



**GOVERNMENT OF IMO STATE, NIGERIA**

**2021**

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

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## **FOREWORD**

This year's report on Imo State Debt Sustainability Analysis and Debt Management Strategy (DSA-DMS) is the Second Edition coming under the amiable and pragmatic leadership of ***His Excellency, Distinguished Senator Hope Uzodimma***, the Executive Governor of Imo State after the success of the First Edition in 2020.

While the First Edition Report in 2020 critically examined the sustainability of the State in relation to its Debt, Debt Service and Revenue only, hence titled Debt Sustainability Analysis (DSA) Report; the addition of Debt Management Strategy (DMS) in this 2021 Report raised the bar and is expected to guide the borrowing activities of the State Government even further in the medium-term to the long-term by meeting Government's financing needs at minimal cost with prudent level of risk under the four different strategies.

Evidently, the formulation and implementation of a Debt Management Strategy is one of the pillars of recent best practices in Public Debt Management and the DMS 2021-2025 has been formulated based on the accepted Templates of the Debt Management Office (DMO), Abuja and the World Bank using their Analytical Tool; which is meant to improve the assessment of Imo State's Public Debt practices by Rating Agencies, Development Partners, Investors, Governments (local and international); and other stakeholders.

Furthermore, 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 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).

Notably, in spite of the impact of COVID-19 on the global economy and the financial crises ensuing from it, the analysis and evaluation conducted under the DSA shows that Imo State remains sustainable in the medium-term but at a moderate risk of debt distress in the long-term under the Sensitivity Analysis as the current revenue position (with special emphasis on the Internally Generated Revenue-IGR) is considered not adequate to secure the financial future of the State because of the adverse effect of the shock in the long-term. The current expenditure patterns should also be kept under check further so as not to trigger unsustainability in the economy over the long-term. The State is however very much sustainable under the Exchange Rate and Interest Rate Shocks across the four indicators.

The DMS on the other hand 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 Tenored Domestic and External financing with corresponding reduction in short-term instruments, especially short-term Commercial Banks 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's financing needs are met at lowest cost and with a prudent level of risk.

Going forward, the fiscal and economic reform policies highlighted in this report with respect to Internally Generated Revenue drive 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 Uzodimma*, are but the only ways to guide the State to sustainable debt position both in the medium and long terms.

The usefulness of this 2021 DSA-DMS Report therefore goes beyond the States' Fiscal Transparency, Accountability and Sustainability (SFTAS) programme, and gives opportunity for prudent future financial planning within the available resources and borrowing plans of the State Government to grow the economy and optimize its development.

As the Honourable Commissioner for Finance and Coordinating Economy and on behalf of my team, I wish to sincerely 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 also 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; Bureau for Public Procurement and Price Intelligence (Due Process) and Office of the Accountant General of Imo State; with technical supports from the Debt Management Office (DMO), Abuja and the World Bank Group.



**Hon. Dr. (Mrs.) Doris N. Uzoka-Anite, CFA**  
Honourable Commissioner for Finance and  
Coordinating Economy

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## CHAPTER ONE INTRODUCTION

### 1.0 Introduction

Imo State, being one of the 36 states in Nigeria, was created out of the old East Central State in 1976 and presently located in the South-Eastern region of the country. It has a total landmass of 5,530 Square kms, a population of over 4.9 million people, which grows at an annual rate of 4.1%, and with a population density of 1,400 people per square km. Imo State is bounded by Anambra State on the North, Rivers State to the South, Abia State on the East and Delta State on the West. The State Capital - Owerri is considered the entertainment center of Nigeria where tourism flourishes.

While the State's present economy outlook is majorly of public sector dominant supported by agriculture and Micro-Small-Medium enterprises with the Government visibly the main driving force in the economic development, the State's economy is however expected to soon witness exponential growth that will trickle down to the citizens in the form of **Shared Wealth and Prosperity**. This will move the State towards a generational transformation from the predominantly public sector driven economy to a robust private sector driven; as carefully planned by the present administration under its Macro-Economic Blueprint anchored on its **"3-R" Strategic Initiatives** of *"RECOVERY, RECONSTRUCTION, AND REHABILITATION"*.

Nevertheless like every other state in the country, Imo is at present 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 resulting from loans (Internal and External) often taken by government in achieving this developments 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 Debt Sustainability Analysis and Debt Management Strategy (DSA-DMS) report, being the second edition, is therefore aimed at evaluating critical developments in the State's Historical Fiscal activities from 2016–2020, with a view to ascertaining its capacity to discharge its debts obligations as they fall due (liquidity) in the medium to long term (2021-2030) relative to vital variables especially Revenue; while attempt is made to guide against over

borrowing (solvency) with cautious deployment of prudent developmental and borrowing plans that the government intends to implement over the medium to long term in order to achieve a 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 finances during the historical period of 2016-2020, and evaluates the debt sustainability during the medium to long term of 2021-2030 with related policies recently adopted by the State; plus a debt sustainability assessment conducted, including scenarios and sensitivity analysis, in order to properly evaluate the prospective performance of the State's public finances.

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. Four Debt Management Strategies have thus been formulated, and the analysis thereof calculates costs of carrying public debt and measures the inherent risks associated to macroeconomic and fiscal shocks using the newly 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 2021 Appropriation Act, MTEF (2022-2024) 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, Ministry of Finance; and the December 2020 Reconciled Debt Stock and Revenue projections from 2022 to 2030 from Debt Management Office/World Bank.

The State's Total Public Debt which appears sustainable in the long run was N108.510 billion in 2016, rose to N187.722 billion at the end of 2020 with expected peak of N239.104 billion in 2028, and gradually expected to descend to N205.043 billion by December 2030. The Total Public Debt as a share of Revenue was 228% in 2019, declined to 219% in 2020, and will continuously improve as it is expected to decline to 86% by the year 2030. The State's repayment capacity in



terms of Debt Service to Revenue was only equal to its threshold of 40% in 2018, dropped to 32% by 2020 and projected to 23% at the end of 2030.

This positive Debt Service position and the subsequent decline in the Public Debt Stock to Revenue ratio as stated above, is only attainable given the State's strong stand on effective cost of governance control in terms of its recurrent expenditures, payroll fraud check via the use of BVN and Imo State Social Benefit Number (IMSBN), creation and mobilization of IGR sources with automated process, blockage of 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, Filing System and Registration; the 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; 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 (2016–2020) was N401.676 billion and Total Expenditure incurred was N436.626 billion leaving a deficit balance of N34.95 billion.
- The peak of the Expenditure was in 2018 when Debt Service was just N11.214 billion, accounting for only 11.32% of the Total Expenditure of N99.015 billion; while Capital Expenditure was the highest by N55.615 billion and accounted for 56.17% of the Total Expenditure.
- The Total Revenue expected for the forecast period (2021–2030) is N1.98 trillion with expectant Total Expenditure of N2.192 trillion leaving a deficit balance of N212.48 billion. This deficit is expected to majorly occur in 2021 wherein expected Total Revenue (without Debt-Creating Borrowings) is N307.624 billion as against Total Expenditure of N357.932 billion. The reason for this deficit in 2021 is not far-fetched as the State Government in its frank effort in combating the World-wide pandemic (COVID-19) and its new Delta-variant ravaging the country as a whole and Imo State in particular, has deployed financial resources in this course and making further provision for health-care services and facilities



in order to safe-guard the citizens. Huge resources are also being deployed to tackle the current security challenge in the State; while enormous provision for both human and infrastructural developments is being captured. The provision of palliatives for the less privileged too has been accounted for in this budget.

### 1.3 Overall Results

Evidently, the State's Debt to Revenue shows improvement from its 228% in 2019 to 219% at the end of 2020, and this is further expected to decline till 2030 below the threshold of 200%. Debt Service to Revenue which equaled the threshold of 40% in 2018 declined to 32% by 2020 with further improvement expectations; while the Personnel Cost to Revenue remains below its benchmark of 60% till 2030.

Agreeably, Transfers from the FAAC has been the major source of revenue to Imo before the enthronement of this administration in 2020 owing to the declining nature of the IGR figures since 2016; however blunt and pragmatic effort is being put in place to reverse the past trend where IGR was left unattended with untapped revenue sources and proliferated leakages. Therefore, as captured in the 2021 Appropriation Act, Total Revenue as a whole is expected to improve with expected IGR target of N75.291 billion considering the measures being put in place such as Treasury Single Account (TSA) and automated revenue collection system in collaboration with **Inter-switch Ltd.** Expansion and inclusion of revenue heads such as Land Use Charge and many more, hitherto not captured in the State budget but very germane for the development of the State are vigorously being pursued in order to improve the sustainability of the State.

Hence the only panacea despite the shrewd aggregate expenditure control policy, especially with the Personnel and Overhead Costs of the present administration, is the need for an improved and robust revenue generation.

## CHAPTER TWO

### IMO STATE FISCAL AND DEBT FRAMEWORK

#### 2.1 Fiscal Reforms in the Last 3 to 5 years

The Imo State Government has for the last 3 to 5 years been introducing and implementing series of fiscal reforms and other State policies that could affect the fiscal and debt path of the State in the long-run; and these have impacted on the growth in the Internally Generated Revenue (IGR) and expenditure efficiency in the State while enthroning 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 IPSAS Revenue Code:** The State recently became compliant with the implementation of the International Public Sector Accounting Standards (IPSAS) Revenue Code in order to streamline its Revenue Heads, boost revenue collection, prevent revenue payment evasion, ensure accountability of the revenues and conform to the best global practice. This feat is a big milestone, as efforts by previous administration in undertaking this task were futile.
- ii. **The Petroleum Industry Act (PIA):** The newly accented PIA by President Muhammadu Buhari and its implementation is expected to generally affect the Federal Allocations to states including Imo from 2021 going forward. The Law is anticipated to encourage more investments in the Oil sector by freeing it for proficiency, transparency and competitiveness among others so as to bring in more revenue.
- iii. **The Fiscal Responsibility Act:** The Law was to provide for the prudent management of the State's resources, ensure long-term macro-economic stability of the State's economy, and secure greater accountability and transparency in fiscal operations within a Medium Term Fiscal Policy Framework and for the establishment of the Fiscal Responsibility Commission to ensure the promotion and enforcement of the State's economic objectives. This was enacted in 2016 as Law No. 3.
- 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 programme of the Imo State Government for the purpose of 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 Audit Law:** For the purpose of ensuring and guaranteeing transparency and accountability in the use public funds and other public properties, the Audit Law No. 5 of 2021 (amended) was enacted for the establishment of the Audit Service Board and the subsequent empowerment and independence of the Offices of the Auditor Generals (State and Local Government).
  - vi. **The Tax Law Reform On PIT:** Furtherance to blocking Revenue leakages via tax assessment, collection, recovery and accounting, the Imo State Internal Revenue Service (IIRS) was solely empowered by the Revenue Administration Law No. 23 (2019) and the recent Circular on Prohibition of Personal Income Tax (PIT) and other taxes/revenue by any consultant/agent or body other than the IIRS to ensure transparency and accountability. This is expected to positively impact on revenue generation.
  - vii. **The Waiver on 5% Consumption Tax:** Assessing the negative effect of the global pandemic (COVID-19) on businesses in the State, the Government through the Imo State Internal Revenue Service (IIRS) granted waiver on Consumption Tax (Principal Sum, interests and penalties) payable on the use and consumption of any hotels and facilities, event centers, eateries and bars etc, and supplying any goods or services chargeable for a period of six months (Jan-June 2020) in order to enable business owners survive the peak period of the crises. This of course negatively impacted on the revenue generation for the year under review.
  - 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 (IMSBN)** which has greatly curtailed the issue of ghost workers and pensioners in the State, blocked fund leakages and freed 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 **IMSBN**,

the State Government has equally implemented the new **N30,000.00 Minimum Wage** with the least junior civil servant going home with at least N30,000.00 as allowed by the Labour Law. This is expected to increase the Total Expenditure at the end though.

- x. **Land Use Charge Administration Law of 2020:** The Law was passed in 2020 to boost the revenue generation of the State via landed properties as applicable in other states of the Federation. Although, the implementation did not kick start in 2020, it has however become a focal point for the State government in the year 2021; as the full implementation is expected to greatly impact on the State's revenue owing to the recent structural developments taking place in the State.

Other Fiscal reforms mentioned and undertook in the preceding 2020 S-DSA report which include the Procurement Act , the Treasury Single Account (TSA) and the Cash Management Strategy are obviously still having continuous direct impact on fiscal efficiency in the State.

## 2.2 2022-2024 Medium-Term Expenditure Framework (MTEF), 2021 Appropriation Act (Budget) and 2020 Revised Budget Performance

- i. **2022-2024 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 programmes. The key elements of the MTEF are the Macro-economic 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 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 budgets accords with the government 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 meet 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.

The MTEF 2021-2024 macro-economic assumptions as postulated by the State Ministry of Budget, Economic Planning and Statistics 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 World Bank had projected that Crude Oil prices would rise gradually from an average of \$60 to \$61 and \$61.9 per barrel in 2022, 2023 and 2024 respectively. Though, Oil prices have been in the region of \$75 per barrel lately. Despite the rising prices of Crude Oil in the international market, the State's framework is benchmarked at \$40 per barrel in 2021, \$57 in 2022 and 2023, and to drop to \$55 in 2024.

**Table 2.1: Macro-Economic Assumptions of 2020 and 2021 Imo State Budgets and 2022-2024 MTEF Assumptions**

S/N	INDICATORS	2020 BUDGET	2021 BUDGET	2022 MTEF	2023 MTEF	2024 MTEF
1	Oil Price (US \$/b)	20	40	57	57	55
2	Oil Production (mbpd)	1.7	1.86	1.88	1.23	1.22
3	NGN-USD Exchange Rate	N360	N379	N410	N410	N410
4	Inflation	14.13%	14.23%	13%	11%	10%
5	GDP Growth (real)	-4.42%	3.00%	4.20%	2.30%	3.30%
6	State GDP Growth Rate	3%	3%	3%	3%	3%
7	State Nominal GDP (N 'billion)	5,858.18	7,684.88	8,521.04	9,414.86	10,239.23

Source: FG MTEF 2022-2024 and WBG

While the National Gross Domestic Product (GDP) at -4.42% in 2020 is projected to rise to 3% in 2021, grow to 4.20% in 2022, then decline to 2.30% due to the election year which normally affects economic activities, before rising to 3.30% in 2024; the State's Nominal GDP was N5,858.18 billion in 2020 and projected to rise to N7,684.88 billion, N8,521.04 billion, N9,414.86 billion and N10,239.23 billion in 2021, 2022, 2023 and 2024 respectively.

- ii. **2021 Appropriation Act (Budget):** The 2021 Fiscal Year Budget called ***Budget of Shared Wealth and Prosperity*** was signed into law in December 2020 and is based on the above macro-economic assumptions (as shown in Table 2.1 above). An aggregate Sum of N346,169,972,085.00 was appropriated by the Imo State House of Assembly with a Recurrent Expenditure of N74,644,241,941.00 representing 21.56% while the Capital Expenditure is N271,525,730,144.00 representing 78.44% of the Total Budget Estimate.

This is further broken-down in Table 2.2 below in terms of its Expected Revenue and Expenditure heads. Total Revenue is made up of 39.31% Recurrent Revenue and 60.69% of Capital Receipts. The Total Expenditure equally comprises 21.56% of Recurrent Expenditure and 78.44% of Capital Expenditure.

**Table 2.2: The Description of 2021 Budget (Revenue & Expenditure Sources)**

S/N	DESCRIPTION	AMOUNT IN NAIRA (₦)	%
<b>A</b>	<b>RECURRENT REVENUE:</b>	<b>136,080,551,348.00</b>	<b>39.31%</b>
1	IGR	75,290,779,766.00	
2	Gross Statutory (FAAC)	32,325,871,062.00	
3	VAT	13,880,679,997.00	
4	13% Derivation	9,765,510,442.00	
5	Other FAAC Transfers	4,817,710,081.00	
<b>B</b>	<b>CAPITAL RECEIPTS:</b>	<b>210,089,420,737.00</b>	<b>60.69%</b>
1	Internal Loans	38,270,000,000.00	
2	Development Partners	276,300,000.00	
3	Grants	171,543,120,737.00	
	<b>TOTAL REVENUE:</b>	<b>346,169,972,085.00</b>	<b>100</b>
<b>C</b>	<b>RECURRENT EXPENDITURE:</b>	<b>74,644,241,941.00</b>	<b>21.56%</b>
1	Personnel Cost (Including Pension & Gratuity)	21,387,329,386.00	
2	Overhead Cost	29,649,259,781.00	
3	Public Debt Service (Prin. + Int.)	7,070,951,247.00	
4	Subventions	13,462,316,398.00	
5	COVID-19	3,074,385,129.00	
<b>D</b>	<b>CAPITAL EXPENDITURE:</b>	<b>271,525,730,144.00</b>	<b>78.44%</b>
1	Administration Services Sector	61,516,900,426.00	
2	Economic Sector	147,213,097,684.00	
3	Social Services Sector	46,644,019,394.00	
4	Covid-19 Capex	10,884,113,475.00	
5	Counterpart Fund	5,267,599,165.00	
	<b>TOTAL EXPENDITURE:</b>	<b>346,169,972,085.00</b>	<b>100</b>

Source: Imo State 2021 Appropriation Act

From the above, the 2021 Budget policies favour aggressive revenue drive both internally and externally, as the target for the IGR is pegged at N75,290,779,766 representing 55.33% of the Expected Recurrent Revenue, while FAAC accounts for the balance of the Recurrent Revenue of N136,080,551,348. The expectation is obviously high for IGR, but determination with necessary enforcement drive and machinery are key factors here. Hopefully too, with the gradual ease of COVID-19 Pandemic, the State hopes to access funds from Grants to the tune of N171,543,120,737 and N276,300,000 from development partners respectively to co-finance this Budget. An internal loan of N38,270,000,000 is equally expected to be sourced to address the remaining budget short fall.

This above huge some of N171.543 billion coming in as Grants for specific projects comprises N74 billion by World Bank for Internal Railway Project to enhance economic activities in the State and 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, Owerri-Portharcourt Road, and crucial road works including underground flood drainage systems within the Owerri Metropolis are the major Capital projects to be undertaken in the 2021 Budget year among others.

This obviously explains the sharp difference in the Capital Expenditure figure of 2020 Budget which stood at N44.966 billion as against the sudden upward trajectory in 2021 Budget provision of N271.525 billion. And other major inclusion is the provision for COVID-19 expenditures in terms of Recurrent and Capital, which amount to N3,074,385,129 and N10,884,113,475 respectively.

While 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 going forward, the budget performance for 2021 as it affects expenditure will be strongly positive in view of efficient fiscal policies in place in the State, even as more Grants are expected from Development Partners.

**iii. 2020 Revised Budget Performance Assessment:** The Revised Imo State 2020 Budget was N108,385,836,129 comprising N63,419,736,259 Recurrent Expenditures and N44,966,099,870 Capital Expenditures as amended in consideration of the COVID-19 Pandemic global economic impact.



In the year under review, Crude Oil benchmark price declined from \$57 to \$20 in line with the Federal Government (FGN) Medium-Term Expenditure Framework (MTEF). Similarly, Crude Oil Production cut from 2.5 MBPD to 1.7 MBPD, while an Exchange Rate of N360 to \$1 was used; and with a decline in the National Economy to -4.42% compared to the initial estimate of 2.93% growth rate.

Critically evaluating Revenue segment of the 2020 Budget performance further, Recurrent Revenue of N84,633,572,348.19 was realized representing 93.06% of its budgeted, even though the target of its IGR was not met by 40.58%. The Capital Receipt shows that no Internal Loan was sourced as against its budgeted of N13,300,000,000.00, while Grant of N1 billion accrued to the State, and N8,882,691,816.40 came in as External Loan as against its budget of N4,141,000,000.00 representing over 215%.

The Expenditures segment on the other hand, has an actual Recurrent Expenditure of N57,354,723,454.46 a short-fall of 9.56% to its budgeted of N63,419,736,259.00, with a Covid-19 expenditure amounting to N1,127,499,700.00. The Capital Expenditure however had an actual of N28,565,374,309.69 as against its budget provision of N44,966,099,870.00, showing a performance of 63.53%. Covid-19 expenditure, under this head amounted to N5,207,796,579.00 as against the budgeted N6,379,828,252.00. The table below therefore shows the 2020 Revised Budget performance in terms of its revenue and expenditure, while measuring the Budget against the Actual.

The Actual Performance from the table below shows a positive Cash Balance of N12,073,897,207.01 which when added to the Opening Balance of N6,811,923,847.59 accumulates to a Closing Balance of N18,885,821,054.60; and marking the first time the State is having a Cash Closing Balance of that magnitude in recent times.

Going forward though, the State wishes to maintain a yearly Minimum Cash and Bank Balance of N2 billion in the projections from 2021 before taking on any Borrowing Plan.

