

Nigeria Credit Analysis

Kaduna State

Ratings

Foreign Currency Long-Term Rating	B+
Local Currency Long-Term Rating	B+
National Long Term Rating	A+(nga)

Outlooks

Foreign and Local Currency Long-Term Ratings	Stable
National Scale Long-Term Rating	Stable

Financial Data

Kaduna State	Dec 08	Dec 07
Operating revenue (NGNm)	50,011	42,183
Debt (NGN)	13,556	14,538
Operating balance/ operating revenue (%)	33.48	39.87
Debt service/current revenue (%)	2.49	2.49
Debt/current balance (yrs)	0.81	0.86
Operating balance/interest paid (x)	n.a.	n.a.
Capital expenditure/total expenditure (%)	41.8	46.7
Surplus (deficit) before debt variation/total revenue (%)	-2.71	11.43
Current balance/capital expenditure (%)	67.56	72.77

Basis of accounting: Cash flows
n.a. - Not available

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Related Research

- *International Rating Methodology for Local and Regional Governments* (July 2008)
- *Institutional Framework for Nigerian Subnationals* (November 2008)
- *Nigeria* (July 2009)

Rating Rationale

- Kaduna State has a weak socio-economic profile, as most of its residents are involved in subsistence farming and industry remains constrained by a lack of power. Road and railway development, partly fuelled by the state's proximity to Abuja, and the construction of power plants should unlock considerable growth potential. An estimated 3%-5% annual growth should over time help to raise Kadunians' standard of living while helping double the state's taxes to about NGN10bn during 2006-2011.
- Better collection procedures and law enforcement should raise the proportion of internally generated revenue above 30%, easing the state's dependence on federal allocations. Fitch Ratings also expects Kaduna's management practices to improve with the creation of a debt management office and the implementation of medium-term budgeting, and reporting practices eventually to strengthen, overcoming the limitations of simple cash flow accounting.
- In the short term the state's budget is expected to suffer from the volatility of oil-related federal allocations, which are expected to fall below NGN30bn in 2009, net of a one-off excess crude allocation (ECA) reserves distribution. Operating costs growth, driven by the doubling of personnel salaries during 2007-2009, should lower operating surpluses close to 30% of operating revenue from 2009, down from about 50% up to 2006.
- High socio-economic infrastructure needs should push investment spending gradually above NGN30bn, up from an average of NGN24 in 2007-2008, turning the balance before debt from average surpluses during 2004-2008 to deficits of about NGN10bn per year over the medium term.
- Kaduna's financial debt, which averaged NGN13.5bn during 2004-2008, is set to gradually rise, to up to NGN35bn over the medium term as the state becomes more active on the internal capital markets, eventually issuing bonds. Debt and debt service coverage by the current and the operating balances are expected by Fitch to remain fairly safe, below three years and about 3x, respectively.
- JVs with the private sector to develop power plants or roads under public-private partnership (PPP) schemes may eventually generate unexpected liabilities for the state if projects do not meet initial expectations.

Key Rating Drivers

- The rating could be upgraded should debt growth not overshoot expectations and the state manage to keep operating costs under stricter control, thereby improving debt and debt-service coverage ratios compared with projections.
- The rating could be lowered should macroeconomic conditions, such as a deeper fall in oil revenue or production, deteriorate, leading to increased downward pressure on the revenue side of the budget. Potential negative budget impacts stemming from an eventual reform of the current formula governing the distribution of oil revenue, if not offset by growth of internally generated revenue as envisaged, could also put the rating under downward pressure.

Profile

Kaduna is located in central Nigeria, north of the federal capital Abuja. It has about six million residents, mostly involved in agriculture, which accounts for about 40% of economic output. GDP per capita is about NGN125,000 (EUR625; USD800).

