NIGER STATE GOVERNMENT

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

2023

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CHAPTER ONE

Introduction

The essence of Debt Sustainability Analysisis to assess the current and future debt levels of a State, as well as its ability to meet debt service obligations as and when due, and without compromising growth and development.

Niger State Debt Sustainability Analysis (NS - DSA) covers the period of 5-year historical, from 2018 to 2022, and 10-year projection period from 2023-2032, under different macroeconomic assumptions and Shock scenarios, so as to ensure that State debt stock remains sustainable in the medium to long-term.

Niger State DSA forecast for primary balances comprises of the difference between Revenue and Expenditure, plus the existing debt service (interest payment and principal repayments). The Revenue projections were based on the Niger State Tax Administration and Consolidation Law (2022), which introduced new taxes and revenue heads such as; Entertainment Tax (Consumption Tax), Educational Tax, 2.5% Processing Fee on Contracts and Property Tax (Land Use Charge), with a view to expanding the tax base in order to maximally increase the State Internally Generated Revenue (IGR).

Also, the State forecasts increase recurrent and capital expenditures in line with the expected growth in the National economy with cascading effects in the State’s economy leading to an increase in overall economic activities in both the private and public sectors. This forecast is in line with best International Public Sector Accounting Standards (IPSAS) and consistent with our Strategic Plans in the medium to long-terms.

CHAPTER TWO

The State Fiscal and Debt Framework

The Niger State Government's Annual Budget is prepared in line with the Federal Government's outlook for each fiscal year, by using oil price and production benchmarks to project the Statutory allocation, with consideration for inflation rate, exchange rate and GDP growth rate during the projections period. Before the commencement of each annual budget cycle the Niger State Government prepares and submits the Medium-Term Expenditure Framework and Fiscal Strategy Paper (MTEF/FSP) to the State House Assembly in line with the provisions of the State's Fiscal Responsibility Law (2010).

A critical component of the MTEF is the Medium-Term Sector Strategy (MTSS). This outlines the priority areas of government expenditure and translates government policies and programs into action. Key priority areas of the State Government include Security, Agriculture, youth and women empowerment, health, education, infrastructural development and provide an enabling environment for Small Medium Enterprises to thrive and to also pave way for industrial development of the State. The MTSS also contains social intervention programs to provide support to the poor and the unemployed.

The FSP on its part identifies the various sources of government revenues needed to finance government expenditure. These include Statutory Allocation, Value Added Tax Receipts, IGR, Grants/Capital Receipts, and loans (local and foreign loans).

Medium-Term Budget Forecast

The Medium-Term Budget Forecast determines the accessible resources and ensures the use of these resources in the medium term. Medium-Term Expenditure Framework is a source document for the preparation of State Budget Forecast 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 Budget Forecast covers Macroeconomic analysis, Government's fiscal policy objectives for medium term, State budget Revenue projections and State budget Expenditure ceilings for each Ministries, Departments and Agencies (MDAs) in the medium term. The Niger State Macroeconomic assumptions are as shown in the table below:

Niger State Medium Term Expenditure Framework (MTEF)-(FY2024-2026)

Fiscal Framework

Item	**2023**	**2024**	**2025**	**2026**
Opening Balance	6,965,627,921.00	5,000,000,000.00	5,000,000,000.00	5,000,000,000.00

Recurrent Revenue	**2023**	**2024**	**2025**	**2026**
Statutory Allocation	99,729,553,334.00	117,979,890,650.00	138,708,531,568.00	164,979,501,860.00
Derivation				
VAT	35,306,062,233.00	46,242,822,386.00	58,896,663,024.00	73,408,892,074.00
IGR	23,371,328,011.00	120,362,339,259.00	144,434,807,111.00	173,321,768,533.00
Excess Crude/ Other Revenue	9,388,551,703.00	9,576,322,737.00	9,767,849,191.00	9,963,206,175.00
Total Recurrent Revenue	167,795,495,281.00	294,161,375,032.00	351,807,850,894.00	421,673,368,642.00

Recurrent Expenditure

Personnel Costs	45,378,995,844.00	58,992,694,598.00	64,891,964,058.00	71,381,160,463.00
Social Contribution and Social Benefit	9,278,582,876.00	10,206,441,164.00	11,227,085,280.00	12,349,793,808.00
Overheads	27,601,113,404.00	28,705,157,940.00	29,853,364,258.00	31,047,498,828.00
Grants, Contributions and Subsidies	2,810,427,115.00	3,091,469,826.00	3,400,616,809.00	3,740,678,490.00
Public Debt Service	8,834,669,654.00	8,834,669,654.00	12,487,054,692.00	12,487,054,692.00
Total	93,903,788,893.00	109,830,433,182.00	121,860,085,097.00	131,006,186,281.00

Transfer to Capital Account	80,857,334,308.00	189,330,941,848.00	234,947,765,798.00	285,667,182,360.00

Capital Receipts

Grants	53,023,025,105.00	63,786,598,614.00	58,996,644,998.00	56,482,691,234.00
Other Capital Receipts	-	-	-	-
Total	53,023,025,105.00	63,786,598,614.00	58,996,644,998.00	56,482,691,234.00

Reserves

Contingency Reserve	3,889,059,885.00	5,773,636,809.00	6,399,192,616.00	7,287,118,272.00
Planning Reserve	9,722,649,713.00	14,434,092,023.00	15,997,981,540.00	18,217,795,680.00
Total Reserve	13,611,709,598.00	20,207,728,832.00	22,397,174,156.00	25,504,913,952.00

Capital Expenditure	**187,806,912,575.00**	**273,474,111,630.00**	**302,562,456,640.00**	**343,850,999,643.00**
Discretional Funds	134,108,419,331.00	188,210,353,016.00	224,673,543,642.00	278,752,268,409.00
Non- Discretional Funds	53,698,493,244.00	85,263,758,614.00	77,888,912,998.00	65,098,731,234.00

Financing (Loans)	67,538,262,760.00	40,564,300,000.00	31,015,220,000.00	17,206,040,000.00

Total Revenue (Including Opening Balance)	295,322,411,066.00	403,512,273,645.00	446,819,715,892.00	500,362,099,876.00
BUDGET BALANCE	**295,322,411,066.00**	**403,512,273,645.00**	**446,819,715,892.00**	**500,362,099,876.00**

Ratios				
Growth in Recurrent Revenue	64.37%	75.31%	19.60%	19.86%
Growth in Recurrent Expenditure	34.38%	16.96%	10.95%	7.51%
Capital Expenditure Ratio	66.89%	71.35%	71.30%	72.36%
Deficit (Financing) to Total Expenditure	22.87%	10.05%	6.94%	3.44%
Deficit (Financing) to GDP Ratio	NA	NA	NA	NA

Notes:
[1]Other Capital Receipt coversnon-debt creating capital receipts only.
[2]Other Recurrent Expenditure – new and existing debt charges were included.

Niger State's Revenue Policies- The Niger State Government enacted a new Law, Niger State Tax Administration and Consolidation Law (2022). This law empowers the Niger State Internal Revenue Service as the sole collector of all revenues due to the State and Local Government Areas (LGAs).

The objectives of the new bill are as follows:

- To establish a single Central revenue account (Consolidated Revenue Account) for all the internally generated revenue of the State;
- To reduce the multiplicity of taxes in order to encourage the thriving of business and to attract new investments in the State;
- Introduction of new tax types, such as entertainment and education taxes, so as to expand collectable revenue to the State;
- Introduction of Presumptive Tax to enhance collections in the informal sector; and,
- Harmonization of collections of all levies, fees and charges of all the LGAs in the State.

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 BUDGET BALANCES (2023 – 2026)

Niger State Budget size increased from N295,322,411,066 in 2023 to N403,512,273,645 or (36.6%) in 2024 N446,819,715,892 in 2025 and N500,362,099,876 in 2026 respectively during the period. The State IGR also has an increase from N120, 362, 339, 259 in 2024 to N173,321,768,533 in 2026 respectively showing an increase of 44 percent. The Debt stock as a share of Revenue was above the threshold during the projection period and also the Debt service as a share of Revenue was also above the threshold during the Projection period. This requires creating enabling environment for investments to thrive and to also implement reforms in Revenue generation as well as to reduce borrowing for the State to remain within the Debt sustainability threshold in line with the debt Management framework.

The Resource projection were guided by the threshold of actual performance over 5years period and estimation method adopted for different Revenues. The State Statutory Allocation was estimated using elasticity-based forecast. The indices used for the estimation of SA are oil price, and production benchmarks, National GDP growth rate, National inflation rate and exchange rate of Naira to the Dollar.

MACROECONOMIC FRAMEWORK;

Niger State 2024- 2026 macroeconomic framework and assumption was premised on prevailing economic realities. The National real GDP growth and inflation forecast are based on the April 2023, IMF world economic outlook. The mineral ratio reflects the current reality in terms of the cost of fuel subsidy and anticipated mineral sector revenues estimates of FGN in their 2024- 2026 MTEF- FSP document. The NGN: USD exchange rate is based on the current CBN rate and the price and production are based on prudent forecast given current performance.

