PLATEAU STATE 2022 DEBT SUSTAINABILITY (DSA)/ DEBT MANAGEMENT STRATEGY (DMS) REPORT

DECEMBER, 2022

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CHAPTER ONE

INTRODUCTION

1.1 The Plateau State Debt Sustainability Analysis (DSA) is a detailed analysis of debt sustainability profile of Plateau State. A component of fiscal Strategy that outlines the capacity for additional financing through borrowings. It was prepared against the backdrop of the State's prevailing economic conditions and policies of Government vis-a-viz trends in revenue, expenditure and public debt. It analyses trends and patterns in the State's public finances for the period 2017-2021 and assesses the debt sustainability in 2022-2031 to evaluate the prospective performance of the State's public finances.

1.2 The DSA uses the State's revenue and Debt data to assess the State's debt sustainability in relation to the debt burden thresholds, projects its future debt sustainability as well as provide a benchmark for sound borrowing strategy for financing budget deficits and other developmental projects in the State.

1.3 The result of this DSA shows that Plateau State Total revenue rose steadily in the period under review and same is expected to rise in the projected period owing to Fiscal policies towards improving IGR by the present administration. The State made use of both non-debt related and debt related revenues to finance its budget in the years under review. The non-debt related revenues constitute most of the total revenue with FAAC figures dominating the State's revenue profile.

1.4 The Public Debt stock rose significantly over the historical years with the proceeds being used to fund important capital infrastructural projects. These borrowings will likely be stable in the few years of projection and increase significantly thereof moving the Debt to Revenue ratio above 200% by the end of 2025 through 2030 with a slight drop to 196% in 2031.

1.5 Given the State's own forecasts for the economy and reasonable assumptions concerning the State's revenue and expenditure policies going forward, there is need for the State to improve on its Internally Generated Revenue (IGR), increase its expenditure in capital developmental projects which has returns on investment and prioritize on its recurrent expenditure cut down on same to mitigate the risks of debt distress under the Baseline Scenario.

CHAPTER TWO

THE STATE FISCAL AND DEBT FRAMEWORK.

2.1 Over the last five years, Plateau State Government developed a Strategic Plan 2019-2023, centered around Agriculture, Mining and Tourism as core sectors/pillars of the economy.

The State has passed a number of new and revised laws related to Public Financial Management over the last five years. The Plateau State Revenue Consolidation Law empowers the State to increase IGR and establish a harmonized revenue generation and collection system amongst others.

Also, the State Government has developed an Arrears Clearance Framework geared towards reducing its liabilities in Contractors' Arrears, Pension and Gratuity, Judgement Debt, Salaries and other staff Claims and other non-debt liabilities which are short term because they arose from unsettled obligations from previous years. Going forward, it is important for the government to strive to meet its recurrent liabilities when they fall due so as to avoid the consequences of accumulating payment arrears that crystalize into domestic debts.

2.2 Plateau State has in time past institutionalized the preparation of Medium-Term Expenditure Framework (MTEF). The document serves as a tool for multi-year fiscal Planning and Budget formulation process aimed at enabling the State Government to set fiscal targets and effectively allocate resources to strategic priorities as enshrined in the State Development Strategy 2019-2023. Key elements of the MTEF are the Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS) with the current edition covering the period 2023-2025.

The EFU provides economic and fiscal analyses which form the bases for the budget planning process. It assesses the budget performance and identifies factors affecting implementation. This is aimed at guiding policy and lawmakers in the State Government. The FSP is directed at improving the efficiency and effectiveness of spending within the three core development pillars at fiscally sustainable perspective. The BPS states the policy goals that will guide Government budget decisions and how realistic are changes in Government's short and long-term objectives to responsible fiscal management.

The 2022Budget tagged "Budget of Economic Recovery and Consolidation of inclusive Infrastructural Growth 2" was prepared considering the current economic realities orchestrated by COVID -19, inflation and insecurity with reasonable degree of consistency both in policy and realism to achieving the administration's policy thrust. The budget size for the year 2022is N106,807,267,642.12. Capital Expenditure is N30,943,565,997.50 accounting for28.6 %, while recurrent (Personnel and Overheads) is N76,263,701,644,62 representing 71.4%.

INDICATIVE THREE-YEAR FISCAL FRAMEWORK

The three- year fiscal framework for the period 2023 – 2025 is presented in the table below.

Plateau State Medium Term Fiscal Framework

ITEMS	**2023**	**2024**	**2025**
National inflation	13.10%	12.70%	12.30%
National real GDP Growth	2.30%	2.50%	2.50%
Oil Production Benchmark	1.6000	1.7000	1.8000
Oil price Benchmark	$75.00	$68.00	$60.00
NGN:USD Exchange Rate	415.62	415.62	415.62
Other assumptions			
Mineral ratio	22%	25%	25%
Recurrent revenue	**2023**	**2024**	**2025**
Statutory allocation	54,860,539,618.00	62,101,675,232.00	65,541,514,391.00
net derivation	0	0	0
VAT	26,632,539,638.00	37,963,834,442.00	46,755,514,391.00
IGR	26,632,539,638.00	29,295,793,602.00	32,225,372,962.00
Other Federal Account transfers	4,500,000,000.00	4,500,000,000.00	4,500,000,000.00
Total recurrent revenue	**116,917,645,335.00**	**133,861,303,276.00**	**149,022,655,955.00**
Recurrent expenditure	**2023**	**2024**	**2025**
CRF Charges	7,081,879,031.00	7,152,697,821.00	7,224,224,800.00
Personnel	32,360,358,680.00	33,331,169,441.00	34,331,104,524.00
Overheads	26,202,090,011.00	26,988,152,712.00	27,797,797,293.00
Total	**65,644,327,722.00**	**67,472,019,974.00**	**69,353,126,617.00**
Transfer to capital Account	**24,540,368,532.00**	**40,758,467.601.00**	**56,515,773,637.00**
Capital receipts			
Grants	20,753,330,872.00	20,753,330,872.00	16,808,195,648.00
Other capital receipts	0	0	0

Total	**20,753,330,872.00**	**20,753,330,872.00**	**16,808,195,648.00**
Reserves			
Contingency reserve	0	0	0
Planning reserve	0	0	0
Total reserves	**0**	**0**	**0**
Capital expenditure	**55,293,699,404.00**	**71,511,798,473.00**	**83,323,969,285.00**
Discretional funds	36,919,968,532.00	53,138,067,601.00	68,333,873,637.00
Non-discretional funds	18,373,730,872.00	18,373,730,872.00	14,990,095,648.00
Net financing			
Total budget size	**147,670,976,207.00**	**164,614,364,148.00**	**175,830,851,603.00**
Ratios			
Growth in recurrent revenue			
Growth in recurrent expenditure			
Capital expenditure ratio			
Deficit to total expenditure			

Key Objectives of the Approved 2022 Budget is anchored on the rescue Administration's Three-pillar policy of Peace, Security and Good Governance; Infrastructural Development; and Sustainable Economic Rebirth. Also, the requirements of the State's Fiscal Transparency, and Sustainability program.

Medium Term Policy objectives and Targets

The Overall medium-term policy objectives are:

i. Achieve a recurrent to capital expenditure ratio of 40:60 by 2024;
ii. Create efficiencies and effectiveness in personnel and overall expenditure to allow greater resource for capital development;
iii. Grow IGR by a minimum of 10% per annum from 2023- 2025;
iv. Loans will only be used for capital expenditure projects with high yielding investment returns;
v. Long-term target of funding of all recurrent expenditure through revenue of a recurrent nature (IGR, VAT and Non-mineral component of Statutory Allocation);

vi. Critical MDAs with revenue heads be supported to generate more revenue with effective tracking mechanism in place.

vii. Target sources of capital receipts and financing outside of loans (e.g Grants);

viii. Priority in core sectors (Agriculture, Mining and Tourism), completion of on-going capital projects that aligns with the key sectors before new projects are commenced;

ix. The State Development Strategy 2019-2023 is considered the reference policy document for all state's development agenda within the Medium-term;

x. Pursue program-for-Results grants of States Fiscal Transparency, Accountability and Sustainability (SFTAS) program of the World Bank

CHAPTER THREE

STATE REVENUE, EXPENDITURE, AND PUBLIC DEBT TRENDS (2017- 2021)

3.1 REVENUE, EXPENDITURE, OVERALL AND PRIMARY BALANCE.

3.1.1 REVENUE

The Plateau State recorded a steady rise inFAAC and IGR for the period under review with FAAC figures dominating the State's revenue profile. The total revenue rose from 63.5Billion in 2017 to 93.6Billion in 2021, with Gross FAAC constituting 66.79%, IGR is 25.57 % and Grants constituting 7.64%.

There has been an increase in Statutory Allocation from 2017/2018from N44.1billion to N57.7billion as a result of the rise of global oil prices, stability in crude oil production owing to the improved security in the oil rich Niger Delta region and other economic activities which affects Company Income Tax (CIT) and Customs and Excise Duties (C&E). The State experienced a decline in 2019 by 1.94% and further declined by 2.55% in 2020 due to the supply glut in the global oil market and the effect of the Novel COVID -19 pandemic which caused a crash in the oil prices to $20/barrel.

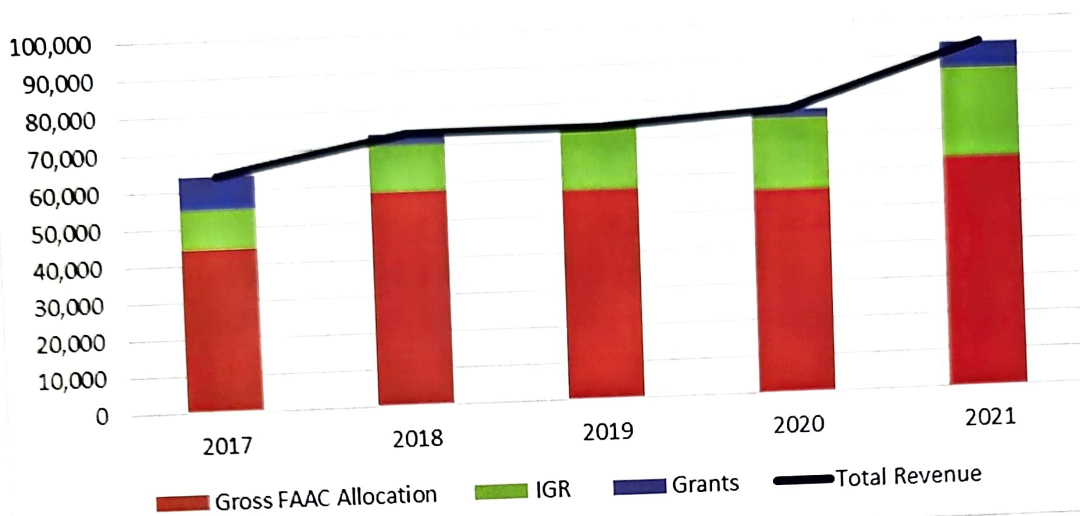
However, the position changed in 2021 with an increase in FAAC by 11.79% at 62.50billion.