Political Context

Administration's Priorities

Kaduna State is ruled by the Peoples Democratic Party (PDP), which won the state election, taking 25 seats out of the 34 available. The state's present governor, Mr Mohammed Namadi Sambo, took office in May 2007 for a four-year term. The priorities of the present administration are to push for economic growth through infrastructure delivery and agriculture development in order to spearhead the creation of labour opportunities in the private sector. In its 11-point agenda the administration envisages about NGN200bn of investments (50% of which should flow directly through the budget) over the medium term, mostly in roads, hospitals and housing, intensive agriculture and urban development projects. With faltering revenue from the federal government, the state may turn more to the debt market in the future, although the primary objective is to foster partnerships with the private sector, which is expected to contribute up to about half of the cost of each projects, mainly for the construction of power plants and roads.

The partnerships with private sector companies (eg Intec, Skye Bank and China Exim Bank) envisages the creation of special-purpose vehicles to which the state will contribute land while the private sector builds and operates the infrastructure, such as hospitals. In the power sector the high demand for energy should provide a stable return for investors, although the state acknowledges that it might eventually step in and take the control of the projects, including related liabilities, before the end of the concession if the private sector decides to abandon them. Although the World Bank Report "Doing Business in Nigeria - 2008" ranks Kaduna among the safest and the easiest Nigerian states for starting up companies and doing business in general, most of the local industries have been closed due to the lack of power, while difficulties in accessing finance constrain the development of economic activity. Therefore, a plan to build up to a dozen multipurpose power plants scattered around the state should, once implemented, ease the shortage of energy, and provide water for irrigation purposes during the dry season.

Management

The new procurement guidelines and the passage of the fiscal responsibility bill, alongside the one at the federal level, should phase in borrowing limits linking bonds and loans outstanding to either budget size (operating revenue) or state output (GDP). Proceeds will be directed to self-supporting projects, while foreign institutions such as the World or Islamic banks could help fund social infrastructure such as schools with about NGN10bn of multilateral debt.

The responsibility for preparation of the budget rests with the Ministry of Economic Planning. Against a backdrop of volatile oil-related revenue the administration plans to increase the state's own-source revenue by drawing up a taxpayers' database to boost tax compliance. The establishment of registers of business premises and private residences will be instrumental in tax enforcement, as frequent changes of address make even banks reluctant to lend, due to the risk of not being able to recoup the money through enforcement procedures. In the context of a basic accounting system based on cash flows and an incomplete set of stocks in the balance sheet compared to international standards, the Auditor General notes a declining number of misclassifications, but also a permanent transfer of more senior officials from the auditing to the accounting department, which may negatively affect the effectiveness of controls.

About 75% of budgeted tax revenue and 85% of federal allocations are turned into actual inflows, while planning ability appears weaker on the spending side with 50% of the investments translating into actual spending, reflecting both still-growing administrative capacity and frequent changes in priorities. More volatility could result from the eventual detachment of South Kaduna to create an additional state.



2009-11 Investment Plan

	(NGNbn)
Transportation	30
Health and education	50
Water agriculture	40
Power	60
Others	20
Total investments	200
Budgetary resources	70
Borrowing	30
Private sector	100
Total resources	200

Source: Fitch elaborations on Kaduna's data

Socio-Economic Profile

Economic Structure

Kaduna's official population is about 6 million (4% of the national total), 80% of which is involved in agriculture, with a leading position in cotton production. The primary sector generates about 40% of the state's output, although the gradual shift from subsistence to commercial agriculture may raise the output through a more intensive use of machinery, fertilisers and irrigation techniques, and lower the unemployment rate. The large amounts of land in the state, which account for about 5% of Nigerian territory, and the availability of rain and water make the sector highly promising both for local consumption, and for exports given low labour costs. To help them overcome the lack of credit from local banks, the federal government has approved loans to Kaduna farmers totalling NGN4bn.

With 27,000 employees, the government remains the main employer in the state, and the most powerful engine in pushing for economic growth. The administration's investments in energy and transportation are essential to overcome the bottlenecks constraining poverty alleviation. About 100,000 jobs are expected to be created with the implementation of the NGN200bn investments, but local officials expect the provision of energy to unlock much greater growth potential. For example, the Nigerian plant of car manufacture Peugeot, located in the state, and textile sites and others, are considered ready to re-start production as soon as energy is available.

