



**OFFICE OF THE HONOURABLE COMMISSIONER  
MINISTRY OF FINANCE, SOKOTO STATE.**

USMAN FAROUK SECRETARIAT,  
PMB 2106, SOKOTO STATE, NIGERIA.

REF:MOF/DMD/239/VOL1


14<sup>th</sup> December, 2023  
The Director General  
Debt Management Office  
Abuja.

Dear Madam,

**FORWARDING OF SOKOTO STATE 2023 DEBT SUSTAINABILITY ANALYSIS  
& DEBT MANAGEMENT STRATEGY REPORTS.**

I am pleased to write and forward the State 2023 Annual debt sustainability analysis and debt management strategy reports. These reports provide guidance to the state in its borrowing decisions as well as providing input into the state budget and other financial matters.

I therefore submit for reference and future correspondences. Thank you for your continued support.

  
Egr, Muhammadu Jabbi Shagari  
Hon. Commissioner,  
Ministry of Finance, Sokoto



**SOKOTO STATE GOVERNMENT**

**2023**

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

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## Chapter 1: Introduction

Sokoto State Debt Sustainability Analysis – Debt Management Strategy (DSA-DMS) covers the period of 5-year historical from 2018 to 2022 and 10-year projection 2023-2032, under various macroeconomic assumptions and Shock scenarios. To ensure that State debt stock remains sustainable in the medium to long-term, by using the State's macroeconomic framework, to assess the current and future debt levels, as well as its ability to meet debt service obligations as and when due, and without compromising growth and development.

The Sokoto State DSA-DMS forecast for primary balance that comprises the difference between revenue and expenditure, plus the existing debt service (interest payment and principal repayments). The revenue was based on the harmonized revenue law of the state government, which provided for capital gains tax, and other property tax to expand the tax base to maximally increase the state internally generated revenue that are considered achievable. Also, the state forecasts increased recurrent and capital expenditures with expected growth in the National economy with cascading effects in the State's economy leading to increase in overall economic activities in the private sector, as well as job creation in the public sector.

Global growth is projected to fall from an estimated 3.5 percent in 2022 to 3.0 percent in both 2023 and 2024. While the forecast for 2023 is modestly higher than predicted in the April 2023 World Economic Outlook (WEO), it remains weak by historical standards. The rise in central bank policy rates to fight inflation continues to weigh on economic activity. Global headline inflation is expected to fall from 8.7 percent in 2022 to 6.8 percent in 2023 and 5.2 percent in 2024. Underlying (core) inflation is projected to decline more gradually, and forecasts for inflation in 2024 have been revised upward.

The recent resolution of the US debt ceiling standoff and, earlier this year, strong action by authorities to contain turbulence in US and Swiss banking reduced the immediate risks of financial sector turmoil. This moderated adverse risks to the outlook. However, the balance of risks to global growth remains tilted to the downside. Inflation could remain high and even rise if further shocks occur, including those from an intensification of the war in Ukraine and extreme weather-related events, triggering more restrictive monetary policy. Financial sector turbulence could resume as markets adjust to further policy tightening by central banks. China's recovery could slow, in part as a result of unresolved real estate problems, with negative cross-border spillovers. Sovereign

debt distress could spread to a wider group of economies. On the upside, inflation could fall faster than expected, reducing the need for tight monetary policy, and domestic demand could again prove more resilient.

In most economies, the priority remains achieving sustained disinflation while ensuring financial stability. Therefore, central banks should remain focused on restoring price stability and strengthen financial supervision and risk monitoring. Should market strains materialize, countries should provide liquidity promptly while mitigating the possibility of moral hazard. They should also build fiscal buffers, with the composition of fiscal adjustment ensuring targeted support for the most vulnerable. Improvements to the supply side of the economy would facilitate fiscal consolidation and a smoother decline of inflation toward target levels.

Nigeria Gross Domestic Product (GDP) grew by 2.51% (year-on-year) in real terms in the second quarter of 2023. This growth rate is lower than the 3.54% recorded in the second quarter of 2022 and may be attributed to the challenging economic conditions being experienced. The performance of the GDP in the second quarter of 2023 was driven mainly by the Services sector, which recorded a growth of 4.42% and contributed 58.42% to the aggregate GDP.

The agriculture sector grew by 1.50%, an improvement from the growth of 1.20% recorded in the second quarter of 2022. The growth of the industry sector was -1.94% relative to -2.30% recorded in the second quarter of 2022. In terms of share to the GDP, agriculture, and the industry sectors contributed less to the aggregate GDP in the second quarter of 2023 compared to the second quarter of 2022.

In August 2023, the headline inflation rate increased to 25.80% relative to the July 2023 headline inflation rate which was 24.08%. Looking at the movement, the August 2023 headline inflation rate shows an increase of 1.72% points when compared to the July 2023 headline inflation rate. On a year-on-year basis, the headline inflation rate was 5.27% points higher compared to the rate recorded in August 2022, which was 20.52%. This shows that the headline inflation rate (year-on-year) increased in August 2023 when compared to the same month in the preceding year (i.e., August 2022).

Sokoto State has enjoyed impressive GDP performance over the years, although not quite as high as the national average since Sokoto does not benefit directly from the mineral sector. The State

is still a net importer of goods and services but is a net exporter of agricultural produce to other States. The movement of agricultural produce is not well-documented and computed to register meaningful contribution to the State economy. In spite of the steady progress in economic growth and development, available data indicate that agriculture, especially crops and livestock, and fisheries as well as SMEs, which have the potential to generate large scale employment opportunities, are not currently doing so. However, these areas are undergoing transformation.

There is the predominance of subsistence and non-mechanized agriculture in the State. That is why the growth of the State's economy is predicated on increased transformation of the agricultural value chain (large scale agricultural production and agro-based industrial production). Although the trend of IGR in the State over the years has been varied, the present administration has demonstrated strong determination to change the prevailing situation of the State's IGR. The State is also endowed with numerous tourism potentials which is yet to be fully harnessed to improve its Internally Generated Revenue. It is therefore imperative for the State to prioritize development of these sites in collaboration with the private sector.

## **Chapter 2: The State Fiscal and Debt Framework**

The 2023 Sokoto State Approved Budget is projected to sustain the Agricultural drive, Youth empowerment and provide an enabling environment for SMEs to grow and pave way for industrial development of the State. Provision of welfare packages to our people especially in this difficult period will remain our major concern, while effective healthcare services and quality education creation of employment opportunities and improved infrastructure will continue to be accorded high premium. In line with the provision of the overarching State development policy document (i.e., the State Comprehensive Development Framework), Focus and Direction of the 2022 Budget

### **Legislative Framework for Public Financial Management in Sokoto State**

The fundamental law governing Public Financial Management (PFM) in Nigeria and Sokoto State in particular is the 1999 Constitution as amended. Section 120 and 121 of the Constitution provides that all revenues accruing to Sokoto State Government shall be received into a Consolidated Revenue Fund (CRF) to be maintained by the Government and no revenue shall be paid into any other fund, except as authorized by the State House of Assembly (SOHA) for a specific purpose. The withdrawal of funds from the CRF shall be authorized by the SOHA through the annual budget or appropriation process. The Governor of Sokoto State shall prepare and lay expenditure proposals for the coming financial year before the SOHA, and the SOHA shall approve the expenditure proposal by passing an Appropriation Law. The Appropriation Law shall authorize the executive arm of government to withdraw and spend the amounts specified from the CRF.

### **Institutional Framework for Public Financial Management in Sokoto State**

The Constitution vests the executive powers of the State in the Governor. The Constitution provides that "the Governor shall cause to be prepared and laid before the House of Assembly on or before the last business day of August of each financial year, containing estimates of the revenues and expenditure of the State for the next three financial years". The Governor of Sokoto State exercises his executive powers directly or through the Deputy Governor, the Commissioners, Special Advisers, Permanent Secretaries, and other officers in the public service of the State.

### **Sokoto State's Budget Policy Thrust**

The overall size of the 2023 budget will be based on resource estimates as provided in the Fiscal Strategy Paper (FSP) and sector allocations in line with the State development priorities. The 2023 budget will focus on detailed investments in the Health Sector, Education, Agriculture and Rural

Development, Infrastructural Development, Water Supply, Sanitation and Hygiene, Environment, Lands and Housing, Culture and Tourism, and Youth and Women Empowerment. In the entire sub-sectors, priority will be given to ongoing projects and new policy directions to reduce poverty and improve socioeconomic activity in Sokoto State

- The 2023 Budget Policy thrust is as follows: -
- The Planning instrument of Medium-Term Sector Strategies will be the basis for MDAs 2023 budget proposal.
- Strict Adherence to the principles of the Sokoto State Fiscal Responsibility Law (FRL) 2019 and the amended State Public Procurement and Public Private Partnership Law (PPL), 2019 in the day-to-day implementation of the 2024 budget.
- Institution of a vibrant cash management committee and strict implementation of the cash management plan and budget expenditure profile.
- Prompt payment of State counterpart contributions to attract additional resources for funding projects and programs.
- Completion of critical ongoing projects that have attained between 75% to 80% level of completion.
- New projects will only be provided after ensuring adequate provision for ongoing projects and corresponding need identification assessment.
- Sustain investment in Agriculture, Trade, and Commerce to achieve self-sufficiency in food production, economic growth, and security.
- Use Result Based Monitoring and Evaluation (RBM&E) framework to track project and program implementation, with complementary performance audit.
- Strengthen Social Safety Net Programmes in line with the State Social Protection Policy to further mitigate the impact of the current economic situation of the poor and vulnerable groups within Sokoto State.
- Improve the revenue base of the State through effective and efficient collections from the existing sources and exploration of new sources by revenue-generating MDAs.
- Continued sustenance of free education programme including School feeding programme and ensuring quality control in the education system.
- Construction of new and Maintenance of existing physical infrastructure and facilities (Schools, Roads, Water, and public buildings).



## Medium-Term Budget Forecast

Sokoto State Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS) constitute the major components of the Annual Budget Process. These set of principles provides logical starting point for the development of Medium-Term Expenditure Framework (MTEF), which highlight the context of the annual budget. The key objective and targets for the State Government from a fiscal perspective are to:

- a. effectively managing personnel and overhead expenditure to allow greater resources for capital development.
- b. grow IGR by a minimum of 5% every year from 2023 to 2025.
- c. ensure loans will only be used for implementation of capital projects.
- d. achieve long term target of funding all recurrent expenditure with revenue of a recurrent nature (IGR, VAT and Non-mineral component of Statutory Allocation).
- e. target sources of capital receipts and financing outside of loans (e.g. Grants, Public Private Partnership, etc.).
- f. ensure projected Capital receipts are based on the Memoranda of Understanding (MoUs) and other agreements signed with Development partners.
- g. ensure that the State's Debt position is within the ratio set by the Federal Debt Management Office, Abuja.
- h. Institute a formidable cash management committee to oversee the inflow and outflow of cash optimization, as well as maintain an effective budget expenditure profile.
- i. give priority to the completion of ongoing capital projects before new projects commence.
- j. grow the economy through targeted spending in areas of comparative advantage.

The foundation for any fiscal discipline and the attainment of fiscal realism starts with the Economic and Fiscal Update (EFU). It (the EFU) presents data and analyzed information on all the strata of the state, national and global economic and fiscal situations. This forms the basis for fiscal and macroeconomic assumptions and projections reflected in the Fiscal Strategy Paper which also goes further to manifest medium-term fiscal projections (revenue and expenditure). The EFU gives a measured reflection of recent budget performance identifying factors that significantly affects the attainment of budgetary outputs and outcomes which transmit into the subsequent fiscal plans. The EFU provides the context for a prospective Fiscal Strategy Paper (FSP) that feeds into the Medium-Term Expenditure Framework (MTEF) where resources are

strategically allocated considering Government policy objectives and priorities as dictated by the budget policy statements.

In line with the Medium-Term Budget forecast FSP strategy, the Government has reviewed its fiscal policies in the areas of VAT, IGR, Non-mineral component of Statutory Allocation. These fiscal components are targeted towards boosting revenue generation for Government financial obligation as well as investment. By and large, the fiscal policies strongly recommend that the existing debt and new borrowing should be kept below the established threshold. The Fiscal Strategy Paper prioritized projects and programmes in a sustainable manner and consistent with its development policy objective of the Government.

Thus FSP is an indispensable element in annual budget process as it determine the resources available to fund government prioritized projects and programmes in a sustainable manner and consistent with its development policy objective and priorities as encapsulated in the existing policy document It provides justification and corroborate the estimation for medium-term major Revenue and Expenditure aggregates including important components of the MTEF Process such as fiscal targets, fiscal constraints and an assessment of the fiscal risks.

The details of the macroeconomic assumptions are as shown in the table namely Sokoto State Medium Term Expenditure Framework (MTEF), 2023-2025.

### Sokoto State Medium Term Expenditure Framework (MTEF), 2023-2026

<b>Macroeconomic Assumptions</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
National Inflation	17.16%	16.21%	17.21%	17.21%
National Real GDP Growth	3.75%	3.30%	3.46%	3.46%
Budget Oil Production Volume (mbpd)	1.69	1.83	1.83	1.83
Projected Budget Benchmark Price (US\$ per barrel)	70	66	62	62
Average Exchange Rate (N/US\$)	772.5	772.5	772.5	772.5
<b>Revenue</b>				
Gross Statutory Allocation	54,189.18	59,719.20	65,333.82	66,313.82
Other FAAC transfers	7,000.00	7,000.00	7,000.00	7,692.00
VAT Allocation	20,538.64	23,415.18	26,605.29	25,466.48
IGR	32,762.13	32,762.13	32,762.13	32,762.13
Grants	15,013.65	15,313.92	16,767.26	11,728.56
Privatization Proceeds	3,074.00	1,147.00	5,220.00	1,293.00
Other Capital Receipts	9,564.10	5,675.38	5,788.89	6,078.33
<b>Total Revenue</b>	<b>142,141.69</b>	<b>145,032.81</b>	<b>159,477.39</b>	<b>151,334.33</b>
<b>Expenditure</b>				
Personnel costs	37,133.92	36,890.62	48,735.15	39,509.85
Overhead costs	25,387.62	27,941.39	27,684.73	27,496.79
Other Recurrent Expenditure*	16,936.80	23,779.44	25,013.44	31,511.58
Capital Expenditure	78,660.99	84,079.67	83,698.93	79,911.46
<b>Total Expenditure</b>	<b>158,119.33</b>	<b>172,691.13</b>	<b>185,132.24</b>	<b>178,429.68</b>
<b>Budget Deficit</b>	<b>-15,977.64</b>	<b>-27,658.32</b>	<b>-25,654.86</b>	<b>-27,095.35</b>
State GDP	3,546,320.88	4,074,300.20	4,532,875.40	5,043,390.50
<b>Deficit as % of GDP</b>	<b>-0.90</b>	<b>-0.77</b>	<b>-0.59</b>	<b>-0.83</b>
New Domestic Borrowing	15,977.64	10,500.00	15,000.00	27,095.35
New External Borrowing	0.00	17,158.32	10,654.86	0.00
<b>New Borrowing</b>	<b>15,977.64</b>	<b>27,658.32</b>	<b>25,654.86</b>	<b>27,095.35</b>

\*Other Recurrent Expenditure comprises Debt Charges and other recurrent Expenditure

#### Notes

- Statutory Allocation - the estimation for statutory allocation is based on an elasticity forecast taking into consideration the key macroeconomic and fiscal assumptions in the Sokoto State EFU-FSP, 2023-2025.
- Value Added Tax (VAT) – considering that changes in key macroeconomic parameters including the nature of impact of the volatile commodity prices and exchange rate on aggregate economic activity, VAT was forecasted using the elasticity forecast method.