**Table 2.3: The 2020 Revised Budget and Its Performance Assessment**

S/N	DESCRIPTION	2020 BUDGET (₦)	2020 ACTUAL (₦)	VARIATION (₦)	DEGREE OF PERF. (%)
<b>A</b>	<b>RECURRENT REVENUE:</b>	<b>90,944,836,129.00</b>	<b>84,633,572,348.19</b>	<b>6,311,263,780.81</b>	<b>93.06</b>
1	IGR	31,648,198,925.00	18,804,491,064.29	12,843,707,860.71	
2	Gross Statutory (FAAC)	33,288,448,381.00	35,241,965,008.97	-1,953,516,627.97	
3	VAT	18,428,598,226.00	15,549,900,620.86	2,878,697,605.14	
4	13% Derivation	5,360,590,597.00	8,737,768,720.33	-3,377,178,123.33	
5	Other FAAC Transfers	2,219,000,000.00	6,299,446,933.74	-4,080,446,933.74	
<b>B</b>	<b>CAPITAL RECEIPTS:</b>	<b>17,441,000,000.00</b>	<b>15,467,610,941.43</b>	<b>1,973,389,058.57</b>	<b>88.69</b>
1	Internal Loans	13,300,000,000.00	0.00	13,300,000,000.00	
2	Development Partners	4,141,000,000.00	8,882,691,816.40	-4,741,691,816.40	
3	Grants		1,000,000,000.00	-1,000,000,000.00	
4	Fund from JAAC		5,584,919,125.03	-5,584,919,125.03	
	<b>TOTAL REVENUE:</b>	<b>108,385,836,129.00</b>	<b>100,101,183,289.62</b>	<b>8,284,652,839.38</b>	<b>92.36</b>
<b>C</b>	<b>RECURRENT EXPENDITURE:</b>	<b>63,419,736,259.00</b>	<b>57,354,723,454.46</b>	<b>6,065,012,804.54</b>	<b>90.44</b>
1	Personnel (Incl. Pen. & Grat.)	14,906,052,985.00	21,166,783,501.25	-6,260,730,516.25	
2	Overhead Cost	18,454,285,489.00	10,371,927,369.42	8,082,358,119.58	
3	Public Debt Service	7,528,198,348.00	14,218,242,721.95	-6,690,044,373.95	
4	Subventions	16,901,199,437.00	10,470,270,161.84	6,430,929,275.16	
5	COVID-19	5,630,000,000.00	1,127,499,700.00	4,502,500,300.00	
<b>D</b>	<b>CAPITAL EXPENDITURE:</b>	<b>44,966,099,870.00</b>	<b>28,565,374,309.69</b>	<b>16,400,725,560.31</b>	<b>63.53</b>
1	Administration Services Sector	11,971,619,207.00	5,094,594,945.00	6,877,024,262.00	
2	Economic Sector	17,555,468,871.00	17,728,871,023.44	-173,402,152.44	
3	Social Services Sector	4,810,383,540.00	485,311,762.25	4,325,071,777.75	
4	Covid-19 Capex	6,379,828,252.00	5,207,796,579.00	1,172,031,673.00	
5	Counterpart Fund	4,248,800,000.00	48,800,000.00	4,200,000,000.00	
<b>E</b>	<b>LOAN REPAYMENT:</b>	<b>0.00</b>	<b>2,107,188,318.46</b>	<b>-2,107,188,318.46</b>	
	<b>TOTAL EXPENDITURE:</b>	<b>108,385,836,129.00</b>	<b>88,027,286,082.61</b>	<b>22,465,738,364.85</b>	<b>81.22</b>
	<b>CASH BALANCE:</b>				
	<b>NET CASH: (TR-TE)</b>		<b>12,073,897,207.01</b>		
	<b>OPENING BALANCE</b>		6,811,923,847.59		
	<b>CLOSING BALANCE:</b>		<b>18,885,821,054.60</b>		

Source: Imo State 2020 Appropriation Act and 2020 Financial Statements

## CHAPTER THREE

### THE STATE REVENUE, EXPENDITURE AND PUBLIC DEBT TRENDS (2016 – 2020)

#### 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 2016 to the year 2020.

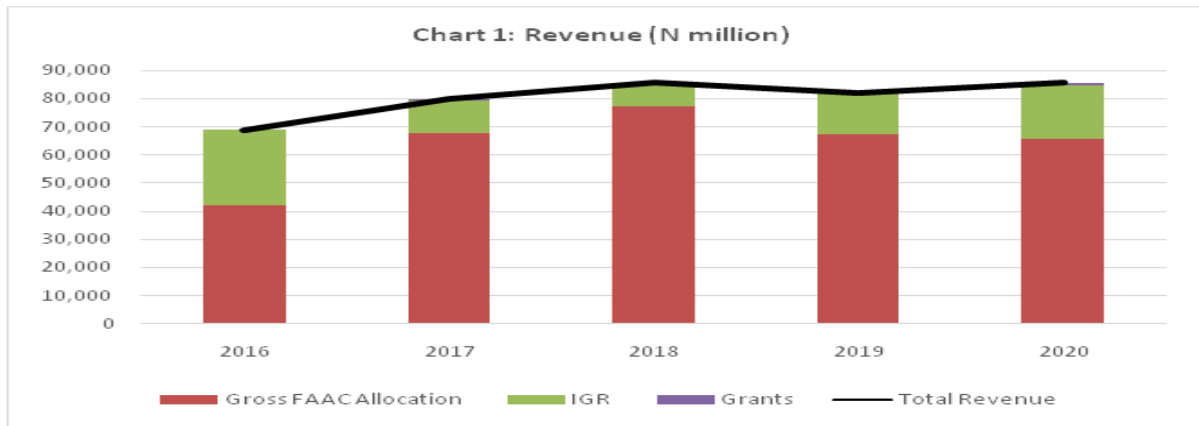
#### 3.1 Revenue and Expenditure Performance, and Fiscal Outturns, 2016-2020

- i. Aggregate Total Revenue trend in the last five years and its composition in 2020:** 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 N68.835 billion in 2016 to N85.635 billion in 2020 at an average nominal growth rate of about 24.41%, this owing majorly to the Gross FAAC transfer which contributes an average of 76.87% to the Total Revenue figure excluding Debt Creating and Non-Debt Creating Capital Receipts, as depicted in the Table 3.1 and Chart 1 below.

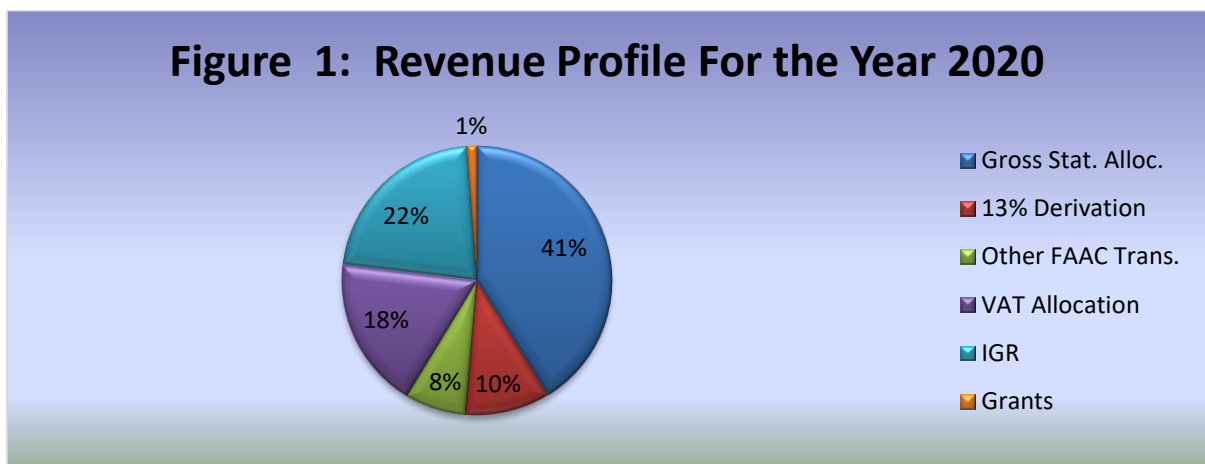
**Table 3.1: Aggregate Total Revenue Trend in the last Five Years**

S/N	REVENUE COMPOSITION	AMOUNT IN NAIRA (in Millions)					(2020) REV. COMP. AS % OF TOTAL REVENUE
		2016	2017	2018	2019	2020	
1	Gross Statutory Allocation	24,596	23,366	44,210	42,812	35,242	41.15%
2	13% Derivation	2,343	2,888	6,000	9,307	8,738	10.20%
3	Other FAAC Transfers	5,490	32,451	15,132	2,201	6,300	7.36%
4	VAT Allocation	9,587	8,801	11,998	13,036	15,550	18.16%
	<b>Gross FAAC Transfers</b>	<b>42,016</b>	<b>67,506</b>	<b>77,340</b>	<b>67,356</b>	<b>65,830</b>	
5	IGR	26,819	12,348	8,267	14,386	18,805	21.96%
6	Grants	0	5	0	0	1,000	1.17%
	<b>TOTAL REVENUE</b>	<b>68,835</b>	<b>79,859</b>	<b>85,607</b>	<b>81,742</b>	<b>85,635</b>	

Source: State's Financial Statements



Source: State's Financial Statements



From the Figure 1 above, the Total Revenue composition in the year 2020 has Gross Statutory Allocation accounting for 41%, Derivation 10%, Other FAAC Transfers provided 8%, VAT 18%, while IGR produced 22% and Grants delivered 1%.

- ii. **Gross FAAC Transfers trend in the last five years:** As shown in Table 3.1 and Chart 1 above, Transfers from FAAC in 2016 stood at N42.016 billion and steadily increased to N77.34 billion in 2018 before taking a down-turn of about 12.91% to N67.356 billion in 2019. This drop in 2019 was due to the decline of Crude Oil price at the International market. A further decline of this revenue head to N65.83 billion was equally witnessed in 2020 reflecting the obvious impact of the COVID-19 as most businesses, companies and global economies were shut for a period close to a year. Security challenge and ENDSARS protest across the country equally affected the Revenue in 2020.
- iii. **Internally Generated Revenue (IGR) trend in the last five years:** The IGR, as admitted in the Five-year Financial Summary of the State, was N26.819 billion for the year ended 2016. It had a downward turn of 53.96% in 2017 to the value of N12.348 billion and a further decline to N8.267 billion in 2018, before making an upward drift in 2019 to

N14.386 billion; and a further increase in 2020 to N18.805 billion. The sharp increase in the last two years was due to the introduction of Treasury Single Accounts, few blockages of revenue leakages, recovery of some outstanding PAYEs from Federal Institutions in the State, a little impact of revenue drive and economy impacting policies. On these efforts, the present Administration is building on and expectations are high in the coming years.

**iv. Grants trend in the last five years:** The sum of N4.9 million came in as Grants in 2017, which was the first within the period under review. The next Grants received was in 2020 to the tune of N1 billion. This last huge amount 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 Imo State. Some of these programmes include SFTAS (P4Rs), N-CARES, CSDP and many more.

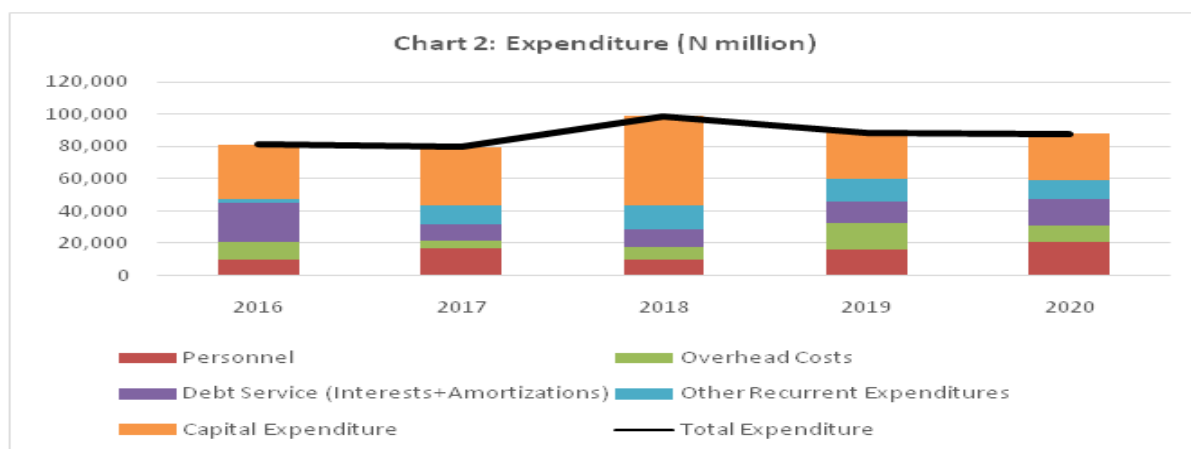
**v. Aggregate Expenditure trend in the last five years and its composition in 2020:**

The State's Total Expenditure is a 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 stood at N81.033 billion in 2016, declined to N79.739 billion in 2017; then rose to N99.016 billion in 2018 before the down-turns of N88.813 billion and N88.027 billion in 2019 and 2020 respectively. While the figure in 2016 was attributed mainly to the Debt Service of N24.468 billion and Capital Expenditure of N33.801 billion; year 2020 was majorly influenced by the Capital Expenditure, Personnel Cost and Debt Service amounting to N28.565 billion, N21.167 billion and N16.325 billion respectively. The Capital Expenditure has of course been taking priority among the State's Expenditures representing 41.71%, 44.93%, 56.17%, 32.28% and 32.45% of the Total Expenditures from 2016 to 2020 respectively.

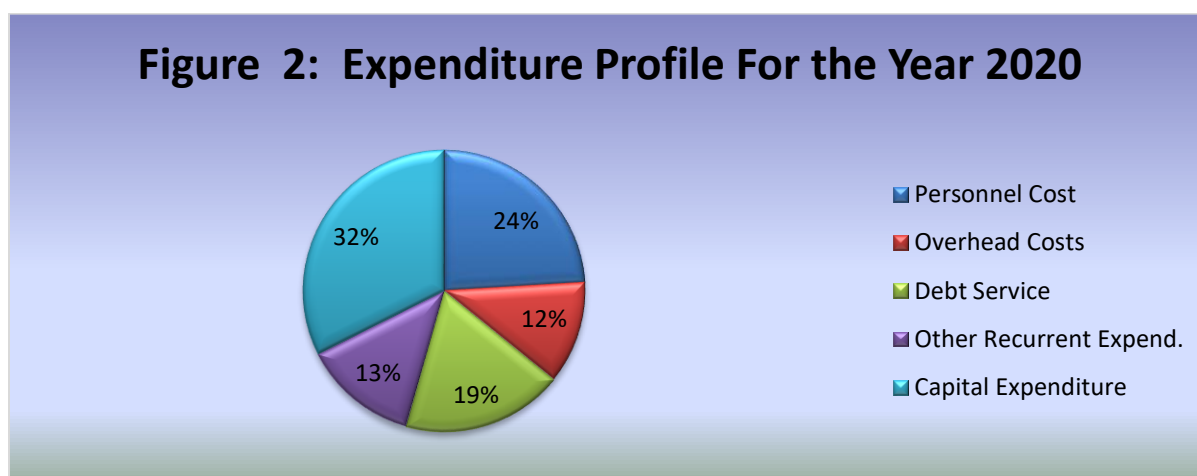
**Table 3.2: Aggregate Expenditure Trend in the last Five Years**

S/N	EXPENDITURE COMPOSITION	AMOUNT IN NAIRA (in Millions)					(2020) EXP. COMP. AS % OF TOT. EXP.
		2016	2017	2018	2019	2020	
1	Personnel Cost	10,442	17,368	10,231	16,453	21,167	24.05%
2	Overhead Costs	10,463	4,780	7,667	16,384	10,372	11.78%
3	Debt Service (Inte. + Amort.)	24,468	9,417	11,214	13,016	16,325	18.55%
4	Other Recurrent Expend.	1,859	12,344	14,289	14,291	11,598	13.18%
	<b>Total Recurrent Expenditure</b>	<b>47,232</b>	<b>43,909</b>	<b>43,401</b>	<b>60,144</b>	<b>59,462</b>	
5	Capital Expenditure	33,801	35,830	55,615	28,669	28,565	32.45%
	<b>TOTAL EXPENDITURE</b>	<b>81,033</b>	<b>79,739</b>	<b>99,016</b>	<b>88,813</b>	<b>88,027</b>	

Source: State's Financial Statements



Source: State's Financial Statements

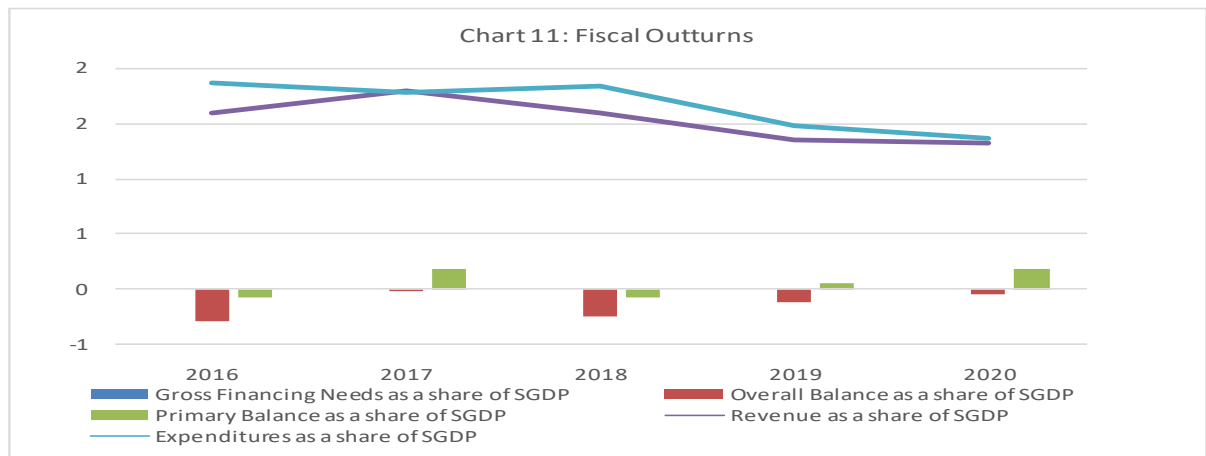


The Expenditure composition for 2020 as shown in Figure 2 above depicts Personnel Cost gulped 24%, Overhead 12%, Debt Service accounted for 19%, while Other Recurrent Expenditure took 13% and Capital Expenditure 32%.

**vi. 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 amounts under the reviewed periods. But most to have shown variation by value is the Capital Expenditure which had N55.615 billion as the highest figure in 2018 and the lowest of N28.565 billion in 2020, representing a difference of N27.050 billion; and which happens to be the highest among other expenditure variables.

**vii. Overall and primary balance trend in the last five years:** The Overall balance as share of SGDP was zero (0) during this review period of 2016 to 2020, showing the consistency of 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 2016 to 2020 from 2% to 1% respectively due to the adjustment of expenditures and the upturn of FAAC revenues.



Source: State's Financial Statements

### 3.2 Imo State Public Debt Portfolio, 2016-2020

The State Public Debt includes the 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.

Worthy of note, is the reconciliation exercise carried out by the DMO, CBN and the NGF on the Debt Stocks of all the 36 states of the Federation, and upon which the State's 2020 Debt Stock is based aside from the unresolved Budget Support Facility; hence this might differ from the Quarterly Debt Stock submission for December 2020.

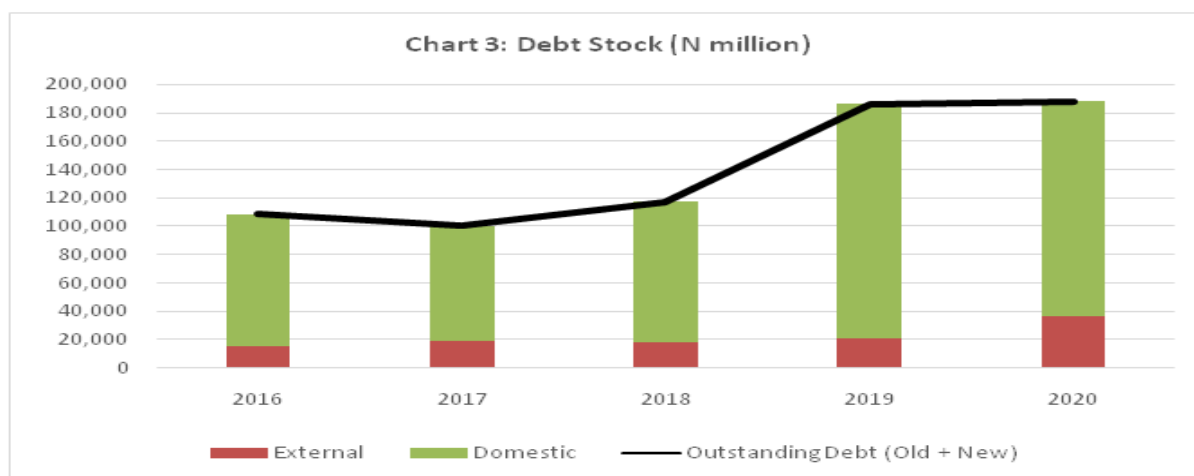
- i. **Public Debt Stock Amount or its shares on Total Revenue at end-2020 and its growth in the last five years:** While the State public debt stood at N108.51 billion as at 2016 and rose to N186.157 billion in 2019 before closing at N187.684 billion in 2020. The percentage of Total Public Debt-to-Revenue was 158% in 2016, rose significantly to 228% by 2019 before a downward drift to N219% by 2020. Excess Crude Account backed loan in 2016, Budget Support facility in 2018, and an addition of Contractors Arrears and CBN (MSMED loans) in 2019; couple with the Dollar to Naira Exchange rate, suspension of certain categories of debts in 2020 because of the Pandemic, and additional External loan secured in 2020 all explain the significant surge of the Public Debt Stock at the end of 2019 and 2020 respectively.



**Table 3.3: Imo Public Debt Stock Amount and share of Revenue (2016 – 2020)**

S/N	DEBT CATEGORY	AMOUNT IN NAIRA (in Millions)				
		2016	2017	2018	2019	2020
	<b>Outstanding Debt (Old + New)</b>	<b>108,510</b>	<b>100,019</b>	<b>117,019</b>	<b>186,157</b>	<b>187,684</b>
A	Domestic	93,268	80,785	98,782	165,032	150,959
B	External	15,242	19,234	18,237	21,125	36,725
	<b>Total Revenue</b>	<b>68,835</b>	<b>79,859</b>	<b>85,607</b>	<b>81,742</b>	<b>85,635</b>
	<b>Debt as % of Revenue</b>	<b>158</b>	<b>125</b>	<b>137</b>	<b>228</b>	<b>219</b>

Source: State's Financial Statements and Debt Profile



Source: State's Debt Profile

From the above Table 3.3 and Chart 3, while the Domestic Debt plunged from its N165.032 billion in 2019 to N150.959 billion in 2020 by a margin of N14.073 billion due to Government commitment to off-setting its Domestic Arrears, the need for further verification exercise especially on Contractors Arrears is still very much on-going and at a crescendo having begun in 2020. The exercise is expected to reveal and subsequently reduce the present short term domestic debts figure, which would be amended once authenticated. Relatively the External Debt which amounted to N21.125 billion in 2019 rose to N36.725 billion in 2020 because of the new AFD-RAMP Loan of N8,882,691,816.40 secured for Rural Roads construction and also Exchange Rate increase factor.

