



**BAYELSA STATE DEBT SUSTAINABILITY ANALYSIS-  
DEBT MANAGEMENT STRATEGY  
(DSA-DMS) REPORT  
2025**

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## **CHAPTER ONE:**

### **1.1 BACKGROUND**

The DSA analyses trends and patterns in the State's public finances during the period 2020-2024 and evaluates the debt sustainability in 2025 – 2034. The analysis highlights recent trends in revenue, expenditure, and public debt, and the related policies adopted by the State. A debt sustainability assessment is conducted, including scenario and sensitivity analysis, to evaluate the prospective performance of the State's public finances.

The main objective of the Debt management strategy (DMS) 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. Consequently, for the four DMS, the analysis calculates cost of carrying public debt, and measures risk associated with macroeconomic and fiscal shocks.

The framework consists of two complementary components: the analysis of the sustainability of total public debt and that of total external debt. Each component includes a baseline scenario based on a set of macroeconomic projections that articulate the government's intended policies, with the main assumptions and parameters clearly laid out, and a series of sensitivity tests applied to the baseline scenario, providing a probabilistic upper bound for the debt dynamics under various assumptions regarding policy variables, macroeconomic developments, and financing costs. The paths of debt indicators under the baseline scenario and the stress tests allow to access the vulnerability of the State to payment crisis.

### **1.2 SUMMARY OF FINDINGS/ OVERALL RESULTS**

The State exhibits a solid debt position that appears sustainable in the long term. A solid debt position that results from the State's strong performance in terms of mobilizing IGR underpinned by successful tax administration and civil service reforms introduced in the last few years, and its control of recurrent expenditure growth. Given the State's own forecast for the economy and reasonable assumptions concerning the State's revenue and expenditure policies going forward, the long-term outlook of the public debt appears sustainable.

The State pursues a prudent debt management strategy that maintains an adequate cost of carrying debt and an admissible exposure to risks. A prudent debt management strategy emerges from the State's reliance on a mix of financing sources, including external concessional/bilateral loans and domestic low-cost financing. Given the State's own 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 the State's debt- management objectives.

## **CHAPTER TWO:**

### **BAYELSA STATE FISCAL AND DEBT FRAMEWORK:**

#### **2.1 FISCAL REFORMS IN THE LAST 3 TO 5 YEARS**

Although both the Federal and State governments are gradually recovering from the effect of the decline in revenue due to COVID 19 pandemic, the need for State and Local Governments to generate adequate revenue from internal and other sources to cushion the effect of such unexpected natural disaster in the future cannot be over emphasized. To this end, Bayelsa State Government has embarked on several Fiscal reforms in the last 3 – 5 years for economic development. Some of the reforms include Civil service reform, Pension and Tax reforms, Bayelsa State Health Insurance Scheme (BHIS), Single Treasury Account (TSA) and internal revenue reforms. No doubt, these has led to a considerable increase in IGR and a steady personnel and overhead costs in the last 3 years. The State has also established policies and frameworks such as Arrears Clearance Framework, Medium Term Expenditure Framework, and implementation of the National Minimum wage which have an overall effect on the State's fiscal variables.

#### **2.2 2026 – 2028 MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF), 2025 APPROPRIATION ACT (BUDGET)**

Bayelsa state 2026 – 2028 macroeconomic framework and assumptions were premised on prevailing economic realities and according to crude oil benchmark assumptions (price, production, inflation and exchange rate) are based on both international and national forecast data. This includes International Monetary Fund (IMF) and World Economic Outlook (WEO) updates.

#### **OUTLOOK FOR 2026 - 2028**

Bayelsa State Government took into account the latest macro-fiscal developments when formulating her 2026-2028 MTEF. The Federal Government of Nigeria (FGN) is yet to release its own MTEF-FSP document for 2026-2028. However, NGF provided some recommendations on what assumptions to make on some of the key variables. These are based on forecasts from various international bodies (including the IMF and the US Energy Information Administration (EIA) as well as a balanced view based on the latest trends as covered above.

below provides some suggestions for macroeconomics, mineral sector, and other key assumptions that underpin FAAC revenue projections.

## Macro-Economic Framework

Item	2025	2026	2027	2028
National Inflation	24%	23%	17%	15%
National Real GDP Growth	3.4%	3.2%	3.3%	3.3%
State Inflation				
State Real GDP Growth				
State GDP Actual				
Oil Production Benchmark (MBPD)	1.65	1.70	1.75	1.80
Oil Price Benchmark	\$65.00	\$55.00	\$55.00	\$55.00
NGN:USD Exchange Rate	1,500	1,500	1,500	1,500
<b>Other Assumptions</b>				
Mineral Ratio (Before Subsidy)	250	20%	23%	25%

Bayelsa State Medium Term Fiscal Framework	APPROPRIATION			
Item	2025	2026	2027	2028
Opening Balance (A)	14,200,000,000.00	12,500,000,000.00	13,000,000,000.00	13,000,000,000.00
<b>Recurrent Revenue</b>				
Statutory Allocation	17,000,000,000.00	50,296,008,542.34	75,444,012,813.51	79,216,213,454.19

Derivation	147,804,511,503.72	292,638,040,843.22	438,957,061,264.83	460,904,914,328.07
VAT	57,000,000,000.00	84,000,000,000.00	126,000,000,000.00	132,300,000,000.00
Other Non Debt Creating Receipts	145,168,656,088.16	60,562,795,619.25	71,135,354,743.10	73,874,368,932.82
IGR	39,000,000,000.00	53,942,566,496.00	64,731,079,795.20	90,623,511,713.28
Other FAAC Revenue	190,000,000,000.00	281,513,513,513.54	116,000,000,000.00	52,000,000,000.00
<b>Total Recurrent Revenue (B)</b>	<b>595,973,167,591.88</b>	<b>822,952,925,014.35</b>	<b>892,267,508,616.64</b>	<b>888,919,008,428.36</b>

Recurrent Expenditure				
Personnel Costs	91,961,743,951.04	106,218,183,513.15	123,821,481,374.67	126,199,696,188.42
Overheads	79,774,247,484.86	87,326,483,042.93	98,964,392,383.00	111,797,979,568.00
Grants	18,956,571,190.77	16,147,130,796.33	16,330,073,412.25	16,423,374,146.38
Public Debt Service	52,944,847,915.90	78,497,440,000.00	80,067,388,800.00	80,868,062,688.00
Other Recurrent Expenditure	22,670,537,845.66	27,640,722,527.66	28,126,607,759.51	28,374,409,227.75
<b>Total (D)</b>	<b>266,307,948,388.23</b>	<b>315,829,959,880.06</b>	<b>347,309,943,729.43</b>	<b>363,663,521,818.55</b>
<b>Transfer to Capital Account</b>	<b>-</b>	<b>-</b>	<b>-</b>	

Capital Receipts				
Grants	39,400,000,000.00	16,918,388,928.69	12,046,616,324.60	12,010,730,020.70
Other Capital Receipts (Financing Loans)	50,000,000,000.00	50,000,000,000.00	75,000,000,000.00	85,000,000,000.00

<b>Total C</b>	<b>89,400,000,000.00</b>	<b>66,918,388,928.69</b>	<b>87,046,616,324.60</b>	<b>97,010,730,020.70</b>
Capital Expenditure	411,961,958,243.47	557,214,286,359.83	612,753,972,151.22	602,801,000,130.92
Planning and Reserve	21,303,260,960.18	29,327,067,703.15	32,250,209,060.59	32,465,216,499.59
<b>TOTAL E</b>	<b>433,265,219,203.65</b>	<b>586,541,354,062.98</b>	<b>645,004,181,211.81</b>	<b>635,266,216,630.51</b>
<b>Total Revenue (Including Opening Balance) A+B+C</b>	<b>699,573,167,591.88</b>	<b>902,371,313,943.04</b>	<b>992,314,124,941.24</b>	<b>998,929,738,449.06</b>
<b>Total Expenditure (D+E)</b>	<b>699,573,167,591.88</b>	<b>902,371,313,943.04</b>	<b>992,314,124,941.24</b>	<b>998,929,738,449.06</b>
<b>Closing Cash and Bank Balance (DSA-DMS Template)</b>	<b>2,000,000,000.00</b>	<b>1,000,000,000.00</b>	<b>1,000,000,000.00</b>	<b>1,000,000,000.00</b>

#### **ASSUMPTIONS OF THE 2026 – 2028 MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF)**

Several critical factors which will impact expenditures in 2025 - 2028 and beyond where considered, some of which are:

- **Naira devaluations** impacting foreign debt service costs and the cost of imported goods and services.
- **Inflation** impacting overhead expenditure costs and capital expenditure costs – particularly for imported goods (for example medicines, vaccines, and other health sector supplies).
- **New National Minimum Wage** - implementation of the new national minimum wage of N70,000 per month would have a significant impact on the salary (and pension contribution) cost of Bayelsa State Government.

1. **Opening Balance** – Bayelsa State have opening balances, but no corresponding closing balances for both 2025 budget estimates and for MTEF 2026 - 2028. This was due largely to operational cash management which is currently been addressed by the State.
2. **Statutory Allocation** – The state projections for 2025-2034 were based on the State Annual budget, State MTEF 2026 – 2028 and State DMO projections 2029 - 2034. The State share is expected to grow by 20% from 2029 to 2034. Assumption is based on

current reality due to removal of fuel subsidy, increased production, reduced militant attacks on oil pipelines and improved revenue collection methods by Federal Government.

3. **VAT** – The state projections were based on the State Annual estimates, State MTEF 2026 – 2028 and State DMO projections 2029 - 2034. VAT is expected to grow by 20% from 2029 - 2034. The assumption is based on increase in VAT percentage from 5% to 7.5% by Federal Government and improvement in VAT collection system by Federal Government.

**Derivation-** Projections were based on State annual estimates, State MTEF 2026 - 2028 and State Projections 2029 - 2034. Derivation is expected to increase by 5% from 2029 to 2034. The assumption is based on removal of fuel subsidy, Floating of the Naira, increased production, and increased revenue collection both in the oil and non-oil sectors.

4. **Other FAAC Transfers** – Projections were based on State annual estimates, State MTEF 2026 - 2028 and State Projections 2029 - 2034. Other FAAC transfers are estimated to increase by 20% from 2029 to 2034. The assumption is based on removal of fuel subsidy, Floating of the Naira, increased production, and increased revenue collection both in the oil and non-oil sectors.
5. **Internally Generated Revenue (IGR)** – IGR projection was based on the State Annual estimate, State MTEF 2026 - 2028 and State DMD projections 2029 - 2034. IGR is expected to increase by 20 billion from 2029 - 2034. The assumption is due to recent government policy on automated IGR collection system and blocking of tax leakages by the State government.
6. **Grants** - Projections were based on the State Annual estimates, State MTEF 2026 - 2028 and State DMD projections 2029 - 2034. Grants are projected to increase by 10 billion from 2029 to 2034. (External grants are based on signed grant agreements with the State development partners)
7. **Financing** – Bayelsa State Government intends to secure internal loan/borrowing in 2025 - 2028. All other internal and external loans are projections based on signed agreements between the State government and commercial banks. The State is already in negotiation with these commercial banks for the State loan.
8. **Personnel** – Personnel Cost was forecasted using own percentage. The on-going staff verification is to check abnormalities in the pay roll. The State is determined to sustain the trend in checking payroll frauds and reduce outrageous increase in personnel cost. Personnel cost is projected to increase by 10% from 2029 to 2034. (Expected increase is due to the implementation of Federal Government new minimum wage, employment of new staff and political allowances.)
9. **Overheads** – Projections were based on State Annual estimates, State MTEF 2026 - 2028 and State DMD projections 2029 - 2034. Overhead cost is projected to increase by 1% from 2029 to 2034 (Government policy on controlled expenditure) The projected

increase in overhead is as a result of anticipated increase in development activities, maintenance costs, inflation and exchange rate differentials.

10. **Social Contribution and Social Benefits** – This was forecasted using own percentage. A substantial amount is being owed as pension and gratuity payments. It is appropriate to make adequate provision for these items and other social commitments. Hence, the own value, representing computation for outstanding commitments as well as estimation for next medium term.
11. **Grants, Contributions, Subsidies, and transfers** – The projection for grants, contributions, subsidies, and transfer was based on State own percentage. This is based on the anticipated changes due largely to the political will of the State government to support agencies in the State to be more productive.
12. **Public Debt Charge** – Public Debt Charge was forecasted using own value. This is based on the projected principal and interest repayments for old loans and expected new loans from 2025, 2026, 2027 and 2028 respectively.
13. **Capital Expenditure** – Projections were based on the State Annual estimates, State MTEF 2026 - 2028 and State DMD projections. Capital expenditure is projected to increase by 1 billion from 2029 to 2034. The assumption is due to expected increase in FAAC allocations due to subsidy removal, enhanced security measures, floating of the Naira by Federal government and also increase in State IGR due to State government policies which will in turn be used for capital projects for economic development.
14. **Exchange Rate** - The State 2025 DSA-MTDS report is based on the exchange rate provided by federal DMO/World Bank which is yet to be reviewed alongside other macroeconomic indicators to reflect current economic realities.
15. **Closing Cash and Bank Balances:** Bayelsa State has opening budget balances in both the 2025 yearly estimate and the State MTEF 2026 – 2028 documents but no corresponding closing budget balances which does not reflect the true budget position of the State. However, the World Bank / DMO tool kit used for the 2025 DSA-DMS analysis and report writing is more realistic and reliable because it considers micro economic variables like GDP, inflation, interest rate, and exchange rates and automatically generates both the budget balances, expected new loans, and Closing Bank and Cash Balances from 2025 – 2028 and to the end of the projection period of 2034.

The analysis shows that Bayelsa State has Closing Cash and Bank balances of N2 billion, N1 billion, N1 billion and N1 billion in year 2025, 2026, 2027 and 2028 respectively, which reflects prudent financial management due to improvement in economic activities after the COVID – 19 pandemics.