Niger State Macroeconomic Framework

Item	2024	2025	2026
National Inflation	20.00%	15.50%	15.20%
National Real; GDP Growth	3.00%	3.00%	3.00%
Oil Production Benchmark (MBPD)	1.600	1.7000	1.8000
Oil Price Benchmark	$65.00	$65.00	$65.00
NGN: USD Exchange Rate	435.6	435.6	435.6
Other Assumptions			
Mineral Ratio	30%	32%	35%

FISCAL STRATEGY AND ASSUMPTIONS

Policy Statement: Niger State Fiscal policy is envisaged to control and enforce compliance with established spending limit to achieve a sound Budgeting system, which includes aggregate fiscal discipline, allocative efficiency and effective spending.

OBJECTIVES AND TARGETS

i. Effectively manage personal and overhead expenditure to allows greater resource for capital development;
ii. Grow IGR by a minimum of 415% in 2024, 20% in 2025 and 2026 respectively,
iii. Ensure Loans will only be used for implementation of capital projects;
iv. Achieve long term target of funding all recurrent expenditure with revenue of a recurrent nature (IGR,VAT and Non mineral component of statutory Allocation);
v. Target sources of capital receipt and financing outside of Loans (Grants, PPPs others)
vi. Ensures projected capital receipt are based on MOu and others agreements signed with Development Partners
vii. Grow the Economy through targeted spending in areas of comparative advantage.

ASSUMPTIONS;

STATUTORY ALLOCATION; The estimation for Statutory Allocation is based on an elasticity forecast taking into consideration the key macroeconomic and fiscal assumptions as well as the mineral ratio and considering the mid- point between possible removal of subsidy

Statutory Allocation is a transfer from the Federation Allocation Accounts Committee (FAAC) and is based on the collection of minerals (Largely oil) and non- mineral Revenues (companies income tax, custom and excise duties) at the national level, which is then shared among the 3 tiers of Government using ratio.

VAT; Considering that changes in the macroeconomic parameters including the nature of impact of the volatile commodity prices and exchange rate on aggregate economic activity, VAT was forecasted using the elasticity forecast method. The forecast might change if macroeconomic assumptions change.

VAT, is an ad valorem tax on most goods and services. VAT is collected by the Federal inland Revenue Services and distributed among the 3 tiers of Government on monthly basis.

GRANTS; The internal Grants are based on actual receipt for 2022 and performance from January to April 2023. External Grants are based on signed Grants agreement with the Development Partners.

Grant are receipts from internal and external sources such as SDGs Conditional Grant Scheme as well as Grant from international development Partners and others. Actual Grants receipt have been fluctuating throughout the period under review. In most of the Years Actuals were far below the Budget.

INTERNAL GENERATED REVENUE; The current administration has sustained reforms such as Automation of Revenue Management and harmonization of Revenue between State and Local Governments. These measures have started yielding results. In forecasting IGR, we considered the State economic condition and outlook, performance in the 1st Quarter of the current fiscal year 2023 as well as historical trend over the last five years. it is anticipated that IGR will grow at the rate of 415% in 2024, 20% in 2025 and 2026 respectively.

Capital Expenditure; is Government spending on the implementation of programmes and projects that generate assets (e.g, Roads, Schools, Hospitals). Actual Capital expenditure increased from NGN24.28 billion in 2017 to NGN33.98 billion in 2018. However, capital expenditure declined by 4.7% to NGN32.37 billion in 2019, rose by 33.4% to become NGN23.61 billion in 2021 and thereafter rose by 20.87% to become NGN25.65 billion in 20232**.**

Personal cost: comprises of salaries and Allowances of civil servant and political appointees of Niger State Government. The actual Personnel cost decrease4d from 2017 to 2019 before increasing from 2020 and 2022. The increase was due to the full implementation of consolidated Public services of medical and

health workers, 25% increase in consolidated Public service salary structure and implementation of N30,000 National minimum wage.

OVERHEADS: comprises mainly of operational and maintenance for running day-day activities of the Government. Overhead allocations are transfer to MDAs on a monthly basis subject to warrant and availability of fund. The actual overhead fluctuated from 2017 to 2020 and increase from 2021 to 2022. The high overhead performance recorded in 2017 was due to costs of establishing and running new agencies as well as increased expenditure on security, but declined in 2028.

Social Contribution and Social Benefits; include Pension and Gratuity, Employees Benefit, several allowances, and Death Benefits which were captured under the office of the Head of Service as part of the traditional personnel emolument. The actual Social Contribution and Social Benefits have been on an upwards trend trajectory over the period 2017 to 2021 and decreased in 2023.

BUDGET BALANCE: Niger State Budget Balance increased from N295,322,411,066 in 2023 to N403,512,273,645 in 2024 and N466,819,715.892 in 2025 and N500,362,099,876 in 2026 respectively. Showing a percent of 36.63 from 2023 to 2024, and also 10.73 from 2024 to 2025, 11 percent between 2025 to 2026 respectively

CHAPTER THREE

The State Revenue, Expenditure, and Public Debt Trends (2018 - 2022)

Niger State experience an increase in 2022, of 4.3 percent increase in the IGR from N15,639.91 million in 2021 to N16, 345.00 million in 2022. This increase in the IGR was largely due to the new policy reforms that was introduced by the State Government

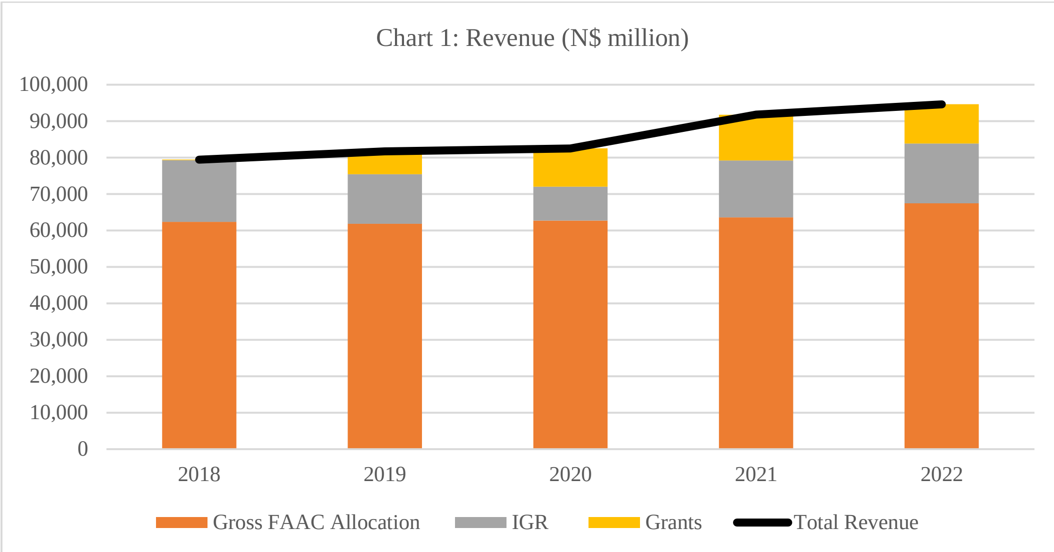
3.1 Revenue and Expenditure

Revenue–Niger State Total Revenue comprises of, Statutory Allocation, Derivation, VAT Allocation, IGR, and Capital Receipt. Niger State Total Revenue amounted to N111,182.50 million as at end 2022 from N105,399.30 million as at end 2021, representing an increase of N5,783.2 million or 5.2 percent. This growth increased resulted to the real sector of the economy and effective implementation of the Economic Police in the State.

a. Niger State recorded a slight growth in the FAAC Allocation from N41,296.70 million in 2021 compared to N45,061.32 million in 2022 representing N3,764.62 million or 8.3percent.
b. Niger witnessed an increase in the State Internally Generated Revenue (IGR), the State IGR increased by 4.3percent or N705.09 million from N15,639.91 million in 2021to N16,345.00million in 2022 (as shown in Chart 1, below).
c. The State Grants was N12,530.54 million in 2021 and N10,785.70 million in 2022 representing a decrease of N1,744.84 or 16.17percent. The State Grant are largely from donor Agency i.e. world Bank and others.

TREND OF NIGER STATE REVENUE

Revenue	2018	2019	2020	2021	2022
Total Revenue	87,710.20	83,723.10	108,267.70	105,399.30	111,182.50
Gross FAAC Allocation	50,367.40	48,774.30	46,879.40	41,296.70	45,061.32
IGR	16,913.30	13,613.22	9,234.00	15,639.91	16,345.00
Grants	127.60	6,277.05	10,519.42	12,530.54	10,785.70



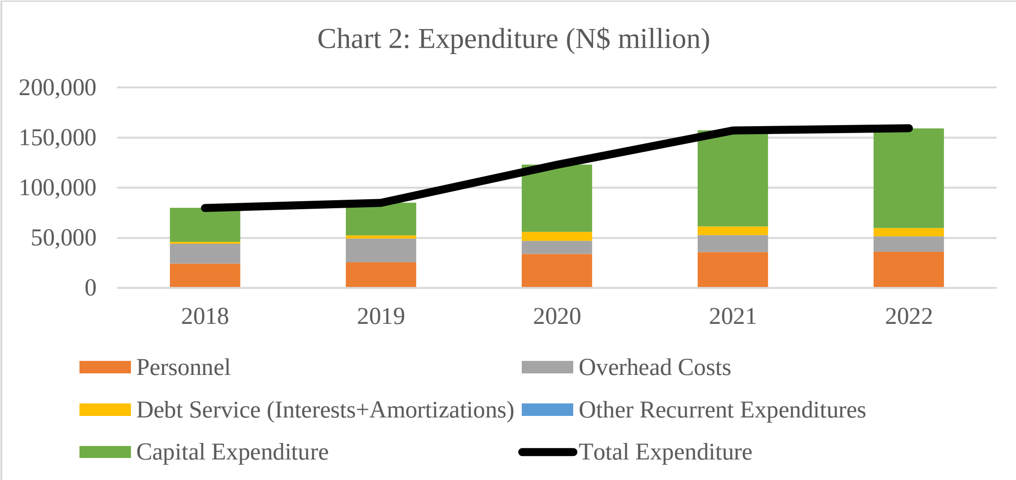
Expenditure;-Niger State's Total Expenditure Comprises of Capital Expenditure, Personnel costs, Overhead costs, other recurrent expenditure, and Debt service (interest payment and principal repayment).Niger State Total Expenditure wasN123,057.10 million in 2020, N157,213.00 million in 2021 and N159,345.00 million 2022.