A rail link between Kaduna City and Abuja, and roads linking all the 23 local governments, could be a catalyst for small trade and business initiatives, which account for only 17% of the state's GDP. A major initiative is the Kaduna New City project, which could create about 35,000 jobs and help decongest the old Kaduna City by accommodating about 100,000 people, or about 7% of the present Kaduna population: the first phase of the project to be completed by 2020 should involve up to USD2.5bn investments (NGN375bn), partly funded through a PPP initiatives by foreign investors, such as the Canadian Export Development Fund, which committed about USD90m. This project is likely to raise the contribution of construction to GDP to about 5% over the medium to longer term.

Growth Prospects

Kaduna's GDP is about NGN750bn (USD5bn), or about NGN125,000 per capita, with a minor contribution from oil and gas attributable to refinery activity, as Kaduna hosts one of the few Nigerian refineries. Although Kaduna is not an oil-producing state, a recent controversial decision to relocate the University of Petroleum from Efferun, in the Niger Delta, to Kaduna is likely to be instrumental in training management for the Nigerian National Petroleum Corporation, by far the largest national revenue collector, and in creating more value-added jobs. Beyond the medium term, education and health care appear to offer job opportunities as some of the state's inhabitants seek medical treatment outside the state or abroad.

According to Kaduna officials, about 70% of the residents are poor, although only 15% of residents consider themselves to be poor according to research by the Nigerian national statistics office. The state's proximity to Abuja and Kano, a state with a tradition of industry, provides business opportunities and encourages entrepreneurial spirit, which remains frustrated by bottlenecks such as lack of power, credit flows and socio-economic infrastructure.

Fitch expects Kaduna's GDP to hover around its long-term growth potential of about 3%-5% per year, with construction and agriculture absorbing most of the employment base. A still low proportion of people are actively looking for job opportunities compared with more industrialised nations, which translates into an unemployment rate of about 10%, roughly in line with the national average.

Economic Structure

	(%)
Agriculture	42
Construction	2
Manufacturing	4
Commerce	17
Finance	4
Oil industry	18
Other	13
Total	100

Source: Fitch's elaborations on data from Kaduna's statistical office

Annual Revenues

(NGNm)	2007	2008
Federal allocations	25,569	32,155
Excess crude	4,848	4,181
VAT	4,239	5,569
IGR - taxes	6,980	7,615
Others	547	491
Total	42,183	50,011
ECA - one off	12,550	6,510

p: Preliminary

Source: Kaduna State budget and Fitch

Finances and Performance

Revenue

Kaduna's revenue is dominated by federal allocations, including ECA, which accounted for more than 70% of recurrent resources in 2008, when one-off ECA revenue (about NGN12bn in 2007 and about NGN6.5bn in 2008) is reclassified as capital revenue. Fitch expects the federal allocations to fall below NGN30bn in 2009 due to lower oil prices in US dollar terms compared with 2008 and declining oil production, mainly due to facilities being damaged during the unrest and military operations in the Niger Delta. Excluding the distribution of the ECA reserves, federal allocations, could rebound to 2008 levels in 2010, which would leave actual receipts down by about 20% in real terms in 2009 given the inflation rate of about 10%.

The distribution of ECA reserves remains somewhat unpredictable, at least for 2009. Although the federal government would prefer ECA reserves to be frozen, the state governors, who are part of the committee presiding over the distribution decision, seem to have been successful in their attempts to offset declining federal allocations with ECA revenue. Fitch expects Kaduna's ECA revenue to be about NGN4bn during the medium term. VAT accounted for about NGN5bn in 2008, and Fitch does not expect it to increase substantially in 2009 given the slowdown in economic activity, both nationwide and in Lagos, where the bulk of VAT is collected. At the national level, total non-oil revenue for Q109 was NGN353bn, a shortfall of about NGN125bn compared with the budget.

