



BAUCHI STATE GOVERNMENT OF NIGERIA

REPORT OF THE

**STATE DEBT SUSTAINABILITY ANALYSIS AND
DEBT MANAGEMENT STRATEGY (SDSA-DMS)**

NOVEMBER, 2021

TABLE OF CONTENTS

CHAPTERS

1.0	INTRODUCTION.....	3
2.0	BAUCHI STATE FISCAL AND DEBT FRAMEWORK.....	4
3.0	REVENUE, EXPENDITURE, FISCAL AND DEBT PERFORMANCE, 2016-2020.....	8
4.0	DEBT SUSTAINABILITY ANALYSIS	13
5.0	DEBT MANAGEMENT STRATEGY.....	22
	ANNEXURES I.....	28
	ANNEXURES II	29

CHAPTER ONE

INTRODUCTION

1.1 Background

The State Debt Sustainability Analysis (S-DSA) Toolkit was developed by Debt Management Office, Nigeria and reviewed by the World Bank to analyze the trends and patterns in the State's public finances during the period of 2016 - 2020 while also evaluating the ability of the State to sustain its debt in the long term (2021 - 2030). The DSA carried out by Bauchi State's Technical Team appraised recent Revenue, Expenditure, State Public debt trends, and related policies adopted by the State Government, while considering the policy thrust of the State. A sub-national sustainability assessment was conducted using baseline scenarios and sensitivity analysis in order to evaluate the prospective performance of the State's public finances going forward. The intention is to assist the Bauchi state Government in striking a balance between the State's programs execution and new borrowings by utilizing recent trends in the State's public finances.

1.1 SUMMARY OF FINDINGS

The results of the Bauchi State S-DSA show that the State's debt portfolio appears to be sustainable in the long term. The State has made giant strides in IGR mobilization through the recently introduced, improved, tax administration reforms. The State's revenue office is now autonomous with more competent personnel to follow through on the state's vision with the assistance of up-to-date technology. Also worthy of mention is the Land Used Charge as a new revenue head embedded with motivators to reduce tax defaulters, and the recently signed MOU with National Union of Road Transport Workers (NURTW) in the area of tax which is bound to have a positive effect on State Revenue. Given the State's forecasts for the economy and reasonable assumptions concerning its revenue and expenditure policies, there is a need to cut down on recurrent expenditure in order reduce the deficit which can disrupt the forecast by increasing Debt Stock and Debt Service payment astronomically. The Covid-19 pandemic with its attendant impact on the price of crude oil will most likely reduce the statutory allocation to the State from the center.

CHAPTER TWO

2.0 BAUCHI STATE FISCAL AND DEBT FRAMEWORK

2.1 The Fiscal Reforms being implemented by the Bauchi State Government in the last four to six years include the Public Financial Management (PFM) and Human Resource Management (HRM) which are sub-divided into Budget reform, Audit reform, Public Procurement reform, Tax Administration reform, and Civil Service & Pension reform. These reforms led to the enactment of Laws that regulates implementation of Fiscal Policies in the State. The Laws are Bauchi State Debt Management Agency Law 2009 (DMA Law), Bauchi State Fiscal Responsibility Law (FRL), 2008; Bauchi State Government Financial Regulations and Store, 2001; Bauchi State Public Procurement Law 2020 (as amended) and Bauchi State Public Sector Audit and Other Related Matters Law, 2021. The FRL for instance, provides for the creation of the implementation organ, medium term fiscal framework, how public expenditure should be carried out, borrowing process, transparency and accountability in governance and principles of sound financial management.

2.2 Bauchi State Approved 2021 Budget and Medium-Term Expenditure Framework (MTEF), 2021-2023

2.2.1 Approved 2021 Budget

The 2021 Budget was prepared amidst a challenging global and domestic environment due to the persistent headwinds from the Coronavirus Pandemic. The resulting global economic recession, low oil prices and heightened global economic uncertainty have had important implications for our economy.

Based on the foregoing fiscal assumptions and parameters. The Bauchi State total revenue available to fund the 2021 Budget is estimated at ₦213.914 billion. This includes Internally Generated Revenue, Statutory Allocation, Value Added Tax, Other Statutory Revenue, Domestic Grants, Foreign Grants, Opening Balance, Domestic Loans, Foreign Loans and Sale of Government Assets, respectively.

An aggregate expenditure of ₦213.914 billion is proposed by the Bauchi State Government in 2021. The 2021 proposed Expenditure comprises, Debt Repayment (Interest and Principal) of ₦19.663 billion, Statutory Transfers of ₦59.134 billion, Recurrent Expenditure of ₦92.994 billion, and Capital Expenditure of ₦120.919 billion, respectively.

2.2.2 Indicative Three-Year Fiscal Framework

The indicative three-year fiscal framework for the period 2022-2024 is presented in the table below:

Bauchi State Medium-Term Fiscal Framework

Macro-Economic Framework				
Item	2021	2022	2023	2024
National Inflation	16.00%	13.00%	12.75%	12.00%
National Real GDP Growth	2.50%	4.20%	2.30%	2.50%
Oil Production Benchmark (MBPD)	1.7000	1.8800	1.9500	2.1000
Oil Price Benchmark	\$57.00	\$57.00	\$57.00	\$57.00
NGN:USD Exchange Rate	380	410.15	410.15	410.15
Other Assumptions				
Mineral Ratio	27%	31%	31%	32%
Fiscal Framework				
Item	2021	2022	2023	2024
Opening Balance	24,738,004,737	20,145,655,780	19,250,187,655	18,125,780,000
Recurrent Revenue				
Statutory Allocation	47,805,641,828	60,637,254,292	65,131,239,720	72,569,624,834
VAT	19,431,193,073	22,747,196,260	25,933,061,453	29,466,212,904
IGR	18,906,977,478	21,743,024,100	23,917,326,510	26,309,059,161
Excess Crude / Other Revenue	6,701,649,409	6,487,813,235	5,718,808,686	4,652,523,434
Total Recurrent Revenue	92,845,461,789	111,615,287,887	120,700,436,368	132,997,420,332
Recurrent Expenditure				
Personnel Costs	31,974,767,916	32,901,879,798	33,865,779,077	35,190,458,413
Social Contribution and Social Benefit	7,026,613,550	7,377,944,228	7,746,841,439	8,134,183,511
Overheads	24,773,420,339	26,012,091,356	28,613,300,492	28,613,300,492
Grants, Contributions and Subsidies	2,402,796,422	2,522,936,243	2,775,229,867	2,913,991,360
Public Debt Service	19,663,274,058	22,341,340,924	17,093,815,738	16,594,131,610
Total	85,840,872,285	91,156,192,549	90,094,966,612	91,446,065,386
Transfer to Capital Account	31,742,594,241	40,604,751,119	49,855,657,411	59,677,134,946
Capital Receipts				
Grants	19,646,045,531	16,100,000,000	13,420,000,000	13,620,000,000
Other Capital Receipts	5,636,141,951	5,250,000,000	4,970,000,000	4,080,000,000
Total	25,282,187,481	21,350,000,000	18,390,000,000	17,700,000,000
Reserves				
Contingency Reserve	0	0	0	0
Planning Reserve	6,669,091,475	6,335,409,534	6,662,546,976	7,324,335,495
Total Reserves	6,669,091,475	6,335,409,534	6,662,546,976	7,324,335,495
Capital Expenditure				
Discretionary Funds	64,614,172,228	57,914,153,930	61,087,330,435	66,389,619,452
Non-Discretionary Funds	28,835,694,301	31,019,153,930	39,567,330,435	48,697,619,452
	35,778,477,927	26,895,000,000	21,520,000,000	17,692,000,000
Financing (Loans)	34,404,137,760	21,545,000,000	17,630,000,000	13,992,000,000
Total Revenue (Including Opening Balance)	177,269,791,767	174,655,943,667	175,970,624,023	182,815,200,332
Total Expenditure (including Contingency Reserve)	157,124,135,987	155,405,756,012	157,844,844,023	165,160,020,332
Closing Balance	20,145,655,780	19,250,187,655	18,125,780,000	17,655,180,000
Ratios				
Growth in Recurrent Revenue	21.39%	20.22%	8.14%	10.19%
Growth in Recurrent Expenditure	39.91%	6.19%	-1.16%	1.50%
Capital Expenditure Ratio	45.37%	41.34%	42.92%	44.63%
Deficit (Financing) to Total Expenditure	21.90%	13.86%	11.17%	8.47%
Deficit (Financing) to GDP Ratio	NA	NA	NA	NA

2.2.3 The Key Objectives of Approved 2021 Budget

- i. consolidate and improve on the provision of functional education strategy already embarked upon in the State, with emphasis on technical and technological aspects;
- ii. sustain and improve the State's healthcare delivery system;
- iii. enhance the overall improvement in human capital development such that will empower youths, artisans and market women for wealth and jobs creation;
- iv. ensure security of lives and properties of the residents of the State;
- v. combat the spread of Covid-19 and ameliorate the effects of same on people, SMEs and MSMEs across the State;
- vi. ensure the completion of the on-going capital projects and also sustain the current investment in infrastructural facilities;
- vii. sustain and intensify the current efforts in Independent Revenue generation;
- viii. combat gender-based violence and facilitate social inclusion through target spending on the vulnerable and other marginalized group;

- ix. improve the state's public financial management to entrench transparency, accountability and integrity; and Strategic diversification of the state's economy using the Public Private Partnership (PPP) model.

2.2.3 Medium Term Policy Objectives and Targets

The Overall medium-term policy objectives are:

- i. Achieve a recurrent to capital expenditure ratio of between 49:51;
- ii. Reduce to the bearest minimum the number of ghost workers through effective payroll management, to generate more funds in order to pave way for new employment.
- iii. Embark on capital projects that will enhance Bauchi urban renewal.
- iv. Continue to ensure reduction in non-essential overheads.
- v. Executions of capital expenditures both COVID-19 related and those considered critical by the government.
- vi. Achieving COVID-19 compliant Budget.
- vii. Review revenue projections to reflect current realities.
- viii. Compliance with NGF Budget guidelines that maybe given from time to time.
- ix. Maintenance of critical spending on core Government services.
- x. Incorporate and synergized with Federal Government on COVID-19 and other related interventions.
- xi. Ensure adjustment of debt servicing or repayment period (re-financing and re-structuring) in order to free up funds for other developmental projects.
- xii. Allow 2.5% of revenue (CRF) for a contingency reserve;
- xiii. Use loans to finance capital expenditure projects only;
- xiv. Target sources of capital receipts and financing outside of loans (e.g. Aids and Grants, PPP, etc.).

2.2.4 Medium Term Policy Objectives and Targets

The key targets from a fiscal perspective are:

- i. Achieve a recurrent to capital expenditure ratio of between 49:51;
- ii. Reduce to the bearest minimum the number of ghost workers through effective payroll management, to generate more funds in order to pave way for new employment.
- iii. Embark on capital projects that will enhance Bauchi urban renewal.
- iv. Continue to ensure reduction in non-essential overheads.
- v. Executions of capital expenditures both COVID-19 related and those considered critical by the government.
- vi. Achieving COVID-19 compliant Budget.

