

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

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1.0 Introduction

1.1 Background

The State Debt Sustainability Analysis (S-DSA) Toolkit was developed by Debt Management Office, Nigeria and reviewed by the World Bank to analyse the trends and patterns in the State's public finances during the period of 2016 - 2020 while also evaluating the ability of the State to sustain its debt in the long term (2021 – 2030).

In order to assist the Akwa Ibom State Government in striking a balance between the State's programs execution and new borrowings by utilizing recent trends in the State's public finances, Akwa Ibom State's Technical Team carried out a DSA, which appraised recent Revenue, Expenditure, State Public debt trends, and related policies adopted by the State Government, while considering the policy thrust of the State. This sustainability assessment was conducted using baseline scenarios and sensitivity analysis in order to evaluate the prospective performance of the State's public finances going forward.

In carrying out the analysis, four debt management scenarios were utilized. The main objective of these scenarios is to ensure that the government financing needs and payment obligations are met at the lowest possible cost, consistent with a prudent degree of risk. In other words, these scenarios seek to fashion out a way for the state to achieve her development goals while minimizing the risk. Consequently, the four debt management strategies calculate costs of carrying public debt, and measures associated risks to macroeconomic and fiscal shocks. The strategies also realistically set fiscal targets and effectively allocate resources to strategic priorities. The elements of Akwa Ibom Medium Term Expenditure Framework (MTEF) (2021-2024) – the economic and fiscal update (EFU); Fiscal Strategy Paper (FSP); and Budget policy statements (BPs) were also used in conducting the analysis.

1.2 Summary of Findings

The results of the Akwa Ibom State S-DSA show that the State's debt portfolio appears to be sustainable in the long term. The State has made giant strides in IGR mobilization through the recently introduced, improved, tax administration reforms. The Akwa Ibom State Internal Revenue Service (AKIRS), which is the office in charge of Revenue matters in the State, is now fully autonomous. It also has a functional Revenue Service Commission with enough competent personnel and up-to-date technology to actualized the State's vision. AKIRS has also introduce new revenue heads aims at increasing IGR in the State.

With realization that the Covid-19 pandemic with its attendant impact on the price of crude oil will most likely reduce the statutory allocation to the State from the center, there is need to cut down on recurrent expenditure in order reduce the deficit and also help to reduce Debt profile of the State.

2.0 Akwa Ibom State Fiscal and Debt Framework

2.1 Fiscal Reforms in the Last 4 to 6 Years

The Fiscal Reforms being implemented by the Akwa Ibom State Government in the last four to six years include the Public Financial Management (PFM) and Human Resource Management (HRM), which are sub-divided into Budget reform, Audit reform, Public Procurement reform, Tax Administration Reform, and Civil Service & Pension Reform. These reforms led to the enactment of Laws that regulates implementation of Fiscal Policies in the State. The Laws are Akwa Ibom State Fiscal Responsibility Law (FRL), 2020; Akwa Ibom State Government Revenue Law Amendment, 2020; Akwa Ibom State Public Procurement Law 2020 and Akwa Ibom State Audit Law, 2021. The FRL for instance, provides for the creation of the implementation organ, medium term fiscal framework, how public expenditure should be carried out, borrowing process, transparency and accountability in governance and principles of sound financial management.

Broadening and diversification of the State's resources base through improvements in the collection of internally generated revenue (IGR) and the development of other internal revenue generated sources in the maritime sector, and in the coastal and inland water ways as well as harnessing revenue on landed properties. Pursuing of foreign exchange revenue from airplane maintenance and other aviation repairs and overhaul (MRO) facility of Ibom International Airport. Boosting production by local businesses through the promotion of trade, commerce and foreign tourism between the State and the rest of the world. Encouraging and sustaining small and medium scale enterprises through the development of an efficient and sustainable micro-credit framework as part of the wealth creation and employment generation. Developing of Ibom Industrial City to complement Government efforts in the creation of enduring structure for employment and Revenue generation. Developing the agricultural sector through supply of improved agricultural inputs credits and extension.

2.1.1 Akwa Ibom State Approved 2021 Budget and Medium-Term Expenditure Framework (MTEF), 2021-2024

Approved 2021 Budget

The Akwa Ibom State 2021 Budget was prepared at a time when the global community was facing a serious challenge occasion by the Covid-19 pandemic and its resultant effects, which led to serious domestic economic downturns. The Covid-19 pandemic brought about global economic recession, low oil prices and heightened global economic uncertainty, which had adverse implications for the State's economy.

Total revenue available to fund the Akwa Ibom State 2021 Budget is estimated at ~~₦~~456.250 billion. This includes the following:

- ❖ Internally Generated Revenue
- ❖ Statutory Allocation
- ❖ Value Added Tax
- ❖ Other Statutory Revenue, Domestic Grants
- ❖ Foreign Grants
- ❖ Opening Balance
- ❖ Domestic Loans
- ❖ Foreign Loans and Sale of Government Assets

An aggregate expenditure of ~~₦~~456.250 billion is proposed by the Akwa Ibom State Government in 2021. The 2021 proposed Expenditure comprises;

- ❖ Debt Repayment (Interest and Principal) of ~~₦~~56.996b
- ❖ Statutory Transfers of ~~₦~~50.285 billion
- ❖ Recurrent Expenditure of ~~₦~~241.799 billion
- ❖ and Capital Expenditure of ~~₦~~241.450 billion

The Thrust of the Akwa Ibom State 2021 Budget is aimed at reducing dependence on statutory allocation 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 which encourage will private investment in the State. The State Government will also create employment opportunities and improve the living standards of our people by providing basic infrastructures, enhancing security, develop human capital and continuing to boost services in education and healthcare.

2.1.2 Indicative Three-Year Fiscal Framework

The EFU 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 historical and current) and identifies significant Global, National and State level factors affecting implementation. The FSP determines the resources available to fund Government programs and projects from a fiscally sustainable perspective. The BPS states the overarching policy goals that will guide the Government's budget decisions and how the budget accords with the government's short-term intentions. It also states any changes to the government's long and short-terms fiscal objectives and assesses how changes in the long-term fiscal objectives and short-term fiscal intentions situates with the principles of responsible fiscal management. As a principle, the MTEF only recognizes approved budget figures as source data.

The indicative three-year fiscal framework for the period 2022-2024 is presented in the table that follows.

Akwa Ibom State Medium Term Fiscal Framework

Macro-Economic Framework

Item	2022	2023	2024
National Inflation	13.50%	12.75%	12.00%
National Real GDP Growth	2.30%	2.30%	2.50%
Oil Production Benchmark (MBPD)	1.8000	1.9500	2.1000
Oil Price Benchmark	\$57.00	\$57.00	\$57.00
NGN: USD Exchange Rate	410.15	410.15	410.15
Other Assumptions			
Mineral Ratio	31%	32%	32%
Recurrent Revenue			
Statutory Allocation	49,435,508,921	55,500,870,431	60,701,448,655
Derivation	137,742,240,805	154,034,333,804	165,883,128,712
VAT	21,157,342,492	24,120,540,253	27,406,751,638
IGR	44,002,676,372	48,402,944,010	53,243,238,410
Excess Crude / Other Revenue	11,100,000,000	13,100,000,000	12,100,000,000
Total Recurrent Revenue	263,437,768,591	295,158,688,497	319,334,567,416
Recurrent Expenditure			
Personnel Costs	54,500,044,727	57,225,046,964	60,086,299,312
Social Contribution and Social Benefit	16,447,003,075	17,269,353,228	18,132,820,890
Overheads	33,776,145,160	38,842,566,934	36,900,438,587
Grants, Contributions and Subsidies	981,336,947	1,005,870,371	1,031,017,130
Public Debt Service	29,605,860,098	24,798,276,187	23,420,898,405
Total	135,310,390,007	139,141,113,684	139,571,474,324
Transfer to Capital Account	154,127,378,584	171,017,574,814	204,763,093,091
Capital Receipts			
Grants	10,060,000,000	6,660,000,000	2,860,000,000
Other Capital Receipts	34,500,000,000	28,500,000,000	28,500,000,000
Total	44,560,000,000	35,160,000,000	31,360,000,000
Reserves			
Planning Reserve	5,930,621,358	6,485,327,244	7,083,692,793
Total Reserves	5,930,621,358	6,485,327,244	7,083,692,793
Capital Expenditure	217,756,757,227	224,692,247,569	254,039,400,298
Discretionary Funds	173,941,757,227	185,877,247,569	215,224,400,298
Non-Discretionary Funds	43,815,000,000	38,815,000,000	38,815,000,000
Financing (Loans)	25,000,000,000	25,000,000,000	25,000,000,000
Total Revenue (Including Opening Balance)	358,997,768,591	370,318,688,497	400,694,567,416
Total Expenditure (including Contingency Reserve)	358,997,768,591	370,318,688,497	400,694,567,416
Closing Balance			
Ratios			
Growth in Recurrent Revenue	33.58%	12.04%	8.19%
Growth in Recurrent Expenditure	11.74%	2.83%	0.31%
Capital Expenditure Ratio	62.31%	62.43%	65.17%
Deficit (Financing) to Total Expenditure	6.96%	6.75%	6.24%

2.1.3 The Key Objectives of the Approved 2021 Budget

- i. To create more opportunities for gainful employment of our citizens through Industrialization and Agriculture, Economic growth and job-generating.
- ii. To employ ICT, Science and Technology as a tool for employment generation and wealth creation.
- iii. To increase the Internally Generated Revenue (IGR) of the State by expanding and diversifying the State's resource base.
- iv. To aggressively pursue the development of other internal revenue generating sources in the State, in Maritime, Coastal and Inland Water Ways, harnessing revenue on landed properties and others.
- v. To commence the construction of Ibom Deep Seaport and development of the Ibom Industrial City to complement Government efforts in the creation of enduring structures for employment generation, among others
- vi. To continue to promote trade, commerce and tourism between the State and the rest of the world by enabling an improvement in the production by local businesses. This will be done by 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 strategies.
- vii. To employ ICT, Science and Technology as a tool for employment generation and wealth creation.
- viii. To reduce morbidity and mortality from communicable and non-communicable diseases thereby guaranteeing a healthy populace. This will be realized through the rehabilitation of our health institutions and provision of additional health care facilities and services.
- ix. To sustain the implementation of the Government policy of free and compulsory qualitative education through the expansion of facilities to cope with increased

school enrolment and the provision of teaching aids in public primary and secondary schools.

- x. To ensure the availability of durable and affordable shelter for the indigenes of the State through the development of low-cost Housing Estates in the State.
- xi. To complete the Cargo and Maintenance, Repairs and Overhauling (MRO) facility of Ibom International Airport, as a way of pursuing increased foreign exchange revenue from airplane maintenance and other aviation services.
- xii. To encourage the expansion of Ibom Airlines, as a means of further alleviating the air transportation challenges faced by residents in the State.
- xiii. To improve agricultural output and ensure food sufficiency through the supply of improved agricultural inputs, credit and extension services.
- xiv. To pursue Public Private Partnership Investment Strategy in order to enhance our revolutionary efforts in Agriculture and Industry.
- xv. To promote youth and women empowerment as well as the protection of children and other vulnerable groups in the society.
- xvi. To ensure the security of lives and property and create a peaceful and safe society through the provision of effective security network in the State.
- xvii. To ensure accountability and transparency and the enthronelement of best practices in all areas of governance as an enduring standard of public sector administration.
- xviii. To develop the rural areas to enable the dividends of democratic government to be felt in every part of the State and also reduce the burden of population on the urban centers.
- xix. To maintain a good working relationship between the Executive, legislative and judiciary arms of the State government and also ensure grassroot development and empowerment through the enablement of effective local government administration.

- xx. To maintain the existing amiable relationship with the central government in order to attract federal presence to the State.
- xxi. To unify the State, as well as ensure due respect for the traditional institutions and elders in the society, in order to attain peace and prosperity in the State and also give all Akwa Ibomites (both within and without) a sense of belonging

2.1.4 Medium Term Policy Objectives and Targets

The overall medium-term policy objectives are:

- i. Employ effective public-private partnership strategy to provide needed industrial, infrastructural and agricultural development.
- ii. Attract potential investors and donor agencies to invest in the relevant and key sectors of the State economy and undertake robust human capital development.
- iii. Strengthen the industrial base of the State through the acceleration of industrialization and investment activities by providing enabling environment for the private sector to thrive. This will lead to the production of enough goods and services for domestic use as well as for export.
- iv. Set up new industries and maintain existing ones in the agro-industrial, information technology, as well as oil and gas sectors.
- v. Improve on IGR by eliminating evasion in payment, wastages and leakages in collection and expenditure, and developing tourism potentials.
- vi. Stimulate the Agricultural and Agro-allied industries to boost production of local farmers to ensure food sufficiency for local consumption, exports as well as the provision of raw materials for the industries.
- vii. Prioritize the completion of all on-going projects in the State.
- viii. Expand and improve infrastructure and services in Health-Care Delivery at Primary and Secondary levels.
- ix. Improve service delivery in the educational sector, with emphasis on science and technology, as well as information and communication technology.
- x. Empower women and youth through capacity building, empowerment, skill

acquisition and elimination of gender discrimination practices.

- xi. Enforce Child Protection Laws and create a conducive society for the Akwa Ibom child to flourish in.
- xii. Enhance delivery of qualitative and prompt service by public servants.
- xiii. Ensure enforcement of peace, law and order by building an efficient and proactive security network to make the State conducive to live and invest in.
- xiv. Provide recreational and sporting facilities to increase life expectancy, boost Sports development and ensure improved performance of the State representatives at local, National and International Sporting competitions. By extension, this activity will also create employment, generate wealth and reduce poverty among the youths.

