DEBT MANAGEMENT OFFICE
NIGERIA

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States Fiscal Transparency, Accountability and Sustainability

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

DEBT MANAGEMENT DEPARTMENT MINISTRY OF
FINANCE AND ECONOMIC DEVELOPMENT
ABAKALIKI, EBONYI STATE

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1. INTRODUCTION

Debt Sustainability Analysis (DSA) is a tool in public finance management used by governments and international financial institutions to assess the sustainability of a State debt burden. Ebonyi State 2025 DSA evaluates the trends and patterns in the State's public finances during the period 2020-2024 and tries to look into the level of debt sustainability for the period of 2025-2034 (long-term). It highlights the recent trends in revenue, expenditure, and public debt and the related policies adopted by the State. Ebonyi State Debt Sustainability Analysis (S-DSA) Toolkit was developed by Debt Management Office, Nigeria and reviewed by the World Bank. A debt sustainability assessment is conducted, including scenarios and sensitivity analysis, in order to evaluate the prospective performance of the State's public finances.

The main aim of the debt strategy is to ensure that the government's financing needs and its payment obligations are met at the lowest possible cost, over the medium to long term period, consistent with a prudent degree of risk. Consequently, for the Debt Management Strategy (DMS), the analysis calculates the costs of carrying public debts, and measures risks associated to macroeconomic and fiscal shocks.

Historic data of revenue, expenditure and public debt were obtained for the State's DSA-DMS and analyzed from 2020 to 2024 and projections for the years 2025 to 2034 were obtained from this analysis using the appropriate assumptions, and our findings shows that the State's long-term outlook (2025-2034) for the public debt appears sustainable. Our review shows that the gross revenue of the State grew by 186% between 2020 and 2024, growing from ₦84 billion to ₦242 billion. Revenue outlook from the projection analysis table therefore shows that the State Revenue is expected to grow up to ₦1,474 trillion in 2034, which is about 1648% growth, taking 2020 as the baseline.

With the massive infrastructural growth of the State Government since the inception of the new Government in 2023 and also the personnel increase occasioned by increase in staff strength and the implementation of the minimum wage with corresponding increase on overhead cost, Ebonyi State has also witnessed a noticeable

increase in her expenditure. The expenditure of the State grew by 131% from ₦118 billion in 2020 to ₦274 billion in 2024. Expenditure outlook from the projection analysis table shows that the State expenditure is expected to grow higher in the year 2028 to ₦1,375 trillion and gradually increase to the value of ₦1,645 trillion in 2034 which is 1286% growth rate using 2020 as the baseline. The debt trend therefore shows that the long-term outlook (2025-2034) for the public debt appears sustainable for the State. As the State's Internally Generated Revenue (IGR) grew from ₦10.6 billion in 2020 to ₦15 billion in 2024, it is projected that in 2034, the IGR of the State should be ₦58 billion. This thereby creates a solid debt position for the State.

2. EBONYI STATE FISCAL AND DEBT FRAMEWORK

Fiscal Reforms Revenue and Expenditure in the last 3 to 5 years

In the last 3-5 years Ebonyi State has worked very hard to ensure that the State enjoys the best fiscal reforms in the history of the State. The fiscal reform is most evident in the way and manner the State's annual budgetary projections are made with also a reform in the Internally Generated Revenue (IGR), which in 2020 led to the introduction of new revenue heads which were before 2020 not collected in the State. Recent experience shows also that with this reform, the State Government is currently operating near-realistic budgeting contrary to what was previously obtainable.

In 2019, the State Government estimated total expenditures of ₦188.402 billion for the year.In the budget, total expected revenues were equal to total expected expenditures. However, out of this ₦188.402 billion, only the sum of ₦81.615 billion was realized as revenue, while only the sum of ₦72.240 billion was spent within the fiscal year. This led to a surplus closing balance of ₦9.375 billion. It is therefore rational to expect that the State's budget size for the next fiscal year will reduce from what it was in 2019 fiscal year. In 2020, the budget size decreased from ₦188.402 billion to ₦178.137 billion and was later revised downwards to ₦132.002 billion within the year due to COVID-19 health and Economic effects. At the end of the same fiscal year, the actual revenue increased to ₦103.760 billion, while actual expenditures stood at ₦118.692 billion, and a negative closing balance of ₦14.932 billion.

With the aim of ensuring that a zero or near to zero budget balance is achieved, and with the relatively low budget performance in the two immediate past years, there was a slight decrease in the budget size as at 2021 to the sum of ₦122.852 billion. This budget estimate also took into consideration the infrastructural plans of the State Government for the fiscal year 2021. Actual revenue in 2021 fiscal year dropped to ₦102.102 billion, while actualexpenditures stood at ₦100.787 billion, and a positive closing balance of ₦1.315 billion. The drop in the expected revenue for 2021 made the State Government to revise her

budget downwards to ₦99.157 billion. The 2022 budget size rose to ₦145.410 this rise in budget was as a result of the fact that the past administration wanted to complete all on-going projects before leaving office. During the cause of the year's budget performance actual revenue was 99.251 billion, while actual expenditure stood at 80.536. As a result of the gap between the budgeted and actual in 2022, the State Government reviewed the 2023 budget downwards to ₦ 139.398 billion from ₦145.410 in 2022. This was geared toward having a more realistic budget. In 2024, the State budget was increased to ₦202 billion. This rise in the budget size was occasioned by the removal of oil subsidy by the present administration which led to increase in the price of every other activity in the country. In all, the economic activities of the recent years have taught the State Government to make realistic revenue projections so as to have sufficient funds to implement the expenditure components of the budget. The State Internal Revenue Board was reconstituted in 2024 and the members are making frantic efforts to increase internally generated revenues through various sorts of reforms that are targeted at increasing the tax base instead of the rates.

Ebonyi State Approved 2025 Budget and Medium-Term Expenditure Framework (MTEF), 2026 – 2028

Approved 2025 Budget

The 2025 budget of Ebonyi State followed an upward trend with the budget size of ₦444. billion, when compared with that of 2024 fiscal year which is ₦202 billion. The reason for this increase in budget size in 2025 was necessitated by the introduction of the fund Signature Bonus which plunged in more funds into the coffers of Federal Government for onward disbursement to the States, in line with this increase state intends to increase their infrastructural development, empowerment of the unemployed youths, recruitment of new employees and increase of worker's wages. The State is fully conscious of the need to make the revenue and expenditure projections to be as realistic as possible.

The 2025 budget of the State is ₦444 billion representing 120% increase of the 2024 budget size of ₦202 billion. This up-sizing of the budget also stems from the fact that, 2024 actual revenue which was ₦297 billion is far above the ₦202 billion budgeted estimates

for the year. Actual revenue has ₦297 billion as the physical revenue which was overly achieved within the 2024 fiscal year, this is one of the reasons the 2025 budget size was increased to ₦444 billion.

The Key Objectives of Approved 2025 Budget

The key objectives of the Approved 2025 Budget are:

i. Ensure the sustenance of security of lives and properties in the State;
ii. Sustain and improve the State's education service delivery system;
iii. Enhance and sustain the State's healthcare service delivery system;
iv. To enhance micro, small and medium scale enterprises in the State
v. Sustain and improve the State's resolves to reduce the cost of governance
vi. Sustain the overall improvement in human capital development so as to ensure that the population growth will be effectively utilized in such a manner that the youth population is at advantage.
vii. Consolidate and improve on the provision of critical infrastructures in the State;
viii. Concentrate on the completion of on-going capital projects in order to avoid any case of abandoned project in the State.
ix. Sustain the on-going reform of the State's public financial management system started on the platform of the SFTAS and SABER programs and ensure that transparency, accountability, integrity and fiscal prudence is entrenched in the system;
x. Sustain the on-going reform of the State's IGR administration system so as to grow the IGR on annual basis.

Indicative Three-Year Fiscal Framework

The 2024-2026 Medium Term Expenditure Framework (MTEF) of the State was prepared and has been approved by the State House of Assembly. The 2024 budget was produced based on this MTEF. The 2025-2027 MTEF has been prepared, approved by the State Houseof Assembly and published. The budget of 2024 shows an increase in budget size over the previous year as expected and shown above. Analyzing from the 2024 approved

budget andthe approved 2025-2027 MTEF, it shows that the expected budget size for 2025 to 2027 fiscal years were respectively ₦154 billion; ₦154 billion and ₦145 billion. The 2025 Budget did not reflect the 2025-2027 MTEF projections due to the increased turnout of actual revenue and expenditure of the 2024 fiscal year due to the increase in the FAAC allocation accessioned by the Signature Bonus fund. The 2025 Budget was rather increased to meet the economic trend at that time.

However, these are only estimates and are not expected to exert much pressure on fiscal deficit which will lead to deficit financing through loans. The reason for this is that there are some public financial management reforms (including IGR reforms) that are expected to have started yielding fruits to the State within these years. That way, there may not be need to borrow even in the face of increase in budget size of the State.

Medium Term Policy Objectives and Targets

The key objectives of the Medium-Term Policy are:

xi. Reduce the cost of governance by efficiently managing personnel and overheadcosts in a manner that will free up funds for investment in critical infrastructures in the State;

xii. Manage available human and material resources within the education sub-sector in order to improve on the quality of service delivery;

xiii. Prioritize the improvement of healthcare service delivery in the State so as to make the State attractive for Tourists.

xiv. Grow the IGR by a minimum of 20% on annual basis in line with the SABER verification protocol in order to make the State self-reliant.

xv. Sustain the current regime of peace and order in the State through the provision of requisite support to security agencies of the Federal Government and that of South East to control and prevent crime;

xvi. Grow the economy through targeted spending in areas of comparative advantage;

xvii. Prioritize relieving people and MSMEs of the adverse economic effects of increase in Fuel price occasioned by fuel subsidy removal through grants and micro-credit facilities

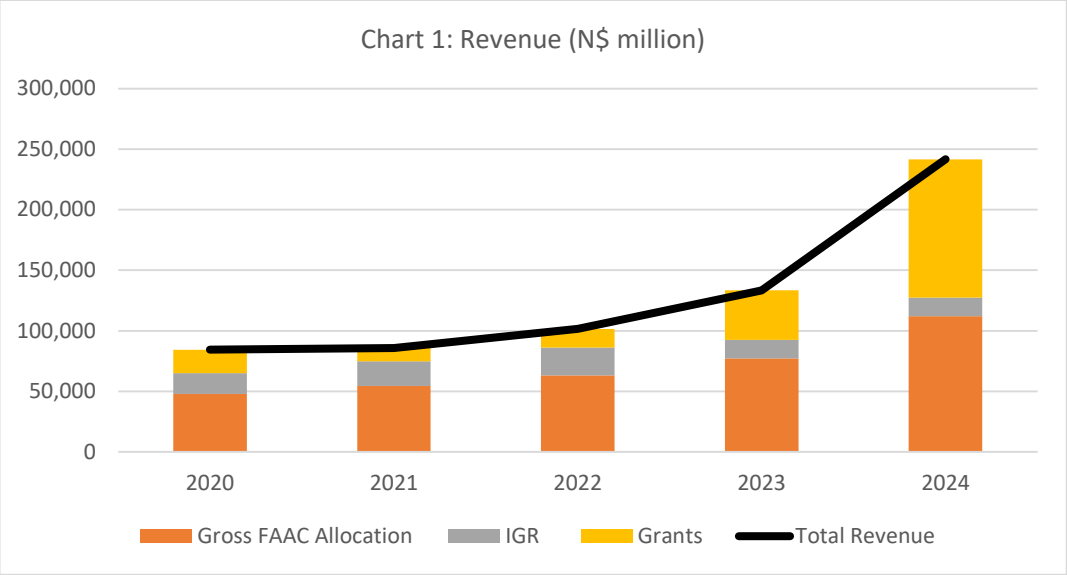
3. THE STATE REVENUE, EXPENDITURE, AND PUBLIC DEBT TRENDS(2020 – 2024)

3.1 Revenue, Expenditure, Overall and Primary Balances

Aggregate State Total Revenue trend in the last five years and its composition in 2024

The main components and determinants of the aggregate revenue are the FAAC allocations, IGR and the grants, with the FAAC allocation contributing a higher percentage within the years under review. Table and Chart 1 below clearly show that the total revenue of Ebonyi State maintained an upward trend throughout the review period of 2020 – 2024. The State's total revenue (including grants and excluding other capital receipts) stood at ₦241.5 billion in 2024 as against the sum of ₦133.5 billion realized in 2023 fiscal year. This represents an increase of 81% in total revenueof the State within one fiscal year. It is important to note that the 2024 fiscal year is still witnessing the effect of the removal of oil subsidy and the introduction of Signature Bonus Fund by the Federal Government that brought about an increase in the FAAC revenue received by the State. The removal of oil subsidy did not just cause an increase in the revenue alone but also brought about so much increase in the cost of governance because of the hike in fuel price. The war in Ukraine also did not help matters on the rise in the price of different commodities produced in that area that are consumed by us. It therefore became paramount to the Government of Ebonyi State that there is a need to make reforms that will cushion the effect of the high cost of living in the State. 2024 fiscal year saw a huge increase in all revenue items except in IGR which witnessed about 0.5% reduction compared to what it was in 2023.

	2020	**2021**	**2022**	**2023**	**2024**
Total Revenue	84,359	85,867	101,612	133,468	241,554
Gross FAAC Allocation	47,921	54,496	63,234	77,139	112,223
IGR	17,132	20,269	23,028	15,315	15,231
Grants	19,306	11,102	15,350	41,014	114,100



The decline in IGR was as a result of the change in authorities manning the internal revenue services who needed to grab the reforms to implement them for the growth of the IGR. The newly reconstituted Internal Revenue Board members are making very frantic effort to put revenue generation in the State in its right place.

FAAC Allocations trend in the last five years.

Generally, there has been a progressive growth in total revenue between 2020 and 2024, with gross FAAC allocation following the same trend with total revenue and having its highest increase in 2024 with 45% when compared with 2023 fiscal year. This increase in gross FAAC in 2024 has been explained above. However, in 2021 when the COVID-19 effect had been managed, FAAC allocation is seen to have increased. In 2021, oil prices picked up, causing transfers from federation account to increase and this was evident in the 13.7% increase seen that year. This growth was sustained in 2022 as FAAC allocation grew by 16% when compared with 2021, FAAC continued to grow at the rate of 21% in 2023 when compared to 2022.

IGR trend in the last five years.

The share of IGR and grants continued to grow in 2020, 2021, 2022 fiscal years with a sharp decline in 2023 by 33.5% and further dropped in 2025 by 0.5%. Grants witnessed a 42% decrease in 2021 when compared with 2020, this is caused by withdrawal of grants after

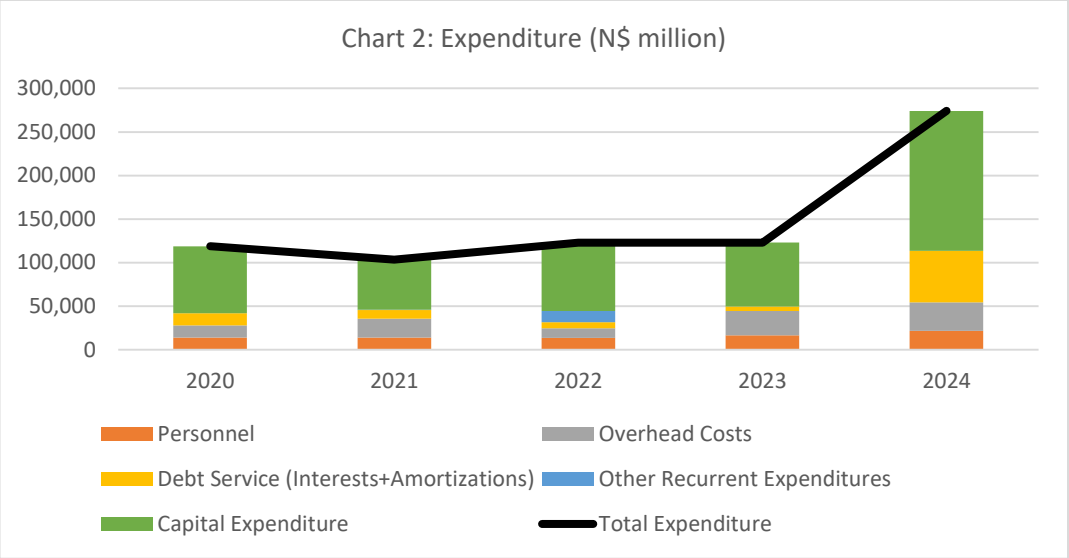
COVID-19 Pandemic, there is a huge growth rate of 167% in 2023 when compared with 2022. This huge increase in grant is caused by the accumulation of SFTAS grant due to the State from 2020 to 2022. In fact, IGR and Grant figures combined is in close measure with the figure of the State's FAAC revenue of 2023. With the Government's reforms already yielding results, Grant had a very high growth in 2023 and the highest in 2024 as it grew by 178% when compared with the 2023 figure while IGR declined.

