PLATEAU STATE 2023 DEBT SUSTAINABILITY ANALYSIS AND DEBT MANAGEMENT STRATEGY REPORT

DECEMBER, 2023

Table of Content

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 2018-2022 and assesses the debt sustainability in 2023-2032 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 year's DSA shows that Plateau State's Debt portfolio appears to be sustainable in the long term. 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 and Federal Government's policy on fuel subsidy removal which has seen to an increase in FAAC allocation to states in the past few months. 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. However, the Debt to Revenue ratio will remain below 200% by the end of 2023. This will continue to drop all through the projection period 2032.

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 high 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 Plateau State Agricultural Policy and Implementation Plan 2022-2027 aims at creating an enabling environment for agric. growth and development in the State through the provision of accessible, timely and cost effective agro-inputs and support as well as guaranteeing minimum prices for farm output with the view to ensuring food security on a sustainable basis and improving the economic well-being of the population.

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 (ACF) 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, while the ACF needs to be updated to reflect current realties, 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 2024-2026.

The EFU provides economic and fiscal analyses which forms the bases for the budget planning process. It assesses the budget performance and identifies factors affecting implementation. It is aimed at guiding policy makers and decision takers 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 2023 Budget tagged "Budget of Infrastructural Consolidation and Transition" was prepared considering the current economic realities, 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 2023 is 139,357,144,980.38. Capital Expenditure is N61,706,502,949.53 accounting for 44.27%, while recurrent (Personnel and Overheads) is N77,650,642,030.85 representing 55.73%.

INDICATIVE THREE-YEAR FISCAL FRAMEWORK

The three- year fiscal framework for the period 2023 – 2026 is presented in the table below.

Plateau State Medium Term Fiscal Framework

ITEMS	2023	2024	2025	2026
National inflation	16.10%	13.10%	12.70%	12.30%
National real GDP Growth	2.3%	2.30%	2.50%	2.50%
Oil Production Benchmark	1.5000	1.6000	1.7000	1.8000
Oil price Benchmark	$62.00	$75.00	$68.00	$60.00
NGN:USD Exchange Rate	415.62	415.62	415.62	415.62
Other assumptions				
Mineral Ratio	16%	22%	25%	25%
Recurrent Revenue	**2023**	**2024**	**2025**	**2026**
Statutory allocation	39,100,310,359	53,261,607,511	58,504,887,325	60,223,739,285
Net derivation	**0**	0	0	0
VAT	25,031,769,744	29,740,070,049	36,090,148,286	42,805,218,526
IGR	17,737,341,672	19,511,075,840	21,462,183,424	23,608,401,766
Other Federal Account transfers	4,500,000,000	4,500,000,000	4,500,000,000	4,500,000,000
Total Recurrent Revenue	**86,369,421,776**	**107,012,753,399**	**120,557,219,034**	**131,137,359,578**
Recurrent Expenditure	**2023**	**2024**	**2025**	**2026**
Personnel Costs	20,450,144,994	21,063,649,344	21,695,558,824	22,346,425,589
Social Contribution and Social Benefit	6,787,605,795	6,855,683,853	6,924,240,691	6,993,483,098
Overheads	18,603,409,821	20,463,750,803	21,077,663,327	21,709,993,227
Grants, Contributions and Subsidies	1,474,000,000	1,474,000,000	1,474,000,000	1,474,000,000
Public Debt Service	31,354,360,000	24,824,883,380	23,722,750,000	21,245,690,000

Total	**78,669,720,610**	**74,681,967,380**	**74,894,212,843**	**73,769,591,914**
Transfer to capital account	**7,699,701,166**	**32,330,786,020**	**45,663,006,191**	**57,367,767,663**
Capital receipts				
Grants	20,753,330,872	20,753,330,872	20,753,330,872	16,808,195,648
Other capital receipts	0	0	0	0
Total	**20,753,330,872**	**20,753,330,872**	**20,753,330,872**	**16,808,195,648**
Capital expenditure	**38,453,032,038**	**63,084,116,892**	**76,416,337,063**	**84,175,963,311**
Discretional funds	20,079,301,166	44,710,386,020	58,042,606,191	69,185,867,663
Non-discretional funds	18,373,730,872	18,373,730,872	18,373,730,872	14,990,095,648
Financing (Loans)	**10,000,000,000**	**10,000,000,000**	**10,000,000,000**	**10,000,000,000**
Total budget size	**117,122,752,648**	**137,766,084,271**	**151,310,549,906**	**157,945,555,226**

Key Objectives of the Approved 2023 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- 2026;
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 the 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 (2018- 2022)

3.1 REVENUE, EXPENDITURE, OVERALL AND PRIMARY BALANCE.

3.1.1 REVENUE

The Plateau State recorded a steady rise in FAAC and IGR for the period under review with FAAC figures dominating the State's revenue profile. The total revenue rose from 73.3 Billion in 2018 to 104.6 Billion in 2022, with Gross FAAC constituting 66.79%, IGR is 25.57 % and Grants constituting 7.64%.

There has been an increase in Statutory Allocation from 2018 to 2022 from N57.7 billion to N75.0 billion 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.

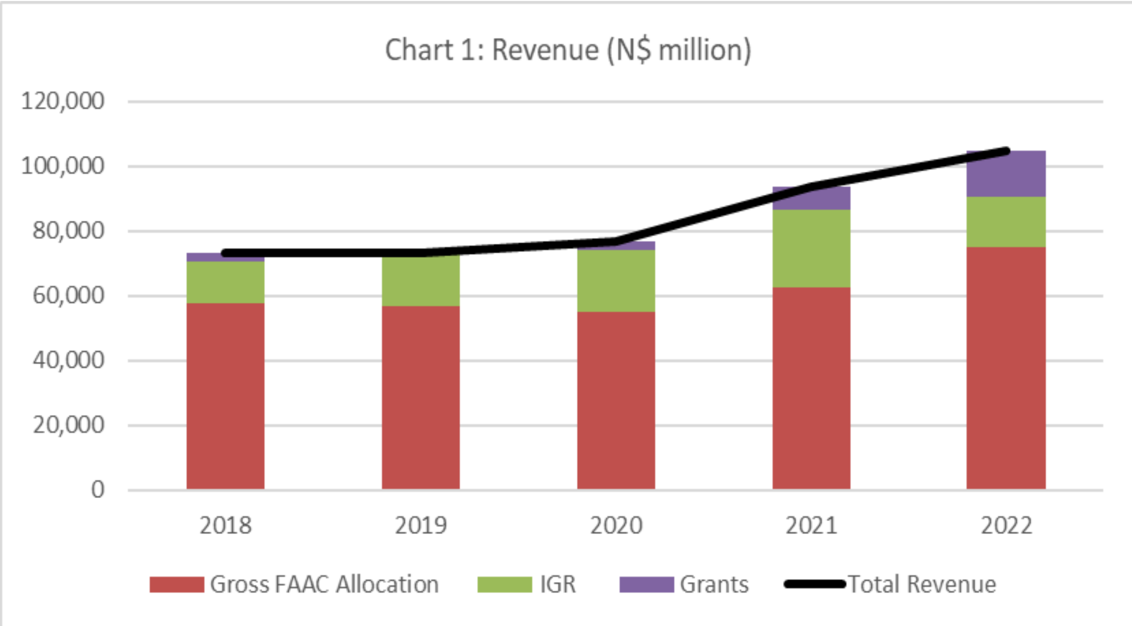
However, the position changed in 2021 with an increase in FAAC by 11.79% at 62.50 billion and further increased by 16.62% in 2022.

VAT on the other hand rose steady throughout the historical periods (2018-2021). This could be attributed to continuous high level of Consumer Price inflation. However, this component of revenue declined in 2022. A trend which will most likely change following the signing into law of the Finance Bill 2019 which effectively raised the VAT rate from 5% to 7.5% and the State's participation in the SABER program which aims to incentivize and strengthen the implementation of business-enabling reforms across Nigeria with emphasis on the private sector development which remains the major vehicle to create more jobs, increase revenues in the state and improve economic outcomes for citizens.

During the review period, Plateau State IGR grew by an average of 18.89% between 2018 and 2021. 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.

However, this position declined by 34.4% in 2022 reasons being that the Plateau State Internal Revenue Service is transiting from the Smart Rev collection System to PIRAS (Plateau Integrated Revenue Administrative System) that involves deliberate policies for MDAs and all users of the application. This when fully funded will project the State IGR greater than what was actualized in 2021.

	2018	2019	2020	2021	2022
Total Revenue	73,281	73,045	76,688	93,569	104,561
Gross FAAC Allocation	57,693	56,572	55,131	62,498	74,959
IGR	12,726	16,474	19,122	23,926	15,687
Grants	2,862	0	2,435	7,145	13,914



3.1.2 EXPENDITURE

The report looks at Recurrent (Personnel and Overheads) and Capital Expenditure. The state had a Total Expenditure of N104.8 billion in 2018, which declined to N92.1 billion in 2019 and N89.5 Billion in 2020. This is attributed to decline in overhead cost debt service and other recurrent expenditures occasioned by the COVID -19 Pandemic in 2020, where Private and Government Institutions as well as businesses were under lockdown. This figure increased to N107.4 billion in 2021 and further increased to N127.5 Billion in 2022. This is largely due to the rise in debt service figures as a result of the resumption of some ISPO deductions at FAAC which were hitherto suspended in 2020, increase in debt stock and overhead cost.