#### **2.2.1 APPROVED 2025 BUDGET**

The 2025 Budget was prepared amidst a challenging global and domestic environment. The on-going Russia – Ukraine, Israeli – Palestine conflict, and the fuel subsidy removal which has led to untold economic hardship, volatility in global monetary policy and capital flows, low oil prices and heightened global economic uncertainty, have had important implications for Bayelsa State. Bayelsa

State total revenue available to fund the 2025 Budget is estimated at N699.6 billion. This includes Internally Generated Revenue, Statutory Allocation, Value Added Tax, Other Statutory Revenue, Domestic Grants, Foreign Grants, Opening Balance, Domestic and Foreign Loans respectively.

An aggregate expenditure of N699.6 billion is proposed by the Bayelsa State Government in 2025. The 2025 proposed Expenditure comprises, Recurrent Expenditure of N266.3 billion, and Capital Expenditure of N433.3 billion, respectively.

## **2.2.2 INDICATIVE THREE-YEAR FISCAL FRAMEWORK**

The indicative three-year fiscal framework for the period 2026-2028 as presented in the table above shows that total revenue will increase from N902.4 billion in 2026 to N998.9 billion in 2028 inclusive of loans of N50 billion, N75 billion and N85 billion to finance the deficits in years 2026, 2027 and 2028 respectively.

The state plans to fund the deficit through borrowing from both external (Bilateral/Concessional) and domestic loans at prevailing market rates with considerable risks.

## **KEY OBJECTIVES OF THE 2025 (APPROPRIATION) BUDGET**

The key targets for Bayelsa State Government from a fiscal perspective are:

- Agricultural Revolution & Blue Economy,
- Sports and Youths Development
- Security & Peace
- Urban Renewal & Rural Development
- Robust Health Care Delivery
- Energy Generation and Economic Growth and,
- Diversifying Education towards Innovation and Technology with guaranteed quality delivery.

## **2.2.3 MEDIUM TERM POLICY OBJECTIVES AND TARGETS**

1. Sustain economic growth, ensure fiscal inclusion of all Bayelsans, support employment and wealth creation through an entrepreneurship friendly environment.
2. Pursue fiscal policies that will promote the emergence of viable small and medium scale enterprises (SMSEs) in the State.
3. Promote diversification and ensure the creation of alternate sources of revenue in the State.
4. A mechanized local agriculture for agribusiness to thrive.
5. A tourism development plan to utilize the tourism potentials of Bayelsa and make it a world destination
6. Micro and macro internal business initiatives for Bayelsans to create more jobs
7. A mechanized local agricultural system for Argo business to thrive

## **POLICY STATEMENT**

The State's Fiscal policy is envisaged to control and enforce compliance with established spending limits to achieve a sound budgeting system which includes aggregate fiscal discipline, allocative efficiency and effective spending that will propel the State economy to be among the top five (5) most developed States in the country by 2030.

### **CHAPTER 3:**

#### **THE STATE REVENUE, EXPENDITURE, FISCAL AND DEBT PERFORMANCE (2020 -2024)**

##### **3.1 REVENUE**

###### **I. AGGREGATE STATE TOTAL REVENUE:**

The State's aggregate revenue from 2020 – 2024 is determined Mainly by Gross FAAC allocations, IGR and Grants with FAAC allocations contributing the highest Percentage over the years as follows:

YEAR	2020	2021	2022	2023	2024
Total Revenue	149,395	180,278	353,608	406,762	879,710
Gross FAAC Allocation	134,049	159,502	327,464	374,894	794,432
IGR	12,496	18,595	18,392	27,197	74,438
Grants	2,850	2,182	7,752	4,670	10,840

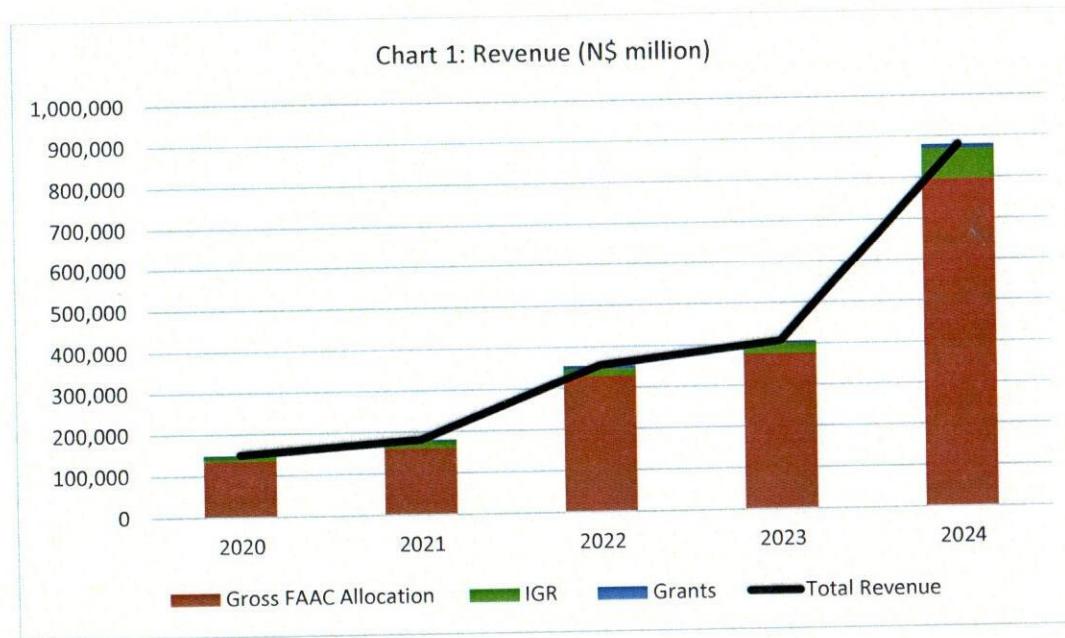
Aggregate State revenue increased from N149.4 billion in 2020 to N353.6 billion in 2022 owing to an increase in federal transfers as a result of increase in Value Added Tax (VAT) revenue. However, the increase from N406.8 billion in 2023 to N879.7 billion in 2024, respectively is due to both increase in Value Added Tax (VAT) and fuel subsidy removal by Federal Government.

###### **ii. FAAC ALLOCATION TREND IN THE LAST FIVE YEARS:**

Bayelsa State's Revenue stood at N879.7 billion in 2024 compared to N406.7 billion in the period of 2023, which represent an increase of N472.9 billion or 116.3%. The Gross FAAC allocation that comprises the Statutory allocation, derivations, VAT allocation, exchange rate gain, augmentation among others increased from N327.5 billion in 2022 to N374.9 billion in 2023, which represent an increase of N47.5 billion or 14.5%, the increase was due to fuel subsidy removal and the gradual recovery of economic activities from the global Corona Virus Pandemic in years 2019 and 2020 respectively. The FAAC allocation further increased to N794.4 billion in 2024 showing that the economy is fast recovering from the effects of the global pandemic of 2019.

### iii. IGR TREND IN THE LAST FIVE YEARS:

The State exhibited a stable and considerable IGR growth during the review period. IGR shows a steady growth between 2020 and 2022. However, the State experienced significant growth in IGR (304%) between 2023 and 2024. Analysis shows that IGR increased from 12.5 billion in 2020 to 18.6 billion in 2021 due to improved government tax policies and better tax collection systems like e-payment portals. However, IGR increased from N18.4 billion in 2022 to N74.4 billion in 2024 representing an increase of N56 billion or 304%. The significant improvement in IGR is mainly because of tax administration reforms aimed at improving collection rates, blocking of tax loopholes and broadening the tax revenue base by the State government.



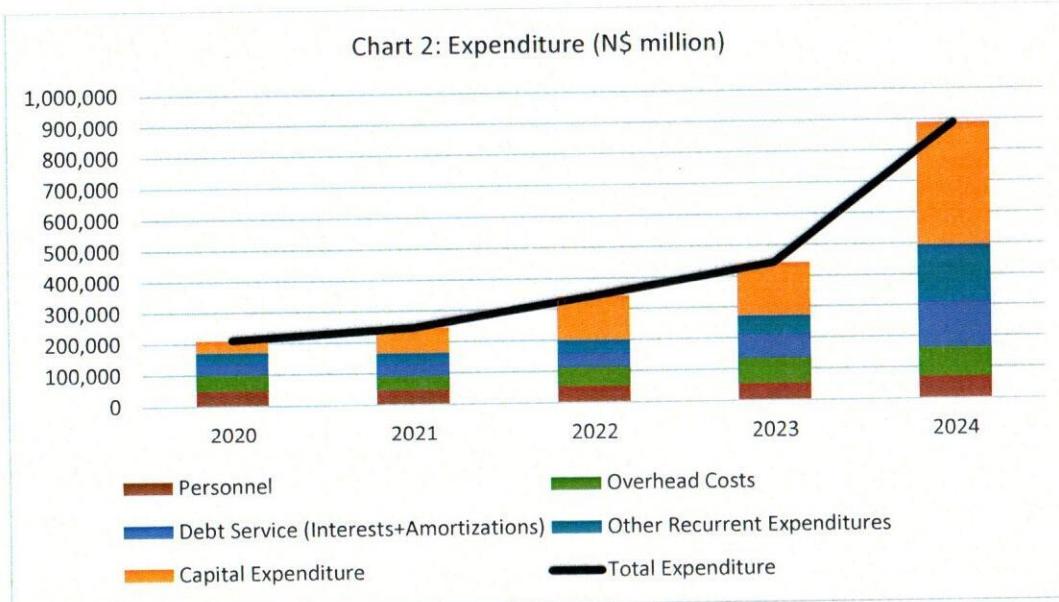
Source: State's Financial Statements

### iv. EXPENDITURE PERFORMANCE:

YEAR	2020	2021	2022	2023	2024
Total Expenditure	209,476	244,886	340,156	441,641	888,854
Personnel	49,028	46,233	51,330	53,453	69,794

Overhead Costs	48,770	42,539	59,880	80,112	92,879
Debt Service (Interests Amortizations)	39,996	41,862	47,813	78,660	146,814
Other Recurrent Expenditures	33,586	34,817	41,219	60,202	185,070
Capital Expenditure	38,096	79,434	139,914	169,214	394,297

The State's Total Expenditure includes Capital expenditure, Personnel costs, Overhead costs, other recurrent expenditure, and Debt service (interest payment and principal repayment). In 2024 Bayelsa State total expenditure amounted to N888.9 billion compared to N441.6 billion as at end 31<sup>st</sup> December 2023, which represent a growth of N447.3 billion or 101.3 %. The personnel cost stood at N49 billion in 2020, N46.2 billion in 2021, N51.3 billion in 2022, N53.5 billion in 2023, and N69.8 billion in 2024 respectively. The overhead cost stood at N92.9 billion in 2024 compared to N80.1 billion in 2023 which represents a growth of N12.8 billion or 15.9%. Capital expenditure amounted to N394.3 billion in 2024, N169.2 billion in 2023, N139.9 billion in 2022, N79.4 billion in 2021, and N38.1 billion in 2020 respectively. The Total debt service which comprises of interest payment and principal repayment stood at N146.8 billion as at End-December 2024 compared to N39.9 billion as at End-December 2020. The increase is because of the payment of pension/gratuities and contingent liabilities (Contractors) for capital projects in 2024.



Source: State's Financial Statements

**v. BUDGET BALANCE IN THE LAST FIVE YEARS:**

YEAR	2020	2021	2022	2023	2024
Budget Balance ('+' means surplus, '-' deficit)	(18,233.70)	(17,882.20)	28,217.30	25,620.30	36,608.30
Opening Cash and Bank Balance	(31,783.10)	(50,016.80)	(67,899.00)	(39,681.70)	(14,061.40)
Closing Cash and Bank Balance	(50,016.80)	(67,899.00)	(39,681.70)	(14,061.40)	22,546.90

Bayelsa State had deficit budget balances of N18.2 billion, and N17.9 billion in years 2020, and 2021 respectively. However, in 2022, 2023, and 2024 the State had surplus budget balances of N28.2 billion, N25.6 billion, and N36.6 billion respectively due to gradual recovery of the economy from the effects of the Covid - 19 pandemic, Ukraine/Russia, Isreal/Palestine war and improvement in FAAC revenues to States as a result of fuel subsidy removal by Federal Government.

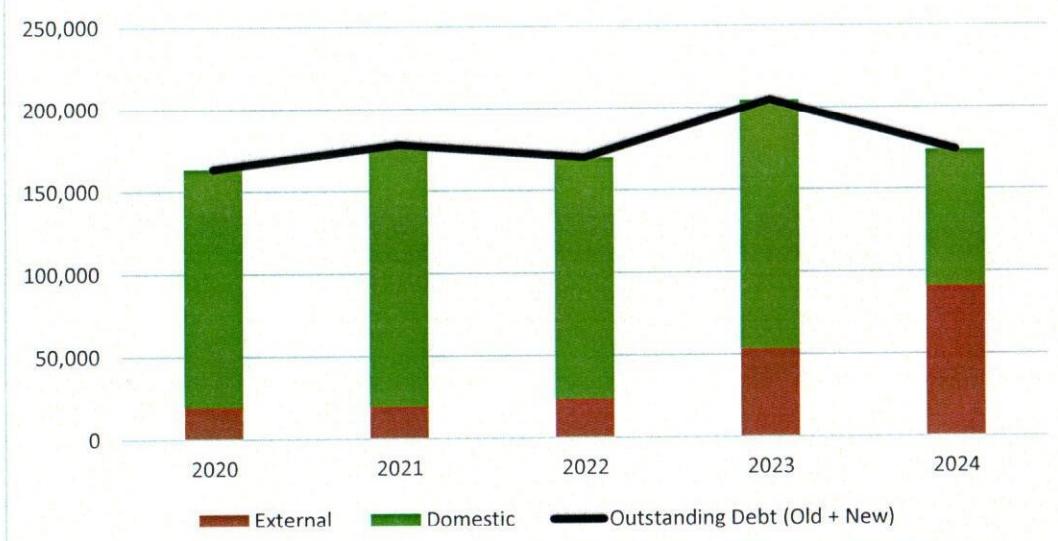
The State's budget balances have been steady in the last 5 years due to predictable global economic crisis such as the Russia – Ukraine war, Israeli – Palestinian war, fall in crude oil prices, inflation and exchange rate differentials.

