



GOVERNMENT OF IMO STATE, NIGERIA

2024

IMO STATE

**DEBT SUSTAINABILITY
ANALYSIS**

AND

DEBT MANAGEMENT STRATEGY

(DSA-DMS)

REPORT

(FIFTH EDITION)

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FOREWORD

The 2024 Imo State's Debt Sustainability Analysis and Debt Management Strategy (DSA-DMS) Report is the Fifth Edition in a row accomplished under the prodigious administration and leadership of the Executive Governor of Imo State, ***His Excellency, Dist. Senator Hope Uzodimma, CON*** after the success of the First Edition in 2020.

The First Edition, which majorly reported the sustainability of the State relative to its Debt, Debt Service and Revenue only, hence titled Debt Sustainability Analysis (DSA) Report, was limited in its scope. The addition of the Debt Management Strategy (DMS) in the 2021 Report, however, raised the bar as it was expected to guide the borrowing activities of the State Government in the medium-term to the long-term by meeting Government financing needs at minimal cost with a prudent level of risk under the four different strategies. The Third and Fourth Edition continued to evaluate the State's risk of distress, considering its capacity to carry its current debt and future borrowings under baseline and shock scenarios. This 2024 Report however goes further to consolidate the previous years' reports Analytical Tool and methodology.

Among the pillars of best practices in recent Public Debt Management policies are the formulation and implementation of a Debt Management Strategy; thereby prompting the evaluation, scrutiny, and reporting on the DMS from the year 2024-2028, while using the Analytical Tool Template developed by the Debt Management Office (DMO), Abuja and the World Bank Group. This activity is apparently meant to improve the assessment, of sub-nationals in general and Imo State in particular; in terms of its Public Debt management practice and implementation of fiscal transparency by Rating Agencies, Development Partners, Investors, Governments (both local and international), and other stakeholders.

Debt Management Strategy is said to be anchored on the prudent access to concessionary financing that is needed to fund growth and development within a sustainable debt profile with improving grant inflows while facilitating private sector participation in the funding of critical infrastructures in particular, and the real sector in general. More so, the objective of the Debt Management Strategy is to further broaden and deepen the Domestic Bond Market especially through the issuance of Long-term Bonds for the development of the real sector of the State while complying with the necessary applicable laws such as the Fiscal Responsibility Law, Debt Management Law, and the Medium-Term Expenditure Framework (MTEF).

The empirical Baseline Scenario findings under the DSA show that the State's Public Debt Ratios (Stock and Service) demonstrate a positive position from 2025 to 2033, which are significantly below the thresholds. The Debt Stock to Revenue Ratio threshold under the Revenue and Expenditure shock scenarios were within limits, going as low as 141% and 117% respectively in the long term.

The conclusion is thus that the State will be able to preserve the sustainability of its debt in the medium term and the long term. Continuous and significant efforts in revenue revamp and growth (particularly the Internally Generated Revenue-IGR) should be initiated as a matter of urgency; future borrowings should be curtailed and the present borrowings should be deployed to revenue-generating ventures or projects with returns in order to sustain the positive trend.



With respect to the DMS on the other hand, it is in favour of the Preferred Strategy (S1) among the four Debt Management Strategies set out. This Preferred DMS focuses on increased dependence on long-term tenured Domestic and External financing with a corresponding reduction in short-term instruments, especially short-term Commercial Bank Loans in order to moderate refinancing risks. In addition, it anticipates that the Cost Profile of the State's Public Debt portfolio will be maintained at a sustainable level in the medium to long term while ensuring that government financing needs are met at the lowest cost and with a prudent level of risk.

Going forward, the fiscal and economic reform policies highlighted in this report with respect to serious Internally Generated Revenue drive revamp and blockage of revenue leakages, Treasury Single Account (TSA), effective Cash Management, efficient Expenditure control, and prudent Borrowing Limit plans according to the respective enacted laws and *as currently being championed by the Administration of His Excellency, Distinguished Senator Hope Uzodinma*, are but the only ways to guide the State to sustainable debt position both in the medium and long terms.

Without mincing words, the germaneness of the yearly DSA-DMS Report, particularly this 2024 Analysis, goes beyond meeting the requirements of the States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Disbursement Linked Indicator (DLI) 7.2, but to also satisfy the requirements of the State Action for Business Enabling Reforms (SABER) Eligibility Criteria.

As the Commissioner for Finance and Coordinating Economy and on behalf of my team, I wish to sincerely and immensely appreciate His Excellency, the Governor for giving his full support in all ramifications to produce this report in line with the requirements of SFTAS; and in pushing the limits, expecting the best, and bringing the best out of us in the process.

I explicitly commend the absolute commitment of the Imo State DSA-DMS Team, comprising all relevant stakeholder institutions headed by the Debt Management Office; the Ministry of Budget, Economic Planning, and Statistics; and the Office of the Accountant General of Imo State; with technical support from the Debt Management Office (DMO), Abuja and the World Bank Group.

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CHAPTER ONE

INTRODUCTION

1.0 Introduction

The State called Imo derives its name from the Imo River, which takes its course from the Okigwe/Akwa upland lying within latitudes 40.45'N and longitude 50.50'E and 70.25'E. The State was among the seven states created by the Federal Military Government on February 3rd, 1976; but before then was part of the old East Central State, now described as the South-Eastern region of the country. It occupies the area between the lower River Niger and the upper and middle Imo River; and is strategically located in the "heart" of the nine Igbo-speaking eastern states. Imo is bordered on the East by Abia State, on the West by the River Niger and Delta State, and on the North by Anambra State, while Rivers State lies to the South.

Imo State covers an area landmass of 5,289 Square km with a population of over 4.9 million people, which currently grows at an annual rate of 4.1%, and with a population density of 1,400 people per square km. Obviously, "The Eastern Heartland of Hope", as it is popularly called, prides itself in the vibrancy of its highly intelligent, educated and industrious manpower; in addition to the fertile but serene environment and safe ground for investments, especially in agriculture, agro-allied ventures, ICT, tourism and hospitality, and manufacturing.

The Imo State economy is highly dependent on agricultural production, especially the production of cassava which the by-products serve as staple food and industrial raw materials. Palm oil is another agricultural produce, which majority of her citizens rely on for cooking. The extraction of crude oil and natural gas is also a key industry, especially in Imo north and west.

The State currently has 27 Local Government Areas with three major urban centers or zones, namely; Owerri, Orlu and Okigwe. The State Capital – Owerri is popularly referred to as "The Entertainment Hub of the East" or "The Home of Hospitality" where tourism, entertainment and hospitality flourish.

Although before now, the State's economic outlook presented a dominant public service and agricultural sector picture. However, the Government is already changing the narratives and positively transforming the State from a predominantly public sector-driven economy to a more robust private sector-driven; as carefully planned by the **Shared Prosperity Administration** under its Macro-Economic Blueprint anchored on its **"3-R" Strategic Initiatives** of *"RECONSTRUCTION, REHABILITATION AND RECOVERY"*. The ongoing infrastructural development revitalization and other laudable policies in the State bear magnificent witness to



this fact, which aims at the ease of doing business and to prosper the lives of the citizens in the long run.

However, Imo like every other state in the country is at present confronted with the reality of servicing and sustaining its debt portfolio which has over the years grown owing to the huge need for infrastructural and human capacity developments resulting from loans (Internal and External) often taken by the government in achieving these developmental strides when funds are not readily available. Obtaining this financing gap or borrowing and its subsequent effective management, going forward, therefore, gave rise to this Debt Sustainability Analysis (DSA) and Debt Management Strategy (DMS) formulation in order to ensure that the government borrowing structure is at its lowest possible cost and least risk with its ability to meet all current and future payment obligations without exceptional financial assistance or going into default.

The essentiality of this 2024 Debt Sustainability Analysis and Debt Management Strategy (DSA-DMS) report, being the Fifth Edition, is therefore aimed at evaluating critical developments in the State's Historical Fiscal activities from 2019–2024, with a view to ascertaining its capacity to discharge its debts obligations as they fall due (liquidity) in the medium to long term (2023-2033) relative to vital variables especially Revenue; while an attempt is equally made to guide against over-borrowing(solvency) with the cautious deployment of prudent developmental and borrowing plans that the government intends to implement over the medium to long terms in order to achieve the desired composition of its debt portfolio (financing-gap), in addition to evaluating the cost-risk tradeoffs associated with different strategies.

1.1 Background

While on one hand the Debt Sustainability Analysis (DSA) is designed to highlight and analyze trends and patterns in the State's public finance during the historical period of 2019-2023 and evaluates the debt sustainability during the medium to long term of 2024-2033 with related policies recently adopted by the State, including a debt sustainability assessment conducted, scenarios and sensitivity analysis in order to properly evaluate the prospective performance of the State's public finance.

The main objective of the Debt Management Strategy (DMS) on the other hand is to ensure that the State Government's financing needs are well structured and payment obligations are met at the lowest possible cost over the medium to long term, consistent with a prudent degree of risk that is within acceptable tolerances; especially as modern risk management has become an important tool for achieving strategic debt targets in the world of business and governance today. Thus, Four Debt Management Strategies have been formulated, and the analysis thereof calculates the costs of carrying public debt and measures the inherent risks associated with

macro-economic and fiscal shocks using the updated tool-kit (**DSA-DMS Template**) developed by the Debt Management Office, Abuja-Nigeria in partnership with the World Bank.

The data used in this analysis were derived, among others, from the Financial Statements published by the Office of the Accountant General of the State; the State 2024 Appropriation Act; MTEF (2025-2027), and Macro-economic inputs from the Ministry of Budget and Economic Planning; Revenue reports from Imo State Internal Revenue Service; Debt Stock Reports of the Debt Management Office; and the Revenue projections from 2025 to 2033 from Debt Management Office and World Bank.

The State's Total Public Debt which stood at N223.94 billion in 2022 came up to N239.46 in 2023, before rising to a peak of N562.18 billion in 2024. This is expected to steadily grow in both the medium and long run from N564.50 billion in 2025 to N568.57 billion at the end of December 2033. The Total Public Debt as a share of Revenue was 226% in 2019 before declining to 211% in 2020. It later declined to 165% in 2021 and further to an expected lowest point of 101% in 2022. From 2024 to 2033, there is an expected decrease from 175% to 58%, representing a 33.14% decrease. As per the State's repayment capacity in terms of Debt Service to Revenue, it was only within its benchmark of 40% from 2019 to 2024; although with very highly risky figures of over 30% in 2026, 2027 and 2029.

This risky but positive Debt Service position and the subsequent improvement in the Public Debt Stock to Revenue ratio as stated above, are however only attainable given the State's continuous strong stand on effective cost of governance in terms of its recurrent expenditures, efficient integrated personnel information system via the linkage of the BVN and Imo State Social Benefit Number (IMSSBN) of staff, creation and efficient mobilization of IGR sources with automated process, blockage of revenues leakages, technologically driven and effectively monitored Treasury Single Account.

Others include the employment and training of more revenue officers in order to increase tax revenue collection, implementation of a self-help tax assessment electronic platform - Electronic Payment, Filing System, and Registration; the revamping and diversification of the economy with the 3-Rs mantra, improved procurement practices for increased transparency and value for money; effective and efficient cash management system; and most importantly, *continuous ample provision for Debt Service in the Budget in order to hedge out unsustainability.*

1.2 Summary of Findings

Revenue and Expenditure data were analyzed to determine how sustainable the State debts are. Emphasis was drawn from Internally Generated Revenue, Federal transfers, and Grants to extrapolate for the solvency of the State in the long run, and just as the personnel cost,

overhead cost, and other expenditure components were considered also in reaching the empirical conclusions.

- The Total Revenue (FAAC, IGR and Grants) received within this period (2019–2023) was N500.76 billion, and the Total Expenditure incurred was N729.13 billion with a deficit balance of N228.36billion.
- The peak of the Expenditure was in 2022 when Debt Service was N50.08 billion thereby accounting for 22.53% of the Total Expenditure of N222.31 billion, and Capital Expenditure was the highest at N86.38 billion which accounted for 38.85% of the Total Expenditure.
- The Total Revenue expected for the forecast period (2024–2033) is N5.400 trillion with an expected Total Expenditure of N6.458 trillion, amounting to a deficit balance of N1.057 trillion. The reason for this deficit is not far-fetched as the State Government is expected to review and implement a new Minimum wage and make provision for both human and infrastructural development capital projects, in both the medium and long term.

1.3 Overall Results

Total Public Debt decreased significantly in the projection years, portraying the State's repayment capacity relative to the public debt position not surpassing the threshold of 200%.. Debt-to-SGDP, also, was below the threshold of 25% for both historical and projection periods; while Debt Service-to-Revenue projections were below the threshold of 40% Personnel Cost-to-Revenue was also below the threshold of 60% in the entire duration; just as the Fiscal Outturns showed stability in the long term aside from the deficits in 2023 and 2024 of the Overall Balance as a share of S-GDP.

The above empirical Baseline Scenario findings thus show that the State's Public Debt Ratios (Stock and Service) demonstrate a positive position from 2019 to 2033, which are significantly below the thresholds..A further critical examination of the impact of the different shock scenarios (as shown in Chart 28), shows that the State's sustainability was threatened in the medium term right from the year 2025 and 2026 as the Debt Stock to Revenue Ratio threshold under the Revenue shocks were significantly exceeded at 207% and 204% respectively.

From the foregoing, therefore, it suffices to conclude that the State will BE able to preserve the sustainability of its debt in the medium term and in the long term.

Treasury Single Account (TSA) has also become sacrosanct in the system with automated revenue collection structure vigorously being pursued in collaboration with **Inter-switch Ltd.** Meanwhile, expansion and inclusion of revenue heads such as Land Use Charge and many



more, hitherto not captured in the State's budget but very germane for the development of the State are equally being tracked to improve the sustainability of the State; in addition to the shrewd aggregate expenditure control policy, especially with the Personnel and Overhead Costs; and a robust debt management strategy.

CHAPTER TWO

IMO STATE FISCAL AND DEBT FRAMEWORK

2.1 Fiscal Reforms in the Last 3 to 5 years

Imo State Government in the last couple of years has been introducing and implementing a series of fiscal reforms and policies that have positively impacted the fiscal and debt paths of the State, with measurable growth in the Internally Generated Revenue (IGR) and expenditure efficiency while embracing transparency and accountability, especially under the current Administration. Some National Laws too such as the Petroleum Industry Act (PIA) and the Minimum Wage among others have taken turns in affecting the State's fiscal variables of expenditures and revenues.

- i. **The State Development Plan (SDP):** Imo State has outlined a ten-year development plan. The plan focuses on transforming the State into an industrialized region through infrastructural expansion and economic development. The 3R framework of Recovery, Rehabilitation and Reconstruction will guide the development plan.
- ii. **The State Action on Business Enabling Reforms (SABER):** The objective of the SABER is to improve 1) the efficiency of land administration 2) the regulatory framework for private investment in fiber optic infrastructure 3) services provided by investment promotion agencies and public-private partnership units and 4) the efficiency and transparency of government-to- business services. This initiative also aims to offer additional incentives such as employing result-based funding to improve the business climate of the State.
- iii. **The Imo State Business Enabling Reform Action Plan (IMOBEPAP):** The plan provides a foundation for the State's continuous corporate, economic and social growth. It strengthens the capabilities of the relevant agencies for the long term and sustains the improvements on an ongoing basis.
- iv. **The Debt Management Law:** This Law was accented to in June 2021 and became fully domesticated in the State even though there existed before now an incomprehensive Imo State Debt Securities Issuance Law of 2016. With the advent of this new Law, the Debt Management Office of the State is fully birthed and subsequently empowered to manage on behalf of the Government its Internal and External debts; in addition to the management, conduct and implementation of any debt issuance program of the Imo State Government for the financing of its capital budget or public investment projects and commitments, and the restructuring of any existing debt. The Imo State Arrears Clearance Framework was equally promulgated.

- v. **The Orashi Energy Free Trade Zone:** A free trade zone entails less restriction, less taxation and as such no limitations to business activities that will rise to economic limelight and improved revenue to the State. In April this year, Imo State kicked off the Orashi Energy Free Trade Zone in Mmahu and Abacheke in Ohaji-Egbema LGA. With the dredging of the Oguta lake and Orashi river sea route to the Atlantic ocean, agricultural produce will be made to markets outside the State through water transport.
- vi. **The Imo State Electricity Regulatory Commission (ISERC):** Imo State is the first state to take advantage of the new constitutional provision that removed power generation and transmission from the Exclusive Legislative list to the Concurrent list. The State Government signed a Memorandum of Understanding (MOU) with the Orashi Electricity Company limited to generate, transmit and distribute electricity in all the 27 Local Government Areas of the State.
- vii. **Automatic promotion for Civil/Public Servants:** The Government has uplifted the morale of Imo State's Civil Service by granting automatic promotion to all Civil/Public servants who are qualified for promotion in 2023. This will enhance productivity and by extension, the general administration of the Public Service.
- viii. **The Civil Service and Pension System Reforms:** Among other reforms introduced by the State Government is the Biometric and BVN capturing of Workers and Pensioners. The exercise was undertaken to give credence to the monthly salary and pension payments. Today, every eligible civil servant and pensioner is known with a verifiable **Imo State Social Benefit Number (IMSSBN)** which has greatly curtailed the issue of ghost workers and pensioners in the State, thereby preventing fund leakages and freeing more funds for other developmental purposes.
- ix. **The Minimum Wage Increase:** Having successfully truncated salary and pension fraud by ensuring e-salary and pension payment with verifiable **BVN** via the **IMSSBN**, the State Government has equally approved the new **N70,000.00 Minimum Wage** with the least junior civil servant going home with at least N70,000.00 as allowed by the Labor Law. This is expected to increase the Total Expenditure at the end though.
- x. **The National Health Insurance Scheme (NHIS):** The National Health Insurance Scheme is a body corporate established under the NHIA Act. The government of Imo State has established the Imo State Insurance scheme which will be administered by the Imo State Insurance Agency(IMSHIA). Its main objective is to ensure the poor and vulnerable shall have access to the basic minimum package of healthcare.

- xi. Establishment of Imo State Geographical Information System (IGIS):** The Office was created to provide the State with a modern and efficient land administration backed by automated systems and a fully trained staff that can produce secured land titles and increase Internally Generated Revenue. IGIS collects, collates, verifies and digitalize all geospatial data. The processed information is then stored in a database.
- xii. Skill-Up Imo Digital Scheme:** The State Government created the Ministry of Digital Economy and E-Government to enhance the economy of the State .The Ministry is organizing the training of 100,000 youths on different skills of ICT. Another training of 300,000 youths on new innovative and self-employment skills that will equip them to be productive and self-reliant.
- xiii. One Kindred, One Business Initiative (OKOBI) :** This is an initiative which is aimed at grassroots business empowerment from kindreds and communities. The model exemplifies the collaboration of two or more individuals pooling resources to establish lucrative, sustainable and profitable business ventures. The primary objective is to empower communities, fostering employment and wealth creation through well-structured cooperative enterprises across the state.

Other Fiscal reforms undertaken and mentioned in the preceding 2022 and 2023 reports which include the IPSAS Revenue Code, the Fiscal Responsibility Act , the Audit Law and the Tax Law Reform on PIT are obviously still having continuous direct impacts on the fiscal efficiency of the State.

2.2 2025-2027 Medium-Term Expenditure Framework (MTEF), 2024 Appropriation Act (Budget) and 2023 Budget Performance

- i. 2025-2027 Medium-Term Expenditure Framework:** The MTEF provides a tool for multi-year fiscal planning and budget formulation process aimed at enabling the State Government to set fiscal targets and efficiently allocate scarce resources or public funds to strategic priorities for efficient and effective results or programs. The key elements of the MTEF are the Macro-economic Framework (MEF), Fiscal Strategy Paper (FSP), Budget Policy Statement (BPS), Consolidated Debt Statement (CDS) and the Economic Fiscal Update (EFU).
 - 1. **The MEF** sets out the macro-economic projections for the next three financial years based on several different sources of information such as the National Inflation, Real GDP growth, Oil Production, Oil Price Benchmark, CBN official exchange rate, the mineral ratio that reflects the percentage of the crude oil sales that get to the federation account and the State GDP.

2. **The FSP** considers the overall policy of government along the State Developmental Plan of **"RECONSTRUCTION, REHABILITATION AND RECOVERY"** with the following key criteria: investment in education, healthcare, social welfare, security of lives and properties, good governance, rebuilding and expanding of decaying infrastructures, promotion of agriculture and food security; as well as its Cash Management Strategy and Procurement Act.
3. **The BPS** states the policy goals that will guide the Government's budget decisions in aggregate revenue and expenditure, and how the budget accords with the government's short-term intentions going forward. To achieve its vision the current administration will focus on five areas namely Economic Development, Agriculture, Social Welfare, Security and justice, and Governance. Consequently, financial resources will be strictly dedicated to meeting the objectives outlined in the State Developmental Plan.
4. **The CDS** describes the fiscal significance of the debt liability of the State Government and measures to reduce any such liability with the principles of responsible fiscal management; and more so with the passage of the Debt Management Law.
5. **The EFU** is a mid-year report that provides revised economic forecast for government next fiscal year .Further, it provides information on the current and projected financial position of government general sector .It is aimed primarily at policy makers and decision takers in government .It also provides an assessment platform for budget performance (both historical and current).

The MTEF 2025-2027 macro-economic assumptions as postulated by the State Ministry of Budget, Economic Planning and Statistics and the Budget Office of the Federation are shown in the table below, using key parameters as well as other macro-economic projections driving the Medium-Term Revenue and Expenditure Framework in accordance with the Federal Government template.

The current Crude Oil market price sat at over \$85.27 in 2023. Crude Oil prices, as projected and approved by the Federal Government of Nigeria, would lessen gradually from an average of \$77.96 to \$75.00,\$76.20 and \$75 30per barrel in 2024, 2025, 2026 and 2027 respectively, which also matched the benchmarks the State has adopted.

Table 2.1: Macro-Economic Assumptions of 2023 and 2024 Imo State Budgets and 2025-2027 MTEF Assumption

S/N	INDICATORS	2023 BUDGET	2024 MTEF	2025 MTEF	2026 MTEF	2027 MTEF
1	Oil Price (US \$/b)	57	77.96	75.00	76.20	75.30
2	Oil Production (mbpd)	1.88	1.78	2.06	2.10	2.35
3	NGN-USD Exchange Rate	N379.00	N800.00	N1400.00.	N1400.00.	N1400.00.
4	Inflation	14.23%	21.40%	15.75%	14.21%	10.04%
5	GDP Growth (real)	3.00%	3.80%	4.60%	4.40%	5.50%
6	State GDP Growth Rate	4.2%	3.58%	3%	3%	3%
7	State Nominal GDP (N 'billion)	6,443.11	9,570.98	10,995.91	12,233.53	13,611.34

Source: FG MTEF 2025-2027 and WBG

While the Real GDP growth rate was at 3.00% in 2023, it is projected to rise to 3.80% in 2024, grow to 4.60% in 2025, decrease slightly to 4.40% in 2026, before rising to a peak of 5.50% in 2027; showing that growth rate is expected to increase beyond the 2025-2027 Medium Term Expenditure Framework. This increase is driven by increased investment in infrastructure and social services. The State Nominal GDP is also expected to rise to increase in wages following the New Minimum Wage and payment of gratuity arrears.

