GOVERNMENT OF IMO STATE, NIGERIA

2020

REPORT OF IMO STATE DEBT SUSTAINABILITY ANALYSIS (S-DSA)

MINISTRY OF FINANCE

DEBT MANAGEMENT DEPARTMENT

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FOREWORD

This report on Imo State Debt Sustainability Analysis (S-DSA) is the First Edition ever in the history of the State and fortunately coming under the leadership of ***His Excellency, Distinguished Senator Hope Uzodimma*** the Governor of Imo State.

This S-DSA exercise was conducted by the Imo State S-DSA Team, comprising all relevant stakeholder institutions headed by the Debt Management Department of Ministry of Finance under the leader of the Commissioner for Finance. The other institutions involved were the Ministry of Budget, Economic Planning and Statistics; Bureau for Public Procurement and Price Intelligence (Due Process) and Office of the Accountant General of the State; with technical supports from the Debt Management Office (DMO), Abuja and the World Bank Group. The analysis provides a comprehensive framework for the analysis of the State debt issues, including new financing within the context of long term macroeconomic projections. In addition, the analysis incorporates risk assessment of existing debt portfolio and state debt sustainability scenarios.

Imo State remains at low risk of debt distress in spite of the impact of the global financial crises on the economy and COVID-19. All the State Debt Sustainability Indicators are projected to remain well below the World Bank/IMF debt thresholds on the baseline, resulting from Nigeria/State's mostly concessional and low level external debt, as well as, good economic management in recent times.

The Debt Management Strategy is anchored on prudent access to concessionary financing needed to fund growth and development within a sustainable debt profile, while improving grant inflows and facilitating private sector participation in the funding of critical infrastructures, in particular, and the real sector in general. Also, the objective of the Domestic Debt Management Strategy is to further broaden and deepen the domestic bond market through: the introduction of a variety of government securities; the use of appropriate technology to aid effective and efficient issuance and trading; the improvement of regulatory framework; and the facilitation of the issuance of corporate bonds by the private sector for the development of the real sector of the economy.

Obviously, the implementation and adherence to stringent fiscal and economic policies as highlighted in this report in Internally Generated Revenue drive, Expenditure checks and prudent borrowing limit plans by the Administration of ***His Excellency, Distinguished Senator Hope Uzodimma***, are but the only way to guide the State to sustainable debt position both in the medium and long terms.
Finally, the usefulness of this report to various users, in the public and private sectors, cannot be over-emphasized; as it equally gives opportunity for transparency on the part of the State Government in its economic and fiscal activities.

On behalf of my team, I applaud His Excellency, the Governor for giving his full support in all ramifications for the production of this report, in line with the requirements of States Fiscal Transparency Accountability and Sustainability (SFTAS), in pushing the limits, expecting the best, and bringing the best out of us in the process.

Chuck O. N. Chuckuemeka *MBA, CPA, FCA, CGMA*
Commissioner for Finance

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CHAPTER ONE

INTRODUCTION

Imo State, being one of the 36 States in Nigeria is located in the South-East region of the country and with a population of 4.7 million people; and like every other state in the country, is today confronted with the reality of sustaining and servicing its debt portfolio which has over the years grown owing to the huge need for infrastructural and human capacity developments. The essentiality of this Debt Sustainability Analysis (DSA) is therefore aimed at evaluating critical developments in the State's Fiscal activities from 2015 –2019, with a view to ascertaining its capacity to discharge its debts obligations as they fall due (liquidity) in the long-term (2020-2029); while attempt is made to guide against over borrowing (solvency).

1.1 Background

This DSA thus highlights and analyzes trends and patterns in the State's public finances during the period 2015-2019; equally evaluates the debt sustainability in the long-term of 2020-2029, and then the related policies adopted by the State. A debt sustainability assessment is conducted, including scenario and sensitivity analysis using the latest tool kits developed by the Debt Management Office, Nigeria in collaboration with the World Bank, which was released in November, 2020. Data used in the analysis was derived from the Financial Statements published by the Office of the Accountant General, the State 2020 and 2021 Appropriation Acts, MTEF (2021-2023), Revenue reports from Imo State Internal Revenue Service, Ministry of Budget and Economic Planning, Reports of the Debt Management Department, Ministry of Finance and projections from Debt Management Office from 2022 to 2029.

The State's Total Public Debt which appears sustainable in the long run was N83.369 billion in 2015, rose to N186.147 billion at the end of 2019 with its peak of N235.827 billion in 2021, and gradually expected to descend to N144.332 billion by December 2029. Relative to the State's repayment capacity, the Total Public Debt position against Revenue will continuously improve as it is expected to appreciate from its 227.72% in 2019 to 47.23% by 2029. This solid debt position is achievable given the State's strong performance in terms of mobilizing IGR sources, blocking all revenues leakages, high 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; the diversification of the economy; and its control of recurrent expenditures growth; its 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*.

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 and Federal transfers to extrapolate for the solvency of the State in the long run. In the same vein, personnel emolument, overhead cost and other expenditure components were considered also in reaching the following conclusions. Total Revenue received within this period (2015 – 2019) was N474.019 billion while Total Expenditure incurred was N492.845 billion leaving a deficit balance of N18.826 billion. The peak of the Expenditure was 2015 when Debt Service was N64.858 billion, that is about 48%, of the Total Expenditure of N136.020 billion.

1.3 Overall Results

The Internally Generated Revenue (IGR) and Total Revenue as a whole show signs of improvements from 2016, and especially in 2019 onward. This is expected given that Treasury Single Account (TSA) is being operated since last year, while aggregate expenditure of the State is being tamed: in view of payroll control procedures that are being put in place, biometric capturing and use of BVN for salary payment which may likely reduce the State wage bill further. The outcome will definitely rub off on the capability of the State to manage it debt obligations; and consequently giving the State positive economic forecasts supported by realizable and reasonable revenue and expenditure assumptions and projections, the State Public Debts sustainability probability is high in the long run.

CHAPTER TWO

IMO STATE FISCAL AND DEBT FRAMEWORK

2.1 Fiscal Reforms in the Last 3 to 5 years

The growth in the Internally Generated Revenue (IGR) and expenditure efficiency in the State could be traced to a number of factors.

i. **The Procurement Act:** The full implementation of Public Procurement Act in the State is a major boost in its fiscal administration. The State procures its goods and services through competitive processes. Thus, the practice of using government contracts as conduit pipes for defrauding the government and increasing aggregate expenditure has been significantly reduced. This enables the State to save reasonable amount of its resources by purchasing the right goods and services at the right price.

ii. **The Cash Management Strategy:** A number of Cash Management Strategies are being executed to ensure effective and efficient budget delivery; of which the Treasury Single Accounts (TSA) and Imo State Cash management Strategy have improved revenue and expenditure management in the State. The TSA brought about the consolidation of all State accounts into one, thereby helping to block revenue leakages and giving real time access to accounts balances. More so, revenue and expenditure profiling contained in the State Cash management Strategy has helped the State to discharge its fiscal responsibilities efficiently. Interestingly, the above public finance management policies have direct impact on fiscal efficiency in the State.

2.2 2021-2023 Medium-Term Expenditure Framework (MTEF), 2020 Appropriation Act (Budget)

i. **2021-2023 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 allocate resources to strategic priorities. The key elements of the MTEF are the Macroeconomic Framework (MEF), Fiscal Strategy Paper (FSP), Budget Policy Statement (BPS) and Consolidated Debt Statement (CDS).

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, the State GDP and of course the recovery plans after the COVID-19 experience.
2. The FSP considers the overall policy of government along the State Development 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 budgets accords with the government short term intentions going forward. To achieve its vision the current administration will focus on four areas namely Economic Development, Social Welfare, Security and justice, and Governance. Consequently, financial resources will be strictly dedicated to meet the objectives outlined in the State Development 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.

ii. 2020 Appropriation Act (Budget): The 2020 Budget signed into law in December 2019 and the 2020 Revised Budget are based on the following macro-economic assumptions in table below as postulated by the State Ministry of Budget, Economic Planning and Statistics.

Table 2.1: Macro-Economic Assumptions for Initial and Revised 2020 Imo State Budgets and 2021-2023 MTEF Assumptions

S/N	Indicators	Initial 2020 Budget	Revised 2020 Budget	2021-2023 MTEF
1	Oil Price (US$/b)	57	20	57
2	Oil Production (mbpd)	2.5	1.7	2.11
3	NGN-USD Exchange Rate	N305	N360	N360
4	Inflation	10.8%	14.13%	11.3%
5	GDP Growth	2.93%	-4.42%	3.84%
6	State Nominal GDP (N'bn)	5,588.870	5,858.181	7,144.875

The Revised Imo State 2020 Budget assumes reduction in Crude Oil barrel sale price from $57 to $20 in line with the Federal Government (FGN) Medium-Term Expenditure Framework (MTEF) as approved by the National Assembly. Similarly, Crude Oil Production cuts from 2.5 MBPD to 1.7 MBPD are taken into account as per OPEC production cuts. An exchange rate of N360 to the USD$1.00 is used for the revised 2020 Budget compared to N305 to the USD in the Budget passed in December of 2019.

The above adjustment is in accordance with decision taken by the Central Bank of Nigeria CBN on monetary policy in consideration to COVID-19 Pandemic global economic impact. Thus the Annual Inflation is assumed to be at 14.13% compared to 10.81% in the approved 2020 Budget. A decline in the National Economy of -4.42% is assumed compared to the estimate of 2.93% growth in the initial approved 2020 Budget.

Notably in the current year, the State relied heavily on Recurrent Revenue for the financing of 2020 Budget as it contributed over N90.944 billion, which is 83.91%, out of the Total Revenue of N108.385 billion. IGR occupied a large space of the Recurrent Revenue which could be attributed to the implementation of Treasury single Account (TSA) in the State. The table below shows the revenue sources as applicable to the 2020 Revised Budget.