Internally generated revenue (IGR) should also increase much less than forecast. Against a budget of about NGN11.5bn in 2009 Fitch expects Kaduna's IGR revenue to increase slightly to about NGN8bn, up from about NGN7.5bn in 2008, thanks to improvements in the collection procedures. The land use charge and the fee for registration of business premises should achieve the highest growth rates in 2009, while personal income tax remains the largest tax item at about NGN3bn of proceeds in 2008, up from about NGN2.5bn in 2007. Although the potential is certainly there, Fitch considers Kaduna officials' indication of about NGN24bn IGR collection by 2011 too optimistic. Fitch expects Kaduna's own resources, including IGR, VAT and other fee revenue to grow to about NGN18bn by 2011, up from about NGN13.5bn in 2008. This would push Kaduna's own sources above 30% of total operating revenue, up from 27% in 2008. Total operating revenue should grow by 10% in both 2010 and 2011, roughly in line with annual inflation, but shrink by about 4% in 2009, mainly reflecting the lower proceeds from oil-related revenue.

Special excess crude, refunds and revenue returned following debt relief programmes accounted for slightly less than NGN20bn during 2007-2008. Over the medium term Fitch does not expect one-off or capital revenue, including land sales, to eventually represent a significant source of funding for investments.

Expenditure

Kaduna's recurrent spending has two main components. The salaries of the administration's 27,000 staff totalled about NGN12bn in 2008 and the administration expects it to increase to about NGN16bn in 2009. The salaries of the 6,000 health workers have increased by 300% during 2007-2009 as the administration tries to improve health delivery, such as malaria treatment and free services for pregnant women, while tackling the shortage of specialists by hiring professionals from foreign countries.

About 25% of the budget is spent on education. The 10,000 teachers had a salary increase of about 50% during 2007-2009, of which 27% is to be paid in 2009. Staff costs should grow by about a third in 2009 and more modestly over the medium term, roughly in line with inflation, even though salaries are not tied to the cost of living. However, the eventual deregulation of prices of petrol at the national level

Recurrent Spending^a

(NGNm)	2007	2008
Personnel	10,208	11,982
Overheads	10,301	17,383
(Debt charges)	1,051	1,243
Others	4,857	3,903
Total	26,471	34,511

p: Preliminary

^a Including debt-service charges

Source: Kaduna State budget and Fitch

to tackle frequent fuel shortages may put pressure on recurrent spending. According to preliminary indications, the price of a litre of gasoline should almost double to about NGN100, up from the subsidised price of about NGN60; this could fuel inflation and eventual additional requests for pay rises.

Operating spending should increase by a more modest 5% in 2009, as cuts in overheads, the second largest cost component, should largely offset increases in wages. The administration's policy of a 50% reduction in discretionary spending aims to achieve a 30% cut by year-end. Therefore, overheads, which include transfers to ministries and parastatals, should account for about NGN14bn in 2009.

Most of the 23 local governments, which are eligible for 10% of the state's IGR, are reported to be in good financial condition, although a couple failed to anticipate the fall in oil-related revenue (the 744 Nigerian local governments are mainly funded by the federal government and receive about 20% of federally collected revenue) and did not have reserves to tap into. Cash stress is being overcome by spreading payments over several months, while the state may provide guarantees if necessary.

Apart from the policy to cut items when considered necessary, operating spending seems relatively rigid and set to grow over time as the infrastructure being built becomes operational and requires maintenance, and as provision of health care services, such as medicines, expands. The administration has budgeted for lots of small and medium-size capital projects including borehole drilling, rural electrification, construction of rural roads, and purchase of tractors for agricultural use, as well as larger projects involving construction of hospitals, railways and power plants.

During 2007-2008 investment spending remained quite constant, just below NGN25bn, up from NGN15bn in 2004-2005. With assistance from external advisors, Kaduna's spending capacity is set to grow gradually. Fitch expects the state's capital spending to approach NGN35bn by 2011 excluding PPP projects - the capital spending related to them should not flow through the budget. PPP remains a relatively new tool in Nigeria and there are concerns that the state may eventually be required to take full responsibility for projects, especially those that are highly sensitive and visible such as hospitals and power plants, if the private sector partner gets into any sort of financial or operational trouble, thereby putting pressure on the state's future budgets. Kaduna's investment to total spending ratio should continue to be about 40% over the medium term.

