NIGER STATE GOVERNMENT

DEBT SUSTAINABILITY ANALYSIS/ DEBT MANAGEMENT STRATEGY (DSA-DMS) REPORT

2022

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CHAPTER ONE

Introduction

NigerState Debt Sustainability Analysis (NS - DSA) covers the period of 5-year historical from 2017 to 2021 and 10-year projection 2022-2031, under different macroeconomic assumptions and Shock scenarios. To ensure that the State debt Stock remains sustainable in the medium to long-term, by using the State's macroeconomic framework, to assess the current and future debt levels, as well as its ability to meet debt service obligations as and when due, and without compromising growth and development.

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

CHAPTER TWO

The State Fiscal and Debt Framework

Niger State Government prepares it Budget in line with the Federal Government's outlook for each fiscal year, by using oil price benchmark per barrel to project the Statutory allocation, considering inflation rate and exchange rate during projections. The economy is the primary and critical component of life, the Niger State Government submitted an Economic Policies and Procurement Bills to the State House of Assembly with a view to transforming the State economy in urban and rural area, particularly health care, agriculture, education, agriculture, Small Medium Enterprises, solid minerals. This is expected to boost its Internally Generated Revenue.

Niger State Government Budget is driven by Agriculture, youth empowerment and provide an enabling environment for Small Medium Enterprises to grow and pave way for industrial development of the State's Government. The Government also rolled out a social intervention programme to provide support to the poor and the unemployed; reconstructed and equipped skills acquisition centres to provide training for women and youth towards self-reliance; and building the critical infrastructure needed to speed up the development of the State.

The Government has put in place a harmonized revenue law to expand the tax net and boost Internally Generated Revenue. The increase in Internally Generated Revenue expected to positively impact on the debt obligations as well as economic development of the State. The State plans to augment the State budget through borrowings from domestic loans and external loans.

Medium-Term Budget Forecast

Niger State Government's Medium-Term Budget Forecast determines the accessible resources and ensured the use of these resources for the medium term. Medium-Term Expenditure Framework is a five-year period projection as well as a source document for the preparation of State Budget proposal to be tabled before the State House of Assembly. Medium-Term Budget Planning implies approval of State Budget law for one year, and determination of maximally allowable expenditure levels for the subsequent two years.

Niger State's Medium-term covers macroeconomic analysis, Government's fiscal policy objectives for medium term, State budget revenue projections and State budget expenditure ceilings for each ministry and their agencies (MDAs) for medium term. The details of the macroeconomic assumptions are as shown in the table below.

Niger State Medium Term Expenditure Framework (MTEF)-(FY2023-2025)

Macroeconomic Assumptions	**2022 Approved Budget**	**MTEF, 2022-2024**		
		2023	**2024**	**2025**
National Inflation	16.10%	13.10%	12.70%	12.30%
National Real GDP Growth	3.40%	3.10%	3.05%	3.00%
Budget Oil Production Volume (mbpd)	1.50	1.60	1.70	1.80
Projected Budget Benchmark Price (US$ per barrel)	62	75	68	60
Average Exchange Rate (N/US$)	415	415	415	415
Revenue				
Gross Statutory Allocation	54,352.20	60,567.21	68,002.40	73,734.84
Other FAAC transfers	0.00			
VAT Allocation	20,792.44	24,289.59	27,990.79	32,367.73
IGR	12,155.54	12,767.32	13,401.48	14,071.56
Other Capital Receipts[1]	56,364.82	85,006.64	65,342.28	78,852.54
Total Revenue	**143,665.00**	**182,626.76**	**174,736.95**	**199,026.67**
Expenditure				
Personnel costs	23,647.50	23,312.00	27,472.10	29,993.00
Overhead costs	11,850.90	10,872.50	16,144.10	18,423.90
Other Recurrent Expenditure[2]	7,410.50	16,801.16	29,780.65	41,038.47
Capital Expenditure	60,261.40	131,566.10	100,745.20	106,313.70
Total Expenditure	**103,170.30**	**182,551.76**	**174,142.05**	**195,769.07**
Capital Expenditure Rate				
TOTAL BUDGET SIZE	**103,170.30**	**182,551.76**	**174,142.05**	**195,769.07**

Notes:

[1]Other Capital Receipt covers non-debt creating capital receipts only.

[2]Other Recurrent Expenditure – new and existing debt charges was included.

State's Revenue policies- Niger State Government introduced new "*Revenue Bill 2020*" the bill which states that, "Taxable person" includes an individual or body, individuals, family, corporation sole, trustee or executor or a person who carries out in a place an economic activity, a person exploiting tangible or intangible property for the purpose of obtaining income there from by way of trade of business or person or agency of government acting in that capacity.

Objectives of the new bill are as follows:

- To establish a single Central revenue account (herein after called "the Account") for all the internally generated revenue of the state.

- The account shall be maintained and operated with the designated IGR reporting Bank, which shall account for all revenues collected by Lead Bank through designated collecting Bank as may from time to time be authorized by the Governor or any other person authorized by him.

State's Expenditure policies - Government spending drives economic activity either through the development of large-scale infrastructural projects or through the provision of resources to the poor in the form of social grants. Investments in education and health have long-term economic benefits.

Fiscal policy is the deliberate adjustment of government spending, borrowing or taxation to help achieve desirable economic objectives. Niger State Government introduced new Bill titled "Price Intelligence and Public Procurement Bill, 2020" the objectives of the bill are as follows:

- Maximize economy and efficiency in public procurement;
- Promote economic development through public procurement
- Obtain value for money in public procurement;

Niger State Macroeconomic Framework

Niger State 2023 – 2025, Macroeconomic framework and assumption was premised on prevailing economic realities. The National real GDP Growth and inflation forecast are based on the April 2022 IMF World Economic outlook. The Mineral ratio reflects the current reality in terms of the cost of the fuel Subsidy and the anticipated mineral sector revenue estimates of FGN their 2023 – 2025 MTEF – FSP document.

Niger State Macroeconomic Framework

Item	**2023**	**2024**	**2025**
National Inflation	17.16%	16.21%	17.21%
National Rea; GDP Growth	3.75%	3.30%	3.46%
Oil Production BENCHMARK (MBPD)	1.600	1.7000	1.7000
Oil Price Benchmark	$55.00	$53.00	$50.00
NGN: USD Exchange Rate	451	415	415
Other Assumptions			
Mineral Ratio	25%	25%	25%

CHAPTER THREE

The State Revenue, Expenditure, and Public Debt Trends (2017 - 2021)

Niger State experience an increase in 2021, of 69.37 percent increase in the IGR from N9,234.00 million in 2020 to N15,639.91 million in 2021. This increase in the IGR was largely due to the new policy reforms that was introduced by the State Government

3.1 Revenue and Expenditure

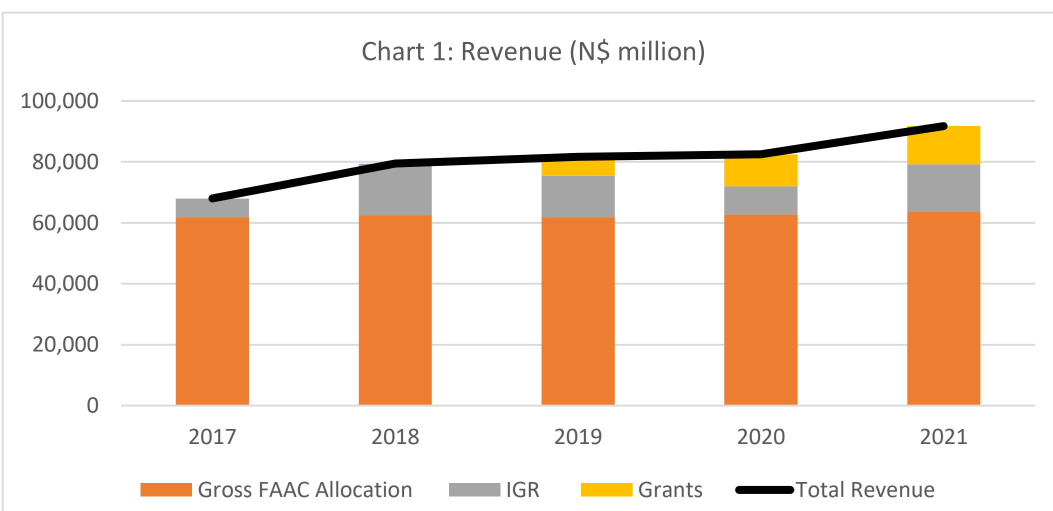
Revenue–Niger State Revenue comprises of, Statutory Allocation, Derivation, VAT Allocation, IGR, and Capital Receipt. the State's Revenue amounted to N105,399.30 million as at end 2021 from N108,267.70 million as at end 2020, representing a decrease of N2,868.40 million or 2.64 percent.

a. Niger State recorded a slight decrease in the FAAC Allocation from N41,296.70 million in 2021 compared to N46,879.40 million in 2020 representing N5,582.70 million or 11.90percent.

b. Niger witnessed a increase in the State **Internally Generated Revenue (IGR)**, where the IGR increase by 69.37percent or N6,405.91 million from N15,639.91 million in 2021to N9,234.00million in 2020 (as shown in Chart 1, below).

c. The Grants recorded N12,530.54 million in 2021 and N10,519.42 million in 2020 representing a increase of N2,011.14 or 19.11 percent.. The State Grant are largely from donor Agency i.e world Bank and others.

Revenue	2017	2018	2019	2020	2021
Total Revenue	78,742.50	87,710.20	83,723.10	108,267.70	105,399.30
Gross FAAC Allocation	33,583.85	50,367.47	48,774.38	46,879.40	41,296.70
IGR	6,064.10	16,913.30	13,613.22	9,234.00	15,639.91
Grants	0.00	127.60	6,277.00	10,519.40	12,530.54



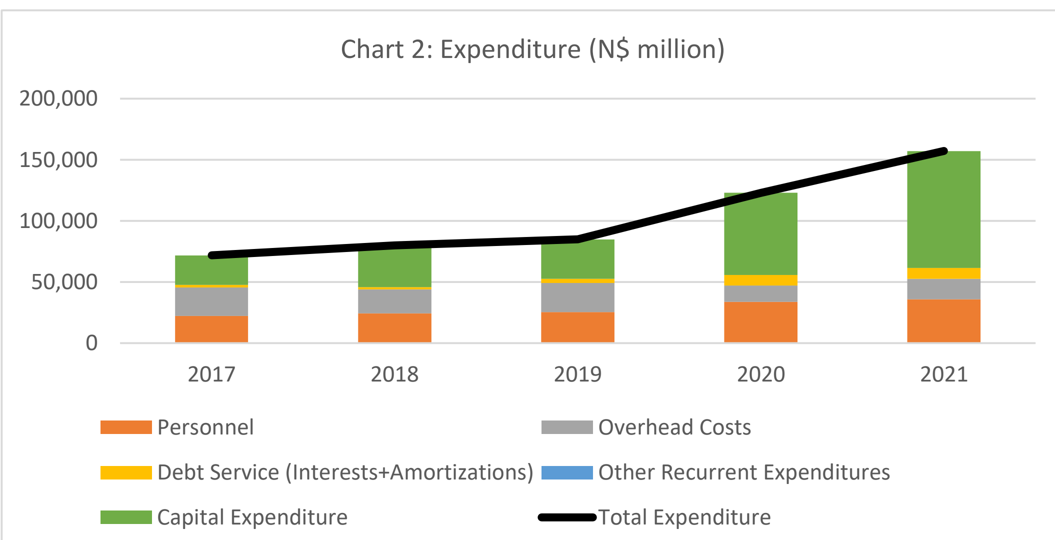
Expenditure- The State's Total expenditure covers Capital expenditure, Personnel costs, Overhead costs, other recurrent expenditure, and Debt service (interest payment and principal repayment)recorded at N84,916 million in 2019, N123,057 million in 2020 and N157,213 million 2021.

Personnel: Niger State Personnel costs stood at N24,238 million in 2018, N25,488 million in 2019, N33,816 million in 2020, and N35,882 million in 2021, respectively.

Overhead Cost: Niger State Overhead costs stood at N19,754 million in 2018, N23,598 million in 2019, N13,207 million in 2020, and N16,775 million in 2021, respectively.

