



JIGAWA STATE

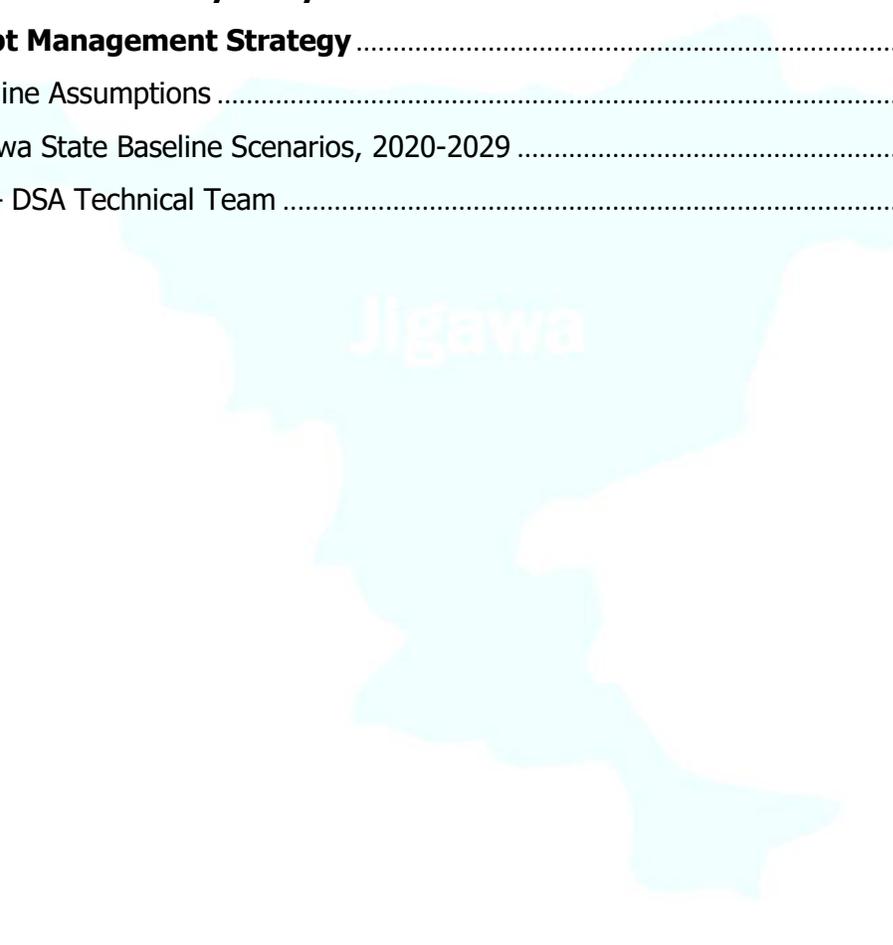
2021

DEBT SUSTAINABILITY ANALYSIS & DEBT MANAGEMENT STRATEGY (DSA-DMS) REPORT

**Compiled By
Jigawa State Ministry of Finance & Economic Planning
Debt Management Department
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Jigawa

Foreword

The preparation of the State Debt Sustainability Analysis combined with a Debt Management Strategy is an important aspect of the State Fiscal and Financial Management Reforms aimed at institutionalizing Fiscal Transparency and Sustainability in governance. Even though Jigawa State remains one of least indebted States in Nigeria, the preparation of SDSA and DMS is believed to be very important in helping the State to continuously monitor the situation as to ensure that the State's debt profile remains fiscally sustainable in both the medium and long-terms.

As expected, the 2021 Debt Sustainability Analysis indicated that not only is the State's debt position sustainable even in the long-term but also that there is substantial fiscal space to borrow based on the State's current revenue profile. The ratio of Debt to GDP projected at 4.14% in 2021 is very much below the acceptable threshold for Debt to SGDP ratio of 25% over the projection period. Projected up to 2030, the Debt to SGDP ratio still remains below 10%. From another perspective, the SDSA also indicated a Debt Service to Revenue Ratio of about 6.96%. Projected to 2030, this ratio is projected to be about 19.44%. Still, this is much below the acceptable threshold of 40%. Indeed, for all the parameters used to measure Debt Sustainability, Jigawa State is in a very comfortable and sustainable position even in the long-term. It is only under extreme shock in revenue, expenditure, exchange rate and interest rate that the possibility of experiencing moderate debt distress would manifest. On the whole therefore, not only is Jigawa State being among the least indebted States in the Federation, but also that its fiscal and financial management indicators suggest the State debt profile being in a very sustainable position even over a long-term scenario.

Under the Debt Management Strategy, various borrowing options were considered through a combination of various parameters. As indicated in the report "... domestic financing serves as one of the main sources of borrowing and given the limited funding envelopes from the external borrowing with long processing time...". The various alternatives borrowing options include domestic financing either through commercial banks or domestic debt market or external borrowing mostly consisting of concessional loans.

Finally, on behalf of Jigawa State Government, I hereby express our profound gratitude and appreciation to the Debt Management Office for the support provided to State technical team in conducting the State Debt Sustainability Analysis



Ibrahim Babangida Umar, FCNA
Commissioner for Finance and Economic Planning

Chapter 1: Introduction

Jigawa State Debt Sustainability Analysis (JS - DSA) covers the period of 5-year historical from 2016 to 2020 and 10-year projection 2021-2030, under various macroeconomic assumptions and shock scenarios. The primary objective is to ensure that based on the analysis in the DSA and the Debt Management Strategy (DMS) basis for policy decisions are arrived-at so that the State's debt stock remains sustainable in the medium to long-term. The analysis was largely based on the State's macroeconomic framework used assess the current and future debt levels, as well as its ability to meet debt service obligations as and when due, and without compromising growth and development.