- vii. Review revenue projections to reflect current realities.
- viii. Compliance with NGF Budget guidelines that maybe given from time to time.
- ix. Maintenance of critical spending on core Government services.
- x. Incorporate and synergized with Federal Government on COVID-19 and other related interventions.
- xi. Ensure adjustment of debt servicing or repayment period (re-financing and re-structuring) in order to free up funds for other developmental projects.
- xii. Allow 2.5% of revenue (CRF) for a contingency reserve;
- xiii. Use loans to finance capital expenditure projects only;
- xiv. Target sources of capital receipts and financing outside of loans (e.g. Aids and Grants, PPP, etc.).

CHAPTER THREE

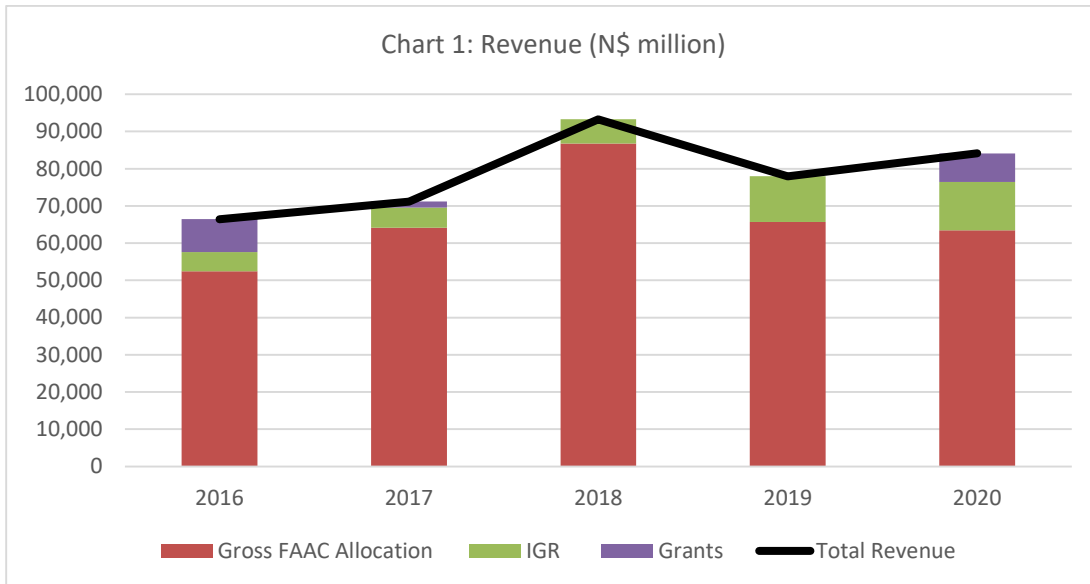
3.0 REVENUE, EXPENDITURE, FISCAL AND DEBT PERFORMANCE, 2016-2020

3.1 Revenue

Bauchi State's Revenue stood at N103.221 billion in 2020 compared to N116.342 billion in the period of 2019, which represent a decrease of N13.121 billion or 12.712 percent. The Revenue has shown improvements from 2016 to 2020, due to the growth increased in the financial resources to the real sector of the economy, and effective implementation of the Economic Policies in the State. The Gross FAAC allocation that comprises the Statutory allocation, derivations, VAT allocation, exchange rate gain, augmentation among others declined from N49.253 billion in 2019 to N40.544 billion in 2020, which present a declined of N8.709 billion or 17.682, the decline was due to slow in financial activities during the Coronavirus Pandemic Period in 2020.

Bauchi State's Internally Generated Revenue (IGR) shows a growth during the period under review, the IGR shows a significant grew from N5.157 billion in 2016 to N13.039 billion in 2020. The improvement in IGR was mainly because of tax administration reforms. These reforms covered legal, institutional, and operational frameworks. Accordingly, several reform activities were instituted to strengthen the IGR collection. Specifically, as a bedrock for other reforms, new Revenue Administration law was passed, among other things, to consolidate state revenue code covering all state IGR sources. Collections were thereafter enhanced with improvement on all electronic platforms and payment gateways used by the State Internal Revenue Service. The state also expanded its Taxpayer database and developed an electronic taxpayer database system. Revenue sources were expanded to include Introduction of Land Use Charge and all revenue leakages were blocked through automation processes.

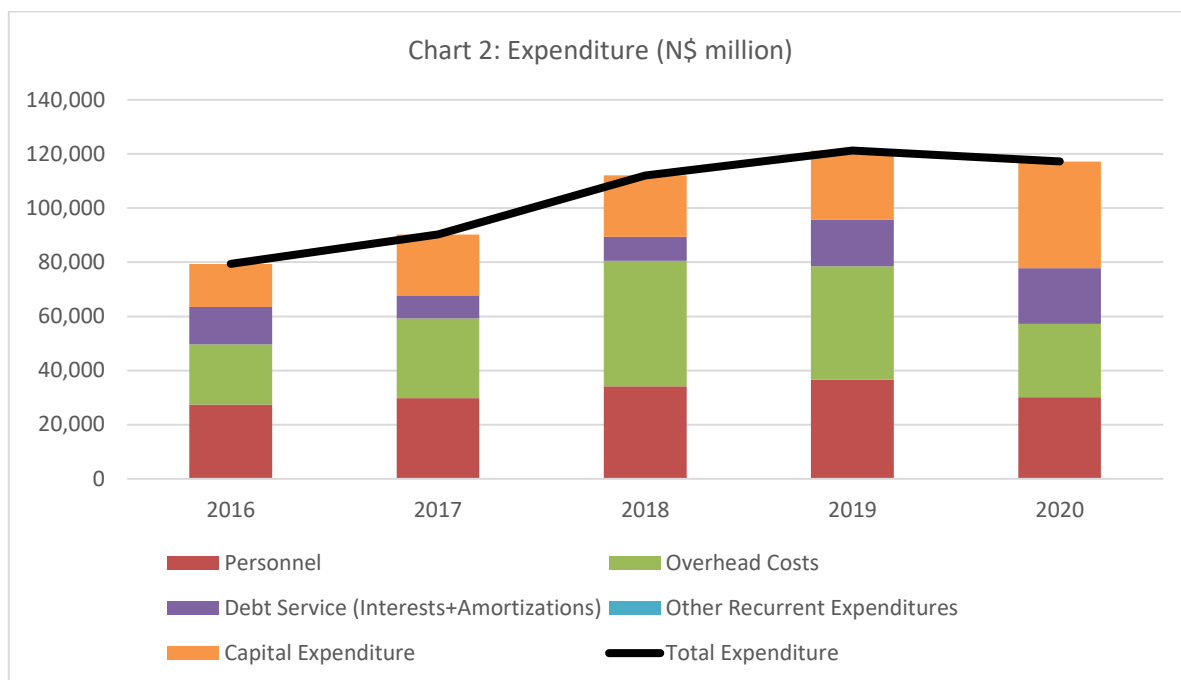
	2016	2017	2018	2019	2020
Total Revenue	84,234.55	80,952.33	114,101.75	116,342.12	103,221.24
Gross FAAC Allocation	25,600.24	33,914.52	50,862.29	49,253.55	40,544.88
IGR	5,157.86	5,472.15	6,525.46	12,293.32	13,039.29
Grants	8,836.38	1,605.25	0.00	0.00	7,626.00



3.2 Expenditure Performance

The State's Total Expenditure includes Capital expenditure, Personnel costs, Overhead costs, other recurrent expenditure, and Debt service (interest payment and principal repayment). In 2020 Bauchi State total expenditure amounted N117.190 billion compared to N79.359 billion as at end-December 2016, which represent a growth of N37.831 billion or 32.24 percent. The personnel cost stood at N27.358 billion in 2016, N29.800 billion in 2017, N34.208 billion in 2018, N36.671 billion in 2019, and N30.191 billion in 2020, respectively. The overhead cost stood at N27.061 billion in 2020 compared to N41.873 billion in 2019. Capital expenditure amounted to N39.415 billion in 2020, N25.411 billion in 2019, N22.624 billion in 2018, N22.464 billion in 2017, and N15.854 billion in 2016, respectively. The Total debt service that comprises the interest payment and principal repayment stood at 20.523 billion as at end-December 2020 compared to N15.854 billion as at end-December 2016.

	2016	2017	2018	2019	2020
Total Expenditure	79,359.42	90,260.76	112,059.66	121,236.08	117,190.50
Personnel	27,358.19	29,800.51	34,208.55	36,671.19	30,191.8
Overhead Costs	22,309.60	29,378.46	46,344.94	41,873.33	27,061.8
Debt Service (Interests+Amortizations)	13,837.5	8,617.7	8,881.4	17,280.0	20,523.0
Other Recurrent Expenditures	0	0	0	0	0
Capital Expenditure	15,854.09	22,464.13	22,624.81	25,411.60	39,415.21



3.3 STATE DEBT PORTFOLIO, 2016 - 2020

Bauchi State's Debt stock amounted to N150.209 billion as at end-December 2020 compared to N145.010 billion as at end-December 2019, representing an increase of N5.199 billion or 3.58 percent. The increase in the Total Debt stock was reflected in External Debt components largely due to the appreciation of the US dollar against the Nigerian Naira. The external debt stock increased from N43.586 billion in 2019 to N51.400 billion in 2020, while the domestic debt stock decreased to N98.809 billion in 2020 from N101.423 billion in 2019.

	2016	2017	2018	2019	2020
Outstanding Debt (Old + New)	94,593.3	107,605.2	133,416.7	145,010.1	150,209.8
External	24,604.98	33,584.50	41,049.55	43,586.20	51,400.71
Domestic	69,988.36	74,020.72	92,367.17	101,423.86	98,809.04