Capital Expenditure: Capital Expenditure recorded N95,765.50 million in 2021 compared to N67,242.76million in 2020, representing an increase of N28,523.14 million or 43 percent.

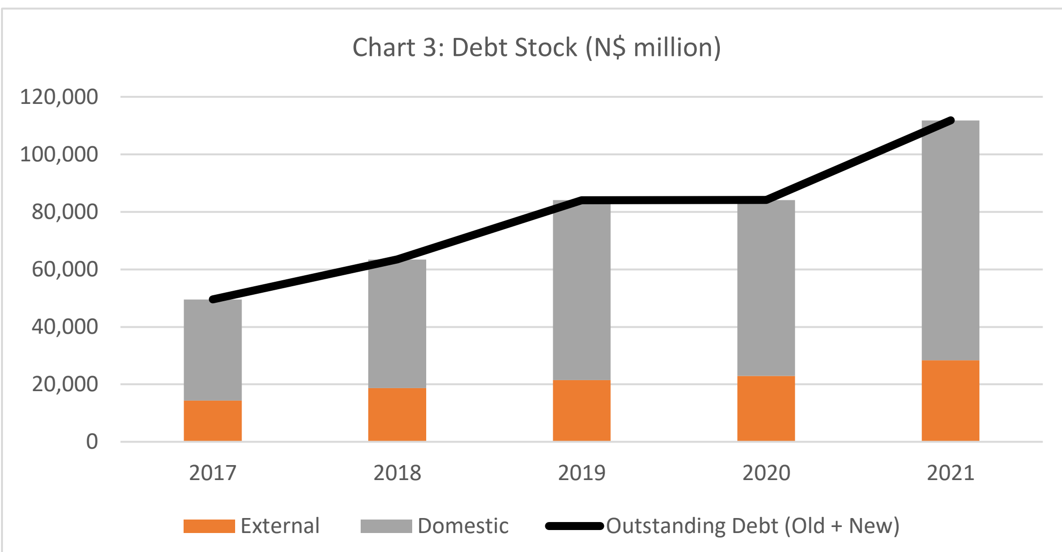
Expenditure Performance	**2017**	**2018**	**2019**	**2020**	**2021**
Total Expenditure	71,747.50	79,891.20	84,916.20	123,057.10	157,213.40
Personnel	22,209.29	24,238.67	25,488.08	33,816.57	35,882.80
Overhead Costs	23,422.31	19,754.39	23,598.07	13,207.74	16,755.50
Debt Service (Interests+Amortizations)	1,888.36	1,914.64	3,456.61	8,790.03	8,790.03
Other Recurrent Expenditures	-	-	-	-	-
Capital Expenditure	24,227.54	33,983.50	32,373.44	67,242.76	95,765.90



3.2 Description of Public Debt Portfolio

Niger State Public Debt Portfolio comprises of the External and Domestic Debts Stock. In 2021, Niger Total Public Debt Stock stood at N111,825.40 Billion, 2020 N84,124.70 Billion, 2019 (N84,057.30 Billion), 2018 (N63,423.79 Billion) and 2017 (N49,518.27 Billion), respectively. The External Debt stockstood atN24,425.00 Billion in2021, compared to N22,885.20Billion in 2020, while the Domestic Debt stock increase from N61,239.50Billionin 2020to N83,400.40 Billion in 2021 representing a 36.18 percent increase or N22,160.90 Billion The increase is due to additional Borrowing from the capital market for infrastructural Development in the State.

	2017	**2018**	**2019**	**2020**	**2021**
Outstanding Debt (Old + New)	49,518.27	63,423.79	84,057.00	84,124.70	111,825.40
External	14,381	18,744.69	21,455.00	22,885.20	24,425.00
Domestic	35,137.10	44,681.10	62,602.00	61,239.50	83,400.40



NIGER STATE DEBT COMPOSITION

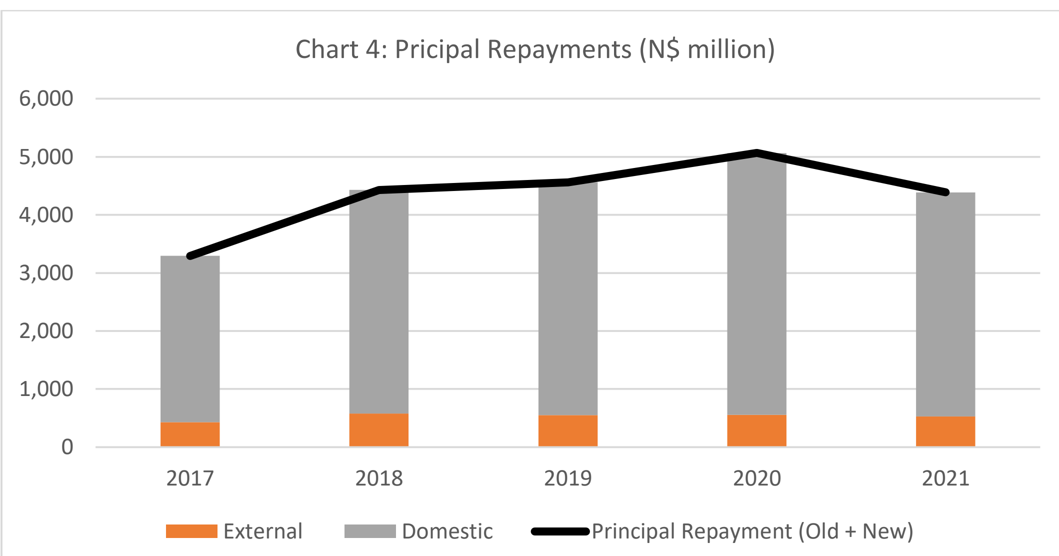
Niger State Domestic Debt Portfolio consists of Budget Support Facility, Excess Crude Account Backed Loan, Salary Bail-Out Fund, Commercial Agricultural Credit Scheme, Contractor's Arrears and Pensions & Gratuity arrears, While the External Debt includes World Bank (IDA and IFAD) and African Development Fund (AFDF). In 2021 the composition of External Debt to Domestic Debt Portfolio stood at 30.07percent to 69.93percent, compared to the Debt stock composition of the External Debt to Domestic Debt Portfolio of 30.28 percent to 69.72percent in 2020.

NIGER STATE DEBT SERVICE COMPOSITION

- The Niger State Public Debt Service decrease from relatively from N5,065.00 million in 2020 to N4,388.40 million in 2021, reflecting a decrease of13.35 percent. The principal repayment showed an increase from N4,562.50 million in 2019 to N5,065.00 million in 2020.

TREND OF NIGER STATE PRINCIPAL DEBT SERVICE FROM 2017 - 2021

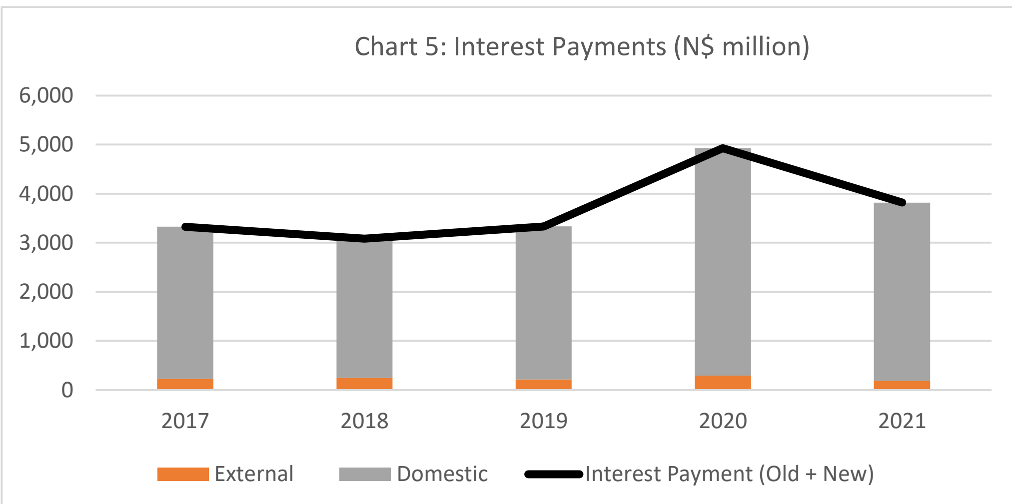
Principal Repayment	2017	2018	2019	2020	2021
Principal Repayment	3,294.32	4,429.09	4,562.50	5,065.00	4,388.40
External	430.42	580.99	551.70	554.20	530.60
Domestic	2,863.90	3,848.10	4,010.80	4,510.80	3,857.80



TREND OF NIGER STATE INTEREST DEBT SERVICE FROM 2017 – 2021

Niger state Interest Payment stood at N3,818.20 million in 2021 and N4,927.40 million in 2020, representing a decrease of N1,109.2 or 22.51 percent. The principal repayments and Interest Payment made were on both External Debt and Domestic Debt.

Interest Payment	**2017**	**2018**	**2019**	**2020**	**2021**
Interest Payment	3,324.87	3,083.83	3,330.85	4,927.40	3,818.20
External	227.87	244.63	214.55	293.40	189.50
Domestic	3,097.00	2,839.20	3,116.30	4,634.00	3,628.70



CHAPTER FOUR

Debt Sustainability Analysis

"The concept of debt sustainability refers to the ability of the government to honor its future financial obligations. Since policies and institutions governing spending and taxation largely determine such obligations, debt sustainability ultimately refers to the ability of the government to maintain sound fiscal policies over time without having to introduce major budgetary or debt adjustments in the future. Conversely, fiscal policies are deemed unsustainable when they lead to excessive accumulation of public debt, which could eventually cause the government to take action to address the unwanted consequences of a heavy debt burden".

Table 1:Niger State Debt burden indicators as at end-2021

Indicators	Thresholds	Ratio
Debt as % of GDP	25%	2.29
Debtas % of Revenue	200%	106.47
Debt Serviceas % of Revenue	40%	18.79
Personnel Costas % of Revenue	60%	40.99
Debt Serviceas % of FAAC Allocation	Nil	24.71
Interest Paymentas % of Revenue	Nil	6.03
External Debt Serviceas % of Revenue	Nil	1.19

Note: Nil means not available
Source: Niger State DMB

4.2 Borrowing Options

The borrowing options are considered due to the timing of Government's cash flows throughout the fiscal year. Domestic borrowing serves as one of the main sources of borrowing with average ratio of N40,080.92 million percent over the projection period from 2022 to 2031 and given the limited funding envelopes from the external borrowing with long processing time required, Domestic borrowings are mainly through: the commercial banks, Federal Government and other Central Bank of Nigeria (Interventions). loans are the main source of State financing.

BORROWING OPTIONS

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Domestic Financing (NGN ‘ Million)										
Commercial Bank Loans 1 <> 5 years	7,000.0	10,350.0	0.0	14,381.5	21,360.5	26,888.1	16,270.0	8,010.2	20,430.5	15,450.0
Commercial Bank Loans - 6 years >	10,334.3	18,476.0	17,495.5	15,850.0	15,760.0	0.0	22,150.0	20,101.0	24,661.6	25,110.0
State Bonds - 1 <> 5 years)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State Bonds - 6 years >	24,450.00	23,110.9	25,296.7	22,664.0	25,204.2	27,761.4	36,250.0	44,230.6	45,250.0	75,844.1
Other Domestic Financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
External Financing (US$’ Million)										
External Financing - Concessional Loans (e.g., WB, AfDB)	5.0	55.0	55.0	48.0	0.0	0.0	0.0	0.0	0.0	0.0
External Financing - Bilateral Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other External Financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Gross Borrowing	**43,834.30**	**74,487.0**	**65,342.3**	**72,575.0**	**62,324.7**	**54,649.5**	**74,670.0**	**72,341.8**	**90,342.1**	**116,404.0**

4.2.2 FINANCING TERM FOR NEW DOMESTIC BORROWING;

1. COMMERCIAL BANK LOANS OF MATURITY 1 to 5years(INCLUDING AGRIC LOANS, INFRASTRUTURAL LOANS AND MSMFEDF)**.**

The Financing term for this new Domestic Debt borrowing is interest rate of 13%, with maturity rate of 5years and Grace period of 1year and the currency in use is the Naira.