The JS DSA-DMS forecasted for primary balance that comprises the difference between revenue and expenditure, plus the existing debt service (interest payment and principal repayments). The revenue was based on the Harmonized Revenue Law of the State Government which provided for capital gains tax, and other property tax to expand the tax base to maximally increase the state internally generated revenue that are considered achievable. Other informative policy documents referred to included the State's Tax Policy and Medium-term Revenue Forecast which provided scenarios for moderate growth in independent revenues, at least, in the medium-term. Also, the State forecasts increased recurrent and capital expenditures with expected growth in the National economy with cascading effects in the State's economy leading to increase in overall economic activities in the private sector, as well as job creation in the public sector.

In the first quarter of the 2020, however, the Coronavirus Disease (COVID-19) which appeared in Asia gradually became a global pandemic. The global fight against the deadly virus led to the shutdown of the economies of the world and this affects Nigeria's revenue that accrued to the State. Both import and export commodities were affected. This unprecedented dire situation led to recession in some part of the world. Nigeria had its fair share of the COVID-19 pandemic recession due to fall in the revenue and this seriously led to loss of job, businesses and lives. In addition, the world economy suffers greatly due the consequences of policies like lockdown, which came into effect in many parts of the world to contain the virus. Nigeria and many countries are currently experiencing various degrees of economic difficulties.

The Government has put in place a harmonized revenue law to expand the tax net and boost Internally Generated Revenue. The increase in Internally Generated Revenue is expected to positively impact on the debt obligations as well as economic development of the State. The State plans to augment the State budget through borrowings from domestic loans and external loans. In addition to this, the COVID -19 pandemic hit Jigawa State around March 2020 and this adversely affected the economy's positive economic performance. Consequently, the MTDS had to be recalibrated to ensure the financing gap of government is met.



Chapter 2: The State Fiscal and Debt Framework

The Fiscal Foundation of Jigawa State was rooted in its Fiscal Responsibility Law No. 6 of 2019 which provided for the pursuit of sound Public Expenditure and Financial Management Systems in Jigawa State aimed at Ensuring that, "for the purpose overall economic development of the State, Government shall strive towards:

- i. Aligning its Income and Expenditure by keeping its spending limits within the dictates of its available resources;
- ii. Ensuring that the Budget Process is pursued within a Framework that supports Strategic Prioritization and Rational Resources Allocation and in accordance with the overall Development Policy Objectives of the State; and
- iii. Ensuring strict adherence to 'Due-process' in Budget Execution as well as Accountability, Transparency and Prudence In the entire Public Financial Management Process.

Over the years, the State Government has pursued various public expenditure and financial management reforms which allowed 20. This has allowed the State to maintain its debt portfolio within sustainable limits and makes it one of the least indebted States in the Federation. Over the years, the development objectives pursued by the State Government included among others:

- i. Expanding access to and quality of human development services particularly in the area of education, health and economic empowerment;
- ii. Addressing the issue of out-of-school children and malnutrition among children;
- iii. Pursuit of multi-sectoral social protection programs that prioritize children and women;
- iv. Improved Local Governance and Community mobilization for participation in the socioeconomic development process.

2.1 Medium-Term Budget Forecast

Jigawa State Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS) constitute the major components of the Annual Budget Process. These set of principles provides logical starting point for the development of Medium-Term Expenditure Framework (MTEF), which highlight the context of the annual budget. The key objective is to achieve fiscal realism and sustainability for both the medium and long-term development of the State through an institutionalized fiscal reforms and prudent fiscal management.

The foundation for any fiscal discipline and the attainment of fiscal realism starts with the Economic and Fiscal Update (EFU). It (the EFU) presents data and analyzed information on all the strata of the state, national and global economic and fiscal situations. This forms the basis for fiscal and macroeconomic assumptions and projections reflected in the Fiscal Strategy Paper which also goes further to manifest medium-term fiscal projections (revenue and expenditure). The EFU gives a measured reflection of recent budget performance identifying factors that significantly affects the attainment of budgetary outputs and outcomes which transmit into the subsequent fiscal plans.

The EFU provides the context for a prospective Fiscal Strategy Paper (FSP) that feeds into the Medium-Term Expenditure Framework (MTEF) where resources are strategically allocated considering Government policy objectives and priorities as dictated by the budget policy statements.

Thus FSP is an indispensable element in annual budget process as it determine the resources available to fund government prioritized projects and programmes in a sustainable manner and consistent with its development policy objective and priorities as encapsulated in the existing policy document It provides justification and corroborate the estimation for medium-term major Revenue and Expenditure aggregates including important components of the MTEF Process such as fiscal targets, fiscal constraints and an assessment of the fiscal risks. The details of the macroeconomic assumptions are as shown in the table below.