- Other Federation Account Distributions – the estimation is based on the current receipt (i.e. from January to May 2021).
- Internally Generated Revenue (IGR) – Internally Generated Revenue (IGR) – the current administration has sustained internal revenue administration reforms. These measures have started yielding results. It is anticipated that IGR will grow by 25% in 2023 but increase on a constant rate of 10% in 2023, 2024 and 2025. Consequently, an own percentage has been used to forecast IGR for the period 2023 – 2025.
- Grants – The internal grants are based on calculated expected inflow for the period 2023-2025. External grants are based on signed grant agreements with the development partners.
- Financing (Net Loans) – In 2023 Sokoto State intends to continue to leverage short term commercial loan to bridge funding gaps for capital projects pending inflow from IGR and FAAC during the year. All other internal and external loans are projections based on signed agreements.
- Personnel – The on-going staff verification is to check abnormalities in the pay roll. The State is determined to sustain the trend to reduce personnel cost. It is anticipated that the number of political office holders will also be reduced, and the personnel cost is projected to register increase by 5% in 2023, 2024 and 2025 respectively.
- Overheads – Annual increases were relatively low over the period 2015 and 2016. However, there was a large increase in 2017-2019 and fell in 2020. Moving the average excluding outlier is used to forecast overheads because the expected growth rate for 2023-2025 is expected to substantially follow the trend recorded in the past five years.
- Social Contribution and Social Benefits – Pensions and gratuity payments is expected to remain at the level of 2020 actual. Hence, the own percentage of zero growth is adopted for 2023-2025.
- Public Debt Charges – is based on the projected principal and interest repayments for 2023, 2024 and 2025. Hence, an own value has been used anticipating that public debt charge will remain largely stable with minimal growth over the medium term.
- Transfer to Internal Revenue Services – is 10% of total IGR to be transferred to Internal Revenue Service for 2023, 2024 and 2025. The transfer is done by the office of the Accountant General to the Revenue Service sequel to the submission of the monthly generation to the treasury. It is to cover the cost of collection and allowances of staff.
- Capital Expenditure – is based on the balance from the recurrent account plus capital receipts, less contingency reserve as outlined above. The percentage of capital to total expenditure amounted at 24.83 percent in 2017 compared to 44.02 percent in 2021. However, the percentage of capital expenditure in 2023, 2024 and 2025 is expected to be N78,660.99 million, N84,079.67 million and N83,698.93 million respectively.
- Strengthen public service for efficiency, productivity, and value for money through capacity building and incentives.
- Strengthen the provision of social services through the Whole School and Hospital approach. Revitalization of Sokoto State Water and drainage management systems to prepare communities and the environment to tackle cholera outbreaks and malaria.

- Prioritize investment in projects and programmes that will enhance job creation, employment generation and contribute to poverty reduction.
- Improve funding of MDAs for better service delivery, especially for overhead.
- Strengthen coordination of partners` activities in line with the State`s development priorities.
- Adequate provision and timely payment of MDAs' outstanding debts/liabilities with Sokoto State Debt Management Departments (DMD).
- Increase allocation to addressing issues of insecurity in the State.
- Prioritise allocation and release of the fund to fuel subsidy removal palliative programmes.

## Chapter 3: The State Revenue, Expenditure, and Public Debt Trends (2018 - 2022)

The Sokoto State Internally Generate Revenue (IGR) recorded a grow in 2018 and 2019 from N14,112 million and N19,030 million, a decline occurred in 2020 as a result of Covid19 which stood at N12,026 million, the internally generated revenue for 2021 and 2022 recorded at N23,762 million and N23,11 million respectively. The growth in IGR was due to economic reforms to improve tax and other service sectors, as well as other initiatives by the Government.

### 3.1 Revenue and Expenditure

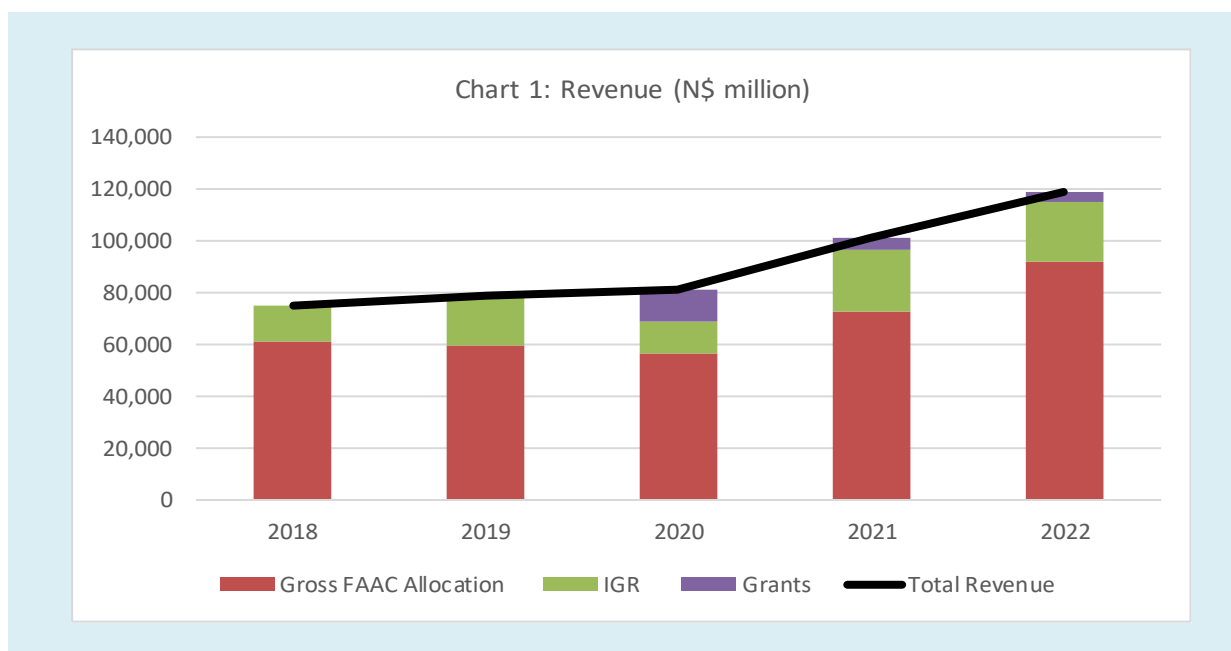
**3.1.1 Revenue:** The State's economy comprises Statutory Allocation, VAT Allocation, IGR, and Capital Receipt. The State's Revenue recorded an increase from N75,411 million in 2018 to N119,019 million in 2022.

**3.1.1.1 Gross FAAC Allocation:** Sokoto State recorded the FAAC Allocation at N61,299 million in 2018, N59,983 million in 2019, N56,568 million 2020, N73,116 million in 2021, N91,836 million in 2022 respectively, over the historical period.

**3.1.1.2 Internally Generated Revenue:** The Sokoto State Internally Generate Revenue (IGR) recorded a grow in 2018 and 2019 from N14,112 million and N19,030 million, a decline occurred in 2020 as a result of Covid19 which stood at N12,026 million, the internally generated revenue for 2021 and 2022 recorded at N23,762 million and N23,11 million respectively. The improvement in IGR was mainly due to the tax reforms aimed at improving collection efficiency and broadening the tax revenue base.

**3.1.1.3 Grants:** The actual grant received by Sokoto State Government comprises internal grants and external grants received in five years recorded an average of N4,196 million.

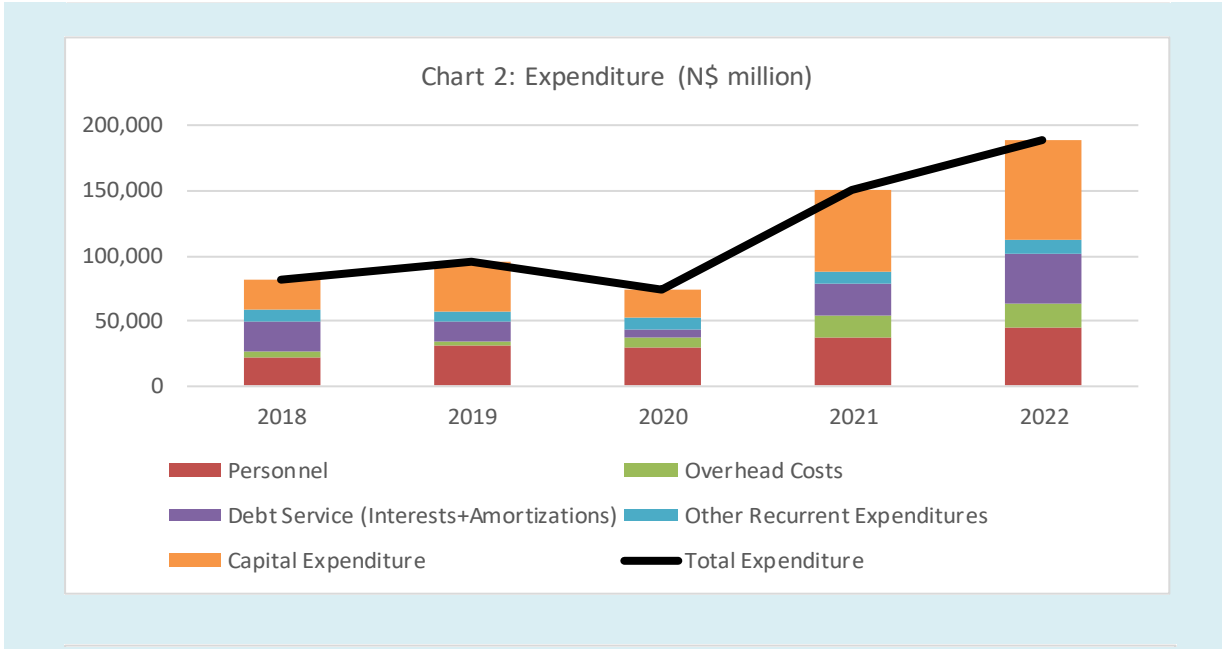
Revenue	2018	2019	2020	2021	2022
Total Revenue	75,411	79,012	81,236	101,233	119,019
Gross FAAC Allocation	61,299	59,983	56,658	73,116	91,836
IGR	14,112	19,030	12,026	23,762	23,111
Grants	0	0	12,551	4,354	4,073



**3.1.2 Expenditure:** Sokoto State's expenditure covers Capital expenditure, Personnel costs, Overhead costs, other recurrent expenditure, and Debt service (interest payment and principal repayment) recorded at N81,038 million in 2018, N95,119 million in 2019, N74,397 million in 2020, N150,685 million in 2021, and N188,022 million in 2022 respectively.

Sokoto State Personnel costs stood at N22,212 million in 2018, N30,981 million in 2019, N29,936 million in 2020, N36,590 million in 2021, and N37,134 million in 2022. State Overhead costs amounted at N3,761 million in 2018, N3,833 million in 2019, N6,783 million in 2020, N18,010 million in 2021, and N18,164 million. Other Recurrent Expenditure recorded at N9,751 million in 2022. While the Capital Expenditure stood at N21,884 million in 2018, N22,064 million in 2020 and N75,996 million in 2022 respectively.

Expenditure Performance	2018	2019	2020	2021	2022
Total Expenditure	81,038	95,119	74,397	150,685	188,022
Personnel	22,212	30,981	29,936	36,590	45,605
Overhead Costs	3,761	3,833	6,783	18,010	18,164
Debt Service (Interests + Amortizations)	23,059	14,954	6,196	24,404	38,505
Other Recurrent Expenditures	10,123	7,611	9,417	9,302	9,751
Capital Expenditure	21,884	37,740	22,064	62,379	75,996

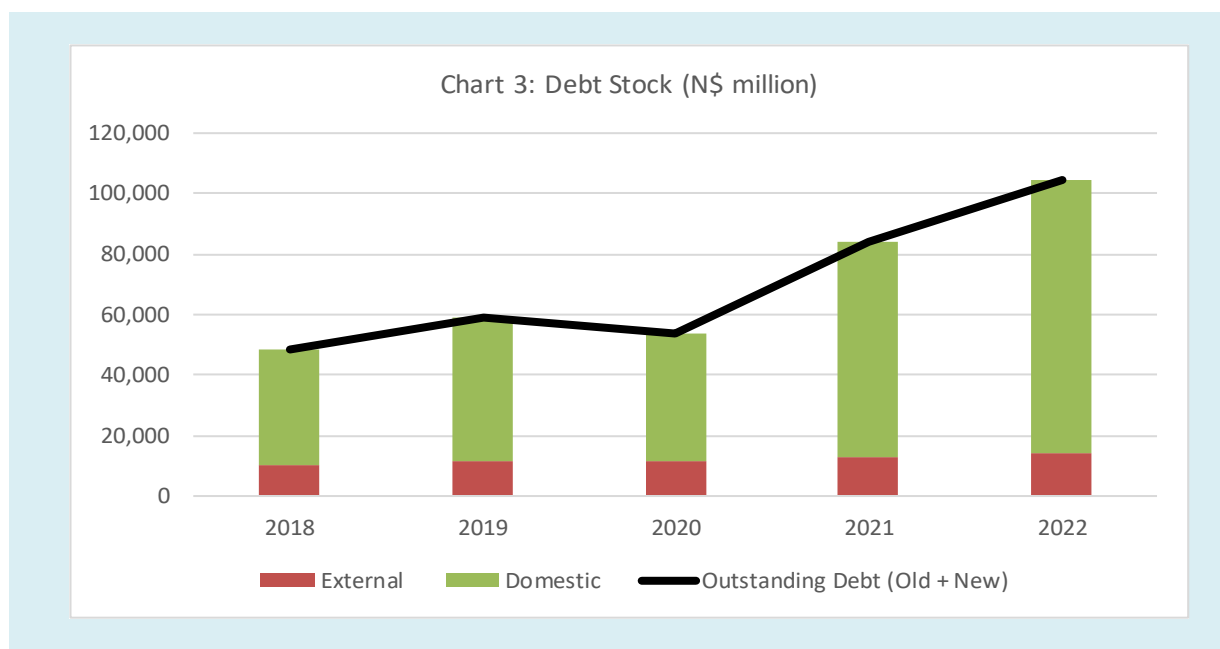


### 3.2 Existing Public Debt Portfolio

**3.2.1 Debt Stock** - Sokoto State Debt Stock comprised External and Domestic Debts which recorded an increase from N84,239 million in 2021 to N104,450 million in 2022, which represent an increase of N20,211 million or 23.99 percent. The External Debt and Domestic Debt recorded an increase of N906 million or 7.00 percent and N19,305 million or 27.08 percent separately from 2021 to 2022. The increase in domestic debt stock was largely from Infrastructure Loan and Contractor's Arrears during the year.

