



**STATE DEBT SUSTAINABILITY ANALYSIS AND DEBT
MANAGEMENT STRATEGY
(STATE DSA - DMS)**

**DEVELOPED BY THE
TARABA STATE DEBT MANAGEMENT DEPARTMENT
(DMD)**

**IN COLLABORATION WITH
THE WORLD BANK
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CHAPTER ONE

INTRODUCTION

1.0 Background of Debt Sustainability

Public debt is considered sustainable if the government can meet all its current and future payment obligations without exceptional financial assistance or entering bankruptcy. Experts look at whether policies required to stabilize debt are realistic and consistent with maintaining growth potential or development progress. To accurately assess a nation's/state debt sustainability, it is essential to cover all types of debt that pose a risk to a state's public finances. It is a consensus that a key factor to achieving external and public debt sustainability is macroeconomic stability which includes full employment, price stability, economic growth and so on.

The objective of the DSA in this instance is to analyze trends and patterns in the State's public finances during the period 2020-2024 (the historical) and evaluate the debt sustainability in 2025-2034 (the long-term). The analysis also highlights recent trends in revenue, expenditure, public debt and the related policies adopted by the State. A debt sustainability assessment is conducted, including scenario and sensitivity analysis, to evaluate the prospective performance of the State's public finances.

1.1 BACKGROUND

The State Debt Sustainability Analysis (S-DSA) Toolkit was developed by Debt Management Office, Nigeria and reviewed by the World Bank to analyze the trends and patterns in the State's public finances during the period of 2020 - 2024 while also evaluating the ability of the State to sustain its debt in the long term (2025 – 2034). The DSA carried out by Taraba State's Technical Team appraised recent Revenue, Expenditure, State Public debt trends and related policies adopted by the State Government, while considering the policy thrust of the State. A sub-national sustainability assessment was conducted using baseline scenarios and sensitivity analysis to evaluate the prospective performance of the State's public finances going forward. The intention is to assist the Taraba state Government in striking a balance between the State's programs execution and new borrowings by utilizing recent trends in the State's public finances.

1.2 SUMMARY OF FINDINGS

The results of the Taraba State S-DSA show that the State's debt portfolio appears not to be sustainable in the long run over the projected years under considerations. The State has made significant progress in IGR mobilization through the recent introduction of new tax administration reforms with the introduction of an automated system to the entire sources of the state's independent revenue. The state's revenue office is now autonomous with more competent personnel to follow through on the state's vision with the assistance of up-to-date technology. Also worthy of mention is the property registration that is on-going and will soon forms a new revenue source embedded with motivators to reduce tax defaulters. Given the State's forecasts for the economy and reasonable assumptions concerning its revenue and expenditure policies, there is a need to cut down recurrent expenditure and cost of governance to reduce the deficit which can disrupt the forecast by increasing Debt Stock and Debt Service payment exorbitantly. The subsidy removal by the current administration has had a negative impact on the price of Premium Motor Spirit (petrol) and brought hardship to masses but the Federal Government is putting in place economic measures to subdue the impacts embedded with shocks towards achieving economic stability and infrastructural development funds share to states as well as signature bonus to allow the state finance its wide budget deficit.

CHAPTER TWO

THE TARABA STATE FISCAL AND DEBT FRAMEWORK

2.1 Fiscal Reforms in the Last 4 to 6 years

Taraba State fiscal policy measures have been driven by objectives such as promoting economic growth of the state, the need to promote macro-economic policy objectives such as reduction in unemployment and price stability. Although policy measures change frequently, these objectives have remained relatively constant.

IGR projection in the immediate term is expected to surpass 2025 approved estimates. However, actual collections are largely expected to rise due to blockage of leakages. It is believed that the current effort to establish taxpayer database by TIRS and technical support from development partners towards harmonization/review of tax rate and other efforts focused on blocking leakages and dealing with the phenomena of tax avoidance/evasion, collection will improve. Also, the State Internal Revenue Service has introduced more revenue sources intended to boost inflows such as ground rent, single inter-state road, tax stickers and single haulage fee etc. Therefore, IGR is expected to grow annually in 2026 up to 2034.

The Fiscal Reforms being implemented by the Taraba State Government in the last four to six years include the Public Financial Management (PFM) and Human Resource Management (HRM) which are sub-divided into Budget reform, Audit reform, Public Procurement Reform, Tax Administration Reform, and Civil Service & Pension reform. These reforms led to the enactment of Laws that regulates implementation of Fiscal Policies in the State. The Laws are Taraba State Fiscal Responsibility Law (FRL), Taraba State Finance Management Law, Taraba State Government Financial Regulations and Store, and Taraba State Public Procurement Law. The FRL for instance, provides for the creation of the implementation organ, medium term fiscal framework, how public expenditure should be carried out, borrowing process, transparency and accountability in governance and principles of sound financial management.

2.2 TARABA STATE APPROVED 2026 BUDGET AND MEDIUM-TERM EXPENDITURE FRAMEWORK (MTEF), 2026-2028

2.2.1 TARABA STATE MEDIUM-TERM EXPENDITURE FRAMEWORK (MTEF) AND FISCAL STRATEGY PAPER (FSP) 2026 – 2028.

In line with the provisions of the Taraba State Fiscal Responsibility Law 2011 with Amendment 2016, the Medium-Term Expenditure Framework (MTEF) and Fiscal Strategy Paper (FSP) serve as the basis of the State's fiscal planning and budget formulation process. These documents articulate the government's strategic approach to resource allocation, fiscal discipline, and sustainable development over a three-year period (2026–2028) and provide a basis for the preparation of the 2026 annual budget. The members may wish to be informed that the MTEF/FSP outlines the macroeconomic framework, revenue projections, expenditure ceilings, and fiscal targets that guide the preparation of the annual budget. It ensures that public spending is aligned with the State's development priorities, enhances transparency, and promotes accountability in the management of public finances.

2.2.2 ECONOMIC AND FISCAL DEVELOPMENT GLOBAL ECONOMIC DEVELOPMENT AND IMPLICATION

According to the World Bank, the global economy in 2025 is grappling with heightened uncertainty and subdued growth. Trade tensions and evolving policy landscapes have contributed to a projected global growth rate of just 2.3%—the weakest performance outside of recessionary periods since 2008. The International Monetary Fund (IMF) forecasts growth in advanced economies at 1.5% in 2025, rising slightly to 1.6% in 2026. In the United States, economic expansion is expected to reach 1.9% in 2025, supported by lower-than-anticipated tariff rates and more relaxed financial conditions. This marks a 0.1 percentage point increase from the April forecast, although tempered by a faster-than-expected slowdown in private demand and weaker immigration inflows. In the euro area, growth is projected to accelerate to 1.0% in 2025 and 1.2% in 2026. The upward revision for 2025—by 0.2 percentage points—is largely attributed to Ireland's strong GDP performance in the first quarter, despite its relatively small share of the euro area's total output. For emerging markets and developing economies, the IMF anticipates growth of 4.1% in 2025 and 4.0% in 2026. Notably, China's 2025 growth forecast has been revised upward by 0.8 percentage points to 4.8%, reflecting stronger-than-expected economic activity in the first half of the year and a substantial reduction in US–China tariffs. In

Sub-Saharan Africa, growth is expected to reach 4.0% in 2025 and 4.3% in 2026. Nigeria's economy is projected to grow by 3.4% in 2025 and 3.2% in 2026, as shown in Table 1. Meanwhile, global trade volume has been revised upward by 0.9 percentage points for 2025 but is expected to decline by 0.6 percentage points in 2026.

2.2.3 MEDIUM-TERM MACROECONOMIC FRAMEWORK: PARAMETERS AND TARGETS FOR 2026-2028

The 2026- 2028 Medium-Term Expenditure Framework (MTEF) and Multi-Year Budget Framework (MYBF) have been crafted in alignment with the State Government's Five Fingers Agenda, which prioritizes infrastructure development, education, healthcare, youth and women empowerment, and security.

In formulating the expenditure and budgetary plans, the Ministry incorporated critical macroeconomic assumptions, including projections for national real GDP growth, oil production and price benchmarks, exchange rate trends, and the prevailing inflation rate. These parameters are used to estimate how much revenue the state expects to receive and how much it can afford to spend. They also help ensure that the budget is realistic, sustainable, and aligned with broader economic trends.

Projected revenues:

Item	2025	2026	2027	2028
Opening balance	5,900,000,000	6,085,000,000	7,120,000,000	5,630,725,080
Recurrent Revenue				
Statutory Allocation	30,000,000,000	91,080,000,000	118,220,170,000	127,621,508
VAT	70,885,100,188	104,310,000,000	99,798,345,400	118,923,402
IGR	50,589,252,481.22	25,000,000,000	34,450,733,200	39,950,342,
EMTL & other Revenue	140,090,308,183.17	23,170,000,000	38,790,270,320	52,897,342,
Total Recurrent Revenue	291,564,660,852.40	243,560,000,000	284,139,518,920	339,392,595

Recurrent and capital expenditure framework

Expenditure

Personnel Costs	95,903,678,150.88	61,222,129,075	70,354,445,235	87,070,950,710
Other recurrent cost	70,378,573,561.19	55,628,842,180	60,985,463,305	68,008,425,650
Total	166,282,251,712.07	116,850,971,255	131,339,908,540	155,079,376,360
Transfer to Capital	131,182,409,140.32	138,794,028,745	159,919,610,380	189,943,943,865

Capital Receipts

Grants	28,428,707,135.79	8,560,000,500	15,257,300,565	23,987,260,500
Other Capital Receipts	105,505,600,414.12	22,000,532,000	88,279,580,290	167,851,355,915
Total	133,934,307,549.91	30,560,532,500	103,536,880,855	191,838,616,415

Reserves

Contingency Reserve	0.00	11,114,532,500	10,000,000,000	15,000,000,000
Total	0.00	11,114,532,500	10,000,000,000	15,000,000,000

Capital Expenditure

Capital Expenditure	265,116,716,690.23	187,240,028,745	278,456,491,235	386,782,560,280
Total	265,116,716,690.23	187,240,028,745	278,456,491,235	386,782,560,280

Recurrent

Financing (Loans)	34,257,143,657.72	35,000,000,000	25,000,000,000	20,000,000,000
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Total Revenue (Including Opening Balance)	431,398,968,402.31	315,205,532,500	419,796,399,77 5	556,861,936,640
Total Expenditure (including Contingency Reserve)	431,398,968,402.31	315,205,532,500	394,796,399,77 5	556,861,936,640

2.2.4 MEDIUM- TERM OBJECTIVES, POLICIES AND STRATEGIES

FISCAL POLICY OBJECTIVES AND STRATEGY

The main Objectives of the 2026-2028 Medium-Term Expenditure Framework and Fiscal Strategy Paper are:

- i. Establish credible and realistic fiscal targets.
- ii. Ensure fiscal sustainability.
- iii. Enhance public monetary management and budget transparency.
- iv. Align spending priorities with development goals of the State.

Fiscal Strategy Highlights

Revenue Optimization: Expand Internally Generated Revenue (IGR) base and continue to plug leakages. The automation of Internally Generated Revenue in the State will strengthen revenue collection

Debt Sustainability: Maintain debt within acceptable limits while prioritizing concessional loans.

Efficiency in Spending: Ensure value-for-money in public expenditure.

Capital Investment: Focus on infrastructure, education, health, Agriculture and food security, and job creation.

Social Programs: Strengthen safety nets and reduce poverty.

The current administration of Taraba State focuses on the following strategic areas:

Internal Security and Order – The State will sustain the active collaboration with security agencies and other stakeholders to fight the root of all insecurity and ensure safety and security of lives and livelihoods of all citizens across the State.

Education - Policies aimed at eradicating illiteracy and out of school children in Taraba State by giving priority to enhancing teaching standards by ensuring appropriate support from basic to tertiary levels of education for an improved and educated citizenry.

Health care - Proactively implement strategies to achieve Universal Health Coverage in Taraba State using Primary Health Care as the corner stone by increasing access to efficient, qualitative, and affordable healthcare services and ensure availability of essential drugs and vaccines throughout the State.

Agriculture – The State government will remain committed to stimulating the economic development of the State and improving the living conditions of Tarabans through the provision of agricultural inputs.

Good Governance – The State Government will continue with its policy of promoting transparency, accountability, and all-inclusive government in conformity with best practice.

Infrastructural Development – Address the issues of development by ensuring that investments in infrastructure are tailored to meet the needs of all citizens as this would go a long way in making Taraba State a suitable destination for investment, generate employment and promoting rural income growth.

Women and Youths Empowerment – The State Government will raise the level of women and youth's participation in socioeconomic activities including political participation through the provision of necessary skills and start up grants thereby boosting entrepreneurial development.

2.2.5 MONETARY POLICY AND STRATEGY

1. The State Government will collaborate with the Central Bank of Nigeria (CBN) on targeted interventions/programme.
2. Support access to credit for small businesses and farmers by revamping the State-owned Microfinance bank and the Small and medium Scale Enterprises.
3. Offer incentives for private investment in key sectors such as Agriculture and manufacturing.
4. Similarly, the State Government will facilitate Public – Private Partnerships (PPPs).
5. Issue State Bonds to raise fund for infrastructure or development projects.

2.2.6 DEBT SUSTAINABILITY ANALYSIS

TARABA STATE CURRENT DEBT PROFILE AND DEBT STOCK

Public debts are financial commitments such as loans, guarantees and securities that have paper contracts instrumenting the government promises to repay.

The State debt stock is classified into External debt and Domestic debt. As at the end of December 2024, the State Public debt stock stood at ₦127,827,740,751.10. This consists of total domestic debt of ₦81,387,735,186.10 (comprising of short-term loan of ₦50,406,738,082.40 and long-term loan of ₦30,981,007,153.70) and total external debt of ₦46,439,995, 515.05 (\$30,247,810.10).

The share of external debt (in naira value) to total public debt was 36.33% by end of the year 2024, while the share of domestic debt to total public debt stood at 63.67%.

2.2.7 DEBT MANAGEMENT STRATEGIES

The State has developed a comprehensive approach to managing its debt, as outlined in the 2024 Debt Sustainability Analysis and Debt Management Strategy Report. The following Core Debt Management Strategies are to be deployed.

(a) Debt Sustainability Analysis (DSA):

Regular assessments of debt levels relative to revenue and GDP and identifies risks of overborrowing and helps set borrowing limits.

(b) Prioritizing Concessional Loans:

Preference for low-interest, long-tenure loans from development partners and reduces the cost of debt servicing and improves fiscal space.

(c) Improved Internally Generated Revenue (IGR):

Strengthening tax collection systems and expanding the tax base through digital platforms and informal sector inclusion.

(d) Debt Service Forecasting:

Medium-term debt service projections to avoid repayment shocks and integration with budget planning to ensure liquidity.

CHAPTER THREE

The Taraba State Revenue, Expenditure, and Public Debt Trends (2020-2024)

3.1 Revenue, Expenditure and Overall and Primary Balance

The revenue of Taraba State depends on the State's share of Statutory Allocation from the Federation Account, Value Added Tax (VAT) and to some extent Internally Generated Revenue. Other sources like Excess Crude oil, Electronic Money Transfer Levy, Exchange Rate Differentials, Ecological and Stabilization funds are not regular. The State also gets a substantial amount on Capital Receipts.

The Gross FAAC Allocation accounts for 88.58% performance to total recurrent revenue of the state in 2024 but slightly went down to 75.44% because of the impact of economic recession experienced in the country in recent years. However, in 2020 the economy did not pick up even though the Federal Government tried to put in place measures for recovery, but it kept dwindling and slightly dropped in 2021, 2022, 2023.

The average Internally Generated Revenue (IGR) of N16.06b accounts for 9.08% of Gross FAAC Allocation in 2024 and contributed 11.89% in 2022. The IGR is expected to remain at 15.66% on average throughout the period of five years at projected.

