currency													
Commercial Bank Loans (maturity 1 to 5 years, i	Naira	Million		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial Bank Loans (maturity 6 years or lon	Naira	Million		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State Bonds (maturity 1 to 5 years)	Naira	Million		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State Bonds (maturity 6 years or longer)	Naira	Million		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Domestic Financing	Naira	Million		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New External Financing in Million US Dollars													
External Financing - Concessional Loans (e.g., W	US Dollars	Million		2.1	1.8	3.0	5.0	10.9	18.8	28.5	42.0	41.2	81.0
External Financing - Bilateral Loans	US Dollars	Million		1.8	1.7	2.6	5.1	10.9	17.1	27.1	48.5	43.2	78.3
Other External Financing	US Dollars	Million		1.2	1.9	2.9	6.8	9.7	17.0	25.9	28.4	82.5	70.2

Third Alternative Debt Management Strategy (S4)

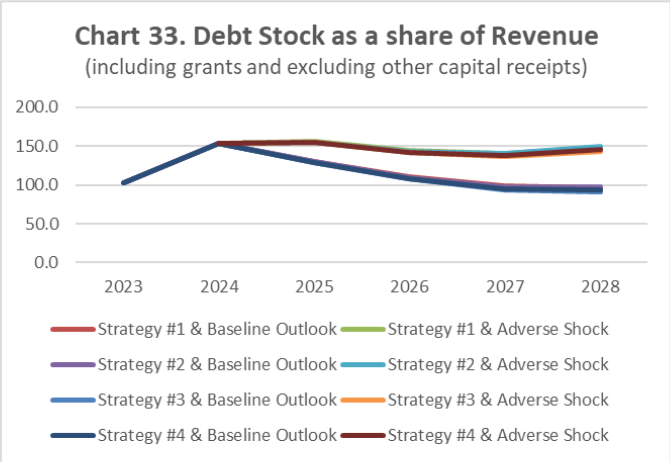
4.D. Alternative Debt Management Strategy S4. Information on Planned Borrowings Creating New Debt (new bonds, new loans, etc.) (See Note 4 in Guidance for Completing Data Request)													
Insert planned Borrowings (new bonds, new loans, etc.) as nominal amounts in Million of local currency or Million of US dollars. Total Planned Borrowings must equal the Gross Borrowing Requirement (calculated by the Template in the Baseline Scenario)													
New Domestic Financing in Million of Local Currency													
Commercial Bank Loans (maturity 1 to 5 years, i	Naira	Million		1,367.7	0.0	0.0	0.0	15,693.7	13,875.0	20,888.9	17,588.7	19,888.8	30,065.3
Commercial Bank Loans (maturity 6 years or lon	Naira	Million		0.0	0.0	0.0	9,409.5	0.0	0.0	12,728.1	18,124.3	18,812.8	48,012.0
State Bonds (maturity 1 to 5 years)	Naira	Million		0.0	0.0	6,057.3	0.0	0.0	11,199.3	14,111.0	21,891.0	19,097.4	26,514.0
State Bonds (maturity 6 years or longer)	Naira	Million		0.0	0.0	0.0	0.0	5,914.1	0.0	13,142.2	19,285.6	18,879.0	34,043.8
Other Domestic Financing	Naira	Million		919.0	1,549.3	0.0	0.0	0.0	15,735.7	9,196.0	5,039.9	19,703.0	12,482.4
New External Financing in Million US Dollars													
External Financing - Concessional Loans (e.g., W	US Dollars	Million		2.3	0.0	1.7	2.5	4.1	8.2	11.2	23.9	45.0	52.2
External Financing - Bilateral Loans	US Dollars	Million		1.0	0.0	1.3	3.9	5.5	5.9	10.5	38.1	48.0	62.9
Other External Financing	US Dollars	Million		0.0	4.5	1.2	2.9	5.9	7.3	12.9	16.7	38.7	43.9

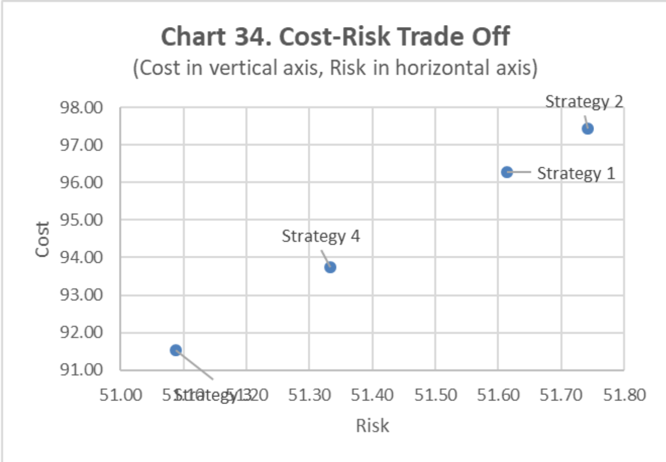
5.2 Debt Management Strategy (DMS) Simulation Results

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 the period 2023 – 2028 all continuously decreased from 103.1% in 2023 to 94.73% on average in 2028.

