



**AKWA IBOM STATE GOVERNMENT OF NIGERIA**

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

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# CHAPTER ONE

## INTRODUCTION

The Akwa Ibom State Debt Sustainability Analysis highlights historical trends and patterns in the State Public Finance during the period 2020 to 2024 and evaluates the long-term debt sustainability from 2025 to 2034. This analysis highlights recent trends in revenue, expenditure, public debt and related policies and programs adopted by the State. The Akwa Ibom State Debt Sustainability Assessment, Scenario and Sensitivity Analysis conducted evaluate the prospective performance of the State's public finances. Debt Sustainability framework provides an objective assessment of debt sustainability in a given macro-economic context that outlines the State fiscal and monetary stance under assumptions and conditions.

The main objective of debt management strategy is to ensure that government financing needs and its payment obligations are met at the lowest possible cost whether in the short, medium or long-term basis. Effective debt management strategies involve organizing and controlling debt to minimize financial risk and achieve financial goals. Debt management strategies calculate costs of carrying public debt; measure the risks associated with macroeconomic and fiscal shocks; realistically set fiscal targets; and effectively allocate resources to strategic priorities using components of Medium-Term Expenditure Framework (MTEF) such as Economic and Fiscal Update (EFU); Fiscal Strategy Paper (FSP) and Budget Policy Statements (BPS). The current edition of the MTEF covers the period 2026 - 2028.

Akwa Ibom State has put appropriate measures in place for sustainable debt management, which gears towards addressing short, medium and long-term debts. One of such measures is the recent digitalization of the State Tax System that is expected to yield positive result on the State Internally Generated Revenue (IGR) and Earnings. IGR derived from Maintenance, Repairs and Overhaul (MRO) of Ibom International Airport, Ibom Industrial City, Maritime Sector, Landed Properties, Trade, Commerce, Foreign Tourism, Agricultural Sector, etc.; also complement Government efforts in the creation of enduring structure for employment and revenue generation.

The preparation of Akwa Ibom State Debt Sustainability Analysis is anchored on projections made from the State generated revenue and expenditure over a ten-year period. Based on the trajectory

observed from the Debt Sustainability Analysis, Credit Schemes such as agriculture loans, infrastructure loans and commercial bank loans with the maturity date of 1 to 5 years is recommended to ensure that budget deficit gap in the state is bridged. The State can also borrow from the Capital market by issuing State Bonds with maturity date of 6 years or longer and raise finance from other domestic sources. External financing can equally be sourced through concessional loans, e.g., World Bank, Africa Development Bank and Bilateral Loans.

## **CHAPTER TWO**

### **THE STATE FISCAL AND DEBT FRAMEWORK**

#### **2.1 FISCAL REFORMS:**

Akwa Ibom State has implemented the following fiscal reforms in the last 3 – 5 years.

- 1) Broadening and diversification of the State’s resource base through improvements in the collection of Internally Generated Revenue (IGR) and the development of other internally generated revenue sources in the maritime sector and in the coastal and inland water ways as well as harnessing revenue on landed properties.
- 2) Pursuing of foreign exchange revenue from airplane Maintenance, other Aviation Repairs and Overhaul (MRO) facility at Ibom International Airport and opening of new regional routes to other countries.
- 3) Boosting production by local businesses through the promotion of trade, commerce and foreign tourism between the State and the rest of the world.
- 4) Encouraging and sustaining small and medium-scale enterprises through the development of an efficient and sustainable micro-credit framework as part of wealth creation and employment generation.
- 5) Developing of Ibom Industrial City to complement Government efforts in the creation of enduring structure for employment and revenue generation.
- 6) Developing the agricultural sector through supply of improved agricultural inputs, credit and extension.

#### **2.2 2026 - 2028 MTEF AND 2025 BUDGET**

Akwa Ibom State 2025 Budget aims at reducing dependence on statutory allocations as the main source of revenue to the State. This will be pursued by establishing more industries, improving internally generated revenue and providing the enabling environment that will encourage private investment in the State. The State Government will also create employment opportunities and improve the living standards of the people by providing basic infrastructures, enhancing security, developing human capital and continuing to boost services in education and healthcare.

Akwa Ibom State has been embarking extensively on the preparation of Medium-Term Expenditure Framework (MTEF). The document serves as a tool for Multi-year Fiscal Planning and Budget

formulation processes aimed at enabling the State Government to realistically set fiscal targets and effectively allocate resources to strategic priorities.

The main elements of the MTEF are:

1. **The Economic and Fiscal Update (EFU):** This provides economic and fiscal analyses, which form the basis for the budget planning process. It is aimed primarily at guiding policy and lawmakers in the State Government. The EFU also provides an assessment of budget performance (both currently and historically) and identifies significant Global, National and State level factors affecting implementation.
2. **The Fiscal Strategy Paper (FSP):** Fiscal Strategy Paper determines the resources available to fund Government programs and projects from a fiscal sustainable perspective.
3. **The Budget Policy Statement (BPS):** This is an overarching policy goal that guides the Government's budget decisions and how the budget aligns with the Policy in the short-term. It also indicates changes to the government's long and short-term fiscal objectives and assesses how changes in the long-term fiscal objectives and short-term fiscal intentions situate with the principles of responsible fiscal management.

**Table 1: Overview of 2026 – 2028 Medium Term Budget Forecast**

<b>Items</b>	<b>2026 (₦'Million)</b>	<b>2027 (₦'Million)</b>	<b>2028 (₦'Million)</b>
<b>Recurrent Revenue</b>			
Statutory Allocation	78,000.0	80,000.0	95,000.0
Derivation	410,000.0	577,000.0	591,000.0
VAT	130,000.0	144,000.0	170,000.0
IGR	200,000.0	205,000.0	210,000.0
Excess Crude /Other Revenue	300,000.0	302,000.0	325,000.0
<b>Total Recurrent Revenue</b>	<b>1,118,000.0</b>	<b>1,308,000.0</b>	<b>1,391,000.0</b>
<b>Recurrent Expenditure</b>	<b>482,000.00</b>	<b>479,000.00</b>	<b>617,000.00</b>
Personnel Cost	230,000.0	222,400.0	315,000.0
Social Contribution and Social Benefit	34,000.0	38,000.0	40,000.0
Overheads	185,000.0	188,000.0	230,000.0

Grants, contributions and Subsidies	1,000.0	600.0	1,000.0
Public Debt Service	32,000	30,000	31,000
<b>CAPITAL RECEIPTS</b>			
Opening Balance	257,100.00	200,000.00	200,000.00
Transfer to Capital Account	1,140,500.00	1,250,000.00	1,249,000.00
Grants	11,000.00	13,000.00	15,000.00
Other Capital Receipts	6,500.00	4,000.00	4,000.00
<b>Total Capital Receipts</b>	<b>1,415,100.00</b>	<b>1,467,000.00</b>	<b>1,468,000.00</b>
Financing (Loans)	10,000.00	10,000.00	10,000.00
<b>Total Capital Expenditure</b>	<b>1,425,100.00</b>	<b>1,477,000.00</b>	<b>1,478,000.00</b>
<b>Ratios</b>			
Growth in Recurrent Revenue	64.51%	66.51%	69.51%
Growth in Recurrent Expenditure	60.30%	63.40%	65.20%
Capital Expenditure Ratio	70.48%	66.48%	66.91%
Deficit (Financing) to Total Expenditure	0.61%	0.57%	0.53%

Source: Ministry of Budget and Economic Planning, 2025

### TENTATIVE ASSUMPTIONS:

The assumptions underlying Akwa Ibom State MTEF 2026 – 2028 are:

- **Opening Balance:** ₦257.1 bn Opening Balance is based on the inputs received from the Office of the State Accountant General. The State recorded ₦ 375.692 bn opening balance in 2025 against the approved projection of N100.0 bn.
- **Statutory Allocation:** The estimate for statutory allocation is based on an elasticity forecast taking into consideration the macroeconomic framework (National) and the mineral assumptions.
- **Derivation:** The estimate for derivation is based on elasticity forecast using the macroeconomic assumptions stated above.
- **VAT:** This is also based on forecast using moving Average of 6 years actual after considering the effect of National Real GDP and Inflation data as the explanatory variables for VAT growth. However, the recently signed Tax law will certainly change the parameter of VAT in

2026 when implemented.

- **Other FAAC transfers:** These are based on the actual receipts for 2023, 2024 and January to June 2025.
- **Internally Generated Revenue (IGR):** This estimation is based on own percentage taking into consideration the growing economic activity of the State and reform of revenue administration particularly, the full operation of Treasury Single Account (TSA) and Property Enumeration in the urban areas. Estimated Stretch target growth rates of 40% is proposed for 2026. However, the IGR performance for the first three months of 2025 (which is ₦ 16,309,194,039.01) is lower than the performance for corresponding period of 2024 (which is ₦ 22,235,995,526.10).
- **Grant:** External grants are based on data provided by International Corporation Department of the Ministry of Budget and Economic Planning taking cognizance of signed grant agreements with the World Bank Programmes, UNICEF, USAID, UNDP, and others while blue-sky prospects deserve to be attached to specific program.
- **Other Capital Receipts:** This is based on expected stabilization fund from FGN, other exceptional income, and reimbursement from Federal Government on Roads.
- **Financing (Net Loans):** This is based on signed agreement of: World Bank (NEWMAP) - N7.0bn, AKRAAMP (N1.150bn), Other World Bank Activities (ANRIN) – N5.0m, FGN/CARES (FADAMA, CSDP, SMEs, etc.) – N1.0bn, SABER (State Action on Business Enabling Reforms) – 345.0m, and Nigeria for Women Project – N500.0m.
- **Personnel:** For 2026, financial year is projected at 127% increase from the 2025 approved provision. This is to provide for full implementation of the new minimum wage for all categories of political office holders including the Ward PAs at N500, 000 each per month, career civil/public servants, new recruitments, indigenous/deployed Youth Corpers new allowance, etc.
- **Overhead Costs:** Own percentage of 20% growth for 2026, 10% in 2027 and 2028 respectively considering the rising inflation in the country. Overhead costs pegged at 10% in 2026, 2027 and 2028 in view of the deliberate plan to create efficiencies in overhead expenditure to allow greater resource for capital development.
- **Social Contribution and Social Benefit:** This is based on own percentage on the assumption

that pension and gratuity will increase by 5% in 2026, 2027 and 2028 respectively. However, His Excellency has cleared huge arrears since the beginning of the year.

- **Grants and Contributions:** Grants and Contributions are based on own value annually to deliberately make Savings for Capital Expenditure.
- **Public Debt Service:** This is derived from own value based on the inputs of the Office of the Accountant-General and the plan to implement the approved Arrears Clearance Framework (ACF) rather than on calculations based on the memorandum with the creditors.
- **Capital Expenditure:** This is based on the balance from the recurrent account plus capital receipts.
- **Contingency Reserve:** This is based on 0.30% of the total Revenue.
- **Planning Reserve:** This is based on 8.79% of the total Revenue.
- **Capital Expenditure Ratio versus Recurrent Expenditure Ratio:** This is 70.48%: 29.52%.

## CHAPTER THREE

### REVENUE, EXPENDITURE AND PUBLIC DEBT TRENDS (2020-2024)

#### 3.1 Revenue, Expenditure and Overall Primary Balance

##### 3.1.1 Revenue Performance:

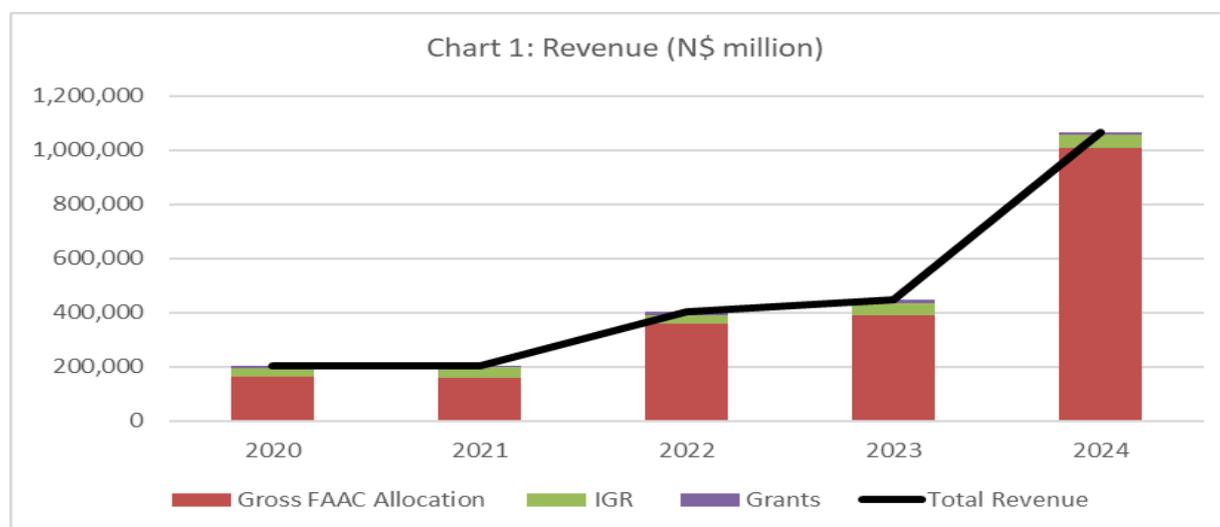
Akwa Ibom State’s Total Revenue in year 2024 stood at ₦1,066.9b compared to ₦445.7b in 2023, which represents a significant increase of ₦621.2b or 139.4%. The improvements recorded in Revenue profile from 2022 to 2023 is attributed to 157.9% or ₦616.5b increment in the State’s Gross FAAC allocations.

Over the 5-year historical period, the State’s total revenue recorded a 424.0% nominal growth rate as presented in Table 1 and the Chat 1.

**Table 2: Five Years Revenue Data**

Year	2020	2021	2022	2023	2024
<b>Total Revenue</b>	<b>203,612</b>	<b>204,573</b>	<b>403,939</b>	<b>445,670</b>	<b>1,066,889</b>
<b>Gross FAAC Allocation</b>	<b>161,448</b>	<b>159,427</b>	<b>357,598</b>	<b>390,338</b>	<b>1,006,858</b>
<b>IGR</b>	<b>30,611</b>	<b>37,897</b>	<b>33,419</b>	<b>43,376</b>	<b>49,109</b>
<b>Grants</b>	<b>11,553</b>	<b>7,249</b>	<b>12,921</b>	<b>11,956</b>	<b>10,922</b>

Source: Audited Financial Statements, 2020-2024



Source: Audited Financial Statements, 2020-2024

### 3.1.1.1 FAAC Allocations:

The Gross FAAC allocations that comprises Statutory Allocation, Derivation, VAT Allocation and Other FAAC Transfers (exchange rate gain, augmentation, etc.), increased from ₦161.4b in 2020 to ₦1,006.8.3b in 2024. Comparative performance of each component part between years 2020 and 2024 show 520.3% increment in Statutory Allocation; 74.1% decrease in Derivation; 3,269.8% increase in other FAAC Transfers and 381.2% increase in VAT Allocation. Total FAAC allocations accounted for 92.0% of the State's Total Revenue in year 2024 as against the 76.6% recorded in 2020.

As a percentage of State GDP, FAAC Allocation increase from 4.5% in 2020 to 72.4% in 2024 the increment is as a result of rise in the state's FAAC Allocation.

**Table 3: Summary of Five Years' FAAC Allocation in N' Billion**

Year	2020	2021	2022	2023	2024
Net Statutory Allocation	34,079.2	35,601.6	39,192.7	36,695.5	211,440.5
Derivation	91,073.2	91,156.0	272,024.0	138,045.1	23,588.8
Other FAAC transfers	20,481.9	7,192.9	18,141.8	175,441.4	695,731.6
VAT Allocation	15,814.1	25,476.7	28,239.3	40,155.4	76,097.4
<b>Total FAAC Allocations</b>	<b>161,448.40</b>	<b>159,427.20</b>	<b>357,597.80</b>	<b>390,337.40</b>	<b>1,006,858.30</b>

Source: Audited Financial Statements, 2020-2024

### 3.1.1.2 Internally Generated Revenue (IGR):

There was 13.2% increase in Akwa Ibom State's Internally Generated Revenue (IGR) in 2024 that stood at ₦49.1b compared to ₦43.4b in 2023. The nominal growth rate of IGR over the 5-year historical period was 60.4%. IGR generated provided 4.5 % of the State's Total Revenue in 2024 compared to 14.5% in year 2020. As a share of State GDP, IGR decreased from 19.8% in 2020 to 17.7% in 2024.

It is expected that there will be improvement in IGR in the future (projection years) because of tax administration reforms which have been instituted to strengthen IGR collection. These reforms cover legal, institutional, and operational frameworks. Specifically, as a bedrock for other reforms, a new Revenue Administration law was passed, among other things, to consolidate State revenue code covering all State IGR sources. Collections were thereafter enhanced with improvement on all electronic platforms and payment gateways used by the State Internal Revenue Service. The State also expanded its Taxpayer database and developed an electronic tax-payer database system. Revenue

sources were expanded to include Introduction of Land Use Charge and all revenue leakages were blocked through automation processes.

### 3.1.2 Expenditure Performance:

Akwa Ibom State’s Total Expenditure includes capital expenditure, personnel costs, overhead costs, other recurrent expenditure, and Debt service (interest payment and principal repayment). In 2024, the State’s total expenditure amounted to ₦853.9b compared to ₦220.9b as at end of December 2020, which represents a nominal growth of ₦633.0b or 74.1%. This significant increase can be attributed to high level of inflation in the economy, implementation of new minimum wage for workers in 2021 and employment of more staff into the State Civil Service.

The nominal growth rate of the different expenditure items between 2020 and 2024 were: Personnel Cost 43.6%; Overhead cost 85.5%; Debt service 11.7%, other recurrent expenditure 86.1%., Capital expenditure 57.2%. Total debt service (interest and principal repayments) stood at ₦58.9b as at end of December, 2024 compared to ₦52.0b as at end of December, 2020, which represents a reduction of ₦6,901b or 11.7%.