Personnel: Niger State Personnel costs stood at N24,238.67 million in 2018, N25,488.08 million in 2019, N33,816.57 million in 2020, N35,882.44 million in 2021 and N36,123.10 million in 2022, respectively.

Overhead Cost: Niger State Overhead costs stood at N19,754.39 million in 2018, N23,598.07 million in 2019, N13,207.74 million in 2020, N16,775.74 million in 2021 and N15,341.10 million in 2022, respectively.

Capital Expenditure: Capital Expenditure was N95,765.23 million in 2021 compared to N99,631.20million in 2022, representing an increase of N3,865.97 million or 3.8 percent.

Expenditure Performance	**2018**	**2019**	**2020**	**2021**	**2022**
Total Expenditure	79,891.20	84,916.20	123,057.10	157,213.00	159,345.00
Personnel	24,238.67	25,488.08	33,816.57	35,882.44	36,123.10
Overhead Costs	19,754.39	23,598.07	13,207.74	16,775.74	15,341.10
Other Recurrent Expenditures	-	-	-	-	-
Capital Expenditure	33,983.53	32,373.44	67,242.76	95,765.23	99,631.20



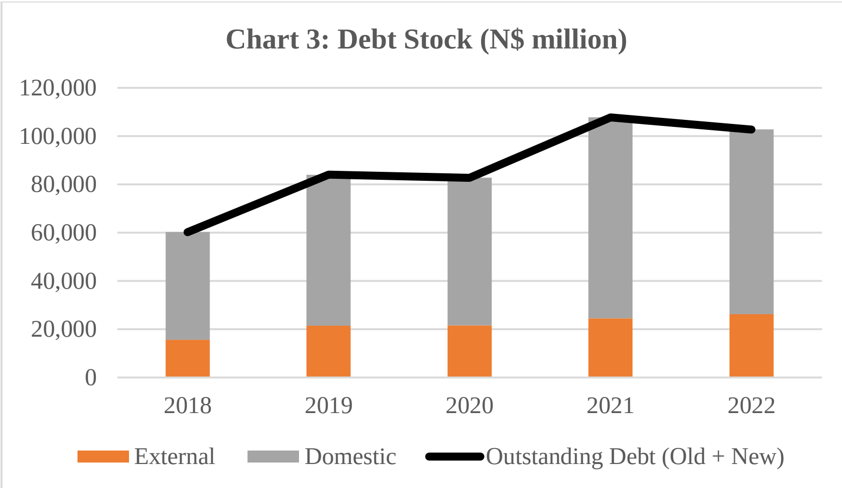
3.2 DESCRIPTION OFNIGER STATE PUBLIC DEBT PORFOLIO

Niger State Total Public Debt Stock comprises of both External and Domestic Debt Stock. The External Debt Stock is related to Loans from IDA, ADFD, ADF and IsDB, while the Domestic Debt Stock comprises of Bonds, Budget Support Facility, Family Homes Loans, Bridge Finance, SME Loans and Agricultural Development Loans.

Niger Total Debt Stock stood at N82,775.80million, in 2020, N107,850.40 million, in 2021and N102,763.70 million respectively. The External Debt wasN24,450.00 million in 2021 compared to N26,226.80 million in 2022, representing N1,776.8 or 6.77 percent. The reason for the increase due Exchange rate floatation. The State Domestic Debt Stock declined from N83,400.40million in 2021to N76,536.90 million in 2022. (representing N6,863.5 or 8.9 percent. The decline in the domestic stock was as a result of the State Government paying off some of its Loans from the capital market.

. TREND OF NIGER STATE PUBLIC DEBT PORFOLIO

	2018	**2019**	**2020**	**2021**	**2022**
Outstanding Debt (Old + New)	60,226.95	84,007.03	82,775.80	107,850.40	102,763.70
External	15,545.85	21,405.03	21,516.30	24,450.00	26,226.80
Domestic	44,681.10	62,602.00	61,239.50	83,400.40	76,536.90



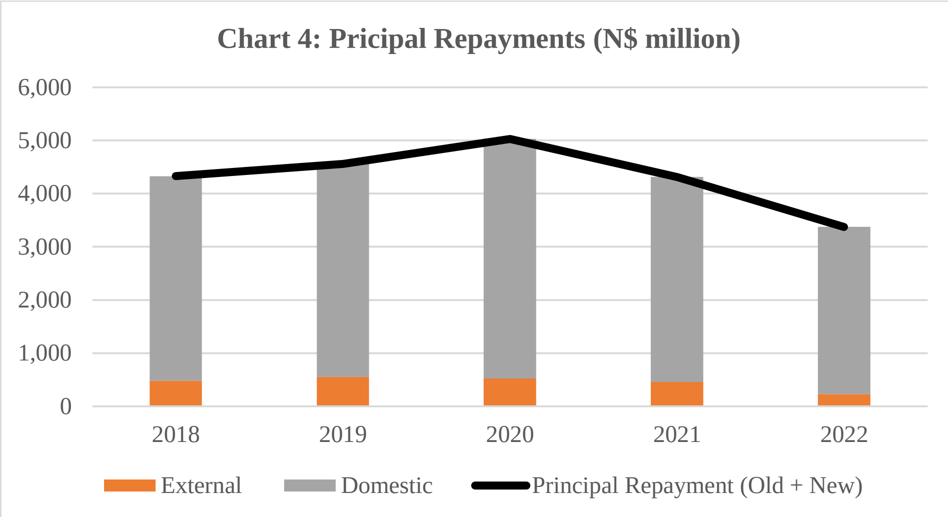
Niger State Debt StockComposition

Niger StateDomestic 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 was22.67percent to 77.33percent, compared to the Debt composition of the External Debt to Domestic Debt Portfolio of 25.52 percent to 74.48 percent in 2022.

Debt Service;- The Niger State Principal repayment decline relatively from N4,314.20 million in 2021 to N3,373.40 million in 2022, reflecting a decrease of N940.80 million or 27.88 percent. The principal repayment showed a huge repayment from N4,561.22 million in 2019 to N5,031.85 million in 2020.

TREND OF NIGER STATE PRINCIPAL REPAYMENT

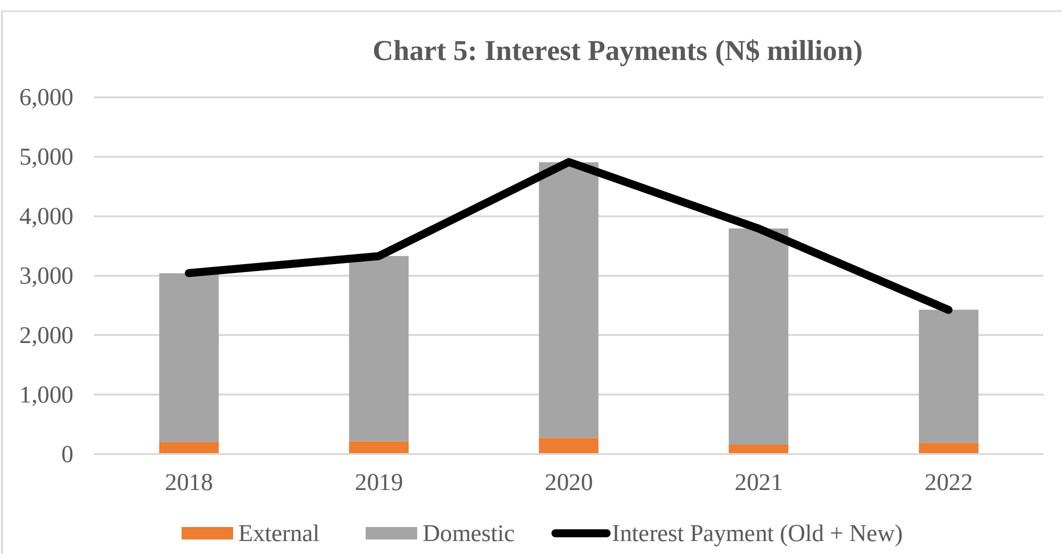
Principal Repayment	2018	2019	2020	2021	2022
Principal Repayment	4,329.16	4,561.22	5,031.85	4,314.20	3,373.40
External	481.06	550.42	521.05	456.00	227.40
Domestic	3,848.10	4,010.80	4,510.80	3,857.80	3,146.00



Niger State Total Interest repayment stood at N3,791.70 million in 2021 and N2,424.90 million in 2022, representing a decrease of N1,366.80 or 56.36 percent. The principal repayments and Interest Payment made were on both External Debt and Domestic Debt Stock.

