



**BORNO STATE
GOVERNMENT NIGERIA**

**BORNO STATE DEBT SUSTAINABILITY ANALYSIS
SECOND DRAFT REPORT**

**DEVELOPED BY BORNO STATE DEBT
MANAGEMENT OFFICE**

AND

DEBT MANAGEMENT OFFICE ABUJA

IN

COLLABORATION WITH WORLD BANK

UNDER THE AUSPICES OF

STATE ACTION BUSINESS ENABLING REFORM

(SABER.)

NOVEMBER 2025

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CHAPTER ONE

INTRODUCTION

Public debt management is the process of establishing and executing a strategy for managing the government's debt and sustaining its repayment capacity, raising the required amount of funding, pursue its cost and risk objectives, identify and meet any other public debt management goals the government may have set. The main objective of public debt management is to minimize long-term financing costs, maintain risks at prudent levels, provide the Government's budget funding requirements at the medium to lowest long term cost relative to general level of interest rates, and at an examined degree of risk consistent with prudent fiscal and monetary policies frameworks. Two methodologies are considered for effective and efficient public debt management, and they are.

1- Debt Sustainability Analysis

2- Debt Management Strategy (**MEDIUM TERM DEBT STRATEGY MTDS**)

Debt Sustainability Analysis is a methodology used in ascertaining the sustainability of debt service in the medium and long term given current and proposed level of debt requirements for a state's development plan. A State's Public Debt is considered sustainable if the Government can meet all its current and future payment obligations without exceptional financial assistance i.e. extreme financing need or additional borrowing. Furthermore, Debt Sustainability Analysis (DSA) assesses how a State's current level of debts and prospective borrowing affects its present ability to meet debt service obligations. It is acknowledged that a key factor for achieving both domestic and external public debt sustainability is macroeconomic stability. Debt sustainability is aimed at determining the extent of robustness of the state's current and future revenues in meeting these Debt service obligations. Conducting a periodic Debt Sustainability Analysis (DSA) is the best practice for states to identify risks and vulnerabilities associated with the debt profile and is a key tool for public debt management.

The debt management strategy is a rolling, medium-term plan outlining how the government will meet the debt management objectives. A DMS is a plan that the government intends to implement over the medium term to

achieve a desired composition of the government debt portfolio, which reflects the government's preferences regarding the prevalent cost and risk. Those preferences capture the government's debt management objectives, for example, ensuring that the government's financing needs and payment obligations are met at the lowest possible cost, consistent with a prudent degree of risk. An effective DMS has a strong focus on managing costs and risk exposures embedded in the debt portfolio—specifically, potential variations in the overall cost of debt servicing and its impact on the budget. Developing a strategy essentially means identifying the preferred composition of the debt, e.g. domestic versus external, commercial bank loan or CBN intervention loan, issuing bonds in the capital market or commercial bank loans, short term or long-term loans, fixed versus variable interest rate, etc. The composition will define the degree of risk exposure of debt; a sound debt management strategy cannot be designed in isolation. Identifying constraints and options related to macroeconomic policies and the domestic financial markets is a precondition for strategy development.

The conduct of the DSA and DMS involves several steps including, the preparation of baseline assumptions for macroeconomic and debt variables; Subjecting these assumptions to shock checks; projecting the evolution of key debt burden ratios over the medium to long term; and comparing the projections to specific thresholds to assess the risk of debt distress. Emphasis is placed on key debt burden indicators, such as the size of debt relative to Gross Domestic Product (GDP), as well as the share of Internally Generated Revenue (IGR) needed to meet debt service obligations. The DSA-DMS exercise also identifies risks and vulnerabilities associated with the debt portfolio and proposes remedial measures for interventions to mitigate such risks and vulnerabilities.

Understanding the relationship between Medium-Term Debt Strategy (MTDS) and Debt Sustainability Analysis (DSA) is important for effective debt management. While the Medium-Term Debt Strategy (MTDS) analyses the government's capacity to borrow, Debt Sustainability Analysis focuses on the capacity of the government to repay its debts. The MTDS relates to the borrowing and financing policy of the government (i.e., domestic or external borrowing, selection of currencies, interest rates, maturities, credits/investors, and the cost and risks of the debt portfolio, etc.), while

DSA is concerned about fiscal policy (i.e., selection of government spending and revenue sources, and the economic and budget impact of tax and spending measures).

Borno State Debt Sustainability Analysis and Debt Management Strategy 2025

Borno State DSA-DMS report is a product of the toolkit developed by Debt Management Office Abuja, reviewed by the World Bank technical team aim at determining the extent of robustness of the state's current and future revenues generation in meeting present and future debt service obligations. Borno State Debt Sustainability Analysis and Debt Management Strategy (DSA-DMS) in the medium term 2026-2028, is formulated to give guidance on the borrowing activities of the State Government and ascertaining the capacity of the state regarding sustainability of its public debt and future debt service obligation over the medium to long term. The formulation and implementation of a DSA-DMS is one of the best practices in public debt management and public finance management.

2025 DSA DMS exercise which covers the period (2026-2028 medium term) and (2029-2034 long term) has been developed based on a few considerations, which include including: the content of 2026-2028 Medium-Term Expenditure Framework (MTEF); the content of 2025 State Budget and the 2024 Audited Financial Statement (AFS) all aimed at meeting Government's financing needs at minimal cost with prudent level of risk.

The Borno State DSA analyzes trends and patterns in its state's public finances during the period 2020-2024 (Historical) and evaluates the debt sustainability in 2026-2028 (Medium Term). The analysis highlights recent trends in revenue, expenditure, and public debt, and the related policies adopted by the State. A debt sustainability assessment was conducted, including scenario and sensitivity analysis, to evaluate the prospective performance of the State's public finances. Borno State Debt Sustainability Analysis (DSA-DMS) report for the period (2025-2034) indicate an increase in public expenditure (capital and recurrent), through concerted efforts toward increase in revenue generation as well as overall appraisal of debt status for the period stated. The analysis portrays immediate past trends in revenue, expenditure, and public debt, and the similar activity adopted by the Borno State Government. A debt sustainability assessment was

conducted to reasonably forecast the evolution of future trends in Borno State's public finances.

2026-2028 DSA-DMS exercise evolved from a several virtual Workshop organized by the Debt Management Office (DMO) Abuja, in which the relevant Ministries, Departments and Agencies (MDAs) of the Borno State Government namely: Ministry of Finance and Economic Development, Ministry of Budget and Planning; and Office of the State Accountant-General (AGBOS) ; Borno State Debt Management Office were involved. The staff of the World Bank and DMO Abuja provided technical assistance. It is also part of the requirement in meeting the Eligibility Criteria under Disbursement Linked Indicator 7.2 in State Fiscal Transparency, Accountability and Sustainability (SFTAS) which qualify the state to, State Action on Business Enabling Reform (SABER) program.

CHAPTER TWO

BORNO STATE FISCAL AND DEBT FRAMEWORK

The Borno State 2025 Budget was prepared amidst a challenging global and domestic factors, the resulting global economic recession, the war in the Middle East and the Russian Ukraine war, low oil prices and heightened global economic uncertainty, persistent internal insecurity and environmental disaster like the 2024 flood, the continuous effect of inflation on purchasing power of the citizenry, all have had negative implications for our economy. Although the fiscal policy of Borno State Government focuses mainly on expanding the revenue base of the state, through programmed that will improve the independent revenue base of the state to reduce the state overdependence on FAAC Allocations, the main driver of state budget is the aggregate FAAC Allocation and Grant by international donor organizations. There is a significant improvement in IGR generation by the State International Revenue Service due to its robustness, complete automation and control of identified leakage areas, efforts and strategies on control and enforcement of spending limits are in place that will ensure a sound budgeting system and fiscal consolidation over the medium term appropriately based on both revenue and expenditure measures. This will intensify and promote macro-economic policy objectives of the state in generating employment opportunities, maintaining price stability, infrastructure development etc, for rapid growth and development of the state. Policies for growth and development are subject to change periodically; however, these objectives have remained relatively constant. The basic policy direction of the State Government was to ensure effective and efficient implementation of the Twenty-Five (25) years Development Framework and Ten (10) Years Strategic Transformation Plan Ten (10) pact which include human capital development, the reconstruction and rehabilitation of basic infrastructure and social services in terms of road networks, housing and electricity, water and sanitation, security, education development, health care facilities and development in the agriculture sector etc. Already the Government has put in place a harmonized revenue law to expand the tax net and boost internally generated revenue. The increase in IGR is expected to positively impact on the debt status of the state.

Accordingly, the Borno State Government has carried out series of reforms to strengthen transparency and accountability in governance and public financial management, reduce corruption, re-engineer her business processes and procedures for efficient and effective service delivery (performance and outcome). Specifically, over the last six years the Borno State Government has initiated and enacted some reform-oriented laws, such as:

- Borno State Public Procurement Law 2019 (Amended 2020)
- Borno State Fiscal Responsibility Law 2020
- Borno State Internal Revenue Law 2020
- Borno State Audit Law 2021 for State
- Borno State Audit Law for 2021 for LGAs
- Borno State Debt Management Law

Other significant government policies/programmed aimed at strengthening public financial management include.

(I) Automation of the Borno State's accounting system (implementation of Borno State Integrated Financial Management Information System – (BO SIFMIS)).

(ii) Adoption and implementation of International Public Sector Accounting Standard (IPSAS) in the last ten years.

(iii) Also, Borno State is in the process of migrating from the cash bases of accounting to the accrual bases of accounting.

To reduce her reliance on FAAC allocation, grants and borrowing, the State Government has demonstrated great commitment to boosting domestic resources, particularly the agriculture sector. The state is investing in agriculture through supply of improved seedlings to farmers, soft loans to farmers through micro-finance bank and supply of farming equipment to boost local production for the state to take comparative advantage in the economy.

Furthermore, the State Government's stance on prudent expenditure management has resulted in significant reduction in government expenditure. Some of the measures taken by the State Government to curtail fraud and wastages include.

- a - computerization of the payroll system (Integrated Payroll and Personnel information system),
- b - Periodic conduct/update of biometric exercise on pensioners and civil servants has significantly reduced payroll fraud.
- C - The implementation of Treasury Single Account (TSA).

These laws and policies are some of the reform measures introduced by the State Government towards improving the State's fiscal variables.

Borno State 2025 Approved Budget and Medium-Term Expenditure Framework (M-TEF) 2026-2028

The Economic and Fiscal Update (EFU) provides economic and fiscal analyses which form the basis for budget planning process. It is aimed primarily at policy makers and implementers in Borno State Government to provide an assessment of budget performance (both historical and current) and identifies significant factors affecting implementation.

On the other hand, Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS) are two key elements in Medium Term Expenditure Framework (M-TEF) and annual budget process and as such, they determine the resources available to fund Government project and programmed from a fiscally sustainable perspective. The analysis report uses last year's (2024) MTEF because of delay in preparing the 2025 MTEF, but all current macroeconomic variables are reflected. The 2025 budget as stated earlier, was prepared amidst a challenging global and domestic economic environment due to the war in Ukraine and Middle East in the international scene, which contributed significant slowdown in global economic growth in 2025. In the domestic scene, an elevated inflation which complicated trade off which CBN battles between price pressures and safeguarding growth, high-interest rate caused by upward review of lending rate, as a result of tightened policies by CBN Monetary Policy Committee, the effect of fuel subsidy removal, the flood disaster which become a recurrent decimal etc.

Based on the fiscal assumptions and parameters, the 2025 budget is funded by the traditional revenue sources (Statutory allocation, Internally Generated Revenue, Value Added Tax, and other FAAC transfers (exchange rate gain, augmentation etc, domestic and foreign grants). Borno State total revenue available to fund the 2025 budget is estimated at N 615,858 billion,

this include Statutory Gross FAAC Allocation N311,704 billion which represents 50.6% of the estimated revenue, Internally Generated Revenue N30,092. Billion which constitute 4.9% of the total projected revenue, Capital Receipt and Loan of N274,062 billion which represents 44.5% of the projected revenue. The table below show.

TABLE 1 PROPOSED REVENUE				
	2025	2026	2027	2028
Total Revenue	615,858	949,595	1,082,463	1,231,373
Gross FAAC Allocation	311,704	781,174	884,192	1,016,983
IGR	30,092	30,092	33,101	36,411
Grants	105,240	138,330	165,171	177,979
Loans	168,822			

Source: 2025 DSA-DMS Template

The proposed expenditure in 2025 Budget totaling N615,858 billion, which comprises of N67,866 billion on personnel cost which constitutes 11.02% of the estimated expenditure, N150,898 on Overhead cost which constitute 24.5%, N23,416 billion on other recurrent cost which constitute 3.80% of the estimated expenditure and capital expenditure of N373,679 billion which constitute 60.7% of the estimated expenditure. The table below show.

TABLE 2 PROPOSED EXPENDITURE				
	2025	2026	2027	2028
Total Expenditure	615,858	949,595	1,082,463	1,231,373
Personnel	67,866	87,954	100,023	102,299
Overhead Costs	150,898	81,096	91,096	100,100
Other Recurrent Expenditures	23,416	34,471	37,918	41,710
Capital Expenditure	373,679	746,075	853,427	987,265

Source: 2025 DSA-DMS Template

Overhead Cost is mainly operational and maintenance cost for running day to day activities of the government. Overhead allocations are transferred to MDAs monthly subject to warrants and availability of funds. Borno State government, going forward, will reduce overhead expenditure to bring cost of governance not more than necessary.

The key targets of the Borno State Government from a fiscal perspective are to:

- 1 Create efficiencies in personnel and overhead expenditure to allow greater resources for capital development.
- 2 Grow IGR by a minimum of 2.5% every year from 2026 – 2028.
- 3 Ensure loans are used only for capital projects.
- 4 Achieve long term target of funding all recurrent expenditure with revenue of a recurrent nature (IGR, VAT and non-mineral component of statutory allocation);
- 5 Target sources of capital receipts and financing outside of loans (e.g. Public Private Partnership etc.).
- 6 Give priority to the completion of ongoing capital projects before new projects are commenced and
- 7 Grow the State economy through targeted spending in areas of comparative advantage.
- 8 To improve the state public financial management, to entrench transparency, accountability and sustainability which is a continuity of SFTAS ideals.
- 9 Diversify the internal revenue base and review revenue projections to reflect current realities.

Medium Term Budget Policy Objectives and Targets

The overall medium-term policy objectives are:

- 1- Borno State's policy direction focuses mainly on diversifying the revenue base of the state, through intensifying efforts to improve the independent revenue base of the state to reduce the state's overdependence on FAAC allocations, Donor Partner grants and assisted projects.
- 2- Effort and strategies on control and enforcement of spending limits that will ensure a sound budgeting system is being put in place. This will also include aggregate fiscal discipline, allocative efficiency and effective spending.
- 3- Pursuit of initiatives that would continue to generate economic growth and guarantee security. This would involve implementation of programs that

generate employment and create wealth and ensure adequate security, grow the economy through targeted spending in areas of comparative advantage. Furthermore, Borno State Government as priority area is to broaden governance reforms particularly in policy and strategy, public expenditure and financial management, and public service management. As part of this process, the government has introduced the Borno State Integrated Financial Management Information System (BOSIFMIS) as part of the State Medium Term Development Plan and Medium-Term Sector Strategy for the key sectors.

CHAPTER THREE

BORNO STATE REVENUE, EXPENDITURE AND PUBLIC DEBT SERVICE (2020-2024)

Revenue, Expenditure and Overall Primary Balance

The aggregate revenue receipt of Borno State in the last five years was significant. During the period under review (2020 and 2024), the State witnessed growth in Gross FAAC Allocation and capital receipts respectively. IGR performance also improved relatively. Borno State Government revenue largely depends on Capital Receipt like Grant and Aid, the State's share of the Statutory Allocation from Federation Account, Value Added Tax and to some extent Internally Generated Revenue are contributing to the revenue base of the state. Other sources of income like excess crude oil, ecological funds, exchange rate gains and stabilization funds are irregular inflow. The bulk of the expenditure was in capital project, then personal cost and overhead cost.

Revenue Performance

Total revenue of Borno State in 2024 stood at N 445,707.3 billion, when compared with N 211,237.4 billion in 2023, there was an increase of N 230,850 billion which represent 111.%.

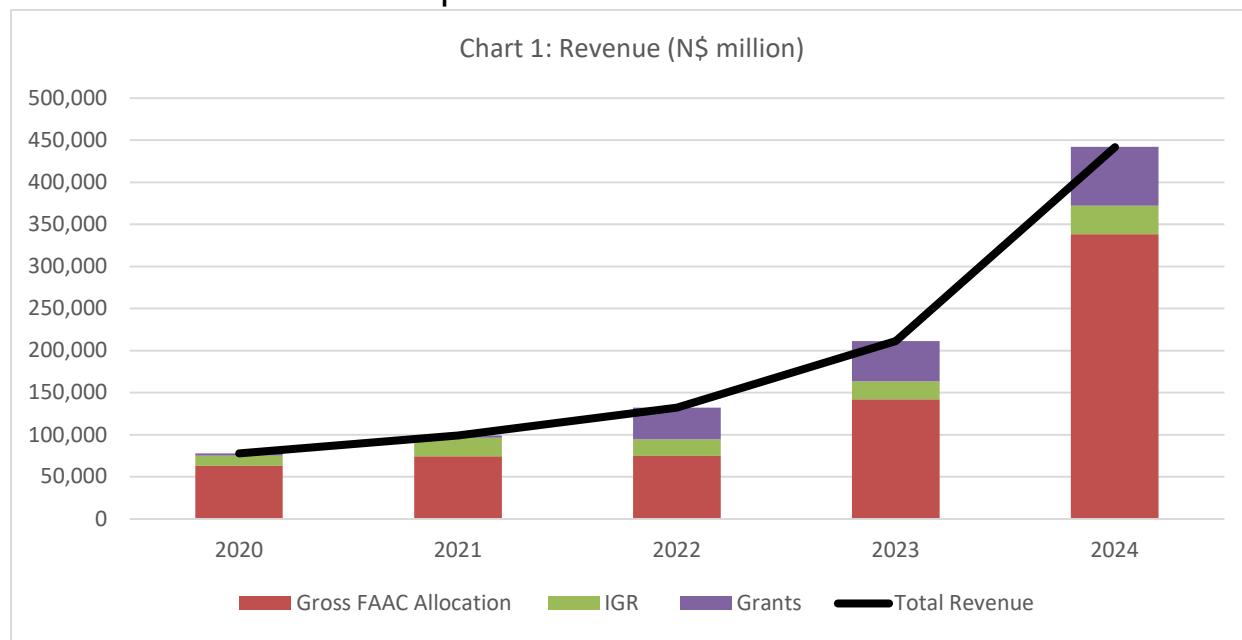
Due to an increase inflow of financial resources to the real sector of the economy and effective implementation of economic policies and programmed based on the ten (10) pact agenda for resuscitation of post insurgency Borno State, the revenue performance shows improvement from 2020 to 2024. Although the huge revenue recorded in 2022, 2023 and 2024 was mainly driven by the large amount of grants received during the year, IGR mobilization and FAAC allocation show significant improvement also.

FAAC Allocation in the last five years 2020-2024 (Charts 1)

The monthly subvention from the Federation Account Allocation Committee to all the states of the Federation is part of state revenue. The Gross FAAC allocation which comprises of statutory allocation, VAT, derivations, exchange rate gain, augmentation etc. increases from N63,045.2 billion in 2020 to N338,250.2 billion in 2024 which shows a difference of N 275,205.00 billion or an increase of 436.5%.