- ii. **The existing Public Debt Portfolio Composition at end-2020:** The Debt Portfolio of the State principally consists of External/Foreign and Internal/Domestic loans. As at December 2020, the External Debt Stock made up of loans from IDA, AfDF, IFAD, EDF and AFD accounts for 19.57% of the Total Public Debt Profile; while the Domestic loans comprised of Budget Support, Salary Bailout, Restructured Commercial Bank (FGN Bond),

Excess Crude Account loan, CBN (MSMED) loans, Contractors' Arrears, Salary Arrears, Purchase of FAAC Distribution Software and Pension and Gratuity Arrears accounts for 80.43%.

From the Figure 3 shown below, Contractors Arrears of 32% accounts for the largest chunk of the Domestic Debt Stock, followed by Restructured Commercial Bank Loan of 23%, and then Salary Bail-Out Fund of 16%, Budget Support Facility of 12%, Pension and Gratuity Arrears of 10%, Excess Crude Account Loan of 6%, CBN-MSMEF of 1% and others such as FAAC Distribution Software and Salary Arrears taking less than 1% each.

The External on the other hand and as shown in Figure 4, consists of 60% of IDA, 31% of AFD, 6% of EDF, 2% of AfDF and 1% of IFAD.

**Table 3.4: Imo State Public Debt Portfolio Composition As At December 2020**

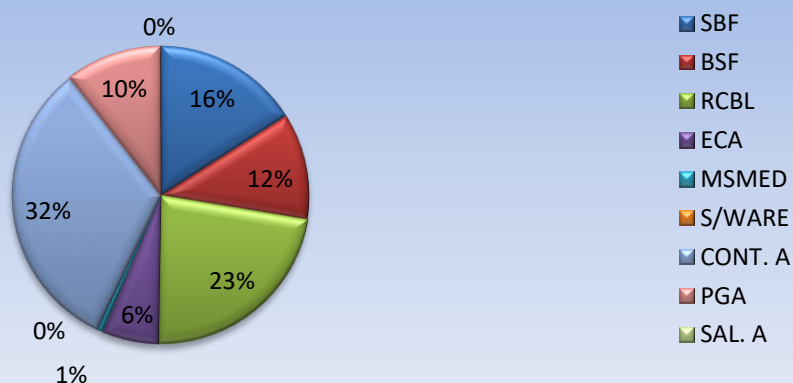
S/N	DEBT CATEGORY	AMOUNT (₦)	%
<b>A</b>	<b>DOMESTIC DEBTS:</b>		
1	SALARY BAIL-OUT (FIDELITY BANK)	5,952,097,796.15	
	SALARY BAIL-OUT (ZENITH BANK)	18,254,073,367.03	
2	BUDGET SUPPORT FUND	17,500,292,959.27	
3	RESTRUCTURED COMM. BANKS LOANS	34,170,087,847.30	
4	EXCESS CRUDE LOAN	9,202,108,702.14	
5	CBN MSME DEVELOPMENT FUND	24,881,716.15	
		1,037,437,911.35	
6	PURCHASE OF FEDERATION A/C DISTRIBUTION SOFTWARE	8,544,795.49	
7	CONTRACTUAL ARREARS	48,982,876,320.99	
8	PENSION & GRATUITY ARREARS	15,771,552,684.41	
9	SALARY ARREARS	55,043,444.87	
	<b>Sub-Total</b>	<b>150,958,997,545.15</b>	<b>80.43%</b>
<b>B</b>	<b>EXTERNAL DEBTS:</b>		
1	IDA	22,057,800,000.00	
2	AfDF	795,900,000.00	
3	IFAD	303,200,000.00	
4	EDF	2,046,600,000.00	
5	AFD	11,521,600,000.00	
	<b>Sub-Total</b>	<b>36,725,100,000.00</b>	<b>19.57%</b>
	<b>GRAND TOTAL (A+B)</b>	<b>187,684,097,545.15</b>	

**Note:** The above represents the Reconciled Figures with DMO, CBN & NGF

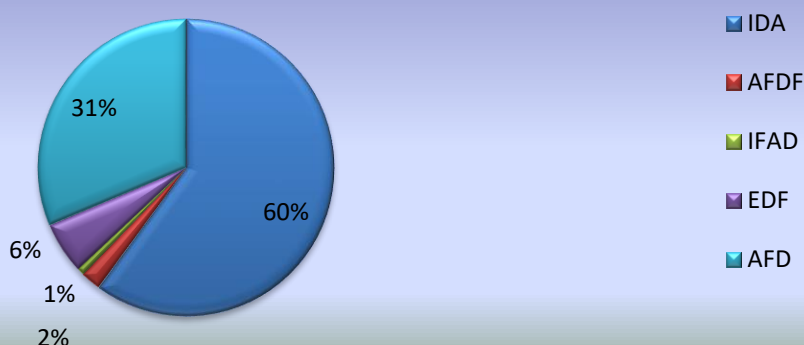
The suspension of the servicing of certain categories of debts such as the BSF, SBF and ECA Loan in 2020 by the Federal Government because of the Pandemic for the purpose of allowing some level of financial stability for sub-nationals; and the additional External loan

secured in 2019 and 2020 from AFD no doubted pushed up our Public Debt Stock balance, thus this explains the significant surge at the end of 2019 and with a little further push up in 2020 as showed in the above table.

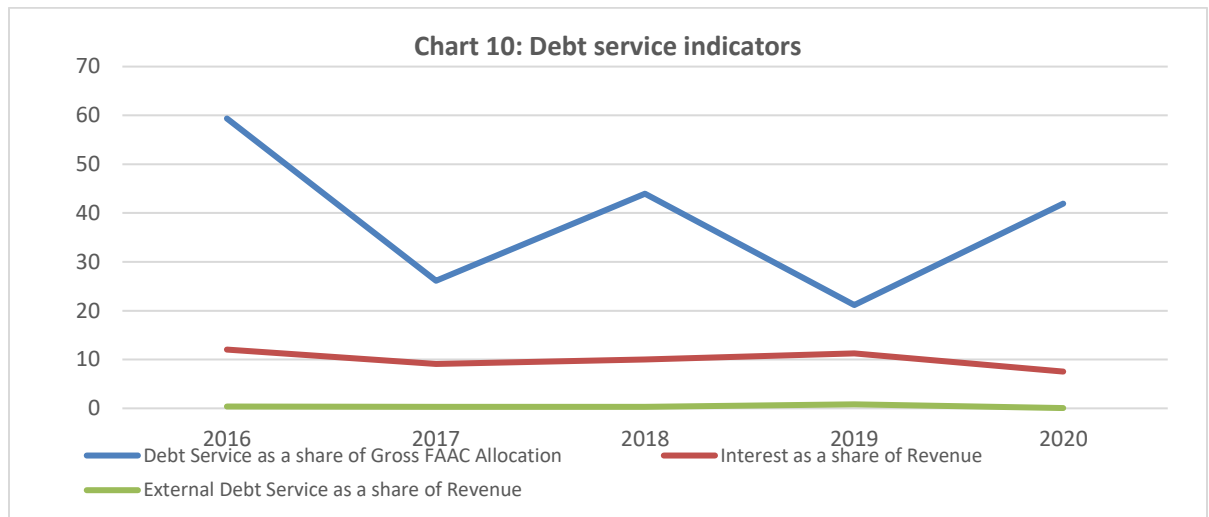
**Figure 3: Domestic Debt Profile As at Dec 2020**



**Figure 4: External Debt Profile As at Dec. 2020**



**iii. Cost and Risks Exposure of the existing Public Debt Portfolio at end-2020:** The Debt Portfolio has an average inherent interest rate of 8% in 2020, a 42% Debt Service as a share of Gross FAAC Allocation and 0% 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 19.57% of the total stock. Most internal loans and all external loans are fixed-rate obligations, thus not affected by changes in interest rates; just 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 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 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. These indicators are further buttressed later in this chapter.

#### **4.1 Medium-Term Budget Forecast**

The real GDP growth of Nigeria economy is projected to rise to 3% in 2021 from its -4.2% in 2020, no thanks to COVID-19, and then a rise to 4.2% in 2022 before it would drop to 2.3% in 2023 (owing largely to election year and which normally affects economic activities) and then an increase to 3.3% in 2024; 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, under this current FGN MTEF are the increase in the Value Added Tax from 5% to 7.5% and the passage of Petroleum Industry Act (2021) into law which is meant to free the Oil sector.

Though, Oil production per day is expected to decline from 1.88 MBPD in 2022 to 1.22 MBPD in 2024 as depicted in Table 4.2 below.

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 2022-2024, with real GDP expanding at an average annual rate of 3.27% and domestic inflation decreasing below 12%, and with such a moderate recovery that will be supported by high 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 2022-2024 Medium-Term Expenditure Framework on a yearly basis.

**Table 4.1: Macro-Economic Assumptions for 2022 - 2024 MTEF**

S/N	INDICATORS	2022 MTEF	2023 MTEF	2024 MTEF
1	Oil Price (US \$/b)	57	57	55
2	Oil Production (mbpd)	1.88	1.23	1.22
3	NGN-USD Exchange Rate	N410	N410	N410
4	Inflation	13%	11%	10%
5	GDP Growth (real)	4.20%	2.30%	3.30%
6	State GDP Growth Rate	3%	3%	3%
7	State Nominal GDP (N 'billion)	8,521.04	9,414.86	10,239.23

The State's Debt sustainability analysis is predicated on the continuation of recent efforts to mobilize local revenue sources by expanding revenue sources, blocking all revenues leakages and automation of revenue collection, 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 youths empowerment programmes in Micro-Small-Medium Enterprises; the control of recurrent expenditure growth with an unchanged policies 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 2022 – 2024**

S/N	DESCRIPTION	2022 (₦)	2023 (₦)	2024 (₦)
<b>A</b>	<b>RECURRENT REVENUE:</b>	<b>148,936,300,000.00</b>	<b>155,172,700,000.00</b>	<b>165,672,600,000.00</b>
1	IGR	38,097,100,000	38,554,300,000.00	39,017,000,000.00
2	Gross Statutory (FAAC)	60,441,000,000	62,378,000,000.00	66,986,000,000.00
3	VAT	29,571,000,000	33,611,000,000.00	37,934,000,000.00
4	13% Derivation	16,801,000,000	16,583,000,000.00	17,669,000,000.00
5	Other FAAC Transfers	4,026,200,000	4,046,400,000.00	4,066,600,000.00
<b>B</b>	<b>CAPITAL RECEIPTS:</b>	<b>2,100,000,000.00</b>	<b>2,100,000,000.00</b>	<b>0.00</b>
1	Internal Loans			
2	Development Partners			
3	Grants	2,100,000,000	2,100,000,000.00	0.00
	<b>TOTAL REVENUE:</b>	<b>151,036,300,000.00</b>	<b>157,272,700,000.00</b>	<b>165,672,600,000.00</b>
<b>C</b>	<b>RECURRENT EXPENDITURE:</b>	<b>84,317,600,000.00</b>	<b>88,896,700,000.00</b>	<b>90,827,100,000.00</b>
1	Personnel Cost (Incl. Pen. & Grat.)	23,098,600,000	24,859,800,000.00	25,598,800,000.00
2	Overhead Cost (Including Covid-19)	34,401,500,000	34,945,500,000.00	35,443,900,000.00
3	Public Debt Service (Int. Payment)	12,769,000,000	14,199,000,000.00	14,892,000,000.00
4	Subventions	14,048,500,000	14,892,400,000.00	14,892,400,000.00
<b>D</b>	<b>CAPITAL EXPENDITURE:</b>	<b>72,490,700,000.00</b>	<b>76,612,900,000.00</b>	<b>82,051,800,000.00</b>
<b>E</b>	<b>LOAN REPAYMENT:</b>	<b>8,579,000,000.00</b>	<b>14,466,000,000.00</b>	<b>14,661,000,000.00</b>
	<b>TOTAL EXPENDITURE:</b>	<b>165,387,300,000.00</b>	<b>179,975,600,000.00</b>	<b>187,539,900,000.00</b>
	<b>BUDGET BALANCE (-/+):</b>	<b>-14,351,000,000.00</b>	<b>-22,702,900,000.00</b>	<b>-21,867,300,000.00</b>

Source: State's Forecast

## 4.2 Borrowing Assumptions (Under the Reference or Baseline Strategy)

While Imo's Total Public Debt Stock is relatively low vis-à-vis the State's Revenue, there is increasing need for more fund to sustain the economic recovery after COVID-19 pandemic and address the huge infrastructural deficits in the State in order to attract investments and foster the intending human capital development.

From the above Table 4.2, the Budget Deficits in the Medium-Term are -14,351,000,000.00, -22,702,900,000.00 and -21,867,300,000.00 in the year 2022, 2023 and 2024 respectively. These deficits, under the Reference or Baseline Strategy (S1), 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 60:40) minimal; including attaining a higher Long-term Tenored 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 2021 onwards**

BORROWING CATEGORY	NEW BORROWING TERMS		
	Interest Rate	Maturity (Years)	Grace Period
<b>NEW DOMESTIC BORROWING</b>			
Commercial Bank Loans - Short term	15.00%	5	0
Commercial Bank Loans - Long term	14.00%	15	1
State Bonds - Short term	9.00%	5	0
State Bonds - Long term	9.00%	10	1
Other Domestic Financing	9.00%	15	1
<b>NEW EXTERNAL BORROWING</b>			
External Financing - Concessional Loans	1.00%	35	7
External Financing - Bilateral Loans	2.00%	20	5
Other External Financing	5.00%	20	5

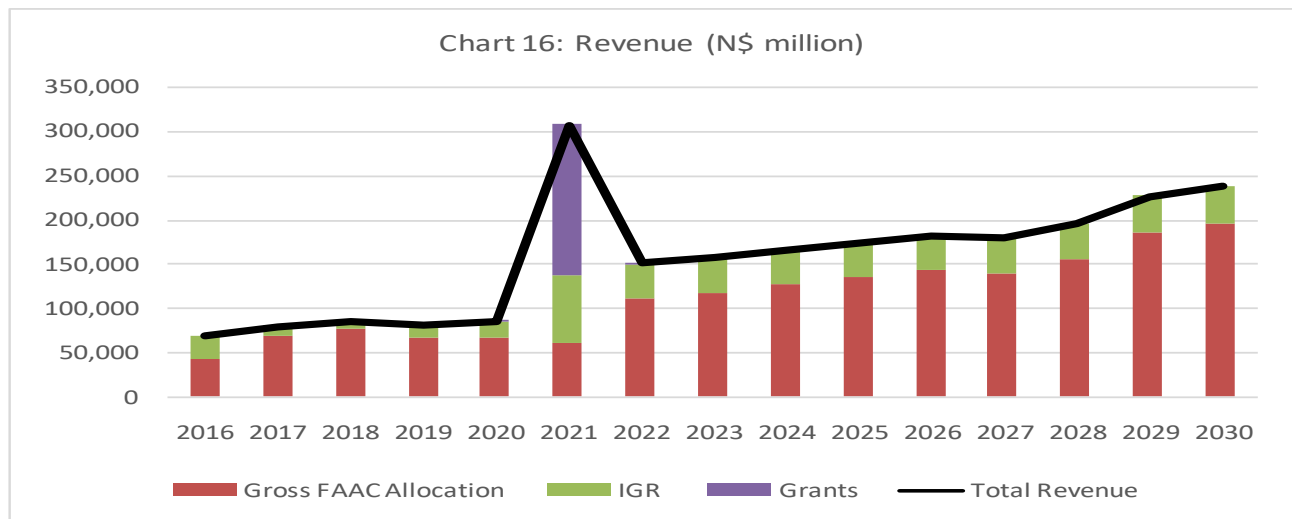
Domestically, loans will be sourced from commercial banks as well as State Bonds and other Domestic financing sources as appropriate in order to mitigate interest risk and insolvency. Same applies to External financing whereby loans will be obtained from Multi-lateral agencies such as World Bank, IMF, ADB; Bilateral loans to be sourced from foreign 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 Long-term Bonds in order to encourage the development of the Domestic Debt market and the general reduction of Overall Debt Servicing costs for the State. This shall be followed by the Short-term Bonds despite having Commercial Bank Loans as the easiest to come by but because of the inherent high 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 9% and grace period of 0 and 1 year respectively. While other domestic financing from Pension Fund Administrators and so on, could also be taken at interest rate of 9%, maturity of 15 years and grace period of 1 year. Commercial Banks borrowings, on the other hand, are expected at Interest Rates of 15% and 14%, grace periods of 0 and 1 year, and maturities of 5 and 15 years for short and long terms respectively. Short-term Commercial Banks borrowings are however maintained at an amount not greater than N500 Million within any year.

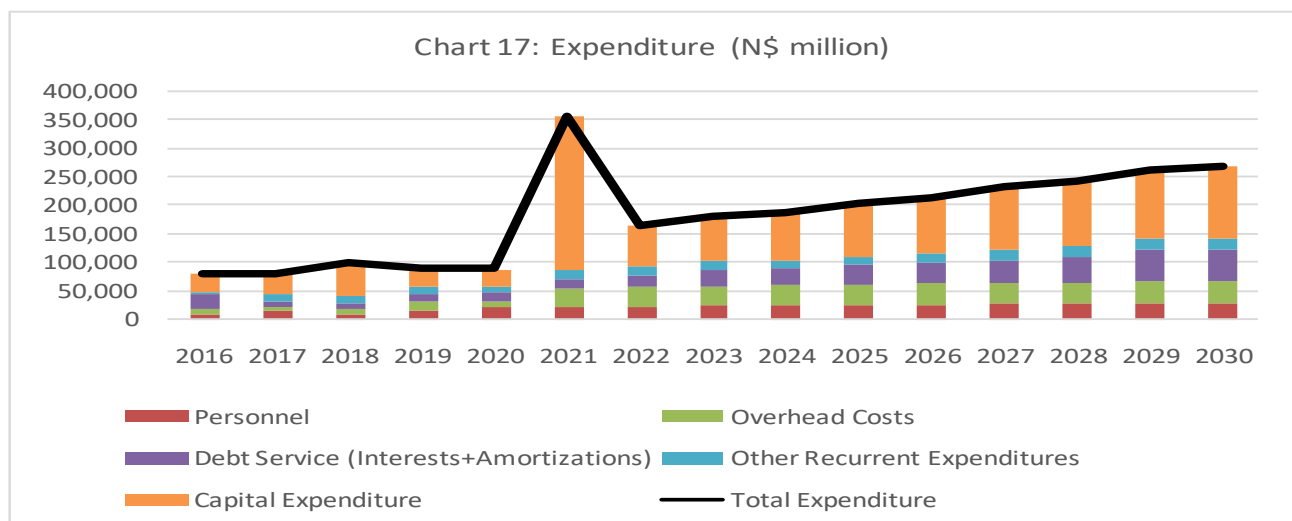
The External source most convenient of course is from Multi-laterals with 1% Interest Rate, maturity of 35 years and grace period of 5 years; and the Bilaterals with 2% Interest Rate, maturity of 20 years and grace period of 5 years will follow next in accordance with the State's Fiscal Responsibility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

### 4.3 DSA Simulation Results and Findings

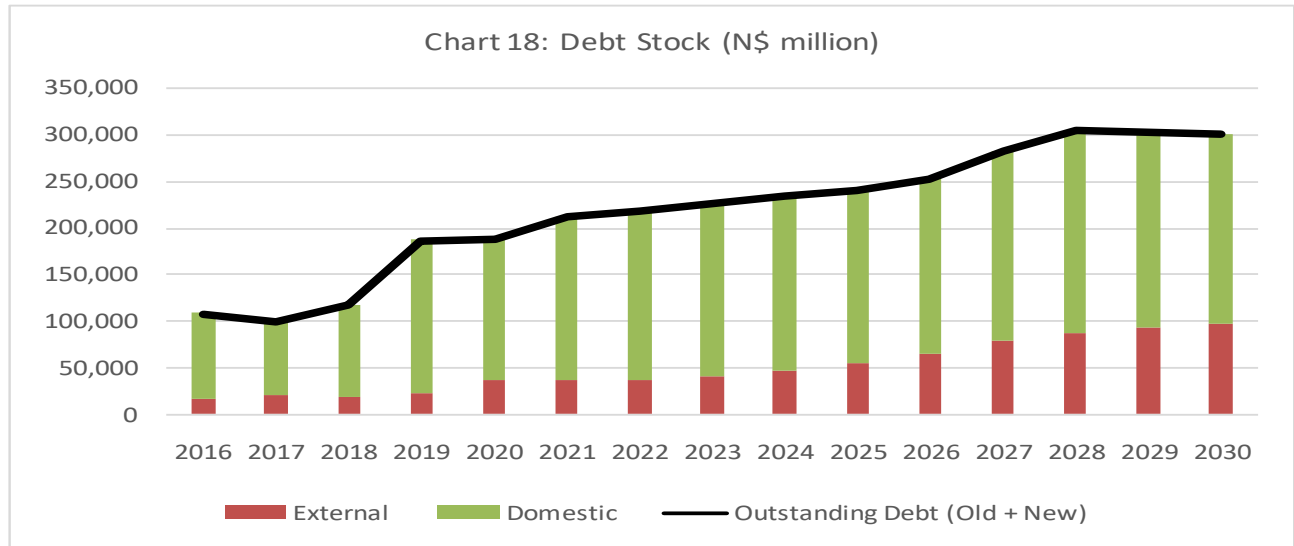
In the Baseline Scenario, Total Revenue (including grants and excluding other capital receipts) is projected to increase from N85.634 billion in 2020 to N238.081 billion by 2030, and Total Expenditure is expected to expand from N88.027 billion in 2020 to N268.89 billion by 2030, representing fiscal deficit of N30.809 billion in nominal terms, compare to the deficit of N2.393 billion in 2020.