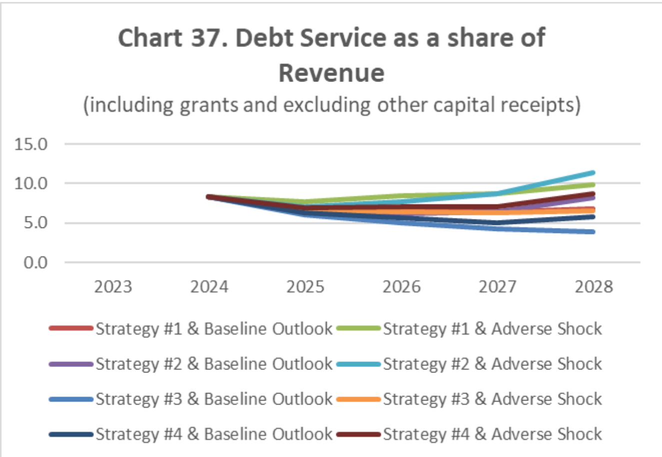


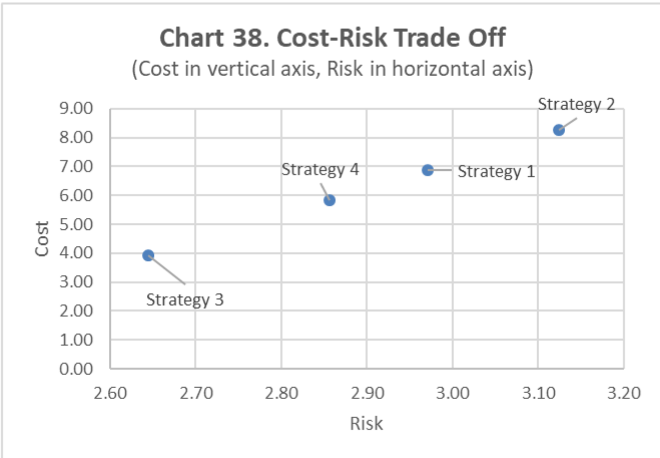


The Cost-Risk Trade-off scatter plot shows the trade-off of the cost and risk for the four DMS. Looking at the chart, the preferred strategy combines the lesser cost coupled with the lesser risk. For the debt/revenue indicator, the **alternative strategy (S3)** is the preferred one since it shows the lesser cost and the lesser risk (91.5% Cost and 51.1% Risk).

5.2.2 Debt Service/Revenue

Under the four strategies, the projected Debt service/Revenue in the Baseline Scenario for the period 2024 – 2028 decreases steadily.

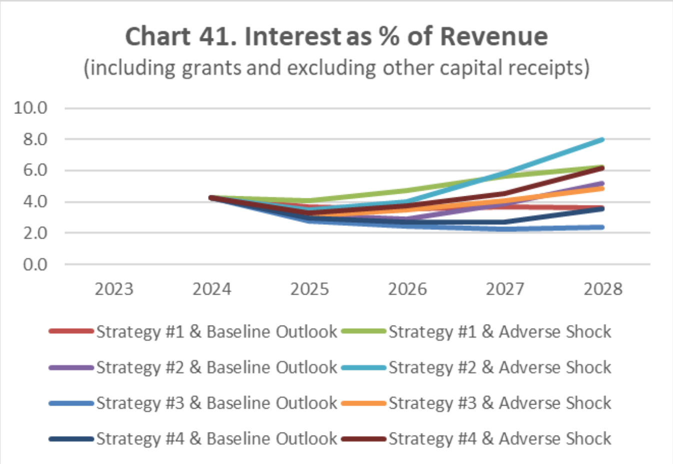




The Cost-Risk Trade-off scatter plot shows the trade-off of the cost and risk for the four DMS. Looking at the chart, the preferred strategy combines the lesser cost coupled with the lesser risk. For the debt service/revenue indicator, the **alternative strategy (S3)** is the preferred one since it shows the lesser cost and the lesser risk (3.9% of Cost and 2.6% of Risk)

5.2.3 Interest/Revenue

Under the four strategies, the projected Interest/Revenue in the Baseline Scenario for the period 2024 – 2028 experienced a decrease on average from 4.3%in 2024 to 3.7% in 2028.