TREND OF NIGER STATE INTEREST REPAYMENT

Interest Payment	2018	2019	2020	2021	2022
Interest Payment	3,041.75	3,330.35	4,909.85	3,791.70	2,424.90
External	202.55	214.05	275.85	163.00	189.00
Domestic	2,839.20	3,116.30	4,634.00	3,628.70	2,235.40



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".

Table1: Niger State Debt burden indicators as at end-2022

Indicators	**Thresholds**	**Ratio**
Debt as % of GDP	25%	2.68
Debtas % of Revenue	200%	107.70
Debt Service as % of Revenue	40%	18.79
Personnel Costas % of Revenue	60%	40.99
Debt Service as % of FAAC Allocation	Nil	24.71
Interest Payment as % of Revenue	Nil	6.03
External Debt Service as % 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 N378,486.63 (Gross Borrowings) million percent over the projection period from 2023 to 2032and 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 main source of financing.

Borrowing Options

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Domestic Financing (NGN 'million)										
Commercial Bank Loans 1 <> 5 years	120,000.00	92,528.90	100,000.10	79,664.30	135,000.00	157,000.00	179,174.90	151,408.40	175,000.00	225,000.00
Commercial Bank Loans - 6 years >	18,017.30	19,000,00	57,255.50	130,763.70	95,401.10	106,123.00	165,000.00	185,000.00	180,000.00	170,000.00
State Bonds - 1 <> 5 years)	0.0	92,421.70	0.0	0.0	0.0	0.0	0.0	19,501.00	86,309.10	154,573.40
State Bonds - 6 years >	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Domestic Financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
External Financing (US$' million)										
External Financing - Concessional Loans (e.g., WB, AfDB)	14.2	42.4	10.0	37.8	0.0	0.0	28.3	15.6	18.7	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	**138,031.50**	**203,993.00**	**157,235.60**	**210,465.80**	**230,401.10**	**263,123.00**	**344,203.20**	**355,925.00**	**441,327.80**	**549,573.40**

4.2.2 FINANCING TERM FOR NEW DOMESTIC BORROWING:

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

The Financing term for this new Domestic Debt borrowing is interest rate of 22% with maturity rate of 5years and No. Grace period and the currency in use is the Naira.

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

The Financing term for this new Domestic Debt borrowing is interest rate of 23% with maturity rate of 7years and No. Grace period and the currency in use is the Naira.

3. STATE BONDS OF MATURITY 1 to 5years

The Financing term for these new Domestic Debt borrowing is interest rate of 20% 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 these new Domestic Debt borrowing is interest rate of 21% 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**
2. 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 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 2023, 2024 and 2025 compare to 2022. The rise was also through the projection period of 2024 – 2032.

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 – 2032, as showed in chart 22. From the chart 22, its shows that the debt stock as a share of Revenue in 2023 was 239.91%, 381.47% in 2024, and 457.26% in 2025. There was rise through the projections period up to 2032.

Debt Service as a share of Revenue: From Chart 23, Niger State debt service as a share of Revenue shows that the State Debt Service as a share to Revenue was above the threshold. The State % share of debt service to Revenue in 2024 was 52.93%, 114.50% in 2025, 133.96% in 2026 and 181.50% in 2028.and also the rise was throughout 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 of Revenue was below the threshold throughout the projection period.

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

Fiscal outturns; Chart 26, shows the trend of Niger State Fiscal outturns throughout the projection period under the baseline Scenario.

GROWTH TREND OF NIGER STATE DEBT STOCK UNDER THE BASELINE SCENARIO

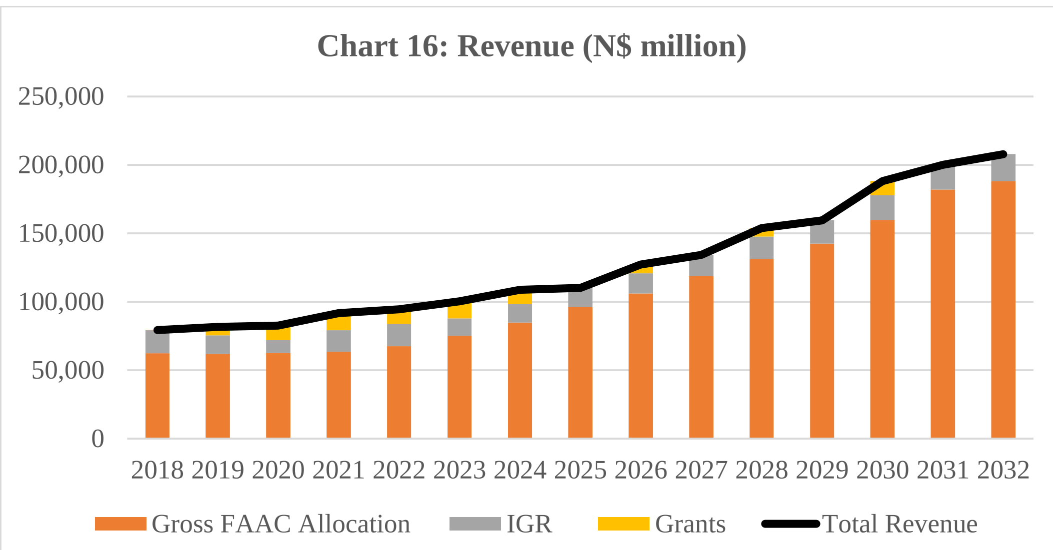
Niger State Debt Stock projection from 2023 – 2032 has grown over the period due to additional and new Financing coming to the State through various sources. The baseline scenario has shown growth form 2023 – 2032.

4.3.1 DSA Simulation Results

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

Revenue. The Macroeconomic framework is based on IMF's national real GDP growth and inflation forecasts from April 2022, IMF World Economic Outlook document, and mineral benchmarks (oil price, production and NGN/USD exchange rate) from Federal Government of Nigeria's MTEF/FSP 2024-2026.

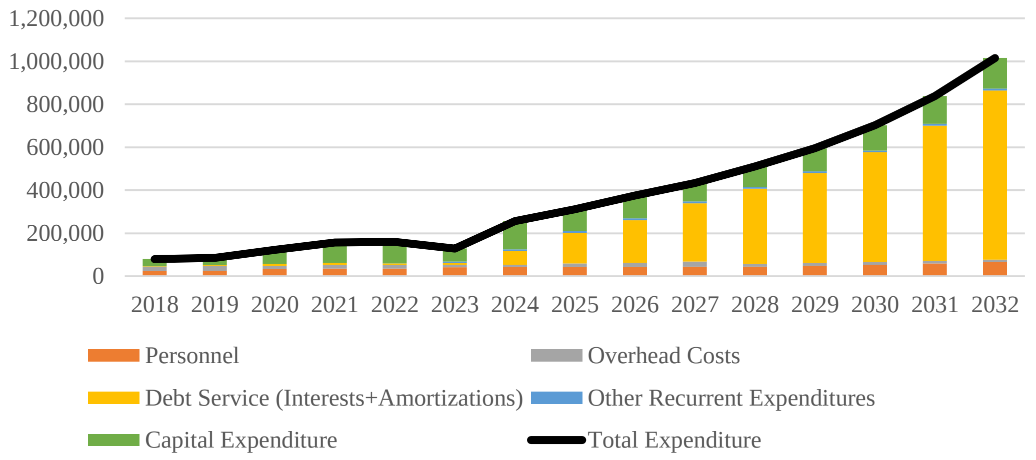
4.3.2 Revenue is expected to grow during the projected period, driven largely by expected improvement through FAAC allocation, the FAAC allocation is estimated to increase in the medium term from N238,531.98 million in 2023 to N284,525.83 million in 2025, and N1,026,543.71 million in 2032. The State IGR was projected at N14,071.56 million, N16,289.59 million in 2028compared with N19,763.20 million in 2032.



NIGER STATE TOTAL EXPENDITURE:

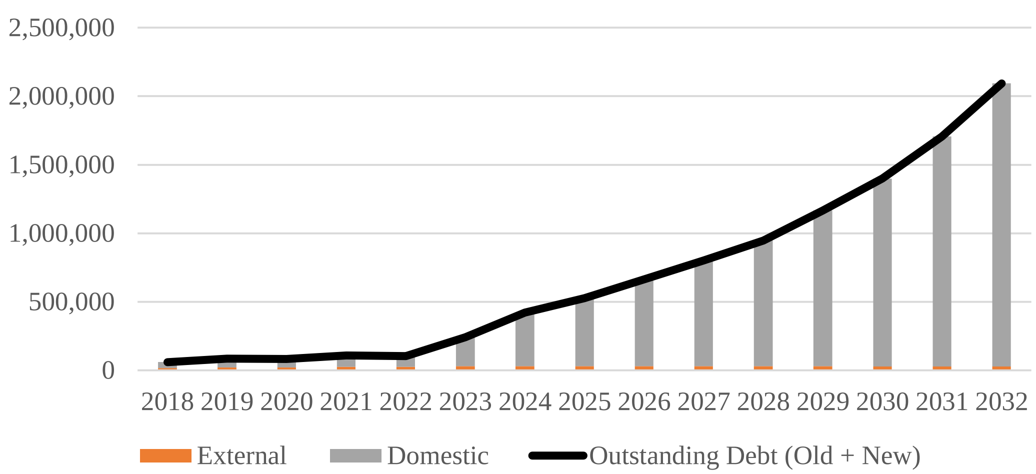
Niger Total Expenditure stood at N256,964.00 million in 2024, N433,129.42 million in 2027, N595,019.64 million in 2029, and N1,015,064.96 million in 2032 respectively, the growth in the period is predicated on sustaining effective implementation of the new laws. Government is expected to continue its 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.