VAT on the other hand rose steady throughout the historical periods (2017-2020). This could be attributed to continuous high level of Consumer Price inflation. A trend which will most likely continue following the signing into law of the Finance Bill 2019 which effectively raised the VAT rate from 5% to 7.5%. However, the Lockdown cause by the COVID -19 Pandemic has since slowed down economic activities and this is expected to cause a decrease in VAT.

During the review period, Plateau State IGR grew by an average of 22.15% between 2017 and 2021. The proportion of IGR to total revenue between 2017 to 2021 was 17% and 26% respectively, doubled in nominal terms from N10,788.00 billion to N23,926 billion. This improvement in IGR is mainly a result of the Plateau State new Revenue Consolidation Law aimed at improving collection rates, blocking leakages and broadening the tax revenue base of the State.

Revenue	2017	2018	2019	2020	2021
Total Revenue	63,502	73,281	73,045	76,688	93,569
Gross FAAC Allocation	44,089	57,693	56,572	55,131	62,498
IGR	10,788	12,726	16,474	19,122	23,926
Grants	8,625	2,862	0	2,435	7,145

Chart 1: Revenue (N$ million)



3.1.2 EXPENDITURE

The report looks at Recurrent (Personnel and Overheads) and Capital Expenditure. The state had a Total Expenditure of N79.17 billion in 2017, with a sharp rise to N104.77 billion in 2018. This figure declined to N107.41 billion in 2021. This is largely due to the rise in debt service figures as a result of the resumption of some ISPO deductions at FAAC which was hitherto suspended in 2020 and, increase in debt stock.

Personnel expenditure includes salaries and allowances of Public and Civil Servants, pensions and gratuity of retired Civil Servants in the State. Personnel cost continued to increase marginally all through the historical years because of the payment of arrears and stability in salary payment. It is expected that the implementation of the new minimum wage, recruitment of workforce as well as payment of pension obligation and backlog on pension liabilities will raise the figure, the state has made efforts to keep check on Personnel cost with the elimination of ghost workers from the salary pay roll through series of Personnel screening and validation processes.

The overheads comprise mainly of operational and maintenance costs for the running of the day-to-day activities of Government. Overhead expenditures have been somewhat volatile over the period. Observed increasing and decreasing year on year. It rose sharply to N20.06 billion in 2018 and dropped to N14,94 billion in 2020 and rose again to N20,71 billion in 2021. This was largely due to cost of running security operations and MDAs within the system. Efforts are also geared towards discretionary expenditure control to free up enough resources for the funding of capital development projects.

Capital Expenditure refers to spending on projects that generate state assets (roads, schools, hospitals etc.). The Capital expenditure fell substantially through 2017-2018 and even earlier which marked the beginning of economic recession due to decrease in Oil prices. It however maintained a steady increase from 2019 and 2020 and further dropped significantly in 2021. The Capital expenditure were proposed in the budget without taking into consideration realistic revenues to fund the projects.

Prudent forecasting of revenue, capital development fund, and tight control on recurrent expenditure will help increase the level of capital expenditure and improve budget performance going forward.

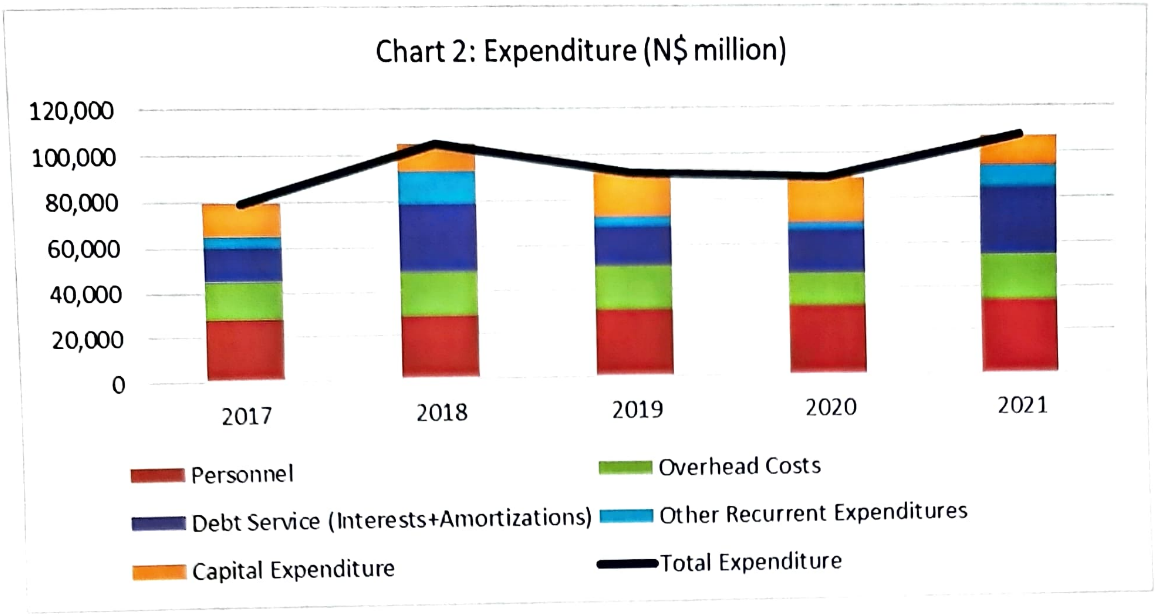
EXPENDITURE	**2017**	**2018**	**2019**	**2020**	**2021**
Total Expenditure	79,171	104,765	92,007	89,473	107,407
Personnel	27,657	28,223	30,361	31,589	34,262
Overhead Costs	17,362	20,056	19,785	14,943	20,713
Debt Service (Interests+Amortizations)	14,748	30,533	17,772	19,381	29,929
Other Recurrent Expenditures	5,263	14,345	4,619	3,545	9,336
Capital Expenditure	14,140	11,608	19,471	20,015	13,167

The composition of the Plateau State Domestic to External Debt Stock as at 31 December, 2021 stood at N142.28 billion and N13.53 billion representing 91.3% and8.7% respectively. World Bank accounts for more than 60% of the foreign debt as at 2021 with the remainder from other Multi-laterals and Bi-lateral sources. Similarly, the Domestic debt as at 2021,20.48% comprised Contractors Arrears, Pension/Gratuity Arrears, and Judgement Debt. While over 70% was various loans from Federal Government (State Bond, FGN Bond, Budget Support Facility, Salary Bailout, ECA Development Fund, Micro-Small and Medium Enterprise Development Fund, and Commercial Banks).

This portfolio mix which consists more of Domestic loans mitigates exposure to Currency and Exchange rate Risks among others because the foreign currency-denominated liabilities are less than 9% of the Total stock. Most of the internal loans include financing from the Capital market with fixed-rated obligations and Federal Government (State Bond, FGN Bond, Budget Support Facility, Salary Bailout, ECA Development Fund, Micro-Small and Medium Enterprise Development Fund.

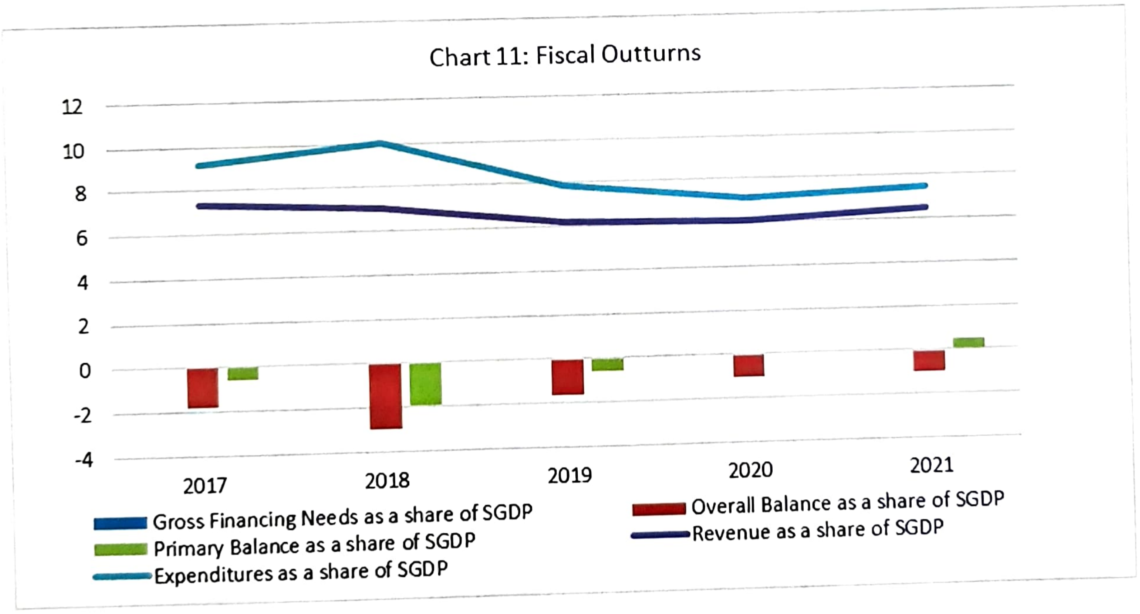
The closing debt stock by item in summary

ITEMS	CURRENCY	SCALE	YEAR 2021
Total External Debt – Stocks	**USD**	**MILLIONS**	**33.0**
World Bank (WB) (including International Development Association (IDA) and IBRD)			21.5
African Development Bank (AfDB) [including African Development Fund (AfDFP) and Africa Growing Together FUND]			9.2
Bilateral Creditor (1) [Plateau State- DESW-Third National Urban Water]			5.0
Total Domestic Debt – Stocks	**NGN**	**MILLIONS**	**142,279.7**
Budget Support Facility			17,427.8
Salary Bailout Facility			9,467.77
Restructured Commercial Bank Loans (FGN Bond)			22,751.2
Excess Crude Account Backed Loan			8,894.0
Commercial Banks Loans			11,567.4
State Bonds			12,065.1



3.1.3 OVERALL AND PRIMARY BALANCE

The overall and Primary Balance trends revealed that the Gross Financing Needs of the state was at its peak in 2018.



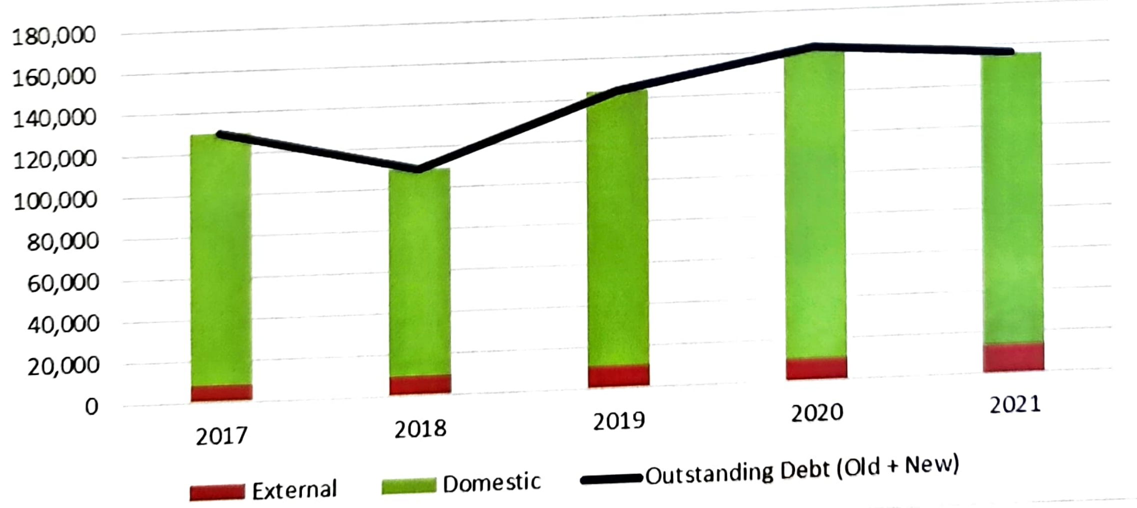
3.2 EXISTING PUBLIC DEBT PORTFOLIO

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

The Plateau State Total debt stock dropped from N129.96 billion in 2017 to N109.19 billion in 2018. This figure rose to its peak of N162.00 billion in 2020 but further declined to N155.80 billion in 2021. The state had to increase its internal borrowing to fund its annual budgets. The devaluation of the Naira in 2016, contributed to increasing debt stock (Naira value of External Debt). The debt has also grown as a percentage of State GDP but still within the 25% threshold. However, as a percentage of revenue, the State Total Public Debt Stock stood at 211% to surpassed the 200% threshold in 2020.

