



EKITI STATE DEBT SUSTAINABILITY ANALYSIS AND DEBT MANAGEMENT STRATEGY (STATE DSA-DMS), 2025

DEBT MANAGEMENT UNIT, MINISTRY OF FINANCE

Table of Content

Section 1. INTRODUCTION.....	4
1.A. Objective and Content of the State DSA-DMS Report.....	4
1.B. Summary of Findings and Results of the State DSA-DMS	4
Section 2. EKITI STATE FISCAL AND DEBT FRAMEWORK.....	6
2.A. Fiscal Reforms - Revenue and Expenditure in the last 3-5 years.....	6
2.B. 2025 Ekiti State Approved Budget and Medium-Term Expenditure Framework (MTEF), 2025- 2027	7
2.B.1. Overview of Ekiti State 2025 Budget	7
2.B.2. Ekiti State Fiscal Policy Strategies for the 2025 Budget	8
Macroeconomic Framework	8
2.B.3. Fiscal Strategy and Assumptions	9
2.C. Ekiti State Medium-Term Fiscal Framework.....	10
2.C.1. Indicative Three-Year Fiscal Framework	10
2.C.2. Assumptions.....	11
2.C.3. Budget Policy Statement.....	12
2.C.4. Analysis of the Medium-Term Policy.....	13
Section 3. REVENUE, EXPENDITURE, FISCAL AND PUBLIC DEBT TRENDS (2020-2024) 15	
3.A. Revenue, Expenditure, Overall and Primary Balance (2019-2023).....	15
3.A.1. Revenue Performance	15
3.A.2. Expenditure Performance.....	16
3.A.3. Fiscal Outturns – overall and primary balance trend in the last five years.....	18
3.A.4. Other Charts	19
3.B. Existing Public Debt Portfolio of Ekiti State	21
3.B.1. The Evolution of the State Debt Stock between 2020 and 2024	21
3.B.2. Debt Portfolio Composition.....	23
3.C. Cost and Risk Exposure of the existing public debt portfolio at the end - 2024.....	24
Section 4. DEBT SUSTAINABILITY ANALYSIS	26
4.A. Introduction - Concept of Debt Sustainability Analysis	26
4.B. Medium-Term Budget Forecast	27
4.B.1. Main features of the macroeconomic outlook under which the State DSA-DMS Baseline Scenario is being conducted.....	27
4.B.2. Ekiti State’s revenue and expenditure policies going forward under the baseline scenario.	28
4.C. Borrowing options.....	29
4.D. Debt Sustainability Analysis Simulation Results and Findings	30

4.D.1.	Revenue.....	30
4.D.2.	Expenditure	31
4.D.3.	Debt Stock.....	31
4.D.4.	Debt as a Share of Revenue	32
4.D.5.	Debt Service as a Share of Revenue	32
4.D.6.	Personnel Cost	33
4.D.7.	Fiscal Outturns	33
4.D.8.	Main Findings and Results of the Baseline Scenario under the Reference Debt Strategy (S1).	34
4.E.	DSA Sensitivity Analysis.....	36
4.F.	The DSA Sensitivity Analysis for Ekiti State	37
4.G.	Results and Conclusion of the Shock Scenario in Terms of Debt Sustainability of Ekiti State	39
Section 5.	DEBT MANAGEMENT STRATEGY	41
5.A.	Introduction - Concept of Debt Management Strategy	41
5.B.	Alternative Borrowing Options.....	41
5.B.1.	Reference Debt Management Strategy (S1)	42
5.B.2.	First Alternative Debt Management Strategy (S2)	43
5.B.3.	Second Alternative Debt Management Strategy (S3).....	43
5.B.4.	Third Alternative Debt Management Strategy (S4).....	43
5.C.	Debt Management Strategy (DMS) Simulation Results	44
5.C.1.	Debt/Revenue.....	44
5.C.2.	Debt Service/Revenue.....	44
5.C.3.	Interest/Revenue	45
5.D.	Debt Management Strategy Assessment	46
Section 6.	Annex I. Table Assumption.....	47
Section 7.	Annex II. Historical and Projections of the S1_Baseline Scenario.....	51
Section 8.	EKITI STATE TECHNICAL TEAM.....	Error! Bookmark not defined.

Section 1. INTRODUCTION

1.A. Objective and Content of the State DSA-DMS Report

The Ekiti State Debt Sustainability Analysis and Debt Management Strategy (State DSA-DMS) for 2025 was conducted by the State Debt Management Unit within the Ministry of Finance, in collaboration with other relevant Ministries, Departments, and Agencies. The DSA portion of the report examines trends and patterns in the State's public finances from 2020 to 2024 and estimates the long-term debt sustainability for the period from 2025 to 2034. This analysis highlights recent trends in revenue, expenditure, public debt, and the policies implemented by the State. A Debt Sustainability Assessment was performed, along with scenario and sensitivity analyses, to evaluate the potential performance of the State's public finances. The report also includes the State's Debt Management Strategy (DMS), outlining permissible costs and risks.

The primary goal of the debt management strategy is to ensure that the Ekiti State Government can meet its financing needs and payment obligations at the lowest possible cost while maintaining a prudent level of risk. There are four distinct debt management strategies. This analysis assesses the costs of carrying public debt and evaluates the risks linked to macroeconomic and fiscal shocks for each strategy.

The State DSA-DMS Report was created using the DSA-DMS Template and Toolkit developed by the Debt Management Office in collaboration with the World Bank Group. This report analyses trends and patterns in the State's public finances from 2020 to 2024 and assesses the State's capacity to sustain its debt in the long term, covering the period from 2025 to 2034. The 2025 Debt Sustainability Analysis and Debt Management Strategy (State DSA-DMS) exercise considered the State's historical macroeconomic data from 2020 to 2024 and projected data for 2025 to 2034.

1.B. Summary of Findings and Results of the State DSA-DMS

The findings from the 2025 Sustainability Analysis indicate that Ekiti State is in a strong position regarding its long-term outlook, projected from 2025 to 2034. The analysis suggests that the state's debt levels are manageable and do not present a risk of unsustainability from 2025 to 2024. Key factors contributing to this positive assessment include prudent fiscal management, efficient allocation of resources, supportive fiscal reform, and a commitment to maintaining economic stability. Overall, the report highlights a favourable trajectory for Ekiti State's financial health in the coming years, suggesting confidence in its ability to navigate economic challenges while meeting its obligations. The State's total revenue (including grants and excluding other capital receipts) is projected to increase from ₦377.15billion in 2024 to ₦3,745.38billion by 2034 (**chart 16**). The State's total expenditure will expand from ₦372.14billion in 2024 to ₦4,154.46 billion by 2034 (**chart 17**).

The solid revenue position results from the State's strong performance in terms of mobilizing Internally Generated revenue (IGR) – underpinned by the successful fiscal reforms of the present administration. Ekiti State Internal Revenue is now autonomous with more competent personnel to follow through on its vision with the assistance of up-to-date technology. Also worthy of note is the State's control of recurrent expenditure growth and its low level of public debt.

The public debt and the State's amortization payment are projected to rise due to a consistent increase in domestic loans (**Chart 18**). The State's debt stock is expected to increase from ₦228.49billion as of the end of 2024 to ₦2,814.04billion by the end of 2034. The state's domestic debt decreased from ₦84.20 billion in 2020 to ₦53.53 billion in 2024, resulting in a decrease of 36% (nominal growth rate). The domestic debt of Ekiti State is expected to rise by 37.9% between 2024 and 2025. However, it would fall by 1.71% between the period 2025 and 2026. From 2020 and 2024, Ekiti State's total debt stock increased by 97% (nominal growth rate), from ₦115.69 billion in 2020 to ₦228.49 billion in 2024. This increase resulted from the federal government bailout facility, the budget support facility, an increase in State government arrears, and other external financing.

The Debt Sustainability Analysis (DSA) is contingent upon specific assumptions and conditions regarding the State's revenue, particularly its capacity to mobilize internally generated revenue (IGR), as well as projections for expenditures, including personnel costs, overhead expenses, and capital investments. Given the State's economic forecasts and reasonable assumptions related to its revenue and expenditure policies, the long-term outlook for public debt appears to be sustainable.

The State adopts a prudent debt management strategy that ensures an appropriate cost of debt servicing and a tolerable level of risk exposure. This prudent approach is characterized by the State's reliance on a diverse array of financing sources, including external concessional loans and domestic low-cost financing options. Considering the State's economic forecasts and reasonable assumptions regarding its budgetary and financing policies in the coming years, the medium-term cost-risk profile for the public debt portfolio appears to be aligned with the overarching objectives of debt management.

Section 2. EKITI STATE FISCAL AND DEBT FRAMEWORK

2.A. Fiscal Reforms - Revenue and Expenditure in the last 3-5 years

In the last 3 to 5 years, Ekiti State Government has implemented significant fiscal reforms to improve financial health and foster sustainable economic growth. These reforms focus on boosting revenue generation, enhancing transparency in financial management, and streamlining public expenditure. The following are some specific reforms that have been implemented:

- i. Implementation of the Treasury Single Account via the Remita Payment platform across the State for transparent and accountable revenue collection in the State.
- ii. Enactment of Ekiti State Debt Management Law 2020
- iii. The State Government has introduced mandatory payment of 'Property Tax' payable by landlords and landowners across the 16 Local Government Areas of the state. The new tax policy was part of efforts to shore up the state's Internally Generated Revenue (IGR) for more infrastructural development. The new tax policy was part of efforts to shore up the State's Internally General Revenues (IGR) for more infrastructural development.
- iv. Ekiti State Fiscal Responsibility Law No. 4, 2011 was repealed and re-enacted in the year 2019 to provide for the prudent management of the State resources; ensure long-term macro-economic stability, secure greater accountability and transparency in fiscal operation within a Medium-Term Fiscal Policy Framework (MTEF) and the establishment of the Fiscal Responsibility Commission;
- v. Ekiti State Board of Internal Revenue Law was passed and assented in the year 2019 to boost internal revenue generation and enhance the optimum collection of all taxes in the State. The law also included the provision for the Autonomy of the State's Board of Internal Revenue.
- vi. The State Government adopted the State Fiscal Transparency Accountability and Sustainability programme which was recently introduced by the World Bank to strengthen State-level fiscal transparency, accountability, and sustainability; and also adopted Open Government Partnership to boost transparency in Government.
- vii. Complete autonomy of the State Board of Internal Revenue Service;
- viii. Decentralizing revenue collection - The state has opened a new tax office (Ekiti State Internal Revenue Service Area Tax Office in Ikole -Ekiti) to decentralize revenue collection and improve tax administration.
- ix. Ekiti State Revenue Service has started a review of the IGR sources and collection modalities to improve the IGR performance through the deployment of a new Revenue collection known as Ekiti Revenue Autonomous System (ERAS).

- x. Introduction and implementation of strategic and well-coordinated empowerment programmes and other social investment programmes;
- xi. Promotion of good governance through E-Government Initiative, Budget discipline, probity, and accountability in the allocation and utilization of public funds.

In addition to the above, the Federal Government has also introduced some laws which may have a consequent impact on the State fiscal variable (i.e. revenues and expenditures) among which is the Finance Act 2020.

2.B. 2025 Ekiti State Approved Budget and Medium-Term Expenditure Framework (MTEF), 2025- 2027

2.B.1. Overview of Ekiti State 2025 Budget

Ekiti State Government 2025 Approved Budget Summary			
Item	2024 Approved Budget	2024 Performance January to September	2025 Approved Budget
Opening Balance	4,894,754,409.91	39,714,164,593.81	19,135,819,593.81
Recurrent Revenue	104,381,864,189.76	124,204,617,202.47	252,146,989,603.49
11 - GOVERNMENT SHARE OF FAAC	81,850,438,137.00	101,043,337,036.89	223,077,009,651.82
12 - Independent Revenue	22,531,426,052.76	23,161,280,165.58	29,069,979,951.67
Recurrent Expenditure	88,952,583,682.41	105,782,025,705.88	192,061,570,488.61
21 - Personnel Cost	31,024,520,311.11	31,056,262,599.17	62,508,068,087.16
22 - Other Recurrent Costs, of which:	57,928,063,371.30	74,725,763,106.71	129,553,502,401.45
<i>Other Non Debt Recurrent</i>	<i>45,778,063,371.30</i>	<i>61,790,957,490.61</i>	<i>111,653,502,401.45</i>
<i>Debt Service</i>	<i>12,150,000,000.00</i>	<i>12,934,805,616.10</i>	<i>17,900,000,000.00</i>
Transfer to Capital Account	20,324,034,917.26	58,136,756,090.40	79,221,238,708.69
Other Receipts	50,295,863,315.94	19,003,099,376.72	104,507,268,420.85
13 - Aid And Grants	8,663,052,793.00	7,253,419,932.42	28,112,392,400.00
14 - Capital Developmentfund (Cdf) Receipts	41,632,810,522.94	11,749,679,444.30	76,394,876,020.85
23 - Capital Expenditure (Capital Expenditure)	70,619,898,233.20	59,787,143,904.77	183,728,507,129.54
Total Revenue (including OB)	159,572,481,915.61	182,921,881,173.00	375,790,077,618.15
Total Expenditure	159,572,481,915.61	165,569,169,610.65	375,790,077,618.15
Closing Balance	-	17,352,711,562.35	0

2.B.2. **Ekiti State Fiscal Policy Strategies for the 2025 Budget**

Macroeconomic Framework

1. The macroeconomic framework is established upon a comprehensive analysis of:
 - A. International Monetary Fund (IMF)
 - i. World Economic Outlook April 2024
 - ii. World Economic Outlook July 2024 Update
 - iii. African Economic Outlook October 2024
 - iv. Fiscal Monitor April 2024
 - v. World Bank Global Economic Prospects January 2024
 - vi. World Bank Nigeria Development Update June 2024
 - vii. African Development: Africa Macroeconomic Performance and Outlook 2024
 - viii. OPEC July 2024 Monthly Oil Market Report
 - ix. US Energy Information Administration Short Term Energy Outlook (STEO) July 2024
 - B. NBS CPI Inflation Report June 2024
 - C. NBS GDP Report 2024 Q1
 - D. CBN Monthly Report February 2024
 - E. February 2024 FAAC Distributions
 - F. Nigeria Economic Sustainability Plan
 - G. FAAC Schedule I 2014-2024
2. The current and forecast trends in mineral sector indices and the national macroeconomic indices are reflected below:

Macro-Economic Framework

Item	2024	2025	2026	2027
National Inflation	31.30%	27.00%	21.00%	19.00%
National Real GDP Growth	3.10%	3.00%	3.10%	3.20%
Oil Production Benchmark (MBPD)	1.5000	1.6500	1.7000	1.8000
Oil Price Benchmark	\$78.00	\$75.00	\$75.00	\$75.00
NGN:USD Exchange Rate	1500	1200	1200	1200
Other Assumptions				
Mineral Ratio	16%	18%	20%	22%

Source: National Bureau of Statistics (NBS), NNPC, Federal Ministry of Budget & National Planning

2.B.3. Fiscal Strategy and Assumptions

Policy Statement

The administration policy statement and operational ideology are to ensure that the State realizes its vision of shared prosperity through the implementation of its 6-Pillar, namely: job creation for young people; human capital development; agriculture and rural development, infrastructure and industrialization; arts, culture and tourism; and governance. This policy will not only guide the direction of the Government, it will also be a standard of measurement for all developmental issues, including budget preparation and budget implementation, budget discipline and control through transparency and accountability in Governance.

Objectives and Targets

The key targets from a fiscal perspective are:

- i. to further improve revenue generation, drive by re-invigorating and strengthening the capacity of the Ekiti State Internal Revenue Service and other revenue-generating MDAs;
- ii. to promote social inclusion and human capital development in the State with a view to enhancing individuals' dignity, security and opportunity to lead a better life;
- iii. to further boost agriculture for an efficient, stable, and resilient food system, thus enabling the State to meet local demand for food and ensure food security;
- iv. to realize the long-term aspiration of making Ekiti State the best place to live, to work, to visit and invest by 2050;
- v. to enhance quality health care delivery through the implementation of strategic health policies;
- vi. to further create employment opportunities and attract investments through the creation of an enabling environment;
- vii. to enhance productivity through technological development/digitization of the Public service;
- viii. to provide community and tourist-friendly facilities to promote culture and tourism and boost the State's economy;
- ix. to improve Youth Engagement, Participation and Empowerment, to promote value reorientation and productivity.

2.C. Ekiti State Medium-Term Fiscal Framework

2.C.1. Indicative Three-Year Fiscal Framework

The indicative three-year fiscal framework for the period 2025-2027 is presented in the table below.