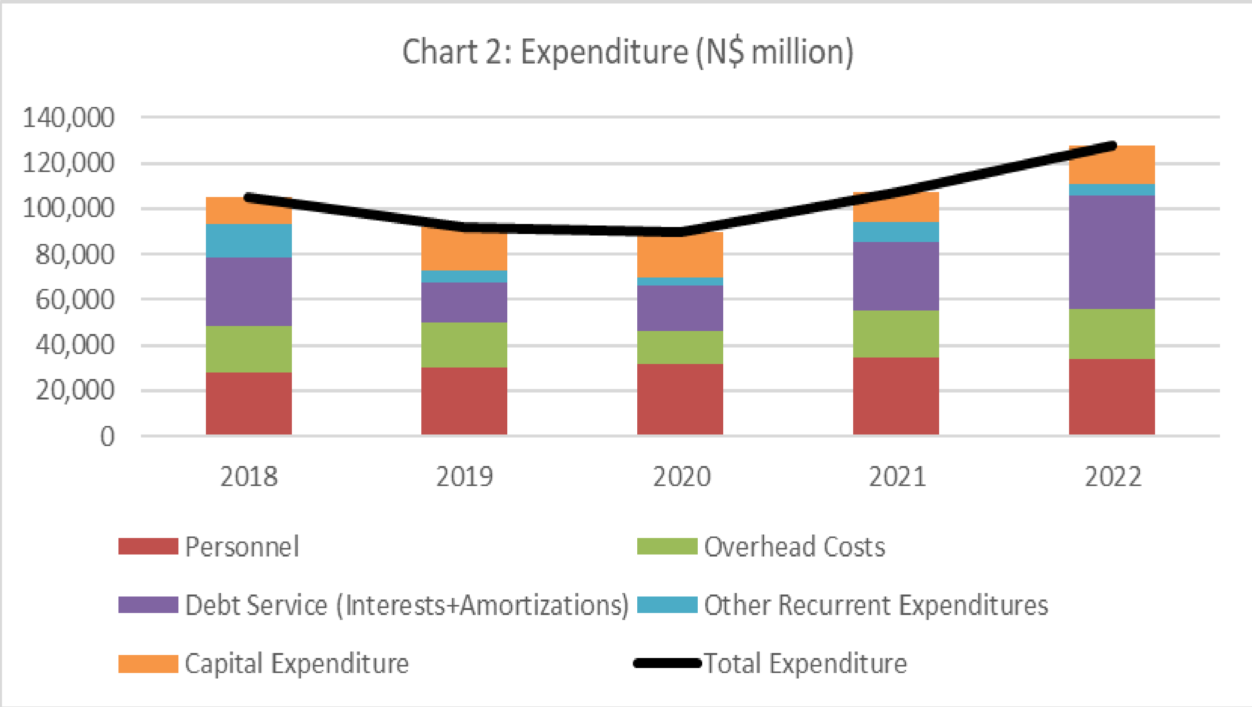
Personnel expenditure includes salaries and allowances of Public and Civil Servants, pensions and gratuity of retired Civil Servants in the State. Personnel cost continued to increase marginally all through the historical years from N28.2 Billion in 2018 to N34.3 Billion in 2021. However, Personnel cost declined to N33.7 Billion in 2022 due to non-payment of salaries in December and also retirement of some officers.

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 declined sharply from N20.1Billion in 2018 to N14,9Billion in 2020 due to COVID-19 Pandemic which resulted to the lockdown of Private and Government Institution and Businesses. There was sharp increase of N20.7 Billion and N22.3 Billion in 2021 and 2022 respectively. 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 of the State represents the spending on projects that generate state assets (roads, schools, hospitals etc.). The Capital expenditure rise substantially through 2018-2020. This was largely due to procurements made and creation of isolation centers that took care of the COVID-19 Pandemic. It however declined in 2021 to 13.2Billion and increased to 16.3Billion in 2022. This was as a result of the completion of key capital projects in the State with direct bearing on the lives of the citizens.

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.

	2018	**2019**	**2020**	**2021**	**2022**
Total Expenditure	104,765	92,007	89,473	107,407	127,478
Personnel	28,223	30,361	31,589	34,262	33,670
Overhead Costs	20,056	19,785	14,943	20,713	22,258
Debt Service (Interests+Amortizations)	30,533	17,772	19,381	29,929	49,776
Other Recurrent Expenditures	14,345	4,619	3,545	9,336	5,445
Capital Expenditure	11,608	19,471	20,015	13,167	16,329

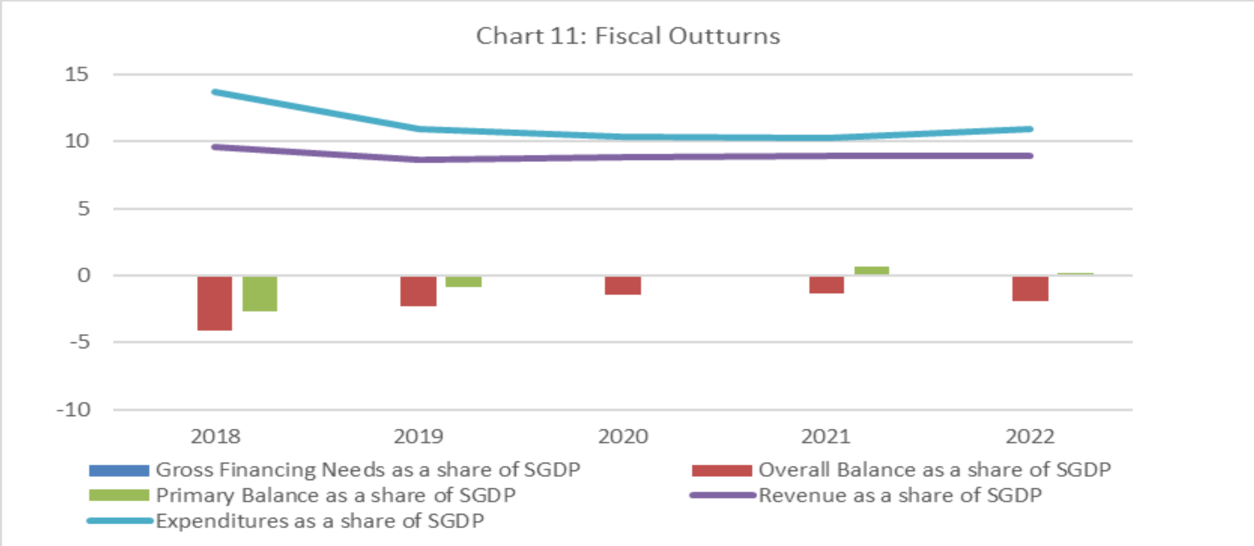


3.1.3 OVERALL AND PRIMARY BALANCE

The overall and Primary Balance trends revealed that the Gross Financing Needs of the state, which was at its peak in 2018. The gross financing needs is the sum of budget deficits and funds required to roll over debts that mature over the year.

Fiscal deficit projection period 2023- 2032 is estimated to have an average of 21.9 Billion. this is hinged on the anticipated improvement on the revenue due to the various initiatives and reforms by Government as well as efficiency and quality of spending.

Plateau state Government should ensure the sustenance of budget reforms programme particularly as it relates to the preparation of realistic budget, ensuring policy-plan- budget, early passage of budget and continue to monitor the performance of revenues to ensure estimates are consistent with latest development globally and within the Federal Government budget process.

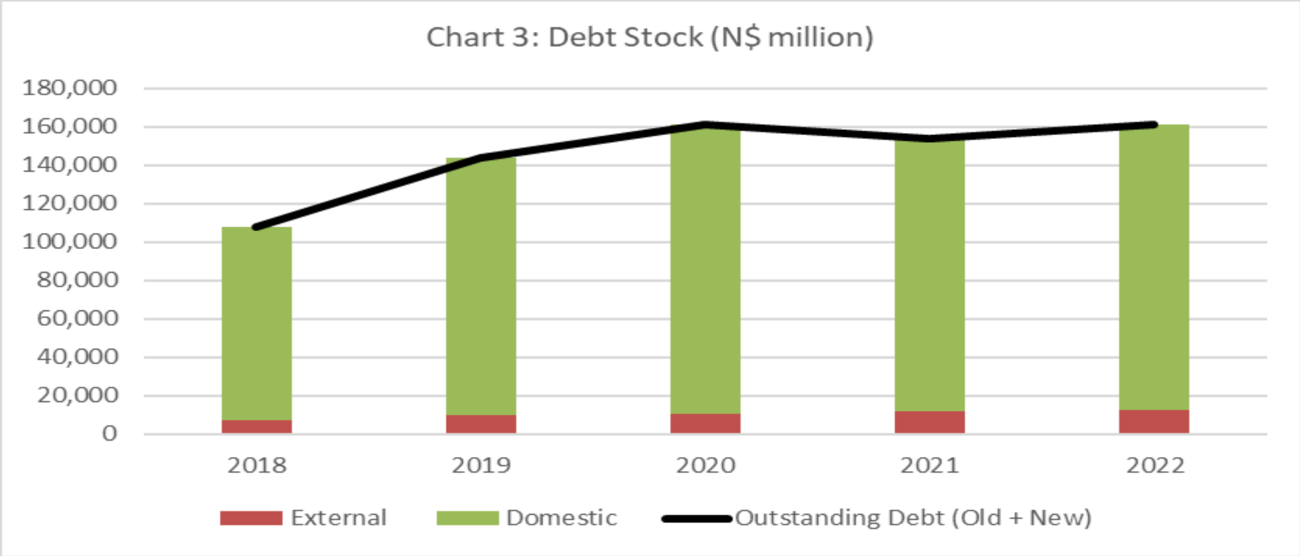


3.2 EXISTING PUBLIC DEBT PORTFOLIO

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 rose from N107.7 billion in 2018 to 161.4 Billion in 2020. This figure declined to N153.9 billion in 2021 and rose to N161.3 Billion in 2022. 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. Also, as a percentage of Revenue, Plateau State Public Debt Stock stood at 210% to surpassed the 200% threshold in 2020 but remained within the threshold at 154% in 2022.

	2018	2019	2020	2021	2022
Outstanding Debt (Old + New)	107,679	144,099	161,352	153,911	161,293
External	7,312	10,085	10,115	11,632	12,280
Domestic	100,367	134,014	151,237	142,280	149,013



The composition of the Plateau State Domestic to External Debt Stock as at 31 December, 2022 stood at N149.0 billion and N12.3 billion representing 92.4% and 7.6% respectively. World Bank accounts for more than 60% of the foreign debt as at 2022 with the remainder from other Multi-laterals and Bi-lateral sources. Similarly, the Domestic debt as at 2022, 54.2% comprised Contractors Arrears, Pension/Gratuity Arrears, Judgement Debt and other Debts. While 55.8% 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 which mitigates exposure to Currency and Exchange rate Risks among others because the foreign currency-denominated liabilities are less than 8% 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 2022 closing debt stock by item in summary

ITEMS	CURRENCY	SCALE	YEAR 2022
Total External Debt – Stocks	**USD**	**MILLIONS**	**32.4**
World Bank (WB) (including International Development Association (IDA) and IBRD)			19.6
African Development Bank (AfDB) [including African Development Fund (AfDFP) and Africa Growing Together FUND]			7.8
Bilateral Creditor (1) [Plateau State- DESW- Third National Urban Water]			5.0

Total Domestic Debt – Stocks	**NGN**	**MILLIONS**	**149,013.44**
Budget Support Facility			21,201.75
Salary Bailout Facility			9,164.88
Restructured Commercial Bank Loans (FGN Bond)			22,071.03
Excess Crude Account Backed Loan			8,602.95
Commercial Banks Loans			1,879.55
State Bonds			2,903.80
Commercial Agriculture Loan (CBN Development Financing Facility)			397.35
MSMED Fund (CBN Development Financing Facility)			2,000.00
Judgement Debts			2,975.85
Government-to-Government Debts			-
Contractors' Arrears			14,958.02
Pension and Gratuity Arrears			20,327.95
Other Debts			42,530.32