DEBT STOCK	2017	2018	2019	2020	2021
Outstanding Debt (Old + New)	129,963	109,198	144,122	161,995	155,802
External	7,613	8,831	10,108	10,758	13,523
Domestic	122,349	100,367	134,014	151,237	142,280

Chart 3: Debt Stock (N$ million)



Commercial Agriculture Loan (CBN Development Financing Facility)			543.9
MSMED Fund (CBN Development Financing Facility)			2,000.00
Judgement Debts			277.9
Government-to-Government Debts			3,037.6
Contractors' Arrears			12,004.5
Pension and Gratuity Arrears			13,814.0
Other Debts			28,428.7

CHAPTER FOUR

DEBT SUSTAINABILITY ANALYSIS

*"The concept of debt sustainability refers to the ability of the government to honor its future financial obligations without recourse to extreme financing. Since policies and institutions governing spending and taxation largely determine such obligations, debt sustainability ultimately refers to the ability of the government to maintain sound fiscal policies over time without having to introduce major budgetary or debt adjustments in the future. Conversely, fiscal policies are deemed unsustainable when they lead to excessive accumulation of public debt, which could eventually cause the government to take action to address the unwanted consequences of a heavy debt burden".*Government therefore should endeavor to strike a balance between revenue and expenditure, so that any debt incurred will not impact negatively on the State, leading to serious financial crisis.

Plateau State Debt burden indicators as at end-2021

Debt Indicators	Thresholds	Ratio
Debt as % of GDP	25%	11
Debt as % of Revenue	200%	163
Debt Service as % of Revenue	40%	43
Personnel Cost as % of Revenue	60%	37
Debt Service as % of FAAC Allocation	No threshold	64
Interest Payment as a of Revenue	No threshold	15
External Debt Service as % of Revenue	No threshold	0

Going by the Indicative threshold of debt service to revenue, the state is unsustainable under the baseline scenario. Going by the state's own projections, this position will decline by 2023 and all through the projected period2031 with an average of debt service to revenue of 25% which is within the acceptable threshold of 40%. This position further sees the trajectory of the State's debt rising, and surpassing the sustainability thresholds by 2028 when majority of the stress test (revenue and expenditure shocks) are applied both in the historical and projected years.

4.1 MEDIUM-TERM BUDGET FORECAST

Plateau State has developed a Medium-Term Expenditure Framework (MTEF) 2023-2025 which provided projections of revenue and expenditure of the Government based on the following assumptions.

The MTEF forecast is predicated upon a gradual recovery of the economy of the State that will increase revenue. According to the State's own forecasts, the Nigerian economy is expected to gradually recover in the period 2022-2024, with real GDP expanding at an average annual rate of 3 percent and domestic inflation decreasing below 10 percent. Such a moderate recovery will be supported by higher oil prices in the global markets, an increase in domestic production, prudent fiscal policy and the stabilization of the exchange rate relevant for international public-sector financial transactions at its current level. Oil and gas revenue as well as shared resources such as custom duties and VAT, would then increase relative to the depressed levels observed in 2020. Thus, improving the state's revenue position.

The Debt sustainability analysis is also predicated on the continuation of recent efforts to mobilize local revenue sources, and policies concerning capital investment, personnel and other operating expenses. It is assumed that Statutory Allocation and VAT grows by 3 percent (a careful assumption) given the likely inflation rates and Federal tax reforms. IGR forecast from 2022to 2025 is based on the State's approved budget and MTEF document.Thereafter2026 to 2027 are expected to grow by 10%, 2028 will grow by 8% while 2029 to 2031 will grow by 5%. This premises on the IGR reforms formalized in the Revenue Consolidation Law 2020 that provides Standardized rates, autonomous powers given to the Revenue Board for revenue collection in the State, harmonization of all taxes and reviewed Administrative processes.

Grants are anticipated to be stable based on the 2022 budget and the state Government's efforts to create a donor-friendly environment to enable more grants in the system, considering also actual performance and signed agreements with donors within and externally.

From the expenditure perspective, the 2022 figures are based on the approved budget, the 2023- 2025 figures are based on the State MTEF document. However, going forward, the state intends to reflect a growth of5% based on the historical years'performance. Government has the desire to ensure sufficient funds available for Capital Investment, but at the same time acknowledging the need to keep up with and ensure operation and maintenance cost are sufficient to maintain assets and provide services. Overhead costs are forecasted to rise by 15% in 2022, by 10% in 2023 and maintain 3% per annum over the period of 2024- 2031.

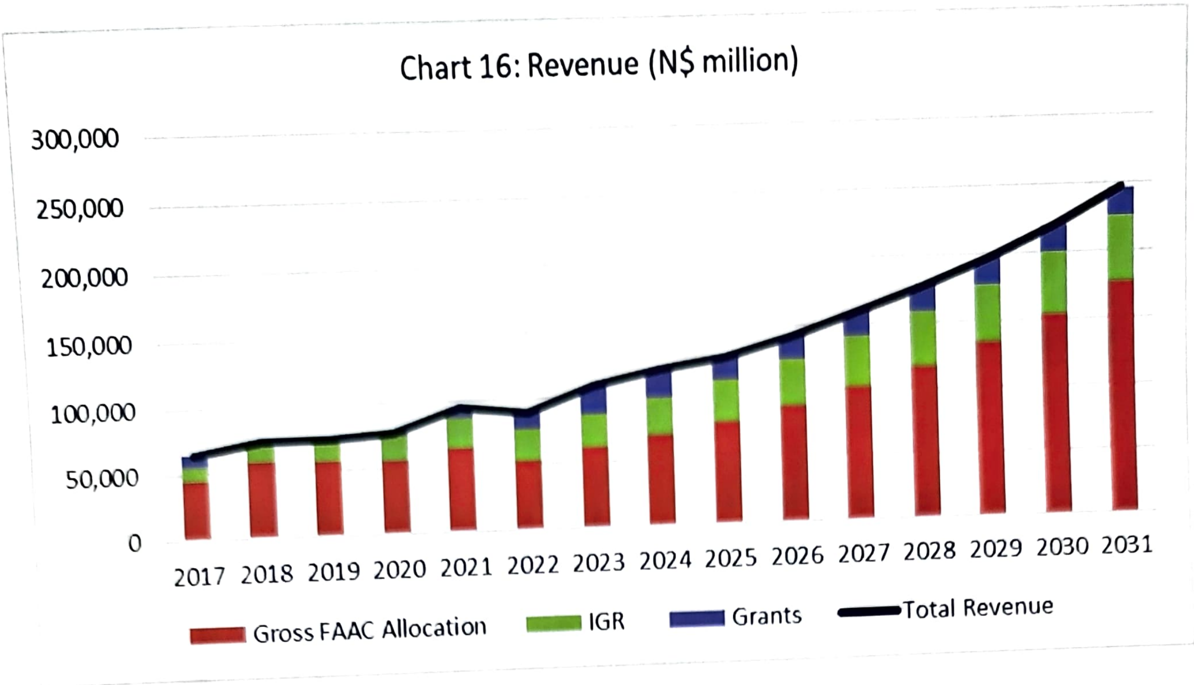
4.2. BORROWING OPTIONS

The Plateau State intends to rebalance its debt portfolio towards a mixture of long to short- term maturity for both domestic and external source. The desire to focus more of the domestic borrowings in longer maturity bonds from the Capital market over the period 2022-2031 based on 14% interest and over 10 years maturity.

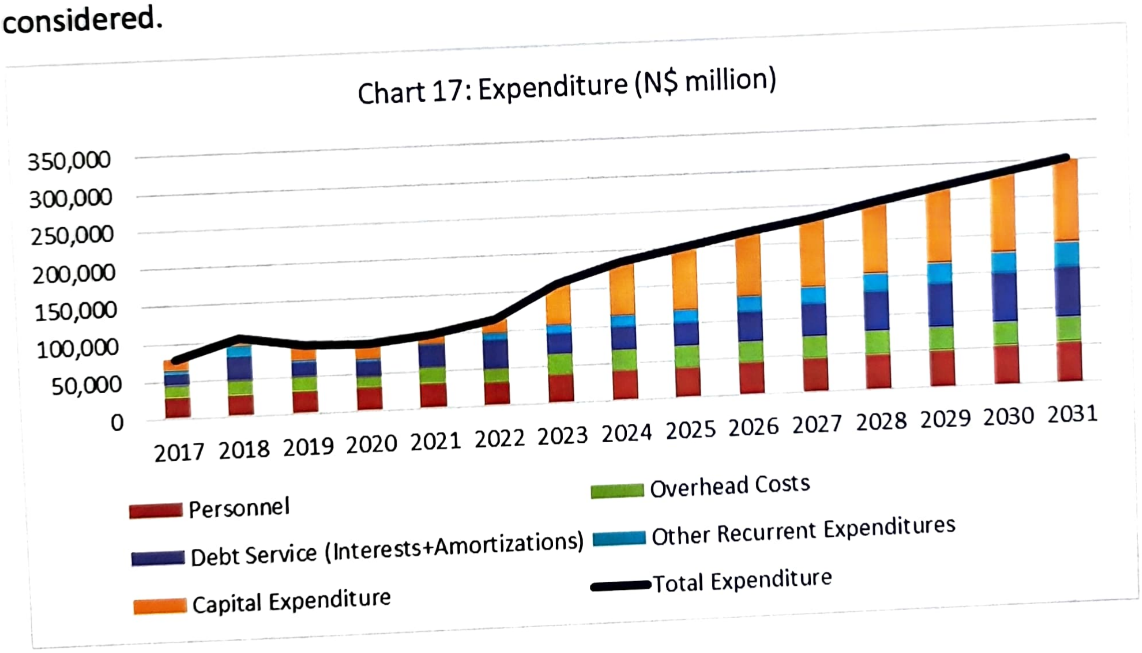
Similarly, the state intends to source from the concessional windows of both multilateral and bilateral institutions for various infrastructure development projects. The financial institutions include International Development Association (IDA), African Development Bank (ADB), African Development Fund (AFDF), etc. This is also assumed at interest rates between 1% to 2% and maturity between 10-40 years.