Chart 17: Expenditure (N$ million)



Niger State Total Debt Stock was projected to increase from N421,658.37 million in 2024, N664,274.52 million in 2026, N947,412.78 million in 2028 and N2,093,418.15 million in 2032, respectively.

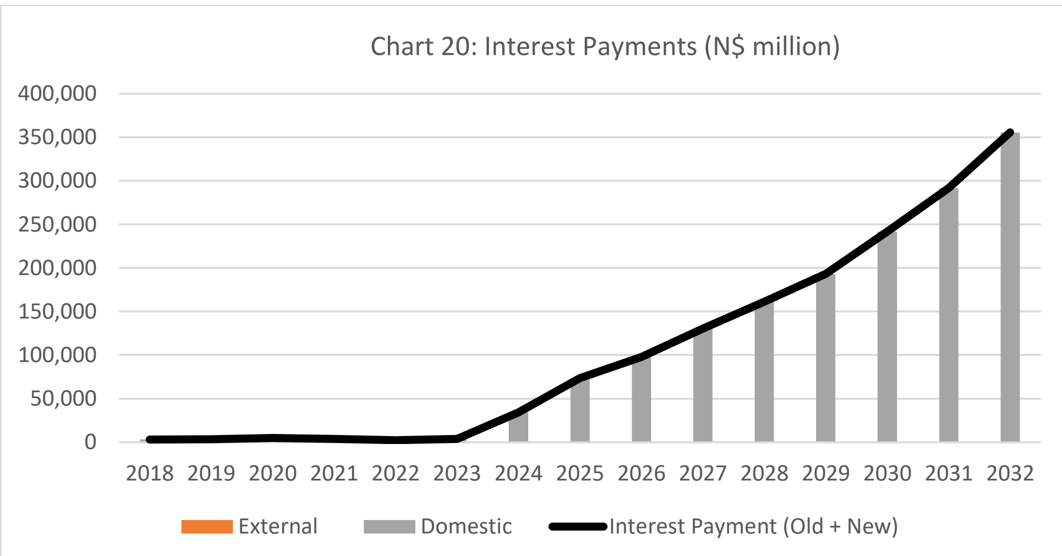
Chart 18: Debt Stock (N$ million)



NIGER STATE TOTAL DEBT SERVICE REPAYMENT:

Niger State Total Debt Service comprises Interest repayment and Principal repayment from both External and Domestic, the Total Debt service projected to increase from N64,291.03 million in 2024, N199,108.54

million in 2026, N350,425.62 million in 2028 and N510,832.52 million in 2030 respectively. While the Total Principal repayment estimated to increase from N29,982.86 million in 2024, N101,160.01 million in 2026, N140,180.47 million in 2027 and N431,062.24 million in 2032 compared with Interest repayment estimated to growth from N34,308.17 million in 2024, N97,948.54 million in 2026, N130,450.13 million in 2027 and N355,700.23 million in 2032 respectively.



Main Key Findings

Total Debt Sustainability Analysis under Baseline Scenario: Debt Sustainability Analysis results shows that the ratio of Debt Stock as % of GDP was projected at 6.35 percent in 2024, 6.92 percent in 2025, 7.61 percent in 2027, and9.94 percent in 2032, respectively.

The Total Debt Sustainability Analysis, the results show that the ratio of Debt stock to Revenue was above its indicative threshold under the Baseline scenario from 2024 – 2032 in the projection period. 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.

2023 DSA exercise shows that there is Room to Borrow based on the State's current Revenue Profile. with the strong-minded efforts by the State Government through its various initiatives and reforms in the key sectors of the economy to improve on its Revenue generation.

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The Revenue-based indicators show that the Debt Stock as % to Revenue at 381.47 percent in 2024, 457.26 percent in 2025, 532.59 percent in 2027, and 733.81 percent in 2032 respectively.

The Debt Service as a % to SGDP, the outcome ratios 20240.88 percent, 20251.73 percent, 202722.48 percent, and 20323.37. This shows that there is rise through the projection period.

Personnel Cost as a % to Revenue remained under threshold. This shows that from 39.16 percent in 2024, 39.09 percent in 2025, 32.69 percent in 2027 and to 31.23 percent in 2032. The above percent shows the baseline scenario over the projection period.

Interest rate as a % to revenue, the outcome ratios in 2024 is25.39 percent, 202551.88percent, 2027 is68.34percent, and 2032 was98.54. This shows that there is rise through the projection period.

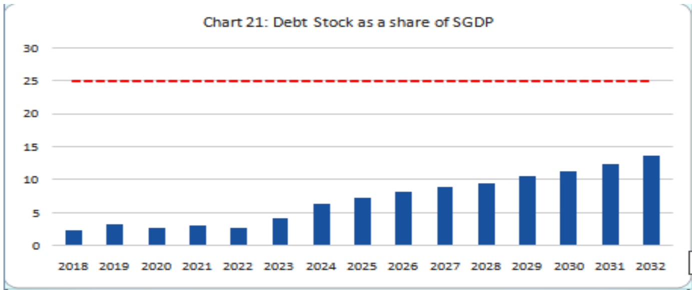


Chart 21: Debt Stock as a share of SGDP
0 5 10 15 20 25 30
2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032

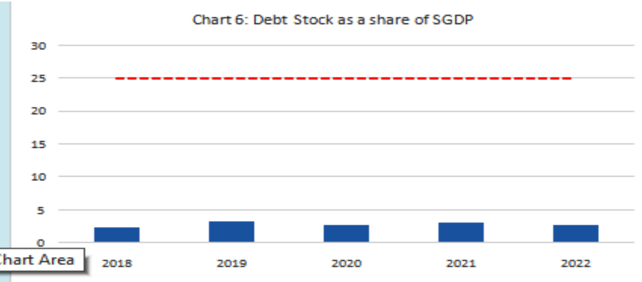


Chart 6: Debt Stock as a share of SGDP
0 5 10 15 20 25 30
2018 2019 2020 2021 2022

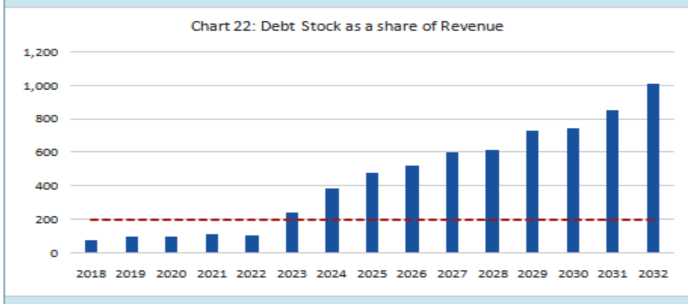


Chart 22: Debt Stock as a share of Revenue
0 200 400 600 800 1,000 1,200
2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032

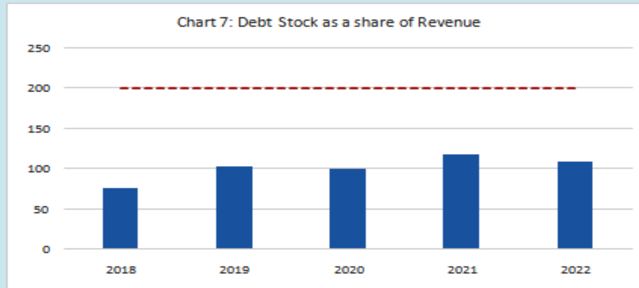


Chart 7: Debt Stock as a share of Revenue
0 50 100 150 200 250
2018 2019 2020 2021 2022

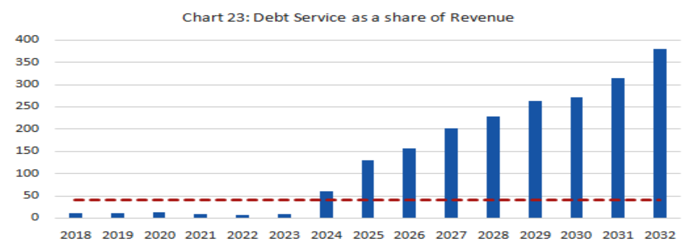


Chart 23: Debt Service as a share of Revenue
0 50 100 150 200 250 300 350 400
2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032

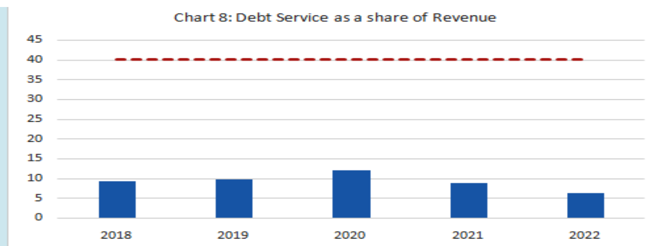


Chart 8: Debt Service as a share of Revenue
0 5 10 15 20 25 30 35 40 45
2018 2019 2020 2021 2022

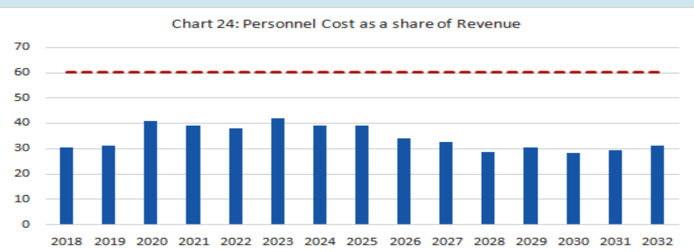


Chart 24: Personnel Cost as a share of Revenue
0 10 20 30 40 50 60 70
2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032