Capital Spending

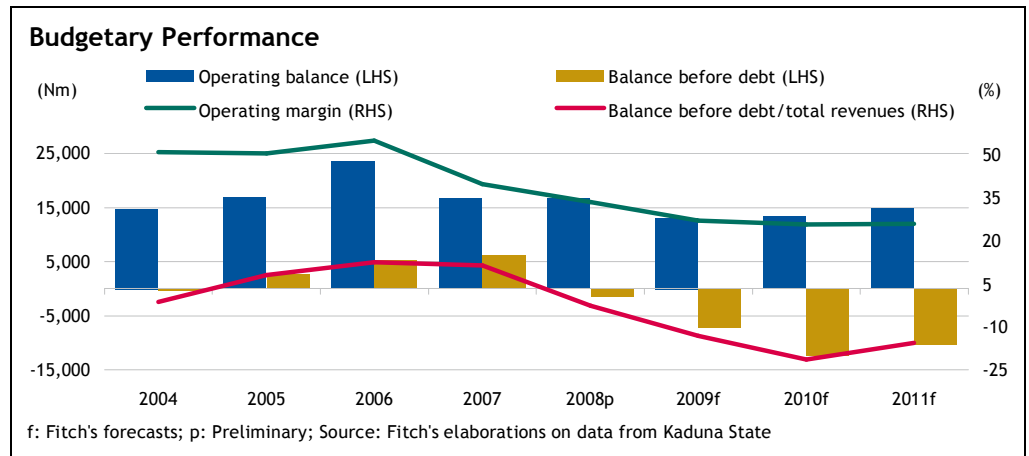
(NGNm)	2007	2008
Agriculture	2,116	1,904
Power	1,300	907
Health	1,776	2,107
Education	1,730	2,331
Water supply	2,455	5,440
Transportation	9,005	4,384
Others	4,729	7,710
Total	23,111	24,783

Source: Kaduna State budget and Fitch

Budgetary Performance

Kaduna's budgetary performance could weaken due to faltering oil-related revenue and sluggish own sources against a backdrop of rigid costs. The operating surplus, which was about NGN16.5bn in 2007 and 2008 is expected by Fitch to fall to about NGN13bn in 2009 and 2010, and eventually rebound to the 2008 level fuelled by recovering federal allocations, and more buoyant internally generated revenue.

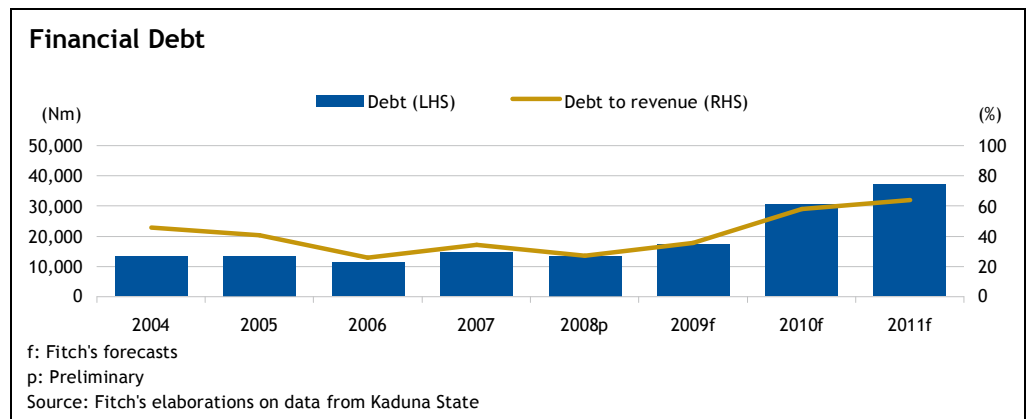
Owing to spending constraints the operating margin should flatten out at about 25% over the medium term. Net of interest expenses on internal borrowing (calculated at the 15% average rate), free operating resources that could be devolved to fund investment during 2009-2011 should decline to about NGN12bn per annum according to Fitch's calculations. The balance before debt, which posted either surpluses or negligible deficits during 2004-2008, is expected by Fitch to turn into wider deficits over the medium term. As investment spending gathers pace, borrowing requirements may grow to about NGN15bn in each of fiscal 2010 and 2011, hovering at about 15% of the budget size.