	2018	2019	2020	2021	2022
Outstanding Debt (Old + New)	48,535	59,271	53,861	84,239	104,450
External	9,930	11,561	11,498	12,949	13,855
Domestic	38,605	47,710	42,363	71,290	90,595



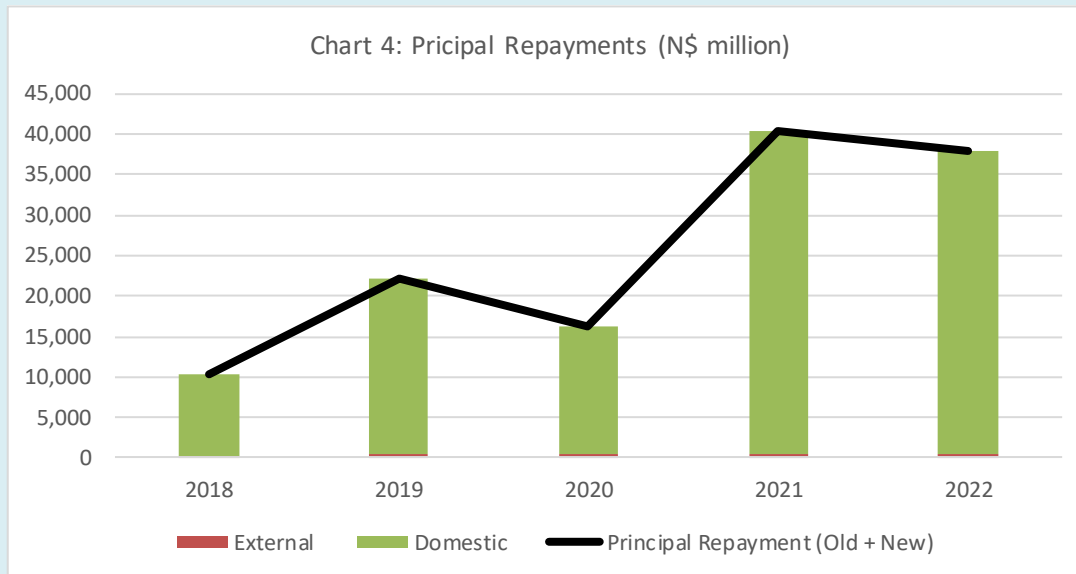


**3.2.2 Debt composition:** The main domestic debt portfolio consists of Budget Support, Salary Bailout, Excess Crude Account Backed Loan, Commercial Bank Loan, Commercial Agricultural Loan, Infrastructural Loan, Contractor's Arrears and Pensions & Gratuity arrears. While the External Debt includes World Bank (IDA and IFAD) and African Development Fund (AfDF). The composition of the domestic debt to external debt ratio constitutes at 87:13 in 2022 compared with the 87:13 in 2021.

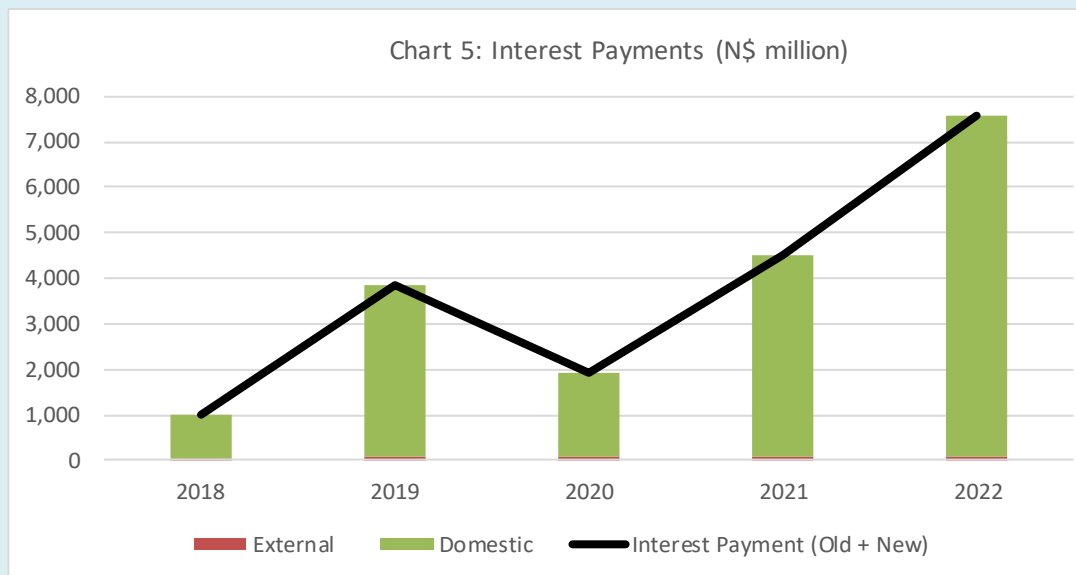
**3.2.3 Debt Service:** The total debt service comprises the interest payment and principal repayment which account to N11,232 million, N25,886 million, N18,128 million, N44,930 million, and N45,627 million in 2018, 2019, 2020, 2021 and 2022 respectively.

The principal repayment recorded in Sokoto State stood at N38,032 million compared with the Interest payment which recorded at N7,594 million in 2022. (see charts 4 and 5, below).

Principal Repayment	2018	2019	2020	2021	2022
Principal Repayment	10,213	22,055	16,215	40,401	38,032
External	306	385	365	545	502
Domestic	9,907	21,670	15,850	39,856	37,531



Interest Payment	2018	2019	2020	2021	2022
Interest Payment	1,019	3,831	1,912	4,529	7,594
External	53	73	86	96	84
Domestic	966	3,758	1,827	4,433	7,510



## Chapter 4: Debt Sustainability Analysis

*"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".*

**Table 1: Sokoto State Debt burden indicators as at end-2022**

Indicators	Thresholds	Ratio
Debt as % of GDP	25%	4.38
Debt as % of Revenue	200%	87.76
Debt Service as % of Revenue	40%	38.34
Personnel Costas % of Revenue	60%	38.32
Debt Service as % of FAAC Allocation	Nil	49.68
Interest Payment as % of Revenue	Nil	6.38
External Debt Service as % of Revenue	Nil	0.49

**Note:** Nil means not available **Source:** Sokoto State DMD

### 4.1 Borrowing Options

The borrowing options is in line with the 2023 Sokoto State Approved Budget, which consider Domestic borrowing to serves as the main sources of borrowing with average ratio of 68.25 percent over the projection period from 2023 to 2032 and given remaining funding envelopes to come from external borrowing with long processing time required. The domestic borrowing is mainly from the commercial banks, Federal Government and other Central Bank of Nigeria (Interventions) loans are main source of financing which cover an average of 39.58 percent as percentage of the total, the State Bond cover an average of 28.67 percent.

## Borrowing Options

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>Domestic Financing in NGN' Million</b>										
Commercial Bank Loans - 1 < > 5 years	2647.9	12000.0	14898.0	14345.6	16642.8	13358.2	12555.0	11469.0	16463.6	19371.9
Commercial Bank Loans - 6 years >	13329.8	0.0	13500.0	15443.4	12555.0	4783.6	7894.1	10160.7	18639.5	13288.2
State Bonds - 1 < > 5 years)	0.0	15658.3	0.0	0.0	0.0	0.0	15000.0	18900.0	0.0	0.0
State Bonds - 6 years >	0.0	0.0	0.0	0.0	18000.0	18000.0	0.0	0.0	19525.0	0.0
Other Domestic Financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Domestic Financing</b>	<b>15,977.6</b>	<b>27,658.3</b>	<b>28,398.0</b>	<b>29,788.9</b>	<b>47,197.8</b>	<b>36,141.7</b>	<b>35,449.1</b>	<b>40,529.6</b>	<b>54,628.1</b>	<b>32,660.2</b>
<b>External Financing in US\$' Million</b>										
External Financing - Concessional Loans (e.g., WB, AfDB)	0.0	0.0	0.0	11.0	0.0	16.0	27.0	30.0	0.0	35.0
External Financing - Bilateral Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other External Financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>External Financing</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>11.0</b>	<b>0.0</b>	<b>16.0</b>	<b>27.0</b>	<b>30.0</b>	<b>0.0</b>	<b>35.0</b>
<b>Total Gross Borrowing Requirements in NGN' Million</b>										
<b>Total Gross Borrowing</b>	<b>15,977.6</b>	<b>27,658.3</b>	<b>28,398.0</b>	<b>38,286.1</b>	<b>47,197.8</b>	<b>48,501.2</b>	<b>56,305.7</b>	<b>63,703.6</b>	<b>54,628.1</b>	<b>59,696.4</b>

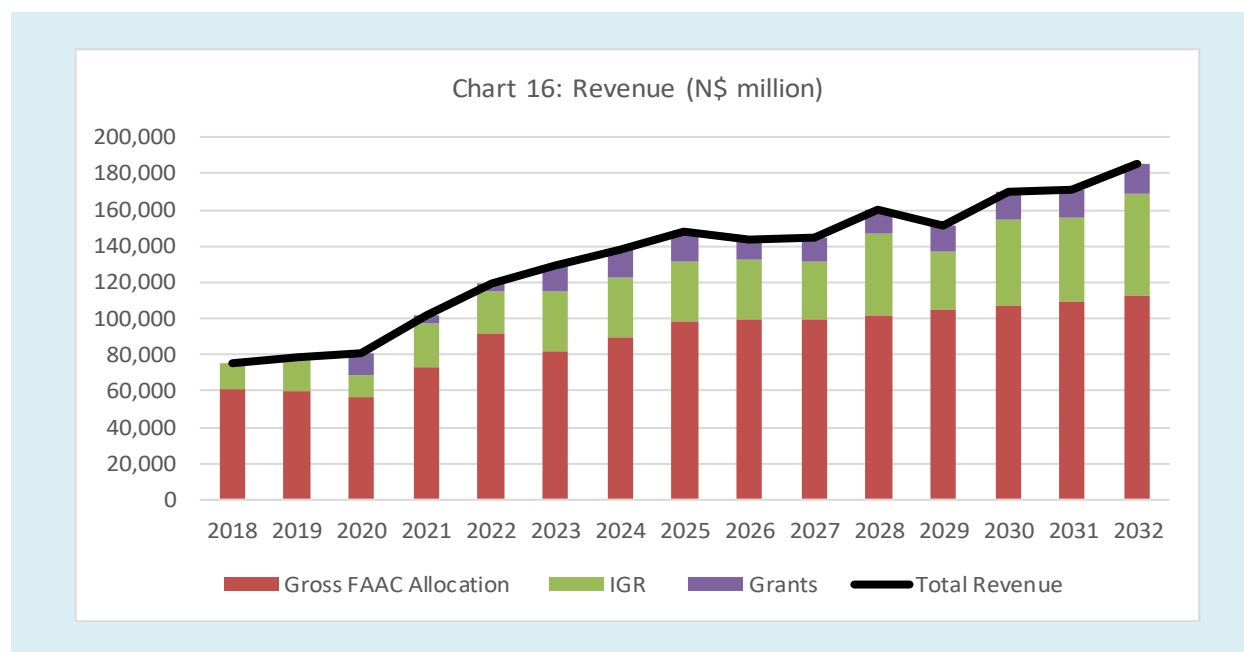
## 4.2 DSA Simulation Results

### Revenue, expenditure, overall and primary balance over the long-term.

The Macroeconomic framework consider the IMF's national real GDP growth and inflation forecasts from 2023, IMF World Economic Outlook document, and mineral benchmarks (oil price, production, and NGN/USD exchange rate) from Federal Government of Nigeria's MTEF/FSP 2023-2026.

**4.2.1 Revenue** – Sokoto State Revenue is expected to increase over the projected period from N129,504 million in 2023 to 185,872 million in 2032, which present an increase from the FAAC allocation by N30,953 million or 21.21 percent, IGR by N24,000 million or 73.26 percent, and N1,415 million or 9.42 percent, respectively.

Estimated on Revenue were sources from the Approved 2023 Budget; Economic & Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS), 2023-2026; the projections period from 2027-2032 projections as estimated by the official of Sokoto State Ministry of Budget and Economic Planning.



**4.2.2 Expenditure** – Expenditure projected to grow by N62,244 million or 39.72 percent over the projection period of 2023-2032, the Capital expenditure has the largest share over the estimated period. indicating stability in the state growth recovery. The growth in the period is predicated on sustaining effective implementation of the new laws. The government is expected to continue its fiscal strategy of directing resources to the most productive and growth-enhancing sectors, including Agriculture, Infrastructure, Manufacturing, Housing and Construction, Education, Health and Water Resources within the period.

Estimated on Expenditure were sources from the 2023 Approved Budget; Economic & Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS), 2023-2026; the projections period from 2027-2032 projections as estimated by the official of Sokoto State Ministry of Budget and Economic Planning.