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-2022

Debt Indicators	Thresholds	Ratio
Debt as % of SGDP	25%	14
Debt as % of Revenue	200%	154
Debt Service as % of Revenue	40%	45
Personnel Cost as % of Revenue	60%	32
Debt Service as % of FAAC Allocation	No threshold	63
Interest Payment as a of Revenue	No threshold	13
External Debt Service as % of Revenue	No threshold	0

Going by the state's own projections, the Plateau State debt is sustainable contrary to previous reports and as reflected in the above Indicative threshold of debt service to revenue which stood at 45%, exceeding the 40% benchmark. However, this position will decline by 2023 and all through the projected period 2032 with an average of debt service to revenue of 16.3% which is within the acceptable threshold. This position further sees the trajectory of the State's debt rising, but still within the sustainability thresholds all through the projection period 2023- 2032 when majority of the stress test (revenue, expenditure, interest rate and exchange rate 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) 2024-2026 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 2023 to 2026 is based on the State's approved budget and MTEF document. Thereafter, 2027 to 2029 are expected to grow by 10%, while 2030 to 2032 will grow by 8%. 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 2023 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 2023 figures are based on the approved budget, the 2024- 2026 figures are based on the State MTEF document. However, going forward, the state intends to reflect a growth of 10% 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 10% from 2027-2028 and maintain 7% per annum over the period of 2029- 2032.

Note: the DSA-MTDS report is based on the exchange rate of N435.56 to US $1 from the National Medium-Term Expenditure Framework (MTEF) prepared in 2022. Which is yet to be reviewed alongside other macroeconomic indicators to reflect current realities.

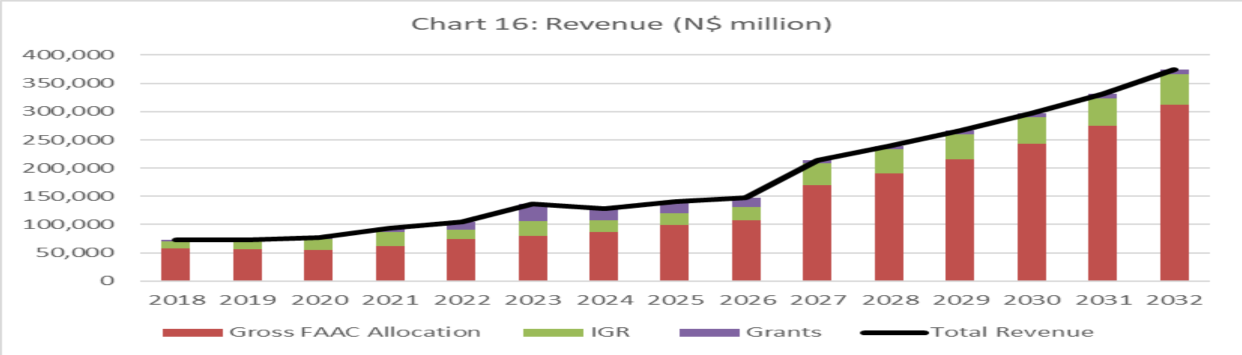
4.2. BORROWING OPTIONS

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 2023-2032 based on 18% interest and over 10 years maturity.

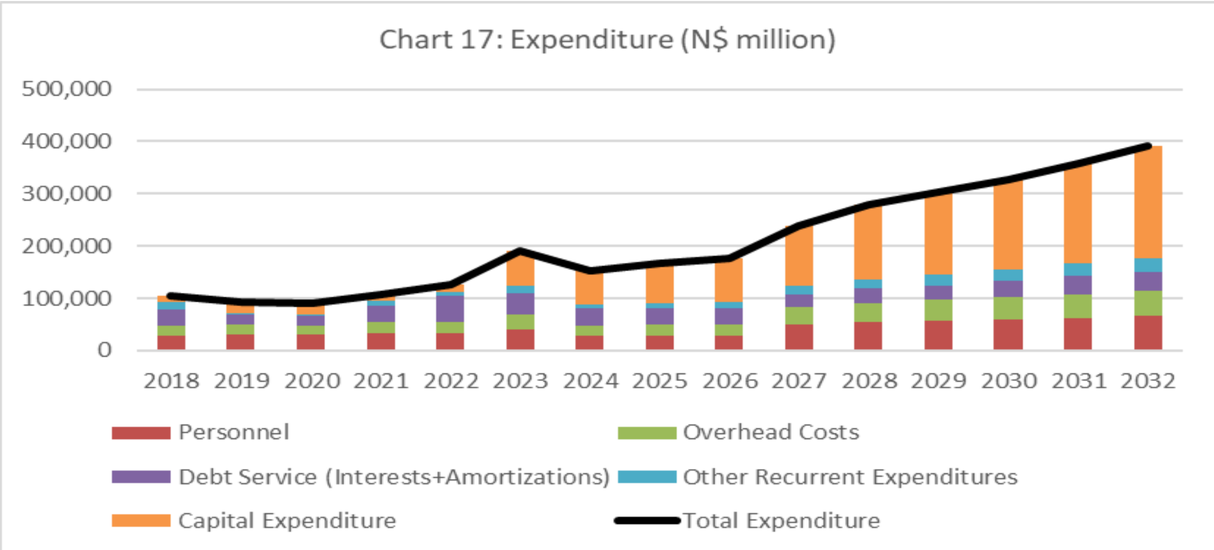
Similarly, the state intends to source from the concessional windows of both multilateral and bilateral institutions for various infrastructure development projects. The financial institutions include International Development Association (IDA), African Development Bank (ADB), African Development Fund (AFDF), etc. This is also assumed at interest rates between 2% to 3% and maturity between 10-40 years.

4.3. DSA SIMULATION RESULTS

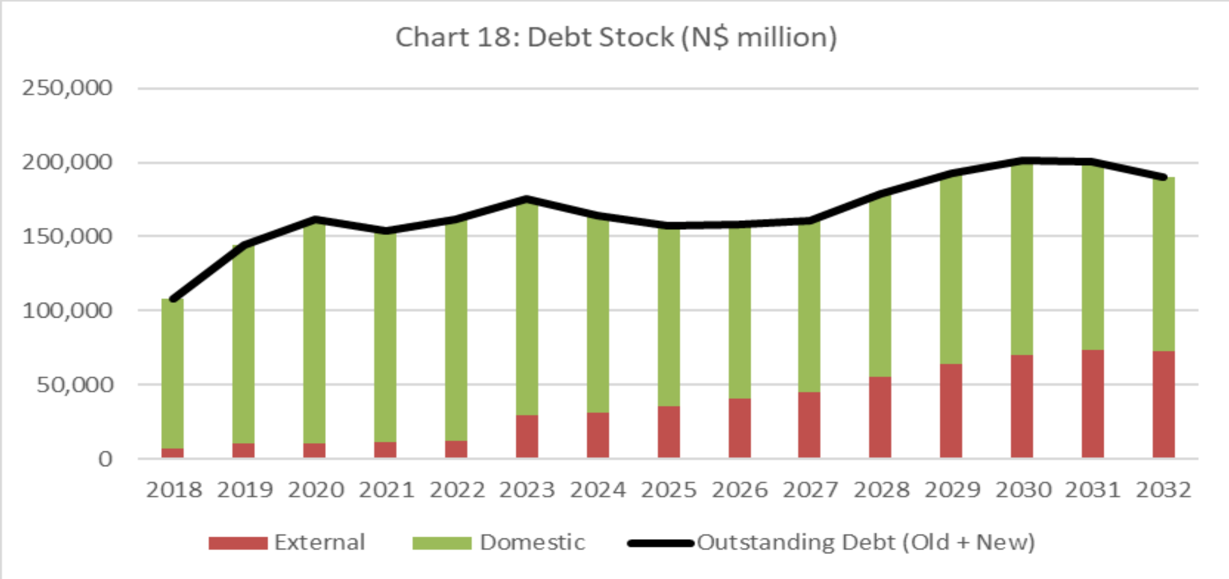
In the Baseline Scenario, the State debt appears sustainable. Total revenue (including grants and excluding other capital receipts) is projected to increase from N104.6billion in 2022 to N374.3 billion by 2032 (as shown in Chart 16 below). IGR is estimated at N26.24 billion in 2023 to N53.63 billion in 2032. FAAC which still remains the largest contributor of revenue, estimated at N79.76 billion in 2023 to N312.28 Billion in 2032, though FAAC being less under the control of the state, hence the need for prudence in estimation.



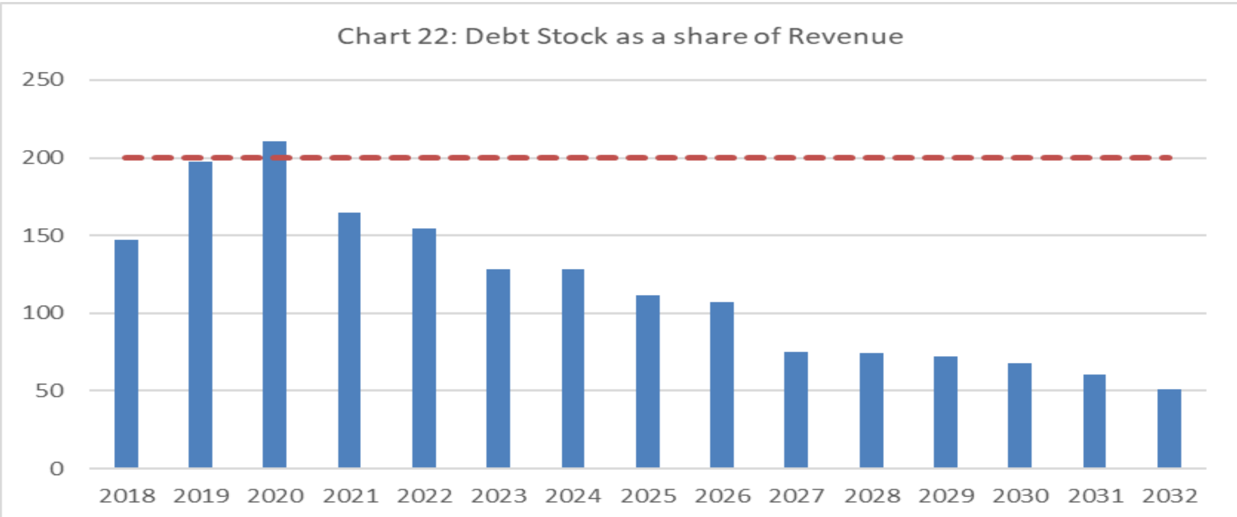
Total expenditure will grow from N190.95 billion in 2023 to N392.24 billion by 2032 with capital expenditure taking the largest share, estimated at N215.31 billion by 2032. Also, based on the State's Public Debt Stock, debt service projections are estimated at N46.98 billion in 2023. This includes flow debt (both domestic and external loans) and non-flow debts (domestic arrears).



