

**MINISTRY OF FINANCE, BUDGET, ECONOMIC
PLANNING AND DEVELOPMENT
HEADQUARTERS, BENIN CITY, EDO STATE**

**2022 STATE DEBT SUSTAINABILITY ANALYSIS –
DEBT MANAGEMENT STRATEGY REPORT
(DSA-DMS)**

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CHAPTER ONE

INTRODUCTION

1.1 Background

Following the current economic heat waves facing Nigeria, and the levels of uncertainties facing sub-nations in Nigeria, there is the need to urgently put on our thinking caps in order to figure out ways of improving revenue generation, expenditures controls and plugging several levels of leakages in the current system of governance in the country. The current economic uncertainties have made it inevitable for sub-nationals to develop strategies that will assist in ameliorating the negative impact on the state's ability to perform its responsibilities.

Edo state's Debt Sustainability Analysis/Debt Management Strategy Report looks at the State's public finances covering the periods 2017 to 2021 and subsequent debt sustainability projections and strategies from 2022 to 2031. A debt sustainability assessment is conducted, including scenario and sensitivity analysis, in order to evaluate the prospective performance of the State's public finances. This analysis highlights current trends in revenue, expenditure, public debt and other related policies adopted by Edo State Government. This State Debt Sustainability Analysis and Debt Management Strategy report (DSA-DMS) was carried out in October 2022 with the DSA-DMS toolkit made available by the Debt Management Office, (DMO), Abuja with Edo State data for the period 2017-2021.

One key objective of this report is to ensure that the governments financing needs and payment obligations are met at the lowest possible cost, consistent with a tolerable amount of risk.

1.2 Summary of Findings

The S-DSA report shows that Edo State debt stock between the years 2022 to 2031 remained below the threshold of 200%. The State is expected to enjoy relief in this period. With regards to debt service, the state is within the threshold and would be able to sustain its debt service within this period. The State has made giant strides in IGR mobilization through the recent initiatives in tax administration. 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, expansion of Land Used Charge and introduction of gaming tax etc. The S-DSA results were made based on data and assumptions from the State's revenue performance, IGR mobilization, expenditure, outstanding and new public debts as well as forecast made for the Nigerian economy and exchange rates.

1.3 Overall Results

The State is expected to curtail its borrowing and embark on an aggressive revenue drive between the years 2022 to 2031 in order to prevent the occurrence of various shock scenarios and to maintain a sustainable debt position.

CHAPTER TWO

EDO STATE FISCAL AND DEBT FRAMEWORK

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

In the past 5 years the Edo State Government has implemented the following reforms aimed at improving revenue generation;

- i. Enumeration of properties within the state for the purpose of improving property tax
- ii. Passing of Edo State Revenue Administration Law to set the pace for the reform of the State Board of Internal Revenue to reposition it for service delivery and optimal performance.
- iii. Enumeration of Taxpayers and Businesses with a view to expanding the tax net
- iv. Automation of Revenue Administration with the Edo State Revenue Administration System (ERAS).
- v. Introduction of Revenue Scratch Card Scheme for the informal & mobile sector to eliminate physical cash transactions and block leakages.
- vi. Ban on all 3rd party involvement in IGR collection across the State
- vii. Passing of Local Government Revenue Harmonization Law to make for uniform Levies, Rates, Fees & Charges across Local Government Councils in the State.
- viii. Introduction of Tax-for-Service Scheme for the informal/self-employed sector with Unions/Association
- ix. Back Duty Audit of Tax paying agencies
- x. Provision of Infrastructure for revenue drive
- xi. The State has also embarked on a number of reforms that has led to rationalization of its expenditure as follows:
 - a. Introduction of the State's Treasury Single Account (TSA) which has led to blocking of leakages in its revenue profile
 - b. Rationalization of approval processes restricting approval of recurrent expenditure to the SSG and HoS
 - c. Strict budgeting controls
 - d. Biometric enrollments of State Civil Servants and Pensioners
- xii. The state government is currently working on a unified overhead policy for the state that is aimed at reducing recurrent expenditures

2.2 2022 Budget and MTEF, 2023 - 2025.

2.2.1 Approved 2022 Budget

Budgetary control is a key factor in public financial management. The 2022 Budget was prepared by the State Government during the period of recovery from the Covid-19 pandemic.

Based on the foregoing fiscal assumptions and parameters. The Edo State total Revenue available to fund 2023 budget is estimated at ₦208.31B. This includes Internally Generated Revenue, Statutory Allocation, Value Added Tax, Other Statutory Revenue, Domestic Grants, Foreign Grants, Opening Balances, Domestic Loan and Foreign Loans.

An aggregate expenditure of N208.31B is yet to be approved by Edo state Government in 2022. The 2023 budgeted expenditure comprises Recurrent Expenditure of N91.5B and Capital Expenditure of N83.57B, respectively.

2.2.2 Indicative Three Year Fiscal Framework

The indicative three-year fiscal framework for the period 2022-2025 is presented in the table below

Macro-Economic Framework

Item	2022	2023	2024	2025
National Inflation	13.00%	11.00%	10.00%	10.00%
National Real GDP Growth	4.20%	2.30%	3.30%	3.30%
State Inflation				
State GDP Actual	2.5trn	2.56trn	2.6trn	2.9trn
Oil Production Benchmark (MBPD)	1.8800	2.2300	2.2200	1.8300
Oil Price Benchmark	\$57.00	\$57.00	\$55.00	\$62.00
NGN:USD Exchange Rate	410.15	410.15	410.15	410.15

Fiscal Framework

Recurrent Revenue	2022	2023	2024	2025
Statutory Allocation	43,919,231,554	46,087,976,593	48,672,349,112	52,079,760,080
Net Derivation	12,813,807,176	23,595,233,137	24,918,425,369	26,662,684,563
VAT	23,763,723,475	17,370,995,250	18,586,964,918	21,375,009,610
IGR	50,000,000,000	64,000,090,000	78,000,000,000	85,800,000,000
Excess Crude / Other Revenue	10,067,991,353	18,663,407,498	19,468,058,545	21,463,534,000
Total Recurrent Revenue	140,564,753,559	169,717,702,478	189,645,797,944	207,380,988,253

Recurrent Expenditure

CRF Charges	36,800,839,741	32,760,000,000	34,398,000,000	36,117,900,000
Personnel	33,175,999,999	34,860,000,000	36,603,000,000	38,406,150,000
Overheads	24,337,079,790	27,945,000,000	28,361,812,500	29,496,326,760

Total	94,313,919,530	95,565,000,000	99,362,812,500	104,020,376,760
Transfer to Capital Account	46,250,834,029	74,152,702,478	90,282,985,444	92,277,586,500

Capital Receipts

Grants	11,600,000,000	4,500,000,000	4,500,000,000	4,500,000,000
Other Capital Receipts	29,255,439,897	0	0	0
Total	40,855,439,897	4,500,000,000	4,500,000,000	4,500,000,000

Capital Expenditure	108,006,273,927	102,755,896,048	119,752,499,164	122,147,000,000
Discretionary Funds	89,808,773,908	81,177,157,978	94,604,474,340	97,717,600,000
Non-Discretionary Funds	18,197,500,021	21,578,738,170	25,148,024,824	24,429,400,000

Net Financing	20,900,000,000	24,103,193,570	24,969,513,720	25,369,413,500
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Total Budget Size	202,320,193,457	198,320,896,048	219,115,311,664	226,167,376,760
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NOTE

Some figures in the MTB forecast posted in the MTB section of the DSA-DMSR slightly differs from the figures adopted for the baseline projections for the following reasons; while the MTB figures represents the 2022 MTB yet to be approved, the DSA-DMSR contains approved expenditures figures 2022 budget as required by the template

2.2.3 The Key Objectives of Approved 2022 Budget

1. The Budget for Fiscal Year 2022 reflects the Governor's continual intent to Make Edo Great Again (MEGA) through promotion of social inclusion, economic empowerment for Edo citizens, through the deepening of investments in socio-economic, governance and security infrastructure; and through the implementation of initiatives that guarantee equal access to education, health care and social protection.
2. Some of the key goals and priorities of the 2022 budget are as follows:
 - Economic Growth and Stability
 - Public safety and security
 - Business Environment Reform
 - Job Creation

- Deepening the Public and Civil Service Transformation
 - Technology Enhancement
 - Recruitment 2.0
 - Training
- Human Capital Development
 - Education Sector Reform
 - Health Sector Transformation

2.2.4 Medium Term Policy Objectives

The overall medium-term policy objectives are:

- i. Create efficiencies in Personnel and overhead expenditure to allow greater resource for capital development
- ii. Grow IGR by a minimum of 23% every year from 2022-2025
- iii. To harness the public, corporate and private individual grants to boost Edo State's revenue
- iv. Grow the economy through targeted spending in areas of comparative advantage
- v. Sustaining the regime of peace being enjoyed in the State through provision or requisite support to security agencies for Crime Control and Prevention by the creation of Ministry of Public Safety and Security.
- vi. Massive investments in agriculture to improve food security.
- vii. Have a long-term target of Funding all Recurrent Expenditure with Recurrent Revenue (IGR, VAT and Non-Mineral Compact of Statutory Allocation).

2.2.5 Summary analysis of MTB forecast

The Medium Term Budget for Fiscal Year 2022 reflects the Governor's continual intent to Make Edo Great Again (MEGA) through promotion of social inclusion, economic empowerment for Edo citizens, through the deepening of investments in socio-economic programs, governance and security infrastructure; and through the implementation of initiatives that guarantee equal access to education, health care and

social protection. The MTB forecast is predicated on the following key economic assumptions:

- The Economy is expected to growth in 2021 by 2.20% before accelerating to 3.00% and 4.20% in 2022.
- Growth will mainly be driven by fiscal stimulus helped by an expected increase in the receipt from the centre due to increase in oil prices. In addition, anticipated growth in non-oil sectors (agriculture, manufacturing and services) will be central in overall GDP growth.
- Service sector have been identified to have the most elasticity, in terms of growth and employment, with the Agriculture sector playing a complementary role.
- This has directed government spending towards boosting this sector by developing skills through the establishment of the skill development agency, production hub, investment in technical education, Edo BEST.
- Government has also ensured the constant supply of power to boost this sector by the Ossiomo Electricity project.
- There is also a deliberate effort towards boosting agricultural programmes e.g the RAAMP

The MTB forecast for 2022, projects a 20% increase in total recurrent revenue from 112.6bn in 2021 to 140.6bn in 2022 and an average 13% growth from 2023 to 2025. Total recurrent expenditure is projected to grow from 76,483bn in 2021 to 94,314bn in 2022 representing 19% increase and an average 19% increase from 2022 to 2025. Capital Expenditure is projected to increase from 84.6bn in 2021 to 108bn in 2022. This represents a 22% increase in capital expenditure in FY2022 and an average 37% increase from 2022 to 2025. Deficit financing within the period is expected to grow minimally by 6%.

CHAPTER THREE

REVENUE, EXPENDITURE, FISCAL AND DEBT PERFORMANCE, 2017 - 2021

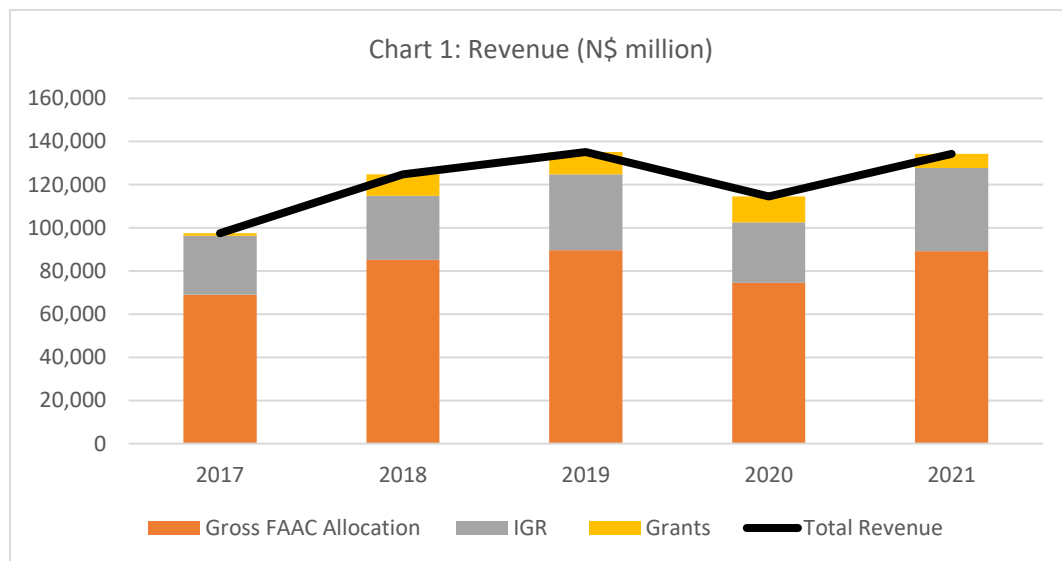
3.1 Revenue, Expenditure and Fiscal Performance, 2017 – 2021

3.1.1 Revenue Performance

A close look at Chart 1 below shows the revenue profile for the period. Following various reforms, the revenue can be seen to be rising from 2017 to 2021. However, the revenue profile of the state took a dip in 2020 following the Covid-19 pandemic impact on the global economy.

The Edo State IGR grew from ₦27.2B in 2017 to ₦35.2B in 2019 maintaining an average growth rate 23%. The state IGR declined to ₦28B in 2020 representing a 20% decline due to the impact on the Covid-19 and grew by 27% to ₦38.5B in 2021. See attached chart 1 below.

Chart 1: Revenue



- Nominal Growth Rate of Total Revenue between 2017 and 2019: 28% and -18% in 2020 due to Covid-19 impact and grew by 27% in 2021.
- The Variation of Total Revenue as a Percentage of State GDP: 5% average between 2017 - 2021

- Variation of Gross FAAC Allocation as a Percentage of total Revenue in 2017 is 71% and 66% in 2021.
The ratio of FAAC in 2017 to total revenue is 71%, this fell to 66% in 2021. The State will still need to make efforts to reduce its dependence on external revenue.

3.1.2 Expenditure Performance

The expenditure profile of Edo state’s government can be seen in chart 2 below. As compared to the revenue trend, there is a corresponding rise in expenditure profile from 2017 to 2019. However, the impact of the Covid-19 pandemic on revenue profile between 2019 - 2020 was replicated in the expenditures profile as shown in the chart. While capital expenditure for 2019 was 63.4b representing 44% of total expenditure, 2020 was 43.6b representing 39% of total expenditures and 2021 was 108B representing 55% of total expenditure. Personnel cost for 2020 was 27b representing 34% of total expenditures, while personnel cost for 2021 was 41.62B representing 45% of total expenditures. The rise in the ration of personnel cost between 2020 and 2021 can be attributed to the state government recruitment exercise conducted in 2021.