Source: State's Forecast



Source: State's Forecast



Source: State's Forecast

The Total Public Debt is projected to increase over time from N187.684 billion as at the end of 2020 to N298.807 billion by 2030 with a peak of N303.572 billion in 2028. External Debt is anticipated to grow by N60.47 billion or 164.64% and Domestic Debt to increase by N50.658 billion or 33.56% over the projection period.

**Table 4.4: Debt Burden/Performance Indicators (2016 - 2030)**

INDICATORS	2016	2017	2018	2019	2020	2021	2022	2023
<b>With Indicative Thresholds:</b>								
Debt as % of SGDP (25%)	3	2	2	3	3	3	3	2
Debt as % of Revenue (200%)	158	125	137	228	219	69	144	144
Debt Service as % of Revenue (40%)	36	22	40	17	32	6	14	18
Personnel Cost as % of Revenue (60%)	15	22	12	20	25	7	15	16
<b>Without Indicative Thresholds:</b>								
Debt Service as a share of Gross FAAC Allocation	59	26	44	21	42	31	19	25
Interest as a share of Revenue	12	9	10	11	8	3	8	9
External Debt Service as a share of Revenue	0	0	0	1	0	0	1	1

INDICATORS	2024	2025	2026	2027	2028	2029	2030
<b>With Indicative Thresholds:</b>							
Debt as % of SGDP (25%)	2	2	2	2	2	2	2
Debt as % of Revenue (200%)	141	138	138	156	155	133	126
Debt Service as % of Revenue (40%)	18	20	20	22	23	25	23
Personnel Cost as % of Revenue (60%)	15	15	15	16	15	13	13
<b>Without Indicative Thresholds:</b>							
Debt Service as a share of Gross FAAC Allocation	23	26	25	29	29	31	28
Interest as a share of Revenue	9	9	9	9	10	9	8
External Debt Service as a share of Revenue	1	1	1	1	1	1	1

**The Main Findings:** Despite the observed Public Debt increment in the projection, the State's repayment capacity relative to the public debt position will improve, in that it is expected to appreciate from its 219% of the Revenue in 2020 to 138% in 2025 and 126% by 2030, which is below the threshold of 200%. Debt-to-SGDP was equally below the threshold of 25% for both historical and projection periods as showed in Table 4.4 above; while Debt Service-to-Revenue projection highest figure of 25% is in 2029, which is still below the threshold of 40% even though historically had the highest figure of 40% in 2018. Personnel Cost-to-Revenue was also below the threshold of 60% in the entire duration; just as the Fiscal Outturns showed improvements in the long term aside the deficits in 2021 of Overall and Primary Balances as percentages of S-GDP.

The findings thus show that the Public Debt Ratios (Stock and Service) demonstrate improvements in the analysis of the Baseline Scenario, and thus suggests **the State will be able to preserve the sustainability of its debt in both the medium and long terms** following the recent transformation policies and reforms of the State Government as highlighted below.

#### **On-going and Expected Policies To Strengthen The Sustainability:**

- **Revenue:** In a bit to ensure and further strengthened the sustainability of the State, 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 2020, taking into account that the State's adverse effect or shock is majorly of 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 collectors of government; and the possible evasion from business owners in the State is currently on-going. **Inter-switch Ltd** has been engaged in this regard.
  3. Necessary data are being gathered as regard to 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 and database were not available before now.
  4. Articulation and creation of untapped and unaccounted revenue heads hitherto eluding the State Government especially from the formal and informal sector such as the Land Use Charge revenue and others are being facilitated and to fully materialized before the end of 2021.

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 business environment in the State and subsequent positive impact on revenue generation.

For instance, the State is currently 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 to the government. A typical example is the replica of the ICT Hub or Computer Village in Lagos being proposed 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; and in so doing generating enormous future IGR benefits to the State.

6. Furthermore, the State just recently trained over **10,000 Imo youths** in agricultural related businesses and with 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.
7. 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** being 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.

➤ **Expenditure:** Other policies being implemented by the State to further strengthen the debt position in term of Expenditure control include the followings:

1. Continuous and effective cost of governance control in terms of its recurrent expenditures. This is best confirmed in the reduction of actual Overhead Cost in 2019 from N16,384.1 billion to N10,371.9 billion in 2020; and it is expected to continue going forward.
2. Comprehensive automation of Payroll Process through the application of verifiable BVN and allocation of Imo State Social Benefit Number (IMSBN) to Imo workers and pensioners. This has not only stopped the menace of payroll fraud and reduced the once over bloated Personnel Cost, but has tremendously freed fund and afforded the

State Government the ample opportunity to capture hitherto outstanding and unpaid pensioners in the payment system; and which account for the increase of personnel cost in 2020.

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 bidden for and given in a very transparent manner on an **online platform** by the State Bureau for Public Procurement and Price Intelligence, thus expenditure is monitored and controlled.

- **Cash Management:** Finally but not the least is the efficient and effective Cash Management Policy of the Government which has led to an improved and robust cash collection and handling; and with the prudent disbursement and application of these funds in the State.

#### 4.4 DSA Sensitivity Analysis (Shock Analysis)

This 2021 Imo State 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. The Baseline Scenario is premised on the evaluation of some macroeconomic variables, current and projected fiscal data. It is however 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, while considering both macroeconomic and policy shocks.

- **ShockRevenue Scenario:** From 2022, 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 and double need for Total Gross Borrowing of N29.454 billion in 2022 as against N14.351 billion in the Baseline. The deficit imbalance cuts across all the years of projections though. The State's debt sustainability is positive under this scenario in the medium-term (2022-2025) but not in the long-term (2026-2030) as the percentage of Debt to Revenue was above the threshold of 200% in the long-term. Debt Service to Revenue equally shows positivity in

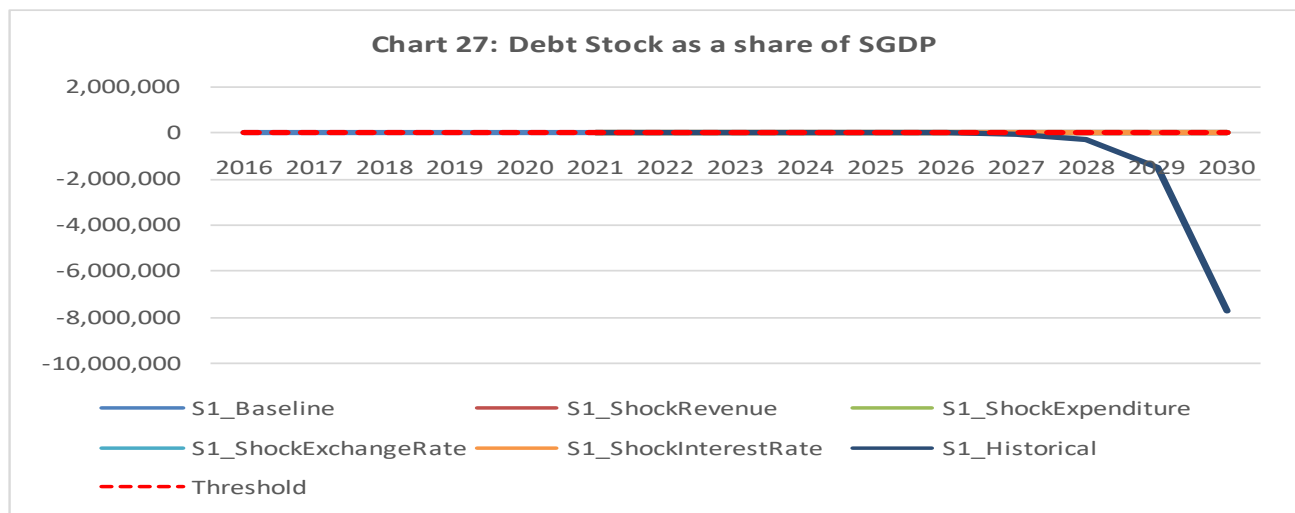
the medium-term but went above threshold of 40% from 2028. The Personnel Cost to Revenue was all below its threshold of 60% both in the medium to long terms; and Debt as percentage of GDP inclusive. ***The current revenue drive is therefore not sufficient as the financial future of the State could be adversely affected despite keeping recurrent expenditures under check.***

- **ShockExpenditure Scenario:** With a 10% increase in Personnel, Overhead, Recurrent and Capital Expenditure from 2022 while Revenue sources remain constant, the State's Total Gross Borrowing moved to N28.755 billion in 2022 as against the Baseline Scenario. Other projected years figures equally doubled as against the Baseline; but the State's debt sustainability is expected to be preserved 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 2027 to 2030 where Debt to Revenue went above the 200% threshold. 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 2022 had just an iota of impact on the State's Total Gross Borrowing need as it reflected only N14.52 billion as against the Baseline Scenario figure; and just 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 40; and thus, ***the State's debt sustainability is sustainable in all the four indicators.***
- **ShockInterest Rate Scenario:** The effect of 2% yearly Interest Rate increment on domestic borrowing plans shows a projected fiscal deficit of N15.014 billion in 2022 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 balances were significantly adversely affected; and thus a serious distortion to the Total Gross Borrowing figures, the indicators and charts was observed.

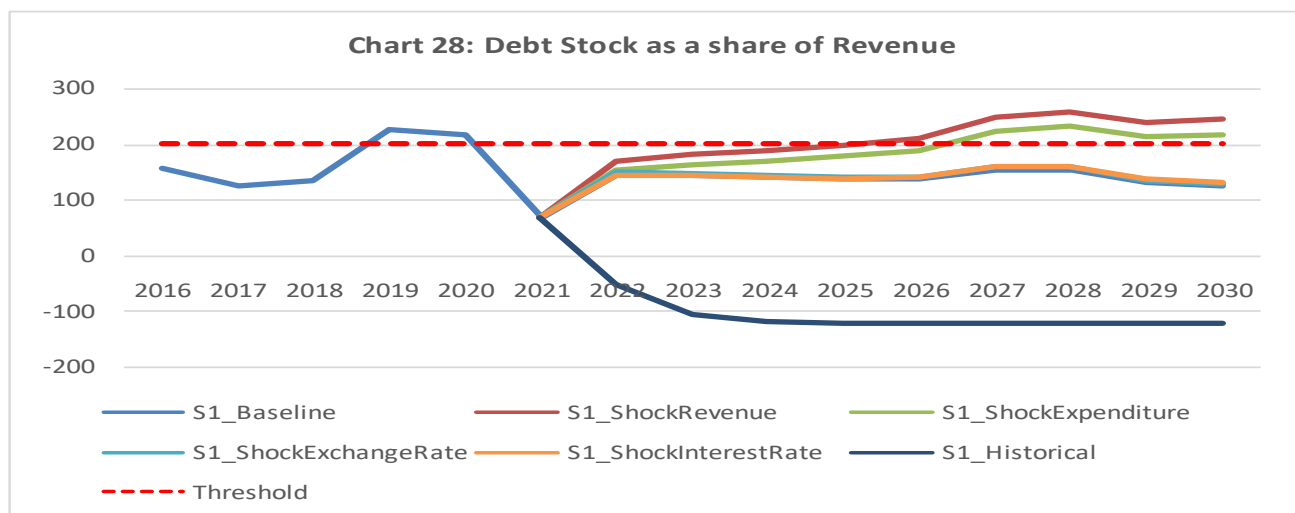


***Notably therefore, this Historical Scenario is expunged and excluded because of the significant volatility observed in the above stated parameters in recent years.***

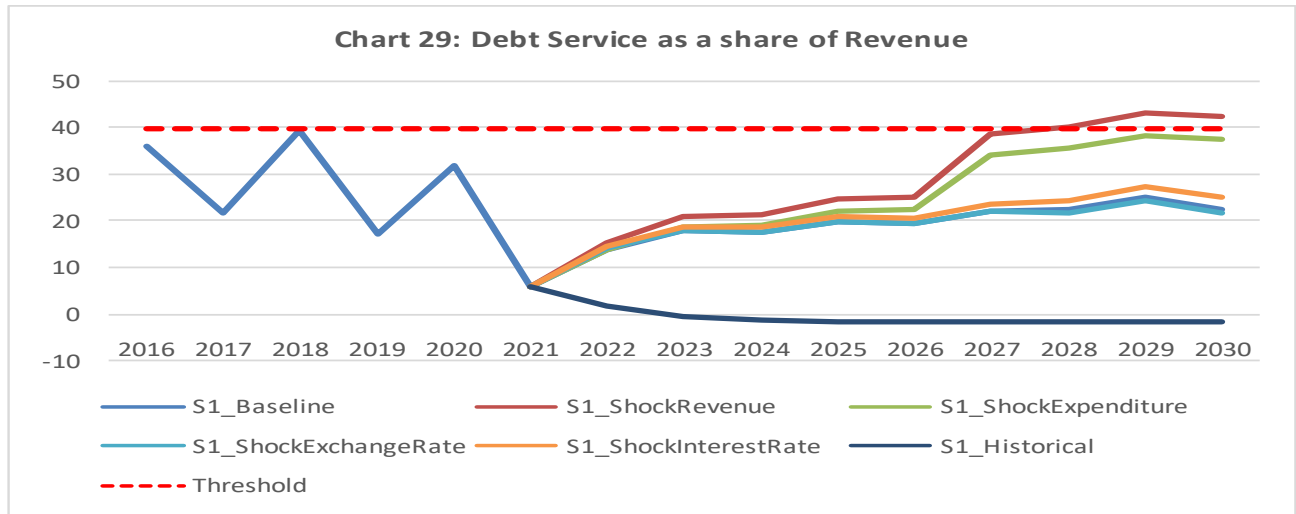
**Conclusion:** The 2021 DSA shows that Imo State remains sustainable in the medium-term but at a moderate risk of debt distress in the long-term under the conducted Sensitivity Analysis as the current revenue position is considered not adequate to secure the financial future of the State because of the adverse effect of the shock in the long-term. The current expenditure patterns should also be further kept under check so as not to trigger unsustainability in the economy over the long-term. The State is however very much sustainable under the Exchange Rate and Interest Rate Shocks across the four indicators.



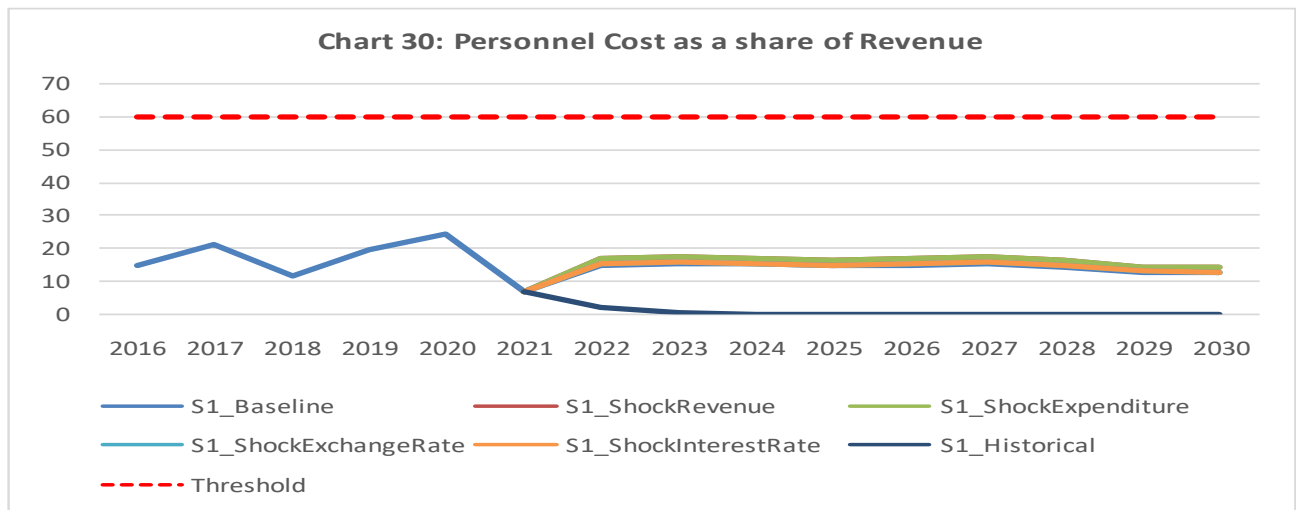
Source: State's Forecast



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 therefore, 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 in today's world of business and governance. Hence, the costs of carrying public debts and risks associated to macroeconomic and fiscal shocks are necessary to be conducted, measured and analysed 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 2025 (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 2025 caused by an un-expected shock (as projected in the most adverse scenario of Revenue).

The Debt Management performance indicators derivable in this 2021 DSA-DMS Template thus include Debt Stock/Revenue (%), Debt Services/Revenue (%), Interest/Revenue (%), Debt Stock/SGDP (%), Debt Services/SGDP (%) and Interest/SGDP (%); however the essential three 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) as 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, Multilaterals and Bilaterals) under the following general conditions or fiscal policies:

- That the State Government can only borrow for capital expenditure and human capital development provided that such borrowing shall be on concessional terms with low interest rate (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 analysed 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% of the Gross borrowings, while long term commercial bank loans and bonds shall be 70%.
- Other Domestic borrowing shall be 10% of the Gross borrowings.
- No External borrowing is to be sourced.

**c. Strategy 4 (S4): Selected Domestic and 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 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, 2025 in relation to the implementation of the different Debt Management Strategies. However, the burden performance indicators specifically utilized to assess these Debt Management Strategies outcomes in this Report mainly include three, namely: Debt Stock/Revenue (%), Debt Services/Revenue (%) and Interest/Revenue (%).

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

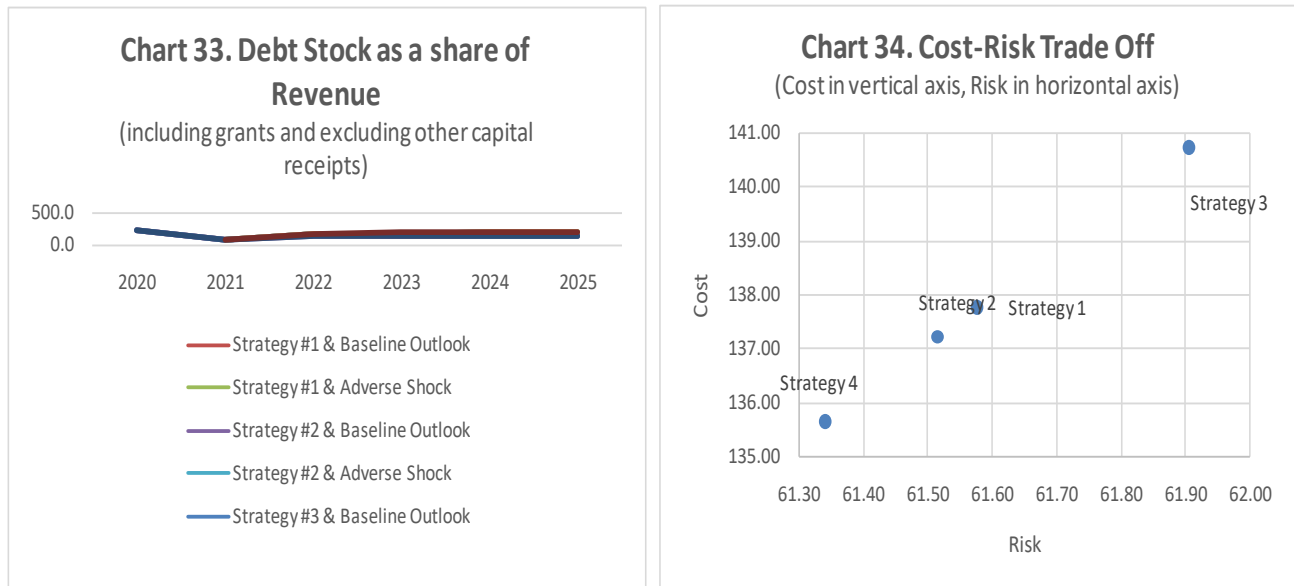
INDICATORS	REFERENCE DMS			ALTERNATIVE DMS									PREFERRED STRATEGY	2ND PREFERRED STRATEGY
	STRATEGY 1			STRATEGY 2			STRATEGY 3			STRATEGY 4				
	COST	RISK	ADV SHCK	COST	RISK	ADV SHCK	COST	RISK	ADV SHCK	COST	RISK	ADV SHCK		
Debt Stock as % of Rev.	137.8	61.6	199.3	137.2	61.5	198.7	140.7	61.9	202.6	135.6	61.3	197.0	\$4	\$2
Debt Serv as % of Rev.	19.9	4.8	24.8	20.4	4.9	25.2	22.1	5.1	27.2	17.5	4.5	22.1	\$4	\$1
Int. as % of Rev.	8.9	3.6	12.5	9.0	3.6	12.6	10.4	3.8	14.1	8.3	3.5	11.9	\$4	\$1

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 up from 68.9% in 2021 to 135.6% in 2025 in the Baseline compared to S1 (68.9% to 137.8%), S2 (68.9% to 137.2%) and S3 (68.9% to 140.7%) under the same period. Equally, the Risk Ratio of S4 as at 2025 depicts 61.3% as against 61.6%, 61.5% and 61.9% of others - S1, S2 and S3 respectively. The Revenue Adverse Shock in 2025 also shows S4 having 197% when compared with S1, S2 and S3 which have 199.3%, 198.7% and 202.6% respectively. Apparently, since the DMS-related performance indicator is below the threshold of 200% under the Cost Ratio and Adverse Shock (except for S3), it will be sufficient to say that the State debt is affordable and resilient to shocks over the medium-term.
- Cost-Risk Trade-off Analysis:** The Debt Stock to Revenue shows S4 as the lowest trade-off DMS in terms of Cost and Risk (135.6% and 61.3% respectively), compared to the S1

(137.8% and 61.6), S2 (137.2% and 61.5%) and S3 (140.7% and 61.9%). While S3 has the highest cost and risk because of the limitation of Borrowing Plans to Domestic Market, S4 relatively has the lowest among the different strategies; thus, indicating that 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.