**4.2.2.1 Personnel** – The state has maintained digital staff records and periodic staff verification to check abnormalities associated with payroll, hence the improvements in personnel budget forecasts and performances. With the recent increase in youth employment in the public service

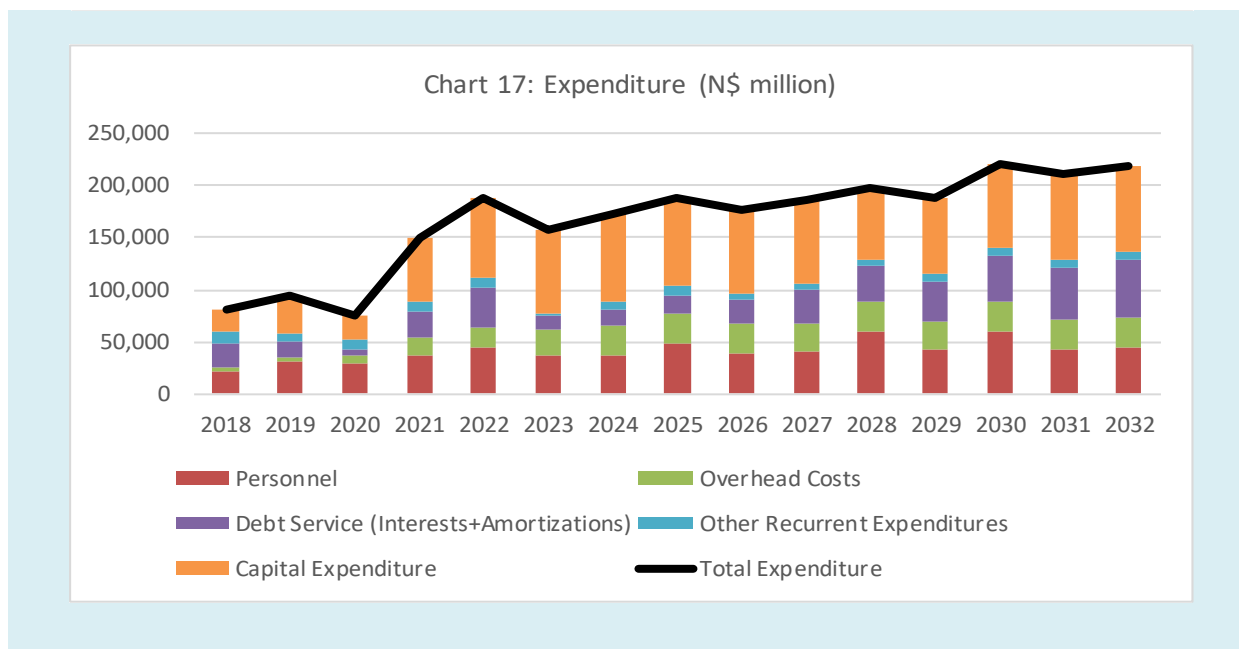
and new appointments to be followed by the new administration in the State, the 2023 – 2026 personnel was forecasted at an own percentage of 10%,11%, and 12% respectively, which considered the halt in employment that might be witnessed in the fiscal year 2025 and 2026 building on the existing workforce strengthen and new employments in that will occur between 2023 and 2024. Additionally, for the 2024 fiscal year, there is speculation of an increase in the minimum wage because of the subsidy removal, which by bureaucracy and political engagement, might take its course by the end quarters of 2024.

**4.2.2.2 Overheads** – Overheads estimated to grow from N25,388 million in 2022 to N28,331 million in 2032. More so, the State cash management is expected to ensure effective releases, although Government transition is also considered in the year under forecast.

**4.2.2.3 Total Debt Service** – is based on the projected principal and interest repayments for 2023, 2024, 2025 and 2025. Hence, an own value has been used anticipating that public debt charge will remain largely stable with minimal growth over the medium term.

**4.2.2.4 Other Recurrent Expenditures** – other recurrent expenditure comprises Social Contribution and Social Benefits – Pensions and gratuity payments is expected to remain at the level of 2020 actual. Hence, the own percentage of zero growth is adopted over the projection period.

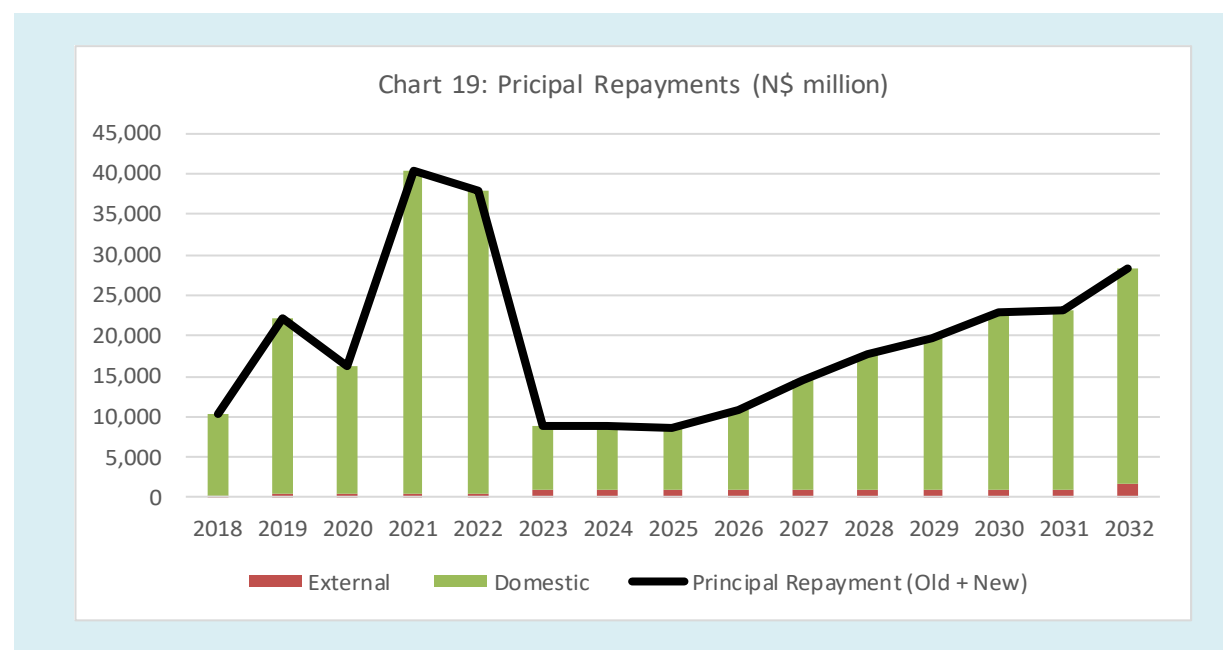
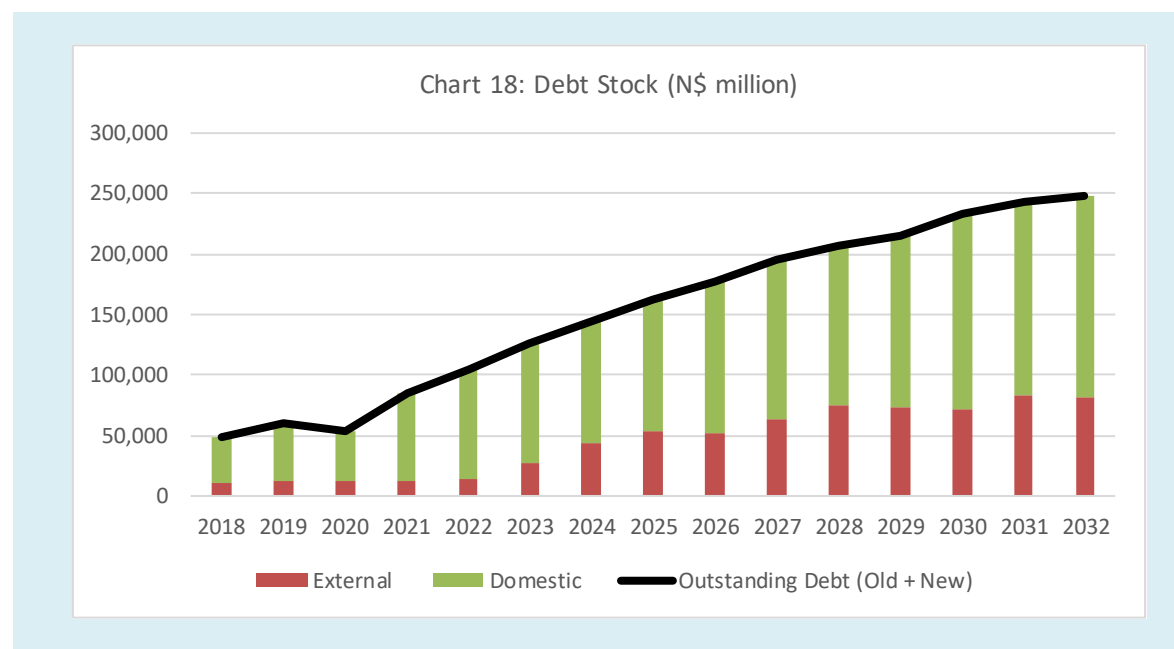
**4.2.2.5 Capital Expenditure** - is based on the balance from the recurrent account plus capital receipts, and less contingency reserve as outlined above. The percentage of capital expenditure in 2023, 2025, 2027, 2029, and 2031 is expected to be 50.20 percent, 44.54 percent, 443.30 percent, 38.88 percent and 38.88 percent respectively.



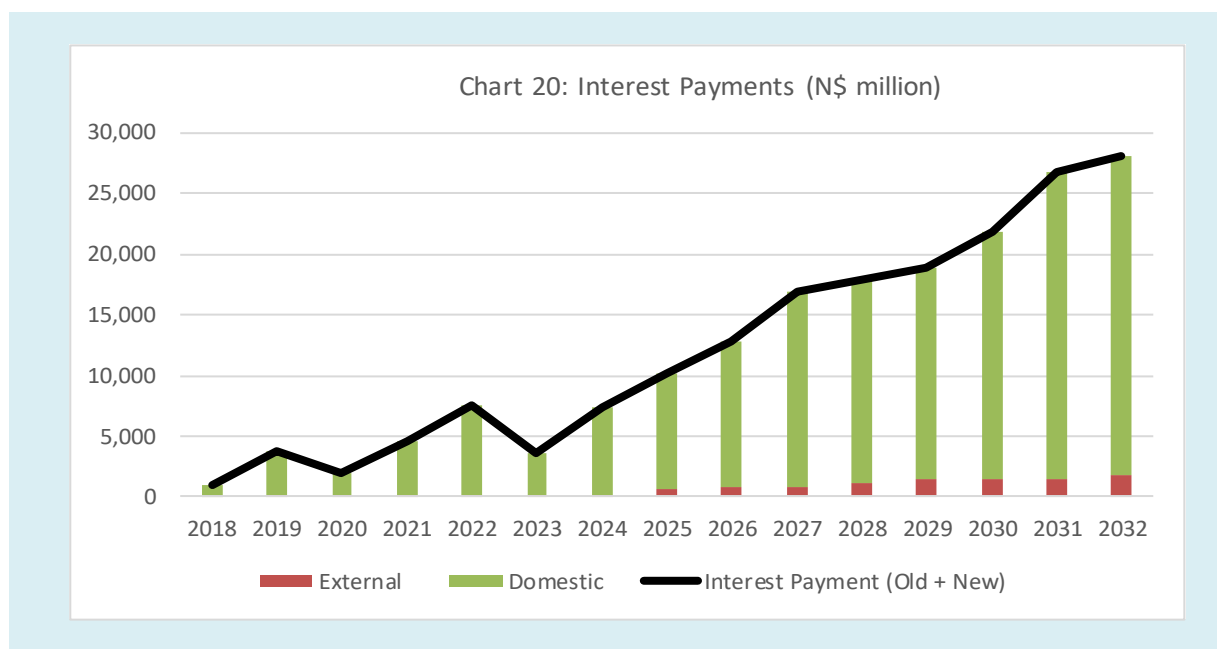
**4.3 Primary Balance** -The fiscal deficit of Sokoto State Medium Term Expenditure Framework (MTEF), 2023-2026, the estimate an average financing needs to stood N24,096.5 million over the projection period, which comprise the financing of N15,977.6 million in 2023, N27658.3 million in 2024, N25,654.9 million in 2025, and N27,095.4 million in 2026 respectively. **Gross Financing Needs is the sum of budget deficits and funds required to roll over debt that matures over the year.** The fiscal deficit projection beyond the MTEF period is hinged on the anticipated improvement in the revenue due to the various initiatives and reforms by the Government, as well as efficiency and quality of spending. Sokoto State should sustain the current Budget reform programme particularly as it relates to the preparation of a realistic budget, ensuring policy-plan-budget linkages using the State MTSSs, and early passage of the budget. Efforts should be made to prepare MTSS for other sectors not yet provided for.

The government must continue to monitor the performance of mineral-based revenues to ensure estimates are consistent with the latest development globally and within the Federal Government's budget process. If the benchmark price of crude in the Federal FSP is lower or higher than \$62 per barrel used herein and IMF, World Bank, OPEC, and US Energy Information Administration Reports validate the oil price benchmark provided in Federal FSP, the State should revisit the assumptions and recalculate statutory allocation.

**4.4 Debt Stock** - Debt Stock is estimated to increase to N125,959 million, N161,750 million, N196,244 million, N214,800 million, N242,900 million in 2023, 2025, 2027, 2029, and 2031 respectively. Sokoto State government expected to payment the Principal Repayment of N8,853 million in 2023 and N28,243 million in 2032, compared with the Interest Payment N3,582 million in 2023 and N28,046 million in 2032. (See Charts 18 to 20, below).







#### 4.5 Main Key Findings

Under Baseline Scenario, the Debt Sustainability Analysis results show that the ratio of Debt as % of GDP is projected at 3.55 percent in 2023, 3.57 percent in 2025, 3.50 percent in 2027, 3.09 percent in 2029, and 2.82 percent in 2031, respectively, as against the indicative threshold of 25 percent. Sokoto State would remain under the threshold for Debt to SGDP ratio of 25 percent over the projection period.

On the Total Debt Sustainability Analysis, the results show that the ratio of Debt to revenue remains below its indicative threshold under the Baseline scenario. However, based on the Most Extreme Shock in Revenue, Expenditure, Exchange rate and Interest rate, and historical remains moderate debt distress over the projection period.

The 2023 DSA exercise shows that there is substantial Space to Borrow based on the state's current revenue profile. Meanwhile, the ratios of Debt Service to Revenue and Personnel Cost to Revenue trends remain under the threshold over the projection period from 2023-2032, with the strong-minded efforts by the State Government through its various initiatives and reforms in the key sectors of the economy.