IGR Trend in the last five years 2020-2024 (Chart 1)

The Internally Generated Revenue (IGR) in Borno State shows a significant performance during the period under review, the IGR increase from N12,206 billion in 2020 to N33,975 billion in 2024 with a slight decline of N19,739.2 billion in 2022. There was an increase of N21,769 or an increase of %178.4 between 2020 and 2024. The improvement in IGR generation was mainly because of continuous effective and efficient tax administration reform. The reform includes legal, institutional and operational frameworks. Several reforms were instituted to strengthen IGR collection, specifically, as a foundation for other reforms, new revenue administration was passed to consolidate state revenue code covering all the state IGR sources. Collection was thereafter enhanced with improvement on all electronic platforms and payment gateways used by the State Internal Revenue Service. Revenue sources were expanded to include the introduction of Land Charge and effort were made to block all revenue leakages through automation system. The table and the chart below show the revenue trend for the period under review:



Source: 2025 DSA-DMS Template

TABLE 3 REVENUE PERFORMANCE IN THE LAST FIVE YEARS					
	2020	2021	2022	2023	2024
Total Revenue	77,923	99,144	132,151	211,237	442,087
Gross FAAC Allocation	63,045	74,416	74,874	142,197	338,250
IGR	12,206	21,885	19,739	21,315	33,975
Grants	2,672	2,844	37,537	47,725	69,862

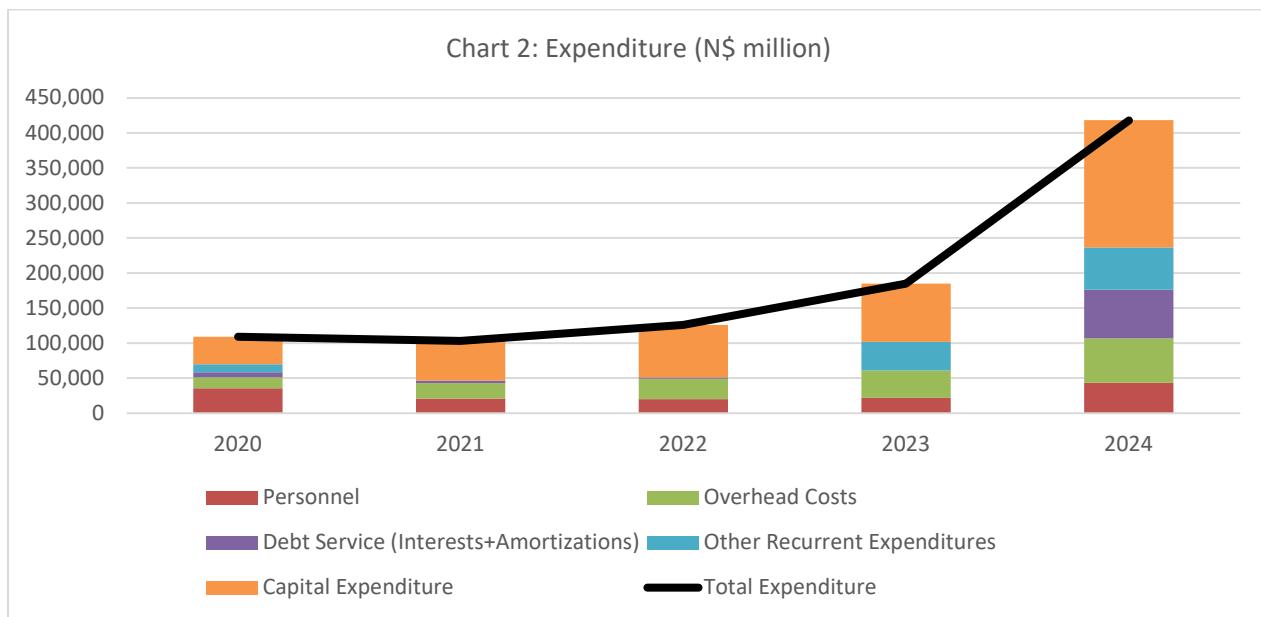
Source: 2025 DSA-DMS Template

Expenditure Performance

Aggregate (Total) expenditure in the last five years 2020-2024 and it composition (Chart 2)

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 infrastructure 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. In 2024 Borno State total expenditure amounted N417,979 billion compared to N108,862 billion as at end December 2020, which represent a growth of N309,117 billion or 283.95 % percent. The personnel cost stood at N35,457 billion in 2020, and N20,489 billion in 2021, N 20,010.0 in 2022 and N21,800 in 2023 and N 43,164 in 2024 respectively. The overhead cost stood at N15,676 in 2020, N21,829 in 2021, N29,105 in 2022, N38,998 billion in 2023 compared to N 63.456 in 2024 there was a significant increase. Capital expenditure amounted to N39,209 billion in 2020, N56,613 billion in 2021, N75,066 billion in 2022, N82,926 billion in 2023 and N 181,791 in 2024 respectively. During the period, the bulk of expenditure went to capital spending, while recurrent expenditure personnel costs, overheads, debt charges and non-debt service expenditure also took substantial amount of the spending. Worthy to note is that personal cost expenditure drastically drops in 2021, 2022 and 2023 due to verification and biometric data capturing exercise conducted by Borno State Government on serving and retired civil servants, which resulted in flushing out ghost workers and pensioners thereby reducing the personnel cost significantly within that period. But the personnel cost increases in 2024 due implementation of the new minimum wage of seventy thousand Naira, which was implemented in the state. Also, overhead cost increases due to

the activities of various committees set up by the State Government on relocation of IDPs to their respective villages and Local Government Areas within those periods, and due to the increased cost of repairs and maintenance of Government public facilities and infrastructures which includes repairs/maintenance of roads, renovation/rehabilitation of Schools, Hospitals, Purchase of drugs, medical equipment, improved welfare package for frontline medical personnel and establishment/equipment of the Security agencies across the State.



Source: 2025 DSA-DMS Template

TABLE 4 EXPENDITURE PERFORMANCE IN THE LAST FIVE YEARS					
	2020	2021	2022	2023	2024
Total Expenditure	108,862	103,031	125,869	184,740	417,979
Personnel	35,457	20,849	20,010	21,800	43,164
Overhead Costs	15,676	21,829	29,105	38,998	63,456
Debt Service (Interests+Amortizations)	6,992	3,741	1,689	0	69,255
Other Recurrent Expenditures	11,527	0	0	41,016	60,313
Capital Expenditure	39,209	56,613	75,066	82,926	181,791

Source: 2025 DSA-DMS Template

Main expenditure variations in the last five years by economic classification.

Capital Expenditures: There was an increase in Borno state capital expenditure from N39,209 billion in 2020 to N181,791 billion in 2024. The capital expenditure shows a significant variation; this is largely due to aggressive reconstruction and rehabilitation of basic infrastructures and social services rendered in the state arising from destruction of these facilities by Boko haram.

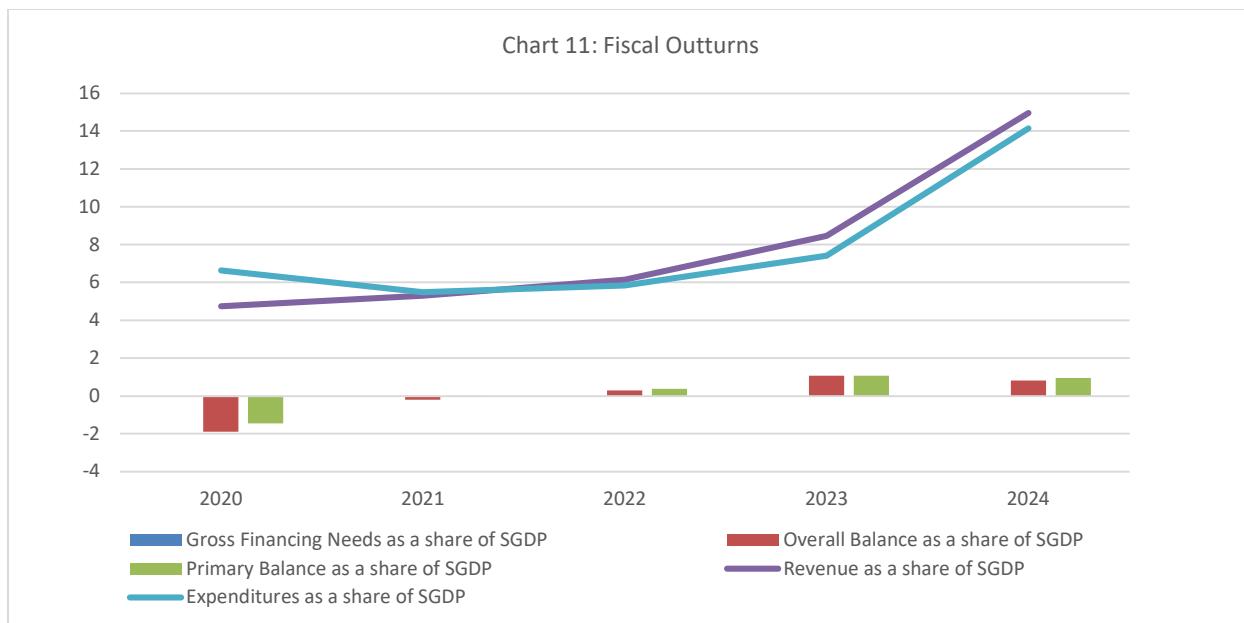
Overhead Costs: Overhead Costs increased from N15,676 billion in 2020 to N63,456 billion IN 2024. Overhead cost increases due to the activities of various committees set up by the State Government on relocation of IDPs to their respective villages and Local Government Areas.

Personnel Cost: The Personnel cost increased from N35,457 billion in 2020 to N43,164 billion in 2024, this is due to the implementation of the new minimum wage, yearly promotion of staff and employment of medical personnel.

The variations in other recurrent expenditure and debt service were also significant. (Chart 2).

Overall and primary balance trend in the last five years.

Borno State has a positive overall primary balance to SGDP in 2022, 2023 and 2024, negative balance in 2020 and 2021 as compared to SGDP. The balance shows -N30,939 billion in 2020, -N3,886.7 billion in 2021, N6,281.2 billion in 2022 and 26,497.8 billion in 2023 and 24,108.5 billion in 2024.



Source: 2025 DSA-DMS Template

TABLE 5 FISCAL OUTTURN					
	2020	2021	2022	2023	2024
Gross Financing Needs as a share of SGDP	0	0	0	0	0
Overall Balance as a share of SGDP	-2	0	0	1	1
Primary Balance as a share of SGDP	-1	0	0	1	1
Revenue as a share of SGDP	5	5	6	8	15
Expenditures as a share of SGDP	7	5	6	7	14

Source: 2025 DSA-DMS Template

Existing Public Debt Portfolio

Public debts are explicit financial commitment (loans and securities) that have paper contract agreement the government promises to repay. Subnational Debt Management is the process of establishing and executing a process and strategy for managing the government's debt to raise the required amount of funding at the lowest possible cost over the medium to long term, consistent with a prudent degree of risk. In a wider macroeconomic context for public policy, governments should seek to ensure that both the level and rate of growth in their public debt are on a sustainable path and that the debt can be serviced under a wide range of circumstances, including economic and financial market stress, while meeting cost and risk objectives.

Every government confronts policy preference concerning debt management objectives, particularly its preferred risk tolerance, the parts of the government balance sheet that debt managers should be responsible for, the management of contingent liabilities, and the establishment of sound governance for public debt management. Poorly structured debt portfolios, in terms of maturity, currency, or interest rate composition and large contingent liabilities, have been a factor in inducing or causing inability to carry out debt service obligation and causing debt distress and crises.

Sound risk management practices are essential, given that a government's debt portfolio is usually one of the largest financial portfolios in a State and can contain complex and risky financial structures, which have the potential to generate substantial risk to the government's balance sheet and overall financial stability. Debt crises have highlighted the importance of sound debt management practices.

Borno State composition of domestic debt portfolio as of Dec. 2024

BORNO STATE DOMESTIC DEBT STOCK OUTSTANDING BALANCES AS AT DEC 2024	
DEBT CATEGORY	ENDING BAL
BUDGET SUPPORT FACILITY (NETTED OFF)	-
SALARY BAILOUT 1 & 2 (NETTED OFF)	-
EXCESS CRUDE ACCOUNT (NETTED OFF)	-
GRATUITY LOAN (ZENITH BANK)	2,908,509,224.84
HUMANITARIAN CRISIS LOAN (ZENITH BANK)	3,325,959,914.86
ACCELERATED AGRIC DEV. SCHEME	61,581,412.04
FAMILY HOMES FUNDS	4,617,496,551.49
HEALTHCARE PROJECT LOAN (ACCESS BANK)	1,486,819,742.39
BRIDGING FINANCE FACILITY (NETTED OFF)	-
DIFFERENTIATED CASH RESERVED REQUIREMENT	7,830,359,058.03
MICRO SMALL & MEDIUM ENTERPRISES DEV. FUND	1,333,333,333.33
CONTRACTORS' ARREARS (2019-2024)	4,078,622,942.27
GRATUITY/PENSION ARREARS	2,073,441,422.94
SALARY ARREARS AND OTHER STAFF CLAIMS	198,835,010.72
TOTAL	27,914,958,612.91

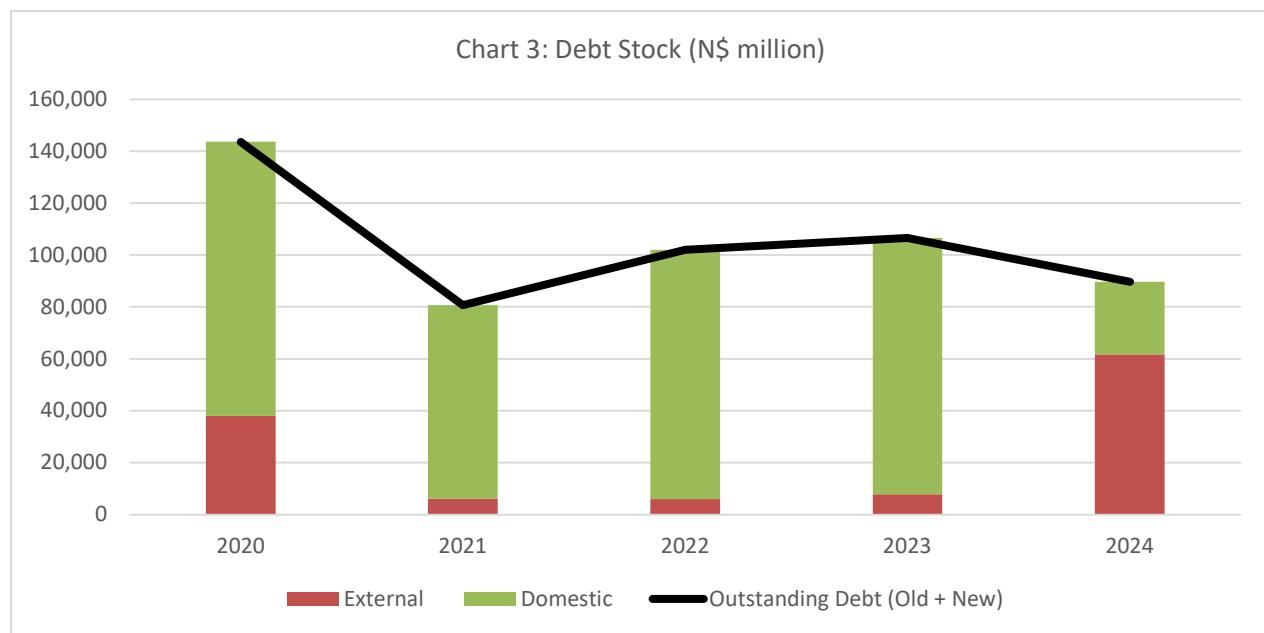
Source: BOSG Q4 2024 Debt Stock Report

Borno State has a domestic debt that stands at N27,915 billion which represents 30.6 percent of the total debt portfolio of the State Debt profile, while External debts stand at N 61,711.00 which represent 69.4 percent of the total debt profile of the State. The external debt rises because of the implementation of a floating exchange rate and Naira devaluation by the

CBN that increases in the cost of servicing foreign debts. Borno State public debt stood at N 89,626.00 billion in total as of end-2024 and the domestic debt decreased rapidly since the netting off of four (4) CBN intervention loan facilities, namely

- (i) Salary Bailout 1 and 2 Loan,
- (ii) Budget Support Facility
- (iii) Excess Crude Account Loan.
- (iv) Bridging Finance Facility

Accordingly, after the net-off, the Federal Government will take over the servicing of these loans until final liquidation. Borno State total percentage of revenue to its public debt stock is about 20% as at the end of 2024.



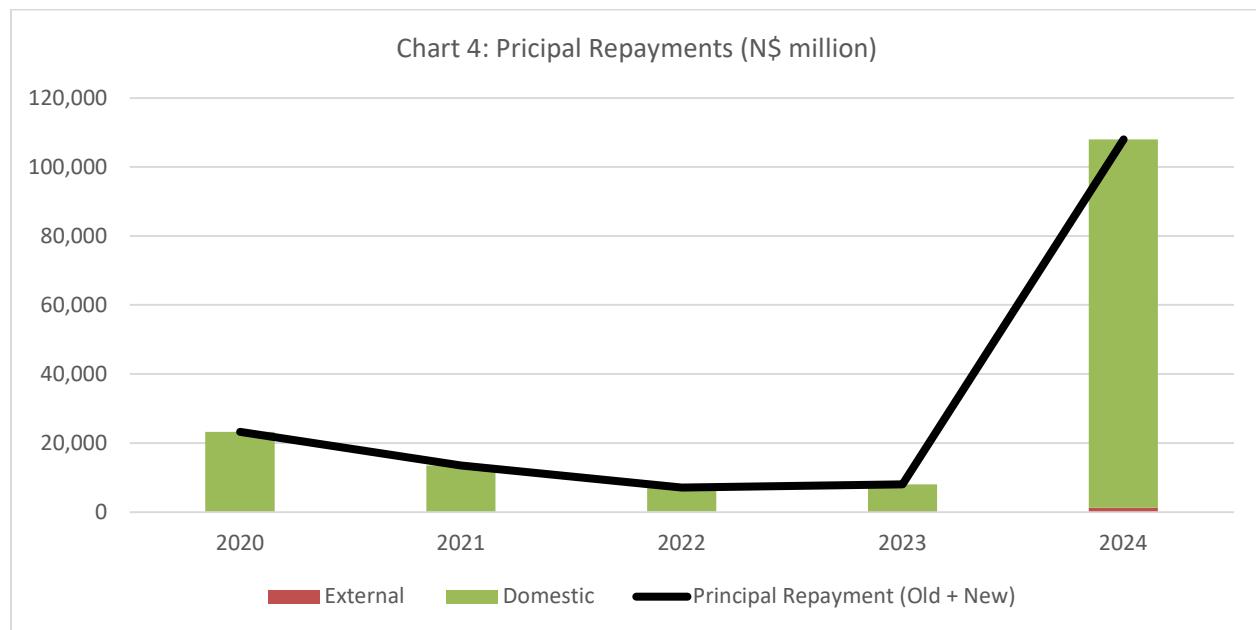
Source: 2025 DSA-DMS Template

TABLE -6 PUBLIC DEBT STOCK					
	2020	2021	2022	2023	2024
Outstanding Debt (Old + New)	143,633	80,715	102,036	106,541	91,147
External	38,011	6,082	5,901	7,770	63,232
Domestic	105,622	74,633	96,136	98,771	27,915

Source: 2025 DSA-DMS Template

Debt Service

The composition of debt service is Principal Repayment and Interest Charges. The actual principal repayment is N23,236 in 2020, N13,505 in 2021, N7,113 in 2022, N80,41 in 2023 and N 108,004 in 2024 for both internal and external loans respectively.

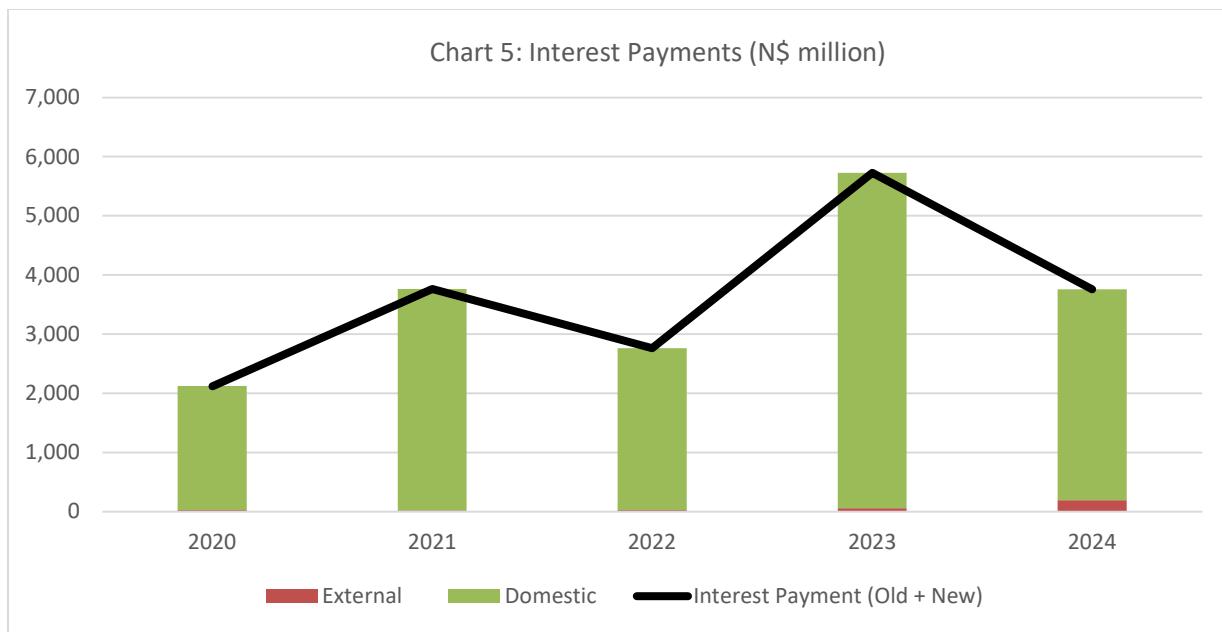


Source: 2025 DSA-DMS Template

TABLE -7 PRINCIPLE REPAYMENT OF INTERNAL AND EXTERNAL LOAN					
	2020	2021	2022	2023	2024
Principal Repayment (Old + New)	23,236	13,505	7,113	8,041	108,004
External	94	77	91	258	1,251
Domestic	23,142	13,428	7,022	7,783	106,753

Source: 2025 DSA-DMS Template

Interest Payment amounted to N2,123 million in 2020 N3,761 million in 2021, N2,760 in 2022, N5,729 in 2023 and N3,757 in 2024 for both internal and external loan respectively.