Jigawa State Medium Term Expenditure Framework (MTEF), 2022-2024

	MTEF, 2021-2023		
Source	2022	2023	2024
Revenue	(Figures in Million Naira)		
Internally Generated Revenue	23,441.3	24,261.7	25,110.9
Statutory Allocation	39,501.0	41,552.0	44,692.4
Value Added Tax	19,985.0	20,585.0	21,305.5
Sala of Government Assets	515.0	530.5	546.4
Other Deficit Financing Items	9,308.0	9,680.3	10,067.5
Expenditure			
Personnel Cost	29,968.185	31,798.663	32,629.142
Overhead Cost	20,882.752	21,348.641	21,814.531
Interest Payments			
Other Recurrent Expenditure	9,497.237	9,222.154	7,953.8
Total Capital Expenditure	61,321.476	62,547.905	63,798.9
Total Expenditure	121,669.65	124,917.36	126,196.37

State's Revenue policies: Jigawa State Comprehensive Development Framework (CDF) which is the key policy document of the State Government has outlined the focus of the State's Public Expenditure and Financial Management Reforms (PEFM) recognizing "exercise of control and stewardship in the use of public funds" as one of the primary objectives of the reforms. Ultimately, the reforms seem to entrench a good PFM system which is essential for the implementation of policies and the attainment of the overall State's developmental objectives.

Jigawa State Government introduced new “ **Jigawa State Revenue (Codification and Consolidation Law, 2019**” A Law to provide the harmonization, Consolidation and Codification of all Jigawa State Internal Revenue and also to restructure the board of Internal Revenue with a view to sanitizing the Revenue system in the State in respect of Assessment, Collection and Remittance to Revenue Single Account (RSA) for effective service delivery in the State and Related Matters.

Very recently, the State Government developed a State Tax Policy which was approved in April by the State Executive Council. Generally, the rationale and objectives of the Jigawa Tax Policy is to facilitate the attainment of the State’s Fiscal Policy objectives as contained in both the Fiscal Responsibility Law and the CDF by providing the requisite guidelines and principles for the orderly development and administering of the State tax system. Furthermore, in addition to providing the context for the State Medium Term Revenue Strategy, (MTRS), the Policy is expected to achieve the following specific objectives, among others;

- a) Guide the operation and review of the tax system;
- b) Protect the poor and vulnerable in the state from unfair tax;
- c) Provide the basis for future review and amendment of existing tax legislation and administration;
- d) Serve as a point of reference for all stakeholders on taxation;

State’s Expenditure policies: Jigawa’s Expenditure Policies drives through a State’s Comprehensive Development Framework (CDF) which is to develop a holistic socioeconomic development strategy that puts together all major elements affecting the development of the State. The effort represents a shared vision of all stakeholders, a development framework that is designed to guide short and medium-term state development plans and ensure effective linkage to the budget through a Medium-Term Expenditure Framework with sufficient flexibility to respond to emerging needs and exigencies.

This section provides a brief review of the development process of the State since its creation, the overall development objectives, and priorities, as well as its mission and vision. The section also gives an overview of the conceptual underpinnings for the sustainable economic development of the State outlined in the Jigawa State CDF.

Chapter 3: The State Revenue, Expenditure, and Public Debt Trends (2016 - 2020)

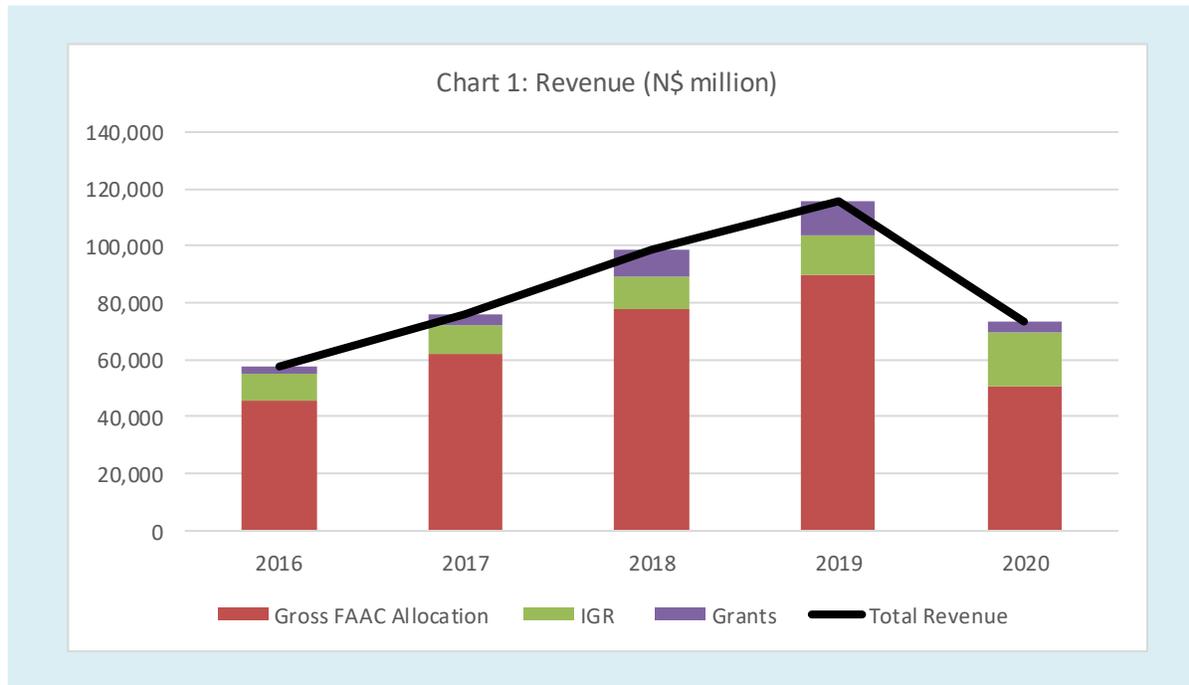
The Jigawa State economy experienced a growth under Internally Generate Revenue (IGR) from ₦13,750.00 million in 2019 to ₦19,080.40 million in 2020 or 38.77t, compared to the 24.87% growth in 2019. This was due to economic reforms to improve tax and other service sectors, as well as other initiatives by the Government.