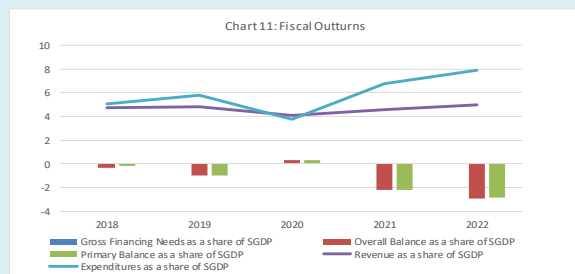
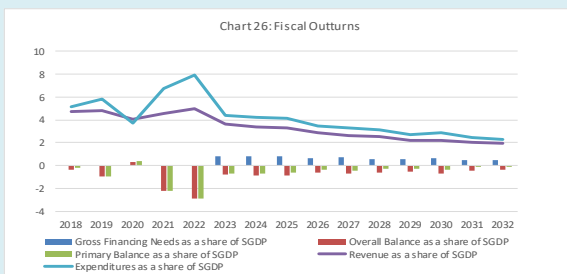
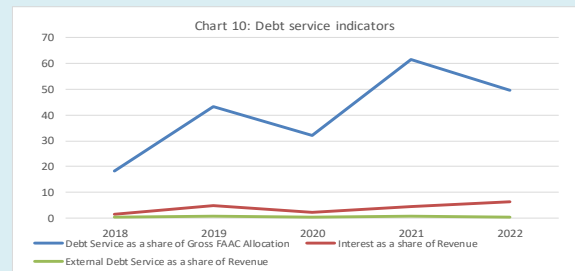
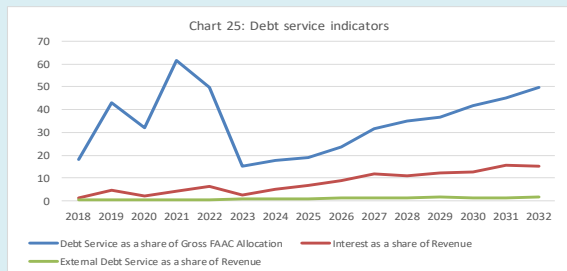
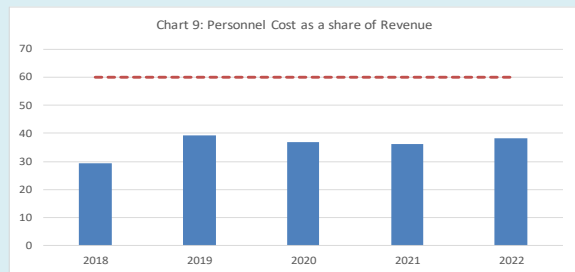
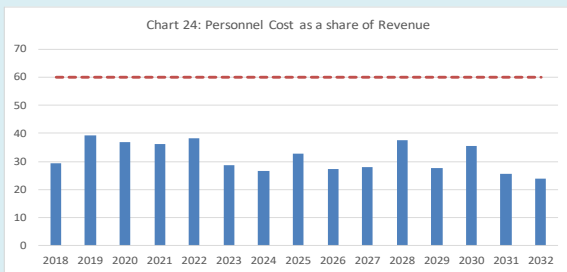
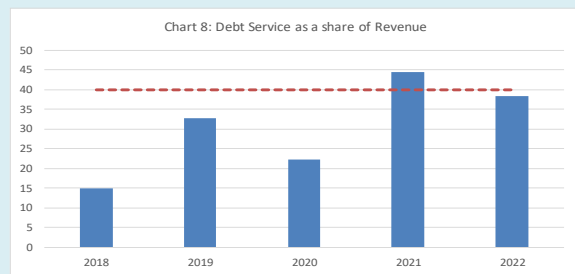
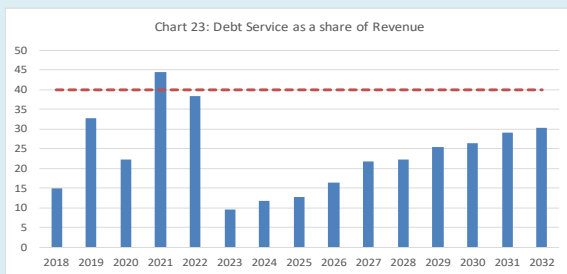
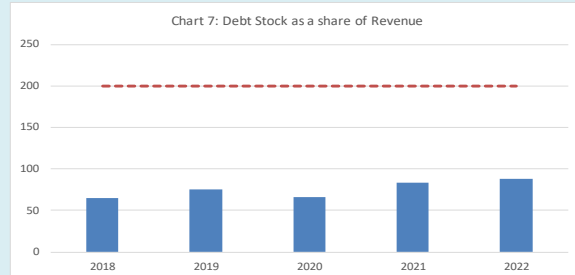
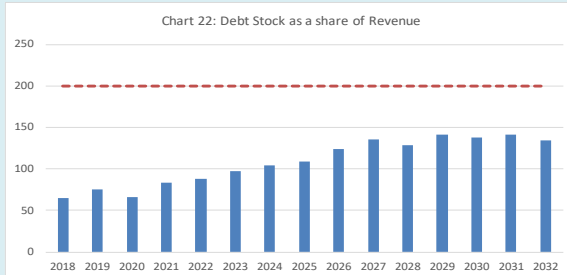
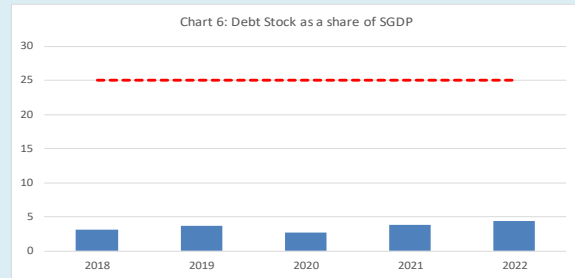
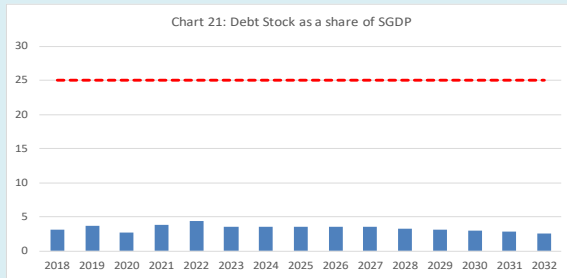
The revenue-based indicators show that the Debt to Revenue for 2022, 2026 and 2031 were projected at 88.77 percent, 133.55 percent and 155.29 percent respectively and were still below the threshold of 200 percent.

The Debt Service to Revenue ratio over the projection period revealed the following: 2022 (18.60 percent), 2025 (14.21 percent), 2028 (27.01 percent) and 2031 (27.21 percent), as against the threshold of 40 percent to the end of the projection period in the medium to long term.

The Personnel Cost to Revenue remained under state threshold of 60 percent from 31.02 percent in 2022 to 28.44 percent in 2031. Thus, Sokoto State Debt remained sustainable on the revenue and debt indicators given the percentage level. This is largely due to the Government various initiatives and reforms in the key sectors of the economy to be implemented in the years.

### Sokoto State Debt Burden Indicators, 2023-2032

	Threshold	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Debt as % of SGDP	25	3.55	3.55	3.57	3.53	3.50	3.30	3.09	3.02	2.82	2.60
Debt as % of Revenue	200	97.26	104.74	108.95	123.71	135.60	128.81	141.60	137.28	141.71	133.75
Debt Service as % of Revenue	40	9.60	11.69	12.73	16.34	21.69	22.22	25.45	26.37	29.04	30.28
Personnel Cost as % of Revenue	60	28.67	26.69	32.83	27.44	27.85	37.54	27.64	35.37	25.45	23.93
Debt Service as a share of Gross FAAC Allocation	nil	15.22	17.93	19.10	23.64	31.69	34.95	36.86	41.78	45.27	49.95
Interest as a share of Revenue	nil	2.77	5.29	6.89	8.87	11.67	11.17	12.41	12.89	15.58	15.09
External Debt Service as a share of Revenue	nil	0.92	0.86	1.09	1.31	1.30	1.38	1.64	1.46	1.45	1.89
Gross Financing Needs as a share of SGDP	nil	0.81	0.85	0.81	0.68	0.72	0.57	0.53	0.65	0.49	0.46
Overall Balance as a share of SGDP	nil	-0.77	-0.84	-0.87	-0.63	-0.73	-0.60	-0.52	-0.66	-0.46	-0.35
Primary Balance as a share of SGDP	nil	-0.67	-0.66	-0.64	-0.38	-0.43	-0.31	-0.25	-0.38	-0.15	-0.05
Revenue as a share of SGDP	nil	3.65	3.39	3.28	2.85	2.58	2.56	2.18	2.20	1.99	1.94
Expenditures as a share of SGDP	nil	4.42	4.23	4.15	3.49	3.31	3.16	2.71	2.86	2.45	2.29



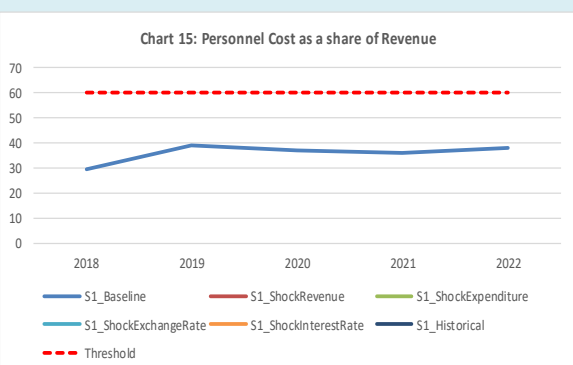
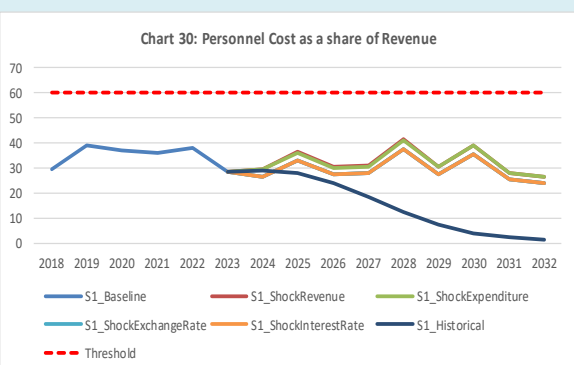
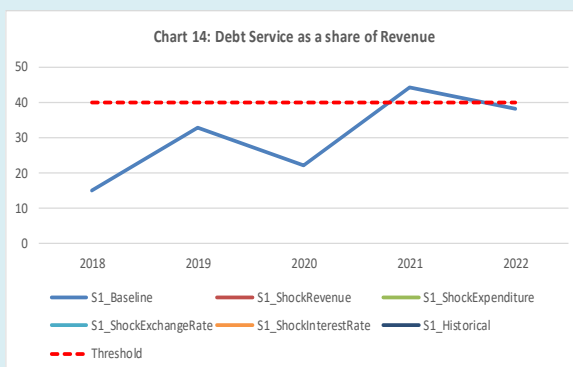
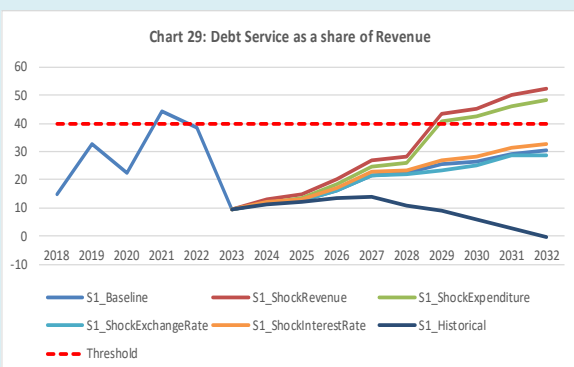
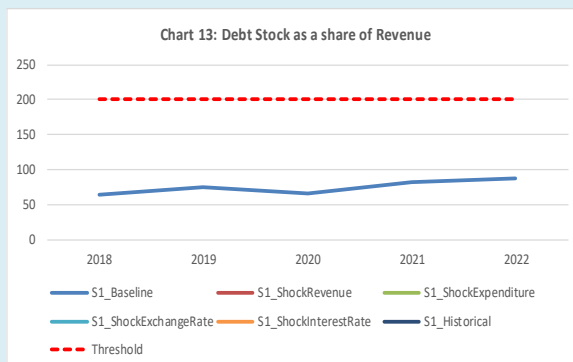
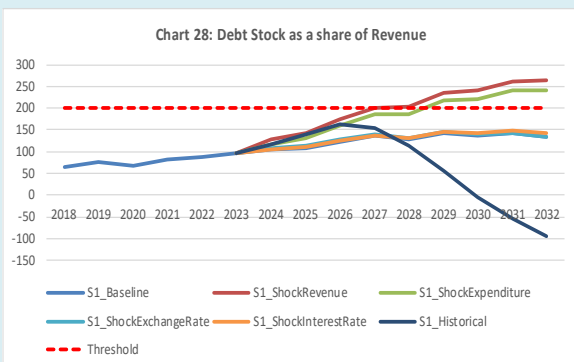
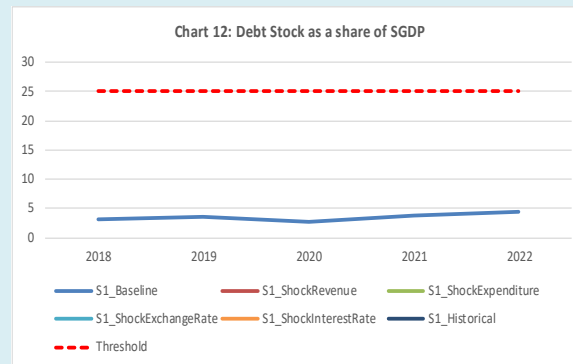
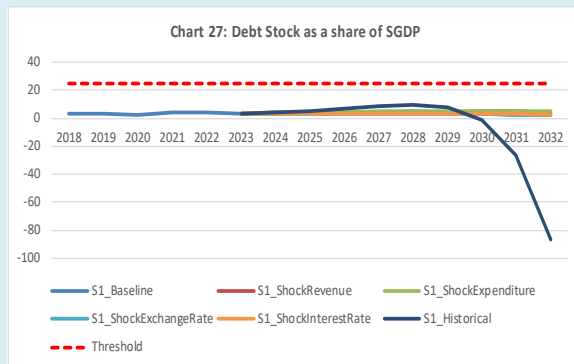
## 4.5 Conclusion

The outcome of the 2022 DSA revealed that Sokoto's Total Debt remains at a Moderate Risk of Debt distress with substantial space to accommodate shocks. Sokoto State Risk Rating remains at a Moderate Risk of debt distress with capacity to accommodate shocks in Revenue, Expenditure, Exchange rate and Interest Rate. The ongoing efforts by the government towards improving revenue generation and diversifying the economy, through various initiatives and reforms in Tax Administration and Collections, as well as the Strategic Revenue Law, would improve the outlook for Total Debt with enhanced revenue performance. Thus, the Revenue indicators and Borrowing Space are expected to improve in the medium to long-term.