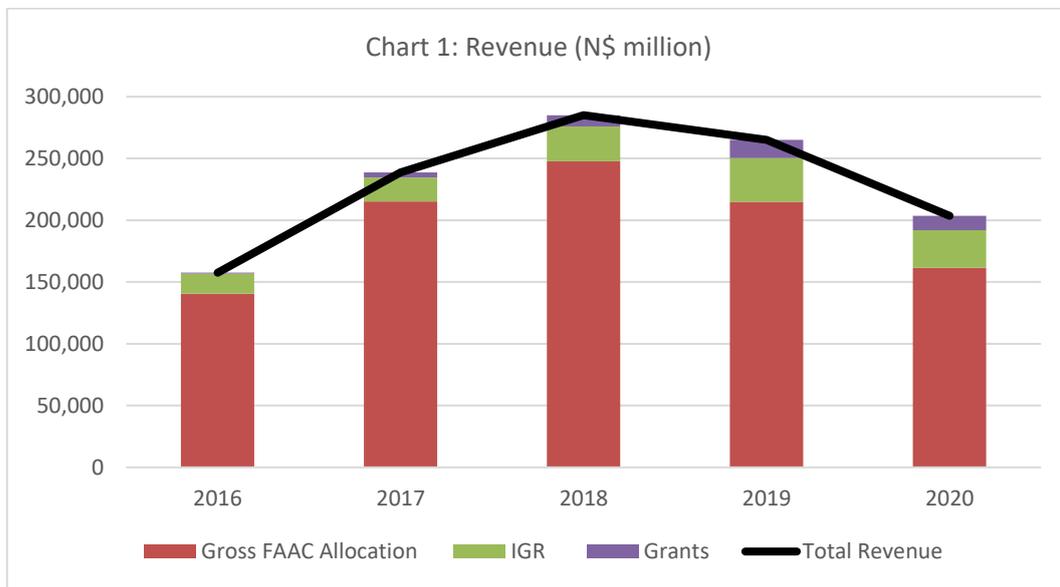
3.0 Revenue, Expenditure, Fiscal and Debt Performance, 2016-2020

3.1 Revenue

Akwa Ibom State's Revenue stood at ~~₦210,709~~ billion in 2020 compared to ~~₦346,070~~ billion in 2019, which represents a decrease of ~~₦135,361~~ billion or 39.11%. This was most lightly due to the ravages bought on by the Covid-19 pandemic which translated to reduce income and revenue to individuals and businesses. Between 2016 (~~₦190,986~~) billion and 2019 (~~₦346,070~~) billion there was a significant increase (155.081) or 81.20% in revenue to the State. This was due to effective implementation of economic and fiscal policies in the State. The Gross FAAC allocation comprising; the Statutory allocation, derivations, VAT allocation, exchange rate gain, augmentation, among others, drop from ~~₦41,399~~ billion in 2019 to ~~₦34,079~~ billion in 2020 (a decrease of ~~₦7,319~~ billion or 17.68%). This decline was due to slow down in financial activities cause by the Covid-19 pandemic in 2020.

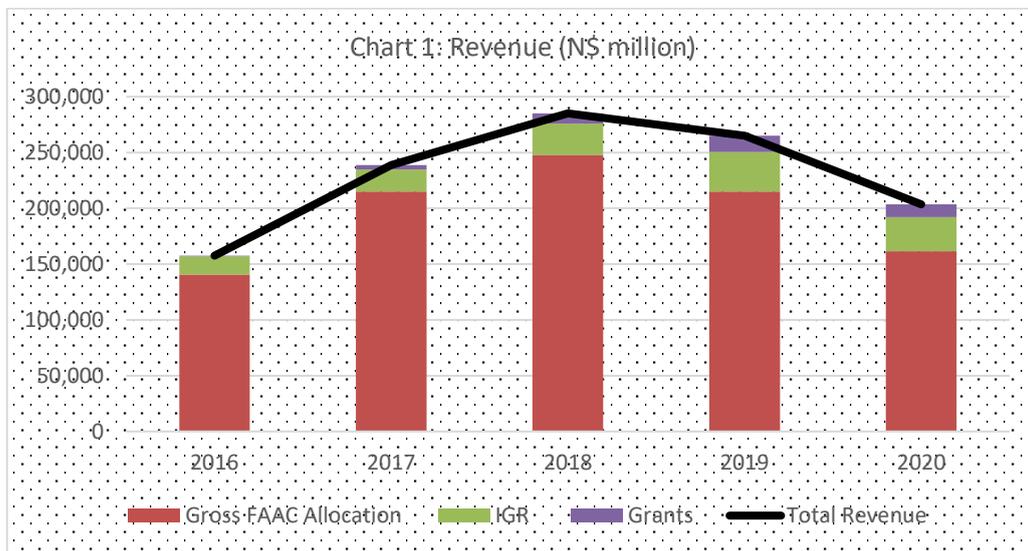
Akwa Ibom State's Internally Generated Revenue (IGR) shows a growth during the period under review. The IGR shows a significant growth from ~~₦6,290~~ billion in 2016 to ~~₦35,504~~ billion in 2019. The improvement in IGR was mainly because of several reforms were instituted to strengthen the IGR collection. Among other things, the State also expanded its Taxpayer database and developed an electronic taxpayer database system, and all revenue leakages were blocked through automation processes.

	2016	2017	2018	2019	2020
Total Revenue	157,518	238,787	285,049	264,985	203,612
Gross FAAC Allocation	140,485	215,090	247,824	214,845	161,448
IGR	16,290	19,513	28,213	35,504	30,611
Grants	743	4,184	9,012	14,636	11,553

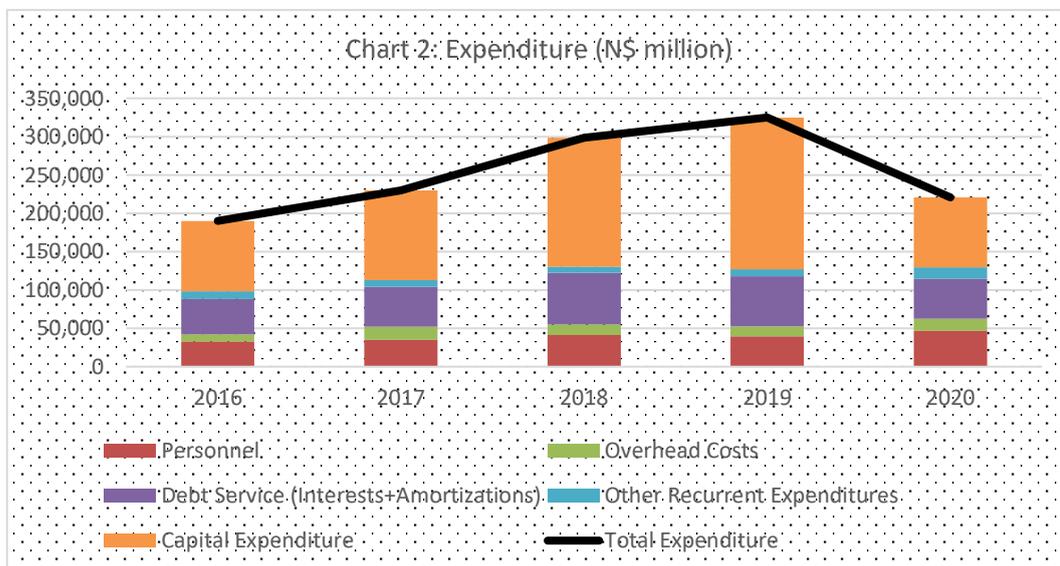


3.1.1 Expenditure Performance

The 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 2019, Akwa Ibom State total expenditure amounted to ~~₦324,913.01~~ billion compared to ~~₦190,085~~ billion as at end of December 2016, which represent a growth of ~~₦134,828~~ billion or 70.93%. The personnel cost stood at ~~₦33,055~~ billion in 2016, ~~₦35,108~~ billion in 2017, ~~₦41,374~~ billion in 2018, ~~₦39,616~~ billion in 2019, and ~~₦46,834~~ billion in 2020, respectively. The overhead cost stood at ~~₦15,666~~ billion in 2020 compared to ~~₦9,227~~ billion in 2016. Capital expenditure amounted to ~~₦91,450~~ billion in 2020, ~~₦197,833~~ billion in 2019, ~~₦168,170~~ billion in 2018, ~~₦117,090~~ billion in 2017, and ~~₦91,562~~ billion in 2016 respectively. The Total debt service that comprises the interest payment and principal repayment stood at ~~₦51,977~~ billion as at end of December 2020 compared to ~~₦46,046~~ billion as at end of December 2016.



	2016	2017	2018	2019	2020
<i>Total Expenditure</i>	190,085	229,974	298,750	324,913	220,897
<i>Personnel</i>	33,055	35,108	41,374	39,616	46,834
<i>Overhead Costs</i>	9,227	17,188	13,704	13,058	15,666
<i>Debt Service (Interests+Amortizations)</i>	46,046	51,824	67,583	65,235	51,977
<i>Other Recurrent Expenditures</i>	10,194	8,764	7,919	9,172	14,970
<i>Capital Expenditure</i>	91,562	117,090	168,170	197,833	91,450



3.2 AKWA IBOM STATE DEBT PORTFOLIO, 2016 - 2020

Akwa Ibom State's Debt stock amounted to ~~N~~**247,544**billion as at end of December 2020 compared to ~~N~~**253,359**billion as at end of December 2019, representing a decrease of ~~N~~**5,815**billion or 2.29%. The external debt stock increased from ~~N~~**15,641**billion in 2019 to

~~₦16,737~~billion in 2020, while the domestic debt stock decreased to ~~₦230,807~~billion in 2020 from ~~₦237,718~~billion in 2019, representing a decrease of ~~₦6,910~~billion or 2.90.

	2016	2017	2018	2019	2020
<i>Outstanding Debt (Old + New)</i>	208,305	220,685	225,199	253,359	247,544
<i>External</i>	12,799	15,448	13,995	15,641	16,737
<i>Domestic</i>	195,506	205,237	211,204	237,718	230,807

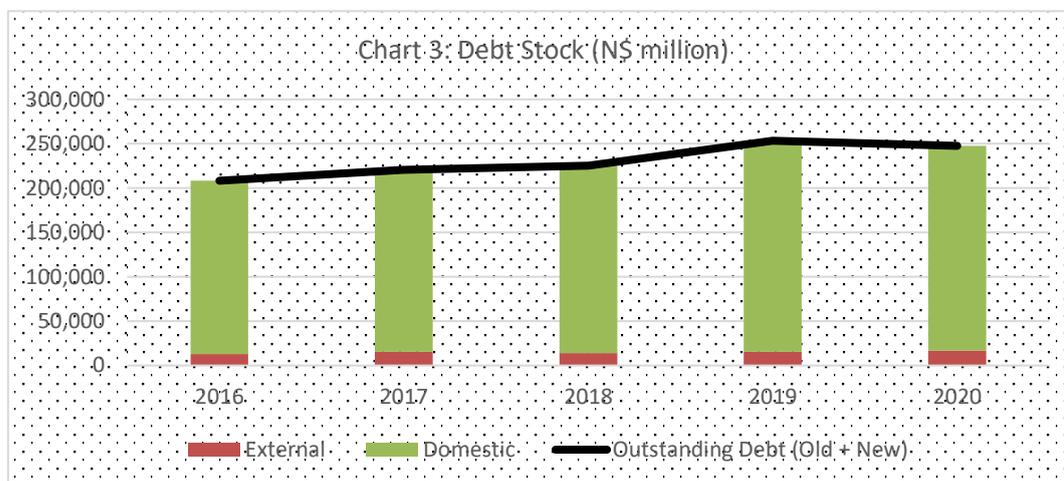
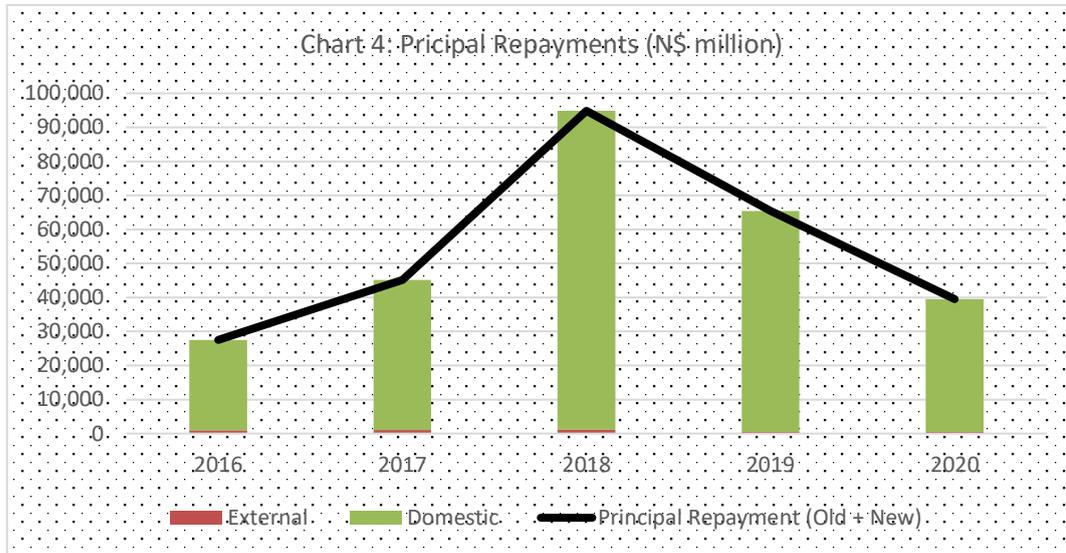


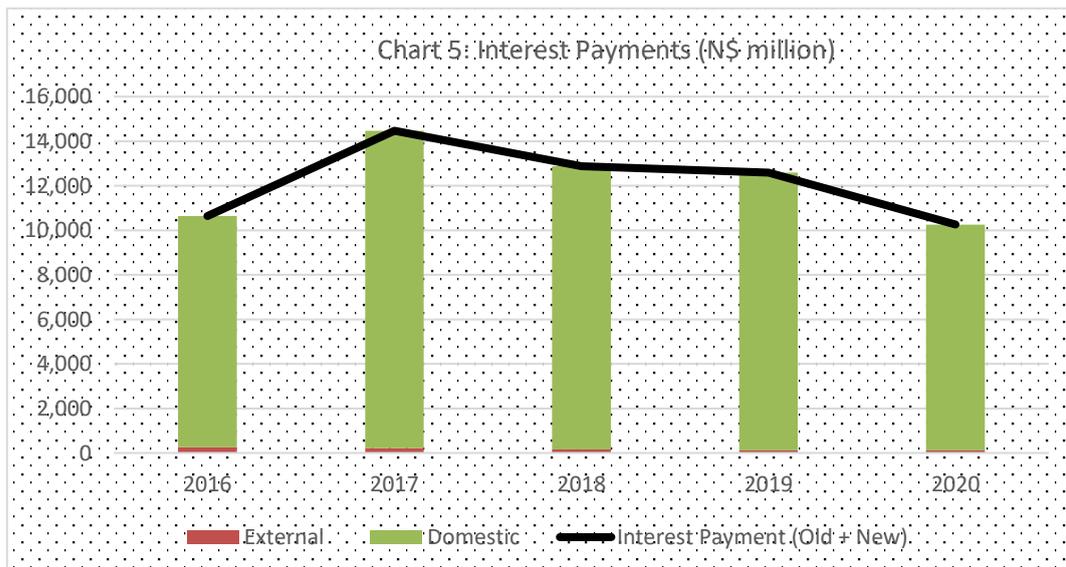
Chart 3: shows a sharp increase in the Debt Stock from ~~₦195,506~~billion in 2016 to ~~₦230,807~~billion in 2020, due to receipt of the Excess Crude Account Backed Loan, Restructured Commercial Bank Loans (FGN Bond and Budget Support. Other loans like the Commercial Agriculture Credit Scheme (CACS) and Commercial Banks Loans along with the Contractors' Arrears and Pensions/Gratuity Arrears increased the Debt Stock from 2016 to 2020. Akwa Ibom State Debt Portfolio as at the end of 2020 consists of external debt ~~₦15,804~~billion or 6.22% and Domestic debt amounted to ~~₦238,418~~billion or 93.78%, respectively.