The desire for Government to provide better and improved services to its populace amidst dwindling revenues and the need to finance deficit gaps. Total Debt Stock dwindle all through the projected period (2023-2032) with an average estimated figure of N177.8 billion. The external debt increasing significantly compared to the historical years.

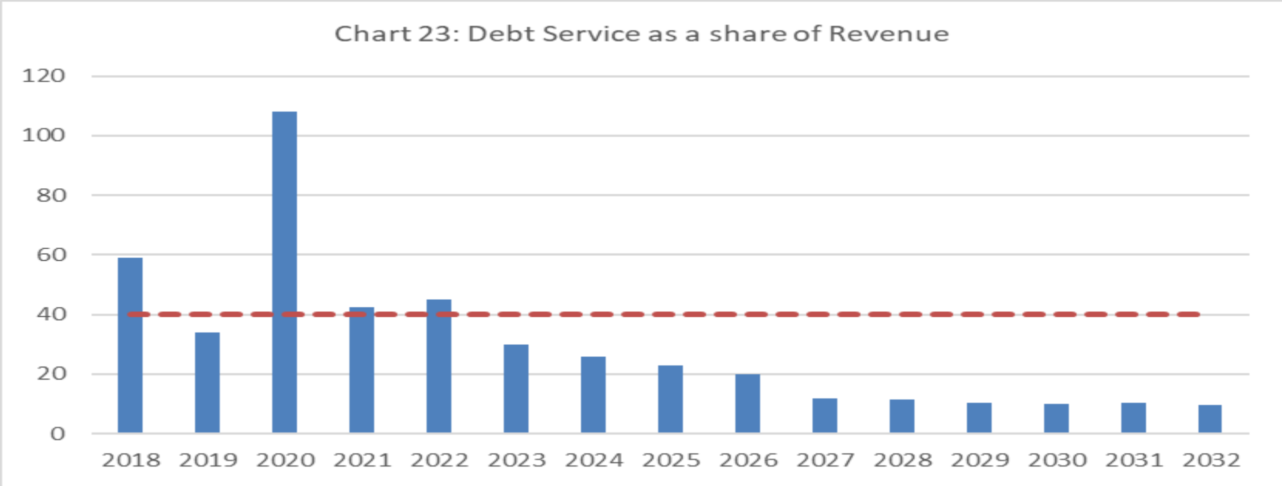


The total public debt as at 2022 (128%) is within the indicative threshold 200%. This position will continue to decline all through the projection period to 51% in 2032 showing a substantial window to borrow. However, extreme shocks in revenue and expenditure will see the trajectory of the state debt moving upward indicating the risk of exceeding the 200% threshold. This red flag serves as a reminder that concerted effort by State Government through its various initiatives and reforms in key sectors of the economy be intensified.

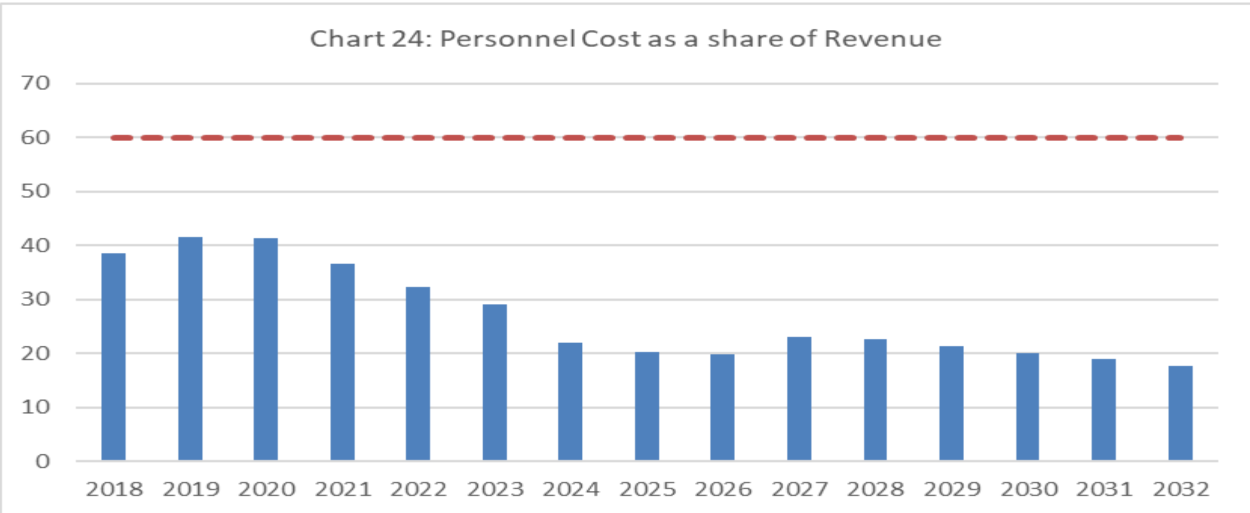


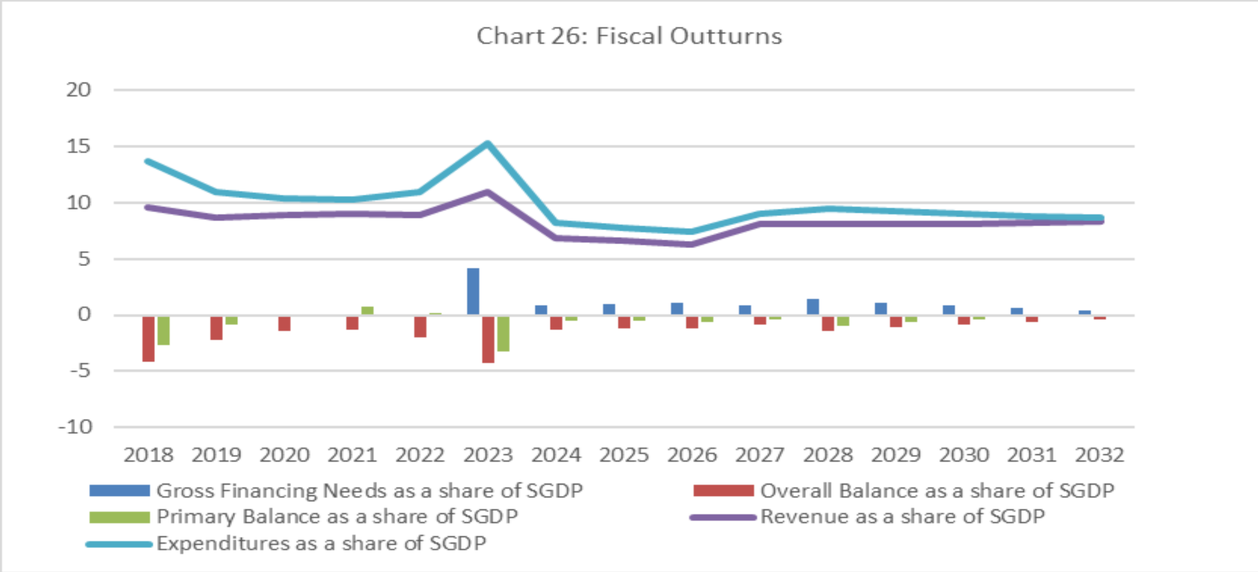
Plateau State's effort and policies to grow its revenue as enshrined in the new Revenue Consolidation Law, and the state's capacity to hold tight on its expenditure and maintain borrowings within the indicative threshold, the

State's repayment capacity will fall and remain within the acceptable threshold of 40% all through the projection period under the Baseline scenario.



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 14% in 2023, 7% in 2026, 6% in 2029 and 4% in 2032 well below the indicative threshold of 25%. The Ratio of Debt as % of Revenue estimated at 128% in 2023, 107% in 2026, 72% in 2029 and 51% in 2032 indicates a low risk in the state's debt portfolio. The Debt Service as % of Revenue is estimated at30% in 2023, 20% in 2026, 11% in 2029 and 10% in 2032, while the Personnel Cost to Revenue trends remains under the recommended threshold over the projection period from 2023 at 29% to 2032 at 18%.

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's 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 2023-2032:

- Revenue shock of 10% (ie 10% lower revenue when compared to the baseline);
- Expenditure shock of 10% (i.e. 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 2023-2032 grow in line with their respective historical average growth rates observed in 2018-2022.

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 (139%) and Debt Service/Revenue (23%) taking the trajectory of the state debt upward but within the 200% and 40% thresholds. This reflects high and moderate risks respectively by 2032. While the Debt/SGDP (10%) and personnel cost to revenue (20%) would remain below the benchmark of 25% and 60% respectively, all through the projection period 2023-2032.

Expenditure shock

This shock has a similar impact to the revenue shock, with an average increase of Debt to SGDP ratios of 10% all through the projection period. But the Debt to Revenue is averaging 126% and Debt Service to Revenue is averaging 21% deviating from the baseline substantially but within the recommended threshold.

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.