Aggregate (Total) Expenditure trend in the last five years and its composition in 2024.

Table and Chart 2 below shows that the State's total expenditure increased throughout the review period with a sharp drop in 2021 when it fell below the level of 2020 and 2022. Similarly, capital expenditure increased steadily throughout the review period except in the same 2021 when it fell slightly below the 2020 and 2022 values respectively.

The State Government's Personnel cost has remained almost stagnant throughout the review period except for a slight increase in 2023 occasioned by the Christmas Bonus given to workers by the new Administration. On the other hand, the State Government's Overhead cost slightly maintained an upward trend between 2020 and 2023 and more than doubled by 123% in 2024 when compared with 2023 figure due to the high cost of things in that year as explained above. In 2022, part of the overhead cost was shared into other recurrent expenditure and this seemed as though it has a low value but it was still on an upward trend. Personnel cost increased more in 2024 as result of the recruitment of more work force in the State civil service. The overhead cost also recorded an increase in 2024 because of the high cost fuel that effected every other business activities in the country. It is important to point out that the State has reduced the cost of governance by ensuring a stable movement of the State Government's personnel and overhead costs.

	2020	**2021**	**2022**	**2023**	**2024**
Total Expenditure	118,692	103,328	122,767	123,023	274,225
Personnel	14,082	13,822	13,580	16,544	21,791
Overhead Costs	13,910	21,772	11,005	27,983	32,580
Debt Service (Interests+Amortizations)	13,729	9,907	7,063	5,263	59,020
Other Recurrent Expenditures	0	549	12,963	0	0
Capital Expenditure	76,972	57,278	78,156	73,233	160,834



Incidentally, debt service obligations of the State was high in 2020. However, it declined in 2021 and maintained a downward trend till 2023. The reason for the decline is that the previous debts of the State Government is reducing gradually and the new loans borrowed within 2021 and 2022 fiscal year periods, which were an outcome of fiscal deficit financing options of the State Government were still under moratorium. The 2024 fiscal year, debt service rose to more than 1000% when compared to its figure in 2023 fiscal year.The reason for this was the issue of debt swap done by the Federal Government on the State debt that cleared major intervention loans like Budget Support, Excess Crude-account,Bridging Finance and Salary bailout loans. The new Administration, took it upon itself and cleared all arrears of Pension and Gratuities that has accumulated for so many years to all the deserving civil servants of the State. This accounted for the level of debt service in 2024 fiscal year.

In 2022 fiscal year, there was a demand according to IPSAS recommendation for the removal of the sub-head in the overhead cost of the State called Miscellaneous Expenses. To this end, all the items of overhead under this sub-head e.g. Donations, Honorarium, Advertisement Refreshment etc. were moved into an expenditure item called "Other Recurrent Expenditure" that was how this item came intoour 2022 expenditure, which formed 10.56% of the State total expenditure. This item of expenditure is still the make-up of the State overhead cost but has been shifted to other recurrent expenditure.

Capital expenditure on the other hand contributed the highest portion of the total

expenditure throughout the five-year historical period, having its highest in 2020 when the percentage of capital over total expenditure grew by 65% as a result of the provision of Health Care facilities to combat COVID-19 effects. There was a down-slide in 2021 as a result of COVID-19 effects. In 2022, there was an increase of 36% in Capital expenditure from its figure in 2021 due to the fact that the past administration concentrated on completing all ongoing projects in the State and also decelerated again in 2023 because the New Administrations focused first on the welfare of its Citizens. The 2023 total expenditure of the State Government stood at ₦123 billion, which is an increase of 0.2% from the ₦122 billion total expenditure in 2022 fiscal year. The 2021 total expenditure of the State was higher than the 2021 total revenue by ₦17.461 billion. In the same vain the 2022 total expenditure of the State was also higher than its revenue by 20.73%. These fiscal gaps created room for more loans and therefore more debt service obligations for the State in those years. However, in 2023 the total expenditure took a downturn when compared to total revenue by 8.5%. In 2024 the total expenditure rose to 274 billion. It grew at 122% over its figure in 2023, the reason for this has been explained above.

Main Expenditure Variations in the last five years by Economic Classification.

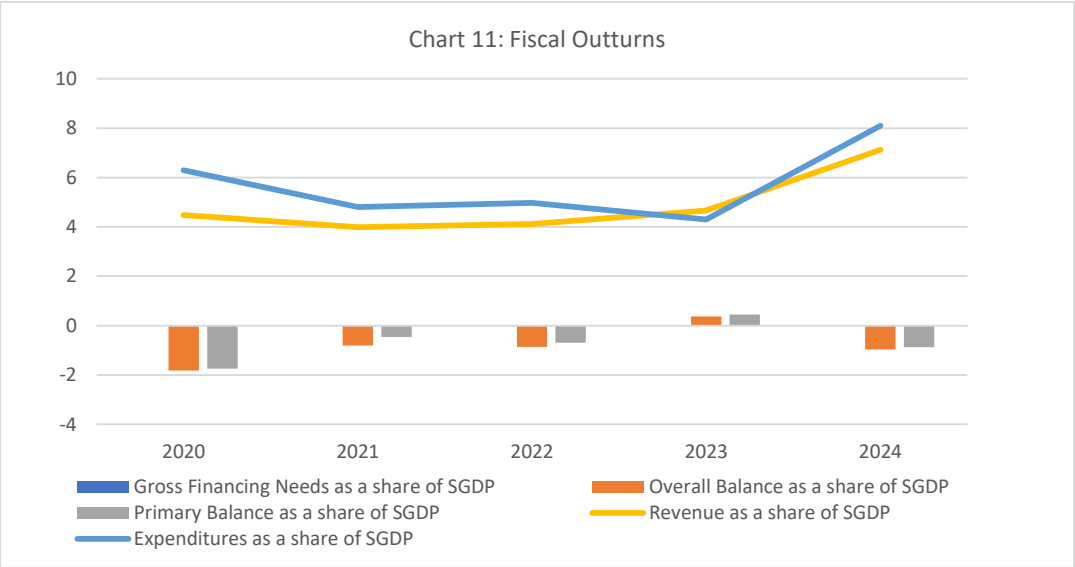
While the personnel and overhead costs have shown close to constant variation, the capital expenditure has shown a wide variation. It contributed 64% of the total expense in 2020 and 55% of the total expense in 2021, 64% in 2022, 60% in 2023 and 58% in 2024 fiscal years. This alone made it the highest expense line within the period being reviewed. Ebonyi State was known and called the “dust” of the nation, due to lack of infrastructure in the state. As a result of this, a massive growth on infrastructural reform formed the hallmark of the immediate past and the present Administration. As a result of this also, more attention was given to capital expenditure which has taken over a bigger chunk of the total expenditure. Between 2020 and 2024, capital expenditure had its highest growth in 2024, growing by 109% when compared to its figure in 2020. This growth was facilitated by the fact that the State Government is building infrastructures which ranged from building and renovating Hospitals to cater for the sick, providing the necessary health care facilities and medication, building roads and bridges for easy transportation between the rural and urban centers, completing the Airport project, world trade center, construction of EBOCAB terminals and

procurement of vehicle for commercial transportation, and construction of Educational buildings just to mention but a few. Capital expenditure growth dropped in 2021 by 26%, from its figure in 2020 and increased again by 36% in 2022 against its figure in 2021. In 2023 the growth reduced by 7% and rose very high in 2024 by 120% due to the massive infrastructural development, as enumerated above by the present administration.

Overall and primary balance trend in the last five years.

The essence of fiscal policy is to use government revenues and expenditures to direct economic activities within the national or sub-national entity. When the economic activities are properly directed with the revenue collection and expenditure tools of the Government, the effects become obviously felt in the society. Figure 11 below presents the fiscal out-turns of Ebonyi State Government for the period of 2020 -2024.

	2020	2021	2022	2023	2024
Gross Financing Needs as a share of SGDP	0	0	0	0	0
Overall Balance as a share of SGDP	-2	-1	-1	0	-1
Primary Balance as a share of SGDP	-2	0	-1	0	-1
Revenue as a share of SGDP	4	4	4	5	7
Expenditures as a share of SGDP	6	5	5	4	8



The fiscal out-turns presented in Table and chart 11 above shows that the State's total revenues and total expenditures for the period of 2020 - 2024 maintained a close to straight

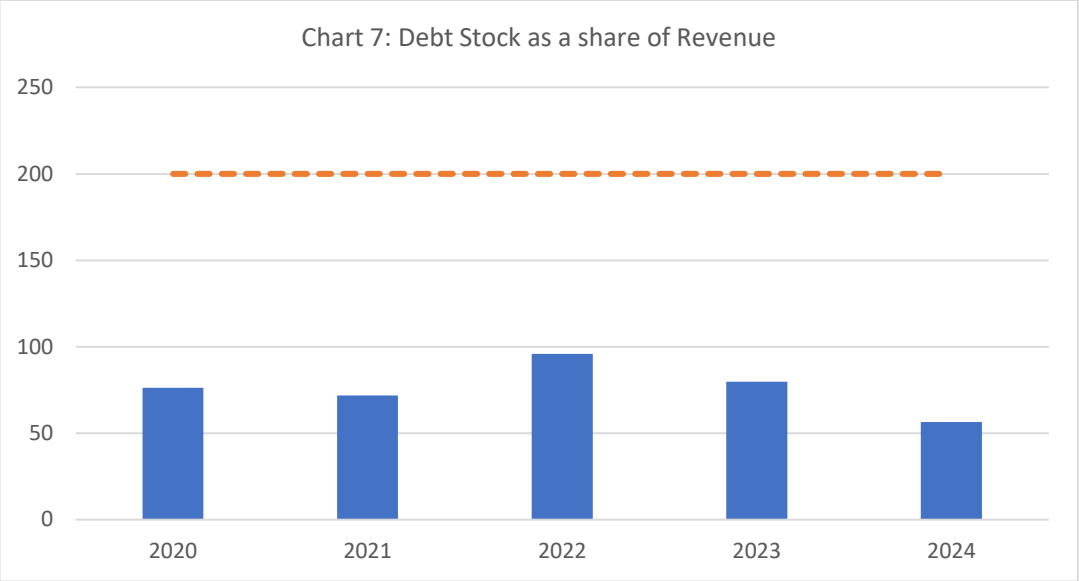
line trend with an upward curve in 2024, when measured as percentages of the State GDP. From total expenditure to GDP ratio of 6% in 2020 with a slight reduction to 5% in 2021 and 2022, then declined t o 4 % in 2023, it finally rose to 8% in 2024. Similarly, total revenue to GDP ratio of the State remained constant at about 4% from 2020 to 2022 fiscal years and took an upturn to 5% in 2023 and further rose to 7% in 2024 On the other hand, the ratio of primary and overall balance of the State refers to fiscal deficit/surplus that the State recorded within the period. Each of these items stand at less than 0% of the State's GDP per annium with, the primary and overall balance as -2 each in 2020 fiscal year, the overall balance of -1 and the primary balance of 0 as a share of the State's GDP in 2021, -1 each in 2022, 0 for both primary and overall balance in 2023 and -1 each in 2024 Though there is no given benchmark for acceptable level, yet a record of 0 ratio of primary balance to GDP is still impressive.

3.2. Existing Public Debt Portfolio

Public debts are obligations of Governments, particularly those evidenced by securities, to repay certain sums of the holders at some future time. It represents the total outstanding debt (loans, bonds and other securities) of the state Government and often expressed as a ratio of the state's GDP.

Public debt stock amount or its shares on total Revenue at end-2024 and its growth inthe last five years.

In her quest for development, Ebonyi state has continually increased her debt stock over the years. The state public debt stock amounted to ₦136 billion as at the end of 2024. Between 2020 and 2023, the state acquired more of the domestic debt than external debt which mostly came



as Federal Government bailouts and financial support. In 2024, the case was different as the state had more of the external debt than the domestic. The reason for this change was that the State acquired more external debt and drastically cleared its domestic debt through the Federal Government's Debt Swap. Currency devaluation also increased the pressure on the external loans over the years from 2020 to 2024. All these repayments have its own significant pressure it exerts on the total revenue each fiscal year. The debt stock of Ebonyi State, when analyzed as a fraction of total revenue accounted for, 76% in 2020, 72% in 2021 with and upsurge of 96% in 2022 and took a slight dip to 80% in 2023, and came down to 57% in 2024 fiscal years. From Chart 7 above, it canbe deduced that the debt stock as a share of revenue is sustainable especially in the year 2024 since the benchmark is 200%.

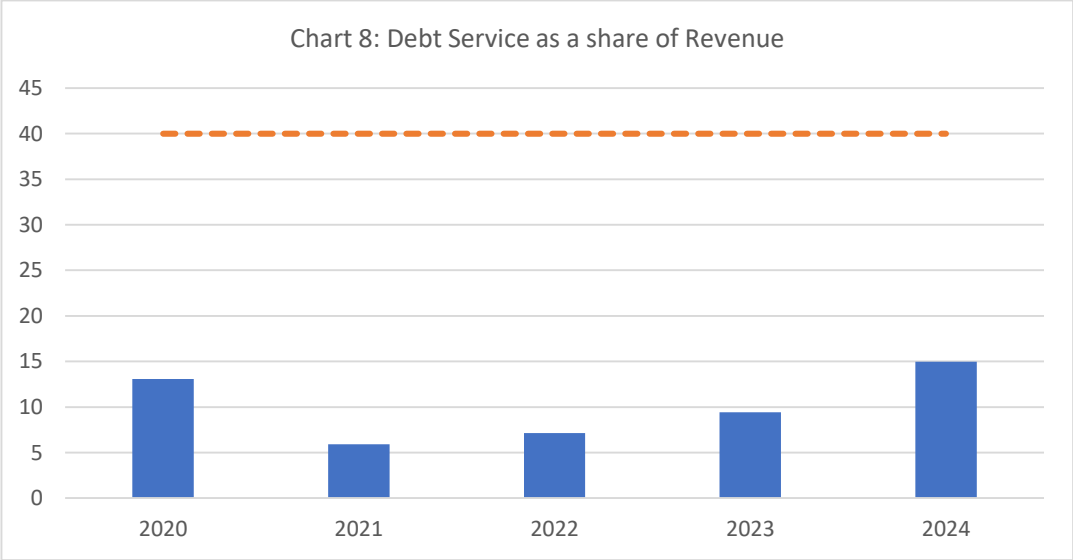
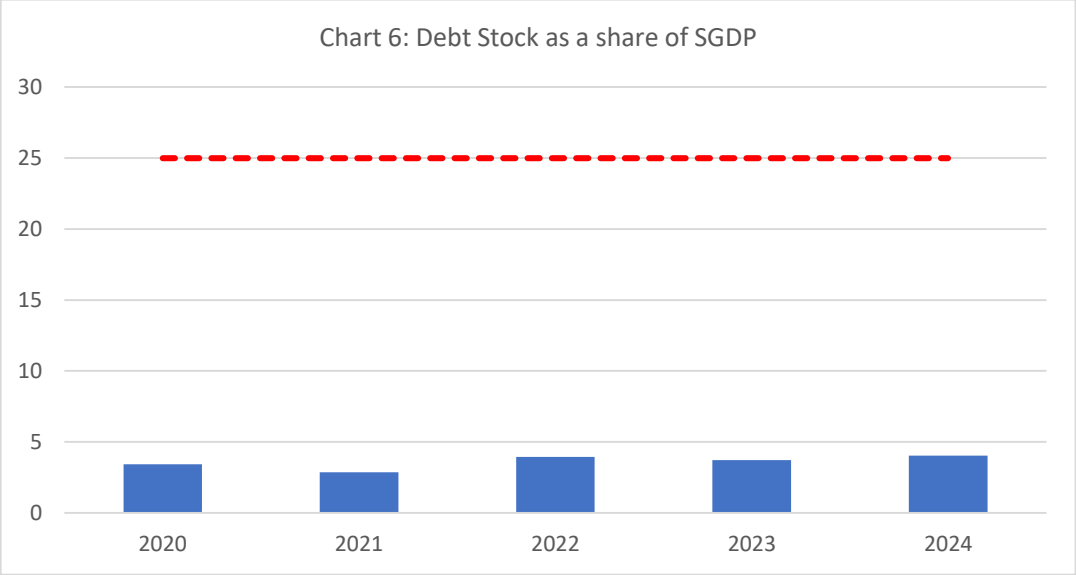