- Variation of Personnel cost as percentage of total expenditure between 2017 and 2021: **-22%**

Chart 2: Expenditure

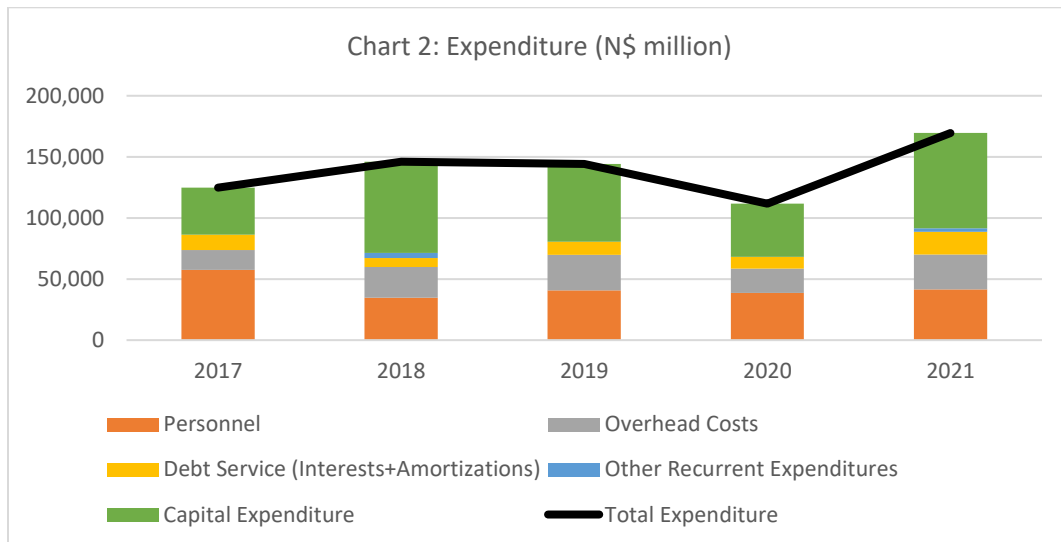
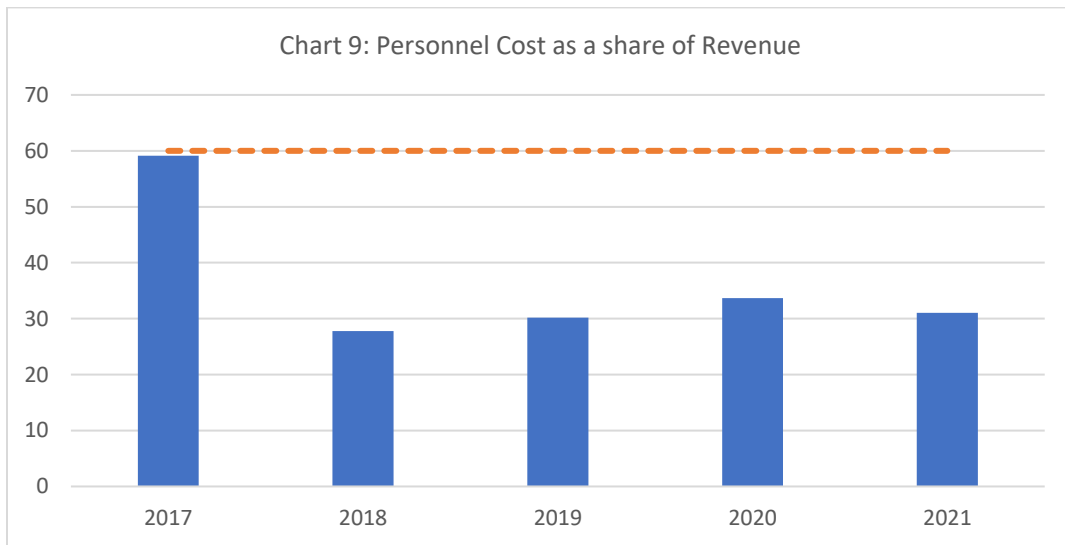


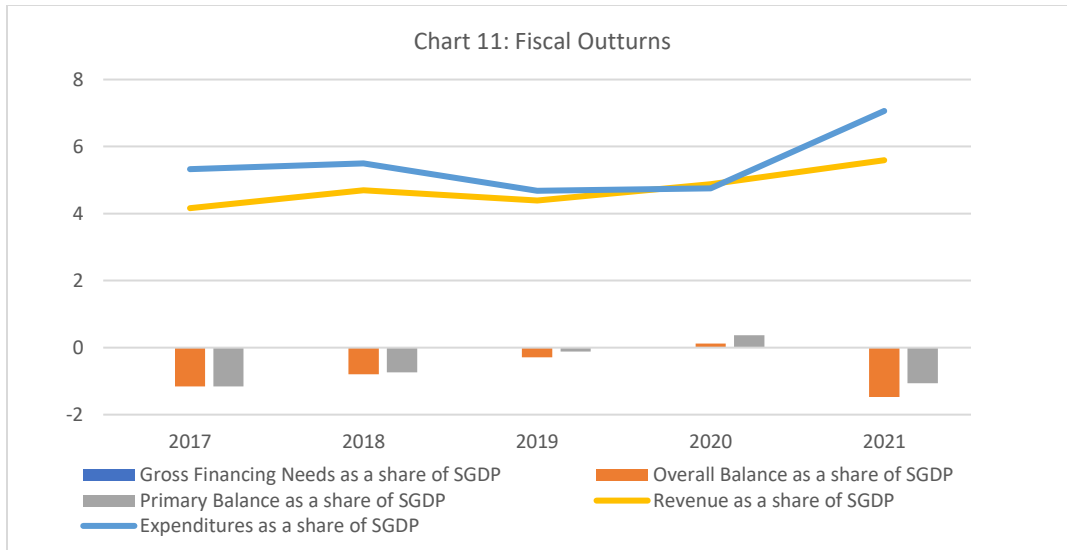
Chart 9: Personnel Cost



3.1.3 Fiscal Outturns

The gross revenue for the period 2017 to 2021 are as follows; 2017, ₦119B; 2018, ₦144B, 2019 ₦146.73B, 2020 ₦1114.52B and 173.02 for 2021. the gross expenditure for the period 2016 to 2020 are as follows; 2017, ₦124.71B; 2018, ₦146B, 2019 ₦144B 2020 ₦111B and 169.49 for 2021. The primary and overall balance trends are represented on the chart 11 below.

Chart 11: Fiscal Outturns



3.2 Edo State Debt Portfolio, 2017-2021

3.2.1 Total Debt

As stated earlier, government at national and sub-national level in Nigeria suffered a setback in terms of revenue generation as a result of the fall in oil prices in International market. The revenue receipt from oil revenue accounted for about 70% of the country’s total revenue. As a way forward, government at both national and sub-national level had to take recourse to extensive borrowing; Edo State was not an exception. The total debt stock has risen from ₦134.95B in 2017 to ₦208.3B in 2021.

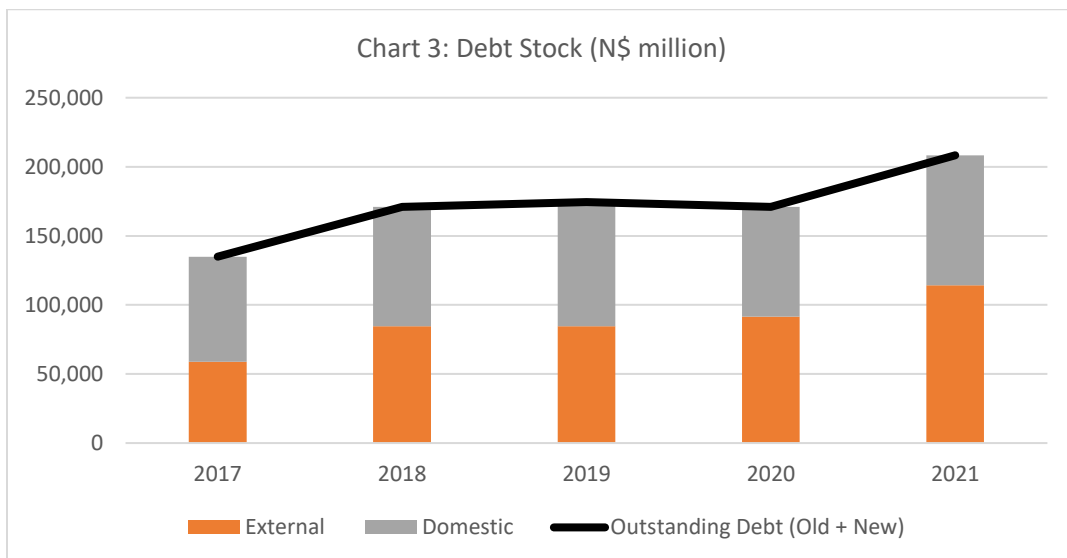


Chart 3. Debt Stock

3.2.2 Debt Composition

The sharp increase is visible in chart 3. Between 2019 and 2021, the debt stock composition of the state has experienced a major shift from 52% domestic and 48% external in 2019, 46% domestic and 54% external in 2020 and 45% domestic, 55% external in 2021. This major shift in the debt composition of the state can be attributed to volatility in exchange rate. These current debts have their corresponding debt servicing figures, which has risen in 2021. The current debt stock could hamper the States credit rating. It is interesting to note that expenditure levels within this period did not suffer a corresponding decline as compared to the revenue profile for the period except for FY2020 due to the Covid-19 pandemic. This is because governments are under pressure to deliver on services to the public, hence, the only option was to borrow.

3.2.3 Debt as Ratio of State GDP

Chart 6 shows the position of Edo State Debt as a share of GDP. This ratio has been growing from 2017 to 2021. The reason is not farfetched as states resorted to heavy borrowing within this period following the fall in Oil revenue.

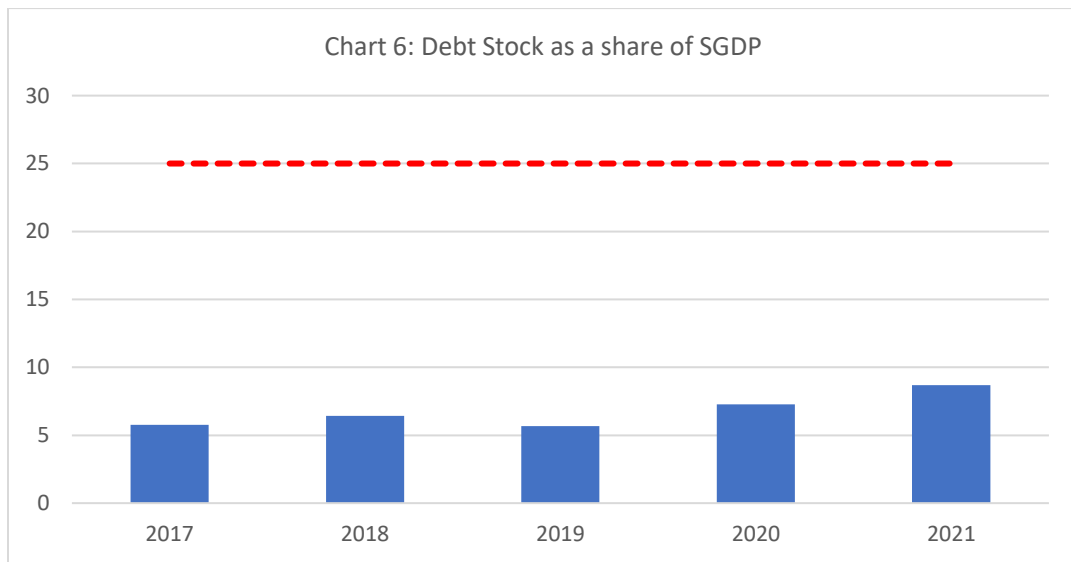


Chart 7: Debt as a Ratio of Revenue

The relationship between the Edo State debt as a share of its revenue can be seen in chart 7. In FY2017, the debt as a ratio to revenue was 2017 138%, 2018 137%, 2019 129%, 2020 149% and 155% in 2021. In 2017, there was drop in crude oil prices. The

economy experienced a recovery in 2018 to 2019 as shown in the chart below. In 2020, the dip in revenue account to increase in debt to revenue and this is further stretched to 2021. The State is expected to drastically reduce its debt burden to enhance its debt sustainability.

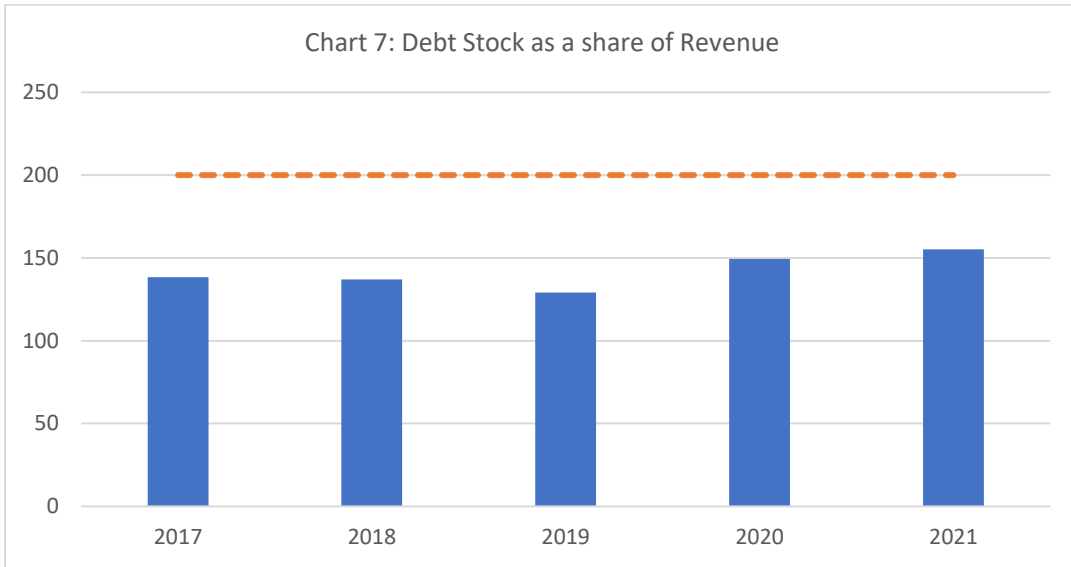


Chart 8: Debt Service as a Ratio of Revenue

A look at Chart 8 showed the ratio of debt servicing as a share of revenue. The result is rational, as the debt servicing fell 2018 as compared to 2017. The debt stock figure for 2017 and 2018 is as a result of the implementation of IPSAS accrual accounting principles in 2017 and 2018. The rise is 2021, is as a result of introduction of new debt.

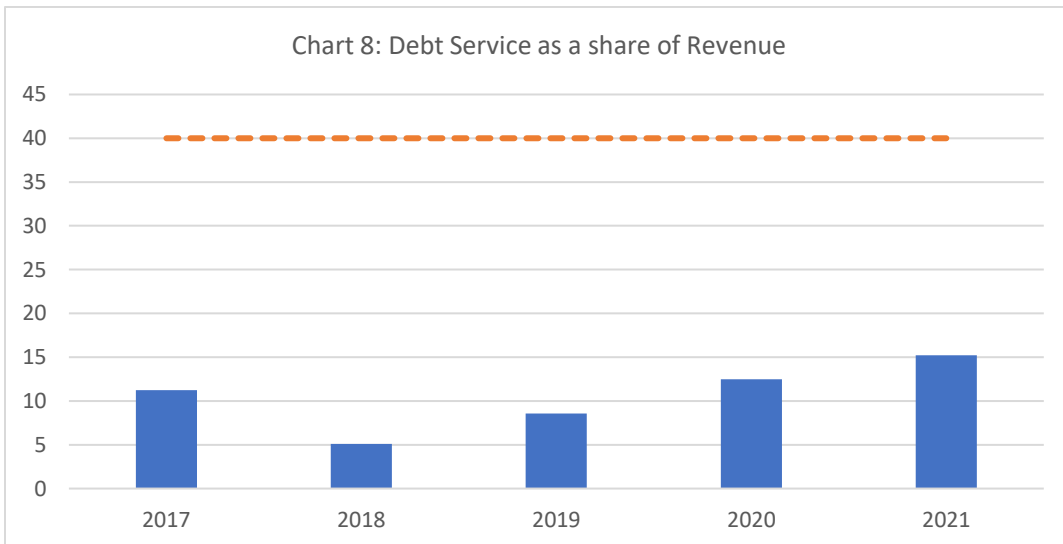
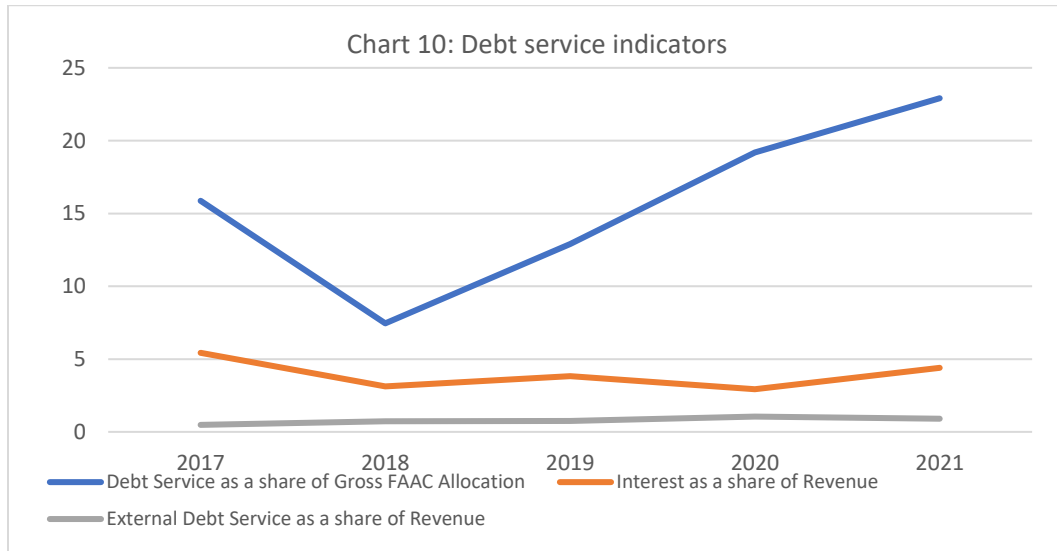


Chart 10: Debt Service Indicators

Chart 10 Refers to Edo State government debt service indicators. From the chart, it can be seen that the external debt service movement is low. This is because the State enjoys years of moratorium on many of its external debt. However, the debt service as a percentage of gross FAAC shows a remarkable movement, falling between 2017 to 2018. The debt service indicator experienced a rise between 2018 and 2021. All these trends points to the direction of Edo State government trend in revenue and debt profile.