## 4.6 DSA Sensitivity Analysis

Sokoto State's 2022 DSA analysis remains at moderate risk of debt distress under sensitivity analysis. The State DSA analysis shows deteriorated or weakening ratios due to application of revenue shocks, expenditure shocks, exchange rate shocks, interest rate shocks and historical shock, that would lead to increase Gross Financing Needs over the projection period. The shocks apply breached the threshold under debt as percentage of Revenue from 2028 to 2032 (under revenue and expenditure shocks). The debt service as percent of Revenue breached the benchmarks from 2028 to 2032 through revenue and expenditure Shocks. There is an 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 implementing far-reaching policies that will bolster IGR into the state. This has become critical, given the continued volatility in the FAAC allocation. The above shock narratives are considered under the pessimistic scenario.

The projections under the Sokoto State 2022 DSA remain sustainable on course with strict adherence to prudent debt management as well as fiscal discipline. With the provisions of law guiding domestic and international borrowing by Fiscal Responsibility Act, and Debt Management, the Government is positioned for prudent debt management and fiscal discipline in order to be able to honor its future financial obligations without recourse to any financing options.



## Chapter 5: Debt Management Strategy

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

The Debt Management Strategy provides alternative strategies to meet the financing requirements for Sokoto. 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. Sokoto's Debt Management Strategy, 2023-2027, 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 2027, as projected in the baseline scenario. Risk is measured by the deviation from the expected value in 2027 caused by an unexpected shock, as projected in the most adverse scenario.

### 5.1 Alternative Borrowing Options

**Strategy 1 (S1) reflects a "status quo" MTEF Financing Mix:** It follows the broad parameters of the financing mix in the fiscal year 2023 and 2024-2026 Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS). External gross borrowing under Concessional loans accounts on average 31.75 percent over the strategic period. The Domestic gross financing comprises commercial bank loans, and State bonds. The Commercial Bank loans with maturity of 1-5 years is projected to account on average of 15.30 percent over the strategic period. The Commercial Bank loans (maturing 6 years above), State Bonds (maturing 1-5 years), and State Bonds (maturing 6 years above) estimated financing with an average of 24.28 percent, 7.75 percent, 20.92 percent and 20.92 percent over the DMS period of 2023-2027.

**Strategy 2 (S2) focuses more financing through commercial bank loans:** In this strategy it has been assumed the distribution between external and domestic borrowing remains the same in 2023 as its in strategy 1. With the remaining borrowing distributions from 2024 to 2027, the state government will focus its financing through commercial bank loans with average 46.91 percent under 1-5 years tenure and 42.49 percent under above 6 years tenure, other gross financing needs through the State bond (maturing 1-5 years) and State bonds (maturing 6 years above) which was estimated to account on average of 12.13 percent and 13.95 percent over the strategic period.

**Strategy (S3) focuses its financing through domestic debt market:** In strategy 3, the government decided to focus its financing from 2023 to 2027, through State Bonds (1-5 years), State Bonds (above 6 years), Commercial Bank loans (1-5 years), Commercial Bank loans (above 6 years), and Concessional Loans with an average of 18.43 percent, 24.30 percent, 22.09 percent, 42.25 percent and 6.09 percent, respectively. This strategy considers the scenario where proportions of external and domestic debt instruments in 2023 remain the same with strategy 1.

**Strategy (S4) increases the share of external borrowing:** In this strategy, External Financing (Concessional Loans) represents an average of 26.59 percent from 2023-2027, Bilateral loans 10.75 percent, other gross financing comprises are through Commercial bank loans (1-5 years) and Commercial bank loans (above 6 years) with average period of 41.92 percent and 24.95 percent respectively.

## 5.2 DMS Simulation Results

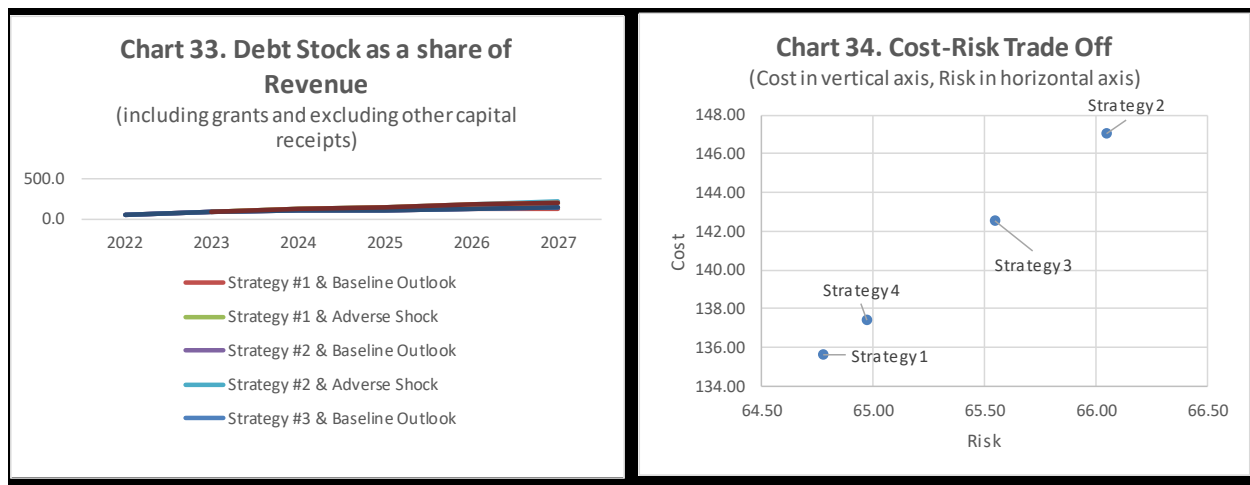
Analysis of strategies & outcomes of the analysis. The cost risk trade off charts illustrates the performance of the alternative strategies with respect to four debt burden indicators.

### a. Debt as a share Revenue:

Strategy 1 shows the Cost ratio of Debt to Revenue was estimated at 135.60 percent, Strategy 2 (147.06 percent), Strategy 3 (142.57 percent) and Strategy 4 (137.37 percent), over the DMS period of 2026, compared with the Risks measured of Strategy 1 (64.78 percent), Strategy 2 (66.05 percent), Strategy 3 (65.55 percent) and Strategy 4 (64.97 percent), respectively.

The strategic analysis using the debt indicator of debt to revenue shows that S1 is the most prepared strategy with the least costly and risk compare with the S2 which is the costliest and risks strategy as concentrated on more Commercial Bank loans over the DMS period of 2023-2027.

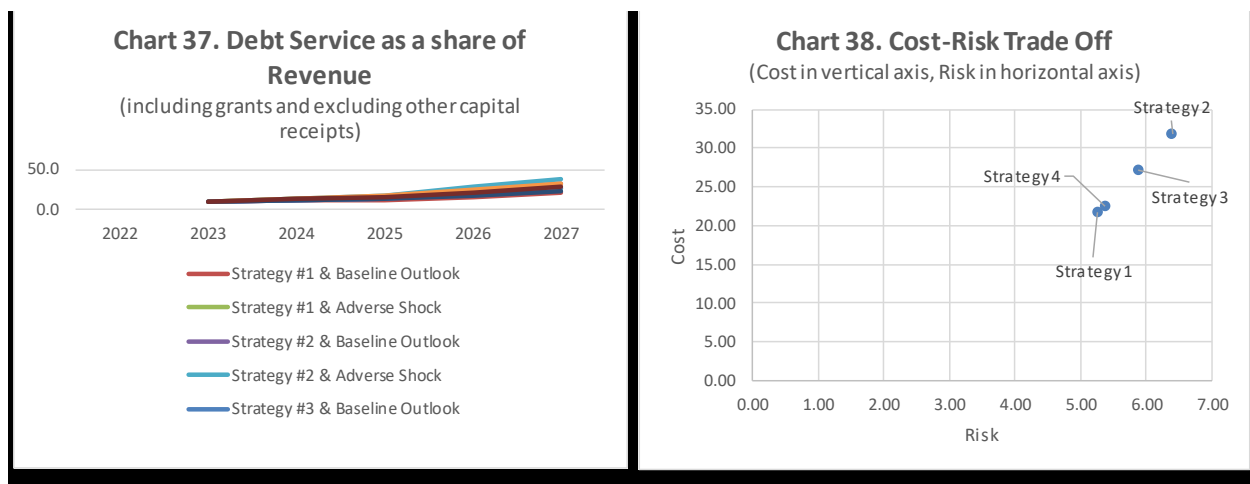




**b. Debt Service as a share of Revenue:**

In terms of Debt Service to Revenue, Strategy 1 has the lowest costs and risks of 21.69 and 5.27 percent compared with S4 (costs at 22.60 percent and risks at 5.37 percent), S3 (costs at 27.15 percent and risks at 5.88 percent) and S2 (costs at 31.74 percent and risks at 6.39 percent), respectively, over the strategic period of 2027.

The strategic analysis indicated that S1 has the lowest costs and risks at 21.69 percent and 5.27 percent under the Debt Service to Revenue, and the S2 is the costliest and riskiest strategy compared with the S3 and S4 which are rated as moderate strategy over the period.

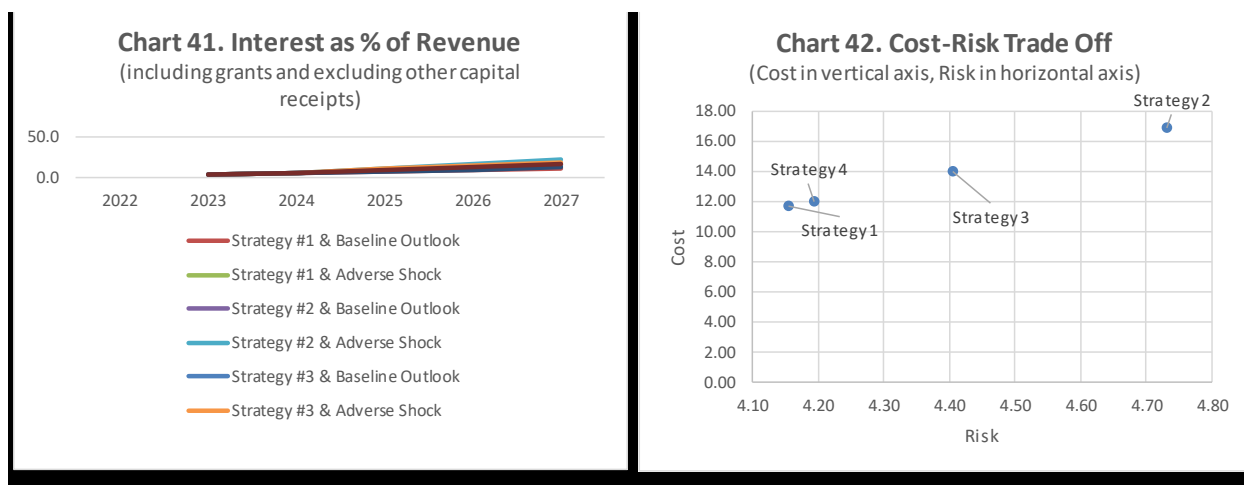


**c. Interest as a share of Revenue**

Strategy 2 has the highest costs and highest risks with regards Interest to revenues, which projected at 16.85 percent and 4.73 percent, and Strategy 1 has the lowest cost and least risks

(11.67 percent and 4.16 percent), compared with the moderate S4 (12.02 percent and 4.19 percent) and S3 (13.93 percent and 4.41 percent) over the strategic period of 2027.

The strategic analysis indicates that S1 is the most prepared strategy which has the lowest costs and risks due to financing mix compared to other Strategies, as the external debt service terms requirement has low interest rate, longer maturity and grace period in concessional external financing.



### 5.3 DMS Assessment

An important consideration when comparing alternative debt management strategies is a strategy which would best satisfy the government's stated debt management objectives to ensure its financing at minimum cost and risk while developing the domestic debt market. The government needs to follow the strategy which results in lengthening its maturity profile to reduce the refinancing risk along with providing sufficient external inflows in the medium term to reduce the pressure on domestic resources keeping in view cost-risk tradeoffs.

Based on cost and risk analysis of alternative strategies, a strategy, such as Strategy 1 is the most prepared strategy with the lowest costs and lowest risks, under debt as percentage of Revenue, debt service as percentage of revenue as well as interest as percentage of revenue. **The implementation of Strategy 1 seems more feasible than others considering the ability to implement the chosen strategy successfully in the medium-term.**

In comparison to the current debt position, Sokoto State debt portfolio stood at N104,450.40 million in 2022, which expected an increase to N196,243.83 million under S1 during the strategic

period, compared to S2 (N212,833.95 million), S3 (N206,334.38 million), and S4 (N198,816.23 million). In addition to this, the cost/risk trade-offs are considered, using the debt to GDP, debt to revenue, debt service to GDP, debt service to revenue, interest to GDP and interest payment to GDP ratios, S1 is selected as the preferred strategy for 2023-2027.

The Debt Management Strategy, 2023-2027 represents a robust framework for prudent debt management, as it provides a systematic approach to decision making on the appropriate composition of external and domestic borrowing to finance the 2023 budget. The cost-risk trade-off of alternative borrowing strategies under the DMS has been evaluated within the medium-term context.

Sokoto State's 2022 DMS remains at moderate risk of debt distress under sensitivity analysis. The State DSA performance indicators show that the State's debt is sustainable both under the Baseline and Optimistic scenarios from 2023 to 2032.

The Fiscal Strategy Paper prioritized projects and programmes in a sustainable manner and consistent with its development policy objective of the Government. The fiscal policies strongly recommend that the existing debt and new borrowing should be kept below the established threshold. Also, the Fiscal Responsibility Act provides for prudent spending of public funds.

## **Annex I: Baseline Assumptions**

Statutory Allocation - the estimation for statutory allocation is based on an elasticity forecast taking into consideration the key macroeconomic and fiscal assumptions in the Sokoto State EFU-FSP, 2023-2025.

Value Added Tax (VAT) – considering that changes in key macroeconomic parameters including the nature of impact of the volatile commodity prices and exchange rate on aggregate economic activity, VAT was forecasted using the elasticity forecast method.

Other Federation Account Distributions – the estimation is based on the current receipt (i.e. from January to May 2021).

Internally Generated Revenue (IGR) – Internally Generated Revenue (IGR) – the current administration has sustained internal revenue administration reforms. These measures have started yielding results. It is anticipated that IGR will grow by 25% in 2023 but increase on a constant rate of 10% in 2023, 2024 and 2025. Consequently, an own percentage has been used to forecast IGR for the period 2023 – 2025.