4.3. DSA SIMULATION RESULTS

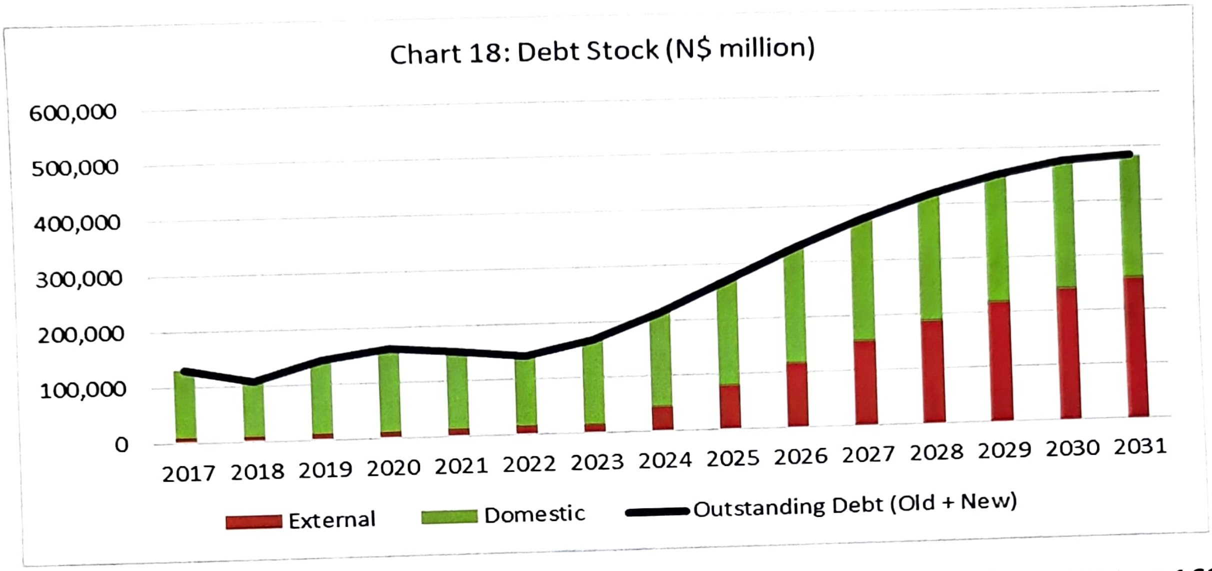
In the Baseline Scenario, the State debt appears unsustainable. Total revenue (including grants and excluding other capital receipts) is projected to increase from N93, 569 billion in 2021 to N246,738 billion by 2031 (as shown in Chart 16 below). The average nominal growth over the 10-year period is 5% (notwithstanding the figure in 2022). IGR is forecast to grow by an average of 8% compared to other revenue sources, though the latter being less under the control of the state, hence the need for prudence in estimation.



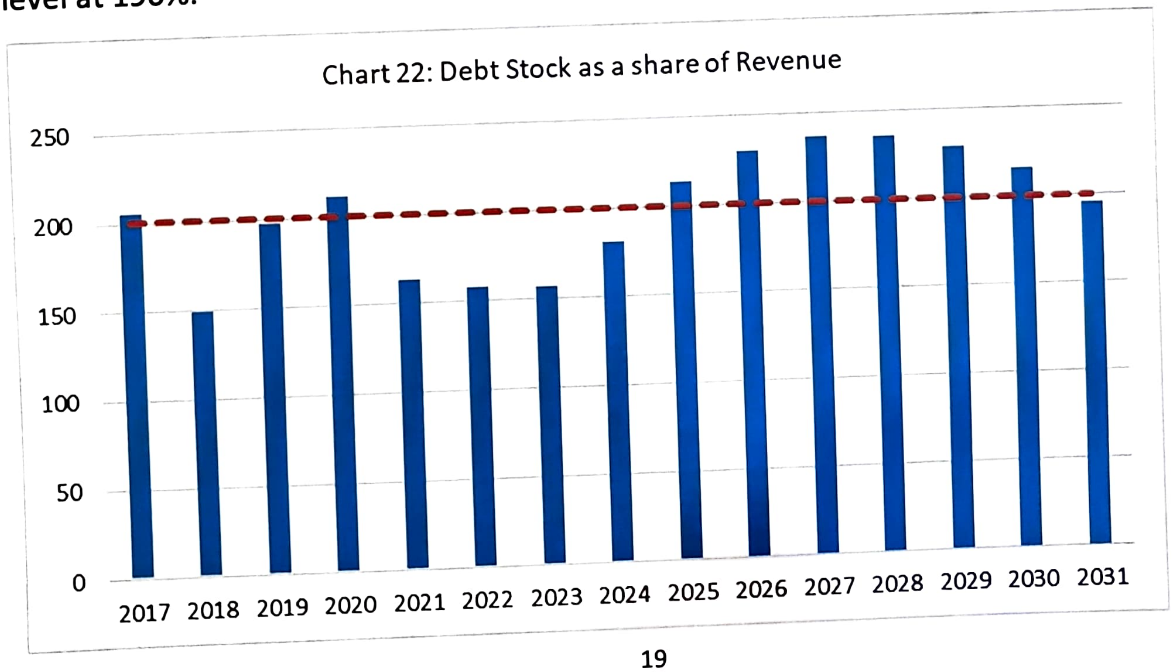
Also, notwithstanding the position in 2022, Total expenditure will gradually grow from N99,979billion in 2021 to N300,119 billion by 2031. An average growth rate of 18% was considered.



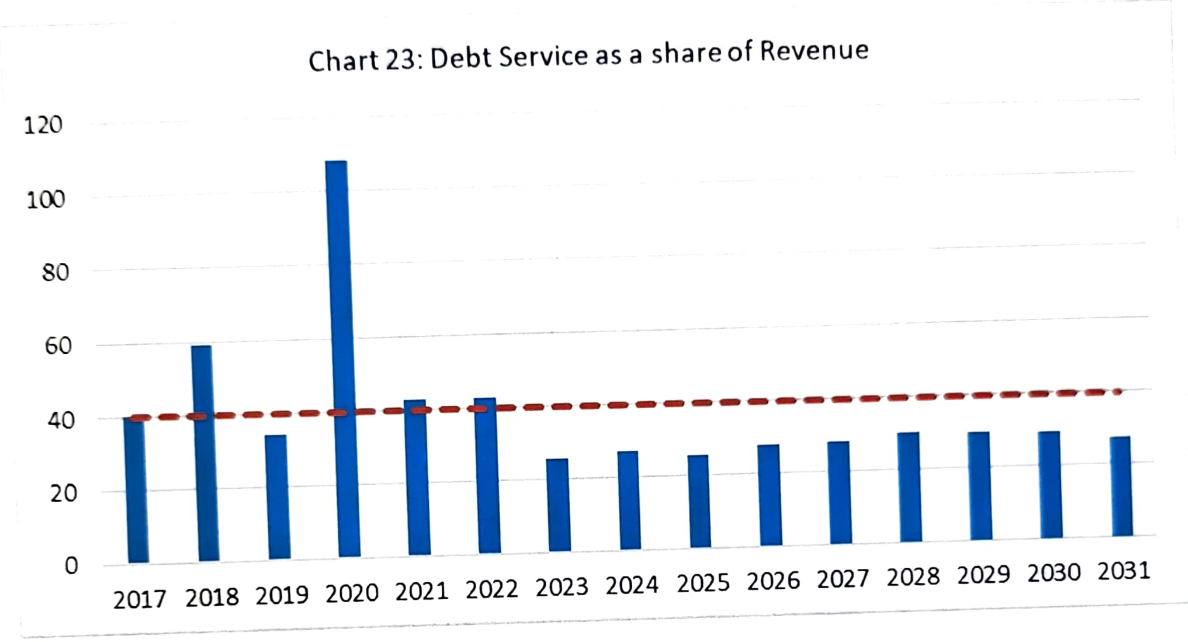
The desire for Government to provide better and improved services to its populace amidst dwindling revenues. Total Debt Stock continue to rise all through the projected period with the external debt increasing significantly compared to the historical years. The stock is anticipated to rise from N152,765 billion in 2021 to N483,192 billion in 2031 with the external debt rising significantly from year 2024 going forward.



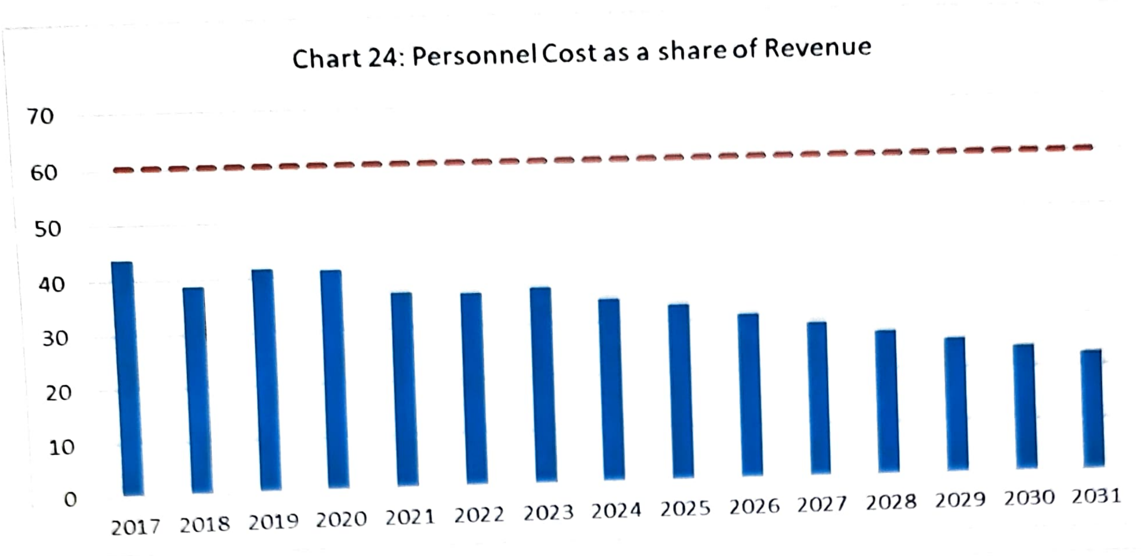
The total public debt is expected to remain within sustainable level from 2021 at 163% to 2024 at 181%. However, the 200% threshold will be exceeded from 2025 to 2030 reaching its peak in 2027 at 237% but a slight decline in 2031 replace the state within sustainable level at 196%.

