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Kwara DSA-DMS Report 2025 (Original document follows below)

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

NOVEMBER, 2025.

Contents

1.0 INTRODUCTION

1.1 Background

Kwara State Debt Sustainability Analysis (DSA, 2025) analyses trends and patterns in the State's public finances during the period 2020-2024, and evaluates the ability of the State to sustain its debt in the long term (2025-2034). The analysis highlights recent trends in revenue, expenditure, and public debt, and the related policies adopted by the State. Especially the State Action on Business Enabling Reforms (SABER) has strengthened the macroeconomic foundation of Kwara State by fostering an improved investment climate. Through reforms in business regulation, land administration, and service delivery, SABER supports higher private sector participation, which is expected to enhance productivity and expand the state's revenue base. These outcomes improve the medium-term fiscal outlook and provide additional buffers for sustainable debt management

A debt sustainability assessment conducted by Kwara State Technical Team appraised recent revenue, expenditure, State Public Debt trends, and related policies adopted by the State Government, including shocks scenario and sensitivity analysis in order to evaluate the prospective performance of the State's public finances.

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

1.2 SUMMARY OF FINDINGS

During the review period, SABER has introduced efficiency measures that directly impact fiscal performance. Reforms in tax administration, digital service delivery, and streamlined business processes are widening the tax net and promoting voluntary compliance. This is expected to boost internally generated revenue (IGR), thereby reducing dependence on federal transfers and strengthening the state's capacity to meet its debt obligations sustainably.

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

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

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

During the period under review, the State exhibits a clear, solid and sustainable debt position. A solid debt position results from the State's strong performance in terms of mobilizing IGR consequent upon the successful tax administration reforms carried out in the recent past, its control of recurrent expenditure growth and its low level of public debt. The State's revenue institution (Kwara Internal Revenue Service-KWIRS) has consistently improved and extended its automation with more competent personnel to follow the State's vision with the deployment of up-to-date technology as well as introduction of harmonized billing system. Also worthy of mention is the enactment of new Tax Administration Law, Land Use Charge Administration Law (Kw-GIS), introduction of Area Offices in all the 16 LGAs and computerization of all MDAs and introduction of cashless transactions in State Government Hospitals, and execution of some capital projects which include Garment Factory, Modern Innovation Hub, International Conference Center and International Visual Arts Center to mention but few. Given the State's forecasts for the economy and reasonable assumptions concerning the State revenue and expenditure policies going forward, the long-term outlook for the public debt is adjudged sustainable in spite of current macroeconomic instability.

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

2.0 KWARA STATE FISCAL AND DEBT FRAMEWORK

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

The State continued to consolidate on the fiscal reform that took place in the recent past. A new Revenue Consolidation Law that supersedes the consolidated revenue codes, was approved and finally passed by the State House of Assembly in 2022. In line with the Kwara State Government's commitment to efficiency in governance and economic competitiveness, the revenue administration law No 6 of 2015 (as amended) established Kwara State Internal Revenue Service (KWIRs) as the sole body for tax and revenue matters.
This bold reforms replaced former board of internal revenue and laid the foundation for a modern technology driven tax system aligned with the State's ease of doing business agenda.
As the sole Agency authorized to administer tax and revenue related matters on behalf of the State, KWIRS plays a center role in driving economic development through;

- Upholding integrity of tax laws.
- Supporting government development goals and
- Promoting voluntary tax compliance.

I. Driving a business - friendly environment through technology. In line with the state government's agenda to promote the ease of doing business. KWIRS has introduced several innovations to make tax administration seamless, transparent and business oriented.

1. Organizational restructuring: improve efficiency through a restructured organogram and streamlined operations.
2. Departmental integration: unified revenue generating function under focus directorate, such as income and MDAs.

3. End-to-end tax automation: introduction of automated tax system to simplify and accelerate tax processes.
4. Self-service portal: Launch of selfservice.kwirs.com, where individual and businesses can handle tax obligation conveniently from anywhere.
5. Revenue leak prevention: Automation has drastically reduced leakages enhanced transparency, and boosted trust among business owners.
6. GIS Integration: Deployment of Geographic Information system tools for efficient property and land-based revenue management.
   These reforms have significantly improve the Ease of Doing Business in Kwara, making it easier for investors and entrepreneurs to operate in a well-regulated, transparent and supportive environment.
7. Sustained Growth in Internally Generated Revenue (IGR): KW-RIS reforms have yielded impressive results in revenue performance, directly enabling more public investment and service delivery.
8. Infrastructure and Operational Excellence: The new Revenue House under construction symbolizes the administration's commitment to accountability and institutional strength. Funded through prudent cost saving strategies, the facility will bring all KW-IRS departments (excluding area offices) under one roof, enhancing coordination and improving taxpayer service delivery.
9. The introduction of a new system of individual business owner's tax assessment and payment system, this becomes necessary in order to establish a fair play and objective revenue drive in the State and standardizing revenue charges to reflect current realities.
10. A memorandum of understanding has been signed by KW-IRS (Investigative unit) and FIRS using tax payer BVN to access their bank account for more effective assessment. In addition to many other initiatives toward aggressive drive of revenue is the establishment of Kwara State Resident Registration Agency (KWASRRA), which has commenced registration of all residents in the state, beginning with the State civil servants and pension system reform.

2.2 Kwara State approved 2025 Budget and Medium Term expenditure Frame work MTEF, 2024-2026

2.2.1 Approved 2025 Budget

The State 2025 Budget was prepared amidst an uncertain and challenging global and domestic environment due to the persistent rising cost, exchange rate volatile insecurity, envisaged macroeconomic instability due to continuous rise in the local price of fuel since the subsidy removal and other factors resulting from global economic crises; unstable oil prices and heightened global economic uncertainty have had important implications for our economy. In addition to this is the externality effects of unending Russian-Ukrainian war and general unrest in the middle east as a result of escalating war between Israel and neighboring middle eastern countries such as Palestine, Lebanon, Iran etc, which has distorted the global economy with is attendant consequence on global economy.

Based on the foregoing fiscal assumptions and parameters, the Kwara State total revenue estimate approved for 2025 Budget is ₦485.871 billion. This includes Internally Generated Revenue, Statutory Allocation, Value Added Tax, Other Statutory Revenue, Grants, Opening Balance, Domestic Loans, Foreign Loans and Sales of Government Assets. An aggregate expenditure of ₦508.911 billion was approved in the same year 2025. The 2025 approved Expenditure comprises, Debt Servicing (Interest and Amortization) of ₦57.779 billion, other Recurrent Expenditure of ₦18.533 billion, and Capital Expenditure of ₦349.206 billion, respectively.

2.2.2 Indicative Three-Year Fiscal Framework. The indicative four year fiscal framework for the period 2025-2028 is presented in the table below

Kwara State Medium Term Fiscal Framework 2025-2028

Macro-Economic Framework

Items	2025	2026	2027	2028
National Inflation	31.81%	30.0%	25.9%	25.9%
National Real GDP Growth	3.6%	3.8%	3.8%	5.5%
Oil Production Benchmark (MBPD)	1.6	1.73	1.8	2.1
Oil Price Benchmark	$67/b	$51/b	$50/b	50/b
NGN:USD Exchange Rate	1602.7	1400	1400	1400
Other Assumptions				
Mineral Ratio	36%	36%	36%	
Fiscal Items	FY 2025	2026	2027	2028
Recurrent Revenue				
Statutory Allocation	393.684	407.437	486.568	648.267
Net Derivation	0	0	0	0
VAT	69.981	80.996	94.597	109.169
IGR	71.609	78.770	87.647	104.843
Total Recurrent Revenue	535.274	567.203	668.812	862.279
Personnel	60.039	70.846	83.598	98.646
Overheads	57.779	75.690	99.154	129.892
Social Contribution and Social Benefits				
Special Programmes				
Grants and Contributions	5,041.74	6,520.98	7,540.87	8,720.26
Public Debt Charge	15.262	22.373	38.026	51.825
Transfer to Local Government	5,028.82	6,504.27	7,521.54	8,697.91
Transfer to Internal Revenue Services	5,850.25	7,566.71	8,750.15	10,118.67
Total	143,176.52	163,370.36	186,272.40	212,442.67
Transfer to Capital Account	168,260.71	170,555.81	171,797.13	171,548.18
Capital Receipts	0	0	0	0
Grants	9,711.27	14,753.67	16,347.07	18,112.55
Other Capital Receipts	9,704.49	24,455.32	27,096.50	30,022.92
Transfer to OSOPADEC				
Reserves				
Contingency Reserve				
Planning Reserve	62,202.46	105,099.79	93,749.02	83,624.12
Total Reserves	62,202.46	105,099.79	93,749.02	83,624.12
Capital Expenditure	**349.206**	**377.143**	**407.314**	**439.899**
Discretional Funds				
Non-Discretional Funds				
Financing	**0**	**0**	**0**	**0**
Total Budget Size	**393,055.45**	**478,234.95**	**495,262.11**	**515,750.44**
Ratios				
Growth in Recurrent Revenue	5.37%	6.74%	6.74%	6.74%
Growth in Recurrent Expenditure	7.06%	12.30%	12.30%	12.30%
Capital Expenditure Ratio	63.57%	65.84%	62.39%	58.81%
Deficit to Total Expenditure	0%	0.%	0%	0%

Note: The DSA-MTDS report is based on the exchange rate of N1,602.7 US $1 from the national Medium-Term Expenditure Framework (MTEF) prepared in 2025 which was reviewed alongside other macro-economic indicators to reflect current economic realities.

2.2.2 Key objectives of Approved 2025 Budget

i. To resuscitate the state economy through investment in infrastructure

ii To reduce poverty, improve food security and livelihood support to the poor and vulnerable households in the State.

iii To reduce cost of Governance through institutional reform and ensure enhanced funding towards capital investment that can further stimulate economic growth.

iv To significantly reduce youth unemployment through direct job creation, public works, SMEs support and entrepreneurship development.

v. To provide a more conducive business friendly and secured environment for investors through provisions of socio-economic development for enhanced productivity in the State economy.

vi. To expand productive base of the State economy through increased agricultural value chain and improved industrial development effort.

vii. To improve standard of living and people's welfare through implementation of new minimum wages

2.2.3 Medium Term Policy Objective and Target

The overall medium term objectives are:

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

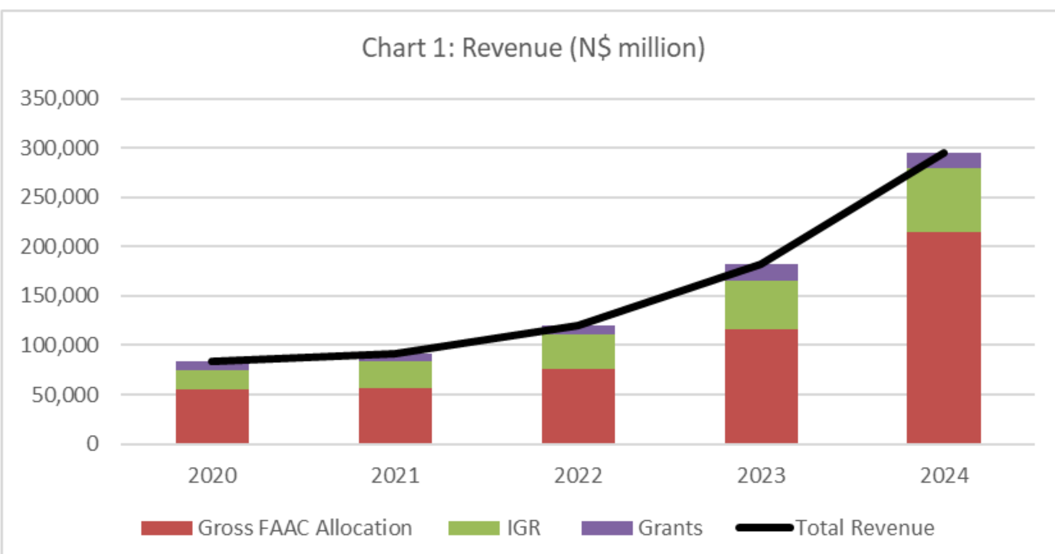
3.0 REVENUE, EXPENDITURE, FISCAL AND DEBT PERFORMANCE, 2020-2024

3.1 Revenue

The State's Revenue stood at N295.070 billion in 2024 compared to N181.911 billion in the 2023, which represent an increase of N113.159 billion or 62.2 percent. The Revenue has shown improvement from 2020-2024 resulting to an increase in the financial resources to the real sector of the economy and effective implementation of economic policies and programs in the State. The Gross FAAC allocation that comprises the statutory allocation, VAT among others increased from ₦31.626 billion in 2023 to ₦62.230 billion in 2024 which shown a rise of ₦30.624 billion or 96.83 percent, the increases was as a result of improved economic activities consequent upon removal of fuel subsidy in 2023.