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 coupled with the lesser risk. Like the previous indicators, for the interest/revenue indicator, the **alternative strategy (S3)** is the preferred one since it shows the lesser cost and the lesser risk with a risk of 2.4% and a cost of 2.5%.

5.3 Debt Management Strategy Assessment

The analysis of the cost-risk profile across the four Debt Management Strategies (DMS) indicates that it would be most advantageous for the State to operate under the alternative Strategy 3 (S3). However, while S3 appears to present a potentially beneficial choice, it is essential to recognize the impracticality of the State government increasingly depending on external borrowing at the expense of domestic borrowing. This heightened reliance on foreign debt instruments could lead to significant financial exposure and instability, placing the State in a precarious position should there be fluctuations in the global financial landscape or changes in exchange rates.

Given the fragile state of the country's economy, which is susceptible to various foreign exchange indicators, adopting Strategy 3 (S3) would not be feasible. The existing vulnerabilities could exacerbate financial risks, making it crucial for State officials to weigh the potential hazards of this approach thoroughly before reaching a conclusion on the next steps in their debt management plan.

As a result of these considerations, the State is more inclined to proceed with the Reference Strategy (S1). This strategy effectively encompasses a balanced approach to available financing instruments, taking into account both domestic and foreign sources. A thorough comparison of the performance outcomes of the Reference Strategy (S1) against those of the three alternative strategies (S2, S3, and S4) reveals that S1 outperforms the others across all three key indicators evaluated.

Implementing the Reference Strategy (S1) is expected to lead to improvements in the cost of carrying the State's debt portfolio relative to market risks. However, to maximize these benefits, the State must proactively manage its interest burden and debt-service obligations, ensuring they are kept in check relative to the revenue generated. By doing so, the State can effectively mitigate the potential impacts of currency risk and rollover risk, fostering a more stable financial environment as it navigates its debt management strategies.

2024

		Projection Methodology	Source
Assumptions:			
Economic activity	State GDP (at current prices)	The projections for Ektii State GDP (at current price) is in line with the WBG projections (2024 - 2033)	Debt Management Office, Abuja
Revenue	Revenue		
	1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	The GSA was projected in line with Ekiti State MTEF for period 2024-2026, 11.26% growth rate of national GDP (at current price) was used to estimate for the period 2027-2033	DSA Team, Ministry of Finance. Ekiti State
	1.a. of which Net Statutory Allocation ('net' means of deductions)	Net Statutory Allocation is projected to increase line with the trend of the Gross Statutory Allocation	DSA Team, Ministry of Finance. Ekiti State
	1.b. of which Deductions	The Deductions are to rise in tandem with the growth rate of the Gross Statutory Allocation	DSA Team, Ministry of Finance. Ekiti State
	2. Derivation (if applicable to the State)	Not Applicable	
	3. Other FAAC transfers (exchange rate gain, augmentation, others)	The average of the historical figures is expected to be sustained for the projection period of 2024 to 2033	DSA Team, Ministry of Finance. Ekiti State
	4. VAT Allocation	The State's VAT is estimated based on the available State MTEF for 2024-2026. Thereafter VAT is expected to trend with the growth rate of national GDP (at current price) for the period 2027-2033	DSA Team, Ministry of Finance. Ekiti State
	5. IGR	The IGR for the periods 2024-2026 follow the 3-year State MTEF, the two-year average growth rate (2022-2023) estimate of 35.57% was used to project for the years 2027-2033 to reflect the aggressive growth drive of the State Goverenment	DSA Team, Ministry of Finance. Ekiti State
	6. Capital Receipts	Not Applicable	
	6.a. Grants	Projections for Grants are in line with the State's MTEF for 2024-2026, the average growth rate of the historical figures (2019-2023) of 29.77% was used to project for 2027-2033.	DSA Team, Ministry of Finance. Ekiti State
	6.b. Sales of Government Assets and Privatization Proceeds	Not Applicable	
	6.c. Other Non-Debt Creating Capital Receipts	Not Applicable	