Source: 2025 DSA-DMS Template

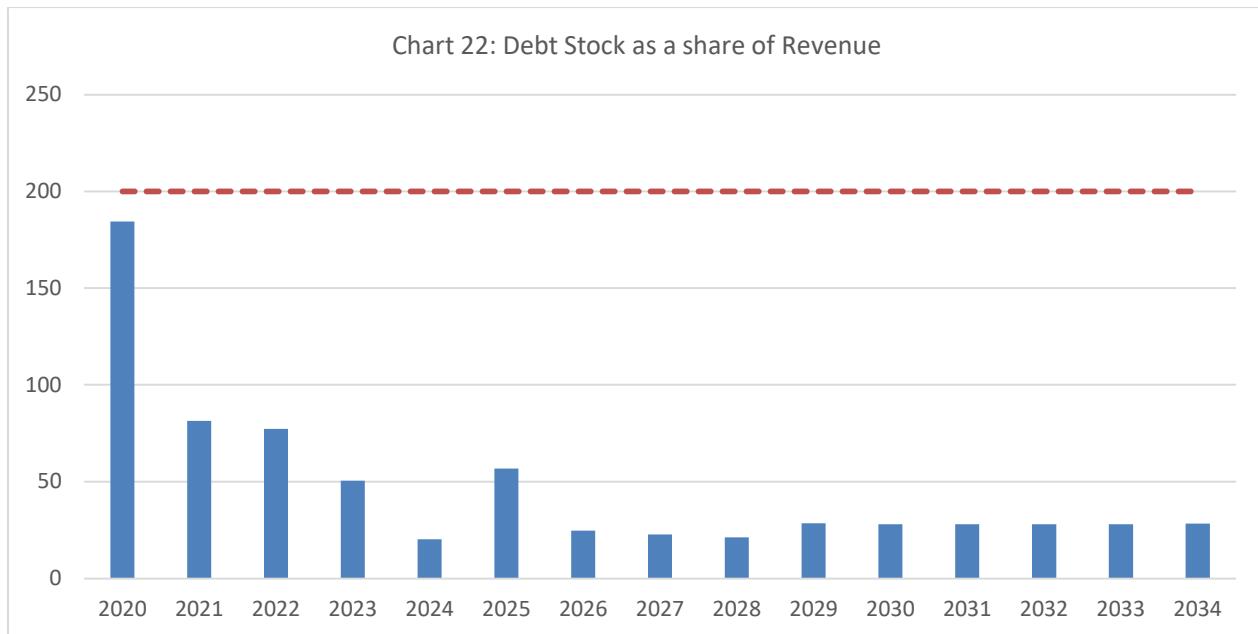
TABLE - 8 INTEREST PAYMENT OF INTERNAL AND EXTERNAL LOAN					
	2020	2021	2022	2023	2024
Interest Payment (Old + New)	2,123	3,761	2,760	5,729	3,757
External	25	20	24	56	191
Domestic	2,098	3,741	2,736	5,673	3,566

Source: 2025 DSA-DMS Template

Cost and risk exposure of existing public debt portfolio as at end 2024

Borno State holds a low-cost, low-risk debt portfolio. The average debt portfolio showed the interest payments represented just 16 percent of total expenditure. Furthermore, the debt portfolio is narrowly exposed to currency, interest rate, and rollover risks. Exposure to currency fluctuations is high because the foreign currency denominated liabilities constitute 69 percent of the total debt stock. All external loans are fixed-rate obligations, and they are not affected by changes in interest rates because of potential CBN monetary policy on Forex thus, the domestic loans are also potentially affected by CBN monetary policy on Forex. As these loans have maturities running from 5 to 30 years and include financing from the Federal Government and multilateral organizations, rollover risk associated with potential deterioration of domestic financial conditions is negligible. The chart below depicts the State Debt Stock as a share of revenue which is

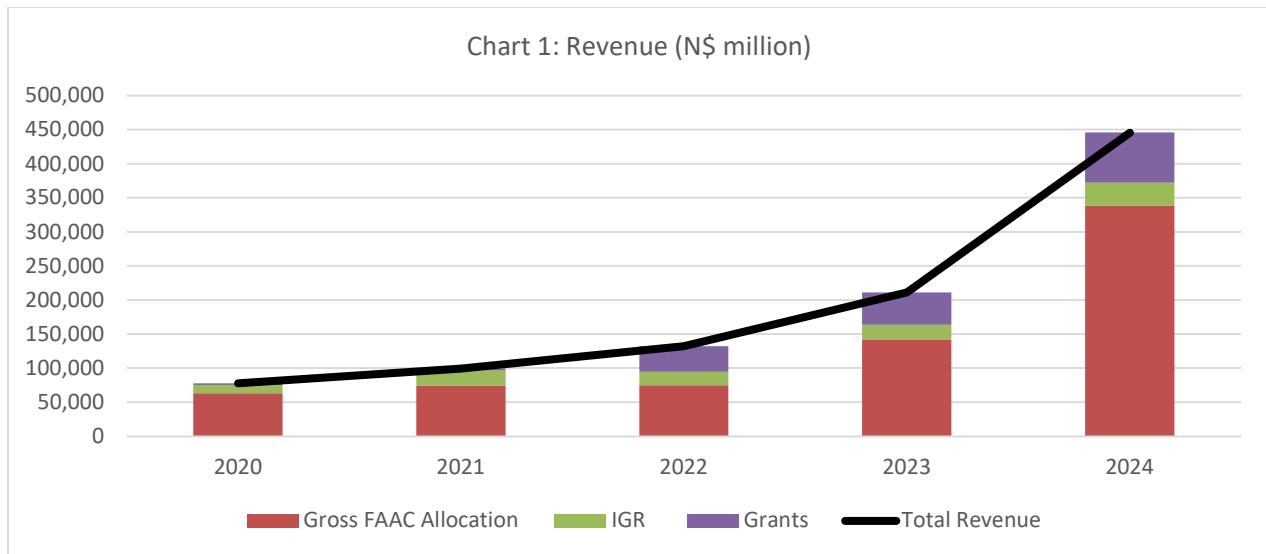
below the prescribed threshold of 200, ranging from 5 years historical period up to the 10 years projected period, indicating that the state debt stock is within the debt carrying capacity in the period stated. Cautionary measures on reducing the cost of running government, prudent management of scarce Government resources, enhanced revenue optimization, cutting down unnecessary overhead spending etc. must be monitor and effectively adhered to limit set out.



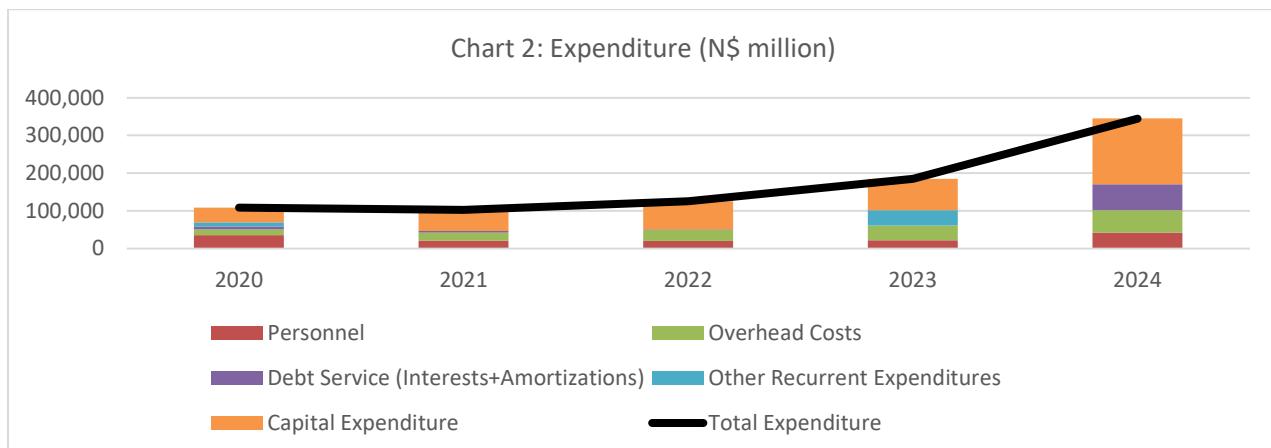
Source: 2025 DSA-DMS Template

TABLE 9 DEBT STOCK AS A SHARE OF REVENUE															
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Debt as % of Revenue	184	81	77	50	20	57	25	23	21	29	28	28	28	28	28
Threshold	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200

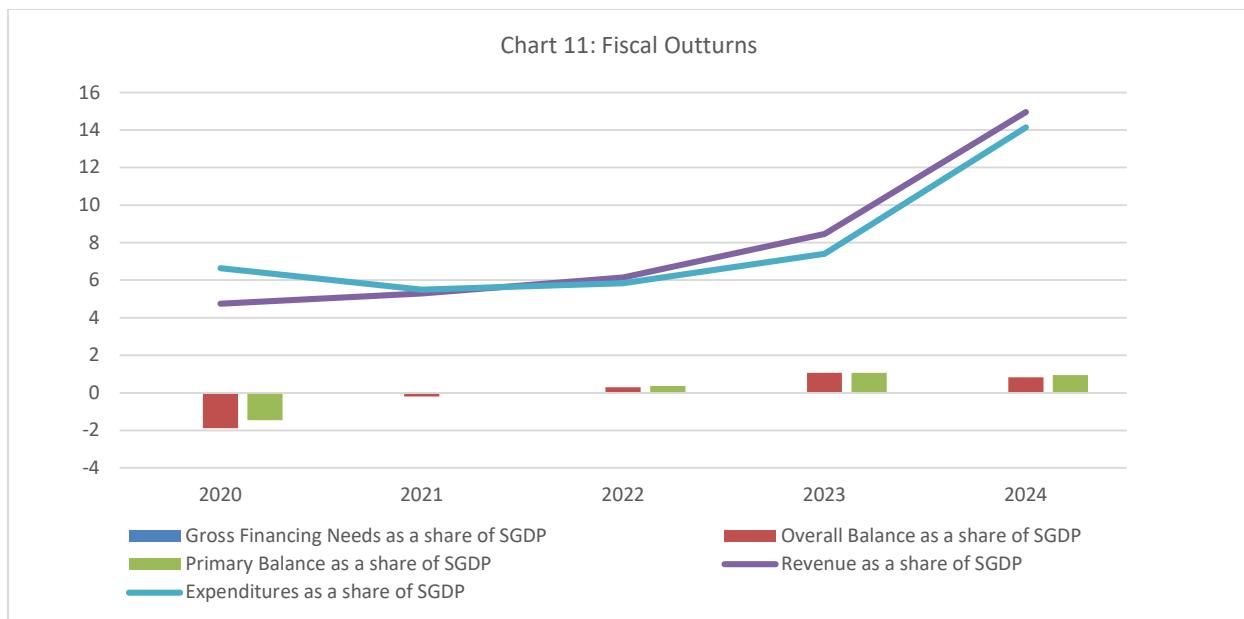
Source: 2025 DSA-DMS Template



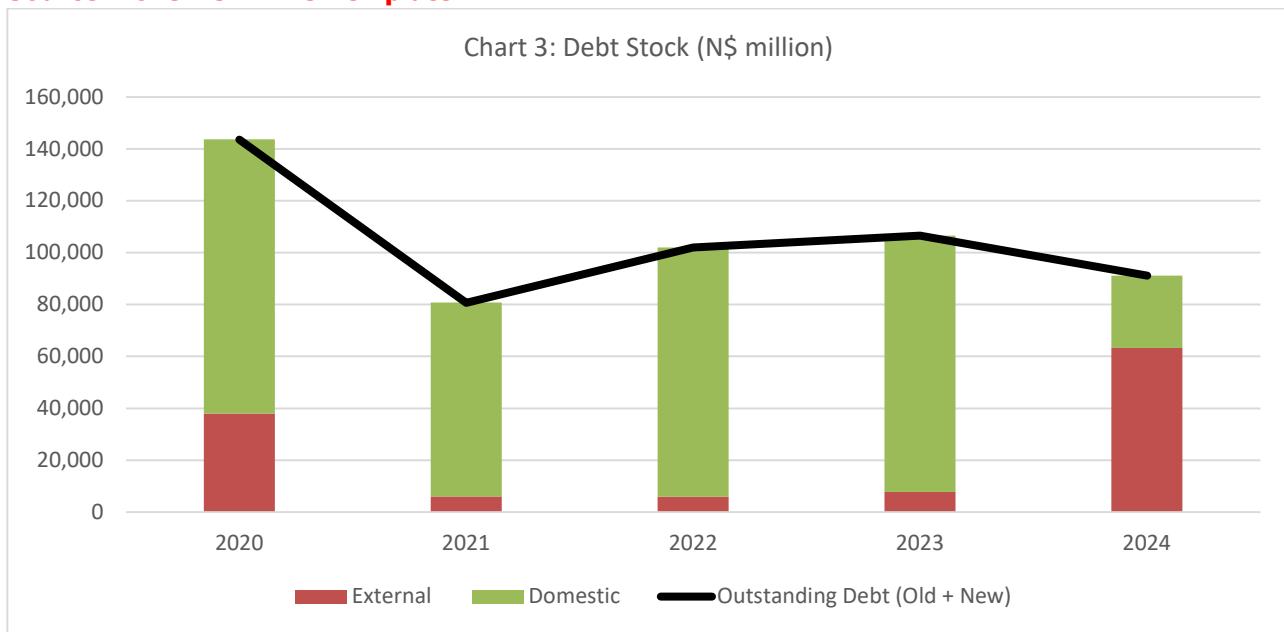
Source: 2025 DSA-DMS Template



Source: 2025 DSA-DMS Template



Source: 2025 DSA-DMS Template



Source: 2025 DSA-DMS Template

CHAPTER FOUR

Debt Sustainability Analysis

Debt Sustainability Analysis is a methodology used in ascertaining the sustainability of debt service in the medium and long term given current and proposed level of debt requirements for a state's development plan. A debt sustainability analysis (DSA) assesses how a state current level of debt and prospective borrowing affects its present capacity to meet future debt service obligations. The concept of debt sustainability refers to the ability of the Government to honor its future financial obligation. A key factor for achieving public debt and external debt sustainability is macro-economic stability. Since policies and institutions governing spending and taxation largely determine such obligations, debt sustainability ultimately refers to the ability of Government to maintain a sound fiscal policy over time without having to introduce major budgetary or debt adjustment 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. The government should endeavor to strike a balance between revenue and expenditure, so that any new loan incurred will not have negative impact on the state to avoid any type of financial crisis.

Debt Sustainability Analysis Threshold Indices

TABLE 10 - DEBT BURDEN THRESHOLD	
Debt burden portfolio	Threshold
Debt as % of SGDP	25
Debt as % of Revenue	200
Debt Service as % of Revenue	40
Personnel Cost as % of Revenue	60

Source: 2025 DSA-DMS Template

The above table shows the limit or the threshold for each debt burden portfolio.

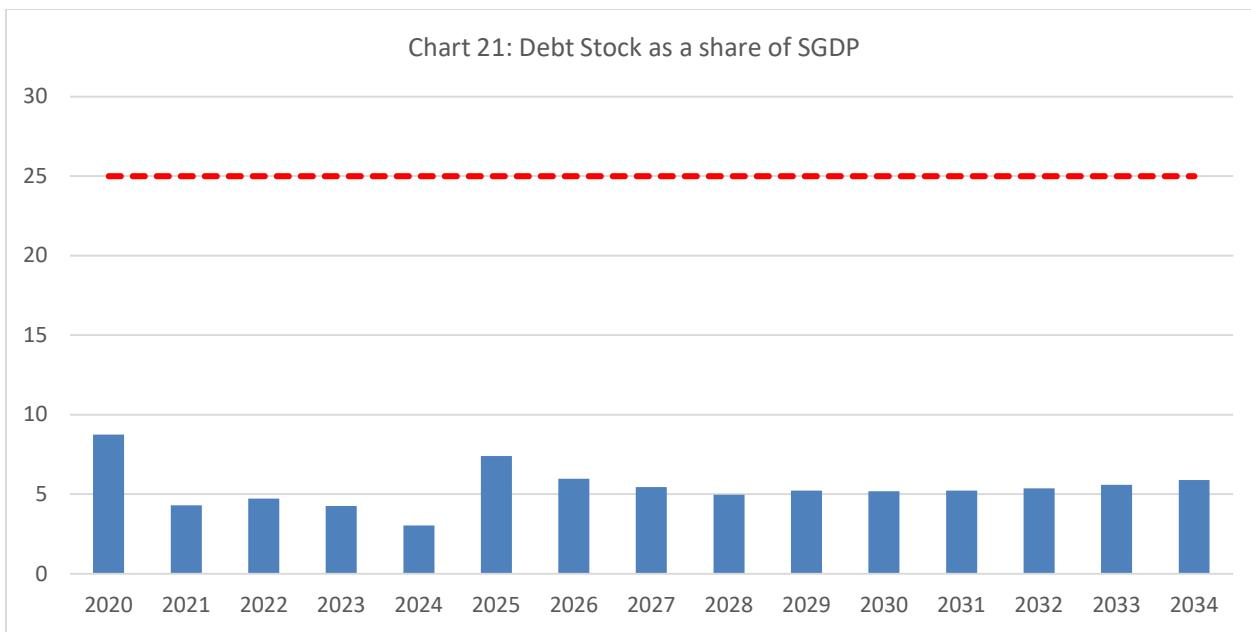
Borno State Debt Sustainability Analysis and Threshold Indices

Borno State Debt burden indicators show that the Debt as percentage of SGDP stood at 3 percent in 2024 against the State Debt threshold of 25 percent. Debt as percentage of Revenue stood at 20 percent as against threshold of 200 percent in 2024, Debt service as percentage of Revenue remained at 25 percent which is within the threshold of 40 percent. The Personnel Cost as at the end of December 2023 was 9 percent compared to the threshold of 60 percent. Details of the debt burden indicators

TABLE 11 - Borno State Debt Burden and threshold		
Debt burden indicators	State position as at Dec 2023	Threshold
Debt as % of SGDP	3	25
Debt as % of Revenue	20	200
Debt Service as % of Revenue	25	40
Personnel Cost as % of Revenue	9	60

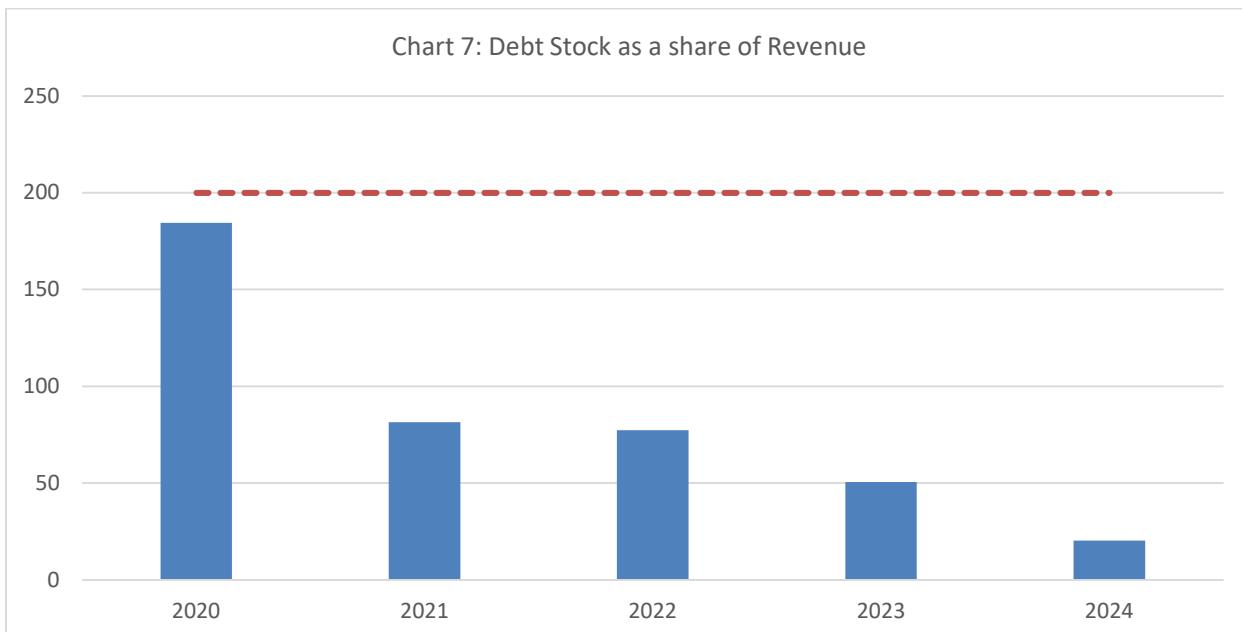
Source: 2025 DSA-DMS Template

Chart 21 shows the debt as a percentage of State GDP (with an indicative threshold of 25%) for the projected period of 10 years. The sustainability position of the state total debt portfolio to GDP in the fiscal block shows a horizontal trend from 2025 to 2034 at 7 percent and below. The ratio has not increased beyond 7 percent throughout the projected period. Based on this, the State GDP has not shown growth and can also accommodate the state debt stock with minimal effect on the state economy.



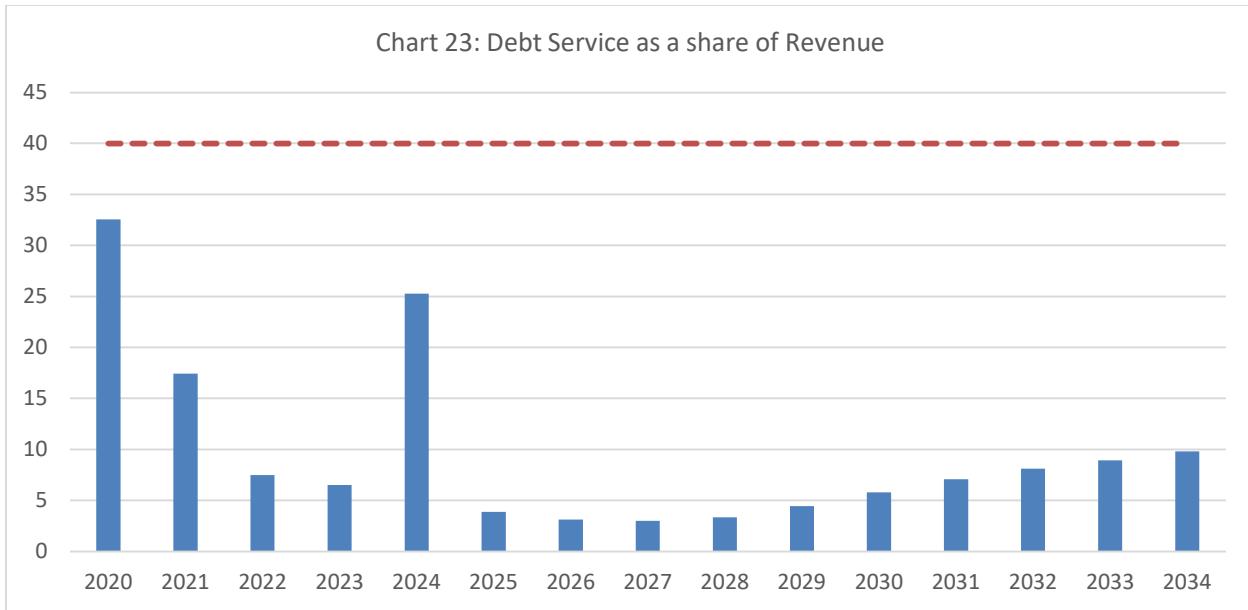
Source 2025 DSA-DMS Template

Chart 7 shows the debt stock as a percentage of revenue, in 2020 the debt to revenue ratio rise to the peak at 184 percent because of increased borrowing and depressed revenue caused by impact of COVID-19. The baseline sees debt to revenue ratio dropping to 77 in 2022 and the trend decreases relatively in the historical period of 2023, 2024, it remains within the threshold.