- ii. **2024 Appropriation Act (Budget):** The 2024 Fiscal Year Budget called ***Budget of Renewed Economic Growth*** was signed into law on 22nd December 2022 and is based on the above macro-economic assumptions (as shown in Table 2.1 above). An aggregate Sum of N592,234,594,177.00 was appropriated by the Imo State House of Assembly with a Recurrent Expenditure of N117,672,722,455.61 representing 19.87% while the Capital Expenditure is N474,561,871,721.39 representing 80.13% of the Total Budget Estimate.

This is further broken down in Table 2.2 below in terms of its Expected Revenue and Expenditure heads. While the Total Revenue is made up of 40.69% Recurrent Revenue and 59.31% of Capital Receipts, the Total Expenditure comprises 19.87% of Recurrent Expenditure and 80.13% of Capital Expenditure.

Further deduced from the Table, the 2024 Budget policies favour an aggressive revenue drive both internally and externally, as the target for the IGR is pegged at N104,987,382,838.00 representing 43.56% of the Expected Recurrent Revenue, while FAAC accounts for the balance of the Recurrent Revenue of N136,015,318,592.00. The expectation is obviously high for IGR, compared to 2023 which had N83,481,199,152.00 as security challenges previously faced in the South-East are being consciously and systematically curbed.

Table 2.2: The Description of 2024 Budget (Revenue & Expenditure Sources)

S/N	DESCRIPTION	AMOUNT IN NAIRA (₦)	%
A	RECURRENT REVENUE:	241,002,701,430.00	40.69%
1	IGR	104,987,382,838.00	
2	Gross Statutory (FAAC)	41,834,054,715.00	
3	VAT	40,184,524,128.00	
4	13% Derivation	11,969,420,146.00	
5	Other FAAC Transfers	42,027,319,603.00	
B	CAPITAL RECEIPTS:	351,231,892,747.00	59.31%
1	Aids and Grants	79,887,587,293.00	
2	CDF (Domestic Loans/ borrowings Receipt)	271,344,305,454.00	
	TOTAL REVENUE:	592,234,594,177.00	100
C	RECURRENT EXPENDITURE:	117,672,722,455.61	19.87%
1	Personnel Cost (Including Pension & Gratuity)	61,181,593,385.56	
2	Overhead Cost	37,131,459,854.75	
3	Public Debt Service (Prin. + Int.)	19,359,669,215.30	
D	CAPITAL EXPENDITURE:	474,561,871,721.39	80.13%
1	Administration Services Sector	168,566,710,000.00	
2	Economic Sector	251,070,000,925.39	
3	Law and Justice Sector	4,259,600,000.00	
4	Social Services Sector	50,665,560,796.00	
	TOTAL EXPENDITURE:	592,234,594,177.00	100

Source: Imo State 2024 Appropriation Act

The State also hopes to access funds from Aids and Grants to the tune of N79, 887,587,293.00 and N271,344,305,454.00 from Internal Loans in order to co-finance this Budget, as well spelt out below in Table 2.3.

It is pertinent to note there was a sharp increase in IGR from N18,227 to N104,784 in 2023 and 2024 respectively. This was appropriated for by the State House of Assembly and duly assented by the Executive Governor Distinguished Senator Hope Uzodimma.

Table 2.3: 2024 Budget Capital Receipts Composition

S/N	DESCRIPTION	AMOUNT IN NAIRA (₦)	%
1	Main envelop - budgetary allocation	100,129,865,918.00	28.51%
2	Capital development fund	31,235,000,000.00	8.89%
3	European Union	139,979,439,536.00	39.85%
4	Int. Bank for Reconstruction & Development (IBRD)	1,590,000,000.00	0.45%
5	United Nations Children's Fund (UNICEF)	3,008,787,148.00	0.87%
6	United States Agency for International Development (USAID)	1,265,000,000.00	0.36%
7	Donation by State Governments	354,282,864.00	0.10%
8	Donations by Fed. Government owned companies	73,669,517,281.00	20.97%
	TOTAL CAPITAL RECEIPTS:	351,231,892,747.00	100

Source: Imo State 2024 Appropriation Act

Massive roads construction to be actualized with the above Capital Receipts includes Owerri-Mbaise, Mbaise-Umuahia, Owerri-Orlu, Owerri-Okigwe, and Owerri-Aba. Other infrastructural projects include the dredging and beautification of Nworie Beach for recreational purposes and the completion of the underground flood drainage/control systems within the Owerri Metropolis. The Capital Expenditures provisions as captured in the Budget are shown in Table 2.4 below.

Table 2.4: 2024 Budget Capital Expenditure Composition

S/N	DESCRIPTION	AMOUNT IN NAIRA (₦)	%
1	Purchase of Fixed Assets	30,468,361,000.00	6.42%
2	Construction / provision of Fixed Assets	315,637,091,868.82	66.51%
3	Rehabilitation / repairs of Fixed Assets	91,235,172,630.18	19.23%
4	Preservation of the environment	15,900,405,000.00	3.35%
5	Other Capital Projects	21,320,841,222.39	4.49%
	TOTAL CAPITAL EXPENDITURE	474,561,871,721.39	100

Source: Imo State 2024 Appropriation Act

iii. **2023 Budget Performance Assessment:** The “**2023 Shared Wealth Prosperity Budget of Wealth Expansion**” was pegged at N474,466,276,267.00, which comprised N100,904,085,430.00 Recurrent Expenditure and N373,562,190,837.00 Capital Expenditure, including an expected Recurrent Revenue of N154,086,862,604.00 with a Capital Receipts of N320,379,413,663.00 as shown in Table 2.5 below.

Evaluating the 2023 Budget performance, the Recurrent Revenue of N116,598,974,374.43 was realized representing 75.67% of its budget, even though the target of its IGR was not met by 21.83%. The Capital Receipt on the other hand was N75,001,891,724.15 representing 23.41% of its budget, with Aids and Grants accounting for N35,001,891,724.15 while Borrowings (Internal and External) accounted for N42,000,000,000.00.

The Expenditure segment, on the other hand, has an actual Recurrent Expenditure of N120,204,970,580.14 representing 119.13% of its budgeted of N100,904,085,430.00. The Capital Expenditure’s actual performance was N75,627,362.466.05 as against its budget provision of N373,562 190,837.00, thereby depicting a performance of 20.24%. The general global economic downturn was a major setback in achieving the expectation in this regard.

From Table 2.5 below, the Actual Performance shows a negative Cash Balance of N2,231,466,947.61 which when added to the Opening Balance of N33,332,091,282.43 presents a Closing Balance of N31,100,624,334.82; and this represents a decreasing performance compared to the previous year . The State wishes to maintain a yearly Minimum Cash and Bank Balance of N2.5 billion in the projections from 2024 before taking on any Borrowing Plan.

Table 2.5: The 2023 Budget and Its Performance Assessment

S/N	DESCRIPTION	2023 BUDGET (₦)	2023 ACTUAL (₦)	VARIATION (₦)	DEGREE OF PERF. (%)
A	RECURRENT REVENUE:	154,086,862,604.00	116,598,974,374.43	36,504,815,516	47.53
1	IGR	83,481,199,152.45	18,227,144,840.64	46,446,945,043.82	
2	Gross Statutory (FAAC)	35,014,489,617.65	59,745,072,320.73	-1,541,679,941.86	
3	VAT	15,774,358,033.37	35,465,912,779.20	-5,436,195,284.83	
4	13% Derivation	11,683,583,906.84	539,835,304.72	-6,590,449,355.41	
5	Other FAAC Transfers	8,133,231,893.69	2,621,009,129.14	3,626,195,054.06	
B	CAPITAL RECEIPTS:	320,379,413,663.00	75,001,891,724.15	121,204,058,843	52.47
1	Aids and Grants	58,813,402,969.00	35,001,891,724.15	156,019,650,891.00	
2	CDF (Domestic Loans/ borrowings Receipt)	261,566,010.00	42,000,000,000.00	-87,093,898,198.31	
	TOTAL REVENUE:	474,466,276,267.00	193,600,866,098.58	157,708,874,359	50.16
C	RECURRENT EXPENDITURE:	100,904,085,430.00	120,204,970,580.14	5,056,624,910.35	45.79
1	Personnel (Incl. Pens. & Grat.)	24,790,153,211.61	12,630,165,739.93	2,260,372,358.61	
2	Overhead Cost	74,073,107,520.39	32,043,065,369.64	-545,551,679.	
3	Public Debt Service	2,040,824,698.00	75,531,739,470.57	-6,771,445,589.89	
D	CAPITAL EXPENDITURE:	373,562,190,837.00	75,627,362,466.05	198,336,467,920	38.86
1	Administration Services Sector	129,668,414,767.00	43,542,893,193.74	50,768,054,064.51	
2	Economic Sector	204,028,843,362.00	25,999,101,969.67	81,726,469,641.52	
3	Law and Justice Sector	2,885,731,912.00	0.00	4,872,482,322.51	
4	Social Services Sector	26,979,200,796.00	6,085,367,282.64	60,969,461,891.51	
E	LOAN REPAYMENT:	0.00	0.00	34,125,900,000.0	15.35
	TOTAL EXPENDITURE:	474,466,276,267.00	195,832,333,046.19	159,153,943,010	49.84
	CASH BALANCE:				
	NET CASH: (TR-TE)		-2,231,466,947.61		
	OPENING BALANCE		33,332,091,282.43		
	CLOSING BALANCE:		31,100,624,334.82		

Source: Imo State 2023 Appropriation Act and 2023 Financial Statements

CHAPTER THREE

THE STATE REVENUE, EXPENDITURE AND PUBLIC DEBT TRENDS (2019 – 2023)

3.0 Introduction

Significantly examined here are the State's historical performances under the different categories of Revenue, Expenditure, Overall and Primary Balance, including Public Debt Portfolio from 2019 to the year 2023.

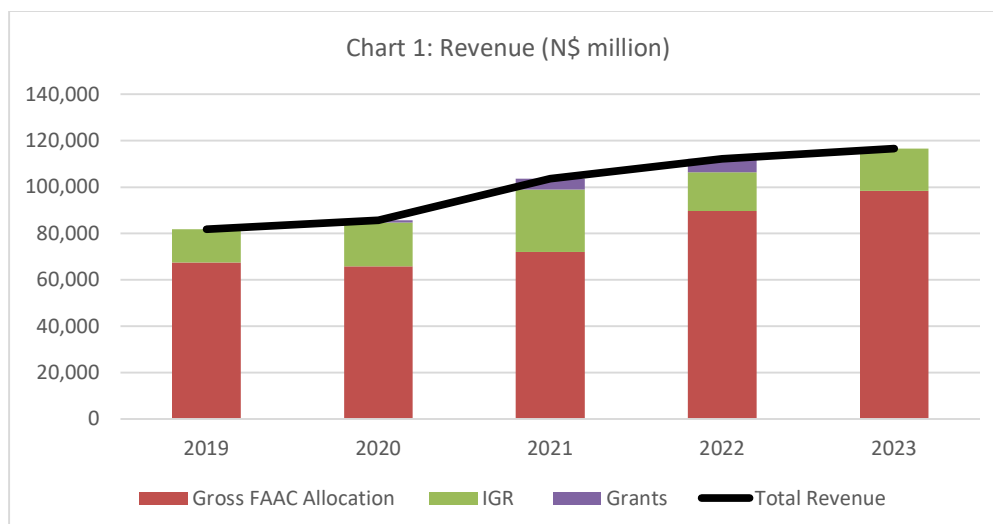
3.1 Revenue and Expenditure Performance, and Fiscal Outturns, 2019-2023

- i. Aggregate Total Revenue trend in the last five years and its composition in 2023:** The State's Aggregate Revenue, which is a composition of FAAC, IGR and Grants (excluding Proceeds from Debt Creating Receipts and other Non-Debt Creating Receipts), grew reasonably within the period under review from its approximated N81.742 billion in 2019 to N116.599 billion in 2023 at a growth rate of about 42.64%; and this owing majorly to the Gross FAAC transfer and VAT that contributed 51.24% and 30.42% respectively, as depicted in Table 3.1 and Chart 1 below.

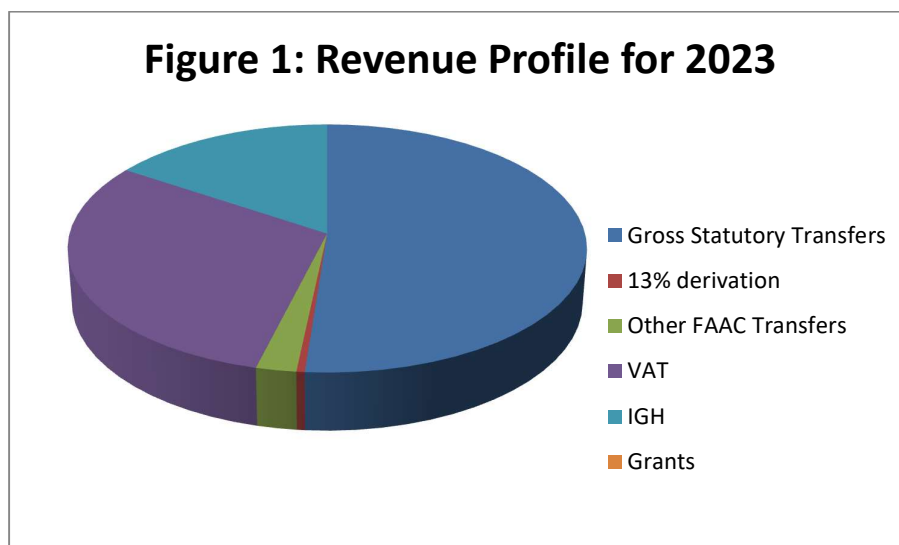
Table 3.1: Aggregate Total Revenue Trend in the last Five Years

S/N	REVENUE COMPOSITION	AMOUNT IN NAIRA (in Millions)					(2022) REV. COMP. AS % OF TOTAL REVENUE
		2019	2020	2021	2022	2023	
1	Gross Statutory Allocation	42,812	35,747	36,837	39,470	59,745	51.24%
2	13% Derivation	9,307	8,738	9,985	17,907	540	0.46%
3	Other FAAC Transfers	2,201	6,300	3,644	6,631	2,621	2.25%
4	VAT Allocation	13,036	15,550	21,644	26,681	35,466	30.42%
	Gross FAAC Transfers	67,356	65,829	72,109	89,639	98,372	84.37%
5	IGR	14,386	18,805	26,832	16,711	18,227	15.63%
6	Grants	0.00	1,000.00	4,638	5,809	0,00	0.00%
	TOTAL REVENUE	81,742	85,634	103,579	113,209	116,599	100.00%

Source: State's Financial Statements



Source: State's Financial Statements



Source: State's Financial Statements

From Figure 1 above, the Total Revenue composition in the year 2023 has Gross Statutory Allocation accounting for 51.24%, Derivation 0.46%, Other FAAC Transfers provided 2.25%, VAT 30.42%, while IGR produced 15.63% and Grants delivered 0.00%.

- ii. Gross FAAC Transfers trend in the last five years:** As shown in Table 3.1 and Chart 1 above, Transfers from FAAC in 2019 stood at N42.81billion and then took a downturn of about 16.50% to N35.75 billion in 2020. This drop in 2020 was due to the decline in Crude Oil prices in the International market and the obvious impact of COVID-19 as most businesses, companies, and global economies were shut for a period close to a year. There was increase of N36.84 in 2021 which was sustained at a rate of 62.19% to reach to N59.75 in 2023. This rise was precipitated by a growing economy resulting in global petroleum demand rising faster than petroleum supply, pushing oil prices up.

iii. Internally Generated Revenue (IGR) trend in the last five years: The IGR of the State was N14.39 billion for the year ended 2019 before an increase of 30.72% in 2020 to the value of N18.81. The scenario maintained an upward trend to N26.83 billion in 2021. The sharp increase in 2021 was due to the introduction of Treasury Single Accounts, blockages of revenue leakages, recovery of some outstanding PAYEs from Federal Institutions in the State, a further impact of revenue drive, and economy-impacting policies. However, there was a sharp decline of 37.72% to the tune of N16.71 billion in the previous year. This was caused by the security challenges forcing people to stay at home on Mondays, therefore reducing productivity.

iv. Grants trend in the last five years: The grants received were in 2020, 2021 and 2022 to the tune of N1 billion, N4.64 billion and N5.81 billion respectively. These last three amounts came as a result of the different efforts of the State Government (in terms of transparency and accountability) by ensuring that the State embraces all activities of the Federal Government and Foreign Donor Agencies that will attract investments and free monies to improve the economy of the State. Some of these programmes include SFTAS (P4Rs), NG-CARES, CSDP and many more.

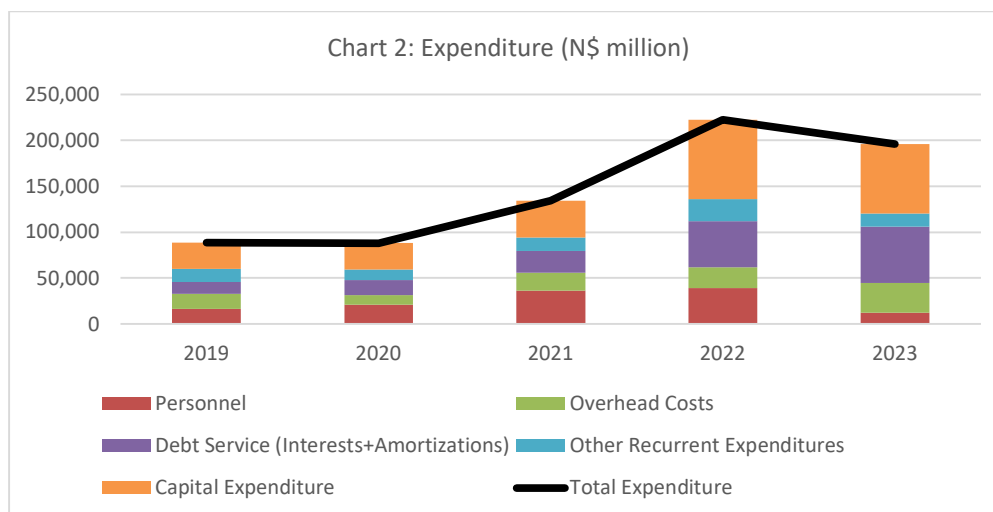
v. Aggregate Expenditure trend in the last five years and its composition in 2023:

The State's Total Expenditure represents the composition of the following costs - Personnel, Overhead, Debt Service (Interests plus Amortizations), Other Recurrent Expenditures and Capital Expenditure. As shown in Table 3.2 and Chart 2 below, the Aggregate sum which stood at N88.81 billion in 2019 before the downward trend to N88.03 billion in 2020 and then an increase to N134.15 billion and N222.31 billion in 2021 and 2022 respectively. However, there was a decrease by 13.02% to N195.83. The year 2023 had a close-range competition among two major expenditure components of Capital Expenditure and Debt Service with each gulping N75.63 billion (38.62%) and N61.54 billion (31.42%) respectively of the Total Expenditure.

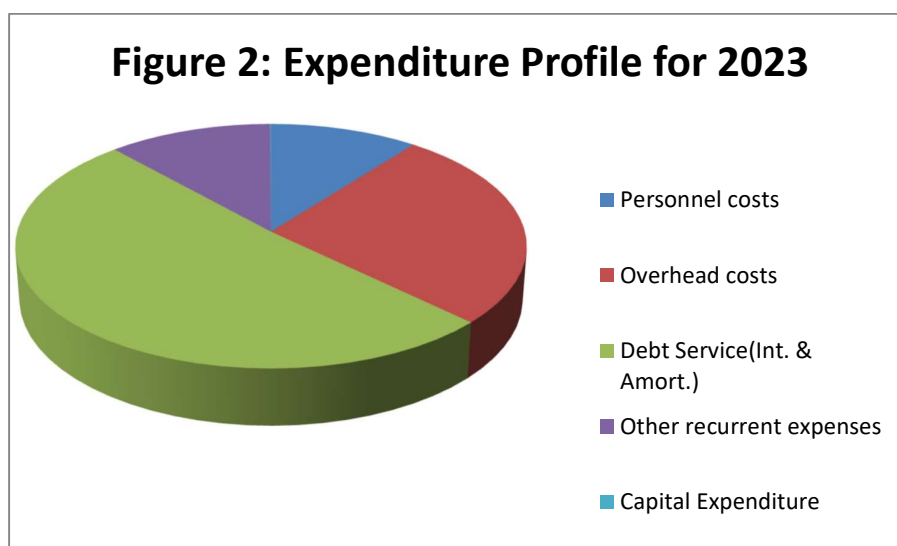
Table 3.2: Aggregate Expenditure Trend in the last Five Years

S/N	EXPENDITURE COMPOSITION	AMOUNT IN NAIRA (in Millions)					(2022) EXP. COMP. AS % OF TOT. EXP.
		2019	2020	2021	2022	2023	
1	Personnel Cost	16,453	21,167	36,439	38,964	34,746	17.74%
2	Overhead Costs	16,384	10,372	19,728	22,888	32,042	16.36%
3	Debt Service (Inte. + Amort.)	13,016	16,325	23,564	50,083	41,647	21.27%
4	Other Recurrent Expend.	14,291	11,598	14,432	23,994	11,769	6.01%
	Total Recurrent Expenditure	60,144	59,462	94,163	135,929	120,204	61.38%
5	Capital Expenditure	28,669	28,365	39,982	86,380	75,627	38.62%
	TOTAL EXPENDITURE	88,813	88,027	134,145	222,309	195,832	100.00%

Source: State's Financial Statements



Source: State's Financial Statements



Source: State's Financial Statements

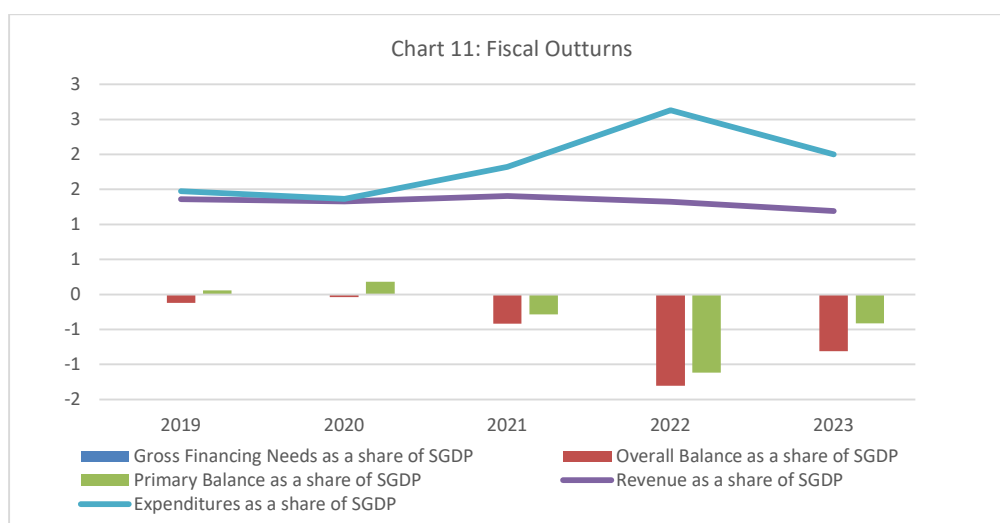
Summarily, the Expenditure composition for 2023 as shown in Figure 2 above portrays Personnel Cost gulped 6.45%, Overhead 16.35%, Debt Service accounted for 31.42%, while Other Recurrent Expenditure took 7.15% and Capital Expenditure 38.62%.

vi. Main Expenditure Variations in the last five years by economic classification:

The variations among the components of the Total Expenditure - Personnel Cost, Overhead Cost, Other Recurrent Expenditure, Capital Expenditure and Debt Service occurred at diverse amounts under the reviewed periods; as each had its lowest and highest points in different years. But the most to have shown variation by value is the Overhead Cost which had N10.57 billion as the lowest figure in 2020, only to rise by about 308.93% to N32.04 billion in 2023. Other sharp variations are the Capital Expenditure which showed an increase of 216.05% from N39.98 billion in 2021 to

N86.38 billion in 2022 and the Debt Service which went upwards from N23,56 in 2021 to N50.083 in 2022 representing an increase of 212.54%.

vii. Overall and primary balance trend in the last five years: The Overall balance as a share of SGDP was zero (0) during this review period of 2019 to 2022, showing the consistency of FAAC Revenues to the State. The Primary fiscal balance has followed the same trend as the Overall Balance from 2019 to 2022. Revenue as a percentage of State GDP remained constant at 1% throughout the period under review. Expenditure as a percentage of State GDP stayed at 1% from 2019 to 2020 but increased to 2% in 2021 and 3% in 2022 respectively. This was due to the adjustment of expenditures and the upturn of FAAC revenues.