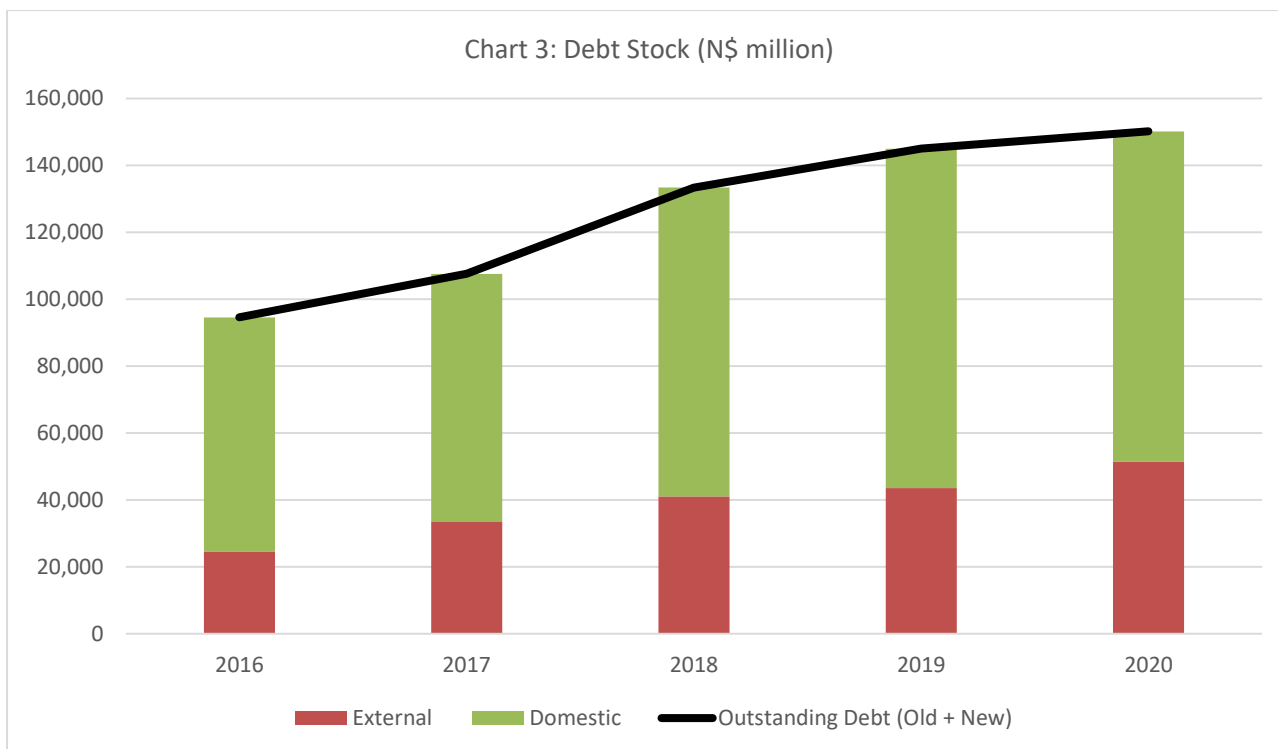


Chart 3: shows a significant increase in the Debt Stock from N94.593 billion in 2016 to N150.209 billion in 2020, due to receipt of the Excess Crude Account Backed Loan and Some commercial Bank loans along with the Contractor's and Gratuity arrears which the State owed increased the Debt Stock from 2018 to 2020. Also, the State Government secured a loan of N8 billion under the CBN's Commercial Agricultural Credit Scheme in 2018, N2 billion Federal Government Health Intervention Loan and N12 billion FGN Housing loan in 2020.

Bauchi State Debt Portfolio as at the end of 2020 consists of external debt N51.400 billion or 34.22 percent and Domestic debt was amounted to N98.809 billion or 65.78 percent, respectively.

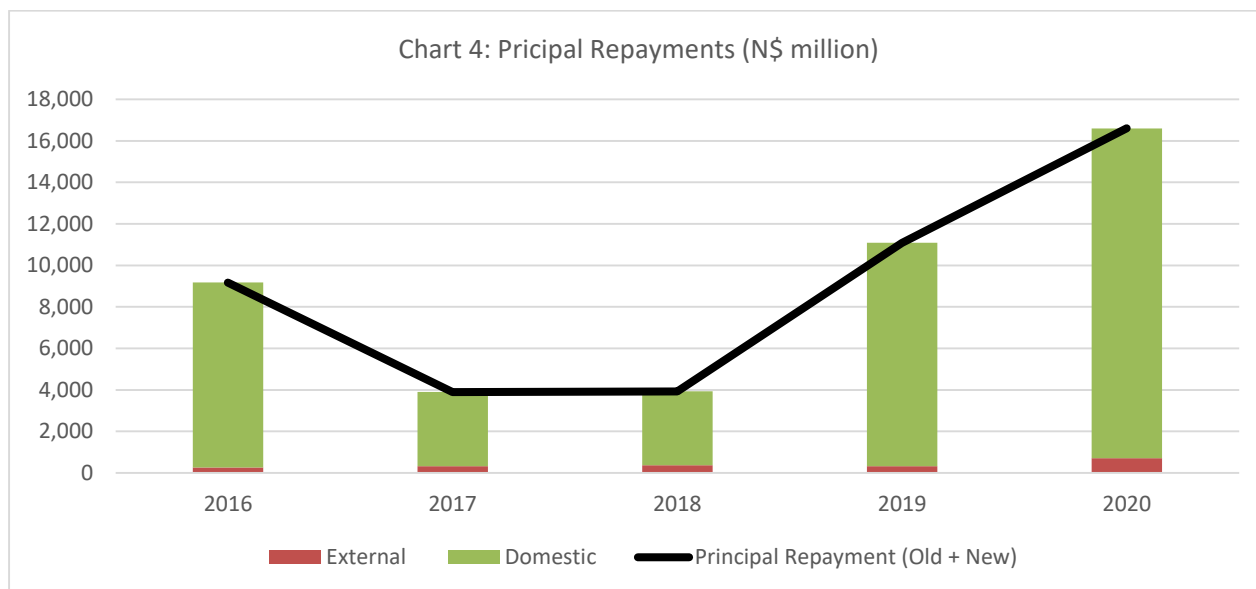
Bauchi State holds a medium cost and medium risk debt portfolio. The debt portfolio has an average domestic interest rate of 11.76 percent and average external interest of 1.50 percent in 2020. The State debt portfolio is minimally exposed to currency, rollover, and interest rate risks. Exposures to currency fluctuations is limited because the foreign currency-denominated loans are only 34.22 percent of total debt stock in 2020. Most all the loans in Bauchi State are fixed-rate obligations, thus not affected by changes in interest rates. A large portion of these loans have maturities ranging from 10 to 35 years and include financing from the Federal Government and Multilateral

organizations. Therefore, rollover/refinancing risk associated with potential deterioration of domestic financial conditions is reasonably negligible.

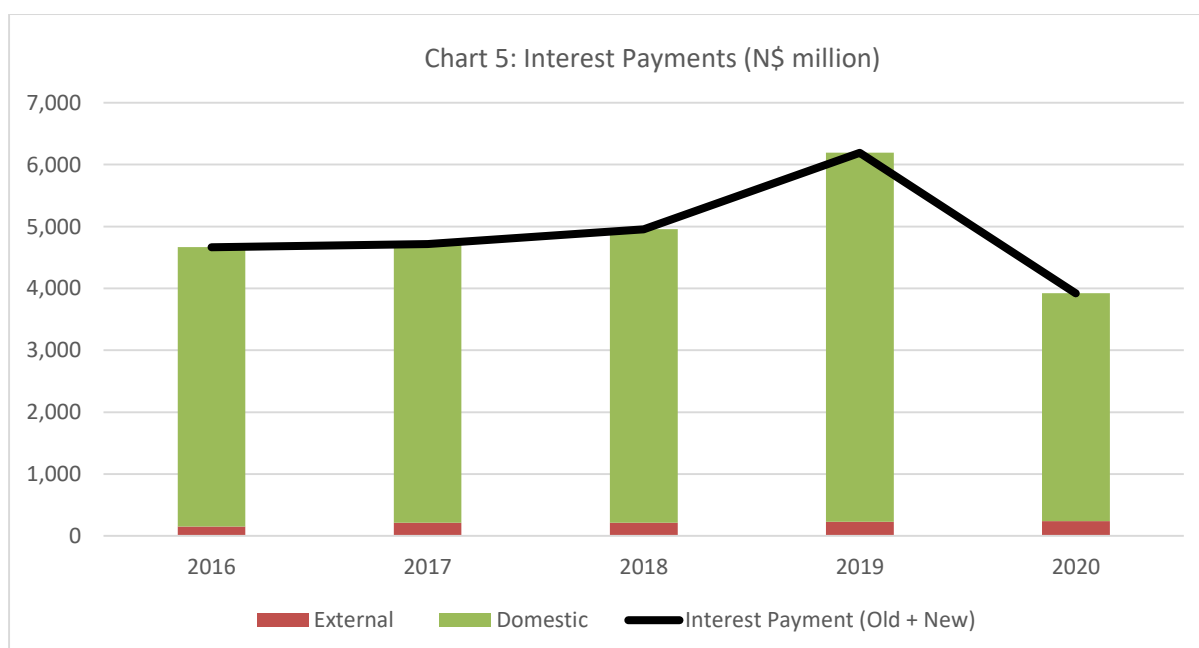
Bauchi State Debt Service amounted to N13.837.50 billion, N8.617 billion, N8.881 billion, N17.280 billion and N20.523 billion for 2016, 2017, 2018, 2019, and 2020 respectively. The principal repayment stood at N16.603 in 2020 compared to N11.088 billion in 2019. While the Interest

Payment amounted to N3.919 billion in 2020 compared to N6.191 billion in 2019. The principal repayments and Interest Payment made were on both External Debt and Domestic Debt (see Chart 4 and 5).

	2016	2017	2018	2019	2020
Principal Repayment (Old + New)	9,172.4	3,899.2	3,926.0	11,088.1	16,603.1
External	268.4	330.2	367.8	326.0	713.6
Domestic	8,904.06	3,568.94	3,558.21	10,762.11	15,889.42



	2016	2017	2018	2019	2020
Interest Payment (Old + New)	4,665.1	4,718.5	4,955.4	6,191.8	3,919.9
External	149.4	214.1	214.6	228.2	240.9
Domestic	4,515.72	4,504.43	4,740.81	5,963.65	3,679.04



CHAPTER FOUR

4.0 DEBT SUSTAINABILITY ANALYSIS

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

BAUCHI STATE DEBT SUSTAINABILITY ANALYSIS

Chart 21 shows to the Debt as a percentage of State GDP (with indicative threshold of 25%). The sustainability position of the State's Total debt portfolio in the fiscal block shows a gradual descending trend from 2018 to 2030. the ratio has continued to decrease steadily over the period under review basing at a value less that 1 percent in 2030, it is well within the threshold insinuating room for additional further borrowing under the right circumstances. Based on this, the State's GDP have potentials for growth and can also accommodate the State's debt stock, with minimal effect on the State economy. Chart 22 shows the Debt as a percentage of revenue, Debt Service as percentage of Revenue and Personnel Costs are below the threshold to the end of projection period. The Govern³ment is coming up with various reforms, in its revenue drive. Debt Service as a percentage of Gross FAAC Allocation (without any indicative threshold) estimated to decrease from 19 percent in 2021 to less that 1 percent in 2030, Interest Payment as a percentage of Revenue revealed that, the maximum exposure of the State Interest towards Revenue is 6 percent in the years 2021 and 2022 with over-all positive outlook. 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 was properly managed, basing at less that 1 percent in year 2030.

4.1 MEDIUM-TERM BUDGET FORECAST

Debt sustainability analysis of the State is predicated on the continuation of recent efforts to grow the IGR of the State annually by 20 percent in the medium term. The economy is expected to gradually recover from 2021-2024, with real GDP expanding at an average annual rate of 8.5 percent and domestic inflation decreasing below 10.94 percent by 2022. The moderate recovery will be supported by economic growth through diversification and increase in the share of VAT. The Tax Administration reforms adopted by the State Government will also strengthen resources provided by IGR, as well as numerous industries that are being attracted to the State through industrialization drive, which are expected to continue in the next few years. This will benefit the economy immensely.