Akwa Ibom State Debt Service amounted to ~~₦38,163~~billion, ~~₦59,618~~billion, ~~₦107,729~~billion, ~~₦77,987~~billion and ~~₦49,774~~billion for 2016, 2017, 2018, 2019 and 2020 respectively. The principal repayment stood at 31.05 percent in 2019 compared to 38.58% in 2020. While the Interest Payment amounted to 18.0% in 2019 compared to 2.23% in 2020. The principal repayments and Interest Payment made were on both External Debt and Domestic Debt (see Charts 4 and 5).

	2016	2017	2018	2019	2020
Principal Repayment (Old + New)	27,518	45,151	94,857	65,402	39,515
External	958	1,070	1,178	450	526
Domestic	26,560	44,081	93,678	64,952	38,988



	2016	2017	2018	2019	2020
Interest Payment (Old + New)	10,645	14,467	12,872	12,585	10,259
External	255	219	167	111	112
Domestic	10,390	14,248	12,705	12,474	10,147



The Existing Public Debt Composition at End – 2020.

			2016	2017	2018	2019	2020
Total External Debt - Stocks	US Dollars	Million	50.6	50.5	45.7	48.0	44.2
World Bank (WB) (including International Development Association (IDA) and IBRD)	US Dollars	Million	39.0	41.2	39.7	42.5	37.2
African Development Bank (AfDB) [including African Development Fund (AfDFP) and Africa Growing Together FUND]	US Dollars	Million	11.0	8.8	5.5	5.1	6.5
Multilateral Creditor (1) [Insert name]	US Dollars	Million	0.6	0.5	0.5	0.4	0.5
Multilateral Creditor (2) [Insert name]	US Dollars	Million	0.0	0.0	0.0	0.0	0.0
Multilateral Creditors (others) [Insert list of all]	US Dollars	Million	0.0	0.0	0.0	0.0	0.0
Bilateral Creditor (1) [Insert name]	US Dollars	Million	0.0	0.0	0.0	0.0	0.0
Bilateral Creditor (2) [Insert name]	US Dollars	Million	0.0	0.0	0.0	0.0	0.0
Bilateral Creditors (others) [Insert name]	US Dollars	Million	0.0	0.0	0.0	0.0	0.0
Other External Debt	US Dollars	Million	0.0	0.0	0.0	0.0	0.0
Outstanding domestic debt stock by categories							
Total Domestic Debt - Stocks	Naira	Million	195,506.0	205,236.7	211,203.9	237,717.5	230,807.3
Budget Support Facility	Naira	Million	0.0	17,569.0	17,569.0	17,003.5	17,105.7
Salary Bailout Facility	Naira	Million	0.0	0.0	0.0	0.0	0.0
Restructured Commercial Bank Loans (FGN Bond)	Naira	Million	63,689.0	62,870.1	61,921.2	60,821.6	59,543.7
Excess Crude Account Backed Loan	Naira	Million	9,520.7	8,829.4	9,725.9	9,473.3	7,027.4
Commercial Banks Loans	Naira	Million	28,123.2	15,211.5	4,087.2	40,121.8	35,243.9
State Bonds	Naira	Million	0.0	0.0	0.0	0.0	0.0
Commercial Agriculture Loan (CBN Development Financing Facility)	Naira	Million	607.2	0.0	1,392.1	727.3	1,116.6
Infrastructure Loan (CBN Development Financing Facilities)	Naira	Million	0.0	0.0	0.0	0.0	0.0
Micro Small and Medium Enterprise Development Fund (CBN Development Financing Facility)	Naira	Million	0.0	0.0	0.0	0.0	2,000.0
Judgement Debts	Naira	Million	0.0	0.0	0.0	0.0	0.0
Government-to-Government Debts	Naira	Million	0.0	0.0	0.0	0.0	0.0
Contractors' Arrears	Naira	Million	77,777.1	79,237.8	93,819.3	83,362.6	79,787.6
Pension and Gratuity Arrears	Naira	Million	15,788.8	21,518.8	22,689.2	26,207.4	28,982.6
Salary Arrears and Other Staff Claims	Naira	Million	0.0	0.0	0.0	0.0	0.0
Other Debts	Naira	Million	0.0	0.0	0.0	0.0	0.0

4.0 Debt Sustainability Analysis

A debt sustainability analysis (DSA) assesses how a state or nation's current level of debt and prospective borrowing affect its present and future ability to meet debt service obligations. The concept of debt sustainability refers to the ability of the government to honour its future financial obligations, since policies and institutions governing spending and taxation largely determine such. Debt sustainability ultimately refers to the debt ability of the government to maintain sound fiscal policies over time without having to introduce major budgetary or debt adjustment 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 actions to address the unwanted consequences of a heavy debt burden.

4.1 Akwa Ibom State Debt Sustainability Analysis

Chart 21 shows the Debt stock as a percentage of State GDP (with indicative threshold of 25%). The sustainability position of the State's debt portfolio in the fiscal block shows a gradual descending trend from 2016 to 2018, State's debt portfolio shows a gradual ascending trend from 2019 to 2020, but descends again in 2021, while it shows a gradual ascending trend again from 2022 to 2030. Even though the ratio has continued to increase steadily over the period under review, peaking at a value of 9.8 percent in 2030, it is well within the threshold insinuating there is 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.

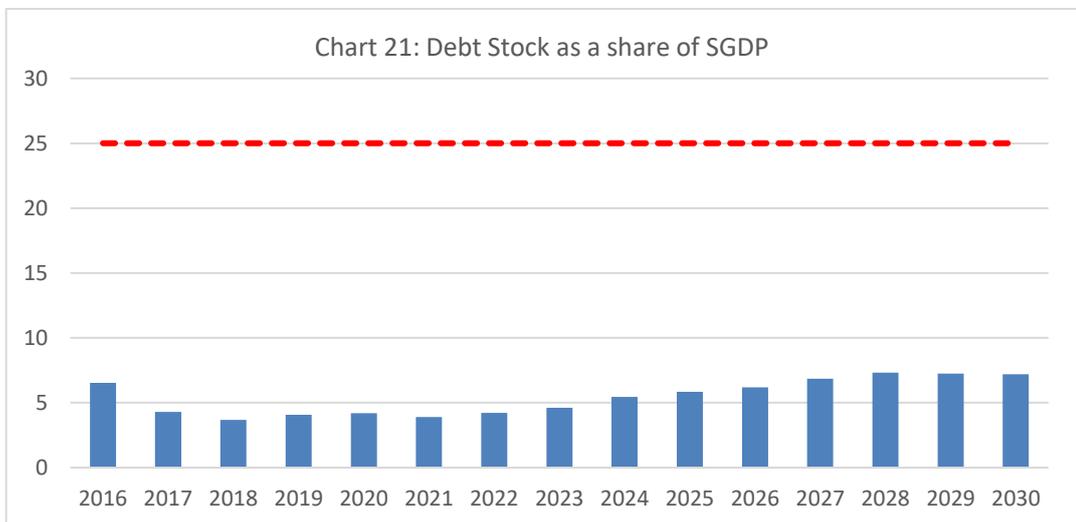


Chart 22 shows the Debt Service as percentage of Revenue (with indicative threshold of 200%). The threshold from 2016 to 2025 is above baseline while from 2026 to 2030 threshold is below baseline.

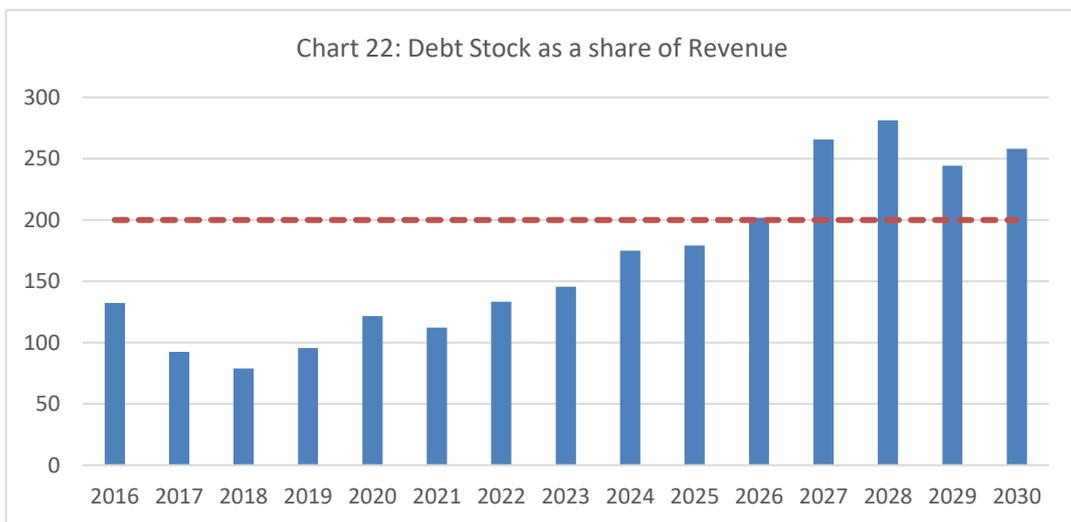
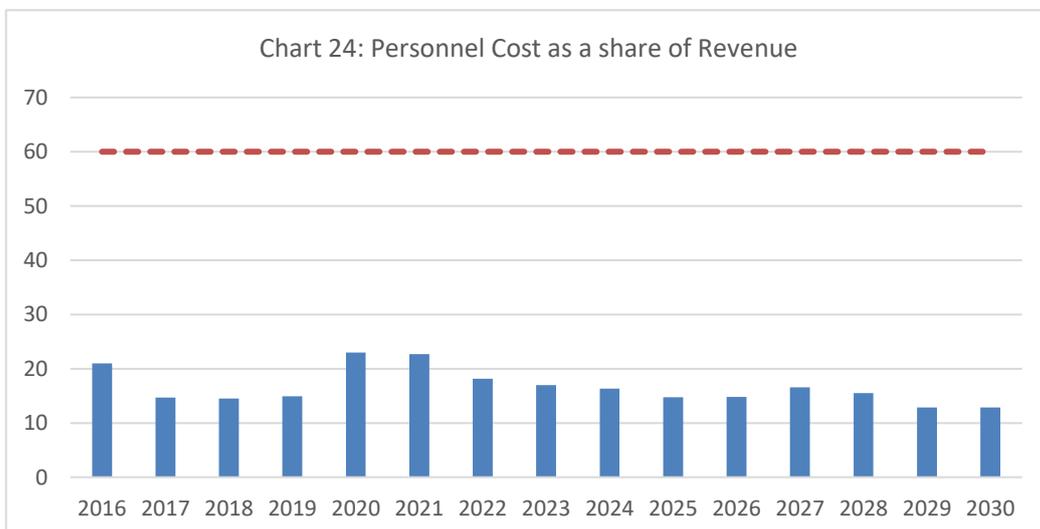


Chart 24 shows the Personnel cost as percentage of Revenue (with indicative threshold of 60%). The threshold remains above the baseline from 2021 to 2030.



4.1.1 Medium-Term Budget Forecast

Debt sustainability analysis of Akwa Ibom State is predicated on the continuation of recent efforts to grow the IGR of the State annually in the medium term. The economy is expected to gradually recover from 2022-2024, with real GDP expanding at an average annual rate of 4.74% and domestic inflation decreasing below 8.2 percent by 2022. The moderate recovery will be supported by economic growth through diversification of the base and increase revenue generating drive. The Tax reforms adopted by the State Government will also improve IGR, as well as encourage the numerous private investors that are being attracted to the State through on-going investment campaign.

Akwa Ibom State Debt Burden Indicators as at End-2020

Indicators	Thresholds	Ratio
Debt as % of GDP	25%	4.2%
Debt as % of Revenue	200%	121.6%
Debt Service as % of Revenue	40%	24.4%
Personnel Cost as % of Revenue	60%	23.0%
Debt Service as % of FAAC Allocation	Nil	30.8%
Interest Payment as % of Revenue	Nil	5.0%
External Debt Service as % of Revenue	Nil	0.3%

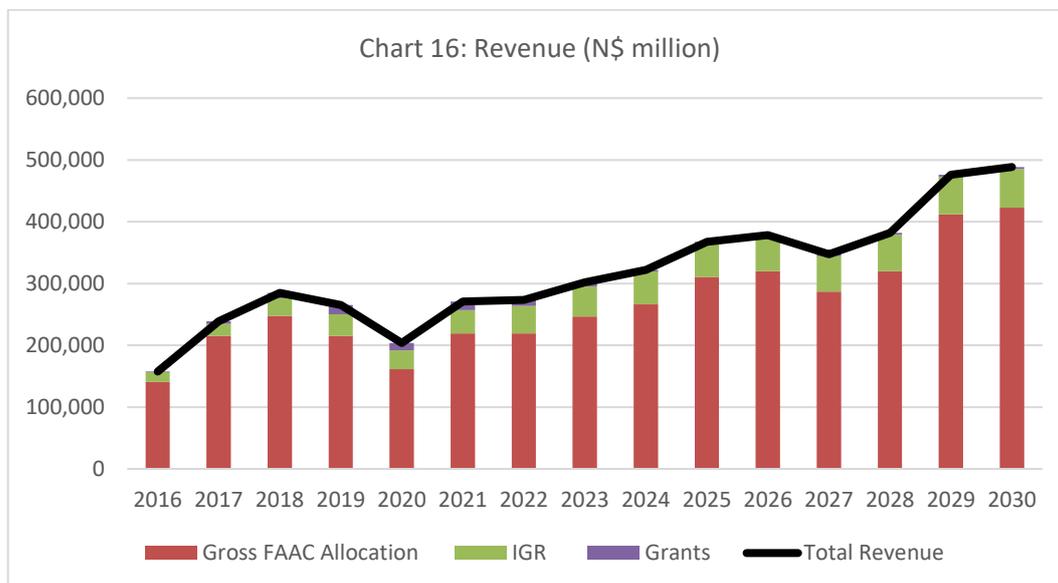
4.1.2 Revenue and Expenditure Assumptions

1. **Statutory Allocation:** The estimation for statutory allocation is based on elasticity forecast. Beyond 2024, it is assumed that statutory allocation remains stable.