Macro-Economic Framework

Item	2024	2025	2026	2027
National Inflation	31.30%	27.00%	21.00%	19.00%
National Real GDP Growth	3.10%	3.00%	3.10%	3.20%
Oil Production Benchmark (MBPD)	1.5000	1.6500	1.7000	1.8000
Oil Price Benchmark	\$78.00	\$75.00	\$75.00	\$75.00
NGN:USD Exchange Rate	1500	1200	1200	1200
Other Assumptions				
Mineral Ratio	16%	18%	20%	22%

Fiscal Framework

Item	2024	2025	2026	2027
Opening Balance	39,714,164,594	30,714,164,594	23,714,164,594	23,714,164,594

Recurrent Revenue				
Statutory Allocation	109,190,748,608	115,283,356,205	136,896,559,472	162,106,063,783
Derivation				
VAT	31,564,268,548	44,085,106,211	56,236,233,316	69,776,301,207
IGR	33,382,025,132	36,720,227,645	38,556,239,027	40,484,050,979
Excess Crude / Other Revenue	84,000,000,000	75,000,000,000	50,000,000,000	20,000,000,000
Total Recurrent Revenue	258,137,042,288	271,088,690,062	281,689,031,815	292,366,415,968

Recurrent Expenditure				
Personnel Costs	76,585,734,978	78,117,449,677	79,679,798,671	81,273,394,644
Social Contribution and Social Benefit	20,846,119,086	21,054,580,277	21,265,126,080	21,477,777,341
Overheads	126,093,408,970	131,137,145,329	135,071,259,689	137,772,684,883
Public Debt Service	20,269,791,532	20,432,023,996	20,549,524,527	21,400,981,029
Total	243,795,054,567	250,741,199,280	256,565,708,967	261,924,837,897

Transfer to Capital Account	54,056,152,315	51,061,655,375	48,837,487,443	54,155,742,665
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Capital Receipts

Grants	55,067,125,000	59,567,125,000	58,167,125,000	51,167,125,000
Other Capital Receipts	0	0	0	0
Total	55,067,125,000	59,567,125,000	58,167,125,000	51,167,125,000

Reserves

Contingency Reserve	14,892,560,344	15,090,142,733	15,270,159,820	15,804,029,028
Planning Reserve	2,734,403,230	3,374,539,616	3,442,056,258	3,388,421,362
Total Reserves	17,626,963,574	18,464,682,349	18,712,216,078	19,192,450,390

Capital Expenditure	152,807,362,516	174,976,463,067	171,104,761,405	167,942,782,315
Discretionary Funds	67,429,188,741	66,596,973,026	64,125,271,364	68,963,292,275
Non-Discretionary Funds	85,378,173,775	108,379,490,041	106,979,490,041	98,979,490,041

Financing (Loans)	67,311,048,775	88,812,365,041	88,812,365,041	87,812,365,041
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Total Revenue (Including Opening Balance)	420,229,380,656	450,182,344,696	452,382,686,450	455,060,070,603
Total Expenditure (including Contingency Reserve)	414,229,380,656	444,182,344,696	446,382,686,450	449,060,070,603

Closing Balance	6,000,000,000	6,000,000,000	6,000,000,000	6,000,000,000
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2.C.2. Assumptions

1. **Statutory Allocation** – the estimation for statutory allocation is based on elasticity forecast, taking into consideration the macro-economic framework (National) and the mineral assumptions in the 2024-2026 Federal Fiscal Strategy Paper. It is based on historical mineral revenue flows and elasticity-based forecasts using national Real GDP and Inflation data.
2. **VAT** – is based on elasticity forecast using the combined change in GDP and inflation rate. The estimate for 2025-2027 is in line with the current rate of collections (7.5%). This forecast is contingent upon the resolution of the agitation for collection and distribution of VAT in favour of the status quo. The forecast should be revisited if there are any changes to the VAT collection and distribution arrangement in the country.
3. **Excess Crude/Other Federation Account Distributions** – The forecast method used its own value (historical). The own value used is based on the actual Receipts from January to June 2024. Furthermore, it is anticipated that own value would be sustained throughout the forecasting period (2025 -2027).
4. **Internally Generated Revenue (IGR)** – The forecast is calculated based on the projected growth rate (own percentage). IGR is expected to increase annually by 10% in 2024 and 5% in 2025, 2026 and 2027 respectively, based on the IGR reforms initiatives being introduced by the current administration of the State.
5. **Grants** – the estimates for internal Grants are based on the actual receipts for 2023 and performance from January to June, 2024. External grants are based on signed Grant Agreements with International Institutions e.g. the World Bank, UNICEF, EU, etc.
6. **Miscellaneous Capital Receipts** – modest amount from sundry sources, such as refund from the Federal Government and transfers, is provided for the years.
7. **Financing (Loans)** – The internal and external loan projections are based on signed Agreements and other borrowing expectations.
8. **Personnel** – The present administration set up a Minimum Wage Negotiation Committee with the mandate of developing a practical wage/salary template for Ekiti State Public Servants based on the newly approved national Minimum Wage of N70,000. Furthermore, it has defrayed some of the outstanding salaries of the workforce and retirees. Consequently, the personnel cost of the State is projected to rise by over 100% in the year 2025 due to the anticipated review of minimum wage, appointment of Political Office Holders, recruitment of public servants, and clearance of other outstanding emoluments.
9. **Social Contribution and Social Benefits** – This includes pension, gratuity, and contributions to the Retirement Fund and benefits for past Political Office Holders. It is anticipated that the growth rate will increase by 10% in 2025 and 7% in 2026, and 2027 respectively for the period under review.

10. **Overheads** – These are expenses relating to day-to-day operations and maintenance costs. It is projected that the overhead cost of the State would increase steadily over the period due to prevailing economic realities. The new Administration hopes to defray some backlog of arrears of subventions to the tertiary institutions in the State. The estimation technique used is the Own Percentage at a rate of 58% for 2025. The increase could be attributed to the effect of devaluation of the naira on prices of commodities and hyper-inflation.
11. **Public Debt Service** - This represents the State's total obligation on judgment debts and short-term borrowings. The Own Value estimating method is used in making projections for 2025 – 2027 from the DSA/MTDS.
12. **Contingency and Planning Reserves** – 5% of Total Recurrent Revenue has been allocated to Contingency Reserve to be set aside for future occurrence and appropriated in accordance with PFM Law during Budget implementation. Also, 2% of the Total Revenue is set aside for Planning Reserve which will be allocated during Envelope Sharing with MDA when they will justify the need for the allocation or the need for more resources over and above the given ceiling.
13. **Capital Expenditure** – This is the balance from the Recurrent Account plus Capital Receipts, less Planning and Contingency Reserves. The projection is contingent upon the Reserves and ease of accessing long-term loans/Drawdown.
14. **Closing Balance** – This is the estimated utilized revenue that would be transferred into the next fiscal year.

2.C.3. **Budget Policy Statement**

Budget Policy Thrust

The administration's policy statement and operational ideology is to ensure that Governance is all-inclusive, most especially in Budget process, through participatory and bottom-up approach in Budget preparation. The budget, as a short-term Development Plan, shall be adopted to ensure a sustainable and rapid development of Ekiti State. The Budget will be a fallout of the 2021-2050 State Development Plan. It will be a standard of measurement for all developmental activities in relation to the six (6) Points Agenda of the new Administration in the State. The overall policy objectives are captured by the following Policy Statements:

- i. to provide quality education and harness the benefits of the State's Knowledge Zone to create jobs, new markets, and attract financing for industrious Ekiti entrepreneurs to start or grow their businesses;
- ii. to complete all strategic infrastructure projects in transport, agriculture, and energy to improve the quality of life for all and make Ekiti competitive for businesses of all sizes;

- iii. to provide a conducive environment and sustainable welfare package for Ekiti State's workers, retirees and traditional institutions, develop the State's rural, support farmers and improve the productivity of the agriculture sector;
- iv. to develop the Arts, Culture and Tourism industry by investing in attractions, cultural endowments and assets;
- v. to provide qualitative and affordable health care service delivery;
- vi. to drive innovation, create wealth through development of information, Communication and Technology to bring deserved development; and
- vii. to promote prosperity, peace and progress through a secure environment and competitive markets.

2.C.4. **Analysis of the Medium-Term Policy**

The ceiling for the total budget size for 2025 fiscal year is **~~N444,182,344,696.00~~** of which the sum of **~~N250,741,199,290.00~~** will be for Recurrent Expenditure, **~~N174,976,463,067.00~~** for Capital Expenditure, and **~~N18,464,682,349.00~~** will be for contingency and planning reserve that will be allocated to sectors at bilateral discussion stage to fund critical expenditure items.

The Capital Expenditure component is divided into Discretionary Capital expenditure of the sum of **~~N66,596,973,026.00~~** that will be spent across all MDAs and non-discretionary Capital Expenditure of **~~N108,379,490,041.00~~**, which is specifically earmarked for projects and programs in Health, Education, Infrastructure, Agriculture, and Governance. The non-discretionary amount is in the form of loans and grants.

The key points arising from this document are summarised below.

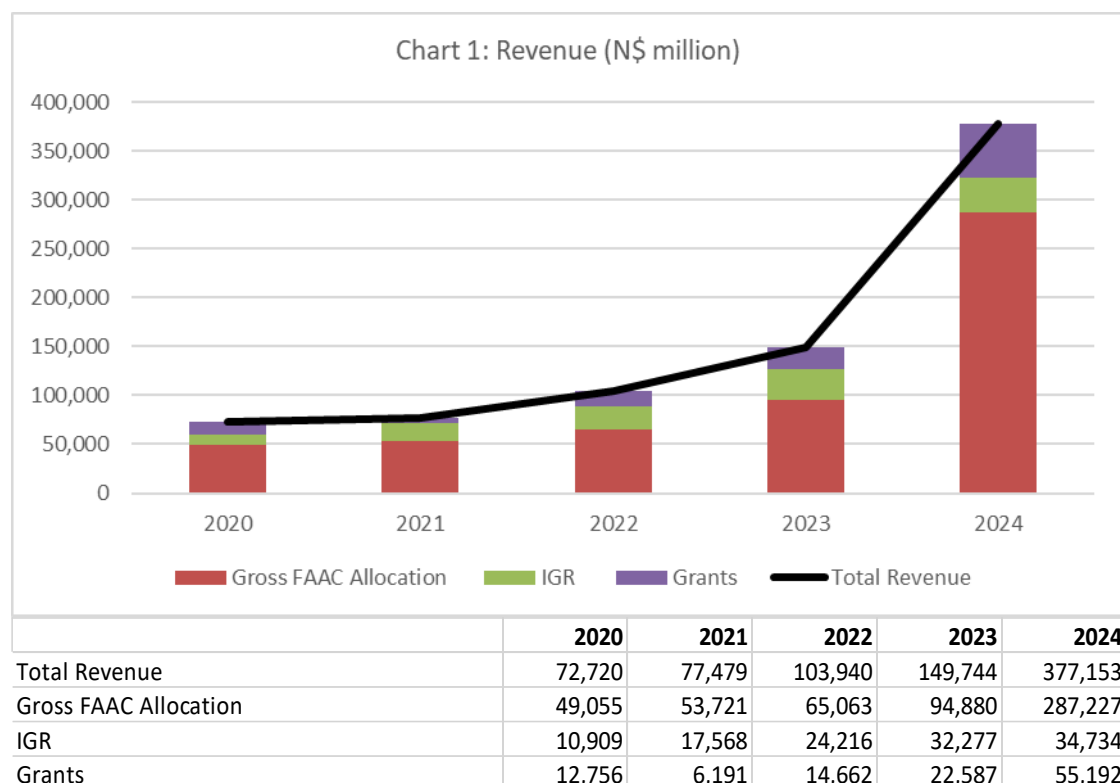
- i. Aggressive Internally Generated Revenue should be pursued to a level commensurate with ongoing economic activities in the State.
- ii. Government plans to improve macro-economic performance through service delivery in major areas such as road networks, water supply, and power supply to provide the infrastructure needed for sustainable economic growth and development in all sectors of the Ekiti economy.
- iii. The National Government should intensify efforts towards mitigating the activities of the Herdsmen, kidnappers, Boko Haram in the North-East and other insurgent groups across the Country to achieve a high level of revenue to finance the Budget.
- iv. The Recurrent Ratio to Capital Ratio is relatively normal. However, Budget discipline and monitoring should be sustained to achieve higher Budget performance.
- v. This document should serve as a tool for economic recovery, growth, and sustainable economic development.

- vi. Risk associated with political instability and unrest should be controlled to a bearable level.
- vii. The ultimate goal is to modernize agriculture to ensure food security, employment, and provide raw materials for industrial development.
- viii. The goal of the Government is to correct the decline in the Education sector and strengthen the human capital development in the State.
- ix. The State Government is determined to curb poverty to reduce mortality rate and incessant illness in Ekiti State.
- x. The State Government is further committed to promoting public involvement and massive participation of all stakeholders in the Budget process through Town/Community meetings, thereby creating a platform for His Excellency, the Governor, to have one-on-one/group interaction with the good people of Ekiti in order to know their peculiar challenges and to fashion out administrative strategies to solve the identified challenges.

Section 3. REVENUE, EXPENDITURE, FISCAL AND PUBLIC DEBT TRENDS (2020-2024)

3.A. Revenue, Expenditure, Overall and Primary Balance (2019-2023)

3.A.1. Revenue Performance



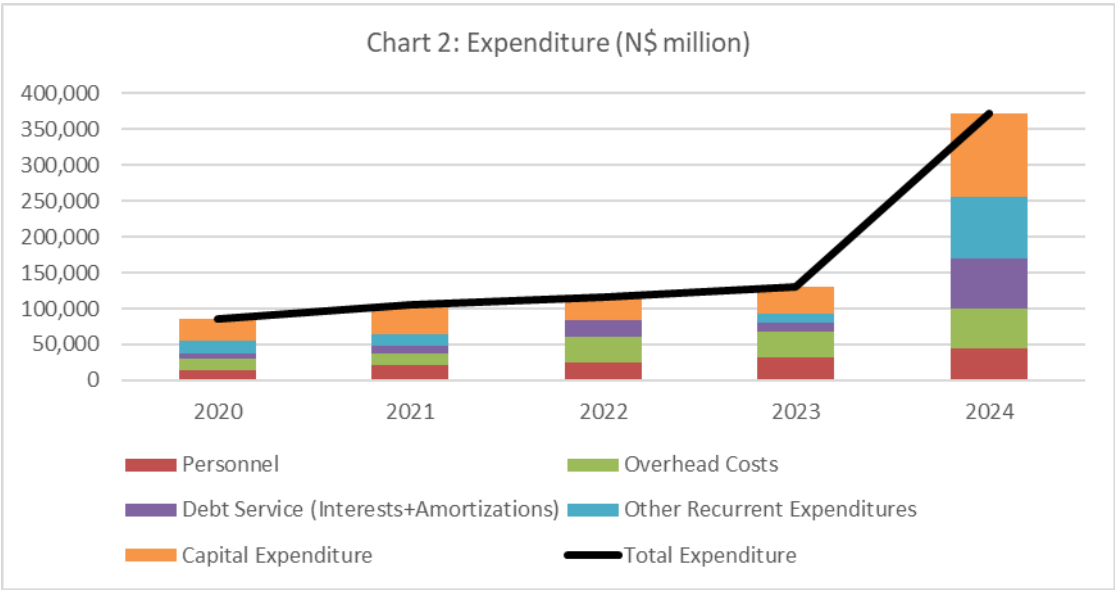
Ekiti State's aggregate total revenue is made up of the following:

- Statutory Allocation from the Federal Government (Oil, Customs, and CIT tax revenues);
- Other FAAC transfers include exchange rate gains and augmentations, among others (i.e., Excess Crude Accounts);
- Value Added Tax (VAT) allocation;
- Internally Generated Revenue (IGR) includes tax and non-tax-independent revenues;
- Capital Receipts include grants (domestic and foreign), sales of government assets, proceeds from debt-creating borrowings, etc.

➤ **Aggregate State TOTAL Revenue trend in the last five years and its composition in 2024** - The total revenue of the State increased significantly from 2020 to 2024 (see Chart 1). In 2020, the total revenue was N72.72 billion, and by 2024, it had risen dramatically by 418% to N377.15 billion. This substantial growth can be attributed to the increase in the Gross FAAC Allocation, which resulted from the federal government's fuel subsidy removal reform policy implemented in 2023. In addition, the State invested in grant and donor-funded opportunities, which started to yield significant results in 2023 when Ekiti State received over N22.59 billion as grants.

- **FAAC Allocation trend in the last five years** – In the reviewed period, the revenue generated from FAAC Allocation constituted the highest proportion of the total revenue earned. Over the 5 years, from 2020 to 2024, FACC Allocation rose from ₦49.06 billion in 2020 to ₦287.23 billion in 2024. This resulted into a substantial growth rate of 485%. The growth in FAAC allocations to States is driven by a combination of key fiscal reforms by the Federal government, which include fuel subsidy removal, Foreign Exchange liberalization, higher global oil price + improved oil sector performance, and increased VAT.
- **Internally Generated Revenue in the last five years** - During the period under review, the State experienced a notable growth in its Internally Generated Revenue (IGR). Specifically, the IGR grew significantly by 218% between 2020 and 2024. This noteworthy improvement in the IGR was largely attributable to the tax administration reforms that were initiated by the State Government in 2018. However, its share of aggregate revenue (excluding grants) decreased marginally by 7.40% (from 18.19% in 2020 to 10.79% in 2024). The State Government recently introduced a new policy that requires the payment of land use charge tax by all landowners in Ekiti State. This new policy is expected to further augment the State's revenue, while the implementation of the Ekiti State Internal Revenue Law 2020 triggered a significant increase in the State's revenue. Overall, these initiatives demonstrate the State's commitment to enhancing its revenue generation capacity and promoting sustainable development. These reforms which were aimed at enhancing revenue collection and expanding the tax revenue base.

3.A.2. Expenditure Performance



	2020	2021	2022	2023	2024
Total Expenditure	85,846	104,435	115,374	130,611	372,138
Personnel	14,685	20,423	24,479	32,201	44,034
Overhead Costs	14,786	16,893	36,995	34,736	56,218
Debt Service (Interests+Amortizations)	8,332	10,093	22,307	13,330	69,574
Other Recurrent Expenditures	18,080	16,965	0	12,659	84,877
Capital Expenditure	29,964	40,062	31,593	37,684	117,435

The expenditure items of the State include the following:

- i. **Personnel costs** – Salaries, Pensions and Gratuity, Allowances and Contributions, etc.;
- ii. **Overhead Costs** – Travel and Transport, Utilities, Materials and Supplies, Maintenance Services, etc.;
- iii. **Other Recurrent Expenditure** – other recurrent expenditure excluding Personnel Costs, Overhead Costs and Interest Payments;
- iv. **Capital Expenditure** – Acquisition of non-financial assets and capital transfer to Public Entities, among others;
- v. **Amortized Payments** – amortized payments of State bonds, commercial bank loans, and external loans.

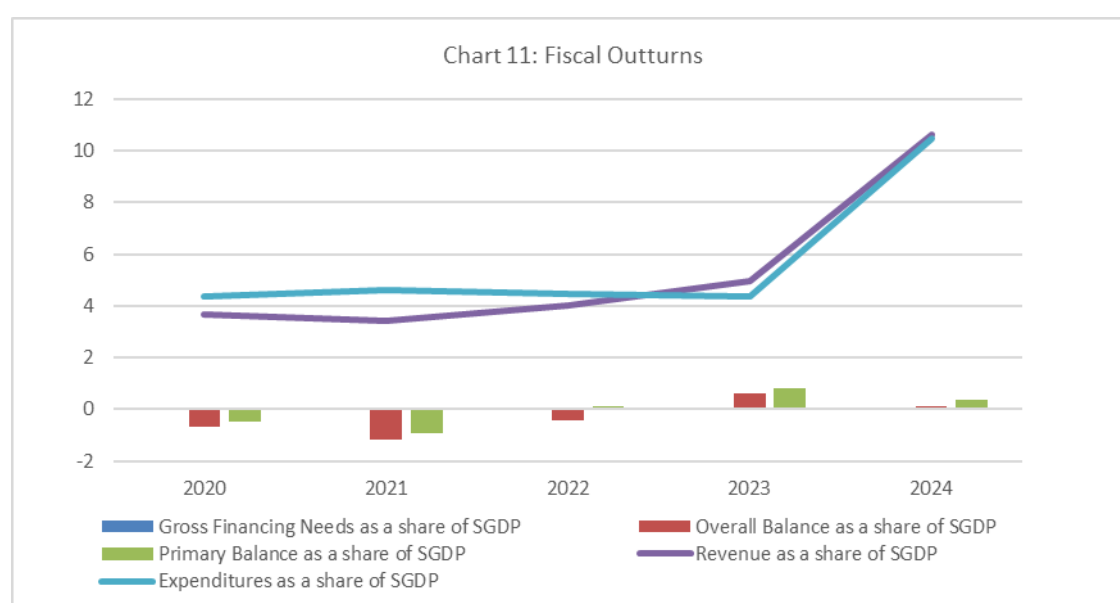
Aggregate (total) Expenditure trend in the last five years and its composition in 2024 – The growth rate of the total expenditure which initially rose by 21.65% from 2020 to 2021 fell by 10.47% from 2021 to 2022. However, the total expenditure rose significantly by 184.92% from ₦130.61 billion in 2023 to ₦372.14 billion in 2024. In 2024, the spending on capital expenditure had the largest share of the total expenditure. This is to stimulate State GDP growth. During the period, Capital spending was relatively volatile but showed positive growth of 291%. The bulk of expenditure went to recurrent spending – personnel costs, overheads, and debt charges – representing 68% of total spending on average.