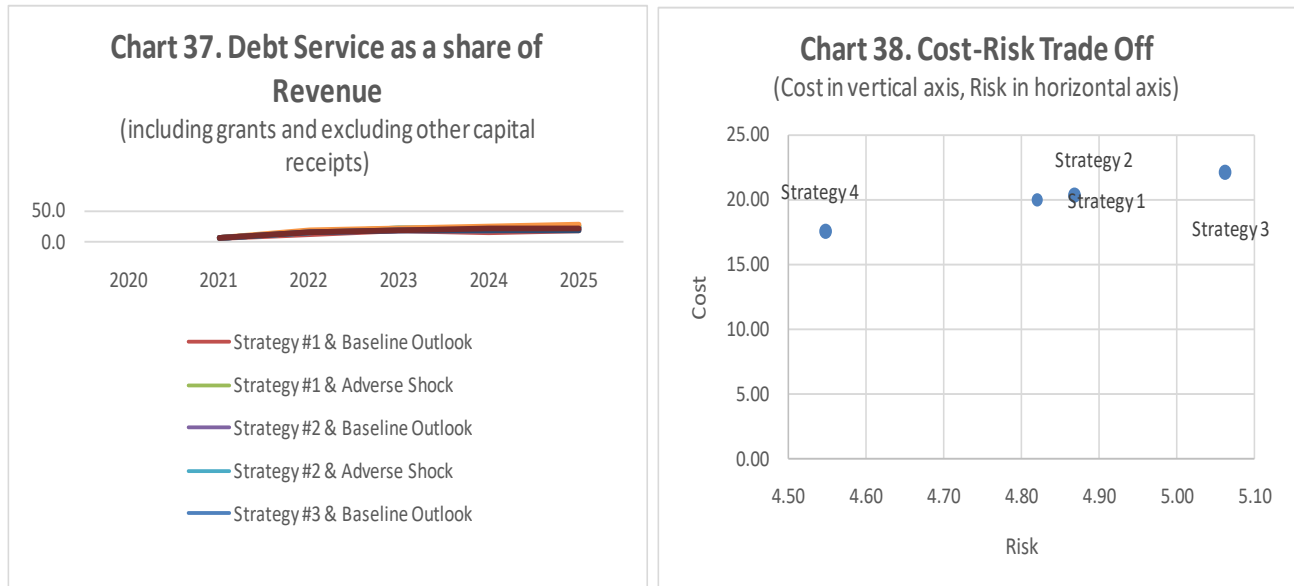


Source: State's Forecast

## 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 6.1% in 2021 to 17.5% in 2025 in the Baseline as against S1 (6.1% to 19.9%), S2 (6.1% to 20.4%) and S3 (6.1% to 22.1%) during the same period. The Risk Ratio of S4 in 2025 shows 4.5% as against 4.8%, 4.9% and 5.1% of S1, S2 and S3 respectively. The Revenue Adverse Shock in 2025 on the other hand, indicates S4 with the least figure of 22.1% when compared with S1, S2 and S3 which have 24.8%, 25.2% and 27.2% respectively. However, since the DMS-related performance indicator's threshold is 40% and the Cost Ratio and Adverse Shock are all below that, it will be satisfactory to say that the State debt is affordable and resilient to shocks over the medium-term.
- ii. **Cost-Risk Trade-off Analysis:** Table 5.1 above and below Charts 37 and 38 show S4 as the lowest trade-off DMS in terms of Cost and Risk at the end of 2025 with (17.5% and 4.5% respectively) of the Debt Service to Revenue, compared to the S1 (19.9% and

4.8%), S2 (20.4% and 4.9%) and S3 (22.1% and 5.1%). S3 obviously has the highest cost and risk factors because of the limitation of Borrowing Plans to Domestic Market. Meanwhile S4, on the other hand, has the lowest when compared to the Reference Debt Strategy (S1) as well as other strategies. This thus shows S4 as the DMS with the lowest Cost and Risk; and the carrying cost and risk are mitigated with the inclusion of External Loans at a moderate level together with the spread of Internal Loans among the different Domestic Markets, especially Bonds.

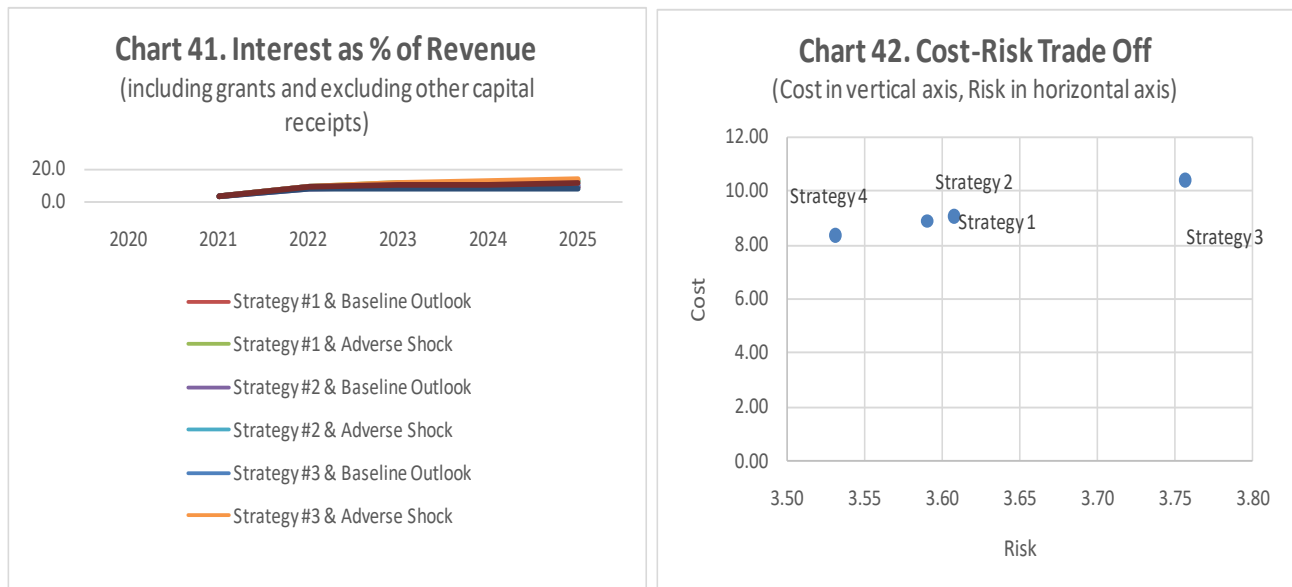


Source: State's Forecast

### 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 3.2% in 2021 to 8.3% by 2025 in the Baseline compared to S1 (3.2% to 8.9%), S2 (3.2% to 9%) and S3 (3.2% to 10.4%) under the same period. On the other hand, Risk Ratio of S4 as at 2025 depicts 3.5% as against 3.6%, 3.6% and 3.8% of others - S1, S2 and S3 respectively. The Revenue Adverse Shock in 2025 equally shows S4 accounting for 11.9% as against S1, S2 and S3 which all have 12.5%, 12.6% and 14.1% respectively. The State's debt is also considered affordable and resilient to shocks over the medium-term under this performance indicator since the Interest payment is part of the Debt Service.
- 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, shows S4 as the least trade-off DMS in terms of Cost and Risk (8.3% and 3.5% respectively) of the Total Interest to

Revenue, when compared to the S1 (8.9% and 3.6%), S2 (9% and 3.6%) and S3 (10.4% and 12.6%). Obviously from the above, S3 has the highest cost and risk factors because of the limitation of Borrowing Plans to Domestic Market; and S4 has the least Cost as well as the least Risk in terms of Interest as a percentage of Revenue compared to the Reference Debt Strategy (S1) as well as others; thus indicating that S4 is the least costly and risky strategy. The carrying cost and risk are equally mitigated with the inclusion of External Loans at a moderate level together with the spread of Internal Loans among the different Domestic Markets.



Source: State's Forecast

## 5.2.4 DMS Assessment

Evaluating the 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 the Strategy Four (S4), using our Analytical Tool. However with the 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. Accessibility to Foreign Loans often poses 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 2021 - 2025, as Foreign Loans were only sourced from 2023 unlike the S4 where External Loans commenced in the year 2021. Accessing Foreign Loans do take some time as seeking for 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 unfeasible as reflected in S4 especially in the year 2021.
2. With a relatively lower proportion of External Debt, it is least exposed to Foreign Exchange Risk and external shock.
3. It has a realistic Borrowing Plans that is 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 fairly rise from its current figure of N187.68 billion as at end-2020 to N240.61 billion in 2025 and further to N298.81 billion in 2030, as against S2 (N239.63 billion in 2025 and N312.23 billion in 2030), S3 (N245.79 billion in 2025 and N345.07 billion in 2030), and S4 (N236.88 billion in 2025 and N292.74 billion in 2030). Equally, in terms of the Debt Service obligation (Principal and Interest) at the end of 2025 under S1, it is expected to be N34.84 billion, compared to the S2 of N35.58 billion, S3 of N38.63 billion and S4 of N30.57 billion; and which still show the superiority of the S1 to others aside the S4.
6. Furthermore, the exposure to currency risk and rollover risk will be mitigated under our Reference Debt Management Strategy (S1); as the share of Foreign Debt to Total Public Debt will marginally increase from 19.57% in 2020 to 22.19% at the end of 2025. 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, which are below their respective thresholds and confirm the State's sustainability among others; S1 is selected as the preferred strategy for the 2021-2025 and even beyond.

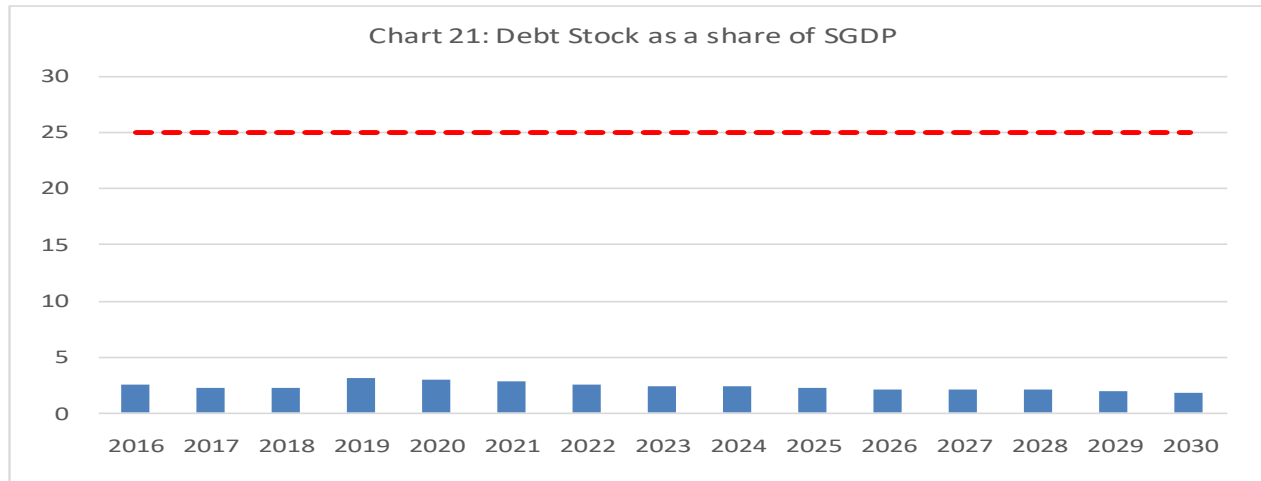
**Conclusion:**

This Preferred Strategy (S1) in the State's Debt Management Strategy, 2021-2025, focuses on increased dependence on Long-term Tenored Domestic and External financing with 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.

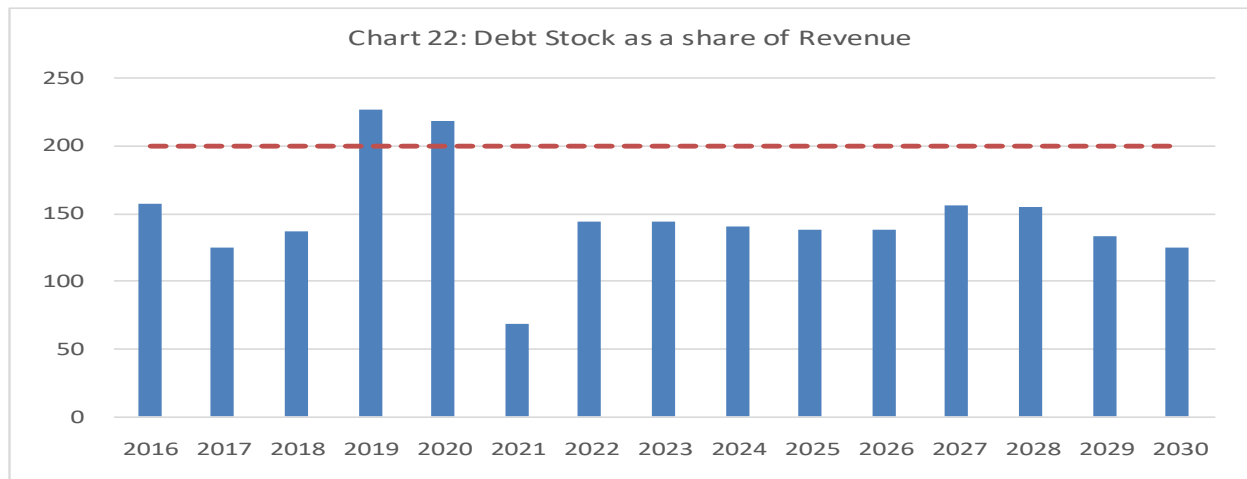
The relevant policies and reforms to the preservation and sustainability of the State's Debt Management thus among others include:

- ❖ 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 and their mitigants, inherent in its existing debt portfolio and potential borrowings.
- ❖ Strengthening the development of the capacity and competency of debt management staff for effective public debt management in the State.