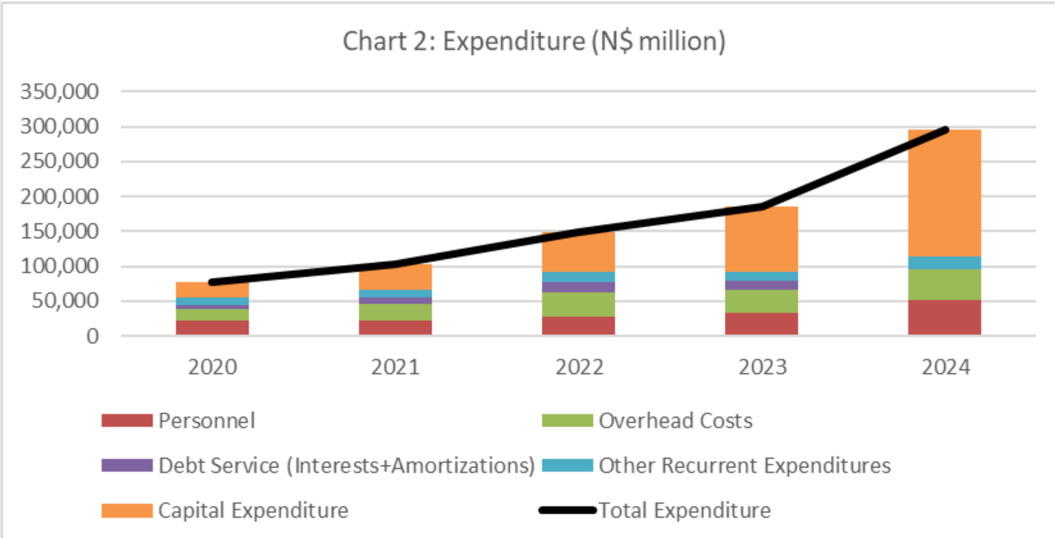
The State's Internally Generated Revenue (IGR) shows a growth during the period under review, the IGR shows a significant growth from ₦48.470 billion in 2023 to ₦ 65.099 billion in 2024. The improvement in IGR can be attributed to tax administration reforms. These reforms covered legal, institutional and operational frameworks. Along the line, several reforms activities were instituted to strengthen the IGR collection which serves as bedrock for other reforms. New Revenue Administration Law was passed among other things, to consolidate State revenue code covering all State IGR sources. Revenue sources were expanded to include Introduction of Land Use Charge and all revenue leakages were blocked through automation processes.

	2020	2021	2022	2023	2024
Total Revenue	83,256	90,922	119,926	181,911	295,070
Gross FAAC Allocation	55,632	57,043	75,901	116,404	214,254
IGR	19,624	26,670	35,006	48,470	65,099
Grants	8,000	7,209	9,019	17,037	15,717



3.2 Expenditure Performance

The State Total Expenditure includes Capital expenditure, Personnel Costs, Overhead costs, other recurrent expenditure, and Debt Service (interest payment and principal repayment). In 2024 the State total expenditure amounted to ₦296.174 billion compared to ₦78.175 billion as at end December 2020 which represents an increase of ₦217.999 billion or 278.86 percent. The personnel cost stood at ₦22.025



billion in 2020, ₦22.682 billion in 2021, ₦28.166 billion in 2022, ₦32.774 billion in 2023 and ₦51.046 in 2024 respectively. The overhead costs stood at ₦33.590 billion in 2023 compared to ₦44.106 billion in 2024. Capital expenditure amounted to ₦182.804 billion in 2024, ₦93.580 billion in 2023, ₦56.463 in 2022, and ₦22,579 billion in 2020 respectively. The total debt service that comprise the interest payment and principal repayment was ₦0 billion as at the end of December 2024 compared to ₦4,508 as at December 2020.

	Figures in Billion				
	2020	2021	2022	2023	2024
Total Expenditure	78,175	102,473	149,283	186,148	296,174
Personnel	22,025	22,682	28,166	32,774	51,046
Overhead Costs	17,505	24,326	34,302	33,590	44,106
Debt Service (interest+Ammortization)	4,508	8,567	15,130	13,159	0
Other Recurrent Expenditure	11,558	10,988	15,222	13,045	18,218
Capital Expenditure	22,579	35,909	56,463	93,580	182,804

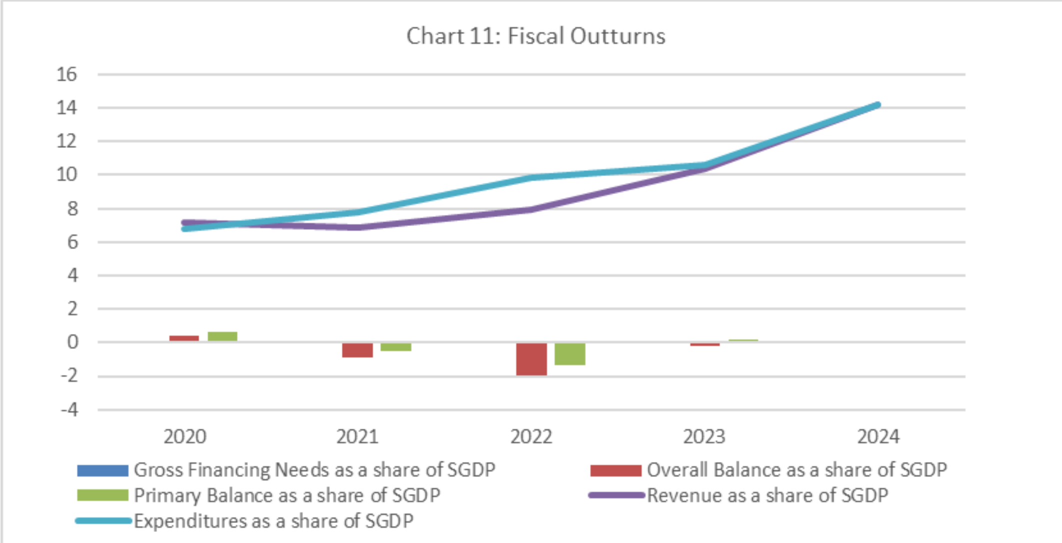


Chart 11: Fiscal Outturns
16
14
12
10
8
6
4
2
0
-2
-4
2020
2021
2022
2023
2024
Gross Financing Needs as a share of SGDP
Overall Balance as a share of SGDP
Primary Balance as a share of SGDP
Revenue as a share of SGDP
Expenditures as a share of SGDP

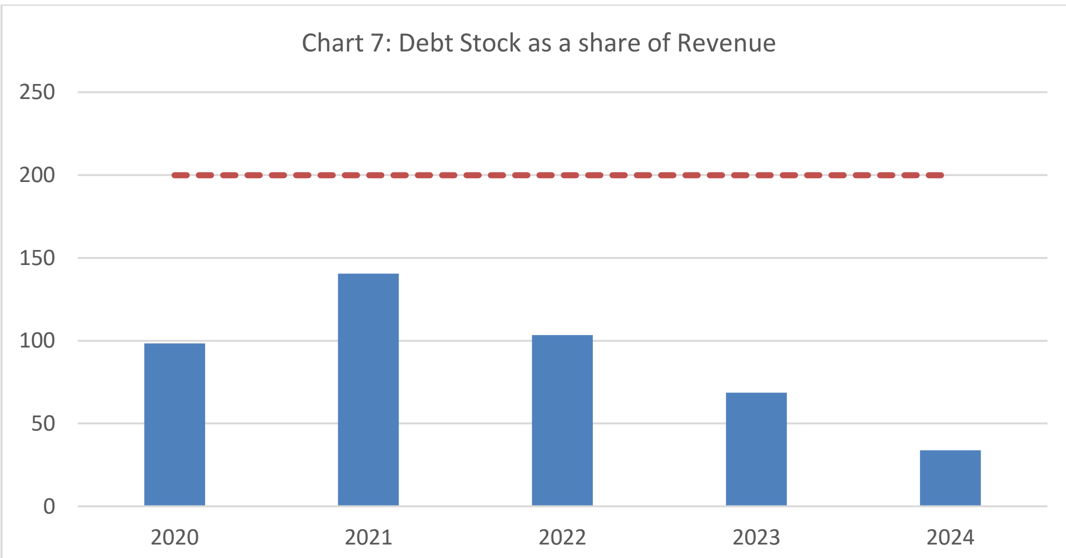


Chart 7: Debt Stock as a share of Revenue
250
200
150
100
50
0
2020
2021
2022
2023
2024

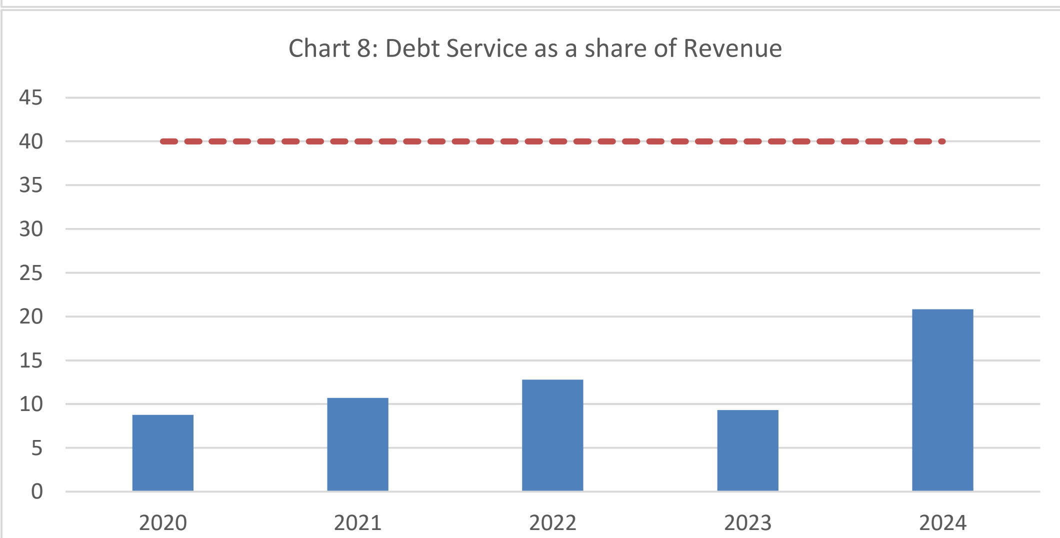
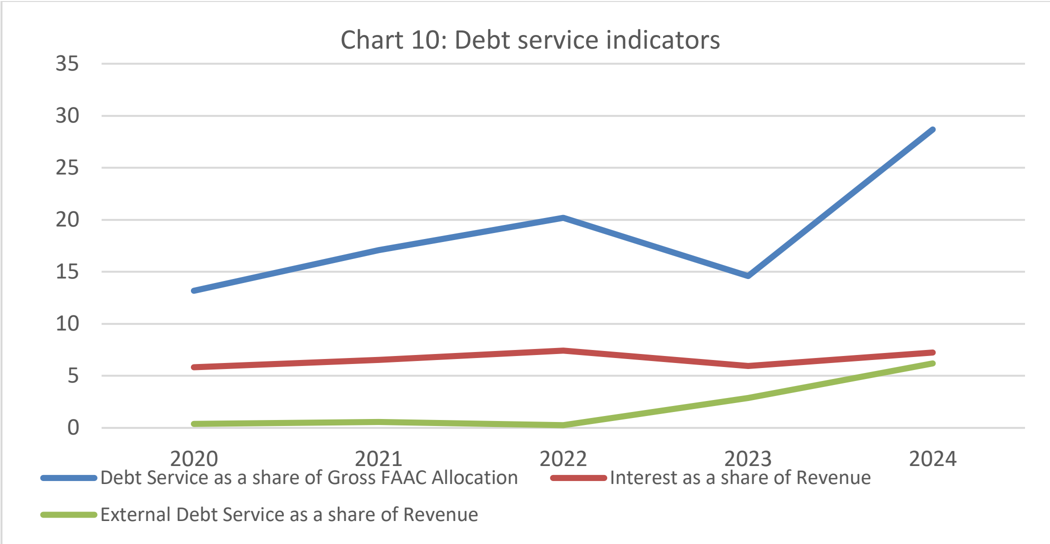
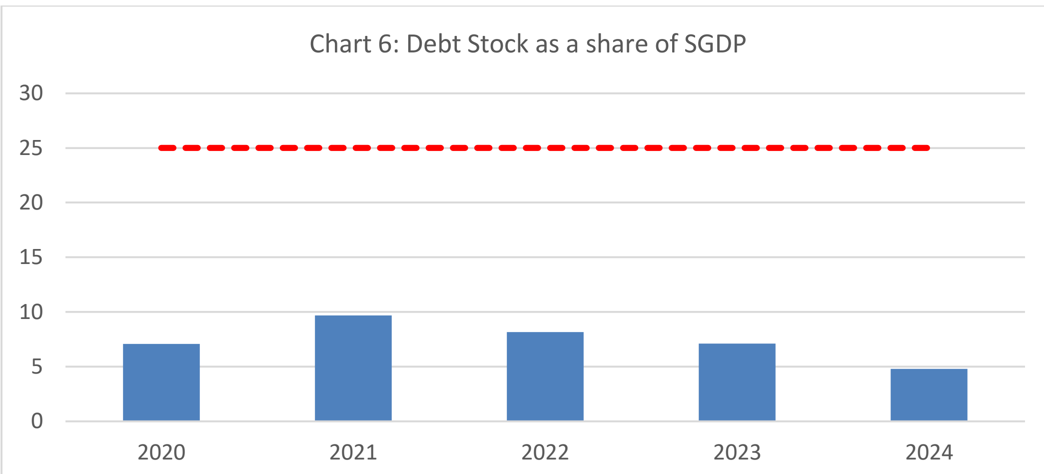
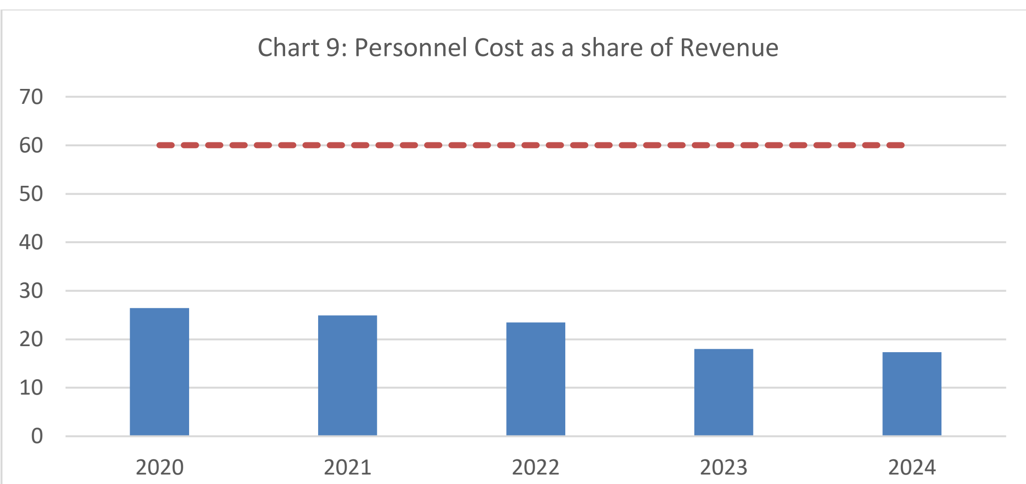


Chart 8: Debt Service as a share of Revenue
45
40
35
30
25
20
15
10
5
0
2020
2021
2022
2023
2024







3.3 STATE DEBT PORTFOLIO, 2020 – 2024

The total State's Debt stock amounted to ₦99.755 billion as at end December 2024 compared to ₦124.815 billion as at end December 2023, representing increase of ₦25.060 million or 20.08 percent. The changes in the Total Debt Stock was reflected in both Domestic and External debt stock; while External Debt Stock increased from ₦15.653 billion in 2023 to ₦56.160 billion in 2024, the Domestic Debt Stock decline from ₦109.163 billion in 2023 to ₦43.595 billion in 2024.