Expenditure	Expenditure		
	1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	The Personnel costs for year 2024 is projected in line with the State MTEF 2024-2026 and thereafter (i.e 2025 - 2033), it is estimated to increase by 30% annually to reflect the recent salary increase due to rise of the minimum wage in Nigeria	DSA Team, Ministry of Finance. Ekiti State
	2. Overhead costs	Projected in line with the State MTEF 2024-2027 and thereafter it is estimated to increase by 5% annually. 5% is the average growth rate of the year 2025-2026 under the MTEF for overhead costs	DSA Team, Ministry of Finance. Ekiti State
	3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	Not Applicable	
	4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)	The average of the historical figures was used as the Projection for Other recurrent Expenditure	DSA Team, Ministry of Finance. Ekiti State
	5. Capital Expenditure	Projected in line with the State MTEF 2024-2026 and thereafter it is estimated to increase by 20% annually. The increase is expected to stimulate the economic growth of the State from 2027-2033	DSA Team, Ministry of Finance. Ekiti State
Closing Cash and Bank Balance	Closing Cash and Bank Balance	The closing cash and bank balance is projected to oscilate between 20% and 25%	DSA Team, Ministry of Finance. Ekiti State

Debt Amotization and Interest Payments	**Debt Outstanding at end-2023**		
	External Debt - amortization and interest	The projection is expected to remain constant over the projection period using the historical average value of $2.5million and $0.6million for amortization and interest rate respectively	DSA Team, Ministry of Finance. Ekiti State
	Domestic Debt - amortization and interest	3-year historical figures (2021-2023) was used to estimate the Contractor Arreas for the period 2024-2032	DSA Team, Ministry of Finance. Ekiti State
	New debt issued/contracted from 2024 onwards		
	New External Financing		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Interest Rate - 8.50%; Maturity - 30 Years; Grace - 4 Years	DSA Team, Ministry of Finance. Ekiti State
	External Financing - Bilateral Loans	Interest Rate - 8.00%; Maturity - 25 Years; Grace - 4 Years	DSA Team, Ministry of Finance. Ekiti State
	Other External Financing	Interest Rate - 8.33.00%; Maturity - 35 Years; Grace - 0 Years	DSA Team, Ministry of Finance. Ekiti State
	New Domestic Financing		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Interest Rate - 35.00%; Maturity - 4 Years; Grace - 1 Year	DSA Team, Ministry of Finance. Ekiti State
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Interest Rate - 33.50%; Maturity - 10 Years; Grace - 2 Years	DSA Team, Ministry of Finance. Ekiti State
	State Bonds (maturity 1 to 5 years)	Interest Rate - 18.50%; Maturity - 5 Years; Grace - 1 Year	DSA Team, Ministry of Finance. Ekiti State
	State Bonds (maturity 6 years or longer)	Interest Rate - 9.75%; Maturity - 15 Years; Grace - 2 Years	DSA Team, Ministry of Finance. Ekiti State
	Other Domestic Financing	Interest Rate - 10.50%; Maturity - 7 Years; Grace - 0 Year	DSA Team, Ministry of Finance. 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 - 8.50%; Maturity - 30 Years; Grace - 4 Years	DSA Team, Ministry of Finance. Ekiti State
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Interest Rate - 8.00%; Maturity - 25 Years; Grace - 4 Years	DSA Team, Ministry of Finance. Ekiti State
	State Bonds (maturity 1 to 5 years)	Interest Rate - 8.33.00%; Maturity - 35 Years; Grace - 0 Years	DSA Team, Ministry of Finance. Ekiti State
	State Bonds (maturity 6 years or longer)		DSA Team, Ministry of Finance. Ekiti State
	Other Domestic Financing	Interest Rate - 35.00%; Maturity - 4 Years; Grace - 1 Year	DSA Team, Ministry of Finance. Ekiti State
	New External Financing in Million US Dollar	Interest Rate - 33.50%; Maturity - 10 Years; Grace - 2 Years	