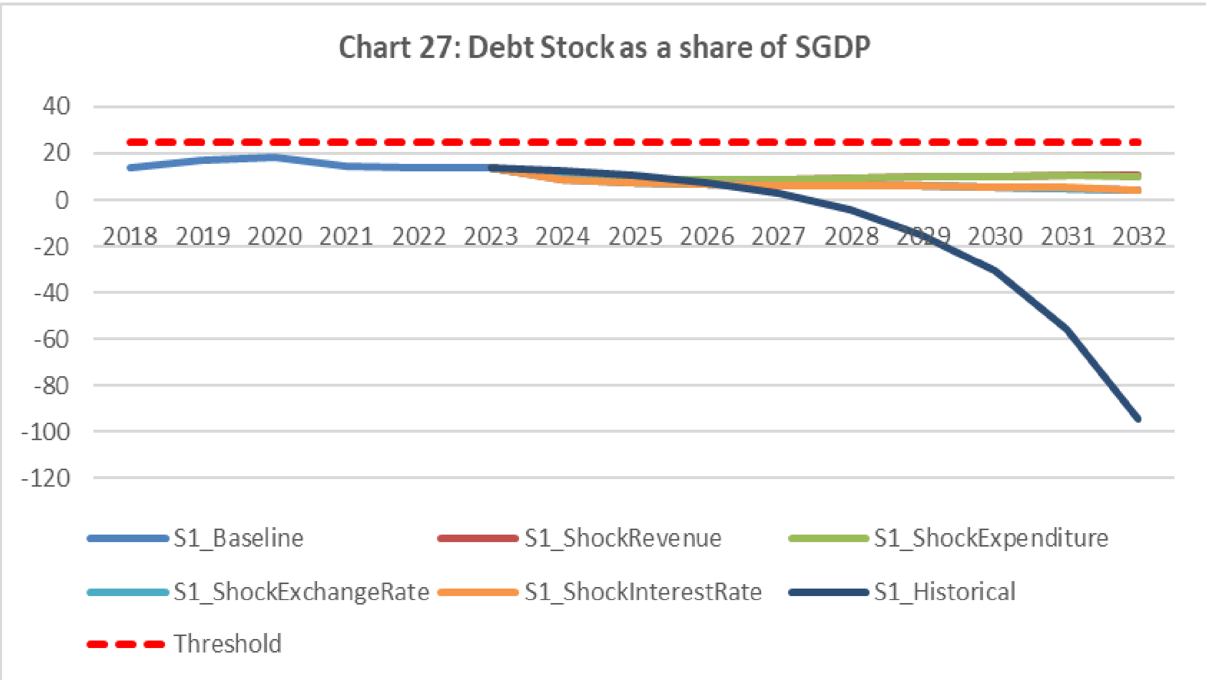
However, due to the states intention to have a portfolio mix of 60-40 for domestic to external loans, there are no impact in some of the ratios, while other ratios only increased marginally.

Interest Rate Shock

The interest rate shock has marginal impact on Debt Stock to Revenue and Debt Service to Revenue ratio with the exception of Debt Stock to SGDP and Personnel cost to Revenue ratios. However, this impact would still maintain the Public Debt within the recommended threshold, but caution is key.

Historical Shock

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



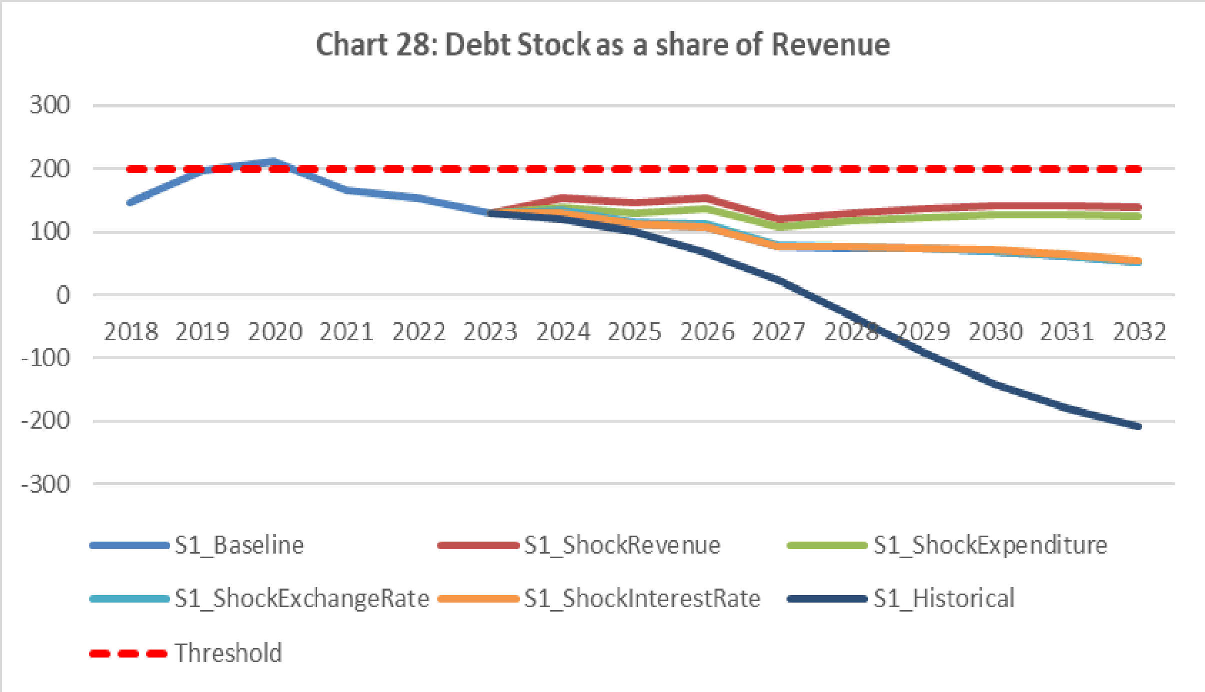


Chart 28: Debt Stock as a share of Revenue
300
200
100
0
-100
-200
-300
2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032
S1_Baseline
S1_ShockRevenue
S1_ShockExpenditure
S1_ShockExchangeRate
S1_ShockInterestRate
S1_Historical
Threshold

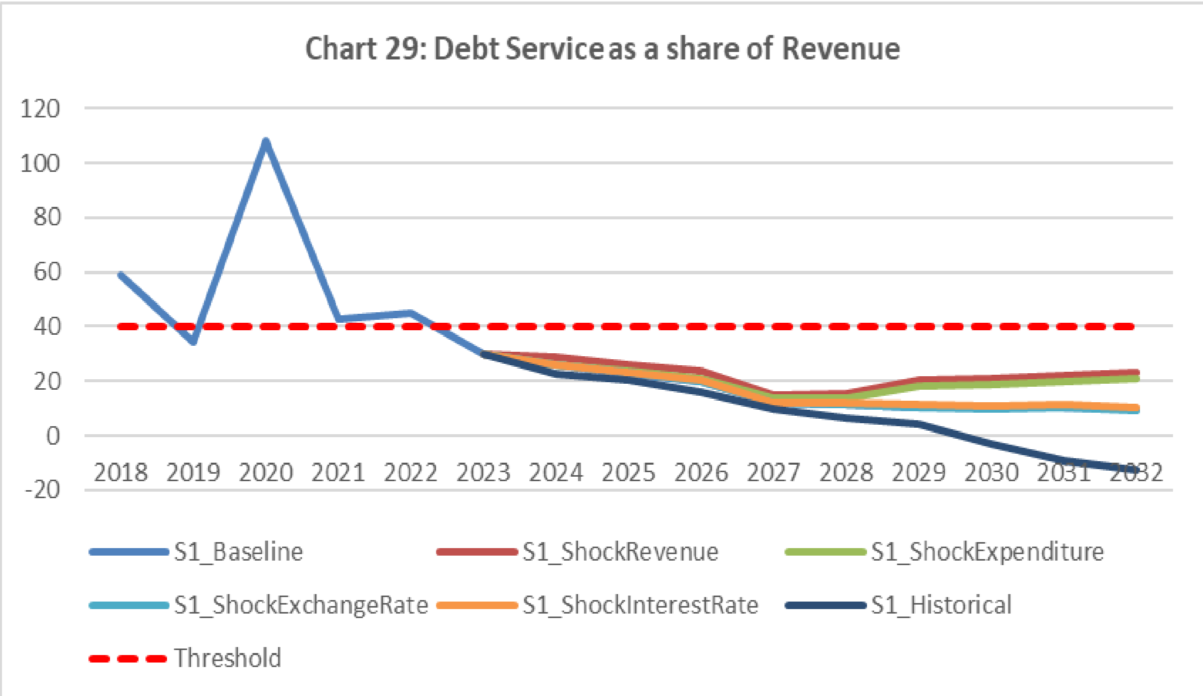
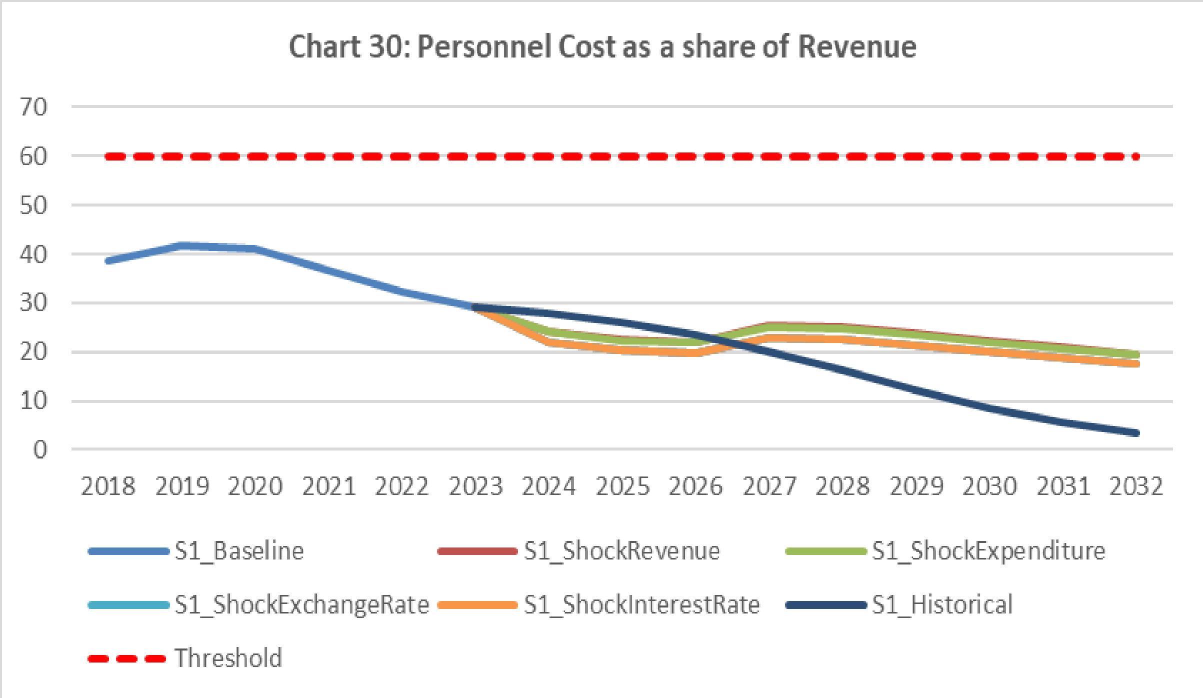


Chart 29: Debt Service as a share of Revenue
120
100
80
60
40
20
0
-20
2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032
S1_Baseline
S1_ShockRevenue
S1_ShockExpenditure
S1_ShockExchangeRate
S1_ShockInterestRate
S1_Historical
Threshold



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

The DSA analysis shows that the State though sustainable all through the projection period, is at a moderate risk of debt distress based on applied shocks. A critical look at the key components of the IGR can be considered for maximum mobilization. Plateau state Government should ensure the sustenance of budget reforms programme particularly as it relates to the preparation of realistic budget, ensuring policy-plan- budget, early passage of budget and continue to monitor the performance of revenues to ensure estimates are consistent with latest development globally and within the Federal Government budget process.