The State's debt levels remain within sustainable thresholds, SABER reforms contribute indirectly to debt service sustainability by fostering a more business-friendly environment. The anticipated growth in private investment and formal sector activities translates into higher state revenue over time, ensuring better alignment between debt service obligations and available fiscal resources.

	Figures in Billion				
	2020	2021	2022	2023	2024
Outstanding Debt (Old+New)	81,933	127,753	124,019	124,815	99,755
External	14,403	14,988	14,637	15,653	56,160
Domestic	67,530	112,765	109,382	109,163	43,595

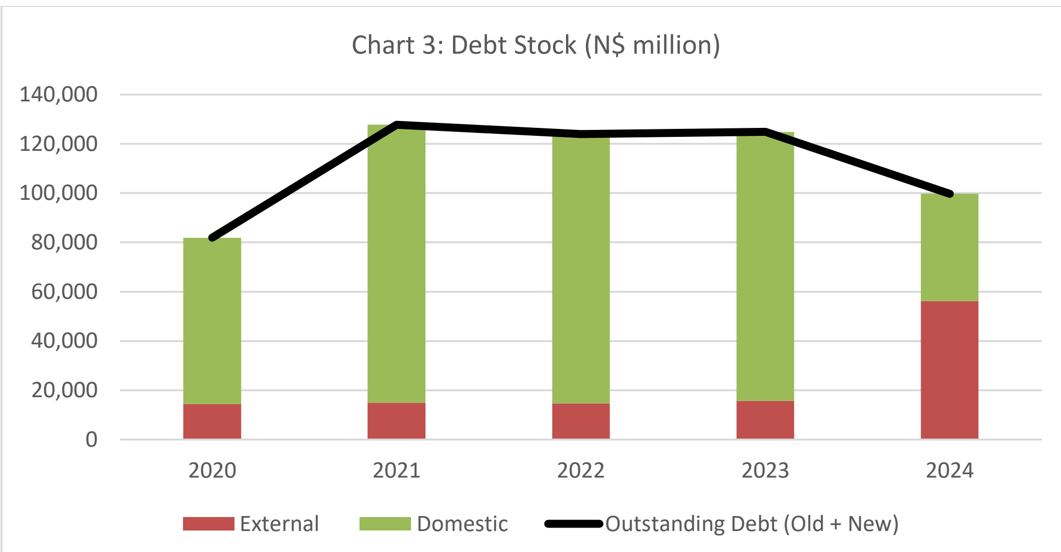
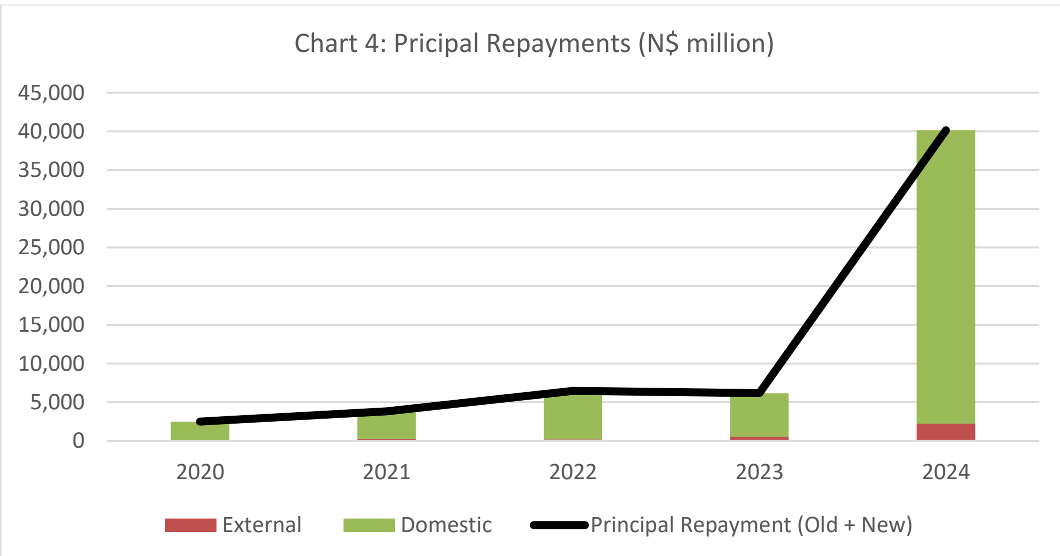


Chart 3: shows a sharp increase in Domestic Debt Stock from ₦67.530 billion in 2020 to ₦112.765 billion in 2021 which is due to additional debt incurred through Capitalization of Interest on Budget Support Facility, procurement of Bridging Facility and State Bond issuance and a slight decline in 2022 to ₦109.382 billion while decline recorded in 2024 was due to net-off payments of existing debts such as Bridging Facility, ECA, Budget Support Facility and Salary Bailout as well as consistent and prompt repayments and fiscal prudence exhibited by the State by not procuring additional facilities.

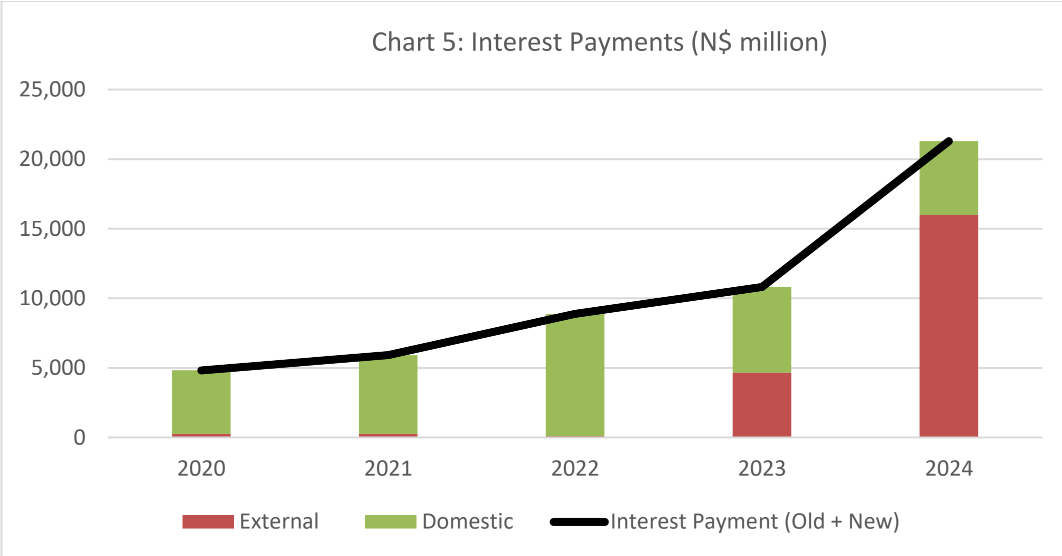
Kwara State Debt Portfolio as at the end of 2024 consists of external debt ₦56.160 billion or 56.30 percent and Domestic debt of ₦43.595 billion or 43.70 percent respectively. The State holds a medium cost and medium risk debt portfolio. The debt portfolio has an average domestic interest rate of 24.9 percent and average external interest of 75.1 percent in 2024. The State debt portfolio is minimally exposed to interest rate risks but more exposed to currency risks. Most of the loans in the State debt portfolio are foreign currency–denominated loans, not fixed-rate obligations, thus affected by changes in interest rates and exchange rates. A large portion of these loans have maturities ranging from 5 to 25 years and include financing from the Federal Government and Multilateral organizations. Therefore, rollover/refinancing risk associated with potential deterioration of domestic financial conditions is reasonably negligible.

Kwara State Debt Service amounted to ₦7.318 billion, ₦9.743 billion, ₦15.331 billion ₦16.987 billion and ₦61.474 for 2020, 2021, 2022, 2023 and 2024 respectively. The principal repayment stood at ₦40.177 billion in 2024 compared to N2.486 billion in 2020. The interest repayment amounted to ₦21.297 billion in 2024 compared to ₦4.833 billion in 2020. The principal repayments and Interest Payment made were on both External Debt and Domestic Debt (see Chart 4 and 5).

	2020	2021	2022	2023	2024
Principal Repayment (Old+New)	2,486	3,822	6,455	6,173	40,177
External	55	245	196	557	2,223
Domestic	2,431	3,577	6,260	5,616	37,954



	Figures in Billion				
	2020	2021	2022	2023	2024
Interest Payment (Old+New	4,833	5,921	8,876	10,814	21,297
External	266	273	98	4,662	15,990
Domestic	4,567	5,648	8,778	6,152	5,307



4.0 DEBT SUSTAINABILITY ANALYSIS

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

KWARA STATE DEBT SUSTAINABILITY ANALYSIS

Chart 4.0.1 shows the State Debt as a percentage of GDP (with indicative threshold of 25%). The sustainability position of the State's total debt portfolio in the Fiscal block shows a relatively galloping trend in the historical years i.e from 2020 – 2024 (although still much below the threshold), then a stable trend from 2025-2026 and a gradually ascending pattern set in from 2027 – 2034, these trend notwithstanding all variables are well within the threshold insinuating room for additional further borrowing under the right condition in the short to medium term period. Based on this, the State's GDP have potentials for growth and can comfortably accommodate the State's debt stock, with minimal effect on the State economy. Chart 4.0.2 and Chart 4.0.4 shows the debt as a percentage of revenue and personnel cost as a percentage of revenue; all are below the threshold throughout the historical period and even the projection period i.e from 2020-2034. Various reforms embarked upon by the State Government seem to be yielding results. Chart 4.0.3 debt service as a percentage of revenue are below the threshold throughout the historical and projection years which indicates that the state debt profile is sustainable in the projection years given the status quo. Debt service as a percentage of gross FAAC allocation (without any indicative threshold) estimated to decrease from 29% in 2024 to 6% in 2025 and experienced slight increase to 7% in 2026 and then increase to 13% in 2034. Interest payment as a percentage of revenue has its minimum value of 6% in 2020, grew to 7% in 2024 and projected to grow to its maximum value of 8% in 2028 and 2032 respectively. Looking at the External Debt service as a percentage of revenue, the maximum exposure of the state revenue towards external debt shows that the external debt of the state has its maximum value in the year 2024 as 6% while it continue to fluctuate throughout the projection years from 3% and below. This indicates that external debt service of the state consumes an average of 0% to 6% throughout the historical years and the projection years.

4.0.1	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Debt as % of GDP	7	10	8	7	5	5	5	6	7	7	8	8	9	9	10
Threshold	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25

4.0.2	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Debt as % of Reven.	98	141	103	69	34	26	28	33	38	38	38	40	42	42	43
Threshold	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200

4.0.3	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Debt Service as % of Revenue	9	11	13	9	21	5	6	9	12	9	10	10	13	11	11
Threshold	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40

4.0.4	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Personnel Cost as % of Revenue	26	25	23	18	17	12	14	14	14	15	15	16	16	16	16
Threshold	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60

4.0.5	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Debt Service as % of Gross FAAC Allocation	13	17	20	15	29	6	7	11	14	11	11	12	15	12	13
Interest as % of Revenue	6	7	7	6	7	3	4	6	8	5	5	7	8	6	7
External	0	1	0	3	6	3	3	3	3	2	2	2	2	2	2

4.1 MEDIUM-TERM BUDGET FORECAST

Debt sustainability analysis of the State is predicated on the continuous effort of the government to improve the revenue generation from ₦71.609 billion in year 2025 to ₦168.850 billion in 2034. The economy is expected to gradually improve from year 2024 to 2025, with real GDP expanding at an average annual rate of 3.4% and 3.6% respectively while the average annual rate of other projections years are stable at 3.8%. Oil Revenue is projected base on FGN macro-economic indicators and 26.72% revenue distributable to States as indicated in the FGN MTEF 2025-2028, the moderate recovery will be supported by economic growth through diversification and increase share of VAT. The tax administration reforms adopted by the State Government is expected to boost resources inflow from IGR, as well as numerous projects embarked upon by the government such as Garment Industry, ICT Hub, Visual Art Centre, introduction of SABER (enabling environment and ease of doing business) and Virtual Farm are expected to boost industrial and agricultural production in the State and consequently impact positively on the State economy. With this, the IGR is expected to grow from ₦71.609 billion in 2025 to ₦168.850 billion in 2034. All these measures notwithstanding, the state has projected to borrow the sum of N23.039 Billion, N65.673 Billion and N64.025 Billion in the years, 2025, 2026 and 2027 respectively to bridge the fiscal gap that exist in the state MTEF 2024-2028.