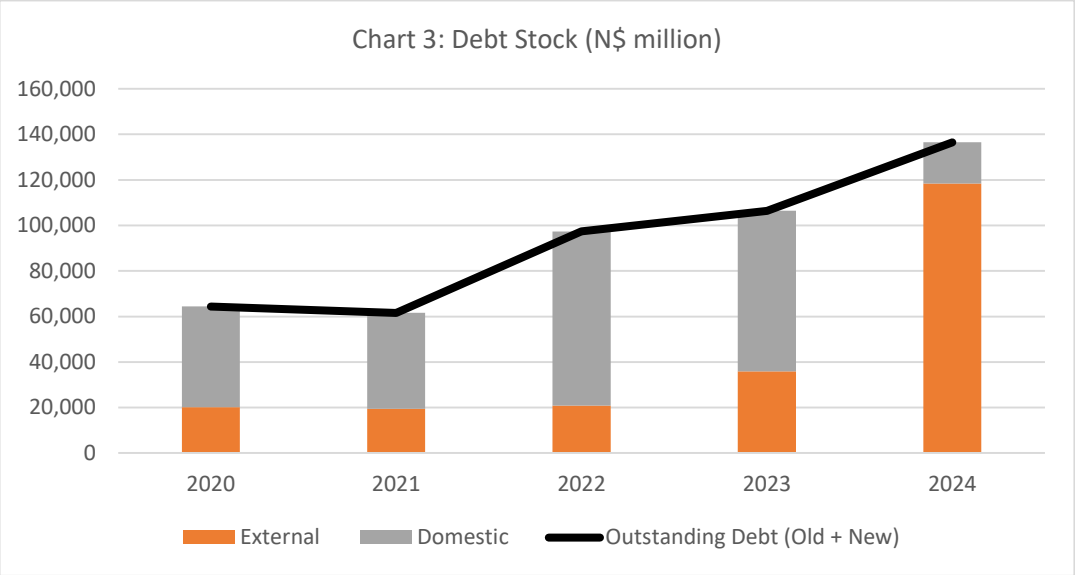
Chart 8 above shows the debt service within the analyzed years as sustainable. Between the years 2020 and 2024, the debt service as a share of revenue fluctuated from 6% to 15% with the lowest of 6% in 2021 fiscal year. With the threshold of 40%, Ebonyi State has shown sustainability in the prudence of managing her Finances. From the chart 6 below with a threshold of 25%, it is evident that the debt stock as a share of the State's GDP is sustainable owing to the fact that the state has maintained its level between 3% to 4% from 2020 to 2024 with 4% maintained within the 2022, 2023 and 2024 fiscal years as seen in chart 6 below.



The existing public debt portfolio composition at end-2024.

The total debt stock of Ebonyi State was low between 2020 and 2021 fiscal years. It however upswing by 57% in 2022 fiscal year from its 2021 value. That is ₦61 billion in 2021 to ₦97 billion in 2022. At the tail end of 2021 and 2022 fiscal years, the immediate past Administration foresaw the great need to complete all ongoing projects and also execute new ones that were of great importance to the growth of the State's economy before handing over to the new Administration. As a result of this, the State Government contracted some Commercial Bank and Federal Government Intervention loans, some of which includes; Commercial Bank Term loan of ₦8.5 billion, Federal Government Intervention loans like Bridging Finance of ₦18.225billion, Airport loan of ₦10 billion. This accounted for the large increase in the State's public debt in 2022 fiscal year, there is also a slight increase by 9% in

2023. This increase especially affected the Domestic Debt more than the External ones. Fiscal year 2024 witnessed a down turn on the Domestic Debt and a huge increase in the External Debt of the State as there were addition of $38 million External loan. Chart3 below shows that though there have been fluctuations in the State's total debt stock, yet the State's external debt stock has been on steady increase throughout the review period except for the slight drop in 2021.



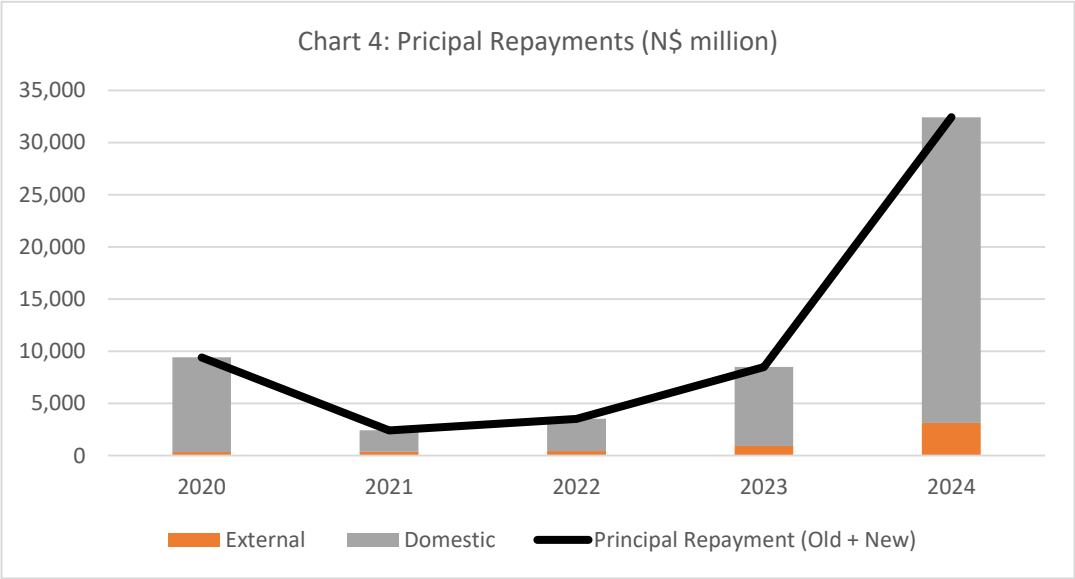
Precisely, the total debt stock of Ebonyi State Government decreased from the sum of ₦64 in 2020 and further to ₦61in 2021 decreasing by 4% 2021 when compared with 2020 fiscal year. The total debt stock rose by 58% in 2022 to the sum of ₦97 billion. The reason for this upsurge in debt stock is the borrowings made by the State Government to enable it complete the ongoing project. In 2023 Debt stock slightly increased by 9% to the sum of ₦106 billion and further to ₦136 billion in 2024 with the same reason as above for both the out gone and present administration. Within the same period the external debt stock of the State had a galloping effect through the historical period under review. The external debt stock of 2024 which was the highest within the review period contributed 87% of the total debt of the State. In overall, Ebonyi State borrowing requirement within the review period was majorly financed by Domestic Debt except for the fiscal year 2024 where its major debt financing was done with External Loans.

Cost and risks exposure of the existing public debt portfolio at end-2024.

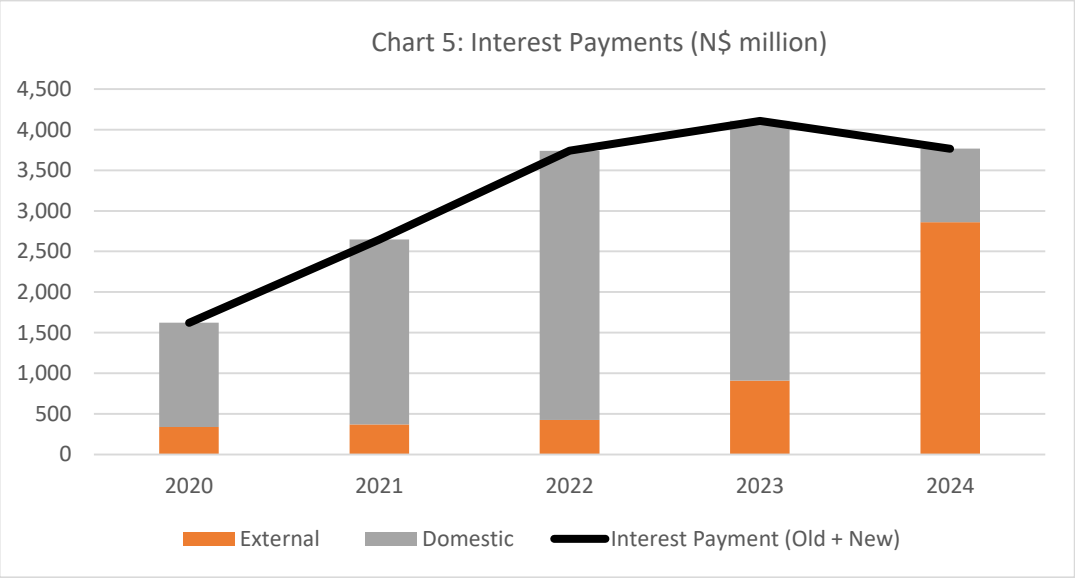
The consistent increases in the value and share of external debt stock of Ebonyi State almost

throughout the review period may be attributed to the persistent devaluation of the Nigerian local currency (Naira) viz-a-viz other major currencies of international trade and foreign loans. Given the nature of the State's debt stock over the review period of 2020 – 2024, it is imperative to also review the debt service obligations of the State within the same period. This is because the suitability and sustainability of any society's fiscal operations largely depend on the amount of money it uses in servicing debts. Sometimes, principal repayment is not considered a problem as they may just constitute a minute proportion of total expenditure of the society. However, when some due interests are capitalized, principal may increase, thereby mounting pressure on principal repayment. This subsection therefore presents Ebonyi State Government's recent experiences in repayment of principals and interests. Chart 4 below presents the recent principal repayment obligations of Ebonyi State Government within the review period.

The principal repayment, from the chart, has not maintained a steady trend throughout the study period. From an upward trend from 2020, the repayment fell in 2021 by 74% of its value in 2020 and slightly picked up again in 2022 by 46%. this increasing trend continued and reached its highest in 2024 due to the debt swap discussed above. Incidentally, throughout the review period, repayment of external debts remained very insignificant, while the large chunk of the repayment went into domestic debt principal repayment. Looking at the Chart 3 above, and comparing same with Chart 4 below, it is clear that the proportions of domestic principal repayment obligations of the State Government in total principal repayment obligations were consistently higher than the proportions of external debt stock in total debt stock of the State.



Given the significant components of the principal repayment that were made up of domestic debt instruments, it can be concluded that the oscillating movements in total principal repayment were greatly determined by oscillations in domestic principal repayments. On the other hand, external principal repayments have also been increasing, though very marginally. The effects of the increases may not be felt in the total principal repayments due to the insignificant proportion of external principal repayment in the total principal repayment of the State Government throughout the review period. Chart 5 below reveals that the interest payment obligations of Ebonyi State was low in 2020 because of the moratorium given to states in debt repayment during the Covid-19 pandemic. It took an upward turn within 2021 and 2022 fiscal years recording the highest increase in 2023. The increase in the interest payment in 2023 was contributed by the commercial bank loan that the interest payment was commenced immediately it was disbursed that same year, while the principal repayment was still under moratorium. However. There was a slight decrease in 2024 fiscal year by 9%.



Just like the principal repayment discussed above, interest payment obligations on domestic debt formed a major component of the total interest payment and therefore greatly determined the movement of the total interest payment throughout the review period except for year 2024 when the domestic interest payment was greatly reduced as a result of the debt swap that cleared most of the domestic debt. On the other hand, external interest payments have also been increasing, but the effects of the increase may not be felt in the total interest payments especially between 2020 and 2023 due to the insignificant

proportion of external interest payment in the total interest payment of those years. The interest payment for year 2024 took the major proportion of the total interest payment because more External debt of the State Government and the devaluation of naira within that year as discussed above.

4. DEBT SUSTAINABILITY ANALYSIS

The Concept of Debt Sustainability

At every point in time, creditors are mindful of the ability of debtor countries (as well as debtor sub national entities) to service loans and accruing liabilities promptly. It therefore refers to the ability of the government to honor its future financial obligations. This concern stems from the fact that these national and sub national entities will still need to meet up with their development investment needs despite meeting their debt service liabilities. This is how the concept of debt sustainability comes to be discussed. In essence, the concept of debt sustainability refers to the idea of ensuring that national and sub national entities maintain a debt level that will still allow them to have sufficient financial resources to meet their development investment needs after meeting their debt servicing obligations. This takes into consideration the debt service obligations of the entities alongside their financial capacities of the entities. The concept helps developing countries to prevent debt crisis at every point in time. Certain benchmarks have been set as criteria for measuring debt sustainability at the national and sub national government levels. These criteria are most important for developing countries where there are greater needs for governments to embark on investment in capital developmental projects. One of the benchmarks has to do with the ratio of debt service obligations to the total revenue of the sub national entity, which assesses the proportion of the State's revenues that is used for debt service. There are a number of other benchmarks and criteria for measuring debt sustainability at both the national and sub national government levels (especially, among countries of the global south). The debt burden with their corresponding performance indicators are described and summarized in the table below:

Table 1: Indicators of Debt Sustainability across Sub-national Entities in Nigeria

Indicators with Indicative Thresholds	Indicators Without Thresholds
Debt / SGDP =25%	Debt/FAAC Allocation (%)

Debt / Revenue = 200%	Interest Payment /Revenue (%)
Debt Service/ Revenue =40%	External Debt Service / Revenue (%)
Personnel Cost / Revenue = 60%	

Majority of the indicators revolve around the State's revenue generation capacities, with the exception of only one of the indicators that focuses on the State's productive capacity (GDP). Even the exception assumes that the State's GDP is a determinant of State's revenue.

Ebonyi State Debt Sustainability Analysis

It is worth noting that in all debt burdens for the years 2020 to 2024, Ebonyi State maintained far lower than the indicative threshold which shows that the State's debt was sustained for these years with the highest figures recorded in 2024.

4.1 Medium-Term Budget Forecast

Main features of the macroeconomic outlook under which the State DSA-DMS baseline scenario is being conducted.

Recent reforms in the public financial management (PFM) systems of national and sub national governments emphasize the need for medium term budget forecasts (MTBF) or at least a medium-term expenditure framework (MTEF). The forecast or framework helps the government to make projections of expected expenditures (and revenues) for a future period of at least three years. Arguments for MTBF or MTEF are supported by the fact that most governments are elected for a period of more than one year, and therefore should be able to plan for a longer time than just one year (as is usually the case with annual budgets). In the case of Ebonyi State, there is an approved medium-term expenditure framework (MTEF)covering from 2026-2028. As such, all Medium-Term Budget Forecasts of the State are based on the approved medium-term expenditure framework (MTEF) and the 2025 already approved budget.