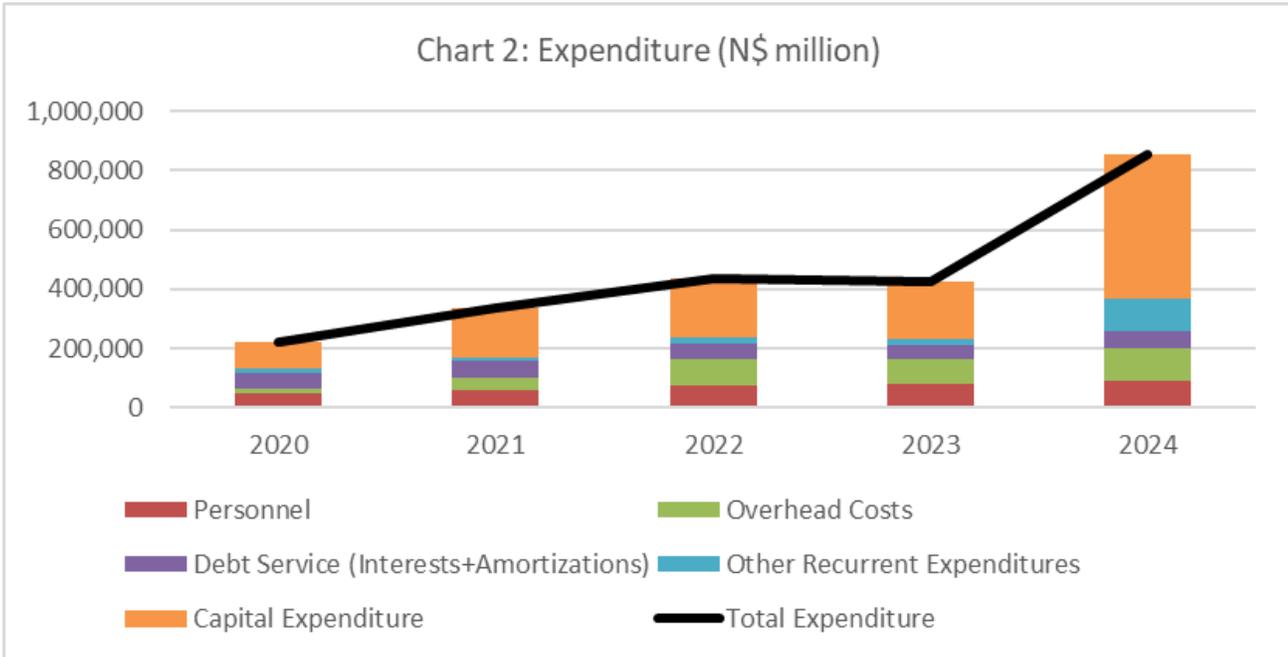
Comparatively, the respective expenditure items as percentage of total expenditure in 2024 were: Personnel Cost 10.7%, Overhead cost 12.6%, Debt service 6.7%, Capital expenditure 57.2% and other recurrent expenditure 12.6%.

Table 4 and Chat 2 present a summary of the State’s 5-year expenditure performance.

**Table 4: Summary of Five Years’ Total Expenditure in ₦’Billion**

<b>Year</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Total Expenditure</b>	<b>220,897</b>	<b>336,139</b>	<b>436,047</b>	<b>427,461</b>	<b>853,875</b>
<b>Personnel</b>	<b>46,834</b>	<b>57,670</b>	<b>76,902</b>	<b>78,627</b>	<b>91,061</b>
<b>Overhead Costs</b>	<b>15,666</b>	<b>41,642</b>	<b>85,910</b>	<b>85,324</b>	<b>107,776</b>
<b>Debt Service (Interests+Amortizations)</b>	<b>51,977</b>	<b>58,777</b>	<b>55,048</b>	<b>45,799</b>	<b>58,877</b>
<b>Other Recurrent Expenditures</b>	<b>14,970</b>	<b>10,266</b>	<b>17,907</b>	<b>21,202</b>	<b>107,674</b>
<b>Capital Expenditure</b>	<b>91,450</b>	<b>167,783</b>	<b>200,281</b>	<b>196,509</b>	<b>488,487</b>

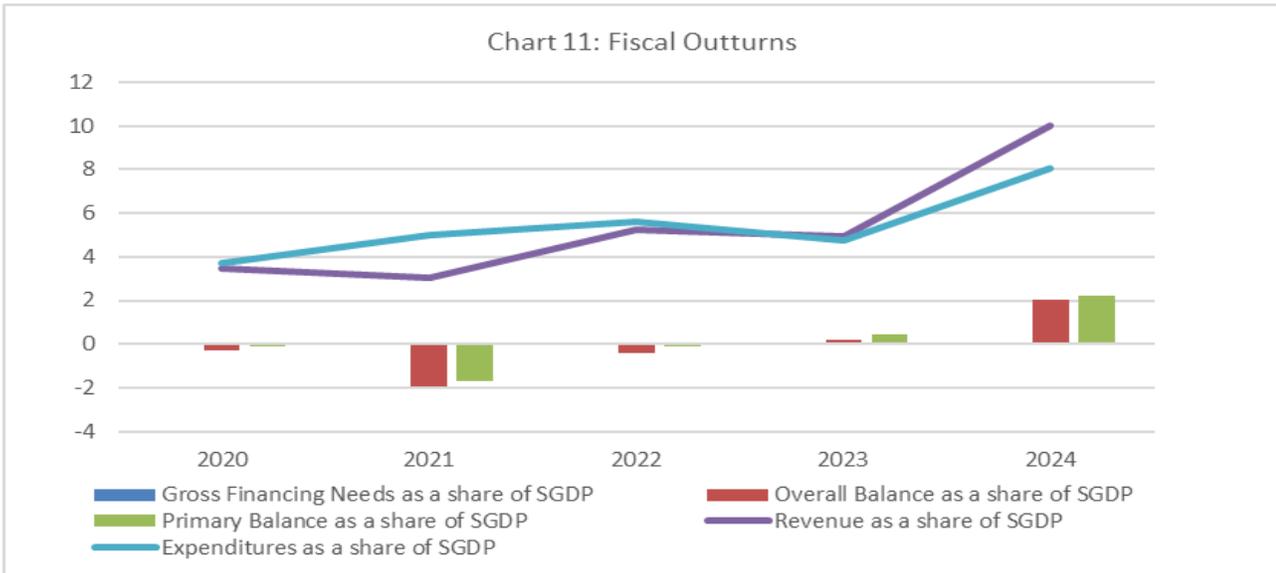
Source: Audited Financial Statements, 2020-2024



Source: Audited Financial Statements, 2020-2024

### 3.1.3 Overall and Primary Balance

The Primary Balance, which is the difference between the State’s revenue and non-interest expenditure, measures the percentage of State GDP. The trend over the historical period revealed negative and insignificant positive ratios thus: -0.12, -1.72%, -0.12%, 0.43%, and 2.19 for years 2020 to 2024 respectively. The overall balance in Chart 11 trend also shows diminishing outcome in years 2020 to 2022 while 2023 and 2024 shows positive outcome. Year 2021 had the largest overall balance deficit of -1.72%

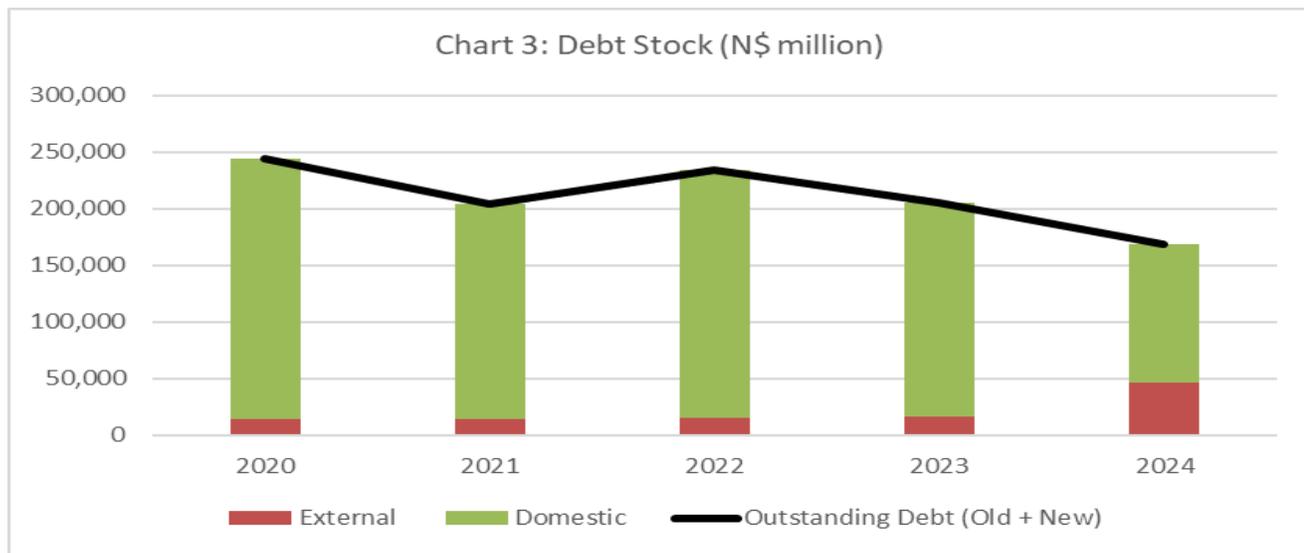


Source: Audited Financial Statements, 2020-2024

### 3.2 Akwa Ibom State Existing Public Debt Portfolio, 2020-2024

The public debt includes explicit financial commitments – like loans and securities – that have paper contracts instrument indicating government readiness to repay. The State shall use this standard definition of public debt, which considers non-contingent debt and thus the obligation to repay them is independent of the circumstances, as well as excludes contingent liabilities (i.e. guarantees, state owned enterprises non-guaranteed liabilities).

Total Debt, broken into Domestic and Foreign (External) Debt for the period 2020 – 2024 is shown in Chart 3.



Source: Audited Financial Statements, 2020-2024

#### 3.2.1 Total Debt Stock

The Total Debt of the State stood at ₦244.3 in 2020, but in 2021, there was a drop in the total debt stock by 16.26%, over the 2020 figure due to a decrease in the domestic borrowing in 2021. However, in 2022, the total debt stock grew by 15.5% over 2021 closing balance and in 2023 the total debt stock drop to 15.7% over 2022 closing figure while in 2024 total debt stock drop to 18.1% over 2023 closing balance. This is due to decrease in the domestic debt stock and new loans are not contracted. The nominal rate of reduction over the historical period stood at 31.1%.

**Table 5: Summary of Five Years' Total Debt Stock in ₦'Billion**

Year	2020	2021	2022	2023	2024
<b>Outstanding Debt (Old + New)</b>	<b>244,311</b>	<b>203,714</b>	<b>233,887</b>	<b>205,709</b>	<b>168,395</b>
<b>External</b>	<b>13,504</b>	<b>14,105</b>	<b>14,622</b>	<b>16,151</b>	<b>46,202</b>
<b>Domestic</b>	<b>230,807</b>	<b>189,609</b>	<b>219,265</b>	<b>189,558</b>	<b>122,193</b>

Source: Audited Financial Statements, 2020-2024

### 3.2.2 Debt Composition:

The composition of External to Domestic debt as at end of 2024 was 27.4% to 72.6%, respectively, with 25.4% of the Domestic debt accruing to Contractors Arrears, 5.3% Pensions and Gratuities. While 1.4% of the Domestic debt was due to Commercial Banks loans, and 46.8% of the Domestic debt was from various loans from Federal Government including Federal Government of Nigeria (FGN) Bond, FGN Loan Support and Micro Small Medium Enterprise Development Fund (MSMEDF).

The 2024 closing debt stock by item is summarized in the table 6:

**Table 6: State Debt Portfolio**

Items	Currency	Denomination	2024 YearEnd
<b>Total External Debt - Stocks</b>	US Dollars	Million	<b>35.5</b>
World Bank (WB) [including International Development Association (IDA) and IBRD]	US Dollars	Million	30.5
African Development Bank (AfDB) [including African Development Fund (AfDFP) and Africa Growing Together FUND]	US Dollars	Million	4.9
Multilateral Creditor (1) IDB and BADEA	US Dollars	Million	0.1
<b>Total Domestic Debt - Stocks</b>	Naira	Billion	<b>122,193.0</b>
Restructured Commercial Bank Loans (FGN Bonds)	Naira	Billion	53,087.1
Contractors' Arrears	Naira	Billion	31,013.9
Pension and Gratuity Arrears	Naira	Billion	25,898.8
Commercial Bank Loans	Naira	Billion	6,449.3
Micro Small Medium Enterprise Development Fund (MSMEDF)	Naira	Billion	1,695.6
FGN Family Home Loan Support	Naira	Billion	4,048.5

Source: Audited Financial Statements, 2024

The information in the Financial Statement and State Debt Report 4<sup>th</sup> quarter, 2024 is the same in all the debt components in Akwa Ibom State.

Table 7: Summarized Statement of Account and Quarterly Report Comparison as at 31<sup>st</sup> Dec., 2024

Item	Currency	Denomination	2024 Financial Statement	2024 Q4 State Debt Report
<b>Total External Debt - Stocks</b>	US Dollars	Million	35.5	35.5
World Bank (WB) (including International Development Association (IDA) and IBRD)	US Dollars	Million	30.5	30.5
African Development Bank (AfDB) [including African Development Fund (AfDFP) and Africa Growing Together FUND]	US Dollars	Million	4.9	4.9
Multilateral Creditor (1) IDB and BADEA	US Dollars	Million	0.1	0.1
<b>Total Domestic Debt - Stocks</b>	Naira	Billion	122,193.0	122,193.0
Restructured Commercial Bank Loans (FGN Bonds)	Naira	Billion	53,087.1	53,087.1
Excess Crude Account Backed Loan	Naira	Billion	31,013.9	31,013.9
Contractors' Arrears	Naira	Billion	25,898.8	25,898.8
Pension and Gratuity Arrears	Naira	Billion	6,449.3	6,449.3
Commercial Bank Loans	Naira	Billion	1,695.6	1,695.6
Micro Small Medium Enterprise Development Fund (MSMEDF)	Naira	Billion	4,048.5	4,048.5
FGN Family Home Loan Support	Naira	Billion	35.5	35.5

Source: Audited Financial Statements, 2024 and 4<sup>th</sup> Quarter Report, AKS-DMO, 2024

## CHAPTER FOUR

### DEBT SUSTAINABILITY ANALYSIS

#### 4.0 The Concept of Debt Sustainability:

A Debt Sustainability Analysis (DSA) assesses how a State or Nation's current level of debt and prospective borrowing affects its present and future ability to meet debt service obligations. It is a consensus that a key factor for achieving external and public debt sustainability is macroeconomic stable. The concept of debt sustainability refers to the ability of the government to honor its future financial obligations. Since policies and institutions governing spending and taxation largely determine such obligations, debt sustainability ultimately refers to the ability of the government to maintain sound fiscal policies over time without having to introduce major budgetary or debt adjustments in the future. Conversely, fiscal policies are deemed unsustainable when they lead to excessive accumulation of public debt, which could eventually cause the government to take action to address the unwanted consequences of a heavy debt burden. Government therefore should endeavor to strike a balance between revenue and expenditure, so that any debt incurred will not negatively affect the State, resulting in serious financial crisis.

The assessment of Akwa Ibom State debt sustainability position involves a comparison between the projections and acceptable threshold of key performance indicators. Table 8 presents the State average forecast debt burden indicators over a 10-year period (2025 – 2034).

**Table 8: Akwa Ibom State Debt Burden Indicators**

<b>Indicators</b>	<b>Thresholds</b>	<b>Ratio</b>
Debt as % of SGDP	25%	7.2%
Debt as % of Revenue	200%	107.3%
Debt Service as % of Revenue	40%	25.2%
Personnel Cost as % of Revenue	60%	17.8%
Debt Service as % of FAAC Allocation	Nil	30.0%
Interest Payment as % of Revenue	Nil	11.7%
External Debt Service as % of Revenue	Nil	2.3%

Source: AKS-DSA, 2025

#### 4.1 Medium-Term Budget Forecast

Akwa Ibom State Debt Sustainability Analysis is predicated on the continuation of recent efforts to grow the IGR of the State by 13%, on average annually in the medium-term. The State's macroeconomic framework in the medium-term is predicated on the National Bureau of Statistics' Real GDP growth and inflation forecasts including, oil price, production and NGN: USD exchange rate, as well as the 2025 - 2028 Federal Fiscal Framework.

**Table 9: Akwa Ibom State Macroeconomic Framework Assumptions**

Items	2025	2026	2027	2028
National Inflation	33.20%	36.99%	17.59%	17.27%
National Real GDP Growth	2.96%	2.73%	2.97%	3.26%
State Inflation	23.00%	16.00%	15.40%	14.00%
Oil Production Benchmark (MBPD)	1.80	2.10	2.35	2.60
Oil Price Benchmark	\$80.00	\$76.20	\$75.30	\$74.40
NGN: USD Exchange Rate	1315	1633	1805	1964
Mineral Ratio	16%	16%	16%	16%

Source: Ministry of Budget and Economic Planning, 2025

**Table 10: Akwa Ibom State Indicative Three Year Fiscal Framework (MTEF 2026 – 2028)**

Items	2026 (₦'Million)	2027 (₦'Million)	2028 (₦'Million)
<b>Revenue:</b>			
Statutory Allocation	78,000.0	80,000.0	95,000.0
Derivation	410,000.0	577,000.0	591,000.0
VAT	130,000.0	144,000.0	170,000.0
IGR	200,000.0	205,000.0	210,000.0
Other FAAC Receipts	300,000.0	302,000.0	325,000.0
Capital Receipts	1,415,100.00	1,467,000.00	1,468,000.00
<b>Expenditure:</b>			
Personnel Cost	230,000.0	222,400.0	315,000.0
Overheads	185,000.0	188,000.0	230,000.0
Other Recurrent Expenditure	67,000.0	68,600.0	72,000.0
Capital Expenditure	1,018,000.0	1,235,000.0	1,225,000.0

Source: Ministry of Budget and Economic Planning, 2025

The economy is expected to fully recover from the COVID-19 pandemic between 2026 - 2028, with the expectation of a higher than modest economic growth rate as indicated by the National Real GDP growth rate which is expected to be 2.73% in 2026, 2.97% in 2027 and at its peak, 3.26% in 2028. The domestic inflation is expected to be at its peak in 2025 (16.00%) and thereafter gradually reduce in the next two years. Most of the growth in GDP during the period will be driven by the anticipated increase in domestic oil refining capacity, telecommunications, crop production, slight growth in investment and employment, with the bulk of projected growth coming from the non-oil sector. The State's fiscal policy is aimed at ensuring sound budgetary processes including fiscal discipline, allocative efficiency, and high impact spending. Some of the key targets/objectives include:

- Achieve a recurrent to capital expenditure ratio of between 40:60 or 30:70 (as it is in the 2025 Original Budget).
- Create efficiencies in overhead expenditure to allow greater resource for capital Development.
- Grow IGR by basic target minimum of 25% per annum.
- Create savings for the coming year opening balance.
- Allow 1.0% of revenue for a contingency reserve; which can also be divided for Savings.
- If Loan is secured, it will only be used for capital expenditure projects or human capital development.
- Long term target of funding all recurrent expenditure through revenue of a recurrent nature (IGR, VAT and Non-mineral component of Statutory Allocation);
- Target sources of capital receipts and financing outside of loans (e.g. Grants, PPP, etc.).
- Priority given to completion of ongoing projects while new projects are also being conceived.
- The State has put in various Tax Administration reforms to strengthen its IGR in order to sustain its debt, these include the enactment of new Revenue Administration Law and Land Use Charge Administration Law. With these new reforms adopted by the State Government, the IGR of the State is expected to grow in the next few years and this will benefit the state towards overall economic recovery.