Bauchi State Debt burden indicators as at end-2019

Indicators	Thresholds	Ratio
Debt as % of GDP	25%	7
Debt as % of Revenue	200%	186
Debt Service as % of Revenue	40%	22
Personnel Cost as % of Revenue	60%	47
Debt Service as % of FAAC Allocation	Nil	26
Interest Payment as % of Revenue	Nil	8
External Debt Service as % of Revenue	Nil	1

The State has put in various Tax Administration reforms to strengthen its IGR in order to sustain its debt, these include the enactment of new Revenue Administration Law, Land Use Charge Administration Law; with these new reforms adopted by the State Government, the IGR of the State is expected to grow in the next few years and this will benefit the state towards overall economic recovery. On the other hand, is the Civil Service Reform Policies being implemented with regard to personnel and overhead cost, which are likely to decline from their historical trends.

4.2 BORROWING OPTIONS

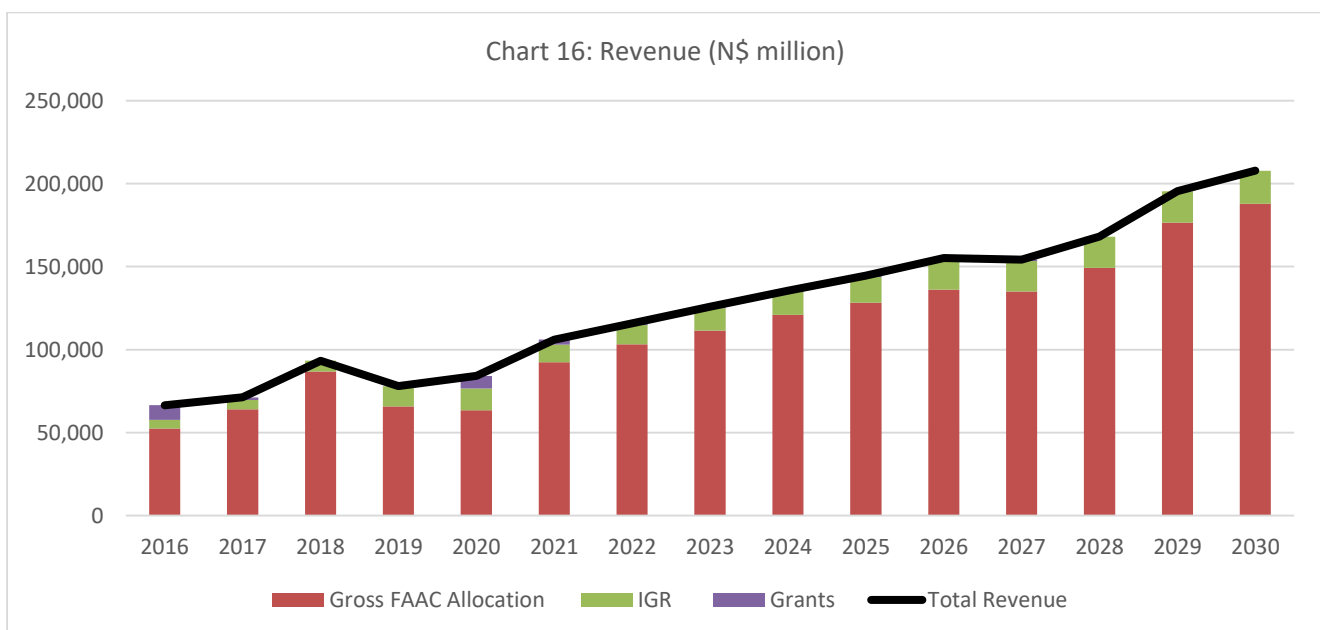
Bauchi state government intends to finance its new borrowing from 2021 to 2030 mainly through Commercial Bank Loans (maturity 1-5 years) with an average of 34.20 percent, Commercial Bank Loans (maturity 6 year above) estimated at 19.15 percent, State Bonds (maturity 1-5 years) at 7.29 percent, State Bonds (maturity 6 years above) at 3.76 percent, Other Domestic financing at 2.31 percent, over projection period, compared with External financing - Concessional financing which was estimated at 20.78 percent and Bilateral financing projected at 12.52 percent. For external financing was due to the limited funding envelopes from the external borrowing with long processing time required loans from Multilateral and Bilateral.

4.3 DSA SIMULATION RESULTS

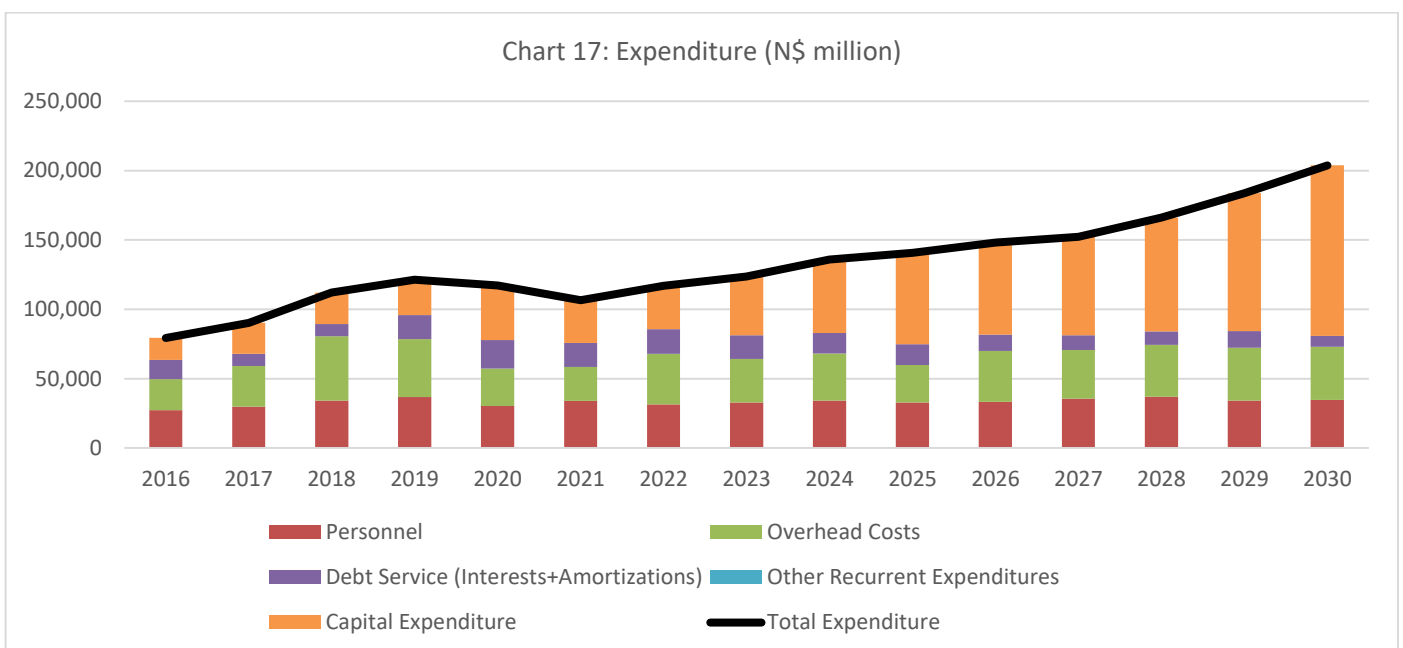
Recent shocks underscore the urgent need to significantly diversify and improve government revenues and reduce the dependence on oil revenue sources. Government remains committed to using innovative ways to raise the revenues required to finance its expenditure and diversifying its revenue sources. The medium-term target is to increase the Revenue-to-GDP ratio to 15%. Higher revenue collections will enable Government to deliver public services more effectively, enhance infrastructure investment, and improve investment in human capital.

Bauchi State Total Revenue (including grants and excluding other capital receipts) is expected to increase from N103.221 billion in 2020 to N208.268 billion in 2030, representing an increase of N105.047 billion or 101.77 percent over the projection period. Gross FAAC Allocation projected to grow from 40.544 billion in 2020 to 106.860 billion in 2030, VAT is expected to increase by N53.023 billion or 196.13 percent between 2021 and 2030 and IGR is projected to grow from N10.691 billion in 2021 to N19.861 billion in 2030. The projections were sources from the Approved 2021 Budget; MTEF, 2021-2023; 2022-2024 projections as estimated by the Ministry of Economic Planning & Budget official.

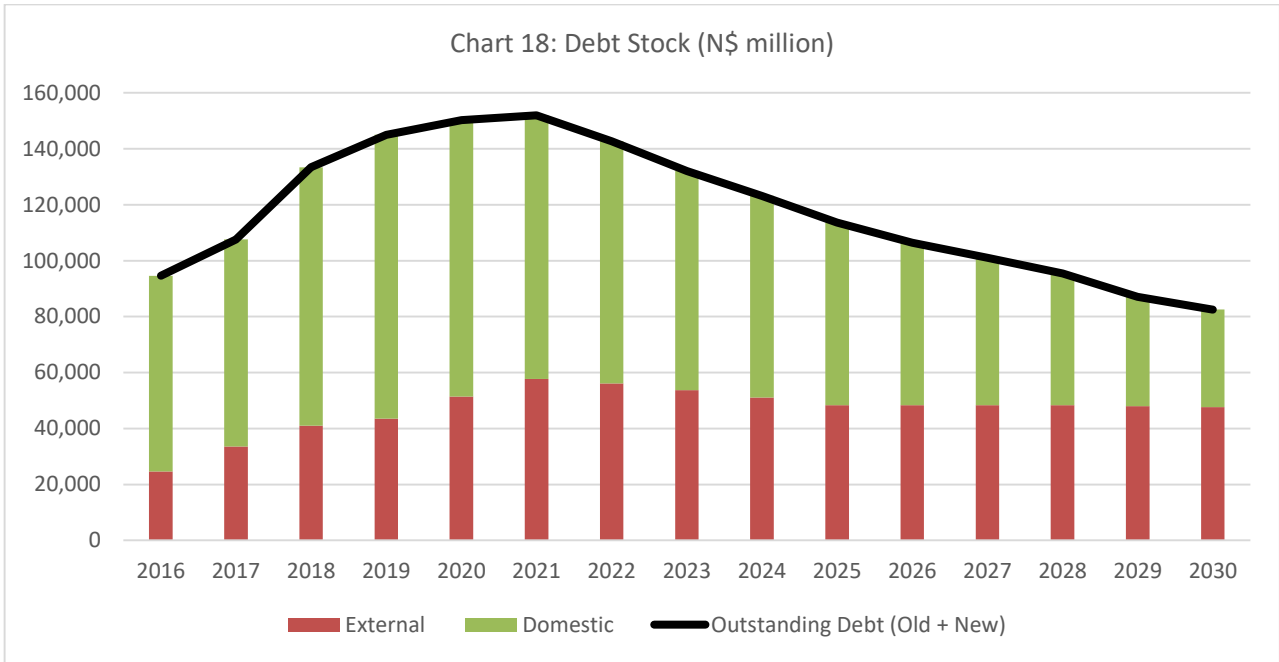
The Internally Generated Revenue (IGR)'s tax system will be further strengthened over the medium term by improving collection efficiency, enhancing compliance, and reorganizing the business practices of revenue agencies in the state as well as employing appropriate technology. In addition, efforts will be made to bring more businesses in the informal sector into the tax net. IGR estimated to grow by N9.170 billion or 85.77 percent (from N10.691 billion in 2021 to N19.861 billion in 2030), over the projection period of the Approved 2021 Budget; MTEF, 2021-2023; 2022-2022 projections as estimated by the State Ministry of Budget & Planning.