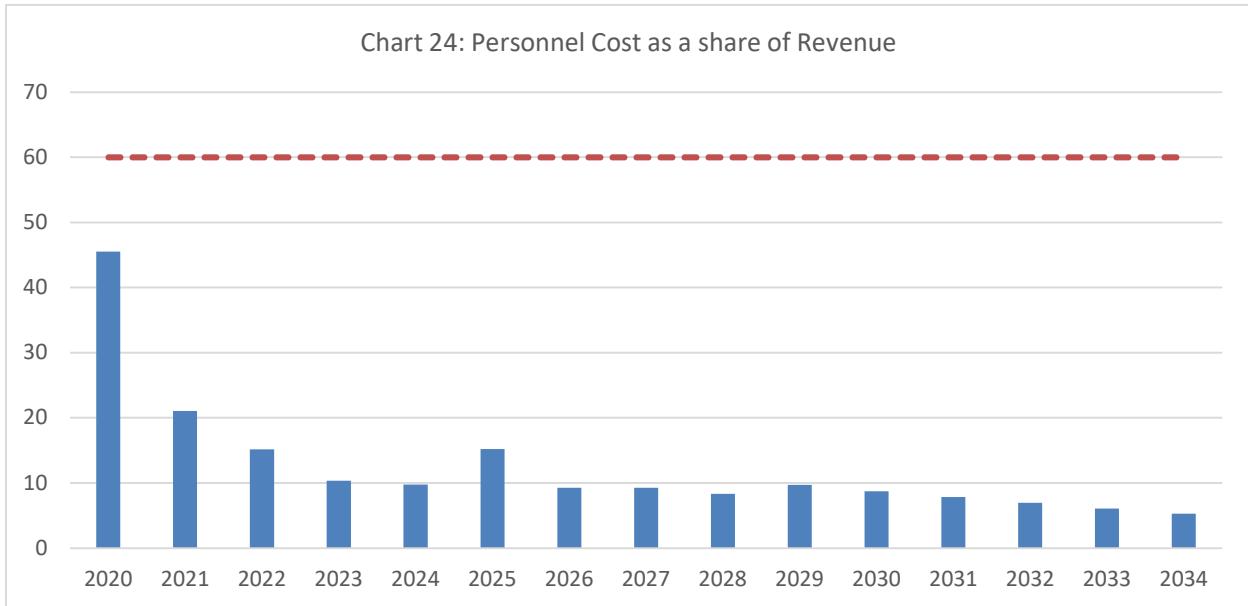
Source: 2025 DSA-DMS Template

Chart 23 shows debt service as a percentage of revenue, debt service decreases in the medium-term because of the effect of the netting-off. It was below the 40% threshold; it consistently remains below the threshold of 40% within the medium-term to long term.



Source: 2025 DSA-DMS Template

Chart 24 Shows personnel cost as a percentage of revenue, it consistently remains below the threshold of 60% up to 2034.



Source: 2025 DSA-DMS Template

External debt service as a percentage of revenue, the maximum exposure of the Borno State revenue to external debt shows that it increases as a result of effect of the exchange rate and currency devaluation, and the trend in the baseline projected period shows sign of continues increase.

Medium Term Budget Forecast

Borno State Medium Term Budget Forecast and Debt Sustainability Analysis were predicated based on state government continuous effort to expand the tax net or grow the IGR by 2.5% annually, high expectation of inflow from statutory allocation and other FAAC transfer and restrict expenditure to essential services necessitated by the implementation of capital project in the medium term. The economy is expected to gradually grow from 2025-2029 with real GDP expanding at an annual average of 4 percent, domestic inflation decreasing below 8.12 percent. The moderate recovery will be supported by economic growth through diversification and an increase in VAT shares. The Tax administration reforms adopted by the State Government will also strengthen resources provided by IGR. To mitigate and fulfilled the financing need of the State Government in the Medium-Term, borrowing terms for new domestic debt (issued/contracted from 2026-2029 onwards) shall be at 35% interest rates with maturity periods of 5 and 7 years respectively. borrowing terms for new External Debt (issued/contracted from 2026-2029 onwards) is 2% with 30 years maturity period.

Macro-Economic Outlook

The Macroeconomic framework is based on IMF's national real GDP growth and inflation forecasts from the June 2025 IMF World Economic Outlook document, and mineral benchmarks are based on a thorough analysis of the current outlook for crude oil prices, production and mineral ratio. The current NGN: USD exchange rate has been adopted throughout the period.

Borno State medium-term debt sustainability is predicated on overdependence on Federal transfers like statutory allocation, other FAAC transfers (exchange rate gain, augmentation, others) and VAT, also through

improved independent revenue generation achievable via a technological-driven and autonomous Board of Internal Revenue that would strengthen IGR to sustain its debt service. Pursuing initiative that would continue to generate economic growth and guarantee security. This would involve implementation of programmed that generate employment, create wealth and boost economic activities, ensure adequate security to have conducive atmosphere for IGR generation.

The state medium term debt sustainability is predicated upon gradual recovery of the Nigerian economy that will increase FAAC statutory Allocation, with the new tax regime on VAT in 2025, resuscitation of Warri and Port Harcourt refinery as well as coming up of new refinery (Dangote Refinery) in Lagos at the national level, an anticipated moderate recovery will be supported by moderate oil prices in the global markets, an increase on domestic production, prudent fiscal policy and stabilization of exchange rate relevant for international public financial transactions at its current level, Oil and Gas revenue as well as shared resources such as custom duties and VAT would then increase relatively to the depressed levels observed before, thus improving the State's revenue position.

TABLE - 12 MACRO ECONOMIC FRAMEWORK

ITEM	2026	2027	2028
NATIONAL INFLATION	15.75	14.21%	10.04%
NATIONAL REAL GDP GROWTH	4.60	4.40%	5.50%
PRODUCTION BENCHMARK (mb)	1.65%	1.70%	1.8
OIL PRICE BENCHMARK	\$75.00	\$76.20	\$75.30
NGN-USD EXCHANGE RATE	1400	1400	1400
OTHER ASSUMPTION			
MINERAL RATIO	18%	20%	22%

Source: 2026-2028 Borno State M-TEF

Fiscal Strategy and Assumption

Borno State's policy direction focuses mainly on diversifying the revenue base, through intensifying efforts to improve the independent revenue base of the state to reduce the state's overdependence on FAAC Allocations, Donor Partner grants and assisted projects. Furthermore, efforts and strategies on control and enforcement of spending limits that will ensure a sound budgeting system, mobilize local revenue by expanding revenue sources, blocking all revenues leakages and automation of revenue collection, ensuring highly technologically driven Treasury Single Account for

effective monitoring, employment and training of more revenue officers in order to increase tax collection, a self-help tax assessment electronic platform - Electronic Payment and Filing System (e-Services) to cover e-Payments, e-Filing, e-Registration. This will also include aggregate fiscal discipline, allocative efficiency and effective spending. Also worthy of note is that, the DSA-MTDS report is based on the exchange rate of N1,547 to USD from National Medium Term Expenditure Framework (MTEF) prepared in 2024, which is yet to be reviewed alongside other macroeconomic indicators to reflect current realities. The sum of N 373,679.2 was anticipated as capital receipt (Grant and Donor) in 2025 budget due to pledges from local and international donor agencies. There will be enough capital to reduce the financing gap in fiscal policy and to carry out repairs and maintenance of public facilities and infrastructures development which includes repairs/maintenance of roads, renovation/rehabilitation of Schools, Hospitals, Purchase of drugs, medical equipment, and establishment/equipment of the Security agencies across the State.

These various reforms presently adopted by the Borno State Government to strengthen resources provided by revenue are expected to continue in the coming years and therefore expected to lead to effective and efficient economic performance. On the premises of the above highlighted points, the Medium-Term Budget Forecast is being made to aid the State in its projections. The table below therefore shows the forecasts for the relevant components of the Medium-Term Budget.

TABLE -13 FISCAL FRAMEWORK			
ITEM	2026	2027	2028
OPENNING BALANCE	5,000,000,000.00	4,000,000,000.00	3,000,000,000.00
RECURRENT REV			
STATUTORY ALLOCATION	93,900,000,000.00	90,928,319,000.00	90,021,151,000.00
VAT	87,360,000,000.00	86,615,067,000.00	85,376,574,000.00
IGR	30,091,742,000.00	33,100,917,000.00	36,411,008,000.00
EXCESS CRUDE/OTHER REV	130,444,193,000.00	140,444,193,000.00	150,444,193,000.00
TOTAL RECURRENT REVENUE	341,795,935,000.00	351,088,496,000.00	362,252,926,000.00
RECURRENT EXPENDITURE			
PERSONNEL COST	67,265,524,000.00	77,265,524,000.00	77,265,524,000.00
SOCIAL CONTRIBUTION AND SOCIAL BENEFIT	20,688,373,000.00	22,757,210,000.00	25,032,931,000.00
OVERHEADS	81,095,972,000.00	91,095,972,000.00	100,095,972,000.00
GRANTS CONTRIBUTION AND SUBSIDIES	14,179,920,000.00	15,597,912,000.00	17,157,703,000.00
PUBLIC DEBT SERVICE	20,290,735,000.00	22,319,809,000.00	24,551,790,000.00
TOTAL RECURRENT EXPENDITURE	203,520,524,000.00	229,036,427,000.00	244,103,920,000.00
TRANSFER TO CAPITAL ACCOUNT	143,275,411,000.00	126,052,069,000.00	121,149,006,000.00
CAPITAL RECEIPT			
GRANTS	138,329,965,000.00	165,170,628,000.00	177,979,109,000.00
OTHER CAPITAL RECEIPTS	-		
TOTAL	138,329,965,000.00	165,170,628,000.00	177,979,109,000.00
CAPITAL EXPENDITURE	373,506,517,000.00	386,787,322,000.00	408,972,574,000.00
DISCRETIONAL FUNDS	328,060,254,000.00	331,600,600,000.00	366,857,371,000.00
NON DISCRETIONAL FUNDS	45,446,263,000.00	55,186,722,000.00	42,115,203,000.00
FINANCING (LOANS)	91,901,141,000.00	95,564,625,000.00	109,844,459,000.00
TOTAL REV (INCLUDING OPENING BALANCE)	577,027,041,000.00	615,823,749,000.00	653,076,494,000.00
TOTAL EXPENDITURE (INCLUDING CONTINGENCY RESERVE)	577,027,041,000.00	615,823,749,000.00	653,076,494,000.00
RATIOS			
GROWTH IN RECURRENT REVENUE	69.31%	2.72	3.18
GROWTH IN RECURRENT EXPENDITURE	35.35	12.5	6.58
CAPITAL EXPENDITURE RATIO	64.73%	62.81	62.62
DEFICIT (FINANCING) TO TOTAL EXPENDITURE	15.93%	15.52	16.82
DEFICIT (FINANCING) TO GDP RATIO	NA	NA	NA

Source: 2026-2028 Borno State M-TEF

Assumptions

For statutory (FAAC) and VAT allocation we used the amount provided in guidance note of data request sheet provided by Federal DMO in our DSA-DMS Template 2025. Below is what is in Borno State M-TEF.

- ◊ Opening Balance in M-TEF - The state is anticipating an open balance of ₦5 billion for the FY 2026. This is due mainly to the expected annual increase in Statutory Allocations FAAC.
- ◊ Statutory Allocation M-TEF – This is estimated using the elasticity forecasting which projected ₦93,900,000,000 government's share of FAAC in 2026, ₦90,928,319,000, 2027 and ₦90,021,151,000 in 2028. This assumption is however, based on the expected rise in crude oil, new VAT policy, subsidy removal, prices and production rate and stable inflationary rate predicted within this period.
- ◊ VAT M-TEF – Government share of VAT is also estimated using the elasticity forecasting, which is projected to be ₦87,360,000,000 in 2026, ₦86,615,067,000 in 2027 and ₦85,376,574,000 in 2028. This sustained rise in VAT assumes that the increased VAT rate is from 5% to 7.5% and the expanded area of coverage including areas such as banks and mobile phone transactions.
- ◊ Other Federation Account – – Excess Crude and other FAAC Revenues expected is earmarked at ₦130,444,193,000 in 2026, ₦140,444,193,000 in 2027 and ₦150,444,193,000 in 2028 respectively. This takes care of the fluctuations in crude oil prices and productions which at times rise and falls.
- ◊ Internally Generated Revenue (IGR) – The state government anticipate and widening its revenue base, blocking the identified leakages and exploring new avenues of revenue sources and improvement in tax collection. The most critical of all is to sustain the enforcement of payment of ground rent by property owners and improving on IGR up to 2.0% annual growth. The sum of ₦30,091,742,000 is projected for 2026, rising steadily to ₦33,100,917,000 for 2027 and ₦36,411,008,000 in 2028.
- ◊ Grants – The state government anticipate grants from International Donors and other local donors. The sum of ₦138,329,965,000 is projected for 2026, rising to 165,170,628,000 for 2027 and to ₦ 177,979,109,000 for 2028. The rise in grants may be connected to the fact that the major sources of government grants, which are the INGOs and NGOs would continue to support the state due to the return of peace in most parts of the state.

- ◊ Miscellaneous Capital Receipts – There is no provision of other capital receipts in the table above thus the zero value.
- ◊ Financing – The sum of ₦91 billion loans for 2026. The major source of financing is commercial bank loans.
- ◊ Social Contribution and Social Benefits ₦20,688,373,000 was earmarked against 2026, ₦22,757,210,000 against 2027 and ₦25,032,931,000 for 2028 based on 10% growth per annum in 2026-2028.
- ◊ Overheads – The other recurrent services steadily increase year-on-year with ₦81.095 billion in 2026, ₦91.095 billion and ₦100.095 billion in 2027 and 2028 respectively using own value forecasting method (10% per annum).
- ◊ Grants, Contributions, Subsidies and Transfers - sum of ₦14.179 billion were projected for 2026, ₦15.579 billion and ₦17.175 billion in 2027 and 2028 respectively based on 10% growth per annum.
- ◊ Public Debt Service - Sum of ₦20 billion, ₦22 billion and ₦24 billion were earmarked to service the debts in 2026, 2027 and 2028 respectively. The proposed debt service is based on the expected amount of domestic/foreign interest and domestic/foreign principal due for repayment on debts owed.
- ◊ Contingency and Planning Reserves – Planning reserve of ₦23.115 billion, was set aside for planning purposes in the next 3 years 2026 – 2028. This will be allocated when a surplus occurs as it might result from getting over 100% from projections such as the Statutory Allocation, VAT or excess crude oil account. This is expected to cover the unforeseen situation that might occur.

Summary Considerations for the Annual Budget Process of MTB Forecast

All MDAs are advised to adhere strictly to the following Instructions and Requirements for annual budget submission as contained in the Budget Call Circular (BCC).

- ◊ All Accounting Officers and other officers responsible for the budget preparation of their MDAs are advised to read the BCC carefully and adhere to the guidelines and instructions including, the cost Control measures contained herein.
- ◊ MDAs are further advised to note that the Government is mindful of any increase in overhead cost expenditure as this affects the quantum of surplus funds to finance capital expenditure. Thus, overhead cost estimates should be restricted to essential services and imperative overhead cost i.e. those necessitated by the implementation of capital projects.
- ◊ They are further expected to articulate their budget against the background of the overall goals of 25-year SDP/10-year Strategic Transformation Initiatives (STIs) and the Sustainable Development Goals.
- ◊ The budget call circular should include the following instructions to MDAs for the annual budget submissions:
 - i Only prioritized projects contained in the MTSS sector should be in the MDAs capital budget proposal.
 - ii Budget submissions for capital projects must include full lifetime capital investment requirements (costs) and sources of funding (particularly if grants and/or loans are being used to partially/fully fund the project).
 - iii Inputs from the citizens collected during the Townhall Consultative meetings held in Maiduguri should form part of the annual budget submission.
 - vi Ensure that budget estimates are within the ceiling provided and use of appropriate budget classification and codes and liaise with their respective departments and unit in coming up with their budgetary proposals.
 - v In allocating capital budget resources, MDAs are enjoyed to accord priority to ongoing projects, especially those nearing completion that fit into government's current priorities. MDAs may not be allowed to initiate new projects/programmed unless they can demonstrate that adequate provisions have been made for ongoing projects.

- iv MDAs are required to provide full information on the projects that require funding through loans. Loans will be available to any MDAs that justify the projects and Summary of Key Points and Recommendations

Borno State Borrowing Options

Gross Financing Needs is the sum of budget deficit and funds required to roll over debt that matures over the years. The Borno State Government intends to source its Gross Financing Need mainly through domestic source. Loans will be sourced from commercial banks as well as State Bonds and other domestic financing sources as appropriate in order to mitigate interest risk and insolvency. The same applies to External financing whereby loans will be obtained from multi-lateral agencies such as World Bank, IMF, and ADB; Bilateral loans to be sourced from foreign governments for capital developments or projects bearing in mind the Exchange Rate risk. However, the priority of the State's new borrowings shall be on Commercial Bank Loans and Other Domestic Financing, being the easiest to come by but the inherent high-interest rates. This shall be followed by Bonds to encourage the development of the Domestic Capital Market and the general reduction of overall Debt Servicing costs to the State. This shall also be complimented by a mix of External Multilateral and Bilateral Loans, due to their low interest rates. The State intends to borrow from Commercial Banks with interest of 35%, 5- or 6-years maturity and a grace period of 1 year over the projected period. Offer of Bonds in capital market with interest of 22%, maturity of 7 years and a grace period of a year over the projected period. Federal Government or other CBN Intervention with interest of 22%, maturity of 7 years and a grace of a year over the projection period, 2025-2034, as well as external financing through concessional window either from Multilateral or Bilateral and other external financing available with 2% interest, maturity of 30 years and a grace period of 10, 7 or 5 years. The details of the Financing options are shown on the table below. =

TABLE 14

NEW DOMESTIC BORROWING					
Descriptor	Units	Scale	Interest Rate (%)	Maturity	Grace
Commercial Bank Loans	Naira	Million	35.00%	5	1
Commercial Bank Loans	Naira	Million	35.00%	7	1
State Bonds	Naira	Million	22.00%	7	1
State Bonds	Naira	Million	22.00%	7	1
Other Domestic Financing	Naira	Million	22.00%	0	0

NEW EXTERNAL FINANCING IN MILLIONS US DOLLARS					
Descriptor	Units	Scale	Interest Rate (%)	Maturity	Grace
External Financing - Concessional Loans	US Dollars	Million	2.00%	30	10
External Financing - Bilateral Loans	US Dollars	Million	2.00%	30	7
Other External Financing	US Dollars	Million	2.00%	30	5

Source: 2025 DSA-DMS Template

Borno State intends borrow Eight Hundred billion, Fourty million Naira from domestic source, out of which 6.4% will be source through commercial loan (short term), 29.5% also through commercial bank loan (long term), 3.7% through issuance of bonds (short term), 3.2% (long term) bonds, 57.2% through other sources domestic financing in long term projected period.

