

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



**DECEMBER, 2024.**

**Contents**

1.0 INTRODUCTION.....2

2.0 KWARA STATE FISCAL AND DEBT FRAMEWORK.....3

3.0 REVENUE, EXPENDITURE, FISCAL AND DEBT PERFORMANCE, 2018-2022.....6

4.0 DEBT SUSTAINABILITY ANALYSIS .....10

5.0 DEBT MANAGEMENT STRATEGY.....18

ANNEXURES I .....21

ANNEXURES II.....22

LIST OF PARTICIPANTS .....23

## **1.0 INTRODUCTION**

### **1.1 Background**

Kwara State Debt Sustainability Analysis (DSA, 2024) analyses trends and patterns in the State's public finances during the period 2019-2023, and evaluates the ability of the State to sustain its debt in the long term (2024-2033). The analysis highlights recent trends in revenue, expenditure, and public debt, and the related policies adopted by the State. A debt sustainability assessment conducted by Kwara State Technical Team appraised recent revenue, expenditure, State Public Debt trends, and related policies adopted by the State Government, including shocks scenario and sensitivity analysis in order to evaluate the prospective performance of the State's public finances.

The main objective of the debt strategy is to ensure that the government's financing needs, and payment obligations are met at the lowest possible cost, consistent with a prudent degree of risk and conform to the State fiscal policy. The goal is to assist the State Government in striking a balance between the State's program execution and new borrowing by utilizing recent trends in the State's public finances.

### **1.2 SUMMARY OF FINDINGS**

During the review period, the full removal of the oil subsidy significantly increased the State's revenue share from the Federation Account Allocation Committee (FAAC). The State's also demonstrates a sustainable debt position supported by strong Internally Generated Revenue (IGR) performance, driven by recent tax administration reforms, effective control of recurrent expenditure growth, and a low public debt level.

The Kwara Internally Generated Revenue Service (KWIRS) continues to improve through automation, recruitment of skilled personnel, deployment of advanced technology, and the introduction of a harmonized billing system. A major milestone was the abolition of Joint Association Collection Tax from trade unions, replaced by individual tax collection which boosted IGR. Additionally, the State enacted new laws, including the tax Administration Law and the Land Use Charge Administration Law and established and strengthened Revenue Area Offices across the sixteen Local Government Areas (LGA's). Other initiatives include the computerization of Ministries, Department and Agencies (MDAs) and the adaptation of cashless transactions in State Government Hospitals.

The State has also invested in key capital projects, such as the Garment Factory, Modern Innovation Hub, International Conference Center couple with Construction of Flyovers to ease the movement within the metropolis and construction of many roads across the State. Based on economic forecasts and prudent revenue and expenditure policies, the long-term public debt outlook remains sustainable despite current macroeconomic challenges.

During the period under review, the State exhibits a clear, solid and sustainable debt position. A solid debt position results from the State's strong performance in terms of mobilizing IGR consequent upon the successful tax administration reforms carried out in the recent past, its control of recurrent expenditure growth and its low level of public debt. The State's revenue institution (Kwara Internal Revenue Service-KWIRS) has consistently improved and extended its automation with more competent personnel to follow the State's vision with the deployment of up-to-date technology as well as introduction of harmonized billing system. Also worthy of mention is the enactment of new Tax Administration Law, Land Use Charge Administration Law (Kw-GIS), introduction of Area Offices in all the 16 LGAs and computerization of all MDAs and introduction of cashless transactions in State Government Hospitals, and execution of some

capital projects which include Garment Factory, Modern Innovation Hub, International Conference Center and International Visual Arts Center to mention but few. Given the State own forecasts for the economy and reasonable assumptions concerning the State revenue and expenditure policies going forward, the long-term outlook for the public debt is adjudged sustainable despite current macroeconomic fluctuations.

The State pursues prudent debt management strategy, and reasonable cost of carrying debt and an admissible exposure to risks. A prudent debt management strategy emerges from the State reliance on a mix of sources of finance; these include external concessional loans and domestic low-cost financing. Given the State's 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 of the State.

## **2.0 KWARA STATE FISCAL AND DEBT FRAMEWORK**

### **2.1 Fiscal (Revenue and Expenditure) Reforms in the last 3 to 5 years:**

The State continue to consolidate on the fiscal reform that took place in the recent past (2016). A new Revenue Consolidation Law that supersedes the consolidated revenue codes, resolution approved and finally passed by the State House of Assembly in 2022 by the State House of Assembly. The State is currently expanding the infrastructural support needed for effective performance of the State Revenue Agency through the construction of the ongoing revenue building. Consequent upon the reform and autonomous status granted to revenue agency, the collective/group tax payment system by the traders and business owners was also recently abolished and a new system of individual business owner tax assessment and payment system was introduced, this becomes necessary in order to establish a fair play and objective revenue drive in the State and standardizing revenue charges to reflect current realities.

In addition to many other initiatives towards aggressive driving of revenue is the establishment of Kwara State Resident Registration Agency (KWASRRA) , which has commence registration of all resident in the state, beginning with the State civil servant The State is also working hard towards pension system reform.

## **2.2 Kwara State approved 2024 Budget and Medium Term expenditure Frame work MTEF, 2023-2025**

### **2.2.1 Approved 2024 Budget**

The State 2024 Budget was prepared amidst an uncertain and challenging global and domestic environment due to the persistent rising cost, exchange rate volatility insecurity, envisaged macroeconomic instability due to continuous rise in the local price of fuel since the subsidy removal and other factors resulting from global economic crises; unstable oil prices and heightened global economic uncertainty have had important implications for our economy. In addition to this is the externality effects of unending Russian-Ukrainian war and general unrest in the middle east as a result of escalating war between Israel and neighboring middle east countries such as Palestine, Lebanon etc, which has distorted the global economy with is attendant consequence on global economy.

Based on the foregoing fiscal assumptions and parameters, the Kwara State total revenue estimate approved for 2024 Budget is ₦289.941 billion. This includes Internally Generated Revenue, Statutory Allocation, Value Added Tax, Other Statutory Revenue, Grants, Opening Balance, Domestic Loans, Foreign Loans and Sales of Government Assets. An aggregate expenditure of ₦328.105 billion was approved in the

same year 2024. The 2024 proposed Expenditure comprises, Debt Servicing (Interest and Amortization) of ₦61.474 billion, other Recurrent Expenditure of ₦17.122 billion, and Capital Expenditure of ₦110.443 billion, respectively.

2.2.2 Indicative Three-Year Fiscal Framework The indicative four year fiscal framework for the period 2024-2027 is presented in the table below

**Kwara State Medium Term Fiscal Framework 2024-2027**

Macro-Economic Framework

Items	2024	2025	2026	2027
National Inflation	32.1%	28.19%	22.96%	22.44%
National Real GDP Growth	3.2%	3.4%	3.62%	3.62%
Oil Production Benchmark (MBPD)	1.430	1.7800	2,000	2,100
Oil Price Benchmark	\$71/b	\$73/b	\$72/b	\$79/b
NGN:USD Exchange Rate	1300	1200	1100	1000
Other Assumptions				
Mineral Ratio	36%	36%	36%	
<b>Recurrent Revenue</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Statutory Allocation	145,083.10	152,192.17	163,802.2	175,223.26
Net Derivation				
VAT	57,151.500	59,957.92	64,328.41	69,024.39
IGR	272,434.62	287,889.91	308,921.03	335,488.52
<b>Total Recurrent Revenue</b>	<b>474,669.22</b>	<b>500,040.00</b>	<b>537,051.64</b>	<b>579,736.17</b>
Personnel	59,358.38	74,197.98	75,756.13	77,347.02
Overheads	41,497.74	46,023.22	46,989.7	47,976.49
Social Contribution and Social Benefits				
Special Programmes				
Grants and Contributions				
Public Debt Charge	9,795.12	9,736.10	9,935.45	10,144.10
Transfer to Local Government	1,835.98	2,153.79	2,199.02	2,245.10
Transfer to Internal Revenue Services	2,259.33	2,505.60	2,558.21	2,611.94
<b>Total</b>	<b>13,890.43</b>	<b>14,395.49</b>	<b>14,692.68</b>	<b>15,001.14</b>
Transfer to Capital Account	114,748.56	134,611.68	137,438.53	140,324.74
Capital Receipts	191,686.06	205,539.73	227,738.02	253,333.72
Grants	10,625.11	11,582.83	12,833.82	14,219.87
Other Capital Receipts				
<b>Transfer to OSOPADEC</b>				
Reserves	34,000.00	52,261.09	56,255.50	61,169.94
Contingency Reserve				
Planning Reserve	16,571.75	14,782.00	7,391.00	
<b>Total Reserves</b>	<b>351,059.73</b>	<b>403,995.33</b>	<b>434,265.87</b>	<b>469,048.27</b>
<b>Capital Expenditure</b>	<b>170,171.19</b>	<b>239,606.99</b>	<b>265,484.55</b>	<b>294,156.88</b>
Discretionary Funds				
Non-Discretionary Funds				
<b>Financing</b>	<b>20,121.52</b>	<b>22,484.39</b>	<b>24,912.71</b>	<b>27,603.28</b>
<b>Total Budget Size</b>	<b>337,181.25</b>	<b>374,218.68</b>	<b>402,923.08</b>	<b>434,481.62</b>
<b>Ratios</b>				
Growth in Recurrent Revenue	57.1%	5.37%	6.8%	6.8%
Growth in Recurrent Expenditure	21.85%	14.76%	7.06%	7.06%
Capital Expenditure Ratio	50.47%	64.03%	65.89%	67.7%
Deficit to Total Expenditure	5.96	6.01	6.18	6.35

*Note: The DSA-MTDS report is based on the exchange rate of N1,300.00 US \$1 from the national Medium-Term Expenditure Framework (MTEF) prepared in 2024 which was reviewed alongside other macro-economic indicators to reflect current economic realities.*

### **2.2.2 Key objectives of Approved 2024 Budget**

- i. To resuscitate the state economy through investment in infrastructure
- ii **To reduce** poverty, improve food security and livelihood support to the poor and vulnerable households in the State.
- iii To reduce cost of Governance through institutional reform and ensure enhanced funding toward capital investment that can further stimulate economic growth.
- iv To significantly reduce youth unemployment through direct jobs creation, public works, SMEs support and entrepreneurship development.
- v. To provide a more conducive business friendly and secured environment for investors through provisions of socio-economic development for enhance productivity in the State economy.
- vi. To expand productive based of the State economy through increased agricultural value chain and improved industrial development effort.
- vii. To improve standard of living and peoples welfare through implementation of new minimum wages

### **2.2.3 Medium Term Policy Objective and Target**

The overall medium term objectives are:

- i. Rebuilding infrastructure and human capacity development through upgrading and rehabilitation of educational facilities in the State and providing conducive learning environment with competitive facilities across public schools in the State.
- ii. Driving industrialization through promotion of Nano, Small and Medium scale enterprises
- iii. Promote health delivery, hygienic water supply and general sanitation.
- iv. Strengthen public-private partnership arrangement to promote investment and growth driven economic activities.
- v. Ensure sustainable social protection initiatives with focus on the poor and vulnerable.
- vi. Creation of job in Agribusiness through infrastructural support, and provision of agricultural inputs (through social investment drive) and machineries.

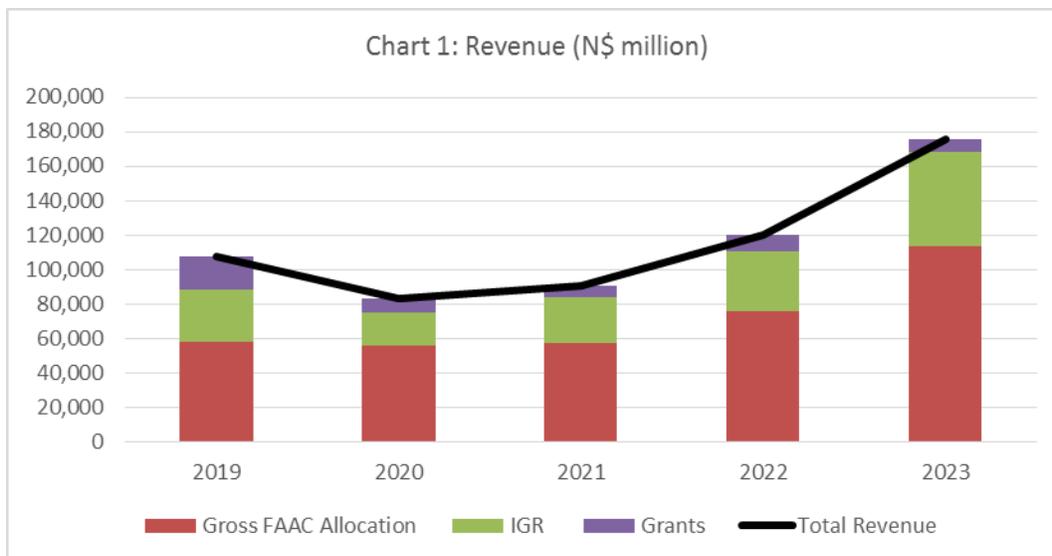
### 3.0 REVENUE, EXPENDITURE, FISCAL AND DEBT PERFORMANCE, 2019-2023

#### 3.1 Revenue

The State's Revenue stood at N176.007 billion in 2023 compared to N119.926 billion in the 2022, which represent an increase of N56.081 billion or 47 percent. The Revenue has shown improvement from 2019-2023 resulting to an increase in the financial resources to the real sector of the economy and effective implementation of economic policies and programs in the State. The Gross FAAC allocation that comprises the statutory allocation, VAT among others increased from ₦75.901 billion in 2022 to ₦113.499 billion in 2023 which shows a rise of ₦37.598 billion or 49.5 percent, the increases was as a result of improved economic activities consequent upon removal of fuel subsidy in 2023.