3.1 Revenue and Expenditure

Revenue - The State's economy comprises Statutory Allocation, Derivation, VAT Allocation, IGR, and Capital Receipt. the State's Revenue amounted to ₦73,206.40 million as at end 2020 from ₦115,520.00 million as at end 2019, representing an decreased of ₦42,313.60 million or 36.63%, the decline was due to the COVID-19 pandemic which led to the shutdown of the economies of the world, Nigeria and this affects Nigeria's revenue that accrued to the State.

- a. Jigawa State's gross FAAC allocation recorded an increased from ₦45,312.28 in 2016, ₦62,348.44 million in 2017, ₦ 77,902.76 million in 2018, but recorded a declined due the coronavirus pandemic by ₦42,313.60 million or 43.51 percent within the period from ₦89,970.00 million in 2019 compared to ₦50,828.00 million in 2020.
- b. Jigawa witnessed modest growth and significant improvement in the State **Internally Generated Revenue (IGR)**, where the IGR grew by 38.77 percent or ₦5,330.40 million from ₦13,750.00 million in 2019 to ₦19,080.40 million in 2020 (as shown in Chart 1, below), compared with ₦9,465.22 million 2016, ₦9,903.95 million in 2017 and ₦11,011.18 million in 2018, respectively. The improvement in IGR is mainly due to the tax reforms aimed at improving collection efficiency and broadening the tax revenue base.

Revenue (Figures in Million Naira)	2016	2017	2018	2019	2020
Total Revenue	57,826.50	76,252.39	98,623.94	115,520.00	73,206.40
Gross FAAC Allocation	45,312.28	62,348.44	77,902.76	89,970.00	50,828.00
IGR	9,465.22	9,903.95	11,011.18	13,750.00	19,080.40
Grants (N)	3,049.00	4,000.00	9,710.00	11,800.00	3,298.00

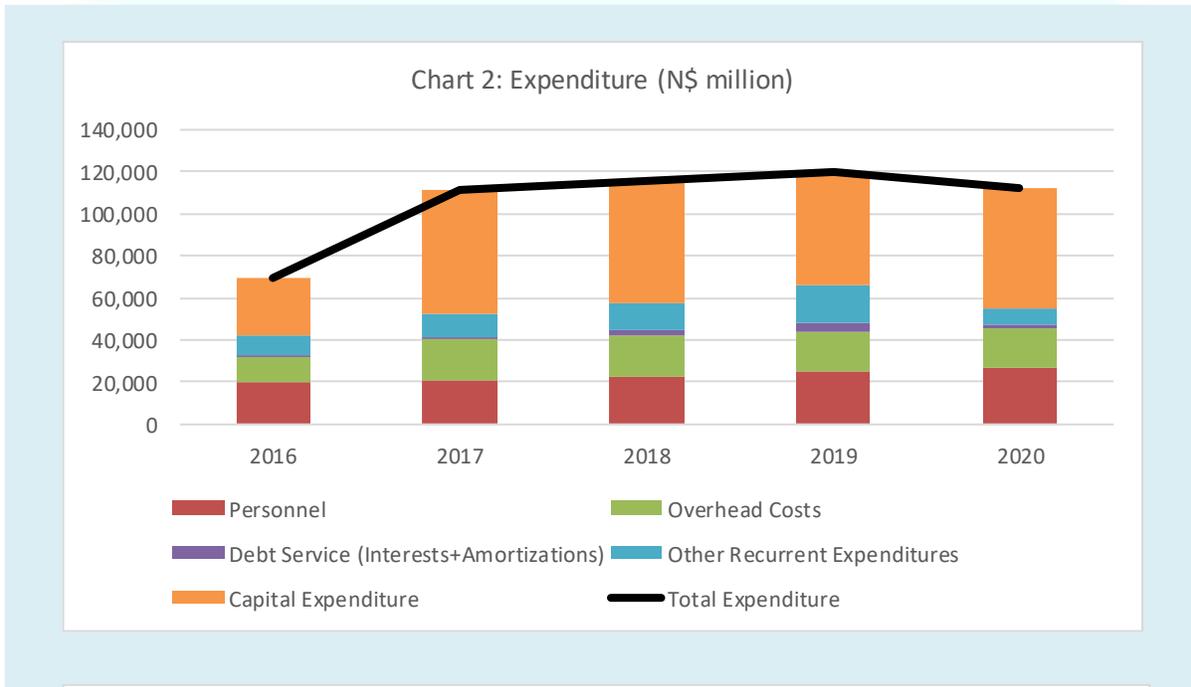


Expenditure- The State's Total expenditure covers Capital expenditure, Personnel costs, Overhead costs, other recurrent expenditure, and Debt service (interest payment and principal repayment) recorded at ₦69,097.60 million in 2016, ₦111,555.48 million in 2017 and ₦115,991.77 million in 2018, ₦119,731.24 million 2019, and ₦112,517.63 million in 2020 which recorded a declined due to the global pandemic in 2020.

Personnel recorded at ₦19,656 million in 2016, ₦20,634 million in 2017, ₦22,197 million in 2018, ₦25,259 million in 2019 and ₦26,968 million in 2020 respectively. Overhead cost amounted from ₦12,222 million in 2016, ₦19,721 million in 2017, ₦20,413 million in 2018, ₦18,456 million in 2019 and ₦18,289 million in 2020 respectively. The actual Debt service and other Recurrent Expenditure stood at ₦2,231 million and ₦7,756 million as at end year of 2020.