Source: State's Financial Statements

3.2 Imo State Public Debt Portfolio, 2019-2023

The State Public Debt includes explicit financial commitments (Internal and External) such as loans and securities or bonds that have paper contracts necessitating the Government promises to repay (ISPO); the contractors' obligations, pension and gratuity, and salary arrears inclusive.

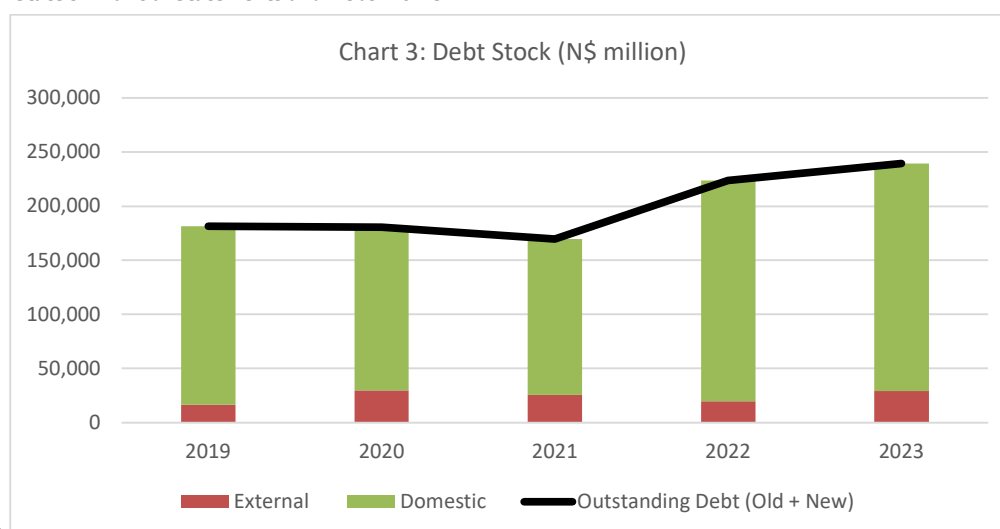
i. Public Debt Stock Amount or its shares on Total Revenue at end-2023 and its growth in the last five years: The State public debt stood at N184.88 billion as of 2019, fell to N180.66 billion in 2020, further declining to N171.30 billion in 2021 and rising again to N227.14 billion and N239.46 billion in 2022 and 2023 respectively. The percentage of Total Public Debt-to-Revenue was 226% in 2019 and came down to 211% by 2020 before a significant downward drift to 165% by 2021. This declining trend continued the following years. The securing of the Differentiated Cash Reserve Ratio (DCRR) and Bridge Finance further explicate the significant surge of the Public Debt Stock at the end of 2021 going into 2022, despite the low level of the Debt-to-

Revenue indicator as shown in Table 3.3 and Chart 3 below. Improvement in revenue generation matched the increased debt stocks and that contributed to a healthy Debt-to-Revenue ratio.

Table 3.3: Imo Public Debt Stock Amount and share of Revenue (2019 –2023)

S/N	DEBT CATEGORY	AMOUNT IN NAIRA (in Millions)				
		2019	2020	2021	2022	2023
	Outstanding Debt (Old + New)	184,878	180,659	171,301	227,143	239,465
A	Domestic	165,032	150,959	144,047	204,224	210,130
B	External	19,846	29,700	27,254	22,919	29,335
	Total Revenue	81,742	85,634	101,579	223,754	193,601
	Debt as % of Revenue	226%	211%	165%	101%	124%

Source: State's Financial Statements and Debt Profile



Source

Source: State's Debt Profile

- ii. The existing Public Debt Portfolio Composition at end-2023:** The Debt Portfolio of the State principally consists of External/Foreign and Internal/Domestic Loans. As at December 2023, the External Debt Stock made up of loans from IDA, AfDF, IFAD, EDF and AFD account for 12.25% of the Total Public Debt Profile; while the Domestic Loans comprising Budget Support, Salary Bailout, Restructured Commercial Bank (FGN Bond), Excess Crude Account, Healthcare Intervention Fund, Bridge Finance, Differentiated Cash Reserve Ratio (DCRR), Contractors' Arrears, Salary Arrears, and Pension and Gratuity Arrears accounts for 87.75%.

From Figure 3 shown below, DCRR of 31.11% accounts for the largest chunk of the Domestic Debt Stock, followed by Contractors' Arrears of 17.93%, and then Restructured Comm. Banks Loan of 15.08%, Salary Bailout Facility of 8.76%, Bridge Finance of 8.67%, Budget Support Facility of 7.73%, Pension & Gratuity Arrears of 6.56%, Excess Crude Loan of 3.37%, CBN-Healthcare Fund of 0.77% and Salary Arrears

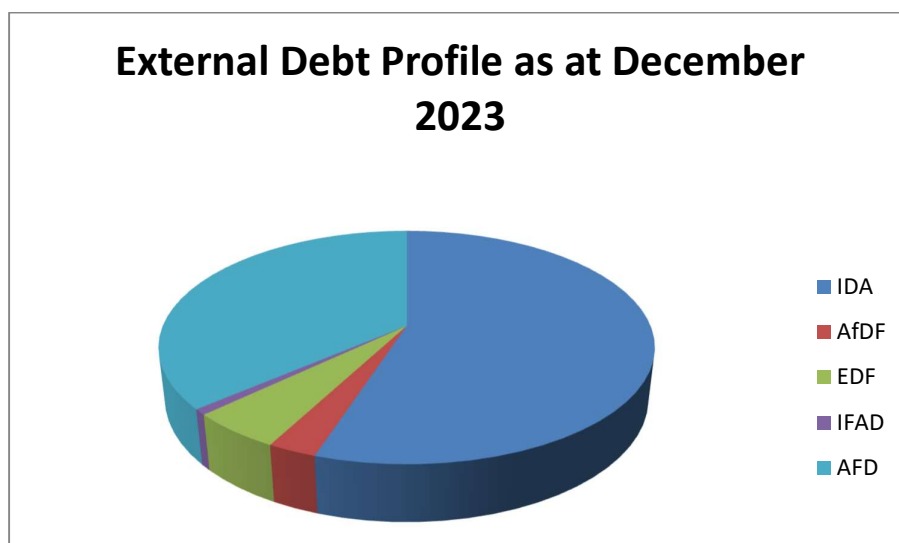
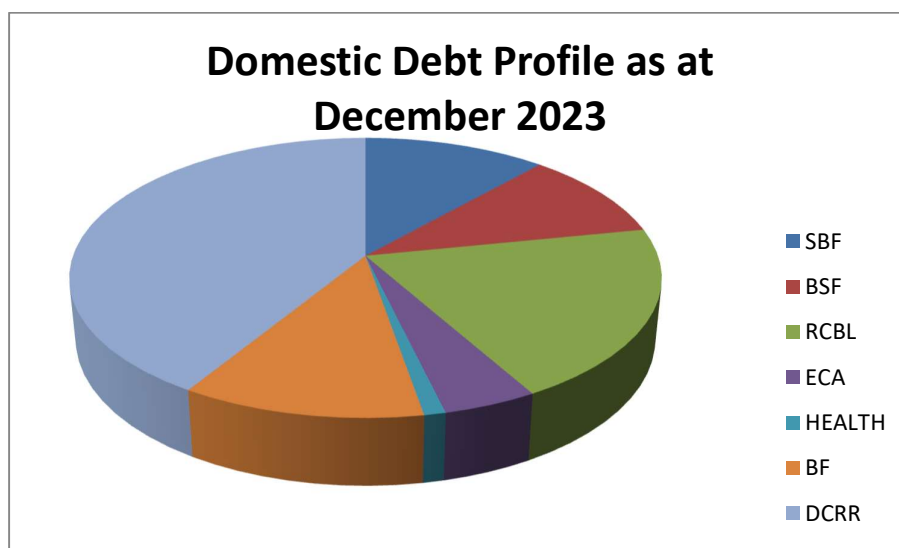
of 0.02%. There are ongoing discussions between the Sub-nationals and the Central Bank of Nigeria (CBN) to write off the following loans in 2024: Budget Support Facility, Salary Bailout Facility, Bridge Finance and Excess Crude Loan Facility.

The External on the other hand and as shown in Figure 4, consists of 55.04% of IDA, 36.31% of AFD, 5.17% of EDF, 2.71% of AfDF and 0.77% of IFAD.

Table 3.4: Imo State Public Debt Portfolio composition as at December 2023

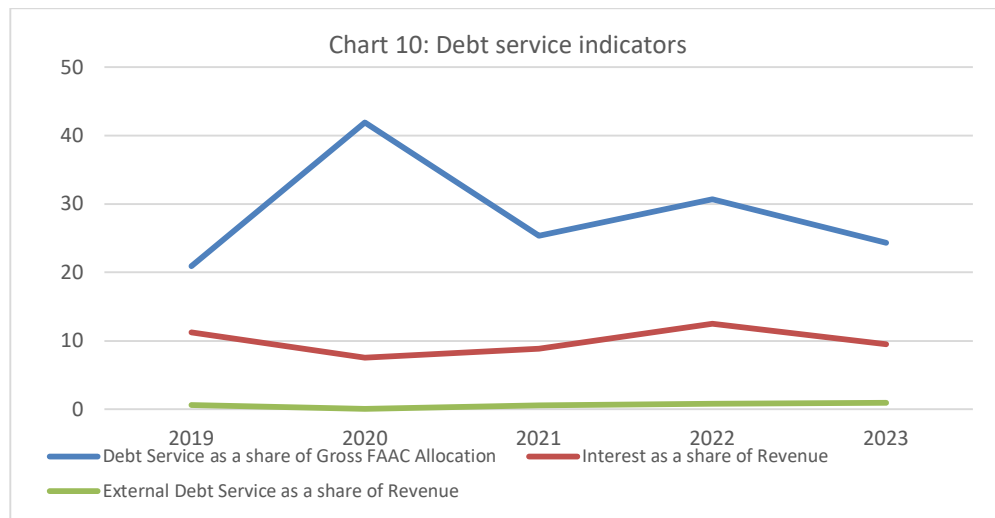
S/N	DEBT CATEGORY	AMOUNT(N)	%
A	DOMESTIC DEBTS		
1	SALARY BAILOUT(ZENITH)	13,826,648,160.10	
	SALARY BAILOUT(FIDELITY)	4,575,321,735.43	
2	EXCESS CRUDE LOAN FACILITY	7,083,332,677.18	
3	RESTRUCTURED COMM. BANK LOANS(FGN BONDS)	31,662,247,833.96	
4	HEALTH CARE INTERVENTION FUND	1,610,100,115.53	
5	BRIDGE FINANCE	18,225,336,103.89	
6	BUDGET SUPPORT FACILITY	16,249,196,444.28	
7	DIFFERENTIAL CASH RESERVE RATIO (DCCR)	65,375,800,612.35	
8	CONTRACTORS'S ARREARS	37,676,721,000.99	
9	PENSIONS & GRATUITY ARREARS	13,795,593,584.11	
10	SALARY CLAIMS	50,043,183.62	
	Sub-total	210,130,341,451.44	87.75%
B	EXTERNAL DEBTS		
1	INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)	16,145,400,000.00	
2	EUROPEAN DEVELOPMENT FUND(EDF)	1,516,000,000.00	
3	FRENCH DEVELOPMENT AGENCY (ADF)	10,649,900,000.00	
4	AFRICAN DEVELOPMENT BANK(AfDF)	795,900,000.00	
5	INTERNATIONAL FUND for AGRICULTURAL FUND (IFAD)	227,400,000.00	
	Sub-total	29,334,600,000.00	12.25%
	Grand total	239,464,941,451.44	100.00%

Source: State's Debt Profile and Financial Statement



iii. Cost and Risks Exposure of the existing Public Debt Portfolio at end-2023:

The Debt Portfolio has an average inherent interest rate of 10% in 2023, a 24% Debt Service as a share of Gross FAAC Allocation and 1% External Debt Service as a share of Revenue. In addition, the Debt Portfolio is narrowly exposed to currency, interest rate, and rollover risks. Exposure to currency fluctuations is limited because the foreign currency-denominated liabilities were only 12.25% of the total stock. More so, most of these Internal and External Loans are fixed-rate obligations, thus not affected by changes in interest rates. Rollover risk associated with potential deterioration of domestic financial conditions is also highly negligible as these loans have maturities running from 10 to 40 years and as they are either secured from the Federal Government or multilateral organizations.



Source: State's Debt Profile

CHAPTER FOUR

CONCEPT OF DEBT SUSTAINABILITY, ASSUMPTIONS, RESULTS ANALYSIS AND FINDINGS

4.0 Introduction - Concept of Debt Sustainability

Debt sustainability, which is a forward-looking concept, simply refers to the ability of the government to honour its future financial obligations. In other words, it 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. This connotes that fiscal policies are deemed unsustainable when they lead to excessive accumulation of public debt, which could in the long run cause the government to take action to address the unwanted consequences of a heavy debt burden.

Therefore to assess the State's Debt Sustainability, the following debt burden or performance indicators computed include: Solvency Thresholds for the fiscal block (combined external and domestic debt), which is the Present Value (PV) of Total Public Debt-to-GDP ratio set at 25% for states, PV of Total Public Debt-to-Revenue ratio set at 200%; Liquidity Thresholds for the PV of the Debt Service-to-Revenue ratio also set at 40% and 'Personnel Cost-to-Revenue (set at 60% threshold).

In addition, other indicators without thresholds analyzed in this chapter include Debt Service as a percentage of Gross FAAC Allocation, Interest as a percentage of Revenue, and External Debt Service as a percentage of Revenue. These indicators are further buttressed later in this chapter.

4.1 Medium-Term Budget Forecast

The FGN 2025-2027 MTEF has been prepared against the backdrop of continuing global and domestic challenges and considering the following impacting factors:

- The ongoing Russia and Ukraine war that has assumed a new dimension with severe implications on food and energy prices;
- Renewed elevated inflation in most countries, prompting monetary tightening in these economies with the inherent negative impact on capital inflow to emerging markets economies like Nigeria;
- Challenging domestic macroeconomic and business environment;
- The impact of the removal of the fuel subsidy, as the CBN has predicted a renewed pressure in the foreign exchange market and the accompanied naira depreciation;
- The negative impact of insecurity on the domestic economy; and
- The unification of the exchange rate regime

Drawing from the above, the State's Medium-Term Debt sustainability is predicated upon a gradual recovery of the Nigerian economy. FAAC statutory allocation is expected to increase going forward, even as the Nigerian economy is expected to gradually recover in the period 2025-2027, with real GDP expanding at an average annual rate of 4.83.% and domestic inflation averaging 13.33%. And with such a moderate recovery that will be supported by high oil prices in global markets, an increase in domestic production, economic diversification, prudent fiscal policy, oil and gas revenue, as well as shared resources such as customs duties and VAT that would then rub off on the State's revenue from the Federal Government. The assumptions underlying the 2025-2027 Medium—Term Expenditure Framework indicate that economic growth rate over the next three years would be higher than the modest rate recorded since the end of the recession in 2020.

The table below presents the State's Macro-Economic projections for the 2023-2025 Medium-Term Expenditure Framework on a yearly basis.

Table 4.1: Macro-Economic Assumptions for 2025 - 2027 MTEF

S/N	INDICATORS	2025 MTEF	2026 MTEF	2027 MTEF
1	Oil Price (US \$/b)	75.00	76.20	75.30
2	Oil Production (mbpd)	2.06	2.10	2.35
3	NGN-USD Exchange Rate	N1,400.00	N1,400.00	N1,400.00
4	Inflation	15.75%	14.21%	10.04%
5	GDP Growth (real)	4.60%	4.40%	5.50%
6	State GDP Growth Rate	3.00%	3.00%	3.00%
7	State Nominal GDP (N 'billion)	10,995.91	12,233.53	13,611.34

Source: FGN 2025-2027 MTEF and State's Forecast

The State's Debt sustainability analysis is predicated on the continuation of recent efforts to mobilize local revenue by expanding revenue sources, blocking all revenues leakages and automation of revenue collection, ensuring highly technologically driven Treasury Single Account for effective monitoring, employment and training of more revenue officers in order to increase tax revenue collection, a self-help tax assessment electronic platform - Electronic Payment and Filing System (e-Services) to cover e-Payments, e-Filing, e-Registration. Others include the diversification of the economy and youths' empowerment programmes in Micro-Small-Medium Enterprises; the control of recurrent expenditure growth with an unchanged policy concerning personnel and other operating expenses; improved procurement practices for increased transparency and value for money, and most importantly, continuous ample provision for Debt Service in the Budget in order to hedge out unsustainability.

These various reforms presently adopted by the State Government to strengthen resources provided by IGR are expected to continue in the next years and thereby expected to lead to

effective and efficient economic performance. On the premises of the above highlighted points, the Medium-Term Budget Forecast is made to aid the State in its projections. The table below therefore shows the forecasts for the relevant components of the Medium-Term Budget.

Table 4.2: Medium-Term Budget Forecast for 2025–2027

S/N	DESCRIPTION	2025 (₦)	2026 (₦)	2027 (₦)
A	RECURRENT REVENUE:	320,094,800,000	346,915,900,000.00	404,497,700,000.00
1	IGR	45,218,000,000	59,786,400,000	67,091,000,000
2	Gross Statutory (FAAC)	157,312,000,000	160,807,400,000	188,144,700,000
3	VAT	48,218,000,000	55,779,600,000	71,725,700,000
4	13% Derivation	25,964,000,000	26,760,500,000	31,309,800,000
5	Other FAAC Transfers	43,382,800,000	44,782,000,000	46,226,500,000
B	CAPITAL RECEIPTS:	0	0	0
1	Aids and Grants	0	0	0
2	CDF (Domestic Loans/ borrowings Receipt)	0	0	0
	TOTAL REVENUE:	320,094,800,000.00	346,915,900,000.00	404,497,700,000.00
C	RECURRENT EXPENDITURE:	114,784,190,000.00	116,131,000,000.00	134,875,500,000.00
1	Personnel Cost (Incl. Pen. & Grat.)	63,529,000,000	66,760,600,000	79,064,000,000
2	Overhead Cost (Including Covid-19)	36,117,400,000	40,056,400,000	47,438,500,000
3	Public Debt Service (Int. Payment)	10,177,500,000	9,314,000,000	8,373,000,000
D	CAPITAL EXPENDITURE:	152,469,800,000.00	160,225,500,000.00	189,753,800,000.00
E	LOAN REPAYMENT:	239,465,000,000.00	239,465,000,000.00	239,465,000,000.00
	TOTAL EXPENDITURE:	506,718,990,000.00	515,821,500,000.00	564,094,300,000.00
	BUDGET BALANCE (-/+):	(186,624,190,000.0)	(168,905,600,000.0)	(159,596,600,000.0)

Source: State's Forecast

4.2 Borrowing Assumptions (Under the Reference or Baseline Strategy)

Imo's Total Public Debt Stock is slightly higher than the State's Revenue, causing an increasing need for more funds to sustain the economic recovery and address the huge infrastructural deficits in the State in order to continue to attract investments and foster the intending human capital development.

From Table 4.2 above, the Budget Balances in the Medium-Term are –N186,624,190,000.00, -N168,905,600,000.00 and –N159,596,600,000.00 in the year 2025, 2026 and 2027 respectively. All borrowings are to be financed with new Planned Borrowings Assumptions expected to be in accordance with the Fiscal Responsibility Act, Debt Management Strategy and Medium-Term Expenditure Framework (MTEF) of the State and in conformity with the National as they all aim at restructuring the Debt Portfolio Mix for Domestic and External debts (at 65:35) minimal; including attaining a higher Long-term Tenured Debt relative to the Short-term in the Domestic Debt Portfolio Mix (that is an improved Bond Market activities); and with an encouraging External Concessional and Bilateral borrowings of not more than 3%.

Table 4.3: Borrowing Terms of New Debt from 2024 onwards

BORROWING CATEGORY	NEW BORROWING TERMS		
	Interest Rate	Maturity (Years)	Grace Period
NEW DOMESTIC BORROWING			
Commercial Bank Loans - Short term	35.00%	5	0
Commercial Bank Loans - Long term	35.00%	15	1
State Bonds - Short term	20.68%	5	0
State Bonds - Long term	20.68%	10	1
Other Domestic Financing	20.68%	15	1
NEW EXTERNAL BORROWING			
External Financing - Concessional Loans	1.00%	35	7
External Financing - Bilateral Loans	2.00%	20	5
Other External Financing	5.00%	20	5

Source: State's Forecast

Domestically, loans will be sourced from commercial banks as well as State Bonds and other Domestic financing sources as appropriate in order to mitigate interest risk and insolvency. The same applies to External financing whereby loans will be obtained from Multi-lateral agencies such as World Bank, IMF, and ADB; Bilateral loans to be sourced from foreign governments such as France, China, USA, UK, etc, for capital developments or projects bearing in mind the Exchange Rate risk.