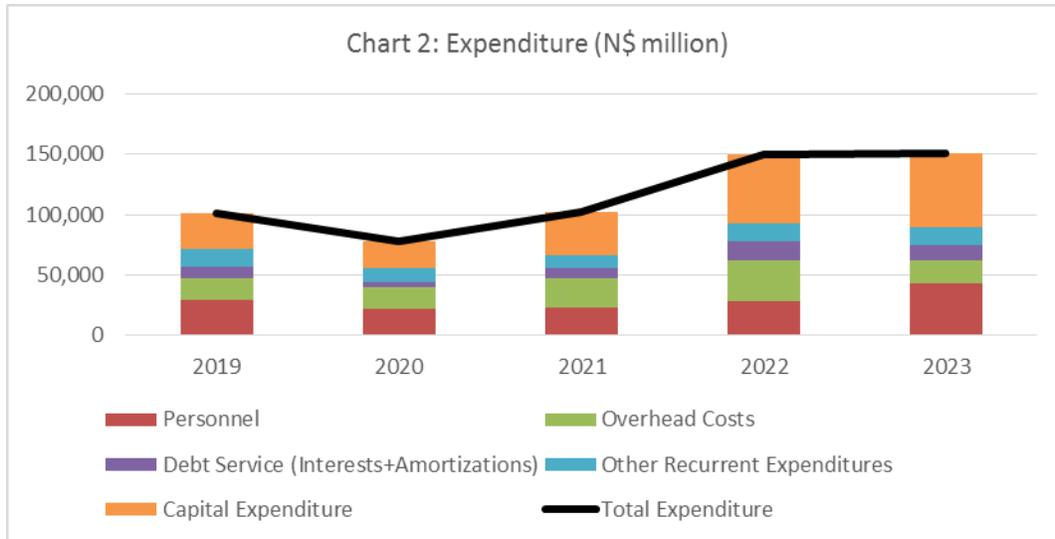
The State's Internally Generated Revenue (IGR) shows a growth during the period under review, the IGR shows a significant growth from ₦35.006 billion in 2022 to ₦ 54,907 billion in 2023 but declined in 2020 to ₦ 19,624 billion and later rise again in 2021 to ₦26.670 the percentage growth of revenue from 2021 to 2022 translates to ₦8.336 billion which is 31.3%. The improvement in IGR can be attributed to tax administration reforms. These reforms covered legal, institutional and operational frameworks. Along the line, several reforms activities were instituted to strengthen the IGR collection which serves as bedrock for other reforms. New Revenue Administration Law was passed among other things, to consolidate State revenue code covering all State IGR sources. Revenue sources were expanded to include Introduction of Land Use Charge and all revenue leakages were blocked through automation processes.

	2019	2020	2021	2022	2023
Total Revenue	107,859	83,256	90,922	119,926	176,007
Gross FAAC Allocation	57,821	55,632	57,043	75,901	113,499
IGR	30,637	19,624	26,670	35,006	54,907
Grants	19,400	8,000	7,209	9,019	7,600



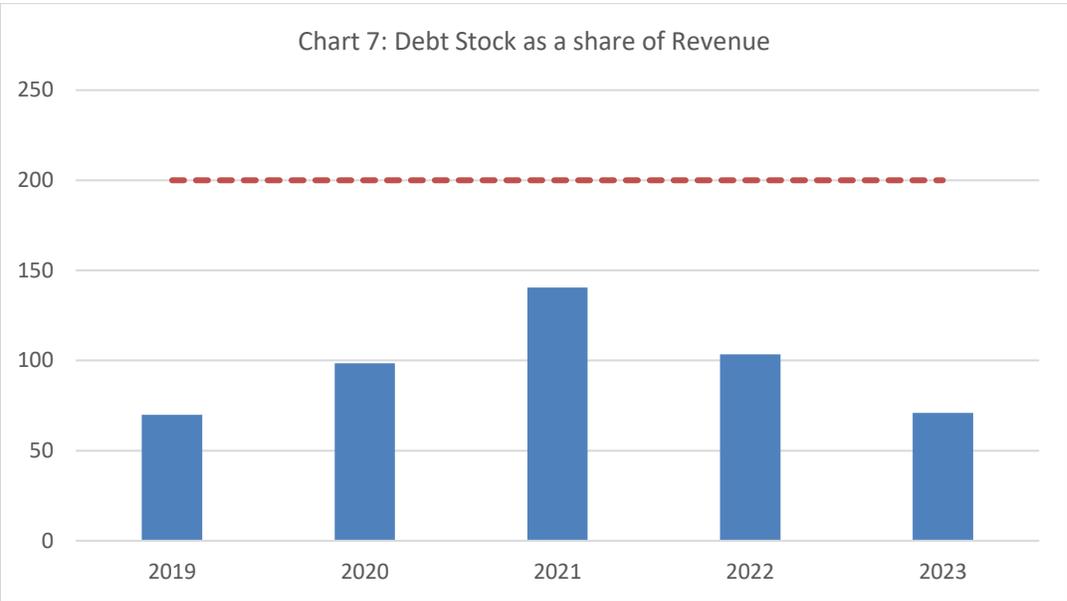
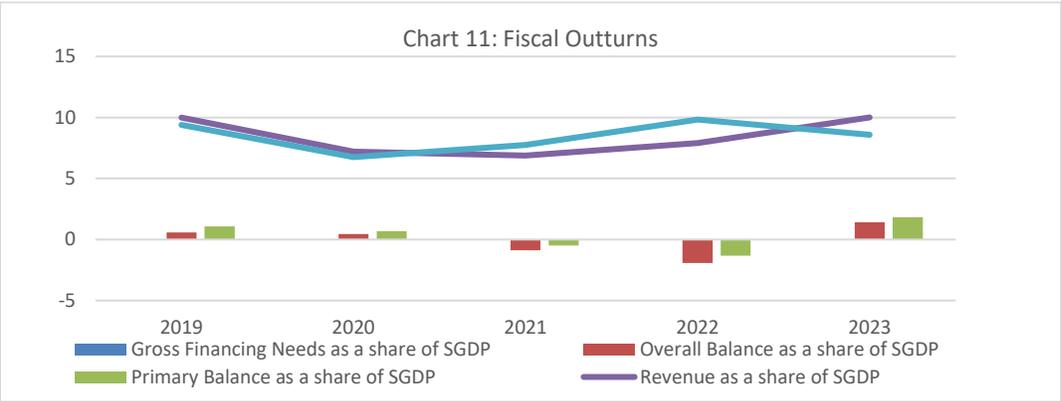
### 3.2 Expenditure Performance

The State Total Expenditure includes Capital expenditure, Personnel Costs, Overhead costs, other recurrent expenditure, and Debt Service (interest payment and principal repayment). In 2023 the State total expenditure amounted to ₦150.926 billion compared to ₦101.474 billion as at end December 2019 which represents an increase of ₦49.452 billion or 48.7 percent. The personnel cost stood at ₦29,531



billion in 2019, ₦22,025 billion in 2020, ₦22,682 billion in 2021, ₦28,166 billion in 2022 and ₦43,345 in 2023 respectively. The overhead costs stood at ₦34,302 billion in 2022 compared to ₦18.886 billion in 2023. Capital expenditure amounted to ₦61.035 billion in 2023, ₦56,463 billion in 2022, ₦35.909 in 2021, ₦22,579 billion in 2020 and ₦29,879 billion in 2019 respectively. The Total Debt Service that comprises the interest payments and principal repayment stood at ₦12.175 billion as at end December 2023 compared to ₦8,761 billion as at December 2019.

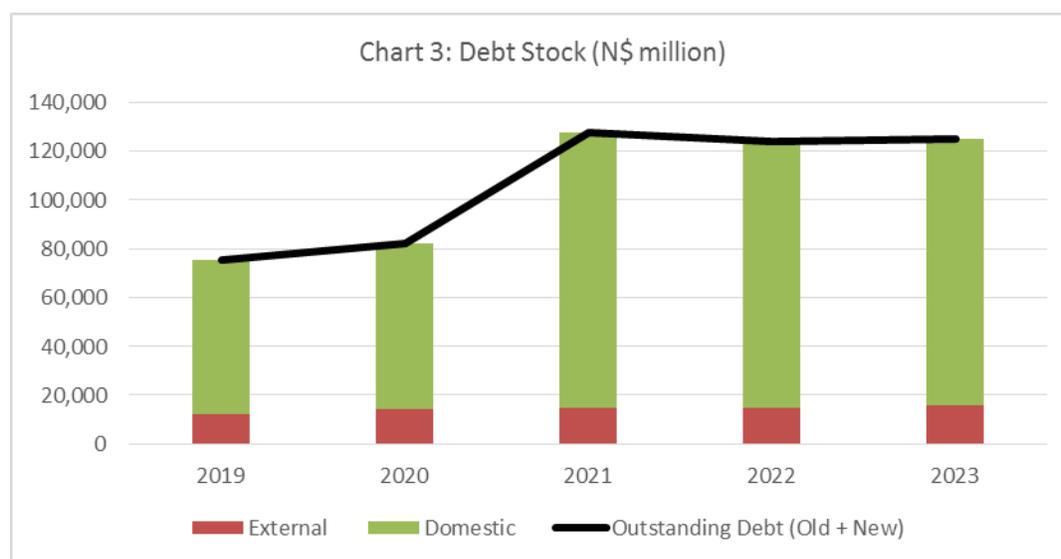
	Figures in Billion				
	2019	2020	2021	2022	2023
Total Expenditure	101,474	78,175	102,473	149,283	150,926
Personnel	29,531	22,025	22,682	28,166	43,345
Overhead Costs	18,129	17,505	24,326	34,302	18,886
Debt Service (interest+Amortization)	8,761	4,508	8,567	15,130	12,175
Other Recurrent Expenditure	15,175	11,558	10,988	15,222	15,484
Capital Expenditure	29,879	22,579	35,909	56,463	61,035



### 3.3 STATE DEBT PORTFOLIO, 2019 - 2023

The total State's Debt stock amounted to ₦124.815 billion as at end December 2023 compared to ₦124.019 billion as at end December 2022, representing slightly increase of ₦796 million or 0.64 percent. The increase in the Total Debt Stock was reflected in both Domestic and External debt stock; while External Debt Stock increased from ₦14.637 billion in 2022 to ₦15.653 billion in 2023, the Domestic Debt Stock slightly decline from ₦109.382 billion in 2022 to ₦109,163 billion in 2023.

	Figures in Billion				
	2019	2020	2021	2022	2023
Outstanding Debt (Old+New)	75,300	81,932	127,753	124,019	124,815
External	11,925	14,403	14,988	14,637	15,653
Domestic	63,375	67,530	112,765	109,382	109,163



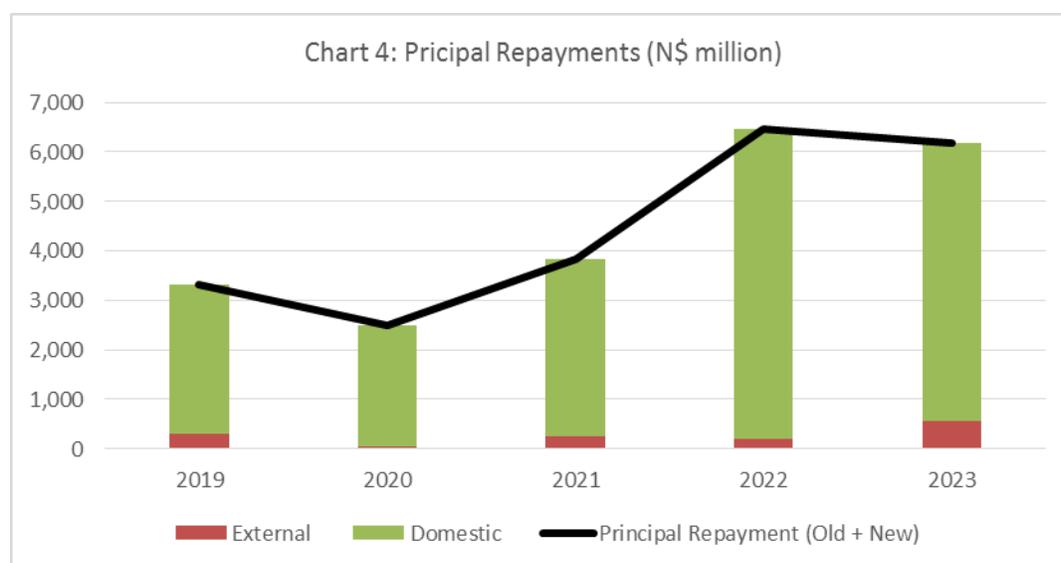
any additional facility in 2022. Chart 3: shows a sharp increase in Domestic Debt Stock from ₦67.530 billion in 2020 to ₦112.764.8 billion in 2021 which is due to additional debt incurred through Capitalization of Interest on Budget Support Facility, procurement of Bridging Facility and State Bond issuance and a slight decline in 2022 to ₦109.382 billion while decline recorded in 2022 was due to consistent and prompt repayments and fiscal prudence exhibited by the State by not procuring additional facilities