Capital Expenditure amounted to ₦26,620 million in 2016, ₦59,339 million in 2017, ₦58,444 million in 2018, ₦53,970 million in 2019 and ₦57,271 million in 2020, which represent an increase of ₦30,652 million or 115.14 percent.

Expenditure Performance (Figures in Million Naira)	2016	2017	2018	2019	2020
Total Expenditure	69,097.60	111,555.48	115,991.77	119,731.24	112,517.63
Personnel	19,656.13	20,634.63	22,197.52	25,259.00	26,968.33
Overhead Costs	12,222.07	19,721.84	20,413.80	18,456.00	18,289.84
Debt Service (Interests + Amortizations)	1,037.00	1,099.58	1,803.00	4,790.24	2,231.23
Other Recurrent Expenditures	9,562.00	10,760.00	13,132.62	17,256.00	7,756.26
Capital Expenditure	26,620.41	59,339.42	58,444.84	53,970.00	57,271.97

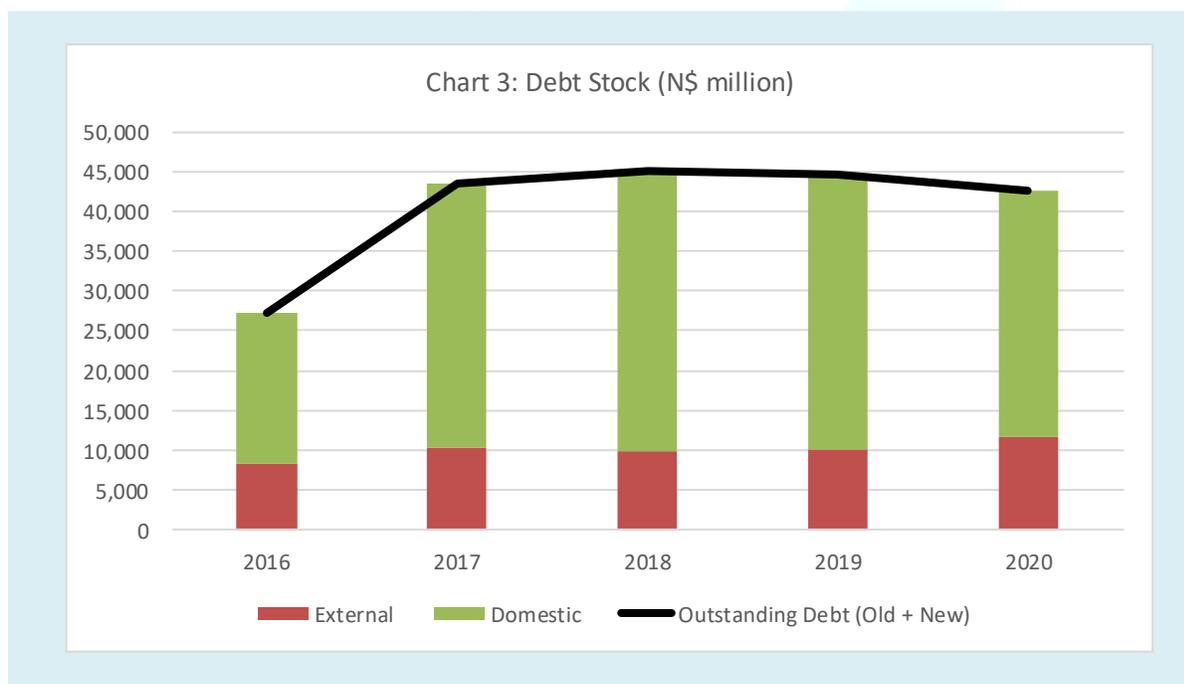


3.2 Existing Public Debt Portfolio

- a. Debt Stock - Jigawa State Total Debt comprised External and Domestic Debts which was stood ~~₦~~42,687.63 million at December 31, 2020 compared to ~~₦~~44,700.69 million as at December 31, 2019. The State debt declined by 4.50 percent or ~~₦~~2,013.06 million, respectively. The External Debt grew to ~~₦~~11,718.13 million as at end 2020 compared to ~~₦~~10,090.17 million as at end 2019, while the Domestic Debt stock stood at ~~₦~~30,969.50 million as at December 31, 2020 compared to ~~₦~~34,610.53 million in

as at December 31, 2019. The decline was largely due to the repayment from Contractors Arrears during the year.