KWARA STATE DEBT BURDEN INDICATORS AS AT END-2024

Indicators	Threshold	Ratio
Debt as % of GDP	25%	5
Debt as % of Revenue	200%	34
Debt Service as % of Revenue	40%	21
Personnel Cost as % of Revenue	60%	17
Debt Service as % of FAAC Allocation	Nil	29
Interest Payment as % of Revenue	Nil	7
External Debt Service as % of Revenue	NIl	6

The State has reformed its Tax Administration to improve its IGR in order to sustain its debt. These reforms include; enactment of new administration law, Land Use charge administration law (Kw-GIS), introduction of Area Offices in all the 16 LGAs and computerization of all MDAs and introduction of cashless transactions in State Government Hospitals, reformation of our Road Taxes Department to be self-dependent, introduction of Corporate Planning Department, which has Research, Planning and Budgeting for effective and improve IGR for the state. With these, the IGR is expected to grow from N65.099 billion in 2024 to N 168.850 billion in 2034.

4.2 BORROWING OPTIONS

SABER reforms have enhanced Kwara's creditworthiness by signaling improvements in governance and regulatory stability to investors and financial institutions. This has the potential to reduce borrowing costs and expand access to concessional financing. The State Government intends to finance its new borrowings from 2025 – 2034 through a combination of financing instrument such as Commercial bank loans (maturity 1 to 5 years) with an average of 35.0% interest rate, commercial bank loans (maturity 6 years above) at 31.0% interest rate, state bonds (maturity 1-5 years) 25.0%, state bond (maturity 6 years and above) at 20.0% and other domestic financing instrument of not more than 17.0% with 7 years maturity, over projection period.

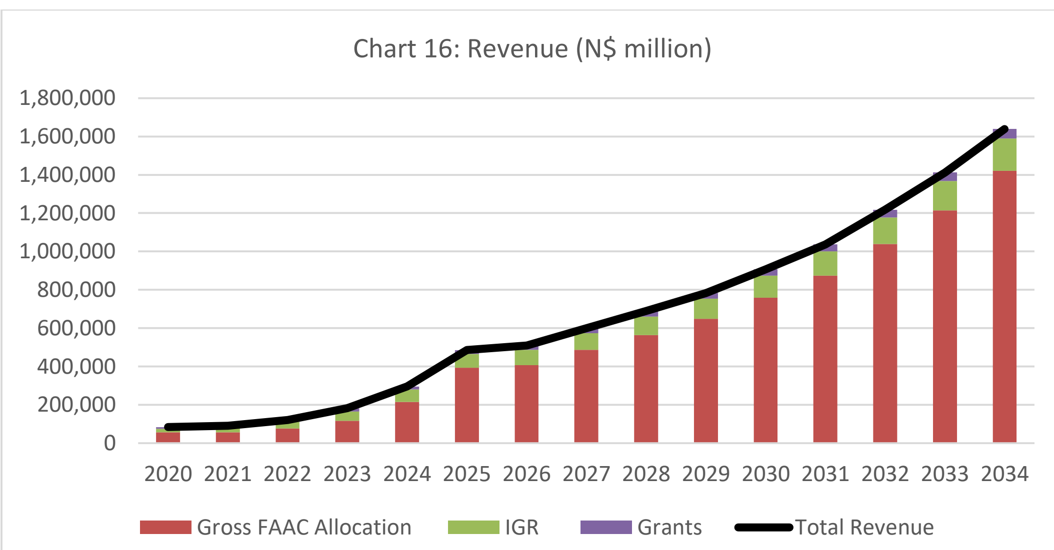
External Borrowing - Terms (Interest rate, maturity and Grace Period): External borrowing targeted at some specific sector of the economy are considered as an ideal borrowing option although not without its disadvantage of currency exchange rate risk.

4.3 DSA SIMULATION RESULTS

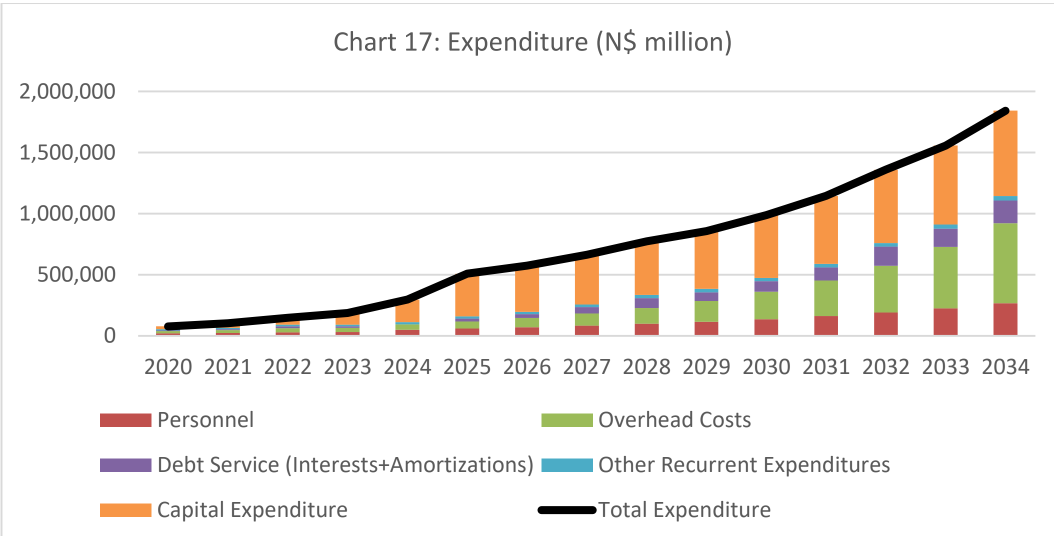
Recent shocks necessitated the urgent need to significantly diversify and improve government revenues and reduce the current heavy dependence on oil revenue sources. The State Government remains committed to using innovative ways to raise the revenues required to finance its expenditure and diversify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

The State Total Revenue (including grants and excluding other capital receipts) is projected to increase from ₦295.070 billion in 2024 to ₦1,638.668 trillion in 2034, representing an increase of ₦1,343.598 trillion or 455.35% over the projection period. Gross FAAC Allocation projected to grow from ₦214.254 billion in 2024 to ₦1,421.293 trillion in 2034, translating to an expected increase of ₦1,207.040 trillion or 563.37% percent. The increase is as a result of other revenue from FAAC such as Signature Bonus, Flood Intervention, Goods Value and Infrastructure Support Fund, Electronic Money transfer levy, Dividend from NLNG, Solid Minerals, Augmentation (SRA). However, these new revenue items may not reoccur regularly. The Grants is projected to grow from ₦15.717 billion in 2024 to ₦45.525 billion in 2034. The projections were sourced from the Approved 2025 Budget; MTEF, 2023-2026; 2025-2034 projections as estimated by the Ministry of Planning Economic Development.

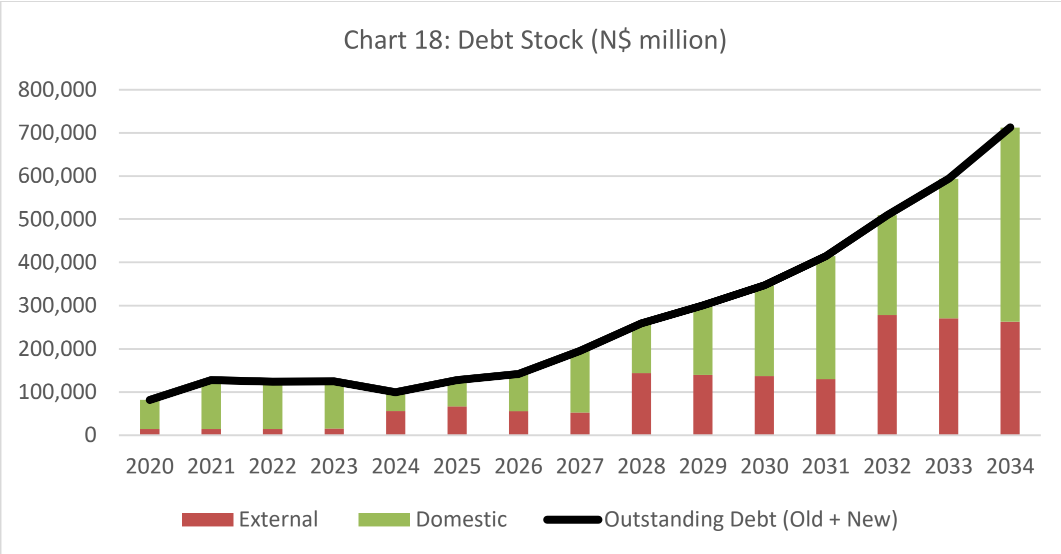
The Internally Generated Revenue (IGR) system will be further strengthened over the medium term by improving collection efficiency, enhancing compliance, and reorganizing the business practices of revenue generating MDAs in the State as well as employing appropriate technology. In addition, efforts will be made to drag more businesses in the informal sector into the tax net. IGR is estimated to grow by ₦97.241 billion (from ₦71.609 billion in 2025 to ₦168.850 billion in 2034), over the projection period.



Total expenditure projection for 2025 is ₦508.911 billion, in 2026 ₦574.516 billion, in 2027 ₦664.141billion, in 2028 ₦773.899 billion in 2029 ₦858.911 billion in 2030 ₦988.209 billion in 2031 ₦1,144.847 trillion in 2032 ₦1,360.066 trillion in 2033 ₦1,558.181 trillion and in 2034 ₦1,843.086 trillion, indicating stability in the State growth and recovery effort. Other Recurrent Expenditures estimated to increase from ₦18.533 billion in 2025 to ₦37.115 billion in 2034. Overhead cost to increase from ₦57.779 billion in 2025 to N656.857 billion in 2034, and Debt Service expected to grow from ₦23.354 billion in 2025 to ₦183.792 billion in 2034. Capital Expenditure estimated to increase over the projection period from ₦349.206billion in 2025, ₦377.143 billion in 2026, ₦439.899 billion in 2028 and ₦699.022 billion in 2034, respectively, other variable projected to increase throughout the projection period except debt servicing which increase from ₦ 23.354 in 2025 to ₦ 155.732 in 2032 and decrease to ₦ 149.792 in 2033 then rise to ₦ 183.792 in 2034 as provided in the Approved 2025 Budget; MTEF, 2023-2026; 2025-2034 projections as estimated by the Ministry of Planning & Economic Development.



As a result of the State's modest increase in GDP, gradual improvement in IGR, increase in Personnel, Overhead costs, and Capital Expenditure. The projected expenditure is expected to increase gradually. The State's Debt Stock is estimated to increase from ₦128.093 billion in 2025 to ₦712.731 billion in 2034, representing an increase of N448.750 billion over the projection period. External Debt projected to be ascending and descending pattern from base year till projected period. i.e. in 2025 ₦66.495, 2026 ₦ 107.771, 2027 ₦ 99.462, 2028 ₦ 95.384, 2029 ₦ 90.505, 2030 ₦ 181.216, 2031 ₦ 175.621, 2032 ₦ 170.024, 2033 ₦ 160.223, 2034 ₦ 334..505 to about 268.010 billion or 80.12 percent and Domestic Debt to increase from ₦61.597 billion to ₦242.337 billion over the projection period



KWARA STATE MAIN FINDING

The Baseline Scenario Results shows that the ratio of Debt as a percentage of GDP is projected at 5% in 2024, 5% in 2025, 5% in 2026, 6% in 2027, 7% in 2028 and throughout the projected period is below the indicative thresholds of 25%. The ratio of Debt as a percentage of Revenue estimate is below the threshold of 200% throughout the projection period, In addition the ratio of Debt Service to Revenue and debt as a percentage of Personnel Cost remain under the thresholds over the projection period from 2025 to 2034 within the thresholds of 40% and 60% respectively with the determination and efforts by the State through its various initiatives and reforms in the key sectors of the economy.