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 activities 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 2023 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 four Debt Management Strategies and their cost and risk implications on the Total Public Debt profile in the future. Both Domestic and External sources were considered, however, the compositions are different for each strategy.

Strategy 1

The state, in this Strategy considered 60/40 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, Commercial Bank loans and Borrowing from the concessional windows of FGN/CBN intervention funds, 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.

Strategy 2

Under this Strategy, the State considered financing its Budget deficit through Commercial Bank borrowings and FGN/CBN intervention funds. While the commercial Bank loans are not cost effective, they are easily accessible compared to other instrument of Budget financing. On the other hand, the State is mindful that the FGN/CBN loans are not statutory, but the state will cash into the concessional window when opened.

Strategy 3

The third strategy is also a deviation from both strategy 1 and 2. It comprises of 90% Bonds with longer maturity period (1 to 6 years and above) and 10% Bridging facility from Commercial Banks.

Strategy 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. In this strategy, the state also considered the domestic market in the medium term due to its accessibility compared to the External sources.

5.2 DMS SIMULATION RESULTS

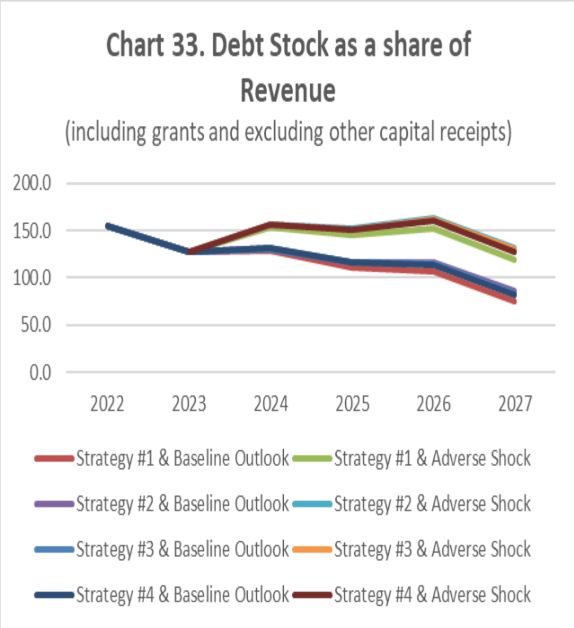
The cost risk trade off charts illustrates the performance of the strategies with reference to three debt burden indicators.

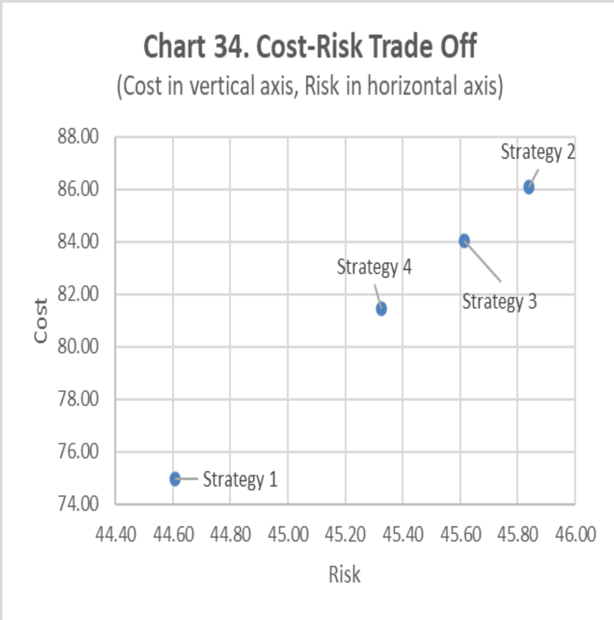
i. Debt/Revenue
ii. Debt Service/ Revenue
iii. Interest Rate/ Revenue

5.2.1 Debt/ Revenue

Strategy 1 shows the cost ratio to revenue is estimated to decrease from 154% in 2022 to 75% in 2027 as against strategy 4 (81%), strategy 3 (84%), Strategy 2 (86%) over the Debt Management Strategy (DMS) period of 2027. It also has the least risk of 44.6% as compared to strategy 4, at 45.3%, strategy 3, at 45.6% and Strategy 2 at 45.8%.

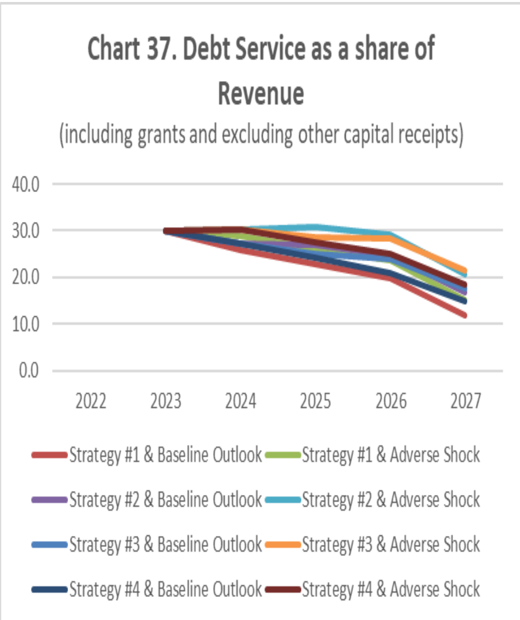
This reveals that S1 is the least costly at 75% and less risky at 44.6% due to the portfolio mix which comprised the concessional windows of FGN/CBN Intervention loans of the Domestic Market and that of the external market. Hence, S1 is the preferred strategy for implementation when compared to other strategies.

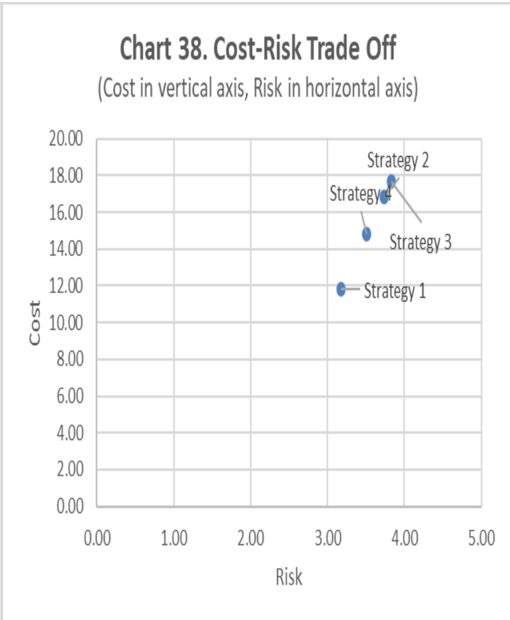




5.2.2 Debt Service/Revenue

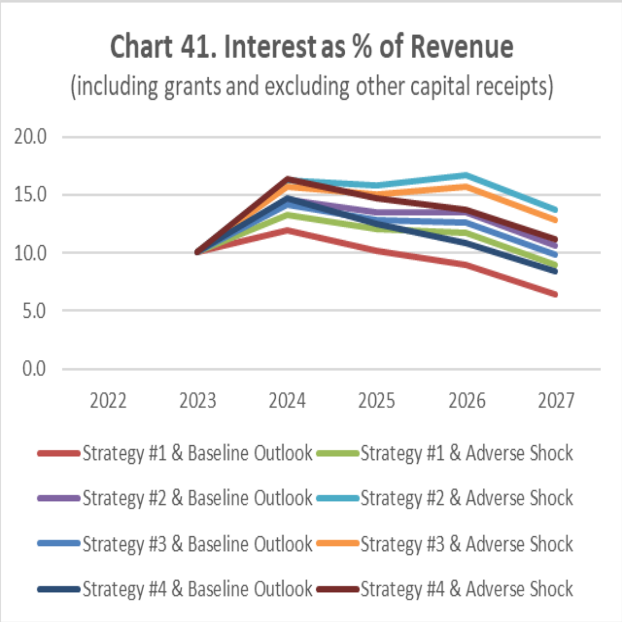
Debt Service as a share of revenue. S1 has the lowest cost of 11.8% 2027 as compared to S4 14.8%, S2 16.8% and S3 17.7% as at the end of 2027. S1 also has the least risk of 3.2% as against S4, S2 and S3 whose risks are 3.5%, 3.7% and 3.8% respectively. Considering the cost-risk analysis, the ***State will consider S1 as the most preferred Strategy for implementation.***

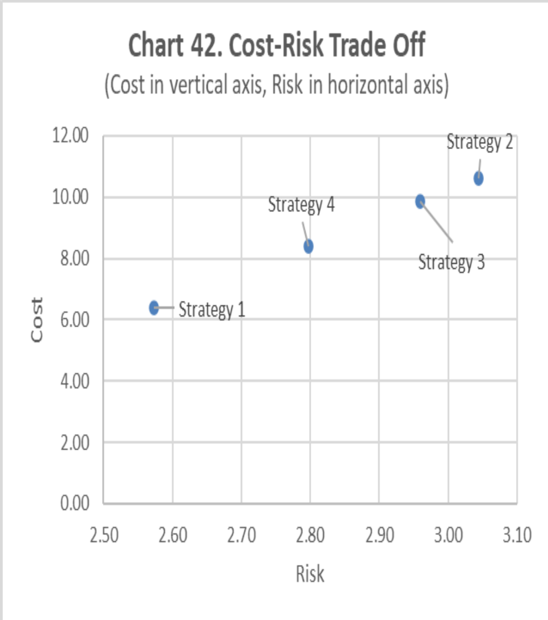




5.2.3 Interest/Revenue

In terms of interest to revenue, S1 is the least costly strategy with the lowest risk (6.4% and 2.6%) when compared to S4 (8.4% and 2.8%), S3 (9.9% and 3%) and S2 (10.6% and 3%) at the end of the DMS period 2027. Hence, ***the preferred strategy remains S1 which is most implementable by the State.***





5.3 DMS ASSESSEMENT

Following the analysis above, S1 is the preferred strategy with the lowest cost and risk in all the performance indicators compared to other strategies. It is a portfolio mix that is most implementable by the state.