Chart 1: Revenue (Historical)

The historical chart below shows the revenue pattern of the state from 2020 to 2024. In 2024, the State raised the revenue to about 16,059.76b. It is expected that the revenue will further increase due to the increase in FAAC allocation, IGR, Grants. This will stimulate business activities in the state, especially in the agricultural business.

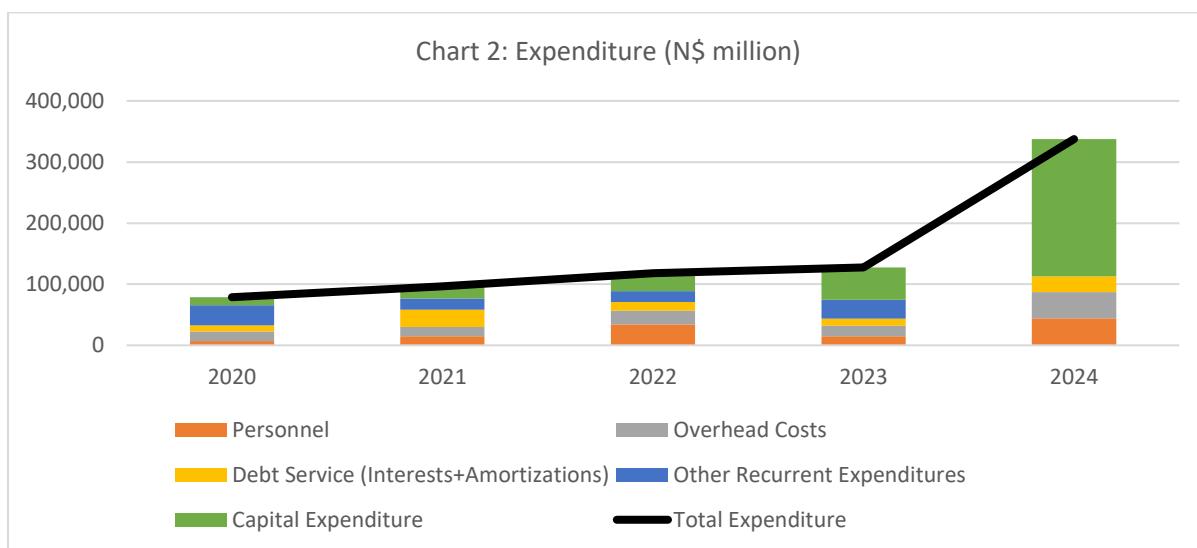
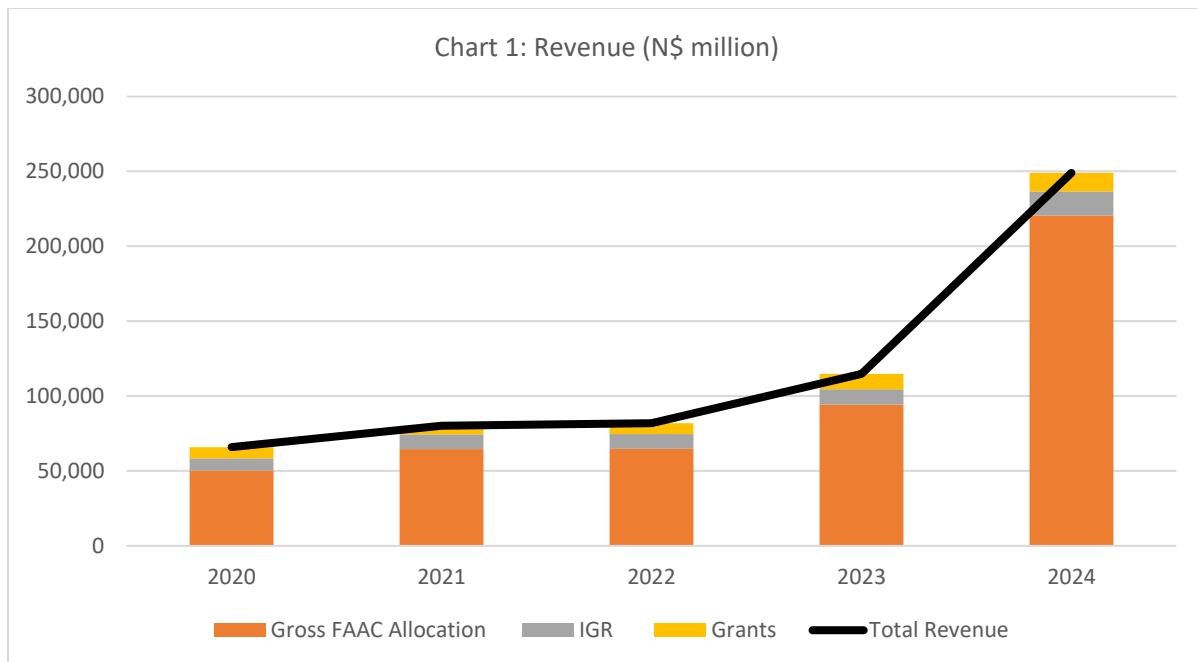
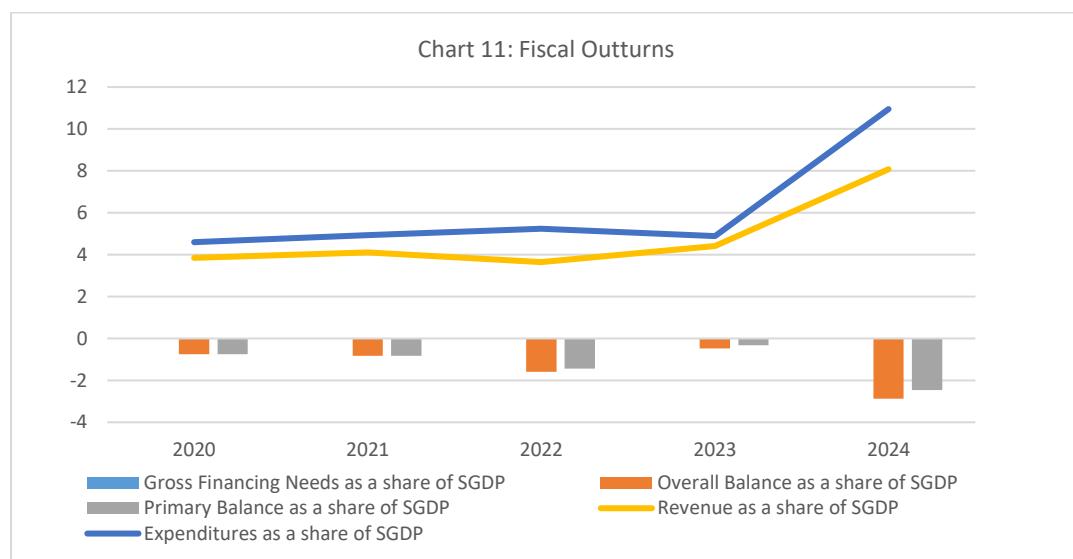


Chart 2 above shows total Government Expenditure i.e. Recurrent and Capital Expenditures. The recurrent expenditure includes Personnel Cost, Overhead Cost, Debt Service (Principal and Interest) and Consolidated Revenue Fund Charges (CRFC); while the capital expenditure is the total expenditure incurred on infrastructural development of the State.

The personnel cost consists of salaries and allowances of all Ministries, Departments and Agencies as well as public and political office holders' emolument. The State personnel cost accounts for 15.50% of the State Total Expenditure in 2021. While in 2022 the personnel cost accounts for about 29.00% of Total Expenditure and is projected to account for 21.30% of Total Expenditure by the end of 2025. Overhead expenditure entails the cost of maintenance and operation of Government activities.

The overhead cost comprises of 15.51% of Total Expenditure of the state in 2021 and is projected to account for 15.55% of Total Expenditure of the State by the end of 2025.

Capital Expenditure includes the main investment and implementation of policies, programs and projects of government. The capital expenditure for the period (2020 - 2024) has been highly unstable, with the actual capital expenditure deviating significantly from the budget performance. The trend expectation for budgeted and actual capital expenditure has been linear, with a fair performance as budgeted figure rise. In 2020, the State capital expenditure to total expenditure accounts for 16.50% of the State Total Expenditure, while it slightly increased to 41.33% of Total Expenditure in 2023 and is projected to increase to 66.58% in 2024.



3.2 Budget and debt out turn

In the fiscal out turn of the state, the revenue pattern has been dwindling within the period under review of 85.961 billion in 2020 to 313.630 billion in 2024 at an average of 57%, while the expenditure pattern has been on the slight increase from 78.763 billion in 2020 to 117.824 billion in 2022 and slightly increase to 127.276 billion in 2023.

The year 2020 was closed with a budget balance of 71.98 billion (surplus), the state went out of deficit in the year 2021 - 2024 by 36.96 billion, 16.647 billion, 12.412 and 23.889 billion respectively as a deficit.

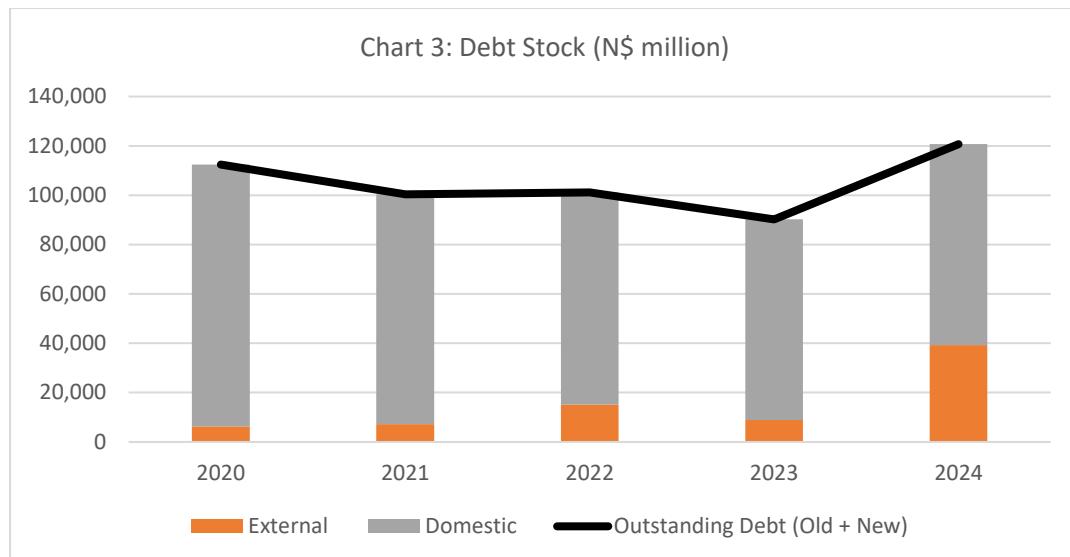
Taraba State activities of 2020 – 2024 was occasioned by the financing activities of the 112.404 billion, 100.401 billion, 101.120 billion, 90.209 billion and 120.710 respectively through debt.

3.3 Existing Public Debt Portfolio

The Public debt are financial commitments (loans, guarantees and securities) that have paper contracts instrumenting the government promises to repay. The trend of public debt service is highlighted in Chart 3 below:

Chart 3: Debt Stock

	2020	2021	2022	2023	2024
Outstanding Debt (Old + New)	112,404.34	100,401.29	101,119.86	90,208.55	120,709.90
External	6,359.08	7,216.29	15,149.22	8,878.99	39,322.15
Domestic	106,045.26	93,184.99	85,970.64	81,329.56	81,387.75



The debt stock is classified into two in the chart, which includes the External and Domestic debt. The state public Debt as at 2020 ending stood at (112.404 billion) constituting of (106.045 billion) as domestic debt and (6.359 billion) as external debts.

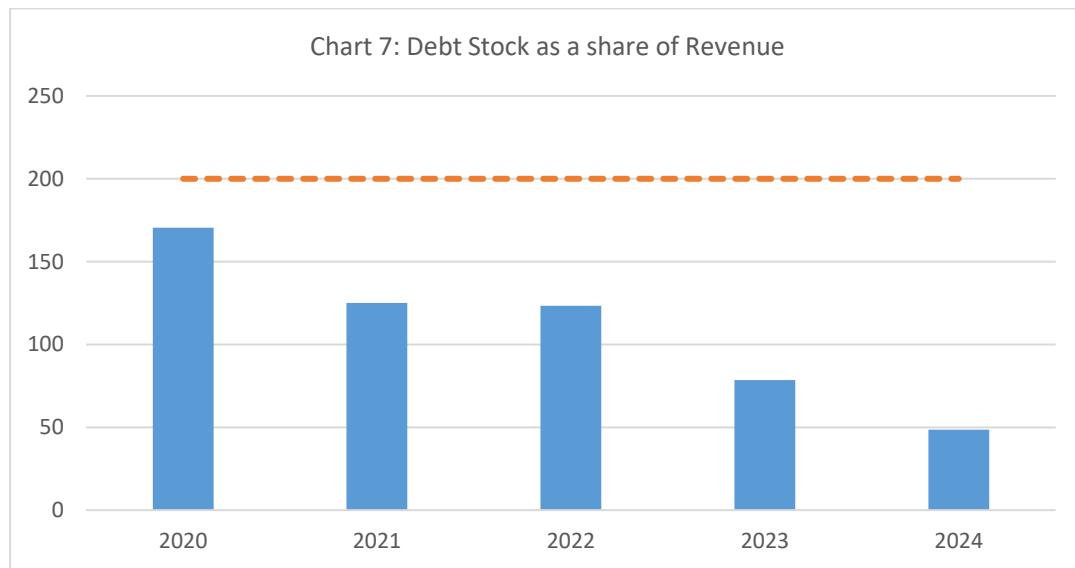
While in 2022, State public debt amounted to N101.119 billion, the increase was because of the dwindling in oil prices. The State's debt portfolio largely consists of domestic debt. Below is the table depicting the yearly percentage of the debt constituent from 2020 – 2024.

	2020	2021	2022	2023	2024
Outstanding Debt (Old + New)	50 %	50 %	50 %	50 %	50 %
External	3 %	4 %	7 %	5 %	16 %
Domestic	47 %	46%	43 %	45 %	34 %
TOTAL	100 %	100 %	100 %	100 %	100 %

The State holds a medium-cost, and medium-risk debt portfolio. The debt portfolio carried an average, interest payments represented just 7.5 percent of total expenditure in the year 2023. In addition, the debt portfolio is narrowly exposed to currency, interest rate, and rollover risks. Most external loans are fixed, thus not affected by changes in interest rates. These loans have maturities running from 5 to

30 years and include financing from the Federal Government and multilateral organizations.

Interest Payment as % of Expenditure	2020	2021	2022	2023	2024
Total Expenditure	78,763	96,355.66	117,824	127,275.58	337,520.20
Interest Payment (Old + New)	5,329	6,050.56	8,211	7,536.99	10,648.76
	6.8%	6.3%	7.0%	5.9%	3.2%



The chart above depicts the state debt stock as a share of Revenue which is below the prescribe threshold of 200 indicating the state debt is within its Debt Carrying Capacity (DCC) in the period under review.

CHAPTER FOUR

DEBT SUSTAINABILITY ANALYSIS

4.0 INTRODUCTION

According to World Bank “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”.

A Debt Sustainability Analysis (DSA) assesses how a state or nation's current level of debt and prospective borrowing affects its present and future ability to meet debt service obligations. It is a consensus that a key factor for achieving external and public debt sustainability is macroeconomic stability. The government therefore should endeavor to strike a balance between revenue and expenditure, so that any debt incurred will not impact negatively on the State, leading to serious financial crisis.