However, following the supply of baseline information of the fiscal operations of the State Government in recent years, the MS Excel Template provided for this DSA-DMS report

estimates the Medium-Term Budget Forecasts (MTBF) for Ebonyi State. Tables 2, 3a & 3b below present the figures for the period covering 2025 – 2027 with the macroeconomic assumptions.

Table 2: Ebonyi State 2025 Budget

Item	2025 Budget
Assumptions:	
Oil price (US$/bbl.)	65.00
Oil production (national, Mbpd)	1.7800
Exchange rate (N/US$)	1630
GDP growth (national, percent annual change)	3.84
Inflation (national, percent, annual average)	34.80
1. Opening Balance	**15,000,000,000**
2. Revenues and grants:	**334,452,300,000**
Gross (not net of deductions) Statutory Allocation	52,500,000,000.00
Derivation	-
Other FAAC transfers (exchange rate gain,augmentation, others)	176,539,400,000.00
VAT	50,000,000,000.00
IGR	31,195,397,000.00
Internal grants	13,477,5O3,000.00
External grants	-
Other Capital Receipts	10,740,000,000.00
3. Expenditures:	**444,978,000,000.00**
Recurrent expenditures:	**117,073,861,620.00**
Personnel costs (salaries, pensions)	36,656,004,620.00
Overhead costs	42,417,857,000.00
Public Debt charges (Interest payments on debt (or debt service), including FAAC deductions)	35,000,000,000.00
Contingency	3,000,000,000.00
Capital expenditures:	**327,904,138,380.00**
Administration	20,299,620,000.00
Economic	188,134,218,625.00
Law and Justice	1,893,900,000.00
Regional	463,000,000.00
Social	117,113,399,755.00
Contingency	
4. Balance (= (1+2-3))	**95,525,700,000.00**

******STOP***

Table 3a: Ebonyi State Medium Term Expenditure Framework (MTEF) - Macro-EconomicFramework (2026 – 2028)

Macro-Economic Framework			
Item	2026	2027	2028
National Inflation	37.80%	34.00%	31.00%
National Real GDP Growth	4.20%	3.80%	3.50%
Oil Production Benchmark (MBPD)	1.8000	1.9500	1.9500
Oil Price Benchmark	$80.00	$90.00	$93.00
NGN: USD Exchange Rate	1650	1650	1700
Other Assumptions			
Mineral Ratio	31%	31%	31%

The State medium term debt sustainability is dependent upon the recovery of the nation's economy which will lead to increase in FAAC allocations. The macroeconomic assumption for sustainability is based on maintenance of oil production to between 1.8000mbpd to 1.9500mbpd at the national level, inflation stood at 37.80% in 2026 and started decelerating from 34.00% to 31.00%, oil price benchmark stood at $80/bbl in 2026 and went up to $90/bbl in 2027 and further to $93.00 in 2028. NGN: USD exchange rate is expected to be ₦1650:1$ in 2026, maintain the same level in 2027 and ₦1700 in 2028. It is also expected that shared resources such as VAT, receipt from custom duties, etc., will increase in 2026 and maintain the same level for the remaining MTEF periods.

Table 3b: Ebonyi State Medium Term Expenditure Framework (MTEF) 2026– 2028

Fiscal Framework

Item	**2026**	**2027**	**2028**
Opening Balance	20,000,000,000	22,000,000,000	23,000,000,000

Recurrent Revenue			
Statutory Allocation	373,429,296,818	609,566,920,345	1,039,622,892,871
Derivation			
VAT	107,062,587,882	158,841,751,542	234,714,273,490
IGR	30,191,570,068	36,229,884,081	43,475,860,897
Excess Crude / Other Revenue	41,332,095,216	41,745,416,168	42,162,870,330
Total Recurrent Revenue	**552,015,549,983**	**846,383,972,136**	**1,359,975,897,587**

Recurrent Expenditure

Personnel Costs	50,999,147,761	56,099,062,537	61,708,968,791
Social Contribution and Social Benefit	2,515,698,255	2,767,268,081	3,043,994,889
Overheads	42,991,659,342	44,281,409,122	45,609,851,396
Grants, Contributions and Subsidies	21,652,500	27,065,625	33,832,031
Public Debt Service	6,946,967,442	4,661,379,519	3,449,639,310
Total	**103,475,125,301**	**107,836,184,884**	**113,846,286,417**
Transfer to Capital Account	**468,540,424,682**	**760,547,787,252**	**1,269,129,611,170**

Capital Receipts

Grants	16,477,503,000	16,477,503,000	16,477,503,000
Other Capital Receipts	7,740,000,000	7,740,000,000	7,740,000,000
Total	**24,217,503,000**	**24,217,503,000**	**24,217,503,000**

Reserves

Contingency Reserve	21,736,590,899	32,998,590,941	52,553,084,108
Planning Reserve	53,986,944,630	81,537,644,074	129,757,917,346
Total Reserves	**75,723,535,529**	**114,536,235,015**	**182,311,001,454**

Capital Expenditure	**512,560,092,153**	**765,754,755,237**	**1,206,561,812,715**
Discretional Funds	470,398,756,153	723,593,419,237	1,164,400,476,715
Non-Discretional Funds	42,161,336,000	42,161,336,000	42,161,336,000

Financing (Loans)	95,525,700,000	95,525,700,000	95,525,700,000

Total Revenue (Including Opening Balance)	**691,758,752,983**	**988,127,175,136**	**1,502,719,100,587**
Total Expenditure (including Contingency Reserve)	**691,758,752,983**	**988,127,175,136**	**1,502,719,100,587**

Ratios			
Growth in Recurrent Revenue	54.21%	53.33%	60.68%
Growth in Recurrent Expenditure	31.23%	4.21%	5.57%
Capital Expenditure Ratio	81.90%	85.75%	88.93%
Deficit (Financing) to Total Expenditure	13.81%	9.67%	6.36%
Deficit (Financing) to GDP Ratio	NA	NA	NA

State's revenue and expenditure policies going forward under the baseline scenario.

The State Government budgeted ₦31 billion in 2025 fiscal year in IGR, but looking at the actual realized in 2024, projected to reduce it by 3% t0 ₦30 billion in 2026 fiscal year. This is to make a more realistic budget while the new IRS Board is given enough time to complete the reorganization of the already existing and new reforms that will increase the IGR. Looking at the level of reforms and strategies being packaged, and as a result of new revenue base from the infrastructural development

already on ground in the State, it is project that IGR will grow by 20% each in 2027 to ₦36 billion and in 2028 to ₦43 billion as seen in the Budget and MTEF tables 2 and 3b. The assumption underpinning the Budget of 2025 is based on the oil price of 65.00US$/bbl, oil production at 1.7800mbpd, Exchange rate of NGN: USD 1630:1, National GDP is 3.84% while inflation rate stood at 34.80%. Even though IGR is projected to grow at its nominal value at 20% between 2027 and 2028 fiscal years, and a projected growth rate of 5% from 2029 to 2034, the percentage growth to GDP growth is almost stagnated from 2025 through the remaining part of the projection period. The IGR of the State as a percentage of SGDP is predicted to decrease slightly between 2025 and 2034 from 0.7% to 0.5%.

This projected slight decrease in IGR is based on the fact that the new administration is planning to reduce personal tax on its citizens with a low revenue base. The above projection is temporal pending thefinal decision of Government on the new IGR reform. It is expected that this projection will be reviewed in the subsequent years.

It is also projected that the new administration in the State intends to employ workers and increase the salaries of existing staff within the period and the removal of oil subsidy suggests that there would be an increase in the cost of administration in the State. On this note, new policies are anticipated with regard to personnel and overhead costs, which are likely to improve on their historical trends.

4.2 Borrowing Options

It is a common knowledge that budgets are forecasts of expected receipts and expenditures within a specified period of time. Whatever is expected to be spent but does not fall within the limit of what is expected to be received as revenue, automatically makes up budget deficit. To be able to finance budget deficits, one of the most prominent options is to borrow. Therefore, this analysis assumes that any deficit that will be recorded within the forecast period will be financed through borrowing.

Domestic Borrowing Option

To meet up with borrowing needs, this report considers domestic borrowing as the easiest and fastest route for augmenting budget deficit in any fiscal year. This will mainly come from commercial bank loans (at maximum of 35.9% interest rate per annum and 1 – 5 years maturity period) and

another source of loan from commercial bank that has 29% interest rate and 6years or more maturity period.

Another option is the Federal Government intervention funds (e.g. the Agric loan, MSMEDF, etc.), which come with maximum of 9% interest rate and up to 6-years and above maturity period. There are also other domestic borrowing options like the Federal Government intervention funds (e.g.the Agric loan, MSMEDF, etc.), which come with maximum of 9% interest rate and more than 10-year maturity period. The two categories of FGN intervention funds are usually given by the Central Bank of Nigeria (CBN) through commercial banks. Another important source of domestic borrowing is the State Bond, which usually passes through the Nation's capital market, but will not be considered in this projection period because of its complexity. Commercial Bank Loans and Federal Government Intervention funds are the major domestic borrowing options that will be used for financing fiscal deficits within the projected period. It is also expected that there will be an increase of about 14% of the gross and planned borrowing need of the state in 2029 fiscal year when compared with 2028 fiscal year. Increasing from ₦61.7 billion to ₦70 billion (₦8.3 billion increase), this borrowing need will gradually increase from 2030 fiscal year until 2034 fiscal year when it is expectedto increase to ₦104.7 billion; which is 70.8% higher than gross and planned borrowing needs of 2028 (₦43.7 billion higher).

External Borrowing Option

As inversely explained under domestic borrowing, external borrowing may be more difficult and take a slightly longer time to facilitate. However, external borrowing may be the most suitable for augmenting deficit arising from medium term budget forecast. The costs (interest rates and maturity period) of borrowing externally are usually lower than those of internal loans. Apart from having relatively longer maturity period, external loans also come with longer grace period. However, it may actually be more difficult and even take longer time to facilitate an external loan, though it is usually cheaper to do so. In addition, most external loans are tied to specific projects/programme.

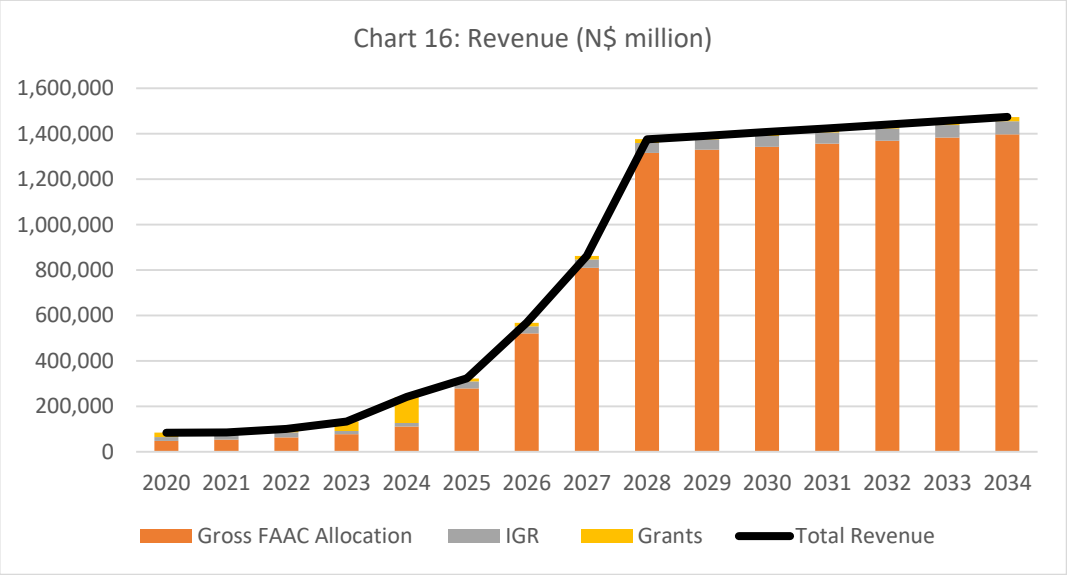
Public debt is one way to raise money for development which is incurred by borrowing. State Governments borrow to enable them finance important development programs and projects. However, taken too much, the burden of debt repayment of interest, principal, or both can overwhelm the state's finances, at worst leading to default. Debt is only considered sustainable

if the Government is able to meet all her current and future payment obligations without exceptional financial assistance or going into default. In achieving this, policy implementation is needed to stabilize debt vis-à-vis maintaining growth potential or development progress and related risk involved in borrowing from financial markets to refinance projects.

To mitigate against the above debt burden, Ebonyi State has put in place some fiscal policies that will help preserve her debt sustainability and also mobilize more financing to enable her achieve her growth drive. Some of these polices includes; raising domestic revenue through the Internally Generated Revenue (IGR) as already mention above, improving the efficiency of spending through her zero budgeting, reducing corruption to its minimum, and improving the business environment. Ebonyi State is also committed to keeping her debt sustainable within the period and ensuring it does not jeopardize growth and stability with new borrowing being consistent with fiscal spending and deficit plans. The State is also committed to improving the debt reporting and debt statistics in the context of comprehensive medium-term debt management strategies. Debt statistics which include coverage of public and publicly guaranteed debt that is as broad as possible, including debt of state-owned enterprises. Sharing this data with lenders will encourage responsible lending. Ebonyi State is also committed to taking a comprehensive approach in comparing the return from contracting debt with the costof accumulating debt. Debt that finances productive, social and infrastructure spending can lead to higher income that may ultimately offset the cost of debt service and help balance the risks to debt sustainability.

4.3 DSA Simulation Results

Ebonyi State Government has significantly invested in physical infrastructures so as to create conducive business environment for businesses to massively start up and thrive in the State. The massive start-up of businesses on one hand is expected to improve on the current level of labor force employment and on the other hand, increase the State Government revenue. The increase in State Government revenue will also lead to more future investments in critical infrastructures within the State.



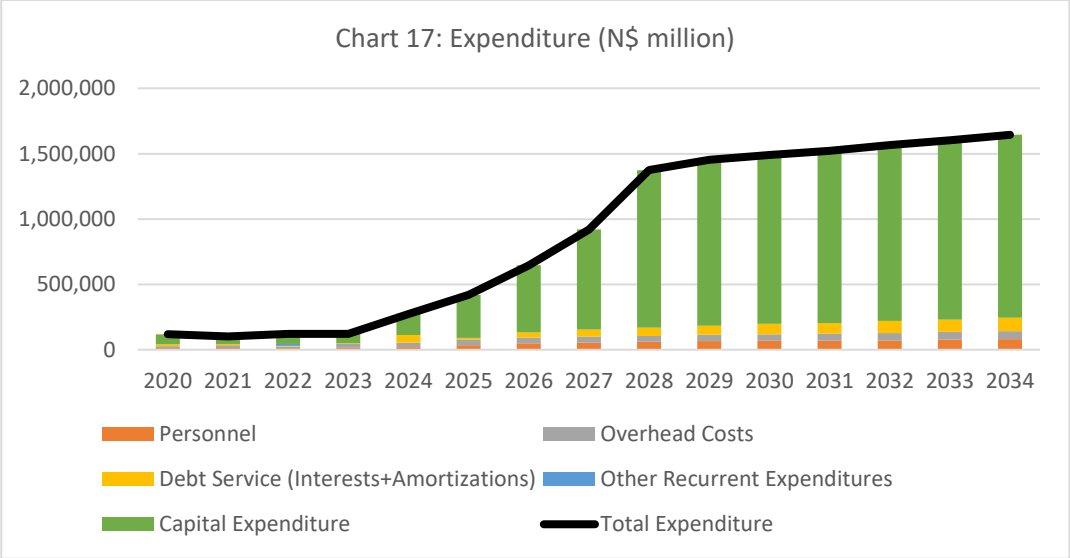
Revenue, Expenditure, Overall and Primary Balance Over the long-term.