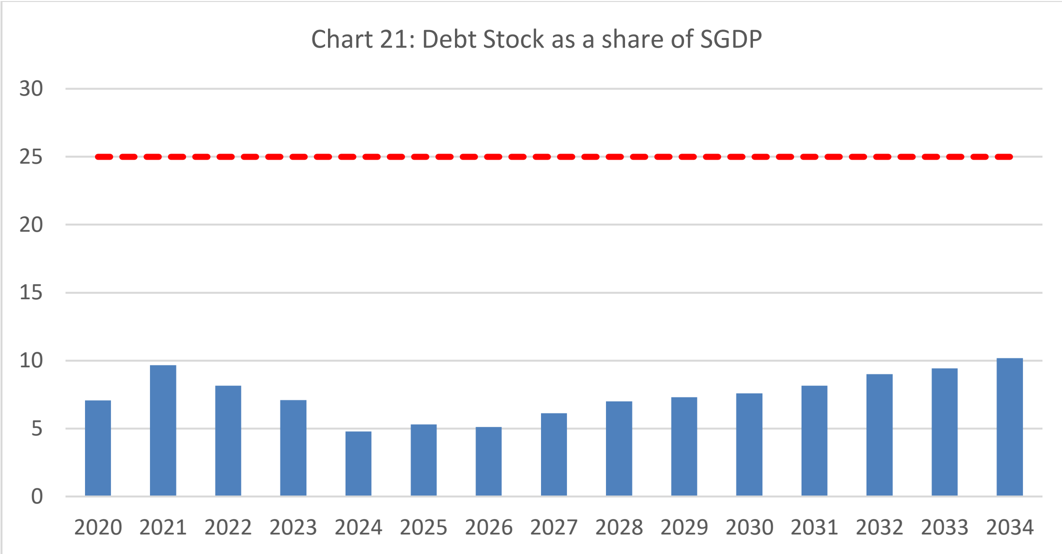


Chart 21: Debt Stock as a share of SGDP
30
25
20
15
10
5
0
2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034

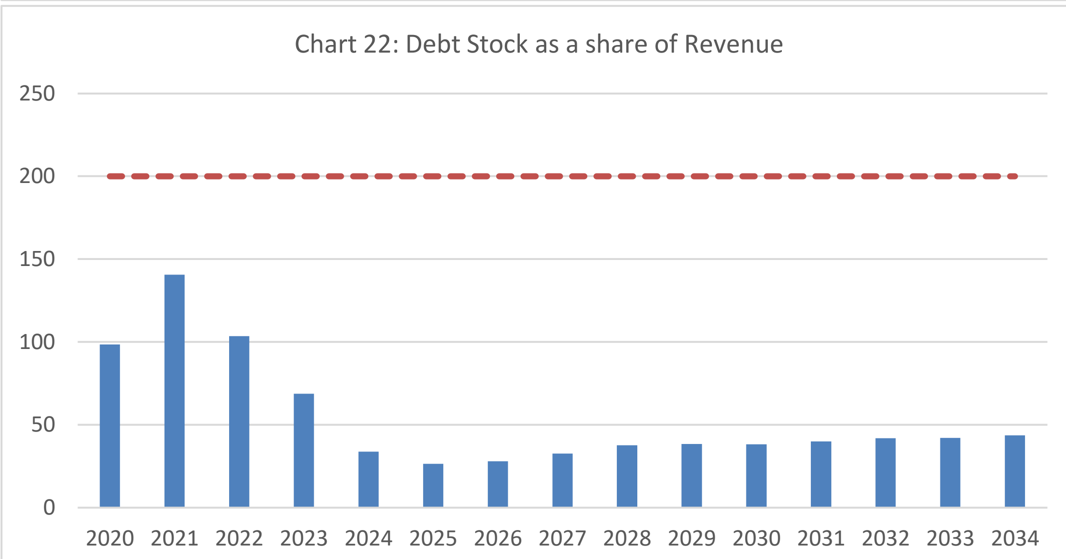


Chart 22: Debt Stock as a share of Revenue
250
200
150
100
50
0
2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034

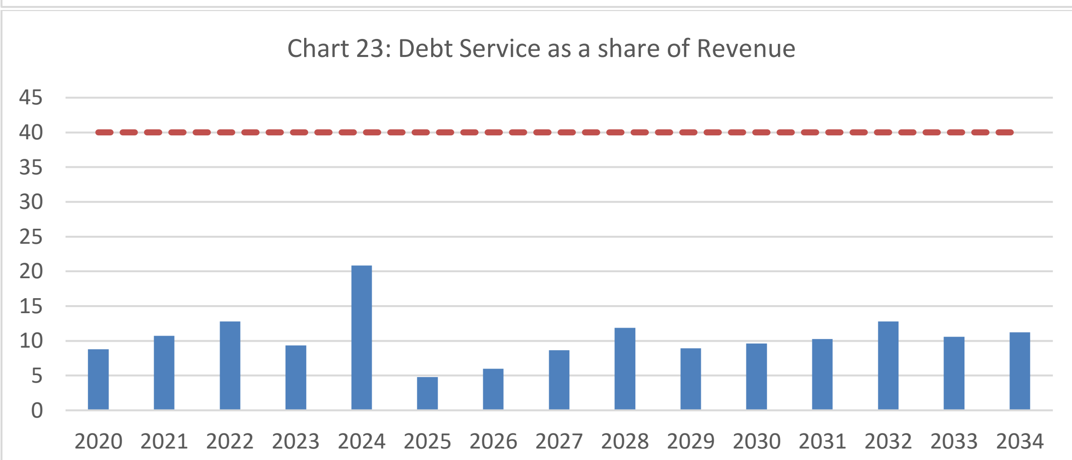
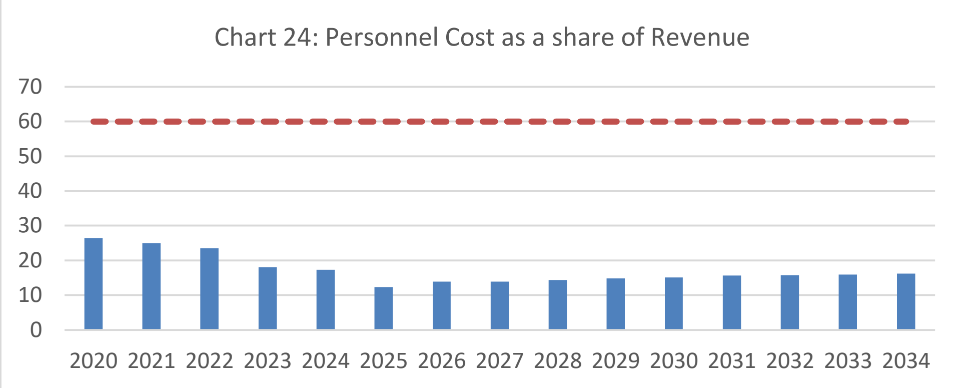
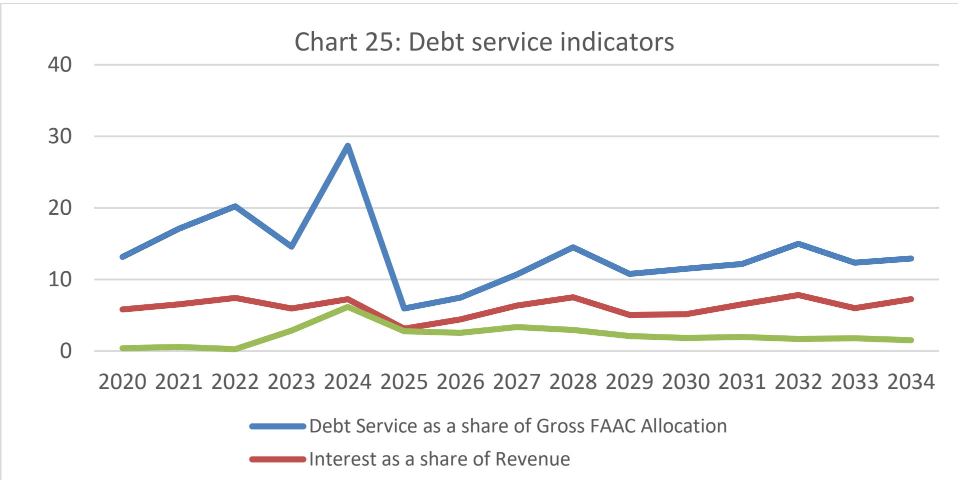
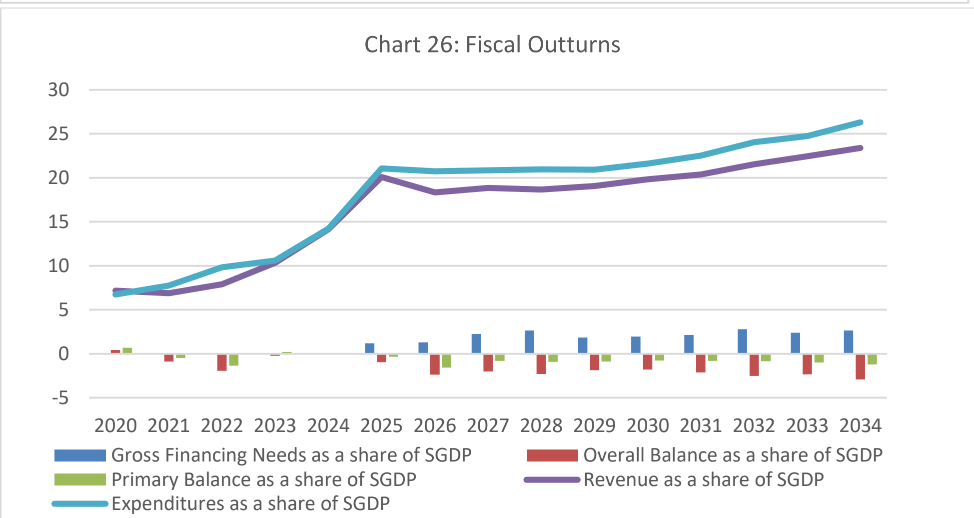


Chart 23: Debt Service as a share of Revenue
45
40
35
30
25
20
15
10
5
0
2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034







CONCLUSION

To maximize the benefits of SABER within the debt sustainability framework, it is recommended that Kwara State continues to integrate SABER reforms into its fiscal planning and debt strategy. Strengthening institutional capacity, monitoring SABER outcomes, and ensuring synergy between reform initiatives and debt management will reinforce the sustainability of the State's debt portfolio. Kwara State DSA result shows that, the State remains at the low Risk of Debt Distress. The State remains mostly sensitive to the revenue shocks, expenditure shocks, exchange shocks, interest rate shocks and historical shocks, indicating that an increase in aggregate output does not result to a proportionate increase in revenue. Therefore, the State Government needs to speed up efforts aimed at diversifying away from crude oil (FAAC) and implement far-reaching policies that will improve IGR in the State as well the State GDP. This has become critical, given the continued volatility in the FAAC allocation and the knowledge that debt contraction is not out of tune, in as much as it can help to improve the State IGR, GDP as well as the general welfare of the people of the State.

4.4 DSA Sensitivity Analysis

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

The 2025 DSA analysis shows that Kwara State remains at moderate risk of debt distress under sensitivity analysis. The State DSA analysis shows deterioration related to revenue shocks, expenditure shocks, exchange rate shocks, interest rate shocks and historical shocks, that would lead to increase Gross Financing needs over the projection period (2025 – 2034). This implies that in case of any negative variation in many of the variables mentioned above, the state will necessarily need to result to further borrowing in form of bailout.

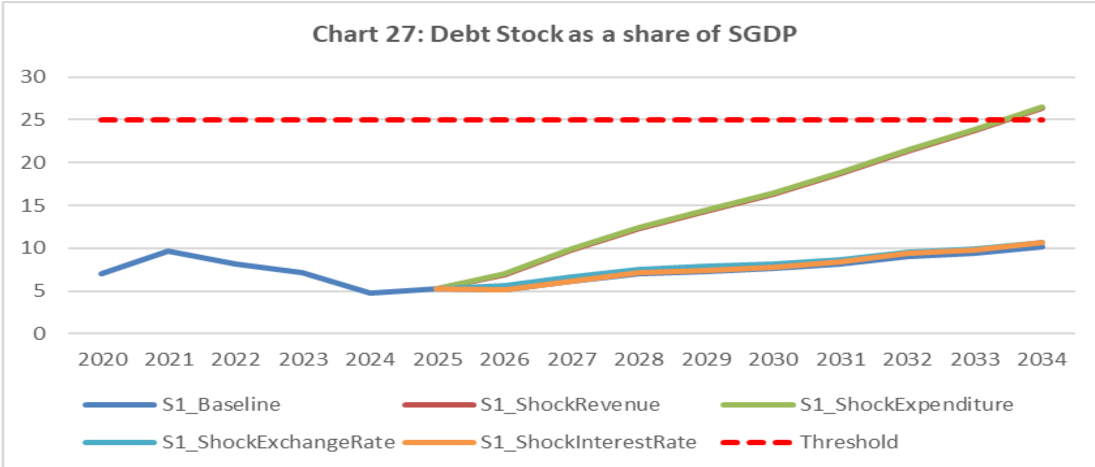


Chart 27: Debt Stock as a share of SGDP
30
25
20
15
10
5
0
2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034
S1_Baseline
S1_ShockRevenue
S1_ShockExpenditure
S1_ShockExchangeRate
S1_ShockInterestRate
Threshold

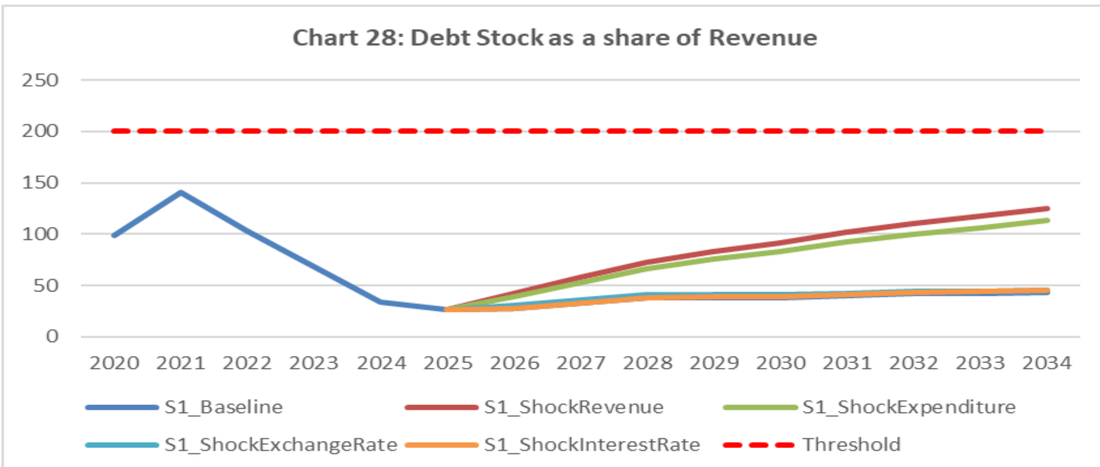


Chart 28: Debt Stock as a share of Revenue
250
200
150
100
50
0
2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034
S1_Baseline
S1_ShockRevenue
S1_ShockExpenditure
S1_ShockExchangeRate
S1_ShockInterestRate
Threshold