3.3 Cost and Risk Profile

Most internal loans and all external loans are fixed-rate obligations, thus not affected by changes in interest rates. As these loans have maturities running from 10 to 40 years and include financing from the Federal Government and multilateral organizations, rollover risk associated with potential deterioration of domestic financial conditions is negligible. However, the state continues to face the major exchange rate risk for its debt dominated in foreign currencies. In 2020, the state incurred 23bn increase in its debt stock as a result of exchange rate differentials and over 5B in 2021. Going forward, the state is designing its Medium Term Debt Management Strategy to determine the most cost and risk effective borrowing options.

CHAPTER FOUR

CONCEPT OF DEBT SUSTAINABILITY, ASSUMPTIONS, RESULTS ANALYSIS AND FINDINGS

4.0 Introduction - Concept of Debt Sustainability

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.

Edo state's Debt Sustainability Analysis

Chart 21 (below) shows 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 constant trend from 2017 to 2019, and gradual growth from 2020 to 2024 and constant dip from 2025 to 2030 and rose again in 2031. The ratio was stable between 2017 and 2019 at 6%, and steadily increased between 2020 and 2024 and remained stable between 2025 and 2026 at an average 10%. Between 2027 and 2031, the ratio remained stable at an average of 9%. 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 (below) 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 Government has introduced various reforms, in its revenue drive. Debt Service as a percentage of Gross FAAC Allocation (without any indicative threshold) estimated to increase from 13% percent in 2022 to 20% percent in 2031, Interest Payment as a percentage of Revenue revealed that, the maximum exposure of the State Interest

towards Revenue is 4% in the year 2031 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, peaking at 3% in year 2031.

4.1 Medium Term Budget Forecast

4.1.1 Revenue and Expenditure Assumptions

Edo State government revenue and expenditure forecast are based on the assumptions as shown on Table 1 from the State MTEF (*Some figures in the MTB forecast posted in the MTB section of the DSA-DMSR slightly differs from the figures adopted for the baseline projections for the following reasons; while the MTB figures represents the 2022 MTB yet to be approved, the DSA-DMSR contains approved expenditures figures 2022 budget as required by the template*). The Debt Sustainability is predicated on the IGR reforms and deployment of technology in revenue administration by Edo State, the States IGR is projected to grow by a minimum of 22% between 2022 and 2023 and an average of 9% between 2024 and 2025 over the medium term period. This growth is expected to be sustained as we make in-roads to harness potentials in the informal sector, which is largely untapped. The state has enacted a law to aid collection of taxes from gaming casinos etc., listing of properties within the state for the purpose of expanding property tax and bring in unregistered taxpayers across board through the Data-to-MEGA activities, control of post collections, introduction of agency banking system to ease mode of payment. The state is optimistic; it can grow its property tax from the current 5% of its total IGR to at least 40% of its total IGR collection in the medium term. on the other hand, the government will continue its Civil Service reform policies being implemented with regards to personnel and overhead cost, which are thus, likely to preserve their historical trend while increasing effectiveness and efficiency of the Civil Service. Also, the state is developing an overhead cost policy which is aimed at reducing the overhead cost burden of the state.

MTB Forecast and their implication for fiscal and debt policies

Edo State's debt burden indicators as at end of 2021 (as shown in table 2 below) show that the state is operating well below the accepted thresholds. Projections for 2022 – 2025, shows that the state will operate at an average total debt to revenue of 150% as against 200% threshold. Other indicators such as debt service as a percentage of revenue and personnel cost as percentage of revenue indicates the state is well within the accepted thresholds. From the forgoing, projections for FY2022 do not present significant risk to the state's debt profile. Edo state seems to have sufficient fiscal space to adopt expansionary policies that supports public investment. However, due to high inflationary trend of the country, increase in revenue generation may not translate to improved revenue performance when compared with prior year. As the state continues to improve its revenue generation and overhead cost reduction, there is need for further fiscal adjustment to preserve debt sustainability as the state approaches the debt to revenue thresholds of 200%.

Table 2: Edo State Debt burden indicators as at end-2021

Indicators	Thresholds	Ratio
Debt as % of GDP	25%	9%
Debt as % of Revenue	200%	155%
Debt Service as % of Revenue	40%	15%
Personnel Cost as % of Revenue	60%	31%
Debt Service as % of FAAC Allocation	Nil	23%
Interest Payment as % of Revenue	Nil	4%
External Debt Service as % of Revenue	Nil	1%

4.2 Borrowing Assumptions

Edo state government intends to finance its new borrowing from 2022 to 2031 mainly through Commercial Bank Loans dominated in naira (maturity 1-5 years) with an

average of 16 percent interest rate and a grace period of 1 year, Commercial Bank Loans dominated in naira (maturity 6 years and above) estimated at 16 percent interest rate with a grace period of 2 years, External financing dominated in dollar – Concessional financing (maturity 20 years) estimated at 2.5 percent interest rate with a grace period of 5 years.

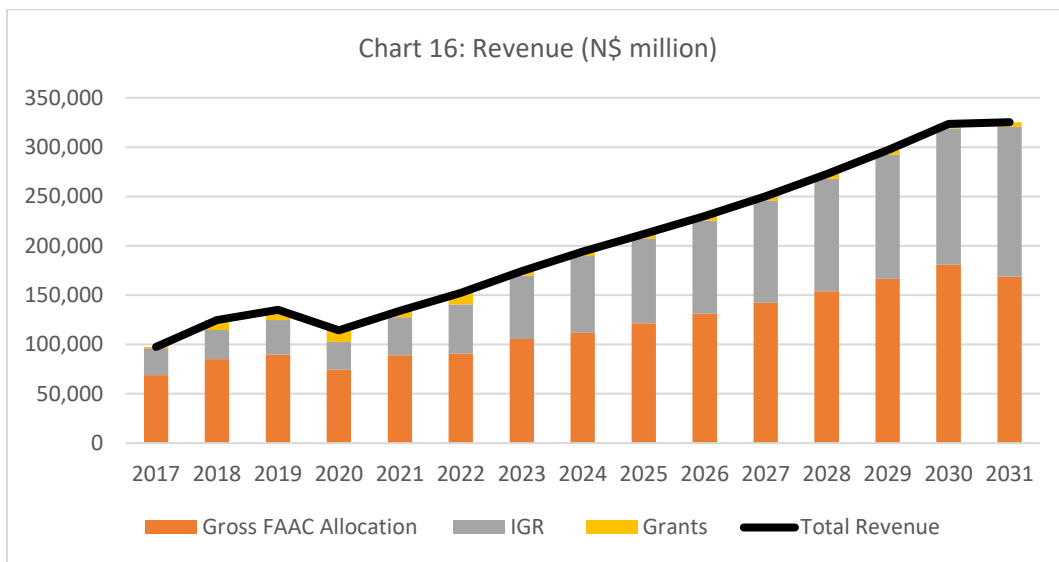
4.3 Simulation Results and Findings

Recent shocks as well as current economic trends underscore the urgent need to significantly diversify and improve government revenues and reduce the dependence on oil revenue sources. Government is obligated to seek other revenue sources if it will continue to meet its social and public objectives. 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 IGR-to-GDP ratio to 3-6%. Higher IGR collections will enable Government to deliver public services more effectively, enhance infrastructure investment, and improve investment in human capital.

Edo State Total Revenue (including grants and excluding other capital receipts) is expected to increase from N152.16billion in 2022 to N325.27billion in 2031, representing an increase of N173.11billion or 113 percent over the projection period. Gross FAAC Allocation projected to grow from N90.6billion in 2022 to N168.8billion in 2031, which expected to increase by N78.2billion or 86.3 percent and Grants projected to fall from 11.6 billion in 2022 to N4.5billion in 2031. This conservative position is as a result of our inability to project grant receipt for the period 2023 to 2030 as we are only sure of receiving UBEC grant for those period. The projections were sourced from the FY2022 Approved Budget; MTEF, 2022-2024; 2025-2031 projections as estimated by the Ministry of Economic Planning & Budget department.

The Internally Generated Revenue (IGR)'s tax system will be further strengthened over the medium term by improving collection efficiency, enhancing compliance, and

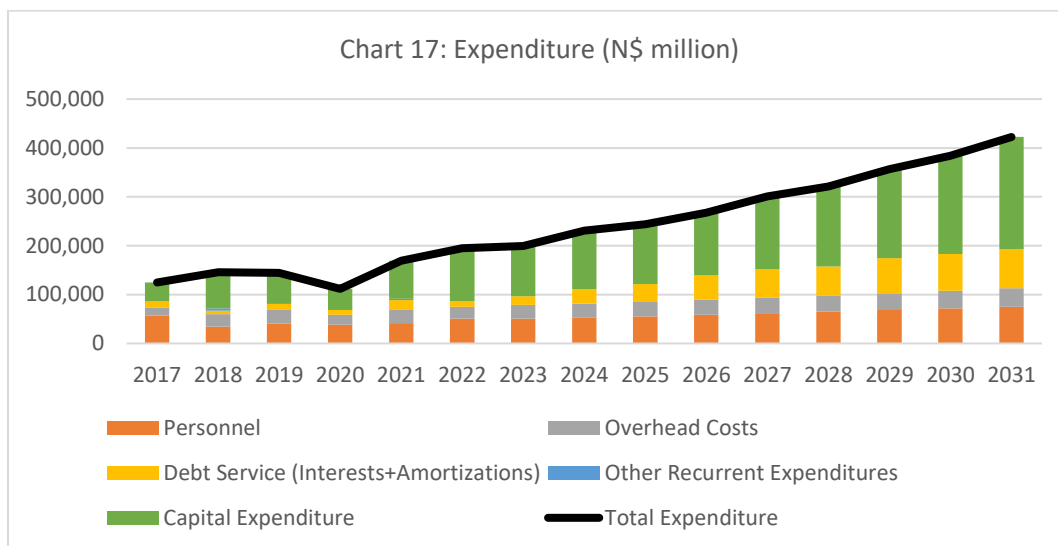
reorganizing the business practices of revenue agencies in the state as well as employing appropriate technology. In addition, efforts are being made to bring more businesses in the informal sector into the tax net. IGR estimated to grow by N102billion or 204 percent (from N50billion in 2022 to N152billion in 2031), over the projection period of the FY2022 Approved Revised Budget; MTEF, 2022-2024; 2025-2031 projections as estimated by the Ministry of Economic Planning & Budget official. *(Please note: Some figures in the MTB forecast posted in the MTB section of the DSA-DMSR slightly differs from the figures adopted for the baseline projections for the following reasons; while the MTB figures represents the 2023 MTB yet to be approved, the DSA-DMSR contains approved expenditures figures 2022 budget as required by the template).*



4.3.1 Projected Expenditure:

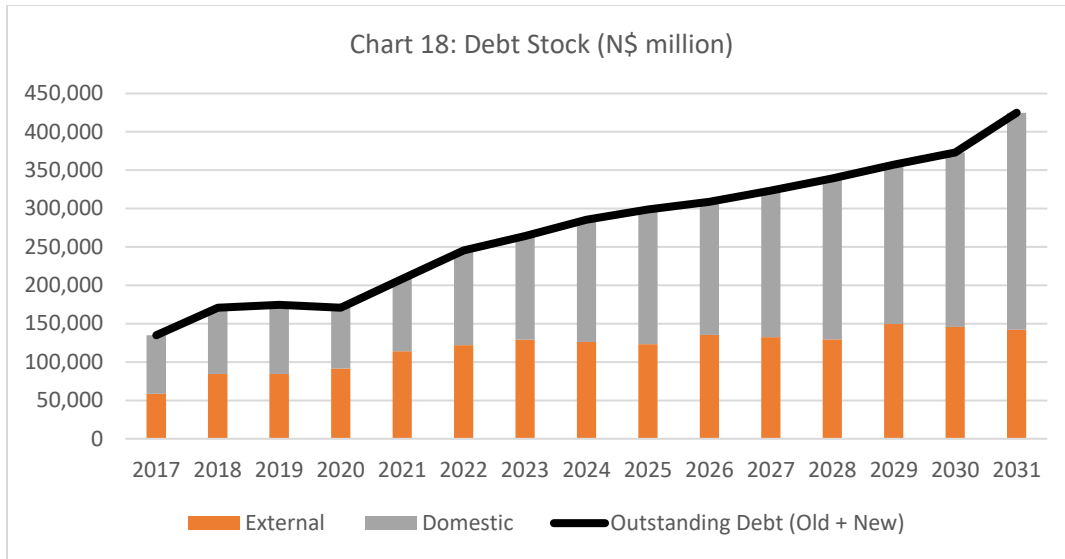
The State is expected to maintain a corresponding relationship between revenue and expenditure from 2022 to 2031. As revenue continues to grow, expenditures projections are expected to follow the same trajectory. Total expenditure projected at N194.98billion in 2022, to N422.38billion in 2031 respectively. This represents an increase of N228billion which is 118% percent increase. This indicates stable growth rate. Recurrent Expenditures (Debt

Service, Overhead and Personnel Cost) estimated to increase from N87billion in 2022 and N192.7billion in 2031, this represents an increase of N105.7billion and a 121 percent growth. Capital Expenditure estimated to increase over the projection period from N108billion in 2022 to N230billion in 2031 respectively, this represents an increase of N122billion or 113 percent growth.



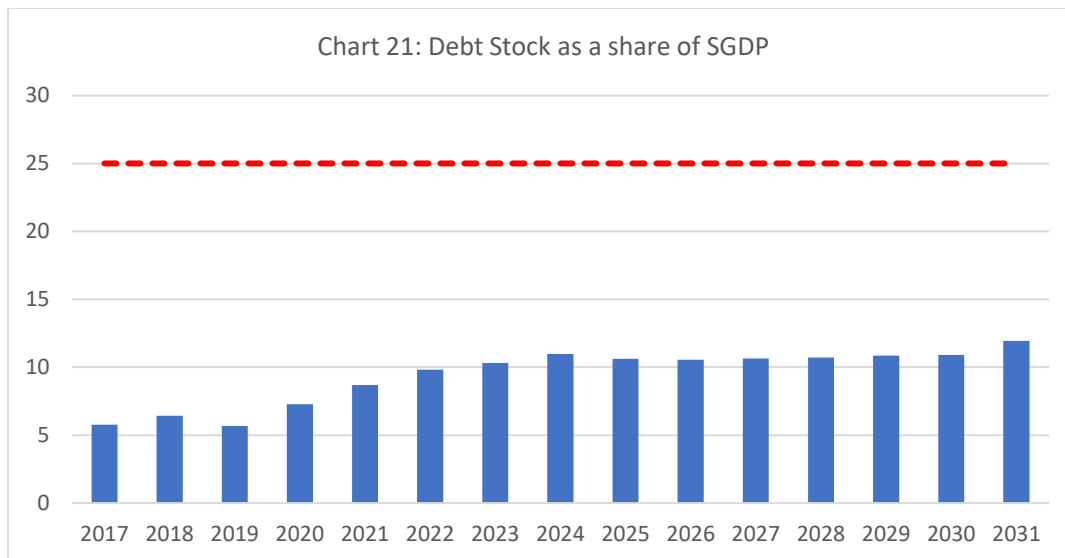
4.3.3 Debt stock:

The state continues to experience modest increase GDP, satisfactory improvement in IGR, increase in Personnel, Overhead costs, and Capital Expenditure. The increase in projected expenditure increases the debt through Primary Balance. Edo State's Debt Stock estimated to increase from N245.7billion in 2022 to N425billion in 2031, representing an increase of N179.3billion or 73 percent over the projection period. External Debt projected to grow by N21billion or 17% percent and Domestic Debt to increase by N159billion or 128% percent between 2022 and 2031. This significant increase in domestic debt position can be attributed to increased reliance in domestic financing due to bottlenecks involved in accessing external debts. The state will however, work on improving IGR generation to lessen its debt burden



4.3.4 Projected Debt as a share of GDP:

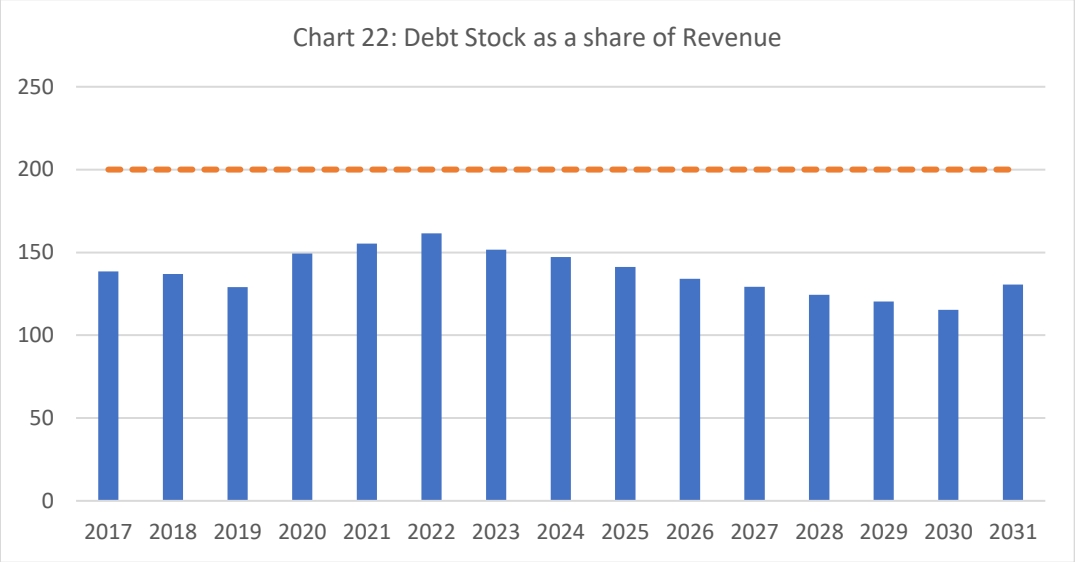
The projected debt as a share of GDP is shown in chart 21 below. Total debt stock as a share of GDP is well below the threshold of 25% over the projection period with an average of 11% from 2022 to 2031.