Table 2.2: The Revenue Components and Sources (2020 Revised Budget)

S/N	DESRICPTION	AMOUNT IN NAIRA	%
A	**RECURRENT REVENUE:**	**90,944,836,129**	**83.91**
1	IGR	31,648,198,925	
2	Gross Statutory (FAAC)	33,288,448,381	
3	VAT	18,428,598,226	
4	13% Derivation	5,360,590,597	
5	Other FAAC Transfers	2,219,000,000	
B	**CAPITAL RECEIPTS:**	**17,441,000,000**	**16.09**
1	Internal Loans	13,300,000,000	
2	Development Partners	4,141,000,000	
C	**TOTAL:**	**108,385,836,129**	**100**

There was low appetite for Foreign Loan Financing which could reflect the general downturn in economic activities around the globe. No thanks to COVID-19, the Recurrent Expenditure surged up 58.51% in the Revised Budget to accommodate the fight against COVID-19 and consequently depleted the figure for Capital Expenditure to 41.49% as against the previous figure of 53.8%.

Table 2.3: The Expenditure Components (2020 Revised Budget)

S/N	DESRICPTION	AMOUNT IN NAIRA	%
A	**RECURRENT EXP:**	**63,419,736,259**	**58.51**
1	Personnel Cost (Including Pension & Gratuity)	14,906,052,985	
2	Overhead Cost	24,084,285,489	
3	Other Recurrent Exp. (Including Debt Service)	7,528,198,348	
4	Subventions	16,901,199,437	
B	**CAPITAL EXP:**	**44,966,099,870**	**41.49**
C	**TOTAL:**	**108,385,836,129**	**100**

Looking forward, the 2021 Budget policies favour continuous aggressive revenue drive both internally and externally. Also, with the gradual ease of COVID-19 Pandemic, the State hopes to access funds from Grants and Loans to finance its Budget. This is particularly noticeable in the huge some of N171.543 billion coming in as Grants for specific projects comprising the N74 billion by World Bank for Internal Railway Project to enhance economic activities in the State and the N97.5 billion by European Economic Development Council for FIFA World Class Stadium City Project. Massive Roads works on Owerri-Orlu Road, Owerri-Okigwe Road and Owerri-Portharcourt Road are the other Capital projects to be undertaken in the 2021 Budget year.

This obviously explains the sharp difference in the Capital Expenditure figure of 2020 Budget which stood at N44.966 billion as against the quick upward 2021 Budget provision of N271.525 billion. On the other hand, there is going to be a continuous general control of the recurrent expenditure owing to the centralization of payments and use of Bank Verification Number (BVN) for salary payments. Obviously, the budget performance for 2021 as it affects expenditure will be strongly positive in view of efficient fiscal policies in place in the State.

Very importantly too, more Grants are expected from Development Partners based on the understanding the State Government currently has with them for the year 2022 and 2023. For instance, the sum of N70 billion and N50 billion are strongly anticipated in 2022 and 2023 respectively for very viable and germane projects but provisions are only made for halves of those monies in the respective years just to guide against unforeseen circumstances and more so as several economies generally are still battling with the strong effect of the world wide pandemic of COVID-19. This thus explains the inclusion of N35 billion and N25 billion as Grants in our 2022 and 2023 projections respectively.

CHAPTER THREE

THE STATE REVENUE, EXPENDITURE AND PUBLIC DEBT TRENDS (2015 – 2019)

3.1 Revenue and Expenditure Performance, and Fiscal Outturns, 2015-2019

The State's trend performances under the different categories of Revenue, Expenditure and Public Debt from 2015 to the year 2019 are critically examined here.

i. **Aggregate Total Revenue trend in the last five years and its composition in 2019:** The State's aggregate revenue, which is a composition of FAAC, IGR and Grants, grew steadily reasonable within the period under review from N67.766 billion in 2015 to N81.742 billion in 2019 at an average growth rate of about 21%, this owing majorly to the Gross FAAC transfer.

ii. **FAAC Allocations trend in the last five years:** Transfers from FAAC moved up higher year by year. In 2015, total FAAC collected was N40.968 billion. This amount increased steadily up to about N67.356 billion in 2019 though with a peak of N77.339 billion in 2018. The drop in 2019 was due to decline of crude oil prices at the International market.

iii. **Internally Generated Revenue (IGR) trend in the last five years:** The IGR of the State staggered within the period. In 2015, it was N26.798 billion and was on a down-turn until its rose again in 2019 to N14.386 billion from N8.267 billion in 2018. The sharp increase was due to the introduction of Treasury Single Accounts, further blockage of revenue leakages, aggressive revenue drives and economy impacting policies.

iv. **Aggregate Expenditure trend in the last five years and its composition in 2019:** Apart from the year 2015 when the aggregate expenditure was quite high at N136.020 billion, other years were low. The figure in 2015 was attributed mainly to the Debt Service of N64.858 billion and Capital expenditure of N42.128 billion. The government of the day then, of course, embarked on massive job creation, roads construction, and urbanization policies with the large borrowing of the period.

v. **Main Expenditure Variations 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 amount under the analysed period. But most to have shown variation is the Debt Service which was N64.858 billion in 2015 but drastically dropped to N2.588 billion in 2019.

vi. **Overall and primary balance trend in the last five years:** The Overall balance has been increasing during this review period, from a -2% of SGDP in 2015 to 0% of SGDP in 2019, as the growth came owing to the rise in FAAC Revenues to the State. The Primary fiscal balance equally followed in the same direction as with the Overall balance. Meanwhile, Revenue and Expenditure as percentages of State GDP declined within this same period of 2015 to 2019 from 2% to 1% and 4% to 2% respectively due to the adjustment of expenditures and the upturn of FAAC revenues.

3.2 Imo State Public Debt Portfolio, 2015-2019

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

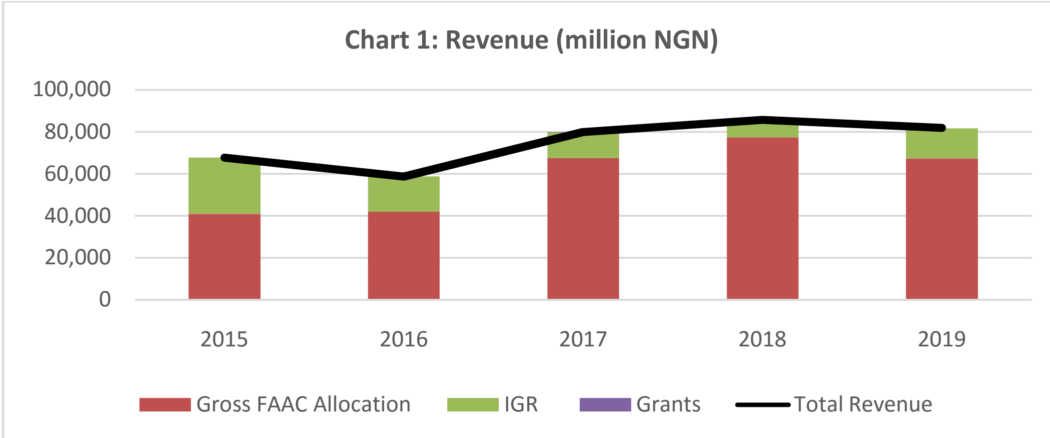
i. **Public Debt Stock amount or its shares on Total Revenue at end-2019 and its growth in the last five years:** The State public debt stood at N83.370 billion as at 2015 and rose to N186.147 billion at the close of 2019. The percentage of Debt-to-Revenue was 123% in 2015 and climaxed to 228% by 2019. Excess Crude Account backed loan in 2016, Budget Support facility in 2018, and an addition of Contractors Arrears and CBN (MSMED) in 2019 explain the significant surge of the Public Debt Stock at the end of 2019.

ii. **The existing Public Debt Portfolio composition at end-2019:** The Debt Portfolio of the State principally consists of external/foreign and internal/domestic loans. The external is made up of loans from IFAD, IDA, EDF and AfDF; and the domestic loans comprise of Budget Support, Salary

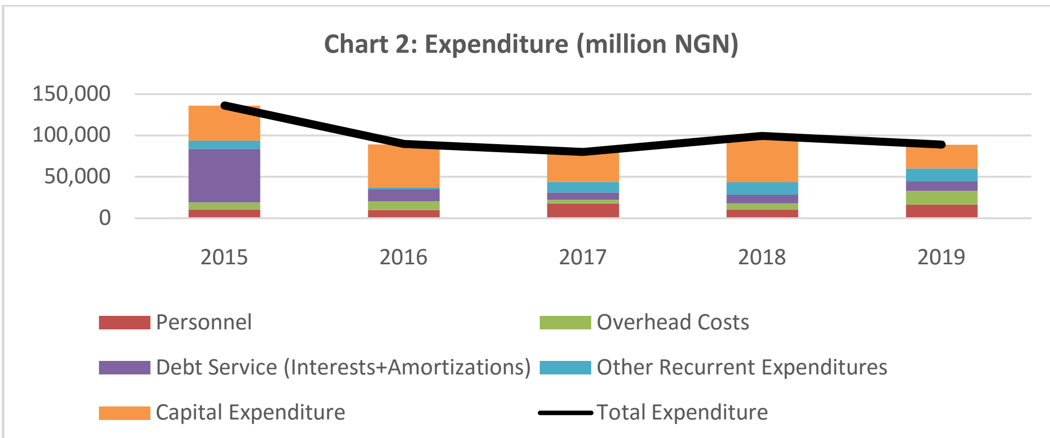
Bailout, Restructured Commercial Bank (FGN bond), Excess Crude Account loan, CBN (MSMED) loan, Contractors' Arrears and Pension and Gratuity Arrears. As at 2019, external debts amount to N21.115 billion, while domestic accrued to N165.032 billion of the debt stock.