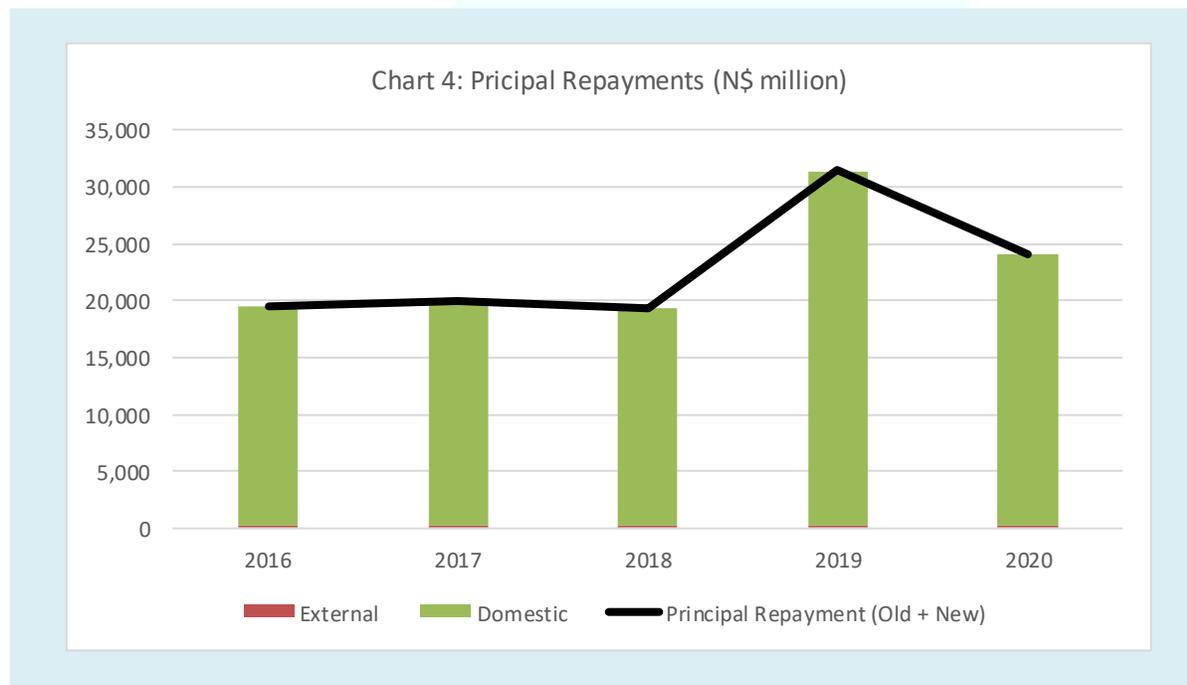
(All figures in Million Naira)	2016	2017	2018	2019	2020
Outstanding Debt (Old + New)	27,212.93	43,513.00	44,973.76	44,700.69	42,687.63
External	8,207.38	10,243.14	9,810.59	10,090.17	11,718.13
Domestic	19,005.55	33,269.86	35,163.17	34,610.53	30,969.50



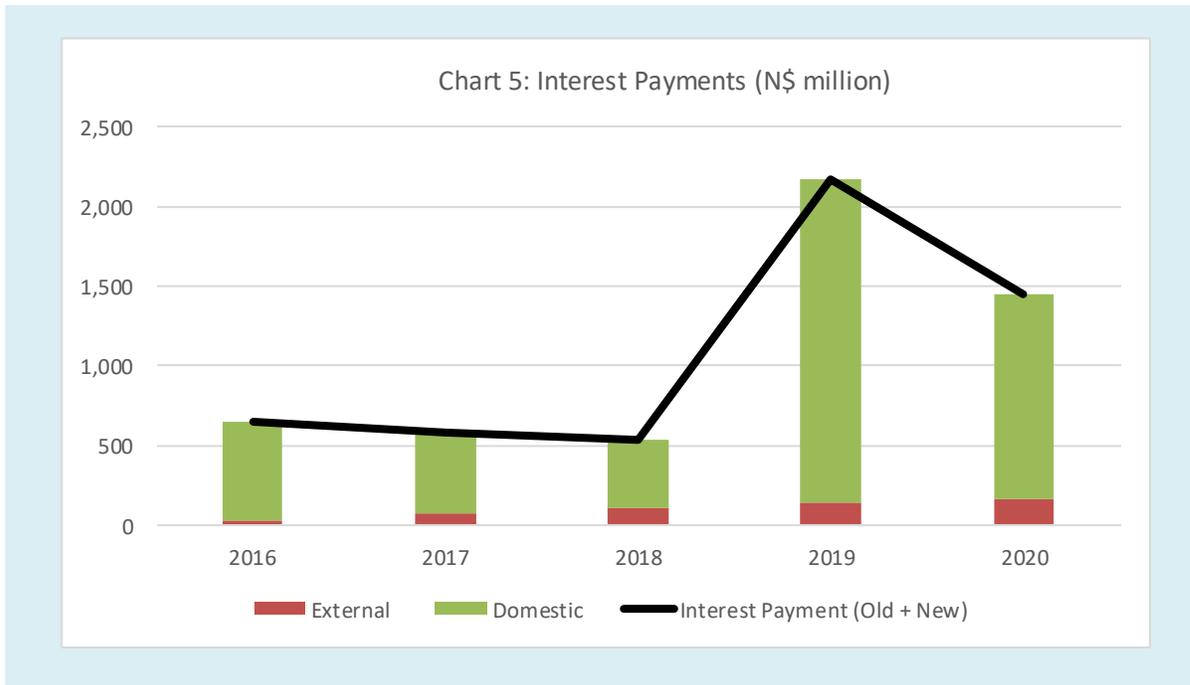
- b. **Debt composition** - The main domestic debt portfolio consists of Bail out loans, Budget Support Facility, Excess Crude Account Backed Loan, Contractor's Arrears and Pensions & Gratuity arrears. While the External Debt includes World Bank (IDA and IFAD) and African Development Fund (AfDF). In 2019 the composition of external debt to domestic debt portfolio stood at 27.45 percent to 72.55 percent in 2020, compared to the debt composition of the external debt to domestic debt portfolio of 22.57 percent to 77.43 percent in 2019.

- c. **The Jigawa State Debt Service** amounted to ₦25,456.20 million in 2020 relative to the ₦33,598.15 million in 2019, reflecting an deteriorated by ₦8,141.95 million or 24.23 percent. The principal repayment shown a declined from ₦31,425.74 million in 2019 to ₦24,007.82 million in 2020. Jigawa state Interest Payment was ₦ 2,172.41 million in 2019 compared ₦1,448.38 million in 2020. The principal repayments and Interest Payment made were on both External Debt and Domestic Debt (chart 4 and 5).