Debt and Liquidity

Direct Debt

Kaduna's financial debt has remained at about NGN13bn in recent years, although its composition varied somewhat, as internal loans of about NGN5bn outstanding at end-fiscal 2005 were replaced with external and cheaper or interest rate-subsidised loans granted by multilateral banks through the federal government. The statistics of the direct debt in Appendix A do not include NGN1.5bn of "on-lending" from the federal government, which has remained stable since 2006 and is included among "other Fitch classified debt".

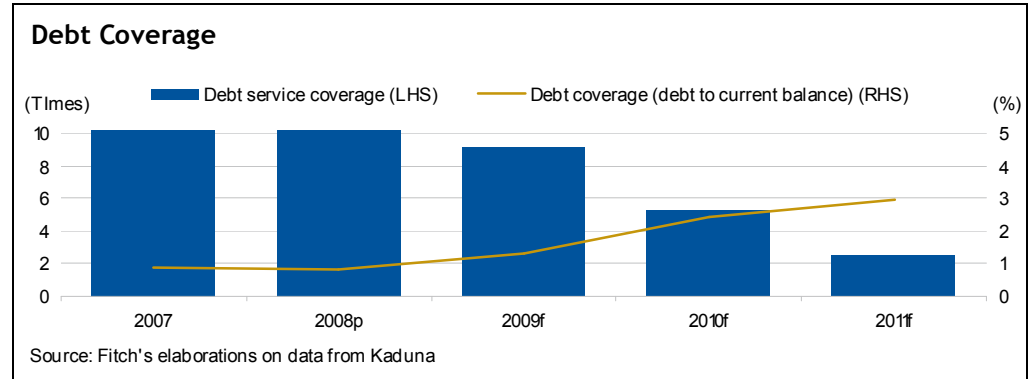


Fitch expects Kaduna's debt to gradually rise to about NGN35bn during 2009-2011 as the state focuses on debt-funded investment spending. A large part of Kaduna's gross borrowing should continue to come through multilateral banks. In addition to traditional funding from the World Bank, directly or via its subsidiary International Finance Corporation, Kaduna is diversifying its sources and borrowing from the Canadian Export Development Fund while the Islamic Development Bank granted in August 2009 a loan facility of USD15m (about NGN2.3bn) to establish four additional science secondary school. About NGN15bn should be collected on the Nigerian capital market via bond issues maturities of five or seven years.

Debt Management

Debt management has not so far been very active as external loans, accounting for about NGN13.4bn at end-2008, are repaid by the federal government by withholding the amount needed to service the state's portion of loans from multilateral banks at source from federal allocations pertaining to Kaduna. Fitch expects Kaduna to prudently manage its future debt exposure, which should grow up to about 60% of operating revenue over the medium term and account for about three years of the current balance. Although the debt limit being considered should curb debt growth

over time, Kaduna’s officials expect to incur about NGN15bn of bonds or domestic loans over the next two to three years. Projected debt service during 2009-2011 includes interest expenses, mainly related to domestic borrowing, and about NGN3bn of principal. According to preliminary indications, bonds could be issued with amortising structures, and therefore the principal component would gradually be repaid from the first year alongside the interest expenses. The coverage of debt service by the operating balance should remain above 2x-3x over the medium term.



Although the bonds should not require the sinking fund to gradually accumulate liquidity in order to face debt redemption at maturity, Kaduna is setting up a debt management office, which will help it gain experience for future bullet issuance, and to deal more efficiently with the Federal Debt Management Office. The latter is making efforts to account for all states’ exposures to domestic lenders and has issued guidelines for subnationals’ borrowing, suggesting that debt raised from commercial banks via loans should be allowed if debt service remains below 40% of monthly federal allocations, and that debt raised on the capital market should be limited to 50% of revenue, with the back-up of irrevocable standing payment orders (for more details on these instruments, see *Institutional Framework for Nigerian Subnationals*; see the link in “Related Research” on the first page).