Specifically, figure 16 above shows that the total revenue of the State Government is projected to increase from ₦323 billion in 2025 to ₦1,392 billion in 2029, representing an increase of about 330% or the sum of ₦1069 billion over the five years period. The increase in the total revenue of the State within the five years period is explained by increasesin the State's statutory Allocation and her share of VAT Allocation, both of which continued to increase within the five-year period due to the flow of so much money into the Federal Government Treasury occasioned by the removal of oil subsidy and the introduction Signature bonus grant by the Federal Government.

The President of the federal republic of Nigeria announced the removal of oil subsidy, at the inception of his office, and in 2024 introduced a grant called signature bonus, this means that the huge amount of money that has been in use to cushion the effects of oil cost on the citizenry and the cost of establishing oil businesses in Nigeria will now fall back into the coffers ofthe federal government treasury. It is expected that this fund will continue to be shared to the federal, State and Local Governments as allocation and this will go a long way to increase the allocation of the State government in 2026 fiscal year. It is also expected that the balance of the State Allocation after settling the recurrent expenditure will be used to establish industries and project that will generate more VAT Revenue. It is also envisaged that the flow of more funds into the public domain will also increase business activities that will also lead to increase in VAT revenue. On the other

hand, IGR is projected to increase nominally within the period and it is projected to decrease by 1.4% in 2026 from its 2025 budget figure, as a result of the reason mentioned above about IGR. Even though IGR is projected to grow at 20% from 2027 to 2028 and 5% from 2029 to 2034 in its nominal value,the real GDP value will be almost at the same level between 2025 through 2029 and is projected to reduce in value within the remaining part of the projection period.

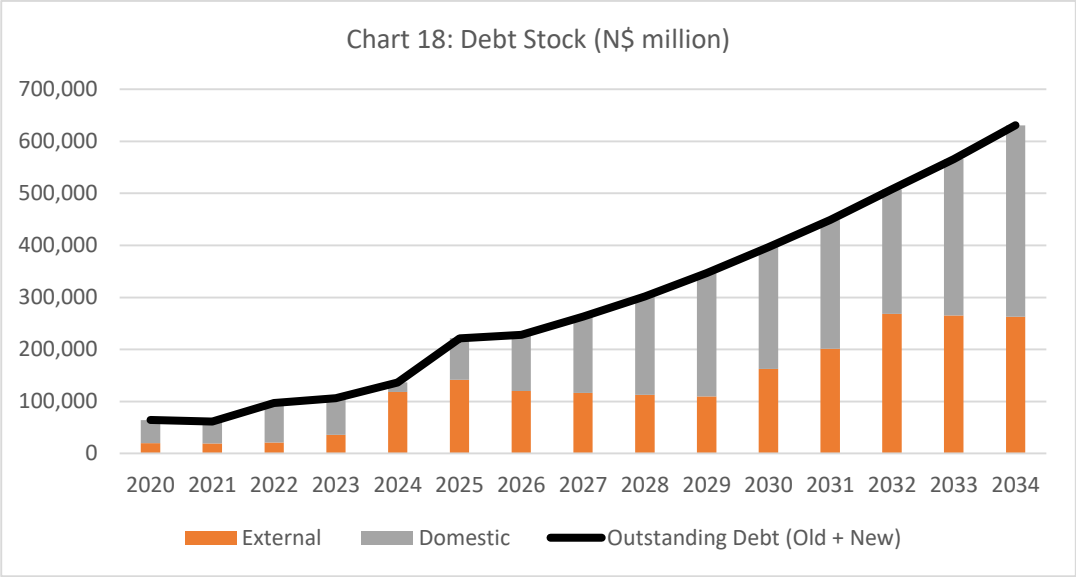
In addition, the State's total revenue (including grants but excluding other capital receipts) is projected to increase slightly from the sum of ₦1,408 billion in 2030 to the sum of ₦1,474 billion in 2034, representing an increase of about 5% or the sum of ₦66 billion within the five years period. On the overall, the total revenue of Ebonyi State Government is projected to increase from the sum of ₦241 billion in 2024 to the sum of ₦1,474 billion in 2034. This projection represents an increase of about 511% or the sumof ₦1233 billion within the ten-year period of 2025 – 2034. It is important to emphasize that within the projected period, IGR is expected to have a consistent growth in its nominal value from ₦31 billion to ₦58 billion between 2025 and 2034, but its percentage to total revenue will continued to reduce from 9.5% to 4% from 2025 to 2034. This reduction in IGR as a percentage of total revenue will soon be reversed as the new administration is critically reviewing the revenue reforms of the past administration and trying to establish a tax base that will greatly improve the IGR without putting undue burden on the citizens and businesses that generate the revenue. It is expected that this down turn of IGR projection will be reviewed upward in 2026 SDSA/SDMS report when the State Government might have completed its review of the IGR reforms.



The total expenditure of Ebonyi State Government is projected to increase steadily from the moderate value of ₦274 billion in 2024 to the sum of ₦1,452 billion in 2029. This projected total expenditure of the State in 2029 represents an increase of 393% within a period of five years from the actual total expenditure of the State in 2024 fiscal year. Furthermore, the total expenditure of the State is projected to increase from the sum of ₦1491 billion in 2030 to the sum of ₦1,645 billion in 2034 fiscal year. The 2034 value represents an increase of about 10% within the five-year period. Interestingly, capital expenditure is projected to account for 28% of total expenditure in 2025 and to have a steady increase up to 85% in 2034. The increase in the ratio of capital expenditure to total expenditure in 2025 predicts that the State Government targets to finish all uncompleted projects.

Looking at the pictorial data presented in Chart 17 above, it is clear that the second most significant component of expenditures for the projected period is Overhead cost. Overhead cost rose from its projected value of 10% of the total expenditure in 2025 and continued to decelerate to its lowest level in 2034. Debt Service expenditure component is projected to increase gradually from its low value of ₦13 billion in 2025 fiscal year to its highest value of ₦104 billion in 2034. It is important to emphasize that within the projected period; debt service is projected to increase in value. It is projected to account for only about 3% of total expenditure in 2025 fiscal year and maintained an upward trend up to 2034. This shows that the State Government has reasonably cleared the

accumulated debts of the State. To be specific, arrears of gratuity and pension has been fully paid to deserving pensioners and the Federal Government Debt Swap has also cleared most of the State Government domestic loans.



As shown in Chart 18 above, the total debt stock of Ebonyi State Government is expected to increase by 3% in 2026 from its figure in 2025 fiscal year, after which it will move on a moderately increasing lane and continued to increase throughout the review period in line with the borrowing requirement.

Main Findings and conclusion of the Baseline Scenario under the reference debt strategy (S1) in terms of debt sustainability.

As earlier presented in Table 1 above, there are certain indicators for measuring the level of sustainability of the debt management systems of any Nigerian State. Figures 21 – 26 below present the results for Ebonyi State Government's debts across relevant indicators based on information supplied in the baseline scenario.

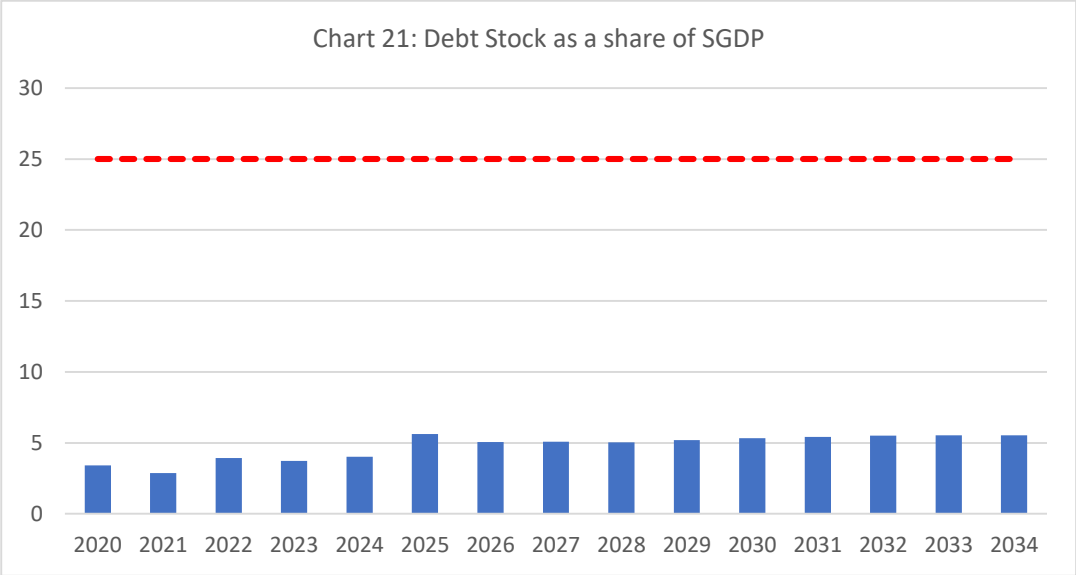
Main Findings and conclusion of the Baseline Scenario

From figure 21 below, the indicative threshold/benchmark for the indicator of State's debt stock as a share of the State's GDP is 25% (as represented by the red dotted line in the Chart).

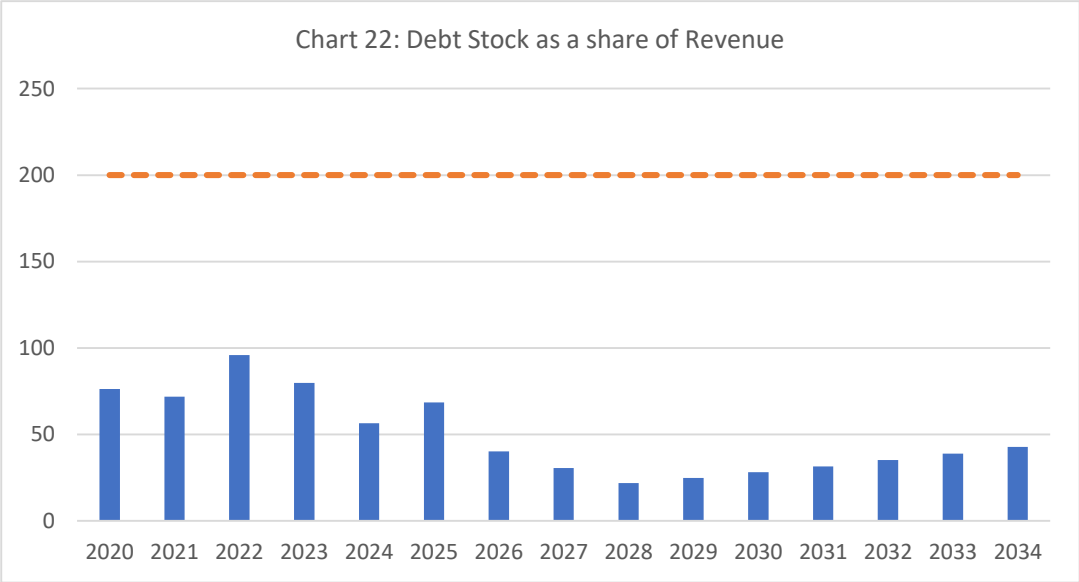
However, the debt stock of Ebonyi State Government is projected to consistently remain lessthan 10% of the State's GDP throughout the projection period of 2025 – 2034

fiscal years. This implies that on the basis of this indicator of debt stock to GDP ratio, the State's debt level will remain sustainable throughout the projection period of 2025 – 2034 as shown in the figure below.In 2025 fiscal years, the debt stock to GDP is projected at 6% and to slightly reduce to 5% between 2026-2031 and maintained 6% ratio throughout the remaining projection period.

Even with the increase of 6% in 2025,2032,2033 and 2034, the indicator still shows that Ebonyi State debt is very sustainable.

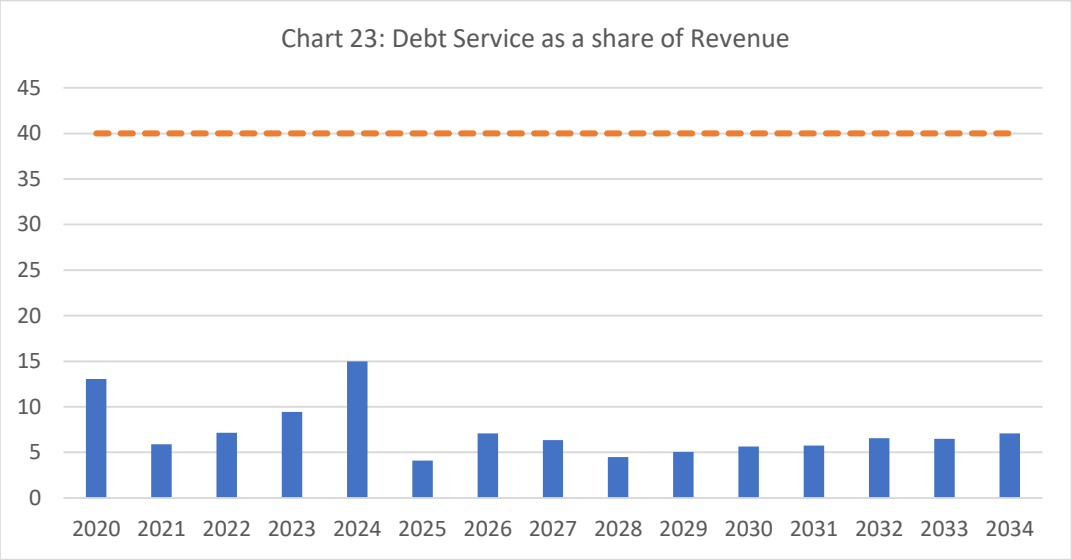


Another important indicator of debt sustainability is debt stock as a share of revenue. Figure 22 below shows the projected performance of Ebonyi State on this indicator.



From figure 22 above, the indicative threshold/benchmark for the indicator of State's debt

stock as a share of the State's revenue is 200% (as represented by the red dotted line). However, the debt stock of Ebonyi State Government is projected to consistently remain less than 100% of the State's revenue throughout the projection period of 2025 – 2034 fiscal years, In all this movement, the indicator shows that the State's debt is still very sustainable.



From figure 23 above, the indicative threshold/benchmark for the indicator of State's debt service as a share of the State's revenue is 40% (as represented by the dotted line). However, the debt service of Ebonyi State Government is projected to upswing to 6% in 2026 and dropped to its lowest of 4% in 2028 and picked up slightly in 2029 and rose to its highest level of 7% in 2034. This implies that, the upward movement of the State's debt service obligation will still be within a sustainable level throughout the medium-term period of 2025 – 2034 fiscal years.

Personnel cost is seen as one of the major factors that pressure the Government to borrow money. As a result, its share in the total revenue of any government is equally important in determining how sustainable the finances of the State will be.