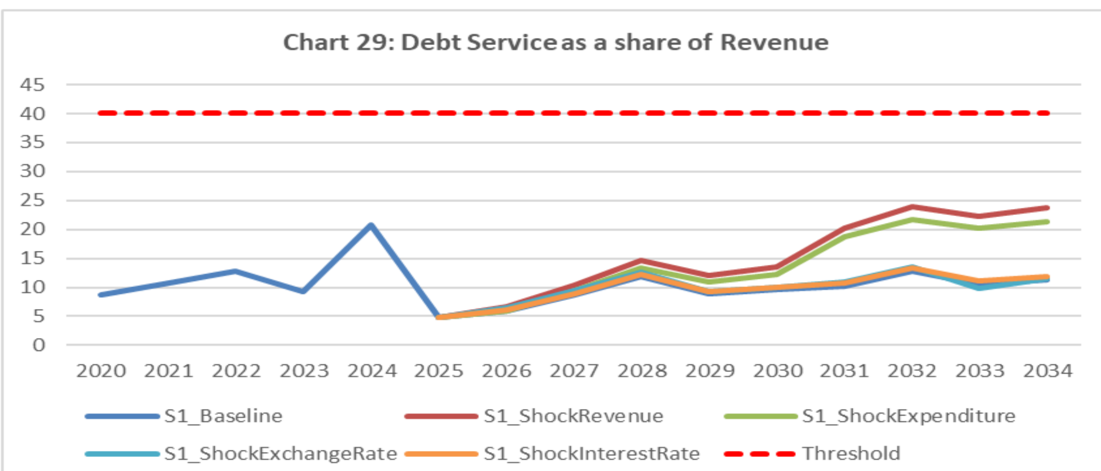


Chart 29: Debt Service as a share of Revenue
45
40
35
30
25
20
15
10
5
0
2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034
S1_Baseline
S1_ShockRevenue
S1_ShockExpenditure
S1_ShockExchangeRate
S1_ShockInterestRate
Threshold

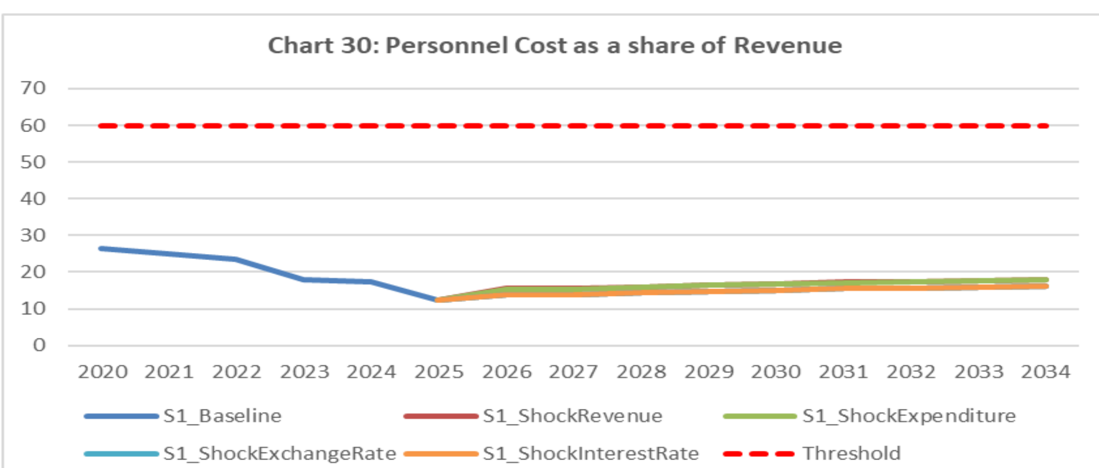


Chart 30: Personnel Cost as a share of Revenue
70
60
50
40
30
20
10
0
2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034
S1_Baseline
S1_ShockRevenue
S1_ShockExpenditure
S1_ShockExchangeRate
S1_ShockInterestRate
Threshold

5.0 PUBLIC DEBT MANAGEMENT

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

The Debt Management Strategy provides alternative strategies to meet the financing requirements for the State. The Strategies are shown by the breakdown of funding mix (domestic debt) and within the broad categories of domestic and external, the share of each stylized instrument has also been illustrated. The following four strategies are assessed by the government. The State Debt Management Strategy, 2025-2029, analyses the debt management strategies outcomes of the three debt-management performance indicators namely Debt Stock to Revenue, Debt Service to Revenue and Interest to Revenue. The cost is measured by the expected value of performance indicator in 2029, as projected in the baseline scenario. Risk is measured by the deviation from the expected value in 2029 caused by an un-expected shock as projected in the most adverse scenario. The State is mindful of the potential volatility and high risk of exchange rate fluctuation, hence the decision to try as much as possible to avoid the choice of foreign loan. Risk is measured by the deviation from the expected value.

5.1 **ALTERNATIVE BORROWING OPTIONS**

Strategy 1 (S1) reflects a "Baseline" MTEF Financing Mix: It follows the broad parameters of the financing mix in the fiscal year 2025 and MTEF 2025-2028. The alternative borrowing options chosen by the State include State Bonds, Commercial Bank Loans, external finance concessionary and other domestic borrowing option such as FGN/CBN Concessionary loan. The reasons for the choice borders on cost and risk involved and possibility of funding some specific investment project of the state. Commercial bank loans (maturity 1-5 years) accounts for 55.73% over the strategic period, commercial bank under 6 years & above accounts for 8.96%, State bonds (1-5 years maturity) account for 7.46% and State bonds of maturity of 6 years & above account for 8.0% , external finance concessionary for 7.46% while external financing bilateral account for 12.38% over the DMS period.

Strategy 2 (S2) the State government intend to focus its financing on two financing instruments under strategy 2; through Commercial Bank Loans of maturity 6 years and above which account for 46.29% and other domestic financing accounts for 53.71%.

Strategy 3 (S3) Government financing mainly focuses on State bonds with maturity of 6 years and above accounting for 72.48% and external financing concessional which account for 27.52% over the DMS period.

Strategy 4 (S4) focuses on financing through commercial bank facility of 1-5 years maturity and State bond facility of 6 years and above maturity. The borrowing need is expected to be met from the 2 strategies in the ratio 40.82% and 59.18% respectively. Strategy 1 is the only strategy of all the four strategies that utilizes all financing options includes external financing.

TABLE 5.1 SHOWING BORROWING OPTIONS

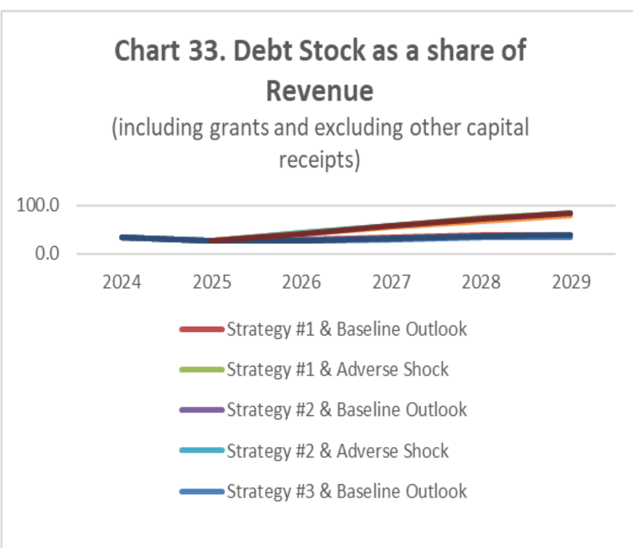
FINANCING OPTIONS									
S/N	Strategy	Comm Bank (5 years)	Comm Bank (6 years above	State Bonds of 5 years	State Bonds of 6 years above	Other Domestic borrowing	External Finance Concessionary	Other External Financing Bilateral	Total (%)
1	S1	55.73	8.96	7.46	8.0		7.46	12.38	100
2	S2		46.29			53.71			100
3	S3				72.48		27.52		100
4	S4	40.82			59.18				100

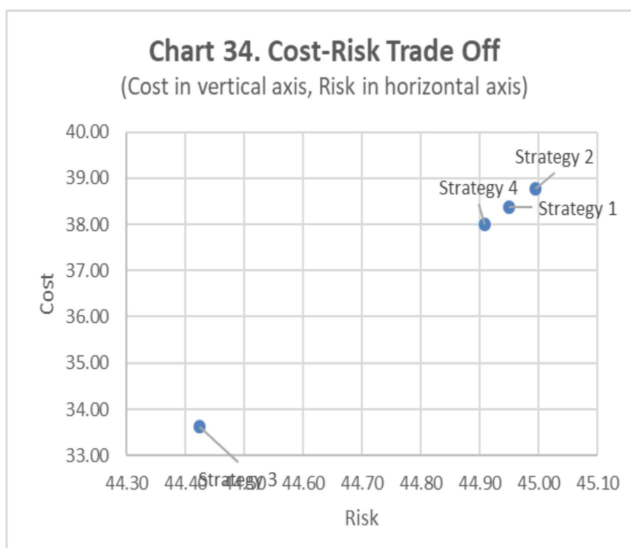
5.2 DMS SIMULATION RESULT

The inclusion of SABER reforms in the fiscal landscape reduces exposure to key risks in the debt profile. By diversifying the state's revenue sources and improving the efficiency of service delivery, SABER lowers the vulnerability to shocks in federally collected revenues and enhances resilience against fiscal pressures. This provides an added layer of assurance to the moderate risk rating associated with debt sustainability Analysis of strategies and outcomes of the analysis. The cost risk trade off charts illustrate the performance of the alternative strategies with respect to four debt burden indicators.

a Debt as a Share of Revenue

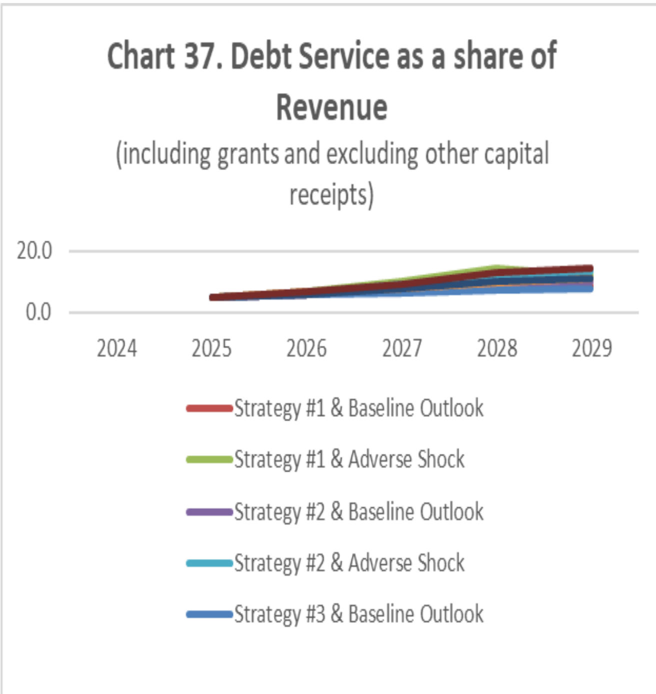
- Strategy 3 & 4 shows the cost ratio of Debt to Revenue estimated increase from 26.4% in 2025 to 33.6% in 2029, as against Strategy 1 (38.4%) and Strategy 2 (38.8%) over the DMS period of 2029. Compared with risk measured of Strategies 1, 2, 3 & 4 which has 44.9%, 45.0%, 44.4% and 44.9% respectively.
- Analysis using this as Debt indicator of debt to revenue shows that S 3 & 4 is the least costly and riskier which was estimated at 33.6% and 38.0% compare to other strategies. On the other hand S2 is the costliest and riskiest strategy which was estimated at 38.8% and 45.0% which utilizes all the financing facility over the DMS period of 2025– 2029.