- State revenue is expected to experience a sporadic increase in the medium term (2026 – 2028) as a result of the Payments by the Federal Government of 13% oil derivation arrears and IGR boost from property taxes with the Akwa Geographical Information System (GIS).

## **4.2. Borrowing Options/Borrowing Strategies (S)**

### **4.2.1 Option A (S1):**

Under the reference debt Strategy 1 (S1), it is projected that the current borrowing trend by the State in meeting financing needs from domestic and external sources, shall be maintained within periods 2025 to 2034. The key assumptions on the planned borrowings for Option A is that the State can raise projected financing needs for the ten-year period as follows:

- The State can use Commercial Bank Loans (maturity 1 to 5 years) to raise 20% of projected financing needs for 4 years that is from 2025 to 2027, 10% in 2028, 40% in 2029 and 10% in 2030, 40% in 2031 and 2032 while 30% for 2033 and 10% in 2034 with 30% interest rate in 3 years tenor.
- The State can use State Bonds (maturity 1 to 5 years) to provide 80% of financing needs in 2027, 10% in 2028 and 20% in 2033 with 15% interest rate in 5 years tenor.
- The State can use State Bonds (maturity 6 years or longer) to provide 60% of financing needs in 2029 and 2031, 10% in 2034 with 10% interest rate in 10 years tenor.
- The State can use other Domestic Financing to raise 80% of projected financing needs in 2025, 2026 and 2027 while 60% should be raised in 2033 and 2034 with 10% interest rate, 15 years tenor.
- The State can use External Financing: Concessional Loans to provide 80% of financing needs in 2028 and 2034 while 90% in 2030 and 50% in 2033 with 3% interest rate, 30 years maturity.

The borrowing needs under Strategy 1 is projected to be at a minimum figure of ₦33,920.9 billion in year 2025, at its peak with 729,994 billion in 2028 and then drop to ₦108,319.4 billion in year 2034.

**Table 11: Summary of Strategy 1 projected borrowings**

<b>New Domestic Financing in Million of Local Currency</b>		YEAR	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Naira	Million	6,784.18	72,846.60	99,717.20	72,999.47	255,834.64	71,940.98	218,774.09	211,434.19	91,814.29	10,831.94
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Naira	Million	-	-	-	-	-	-	-	-	-	-
State Bonds (maturity 1 to 5 years)	Naira	Million	-	-	398,868.81	72,999.47	-	-	-	-	61,209.53	-
State Bonds (maturity 6 years or longer)	Naira	Million	-	-	-	-	383,751.97	-	328,161.13	-	-	10,831.94
Other Domestic Financing	Naira	Million	27,136.73	291,386.42	-	-	-	-	-	317,151.29	-	-
<b>New External Financing in Million US Dollars</b>												
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	US Dollars	Million	-	-	-	417.14	-	462.48	-	-	109.30	61.90
External Financing - Bilateral Loans	US Dollars	Million	-	-	-	-	-	-	-	-	-	-
Other External Financing	US Dollars	Million	-	-	-	-	-	-	-	-	-	-
<b>Total Gross Borrowing Requirements (calculated by the Template Baseline Scenario)</b>	Naira	Million	<b>33,920.9</b>	<b>364,233.0</b>	<b>498,586.0</b>	<b>729,994.7</b>	<b>639,586.6</b>	<b>719,409.8</b>	<b>546,935.2</b>	<b>528,585.5</b>	<b>306,047.6</b>	<b>108,319.4</b>

Source: AKS DSA, 2025

**4.2.2 Borrowing-Terms (Interest Rate and Maturity):**

The projected borrowing options and terms available for the State (which can be utilized under Strategy 1 and other Alternative Strategies) are shown in Table 11:

**Table 11: Borrowing Terms of New Debt (issued/contracted from 2024 onwards)**

<b>Borrowing Terms for New Domestic Debt (issued/contracted from 2025 onwards)</b>	<b>Interest Rate (%)</b>	<b>Maturity (# of years)</b>	<b>Grace (# of years)</b>
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	30.00%	3	0
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	30.00%	6	0
State Bonds (maturity 1 to 5 years)	20.00%	5	0
State Bonds (maturity 6 years or longer)	20.00%	10	0
Other Domestic Financing	15.00%	15	0
<b>Borrowing Terms for New External Debt (issued/contracted from 2025 onwards)</b>	<b>Interest Rate (%)</b>	<b>Maturity (# of years)</b>	<b>Grace (# of years)</b>
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	3.00%	30	0
External Financing - Bilateral Loans	3.00%	25	0
Other External Financing	3.00%	20	0

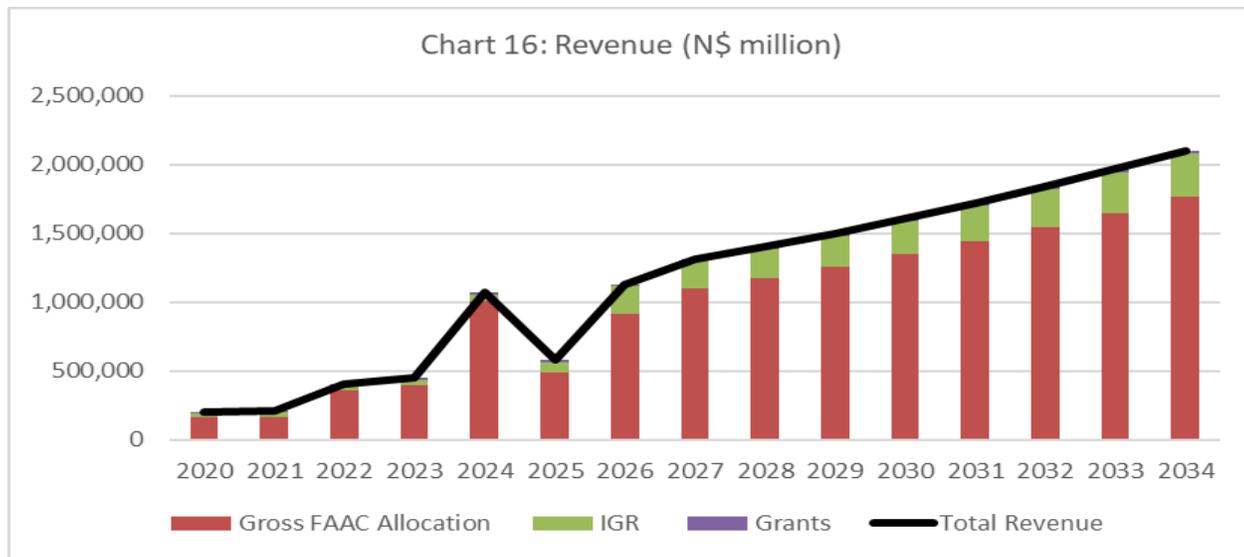
Source: AKS DSA, 2025

### 4.3 DSA Simulation Results and Findings:

This section shall present the Baseline Scenario under the State’s reference debt strategy (S1) as indicated in the State’s DSA-DMS Template, in terms of projected revenue, expenditure, primary and overall balance, and debt / debt service indicators and thresholds.

#### 4.3.1 State Revenue Profile:

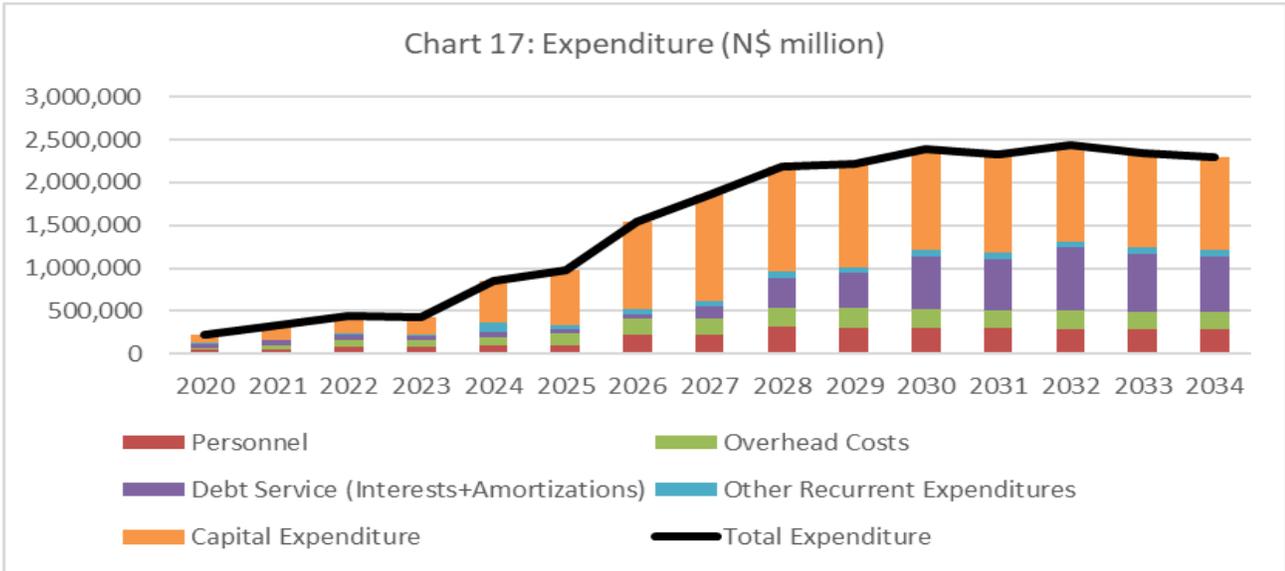
Revenue (as shown in Chart 16 below) is expected to gradually rise in the projection years from ₦576, 000 billion in year 2025 to ₦2, 102,523 billion in year 2034. The average annual nominal growth rate over the period is 11.5%. FAAC is forecast to grow proportionately higher (10.4% on the average) than the other revenue sources (IGR, Grants). The State must take proactive measures to build up and sustain her IGR potentials to realize this feat.



Source: AKS DSA, 2025

#### 4.3.3 State Expenditure Profile:

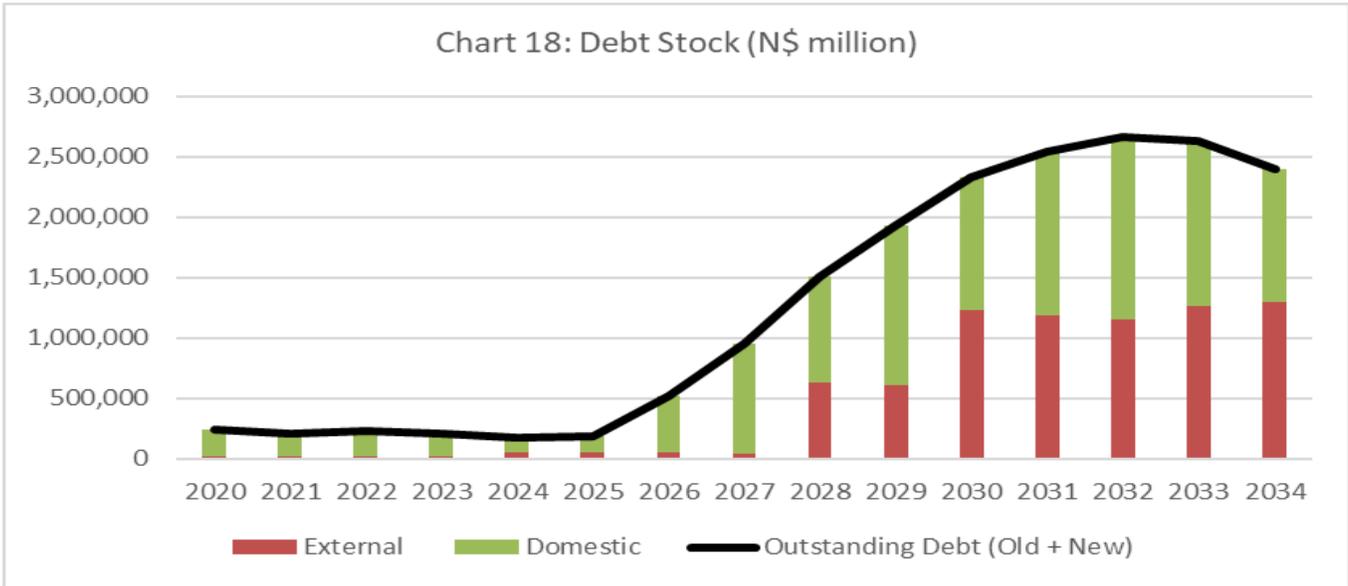
Total Expenditure, from the baseline scenario, will grow on average by 15% per annum (as shown in Chart 17). It is noteworthy that State expenditure is projected to grow steadily over 4-year period (2025 to 2028). In 2029 there is little drop with about 1.42% from that of 2028 figure, then went up a little by 7.62% in 2030 and from 2031 to 2034 its drop with 1.14%. Personnel cost is proposed to be 13.5% of the total expenditure over period, overhead to be 4.6%, debt service to be 47.1%, other expenditure to be 0.7% while Capital to be 34.2%. The highest level of expenditure is expected in year 2032 (nominal value of ₦2, 434.4b).



Source: AKS DSA, 2025

**4.3.3 State’s Projected Debt Stock:**

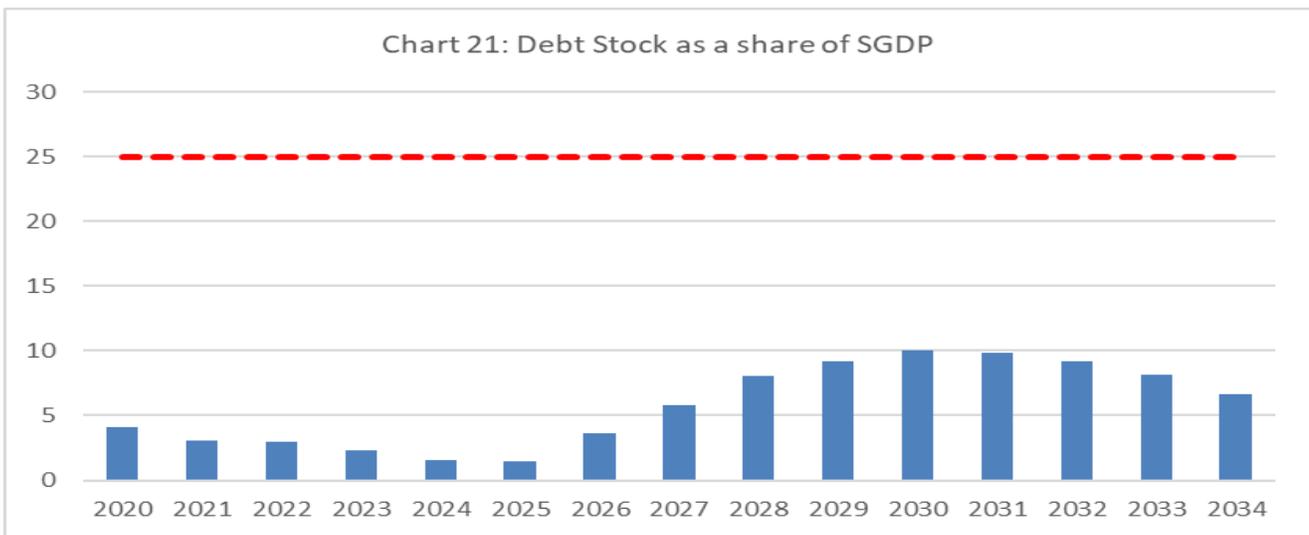
Chart 18 gives a picture of the State’s debt stock in the historical (2020 – 2024) and projected (2025 – 2034) years. The reference debt strategy will result in an annual increment of 46.4% in the State’s total debt stock. In nominal terms, debt stock will rise from ₦33, 920.9b in 2025 to N108,319.4b in 2034. Domestic debt account for a greater percentage of the component, growing at an average rate of 57% over the 10-year period. External debt is also expected to increase on the average by 43% annually but with concerted efforts recent administrative reforms is expected to bring it under control.



Source: AKS-DSA, 2025

#### 4.3.4 DEBT STOCK AS SHARE OF STATE GROSS DOMESTIC PRODUCT (SGDP):

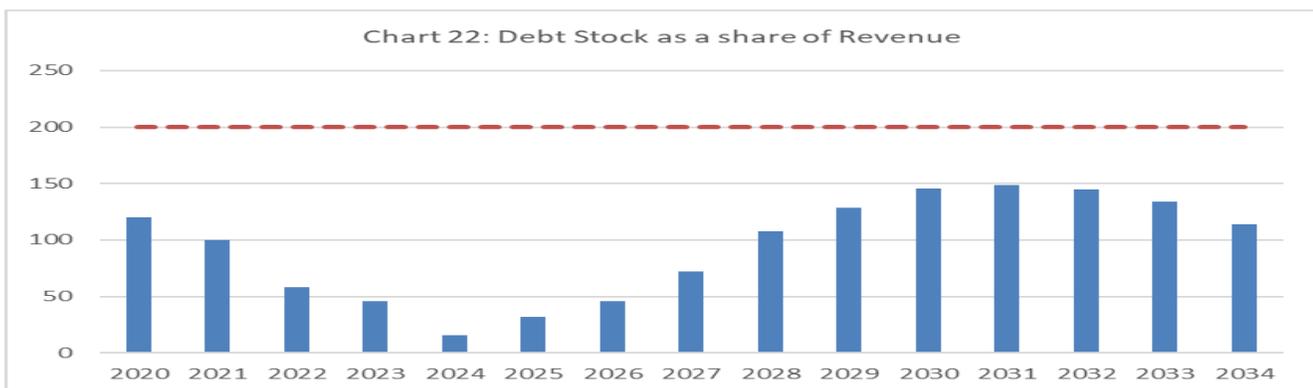
Chart 21 shows the Debt stock as a percentage of State GDP (with indicative threshold of 25%), with average growth ratio of 7.2%. The sustainability position of the State's debt portfolio in the fiscal block shows a gradual ascending trend from 2025 to 2030. The ratio which peaks at 10% in 2030 and descending trend from 2031 to 2034, is well within the threshold, insinuating room for additional further borrowing under the right circumstances. Based on this, the State's GDP has potentials for growth and can also accommodate the State's debt stock, with minimal effect on the State economy.