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Interest Rate - 18.50%; Maturity - 5 Years; Grace - 1 Year	DSA Team, Ministry of Finance. Ekiti State
	External Financing - Bilateral Loans	Interest Rate - 9.75%; Maturity - 15 Years; Grace - 2 Years	DSA Team, Ministry of Finance. Ekiti State
	Other External Financing	Interest Rate - 10.50%; Maturity - 7 Years; Grace - 0 Year	DSA Team, Ministry of Finance. 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 - 8.50%; Maturity - 30 Years; Grace - 4 Years	DSA Team, Ministry of Finance. Ekiti State
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Interest Rate - 8.00%; Maturity - 25 Years; Grace - 4 Years	DSA Team, Ministry of Finance. Ekiti State
	State Bonds (maturity 1 to 5 years)	Interest Rate - 8.33.00%; Maturity - 35 Years; Grace - 0 Years	DSA Team, Ministry of Finance. Ekiti State
	State Bonds (maturity 6 years or longer)		DSA Team, Ministry of Finance. Ekiti State
	Other Domestic Financing	Interest Rate - 35.00%; Maturity - 4 Years; Grace - 1 Year	DSA Team, Ministry of Finance. Ekiti State
	New External Financing in Million US Dollar	Interest Rate - 33.50%; Maturity - 10 Years; Grace - 2 Years	
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Interest Rate - 18.50%; Maturity - 5 Years; Grace - 1 Year	DSA Team, Ministry of Finance. Ekiti State
	External Financing - Bilateral Loans	Interest Rate - 9.75%; Maturity - 15 Years; Grace - 2 Years	DSA Team, Ministry of Finance. Ekiti State
	Other External Financing	Interest Rate - 10.50%; Maturity - 7 Years; Grace - 0 Year	DSA Team, Ministry of Finance. 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 - 8.50%; Maturity - 30 Years; Grace - 4 Years	DSA Team, Ministry of Finance. Ekiti State
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Interest Rate - 8.00%; Maturity - 25 Years; Grace - 4 Years	DSA Team, Ministry of Finance. Ekiti State
	State Bonds (maturity 1 to 5 years)	Interest Rate - 8.33.00%; Maturity - 35 Years; Grace - 0 Years	DSA Team, Ministry of Finance. Ekiti State
	State Bonds (maturity 6 years or longer)		DSA Team, Ministry of Finance. Ekiti State
	Other Domestic Financing	Interest Rate - 35.00%; Maturity - 4 Years; Grace - 1 Year	DSA Team, Ministry of Finance. Ekiti State
	New External Financing in Million US Dollar	Interest Rate - 33.50%; Maturity - 10 Years; Grace - 2 Years	
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Interest Rate - 18.50%; Maturity - 5 Years; Grace - 1 Year	DSA Team, Ministry of Finance. Ekiti State
	External Financing - Bilateral Loans	Interest Rate - 9.75%; Maturity - 15 Years; Grace - 2 Years	DSA Team, Ministry of Finance. Ekiti State
	Other External Financing	Interest Rate - 10.50%; Maturity - 7 Years; Grace - 0 Year	DSA Team, Ministry of Finance. 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 - 8.50%; Maturity - 30 Years; Grace - 4 Years	DSA Team, Ministry of Finance. Ekiti State
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Interest Rate - 8.00%; Maturity - 25 Years; Grace - 4 Years	DSA Team, Ministry of Finance. Ekiti State
	State Bonds (maturity 1 to 5 years)	Interest Rate - 8.33.00%; Maturity - 35 Years; Grace - 0 Years	DSA Team, Ministry of Finance. Ekiti State
	State Bonds (maturity 6 years or longer)		DSA Team, Ministry of Finance. Ekiti State
	Other Domestic Financing	Interest Rate - 35.00%; Maturity - 4 Years; Grace - 1 Year	DSA Team, Ministry of Finance. Ekiti State
	New External Financing in Million US Dollar	Interest Rate - 33.50%; Maturity - 10 Years; Grace - 2 Years	
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Interest Rate - 18.50%; Maturity - 5 Years; Grace - 1 Year	DSA Team, Ministry of Finance. Ekiti State
	External Financing - Bilateral Loans	Interest Rate - 9.75%; Maturity - 15 Years; Grace - 2 Years	DSA Team, Ministry of Finance. Ekiti State
	Other External Financing	Interest Rate - 10.50%; Maturity - 7 Years; Grace - 0 Year	DSA Team, Ministry of Finance. Ekiti State