2. COMMERCIAL BANK LOANS OF MATURITY 6 or Longer(INCLUDING AGRIC LOANS, INFRASTRUTURAL LOANS AND MSMFEDF)**.**

The Financing term for this new Domestic Debt borrowing is interest rate of 14%, with maturity rate of 10years and Grace period of 1year and the currency in use is the Naira.

3. STATE BONDS OF MATURITY 1 to 5years

The Financing term for this new Domestic Debt borrowing is interest rate of 14%, with maturity rate of 5years and No Grace period and the currency in use is the Naira.

4. STATE BONDS OF MATURITY 6years or Longer

The Financing term for this new Domestic Debt borrowing is interest rate of 16%, with maturity rate of 7years and No Grace period and the currency in use is the Naira.

FINANCING TERM FOR EXTERNAL BORROWING;

1. EXTERNAL FINANCING – Concessional Loans

The Financing term for this new External Debt borrowing is interest rate of 2%, with maturity rate of 30years and Grace period of 5year and the currency in use is the Dollars.

4.2.3 ANALYSIS OF STATE DEBT PROJECTION AND ITS IMPLICATION.

Debt Stock as a share of SGDP

Niger State Debt Stock as a share of SGDP shows that in Chart 21, Debt Stock as a share of SGDP was below the 25% threshold during the period of projection, also in chart 21 you will notice that there was a rise in the debt stock as a share of SGDP in the years of 2025, 2024 and 2023 compare 2022. This might be due to additional borrowing to the State. Was a rise 3.06% in 2022, 3.81 in 2023 through the projection period of 2024 – 2031.

Debt Stock as a share of Revenue: Niger State Debt Stock as a share of Revenue in the projection period was slightly above the threshold from 2023 – 2031, as showed in chart 22 the state is highly distress in terms of revenue as a share of debt stock, therefore the state needs to improve on its revenue generation so that it will be below the threshold of 200%.Also, one will notice the rise in the percentage from 154.53 in 2022 -205.19% in 2023 throughout the projection period of 2031.

Debt Service as a share of Revenue: From Chart 23, Niger State Debt Service as a share of Revenue shows that, Niger State debt service to Revenue was above the threshold of 40% in year 2027 – 2031 showing that the state is distress during that period due to high debt service payment, one will notice that from 2027 2031 the percentage rise in 2022 was 7.42, 2023 15.54, compare to 2027 when its was43.09 and 43.41 2028. The state needs to take a very good look at the trend of movement in this percentage rise.

Debt Service indicator: Niger State Debt Service indicator in Chart 25, shows the trend of the State Revenue over the projection period.

Personal Cost as a share of Revenue: Niger State Personal Cost as a share of Revenue in Chart 24, shows that the State Personal cost as a share Revenue was below the threshold in the projection period.

GROWTH TREND OF NIGER STATE DEBT STOCK UNDER THE BASELINE SCENARIO:

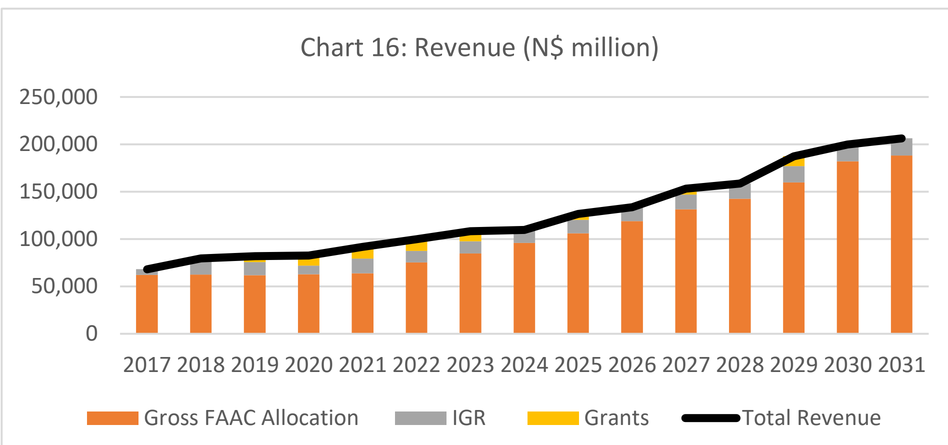
Niger State Debt Stock projection from 2022 – 2031 has grown over the period due to additional and new financing coming to the State through various sources. If you look at the baseline scenario, one will notice the trend of growth of the State Debt Stock.

4.3.1 DSA SIMULATION RESULTS

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

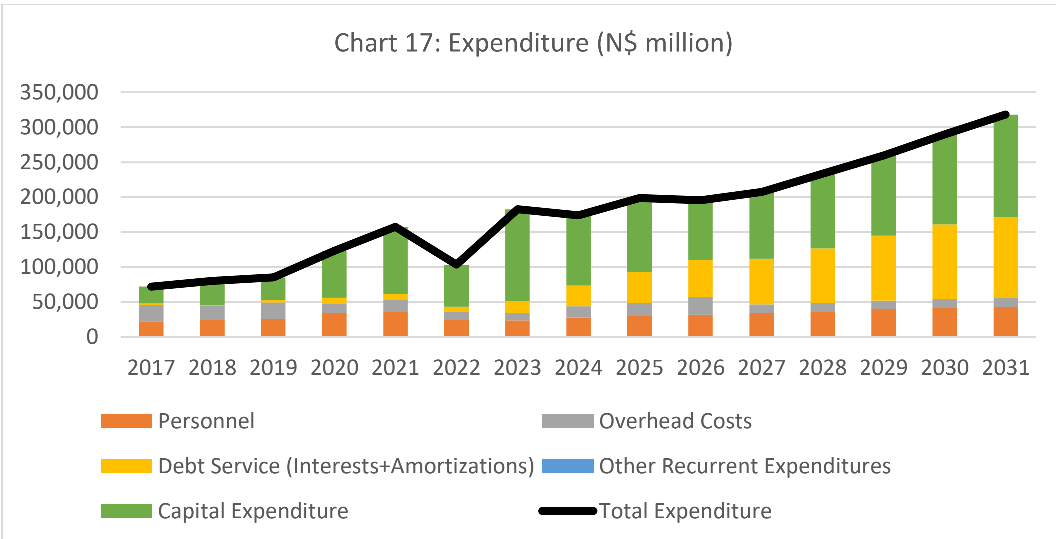
In the Baseline Scenario, Niger State Debt Stock appears unsustainable in the projection period, considering the trend from 154.26m in 2022, 2023 is 221.891 showing a percentage rise of 42.76% from 2022 – 2031. While the State total revenue (including grant and excluding capital receipt) is projected from 143,665.02 in 2022, 182,626 in 2023 and up to 322,663.68 in 2031, showing the revenue drive of the State. The

4.3.2 Revenue is expected to grow during the projected period, driven largely by expected improvement through FAAC allocation the FAAC allocation is estimated to increase in the medium term from N143.666.57 million in 2022 to N195,855.40 million in 2026, and N322,663.70 million in 2031. IGR projected at N12,155.45 million in 2022compared with N18,213.78 million in 2031. The increase is due to new reforms that was introduced in the State. Estimated Revenue were sources from the Approved 2022 Budget; Economic & Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS), 2022-2025; the projections period from 2025-2031 projections as estimated by the official of Niger State Ministry of Budget and Economic Planning.

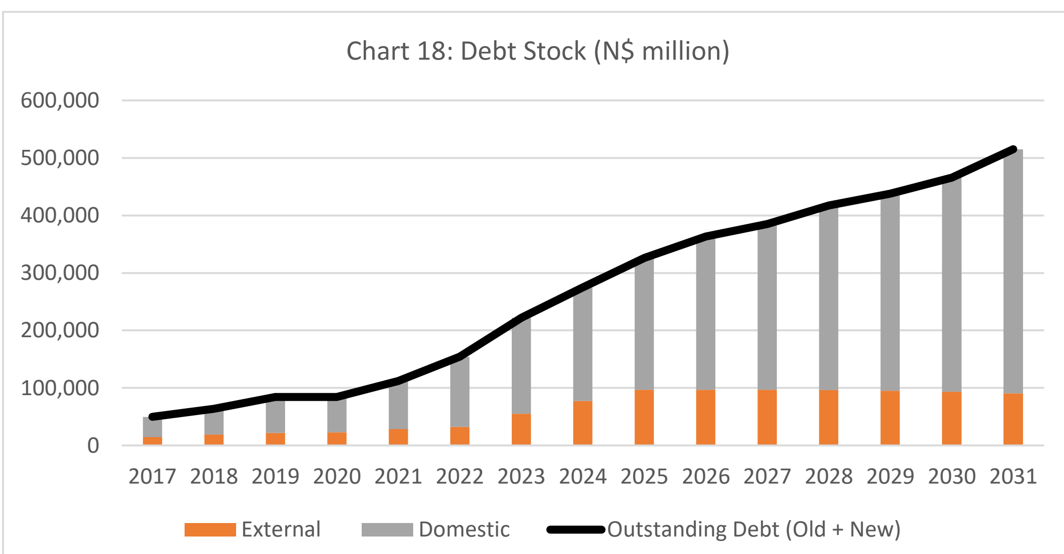


Expenditure: Niger State Total Expenditure stood at N103,107.3 million in 2022, N182,551.76 million in 2023, N198,769.07 million in 2025,and N318,139.20 million in 2031 respectively, the Capital expenditure estimated to haveN98,261.50 in 2022 compare to N131,566.10,or 33.89 percent in 2023, 23.42 percent 2025 and N146,277.20S in 2031 respectively, indicating stability in the State growth. The growth in the period is predicated on sustaining effective implementation of the new laws. Government is expected to continue its fiscal strategy of directing resources to the most productive and growth-enhancing sectors, including Agriculture, Infrastructure, Manufacturing, Housing and Construction, Education, Health and Water Resources within the period.

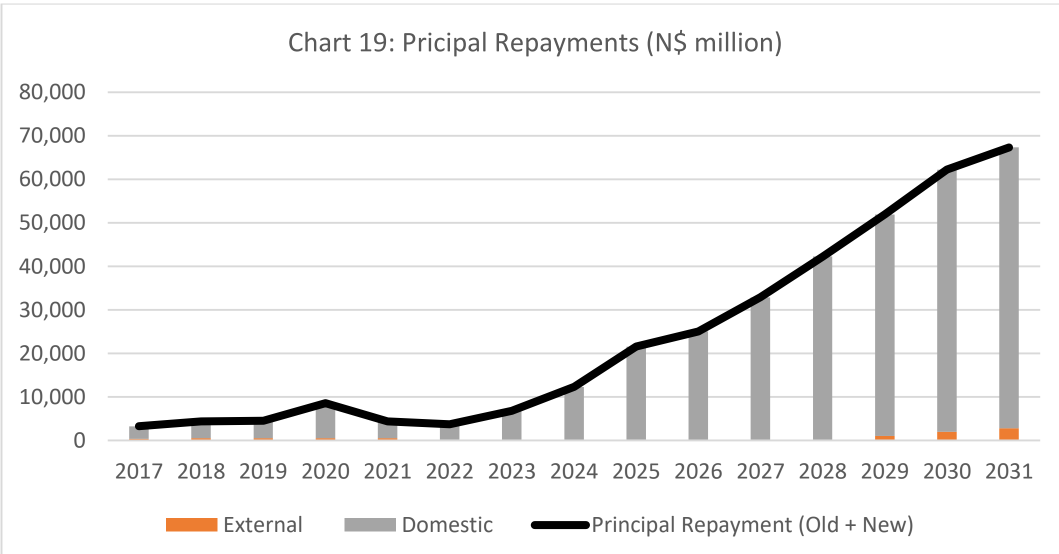
Estimated on Revenue were sources from the Approved 2022 Budget; Economic & Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS), 2022-2025; the projections period from 2022-2031 projections as estimated by the official of Niger State Ministry of Budget and Economic Planning.