Source: AKS-DSA, 2025

#### 4.3.5 Debt Stock As Share Of State Revenue:

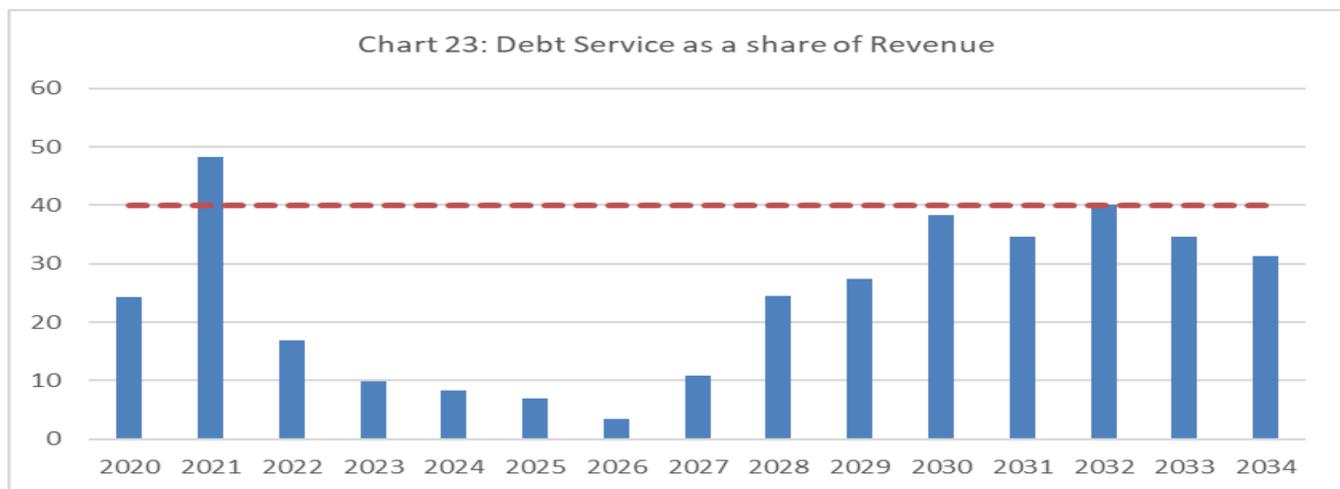
Chart 22 presents the Debt Stock as percentage of Revenue (with indicative threshold of 200%), the percentages from 2025 to 2034 are below the threshold with average growth ratio of 107.3%. Thus, signifying that the State's debt stock is healthy in the next 10 years. As such, the state can go for borrowing.



Source: AKS-DSA, 2025

### 4.3.6 Debt Service As Share Of State Revenue:

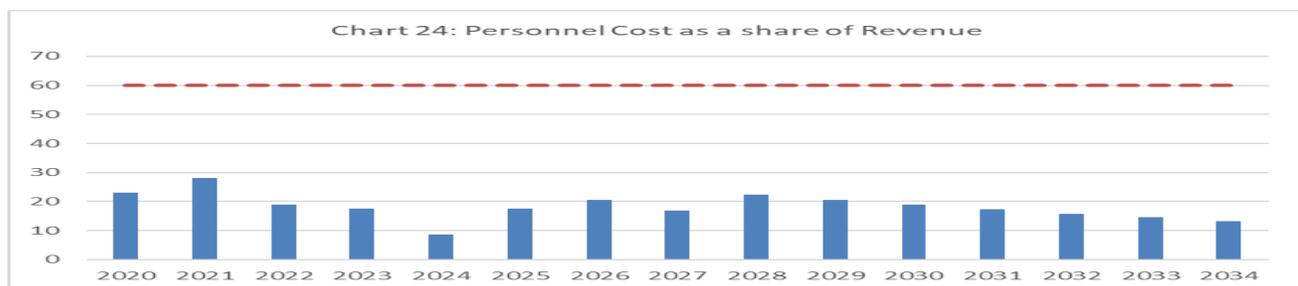
Chat 23 presents the Debt Service as a percentage of Revenue (with indicative threshold of 40%) with average growth ratio of 25.2%. The State will utilize below 40% of her total revenue in debt servicing with 2026 at the lowest. The chat revealed that the maximum exposure of the State revenue to debt service will be in year 2032 at 40% but drop gradually to 31% in year 2034, which implies that the state debt service obligations is healthy. This calls for prudent financial management to continue this trend. The State should ensure that recurrent expenditures are controlled effectively (possibly maintained at not more than 40% of total expenditure), and there should be increase in capital projects expenditure channel to basic needs in the medium term while seeking more avenue to increase internally generated revenue.



Source: AKS-DSA, 2025

### 4.3.7 Personnel Cost To Revenue:

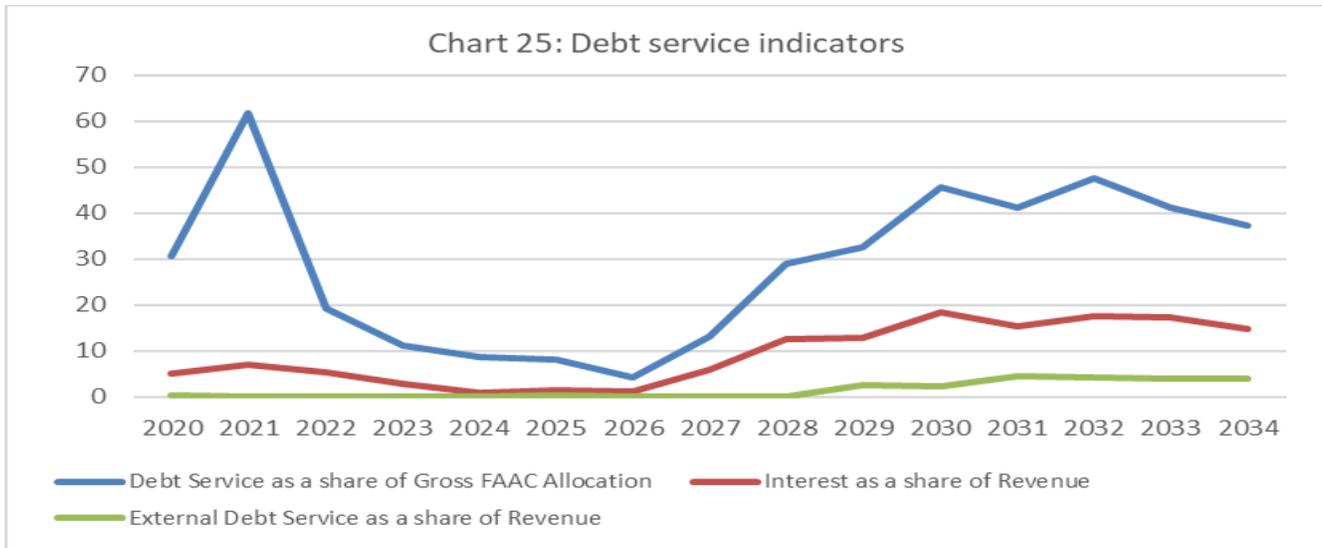
The State's personnel cost under the baseline scenario indicates that on the average, 17.8% of total revenue shall be expended on personnel cost over the 10-year projection period, it will be at a peak in 2028 with 22%. It further reveals that compared to the 60% threshold; the State has no threat in meeting future obligations to its staff force. This position is presented in Chart 24.



Source: AKS-DSA, 2025

### 4.3.8 Debt Service Indicators:

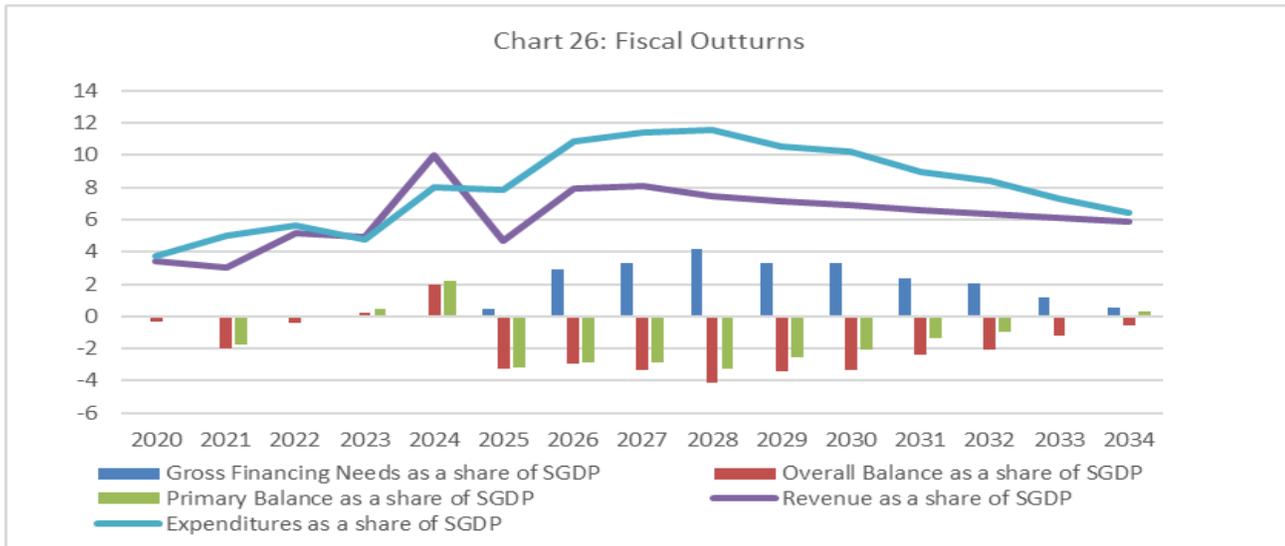
As IGR takes a less prominent place in the State’s revenue portfolio, the increasing debt service to FAAC ratio is alarming. Growing at an average rate of 30% annually, the State’s Debt service ratio to FAAC collections is projected to grow from 8% in 2025 to 48% in 2032 while it gradually drops to 37% in 2034. Interest costs as share of revenue will rise from 1.5% in 2032 and then drop to 14.8% in 2034 while the External Debt Service will be below 0.4% and peak at 5% in 2031 and drop to 4% in 2034. These dynamics is shown in Chart 25.



Source: AKS-DSA, 2025

### 4.3.9 Fiscal Indicators:

The resultant impact on the fiscal out-turns is negative in overall balances throughout the review and projection periods. But primary balance shows a positive outturn in 2034. As the gross financing needs increases (on average, 2.36% of State GDP) between 2025 to 2034, the overall and primary balances measured as a percentage of State GDP will be -2.7% and -1.9%, on average, respectively. The revenue as share of State GDP will be at 4.7% in 2025 while at its peak in 2027 at 8.1% and in 2034 at 5.9%. The deteriorating position of these indices is induced by increased need to finance fiscal deficit and desire to invest in infrastructure. This is shown in Chart 26.



**Source: AKS-DSA, 2025**

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

All the states in Nigeria (Akwa Ibom State inclusive), are relatively susceptible to external shocks (as experienced from 2023 till date) due to removal of fuel subsidy. Akwa Ibom State faces important sources of fiscal risks associated to the possibility of adverse countrywide macroeconomic conditions and the reversal of the State’s revenue and expenditure policies. A sensitivity analysis is undertaken in view of macroeconomic shocks and policy shocks to evaluate the robustness of the sustainability assessment for the baseline scenarios discussed in the previous sub-sections. When considering both macroeconomic and policy shocks, it is assumed that external and domestic borrowings cover any revenue shortfall and additional expenditure relative to the baseline scenario discussed earlier.

##### 4.4.1 Revenue Shock:

The 19.8% revenue shock related to aggregate Recurrent Revenues (FAAC and IGR) and Grants. Three of the four indicators used to assess shock have revenue as the denominator, meaning the shock will have a direct impact. As earlier stated, the impact of this shock will increase most significantly the debt to revenue and debt service to revenue, more than other ratios. By 2034, the ratio of debt stock to revenue would have reached 229.3% compared to 113.8% under the baseline scenario; while debt service to revenue would be 51.3% against 31.3%. This implies a moderate State’s public debt position and a build-up of fiscal vulnerability in the medium-term.

##### 4.4.2 Expenditure Shock:

This shock measures average of 10.8% increase in expenditure on the State’s debt sustainability. The

Debt to revenue expenditure ratios is being affected due to the proposed minimum wage as it is above the threshold at 215% in 2034 but the debt to GDP and debt service to revenue deviating from the baseline substantially as other expenditures may crowd out debt service and cause the need for more borrowing. The Debt Service ratio would also be on 48% by 2034. This implies a moderate better solvency ratios and debt position of the State.

#### **4.4.3 Exchange rate Shock:**

Exchange Rate shocks will affect the value and servicing costs of foreign debt. As Akwa Ibom State has taken on considerably more foreign debt over the last five years, this shock has the potential to impact and is the type of shock experienced regularly over the last five years given rising exchange rates. Due to number of years and low interest rates, the impact on most ratios is minimal over the period analyzed (i.e. 2025 to 2034) although it does have the risk of crowding out some other expenditures. The most important concern would be the debt to revenue ratio where the ratio is significantly lower than the 200% threshold at 114.04% in 2034, which represents a better debt position for State.

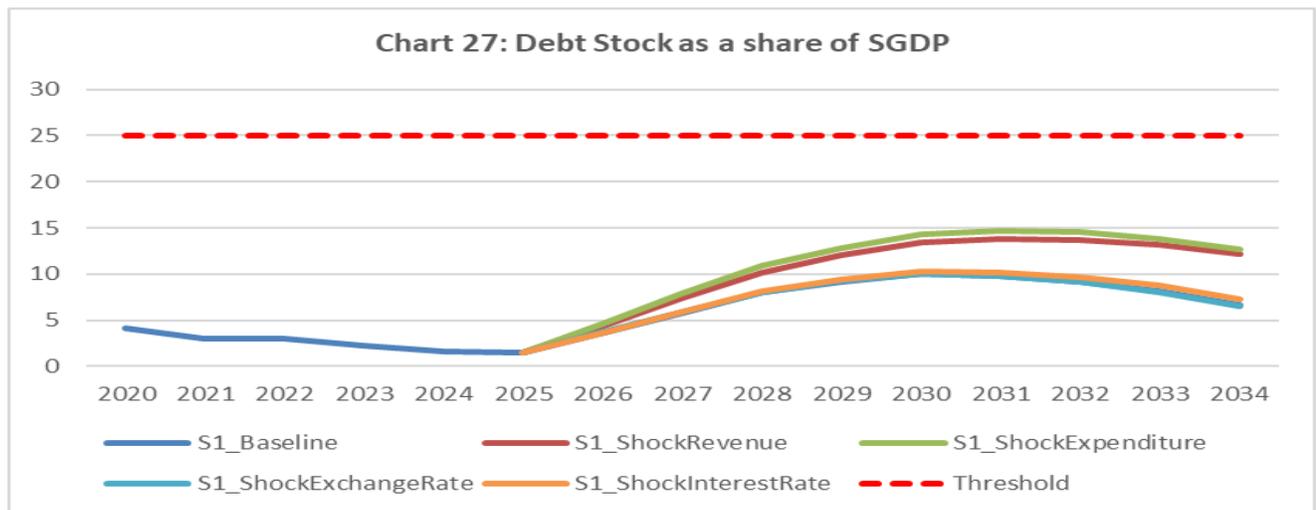
In the instance of an Exchange Rate shock, the removal of fuel subsidy and increase in crude oil price is advantageous; meaning potential increase in Statutory Allocation to States may offset some negative effects of the shock in nominal terms. This implies a better of the State's public debt position and a build-up of fiscal vulnerability in the medium-term.

#### **4.4.4 Interest Rate Shock:**

The interest rate shock has a moderate impact on the debt stock to revenue and debt service to revenue ratios as debt service (interest component) costs will peak at 20.3% by 2030, thereby necessitating the acquisition for more debt. The impact would be a decrease in debt service ratio to 34.14%, which is well below the 40% thresholds. The Debt to GDP ratio is 7.3%, which has impacted positively when compared to the baseline of 6.7% even the four shock indices (Revenue, Expenditure, Exchange Rate and Interest Rate) are still considerably below the threshold. This implies a better and sustainable public debt position in the State and a build-up of fiscal vulnerability in the medium-term.

#### 4.4.5 Debt Stock as Share of SGDP:

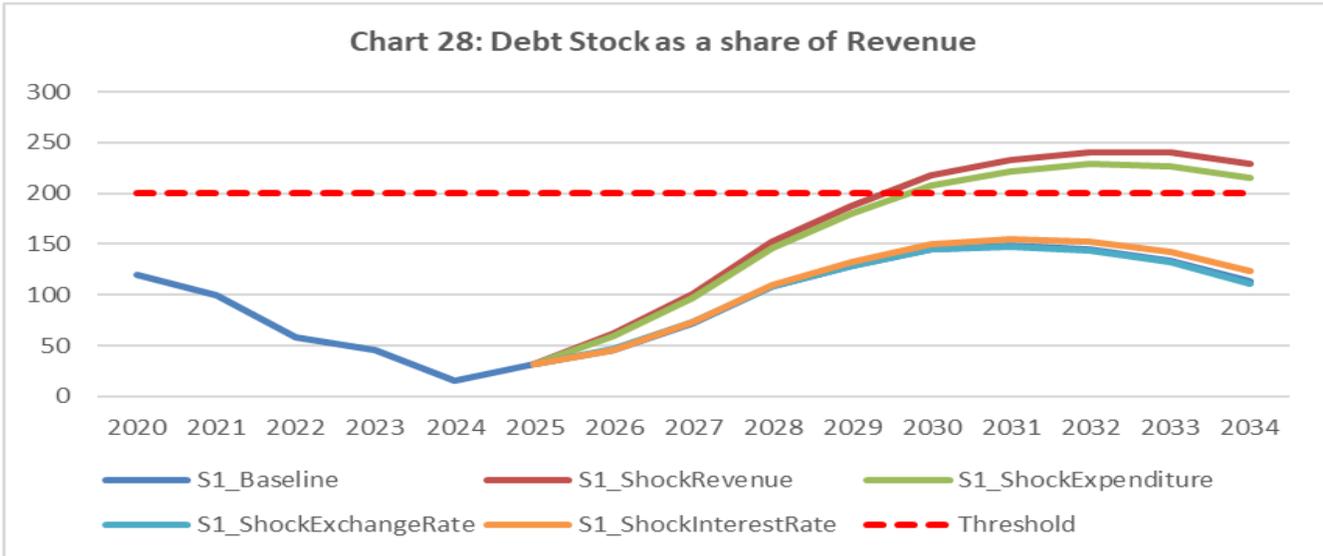
Chart 27 shows the Debt stock as a share of State GDP (with indicative threshold of 25%). The sustainability position of the State’s debt portfolio in the fiscal block shows under the reference debt strategy (S1), a gradual ascending trend from 2025 to 2034. With shock Revenue ratio of 13% in 2034, Shock Expenditure ratio at 13.5%, Shock Exchange rate at 7.5%, Shock Interest rate at 7% insinuating room for additional borrowing under the right circumstances. Based on this, the State’s GDP has potentials for growth and can also accommodate the State’s debt stock as all its shock is well below the threshold of 25%.