Main expenditure variation in the last five years by economic classification - The majority of the spending was allocated to recurrent expenses, including **personnel costs**, overhead, and debt service (which encompasses both interest and amortization). The growth rate of personnel costs fell from 39% in 2020-2021 to 19.86% in 2021-2022. On average, the growth rate of personnel costs stood at 31.81% from 2020 to 2024. **Overhead costs** showed an inconsistent trend during the same period. There were significant increases in overhead costs in 2022 and 2024, with growth rates of 119% and 61.84%, respectively. However, these costs decreased by 6.10% between 2022 and 2023 due to the implementation of cost control measures by the State. Additionally, other recurrent expenses—excluding personnel costs, overhead costs, and interest payments—recorded no spending in 2022.

From 2020 to 2022, the average **debt service** increased by 71.07%. However, debt service costs decreased by 40.24%, dropping from N22.31 billion in 2022 to N13.33 billion in 2023, thanks to the effective debt management policy implemented by the State

Government. In 2024, debt service expenses rose significantly, increasing from ₦13.33 billion in 2023 to ₦69.57 billion, primarily due to the expiration of the moratorium on certain financial obligations for the State. **Capital expenditure** experienced a significant increase of 291.93% from 2020 to 2024. This surge in capital project investment can be attributed to the State Government's strategic policy aimed at fulfilling its electoral commitments. The government has undertaken various capital initiatives to achieve its objectives and honor its promises. This deliberate approach has resulted in a higher number of projects being executed, ultimately leading to economic growth and comprehensive development of the state.

3.A.3. Fiscal Outturns – overall and primary balance trend in the last five years



	2020	2021	2022	2023	2024
Gross Financing Needs as a share of SGDP	0.00	0.00	0.00	0.00	0.00
Overall Balance as a share of SGDP	-0.66	-1.19	-0.44	0.64	0.14
Primary Balance as a share of SGDP	-0.45	-0.93	0.13	0.83	0.37
Revenue as a share of SGDP	3.68	3.43	4.01	4.98	10.60
Expenditures as a share of SGDP	4.34	4.63	4.45	4.35	10.46

The overall balance is calculated as total revenue, including grants and excluding other capital receipts, minus total expenditure, including interest and principal payments; the primary balance as revenue minus total expenditure, including amortization payments and excluding interest payments; and the gross financing need as the primary balance plus debt services and financing needs other than amortization payments.

The overall fiscal balance and the primary fiscal balance experienced inconsistent trends during the period under review. Both overall and primary balances oscillate between -1 and +1. The overall balance maintained an average deficit of 0.30% of State Gross Domestic Product (S-GDP). The decline could be traced to the fall in the federal transfer

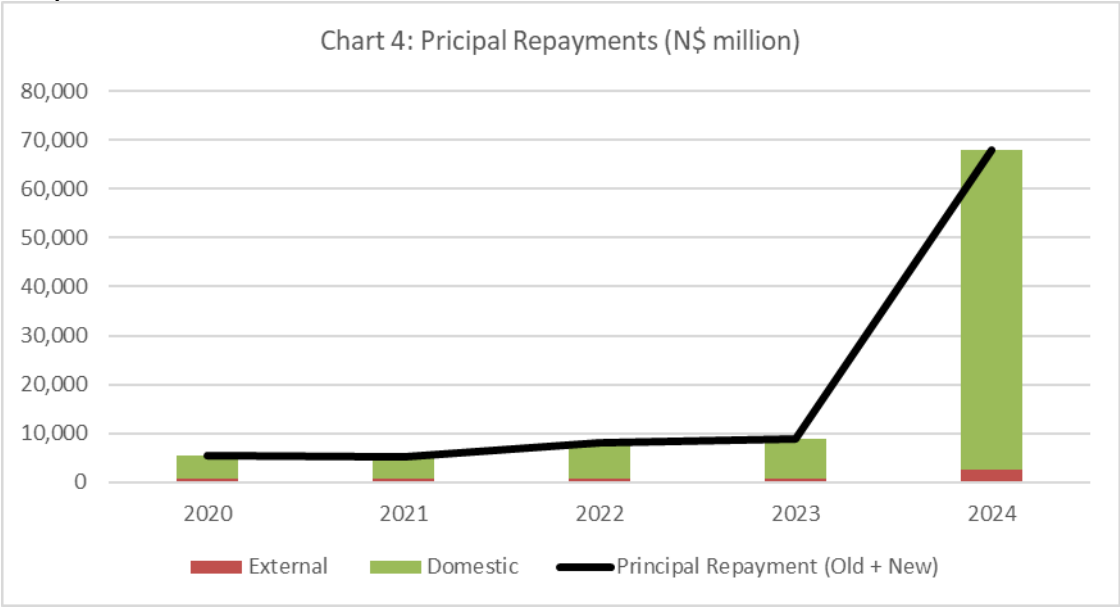
(oil receipt) from the federal government. The primary fiscal balance had an average fiscal decline of 0.01% from the period 2020 to 2024. It was a deficit of 0.45% in 2020 and increased to 0.37% in 2024. Overall balance recorded a surplus of 0.14% of the State GDP in 2024.

3.A.4. Other Charts

• Principal Repayment

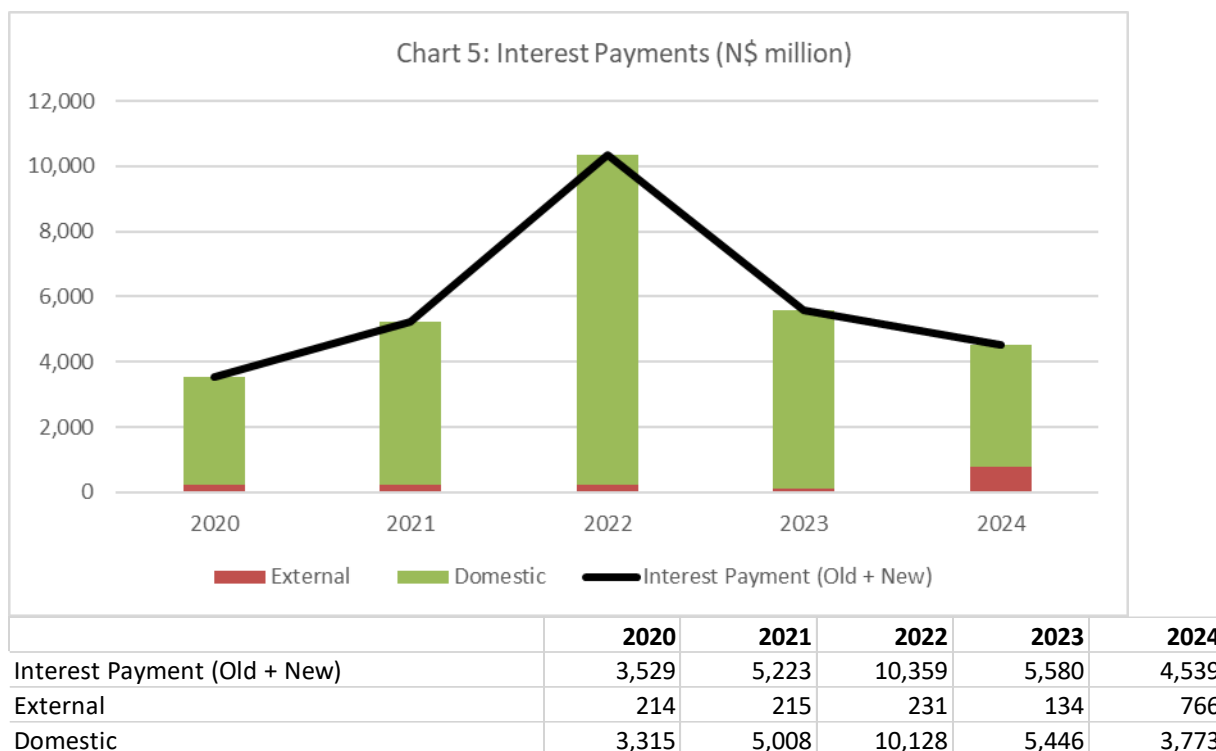
The repayment profile of the State is significantly shaped by domestic debt, which constitutes the majority of the total debt portfolio. Domestic debt is characterized by a shorter maturity profile in comparison to concessionary foreign debt, which typically offers longer terms and more flexible moratorium periods. From 2020 to 2021, the average principal repayment stood at approximately ₦5.34 billion, primarily influenced by the Federal Government of Nigeria's Restructuring Programme aimed at stabilizing debt service costs.

However, the economic repercussions of the COVID-19 pandemic compelled the State to seek additional financing to ensure fiscal stability. Consequently, there is an anticipated increase in principal repayment amounts for the years 2022, 2023, and 2024. This escalation in the debt burden is a direct response to the urgent need for financial resources to address challenges arising from the pandemic, thereby ensuring the State's ability to fulfill its obligations while also supporting essential services and infrastructure development.



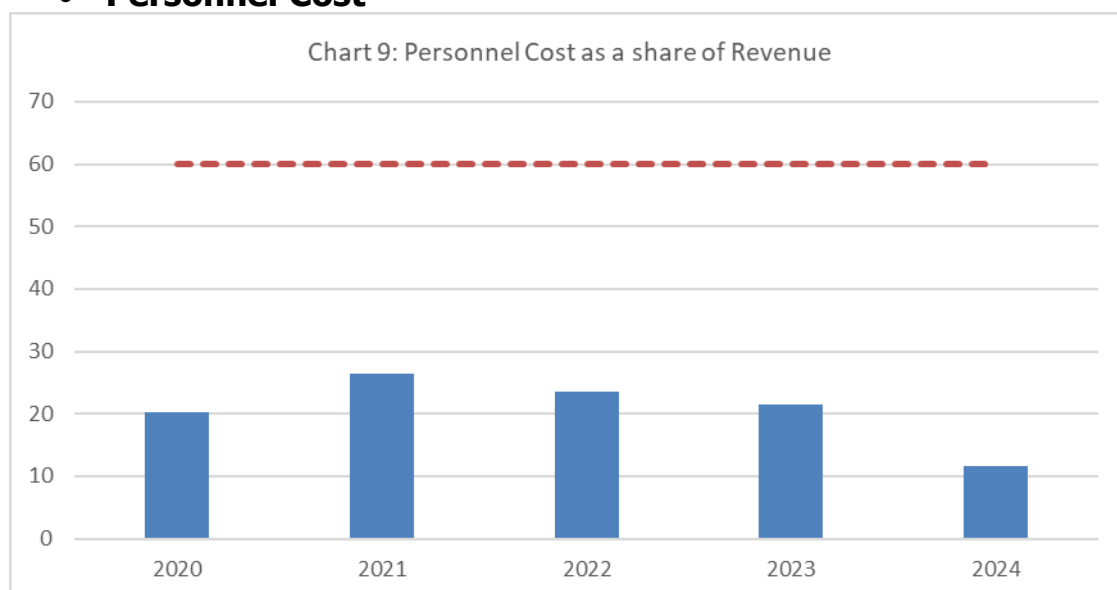
	2020	2021	2022	2023	2024
Principal Repayment (Old + New)	5,391	5,292	8,207	8,829	67,882
External	887	726	805	751	2,678
Domestic	4,504	4,567	7,401	8,078	65,204

• Interest Payment



The payment of interest is influenced by both internal and external factors, which collectively determine the total interest payable. Historically, there has been a notable increase in interest payments, rising from ~~N\$~~3.53 billion in 2020 to ~~N\$~~10.36 billion in 2022. However, this trend has reversed, with a decline observed from ~~N\$~~10.36 billion in 2022 to ~~N\$~~4.54 billion in 2024. This reduction can be attributed to a decrease in new borrowing, particularly concerning domestic loans, driven by enhanced revenue from the Federation Accounts Allocation Committee (FAAC) and Internally Generated Revenue (IGR).

• Personnel Cost

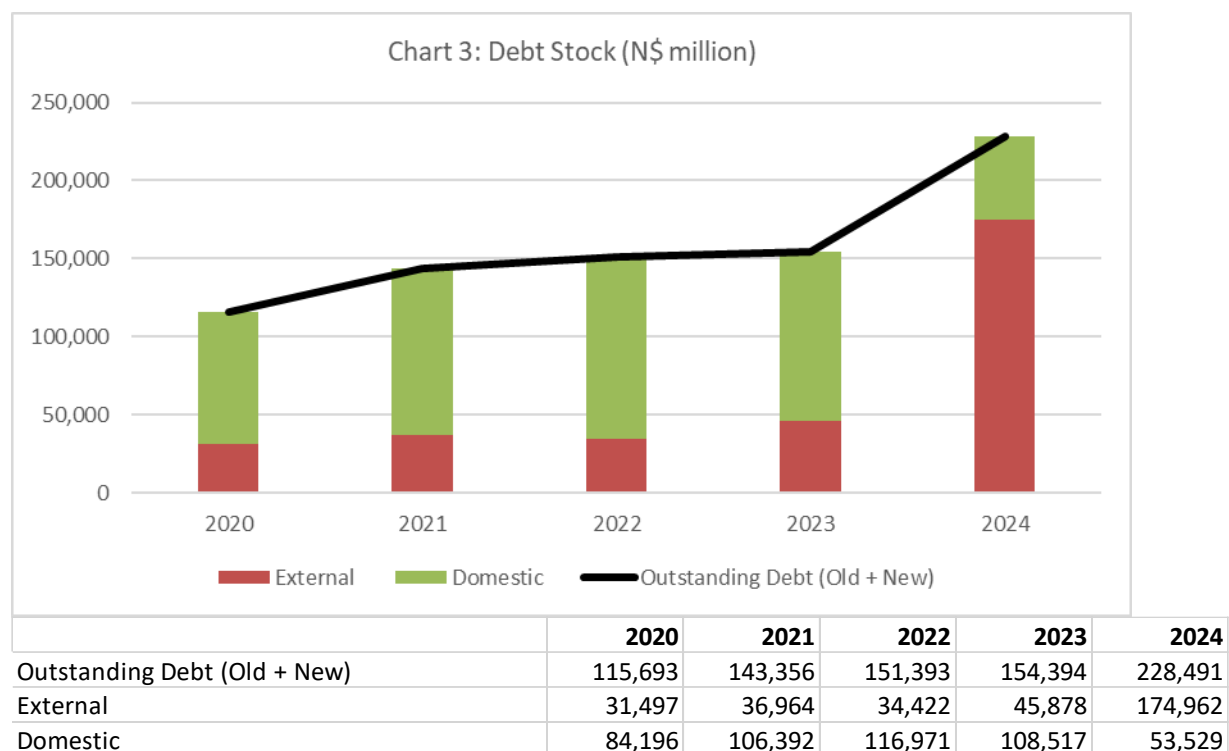


	2020	2021	2022	2023	2024
Personnel Cost as % of Revenue	20	26	24	22	12
Threshold	60	60	60	60	60

Over the years, the proportion of personnel costs relative to revenue has been closely monitored. Fortunately, this metric has consistently remained below the 60% threshold. Notably, in 2021, personnel costs were recorded at 26%, and this figure further declined to 12% in 2024. The reduction in the percentage of personnel costs to revenue can be attributed to increases in the FAAC disbursement. When total revenue experiences a growth rate that surpasses the increase in personnel costs, the resulting percentage naturally diminishes.

3.B. Existing Public Debt Portfolio of Ekiti State

3.B.1. The Evolution of the State Debt Stock between 2020 and 2024



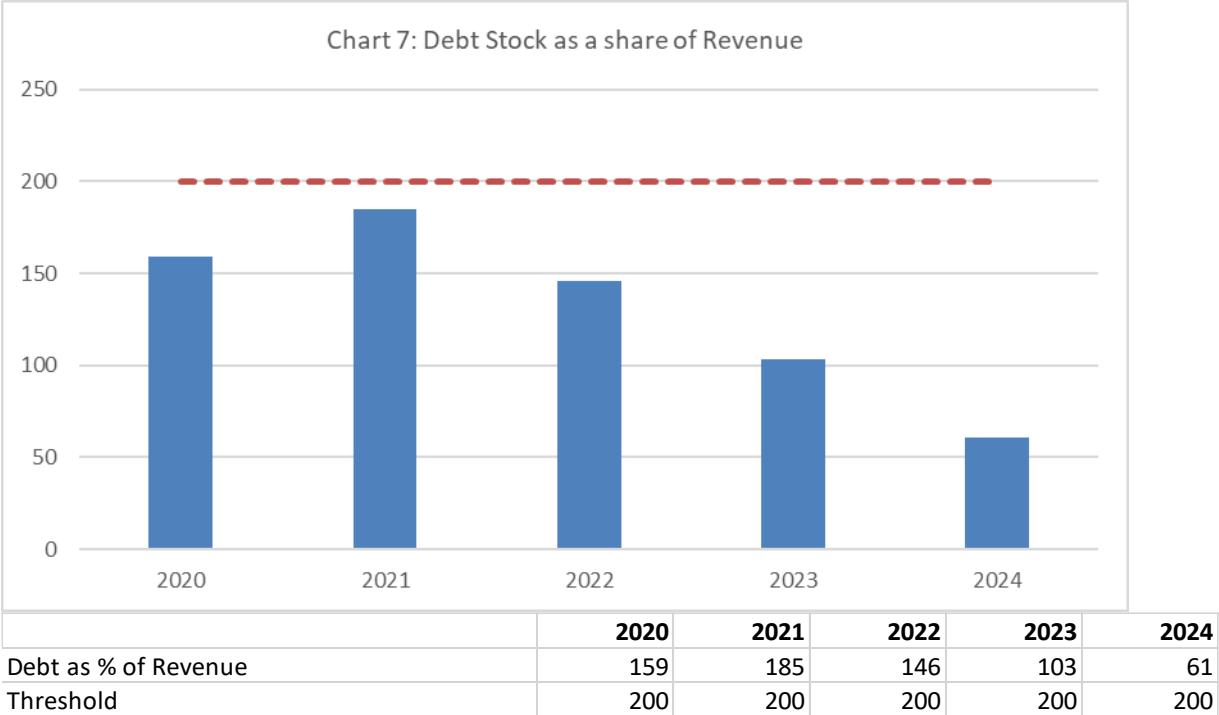
The total public debt encompasses a diverse array of explicit financial commitments undertaken by the State Government, including loans and securities that are formally documented through written contracts. These financial instruments signify the State Government's obligation to repay the borrowed funds, along with any applicable interest and fees, over a predetermined timeframe. Additionally, the public debt includes other financial liabilities that the government has incurred, such as unfunded pension liabilities and contractual commitments to provide services or fulfill payments in the future.