4.1 TARABA STATE DEBT SUSTAINABILITY ANALYSIS

The debt sustainability indicators and thresholds are shown in Table 6 below:

Table 6: Taraba State Debt burden indicators

Indicators	Thresholds	As at 2025	Average 2025 to 2034/Ratio
Debt Stock as % of GDP	25%	8.06%	28%
Debt Stock as % of Revenue	200%	90.31%	388%
Debt Service as % of Revenue	40%	4.94%	120%
Personnel Cost as % of Revenue	60%	29.8%	30%

Source: Taraba State DSA/DMS Template, 2025

Chart 21 shows the Debt as a percentage of State GDP (with indicative threshold of 25%). The sustainability position of the State's Total debt portfolio in the fiscal periods shows a gradual decrease from 2020 to 2024 and increased in 2025. The ratio will

stand at 47% in 2033. Based on this, the State's GDP has potential for growth and can also accommodate the State's debt stock with less shock on the State economy.

Chart 22 shows the Debt stocks as a percentage of Revenue (with indicative threshold of 200%). The sustainability position of the State's Total debt portfolio in the fiscal periods shows a gradual descending or decreases by ratio until 2024 and from that point onward it increases steadily until 2034.

The table above of Debt burden indicators shows Debt as a percentage of Revenue, Debt Service as percentage of Revenue and Personnel Costs as a percentage of Revenue are below the threshold to the end of projection period. It further spells out Government commitment on various reforms to harness revenue.

4.2 MEDIUM-TERM BUDGET FORECAST

Debt sustainability analysis of the State is predicted on the continuation of recent efforts to grow the IGR of the State annually by 9 percent on average in the medium term. Effort to increase IGR through improved, diversification of revenue sources and enhancing the efficiency of revenue generating agencies, projected growth in IGR by 10% annually over the next three years. The economy is expected to gradually recover from 2025-2030, with real GDP expanding at an average annual rate of 4 percent and GDP Deflator Inflation percentage at 9.1 percent by 2025. The moderate recovery will be supported by economic growth through diversification and an increase in the share of VAT. The Tax Administration reforms adopted by the State Government will also strengthen resources provided by IGR, as well as numerous industries that are being attracted to the State through industrialization drive, which are expected to continue in the next few years. This will benefit the economy immensely.

The State has put in various Tax Administration reforms to strengthen its IGR in order to sustain its debt, these include the enactment of new Revenue Administration Law, Land Use Charge Administration Law; with these new reforms adopted by the State Government, the IGR of the State is expected to grow in the next few years and this will benefit the state towards overall economic recovery. On the other hand, if the Civil Service Reform Policies being implemented with regard to personnel and overhead cost, which are likely to maintain from their historical trends.

Over the medium term, Government will strengthen macroeconomic management and implement policies aimed at restoring and preserving macroeconomic stability for higher investment, and inclusive and sustainable growth. This includes strategies to moderate inflationary pressures, provide critical infrastructure to lower the cost of doing business, lower market interest rates, and sustain market reflective exchange rate through pragmatic foreign exchange management. Rising inflation from policy distortions and supply shocks will be addressed through sequenced and coordinated mix of trade, monetary and fiscal policies to improve economic performance and

protect human welfare. Nigeria has transitioned to a more transparent foreign exchange management system. It is projected that the current volatility in the Naira exchange rate will moderate and the Naira will begin to appreciate as fiscal, monetary and trade policies become better aligned. This outcome will be aided by policies that seek to eliminate uncertainty and restore investors' confidence in the exchange rate market. The macroeconomic environment will be further stabilized as Nigeria sets on a fiscally sustainable path through accelerated domestic revenue mobilization and better expenditure management, moderate fiscal deficits, and a healthy debt sustainability framework.

4.3 TARABA STATE BORROWING OPTION

Taraba State government intends to finance its activities from 2025 to 2034 mainly through Commercial Bank Loans (maturity 1-5 years) with an average of rate of 36 percent, Commercial Bank Loans (maturity 6 years above) estimated at 34 percent, State Bonds (maturity 1 – 5 years) at 22 percent, and State Bonds (maturity 6 years or longer) at 20 percent and (other domestic financing) at 15 percent, over projection period, compared with External financing – Concessional financing which was estimated at 3 percent Loans. Focus on external financing was less due to the limited funding envelopes from the external borrowing with long processing time required for loans from Multilateral and Bilateral by the state government majorly.

Planned borrowing (new bonds, new loans, etc.) as nominal amounts in millions of Naira:

OPTION 1	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	State Bonds (Maturity 6 years or longer)	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	YEARLY TOTAL
2025	93,325.10	50,251.99	20,136.10	-	163,713.19
2026	116,731.40	7,248.20	-	20.00	123,999.60
2027	-	1,320.40	280,950.90	20.00	282,291.30
2028	357,180.20	-	21,704.10	-	378,884.30
2029	-	-	566,857.90	-	566,857.90

2030	612,858.20	-	-	18.00	612,876.20
2031	-	4,099.10	-	20.00	4,119.10
2032	1,081,075.54	-	12,134.00	-	1,093,209.54
2033	-	55,645.10	-	40.00	55,685.10
2034	1,285,980.95	-	12,134.00	-	1,298,114.95
TOTAL	3,547,151.39	118,564.79	913,917.00	118.00	4,579,751.18
% of Loan Total	7745%	52%	34%	0.06%	100%

4.4 DSA SIMULATION RESULTS

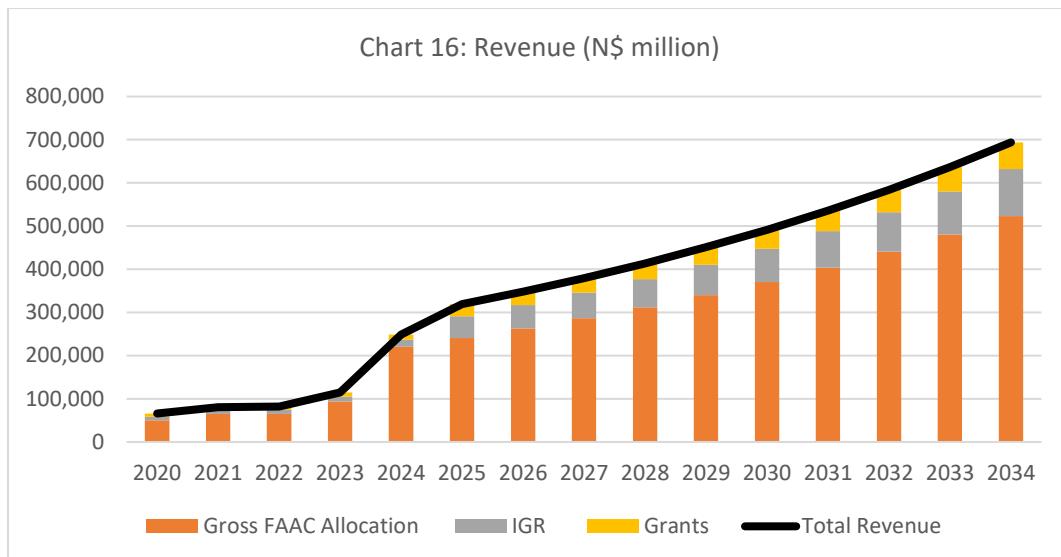
Recent shocks underscore the urgent need to significantly diversify and improve government revenues and reduce the reliance on oil revenue sources. Government remains committed to using innovative ways to raise its revenues required to finance its expenditure through revenue source diversification. The medium-term target is to increase the Revenue-to-GDP ratio to 8%. Higher revenue collections will enable Government to deliver public services more effectively, enhance infrastructure investment, and improve investment in human capital.

The main findings and results of the baseline scenario in terms of projected revenue, expenditure, primary and overall balance; and debt service indicators and thresholds are shown in the following charts below:

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Total Revenue	65,940.63	80,297.75	81,976.49	114,863.49	249,023.45	319,441.50	348,191.24	379,528.45	413,686.01	450,917.75	491,500.35	535,735.38	583,951.56	636,507.20	693,792.85
Gross FAAC Allocation	50,352.18	64,647.58	64,907.52	94,227.00	220,577.55	240,975.41	262,663.20	286,302.88	312,070.14	340,156.45	370,770.54	404,139.88	440,512.47	480,158.60	523,372.87
IGR	8,114.97	9,769.76	9,744.33	10,428.18	16,059.76	50,037.39	54,540.75	59,449.42	64,799.87	70,631.86	76,988.72	83,917.71	91,470.30	99,702.63	108,675.86
Grants	7,473.48	5,880.42	7,324.64	10,208.31	12,386.14	28,428.71	30,987.29	33,776.15	36,816.00	40,129.44	43,741.09	47,677.79	51,968.79	56,645.98	61,744.12

4.5.1 Projected Revenue- Chart 16

Taraba State projected revenue from 2025 to 2034 is presented in Chart 16 below:



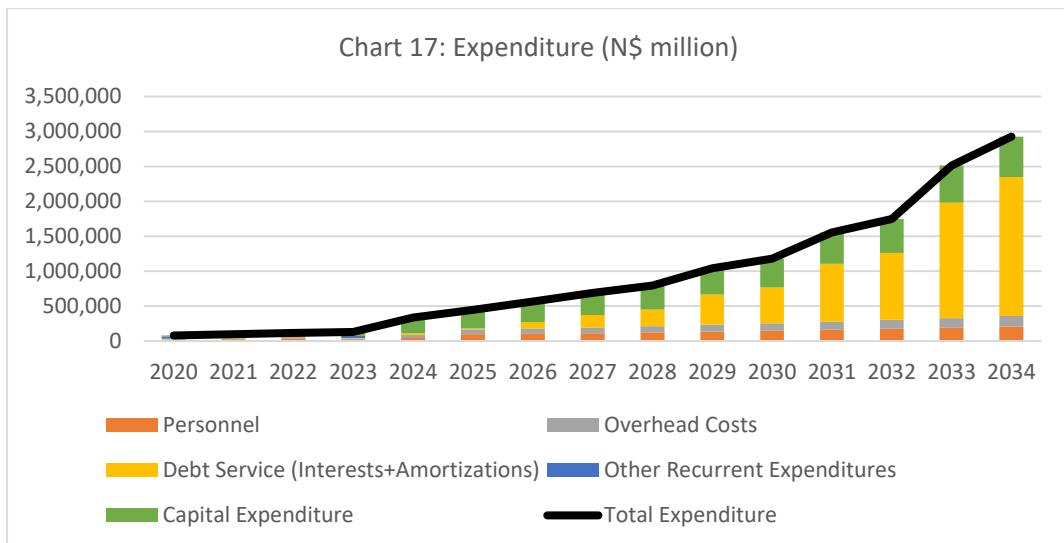
Source: Taraba State DSA/DMS Template, 2025

Taraba State Total Revenue (including grants and excluding other capital receipts) is expected to increase from N80.30 billion in 2021 to N693,793 billion in 2034, representing an increase of N613.493 billion over the projection period. Gross FAAC Allocation projected to grow from N64.65 billion in 2021 to N523.37 billion in 2034, which expected to increase by N458.72 billion, and Grants is projected to grow from N5.88 billion in 2021 to N61.74 billion in 2034.

The Internally Generated Revenue (IGR)'s tax system will be further strengthened over the medium term by improving collection efficiency, enhancing compliance, and reorganizing the business practices of revenue agencies in the state as well as employing appropriate technology. In addition, efforts will be made to bring more businesses in the informal sector into the tax net. IGR is projected to grow from N9.77 billion in 2021 to N108.68 billion in 2033 representing an increase of N98.91 billion over the projection period.

4.5.2 Projected Expenditure- Chart 17

Taraba State projected expenditure from 2025 to 2034 is presented in Chart 17 below:



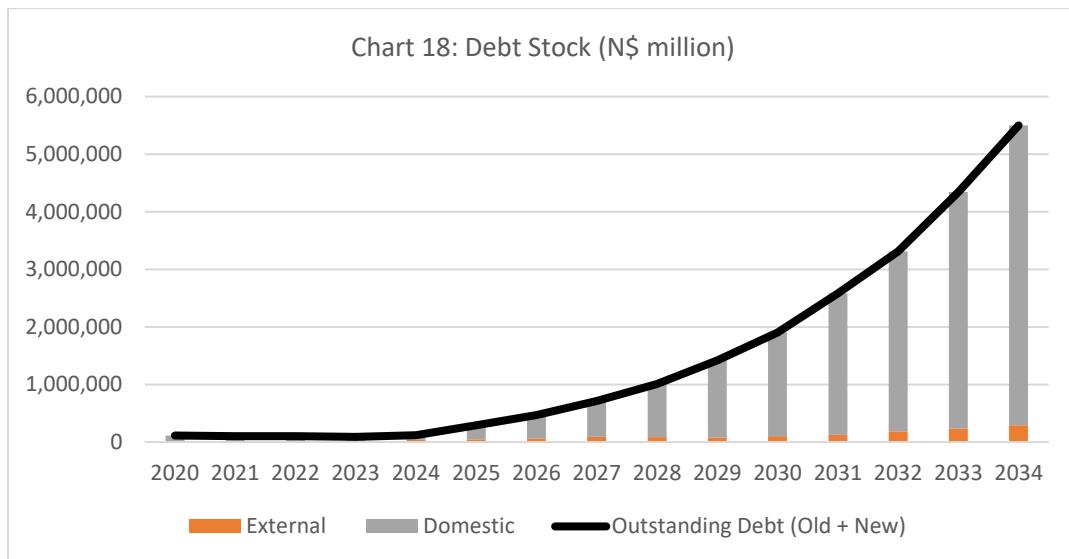
Source: Taraba State DSA/DMS Template, 2025

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Total Expenditure	78,762.98	96,355.66	117,823.97	127,275.58	337,520.18	447,192.69	563,606.20	690,436.22	793,268.48	1,039,964.77	1,178,042.52	1,554,489.72	1,746,569.76	2,510,459.67	2,926,706.10
Personnel	6,850.67	14,933.12	34,172.73	14,673.97	44,411.68	95,230.51	103,801.26	113,143.37	123,326.28	134,425.64	146,523.95	159,711.10	174,085.10	189,752.76	206,830.51
Overhead Costs	16,082.88	14,944.93	22,518.04	17,416.48	42,822.77	69,547.33	75,806.59	82,629.19	90,065.81	98,171.74	107,007.19	116,637.84	127,135.25	138,577.42	151,049.39
Debt Service (Interests+Amortizations)	9,748.94	28,488.81	14,084.42	11,533.59	25,550.81	15,793.72	93,381.33	177,891.11	234,594.30	431,009.92	514,281.73	830,990.46	957,955.57	1,650,870.20	1,989,753.58
Other Recurrent Expenditures	33,080.72	18,137.52	17,889.39	31,046.76	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure	12,999.76	19,851.28	29,159.39	52,604.79	224,734.92	266,621.12	290,617.02	316,772.55	345,282.08	376,357.47	410,229.64	447,150.31	487,393.84	531,259.29	579,072.62

Total expenditure projected at N117.824 billion in 2022, N127.276 billion in 2023, N337.520 billion in 2024, N447.193 billion in 2025, N563.606 billion in 2026, N690.436 billion in 2027, N793.268 billion in 2028, N1,039.965 billion in 2029, N1,178.043 billion in 2030, N1,554.490 billion in 2031, N1,746.570 billion in 2032, N2,510.460 in 2033 and N2,926.706 billion respectively, indicating stability in the state growth and recovery, Personnel Costs, Overhead Costs, Debt Service, Other Recurrent Expenditures and Capital Expenditure.