Source: AKS-DSA, 2025

#### 4.4.6 Debt Stock as Share of Revenue:

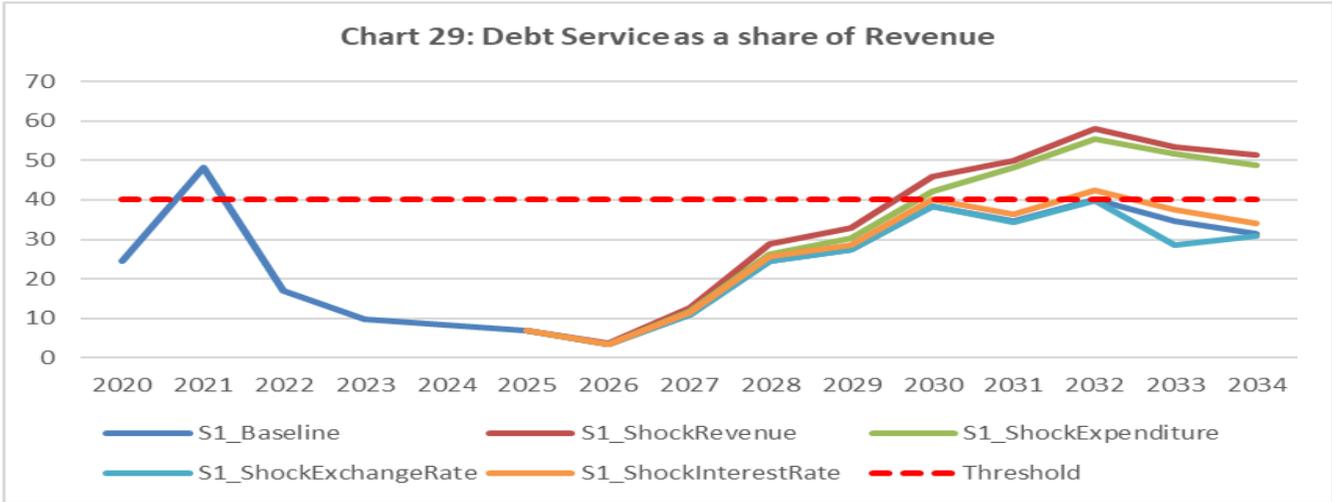
Chart 28 shows the Debt stock as a share of State Revenue (with indicative threshold of 200%). The sustainability position of the State’s debt portfolio in the fiscal block under the referenced debt strategy (S1), shows ascending trend from 2025 to 2032 and descending trend from 2033 to 2034. With shock Revenue above the threshold with ratio of 229% in 2034, Shock Expenditure ratio above the threshold at 215%, Shock Exchange rate at 111%, Shock Interest rate at 124% while Historical trend shows descending trend down to -131% in 2034, as a result of both excessive deficits and diminished repayment capacity. The projected fiscal deficits increase systematically going forward but the public debt ratio will go back to sustainable levels in the next few years. Therefore, a major risk for debt sustainability is the reversal of the State’s successful revenue mobilization efforts and a failure to maintain current patterns of expenditure growth.



Source: AKS-DSA, 2025

**4.4.7 Debt Service as a Share of Revenue:**

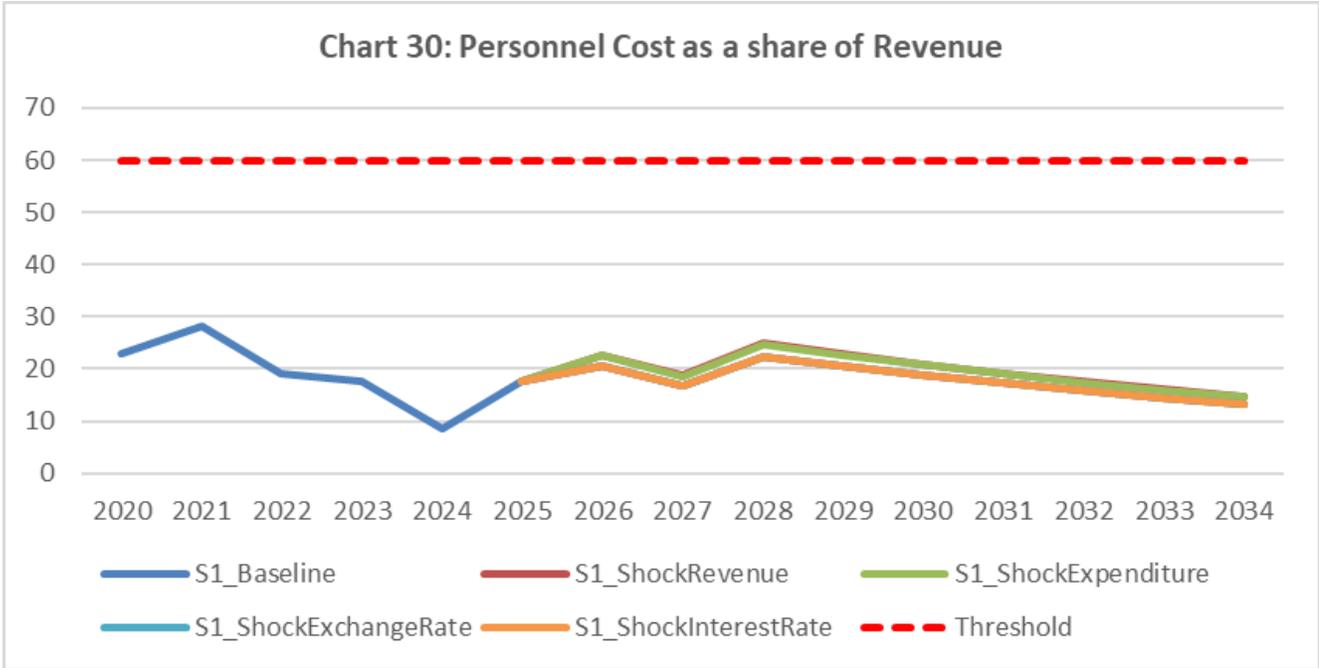
Chart 29 shows the Debt service as a share of Revenue (with indicative threshold of 40%). The sustainability position of the State’s debt portfolio in the fiscal block under the referenced debt strategy (S1), shows ascending trend from 2025 to 2032 and a descending trend in 2033 to 2034. With shock Revenue above the threshold with ratio of 53% in 2034, Shock Expenditure ratio above the threshold at 52%, Shock Exchange rate at 28%, Shock Interest rate at 38% while Historical trend shows descending trend down to -2% in 2034, as a result of both excessive deficits and diminished repayment capacity. This signifies a moderate better State’s public debt position and a build-up of fiscal vulnerability in the medium-term.



Source: AKS-DSA, 2025

**4.4.8 Personnel Cost as a Share of Revenue:**

Chart 30 shows the Personnel cost as a share of Revenue (with indicative threshold of 60%). The sustainability position of the State’s debt portfolio in the fiscal block under the referenced debt strategy (S1), is expected to show ascending trend from 2025 to 2028. Then a slight drop in personnel cost in 2029, which will continue to decline till 2034. There will be shock revenue ratio of 13% in 2034, shock expenditure ratio below the threshold at 15%, shock exchange rate at 15%, shock Interest rate at 13% while Historical trend will show descending trend down to 0% in 2034, signifying a moderate improvement in the State’s public debt position and a build-up of fiscal vulnerability in the medium-term.

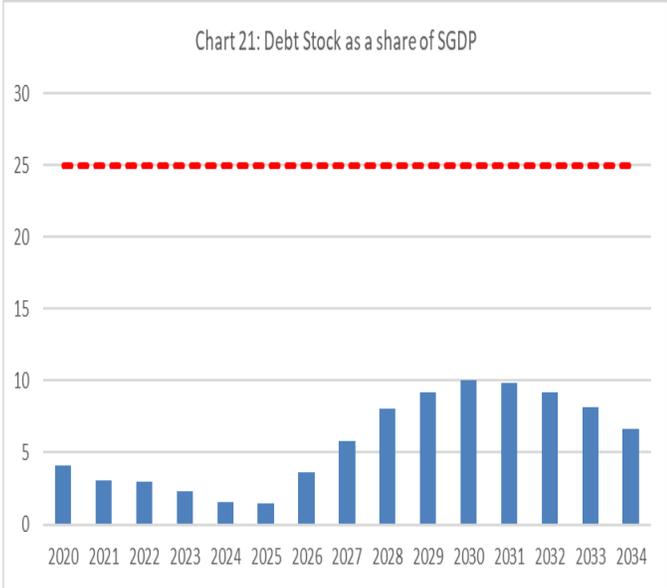


Source: AKS-DSA, 2025

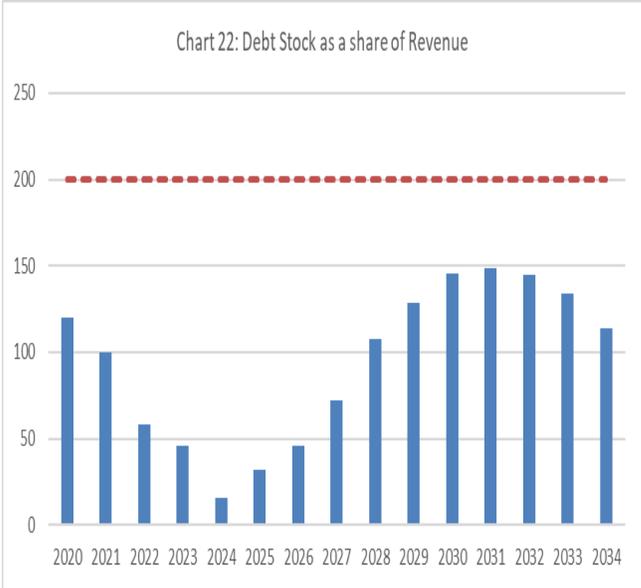
**4.5. Summary of Findings:**

The 2025 DSA analysis shows that Akwa Ibom State debt will be sustainable in the future. Akwa Ibom State Debt Sustainability Analysis conducted from 2025 to 2034 revealed that the state fiscal block will be sustainable and is capable of contributing significantly to the state financing needs. It also shows moderate impact related to revenue shocks, expenditure shocks, exchange rate shocks, interest rate shocks, which shows that the State should maintain its gross financing needs during the period of projection for positive result in both excessive deficits and diminished repayment capacity.

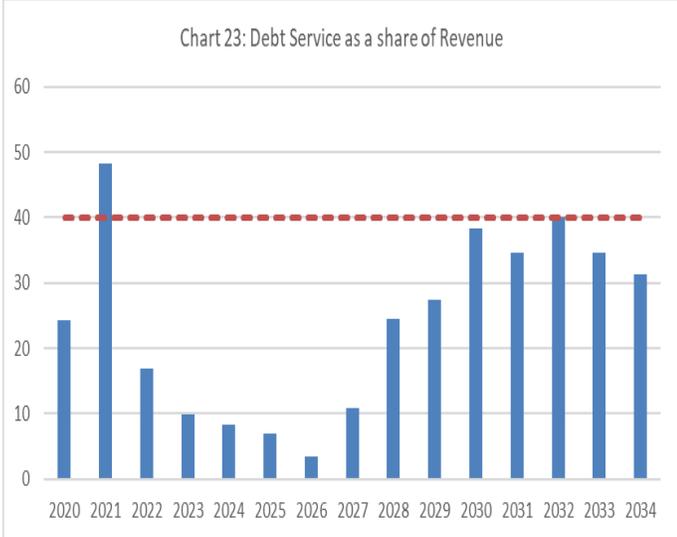
The projected fiscal deficits will increase systematically in 2030 and there will be a slight drop from 2033 to 2034. Public debt ratio is expected to be sustained in the next few years. However, failure to maintain reasonable patterns of expenditure growth and State’s revenue mobilization drive can cause a major setback. There is an urgent need for the authorities to fast-track efforts aimed at further diversifying the sources of revenue away from crude oil (FAAC), as well as implement far-reaching policies that will bolster IGR in the state. This has become critical, given the continued volatility in the FAAC allocation.



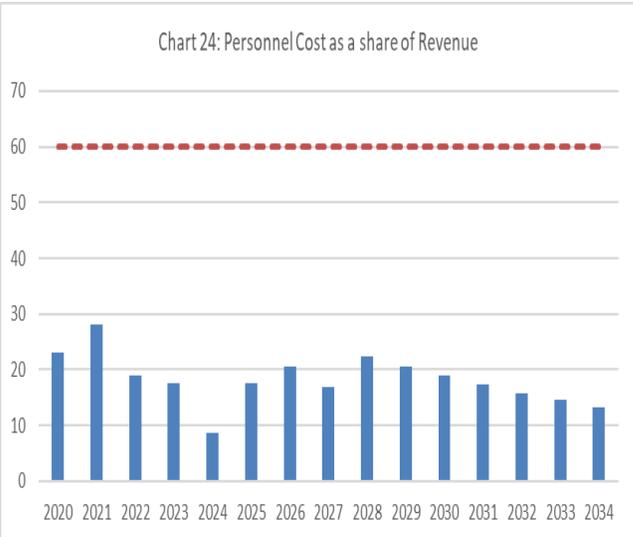
Source: AKS-DSA, 2025



Source: AKS-DSA, 2025



Source: AKS-DSA, 2025



Source: AKS-DSA, 2025

## **CHAPTER FIVE**

### **DEBT MANAGEMENT STRATEGY**

Debt management is a process of organizing and controlling debt in a way that minimizes financial risk and maximizes the ability to meet financial goals. It involves assessing one's debt situation, creating a plan to repay debts, and implement strategies to prevent future debt-related problems. “Public debt management is the process of establishing and executing a strategy for managing the government’s debt in order to raise the required amount of funding at the lowest possible cost over the medium to long run, consistent with a prudent degree of risk”. It outlines how the government will manage its debt portfolio over the medium to long term, considering factors like currency exposure, maturity structure, and interest rate sensitivity, while also supporting other objectives like developing domestic financial markets. There are three debt-management performance indicators such as Debt Stock to Revenue, Debt Services to Revenue and Interest to Revenue.

#### **5.1 Alternative Borrowing Options:**

In this section, other options that the State can utilize in raising resources to meet its financing deficit are discussed. These alternative debt management strategies are presented as S2, S3 and S4.

##### **5.1.1 Option B (S2):**

Under Strategy 2 (S2), the key assumptions on the planned borrowings for Option **B** is that the State can realize her gross borrowing requirements from both domestic and external sources, spread as listed hereunder:

- (i) The State can use Commercial Bank Loans (maturity 1 to 5 years) to raise 50% of projected financing needs for the 4 years, 2025 to 2028, 2029 will be 20%, 50% in 2030 while 30% will run from 2031 to 2034 with 30% interest rate, 3 years tenor. The State can use Commercial Bank Loans (maturity 6 years or longer) to provide 50% of financing needs in 2024 and 20% in 2032 with 35% interest rate, 6 years tenors to provide for New Domestic Financing from 2025 to 2034.
- (ii) The State can use Commercial Bank Loans maturity 6 years or longer to provide 50% of financing needs in 2025 and 30% in 2033 with 30% interest rate, 6 years tenors to provide for New Domestic Financing from 2025 to 2034.

- (iii) The State can State Bonds maturity 1 to 5 years to provide 50% of financing needs in 2027, 2032 and 2034 while 20% in 2031 with 15% interest rate, 5 years tenor.
- (iv) The State can use State Bonds maturity 6 years or longer to provide 50% of financing needs in 2028 and 2030, while 20% in 2032 and 2034 with 15% interest rate, 10 years tenor.
- (v) The State can use other Domestic Financing to meet 50% of its projected financing needs in 2028 and 2030, while 20% in 2032 and 2034 with 10% interest rate, 15 years tenor.
- (vi) The State can use External Financing - Concessional Loans to provide 50% of financing needs in 2026, 2031, and 2033 while 80% in 2029 with 3% interest rate, 30 years maturity.

The borrowing needs under S2 is projected to be at a minimum figure of ₦33,920 billion in year 2025, at its peak at ₦940,576 billion in 2029 and drop to ₦332,685 billion in year 2034.

**Table 11: Summary of Strategy 2 Projected Borrowings**

New Domestic Financing in Million of Local Currency			YEAR	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Naira	Million	16,960.46	186,356.63	263,015.25	398,151.05	188,115.38	407,567.41	255,009.11	204,938.81	176,230.65	99,805.73	
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Naira	Million	16,960.46	-	-	-	-	-	-	-	117,487.10	-	-
State Bonds (maturity 1 to 5 years)	Naira	Million	-	-	263,015.25	-	-	-	170,006.07	341,564.68	-	-	166,342.88
State Bonds (maturity 6 years or longer)	Naira	Million	-	-	-	398,151.05	-	407,567.41	-	136,625.87	-	-	66,537.15
Other Domestic Financing	Naira	Million	-	-	-	-	-	-	-	-	-	-	-
New External Financing in Million US Dollars													
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	US Dollars	Million	-	133.11	-	-	537.47	-	303.58	-	-	209.80	-
External Financing - Bilateral Loans	US Dollars	Million	-	-	-	-	-	-	-	-	-	-	-
Other External Financing	US Dollars	Million	-	-	-	-	-	-	-	-	-	-	-
<b>Total Gross Borrowing Requirements (calculated by the Template Baseline Scenario)</b>	Naira	Million	<b>33,920.91</b>	<b>372,713.25</b>	<b>526,030.50</b>	<b>796,302.10</b>	<b>940,576.92</b>	<b>815,134.82</b>	<b>850,030.37</b>	<b>683,129.36</b>	<b>587,435.52</b>	<b>332,685.77</b>	

Source: AKS DSA, 2025

### 5.1.2 Option C (S3):

Strategy 3 (S3): Under this strategy, the State can assess funding from the different domestic and external sources thus:

- (i) The State can use Commercial Bank Loans (maturity 1 to 5 years) to raise 30% of projected financing needs in 2025 to 2028, 20% in 2029 to 2032 and 40% in 2033 and 2034 with 30% interest rate, 3 years tenor.
- (ii) The State can use Commercial Bank Loans (maturity 6 years or longer) to raise 30% of projected financing needs in 2030 with 30% interest rate, 6 years tenor.
- (iii) The State can use State Bonds (maturity 1 to 5 years) to raise 20% of financing needs in 2029 and 2032 with 15% interest rate, 5 years tenor.
- (iv) The State can use State Bonds (maturity 6 years or longer) to raise 20% of financing needs in 2026, 70% in 2028 and 60% in 2033 with 15% interest rate, 10 years tenor.
- (v) The State can use Other Domestic Financing to meet raise 70% of projected financing needs in 2025, 50% in 2030 and 60% in 2032 with 10% interest rate, 15 years tenor.
- (vi) The State can use External Financing: Concessional Loans to raise 70% of projected financing needs in 2027, 60% in 2029 and 80% in 2031 with 3% interest rate, 30 years maturity.
- (vii) The State can use External Financing: Bilateral Loans raise 50% of financing needs in 2026 and 60% in 2034 with 3% interest rate, 25years maturity.