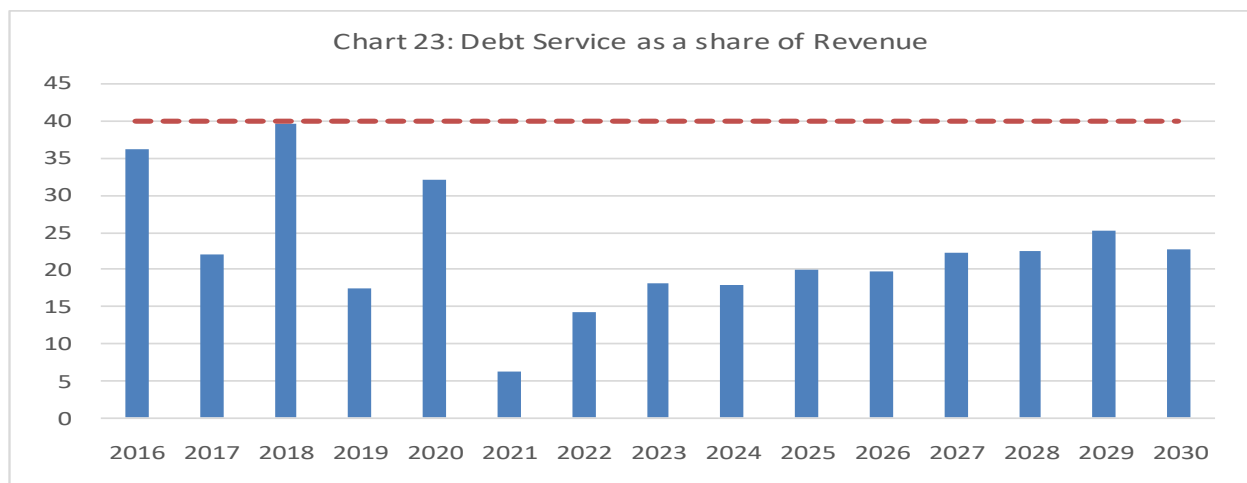
## LIST OF OTHER CHARTS



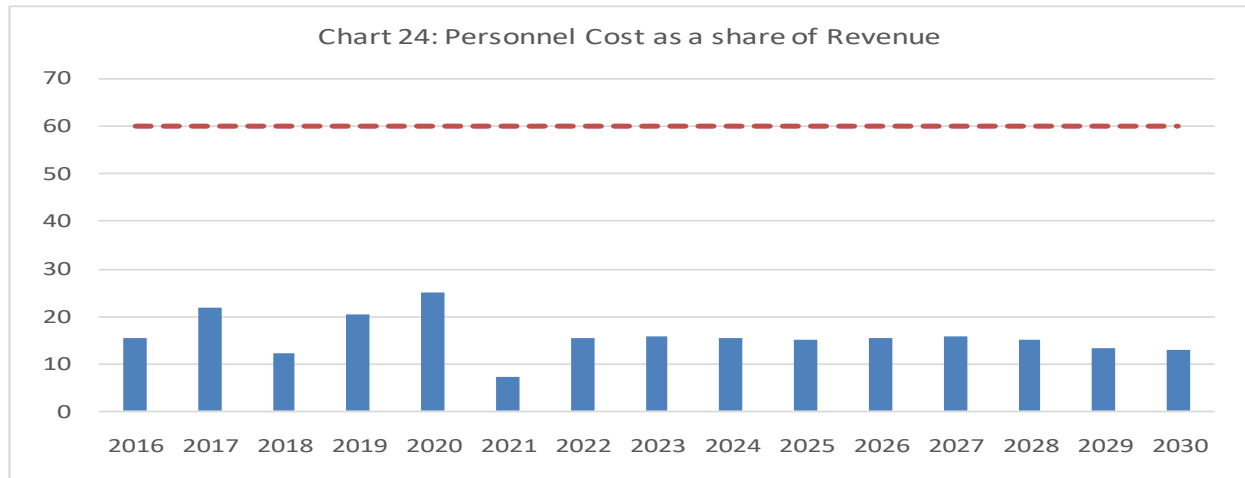
Source: State's Forecast



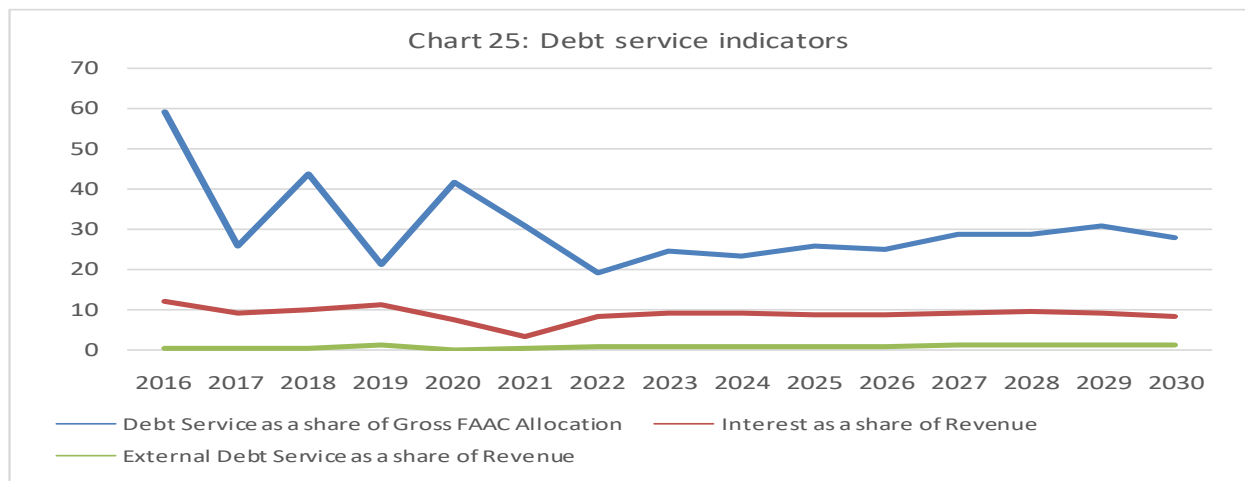
Source: State's Forecast



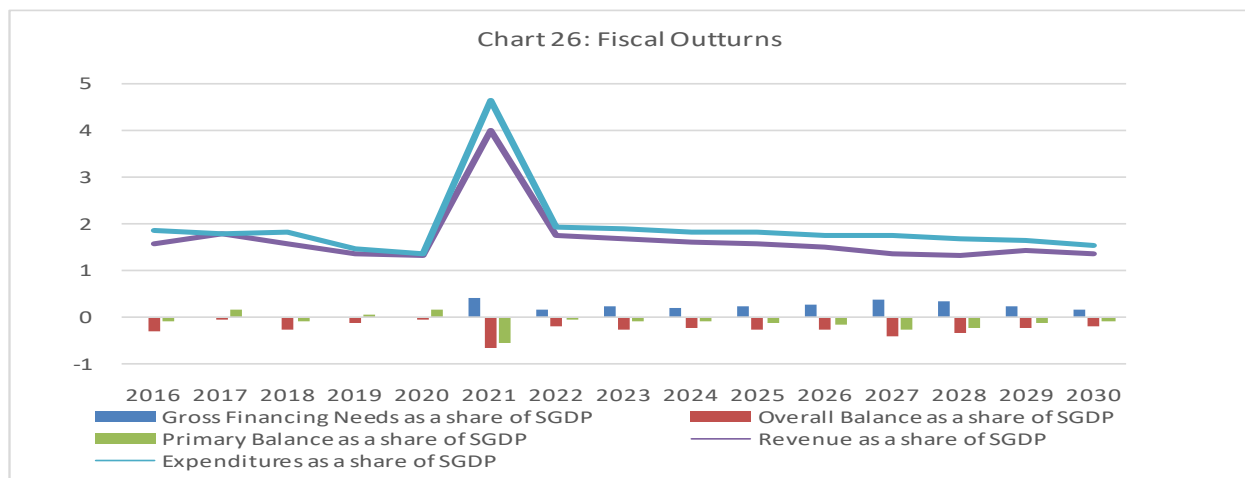
Source: State's Forecast



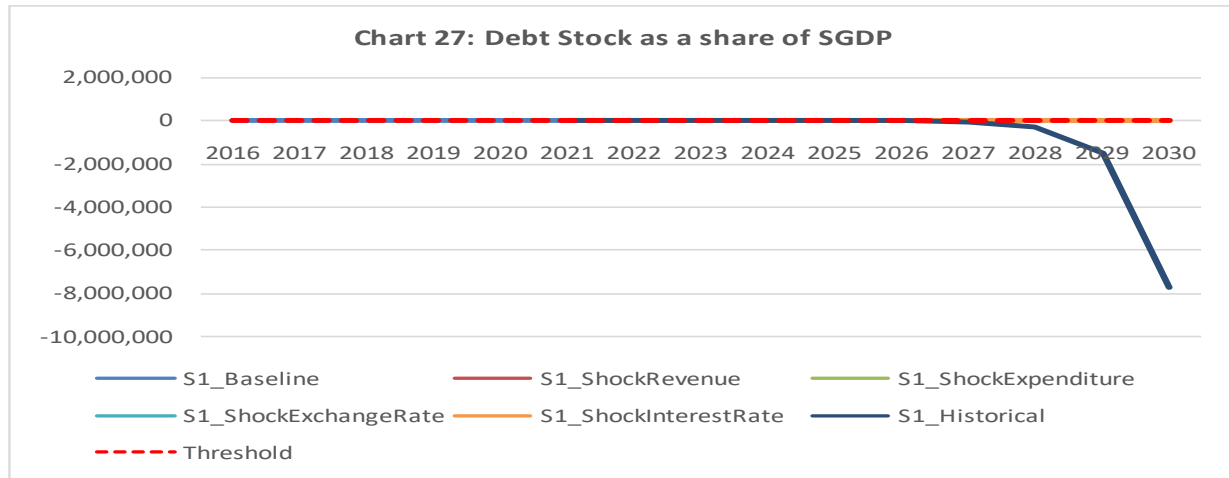
Source: State's Forecast



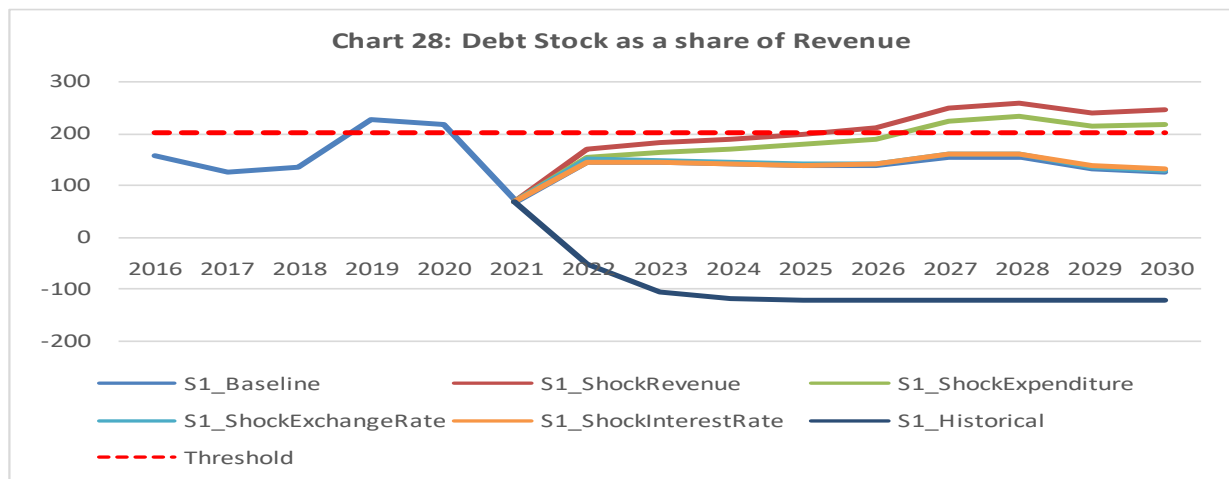
Source: State's Forecast



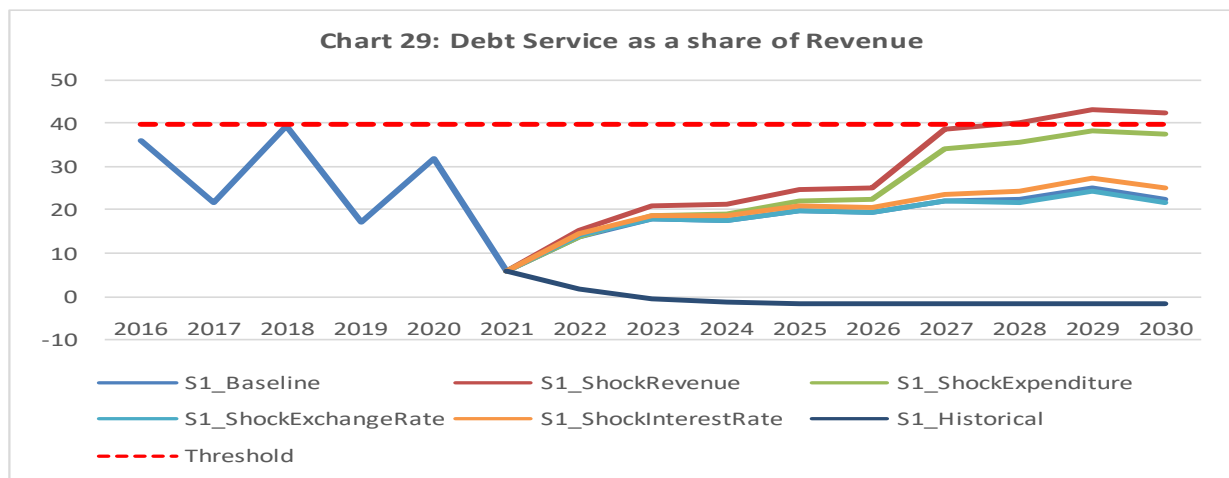
Source: State's Forecast



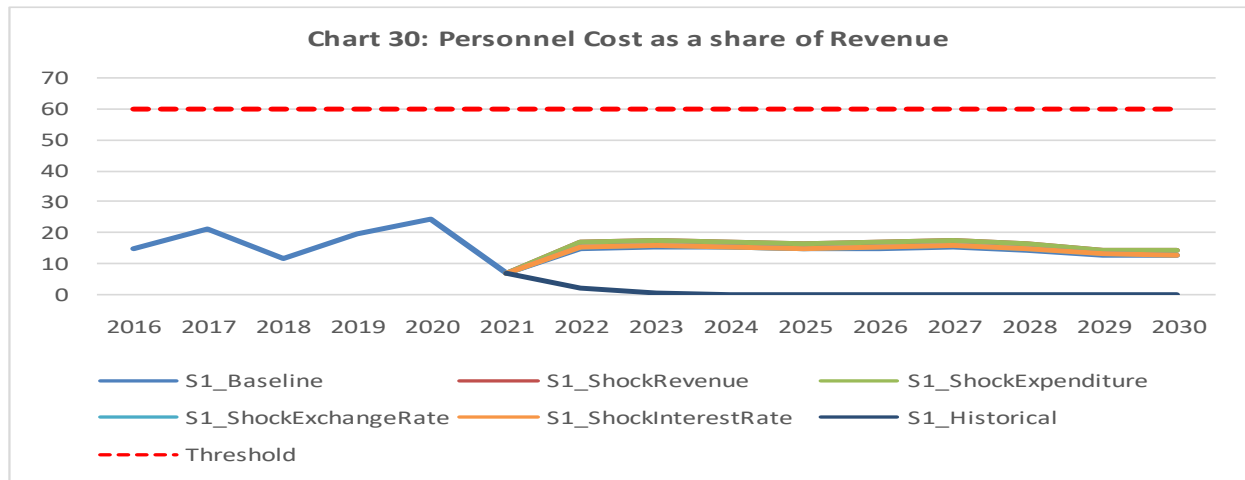
Source: State's Forecast



Source: State's Forecast



Source: State's Forecast



Source: State's Forecast



## LIST OF ANNEXURES

## Annexure 1: Table of Assumptions

2021		Projection Methodology	Source
<b>Assumptions:</b>			
<b>Economic activity</b>	State GDP (at current prices)	State GDP projection was provided for by the World Bank Group in conjunction with the DMO, and NBS	WBG and DMO
<b>Revenue</b>	<b>Revenue</b> <ol style="list-style-type: none"> <li>Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here) <ol style="list-style-type: none"> <li>of which Net Statutory Allocation ('net' means of deductions)</li> <li>of which Deductions</li> </ol> </li> <li>Derivation (if applicable to the State)</li> <li>Other FAAC transfers (exchange rate gain, augmentation, others)</li> <li>VAT Allocation</li> <li>IGR</li> <li>Capital Receipts <ol style="list-style-type: none"> <li>Grants</li> <li>Sales of Government Assets and Privatization Proceeds</li> <li>Other Non-Debt Creating Capital Receipts</li> </ol> </li> </ol>	<p>2021 was the State Budget, while 2022 onward were forecasts from Federation Revenue and Revenue Sharing assumptions based on FG MTEF 2022-2024</p> <p>2021 was the State Budget, while 2022 onward were forecasts from Federation Revenue and Revenue Sharing assumptions based on FG MTEF 2022-2024</p> <p>2021 was the State Budget, while 2022 onward were forecasts from Federation Revenue and Revenue Sharing assumptions based on FG MTEF 2022-2024</p> <p>2021 was the State Budget, while 2022 onward were forecasts from Federation Revenue and Revenue Sharing assumptions based on FG MTEF 2022-2024</p> <p>2021 was the State Budget, while 2022 onward were forecasts from Federation Revenue and Revenue Sharing assumptions based on FG MTEF 2022-2024</p> <p>2021 was the State Budget, while 2022 onward were forecasts from Federation Revenue and Revenue Sharing assumptions based on FG MTEF 2022-2024</p> <p>2021 was the State Budget provision, while 2022 was the average of 2021 with an increase of 1.2% extending to 2024, 2025 - 2030 increased with 1.5% of previous year R</p> <p>2021 was the State Budget provision, 2022 - 2024 was 45% of the Expected Recurrent Revenue, while 2025 - 2030 is projected using 50% of Expected Recurrent Revenue As contained in the 2021 State Budget including the expected SFTAS Grant</p> <p>No projection made for now</p> <p>2021 was the State Budget provision, while 2022 onward projections were made in anticipation</p>	<p>State Budget &amp; Budget Office of the Federation</p> <p>State Budget &amp; Budget Office of the Federation</p> <p>State Budget &amp; Budget Office of the Federation</p> <p>State Budget &amp; Budget Office of the Federation</p> <p>State Budget &amp; Budget Office of the Federation</p> <p>State Budget &amp; Budget Office of the Federation</p> <p>State Budget and BIR</p> <p>State Budget and Min. of Budget &amp; Planning</p> <p>State Budget and Min. of Budget &amp; Planning</p> <p>State Budget and Min. of Budget &amp; Planning</p>
<b>Expenditure</b>	<b>Expenditure</b> <ol style="list-style-type: none"> <li>Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)</li> <li>Overhead costs</li> <li>Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)</li> <li>Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)</li> <li>Capital Expenditure</li> </ol>	<p>2021 was State Budget provision, 2022-2030 with average 8% annual increment of the previous year and provision made for New Min. Wage every 5 years at 5% (2025 &amp; ;</p> <p>2021 was State Budget provision. 2022 and onward forecasts made using 4% increment of the previous year figure</p> <p>2021 was State Budget provision, 2022 and onward provisions are as generated by Template</p> <p>2021 was State Budget provision, with average 5% annual increment of the previous year and 5% provision made for New Min. Wage years (2025 &amp; 2029)</p> <p>2021 was State Budget provision, onward forecasts made using range of 45% (2022-2025) to 50% (2026-2030) of Expected Recurrent Revenue</p>	<p>State Budget and Min. of Budget &amp; Planning</p> <p>State Budget and Min. of Budget &amp; Planning</p> <p>State Budget and Min. of Budget &amp; Planning</p> <p>State Budget and Min. of Budget &amp; Planning</p> <p>State Budget and Min. of Budget &amp; Planning</p>
<b>Closing Cash and Bank Balance</b>	Closing Cash and Bank Balance	A minimum of N2 billion Closing Cash and Bank Balance was made for the projections	State Budget and Min. of Budget & Planning
<b>Debt Amortization and Interest Payments</b>	<b>Debt Outstanding at end-2020</b> <p>External Debt - amortization and interest</p> <p>Domestic Debt - amortization and interest</p> <p><b>New debt issued/contracted from 2021 onwards</b></p> <p><b>New External Financing</b></p> <p>External Financing - Concessional Loans (e.g., World Bank, African Development Bank)</p> <p>External Financing - Bilateral Loans</p> <p>Other External Financing</p> <p><b>New Domestic Financing</b></p> <p>Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)</p> <p>Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)</p> <p>State Bonds (maturity 1 to 5 years)</p> <p>State Bonds (maturity 6 years or longer)</p> <p>Other Domestic Financing</p>	<p>The Reconciled Amortization and interest payments Schedules from the DMO</p> <p>The Reconciled Amortization and interest payments Schedules from the DMO</p> <p>Insert the Borrowing Terms for New External Debt: interest rate (%), maturity (# years) and grace period (#)</p> <p>Projection made using Interest rate of 1% with 35 years repayment and 7 years grace period</p> <p>Projection made using Interest rate of 2% with 20 years repayment and 5 years grace period</p> <p>Projection made using Interest rate of 5% with 20 years repayment and 5 years grace period</p> <p>Insert the Borrowing Terms for New Domestic Debt: interest rate (%), maturity (# years) and grace period (#)</p> <p>Projection made using Interest rate of 15% with 5 years repayment and 0 year grace period</p> <p>Projection made using Interest rate of 14% with 15 years repayment and 1 year grace period</p> <p>Projection made using Interest rate of 9% with 5 years repayment and 0 year grace period</p> <p>Projection made using Interest rate of 9% with 10 years repayment and 1 year grace period</p> <p>Projection made using Interest rate of 9% with 15 years repayment and 1 year grace period</p>	<p>DMO and NGF</p> <p>DMO and NGF</p> <p>State Budget and Min. of Budget &amp; Planning</p> <p>State Budget and Min. of Budget &amp; Planning</p> <p>State Budget and Min. of Budget &amp; Planning</p> <p>State Budget and Min. of Budget &amp; Planning</p> <p>State Budget and Min. of Budget &amp; Planning</p> <p>State Budget and Min. of Budget &amp; Planning</p> <p>State Budget and Min. of Budget &amp; Planning</p> <p>State Budget and Min. of Budget &amp; Planning</p> <p>State Budget and Min. of Budget &amp; Planning</p> <p>State Budget and Min. of Budget &amp; Planning</p> <p>State Budget and Min. of Budget &amp; Planning</p> <p>State Budget and Min. of Budget &amp; Planning</p> <p>State Budget and Min. of Budget &amp; Planning</p> <p>State Budget and Min. of Budget &amp; Planning</p>



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Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S1	<b>Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S1</b>		
	<b>New Domestic Financing in Million Naira</b>		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Unpatterned occasional Short-term Borrowings from the Commercial Banks limited to N500 Million Only of the 60% allocated to Domestic Market	State Fiscal Responsibility Law & DMD Law
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Unpatterned Borrowings of the 75% Long-term Loans from Commercial Banks as deemed necessary and accessible of the 60% allocated to Domestic Market	State Fiscal Responsibility Law & DMD Law
	State Bonds (maturity 1 to 5 years)	Unpatterned Borrowings of the 25% Short-term Loans as deemed necessary and accessible of the 60% allocated to Domestic Market	State Fiscal Responsibility Law & DMD Law
	State Bonds (maturity 6 years or longer)	Unpatterned Borrowings of the 75% Long-term Loans from the Capital Market as deemed necessary and accessible of the 60% allocated to Domestic Market	State Fiscal Responsibility Law & DMD Law
	Other Domestic Financing	Unpatterned occasional Borrowings from other Domestic Financing as deemed necessary and accessible of the 60% allocated to Domestic Market	State Fiscal Responsibility Law & DMD Law
	<b>New External Financing in Million US Dollar</b>		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Unpatterned Concessional Loans to be sourced out of the 40% allocated to the Foreign market or External Borrowings	State Fiscal Responsibility Law & DMD Law
	External Financing - Bilateral Loans	Unpatterned Bilateral Loans to be sourced out of the 40% allocated to the Foreign market or External Borrowings	State Fiscal Responsibility Law & DMD Law
	Other External Financing	No Other External Borrowings	State Fiscal Responsibility Law & DMD Law
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S2	<b>Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S2</b>		
	<b>New Domestic Financing in Million Naira</b>		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	No Commercial Bank Borrowing, but only Bonds	State Fiscal Responsibility Law & DMD Law
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	No Commercial Bank Borrowing, but only Bonds	State Fiscal Responsibility Law & DMD Law
	State Bonds (maturity 1 to 5 years)	30% Short term Bonds to be sourced from the Domestic Capital Market	State Fiscal Responsibility Law & DMD Law
	State Bonds (maturity 6 years or longer)	70% Long term Bonds to be sourced from the Domestic Capital Market	State Fiscal Responsibility Law & DMD Law
	Other Domestic Financing	No other Domestic Borrowing, but only Bonds	State Fiscal Responsibility Law & DMD Law
	<b>New External Financing in Million US Dollar</b>		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	No External Borrowing	State Fiscal Responsibility Law & DMD Law
	External Financing - Bilateral Loans	No External Borrowing	State Fiscal Responsibility Law & DMD Law
	Other External Financing	No External Borrowing	State Fiscal Responsibility Law & DMD Law
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S3	<b>Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S3</b>		
	<b>New Domestic Financing in Million Naira</b>		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	20% Short term Commercial Banks Loans to be sourced	State Fiscal Responsibility Law & DMD Law
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	25% Long term Commercial Banks Loans to be sourced	State Fiscal Responsibility Law & DMD Law
	State Bonds (maturity 1 to 5 years)	20% Short term State Bonds to be sourced	State Fiscal Responsibility Law & DMD Law
	State Bonds (maturity 6 years or longer)	25% Long term State Bonds to be sourced	State Fiscal Responsibility Law & DMD Law
	Other Domestic Financing	10% other Domestic Borrowing to be sourced	State Fiscal Responsibility Law & DMD Law
	<b>New External Financing in Million US Dollar</b>		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	No External Borrowing	State Fiscal Responsibility Law & DMD Law
	External Financing - Bilateral Loans	No External Borrowing	State Fiscal Responsibility Law & DMD Law
	Other External Financing	No External Borrowing	State Fiscal Responsibility Law & DMD Law
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S4	<b>Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S4</b>		
	<b>New Domestic Financing in Million Naira</b>		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	30% Short term Commercial Banks Loans to be sourced out of the 70% allocated to the Domestic market	State Fiscal Responsibility Law & DMD Law
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	None	State Fiscal Responsibility Law & DMD Law
	State Bonds (maturity 1 to 5 years)	None	State Fiscal Responsibility Law & DMD Law
	State Bonds (maturity 6 years or longer)	70% Long term State Bonds to be sourced out of the 70% allocated to the Domestic market	State Fiscal Responsibility Law & DMD Law
	Other Domestic Financing	None	State Fiscal Responsibility Law & DMD Law
	<b>New External Financing in Million US Dollar</b>		
	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 & DMD 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 & DMD 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 & DMD Law





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## Annexure 2: Baseline Scenario Projections