**3.2 STATE DEBT PORTFOLIO, 2020 - 2024**

Bayelsa State's Debt stock amounted to N173.6 billion as at End-December 2024 compared to N204.5 billion as at End-December 2023, representing a decrease of N30.9 billion or 15.1 %. The decrease in the Total Debt stock was reflected in the domestic debt component. The external component increased from N53.4 billion in 2023 to N90.9 billion in 2024 representing an increase of N37.5 billion or 70.2%. The increase in external debt component is due to additional external (Multilateral) loans contracted during the period under review. While the domestic component decreased as a result of the Federal Government Debt Swap during the period under review.

Year	2020	2021	2022	2023	2024
Outstanding Debt (Old + New)	163,363	177,731	169,648	204,519	173,592
External	19,235	19,095	23,276	53,363	90,870
Domestic	144,129	158,636	146,371	151,156	82,722

Chart 3: Debt Stock (N\$ million)



Source: State's Debt Management Department

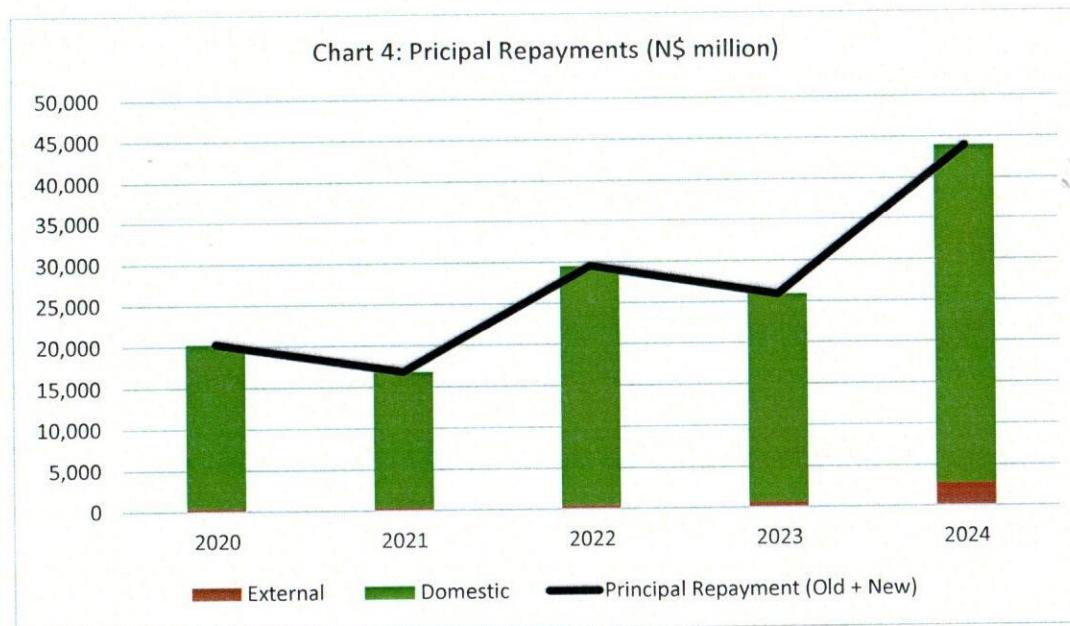
**Chart 3:** shows a marginal increase in the Debt Stock from N163.4 billion in 2020 to N173.6 billion in 2024, due largely to receipt of new loans like the Commercial Agriculture Credit Scheme (CACS), Commercial Accelerated Agric Development Scheme (CAADS), CBN Health intervention funds from Federal Government.

Bayelsa State Debt Portfolio as at End- December 2024 consists of external debt N90.9 billion or 52.4% and Domestic debt amounted to N82.7 billion or 47.6%, respectively.

The debt portfolio has an average domestic interest rate of 31.25% and average external interest rate of 5% in 2024. The State debt portfolio is moderately exposed to currency fluctuations, rollover, and interest rate risks. Exposures to currency fluctuations is more because the foreign currency denominated loans are 52.4% of total debt stock in 2024. Most of the loans in Bayelsa State are fixed-rate obligations, thus not affected by changes in interest rates.

Bayelsa State Debt Service amounted to N20.3 billion, N16.8 billion, N29.5 billion, N25.9 billion and N43.9 billion for 2020, 2021, 2022, 2023, and 2024 respectively. The principal repayment stood at N20.3 billion in 2020 compared to N43.9 billion in 2024 representing an increase of N23.6 billion or 116.3%.

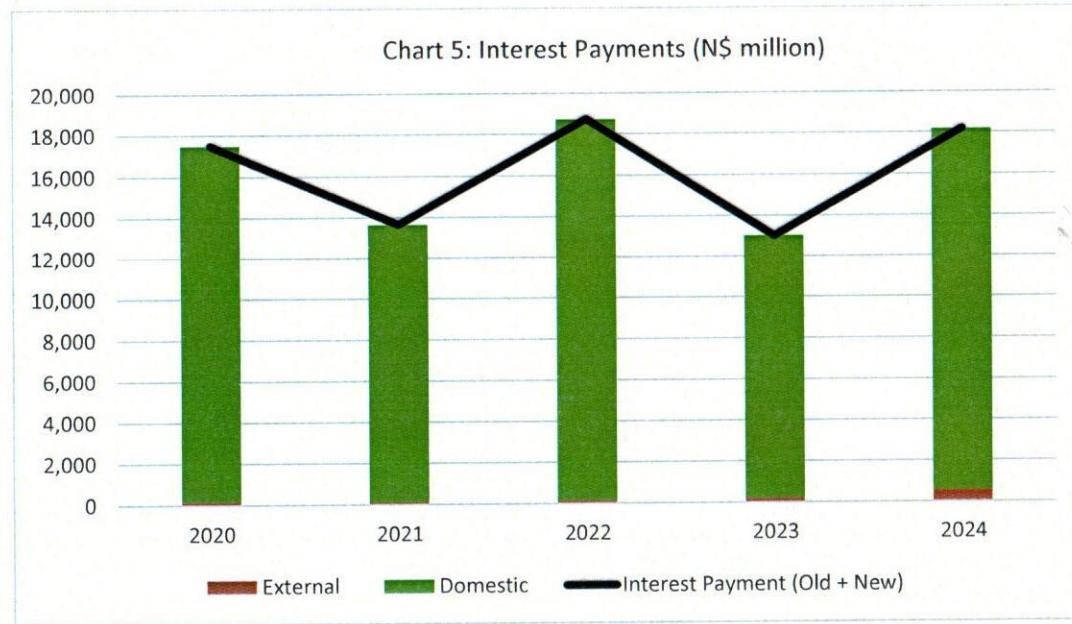
YEAR	2020	2021	2022	2023	2024
Principal Repayment (Old + New)	20,248	16,819	29,467	25,868	43,939
External	336	307	391	569	2,730
Domestic	19,912	16,512	29,075	25,299	41,209



Source: State's Financial Statements

While the Interest Payment amounted to N18.2 billion in 2024 compared to N13 billion in 2023 representing an increase of N5.2 billion or 40%. The increase in interest payment was due to increase in exchange rate. The principal repayments and Interest Payments made were both on External and Domestic debts (see chart 4 and 5).

YEAR	2020	2021	2022	2023	2024
Interest Payment (Old + New)	17,477	13,635	18,716	13,012	18,170
External	153	123	130	190	520
Domestic	17,324	13,512	18,586	12,822	17,650



Source: State's Debt Management Department

## CHAPTER 4:

### CONCEPT OF DEBT SUSTAINABILITY, UNDERLYING ASSUMPTIONS, RESULT ANALYSIS AND FINDINGS

#### 4.0 INTRODUCTION: - CONCEPT OF 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 unwanted Consequences of a heavy debt burden”. Government therefore should endeavor to strike a balance between revenue and expenditure, so that any debt incurred will not impact negatively on the State, leading to serious financial crisis.

#### BAYELSA STATE DEBT SUSTAINABILITY ANALYSIS

The indicative threshold for Debt/GDP is 25% but the State maintains a sustainable 3% Debt/GDP ratio in 2024. The indicative threshold for debt as a percentage of revenue is 200% while the state maintained 20% in 20224 which is sustainable. Also in 2024, the State maintained a 7% debt service /Revenue ratio which is sustainable considering the indicative threshold of 40%. The State also maintained an 8% ratio of personnel cost/Revenue in 2024 which is sustainable going by the 60% indicative threshold. Finally, Debt service as a percentage of Gross FAAC Allocation, Interest payment as a percentage of Revenue, and External debt service as a percentage of Revenue is 8%, 2%, and 0% respectively in 2024 which are all within the threshold insinuating room for additional further borrowing for development with considerable risk and cost.

Based on this, the State’s GDP have potentials for growth and can also accommodate the State’s debt stock with minimal effect on the State economy. Debt as a percentage of revenue, Debt Service as a percentage of Revenue and Personnel Costs are all below the threshold to the end of projection period. The Government should establish policies and reforms in its revenue drive to further boost

the State IGR. Debt Service as a percentage of Gross FAAC Allocation (without any indicative threshold) estimated to increase from 8% in 2024 to 19% in 2029 and increased to 41%, in 2033 and reduced to 35% in 2034 respectively. Interest Payment as a percentage of Revenue revealed that, the maximum exposure of the State Interest towards Revenue is 23% in year 2032, and 20% in 2031 and 2033 with over-all positive outlook. Looking at the External Debt Service as a percentage of Revenue, the maximum exposure of the State is 3% in year 2031 to 2034 respectively.

#### **BAYELSA STATE DEBT BURDEN INDICATORS AS AT END-2024**

INDICATORS	THRESHOLD	RATIO
Debt as % of GDP	25%	3
Debt as % of Revenue	200%	20
Debt Service as % of Revenue	40%	7
Personnel Cost as % of Revenue	60%	8
Debt Service as % of FAAC	Nil	8
Interest as % of Revenue	Nil	2
External Debt service as % of Revenue	Nil	0

#### **4.1 MEDIUM TERM BUDGET FORECAST**

The State debt sustainability analysis is predicated on the continuation of recent efforts to grow the IGR of the State annually in the medium term. The economy is expected to gradually recover in the period 2026 – 2028, with real GDP expansion from 3.2% in 2026 to 3.3% in 2028, while domestic inflation is expected to decrease to 15% by 2028. The recovery will be supported by economic growth through diversification, subsidy removal, implementation of the new minimum wage and increase in the share of VAT following the new National VAT rate of 7.5%. The Tax Administration reforms adopted by the State Government will also strengthen resources provided by IGR, as well as numerous industries that are being attracted to the State through industrialization drive which are expected to continue in the next few years. This will no doubt benefit the State economy immensely.

The State Government has put in place various Tax Administration reforms to strengthen its IGR to sustain its debt, these include the enactment of a new Revenue Administration Law and Automated tax collection system. With these new reforms adopted by the State Government, the IGR of the State is expected to grow considerably in the next few years, and this will benefit the state towards overall economic recovery. On the other hand, the Civil Service Reform Policies being implemented with regards to Domestic arrears clearance, overhead cost, and personnel costs are likely to be more stable than their historical trends.

#### 4.2 BORROWING ASSUMPTIONS / OPTIONS

The State intends to cover its gross financing needs from two categories of commercial bank loans i.e., (1-5 years' tenor and above 6-years tenor with no moratorium period) and through Bonds ranging from 1 – 5 year tenor and above 6-year tenor with moratorium period. The State also intends to borrow from external sources (Bilateral and Concessional) within the forecast period.

##### Borrowing terms for new financing contracted from 2025 onwards:

Description	Maturity	interest rate	Grace period
Commercial bank loan	1-5 years	35%	0
Commercial bank loan	6 years and above	35%	1
Bonds	1-5 years	27.5%	0
Bonds	6 years and above	27.5%	0
Bilateral loans (External)	1-45 years	5%	3
Concessional loans (External)	1-45 years	5%	3

The macroeconomic assumptions of the borrowing needs between 2025 – 2034 are: a gradual recovery of the global economy between 2026-2028, Reduction of inflation rate in 2026 - 2028, increase in oil prices, Stabilization of exchange rate, and increase in VAT and FAAC allocation from 2025 - 2034.

The State intends to secure internal loan/borrowing in 2025. All other internal and external loans are projections based on already signed agreements. The projections made in the EFU-FSP-BPR for deficit financing is based on agreements between the State government and commercial banks.

##### 4.2.1 BORROWING REQUIREMENTS FROM 2025 - 2034

INSTRUMENTS	TENOR	STRATEGY 1	STRATEGY 2	STRATEGY 3	STRATEGY 4
COMMERCIAL BANKS	1 - 5 YEARS	0	0	2,228.10	0
COMMERCIAL BANKS	ABOVE 6 YEARS	692.8	1,583.30	2,122.70	0
BONDS	1 - 5 YEARS	0	0	0	1,661.20
BONDS	ABOVE 6 YEARS	785.8	1,776.50	0	1,574.50
CONCESSIONAL LOANS	CONCESSIONAL LOANS	174	0	0	0
BILATERAL LOANS	BILATERAL LOANS	288.3	0	0	0

<b>TOTAL</b>		<b>1,940.9</b>	<b>3,359.8</b>	<b>4,350.8</b>	<b>3,235.7</b>
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The 2025 DSA-DMS report considers the best option of borrowing from both internal and external sources for deficit financing in the projection period bearing in mind associated cost and risks. Strategy 1 which comprises of borrowing from both internal and external sources requires N1,940.9 billion for deficit financing from 2025 – 2034. This is cheaper compared to Strategy 2 (N3,359.8) billion, Strategy 3 (N4,350.8) billion and Strategy 4 (N3,235.7) billion respectively for deficit financing within the same period.

Strategy 3 is the most expensive option with a requirement of N4,350.8 billion borrowing from only commercial banks with a tenor of 1 – 5 years and above 6-year period respectively. This is followed by Strategy 2 with a total deficit financing requirement of N3,359.8 billion borrowing from both commercial banks and bonds within the projection period of 2025 – 2034. Strategy 4 considers borrowing from only the stock market (Bonds) for deficit financing within the projection period and requires N3,235.7 billion from 2025 – 2034.