The borrowing needs under S3 is projected to be at a minimum figure of ₦33,920 billion in year 2025, peak with ₦667,112 billion in 2029 and gradually drop to ₦53,939 billion in year 2034.

**Table 12: Summary of Strategy 3 Projected Borrowings**

New Domestic Financing in Million of Local Currency			2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Naira	Million	10,176.27	109,693.92	148,390.02	184,947.40	133,422.59	122,544.08	115,417.44	76,963.49	94,193.84	21,575.65
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Naira	Million	-	-	-	-	-	183,816.12	-	-	-	-
State Bonds (maturity 1 to 5 years)	Naira	Million	-	-	-	-	133,422.59	-	-	76,963.49	-	-
State Bonds (maturity 6 years or longer)	Naira	Million	-	73,129.28	-	431,543.93	-	-	-	-	141,290.77	-
Other Domestic Financing	Naira	Million	23,744.64	-	-	-	-	306,360.20	-	230,890.47	-	-
New External Financing in Million US Dollars												
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	US Dollars	Million	-	-	247.32	-	285.91	-	329.76	-	-	-
External Financing - Bilateral Loans	US Dollars	Million	-	130.59	-	-	-	-	-	-	-	23.12
Other External Financing	US Dollars	Million	-	-	-	-	-	-	-	-	-	-
<b>Total Gross Borrowing Requirements (calculated by the Template Baseline Scenario)</b>	Naira	Million	<b>33,920.91</b>	<b>365,646.39</b>	<b>494,633.41</b>	<b>616,491.33</b>	<b>667,112.97</b>	<b>612,720.40</b>	<b>577,087.18</b>	<b>384,817.44</b>	<b>235,484.61</b>	<b>53,939.13</b>

Source: AKS DSA, 2025

### 5.1.3 Option D (S4)

Strategy 4 (S4), Under this strategy, the State can assess funding from the different domestic and external sources thus:

- (i) The State can use Commercial Bank Loans (maturity 1 to 5 years) to raise 40% of projected financing needs in 2025 to 2027, 20% in 2028 to 2032 and 10% in 2033 and 2034 with 30% interest rate, 3 years tenor.
- (ii) The State can use Commercial Bank Loans (maturity 6 years or longer) to raise 30% of financing needs in 2028, 80% in 2030 and 60% in 2033 with 30% interest rate, 6 years tenor.
- (iii) The State can raise 60% of financing needs in 2027 and 50% in 2034 with 15% interest rate, 5 years tenor.
- (iv) The State can raise 30% of financing needs in 2029 and 2033 while 80% in 2031 with 15% interest rate, 10 years tenor.
- (v) The State can raise 60% of projected financing needs in 2025, and 40% in 2034 with 10%

interest rate, 15 years tenor.

(vi) The State can use External Financing: Concessional Loans to raise 60% of projected financing needs in 2026, and 50% in 2028 to 2029 with 3% interest rate, 30 years maturity.

(vii) The State can use External Financing: Bilateral Loans raise 80% of projected financing in 2032 with 3% interest rate, 25years maturity.

The borrowing needs under S4 is projected to be at a minimum figure of ₦33,920 billion in year 2025, peak with ₦747,772 billion in year 2028 and then gradually drop to ₦63,017 in 2034.

**Table 13: Summary of Strategy 4 Projected Borrowings**

New Domestic Financing in Million of Local Currency			2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Naira	Million	13,568.36	146,823.91	199,387.61	149,554.53	132,799.76	134,022.66	115,830.84	101,209.53	24,494.94	6,301.76
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Naira	Million	-	-	-	-	-	201,033.99	-	-	146,969.66	-
State Bonds (maturity 1 to 5 years)	Naira	Million	-	-	299,081.41	-	-	-	-	-	-	31,508.81
State Bonds (maturity 6 years or longer)	Naira	Million	-	-	-	-	531,199.03	-	463,323.34	-	73,484.83	-
Other Domestic Financing	Naira	Million	20,352.55	-	-	-	-	-	-	-	-	25,207.05
New External Financing in Million US Dollars												
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	US Dollars	Million	-	157.31	-	427.30	-	239.33	-	-	-	-
External Financing - Bilateral Loans	US Dollars	Million	-	-	-	-	-	-	-	289.17	-	-
Other External Financing	US Dollars	Million	-	-	-	-	-	-	-	-	-	-
<b>Total Gross Borrowing Requirements (calculated by the Template Baseline Scenario)</b>			<b>33,920.91</b>	<b>367,059.77</b>	<b>498,469.02</b>	<b>747,772.67</b>	<b>663,998.78</b>	<b>670,113.30</b>	<b>579,154.18</b>	<b>506,047.66</b>	<b>244,949.43</b>	<b>63,017.62</b>

**Source: AKS DSA, 2025**

## 5.2 DMS Simulation Results:

**Analysis of strategies & outcomes of the analysis:** The cost/risk trade-off charts illustrate performance of the alternative strategies with respect to four debt burden indicators.

### 5.2.1 Debt stock as a share of Revenue:

In the Baseline scenario, the projected percentage of the State's debt stock to revenue between 2025 to 2029 are expected to grow from 31.6% to 128.8%.

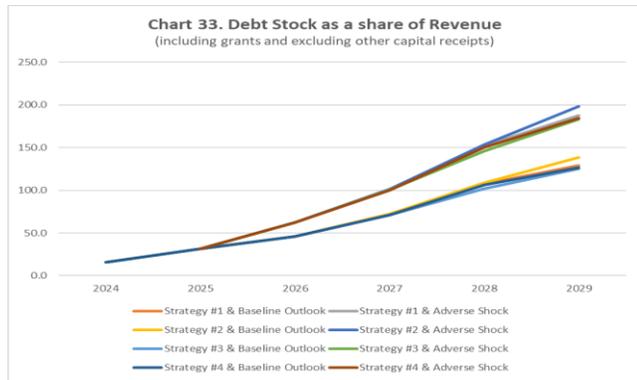
Under this performance indicator, the baseline outlook in 2029 indicates that adverse shock stems

from historical data for all the debt management strategies.

- ✓ Strategy 1, the baseline outlook indicates that the cost of borrowing is 128.8% with an Adverse Shock of 187.3%, with a risk component is 58.5%.
- ✓ For Strategy 2, the baseline outlook indicates that the cost of borrowing is 138.5%, the Adverse Shock is 198.1% and the risk component is 59.6%. This strategy has the highest cost, shock and the highest risk.
- ✓ In Strategy 3, borrowing cost of 125.0%, Adverse Shock of 183.1% and risk is 58.1%. This is the least cost, shock and risk.
- ✓ Strategy 4, the baseline outlook indicates that the cost of borrowing is 126.4% while the Adverse Shock is 184.6% and the risk component is 58.2%.

Debt Stock as % of Revenue (including grants and	2024	2025	2026	2027	2028	COST		RISK measured only in 2029	
						2029	2029	2029	2029
Strategy #1 & Baseline Outlook	15.8	31.6	45.8	72.0	107.8	128.8	58.5		
Strategy #1 & Adverse Shock		31.6	62.0	101.4	152.5	187.3			
Strategy #2 & Baseline Outlook	15.8	31.6	46.1	72.2	108.7	138.5	59.6		
Strategy #2 & Adverse Shock		31.6	62.4	101.6	153.5	198.1			
Strategy #3 & Baseline Outlook	15.8	31.6	45.8	71.1	102.0	125.0	58.1		
Strategy #3 & Adverse Shock		31.6	62.0	100.4	146.1	183.1			
Strategy #4 & Baseline Outlook	15.8	31.6	45.9	71.0	106.1	126.4	58.2		
Strategy #4 & Adverse Shock		31.6	62.1	100.2	150.7	184.6			

Source: AKS DSA, 2025



Source: AKS DSA, 2025



Source: AKS DSA, 2025

### 5.2.2 Debt Service as a Share of Revenue:

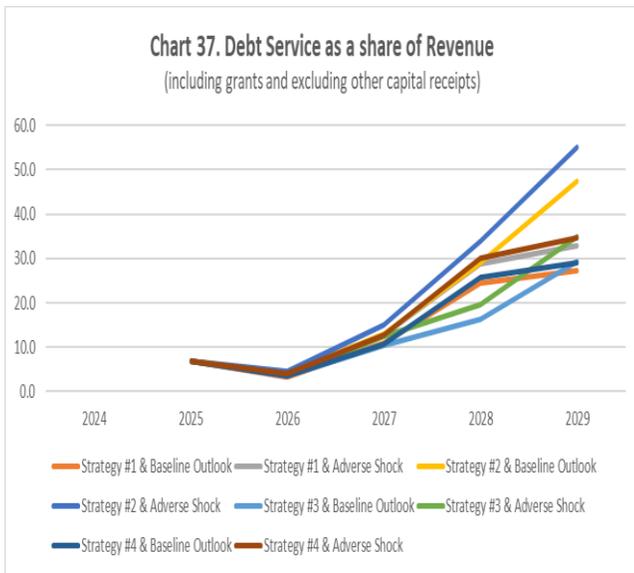
In the Baseline scenario, the projected percentage of the State’s debt service to revenue between 2025 to 2029 is expected to grow from 6.9% to 27.4%. Under this performance indicator, the baseline outlook in 2029 indicates that adverse shock stems from revenue for Strategies 1 – 3, while it would be historical for Strategy 4.

- ✓ Strategy 1, offers the least cost of borrowing, 27.4% with an adverse shock of 32.9%, and a 5.5% risk. This is the least cost, shock and risk.

- ✓ In Strategy 2, the baseline outlook indicates that the cost of borrowing is 47.4%, the adverse shock is 55.2% and the risk component is 7.7%. This is the highest cost, shock and risk.
- ✓ In Strategy 3, the baseline outlook indicates the borrowing cost of 29.2%, adverse shock of 34.9% and risk is 5.7%.
- ✓ Strategy 4, the baseline outlook indicates that the cost of borrowing is 29.0% while the adverse shock is 34.7% and the risk component is 5.7%.

Debt Service as % of Revenue (including grants a	2024	2025	2026	2027	2028	COST RISK measured only in 2029	
						2029	
Strategy #1 & Baseline Outlook		6.9	3.4	10.8	24.4	27.4	5.5
Strategy #1 & Adverse Shock		6.9	3.8	12.8	28.7	32.9	
Strategy #2 & Baseline Outlook		6.9	4.2	12.9	29.1	47.4	7.7
Strategy #2 & Adverse Shock		6.9	4.6	15.1	34.0	55.2	
Strategy #3 & Baseline Outlook		6.9	3.5	10.5	16.3	29.2	5.7
Strategy #3 & Adverse Shock		6.9	3.9	12.5	19.7	34.9	
Strategy #4 & Baseline Outlook		6.9	3.7	10.8	25.7	29.0	5.7
Strategy #4 & Adverse Shock		6.9	4.1	12.8	30.1	34.7	

Source: AKS DSA, 2025



Source: AKS DSA, 2025



Source: AKS DSA, 2025

### 5.2.3 Interest as a share of Revenue:

The percentage of interest payments on the State’s debt to revenue, between 2025 and 2029 will increase from 1.5% to 12.7%.

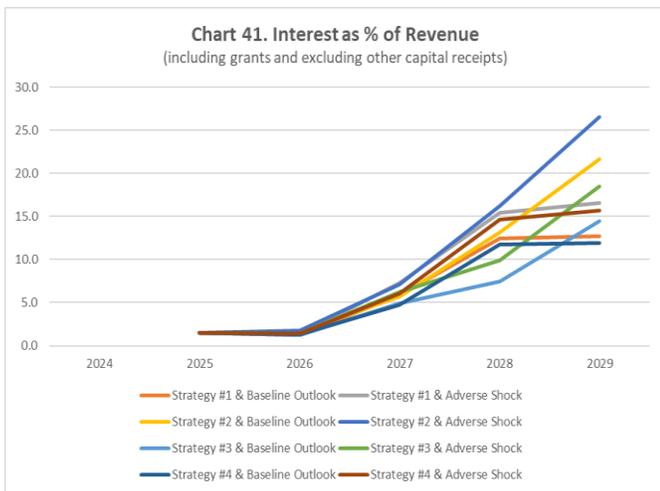
- ✓ Strategy 1, the baseline outlook indicates that the cost of borrowing is 12.7% with an adverse shock of 16.6%, with a risk component of 3.9%.
- ✓ For Strategy 2, the baseline outlook indicates that the cost of borrowing is 21.7%, the adverse shock is 26.5% and the risk component is 4.9%. This strategy has the highest cost, shock and the

highest risk.

- ✓ In Strategy 3, borrowing cost of 14.5%, adverse shock of 18.5% and risk is 4.1%.
- ✓ Strategy 4, the baseline outlook indicates that the cost of borrowing is 11.9% while the adverse shock is 15.7% and the risk component is 3.8%, being least cost, least shock and least risk.

Interest as % of Revenue (including grants and e)	2024	2025	2026	2027	2028	COST RISK measured only in 2029	
						2029	
Strategy #1 & Baseline Outlook		1.5	1.2	5.8	12.5	12.7	3.9
Strategy #1 & Adverse Shock		1.5	1.3	7.3	15.5	16.6	
Strategy #2 & Baseline Outlook		1.5	1.6	5.7	13.2	21.7	4.9
Strategy #2 & Adverse Shock		1.5	1.7	7.1	16.2	26.5	
Strategy #3 & Baseline Outlook		1.5	1.2	4.9	7.5	14.5	4.1
Strategy #3 & Adverse Shock		1.5	1.4	6.2	9.9	18.5	
Strategy #4 & Baseline Outlook		1.5	1.3	4.7	11.8	11.9	3.8
Strategy #4 & Adverse Shock		1.5	1.4	6.0	14.7	15.7	

Source: AKS DSA, 2025



Source: AKS DSA, 2025



Source: AKS DSA, 2025

#### 5.2.4 DMS Assessment:

The major observations on the cost-risk profile of the four Debt Management Strategies are as presented in Table 14:

**Table 14: Cost-Risk Profile of Projected DMS**

Strategy	Measures	Strategy 1	Strategy 2	Strategy 3	Strategy 4
Debt Stock as % of Revenue	Cost	128.8	138.5	125.0	126.4
	Risk	187.3	198.1	183.1	184.6
Debt Service as % of Revenue	Cost	27.4	47.4	29.2	29.0
	Risk	32.9	55.2	34.9	34.7
Interest as % of Revenue	Cost	12.7	21.7	14.5	11.9
	Risk	16.6	26.5	18.5	15.7

Source: AKS DSA, 2025

The reference Strategy (S1) has the least cost and risk in one out of the three performance indicators, while it came second in both cost and risk in only one indicator. Strategy (S2) presents the highest borrowing cost in three indicators and highest risk in three indicators. Strategy (S3) stands as the least cost in one indicator, and third in terms of cost and risk profile in two indicators. Strategy (S4) has the least cost and risk in one of the three performance indicators and came second in both cost and risk in two indicators.

From the foregoing, Strategy (S1) seems to be the best option for the State in sourcing for funds to meet its financing needs, there should be less reliance on oil revenue and more diversification of the economy to enable the State mitigate its cost and risk significantly. Strategy (S1) which is the reference debt strategy is recommended as the best option for the State to consider in raising needed funds to cover the financing gap. Because of the borrowings envisaged in the reference debt-management strategy (S1), the interest burden and debt-service obligations will be relatively moderate. In addition, the exposure to currency risk and rollover risk will be mitigated. The share of foreign-currency debt will slightly increase from 0.2% at the end 2025 to 4.8% at the end of 2034. The share of public debt maturity in one year or less will slightly increase from 6.8% at the end of 2025 to 30.9% at the end of 2034. This slight increase is due to the new foreign debt proposed in year 2025 to 2034.