Liquidity

Cash inflows are regular, as federal allocations and VAT are provided monthly. One element of uncertainty during much of 2009, however, is the distribution of ECA, which for Kaduna might mean a potential shortfall of about NGN4bn compared with 2007-2008. Although the match of cash inflows and outflows should be relatively easy to maintain, state officials are considering a NGN1bn credit line to tackle the risks of liquidity shortage. Kaduna’s cash remained more than NGN10bn during 2007-2008. The expected budget deficit before debt over the medium term should deplete the cash surplus, although Fitch does not expect it to fall below NGN5bn. The state does not report trade payables or receivables, or long-term commitments.

Contingent Liabilities

Fitch is not aware of any material contingent liabilities outstanding or any significant risks stemming from Kaduna’s 40 parastatals. The latter’s finances are integrated with the state budget; they absorb about NGN5bn in personnel and overhead costs, while generating only about NGN1.5bn in revenue. Revenue is recorded in the state’s statement of annual operations.

Fitch believes that risks may eventually stem from the special-purpose vehicles Kaduna is planning to set up to fund PPP investment. Kaduna officials are aware of the risk that the state could eventually take these projects onto its balance sheet should they not perform as envisaged. In particular, the high visibility of road or power projects increase pressure for state intervention if they encounter problems, although Kaduna suggests that considerable attention is being given to structural contracts in order to limit the state’s exposure. Fitch will monitor the implementation of the projects and their eventual impact on the state’s budget.

Appendix A

Kaduna State

(NGNm)	Actual				
	31 Dec 04	31 Dec 05	31 Dec 06	31 Dec 07	31 Dec 08
Taxes	8,194.0	8,298.0	8,782.0	11,219.0	13,184.0
Transfers received	20,538.0	24,505.0	33,339.0	30,417.0	36,336.0
Fees, fines and other operating revenue	182.0	560.0	708.0	547.0	491.0
Operating revenue	28,914.0	33,363.0	42,829.0	42,183.0	50,011.0
Operating expenditure	-14,196.0	-16,470.0	-19,280.0	-25,366.0	-33,268.0
Operating Balance	14,718.0	16,893.0	23,549.0	16,817.0	16,743.0
Financial revenue	n.a.	n.a.	n.a.	n.a.	n.a.
Interest paid	0.0	0.0	0.0	0.0	0.0
Current balance	14,718.0	16,893.0	23,549.0	16,817.0	16,743.0
Capital revenue	n.a.	n.a.	n.a.	12,550.0	6,510.0
Capital expenditure	-15,119.0	-14,192.0	-18,197.0	-23,111.0	-24,783.0
Capital balance	-15,119.0	-14,192.0	-18,197.0	-10,561.0	-18,273.0
Surplus (deficit) before debt variation	-401.0	2,701.0	5,352.0	6,256.0	-1,530.0
Debt repayment (debt charges)	-4,232.0	-5,395.0	-6,354.0	-1,051.0	-1,243.0
New borrowing	5,715.0	3,044.0	1,710.0	3,528.0	1,312.0
Net debt movement	1,483.0	-2,351.0	-4,644.0	2,477.0	69.0
Overall results	1,082.0	350.0	708.0	8,733.0	-1,461.0
Debt					
Short-term	n.a.	n.a.	n.a.	n.a.	n.a.
Long-term (stock and flow not reconciled)	13,233.0	13,585.0	11,092.0	14,538.0	13,556.0
Direct debt	13,233.0	13,585.0	11,092.0	14,538.0	13,556.0
+ Other Fitch classified debt - pre-financing	n.a.	n.a.	1,448.4	1,448.4	1,448.4
Direct risk	13,233.0	13,585.0	12,540.4	15,986.4	15,004.4
- Cash, liquid deposits, sinking fund	0.0	0.0	2,915.0	11,649.0	10,188.0
Net direct risk	13,233.0	13,585.0	9,625.4	4,337.4	4,816.4
Guarantees and other contingent liabilities	n.a.	n.a.	n.a.	n.a.	n.a.
Net indirect debt (public sector entities exc. gteed amount)	n.a.	n.a.	n.a.	n.a.	89.7
Net overall risk	13,233.0	13,585.0	9,625.4	4,337.4	4,906.1
Memo for direct debt (%)					
Foreign currency	n.a.	n.a.	n.a.	0	0
Issued debt	n.a.	n.a.	n.a.	0	0
Fixed interest rate debt	n.a.	n.a.	n.a.	0	0