4.5.3 Projected Debt Stock- Chart 18

The Taraba State projected debt stock from 2019 to 2033 is presented in Chart 18 below:



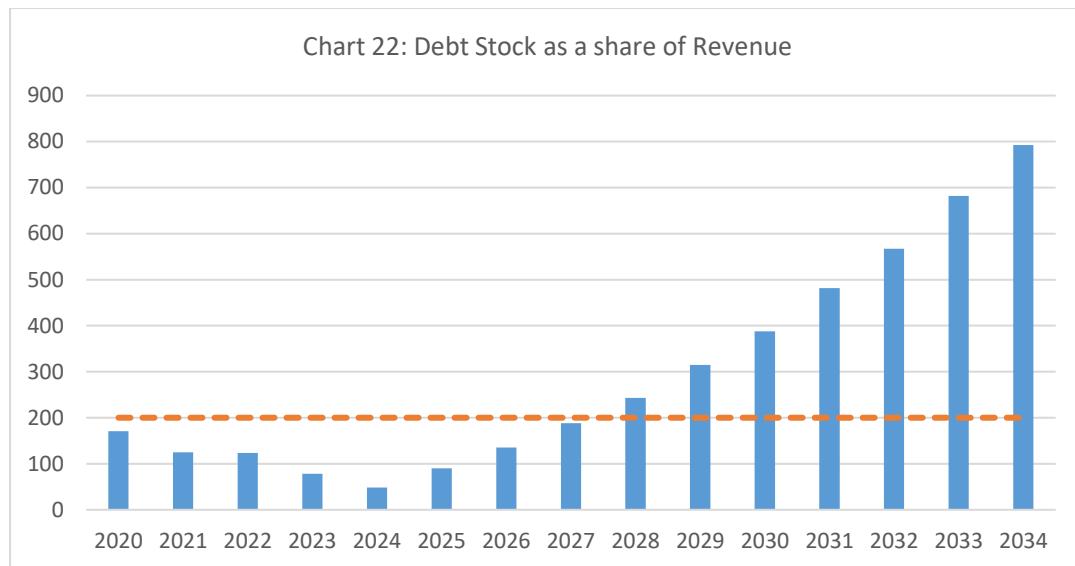
Source: Taraba State DSA/DMS Template, 2025

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Outstanding Debt (Old + New)	112,404.34	100,401.29	101,119.86	90,208.55	120,709.90	288,409.82	469,907.30	714,660.49	1,007,031.13	1,420,041.27	1,906,002.51	2,579,165.37	3,312,649.36	4,342,130.80	5,500,718.67
External	6,359.08	7,216.29	15,149.22	8,878.99	39,322.15	44,802.71	64,195.02	88,981.86	84,819.50	81,609.14	102,830.78	125,076.41	187,306.05	236,980.41	291,648.20
Domestic	106,045.26	93,184.99	85,970.64	81,329.56	81,387.75	243,688.10	405,802.27	625,678.63	922,211.63	1,338,432.13	1,803,171.73	2,454,088.96	3,125,343.31	4,105,150.39	5,209,070.47

Taraba State's Debt Stock is estimated to increase from N90.21 billion in 2023 to N5,500.719 billion in 2034, representing an increase of over 100% at an accelerated move over the projection period. External Debt projected to increase from N8.88 billion in 2023 to N291.648 in 2034 representing an increase on average of N282.768 billion while it kept fluctuating within the projected period and Domestic Debt to decline by a less percentage on average over the projection period.

4.5.4 Projected Debt as a Share of Revenue- Chart 22

The Taraba State projected debt as share of revenue from 2025 to 2034 is presented in Chart 22 below:



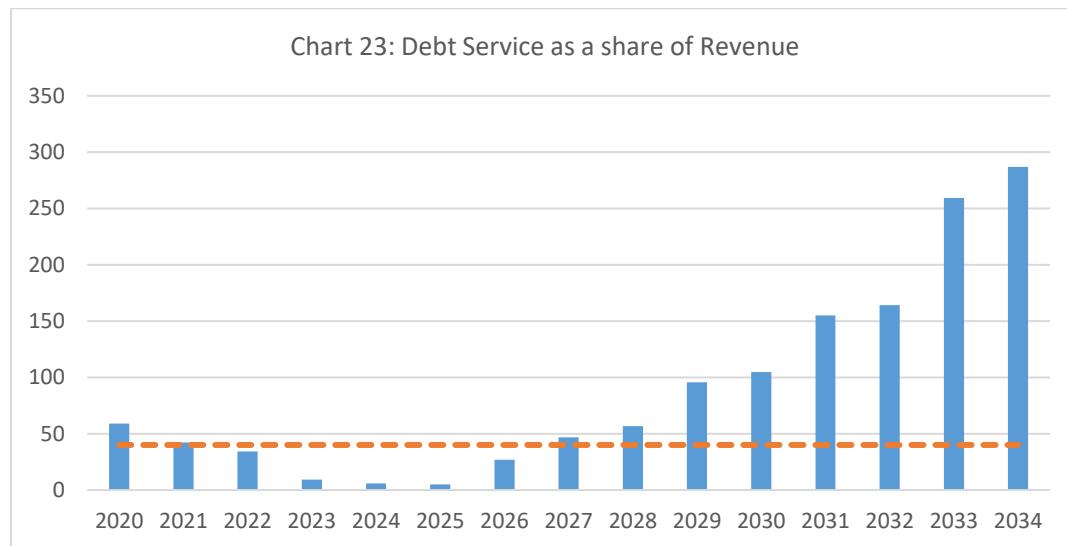
Source: Taraba State DSA/DMS Template, 2025

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Debt as % of Revenue	170.46	125.04	123.35	78.54	48.47	90.31	134.98	188.30	243.43	314.92	387.79	481.43	567.28	682.18	792.85
Threshold	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200

As a result of careful diversification of sources of loans from domestic to external borrowings, the aggregate public debt will keep increasing, and the State's repayment pressure will also increase. Debt is expected to rise from 2020 – 2034. However, relative to the State's debt is showing a worsening situation. As the fiscal deficit widens in nominal terms over the years, and the public debt ratio worsens, the analysis of the Baseline Scenario suggests the State will not be able to preserve the sustainability of its debt in the short-term because it is not within the limit of the threshold of 200 percent with the subsequently deviations as projected over the years.

4.5.5 Projected Debt Service as a Share of Revenue- Chart 23

The Taraba State projected debt service as share of revenue from 2020 to 2034 is presented in Chart 23 below:



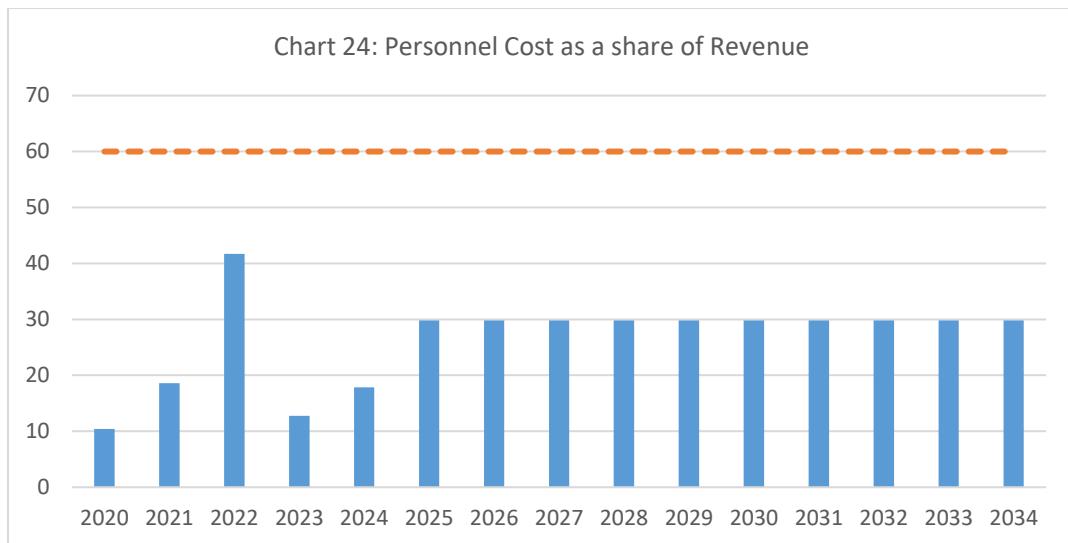
Source: Taraba State DSA/DMS Template, 2025

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Debt Service as % of Revenue	58.92	42.25	34.24	9.23	5.73	4.94	26.82	46.87	56.71	95.59	104.64	155.11	164.05	259.36	286.79
Threshold	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40

Due to the increase of external borrowing in loan mix, the public debt service will decline from 2023 and rise again in 2026 – 2034. This is partly due to Concessional External loan, which comes with its low interest rate, longer repayment periods and interest rate stability. Debt Service from 2022-2026 is within the threshold because of stability of fiscal deficit over the projected years, and the public debt service ratio fairly improves as indicated by the Baseline Scenario.

4.5.6 Projected Personnel Cost- Chart 24

The Taraba State projected personnel cost from 2020 to 2034 is presented in Chart 24 below:



Source: Taraba State DSA/DMS Template, 2025

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Personnel Cost as % of Revenue	10.39	18.60	41.69	12.78	17.83	29.81	29.81	29.81	29.81	29.81	29.81	29.81	29.81	29.81	29.81
Threshold	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60

Personnel Cost is projected to rise from N18.60 billion in 2021 and keep declining within a shorter period and a steady rate of N29.81 billion up to 2034. The personnel cost as share of revenue will remain stable over the projected period 2025-2034 which is below the threshold of 60% as depicted above on the analysis of the Baseline Scenario.

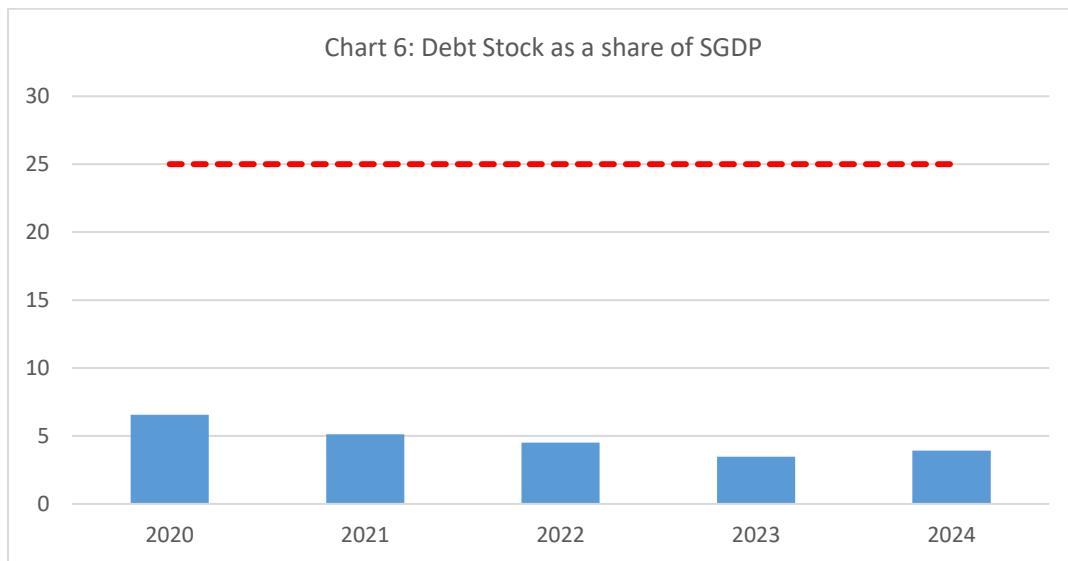
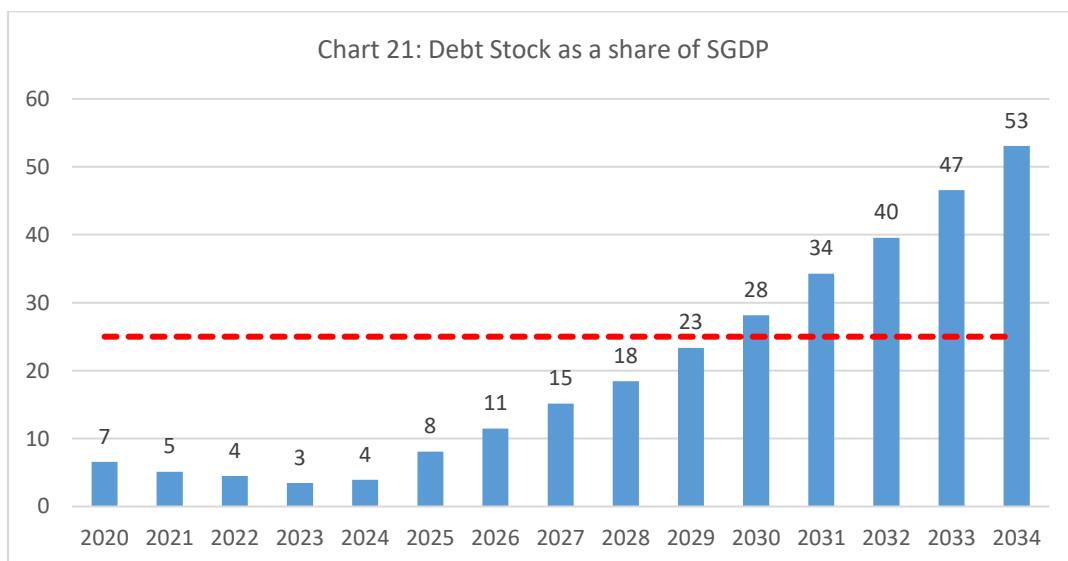
4.6 TARABA STATE MAIN FINDING AND CONCLUSION OF THE BASELINE SCENARIO IN TERMS OF DEBT SUSTAINABILITY

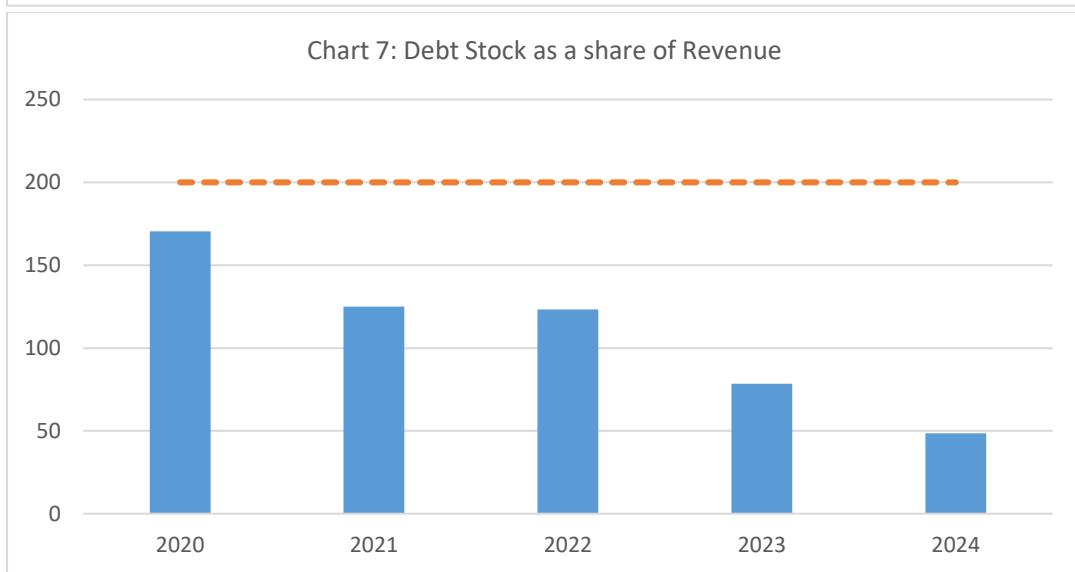
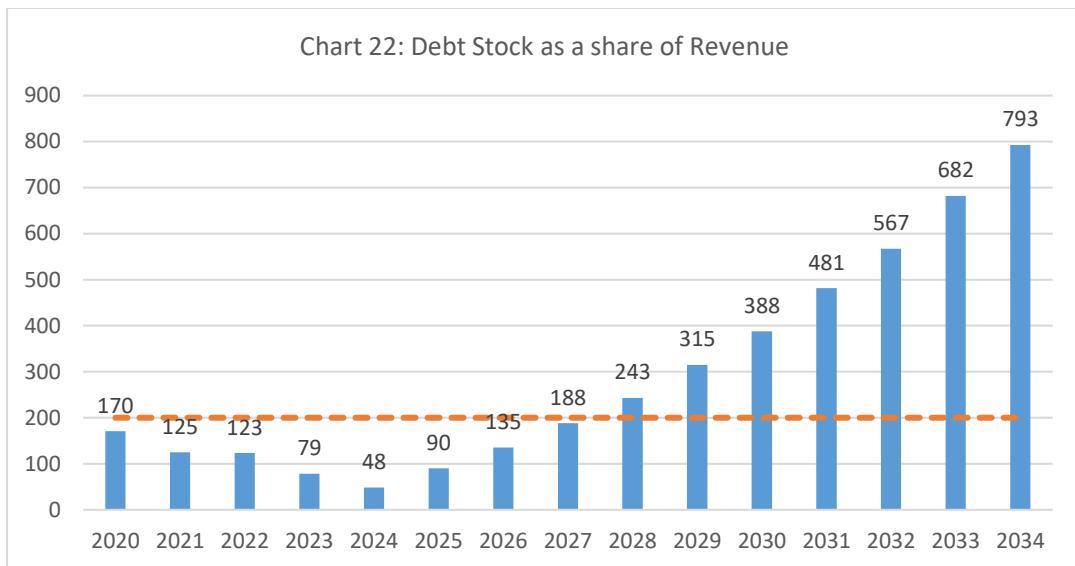
The ratio will breach the threshold from 2028 onwards. Meanwhile, the ratios of Debt Service to Revenue and Personnel Cost to Revenue trends show deviations from the threshold over the projection period from 2020 to 2034.