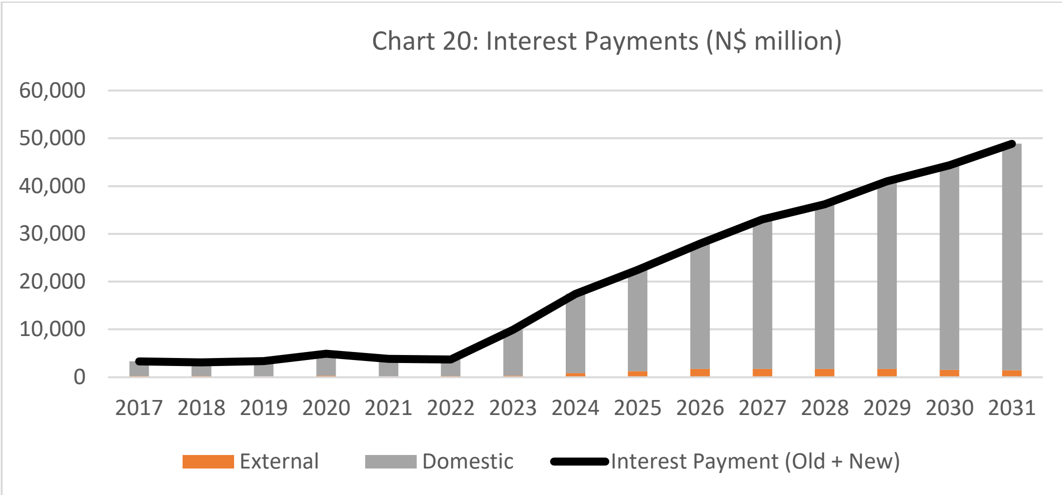


Niger State Total Debt Stock projected to increase from N154,226.22 million in 2022, N221,891.20 million in 2023, N325,919.64 million in 2025 and N514,959.64million in 2031 respectively,



Niger State Total Debt Service comprises, of Interest payment and Principal repayment from both External and Domestic Loans. The Principal repayment estimated to increase from N3,718.52 million in 2022, N6,862.26 million in 2023, N25,058.58 million in 2026 and N67,313.89 million in 2031 compared with Interest payment estimated to growth from N3,692 million in 2022, N9,938.90 million in 2023, N22,476.27 million in 2025 and N48,861.21 million in 2031 respectively.





Main Key Findings

On the Total Debt Sustainability Analysis under Baseline Scenario, the Debt Sustainability Analysis results shows that the ratio of Debt as % of GDP is projected at 3.06 percent in 2022, 3.81 percent in 2023, 4.16percent in 2024, 4.35 percent in 2025, 4.28percent in 2026, 4.0 percent in 2027, 3.82percent in 2028, 3.54percent in 2029, 3.32percent in 2030 and 3.24percent in 2031, respectively, as against the indicative threshold of 25 percent.

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

2022 DSA exercise shows that there is substantial Space to Borrow based on the state's current revenue profile. The ratios of Debt Service to Revenue and Personnel Cost to Revenue trends remains under the threshold over the projection period from 2022 to 2031, with the strong-minded efforts by the State Government through its various initiatives and reforms in the key sectors of the economy.

The revenue-based indicators show that the Debt to Revenue at 154.53percent in 2022, 205.19percent in 2023, 251.29percent in 2024, 257.74 percent in 2025 and 249.67percent in 2031. Niger State would remain under the threshold for Debt to SGDP ratio for 25 percent over the projection period.

For the Debt Service to Revenue, the outcome estimates the ratios in 2022 (7.42 percent), 2023 (15.54percent), 2024 (27.22percent), and 2025 (34.83 percent), as against the threshold of 40 percent to the end of the projection period in the medium to long term.

The Personnel Cost to Revenue remained under state threshold of 60 percent from 23.69 percent in 2022 to 20.70percent in 2031. Thus, Niger State Debt remained sustainable on the revenue and debt indicators.

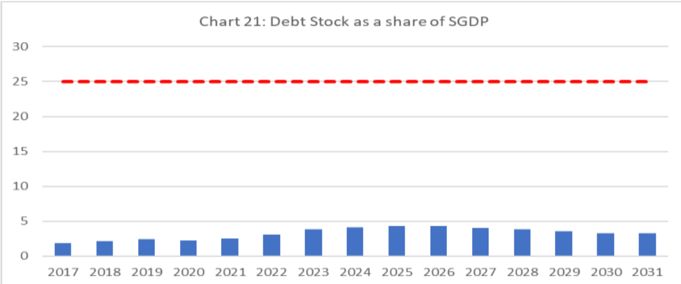


Chart 21: Debt Stock as a share of SGDP
30
25
20
15
10
5
0
2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031

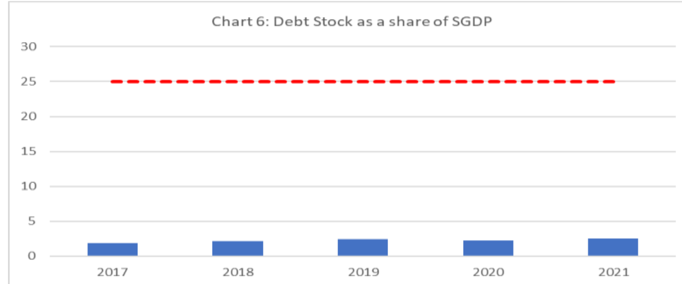


Chart 6: Debt Stock as a share of SGDP
30
25
20
15
10
5
0
2017 2018 2019 2020 2021

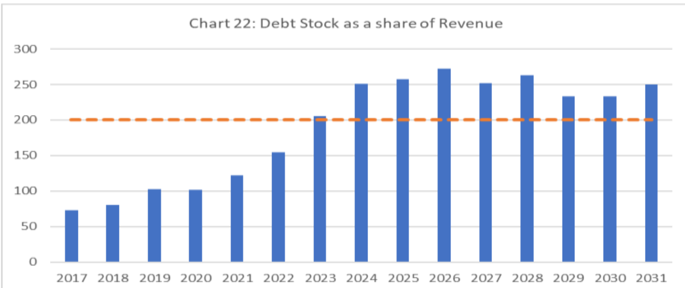


Chart 22: Debt Stock as a share of Revenue
300
250
200
150
100
50
0
2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031

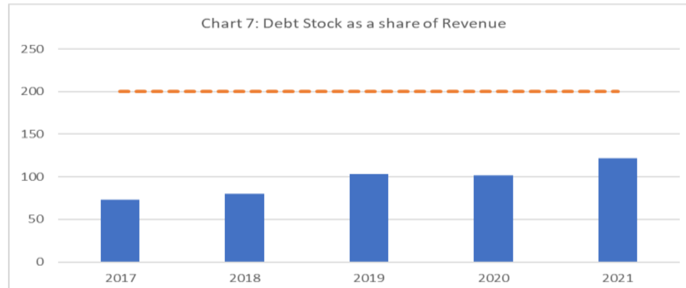


Chart 7: Debt Stock as a share of Revenue
250
200
150
100
50
0
2017 2018 2019 2020 2021

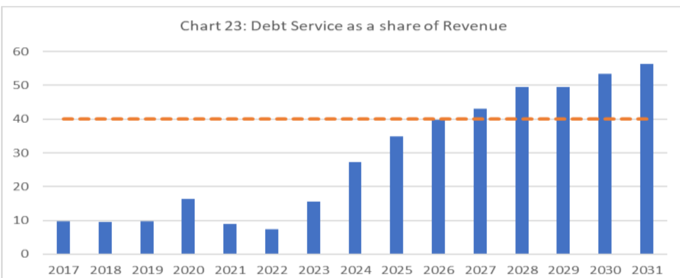


Chart 23: Debt Service as a share of Revenue
60
50
40
30
20
10
0
2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031

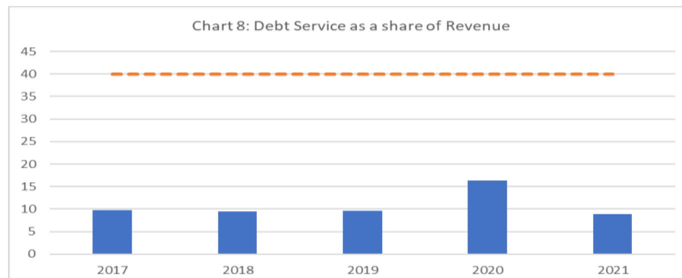


Chart 8: Debt Service as a share of Revenue
45
40
35
30
25
20
15
10
5
0
2017 2018 2019 2020 2021

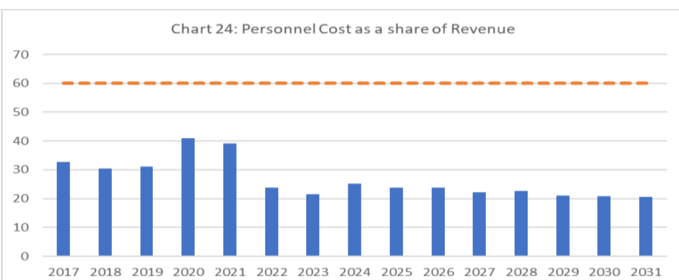


Chart 24: Personnel Cost as a share of Revenue
70
60
50
40
30
20
10
0
2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031

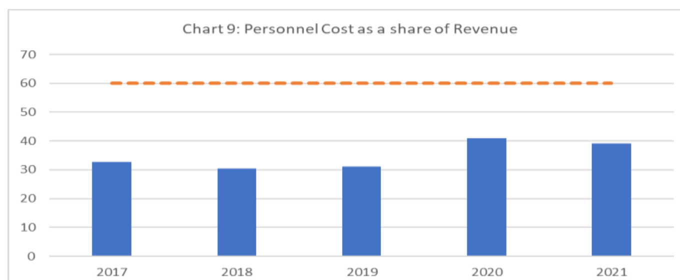


Chart 9: Personnel Cost as a share of Revenue
70
60
50
40
30
20
10
0
2017 2018 2019 2020 2021

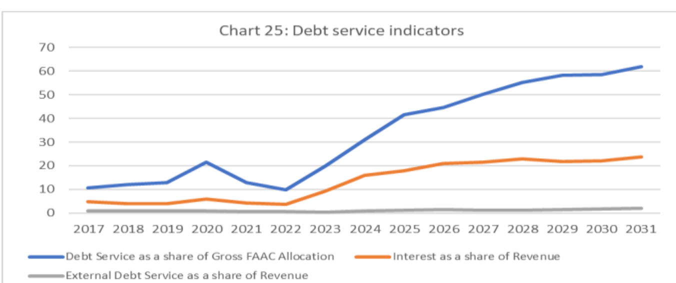


Chart 25: Debt service indicators
70
60
50
40
30
20
10
0
2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031
Debt Service as a share of Gross FAAC Allocation
Interest as a share of Revenue
External Debt Service as a share of Revenue

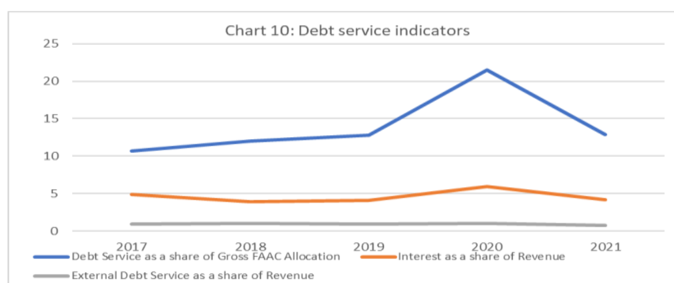


Chart 10: Debt service indicators
25
20
15
10
5
0
2017 2018 2019 2020 2021
Debt Service as a share of Gross FAAC Allocation
Interest as a share of Revenue
External Debt Service as a share of Revenue

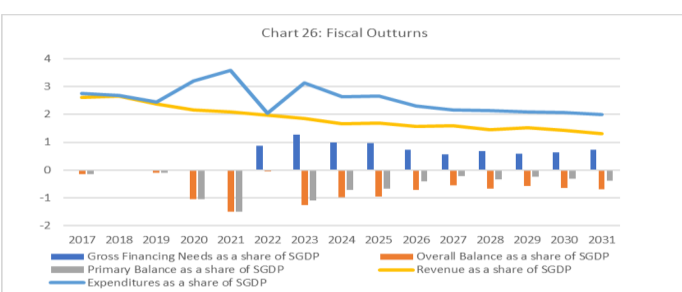


Chart 26: Fiscal Outturns
4
3
2
1
0
-1
-2
2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031
Gross Financing Needs as a share of SGDP
Overall Balance as a share of SGDP
Primary Balance as a share of SGDP
Revenue as a share of SGDP
Expenditures as a share of SGDP

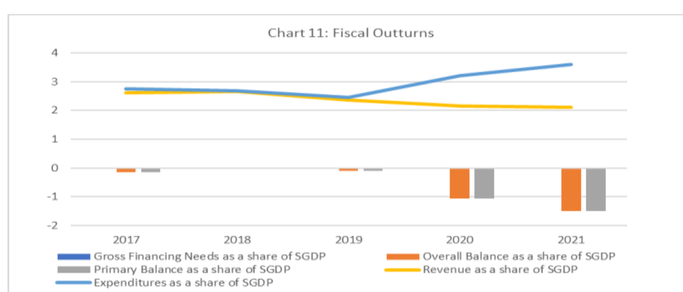


Chart 11: Fiscal Outturns
4
3
2
1
0
-1
-2
2017 2018 2019 2020 2021
Gross Financing Needs as a share of SGDP
Overall Balance as a share of SGDP
Primary Balance as a share of SGDP
Revenue as a share of SGDP
Expenditures as a share of SGDP

CONCLUSION

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

4.3.2 DSA Sensitivity Analysis

Niger State 2022 DSA analysis remains unsustainable to sensitivity analysis. The State DSA analysis shows deteriorate related to revenue shocks, expenditure shocks, exchange rate shocks, interest rate shocks and historical shock that would lead to increase Gross Financing Needs over the projection period. The shocks apply all the indicators are still above the thresholds during the projection period, except the and historical shock that breached the thresholds in debt to GDP, debt to revenue and debt service to revenue. There is, a need for the authorities to fast-track efforts aimed at further diversifying the sources of revenue away from crude oil (FAAC), as well as implement far-reaching policies that will bolster IGR into the state.