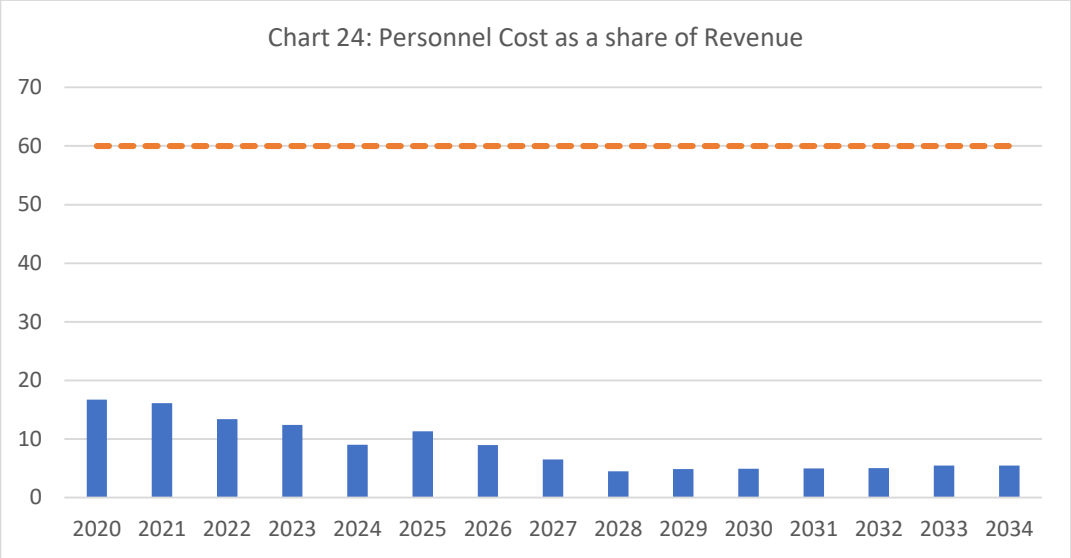
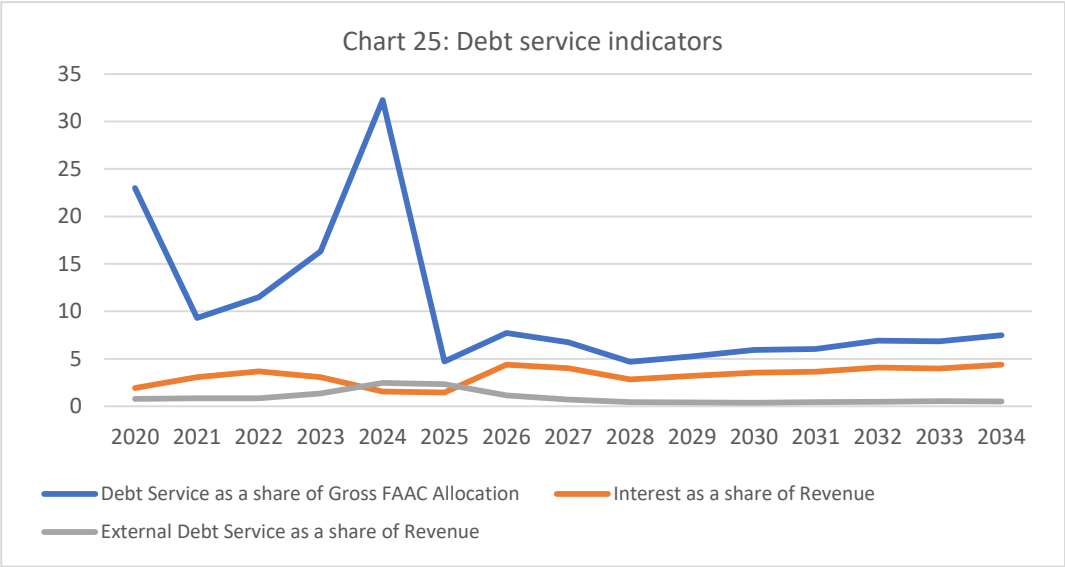


Figure 24 above presents the indicative threshold of Ebonyi State's personnel cost as a share of the State's revenue to be 60% (represented by the dotted line). However, the bars in the figure show that throughout the projected period of 2025 – 2035 fiscal years, the personnelcost of Ebonyi State Government will not exceed 11% of the State's revenue. At such level, the projected performance of Ebonyi State Government on this indicator is lower than half ofthe threshold level.



As previously shown in table 1 above, there are some indicators for measuring the sustainability of State's debt but they do not have any particular indicative threshold. The indicators are collectively presented in figure 25 above. From the figure above, debt

service as a share of the Gross FAAC Allocation of Ebonyi State is projected to be 5% in 2025, and also projected to take almost a straight-line level throughout 2026 to 2034.

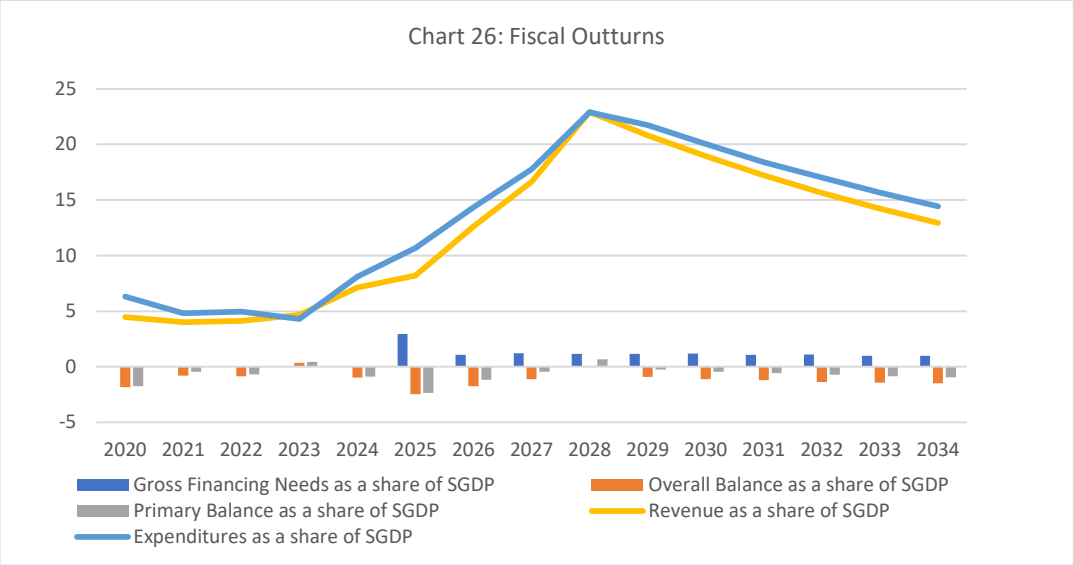


Figure 26 below shows some of the fiscal outturns of the State Government based on information supplied in the baseline scenario. From the figure, Ebonyi State's projected total expenditures as a share of the State's GDP will move from the ratio of 11% in 2025 and moved to 23% in 2028 where it is expected to move downwards to the value of 14% in 2034, On the other hand, the State's revenue to GDP ratio will move from 8 % in 2025 and moved to 23% in 2025 to 2028 and , came down to 13% in 2034. As a result of the situations of revenue and expenditure in the State, primary balance and overall balances will turn negative from 2025 – 2034 fiscal years creating room for borrowing to fill up the fiscal gap. However, from 2025 to 2034 fiscal years, the balance will be at zero level.

Conclusion of the Baseline Scenario

From all the discussions of the findings of the baseline scenario, it is clear that Ebonyi State Government operates and will continue to operate within a very sustainable level of debt management. This is because for all the indicators of debt sustainability, the State will operate within their indicative thresholds. However, it is important to point out that Ebonyi State should continue to improve on its revenue generation strategies so as to maintain its debt sustainability level going forward.

4.4 DSA Sensitivity Analysis

The debt sustainability analysis discussed in the previous subsection assumes that all things will remain equal across the various benchmarks and indicators. But it is a known fact that all things may never be equal in this case. As such, the figures presented in the baseline scenario may not appear so in reality. The changes could come as a result of several macroeconomic and policy shocks that the State's economy may witness within the projected period of 2025 – 2034. Some of such deviations may be exogenous (i.e. caused by external factors). Interestingly, out of the four shocks that are discussed here, only one of the shocks (expenditure shocks) may be considered to be entirely endogenous, though it may sometimes be considered to be exogenous. The rest of the shocks (revenue shocks, exchange rate shocks, and interest rate shocks) are mainly exogenous shocks that the State Government may only consider means and strategies for adapting to them.

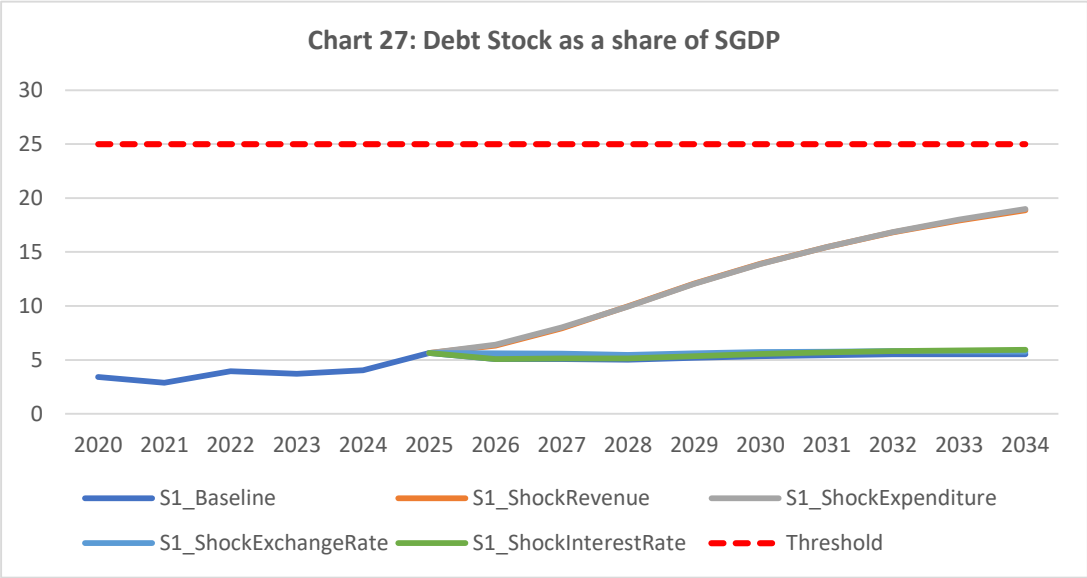


Chart 21 earlier shows that Ebonyi State Government's projected debt stock as a share of the State's GDP will remain much lower than threshold of 25% throughout the projection periodof 2025 – 2034 fiscal years. Similarly, Chart 27 above shows that even with interest rate and exchange rate shocks, the performance of this indicator remains sustainable throughout the projected period of 2024 – 2033 fiscal years. It is a common knowledge that the volatility of exchange rate can greatly affect the total debt stock of the State Government (especially if the proportion of external debt in the total debt stock

of the State is significantly high). However, based on the graphs presented in Chart 27 above, it is a clear knowledge that even the historical trend of Strategy S1 (S1 financing option) can't make this indicator to go beyond the threshold between 2025 and 2034 fiscal years.

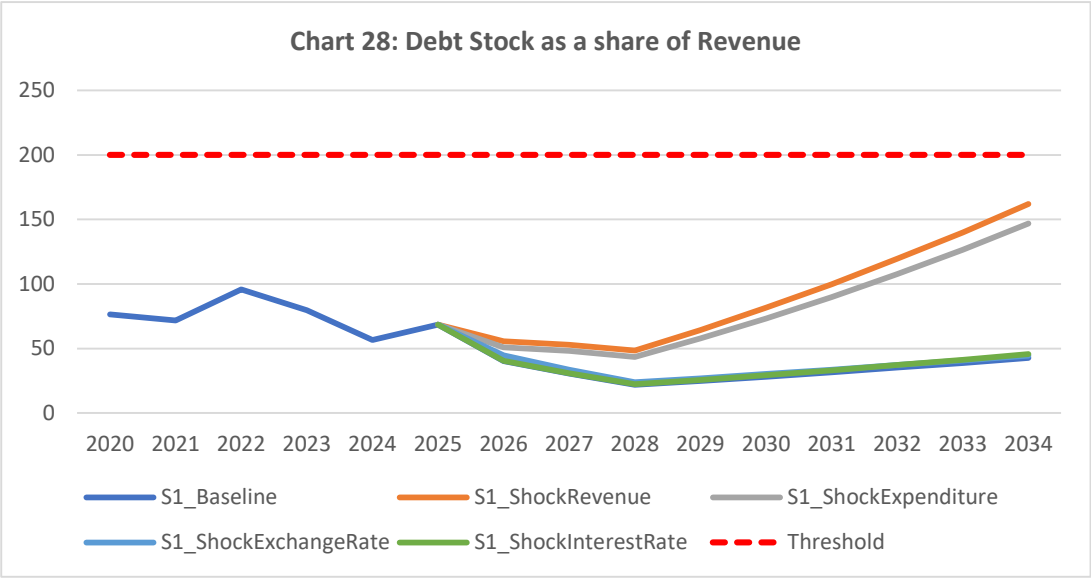
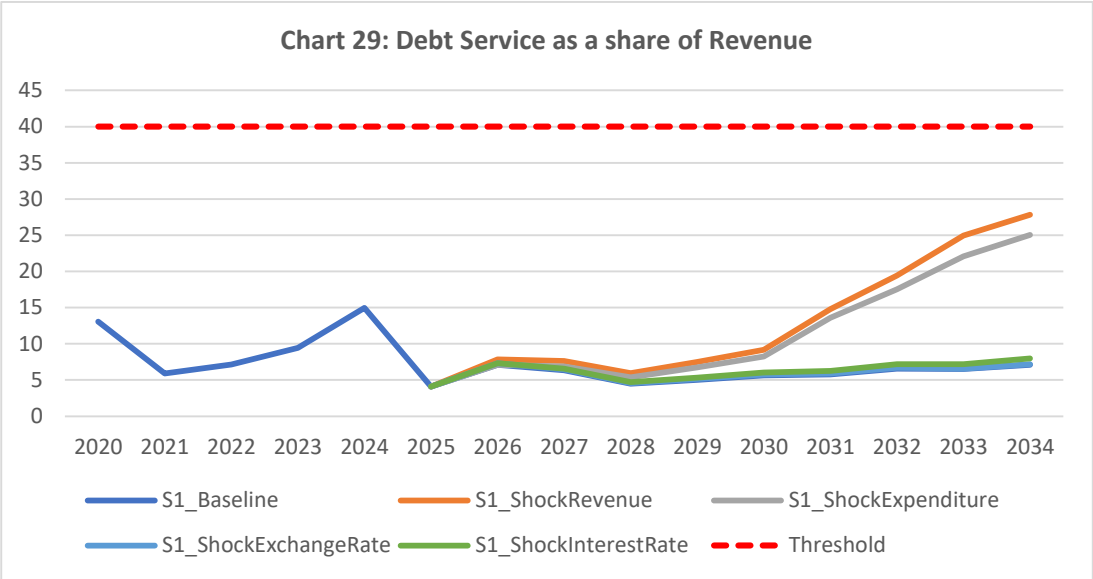


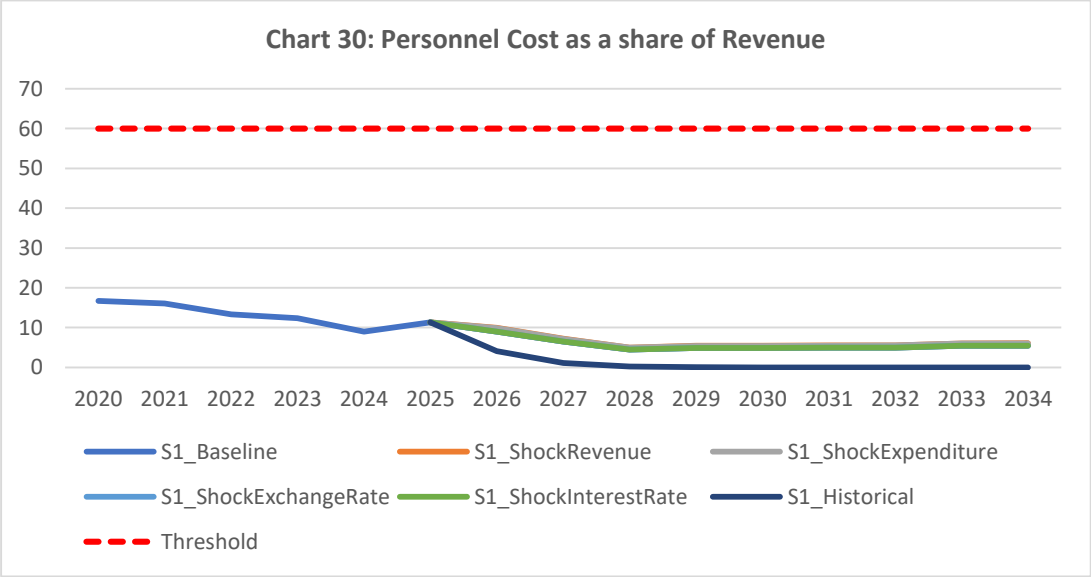
Chart 22 earlier shows that Ebonyi State debt stock as a share of the State's revenue will remain much lower than threshold of 200% throughout the projection period of 2025 – 2034 fiscal years. Similarly, figure 28 above shows that even with all the shocks (revenue, expenditure, interest rate and exchange rate shocks), the performance of the State on this indicator remains sustainable throughout the projection period of 2025 – 2034 fiscal years.