Note: The sudden rise of domestic debts from its figure of N98.782 billion in 2018 to N165.032 billion at the end of 2019 is however of great concern to this present Administration on taking over office in January 2020, and cognizance effort is in top gear for stringent verification of those claims. Worrisome and worthy of special note are Contractors and Pension and Gratuity Arrears that were N7.21 billion and N3.416 billion in 2018, only to land at N58.334 billion and N19.889 billion, representing increases of 709% and 482% respectively at the end of 2019; just a year interval. This verification process is on-going and it is expected that the present domestic debts figure would be amended once the authentic figures are arrived at.

iii. **Cost and risks exposure of the existing public debt portfolio at end-2019:** The debt portfolio has an average inherent interest rate of 11% in 2019 and the interest payments represented 10% of total expenditure. 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 11% of the total stock. Most internal loans and all external loans are fixed-rate obligations, thus not affected by changes in interest rates. As these loans have maturities running from 10 to 40 years and include financing from the Federal Government and multilateral organizations, rollover risk associated with potential deterioration of domestic financial conditions is negligible.



Source: State's Financial Statements



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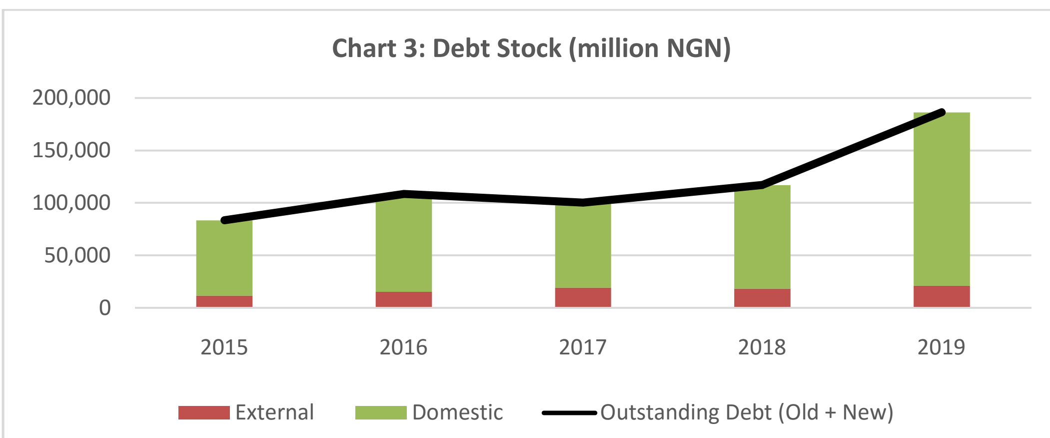

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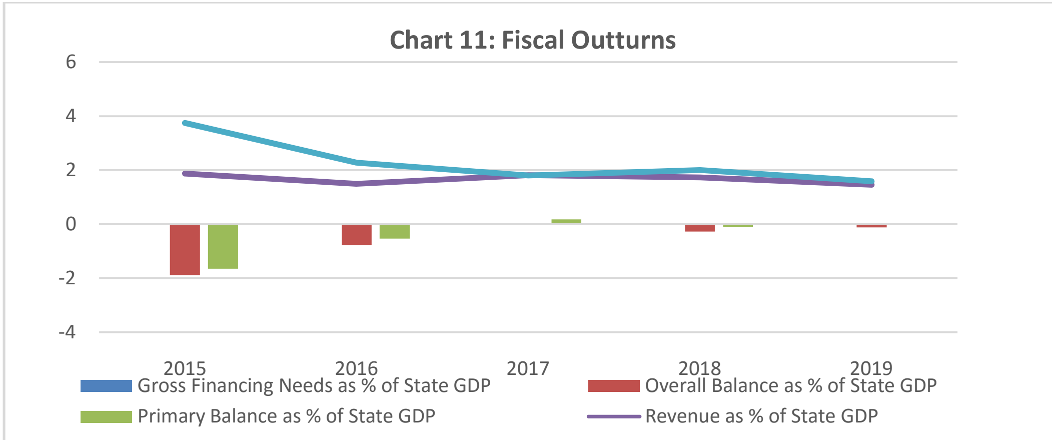


Source: State's Financial Statements

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, refers to the ability of the government to honour its future financial obligations. Since policies and institutions governing spending and taxation largely determine such obligations, debt sustainability ultimately refers to the ability of the government to maintain sound fiscal policies over time without having to introduce major budgetary or debt adjustments in the future. On the contrary, fiscal policies are deemed unsustainable when they lead to excessive accumulation of public debt, which could eventually cause the government to take action to address the unwanted consequences of a heavy debt burden.

Accordingly, to assess the State's Debt Sustainability, the following debt burden indicators computed thus comprise: solvency threshold 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 threshold 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 measured 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.

Table 4.1: Debt Burden Indicators (2015-2029)

Indicators	2015	2016	2017	2018	2019	2020	2021
Debt/SGDP - 25%	2.30	2.77	2.26	2.36	3.33	3.31	3.66
Debt/Revenue - 200%	123.02	184.71	125.22	136.70	227.72	213.32	76.66
Debt Service/Revenue - 40%	51.79	42.46	22.08	39.72	17.44	20.31	6.42
Personnel Cost/Rev. - 60%	15.05	16.71	21.75	11.95	20.13	16.39	6.38
Debt Service/FAAC Allocation	85.67	59.37	26.12	43.97	21.16	31.15	32.51
Interest Payment/Revenue	5.28	14.11	9.10	10.02	11.28	10.56	3.54
External Debt Service/Rev.	0.25	0.43	0.34	0.33	0.83	0.06	0.03

Indicators	2022	2023	2024	2025	2026	2027	2028	2029
Debt/SGDP - 25%	3.11	2.62	2.46	2.23	1.95	1.69	1.44	1.21
Debt/Revenue - 200%	104.87	95.73	100.66	90.22	78.49	67.14	56.84	47.23
Debt Service/Revenue - 40%	13.51	13.20	13.37	12.74	12.10	9.41	8.47	7.95
Personnel Cost/Rev. - 60%	9.65	9.81	10.68	12.10	11.65	11.22	10.81	12.42
Debt Service/FAAC Allocation	30.06	27.64	24.75	23.56	22.35	17.36	15.60	14.61
Interest Payment/Revenue	6.76	6.26	5.90	5.36	4.76	3.89	3.26	2.67
External Debt Service/Rev.	0.21	0.21	0.23	0.41	0.41	0.44	0.49	0.48

Note: Debt Service/Revenue of 40% is currently being debated between the DMO and the Commissioners' Forum as the Forum sees the downward review to 20% as too much restriction on the states capacity to borrow. The final position is expected soon.

4.1 Medium-Term Budget Forecast

The real GDP growth of Nigeria economy is projected to rise to 2.93% in 2020 and a further 3.86% in 2023 largely depending on the implementation of the Economic Recovery and Growth Plan (2017 – 2020) of the Federal Government that is predicted on economic diversification. More so, the Central Bank of Nigeria's decree that banks hold loan-deposit ratios of 60% is equally expected to increase lending to the real sector. Also, the retrenchment of government borrowing and easing of the risks of lending to small business is expected to further lower interest rates and unlock bank lending to the private sector. Among other things to shore up revenue is the increase in the Value Added Tax from 5% to 7.5%. Oil export is besides expected to improve while driving up foreign exchange reserves.

Drawing positively from this, the State's Medium-Term Debt sustainability is predicated upon a gradual recovery of the Nigerian economy that will increase FAAC statutory allocation. As the Nigerian economy is expected to gradually recover in the period 2021-2023, with real GDP expanding at an average annual rate of 3.84% and domestic inflation decreasing below 12%, and with such a moderate recovery that will be supported by higher oil prices in global markets, an increase in domestic production, economy diversification, prudent fiscal policy, and the stabilization of the exchange rate relevant for international public-sector financial transactions at its current level; oil and gas revenue, as well as shared resources such as custom duties and VAT, would then rub off on the State's revenue from the Federal Government relative to the depressed levels observed in 2020.

The table below presents the State's Macro-Economic projections for the 2021-2023 Medium-Term Expenditure Framework on a yearly basis.