2. **Derivation:** The estimation for derivation is based on elasticity forecast using the macroeconomic assumptions. The average increment between 2021-2030 is expected to be 12%. VAT is also based on elastic forecasting using national Real GDP and Inflation data. The Average increment between 2021 and 2030 is expected to be 18%.

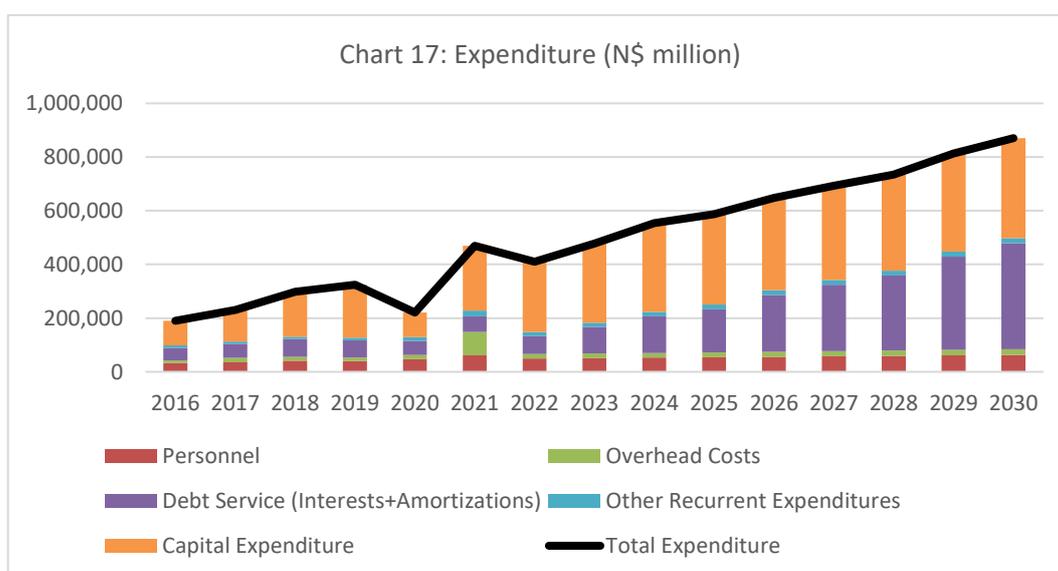
GRANTS: External grants are based on signed grant agreements with the World Bank programs (SFTAS and Others) UNICEF USAID UNDP and others. Average deductions between 2021-2030 is expected to be 8%. Other capital Receipts are based on expected refunds from FGN for road

projects, other exceptional income ecological Fund from FGN and Investment income. The Average deductions between 2021-2030 is expected to be 21%, the Expenditure figure remains constant.



4.1.3 Financial Net Loan

Based on signed agreement with World Bank for NEWMAP, RAMP ANRIN as well as Commercial bank short term Loans, the average increment between 2021-2030 is expected to be 3.7%. Capital expenditure average increment between 2021-2030 is expected to be 20.9%.



4.1.4 BORROWING OPTIONS

To facilitate the actualization of the Ibom Deep Seaport, Healthcare delivering, Road infrastructure, Education Infrastructure and other developmental Projects, the State government may have to raise funds from the capital market, commercial banks, Federal Government and external financial institutions for financing. Akwa Ibom state government intends to finance its new borrowing from 2021 to 2030 mainly through Commercial Bank Loans (maturity 1-5 years) with an average of 48.75 percent, State Bonds (maturity 6 years above) at 22.50 percent, and External financing – Concessional financing which was estimated at 26.25 percent.

The key assumptions on the planned borrowings of Debt Strategy I is that commercial bank loans will meet 80% of the State's financing need while 20% will be raised from floating State Bonds. The total planned borrowings of the debt strategy (SI) is ₦99,691.23b in 2021. The borrowing terms in the commercial banks are 13% interest rate, with maturity period of years in 3 years and period of grace, 6 months. The state bonds terms are 9% of market rate, in 8years of maturity period and one year of grace period.

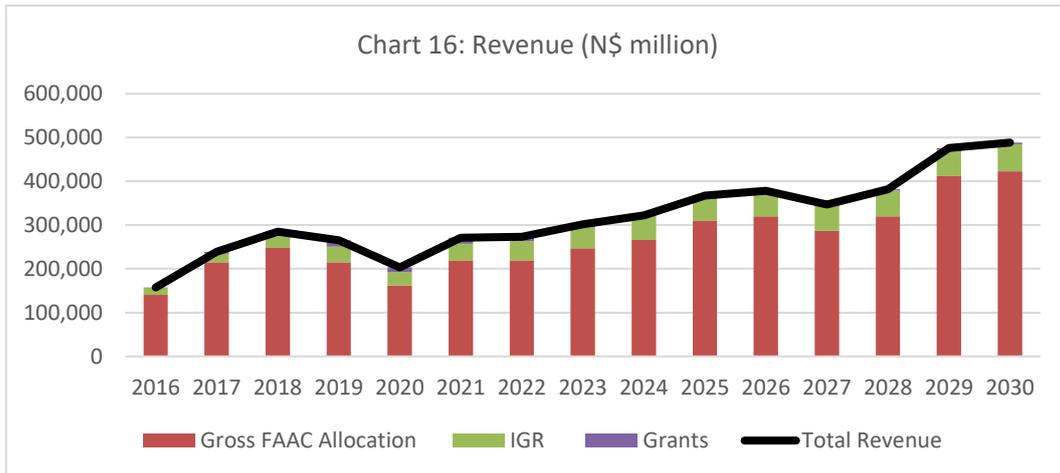
4.2 DSA SIMULATION RESULTS

The medium-term target is to increase the Revenue-to-GDP ratio to 18%. Akwa Ibom State Government will utilize innovation in trying to raise the revenues required to finance its expenditure and diversify its revenue sources. Increased revenue will enable the Government to deliver public services more effectively, enhance infrastructural development and improve investment in human capital.

Akwa Ibom State Total Revenue (including grants and excluding other capital receipts) is expected to increase from ~~₦475,159~~billion in 2021 to ~~₦870,975~~billion in 2030, representing an increase of ~~₦395,816~~billion or 83.30 percent over the projection period. Gross FAAC Allocation is projected to grow from ~~₦36,000~~billion in 2021 to ~~₦89,808~~billion in 2030, which shows an increase of ~~₦53,808~~billion or 149.47%. Grants are projected to reduce from ~~₦13,860~~billion in 2021 to ~~₦3,414~~ billion in 2030. The projections were sourced from the

Approved 2021 Budget; MTEF, 2022-2024; 2025-2030 projections are as estimated by the Ministry of Economic Development and Ibom Deep Seaport and the State Budget Office.

IGR is estimated to grow by ~~₦24,377~~ billion or 64.15 percent (from ~~₦38,003~~ billion in 2021 to ~~₦62,381~~ billion in 2030), over the projection period. The projections were sourced from the Approved 2021 Budget; MTEF, 2022-2024; 2025-2030 projections are as estimated by the Ministry of Economic Development and Ibom Deep Seaport and the State Budget Office.



The historical (from 2016) and projected figures (up to 2030) for Total expenditure, Personnel Costs, Debt Service, other Recurrent Expenditures, Overhead Costs, Capital Expenditure, Other Recurrent Expenditures are shown in the table overleaf. The figures are as provided in the Approved 2021 Budget; MTEF, 2022-2024; 2025-2030 projections are as estimated by the Ministry of Economic Development and Ibom Deep Seaport and the State Budget Office.

Chart 17: Expenditure (N\$ million)

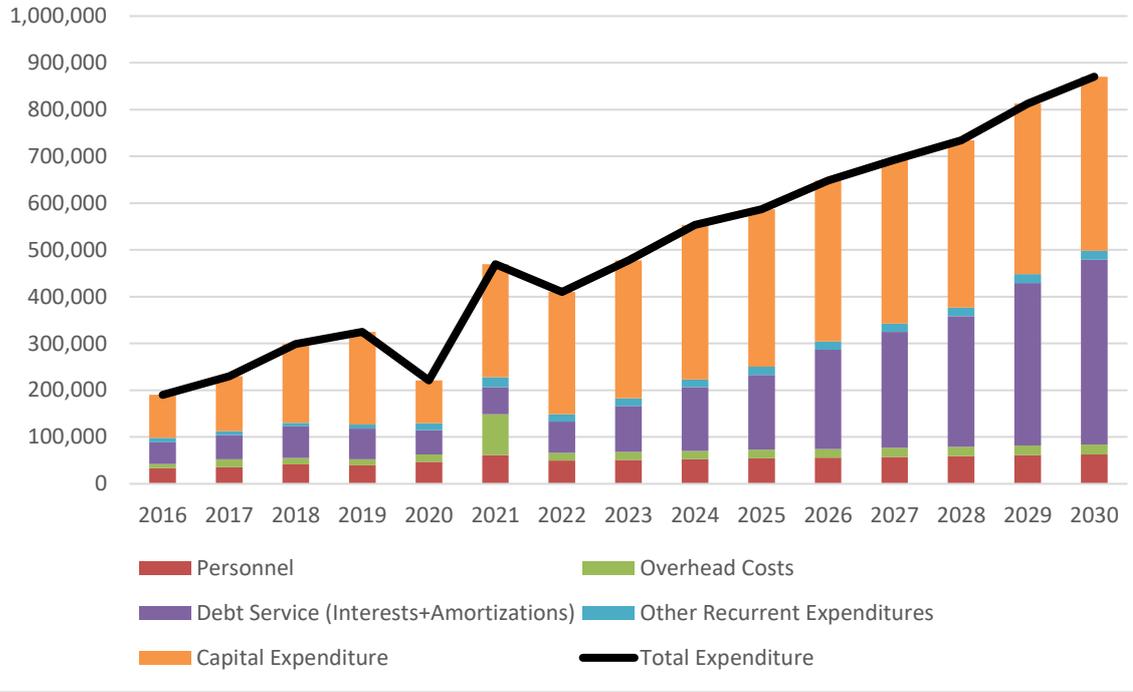


TABLE 1

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total Expenditure	190,085	229,974	298,750	324,913	220,897	469,664	410,339	478,054	553,642	587,030	648,126	693,066	734,390	812,810	870,423
Personnel	33,055	35,108	41,374	39,616	46,834	61,427	49,687	51,177	52,713	54,294	55,923	57,600	59,328	61,108	62,941
Overhead Costs	9,227	17,188	13,704	13,058	15,666	87,473	16,620	17,119	17,632	18,514	18,706	19,267	19,845	20,441	21,054
Debt Service (Interests+Amortizations)	46,046	51,824	67,583	65,235	51,977	57,613	66,658	98,517	136,235	160,051	212,242	247,719	279,367	347,895	395,394
Other Recurrent Expenditures	10,194	8,764	7,919	9,172	14,970	21,700	15,882	16,358	16,849	17,354	17,701	18,055	18,416	18,785	19,161
Capital Expenditure	91,562	117,090	168,170	197,833	91,450	241,451	261,493	294,883	330,213	336,817	343,554	350,425	357,433	364,582	371,873

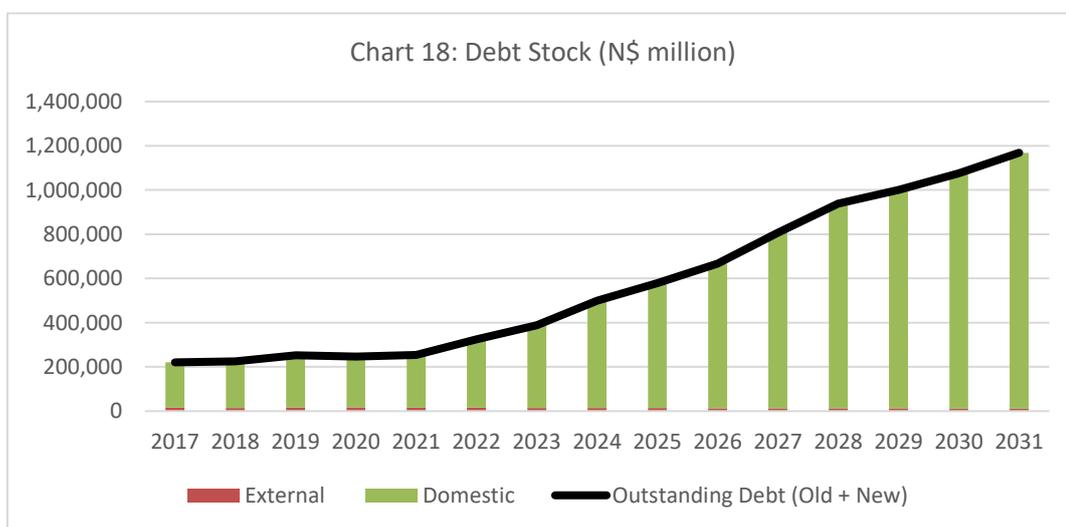
The table shows that Total expenditure is projected at ₦469.664b in 2021, drops to ₦410.339b in 2022, and thereafter rises steadily to ₦870.423billion in 2030, indicating stability in the state growth rate. Personnel Costs is estimated to reduce from ₦61.427b in 2021 to ₦49.7b in 2022 and rise steadily to ₦62.9b in 2030; Debt Service is expected to rise from ₦57.613b in 2021 to ₦395.394b in 2030; while Other Recurrent Expenditures is estimated to drop from ₦21.7b in 2021 to 2022 to ₦15.9b, and thereafter rise steadily to ₦19.2b in 2030. Overhead Costs projected to reduce sharply from ₦87.5b in 2021 to ₦16.6b in 2022 and thereafter rise to ₦21.054b in 2030.

Capital Expenditure is estimated to increase over the projection period from ₦241.45b in 2021 to N371.9b in 2030.