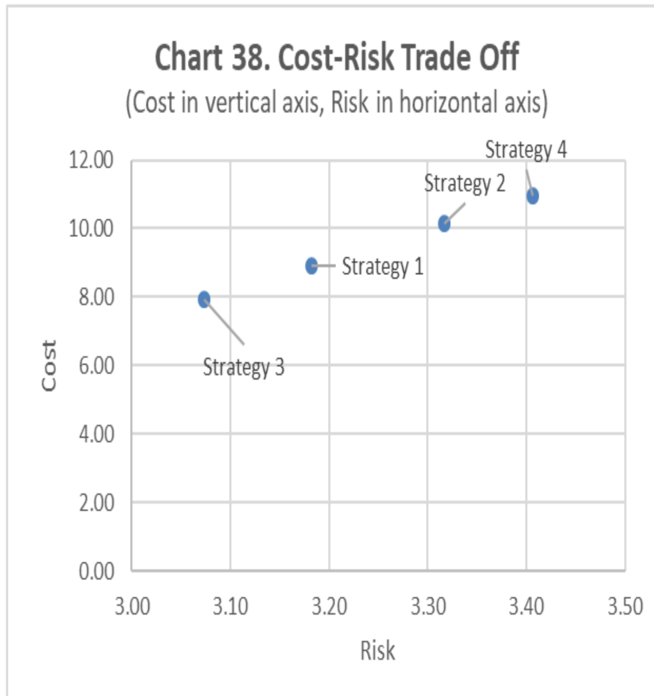




b Debt Service as a share of Revenue

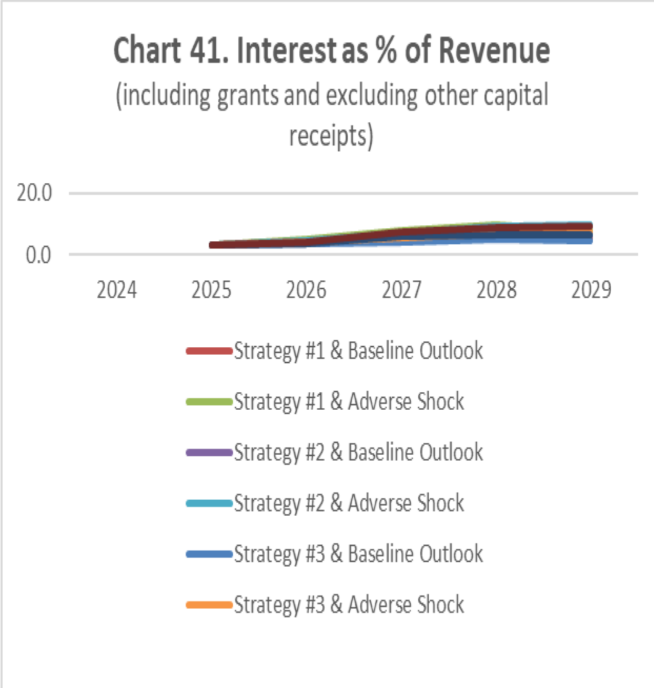
- In terms of Debt service to revenue, S1 & S3 have the lowest cost. S1 has 4.8% in 2025 to 8.9% in 2029 and S3 has 4.8% in 2025 to 7.9% in 2029 respectively; and with lowest risk of 3.2% and 3.1% respectively, compared to S4 (costs at 10.9% and risk at 3.4 %), then S2 (costs at 10.1% and risk at 3.3%) respectively as at the end of strategic period of 2029.
- Strategies 3 has the lowest cost at 7.9% and minimum risk at 3.1% under the debt service to revenue, followed by S1 cost at 8.9% and risk at 3.2%. But S4 is the costliest at 10.9% with risk of 3.4% hence S3 is the best option to be considered. From the above explanation, S3 has the lowest risk and cost compare to other strategies as indicated in chart 38.

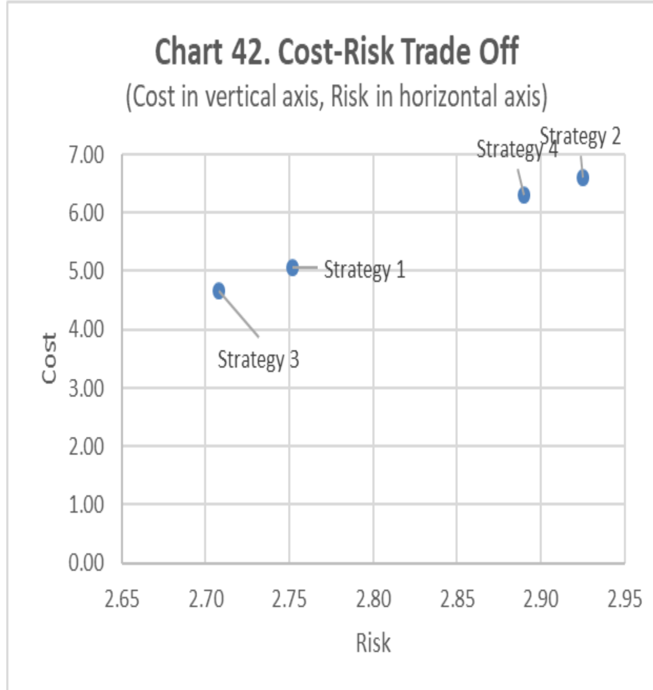




c Interest as a share of Revenue

- Strategy 3 is the least cost with regards Interest to Government Revenue which is projected from 3.1% in 2025 to 4.7% in 2029; and, risk at 2.7% while S2 & S4 are the most costly and risky strategies at 6.6% and 6.3% compared to S3 with moderate cost and risk of 4.7% and 2.7% respectively.
- Strategy 2 estimated to have the higher cost after strategy 4 the cost under strategy 1 is 5.1% and the risk is 2.8% at the end of the strategic period 2029.





5.3 DMS Assessment

The preferred strategy was not solely based on the Analytical Tool assessment of all four strategies but took into consideration the ability to implement the chosen strategy successfully in the medium-term. Therefore, although the Analytical Tool's results of costs and risks would suggest that the recommended strategy be S3, these results were better when compared with Strategy S1. Strategy 3 was considered as the most feasible of the strategies to implement in the short to medium-term and it would still greatly improve the debt portfolio's position relative to the base year 2025. Therefore, the State will be adopting Strategy 3 as the best strategy to be adopted

In comparison to the current debt position, Kwara State debt portfolio stood at N99.755 billion as at end-2024, which is expected to increase to N897.9565 billion under Strategy 1 to the end of the strategic period, compared to Strategy 2 (N 1,146.7558 trillion), Strategy 3 (N685.2833 billion), and Strategy 4 (N1,360.9931 trillion). In view of the above, strategy 3 is the best option considering the outcome of the strategy which increased the debt portfolio to N 686.2833 billion from N99.755 billion compare to other strategies which have higher increase during the year under review (2025-2029) 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 2024 budget. The cost-risk trade-off of alternative borrowing strategies under the DMS has been evaluated within the medium-term context of financing of the fiscal gap through alternative borrowing option mainly through State bond and external financing. Also the State adopt using innovative ways to raise the revenue required to finance expenditure by diversifying its revenue sources. The State has reformed its Tax Administration to improve its IGR in order to sustain its debt. These reform include enactment of new administration law, Land Use charge administration law (Kw-GIS), introduction of revenue collection Area Offices in all the 16 LGAs and computerization of all MDAs and introduction of cashless transactions in State Government Hospitals, with these, the IGR is expected to grow from 65.099 billion in 2024 to 168.850 billion in 2034. Other reforms include introduction of prudence in governance and management of the State. These are effort towards reducing cost of governance and streamline government operations. In addition to that, the State is also working assiduously towards pension system reform.

ANNEX I

2025

		Projection Methodology
Assumptions:		
Economic activity	State GDP (at current prices)	As provided by DMO
Revenue	**Revenue**	The revenue forecasts in the state DSA-DMS template is based on expectation of improved collection through aggressive revenue drive, improved technology, efficient an
	1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Alloc	As provided by DMO/WBG
	1.a. of which Net Statutory Allocation ('net' means of deductions)	FGN MTEF 2024-2027 and extended forecast on oil revenue determinant variables (Prices, productions, Exchange rate e.t.c)
	1.b. of which Deductions	FGN MTEF 2024-2027 and extended forecast on oil revenue determinant variables (Prices, productions, Exchange rate e.t.c)
	2. Derivation (if applicable to the State)	
	3. Other FAAC transfers (exchange rate gain, augmentation, others)	Based on historical average of Excess crude account distribution, augumentation transfers. Including assumptions on future federal policy intervention and oil price vo
	4. VAT Allocation	As provided by DMO/WBG
	5. IGR	Estimated using historical growth trends, economic activity projections within the state, and reforms in tax administration. Growth assumptions are aligned with State-
	6. Capital Receipts	Projected based on committed and anticipated donour funding agreements, histrorical grants disbursements, and one-off assets sales. Grant are included based on Mo
	6.a. Grants	Based on trend and efforts to tap into new available opportunities and prompt payment of counterpart funding leading to more programmes/projects.
	6.b. Sales of Government Assets and Privatization Proceeds	Projection is based on trend
	6.c. Other Non-Debt Creating Capital Receipts	To add more value on performance of 2024
Expenditure	**Expenditure**	
	1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	Projected based on historical trend and adjusted for expected changes in wage policy (e.g minimum wage reviews), staff recruitment or retirement plans, and inflation.
	2. Overhead costs	Overhead cost increase year by year considering the economic impacts and exigencies, such as inflation and other cost of governance due to the new reforms expected
	3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Alloca	Projections is based on amortization schedules
	4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest F	Includes transfers subsidies, debt service and other non-personnel recurrent items. Forcasted using expenditure trends, adjusted for inflation and policy shift (e.g subsi
	5. Capital Expenditure	Projected based on fiscal policy priorities, Medium-term Expenditure Framework (MTEF), and availability of capital receipts m(e.g grants, loans, and asset sales). Reflec
Closing Cash and Bank Balance	**Closing Cash and Bank Balance**	Projection is based on trend
Debt Amotization and Interest Payments	**Debt Outstanding at end-2024**	
	External Debt - amortization and interest	Based on projection and decline in the value of naira
	Domestic Debt - amortization and interest	Based on amortization schedules.
	New debt issued/contracted from 2025 onwards	Based on capacity, need and affordability
	New External Financing	**Based on need and available offers**
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Based on need and available offers
	External Financing - Bilateral Loans	
	Other External Financing	Based on need and available offers
	New Domestic Financing	
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loan	Based on need and affordability
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	
	State Bonds (maturity 1 to 5 years)	
	State Bonds (maturity 6 years or longer)	Based on amortization schedules
	Other Domestic Financing	Based on amortization schedules

Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S1	**Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S1**	**Insert the Borrowing Terms for New External Debt: interest rate (%), maturity (# years) and grace period (#)**
	New Domestic Financing in Million Naira	Nil
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loan	commercial bank loans 1-5yrs with 35% interest rate, 5yrs maturity and 1yr grace period
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure	commercial bank loans 6yrs or longer with 35% interest rate, 6yrs maturity and 1yr grace period
	State Bonds (maturity 1 to 5 years)	State Bonds of 1-5yrs with 25% interest rate, 5yrs maturity and 0yrs grace period
	State Bonds (maturity 6 years or longer)	State Bonds of 1-6yrs with 20% interest rate, 7yrs maturity and 0yrs grace period
	Other Domestic Financing	Other Domestic Financing with 17% interest rate, 7yrs maturity and 2yrs grace period
	New External Financing in Million US Dollar	
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	External Financing - Concessional Loans with 3% interest rate, 25yrs maturity and 2yrs grace period
	External Financing - Bilateral Loans	External Financing - Bilateral Loans with 3% interest rate, 20yrs maturity and 2yrs grace period
	Other External Financing	Nil

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 Loan	Nil
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure	Commercial Bank facility/Agricultural/Infrastructural facility 6yrs or longer with intertest rate of not more than 35% and 6 years medium term maturity period and 1yr g
	State Bonds (maturity 1 to 5 years)	Nil
	State Bonds (maturity 6 years or longer)	Nil
	Other Domestic Financing	Other Domestic Financing with 17% interest rate, 7yrs maturity and 2yrs grace period
	New External Financing in Million US Dollar	
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Nil
	External Financing - Bilateral Loans	Nil
	Other External Financing	Nil

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)	
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	
	State Bonds (maturity 1 to 5 years)	Nil
	State Bonds (maturity 6 years or longer)	State Bonds of 1-6yrs with 20% interest rate, 7yrs maturity and 0yrs grace period
	Other Domestic Financing	Nil
	New External Financing in Million US Dollar	
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	External Financing - Concessional Loans with 3% interest rate, 25yrs maturity and 2yrs grace period
	External Financing - Bilateral Loans	Nil
	Other External Financing	Nil

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 Loan	commercial bank loans 1-5yrs with 35% interest rate, 5yrs maturity and 1yr grace period
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure	Nil
	State Bonds (maturity 1 to 5 years)	Nil
	State Bonds (maturity 6 years or longer)	State Bonds of 1-6yrs with 20% interest rate, 7yrs maturity and 0yrs grace period
	Other Domestic Financing	Nil
	New External Financing in Million US Dollar	
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Nil
	External Financing - Bilateral Loans	Nil
	Other External Financing	Nil