Table 4.2: Macro-Economic Assumptions for 2021-2023 MTEF

S/N	Indicators	2021	2022	2023
1	Oil Price (US$/b)	57	40	40
2	Oil Production (mbpd)	1.86	2.09	2.38
3	NGN-USD Exchange Rate (N)	360	379	379
4	Inflation (%)	11.95	10.94	11.02
5	GDP Growth (%)	3	4.68	3.86
6	State Nominal GDP (N'bn)	6,437.889	7,117.395	7,879.341

The State's Debt sustainability analysis is predicated on the continuation of recent efforts to mobilize local revenue sources by blocking all revenues leakages, ensuring high 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; the diversification of the economy; and its control of recurrent expenditure growth, with an unchanged policies concerning personnel and other operating expenses; its 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. The various reforms presently adopted by the State Government to strengthen resources provided by IGR are expected to continue in the next years leading 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 4.3: Medium-Term Budget Forecast for 2021-2023

S/N	Description	2021 (N,million)	2022 (N,million)	2023 (N,million)
A	**RECURRENT REVENUE:**	**136,080.56**	**176,283.63**	**190,912.09**
1	IGR	75,290.78	81,314.04	87,819.17
2	Gross Statutory (FAAC)	32,325.87	57,719.00	63,287.00
3	VAT	13,880.68	20,938.00	21,686.00
4	13% Derivation	9,765.51	12,846.00	14,636.00
5	Other FAAC Transfers	4,817.72	3,466.59	3,483.92
B	**CAPITAL RECEIPTS:**	**222,502.23**	**35,000.00**	**25,093.72**
1	Loans	50,682.81	0.00	93.72
2	Development Partners	171,543.12	35,000.00	25,000.00
3	Other Non-Debt	276.30	0.00	0.00
C	**TOTAL REVENUE:**	**358,582.79**	**211,283.63**	**216,005.81**
D	**RECURRENT EXP:**	**87,072.65**	**97,093.05**	**98,314.78**
1	Personnel Cost (Including Pension & Gratuity)	19,630.08	20,391.18	21,188.14
2	Overhead Cost	33,723.64	34,060.88	34,401.49
3	Other Recurrent Exp. (Subventions & CRFC)	13,954.51	14,094.06	14,235.00
4	Debt Service	19,764.42	28,546.93	28,490.15
E	**CAPITAL EXP:**	**271,525.73**	**111,058.69**	**120,274.61**
F	**TOTAL EXPENDITURE:**	**358,598.38**	**208,151.74**	**218,589.39**
G	**BUDGET BALANCE (-/+):**	**-15.59**	**3,131.89**	**-2,583.58**

Note: The 2021 Actual Budget figure is N346.170 billion as against the above figure of N358.598 billion. The difference of N12.428 billion explains the under-provision for Debt Service in the Actual Budget as against the generated figure from the given Template owing to New Borrowing plans and the Interest Rates. Hence, it is pertinent that adequate provision be always made for Debt Service in the subsequent Budgets.

4.2 Borrowing Assumptions (options)

While Imo's Total Public Debt Stock is relatively low vis-à-vis the State's Revenue, there is increasing need for fund to sustain the economic recovery after COVID-19 pandemic and address the huge infrastructural deficits in the State in order to attract investments. While the new total planned borrowing is only N13.3 billion in 2020, it is expected to increase to N50.682 billion in 2021 to accommodate the Budget shortfall and there onwards be on a decline movement till its lowest point of N 275 million in 2027 and thereafter on a zero level till 2029.

The proposed new planned borrowings are expected to be in line with the Debt Management Strategy and Medium-Term Expenditure Framework of the State in conformity with the National, which all aim at restructuring the debt portfolio, in such a way as to achieve an optimal mix of 60:40 (Domestic to External financing) and also reduce Overall Debt Servicing costs for the State. Domestically, loans will be sourced from commercial banks with different maturity periods (1-5 and 6 years longer), as well as State Bonds and other Domestic financing sources as appropriate in order to mitigate interest risk and insolvency. Same applies to External financing whereby loans will be obtained from Multi-lateral agencies such as World Bank, IMF, ADB; Bilateral loans to be sourced from foreign countries such as China, USA, UK etc; and any other External sources for capital projects bearing in mind the caution of Exchange Rate risk.

Since Commercial Bank Loans are the easiest to come by and though at a higher Interest rate, the bulk of the State new borrowings shall be from this source while utilizing the two options of 1-5 years and 6-15 years maturities available therein at Interest Rate of 13% and 8% respectively. Reasonable sum of State Bonds and other domestic financing will also be taken. The External source most convenient of course is from Multi-laterals with 1.5% Interest Rate, maturity of 30 years and grace period of 10 years. Bilaterals with 2% Interest Rate, maturity of 20 years and grace period of 5 years will follow next; and lastly by other External financings which also attract 2% Interest Rate, maturity of 15 years and grace period of 3 year. The Table of

Assumptions of the State DSA Template included in the Annex gives further clarifications in this regard.

Thus, the proposed borrowing plans indicate a fair percentage of the foreign financing relative to domestic financing. This is expected to drastically reduce the overall cost of borrowing and also address the challenge of crowding out the private sector from the domestic debt market.

4.3 Simulation, Results and Findings

In the Baseline Scenario, the State preserves debt sustainability. Total Revenue (including grants and excluding other capital receipts) is projected to increase from N81.742 billion in 2019 to N305.619 billion by 2029. Total Expenditure will expand from N88.812 billion in 2019 to N303.349 billion by 2029, representing fiscal surplus of N2.27 billion in nominal terms, compared to the 2019 deficit of N7.07 billion.

As a result of the modest increase in investment and external borrowings, with shrewd usage, the public debt will decline as well as the State's repayment capacity pari-passu. Debt is projected to decline over time from N186.147 billion as at the end of 2019 to N144.332 billion by 2029, although with a peak of N235.827 billion in 2021. Relative to the State's repayment capacity, the public debt position will improve; it is expected to appreciate from 228% of the Revenue in 2019 to 47% by 2029. Debt-to-SGDP was equally below the threshold of 25% for both historical and projection periods. Debt Service-to-Revenue only had the highest figure of 20.31% in 2020 in the projections, which is far below the threshold of 40% even though historically had 52% and 42% in 2015 and 2016 respectively. Personnel Cost-to-Revenue was also below the threshold of 60%, just the Fiscal Outturns showed improvements in the long term aside the deficits in 2021 of Overall and Primary Balances as percentages of S-GDP. As the fiscal deficit stabilizes in nominal terms over the next few years, and the public debt ratio improves, the analysis of the Baseline Scenario suggests the State will be able to preserve the sustainability of its debt in both the medium and long terms.

4.4 DSA Sensitivity Analysis (Shock Analysis)

The 2020 S-DSA covers five main scenarios, namely: four shock scenarios (Revenue, Expenditure, Exchange Rate and Interest Rate) and one historical scenario; and in terms of their deviations from the baseline scenario. While the Baseline Scenario is premised on the evaluation of some macroeconomic variables, current and projected fiscal data, it is imperative to mention that this faces important sources of fiscal risks associated to the possibility of adverse country-wide macroeconomic 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. Considering both macroeconomic and policy shocks, the external and domestic borrowings therefore cover any revenue shortfall and additional expenditure relative to this Baseline scenario.

ShockRevenue Scenario: From 2021, the impact of a 10% decline of all Revenue sources including Grants was measured, while Expenditures and other macroeconomic factors remain constant. The result obtained under this scenario shows a higher need for Total Gross Borrowing of N81.445 billion in 2021 as against N50.682 billion in the Baseline. The deficit imbalance cuts across all the years of projection though. The State's debt sustainability is positive despite the revenue shock, as the percentages of Debt, Debt Service and Personnel Cost to Revenue were all below their respective thresholds of 200%, 40% and 60% respectively, including the Debt as percentage of GDP. The current revenue drive should thus be sustained and even hyped while expenditure patterns should remain checked.

ShockExpenditure Scenario: With a 10% increase in Personnel, Overhead, Recurrent and Capital Expenditure from 2021 while Revenue sources remain constant, the State's Total Gross Borrowing moved astronomically to N84.566 billion in 2021 as against the Baseline Scenario. Other projected years equally increased as against the Baseline; but the State's debt sustainability is anticipated to appreciate even if the expenditure shock were to occur, as the percentages of Debt, Debt Service and Personnel Cost to Revenue were all below their respective thresholds of 200%, 40%

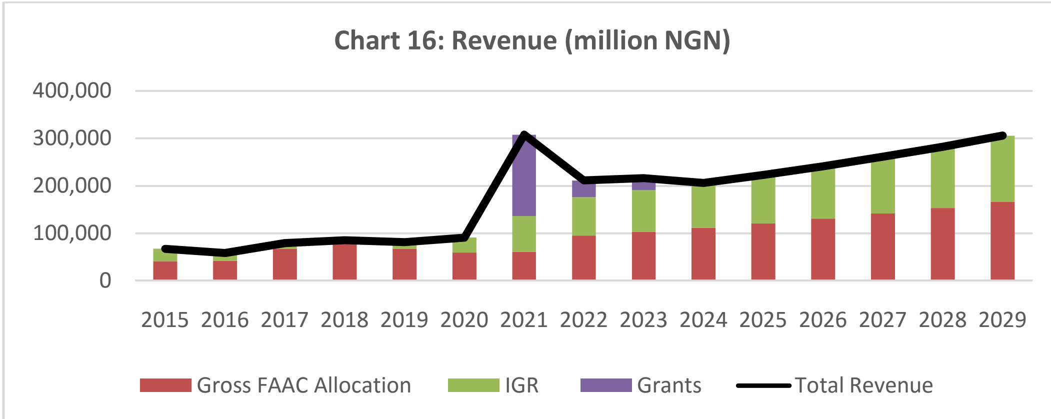
and 60% respectively; except in the year 2020. Debt as percentage of GDP too was below its threshold. Going forward, the current expenditure patterns should further be kept under check so as not to trigger unsustainability in the economy.

ShockExchange Rate Scenario: A 20% increase in Exchange Rate or the devaluation of Naira from the year 2021 had just an iota of impact on the State's Total Gross Borrowing need as it reflected only N50.704 billion as against the Baseline Scenario. This of course is not farfetched as external borrowing is religiously maintained around 40%; and thus, the State's debt sustainability is sustainable in all the four indicators. Notably too, Borrowing Surpluses were recorded in years like 2022, 2023, 2027, 2028 and 2029.

ShockInterest Rate Scenario: The effect of 2% yearly Interest Rate increment on domestic borrowing shows a projected fiscal deficit of N50.948 billion in 2021 as against the Baseline Scenario. Other projected years' deficits are almost as the Baseline figures; and the percentages of Debt, Debt Service and Personnel Cost to Revenue including Debt-to-GDP were all below their respective thresholds; thereby signifying debt sustainability across board.