TABLE 2

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Outstanding Debt (Old + New)	208,305	220,685	225,199	253,359	247,544	303,920	364,433	439,486	563,649	658,603	763,562	922,182	1,074,927	1,162,190	1,260,767
External	12,799	15,448	13,995	15,641	16,737	16,226	15,731	15,250	14,784	14,332	13,894	13,468	13,056	12,655	12,267
Domestic	195,506	205,237	211,204	237,718	230,807	287,694	348,702	424,235	548,865	644,271	749,668	908,714	1,061,872	1,149,534	1,248,500

Table 2 describes the trend of the debt stock from 2016 to 2030. The increase in projected expenditure seen in table 1 is likely to increase the debt stock of the State, since it is expected that Government will borrow to cover some of the Capital Expenditure. Akwa Ibom State’s Debt Stock is estimated to increase from ₦303.9b in 2021 to ₦1.2t in 2030, representing an increase of ₦956.8b or 314.83% over the projection period. External Debt projected to reduce by ₦3.96b or 24.39%, while Domestic Debt is expected to increase by ₦960.8b or 333.96% over the projection period. These figures are as provided in the Approved 2021 Budget; MTEF, 2022-2024; 2025-2030 projections are as estimated by the Ministry of Economic Development and Ibom Deep Seaport and the State Budget Office.

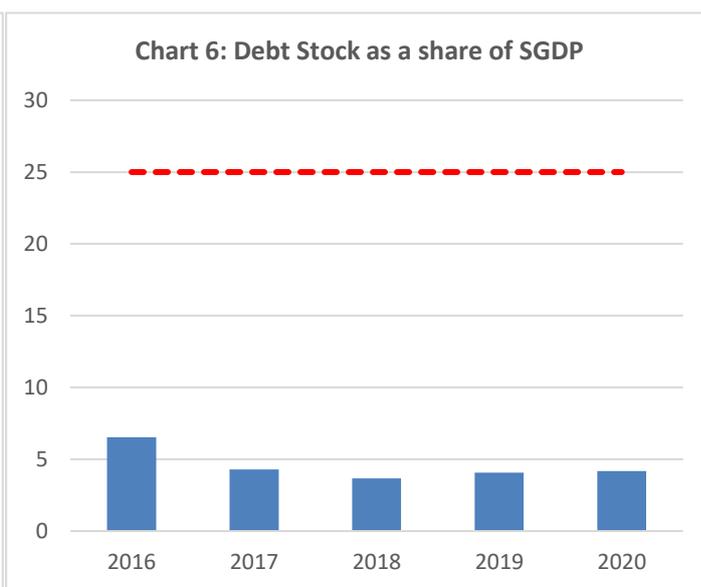
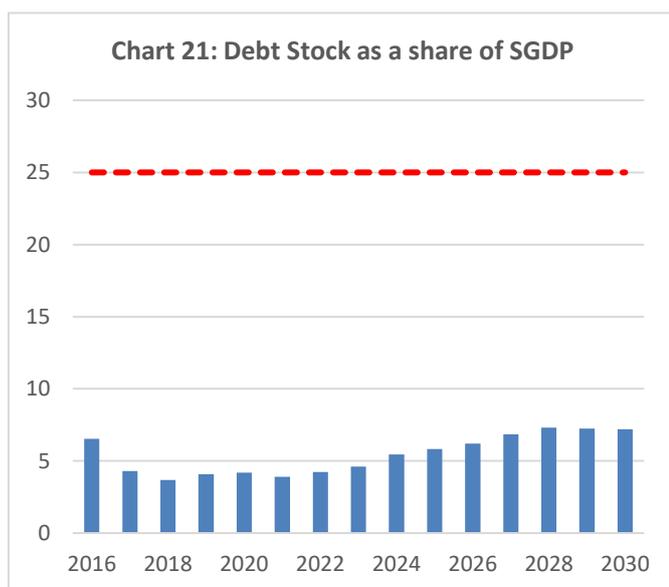


4.2.1 AKWA IBOM STATE MAIN FINDINGS

The Baseline Scenario results shown below indicates that the ratio of Debt as a percentage of GDP is projected at 3.90% in 2021, and rises steadily to 8.9% in 2030, against the indicative threshold of 25%. The ratio of Debt as a percentage of Revenue is estimated to move from 112.2% in 2021 to 354.1% in 2030. This ratio breaches the threshold from year 2024 to 2030. Meanwhile, the ratio of Personnel Cost to Revenue remains under the threshold over the projection period from 2021 to 2030.

Baseline Scenario

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Debt as % of GDP	3.9	4.5	5.2	6.2	6.9	7.4	8.2	8.8	8.8	8.9
Threshold of Debt as % of GDP	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
Debt as % of Revenue	112.2	158.3	181.3	222.8	234.1	268.1	352.9	374.5	330.6	354.1
Threshold of Debt as % of Revenue	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0
Debt Service as % of Revenue	21.3	26.2	28.6	33.7	34.8	42.7	63.8	67.0	65.1	72.6
Threshold of Debt Service as % of Revenue	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0
Personnel Cost as % of Revenue	22.7	20.2	18.8	18.2	16.4	16.4	18.4	17.2	14.3	14.3
Threshold of Personnel Cost as % of Revenue	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0
Debt Service as % of Gross FAAC Allocation	26.3	32.6	35.0	40.9	41.2	50.5	77.2	80.0	75.2	83.9
Threshold of Debt Service as % of Gross FAAC Allocation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest as % of Revenue	5.3	9.6	12.7	15.5	18.1	21.1	27.1	29.7	27.8	30.4
Threshold of Interest as % of Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
External Debt Service as % of Revenue	0.2	1.3	2.2	3.7	5.1	6.5	9.2	10.6	10.4	11.8
Threshold of External Debt Service as % of Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0



Debt to Revenue ratio exceeds the 200% threshold from 2024 and reaches its peak in 2028 (374.5%), based on the 2021 budget and borrowing plan. This is as a result of increased borrowing and depressed revenue in the light of the COVID-19 pandemic.

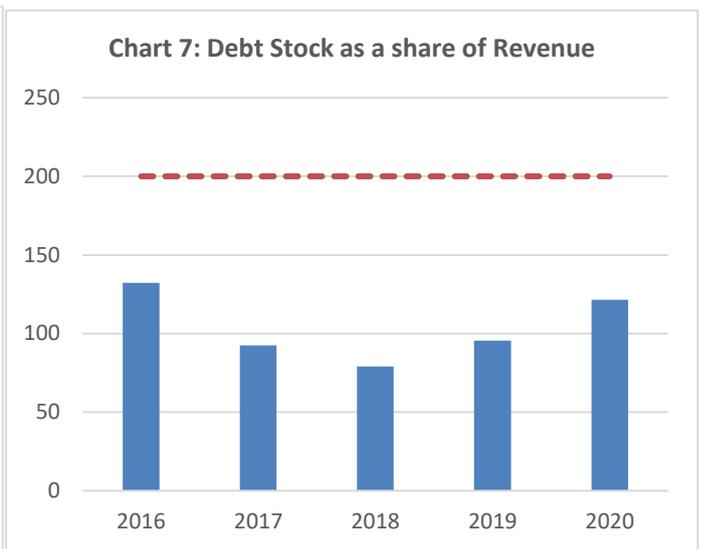
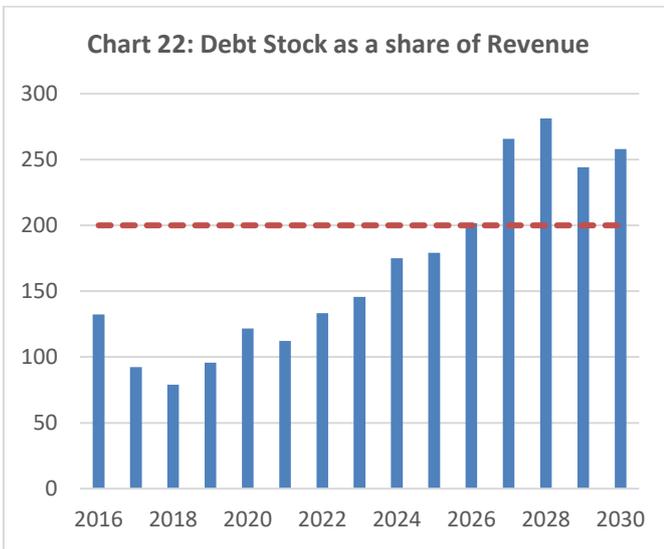
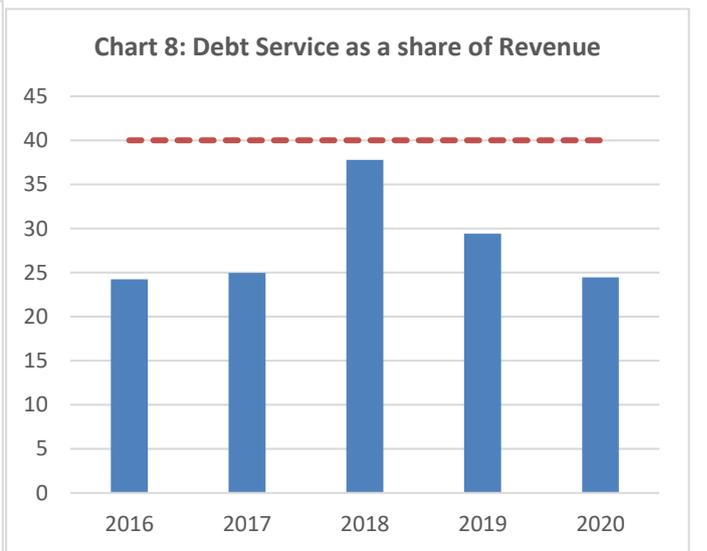
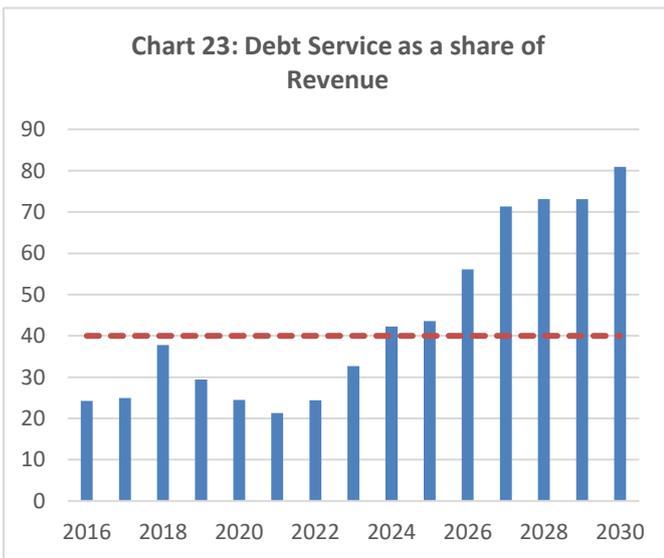
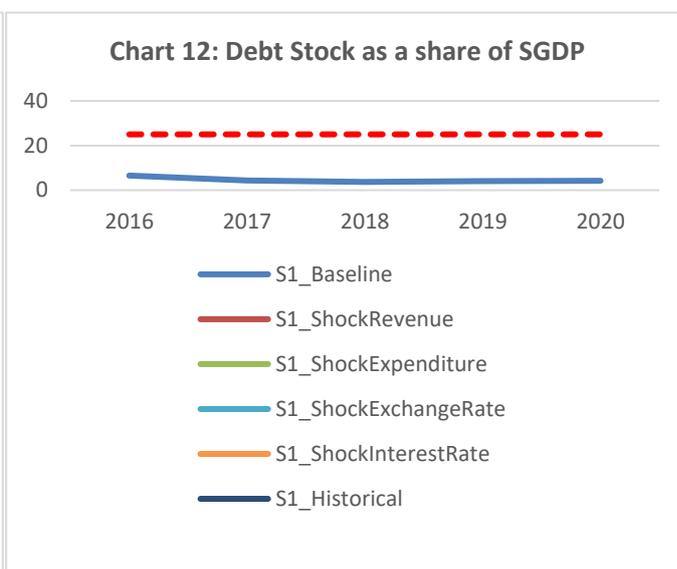
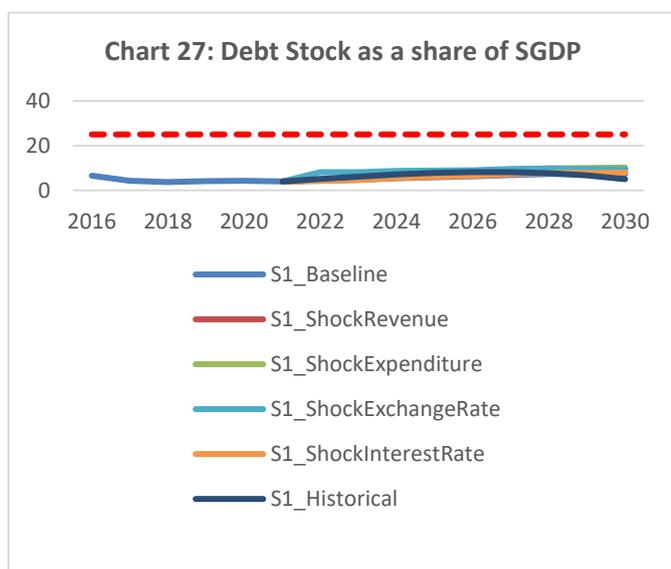
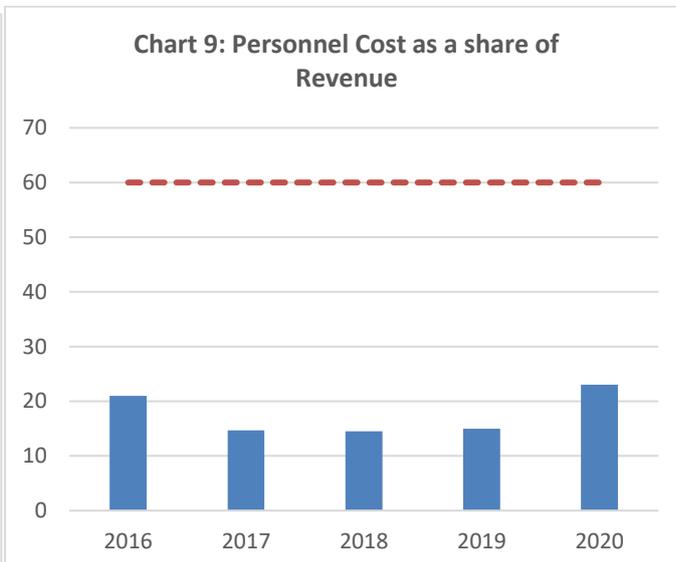
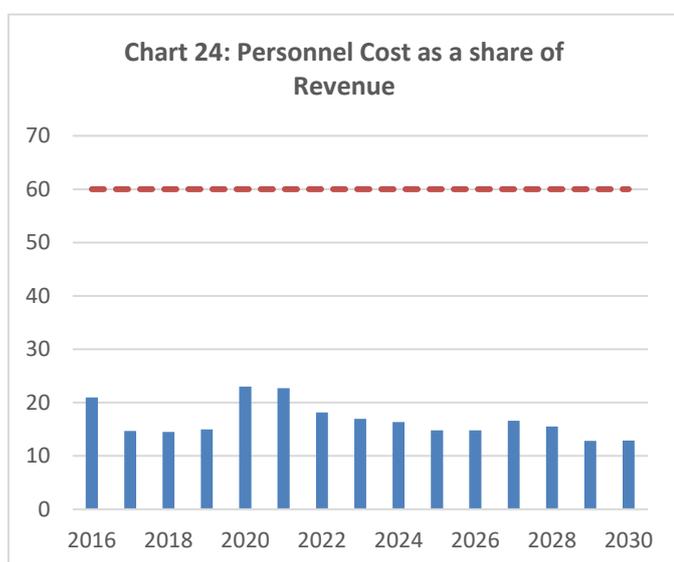


Chart 22 above shows the baseline of debt stock to revenue ratio going above threshold of 25% and peaking in 2028.