Chart 23 earlier shows that without any shocks, Ebonyi State debt service as a share of the State's revenue is sustainable and well within the threshold of 40%, throughout the projection period. Chart 29 below shows that even with some shocks (revenue shocks, expenditure shocks, exchange rate shocks and interest rate shocks), Ebonyi State debt service as a share of the State's revenue will be sustainable within the threshold of 40% from 2025 – 2034.

The overall performance of the State on all indicators of debt service to revenue ratio is within the threshold of 40% during the projection period of 2025 – 2034 fiscal years.



In Chart 30 below, the presence of all the shocks (revenue, expenditure, interest rate and exchange rate shocks) may not exert any significant influence on the performance of Ebonyi State on the indicator of personnel cost to revenue ratio. Therefore, all indicators remain sustainable and even more sustainable of the indicators even when the shocks are introduced. In fact, the performance is projected to be below 10% throughout the projection period of 2025 – 2034 fiscal years. Onthe other hand, the threshold is set at 60%. This means that the projected performance is lower than half of the threshold throughout the projection period of 2025 – 2034 fiscal years.



To restore and subsequently maintain sustainability, Ebonyi State Government is planning to implement the following policies and actions;

a. Improving the IGR position of the state by introducing technology and bringing more people into the tax net

b. Aligning State government's income and expenditure by keeping spending limits within the dictates of available resources and fiscal sustainable debt position;

c. Emphasis on achieving a more favorable balance for capital expenditure through restraining the increasing trend in recurrent expenditure;

d. Ensuring that the budget process is pursued with a framework that supports strategic prioritization and rational resource allocation and under the overall development policy objectives of the State; and

e. Ensure strict adherence to due process in budget execution as well as accountability, transparency and prudence in the entire public financial management process.

f. The State is also embarking on various reforms to block revenue leakages

g. Staff Verification Exercise is being done to reduce personnel cost and by extension recurrent expenditure

5. DEBT MANAGEMENT STRATEGY

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. This debt management presupposes that government's debt may go beyond sustainable and manageable proportions if there are no laid down strategies for managing the portfolios. To be able to effectively manage public debts, one of the issues that must be regularly considered has to do with the cost of any borrowing option. The cost of any borrowing option does not only entailthe interest rate, but also the conditions and requirements for facilitating the loan. Another important issue to consider has to do with the risk involved in the borrowing option. On its own, the risk involved in any borrowing option may not necessarily be about the particular debt instrument, but about how contracting that particular debt instrument may affect the possibility of the State accessing other financing options in the nearest future. This risk could be associatedwith capital or money market operational guidelines and may hinder a State from future borrowing.

Debt management strategy combines the analysis of the three main outcomes of debt stock/revenue ratio, debt service/revenue ratio, and interest payment/revenue ratio. Each of these three outcomes considers the implications of debt obligations on the earning capacity of the State. Debt stock/revenue ratio considers how easily the State's revenue can cater for amortizing the entire debt stock. Debt service/revenue ratio considers how easily a state is able to meet the recurrent debt obligations it has from her revenue sources. The idea is to ensure that the State does not at any point in time have to borrow to be able to pay all her due obligations on old debts.

5.1 Alternative Borrowing Options

There are several options for domestic and External borrowing, but the State intends to consider two major options of domestic and one option of the external financing within the projected period.

These three options to be considered are:

1.**COMMERCIAL BANK LOANS:** This option has two sources, the short term commercial loan which comes with **35% interest rate, 1- 5 years maturity period without grace period**. The second source of commercial bank loan is the one with **29% interest rate, maturity period of 6years and above and sometimes comes with or without grace period.** These sets of commercial bank loans does not necessarily need many procedures to facilitate as the need for deficit financing arises. This category will account for up to about 40% of the entire borrowing needs of the State within the forecast period. The main advantage of this source of financing is the ease with which it can be secured. This ease arises from the fact that it can even be facilitated through informal relationship with commercial bank operators. The requirements and conditions for this domestic borrowing to take place are not usually very stringent. However, the downside of borrowing internally lies in the costs (interest rates and maturity period) of it, which are usually higher than those of external loans. It may actually be easier and faster to borrow from domestic sources but may not be cheaper to do so and have relatively shorter maturity period.

2. **OTHER DOMESTIC FINANCING**: They are commercial bank loans that are facilitated by the Federal Government of Nigeria as budget intervention funds (e.g. the Agric loan, MSMEDF, etc) only. This domestic borrowing option, though channeled through commercial banks, is usually coordinated by the Central Bank of Nigeria on behalf of the Federal Government of Nigeria. With a ***maximum of 9% interest rate, with 30 years maturity period*** and 2 years grace period. Givenits relatively lower costs (interest rate and maturity period), this should have been the first option to be considered by Ebonyi State Government for deficit financing. This implies that the State will have ample time to invest the borrowed funds and expect returns from the investment to be able to cover for the debt service obligations. However, this borrowing option is usually available only at the behest of the Federal Government through the Federal Ministry of Finance and the Central Bank. This means that it may not always be available to be accessed by the State Government at any point of need. This is why it is considered as the second option in this projection period given its uncertainties.

3. **EXTERNAL FINANCINGOPTIONS (Concessional Loans *World Bank, AfDB, etc.*)**: These type of loans are projected to be facilitated by multilateral financial institutions at ***2% interest***

rate with maturity period of upto 40 years and 10 years grace period. External borrowing may be the most suitable for augmenting deficit arising from medium term budget forecast. The costs (interest rates and maturity period) of borrowing externally are usually lower than those of internal/domestic loans. external loans also come with longer grace period. As inversely explained under domestic borrowing options, external borrowing may be more difficult and take a slightly longer time to facilitate.

Strategy 1 (S1) – Domestic (Commercial Bank, and Other Domestic Financing) & External Financing (concessional loans)

In this strategy 1 (S1), the State intends to access fund through the three major options mentioned above for its deficit financing. The reason for using all the options is to make sure that the State will not be stranded of fund at any time within the projection period.

Within this Strategy 1 (S1), the first option of financing would be Commercial Bank Loans. The short term, which comes with **35% interest rate, 5 years maturity period without grace period** and the one with an ***interest rate of 29.10% per annum and maturity period of 10 years .*** This category will account for up to about 46% of the entire borrowing needs of the State within the forecast period.

The second option of financing for the strategy would be Other Domestic Financing. They are commercial bank loans that are facilitated by the Federal Government of Nigeria as budget intervention funds as already explained above with ***9% interest rate, with 30 years maturity period*** **and 2 years grace period.** This option is projected to account for about 32% of the borrowing need of the period.

The third option to attend to the borrowing need of this strategy 1 is the External Financing (Concessional Loans) with ***2% interest rate, maturity period of 40 years*** and 10 years grace period. It is to account for 22.5% of the projection period's financing.

It is important to emphasize that the use of all the options in this strategy, is to make sure that the State will not be stranded of fund at any time within the projection period.

Strategy 2 (S2) – Domestic (Commercial Bank Loans and Other Domestic Financing)

This second Strategy (S2) considers financing all the fiscal gaps from commercial bank loans of a maximum 29.10% per annum and 10 years maturity period. This source of financingoption is a long term commercial bank loan of 10 years maturity with or without

grace period. It accounts for 36% of the total fund needed to finance the expected deficit for the period under review,

Strategy (S2) is also projected to have an alternative source of financing which is Commercial bank loans that are facilitated by the Federal Government of Nigeria as budget intervention funds as explained in S1 above. Their interest rates are usually at ***maximum of 9% per annum, maturity periods of 30 years*** and 2-years grace period. Givenits relatively lower costs (interest rate and maturity period), this should have been the first option to be considered by Ebonyi State Government for deficit financing. This implies that the State will have ample time to invest the borrowed funds and expect returns from the investment to be able to cover for the debt service obligations. However, this borrowing option is usually available only at the behest of the Federal Government through the Federal Ministry of Finance and the Central Bank. This means that it may not always be available tobe accessed by the State Government at any point of need. This is why it is considered as the second option in this strategy given its uncertainties. This borrowing option covers 64% of the financing need for the period.

Strategy 3 (S3) – Domestic (Commercial bank Loans) & External (Concessional Loans)

This strategy is projected to source the financing of Ebonyi State financial gap from two sources like other Strategies as follows: 1. Commercial bank long term loans with a maximum of ***29.10% interest rate per annum and 10 years maturity period without grace period.*** This has already been described in (S1) alternative source of financing above. This takes 37.5% of the total borrowing requirement for the review period.

2. Another financing option projected for (S3) is borrowing from external sources. As inversely explained under domestic borrowing options, external borrowing may be more difficult and take a slightly longer time to facilitate. External borrowing may be the most suitable for augmenting deficit arising from medium term budget forecast. The costs (interest rates and maturity period) of borrowing externally are usually lower than those of internal/domestic loans. In this report, the external loans are projected to be facilitated by multilateral financial institutions at ***2% interest rate with maturity period of upto 40 years*** and 10 years grace period. This strategy should have been the best strategy given the relatively lower interest rate and long maturity period; external loans also come with longer

grace period. However, it may actually be more difficult and even take longer time to facilitate an external loan, though it is usually cheaper to do so. In addition, most externalloans are tied to specific projects/programs and affected by fluctuating exchange rates. 62.5% of the total deficit is projected to be covered by this loan option.

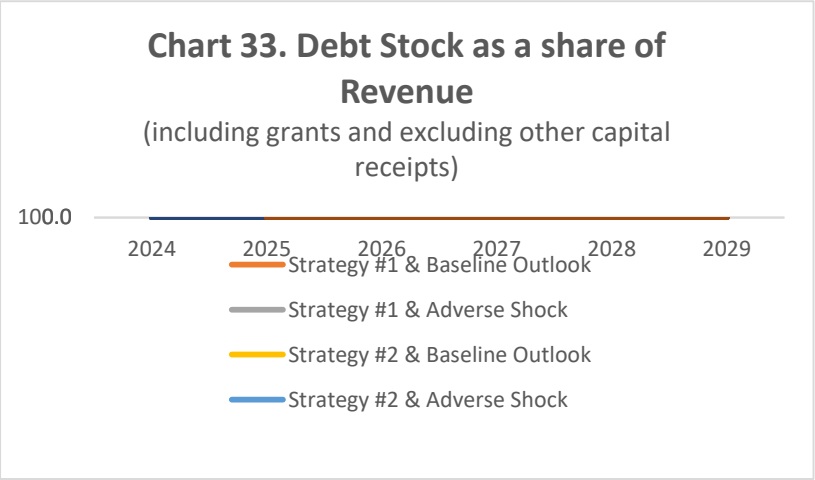
Strategy 4 (S4) –Domestic (Other Domestic Financing) & External (Concessional Loans –World Bank, AfDB, etc.)

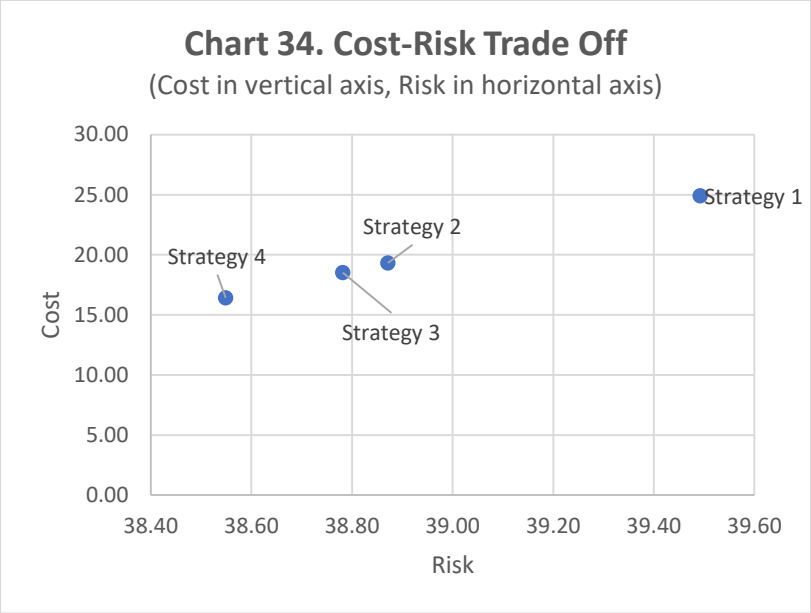
The fourth strategy for financing Ebonyi State fiscal deficit within the projection period of 2024 – 2033 also has two alternative sources. The first one is borrowing from ***Federal Government Intervention Fund*** which is Commercial bank loans facilitated by the Federal Government of Nigeria and disbursed by the Federal Ministry of Finance and the Central Bank of Nigeria which fall under other domestic financing as described in the second source of financing in strategy 2 above. It will take 37.34 of the needed fund while 62.66 of the fund will go to ***External Sources*** as described in the second source of strategy 3 above.

5.2 DMS Simulation Results

With the strategies already identified, it is important to critically analyze how each of them compares with the rest in terms of costs and risks. Therefore, this subsection focuses on comparing the identified financing strategies and showing how the selected strategies perform viz-a-viz other strategies.

5.2.1 Debt/Revenue





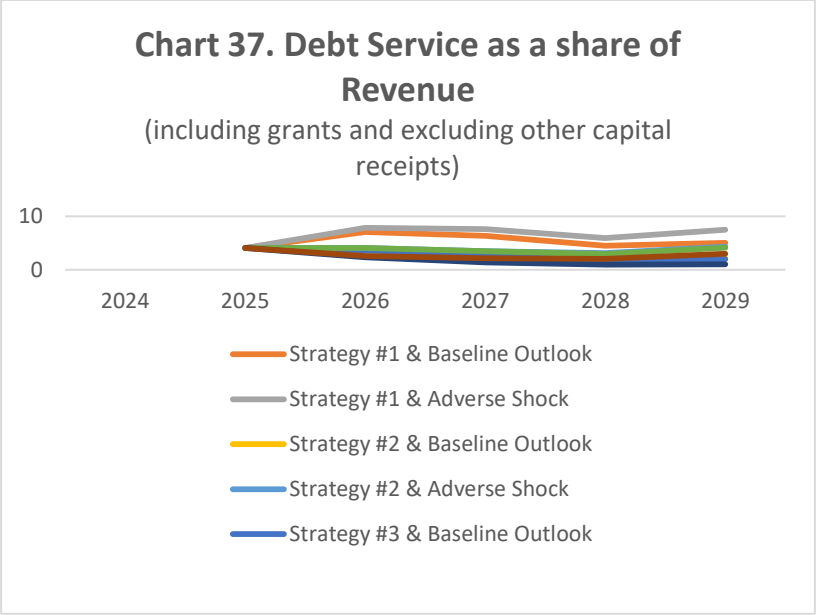
In Chart 33 above, it is clear that with all the four Strategies (S1 – S4), debt stock to revenue ratio stood at 56.5% in 2024. Going by baseline scenario, the projected debt stock to revenue ratio of the State Government will remain within sustainable level across each of the four Strategies (S1, S2, S3 and S4) for the medium-term period of 2025 – 2029 fiscal years. Precisely, the baseline scenario ratio is projected to hover far below 100% (which is lower than the threshold of 200%) for the medium-term period of 2025 – 2029 fiscal years. However, with adverse shocks associated with each of the four Strategies (S1, S2, S3 and S4), the ratio is projected to still be below 200% between 2025 – 2029.This is showing that the State is still sustainable even when adverse shock is applied.