This sections deals with the impact of shocks on the various indicators:

1. Debt stock as a share of SGDP (chart 27)
2. Debt Stock as a Share of Revenue (chart 28)
3. Debt Service as a Share of Revenue (chart 29)
4. Personal Cost as a Share of Revenue (chart 30)

REVENUE SHOCK

The 10% revenue shock related to revenues (FAAC and IGR) and Grants is unlikely to be specific and uniform across the revenue types. For instance, in 2020 as a result of the COVID-19, aggregated revenues under this definition would have fallen, probably by more than 10%.

The impact of the shock might be an increased need to borrow, or reduces capacity to service existing debt especially the non-flow (i.e pensions/ Gratuity and other Arrears of payments) amongst other things.

EXPENDITURE SHOCK

This shock has a similar impact to the revenue shock, with an average increase of Debt to SGDP ratios of 13% all through the projection period. But the Debt to revenue and Debt service to Revenue further deviating from the baseline substantially as other expenditures may crowd out service and cause the need for more borrowing.

EXCHANGE RATE SHOCK

Exchange Rate Shock will impact the value and servicing costs of foreign debt. As Plateau State intends to take more of the foreign debts in the projeced years, this shock has the potential to impact its ratios as it has been experienced regularly over the last five years.

INTEREST RATE SHOCK

The Interest Rate Shock has impact on Debt Stock to SGDP ratio, Debt Stock to Revenue and Debt Service to Revenue ratio with the exceptio of debt service to personnel cost. The impact would be an increase in all the variable with that of Debt to Revenue exceeding the 200% threshold.

HISTORICAL SHOCK

The Historical Shock actually results in a weak debt position for the four indicators when compared to the baseline. The five shock as simulated all have impacts on the ratios at the magnitudes tested, with the revenue, interestrate, and expenditure shocks taken the trajectory of the State Debt way above the recommended thresholds.

The DSA analysis shows that the State is at high risk of debt distress. This red flag serves as a reminder on the need for the State to intensify efforts to increase IGR by more the average percent projected growth.

A critical look at the key components of the IGR be considered for maximum mobilization. There is need to fast track effort aimed at diversifying the economy cannot be overemphasized. Also the Niger State Government should cut down on expenditure, mobilized untilized capital.

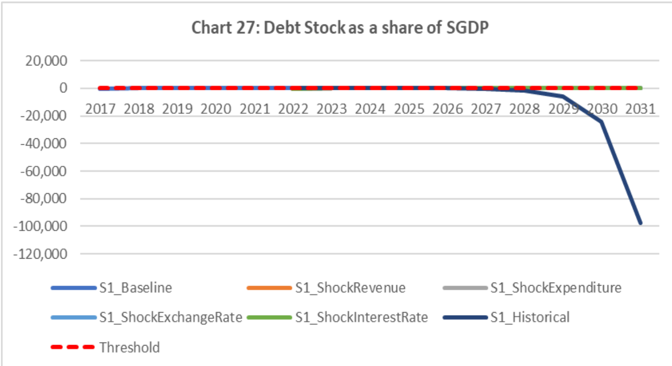


Chart 27: Debt Stock as a share of SGDP
20,000
0
-20,000
-40,000
-60,000
-80,000
-100,000
-120,000
2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031
S1_Baseline
S1_ShockRevenue
S1_ShockExpenditure
S1_ShockExchangeRate
S1_ShockInterestRate
S1_Historical
Threshold

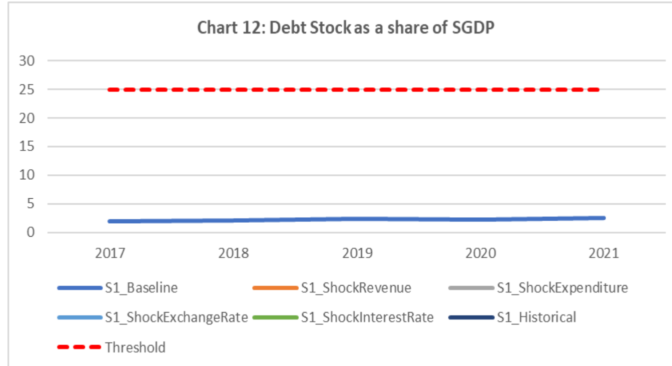


Chart 12: Debt Stock as a share of SGDP
30
25
20
15
10
5
0
2017 2018 2019 2020 2021
S1_Baseline
S1_ShockRevenue
S1_ShockExpenditure
S1_ShockExchangeRate
S1_ShockInterestRate
S1_Historical
Threshold

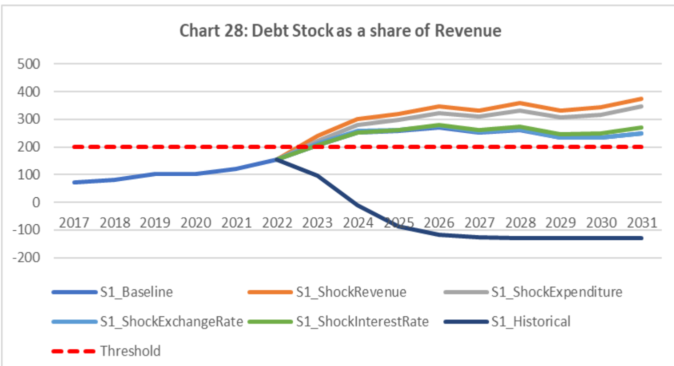


Chart 28: Debt Stock as a share of Revenue
500
400
300
200
100
0
-100
-200
2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031
S1_Baseline
S1_ShockRevenue
S1_ShockExpenditure
S1_ShockExchangeRate
S1_ShockInterestRate
S1_Historical
Threshold

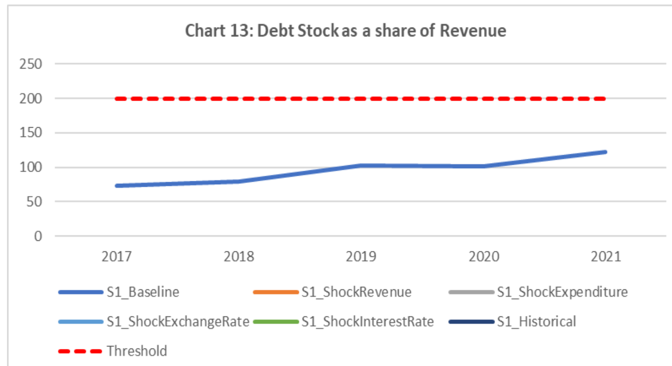


Chart 13: Debt Stock as a share of Revenue
250
200
150
100
50
0
2017 2018 2019 2020 2021
S1_Baseline
S1_ShockRevenue
S1_ShockExpenditure
S1_ShockExchangeRate
S1_ShockInterestRate
S1_Historical
Threshold

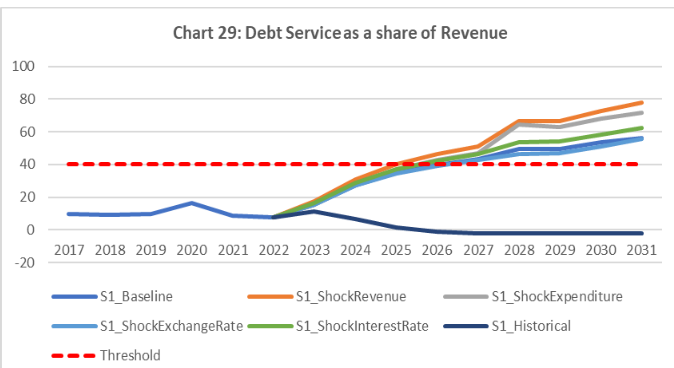


Chart 29: Debt Service as a share of Revenue
100
80
60
40
20
0
-20
2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031
S1_Baseline
S1_ShockRevenue
S1_ShockExpenditure
S1_ShockExchangeRate
S1_ShockInterestRate
S1_Historical
Threshold

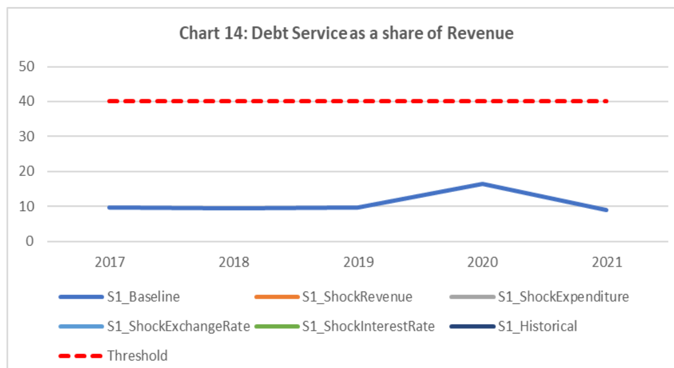


Chart 14: Debt Service as a share of Revenue
50
40
30
20
10
0
2017 2018 2019 2020 2021
S1_Baseline
S1_ShockRevenue
S1_ShockExpenditure
S1_ShockExchangeRate
S1_ShockInterestRate
S1_Historical
Threshold

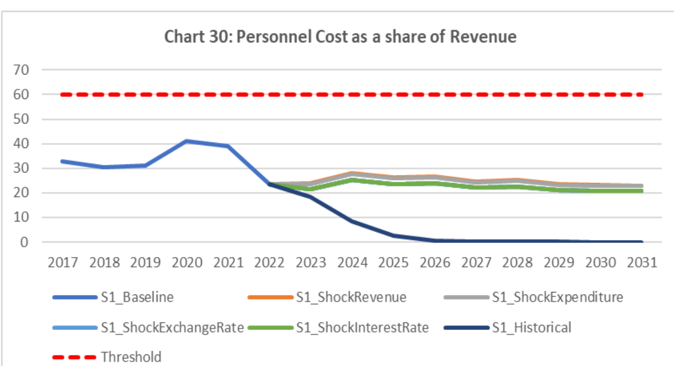


Chart 30: Personnel Cost as a share of Revenue
70
60
50
40
30
20
10
0
2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031
S1_Baseline
S1_ShockRevenue
S1_ShockExpenditure
S1_ShockExchangeRate
S1_ShockInterestRate
S1_Historical
Threshold

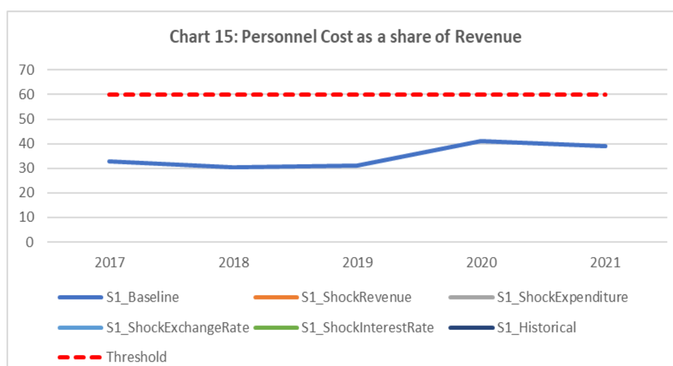


Chart 15: Personnel Cost as a share of Revenue
70
60
50
40
30
20
10
0
2017 2018 2019 2020 2021
S1_Baseline
S1_ShockRevenue
S1_ShockExpenditure
S1_ShockExchangeRate
S1_ShockInterestRate
S1_Historical
Threshold

CHAPTER FIVE

Debt Management Strategy

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

The Debt Management Strategy provides alternative strategies to meet the financing requirements for Niger State. The strategies are shown by the breakdown of funding mix (domestic debt and external debt) and within the broad categories of domestic and external, the share of each stylized instrument has also been illustrated. The Niger State's Debt Management Strategy, 2022-2025, analyses the debt management strategies outcomes of the three debt management performance indicators namely Debt Stock to Revenue, Debt Services to Revenue and Interest to Revenue. The cost is measured by the expected value of a performance indicator in 2026, as projected in the baseline scenario. Risk is measured by the deviation from the expected value in 2026 caused by an un-expected shock, as projected in the most adverse scenario. The following four strategies are assessed by the government.