Debt service will naturally increase over the medium term as the debt portfolio increases. However, the Debt service to Revenue ratio exceeds the 40% threshold from 2024 and reaches its peak in 2030 (72.6%).



4.2.2 Borrowing Options Assumptions

The tables that follow present assumptions underpinning the borrowing options under the different strategies

Strategy 1

Borrowing Source	Percentage of funds to be raised	Maturity period	Interest Rate	Currency
Commercial Bank Loans (1-5 years)	80%	3 years	13%	Naira
State Bonds (6 year and above)	20%	8 years	9%	Naira

The Domestic gross financing comprises commercial bank loans (1-5 years) and State bonds financing with maturity period of 6 years and above. Financing from Commercial Bank loans (maturity of 1-5 years) accounts, on average, for 80%, State bonds financing accounts, on average, for 20% over the projection period of 2021 to 2030.

Strategy 2

Borrowing Source	Percentage of funds to be raised	Maturity period	Interest Rate	Currency
Commercial Bank Loans	40%	3 years	13%	Naira
Foreign Concessional Loans	60%	20 years	9%	Dollar

In the table above, it is assumed that the distribution between external and domestic borrowing will be 60% and 40%. The State Government will raise its financing through commercial bank loans with average of 40% with maturity period of 3 years and interest rate 13%. External borrowing will provide an average of 60% with maturity period of 20 years over the projection period of 2021 to 2030.

Strategy 3

Borrowing Source	Percentage of funds to be raised	Maturity period	Interest Rate	Currency
Commercial Bank Loans	45%	3 years	13%	Naira
State Bonds (6 year and above)	25%	8 years	9%	Naira
Foreign Concessional Loans	30%	20 years	9%	Dollar

It is assumed that the government will use both external and domestic borrowing, through State Bonds (above 6 years maturity), Commercial Bank loans (1-5 years) and External Financing - Concessional Loans (e.g. World Bank, African Development Bank) with an average of 45%, 25%, 30%, respectively, with the maturity period of 3 years, 8 years and 20 years and interest rate of 13%, 9% and 9% over the projection period of 2021 to 2030.

Strategy 4

Borrowing Source	Percentage of funds to be raised	Maturity period	Interest Rate	Currency
Commercial Bank Loans	50%	3 years	13%	Naira
State Bonds (6 year and above)	15%	8 years	9%	Naira
Foreign Concessional Loans	35%	20 years	9%	Dollar

This Strategy (S4) considers the scenario where proportions of external and domestic debt instruments are utilized, just as in strategy (S3) but with different percentages. External Financing (Concessional Loans) represents an average of 35%, Commercial bank loans (1-5 years) represents an average of 50% while State bonds (6 years and above) represents an average of 15% with maturity period of 3 years, 8 years and 20 years and interest rate of 13%, 9% and 9% respectively.

4.2.3 Conclusion

The analysis carried out by the State team reveals that Akwa Ibom State will be at a high Risk of Debt Distress from 2025 to 2030 because the debt indicators breach the benchmarks. Also, the State has a high sensitivity to revenue, expenditure, exchange rate, interest rate and historical shocks, demonstrating that an increase in aggregate output, does not necessarily result in a proportionate increase in revenue. The need for Akwa Ibom State Government to diversify revenue sources, (to reduce dependence on crude oil and allocations from the Center) and increase IGR cannot be overemphasized. So far, the State has embarked on the following measures to increase revenue generation:

- Signing into law the Property Tax Act which will boost revenue from Real Estate.
- Establishment of more industries e.g. the Syringe Factory, Metering Company, Coconut Refinery, Kings Flour Mill, etc.
- Investment in the aviation and maritime sub-sectors of the economy (Ibom Air and

Ibom Deep Seaport)

The following were also revealed in the analysis:

- Revenue shock of 10% (i.e. 10% lower revenue when compared to the baseline);
- Expenditure shock of 10% (i.e. 10% higher non-debt (i.e. excluding debt service) expenditure when compared to the baseline);
- Exchange Rate shock of 20% (a one of devaluation of the USD: Naira Exchange rate in 2021); and
- Interest Rate shock of 2% (i.e. interest rates on all debt are 2% per annum higher than the baseline).

Under all four scenarios, all other variables remain as per the baseline. This is a basic assumption but allows for indication of the specific impact of a single shock element. As has been seen in 2020, and during other global economic downturns, there is significant contagion between these shocks - the impact of a global crude oil price crash can impact revenue and exchange rates. This was clearly observed during the COVID-19 pandemic and the resultant lockdown. This situation created a need to increase expenditure on palliative measures.

4.3 DSA SENSITIVITY ANALYSIS

A sensitivity analysis is conducted using macroeconomic shocks and policy shocks to evaluate the robustness of the sustainability assessment for the baseline scenarios discussed in the previous sub-sections. This is based on the assumption that external and domestic borrowings will cover any revenue shortfall and additional expenditure relative to the baseline scenario discussed earlier.

4.3.1 Revenue Shock

The 10% revenue shock is related to aggregate of Recurrent Revenues (FAAC and IGR) and Grants. It is unlikely that a specific shock would have a uniform impact across revenue types (for example in 2021 as a result of COVID-19, aggregate revenues under these definitions would have fallen, probably by more than 10%, but some elements by less than others. Grants for example are likely to have increased).

The impact of the shock might be an increased need to borrow, or reduced capacity to service existing debts, amongst other things. Three of the four indicators used to assess the shock have revenue as the denominator, meaning the shock will have a direct impact on revenue.

As shown in charts 27-30, the impact of this shock will increase each of the four ratios, but most significantly the debt to revenue and debt service to revenue, with the former taking the trajectory of the State debt further and further above the 200% threshold. By 2029, the ratio will have reached 299%. This implies a worsening of solvency ratios. The Debt Service ratio would also be approaching the 40% threshold by 2030.

4.3.2 Expenditure Shock

This shock has a similar impact to the revenue shock, with the Debt to GDP and Personnel expenditure ratios not being significantly affected, but the debt to revenue and debt service to revenue deviates from the baseline substantially as other expenditures may crowd out debt service and cause the need for more borrowing. Again, this shock causes the debt to revenue to take the trajectory of State debt further and further above the 200% threshold. By 2030, the ratio will have reached 276%. The Debt Service ratio would also be approaching the 40% threshold by 2030, at 31%. Again, this implies a worsening of solvency ratios and worsening of the debt position of the State.

4.3.3 Exchange rate Shock

Exchange Rate shocks will impact the value and servicing costs of foreign debt. As Akwa Ibom State has taken on considerably more foreign debt over the last few years, this shock has the potential to impact greatly and it is the type of shock that has been experienced regularly over the last five years.

Due to grace periods and low interest rates, the impact on most ratios is minimal over the period analyzed (i.e. 2022 to 2030) although it does have the risk of crowding out some other expenditures. The most concerning would be the debt to revenue ratio where the ratio takes longer to move back below the 200% threshold than under the baseline scenario.

The magnitude of this shock is obviously key to the above matrix (as are all the shocks), and potential contagion to other variables. In the instance of an Exchange Rate shock, the Naira

value of crude oil revenues would increase, meaning potential increase in Statutory Allocation of States which may offset some negative effects of the shock in nominal terms. The impact may also be harder felt after the assessment period (i.e., beyond 2030).

4.3.4 Interest Rate Shock

The interest rate shock has impact largely on the debt service to GDP ratio as debt service (interest component) costs will increase. The impact would be an increase in the ratio from 15% under the baseline to 16% under this shock - this is still within the 40% threshold

4.3.5 Historical Shock

The historical shock actually results in an improved debt position for three of the four indicators, with only Debt to GDP ratio being impacted negatively when compared to the baseline. For this indicator, the ratio reaches 9% in 2030 compared to 7% under the baseline, which is still considerably below the 25% threshold.

The five shocks as simulated all have impacts on the ratios analyzed at the magnitudes tested, with the revenue and expenditure shocks taking the trajectory of State debt away (above) from the 200% threshold compared with the baseline which brings this ratio back under the threshold by 2023. These two shocks also have a marked impact on Debt Service, albeit not causing the 40% ratio to be breached during the period of analysis (i.e. up to 2030) but having an impact on other expenditures. They may, however, have further negative impacts beyond this period.

This serves as a reminder on the need to continue the effort to increase IGR, to ensure a balanced debt portfolio (maturity, source), not to borrow excessively, and to create sufficient buffers within the ratio analysis so as not to breach them as a result of a shock. Fiscal buffers, including contingency funds and debt service funds, would also help alleviate the impact of shocks.

Consideration should also be given to the scenario where more than of these shocks occurs simultaneously, as has happened in 2020, the magnitude is higher, or more persistent (e.g. multiple exchange rate depreciation of the period). Again, this emphasizes the need to borrow to invest, and ensure that investment is made in the areas that have greatest economic and social benefit to the State.

5.0 DEBT MANAGEMENT STRATEGY

A critical aspect of financial stability and sustainable fiscal policy involves the ability of Government to effectively manage its public debt. This is because the debt portfolio of a country may generate substantial risk to a country's balance sheet, thereby having the potential to undermine key development objectives. Given these risks, it is necessary to have a process that can design policies and strategies which would appropriately balance cost and risk, ensuring that the required amount of funding is generated at the lowest possible cost over the medium to long term, with a prudent degree of risk.

In a broader macroeconomic context for public policy, governments should seek to ensure that both the level and rate of growth in their public debt are on a sustainable path and that the debt can be serviced under a wide range of circumstances, including economic and financial market stress, while meeting cost and risk objectives. This therefore brings about the need for the Debt Management Strategy.

The Debt Management Strategy provides alternative strategies to meet the financing requirements for Akwa Ibom State. The strategies are shown by the breakdown of funding mix (domestic debt and external debt) and within the broad categories of domestic and external debt, the share of each stylized instrument has also been illustrated. The Akwa Ibom State's Debt Management Strategy, 2021-2025, analyzes the debt management strategies outcomes of the three debt management performance indicators namely, Debt Stock to Revenue; Debt Services to Revenue and Interest to Revenue. The cost is measured by the expected value of a performance indicator in 2025, as projected in the baseline scenario. Risk is measured by the deviation from the expected value in 2025 caused by an unexpected shock, as projected in the most adverse scenario.

5.1 Alternative Borrowing Options

Strategy 1 (S1) reflects a "Baseline" MTEF Financing Mix: It follows the broad parameters of the financing mix in the fiscal year 2021 and MTEF, 2022-2024. The Domestic gross financing comprises commercial bank loans (1-5 years) and State bonds financing under maturity period of 6 years and above. The Domestic Financing under the Commercial Bank

loans (maturity of 1-5 years) accounts on average 80%, State bonds financing accounts on average 20% over the DMS period of 2021 to 2025.

Strategy 2 (S2) focusses more on financing through external loan than commercial bank loans: In this strategy, it is assumed that the distribution between external and domestic borrowing will be 60% and 40%. The State Government will concentrate its financing through commercial bank loans with average 40% under maturity of 1-5 years and external borrowing of average 60% over the DMS period of 2021 to 2025

Strategy (S3) focusses its financing through both external and domestic debt market: In strategy 3, the government decides to use both external and domestic borrowing, through State Bonds (above 6 years), Commercial Bank loans (1-5 years) and External Financing - Concessional Loans (e.g., World Bank, African Development Bank) with an average of 45%, 25%, 30%, respectively.

Strategy (S4) focusses its financing through external and domestic Concessional Loans. This Strategy (S4) considers the scenario where proportions of external and domestic debt instruments are utilized, just as in strategy (S3) but with different percentages. External Financing (Concessional Loans) represents an average of 35%, Commercial bank loans (1-5 years) represents an average of 50% while State bonds (6 years and above) represents an average of 15%.

5.2 DMS Simulation Results

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

a. Debt stock as a share of Revenue:

- ❖ In the Baseline scenario, the projected percentage of the State's debt stock to revenue between 2021 to 2025 for the four debt management strategies are expected to grow from 112.2% to 179.2%.
- ❖ Under this performance indicator, the baseline outlook in 2025 indicates that adverse shock stems from exchange rate for all the debt management strategies. Strategy 1

offers the highest cost of borrowing – 179.2% with an Adverse Shock of 272.1%, which gives the least risk of 92.9%. In Strategy 2, the baseline outlook indicates that the cost of borrowing is 173.9% while the Adverse Shock is 753.2% and the risk component is 579.3%. Strategy 3 has the least borrowing cost of 172.2%, Adverse Shock of 568.2% and risk is 336.0%. In Strategy 4, the cost of borrowing is 175.3% while the Adverse Shock is 390.1% and the risk component is 214.8%.

- ❖ From the above, going by the notion of cost-risk trade-off (selecting the option with the least cost and lowest risk) the best alternative is Strategy 4 which, even though does not offer the least borrowing cost, has a risk of 214.8.