Total expenditure projected at N106.594 billion in 2021, N116.878 billion in 2022, N123.627 billion in 2023, N135.880 billion in 2024, N140.715 billion in 2025, N148.077 billion in 2026, N152.288 billion in 2027, N166.038 billion in 2028, N183.722 billion in 2029 and N203.782 billion in 2030, respectively, indicating stability in the state growth recovery. Personnel Costs, Overhead Costs, Debt Service. Capital Expenditure estimated to increase over the projection period from N30.911 in 2021, N31.288 billion in 2022, N65.864 billion in 2025, N82.043 billion in 2028 and N122.969 billion in 2030, respectively, over the projection period as provided in the Approved 2021 Budget; MTEF, 2021-2023; 2022-2024 projections as estimated by the State Ministry of Budget & Planning.



As a result of the State's modest increase in GDP, great improvement in IGR, increase in Personnel, Overhead costs, and Capital Expenditure. The increased in projected expenditure increase the debt through Primary Balance. Bauchi State's Debt Stock estimated to increase from N152.029 billion in 2021 to N82.538 billion in 2030, representing a decrease of N69.491 billion or 45.71 percent over the projection period. External Debt projected to decline by N10.089 billion or 17.47 percent and Domestic Debt to also decrease by N59.402 billion or 63.00 percent over the projection period.



BAUCHI STATE’S MAIN FINDING

The Baseline Scenario results shows that the ratio of Debt as % of GDP is projected at 6 percent in 2021, 4 percent in 2023, 3 percent in 2026, 2 percent in 2028 and 1 percent in 2030, respectively, as against the indicative threshold of 25 percent. The ratio of Debt as % of Revenue estimated at 143 percent in 2021, 105 percent in 2023, 79 percent in 2025, 57 percent in 2028 and 40 percent in 2030, respectively, the ratio of Debt as % of Revenue remain below the threshold over the projection period. Meanwhile, the ratios of Debt Service to Revenue and Personnel Cost to Revenue trends remains under the threshold over the projection period from 2021 to 2030, with the strongminded efforts by the State Government through its various initiatives and reforms in the key sectors of the economy, respectively.

Chart 21: Debt Stock as a share of SGDP

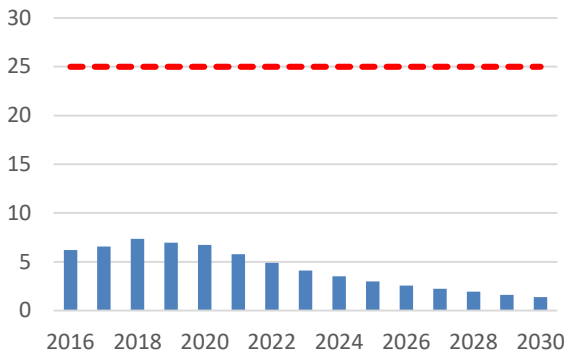


Chart 22: Debt Stock as a share of Revenue

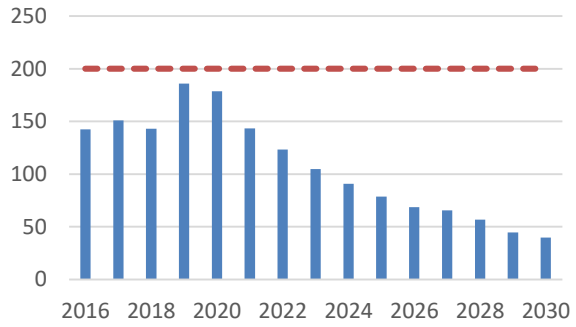


Chart 24: Personnel Cost as a share of Revenue

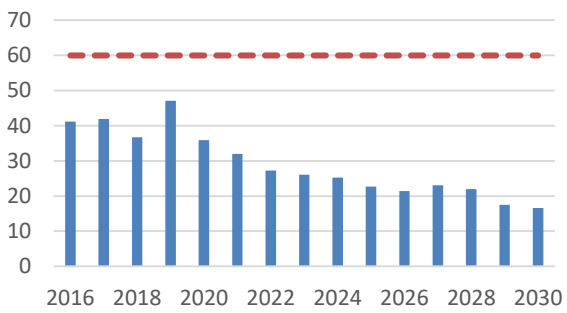


Chart 23: Debt Service as a share of Revenue

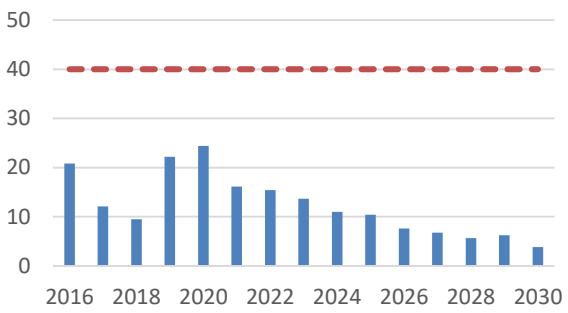


Chart 6: Debt Stock as a share of SGDP

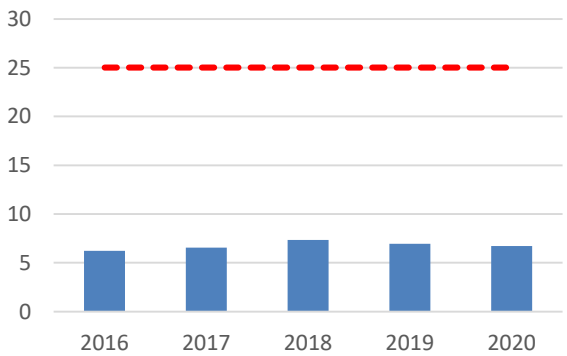


Chart 7: Debt Stock as a share of Revenue

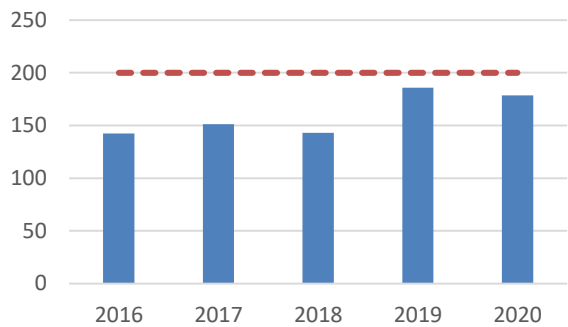


Chart 9: Personnel Cost as a share of Revenue

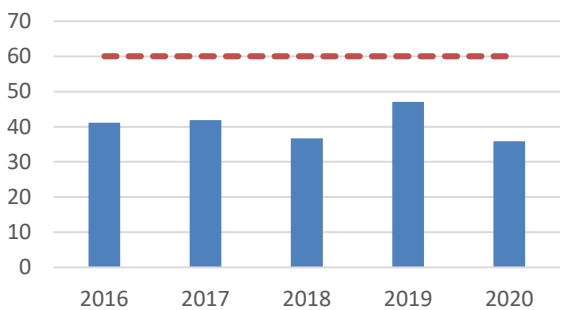
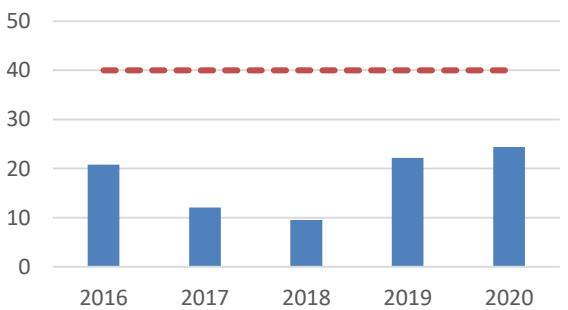


Chart 8: Debt Service as a share of Revenue



CONCLUSION

Bauchi State DSA result shows that, the State remains at the Low Risk of Debt Distress. The State remains mostly sensitive to the revenue shocks, expenditure shocks, exchange rate shocks, interest rate shocks and historical shocks, indicating that an increase in aggregate output, does not result to a proportionate increase in revenue. The State is sensitive to revenue shocks largely due to the State's over reliance on the Federal allocation (FAAC). There is, therefore, the urgent need for the authorities to fast-track efforts aimed at further diversifying the sources of revenue away Federal Allocation (FAAC), as well as implement far-reaching policies that will bolster IGR into the state. This has become critical, given the continued volatility in the FAAC allocation.

4.4 DSA SENSITIVITY ANALYSIS

The State faces important sources of fiscal risks associated to the possibility of adverse country wide macroeconomic conditions and the reversal of the State's revenue and expenditure policies. A sensitivity analysis is undertaken considering macroeconomic shocks and policy shocks to evaluate the robustness of the sustainability assessment for the baseline scenarios discussed in the previous sub-sections. When considering both macroeconomic and policy shocks, it is assumed that external and domestic borrowings cover any revenue shortfall and additional expenditure relative to the baseline scenario discussed earlier.

The 2021 DSA analysis shows that Bauchi State remains at moderate risk of debt distress under sensitivity analysis. The State DSA analysis shows deteriorate related to revenue shocks, expenditure shocks, exchange rate shocks, interest rate shocks and historical shock, that would lead to increase Gross Financing Needs over the projection period. The shocks apply breached the threshold under debt as percent of GDP from 2028 to 2030 under historical shocks. The debt as percent of Revenue breached the benchmarks from 2026 to 2030 through Revenue shocks, Expenditure Shocks as well as Historical shocks. Debt service as percentage of Revenue breached the threshold under revenue and Expenditure Shocks in 2030. There is, an urgent need for the authorities to fast-track efforts aimed at further diversifying the sources of revenue away from Federal Allocation (FAAC), as well as implement far- reaching policies that will bolster IGR into the state. This has become critical, given the continued volatility in the FAAC allocation.