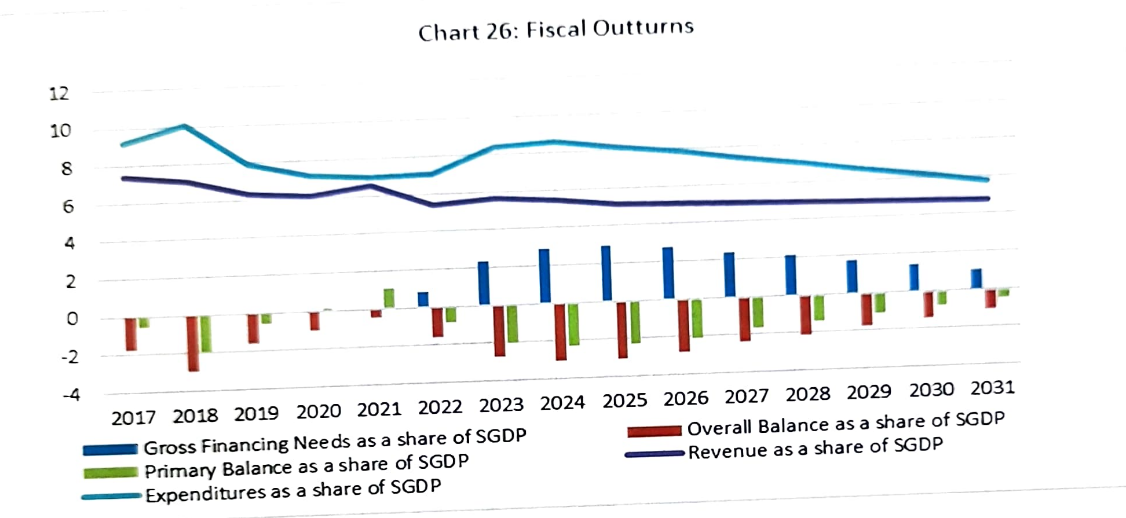


As a consequence of the increase in expenditure and total borrowings, the public debt will increase. However, due to the State's effort and policies to grow its revenue as enshrined in the new Revenue Consolidation Law, the State's repayment capacity will fall within the acceptable threshold of 40% all through the projection period with the exception of 2022 at 43%.



As revenue figures grow and the state government continue to maintain a tight balance on recurrent expenditures, Personnel cost is anticipated to decrease gradually all through the projected period and still within the threshold despite government planned recruitment for key sector, promotion of existing staff, the domestication / implementation of various professional bodies fringe benefits and the prompt placement of retired officers on pension payroll.





The Baseline Scenario results shows that the Debt as % of SGDP is projected to remain at 9% in 2022, 12% in 2026 and 9% in 2031 well below the indicative threshold of 25%. The Ratio of Debt as % of Revenue estimated at 158% in 2022, 230% in 2026 and 196% in 2031 slightly below the recommended threshold. The Debt Service as % of Revenue is estimated at43% in 2022, 28% in 2026 and 28% in 2031, while the Personnel Cost to Revenue trends remains under the recommended threshold over the projection period from 2022 at 36% to 2031 at 23%.

4.4. DSA SENSITIVITY ANALYSIS

Plateau State being part of the National economy (Nigeria) is susceptible to shocks due to government's dependency on Federal transfers which is largely dependent on oil-based revenues and other economic activities. Its IGR is moderate compared to other states of the Federation, it still likely be vulnerable to shocks. Some of the shocks are beyond the control of the state.

This section looks at five specific shocks when compared to the baseline scenario over the period 2022-2031:

- Revenue shock of 10% (ie 10% lower revenue when compared to the baseline);
- Expenditure shock of 10% (ie 10% increase in expenditure when compared to the baseline);
- Exchange Rate shock of 20% (a one-time devaluation of NGN/USD in 2022);
- Interest Rate shock of 200 basis points (ie interest rates on all debt are 2% per annum higher than the baseline);and
- Historical scenario which assumes that the State GDP, revenues and primary expenditures in 2022-2030 grow in line with their respective historical average growth rates observed in 2017-2020.

The impact of the shocks is assessed in terms of four key thresholds:

1. Debt as a % of GDP (Chart 27)
2. Debt as a % of Revenue (Chart 28)
3. Debt Service as a % of Revenue (Chart 29)
4. Personnel cost as a % of Revenue (Chart 30)

Revenue shock

The 10% revenue shock related to revenues (FAAC and IGR) and Grants is unlikely to be specific and uniform across the revenue types. For instance, in 2020 as a result of the COVID-19, aggregated revenues under this definition would have fallen, probably by more than 10%.

The impact of the shock might be an increased need to borrow, or reduces capacity to service existing debts especially the non-flow (ie Pensions / Gratuity and other Arrears of payments) amongst other things.

As shown in the Charts (27- 30), the impact of this shock will increase each of the four ratios with the Debt/Revenue and Debt Service/Revenue taking the trajectory of the state debt further above the 200% and 40% thresholds respectively by 2031. While the

Debt/SGDP and personnel cost to revenue would remain below the benchmark of 25% and 60% in 2026 and surpass that threshold by 2031.

Expenditure shock

This shock has a similar impact to the revenue shock, with an average increase of Debt to SGDP ratios of 13% all through the projection period. But the Debt to Revenue and Debt Service to Revenue further deviating from the baseline substantially as other expenditures may crowd out debt service and cause the need for more borrowing. Both ratios are further moving away from the 200% threshold for Debt to Revenue and 40% threshold for Debt Service to Revenue implying bad solvency ratios and worsening the debt position of the State.

Exchange Rate shock

Exchange Rate shocks will impact the value and servicing costs of foreign debt. As plateau state intends to take more of the foreign debts in the projected years, this shock has the potential to impact its ratios as it has been experienced regularly over the last five years.

However, due to the states intention to have a portfolio mix of 50-50 for domestic to external loans, the impact is a decline in some of the ratios.

Interest Rate Shock

The interest rate shock has impact on Debt Stock to SGDP ratio, Debt Stock to Revenue and Debt Service to Revenue ratio with the exception of debt service to Personnel cost. The impact would be an increase in all the variables with that of Debt to Revenue exceeding the 200% threshold.

Historical Shock

The historical shock actually results in a weak debt position for the four indicators when compared to the baseline.

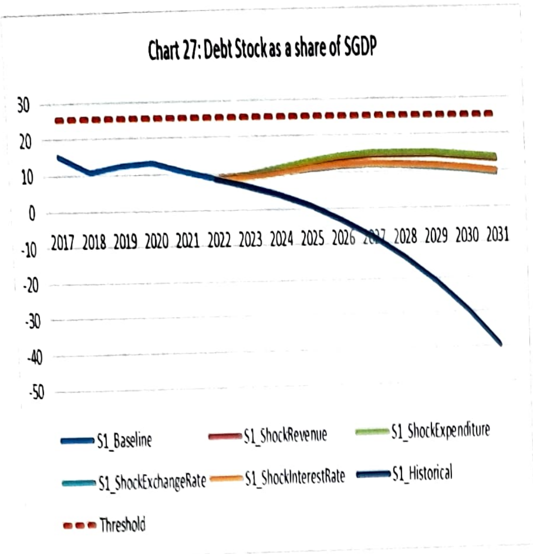


Chart 27: Debt Stock as a share of SGDP

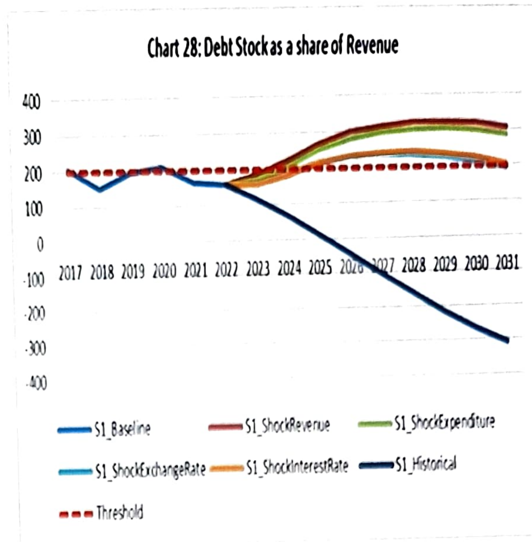


Chart 28: Debt Stock as a share of Revenue

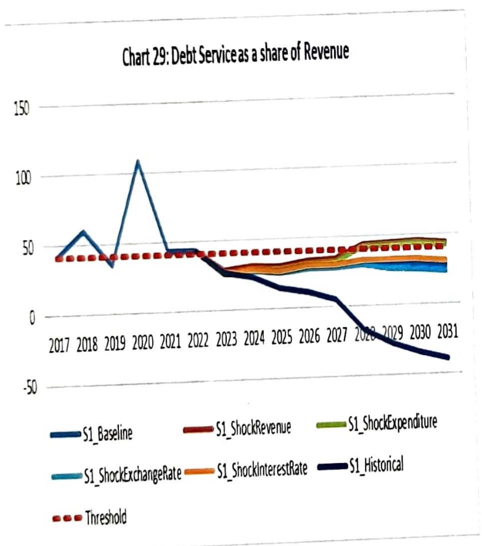


Chart 29: Debt Service as a share of Revenue

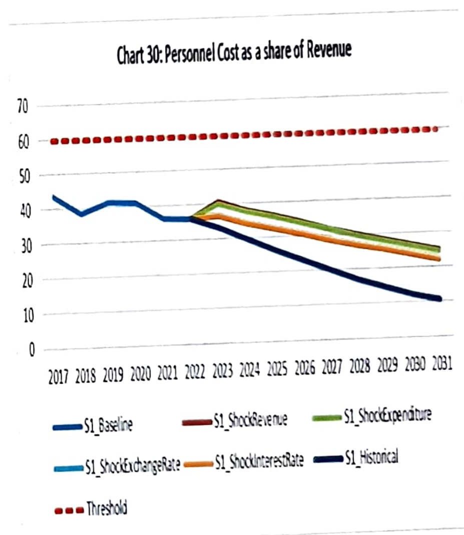


Chart 30: Personnel Cost as a share of Revenue

The five shocks as simulated all have impacts on the ratios at the magnitudes tested, with the revenue, interestrate, and expenditure shocks taken the trajectory of the State Debt way above the recommended thresholds.

The DSA analysis shows that the State is at high risk of debt distress. This red flag serves as a reminder on the need for the State to intensify efforts to increase IGR by more theaverage 8 percent projected growth. A critical look at the key components of the IGR be considered for maximum mobilization. The need to fast-track efforts aimed at diversifying the economy cannot be over emphasized. On the other hand, the State Government should cut down on expenditure, mobilize unutilized funds in key capital projects, ensure a balanced debt portfolio, not to borrow in excess and create sufficient Fiscal buffers, including contingency funds and debt service funds which will help Government meet its recurrent liabilities when they fall due so as to forestall consequences of accumulating payment arrears as a result of the impact of these shocks.

Consideration should be given to the purpose of borrowing and adherence to the borrowing guidelines be emphasized. Government should borrow to invest and ensure that investment is made in areas with high economic and social benefit to the State.

CHAPTER FIVE

DEBT MANAGEMENT STRATEGY

*Public debt management is the process of establishing and executing a strategy for managing 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."*The strategy is to guide borrowing activates of the government in the medium- term. Based on a number of considerations including: meeting financing needs at minimal cost with prudent degree of risk, the Medium- Term Expenditure Framework, Fiscal Strategy Paper, and the 2022 Budget.

For any Debt Management Strategy, its cost is measured by the expected value of a performance indicator as projected in the baseline. The risk is measured by the deviation from the expected value caused by the un-expected shock as projected in the most adverse scenario."

5.1. ALTERNATIVE BORROWING OPTIONS

Plateau State considered three Alternative Debt Management Strategies and their cost and risk implications on the Total Public Debt profile in the future. Both Domestic and External sources wereconsidered, however, the compositions are different for each Alternative.