						COST	RISK measured only in 2025
Debt Stock as % of Revenue (including grants and excluding other capital receipts)	2020	2021	2022	2023	2024	2025	
Strategy #1 & Baseline Outlook	121.6	112.2	133.2	145.6	174.9	179.2	92.9
Strategy #1 & Adverse Shock		112.2	253.9	255.9	279.4	272.1	
Strategy #2 & Baseline Outlook	121.6	112.2	132.7	144.0	171.7	173.9	579.3
Strategy #2 & Adverse Shock		112.2	735.1	733.8	773.1	753.2	
Strategy #3 & Baseline Outlook	121.6	112.2	132.4	143.3	170.5	172.2	336.0
Strategy #3 & Adverse Shock		112.2	494.0	493.4	523.4	508.2	
Strategy #4 & Baseline Outlook	121.6	112.2	132.8	144.4	172.5	175.3	214.8
Strategy #4 & Adverse Shock		112.2	373.9	374.5	401.3	390.1	

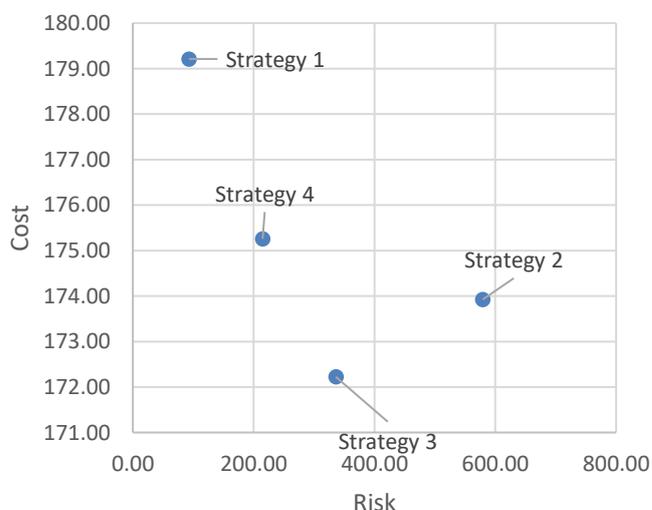
Chart 33. Debt Stock as a share of Revenue

(including grants and excluding other capital receipts)



Chart 34. Cost-Risk Trade Off

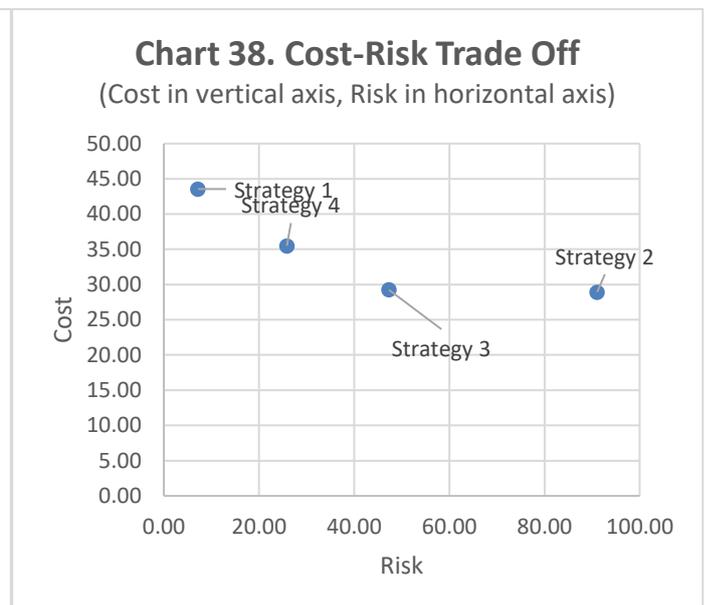
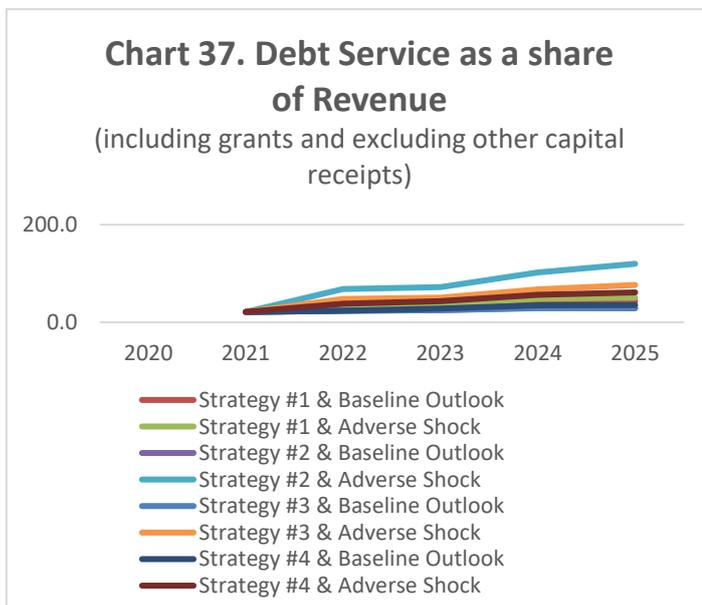
(Cost in vertical axis, Risk in horizontal axis)



b. Debt Services as a share of Revenue

- ❖ The State’s outflow on public debt service as a percentage of revenue is projected to increase from 21.27% in 2021 to 43.55% in 2025.
- ❖ This performance indicator, reveals that for Strategy 1, the adverse shock stems from Revenue while Exchange rate is the adverse shock for Strategies 2 - 4. The cost of borrowing under Strategy 1 is 43.6%, adverse shock is 50.7% with a risk of 7.2%. In Strategy 2, the baseline outlook indicates that the cost of borrowing is 28.9% while the Adverse Shock is 120.0% and the risk component is 91.1%. Strategy 3 has a borrowing cost of 29.2%, Adverse Shock is 76.5 and the risk is 47.3%. In Strategy 4, the cost of borrowing is 35.5% while the Adverse Shock is 61.3% and the risk component is 25.9%.

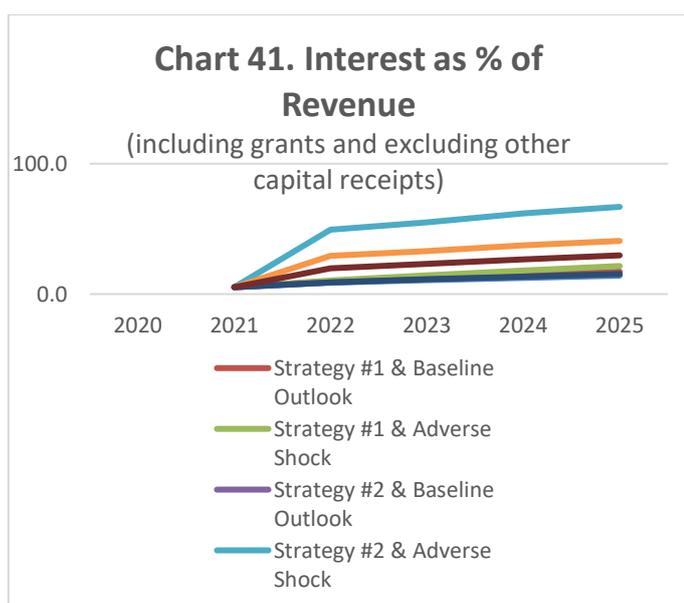
						COST	RISK measured only in 2025
Debt Service as % of Revenue (including grants and excluding other capital receipts)		2021	2022	2023	2024	2025	
Strategy #1 & Baseline Outlook		21.3	24.4	32.6	42.3	43.6	7.2
Strategy #1 & Adverse Shock		21.3	27.1	37.1	48.6	50.7	
Strategy #2 & Baseline Outlook		21.3	23.8	25.3	29.7	28.9	91.1
Strategy #2 & Adverse Shock		21.3	68.0	72.4	102.4	120.0	
Strategy #3 & Baseline Outlook		21.3	23.6	25.0	28.9	29.2	47.3
Strategy #3 & Adverse Shock		21.3	47.9	50.7	67.3	76.5	
Strategy #4 & Baseline Outlook		21.3	23.9	28.5	35.0	35.5	25.9
Strategy #4 & Adverse Shock		21.3	38.3	43.5	56.4	61.3	



c. Interest as a share of Revenue

- ❖ The percentage of interest payments on the State’s debt to revenue, between 2021 and 2025 increases from 5.28% to 17.27%.
- ❖ Under Strategy 1, this performance indicator reveals that the adverse shock stems from Revenue. The highest borrowing cost of 17.3% and least risk of 4.3% is compared to the alternative strategies. Exchange rate is the adverse shock for Strategies 2 - 4. Cost of borrowing under Strategy 2 is 14.9% while the risk is 52.0% (the highest out of the 4 strategies). Strategy 3 has a borrowing cost of 14.2% and risk of 26.6%. In Strategy 4, the cost of borrowing is 15.5% while the risk component is 14.2%.

					COST	RISK measured only in 2025
Interest as % of Revenue (including grants and excluding other capital receipts)	2021	2022	2023	2024	2025	
Strategy #1 & Baseline Outlook	5.3	9.4	12.2	14.7	17.3	4.3
Strategy #1 & Adverse Shock	5.3	10.5	14.4	18.0	21.5	
Strategy #2 & Baseline Outlook	5.3	8.9	11.1	13.0	14.9	52.0
Strategy #2 & Adverse Shock	5.3	49.4	55.0	61.9	66.9	
Strategy #3 & Baseline Outlook	5.3	8.6	10.7	12.4	14.2	26.6
Strategy #3 & Adverse Shock	5.3	29.3	33.1	37.5	40.8	
Strategy #4 & Baseline Outlook	5.3	9.0	11.4	13.4	15.5	14.2
Strategy #4 & Adverse Shock	5.3	19.7	23.1	26.6	29.7	



5.3 DMS Assessment

The preferred strategy was not solely based on the Analytical Tool assessment of all four strategies but took into consideration the ability to implement the chosen strategy successfully in the medium-term. Therefore, although the Analytical Tool's results of costs and risks would suggest that the recommended strategy be S3, these results were just marginally better when compared with Strategy S1. Strategy 1 was considered as the most feasible of the strategies to implement in the short to medium-term and it would still greatly improve the portfolio's debt position relative to the base year 2020.

In comparison to the current debt position, Akwa Ibom State debt portfolio stood at ₦230.8b as at end of 2020, which is expected to increase by ₦393.52b in 2025 under Strategy 1, ₦374.087b under Strategy 2, ₦367.835b under Strategy 3 and ₦378.987b Strategy 4 respectively. In addition to this, the cost/risk trade-offs are considered, using the debt to GDP, debt to revenue, debt service to GDP, debt service to revenue, interest to GDP and interest payment to GDP ratios, S3 is selected as the preferred strategy for the 2021-2025.

The Debt Management Strategy, 2021-2025 represents a robust context for judicious debt management, since it gives a methodical approach to decision making on the how to appropriately mix external and domestic borrowing to finance the 2021 budget. The cost-risk trade-off of alternative borrowing strategies under the DMS has been evaluated within the medium-term context.

ANNEXURE I

TABLE OF ASSUMPTIONS

2021	Projection Methodology		Source
Assumptions:			
Economic activity	State GDP (at current prices)	Expected average grow rate in State GDP between 2021 - 2030 is 11.7%	DMO
Revenue	Revenue 1. Gross Statutory Allocation ('gross' means with no deductions, do not include VAT Allocation here) 1.a. of which Net Statutory Allocation ('net' means of deductions) 1.b. of which Deductions 2. Derivation (if applicable to the State) 3. Other FAAC transfers (exchange rate gain, augmentation, others) 4. VAT Allocation 5. IGR 6. Capital Receipts 6.a. Grants 6.b. Sales of Government Assets and Privatization Proceeds 6.c. Other Non-Debt Creating Capital Receipts	Average increment between 2021-2030 is expected to be 10.8% Average increment between 2021-2030 is expected to be 11.9% Average increment between 2021-2030 is expected to be 0.13% Average increment between 2021-2030 is expected to be 17.8% Average increment between 2021-2030 is expected to be 7.6% Average deduction between 2021-2030 is expected to be 8% Average deduction between 2021-2025 is expected to be 21% thereafter the figure is held constant	BUDGET/MTEF/DMO BUDGET/MTEF/DMO BUDGET/MTEF/DMO BUDGET/MTEF/DMO BUDGET/MTEF/STATE DMO BUDGET/MTEF/STATE DMO
Expenditure	Expenditure 1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other) 2. Overhead costs 3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation) 4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments) 5. Capital Expenditure	Average increment between 2021-2030 is expected to be 3.6% Average increment between 2021-2030 is expected to be 40% Average increment between 2021-2030 is expected to be 3.7% Average increment between 2021-2030 is expected to be 20.9%	BUDGET/MTEF/STATE DMO BUDGET/MTEF/STATE DMO BUDGET/MTEF/STATE DMO BUDGET/MTEF/STATE DMO BUDGET/MTEF/STATE DMO
Closing Cash and Bank Balance	Closing Cash and Bank Balance	Average increment between 2021-2030 is expected to be 5.8%	BUDGET/MTEF/STATE DMO
Debt Amortization and Interest Payments	Debt Outstanding at end-2020 External Debt - amortization and interest Domestic Debt - amortization and interest New debt issued/contracted from 2021 onwards New External Financing External Financing - Concessional Loans (e.g., World Bank, African Development Bank) External Financing - Bilateral Loans Other External Financing New Domestic Financing Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSME) Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and State Bonds (maturity 1 to 5 years) State Bonds (maturity 6 years or longer) Other Domestic Financing	The figures are as contained in the DMO schedules sent to the State The figures are as contained in the Audited Financial Statements and DMD schedules Insert the Borrowing Terms for New External Debt: interest rate (%), maturity (# years) and grace period (#) The new External debt financing is expected to be at 9% interest rate with maturity period of 20 years and 2 years grace period Insert the Borrowing Terms for New Domestic Debt: interest rate (%), maturity (# years) and grace period (#) The New Domestic Debt Financing is expected to be at 13% interest rate with maturity period of 3 years and 6 months grace period The New Domestic Debt Financing is expected to be at 13% interest rate with maturity period of 6 years and 6 months grace period The New Domestic Debt Financing is expected to be at 9% interest rate with maturity period of 8 years and 1 year grace period	DMO SCHEDULES AMORTIZATION SCHEDULES STATE DMO/ACCOUNTANT GENERAL OFFICE STATE DMO/ACCOUNTANT GENERAL OFFICE STATE DMO/ACCOUNTANT GENERAL OFFICE STATE DMO/ACCOUNTANT GENERAL OFFICE
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S1	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S1 New Domestic Financing in Million Naira Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSME) Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and State Bonds (maturity 1 to 5 years) State Bonds (maturity 6 years or longer) Other Domestic Financing New External Financing in Million US Dollar External Financing - Concessional Loans (e.g., World Bank, African Development Bank) External Financing - Bilateral Loans Other External Financing	80% of the financing needs is expected to be met by borrowing from commercial bank with maturity period of 3 years and 13% interest 20% of the financing needs is expected to be met by floating State Bonds with maturity period of 8 years and 9% interest	STATE DMO/ACCOUNTANT GENERAL OFFICE STATE DMO/ACCOUNTANT GENERAL OFFICE
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S2	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S2 New Domestic Financing in Million Naira Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSME) Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and State Bonds (maturity 1 to 5 years) State Bonds (maturity 6 years or longer) Other Domestic Financing New External Financing in Million US Dollar External Financing - Concessional Loans (e.g., World Bank, African Development Bank) External Financing - Bilateral Loans Other External Financing	40% of the financing needs is expected to be met by borrowing from commercial bank with maturity period of 3 years and 13% interest 60% of the financing needs is expected to be met by contracting external debt with maturity period of 20 years and 9% interest	STATE DMO/ACCOUNTANT GENERAL OFFICE STATE DMO/ACCOUNTANT GENERAL OFFICE
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S3	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S3 New Domestic Financing in Million Naira Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSME) Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and State Bonds (maturity 1 to 5 years) State Bonds (maturity 6 years or longer) Other Domestic Financing New External Financing in Million US Dollar External Financing - Concessional Loans (e.g., World Bank, African Development Bank) External Financing - Bilateral Loans Other External Financing	25% of the financing needs is expected to be met by borrowing from commercial bank with maturity period of 3 years and 13% interest 45% of the financing needs is expected to be met by floating State Bonds with maturity period of 8 years and 9% interest 30% of the financing needs is expected to be met by contracting external debt with maturity period of 20 years and 9% interest	STATE DMO/ACCOUNTANT GENERAL OFFICE STATE DMO/ACCOUNTANT GENERAL OFFICE STATE DMO/ACCOUNTANT GENERAL OFFICE
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S4	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S4 New Domestic Financing in Million Naira Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSME) Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and State Bonds (maturity 1 to 5 years) State Bonds (maturity 6 years or longer) Other Domestic Financing New External Financing in Million US Dollar External Financing - Concessional Loans (e.g., World Bank, African Development Bank) External Financing - Bilateral Loans Other External Financing	50% of the financing needs is expected to be met by borrowing from commercial bank with maturity period of 3 years and 13% interest 35% of the financing needs is expected to be met by floating State Bonds with maturity period of 8 years and 9% interest 15% of the financing needs is expected to be met by contracting external debt with maturity period of 20 years and 9% interest	STATE DMO/ACCOUNTANT GENERAL OFFICE STATE DMO/ACCOUNTANT GENERAL OFFICE STATE DMO/ACCOUNTANT GENERAL OFFICE