4.3.5 Projected Debt as a share of Revenue:

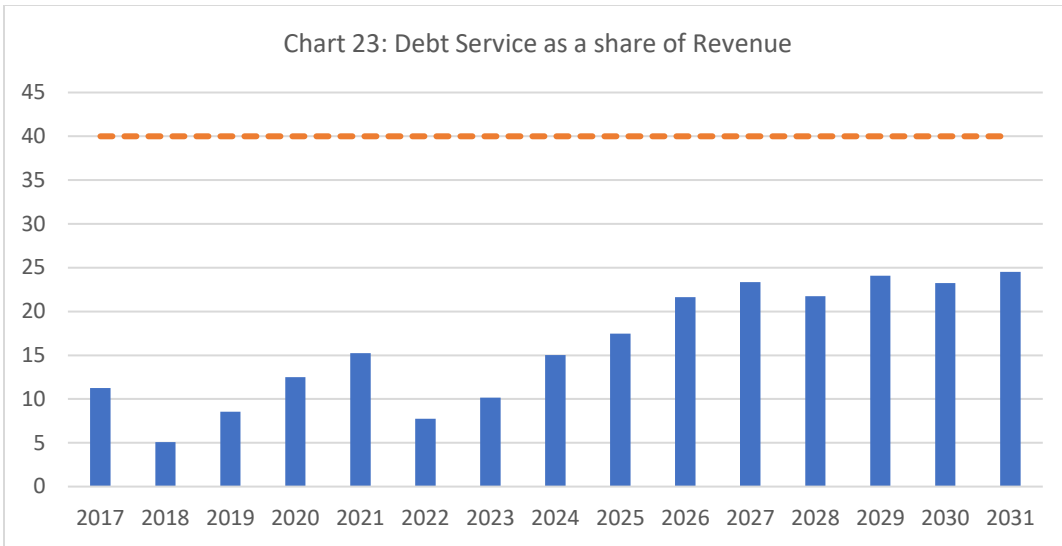
The debt sustainability ratio with regards to debt stock as a share of revenue is shown in

chart 22 below. Total debt stock as a percentage to revenue is well below the threshold of 200% over the projection period with an average of 150% as against 200% between 2022 and 2025, average of 126% as against 200% between 2026 to 2031.



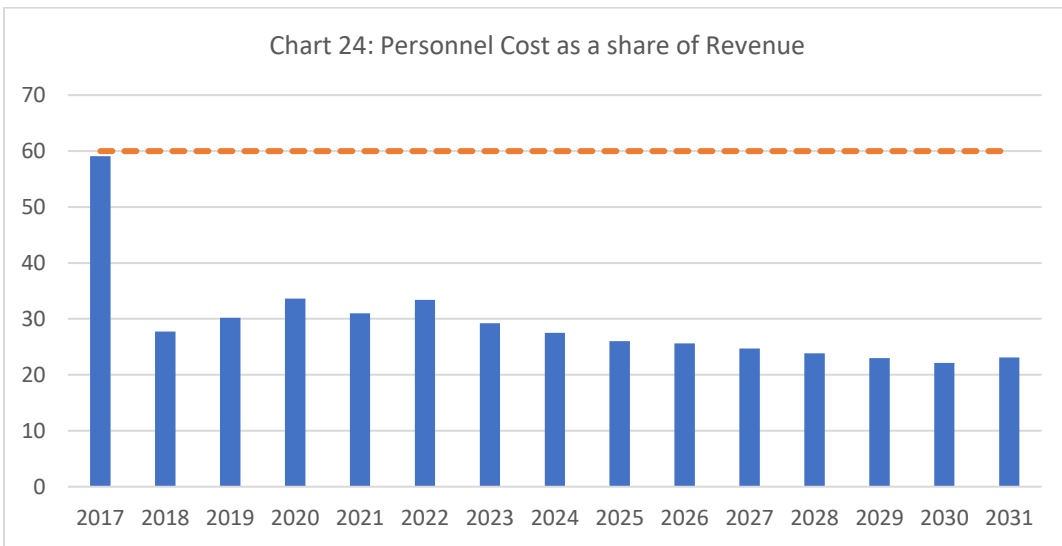
4.3.6 Projected Debt Service as a Share of Revenue

The debt sustainability ratio with regards to debt service can be seen in Chart 23. From the chart below, the debt service is well below the baseline of 40% from 2022 to 2031 with the highest debt service as share of revenue occurring in 2031 at 25%. Although the government is expected to enjoy some relief in this period, caution must be taken to ensure the state keeps operating within accepted thresholds.



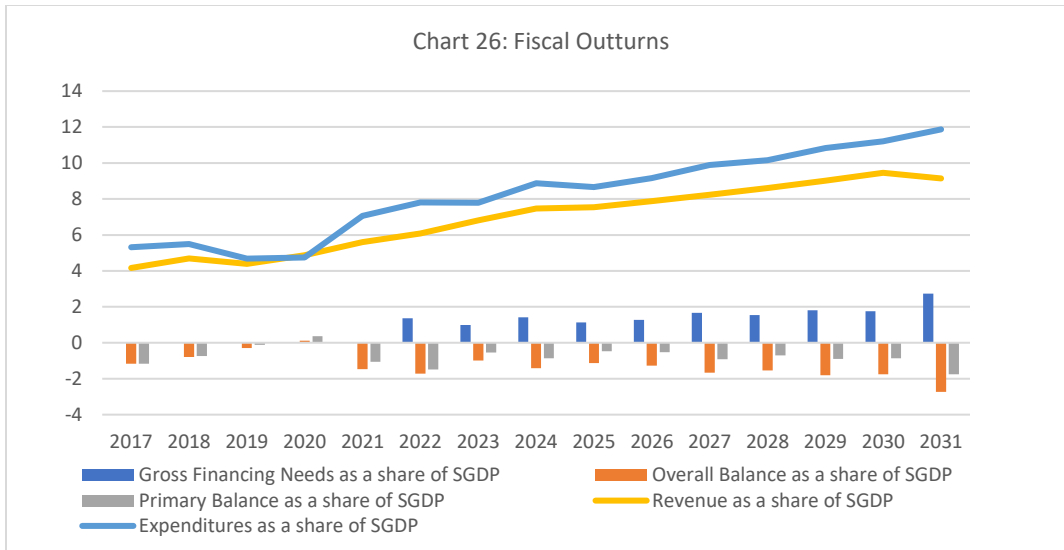
4.3.7 Projected Personnel Cost

The State will be able to maintain an average ratio of personnel cost to revenue of 26% over the projected period. This puts the State on a good standing as depicted in Chart 24.



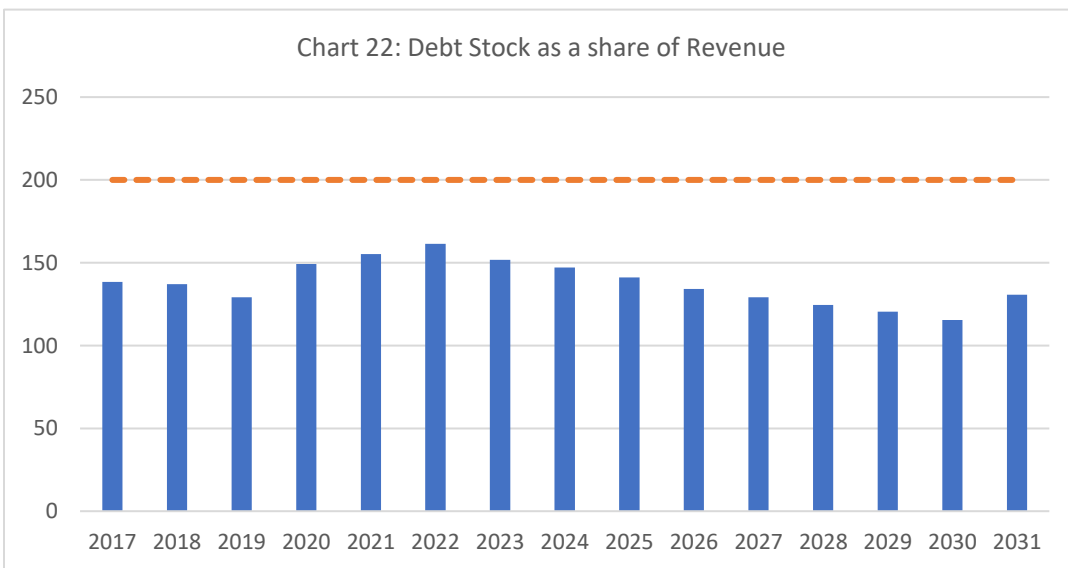
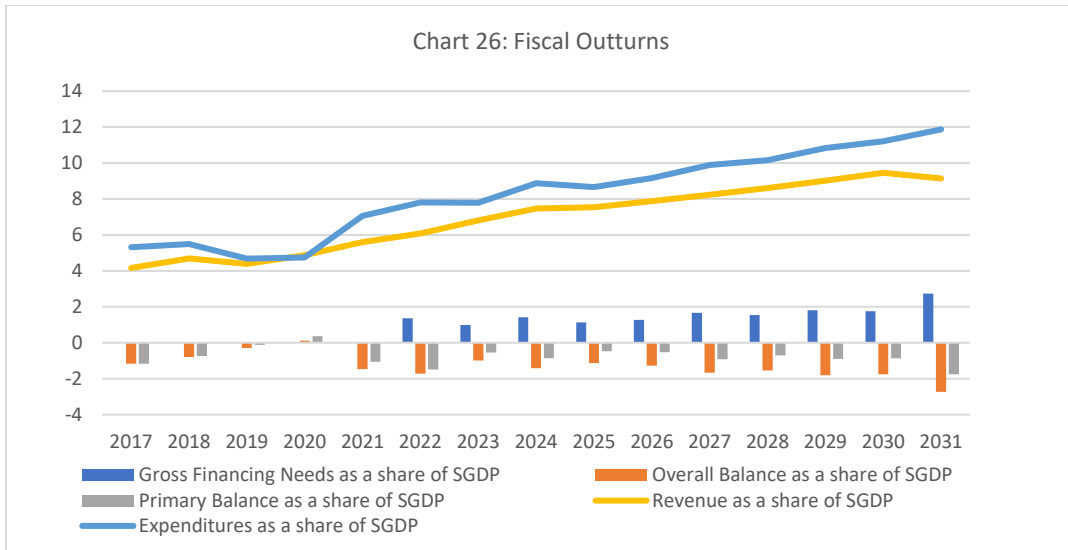
4.3.8 Fiscal Outturns

Chart 26 shows Edo State Fiscal outturns. It shows the gross financing needs as a percentage of the State GDP for the period.



4.3.9 Main Findings

The Baseline Scenario results show that the ratio of Debt as % of GDP is projected at 10 percent in 2022, and 12 percent in 2031, respectively, as against the indicative threshold of 25 percent. The ratio of Debt as % of Revenue estimated at 161 percent in 2022, and 131 percent in 2031 respectively, the ratio of Debt as % of Revenue remain below the threshold 200% over the projection period. Meanwhile, the ratios of Debt Service to Revenue of 8 percent in 2022 and 25 percent 2031 remains under the threshold of 40 percent and Personnel Cost to Revenue 33 percent in 2022 and 23 percent in 2031 which is below the threshold of 60 percent over the projection period. (see charts below)



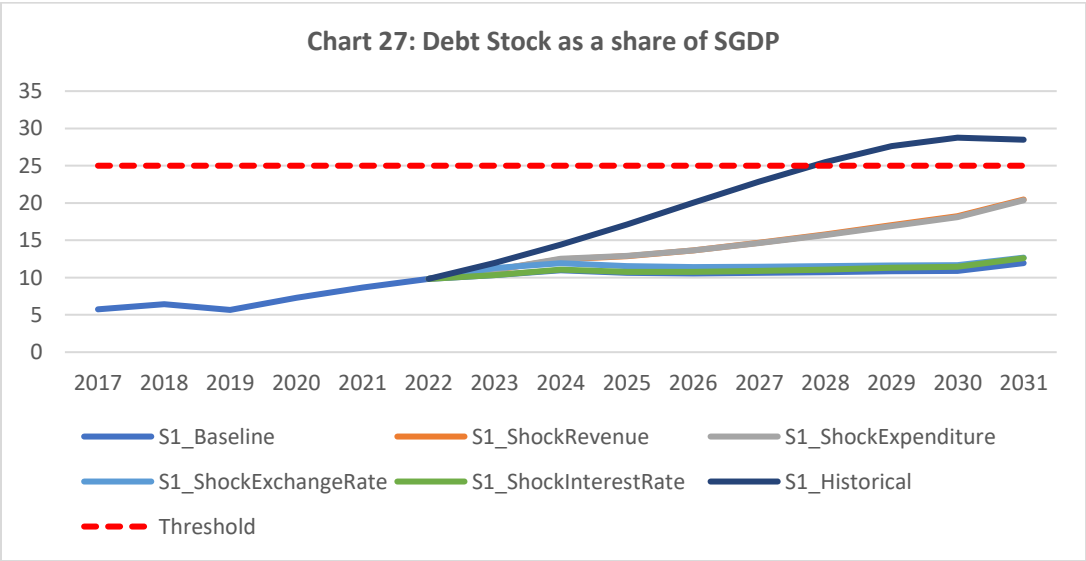
4.4 DSA Sensitivity Analysis (Shock Analysis)

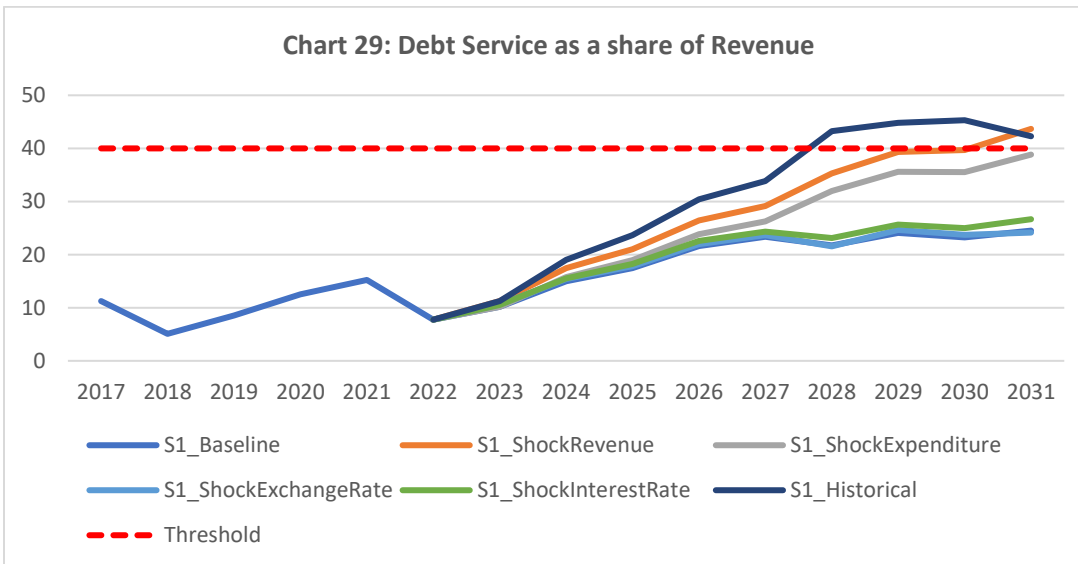
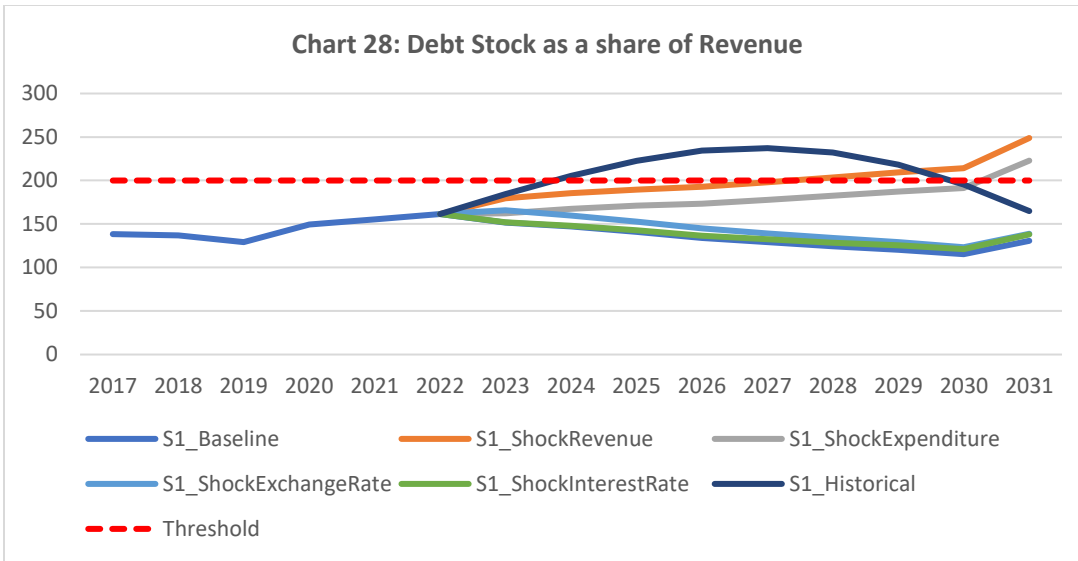
As a subnational within the larger economy of Nigeria, The State faces important sources of fiscal risks associated to the possibility of adverse country wide macroeconomic conditions and the underperformance of the State’s revenue and expenditure policies. A sensitivity analysis is undertaken considering 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