5.1 Alternative Borrowing Options

Strategy 1 (S1) Reflects a "status quo" MTEF Financing Mix: It follows the broad parameters of the financing mix in the fiscal year 2022 and MTEF, 2023-2025. External gross borrowing under Concessional loans accounts on average 16.89 percent over the strategic period mainly through World Bank and African Development Bank account on average of 31.18 percent, respectively. The Domestic gross financing comprises commercial bank loans, State bonds and other domestic financing. The Commercial Bank loans with the maturity of 1-5 years is projected to account on average of 26.80 percent over the strategic period. The Commercial Bank loans with the maturity of above 6 years and State Bonds (1-5 years) estimated with an average of 34.14 percent and 7.88 percent over the DMS period of 2022-2025.

Strategy 2 (S2) Focus more on financing through commercial bank loans: In this strategy it has been assumed the distribution between external and domestic borrowing remains the same in 2022 as its in strategy 1. The remaining of borrowing distributions from 2022 to 2025, the state government will focus its financing through commercial bank loans with average 39.23 percent under maturity of 1-5 years and 30.27 percent under maturity of above 6 years, State bonds of 1-5 years maturity (13.00 percent), state Bonds of above 6 years (10.06 percent) and other gross financing needs through external financing (concessional loans) which estimated to account on average of 7.43 percent over the strategic period.

Strategy (S3) Focus its financing through domestic debt market. In strategy 3, the government decided to focus its financing from 2021 to 2025, through Commercial Bank loans (1-5 years), Commercial Bank loans with the maturity of above 6 years and State Bonds (1-5 years) State Bonds (above 6 years) and Concessional Loans with an average of 28.86 percent, 16.97 percent, 26.95 percent, 23.58 percent and 3.63 percent, respectively. This strategy considers the scenario where the proportions of external and domestic debt instruments in 2022 remain the same with strategy 1.

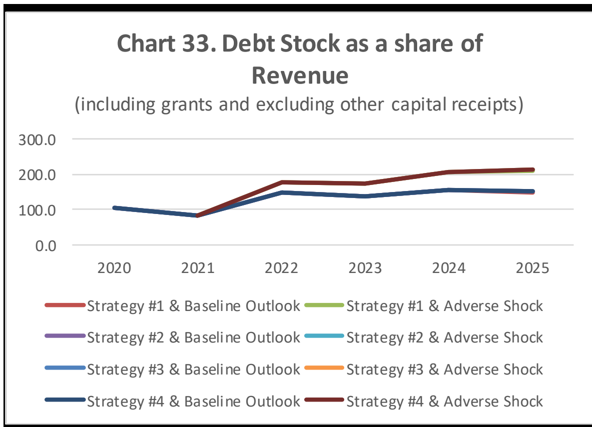
Strategy (S4) increases the share of external borrowing. In this strategy, External Financing (Concessional Loans) represents an average of 30.49 percent from 2022-2025, other gross financing comprises other Domestic financing, Commercial bank loans (1-5 years), Commercial bank loans (above 6 years) and State Bonds (1-5 years) with average period of 38.79 percent, 21.06 percent and 9.66 percent, respectively.

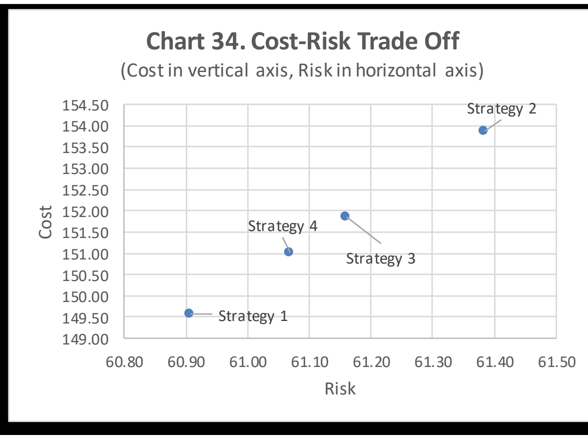
5.2 DMS Simulation Results

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

a. Debt as a share Revenue:

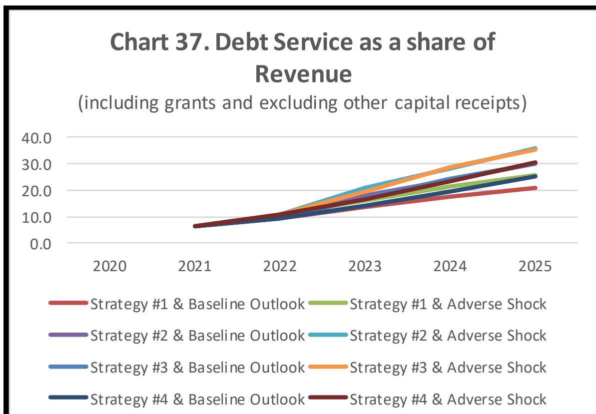
- Strategy 1 shows the Cost ratio of Debt to Revenue estimated at 272.0 percent in 2026, as against Strategy 2 (285.1 percent), Strategy 3 (285.2 percent) and Strategy 4 (286.7 percent), over the DMS period of 2026, compared with the Risks measured of Strategy 1 (74.6 percent), Strategy 2 (76.1 percent), Strategy 3 (76.1 percent) and Strategy 4 (76.3 percent), respectively.
- Analysis using this debt indicator of debt to revenue shows that S1 has the lowest costs and risks with the average measured by 272.0 percent and 74.6 percent compared with Strategy 4, Strategy 3 and Strategy 2, compared with Strategy 4 with the highest Costs and risks under debt to GDP ratio. Strategy 4 is the riskiest strategy as this concentrated on more Concessional and bilateral financing with little proportion of domestic financing over the DMS period of 2022-2026.

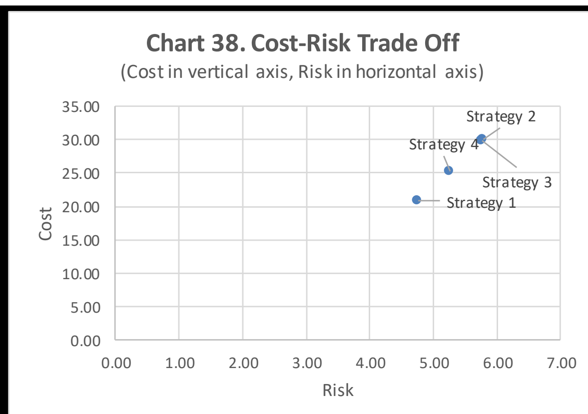




b. **Debt Service as a share of Revenue:**

- ➢ In terms of Debt Service to Revenue, Strategy 1 has lowest costs and risks with 39.7 percent and 6.9 percent by the end of strategy period compared with Strategy 4 of 58.7 percent and 9.0 percent and Strategy 3 of 60.7 percent and 9.2 percent all under moderate costs and risks, as against Strategy 2 and 3 with the highest costs and risks of 60.7 percent and 9.2 percent respectively, as at end of the strategic period of 2026.
- ➢ S1 has the lowest costs and risks of 39.7 percent and 6.9 percent under the Debt Service to Revenue compared with S2 and S3 with highest costs and risks of 60.7 percent and 9.2 percent, Strategy 1 and 4 are considered as the moderate strategy by the end of strategy period.

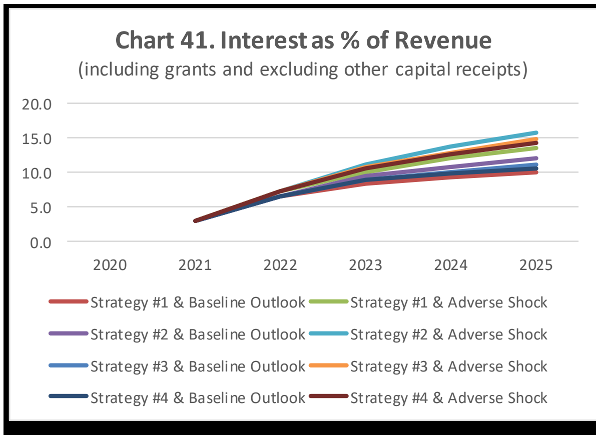


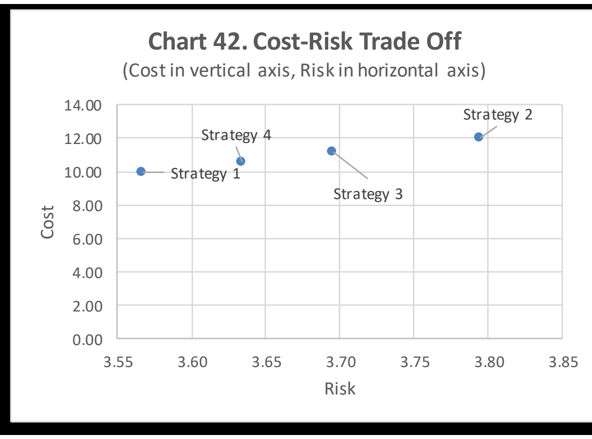


c. **Interest as a share of Revenue**

- S1 is the least costly and risky with regards Interest to Government revenues, which projected at 20.9 percent and 4.8 percent, while S4 is the riskiest strategy which estimated at 28.1 percent and 5.6 percent, compared to S3 and S2 with moderate costs of 27.8 percent and 5.6 percent.

  compared with moderate risks 27.9 percent and 5.6 percent, as at end of the strategic period of 2026.





5.3 DMS Assessment

The preferred strategy was not solely based on the Analytical Tool assessment of all four strategies but took into consideration the ability to implement the chosen strategy successfully in the medium-term. Therefore, although the Analytical Tool's results of cost and risk would suggest that the recommended strategy be S1 these results were just marginally better when compared with S4, S3, and S2. ***it was considered that S1 is the most feasible of the strategies to implement in the short-term and it would still greatly improve the portfolio's debt position relative to the base year 2022***.

In comparison to the current debt position, Niger State debt portfolio stood at N111,825.40 million as at end-2021, which expected an increase to N154,266.22 million as the End of 2022 under S1 during the strategic period, compared to others Strategy. S1 is selected as the preferred strategy for the State.

The Debt Management Strategy, 2022-2026 represents a robust framework for prudent debt management, as it provides a systematic approach to decision making on the appropriate composition of external and domestic borrowing to finance the 2022 budget. The cost-risk trade-off of alternative borrowing strategies under the DMS has been evaluated within the medium-term context.

Annex I: Baseline Assumptions

Statutory Allocation is estimated with an elasticity-based forecast using oil price benchmark of $53 per barrel (pb), NGN: USD Exchange rate of N415 toUS$1 and One Million and Eight Hundred Thousand (1.8m) barrels per day (bpd)oil production benchmark. It also adopted real GDP Growth and Inflation fromthe Federal Government MTEF 2022-2025.