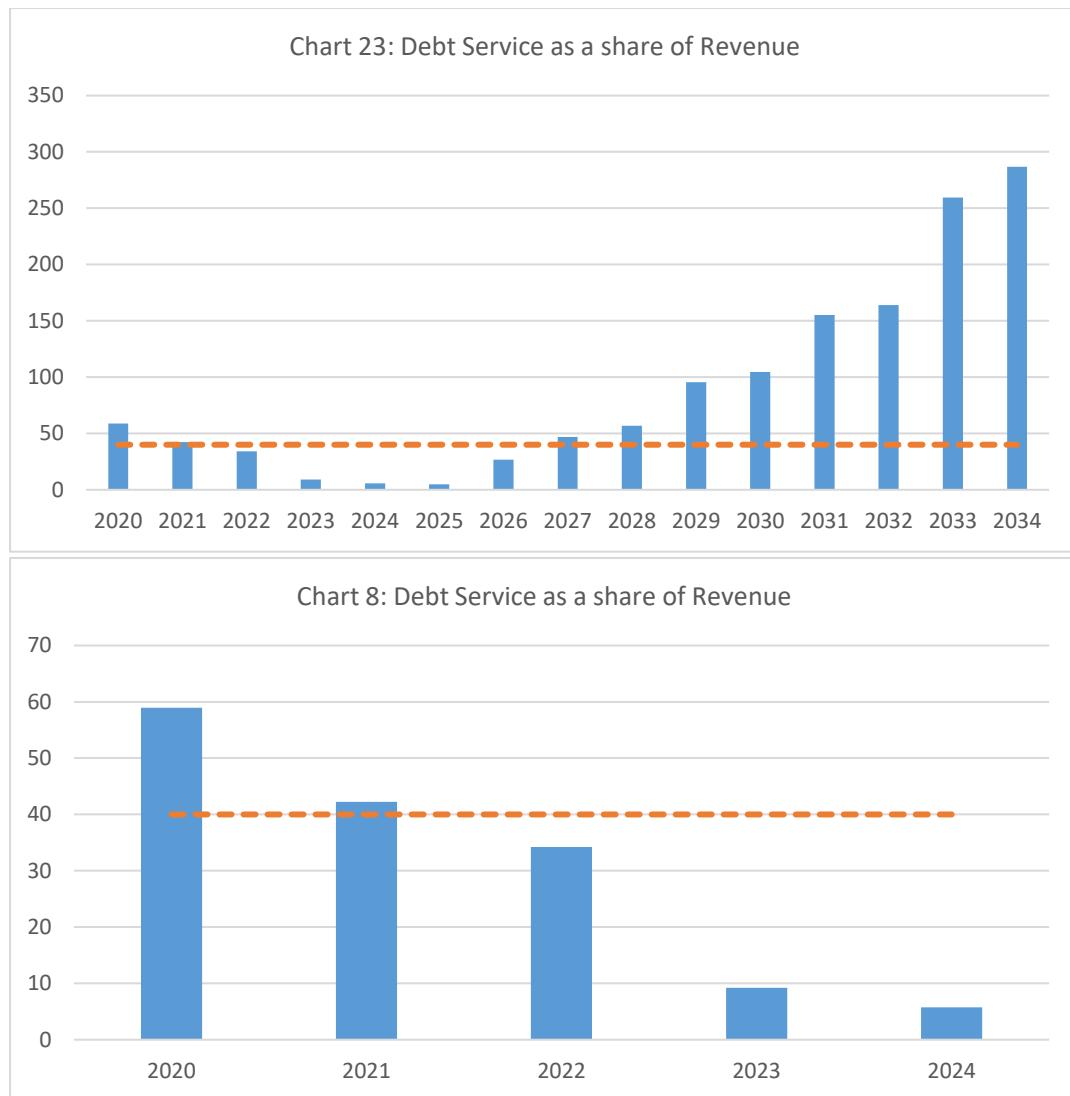
However, the State Government envisages maintaining the debt sustainability through the adherence to following fiscal policies:

- Aligning State government's income and expenditure by keeping spending limits within the dictates of available resources and fiscal sustainable debt position;
- Strong cost cutting through cost benefit analysis of Government Expenditure especially Overheads.

- c. Working toward improve IGR by the recently submitted proposal automation of TIRS;
- d. Emphasis on achieving a more favorable balance for capital expenditure through restraining the increasing trend in recurrent expenditure;
- e. Ensuring that the budget process is pursued with a framework that supports strategic prioritization and rational resource allocation and under the overall development policy objectives of the State; and
- f. Ensure strict adherence to due process in budget execution as well as accountability, transparency and prudence in the entire public financial management process.







4.6.1 CONCLUSION

Taraba State DSA result shows that, the State's debt portfolio appears not to be sustainable in the future over the projected years. The State remains mostly sensitive to the revenue shocks, expenditure shocks, exchange rate shocks, interest rate shocks and historical shocks, indicating that an increase in aggregate output does not result to a proportionate increase in revenue. The state has put in place efforts aimed at further diversifying the sources of revenue away from dependent on FAAC revenue, as well as implementing far-reaching policies that will boost the state IGR. This has

become critical, given the continued volatility of Crude Oil Revenue with the current economic realities in the country.

4.7 TARABA STATE DSA SENSITIVITY ANALYSIS

The State faces fiscal risks associated with the possibility of adverse country wide macroeconomic conditions and the State's expenditure pressure on the meagre revenue. A sensitivity analysis is undertaken considering macroeconomic shocks and policy shocks to evaluate the robustness of the sustainability assessment for the baseline scenarios discussed in the previous sub-sections. When considering both macroeconomic and policy shocks, it is assumed that external and domestic borrowings cover any revenue shortfall and additional expenditure relative to the baseline scenarios discussed earlier.

The 2025 DSA analysis shows that Taraba remains at high risk of debt distress under sensitivity analysis.

The State DSA analysis shows that Taraba remains at high risk because all the debt projections breach the threshold before 2030. The historical shock has been affected most from 2026-2033 which moves above the threshold under Debt as Percentage of Revenue, equally affected under Debt Service as % of Revenue from 2030-2033, and Personnel Cost as % of Revenue from 2028-2033. The shock Revenue affects Debt Service as % of Revenue from 2027-2033. The key debt ratios consistently breach their respective thresholds throughout most of the projection period. The State's debt position deteriorates under shocks, with debt and debt-service indicators rising above the sustainability limits, which signals a high, not moderate, risk of debt distress.

Above indicates a need for sound and holistic fiscal policies which will envelope the economic parameters. There is therefore the need to increase Gross Financing Needs over the projection period. There is an urgent need for the authorities to fast-track efforts aimed at further diversifying the sources of revenue away from overreliance on FAAC revenue.

Chart 27: Debt Stock as a share of SGDP

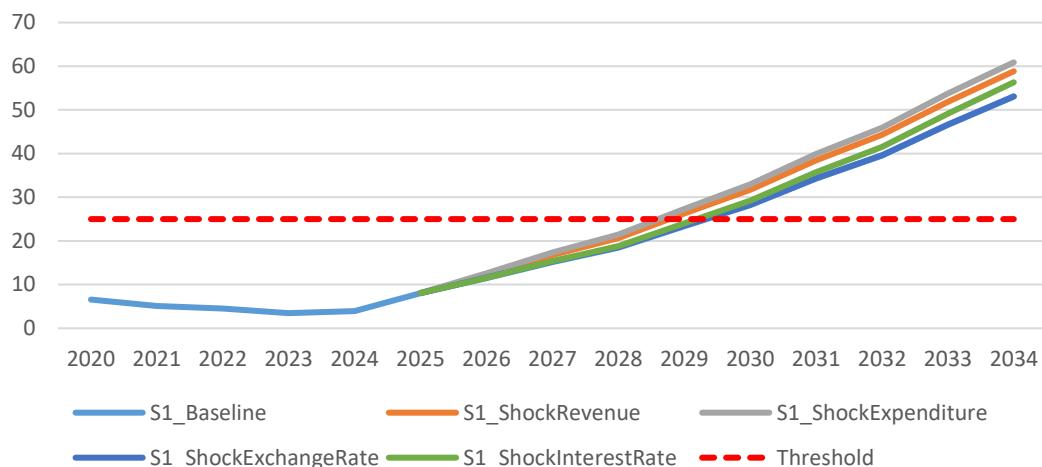


Chart 28: Debt Stock as a share of Revenue

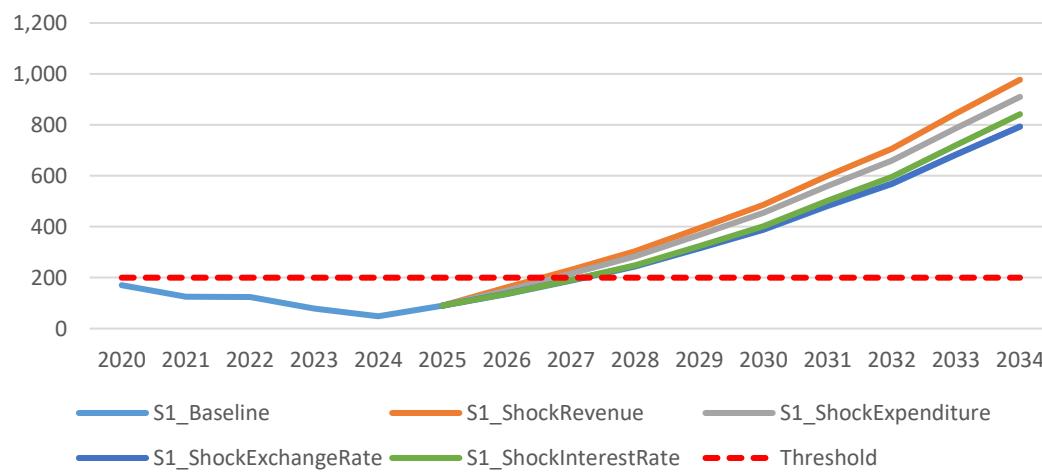


Chart 29: Debt Service as a share of Revenue

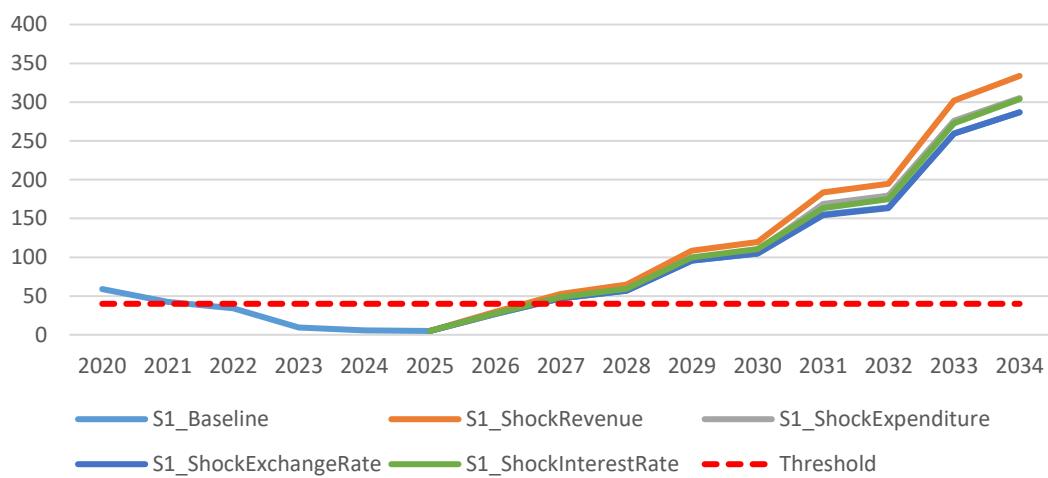
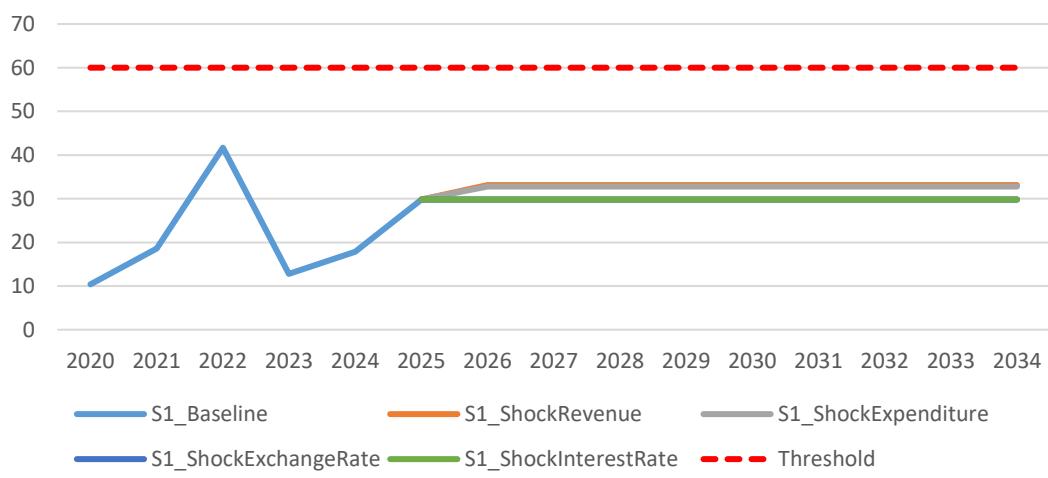


Chart 30: Personnel Cost as a share of Revenue



CHAPTER FIVE

DEBT MANAGEMENT STRATEGY

5.0 Introduction

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 (World Bank DSA-DMS, 2025). 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, considering 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.

To assess the debt management strategies outcome, three debt performance indicators were utilized, "Debt Stock as a share of Revenue, Debt Service as a share of Revenue and Interest as a share of Revenue". However, the cost for DMS is measured by the expected value of a performance indicator in 2027 (as projected in the baseline scenario), while Risk for DMS is measured by the deviation from the expected value in 2027 caused by an un-expected shock (as projected in the most adverse scenario).

5.1 Alternative Borrowing Options

The State Government is planning to borrow through a commercial bank at an expected interest rate of 36% and 34% with 5 years and 10 years maturity and through bond with 6 years or longer maturity at an expected interest rate of 20%. Also, the State planned to borrow externally through concessional loans. The State proposed four alternative strategies (S1, S2, S3, and S4) which consider the cost and risk and in order to mitigate against certain risks (currency, interest rate and rollover), to develop domestic debt markets, to fund specific expenses (such as capital investments), and to secure liquid assets for cash management.