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

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

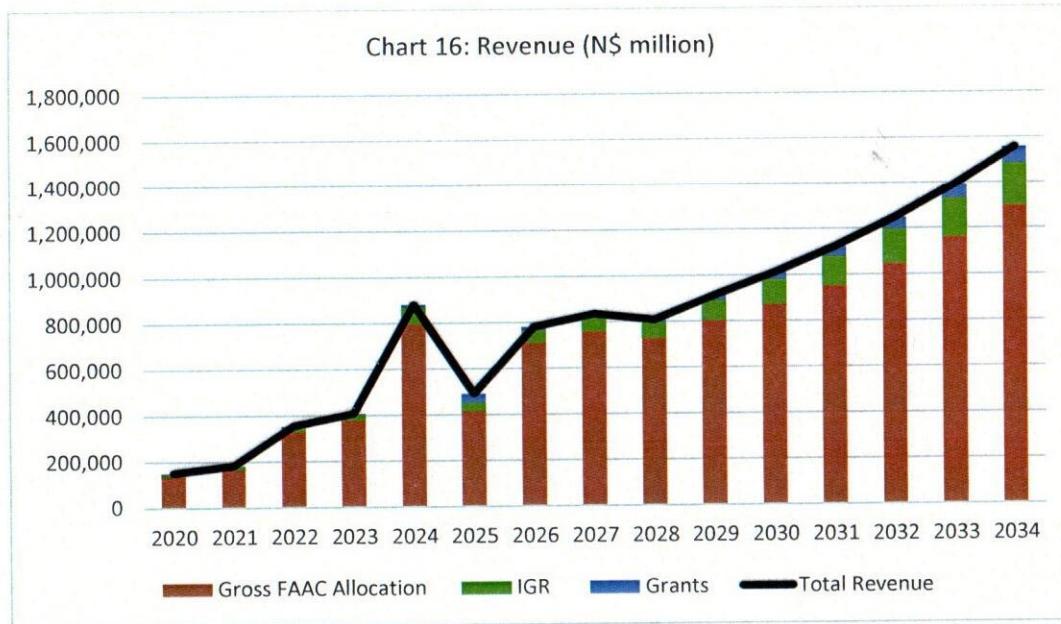
##### **i. REVENUE EXPENDITURE, OVERALL AND PRIMARY BALANCE OVER THE LONG-TERM:**

In the baseline scenario, under the reference debt strategy (S1), the State preserves debt sustainability. Total revenue (including grants and excluding other capital receipts) is projected to increase from N879.7 billion in 2024 to N1,557.2 billion by 2034 (chart 16) representing an increase of N677.5 billion or 77%.

Gross FAAC Allocation is projected to grow from N794.4 billion in 2024 to N1,295.5 billion in 2034, which represents an increase of N501.1 billion or 63.1%. Grants is projected to grow from N10.8 billion in 2024 to N72 billion in 2034 representing an increase of N61.2 billion or 566.7%. The projection sources were from the Approved 2025 Budget; State MTEF 2026-2028; 2029-2034 projections as estimated by the State DMD.

The Internally Generated Revenue (IGR), and tax system should further be strengthened over the medium term by improving collection efficiency, enhancing compliance, and reorganizing the business practices of revenue agencies in the state as well as employing appropriate State-of-the-art technology. In addition, efforts should also be made to attract more businesses from the informal sector into the tax net. IGR is estimated to grow by N115.3 billion or 154.9 % (from N74.4 billion in 2024 to N189.7 billion in 2034), over the projection period of the Approved 2025 Budget; MTEF, 2026-2028; 2029-2034 projections as estimated by the State DMD.

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Total Revenue	149,395	180,278	353,608	406,762	879,710	490,205	779,309	833,179	806,163	911,911	1,009,995	1,120,775	1,246,783	1,391,055	1,557,233
Gross FAAC Allocation	134,049	159,502	327,464	374,894	794,432	411,805	708,448	756,401	724,421	800,170	868,253	949,034	1,045,042	1,159,313	1,295,492
IGR	12,496	18,595	18,392	27,197	74,438	39,000	53,943	64,731	69,731	89,731	109,731	129,731	149,731	169,731	189,731
Grants	2,850	2,182	7,752	4,670	10,840	39,400	16,918	12,047	12,011	22,011	32,011	42,011	52,011	62,011	72,011

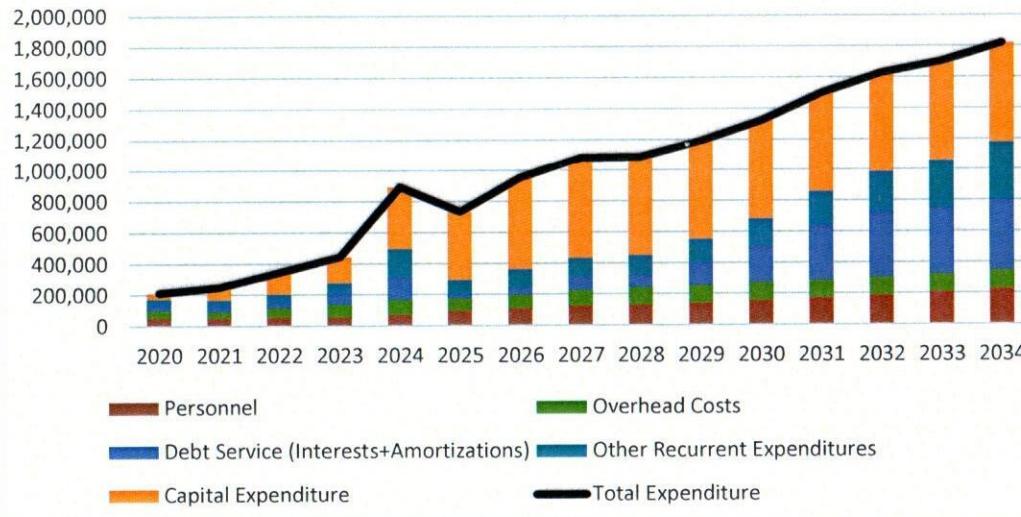


Source: State's forecast

Total expenditure is projected at N729.1 billion in 2025, N949.9 billion in 2026, N1,078.4 billion in 2027, N1,084.1 billion in 2028, N1,186.9 billion in 2029, N1,318.7 billion in 2030, N1,495.5 billion in 2031, N1,625.8 billion in 2032, N1,700.5 billion in 2033 and N1,818.3 billion in 2034 respectively, indicating stability in the state growth recovery rate. Personnel Costs, Overhead Cost, Debt Service, and Capital Expenditure is estimated to increase from N69.8 billion in 2024 to N223.6 billion in 2034, N92.9 billion in 2024 to N118.7 billion in 2034, N146.8 billion in 2024 to N459.6 billion 2034, and N394.3 billion in 2024 to N641.3 billion in 2034. Other Recurrent Expenditure is also estimated to increase from N185.1 billion in 2024 to N375.2 billion in 2034 representing an increase of N190.1 billion or 102.7 %. Source; Approved 2025 Budget; MTEF, 2026-2028; 2029-2034 projections as estimated by the State Ministry of Budget and State DMD extrapolated.

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Total Expenditure	209,476	244,886	340,156	441,641	888,854	729,079	949,923	1,078,398	1,084,098	1,186,996	1,318,744	1,495,541	1,625,775	1,700,488	1,818,322
Personnel	49,028	46,233	51,330	53,453	69,794	91,962	106,218	123,822	126,200	138,820	152,702	167,972	184,769	203,246	223,571
Overhead Costs	48,770	42,539	59,880	80,112	92,879	79,774	87,327	98,964	111,798	112,916	114,045	115,186	116,338	117,501	118,676
Debt Service (Interests+Amortizations)	39,996	41,862	47,813	78,660	146,814	29,506	47,551	86,084	85,168	148,195	233,772	356,967	424,822	426,777	459,573
Other Recurrent Expenditures	33,586	34,817	41,219	60,202	185,070	94,572	122,285	124,524	125,666	150,799	180,959	217,151	260,581	312,697	375,236
Capital Expenditure	38,096	79,434	139,914	169,214	394,297	433,265	586,541	645,004	635,266	636,266	637,266	638,266	639,266	640,266	641,266

Chart 17: Expenditure (N\$ million)

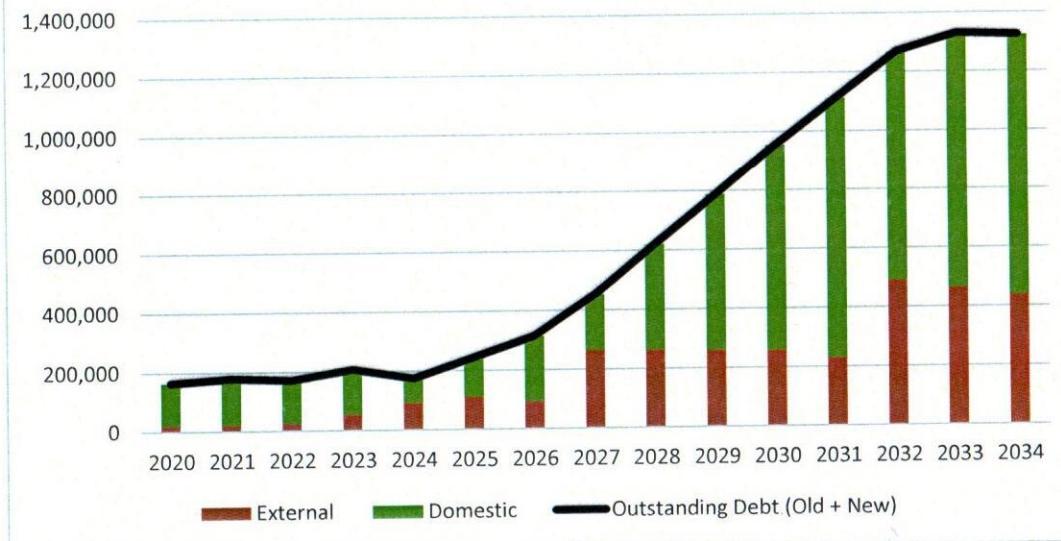


Source: State's forecasts

- The projected increase in expenditure (Personnel cost, Overhead costs, other recurrent expenditures, and Capital Expenditure) results in increase in debt through Primary Balance and implementation of the new National minimum wage, new employees and pension and gratuity payments.
- Bayelsa State's Debt Stock is estimated to increase from N173.6 billion in 2024 to N1,322.9 billion in 2034, representing an increase of N1,149.3 billion or 662% over the projection period. External Debt is projected to increase from N90.9 billion in 2024 to N436.5 billion in 2034 representing an increase of N345.6 billion or 380.2% and Domestic Debt is expected to increase from N82.7 billion in 2024 to N886.4 billion in 2034 representing an increase of N803.7 billion or 971.8% over the projection period.

YEAR	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Outstanding Debt (Old + New)	163,363	177,731	169,648	204,519	173,592	242,779	313,601	451,408	620,978	785,915	955,014	1,111,672	1,267,090	1,329,076	1,322,852
External	19,235	19,095	23,276	53,363	90,870	108,662	91,980	263,124	260,464	257,664	254,864	227,615	489,123	462,714	436,445
Domestic	144,129	158,636	146,371	151,156	82,722	134,116	221,621	188,284	360,515	528,251	700,150	884,057	777,967	866,362	886,408

Chart 18: Debt Stock (N\$ million)



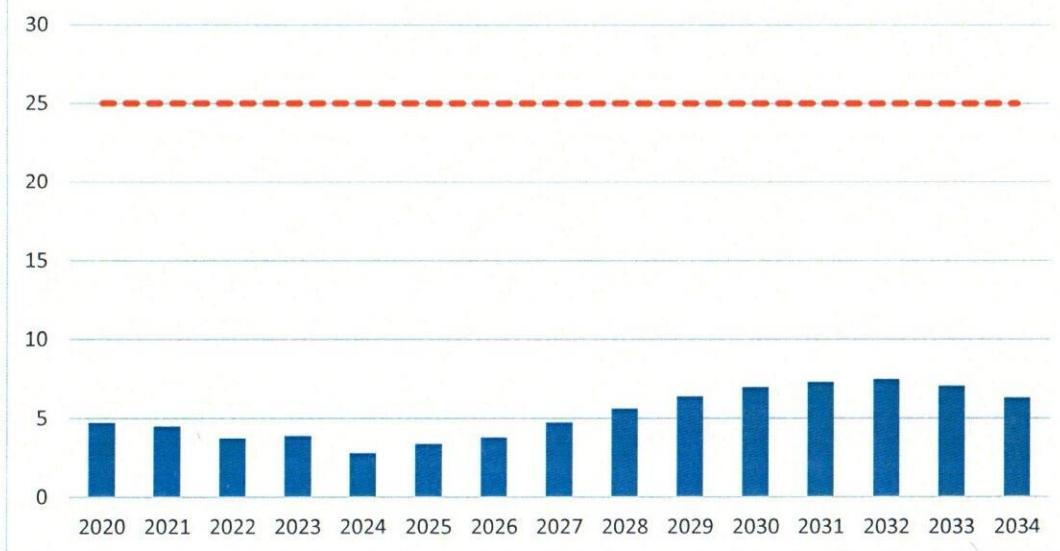
Source: State's forecasts

## BAYELSA STATE MAIN FINDING

The Baseline Scenario results shows that the ratio of Debt as % of GDP is projected at 3% in 2025, 5% in 2027, 6% in 2029, 7% in 2030, 7% in 2032 and 6% in 2034 respectively, as against the indicative threshold of 25 percent. This means that there is room for the state to borrow more for capital development and economic growth under favorable macro-economic conditions and risks.