	Units	Scale	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>1. Information on State's Gross Domestic Product (See Note 1 in Guidance for Completing Data Request for State DSA)</b>																	
State GDP (at current prices)	Naira	Million	4,328,576	4,449,524	5,370,611	6,011,247	6,443,111	7,684,878	8,521,039	9,414,862	10,239,228	11,157,482	12,181,738	13,300,022	14,520,964	15,853,988	17,309,385
Nation GDP (at current prices)	Naira	Million	101,253,016	114,004,750	127,736,828	145,639,139	154,252,319	183,723,767	203,714,015	225,082,800	244,791,050	266,743,912	291,231,003	317,966,009	347,155,289	379,024,144	413,818,561
Exchange Rate NGN/US\$ (end-Period)	Naira/USD		253	306	307	326	379	379	379	379	379	379	379	379	379	379	379
<b>3. Information on Revenues, Expenditure, and Financing Needs and Sources (See Note 3 in Guidance for Completing Data Request for State DSA)</b>																	
<b>Revenue</b>	Naira	Million	<b>79,066</b>	<b>79,925</b>	<b>107,968</b>	<b>83,881</b>	<b>100,101</b>	<b>341,042</b>	<b>165,387</b>	<b>179,976</b>	<b>187,540</b>	<b>202,976</b>	<b>215,212</b>	<b>232,511</b>	<b>244,274</b>	<b>262,753</b>	<b>268,980</b>
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Alloc	Naira	Million	24,596	23,366	44,210	42,812	35,242	32,326	60,441	62,378	66,986	70,056	72,218	66,668	73,205	90,430	92,877
1.a. of which Net Statutory Allocation ('net' means of deductions)	Naira	Million	8,770	13,865	33,747	31,895	25,767	19,567	47,482	49,419	53,227	55,797	57,959	52,109	58,546	75,771	78,218
1.b. of which Deductions	Naira	Million	15,826	9,501	10,463	10,917	9,475	12,759	12,959	13,759	14,259	14,259	14,559	14,559	14,659	14,659	14,659
2. Derivation (if applicable to the State)	Naira	Million	2,343	2,888	6,000	9,307	8,738	9,766	16,801	16,583	17,669	18,088	18,251	14,989	16,929	23,459	23,459
3. Other FAAC transfers (exchange rate gain, augmentation, others)	Naira	Million	5,490	32,451	15,132	2,201	6,300	4,818	4,026	4,046	4,067	4,087	4,107	4,128	4,149	4,169	4,190
4. VAT Allocation	Naira	Million	9,587	8,801	11,998	13,036	15,550	13,881	29,571	33,611	37,934	42,812	47,878	53,544	59,881	66,967	74,892
5. IGR	Naira	Million	26,819	12,348	8,267	14,386	18,805	75,291	38,097	38,554	39,017	39,602	40,196	40,799	41,411	42,032	42,663
6. Capital Receipts	Naira	Million	10,232	70	22,361	2,139	15,468	204,962	16,451	24,803	21,868	28,330	32,561	52,383	48,699	35,695	30,899
6.a. Grants	Naira	Million	0	5	0	0	1,000	171,543	2,100	2,100	0	0	0	0	0	0	0
6.b. Sales of Government Assets and Privatization Proceeds	Naira	Million	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6.c. Other Non-Debt Creating Capital Receipts	Naira	Million	0	0	22,361	0	5,585	276	0	0	1,500	500	0	1,000	0	0	0
6.d. Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc	Naira	Million	10,232	66	0	2,139	8,883	33,142	14,351	22,703	21,868	26,830	32,061	52,383	47,699	35,695	30,899
6.d.1. of which Borrowings from Domestic bonds	Naira	Million	0	0	0	0	0										
6.d.2. of which Borrowings from Commercial bank loans	Naira	Million	10,000	0	0	0	0										
6.d.3. of which Borrowings from External loans	Naira	Million	232	66	0	2,139	8,883										
<b>Expenditure</b>	Naira	Million	<b>81,033</b>	<b>79,739</b>	<b>99,015</b>	<b>88,812</b>	<b>88,027</b>	<b>357,928</b>	<b>165,387</b>	<b>179,976</b>	<b>187,540</b>	<b>202,976</b>	<b>215,212</b>	<b>232,511</b>	<b>244,274</b>	<b>262,753</b>	<b>268,980</b>
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	Naira	Million	10,442	17,368	10,231	16,453	21,167	21,387	23,099	24,860	25,599	26,098	27,599	28,098	28,860	29,599	30,498
2. Overhead costs	Naira	Million	10,463	4,780	7,667	16,384	10,372	32,724	34,401	34,946	35,444	35,293	35,844	36,598	37,156	37,818	38,683
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Alloca	Naira	Million	9,268	7,960	9,411	10,428	14,218	9,897	12,769	14,199	14,892	15,507	15,832	16,534	18,695	20,237	20,086
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted fr	Naira	Million	10	612	758	1,223	6,371										
3.b. of which Interest deducted from FAAC Allocation	Naira	Million	9,258	7,348	8,652	9,205	7,847										
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest I	Naira	Million	1,859	12,344	14,289	14,291	11,598	13,462	14,049	14,892	14,892	15,965	16,693	17,470	18,993	18,993	20,000
5. Capital Expenditure	Naira	Million	33,801	35,830	55,615	28,669	28,565	271,526	72,491	76,613	82,052	90,783	99,044	110,327	115,072	119,049	125,412
6. Amortization (principal) payments	Naira	Million	15,200	1,457	1,804	2,588	2,107	8,932	8,579	14,466	14,661	19,330	20,201	23,483	25,498	37,058	34,301
6.a. of which Amortization of Domestic bonds	Naira	Million	651	38	14	0	0										
6.b. of which Amortization of Commercial bank loans	Naira	Million	14,171	1,008	1,341	2,119	1,575										
6.c. of which Amortization of External loans	Naira	Million	378	411	449	469	533										
<b>Budget Balance ('+' means surplus, '-' means deficit)</b>	Naira	Million	<b>-1,966</b>	<b>186</b>	<b>8,952</b>	<b>-4,931</b>	<b>12,074</b>	<b>-16,886</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Opening Cash and Bank Balance</b>	Naira	Million	<b>4,571</b>	<b>2,605</b>	<b>2,791</b>	<b>11,743</b>	<b>6,812</b>	<b>18,886</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>
<b>Closing Cash and Bank Balance</b>	Naira	Million	<b>2,605</b>	<b>2,791</b>	<b>11,743</b>	<b>6,812</b>	<b>18,886</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>
<b>Calculation of Financing Needs and Sources</b>																	
<b>Financing Needs</b>	Naira	Million						<b>33,418.38</b>	<b>14,350.70</b>	<b>22,703.13</b>	<b>21,867.67</b>	<b>28,330.49</b>	<b>32,561.12</b>	<b>52,382.92</b>	<b>48,699.27</b>	<b>35,695.44</b>	<b>30,898.85</b>
i. Primary balance	Naira	Million	Sign +/- means source/use of funds					-31,475.35	6,997.06	5,962.15	7,685.72	6,506.43	3,471.22	-12,365.55	-4,506.53	21,599.01	23,487.97
ii. Debt service	Naira	Million						18,828.83	21,347.76	28,665.28	29,553.39	34,836.92	36,032.34	40,017.37	44,192.74	57,294.45	54,386.82
Amortizations	Naira	Million						8,931.65	8,579.19	14,465.84	14,661.19	19,330.22	20,200.79	23,482.95	25,497.93	37,057.88	34,301.30
Interests	Naira	Million						9,897.18	12,768.57	14,199.44	14,892.20	15,506.70	15,831.55	16,534.42	18,694.81	20,236.58	20,085.52
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash an	Naira	Million						-16,885.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Financing Sources</b>	Naira	Million						<b>33,418.38</b>	<b>14,350.70</b>	<b>22,703.13</b>	<b>21,867.67</b>	<b>28,330.49</b>	<b>32,561.12</b>	<b>52,382.92</b>	<b>48,699.27</b>	<b>35,695.44</b>	<b>30,898.85</b>
i. Financing Sources Other than Borrowing	Naira	Million						276.30	0.00	0.00	0.00	1,500.00	500.00	0.00	1,000.00	0.00	0.00
ii. Gross Borrowings	Naira	Million						33,142.08	14,350.70	22,703.13	21,867.67	26,830.49	32,061.12	52,382.92	47,699.27	35,695.44	30,898.85
<b>CONTROL: Financing Needs and Sources Must be Identical (i.e., no financing gap)</b>								<b>OK</b>	<b>OK</b>	<b>OK</b>	<b>OK</b>	<b>OK</b>	<b>OK</b>	<b>OK</b>	<b>OK</b>	<b>OK</b>	<b>OK</b>



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## Annexure 3: ShockRevenue Scenario Projections

	Units	Scale	Shock (% deviation from Base)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>1. Information on State's Gross Domestic Product (See Note 1 in Guidance for Completing Data Request for State DSA)</b>																		
State GDP (at current prices)	Naira	Million		4,328,576	4,449,524	5,370,611	6,011,247	6,443,111	7,684,878	8,521,039	9,414,862	10,239,228	11,157,482	12,181,738	13,300,022	14,520,964	15,853,988	17,309,385
Nation GDP (at current prices)	Naira	Million		101,253,016	114,004,750	127,736,828	145,639,139	154,252,319	183,723,767	203,714,015	225,082,800	244,791,050	266,743,912	291,231,003	317,966,009	347,155,289	379,024,144	413,818,561
Exchange Rate NGN/US\$ (end-Period)	Naira/USD			253	306	307	326	379	379	379	379	379	379	379	379	379	379	379
<b>3. Information on Revenues, Expenditure, and Financing Needs and Sources (See Note 3 in Guidance for Completing Data Request for State DSA)</b>																		
<b>Revenue</b>	Naira	Million		<b>79,066.44</b>	<b>79,925.09</b>	<b>107,967.54</b>	<b>83,880.51</b>	<b>100,101.19</b>	<b>341,042</b>	<b>165,387</b>	<b>181,184</b>	<b>190,103</b>	<b>207,069</b>	<b>221,030</b>	<b>255,360</b>	<b>271,015</b>	<b>294,038</b>	<b>305,481</b>
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Alloc	Naira	Million	-10.0	24,595.50	23,365.95	44,209.95	42,811.62	35,242.00	32,326	54,397	56,140	60,287	63,050	64,996	60,001	65,885	81,387	83,589
1.a. of which Net Statutory Allocation ('net' means of deductions)	Naira	Million	-10.0	8,769.80	13,865.21	33,746.90	31,894.61	25,766.80	19,567	42,734	44,477	47,904	50,217	52,163	46,898	52,691	68,194	70,396
1.b. of which Deductions	Naira	Million	-10.0	15,825.70	9,500.74	10,463.05	10,917.01	9,475.20	12,759	11,663	11,663	12,383	12,833	12,833	13,103	13,193	13,193	13,193
2. Derivation (if applicable to the State)	Naira	Million	-10.0	2,342.50	2,888.41	5,999.62	9,307.08	8,737.80	9,766	15,121	14,925	15,902	16,279	16,426	13,490	15,236	21,113	21,113
3. Other FAAC transfers (exchange rate gain, augmentation, others)	Naira	Million	-10.0	5,489.70	32,451.17	15,131.71	2,201.23	6,299.50	4,818	3,624	3,642	3,660	3,678	3,697	3,715	3,734	3,752	3,771
4. VAT Allocation	Naira	Million	-10.0	9,587.40	8,800.80	11,997.82	13,036.14	15,549.90	13,881	26,614	30,250	34,141	38,531	43,090	48,190	53,893	60,270	67,403
5. IGR	Naira	Million	-10.0	26,819.30	12,348.37	8,267.05	14,385.94	18,804.50	75,291	34,287	34,699	35,115	35,642	36,177	36,719	37,270	37,829	38,397
6. Capital Receipts	Naira	Million		10,232.10	70.39	22,361.39	2,138.50	15,467.60	204,962	31,344	41,529	40,998	49,889	56,644	93,244	94,998	89,686	91,208
6.a. Grants	Naira	Million	-10.0	0.00	4.89	0.00	0.00	1,000.00	171,543	1,890	1,890	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	0.00	22,361.39	0.00	5,584.90	276	0	0	0	1,500	500	0	1,000	0	0
6.d. Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc	Naira	Million		10,232.10	65.50	0.00	2,138.50	8,882.70	33,142	29,454	39,639	40,998	48,389	56,144	93,244	93,998	89,686	91,208
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		10,000.00	0.00	0.00	0.00	0.00										
6.d.3. of which Borrowings from External loans	Naira	Million		232.10	65.50	0.00	2,138.50	8,882.70										
<b>Expenditure</b>	Naira	Million		<b>81,032.50</b>	<b>79,738.90</b>	<b>99,015.20</b>	<b>88,811.90</b>	<b>88,027.30</b>	<b>357,928</b>	<b>165,387</b>	<b>181,184</b>	<b>190,103</b>	<b>207,069</b>	<b>221,030</b>	<b>255,360</b>	<b>271,015</b>	<b>294,038</b>	<b>305,481</b>
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	Naira	Million		10,441.90	17,368.40	10,230.60	16,452.70	21,166.80	21,387	23,099	24,860	25,599	26,098	27,599	28,098	28,860	29,599	30,498
2. Overhead costs	Naira	Million		10,462.90	4,780.10	7,666.50	16,384.10	10,371.90	32,724	34,401	34,946	35,444	35,293	35,844	36,598	37,156	37,818	38,683
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Alloca	Naira	Million		9,267.90	7,960.12	9,410.58	10,427.68	14,218.24	9,897	12,769	15,408	17,455	19,600	21,650	24,279	28,500	32,391	35,029
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted fr	Naira	Million		10.00	612.10	758.30	1,222.70	6,371.00										
3.b. of which Interest deducted from FAAC Allocation	Naira	Million		9,257.90	7,348.00	8,652.30	9,205.00	7,847.20										
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest	Naira	Million		1,858.50	12,343.50	14,288.70	14,290.60	11,597.80	13,462	14,049	14,892	14,892	15,965	16,693	17,470	18,993	18,993	20,000
5. Capital Expenditure	Naira	Million		33,801.20	35,830.30	55,615.10	28,669.00	28,565.40	271,526	72,491	76,613	82,052	90,783	99,044	110,327	115,072	119,049	125,412
6. Amortization (principal) payments	Naira	Million		15,200.16	1,456.57	1,803.75	2,587.87	2,107.19	8,932	8,579	14,466	14,661	19,330	20,201	38,587	42,433	56,188	55,859
6.a. of which Amortization of Domestic bonds	Naira	Million		650.80	37.80	13.60	0.00	0.00										
6.b. of which Amortization of Commercial bank loans	Naira	Million		14,171.40	1,007.80	1,341.00	2,119.00	1,574.50										
6.c. of which Amortization of External loans	Naira	Million		378.00	411.00	449.10	468.90	532.70										
<b>Budget Balance ('+' means surplus, '-' means deficit)</b>	Naira	Million		<b>-1,966.10</b>	<b>186.15</b>	<b>8,952.29</b>	<b>-4,931.39</b>	<b>12,073.91</b>	<b>-16,886</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Opening Cash and Bank Balance</b>	Naira	Million		<b>4,571.00</b>	<b>2,604.88</b>	<b>2,791.03</b>	<b>11,743.32</b>	<b>6,811.90</b>	<b>18,886</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>
<b>Closing Cash and Bank Balance</b>	Naira	Million		<b>2,604.90</b>	<b>2,791.00</b>	<b>11,743.30</b>	<b>6,811.90</b>	<b>18,885.80</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>
<b>Calculation of Financing Needs and Sources</b>																		
<b>Financing Needs</b>	Naira	Million							<b>33,418.38</b>	<b>29,454.33</b>	<b>39,638.69</b>	<b>40,998.06</b>	<b>49,888.57</b>	<b>56,644.39</b>	<b>93,244.24</b>	<b>94,997.79</b>	<b>89,686.13</b>	<b>91,208.38</b>
i. Primary balance	Naira	Million	Sign +/- means source/use of funds						-31,475.35	-8,106.58	-9,765.12	-8,881.54	-10,958.08	-14,793.84	-30,378.36	-24,064.00	-1,106.75	-320.13
ii. Debt service	Naira	Million							18,828.83	21,347.76	29,873.57	32,116.52	38,930.49	41,850.55	62,865.88	70,933.79	88,579.37	90,888.25
Amortizations	Naira	Million							8,931.65	8,579.19	14,465.84	14,661.19	19,330.22	20,200.79	38,586.59	42,433.49	56,188.27	55,859.38
Interests	Naira	Million							9,897.18	12,768.57	15,407.73	17,455.34	19,600.27	21,649.76	24,279.29	28,500.30	32,391.10	35,028.87
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash an	Naira	Million							-16,885.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Financing Sources</b>	Naira	Million							<b>33,418.38</b>	<b>29,454.33</b>	<b>39,638.69</b>	<b>40,998.06</b>	<b>49,888.57</b>	<b>56,644.39</b>	<b>93,244.24</b>	<b>94,997.79</b>	<b>89,686.13</b>	<b>91,208.38</b>
i. Financing Sources Other than Borrowing	Naira	Million							276.30	0.00	0.00	0.00	1,500.00	500.00	0.00	1,000.00	0.00	0.00
ii. Gross Borrowings	Naira	Million	Gross Borrowing = Primary Deficit + Debt Service + Financing Needs Other than Amortizations - Fin						33,142.08	29,454.33	39,638.69	40,998.06	48,388.57	56,144.39	93,244.24	93,997.79	89,686.13	91,208.38
<b>CONTROL: Financing Needs and Sources Must be Identical (i.e., no financing gap)</b>																		
									OK	OK	OK	OK	OK	OK	OK	OK	OK	OK



## Annexure 4: ShockExpenditure Scenario Projections

	Units	Scale	Shock (% deviation from Base)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>1. Information on State's Gross Domestic Product (See Note 1 in Guidance for Completing Data Request for State DSA)</b>																		
State GDP (at current prices)	Naira	Million		4,328,576	4,449,524	5,370,611	6,011,247	6,443,111	7,684,878	8,521,039	9,414,862	10,239,228	11,157,482	12,181,738	13,300,022	14,520,964	15,853,988	17,309,385
Nation GDP (at current prices)	Naira	Million		101,253,016	114,004,750	127,736,828	145,639,139	154,252,319	183,723,767	203,714,015	225,082,800	244,791,050	266,743,912	291,231,003	317,966,009	347,155,289	379,024,144	413,818,561
Exchange Rate NGN/US\$ (end-Period)	Naira/USD			253	306	307	326	379	379	379	379	379	379	379	379	379	379	379
<b>3. Information on Revenues, Expenditure, and Financing Needs and Sources (See Note 3 in Guidance for Completing Data Request for State DSA)</b>																		
<b>Revenue</b>	Naira	Million		<b>79,066.44</b>	<b>79,925.09</b>	<b>107,967.54</b>	<b>83,880.51</b>	<b>100,101.19</b>	<b>341,042</b>	<b>179,791</b>	<b>196,259</b>	<b>205,794</b>	<b>223,705</b>	<b>238,703</b>	<b>273,617</b>	<b>290,155</b>	<b>313,509</b>	<b>325,725</b>
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Alloc	Naira	Million		24,595.50	23,365.95	44,209.95	42,811.62	35,242.00	32,326	60,441	62,378	66,986	70,056	72,218	66,668	73,205	90,430	92,877
1.a. of which Net Statutory Allocation ('net' means of deductions)	Naira	Million		8,769.80	13,865.21	33,746.90	31,894.61	25,766.80	19,567	47,482	49,419	53,227	55,797	57,959	52,109	58,546	75,771	78,218
1.b. of which Deductions	Naira	Million		15,825.70	9,500.74	10,463.05	10,917.01	9,475.20	12,759	12,959	12,959	13,759	14,259	14,259	14,559	14,659	14,659	14,659
2. Derivation (if applicable to the State)	Naira	Million		2,342.50	2,888.41	5,999.62	9,307.08	8,737.80	9,766	16,801	16,583	17,669	18,088	18,251	14,989	16,929	23,459	23,459
3. Other FAAC transfers (exchange rate gain, augmentation, others)	Naira	Million		5,489.70	32,451.17	15,131.71	2,201.23	6,299.50	4,818	4,026	4,046	4,067	4,087	4,107	4,128	4,149	4,169	4,190
4. VAT Allocation	Naira	Million		9,587.40	8,800.80	11,997.82	13,036.14	15,549.90	13,881	29,571	33,611	37,934	42,812	47,878	53,544	59,881	66,967	74,892
5. IGR	Naira	Million		26,819.30	12,348.37	8,267.05	14,385.94	18,804.50	75,291	38,097	38,554	39,017	39,602	40,196	40,799	41,411	42,032	42,663
6. Capital Receipts	Naira	Million		10,232.10	70.39	22,361.39	2,138.50	15,467.60	204,962	30,855	41,086	40,121	49,060	56,053	93,489	94,580	86,452	87,644
6.a. Grants	Naira	Million		0.00	4.89	0.00	0.00	1,000.00	171,543	2,100	2,100	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	0.00	22,361.39	0.00	5,584.90	276	0	0	0	1,500	500	0	1,000	0	0
6.d. Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc	Naira	Million		10,232.10	65.50	0.00	2,138.50	8,882.70	33,142	28,755	38,986	40,121	47,560	55,553	93,489	93,580	86,452	87,644
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		10,000.00	0.00	0.00	0.00	0.00										
6.d.3. of which Borrowings from External loans	Naira	Million		232.10	65.50	0.00	2,138.50	8,882.70										
<b>Expenditure</b>	Naira	Million		<b>81,032.50</b>	<b>79,738.90</b>	<b>99,015.20</b>	<b>88,811.90</b>	<b>88,027.30</b>	<b>357,928</b>	<b>179,791</b>	<b>196,259</b>	<b>205,794</b>	<b>223,705</b>	<b>238,703</b>	<b>273,617</b>	<b>290,155</b>	<b>313,509</b>	<b>325,725</b>
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	Naira	Million	10.0	10,441.90	17,368.40	10,230.60	16,452.70	21,166.80	21,387	25,408	27,346	28,159	28,708	30,359	30,908	31,746	32,559	33,548
2. Overhead costs	Naira	Million	10.0	10,462.90	4,780.10	7,666.50	16,384.10	10,371.90	32,724	37,842	38,440	38,988	38,822	39,428	40,258	40,872	41,600	42,551
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Alloca	Naira	Million		9,267.90	7,960.12	9,410.58	10,427.68	14,218.24	9,897	12,769	15,352	17,347	19,422	21,405	23,987	28,284	32,193	34,643
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted fr	Naira	Million		10.00	612.10	758.30	1,222.70	6,371.00										
3.b. of which Interest deducted from FAAC Allocation	Naira	Million		9,257.90	7,348.00	8,652.30	9,205.00	7,847.20										
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest I	Naira	Million	10.0	1,858.50	12,343.50	14,288.70	14,290.60	11,597.80	13,462	15,453	16,382	16,382	17,561	18,362	19,216	20,892	20,892	22,000
5. Capital Expenditure	Naira	Million	10.0	33,801.20	35,830.30	55,615.10	28,669.00	28,565.40	271,526	79,740	84,274	90,257	99,861	108,948	121,360	126,579	130,954	137,953
6. Amortization (principal) payments	Naira	Million		15,200.16	1,456.57	1,803.75	2,587.87	2,107.19	8,932	8,579	14,466	14,661	19,330	20,201	37,887	41,781	55,312	55,030
6.a. of which Amortization of Domestic bonds	Naira	Million		650.80	37.80	13.60	0.00	0.00										
6.b. of which Amortization of Commercial bank loans	Naira	Million		14,171.40	1,007.80	1,341.00	2,119.00	1,574.50										
6.c. of which Amortization of External loans	Naira	Million		378.00	411.00	449.10	468.90	532.70										
<b>Budget Balance ('+' means surplus, '-' means deficit)</b>	Naira	Million		<b>-1,966.10</b>	<b>186.15</b>	<b>8,952.29</b>	<b>-4,931.39</b>	<b>12,073.91</b>	<b>-16,886</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Opening Cash and Bank Balance</b>	Naira	Million		<b>4,571.00</b>	<b>2,604.88</b>	<b>2,791.03</b>	<b>11,743.32</b>	<b>6,811.90</b>	<b>18,886</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>
<b>Closing Cash and Bank Balance</b>	Naira	Million		<b>2,604.90</b>	<b>2,791.00</b>	<b>11,743.30</b>	<b>6,811.90</b>	<b>18,885.80</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>
<b>Calculation of Financing Needs and Sources</b>																		
<b>Financing Needs</b>	Naira	Million							<b>33,418.38</b>	<b>28,754.63</b>	<b>38,986.49</b>	<b>40,121.33</b>	<b>49,059.64</b>	<b>56,052.67</b>	<b>93,489.15</b>	<b>94,579.88</b>	<b>86,451.87</b>	<b>87,644.41</b>
i. Primary balance	Naira	Million	Sign +/- means source/use of funds						-31,475.35	-7,406.87	-9,168.90	-8,112.96	-10,307.44	-14,446.72	-31,614.91	-24,514.66	1,053.15	2,028.67
ii. Debt service	Naira	Million							18,828.83	21,347.76	29,817.59	32,008.37	38,752.20	41,605.95	61,874.24	70,065.23	87,505.02	89,673.09
Amortizations	Naira	Million							8,931.65	8,579.19	14,465.84	14,661.19	19,330.22	20,200.79	37,886.88	41,781.30	55,311.54	55,030.45
Interests	Naira	Million							9,897.18	12,768.57	15,351.75	17,347.18	19,421.98	21,405.16	23,987.35	28,283.93	32,193.47	34,642.64
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash an	Naira	Million							-16,885.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Financing Sources</b>	Naira	Million							<b>33,418.38</b>	<b>28,754.63</b>	<b>38,986.49</b>	<b>40,121.33</b>	<b>49,059.64</b>	<b>56,052.67</b>	<b>93,489.15</b>	<b>94,579.88</b>	<b>86,451.87</b>	<b>87,644.41</b>
i. Financing Sources Other than Borrowing	Naira	Million							276.30	0.00	0.00	0.00	1,500.00	500.00	0.00	1,000.00	0.00	0.00
ii. Gross Borrowings	Naira	Million	Gross Borrowing = Primary Deficit + Debt Service + Financing Needs Other than Amortizations - Fin						33,142.08	28,754.63	38,986.49	40,121.33	47,559.64	55,552.67	93,489.15	93,579.88	86,451.87	87,644.41
<b>CONTROL: Financing Needs and Sources Must be Identical (i.e., no financing gap)</b>																		
									<b>OK</b>	<b>OK</b>	<b>OK</b>	<b>OK</b>	<b>OK</b>	<b>OK</b>	<b>OK</b>	<b>OK</b>	<b>OK</b>	<b>OK</b>