Strategy 1 (S1) Reflects a "status quo" MTEF Financing Mix: It follows the broad parameters of the financing mix in the fiscal year 2026 and MTEF, 2026 – 2028.

External gross borrowing under multilateral loans agreement on average of 3 percent. 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 36 percent over the strategic period. The Commercial Bank loans with the maturity of above 6 years estimated with an average of 34 percent over the DMS period of 2025, 2027-2028, 2032 and 2034.

Strategy 2 (S2) Focus on financing through State Bond (maturity 1 to 5 years) and the mix of Domestic Financing (commercial bank loans, maturity 1 to 5 years):

It follows a financing mix in the fiscal year 2024-2033. Domestic financing comprises commercial bank loans, State bonds. The Commercial Bank loans with the maturity of 1-5 years is projected to account on average of 36 percent over the strategic period. The State Bond with maturity period of 1 to 5 years estimated with an average of 22 percent over the DMS period of 2025-2034.

Strategy (S3) Focus on financing through State Bonds and the mix of Domestic Financing (commercial bank loans with maturity 6 years or longer):

In strategy 3, the government decided to focus its financing from 2024 to 2033, through Commercial Bank loans (6 years or longer) 34 percent, State Bonds (6 years or longer) 20 percent.

Strategy (S4) Focus on financing through Other Domestic Financing (commercial bank loans), State Bonds: In this strategy, Commercial bank loans (1-5 years) 36 percent, State Bonds (6 years or longer) 20 percent.

Note: In all the 4 strategies, we consider Domestic Commercial Bank Loans to constitute the highest in the mix because of closeness to the Commercial Banks, it takes few days to process and have a draw down compare with the rigorous nature of obtaining external facilities, in the event of additional

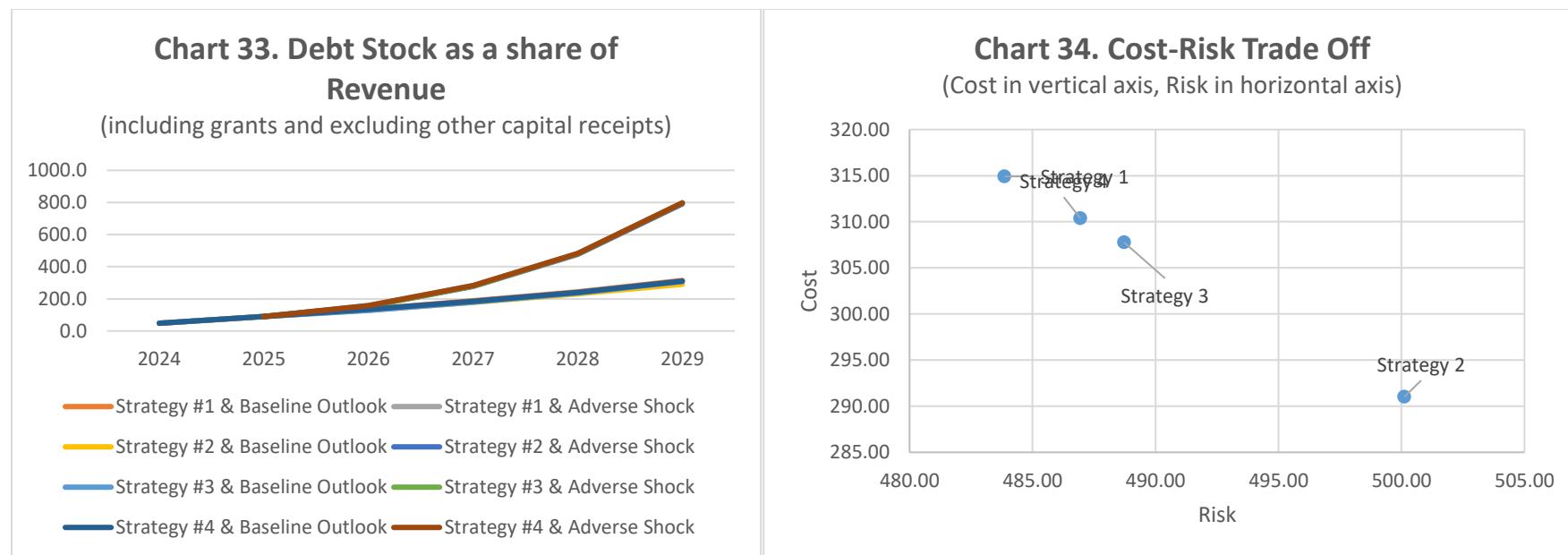
borrowing requirement, Government will find it easy to meet the required documentation, etc.

5.2 DMS Simulation Results

Analysis of strategies and the outcomes of the analysis, the cost risk trade off charts illustrate the performance of the alternative strategies with respect to four debt burden indicators. Results were obtained from the four DMS (S1, S2, S3, and S4) and the analysis will focus on three performance indicators which include Debt/Revenue, Debt Service/Revenue and Interest/Revenue, also the reference debt strategy (S1) will be compared with the alternative strategies (S2, S3 and S4) to facilitate drafting and exposition.

5.2.1 Debt as a share of Revenue

The share of debt as percentage of revenue and cost-risk trade-off for the referenced strategy (S1) and alternatives strategies (S2, S3, and S4) are presented in the Chart 33 and 34:



Source: Taraba State DSA-DMS Template 2025

						COST	RISK measured only in 2029
Debt Stock as % of Revenue (including grants and excluding other capital receipts)	2024	2025	2026	2027	2028	2029	
Strategy #1 & Baseline Outlook	48.47	90.31	134.98	188.30	243.43	314.92	483.858464
Strategy #1 & Adverse Shock		90.31	158.23	283.61	483.48	798.78	
Strategy #2 & Baseline Outlook	48.47	90.31	130.44	177.75	231.05	291.02	500.116094
Strategy #2 & Adverse Shock		90.31	154.78	277.56	478.16	791.13	
Strategy #3 & Baseline Outlook	48.47	90.31	128.67	179.70	235.86	307.78	488.718554
Strategy #3 & Adverse Shock		90.31	153.43	278.68	480.23	796.50	
Strategy #4 & Baseline Outlook	48.47	90.31	135.41	185.91	240.08	310.39	486.93969
Strategy #4 & Adverse Shock		90.31	158.55	282.24	482.05	797.33	

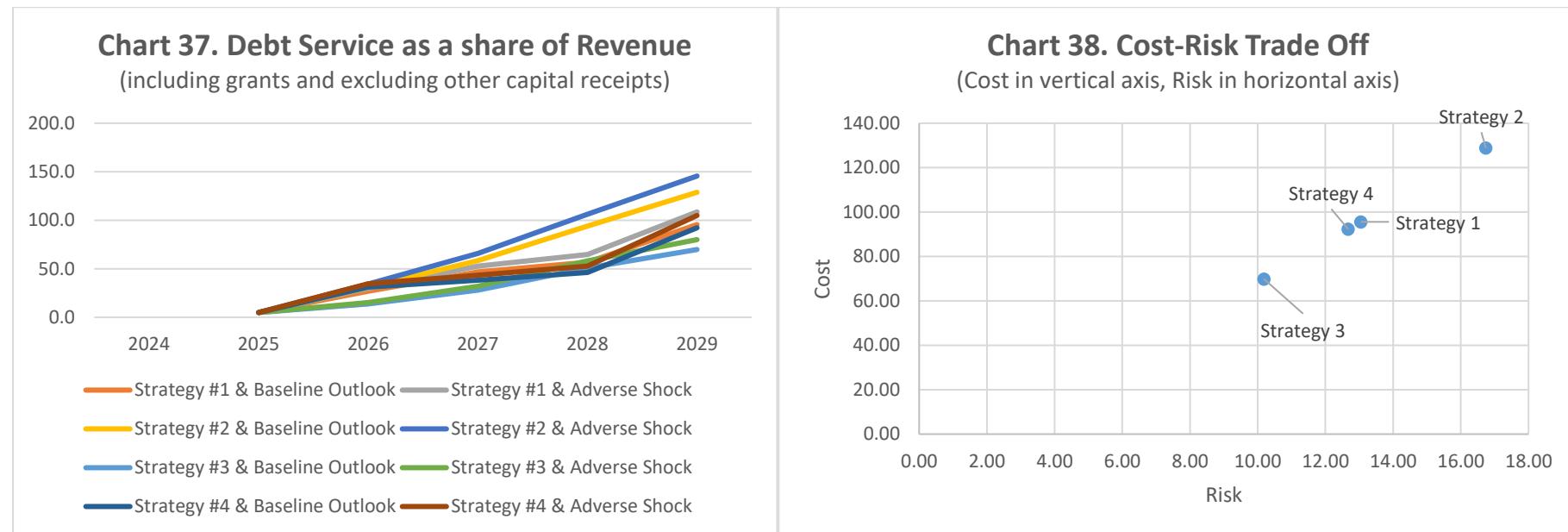
The result on Debt as share of revenue indicates that Reference Debt Strategy (S1) has a cost of 314.92% with adverse shock of 798.78% and risk at 483.86%. Alternative Strategy (S2) has a cost of 291.02% with adverse shock of 791.13% and risk at 500.12%.

Alternative Strategy (S3) has a cost of 307.78% with adverse shock of 796.50% and risk at 488.72%. Alternative Strategy (S4) has a cost of 310.39% with adverse shock of 797.33% and risk at 486.94%.

To compare between the referenced strategy (S1) and alternative strategies (S2, S3, and S4), the result indicated that Debt/revenue of the referenced strategy (S1) has the lowest cost, low adverse shock and lower risk of 483.86%, 798.78% and 314.92% respectively, compared to strategies (S2, S3, and S4).

5.2.2 Debt Services/Revenue

The share of debt services as percentage of revenue and cost- risk trade-off for referenced strategy and alternatives strategies are presented in the chart 37 and 38:



Source: Taraba State DSA-DMS Template 2025

						COST	RISK measured only in 2029
Debt Service as % of Revenue (including grants and excluding other capital receipts)	2024	2025	2026	2027	2028	2029	
Strategy #1 & Baseline Outlook		4.94	26.82	46.87	56.71	95.59	13.04
Strategy #1 & Adverse Shock		4.94	29.80	52.90	64.63	108.63	
Strategy #2 & Baseline Outlook		4.94	30.76	58.44	94.12	128.85	16.74
Strategy #2 & Adverse Shock		4.94	34.17	65.75	106.20	145.59	
Strategy #3 & Baseline Outlook		4.94	13.81	28.01	50.84	69.85	10.19
Strategy #3 & Adverse Shock		4.94	15.34	31.94	58.11	80.03	
Strategy #4 & Baseline Outlook		4.94	31.06	38.36	46.09	92.27	12.68
Strategy #4 & Adverse Shock		4.94	34.51	43.43	52.83	104.95	

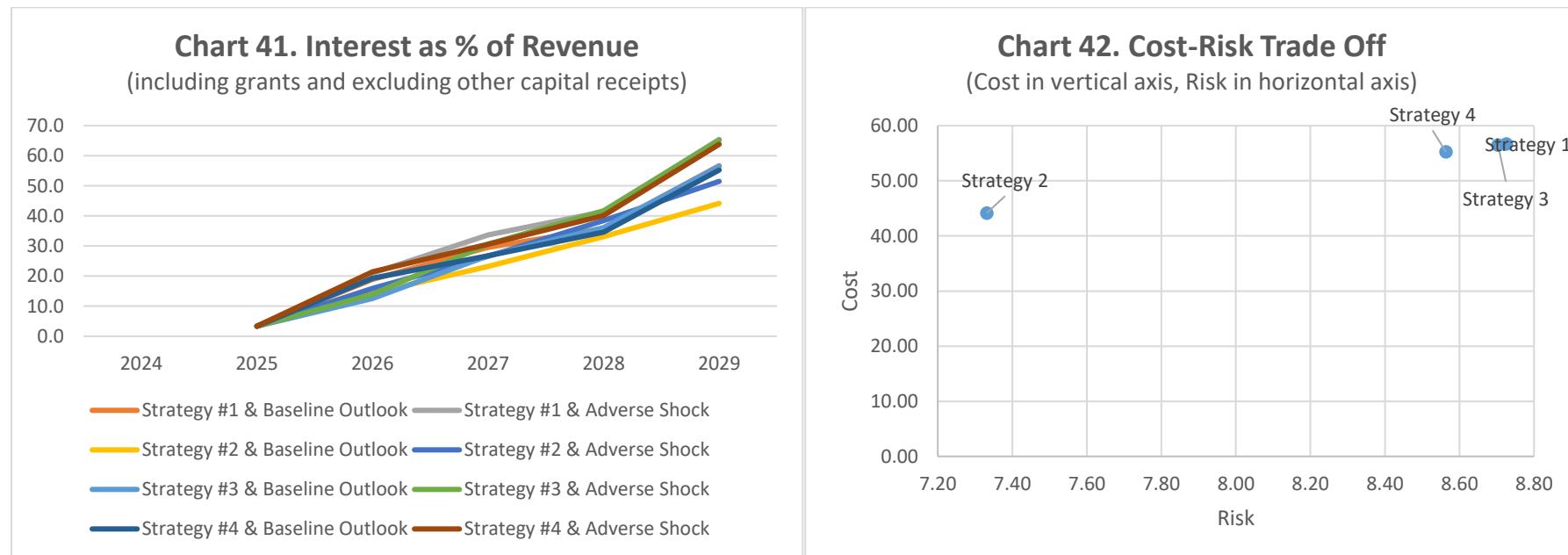
The result on Debt Service as share of Revenue indicates that the Reference Debt Strategy (S1) has a cost of 95.59% with adverse shock of 108.63% and risk at 13.04%. Alternative Strategy (S2) has a cost of 128.85% with adverse shock of 145.59% and risk at

16.74%. Alternative Strategy (S3) has a cost of 69.85% with an adverse shock of 80.03% and risk at 10.19%. Alternative Strategy (S4) has a cost at 92.27% with adverse shock of 104.95% and risk at 12.68%.

To compare between the referenced strategy (S1) and alternative strategies (S2, S3, and S4), the result indicates that the Debt Service/Revenue of strategy (S3) has the lowest cost, adverse shock and risk of 69.85%, 80.03% and 10.19% respectively, compared to the alternative strategies (S1, S2, and S4).

5.2.3 Interest/Revenue

The share of interest as percentage of revenue and cost- risk trade-off for referenced strategy and alternatives strategies are presented in the charts 41 and 42 below:



Source: Taraba State DSA-DMS Template 2025

						COST	RISK measured only in 2029
	2024	2025	2026	2027	2028	2029	
Interest as % of Revenue (including grants and excluding other capital receipts)							
Strategy #1 & Baseline Outlook		3.35	18.87	29.58	35.80	56.72	8.73
Strategy #1 & Adverse Shock		3.35	20.97	33.69	41.40	65.44	
Strategy #2 & Baseline Outlook		3.35	14.33	23.20	33.10	44.17	7.33
Strategy #2 & Adverse Shock		3.35	15.92	26.59	38.40	51.50	
Strategy #3 & Baseline Outlook		3.35	12.57	26.77	36.12	56.51	8.70
Strategy #3 & Adverse Shock		3.35	13.96	30.56	41.75	65.22	
Strategy #4 & Baseline Outlook		3.35	19.30	26.81	34.64	55.26	8.56
Strategy #4 & Adverse Shock		3.35	21.44	30.60	40.12	63.82	

The result on Interest as share of Revenue indicates that the Reference Debt Strategy (S1) has a cost of 8.73% with adverse shock of 65.44% and risk at 56.72%. Alternative Strategy (S2) has the cost of 44.17% with adverse shock of 51.50% and risk at 7.33%. Alternative Strategy (S3) has the cost of 56.51% with adverse shock of 65.22% and risk at 8.70%. Alternative Strategy (S4) has a cost of 55.26% with adverse shock of 63.82% and risk at 8.56%.