ANNEXURE II

Indicator	Actuals					Projections									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
BASELINE SCENARIO															
Economic Indicators															
State GDP (at current prices)	3,189,510.00	5,142,862.00	6,125,777.00	6,226,622.00	5,910,211.00	7,774,944.00	8,620,905.00	9,525,204.00	10,359,230.00	11,288,246.00	12,324,507.00	13,455,897.00	14,691,148.00	16,039,796.00	17,512,249.00
Exchange Rate NGN/US\$ (end-Period)	253.19	305.79	306.50	326.00	379.00	379.00	379.00	379.00	379.00	379.00	379.00	379.00	379.00	379.00	379.00
Fiscal Indicators (Million Naira)															
Revenue	190,986.00	239,006.55	291,700.64	346,070.96	210,709.36	475,159.23	409,338.93	467,054.22	563,641.71	587,530.00	648,635.83	693,586.53	734,921.00	813,351.53	870,975.49
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	20,495.00	28,507.00	42,751.00	41,399.15	34,079.24	36,000.00	49,435.51	55,500.87	60,701.45	67,742.29	69,832.75	64,465.51	70,786.64	87,442.50	89,808.65
1.a. of which Net Statutory Allocation ('net' means of 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
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)	63,307.00	93,268.00	149,055.00	118,505.10	91,073.23	140,000.00	137,742.24	154,034.33	165,883.13	187,392.00	189,078.08	155,285.94	175,379.32	243,024.58	243,024.58
3. Other FAAC transfers (exchange rate gain, augmentation, others)	47,799.00	82,659.55	43,755.64	41,598.96	20,481.94	27,000.00	11,100.00	13,100.00	12,100.00	12,463.00	12,836.89	13,222.00	13,618.66	14,027.22	14,448.03
4. VAT Allocation	8,884.00	10,655.00	12,262.00	13,342.00	15,814.07	16,000.00	21,157.34	24,120.54	27,406.75	43,146.07	48,251.98	53,962.12	60,348.00	67,489.58	75,476.30
5. IGR	16,290.00	19,513.00	28,213.00	35,504.00	30,610.56	38,003.25	44,002.68	48,402.94	53,243.24	53,810.54	55,424.85	57,087.60	58,800.23	60,564.23	62,381.16
6. Capital Receipts	34,211.00	4,404.00	15,664.00	95,721.75	18,650.32	218,155.98	145,901.16	171,895.54	244,307.14	222,976.10	273,211.27	349,563.37	355,988.16	340,803.41	385,836.77
6.a. Grants	743.00	4,184.00	9,012.00	14,636.00	11,553.45	13,860.00	10,060.00	6,660.00	2,860.00	2,945.80	3,034.17	3,125.20	3,218.96	3,315.52	3,414.99
6.b. Sales of Government Assets and Privatization Proceeds	0.00	0.00	0.00	8,359.51	2,496.87	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	0.00	0.00	24,657.24	0.00	104,604.75	34,500.00	28,500.00	28,500.00	28,500.00	28,500.00	28,500.00	28,500.00	28,500.00	28,500.00
6.d. Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc.)	33,468.00	220.00	6,652.00	48,069.00	4,600.00	99,691.23	101,341.16	136,735.54	212,947.14	191,530.30	241,677.10	317,938.17	324,269.21	308,987.89	353,921.78
Expenditure	190,084.83	229,974.08	298,750.32	324,913.01	220,897.37	469,663.81	410,338.93	478,054.22	553,641.71	587,030.00	648,125.83	693,066.33	734,390.40	812,810.31	870,423.45
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	33,055.30	35,108.40	41,374.06	39,616.01	46,834.38	61,427.11	49,686.59	51,177.19	52,712.51	54,293.88	55,922.70	57,600.38	59,328.39	61,108.24	62,941.49
2. Overhead costs	9,226.99	17,187.54	13,703.60	13,057.69	15,666.01	87,472.80	16,620.07	17,118.67	17,632.23	18,513.84	18,706.04	19,267.22	19,845.23	20,440.59	21,053.81
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	12,840.85	14,281.95	12,403.66	12,200.75	9,994.30	14,297.51	25,829.83	36,834.71	47,451.25	63,474.36	75,524.19	88,400.57	107,843.33	126,169.75	140,049.41
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted from FAAC Allocation)	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
3.b. of which Interest deducted from FAAC Allocation	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
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)	10,194.12	8,764.12	7,919.22	9,171.66	14,969.95	21,700.00	15,881.62	16,358.07	16,848.81	17,354.27	17,701.36	18,055.39	18,416.50	18,784.83	19,160.52
5. Capital Expenditure	91,562.33	117,089.98	168,170.36	197,832.59	91,450.49	241,450.75	261,492.69	294,883.00	330,212.96	336,817.22	343,553.56	350,424.63	357,433.13	364,581.79	371,873.43
6. Amortization (principal) payments	33,205.24	37,542.09	55,179.42	53,034.31	41,982.24	43,315.64	40,828.12	61,682.57	88,783.95	96,576.42	136,717.98	159,318.15	171,523.83	221,725.11	255,344.80
Budget Balance ('+' means surplus, '-' means deficit)	901.17	9,032.47	-7,049.68	21,157.95	-10,188.01	5,495.42	-1,000.00	-11,000.00	10,000.00	500.00	510.00	520.20	530.60	541.22	552.04
Opening Cash and Bank Balance	7,651.00	8,552.17	17,584.64	10,534.64	31,692.59	21,504.58	27,000.00	26,000.00	15,000.00	25,000.00	25,500.00	26,010.00	26,530.20	27,060.80	27,602.02
Closing Cash and Bank Balance	8,552.17	17,584.64	10,534.96	31,692.59	21,504.58	27,000.00	26,000.00	15,000.00	25,000.00	25,500.00	26,010.00	26,530.20	27,060.80	27,602.02	28,154.06
Financing Needs and Sources (Million Naira)															

Financing Needs	204,295.98	135,841.16	165,235.54	241,447.14	220,030.30	270,177.10	346,438.17	352,769.21	337,487.89	382,421.78
i. Primary balance	-141,187.41	-70,183.20	-77,718.25	-95,211.94	-59,479.53	-57,424.93	-98,199.26	-72,871.45	10,948.19	13,524.46
ii. Debt service	57,613.15	66,657.95	98,517.28	136,235.20	160,050.77	212,242.17	247,718.71	279,367.15	347,894.86	395,394.21
Amortizations	43,315.64	40,828.12	61,682.57	88,783.95	96,576.42	136,717.98	159,318.15	171,523.83	221,725.11	255,344.80
Interests	14,297.51	25,829.83	36,834.71	47,451.25	63,474.36	75,524.19	88,400.57	107,843.33	126,169.75	140,049.41
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)	5,495.42	-1,000.00	-11,000.00	10,000.00	500.00	510.00	520.20	530.60	541.22	552.04
Financing Sources	204,295.98	135,841.16	165,235.54	241,447.14	220,030.30	270,177.10	346,438.17	352,769.21	337,487.89	382,421.78
i. Financing Sources Other than Borrowing	104,604.75	34,500.00	28,500.00	28,500.00	28,500.00	28,500.00	28,500.00	28,500.00	28,500.00	28,500.00
ii. Gross Borrowings	99,691.23	101,341.16	136,735.54	212,947.14	191,530.30	241,677.10	317,938.17	324,269.21	308,987.89	353,921.78
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	79,752.99	81,072.92	109,388.43	170,357.71	153,224.24	193,341.68	254,350.54	259,415.37	247,190.31	283,137.43
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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Bonds (maturity 6 years or longer)	19,938.25	20,268.23	27,347.11	42,589.43	38,306.06	48,335.42	63,587.63	64,853.84	61,797.58	70,784.36
Other Domestic Financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Debt Stocks and Flows (Million Naira)

Debt (stock)	208,304.74	220,684.98	225,198.73	253,359.00	247,543.98	303,919.57	364,432.61	439,485.58	563,648.76	658,602.65	763,561.77	922,181.80	1,074,927.18	1,162,189.96	1,260,766.95
External	12,798.74	15,448.32	13,994.79	15,641.48	16,736.64	16,226.00	15,730.68	15,250.22	14,784.18	14,332.11	13,893.61	13,468.26	13,055.68	12,655.47	12,267.27
Domestic	195,506.00	205,236.66	211,203.94	237,717.52	230,807.34	287,693.57	348,701.93	424,235.35	548,864.59	644,270.54	749,668.16	908,713.53	1,061,871.51	1,149,534.49	1,248,499.68
Gross borrowing (flow)	99,691.23	101,341.16	136,735.54	212,947.14	191,530.30	241,677.10	317,938.17	324,269.21	308,987.89	353,921.78					
External	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					
Domestic	99,691.23	101,341.16	136,735.54	212,947.14	191,530.30	241,677.10	317,938.17	324,269.21	308,987.89	353,921.78					
Amortizations (flow)	27,518.31	45,150.98	94,856.58	65,401.55	39,514.91	43,315.64	40,828.12	61,682.57	88,783.95	96,576.42	136,717.98	159,318.15	171,523.83	221,725.11	255,344.80
External	958.07	1,069.64	1,178.49	449.88	526.43	510.64	495.32	480.46	466.05	452.06	438.50	425.35	412.59	400.21	388.20
Domestic	26,560.24	44,081.34	93,678.09	64,951.67	38,988.47	42,805.00	40,332.80	61,202.12	88,317.91	96,124.35	136,279.47	158,892.80	171,111.24	221,324.91	254,956.59
Interests (flow)	10,644.55	14,467.26	12,872.40	12,585.12	10,258.86	14,297.51	25,829.83	36,834.71	47,451.25	63,474.36	75,524.19	88,400.57	107,843.33	126,169.75	140,049.41
External	255.00	218.83	166.94	111.10	111.81	106.21	100.90	95.86	91.07	86.51	82.19	78.08	74.17	70.47	66.94
Domestic	10,389.55	14,248.43	12,705.46	12,474.02	10,147.06	14,191.30	25,728.93	36,738.85	47,360.18	63,387.85	75,442.01	88,322.49	107,769.15	126,099.28	139,982.47
Net borrowing (gross borrowing minus amortizations)	56,375.59	60,513.04	75,052.96	124,163.19	94,953.89	104,959.12	158,620.03	152,745.38	87,262.78	98,576.99					
External	-510.64	-495.32	-480.46	-466.05	-452.06	-438.50	-425.35	-412.59	-400.21	-388.20					
Domestic	56,886.23	61,008.36	75,533.42	124,629.23	95,405.95	105,397.63	159,045.37	153,157.97	87,662.99	98,965.19					

Debt and Debt-Service Indicators

Debt Stock as % of SGDP	6.53	4.29	3.68	4.07	4.19	3.91	4.23	4.61	5.44	5.83	6.20	6.85	7.32	7.25	7.20
Debt Stock as % of Revenue (including grants and excluding other capital receipts)	132.24	92.42	79.00	95.61	121.58	112.20	133.25	145.61	174.94	179.21	201.76	265.64	281.28	244.23	258.06
Debt Service as % of SGDP	0.74	0.77	1.03	1.32	1.42	1.72	1.84	1.90	2.17	2.26					
Debt Service as % of Revenue (including grants and excluding other capital receipts)	21.27	24.37	32.64	42.28	43.55	56.08	71.36	73.10	73.11	80.93					
Interest as % of SGDP	0.18	0.30	0.39	0.46	0.56	0.61	0.66	0.73	0.79	0.80					
Interest as % of Revenue (including grants and excluding other capital receipts)	5.28	9.44	12.20	14.73	17.27	19.96	25.46	28.22	26.51	28.67					
Personnel Cost as % of Revenue (including grants and excluding other capital receipts)	22.68	18.17	16.96	16.36	14.77	14.78	16.59	15.52	12.84	12.88					

LIST OF PARTICIPANTS

S/N	NAMES	DESIGNATION	MDA
1	Dr. Nsikan Linus Nkan	Honourable Commissioner	Ministry of Finance
2	Mrs. Enobong Okpongkpong	Head	AKS DMO
3	Mr. Mfon J. Udomah	Focal Person, AKS SFTAS Programme	Accountant General's Office
4	Mr. Xavier Essien	Deputy Director	AKS DMO
5	Mr. Inieke Umanah	Deputy Director	Ministry of Economic Development
6	Mr. Ekwere E. Ibanga	Assistant Director	State Budget Office
7	Mrs. Josephine Ebe	Principal Accountant	Accountant General's Office
8	Mrs. Imaobong Ekarika	Principal Executive Officer (Accounts)	AKS DMO
9	Mr. Uduak David	Accountant 1	AKS DMO


Dr. Nsikan L. Nkan
Honourable Commissioner
Ministry of Finance