Indicator	Actuals					Projections									
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
	BASELINE SCENARIO														
Economic Indicators															
State GDP (at current prices)	1,824,238.00	1,977,000.00	2,256,700.00	2,593,644.00	3,004,558.00	3,548,897.00	4,105,612.00	4,668,008.00	5,193,743.00	5,778,688.00	6,429,513.00	7,153,637.00	7,959,315.00	8,855,733.00	9,853,110.00
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	**88,824.00**	**86,952.48**	**96,004.68**	**117,017.20**	**160,330.20**	**179,565.32**	**204,371.08**	**239,963.32**	**279,950.92**	**334,482.84**	**401,193.58**	**487,976.86**	**603,998.21**	**750,630.82**	**939,714.82**
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	36,817.36	30,307.57	31,661.40	33,943.56	28,624.70	89,162.55	104,828.08	124,682.20	138,724.53	154,348.38	171,731.87	191,073.17	212,592.79	236,536.05	263,175.93
1.a. of which Net Statutory Allocation ('net' means of deductions)	28,612.35	22,515.92	17,534.55	17,666.89	14,629.31	45,568.55	53,574.78	63,721.68	70,898.34	78,883.26	87,767.49	97,652.30	108,650.39	120,887.14	134,502.06
1.b. of which Deductions	8,205.01	7,791.66	14,126.88	16,276.67	13,995.40	43,593.99	51,253.30	60,960.52	67,826.20	75,465.12	83,964.38	93,420.87	103,942.40	115,648.91	128,673.87
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)	1,547.41	5,401.84	2,650.80	8,292.68	35,058.01	10,590.10	10,590.10	10,590.10	10,590.10	10,590.10	10,590.10	10,590.10	10,590.10	10,590.10	10,590.10
4. VAT Allocation	11,044.20	13,345.34	19,408.30	22,826.40	31,197.54	38,754.93	49,359.78	61,522.11	68,451.04	76,160.34	84,737.90	94,281.50	104,899.96	116,714.31	129,859.26
5. IGR	16,529.68	10,909.30	17,567.78	24,215.55	32,276.91	18,464.96	19,388.20	20,357.61	27,598.82	37,415.72	50,724.49	68,767.19	93,227.68	126,388.77	171,345.26
6. Capital Receipts	22,885.35	26,988.43	24,716.40	27,739.00	33,173.04	22,592.79	20,204.91	22,811.29	34,586.43	55,968.30	83,409.22	123,264.89	182,687.68	260,401.59	364,744.28
6.a. Grants	16,011.01	12,756.34	6,190.69	14,661.71	22,587.15	16,016.13	12,016.13	9,388.47	12,183.42	15,810.42	20,517.18	26,625.14	34,551.44	44,837.40	58,185.49
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.)	6,874.35	14,232.09	18,525.70	13,077.29	10,585.89	6,576.67	8,188.78	13,422.82	22,403.01	40,157.87	62,892.04	96,639.75	148,136.24	215,564.19	306,558.79
Expenditure	**85,100.07**	**85,845.72**	**104,435.36**	**115,373.87**	**130,610.75**	**169,636.77**	**191,960.39**	**224,449.96**	**264,437.56**	**315,866.81**	**378,854.34**	**461,169.77**	**571,829.70**	**712,028.62**	**893,392.18**
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	24,055.06	14,684.57	20,423.02	24,478.67	32,201.21	23,923.22	31,100.18	40,430.24	52,559.31	68,327.10	88,825.23	115,472.80	150,114.64	195,149.03	253,693.74
2. Overhead costs	34,871.72	14,785.90	16,892.77	36,995.00	34,736.48	29,615.94	31,096.73	32,651.57	34,284.15	35,998.36	37,798.27	39,688.19	41,672.60	43,756.23	45,944.04
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	6,087.57	4,172.32	5,942.69	14,781.50	5,766.11	7,397.60	7,213.33	8,098.09	9,522.99	10,656.63	16,447.78	22,228.87	37,519.06	60,916.38	86,881.46
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted from FAAC Allocation)	0.00	857.53	587.77	4,653.20	558.16	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	6,087.57	3,314.79	5,354.92	10,128.30	5,207.95	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	18,079.52	16,964.54	0.00	12,659.21	9,540.70	9,540.70	9,540.70	9,540.70	9,540.70	9,540.70	9,540.70	9,540.70	9,540.70	9,540.70
5. Capital Expenditure	16,640.86	29,963.52	40,061.59	31,593.30	37,683.70	92,187.61	106,625.24	126,238.23	151,485.88	181,783.05	218,139.66	261,767.59	314,121.11	376,945.33	452,334.40
6. Amortization (principal) payments	3,444.87	4,159.87	4,150.76	7,525.40	7,564.04	6,971.71	6,384.21	7,491.13	7,044.54	9,560.97	8,102.70	12,471.63	18,861.59	25,720.94	44,997.84
Budget Balance (' + ' means surplus, ' - ' means deficit)	**3,723.93**	**1,106.76**	**-8,430.68**	**1,643.50**	**29,719.45**	**9,928.55**	**12,410.69**	**15,513.36**	**15,513.36**	**18,616.03**	**22,339.24**	**26,807.09**	**32,168.50**	**38,602.21**	**46,322.65**
Opening Cash and Bank Balance	**11,951.24**	**15,675.15**	**16,781.91**	**8,351.20**	**9,994.75**	**39,714.20**	**49,642.75**	**62,053.44**	**77,566.80**	**93,080.16**	**111,696.20**	**134,035.43**	**160,842.52**	**193,011.03**	**231,613.23**
Closing Cash and Bank Balance	**15,675.17**	**16,781.91**	**8,351.23**	**9,994.80**	**39,714.20**	**49,642.75**	**62,053.44**	**77,566.80**	**93,080.16**	**111,696.20**	**134,035.43**	**160,842.52**	**193,011.03**	**231,613.23**	**277,935.88**