The state intends to borrow 121.9 million in foreign currency from external sources, out of which 83.3 % is from external financing concessional loan, 9.8% from external financing bilateral loan and 7% from other external financing sources in the long-term projected period. The table below shows

TOTAL BORROWING REQUIREMENT(DOMESTIC)												
New Domestic Financing in Million of Local Currency	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	TOTAL	PERCENTAGE
Commercial Bank Loans Short Term	0.0	1,501.2	1,037.8	1,694.2	6,437.6	10,232.1	6,125.2	7,673.5	5,464.4	11,325.7	51,491.8	6.4
Commercial Bank Loans Long Term	777.0	3,021.5	1,193.5	2,657.3	36,812.9	13,571.5	28,212.7	36,012.6	48,989.7	65,931.7	237,180.4	29.5
State Bonds (maturity 1 to 5 years)	0.0	0.0	5,000.0	0.0	0.0	2,621.0	5,000.0	0.0	4,501.7	12,754.0	29,876.8	3.7
State Bonds (maturity 6 years or longer)	0.0	4,350.0	0.0	0.0	0.0	1,046.1	3,326.8	4,013.8	5,578.6	7,036.1	25,351.3	3.2
Other Domestic Financing	16,487.0	16,658.7	22,359.4	25,746.9	31,490.0	39,950.6	51,458.2	65,670.4	83,676.9	105,644.8	459,142.9	57.2
TOTAL											803,043.2	100.0

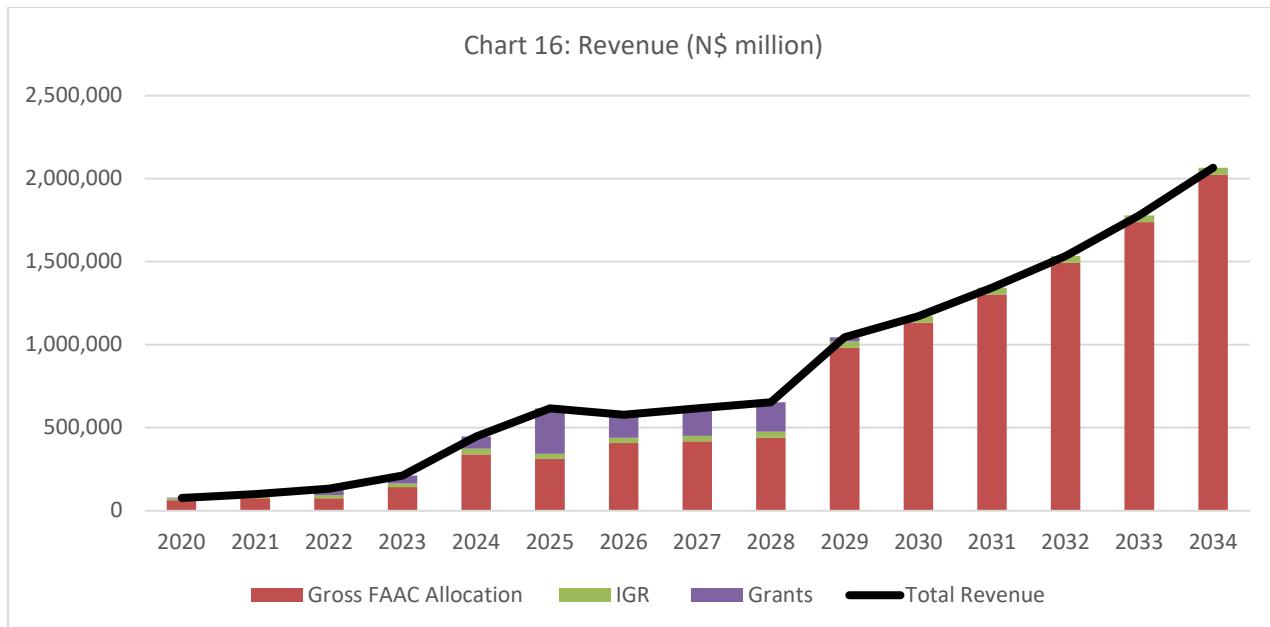
TOTAL BORROWING REQUIREMENT (FOREIGN CURRENCY)												
New External Financing in Million US Dollars	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	TOTAL	PERCENTAGE
External Financing - Concessional Loans	89.7	0.0	2.0	0.0	0.0	0.9	0.9	8.0	0.0	0.0	101.5	83.3
External Financing - Bilateral Loans	0.0	3.0	0.0	0.0	0.9	0.0	0.0	0.0	8.0	0.0	11.9	9.8
Other External Financing	0.0	0.0	0.0	8.0	0.0	0.5	0.0	0.0	0.0	0.0	8.5	7.0
TOTAL											121.9	100.0

Simulation Analysis Results

Revenue, Expenditure and Overall Primary Balance in the Long Term

In the Baseline Scenario, Borno State preserves debt sustainability. Total revenue (including grants and excluding other capital receipts) is projected to increase from N442,087 billion in 2024 to N 2,070,574 trillion by 2034 (Chart 16). Total expenditure will increase from N417,979 billion in 2024 to N2,282,173 trillion by 2034 (Chart 17). Therefore, the fiscal deficit—computed as the difference between revenue and expenditure—is expected to remain within a range of N 100,866.00 billion to N -43,163 billion in nominal terms in the long-run. Main finding and conclusion of the baseline scenario in terms of debt sustainability because of the modest increase in domestic and external borrowing, the public debt will be low in the projected period 2024 to 2034, and the State expenditure is higher than the revenue, (Charts 22). Debt is projected to rise from N89,626 billion as at end-2024 to N 584,705 billion by 2034. It is expected to increase from debt as a share of revenue from 20 percent in 2024 to 28 percent by 2034. As the fiscal deficit remains moderate in nominal terms over the years, and the public debt ratio to revenue also remains moderate (within the threshold), the analysis of the Baseline Scenario suggests the State will be able to preserve the sustainability of its debt in the long-term.

Borno State Revenue Projection 2025-2034.



Source: 2025 DSA-DMS Template

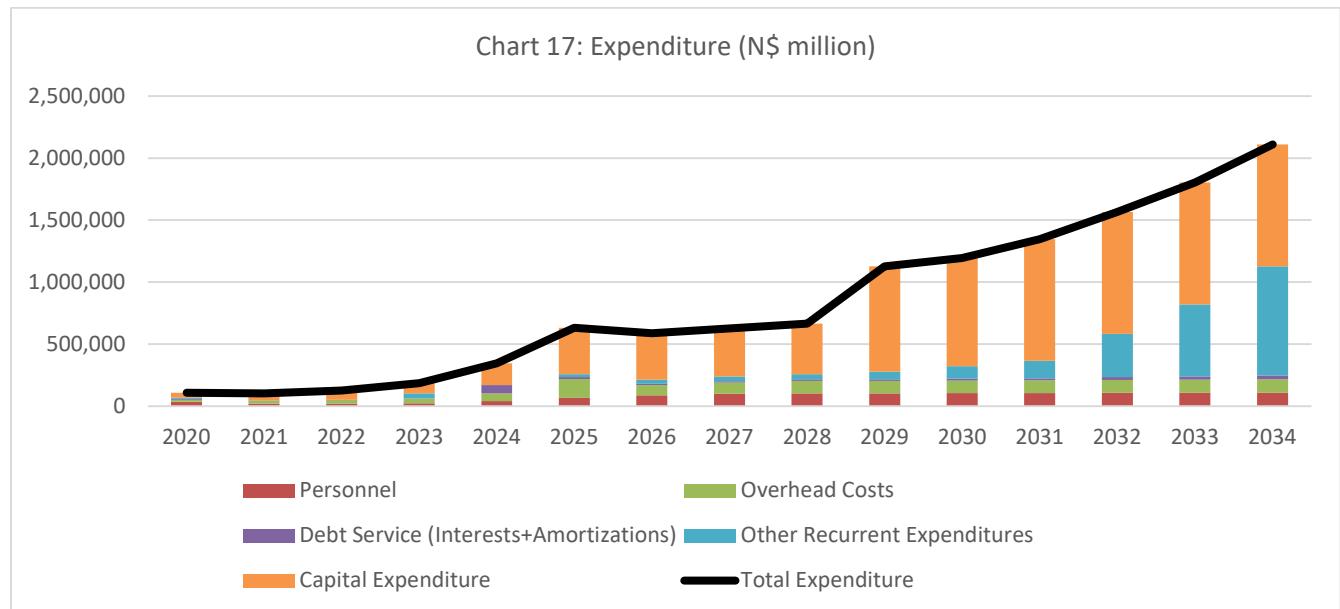
TABLE 15 PROJECTED REVENUE IN THE LONG RUN															
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Total Revenue	77,923	99,144	132,151	211,237	445,707	615,858	577,027	615,824	653,077	1,044,143	1,170,986	1,341,337	1,532,528	1,778,630	2,065,574
Gross FAAC Allocation	63,045	74,416	74,874	142,197	338,250	311,704	408,605	417,552	438,686	981,822	1,132,732	1,302,128	1,492,337	1,737,435	2,023,349
IGR	12,206	21,885	19,739	21,315	33,975	30,092	30,092	33,101	36,411	37,321	38,254	39,211	40,191	41,196	42,226
Grants	2,672	2,844	37,537	47,725	73,482	274,062	138,330	165,171	177,979	25,000	0	0	0	0	0

Source: 2025 DSA-DMS Template

Borno State Total Revenue (including grant and excluding other capital receipt) is expected to rise from N445,707 billion in 2024 to N 2,065,574 in 2034, an increase of N 1,619,867 billion or 363.4 % over the projection period. Gross FAAC Allocation is projected to grow from N 338,250 billion in 2024 to N 2,023,349 billion in 2034, an increase of N 1,685,098 or 489.2% over the projection period. IGR is projected to increase from N 33,975 in 2024 to N 42,226 in 2034 an increase of N 8,251 or 24.3% in the long term. Also, Grant is projected to drop from N 73,482 in 2024 to N 25,000. In the

Medium-Term projection, all the revenue indices are favorable to Borno State.

Borno State Projected Expenditure in the Long-Term 2024-2034



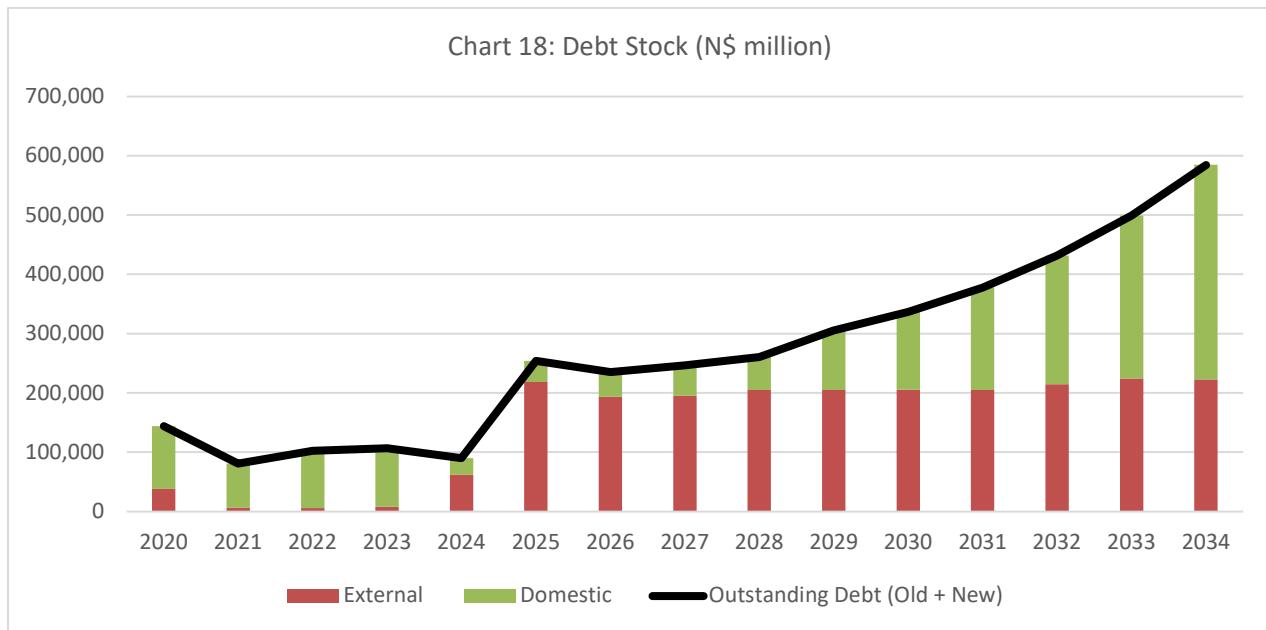
Source: 2025 DSA-DMS Template

TABLE 16 PROJECTED EXPENDITURE IN THE LONG RUN															
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Total Expenditure	108,862	103,031	125,869	184,740	344,841	632,344	587,320	626,316	666,363	1,128,170	1,193,696	1,346,963	1,565,912	1,804,118	2,110,737
Personnel	35,457	20,849	20,010	21,800	42,171	67,866	87,954	100,023	102,299	103,413	104,528	105,643	106,758	107,873	108,988
Overhead Costs	15,676	21,829	29,105	38,998	59,604	150,898	81,096	91,096	100,100	101,105	102,110	103,115	104,120	105,125	106,130
Debt Service (Interests+Amortization)	6,992	3,741	1,689	0	68,905	16,486	10,293	10,492	13,283	11,026	15,710	16,170	22,614	27,123	31,257
Other Recurrent Expenditures	11,527	0	0	41,016	0	23,416	34,471	37,918	41,710	62,564	100,846	140,770	350,154	580,732	880,097
Capital Expenditure	39,209	56,613	75,066	82,926	174,161	373,679	373,507	386,787	408,973	850,061	870,501	981,266	982,266	983,265	984,265

Source: 2025 DSA-DMS Template

Total expenditure is expected to increase from N417,979 billion in 2024 to N 2,828,173 trillion in 2034, an increase of N 2,410,194.00 or 576.6 percent.

Borno State Projected Debt Stock from 2024-2034



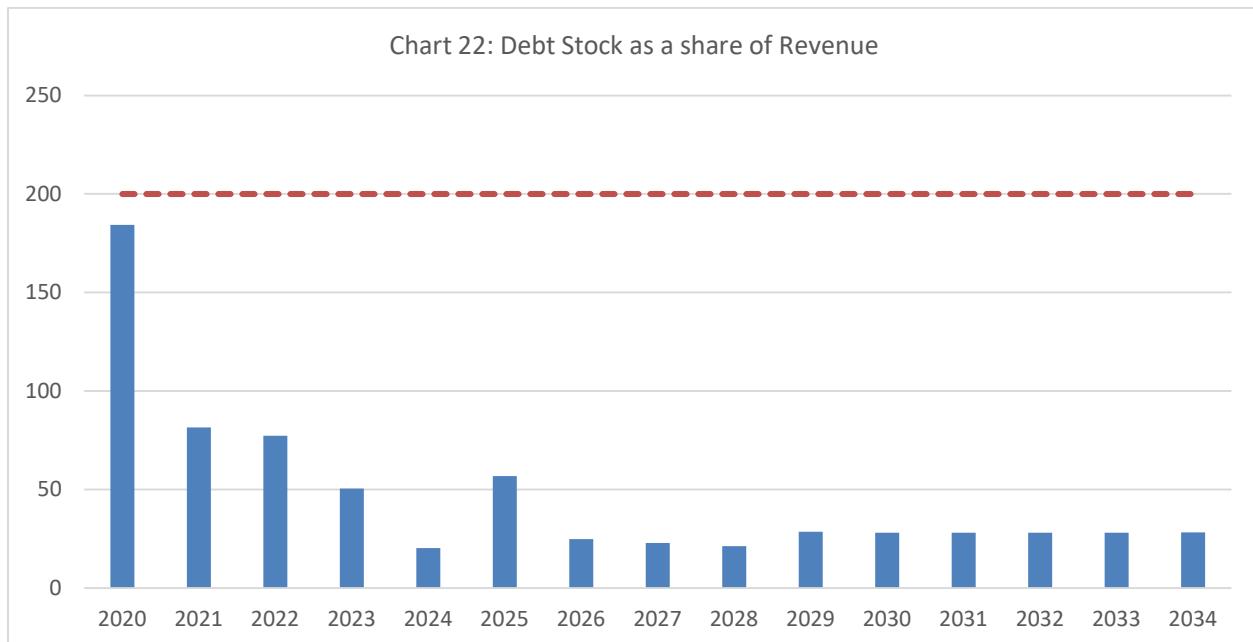
Source: 2025 DSA-DMS Template

	TABLE 17 PROJECTED DEBT STOCK IN THE LONG RUN														
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Outstanding Debt (Old + New)	143,633	80,715	102,036	106,541	89,626	253,799	234,961	246,166	260,261	304,973	336,431	377,657	431,284	499,141	584,705
External	38,011	6,082	5,901	7,770	61,711	218,358	193,595	195,048	204,848	204,656	205,163	204,971	214,718	224,466	222,383
Domestic	105,622	74,633	96,136	98,771	27,915	35,440	41,366	51,118	55,413	100,318	131,268	172,686	216,566	274,676	362,323

Source: Borno State 2025 DSA-DMS Template

Borno State debt stock (Domestic and External) is estimated to increase from N 89,626 billion in 2024 to N 584,705 billion in 2034, an increase of N 498,079 or 552.4 percent.

Borno State Projected Debt Stock as a Share of Revenue



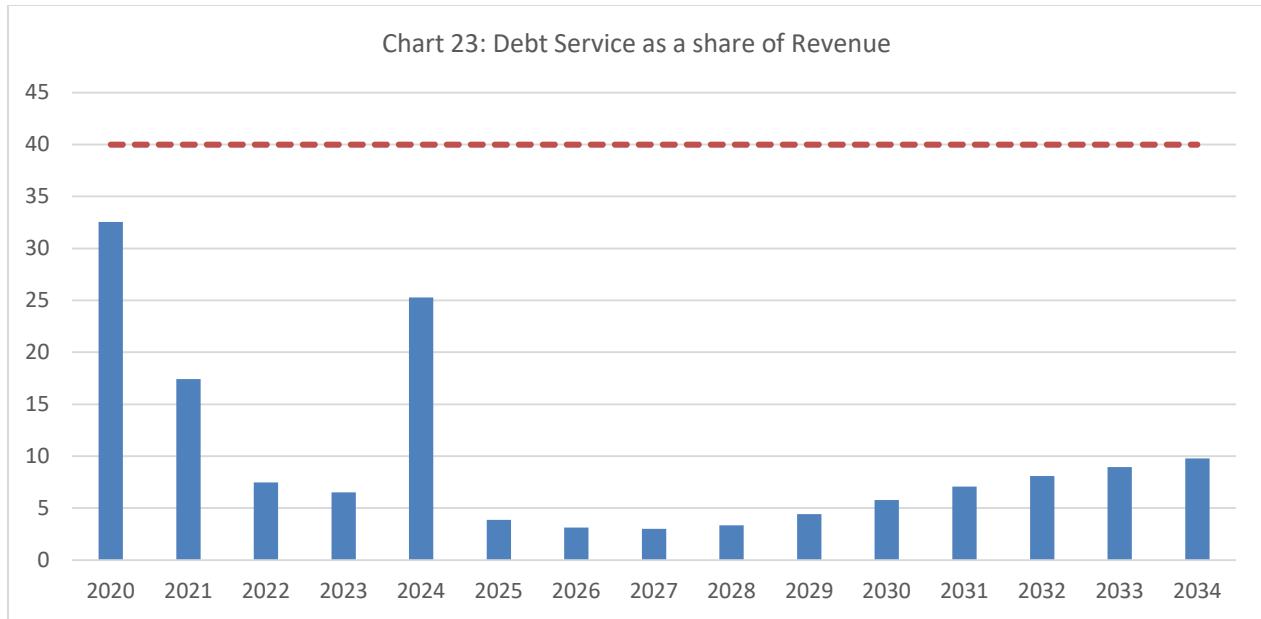
Source: Borno State 2025 DSA-DMS Template

TABLE 9 DEBT STOCK AS A SHARE OF REVENUE															
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Debt as % of Revenue	184	81	77	50	20	57	25	23	21	29	28	28	28	28	28
Threshold	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200

Source: Borno State 2025 DSA-DMS Template

The ratio of Debt as percentage of Revenue is estimated at 57% in 2025, 25% in 2026, 27% in 2027 and 23% in 2028 for the Medium Term. The ratio remains below the Threshold of 200% in the long run, showing a favorable index of Debt Sustainability.

The Projected Debt Service as a Share of Revenue



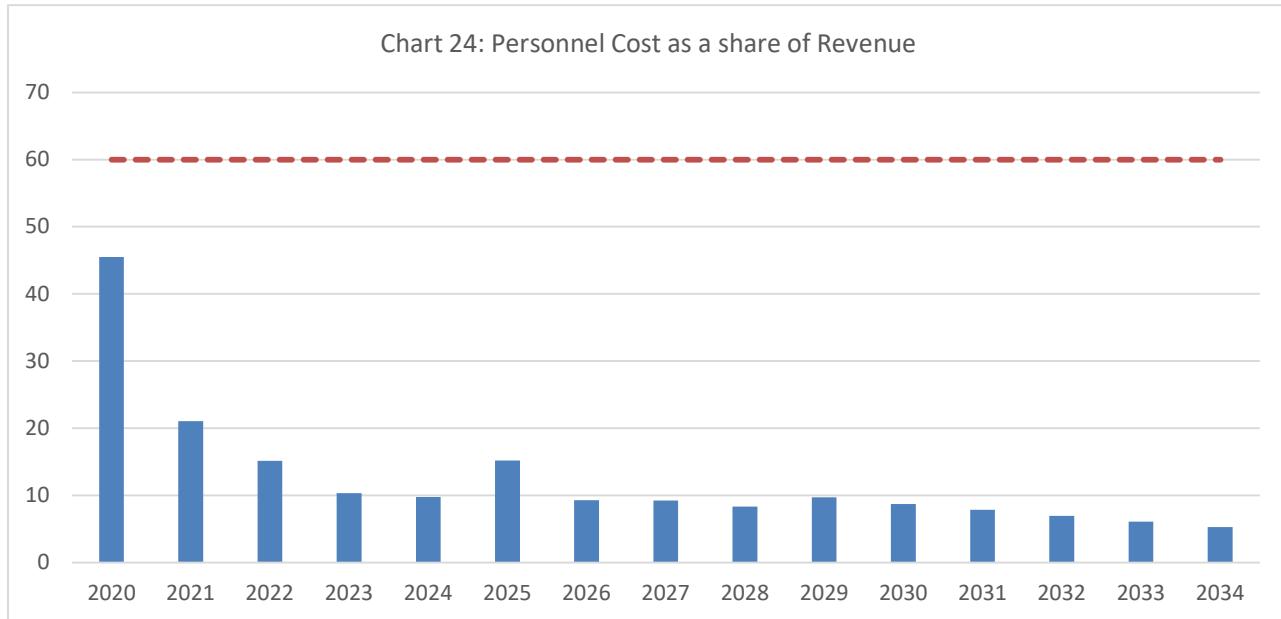
Source: Borno State 2025 DSA-DMS Template

PROJECTED DEBT SERVICE AS A SHARE OF REVENUE IN THE LONG RUN															
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Debt Service as % of Revenue	33	17	7	7	25	4	3	3	3	4	6	7	8	9	10
Threshold	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40

Source: Borno State 2025 DSA-DMS Template

The state debt service as percentage of revenue is within the prescribed threshold of 40% throughout projected period relative to the state borrowing capacity, public debt position will decrease, it is expected to decrease from 2% in 2025 to 1% in 2029, 2030, 2031, and 2032 in debt as a share of revenue, thus, making the state to be able to carry out debt service obligation in the short and long term.

Borno State Personnel Cost as a Percentage of Revenue



Source: Borno State 2025 DSA-DMS Template

TABLE 20 - PERSONNEL COST AS A SHARE OF REVENUE															
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Personnel Cost as % of Revenue	46	21	15	10	10	15	9	9	8	10	9	8	7	6	5
Threshold	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60

Source: Borno State 2025 DSA-DMS Template

Personnel cost as a share of revenue is projected to decrease from 15% as at 2025 to 5% in 2034. The analysis of the Baseline Scenario suggests the state will be able to preserve the sustainability of its personnel cost in the medium-term to the long run because it is within the limit of the prescribed threshold of 60%.