## Annexure I Table of Assumptions

State GDP (at current prices)	The State GDP expected average growth rate between 2025 - 2034 is 1.29%	Debt Management Office, Abuja
<b>Revenue</b>		
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation)	The State used Budget figures for 2025, MTEF projections are used for 2026 - 2028 while from 2029 to 2034, 7% increment on 2028 MTEF projection is applied.	DSA Team, Ministry of Finance, Accountant General Office, Ministry of Economic Development and State Budget Office
1.a. of which Net Statutory Allocation ('net' means of deductions)	nil	
1.b. of which Deductions	nil	
2. Derivation (if applicable to the State)	The State used Budget figures for 2025, MTEF projections are used for 2026 - 2028 thereafter, 7% increment on 2028 MTEF projection is applied from 2029 to 2034.	DSA Team, Ministry of Finance, Accountant General Office, Ministry of Economic Development and State Budget Office
3. Other FAAC transfers (exchange rate gain, augmentation, others)	The State used Budget figures for 2025, MTEF projections are used for 2026 - 2028 while from 2029 to 2034, 7% increment on 2028 MTEF projection is applied.	DSA Team, Ministry of Finance, Accountant General Office, Ministry of Economic Development and State Budget Office
4. VAT Allocation	The State used Budget figures for 2025, MTEF projections are used for 2026 - 2028 thereafter, 7% increment on 2028 MTEF projection is applied from 2029 to 2034.	DSA Team, Ministry of Finance, Accountant General Office, Ministry of Economic Development and State Budget Office
5. IGR	The State used Budget figures for 2025, MTEF projections are used for 2026 - 2028 while from 2029 to 2034, 7% increment on 2028 MTEF projection is applied.	DSA Team, Ministry of Finance, Ministry of Economic Development and State Internal Revenue Service
6. Capital Receipts	The State used Budget figures for 2025, MTEF projections are used for 2026 - 2028 while from 2029 to 2034, 7% increment on 2028 MTEF projection is applied.	
6.a. Grants	The State used Budget figures for 2025, MTEF projections are used for 2026 - 2028 thereafter, 7% increment on 2028 MTEF projection is applied from 2029 to 2034.	DSA Team, Ministry of Finance, Accountant General Office, Ministry of Economic Development and State Budget Office
6.b. Sales of Government Assets and Privatization Proceeds	Nil	
6.c. Other Non-Debt Creating Capital Receipts	The State used Budget figures for 2025, MTEF projections are used for 2026 - 2028 while from 2029 to 2034, 7% increment on 2028 MTEF projection is applied.	Accountant General Office, Ministry of Economic Development and State Budget Office
<b>Expenditure</b>		
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	The State used Budget figures for 2025, MTEF projections are used for 2026 - 2028, 2% decrease on 2028 MTEF figure is applied from 2029 to 2034.	DSA Team, Ministry of Finance, Accountant General Office, Ministry of Economic Development and State Budget Office
2. Overhead costs	The State used Budget figures for 2025, MTEF projections are used for 2026 - 2028, 2% decrease on 2028 MTEF figure is applied from 2029 to 2034.	DSA Team, Ministry of Finance, Accountant General Office, Ministry of Economic Development and State Budget Office
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	The State made Projections based on facilities' Amortization Schedules	Amortization Schedules
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)	The State used Budget figures for 2025, MTEF projections are used for 2026 - 2028, 2% decrease on 2028 MTEF figure is applied from 2029 to 2034.	DSA Team, Ministry of Finance, Accountant General Office, Ministry of Economic Development and State Budget Office
5. Capital Expenditure	The State used Budget figures for 2025, MTEF projections are used for 2026 - 2028, 2% decrease on 2028 MTEF figure is applied from 2029 to 2034.	Accountant General Office, Ministry of Economic Development and State Budget Office
<b>Closing Cash and Bank Balance</b>	The State closing cash and bank balance is projected to 608 from 2025 to 2028, while from 2029 to 2034 408 is projected	DSA Team and Accountant General Office

**Debt Outstanding at end-2024**

External Debt - amortization and interest	The State got her projections from Federal DMO schedules	DMO, Abuja
Domestic Debt - amortization and interest	The State got her projections from different facilities' Amortization Schedules	State Accountant General Office

**New debt issued/contracted from 2025 onwards**

**New External Financing**

External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	The State projected to use External Financing - Concessional Loans at 3% interest rate, 30years maturity to meet New External Financing from 2025 to 2034	DSA Team
External Financing - Bilateral Loans	The State projected to use External Financing - Bilateral Loans at 3% interest rate, 25years maturity to meet New External Financing from 2025 to 2034	DSA Team
Other External Financing	The State projected to use Other External Financing at 3% interest rate, 20years maturity to meet New External Financing from 2025 to 2034	DSA Team

**New Domestic Financing**

Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loan)	The State projected to use Commercial Bank Loans (maturity 1 to 5 years) at 30% interest rate, 3 years tenor to provide for New Domestic Financing from 2025 to 2034	DSA Team
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loan)	The State projected to use Commercial Bank Loans (maturity 6 years or longer) at 30% interest rate, 6 years tenor to provide for New Domestic Financing from 2025 to 2034	DSA Team
State Bonds (maturity 1 to 5 years)	The State projected to use State Bonds (maturity 1 to 5 years) at 15% interest rate, 5 years tenor to provide for New Domestic Financing from 2025 to 2034	DSA Team
State Bonds (maturity 6 years or longer)	The State projected to use State Bonds (maturity 6 years or longer) at 15% interest rate, 10 years tenor to provide for New Domestic Financing from 2025 to 2034	DSA Team
Other Domestic Financing	The State projected to use Other Domestic Financing at 10% interest rate, 15 years tenor to provide for New Domestic Financing from 2025 to 2034	DSA Team

**Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S1**

**New Domestic Financing in Million Naira**

Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loan)	The State can use Commercial Bank Loans (maturity 1 to 5 years) to raise 20% of projected financing needs for 4years that is from 2025 to 2027, 10% in 2028, 40% in 2030	DSA Team
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loan)	nil	DSA Team
State Bonds (maturity 1 to 5 years)	The State can use State Bonds (maturity 1 to 5 years) to provide 80% of financing needs in 2027, 10% in 2028 and 20% in 2033 with 15% interest rate, 5 years tenor	DSA Team
State Bonds (maturity 6 years or longer)	The State can use State Bonds (maturity 6 years or longer) to provide 60% of financing needs in 2029 and 2031, 10% in 2034 with 10% interest rate, 10 years tenor.	DSA Team
Other Domestic Financing	The State can Other Domestic Financing to raise 80% of projected financing needs in 2025, 2026 and 2027 while 60% can be raised in 2033 and 2034 with 10% interest	DSA Team

**New External Financing in Million US Dollar**

External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	The State can use External Financing - Concessional Loans to provide 80% of financing needs in 2028 and 2034 while 90% in 2030 and 50% in 2033 with 3% interest rate	DSA Team
External Financing - Bilateral Loans	nil	DSA Team
Other External Financing	nil	DSA Team

**Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S2**

**New Domestic Financing in Million Naira**

Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loan)	The State can use Commercial Bank Loans (maturity 1 to 5 years) to raise 50% of projected financing needs for the 4 years 2025 to 2028, 2029 20%, 50% in 2030 while 30% in 2031	DSA Team
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loan)	The State can use Commercial Bank Loans maturity 6 years or longer to provide 50% of financing needs in 2025 and 30% in 2033 with 30% interest rate, 6 years tenors	DSA Team
State Bonds (maturity 1 to 5 years)	The State can State Bonds maturity 1 to 5 years to provide 50% of financing needs in 2027, 2032 and 2034 while 20% in 2031 with 15% interest rate, 5 years tenor.	DSA Team
State Bonds (maturity 6 years or longer)	The State can use State Bonds maturity 6 years or longer to provide 50% of financing needs in 2028 and 2030, while 20% in 2032 and 2034 with 15% interest rate, 10 years tenor.	DSA Team
Other Domestic Financing	The State can Other Domestic Financing to meet 50% of her projected financing needs in 2028 and 2030, while 20% in 2032 and 2034 with 10% interest rate, 15 years tenor.	DSA Team

**New External Financing in Million US Dollar**

External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	The State can use External Financing - Concessional Loans to provide 50% of financing needs in 2026, 2031, and 2033 while 80% in 2029 with 3% interest rate, 30 years tenor.	DSA Team
External Financing - Bilateral Loans	nil	DSA Team
Other External Financing	nil	DSA Team

**Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S3**

**New Domestic Financing in Million Naira**

Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans)	The State can use Commercial Bank Loans (maturity 1 to 5 years) to raise 30% of projected financing needs in 2025 to 2028, 20% in 2029 to 2032 and 40% in 2033 and 2034	DSA Team
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans)	The State can use Commercial Bank Loans (maturity 6 years or longer) to raise 30% of projected financing needs in 2030 with 30% interest rate, 6 years tenor.	DSA Team
State Bonds (maturity 1 to 5 years)	The State can use State Bonds (maturity 1 to 5 years) to raise 20% of financing needs in 2029 and 2032 with 15% interest rate, 5 years tenor.	DSA Team
State Bonds (maturity 6 years or longer)	The State can use State Bonds (maturity 6 years or longer) to raise 20% of financing needs in 2026, 70% in 2028 and 60% in 2033 with 15% interest rate, 10 years tenor.	DSA Team
Other Domestic Financing	The State can use Other Domestic Financing to meet raise 70% of projected financing needs in 2025, 50% in 2030 and 60% in 2032 with 10% interest rate, 15 years tenor.	DSA Team

**New External Financing in Million US Dollar**

External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	The State can use External Financing - Concessional Loans to raise 70% of projected financing needs in 2027, 60% in 2029 and 80% in 2031 with 3% interest rate, 30years maturity.	DSA Team
External Financing - Bilateral Loans	The State can use External Financing - Bilateral Loans raise 50% of financing needs in 2026 and 60% in 2034 with 3% interest rate, 25years maturity.	DSA Team
Other External Financing	nil	DSA Team

**Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S4**

**New Domestic Financing in Million Naira**

Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans)	The State can use Commercial Bank Loans (maturity 1 to 5 years) to raise 40% of projected financing needs in 2025 to 2027, 20% in 2028 to 2032 and 10% in 2033 and 2034	DSA Team
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans)	The State can use Commercial Bank Loans (maturity 6 years or longer) to raise 30% of financing needs in 2028, 80% in 2030 and 60% in 2033 with 30% interest rate, 6 years tenor.	DSA Team
State Bonds (maturity 1 to 5 years)	The State can raise 60% of financing needs in 2027 and 50% in 2034 with 15% interest rate, 5 years tenor.	DSA Team
State Bonds (maturity 6 years or longer)	The State can raise 30% of financing needs in 2029 and 2033 while 80% in 2031 with 15% interest rate, 10 years tenor.	DSA Team
Other Domestic Financing	The State can raise 60% of projected financing needs in 2025, and 40% in 2034 with 10% interest rate, 15 years tenor.	DSA Team

**New External Financing in Million US Dollar**

External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	The State can use External Financing - Concessional Loans to raise 60% of projected financing needs in 2026, and 50% in 2028 to 2029 with 3% interest rate, 30years maturity.	DSA Team
External Financing - Bilateral Loans	The State can use External Financing - Bilateral Loans raise 80% of projected financing in 2032 with 3% interest rate, 25years maturity.	DSA Team
Other External Financing	nil	DSA Team

## Annexure II

### Akwa Ibom State Baseline Scenario 2025 – 2034

Indicator	Actuals					Projections									
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>BASELINE SCENARIO</b>															
<b>Economic Indicators</b>															
State GDP (at current prices)	5,910,210.71	6,746,370.65	7,753,659.44	8,982,079.22	10,632,233.81	12,340,342.29	14,154,090.19	16,266,644.97	18,851,483.71	20,974,632.06	23,336,899.99	25,965,218.35	28,889,551.07	32,143,236.76	35,763,368.80
Exchange Rate NGN/US\$ (end-Period)	305.80	306.50	326.00	379.00	1,300.00	1,602.69	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00
<b>Fiscal Indicators (Million Naira)</b>															
<b>Revenue</b>	<b>210,709.36</b>	<b>376,784.47</b>	<b>508,562.52</b>	<b>457,850.94</b>	<b>1,094,016.89</b>	<b>629,583.89</b>	<b>1,538,233.02</b>	<b>1,856,586.01</b>	<b>2,183,994.72</b>	<b>2,195,366.61</b>	<b>2,384,094.36</b>	<b>2,328,147.74</b>	<b>2,434,482.88</b>	<b>2,345,357.86</b>	<b>2,290,381.30</b>
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	34,079.24	35,601.58	39,192.72	36,695.54	211,440.49	20,000.00	78,000.00	80,000.00	95,000.00	101,650.00	108,765.50	116,379.09	124,525.62	133,242.41	142,569.38
1.a. of which Net Statutory Allocation ('net' means of deductions)	34,079.24	35,601.58	39,192.72	36,695.50	211,440.49	20,000.00	78,000.00	80,000.00	95,000.00	101,650.00	108,765.50	116,379.09	124,525.62	133,242.41	142,569.38
1.b. of which Deductions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Derivation (if applicable to the State)	91,073.23	91,155.96	272,023.99	138,045.13	23,588.76	195,000.00	410,000.00	577,000.00	591,000.00	632,370.00	676,635.90	724,000.41	774,680.44	828,908.07	886,931.64
3. Other FAAC transfers (exchange rate gain, augmentation, others)	20,481.94	7,192.91	18,141.75	175,441.44	695,731.57	205,000.00	295,000.00	297,000.00	320,000.00	342,400.00	366,368.00	392,013.76	419,454.72	448,816.55	480,233.71
4. VAT Allocation	15,814.07	25,476.69	28,239.34	40,155.42	76,097.36	70,000.00	130,000.00	144,000.00	170,000.00	181,900.00	194,633.00	208,257.31	222,835.32	238,433.79	255,124.16
5. IGR	30,610.56	37,896.50	33,419.35	43,376.24	49,108.95	75,000.00	200,000.00	205,000.00	210,000.00	224,700.00	240,429.00	257,259.03	275,267.16	294,535.86	315,153.37
6. Capital Receipts	18,650.32	179,460.83	117,545.37	24,137.18	38,049.76	64,583.89	425,233.02	553,586.01	797,994.72	712,346.61	797,262.96	630,238.14	617,719.61	401,421.16	210,369.03
6.a. Grants	11,553.45	7,249.28	12,921.45	11,956.47	10,921.96	11,000.00	11,000.00	13,000.00	15,000.00	16,050.00	17,173.50	18,375.65	19,661.94	21,038.28	22,510.96
6.b. Sales of Government Assets and Privatization Proceeds	2,496.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.c. Other Non-Debt Creating Capital Receipts	0.00	136,289.30	40,350.01	10,976.26	27,127.80	19,662.98	50,000.00	42,000.00	53,000.00	56,710.00	60,679.70	64,927.28	69,472.19	74,335.24	79,538.71
6.d. Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc.)	4,600.00	35,922.25	64,273.91	1,204.45	0.00	33,920.91	364,233.02	498,586.01	729,994.72	639,586.61	719,409.76	546,935.22	528,585.48	306,047.64	108,319.37
<b>Expenditure</b>	<b>220,897.37</b>	<b>336,138.90</b>	<b>436,047.41</b>	<b>427,460.72</b>	<b>853,875.27</b>	<b>974,781.31</b>	<b>1,538,233.02</b>	<b>1,856,586.01</b>	<b>2,183,994.72</b>	<b>2,215,366.61</b>	<b>2,384,094.36</b>	<b>2,328,147.74</b>	<b>2,434,482.88</b>	<b>2,345,357.86</b>	<b>2,290,381.30</b>
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	46,834.38	57,670.47	76,901.87	78,627.01	91,061.26	101,364.99	230,000.00	222,400.00	315,000.00	308,700.00	302,526.00	296,475.48	290,545.97	284,735.05	279,040.35
2. Overhead costs	15,666.01	41,641.90	85,909.68	85,324.14	107,775.51	143,514.89	185,000.00	188,000.00	230,000.00	225,400.00	220,892.00	216,474.16	212,144.68	207,901.78	203,743.75
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	9,994.30	15,514.71	22,569.34	20,515.60	19,814.68	8,572.27	13,391.14	76,950.65	174,595.31	190,777.41	296,428.45	263,707.54	323,456.79	341,873.50	310,946.68
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted from FAAC Allocation)	9,994.30	15,514.71	22,569.34	13,159.30	10,369.92	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.b. of which Interest deducted from FAAC Allocation	0.00	0.00	0.00	7,356.30	9,444.76	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)	14,969.95	10,266.36	17,906.93	21,201.86	107,674.49	55,100.00	67,000.00	68,600.00	72,000.00	70,560.00	69,148.80	67,765.82	66,410.51	65,082.30	63,780.65
5. Capital Expenditure	91,450.49	167,782.76	200,281.39	196,508.91	488,486.83	635,337.02	1,018,000.00	1,235,000.00	1,225,000.00	1,200,500.00	1,176,490.00	1,152,960.20	1,129,901.00	1,107,302.98	1,085,156.92
6. Amortization (principal) payments	41,982.24	43,262.70	32,478.20	25,283.20	39,062.50	30,892.14	24,841.88	65,635.36	167,399.41	219,429.20	318,609.11	330,764.54	412,023.94	338,462.25	347,712.95
<b>Budget Balance ('+' means surplus, '-' means deficit)</b>	<b>-10,188.01</b>	<b>40,645.57</b>	<b>72,515.11</b>	<b>30,390.22</b>	<b>240,141.62</b>	<b>-345,197.42</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-20,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Opening Cash and Bank Balance	31,692.91	21,504.90	62,150.40	134,665.60	165,055.80	405,197.42	60,000.00	60,000.00	60,000.00	60,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00
Closing Cash and Bank Balance	21,504.90	62,150.40	134,665.60	165,055.80	405,197.42	60,000.00	60,000.00	60,000.00	60,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00

**Financing Needs and Sources (Million Naira)**

<b>Financing Needs</b>	<b>53,583.89</b>	<b>414,233.02</b>	<b>540,586.01</b>	<b>782,994.72</b>	<b>696,296.61</b>	<b>780,089.46</b>	<b>611,862.50</b>	<b>598,057.67</b>	<b>380,382.88</b>	<b>187,858.08</b>
i. Primary balance	-359,316.90	-376,000.00	-398,000.00	-441,000.00	-306,090.00	-165,051.90	-17,390.42	137,423.06	299,952.87	470,801.56
ii. Debt service	39,464.41	38,233.02	142,586.01	341,994.72	410,206.61	615,037.56	594,472.08	735,480.73	680,335.75	658,659.64
Amortizations	30,892.14	24,841.88	65,635.36	167,399.41	219,429.20	318,609.11	330,764.54	412,023.94	338,462.25	347,712.95
Interests	8,572.27	13,391.14	76,950.65	174,595.31	190,777.41	296,428.45	263,707.54	323,456.79	341,873.50	310,946.68
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)	-345,197.42	0.00	0.00	0.00	-20,000.00	0.00	0.00	0.00	0.00	0.00
<b>Financing Sources</b>	<b>53,583.89</b>	<b>414,233.02</b>	<b>540,586.01</b>	<b>782,994.72</b>	<b>696,296.61</b>	<b>780,089.46</b>	<b>611,862.50</b>	<b>598,057.67</b>	<b>380,382.88</b>	<b>187,858.08</b>
i. Financing Sources Other than Borrowing	19,662.98	50,000.00	42,000.00	53,000.00	56,710.00	60,679.70	64,927.28	69,472.19	74,335.24	79,538.71
ii. Gross Borrowings	33,920.91	364,233.02	498,586.01	729,994.72	639,586.61	719,409.76	546,935.22	528,585.48	306,047.64	108,319.37
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	6,784.18	72,846.60	99,717.20	72,999.47	255,834.64	71,940.98	218,774.09	211,434.19	91,814.29	10,831.94
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Bonds (maturity 1 to 5 years)	0.00	0.00	398,868.81	72,999.47	0.00	0.00	0.00	0.00	61,209.53	0.00
State Bonds (maturity 6 years or longer)	0.00	0.00	0.00	0.00	383,751.97	0.00	328,161.13	0.00	0.00	10,831.94
Other Domestic Financing	27,136.73	291,386.42	0.00	0.00	0.00	0.00	0.00	317,151.29	0.00	0.00
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	0.00	0.00	0.00	583,995.77	0.00	647,468.78	0.00	0.00	153,023.82	86,655.50
External Financing - Bilateral Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other External Financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Residual Financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