Principal Repayment (All figures in Million Naira)	2016	2017	2018	2019	2020
Principal Repayment	19,557.93	19,942.05	19,278.04	31,425.74	24,007.82
External	219.26	249.52	228.65	226.90	275.15
Domestic	19,338.67	19,692.53	19,049.39	31,198.84	23,732.67



Interest Payment (Figures in Million Naira)	2016	2017	2018	2019	2020
Interest Payment	651.07	579.23	535.26	2,172.41	1,448.38
External	31.40	71.55	102.37	141.48	164.49
Domestic	619.67	507.67	432.89	2,030.93	1,283.90



Chapter 4: Debt Sustainability Analysis

"The concept of debt sustainability refers to the ability of the government to honor its future financial obligations. Since policies and institutions governing spending and taxation largely determine such obligations, debt sustainability ultimately refers to the ability of the government to maintain sound fiscal policies over time without having to introduce major budgetary or debt adjustments in the future. Conversely, fiscal policies are deemed unsustainable when they lead to excessive accumulation of public debt, which could eventually cause the government to take action to address the unwanted consequences of a heavy debt burden".

Table 1: Jigawa State Debt burden indicators as at end-2020

Indicators	Thresholds	Ratio
Debt as % of GDP	25%	2.65
Debt as % of Revenue	200%	58.31
Debt Service as % of Revenue	40%	34.77
Personnel Costas % of Revenue	60%	36.84
Debt Service as % of FAAC Allocation	Nil	50.08
Interest Payment as % of Revenue	Nil	1.98
External Debt Service as % of Revenue	Nil	0.60

Source: Jigawa State DMD

4.2 Borrowing Options

The borrowing options are considered due to the timing of government's cash flows throughout the fiscal year. Domestic and External financing has an average ratio of 58.90 percent and 41.10 percent over the projection period from 2021 to 2030. Domestic financing serves as one of the main sources of borrowing and given the limited funding envelopes from the external borrowing with long processing time required, domestic borrowing are mainly through: the commercial banks, Federal Government and other Central Bank of Nigeria (Interventions) loans are main source of financing.

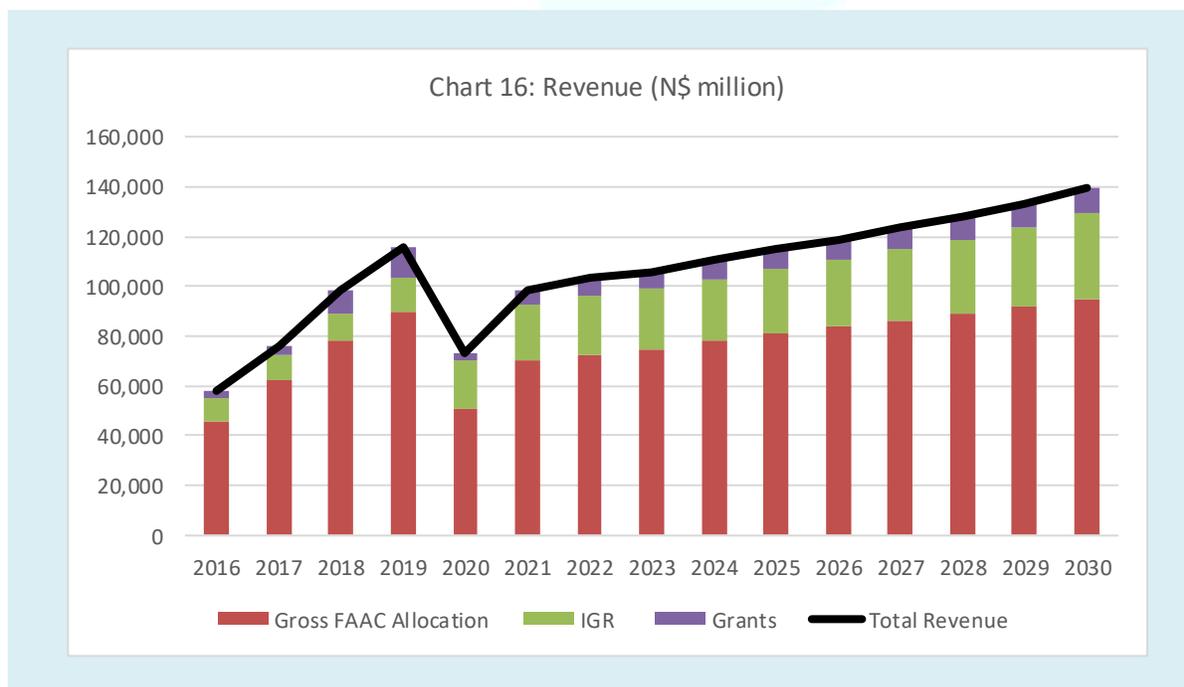
Barrowing Options										
Parameters	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Domestic Financing (Figures in Million Naira)										
Commercial Bank Loans 1 < 5 years	5,000.0	8,000.0	7,940.0	6,026.7	10,414.3	8,835.9	6,833.0	13,640.8	9,920.9	3,589.1
Commercial Bank Loans - 6 years >	19,683.3	2,027.2	0.0	2,650.2	5,684.8	8,218.5	3,954.6	8,575.3	9,025.5	10,255.0
State Bonds - 1 < 5 years)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State Bonds - 6 years >	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Domestic Financing	0.0	0.0	0.0	0.0	0.0	3,042.8	0.0	0.0	370.9	0.0
Domestic Financing (NGN' Million)	24,683.3	10,027.2	7,940.0	8,676.9	16,099.1	20,097.2	10,787.6	22,216.1	19,317.3	13,844.1
Domestic Financing										
External Financing - Concessional Loans (e.g., WB, AfDB)	9.5	22.5	37.7	0.0	22.2	29.9	32.2	0.0	27.0	25.0
External Financing - Bilateral Loans	0.0	0.0	0.0	25.7	0.0	0.0	0.0	31.5	0.0	19.6
Other External Financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic Financing (US\$' Million)	9.499	22.528	37.733	25.744	22.227	29.890	32.225	31.544	26.982	44.614
Domestic Financing										
Total Gross Borrowing Requirements	41,283.3	29,908.1	31,738.1	29,889.3	35,423.3	23,284.8	27,322.5	24,691.0	19,469.0	21,424.1.