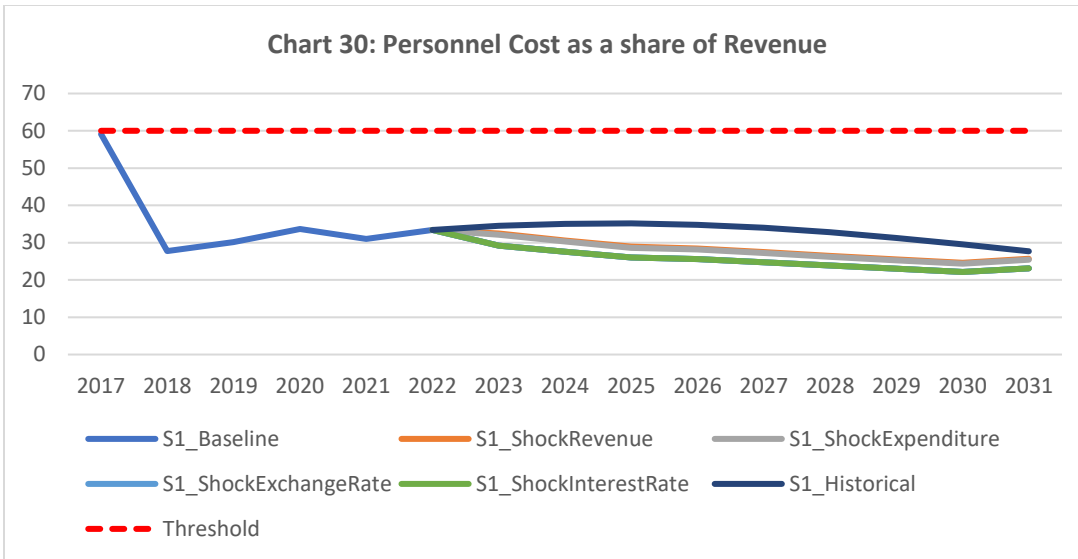
assumed that external and domestic borrowings cover any revenue shortfall and additional expenditure relative to the baseline scenario discussed earlier.

The 2022 DSA analysis shows that Edo 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 and interest rate shocks that would lead to increase Gross Financing Needs over the projection period. The shocks applied remained within the threshold of 25% under total debt as a percentage of S-GDP with the highest shock of 20% occurring in 2031 under shock interest rate. The shock remained with the threshold of 200% under Total debt as percent of revenue from 2022 to 2030 with the highest ratio being 198% in 2027. However, the threshold was breached from 2028 to 2031 under shock revenue, with the highest in occurring in 2031 at 249% (49% above threshold) and shock expenditure exceeding the threshold by 23%. There is a need for the authorities to fast-track efforts aimed at further diversifying the sources of revenue away from crude oil (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.







5.0 Conclusions

Edo State DSA result shows that, the State remains at the moderate Risk of Debt Distress.

The State remains mostly sensitive to the Total Debt as percent of Revenue, indicating that an increase in aggregate output does not result to a proportionate increase in total revenue. There is, therefore, the urgent need for the authorities to fast-track efforts aimed at further diversifying the sources of revenue away from crude oil (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.

CHAPTER FIVE

DEBT MANAGEMENT STRATEGY

5.0 Introduction

Public debt management is the process of establishing and executing a strategy for managing the government 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. Edo State Medium-Term Debt Management Strategy (MTDS), 2022 – 2026, is formulated to guide Edo State Government's borrowing activities to achieve financing risk and cost objectives and other goals in the medium term. The strategy document compares alternative funding strategies available to government as it pursues its objectives, Evaluates the cost-risk tradeoffs associated with different strategies.

The Debt Management Strategy provides alternative strategies to meet the financing requirements for Edo state. The strategies are shown by the breakdown of funding mix (domestic debt and external debt) and within the broad categories of domestic and external, the share of each stylized instrument has also been illustrated. The following four strategies are assessed by the government. The Edo State Debt Management Strategy, 2022-2026, 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 2026, as projected in the baseline scenario. Risk is measured by the deviation from the expected value in 2026 caused by an un-expected shock, as projected in the most adverse scenario before arriving at the strategy with the lowest risk and cost after considering other qualitative factors.

5.1 Alternative Borrowing Options

Edo state's debt management strategy is to ensure that the government's financing needs and payment obligations are met at the lowest possible cost, within acceptable degree of

risk and to maintain a structured debt level. Four (4) Alternative Strategies were formulated and their Cost and Risk implications on the Total Public Debt portfolio were analyzed. The four (4) Strategies are as follows:

Strategy 1 (S1): *Baseline* : Maximize external and domestic borrowings at a 40:60 proportion

The proportion of external borrowing in this strategy is based on the indicative concessional lending from multilateral development banks, such as the African Development Bank (AfDB) and World Bank. The strategy assumes that the financing needs that are sourced from external concessional borrowings and domestic sources will be at a 40:60 proportion. The strategy is aimed at having higher domestic borrowings and will consist of Commercial Bank Loans (maturity 1 to 5 years, including Agriculture Loans, Infrastructure Loans, and MSMEDF). The strategy also considered the bottlenecks involved in accessing external concessional borrowing hence, projects assessment of external concessional borrowings at least once in 3 years.

Strategy 2 (S2): Maximize Domestic Borrowing, taking advantage of discounted interest rates

The strategy envisages meeting 100% of the funding requirements from domestic sources. The proportion of external borrowing in this strategy is zero. The strategy assumes the maximization of domestic borrowings and will consist of Commercial Bank Loans (maturity 1 to 5 years, including Agriculture Loans, Infrastructure Loans, and MSMEDF)

Strategy 3 (S3): Maximize the use of State Government Bond

The strategy envisages meeting 100% of the funding requirements from domestic sources through the issue of State Government Bond of 6 – 10 years maturity period. The proportion of external borrowing in this strategy is zero.

Strategy 4 (S4): Maximize External Borrowing

The strategy envisages meeting 100% of the funding requirements from external borrowings through concessional lending from multilateral development banks, such as the African Development Bank (AfDB) and World Bank. The proportion of domestic borrowing in this strategy is zero.

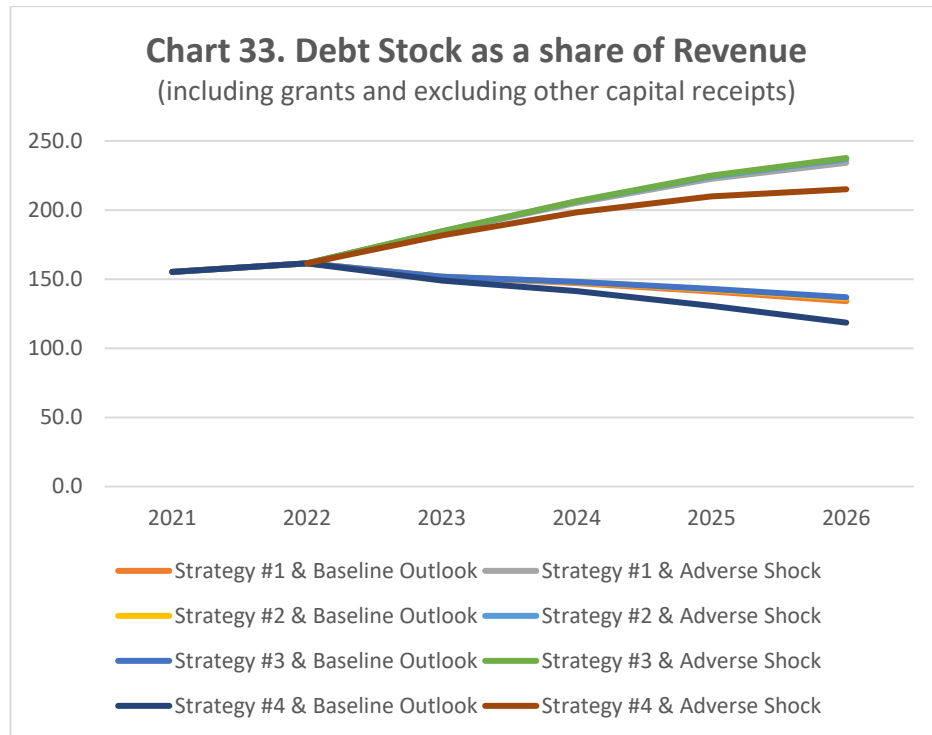
5.2 DMS Simulation Result

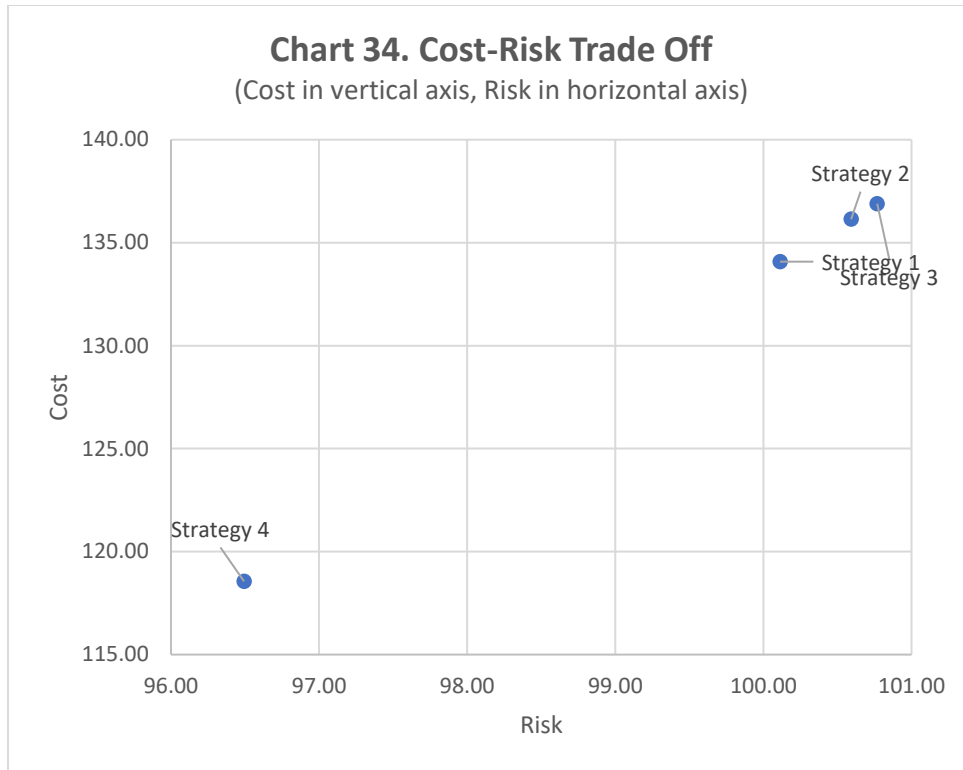
Analysis of strategies & outcomes of the analysis. The cost risk trade-off charts illustrates the

performance of the alternative strategies with respect to four debt burden indicators.

5.2.1 Debt as a percentage of Revenue:

- Strategy 4 shows the Cost ratio of Debt to Revenue estimated to fall from 161.4 percent in 2022 to 118.6 in 2026 representing 36% percent reduction, as against Strategy 1 (134.1 percent), Strategy 2 (136.1percent) and Strategy 3 (136.9 percent), over the DMS period of 2026, compared with the Risks measured of Strategy 4 (96.5 percent), Strategy 1 (100.1 percent), Strategy 2 (100.6 percent) and Strategy 3 (100.8 percent), respectively.
- Analysis using this debt indicator of debt to revenue shows that S4 is the strategy with the least cost and risk which was estimated at 118.6 percent and 96.5 percent compared to Strategy 1 (134.1 percent and 100.1percent) Strategy 2 (136.1 percent and 100.6 percent), respectively. On the other hand, Strategy 3 is the costliest and riskiest strategy which was estimated as 136.9 percent and 100.8 percent, which concentrated on State bonds borrowings over the DMS period of 2022-2026.

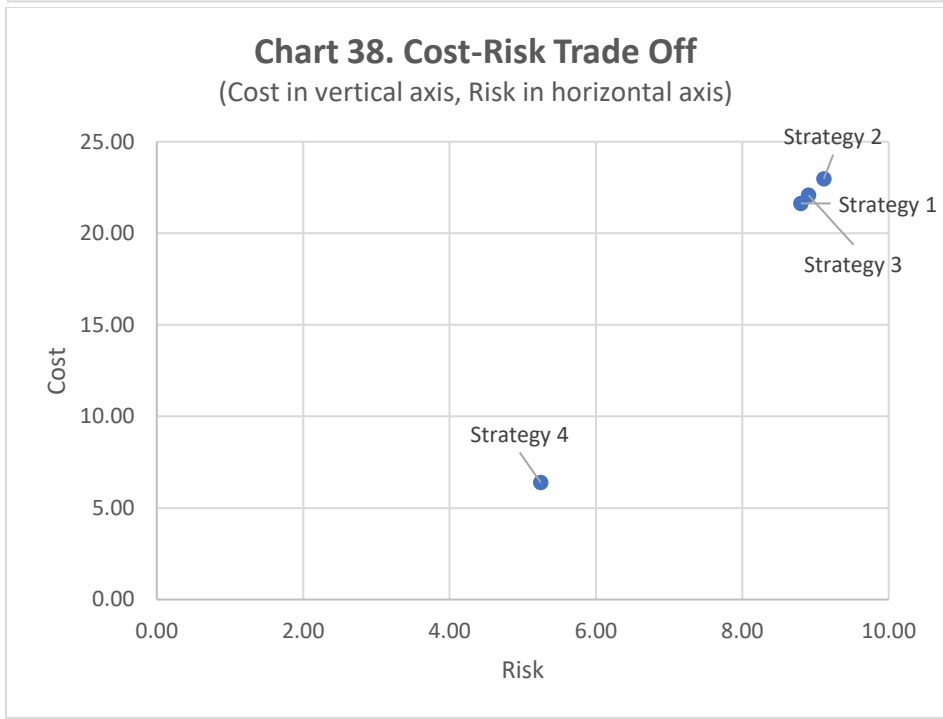
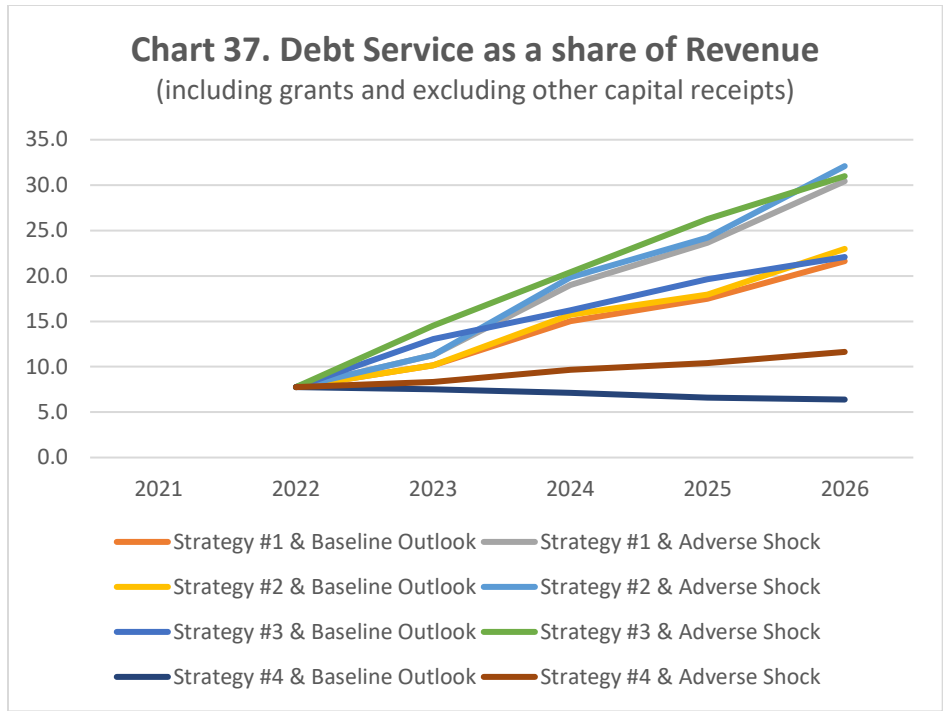




5.2.2 Debt Service as a percentage of Revenue:

5.3 In terms of Debt Service to Revenue, Strategy 4 has the lowest costs of 7.8 percent in 2022 to 6.4 percent in 2026 and lowest risks of 5.2 percent compared to Strategy 1 (costs at 21.6 percent and risks at 8.8 percent), Strategy 2 (costs at 23 percent and risks at 9.1 percent) and Strategy 3 (costs at 22.1 percent and risks at 8.9 percent), respectively, as at end of the strategic period of 2026.