The total public debt considers non-contingent obligations, wherein the responsibility to repay is independent of external circumstances, and it excludes contingent liabilities, which include guarantees, liabilities associated with State-owned enterprises, and non-guaranteed obligations. The overall debt stock increased from ₦115.69 billion in 2020 to

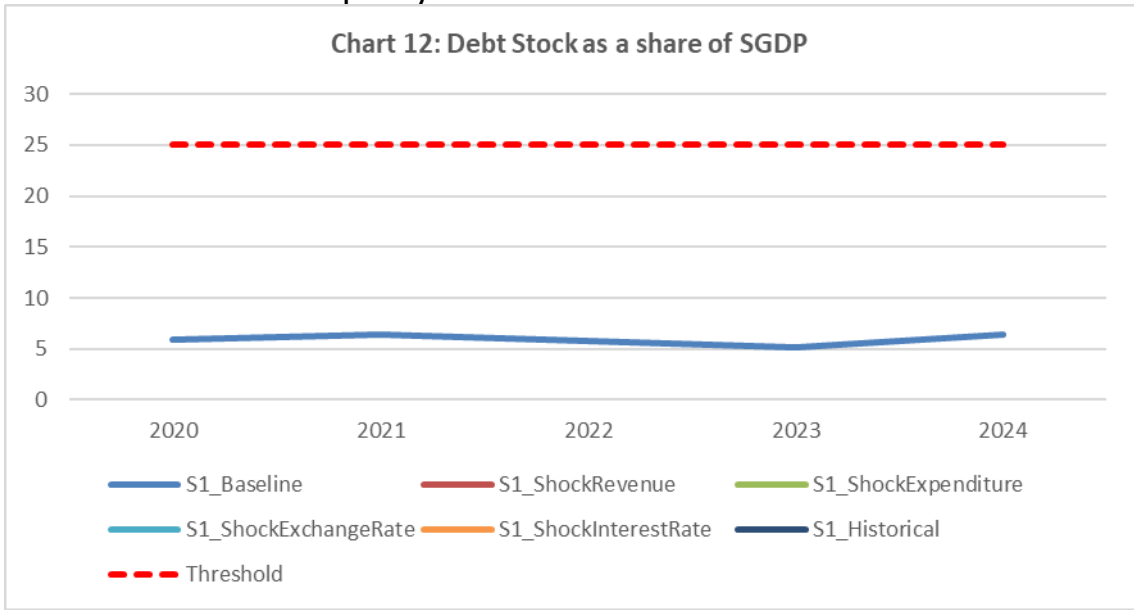
₦228.49 billion in 2024. During this period, the debt stock of Ekiti State experienced a nominal growth of 97%. The growth in the public debt stock between 2020 and 2024 can be attributed to several factors, including the federal government's provision of bailout and budget support facilities, an increase in State government arrears, and external financing intended to mitigate the adverse effects of the COVID-19 pandemic on the State's economy.

The debt-to-revenue ratio, which represents the proportion of total public debt stock relative to the State's revenue, has consistently remained below the critical threshold of 200% throughout the period from 2020 to 2024. This ratio is a vital fiscal metric, highlighting the extent to which the State's revenue is dedicated to servicing public debt obligations. At the close of the fiscal years from 2020 to 2024, the debt-to-revenue ratio for Ekiti State was recorded at 159%, 185%, 146%, 103%, and 61% respectively. These figures indicate a notable fluctuation, with a peak in 2021 when the ratio reached 185%, suggesting a heightened reliance on revenue to manage debt during that year. However, the subsequent years show a significant decline in the ratio, particularly in 2024, when it fell to 61%. This decreasing trend is a positive sign, indicating an improving fiscal health and a decreasing burden of debt in relation to revenue.

The debt-to-revenue ratio of Ekiti State serves as a commendable fiscal indicator, reflecting a sustainable level of public debt in comparison to its revenue-generating capabilities. This sustainability is essential for the State's financial stability, as it ensures that public finances can accommodate debt servicing without compromising essential services and investments in infrastructure, education, and health. Overall, maintaining the debt-to-revenue ratio below the 200% threshold underscores the prudent fiscal management practices of Ekiti State, thereby fostering a more robust economic environment for future growth.



The debt stock as a share of the State's Gross Domestic Product (SGDP) ratio has consistently remained below the 25% threshold from 2020 to 2024. This Debt Stock-to-SGDP ratio assesses the total debt of Ekiti State in relation to its economic output value. A ratio under 25% is deemed sustainable according to the debt sustainability criteria for subnational governments. During the specified period, the average ratio of the baseline scenario stood at 6%. This consistent figure reflects the stable proportion of the State's economic output utilized to manage its debt obligations over the four-year period. Consequently, it indicates that Ekiti State's debt burden is moderate and remains well within its economic capacity.



Debt as % of SGDP	2020	2021	2022	2023	2024
S1_Baseline	6	6	6	5	6
S1_ShockRevenue					
S1_ShockExpenditure					
S1_ShockExchangeRate					
S1_ShockInterestRate					
S1_Historical					
Threshold	25	25	25	25	25

3.B.2. Debt Portfolio Composition

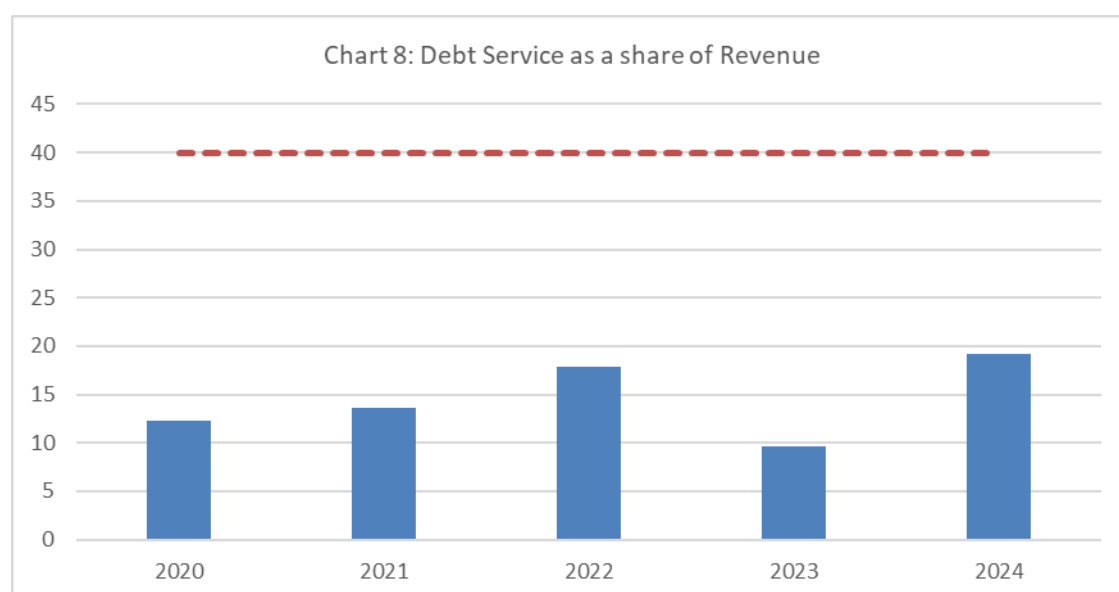
Ekiti State's public debt is composed of two main components: domestic debt and external debt. The domestic debt includes various loans and arrears, such as the Budget Support Facility, Salary Bailout, FGN Restructuring Bond, Excess Crude Accounts Backed Loan, Commercial Bank Loan, State Bonds, Commercial Agriculture Loan, Judgment Debt, Contractors Arrears, Pension and Gratuity Arrears, and Salary Arrears. These represent the various financial obligations owed by the state government to different creditors, including banks, pensioners, contractors, and public servants. The external debt stock comprises World Bank and African Development Bank loans.

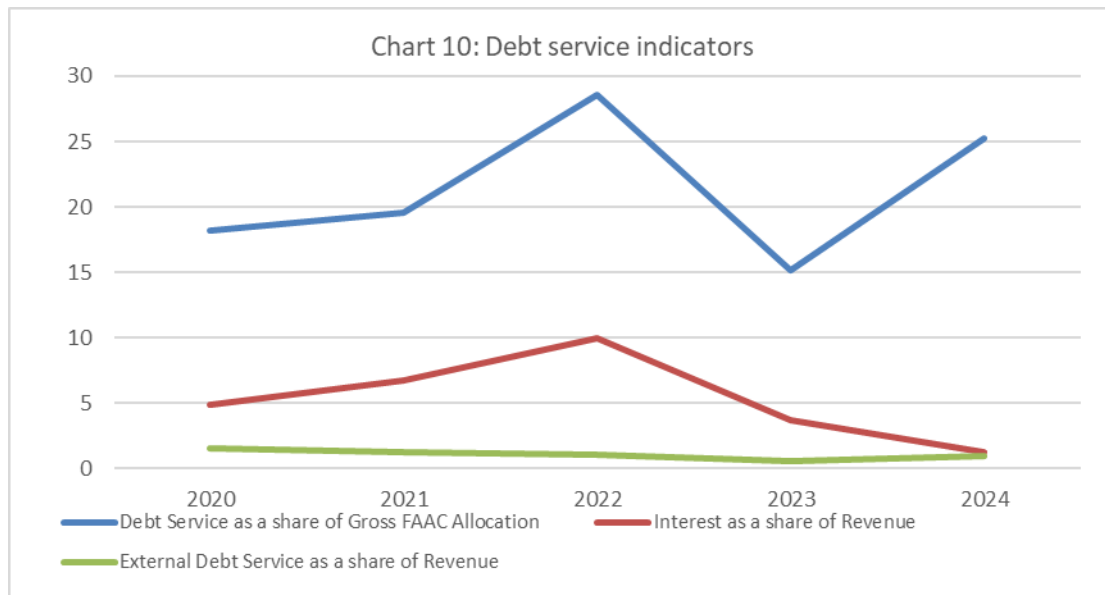
The domestic debt stock makes up 24% of the total public debt portfolio, while external debt makes up the balance of 76% of the public debt portfolio as of the year-end 2024.

3.C. Cost and Risk Exposure of the existing public debt portfolio at the end - 2024

The public debt encompasses explicit financial obligations, such as loans and securities, which are substantiated by contracts that embody the government's commitments to fulfill payment obligations. As of the end of 2024, the State's debt portfolio was characterized by low-cost and low-risk attributes. On average, the portfolio exhibited an implicit interest rate of 1.99%, representing the proportion of interest payments made in 2024 relative to the total public debt stock. Additionally, interest payments accounted for merely 1% of total revenue, which includes grants while excluding other capital receipts, at the conclusion of 2024. This demonstrates that the State incurred minimal financial commitments, as indicated by the implicit interest rate. Furthermore, interest payments constituted only 1.22% of the total expenditure, encompassing both interest and amortization payments.

The exposure of the debt portfolio to currency risk is assessed by the proportion of foreign currency-denominated liabilities relative to the total debt stock, which stands at 76.57%. This indicates that the debt portfolio is predominantly susceptible to currency, interest rate, and rollover risks. It is important to note that most internal loans and all external loans are fixed-rate obligations, thereby insulating them from fluctuations in interest rates. With maturity periods ranging from 10 to 40 years, and considering Ekiti State's financial obligations—including those arising from financing by the Federal Government and multilateral organizations—the rollover risk associated with potential deterioration in domestic financing conditions is assessed to be negligible.





Section 4. DEBT SUSTAINABILITY ANALYSIS

4.A. Introduction - Concept of Debt Sustainability Analysis

Definition of Debt Sustainability

The concept of debt sustainability refers to the ability of the government to honour its future financial obligations. Since policies and institutions governing spending and taxation largely determine such obligations, debt sustainability ultimately refers to the ability of the government to maintain sound fiscal policies over time without having to introduce major budgetary or debt adjustments in the future. Conversely, fiscal policies are deemed unsustainable when they lead to excessive accumulation of public debt, which could eventually cause the government to take action to address the unwanted consequences of a heavy debt burden. Debt sustainability is a situation in which the borrower is expected to be able to continue servicing its debts (the 'solvency' condition) without an 'unrealistically large' future correction to the balance of income and expenditure ([IMF, 2001](#)).

Debt Burden and Performance Indicators 2019 – 2033

		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
WITH INDICATIVE THRESHOLDS	Debt/SGDP	6	6	6	5	6	7	6	5	5	6	8	12	16	20	24
	Threshold	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25
	Debt/Revenue	159	185	146	103	61	57	47	42	39	45	56	70	79	82	75
	Threshold	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200
	Debt Service/Revenue	12	14	18	10	19	3	4	5	4	4	6	8	9	11	11
	Threshold	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
	Personnel Cost/Revenue	20	26	24	22	12	16	14	13	15	18	21	25	27	29	29
	Threshold	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
WITHOUT THRESHOLDS	Debt Service/FAAC Allocation	18	20	29	15	25	3	5	6	5	5	8	12	17	26	35
	Interest/Revenue	5	7	10	4	1	1	2	3	2	2	5	5	6	9	9
	External Debt Service/Revenue	2	1	1	1	1	1	1	1	1	1	1	2	3	2	2

Source: Charts DSA Sheet of Ekiti State DSA-DMS Template 2025

The table above provides a detailed analysis of the debt burden and performance indicators of Ekiti State, which are vital for assessing the overall fiscal health of the region. It includes various metrics that evaluate the sustainability of the state's debt levels. Some of these metrics come with established benchmarks or thresholds to help gauge financial stability, while others do not have predefined limits.

These performance indicators cover a range of factors, such as the debt-to-revenue ratio and the debt service-to-revenue ratio, among other fiscal measures. These factors reflect the state's ability to manage its debt obligations without compromising economic growth. By closely examining these metrics, stakeholders—including policymakers, investors, and financial analysts—can gain

valuable insights into the state's economic condition and future financial outlook. This thorough analysis is crucial for informed decision-making regarding investments, budget allocations, and economic strategies that aim to enhance the state's fiscal responsibility and sustainability.

4.B. Medium-Term Budget Forecast

4.B.1. Main features of the macroeconomic outlook under which the State DSA-DMS Baseline Scenario is being conducted

Ekiti State and the Nigerian economy face significant challenges that hinder economic stability and growth, exacerbated by a tough global economic environment. Past policies, including the naira redesign program, did not yield positive results in growth, inflation, or economic resilience. The new government has initiated critical reforms, such as removing the petrol subsidy and harmonizing foreign exchange rates, projected to save approximately N2 trillion in 2023 and over N11 trillion by 2025. However, the removal of the subsidy may negatively impact aggregate output and employment.

Real GDP growth slightly increased to 3.19% in Q1 2024, compared to 2.98% in the previous quarter. CPI inflation reached a high of 34.19% in June 2024 before easing to 33.40% in July. Several factors, including exchange rate depreciation, VAT policy changes, and CBN monetary policy, will affect inflation in the near term. The IMF forecasts steady inflation reductions, estimating 26.3% for 2024 and 23% for 2025.

Since May 2023, the NGN-USD rate experienced two major devaluations, from N450 to about N750, and then to around N1,500 by February 2024. Bonny Light averaged \$85.72 per barrel in the first seven months of 2024, while the IMF predicts an average of \$78.61 in 2024 and \$73.68 in 2025.

Ekiti State's medium-term sustainability is predicated upon a gradual recovery of the Nigerian economy that will increase FAAC statutory allocation. According to forecasts from both the Federal Government and the State Government outlined in the Ekiti State Medium Term Expenditure Framework (MTEF) for 2024 to 2026, the Nigerian economy is projected to continue on its path of recovery. This anticipated recovery is expected to be bolstered by multiple factors, including a rise in global oil prices, which could significantly enhance the country's oil revenue. Additionally, an increase in domestic production across various sectors is likely to contribute positively to the overall economic landscape.

Prudent fiscal policies implemented by the government are also expected to play a crucial role in maintaining economic stability. These policies aim to ensure responsible management of resources and expenditures, fostering an environment conducive to growth. Furthermore, the stabilization of the exchange rate, particularly for international

public-sector financial transactions, is considered pivotal; maintaining this stability at current levels will help facilitate smoother trade and investment activities.

As oil and gas revenue improves, alongside increases in shared resources such as customs duties and value-added tax (VAT), it is anticipated that the state's revenue position will reflect significant growth. This enhancement in revenue will allow the state government to allocate more resources towards developmental projects and public services, ultimately contributing to the overall prosperity of the region and its populace.

4.B.2. Ekiti State's revenue and expenditure policies going forward under the baseline scenario.

The State's Debt Sustainability Analysis (DSA) suggests that the expected growth rate of the nation's Gross Domestic Product (GDP) will greatly affect the State's ability to generate revenue. This analysis is primarily based on the ongoing initiatives by the Ekiti State Government to maximize local revenue sources. It assumes that these efforts will continue and that current policies regarding personnel expenses and other operational costs will remain unchanged in the near future.

The fiscal reforms implemented by the State Government aim to increase the resources obtained from Internally Generated Revenue (IGR), and these reforms are expected to produce positive results over the next few years. Such improvements are likely to align with the broader economic recovery projected to occur, potentially enhancing the State's financial stability.

Although personnel costs are anticipated to rise due to the increase in the minimum wage in Nigeria, the State is committed to maintaining fiscal discipline by ensuring a consistent annual increase in these expenses. To this end, a provision for a steady annual increase of 30% for personnel costs and 5% for overhead costs has been planned. This strategy aims to sustain the operational efficiency of the State while adapting to the changing economic landscape. The State's Debt Sustainability Analysis (DSA) indicates that the projected growth rate of the nation's Gross Domestic Product (GDP) will significantly impact the State's capacity for revenue generation. This analysis is grounded in the proactive measures undertaken by the Ekiti State Government, which are aimed at optimizing and diversifying local revenue sources. It presumes the continuation and expansion of these efforts, alongside the stability of current policies related to personnel expenses and operational costs over the foreseeable future.

The fiscal reforms enacted by the State Government are intentionally designed to enhance the generation of Internally Generated Revenue (IGR). These reforms encompass a range of strategies, including improving tax collection efficiency, reinforcing

compliance measures, and exploring additional revenue opportunities. Consequently, it is anticipated that these initiatives will yield positive results in the coming years, aligning with a broader economic recovery projected at the national level, and thereby strengthening the State's fiscal standing.

In light of the expected rise in personnel costs associated with the increase in the national minimum wage, the State is firmly committed to maintaining fiscal discipline. To achieve this, there will be a consistent and sustainable annual adjustment to these expenses. Specifically, a provision has been established for a steady annual increase of 30% in personnel costs to accommodate wage adjustments and to retain skilled personnel, in addition to a 5% annual increase in overhead costs. This deliberate approach is designed not only to preserve operational efficiency but also to ensure responsiveness to shifting economic conditions, ultimately fostering the sustainable development of the State.