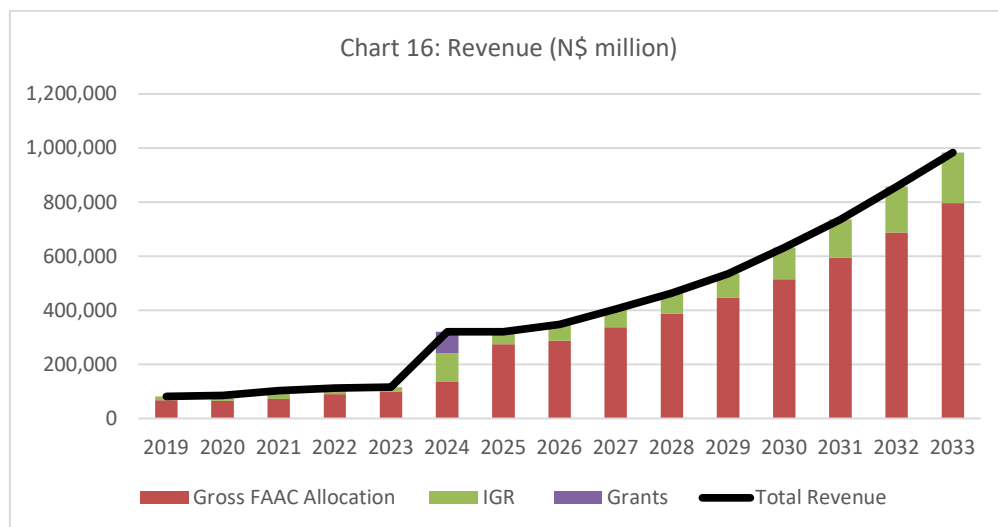
However, the priority of the State's new borrowings shall be on Commercial Bank Loans and Other Domestic Financing, being the easiest to come by but the inherent high-interest rates. This shall be followed by Bonds in order to encourage the development of the Domestic Capital Market and the general reduction of overall Debt Servicing costs to the State. This shall also be complimented by a mix of External Multilateral and Bilateral Loans, due to their low interest rates.

The Bonds sources (short and long) will include the two options of 5 years and 10 years maturities available therein at Interest Rates of 20.68% and grace periods of 0 and 1 year respectively. While other domestic financing sources from Pension Fund Administrators and so on could also be taken at an interest rate of 20.68%, maturity of 15 years and grace period of 1 year. Commercial Banks' borrowings, on the other hand, are expected at Interest Rates of 35.00% for both short terms and long terms, grace periods of 0 and 1 year, and maturities of 5 and 15 years for short and long terms respectively.

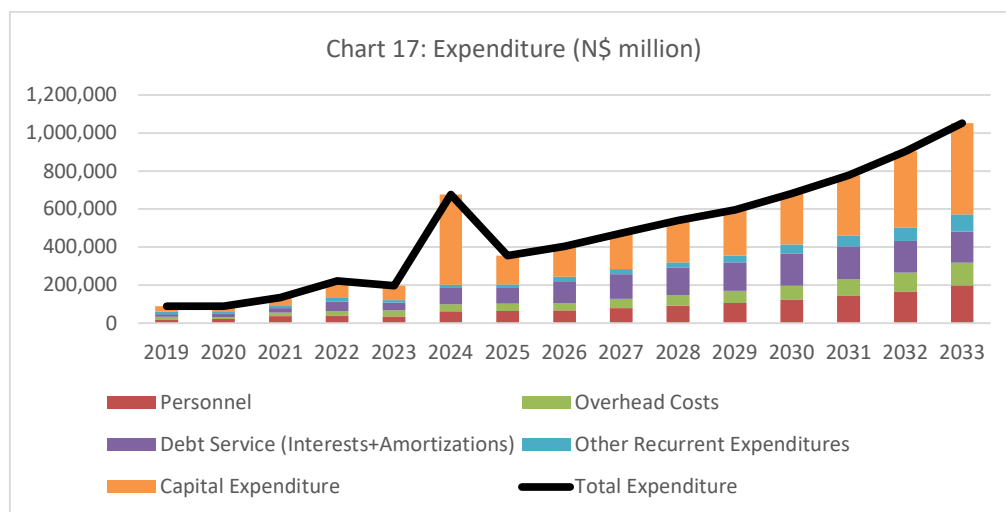
The External source most convenient of course is from Multi-laterals with 1% Interest Rate, maturity of 35 years and grace period of 5 years; and the Bilaterals with 2% Interest Rate, maturity of 20 years and grace period of 5 years will follow next in accordance with the State's Fiscal Responsibility Act. The Table of Assumptions of the State DSA-DMS Template included in the Annexure gives further clarifications in this regard.

4.3 DSA Simulation Results and Findings

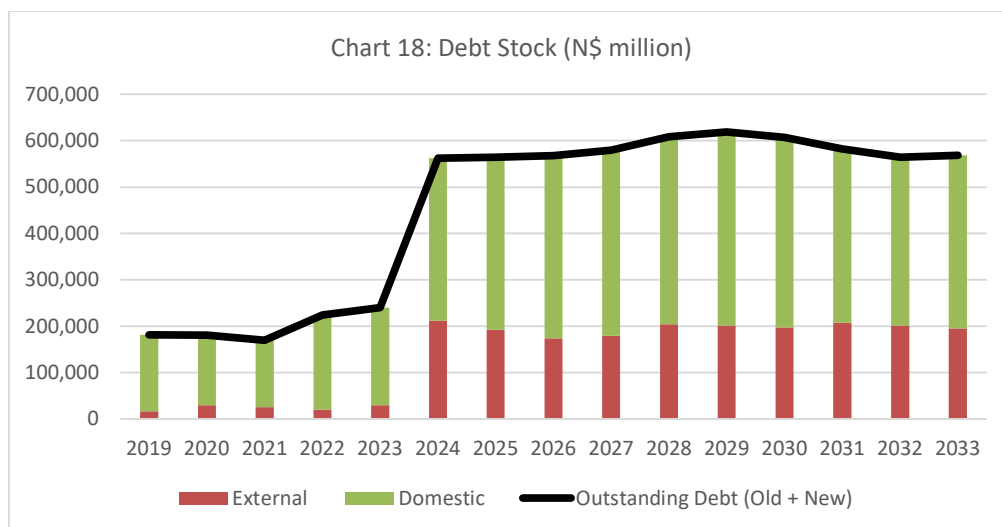
In the Baseline Scenario, Total Revenue (including grants and excluding other capital receipts) is projected to increase from N116.60billion in 2023 to N983.19billion by 2033. Total Expenditure, on the other hand, is expected to expand from N195.83billion in 2023 to N1,052.28billion by 2033, representing a fiscal deficit of N79.23billion in nominal terms.



Source: State's Forecast



Source: State's Forecast



Source: State's Forecast

The Total Public Debt is projected to increase over time from N239.47 billion at the end of 2023 to N568.57 billion by 2033, as External Debt is anticipated to grow by N165.36 billion or 663.70% and Domestic Debt to increase by N183.57 billion or 177.77% over the projection period.

Table 4.4: Debt Burden/Performance Indicators (2019 - 2033)

INDICATORS	2019	2020	2021	2022	2023	2024	2025	2026
With Indicative Thresholds:								
Debt as % of SGDP (25%)	3	3	2	3	2	5	4	4
Debt as % of Revenue (200%)	222	211	164	200	205	175	176	163
Debt Service as % of Revenue (40%)	17	32	18	25	21	27	26	32
Personnel Cost as % of Revenue (60%)	20	25	35	35	30	19	20	19
Without Indicative Thresholds:								
Debt Service as a share of Gross FAAC Allocation	21	42	25	31	24	63	30	39
Interest as a share of Revenue	11	8	9	12	10	3	21	22
External Debt Service as a share of Revenue	1	0	1	1	1	0	1	1

9INDICATORS	2027	2028	2029	2030	2031	2032	2033
With Indicative Thresholds:							
Debt as % of SGDP (25%)	3	3	3	3	2	2	2
Debt as % of Revenue (200%)	143	131	116	96	79	66	58
Debt Service as % of Revenue (40%)	32	31	28	27	24	19	17
Personnel Cost as % of Revenue (60%)	20	20	20	20	19	19	20
Without Indicative Thresholds:							
Debt Service as a share of Gross FAAC Allocation	38	37	34	33	30	24	21
Interest as a share of Revenue	22	21	19	17	15	12	10
External Debt Service as a share of Revenue	1	1	1	1	1	1	1

Source: State's Forecast

The Main Findings: As observed from Table 4.4 above, Total Public Debt increased significantly in the projection years, depicting the State's repayment capacity relative to the public debt position staying below the threshold of 200%, except year 2019, 2020 and 2023.

Debt-to-SGDP and Debt Service-to-Revenue were below the threshold of 25% and 40% for both historical and projection periods respectively. Personnel Cost-to-Revenue was also below the threshold of 60% in the entire duration; just as the Fiscal Outturns showed stability in the long term aside from the deficit in 2024 of the Overall Balance as a share of S-GDP and Primary Balance as a share of S-GDP.

The above empirical Baseline Scenario findings show that the State's Public Debt Ratios (Stock and Service) demonstrate a positive position from 2019 to 2033, which are significantly below the thresholds. Thus a further critical examination of the impact of the different shock scenarios (as shown in Chart 28 below), shows that the State's sustainability will not be threatened from the year 2025 to 2033 as the Debt Stock to Revenue Ratio threshold under the Revenue and Expenditure shocks were still within the threshold of 200% from 2025 and beyond.

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

Expected Policies to boost Sustainability: No doubt the State Government in recent time has embarked on various transformation policies and reforms in the areas of revenue boost and cost control, but more needed to be done in order to avert foreseeable future unsustainability and ensure the continued sustainability of the State as highlighted below.

- **Revenue:** The State is hopeful that its revenue base will improve considerably over time as a result of the following policies being championed by this Administration and some of which started in 2022, taking into cognizance that the State's major adverse effect or shock is inadequate revenue, especially Internally Generated Revenue (IGR):
 1. The implementation of the **Treasury Single Account** (TSA) warehousing all revenue collections is to be further strengthened and monitored among all MDAs in the State.
 2. A more robust IGR collection administration with effective Automation/IT system to stringently curtail leakages and diversions by the revenue collecting agencies of government; and the possible evasion from business owners in the State is currently ongoing. **Inter-switch Ltd** was engaged in this regard.
 3. Necessary data are being gathered as regards the number of business premises, markets, shops, and so on that will aid the State in the projection of future revenue

inflows and for other economic purposes. This information database was not available before now.

4. Articulation and creation of untapped and unaccounted revenue sub-heads hitherto eluding the State Government, especially from the formal and informal sectors such as the Land Use Charge revenue and others being facilitated and to fully materialize in due course. The Imo Geographical Information System (**IGIS**) was just launched to do more in this direction.
5. The present administration with its “**3-R**” Algorithm Macro-Economic Programme of ***Recovery*** of damaged economic structures, ***Reconstruction*** of core infrastructure, and ***Rehabilitation*** of component micro-economic institutions (Micro-Small-Medium Enterprises via Public Private Partnership –PPP; is expectant of a positive transformation in the business environment in the State and subsequent positive impact on revenue generation.
6. The State Government also just launched a **Digital Economy and E-Governance** Ministry to tap into the global scene of developing economy, gainfully engage the growing youth population and thereby foster the development of the State in the Information Communication Technology (ICT) sector. To this extent, over **15,000 Imo youths** have been sent for relevant training in different segments of the ICT sector.
7. The State is equally partnering with Imo and Igbo sons and daughters (including those in the Diasporas) in the establishment of Small and Medium-Scale industries in order to absorb the unemployed fresh graduates; create wealth, and eventually generate more revenue for the government. A typical example is the replica of the ICT Hub or Computer Village in Lagos offered by our sons and daughters based in Lagos. This will not only provide employment but further afford our young secondary school leavers and universities graduates the opportunity to develop themselves in the technology world; so doing generating enormous future IGR benefits to the State.
8. Furthermore, the State just recently trained over **30,000 Imo youths** in agricultural-related businesses and financial support as take-off grants in order to foster the economic well-being of these youths and the State benefitting in the long run.
9. According to the Department of Petroleum Resources (DPR) records, Imo State currently has the highest deposit of natural gas in the country, and with the **Special Metering System** recently recommended by the administration of His Excellency

Distinguished Senator Hope Uzodimma to identify the quantity of gas being piped to Bonny NLNG; more revenue is expected to accrue to the State.

10. The **Oguta/Orashi Development Project** was inaugurated by the present government. The dredging of Oguta Lake will impact positively on the commercial activities and by extension on the State's economy.

➤ **Expenditure:** Other expected policies in terms of Expenditure control to avert this risk of unsustainability include the followings:

1. The continuous and effective cost of governance control in terms of its recurrent expenditures. Despite the increase in actual Personnel Costs from N21.17 billion in 2020 to N38.96 billion in 2022 which was done to cushion the effect of COVID-19 and the recent security challenges in the State; this administration has demonstrated intent of reducing the cost of governance by fixing N24.79 billion for Personnel Costs in the 2023 Appropriation Act.
2. Comprehensive automation of the Payroll Process through the application of verifiable BVN and allocation of Imo State Social Benefit Number (**IMSSBN**) to Imo workers and pensioners. This has not only stopped the menace of payroll fraud and reduced the onceover-bloated Personnel Cost, but has tremendously freed funds and afforded the State Government the apple opportunity to capture hitherto outstanding and unpaid pensioners in the payment system. This also accounted for the increase in personnel cost since 2021.
3. An improved procurement practice for increased transparency and value for money according to the global best practices is also being championed by this Administration so as to avoid over-bloated contracts. Now contracts are advertised, competitively bided for, and awarded in a very transparent manner on an **e-procurement platform** by the State Bureau for Public Procurement and Price Intelligence, thus expenditure is monitored and controlled.
4. Public Servants have been keyed into the **National Health Insurance Scheme**. This will have an adverse effect on Personnel Costs. But on the long run, there will be improved productivity in the Public Service from a healthier workforce.

➤ **Cash Management:** Finally but not the least is the efficient and effective Cash Management Policy of the Government which will continue to lead to improve and robust cash collection and handling, with prudent disbursement and application of these funds in the State.

4.4 DSA Sensitivity Analysis (Shock Analysis)

This 2023 Imo State DSA covers four main scenarios, namely: four shock scenarios (Revenue, Expenditure, Exchange Rate and Interest Rate), while juxtaposing their deviations from the Baseline Scenario. Agreeably, the Baseline Scenario is premised on the evaluation of some macroeconomic variables including current and projected fiscal data; it is however paramount to mention that the Baseline Scenario faces diverse fiscal risks associated with the possibility of adverse country-wide macro-economic conditions and the reversal of the State's revenue and expenditure policies.

The State has thus undertaken a sensitivity analysis considering macroeconomic shocks and policy shocks to evaluate the robustness of the sustainability assessment for the Baseline scenario while considering both macroeconomic and policy shocks.

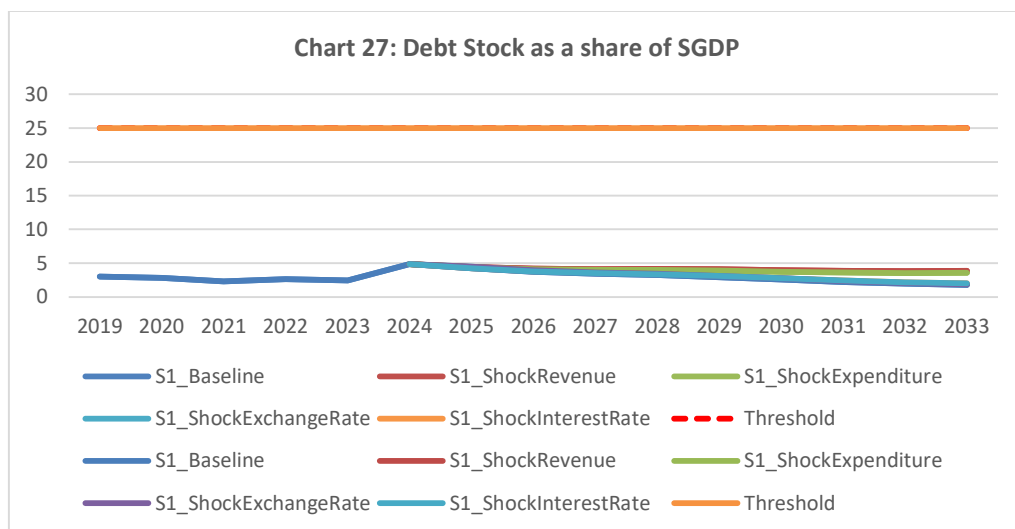
- **ShockRevenue Scenario:** From 2024, the impact of a 10% decline in all Revenue sources including Grants was measured, while Expenditures and other macroeconomic factors remain constant. The result obtained under this scenario showed a higher need for Total Gross Borrowing of N355.60billion in 2025 remains the same in the Baseline. The State's debt sustainability was ascertained with this scenario as the percentages of Debt to Revenue were well below the threshold of 200% from the year 2025 going forward. Debt Service to Revenue on the other hand though showed positivity throughout the entire period. The Personnel Cost to Revenue ratios were all below the threshold of 60%, ***due to the effort in keeping recurrent expenditures under check.***
- **ShockExpenditure Scenario:** With a 10% increase in Personnel, Overhead, Recurrent and Capital Expenditure from 2025 while Revenue sources remain constant, the State's Total Gross Borrowing moved from N383.82billion in 2025 to N1,224.72.billion in 2033 as against the Baseline Scenario figures of N355.60billion and N1,052.26 for 2025 and 2033 respectively. The State's debt sustainability became covered, from the year 2025 as the percentage of Debt to Revenue did not go beyond the threshold of 200%. Debt Service to Revenue in the medium term looked sustainable, it also went below the threshold of 40%. Personnel Cost to Revenue and Debt as a percentage of GDP however kept low profiles underneath their respective thresholds of 60% and 25% respectively throughout the years. ***Going forward, the current expenditure patterns should further be sustained so as not to trigger unsustainability in the economy.***
- **ShockExchange Rate Scenario:** A 20% increase in Exchange Rate or the devaluation of the Naira in the year 2025, had just an iota of impact on the State's Total Gross

Borrowing need as it reflected an increase of N948million only as against the Baseline Scenario figure; and almost same as in the other projection years. This of course is not farfetched as external borrowing is conscientiously maintained within its appropriate percentage of 30% to 35%. The State's debt sustainability thus looked moderately sustainable in all the indicators; hence rendering ***the State's debt sustainable***.

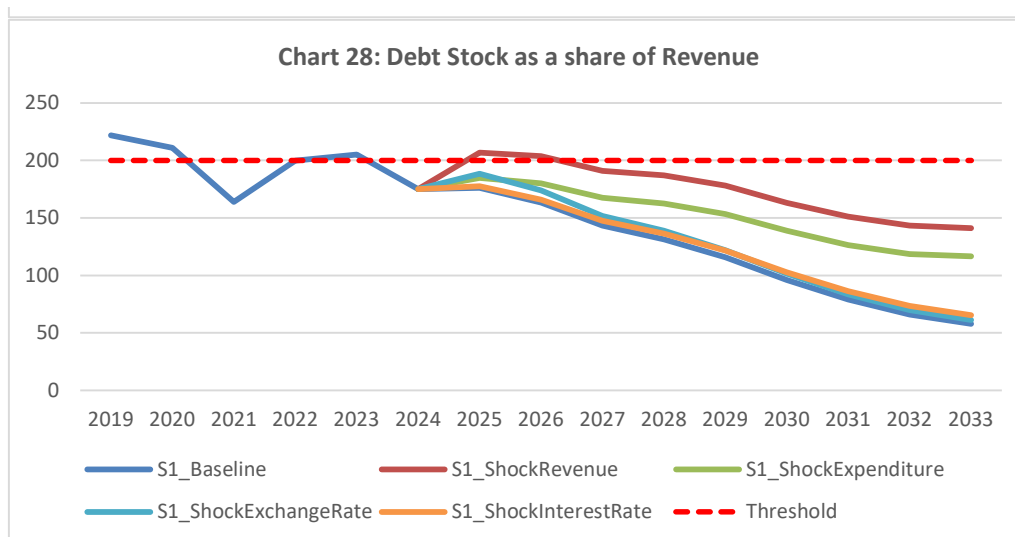
- **ShockInterest Rate Scenario:** The effect of a 2% yearly Interest Rate increment on domestic borrowing plans showed a projected fiscal deficit of N316.11 billion in 2025 as against the Baseline Scenario. Other projected years' deficits are equally not too distanced from the Baseline figures. However, the State's debt sustainability became covered, as the percentage of Debt to Revenue went far below the threshold of 200%. The Debt Service to Revenue also came threatening from the year 2030 as it moved well above the threshold of 40%. From the aforementioned, ***the State's debt sustainability is at risk*** if mitigating factors such as borrowing more from fixed interest rates and long term sources instead of floating rates is not embraced.

Conclusion: From the above shock scenarios, the 2024 DSA shows that ***Imo State debt is sustainable in the medium-term and at a moderate risk of debt distress in the long-term under the conducted Sensitivity Analyses*** as the current revenue position is considered enough to secure the financial future of the State. The current expenditure patterns should also be further kept under check and expending only on capital projects with economic returns so as not to trigger unsustainability in the economy over the long-term. As regards the Exchange Rate, the State is encouraged to continue to put its debt in a basket of currencies (a composition of many currencies, XDR (WB) bank Unit of Account, etc.) in order to hedge out unsustainability risk. More so is the Interest Rate Shocks by ensuring that most of its loans are in fixed rate, not floating rate.

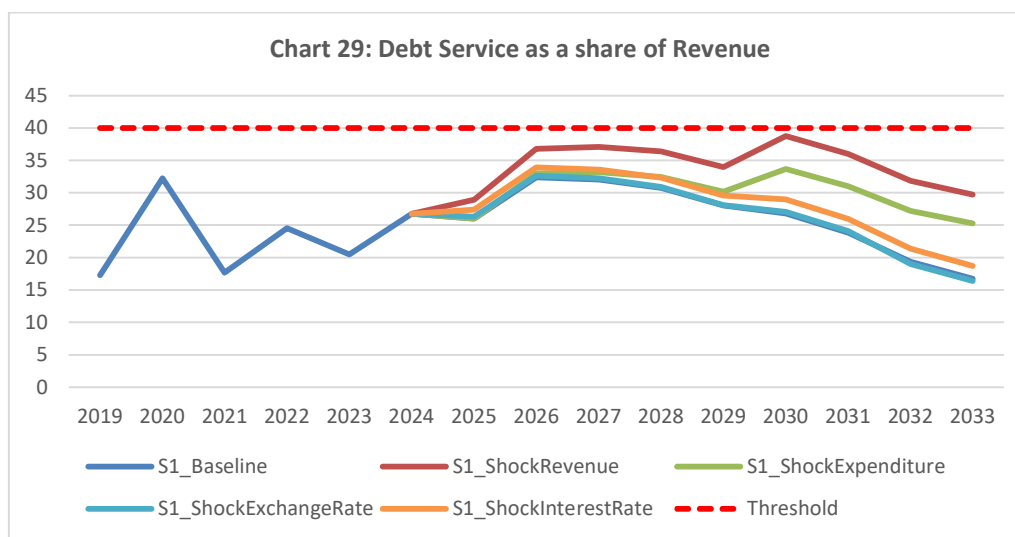
To this extent, bold, decisive and urgent action is urgently required to address revenue underperformance in the State, while efforts should be focused on improving tax administration and collection efficiency alongside business environment friendly policies. Foreign investors (local and international) should also be attracted with incentives for possible economic expansion.