Kwara State Debt Portfolio as at the end of 2023 consists of external debt ₦15.653 billion which is 12.54% and Domestic debt of ₦109.163 billion which is 87.46% respectively. The State holds a medium cost and medium risk debt portfolio. With respect to interest repayment on the State public debt in 2023, domestic interest repayment constitute 56.9%, while interest repayment on external loan stood at 43.1% of the state total interest repayment. The State debt portfolio is minimally exposed to interest rate risks but more exposed to currency risks. However, exposure to currency fluctuations can be considered limited because the foreign currency–denominated loans are only 12.54 percent of total debt stock in 2023. Most of the loans in the State debt portfolio are not fixed-rate obligations, thus affected by changes in interest rates. A large portion of these loans have maturities ranging from 5 to 25 years and include financing from

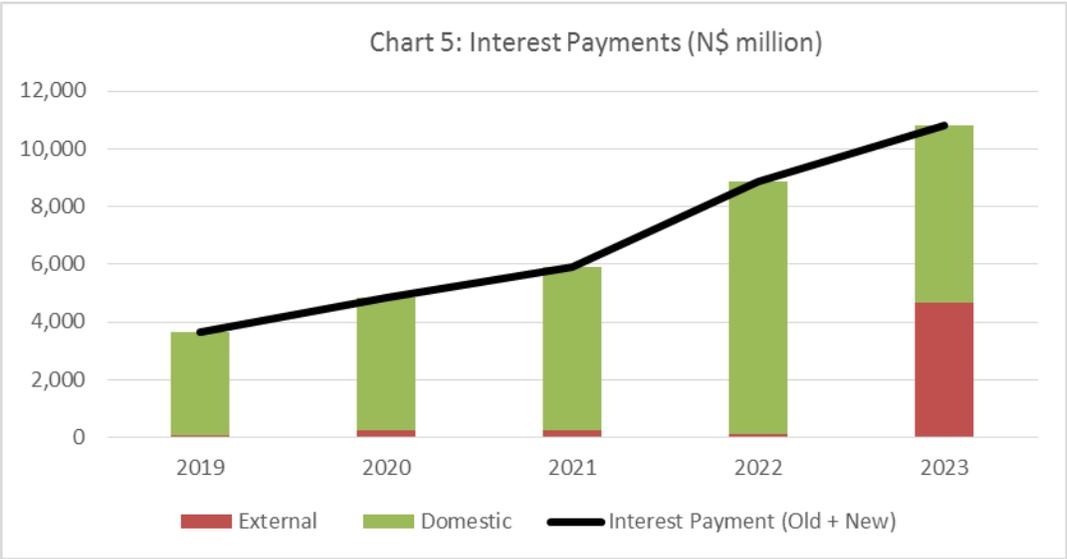
the Federal Government and Multilateral organizations. Therefore, rollover/refinancing risk associated with potential deterioration of domestic financial conditions is reasonably negligible.

Kwara State Debt Service amounted to ₦6.981 billion, ₦7.318 billion, ₦9.743 billion ₦15.331 billion and ₦16.987 for, 2019, 2020, 2021, 2022 and 2023 respectively. The principal repayment stood at ₦6.173 billion in 2023 compared to ₦3.306 billion in 2019. The interest repayment amounted to ₦10.814 billion in 2023 compared to ₦3.675 billion in 2019. The principal repayments and Interest Payment made were on both External Debt and Domestic Debt (see Chart 4 and 5).

	2019	2020	2021	2022	2023
Principal Repayment (Old+New)	3,306	2,486	3,822	6,455	6,173
External	304	55	245	196	557
Domestic	3,002	2,431	3,577	6,260	5,616



	Figures in Billion				
	2019	2020	2021	2022	2023
Interest Payment (Old+New)	3,675	4,833	5,921	8,876	10,814
External	89	266	273	98	4,662
Domestic	3,586	4,567	5,648	8,778	6,152



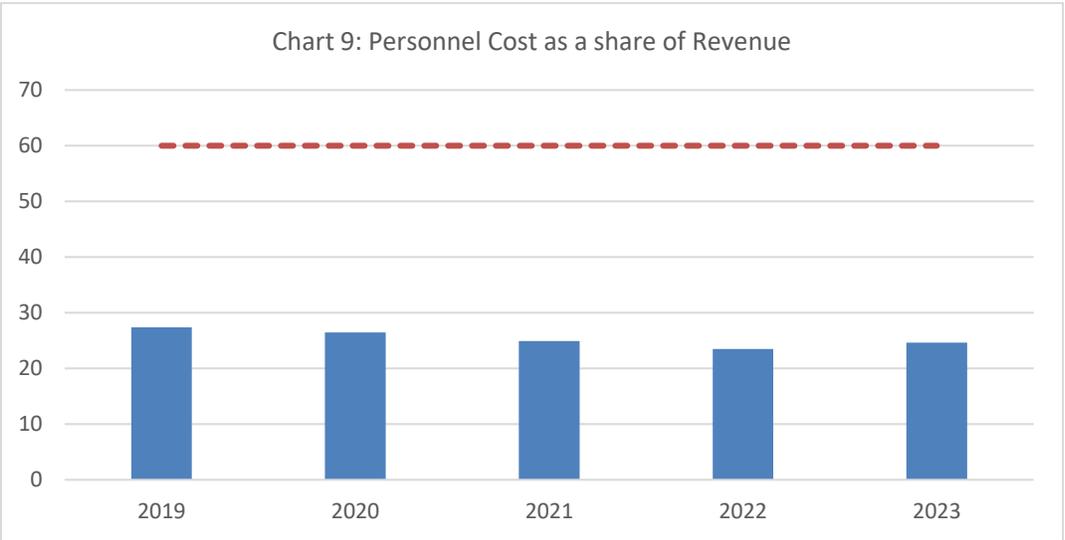
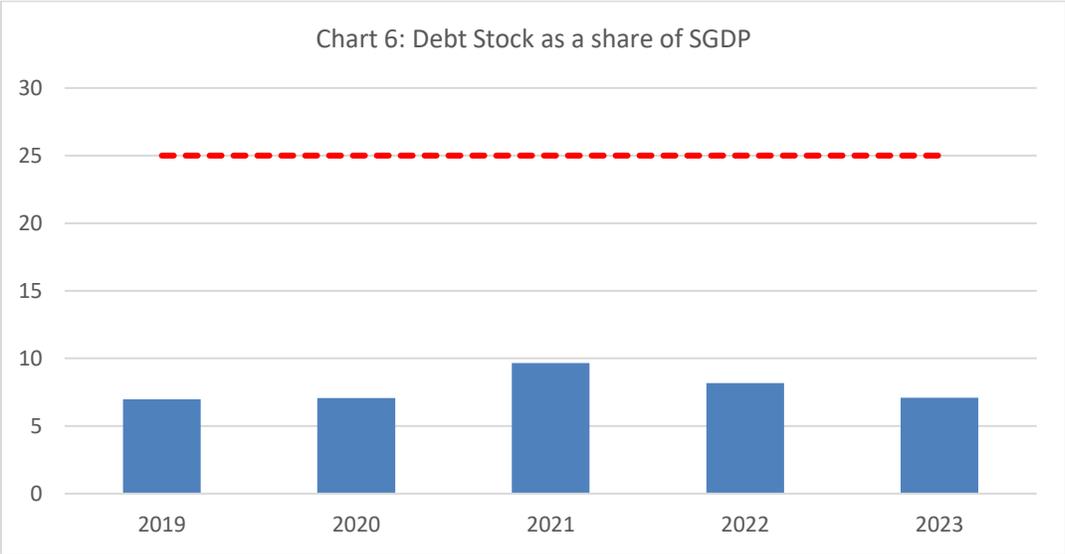
**4.0 DEBT SUSTAINABILITY ANALYSIS**

A debt sustainability analysis (DSA) assesses how a state or nation’s current level of debt and prospective borrowing affects or impacts its present and future ability to meet future debt service obligations. It is a consensus that a key factor for achieving external and domestic debt sustainability is macroeconomic stability. The concept of debt sustainability refers to the ability of the Government to honor its future financial obligations as at when due. Since policies and institutions governing spending and taxation largely determine such obligations, debt sustainability ultimately refers to the ability of the government to maintain sound fiscal policies over time without having to introduce major budgetary or debt adjustments in the future. Conversely, fiscal policies are deemed unsustainable when they lead to excessive accumulation of public debt, which could eventually cause the government to take action to address the unwanted consequences of a heavy debt burden. Government therefore should endeavor to strike a balance between revenue and expenditure, so that any debt incurred will not impact negatively on the State, thereby leading to serious financial crises.

**KWARA STATE DEBT SUSTAINABILITY ANALYSIS**

Chart 4.0.1 shows the State Debt as a percentage of GDP (with indicative threshold of 25%). The sustainability position of the State’s total debt portfolio in the Fiscal block shows a relatively galloping trend in the historical years i.e from 2019 – 2023 (although still much below the threshold), then a stable trend from 2024-2026 and a gradually ascending pattern set in from 2027 – 2033, these trend notwithstanding all variables are well within the threshold (except the debt service over revenue in 2031 and 2033 which is slightly above the threshold) insinuating room for additional further borrowing under the right condition in the short to medium term period. Based on this, the State’s GDP have potentials for growth and can comfortably accommodate the State’s debt stock, with minimal effect on the State economy. Chart 4.0.2 and Chart 4.0.4 shows the debt as a percentage of revenue and personnel cost as a percentage of revenue; all are below the threshold throughout the historical period and even the projection period i.e from 2019-2033. Various reforms embarked upon by the State Government seem to be yielding results. Chart 4.0.3 debt service as a percentage of revenue goes beyond the threshold in year 2031 and 2033 which indicates that the state debt profile would no longer be sustainable in the projection years mentioned above given the status quo. Debt service as a percentage of gross FAAC allocation

(without any indicative threshold) estimated to increase from 15% in 2023 to 30% in 2024 and experienced slight reduction to 26% in 2025 and then increase to 56% in 2033. Interest payment as a percentage of revenue has its minimum value of 3% in 2019, grew to 6% in 2023 and projected to grow to its maximum value of 27% in 2031. Looking at the External Debt service as a percentage of revenue, the maximum exposure of the state revenue towards external debt shows that the external debt of the state has its maximum value in the year 2024 as 6% while it continues to fluctuate throughout the projection years from 5% and below. This indicates that external debt service of the state consumes an average of 0% to 6% throughout the historical years and the projection years.