FINDING AND CONCLUSION OF THE BASELINE SCENARIO IN TERMS OF DEBT SUSTAINABILITY

As observed from Table 15-20 above, Total Public Debt increased moderately in the projection years, depicting the State's repayment capacity relative to the public debt position staying below the threshold of 200%.

Debt-to-SGDP and Debt Service-to-Revenue were below the threshold of 25% and 40% for both historical and projection periods respectively. Personnel Cost-to-Revenue was also below the threshold of 60% in the entire duration; just as the Fiscal Outturns showed stability in the long term. The above empirical Baseline Scenario findings show that the State's Public Debt Ratios (Debt Stock and Service) demonstrate a positive position from 2020 to 2034, which are significantly below the thresholds. Thus a further critical examination of the impact of the different shock scenarios, shows that the State's Debt Sustainability will not be threatened from the year 2025 to 2034 as the Debt Stock to Revenue Ratio threshold under the Revenue and expenditure shocks were still within the threshold.

From the foregoing therefore, it suffices to conclude that the Borno State will be able to preserve the sustainability of its debts both in the medium and long term. Sustaining this viable trend will require continuous and significant efforts in revenues growth. Future borrowings should be curtailed and the present borrowings deployed to revenue generating ventures or projects with returns.

The key Targets from a Fiscal Perspective:

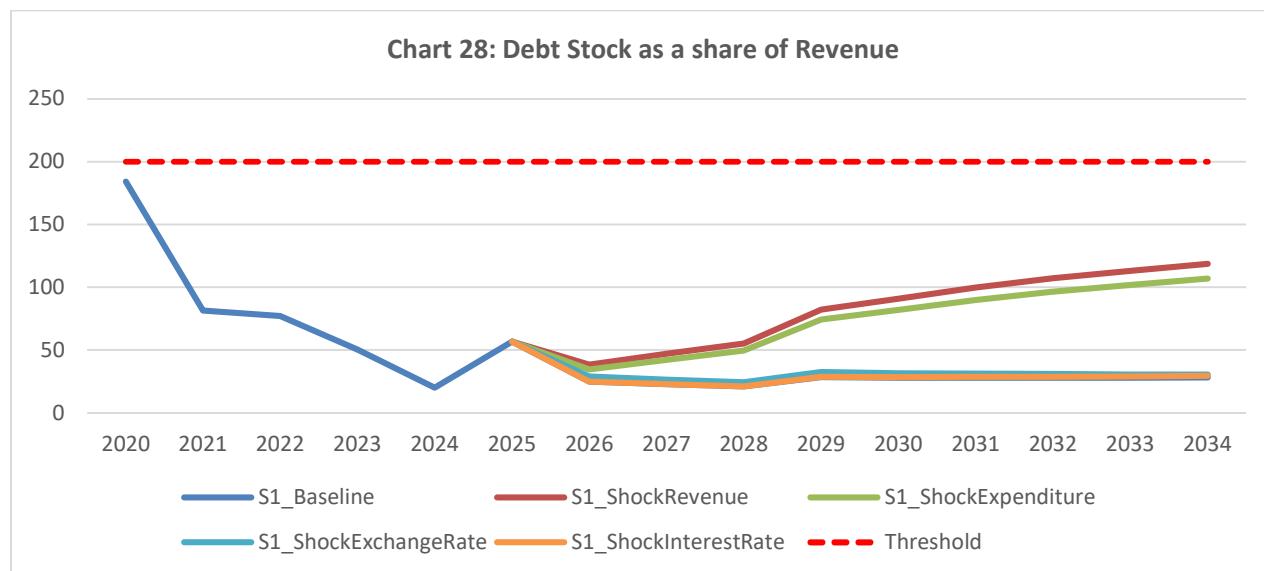
Borno State Government in recent time has embarked on various transformation policies and reforms in the areas of revenue boost and cost control, but more needed to be done to ensure the continued sustainability of the State Debt as highlighted below.

The State is hopeful that its revenue base will improve considerably over time because of the following policies being championed by this Administration, taking into cognizance that the State's major adverse effect or shock is inadequate revenue, especially Internally Generated Revenue (IGR):

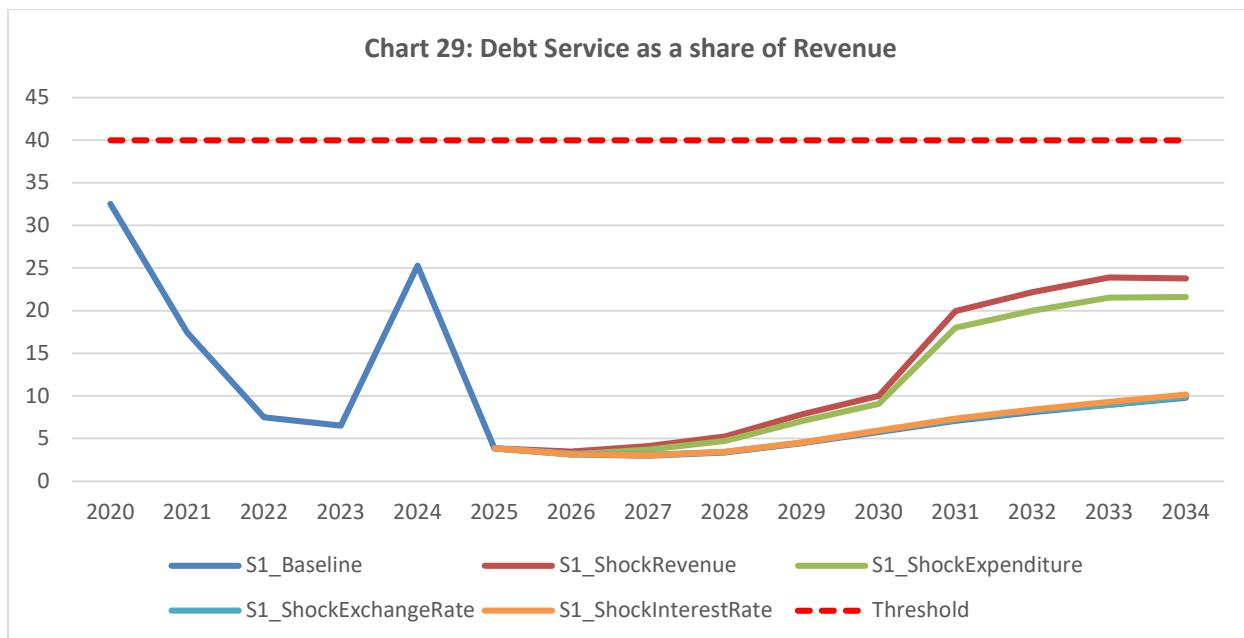
1. The implementation of the Treasury Single Account (TSA) warehousing of all revenue collections is to be further strengthened and monitored among all MDAs in the State.
2. A more robust IGR collection administration with effective Automation/IT system to stringently curtail leakages and diversions by the revenue collecting agencies of government; and the possible evasion from business owners in the State is currently ongoing.
3. Necessary data is gathered as regards the number of business premises, markets, shops, and so on that will aid the State in the projection of future revenue inflows and for other economic purposes. This information database was not available before now.
4. Articulation and creation of untapped and unaccounted revenue Economic Code hitherto eluding the State Government, especially from the formal and informal sectors such as the Land Use Charge revenue and others being facilitated and to fully materialize in due course. The Borno Geographical Information System (IGIS) is doing more in this direction.
- 5 Cash Management: Finally, but not the least is the efficient and effective Cash Management Policy of the Government which will continue to lead to improvement and robust cash collection and handling, with prudent disbursement and application of these funds in the State.
- 6 Diversify the internal revenue base and also reviewing revenue projections to reflect current realities.
- 7 Grow the economy through targeted spending in areas of comparative advantage.
- 8 An improved procurement practice for increased transparency and value for money according to the best global practices is also being championed by this Administration to avoid over-bloated contracts. Now contracts are advertised, competitively bided for, and awarded in a very transparent manner on an e-procurement platform by the State Bureau for Public Procurement, thus expenditure is monitored and controlled.

Risk of Debt Distress Under Indicative DSA Sensitivity Analysis

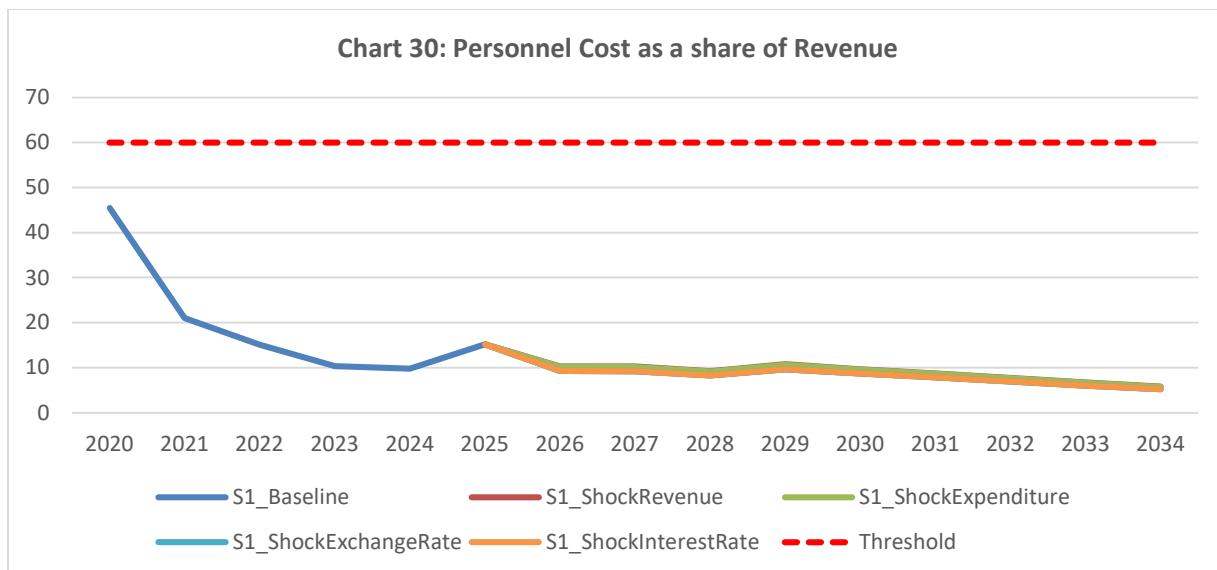
The State has thus undertaken a sensitivity analysis considering macroeconomic shocks and policy shocks to evaluate the robustness of the sustainability assessment for the Baseline scenario while considering both macroeconomic and policy shocks. When considering both macroeconomic and policy shocks, it is assumed that external and domestic borrowings cover any revenue shortfall and additional expenditure relative to the baseline scenario discussed in previous chapters. In furtherance of the above, the state DSA Sensitivity analysis as depicted below:



The Debt stock as a share of Revenue chart shows that the strategy one (S1) Baseline strategy will not breach the threshold if there is a shock in the States revenue or expenditure. This is an indication that the state's revenue growth drive is intensified in the long term, as the Baseline position is sensitive to Revenue and Expenditure shocks. It is imperative to note that any slight adverse change in the fiscal policy of the economy will trigger the movement of the Debt stock as a share of Revenue below the zero line particularly shock to interest rate and it will not augur well to the state.



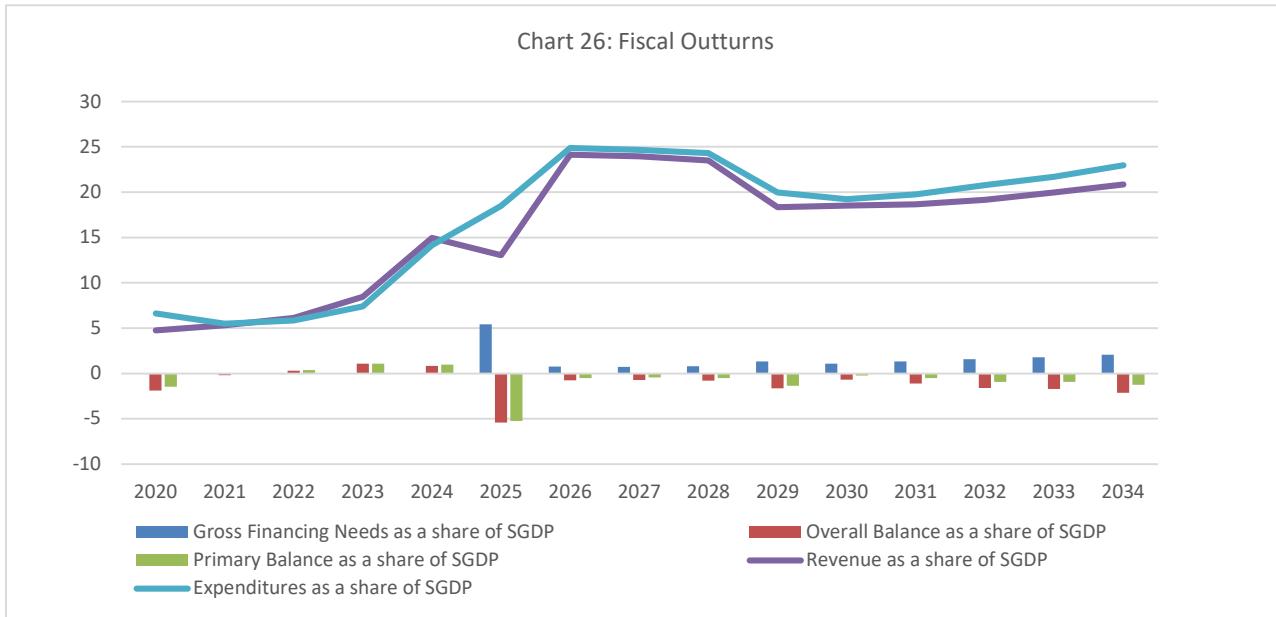
The Debt service as a share of Revenue chart shows that the strategy one (S1) Baseline is not above the threshold throughout the forecast, the Shock Revenue, Shock Expenditure, Shock Exchange Rate, Shock Interest are all below the required threshold till 2034. This is an indication that the strategy is favorable and sustainable to the State overtime. It further shows that the Baseline position is more sensitive as it has not moved above the threshold with past adverse fiscal policy, the other shock scenarios can be managed in line with the movement of economic indices, again it is imperative to note that any slight adverse change in the fiscal policy of the economy will trigger the movement of the Debt stock as a share of Revenue below the zero line particularly shock to interest rate and it will not augur well to the state.



The Personnel Cost as a Share of Revenue chart shows that the strategy one (S1) Baseline Shock Revenue, Shock Expenditure, Shock Exchange Rate, Shock Interest Rate are all below the required threshold. This is an indication that the strategy is favourable and sustainable to the State. The gap between the base line and the threshold shows the State Government's ability to fulfil its Personnel cost obligation irrespective of any shock, again it is imperative to note that any slight adverse change in the fiscal policy of the economy will trigger the movement of the Debt stock as a share of Revenue below the zero line particularly shock to interest rate and it will not augur well to the state.

The State DSA analysis did show deterioration related to revenue shocks and that would lead to an increase in Gross Financing Need over the projection period. Debt Stock as a share of revenue and Debt Service to Revenue ratio are all below indicative threshold throughout the projection period (2025-2034) under revenue shocks. The analysis of two shocks as simulated (shock to revenue and shock to expenditure), all have an impact on the analysis on sustainability of debt service, (shock to interest rate and shock to exchange rate) all have lesser impact on ratio analyzed at the magnitude tested. The four shocks all have an impact on Debt Service, but in terms of its deviation from the baseline scenario, what it entails is to plan for more future flexibility. But this deviation has no negative impact within

the period of analysis. The analysis shows the need to intensify effort to increase IGR, to ensure a balanced debt portfolio, not to borrow too excessively, and to create sufficient buffers within the ratio analysis so as not to breach them because of a shock. Fiscal buffers, including contingency funds and debt service, are funds and would also help alleviate the impact of shocks. The charts below explain the shocks scenarios.



Source: Borno State 2025 DSA-DMS Template

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 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 Borno State's Medium Term Debt Management Strategy, 2026-2028, 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 2028, as projected in the baseline scenario. Risk is measured by the deviation from the expected value in 2028 caused by an unexpected shock, as projected in the most adverse scenario.

Alternative Borrowing Options.

Borno State is planning to borrow through the Commercial Bank at an estimated interest rate of 25% with 5 years and 7 years maturity respectively, with a year grace period. Also, the State planned to borrow External Concessional loans, bilateral or other external creditors at 2% interest rate, maturity of 30 years and grace period of 10, 7 or 5 years. The State proposed 4 alternative strategies (S1, S2, S3 and S4) which consider cost and risk in order to mitigate certain risks (currency, interest rate and rollover) to develop domestic debt markets, to fund specific expenses (such

as capital investment) and to secure liquid assets for the cash management. The following four strategies are assessed by the State Government.

1= Strategy 1 (S1): reflects a "Baseline" M TEF Financing Mix: It follows the broad parameters of the financing mix under MTEF, 2026-2029. External gross borrowing under Concessional Multilateral and Bilateral loans over the strategic period mainly from World Bank Group and African Development Bank. The State intends to contract external financing through concessional window of the World Bank and African Development Bank with an interest rate of 2 percent and other External Financing over the DMS medium term (2026-2028) projection period.

Domestic gross financing comprises commercial bank loans and other domestic financing. The State intends to borrow Commercial Bank loans with the maturity of 5-7 years and 35 percent interest, use capital market to raise fund through issuing of short term and long-term Bonds at 22% interest rate. Also, the state will explore the option of domestic financing window like the CBN intervention. The overall financing requirement under S1 amounted to N34,072.2 billion over the medium-term projected period.

2= Strategy 2 (S2): Government focus on both commercial bank, external loans and other external financing: In this strategy, the government decided to focus its borrowing through commercial bank loans with average 35 percent interest under maturity of 1-5 years and commercial bank loan with average of 35% interest under maturity of 6 years and above, and external concessional loan with 2 percent interest under maturity of above 10, 7, and 5 years, over the strategic period, compared to other financing needs, Strategy 2 focuses on both commercial bank and External Concessional loans only for easy access to loan for critical projects in the State. The total borrowing requirement under S2 is N33,191.1 billion in the medium term.

3= Strategy 3 (S3): Government focus its financing need through External Concessional Loans, External bilateral loan, other external financing and issuing long term and short-term bonds in the capital market. This Strategy (S3) considers the scenario where proportions of bonds (1-5 years) with average of 22 percent interest, long term bonds (6 years and above) and external financing through Concessional, bilateral and other external

financing loans with average of 0.02 percent, respectively are the target. The borrowing requirement in total under S3 is N47,664.7 in the medium term.

4= Strategy 4 (S4): Government focuses on its financing need by sourcing Federal Government Intervention Loans, Commercial Bank loans, short term Bonds. In strategy 4, the government decided for Commercial Bank loans (1-5 years) with an average of 35 percent interest, and Commercial Bank loans with the maturity of above 6 years with average of 35 percent interest, over the DMS projected period of 2025-2027I. The total financing requirement under S4 is N64,956.5. The table explains the borrowing requirement under each strategy.

The table below explains the borrowing requirement under each strategy and percentages share from each financing sources in the medium term.

TABLE 21 - GROSS BORROWING REQUIREMENT UNDER EACH STRATEGY					
DESCRIPTION	2026	2027	2028	TOTAL	%
S1	29,731.4	32,390.8	41,298.3	103,420.6	8.4
S2	112,431.3	96,969.4	179,071.5	388,472.2	31.5
S3	91,015.0	103,287.2	137,150.0	331,452.2	26.9
S4	103,925.0	132,403.9	173,144.1	409,473.0	33.2
TOTAL	337,102.8	365,051.2	530,663.9	1,232,818.0	100.0

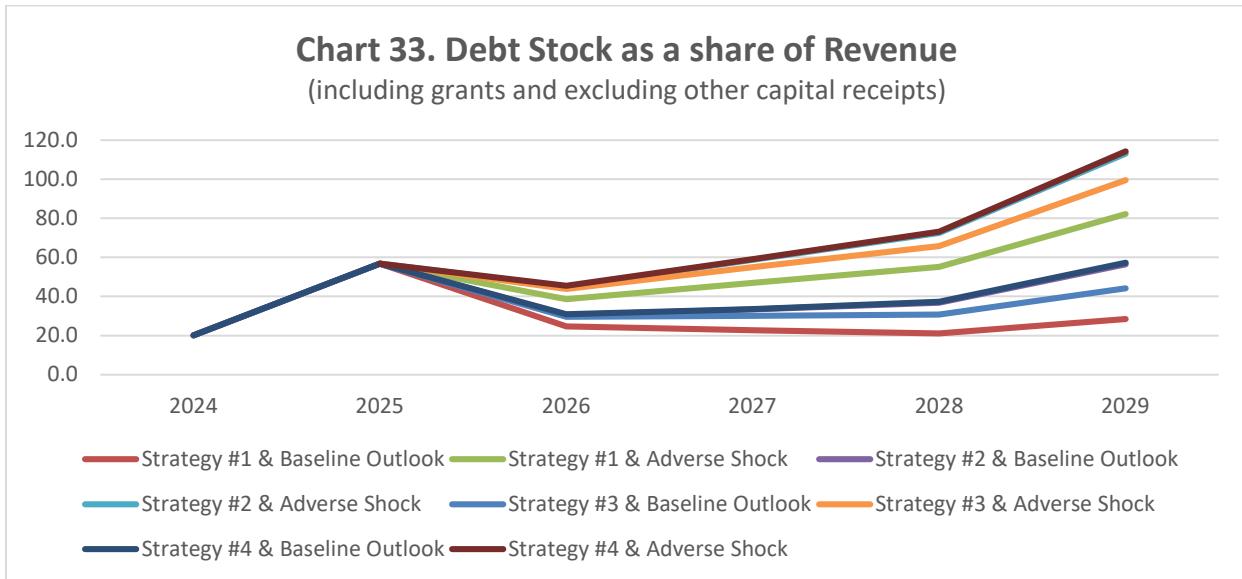
Source: Borno State 2025 DSA-DMS Template

DSA Simulation Result

Analysis of strategies & outcomes of the analysis, the cost and risk trade off charts illustrates the performance of the alternative strategies with respect to three 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 Stock as a Share Revenue, Debt Service as a Share Revenue and Interest as a Share Revenue, also the reference strategy (S1) will be compared with the alternative strategies (S2, S3 and S4) to facilitate the drafting and exposition.