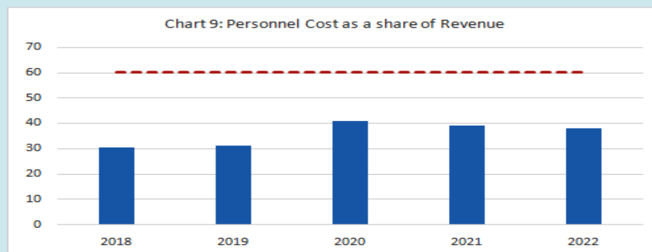


Chart 9: Personnel Cost as a share of Revenue
0 10 20 30 40 50 60 70
2018 2019 2020 2021 2022

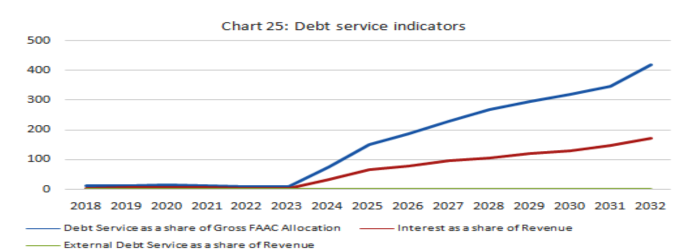


Chart 25: Debt service indicators
0 100 200 300 400 500
2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032
Debt Service as a share of Gross FAAC Allocation
Interest as a share of Revenue
External Debt Service as a share of Revenue

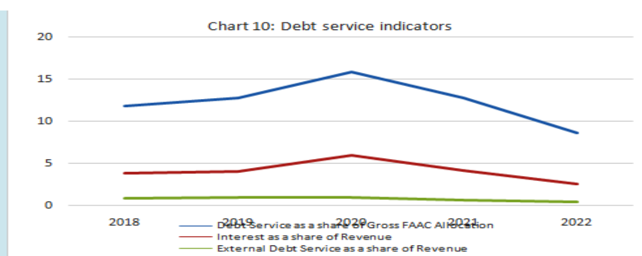


Chart 10: Debt service indicators
0 5 10 15 20
2018 2019 2020 2021 2022
Debt Service as a share of Gross FAAC Allocation
Interest as a share of Revenue
External Debt Service as a share of Revenue

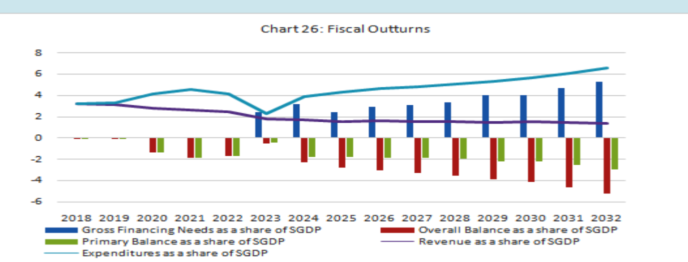


Chart 26: Fiscal Outturns
-6 -4 -2 0 2 4 6 8
2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032
Gross Financing Needs as a share of SGDP
Overall Balance as a share of SGDP
Primary Balance as a share of SGDP
Revenue as a share of SGDP
Expenditures as a share of SGDP

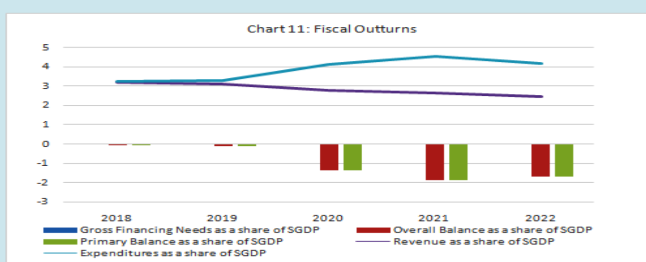


Chart 11: Fiscal Outturns
-3 -2 -1 0 1 2 3 4 5
2018 2019 2020 2021 2022
Gross Financing Needs as a share of SGDP
Overall Balance as a share of SGDP
Primary Balance as a share of SGDP
Revenue as a share of SGDP
Expenditures as a share of SGDP

CONCLUSION

The outcome of the 2023 DSA revealed that Niger's Total Debt remains at a Very high Risk of Debt distress with substantial space to accommodate shocks. Niger State Risk Rating remains at a Moderate Risk of debt distress with capacity to accommodate shocks in Revenue, Expenditure, Exchange rate and Interest Rate. The ongoing efforts by the government towards improving revenue generation and diversifying the economy, through various initiatives and reforms in Tax Administration and Collections, as well as the Strategic Revenue Law, would improve the outlook for Total Debt with enhanced revenue performance. Thus, the Revenue indicators and Borrowing Space are expected to improve in the medium to long-term.

4.3.2 DSA Sensitivity Analysis

Niger State 2023 DSA analysis remains at moderate risk of debt distress under 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 some of the indicators are still below the thresholds, except the historical shock were all below the thresholds., 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.

The section deals with the impact of shocks on the various indicators;

1. Debt Stock as a percentage share of SGDP (chart 27)
2. Debt Stock as a percentage share of Revenue (chart 28)
3. Debt service as a percentage of Revenue (chart 29)
4. Personal cost as a share of Revenue (chart 30)