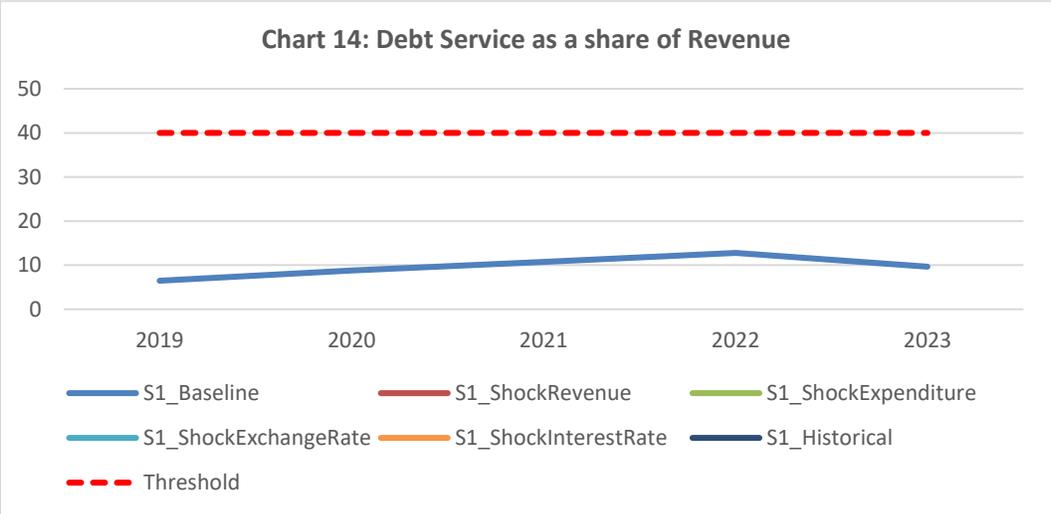
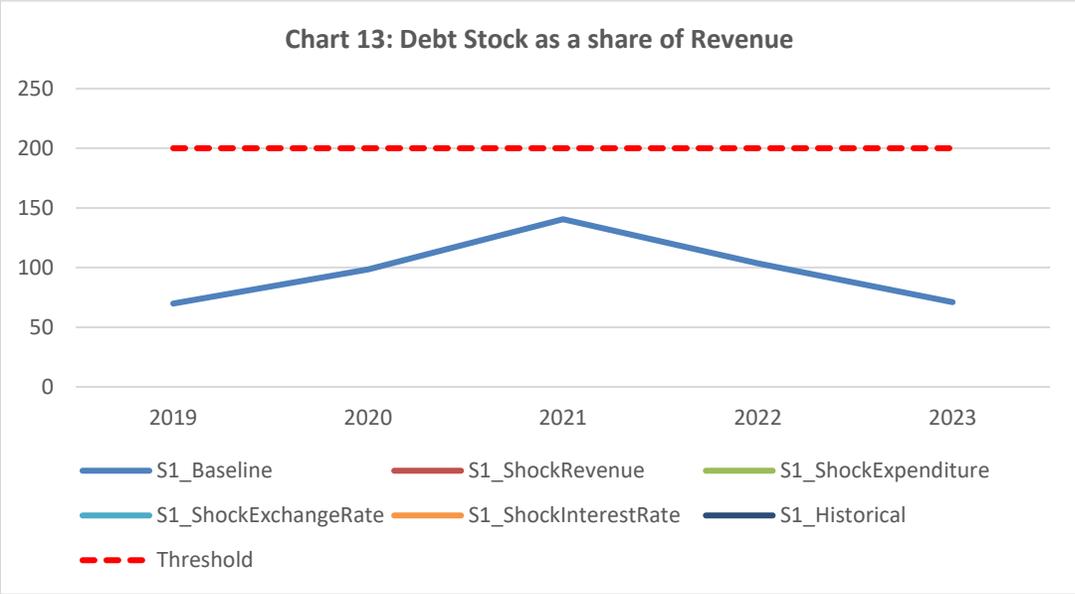
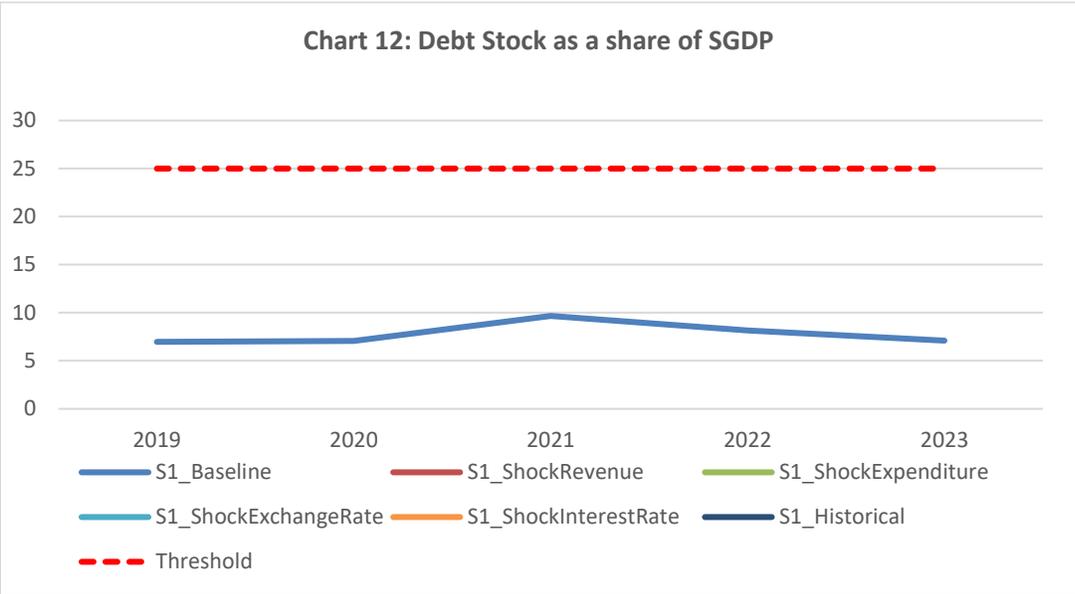
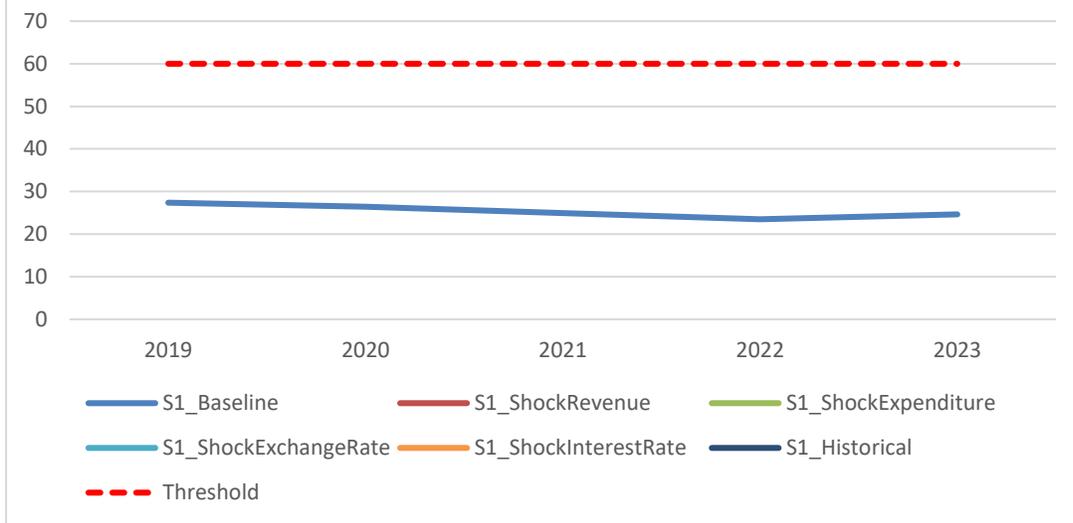


Chart 15: Personnel Cost as a share of Revenue



4.0.1	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Debt as % of GDP	7	7	10	8	7	9	9	9	10	11	11	12	13	14	15
Threshold	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25

4.0.2	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Debt as % of Reven.	70	98	141	103	71	64	87	86	98	108	121	138	149	146	160
Threshold	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200

4.0.3	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Debt Service as % of Revenue	6	9	11	13	10	21	17	23	33	28	31	34	45	36	41
Threshold	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40

4.0.4	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Personnel Cost as % of Revenue	27	26	25	23	25	37	53	44	42	40	48	48	43	37	41
Threshold	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60

4.0.5	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Debt Service as % of Gross FAAC Allocation	12	13	17	20	15	30	26	34	48	40	45	50	66	50	56
Interest as % of Revenue	3	6	7	7	6	7	14	16	19	16	16	22	27	20	26
External	0	0	1	0	3	6	4	3	4	5	4	5	4	5	4

#### 4.1 MEDIUM-TERM BUDGET FORECAST

Debt sustainability analysis of the State is predicated on the continuous effort of the government to improve the revenue generation from ₦63.733 billion in year 2024 to ₦101.150 billion in 2033. The economy is expected to gradually improve from year 2023 to 2024, with real GDP expanding at an average annual rate of 3.2% and 3.4% respectively while the average annual rate of other projections years are stable at 3.6%. Oil Revenue is projected base on FGN macro-economic indicators and 82.8% revenue distributable to States as indicated in the FGN MTEF 2024-2027, the moderate recovery will be supported by economic growth through diversification and increase share of VAT. The tax administration reforms adopted by the State Government is expected to boost resources inflow from IGR, as well as numerous projects embarked upon by the government such as Garment Industry, ICT Hub, Visual Art Centre and Virtual Farm are expected to boost industrial and agricultural production in the State and consequently impact positively on the State economy. With this, the IGR is expected to grow from ₦63.733 billion in 2024 to ₦101.150 billion in 2033. All these measures notwithstanding, the state has projected to borrow the sum of N38.164 Billion, N104.870 Billion and N87.048 Billion in the years, 2024, 2025 and 2026 respectively to bridge the fiscal gap that exist in the state MTEF 2023-2027.

#### KWARA STATE DEBT BURDEN INDICATORS AS AT END-2023

Indicators	Threshold	Ratio
Debt as % of GDP	25%	7
Debt as % of Revenue	200%	71
Debt Service as % of Revenue	40%	10
Personnel Cost as % of Revenue	60%	25
Debt Service as % of FAAC Allocation	Nil	15
Interest Payment as % of Revenue	Nil	6
External Debt Service as % of Revenue	Nil	3

The State has reformed its Tax Administration to improve its IGR in order to sustain its debt. These reforms include; enactment of new administration law, Land Use charge administration law (Kw-GIS), introduction of Area Offices in all the 16 LGAs and computerization of all MDAs and introduction of cashless transactions in State Government Hospitals, reformation of our Road Taxes Department to be self-dependent, introduction of Corporate Planning Department, which has Research, Planning and Budgeting for effective and improve IGR for the state. With these, the IGR is expected to grow from N54.907 billion in 2023 to N 101.150 billion in 2033.

#### 4.2 **BORROWING OPTIONS**

The State Government intends to finance its new borrowings from 2024 – 2033 through a combination of financing instrument such as Commercial bank loans (maturity 1 to 5 years) with an average of 35.0% interest rate, commercial bank loans (maturity 6 years above) at 30.0% interest rate, state bonds (maturity 1-5 years) 25.0%, state bond (maturity 6 years and above) at 20.0% and other domestic financing instrument of not more than 17.0% with 7 years maturity, over projection period.

External Borrowing - Terms (Interest rate, maturity and Grace Period): External borrowing targeted at some specific sector of the economy are consider as an ideal borrowing option although not without its disadvantage of currency exchange rate risk.

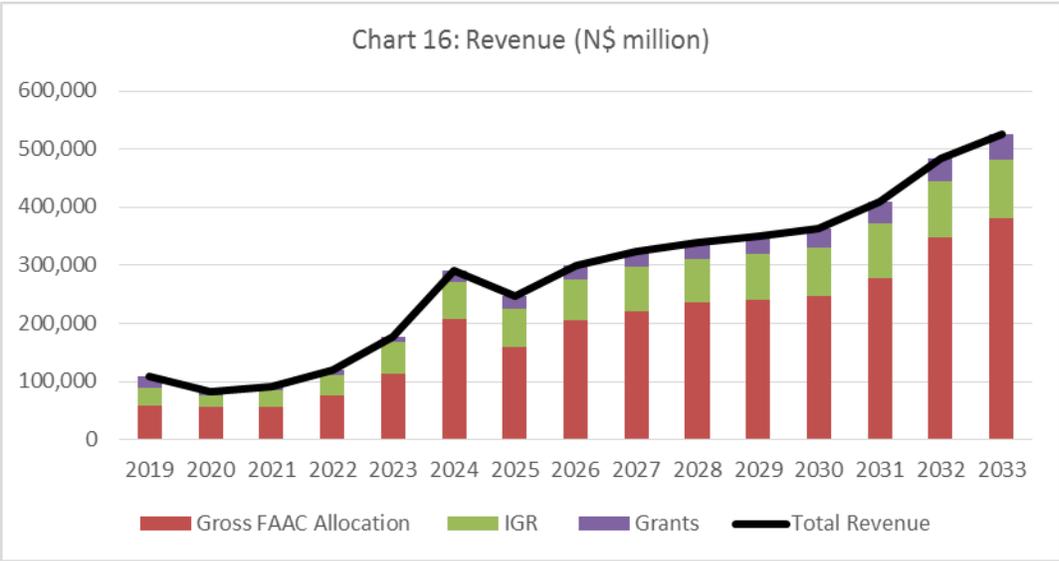
#### 4.3 **DSA SIMULATION RESULTS**

Recent shocks necessitated the urgent need to significantly diversify and improve government revenues and reduce the current heavy dependence on oil revenue sources. The State Government remains committed to using innovative ways to raise the revenues required to finance its expenditure and diversify its revenue sources. The medium-term target is to improve upon the Revenue-to-GDP ratio, improved revenue collections will also enable Government to deliver public services more effectively and consequently enhance infrastructure investment, and improve investment in human capital.

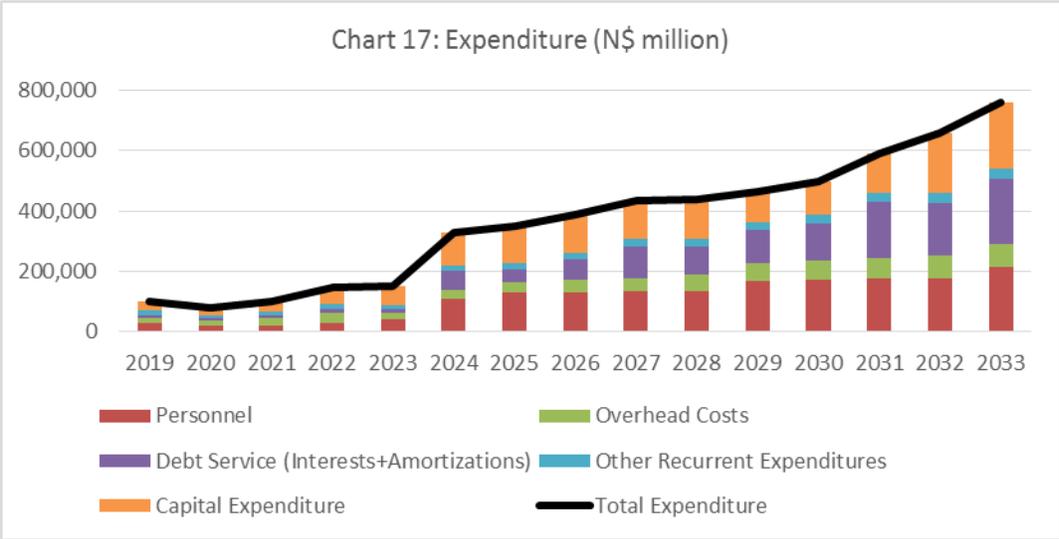
The State Total Revenue (including grants and excluding other capital receipts) is projected to increase from ₦176.007 billion in 2023 to ₦526.455 billion in 2033, representing an increase of ₦350.448 billion or 65.57% percent over the projection period. Gross FAAC Allocation projected to grow from ₦113.499 billion in 2023 to ₦381.192 billion in 2033, translating to an expected increase of ₦267.693 billion or 235.8% percent. The increase is as a result of other revenue from FAAC such as Signature Bonus, Flood Intervention, Goods Value and Infrastructure Support Fund. However, these new revenue items may not necessarily re-occur regularly in subsequent years.