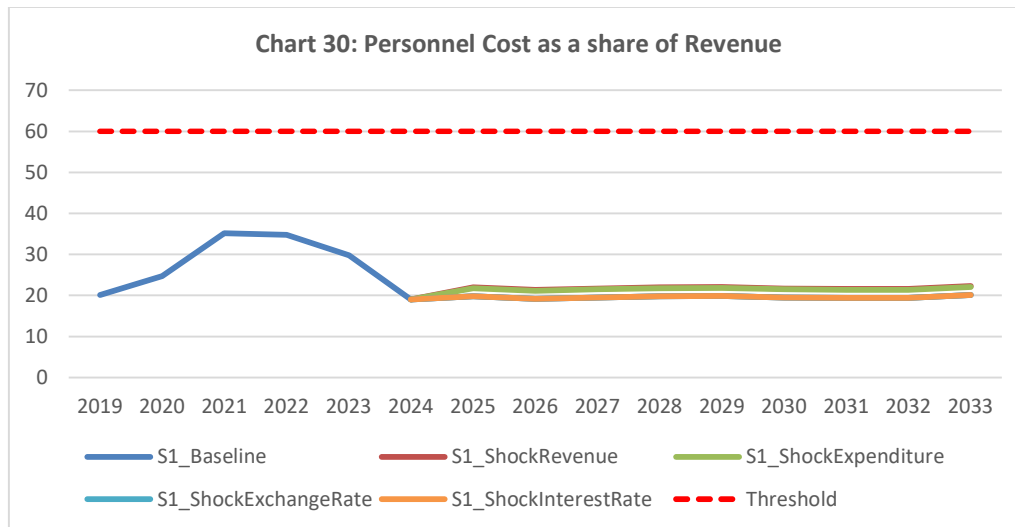
Source: State's Forecast



Source: State's Forecast



Source: State's Forecast



Source: State's Forecast

CHAPTER FIVE

DEBT MANAGEMENT STRATEGY

5.0 Introduction - Concept of Debt Management Strategy

Public Debt Management as defined involves 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 and to achieve other goals, such as developing the domestic debt market. To this extent, considering that modern risk management has become an important tool for achieving strategic debt targets, debt management strategy policy, therefore, has become a fundamental part of today's world of business and governance. Hence, the costs of carrying public debts and risks associated with macroeconomic and fiscal shocks are necessary to be conducted, measured and analyzed regularly.

The **Cost of carrying Public Debt** or **Implied Interest Rate** is a measure of the debt portfolio's cost of borrowing, determined by the weighted average interest rates of the different debt instruments in the portfolio and measured in this case, by the expected value of a performance indicator in 2027 (as projected in the baseline scenario). The **Risk** on the other hand includes among others, interest rate, foreign exchange, roll-over, credit, liquidity, solvency and operational risks; and is measured in this case by the deviation from the expected value in 2026 caused by an unexpected shock (as projected in the most adverse scenario of Revenue).

The Debt Management performance indicators derivable in this 2024 DSA-DMS Template thus include Debt Stock/Revenue (%), Debt Services/Revenue (%), Interest/Revenue (%), Debt Stock/SGDP (%), Debt Services/SGDP (%) and Interest/SGDP (%); however the three essentially utilized to assess the Debt Management Strategies outcomes in this Report include: Debt Stock to Revenue, Debt Services to Revenue and Interest to Revenue.

5.1 Alternative Borrowing Options (Alternative Strategies (S2, S3 & S4))

The three Alternative Debt Management Strategies (S2, S3 and S4) being proposed here are still being guided by the contents of the State's Fiscal Responsibility Act (2016, part IX), Debt Management Law (2016 and 2021), and the Medium-Term Expenditure Framework wherein the State Government can borrow using (Bonds, Commercial banks, Multilateral and Bilateral loans) under the following general conditions or fiscal policies:

- That the State Government can only borrow for capital expenditure and human capital developments provided that such borrowing shall be on concessional terms with a low-

interest rate of 3% and a reasonably long amortization period subject to the approval of the State House of Assembly.

- That the State Government shall ensure that the level of Public Debt as a proportion of State income is held at a sustainable level.
- To mitigate certain risks (currency, interest rate and rollover).
- That the State Government may borrow from the capital market for the development of the domestic debt markets according to the DMD Law.
- To secure liquid assets for cash management according to the Cash Management policy of the State.

The Alternative Debt Management Strategies, their Cost and Risk implications on the Total Public Debt profile in the future were thus analyzed as follow:

a. Strategy 2 (S2): Domestic State Bond Focused Strategy

- Gross borrowings will be only from Domestic Market.
- New borrowings will be only from State bonds on both short and long terms.
- Short term bonds shall be 30% of the borrowings, while long term bonds shall be 70%.
- No External borrowing is to be sourced.

b. Strategy 3 (S3): All Domestic Borrowings Focused Strategy

- Gross borrowings will be only from Domestic Market.
- New borrowings will be from the diverse Domestic Markets.
- Short-term commercial bank loans and bonds shall be 20% each (i.e. 40%) of the Gross borrowings, while long-term commercial bank loans and bonds shall be 25% each (i.e. 50%).
- Other Domestic borrowing shall be 10% of the Gross borrowings.
- No External borrowing is to be sourced.

c. Strategy 4 (S4): Selected Domestic & External Borrowings Focused Strategy

- Gross borrowings will be from both Domestic and External Markets.
- New borrowings will be 70% from the Domestic Market and 30% of the External Market.
- Short-term commercial bank loans and long-term bonds shall be 30% and 70% respectively of the allocated Domestic Gross borrowings.
- External borrowing is to be sourced from Concessional and Semi-concessional funding (Multilateral and Bilateral), while the Residual will be market-based financing sourced from the International Financial Market (e.g. the issuances of Eurobonds) in the proportion of 40%, 40% and 20% respectively.

5.2 DMS Simulation Results and Findings

Table 5.1 below shows the Cost, Risk and Adverse Shock Indicators of the State's Total Debt Portfolio as at December 31, 2028 in relation to the implementation of the different Debt Management Strategies. The burden performance indicators specifically utilized to assess these Debt Management Strategies outcomes mainly include: Debt Stock/Revenue (%), Debt Services/Revenue (%) and Interest/Revenue (%).

Table 5.1: Imo State DMS Cost, Risk and Adverse Shock Performance Indicators

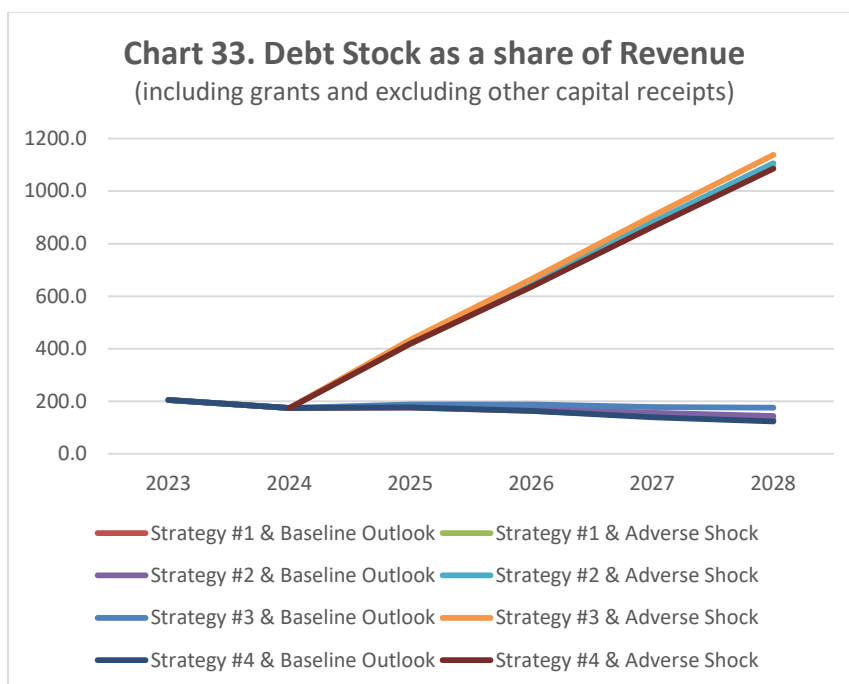
INDICATORS	REFERENCE DMS			ALTERNATIVE DMS									MOST PREFERRED STRATEGY	2ND PREFERRED STRATEGY
	STRATEGY 1			STRATEGY 2			STRATEGY 3			STRATEGY 4				
	COST	RISK	ADV SHCK	COST	RISK	ADV SHCK	COST	RISK	ADV SHCK	COST	RISK	ADV SHCK		
Debt Stock as % of Rev.	131.3	362.8	1034.2	144.3	362.5	1106.8	175.7	361.8	1137.5	123.0	363.0	1066.0	S4	S1
Debt Service as % of Rev.	30.8	45.4	76.1	42.1	45.1	87.2	56.3	44.7	101.1	31.2	45.3	76.6	S1	S4
Interest as % of Rev.	20.7	45.6	66.3	22.4	45.6	67.3	34.2	45.3	73.4	16.1	45.7	61.8	S4	S3

Source: State's Forecast

5.2.1 Debt Stock/Revenue

- Comment:** Under this performance indicator and as shown in Table 5.1 above and Chart 34 below, S4 Cost Ratio pushed down from 175.2% in 2024 to 139.1% in 2027 in the Baseline compared to S1 (175.2% to 143.3%), S2 (175.2% to 156.3%) and S3 (175.2% to 176.8%) under the same period. Equally, the Risk Ratio of S4 as at 2027 depicted 363.0% as against 362.8%, 362.5% and 361.8% of others - S1, S2 and S3 respectively. The Revenue Adverse Shock in 2027 also showed S4 having 1,066.0% when compared with S1, S2 and S3 which have 1,054.2%, 1,106.6% and 1,137.5% respectively. Apparently, since the DMS-related performance indicator outcomes are below the threshold of 200% under the Cost Ratio and Adverse Shock, it suffices to say that the State's debt is affordable and resilient to shocks over the medium to long term.
- Cost-Risk Trade-off Analysis:** The Debt Stock to Revenue shows S4 as the lowest trade-off DMS in terms of Cost (123.0%), when compared to S1 (131.3%), S2 (144.3%) and S3 (175.7%). Meanwhile S3 shows the lowest trade-off DMS in terms of risk (361.8%), when compared to the S2 (362.8%), S1 (362.5%) and (363.0%). S4 has the lowest level of Revenue Adverse Shock of 1,066.0% and it is the most close to its risk ratio. From the foregoing, S4 is the least expensive and risky strategy. The inclusion of a

reasonable amount of Foreign Loans and Bonds as a policy was a key factor as this helps to mitigate Interest, Market and Refinancing Risks.



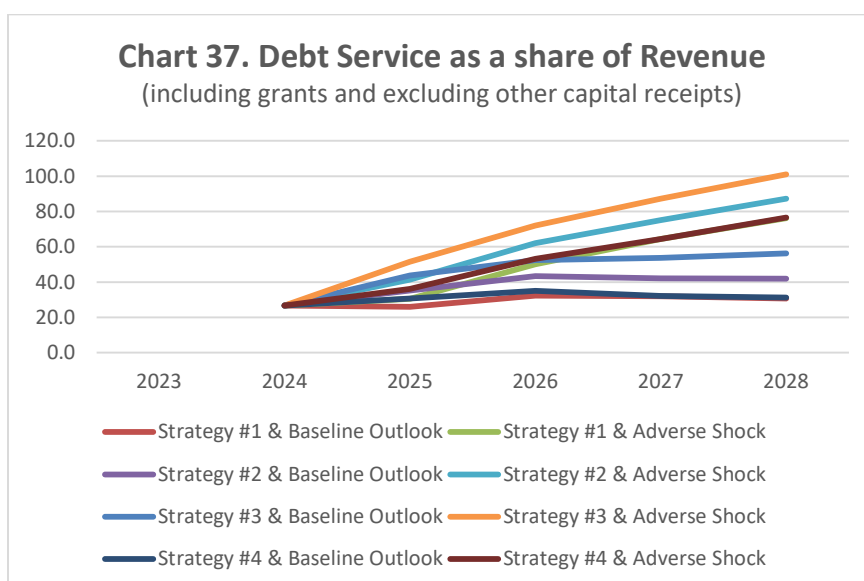
Source: State's Forecast

5.2.2 Debt Service/Revenue

- i. **Comment:** The burden performance indicator of Debt Service to Revenue as shown in Table 5.1 above and Chart 38 below, shows S4 Cost Ratio steadily moved up from 26.8% in 2024 to 32.1% in 2027 in the Baseline as against S1 (26.8% to 32.0%), S2 (26.8% to 42.2%) and S3 (26.8% to 53.7%) during the same period. The Risk Ratio of S4 showed 45.3% as against 44.7%, 45.1% and 45.4% of S1, S2 and S3 respectively.

The Revenue Adverse Shock in 2027 on the other hand, indicated S4 has 64.4% when compared to S1, S2 and S3 which have 64.3%, 75.1% and 87.3% respectively. From the foregoing, the State's debt is NOT satisfactorily affordable and resilient to shocks over the medium to long term since the DMS-related performance indicator's threshold of 40% has been breached with the Cost Ratio and Adverse.

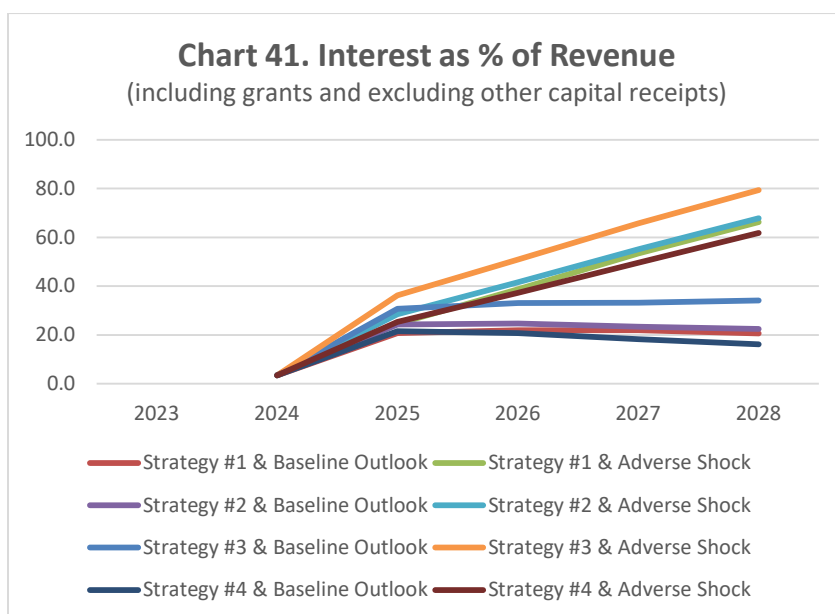
- ii. **Cost-Risk Trade-off Analysis:** Table 5.1 above and Charts 37 and 38 below show S1 as the lowest trade-off DMS in terms of Cost at the end of 2027 with 30.8% of the Debt Service to Revenue, compared to the S2 (42.1%),S3 (56.3%) and S4 (31.2%). The table and charts shows S3 as the lowest trade-off DMS in terms of risk (44.7%) when compared to S1 (45.4%), S2 (45.1%) and S4 (45.3%). The Revenue Adverse Shock shows that S1 and S4 have the lowest levels of 76.1% and 76.6.% respectively. This thus shows S1 as the preferred DMS with the lowest Risk.

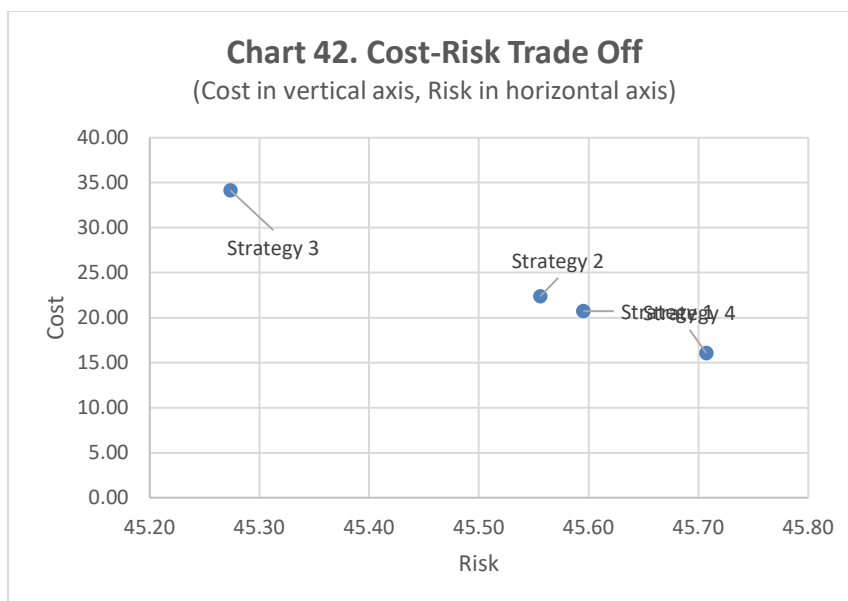


Source: State's Forecast

5.2.3 Interest/Revenue

- i. **Comment:** The Interest to Revenue burden performance indicator in Table 5.1 above and Chart 41 below, depicts S4 Cost Ratio steadily grew from 3.4 % in 2024 to 18.2% by 2027 in the Baseline compared to S1 (3.4% to 21.3%), S2 (3.4% to 23.3%) and S3 (3.4% to 35.3%) under the same period. On the other hand, Risk Ratio of S4 as at 2027 depicts 45.7% as against 45.6%, 45.6% and 45.3% of S1, S2 and S3 respectively. The Revenue Adverse Shock in 2027 equally shows S4 accounting for 49.7% as against S1, S2 and S3 which have 53.6%, 55.1% and 65.7% respectively. The State's debt is not considered moderately affordable and resilient to shocks over the medium-term under this performance indicator since the Adverse Shocks are too distanced from the Cost Ratios.
- ii. **Cost-Risk Trade-off Analysis:** This burden performance indicator of Interest to Revenue, as depicted in Table 5.1 and Charts 41 and 42 below, shows S4 as the least trade-off DMS in terms of Cost of 16.1% of the Total Interest to Revenue, when compared to the S1 (20.7%), S2 (22.4%) and S3 (34.2%). Meanwhile S3 shows the lowest trade-off DMS in terms of risk of 45.3%, when compared to S1(45.6%), S2(45.6%) and S4(45.7%) respectively . S4 has the least Cost ratio whereas S3 has the least Risk ratio compared to the alternative Reference Debt Strategies; S1 and S2; thus indicating that S4 and S3 are the least costly and risky strategies, with the former being the preferred strategy.





Source: State's Forecast

5.2.4 DMS Assessment

Evaluating Table 5.1 and the subsequent charts presented above; there is no doubt that the most favourable and preferred of the four Debt Management Strategies that shows complete dominance with the most effective and efficient cost, least risk, and as well as least adverse revenue shock is Strategy Four (S4) using our Analytical Tool. However, with a critical and qualitative examination of the reality of events in the global economy of business and governance, this might not be totally true and obtainable. One of the reasons being that accessibility to Foreign Loans, more often than not, poses a serious challenge to the sub-nationals, let alone obtaining them on a yearly basis and more so within the short to medium term period under review.

The second preferred Debt Management Strategy, which is relatively or fairly higher than the S4 but lower than the other Alternative Debt Strategies (S2 and S3), is our Reference Debt Management Strategy (S1) and thereby considered and recommended as the most suitable, efficient and implementable strategy.

This is based on the following facts:

1. It is the most feasible, realistic, accessible and implementable within the short to medium term period of 2023 - 2027, as Foreign Loans were only sourced from 2025, unlike the S4 where External Loans borrowing commenced in the year 2023. Accessing Foreign Loans do take some time as seeking approval from the Presidency, Federal Ministry of Finance, the National Assembly, and even the State House of Assembly is often a long process and a bottle-neck issue of over a year; and must be reflected in the

- Federal Government Budget on behalf of the sub-nationals. This is quite impracticable as reflected in S4, especially in the year 2023.
2. With a relatively lower proportion of External Debt, it is least exposed to Foreign Exchange Risk and external shock.
 3. It has realistic Borrowing Plans that are within the arm bit of the State's MTEF, Fiscal Responsibility Act (FRA), and Debt Management Law.
 4. The Borrowing Plan supports the development of the Domestic Market without exposing it to any risk of Interest Rate, Market, Liquidity, and many more.
 5. In addition to the above and as a result of the Borrowings envisaged in the Reference Debt-Management Strategy (S1), the State's debt position is projected to comparatively rise from its current figure of N222.31 billion at the end of 2022 to N236.82 billion in 2027 and further to N414.34 billion in 2032, as against S2 (N247.49 billion in 2027 and N486.17 billion in 2032), S3 (N980.46 billion in 2027 and N2,048.78 billion in 2032), and S4 (N861.81 billion in 2027 and N1,302.67 billion in 2032). The above thus shows the superiority of the S1 to others.
 6. In addition to the aforementioned and considering the necessary parameters of burden performance indicators such as the Debt to GDP, Debt to Revenue, Debt service to GDP, Debt service to Revenue, and Interest to Revenue, S1 is selected as the Most Preferred Strategy for the period 2023-2027 and even beyond; as it gives the State better stability and the least risk-exposed strategy.

Conclusion:

This Preferred Strategy (S1) in the State's Debt Management Strategy for 2023-2027, focuses on increased dependence on Long-term Tenured Domestic and External financing with the corresponding reduction in short-term instruments, especially short-term Commercial Banks Loans in order to moderate refinancing risks. It is also anticipated to help in ensuring that the Cost Profile of the State's Public Debt portfolio is maintained at a sustainable level in the medium to long term, and at the same time to ensure that government's financing needs are met at minimum cost and with a prudent level of risk.