Chart 27: Debt Stock as a share of SGDP

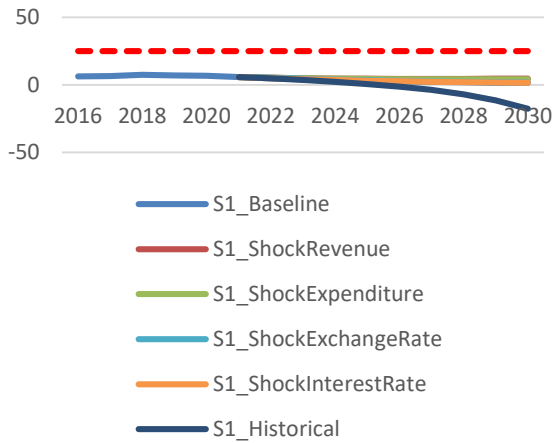


Chart 28: Debt Stock as a share of Revenue

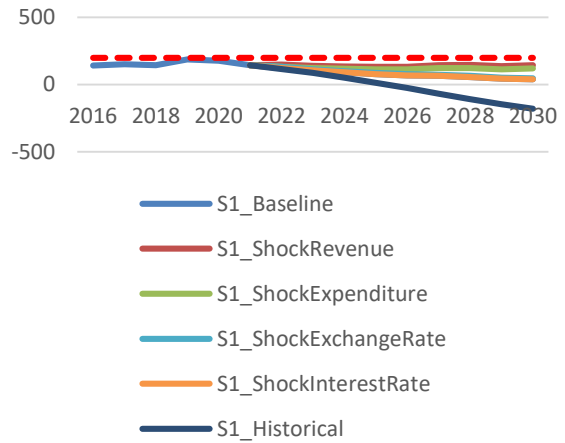


Chart 29: Debt Service as a share of Revenue

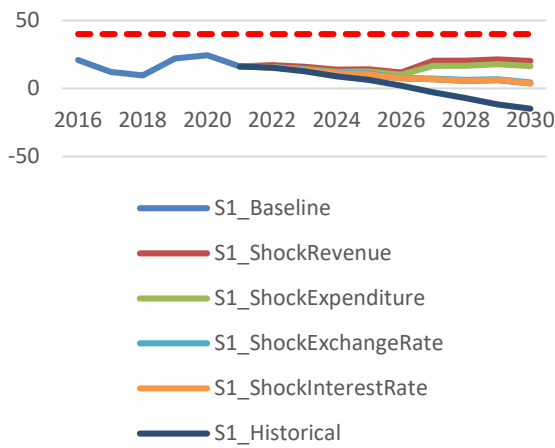


Chart 30: Personnel Cost as a share of Revenue

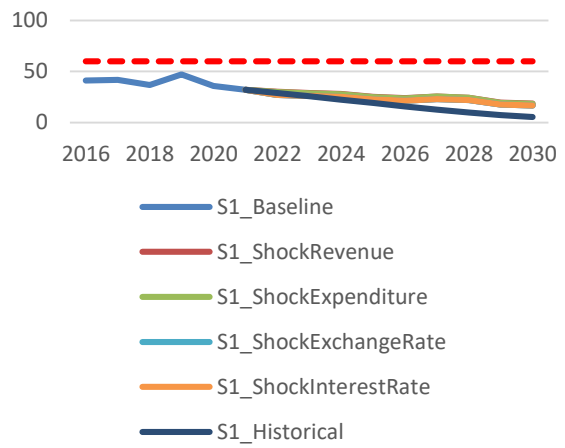


Chart 12: Debt Stock as a share of SGDP

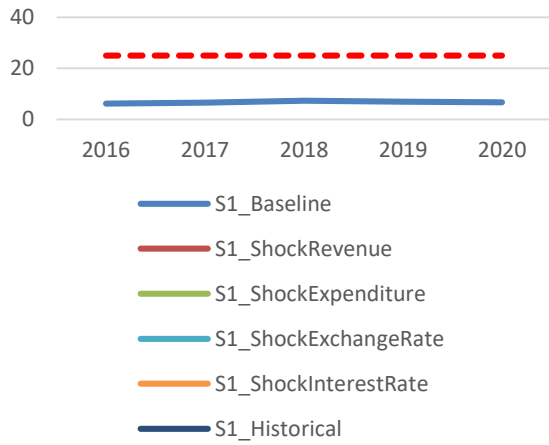


Chart 13: Debt Stock as a share of Revenue

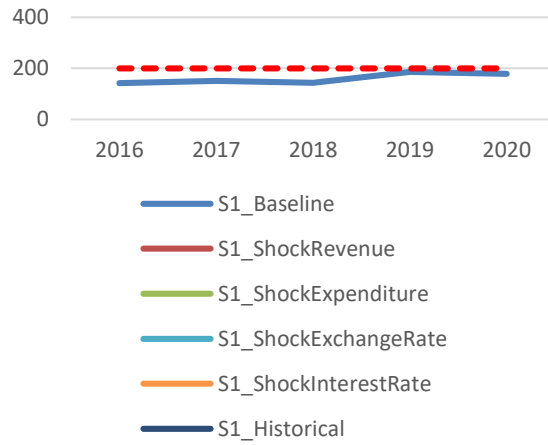


Chart 14: Debt Service as a share of Revenue

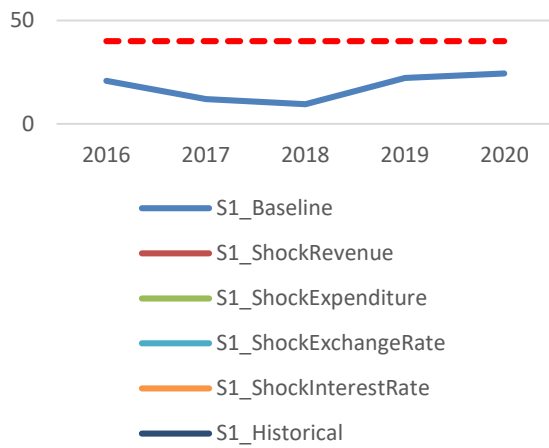
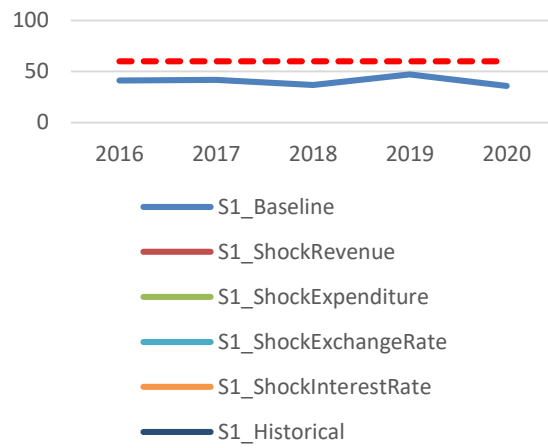


Chart 15: Personnel Cost as a share of Revenue



CHAPTER FIVE

5.0 DEBT MANAGEMENT STRATEGY

Public debt management is the process of establishing and executing a strategy for managing the government's debt in order to raise the required amount of funding at the lowest possible cost over the medium to long run, consistent with a prudent degree of risk. Debt Management Strategy examines the costs and risks inherent in the current debt portfolio, as well as in the debt portfolios that would arise from a range of possible issuance strategies, considering factors such as the macroeconomic and financial market environment, the availability of financing from different creditors and markets, and vulnerabilities that may have an impact on future borrowing requirements and debt service costs.

The Debt Management Strategy provides alternative strategies to meet the financing requirements for Bauchi State. The strategies are shown by the breakdown of funding mix (domestic debt and external debt) and within the broad categories of domestic and external, the share of each stylized instrument has also been illustrated. Following four strategies are assessed by the government. The Bauchi State's Debt Management Strategy, 2021-2023, analyses the debt management strategies outcomes of the three debt management performance indicators namely Debt Stock to Revenue, Debt Services to Revenue and Interest to Revenue. The cost is measured by the expected value of a performance indicator in 2025, as projected in the baseline scenario. Risk is measured by the deviation from the expected value in 2025 caused by an un-expected shock, as projected in the most adverse scenario.

5.1 Alternative Borrowing Options

Strategy 1 (SI) reflects a "Baseline" MTEF Financing Mix: It follows the broad parameters of the financing mix in the fiscal year 2021 and MTEF, 2021-2023 & 2022-2024. External gross borrowing under Concessional loans accounts on average 43.29 percent over the strategic period mainly through World Bank and African Development Bank. The Domestic gross financing comprises commercial bank loans, State bonds and other domestic financing. The Domestic Financing under the Commercial Bank loans (maturity of 1-5 years) accounts on average 56.71 percent, Commercial Bank loans (maturity above 6 years) accounts on average 60 percent, and Other Domestic Financing accounts on average of 40 percent over the DMS period of 2021 to 2030

Strategy 2 (S2) focus more financing through commercial bank loans: In this strategy it has been assumed the distribution between external and domestic borrowing remains the same in 2021 as its in strategy 1. The remaining of borrowing distributions from 2022 to 2020, the state government will focus its financing through commercial bank loans and other domestic sources with average 40% percent under maturity of 1-5 years and 60 percent under Other Domestic Source (Private Financing) over the strategic period, compared to other financing needs.

Strategy (S3) focus its financing through domestic debt market. In strategy 3, the government decided to focus more of its financing from 2021 to 2030, through State Bonds (1-5 years), State Bonds (above 6 years), Commercial Bank loans (1-5 years) with an average of 20 percent, 35 percent, 65 percent, respectively, as against the Commercial Bank loans with the maturity of above 6 years, Other Domestic financing, and External Concessional Loans sources. This strategy considers the scenario where proportions of external and domestic debt instruments in 2021 remains the same with strategy 1.

Strategy (S4) focus its financing through external Concessional Loans. This Strategy (S4) considers the scenario where proportions of external and domestic debt instruments in 2021 remains the same with strategy 1. External Financing (Concessional Loans) represents an average of 35 percent from 2021-2025, compared with the other gross financing which comprises other Domestic financing, Commercial bank loans (1-5 years) and Commercial bank loans (above 6 years), respectively.

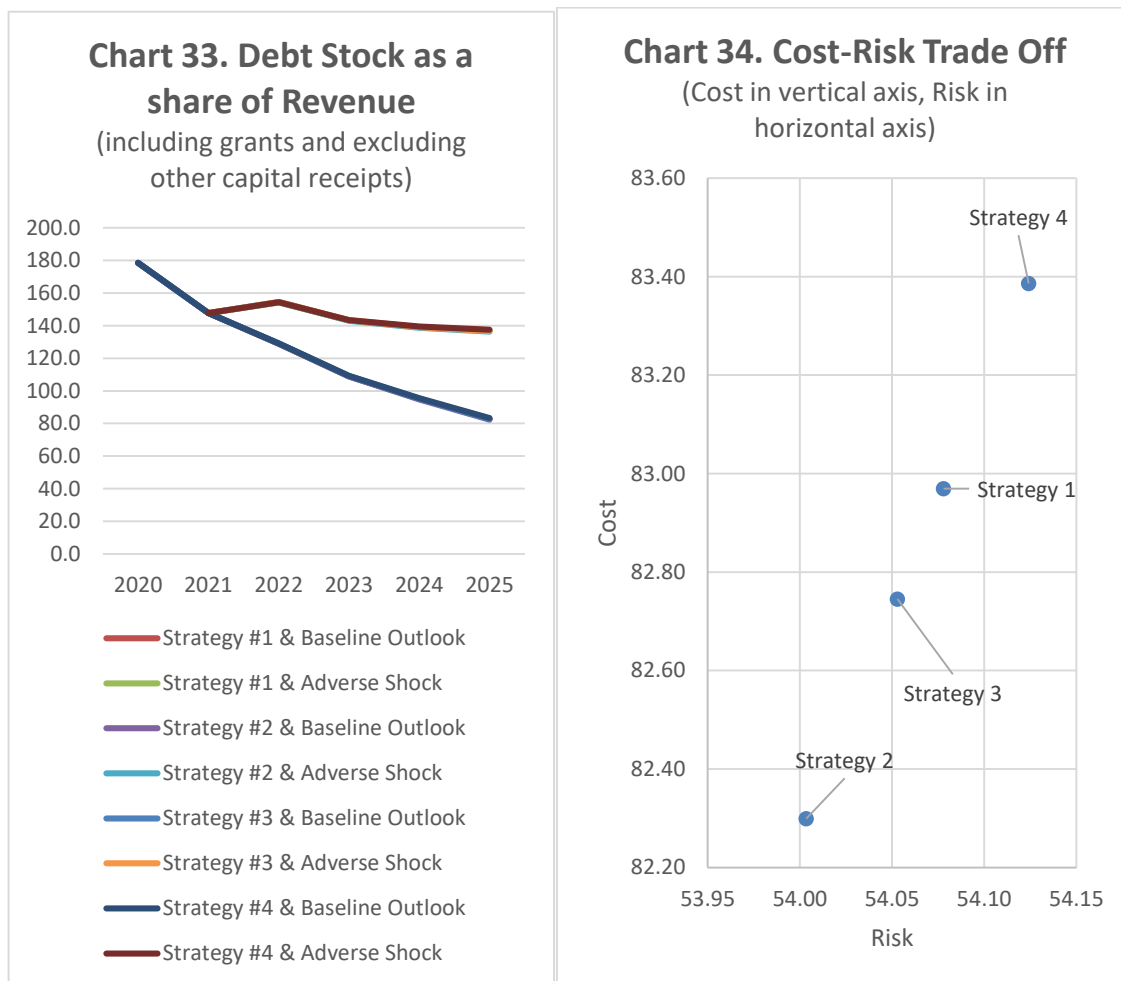
5.2 DMS Simulation Results

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

a. Debt as a share Revenue:

> Strategy 4 shows the Cost ratio of Debt to Revenue estimated to decrease from 147.8 percent in 2021 to 95.2 percent, as against Strategy 2 (139.1 percent), Strategy 2 (115.93 percent) and Strategy 3 (94.8 percent), over the DMS period of 2025, compared with the Risks measured of Strategy 3 (54.1 percent), Strategy 1 (54.1 percent), Strategy 2 (54.1 percent) and Strategy 3 (54.1 percent), respectively.

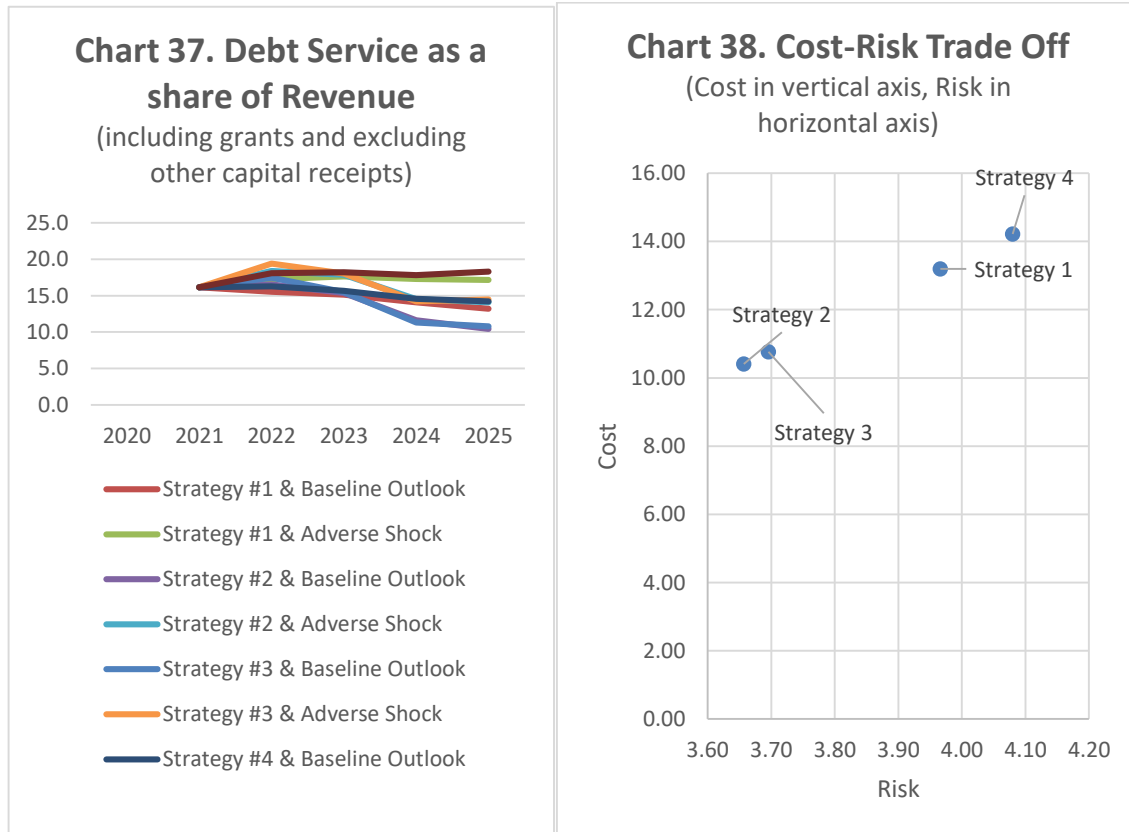
> Analysis using this debt indicator of debt to revenue shows that S2 is the least costly and riskier which was estimated at 82.3 percent and 54.1 percent compared to Strategy 1 (83.0 percent and 54.1 percent) Strategy 4 (83.4 percent and 54.1 percent), respectively. On the other hand, Strategy 3 which was estimated as 82.7 percent and 54.1 percent, which concentrated on more State bonds borrowings and commercial bank loans with little proportion of external financing over the DMS period of 2021-2025.



b. Debt Service as a share of Revenue:

> In terms of Debt Service to Revenue, Strategy 2 has the lowest costs of 10.4 percent and lowest risks of 3.7 percent compared to Strategy 3 (costs at 10.8 percent and risks at 3.7 percent), Strategy 1 (costs at 13.2 percent and risks at 4.0 percent) and Strategy 4 (costs at 14.2 percent and risks at 4.1 percent), respectively, as at end of the strategic period of 2025.

- > Strategy 4 has the lowest costs at 14.86 percent and minimum risks at 4.23 percent under the Debt Service to Revenue, followed by Strategy 1 costs at 19.72 percent and risks at 4.77 percent. But the Strategy 3 is the costliest and riskiest strategy as the domestic debt financing considered more State Bonds.



c. Interest as a share of Revenue

- > Strategy 2 is the least costs with regards Interest to Government revenues, which is projected at 3.8 percent (cost) and Risks at 2.9 percent, whilst Strategy 3 cost is at 3.9 percent and risk at 2.9 percent, compared to Strategy 1 with costs and risks of 4.1 percent and 3.0 percent respectively and Strategy 4 with estimated costs and risks of 4.2 percent and 3 percent, as at end of the strategic period of 2025.
- > The ratios of Interest as percent of Revenue analysis shows that S2 yield the lowest costs and risks due to high external financing, as the external debt service terms requirement has low interest rate, longer maturity and grace period in concessional external financing. Compared to S1 and S3 with the moderate costs and risks. S4 is the most costly and risky strategy.

Chart 41. Interest as % of Revenue

(including grants and excluding other capital receipts)

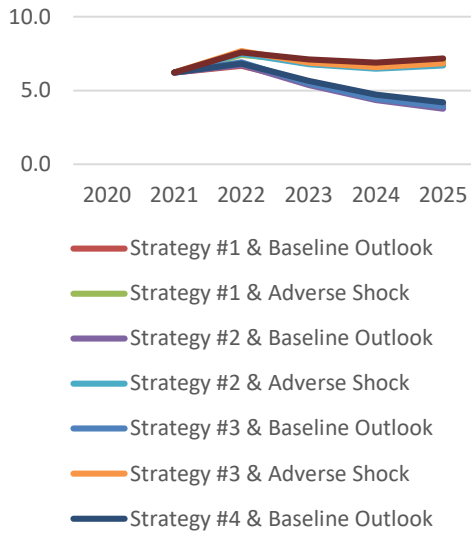
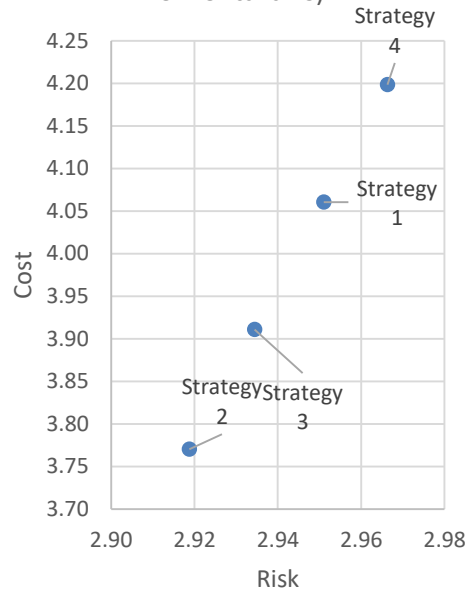


Chart 42. Cost-Risk Trade Off

(Cost in vertical axis, Risk in horizontal axis)



5.3 DMS Assessment

The preferred strategy was not solely based on the Analytical Tool assessment of all four strategies but took into consideration the ability to implement the chosen strategy successfully in the medium-term. Therefore, although the Analytical Tool's results of costs and risks would suggest that the recommended strategy be S4 these results were just marginally better when compared with Strategy S1. ***Strategy 1 was considered as the most feasible of the strategies to implement in the short to medium-term and it would still greatly improve the portfolio's debt position relative to the base year 2020.***

In comparison to the current debt position, Bauchi State debt portfolio stood at N150.209 billion as at end-2020, which expected an decrease to N91.764 billion under Strategy 1 to the end of the strategic period, compared to Strategy 2 (N102.126 billion), Strategy 3 (N103.140 billion), and Strategy 4 (N93.122 billion). In addition to this, the cost/risk trade-offs are considered, using the debt to GDP, debt to revenue, debt service to GDP, debt service to revenue, interest to GDP and interest payment to GDP ratios, S1 is selected as the preferred strategy for the 2021-2025.