ANNEX II

Indicator	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Actuals					Projections									
	BASELINE SCENARIO														
Economic Indicators															
State GDP (at current prices)	1,157,701.00	1,321,490.00	1,518,799.00	1,759,424.00	2,082,668.00	2,417,245.00	2,772,525.00	3,186,336.00	3,692,668.00	4,108,543.00	4,571,268.00	5,086,107.00	5,658,930.00	6,296,267.00	7,005,384.00
Exchange Rate NGN/US$ (end-Period)	305.80	306.50	326.00	379.00	1,300.00	1,602.69	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00
Fiscal Indicators (Million Naira)															
Revenue	**83,332.40**	**123,049.30**	**135,843.20**	**192,353.10**	**302,201.40**	**514,665.55**	**545,075.69**	**671,368.02**	**786,319.88**	**859,078.48**	**996,923.87**	**1,145,571.26**	**1,376,353.06**	**1,564,188.00**	**1,824,814.85**
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	42,097.50	37,917.40	52,397.40	41,439.30	12,145.90	113,296.00	114,265.00	138,690.00	160,418.00	183,008.00	214,120.00	263,120.00	293,109.00	342,937.00	401,236.00
1.a. of which Net Statutory Allocation ('net' means of deductions)	37,589.30	29,350.10	37,267.10	36,881.00	7,287.50	67,978.00	68,559.00	82,714.00	95,850.00	111,804.00	128,472.00	157,872.00	175,865.00	205,762.00	240,741.00
1.b. of which Deductions	4,508.23	8,567.30	15,130.30	4,558.30	4,858.40	45,318.00	45,706.00	55,976.00	64,568.00	73,204.00	85,648.00	105,248.00	117,244.00	137,175.00	160,495.00
2. Derivation (if applicable to the State)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Other FAAC transfers (exchange rate gain, augmentation, others)	193.30	193.30	132.00	43,338.80	139,877.70	210,407.00	212,206.00	253,281.00	294,488.00	339,872.00	397,650.00	438,651.00	544,343.00	636,882.00	745,152.00
4. VAT Allocation	13,341.20	18,931.90	23,371.30	31,625.80	62,230.10	69,980.60	80,965.98	94,597.17	109,168.69	125,387.37	146,703.22	171,642.77	200,822.04	234,961.79	274,905.29
5. IGR	19,623.99	26,670.40	35,005.70	48,470.30	65,098.90	71,608.80	78,769.70	87,646.70	96,311.40	104,842.50	115,326.80	126,859.50	139,545.40	153,499.90	168,849.90
6. Capital Receipts	8,076.40	39,336.30	24,936.80	27,478.90	22,848.80	49,373.15	58,869.01	97,153.15	125,933.79	105,968.61	123,123.85	145,297.99	198,533.62	195,907.32	234,671.66
6.a. Grants	8,000.00	7,209.40	9,019.40	17,036.90	15,716.90	20,578.80	22,636.70	25,900.30	28,390.80	30,129.90	33,142.90	36,457.20	40,102.90	44,113.20	48,524.50
6.b. Sales of Government Assets and Privatization Proceeds	0.00	1,639.50	271.50	9,068.00	0.00	4,940.40	5,236.60	3,789.50	3,298.60	3,500.80	2,356.00	2,000.50	2,211.20	1,510.60	1,374.60
6.c. Other Non-Debt Creating Capital Receipts	76.40	220.20	610.00	1,374.00	7,131.90	500.30	513.60	489.20	482.40	479.60	477.10	483.50	487.40	491.40	980.70
6.d. Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc.)	0.00	30,267.20	15,035.90	0.00	0.00	23,353.65	30,482.11	66,974.15	93,761.99	71,858.31	87,147.85	106,356.79	155,732.12	149,792.12	183,791.86
Expenditure	**78,174.90**	**102,472.90**	**149,283.20**	**186,148.10**	**296,174.30**	**508,910.65**	**574,515.89**	**664,140.67**	**773,899.49**	**858,910.61**	**988,209.25**	**1,144,847.29**	**1,360,065.83**	**1,558,180.81**	**1,843,086.06**
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	22,024.70	22,682.30	28,166.30	32,773.50	51,045.90	60,038.90	70,845.90	83,598.20	98,645.90	116,402.20	137,354.60	162,078.40	191,252.50	225,678.00	266,300.00
2. Overhead costs	17,505.10	24,326.00	34,301.80	33,590.30	44,106.00	57,779.00	75,690.40	99,154.40	129,892.30	170,158.90	222,908.20	292,009.70	382,532.70	501,417.80	656,857.30
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	2,697.30	5,125.80	9,052.40	7,895.40	0.00	15,261.95	22,372.99	38,025.54	51,824.92	39,569.24	46,493.26	67,468.06	95,056.42	84,503.06	118,733.57
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted from FAAC Allocation)	1,083.50	2,137.50	3,636.30	3,158.20	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	1,613.80	2,988.30	5,416.10	4,737.20	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)	11,557.50	10,988.20	15,222.30	13,045.20	18,218.40	18,533.10	20,355.00	22,100.00	23,700.30	27,400.30	27,000.40	29,500.30	31,250.20	34,050.70	37,115.30
5. Capital Expenditure	22,579.30	35,909.10	56,462.60	93,580.10	182,804.00	349,206.00	377,142.50	407,313.90	439,899.00	475,090.90	513,798.20	554,902.10	599,298.30	647,242.20	699,021.60
6. Amortization (principal) payments	1,811.00	3,441.50	6,077.80	5,263.60	0.00	8,091.70	8,109.10	13,948.63	29,937.07	30,289.07	40,654.59	38,888.73	60,675.71	65,289.05	65,058.30
Budget Balance ('+' means surplus, '-' means deficit)	**5,157.60**	**20,576.40**	**-13,440.10**	**6,205.00**	**6,027.10**	**5,754.90**	**-29,440.20**	**7,227.35**	**12,420.39**	**167.87**	**8,714.62**	**723.97**	**16,287.23**	**6,007.19**	**-18,271.21**
Opening Cash and Bank Balance	**7,409.10**	**12,566.70**	**33,143.10**	**19,703.00**	**25,908.00**	**31,935.10**	**37,690.00**	**8,249.80**	**15,477.15**	**27,897.54**	**28,065.41**	**36,780.03**	**37,504.00**	**53,791.23**	**59,798.42**
Closing Cash and Bank Balance	**12,566.70**	**33,143.10**	**19,703.00**	**25,908.00**	**31,935.10**	**37,690.00**	**8,249.80**	**15,477.15**	**27,897.54**	**28,065.41**	**36,780.03**	**37,504.00**	**53,791.23**	**59,798.42**	**41,527.21**
Financing Needs and Sources (Million Naira)															
Financing Needs						**28,794.35**	**36,232.31**	**71,252.85**	**97,542.99**	**75,838.71**	**89,980.95**	**108,840.79**	**158,430.72**	**151,794.12**	**186,147.16**
i. Primary balance						314.20	-35,190.42	-12,051.33	-3,360.61	-5,812.53	5,881.52	-1,760.03	13,588.64	4,005.19	-20,626.51
ii. Debt service						23,353.65	30,482.09	51,974.17	81,761.99	69,858.31	87,147.85	106,356.79	155,732.13	149,792.11	183,791.86
Amortizations						8,091.70	8,109.10	13,948.63	29,937.07	30,289.07	40,654.59	38,888.73	60,675.71	65,289.05	65,058.30
Interests						15,261.95	22,372.99	38,025.54	51,824.92	39,569.24	46,493.26	67,468.06	95,056.42	84,503.06	118,733.57
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)						5,754.90	-29,440.20	7,227.35	12,420.39	167.87	8,714.62	723.97	16,287.23	6,007.19	-18,271.21
Financing Sources						**28,794.35**	**36,232.31**	**71,252.85**	**97,542.99**	**75,838.71**	**89,980.95**	**108,840.79**	**158,430.72**	**151,794.12**	**186,147.16**
i. Financing Sources Other than Borrowing						5,440.70	5,750.20	4,278.70	3,781.00	3,980.40	2,833.10	2,484.00	2,698.60	2,002.00	2,355.30
ii. Gross Borrowings						23,353.65	30,482.11	66,974.15	93,761.99	71,858.31	87,147.85	106,356.79	155,732.12	149,792.12	183,791.86
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)						23,353.70	0.00	0.00	0.00	0.00	87,147.80	56,356.00	0.00	149,792.10	183,791.90
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)						0.00	30,482.10	0.00	0.00	0.00	0.00	50,000.80	0.00	0.00	0.00
State Bonds (maturity 1 to 5 years)						0.00	0.00	66,974.10	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	71,858.30	0.00	0.00	0.00	0.00	0.00
Other Domestic Financing						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)						0.00	0.00	0.00	93,761.92	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	155,732.08	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						-0.05	0.01	0.05	0.07	0.01	0.05	-0.01	0.04	0.02	-0.04
Debt Stocks and Flows (Million Naira)															
Debt (stock)	**81,932.77**	**127,752.65**	**124,019.40**	**124,815.30**	**99,755.30**	**128,093.46**	**142,056.87**	**195,082.39**	**258,907.31**	**300,476.56**	**346,969.81**	**414,437.88**	**509,494.28**	**593,997.35**	**712,730.91**
External	14,403.18	14,987.85	14,637.40	15,652.70	56,160.00	66,495.61	55,328.00	52,570.00	143,433.92	140,185.92	136,839.92	129,417.31	277,726.79	270,290.18	262,853.58
Domestic	67,529.59	112,764.80	109,382.00	109,162.60	43,595.30	61,597.85	86,728.87	142,512.39	115,473.39	160,290.64	210,129.89	285,020.56	231,767.49	323,707.16	449,877.34
Gross borrowing (flow)						**23,353.65**	**30,482.11**	**66,974.15**	**93,761.99**	**71,858.31**	**87,147.85**	**106,356.79**	**155,732.12**	**149,792.12**	**183,791.86**
External						0.00	0.00	0.00	93,761.92	0.00	0.00	0.00	155,732.08	0.00	0.00
Domestic						23,353.65	30,482.11	66,974.15	0.07	71,858.31	87,147.85	106,356.79	0.04	149,792.12	183,791.86
Amortizations (flow)	**2,485.77**	**3,822.28**	**6,455.40**	**6,173.23**	**40,177.00**	**8,091.70**	**8,109.10**	**13,948.63**	**29,937.07**	**30,289.07**	**40,654.59**	**38,888.73**	**60,675.71**	**65,289.05**	**65,058.30**
External	55.04	245.20	195.60	557.13	2,223.00	2,740.60	2,758.00	2,758.00	2,898.00	3,248.00	3,346.00	7,422.61	7,422.61	7,436.61	7,436.61
Domestic	2,430.73	3,577.08	6,259.80	5,616.10	37,954.00	5,351.10	5,351.10	11,190.63	27,039.07	27,041.07	37,308.59	31,466.13	53,253.11	57,852.45	57,621.69
Interests (flow)	**4,832.66**	**5,920.81**	**8,876.00**	**10,813.50**	**21,297.00**	**15,261.95**	**22,372.99**	**38,025.54**	**51,824.92**	**39,569.24**	**46,493.26**	**67,468.06**	**95,056.42**	**84,503.06**	**118,733.57**
External	266.05	272.79	97.80	4,661.70	15,990.00	10,577.75	10,220.00	17,220.00	17,220.00	13,032.86	13,032.86	13,032.86	12,910.56	17,460.22	17,337.93
Domestic	4,566.61	5,648.02	8,778.20	6,151.80	5,307.00	4,684.20	12,152.99	20,805.54	34,604.92	26,536.38	33,460.40	54,435.20	82,145.86	67,042.84	101,395.64
Net borrowing (gross borrowing minus amortizations)						**15,261.95**	**22,373.01**	**53,025.52**	**63,824.92**	**41,569.24**	**46,493.26**	**67,468.06**	**95,056.41**	**84,503.06**	**118,733.57**
External						-2,740.60	-2,758.00	-2,758.00	90,863.92	-3,248.00	-3,346.00	-7,422.61	148,309.47	-7,436.61	-7,436.61
Domestic						18,002.55	25,131.01	55,783.52	-27,039.00	44,817.24	49,839.26	74,890.67	-53,253.07	91,939.67	126,170.17
Debt and Debt-Service Indicators															
Debt Stock as % of SGDP	**7.08**	**9.67**	**8.17**	**7.09**	**4.79**	**5.30**	**5.12**	**6.12**	**7.01**	**7.31**	**7.59**	**8.15**	**9.00**	**9.43**	**10.17**
Debt Stock as % of Revenue (including grants and excluding other capital receipts)	**98.41**	**140.51**	**103.41**	**68.61**	**33.81**	**26.36**	**27.92**	**32.51**	**37.59**	**38.36**	**38.26**	**39.98**	**41.83**	**42.06**	**43.49**
Debt Service as % of SGDP						**0.97**	**1.10**	**1.63**	**2.21**	**1.70**	**1.91**	**2.09**	**2.75**	**2.38**	**2.62**
Debt Service as % of Revenue (including grants and excluding other capital receipts)						**4.81**	**5.99**	**8.66**	**11.87**	**8.92**	**9.61**	**10.26**	**12.79**	**10.61**	**11.22**
Interest as % of SGDP						**0.63**	**0.81**	**1.19**	**1.40**	**0.96**	**1.02**	**1.33**	**1.68**	**1.34**	**1.69**
Interest as % of Revenue (including grants and excluding other capital receipts)						**3.14**	**4.40**	**6.34**	**7.52**	**5.05**	**5.13**	**6.51**	**7.80**	**5.98**	**7.25**
Personnel Cost as % of Revenue (including grants and excluding other capital receipts)						**12.36**	**13.92**	**13.93**	**14.32**	**14.86**	**15.14**	**15.63**	**15.70**	**15.98**	**16.25**
Adverse Shock Scenario is defined by the worst performance indicator measured in year 2029															
For Debt Stock as % of SGDP the adverse shock is: Expenditure **Expenditure**															
Debt Stock as % of SGDP						**5.30**	**7.09**	**9.89**	**12.39**	**14.46**	**16.50**	**18.84**	**21.51**	**23.81**	**26.49**
For Debt Stock as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue **Revenue**															
Debt Stock as % of Revenue (including grants and excluding other capital receipts)						**26.36**	**42.13**	**57.41**	**72.91**	**83.31**	**91.57**	**101.88**	**110.42**	**117.39**	**125.21**
For Debt Service as % of SGDP the adverse shock is: Expenditure **Expenditure**															
Debt Service as % of SGDP						**0.97**	**1.10**	**1.77**	**2.47**	**2.09**	**2.42**	**3.80**	**4.68**	**4.53**	**5.01**
For Debt Service as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue **Revenue**															
Debt Service as % of Revenue (including grants and excluding other capital receipts)						**4.81**	**6.66**	**10.38**	**14.67**	**12.10**	**13.49**	**20.29**	**23.97**	**22.34**	**23.69**

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

Dr (Mrs) Hawa Nuru

Hon. Commissioner,
Kwara State Ministry of Finance

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