**Debt Stocks and Flows (Million Naira)**

<b>Debt (stock)</b>	<b>244,311.47</b>	<b>203,714.06</b>	<b>233,887.40</b>	<b>205,709.03</b>	<b>168,395.03</b>	<b>182,181.41</b>	<b>514,619.22</b>	<b>947,569.87</b>	<b>1,510,165.18</b>	<b>1,930,322.59</b>	<b>2,331,123.24</b>	<b>2,547,293.93</b>	<b>2,663,855.47</b>	<b>2,631,440.86</b>	<b>2,392,047.28</b>
External	13,504.13	14,105.13	14,622.08	16,150.71	46,202.00	54,980.62	46,350.44	44,723.90	627,141.93	606,144.99	1,232,662.74	1,190,173.96	1,147,728.37	1,258,348.51	1,297,540.18
Domestic	230,807.34	189,608.93	219,265.32	189,558.32	122,193.03	127,200.79	468,268.78	902,845.97	883,023.26	1,324,177.60	1,098,460.50	1,357,119.97	1,516,127.10	1,373,092.35	1,094,507.10
<b>Gross borrowing (flow)</b>						<b>33,920.91</b>	<b>364,233.02</b>	<b>498,586.01</b>	<b>729,994.72</b>	<b>639,586.61</b>	<b>719,409.76</b>	<b>546,935.22</b>	<b>528,585.48</b>	<b>306,047.64</b>	<b>108,319.37</b>
External						0.00	0.00	0.00	583,995.77	0.00	647,468.78	0.00	0.00	153,023.82	86,655.50
Domestic						33,920.91	364,233.02	498,586.01	145,998.94	639,586.61	71,940.98	546,935.22	528,585.48	153,023.82	21,663.87
<b>Amortizations (flow)</b>	<b>39,413.23</b>	<b>84,494.03</b>	<b>46,611.96</b>	<b>31,391.90</b>	<b>78,116.73</b>	<b>30,892.14</b>	<b>24,841.88</b>	<b>65,635.36</b>	<b>167,399.41</b>	<b>219,429.20</b>	<b>318,609.11</b>	<b>330,764.54</b>	<b>412,023.94</b>	<b>338,462.25</b>	<b>347,712.95</b>
External	424.76	177.77	426.05	480.46	1,654.88	1,978.99	1,676.85	1,626.54	1,577.75	20,996.94	20,951.03	42,488.79	42,445.59	42,403.68	47,463.83
Domestic	38,988.47	84,316.26	46,185.91	30,911.45	76,461.85	28,913.15	23,165.04	64,008.82	165,821.66	198,432.26	297,658.08	288,275.75	369,578.35	296,058.57	300,249.12
<b>Interests (flow)</b>	<b>10,237.27</b>	<b>14,150.47</b>	<b>21,861.85</b>	<b>12,155.88</b>	<b>9,950.64</b>	<b>8,572.27</b>	<b>13,391.14</b>	<b>76,950.65</b>	<b>174,595.31</b>	<b>190,777.41</b>	<b>296,428.45</b>	<b>263,707.54</b>	<b>323,456.79</b>	<b>341,873.50</b>	<b>310,946.68</b>
External	90.21	33.99	86.79	95.86	330.28	394.97	334.67	324.63	314.89	17,825.31	17,232.15	36,063.33	34,823.25	33,583.42	36,934.56
Domestic	10,147.06	14,116.48	21,775.06	12,060.02	9,620.36	8,177.31	13,056.47	76,626.03	174,280.42	172,952.09	279,196.30	227,644.21	288,633.54	308,290.08	274,012.13
<b>Net borrowing (gross borrowing minus amortizations)</b>						<b>3,028.77</b>	<b>339,391.14</b>	<b>432,950.65</b>	<b>562,595.31</b>	<b>420,157.41</b>	<b>400,800.65</b>	<b>216,170.69</b>	<b>116,561.54</b>	<b>-32,414.61</b>	<b>-239,393.58</b>
External						-1,978.99	-1,676.85	-1,626.54	582,418.03	-20,996.94	626,517.76	-42,488.79	-42,445.59	110,620.14	39,191.67
Domestic						5,007.76	341,067.99	434,577.19	-19,822.72	441,154.35	-225,717.10	258,659.47	159,007.13	-143,034.75	-278,585.25

Debt and Debt-Service Indicators

Debt Stock as % of SGDP	4.13	3.02	3.02	2.29	1.58	1.48	3.64	5.83	8.01	9.20	9.99	9.81	9.22	8.19	6.69
Debt Stock as % of Revenue (including grants and excluding other capital receipts)	119.99	99.58	57.90	46.16	15.78	31.63	45.78	72.00	107.79	128.77	145.33	148.42	145.06	133.92	113.77
Debt Service as % of SGDP						0.32	0.27	0.88	1.81	1.96	2.64	2.29	2.55	2.12	1.84
Debt Service as % of Revenue (including grants and excluding other capital receipts)						6.85	3.40	10.83	24.41	27.36	38.34	34.64	40.05	34.62	31.33
Interest as % of SGDP						0.07	0.09	0.47	0.93	0.91	1.27	1.02	1.12	1.06	0.87
Interest as % of Revenue (including grants and excluding other capital receipts)						1.49	1.19	5.85	12.46	12.73	18.48	15.37	17.61	17.40	14.79
Personnel Cost as % of Revenue (including grants and excluding other capital receipts)						17.60	20.46	16.90	22.48	20.59	18.86	17.27	15.82	14.49	13.27

Adverse Shock Scenario is defined by the worst performance indicator measured in year 2029

For Debt Stock as % of SGDP the adverse shock is: Expenditure	Expenditure															
Debt Stock as % of SGDP						1.48	4.70	7.87	10.90	12.87	14.30	14.67	14.52	13.85	12.64	
For Debt Stock as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue	Revenue															
Debt Stock as % of Revenue (including grants and excluding other capital receipts)						31.63	61.98	101.36	152.55	187.27	217.20	232.26	240.27	239.74	229.32	
For Debt Service as % of SGDP the adverse shock is: Expenditure	Expenditure															
Debt Service as % of SGDP						0.32	0.27	0.95	1.96	2.16	2.90	3.18	3.53	3.15	2.88	
For Debt Service as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue	Revenue															
Debt Service as % of Revenue (including grants and excluding other capital receipts)						6.85	3.78	12.80	28.73	32.86	45.91	49.93	58.04	53.45	51.28	
For Interest as % of SGDP the adverse shock is: Expenditure	Expenditure															
Interest as % of SGDP						0.07	0.09	0.55	1.07	1.12	1.53	1.33	1.47	1.44	1.28	
For Interest as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue	Revenue															
Interest as % of Revenue (including grants and excluding other capital receipts)						1.49	1.32	7.26	15.45	16.59	23.84	21.24	24.61	25.25	23.23	

### **Annex III. Minimum Requirements to Achieve DLI 7.2 on State DSA-DMS Report in 2024**

DLR description as per DLI Matrix & Definition/Description of DLR achievement

Annual state debt sustainability analysis and medium-term debt management strategy published by end of December 2024

States publish an annual State Debt Sustainability Analysis and Debt Management Strategy Report (SDSA-DMSR) by December 31, 2024.

The SDSA-DMSR must include the following: (1) medium-term budget forecasts; (2) detailed description of the debt portfolio and borrowing options; including a summary analysis of the projections of performance indicators used to assess Debt Management Strategy, and their implications for cost-risk profile of State debt portfolio in 2026; and (3) analysis of the debt and fiscal figures in the preceding calendar year.

The SDSA-DMSR must be published on a state official website.

See below for the detailed definition of the minimum requirements of the SDSA-DMSR for Year 2024.

The SDSA-DMSR 2025 must include:

For (1) Medium-Term Budget (MTB) forecasts, the SDSA-DMSR 2024 must contain:

1.1 Presentation of MTB forecasts in either a table OR chart(s) (OR both table and chart(s)) with projected annual figures from 2026 to 2028 for all of the following variables:

- Revenues: Total Revenues, FAAC, Derivation (if applicable), IGR, Capital Receipts, and Grants.
- Expenditures: Total Expenditures, Personnel Costs, Overhead Costs, Interest Payments, Capital Expenditures, and Amortization Payments.
- Budget Balance.

AND

1.2 Description of assumptions underpinning the MTB forecasts from 2026 to 2028: either a table with assumptions OR corresponding explanations in writing (OR both) for all of the following variables:

- Revenues: Total Revenues, FAAC, Derivation (if applicable), IGR, Capital Receipts, and Grants.
- Expenditures: Total Expenditures, Personnel Costs, Overhead Costs, Interest Payments, Capital Expenditures, and Amortization Payments.
- Budget Balance.

AND

1.3 A summary analysis of MTB forecasts and their implications for fiscal and debt policies throughout the period 2026-2028: analysis (in writing) of whether and how the MTB forecasts inform the prospective fiscal and debt policies to be adopted at least in 2024 (for example, a commentary on whether fiscal adjustments should be adopted to preserve debt sustainability, or whether there is sufficient fiscal space to adopt expansionary policies or

support public investment).

AND

**1.4 The presentation and analysis in the entire forecast period need to be of adequate quality, and do not contain:**

- i) negative figures for revenue, expenditure or debt variables (budget balance can be negative);
- ii) contradictory or illogical statements or arguments (for example, the written text contains wrong assertions such as ‘sustainability is strengthened when the fiscal indicators deteriorate’);
- iii) inconsistencies between the written assessment and the data, assumptions and projections presented in the document (for example, the written text refers to figures and projections significantly different from those reported in the tables and charts).

**For (2) detailed description of the debt portfolio and borrowing options, the SDSA-DMSR 2023 must contain:**

**2.1 Presentation of debt and borrowing projections in the baseline scenario: either a table OR charts (OR both) with projected figures from 2025 to 2034 for all of the following variables:**

- Debt Stock.
- Debt as % of Revenues.
- Debt Services as % of Revenues.
- Borrowings (requirements and/or sources).
- Debt stock as % of State GDP, *ONLY for states for which the official State GDP figures have been published by the National Bureau of statistics. Other states, can do this on an optional basis.*

AND

**2.2 Description of assumptions underpinning the borrowing options presented: either a table with assumptions OR corresponding explanations in writing (OR both) for all of the following variables:**

- Borrowing Sources (for example, external and domestic borrowings).
- Financing Terms (for example, maturity, interest rates, currency).

AND

**2.3 A summary analysis of the debt projections and their implications for debt sustainability and fiscal policies throughout the period 2025-2034: analysis (in writing) of:**

- (i) whether debt projections and thresholds suggest the State debt is sustainable (or not) over the medium-to long-term; AND
- (ii) what fiscal policies can help preserve (or restore) debt sustainability (for example, a commentary—based on comparisons between debt projections and thresholds in the baseline scenario and shock scenarios—on (a) whether the State debt is sustainable (or not), and (b) what fiscal and debt policies should be adopted to preserve (or restore) debt sustainability).

AND

**2.4 A summary analysis of the projections of performance indicators used to assess DMS throughout the period 2023-2026, and their implications for cost-risk profile of State debt portfolio in 2026. The analysis (in writing) should describe:**

- (i) whether DMS-related performance indicators suggest the State debt is affordable and resilient to shocks (or not) over the medium-term, and
- (ii) what debt-management policies can help preserve (or restore) an adequate balance between cost of carrying debt and the exposure to risks. For example, a commentary—based on comparisons between projections of DMS-related performance indicators in the baseline scenario and most-

The SDSA-DMSR 2025 must include:

For (1) *medium-term budget (MTB) forecasts*, the SDSA-DMSR 2025 must contain:

- 1.1** Presentation of MTB forecasts in either a table OR chart(s) (OR both table and chart(s)) with projected annual figures from 2026 to 2028 for all of the following variables:
- Revenues: Total Revenues, FAAC, Derivation (if applicable), IGR, Capital Receipts, and Grants.
  - Expenditures: Total Expenditures, Personnel Costs, Overhead Costs, Interest Payments, Capital Expenditures, and Amortization Payments.
  - Budget Balance.

AND

- 1.2** Description of assumptions underpinning the MTB forecasts from 2026 to 2028: either a table with assumptions OR corresponding explanations in writing (OR both) for all of the following variables:
- Revenues: Total Revenues, FAAC, Derivation (if applicable), IGR, Capital Receipts, and Grants.
  - Expenditures: Total Expenditures, Personnel Costs, Overhead Costs, Interest Payments, Capital Expenditures, and Amortization Payments.
  - Budget Balance.

AND

- 1.3** A summary analysis of MTB forecasts and their implications for fiscal and debt policies throughout the period 2026-2028: analysis (in writing) of whether and how the MTB forecasts inform the prospective fiscal and debt policies to be adopted at least in 2026 (for example, a commentary on whether fiscal adjustments should be adopted to preserve debt sustainability, or whether there is sufficient fiscal space to adopt expansionary policies or support public investment).

AND

- 1.4** The presentation and analysis in the entire forecast period need to be of adequate quality, and do not contain:
- iv) negative figures for revenue, expenditure or debt variables (budget balance can be negative);
  - v) contradictory or illogical statements or arguments (for example, the written text contains wrong assertions such as ‘sustainability is strengthened when the fiscal indicators deteriorate’);
  - vi) inconsistencies between the written assessment and the data, assumptions and projections presented in the document (for example, the written text refers to figures and projections significantly different from those reported in the tables and charts).

For (2) *detailed description of the debt portfolio and borrowing options*, the SDSA-DMSR 2024 must contain:

- 2.4** Presentation of debt and borrowing projections in the baseline scenario: either a table OR charts (OR both) with projected figures from 2025 to 2034 for all of the following variables:
- Debt Stock.
  - Debt as % of Revenues.
  - Debt Services as % of Revenues.
  - Borrowings (requirements and/or sources).
  - Debt stock as % of State GDP, *ONLY for states for which the official State GDP figures have been published by the National Bureau of statistics. Other states, can do this on an optional basis.*

AND

- 2.5** Description of assumptions underpinning the borrowing options presented: either a table with assumptions OR corresponding explanations in writing (OR both) for all of the following variables:
- Borrowing Sources (for example, external and domestic borrowings).
  - Financing Terms (for example, maturity, interest rates, currency).

AND

- 2.6** A summary analysis of the debt projections and their implications for debt sustainability and fiscal policies throughout the period 2025-2034: analysis (in writing) of:
- (iii) whether debt projections and thresholds suggest the State debt is sustainable (or not) over the medium- to long-term; AND
  - (iv) what fiscal policies can help preserve (or restore) debt sustainability (for example, a commentary—based on comparisons between debt projections and thresholds in the baseline scenario and shock scenarios—on (a) whether the State debt is sustainable (or not), and (b) what fiscal and debt policies should be adopted to preserve (or restore) debt sustainability).

AND

- 2.4 A summary analysis of the projections of performance indicators used to assess DMS throughout the period 2026-2028, and their implications for cost-risk profile of State debt portfolio in 2029. The analysis (in writing) should describe:
- (i) whether DMS-related performance indicators suggest the State debt is affordable and resilient to shocks (or not) over the medium-term, and
  - (ii) what debt-management policies can help preserve (or restore) an adequate balance between cost of carrying debt and the exposure to risks. For example, a commentary—based on comparisons between projections of DMS-related performance indicators in the baseline scenario and most-adverse shock scenarios—on (i) whether the cost-risk profile of the State debt under the reference strategy is acceptable (or not), and (ii) what debt-management policies should be adopted to mitigate the cost and risk of the State debt portfolio.

AND

- 2.5 The presentation and analysis in the entire forecast period need to be of adequate quality, and not contain:
- (i) negative figures for debt and borrowing projections;
  - (ii) contradictory or illogical statements or arguments (for example, the written text contains wrong assertions such as ‘sustainability is strengthened when the debt indicators deteriorate’);
  - (iii) inconsistencies between the written assessment and the data, assumptions and projections presented in the document (for example, the written text refers to figures and projections significantly different from those reported in the tables and charts).

For (3) *analysis of the debt and fiscal annual figures in the preceding calendar year*, the SDSA-DMSR 2025 must contain:

- 3.1 Presentation of revenue, expenditure, budget balance, and debt information, at least for 2024: either a table OR charts (OR both table and chart(s)) with historical figures for at least 2024 (but can extend to years preceding 2024) all of for the following variables:
- Revenues: Total Revenues, FAAC, Derivation (if applicable), IGR, Capital Receipts, and Grants.
  - Expenditures: Total Expenditures, Personnel Costs, Overhead Costs, Interest Payments, Capital Expenditures, and Amortization Payments.
  - Budget Balance.
  - Debt Stock.
  - Debt as % of Revenues.

AND

- 3.2 A summary analysis of the information presented on revenue, expenditure, budget balance, and debt in 2024: analysis (in writing) of fiscal and debt situation in 2024 (for example, a commentary on budget and debt outcomes and economic trends, what may have affected them).

AND

- 3.3 A summary analysis (in writing) of the consistency between:
- i) the fiscal and debt information for 2024 presented in the SDSAR 2024 and;
  - ii) the fiscal and debt information presented in the 2024 Financial Statement and the 2024 Q4 State Debt Report.

AND

- 3.4 The presentation and analysis in the entire historical period need to be of adequate quality, and not contain:
- i) negative values for revenue, expenditure, debt service or debt stock figures;
  - ii) contradictory or illogical statements or arguments (for example, the written text contains wrong assertions such as ‘sustainability is strengthened when the debt indicators deteriorate’);
  - iii) inconsistencies between the written assessment and the data, assumptions and projections presented in the document (for example, the written text refers to figures significantly different from those reported in the tables and charts).

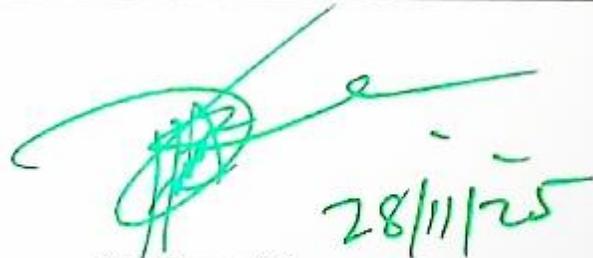
#### Data Sources

- State Ministry of Finance for: (1) the quarterly SDDR (submitted to the DMO and acknowledgements); (2) the 2024 SDSAR; and (3) the 2024 SDSA-DMSR.
- State official website(s) for the published 2024 SDSAR and 2024 SDSA-DMSR.
- State Debt Management Departments (DMDs) for additional information (if requested by the IVA).

- (Federal) Debt Management Office (DMO) for: (1) the guidelines and templates provided by DMO for the SDDR, the SDSAR, and the SDSA-DMSR; (2) the standard internal protocols used by DMO for reviewing and approving SDDR, assessing the SDSAR and assessing the SDSA-DMSR; (3) the State Domestic and External Debt Report (SDEDR) and supporting documentation (format and content detailed in DLI 9 for each state; (4) DMO's assessment of the SDSAR; and (5) DMO's assessment of the SDSA-DMSR.

### TEAM MEMBERS

S/N	NAME	DESIGNATION	MDA
1.	Mrs. Grace U. Akpan, Ph.D	Director	AKS DMO
2.	Mr. Mfon J. Udoma	Focal Person AKS SABER Programme	Office of Accountant General
3.	Mrs. Imabong S. Ekarika	Principal Accountant	AKS DMO
4.	Mr. Uduak David	Principal Accountant	AKS DMO
5.	Mrs. Uduak Phillips	Principal Accountant	AKS DMO
6.	Miss Rosemary U. Ukotak	Principal Executive Officer (Account)	Office of Accountant General



Mr. Emem Bob

Honourable Commissioner for Finance  
Akwa Ibom State Ministry of Finance