5.4 Strategy 4 has the lowest costs at 6.4 percent and minimum risks at 5.2 percent under the Debt Service to Revenue, followed by Strategy 1 costs at 21.6 percent and risks at 8.8 percent. Strategy 3 has 22.1% as cost and 8.9% risk. But the Strategy 2 is the costliest and riskiest strategy at 23% cost with a 9.1% risk level. S2 projects 100% reliance on domestic financing.

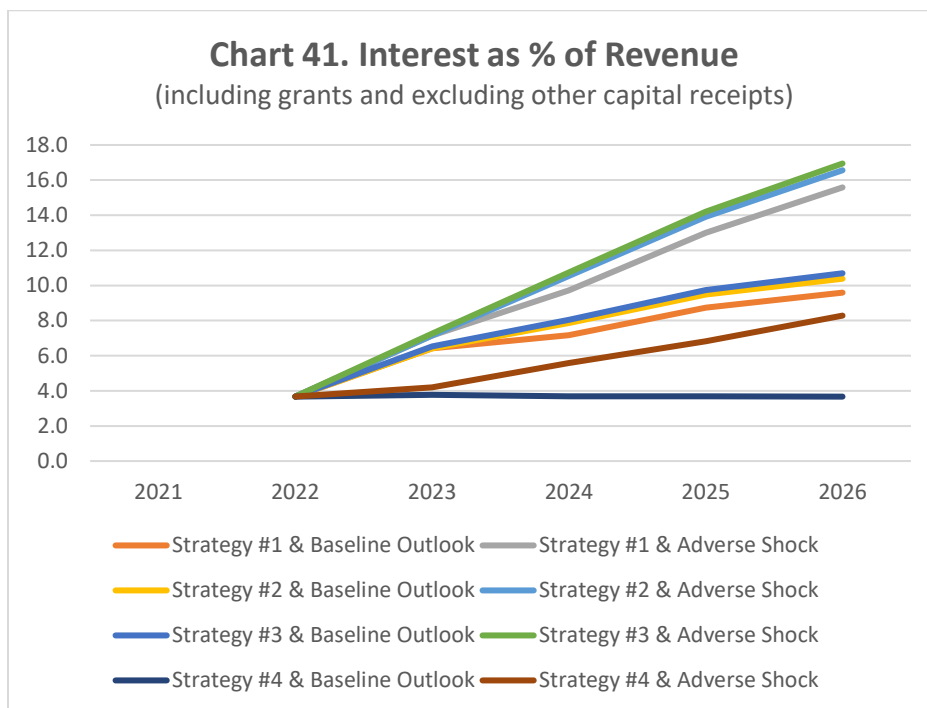


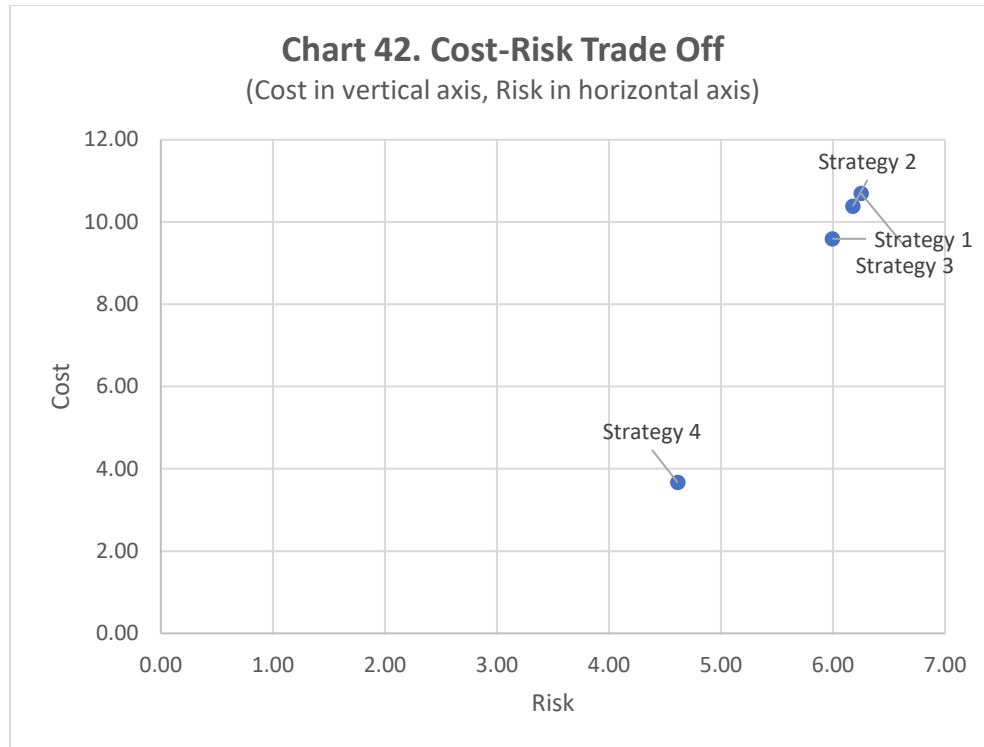
5.2.3 Interest as a percentage of Revenue

5.3 Strategy 4 is the strategy with the least costs with regards Interest to Government revenues, which is projected to remain 3.7 percent in 2022 and 3.7 percent 2026 with Risks at 4.6 percent, whilst Strategy 3 is the most costly and risky strategy at 10.7 percent and 6.3 percent,

compared to Strategy 1 with moderate costs and risks of 9.6 percent and 6 percent and Strategy 2 with estimated costs and risks of 10.4 percent and 6.2 percent, as at end of the strategic period of 2026.

5.4 The ratios of Interest as percent of Revenue analysis shows that S4 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 S2 with the moderate costs and risks. S3 is the most costly and risky strategy.





5.4.3 DMS Assessment

In arriving at the preferred strategy, emphasis was not solely based on the quantitative Analytical Tool assessment of all four strategies but also took into consideration other qualitative considerations, such as 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 2022.**

In comparison to the current debt position, Edo State debt portfolio stood at N245.7billion as at end-2022, which expected an increase to N425billion in 2031 under Strategy 1, compared to Strategy 2 (N464.8billion), Strategy 3 (N474.6billion), and Strategy 4 (N291billion). In addition to this, the cost/risk trade-offs are considered.

5.4.3.1 Debt Stock to Revenue

S/NO	STRATEGY	RANKING
1	Strategy 4	1 st
2	Strategy 1 (Baseline)	2 nd
3	Strategy 2	3 rd
4	Strategy 3	4 th

5.4.3.2 Debt Service to Revenue

S/NO	STRATEGY	RANKING
1	Strategy 4	1 st
2	Strategy 1(Baseline)	2 nd
3	Strategy 3	3 rd
4	Strategy 2	4 th

5.4.3.3 Interest to Revenue

S/NO	STRATEGY	RANKING
1	Strategy 4	1 st
2	Strategy 1 (Baseline)	2 nd
3	Strategy 2	3 rd
4	Strategy 3	4 th

Haven compared the various indicators of debt stock, debt service and interest to revenue, strategy 4 which is to use 100% external financing, is the strategy with the lowest cost and risk as against the baseline strategy S1.

From the analysis above, strategy 4 is a preferred option. However, strategy 1 which is the state's current public debt portfolio is a mix of domestic debt and external debt and currently, the state is facing financial losses arising from exchange rate loss which currently stands at over N23b as at end of 2020 and additional N5B as at end of 2021. Based on the current scenario, the state is now faced with the option of optimizing. The current strategy though has external debt portion, has a lower cumulative cost effect. The state will stick to its current debt portfolio which is strategy 1. In order to continually

mitigate future adverse risk the Edo State Government has carried out the following reforms with regards to revenue mobilization:

- i. Enumeration of properties within the state for the purpose of improving property tax
- ii. Passing of Edo State Revenue Administration Law to set the pace for the reform of the State Board of Internal Revenue to reposition it for service delivery and optimal performance.
- iii. Enumeration of Taxpayers and Businesses with a view to expanding the tax net
- iv. Automation of Revenue Administration with the Edo State Revenue Administration System (ERAS).
- v. Introduction of Revenue Scratch Card Scheme for the informal & mobile sector to eliminate physical cash transactions and block leakages.
- vi. Ban on all 3rd party involvement in IGR collection across the State
- vii. Passing of Local Government Revenue Harmonization Law to make for uniform Levies, Rates, Fees & Charges across Local Government Councils in the State.
- viii. Introduction of Tax-for-Service Scheme for the informal/self-employed sector with Unions/Association
- ix. Back Duty Audit of Tax paying agencies
- x. Provision of Infrastructure for revenue drive
- xi. The State has also embarked on a number of reforms that has led to rationalization of its expenditure as follows:
 - a. Introduction of the State's Treasury Single Account (TSA) which has led to blocking of leakages in its revenue profile
 - b. Rationalization of approval processes restricting approval of recurrent expenditure to the SSG and HoS
 - c. Strict budgeting controls
 - d. Biometric enrollments of State Civil Servants and Pensioners
- xii. The state government is currently working on a unified overhead policy for the state that is aimed at reducing recurrent expenditures
- xiii. Plans are currently ongoing to increase property tax ratio of total IGR from 5% to at least 45%.

The Debt Management Strategy, 2022-2026 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 2022 budget. The cost-risk trade-off


of alternative borrowing strategies under the DMS has been evaluated within the medium-term context.

ANNEXURES

1. Table of Assumptions

2022		Projection Methodology	Source
Assumptions:			
Economic activity	State GDP (at current prices)	Edo State GDP computation by SBS in 2017 and calculated to date by applying the national GDP growth rate.	NBS 2017 AND STATE'S GROWTH PROJECTIONS
Revenue	Revenue		
	1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	Based on Historical Trend. In arriving at the gross FAAC projection, we have assumed an average 6% growth over the projection period.	DSA Team, Ministry of Finance and Economic Development. Edo State
	1.a. of which Net Statutory Allocation ('net' means of deductions)		DSA Team, Ministry of Finance and Economic Development. Edo State
	1.b. of which Deductions		DSA Team, Ministry of Finance and Economic Development. Edo State
	2. Derivation (if applicable to the State)	In arriving at the derivation for the projection years, we have assumed an average 7% growth based on historical trends	DSA Team, Ministry of Finance and Economic Development. Edo State
	3. Other FAAC transfers (exchange rate gain, augmentation, etc.)	Based on exchange rate volatility of the naira against the dollar, we project a major increase in exchange rate gains from 2021 to 2022 and an average 5% increase from 2023 to 2031	DSA Team, Ministry of Finance and Economic Development. Edo State
	4. VAT Allocation	In arriving at the VAT projections, we have adopted an average 13% growth rate based on historical trends	DSA Team, Ministry of Finance and Economic Development. Edo State
	5. IGR	In arriving at the IGR projection, we considered the State Government policies aimed at improving IGR generation while also considering historical trends. With a consistent year on year improvement in IGR generation in Edo state, we have projected with an average 11% growth in IGR	DSA Team, Ministry of Finance and Economic Development. Edo State
	6. Capital Receipts	Based on Historical Trend	DSA Team, Ministry of Finance and Economic Development. Edo State
	6.a. Grants	In arriving at the grants projection, we have taken a conservative position by projecting for those grants with some level of certainty	DSA Team, Ministry of Finance and Economic Development. Edo State
	6.b. Sales of Government Assets and Privatization Proceeds		
	6.c. Other Non-Debt Creating Capital Receipts		
Expenditure	Expenditure		
	1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits)	In arriving at the personnel cost, we considered historical trend as well as government desire to recruit	DSA Team, Ministry of Finance and Economic Development. Edo State
	2. Overhead costs	Based on Historical Trend	DSA Team, Ministry of Finance and Economic Development. Edo State
	3. Interest Payments (Public Debt Charges, including interests on external and domestic debt)	Based on Historical Trend	DSA Team, Ministry of Finance and Economic Development. Edo State
	4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs, Interest Payments)	Based on Historical Trend	DSA Team, Ministry of Finance and Economic Development. Edo State
	5. Capital Expenditure	Based on Historical Trend	DSA Team, Ministry of Finance and Economic Development. Edo State
Closing Cash and Bank Balance	Closing Cash and Bank Balance	Based on Historical Trend	Audited Financial Statement, DSA Team, Ministry of Finance and Economic Development. Edo State
Debt Amortization and Interest Payments	Debt Outstanding at end-2021		
	External Debt - amortization and interest	Based on State Policy Macro-economic Assumption	DSA Team, Ministry of Finance and Economic Development. Edo State
	Domestic Debt - amortization and interest	Based on State Policy and Macro-economic Assumption	DSA Team, Ministry of Finance and Economic Development. Edo State
	New debt issued/contracted from 2022 onwards		
	New External Financing		
	External Financing - Concessional Loans (e.g., World Bank, AfriFin)	Based on 2022 APPROVED BUDGET and borrowing requirement as shown in the DSA	DSA Team, Ministry of Finance and Economic Development. Edo State
	External Financing - Bilateral Loans		DSA Team, Ministry of Finance and Economic Development. Edo State
	Other External Financing		DSA Team, Ministry of Finance and Economic Development. Edo State
	New Domestic Financing		
	Commercial Bank Loans (maturity 1 to 5 years, including Agricultural Loans)	Based on 2022 APPROVED BUDGET and borrowing requirement as shown in the DSA	DSA Team, Ministry of Finance and Economic Development. Edo State
	Commercial Bank Loans (maturity 6 years or longer, including Agricultural Loans)	Based on 2022 APPROVED BUDGET and borrowing requirement as shown in the DSA	DSA Team, Ministry of Finance and Economic Development. Edo State
	State Bonds (maturity 1 to 5 years)	Based on 2022 APPROVED BUDGET and borrowing requirement as shown in the DSA	DSA Team, Ministry of Finance and Economic Development. Edo State
	State Bonds (maturity 6 years or longer)	Based on 2022 APPROVED BUDGET and borrowing requirement as shown in the DSA	DSA Team, Ministry of Finance and Economic Development. Edo State
	Other Domestic Financing		DSA Team, Ministry of Finance and Economic Development. Edo State
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S1	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S1		
	New Domestic Financing in Million Naira		
	Commercial Bank Loans (maturity 1 to 5 years, including Agricultural Loans)	Based on 2022 APPROVED BUDGET and borrowing requirement as shown in the DSA	DSA Team, Ministry of Finance and Economic Development. Edo State