The Debt Management Strategy, 2021-2025 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 2021 budget. The cost-risk trade-off of alternative borrowing strategies under the DMS has been evaluated within the medium-term context

ASSUMPTIONS

ANNEXURES I

Assumptions:

Economic activity	State GDP (at current prices)	the GDP estimation is based on figures provided at the National Level
Revenue	<p>Revenue</p> <p>1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)</p>	the estimation for statutory allocation is based on an elasticity forecast taking into consideration the macro-economic framework (National) and the mineral assumptions in the 2021-2024 Federal Fiscal Strategy Paper. It is based on historical mineral revenues flows and elasticity-based forecast using national Real GDP and Inflation data
Expenditure	<p>Expenditure</p> <p>1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)</p> <p>2. Overhead costs</p>	<p>It is anticipated that the new minimum wage will impact on the wage bill from the fourth quarter of 2020. The projection is that total wage bill will increase by 12.% in 2021 followed by decrease of 7% in 2022</p> <p>Overhead has been relatively stable over the last five years. It is anticipated that the status quo will remain. Consequently, a 5-year moving average without outliers is used to forecast overhead for 2022, 2023 and 2024</p>
Closing Cash and Bank Balance	Closing Cash and Bank Balance	The opening balance of the current year is closing balance of the previous year
Debt Amortization and Interest Payments	<p>Debt Outstanding at end-2020</p> <p>External Debt - amortization and interest</p> <p>Domestic Debt - amortization and interest</p>	<p>The amortization and interest will continues to be serviced as at when due through deductions from the State's Statutory allocations</p> <p>The amortization and interest will continues to be serviced as at when due through deductions from the State's Statutory allocations</p>
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S1	<p>Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S1</p> <p>New Domestic Financing in Million Naira</p> <p>Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)</p>	The State is well within most ratios with the exception of those related to IGR – specifically domestic debt to IGR solvency ratio and domestic debt service to IGR liquidity ratio. However, this is largely due to a low IGR base which must be built in the short-medium term. Once IGR is at a more appropriate level compared to the level of economic activity in the State, more domestic borrowing will be possible.
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S2	<p>Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S2</p> <p>New Domestic Financing in Million Naira</p> <p>Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)</p> <p>Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)</p> <p>State Bonds (maturity 1 to 5 years)</p>	<p>The State is well within most ratios with the exception of those related to IGR – specifically domestic debt to IGR solvency ratio and domestic debt service to IGR liquidity ratio. However, this is largely due to a low IGR base which must be built in the short-medium term. Once IGR is at a more appropriate level compared to the level of economic activity in the State, more domestic borrowing will be possible.</p> <p>The State is well within most ratios with the exception of those related to IGR – specifically domestic debt to IGR solvency ratio and domestic debt service to IGR liquidity ratio. However, this is largely due to a low IGR base which must be built in the short-medium term. Once IGR is at a more appropriate level compared to the level of economic activity in the State, more domestic borrowing will be possible.</p>
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S3	<p>Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S3</p> <p>New Domestic Financing in Million Naira</p>	

3.b. of which interest deducted from FAAC Allocation	4,665.10	4,718.48	4,955.36	6,191.85	3,918.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5. Capital Expenditure	15,854.09	22,464.13	22,624.81	25,411.60	39,415.21	30,911.76	36,228.20	42,286.16	52,886.21	65,864.26	66,260.01	71,117.31	82,043.81	99,415.51	122,969.14
6. Amortization (principal) payments	2,338.81	3,867.77	6,782.21	6,405.45	4,106.57	10,553.04	10,273.93	12,060.73	12,797.17	13,204.97	8,625.57	6,491.35	7,565.75	9,813.72	6,663.99
Budget Balance ('+' means surplus, '-' means deficit)	11,708.76	-9,277.02	-814.12	-211.30	-1,472.77	17,046.28	3,204.53	1,210.26	94.73	4,060.64	7,408.00	3,417.00	2,883.00	13,292.00	4,000.00
Opening Cash and Bank Balance	3,165.83	14,874.59	5,597.57	4,783.45	4,572.15	3,099.38	20,145.66	23,350.19	24,560.45	24,655.18	28,715.82	36,123.82	39,540.82	42,423.82	55,715.82
Closing Cash and Bank Balance	14,874.59	5,597.57	4,783.45	4,572.15	3,099.38	20,145.66	23,350.19	24,560.45	24,655.18	28,715.82	36,123.82	39,540.82	42,423.82	55,715.82	59,715.82

Financing Needs and Sources (Million Naira)

Financing Needs						17,559.49	3,387.97	813.24	4,777.15	4,264.21	2,037.00	1,898.71	3,155.89	3,283.06	2,567.32
i. Primary balance						16,627.04	17,813.63	19,471.89	14,402.71	18,870.95	18,829.83	12,385.65	11,567.27	23,905.47	11,915.15
ii. Debt service						17,140.26	17,997.07	19,074.87	19,085.13	19,074.52	13,458.83	10,867.37	11,840.16	13,896.52	10,482.47
Amortizations						10,553.04	10,273.93	12,060.73	12,797.17	13,204.97	8,625.57	6,491.35	7,565.75	9,813.72	6,663.99
Interests						6,587.22	7,723.14	7,014.14	6,287.96	5,869.55	4,833.26	4,376.01	4,274.40	4,082.80	3,818.48
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)						17,046.28	3,204.53	1,210.26	94.73	4,060.64	7,408.00	3,417.00	2,883.00	13,292.00	4,000.00
Financing Sources						17,559.49	3,387.97	813.24	4,777.15	4,264.21	2,037.00	1,898.71	3,155.89	3,283.06	2,567.32
i. Financing Sources Other than Borrowing							199.99	625.10	813.24	258.24	17.53	58.91	199.99	625.10	813.24
ii. Gross Borrowings						17,359.50	2,762.86	0.00	4,518.91	4,246.68	1,978.09	1,698.73	2,530.79	2,469.82	2,309.09
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)						0.00	2,762.86	0.00	2,485.40	0.00	1,087.95	1,698.73	0.00	2,469.82	0.00
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)						0.00	0.00	0.00	0.00	0.00	4,246.68	0.00	0.00	2,530.79	2,309.09
State Bonds (maturity 1 to 5 years)							9,547.73	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Bonds (maturity 6 years or longer)							0.00	0.00	0.00	0.00	0.00	0.00	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)							7,811.78	0.00	0.00	2,033.51	0.00	890.14	0.00	0.00	0.00
External Financing - Bilateral Loans							0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Debt Stocks and Flows (Million Naira)

Debt (stock)	94,593.33	107,605.22	133,416.72	145,010.06	150,209.75	156,746.40	149,235.33	137,174.60	128,896.34	119,938.05	113,290.57	108,497.94	103,462.97	96,119.07	91,764.17
External	24,604.98	33,584.50	41,049.55	43,586.20	51,400.71	57,741.68	56,141.90	53,693.31	53,098.92	50,382.11	51,269.15	51,266.02	51,262.61	50,918.96	50,576.29
Domestic	69,988.36	74,020.72	92,367.17	101,423.86	98,809.04	99,004.72	93,093.43	83,481.29	75,797.43	69,555.94	62,021.42	57,231.92	52,200.36	45,200.11	41,187.88
Gross borrowing (flow)						17,359.50	2,762.86	0.00	4,518.91	4,246.68	1,978.09	1,698.73	2,530.79	2,469.82	2,309.09
External						7,811.78	0.00	0.00	2,033.51	0.00	890.14	0.00	0.00	0.00	0.00
Domestic						9,547.73	2,762.86	0.00	2,485.40	4,246.68	1,087.95	1,698.73	2,530.79	2,469.82	2,309.09
Amortizations (flow)	9,172.44	3,899.19	3,926.01	11,088.11	16,603.06	10,553.04	10,273.93	12,060.73	12,797.17	13,204.97	8,625.57	6,491.35	7,565.75	9,813.72	6,663.99
External	268.38	330.25	367.80	326.00	713.65	1,200.98	1,599.78	2,448.59	2,627.90	2,716.81	3.10	3.13	3.41	343.65	342.67
Domestic	8,904.06	3,568.94	3,558.21	10,762.11	15,889.42	9,352.05	8,674.15	9,612.14	10,169.27	10,488.17	8,622.47	6,488.22	7,562.34	9,470.07	6,321.31
Interests (flow)	4,665.10	4,718.48	4,955.36	6,191.85	3,919.91	6,587.22	7,723.14	7,014.14	6,287.96	5,869.55	4,833.26	4,376.01	4,274.40	4,082.80	3,818.48
External	149.38	214.05	214.55	228.20	240.87	516.52	642.45	668.56	690.03	723.11	95.15	103.69	103.67	103.64	100.38
Domestic	4,515.72	4,504.43	4,740.81	5,963.65	3,679.04	6,070.70	7,080.69	6,345.57	5,597.93	5,146.44	4,738.11	4,272.32	4,170.73	3,979.16	3,718.10
Net borrowing (gross borrowing minus amortizations)						6,806.47	-7,511.07	-12,060.73	-8,278.26	-8,958.29	-6,647.48	-4,792.63	-5,034.97	-7,343.90	-4,354.90
External						6,610.79	-1,599.78	-2,448.59	-594.39	-2,716.81	887.04	-3.13	-3.41	-343.65	-342.67
Domestic						195.67	-5,911.29	-9,612.14	-7,683.87	-6,241.48	-7,534.53	-4,789.50	-5,031.56	-7,000.25	-4,012.23

Debt and Debt-Service Indicators

Debt Stock as % of SGDP	6.21	6.56	7.35	6.95	6.72	5.95	5.11	4.25	3.68	3.14	2.72	2.38	2.08	1.77	1.55
Debt Stock as % of Revenue (including grants and excluding other capital receipts)	142.35	151.14	116.95	186.00	178.59	147.76	128.82	108.94	95.18	82.97	73.02	70.34	61.56	49.17	44.1
Debt Service as % of SGDP					0.65	0.62	0.59	0.54	0.50	0.32	0.24	0.24	0.26	0.18	
Debt Service as % of Revenue (including grants and excluding other capital receipts)						16.16	15.53	15.15	14.09	13.20	8.68	7.05	7.04	7.11	5.0
Interest as % of SGDP					0.25	0.26	0.22	0.18	0.15	0.12	0.10	0.09	0.08	0.06	
Interest as % of Revenue (including grants and excluding other capital receipts)						6.21	6.67	5.57	4.64	4.06	3.12	2.84	2.54	2.09	1.8
Personnel Cost as % of Revenue (including grants and excluding other capital receipts)						31.95	27.20	26.07	25.21	22.68	21.40	23.04	21.94	17.50	16.6

Adverse Shock Scenario is defined by the worst performance indicator measured in year 2025

For Debt Stock as % of SGDP the adverse shock is: Revenue

Debt Stock as % of SGDP

5.95	5.51	5.03	4.83	4.67	4.60	4.58	4.60	4.62	4.72
------	------	------	------	------	------	------	------	------	------

For Debt Stock as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue

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

147.76	154.24	143.20	139.11	137.05	137.39	150.37	151.09	142.52	149.4
--------	--------	--------	--------	--------	--------	--------	--------	--------	-------

For Debt Service as % of SGDP the adverse shock is: Revenue

Debt Service as % of SGDP

0.65	0.62	0.62	0.60	0.58	0.43	0.63	0.67	0.73	0.68
------	------	------	------	------	------	------	------	------	------

For Debt Service as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue

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

16.16	17.26	17.65	17.31	17.16	12.98	20.70	22.07	22.42	21.6
-------	-------	-------	-------	-------	-------	-------	-------	-------	------

For Interest as % of SGDP the adverse shock is: Revenue

Interest as % of SGDP

0.25	0.26	0.25	0.24	0.24	0.23	0.23	0.25	0.26	0.27
------	------	------	------	------	------	------	------	------	------

For Interest as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue

Interest as % of Revenue (including grants and excluding other capital receipts)

6.21	7.41	7.01	6.81	7.01	6.81	7.68	8.13	8.01	8.6
------	------	------	------	------	------	------	------	------	-----

Signed:



Date 20th December, 2021

Modibbo U. A. Ahmed,
Hon. Commissioner of Finance