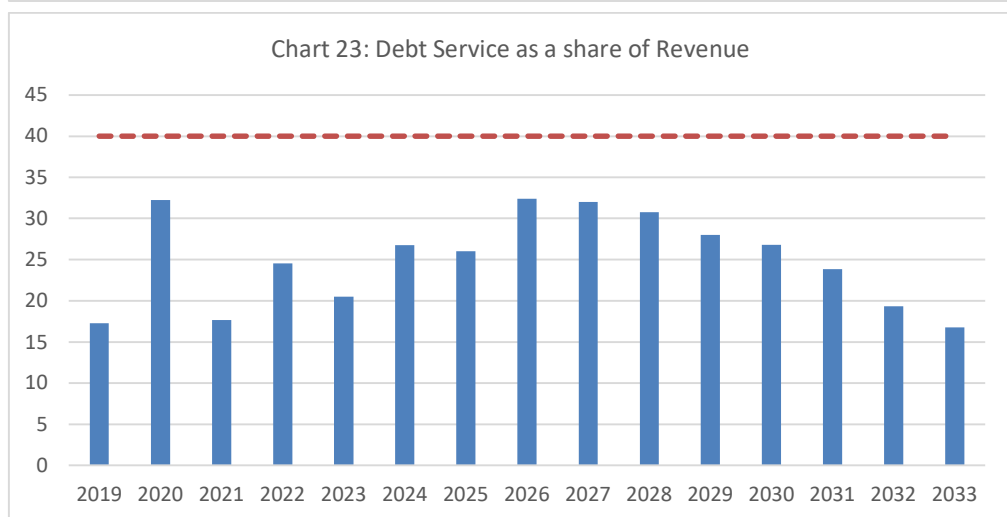
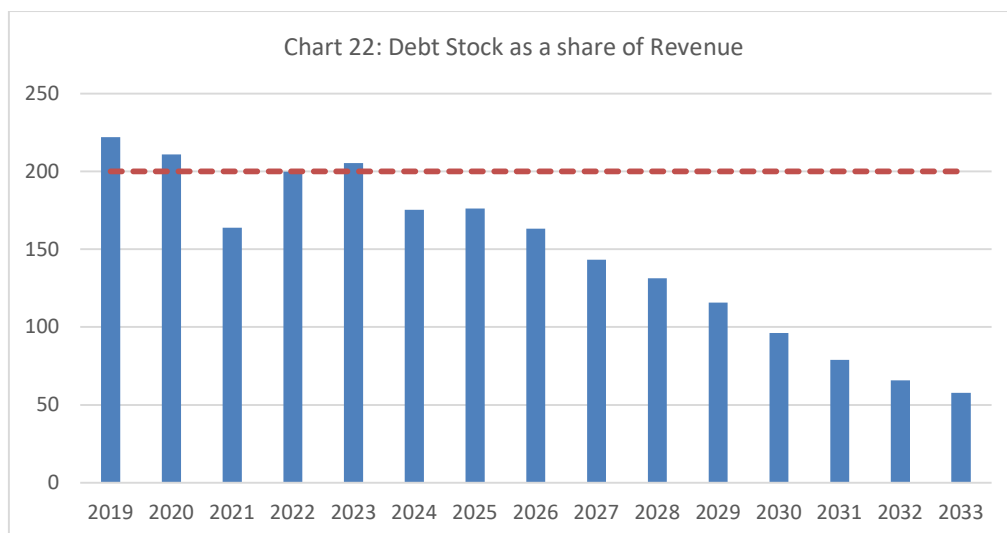
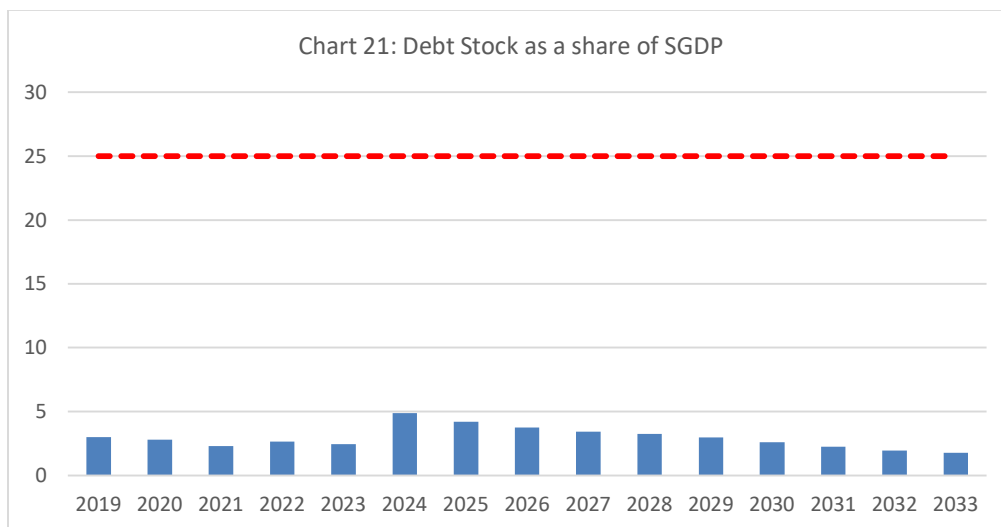
The relevant policies and reforms to the preservation and sustainability of the State's Debt Management thus among others include:

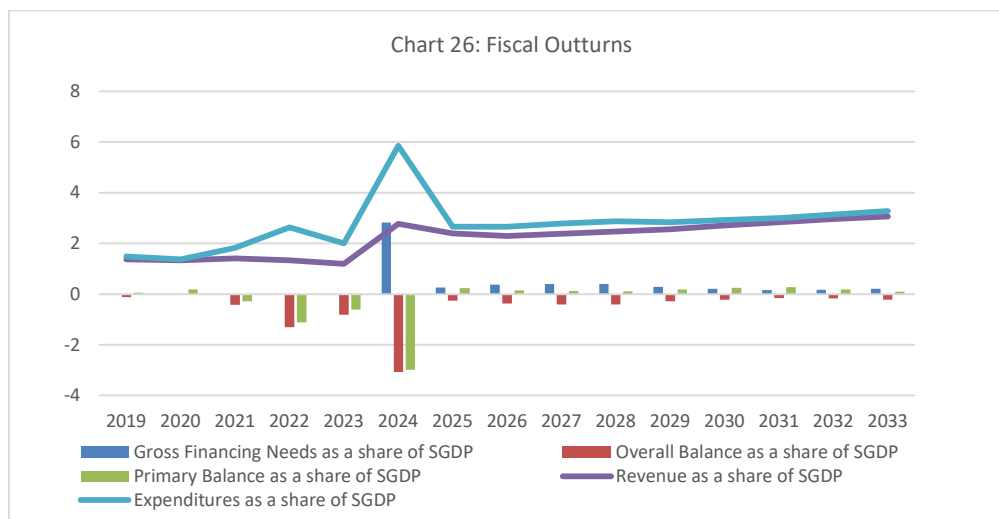
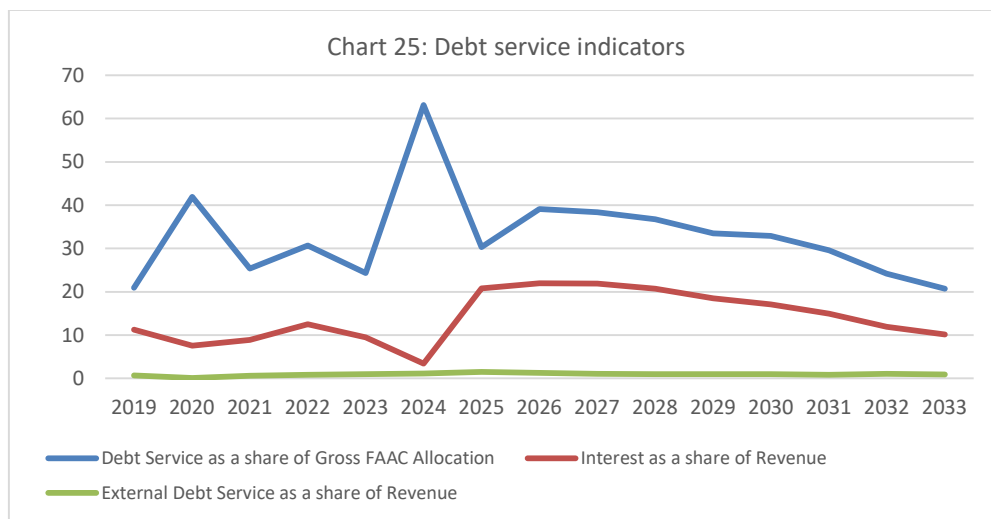
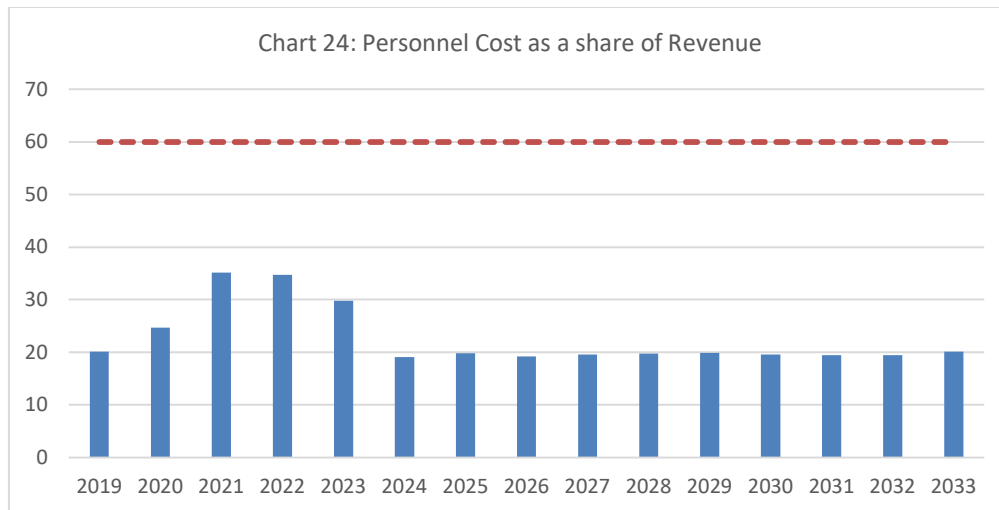
- ❖ Government subscription to the principle of prudent and sustainable borrowings and effective utilization of resources.
- ❖ Strengthening the existing legal and institutional frameworks for efficient debt management.
- ❖ Continuous building of a viable Domestic Market through Bonds.



- ❖ The establishment of a disciplined and well-focused public finance policy in terms of government borrowing policy.
- ❖ Ensuring the availability of reliable and correct data for frequent evaluation.
- ❖ Regular evaluation of the costs and risks of existing debt portfolio and potential borrowings.
- ❖ Strengthening the development of the capacity and competency of debt management staff for effective public debt management staff for effective public debt management by the state.

LIST OF OTHER CHARTS

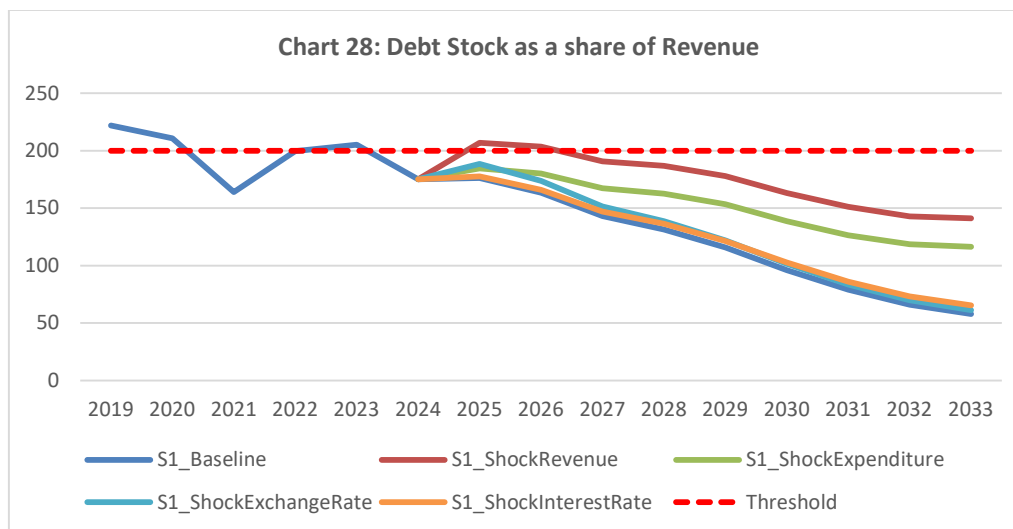
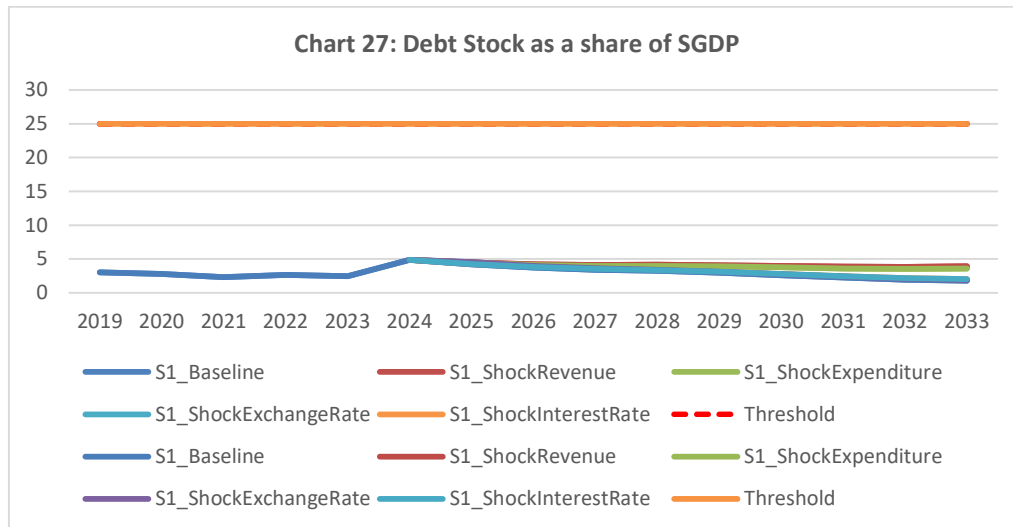
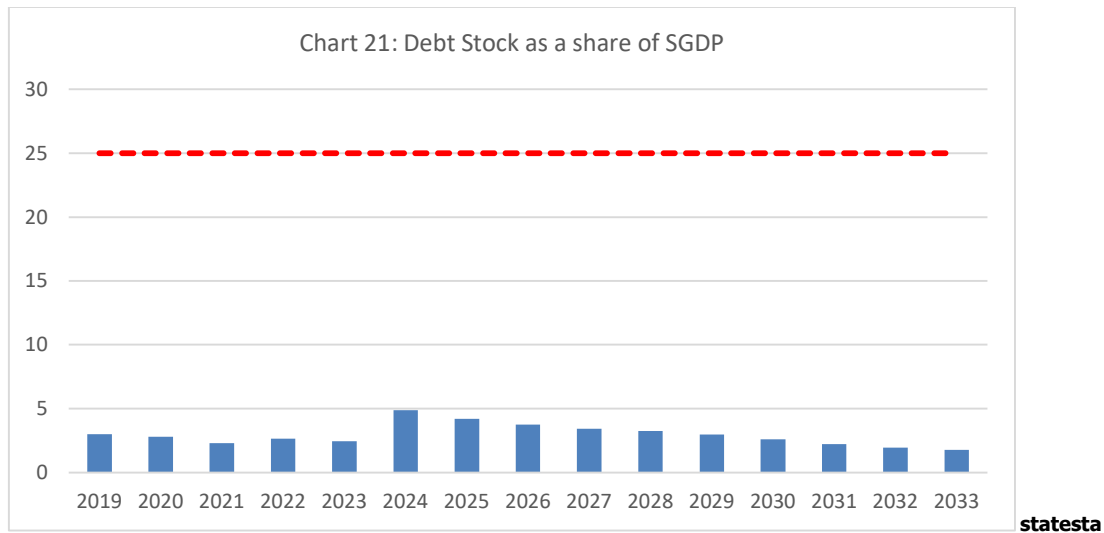


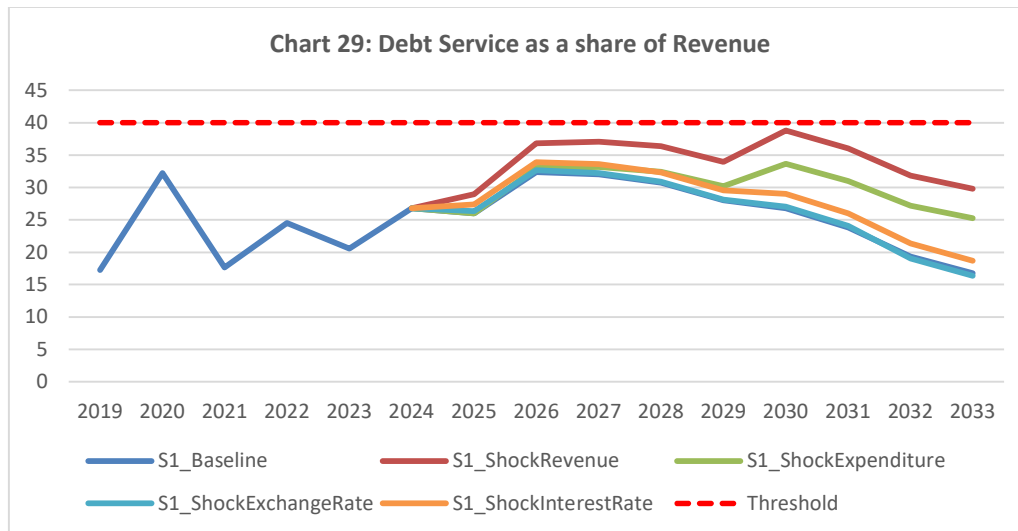


Source: State's

Forecast

Source: State's Forecast





Source: State's Forecast

LIST OF ANNEXURES

Annexure 1: Table of Assumptions

		Projection Methodology	Source
Assumptions:			
Economic activity	State GDP (at current prices)	State GDP projection was provided for by the World Bank Group in conjunction with the DMO, and NBS	Debt Management Office, Abuja
Revenue	Revenue		
	1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	2024 was the State Budget provision; while 2025 onward were forecasts from Federation Revenue and Revenue Sharing assumptions based on FG MTEF	State Budget and FG MTEF
	1.a. of which Net Statutory Allocation ('net' means of deductions)	2024 was the State Budget provision; while 2025 onward were forecasts from Federation Revenue and Revenue Sharing assumptions based on FG MTEF	State Budget and FG MTEF
	1.b. of which Deductions	Projection is based on the existing loans and the repayment schedules	Debt Management Office, Imo
	2. Derivation (if applicable to the State)	2024 was the State Budget provision; while 2025 onward were forecasts from Federation Revenue and Revenue Sharing assumptions based on FG MTEF	State Budget and FG MTEF
	3. Other FAAC transfers (exchange rate gain, augmentation, others)	2024 was the State Budget provision; while 2025 onward were forecasts from Federation Revenue and Revenue Sharing assumptions based on FG MTEF	State Budget and FG MTEF
	4. VAT Allocation	2024 was the State Budget provision; while 2025 onward were forecasts from Federation Revenue and Revenue Sharing assumptions based on FG MTEF	State Budget and FG MTEF
	5. IGR	2024 was the State Budget provision; while 2025 onward were forecasts made on the basis of current collection and State policies	State Budget & extrapolation
	6. Capital Receipts	2024 was the State Budget provision	State Budget & extrapolation
	6.a. Grants	As contained in the 2024 State's Budget only	State Budget
	6.b. Sales of Government Assets and Privatization Proceeds	No projection made	No projection made
	6.c. Other Non-Debt Creating Capital Receipts	No projection made	No projection made
Expenditure	Expenditure		
	1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	2024 was the State Budget provision; while 2025 onward were forecasts made on the basis of 25% of Net FAAC revenue	State Budget & extrapolation
	2. Overhead costs	2024 was the State Budget provision; while 2025 onward were forecasts made on the basis of 15% of Net FAAC revenue	State Budget & extrapolation
	3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	No projection made	
	4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)	2024 was the State Budget provision; while 2025 onward were forecasts made on the basis of 40% of IGR	State Budget & extrapolation
	5. Capital Expenditure	2024 was the State Budget provision; while 2025 onward were forecasts made on the basis of 60% of Net FAAC revenue	State Budget & extrapolation
Closing Cash and Bank Balance	Closing Cash and Bank Balance	A minimum of N2 billion Closing Cash and Bank Balance was made for the projections	State Budget & extrapolation
Debt Amortization and Interest Payments	Debt Outstanding at end-2023		
	External Debt - amortization and interest	The repayments Schedules from the DMO, Abuja	DMO, Abuja



	Domestic Debt - amortization and interest	The repayments Schedules from the Debt Management Office, Imo		Debt Management Office, Imo
	New debt issued/contracted from 2024 onwards			
	New External Financing			
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Projection made using Interest rate of 1% with 35 years repayment and 7 years grace period	State Budget & applicable borrowing terms	
	External Financing - Bilateral Loans	Projection made using Interest rate of 2% with 20 years repayment and 5 years grace period	State Budget & applicable borrowing terms	
	Other External Financing	Projection made using Interest rate of 5% with 20 years repayment and 5 years grace period	State Budget & applicable borrowing terms	
	New Domestic Financing			
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Projection made using Interest rate of 35% with 5 years repayment and 0 year grace period	State Budget & applicable borrowing terms	
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Projection made using Interest rate of 35% with 15 years repayment and 1 year grace period	State Budget & applicable borrowing terms	
	State Bonds (maturity 1 to 5 years)	Projection made using Interest rate of 20.68% with 5 years repayment and 0 year grace period	State Budget & applicable borrowing terms	
State Bonds (maturity 6 years or longer)	Projection made using Interest rate of 20.68% with 10 years repayment and 1 year grace period	State Budget & applicable borrowing terms		
Other Domestic Financing	Projection made using Interest rate of 20.68% with 15 years repayment and 1 year grace period	State Budget & applicable borrowing terms		
ceeds from Debt-Creating rowings esponding to Debt tegy S1	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S1			
	New Domestic Financing in Million Naira			
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Short-term borrowings from the Commercial Banks from the 65% allocated to Domestic Market	State Fiscal Responsibility Law & Debt Management Law	
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Long-tem borrowings from Commercial Banks as deemed necessary and accessable of the 65% allocated to Domestic Market	State Fiscal Responsibility Law & Debt Management Law	
	State Bonds (maturity 1 to 5 years)	Short-term Bonds as deemed necessary and accessable of the 65% allocated to Domestic Market	State Fiscal Responsibility Law & Debt Management Law	
	State Bonds (maturity 6 years or longer)	Long-term Bonds as deemed necessary and accessable of the 65% allocated to Domestic Market	State Fiscal Responsibility Law & Debt Management Law	
	Other Domestic Financing	Borrowings from other Domestic Financing as deemed necessary and accessable of the 65% allocated to Domestic Market	State Fiscal Responsibility Law & Debt Management Law	
	New External Financing in Million US Dollar			
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Concessional Loans to be sourced out of the 35% allocated to the Foreign market or External Borrowings	State Fiscal Responsibility Law & Debt Management Law	
	External Financing - Bilateral Loans	Bilateral Loans to be sourced out of the 35% allocated to the Foreign market or External Borrowings	State Fiscal Responsibility Law & Debt Management Law	
Other External Financing	No Other External Borrowings	State Fiscal Responsibility Law & Debt Management Law		
ceeds from Debt-Creating rowings esponding to Debt tegy S2	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S2			
	New Domestic Financing in Million Naira			
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	No Commercial Bank Borrowing, only Bonds issuance under this Strategy	State Fiscal Responsibility Law & Debt Management Law	
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	No Commercial Bank Borrowing, only Bonds issuance under this Strategy	State Fiscal Responsibility Law & Debt Management Law	
	State Bonds (maturity 1 to 5 years)	30% Short term Bonds to be sourced from the Domestic Capital Market	State Fiscal Responsibility Law & Debt Management Law	