Chart 27: Debt Stock as a share of SGDP

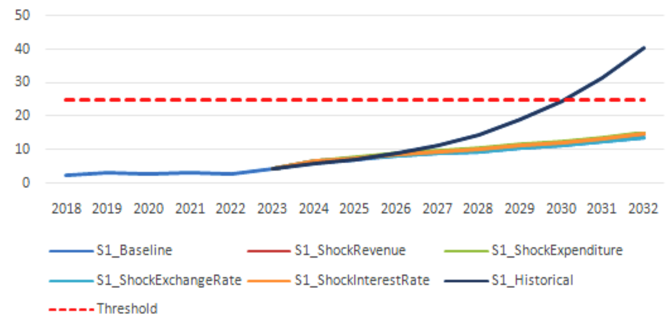


Chart 12: Debt Stock as a share of SGDP

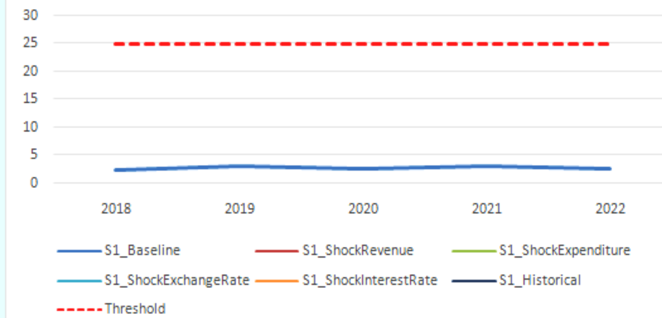


Chart 28: Debt Stock as a share of Revenue

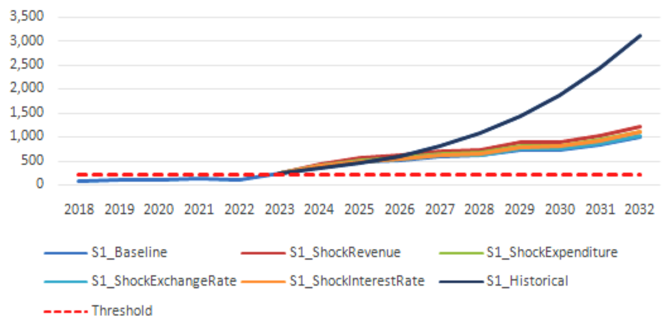


Chart 13: Debt Stock as a share of Revenue

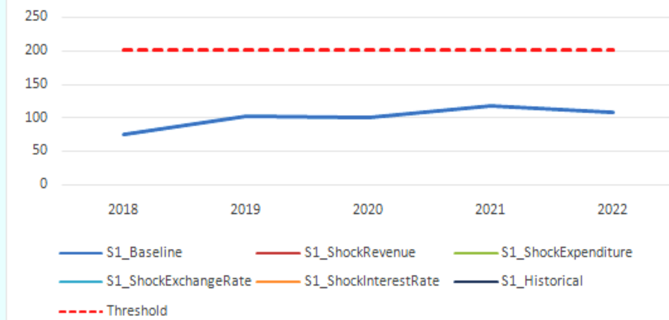


Chart 29: Debt Service as a share of Revenue

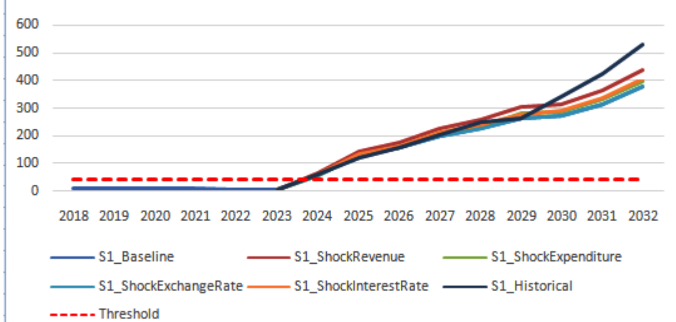


Chart 14: Debt Service as a share of Revenue

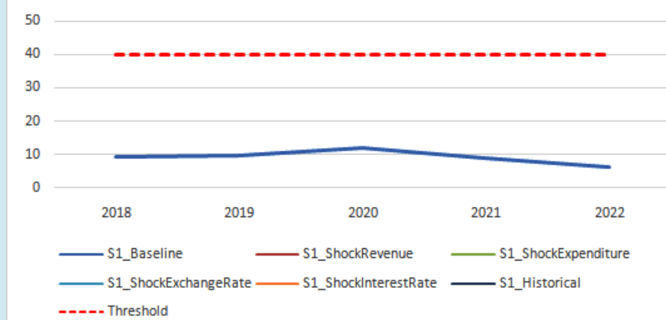


Chart 30: Personnel Cost as a share of Revenue

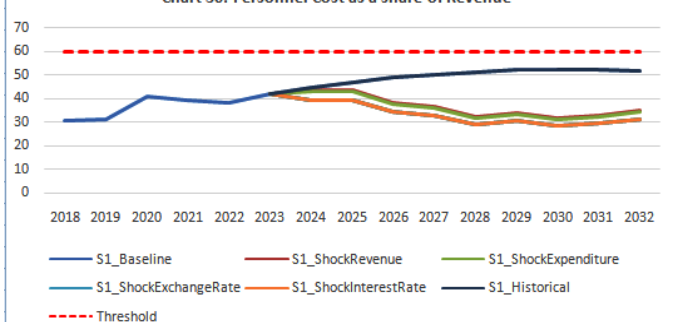
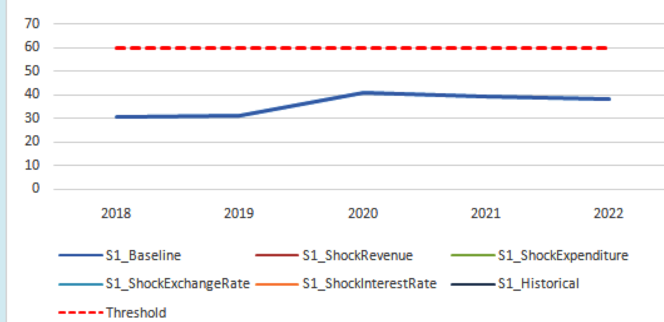


Chart 15: Personnel Cost as a share of Revenue



REVENUE SHOCK

The impact of the shock might be an increased need to borrow, or reduce capacity to service existing Debt especially the non – flow (pension/ Gratuity and other Arrears of payment) among other things.

EXPENDITURE SHOCK

This stock 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.

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 exception 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 result 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, interest rate and Exchange rate.

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, analyses the debt management strategies outcomes of the three debt management performance indicators namely Debt Stock to Revenue, Debt Services to Revenue and Interest to Revenue. The cost is measured by the expected value of a performance indicator in 2027, as projected in the baseline scenario. Risk is measured by the deviation from the expected value in 2027 caused by an 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 2023 and MTEF, 2024-2026. 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.

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 2021 as its in strategy 1. The remaining of borrowing distributions from 2024 to 2026, 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 2024 to 2026, 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 2021 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 2024-2026, 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

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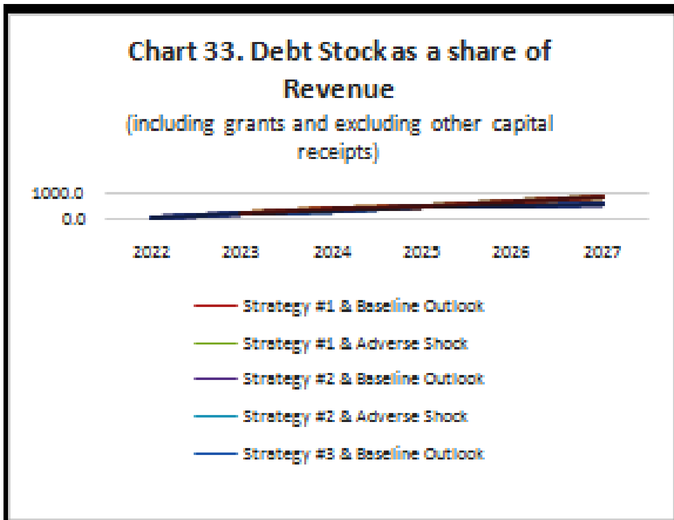
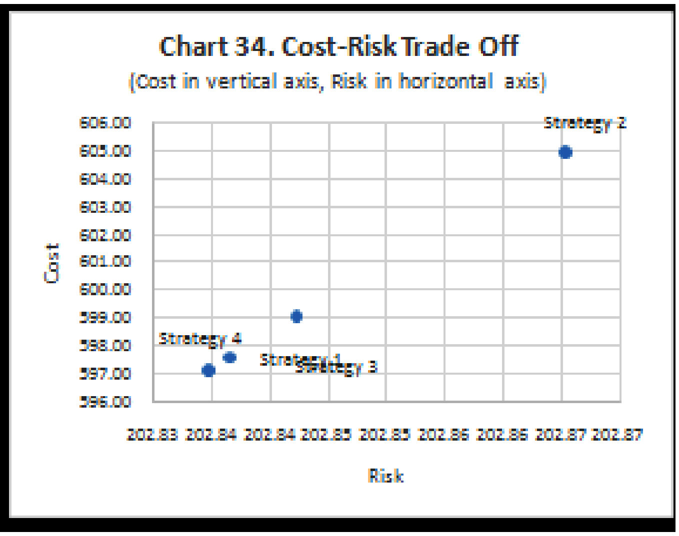
a. Debt as a share Revenue:

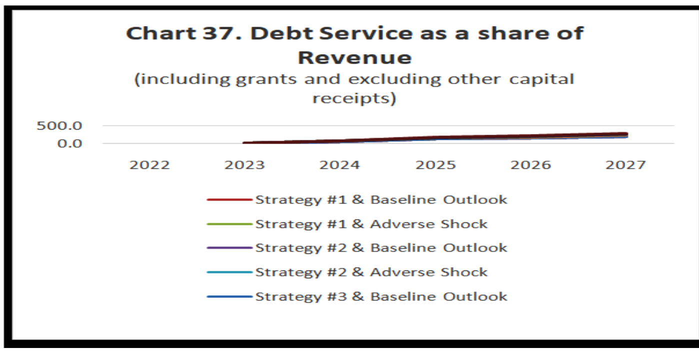
- Strategy 1 shows the Cost ratio of Debt to Revenue estimated at 149.6 percent in 2027, as against Strategy 2 (153.9 percent), Strategy 3 (151.9 percent) and Strategy 4 (1510 percent), over the DMS period of 2025, compared with the Risks measured of Strategy 1 (60.9 percent), Strategy 2 (61.4 percent), Strategy 3 (61.2 percent) and Strategy 4 (61.1 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 149.6 percent and 60.9 percent compared with Strategy 4, Strategy 3 and Strategy 2, compared with Strategy 2 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.

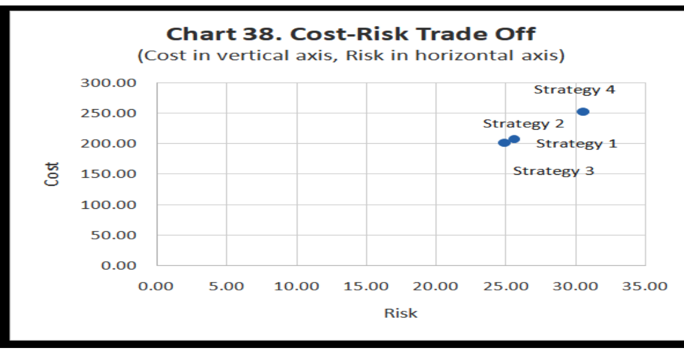




b. **Debt Service as a share of Revenue:**

- ➢ In terms of Debt Service to Revenue, Strategy 1 has lowest costs and risks with 20.8 percent and 4.77 percent by the end of strategy period compared with Strategy 4 of 25.3 percent and 5.27 percent and Strategy 3 of 29.9 percent and 5.77 percent all under moderate costs and risks, as against Strategy 2 with the highest costs and risks of 30.0 percent and 5.80 percent respectively, as at end of the strategic period of 2023.

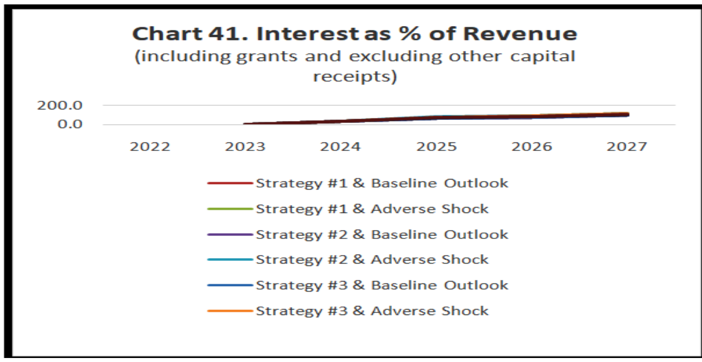


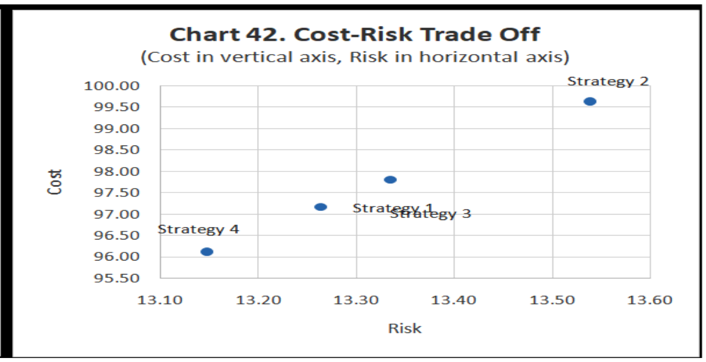


- ➢ **Interest as a share of Revenue**

- ➢ the external debt service terms requirement has low interest rate, longer maturity and grace period in concessional external financing. Compared to S4 and S3 with the moderate costs and risks. S2 is the most costly and risky strategy.