4.C. Borrowing options

The following are the key assumptions on the planned borrowings of the reference debt management strategy (S1) for Ekiti State:

i. the names of debt instruments

New Domestic Financing in Million of Local Currency		
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Naira	Million
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Naira	Million
State Bonds (maturity 1 to 5 years)	Naira	Million
State Bonds (maturity 6 years or longer)	Naira	Million
Other Domestic Financing	Naira	Million
New External Financing in Million US Dollars		
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	US Dollars	Million
External Financing - Bilateral Loans	US Dollars	Million
Other External Financing	US Dollars	Million

ii. the financing terms (maturity, grace period, and interest rate) of each of the debt instruments

Borrowing Terms of New Debt (issued/contracted from 2025 onwards)			
Borrowing Terms for New Domestic Debt (issued/contracted from 2025 onwards)	Interest Rate (%)	Maturity (# of years)	Grace (# of years)
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	37.00%	4	1
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	35.50%	10	2
State Bonds (maturity 1 to 5 years)	24.50%	5	1
State Bonds (maturity 6 years or longer)	13.50%	15	2
Other Domestic Financing	15.00%	7	2
Borrowing Terms for New External Debt (issued/contracted from 2025 onwards)	Interest Rate (%)	Maturity (# of years)	Grace (# of years)
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	8.50%	30	4
External Financing - Bilateral Loans	8.00%	25	4
Other External Financing	8.33%	35	2

The total planned borrowings of the reference debt management strategy (S1) for Ekiti State within the projected period (2025 – 2034) are reported in the table below:

2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
(₦000,000)	(₦000,000)	(₦000,000)	(₦000,000)	(₦000,000)	(₦000,000)	(₦000,000)	(₦000,000)	(₦000,000)	(₦000,000)
25,669.40	16,441.50	17,382.80	49,569.90	132,384.50	245,852.10	397,294.10	541,076.10	711,207.00	747,068.80

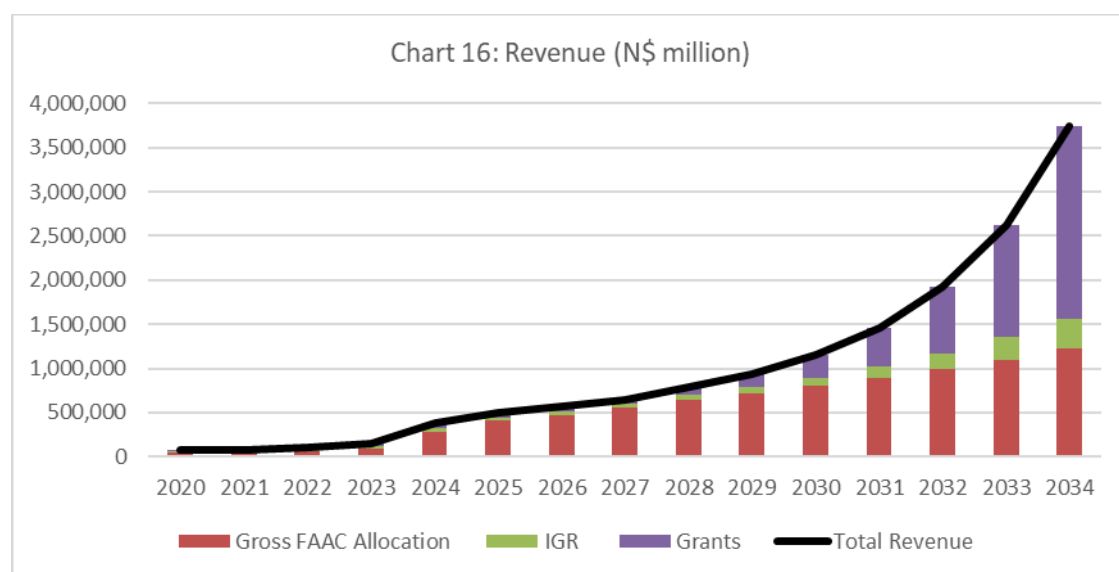
The State plans to use new domestic financing in Naira and new external financing in US Dollars as presented in the table below, to cover its gross financing needs under the reference debt strategy (S1) between the projected period of 2025 and 2034.

New Domestic Financing in Million of Local Currency													
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Naira	Million	19,806.9	0.0	0.0	0.0	49,066.6	0.0	35,367.0	0.0	126,998.2	90,622.8	
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Naira	Million	5,862.5	6,641.5	0.0	0.0	46,077.9	0.0	3,765.5	131,087.9	0.0	97,393.8	
State Bonds (maturity 1 to 5 years)	Naira	Million	0.0	0.0	11,984.2	0.0	0.0	36,132.1	0.0	158,170.6	0.0	95,994.9	
State Bonds (maturity 6 years or longer)	Naira	Million	0.0	0.0	0.0	21,569.9	0.0	0.0	69,090.0	0.0	152,725.6	96,843.9	
Other Domestic Financing	Naira	Million	0.0	0.0	5,398.6	0.0	0.0	0.0	45,331.6	124,277.6	206,923.2	97,553.4	
New External Financing in Million US Dollars													
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	US Dollars	Million	0.0	1.8	0.0	8.8	10.1	74.7	69.8	22.8	91.9	92.5	
External Financing - Bilateral Loans	US Dollars	Million	0.0	1.9	0.0	6.6	9.6	35.2	58.8	43.9	60.3	99.4	
Other External Financing	US Dollars	Million	0.0	3.3	0.0	4.6	6.9	39.9	45.5	24.4	8.2	0.0	
Total Planned Borrowing	Naira	Million	25,669.4	16,441.5	17,382.8	49,569.9	132,384.5	245,852.1	397,294.1	541,076.1	711,207.0	747,068.8	
Total Gross Borrowing Requirements (calculated by the Template Baseline Scenario)	Naira	Million	25,669.4	16,441.5	17,382.8	49,569.9	132,384.5	245,852.1	397,294.1	541,076.1	711,207.0	747,068.8	

4.D. Debt Sustainability Analysis Simulation Results and Findings

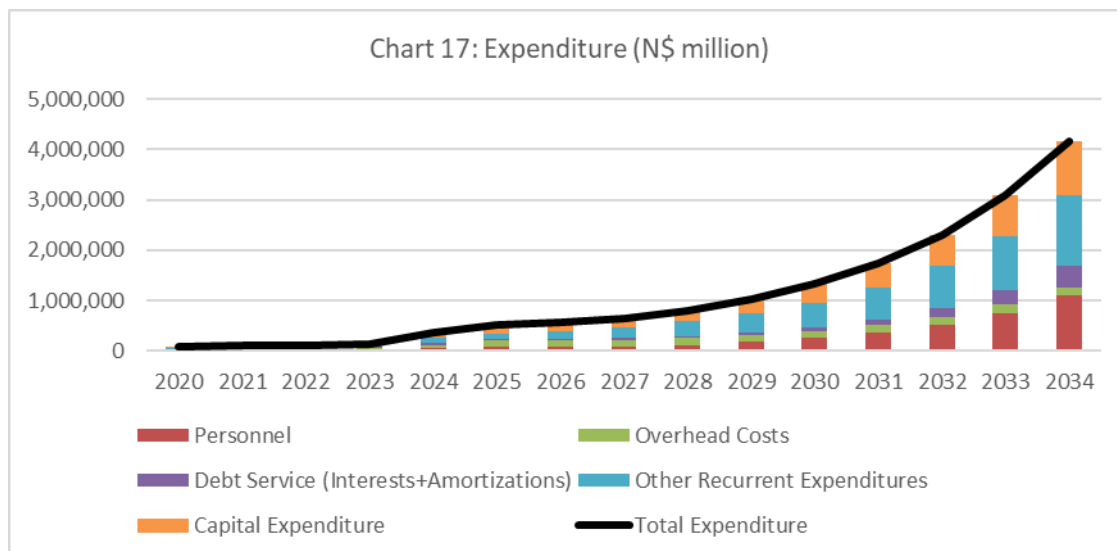
The main DSA findings and results of the Baselines Scenario under the reference debt strategy (S1) in terms of projected revenue, expenditure, primary and overall balance, and debt stock and debt service indicators and thresholds are presented below:

4.D.1. Revenue



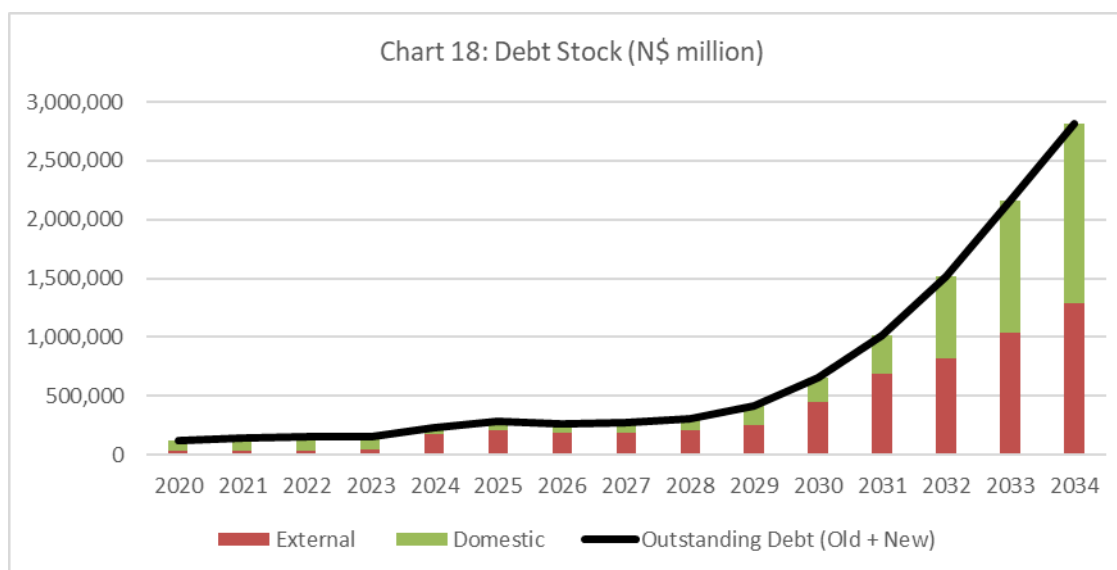
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Total Revenue	72,720	77,479	103,940	149,744	377,153	501,547	571,887	647,659	786,709	940,850	1,154,126	1,461,151	1,919,675	2,626,621	3,745,379
Gross FAAC Allocation	49,055	53,721	65,063	94,880	287,227	405,259	475,164	556,008	644,360	716,931	797,675	887,514	987,470	1,098,684	1,222,423
IGR	10,909	17,568	24,216	32,277	34,734	36,720	38,556	40,484	54,884	74,407	100,873	136,753	185,397	251,342	340,745
Grants	12,756	6,191	14,662	22,587	55,192	59,567	58,167	51,167	87,465	149,513	255,577	436,884	746,809	1,276,595	2,182,212

4.D.2. Expenditure



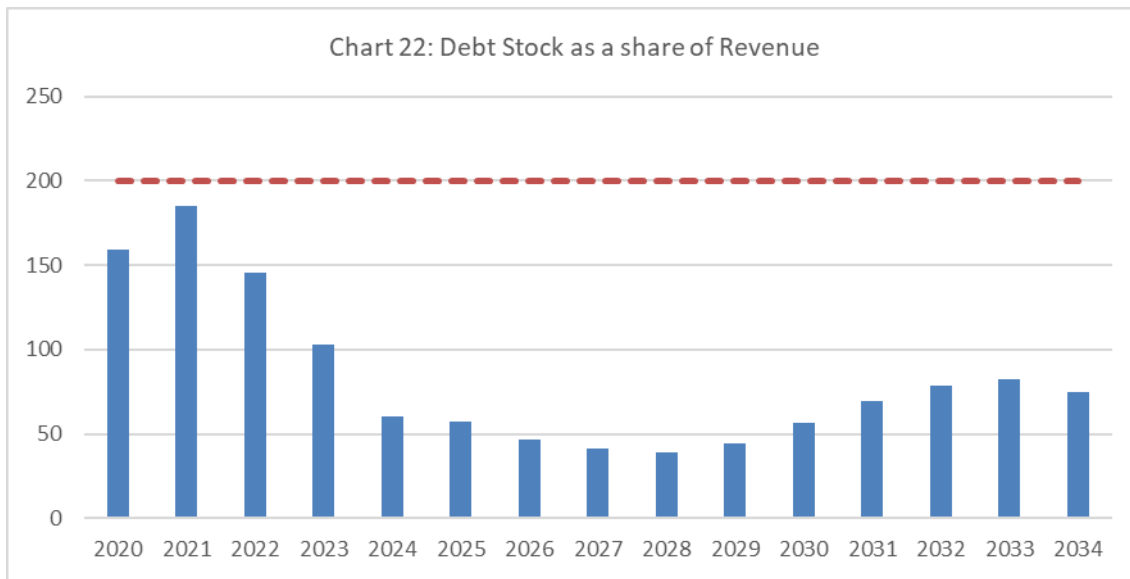
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Total Expenditure	85,846	104,435	115,374	130,611	372,138	512,568	562,830	634,538	802,703	1,019,695	1,328,470	1,746,710	2,307,686	3,098,221	4,154,457
Personnel	14,685	20,423	24,479	32,201	44,034	78,117	79,680	81,273	117,846	170,877	247,772	359,270	520,941	755,364	1,095,278
Overhead Costs	14,786	16,893	36,995	34,736	56,218	131,137	135,071	137,773	141,906	146,163	150,548	155,064	159,716	164,508	169,443
Debt Service (Interests+Amortizations)	8,332	10,093	22,307	13,330	69,574	13,753	22,287	30,986	32,266	38,764	67,092	110,400	168,461	282,210	424,756
Other Recurrent Expenditures	18,080	16,965	0	12,659	84,877	114,583	154,688	216,563	292,360	380,067	494,088	642,314	835,008	1,085,510	1,411,164
Capital Expenditure	29,964	40,062	31,593	37,684	117,435	174,976	171,105	167,943	218,326	283,823	368,970	479,661	623,560	810,628	1,053,816

4.D.3. Debt Stock



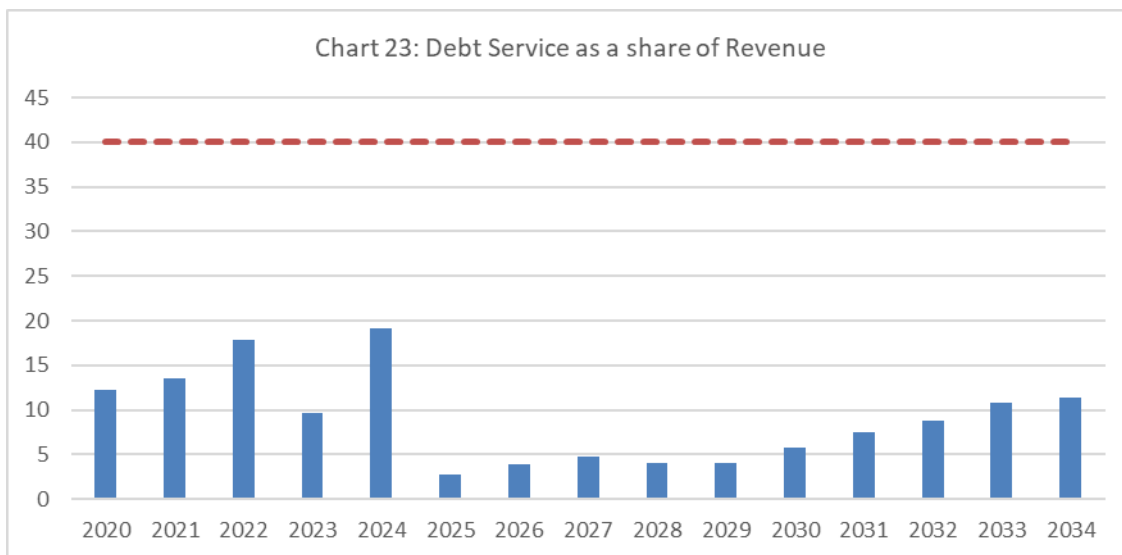
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Outstanding Debt (Old + New)	115,693	143,356	151,393	154,394	228,491	285,672	266,580	269,536	304,703	418,718	651,723	1,017,736	1,512,447	2,165,888	2,814,039
External	31,497	36,964	34,422	45,878	174,962	211,854	191,501	188,141	212,781	246,521	452,741	692,562	815,891	1,033,633	1,292,361
Domestic	84,196	106,392	116,971	108,517	53,529	73,818	75,078	81,395	91,921	172,196	198,982	325,174	696,556	1,132,255	1,521,678

4.D.4. Debt as a Share of Revenue



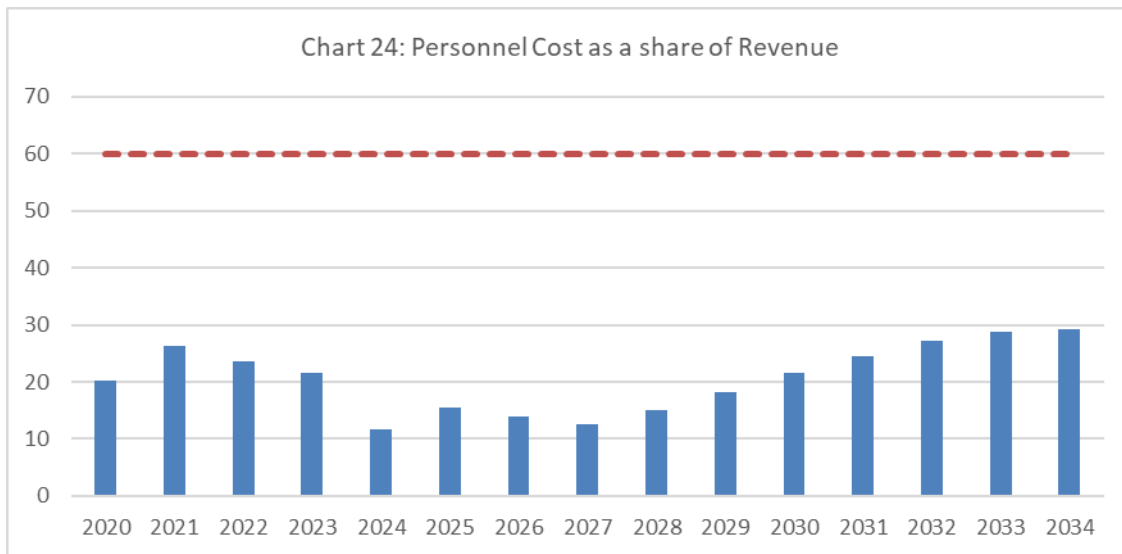
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Debt as % of Revenue	159	185	146	103	61	57	47	42	39	45	56	70	79	82	75
Threshold	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200

4.D.5. Debt Service as a Share of Revenue



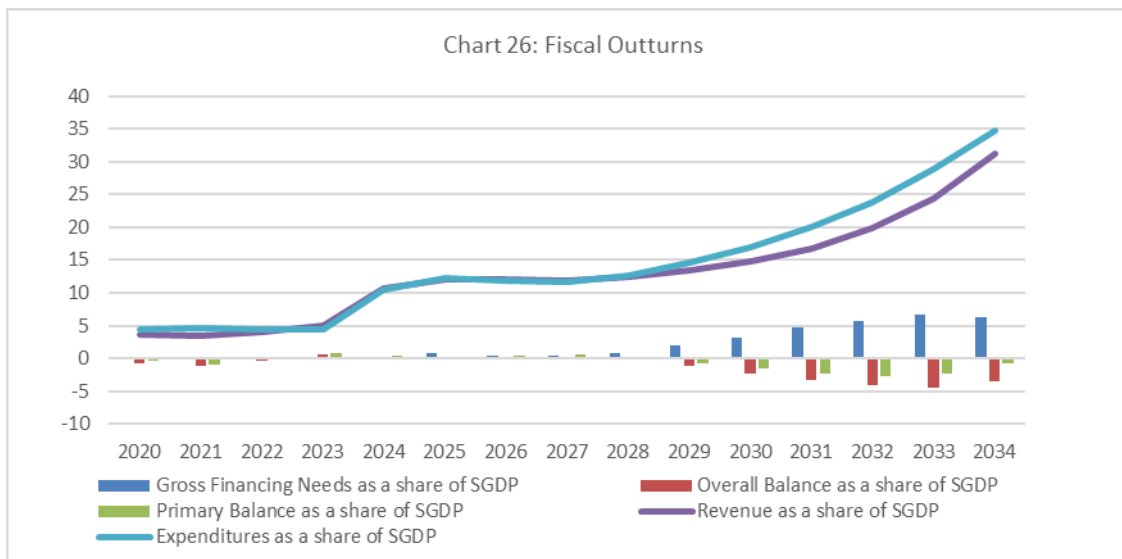
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Debt Service as % of Revenue	12	14	18	10	19	3	4	5	4	4	6	8	9	11	11
Threshold	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40