YEAR	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Debt as % of SGDP	5	4	4	4	3	3	4	5	6	6	7	7	7	7	6
Threshold	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25

Chart 21: Debt Stock as a share of SGDP



Source: State's forecasts

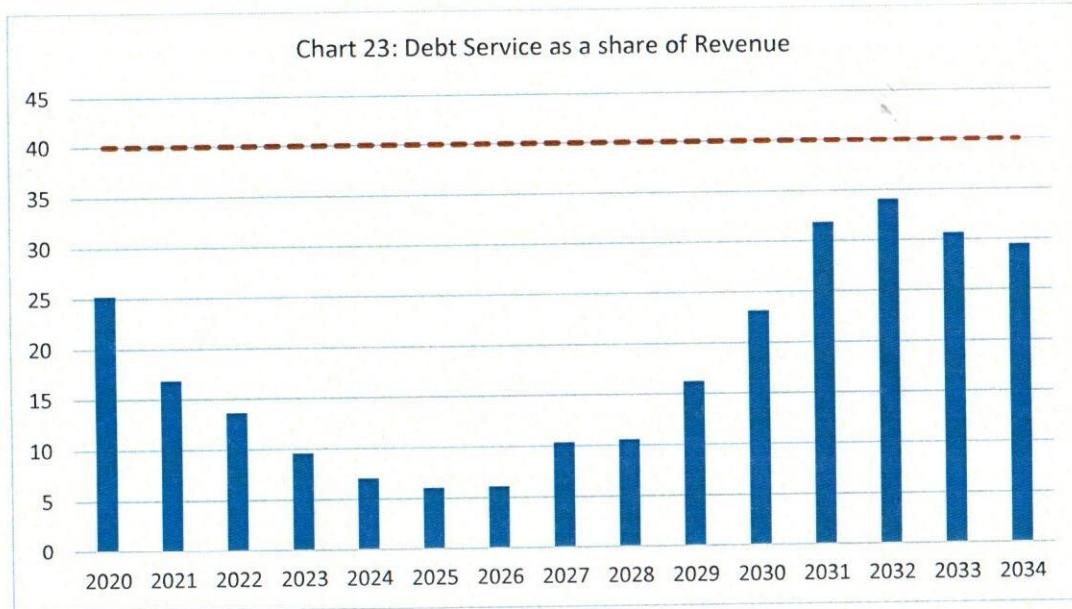
YEAR	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Debt as % of Revenue	109	99	48	50	20	50	40	54	77	86	95	99	102	96	85
Threshold	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200

The ratio of Debt as % of Revenue is estimated at 50% in 2025, 54% in 2027, 77% in 2028, 95% in 2030, 102% in 2032 and 85% in 2034 respectively, although the ratio of Debt as % of Revenue remains below the threshold of 200% over the projection period with the highest percentage of 102% in 2032. The implication of this is that the State's FAAC revenue is over burdened by debt service (Interest and Principal repayment). Therefore, the State must quickly deploy other revenue sources like Grants, Donations, and the State IGR for debt service in order to free up FAAC revenue for other development activities.

Meanwhile, the ratios of Debt Service to Revenue and Personnel Cost to Revenue trends remain under the threshold over the projection period from 2025 to 2034. This is because of government's conscious efforts and policies to keep expenditures under review and control.

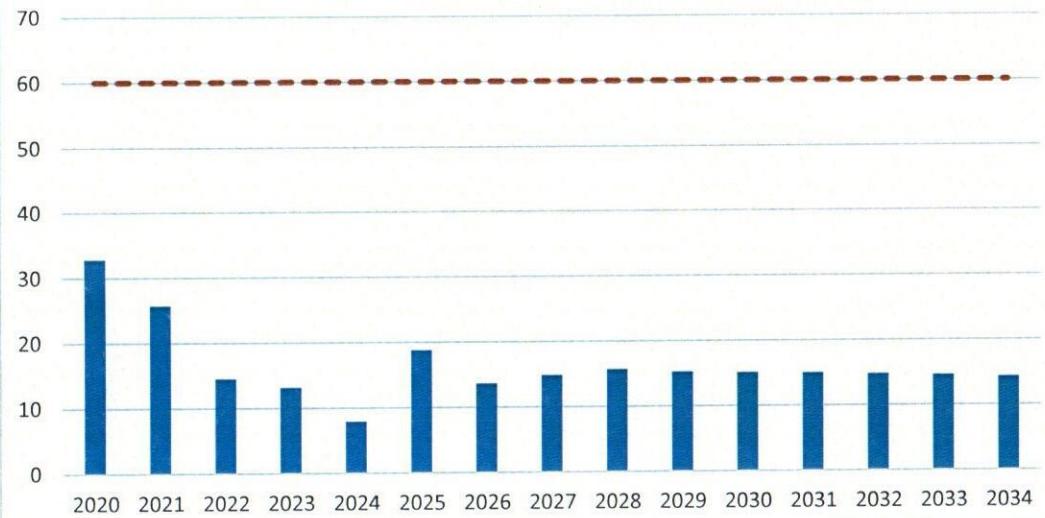
YEAR	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Debt Service as % of Revenue	25	17	14	10	7	6	6	10	11	16	23	32	34	31	30
Threshold	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40

YEAR	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Personnel Cost as % of Revenue	33	26	15	13	8	19	14	15	16	15	15	15	15	15	14
Threshold	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60



Source: State's forecasts

Chart 24: Personnel Cost as a share of Revenue



Source: State's forecast

## CONCLUSION

Bayelsa State DSA result shows that, the State remains at the MODERATE Risk of Debt Distress. The State remains sensitive to the revenue shocks and expenditure shocks indicating that an increase in aggregate output, does not result to a proportionate increase in revenue. There is, therefore, the urgent need for the authorities to fast-track efforts aimed at further diversifying the sources of revenue away from crude oil (FAAC), as well as implement far-reaching policies that will bolster IGR into the state. The State should also continue the implementation and strengthening of already existing policies like “Arrears Clearance Framework, Single Treasury Account (TSA), and consider Integrated Personnel Payroll Information System (IPPIS)” to check mate payroll fraud in the State. This has become critical, given the continued volatility in the FAAC allocation and the volatile and unpredictable global economy.

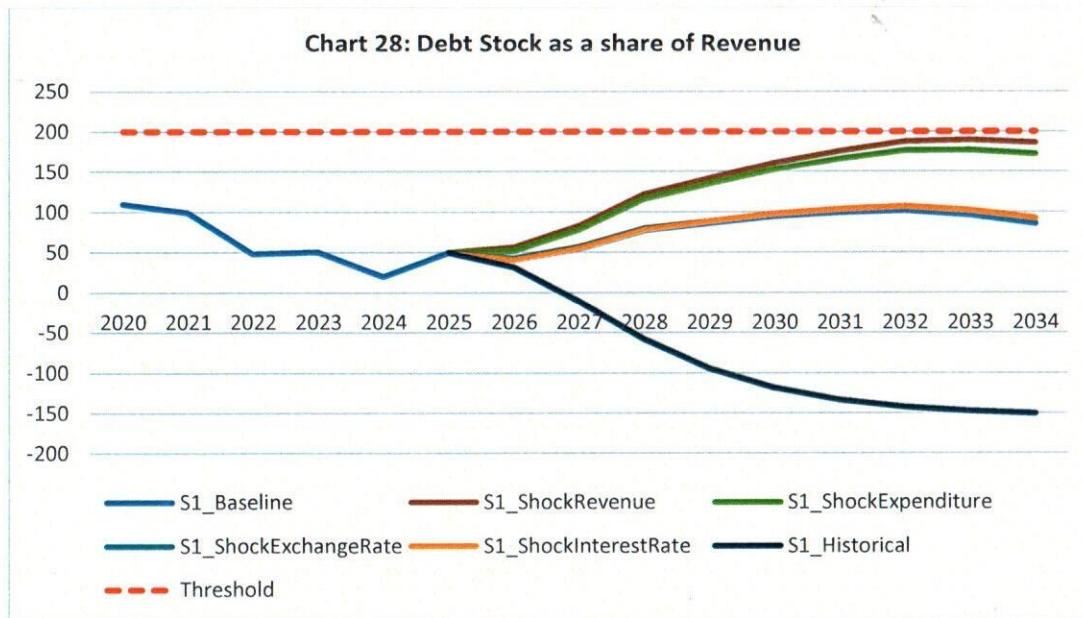
### 4.4 DSA SENSITIVITY ANALYSIS (SHOCK ANALYSIS)

The State faces important sources of fiscal risks associated to the possibility of adverse country wide macroeconomic conditions and the reversal of the State's revenue and expenditure policies. A sensitivity analysis is undertaken considering macroeconomic shocks and policy shocks to evaluate the robustness of the sustainability assessment for the baseline scenario under the reference debt strategy (S1) discussed in the previous sub-section. When considering both macroeconomic and policy shocks, it is assumed that

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

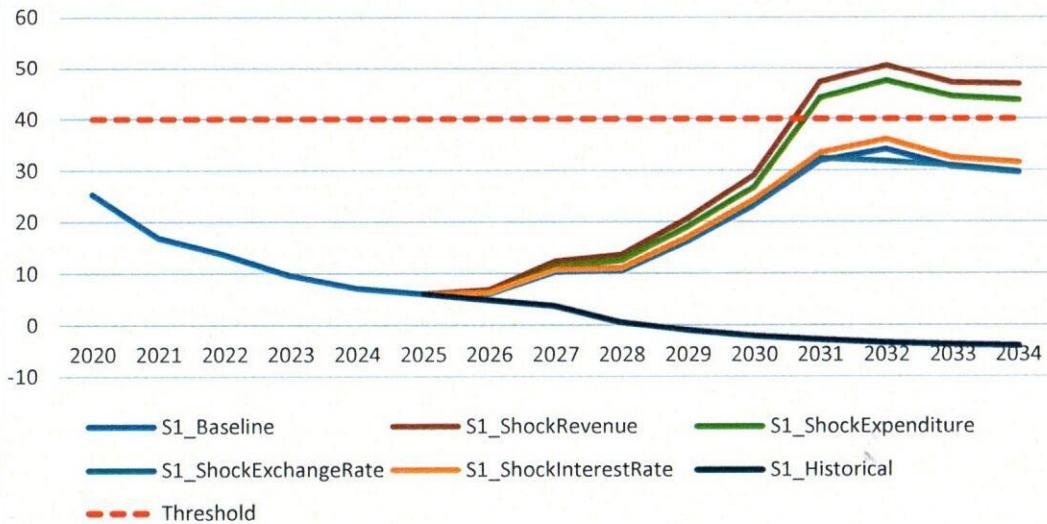
### **The 2025 DSA analysis shows that Bayelsa State remains at a moderate risk of debt distress under sensitivity analysis.**

The State DSA analysis shows deterioration related to Revenue and Expenditure shocks that would lead to increase in Gross Financing Needs over the projection period. The shocks applied breached the threshold as follows; Debt as percentage of Revenue: Revenue and expenditure shocks were breached in 2031 to 2034. All other shocks applied remained within the thresholds throughout the projection period of 2025 – 2034. Personnel cost as percentage of revenue and Debt as percentage of SGDP also remained within the thresholds both in the baseline and shock scenarios. There is therefore an urgent need for the authorities to fast-track efforts aimed at further diversifying the sources of revenue away from crude oil (FAAC). Since the State's IGR base is small, government should consider policies and partnerships that will attract investors to the State thereby increasing the IGR base and also consider diversification into agriculture to avoid over-dependence on FAAC revenue.



Source: State's forecasts

Chart 29: Debt Service as a share of Revenue



Source: State's forecasts

**5.0 DEBT MANAGEMENT STRATEGY**

Public Debt Management is the process of establishing and executing a strategy for managing the government's debt 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. For any Debt Management Strategy (DMS), its cost is measured by the expected value of a 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 projected in the most adverse scenario).

**Debt Management Performance Indicators (DMPI)**

DESCRIPTION	THRESHOLD	PERCENTAGE
Debt Stock/Revenue %	200	86%
Debt Service/Revenue%	40	16%
Interest/Revenue%	0	13%

**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, 2026-2028. External gross borrowing under Concessional loans is N0.12 billion over the strategic period mainly through World Bank and African Development Bank; and the bilateral loan accounts for N0.21 billion over the strategic period respectively. Although external loans are preferable to domestic loans due to the advantages they have, which includes lower interest rate, more affordable, lower fees, and longer repayment period. However, they are not readily available because they must be guaranteed by Federal Government (on-lending).

The Domestic gross financing comprises commercial bank loans and State bonds. The Domestic Financing under the Commercial Bank loans (maturity above 6 years) is N692.8 billion. Although commercial bank rates are now higher than other domestic loans, they are considered here because they are quick to access and are readily available.

State bonds (Maturity above 6 years) accounts for N785.8 billion over the DMS period of 2025 to 2034. State bonds are also considered here because they have less restrictions to obtain, they have low volatility, high liquidity and the State also stands to enjoy legal rights and protection.

**Debt Management Strategy 1** financing mix is driven by funding of current account deficit, foreign direct investment (FDIs), rollover and exchange rate risk mitigation, and funding of huge infrastructure demand to stimulate economic growth.

The policy objectives that motivate borrowing from the proposed instruments in the alternate strategies (S2), (S3), and (S4), (commercial banks and bonds.) are generally for risk mitigation, development of domestic debt markets, funding of specific expenses, and securing liquid assets for cash management.

**Debt Management Strategy 2,** (proposed instrument, Commercial loan (above 6 years) is N1,583.3 billion and bonds (above 6 years) is N1,776.5 billion) is driven by funding of specific expenses such as capital investment to secure liquid assets for cash management, development of domestic debt market, and funding of huge infrastructural capital development projects. The mix of commercial loans and bonds are considered in Strategy 2 to see how the State will fare over the MTDS-DSA projection period.

**Debt Management Strategy 3,** (Proposed instrument, Commercial loans (1 – 5 years) is N2,228.1 billion and (above 6 years) is N2,122.7 billion) is driven by funding of specific expenses such as capital investment, and to secure liquid assets for cash management. Commercial loans are considered because they are quick to access and are readily available.

**Debt Management Strategy 4,** (proposed instrument, Bonds (1 – 5 years) N1,661.2 and (above 6 years) is N1,574.5 billion) is driven by current account deficit, and funding of huge infrastructure demand to stimulate economic growth. Only State bonds are considered in Debt Management Strategy 4 because they have low volatility, less restrictions and have high liquidity compared to other domestic loan instruments.