	Commercial Bank Loans (maturity 6 years or longer, including State Bonds (maturity 1 to 5 years) State Bonds (maturity 6 years or longer) Other Domestic Financing	Based on 2022 APPROVED BUDGET and borrowing requirement as shown in the DSA	DSA Team, Ministry of Finance and Economic Development. Edo State DSA Team, Ministry of Finance and Economic Development. Edo State DSA Team, Ministry of Finance and Economic Development. Edo State
	New External Financing in Million US Dollar	Based on historical trend, domestic Financing constitute 60% of the states debt combination of domestic and external debt. However, due to the bottlenecks involved in securing external debts, external debt financing is projected on biannual basis.	DSA Team, Ministry of Finance and Economic Development. Edo State
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Based on historical trend, domestic Financing constitute 60% of the states debt combination of domestic and external debt. However, due to the bottlenecks involved in securing external debts, external debt financing is projected on biannual basis.	DSA Team, Ministry of Finance and Economic Development. Edo State
	External Financing - Bilateral Loans	Based on Historical Trend AND 2022 APPROVED BUDGET	DSA Team, Ministry of Finance and Economic Development. Edo State
	Other External Financing	Based on Historical Trend AND 2022 APPROVED BUDGET	DSA Team, Ministry of Finance and Economic Development. Edo State
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S2	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S2		
	New Domestic Financing in Million Naira		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Based on 2022 APPROVED BUDGET and borrowing requirement as shown in the DSA	DSA Team, Ministry of Finance and Economic Development. Edo State
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)		DSA Team, Ministry of Finance and Economic Development. Edo State
	State Bonds (maturity 1 to 5 years)		DSA Team, Ministry of Finance and Economic Development. Edo State
	State Bonds (maturity 6 years or longer)		DSA Team, Ministry of Finance and Economic Development. Edo State
	Other Domestic Financing		DSA Team, Ministry of Finance and Economic Development. Edo State
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)		DSA Team, Ministry of Finance and Economic Development. Edo State
	External Financing - Bilateral Loans		DSA Team, Ministry of Finance and Economic Development. Edo State
	Other External Financing		DSA Team, Ministry of Finance and Economic Development. Edo State
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S3	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S3		
	New Domestic Financing in Million Naira		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)		DSA Team, Ministry of Finance and Economic Development. Edo State
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)		DSA Team, Ministry of Finance and Economic Development. Edo State
	State Bonds (maturity 1 to 5 years)		DSA Team, Ministry of Finance and Economic Development. Edo State
	State Bonds (maturity 6 years or longer)	Based on 2022 APPROVED BUDGET and borrowing requirement as shown in the DSA	DSA Team, Ministry of Finance and Economic Development. Edo State
	Other Domestic Financing		DSA Team, Ministry of Finance and Economic Development. Edo State
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)		DSA Team, Ministry of Finance and Economic Development. Edo State
	External Financing - Bilateral Loans		DSA Team, Ministry of Finance and Economic Development. Edo State
	Other External Financing		DSA Team, Ministry of Finance and Economic Development. Edo State
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S4	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S4		
	New Domestic Financing in Million Naira		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)		DSA Team, Ministry of Finance and Economic Development. Edo State
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)		DSA Team, Ministry of Finance and Economic Development. Edo State
	State Bonds (maturity 1 to 5 years)		DSA Team, Ministry of Finance and Economic Development. Edo State
	State Bonds (maturity 6 years or longer)		DSA Team, Ministry of Finance and Economic Development. Edo State
	Other Domestic Financing		DSA Team, Ministry of Finance and Economic Development. Edo State
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Based on 2022 APPROVED BUDGET and borrowing requirement as shown in the DSA	DSA Team, Ministry of Finance and Economic Development. Edo State



External Financing - Bilateral Loans

Other External Financing



DSA Team, Ministry of Finance and Economic
Development, Edo State
DSA Team, Ministry of Finance and Economic
Development, Edo State

1. Baseline Projections (S1 TABLE)

Indicator	Actual					Projections									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
GENERAL ACCOUNT															
Economic Indicators															
GDP (constant prices)	2,242,756.00	2,626,724.00	2,678,266.00	2,550,000.00	2,400,000.00	2,500,000.00	2,550,000.00	2,600,000.00	2,612,600.00	2,624,644.00	2,641,620.26	2,662,247.55	2,689,494.45	2,721,422.63	2,758,274.53
Change base 10 (1995=100)	252.19	265.79	265.50	265.00	270.00	410.00	410.00	410.00	410.00	410.00	410.00	410.00	410.00	410.00	410.00
Fiscal Indicators (Billion Baht)															
Revenue															
1. Govt Revenue (Excl. of VAT)	119,307.31	144,629.94	146,729.90	144,516.00	174,015.40	185,386.04	199,299.00	204,728.04	210,815.61	207,671.28	203,904.95	201,122.58	206,208.71	202,717.16	202,378.58
1.1. Excise Tax	28,625.75	40,246.00	38,719.95	31,147.72	30,006.71	43,914.23	46,987.00	46,677.25	52,074.11	55,724.97	54,020.22	53,794.52	58,282.49	59,684.07	60,244.46
1.2. Other Govt Revenue (Excl. of VAT)	0.00	0.00	0.00	25,000.00	22,414.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1.3. of which: Excise Tax	0.00	0.00	0.00	6,104.71	6,676.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Govt Revenue (Incl. of VAT)	7,354.30	21,160.17	18,772.27	13,171.99	24,002.24	17,815.80	23,265.26	24,416.43	26,622.27	26,574.11	26,326.14	22,662.97	24,942.72	24,342.54	24,342.54
3. Other Govt Revenue (Incl. of VAT)	12,441.20	11,165.19	19,692.22	14,918.60	7,722.25	10,677.99	16,622.41	19,446.06	21,462.23	22,226.71	22,622.55	24,644.72	26,366.66	27,202.51	24,124.42
4. VAT Revenue	10,526.82	12,021.42	12,812.22	15,204.52	22,277.40	22,770.22	23,771.60	24,566.92	25,270.01	24,561.22	24,268.45	22,746.20	24,268.45	23,568.76	23,568.76
5. VAT	27,194.23	29,621.49	25,272.99	24,017.20	28,346.20	20,000.00	24,000.00	24,000.00	24,000.00	24,000.00	24,000.00	24,000.00	24,000.00	24,000.00	24,000.00
6. Capital Revenue	22,977.62	24,624.17	21,912.68	11,977.67	45,255.20	45,255.20	45,255.20	45,255.20	45,255.20	45,255.20	45,255.20	45,255.20	45,255.20	45,255.20	45,255.20
6.1. Grant	1,218.94	9,268.05	10,262.22	11,977.67	6,526.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00
6.2. Sale of Government Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.3. Other Govt Revenue (Capital Revenue)	0.00	0.00	0.00	0.00	792.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.4. Proceeds from Privatization	21,768.69	19,666.12	11,647.64	20.00	38,617.60	44,755.20	43,755.20	44,755.20	44,755.20	44,755.20	44,755.20	44,755.20	44,755.20	44,755.20	44,755.20
Expenditure															
1. General Administration	124,712.46	144,026.26	144,402.61	111,702.41	109,299.00	109,299.00	109,299.00	109,299.00	109,299.00	109,299.00	109,299.00	109,299.00	109,299.00	109,299.00	109,299.00
2. Overhead	57,620.18	34,625.42	40,787.82	36,226.11	41,622.70	50,844.29	50,844.29	50,844.29	50,844.29	50,844.29	50,844.29	50,844.29	50,844.29	50,844.29	50,844.29
3. Interest Payment	16,177.67	25,171.26	24,041.32	20,686.20	26,402.11	24,227.10	27,846.20	26,361.81	29,446.29	26,676.14	21,802.18	21,176.21	24,566.29	27,691.20	27,691.20
3.1. of which: Interest Payment	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
3.2. of which: Interest Payment	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
4. Other Revenue	28,416.68	25,515.16	62,478.17	42,524.12	77,204.40	106,006.27	107,258.69	119,752.50	122,147.55	126,254.20	146,628.49	162,700.70	162,700.70	200,665.51	229,704.72
5. Capital Expenditure	12,467.22	5,276.44	5,276.44	5,276.44	6,841.40	6,204.20	6,420.26	15,222.05	16,222.05	22,716.74	25,716.74	22,662.45	41,454.60	44,266.11	45,266.11
Other Balance (+/-) (million Baht)															
Operating Bank Balance	-5,282.15	-1,262.42	2,827.49	2,827.49	3,222.00	-4,603.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Bank Balance	4,269.49	4,269.49	4,269.49	4,269.49	4,269.49	4,269.49	4,269.49	4,269.49	4,269.49	4,269.49	4,269.49	4,269.49	4,269.49	4,269.49	4,269.49
Financing Needs and Sources (Billion Baht)															
Financing Needs															
1. Interest balance						2,422.24	25,081.22	2,625.24	24,924.24	27,418.22	24,522.22	4,625.22	29,222.22	6,022.22	27,122.22
2. Other						-1,018.42	-7,262.11	-7,262.11	-7,262.11	-7,262.11	-7,262.11	-7,262.11	-7,262.11	-7,262.11	-7,262.11
Financing Sources															
1. Financing Sources						2,422.24	25,081.22	2,625.24	24,924.24	27,418.22	24,522.22	4,625.22	29,222.22	6,022.22	27,122.22
2. Government						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Other						2,422.24	25,081.22	2,625.24	24,924.24	27,418.22	24,522.22	4,625.22	29,222.22	6,022.22	27,122.22
Debit and Credit (Billion Baht)															
Debit (Total)	124,712.46	144,026.26	144,402.61	111,702.41	109,299.00	109,299.00	109,299.00	109,299.00	109,299.00	109,299.00	109,299.00	109,299.00	109,299.00	109,299.00	109,299.00
Credit (Total)	124,712.46	144,026.26	144,402.61	111,702.41	109,299.00	109,299.00	109,299.00	109,299.00	109,299.00	109,299.00	109,299.00	109,299.00	109,299.00	109,299.00	109,299.00
Debit and Credit as % of GDP															
Debit as % of GDP	5.56	5.43	5.37	4.48	4.59	4.45	4.37	4.24	4.18	4.18	4.18	4.18	4.18	4.18	4.18
Credit as % of GDP	5.56	5.43	5.37	4.48	4.59	4.45	4.37	4.24	4.18	4.18	4.18	4.18	4.18	4.18	4.18
Debit and Credit as % of Revenue (including grants and excluding other capital receipts)															
Debit as % of Revenue	1.76	1.81	1.81	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76
Credit as % of Revenue	1.76	1.81	1.81	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76
Debit and Credit as % of Revenue (including grants and excluding other capital receipts) - Historical															
Debit as % of Revenue	1.76	1.81	1.81	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76
Credit as % of Revenue	1.76	1.81	1.81	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76
Debit and Credit as % of Revenue (including grants and excluding other capital receipts) - Projections															
Debit as % of Revenue	1.76	1.81	1.81	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76
Credit as % of Revenue	1.76	1.81	1.81	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76

2. Baseline Projections (S2 TABLE)

	2017	2018	Actuals 2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	BASELINE ESCENARIO														
Economic Indicators															
State GDP (at current prices)	1,342,798.00	1,636,739.00	1,078,286.00	1,250,000.00	1,400,000.00	1,500,000.00	1,560,000.00	1,600,000.00	1,812,160.00	1,924,646.40	1,941,632.26	1,161,297.53	1,289,829.45	1,411,412.63	1,536,179.53
Exchange Rate USD/US\$ (end-period)	233.19	305.79	306.50	326.00	379.00	410.00	430.00	430.00	430.00	430.00	430.00	430.00	430.00	430.00	430.00
Fiscal Indicators (Million Mal)															
Revenue															
1. Gross Statutory Allocation (gross means with no deductions; do not include VAT Allocation in here)	119,207.31	144,838.94	146,729.90	114,519.00	173,015.40	186,386.04	199,296.00	231,880.79	246,738.66	266,508.79	303,410.93	327,932.04	360,134.88	392,425.67	439,768.16
1.a. of which Statutory Allocation (net means of deductions)	38,603.75	40,248.00	38,710.96	31,147.72	30,090.71	43,919.23	46,077.98	48,672.33	51,079.41	53,724.97	56,622.71	61,798.52	66,365.49	73,044.07	80,348.48
1.b. of which Deductions	0.00	0.00	0.00	23,943.01	23,444.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Deviation (if applicable to the State)	7,394.30	21,760.67	18,172.27	13,121.99	28,002.34	11,813.80	23,303.30	24,918.43	26,662.72	28,529.11	30,326.14	31,662.97	34,949.38	37,339.84	41,133.41
3. Other FAAC transfers (exchange rate gain, augmentation, others)	12,441.78	11,164.19	13,892.72	14,919.90	7,732.35	10,087.99	18,664.41	19,468.06	21,463.23	22,336.71	23,663.25	24,946.72	26,089.06	27,339.51	0.00
4. VAT Allocation	10,388.82	12,021.43	12,812.27	15,334.54	21,577.40	23,761.72	17,874.00	18,598.96	21,575.01	24,381.26	28,269.45	31,509.72	37,850.73	42,961.78	47,281.06
5. IS	27,194.03	29,621.49	32,127.99	39,037.90	38,346.30	20,000.00	64,000.00	78,000.00	81,900.00	84,380.00	103,816.00	114,589.80	114,589.80	126,614.78	151,999.33
6. Capital Receipts	22,937.63	29,824.17	11,913.68	11,977.67	43,166.30	43,811.30	29,381.31	42,244.99	33,529.98	43,751.74	57,509.07	28,894.41	67,826.14	73,417.71	118,992.17
6.a. Grants	1,218.94	3,936.05	10,806.12	11,937.67	6,459.30	11,600.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00
6.b. Sales of Government Assets and Privatization Proceeds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.c. Other Non-Debt Creating Capital Receipts	0.00	0.00	0.00	0.00	789.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.d. Proceeds from Debt-Creating Borrowings (bond issues, loan disbursements, etc)	21,706.69	19,866.12	11,607.46	20.00	36,017.80	34,121.30	25,081.32	37,744.99	34,838.98	38,121.74	53,009.07	55,394.31	63,126.14	66,917.71	114,492.17
Expenditure															
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	124,712.46	146,003.36	144,072.41	111,705.03	169,489.81	194,896.24	199,296.00	231,880.79	246,738.66	266,508.79	303,410.93	327,932.04	360,134.88	392,425.67	439,768.16
2. Overhead costs	27,630.19	34,823.92	40,797.92	28,333.94	41,622.70	50,949.29	50,912.40	51,430.02	51,250.92	56,387.47	61,694.84	64,979.96	66,217.49	71,838.98	73,220.80
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	36,177.67	23,171.26	29,041.92	20,096.20	28,400.21	24,337.10	27,943.00	28,361.81	29,496.29	30,676.14	31,903.18	33,179.31	34,506.48	35,886.74	37,681.08
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted from FAAC Allocation)	0.00	1,576.83	1,386.09	5,979.35	3,734.80	5,583.28	11,133.43	15,081.41	15,534.42	12,760.35	24,953.33	28,211.09	31,249.81	33,783.85	38,845.92
3.b. of which Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	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.c. of which Interest deducted from FAAC Allocation	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
4. Other Recurrent Expenditure (excluding Personnel Costs, Overhead Costs and Interest Payments)	0.00	0.00	0.00	2.94	1,946.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5. Capital Expenditure	38,416.88	74,515.16	64,478.17	43,342.92	77,938.40	108,062.07	107,753.89	119,725.20	121,147.25	128,124.93	146,628.49	163,700.70	181,144.79	200,966.51	223,704.71
6. Amortization (principal payments)	11,497.73	7,239.48	6,479.17	3,563.12	8,941.40	6,209.20	6,482.26	15,237.05	20,430.48	28,874.91	36,041.59	37,842.38	44,006.31	48,194.72	58,315.64
Budget Balance ('+' means surplus, '-' means deficit)															
Operating Cash and Bank Balance	10,474.44	4,966.48	3,607.07	6,264.56	9,078.23	12,600.20	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Operating Cash and Bank Balance	4,869.49	3,606.07	6,264.56	9,078.23	12,600.20	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Financing Needs and Sources (Million Mal)															
Financing Needs															
i. Primary balance						34,221.30	25,081.32	37,744.99	34,858.98	39,251.74	53,009.07	55,394.31	63,326.14	68,917.71	114,492.17
ii. Debt service						-31,019.02	-7,395.61	-7,426.53	5,105.92	12,383.52	7,985.85	10,659.16	11,929.98	15,015.85	-17,330.71
Amortizations						11,802.48	17,685.71	30,318.45	39,964.90	60,994.92	66,053.47	75,256.12	83,933.57	97,161.56	
Interests						6,209.20	6,482.26	15,237.05	20,430.48	28,874.91	36,041.59	37,842.38	44,006.31	48,194.72	58,315.64
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)						-8,800.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financing Sources															
i. Financing Sources Other than Borrowing						34,221.30	25,081.32	37,744.99	34,858.98	39,251.74	53,009.07	55,394.31	63,326.14	68,917.71	114,492.17
ii. Gross Borrowings						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Commercial Bank Loans (maturity 1 to 2 years, including Agric. Loans, Infrastructure Loans, and MSME/DF)						34,221.30	25,081.32	37,744.99	34,858.98	39,251.74	53,009.07	55,394.31	63,326.14	68,917.71	114,492.17
Commercial Bank Loans (maturity 3 years or longer, including Agric. Loans, Infrastructure Loans, and MSME/DF)						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 2 years)						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Bonds (maturity 3 years or longer)						0.00	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)						0.00	0.00	0.00	0.00	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	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	135.49	4175.14	6360.17	7787.62	9068.97	13111.36	0.00	11899.56	19617.94
Debt Stock and Flows (Million Mal)															
Debt (stock)															
External	134,947.79	170,931.58	174,403.87	170,991.05	208,323.51	245,669.71	264,258.77	286,766.71	301,195.21	311,572.04	328,539.52	346,091.45	365,411.28	386,134.27	442,310.90
Domestic	58,791.79	84,474.64	84,571.58	91,536.62	114,116.90	121,848.20	119,083.95	116,158.73	113,232.05	110,303.89	107,374.26	104,399.68	101,380.89	98,362.10	95,343.31
Gross borrowing (flow)	76,156.00	86,456.94	89,832.29	79,454.43	94,206.61	123,821.51	145,174.82	170,607.98	187,963.17	201,268.15	221,165.26	241,691.76	264,030.38	287,772.17	346,967.58
External						34,221.30	25,081.32	37,744.99	34,858.98	39,251.74	53,009.07	55,394.31	63,326.14	68,917.71	114,492.17
Domestic						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Amortizations (flow)						5,675.76	2,462.87	6,385.66	10,952.35	14,537.93	6,209.20	6,482.26	15,237.05	28,874.91	37,842.38
External						19,266.16	3,943.37	45,480.40	1,602.80	2,764.25	2,925.21	2,926.69	2,928.16	2,929.63	2,974.58
Domestic						5,408.11	2,134.63	6,030.02	10,557.98	14,083.13	4,406.40	3,720.01	12,311.83	17,903.79	25,946.76
Interests (flow)						5,293.46	3,886.69	5,175.04	3,354.11	5,902.98	5,593.28	11,934.15	15,081.41	19,534.42	22,760.35
External						276.11	599.87	647.02	809.94	773.16	961.35	947.34	928.69	903.37	881.95
Domestic						5,017.35	3,296.82	4,528.01	2,544.17	5,129.82	4,631.94	10,246.11	14,152.72	18,630.05	21,878.39
Net borrowing (gross borrowing minus amortizations)						28,012.10	18,589.06	22,507.94	14,428.50	10,376.83	16,967.48	17,551.93	19,319.83	20,722.99	56,176.62
External						-1,602.80	-2,764.25	-9,252.21	-9,266.69	-9,266.69	-9,266.69	-9,266.69	-9,266.69	-9,266.69	-9,266.69
Domestic						29,614.90	21,353.31	25,433.15	17,355.19	13,304.98	19,897.11	20,528.62	22,338.62	23,741.78	59,195.41
Debt and Debt-Service Indicators															
Debt Stock as % of GDP	5.76	6.43	5.67	7.28	8.68	9.83	10.32	11.03	10.71	10.65	10.80	10.94	11.11	11.29	12.43
Debt Stock as % of Revenue (including grants and excluding other capital receipts)	138.41	136.99	129.07	149.34	155.22	161.45	151.66	147.71	142.15	135.32	131.20	127.00	123.11	118.36	135.86
Debt Service as % of GDP	0.47	0.69	0.60	0.76	0.82	0.88	0.90	0.93	0.96	0.99	1.03	1.07	1.11	1.15	1.26
Debt Service as % of Revenue (including grants and excluding other capital receipts)	11.25	12.52	11.86	13.52	15.0										