To compare between the referenced strategy (S1) and alternative strategies (S2, S3, and S4), the result indicates that the Interest/Revenue of the alternative strategy (S2) has the lowest cost, adverse shock and risk of 44.17%, 51.56% and 7.33% respectively, compared to strategies (S1, S3 and S4).

5.2.4 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 costs and risks would suggest that the recommended strategy be S1 these results were just marginally better when compared with other strategies. **Strategy 1 was considered as the most feasible of the strategies to implement in the short to medium term and it would still greatly improve the portfolio's debt position relative to the base year 2023.**

In comparison to the current debt position, Taraba State debt portfolio stood at N81.388 billion as at end-2024, which is expected to increase to N5,209.07 billion at the end of 2034. 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 2026-2031. The selection of S1 as a preferred strategy is because of its lower risk of debt of N3,125.34 in 2033.

Alternatively, we may prefer S2 based on baseline ratio computations where S2 has lower cost, lower adverse shock and lower risk trade off on interest as % of Revenue (including grants and excluding other capital receipts), lower cost but equal adverse shock and risk trade off with S1 on Interest/Revenue.

The Debt Management Strategy, 2025-2030 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 2026 budget. The cost-risk trade-off of alternative borrowing strategies under the DMS has been evaluated within the medium-term context.

The report concluded that, there is a need for the Taraba State to diversify sources of revenue away from FAAC, as well as full implementation of policies that will boost IGR

in the State. The State remains mostly sensitive to the revenue shocks, expenditure shocks, exchange rate shocks, interest rate shocks and historical shocks, indicating that an increase in aggregate output does not result to a proportionate increase in revenue. Meanwhile, the ratios of Debt Service to Revenue and Personnel Cost to Revenue trends remain under the threshold over the projection period from 2025 to 2034, with the strong-minded efforts by the State Government through its various initiatives and reforms in the key sectors of the economy, respectively.

Annex I. Table Assumptions

2025

Assumptions:	Projection Methodology	Source
Economic activity	<p>The Increase of the State GDP of 8.3% in 2024 is as a result of the loans projected in the year which is envisaged to boost economic activities and enhance delivery of social services in the State. In addition, there is going to be increase by 5.9% and maintain steady rate at same 5% from 2026 to 2034 but this assumption is flexible to some extend considering the current economic realities and other macroeconomics variables that are not yet steady in the economy.</p>	Debt Management Office, Abuja
Revenue	<p>Revenue</p> <p>1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)</p> <p>1.a. of which Net Statutory Allocation ('net' means of deductions)</p> <p>1.b. of which Deductions</p> <p>2. Derivation (if applicable to the State)</p> <p>3. Other FAAC transfers (Exchange Rate Gain, Augmentation, Others)</p> <p>The total Revenue of Taraba State will increase by 6% in 2027, 2% in 2028, 14.4% in 2032 this will occur due to improvement in the revenue sources though its dwindling within some periods, but we assume not to be steady over the period of projections. The state if not necessary measures is put in place will continue to borrow up to 2034.</p> <p>Gross FAAC Allocation grows on the average of 2% annually from 2025 to 2033. This could be as a result of subsidy removal and this may improve beyond expectations within the projected periods in line with current economic realities. In connection to this, the multiplier effects of subsidy removal has adversely affected the poor and brought hardship to those at the grassroot which if more measures such as social safety net is not put in place by FG more economic hardship is expected to continue in the future.</p> <p>Currently, proceeds from FAAC that recently incorporated Electronic Money Transfer Levy added to the former variables is an add-on to states inflows which the result is expected to yield more positively on the citizens and boosting infrastructural development is also expected.</p>	<p>Debt Management Department, Ministry of Finance, Budget & Economic Planning. Taraba State</p> <p>Debt Management Department, Ministry of Finance, Budget & Economic Planning. Taraba State</p> <p>Debt Management Department, Ministry of Finance, Budget & Economic Planning. Taraba State</p>

	<p>4. VAT Allocation</p> <p>5. IGR</p> <p>6. Capital Receipts</p> <p>6.a. Grants</p> <p>6.b. Sales of Government Assets and Privatization Proceeds</p> <p>6.c. Other Non-Debt Creating Capital Receipts</p>	<p>This source has tremendously improve as a result of FIRS efforts in harnessing more sources of revenue and more share from VAT is expected in the future as an inflow to the state.</p> <p>Improvement in the State Independent Revenue may be as a result of improvement of Government delivery of Investment infrastructure for the public which in return enhanced the trust to tax to the Government by the People. Furthermore, effective utilization of the contracted loan facilities will bring about improvement in the State revenue base. The projection in the future is expected to grow by 3.7% in 2025 to 2026, 3.2% in 2026 and to keep increase during the projected period to 2034.</p> <p>Grants are expected to improve within some projected years. Presently, the state chief executive is liaison with foreign organizations to seek for their support on aids and grants which bring about more inflows from this source of revenue in the future. It is anticipated to maintain dwindling rate within the projected period 2024 to 2034.</p> <p>The state government is currently liaison with consultants on assessing or valuing its assets to determined its position and sale some if necessary in order channels the proceeds to forms part of income generating assets by way of diversification.</p> <p>The state may soon start enjoying this sources of revenue because the present administration is putting in place tools that will attract investment from both domestic and international donors in the state.</p>	<p>Debt Management Department, Ministry of Finance, Budget & Economic Planning. Taraba State</p> <p>Debt Management Department, Ministry of Finance, Budget & Economic Planning. Taraba State</p> <p>Debt Management Department, Ministry of Finance, Budget & Economic Planning. Taraba State</p> <p>Debt Management Department, Ministry of Finance, Budget & Economic Planning. Taraba State</p> <p>Debt Management Department, Ministry of Finance, Budget & Economic Planning. Taraba State</p> <p>Debt Management Department, Ministry of Finance, Budget & Economic Planning. Taraba State</p>
<p>Expenditure</p>	<p>Expenditure</p>	<p>Taraba State total expenditure kept increasing between 2020 to 2024. The expenditure is anticipated to be 4.4% in 2025 and while it increases continuously to 2034. Although with all these increases throughout the period, the state is also trying to cut unnecessary expenses in its operations. Cost cutting measures could be employed to facilitate more savings that will bring about investment. By assumption a slower growth in expenditures or align expenditure growth more closely with revenue performance is needed because of the wide gap (deficit) created</p>	

		between revenues and expenditures which gave room for more borrowings even at the long run and this is not healthy for the State economy.	
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)		The State experienced an increase on personnel cost within 2021 to 2022 by more than 50%, thereafter, the state experienced a drop in Personnel Cost from 2023 and increase in 2025 to 2034. There was a sharp increase in 2032 and 2034 due to anticipated general employment in the State.	Debt Management Department, Ministry of Finance, Budget & Economic Planning. Taraba State
2. Overhead costs		Taraba State is expected to maintain Stability in its Overheads Expenditure from 2024 to 2034. Financial prudence is expected to come into play as Government will move from excess spending on recurrent and channels spendings to Capital Development.	Debt Management Department, Ministry of Finance, Budget & Economic Planning. Taraba State
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)		Projected debt will start yielding interest which are due for repayment.	Debt Management Department, Ministry of Finance, Budget & Economic Planning. Taraba State
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)		From 2025 to 2034, the State will experience an increase in Other Recurrent Expenditure within this periods, this could be due to average increase in IGR cost of collection and other sources of revenue to the State.	Debt Management Department, Ministry of Finance, Budget & Economic Planning. Taraba State
5. Capital Expenditure		The State from 2025 to 2034 had witnessed an increase in Capital Expenditure such as renovation and constructions of Primary Schools, Constructions of Township Roads etc. By projections, the state is envisaged to invest more on capital developmental projects and other development with higher returns on investment.	Debt Management Department, Ministry of Finance, Budget & Economic Planning. Taraba State
Closing Cash and Bank Balance	Closing Cash and Bank Balance		
Debt Amotizat ion and Interest	Debt Outstanding at end-2024		

Payments

External Debt - amortization and interest

Domestic Debt - amortization and interest

New debt issued/contracted from 2025 onwards

New External Financing

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

External Financing - Bilateral Loans

Other External Financing

New Domestic Financing

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

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

Insert the Borrowing Terms for New External Debt: interest rate (%), maturity (# years) and grace period (#)

Interest rate @ 3% with Loan periods of 17 years and a grace periods of 3 years.

Interest rate @ 5% with Loan periods of 14 years and a grace periods of 2 years.

Interest rate @ 4% with Loan periods of 10 years and a grace periods of 2 years.

Insert the Borrowing Terms for New Domestic Debt: interest rate (%), maturity (# years) and grace period (#)

Interest rate @ 36% with Loan maturity periods of 4 years and a grace period of 0 year.

Interest rate @ 34% with Loan maturity periods of 7 years and a grace periods of 1 year.

Interest rate @ 22% with Loan maturity periods of 3 years and a grace periods of 0 year.

Interest rate @ 20% with Loan maturity periods of 8 years and a grace periods of 2 years

Interest rate @ 15% with Loan maturity periods of 5 years and a grace periods of 1 year.

**Proceeds
from
Debt-
Creating
Borrowin
gs
correspo
nding 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)

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

Interest rate @ 36% with Loan maturity periods of 4 years and a grace period of 0 year.

Interest rate @ 34% with Loan maturity periods of 7 years and a grace periods of 1 year.

Interest rate @ 22% with Loan maturity periods of 3 years and a grace periods of 0 year.

Interest rate @ 20% with Loan maturity periods of 8 years and a grace periods of 2 years

Interest rate @ 15% with Loan maturity periods of 5 years and a grace periods of 1 year.

Interest rate @ 3% with Loan periods of 17 years and a grace periods of 3 years.

Interest rate @ 5% with Loan periods of 14 years and a grace periods of 2 years.

	<p>Other External Financing</p> <p>Interest rate @ 4% with Loan periods of 10 years and a grace periods of 2 years.</p>
<p>Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S2</p>	<p>Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S2</p> <p>New Domestic Financing in Million Naira</p>
	<p>Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)</p> <p>Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)</p> <p>State Bonds (maturity 1 to 5 years)</p> <p>State Bonds (maturity 6 years or longer)</p> <p>Other Domestic Financing</p> <p>Interest rate @ 36% with Loan maturity periods of 4 years and a grace period of 0 year.</p> <p>Interest rate @ 34% with Loan maturity periods of 7 years and a grace periods of 1 year.</p> <p>Interest rate @ 22% with Loan maturity periods of 3 years and a grace periods of 0 year.</p> <p>Interest rate @ 20% with Loan maturity periods of 8 years and a grace periods of 2 years</p> <p>Interest rate @ 15% with Loan maturity periods of 5 years and a grace periods of 1 year.</p>
	<p>New External Financing in Million US Dollar</p> <p>External Financing - Concessional Loans (e.g., World Bank, African Development Bank)</p> <p>Interest rate @ 3% with Loan periods of 17 years and a grace periods of 3 years.</p>

	<p>External Financing - Bilateral Loans</p> <p>Interest rate @ 5% with Loan periods of 14 years and a grace periods of 2 years.</p> <p>Other External Financing</p> <p>Interest rate @ 4% with Loan periods of 10 years and a grace periods of 2 years.</p>
<p>Proceeds from Debt- Creating Borrowin gs correspo nding to Debt Strategy S3</p>	<p>Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S3</p> <p>New Domestic Financing in Million Naira</p>
	<p>Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)</p> <p>Interest rate @ 36% with Loan maturity periods of 4 years and a grace period of 0 year.</p>
	<p>Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)</p> <p>Interest rate @ 34% with Loan maturity periods of 7 years and a grace periods of 1 year.</p>
	<p>State Bonds (maturity 1 to 5 years)</p> <p>Interest rate @ 22% with Loan maturity periods of 3 years and a grace periods of 0 year.</p> <p>State Bonds (maturity 6 years or longer)</p> <p>Interest rate @ 20% with Loan maturity periods of 8 years and a grace periods of 2 years</p>
	<p>Other Domestic Financing</p> <p>Interest rate @ 15% with Loan maturity periods of 5 years and a grace periods of 1 year.</p> <p>New External Financing in Million US Dollar</p> <p>External Financing - Concessional Loans (e.g.,</p> <p>Interest rate @ 3% with Loan periods of 17 years and a grace periods of 3 years.</p>

	<p>World Bank, African Development Bank - External Financing - Bilateral Loans Other External Financing</p> <p>Interest rate @ 5% with Loan periods of 14 years and a grace periods of 2 years.</p> <p>Interest rate @ 4% with Loan periods of 10 years and a grace periods of 2 years.</p>
<p>Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S4</p> <p>Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S4</p> <p>New Domestic Financing in Million Naira</p>	<p>Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF) Interest rate @ 36% with Loan maturity periods of 4 years and a grace period of 0 year.</p> <p>Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF) Interest rate @ 34% with Loan maturity periods of 7 years and a grace periods of 1 year.</p> <p>State Bonds (maturity 1 to 5 years) Interest rate @ 22% with Loan maturity periods of 3 years and a grace periods of 0 year.</p> <p>State Bonds (maturity 6 years or longer) Interest rate @ 20% with Loan maturity periods of 8 years and a grace periods of 2 years</p> <p>Other Domestic Financing Interest rate @ 15% with Loan maturity periods of 5 years and a grace periods of 1 year.</p> <p>New External Financing in Million US Dollar</p>

External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Interest rate @ 3% with Loan periods of 17 years and a grace periods of 3 years.
External Financing - Bilateral Loans	Interest rate @ 5% with Loan periods of 14 years and a grace periods of 2 years.
Other External Financing	Interest rate @ 4% with Loan periods of 10 years and a grace periods of 2 years.