## 5.2 DMS SIMULATION RESULTS

The cost risk trade off charts illustrates the performance of the alternative strategies with respect to three (3) debt burden indicators:

1. Debt as a share of Revenue
2. Debt Service as a share of Revenue, and
3. Interest as a Share of Revenue

#### a. DEBT AS A SHARE OF REVENUE:

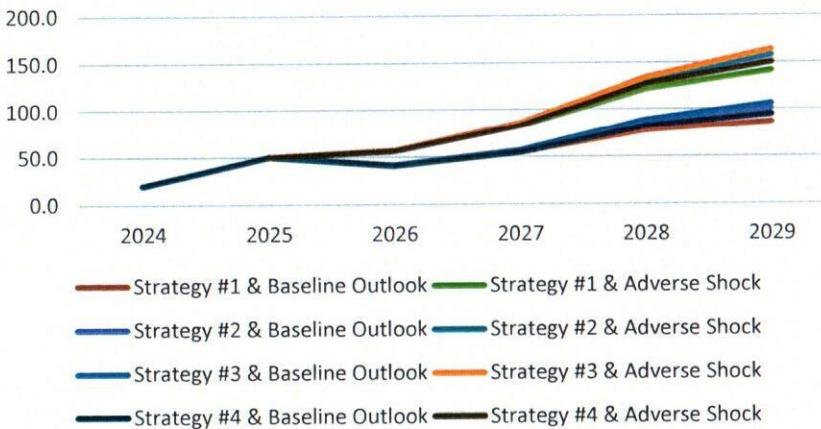
➤ Strategy 1 shows the Cost ratio of Debt to Revenue, which is estimated to increase from 49.5 % in 2025 to 86.2 % in 2029, as against Strategy 2 (101 %), Strategy 3 (106.3 %) and Strategy 4 (94.3 %) over the DMS period of 2025 - 2029, compared with the associated risk of Strategy 1 (55.1 %), Strategy 2 (56.7%), Strategy 3 (57.3 %) and Strategy 4 (56%), respectively. (Chart 33 & 34)

➤ Analysis using this debt indicator of “debt to revenue” shows that Strategy 1 is the least costly and least risky which was estimated at 86.2% and 55.1% compared to Strategy 4 (94.3 % and 56 %) Strategy 2 (101 % and 56.7 %), respectively. On the other hand, Strategy 3 is the costliest and riskiest strategy which was estimated at 106.3 % and 57.3 %, which concentrated only on commercial bank borrowings over the DMS period of 2025-2029. (Chart 33 & 34)

Debt Stock as % of Revenue (including grants and e	2024	2025	2026	2027	2028	2029	
						COST	RISK measured only in 2029
Strategy #1 & Baseline Outlook	19.7	49.5	40.2	54.2	77.0	86.2	55.1
Strategy #1 & Adverse Shock		49.5	55.8	82.5	121.6	141.3	
Strategy #2 & Baseline Outlook	19.7	49.5	40.9	55.7	86.1	101.0	56.7
Strategy #2 & Adverse Shock		49.5	56.6	84.2	131.7	157.7	
Strategy #3 & Baseline Outlook	19.7	49.5	40.9	56.6	88.3	106.3	57.3
Strategy #3 & Adverse Shock		49.5	56.6	85.2	134.1	163.6	
Strategy #4 & Baseline Outlook	19.7	49.5	40.2	54.2	81.9	94.3	56.0
Strategy #4 & Adverse Shock		49.5	55.8	82.5	127.0	150.3	

### Chart 33. Debt Stock as a share of Revenue

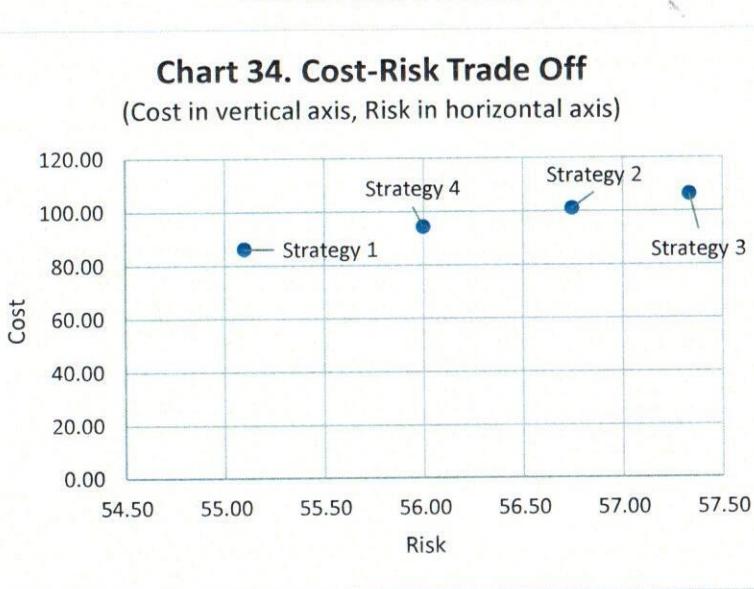
(including grants and excluding other capital receipts)



Source: State's forecasts

### Chart 34. Cost-Risk Trade Off

(Cost in vertical axis, Risk in horizontal axis)



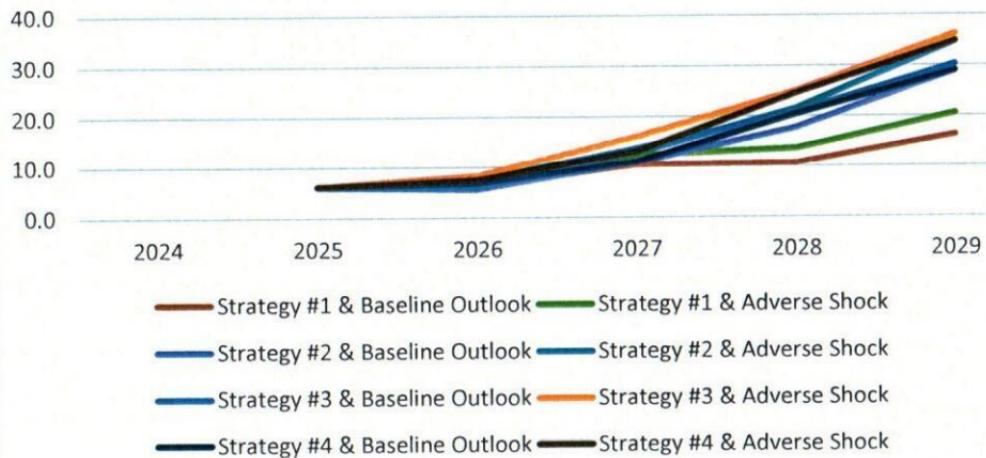
Source: State's forecasts

**b. DEBT SERVICE AS A SHARE OF REVENUE:**

- In terms of “Debt Service to Revenue”, Strategy 1 has the lowest costs of 6.0 % in 2025 to 16.3 % in 2029 and lowest risks of 4.4 % compared to Strategy 2 (costs at 29.0 % and risks at 5.8 %), Strategy 3 (costs at 30.2 % and risks at 5.9 %) and Strategy 4 (costs at 28.9 % and risks at 5.8 %) respectively, as at end of the strategic period of 2029.
- Strategy 1 has the lowest costs at 16.3 % and minimum risks at 4.4 % under the “Debt Service to Revenue”, followed by Strategy 2, and Strategy 4 (costs at 29.0 %, 28.9 and risks at 5.8 %) respectively, while Strategy 3 is the costliest and riskiest strategy as the domestic debt financing considered only Commercial banks with a cost of 30.2% and an associated risk of 5.9% at the end of the strategic period of 2029. (Chart 37 & 38)

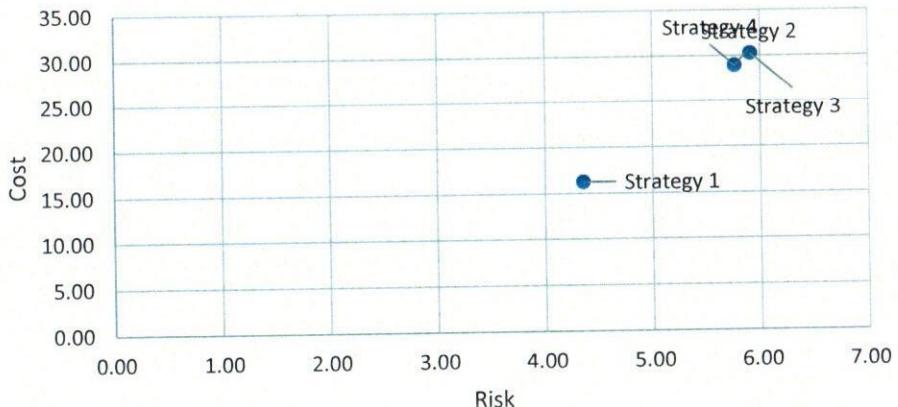
Debt Service as % of Revenue (including grants and	2024	2025	2026	2027	2028	COST	RISK measured only in 2029
						2029	
Strategy #1 & Baseline Outlook		6.0	6.1	10.3	10.6	16.3	4.4
Strategy #1 & Adverse Shock		6.0	6.8	12.3	13.6	20.6	
Strategy #2 & Baseline Outlook		6.0	5.5	10.8	17.7	29.0	5.8
Strategy #2 & Adverse Shock		6.0	6.1	12.8	21.6	34.7	
Strategy #3 & Baseline Outlook		6.0	7.3	13.6	20.8	30.2	5.9
Strategy #3 & Adverse Shock		6.0	8.2	15.9	25.0	36.2	
Strategy #4 & Baseline Outlook		6.0	6.6	10.9	20.5	28.9	5.8
Strategy #4 & Adverse Shock		6.0	7.4	12.9	24.6	34.7	

### Chart 37. Debt Service as a share of Revenue (including grants and excluding other capital receipts)



**Source: State's forecasts**

**Chart 38. Cost-Risk Trade Off**  
(Cost in vertical axis, Risk in horizontal axis)

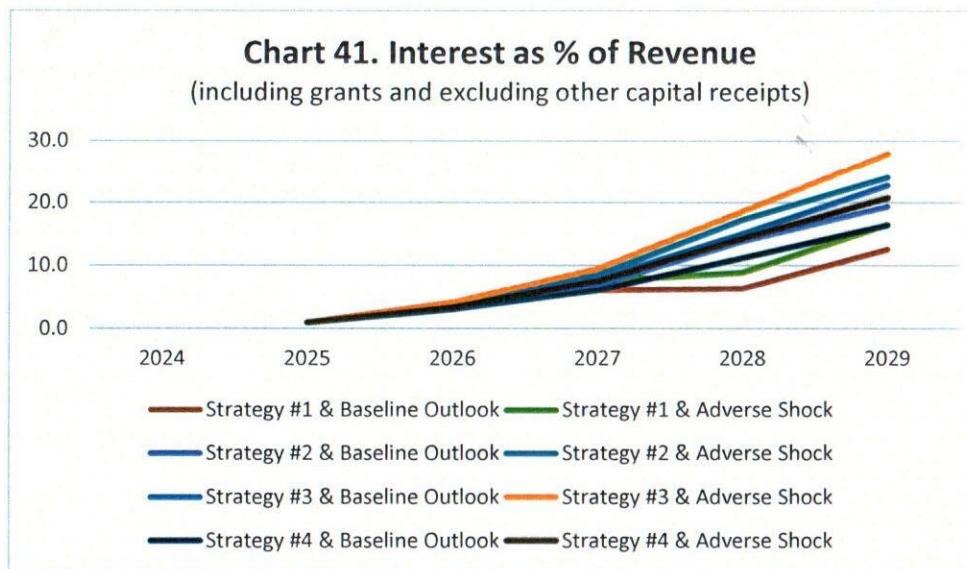


**Source: State's forecasts**

### c. INTEREST AS A SHARE OF REVENUE

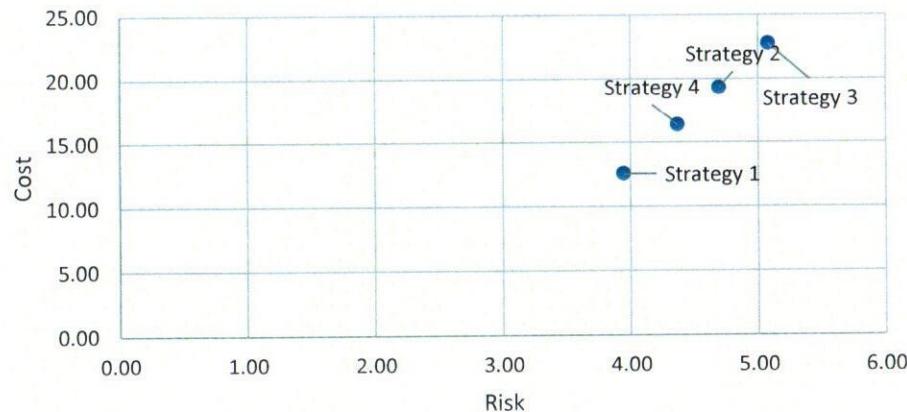
- Strategy 1 has the least costs with regards to "Interest as a percentage of revenue". This is projected to increase from 0.9% in 2025 to 12.6% in 2029 with an associated Risk of 3.9%, whilst Strategy 3 is the costliest and riskiest strategy at 22.8 % and 5.1% compared to Strategy 4 with a moderate cost and risk of 16.4% and 4.4% and Strategy 2 with estimated costs and risks of 19.3% and 4.7% as at end of the strategic period of 2029.
- The ratios of Interest as percent of Revenue analysis shows that S1 yielded the lowest costs and risks due to a mix of external financing. The external debt service terms contain lower interest rates, longer maturity and grace period compared to S4 and S2 with moderate costs and risks. However, S3 is the costliest and riskiest strategy over the analysis period of 2025 – 2029. (Chart41 & 42)

Interest as % of Revenue (including grants and excl	2024	2025	2026	2027	2028	COST		RISK measured only in 2029
						2029	2029	
Strategy #1 & Baseline Outlook		0.9	3.0	6.0	6.3	12.6	3.9	
Strategy #1 & Adverse Shock		0.9	3.3	7.5	8.8	16.5		
Strategy #2 & Baseline Outlook		0.9	3.7	6.8	13.8	19.3	4.7	
Strategy #2 & Adverse Shock		0.9	4.1	8.4	17.2	24.0		
Strategy #3 & Baseline Outlook		0.9	3.7	7.8	15.0	22.8	5.1	
Strategy #3 & Adverse Shock		0.9	4.1	9.4	18.5	27.8		
Strategy #4 & Baseline Outlook		0.9	3.0	6.0	11.1	16.4	4.4	
Strategy #4 & Adverse Shock		0.9	3.3	7.5	14.2	20.7		