The Grants is projected to grow from ₦7.600 billion in 2023 to ₦44.113 billion in 2033. The projections were sourced from the Approved 2024 Budget; MTEF, 2022-2025; 2024-2033 projections as estimated by the Ministry of Planning Economic Development.

The Internally Generated Revenue (IGR) system will be further strengthened over the medium term by improving collection efficiency, enhancing compliance, and reorganizing the business practices of revenue generating MDAs in the State as well as employing appropriate technology. In addition, efforts will be made to drag more businesses in the informal sector into the tax net. IGR is estimated to grow by ₦37.417 billion (from ₦63.733 billion in 2024 to ₦101.150 billion in 2033), over the projection period.

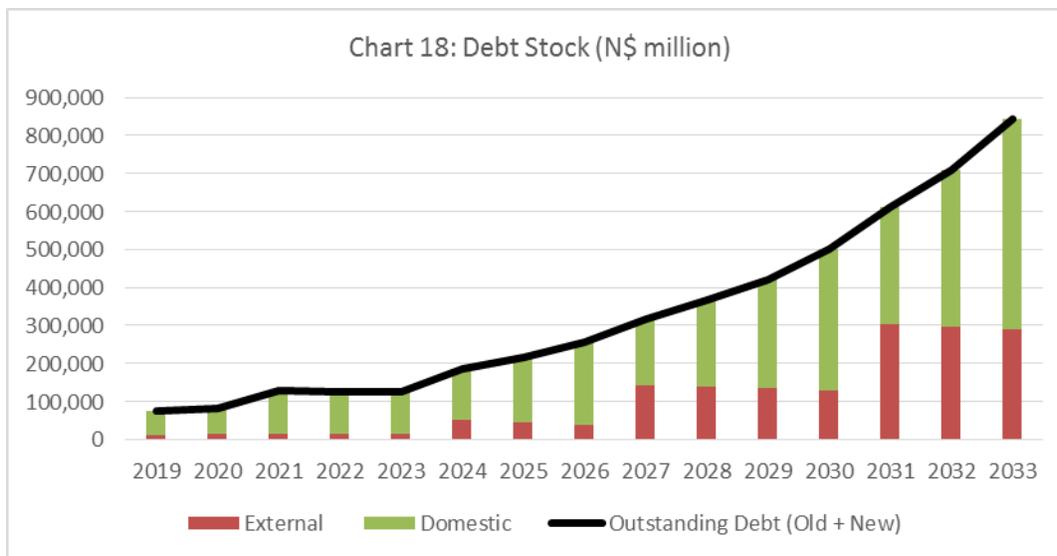


Total expenditure projection for 2024 is ₦328.105 billion, in 2025 ₦351.174 billion, in 2026 ₦385.976 billion, in 2027 ₦432.010 billion in 2028 ₦436.710 billion in 2029 ₦462.765 billion in 2030 ₦495.457 billion in 2031 ₦587.834 billion in 2032 ₦657.846 billion and in 2033 ₦759.022 billion, indicating stability in the State growth and recovery effort. Other Recurrent Expenditures estimated to increase from ₦17.122 billion in 2024 to ₦34.051 billion in 2033. Overhead cost to increase from ₦30.760 billion in 2024 to ₦76.905 billion in 2033, and Debt Service expected to grow from ₦61.474 billion in 2024 to ₦214.373 billion in 2034. Capital Expenditure estimated to increase over the projection period from ₦110.443 billion in 2024, ₦125.150 billion in 2025, ₦129.351 billion in 2028 and ₦220.452 billion in 2033, respectively, other variables projected to increase throughout the projection period except debt servicing which decrease to ₦41.523 in 2025 and decrease to ₦94.003 in 2028 as provided in the Approved 2024 Budget; MTEF, 2022-2025; 2024-2033 projections as estimated by the Ministry of Planning & Economic Development.



As a result of the State’s modest increase in GDP, gradual improvement in IGR, increase in Personnel, Overhead costs, and Capital Expenditure. The projected expenditure is expected to increase gradually. The State’s Debt Stock is estimated to increase from ₦184.150 billion in 2024 to ₦844.407 billion in 2033,

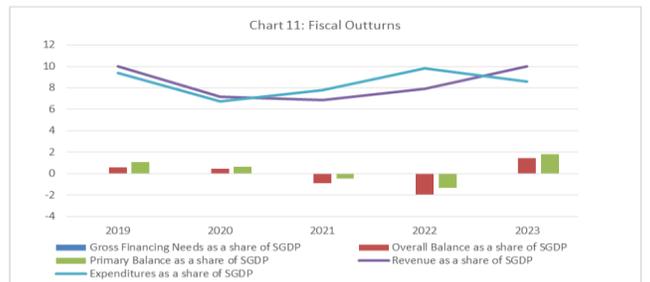
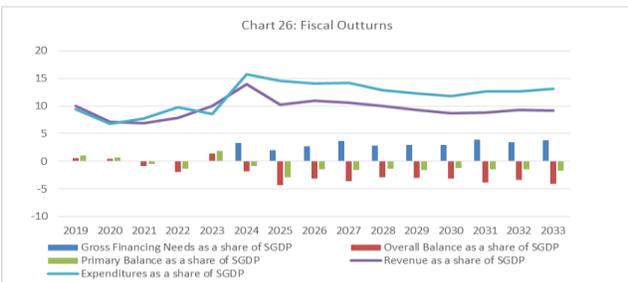
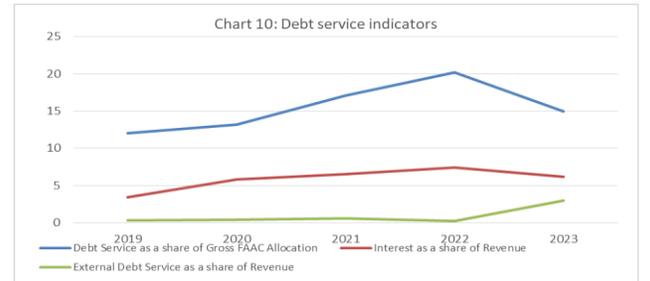
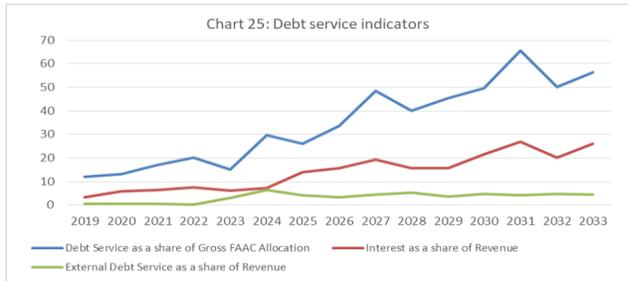
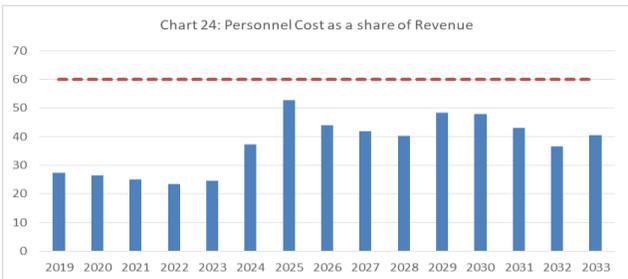
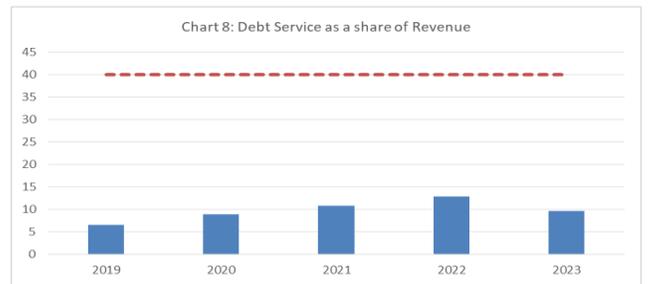
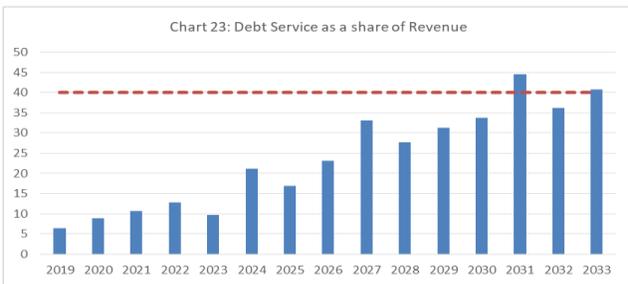
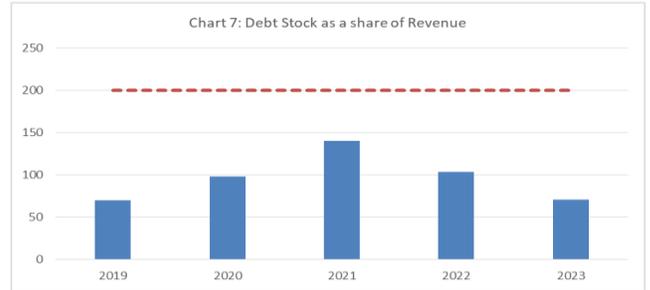
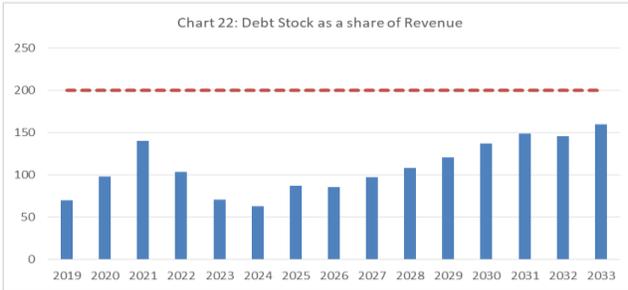
representing an increase of N660.257 billion over the projection period. External Debt projected to be ascending and descending pattern from base year till projected period. i.e. in 2024 ₦51.467, 2025 ₦ 45.456, 2026 ₦ 39.501, 2027 ₦ 140.605, 2028 ₦ 138.535, 2029 ₦ 136.215, 2030 ₦ 129.187, 2031 ₦ 304.228, 2032 ₦ 297.200, 2033 ₦ 290.163 to about ₦238.696 billion or 82.26 percent and Domestic Debt to increase from ₦132.683 billion to ₦554.244 billion over the projection period



**KWARA STATE MAIN FINDING**

The Baseline Scenario Results shows that the ratio of Debt as a percentage of GDP is projected at 7 percent in 2023, 9% in 2024, 9% in 2025, 9% in 2026, 10% in 2027, 11% in 2028, 24%; throughout the projected period is below the indicative thresholds of 25%. The ratio of Debt as a percentage of Revenue estimate is below the threshold of 200% throughout the projection period, In addition the ratio of Debt Service to Revenue is within the thresholds of 40% between 2024-2030 but exceed the thresholds in 2031 and 2033 with 45% to 41% respectively, while debt as a percentage of Personnel Cost remain under the thresholds over the projection period from 2024 to 2033, with the determination and efforts by the State through its various initiatives and reforms in the key sectors of the economy. However, if expenditure, revenue, exchange rate, and interest rate experience unexpected shock, the variables go beyond the threshold as indicated in the chart 28 and 29.

However, it is important to state that a shock in both expenditure and revenue will breach the state debt sustainability status from 2030 to 2033. This is clearly indicated by the percentage of debt stock over revenue which is above the threshold in the affected years. As a result of shock in exchange rate and interest rate, debt service as percentage of revenue also breached the threshold and consequently affected sustainability in the years 2031 and 2033.