Historical Scenario: With the use of the historical average growth of the Revenue components (excluding Capital Receipts) and the Expenditure components (excluding Interest Rate and Principal payments), the projected fiscal deficit was N22.318 billion in 2021 with moderate growth until the year 2027 to 2029 where the figures are expected to be outrageous. While the Personnel Cost to Revenue indicator was below threshold throughout, and the Debt Service to Revenue only went above the threshold from 2028; the Debt to Revenue percentage were all above the threshold level indicator with the figure rising to as high as 948% in 2029 which is fairly unsustainable under this scenario. Debt-to-GDP percentages were however all below the threshold of 25% except in 2029 that has 32%.

LIST OF CHARTS



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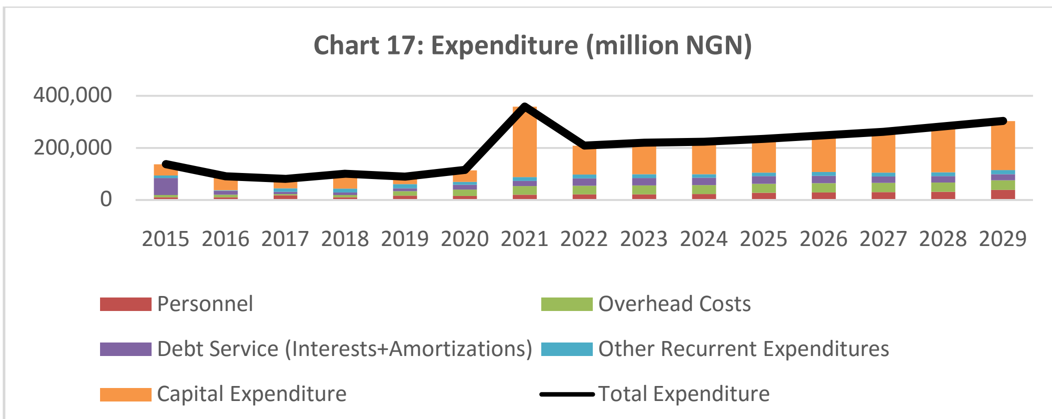

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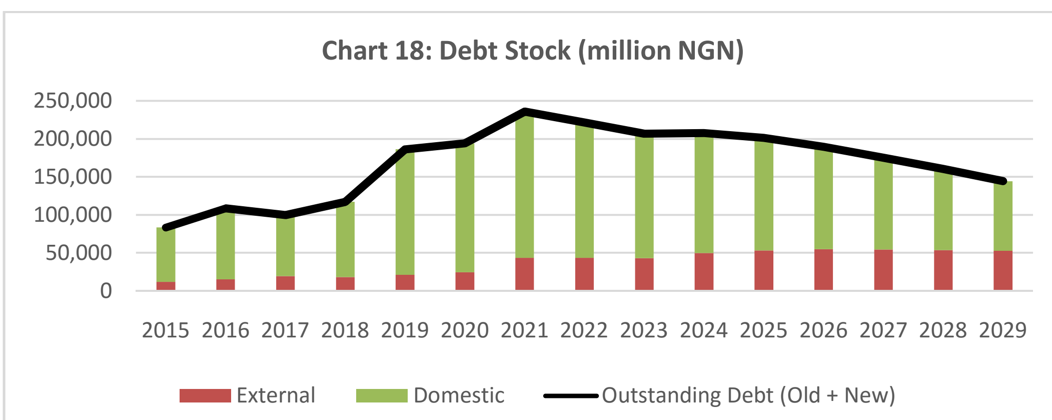

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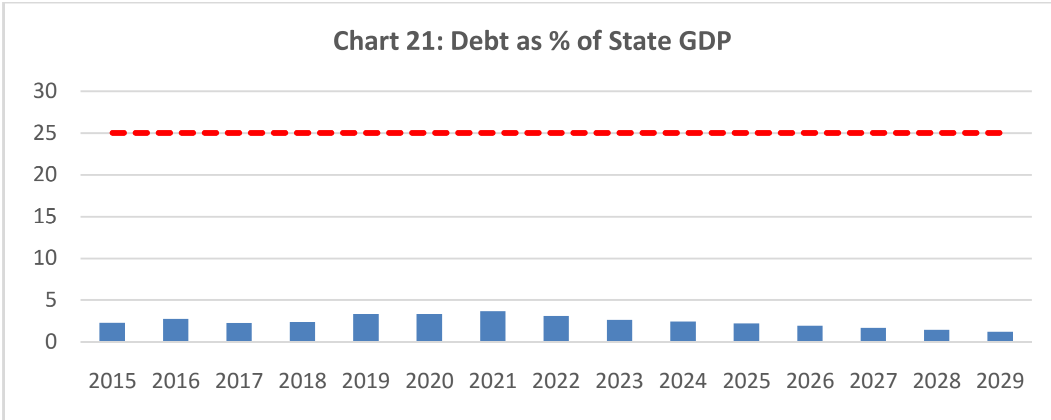

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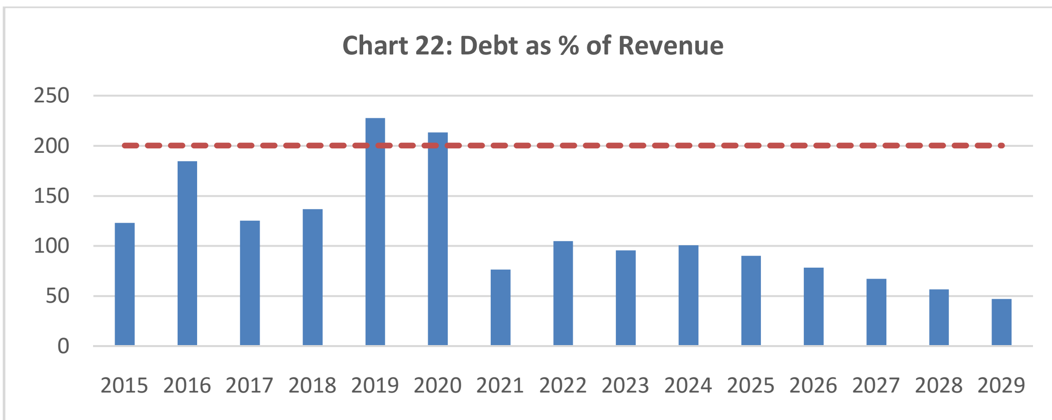

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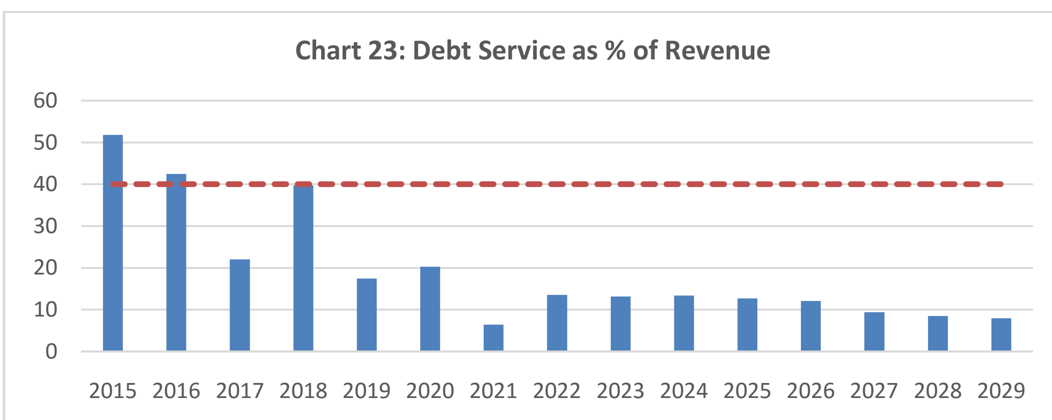

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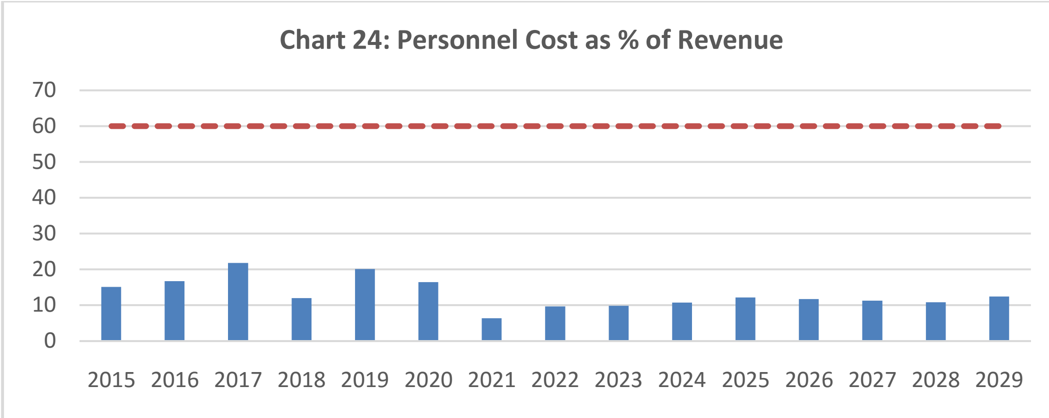

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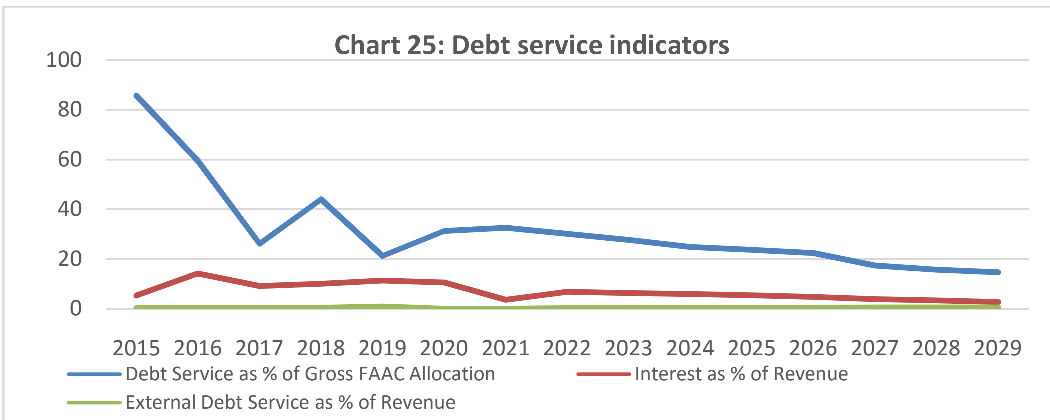