n.a. - Not available
Source: Fitch

Appendix B

Kaduna State

	Actual				
	31 Dec 04	31 Dec 05	31 Dec 06	31 Dec 07	31 Dec 08
Fiscal performance ratios (%)					
Operating balance/operating revenue	50.9	50.63	54.98	39.87	33.48
Current balance/current revenue ^a	50.9	50.63	54.98	39.87	33.48
Surplus (deficit) before debt variation/total revenue ^b	-1.39	8.1	12.5	11.43	-2.71
Overall results/total revenue	3.74	1.05	1.65	15.96	-2.58
Operating revenue growth (annual change)	n.a.	15.39	28.37	-1.51	18.56
Operating expenditure growth (annual change)	n.a.	16.02	17.06	31.57	31.15
Current balance growth (annual change)	n.a.	14.78	39.4	-28.59	-0.44
Debt ratios					
Direct debt growth (annual % change)	n.a.	2.66	-18.35	31.07	-6.75
Interest paid/operating revenue (%)	0	0	0	0	0
Operating balance/interest paid (x)	n.a.	n.a.	n.a.	n.a.	n.a.
Direct debt servicing/current revenue (%)	14.64	16.17	14.84	2.49	2.49
Direct debt servicing/operating balance (%)	28.75	31.94	26.98	6.25	7.42
Direct debt/current revenue (%)	45.77	40.72	25.9	34.46	27.11
Direct risk/current revenue (%)	45.77	40.72	29.28	37.90	30.00
Net overall risk/current revenue (%)	45.77	40.72	22.47	10.28	9.81
Direct debt/current balance (yrs)	0.9	0.8	0.47	0.86	0.81
Direct risk/current balance (yrs)	0.9	0.8	0.53	0.95	0.90
Direct debt/GDP (%)	1.89	1.87	1.48	1.88	1.69
Direct debt per capita (local currency)	2,282	2,264	1,818	2,345	2,152
Revenue ratios					
Operating revenue/budget operating revenue (%)	n.a.	n.a.	n.a.	n.a.	n.a.
Tax revenue/operating revenue (%)	28.34	24.87	20.5	26.6	26.36
Modifiable tax revenue/total tax revenue	100	100	100	100	100
Current transfers received/operating revenue (%)	71.03	73.45	77.84	72.11	72.66
Operating revenue/total revenue ^a (%)	100	100	100	77.07	88.48
Total revenue ^a per capita (local currency)	4,985	5,561	7,021	8,828	8,972
Expenditure ratios					
Operating expenditure/budget operating expenditure (%)	n.a.	n.a.	n.a.	n.a.	n.a.
Staff expenditure/operating expenditure (%)	44.07	40.3	38.83	40.24	36.02
Current transfer made/operating expenditure (%)	n.a.	n.a.	n.a.	n.a.	n.a.
Capital expenditure/budget capital expenditure (%)	n.a.	n.a.	n.a.	n.a.	n.a.
Capital expenditure/total expenditure (%)	45.07	39.36	41.52	46.66	41.8
Capital expenditure/local GDP (%)	2.16	1.96	2.43	2.98	3.1
Total expenditure per capita (local currency)	5,784	6,010	7,185	7,988	9,412
Capital expenditure financing (%)					
Current balance/capital expenditure	97.35	119.03	129.41	72.77	67.56
Capital revenue/capital expenditure	n.a.	n.a.	n.a.	54.3	26.27
Net debt movement/capital expenditure	9.81	-16.57	-25.52	10.72	0.28

^a Includes financial revenue

^b Excluding new borrowing

n.a. - Not available

Source: Fitch

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