➢ **Interest as a share of Revenue**





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 S4 these results were just marginally better when compared with S4, S3, and S4. ***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 N240,958 million as at end-2023, which expected an increase to N414,758 million under S1 during the strategic period, compared to S2 (N184,908.47 million), S3 (N182,488.03 million), and S4 (N181,493.27 million). In addition to this, the cost/risk trade-offs are considered, using the debt to GDP, debt to revenue, debt service to GDP, debt service to revenue, interest to GDP and interest payment to GDP ratios, S1 is selected as the preferred strategy for the 2023-2026.

The Debt Management Strategy, represents a robust framework for prudent debt management, as it provides a systematic approach to decision making on the appropriate composition of external and domestic borrowing to finance the 2024 budget. The cost-risk trade-off of alternative borrowing strategies under the DMS has been evaluated within the medium-term context.

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 N370 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 from the Federal Government MTEF 2022-2024.

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 2024 and 5% each in 2025 and 2026. It is anticipated that the IGR will attain more than N1billion monthly collections by 2024.

Grants and Loans – Grants and loans have been estimated at N10,519 billion for2024. 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).

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 DN	
	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 finacing 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 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		
	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, 2023-2032

Indicator	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
	Actuals					Projections									
SHOCK TO INTEREST RATE SCENARIO															
Economic Indicators															
State GDP (at current prices)	2,477,827.00	2,606,186.00	2,977,560.00	3,455,011.00	3,828,125.00	5,685,523.00	6,533,138.00	7,268,463.00	8,087,074.00	8,997,880.00	10,011,267.00	11,138,785.00	12,393,291.00	13,789,086.00	15,342,081.00
Exchange Rate NGN/US$ (end-Period)	253.19	305.79	306.50	326.00	379.00	435.57	435.57	435.57	435.57	435.57	435.57	435.57	435.57	435.57	435.57
Fiscal Indicators (Million Naira)															
Revenue	**87,710.20**	**83,723.10**	**108,267.70**	**105,399.30**	**111,182.50**	**238,531.98**	**322,210.32**	**291,190.37**	**375,699.62**	**425,455.26**	**504,924.37**	**629,013.05**	**723,466.40**	**887,392.89**	**1,082,240.83**
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	50,367.47	48,774.38	46,879.40	41,296.70	45,061.00	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)	43,145.94	41,233.64	33,822.30	32,327.68	33,715.00	42,438.90	48,058.25	54,867.99	59,943.71	66,776.77	72,730.66	76,335.40	85,003.00	97,213.14	100,333.06
1.b. of which Deductions	7,221.52	7,540.74	13,057.00	8,968.98	11,346.00	11,913.30	12,508.97	13,134.41	13,791.13	14,480.69	15,204.73	15,964.96	16,763.21	17,601.37	18,481.44
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)	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. VAT Allocation	12,032.22	13,058.52	15,874.50	22,300.86	22,426.00	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	16,913.30	13,613.22	9,234.00	15,639.91	16,345.00	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	19,763.20
6. Capital Receipts	8,397.20	8,277.00	36,279.90	26,161.85	27,350.50	150,624.02	223,952.04	181,125.62	254,821.91	291,185.77	357,360.88	469,471.36	545,723.96	687,263.17	874,431.13
6.a. Grants	127.60	6,277.00	10,519.40	12,530.54	10,785.70	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.)	8,397.20	2,000.00	25,760.50	13,631.40	15,763.20	138,093.52	213,432.64	181,125.62	248,544.91	291,185.77	351,083.88	469,471.36	535,204.56	687,263.17	874,431.13
Expenditure	**79,891.20**	**84,916.20**	**123,057.10**	**157,213.00**	**159,345.40**	**129,369.24**	**259,725.87**	**317,524.40**	**384,433.91**	**446,052.90**	**527,088.90**	**618,798.04**	**736,306.08**	**881,818.95**	**1,070,762.09**
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	24,238.67	25,488.08	33,816.57	35,882.44	36,123.10	42,179.16	42,600.95	43,026.96	43,457.23	43,891.80	44,330.72	48,763.79	53,640.17	59,004.18	64,904.60
2. Overhead costs	19,754.39	23,598.07	13,207.74	16,775.74	15,341.10	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	3,718.54	37,070.04	80,012.25	107,292.22	143,373.61	177,914.17	214,221.12	268,863.76	325,616.91	398,473.88
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted from FAAC All	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	7,557.84	7,633.42	7,709.75	7,786.85	7,864.72	7,943.37	8,022.80	8,103.03	8,184.06	8,265.90
5. Capital Expenditure	33,983.50	32,373.44	67,242.76	95,765.23	99,631.20	60,261.40	131,566.10	100,745.20	106,313.70	85,861.60	95,386.90	106,790.60	117,469.66	129,216.63	142,138.29
6. Amortization (principal) payments	1,914.60	3,456.60	8,790.00	8,790.00	8,250.00	3,801.40	29,982.86	69,886.14	101,160.01	140,180.47	189,269.44	228,755.43	275,740.37	347,058.27	443,985.72
Budget Balance ('+' means surplus, '-' means deficit)	**7,819.00**	**-1,193.00**	**-14,789.00**	**-51,814.00**	**-48,162.90**	**109,162.74**	**62,484.45**	**-26,334.03**	**-8,734.29**	**-20,597.64**	**-22,164.53**	**10,215.01**	**-12,839.68**	**5,573.93**	**11,478.74**
Opening Cash and Bank Balance	**20,388.20**	**28,207.20**	**27,014.20**	**12,225.20**	**-39,589.00**	**-87,751.90**	**21,410.84**	**83,895.29**	**57,561.26**	**48,826.97**	**28,229.33**	**6,064.79**	**16,279.80**	**3,440.12**	**9,014.05**
Closing Cash and Bank Balance	**28,207.20**	**27,014.20**	**12,225.20**	**-39,589.00**	**-87,751.90**	**21,410.84**	**83,895.29**	**57,561.26**	**48,826.97**	**28,229.33**	**6,064.79**	**16,279.80**	**3,440.12**	**9,014.05**	**20,492.79**
Financing Needs and Sources (Million Naira)															
Financing Needs						**138,093.52**	**213,432.64**	**181,125.62**	**248,544.91**	**291,185.77**	**351,083.88**	**469,471.36**	**535,204.56**	**687,263.17**	**874,431.13**
i. Primary balance						-21,410.84	-83,895.29	-57,561.26	-48,826.97	-28,229.33	-6,064.79	-16,279.80	-3,440.12	-9,014.05	-20,492.79
ii. Debt service						7,519.94	67,052.90	149,898.39	208,452.23	283,554.08	367,183.62	442,976.55	544,604.13	672,675.19	842,459.59
Amortizations						3,801.40	29,982.86	69,886.14	101,160.01	140,180.47	189,269.44	228,755.43	275,740.37	347,058.27	443,985.72
Interests						3,718.54	37,070.04	80,012.25	107,292.22	143,373.61	177,914.17	214,221.12	268,863.76	325,616.91	398,473.88
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Ba						109,162.74	62,484.45	-26,334.03	-8,734.29	-20,597.64	-22,164.53	10,215.01	-12,839.68	5,573.93	11,478.74
Financing Sources						**138,093.52**	**213,432.64**	**181,125.62**	**248,544.91**	**291,185.77**	**351,083.88**	**469,471.36**	**535,204.56**	**687,263.17**	**874,431.13**
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						138,093.52	213,432.64	181,125.62	248,544.91	291,185.77	351,083.88	469,471.36	535,204.56	687,263.17	874,431.13
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and						120,000.00	92,528.90	96,277.90	79,664.30	129,863.10	149,852.30	179,174.90	151,408.40	175,000.00	225,000.00
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loan						18,093.50	27,248.80	78,183.20	125,937.30	95,401.10	106,123.00	155,106.90	172,505.70	164,631.20	303,209.30
State Bonds (maturity 1 to 5 years)						**0.00**	**90,893.10**	**0.00**	**33,599.60**	**52,998.10**	**78,350.60**	**111,411.20**	**177,518.90**	**304,360.50**	**290,524.70**
State Bonds (maturity 6 years or longer)						**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Other Domestic Financing						**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)						**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
External Financing - Bilateral Loans						**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**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**	**2761.84**	**6664.52**	**9343.71**	**12923.47**	**16757.98**	**23778.36**	**33771.56**	**43271.47**	**55697.13**

NIGER STATE - TECHNICAL TEAM

1. Musa Chado Mohammed
2. Musa Alhaji Dangana
3. Dauda Jiya
4. Aminu Bawa
5. Mohammed Dantenin Tswasha.

Umar. A 14/12/2023

Umaru .A. Abubakar
Permanent Secretary Niger State Debt Management Bureau
For: Hon. Commissioner for Finance,
Minna, Niger State