VAT - The estimate for VAT is based on a 3-year moving average growth rate. When compared to other moving averages and elasticity-based forecasts, the 3year moving average gives figures that is in the middle of all the estimates.

Excess Crude – Excess crude is very difficult to forecast and is not guaranteed for distribution every month.

Internally Generated Revenue (IGR) –the State IGR increased in 2019, 2020 and 2021 due to reforms instituted by the government. This administration has shown commitment to sustain the existing reform efforts and introduced additional reform measures such as instant remittance of all revenues collected by MDAs to treasury, improved systems and processes for revenue administration including Automation of revenue collections/payment. It is expected that these reforms will bring about substantial improvement in IGR. Hence, the State IGR is projected to increase by 10% in 2022 and 5% each in 2023 and 2024. It is anticipated that the IGR will attain more than N1billion monthly collections by 2022.

Grants and Loans – Grants and loans have been estimated at N79.68 billion for2021. This is based on the following: Additional Bond N billion; IDB Loan of N26.53 billion; Short term funding from commercial banks of N16.59 billion; Internal Grants of N11.90 billion [from SDGs, Federal Ministry of Health, ATASP1(FGN), SCTU(FGN), PEPFAR, SOML); External Grants of N24.66 billion (from UNICEF, ICCM, SFH,BMGF,, GF ATM/ARFH,PHRI/MSH, Philip Pharm/Foundation, RF& Roche, Doctors

Without Borders/WHO, ANRIN BESDA, IFAD, Bilingual Education, NEWMAP, MITOSATH and World Bank).

Personnel – The on-going staff verification is to check abnormalities in the pay roll. The State is determined to sustain the trend to reduce personnel cost. It is anticipated that the number of political office holders will also be reduced and the personnel cost is projected to register increase of 10%, 5% and 3% in 2023, 2024 and 2025 respectively.

Overheads – Annual increases were relatively high in 2021 compare to 2022 and 2023. Increment of 2% has been proposed for 2022, 2023, 2024 and 2025. respectively.

Capital Expenditure – Capital expenditure is based on the balance from the recurrent account plus capital receipt and less contingency reserve as outlined. The percentage of capital to recurrent expenditure from 2016 to 2021 was in the range of 33% to 43%. However, the percentage of capital expenditure in 2023, 2024 and 2025 is expected to be 50.75%, 48.88% and 53.44% respectively.

Annex I: Table of Assumption

2021

		Projection Methodology	Source
Assumptions:			
Economic activity	State GDP (at current prices)	State GDP projected using the actual S-GDP and projected N-GDP nominal growth rate	DMO and World Bank
Revenue	**Revenue**		
	1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	Statutory Allocation is estimated with an elasticity based forecast using oil price benchmark of $53 per barrel (pb), NGN: USD Exchange rate of N370 to US$1 and One Million and Eight Hundred Thousand (1.8m) barrels per day (bpd) oil production benchmark. It also adopted real GDP Growth and Inflation from the Federal Government MTEF 2022-2024.	
	1.a. of which Net Statutory Allocation ('net' means of deductions)	Statutory Allocation is estimated with an elasticity based forecast using oil price benchmark of $53 per barrel (pb), NGN: USD Exchange rate of N370 to US$1 and One Million and Eight Hundred Thousand (1.8m) barrels per day (bpd) oil production benchmark. It also adopted real GDP Growth and Inflation from the Federal Government MTEF 2022-2024.	
	1.b. of which Deductions	Statutory Allocation is estimated with an elasticity based forecast using oil price benchmark of $53 per barrel (pb), NGN: USD Exchange rate of N370 to US$1 and One Million and Eight Hundred Thousand (1.8m) barrels per day (bpd) oil production benchmark. It also adopted real GDP Growth and Inflation from the Federal Government MTEF 2022-2024.	
	2. Derivation (if applicable to the State)	It is not applicable to Niger State.	
	3. Other FAAC transfers (exchange rate gain, augmentation, others)	Excess Crude – Excess crude is very difficult to forecast and is not guaranteed for distribution every month.	
	4. VAT Allocation	VAT - The estimate for VAT is based on a 3-year moving average growth rate. When compared to other moving averages and elasticity based forecasts, the 3 year moving average gives figures that is in the middle of all the estimates.	t
	5. IGR	Internally Generated Revenue (IGR) –the State IGR increased in 2017, 2018 and 2019 due to reforms instituted by the government. This administration has shown commitment to sustain the existing reform efforts and introduced additional reform measures such as instant remittance of all revenues collected by MDAs to treasury, improved systems and processes for revenue administration including Automation of revenue collections/payment. It is expected that these reforms will bring about	
	6. Capital Receipts		
	6.a. Grants	Grants and Loans – Grants and loans have been estimated at N79.68 billion for 2021. This is based on the following: Additional Bond N billion; IDB Loan of N26.53 billion; Short term funding from commercial banks of N16.59 billion; Internal Grants of N11.90 billion [from SDGs, Federal Ministry of Health, ATASP1(FGN), SCTU(FGN), PEPFAR, SOML); External Grants of N24.66 billion (from UNICEF, ICCM, SFH, BMGF,, GF ATM/ARFH,PHRI/MSH, Philip Pharm/Foundation, RF & Roche, Doctors Without Borders/WHO, ANRIN BESDA, IFAD, Bilingual Education, NEWMAP, MITOSATH and World Bank).	
	6.b. Sales of Government Assets and Privatization Proceeds	the peojction for sale of government is based onthe estimated useful life of the asset taking depreciation into cognisance.	
	6.c. Other Non-Debt Creating Capital Receipts		
Expenditure	**Expenditure**		
	1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	Personnel – The on-going staff verification is to check abnormalities in the pay roll. The State is determined to sustain the trend to reduce personnel cost. It is anticipated that the number of political office holders will also be reduced and the personnel cost is projected to register increase of 10%, 5% and 3% in 2022, 2023 and 2024 respectively.	
	2. Overhead costs	Overheads – Annual increases were relatively low over the period 2015 and 2016. However, there was a large increase in 2017-2019 and fell in 2020. Increment of 2% has been proposed for 2022, 2023 and 2024 respectively.	
	3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	The Interest payments are projected based on the trend of payments on loans and agreements signed. Interest payments on loans , especially external loans are deducted from the source (FAAC) and handed over to the DM	
	4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)		
	5. Capital Expenditure	Capital Expenditure – Capital expenditure is based on the recurrent account surplus and the capital receipts. The percentage of capital to recurrent expenditure from 2014 to 2019 was in the range of 33% to 43%. However, the percentage of capital expenditure in 2022, 2023 and 2024 is expected to be 66.52%, 63.47% and 58.47% respectively.	
Closing Cash and Bank Balance	**Closing Cash and Bank Balance**	the projected cash and bank balances is difference beteen the estimated revenue and proposed expenditure during the period under review . The Previous year closing balance is tthe estimated opening balance for the sub	
Debt Amotization and Interest Payments	**Debt Outstanding at end-2020**		
	External Debt - amortization and interest	The amortization period on external debts is based on the Memorandum signed by the Federal Government on behalf of the State.	
	Domestic Debt - amortization and interest	The estimated amortization period is based on the agreement signed betweenthe State and lending institutions.	
	New debt issued/contracted from 2021 onwards		
	New External Financing	**Insert the Borrowing Terms for New External Debt: interest rate (%), maturity (# years) and grace period (#)**	
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	The State did not access new external financing in 2021 fiscal year.	
	External Financing - Bilateral Loans		
	Other External Financing		
	New Domestic Financing	**Insert the Borrowing Terms for New Domestic Debt: interest rate (%), maturity (# years) and grace period (#)**	
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF	The term for borrowing are 14 percentage interate rate, with 5years tenor and 1year Grace period.Currency in Naira	
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSI	The term for borrowing are 12 percentage interate rate, with 7years tenor and 1year Grace period. The currency is in Naira	
	State Bonds (maturity 1 to 5 years)	The erm and condition of the bonds are 10 percent interate rate, 4years tenor with no Grace period, currency in Naira	
	State Bonds (maturity 6 years or longer)		
	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)	The term for borrowing are 14 percentage interate rate, with 5years tenor and 1year Grace period.Currency in Naira
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	The term for borrowing are 12 percentage interate rate, with 7years tenor and 1year Grace period. The currency is in Naira
	State Bonds (maturity 1 to 5 years)	The erm and condition of the bonds are 10 percent interate rate, 4years tenor with no Grace period, currency in Naira
	State Bonds (maturity 6 years or longer)	
	Other Domestic Financing	
	New External Financing in Million US Dollar	
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	The State is already expecting new draw down that from the previous external loan contracted.
	External Financing - Bilateral Loans	
	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)	The terms and condition for borrowing are 14 percent interate rate, 5 years Tenor and 1 year Grace period, the Currency is Naira
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	
	State Bonds (maturity 1 to 5 years)	The terms and condition for borrowing of the Bond is 10 percent interate rate, 4 years Tenor and 0 year Grace period
	State Bonds (maturity 6 years or longer)	The terms and condition for the Bond issuance is 9 percent interate rate, 7 years Tenor and with no Grace period
	Other Domestic Financing	
	New External Financing in Million US Dollar	
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	The State did not access any External financing at this period due to the expectance of several draw downs, from World bank
	External Financing - Bilateral Loans	
	Other External Financing	

Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S3	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S3	
	New Domestic Financing in Million Naira	
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	The State did not access any Commercial in this Strategy
	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)	The terms for the Bond issuance are 9 percent interate rate,7 years Tenor with no Grace period, Currency is Naira
	Other Domestic Financing	
	New External Financing in Million US Dollar	
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	The State did not access any External financing at this period due to the expectance of several draw downs, from World 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)	The term and condition of the Loan are 14 percent and 5 years Tenor and 1 year Grace period, and the currency used is Naira, this loan from the commercial bank
	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	
	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	