Financing Needs and Sources (Million Naira)															
Financing Needs						**6,576.67**	**8,188.78**	**13,422.82**	**22,403.01**	**40,157.87**	**62,892.04**	**96,639.75**	**148,136.24**	**215,564.19**	**306,558.79**
i. Primary balance						17,721.19	17,819.44	17,679.76	9,677.88	-1,324.24	-16,002.32	-35,132.17	-59,587.08	-90,324.66	-128,356.84
ii. Debt service						14,369.31	13,597.53	15,589.22	16,567.53	20,217.60	24,550.48	34,700.49	56,380.65	86,637.32	131,879.30
Amortizations						6,971.71	6,384.21	7,491.13	7,044.54	9,560.97	8,102.70	12,471.63	18,861.59	25,720.94	44,997.84
Interests						7,397.60	7,213.33	8,098.09	9,522.99	10,656.63	16,447.78	22,228.87	37,519.06	60,916.38	86,881.46
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)						9,928.55	12,410.69	15,513.36	15,513.36	18,616.03	22,339.24	26,807.09	32,168.50	38,602.21	46,322.65
Financing Sources						**6,576.67**	**8,188.78**	**13,422.82**	**22,403.01**	**40,157.87**	**62,892.04**	**96,639.75**	**148,136.24**	**215,564.19**	**306,558.79**
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						6,576.67	8,188.78	13,422.82	22,403.01	40,157.87	62,892.04	96,639.75	148,136.24	215,564.19	306,558.79
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)						4,889.00	0.00	0.00	0.00	9,444.30	0.00	19,155.60	0.00	26,998.20	70,622.80
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)						1,687.70	2,188.80	0.00	0.00	5,013.60	0.00	13,962.50	31,087.90	0.00	47,393.80
State Bonds (maturity 1 to 5 years)						0.00	0.00	11,983.90	0.00	0.00	13,092.00	0.00	58,170.60	46,319.40	69,798.30
State Bonds (maturity 6 years or longer)						0.00	0.00	0.00	6,403.00	0.00	0.00	19,090.00	0.00	52,725.60	56,843.90
Other Domestic Financing						0.00	0.00	1,438.90	0.00	0.00	0.00	15,331.60	17,777.70	19,121.00	0.00
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)						0.00	2,160.00	0.00	7,800.00	10,100.00	14,700.00	9,800.00	12,800.00	21,900.00	32,500.00
External Financing - Bilateral Loans						0.00	2,280.00	0.00	4,600.00	9,600.00	15,200.00	8,800.00	13,900.00	10,300.00	29,400.00
Other External Financing						0.00	1,560.00	0.00	3,600.00	6,000.00	19,900.00	10,500.00	14,400.00	38,200.00	0.00
Residual Financing						-0.03	-0.02	0.02	0.01	-0.03	0.04	0.05	0.04	-0.01	-0.01
Debt Stocks and Flows (Million Naira)															
Debt (stock)	**104,788.80**	**115,691.85**	**143,356.17**	**151,393.26**	**154,394.47**	**265,485.56**	**255,435.24**	**249,262.03**	**252,769.31**	**283,366.22**	**338,155.56**	**422,323.68**	**551,598.33**	**741,441.57**	**1,003,002.52**
External	26,070.91	31,495.98	36,963.90	34,421.99	45,877.57	154,113.70	145,258.80	130,363.04	131,974.71	155,034.71	202,023.29	227,583.58	264,843.87	330,473.69	385,666.47
Domestic	78,717.89	84,195.87	106,392.27	116,971.27	108,516.90	111,371.86	110,176.44	118,898.98	120,794.60	128,331.50	136,132.27	194,740.10	286,754.45	410,967.88	617,336.05
Gross borrowing (flow)						**6,576.67**	**8,188.78**	**13,422.82**	**22,403.01**	**40,157.87**	**62,892.04**	**96,639.75**	**148,136.24**	**215,564.19**	**306,558.79**
External						0.00	6,000.00	0.00	16,000.00	25,700.00	49,800.00	29,100.00	41,100.00	70,400.00	61,900.00