Debt stock 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: Borno State 2025 DSA-DMS Template



Source: Borno State 2025 DSA-DMS Template

Debt Stock as % of Revenue (including grants and e	2024	2025	2026	2027	2028	COST	RISK measure
Strategy #1 & Baseline Outlook	20.3	56.8	24.7	22.7	21.1	28.5	53.7
Strategy #1 & Adverse Shock		56.8	38.6	46.9	55.1	82.2	
Strategy #2 & Baseline Outlook	20.3	56.8	30.6	33.4	36.8	56.3	56.7
Strategy #2 & Adverse Shock		56.8	45.1	58.8	72.5	113.1	
Strategy #3 & Baseline Outlook	20.3	56.8	29.6	30.0	30.7	44.1	55.4
Strategy #3 & Adverse Shock		56.8	44.0	55.0	65.8	99.5	
Strategy #4 & Baseline Outlook	20.3	56.8	30.9	33.6	37.3	57.3	56.9
Strategy #4 & Adverse Shock		56.8	45.5	59.0	73.1	114.2	

Source: Borno State 2025 DSA-DMS Template TO BE CONTINUE

Strategy 1 shows the Cost ratio of Debt to Revenue is estimated to decrease from 56.8 percent in 2025 to 28.5 percent in 2029, adverse shock 82.2 with 53.7 level of risk. The risk is only measured in 2029.

Strategy 2 shows that the Cost ratio of Debt to Revenue is estimated to decrease from 56.8 percent in 2025 to 56.3 percent in 2029, adverse shock 113.1 with 56.7 level of risk. The risk is only measured in 2029.

Strategy 3 shows the Cost ratio of Debt to Revenue is estimated to decrease from 56.8 percent in 2025 to 44.1 percent in 2029, adverse shock 55.4 with 99.5 level of risk. The risk is only measured in 2029.

Strategy 4 shows the Cost ratio of Debt to Revenue is estimated to increase from 56.8 percent in 2025 to 57.3 percent in 2029, adverse shock 114.2 with 56.9 level of risk. The risk is only measured in 2029.

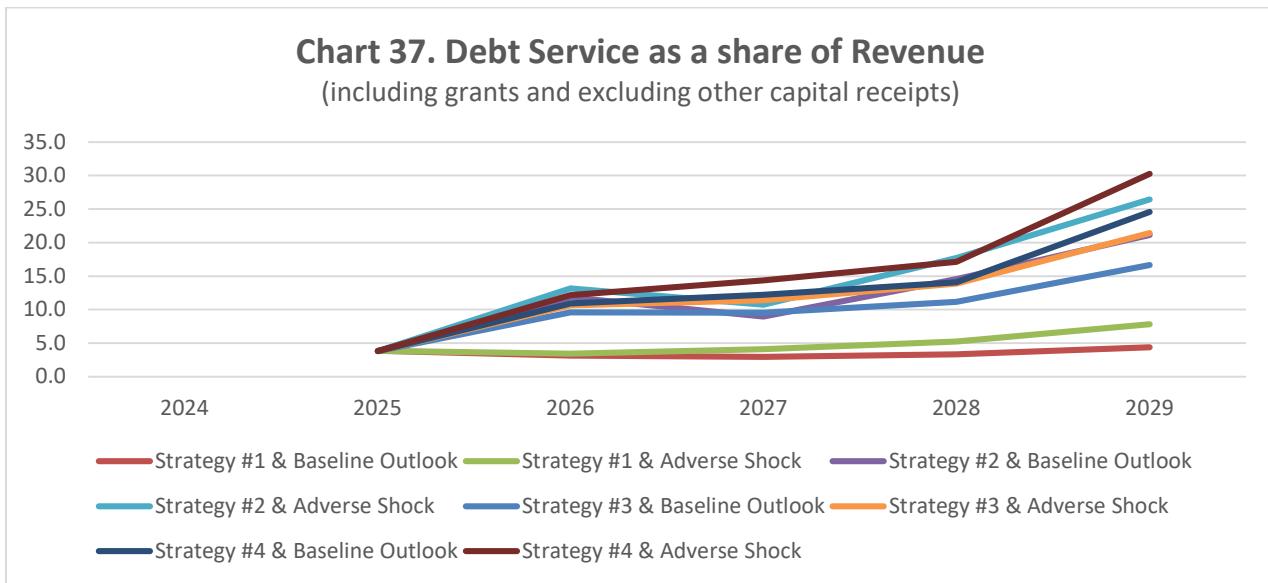
Analysis: Using debt as percentage of revenue indicator, strategy 1 has the lowest cost of 28.5 and risk of 53.7, strategy 2 has cost of 56.3 and risk of 56.7, strategy 3 has cost of 44.1 and risk of 55.4 and strategy 4 has cost of 57.3 and risk of 56.9. Strategy 4 has a high cost of 57.3 and high risk of 56.9

TABLE 23 DEBT STOCK AS A SHARE REVENUE			
S/N	DESCRIPTION	COST	RISK
1	S1	28.5	53.7
2	S2	56.3	56.7
3	S3	44.1	55.4
4	S4	57.3	56.9

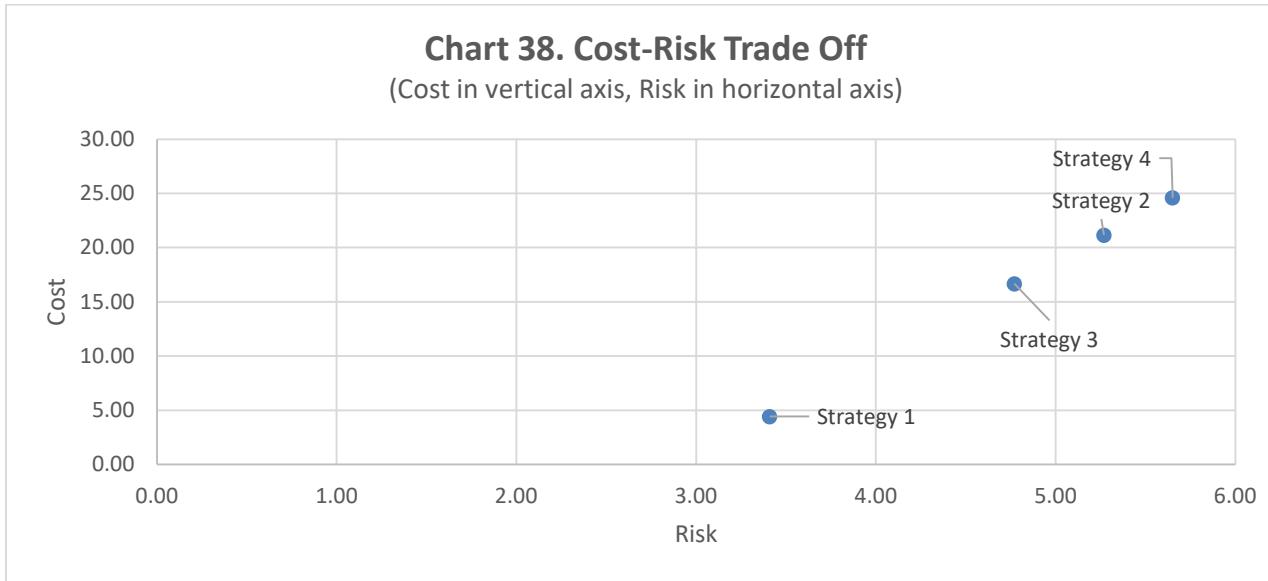
Source: Borno State 2025 DSA-DMS Template

Debt Service as a Share of 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: Borno State 2025 DSA-DMS Template



Source: Borno State 2025 DSA-DMS Template

Debt Service as % of Revenue (including grants and	2024						COST	RISK measure
		2025	2026	2027	2028	2029		
Strategy #1 & Baseline Outlook		3.9	3.1	3.0	3.4	4.4	3.4	
Strategy #1 & Adverse Shock		3.9	3.5	4.1	5.2	7.8		
Strategy #2 & Baseline Outlook		3.9	11.8	9.0	14.5	21.2	5.3	
Strategy #2 & Adverse Shock		3.9	13.2	10.7	17.7	26.4		
Strategy #3 & Baseline Outlook		3.9	9.6	9.5	11.1	16.7	4.8	
Strategy #3 & Adverse Shock		3.9	10.6	11.4	13.9	21.4		
Strategy #4 & Baseline Outlook		3.9	10.9	12.2	14.1	24.6	5.7	
Strategy #4 & Adverse Shock		3.9	12.2	14.4	17.1	30.3		

Source: Borno State 2025 DSA-DMS Template

Strategy 1 shows the Cost of Debt Service to Revenue is estimated to increase from 3.1 in 2025 to 4.4 in 2029 with 3.4 degree of risk and adverse shock of 7.8. The risk is measured only in 2029 as shown in the chart.

Strategy 2 shows the Cost of Debt Service to Revenue is estimated at 11.8 in 2025 to 21.2 in 2029 with 5.3 degrees of risk and adverse shock of 26.4. The risk is measured only in 2029 as shown in the chart.

Strategy 3 shows the Cost of Debt Service to Revenue is estimated at 9.6 in 2025 to 16.7 in 2029 with 4.8 degree of risk and adverse shock of 21.4. The risk is measured only in 2029 as shown in the chart.

Strategy 4 shows the Cost of Debt Service to Revenue is estimated at 10.9 in 2025 to 24.6 in 2029 with 5.7 degrees of risk and adverse shock of 30.3. The risk is measured only in 2029 as shown in the chart.

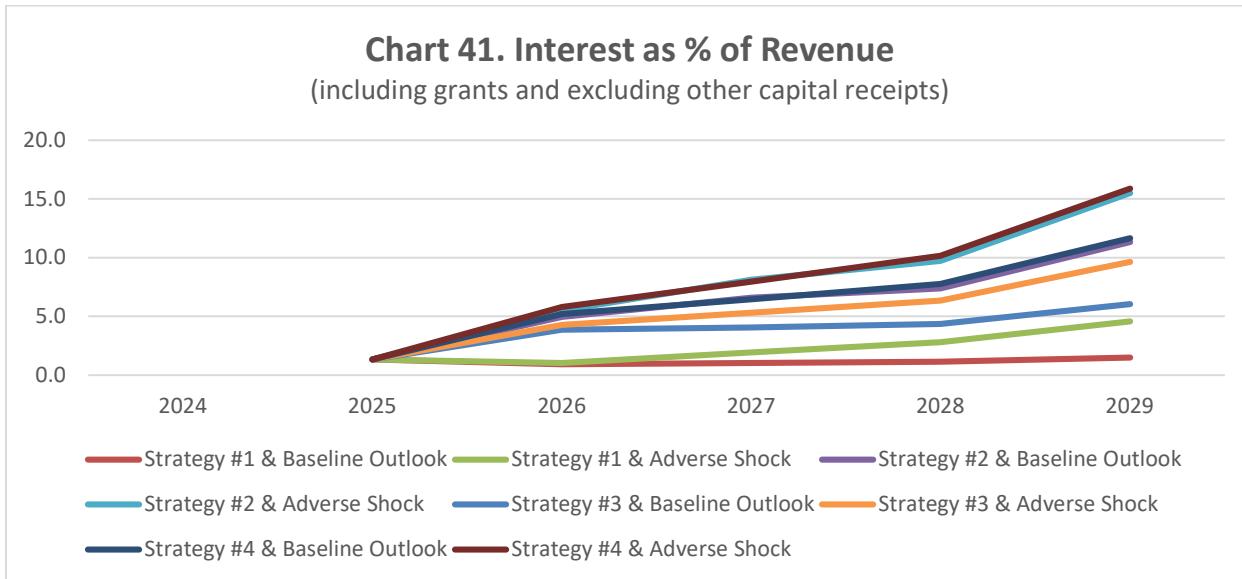
Analysis: Using debt service as a percentage of revenue, strategy 1 has the least cost of 4.4 and low risk of 3.4, strategy 2 has a cost of 21.2 and risk of 5.3, strategy 3 has cost of 16.7 and risk of 4.8, and strategy 4 has the cost 24.6 and risk of 5.7. Strategy 1 has least cost and risk. The table below shows.

TABLE 24 DEBT SERVICE AS A SHARE OF REVENUE				
S/N	DESCRIPTION	COST	RISK	
1	S1	4.4	3.4	
2	S2	21.2	5.3	
3	S3	16.7	4.8	
4	S4	24.6	5.7	

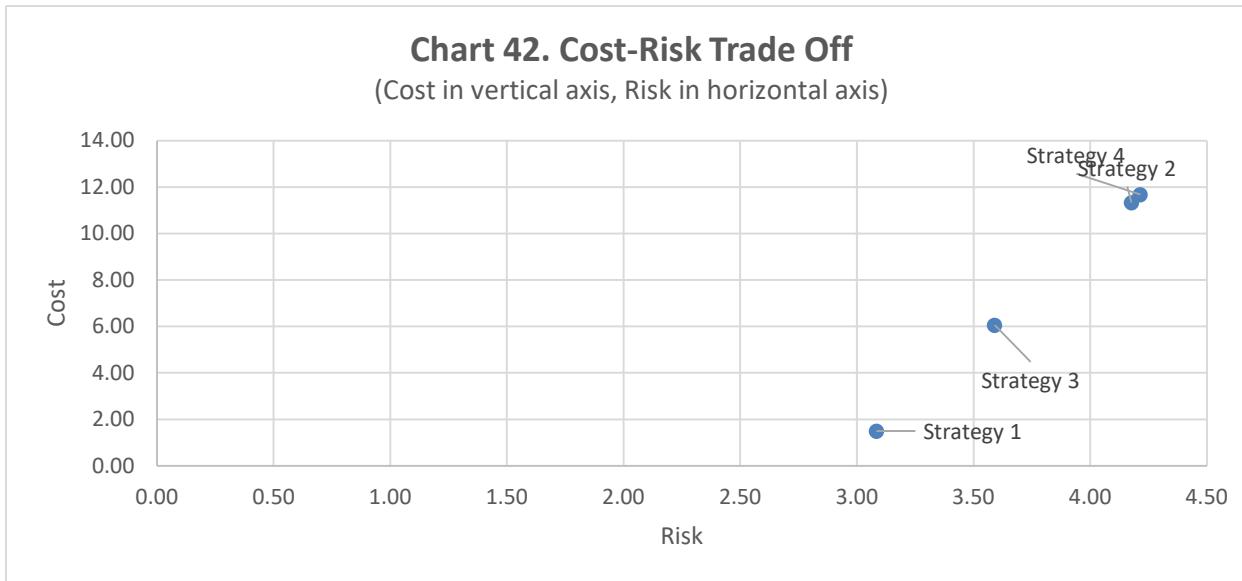
Source: Borno State 2025 DSA-DMS Template

Interest as a Share of Revenue

The share of interest as percentage of revenue and cost- risk trade-off for referenced strategy and alternatives strategies are presented in chart 41 and 42;



Source: Borno State 2025 DSA-DMS Template



Source: Borno State 2025 DSA-DMS Template

Interest as % of Revenue (including grants and excl)	2024	2025	2026	2027	2028	2029	COST	RISK measure
Strategy #1 & Baseline Outlook		1.3	0.9	1.0	1.1	1.5	3.1	
Strategy #1 & Adverse Shock		1.3	1.0	1.9	2.8	4.6		
Strategy #2 & Baseline Outlook		1.3	4.9	6.6	7.4	11.3	4.2	
Strategy #2 & Adverse Shock		1.3	5.5	8.1	9.7	15.5		
Strategy #3 & Baseline Outlook		1.3	3.8	4.1	4.3	6.1	3.6	
Strategy #3 & Adverse Shock		1.3	4.3	5.3	6.4	9.7		
Strategy #4 & Baseline Outlook		1.3	5.2	6.5	7.8	11.7	4.2	
Strategy #4 & Adverse Shock		1.3	5.8	8.0	10.2	15.9		

Source: Borno State 2025 DSA-DMS Template

Strategy 1 shows cost of interest to revenue is estimated to increase from 0.9 in 2025 to 1.5 in 2029 with risk of 3.1 and adverse shocks of 4.6. The risk is measured in 2029 as shown in the table.

Strategy 2 Shows cost of interest to revenue is estimated to increase from 4.9 in 2025 to 11.3 in 2029 with risk of 4.2 and adverse shocks of 15.5. Risk is measured in 2029 as shown in the table.

Strategy 3 shows that the cost of interest to revenue is estimated to increase from 3.8 in 2025 to 6.1 in 2029 with risk of 3.6 and adverse shocks of 9.7. Risk is measured in 2029 as shown in table.

Strategy 4 shows interest to revenue is expected to increase from 5.2 in 2025 to 11.7 in 2029 with risk of 4.2 and adverse shocks of 15.9. Risk is measured in 2029 as shown in the table.

Analysis: strategy 1 has least cost of 1.5 and lesser risk of 3.1, strategy 2 has cost of 11.3 and risk of 4.2, strategy 3 has cost of 6.1 and risk of 3.6 and strategy 4 has cost of 11.7 and risk of 4.2. The table below shows.

TABLE 25 INTEREST AS A SHARE OF REVENUE			
S/N	DESCRIPTION	COST	RISK
1	S1	1.5	3.1
2	S2	11.3	4.2
3	S3	6.1	3.6
4	S4	11.7	4.2

Source: Borno State 2025 DSA-DMS Template

DMS Assessment

.There is no doubt that the most favorable and preferred of the four Debt Management Strategies that shows complete dominance with the most

effective and efficient cost, least risk is Strategy one (S1) using our Analytical Tool. However, with a critical and qualitative examination of the reality of the DSA DMS template, it shows that under all the three identified debt burden indicators (debt/revenue, debt service/revenue and interest/revenue) the adverse shock is revenue. The second preferred Debt Management Strategy, which is relatively fair based on analysis of the charts above is (S2 and S3). 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. Going by all assessment, the Analytical Tool's results of cost and risk shows that Strategy 1 has low costs and risks under debt service as a share revenue and least cost and risk in interest payment as a share of revenue and least cost and risks under debt stock as a share of revenue. Strategy 1, which is the reference strategy considered the most suitable, efficient and implementable strategy in the medium term which shows moderate cost and risk over the DMS projected period, and it would still improve the debt portfolio's position relative to the base year 2024 compared to the alternative strategies.

Furthermore, the cost/risk trade-offs are considered, using the debt to GDP ratio, debt service to GDP ratio, interest to GDP ratio with expenditure as the adverse shock from the baseline scenario.

Reason for Choosing Strategy 1

- ◊ Strategy 1 consists of mixed portfolio options of both domestic and external borrowing.
- ◊ It has realistic borrowing plans that are within the arm bit of the State's MTEF, Fiscal Responsibility Act (FRA), and Debt Management Law.
- ◊ With Strategy 1, the recommendation of fiscal policies which stated that the existing debt and new borrowing should be kept below the established threshold is achievable.
- ◊ Also, the Fiscal Responsibility Act, 2007 as well as Debt Management Act, 2003 provides for prudent spending of public funds by cutting non-essential overhead expenditure and effective debt management which can be achieved in Strategy 1.

Recommendation

The chosen strategy provides an option of multiple approach to decision making on the appropriate composition of external and domestic borrowing, The cost-risk trade-off of alternative borrowing strategies under the DMS has been evaluated within the medium-term for Borno State. However, below is some of the recommendations by the report

- 1 There is a need for the Borno State to diversify sources of revenue away from crude-oil (FAAC) and grant from donor organizations.
- 2 The need for full implementation of policies that will boost IGR into the State cannot be over-emphasized.
- 3 There is the need for initiative to have PPP in some of the ongoing or new projects to mitigate cost of borrowing and the state overdependence on FAAC allocation.