Alternative 1

The state, in this Alternative considered 50/50 ratio of Domestic/ External sources with longer maturities in line with the gross borrowing requirement. The domestic source comprises of Bonds from the Capital market and commercial Bank loans, while the external sources are the concessional and semi-concessional funding windows of the Multilateral window of the World Bank, African Development bank and the bilateral windows over the DMS period.

Alternative 2

Under this Alternative, the State considered financing its Budget deficit through Commercial Bank borrowings. Though not cost effective, but it is easily accessible compared to other instrument of Budget financing.

Alternative 3

The third Alternative is a further deviation from Alternative 1. It comprises of Bonds with longer maturity(1 to 6 years and above) as compared to the Commercial Bank Loans.

Alternative 4

This Strategy, the State considered only external sources of funding from the multilateral window of the World Bank, African Development bank and the bilateral windows over the DMS period. Benefits of this Portfolio is the Low Interest rates and Long Maturity period however, not without its attendant risk in Exchange Rates.

5.2DMS SIMULATION RESULTS

Analysis of the Strategy and Outcomes of the Analysis.

The cost risk trade off charts illustrates the performance of the alternative strategies with reference to three debt burden indicators.

5.2.1 Debt/ Revenue

Strategy 4 shows the cost ratio to revenueisestimated to increase from 163.3% in 2021 to 210.7% in 2025 as against strategy 1 (230.1%), strategy 3 (237%), Strategy 2 (252.6%) over the Debt Management Strategy (DMS) period of 2026. It also has the least risk of 66.8% as compared to strategy 1, 68.9%, strategy 3, 69.7% and S2 at 71.4%.

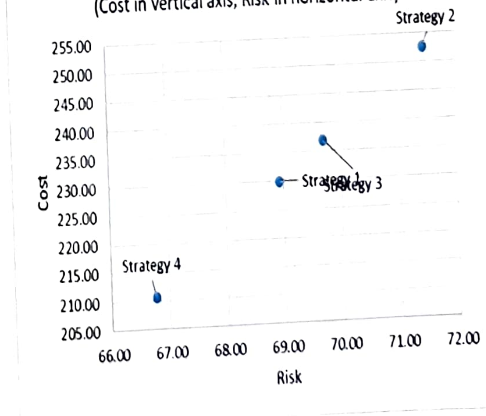
This reveals that though S4 is the least costly at 210.7% and less risky at 66.8% due to the concessionary windows of foreign loans, S1 is preferred because it is next to the least cost strategy and most implementable by the state when compared to S2 and S3.

Chart 33. Debt Stock as a share of Revenue

(including grants and excluding other capital receipts)

Chart 34. Cost-Risk Trade Off

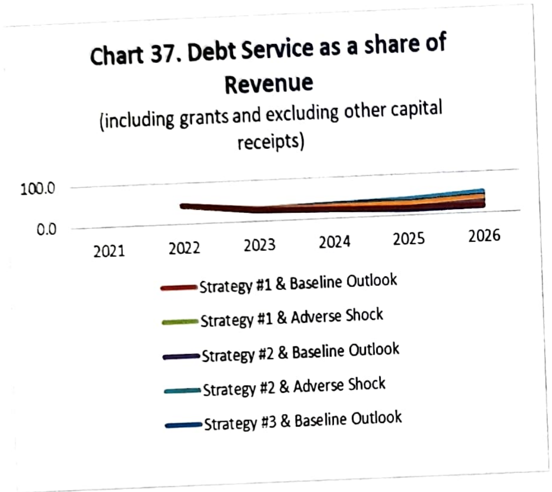
(Cost in vertical axis, Risk in horizontal axis)

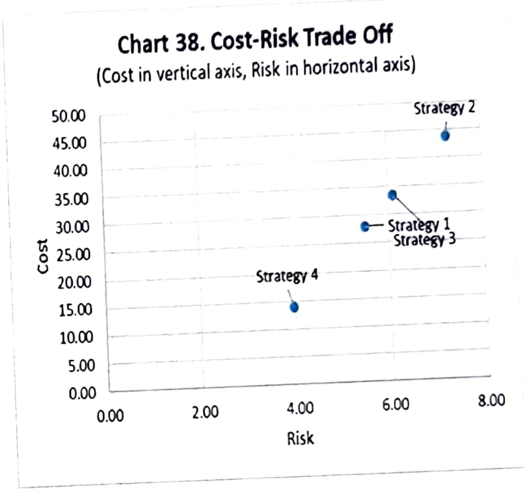


5.2.2 DebtServices/Revenue

Debt Service as a share of revenue. S4 has the lowest cost of 14.1% and the lowest risk of 4% in 2026 compared to S1 (cost 28% and risk 5.5%), S3 (cost 33.5% and risk 6.1%) and S2 (cost 43.9% and risk 7.3%) as at the end of 2026.

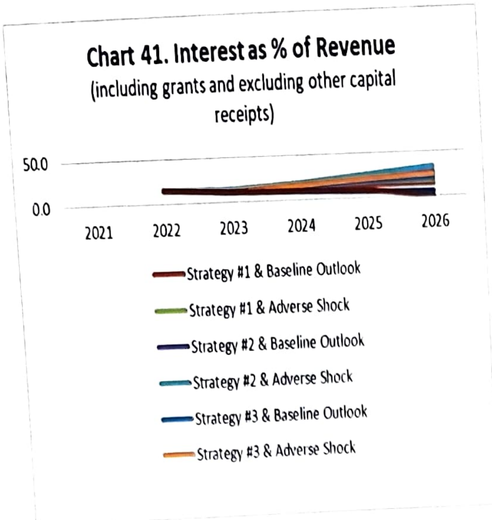
Though S4 has the lowest cost and risk for this performance indicator, it is not implementable due to the long processes in accessing it (foreign loans) .***The state will go for S1 which is the strategy with the next least cost and risk.*** S2 is the costliest and riskiest as the total debt consist of domestic debt financing in commercial bank loans only, which are mostly short term with higher interest rate.

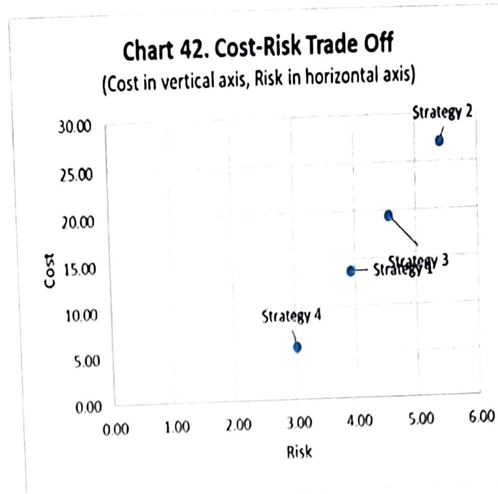




5.2.3 Interest/Revenue

In terms of interest to revenue, S4 is the least costly strategy at 5.7% when compared to S1 at 13.8%, S3 at 19.5% and S2 at 27.1% at the end of the DMS period 2026.However,***S1 is preferred over S4 because it is most implementable by the State.s***





5.3DMS ASSESSEMENT

Though S4 has the lowest cost and risk in all the performance indicators compared to other strategies, it is however not implementable. Making S1 the preferred strategy considered by the state, not only due to the analytical tool result of cost and risk (mindful of the fact that it is the next lowest cost and risk in all the performance indicators)

The strategy projected the state debt from its current position of N152.76 billion in 2021 to N324.96 billion at the end of the strategic period 2026. In addition, the cost/risk, trade-offs are considered using debt to SGDP, debt to Revenue, Debt Service to SGDP, Debt Service to Revenue, Interest to SGDP and interest to Revenue ratios.

The DMS 2022 to 2026 represent a robust framework for prudent management, as it provides a systematic approach to decision making on the appropriate composition of external and domestic borrowing to finance the budget. The cost-risk trade-offs of the alternative borrowing strategies under the DMS have been evaluated with the medium-term context. plateau however to maintain and restore in some cases an adequate balance between cost of carrying debt and exposure to risk will need to consider and implement the following policies.

i. Adequate provision for debt services and payment of arrears be made in the annua budget, where such commitments are met as and when due.
ii. Improve debt management practices of proper collation, recording and reporting o debt related data.

iii. Review and prioritize all outstanding liabilities with a proper plan to pay same, considering the fact that certain liabilities have adverse implication when payment are not paid timely.

iv. The state would need to relate and negotiate on new loan terms, refinance existing debt or restructure same to free up funds.

v. Borrowing should only be made for capital investment in arears with high economic benefits where return on investment can pay part of the loan if not all.

Mr. Paul Davou Sheku
DG, Debt Management Department.
Plateau State

Dr. (Mrs) Regina P. B. Soemlat
Hon. Commissioner for Finance
Plateau State

ANNEXTURE I

2022		Projection Methodology	Source
Assumptions:			
Economic activity	State GDP (at current prices)	WBG Estimates for Historical figures , and Projections for 2022-2031	Debt Management Office, Abuja
Revenue	**Revenue**		
	1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	The 2022 Projected Figure is the approved budget,Projections figures from 2023 to 2025 are from the MTEF document, while projections from 2026 to 2031 are expected to grow by 3%.	PLATEAU STATE BUDGET BOOKLET AND MTEF DOCUMENT
	1.a. of which Net Statutory Allocation ('net' means of deductions)	Gross less deduction from FAAC	
	1.b. of which Deductions	Direct deductions from FAAC on the current facilities	
	2. Derivation (if applicable to the State)	Not applicable to the State.	
	3. Other FAAC transfers (exchange rate gain, augmentation, others)	This has been kept constant from 2023 to 2031, while approved Budget was used for 2022.	
	4. VAT Allocation	The 2022 Projected Figure is the approved budget,Projections figures from 2023 to 2025 are from the MTEF document, while projections from 2026 to 2031 are expected to grow by 3%.	
	5. IGR	The 2022 Projected Figure is the approved budget,Projections figures from 2023 to 2025 are from the MTEF document, while projections from 2026 to 2027 are expected to grow by 10%, 2028 will grow by 8% while 2029 to 2031 is expected to grow by 5%. This is based on the changes made in the new Revenue	PLATEAU STATE REVENUE BOARD 5 YEAR STRATEGIC PLAN