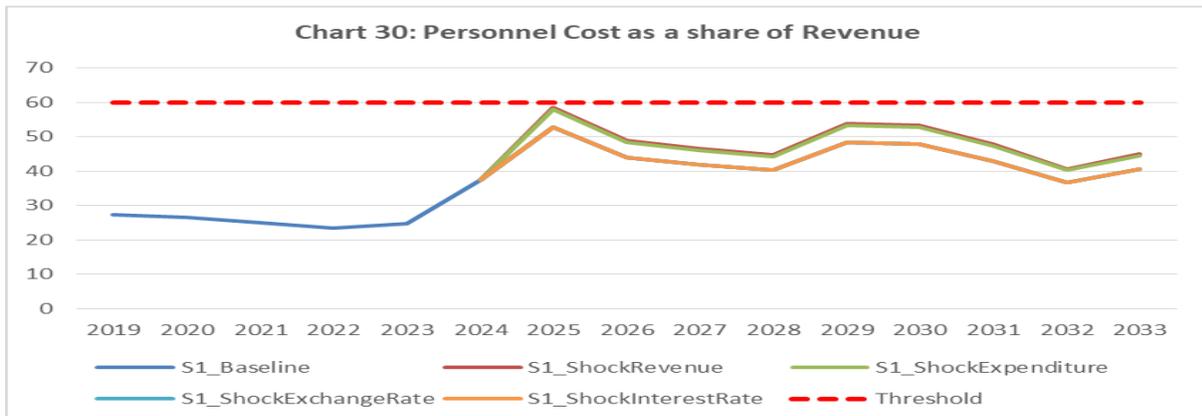
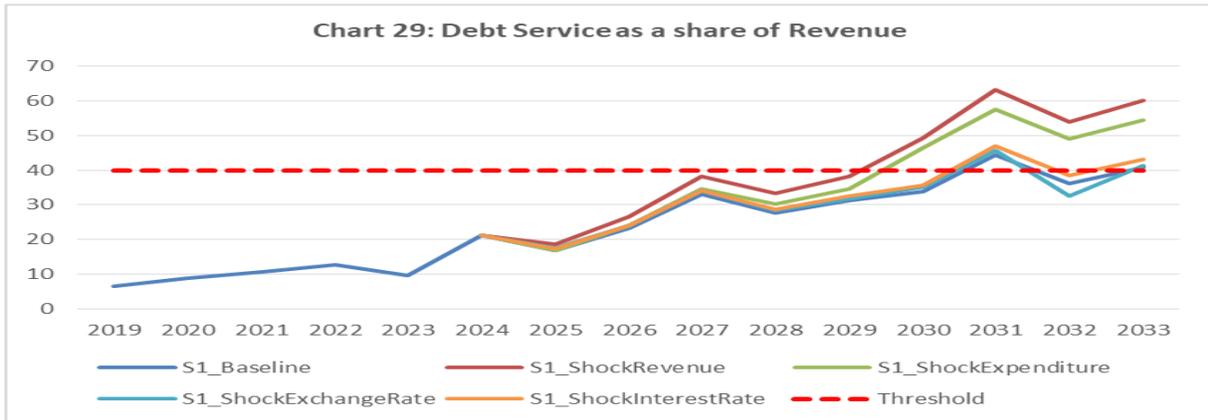
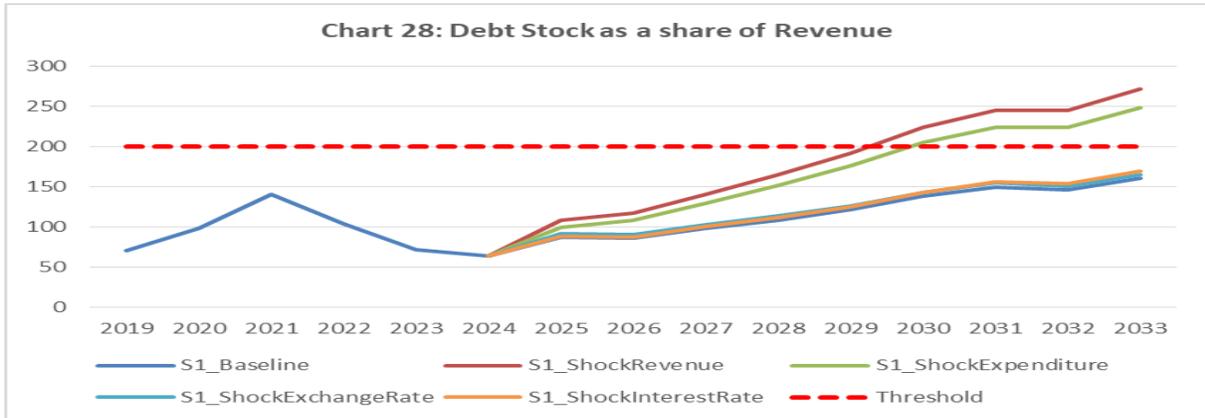
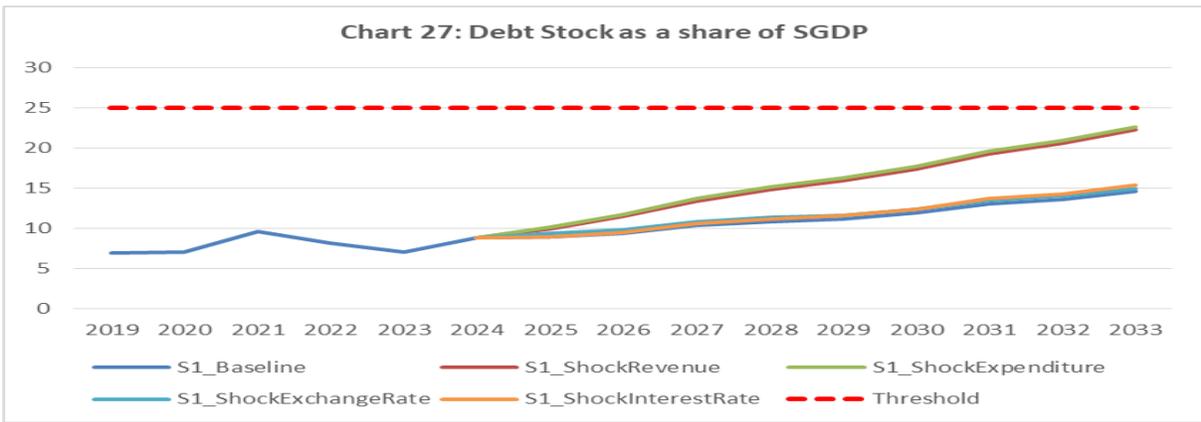
## **CONCLUSION**

Kwara State DSA result shows that, the State remains at the low Risk of Debt Distress. The State remains mostly sensitive to the revenue shocks, expenditure shocks, exchange shocks, interest rate shocks and historical shocks, indicating that an increase in aggregate output does not result to a proportionate increase in revenue. There is therefore, the need for the State Government to speed up efforts aimed at diversifying away from crude oil (FAAC) as well as implement far-reaching policies that will improve IGR in the State as well the State GDP. This has become critical, given the continued volatility in the FAAC allocation and the knowledge that debt contraction is not out of tune, in as much as it can help to improve the State IGR, GDP as well as the general welfare of the people of the State.

### **4.4 DSA Sensitivity Analysis**

The State faces important sources of fiscal risk associated with the possibility of adverse country wide macroeconomic conditions and reversal of the State's revenue and expenditure trend due to her heavy dependency on the share of federally collected revenue. Sensitivity analysis is undertaken considering macroeconomic and policy shocks to evaluate the robustness of the sustainability assessment for the baseline scenario discussed in the previous sub-section. Considering both macroeconomic and policy shocks, it is assumed that projected domestic borrowings cover substantial revenue shortfall and additional expenditure relative to the baseline scenario discussed earlier.

The 2024 DSA analysis shows that Kwara State remains at moderate risk of debt distress under sensitivity analysis. The State DSA analysis shows deterioration related to revenue shocks, expenditure shocks, exchange rate shocks, interest rate shocks and historical shocks, that would lead to increase Gross Financing needs over the projection period (2024 – 2033). This implies that in case of any negative variation in many of the variables mentioned above, the state will necessarily need to result to further borrowing in form of bailout.



## **5.0 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 term, consistent with a prudent degree of risk and government policy. Debt Management Strategy examines the costs and risks inherent in the current debt portfolio, as well as in the debt portfolio that would arise from a range of possible issuance strategies, considering factors such as macroeconomic and financial market environment, the availability of financing from different creditors and markets, and vulnerabilities that may have an impact on future borrowing requirements and debt service costs.

The Debt Management Strategy provides alternative strategies to meet the financing requirements for the State. The Strategies are shown by the breakdown of funding mix (domestic debt) and within the broad categories of domestic and external, the share of each stylized instrument has also been illustrated. The following four strategies are assessed by the government. The State Debt Management Strategy, 2024-2028, analyses the debt management strategies outcomes of the three debt-management performance indicators namely Debt Stock to Revenue, Debt Service to Revenue and Interest to Revenue. The cost is measured by the expected value of performance indicator in 2028, as projected in the baseline scenario. Risk is measured by the deviation from the expected value in 2028 caused by an un-expected shock as projected in the most adverse scenario. The State is mindful of the potential volatility and high risk of exchange rate fluctuation, hence the decision to try as much as possible to avoid the choice of foreign loan. Risk is measured by the deviation from the expected value.

### **5.1 ALTERNATIVE BORROWING OPTIONS**

Strategy 1 (S1) reflects a "Baseline" MTEF Financing Mix: It follows the broad parameters of the financing mix in the fiscal year 2024 and MTEF 2024-2027. The alternative borrowing options chosen by the State include State Bonds, Commercial Bank Loans, external finance concessionary and other domestic borrowing option such as FGN/CBN Concessionary loan. The reasons for the choice borders on cost and risk involved and possibility of funding some specific investment project of the state. Commercial bank loans (maturity 1-5 years) accounts for 54.4% over the strategic period, commercial bank under 6 years & above accounts for 7.2%, State bonds (1-5 years maturity) account for 5.9% and State bonds of maturity of 6 years & above account for 8.0% , external financing bilateral loan accounts for 15.5% while external finance concessionary for 9.1% over the DMS period.

Strategy 2 (S2) the State government intend to focus its financing on two financing instruments under strategy 2; through Commercial Bank Loans of maturity 6 years and above which account for 47.6% and other domestic financing accounts for 52.4%.

Strategy 3 (S3) Government financing mainly focuses on State bonds with maturity of 6 years and above accounting for 65.7% and external financing concessional which account for 34.3% over the DMS period.

Strategy 4 (S4) focuses on financing through commercial bank facility of 1-5 years maturity and State bond facility of 6 years and above maturity. The borrowing need is expected to be met from the 2 strategies in the ratio 40.9% and 59.1% respectively. Strategy 1 is the only strategy of all the four strategies that utilizes all financing options includes external financing.

TABLE 5.1 SHOWING BORROWING OPTIONS

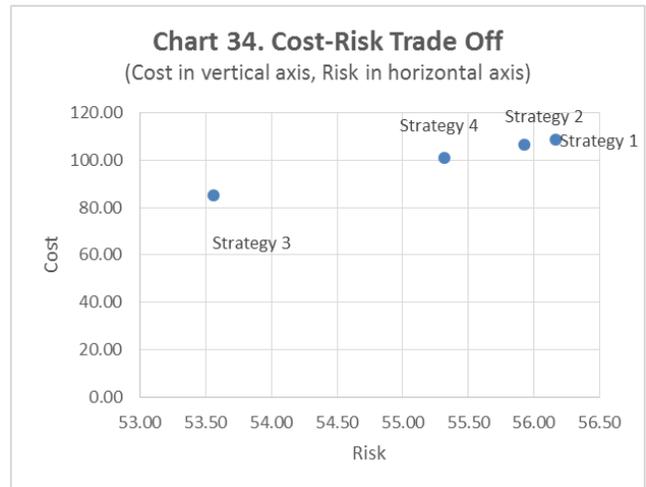
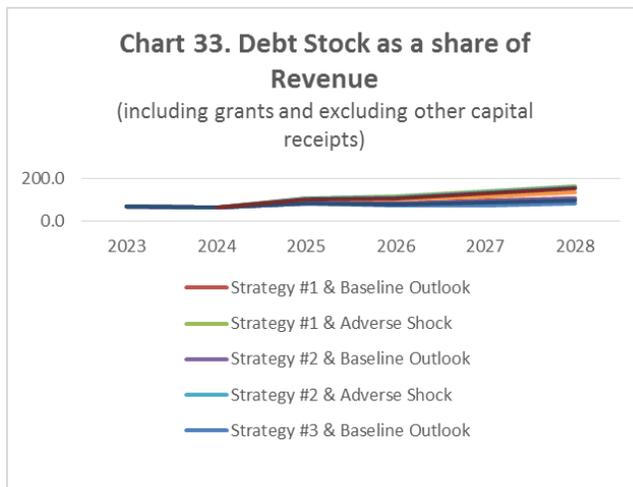
FINANCING OPTIONS									
S/N	Strategy	Comm Bank (5 years)	Comm Bank (6 years above)	State Bonds of 5 years	State Bonds of 6 years above	Other Domestic borrowing	External Finance Concessionary	Other External Financing	Total (%)
1	S1	54.4	7.2	5.9	8.0	0	9.1	15.5	100
2	S2		47.6			52.4			100
3	S3				65.7		34.3		100
4	S4	40.9			59.1				100

**5.2 DMS SIMULATION RESULT**

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

**a Debt as a Share of Revenue**

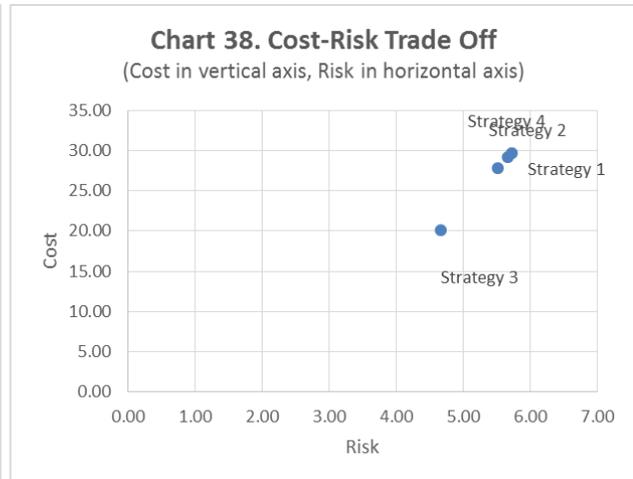
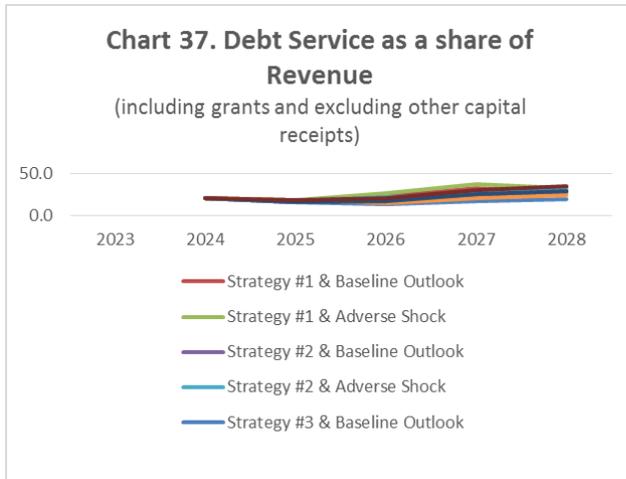
- Strategy 3 & 4 shows the cost ratio of Debt to Revenue estimated increase from 63.5% in 2024 to 85.0% in 2028, as against Strategy 1 (108.4%) and Strategy 2 (106.3%) over the DMS period of 2028. Compared with risk measured of Strategies 1, 2 & 4 which has 56.2% ,55.9% and 55.3% while Strategy 3 is 53.6%.
- Analysis using this as Debt indicator of debt to revenue shows that strategies 3 & 4 is the least costly and riskier which was estimated at 85.0% and 53.6% compare to other strategies. On the other hand S1 is the costliest and riskiest strategy which was estimated at 108.4% and 56.2% which utilizes all the financing facility over the DMS period of 2024– 2028.