Annex II: Niger State Baseline Scenarios, 2022-2031

Indicator	2017	2018	Actuals 2019	2020	2021	2022	2023	2024	2025	Projections 2026	2027	2028	2029	2030	2031
BASELINE SCENARIO															
State GDP (at current prices)	2,606,186.00	2,977,560.00	3,455,011.00	3,828,125.00	4,369,717.00	5,035,834.00	5,826,328.00	6,608,553.00	7,491,456.00	8,492,314.00	9,626,888.00	10,913,040.00	12,371,022.00	14,023,790.00	15,897,369.00
Exchange Rate NGN/US$ (end-Period)	253.19	305.79	306.50	326.00	379.00	410.00	410.00	410.00	410.00	410.00	410.00	410.00	410.00	410.00	410.00
Fiscal Indicators (Million Naira)															
Revenue	**78,742.50**	**87,710.20**	**83,723.10**	**108,267.70**	**105,399.30**	**143,665.00**	**182,626.76**	**174,736.95**	**199,026.67**	**195,855.43**	**207,714.31**	**233,397.17**	**259,748.44**	**290,218.13**	**322,663.60**
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	33,583.85	50,367.47	48,774.38	46,879.40	41,296.70	54,352.20	60,567.21	68,002.40	73,734.84	81,257.46	87,935.39	92,300.36	101,766.21	114,814.51	118,814.50
1.a. of which Net Statutory Allocation ('net' means of deductions)	27,335.05	43,145.94	41,233.64	33,822.30	32,327.68	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	6,248.80	7,221.52	7,540.74	13,057.00	8,968.98	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)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Other FAAC transfers (exchange rate gain, augmentation, others)	17,728.23	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. VAT Allocation	10,611.30	12,032.22	13,058.52	15,874.50	22,300.86	20,792.44	24,289.59	27,990.79	32,367.73	37,498.14	43,338.51	50,137.26	58,016.96	67,102.21	69,232.00
5. IGR	6,064.10	16,913.30	13,613.22	9,234.00	15,639.91	12,155.54	12,763.32	13,401.48	14,071.56	14,775.14	15,513.89	16,289.59	17,104.07	17,959.27	18,213.00
6. Capital Receipts	10,755.00	8,397.20	8,277.00	36,279.90	26,161.85	56,364.82	85,006.64	65,342.28	78,852.54	62,324.69	60,926.52	74,669.96	82,861.20	90,342.14	116,404.10
6.a. Grants	0.00	127.60	6,277.00	10,519.40	12,530.54	12,530.50	10,519.40	0.00	6,277.00	0.00	6,277.00	0.00	10,519.40	0.00	0.00
6.b. Sales of Government Assets and Privatization Proceeds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.c. Other Non-Debt Creating Capital Receipts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.d. Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc.)	10,755.00	8,397.20	2,000.00	25,760.50	13,631.40	43,834.32	74,487.24	65,342.28	72,575.54	62,324.69	54,649.52	74,669.96	72,341.80	90,342.14	116,404.10
Expenditure	**71,747.50**	**79,891.20**	**84,916.20**	**123,057.10**	**157,213.00**	**103,170.30**	**182,551.76**	**174,142.05**	**198,769.07**	**195,587.13**	**207,435.51**	**233,351.97**	**259,433.64**	**289,927.33**	**318,139.20**
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	22,209.29	24,238.67	25,488.08	33,816.57	35,882.44	23,647.50	23,312.00	27,472.10	29,993.00	31,856.60	33,855.80	35,887.20	39,475.90	41,449.70	42,693.20
2. Overhead costs	23,422.31	19,754.39	23,598.07	13,207.74	16,775.74	11,850.90	10,872.50	16,144.10	18,423.90	24,880.70	12,244.30	12,244.30	12,489.10	12,738.90	12,993.70
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	0.00	0.00	0.00	0.00	0.00	3,692.00	9,938.90	17,443.48	22,476.27	27,929.65	33,042.84	36,176.02	40,978.36	44,345.88	48,861.21
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted from FAAC Allocati	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.b. of which Interest deducted from FAAC Allocation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)	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
5. Capital Expenditure	24,227.54	33,983.50	32,373.44	67,242.76	95,765.23	60,261.40	131,566.10	100,745.20	106,313.70	85,861.60	95,386.90	106,790.60	114,563.40	129,169.50	146,277.20
6. Amortization (principal) payments	1,888.40	1,914.60	3,456.60	8,790.00	8,790.00	3,718.50	6,862.26	12,337.17	21,562.21	25,058.58	32,905.68	42,253.85	51,926.88	62,223.36	67,313.89
Budget Balance (' + ' means surplus, ' - ' means deficit)	**6,995.00**	**7,819.00**	**-1,193.00**	**-14,789.00**	**-51,814.00**	**40,494.70**	**75.00**	**594.90**	**257.60**	**268.30**	**278.80**	**45.20**	**314.80**	**290.80**	**4,524.40**
Opening Cash and Bank Balance	**13,393.20**	**20,388.20**	**28,207.20**	**27,014.20**	**12,225.20**	**-39,589.00**	**905.70**	**980.70**	**1,575.60**	**1,833.20**	**2,101.50**	**2,380.30**	**2,425.50**	**2,740.30**	**3,031.10**
Closing Cash and Bank Balance	**20,388.20**	**28,207.20**	**27,014.20**	**12,225.20**	**-39,589.00**	**905.70**	**980.70**	**1,575.60**	**1,833.20**	**2,101.50**	**2,380.30**	**2,425.50**	**2,740.30**	**3,031.10**	**7,555.50**
Financing Needs and Sources (Million Naira)															
Financing Needs						**43,834.32**	**74,487.24**	**65,342.28**	**72,575.54**	**62,324.69**	**54,649.52**	**74,669.96**	**72,341.80**	**90,342.14**	**116,404.10**
i. Primary balance						4,070.88	-57,611.08	-34,966.73	-28,279.47	-9,068.16	11,577.79	3,805.11	20,878.24	16,517.89	4,295.40
ii. Debt service						7,410.50	16,801.16	29,780.65	44,038.47	52,988.23	65,948.51	78,429.87	92,905.24	106,569.23	116,175.10
Amortizations						3,718.50	6,862.26	12,337.17	21,562.21	25,058.58	32,905.68	42,253.85	51,926.88	62,223.36	67,313.89
Interests						3,692.00	9,938.90	17,443.48	22,476.27	27,929.65	33,042.84	36,176.02	40,978.36	44,345.88	48,861.21
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)						40,494.70	75.00	594.90	257.60	268.30	278.80	45.20	314.80	290.80	4,524.40
Financing Sources						**43,834.32**	**74,487.24**	**65,342.28**	**72,575.54**	**62,324.69**	**54,649.52**	**74,669.96**	**72,341.80**	**90,342.14**	**116,404.10**
i. Financing Sources Other than Borrowing						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ii. Gross Borrowings						43,834.32	74,487.24	65,342.28	72,575.54	62,324.69	54,649.52	74,669.96	72,341.80	90,342.14	116,404.10
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)						7,000.00	10,350.00	0.00	14,381.50	21,360.50	26,888.10	16,270.00	8,010.20	20,430.50	15,450.00
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)						10,334.30	18,476.30	17,495.60	15,850.00	15,760.00	0.00	22,150.00	20,101.00	24,661.60	25,110.00
State Bonds (maturity 1 to 5 years)						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Bonds (maturity 6 years or longer)						24,450.00	23,110.90	25,296.70	22,664.00	25,204.16	27,761.40	36,250.00	44,230.60	45,250.00	75,844.10
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)						2,050.00	22,550.00	22,550.00	19,680.00	0.00	0.00	0.00	0.00	0.00	0.00
External Financing - Bilateral Loans						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other External Financing						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Residual Financing						0.02	0.04	-0.02	0.04	0.03	0.02	-0.04	0.00	0.04	0.00

Debt Stocks and Flows (Million Naira)																
Debt (stock)		**49,518.27**	**63,425.79**	**84,057.00**	**84,124.70**	**111,825.40**	**154,266.22**	**221,891.20**	**274,896.31**	**325,909.65**	**363,175.76**	**384,919.60**	**417,335.72**	**437,750.64**	**465,869.42**	**514,959.64**
External		14,381.17	18,744.69	21,455.00	22,885.20	28,425.00	32,513.00	54,940.00	77,367.00	96,801.00	96,678.00	96,637.00	96,432.00	95,366.00	93,357.00	90,560.80
Domestic		35,137.10	44,681.10	62,602.00	61,239.50	83,400.40	121,753.22	166,951.20	197,529.31	229,108.65	266,497.76	288,282.60	320,903.72	342,384.64	372,512.42	424,398.84
Gross borrowing (flow)							**43,834.32**	**74,487.24**	**65,342.28**	**72,575.54**	**62,324.69**	**54,649.52**	**74,669.96**	**72,341.80**	**90,342.14**	**116,404.10**
External							2,050.00	22,550.00	22,550.00	19,680.00	0.00	0.00	0.00	0.00	0.00	0.00
Domestic							41,784.32	51,937.24	42,792.28	52,895.54	62,324.69	54,649.52	74,669.96	72,341.80	90,342.14	116,404.10
Amortizations (flow)		**3,294.32**	**4,429.09**	**4,562.50**	**5,065.00**	**4,388.40**	**3,718.50**	**6,862.26**	**12,337.17**	**21,562.21**	**25,058.58**	**32,905.68**	**42,253.85**	**51,926.88**	**62,223.36**	**67,313.89**
External		430.42	580.99	551.70	554.20	530.60	287.00	123.00	123.00	246.00	123.00	41.00	205.00	1,066.00	2,009.00	2,796.20
Domestic		2,863.90	3,848.10	4,010.80	4,510.80	3,857.80	3,431.50	6,739.26	12,214.17	21,316.21	24,935.58	32,864.68	42,048.85	50,860.88	60,214.36	64,517.69
Interests (flow)		**3,324.87**	**3,083.83**	**3,330.85**	**4,927.40**	**3,818.20**	**3,692.00**	**9,938.90**	**17,443.48**	**22,476.27**	**27,929.65**	**33,042.84**	**36,176.02**	**40,978.36**	**44,345.88**	**48,861.21**
External		227.87	244.63	214.55	293.40	189.50	246.00	328.00	861.00	1,271.00	1,746.60	1,705.60	1,705.60	1,703.96	1,520.28	1,482.56
Domestic		3,097.00	2,839.20	3,116.30	4,634.00	3,628.70	3,446.00	9,610.90	16,582.48	21,205.27	26,183.05	31,337.24	34,470.42	39,274.40	42,825.60	47,378.65
Net borrowing (gross borrowing minus amortizations)							**40,115.82**	**67,624.98**	**53,005.11**	**51,013.34**	**37,266.11**	**21,743.85**	**32,416.11**	**20,414.92**	**28,118.79**	**49,090.21**
External							1,763.00	22,427.00	22,427.00	19,434.00	-123.00	-41.00	-205.00	-1,066.00	-2,009.00	-2,796.20
Domestic							38,352.82	45,197.98	30,578.11	31,579.34	37,389.11	21,784.85	32,621.11	21,480.92	30,127.79	51,886.41
Debt and Debt-Service Indicators																
Debt Stock as % of SGDP		**1.90**	**2.13**	**2.43**	**2.20**	**2.56**	**3.06**	**3.81**	**4.16**	**4.35**	**4.28**	**4.00**	**3.82**	**3.54**	**3.32**	**3.24**
Debt Stock as % of Revenue (including grants and excluding other capital receipts)		**72.83**	**79.97**	**102.86**	**101.96**	**121.86**	**154.53**	**205.19**	**251.29**	**257.74**	**271.98**	**251.47**	**262.93**	**233.58**	**233.08**	**249.67**
Debt Service as % of SGDP							**0.15**	**0.29**	**0.45**	**0.59**	**0.62**	**0.69**	**0.72**	**0.75**	**0.76**	**0.73**
Debt Service as % of Revenue (including grants and excluding other capital receipts)							**7.42**	**15.54**	**27.22**	**34.83**	**39.68**	**43.09**	**49.41**	**49.57**	**53.32**	**56.32**
Interest as % of SGDP							**0.07**	**0.17**	**0.26**	**0.30**	**0.33**	**0.34**	**0.33**	**0.33**	**0.32**	**0.31**
Interest as % of Revenue (including grants and excluding other capital receipts)							**3.70**	**9.19**	**15.95**	**17.77**	**20.92**	**21.59**	**22.79**	**21.87**	**22.19**	**23.69**
Personnel Cost as % of Revenue (including grants and excluding other capital receipts)							**23.69**	**21.56**	**25.11**	**23.72**	**23.86**	**22.12**	**22.61**	**21.06**	**20.74**	**20.70**
Adverse Shock Scenario is defined by the worst performance indicator measured in year 2026																
For Debt Stock as % of SGDP the adverse shock is: Expenditure	**Expenditure**															
Debt Stock as % of SGDP							**3.06**	**4.09**	**4.65**	**5.02**	**5.09**	**4.92**	**4.84**	**4.64**	**4.50**	**4.49**
For Debt Stock as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue	**Revenue**															
Debt Stock as % of Revenue (including grants and excluding other capital receipts)							**154.53**	**239.10**	**302.18**	**318.95**	**346.63**	**332.39**	**358.42**	**331.27**	**342.73**	**376.17**
For Debt Service as % of SGDP the adverse shock is: Expenditure	**Expenditure**															
Debt Service as % of SGDP							**0.15**	**0.29**	**0.47**	**0.62**	**0.67**	**0.74**	**0.94**	**0.95**	**0.97**	**0.93**
For Debt Service as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue	**Revenue**															
Debt Service as % of Revenue (including grants and excluding other capital receipts)							**7.42**	**17.26**	**31.13**	**40.29**	**46.56**	**50.97**	**66.56**	**66.57**	**72.66**	**77.87**
For Interest as % of SGDP the adverse shock is: Expenditure	**Expenditure**															
Interest as % of SGDP							**0.07**	**0.17**	**0.28**	**0.33**	**0.38**	**0.40**	**0.40**	**0.40**	**0.39**	**0.39**
For Interest as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue	**Revenue**															
Interest as % of Revenue (including grants and excluding other capital receipts)							**3.70**	**10.21**	**18.60**	**21.34**	**25.71**	**27.09**	**29.41**	**28.79**	**30.03**	**32.81**

Niger State - Technical Team

1. Umaru Abubakar
2. Dauda Jiya
3. David Tanko Tula
4. Mohammed Dantenin

Usman T. Mohammed
Hon. Commissioner for Finance
Minna, Niger State

23/12/2022.