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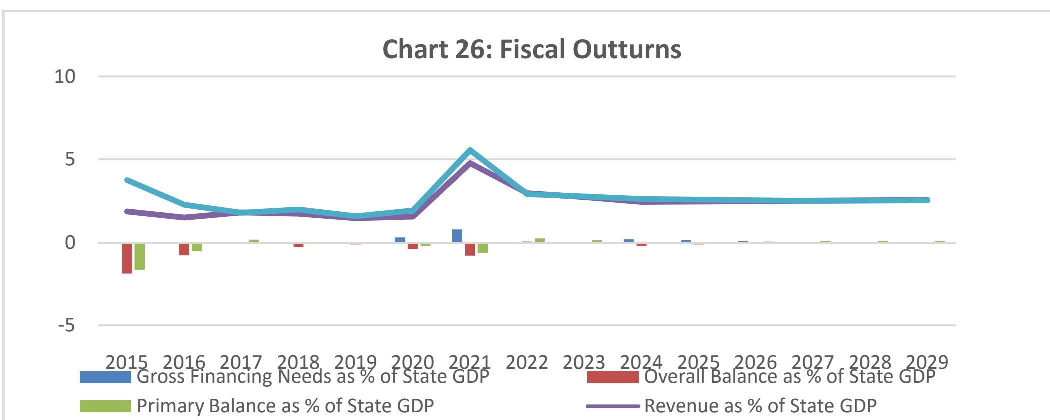

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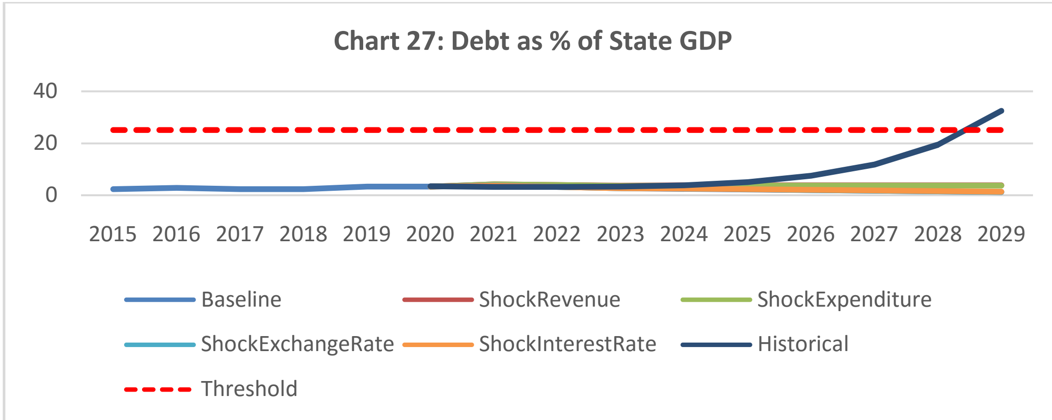

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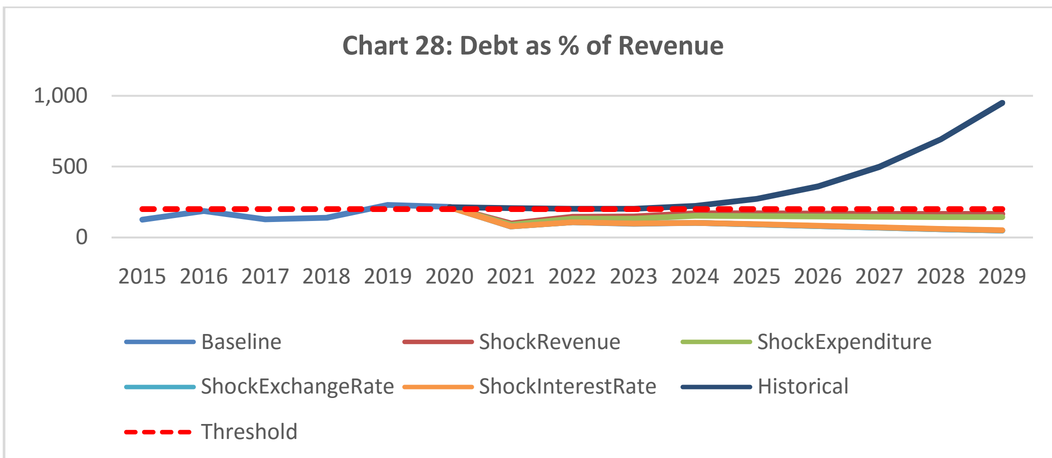

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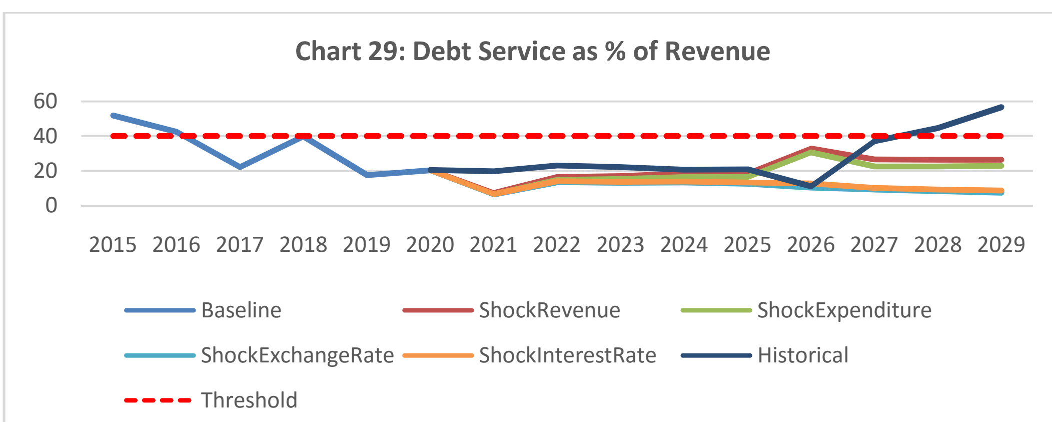

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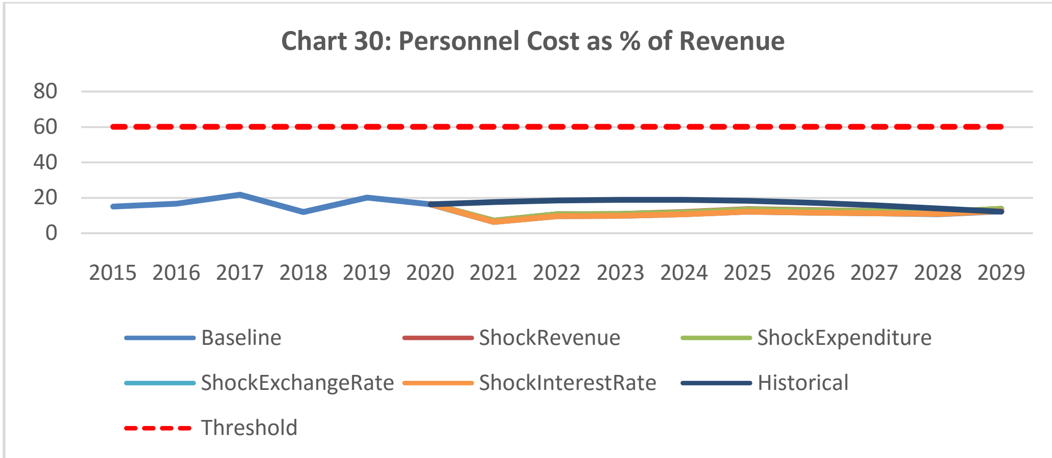