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

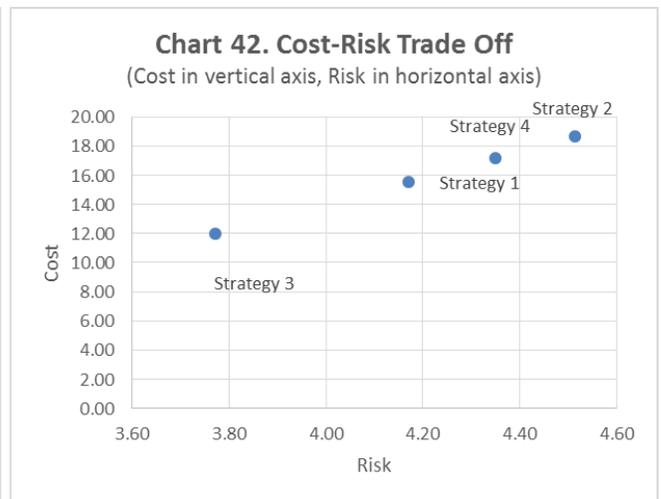
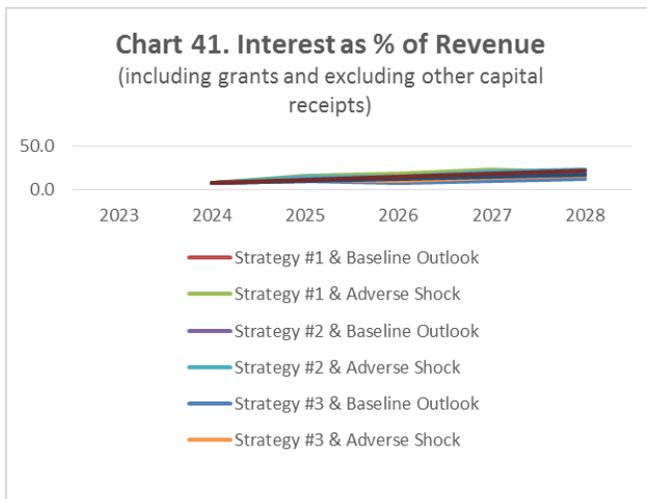
- In terms of Debt service to revenue, S1 & S3 have the lowest cost. S1 has 21.2% in 2024 to 27.7% in 2028 and S3 has 21.2% in 2024 to 20.1% in 2028 respectively; and with lowest risk of 5.5% and 4.7% respectively, compared to S4 (costs at 29.6% and risk at 5.7 %), then S2 (costs at 29.1% and risk at 5.7%) respectively as at the end of strategic period of 2028.
- Strategies 3 has the lowest cost at 20.1% and minimum risk at 4.7% under the debt service to revenue, followed by S1 cost at 27.7% and risk at 5.5%. But S4 is the costliest at 29.6% with risk

of 5.7% hence S3 is the best option to be considered. From the above explanation, S3 has the lowest risk and cost compare to other strategies as indicated in chart 38.



**c Interest as a share of Revenue**

- Strategy 3 is the least cost with regards Interest to Government Revenue which is projected from 7.3% in 2024 to 11.9% in 2028; and, risk at 3.8% while S2 & S4 are the most costly and risky strategies at 18.6% and 17.2% compared to S3 with moderate cost and risk of 11.9% and 3.8% respectively.
- Strategy 2 estimated to have the higher cost after strategy 4 the cost under strategy 1 is 15.5% and the risk is 4.2% at the end of the strategic period 2028.



**5.3 DMS Assessment**

The preferred strategy was not solely based on the Analytical Tool assessment of all four strategies but took into consideration the ability to implement the chosen strategy successfully in the medium-term. Therefore, although the Analytical Tool’s results of costs and risks would suggest that the recommended strategy be S3, these results were better when compared with Strategy S1. Strategy 3 was considered as

the most feasible of the strategies to implement in the short to medium-term and it would still greatly improve the debt portfolio's position relative to the base year 2023. Therefore, the State will be adopting Strategy 3 as the best strategy because of its peculiar advantage over other strategies which include being the cheapest, least risky, cost and most feasible among other strategies.

In comparison to the current debt position, Kwara State debt portfolio stood at N124.815 billion as at end-2023, which is expected to increase to N1,176,514.6 billion under Strategy 1 to the end of the strategic period, compared to Strategy 2 (N 1,322,416.4 billion), Strategy 3 (N784,438.4 billion), and Strategy 4 (N1,508,571.3 billion). In view of the above, strategy 3 is the best option considering the outcome of the strategy which increased the debt portfolio to N 784,438.4 billion from N124,815 billion compare to other strategies which have higher increase during the year under review (2024-2028) represents a robust framework for prudent debt management, as it provides a systematic approach to decision making on the appropriate composition of external and domestic borrowing to finance the 2023 budget. The cost-risk trade-off of alternative borrowing strategies under the DMS has been evaluated within the medium-term context of financing of the fiscal gap through alternative borrowing option mainly through State bond and external financing. Also the State adopt using innovative ways to raise the revenue required to finance expenditure by diversifying its revenue sources. The State has reformed its Tax Administration to improve its IGR in order to sustain its debt. These reform include enactment of new administration law, Land Use charge administration law (Kw-GIS), introduction of revenue collection Area Offices in all the 16 LGAs and computerization of all MDAs and introduction of cashless transactions in State Government Hospitals, with these, the IGR is expected to grow from 54.907 billion in 2023 to 101,150 billion in 2033. Other reforms include introduction of prudence in governance and management of the State. These are effort towards reducing cost of governance and streamline government operations. In addition to that, the State is also working assiduously towards pension system reform.

# ANNEX I

2024

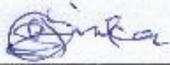
## Projection Methodology

Assumptions:		Projection Methodology
<b>Economic activity</b>	State GDP (at current prices)	As provided by DMO
<b>Revenue</b>	<b>Revenue</b>	The revenue forecasts in the state DSA-DMS template is based on expectation of improved collection through aggressive revenue drive, improved technology, efficient an
	1. Gross Statutory Allocation ('gross' means with no deductions; c	This is estimated using forecasts of projected government share of FAAC (2025-2027, the assumption is based on current crude oil price, production rate, subsidy remova
	1.a. of which Net Statutory Allocation ('net' means of deductio	FGN MTEF 2023-2026 and extended forecast on oil revenue determinant variables (Prices, productions, Exchange rate e.t.c)
	1.b. of which Deductions	FGN MTEF 2023-2026 and extended forecast on oil revenue determinant variables (Prices, productions, Exchange rate e.t.c)
	2. Derivation (if applicable to the State)	
	3. Other FAAC transfers (exchange rate gain, augmentation, others	Based on trend analysis
	4. VAT Allocation	As provided by DMO/WBG
	5. IGR	IGR forecasts in the state DSA-DMS template is based on expectation of improved collection through aggressive revenue drive, improved collection technology, efficient i
	6. Capital Receipts	Based on trend and efforts to tap into new available opportunities
	6.a. Grants	Based on trend and efforts to tap into new available opportunities
	6.b. Sales of Government Assets and Privatization Proceeds	Based on trend
	6.c. Other Non-Debt Creating Capital Receipts	Based on performance in 2023
<b>Expenditure</b>	<b>Expenditure</b>	
	1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefit	Based on current reality of average of increase by 22% 2024-2025 and 62% estimated increase (2026-2033) for a new minimum wage implementation.
	2. Overhead costs	Overhead cost increase year by year considering the economic impacts and exigencies and other cost of governance due to the new reforms expected to be introduced t
	3. Interest Payments (Public Debt Charges, including interests ded	Projections is based on amortization schedules
	4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhe	Cost minimisation will be strictly applied going forward
	5. Capital Expenditure	There will be an increment t an average growth rate of 13.3% from 2024-2025 because of the ongoing planned commitments in infrastructural development and policy ol
<b>Closing Cash and Bank Balance</b>	<b>Closing Cash and Bank Balance</b>	Projection is based on trend
<b>Debt Amotization and Interest Payments</b>	<b>Debt Outstanding at end-2023</b>	
	External Debt - amortization and interest	Based on projection and decline in the value of naira
	Domestic Debt - amortization and interest	Based on amortization schedules.
	<b>New debt issued/contracted from 2024 onwards</b>	
	<b>New External Financing</b>	Based on capacity, need and affordability
	External Financing - Concessional Loans (e.g., World Bank, African	Based on need and available offers
	External Financing - Bilateral Loans	
	Other External Financing	Based on need and available offers
	<b>New Domestic Financing</b>	
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loa	Based on need and affordability
	Commercial Bank Loans (maturity 6 years or longer, including Agric	Loans, Infrastructure Loans, and MSMEDF)
	State Bonds (maturity 1 to 5 years)	
	State Bonds (maturity 6 years or longer)	Based on amortization schedules
	Other Domestic Financing	Based on amortization schedules

Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S1	<b>Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S1</b> <i>Insert the Borrowing Terms for New External Debt: interest rate (%), maturity (# years) and grace period (#)</i>	
	<b>New Domestic Financing in Million Naira</b>	Nil
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans)	commercial bank loans 1-5yrs with 35% interest rate, 5yrs maturity and 1yr grace period
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans)	commercial bank loans 6yrs or longer with 31% interest rate, 6yrs maturity and 1yr grace period
	State Bonds (maturity 1 to 5 years)	State Bonds of 1-5yrs with 25% interest rate, 5yrs maturity and 0yrs grace period
	State Bonds (maturity 6 years or longer)	State Bonds of 1-6yrs with 20% interest rate, 7yrs maturity and 0yrs grace period
	Other Domestic Financing	Other Domestic Financing with 17% interest rate, 7yrs maturity and 2yrs grace period
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S2	<b>New External Financing in Million US Dollar</b>	
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank, etc.)	External Financing - Concessional Loans with 3% interest rate, 25yrs maturity and 2yrs grace period
	External Financing - Bilateral Loans	External Financing - Bilateral Loans with 3% interest rate, 20yrs maturity and 2yrs grace period
	Other External Financing	Nil
	<b>New Domestic Financing in Million Naira</b>	
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans)	Nil
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans)	Commercial Bank facility/Agricultural/Infrastructural facility 6yrs or longer with interest rate of not more than 31% and 6 years medium term maturity period and 1yr grace period
State Bonds (maturity 1 to 5 years)	Nil	
State Bonds (maturity 6 years or longer)	Nil	
Other Domestic Financing	Other Domestic Financing with 17% interest rate, 7yrs maturity and 2yrs grace period	
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S3	<b>New External Financing in Million US Dollar</b>	
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank, etc.)	External Financing - Concessional Loans with 3% interest rate, 25yrs maturity and 2yrs grace period
	External Financing - Bilateral Loans	Nil
	Other External Financing	Nil
	<b>New Domestic Financing in Million Naira</b>	
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	
State Bonds (maturity 1 to 5 years)	Nil	
State Bonds (maturity 6 years or longer)	State Bonds of 1-6yrs with 20% interest rate, 7yrs maturity and 0yrs grace period	
Other Domestic Financing	Nil	
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S4	<b>New External Financing in Million US Dollar</b>	
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank, etc.)	External Financing - Concessional Loans with 3% interest rate, 25yrs maturity and 2yrs grace period
	External Financing - Bilateral Loans	Nil
	Other External Financing	Nil
	<b>New Domestic Financing in Million Naira</b>	
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans)	commercial bank loans 1-5yrs with 35% interest rate, 5yrs maturity and 1yr grace period
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans)	Nil
State Bonds (maturity 1 to 5 years)	Nil	
State Bonds (maturity 6 years or longer)	State Bonds of 1-6yrs with 20% interest rate, 7yrs maturity and 0yrs grace period	
Other Domestic Financing	Nil	