	State Bonds (maturity 6 years or longer)	70% Long term Bonds to be sourced from the Domestic Capital Market	State Fiscal Responsibility Law & Debt Management Law
	Other Domestic Financing	No other Domestic Borrowing, only Bonds issuance under this Strategy	State Fiscal Responsibility Law & Debt Management Law
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	No External Borrowing applicable under this Strategy	State Fiscal Responsibility Law & Debt Management Law
	External Financing - Bilateral Loans	No External Borrowing applicable under this Strategy	State Fiscal Responsibility Law & Debt Management Law
	Other External Financing	No External Borrowing applicable under this Strategy	State Fiscal Responsibility Law & Debt Management Law

Proceeds from Debt-Creating Borrowings responding to Debt Strategy S3	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S3		
	New Domestic Financing in Million Naira		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	20% of the Loans to be sourced through Short-term Commercial Banks Facility	State Fiscal Responsibility Law & Debt Management Law
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	25% of the Loans to be sourced through Long-term Commercial Banks Facility	State Fiscal Responsibility Law & Debt Management Law
	State Bonds (maturity 1 to 5 years)	20% of the Loans to be sourced through Short-term State Bonds	State Fiscal Responsibility Law & Debt Management Law
	State Bonds (maturity 6 years or longer)	25% of the Loans to be sourced through Long-term State Bonds	State Fiscal Responsibility Law & Debt Management Law
	Other Domestic Financing	10% of the Loans to be sourced through other Domestic Borrowings	State Fiscal Responsibility Law & Debt Management Law
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	No External Borrowing applicable under this Strategy	State Fiscal Responsibility Law & Debt Management Law
	External Financing - Bilateral Loans	No External Borrowing applicable under this Strategy	State Fiscal Responsibility Law & Debt Management Law
	Other External Financing	No External Borrowing applicable under this Strategy	State Fiscal Responsibility Law & Debt Management Law

Proceeds from Debt-Creating Borrowings responding to Debt Strategy S4	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S4		
	New Domestic Financing in Million Naira		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	30% of the 70% allocated to the Domestic market to be sourced through Short-term Commercial Banks Facility	State Fiscal Responsibility Law & Debt Management Law
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Occassional borrowing through Long-term Commercial Banks Facility	State Fiscal Responsibility Law & Debt Management Law
	State Bonds (maturity 1 to 5 years)	Occassional borrowing through Short-term Bonds	State Fiscal Responsibility Law & Debt Management Law
	State Bonds (maturity 6 years or longer)	Occassional borrowing through Long-term Bonds	State Fiscal Responsibility Law & Debt Management Law
	Other Domestic Financing	Not applicable under this Strategy	State Fiscal Responsibility Law & Debt Management Law
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	40% Concessional Loans to be sourced out of the 30% allocated to the Foreign market or External Borrowings	State Fiscal Responsibility Law & Debt Management Law
	External Financing - Bilateral Loans	40% Bilateral Loans to be sourced out of the 30% allocated to the Foreign market or External Borrowings	State Fiscal Responsibility Law & Debt Management Law
	Other External Financing	20% Other External Loans to be sourced out of the 30% allocated to the Foreign market or External Borrowings	State Fiscal Responsibility Law & Debt Management Law



Annexure 2: Baseline Scenario Projections

	Units	Scale	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Information on State's Domestic Product (See in Guidance for Completing Data Request for State DSA)																	
GDP (at current prices)	Naira	Million	6,011,247	6,443,111	7,354,664	8,452,777	9,791,958	11,565,977	13,380,333	15,213,202	16,926,589	18,832,946	20,954,006	23,313,951	25,939,685	28,861,142	32,111,628
GDP (at current prices)	Naira	Million	145,639,139	154,252,319	176,075,502	202,365,027	234,425,914	276,896,671	320,333,476	364,213,502	405,233,047	450,872,419	501,651,925	558,150,473	621,012,170	690,953,666	768,772,323
Exchange Rate NGN/US\$ (end-of-year)	Naira/USD		253	306	307	326	379	1,300	1,200	1,100	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Information on Revenues, Expenditure, and Financing and Sources (See Note in Guidance for Completing Data Request for State DSA)																	
Revenue	Naira	Million	83,880	100,101	147,146	223,754	193,601	561,405	272,204	290,957	343,593	396,800	445,577	511,888	601,698	737,797	887,650
Less: Statutory Allocation for Social Services (means with no deductions; do not include VAT on here)	Naira	Million	42,812	35,242	36,837	39,470	33,285	41,834	157,312	160,807	188,145	220,129	257,551	301,335	352,562	412,497	482,622
Net Revenue (which Net Statutory Allocation ('net' means of Revenue less deductions))	Naira	Million	31,895	25,767	25,457	18,230	10,661	40,106	136,288	139,720	166,994	198,915	236,274	279,994	331,157	391,028	461,088
Less: Deductions (which Deductions)	Naira	Million	10,917	9,475	11,381	21,240	22,624	1,729	21,024	21,087	21,150	21,214	21,277	21,341	21,405	21,470	21,534
Net Revenue (if applicable to State)	Naira	Million	9,307	8,738	9,985	17,907	9,156	11,969	25,964	26,761	31,310	36,632	42,860	50,146	58,671	68,645	80,315
Less: FAAC transfers (exchange rate gain, inflation, others)	Naira	Million	2,201	6,300	3,644	5,631	20,465	42,027	43,383	44,782	46,227	47,718	47,956	48,196	48,437	48,679	48,922
Net Revenue	Naira	Million	13,036	15,550	21,644	26,631	35,466	40,185	48,481	55,780	71,726	83,919	98,185	114,877	134,406	157,255	183,988
Less: Statutory Allocation	Naira	Million	14,386	18,805	26,832	16,711	18,227	104,987	45,218	59,786	67,091	75,288	88,254	116,688	142,569	169,974	187,342
Total Receipts	Naira	Million	2,139	15,468	48,204	117,403	77,002	320,403	-48,155	-56,959	-60,905	-66,887	-89,230	-119,354	-134,947	-119,254	-95,539
Less: Grants	Naira	Million	0	1,000	4,638	5,809	0	79,888	0	0	0	0	0	0	0	0	0
Less: Sales of Government Assets and Privatization Receipts	Naira	Million	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less: Other Non-Debt Creating Receipts	Naira	Million	0	5,585	0	31,595	35,002	0	0	0	0	0	0	0	0	0	0
Less: Proceeds from Debt-Raising Borrowings (bond issue, loan disbursements, etc.)	Naira	Million	2,139	8,883	43,566	80,000	42,000	240,515	-48,155	-56,959	-60,905	-66,887	-89,230	-119,354	-134,947	-119,254	-95,539
Less: of which Borrowings from domestic bonds	Naira	Million	0	0	0	0	0										
Less: of which Borrowings from commercial bank loans	Naira	Million	0	0	43,566	80,000	42,000										
Less: of which Borrowings from external loans	Naira	Million	2,139	8,883	0	0	0										
Expenditure	Naira	Million	88,812	88,027	134,144	222,309	195,832	590,506	272,204	290,957	343,093	397,300	445,577	511,888	601,698	737,797	887,650
Less: Personnel costs (Salaries, wages, Civil Servant Social Security, other)	Naira	Million	16,453	21,167	36,439	38,964	34,746	61,182	63,529	66,761	79,064	91,796	106,319	123,303	143,168	166,402	197,578



2024 Imo State DSA & DMS Report

Overhead costs	Naira	Million	16,384	10,372	19,728	22,888	32,043	37,131	38,117	40,056	47,438	55,078	63,791	73,982	85,901	99,841	119,147
Interest Payments (Public charges, including interest deducted from FAAC Allocation)	Naira	Million	10,428	14,218	9,489	15,957	19,145	0	0	0	0	0	0	0	0	0	0
Interest Payments (Public Debt Service, excluding interest deducted from FAAC Allocation)	Naira	Million	1,223	6,371	2,032	524	2										
Interest Payments (Public Debt Service, excluding interest deducted from FAAC Allocation)	Naira	Million	9,205	7,847	7,457	15,434	19,143										
Other Recurrent Expenditure (including Personnel Costs, Capital Costs and Interest Payments)	Naira	Million	14,291	11,598	14,432	23,993	11,769	17,631	18,087	23,915	26,836	30,115	35,302	46,675	57,028	68,990	89,937
Total Expenditure	Naira	Million	28,669	28,565	39,982	86,380	75,627	474,562	152,470	160,226	189,754	220,311	240,165	267,928	315,602	402,564	480,988
Amortization (principal) Payments	Naira	Million	2,588	2,107	14,074	34,126	22,503	0	0	0	0	0	0	0	0	0	0
Interest Payments (Public Debt Service, excluding interest deducted from FAAC Allocation)	Naira	Million	0	0	0	0	0										
Interest Payments (Public Debt Service, excluding interest deducted from FAAC Allocation)	Naira	Million	2,119	1,575	13,384	33,328	20,609										
Interest Payments (Public Debt Service, excluding interest deducted from FAAC Allocation)	Naira	Million	469	533	690	798	1,894										
Net Balance ('+' means surplus, '-' means deficit)	Naira	Million	-4,932	12,074	13,001	1,445	-2,231	-29,101	0	0	500	-500	0	0	0	0	0
Operating Cash and Bank Balance	Naira	Million	11,744	6,812	18,886	31,887	33,332	31,101	2,000	2,000	2,000	2,500	2,000	2,000	2,000	2,000	2,000
Operating Cash and Bank Balance	Naira	Million	6,812	18,886	31,887	33,332	31,101	2,000	2,000	2,000	2,500	2,000	2,000	2,000	2,000	2,000	2,000
Statement of Financing Needs Sources																	
Financing Needs	Naira	Million						240,515.18	-48,154.88	-56,958.96	-60,905.05	-66,886.81	-89,230.05	-119,354.15	-134,947.02	-119,253.88	-95,539.05
Operating balance	Naira	Million						-269,615.78	48,154.88	56,958.96	61,405.05	66,386.81	89,230.05	119,354.15	134,947.02	119,253.88	95,539.05
Interest service	Naira	Million						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capitalizations	Naira	Million						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Payments	Naira	Million						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financing Needs Other than Interest Payments (e.g., Net Change in Cash and Bank Balances)	Naira	Million						-29,100.60	0.00	0.00	500.00	-500.00	0.00	0.00	0.00	0.00	0.00
Financing Sources	Naira	Million						240,515.18	-48,154.88	-56,958.96	-60,905.05	-66,886.81	-89,230.05	-119,354.15	-134,947.02	-119,253.88	-95,539.05
Financing Sources Other than Operating	Naira	Million						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Borrowings	Naira	Million						240,515.18	-48,154.88	-56,958.96	-60,905.05	-66,886.81	-89,230.05	-119,354.15	-134,947.02	-119,253.88	-95,539.05
CONTROL: Financing Needs Sources Must be Identical (no financing gap)								OK	OK	OK	OK	OK	OK	OK	OK	OK	OK



Annexure 3: Shock Revenue Scenario Projections

	Units	Scale	Shock (% deviation from Baseline)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
1. Information on State's Gross Dometic Product (See Note 1 in Guidance for Completing Data Request for State DSA)																		
State GDP (at current prices)	Naira	Million		6,011,247	6,443,111	7,354,664	8,452,777	9,791,958	11,565,977	13,380,333	15,213,202	16,926,589	18,832,946	20,954,006	23,313,951	25,939,685	28,861,142	32,111,628
Nation GDP (at current prices)	Naira	Million		145,639,139	154,252,319	176,075,502	202,365,027	234,425,914	276,896,671	320,333,476	364,213,502	405,233,047	450,872,419	501,651,925	558,150,473	621,012,170	690,953,666	768,772,323
Exchange Rate NGN/US\$ (end-Period)	Naira/USD			253	306	307	326	379	1,300	1,200	1,100	1,000	1,000	1,000	1,000	1,000	1,000	1,000

3. Information on Revenues, Expenditure, and Financing Needs and Sources (See Note 3 in Guidance for Completing Data Request for State DSA)

Revenue	Naira	Million		83,880.40	100,101.20	147,145.52	223,754.07	193,600.87	647,291	355,602	406,197	478,622	548,643	609,053	732,119	840,292	983,273	1,150,989
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	Naira	Million	-10.0	42,811.60	35,242.00	36,837.37	39,469.92	33,285.10	41,834	141,581	144,727	169,330	198,116	231,796	271,201	317,306	371,248	434,360
1.a. of which Net Statutory Allocation ('net' means of deductions)	Naira	Million	-10.0	31,894.60	25,766.80	25,456.60	18,230.08	10,660.80	40,106	122,659	125,748	150,295	179,024	212,646	251,994	298,041	351,925	414,979
1.b. of which Deductions	Naira	Million	-10.0	10,917.00	9,475.20	11,380.80	21,239.85	22,624.30	1,729	18,922	18,978	19,035	19,092	19,150	19,207	19,265	19,323	19,381
2. Derivation (if applicable to the State)	Naira	Million	-10.0	9,307.10	8,737.80	9,984.57	17,906.80	9,155.80	11,969	23,368	24,084	28,179	32,969	38,574	45,132	52,804	61,781	72,283
3. Other FAAC transfers (exchange rate gain, augmentation, others)	Naira	Million	-10.0	2,201.20	6,299.50	3,643.64	5,631.27	20,465.10	42,027	39,045	40,304	41,604	42,946	43,160	43,376	43,593	43,811	44,030
4. VAT Allocation	Naira	Million	-10.0	13,036.10	15,549.90	21,643.64	26,631.25	35,465.90	40,185	43,633	50,202	64,553	75,527	88,367	103,389	120,965	141,529	165,589
5. IGR	Naira	Million	-10.0	14,385.90	18,804.50	26,831.93	16,711.35	18,227.10	104,987	40,696	53,808	60,382	67,759	79,429	105,019	128,313	152,976	168,608
6. Capital Receipts	Naira	Million		2,138.50	15,467.60	48,204.37	117,403.48	77,001.90	406,289	67,280	93,072	114,574	131,325	127,727	164,002	177,311	211,928	266,119
6.a. Grants	Naira	Million	-10.0	0.00	1,000.00	4,638.26	5,808.70	0.00	79,888	0	0	0	0	0	0	0	0	0
6.b. Sales of Government Assets and Privatization Proceeds	Naira	Million		0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0
6.c. Other Non-Debt Creating Capital Receipts	Naira	Million		0.00	5,584.90	0.00	31,594.78	35,001.90	0	0	0	0	0	0	0	0	0	0
6.d. Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc.)	Naira	Million		2,138.50	8,882.70	43,566.11	80,000.00	42,000.00	326,401	67,280	93,072	114,574	131,325	127,727	164,002	177,311	211,928	266,119
6.d.1. of which Borrowings from Domestic bonds	Naira	Million		0.00	0.00	0.00	0.00	0.00										
6.d.2. of which Borrowings from Commercial bank loans	Naira	Million		0.00	0.00	43,566.11	80,000.00	42,000.00										
6.d.3. of which Borrowings from External loans	Naira	Million		2,138.50	8,882.70	0.00	0.00	0.00										
Expenditure	Naira	Million		88,812.00	88,027.30	134,144.27	222,309.00	195,832.33	676,392	355,602	406,197	478,122	549,143	609,053	732,119	840,292	983,273	1,150,989
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	Naira	Million		16,452.70	21,166.80	36,438.79	38,963.92	34,745.80	61,182	63,529	66,761	79,064	91,796	106,319	123,303	143,168	166,402	197,578
2. Overhead costs	Naira	Million		16,384.10	10,371.90	19,727.60	22,888.16	32,043.10	37,131	38,117	40,056	47,438	55,078	63,791	73,982	85,901	99,841	119,147
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	Naira	Million		10,427.70	14,218.20	9,489.31	15,957.45	19,144.60	10,917	66,759	79,061	93,952	105,368	112,676	126,621	135,588	135,596	142,488
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted from	Naira	Million		1,222.70	6,371.00	2,032.14	523.82	1.80										



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FAAC Allocation)																	
3.b. of which Interest deducted from FAAC Allocation	Naira	Million	9,205.00	7,847.20	7,457.17	15,433.63	19,142.80										
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)	Naira	Million	14,290.60	11,597.80	14,431.80	23,993.45	11,768.70	17,631	18,087	23,915	26,836	30,115	35,302	46,675	57,028	68,990	89,937
5. Capital Expenditure	Naira	Million	28,669.00	28,565.40	39,982.43	86,380.13	75,627.40	474,562	152,470	160,226	189,754	220,311	240,165	267,928	315,602	402,564	480,988
6. Amortization (principal) payments	Naira	Million	2,587.90	2,107.20	14,074.34	34,125.90	22,502.80	74,969	16,640	36,179	41,077	46,475	50,800	93,610	103,005	109,880	120,851
6.a. of which Amortization of Domestic bonds	Naira	Million	0.00	0.00	0.00	0.00	0.00										
6.b. of which Amortization of Commercial bank loans	Naira	Million	2,119.00	1,574.50	13,384.40	33,328.18	20,608.70										
6.c. of which Amortization of External loans	Naira	Million	468.90	532.70	689.93	797.76	1,894.10										
Budget Balance (' + ' means surplus, ' - ' means deficit)	Naira	Million	-4,931.60	12,073.90	13,001.20	1,445.07	-2,231.47	-29,101	0	0	500	-500	0	0	0	0	0
Opening Cash and Bank Balance	Naira	Million	11,743.50	6,811.90	18,885.80	31,887.06	33,332.10	31,101	2,000	2,000	2,000	2,500	2,000	2,000	2,000	2,000	2,000
Closing Cash and Bank Balance	Naira	Million	6,811.90	18,885.80	31,887.06	33,332.09	31,100.60	2,000	2,000	2,000	2,500	2,000	2,000	2,000	2,000	2,000	2,000

Calculation of Financing Needs and Sources

Financing Needs	Naira	Million	Sign +/- means source/use of funds	326,401.18	67,279.77	93,072.29	114,573.66	131,324.84	127,727.20	164,001.64	177,311.01	211,927.79	266,118.80
i. Primary balance	Naira	Million		-269,615.78	16,119.04	22,167.36	20,955.26	20,018.15	35,749.35	56,229.95	61,282.50	33,548.84	-2,779.88
ii. Debt service	Naira	Million		85,886.00	83,398.81	115,239.64	135,028.92	151,842.99	163,476.56	220,231.59	238,593.51	245,476.63	263,338.92
Amortizations	Naira	Million		74,969.41	16,639.68	36,178.81	41,076.87	46,474.61	50,800.35	93,610.26	103,005.38	109,880.46	120,851.29
Interests	Naira	Million		10,916.60	66,759.14	79,060.83	93,952.05	105,368.38	112,676.21	126,621.33	135,588.12	135,596.17	142,487.62
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)	Naira	Million		-29,100.60	0.00	0.00	500.00	-500.00	0.00	0.00	0.00	0.00	0.00
Financing Sources	Naira	Million			326,401.18	67,279.77	93,072.29	114,573.66	131,324.84	127,727.20	164,001.64	177,311.01	211,927.79
i. Financing Sources Other than Borrowing	Naira	Million		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ii. Gross Borrowings	Naira	Million	Gross Borrowing = Primary Deficit + Debt Service + Financing Needs Other than Amortizations - Financing Sources Other than Borrowing	326,401.18	67,279.77	93,072.29	114,573.66	131,324.84	127,727.20	164,001.64	177,311.01	211,927.79	266,118.80
CONTROL: Financing Needs and Sources Must be Identical (i.e., no financing gap)				OK	OK	OK	OK	OK	OK	OK	OK	OK	OK



Annexure 4: Shock Expenditure Scenario Projections

	Units	Scale	Shock (% deviation from Baseline)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
1. Information on State's Gross Dometic Product (See Note 1 in Guidance for Completing Data Request for State DSA)																		
State GDP (at current prices)	Naira	Million		6,011,247	6,443,111	7,354,664	8,452,777	9,791,958	11,565,977	13,380,333	15,213,202	16,926,589	18,832,946	20,954,006	23,313,951	25,939,685	28,861,142	32,111,628
Nation GDP (at current prices)	Naira	Million		145,639,139	154,252,319	176,075,502	202,365,027	234,425,914	276,896,671	320,333,476	364,213,502	405,233,047	450,872,419	501,651,925	558,150,473	621,012,170	690,953,666	768,772,323
Exchange Rate NGN/US\$ (end-Period)	Naira/USD			253	306	307	326	379	1,300	1,200	1,100	1,000	1,000	1,000	1,000	1,000	1,000	1,000
3. Information on Revenues, Expenditure, and Financing Needs and Sources (See Note 3 in Guidance for Completing Data Request for State DSA)																		
Revenue	Naira	Million		83,880.40	100,101.20	147,145.52	223,754.07	193,600.87	647,291	382,823	434,907	512,059	586,940	651,533	775,534	890,230	1,044,479	1,224,722
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	Naira	Million		42,811.60	35,242.00	36,837.37	39,469.92	33,285.10	41,834	157,312	160,807	188,145	220,129	257,551	301,335	352,562	412,497	482,622
1.a. of which Net Statutory Allocation ('net' means of deductions)	Naira	Million		31,894.60	25,766.80	25,456.60	18,230.08	10,660.80	40,106	136,288	139,720	166,994	198,915	236,274	279,994	331,157	391,028	461,088
1.b. of which Deductions	Naira	Million		10,917.00	9,475.20	11,380.80	21,239.85	22,624.30	1,729	21,024	21,087	21,150	21,214	21,277	21,341	21,405	21,470	21,534
2. Derivation (if applicable to the State)	Naira	Million		9,307.10	8,737.80	9,984.57	17,906.80	9,155.80	11,969	25,964	26,761	31,310	36,632	42,860	50,146	58,671	68,645	80,315
3. Other FAAC transfers (exchange rate gain, augmentation, others)	Naira	Million		2,201.20	6,299.50	3,643.64	5,631.27	20,465.10	42,027	43,383	44,782	46,227	47,718	47,956	48,196	48,437	48,679	48,922
4. VAT Allocation	Naira	Million		13,036.10	15,549.90	21,643.64	26,631.25	35,465.90	40,185	48,481	55,780	71,726	83,919	98,185	114,877	134,406	157,255	183,988
5. IGR	Naira	Million		14,385.90	18,804.50	26,831.93	16,711.35	18,227.10	104,987	45,218	59,786	67,091	75,288	88,254	116,688	142,569	169,974	187,342
6. Capital Receipts	Naira	Million		2,138.50	15,467.60	48,204.37	117,403.48	77,001.90	406,289	62,464	86,991	107,561	123,253	116,726	144,292	153,585	187,429	241,533
6.a. Grants	Naira	Million		0.00	1,000.00	4,638.26	5,808.70	0.00	79,888	0	0	0	0	0	0	0	0	0
6.b. Sales of Government Assets and Privatization Proceeds	Naira	Million		0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0
6.c. Other Non-Debt Creating Capital Receipts	Naira	Million		0.00	5,584.90	0.00	31,594.78	35,001.90	0	0	0	0	0	0	0	0	0	0
6.d. Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc.)	Naira	Million		2,138.50	8,882.70	43,566.11	80,000.00	42,000.00	326,401	62,464	86,991	107,561	123,253	116,726	144,292	153,585	187,429	241,533
6.d.1. of which Borrowings from Domestic bonds	Naira	Million		0.00	0.00	0.00	0.00	0.00										
6.d.2. of which Borrowings from Commercial bank loans	Naira	Million		0.00	0.00	43,566.11	80,000.00	42,000.00										
6.d.3. of which Borrowings from External loans	Naira	Million		2,138.50	8,882.70	0.00	0.00	0.00										
Expenditure	Naira	Million		88,812.00	88,027.30	134,144.27	222,309.00	195,832.33	676,392	382,823	434,907	511,559	587,440	651,533	775,534	890,230	1,044,479	1,224,722
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	Naira	Million	10.0	16,452.70	21,166.80	36,438.79	38,963.92	34,745.80	61,182	69,882	73,437	86,970	100,976	116,951	135,633	157,484	183,042	217,336
2. Overhead costs	Naira	Million	10.0	16,384.10	10,371.90	19,727.60	22,888.16	32,043.10	37,131	41,929	44,062	52,182	60,585	70,170	81,380	94,491	109,825	131,062
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	Naira	Million		10,427.70	14,218.20	9,489.31	15,957.45	19,144.60	10,917	66,759	78,676	93,080	103,936	110,598	123,663	131,438	130,035	135,527
3.a. of which Interest Payments (Public Debt	Naira	Million		1,222.70	6,371.00	2,032.14	523.82	1.80										