Source: State's Financial Statements

LIST OF ANNEXURES

ANNEXURE 1: Table of Assumptions

Assumptions:		Projection Methodology	Source
Economic activity	State GDP (at current prices)	State GDP projection was provided for by the World Bank Group in conjuction with the DMO, and NBS	WBG and DMO
Revenue	**Revenue**		
	1. Gross Statutory Allocation ('gross' means with no deductions)	2020 to 2021 were the State Budget provisions, while 2022 onward were forecasts from Federation Revenue and Revenue Sharing assumptions of the DMO	State Budgets and NBS
	of which Net Statutory Allocation ('net' means of deductions)	2020 to 2021 were the State Budget provisions, while 2022 onward were forecasts from Federation Revenue and Revenue Sharing assumptions of the DMO	State Budgets and NBS
	of which Deductions	2020 to 2021 were the State Budget provisions, while 2022 onward were forecasts from Federation Revenue and Revenue Sharing assumptions of the DMO	State Budgets and NBS
	2. Derivation (if applicable to the State)	2020 to 2021 were the State Budget provisions, while 2022 onward were forecasts from Federation Revenue and Revenue Sharing assumptions of the DMO	State Budgets and NBS
	3. Other FAAC transfers (exchange rate gain, augmentation, others)	2020 to 2021 were the State Budget provisions, while 2022 onward were forecasts from Federation Revenue and Revenue Sharing assumptions of the DMO	State Budgets and NBS
	4. VAT Allocation	2020 to 2021 were the State Budget provisions, while 2022 onward were forecasts from Federation Revenue and Revenue Sharing assumptions of the DMO	State Budgets and NBS
	5. IGR	2020 to 2021 were the State Budget provisions, while 2022 onward projections were made using 8% of previous year Revenue	State Budgets and BIR
	6. Capital Receipts	2020 to 2021 were the State Budget provisions, while 2022 onward projections were made in anticipation	State Budgets and Min. of Budget & Plann.
	Grants	2020 to 2021 were the State Budget provisions, while 2022 onward projections were made in anticipation	State Budgets and Min. of Budget & Plann.
	Sales of Government Assets and Privatization Proceeds	No projection made for now	
	Other Non-Debt Creating Capital Receipts	2020 to 2021 were the State Budget provisions, while 2022 onward projections were made in anticipation	State Budgets and Min. of Budget & Plann.
Expenditure	**Expenditure**		
	1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	2020 to 2021 were Budgets provisions. 2022 forecasts made using 5% increment of the previous year and provision made for New Min. Wage every 5 years at 30% (202	State Budgets and Min. of Budget & Plann.
	2. Overhead costs	2020 to 2021 were Budgets provisions. 2022 and onward forecasts made using 1% increment of the previous year figure	State Budgets and Min. of Budget & Plann.
	3. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)	2020 to 2021 were Budgets provisions. 2022 and onward forecasts made using 1% increment of the previous year figures for SUBVENTION & CRFC	State Budgets and Min. of Budget & Plann.
	4. Capital Expenditure	2020 to 2021 were Budgets provisions. 2022 and onward forecasts made using range of 63% to 60% of Expected Recurrent Revenue	State Budgets and Min. of Budget & Plann.
Closing Cash and Bank Balance	**Closing Cash and Bank Balance**	Target for Cash and Bank Balance. Forecast was made using 1% of Expected Recurrent Revenue	State Budgets and Min. of Budget & Plann.
Proceeds from Debt-Creating Borrowir	**Planned Borrowings (new bonds, new loans, etc.)**		
	New Domestic Financing in Million Naira		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Inf Loans, and MSMEDF)	Forecast made using Interest rate of 13% with 5 years repayment and 0-year grace period	State Budgets and Min. of Budget & Plann.
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Inf Loans, and MSMEDF)	Forecast made using Interest rate of 8% with 15 years repayment and 1-year grace period	State Budgets and Min. of Budget & Plann.
	State Bonds (maturity 1 to 5 years)	Forecast made using Interest rate of 10% with 5 years repayment and 0-year grace period	State Budgets and Min. of Budget & Plann.
	State Bonds (maturity 6 years or longer)	Forecast made using Interest rate of 10% with 15 years repayment and 2 years grace period	State Budgets and Min. of Budget & Plann.
	Other Domestic Financing	Forecast made using Interest rate of 9% with 15 years repayment and 1-year grace period	State Budgets and Min. of Budget & Plann.
	New External Financing in Million US Dollars		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Forecast made using Interest rate of 1.5% with 30 years repayment and 10 years grace period	State Budgets and Min. of Budget & Plann.
	External Financing - Bilateral Loans	Forecast made using Interest rate of 2% with 20 years repayment and 5 years grace period	State Budgets and Min. of Budget & Plann.
	Other External Financing	Forecast made using Interest rate of 2% with 10 years repayment and 3 years grace period	State Budgets and Min. of Budget & Plann.
Debt Amotization and Interest Paymer	**Debt Outstanding at end-2019**		
	External Debt - amortization and interest	Amortization and interest payments estimated using profiles recorded in the DMO. Include the external debt service paid through FAAC deductions	DMO
	Domestic Debt - amortization and interest	Amortization and interest payments estimated using profiles recorded in the DMD. Include the ones paid directly by the State and through FAAC deductions	DMD
	New debt issued/contracted from 2020 onwards		
	New External Financing	**Insert the Borrowing Terms for New External Debt: interest rate (%), maturity (# years) and grace period (#)**	
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Forecast made using Interest rate of 1.5% with 30 years repayment and 10 years grace period	State Budgets and Min. of Budget & Plann.
	External Financing - Bilateral Loans	Forecast made using Interest rate of 2% with 20 years repayment and 5 years grace period	State Budgets and Min. of Budget & Plann.
	Other External Financing	Forecast made using Interest rate of 2% with 10 years repayment and 3 years grace period	State Budgets and Min. of Budget & Plann.
	New Domestic Financing in Million Naira	**Insert the Borrowing Terms for New Domestic Debt: interest rate (%), maturity (# years) and grace period (#)**	
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Inf Loans, and MSMEDF)	Forecast made using Interest rate of 13% with 5 years repayment and 0-year grace period	State Budgets and Min. of Budget & Plann.
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Inf Loans, and MSMEDF)	Forecast made using Interest rate of 8% with 15 years repayment and 1-year grace period	State Budgets and Min. of Budget & Plann.
	State Bonds (maturity 1 to 5 years)	Forecast made using Interest rate of 10% with 5 years repayment and 0-year grace period	State Budgets and Min. of Budget & Plann.
	State Bonds (maturity 6 years or longer)	Forecast made using Interest rate of 10% with 15 years repayment and 2 years grace period	State Budgets and Min. of Budget & Plann.
	Other Domestic Financing	Forecast made using Interest rate of 9% with 15 years repayment and 1-year grace period	State Budgets and Min. of Budget & Plann.

Annexure 2: Baseline Scenario Projections

	Actuals					Projections (Baseline Scenario)									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Economic Indicators															
State GDP (million NGN, at current prices)	3,623,508.00	3,924,055.00	4,418,248.00	4,950,434.00	5,588,870.00	5,858,181.00	6,437,889.00	7,117,395.00	7,879,341.00	8,440,350.00	9,041,303.00	9,685,044.00	10,374,619.00	11,113,292.00	11,904,558.00
Exchange Rate NGN/US$ (end-Period)	196.49	253.19	305.79	306.50	326.00	379.00	379.00	379.00	379.00	379.00	379.00	379.00	379.00	379.00	379.00
Fiscal Indicators (million NGN)															
Revenue	**133,263.60**	**68,981.89**	**79,925.09**	**107,967.54**	**83,880.51**	**108,385.84**	**358,582.79**	**211,283.63**	**216,005.81**	**222,665.07**	**234,518.76**	**247,444.18**	**261,164.59**	**283,322.06**	**305,618.73**
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	27,324.20	24,595.48	23,365.95	44,209.95	42,811.62	33,288.45	32,325.87	57,719.00	63,287.00	69,391.00	76,084.00	83,422.00	91,469.00	100,291.00	109,965.00
of which Net Statutory Allocation ('net' means of deductions)	21,513.63	8,769.83	13,865.21	33,746.90	31,894.61	20,529.44	19,366.86	44,759.99	49,527.99	55,131.99	61,824.99	68,862.99	76,809.99	85,631.99	95,305.99
of which Deductions	5,810.57	15,825.65	9,500.74	10,463.05	10,917.01	12,759.01	12,959.01	12,959.01	13,759.01	14,259.01	14,259.01	14,559.01	14,659.01	14,659.01	14,659.01
2. Derivation (if applicable to the State)	3,485.24	2,342.53	2,888.41	5,999.62	9,307.08	5,360.59	9,765.51	12,846.00	14,636.00	16,100.00	17,710.00	19,481.00	21,429.00	23,572.00	25,929.00
3. Other FAAC transfers (exchange rate gain, augmentation, others)	2,102.50	5,489.70	32,451.17	15,131.71	2,201.23	2,219.00	4,817.71	3,466.59	3,483.92	3,501.34	3,518.85	3,536.44	3,554.12	3,571.89	3,589.75
4. VAT Allocation	8,056.00	9,587.35	8,800.80	11,997.82	13,036.14	18,428.60	13,880.68	20,938.00	21,686.00	22,462.00	23,265.00	24,098.00	24,960.00	25,852.00	26,777.00
5. IGR	26,798.47	16,734.71	12,348.37	8,267.05	14,385.94	31,648.20	75,290.78	81,314.04	87,819.17	94,844.70	102,432.27	110,626.86	119,477.01	129,035.17	139,357.98
6. Capital Receipts	65,497.20	10,232.12	70.39	22,361.39	2,138.50	17,441.00	222,502.24	35,000.00	25,093.72	16,366.03	11,508.64	6,279.88	275.46	1,000.00	0.00
Grants	0.00	0.00	4.89	0.00	0.00	0.00	171,543.12	35,000.00	25,000.00	0.00	0.00	0.00	0.00	0.00	0.00
Sales of Government Assets and Privatization Proceeds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Non-Debt Creating Capital Receipts	0.00	0.00	0.00	22,361.39	0.00	4,141.00	276.30	0.00	0.00	0.00	1,500.00	500.00	0.00	1,000.00	0.00
Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc.)	65,497.20	10,232.12	65.50	0.00	2,138.50	13,300.00	50,682.81	0.00	93.72	16,366.03	10,008.64	5,779.88	275.46	0.00	0.00
Expenditure	**136,020.19**	**89,258.53**	**79,738.94**	**99,015.25**	**88,811.90**	**113,821.37**	**358,598.38**	**208,151.74**	**218,589.39**	**222,511.20**	**234,351.65**	**247,262.64**	**260,967.34**	**281,994.91**	**303,349.41**
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	10,200.58	9,819.53	17,368.38	10,230.61	16,452.67	14,906.05	19,630.08	20,391.18	21,188.14	22,022.72	26,983.21	28,103.02	29,276.53	30,506.40	37,945.16
2. Overhead costs	8,633.61	10,462.89	4,780.10	7,666.48	16,384.09	24,084.29	33,723.64	34,060.88	34,401.49	34,745.51	35,092.96	35,443.89	35,798.33	36,156.31	36,517.88
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	8,384.76	9,550.24	7,385.75	8,665.87	9,205.02	9,600.86	10,902.12	14,287.86	13,526.46	12,180.56	11,950.55	11,477.12	10,151.45	9,209.39	8,161.61
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)	10,199.22	2,490.82	12,955.61	15,047.05	15,513.24	11,391.20	13,954.51	14,094.06	14,235.00	14,377.35	14,521.12	14,666.34	14,813.00	14,961.13	15,110.74
5. Capital Expenditure	42,128.27	51,905.08	35,830.29	55,615.09	28,669.02	44,966.10	271,525.73	111,058.69	120,274.61	123,779.42	129,345.87	139,875.29	156,533.48	176,451.29	189,483.61
6. Amortization (principal) payments	56,473.74	5,029.97	1,418.81	1,790.15	2,587.87	8,872.87	8,862.30	14,259.07	14,963.70	15,405.64	16,457.94	17,696.98	14,394.55	14,710.39	16,130.42
Budget Balance ('+' means surplus, '-' means deficit)	**-2,756.59**	**-20,276.64**	**186.15**	**8,952.29**	**-4,931.39**	**-5,435.53**	**-15.59**	**3,131.89**	**-2,583.58**	**153.87**	**167.11**	**181.54**	**197.25**	**1,327.15**	**2,269.32**
Opening Cash and Bank Balance	**25,638.11**	**22,881.52**	**2,604.88**	**2,791.03**	**11,743.33**	**6,811.93**	**1,376.40**	**1,360.81**	**4,492.70**	**1,909.12**	**2,062.99**	**2,230.10**	**2,411.64**	**2,608.89**	**3,936.04**
Closing Cash and Bank Balance	**22,881.52**	**2,604.88**	**2,791.03**	**11,743.33**	**6,811.93**	**1,376.40**	**1,360.81**	**4,492.70**	**1,909.12**	**2,062.99**	**2,230.10**	**2,411.64**	**2,608.89**	**3,936.04**	**6,205.36**