## Annexure 5: ShockExchange Rate Scenario Projections

	Units	Scale	Shock (% deviation from Base)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>1. Information on State's Gross Domestic Product (See Note 1 in Guidance for Completing Data Request for State DSA)</b>																		
State GDP (at current prices)	Naira	Million		4,328,576	4,449,524	5,370,611	6,011,247	6,443,111	7,684,878	8,521,039	9,414,862	10,239,228	11,157,482	12,181,738	13,300,022	14,520,964	15,853,988	17,309,385
Nation GDP (at current prices)	Naira	Million		101,253,016	114,004,750	127,736,828	145,639,139	154,252,319	183,723,767	203,714,015	225,082,800	244,791,050	266,743,912	291,231,003	317,966,009	347,155,289	379,024,144	413,818,561
Exchange Rate NGN/US\$ (end-Period)	Naira/USD		20.0	253	306	307	326	379	379	454.80	454.80	454.80	454.80	454.80	454.80	454.80	454.80	454.80
<b>3. Information on Revenues, Expenditure, and Financing Needs and Sources (See Note 3 in Guidance for Completing Data Request for State DSA)</b>																		
<b>Revenue</b>	Naira	Million		<b>79,066.44</b>	<b>79,925.09</b>	<b>107,967.54</b>	<b>83,880.51</b>	<b>100,101.19</b>	<b>341,042</b>	<b>165,556</b>	<b>180,186</b>	<b>187,709</b>	<b>203,084</b>	<b>215,205</b>	<b>232,521</b>	<b>242,881</b>	<b>261,320</b>	<b>266,738</b>
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Alloc	Naira	Million		24,595.50	23,365.95	44,209.95	42,811.62	35,242.00	32,326	60,441	62,378	66,986	70,056	72,218	66,668	73,205	90,430	92,877
1.a. of which Net Statutory Allocation ('net' means of deductions)	Naira	Million		8,769.80	13,865.21	33,746.90	31,894.61	25,766.80	19,567	47,482	49,419	53,227	55,797	57,959	52,109	58,546	75,771	78,218
1.b. of which Deductions	Naira	Million		15,825.70	9,500.74	10,463.05	10,917.01	9,475.20	12,759	12,959	12,959	13,759	14,259	14,259	14,559	14,659	14,659	14,659
2. Derivation (if applicable to the State)	Naira	Million		2,342.50	2,888.41	5,999.62	9,307.08	8,737.80	9,766	16,801	16,583	17,669	18,088	18,251	14,989	16,929	23,459	23,459
3. Other FAAC transfers (exchange rate gain, augmentation, others)	Naira	Million		5,489.70	32,451.17	15,131.71	2,201.23	6,299.50	4,818	4,026	4,046	4,067	4,087	4,107	4,128	4,149	4,169	4,190
4. VAT Allocation	Naira	Million		9,587.40	8,800.80	11,997.82	13,036.14	15,549.90	13,881	29,571	33,611	37,934	42,812	47,878	53,544	59,881	66,967	74,892
5. IGR	Naira	Million		26,819.30	12,348.37	8,267.05	14,385.94	18,804.50	75,291	38,097	38,554	39,017	39,602	40,196	40,799	41,411	42,032	42,663
6. Capital Receipts	Naira	Million		10,232.10	70.39	22,361.39	2,138.50	15,467.60	204,962	16,620	25,014	22,037	28,438	32,555	52,393	47,307	34,263	28,657
6.a. Grants	Naira	Million		0.00	4.89	0.00	0.00	1,000.00	171,543	2,100	2,100	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	0.00	22,361.39	0.00	5,584.90	276	0	0	0	1,500	500	0	1,000	0	0
6.d. Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc	Naira	Million		10,232.10	65.50	0.00	2,138.50	8,882.70	33,142	14,520	22,914	22,037	26,938	32,055	52,393	46,307	34,263	28,657
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		10,000.00	0.00	0.00	0.00	0.00										
6.d.3. of which Borrowings from External loans	Naira	Million		232.10	65.50	0.00	2,138.50	8,882.70										
<b>Expenditure</b>	Naira	Million		<b>81,032.50</b>	<b>79,738.90</b>	<b>99,015.20</b>	<b>88,811.90</b>	<b>88,027.30</b>	<b>357,928</b>	<b>165,556</b>	<b>180,186</b>	<b>187,709</b>	<b>203,084</b>	<b>215,205</b>	<b>232,521</b>	<b>242,881</b>	<b>261,320</b>	<b>266,738</b>
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	Naira	Million		10,441.90	17,368.40	10,230.60	16,452.70	21,166.80	21,387	23,099	24,860	25,599	26,098	27,599	28,098	28,860	29,599	30,498
2. Overhead costs	Naira	Million		10,462.90	4,780.10	7,666.50	16,384.10	10,371.90	32,724	34,401	34,946	35,444	35,293	35,844	36,598	37,156	37,818	38,683
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Alloca	Naira	Million		9,267.90	7,960.12	9,410.58	10,427.68	14,218.24	9,897	12,800	14,244	14,869	15,421	15,631	16,180	18,145	19,525	19,227
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted fr	Naira	Million		10.00	612.10	758.30	1,222.70	6,371.00										
3.b. of which Interest deducted from FAAC Allocation	Naira	Million		9,257.90	7,348.00	8,652.30	9,205.00	7,847.20										
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest	Naira	Million		1,858.50	12,343.50	14,288.70	14,290.60	11,597.80	13,462	14,049	14,892	14,892	15,965	16,693	17,470	18,993	18,993	20,000
5. Capital Expenditure	Naira	Million		33,801.20	35,830.30	55,615.10	28,669.00	28,565.40	271,526	72,491	76,613	82,052	90,783	99,044	110,327	115,072	119,049	125,412
6. Amortization (principal) payments	Naira	Million		15,200.16	1,456.57	1,803.75	2,587.87	2,107.19	8,932	8,716	14,632	14,854	19,524	20,395	23,847	24,655	36,337	32,918
6.a. of which Amortization of Domestic bonds	Naira	Million		650.80	37.80	13.60	0.00	0.00										
6.b. of which Amortization of Commercial bank loans	Naira	Million		14,171.40	1,007.80	1,341.00	2,119.00	1,574.50										
6.c. of which Amortization of External loans	Naira	Million		378.00	411.00	449.10	468.90	532.70										
<b>Budget Balance ('+' means surplus, '-' means deficit)</b>	Naira	Million		<b>-1,966.10</b>	<b>186.15</b>	<b>8,952.29</b>	<b>-4,931.39</b>	<b>12,073.91</b>	<b>-16,886</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Opening Cash and Bank Balance</b>	Naira	Million		<b>4,571.00</b>	<b>2,604.88</b>	<b>2,791.03</b>	<b>11,743.32</b>	<b>6,811.90</b>	<b>18,886</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>
<b>Closing Cash and Bank Balance</b>	Naira	Million		<b>2,604.90</b>	<b>2,791.00</b>	<b>11,743.30</b>	<b>6,811.90</b>	<b>18,885.80</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>
<b>Calculation of Financing Needs and Sources</b>																		
<b>Financing Needs</b>	Naira	Million							<b>33,418.38</b>	<b>14,519.73</b>	<b>22,913.73</b>	<b>22,036.68</b>	<b>28,438.36</b>	<b>32,554.83</b>	<b>52,392.80</b>	<b>47,306.53</b>	<b>34,262.83</b>	<b>28,657.17</b>
i. Primary balance	Naira	Million	Sign +/- means source/use of funds						-31,475.35	6,997.06	5,962.15	7,685.72	6,506.43	3,471.22	-12,365.55	-4,506.53	21,599.01	23,487.97
ii. Debt service	Naira	Million							18,828.83	21,516.79	28,875.88	29,722.40	34,944.79	36,026.05	40,027.25	42,800.00	55,861.84	52,145.14
Amortizations	Naira	Million							8,931.65	8,716.39	14,631.84	14,853.72	19,523.51	20,394.84	23,846.79	24,655.31	36,337.25	32,917.68
Interests	Naira	Million							9,897.18	12,800.40	14,244.04	14,868.68	15,421.28	15,631.21	16,180.46	18,144.68	19,524.58	19,227.46
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash an	Naira	Million							-16,885.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Financing Sources</b>	Naira	Million							<b>33,418.38</b>	<b>14,519.73</b>	<b>22,913.73</b>	<b>22,036.68</b>	<b>28,438.36</b>	<b>32,554.83</b>	<b>52,392.80</b>	<b>47,306.53</b>	<b>34,262.83</b>	<b>28,657.17</b>
i. Financing Sources Other than Borrowing	Naira	Million							276.30	0.00	0.00	0.00	1,500.00	500.00	0.00	1,000.00	0.00	0.00
ii. Gross Borrowings	Naira	Million	Gross Borrowing = Primary Deficit + Debt Service + Financing Needs Other than Amortizations - Fin						33,142.08	14,519.73	22,913.73	22,036.68	26,938.36	32,054.83	52,392.80	46,306.53	34,262.83	28,657.17
<b>CONTROL: Financing Needs and Sources Must be Identical (i.e., no financing gap)</b>																		
									OK	OK	OK	OK	OK	OK	OK	OK	OK	OK



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## Annexure 6: ShockInterest Rate Scenario Projections

	Units	Scale	Shock (% deviation from Base	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>1. Information on State's Gross Domestic Product (See Note 1 in Guidance for Completing Data Request for State DSA)</b>																		
State GDP (at current prices)	Naira	Million		4,328,576	4,449,524	5,370,611	6,011,247	6,443,111	7,684,878	8,521,039	9,414,862	10,239,228	11,157,482	12,181,738	13,300,022	14,520,964	15,853,988	17,309,385
Nation GDP (at current prices)	Naira	Million		101,253,016	114,004,750	127,736,828	145,639,139	154,252,319	183,723,767	203,714,015	225,082,800	244,791,050	266,743,912	291,231,003	317,966,009	347,155,289	379,024,144	413,818,561
Exchange Rate NGN/US\$ (end-Period)	Naira/USD			253	306	307	326	379	379	379	379	379	379	379	379	379	379	379
<b>3. Information on Revenues, Expenditure, and Financing Needs and Sources (See Note 3 in Guidance for Completing Data Request for State DSA)</b>																		
<b>Revenue</b>	Naira	Million		<b>79,066.44</b>	<b>79,925.09</b>	<b>107,967.54</b>	<b>83,880.51</b>	<b>100,101.19</b>	<b>341,042</b>	<b>166,050</b>	<b>180,979</b>	<b>188,841</b>	<b>204,589</b>	<b>217,101</b>	<b>235,411</b>	<b>248,179</b>	<b>267,655</b>	<b>274,538</b>
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Alloc	Naira	Million		24,595.50	23,365.95	44,209.95	42,811.62	35,242.00	32,326	60,441	62,378	66,986	70,056	72,218	66,668	73,205	90,430	92,877
1.a. of which Net Statutory Allocation ('net' means of deductions)	Naira	Million		8,769.80	13,865.21	33,746.90	31,894.61	25,766.80	19,567	47,482	49,419	53,227	55,797	57,959	52,109	58,546	75,771	78,218
1.b. of which Deductions	Naira	Million		15,825.70	9,500.74	10,463.05	10,917.01	9,475.20	12,759	12,959	12,959	13,759	14,259	14,259	14,559	14,659	14,659	14,659
2. Derivation (if applicable to the State)	Naira	Million		2,342.50	2,888.41	5,999.62	9,307.08	8,737.80	9,766	16,801	16,583	17,669	18,088	18,251	14,989	16,929	23,459	23,459
3. Other FAAC transfers (exchange rate gain, augmentation, others)	Naira	Million		5,489.70	32,451.17	15,131.71	2,201.23	6,299.50	4,818	4,026	4,046	4,067	4,087	4,107	4,128	4,149	4,169	4,190
4. VAT Allocation	Naira	Million		9,587.40	8,800.80	11,997.82	13,036.14	15,549.90	13,881	29,571	33,611	37,934	42,812	47,878	53,544	59,881	66,967	74,892
5. IGR	Naira	Million		26,819.30	12,348.37	8,267.05	14,385.94	18,804.50	75,291	38,097	38,554	39,017	39,602	40,196	40,799	41,411	42,032	42,663
6. Capital Receipts	Naira	Million		10,232.10	70.39	22,361.39	2,138.50	15,467.60	204,962	17,114	25,806	23,169	29,944	34,450	55,283	52,604	40,598	36,457
6.a. Grants	Naira	Million		0.00	4.89	0.00	0.00	1,000.00	171,543	2,100	2,100	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	0.00	22,361.39	0.00	5,584.90	276	0	0	0	1,500	500	0	1,000	0	0
6.d. Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc	Naira	Million		10,232.10	65.50	0.00	2,138.50	8,882.70	33,142	15,014	23,706	23,169	28,444	33,950	55,283	51,604	40,598	36,457
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		10,000.00	0.00	0.00	0.00	0.00										
6.d.3. of which Borrowings from External loans	Naira	Million		232.10	65.50	0.00	2,138.50	8,882.70										
<b>Expenditure</b>	Naira	Million		<b>81,032.50</b>	<b>79,738.90</b>	<b>99,015.20</b>	<b>88,811.90</b>	<b>88,027.30</b>	<b>357,928</b>	<b>166,050</b>	<b>180,979</b>	<b>188,841</b>	<b>204,589</b>	<b>217,101</b>	<b>235,411</b>	<b>248,179</b>	<b>267,655</b>	<b>274,538</b>
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	Naira	Million		10,441.90	17,368.40	10,230.60	16,452.70	21,166.80	21,387	23,099	24,860	25,599	26,098	27,599	28,098	28,860	29,599	30,498
2. Overhead costs	Naira	Million		10,462.90	4,780.10	7,666.50	16,384.10	10,371.90	32,724	34,401	34,946	35,444	35,293	35,844	36,598	37,156	37,818	38,683
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Alloca	Naira	Million		9,267.90	7,960.12	9,410.58	10,427.68	14,218.24	9,897	13,431	15,202	16,193	17,120	17,721	18,771	21,597	23,838	24,030
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted fr	Naira	Million		10.00	612.10	758.30	1,222.70	6,371.00										
3.b. of which Interest deducted from FAAC Allocation	Naira	Million		9,257.90	7,348.00	8,652.30	9,205.00	7,847.20										
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest I	Naira	Million		1,858.50	12,343.50	14,288.70	14,290.60	11,597.80	13,462	14,049	14,892	14,892	15,965	16,693	17,470	18,993	18,993	20,000
5. Capital Expenditure	Naira	Million		33,801.20	35,830.30	55,615.10	28,669.00	28,565.40	271,526	72,491	76,613	82,052	90,783	99,044	110,327	115,072	119,049	125,412
6. Amortization (principal) payments	Naira	Million		15,200.16	1,456.57	1,803.75	2,587.87	2,107.19	8,932	8,579	14,466	14,661	19,330	20,201	24,146	26,501	38,359	35,914
6.a. of which Amortization of Domestic bonds	Naira	Million		650.80	37.80	13.60	0.00	0.00										
6.b. of which Amortization of Commercial bank loans	Naira	Million		14,171.40	1,007.80	1,341.00	2,119.00	1,574.50										
6.c. of which Amortization of External loans	Naira	Million		378.00	411.00	449.10	468.90	532.70										
<b>Budget Balance ('+' means surplus, '-' means deficit)</b>	Naira	Million		<b>-1,966.10</b>	<b>186.15</b>	<b>8,952.29</b>	<b>-4,931.39</b>	<b>12,073.91</b>	<b>-16,886</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Opening Cash and Bank Balance</b>	Naira	Million		<b>4,571.00</b>	<b>2,604.88</b>	<b>2,791.03</b>	<b>11,743.32</b>	<b>6,811.90</b>	<b>18,886</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>
<b>Closing Cash and Bank Balance</b>	Naira	Million		<b>2,604.90</b>	<b>2,791.00</b>	<b>11,743.30</b>	<b>6,811.90</b>	<b>18,885.80</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>
<b>Calculation of Financing Needs and Sources</b>																		
<b>Financing Needs</b>	Naira	Million							<b>33,418.38</b>	<b>15,013.54</b>	<b>23,706.01</b>	<b>23,168.56</b>	<b>29,943.53</b>	<b>34,450.28</b>	<b>55,282.68</b>	<b>52,604.14</b>	<b>40,597.54</b>	<b>36,456.65</b>
i. Primary balance	Naira	Million	Sign +/- means source/use of funds						-31,475.35	6,997.06	5,962.15	7,685.72	6,506.43	3,471.22	-12,365.55	-4,506.53	21,599.01	23,487.97
ii. Debt service	Naira	Million							18,828.83	22,010.60	29,668.16	30,854.28	36,449.96	37,921.50	42,917.13	48,097.61	62,196.55	59,944.62
Amortizations	Naira	Million							8,931.65	8,579.19	14,465.84	14,661.19	19,330.22	20,200.79	24,145.79	26,500.81	38,358.77	35,914.34
Interests	Naira	Million							9,897.18	13,431.41	15,202.32	16,193.09	17,119.75	17,720.71	18,771.33	21,596.80	23,837.78	24,030.28
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash an	Naira	Million							-16,885.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Financing Sources</b>	Naira	Million							<b>33,418.38</b>	<b>15,013.54</b>	<b>23,706.01</b>	<b>23,168.56</b>	<b>29,943.53</b>	<b>34,450.28</b>	<b>55,282.68</b>	<b>52,604.14</b>	<b>40,597.54</b>	<b>36,456.65</b>
i. Financing Sources Other than Borrowing	Naira	Million							276.30	0.00	0.00	0.00	1,500.00	500.00	0.00	1,000.00	0.00	0.00
ii. Gross Borrowings	Naira	Million	Gross Borrowing = Primary Deficit + Debt Service + Financing Needs Other than Amortizations - Fin						33,142.08	15,013.54	23,706.01	23,168.56	28,443.53	33,950.28	55,282.68	51,604.14	40,597.54	36,456.65
<b>CONTROL: Financing Needs and Sources Must be Identical (i.e., no financing gap)</b>																		
									<b>OK</b>	<b>OK</b>	<b>OK</b>	<b>OK</b>	<b>OK</b>	<b>OK</b>	<b>OK</b>	<b>OK</b>	<b>OK</b>	<b>OK</b>



## Imo State DSA Technical Team

- |    |                                     |   |
|----|-------------------------------------|---|
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| 2. | AJUZIUGU EJIKE                      | DEBT MANAGEMENT DEPARTMENT                            |
| 3. | CHUKWU CALLISTUS, <i>ACA</i>        | OFFICE OF THE ACCOUNTANT GENERAL                      |
| 4. | OKERE JOACHIM U.                    | MINISTRY OF BUDGET, ECONOMIC PLANNING<br>& STATISTICS |
| 5. | OKOLI PEACE UDOCHUKWU               | BUREAU OF PROCUREMENT & DUE PROCESS                   |

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