The strategy projected the state debt to be N160.70 billion as against S4 at N174.60 billion, S3 180.16 billion and S2 184.51 billion at the end of the strategic period 2027. 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 2023 to 2027 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 State 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 annual budget, where such commitments are met as and when due.
ii. Improve debt management practices of proper collation, recording, reconciliation, revalidation and reporting of 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 made 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.

11/12/2023

Hon. (Mrs) Grace S. Dongkum
Commissioner of Finance

ANNEXTURE I

2023

		Projection Methodology	Source
Assumptions:			
Economic activity	State GDP (at current prices)	WBG Estimates for Historical figures, and projections for 2023 -2032	Debt Management Office, Abuja
Revenue	**Revenue**		
	1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	The 2023 Figure is the approved Budget, 2024- 2026 are from the 2023 MTEF document, while Projections for 2026-2032 are from FGN MTEF, then extrapolated	
	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 outstanding to the State	
	2. Derivation (if applicable to the State)	Not applicable to the State	
	3. Other FAAC transfers (exchange rate gain, augmentation, others)	The 2023 Figure is the approved Budget, 2024- 2026 are from the 2023 MTEF document, while Projections for 2027-2032 are kept constant.	
	4. VAT Allocation	The 2023 Figure is the approved Budget, 2024- 2025 are from the 2023 MTEF document, while Projections for 2027-2032 are from FGN MTEF, then extrapolated	
	5. IGR	The 2023 figure is the approved Budget, figures from 2024-2026 are from the 2023 MTEF document. Projections for 2027- 2029 is expected to grow by 10%, while a 8% growth is projected from 2030-2032 figures. This is made on the changes made in the new Revenue Administrative Law.	
	6. Capital Receipts		
	6.a. Grants	2023 figure is the approved Budget, projected figures from 2024-2026 are from the 2023 MTEF document while projections from 2027-2032 are expected to grow by 3%. The State Government is making frantic effort in creating a Donor-Friendly environment to enable more grants into the State.	
	6.b. Sales of Government Assets and Privatization Proceeds	The 2023 approved Budget accounted for the 2023 figure, a 100% growth is expected in 2024- 2025 due to the change in Administration and the need for the acquisition of new assets, 2026-2027 are projected to grow by 10%. Thereafter, figure is kept constant all through the remaining projected period 2028-2032	

	6.c. Other Non-Debt Creating Capital Receipts	The 2023 figure is the approved Budget, projected figures form 2024 - 2026 are from the 2023 MTEF document, figures from 2027-2028 are expected to grow by 5% while projections from 2029-2032 are expected to grow by 3%.
Expenditure	**Expenditure**	
	1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	The 2023 figure is the approved Budget, projections from 2024-2026 are from the 2023 MTEF document, a 10% increase is projected from 2027- 2028, this is occasioned by the planned recruitment for key sectors, promotion of existing staff, domestication/implementation of various professional bodies fringe benefits and the prompt placement of retired Officers on Pension Payroll while projections from 2029-2032 are to grow by 5%.
	2. Overhead costs	Overhead cost will increase by 10% from 2026-2028, while a projected growth of 7% is expected from 2029-2032. 2023 figures are from the approved budget while that of 2024-2026 are from the 2023 MTEF draft document
	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 (ACF)
	4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)	The 2023 figure is the approved Budget, projections from 2024-2026 are from the 2023 MTEF document, a 20% increase is projected from 2027- 2028. This is based on Government's effort to increase its support in key sectors, while 2029-2032 figures are expected to grow by 10%.
	5. Capital Expenditure	Capital expenditure will increase by 25% from 2026- 2028 owing to the need for the State to mobilize idle funds in capital development and the need to provide service to the citizens. Thereafter, an increase of 10% is anticipated in the remaining years of projection. The approved 2023 budgets accounts for its figure while figures for 2024-2025are from the 2022 MTEF document.
Closing Cash and Bank Balance	**Closing Cash and Bank Balance**	Massive mobilization and utilization of funds which were hitherto unutilized.
Debt Amortization and Interest Payments	**Debt Outstanding at end-2022**	

	External Debt - amortization and interest	Profiles from the Debt Management Office (DMO)
	Domestic Debt - amortization and interest	Amortization schedules from the Plateau State Debt Management Department
	New debt issued/contracted from 2023 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 (FGN/CBN)	Current available rates are considered for Domestic Financing based on the CBN single -digit policy.
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S1	**Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S1**	**S1 is the reference strategy reflecting a portfolio mix of 60% Domestic and 40% External financing**
	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 (FGN/CBN)	Based on current available rates, and distribution, agreed by the State's DSA-DMS Technical Team.
	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 S2	**Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S2**	**S2 is an Alternative Strategy away from S1 reflecting 100% of Domestic financing in Commercial Bank Loans and CBN intervention Loans**
	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 (FGN/CBN)	Based on current available rates, and distribution, agreed by the State's DSA-DMS Technical Team.
	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**	**S3 is the second Alternative Strategy reflecting Domestic funding in the Bond Market (90%) with 10% Bridging facility from Commercial Banks**
	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 (FGN/CBN)	Based on current available rates, and distribution, agreed by the State's DSA-DMS Technical Team.
	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**	**S4 is a third Alternative Strategy that explores the External sources of Financing with that of the Domestic Market in the Medium Term'**
	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 (FGN/CBN)	Based on current available rates, and distribution, agreed by the State's DSA-DMS Technical Team.
	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