		Projection Methodology	Source
Assumptions:			
Economic activity	State GDP (at current prices)	Borno State GDP is base on the projection prepared by World Bank Group, National Bureau of Statistics and the Debt Management Office Abuja	Debt Management Office Abuja
Revenue	Revenue		
	1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	Statutory Allocation, VAT, Other Federation Account transfers is expected to increase based on the projection provided by DMO Abuja and IGR also is expected to increase based on elasticity forecast, Capital Receipts will also increase for the period 2026-2028, there was an increase in total revenue performance.	Ministry of Finance, and Economic Development. Borno State M-TEF 2026-2028
	1.a. of which Net Statutory Allocation ('net' means of deductions)	Statutory Allocation, VAT, Other Federation Account transfers is expected to increase based on the projection provided by DMO Abuja and IGR also is expected to increase based on elasticity forecast, Capital Receipts will also increase for the period 2026-2028, there was an increase in total revenue performance.	Ministry of Finance, and Economic Development. Borno State M-TEF 2026-2028
	1.b. of which Deductions	Statutory Allocation, VAT, Other Federation Account transfers is expected to increase based on the projection provided by DMO Abuja and IGR also is expected to increase based on elasticity forecast, Capital Receipts will also increase for the period 2026-2028, there was an increase in total revenue performance.	Ministry of Finance, and Economic Development. Borno State M-TEF 2026-2028

	2. Derivation (if applicable to the State)	Derivation fund is not applicable to Borno State	Ministry of Finance, and Economic Development. Borno State M-TEF 2026-2028
	3. Other FAAC transfers (exchange rate gain, augmentation, others)	Apart from oil revenue, revenue from solid minerals, exchange rate gains etc for the medium term period is expected to steadily increase as projected because the state underestimates the budgeted figure for 2025 when compared with actuals of 2024.	Ministry of Finance, and Economic Development. Borno State M-TEF 2026-2028
	4. VAT Allocation	VAT received by Borno State between 2020 to 2024 increases and was based on Federal Government projection, This could be as a result of increase in the VAT rate from 5% to 7.5%. The implication of rise in VAT allocation is that the 2026 – 2028 MTEF will have a higher expectation of VAT in the medium term.	Ministry of Finance, and Economic Development. Borno State M-TEF 2026-2028
	5. IGR	The State IGR has shown a steady growth between 2020 to 2024, it shows a significant increase, this is as a result of rigorous enlightenment and sensitisation campaign embarked upon by the state coupled with the payment of back duty of PAYE from IPPIS on Federal MDAs in the state, improvement on property tax, the automation of revenue collection etc. IGR generation will continue to rise within the medium term.	Ministry of Finance, and Economic Development. Borno State M-TEF 2026-2028 and Borno State Internal Revenue Service.
	6. Capital Receipts	The Government anticipate grants from International Donors and other local donors like BESDA, AGILE etc.	Ministry of Finance, and Economic Development. Borno State M-TEF 2026-2028
	6.a. Grants	The Government anticipate grants from International Donors and other local donors like BESDA, AGILE etc.	Ministry of Finance, and Economic Development. Borno State M-TEF 2026-2028
	6.b. Sales of Government Assets and Privatization Proceeds		
	6.c. Other Non-Debt Creating Capital Receipts	The Government anticipate grants from International Donors and other local donors like BESDA, AGILE etc.	Ministry of Finance, and Economic Development. Borno State M-TEF 2026-2028

Expenditure	Expenditure	
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	<p>Personnel cost consist of personnel emolument, allowances and salaries of public office holders, the high budgeted figure is as a result of implementation of new minimum wage by the state. There is anticipated employment in the state civil service which will automatically increase personnel costs.</p> <p>Cost of governance and running cost over the years has been on the rise as can be seen in actual expenditure. New sources of IGR and expanding the existing ones has greatly helped to sustained the annual rise in cost of running governance.</p>	Ministry of Finance, and Economic Development. Borno State M-TEF 2026-2028
2. Overhead costs	<p>Public debt service, Interest payment and others are based on repayment schedule (amortization) and Irrevocable Standing Payment Order (ISPO), but review of monetary policy by CBN and due to some macro economic indicators, interest payment is expected to fluctuate.</p>	Ministry of Finance, and Economic Development. Borno State M-TEF 2026-2028
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	<p>Grants, Contributions and Subsidies is made up of subvention to boards, grants to communities and NGOs, subsidies on agricultural inputs etc.</p>	Ministry of Finance, and Economic Development. Borno State Debt Management Office and Borno State M-TEF 2026-2028
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)	<p>In the medium term 2026-2028 a budgetary provision is reduced in order to increase capital expenditure.</p> <p>Capital Expenditure in the medium term was premised based on 2024 performances, and because of reconstruction of destroyed infrastructure by insurgent there is an increase in budgetary allocation in 2025 and in the medium term 2026-2028.</p>	Ministry of Finance, and Economic Development. Borno State M-TEF 2026-2028
5. Capital Expenditure	<p>The closing cash and bank balance is by subtracting total expenditure from the total revenue, for the historical year 2020-2024, for the current year 2025, for the medium term 2026-2028 and for the projection years 2029-2034.</p>	Ministry of Finance, and Economic Development. Borno State M-TEF 2026-2028
Closing Cash and Bank Balance	Closing Cash and Bank Balance	2024 Audited Financial Statement and 2025 DSA-DMS Template, Data Request part

Debt Outstanding at Debt Amotization and Interest Payment end-2024	
External Debt - amortization and interest	<p>The proposed External Debt Service is based on the expected amount of interest and principal due for payment base on Schedule of Payment (Amortization Scheduled) provided by Debt Management Office Abuja and the External Creditors.</p>
Domestic Debt - amortization and interest	<p>The proposed Domestic Debt Service is based on the expected amount of interest and principal due for payment on debts owed, base on the agreed Amortization Scheduled and ISPO submitted, as well as new monetary policy rate provided by CBN.</p>
New debt issued/contracted from 2025 onwards New External Financing	
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	<p>The State expects to access concessional loans from WBG , at low interest rates of 3%, 30 years maturity and 10 years grace period in order to finance capital project based on the State Financing Gap .</p>
External Financing - Bilateral Loans	<p>External Bilateral loans will be source based on State Financing Need, at 3% interest with 30 years of maturity period and 7 years grace period it is part of proposal in Borno State 2025 Budget and M-TEF 2026-2028.</p>
Other External Financing	<p>The State expects to access Other External Financing loans, at low interest rates of 3%, 30 years maturity and 10 years grace period in order to finance capital project based on the financial need of the State .</p>
	<p>Amortization scheduled provided by DMO Abuja being the guarantor and the custodian of all external loan and the international creditors that provided the loans</p>
	<p>Amortization scheduled provided by the financial institutions that provided the financial facilities and the ISPO provided to the Federal Ministry of Finance, approved by the Minister of Finance.</p>
	<p>Ministry of Finance, and Economic Development. Borno State Debt Management Office and Borno State M-TEF 2026-2028</p>
	<p>Ministry of Finance, and Economic Development. Borno State Debt Management Office and Borno State M-TEF 2026-2028</p>
	<p>Ministry of Finance, and Economic Development. Borno State Debt Management Office and Borno State M-TEF 2026-2028</p>

	New Domestic Financing	
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	The State intend to borrow domestically from commercial bank with 5 years maturity, at 35% interest and 1 year grace period.
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	The State intend to borrow domestically from commercial bank with 7 years maturity, at 35% interest and 1 year grace period.
	State Bonds (maturity 1 to 5 years)	The State will source for fund in the Capital Market (State Bond) at 22% interest, 5 years maturity.
	State Bonds (maturity 6 years or longer)	The State source for fund in the Capital Market (State Bond) at 22% interest, 7 years and above maturity and 1 year grace period
	Other Domestic Financing	State will source for CBN intervention loans at 22% interest
	Planned Borrowings (new bonds, new loans, etc.) for Debt	
Proceeds from Debt-Creating Borrowing	Strategy S1	
corresponding to 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 State intend to borrow domestically from commercial bank with 5 years maturity, at 35% interest and 1 year grace period.
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	The State intend to borrow domestically from commercial bank with 7 years maturity, at 35% interest and 1 year grace period.
	State Bonds (maturity 1 to 5 years)	The State will source for fund in the Capital Market (State Bond) at 22% interest, 5 years maturity and 1 to 5 year grace period
	State Bonds (maturity 6 years or longer)	The State will source for fund in the Capital Market (State Bond) at 22% interest, 7 years and above maturity and 1 year grace period
	Other Domestic Financing	State will source for CBN intervention loans at 22% interest

New External Financing in Million US Dollar		
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	<p>The State expects to access concessional loans from WBG , at low interest rates of 3%, 30 years maturity and 10 years grace period in order to finance capital project based on the State Financing Gap .</p>	Ministry of Finance, and Economic Development. Borno State Debt Management Office and Borno State M-TEF 2026-2028
External Financing - Bilateral Loans	<p>External Bilateral loans will be source based on State Financing Need, at 3% interest with 30 years of maturity period and 7 years grace period it is part of proposal in Borno State 2024 Budget and M-TEF 2026-2028.</p>	Ministry of Finance, and Economic Development. Borno State Debt Management Office and Borno State M-TEF 2026-2028
Other External Financing	<p>The State expects to access Other External Financing loans, at low interest rates of 3%, 30 years maturity and 10 years grace period in order to finance capital project based on the financial need of the State .</p>	Ministry of Finance, and Economic Development. Borno State Debt Management Office and Borno State M-TEF 2026-2028

	Planned Borrowings (new bonds, new loans, etc.) for Debt
Proceeds from Debt-Creating Borrowing	Strategy S2
corresponding to 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 State intend to borrow domestically from commercial bank with 5 years maturity, at 35% interest and 1 year grace period.
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	The State intend to borrow domestically from commercial bank with 7 years maturity, at 35% interest and 1 year grace period.
State Bonds (maturity 1 to 5 years)	State will not patronise bonds
State Bonds (maturity 6 years or longer)	State will not patronise bonds
Other Domestic Financing	State will source for CBN intervention loans at 22% interest
New External Financing in Million US Dollar	
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	The State expects to access concessional loans from WBG, at low interest rates of 3%, 30 years maturity and 10 years grace period based on the State Financing Gap.
External Financing - Bilateral Loans	External Bilateral loans will be source based on State Financing Need, at 3% interest with 30 years of maturity period and 7 years grace period but not within the Medium Term.
Other External Financing	The State expects to access other External Financing loans, at low interest rates of 3%, 30 years maturity and 10 years grace period based on the financial need of the State in the long term.

	Planned Borrowings (new bonds, new loans, etc.) for Debt
Proceeds from Debt-Creating Borrowing corresponding to Debt Strategy S3	Strategy S3
	New Domestic Financing in Million Naira
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	State will not source for commercial bank loans
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	State will not source for commercial bank loans
State Bonds (maturity 1 to 5 years)	The State will source for fund in the Capital Market (State Bond) at 22% interest, 5 years maturity and 1 to 5 year grace period
State Bonds (maturity 6 years or longer)	The State source for fund in the Capital Market (State Bond) at 22% interest, 7 years and above maturity and 1 year grace period
Other Domestic Financing	State will source for CBN intervention loans at 22% interest
	Ministry of Finance, and Economic Development. Borno State Debt Management Office and Borno State M- TEF 2026-2028
	Ministry of Finance, and Economic Development. Borno State Debt Management Office and Borno State M- TEF 2026-2028
	Ministry of Finance, and Economic Development. Borno State Debt Management Office and Borno State M- TEF 2026-2028
	Ministry of Finance, and Economic Development. Borno State Debt Management Office and Borno State M- TEF 2026-2028
	Ministry of Finance, and Economic Development. Borno State Debt Management Office and Borno State M- TEF 2026-2028

	New External Financing in Million US Dollar	
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	The State expects to access concessional loans from WBG , at low interest rates of 3%, 30 years maturity and 10 years grace period based on the State Financing Gap .
	External Financing - Bilateral Loans	External Bilateral loans will be source based on State Financing Need, at 3% interest with 30 years of maturity period and 7 years grace period.
	Other External Financing	The State expects to access other External Financing loans, at low interest rates of 3%, 30 years maturity and 10 years grace period based on the financial need of the State .
		Ministry of Finance, and Economic Development. Borno State Debt Management Office and Borno State M-TEF 2026-2028
		Ministry of Finance, and Economic Development. Borno State Debt Management Office and Borno State M-TEF 2026-2028
		Ministry of Finance, and Economic Development. Borno State Debt Management Office and Borno State M-TEF 2026-2028
	Planned Borrowings (new bonds, new loans, etc.) for Debt	
Proceeds from Debt-Creating Borrowers	Strategy S4	
	New Domestic Financing in Million Naira	
corresponding to Debt Strategy S4	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	The State intend to borrow domestically from commercial bank with 5 years maturity, at 35% interest and 1 year grace period.
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	The State intend to borrow domestically from commercial bank with 7 years maturity, at 35% interest and 1 year grace period.
	State Bonds (maturity 1 to 5 years)	The State will source for fund in the Capital Market (State Bond) at 22% interest, 5 years maturity and 1 to 5 year grace period
	State Bonds (maturity 6 years or longer)	The State will source for fund in the Capital Market (State Bond) at 22% interest, 7 years and above maturity and 1 year grace period
	Other Domestic Financing	State will source for CBN intervention loans at 22% interest
		Ministry of Finance, and Economic Development. Borno State Debt Management Office and Borno State M-TEF 2026-2028
		Ministry of Finance, and Economic Development. Borno State Debt Management Office and Borno State M-TEF 2026-2028
		Ministry of Finance, and Economic Development. Borno State Debt Management Office and Borno State M-TEF 2026-2028
		Ministry of Finance, and Economic Development. Borno State Debt Management Office and Borno State M-TEF 2026-2028

New External Financing in Million US Dollar		
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	State will not seek for External Financing or any foreign loan	Ministry of Finance, and Economic Development. Borno State Debt Management Office and Borno State M- TEF 2026-2028
External Financing - Bilateral Loans	State will not seek for External Financing or any foreign loan	Ministry of Finance, and Economic Development. Borno State Debt Management Office and Borno State M- TEF 2026-2028
Other External Financing	State will not seek for External Financing or any foreign loan	Ministry of Finance, and Economic Development. Borno State Debt Management Office and Borno State M- TEF 2026-2028

Indicator	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	BASELINE SCENARIO														
Economic Indicators															
State GDP (at current prices)	1,642,021.18	1,874,329.70	2,154,182.59	2,495,471.82	2,953,930.73	3,428,490.85	3,932,400.55	4,519,327.11	5,237,467.32	5,827,337.08	6,483,640.91	7,213,860.97	8,026,322.06	8,930,286.59	9,936,060.11
Exchange Rate NGN/US\$ (end-Period)	305.80	306.50	326.00	379.00	1,300.00	1,602.69	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00
Fiscal Indicators (Million Naira)															
Revenue	77,922.60	99,144.30	132,150.60	211,237.40	442,087.26	633,121.02	979,326.85	1,114,853.93	1,272,671.05	1,145,143.71	1,270,367.21	1,441,719.53	1,662,098.58	1,943,041.83	2,273,266.54
1. Gross Statutory Allocation ('gross' me)	47,021.82	51,869.50	47,165.80	103,734.50	18,740.40	93,900.00	455,716.45	533,188.25	623,830.25	729,881.39	853,961.23	999,134.64	1,168,987.53	1,367,715.40	1,600,227.02
1.a. of which Net Statutory 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
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 ga	0.00	0.00	0.00	0.00	0.00	0.00	245,085.50	130,444.19	227,345.30	240,008.80	263,288.70	100,000.05	101,000.05	95,000.05	80,000.05
4. VAT Allocation	16,023.37	22,546.23	27,708.30	38,462.40	74,424.26	87,360.00	98,112.02	100,994.56	129,863.64	151,940.46	177,770.33	207,991.29	243,349.81	284,719.28	333,121.58
5. IGF	12,201.00	21,887.00	19,739.00	21,315.10	33,974.95	30,017.40	30,174.74	33,200.92	36,411.01	37,321.90	38,254.30	39,210.90	41,195.70	42,225.70	44,225.70
6. Capital Receipts	2,671.70	2,843.60	37,537.30	47,725.40	69,862.15	291,329.00	168,051.40	197,426.40	219,465.30	126,381.31	99,381.00	100,481.82	129,925.29	184,464.00	207,845.31
6.a. Grants	2,671.70	2,843.60	37,537.30	47,725.40	69,862.15	105,240.35	138,329.97	165,170.63	50,000.00	30,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
6.b. Sales of Government Assets and F	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 F	0.00	0.00	0.00	0.00	0.00	0.00	25,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.d. Proceeds from Debt-Creating Borr	0.00	0.00	0.00	0.00	0.00	0.00	161,084.74	29,731.38	32,390.78	41,299.35	76,005.51	69,381.30	95,382.85	124,570.29	159,111.40
Expenditure	108,862.00	103,031.03	125,869.40	184,739.60	417,978.78	633,121.00	979,326.85	1,114,853.93	1,272,671.05	1,164,490.84	1,247,367.19	1,426,176.26	1,667,986.40	1,936,406.01	2,282,172.60
1. Personnel costs (Salaries, Pensions, Civ	35,456.90	20,849.30	20,010.00	21,803.30	43,163.69	67,865.52	87,953.90	100,022.70	102,298.50	103,413.41	104,528.35	105,643.28	106,758.20	107,873.13	108,988.00
2. Overhead costs	15,676.46	21,828.50	29,104.90	38,998.20	63,456.01	150,897.55	81,095.97	91,095.97	101,104.97	102,109.97	103,114.97	104,119.97	105,124.97	106,129.96	107,131.96
3. Interest Payments (Public Debt Charge	6,992.00	3,740.63	1,689.00	0.00	3,794.92	5,982.29	8,778.12	11,205.23	14,094.64	16,059.58	31,457.69	41,225.73	53,627.33	67,857.23	85,563.77
3.a. of which Interest Payments (Publi	0.00	5,232.24	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 F	0.00	1,208.49	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	11,527.43	0.00	0.00	41,015.50	60,312.80	23,415.63	34,470.70	37,917.70	41,709.50	62,564.25	100,846.38	140,769.56	350,154.34	580,731.52	880,097.27
5. Capital Expenditure	39,208.80	56,612.60	75,065.50	82,925.60	181,791.31	373,679.25	746,074.90	853,426.78	987,264.73	850,060.50	870,501.20	981,265.60	982,265.60	983,265.60	984,265.60
6. Amortization (principal) payments	0.00	0.00	0.00	0.00	65,460.00	11,280.76	21,185.54	27,000.00	31,288.13	37,923.61	54,157.12	70,942.76	91,154.57	117,128.55	120,128.55
Budget Balance ('+' means surplus, '-' me)	-30,936.00	-3,866.73	6,281.20	26,697.80	24,108.48	0.02	0.00	0.00	0.00	-19,347.13	23,000.02	15,543.27	-5,769.83	6,635.82	-8,806.06
Opening Cash and Bank balance	-714.58	-31,653.60	-35,540.30	-29,259.10	-2,761.30	21,347.18	21,347.20	21,347.20	21,347.20	21,347.20	21,347.20	21,347.20	21,347.20	21,347.20	21,347.20
Closing Cash and Bank Balance	-31,653.60	-35,540.30	-29,259.10	-2,761.30	21,347.18	21,347.20	21,347.20	21,347.20	21,347.20	21,347.20	21,347.20	21,347.20	21,347.20	21,347.20	21,347.20
Financing Needs and Sources (Million Naira)															
Financing Needs															
I. Primary balance															
ii. Debt service															
Amortization															
Interest															
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)															
Financing Sources															
I. Financing Sources Other than Borrowing															
ii. Gross Borrowings															
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMDF)	161,084.74	29,731.38	32,390.78	41,299.35	76,005.51	69,381.30	95,382.85	124,570.29	159,110.40	202,692.31					
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMDF)	77,700.00	30,214.99	11,208.76	20,953.26	21,185.54	27,038.71	31,288.13	37,923.61	54,157.12	70,942.69	91,155.47	117,128.55	142,570.29	159,110.40	202,692.31
State Bonds (maturity 1 to 5 years)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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	0.00	0.00	0.00	0.00	0.00
Other Domestic Financing	16,486.96	16,658.74	23,359.44	25,746.90	31,489.95	39,950.61	51,458.75	65,670.44	81,548.75	103,000.00	126,000.00	141,200.00	156,644.77	171,282.67	186,000.00
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	143,820.78	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
External Financing - Bilateral Loans	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
Other External Financing	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
Residual Financing	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
Debt Stocks and Flows (Million Naira)															
Debt (stock)	143,633.33	80,715.49	102,036.20	106,540.80	89,625.90	253,798.50	234,961.24	246,166.48	260,261.11	304,073.49	336,431.18	377,656.91	431,284.24	499,141.46	584,705.23
External	38,030.94	6,082.49	5,900.60	7,769.50	61,711.00	218,358.12	193,596.36	195,040.65	204,846.17	204,655.69	205,163.21	204,707.33	214,718.24	224,465.76	222,382.67
Domestic	105,622.39	74,633.00	96,135.60	98,771.30	21,371.94	35,446.40	41,368.58	51,118.41	55,124.92	100,317.80	131,267.13	172,686.18	176,565.99	214,718.24	224,465.76
Gross borrowing (flow)															
External															
Domestic															
Amortizations (flow)	23,236.00	13,504.76	7,113.36	8,040.04	108,004.49	21,185.54	20,953.29	21,185.54	21,185.54	21,185.54	21,185.54	21,185.54	21,185.54	21,185.54	21,185.54
External	93.85	77.16	90.96	257.93	1,251.06	1,542.36	1,347.30	1,347.30	1,347.30	1,347.30	1,347.30	1,347.30	1,347.30	1,347.30	1,347.30
Domestic	23,142.15	13,427.60	7,022.40	7,782.60	106,753.43	9,738.40	19,605.96	19,838.24	25,803.82	29,935.65	36,471.13	52,704.64	69,490.64	90,101.69	110,454.45
Interest's (flow)	2,122.79	3,761.06	2,758.82	5,726.84	5,737.48	5,982.29	8,778.12	11,205.23	14,094.64	16,059.58	31,457.69	41,225.73	53,627.33	67,857.23	85,563.77
External	24.76	20.44	24.02	55.74	191.18	236.69	3,956.04	4,075.42	4,153.03	4,481.16	4,518.96	4,577.76	4,588.36	4,925.36	5,261.36
Domestic	2,098.03	3,740.63	2,735.80	5,673.10	3,566.30	5,745.60	4,828.02	7,129.81	9,941.61	11,572.82	36,647.97	49,037.97	62,931.77	80,302.41	102,370.29
Net borrowing (gross borrowing minus amortizations)															
External															
Domestic															
For interest as % of SGD the adverse															
shock as: Expenditure															
Interest as % of SGD															
Personnel Cost as % of Revenue (including grants and excluding other capital receipts)															
Debt Service as % of SGD (the adverse)	8.75	4.31	4.74	4.27	3.03	7.40	5.98	5.45	4.97	5.23	5.19	5.24	5.37	5.59	5.88
Debt Stock as % of Revenue (including grant	184.33	81.41	77.21	50.44	20.27	56.77	24.74	22.74	21.14	28.53	28.01	28.05	28.05	27.98	28.24
Debt Service as % of SGD (the adverse)															
Debt Service as % of Revenue (including grants and excluding other capital receipts)															
Interest as % of SGD (the adverse)															

SIGN  DATE 25-11-2025

NAME BASHA KAEHALLAH TALBA

PERMANENT SECRETARY BORNO STATE MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

For: HONOURABLE COMMISSIONER.