Grants – The internal grants are based on calculated expected inflow for the period 2023-2025. External grants are based on signed grant agreements with the development partners.

Financing (Net Loans) – In 2023 Sokoto State intends to continue to leverage short term commercial loan to bridge funding gaps for capital projects pending inflow from IGR and FAAC during the year. All other internal and external loans are projections based on signed agreements.

Personnel – The on-going staff verification is to check abnormalities in the pay roll. The State is determined to sustain the trend to reduce personnel cost. It is anticipated that the number of political office holders will also be reduced, and the personnel cost is projected to register increase by 5% in 2023, 2024 and 2025 respectively.

Overheads – Annual increases were relatively low over the period 2015 and 2016. However, there was a large increase in 2017-2019 and fell in 2020. Moving the average excluding outlier is used to forecast overheads because the expected growth rate for 2023-2025 is expected to substantially follow the trend recorded in the past five years.

Social Contribution and Social Benefits – Pensions and gratuity payments is expected to remain at the level of 2020 actual. Hence, the own percentage of zero growth is adopted for 2023-2025.

Public Debt Charges – is based on the projected principal and interest repayments for 2023, 2024 and 2025. Hence, an own value has been used anticipating that public debt charge will remain largely stable with minimal growth over the medium term.

Transfer to Internal Revenue Services – is 10% of total IGR to be transferred to Internal Revenue Service for 2023, 2024 and 2025. The transfer is done by the office of the Accountant General to the Revenue Service sequel to the submission of the monthly generation to the treasury. It is to cover the cost of collection and allowances of staff.

Capital Expenditure – is based on the balance from the recurrent account plus capital receipts, less contingency reserve as outlined above. The percentage of capital to total expenditure amounted at 24.83 percent in 2017 compared to 44.02 percent in 2021. However, the percentage of capital expenditure in 2023, 2024 and 2025 is expected to be N78,660.99 million, N84,079.67 million and N83,698.93 million respectively.

2023		Projection Methodology	Source
Assumptions:			
Economic activity	State GDP (at current prices)	State GDP projected using the actual 5-GDP and projected N-GDP nominal growth rate	State Statistics and NBS
Revenue	Revenue		
1. Gross Statutory Allocation ('gross' means with no deductions; do not	Statutory Allocation – the estimation for statutory allocation is based on an elasticity forecast taking into consideration the key macroeconomic and fiscal assumptions as explained in paragraph 132 of the Sokoto State EFU-FSP, 2023-2025. In this result area we witnessed an increase achieved 78.04% against budgeted amount of ₦54,149 billion within the year under review		2023 Budget and EFU-FSP-BPS, 2023-2025
1.a. of which Net Statutory Allocation ('net' means of deductions)	Statutory Allocation – the estimation for statutory allocation is based on an elasticity forecast taking into consideration the key macroeconomic and fiscal assumptions as explained in paragraph 132 of the Sokoto State EFU-FSP, 2023-2025. This parameter equally improved based on the percentage achieved against budgeted amount		2023 Budget and EFU-FSP-BPS, 2023-2025
1.b. of which Deductions	Statutory Allocation – the estimation for statutory allocation is based on an elasticity forecast taking into consideration the key macroeconomic and fiscal assumptions as explained in paragraph 132 of the Sokoto State EFU-FSP, 2023-2025. It also improve significantly based on budget and achievement recorded under review		2023 Budget and EFU-FSP-BPS, 2023-2025
2. Derivation (if applicable to the State)	Other Federation Account Distributions – the estimation is based on the current receipt. In this result area we equally achieved 78.04% against target.		2023 Budget and EFU-FSP-BPS, 2023-2025
3. Other FAAC transfers (exchange rate gain, augmentation, others)	VAT – considering that changes in key macroeconomic parameters including the nature of impact of the volatile commodity prices and exchange rate on aggregate economic activity, VAT was forecasted using the elasticity forecast method. In this result area we have surpass the amount budgeted by achieving 127.54% in the year under review.		2023 Budget and EFU-FSP-BPS, 2023-2025
4. VAT Allocation	Internally Generated Revenue (IGR) – the current administration has sustained internal revenue administration reforms. These measures have started yielding results. It is anticipated that IGR will grow by 25% in 2022 but increase on a constant rate of 10% in 2023, 2024 and 2025. Consequently, an increase percentage has been used to forecast IGR for the period 2023 – 2025. In the year under review ₦23,110 billion was achieved against budget of ₦25,889 which translate to 89.27% achievement.		2023 Budget and EFU-FSP-BPS, 2023-2025
5. IGR	Grants – The internal grants are based on calculated expected inflow for the period 2023-2025. External grants are based on signed grant agreements with the development partners. In the year review our grant witness a slight decrease to ₦6.02 billion against ₦4.33 achieved 2021.		2023 Budget and EFU-FSP-BPS, 2023-2025
6. Capital Receipts	Transfer to Internal Revenue Services – is 10% of total IGR to be transferred to Internal Revenue Service for 2023, 2024 and 2025. The transfer is done by the Office of the Accountant General to the Revenue Service sequel to the submission of the monthly generation to the treasury. It is to cover the cost of collection and allowances of staff.		2023 Budget and EFU-FSP-BPS, 2023-2025
6.a. Grants			
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, other	Personnel – Due to the rising condition off leaving couple with increase of unemployment. The State is determined to sustain the trend to reduce personnel cost. It is anticipated that the number of political office holders will also be reduced, and the personnel cost is projected to register increase by 5% in 2023, 2024 and 2025 respectively. In the year under review ₦45,040 billion was budgeted and ₦42,022 expended which is 98.36% this may not be unconnected in employing some medicals		2023 Budget and EFU-FSP-BPS, 2023-2025
2. Overhead costs	Overheads – Annual increases were relatively low over the period 2018 and 2019. However, there was a large increase in 2020-2021 and fell in 2022. Moving average excluding outlier is used to forecast overheads because the expected growth rate for 2023-2025 is expected to substantially follow the trend recorded in the past five years. However in the year under review ₦18.164 billion was expended against budget of ₦22.254 billion which is 81.62% Our desire for continued cost reduction in this cost centre as in line with our future forecast shall prevail in the next coming years.		2023 Budget and EFU-FSP-BPS, 2023-2025
3. Interest Payments (Public Debt Charges, including interests deducted	Amortization and interest payments estimated using profiles recorded in the DMO. Include the external debt service paid through FAAC deductions. Equality in this cost centre the following percentage achieved in both amortization and interest on domestic debt were 74.69%, which is a judicious reasonable, meanwhile on the external debt fell short by 24.23% to the budgeted higher estimation.	Debt Management Office, Nigeria	
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead C	Social Contribution and Social Benefits – Pensions and gratuity payments is expected to remain at the level of 2020 actual. Hence, the own percentage of zero growth is adopted for 2023-2025.	Debt Management Office, Nigeria	
5. Capital Expenditure	Capital Expenditure – is based on the balance from the recurrent account plus capital receipts, less contingency reserve as outlined above. The percentage of capital to recurrent expenditure from 2018 to 2022 was in the range of 33% to 43%. However, the percentage of capital expenditure in 2023, 2024 and 2025 is expected to be 59.96%, 46.36% and 36.82% respectively.	2023 Budget and EFU-FSP-BPS, 2023-2025	
Closing Cash and Bank Balance	Closing Cash and Bank Balance	Financial Statements	2023 Budget and EFU-FSP-BPS, 2023-2025
Debt Amortization and Interest Payments	Debt Outstanding at end-2022		
External Debt - amortization and interest	Debt Charges – is based on the projected principal and interest repayments for 2023, 2024 and 2025. Hence, an own value has been used anticipating that public debt charge will remain largely stable with minimal growth over the medium term.	Debt Management Office, Nigeria	
Domestic Debt - amortization and interest	Debt Charges – is based on the projected principal and interest repayments for 2023, 2024 and 2025. Hence, an own value has been used anticipating that public debt charge will remain largely stable with minimal growth over the medium term.	Debt Management Office, Nigeria	
New debt issued/contracted from 2023 onwards			
New External Financing	Financing (Net Loans) – In 2023 Sokoto State intends to continue to leverage short term commercial loan to bridge funding gaps for capital projects pending inflow from IGR and FAAC during the year. All other internal and external loans are projections based on signed agreements.	2023 Budget and EFU-FSP-BPS, 2023-2025	
External Financing - Concessional Loans (e.g., World Bank, African Deve	Financing (Net Loans) – In 2023 Sokoto State intends to continue to leverage short term commercial loan to bridge funding gaps for capital projects pending inflow from IGR and FAAC during the year. All other internal and external loans are projections based on signed agreements.	2023 Budget and EFU-FSP-BPS, 2023-2025	
External Financing - Bilateral Loans	Financing (Net Loans) – In 2023 Sokoto State intends to continue to leverage short term commercial loan to bridge funding gaps for capital projects pending inflow from IGR and FAAC during the year. All other internal and external loans are projections based on signed agreements.	2023 Budget and EFU-FSP-BPS, 2023-2025	
Other External Financing	Financing (Net Loans) – In 2023 Sokoto State intends to continue to leverage short term commercial loan to bridge funding gaps for capital projects pending inflow from IGR and FAAC during the year. All other internal and external loans are projections based on signed agreements.	2023 Budget and EFU-FSP-BPS, 2023-2025	
New Domestic Financing	Financing (Net Loans) – In 2023 Sokoto State intends to continue to leverage short term commercial loan to bridge funding gaps for capital projects pending inflow from IGR and FAAC during the year. All other internal and external loans are projections based on signed agreements.	2023 Budget and EFU-FSP-BPS, 2023-2025	
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, In	Financing (Net Loans) – In 2023 Sokoto State intends to continue to leverage short term commercial loan to bridge funding gaps for capital projects pending inflow from IGR and FAAC during the year. All other internal and external loans are projections based on signed agreements.	2023 Budget and EFU-FSP-BPS, 2023-2025	
Commercial Bank Loans (maturity 6 years or longer, including Agric Loa	Financing (Net Loans) – In 2023 Sokoto State intends to continue to leverage short term commercial loan to bridge funding gaps for capital projects pending inflow from IGR and FAAC during the year. All other internal and external loans are projections based on signed agreements.	2023 Budget and EFU-FSP-BPS, 2023-2025	
State Bonds (maturity 1 to 5 years)	Financing (Net Loans) – In 2023 Sokoto State intends to continue to leverage short term commercial loan to bridge funding gaps for capital projects pending inflow from IGR and FAAC during the year. All other internal and external loans are projections based on signed agreements.	2023 Budget and EFU-FSP-BPS, 2023-2025	
State Bonds (maturity 6 years or longer)	Financing (Net Loans) – In 2023 Sokoto State intends to continue to leverage short term commercial loan to bridge funding gaps for capital projects pending inflow from IGR and FAAC during the year. All other internal and external loans are projections based on signed agreements.	2023 Budget and EFU-FSP-BPS, 2023-2025	
Other Domestic Financing	Financing (Net Loans) – In 2023 Sokoto State intends to continue to leverage short term commercial loan to bridge funding gaps for capital projects pending inflow from IGR and FAAC during the year. All other internal and external loans are projections based on signed agreements.	2023 Budget and EFU-FSP-BPS, 2023-2025	
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy 51	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy 51	Insert the Borrowing Terms for New External Debt: interest rate (%), maturity (n years) and grace period (n)	
New Domestic Financing in Million Naira	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, In	Gross Financing distributions was based on Sokoto State's EFU-FSP-BPS, 2023-2025	2023 Budget and EFU-FSP-BPS, 2023-2025
Commercial Bank Loans (maturity 6 years or longer, including Agric Loa	Commercial Bank Loans (maturity 6 years or longer, including Agric Loa	Gross Financing distributions was based on Sokoto State's EFU-FSP-BPS, 2023-2025	2023 Budget and EFU-FSP-BPS, 2023-2025
State Bonds (maturity 1 to 5 years)	State Bonds (maturity 1 to 5 years)	Gross Financing distributions was based on Sokoto State's EFU-FSP-BPS, 2023-2025	2023 Budget and EFU-FSP-BPS, 2023-2025
State Bonds (maturity 6 years or longer)	State Bonds (maturity 6 years or longer)	Gross Financing distributions was based on Sokoto State's EFU-FSP-BPS, 2023-2025	2023 Budget and EFU-FSP-BPS, 2023-2025
Other Domestic Financing	Other Domestic Financing	Gross Financing distributions was based on Sokoto State's EFU-FSP-BPS, 2023-2025	2023 Budget and EFU-FSP-BPS, 2023-2025
New External Financing in Million US Dollar	External Financing - Concessional Loans (e.g., World Bank, African Deve	Gross Financing distributions was based on Sokoto State's EFU-FSP-BPS, 2023-2025	2023 Budget and EFU-FSP-BPS, 2023-2025
External Financing - Bilateral Loans	External Financing - Bilateral Loans	Gross Financing distributions was based on Sokoto State's EFU-FSP-BPS, 2023-2025	2023 Budget and EFU-FSP-BPS, 2023-2025
Other External Financing	Other External Financing	Gross Financing distributions was based on Sokoto State's EFU-FSP-BPS, 2023-2025	2023 Budget and EFU-FSP-BPS, 2023-2025
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy 52	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy 52		
New Domestic Financing in Million Naira	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, In	Financing distributions was agreed by the State DSA-DMS Technical Team	Sokoto State's DSA-DMS Technical Team
Commercial Bank Loans (maturity 6 years or longer, including Agric Loa	Commercial Bank Loans (maturity 6 years or longer, including Agric Loa	Financing distributions was agreed by the State DSA-DMS Technical Team	Sokoto State's DSA-DMS Technical Team
State Bonds (maturity 1 to 5 years)	State Bonds (maturity 1 to 5 years)	Financing distributions was agreed by the State DSA-DMS Technical Team	Sokoto State's DSA-DMS Technical Team
State Bonds (maturity 6 years or longer)	State Bonds (maturity 6 years or longer)	Financing distributions was agreed by the State DSA-DMS Technical Team	Sokoto State's DSA-DMS Technical Team
Other Domestic Financing	Other Domestic Financing	Financing distributions was agreed by the State DSA-DMS Technical Team	Sokoto State's DSA-DMS Technical Team
New External Financing in Million US Dollar	External Financing - Concessional Loans (e.g., World Bank, African Deve	Financing distributions was agreed by the State DSA-DMS Technical Team	Sokoto State's DSA-DMS Technical Team
External Financing - Bilateral Loans	External Financing - Bilateral Loans	Financing distributions was agreed by the State DSA-DMS Technical Team	Sokoto State's DSA-DMS Technical Team
Other External Financing	Other External Financing	Financing distributions was agreed by the State DSA-DMS Technical Team	Sokoto State's DSA-DMS Technical Team
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy 53	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy 53		
New Domestic Financing in Million Naira	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, In	Financing distributions was agreed by the State DSA-DMS Technical Team	Sokoto State's DSA-DMS Technical Team
Commercial Bank Loans (maturity 6 years or longer, including Agric Loa	Commercial Bank Loans (maturity 6 years or longer, including Agric Loa	Financing distributions was agreed by the State DSA-DMS Technical Team	Sokoto State's DSA-DMS Technical Team
State Bonds (maturity 1 to 5 years)	State Bonds (maturity 1 to 5 years)	Financing distributions was agreed by the State DSA-DMS Technical Team	Sokoto State's DSA-DMS Technical Team
State Bonds (maturity 6 years or longer)	State Bonds (maturity 6 years or longer)	Financing distributions was agreed by the State DSA-DMS Technical Team	Sokoto State's DSA-DMS Technical Team
Other Domestic Financing	Other Domestic Financing	Financing distributions was agreed by the State DSA-DMS Technical Team	Sokoto State's DSA-DMS Technical Team
New External Financing in Million US Dollar	External Financing - Concessional Loans (e.g., World Bank, African Deve	Financing distributions was agreed by the State DSA-DMS Technical Team	Sokoto State's DSA-DMS Technical Team
External Financing - Bilateral Loans	External Financing - Bilateral Loans	Financing distributions was agreed by the State DSA-DMS Technical Team	Sokoto State's DSA-DMS Technical Team
Other External Financing	Other External Financing	Financing distributions was agreed by the State DSA-DMS Technical Team	Sokoto State's DSA-DMS Technical Team
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy 54	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy 54		
New Domestic Financing in Million Naira	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, In	Financing distributions was agreed by the State DSA-DMS Technical Team	Sokoto State's DSA-DMS Technical Team
Commercial Bank Loans (maturity 6 years or longer, including Agric Loa	Commercial Bank Loans (maturity 6 years or longer, including Agric Loa	Financing distributions was agreed by the State DSA-DMS Technical Team	Sokoto State's DSA-DMS Technical Team
State Bonds (maturity 1 to 5 years)	State Bonds (maturity 1 to 5 years)	Financing distributions was agreed by the State DSA-DMS Technical Team	Sokoto State's DSA-DMS Technical Team
State Bonds (maturity 6 years or longer)	State Bonds (maturity 6 years or longer)	Financing distributions was agreed by the State DSA-DMS Technical Team	Sokoto State's DSA-DMS Technical Team
Other Domestic Financing	Other Domestic Financing	Financing distributions was agreed by the State DSA-DMS Technical Team	Sokoto State's DSA-DMS Technical Team
New External Financing in Million US Dollar	External Financing - Concessional Loans (e.g., World Bank, African Deve	Financing distributions was agreed by the State DSA-DMS Technical Team	Sokoto State's DSA-DMS Technical Team
External Financing - Bilateral Loans	External Financing - Bilateral Loans	Financing distributions was agreed by the State DSA-DMS Technical Team	Sokoto State's DSA-DMS Technical Team
Other External Financing	Other External Financing	Financing distributions was agreed by the State DSA-DMS Technical Team	Sokoto State's DSA-DMS Technical Team