	Actuals					Projections									
Indicator	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
	BASELINE SCENARIO														
Economic Indicators															
State GDP (at current prices)	765,266.51	841,906.69	866,838.24	1,046,582.02	1,171,424.15	1,255,582.44	1,865,116.54	2,142,796.70	2,383,975.16	2,652,470.36	2,951,204.84	3,283,584.28	3,653,397.96	4,064,861.90	4,522,666.98
Exchange Rate NGN/US$ (end-Period)	253.19	305.79	306.50	326.00	379.00	435.57	435.57	435.57	435.57	435.57	435.57	435.57	435.57	435.57	435.57
Fiscal Indicators (Million Naira)															
Revenue	109,237.88	113,233.05	87,523.70	105,391.03	121,180.38	189,135.95	144,400.51	162,548.57	174,897.66	237,674.95	279,884.30	302,175.32	327,806.70	358,087.45	392,125.27
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	44,402.78	42,998.34	35,395.68	36,976.83	39,642.08	44,860.54	53,261.61	58,504.89	60,223.74	116,766.17		141,287.07	155,415.77	170,957.35	188,053.08
1.a. of which Net Statutory Allocation ('net' means of deductions)	30,595.78	28,269.80	16,681.26	20,095.01	16,954.91	18,927.74	27,623.23	32,866.51	39,395.73	103,504.58	115,181.20	128,025.48	142,154.19	157,695.76	174,791.50
1.b. of which Deductions	13,807.00	14,728.54	18,714.42	16,881.81	22,687.16	25,932.80	25,638.38	25,638.38	20,828.01	13,261.59	13,261.59	13,261.59	13,261.59	13,261.59	13,261.59
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)	2,065.92	1,544.61	5,074.45	4,662.52	10,253.26	3,977.78	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00
4. VAT Allocation	11,223.87	12,028.56	14,660.37	20,858.46	25,064.15	30,924.57	29,740.07	36,090.15	42,805.22	48,086.58	57,703.89	69,244.67	83,093.60	99,712.33	119,654.79
5. IGR	12,726.48	16,473.66	19,122.38	23,926.02	15,687.30	26,242.97	19,511.08	21,462.18	23,608.40	38,992.73	42,112.15	44,217.76	46,428.65	48,750.08	53,625.09
6. Capital Receipts	38,818.83	40,187.88	13,271.10	18,967.20	30,533.59	83,130.10	37,387.75	41,991.35	43,760.30	29,329.48	47,125.47	42,925.82	38,368.67	34,167.70	26,292.31
6.a. Grants	2,861.53	0.00	2,434.92	7,144.91	13,914.09	30,945.48	20,753.33	20,753.33	16,808.20	6,034.87	6,457.31	6,909.32	7,392.98	7,910.48	8,464.22
6.b. Sales of Government Assets and Privatization Proceeds	0.00	0.00	0.00	0.00	0.00	10.00	20.00	20.00	22.00	24.20	26.62	29.28	32.21	35.43	38.97
6.c. Other Non-Debt Creating Capital Receipts	25,852.39	11,922.12	2,537.12	279.02	683.60	13,000.00	10,000.00	10,000.00	10,000.00	9,100.97	9,556.02	9,747.14	9,942.08	10,140.93	10,343.74
6.d. Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc.)	10,104.91	28,265.76	8,300.00	11,543.26	15,935.90	39,174.62	6,614.42	11,218.02	16,930.10	14,169.43	31,085.52	26,240.08	21,001.40	16,080.86	7,445.38
Expenditure	104,764. 2	92,006.66	89,473.17	107,407.06	127,477.86	190,946.78	152,396.58	166,546.61	176,896.68	238,174.71	280,259.11	302,456.43	328,017.54	358,245.57	392,243.87
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	28,223.15	30,360.53	31,589.11	34,262.18	33,669.81	39,825.93	27,919.33	28,619.80	29,339.91	49,152.67	54,067.94	56,771.33	59,609.90	62,590.39	65,719.91
2. Overhead costs	20,055.82	19,784.96	14,942.54	20,713.11	22,258.23	29,326.43	20,463.75	21,077.66	21,709.99	33,925.33	37,317.86	39,930.11	42,725.22	45,715.98	48,916.10
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	10,914.24	11,906.75	13,606.67	21,038.04	25,135.56	13,841.05	15,241.28	14,359.61	13,352.99	13,686.77	14,132.82	16,067.74	17,649.18	18,513.16	18,112.40
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted from FAAC Allocation)	1,911.03	254.20	2,172.07	7,081.46	11,386.18	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	9,003.21	10,842.46	7,812.25	11,456.58	13,749.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)	14,344.55	4,618.55	3,545.24	9,336.45	5,444.91	15,000.00	7,866.80	8,089.40	12,382.48	14,858.98	17,830.77	19,613.85	21,575.23	23,732.76	26,106.03
5. Capital Expenditure	11,607.73	19,471.08	20,015.31	13,166.58	16,329.34	65,798.97	63,084.12	76,416.34	84,175.96	114,913.93	143,642.41	158,006.65	173,807.32	191,188.05	215,306.85
6. Amortization (principal) payments	19,619.14	5,864.79	5,774.30	8,890.70	24,640.01	27,154.39	17,821.30	17,983.80	15,935.35	11,637.04	13,267.31	12,066.74	12,650.69	16,505.23	18,082.58
Budget Balance (' + ' means surplus, ' - ' means deficit)	4,473.26	21,226.39	-1,949.47	-2,016.03	-6,297.49	-1,810.82	-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	2,366.31	6,839.57	28,065.96	26,116.49	24,100.46	17,802.97	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	6,839.57	28,065.96	26,116.49	24,100.46	17,802.97	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							52,184.62	16,634.42	21,238.02	26,952.10	23,294.61	40,668.16	36,016.50	30,975.70	26,257.22	17,828.09
	i. Primary balance							-13,000.00	8,432.09	7,107.35	337.22	1,529.45	-13,642.84	-8,163.12	-886.67	8,603.06	18,248.28
	ii. Debt service							40,995.44	33,062.58	32,343.41	29,288.34	25,323.81	27,400.13	28,134.49	30,299.87	35,018.39	36,194.97
	Amortizations							27,154.39	17,821.30	17,983.80	15,935.35	11,637.04	13,267.31	12,066.74	12,650.69	16,505.23	18,082.58
	Interests							13,841.05	15,241.28	14,359.61	13,352.99	13,686.77	14,132.82	16,067.74	17,649.18	18,513.16	18,112.40
	iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)							-1,810.82	-7,996.07	-3,998.04	-1,999.02	-499.76	-374.81	-281.11	-210.84	-158.12	-118.60
	Financing Sources							52,184.62	16,634.42	21,238.02	26,952.10	23,294.61	40,668.16	36,016.50	30,975.70	26,257.22	17,828.09
	i. Financing Sources Other than Borrowing							13,010.00	10,020.00	10,020.00	10,022.00	9,125.17	9,582.64	9,776.42	9,974.29	10,176.36	10,382.72
	ii. Gross Borrowings							39,174.62	6,614.42	11,218.02	16,930.10	14,169.43	31,085.52	26,240.08	21,001.40	16,080.86	7,445.38
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)							0.00	1,190.60	0.00	0.00	2,550.50	0.00	0.00	3,780.25	0.00	1,340.17
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)							7,051.43	0.00	2,019.24	3,047.42	0.00	5,595.39	4,723.21	0.00	2,894.55	1,786.89
	State Bonds (maturity 1 to 5 years)							9,401.91	1,587.46	0.00	0.00	3,400.66	0.00	0.00	5,040.34	0.00	0.00
	State Bonds (maturity 6 years or longer)							0.00	0.00	2,692.32	4,063.22	0.00	7,460.52	6,297.62	0.00	3,859.41	0.00
	Other Domestic Financing (FGN/CBN)							7,051.43	1,190.60	2,019.24	3,047.42	2,550.50	5,595.39	4,723.21	3,780.25	2,894.55	1,340.17
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)							9,401.91	1,587.46	2,692.32	4,063.22	3,400.66	7,460.52	6,297.62	5,040.34	3,859.41	1,786.89
	External Financing - Bilateral Loans							6,267.94	1,058.31	1,794.88	2,708.82	2,267.11	4,973.68	4,198.41	3,360.22	2,572.94	1,191.26
	Other External Financing							0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Residual Financing							0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Debt Stocks and Flows (Million Naira)																
	Debt (stock)		107,678.65	144,098.53	161,351.78	153,911.41	161,293.04	175,146.14	163,939.26	157,173.48	158,168.23	160,700.62	178,518.83	192,692.16	201,042.87	200,618.50	189,981.30
	External		7,312.12	10,084.83	10,114.50	11,631.68	12,279.60	29,331.64	31,446.96	35,323.92	40,702.22	44,843.97	55,527.79	63,934.83	69,963.01	73,401.27	72,860.53
	Domestic		100,366.53	134,013.70	151,237.28	142,279.73	149,013.44	145,814.49	132,492.30	121,849.56	117,466.00	115,856.65	122,991.04	128,757.33	131,079.86	127,217.23	117,120.77
	Gross borrowing (flow)							39,174.62	6,614.42	11,218.02	16,930.10	14,169.43	31,085.52	26,240.08	21,001.40	16,080.86	7,445.38
	External							15,669.85	2,645.77	4,487.21	6,772.04	5,667.77	12,434.21	10,496.03	8,400.56	6,432.34	2,978.15
	Domestic							23,504.77	3,968.65	6,730.81	10,158.06	8,501.66	18,651.31	15,744.05	12,600.84	9,648.52	4,467.23
	Amortizations (flow)		33,355.36	12,950.06	69,111.02	25,426.13	33,138.62	27,154.39	17,821.30	17,983.80	15,935.35	11,637.04	13,267.31	12,066.74	12,650.69	16,505.23	18,082.58
	External		153.04	216.74	216.31	218.42	371.42	450.67	530.45	610.25	1,393.74	1,526.03	1,750.39	2,088.99	2,372.38	2,994.09	3,518.89
	Domestic		33,202.32	12,733.33	68,894.71	25,207.71	32,767.20	26,703.72	17,290.84	17,373.55	14,541.61	10,111.01	11,516.92	9,977.76	10,278.32	13,511.14	14,563.69
	Interests (flow)		9,773.10	11,969.40	13,760.04	14,337.44	13,842.22	13,841.05	15,241.28	14,359.61	13,352.99	13,686.77	14,132.82	16,067.74	17,649.18	18,513.16	18,112.40
	External		52.80	62.65	153.37	104.32	140.23	0.00	376.08	439.57	547.27	686.29	794.85	1,059.06	1,266.60	1,415.35	1,498.21
	Domestic		9,720.30	11,906.75	13,606.67	14,233.12	13,701.99	13,841.05	14,865.21	13,920.03	12,805.72	13,000.48	13,337.98	15,008.68	16,382.57	17,097.81	16,614.18
	Net borrowing (gross borrowing minus amortizations)							12,020.23	-11,206.88	-6,765.78	994.75	2,532.39	17,818.21	14,173.33	8,350.71	-424.37	-10,637.20
	External							15,219.18	2,115.31	3,876.96	5,378.30	4,141.75	10,683.82	8,407.04	6,028.18	3,438.25	-540.74
	Domestic							-3,198.95	-13,322.19	-10,642.74	-4,383.55	-1,609.35	7,134.39	5,766.29	2,322.53	-3,862.62	-10,096.46
	Debt and Debt-Service Indicators																
Indicator1_baseline	Debt Stock as % of SGDP		14.07	17.12	18.61	14.71	13.77	13.95	8.79	7.33	6.63	6.06	6.05	5.87	5.50	4.94	4.20

Indicator2_baseline		Debt Stock as % of Revenue (including grants and excluding other capital receipts)		146.94	197.27	210.40	164.49	154.26	127.89	128.31	111.23	106.91	74.96	74.63	72.40	67.73	60.46	50.76
Indicator3_baseline		Debt Service as % of SGDP							3.27	1.77	1.51	1.23	0.95	0.93	0.86	0.83	0.86	0.80
Indicator4_baseline		Debt Service as % of Revenue (including grants and excluding other capital receipts)							29.93	25.88	22.89	19.80	11.81	11.45	10.57	10.21	10.55	9.67
Indicator5_baseline		Interest as % of SGDP							1.10	0.82	0.67	0.56	0.52	0.48	0.49	0.48	0.46	0.40
Indicator6_baseline		Interest as % of Revenue (including grants and excluding other capital receipts)							10.11	11.93	10.16	9.03	6.38	5.91	6.04	5.95	5.58	4.84
		Personnel Cost as % of Revenue (including grants and excluding other capital receipts)							29.08	21.85	20.25	19.83	22.93	22.60	21.33	20.08	18.86	17.56
		Adverse Shock Scenario is defined by the worst performance indicator measured in year 2027																
		For Debt Stock as % of SGDP the adverse shock is: Revenue	Revenue															
Indicator1_shock		Debt Stock as % of SGDP							13.95	9.47	8.64	8.52	8.70	9.42	9.95	10.28	10.39	10.32
		For Debt Stock as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue	Revenue															
Indicator2_shock		Debt Stock as % of Revenue (including grants and excluding other capital receipts)							127.89	153.68	145.54	152.55	119.57	129.14	136.42	140.58	141.39	138.57
		For Debt Service as % of SGDP the adverse shock is: Historical	Historical															
Indicator3_shock		Debt Service as % of SGDP							3.27	2.36	2.12	1.70	1.17	0.85	0.69	-0.73	-2.81	-5.69
		For Debt Service as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue	Revenue															
Indicator4_shock		Debt Service as % of Revenue (including grants and excluding other capital receipts)							29.93	28.75	26.23	23.67	14.99	15.33	20.40	21.03	22.10	23.44
		For Interest as % of SGDP the adverse shock is: Revenue	Revenue															
Indicator5_shock		Interest as % of SGDP							1.10	0.82	0.72	0.65	0.65	0.67	0.73	0.78	0.80	0.79
		For Interest as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue	Revenue															
Indicator6_shock		Interest as % of Revenue (including grants and excluding other capital receipts)							10.11	13.25	12.09	11.71	8.96	9.17	10.03	10.62	10.87	10.64
	Adverse Shock Scenario is defined by the worst performance indicator measured in year 2027																	
	For Debt Stock as % of SGDP the adverse shock is: Revenue		Revenue															
Indicator1_ shock	Debt Stock as % of SGDP								13.95	10.10	9.83	9.46	9.62	10.32	10.83	11.14	11.23	11.14
	For Debt Stock as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue		Revenue															
Indicator2_ shock	Debt Stock as % of Revenue (including grants and excluding other capital receipts)								127.89	135.43	141.16	130.59	132.21	141.46	148.47	152.33	152.84	149.62
	For Debt Service as % of SGDP the adverse shock is: Historical		Historical															
Indicator3_ shock	Debt Service as % of SGDP								3.27	2.36	2.23	1.86	1.37	1.00	0.80	-0.69	-2.32	-5.57
	For Debt Service as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue		Revenue															
Indicator4_ shock	Debt Service as % of Revenue (including grants and excluding other capital receipts)								29.93	23.76	23.70	20.24	17.15	16.84	22.89	23.22	24.98	24.68

	For Interest as % of SGDP the adverse shock is: Revenue	**Revenue**															
Indicator5_ shock	**Interest as % of SGDP**							**1.10**	**0.82**	**0.78**	**0.77**	**0.73**	**0.74**	**0.80**	**0.85**	**0.87**	**0.86**
	For Interest as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue	**Revenue**															
Indicator6_ shock	**Interest as % of Revenue (including grants and excluding other capital receipts)**							**10.11**	**10.95**	**11.14**	**10.57**	**10.04**	**10.15**	**11.01**	**11.57**	**11.81**	**11.54**