Charges, excluding interests deducted from FAAC Allocation)

3.b. of which Interest deducted from FAAC Allocation

4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)

5. Capital Expenditure

6. Amortization (principal) payments

6.a. of which Amortization of Domestic bonds

6.b. of which Amortization of Commercial bank loans

6.c. of which Amortization of External loans

Budget Balance (' + ' means surplus, ' - ' means deficit)

Opening Cash and Bank Balance

Closing Cash and Bank Balance

Calculation of Financing Needs and Sources

Financing Needs

i. Primary balance

ii. Debt service

Amortizations

Interests

iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)

Financing Sources

i. Financing Sources Other than Borrowing

ii. Gross Borrowings

CONTROL: Financing Needs and Sources Must be Identical (i.e., no financing gap)

Naira

Million

9,205.00

7,847.20

7,457.17

15,433.63

19,142.80

Naira

Million

10.0

14,290.60

11,597.80

14,431.80

23,993.45

11,768.70

17,631

19,896

26,306

29,520

33,127

38,832

51,343

62,731

75,889

98,930

Naira

Million

10.0

28,669.00

28,565.40

39,982.43

86,380.13

75,627.40

474,562

167,717

176,248

208,729

242,342

264,182

294,720

347,162

442,821

529,087

Naira

Million

2,587.90

2,107.20

14,074.34

34,125.90

22,502.80

74,969

16,640

36,179

41,077

46,475

50,800

88,795

96,924

102,868

112,780

Naira

Million

0.00

0.00

0.00

0.00

0.00

Naira

Million

2,119.00

1,574.50

13,384.40

33,328.18

20,608.70

Naira

Million

468.90

532.70

689.93

797.76

1,894.10

Naira

Million

-4,931.60

12,073.90

13,001.20

1,445.07

-2,231.47

-29,101

0

0

500

-500

0

0

0

0

0

Naira

Million

11,743.50

6,811.90

18,885.80

31,887.06

33,332.10

31,101

2,000

2,000

2,000

2,500

2,000

2,000

2,000

2,000

2,000

Naira

Million

6,811.90

18,885.80

31,887.06

33,332.09

31,100.60

2,000

2,000

2,000

2,500

2,000

2,000

2,000

2,000

2,000

2,000

326,401.18

62,464.28

86,991.15

107,561.42

123,253.45

116,725.78

144,292.20

153,585.12

187,428.53

241,532.91

-269,615.78

20,934.53

27,863.25

27,095.77

26,656.83

44,672.36

68,165.37

74,777.20

45,474.23

6,774.03

85,886.00

83,398.81

114,854.40

134,157.19

150,410.28

161,398.14

212,457.57

228,362.32

232,902.76

248,306.94

74,969.41

16,639.68

36,178.81

41,076.87

46,474.61

50,800.35

88,794.77

96,924.25

102,868.23

112,779.90

10,916.60

66,759.14

78,675.59

93,080.32

103,935.67

110,597.79

123,662.80

131,438.08

130,034.54

135,527.03

-29,100.60

0.00

0.00

500.00

-500.00

0.00

0.00

0.00

0.00

0.00

326,401.18

62,464.28

86,991.15

107,561.42

123,253.45

116,725.78

144,292.20

153,585.12

187,428.53

241,532.91

0.00

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326,401.18

62,464.28

86,991.15

107,561.42

123,253.45

116,725.78

144,292.20

153,585.12

187,428.53

241,532.91

OK

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OK



Annexure 5: Shock Exchange Rate Scenario Projections

	Units	Scale	Shock (% deviation from Baseline)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
1. Information on State's Gross Dometic Product (See Note 1 in Guidance for Completing Data Request for State DSA)																		
State GDP (at current prices)	Naira	Million		6,011,247	6,443,111	7,354,664	8,452,777	9,791,958	11,565,977	13,380,333	15,213,202	16,926,589	18,832,946	20,954,006	23,313,951	25,939,685	28,861,142	32,111,628
Nation GDP (at current prices)	Naira	Million		145,639,139	154,252,319	176,075,502	202,365,027	234,425,914	276,896,671	320,333,476	364,213,502	405,233,047	450,872,419	501,651,925	558,150,473	621,012,170	690,953,666	768,772,323
Exchange Rate NGN/US\$ (end-Period)	Naira/USD		20.0	253	306	307	326	379	1,300	1,440	1,320	1,200	1,200	1,200	1,200	1,200	1,200	1,200

3. Information on Revenues, Expenditure, and Financing Needs and Sources (See Note 3 in Guidance for Completing Data Request for State DSA)																		
Revenue	Naira	Million		83,880.40	100,101.20	147,145.52	223,754.07	193,600.87	647,291	385,613	442,656	515,078	592,752	669,461	743,385	850,227	990,094	1,151,765
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	Naira	Million		42,811.60	35,242.00	36,837.37	39,469.92	33,285.10	41,834	157,312	160,807	188,145	220,129	257,551	301,335	352,562	412,497	482,622
1.a. of which Net Statutory Allocation ('net' means of deductions)	Naira	Million		31,894.60	25,766.80	25,456.60	18,230.08	10,660.80	40,106	136,288	139,720	166,994	198,915	236,274	279,994	331,157	391,028	461,088
1.b. of which Deductions	Naira	Million		10,917.00	9,475.20	11,380.80	21,239.85	22,624.30	1,729	21,024	21,087	21,150	21,214	21,277	21,341	21,405	21,470	21,534
2. Derivation (if applicable to the State)	Naira	Million		9,307.10	8,737.80	9,984.57	17,906.80	9,155.80	11,969	25,964	26,761	31,310	36,632	42,860	50,146	58,671	68,645	80,315
3. Other FAAC transfers (exchange rate gain, augmentation, others)	Naira	Million		2,201.20	6,299.50	3,643.64	5,631.27	20,465.10	42,027	43,383	44,782	46,227	47,718	47,956	48,196	48,437	48,679	48,922
4. VAT Allocation	Naira	Million		13,036.10	15,549.90	21,643.64	26,631.25	35,465.90	40,185	48,481	55,780	71,726	83,919	98,185	114,877	134,406	157,255	183,988
5. IGR	Naira	Million		14,385.90	18,804.50	26,831.93	16,711.35	18,227.10	104,987	45,218	59,786	67,091	75,288	88,254	116,688	142,569	169,974	187,342
6. Capital Receipts	Naira	Million		2,138.50	15,467.60	48,204.37	117,403.48	77,001.90	406,289	65,254	94,740	110,581	129,065	134,654	112,143	113,582	133,043	168,576
6.a. Grants	Naira	Million		0.00	1,000.00	4,638.26	5,808.70	0.00	79,888	0	0	0	0	0	0	0	0	0
6.b. Sales of Government Assets and Privatization Proceeds	Naira	Million		0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0
6.c. Other Non-Debt Creating Capital Receipts	Naira	Million		0.00	5,584.90	0.00	31,594.78	35,001.90	0	0	0	0	0	0	0	0	0	0
6.d. Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc.)	Naira	Million		2,138.50	8,882.70	43,566.11	80,000.00	42,000.00	326,401	65,254	94,740	110,581	129,065	134,654	112,143	113,582	133,043	168,576
6.d.1. of which Borrowings from Domestic bonds	Naira	Million		0.00	0.00	0.00	0.00	0.00										
6.d.2. of which Borrowings from Commercial bank loans	Naira	Million		0.00	0.00	43,566.11	80,000.00	42,000.00										
6.d.3. of which Borrowings from External loans	Naira	Million		2,138.50	8,882.70	0.00	0.00	0.00										
Expenditure	Naira	Million		88,812.00	88,027.30	134,144.27	222,309.00	195,832.33	676,392	385,613	442,656	514,578	593,252	669,461	743,385	850,227	990,094	1,151,765
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	Naira	Million		16,452.70	21,166.80	36,438.79	38,963.92	34,745.80	61,182	63,529	66,761	79,064	91,796	106,319	123,303	143,168	166,402	197,578
2. Overhead costs	Naira	Million		16,384.10	10,371.90	19,727.60	22,888.16	32,043.10	37,131	38,117	40,056	47,438	55,078	63,791	73,982	85,901	99,841	119,147
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	Naira	Million		10,427.70	14,218.20	9,489.31	15,957.45	19,144.60	10,917	77,692	86,144	94,565	103,971	114,209	122,088	125,412	126,575	130,131
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted from FAAC Allocation)	Naira	Million		1,222.70	6,371.00	2,032.14	523.82	1.80										
3.b. of which Interest deducted from FAAC Allocation	Naira	Million		9,205.00	7,847.20	7,457.17	15,433.63	19,142.80										
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)	Naira	Million		14,290.60	11,597.80	14,431.80	23,993.45	11,768.70	17,631	18,087	23,915	26,836	30,115	35,302	46,675	57,028	68,990	89,937
5. Capital Expenditure	Naira	Million		28,669.00	28,565.40	39,982.43	86,380.13	75,627.40	474,562	152,470	160,226	189,754	220,311	240,165	267,928	315,602	402,564	480,988
6. Amortization (principal) payments	Naira	Million		2,587.90	2,107.20	14,074.34	34,125.90	22,502.80	74,969	35,717	65,555	76,920	91,981	109,676	109,409	123,117	125,722	133,984



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6.a. of which Amortization of Domestic bonds	Naira	Million	0.00	0.00	0.00	0.00	0.00									
6.b. of which Amortization of Commercial bank loans	Naira	Million	2,119.00	1,574.50	13,384.40	33,328.18	20,608.70									
6.c. of which Amortization of External loans	Naira	Million	468.90	532.70	689.93	797.76	1,894.10									
Budget Balance (' + ' means surplus, ' - ' means deficit)	Naira	Million	-4,931.60	12,073.90	13,001.20	1,445.07	-2,231.47	-29,101	0	0	500	-500	0	0	0	0
Opening Cash and Bank Balance	Naira	Million	11,743.50	6,811.90	18,885.80	31,887.06	33,332.10	31,101	2,000	2,000	2,000	2,500	2,000	2,000	2,000	2,000
Closing Cash and Bank Balance	Naira	Million	6,811.90	18,885.80	31,887.06	33,332.09	31,100.60	2,000	2,000	2,000	2,500	2,000	2,000	2,000	2,000	2,000

Calculation of Financing Needs and Sources

Financing Needs	Naira	Million	Sign +/- means source/use of funds	326,401.18	65,254.13	94,740.05	110,580.62	129,065.31	134,654.40	112,143.14	113,581.82	133,043.24	168,575.83
i. Primary balance	Naira	Million		-269,615.78	48,154.88	56,958.96	61,405.05	66,386.81	89,230.05	119,354.15	134,947.02	119,253.88	95,539.05
ii. Debt service	Naira	Million		85,886.00	113,409.01	151,699.01	171,485.67	195,952.12	223,884.45	231,497.29	248,528.84	252,297.12	264,114.88
Amortizations	Naira	Million		74,969.41	35,716.55	65,555.21	76,920.48	91,981.49	109,675.85	109,409.05	123,117.22	125,722.24	133,984.31
Interests	Naira	Million		10,916.60	77,692.46	86,143.80	94,565.19	103,970.63	114,208.60	122,088.24	125,411.61	126,574.88	130,130.57
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)	Naira	Million		-29,100.60	0.00	0.00	500.00	-500.00	0.00	0.00	0.00	0.00	0.00
Financing Sources	Naira	Million		326,401.18	65,254.13	94,740.05	110,580.62	129,065.31	134,654.40	112,143.14	113,581.82	133,043.24	168,575.83
i. Financing Sources Other than Borrowing	Naira	Million		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ii. Gross Borrowings	Naira	Million	Gross Borrowing = Primary Deficit + Debt Service + Financing Needs Other than Amortizations - Financing Sources Other than Borrowing	326,401.18	65,254.13	94,740.05	110,580.62	129,065.31	134,654.40	112,143.14	113,581.82	133,043.24	168,575.83
CONTROL: Financing Needs and Sources Must be Identical (i.e., no financing gap)				OK	OK	OK	OK	OK	OK	OK	OK	OK	OK



Annexure 6: Shock Interest Rate Scenario Projections

	Units	Scale	Shock (% deviation from Baseline)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
1. Information on State's Gross Dometic Product (See Note 1 in Guidance for Completing Data Request for State DSA)																		
State GDP (at current prices)	Naira	Million		6,011,247	6,443,111	7,354,664	8,452,777	9,791,958	11,565,977	13,380,333	15,213,202	16,926,589	18,832,946	20,954,006	23,313,951	25,939,685	28,861,142	32,111,628
Nation GDP (at current prices)	Naira	Million		145,639,139	154,252,319	176,075,502	202,365,027	234,425,914	276,896,671	320,333,476	364,213,502	405,233,047	450,872,419	501,651,925	558,150,473	621,012,170	690,953,666	768,772,323
Exchange Rate NGN/US\$ (end-Period)	Naira/USD			253	306	307	326	379	1,300	1,200	1,100	1,000	1,000	1,000	1,000	1,000	1,000	1,000

3. Information on Revenues, Expenditure, and Financing Needs and Sources (See Note 3 in Guidance for Completing Data Request for State DSA)

Revenue	Naira	Million	83,880.40	100,101.20	147,145.52	223,754.07	193,600.87	647,291	359,846	408,899	479,471	546,732	603,676	694,825	793,087	921,113	1,071,513
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	Naira	Million	42,811.60	35,242.00	36,837.37	39,469.92	33,285.10	41,834	157,312	160,807	188,145	220,129	257,551	301,335	352,562	412,497	482,622
1.a. of which Net Statutory Allocation ('net' means of deductions)	Naira	Million	31,894.60	25,766.80	25,456.60	18,230.08	10,660.80	40,106	136,288	139,720	166,994	198,915	236,274	279,994	331,157	391,028	461,088
1.b. of which Deductions	Naira	Million	10,917.00	9,475.20	11,380.80	21,239.85	22,624.30	1,729	21,024	21,087	21,150	21,214	21,277	21,341	21,405	21,470	21,534
2. Derivation (if applicable to the State)	Naira	Million	9,307.10	8,737.80	9,984.57	17,906.80	9,155.80	11,969	25,964	26,761	31,310	36,632	42,860	50,146	58,671	68,645	80,315
3. Other FAAC transfers (exchange rate gain, augmentation, others)	Naira	Million	2,201.20	6,299.50	3,643.64	5,631.27	20,465.10	42,027	43,383	44,782	46,227	47,718	47,956	48,196	48,437	48,679	48,922
4. VAT Allocation	Naira	Million	13,036.10	15,549.90	21,643.64	26,631.25	35,465.90	40,185	48,481	55,780	71,726	83,919	98,185	114,877	134,406	157,255	183,988
5. IGR	Naira	Million	14,385.90	18,804.50	26,831.93	16,711.35	18,227.10	104,987	45,218	59,786	67,091	75,288	88,254	116,688	142,569	169,974	187,342
6. Capital Receipts	Naira	Million	2,138.50	15,467.60	48,204.37	117,403.48	77,001.90	406,289	39,487	60,983	74,973	83,046	68,869	63,583	56,442	64,063	88,324
6.a. Grants	Naira	Million	0.00	1,000.00	4,638.26	5,808.70	0.00	79,888	0	0	0	0	0	0	0	0	0
6.b. Sales of Government Assets and Privatization Proceeds	Naira	Million	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0
6.c. Other Non-Debt Creating Capital Receipts	Naira	Million	0.00	5,584.90	0.00	31,594.78	35,001.90	0	0	0	0	0	0	0	0	0	0
6.d. Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc.)	Naira	Million	2,138.50	8,882.70	43,566.11	80,000.00	42,000.00	326,401	39,487	60,983	74,973	83,046	68,869	63,583	56,442	64,063	88,324
6.d.1. of which Borrowings from Domestic bonds	Naira	Million	0.00	0.00	0.00	0.00	0.00										
6.d.2. of which Borrowings from Commercial bank loans	Naira	Million	0.00	0.00	43,566.11	80,000.00	42,000.00										
6.d.3. of which Borrowings from External loans	Naira	Million	2,138.50	8,882.70	0.00	0.00	0.00										
Expenditure	Naira	Million	88,812.00	88,027.30	134,144.27	222,309.00	195,832.33	676,392	359,846	408,899	478,971	547,232	603,676	694,825	793,087	921,113	1,071,513
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	Naira	Million	16,452.70	21,166.80	36,438.79	38,963.92	34,745.80	61,182	63,529	66,761	79,064	91,796	106,319	123,303	143,168	166,402	197,578
2. Overhead costs	Naira	Million	16,384.10	10,371.90	19,727.60	22,888.16	32,043.10	37,131	38,117	40,056	47,438	55,078	63,791	73,982	85,901	99,841	119,147
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	Naira	Million	10,427.70	14,218.20	9,489.31	15,957.45	19,144.60	10,917	71,002	81,764	94,802	103,458	107,299	117,119	120,472	113,036	111,291
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted from FAAC Allocation)	Naira	Million	1,222.70	6,371.00	2,032.14	523.82	1.80										
3.b. of which Interest deducted from FAAC Allocation	Naira	Million	9,205.00	7,847.20	7,457.17	15,433.63	19,142.80										
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)	Naira	Million	14,290.60	11,597.80	14,431.80	23,993.45	11,768.70	17,631	18,087	23,915	26,836	30,115	35,302	46,675	57,028	68,990	89,937
5. Capital Expenditure	Naira	Million	28,669.00	28,565.40	39,982.43	86,380.13	75,627.40	474,562	152,470	160,226	189,754	220,311	240,165	267,928	315,602	402,564	480,988
6. Amortization (principal) payments	Naira	Million	2,587.90	2,107.20	14,074.34	34,125.90	22,502.80	74,969	16,640	36,179	41,077	46,475	50,800	65,818	70,916	70,280	72,572
6.a. of which Amortization of Domestic bonds	Naira	Million	0.00	0.00	0.00	0.00	0.00										
6.b. of which Amortization of Commercial bank loans	Naira	Million	2,119.00	1,574.50	13,384.40	33,328.18	20,608.70										
6.c. of which Amortization of External loans	Naira	Million	468.90	532.70	689.93	797.76	1,894.10										



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Budget Balance (' + ' means surplus, ' - ' means deficit)	Naira	Million	-4,931.60	12,073.90	13,001.20	1,445.07	-2,231.47	-29,101	0	0	500	-500	0	0	0	0	0
Opening Cash and Bank Balance	Naira	Million	11,743.50	6,811.90	18,885.80	31,887.06	33,332.10	31,101	2,000	2,000	2,000	2,500	2,000	2,000	2,000	2,000	2,000
Closing Cash and Bank Balance	Naira	Million	6,811.90	18,885.80	31,887.06	33,332.09	31,100.60	2,000	2,000	2,000	2,500	2,000	2,000	2,000	2,000	2,000	2,000

Calculation of Financing Needs and Sources

Financing Needs	Naira	Million						326,401.18	39,487.15	60,983.36	74,973.43	83,045.58	68,869.10	63,582.69	56,441.77	64,062.78	88,323.72
i. Primary balance	Naira	Million	Sign +/- means source/use of funds					-269,615.78	48,154.88	56,958.96	61,405.05	66,386.81	89,230.05	119,354.15	134,947.02	119,253.88	95,539.05
ii. Debt service	Naira	Million						85,886.00	87,642.03	117,942.33	135,878.48	149,932.39	158,099.15	182,936.83	191,388.79	183,316.66	183,862.78
Amortizations	Naira	Million						74,969.41	16,639.68	36,178.81	41,076.87	46,474.61	50,800.35	65,817.63	70,916.46	70,280.23	72,572.03
Interests	Naira	Million						10,916.60	71,002.35	81,763.51	94,801.61	103,457.78	107,298.81	117,119.20	120,472.32	113,036.43	111,290.75
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)	Naira	Million						-29,100.60	0.00	0.00	500.00	-500.00	0.00	0.00	0.00	0.00	0.00
Financing Sources	Naira	Million						326,401.18	39,487.15	60,983.36	74,973.43	83,045.58	68,869.10	63,582.69	56,441.77	64,062.78	88,323.72
i. Financing Sources Other than Borrowing	Naira	Million						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ii. Gross Borrowings	Naira	Million	Gross Borrowing = Primary Deficit + Debt Service + Financing Needs Other than Amortizations - Financing Sources Other than Borrowing					326,401.18	39,487.15	60,983.36	74,973.43	83,045.58	68,869.10	63,582.69	56,441.77	64,062.78	88,323.72
CONTROL: Financing Needs and Sources Must be Identical (i.e., no financing gap)								OK	OK	OK	OK	OK	OK	OK	OK	OK	OK



IMO STATE DSA TECHNICAL TEAM

1. OLUJIMI OLUGBENGA AMOS, *CNA* DEBT MANAGEMENT OFFICE
2. AJUZIOGU EJIKE, *cpa* DEBT MANAGEMENT OFFICE
3. CHUKWU CALLISTUS, *ACA* FOCAL PERSON, SABER
4. OBINNA OJIAKA MIN. OF PLANNING, RESEARCH, STATISTICS
5. BLESSING OPARA OFFICE OF THE ACCOUNTANT GENERAL

TECHNICAL ADVISERS

- ❖ DEBT MANAGEMENT OFFICE, Abuja
- ❖ WORLD BANK GROUP