	Actuals					Projections (Baseline Scenario)									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Financing Needs and Sources (million NGN)															
Financing Needs						**17,441.00**	**50,959.11**	**0.00**	**93.72**	**16,366.03**	**11,508.64**	**6,279.88**	**275.46**	**1,000.00**	**0.00**
i. Primary balance						-4,402.80	-31,210.29	31,678.82	25,812.85	11,374.04	17,066.96	23,075.76	24,467.79	24,246.93	26,561.34
ii. Debt service						18,473.73	19,764.42	28,546.93	28,490.15	27,586.20	28,408.49	29,174.10	24,546.00	23,919.78	24,292.02
Amortizations						8,872.87	8,862.30	14,259.07	14,963.70	15,405.64	16,457.94	17,696.98	14,394.55	14,710.39	16,130.42
Interests						9,600.86	10,902.12	14,287.86	13,526.46	12,180.56	11,950.55	11,477.12	10,151.45	9,209.39	8,161.61
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)						-5,435.53	-15.59	3,131.89	-2,583.58	153.87	167.11	181.54	197.25	1,327.15	2,269.32
Financing Sources						**17,441.00**	**50,959.11**	**0.00**	**93.72**	**16,366.03**	**11,508.64**	**6,279.88**	**275.46**	**1,000.00**	**0.00**
i. Financing Sources Other than Borrowing						4,141.00	276.30	0.00	0.00	0.00	1,500.00	500.00	0.00	1,000.00	0.00
ii. Gross Borrowings						13,300.00	50,682.81	0.00	93.72	16,366.03	10,008.64	5,779.88	275.46	0.00	0.00
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)						3,300.00	20,000.00	0.00	55.82	1,700.00	3,000.00	0.00	0.00	0.00	0.00
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)						5,000.00	5,000.00	0.00	0.00	5,000.00	1,529.14	0.00	161.76	0.00	0.00
State Bonds (maturity 1 to 5 years)						0.00	5,000.00	0.00	0.00	3,000.00	1,500.00	0.00	0.00	0.00	0.00
State Bonds (maturity 6 years or longer)						0.00	0.00	0.00	0.00	0.00	0.00	3,467.98	0.00	0.00	0.00
Other Domestic Financing						5,000.00	1,732.81	0.00	0.00	109.33	0.00	0.00	0.00	0.00	0.00
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)						0.00	13,265.00	0.00	0.00	0.00	1,516.00	0.00	0.00	0.00	0.00
External Financing - Bilateral Loans						0.00	1,895.00	0.00	0.00	3,790.00	1,326.50	1,516.00	0.00	0.00	0.00
Other External Financing						0.00	3,790.00	0.00	37.90	2,766.70	1,137.00	795.90	113.70	0.00	0.00
Residual Financing						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Debt Stocks and Flows (million NGN)															
Debt (stock)	**83,369.62**	**108,514.84**	**100,003.82**	**117,022.31**	**186,146.66**	**194,006.60**	**235,827.11**	**221,568.05**	**206,698.07**	**207,658.46**	**201,209.16**	**189,292.07**	**175,172.98**	**160,462.59**	**144,332.17**
External	11,626.11	15,247.08	19,218.66	18,239.82	21,115.02	24,506.14	43,372.76	43,274.22	43,190.84	49,611.10	53,138.33	54,997.95	54,529.89	53,706.20	52,776.38
Domestic	71,743.51	93,267.76	80,785.16	98,782.49	165,031.64	169,500.46	192,454.35	178,293.83	163,507.23	158,047.36	148,070.84	134,294.12	120,643.09	106,756.39	91,555.79
Gross borrowing (flow)						**13,300.00**	**50,682.81**	**0.00**	**93.72**	**16,366.03**	**10,008.64**	**5,779.88**	**275.46**	**0.00**	**0.00**
External						0.00	18,950.00	0.00	37.90	6,556.70	3,979.50	2,311.90	113.70	0.00	0.00
Domestic						13,300.00	31,732.81	0.00	55.82	9,809.33	6,029.14	3,467.98	161.76	0.00	0.00
Amortizations (flow)	**31,516.11**	**16,655.91**	**10,360.77**	**25,428.27**	**5,034.46**	**8,872.87**	**8,862.30**	**14,259.07**	**14,963.70**	**15,405.64**	**16,457.94**	**17,696.98**	**14,394.55**	**14,710.39**	**16,130.42**
External	129.68	187.36	201.82	211.49	505.30	41.69	83.38	98.54	121.28	136.44	452.27	452.27	581.77	823.69	929.81
Domestic	31,386.43	16,468.55	10,158.95	25,216.78	4,529.16	8,831.18	8,778.92	14,160.53	14,842.42	15,269.20	16,005.67	17,244.70	13,812.79	13,886.70	15,200.60
Interests (flow)	**3,579.48**	**8,289.40**	**7,268.79**	**8,576.44**	**9,219.79**	**9,600.86**	**10,902.12**	**14,287.86**	**13,526.46**	**12,180.56**	**11,950.55**	**11,477.12**	**10,151.45**	**9,209.39**	**8,161.61**
External	39.30	65.83	73.39	73.56	172.78	11.37	22.74	335.42	335.42	336.17	463.52	525.42	565.34	558.71	545.19
Domestic	3,540.18	8,223.57	7,195.40	8,502.88	9,047.01	9,589.49	10,879.38	13,952.44	13,191.04	11,844.39	11,487.04	10,951.70	9,586.11	8,650.68	7,616.42
Net borrowing (gross borrowing minus amortizations)						**4,427.13**	**41,820.51**	**-14,259.07**	**-14,869.97**	**960.39**	**-6,449.30**	**-11,917.10**	**-14,119.09**	**-14,710.39**	**-16,130.41**
External						-41.69	18,866.62	-98.54	-83.38	6,420.26	3,527.23	1,859.63	-468.07	-823.69	-929.81
Domestic						4,468.82	22,953.89	-14,160.53	-14,786.59	-5,459.87	-9,976.52	-13,776.72	-13,651.03	-13,886.70	-15,200.60
Debt and Debr-Service Indicators															
Debt as % of GDP	**2.30**	**2.77**	**2.26**	**2.36**	**3.33**	**3.31**	**3.66**	**3.11**	**2.62**	**2.46**	**2.23**	**1.95**	**1.69**	**1.44**	**1.21**
Debt as % of Revenue	**123.02**	**184.71**	**125.22**	**136.70**	**227.72**	**213.32**	**76.66**	**104.87**	**95.73**	**100.66**	**90.22**	**78.49**	**67.14**	**56.84**	**47.23**
Debt Service as % of Revenue	**51.79**	**42.46**	**22.08**	**39.72**	**17.44**	**20.31**	**6.42**	**13.51**	**13.20**	**13.37**	**12.74**	**12.10**	**9.41**	**8.47**	**7.95**
Personnel Cost as % of Revenue	**15.05**	**16.71**	**21.75**	**11.95**	**20.13**	**16.39**	**6.38**	**9.65**	**9.81**	**10.68**	**12.10**	**11.65**	**11.22**	**10.81**	**12.42**
Debt Service as % of Gross FAAC Allocation	**85.67**	**59.37**	**26.12**	**43.97**	**21.16**	**31.15**	**32.51**	**30.06**	**27.64**	**24.75**	**23.56**	**22.35**	**17.36**	**15.60**	**14.61**
Interest as % of Revenue	**5.28**	**14.11**	**9.10**	**10.02**	**11.28**	**10.56**	**3.54**	**6.76**	**6.26**	**5.90**	**5.36**	**4.76**	**3.89**	**3.26**	**2.67**
External Debt Service as % of Revenue	**0.25**	**0.43**	**0.34**	**0.33**	**0.83**	**0.06**	**0.03**	**0.21**	**0.21**	**0.23**	**0.41**	**0.41**	**0.44**	**0.49**	**0.48**

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