Annex II. Historical and projections of the S1_Baseline Scenario

Indicator	Actuals					Projections									
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
BASELINE SCENARIO															
Economic Indicators															
State GDP (at current prices)	1,71	1,95	2,24	2,60	3,08	3,57	4,10	4,71	5,46	6,08	6,76	7,52	8,37	9,31	10,3
	3,61	6,05	8,11	4,28	2,72	7,98	3,86	6,38	5,83	1,42	6,34	8,40	6,28	9,66	69,2
	7.39	5.14	0.31	0.60	9.46	1.59	2.99	1.02	3.93	3.47	3.79	3.26	9.68	9.30	97.0
Exchange Rate NGN/US\$ (end-Period)	305.	306.	326.	379.	1,30	1,60	1,40	1,40	1,40	1,40	1,40	1,40	1,40	1,40	1,40
	80	50	00	00	0.00	2.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Fiscal Indicators (Million Naira)

	85,9	92,6	101,	114,	313,	483,	563,	690,	793,	1,04	1,17	1,55	1,74	2,51	2,92
Revenue	61.1	59.9	177.	863.	630.	784.	712.	548.	386.	0,08	8,07	4,52	6,91	5,11	7,39
	7	5	28	49	81	76	92	27	13	8.31	2.23	5.92	2.77	9.87	5.81
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	37,0	46,5	41,4	62,1	164,	170,	185,	202,	220,	240,	261,	285,	310,	338,	369,
	75,0	08.9	77.3	00.7	944.	090.	398.	084.	271.	096.	705.	258.	931.	915.	418.
1.a. of which Net Statutory Allocation ('net' means of deductions)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1.b. of which Deductions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. 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	13,2	18,1	23,4	32,1	55,6	70,8	77,2	84,2	91,7	100,	109,	118,	129,	141,	153,
	77,1	38.6	30.1	26.2	32.6	85.1	64.7	18.5	98.2	060.	065.	881.	580.	243.	954.
	1	6	4	1	5	0	6	9	6	10	51	41	74	00	87
5. IGR	8,11	9,76	9,74	10,4	16,0	50,0	54,5	59,4	64,7	70,6	76,9	83,9	91,4	99,7	108,
	4.97	9.76	4.33	28.1	59.7	37.3	40.7	49.4	99.8	31.8	88.7	17.7	70.3	02.6	675.
				8	6	9	5	2	7	6	2	1	0	3	86
6. Capital Receipts	27,4	18,2	26,5	10,2	76,9	192,	246,	344,	416,	629,	730,	1,06	1,21	1,93	2,29
	94,0	42.6	25.4	08.3	93.5	771.	508.	795.	516.	300.	312.	6,46	4,93	5,25	5,34
	2	2	3	1	0	97	97	97	12	00	98	8.33	0.00	8.65	7.07
6.a. Grants	7,47	5,88	7,32	10,2	12,3	28,4	30,9	33,7	36,8	40,1	43,7	47,6	51,9	56,6	61,7
	3.48	0.42	4.64	08.3	86.1	28.7	87.2	76.1	16.0	29.4	41.0	77.7	68.7	45.9	44.1
				1	4	1	9	5	0	4	9	9	9	8	2
6.b. Sales of Government Assets and Privatization Proceeds	0.00	0.00	0.00	0.00	0.00	630.	686.	748.	815.	889.	969.	1,05	1,15	1,25	1,36
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.)	20,0	12,3	19,2		64,6	163,	214,	310,	378,	588,	685,	1,01	1,16	1,87	2,23
	20.5	62.2	00.7	0.00	07.3	713.	834.	271.	884.	281.	602.	7,73	1,80	7,35	2,23
	4	0	9		6	26	98	32	25	26	55	3.97	9.54	7.35	4.66
Expenditure	78,7	96,3	117,	127,	337,	447,	563,	690,	793,	1,03	1,17	1,55	1,74	2,51	2,92
	62.9	55.6	823.	275.	520.	192.	606.	436.	268.	9,96	8,04	4,48	6,56	0,45	6,70
	8	6	97	58	18	69	20	22	48	4.77	2.52	9.72	9.76	9.67	6.10

1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	6,85 0.67	14,9 33.1	34,1 2	14,6 7	44,4 8	95,2 1	103, 26	113, 37	123, 28	134, 64	146, 95	159, 10	174, 10	189, 76	206, 51
2. Overhead costs	16,0 82.8	14,9 44.9	22,5 18.0	17,4 16.4	42,8 22.7	69,5 47.3	75,8 06.5	82,6 29.1	90,0 65.8	98,1 71.7	107, 007.	116, 637.	127, 135.	138, 577.	151, 049.
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	8 0.00	3 0.00	5 3,51	4 3,84	1 53.1	2 05.6	5 18.9	7 282.	7 080.	9 738.	9 640.	10 419.	11 630.	12 529.	13 802,
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted from FAAC Allocation)	4 0.00	7 0.00	4 4.72	7 1.76	4 53.1	4 1.76	7 4	7 98	9 69	8 80	9 42	10 36	11 02	12 29	13 79
3.b. of which Interest deducted from FAAC Allocation	0 0.00	0 0.00	0 4.72	0 1.76	0 53.1	0 4	0 0.00								
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)	33,0 80.7	18,1 37.5	17,8 89.3	31,0 46.7	0,00 0,00										
5. Capital Expenditure	12,9 99.7	19,8 51.2	29,1 59.3	52,6 04.7	224, 734.	266, 621.	290, 617.	316, 772.	345, 282.	376, 357.	410, 229.	447, 150.	487, 393.	531, 259.	579, 072.
6. Amortization (principal) payments	6 9,74	8 88.8	9 69.7	9 7,69	92, 97.6	12, 5,08	02, 62.3	55, 08.1	08, 13.6	08, 271.	47, 641.	64, 571.	84, 325.	29, 875.	62 1,07
	1 8.94	0 1	0 1.83	7 7	8.05 6		6 3	1 1	12 31	31 10	55 55	92 92			6.80
Budget Balance ('+' means surplus, '-' means deficit)	7,19 8.19	- 3,69	16,6 46.6	12,4 12.0	23,8 89.3	36,5 92.0	106. 72	112. 05	117. 65	123. 54	29,7 1	36,2 0	343. 01	4,66 0.20	689. 70
Opening Cash and Bank Balance	14,9 87.9	22,1 86.0	18,4 90.3	1,84 3.70	10,5 68.3	34,4 57.7	2,13 4.31	2,24 1.03	2,35 3.08	2,47 0.73	2,59 4.27	2,62 3.98	2,66 0.18	3,00 3.19	7,66 3.39
Closing Cash and Bank Balance	22,1 86.0	18,4 90.3	1,84 3.70	10,5 68.3	34,4 57.7	2,13 4.31	2,24 1.03	2,35 3.08	2,47 0.73	2,59 4.27	2,62 3.98	2,66 0.18	3,00 3.19	7,66 3.39	8,35 3.09

**Financing Needs and Sources (Million
Naira)**

	164	215	311	379	589	686	1,01	1,16	1,87	2,23
	,34	,52	,01	700.	170.	571.	8,79	2,96	8,61	3,60
	3.2	1.6	9.8	12	55	89	0.54	1.21	2.67	2.96
Financing Needs	6	8	2	12	55	89	0.54	1.21	2.67	2.96
i. Primary balance	-	-	-	-	-	-	-	-	-	-
ii. Debt service	111	122	133	144,	158,	172,	187,	204,	223,	243,
	,95	,03	,01	988.	037.	260.	763.	662.	082.	159.
	7.4	3.6	6.6	17	10	44	88	63	26	67
	7	4	7							
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)	15,	93,	177	234,	431,	514,	830,	957,	1,65	1,98
	793	381	,89	594.	009.	281.	990.	955.	0,87	9,75
	.72	.33	1.1	30	92	73	46	57	0.20	3.58
			1							
Amortizations	5,0	27,	65,	86,5	175,	199,	344,	428,	847,	1,07
	88.	662	608	13.6	271.	641.	571.	325.	875.	3,64
	05	.36	.13	1	12	31	10	55	92	6.80
Interests	10,	65,	112	148,	255,	314,	486,	529,	802,	916,
	705	718	,28	080.	738.	640.	419.	630.	994.	106.
	.67	.97	2.9	8	69	80	42	36	02	79
Financing Sources	36,	106	112	117.	123.	29.7	36.2	343.	4,66	689.
i. Financing Sources Other than Borrowing	592	.72	.05	65	54	1	0	01	0.20	70
	.07									
	164	215	311	379	589	686	1,01	1,16	1,87	2,23
	,34	,52	,01	700.	170.	571.	8,79	2,96	8,61	3,60
	3.2	1.6	9.8	12	55	89	0.54	1.21	2.67	2.96
	6	8	2	12	55	89	0.54	1.21	2.67	2.96
	630	686	748	815.	889.	969.	1,05	1,15	1,25	1,36
	.00	.70	.50	87	30	33	6.57	1.66	5.31	8.29

ii. Gross Borrowings	163 ,71 3.2 6	214 ,83 4.9 8	310 ,27 1.3 2	378, 884. 25	588, 281. 26	685, 602. 55	1,01 7,73 3.97	1,16 1,80 9.54	1,87 7,35 7.35	2,23 2,23 4.66
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	93,3 25.1 2	116, 731. 38	357, 0.00 15		612, 0.00 18		1,08 0.00 5.54			1,28 5,98 0.95
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	50,2 51.9 9	7,24 8.24 0.40	1,32 0.00 0.00		0.00 0.00 9.10		4,09 0.00 0.00			55,6 45.1 0
State Bonds (maturity 1 to 5 years)	0.00	0.00	0.00	0.00	0.00	73.4 0	0.00	0.00	630. 87	714, 0.00
State Bonds (maturity 6 years or longer)	20,1 36.1 4		280, 950. 92	21,7 04.1 0	566, 857. 86		12,1 0.00 0	34.0	0.00	12,1 34.0 0
Other Domestic Financing			62,8 55.3 6		21,4 23.4 0	17,4 70.9 7	985, 634. 87		1,05 1,08 1.38	871, 119. 71
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)			28,0 00.0 0	28,0 00.0 0		25,2 00.0 0	28,0 00.0 0		56,0 0.00 0	0.00 0.00 0
External Financing - Bilateral Loans			0.00	0.00	0.00	0.00	0.00	0.00	0.00	25,2 0.00 0
Other External Financing			0.00	0.00	0.00	0.00	0.00	0.00	0.00	43,4 0.00 0
Residual Financing			0.00	0.00	0.00	0.00	0.00	0.00	0.00	42,0 0.00 0

Debt Stocks and Flows (Million Naira)

Debt (stock)	112 ,40 4.3 4	100 ,40 1.2 9	101 ,11 9.8 6	90, 208 9.9 .55	120 ,70 9.9 0	288 ,49 0.8 2	469 ,99 7.3 0	714 ,66 0.4 9	1,00 7,03 1.13	1,42 0,04 1.27	1,90 6,00 2.51	2,57 9,16 5.37	3,31 2,64 9.36	4,34 2,13 0.80	5,50 0,71 8.67
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	6,3	7,2	15,	8,8	39,	44,	64,	88,	84,8	81,6	102,	125,	187,	236,	291,							
	59.	16.	149	78.	322	802	195	981	19.5	09.1	830.	076.	306.	980.	648.							
External	08	29	.22	99	.15	.71	.02	.86	0	4	78	41	05	41	20							
	106	93,	85,	81,	81,	243	405	625	922,	1,33	1,80	2,45	3,12	4,10	5,20							
	,04					,68	,80	,67														
	5.2	184	970	329	387	8.1	2.2	8.6	211.	8,43	3,17	4,08	5,34	5,15	9,07							
Domestic	6	.99	.64	.56	.75	0	7	3	63	2.13	1.73	8.96	3.31	0.39	0.47							
Gross borrowing (flow)						163	214	310	,71	,83	,27	378,	588,	685,	1,01	1,16	1,87	2,23				
						3.2	4.9	1.3	25	26	55	884.	281.	602.	7,73	1,80	7,35	2,23				
									6	8	2											
External									0.0	28,	28,					25,2	28,0	68,6	56,0	63,0		
									0	000	000	0.00	0.00	00.0	00.0	00.0	00.0	00.0	00.0			
									0	.00	.00					0	0	0	0			
Domestic									163	186	282					378,	588,	660,	989,	1,09	1,82	2,16
									,71	,83	,27	884.	281.	402.	733.	3,20	1,35	9,23				
									3.2	4.9	1.3					25	26	55	97	9.54	7.35	4.66
									6	8	2											
Amortizations (flow)						33,	27,	19,	3,0	3,6	5,0	27,	65,	86,5	175,	199,	344,	428,	847,	1,07		
						525	872	854	57.	23.	88.	662	608	13.6	271.	641.	571.	325.	875.	3,64		
						.93	.75	.58	77	43	05	.36	.13	1	12	31	10	55	92	6.80		
External						276	789	307	665	1,6	3,6	2,9	3,2	4,16	3,21	3,97	5,75	6,37	6,32	8,33		
						.19	.26	.86	.67	81.	75.	41.	13.	2.36	0.36	8.36	4.36	0.36	5.64	2.21		
Domestic						33,	27,	19,	2,3	1,9	1,4	24,	62,	82,3	172,	195,	338,	421,	841,	1,06		
						249	083	546	92.	42.	12.	720	394	51.2	060.	662.	816.	955.	550.	5,31		
						.74	.48	.73	10	38	90	.81	.97	5	76	95	74	19	27	4.59		
Interests (flow)						5,3	6,0	8,2	7,5	10,	10,	65,	112	148,	255,	314,	486,	529,	802,	916,		
						29.	53.	11.	43.	648	705	718	,28	080.	738.	640.	419.	630.	994.	106.		
						45	67	30	69	.76	.67	.97	2.9	8	69	80	42	36	02	29	79	
External						46.	61.	20.	123	686	1,0	1,1	2,1	3,09	3,14	3,08	3,55	4,27	7,73	9,45		
						71	17	01	.02	.44	55.	03.	17.	8.99	1.75	4.04	0.12	0.12	3.78	2.34		

	5,2	5,9	8,1	7,4	9,9	9,6	64,	110	144,	252,	311,	482,	525,	795,	906,
	82.	92.	91.	20.	62.	50.	615	,16	981.	597.	556.	869.	359.	260.	654.
Domestic	74	51	28	67	32	45	.79	5.6	70	04	39	25	90	51	45
							6								
							158	187	244						
							,62	,17	,66	292,	413,	485,	673,	733,	1,02
Net borrowing (gross borrowing minus amortizations)							5.2	2.6	3.1	370.	010.	961.	162.	483.	9,48
							1	2	9	64	14	24	87	99	8,58
External							3,6	25,	24,	-	-	21,2	22,2	62,2	49,6
							75.	058	786	4,16	3,21	21.6	45.6	29.6	54,6
							15	,45	,84	2.36	0.36	4	4	4	67.7
							162	162	219						
							,30	,11	,87	296,	416,	464,	650,	671,	979,
Domestic							0.3	4.1	6.3	533.	220.	739.	917.	254.	1,10
							6	7	5	00	50	60	23	35	3,92

Debt and Debt-Service Indicators

Debt Stock as % of SGDP	6.56	5.13	4.50	3.46	3.92	8.06	5	11.4	15.1	18.4	23.3	28.1	34.2	39.5	46.5	53.0
Debt Stock as % of Revenue (including grants and excluding other capital receipts)	170.	125.	123.	78.5	48.4	90.3	134.	188.	243.	314.	387.	481.	567.	682.	792.	
	46	04	35	4	7	1	98	30	43	92	79	43	28	18	85	
Debt Service as % of SGDP							0.44	2.28	3.77	4.29	7.09	7.60	4	4	1	9
Debt Service as % of Revenue (including grants and excluding other capital receipts)								26.8	46.8	56.7	95.5	104.	155.	164.	259.	286.
								4.94	2	7	1	9	64	11	05	79
Interest as % of SGDP							0.30	1.60	2.38	2.71	4.21	4.65	6.46	6.32	8.62	8.83
Interest as % of Revenue (including grants and excluding other capital receipts)								3.35	7	8	0	2	64.0	90.7	90.7	126.
																132.
Personnel Cost as % of Revenue (including grants and excluding other capital receipts)							29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8
							1	1	1	1	1	1	1	1	1	1

Adverse Shock Scenario is defined by
the worst performance indicator
measured in year 2029

	His tor ica l											
For Debt Stock as % of SGDP the adverse shock is: Historical		8.06	17.4 0	38.7 2	82.5 5	171. 59	346. 91	691. 60	1362. .41	2668. .12	5199. .62	
Debt Stock as % of SGDP												
For Debt Stock as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Historical	His tor ica l											
Debt Stock as % of Revenue (including grants and excluding other capital receipts)		90.3 1	158. 23	283. 61	483. 48	798. 78	1276. .86	2003. .61	3094. .90	4737. .20	7195. .74	
For Debt Service as % of SGDP the adverse shock is: Historical	His tor ica l											
Debt Service as % of SGDP		0.44	2.24	4.09	5.81	11.0 2	17.0 4	34.3 5	63.5 8	125. 83	239. 36	
For Debt Service as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue	Re ve nu e											
Debt Service as % of Revenue (including grants and excluding other capital receipts)		4.94	29.8 0	52.9 0	64.6 3	108. 63	119. 48	183. 57	194. 81	302. 01	333. 77	
For Interest as % of SGDP the adverse shock is: Historical	His tor ica l											

Interest as % of SGDP	0.30	1.58	2.74	4.27	8.34	14.4 3	27.6 1	50.6 7	98.1 3	187. 48
For Interest as % of Revenue (including grants and excluding other capital receipts) the adverse shock is:	Re ve nu e									
Revenue										
Interest as % of Revenue (including grants and excluding other capital receipts)	3.35	20.9 7	33.6 9	41.4 0	65.4 4	74.3 5	104. 89	105. 56	145. 73	153. 03



Sarah Enoch Adi, PhD
Hon. Commissioner of Finance,
Budget & Economic Planning