Factor3 - sh	For Debt Service as % of GDP the adverse scenario is: Historical	Historical												
	Debt Service as % of GDP		0.47	0.73	1.38	1.95	2.69	3.38	5.08	5.86	7.13	8.25		
Factor4 - sh	For Debt Service as % of Revenue (including grants and excluding other capital receipts) the adverse scenario is: Historical	Historical												
	Debt Service as % of Revenue (including grants and excluding other capital receipts)		7.76	11.28	19.72	25.34	31.41	35.06	46.26	46.31	48.41	47.71		
Factor5 - sh	For Interest as % of GDP the adverse scenario is: Historical	Historical												
	Interest as % of GDP		0.22	0.46	0.73	1.04	1.36	1.67	2.01	2.32	2.66	2.87		
Factor6 - sh	For Interest as % of Revenue (including grants and excluding other capital receipts) the adverse scenario is: Historical	Historical												
	Interest as % of Revenue (including grants and excluding other capital receipts)		3.68	7.14	10.42	13.58	15.86	17.33	18.26	18.31	18.06	16.59		

Scenario 3: sh	For Debt Service as % of GDP the adverse scenario is: Historical	Historical								
	Debt Service as % of GDP		0.47	0.94	1.42	1.98	2.56	3.15		
Scenario 4: sh	For Debt Service as % of Revenue (including grants and excluding other capital receipts) the adverse scenario is: Historical	Historical								
	Debt Service as % of Revenue (including grants and excluding other capital receipts)		7.76	14.51	20.24	25.73	29.83	32.66		
Scenario 5: sh	For Interest as % of GDP the adverse scenario is: Historical	Historical								
	Interest as % of GDP		0.22	0.47	0.75	1.08	1.42	1.73		
Scenario 6: sh	For Interest as % of Revenue (including grants and excluding other capital receipts) the adverse scenario is: Historical	Historical								
	Interest as % of Revenue (including grants and excluding other capital receipts)		3.66	7.25	10.67	14.01	16.56	18.14		

4. Baseline Projections (S4 TABLE)

	2017	2018	Actuals 2019	2020	2021	2022	2023	2024	2025	2026	2027
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BASELINE ESCENARIO											
Economic Indicators											
State GDP (at current prices)	1,342,750.00	1,656,750.00	1,078,268.00	1,350,000.00	1,400,000.00	1,500,000.00	1,560,000.00	1,600,000.00	1,812,160.00	1,924,646.40	3,041,632.26
Exchange Rate NGN/US\$ (end-Period)	253.19	305.79	306.50	326.00	379.00	410.00	410.00	410.00	410.00	410.00	410.00

Fiscal Indicators (Million Naira)											
Revenue	119,207.31	144,639.94	146,729.90	114,518.00	173,015.40	186,386.04	194,679.13	215,405.75	220,778.32	232,572.10	257,347.70
1. Gross Statutory Allocation (Gross means with no deductions; do not include VAT Allocation here)	38,652.75	40,249.00	38,710.96	31,147.72	30,090.71	43,919.33	46,087.98	48,672.35	52,079.41	55,724.97	59,623.72
1.a. of which Statutory Allocation (Net means of deductions)	0.00	0.00	0.00	23,043.01	23,444.29	0.00	0.00	0.00	0.00	0.00	0.00
1.b. of which Deductions	0.00	0.00	0.00	6,104.71	6,646.44	0.00	0.00	0.00	0.00	0.00	0.00
2. Deviation (if applicable to the State)	7,394.30	21,760.67	18,172.27	13,111.29	23,002.34	13,813.90	23,585.30	24,919.43	26,662.72	28,329.11	30,526.44
3. Other FAAC transfers (recharge etc gain, augmentation, others)	12,441.78	11,164.19	13,891.72	14,919.80	7,732.35	10,067.99	18,663.44	19,468.06	11,463.33	12,536.71	13,663.55
4. VAT Allocation	10,593.82	12,011.43	12,812.27	15,334.52	21,377.40	23,763.72	17,371.00	18,596.96	14,375.01	14,581.26	18,268.45
5. IFR	27,194.03	28,621.49	35,127.99	38,017.30	38,546.30	30,000.00	64,000.00	83,800.00	83,800.00	94,380.00	103,918.00
6. Capital Receipts	13,327.63	28,024.17	21,911.69	11,977.67	43,266.30	43,821.90	24,981.45	23,759.95	13,397.85	6,820.03	11,445.84
6.a. Grants	1,139.94	3,338.03	10,306.22	11,257.67	6,459.30	11,600.00	4,200.00	4,200.00	4,200.00	4,200.00	4,200.00
6.b. Sales of Government Assets and Privatization Proceeds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.c. Other Non-Debt Creating Capital Receipts	0.00	0.00	0.00	0.00	789.20	0.00	0.00	0.00	0.00	0.00	0.00
6.d. Proceeds from Debt-Creating Borrowings (bonds issuance, loan disbursements, etc.)	21,708.69	19,866.12	11,607.46	20.00	38,017.80	34,221.30	20,461.45	21,259.95	8,897.65	2,320.03	6,945.84
Expenditure	124,712.46	146,003.36	144,072.41	111,705.03	169,489.61	194,886.24	194,679.13	215,405.75	220,778.32	232,572.10	257,347.70
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	57,630.18	34,633.82	40,787.82	38,533.94	41,622.70	50,840.39	50,912.40	55,130.32	55,937.47	61,894.74	61,894.74
2. Overhead costs	16,177.67	23,171.26	25,041.92	20,086.20	28,400.21	24,337.10	27,945.00	28,361.81	29,496.29	30,676.14	31,903.38
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	0.00	1,576.85	3,386.09	3,979.30	3,754.80	5,293.28	6,573.07	7,151.69	7,799.87	8,447.90	8,659.05
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted from FAAC Allocation)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.b. of which Interest deducted from FAAC Allocation	0.00	0.00	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	4,375.79	0.00	2.94	1,946.10	0.00	0.00	0.00	0.00	0.00	0.00
5. Capital Expenditure	38,416.88	74,513.16	63,476.17	43,334.32	77,928.40	106,006.27	102,725.89	119,722.30	121,147.25	128,124.83	148,628.49
6. Amortization (in principal) payments	12,487.73	5,728.48	5,378.41	3,365.12	8,841.40	6,209.20	6,681.72	6,203.70	6,681.72	6,203.70	6,272.64
Budget Balance ('+' means surplus, '-' means deficit)	-5,505.15	-1,363.42	2,657.49	2,813.97	3,522.00	-8,600.20	0.00	0.00	0.00	0.00	0.00
Opening Cash and Bank Balance	10,474.64	4,968.49	3,607.07	6,264.56	9,078.56	12,600.20	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Closing Cash and Bank Balance	4,968.49	3,606.07	6,264.56	9,078.53	12,600.20	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00

Financing Needs and Sources (Million Naira)											
Financing Needs						34,221.30	20,461.45	21,259.95	8,897.65	2,320.05	6,945.84
i. Primary balance						-31,019.02	-7,395.61	-7,426.53	5,105.92	12,383.52	7,985.85
ii. Debt service						11,802.48	13,065.84	13,833.42	14,003.57	14,703.57	14,931.69
Amortizations						6,209.20	6,492.26	6,681.72	6,203.70	6,255.67	6,272.64
Interests						5,593.28	6,573.57	7,151.69	7,799.87	8,447.90	8,659.05
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)						-8,600.20	0.00	0.00	0.00	0.00	0.00
Financing Sources						34,221.30	20,461.45	21,259.95	8,897.65	2,320.05	6,945.84
i. Financing Sources Other than Borrowing						0.00	0.00	0.00	0.00	0.00	0.00
ii. Gross Borrowings						34,221.30	20,461.45	21,259.95	8,897.65	2,320.05	6,945.84
Commercial Bank Loans (maturity 1 to 3 years, including Agric loans, Infrastructure Loans, and MSMBF)						0.00	0.00	0.00	0.00	0.00	0.00
Commercial Bank Loans (maturity 6 years or longer, including Agric loans, Infrastructure Loans, and MSMBF)						0.00	0.00	0.00	0.00	0.00	0.00
State Bonds (maturity 1 to 3 years)						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
Other Domestic Financing						0.00	0.00	0.00	0.00	0.00	0.00
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)						34,221.30	20,461.45	21,259.95	8,897.65	2,320.05	6,945.84
External Financing - Bilateral Loans						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
Residual Financing						0.00	0.00	0.00	0.00	0.00	0.00

Debt Stock and Flows (Million Naira)											
Debt (stock)	134,947.79	170,931.58	174,403.87	170,991.05	208,323.51	245,868.71	259,638.90	274,217.12	276,911.08	272,975.46	273,648.66
External	58,791.79	84,474.64	84,571.58	91,536.62	114,116.90	158,089.50	173,766.70	192,101.43	198,072.40	197,464.29	201,480.50
Domestic	76,156.00	86,456.94	89,832.29	79,454.43	94,206.61	87,800.21	85,872.20	82,115.69	78,838.68	75,511.17	72,168.16
Gross borrowing (flow)						34,221.30	20,461.45	21,259.95	8,897.65	2,320.05	6,945.84
External						34,221.30	20,461.45	21,259.95	8,897.65	2,320.05	6,945.84
Domestic						0.00	0.00	0.00	0.00	0.00	0.00
Amortizations (flow)	5,675.76	2,462.87	6,385.66	10,952.35	14,537.93	6,209.20	6,492.26	6,681.72	6,203.70	6,255.67	6,272.64
External	19,266	328.24	355.64	394.37	454.80	1,802.80	2,764.25	2,925.21	2,926.69	2,928.16	2,929.63
Domestic	5,483.11	2,134.63	6,030.02	10,557.98	14,083.13	4,406.40	3,728.01	3,756.51	3,277.01	3,327.51	3,343.01
Interests (flow)	5,293.46	3,886.69	5,175.04	3,354.11	5,902.98	5,993.28	6,573.57	7,151.69	7,799.87	8,447.90	8,659.05
External	276.11	589.87	647.02	809.94	773.16	916.35	1,802.87	2,295.76	2,802.94	3,002.96	3,058.54
Domestic	5,017.35	3,296.82	4,528.01	2,544.17	5,129.82	4,831.94	4,770.70	4,855.94	4,996.94	5,444.94	5,620.51
Net borrowing (gross borrowing minus amortizations)						28,012.10	13,969.18	14,578.23	2,693.96	-3,935.62	673.20
External						32,618.50	17,697.19	18,334.74	5,970.97	-608.11	4,016.21
Domestic						-4,606.40	-3,728.01	-3,756.51	-3,277.01	-3,327.51	-3,343.01

Debt and Debt-Service Indicators											
Debt Stock as % of GDP	10.08	10.33	10.63	10.39	11.46	13.87	14.68	15.55	15.46	15.43	15.64
Debt Stock as % of Revenue (including grants and excluding other capital receipts)	138.41	136.99	129.07	148.34	155.22	161.45	161.54	168.36	206.90	215.05	212.66
Debt Service as % of GDP	0.47	0.51	0.53	0.50	0.50	0.49	0.49	0.50	0.50	0.50	0.49
Debt Service as % of Revenue (including grants and excluding other capital receipts)	7.76	7.50	7.13	6.61	6.39	6.39	6.39	6.39	6.39	6.39	6.39
Interest as % of GDP	0.22	0.26	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28
Interest as % of Revenue (including grants and excluding other capital receipts)	33.41	28.22	27.53	26.02	25.60	24.71	24.71	24.71	24.71	24.71	24.71

Adverse Scenario (is defined by the worst performance indicator measured in year 2026)											
For Debt Stock as % of GDP the adverse scenario is: Historical	Historical										
Debt Stock as % of GDP	Historical					8.83	11.77	13.91	16.15	18.29	20.49
For Debt Stock as % of Revenue (including grants and excluding other capital receipts) the adverse scenario is: Historical	Historical										
Debt Stock as % of Revenue (including grants and excluding other capital receipts)	Historical					161.45	181.54	188.36	206.90	215.05	212.66
For Debt Service as % of GDP the adverse scenario is: Historical	Historical										
Debt Service as % of GDP	Historical					0.47	0.54	0.66	0.80	0.99	1.19
For Debt Service as % of Revenue (including grants and excluding other capital receipts) the adverse scenario is: Historical	Historical										
Debt Service as % of Revenue (including grants and excluding other capital receipts)	Historical					7.76	8.34	9.66	10.40	11.63	12.40
For Interest as % of GDP the adverse scenario is: Historical	Historical										
Interest as % of GDP	Historical					0.22	0.27	0.39	0.53	0.71	0.90
For Interest as % of Revenue (including grants and excluding other capital receipts) the adverse scenario is: Historical	Historical										
Interest as % of Revenue (including grants and excluding other capital receipts)	Historical					3.66	4.19	5.58	6.83	8.28	9.32

Edo State Technical Team

List of Participating Agencies and Officials

SN	Agency	Official	Designation
1	Ministry of Finance, Budget, Economic Planning and Development	Mr. Joseph Eboigbe	Coordinator
2	Office of the Accountant General	Mr. Alexander Oseghale	Financial Reporting
3	Ministry of Finance, Budget, Economic Planning and Development	Mrs. Omorodion Justin Osahon	Dir. Policy, Planning and Research
4	Ministry of Finance, Budget, Economic Planning and Development	Avielele Emmanuel	Dir. Debt Management Department
5	Ministry of Finance, Budget, Economic Planning and Development	Mrs. Haruna Yahaya	Debt Management Department
6	Edo State Internal Revenue Service (EIRS)	Mr. Valentine Adoko	Head, Revenue Accounting
7	Ministry of Finance, Budget, Economic Planning and Development	Mr. Joshua Eva Akhere	Accountant I
8	Ministry of Finance, Budget, Economic Planning and Development	Mr. Osa Abbe	Planning Officer I
9	Ministry of Finance, Budget, Economic Planning and Development	Mr. Emmanuel Omozuhomwen	Focal Person, SFTAS PforR
10	Ministry of Finance, Budget, Economic Planning and Development	Mr. Omorogbe Osayamon Bright	Focal Person, SFTAS TA



Bernard E. Aigbe

Permanent Secretary

Ministry of Finance, Budget, Economic Planning and Development
Edo State.