Source: State's forecasts

**Chart 42. Cost-Risk Trade Off**  
(Cost in vertical axis, Risk in horizontal axis)



**Source: State's forecasts**

### 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 to long-term. Considering the Analytical Tool's results (of costs and risks assessment) using the liquidity and solvency ratios, **Strategy 1 is considered the most feasible of all the strategies to implement in the short to medium-term and would also improve the State's portfolio debt position relative to the base year 2024.**

In comparison to the current debt position, Bayelsa State debt portfolio stood at N173.6 billion as at end-2024, which is expected to increase to N1,322.9 billion under Strategy 1 to the end of the strategic period, compared to Strategy 2 (N2,371.9 billion), Strategy 3 (N2,965.9 billion), and Strategy 4 (N1,708 billion). In addition, 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. **Strategy 1 (S1) is selected as the preferred strategy for the 2025-2029 assessment period.**

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

## LIST OF ANNEXURES:

### ANNEXURE 1: TABLE OF ASSUMPTIONS

#### Annexure ii: Historical and Projection Table

2025

		Projection Methodology	Source
Assumptions:			
Economic activity	State GDP (at current prices)	State real and nominal GDP figures were obtained from Federal Debt Management office	NBS /WBG/FBS
Revenue	Revenue	Sum of the Components	Financial Statements / FAAC / Annual estimates/MTEF.
	1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	The state projections for 2025-2034 were based on the State Annual budget, State MTEF 2026 – 2028 and State DMO projections 2029 - 2034. The State share is expected to grow by 20% from 2029 to 2034. Assumption is based on current reality due to removal of fuel subsidy, increased production, reduced militant attacks on oil pipelines and improved revenue collection methods by Federal Government.	Financial Statements / FAAC / Annual estimates/State DMO projections
	1.a. of which Net Statutory Allocation ('net' means of deductions)		
	1.b. of which Deductions		
	2. Derivation (if applicable to the State)	Projections were based on State annual estimates, State MTEF 2026 - 2028 and State Projections 2029 - 20334. Derivation is expected to increase by 5% from 2029 to 2034. The assumption is based on enhanced security measures, increased output and increased revenue due to increase in oil production	Financial Statements / FAAC / Annual estimates/State DMO (projections 2029 - 2034)

3. Other FAAC transfers (exchange rate gain, augmentation, others)	Projections were based on State annual estimates, State MTEF 2026 - 2028 and State Projections 2029 - 2034. Other FAAC transfers are estimated to increase by 20% from 2029 to 2034. The assumption is based on removal of fuel subsidy, Floating of the Naira and increased revenue collection both in the oil and non-oil sectors.	Financial Statements/FAAC/MTEF/Annual Estimates
4. VAT Allocation	The state projections were based on the State Annual estimates, State MTEF 2026 – 2028 and State DMD projections 2029 - 2034. VAT is expected to grow by 20% from 2029 - 2034. The assumption is based on increase in VAT percentage from 5% to 7.5% by Federal Government and improvement in VAT collection system by Federal Government.	Financial Statements / FAAC / Annual estimates/State DMO projections
5. IGR	IGR projection was based on the State Annual estimate, State MTEF 2026 - 2028 and State DMD projections 2029 - 2034. IGR is expected to increase by 20 billion from 2029 - 2034. The assumption is due to recent government policy on automated IGR collection system and blocking of tax leakages by the State government.	Financial Statements / SBIR /State MTEF /Annual Estimates
6. Capital Receipts	Sum of the Components	Financial Statements/FAAC/State MTEF/ Appropriation
6.a. Grants	Projections were based on the State Annual estimates, State MTEF 2026 - 2028 and State DMD projections 2029 - 2034. Grants are projected to increase by 10 billion from 2029 to 2034. (External grants are based on signed grant agreements with the State development partners)	Financial Statements/FAAC/State MTEF/ Appropriation
6.b. Sales of Government Assets and Privatization Proceeds	Projections were based on the State Annual estimates, State MTEF 2026 - 2028 and State DMD projections 2029 - 2034. Other non-Debt creating Capital receipts are projected to increase by 5% from 2029 to 2034.	Financial Statements/FAAC/State MTEF/ Appropriation
6.c. Other Non-Debt Creating Capital Receipts		

Expenditure	Expenditure	Sum of components	Financial Statements / FAAC / Annual estimates/ State MTEF.
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)		Projections were based on the State Annual estimates, State MTEF 2026 - 2028 and State DMD projections 2029 - 2034. Personnel cost is projected to increase by 10% from 2029 to 2034. (Expected increase is due to the implementation of Federal Government new minimum wage, employment of new staff and political allowances.)	Financial Statements/State MTEF/ Appropriation
2. Overhead costs		Projections were based on State Annual estimates, State MTEF 2026 - 2028 and State DMD projections 2029 - 2034. Overhead cost is projected to increase by 1% from 2029 to 2034 (Government policy on controlled expenditure) The projected increase in overhead is as a result of anticipated increase in development activities, maintenance costs, inflation and exchange rate differentials.	Financial Statements/State MTEF/ Appropriation
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)		Projections were based on actual expected interest payments in the future as contained in the State Loan amortization schedules	State DMO/FAAC/Federal DMO/CBN
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)		Other recurrent expenditure is expected to increase by 20% from 2029 to 2034. The projected increase in other recurrent expenditure is as a result of anticipated increase in development activities, maintenance costs, inflation and exchange rate differentials.	Financial Statements/ State MTEF/ Appropriation
5. Capital Expenditure		Projections were based on the State Annual estimates, State MTEF 2026 - 2028 and State DMD projections. Capital expenditure is projected to increase by 1 billion from 2029 to 2034. The assumption is due to expected increase in FAAC allocations due to subsidy removal, enhanced security measures, floating of the Naira by Federal government and also increase in State IGR due to State government policies which will in turn be used for capital projects for economic development.	Financial Statements/State MTEF/ Appropriation

**Debt Amortization and Interest Payments**

**Debt Outstanding at end-2024**

External Debt - amortization and interest

Domestic Debt - amortization and interest

**New debt issued/contracted from 2025 onwards**

**New External Financing**

External Financing - Concessional Loans (e.g., World Bank, African Development Bank)

External Financing - Bilateral Loans

Other External Financing

**New Domestic Financing**

Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)

**Actual Domestic and External debt stock as at 31st December 2024**

Amortization and interest payment estimated using profiles recorded in DMO including external debt service paid through FAAC deductions

Amortization and interest payment estimated using profiles recorded in DMD including those paid directly by the state through FAAC deductions

Generated automatically by WBG-DMO DSA Template 2025

**Current expected Borrowing Terms for New External Debt: interest rate (%), maturity (# years) and grace period (#)**

(interest rate 5%, maturity (10 years) and grace period (3 year))

(interest rate 5%, maturity (10 years) and grace period (3 year))

**Current expected Borrowing Terms for New Domestic Debt: interest rate (%), maturity (# years) and grace period (#)**

(interest rate 35%, maturity (5 years) and grace period (0 year))

**Financial Statements/State and Federal DMO**

Federal DMO/CBN/State DMD

State and Federal DMO/CBN/Financial statements

Generated automatically by DMO/World Bank Template

State and Federal DMO/CBN

State and Federal DMO/CBN

State and Federal DMO/CBN

Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	(interest rate 35%, maturity (10 years) and grace period (1 year))	State and Federal DMO/CBN
State Bonds (maturity 1 to 5 years)	(interest rate 27.5%, maturity (5 years) and grace period (0 year))	State and Federal DMO/CBN
State Bonds (maturity 6 years or longer)	(coupon rate (27.5%) maturity (7 years) and grace period (0))	State and Federal DMO/CBN
Other Domestic Financing		

**Proceeds from Debt-Creating Borrowings**

**corresponding to Debt Strategy S1**

**Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S1**

**New Domestic Financing in Million Naira**

Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)

N692.8 billion (interest rate 35%, maturity (10 years) and grace period (1 year)) Projections are based on expected capital investment by State Government and securing of liquid assets for cash management e.g. lands, buildings, machinery, equipment etc. Assumption: Quicker access to funds, appreciable growth in IGR, and shorter application process

STATE and Federal DMO/WBG

Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)

State Bonds (maturity 1 to 5 years)

STATE and Federal DMO/WBG

State Bonds (maturity 6 years or longer)

N785.8 billion (coupon rate (27.5%) maturity (7 years) and grace period (0)) Projections based on expected current account deficit financing and funding of huge capital infrastructure by government. Low volatility, High liquidity, legal protection, huge capital and less restrictions

STATE and Federal DMO/WBG

Other Domestic Financing

**New External Financing in Million US  
Dollar**

External Financing - Concessional Loans  
(e.g., World Bank, African Development  
Bank)

N0.12 billion Dollars (interest rate 5%, maturity (10 years) and grace period (3 year)) Projections are based on foreign direct investment and rollover, fixed interest rate and guided exchange rate risk mitigation, and also for deficit financing. Assumptions: Lowest interest rates, lower fees, longer repayment periods, On-lend borrowing by Federal Government

STATE and Federal DMO/WBG

External Financing - Bilateral Loans

N0.21 billion Dollars (interest rate 5%, maturity (10 years) and grace period (3 year)) Projections are based on foreign direct investment and rollover, fixed interest rate and guided exchange rate risk mitigation, and also for deficit financing. Assumptions: Lowest interest rates, lower fees, longer repayment periods, On-lend borrowing by Federal Government

STATE and Federal DMO/WBG

Other External Financing

**Proceeds from Debt-  
Creating Borrowings  
corresponding to Debt  
Strategy S2**

**Planned Borrowings (new bonds, new  
loans, etc.) for Debt Strategy S2**

**New Domestic Financing in Million Naira**

Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)

STATE and Federal DMO/WBG

Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)

N1,583.3 billion (interest rate 35%, maturity (5 years) and grace period (0 year)) Projections based on expected capital investment by State Government and securing of liquid assets for cash management. Assumption: Quicker access to funds, and shorter application process

STATE and Federal DMO/WBG

State Bonds (maturity 1 to 5 years)

	<p>State Bonds (maturity 6 years or longer)</p> <p>Other Domestic Financing</p> <p><b>New External Financing in Million US Dollar</b></p> <p>External Financing - Concessional Loans (e.g., World Bank, African Development Bank)</p> <p>External Financing - Bilateral Loans</p> <p>Other External Financing</p>	<p>N1,776.5 billion (coupon rate (27.5%) maturity (7 years) and grace period (0)). Low volatility, High liquidity, legal protection, huge capital and less restrictions</p>	STATE and Federal DMO/WBG
<b>Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S3</b>	<p><b>Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S3</b></p> <p><b>New Domestic Financing in Million Naira</b></p> <p>Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)</p> <p>Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)</p> <p>State Bonds (maturity 1 to 5 years)</p> <p>State Bonds (maturity 6 years or longer)</p> <p>Other Domestic Financing</p>	<p>N2,228.1 billion (interest rate 35%, maturity (5 years) and grace period (0 year)). Assumption: Quicker access to funds, and shorter application process</p> <p>N2,122.7 billion (interest rate 35%, maturity (10 years) and grace period (0 year)) Projections are based on expected capital investment by State Government and securing of liquid assets for cash management. Assumption: Quicker access to funds, and shorter application process</p>	<p>STATE and Federal DMO/WBG</p> <p>STATE and Federal DMO/WBG</p>

**New External Financing in Million US****Dollar**

External Financing - Concessional Loans  
(e.g., World Bank, African Development Bank)

External Financing - Bilateral Loans

Other External Financing

**Proceeds from Debt-Creating Borrowings**

**corresponding to Debt Strategy S4**

**Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S4**

**New Domestic Financing in Million Naira**

Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)

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)

Other Domestic Financing



N1,661.2 billion (Coupon rate 27.5%, maturity (5 years) and grace period (0 year)). Low volatility, High liquidity, legal protection, huge capital and less restrictions

STATE and Federal DMO/WBG

N1,574.5 billion (coupon rate (27.5%) maturity (7 years) and grace period (0)) Projections are based on expected current account deficit financing and funding of huge capital infrastructure by government. Construction of roads, bridges and other capital infrastructure. Low volatility, High liquidity, legal protection, huge capital and less restrictions

STATE and Federal DMO/WBG

**New External Financing in Million US  
Dollar**

External Financing - Concessional Loans  
(e.g., World Bank, African Development  
Bank)

External Financing - Bilateral Loans

Indicator	Actuals										Projections					
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
BASELINE SCENARIO																
Economic Indicators																
State GDP (at current prices)	3,472,193.16	3,963,429.25	4,555,201.93	5,276,886.99	6,246,337.28	7,249,834.93	8,315,394.75	9,556,500.79	11,075,069.22	12,322,398.89	13,710,209.06	15,254,321.36	16,972,339.30	18,883,849.01	21,010,642.51	
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	191,242.10	227,003.40	368,373.50	467,261.60	925,462.60	708,532.33	948,922.69	1,078,397.98	1,084,098.10	1,187,995.80	1,317,743.68	1,496,541.43	1,624,775.40	1,700,487.59	1,818,322.45	
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	29,022.29	35,693.19	29,185.89	28,326.35	151,410.40	17,000.00	50,296.00	75,444.00	79,216.20	95,059.40	114,071.30	136,885.60	164,262.70	197,115.20	236,538.20	
1.a. of which Net Statutory Allocation ('net' means of deductions)	10,893.00	18,303.20	9,382.00	0.00	135,055.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
1.b. of which Deductions	18,129.00	17,390.00	19,803.90	0.00	16,355.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2. Derivation (if applicable to the State)	76,569.40	88,721.81	189,484.00	137,761.78	138,064.20	147,804.50	292,638.00	438,957.10	460,904.90	483,950.20	488,789.70	493,677.60	498,614.40	503,600.50	508,636.50	
3. Other FAAC transfers (exchange rate gain, augmentation, others)	15,471.08	15,430.50	86,221.90	175,904.98	443,271.30	190,000.00	281,513.50	116,000.00	52,000.00	62,400.00	74,880.00	89,856.00	107,827.20	129,392.60	155,271.10	
4. VAT Allocation	12,986.65	19,656.44	22,571.97	32,900.85	61,686.30	57,000.00	84,000.00	126,000.00	132,300.00	158,760.00	190,512.00	228,614.40	274,337.30	329,204.80	395,045.80	
5. IGR	12,496.03	18,594.56	18,392.42	27,197.49	74,438.10	39,000.00	53,942.60	64,731.10	69,731.10	89,731.10	109,731.10	129,731.10	149,731.10	169,731.10	189,731.10	
6. Capital Receipts	44,697.00	48,906.90	22,517.80	65,170.10	56,592.30	257,727.83	186,532.59	257,265.78	289,945.90	298,095.10	339,759.58	417,776.73	430,002.70	371,443.39	333,099.75	
6.a. Grants	2,850.00	2,181.60	7,752.04	4,670.10	10,840.10	39,400.00	16,918.40	12,046.60	12,010.70	22,010.70	32,010.70	42,010.70	52,010.70	62,010.70	72,010.70	
6.b. Sales of Government Assets and Privatization Proceeds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