## Annex II: Sokoto State Baseline Scenarios, 2018-2032

Indicator	Actuals					Projections									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
BASELINE SCENARIO															
Economic Indicators															
State GDP (at current prices)	1,588,351.19	1,640,272.38	1,989,964.48	2,227,338.53	2,387,356.57	3,546,320.88	4,074,300.20	4,532,875.40	5,043,390.50	5,611,402.35	6,243,386.54	6,946,547.95	7,728,902.91	8,599,370.61	9,567,874.72
Exchange Rate NGN/US\$ (end-Period)	253.19	305.79	306.50	326.00	379.00	772.47	772.47	772.47	772.47	772.47	772.47	772.47	772.47	772.47	772.47
Fiscal Indicators (Million Naira)															
Revenue	81,761.30	89,038.00	100,662.00	138,192.59	175,854.61	158,119.33	172,691.13	185,132.24	178,429.68	185,128.42	195,949.75	188,581.74	220,320.32	213,502.56	229,668.45
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	46,938.70	45,380.20	36,149.00	42,818.63	42,291.25	54,189.18	59,719.20	65,333.82	66,313.82	67,308.53	68,318.16	69,342.93	70,383.07	71,438.82	72,494.57
1.a. of which Net Statutory Allocation ('net' means of deductions)	46,938.65	45,380.15	36,149.00	42,818.63	42,291.25	54,189.18	59,719.20	65,333.82	66,313.82	67,308.53	68,318.16	69,342.93	70,383.07	71,438.82	72,494.57
1.b. of which Deductions	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
2. Deviation (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)	3,059.92	2,082.02	4,584.00	8,295.55	23,367.87	7,000.00	7,000.00	7,000.00	7,692.00	5,395.80	6,205.17	7,135.95	8,206.34	9,437.29	10,668.24
4. VAT Allocation	11,300.42	12,520.29	15,925.00	22,002.28	26,176.86	20,538.64	23,415.18	26,605.29	25,466.48	26,357.80	27,280.33	28,235.14	28,658.67	29,088.55	29,518.43
5. IGR	14,111.85	19,029.50	12,026.20	32,762.13	23,110.73	32,762.13	32,762.13	32,762.13	32,762.13	32,762.13	32,762.13	32,762.13	32,762.13	32,762.13	32,762.13
6. Capital Receipts	6,350.50	10,026.00	31,977.80	41,314.00	60,907.90	43,629.39	49,794.62	53,431.01	46,195.25	53,304.16	49,383.96	51,105.59	65,310.12	57,775.77	60,225.09
6.a. Grants	0.00	0.00	12,551.30	4,354.32	4,072.52	15,013.65	15,313.92	16,767.26	11,728.56	12,901.42	13,546.49	14,223.81	14,935.01	15,681.76	16,428.51
6.b. Sales of Government Assets and Privatization Proceeds	773.60	0.00	0.00	0.00	0.00	3,074.00	1,147.00	5,220.00	1,293.00	1,366.00	1,439.00	1,512.00	1,585.00	1,658.00	1,731.00
6.c. Other Non-Debt Creating Capital Receipts	3.90	0.00	0.00	0.00	0.00	9,564.10	5,675.38	5,788.89	6,078.33	6,382.25	6,701.36	7,036.43	7,388.25	7,757.67	8,127.08
6.d. Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc.)	5,573.00	10,026.00	19,426.50	36,959.65	0.00	15,977.64	27,658.32	25,654.86	27,095.35	32,654.49	27,697.11	28,333.35	41,401.86	32,678.35	33,938.50
Expenditure	81,037.70	95,118.50	74,396.60	150,684.61	188,022.16	156,697.55	172,478.49	187,923.96	175,959.07	185,495.23	197,358.95	188,073.04	221,334.01	210,700.56	218,841.99
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	22,211.78	30,980.68	29,936.00	36,590.03	45,604.80	37,133.92	36,890.62	48,735.15	39,509.85	40,300.05	60,106.05	41,928.17	60,106.05	43,622.07	44,477.40
2. Overhead costs	3,760.60	3,832.60	6,783.07	18,009.88	18,164.26	25,387.62	27,941.39	27,684.73	27,496.79	27,634.27	27,772.44	27,911.30	28,050.86	28,191.11	28,331.37
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	2,410.00	0.00	316.90	316.90	316.90	3,582.01	7,309.82	10,238.61	12,765.31	16,893.51	17,890.28	18,821.07	21,903.31	26,708.00	28,046.02
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted from FAAC Allocation)	2,409.96	0.00	316.88	316.88	316.90	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	0.00	0.00	0.00	0.00
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)	10,122.75	7,611.42	9,417.25	9,301.65	9,751.43	3,079.83	7,403.80	8,907.08	5,522.87	5,853.58	6,184.30	6,515.02	6,845.73	7,176.45	7,507.17
5. Capital Expenditure	21,883.82	37,739.61	22,064.46	62,379.35	75,996.50	78,660.99	84,079.67	83,698.93	79,911.46	80,311.02	67,712.57	73,116.14	81,521.72	81,929.32	82,336.93
6. Amortization (principal) payments	20,648.80	14,954.20	24,086.78	38,188.29	8,853.18	8,853.18	8,853.18	8,669.47	10,752.80	14,502.80	17,693.31	19,781.34	22,906.34	23,073.60	28,243.10
Budget Balance ('+' means surplus, '-' means deficit)	723.60	-6,080.50	26,265.40	-12,492.02	-12,167.55	1,421.78	212.64	-2,791.72	2,470.61	-366.81	-1,409.20	508.70	1,916.38	2,802.00	10,726.45
Opening Cash and Bank Balance	6,808.12	7,532.28	1,451.92	27,715.52	15,224.82	3,057.30	4,479.08	4,691.72	1,900.00	4,370.61	4,003.80	2,594.60	3,103.30	2,089.62	4,891.61
Closing Cash and Bank Balance	7,531.70	1,451.80	27,717.30	15,223.50	3,057.30	4,479.08	4,691.72	1,900.00	4,370.61	4,003.80	2,594.60	3,103.30	2,089.62	4,891.61	15,618.07
Financing Needs and Sources (Million Naira)															
Financing Needs						28,615.74	34,480.70	36,663.75	34,466.69	40,402.74	35,837.47	36,881.78	50,375.11	42,094.02	43,796.58
i. Primary balance						-14,758.77	-18,105.05	-20,557.39	-8,477.97	-9,373.24	-1,663.09	2,229.33	-6,579.15	10,489.58	23,218.99
ii. Debt service						12,435.19	16,163.00	18,898.08	23,518.11	31,396.31	35,583.58	38,602.41	44,809.65	49,781.60	56,289.12
Amortizations						8,853.18	8,853.18	8,669.47	10,752.80	14,502.80	17,693.31	19,781.34	22,906.34	23,073.60	28,243.10
Interests						3,582.01	7,309.82	10,228.61	12,765.31	16,893.51	17,890.28	18,821.07	21,903.31	26,708.00	28,046.02
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)						1,421.78	212.64	-2,791.72	2,470.61	-366.81	-1,409.20	508.70	1,916.38	2,802.00	10,726.45
Financing Sources						28,615.74	34,480.70	36,663.75	34,466.69	40,402.74	35,837.47	36,881.78	50,375.11	42,094.02	43,796.58
i. Financing Sources Other than Borrowing						12,638.10	6,822.38	11,008.89	7,371.33	7,748.25	8,140.36	8,548.43	8,973.25	9,415.67	9,858.08
ii. Gross Borrowings						15,977.64	27,658.32	25,654.86	27,095.35	32,654.49	27,697.11	28,333.35	41,401.86	32,678.35	33,938.50
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEFI)						2,647.87	4,000.00	5,000.00	6,095.35	2,000.00	8,000.00	9,500.00	12,897.53	4,248.56	11,000.00
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEFI)						13,329.77	6,500.00	0.00	6,000.00	5,500.00	0.00	11,333.35	11,504.33	16,842.82	10,238.50
State Bonds (maturity 1 to 5 years)						0.00	0.00	10,000.00	0.00	0.00	8,500.00	7,500.00	0.00	0.00	12,700.00
State Bonds (maturity 6 years or longer)						0.00	0.00	0.00	0.00	0.00	0.00	0.00	17,000.00	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	17,158.32	10,654.86	0.00	13,154.49	11,197.11	0.00	0.00	11,586.98	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Debt Stocks and Flows (Million Naira)															
Debt (stock)	48,534.53	59,271.04	53,860.95	84,239.46	104,450.40	125,959.06	144,764.20	161,749.59	178,092.14	196,243.83	206,247.63	214,799.64	233,295.16	242,899.91	248,595.31
External	9,929.82	11,560.54	11,497.71	12,940.33	13,855.40	27,216.92	43,352.55	52,984.73	51,962.05	64,093.86	74,268.28	73,245.60	72,222.92	82,787.22	81,018.52
Domestic	38,604.71	47,710.50	42,363.24	71,299.13	90,595.00	98,742.14	101,411.64	108,764.86	126,130.09	132,149.97	131,979.35	141,554.04	161,072.24	160,112.70	167,576.79
Gross borrowing (flow)						15,977.64	27,658.32	25,654.86	27,095.35	32,654.49	27,697.11	28,333.35	41,401.86	32,678.35	33,938.50
External						0.00	17,158.32	10,654.86	0.00	13,154.49	11,197.11	0.00	0.00	11,586.98	0.00
Domestic						15,977.64	10,500.00	15,000.00	27,095.35	19,500.00	16,500.00	28,333.35	41,401.86	21,091.38	33,938.50
Amortizations (flow)	10,213.14	22,055.21	16,215.11	40,401.48	38,032.27	8,853.18	8,853.18	8,669.47	10,752.80	14,502.80	17,693.31	19,781.34	22,906.34	23,073.60	28,243.10
External	306.36	385.29	364.74	545.28	501.77	1,022.68	1,022.68	1,022.68	1,022.68	1,022.68	1,022.68	1,022.68	1,022.68	1,022.68	1,768.69
Domestic	9,906.78	21,669.92	15,850.37	39,856.21	37,530.50	7,830.50	7,830.50	7,646.79	9,730.12	13,480.12	16,670.62	18,758.66	21,883.66	22,050.92	26,474.41
Interests (flow)	1,018.81	3,831.21	1,912.45	4,528.90	7,594.40	3,582.01	7,309.82	10,228.61	12,765.31	16,893.51	17,890.28	18,821.07	21,903.31	26,708.00	28,046.02
External	53.17	73.39	85.82	96.19	84.26	171.74	171.74	195.52	858.69	858.69	1,183.59	1,460.14	1,460.14	1,460.14	1,746.32
Dom															

### Sokoto State - Technical Team

1. **Bala Mahe Mohammed, Director Debt Management Department (DMD)**
2. **Junaidu Usman Junaidu, Director funds Min. of finance**
3. **Buhari Umar, Director Budget, Min. of Budget & Economic Planning**
4. **Ummaru Muhammad Anyalo, Head, ICT Min. of finance**
5. **Abubakar Shehu, Head, Middle Office, Debt Management Department (DMD)**
6. **Yakubu Hamza, Head, Back Office, Debt Management Department (DMD)**