4.D.6. Personnel Cost

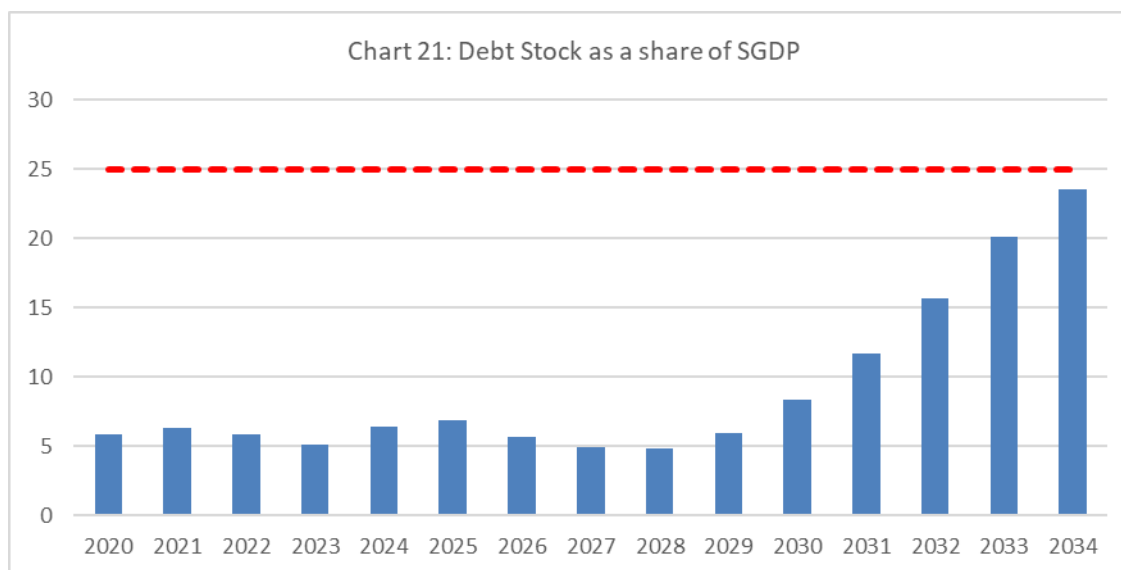


	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Personnel Cost as % of Revenue	20	26	24	22	12	16	14	13	15	18	21	25	27	29	29
Threshold	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60

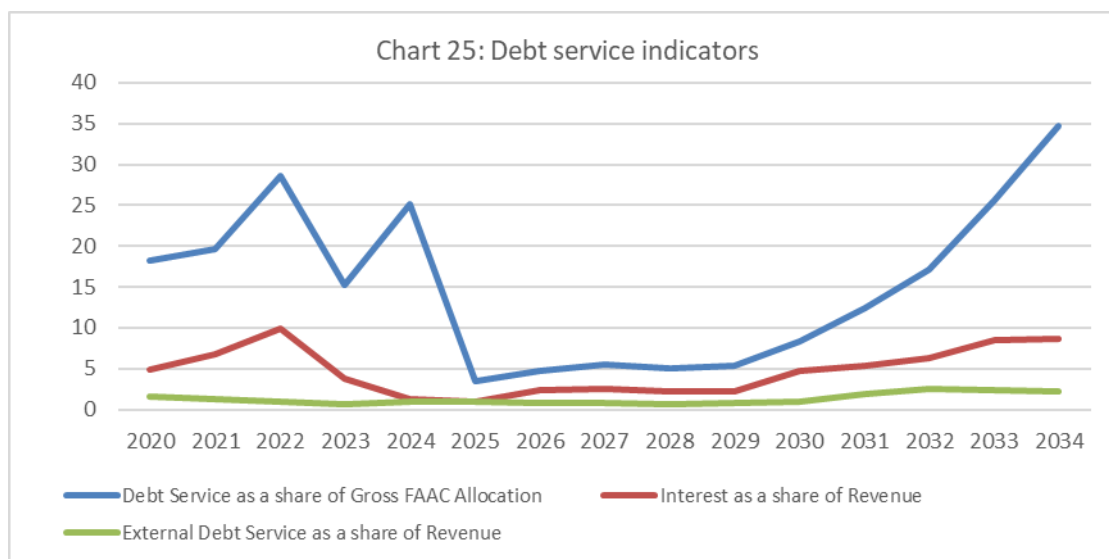
4.D.7. Fiscal Outturns



	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Gross Financing Needs as a share of SGDP	0	0	0	0	0	1	0	0	1	2	3	5	6	7	6
Overall Balance as a share of SGDP	-1	-1	0	1	0	0	0	0	0	-1	-2	-3	-4	-4	-3
Primary Balance as a share of SGDP	0	-1	0	1	0	0	0	1	0	-1	-2	-2	-3	-2	-1
Revenue as a share of SGDP	4	3	4	5	11	12	12	12	12	13	15	17	20	24	31
Expenditures as a share of SGDP	4	5	4	4	10	12	12	12	13	15	17	20	24	29	35



	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Debt as % of SGDP	6	6	6	5	6	7	6	5	5	6	8	12	16	20	24
Threshold	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25



	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Debt Service as a share of Gross FAAC Allocation	18	20	29	15	25	3	5	6	5	5	8	12	17	26	35
Interest as a share of Revenue	5	7	10	4	1	1	2	3	2	2	5	5	6	9	9
External Debt Service as a share of Revenue	2	1	1	1	1	1	1	1	1	1	1	2	3	2	2

4.D.8. Main Findings and Results of the Baseline Scenario under the Reference Debt Strategy (S1).

- i. **Revenue, expenditure, overall and primary balance over the long term.**
In the Baseline Scenario under the reference debt strategy (S1), the State preserves debt sustainability. In the short run, the State's debt sustainability is expected to deteriorate significantly. However, in the long run, the debt sustainability indicators are projected to record a rapid deterioration between 2031 – 2033 as a result of revenue and expenditure shocks due to both excessive deficit and diminished repayment capacity. Ekiti State Government should embark on fiscal measures to reduce recurrent expenditure and sustain all the ongoing

revenue drive reforms to mitigate the shocks in the future. **Total revenue** is made up of Gross FAAC Allocation, IGR, and Grants, excluding other capital receipts. The total revenue is projected to increase steadily from ₦377.15 billion in 2024 to ₦3,745.38 billion by 2034 (chart 16), resulting in a growth of 893.06%. Under the projected years, gross FAAC allocation is expected to contribute immensely to the aggregate revenue. The State is therefore expected to sustain its revenue reforms to ensure that the share of IGR in the aggregate revenue is significant. **The total expenditure** will expand by 1,016.38% from ₦372.14 billion in 2024 to ₦4,154.46 billion by 2034 (chart 17). The capital expenditure would contribute mostly to the aggregate expenditures of the State in the long term. The State is expected to spend more on capital projects for the development of infrastructure in the State to further boost revenue in the future. Overall Balance is computed as the difference between Revenue, including grants and excluding other capital receipts and expenditures, including interest and amortization payments. The primary balance is the Revenues minus Expenditures, including amortization payments and excluding interest payments, i.e. overall balance minus the interest payments. The primary and overall balance in nominal values (naira) is presented in the table below. Therefore, **the fiscal deficit** – computed as the difference between revenue and expenditure – is expected to stand at an average surplus of ₦24.36 billion within the period 2023 to 2033. The fiscal deficit shall remain within a range of ₦46.32 billion to ₦1.11 billion in normal terms, compared to the 2021 deficit of ₦8.43 billion.

Overall Balance and Primary Balance in Nominal Values

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	(₦000,000)	(₦000,000)	(₦000,000)	(₦000,000)	(₦000,000)	(₦000,000)	(₦000,000)	(₦000,000)	(₦000,000)	(₦000,000)	(₦000,000)	(₦000,000)	(₦000,000)	(₦000,000)	(₦000,000)
Total Revenue	72,720.39	77,478.97	103,939.89	149,744.31	377,153.10	501,546.80	571,887.49	647,659.19	786,709.35	940,850.45	1,154,125.61	1,461,150.78	1,919,675.49	2,626,621.15	3,745,379.50
Total Expenditure	85,845.72	104,435.36	115,373.87	130,610.75	372,137.55	512,567.71	562,829.93	634,537.64	802,703.47	1,019,695.10	1,328,470.12	1,746,709.54	2,307,685.55	3,098,220.56	4,154,456.61
Overall Balance	-13,125.33	-26,956.40	-11,433.98	19,133.56	5,015.55	-11,020.91	9,057.56	13,121.55	-15,994.12	-78,844.66	-174,344.52	-285,558.75	-388,010.05	-471,599.40	-409,077.11
Primary Balance	-16,654.18	-32,179.35	-21,793.46	13,553.77	476.68	-15,547.11	-4,488.37	-3,438.17	-33,856.91	-99,239.23	-228,589.75	-364,678.67	-510,104.72	-696,044.37	-734,914.59

- ii. **Main findings and conclusions of the baseline scenario under the reference debt strategy (S1) in terms of debt sustainability.** The public debt and the State's amortization payments are anticipated to increase due to a considerable rise in external loans (refer to Chart 18). The debt stock, estimated at N228.49 billion in 2024, is projected to rise to N285.67 billion in 2025. This substantial growth in the debt stock is primarily attributed to an increase in the external loan component, which constitutes 74.16% of the total debt stock, further exacerbated by currency depreciation resulting from exchange rate volatility. Fluctuations in the exchange rate render existing foreign debt more costly to service, indirectly leading to a heightened debt stock. The total debt stock is expected to surge to N2,814.04 billion by 2034, reflecting a growth rate of

1,131.58%, predominantly due to a significant enhancement in the external loan component.

The share of domestic debt is projected to play a more prominent role in the aggregate debt and debt repayment throughout the forecast period. Nevertheless, the debt and debt service indicators, as outlined in the baseline scenario, suggest the sustainability of the State's public debt trajectory and repayment capacity. **The debt stock as a percentage of revenue** is projected to be 61% in 2024, marginally decreasing to 39% in 2028 before rising to 75% by 2034. Throughout the projected period from 2025 to 2034, this ratio remains significantly below the threshold of 200%. Similarly, **the debt service as a share of revenue** is expected to remain under the threshold of 40% during the forecast years of 2025 to 2034. **The debt service to revenue ratio** is anticipated to stand at 19% in 2024, decrease to 3% in 2025, and subsequently rise to 11% by 2034.

Given the projected increase in the debt commitment and repayment obligations by the State Government, it is expected that **the debt service share of the State's revenue** will remain below the threshold throughout the period from 2024 to 2034. **The State's debt service as a percentage of the Federal Account Allocation Committee (FAAC) allocation** is projected to be 3% in 2025, increasing to 8% in 2030, and further escalating to 35% in 2034. Within the forecast period of 2025 to 2034, **the external debt service to revenue ratio** is anticipated to maintain a steady trajectory of 1% from 2021 to 2030 and increase to 2% from 2033 to 2034, indicative of the State's minimal exposure to external debt. Interest repayment as a percentage of revenue is expected to be 1% in 2025 and rise to 9% by 2034.

The proportion of Ekiti State's debt relative to the State's Gross Domestic Product (S-GDP) remains below the 25% threshold, with an average ratio of 11% during the period from 2024 to 2034. Based on the aforementioned scenario, the indicators of debt and debt service suggest that Ekiti State's public finances will remain sustainable in both the medium and long term. Consequently, the analysis of the Baseline Scenario under the reference debt strategy (S1) indicates that the State is likely to maintain the sustainability of its debt situation over the medium to long term. Furthermore, the outcome of the analysis under the Baseline Scenario illustrates that Ekiti State's domestic and external debt portfolio is at low risk of incurring debt distress.

4.E. DSA Sensitivity Analysis

Sensitivity analysis is a technique used to understand how changes in various independent variables impact a particular dependent variable while keeping a set of assumptions constant. It is a powerful tool used in decision-making processes for evaluating and comparing the impact of different scenarios, and identifying which variables have the most significant effect on the outcome. By analyzing the sensitivity of a model, one can better understand the risks and uncertainties associated with the

underlying assumptions, and make more informed decisions. In other words, sensitivity analysis studies how the uncertainty in the output of a model or system can be divided and allocated to different sources of uncertainty in its inputs. Sensitivity analysis determines how different values of an independent variable affect a particular dependent variable under a given set of assumptions.

Under the DSA sensitivity analysis, Ekiti State faces important sources of fiscal risks associated with the possibility of adverse country-wide macroeconomic conditions and the reversal of the State's revenue and expenditure policies. The sensitivity analysis used macroeconomic shocks and policy shocks to evaluate and assess the robustness of the sustainability assessment for the baseline scenario under the reference debt strategy (S1) discussed in the previous subsection. When considering both the macroeconomic and policy shocks, it is assumed that external and domestic borrowings cover any revenue shortfall and additional expenditure relative to the baseline scenario.

The DSA Sensitivity analysis for Ekiti State shall be conducted under six scenarios (one baseline scenario, four shock scenarios and one historical scenario). Shocks are measured as a percentage deviation from the baseline scenario.

1. **Baseline** scenario shows the fiscal projections provided by the State for the period 2025-2034. The 2025 projections include the 2025 Budget figures. The 2026-2027 projections include the 2025-2027 MTEF figures. If the State does not produce forecasts for a 10-year period, the projections for 2028-2034 will be provided by the State based on the guidance of the DMO and the World Bank.
2. **Shock Revenue** scenario includes a 10% decline of the Gross Statutory Allocation, Derivation, Other FAAC Transfers, VAT Allocation, IGR and Grants in nominal terms each year, starting from 2026 until 2034. Note we refer to Gross FAAC Allocation as the sum of Gross Statutory Allocation, Derivation, Other FAAC Transfers, and VAT Allocation.
3. **Shock Expenditures** scenario includes a 10% increase of the Personnel cost, Overhead cost, Other recurrent expenditure, and Capital expenditure in nominal terms each year, starting in 2026 until 2034.
4. **Shock Exchange Rate** scenario includes a one-time 20% devaluation (NGN/US\$) in 2024. The exchange rate difference regarding the baseline is maintained over the projected period (2025-2034).
5. **Shock Interest Rate** scenario includes a 200 basis points increase of the new domestic financing interest rate each year, starting in 2025 until 2034.
6. **Historical** scenario assumes that the State GDP, revenues, and primary expenditures in 2026-2034 grow in line with their respective historical average growth rates observed in 2021-2024.

4.F. The DSA Sensitivity Analysis for Ekiti State

The findings and conclusions of each shock scenario under the reference debt strategy (S1) according to debt sustainability are presented below. The historical period provides an unreliable scenario. Consequently, the findings exclude the historical scenario:

Chart 27: Debt Stock as a share of SGDP

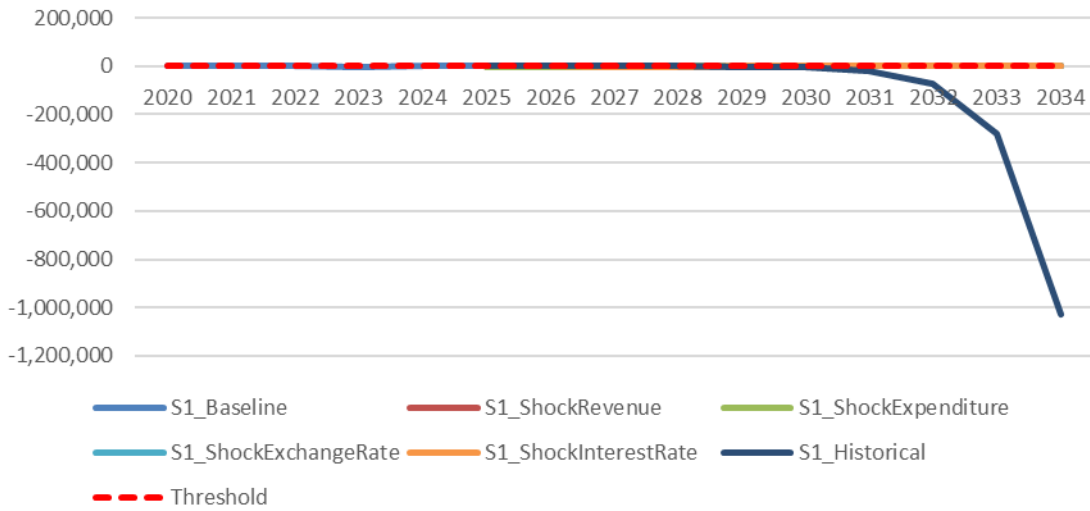
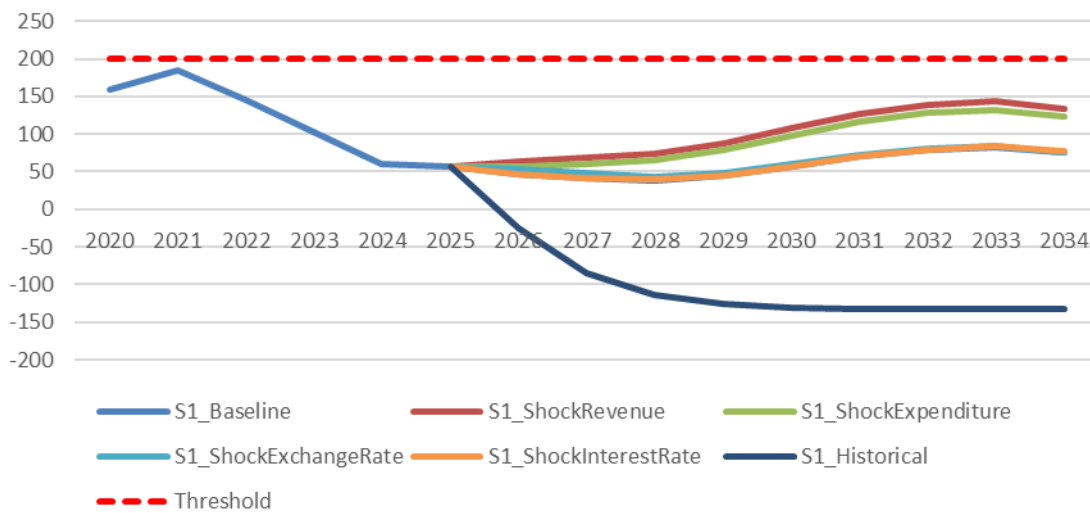
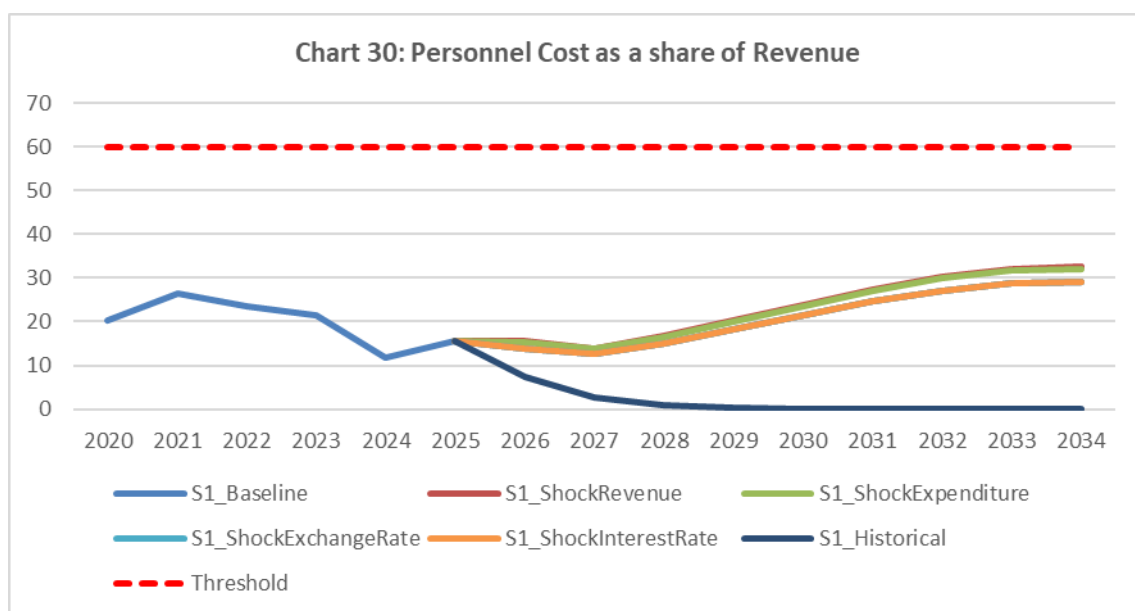
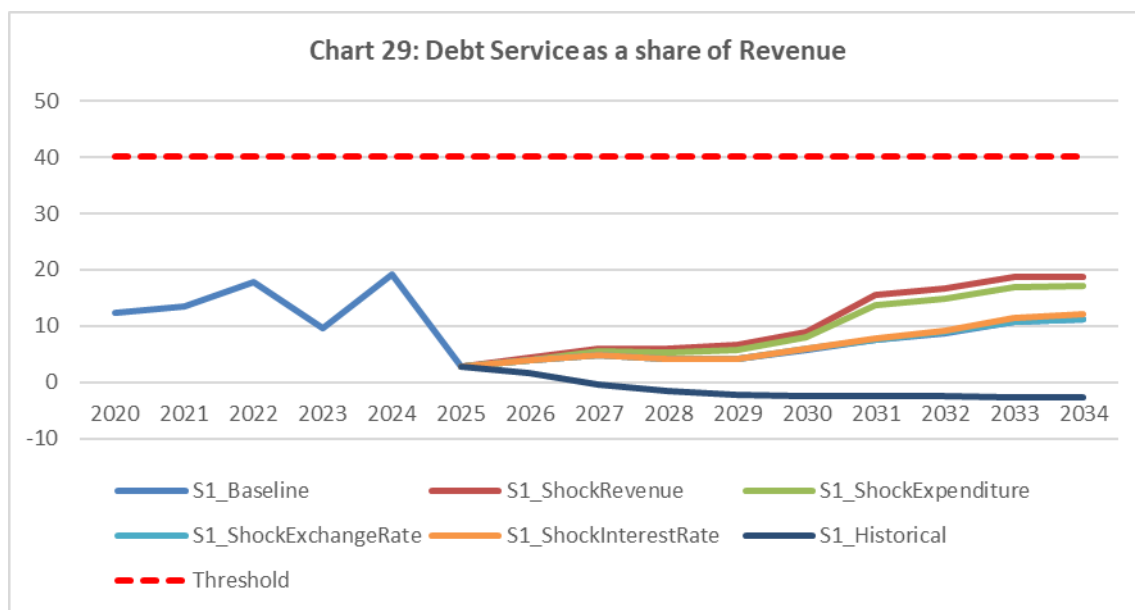


Chart 28: Debt Stock as a share of Revenue





4.G. Results and Conclusion of the Shock Scenario in Terms of Debt Sustainability of Ekiti State

Under the reference strategy, it is projected that the sustainability of the State's debt will experience a moderate deterioration in response to shocks related to exchange rates and interest rates, as designated under the baseline debt management approach (referred to as S1). This anticipated decline can be primarily attributed to the emergence of excessive budget deficits coupled with a diminished capacity for repayment, which further exacerbates the fiscal health of the State.

In scenarios wherein revenue and expenditure shocks occur, the outlook for debt sustainability under strategy S1 is expected to decline significantly. Such shocks are likely

to result in a substantial reduction in revenue inflows, thereby intensifying the already vulnerable financial conditions. Over the long term, indicators of debt sustainability—such as the debt-to-GDP ratio, fiscal balance, and repayment capabilities—are forecasted to be adversely impacted by these fluctuations in revenue and expenditure. The compounding effects of persistent deficits, combined with the weakened ability to fulfill repayment obligations, will pose additional challenges.

Given this projection, it is imperative for the State to implement proactive measures to enhance the effectiveness and sustainability of ongoing reforms aimed at improving revenue generation. By adopting such strategies, the State may better mitigate potential shocks that could arise, thereby strengthening its fiscal resilience and ensuring a more stable economic future. Prioritizing the enhancement of revenue streams, prudent management of expenditures, and addressing the factors contributing to debt accumulation will be essential in safeguarding the financial health of the State moving forward.

Section 5. DEBT MANAGEMENT STRATEGY

5.A. Introduction - Concept of Debt Management Strategy

Definition of Public Debt Management

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.

There are three debt-management performance indicators utilized in this report to assess the debt-management strategies of Ekiti State

- Debt Stock as % of Revenue (including grants and excluding other capital receipts)
- Debt Service as % of Revenue (including grants and excluding other capital receipts)
- Interest as % of Revenue (including grants and excluding other capital receipts)

The **measure of cost** is simply the value of the given performance indicator obtained in the last projected year (2029) by combining the four strategies and the baseline outlook. The **measure of risk** is the change in the value of the given performance indicator in the fifth year of the projection when it moves from the baseline to the adverse shock. For example, if the debt service to revenue ratio in 2029 is expected to be 20% under the reference strategy S1, but the adverse shock scenario places the same indicator at the value of 25% in 2029, then the risk of carrying the reference strategy S1 is 5% points. The cost and Risk are only measured in 2029 for the baseline

5.B. Alternative Borrowing Options

Ekiti State has devised three distinct alternative Debt Management Strategies (DMS), designated as S2, S3, and S4. Each strategy offers a unique framework for managing the state's financial obligations and funding requirements, reflecting varying priorities and risk profiles.

The second alternative, Debt Management Strategy S2, underscores the significance of domestic borrowing. This strategy primarily concentrates on the utilization of domestic debt instruments, including loans from commercial banks, the issuance of bonds, and various forms of local financing. The rationale for this approach is to mitigate the risks associated with foreign debt, which can be susceptible to fluctuations in exchange rates and other external economic dynamics. By prioritizing domestic financing sources, S2 also aims to enhance the development and sustainability of local debt markets, thereby encouraging further investment within the state and fostering economic growth.

In contrast, the third strategy, S3, adopts a more outward-looking stance regarding financing. This strategy specifically focuses on external funding options, where the state seeks loans from international sources. These sources may include concessional loans provided by multilateral organizations, such as the World Bank and the African Development Bank, as well as bilateral loans from allied nations. The appeal of S3 lies in the favorable terms often associated with external financing, which can include lower

interest rates and extended repayment periods. Such characteristics can substantially alleviate the financial burden on the state's budget, making it an appealing option for funding developmental projects and initiatives.

Lastly, the fourth strategy, S4, offers a balanced and integrative approach to debt management. It considers a wide range of financing instruments to meet the state's specific funding needs. This strategy facilitates a customized approach, enabling the government to allocate resources for particular expenditures, such as infrastructure development and capital investments, by selecting the most advantageous financial instruments available. By strategically opting for both domestic and external sources, S4 seeks to optimize cost-effectiveness and minimize overall financial risk.

Additionally, a series of summary tables has been prepared to illustrate the allocation of proceeds from each funding source under the Reference Debt Management Strategy, as well as the three alternative strategies (S2, S3, and S4). These tables provide a clear comparison of funding sources and reflect how each strategy effectively allocates financial resources to achieve the state's objectives.

5.B.1. Reference Debt Management Strategy (S1)

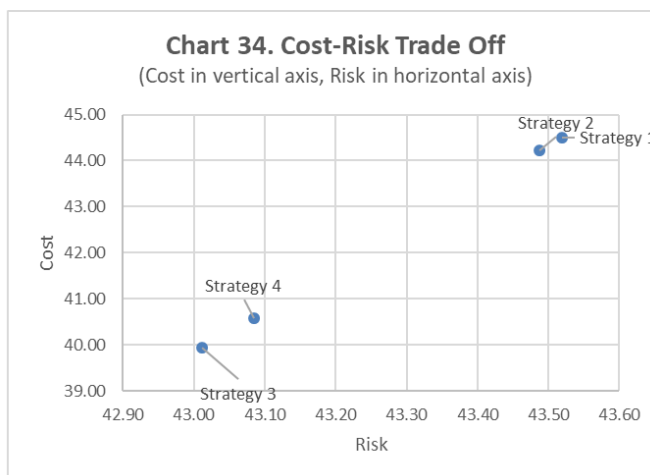
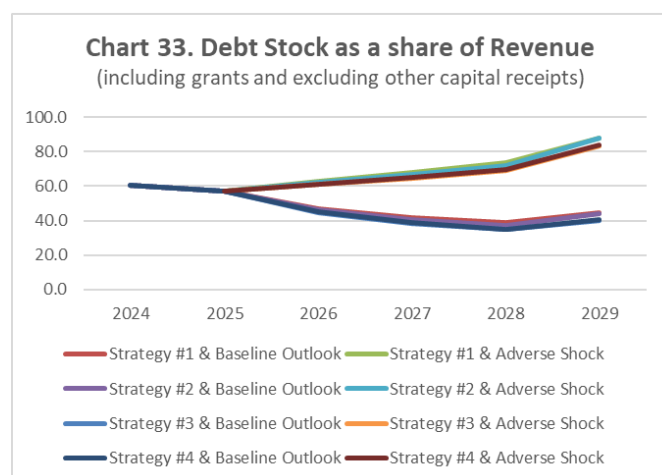
4.A. Reference Debt Management Strategy S1. Information on Planned Borrowings Creating New Debt (new bonds, new loans, etc.) (See Note 4 in Guidance for Completing Data Request)													
Insert planned Borrowings (new bonds, new loans, etc.) as nominal amounts in Million of local currency or Million of US dollars. Total Planned Borrowings must equal the Gross Borrowing Requirement (calculated by the Template in the Baseline Scenario)													
New Domestic Financing in Million of Local Currency													
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEs)	Naira	Million		19,806.9	0.0	0.0	0.0	49,066.6	0.0	35,367.0	0.0	126,998.2	90,622.8
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEs)	Naira	Million		5,862.5	6,641.5	0.0	0.0	46,077.9	0.0	3,765.5	131,087.9	0.0	97,393.8
State Bonds (maturity 1 to 5 years)	Naira	Million		0.0	0.0	11,984.2	0.0	0.0	36,132.1	0.0	158,170.6	0.0	95,994.9
State Bonds (maturity 6 years or longer)	Naira	Million		0.0	0.0	0.0	21,569.9	0.0	0.0	69,090.0	0.0	152,725.6	96,843.9
Other Domestic Financing	Naira	Million		0.0	0.0	5,398.6	0.0	0.0	0.0	45,331.6	124,277.6	206,923.2	97,553.4
New External Financing in Million US Dollars													
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	US Dollars	Million		0.0	1.8	0.0	8.8	10.1	74.7	69.8	22.8	91.9	92.5
External Financing - Bilateral Loans	US Dollars	Million		0.0	1.9	0.0	6.6	9.6	35.2	58.8	43.9	60.3	99.4
Other External Financing	US Dollars	Million		0.0	3.3	0.0	4.6	6.9	39.9	45.5	24.4	8.2	0.0

5.C. Debt Management Strategy (DMS) Simulation Results

The analysis of the results derived from the four Debt Management Strategies (DMS) concentrates on three key performance indicators. These indicators are presented for both the baseline scenario and the most adverse scenario of the reference debt strategy (S1), along with those of the alternative debt strategies (S2, S3, S4). It is important to note that there are no established thresholds for evaluating the performance indicators associated with the various debt strategies.

5.C.1. Debt/Revenue

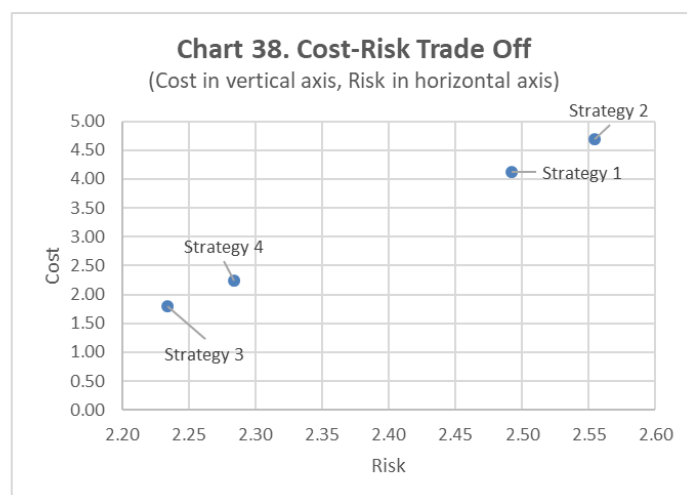
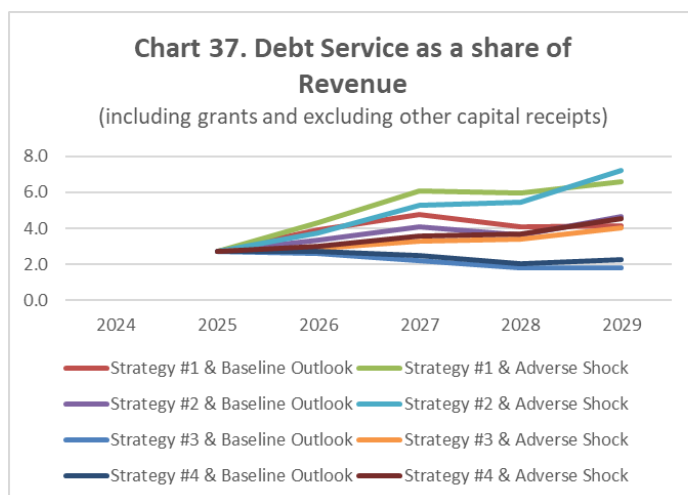
In the context of the four strategies, the anticipated Debt-to-Revenue ratio in the Baseline Scenario for the period from 2025 to 2029 is projected to decline steadily, starting at 60.6% in 2025 and averaging 42.3% by 2029.



The Cost-Risk Trade-off scatter plot illustrates the relationship between cost and risk for the four DMS. Analyzing the chart reveals that the optimal strategy harmonizes lower costs with reduced risks. In terms of the debt-to-revenue indicator, Strategy 3 (S3) emerges as the preferred option, exhibiting both lower costs and minimized risks, specifically recorded at 39.9% for cost and 43.0% for risk.

5.C.2. Debt Service/Revenue

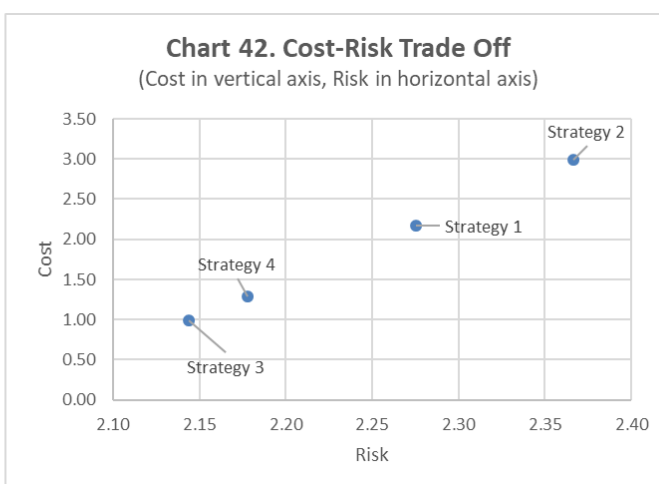
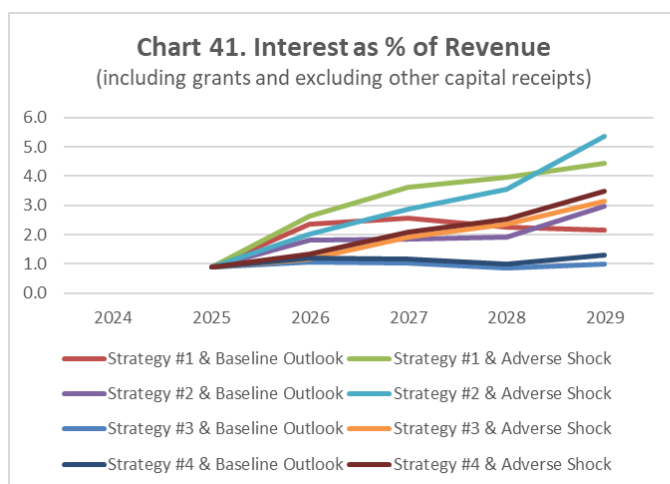
Under the four strategies, the projected Debt Service/Revenue in the Baseline Scenario for the period 2025 – 2029 decreases steadily.



The Cost-Risk Trade-off scatter plot shows the trade-off of the cost and risk for the four DMS. Looking at the chart, the preferred strategy combines the lower cost with the lesser risk. For the debt service/revenue indicator, the **alternative strategy (S3)** is the preferred one since it shows the lower cost and the lower risk (1.8% of Cost and 2.23% of Risk)

5.C.3. Interest/Revenue

Under the four strategies, the projected Interest/Revenue in the Baseline Scenario for the period 2025 – 2029 experienced a decrease on average from 0.9% in 2025 to 1.88% in 2029.



The Cost-Risk Trade-Off scatter plot illustrates the relationship between cost and risk for the four Decision-Making Strategies (DMS). From the chart, it is evident that the optimal strategy combines low cost with low risk. Similar to the previous indicators, the alternative strategy (S3) is preferred, as it demonstrates both lower cost and lower risk, with a risk of 2.1% and a cost of 1.0%.