# ANNEX II

Indicator	Actuals					Projections									
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<b>BASELINE SCENARIO</b>															
<b>Economic Indicators</b>															
State GDP (at current prices)	1,080,104.00	1,157,701.00	1,321,490.00	1,518,799.00	1,759,424.00	2,078,180.00	2,404,184.00	2,733,515.00	3,041,377.00	3,383,912.00	3,765,026.00	4,189,062.00	4,660,855.00	5,185,783.00	5,769.83
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
<b>Fiscal Indicators (Million Naira)</b>															
<b>Revenue</b>	<b>108,581.70</b>	<b>83,332.40</b>	<b>123,049.30</b>	<b>135,843.20</b>	<b>180,577.50</b>	<b>358,515.50</b>	<b>293,267.50</b>	<b>373,962.09</b>	<b>433,717.21</b>	<b>436,965.04</b>	<b>462,765.47</b>	<b>489,172.21</b>	<b>593,606.48</b>	<b>662,908.98</b>	<b>742,829.97</b>
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	37,353.20	42,097.50	37,917.40	52,397.40	28,497.10	14,034.90	14,736.60	16,210.30	19,452.40	23,342.90	24,510.04	25,245.30	36,507.60	43,889.10	46,083.60
1.a. of which Net Statutory Allocation ('Net' means of deductions)	31,891.80	37,589.30	29,350.10	37,267.10	16,321.80	8,701.10	8,841.10	9,726.20	11,671.40	14,005.70	14,706.20	15,147.20	25,904.00	26,285.50	27,650.10
1.b. of which Deductions	5,461.40	4,508.23	8,567.30	15,130.30	12,175.30	5,333.80	5,895.50	6,484.80	7,781.00	9,337.20	9,803.80	10,098.14	10,603.60	17,603.60	18,433.50
2. Derivation (if applicable to the State)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Other FAAC transfers (exchange rate gain, augmentation, others)	9,528.70	193.30	193.30	132.00	53,376.30	134,506.40	101,133.20	140,416.50	137,608.20	137,608.20	139,500.20	143,565.20	157,921.70	205,298.20	225,828.00
4. VAT Allocation	10,929.10	13,341.20	18,931.90	23,371.30	31,625.80	58,958.90	42,935.51	49,398.98	63,521.04	74,319.62	76,549.20	78,845.70	82,787.90	99,345.50	109,280.10
5. IGR	30,637.32	19,623.99	26,670.40	35,005.70	54,907.40	63,732.90	66,919.50	70,265.50	77,292.10	76,519.20	78,814.80	82,938.60	95,378.40	96,333.20	101,149.90
6. Capital Receipts	20,123.40	8,076.40	39,336.30	24,936.80	12,170.90	87,282.40	67,542.69	97,670.81	135,843.47	125,175.12	143,391.23	158,577.41	221,009.88	218,042.98	260,488.37
6.a. Grants	19,400.40	8,000.00	7,209.40	9,019.40	7,600.30	18,708.00	20,578.80	22,636.70	24,900.30	27,390.80	30,129.90	33,142.90	36,457.20	40,102.90	44,113.20
6.b. Sales of Government Assets and Privatization Proceeds	0.00	0.00	1,639.50	271.50	4,069.20	5,650.00	4,940.40	5,236.60	3,789.50	3,298.60	3,500.80	2,356.00	2,000.50	2,211.20	1,510.60
6.c. Other Non-Debt Creating Capital Receipts	573.00	76.40	220.20	610.00	501.40	1,450.40	500.30	513.60	489.20	482.40	479.60	477.10	483.50	487.40	491.40
6.d. Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc.)	150.00	0.00	30,267.20	15,035.90	0.00	61,474.00	41,523.19	69,283.91	106,664.47	94,003.32	109,280.93	122,601.41	182,068.68	175,241.48	214,373.17
<b>Expenditure</b>	<b>101,474.30</b>	<b>78,174.90</b>	<b>102,472.90</b>	<b>149,283.20</b>	<b>150,925.50</b>	<b>328,105.20</b>	<b>351,173.60</b>	<b>385,975.79</b>	<b>432,009.71</b>	<b>436,710.44</b>	<b>462,765.47</b>	<b>495,456.61</b>	<b>587,833.78</b>	<b>657,846.28</b>	<b>759,021.97</b>
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	29,530.90	22,024.70	22,682.30	28,166.30	43,345.20	129,666.40	131,266.10	135,203.90	136,555.90	169,126.34	174,200.10	175,942.10	177,701.50	213,241.80	234,507.90
2. Overhead costs	18,129.35	17,505.10	24,326.00	34,301.80	18,885.80	30,760.40	36,000.50	39,820.30	42,340.70	53,100.10	56,957.90	61,654.70	69,754.80	73,242.50	76,904.60
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	5,241.50	2,697.30	5,125.80	9,052.40	7,284.50	21,297.00	34,120.10	46,397.29	61,812.39	52,694.02	54,290.57	78,269.87	110,420.99	97,234.90	136,355.19
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted from FAAC Allocation)	1,974.00	1,083.50	2,137.50	3,636.30	2,926.10	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	3,267.60	1,613.80	2,988.30	5,416.10	4,358.30	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)	15,174.60	11,557.50	10,988.20	15,222.30	15,484.40	17,122.40	18,533.10	20,355.00	22,100.00	23,700.30	27,400.30	27,000.40	29,500.30	31,250.20	34,050.70
5. Capital Expenditure	29,878.72	22,579.30	35,909.10	56,462.60	61,034.80	110,443.10	125,150.40	125,250.50	125,700.60	129,350.80	100,000.00	110,000.00	130,567.90	200,410.60	220,451.66
6. Amortization (principal) payments	3,519.20	1,811.00	3,441.50	6,077.80	4,890.80	40,177.00	7,403.10	22,886.60	44,852.12	41,309.32	54,990.36	44,331.54	71,647.68	78,006.58	78,018.02
<b>Budget Balance ('+' means surplus, '-' means deficit)</b>	<b>7,107.40</b>	<b>5,157.60</b>	<b>20,576.40</b>	<b>-13,440.10</b>	<b>29,652.00</b>	<b>30,410.30</b>	<b>-57,906.10</b>	<b>-12,013.70</b>	<b>1,707.50</b>	<b>254.60</b>	<b>0.00</b>	<b>-6,284.40</b>	<b>5,772.70</b>	<b>5,062.70</b>	<b>-16,192.00</b>
Opening Cash and Bank Balance	301.70	7,409.10	12,566.70	33,143.10	19,703.00	49,355.00	79,765.30	21,859.20	9,845.50	11,553.00	11,807.60	11,807.60	5,523.20	11,295.90	16,358.60
Closing Cash and Bank Balance	7,409.10	12,566.70	33,143.10	19,703.00	49,355.00	79,765.30	21,859.20	9,845.50	11,553.00	11,807.60	11,807.60	5,523.20	11,295.90	16,358.60	166.60
<b>Financing Needs and Sources (Million Naira)</b>															
<b>Financing Needs</b>						<b>68,574.40</b>	<b>46,963.89</b>	<b>75,034.11</b>	<b>110,943.17</b>	<b>97,784.32</b>	<b>113,261.33</b>	<b>125,434.51</b>	<b>184,552.68</b>	<b>177,940.08</b>	<b>216,375.17</b>
i. Primary balance						23,309.90	-63,346.79	-17,763.92	-2,571.16	-3,526.38	-3,980.40	-9,117.50	3,288.70	2,364.10	-18,193.96
ii. Debt service						61,474.00	41,523.20	69,283.89	106,664.51	94,003.34	109,280.93	122,601.41	182,068.68	175,241.48	214,373.21
Amortizations						40,177.00	7,403.10	22,886.60	44,852.12	41,309.32	54,990.36	44,331.54	71,647.68	78,006.58	78,018.02
Interests						21,297.00	34,120.10	46,397.29	61,812.39	52,694.02	54,290.57	78,269.87	110,420.99	97,234.90	136,355.19
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)						30,410.30	-57,906.10	-12,013.70	1,707.50	254.60	0.00	-6,284.40	5,772.70	5,062.70	-16,192.00
<b>Financing Sources</b>						<b>68,574.40</b>	<b>46,963.89</b>	<b>75,034.11</b>	<b>110,943.17</b>	<b>97,784.32</b>	<b>113,261.33</b>	<b>125,434.51</b>	<b>184,552.68</b>	<b>177,940.08</b>	<b>216,375.17</b>
i. Financing Sources Other than Borrowing						7,100.40	5,440.70	5,750.20	4,278.70	3,781.00	3,980.40	2,833.10	2,484.00	2,698.60	2,002.00
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEFD)						61,474.00	41,523.19	69,283.91	106,664.47	94,003.32	109,280.93	122,601.41	182,068.68	175,241.48	214,373.17
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEFD)						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Bonds (maturity 1 to 5 years)						0.00	0.00	69,283.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Bonds (maturity 6 years or longer)						0.00	0.00	0.00	0.00	94,003.30	0.00	0.00	0.00	0.00	0.00
Other Domestic Financing						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)						0.00	0.00	0.00	106,664.50	0.00	0.00	0.00	0.00	0.00	0.00
External Financing - Bilateral Loans						0.00	0.00	0.00	0.00	0.00	0.00	0.00	182,068.70	0.00	0.00
Other External Financing						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Residual Financing						0.00	-0.01	0.01	-0.03	0.02	0.03	0.01	-0.02	-0.02	-0.03
<b>Debt Stocks and Flows (Million Naira)</b>															
<b>Debt (stock)</b>	<b>75,300.06</b>	<b>81,932.12</b>	<b>127,752.65</b>	<b>124,019.40</b>	<b>124,815.30</b>	<b>184,149.60</b>	<b>214,310.69</b>	<b>256,920.00</b>	<b>315,141.35</b>	<b>367,835.35</b>	<b>422,125.92</b>	<b>500,395.79</b>	<b>610,816.79</b>	<b>708,051.69</b>	<b>844,406.84</b>
External	11,925.23	14,402.53	14,987.85	14,637.40	15,652.70	51,467.00	45,456.00	39,501.00	140,604.50	138,534.50	136,214.50	129,186.91	304,228.03	297,200.44	290,162.85
Domestic	63,374.83	67,529.59	112,764.80	109,382.00	109,162.60	132,682.60	168,854.69	217,419.00	174,536.85	229,300.85	285,911.42	371,208.88	306,588.76	410,851.25	554,243.99
<b>Gross borrowing (flow)</b>	<b>61,474.00</b>	<b>41,523.19</b>	<b>69,283.91</b>	<b>61,474.00</b>	<b>41,523.19</b>	<b>69,283.91</b>	<b>106,664.47</b>	<b>94,003.32</b>	<b>110,943.17</b>	<b>97,784.32</b>	<b>113,261.33</b>	<b>125,434.51</b>	<b>182,068.68</b>	<b>175,241.48</b>	<b>214,373.17</b>
External	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
Domestic	61,474.00	41,523.19	69,283.91	61,474.00	41,523.19	69,283.91	106,664.47	94,003.32	110,943.17	97,784.32	113,261.33	125,434.51	182,068.68	175,241.48	214,373.17
<b>Amortizations (flow)</b>	<b>3,306.03</b>	<b>2,485.77</b>	<b>3,822.28</b>	<b>6,455.40</b>	<b>6,173.23</b>	<b>40,177.00</b>	<b>7,403.10</b>	<b>22,886.60</b>	<b>44,852.12</b>	<b>41,309.32</b>	<b>54,990.36</b>	<b>44,331.54</b>	<b>71,647.68</b>	<b>78,006.58</b>	<b>78,018.02</b>
External	303.83	55.04	245.20	195.60	557.13	2,052.00	2,052.00	2,167.00	1,970.00	2,070.00	2,320.00	7,027.59	7,027.59	7,027.59	7,037.59
Domestic	3,002.20	2,430.73	3,577.08	6,259.80	5,616.10	37,954.00	5,351.10	20,719.60	42,882.12	39,239.32	52,670.36	37,303.96	64,620.10	70	



---

**Ibiyinka Olatunde S.**

Head: Debt Management Department,  
Kwara State Ministry of Planning and Economic Development.



---

**HON. LAFIA ALIU KORA SABI**

Hon. Commissioner  
Ministry of Planning and Economic Development

## **NAME OF PARTICIPANTS**

- |                                  |   |                   |
|----------------------------------|---|-------------------|
| 1. MR IBIYINKA OLATUNDE. S.      | - | Head, DMD         |
| 2. ALH. UTHMAN ISMAIL            | - | DMD               |
| 3. ALH. BELLO MOHAMMAD BABA KUDU | - | DMD               |
| 4. MR DANIEL ADEYEMI             | - | KWBoS             |
| 5. MRS OLANIKE SHERIFAT DADA     | - | DMD               |
| 6. ADEBAYO NURUDEEN KAYODE       | - | DMD               |
| 7. ABDULRAHMAN SALMON            | - | AG's OFFICE       |
| 8. MRS AHMED AMINAT              | - | MIN.OF FINANCE    |
| 9. MR SULEIMAN SALAUDEEN         | - | BUDGET DEPARTMENT |