Chart 34 equally shows that the cost of Strategy 1 is the highest across board, it also has the highest risk in 2029. On the other hand, Strategy 4, which has the lowest comparative cost, also comes with the lowest risks (including exchange rate volatility risk). Strategies S3 and S4 are the lowest. Strategies S1 and S2 are the highest (both in terms of risks and costs).

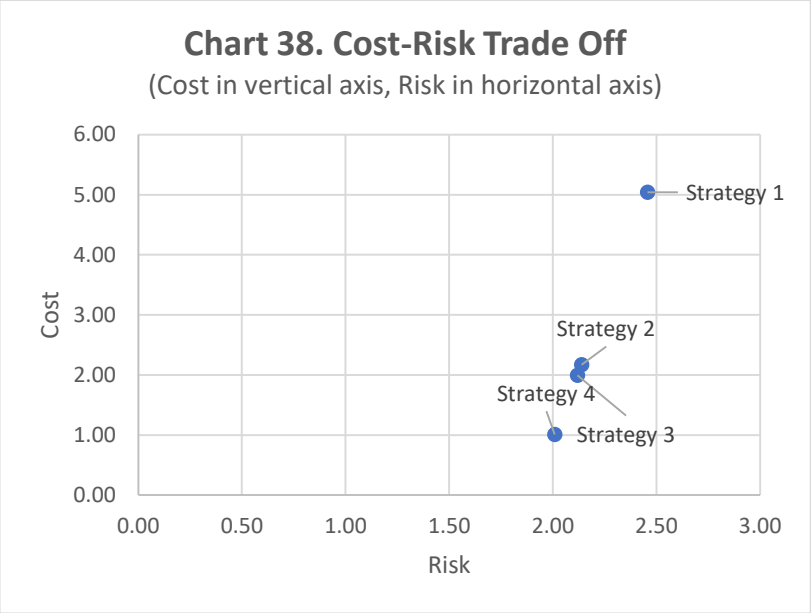
5.2.2 Debt Services/Revenue

From Chart 37 below, it is clear that with the four Strategies (S1 – S4), projected debt service to revenue ratio will remain within sustainable level (i.e. below 40% threshold) throughout the medium-term period of 2025 – 2029. Across these four Strategies (S1, S2, S3 and S4), the projected debt service to revenue ratio of the State Government whether by baseline scenario or with adverse shocks will still remain below 10% (which is far lower than

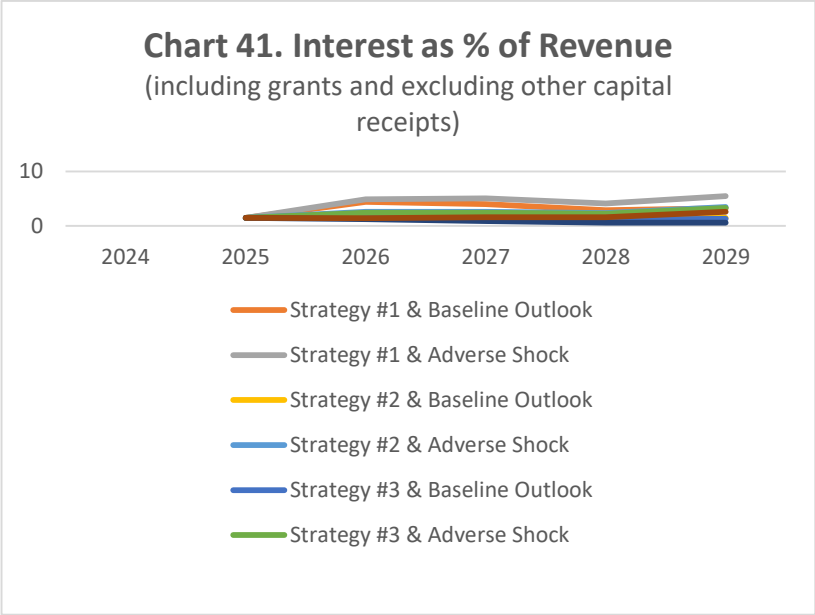
the threshold of 40% for this indicator) for the medium-term period of 2025 – 2029 fiscal years.

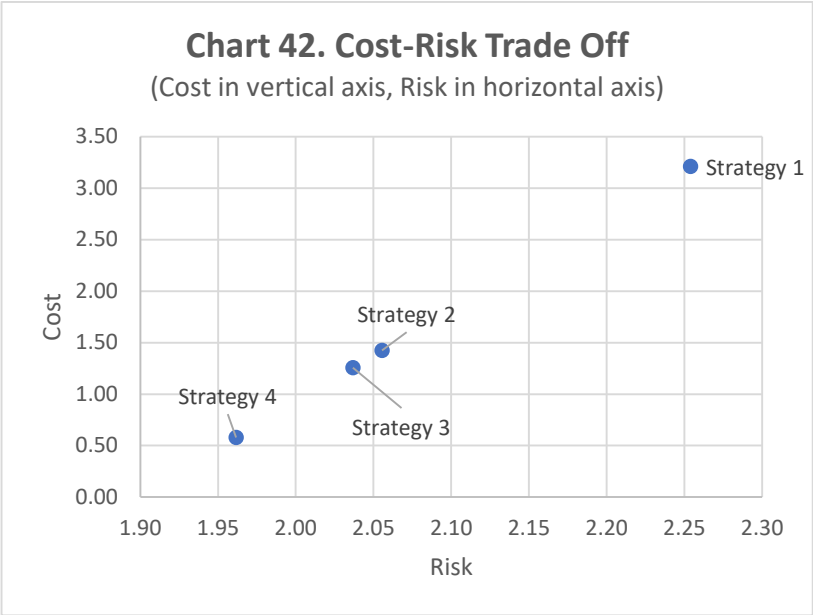


On its own, Chart 38 below shows that the cost and associated risks of Strategy 1 are the highest in 2029 fiscal year. The highest risk may be as a result of the high interest rate and no grace period associated with this source of financing within this strategy and the cost of accessing the short term Commercial bank loans and also the high exchange rate associeted to external aspect of that strategy. On the other hand, Strategy 4,which has the lowest comparative cost, also comes with the lowest risks (including exchange rate volatility risk). Strategy 3 presents the second lowest cost and risk after Strategy 4. Strategy 2 presents the second highest risk after Strategy 1 which has the highest risk and cost, also the second highest cost after strategy 1.



5.2.3 Interest/Revenue





In Chart 41 above, it is clear that with Strategy 4, projected interest obligation to revenue ratio will be at the lowest level. This is so for both the baseline scenario and the adverse shocks scenario. Strategy S4 presents the lowest level of interest to revenue ratio throughout the projection period of 2025 – 2029 fiscal years. Strategy S3 presents the second lowest projected interest to revenue ratio for the period of 2025 – 2029 fiscal years. On the other hand, Strategies 1 and 2 present the highest level of interest to revenue ratio throughout the projection period of 2025 – 2029 fiscal years. It is not surprising because the interest rates of 2% and 9% of Strategy 4, and 2% and 29.10% of strategy 3 really differ from the interest rates of 35.9%, 29.10%, 9% and 2% for Strategy 1 and 29.10% and 9% of strategy 2. Following the discussion on Chart 41 above, Chart 42 also follow same trend as Chart 41. It shows that though the cost of adopting Strategy S4 may be the lowest among other Strategies,its associated risks are also the lowest in 2029 fiscal year. On the other hand, Strategies 1 and 2, which present the highest cost (in terms of interest obligations) also, come with the highestlevel of associated risks. Strategy 3 presents mid-level cost alongside mid-level risks, coming after S4 in both cost and risk.

5.2.4 DMS Assessment

The DMS simulation results presented and analyzed in the previous subsections suggest

that Strategy 4 is the best strategy with the lowest costs across various benchmarks. But the Strategy 4 does equally present the lowest level of risk across the benchmarks. In most benchmarks, it presents the lowest level of risks and therefore need to be considered. On the other hand, Strategies 1 and 2, which present the highest levels of risks also present the highest cost for most parts of the projection period. Across the benchmarks, Strategy 3 situates somewhere in mid-level risks and costs and the next preferable in terms of both cost and risk after S4.

It is important to emphasize that the decision of the Strategy to adopt does not necessarily rely on costs and risks alone, but also on the feasibility and accessibility of the Strategy at the shortest possible time. This is because of the time frame being considered for this report – short to medium term period. S1 should have made the best strategy to consider based on the fact that it is the most feasible Strategy at the shortest possible time. But as earlier explained, Strategy 1 is considered the costliest and most risky (based on some benchmarks), but it still remains the easiest to come by at any time of quick financial intervention in the State's fiscal system. The ease comes from the fact that it can be facilitated by existing informal relationships between the State officials and the commercial bank operators. Such level of ease may not be applicable across the other Strategies (3 & 4) but is also applicable to strategy 2. **However, having considered all the benchmarks in the light of the costs and risks involved in each of the Strategy, this report goes with Strategy 2 as the preferred strategy.** The choice of this Strategy (S2) is made strictly on the basis of the Strategy which e**ven though has relatively high cost and risk but** more **feasible** and easily **accessible**.

To maintain an adequate balance between cost of carrying debt and exposure to risks, the state will be implementing appropriate fiscal policies which will make debt ratios to be restored to more appropriate levels over time. The state also intends to embark on proper pricing of the new debts that will be contracted during the projection period. This will automatically impact positively the cost of debt for the state.

Annex I. Table of Assumptions

State GDP (at current prices)	As reported by NBS and WBG	Debt Management Office, Abuja
Revenue		
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	Projections based on 2025 budget, State MTEF figures (2026 -2028) 1% increase from 2029 to 2034	Office of the Accountant General Ebonyi State
1.a. of which Net Statutory Allocation ('net' means of deductions)		Office of the Accountant General Ebonyi State
1.b. of which Deductions	Deductions are based only on agreed loan principal and interest in the amortization schedule.	Office of the Accountant General Ebonyi State
2. Derivation (if applicable to the State)	Nil derivation for none oil producing State	Office of the Accountant General Ebonyi State
3. Other FAAC transfers (exchange rate gain, augmentation, others)	Projections based on 2025 budget, State MTEF Figures from 2026 - 2028 and 1% projection from 2029 - 2034	Office of the Accountant General Ebonyi State
4. VAT Allocation	Projections based on 2025 budget, then State MTEF figures from 2026 to 2028, 1% increase from 2029 - 2034.	Office of the Accountant General Ebonyi State
5. IGR	Projections based on 2025 budget, State MTEF figures from 2026 - 2028, 5% continously from 2029 - 2034	Office of the Accountant General Ebonyi State
6. Capital Receipts		Office of the Accountant General Ebonyi State
6.a. Grants	Expected from sources like UBEB, COPREP, TETfund, PHCDA, INFRASTRUCTURE GRANTS etc. from 2026 to 2028 is projected using MTEF Figures, then annual increase at the rate of 2% from 2029 to 2034	Office of the Accountant General Ebonyi State
6.b. Sales of Government Assets and Privatization Proceeds	N/A	Office of the Accountant General Ebonyi State
6.c. Other Non-Debt Creating Capital Receipts	Projection based on 2025 budget, State MTEF Figures from 2026 - 2028, then projected to be same value between 2029 - 2034.	Office of the Accountant General Ebonyi State

Expenditure		
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	Projections based on 2025 budget, State MTEF Figures 2026 - 2028, 10% increase in 2029, 2% from 2030 - 2032 and 10% in 2033 and back to 2% in 2034.	Office of the Accountant General Ebonyi State
2. Overhead costs	projections based on 2025 budget, State MTEF Figures from 2026 - 2028, 5% from 2029 to 2034	Office of the Accountant General Ebonyi State
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	Projected inline with the interest figures in the Loan Amortization Schedules	Office of the Accountant General Ebonyi State
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)	N/A	Office of the Accountant General Ebonyi State
5. Capital Expenditure	Projections based on 2025 budget, State MTEF Figures from 2026 - 2028, 2% yearly increase from 2029 - 2034.	Office of the Accountant General Ebonyi State
Closing Cash and Bank Balance	This is determined by the difference between total revenue and total expenditure all through the projection period	Office of the Accountant General Ebonyi State
Debt Outstanding at end-2024		
External Debt - amortization and interest	As reported to DMO	DMO, Abuja.
Domestic Debt - amortization and interest	As reported to DMO	DMD, Ministry of Finance and Economic Development. Ebonyi State
New debt issued/contracted from 2025 onwards		
New External Financing		
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	2% interest rate, 40 years maturity period and 10 years grace period.	DMO, Abuja.
External Financing - Bilateral Loans		DMO, Abuja.
Other External Financing		

New Domestic Financing

Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	35.9% interest rate, 5 years maturity without any grace period.	DMD, Ministry of Finance and Economic Development. Ebonyi State
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	29.1% interest rate, 10 years maturity period and no grace period.	DMD, Ministry of Finance and Economic Development. Ebonyi State
State Bonds (maturity 1 to 5 years)	N/A	DMD, Ministry of Finance and Economic Development. Ebonyi State
State Bonds (maturity 6 years or longer)	N/A	DMD, Ministry of Finance and Economic Development. Ebonyi State
Other Domestic Financing	9% interest, 30 years maturity period and 2 years grace period.	DMD, Ministry of Finance and Economic Development. Ebonyi State

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

New Domestic Financing in Million Naira

Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	35.9% interest rate, 5 years maturity without any grace period.	NPR Rate
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	29.1% interest rate, 10 years maturity period and no grace period.	NPR Rate
State Bonds (maturity 1 to 5 years)	N/A	N/A
State Bonds (maturity 6 years or longer)	N/A	N/A
Other Domestic Financing	9% interest, 30 years maturity period and 2 years grace period.	NPR Rate

New External Financing in Million US Dollar

External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	2% interest rate, 40 years maturity period and 10 years grace period.	NPR Rate

External Financing - Bilateral Loans		
Other External Financing		

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

New Domestic Financing in Million Naira

Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	35.9% interest rate, 5 years maturity without any grace period.	NPR Rate
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	29.1% interest rate, 10 years maturity period and no grace period.	NPR Rate
State Bonds (maturity 1 to 5 years)	N/A	N/A
State Bonds (maturity 6 years or longer)	N/A	N/A
Other Domestic Financing	9% interest, 30 years maturity period and 2 years grace period.	NPR Rate

New External Financing in Million US Dollar

External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	2% interest rate, 40 years maturity period and 10 years grace period.	NPR Rate
External Financing - Bilateral Loans		
Other External Financing		

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

New Domestic Financing in Million Naira

Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	35.9% interest rate, 5 years maturity without any grace period.	NPR Rate
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	29.1% interest rate, 10 years maturity period and no grace period.	NPR Rate
State Bonds (maturity 1 to 5 years)	N/A	N/A
State Bonds (maturity 6 years or longer)	N/A	N/A
Other Domestic Financing	9% interest, 30 years maturity period and 2 years grace period.	NPR Rate
New External Financing in Million US Dollar		
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	2% interest rate, 40 years maturity period and 10 years grace period.	NPR Rate
External Financing - Bilateral Loans		
Other External Financing		
Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S4		
New Domestic Financing in Million Naira		
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	35.9% interest rate, 5 years maturity without any grace period.	NPR Rate
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	29.1% interest rate, 10 years maturity period and no grace period.	NPR Rate
State Bonds (maturity 1 to 5 years)	N/A	N/A
State Bonds (maturity 6 years or longer)	N/A	N/A
Other Domestic Financing	9% interest, 30 years maturity period and 2 years grace period.	NPR Rate

New External Financing in Million US Dollar

External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	2% interest rate, 40 years maturity period and 10 years grace period.	NPR Rate
External Financing - Bilateral Loans		
Other External Financing		

Ebonyi State Technical Team

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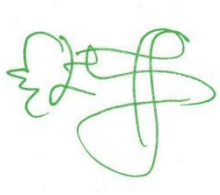
Approved By



Dr. Leonard C. Uguru
Hon. Commissioner for Finance and Economic Development.