5.D. Debt Management Strategy Assessment

The analysis of the cost-risk profile across the four Debt Management Strategies (DMS) indicates that the State would derive the greatest benefit from adopting Strategy 3 (S3). However, it is imperative to acknowledge the impracticality of increasing reliance on external borrowing to the detriment of domestic borrowing. An augmented dependence on foreign debt instruments could expose the State to significant financial risks and instability, particularly in light of potential fluctuations in the global financial climate or variations in exchange rates.

Considering the fragile state of the national economy, which is susceptible to various foreign exchange indicators, the adoption of Strategy 3 (S3) is deemed unfeasible. The pre-existing vulnerabilities may exacerbate financial risks, necessitating that State officials meticulously assess the potential dangers associated with this strategy prior to making determinations regarding their debt management plan.

As a result, the State is more likely to advance with the Reference Strategy (S1). This strategy provides a balanced approach to the available financing instruments by integrating both domestic and foreign sources. A comprehensive comparison of the performance outcomes of the Reference Strategy (S1) against those of the three alternative strategies (S2, S3, and S4) demonstrates that S1 consistently outperforms all alternatives across the three key indicators evaluated.

The implementation of Reference Strategy (S1) is anticipated to enhance the management of the State's debt portfolio in relation to market risks. However, to fully realize these benefits, the State must actively manage its interest burden and debt service commitments, ensuring that they remain sustainable in relation to generated revenue. In doing so, the State can effectively mitigate the impacts of currency risk and rollover risk, thereby fostering a more stable financial environment as it navigates its debt management strategies.

Section 6. Annex I. Table Assumption

2025

		Projection Methodology	Source
Assumptions:			
Economic activity	State GDP (at current prices)	The projections for Ekiti State GDP is in line with the WBG projections (2025 - 2034)	Debt Management Office, Abuja
Revenue	Revenue		
	1. Gross Statutory Allocation ('gross' means with r	The GSA was projected in line with Ekiti State Medium Term Fiscal Framework for the period 2025-2027. Thereafter, the growth rate of national GDP was used to estimate for the period 2028-2034	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	1.a. of which Net Statutory Allocation ('net' m	Average of the Historical Period (2020-2023) is used for the projection period	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	1.b. of which Deductions	Average of the Historical Period (2020-2023) is used for the projection period	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	2. Derivation (if applicable to the State)	Not Applicable	
	3. Other FAAC transfers (exchange rate gain, augm	The growth rate of the National GDP is used to estimate for the projected period 2025 - 2034	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	4. VAT Allocation	This is projected in line with the Ekiti State Medium Term Fiscal Framework for the period 2025-2027. Thereafter, the growth rate of national GDP was used to estimate the	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	5. IGR	The IGR for the period 2025 to 2027 follow the 3-year Ekiti State MTEF; the average growth rate (2023-2023) estimate of 35.57% was used to project for the years 2028 - 2034	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	6. Capital Receipts	Not Applicable	
	6.a. Grants	Projections for Grants are in line with the State's MTEF for 2025-2027, thereafter, the average growth rate of the historical figures of 70.94% was used to project for 2028 - 2034	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	6.b. Sales of Government Assets and Privatizati	Not Applicable	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	6.c. Other Non-Debt Creating Capital Receipts	the historical figure for the year 2024 is projected to be sustained for the period 2025-2034	DSA Team, Ministry of Finance and Economic Development. Ekiti State

Expenditure	Expenditure		
	1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	The Personnel costs for the year 2025-2027 are projected in line with the State MTEF 2025-2027, and thereafter, i.e 2028-2034, it is estimated to increase by 45% annually to reflect the recent increase due to the minimum wage in Nigeria	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	2. Overhead costs	Projected in line with the State MTEF 2025-2027 and thereafter, it is estimated to increase by 2.5% annually. 2.5% is the average growth rate of the year 2026-2027 under the MTEF for the overhead cost	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	Not Applicable	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)	It is projected to increase by 35% for 2025 and 2026. For 2027, it is projected to increase by 40%. Thereafter, other recurrent expenses are estimated to increase by 30% annually	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	5. Capital Expenditure	Projected in line with the State MTEF 2025-2027 and thereafter, it is estimated to increase by 30% annually. The increase is expected to stimulate the economic growth of the State from 2028 to 2034	DSA Team, Ministry of Finance and Economic Development. Ekiti State
Closing Cash and Bank Balance	Closing Cash and Bank Balance	The closing cash and bank balance is projected to oscilate between 25% AND 40%	DSA Team, Ministry of Finance and Economic Development. Ekiti State
Debt Amotization and Interest Payments	Debt Outstanding at end-2024		
	External Debt - amortization and interest	The projection is expected to remain constant over the projection period using the historical average value of \$2.4million and \$0.6million for amortization and interest rate	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	Domestic Debt - amortization and interest	3-year historical figures (2021-2023) was used to estimate the Contractor Arreas for the period 2024-2032	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	New debt issued/contracted from 2025 onwards		
	New External Financing		
	External Financing - Concessional Loans (e.g., World Bank)	Interest Rate - 8.50%; Maturity - 30 Years; Grace - 4 Years	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	External Financing - Bilateral Loans	Interest Rate - 8.00%; Maturity - 25 Years; Grace - 4 Years	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	Other External Financing	Interest Rate - 8.33.00%; Maturity - 35 Years; Grace - 0 Years	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	New Domestic Financing		
	Commercial Bank Loans (maturity 1 to 5 years, including overdrafts)	Interest Rate - 37.00%; Maturity - 4 Years; Grace - 1 Year	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	Commercial Bank Loans (maturity 6 years or longer)	Interest Rate - 35.50%; Maturity - 10 Years; Grace - 2 Years	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	State Bonds (maturity 1 to 5 years)	Interest Rate - 24.50%; Maturity - 5 Years; Grace - 1 Year	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	State Bonds (maturity 6 years or longer)	Interest Rate - 13.50%; Maturity - 15 Years; Grace - 2 Years	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	Other Domestic Financing	Interest Rate - 15.00%; Maturity - 7 Years; Grace - 2Year	DSA Team, Ministry of Finance and Economic Development. Ekiti State

Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S1	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S1		
	New Domestic Financing in Million Naira		
	Commercial Bank Loans (maturity 1 to 5 years, incl	Interest Rate - 37.00%; Maturity - 4 Years; Grace - 1 Year	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	Commercial Bank Loans (maturity 6 years or longer	Interest Rate - 35.50%; Maturity - 10 Years; Grace - 2 Years	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	State Bonds (maturity 1 to 5 years)	Interest Rate - 24.50%; Maturity - 5 Years; Grace - 1 Year	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	State Bonds (maturity 6 years or longer)	Interest Rate - 13.50%; Maturity - 15 Years; Grace - 2 Years	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	Other Domestic Financing	Interest Rate - 15.00%; Maturity - 7 Years; Grace - 2Year	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g., Worl	Interest Rate - 8.50%; Maturity - 30 Years; Grace - 4 Years	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	External Financing - Bilateral Loans	Interest Rate - 8.00%; Maturity - 25 Years; Grace - 4 Years	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	Other External Financing	Interest Rate - 8.33.00%; Maturity - 35 Years; Grace - 0 Years	DSA Team, Ministry of Finance and Economic Development. Ekiti State
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S2	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S2		
	New Domestic Financing in Million Naira		
	Commercial Bank Loans (maturity 1 to 5 years, incl	Interest Rate - 37.00%; Maturity - 4 Years; Grace - 1 Year	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	Commercial Bank Loans (maturity 6 years or longer	Interest Rate - 35.50%; Maturity - 10 Years; Grace - 2 Years	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	State Bonds (maturity 1 to 5 years)	Interest Rate - 24.50%; Maturity - 5 Years; Grace - 1 Year	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	State Bonds (maturity 6 years or longer)	Interest Rate - 13.50%; Maturity - 15 Years; Grace - 2 Years	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	Other Domestic Financing	Interest Rate - 15.00%; Maturity - 7 Years; Grace - 2Year	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g., Worl	Interest Rate - 8.50%; Maturity - 30 Years; Grace - 4 Years	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	External Financing - Bilateral Loans	Interest Rate - 8.00%; Maturity - 25 Years; Grace - 4 Years	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	Other External Financing	Interest Rate - 8.33.00%; Maturity - 35 Years; Grace - 0 Years	DSA Team, Ministry of Finance and Economic Development. Ekiti State

Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S3	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S3		
	New Domestic Financing in Million Naira		
	Commercial Bank Loans (maturity 1 to 5 years, incl	Interest Rate - 37.00%; Maturity - 4 Years; Grace - 1 Year	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	Commercial Bank Loans (maturity 6 years or longer	Interest Rate - 35.50%; Maturity - 10 Years; Grace - 2 Years	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	State Bonds (maturity 1 to 5 years)	Interest Rate - 24.50%; Maturity - 5 Years; Grace - 1 Year	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	State Bonds (maturity 6 years or longer)	Interest Rate - 13.50%; Maturity - 15 Years; Grace - 2 Years	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	Other Domestic Financing	Interest Rate - 15.00%; Maturity - 7 Years; Grace - 2Year	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g., Worl	Interest Rate - 8.50%; Maturity - 30 Years; Grace - 4 Years	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	External Financing - Bilateral Loans	Interest Rate - 8.00%; Maturity - 25 Years; Grace - 4 Years	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	Other External Financing	Interest Rate - 8.33.00%; Maturity - 35 Years; Grace - 0 Years	DSA Team, Ministry of Finance and Economic Development. Ekiti State
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S4	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S4		
	New Domestic Financing in Million Naira		
	Commercial Bank Loans (maturity 1 to 5 years, incl	Interest Rate - 37.00%; Maturity - 4 Years; Grace - 1 Year	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	Commercial Bank Loans (maturity 6 years or longer	Interest Rate - 35.50%; Maturity - 10 Years; Grace - 2 Years	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	State Bonds (maturity 1 to 5 years)	Interest Rate - 24.50%; Maturity - 5 Years; Grace - 1 Year	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	State Bonds (maturity 6 years or longer)	Interest Rate - 13.50%; Maturity - 15 Years; Grace - 2 Years	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	Other Domestic Financing	Interest Rate - 15.00%; Maturity - 7 Years; Grace - 2Year	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g., Worl	Interest Rate - 8.50%; Maturity - 30 Years; Grace - 4 Years	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	External Financing - Bilateral Loans	Interest Rate - 8.00%; Maturity - 25 Years; Grace - 4 Years	DSA Team, Ministry of Finance and Economic Development. Ekiti State
	Other External Financing	Interest Rate - 8.33.00%; Maturity - 35 Years; Grace - 0 Years	DSA Team, Ministry of Finance and Economic Development. Ekiti State

Section 7. Annex II. Historical and Projections of the S1_Baseline Scenario

Units	Scale			2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Data Request for State DSA)																		
Naira	Million			1,977,000	2,256,700	2,593,644	3,004,558	3,556,544	4,167,916	4,734,625	5,441,287	6,305,931	7,016,136	7,806,329	8,685,516	9,663,723	10,752,100	11,963,055
Naira	Million			154,252,319	176,075,502	202,365,027	234,425,914	277,493,782	322,074,205	369,411,742	424,547,927	492,010,390	547,423,060	609,076,582	677,673,832	753,996,847	838,915,742	933,398,628
Naira/USD				306	307	326	379	1,300	1,603	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
In Guidance for Completing Data Request for State DSA)																		
Naira	Million			86,952	96,005	117,017	160,330	402,427	533,569	594,682	671,394	842,632	1,079,588	1,406,330	1,864,797	2,467,104	3,344,181	4,498,801
Naira	Million			30,308	31,661	33,944	28,625	13,487	115,283	136,897	162,106	187,865	209,024	232,565	258,758	287,900	320,325	356,402
Naira	Million			22,516	17,535	17,667	14,629	0	18,087	18,087	18,087	18,087	18,087	18,087	18,087	18,087	18,087	18,087
Naira	Million			7,792	14,127	16,277	13,995	0	13,048	13,048	13,048	13,048	13,048	13,048	13,048	13,048	13,048	13,048
Naira	Million			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Naira	Million			5,402	2,651	8,293	35,058	211,856	245,891	282,031	324,126	375,631	417,936	465,006	517,377	575,647	640,479	712,613
Naira	Million			13,345	19,408	22,826	31,198	61,885	44,085	56,236	69,776	80,864	89,971	100,104	111,379	123,923	137,879	153,408
Naira	Million			10,909	17,568	24,216	32,277	34,734	36,720	38,556	40,484	54,884	74,407	100,873	136,753	185,397	251,342	340,745
Naira	Million			26,988	24,716	27,739	33,173	80,466	91,589	80,961	74,902	145,337	283,250	507,782	840,530	1,294,238	1,994,155	2,935,633
Naira	Million			12,756	6,191	14,662	22,587	55,192	59,567	58,167	51,167	87,465	149,513	255,577	436,884	746,809	1,276,595	2,182,212
Naira	Million			0	0	0	0	6,353	6,353	6,353	6,353	6,353	6,353	6,353	6,353	6,353	6,353	6,353
Naira	Million			14,232	18,526	13,077	10,586	18,921	25,669	16,442	17,383	49,570	132,385	245,852	397,294	541,076	711,207	747,069
Naira	Million			0	9,978	0	0	0										
Naira	Million			9,630	2,783	6,075	1,558	2,722										
Naira	Million			4,602	5,765	7,002	9,028	16,199										
Naira	Million			85,846	104,435	115,374	130,611	372,138	512,568	562,830	634,538	802,703	1,019,695	1,328,470	1,746,710	2,307,686	3,098,221	4,154,457
Naira	Million			14,685	20,423	24,479	32,201	44,034	78,117	79,680	81,273	117,846	170,877	247,772	359,270	520,941	755,364	1,095,278
Naira	Million			14,786	16,893	36,995	34,736	56,218	131,137	135,071	137,773	141,906	146,163	150,548	155,064	159,716	164,508	169,443
Naira	Million			4,172	5,943	14,782	5,766	8,228	4,526	13,546	16,560	17,863	20,395	54,245	79,120	122,095	224,445	325,837
Naira	Million			858	588	4,653	558	6,299										
Naira	Million			3,315	5,355	10,128	5,208	1,929										
Naira	Million			18,080	16,965	0	12,659	84,877	114,583	154,688	216,563	292,360	380,067	494,088	642,314	835,008	1,085,510	1,411,164
Naira	Million			29,964	40,062	31,593	37,684	117,435	174,976	171,105	167,943	218,326	283,823	368,970	479,661	623,560	810,628	1,053,816
Naira	Million			4,160	4,151	7,525	7,564	61,346	9,227	8,741	14,426	14,403	18,369	12,847	31,280	46,366	57,765	98,918
Naira	Million			1,180	0	0	0	54,603										
Naira	Million			2,085	2,900	6,308	5,771	0										
Naira	Million			894	1,251	1,217	1,793	6,743										
Naira	Million			1,107	-8,431	1,644	29,719	30,289	21,001	31,852	36,857	39,928	59,892	77,860	118,088	159,419	245,960	344,344
Naira	Million			15,675	16,782	8,351	9,995	39,714	70,004	91,005	122,856	159,713	199,641	259,534	337,394	455,482	614,900	860,860
Naira	Million			16,782	8,351	9,995	39,714	70,004	91,005	122,856	159,713	199,641	259,534	337,394	455,482	614,900	860,860	1,205,205
Naira	Million								32,021.97	22,794.05	23,735.31	55,922.39	138,737.06	252,204.64	403,646.60	547,428.65	717,559.52	753,421.29
Naira	Million	Sign +/- means source/use of funds							2,732.35	31,344.09	44,107.71	16,271.92	-40,080.59	-107,252.31	-175,158.39	-219,549.48	-189,389.04	15,678.71
Naira	Million								13,753.26	22,286.53	30,986.16	32,266.04	38,764.07	67,092.20	110,400.36	168,460.57	282,210.36	424,755.82
Naira	Million								9,227.06	8,740.60	14,426.45	14,403.26	18,369.50	12,846.96	31,280.44	46,365.90	57,765.39	98,918.34
Naira	Million								4,526.20	13,545.93	16,559.72	17,862.78	20,394.57	54,245.24	79,119.92	122,094.67	224,444.97	325,837.48
Naira	Million								21,001.06	31,851.61	36,856.86	39,928.27	59,892.40	77,860.12	118,087.85	159,418.60	245,960.12	344,344.17
Naira	Million								32,021.97	22,794.05	23,735.31	55,922.39	138,737.06	252,204.64	403,646.60	547,428.65	717,559.52	753,421.29
Naira	Million								6,352.52	6,352.52	6,352.52	6,352.52	6,352.52	6,352.52	6,352.52	6,352.52	6,352.52	6,352.52
Naira	Million	Gross Borrowing = Primary Deficit + Debt Service + Financing Needs Other than Amortizations -							25,669.45	16,441.53	17,382.79	49,569.87	132,384.54	245,852.12	397,294.08	541,076.13	711,207.00	747,068.76
									OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
ing New Debt (new bonds, new loans, etc.) (See Note 4 in Guidance for Completing Data Request)																		
of local currency or Million of US dollars. Total Planned Borrowings must equal the Gross Borrowing Requirement (calculated by the Template in the Baseline Scenario)																		
		Instrument #	Deomesti c / External	Interest Rate (%)	Maturity (# of years)	Grace (# of years)												
Naira		Instrument #1	Domestic	37.00%	4	1			19,806.90	0.00	0.00	0.00	49,066.60	0.00	35,367.00	0.00	126,998.20	90,622.80
Naira		Instrument #2	Domestic	35.50%	10	2			5,862.50	6,641.50	0.00	0.00	46,077.90	0.00	3,765.50	131,087.90	0.00	97,393.80
Naira		Instrument #3	Domestic	24.50%	5	1			0.00	0.00	11,984.20	0.00	0.00	0.00	36,132.10	0.00	0.00	95,994.90
Naira		Instrument #4	Domestic	13.50%	15	2			0.00	0.00	0.00	21,569.90	0.00	0.00	69,090.00	0.00	152,725.60	96,843.90
Naira		Instrument #5	Domestic	15.00%	7	2			0.00	0.00	5,398.60	0.00	0.00	0.00	45,331.60	124,277.60	206,923.20	97,553.40
		Instrument #	Deomesti c / External	Interest Rate (%)	Maturity (# of years)	Grace (# of years)												
US Dollars		Instrument #6	External	8.50%	30	4			0.00	1.80	0.00	8.80	10.10	74.70	69.80	22.80	91.90	92.50
US Dollars		Instrument #7	External	8.00%	25	4			0.00	1.90	0.00	6.60	9.60	35.20	58.80	43.90	60.30	99.40
US Dollars		Instrument #8	External	8.33%	35	2			0.00	3.30	0.00	4.60	6.90	39.90	45.50	24.40	8.20	0.00

Section 8. EKITI STATE TECHNICAL TEAM

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|---------------------------------|---|
| a. Mrs. Lucy B. Bamisile | Director, State Finances, Ministry of Finance and
Economic Development |
| b. Mr Abbas Wahab | Office of the Accountant-General |
| c. Mr. Mathew A. Olagoke | Head, Ekiti State Debt Management Unit |
| d. Mr. Taye T. Adelusi | Program Manager, SABER, Ekiti State. |


**HON. COMMISSIONER, MINISTRY OF FINANCE,
EKITI STATE**
18th November, 2025