		Administrative Law that provides Standardized rates, autonomous powers given to the Revenue Board for revenue collection in the State, Harmonisation of all taxes and reviewed Administrative processes
	6. Capital Receipts	
	6.a. Grants	**The 2022 Projected Figure is the approved budget,Projected figures from 2023 to 2025 are from the MTEF document, while projections from 2026 to 2031 are expected to grow by 3%.The State Government is making frantic effort to create a Donor-Friendly environment to enable more grants into the system.**
	6.b. Sales of Government Assets and Privatization Proceeds	**The 2022 figure is the approved Budget, a 100% growth is expected in 2023 - 2024 due the a change in aAdministration and the need for the acquisition of new Assets, afterward a 10% increase from 2025 to 2026 whose figure has been kept constant through the remaining projected period 2027-2031**
	6.c. Other Non-Debt Creating Capital Receipts	The 2022 Projected Figure is the approved budget,Projections figures from 2023 to 2025 are from the MTEF document, projections from 2026- 2028 are expected to grow by 5%while projections from 2029 to 2031 are expected to grow by 3%.
Expenditure	**Expenditure**	
	1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	The 2022 figure is the budget, projected figures for 2023-2025 are from the MTEF document. An annual increase of 5% is anticipated from 2026-2031 which is occassioned by the planned recruitment for key sectors, promotion of existing staff to the next grade level, the

		domestication/ implementation of various professional bodies fringe benefits at the Federal Civil Service, and the prompt placement of retired Officers on Pension Payroll.
	2. Overhead costs	**Are projected based on own percentage. The result is that overhead will increase by 15% in 2022, 10% by 2023 and maintain 3% for 2024 and all through the projected period.**
	3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	Amortization schedules for principal and interest repayments available to the Debt Management Department and the Arrears Clearance Framework.
	4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)	2022 figure is the approved Budget, projections from 2023- 2025 are expected to grow by 20%. This is based on Government's effort to to increase its support in key sectors, while 2026- 2031 is expected to grow by 10%.
	5. Capital Expenditure	Capital expenditure will increase by 25% in the medium term forecast 2023- 2025 owing to the need for the state to mobilize idle funds in capital development and need to provide service to the citizens. Thereafter, an increase of 5% is anticipated in the reminder of the projected period.
Closing Cash and Bank Balance	**Closing Cash and Bank Balance**	Massive mobilization and Utilization of Idle funds which were hitherto unutilized
Debt Amotization and Interest Payments	**Debt Outstanding at end-2021**	
	External Debt - amortization and interest	Profiles from the Debt Management Office (DMO)
	Domestic Debt - amortization and interest	Amortization Schedules from Plateau State Debt

	Management Department
New debt issued/contracted from 2022 onwards	
New External Financing	
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Current available rates are considered for External Financing based on the Plateau State's EFU-FSP-BPS, 2022-2025 Consolidated Revenue Fund Charges. This includes debt charges which changes in the medium term.
External Financing - Bilateral Loans	Current available rates are considered for External Financing based on the Plateau State's EFU-FSP-BPS, 2022-2025 Consolidated Revenue Fund Charges. This includes debt charges which changes in the medium term.
Other External Financing	NA
New Domestic Financing	
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Current available rates are considered for Domestic Financing based on the Plateau State's EFU-FSP-BPS, 2022-2025 Consolidated Revenue Fund Charges. This includes debt charges which changes in the medium term.
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Current available rates are considered for Domestic Financing based on the Plateau State's EFU-FSP-BPS, 2022-2025 Consolidated Revenue Fund Charges. This includes debt charges which changes in the medium term.
State Bonds (maturity 1 to 5 years)	Current available rates are considered for Domestic Financing based on the Plateau State's EFU-FSP-BPS, 2022-2025 Consolidated Revenue Fund Charges. This includes debt charges which changes in the medium term.
State Bonds (maturity 6 years or longer)	Current available rates are considered for Domestic Financing based on the Plateau State's EFU-FSP-BPS, 2022-2025 Consolidated Revenue

		Fund Charges. This includes debt charges which changes in the medium term.
	Other Domestic Financing	NA
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S1	**Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S1**	
	New Domestic Financing in Million Naira	
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Based on current available rates, and distribution, agreed by the State's DSA-DMS Technical Team.
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Based on current available rates, and distribution, agreed by the State's DSA-DMS Technical Team.
	State Bonds (maturity 1 to 5 years)	Based on current available rates, and distribution, agreed by the State's DSA-DMS Technical Team.
	State Bonds (maturity 6 years or longer)	Based on current available rates, and distribution, agreed by the State's DSA-DMS Technical Team.
	Other Domestic Financing	NA
	New External Financing in Million US Dollar	
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Based on current available rates, and distribution, agreed by the State's DSA-DMS Technical Team.
	External Financing - Bilateral Loans	Based on current available rates, and distribution, agreed by the State's DSA-DMS Technical Team.
	Other External Financing	NA
Proceeds from	**Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S2**	

Debt-Creating Borrowings corresponding to Debt Strategy S2	**New Domestic Financing in Million Naira**	
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Based on current available rates, and distribution, agreed by the State's DSA-DMS Technical Team.
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Based on current available rates, and distribution, agreed by the State's DSA-DMS Technical Team.
	State Bonds (maturity 1 to 5 years)	Based on current available rates, and distribution, agreed by the State's DSA-DMS Technical Team.
	State Bonds (maturity 6 years or longer)	Based on current available rates, and distribution, agreed by the State's DSA-DMS Technical Team.
	Other Domestic Financing	NA
	New External Financing in Million US Dollar	
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Based on current available rates, and distribution, agreed by the State's DSA-DMS Technical Team.
	External Financing - Bilateral Loans	Based on current available rates, and distribution, agreed by the State's DSA-DMS Technical Team.
	Other External Financing	NA
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S3	**Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S3**	
	New Domestic Financing in Million Naira	

	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Based on current available rates, and distribution, agreed by the State's DSA-DMS Technical Team.
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Based on current available rates, and distribution, agreed by the State's DSA-DMS Technical Team.
	State Bonds (maturity 1 to 5 years)	Based on current available rates, and distribution, agreed by the State's DSA-DMS Technical Team.
	State Bonds (maturity 6 years or longer)	Based on current available rates, and distribution, agreed by the State's DSA-DMS Technical Team.
	Other Domestic Financing	NA
	New External Financing in Million US Dollar	
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Based on current available rates, and distribution, agreed by the State's DSA-DMS Technical Team.
	External Financing - Bilateral Loans	Based on current available rates, and distribution, agreed by the State's DSA-DMS Technical Team.
	Other External Financing	NA
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S4	**Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S4**	
	New Domestic Financing in Million Naira	
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Based on current available rates, and distribution, agreed by the State's DSA-DMS Technical Team.
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans,	Based on current available rates, and distribution, agreed by the State's DSA-DMS

	Infrastructure Loans, and MSMEDF)	Technical Team.
	State Bonds (maturity 1 to 5 years)	Based on current available rates, and distribution, agreed by the State's DSA-DMS Technical Team.
	State Bonds (maturity 6 years or longer)	Based on current available rates, and distribution, agreed by the State's DSA-DMS Technical Team.
	Other Domestic Financing	NA
	New External Financing in Million US Dollar	
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Based on current available rates, and distribution, agreed by the State's DSA-DMS Technical Team.
	External Financing - Bilateral Loans	Based on current available rates, and distribution, agreed by the State's DSA-DMS Technical Team.
	Other External Financing	NA

ANNEXTURE II

Indicator	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	Actuals					Projections									
	BASELINE SCENARIO														
Economic Indicators															
State GDP (at current prices)	866,838.00	1,046,582.00	1,171,424.00	1,255,582.00	1,433,219.00	1,651,698.00	1,910,971.00	2,167,532.00	2,457,114.00	2,785,385.00	3,157,512.00	3,579,356.00	4,057,558.00	4,599,648.00	5,214,160.00
Exchange Rate NGN/US$ (end-Period)	253.19	305.79	306.50	326.00	379.00	410.00	410.00	410.00	410.00	410.00	410.00	410.00	410.00	410.00	410.00
Fiscal Indicators (Million Naira)															
Revenue	**80,545.16**	**109,237.88**	**113,233.05**	**87,523.70**	**105,391.03**	**102,023.82**	**151,863.37**	**180,958.48**	**199,279.90**	**218,436.27**	**233,203.17**	**251,702.76**	**267,520.84**	**284,871.71**	**300,000.54**
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	29,609.12	44,402.78	42,998.34	35,395.68	36,976.83	28,098.00	30,908.00	33,998.00	37,398.00	41,138.00	45,252.00	49,777.00	54,755.00	60,230.00	66,253.00
1.a. of which Net Statutory Allocation ('net' means of	15,674.00	30,595.78	28,269.80	16,681.26	20,095.01	5,386.48	8,196.48	11,286.48	14,686.48	18,426.48	22,540.48	27,065.48	32,043.48	37,518.48	43,541.48

deductions)															
1.b. of which Deductions	13,935.00	13,807.00	14,728.54	18,714.42	16,881.81	22,711.52	22,711.52	22,711.52	22,711.52	22,711.52	22,711.52	22,711.52	22,711.52	22,711.52	22,711.52
2. Derivation (if applicable to the State)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Other FAAC transfers (exchange rate gain, augmentation, others)	4,437.17	2,065.92	1,544.61	5,074.45	4,662.52	2,866.00	4,500.00	4,500.00	4,500.00	4,635.00	4,774.05	4,917.27	5,064.79	5,216.73	5,373.24
4. VAT Allocation	10,042.37	11,223.87	12,028.56	14,660.37	20,858.46	20,600.00	24,720.00	29,664.00	35,597.00	42,716.00	51,259.00	61,511.00	73,814.00	88,576.00	106,292.00
5. IGR	10,788.34	12,726.48	16,473.66	19,122.38	23,926.02	24,199.00	26,632.54	29,295.79	32,225.37	35,447.94	38,992.73	42,112.15	44,217.76	46,428.65	48,750.08
6. Capital Receipts	25,668.16	38,818.83	40,187.88	13,271.10	18,967.20	26,260.82	65,102.83	83,500.69	89,559.53	94,499.33	92,925.39	93,385.34	89,669.29	84,420.33	73,332.22
6.a. Grants	8,624.96	2,861.53	0.00	2,434.92	7,144.91	13,167.10	20,753.33	20,753.33	16,808.20	17,312.45	17,831.82	18,366.77	18,917.78	19,485.31	20,069.87
6.b. Sales of Government Assets and Privatization Proceeds	0.00	0.00	0.00	0.00	0.00	10.00	12.50	25.00	27.50	30.25	30.25	30.25	30.25	30.25	30.25
6.c. Other Non-Debt Creating Capital Receipts	11,288.20	25,852.39	11,922.12	2,537.12	279.02	1,300.00	1,300.00	1,609.60	1,919.20	2,255.06	2,649.70	3,113.39	3,658.24	4,298.43	5,050.65
6.d. Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc.)	5,755.00	10,104.91	28,265.76	8,300.00	11,543.26	11,783.72	43,037.00	61,112.76	70,804.63	74,901.57	72,413.62	71,874.92	67,063.02	60,606.33	48,181.45

Expenditure	**79,170.62**	**104,764.62**	**92,006.66**	**89,473.17**	**99,978.70**	**116,054.87**	**159,859.44**	**184,956.52**	**201,278.92**	**218,936.03**	**233,577.98**	**251,983.87**	**267,731.68**	**285,029.83**	**300,119.14**
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	27,657.34	28,223.15	30,360.53	31,589.11	34,262.18	32,159.80	39,442.44	40,484.87	41,555.32	43,559.15	45,737.10	48,023.96	50,425.16	52,946.41	55,593.73
2. Overhead costs	17,362.00	20,055.82	19,784.96	14,942.54	20,713.11	18,613.20	26,202.10	26,988.15	27,797.80	28,631.73	29,490.69	30,375.41	31,286.67	32,225.27	33,192.03
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	10,302.84	10,914.24	11,906.75	13,606.67	21,038.04	12,879.65	12,926.69	16,228.77	17,408.11	19,454.72	21,760.75	23,710.19	25,773.85	27,552.92	28,571.30
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted from FAAC Allocation)	512.90	1,911.03	254.20	2,172.07	7,081.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.b. of which Interest deducted from FAAC Allocation	9,789.94	9,003.21	10,842.46	7,812.25	11,456.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Other Recurrent	5,263.00	14,344.55	4,618.55	3,545.24	1,908.10	9,497.70	11,397.20	13,676.69	16,412.03	19,694.43	21,663.87	23,830.26	26,213.29	28,834.62	31,718.08

Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)															
5. Capital Expenditure	14,140.15	11,607.73	19,471.08	20,015.31	13,166.58	17,904.10	55,293.70	71,511.80	83,323.97	87,490.20	91,864.70	96,458.00	101,280.80	106,344.90	111,662.10
6. Amortization (principal) payments	4,445.78	19,619.14	5,864.79	5,774.30	8,890.70	25,000.41	14,597.31	16,066.23	14,781.70	20,105.79	23,060.88	29,586.05	32,751.92	37,125.71	39,381.90
Budget Balance (' + ' means surplus, ' - ' means deficit)	**1,374.54**	**4,473.26**	**21,226.39**	**-1,949.47**	**5,412.30**	**-14,031.05**	**-7,996.07**	**-3,998.04**	**-1,999.02**	**-499.76**	**-374.81**	**-281.11**	**-210.84**	**-158.12**	**-118.60**
Opening Cash and Bank Balance	**-513.82**	**860.72**	**5,333.98**	**26,560.37**	**24,610.90**	**30,023.20**	**15,992.15**	**7,996.08**	**3,998.04**	**1,999.02**	**1,499.26**	**1,124.45**	**843.34**	**632.50**	**474.38**
Closing Cash and Bank Balance	**860.72**	**5,333.98**	**26,560.37**	**24,610.90**	**30,023.20**	**15,992.15**	**7,996.08**	**3,998.04**	**1,999.02**	**1,499.26**	**1,124.45**	**843.34**	**632.50**	**474.38**	**355.78**
Financing Needs and Sources (Million Naira)															
Financing Needs						**13,093.72**	**44,349.50**	**62,747.36**	**72,751.33**	**77,186.88**	**75,093.57**	**75,018.56**	**70,751.51**	**64,935.01**	**53,262.35**
i. Primary balance						10,755.30	-24,821.57	-34,450.39	-42,560.55	-38,126.13	-30,646.76	-22,003.43	-12,436.59	-414.51	14,572.25
ii. Debt service						37,880.07	27,524.00	32,295.01	32,189.80	39,560.52	44,821.63	53,296.24	58,525.76	64,678.63	67,953.20
Amortizations						25,000.41	14,597.31	16,066.23	14,781.70	20,105.79	23,060.88	29,586.05	32,751.92	37,125.71	39,381.90
Interests						12,879.65	12,926.69	16,228.77	17,408.11	19,454.72	21,760.75	23,710.19	25,773.85	27,552.92	28,571.3

										0
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)	-14,031.05	-7,996.07	-3,998.04	-1,999.02	-499.76	-374.81	-281.11	-210.84	-158.12	-118.60
Financing Sources	**13,093.72**	**44,349.50**	**62,747.36**	**72,751.33**	**77,186.88**	**75,093.57**	**75,018.56**	**70,751.51**	**64,935.01**	**53,262.35**
i. Financing Sources Other than Borrowing	1,310.00	1,312.50	1,634.60	1,946.70	2,285.31	2,679.95	3,143.64	3,688.49	4,328.68	5,080.90
ii. Gross Borrowings	11,783.72	43,037.00	61,112.76	70,804.63	74,901.57	72,413.62	71,874.92	67,063.02	60,606.33	48,181.45
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	0.00	3,537.00	468.00	0.00	1,133.80	0.00	0.00	978.30	303.20	0.00
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and	0.00	9,500.00	0.00	4,574.60	0.00	0.00	3,318.80	3,766.10	0.00	1,090.70

MSMEDF)															
State Bonds (maturity 1 to 5 years)						0.00	10,000.00	10,000.00	10,000.00	15,000.00	14,129.20	10,000.00	10,000.00	10,000.00	8,000.00
State Bonds (maturity 6 years or longer)						11,783.70	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	15,000.00	20,000.00	15,000.00
Other Domestic Financing						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)						0.00	0.00	18,386.88	21,738.01	23,260.66	22,970.64	38,556.13	0.00	18,181.90	14,454.44
External Financing - Bilateral Loans						0.00	0.00	12,257.92	14,492.01	15,507.10	15,313.76	0.00	37,318.65	12,121.27	9,636.29
Other External Financing						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Residual Financing						0.02	0.00	-0.05	0.01	0.01	0.03	0.00	-0.03	-0.03	0.03
Debt Stocks and Flows (Million Naira)															
Debt (stock)	**129,962.79**	**109,197.64**	**144,122.07**	**161,995.28**	**152,764.89**	**140,654.28**	**169,093.97**	**214,140.49**	**270,163.43**	**324,959.21**	**374,311.95**	**416,600.82**	**450,911.93**	**474,392.56**	**483,192.11**
External	7,613.41	8,831.11	10,108.37	10,758.00	13,522.72	14,228.25	13,804.04	43,949.53	79,605.13	117,798.47	153,976.20	188,614.17	220,076.27	242,608.67	258,928.62
Domestic	122,349.38	100,366.53	134,013.70	151,237.28	139,242.17	126,426.02	155,289.93	170,190.96	190,558.30	207,160.74	220,335.75	227,986.65	230,835.66	231,783.89	224,263.49
Gross borrowing						**11,783.72**	**43,037.00**	**61,112.76**	**70,804.63**	**74,901.57**	**72,413.62**	**71,874.92**	**67,063.02**	**60,606.33**	**48,181.45**

(flow)															
External						0.00	0.00	30,644.80	36,230.02	38,767.76	38,284.40	38,556.13	37,318.65	30,303.17	24,090.73
Domestic						11,783.72	43,037.00	30,467.95	34,574.61	36,133.81	34,129.23	33,318.80	29,744.37	30,303.17	24,090.73
Amortizations (flow)	**15,032.44**	**33,387.15**	**12,950.57**	**69,124.78**	**25,461.64**	**25,000.41**	**14,597.31**	**16,066.23**	**14,781.70**	**20,105.79**	**23,060.88**	**29,586.05**	**32,751.92**	**37,125.71**	**39,381.90**
External	132.96	184.84	217.24	230.07	253.93	400.55	424.21	499.31	574.42	574.42	2,106.66	3,918.16	5,856.55	7,770.77	7,770.77
Domestic	14,899.48	33,202.32	12,733.33	68,894.71	25,207.71	24,599.87	14,173.09	15,566.92	14,207.27	19,531.37	20,954.22	25,667.89	26,895.36	29,354.94	31,611.13
Interests (flow)	**10,362.22**	**9,784.07**	**11,969.54**	**13,769.80**	**14,354.40**	**12,879.65**	**12,926.69**	**16,228.77**	**17,408.11**	**19,454.72**	**21,760.75**	**23,710.19**	**25,773.85**	**27,552.92**	**28,571.30**
External	59.38	63.77	62.79	163.13	121.28	150.95	151.87	148.96	570.70	1,069.45	1,603.73	2,100.81	2,410.30	3,041.88	3,322.20
Domestic	10,302.84	9,720.30	11,906.75	13,606.67	14,233.12	12,728.70	12,774.82	16,079.81	16,837.41	18,385.27	20,157.02	21,609.38	23,363.55	24,511.04	25,249.10
Net borrowing (gross borrowing minus amortizations)						**-13,216.70**	**28,439.69**	**45,046.52**	**56,022.94**	**54,795.78**	**49,352.74**	**42,288.87**	**34,311.11**	**23,480.63**	**8,799.55**
External						-400.55	-424.21	30,145.49	35,655.60	38,193.34	36,177.73	34,637.96	31,462.10	22,532.40	16,319.95
Domestic						-12,816.15	28,863.91	14,901.03	20,367.34	16,602.44	13,175.01	7,650.90	2,849.01	948.23	-7,520.40

	Debt and Debt-Service Indicators															
Indicator1_baseline	**Debt Stock as % of SGDP**	**14.99**	**10.43**	**12.30**	**12.90**	**10.66**	**8.52**	**8.85**	**9.88**	**11.00**	**11.67**	**11.85**	**11.64**	**11.11**	**10.31**	**9.27**
Indicator2_baseline	**Debt Stock as % of Revenue (including grants and excluding other capital receipts)**	**204.66**	**149.01**	**197.31**	**211.24**	**163.26**	**158.16**	**157.28**	**181.15**	**213.52**	**230.06**	**236.74**	**235.79**	**229.16**	**215.70**	**195.83**
Indicator3_baseline	**Debt Service**						**2.29**	**1.44**	**1.49**	**1.31**	**1.42**	**1.42**	**1.49**	**1.44**	**1.41**	**1.30**

e	as % of SGDP											
Indicator4_baseline	Debt Service as % of Revenue (including grants and excluding other capital receipts)		42.60	25.60	27.32	25.44	28.01	28.35	30.16	29.74	29.41	27.54
Indicator5_baseline	Interest as % of SGDP		0.78	0.68	0.75	0.71	0.70	0.69	0.66	0.64	0.60	0.55
Indicator6_baseline	Interest as % of Revenue (including grants and excluding other capital receipts)		14.48	12.02	13.73	13.76	13.77	13.76	13.42	13.10	12.53	11.58
	Personnel Cost as % of Revenue (including grants and excluding other capital receipts)		36.16	36.69	34.25	32.84	30.84	28.93	27.18	25.63	24.07	22.53
	Adverse Shock Scenario is defined by the worst performance indicator measured in year 2026											
Indicator1_shock	For Debt Stock as % of SGDP the adverse shock is: Expenditure Debt Stock as % of SGDP	Expenditure	8.52	9.54	11.24	12.98	14.20	14.87	15.07	14.89	14.40	13.60

Indicator2_shock	For Debt Stock as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue Debt Stock as % of Revenue (including grants and excluding other capital receipts)	Revenue	158.16	185.86	223.30	270.58	298.98	315.99	324.27	326.13	319.87	305.92
Indicator3_shock	For Debt Service as % of SGDP the adverse shock is: Expenditure Debt Service as % of SGDP	Expenditure	2.29	1.44	1.54	1.41	1.56	1.60	2.07	2.09	2.09	2.01
Indicator4_shock	For Debt Service as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue Debt Service as % of Revenue (including grants and excluding other capital	Revenue	42.60	28.44	31.16	29.91	33.51	34.60	44.07	44.68	45.13	44.05

	receipts)											
Indicator5_shock	For Interest as % of SGDP the adverse shock is: Expenditure Interest as % of SGDP	Expenditure	0.78	0.68	0.80	0.80	0.84	0.87	0.88	0.88	0.87	0.84
Indicator6_shock	For Interest as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue Interest as % of Revenue (including grants and excluding other capital receipts)	Revenue	14.48	13.36	16.06	16.93	17.69	18.39	18.70	19.03	19.04	18.59