Domestic						6,576.67	2,188.78	13,422.82	6,403.01	14,457.87	13,092.04	67,539.75	107,036.24	145,164.19	244,658.79
Amortizations (flow)	**5,240.15**	**5,390.75**	**5,292.50**	**8,206.70**	**8,829.14**	**6,971.71**	**6,384.21**	**7,491.13**	**7,044.54**	**9,560.97**	**8,102.70**	**12,471.63**	**18,861.59**	**25,720.94**	**44,997.84**
External	726.92	886.78	725.51	805.49	750.80	3,250.00	3,000.00	2,790.86	2,537.14	2,640.00	2,811.43	3,539.71	3,839.71	4,770.18	6,707.22
Domestic	4,513.23	4,503.97	4,566.98	7,401.21	8,078.34	3,721.71	3,384.21	4,700.27	4,507.39	6,920.97	5,291.27	8,931.92	15,021.89	20,950.76	38,290.62
Interests (flow)	**4,817.54**	**3,528.84**	**5,222.95**	**10,359.48**	**5,579.79**	**7,397.60**	**7,213.33**	**8,098.09**	**9,522.99**	**10,656.63**	**16,447.78**	**22,228.87**	**37,519.06**	**60,916.38**	**86,881.46**
External	183.21	214.05	214.55	231.22	133.62	780.00	720.00	1,114.62	1,010.20	2,337.98	4,452.62	8,549.85	10,875.07	14,163.17	19,842.02
Domestic	4,634.33	3,314.79	5,008.40	10,128.26	5,446.17	6,617.60	6,493.33	6,983.47	8,512.80	8,318.65	11,995.16	13,679.02	26,643.99	46,753.21	67,039.44
Net borrowing (gross borrowing minus amortizations)						**-395.04**	**1,804.57**	**5,931.69**	**15,358.47**	**30,596.91**	**54,789.34**	**84,168.12**	**129,274.64**	**189,843.25**	**261,560.95**
External						-3,250.00	3,000.00	-2,790.86	13,462.86	23,060.00	46,988.57	25,560.29	37,260.29	65,629.82	55,192.78
Domestic						2,854.96	-1,195.43	8,722.55	1,895.61	7,536.91	7,800.77	58,607.83	92,014.35	124,213.43	206,368.17
Debt and Debt-Service Indicators															
Debt Stock as % of SGDP	**5.74**	**5.85**	**6.35**	**5.84**	**5.14**	**7.48**	**6.22**	**5.34**	**4.87**	**4.90**	**5.26**	**5.90**	**6.93**	**8.37**	**10.18**
Debt Stock as % of Revenue (including grants and excluding other capital receipts)	**127.87**	**159.09**	**185.03**	**145.65**	**103.11**	**153.47**	**130.20**	**110.03**	**98.14**	**96.28**	**99.96**	**107.92**	**121.00**	**138.57**	**158.41**
Debt Service as % of SGDP						**0.40**	**0.33**	**0.33**	**0.32**	**0.35**	**0.38**	**0.49**	**0.71**	**0.98**	**1.34**
Debt Service as % of Revenue (including grants and excluding other capital receipts)						**8.31**	**6.93**	**6.88**	**6.43**	**6.87**	**7.26**	**8.87**	**12.37**	**16.19**	**20.83**
Interest as % of SGDP						**0.21**	**0.18**	**0.17**	**0.18**	**0.18**	**0.26**	**0.31**	**0.47**	**0.69**	**0.88**
Interest as % of Revenue (including grants and excluding other capital receipts)						**4.28**	**3.68**	**3.57**	**3.70**	**3.62**	**4.86**	**5.68**	**8.23**	**11.38**	**13.72**
Personnel Cost as % of Revenue (including grants and excluding other capital receipts)						**13.83**	**15.85**	**17.85**	**20.41**	**23.21**	**26.26**	**29.51**	**32.93**	**36.47**	**40.07**

EKITI STATE TECHNICAL TEAM

a.	**Mrs. Lucy B. Bamisile**	**Director, State Finances, Ministry of Finance and Economic Development**
b.	**Mrs Olanike Ilori**	**Office of the Accountant-General**
c.	**Mr. Mathew A. Olagoke**	**Head, Ekiti State Debt Management Unit**
d.	**Mr. Taye T. Adelusi**	**Program Manager, SABER, Ekiti State.**

AKINTUNDE OYEBODE

HON. COMMISSIONER

MINISTRY OF FINANCE, EKITI STATE

25th December, 2024