6.c. Other Non-Debt Creating Capital Receipts	25,000.00	26,000.00	14,765.72	0.00	0.00	145,168.70	60,562.80	71,135.40	73,874.40	77,568.10	81,446.50	85,518.80	89,794.70	94,284.40	98,998.60
6.d. Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc.)	16,847.00	20,725.30	0.00	60,500.00	45,752.20	73,159.13	109,051.39	174,083.78	204,060.80	198,516.30	226,302.38	290,247.23	288,197.30	215,148.29	162,090.45
<b>Expenditure</b>	<b>209,475.80</b>	<b>244,885.60</b>	<b>340,156.20</b>	<b>441,641.30</b>	<b>888,854.30</b>	<b>729,079.23</b>	<b>949,922.69</b>	<b>1,078,397.98</b>	<b>1,084,098.10</b>	<b>1,186,995.80</b>	<b>1,318,743.68</b>	<b>1,495,541.43</b>	<b>1,625,775.40</b>	<b>1,700,487.59</b>	<b>1,818,322.45</b>
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	49,028.20	46,232.97	51,330.42	53,452.79	69,793.90	91,961.70	106,218.20	123,821.50	126,199.70	138,819.70	152,701.70	167,971.90	184,769.10	203,246.00	223,570.60
2. Overhead costs	48,770.01	42,539.37	59,879.52	80,112.10	92,878.90	79,774.20	87,326.50	98,964.40	111,797.90	112,915.90	114,045.10	115,185.60	116,337.50	117,500.90	118,675.90
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	17,324.30	13,512.60	18,737.10	18,702.10	46,068.20	4,375.28	23,064.87	49,806.70	50,678.31	114,614.82	176,568.35	223,378.14	292,042.91	273,614.82	291,259.36
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted from FAAC Allocation)	8,576.60	4,512.00	7,653.53	0.00	24,823.40	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	8,747.70	9,000.60	11,083.61	0.00	21,244.80	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)	33,586.30	34,817.30	41,219.29	60,202.10	185,070.00	94,572.00	122,285.20	124,524.10	125,665.90	150,799.10	180,958.90	217,150.70	260,580.80	312,697.00	375,236.40
5. Capital Expenditure	38,095.73	79,434.16	139,913.62	169,214.10	394,297.10	433,265.20	586,541.40	645,004.20	635,266.20	636,266.20	637,266.20	638,266.20	639,266.20	640,266.20	641,266.20
6. Amortization (principal) payments	22,671.30	28,349.20	29,076.32	59,958.08	100,746.20	25,130.85	24,486.51	36,277.09	34,490.09	33,580.09	57,203.43	133,588.89	132,778.89	153,162.68	168,313.98
<b>Budget Balance ('+' means surplus, '-' means deficit)</b>	<b>-18,233.70</b>	<b>-17,882.20</b>	<b>28,217.30</b>	<b>25,620.30</b>	<b>36,608.30</b>	<b>-20,546.90</b>	<b>-1,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,000.00</b>	<b>-1,000.00</b>	<b>1,000.00</b>	<b>-1,000.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Opening Cash and Bank Balance</b>	<b>-31,783.10</b>	<b>-50,016.80</b>	<b>-67,899.00</b>	<b>-39,681.70</b>	<b>-14,061.40</b>	<b>22,546.90</b>	<b>2,000.00</b>	<b>1,000.00</b>	<b>1,000.00</b>	<b>1,000.00</b>	<b>2,000.00</b>	<b>1,000.00</b>	<b>2,000.00</b>	<b>1,000.00</b>	<b>1,000.00</b>
<b>Closing Cash and Bank Balance</b>	<b>-50,016.80</b>	<b>-67,899.00</b>	<b>-39,681.70</b>	<b>-14,061.40</b>	<b>22,546.90</b>	<b>2,000.00</b>	<b>1,000.00</b>	<b>1,000.00</b>	<b>1,000.00</b>	<b>2,000.00</b>	<b>1,000.00</b>	<b>2,000.00</b>	<b>1,000.00</b>	<b>1,000.00</b>	<b>1,000.00</b>
<b>Financing Needs and Sources (Million Naira)</b>															
<b>Financing Needs</b>						<b>218,327.83</b>	<b>169,614.19</b>	<b>245,219.18</b>	<b>277,935.20</b>	<b>276,084.40</b>	<b>307,748.88</b>	<b>375,766.03</b>	<b>377,992.00</b>	<b>309,432.69</b>	<b>261,089.05</b>
i. Primary balance						-209,368.60	-123,062.80	-159,135.40	-192,766.80	-126,889.50	-74,977.10	-17,799.00	45,829.80	117,344.80	198,484.30
ii. Debt service						29,506.13	47,551.39	86,083.78	85,168.40	148,194.90	233,771.78	356,967.03	424,821.80	426,777.49	459,573.35
Amortizations						25,130.85	24,486.51	36,277.09	34,490.09	33,580.09	57,203.43	133,588.89	132,778.89	153,162.68	168,313.98
Interest						4,375.28	23,064.87	49,806.70	50,678.31	114,614.82	176,568.35	223,378.14	292,042.91	273,614.82	291,259.36
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)						-20,546.90	-1,000.00	0.00	0.00	1,000.00	-1,000.00	1,000.00	-1,000.00	0.00	0.00
<b>Financing Sources</b>						<b>218,327.83</b>	<b>169,614.19</b>	<b>245,219.18</b>	<b>277,935.20</b>	<b>276,084.40</b>	<b>307,748.88</b>	<b>375,766.03</b>	<b>377,992.00</b>	<b>309,432.69</b>	<b>261,089.05</b>
i. Financing Sources Other than Borrowing						145,168.70	60,562.80	71,135.40	73,874.40	77,568.10	81,446.50	85,518.80	89,794.70	94,284.40	98,998.60

ii. Gross Borrowings														
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)		73,159.13	109,051.39	174,083.78	204,060.80	198,516.30	226,302.38	290,247.23	288,197.30	215,148.29	162,090.45			
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
State Bonds (maturity 1 to 5 years)		0.00	0.00	0.00	204,060.80	198,516.30	0.00	290,247.20	0.00	0.00	0.00			
State Bonds (maturity 6 years or longer)		73,159.20	109,051.40	0.00	0.00	0.00	226,302.40	0.00	0.00	215,148.30	162,090.40			
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	174,083.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
External Financing - Bilateral Loans		0.00	0.00	0.00	0.00	0.00	0.00	0.00	288,197.30	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		-0.07	-0.01	-0.02	0.00	0.00	-0.02	0.03	0.00	-0.01	0.05			

Debt Stocks and Flows (Million Naira)															
Debt (stock)	163,363.33	177,731.15	169,647.80	204,518.80	173,592.20	242,778.51	313,601.00	451,407.70	620,978.41	785,914.63	955,013.58	1,111,671.92	1,267,090.33	1,329,075.95	1,322,852.41
External	19,234.82	19,094.95	23,276.40	53,363.20	90,870.00	108,662.39	91,980.00	263,123.80	260,463.80	257,663.80	254,863.80	227,614.69	489,122.87	462,713.76	436,444.64
Domestic	144,128.51	158,636.20	146,371.40	151,155.60	82,722.20	134,116.13	221,621.00	188,283.90	360,514.61	528,250.83	700,149.78	884,057.23	777,967.46	866,362.19	886,407.77
Gross borrowing (flow)						73,159.13	109,051.39	174,083.78	204,060.80	198,516.30	226,302.38	290,247.23	288,197.30	215,148.29	162,090.45
External						0.00	0.00	174,083.80	0.00	0.00	0.00	0.00	288,197.30	0.00	0.00
Domestic						73,159.13	109,051.39	-0.02	204,060.80	198,516.30	226,302.38	290,247.23	0.00	215,148.29	162,090.45
Amortizations (flow)	20,248.28	16,818.90	29,466.52	25,867.90	43,938.90	25,130.85	24,486.51	36,277.09	34,490.09	33,580.09	57,203.43	133,588.89	132,778.89	153,162.68	168,313.98
External	336.38	306.50	391.20	568.50	2,730.00	3,365.65	2,940.00	2,940.00	2,660.00	2,800.00	2,800.00	27,249.11	26,689.11	26,409.11	26,269.11
Domestic	19,911.90	16,512.40	29,075.32	25,299.40	41,208.90	21,765.20	21,546.51	33,337.09	31,830.09	30,780.09	54,403.43	106,339.78	106,089.77	126,753.56	142,044.87
Interests (flow)	17,476.70	13,634.81	18,715.95	13,011.90	18,169.90	4,375.28	23,064.87	49,806.70	50,678.31	114,614.82	176,568.35	223,378.14	292,042.91	273,614.82	291,259.36
External	152.90	122.60	130.40	189.50	520.00	641.08	560.00	560.00	9,264.19	9,264.19	9,124.19	9,124.19	8,160.73	21,467.14	20,083.69
Domestic	17,323.80	13,512.21	18,585.55	12,822.40	17,649.90	3,734.20	22,504.87	49,246.70	41,414.12	105,350.63	167,444.16	214,253.95	283,882.18	252,147.68	271,175.68
Net borrowing (gross borrowing minus amortizations)						48,028.28	84,564.87	137,806.70	169,570.71	164,936.22	169,098.95	156,658.34	155,418.41	61,985.62	-6,223.54
External						-3,365.65	-2,940.00	171,143.80	-2,660.00	-2,800.00	-2,800.00	-27,249.11	261,508.19	-26,409.11	-26,269.11
Domestic						51,393.93	87,504.87	-33,337.10	172,230.71	167,736.22	171,898.95	183,907.46	-106,089.78	88,394.73	20,045.58

Debt and Debt-Service Indicators														
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Debt Stock as % of SGDP	4.70	4.48	3.72	3.88	2.78	3.35	3.77	4.72	5.61	6.38	6.97	7.29	7.47	7.04	6.30
Debt Stock as % of Revenue (including grants and excluding other capital receipts)	109.35	98.59	47.98	50.28	19.73	49.53	40.24	54.18	77.03	86.18	94.56	99.19	101.63	95.54	84.95
Debt Service as % of SGDP						0.41	0.57	0.90	0.77	1.20	1.71	2.34	2.50	2.26	2.19
Debt Service as % of Revenue (including grants and excluding other capital receipts)						6.02	6.10	10.33	10.56	16.25	23.15	31.85	34.07	30.68	29.51
Interest as % of SGDP						0.06	0.28	0.52	0.46	0.93	1.29	1.46	1.72	1.45	1.39
Interest as % of Revenue (including grants and excluding other capital receipts)						0.89	2.96	5.98	6.29	12.57	17.48	19.93	23.42	19.67	18.70
Personnel Cost as % of Revenue (including grants and excluding other capital receipts)						18.76	13.63	14.86	15.65	15.22	15.12	14.99	14.82	14.61	14.36
<b>Adverse Shock Scenario is defined by the worst performance indicator measured in year 2029</b>															
For Debt Stock as % of SGDP the adverse shock is: Expenditure						3.35	4.86	6.78	8.43	9.96	11.23	12.18	12.92	13.01	12.73
Debt Stock as % of SGDP															
For Debt Stock as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue						49.53	55.82	82.53	121.63	141.28	160.56	175.34	187.26	189.23	185.64
Debt Stock as % of Revenue (including grants and excluding other capital receipts)															
For Debt Service as % of SGDP the adverse shock is: Expenditure						0.41	0.57	0.98	0.91	1.41	1.96	3.24	3.48	3.26	3.23
Debt Service as % of SGDP															
For Debt Service as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue						6.02	6.78	12.31	13.59	20.61	29.01	47.12	50.52	46.93	46.73
Debt Service as % of Revenue (including grants and excluding other capital receipts)															
For Interest as % of SGDP the adverse shock is: Expenditure						0.06	0.28	0.60	0.60	1.13	1.55	1.77	2.07	1.84	1.82
Interest as % of SGDP															

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

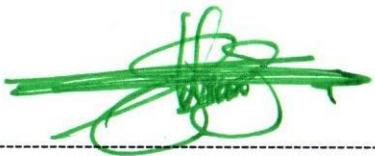
0.89 3.29 7.47 8.83 16.51 22.71 26.15 30.71 27.19 26.72

## BAYELSA STATE TECHNICAL TEAM

1. Owoupele Daubri	Director, Bayelsa State DMD
2. Sikpi Loveday	Director, Final Accounts
3. Roland Sarah Oghe	Asst. Director, Budget, and Planning
4. Deborah Miedou	Bayelsa State DMD
5. Torty Ibinabo Blackduke	Bayelsa State DMD

## LIST OF PARTICIPATING AGENCIES

1. Bayelsa State Debt Management Department
2. Board of Internal revenue
3. Ministry of Budget and Planning
4. Ministry of Finance
5. Office of the Accountant General



Signed: Honourable Commissioner for Finance

Bayelsa State Ministry of Finance

Name: Maxwell Edibai

Date: 27/11/25



Signed: Accountant General

Bayelsa State

Name: Dr. Carl Sengwo, M

Date: 27/11/25



Signed: Bayelsa State Debt Management

Department

Name: Okpouefe Danbi

Date: 27 - 11 - 2025