4.3.1 DSA Simulation Results

Revenue, expenditure, overall and primary balance over the long-term.

Revenue is expected to grow during the projected period, driven largely by expected improvement in FAAC allocation in average of ₦41,154 million or 41.77 percent over the projection period from ₦98,537 million in 2021, ₦103,277 million in 2022, ₦105,616 million in 2023, ₦110,279 million in 2024, ₦114,656 million in 2025, ₦118,682 million in 2026, ₦123,796 million 2027, ₦128,000 million in 2028, ₦133,297 million in 2029 and ₦139,691 million in 2030 respectively.

The FAAC allocation is estimated to increase from ₦69,900.00 million in 2021, ₦74,514 million in 2023, ₦80,922 million in 2025, ₦89,065 million in 2028 and ₦94,787 million in 2030. Similarly, the IGR projected to increase from ₦22,649 million in 2021, ₦23,441 million in 2022, ₦24,262 million in 2023, ₦25,111 million in 2024, ₦25,990 million in 2025, ₦26,899 million in 2026, ₦28,841 million in 2027, ₦29,815 million in 2028, ₦31,824 million in 2029 and ₦34,868 million in 2030 respectively.



Expenditure projected to grow by ₦41,198 million or 28.91 percent averagely over the projection period, the Capital expenditure has the largest share over the estimated period. indicating stability in the state growth recovery. The growth in the period is predicated

on sustaining effective implementation of the new laws. Government is expected to continue its fiscal strategy of directing resources to the most productive and growth-enhancing sectors, including Agriculture, Infrastructure, Manufacturing, Housing and Construction, Education, Health and Water Resources within the period.

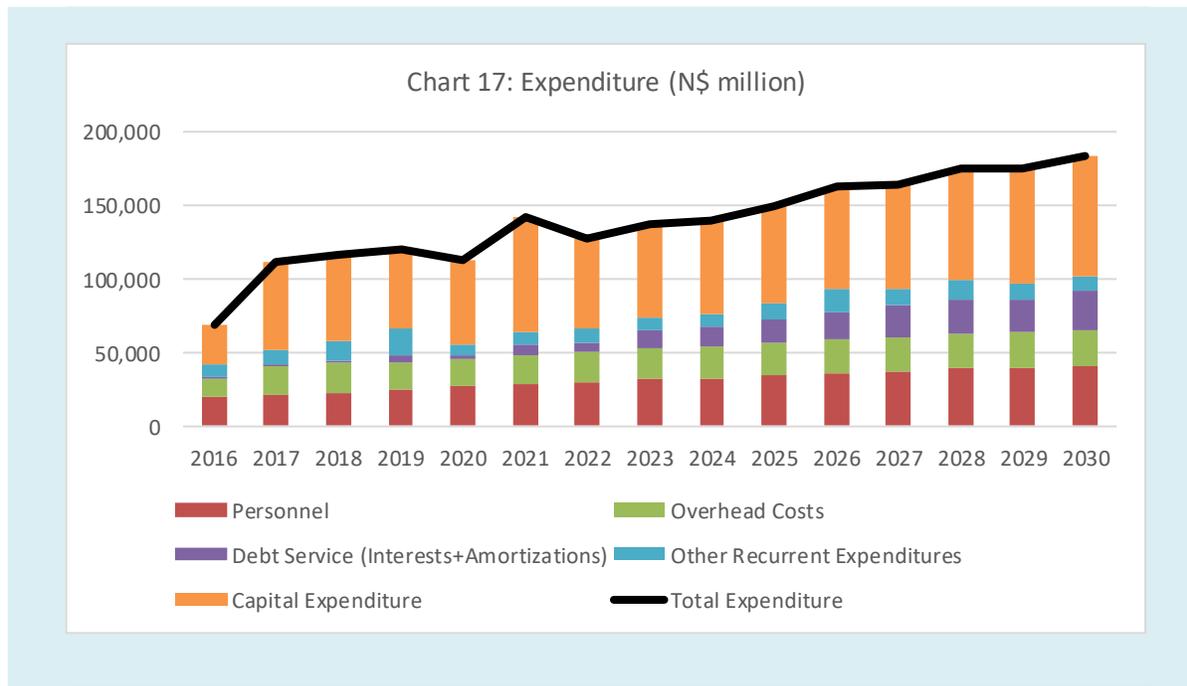
Personnel cost - The State is determined to sustain the trend to reduce personnel cost. It is anticipated that the number of political office holders will also be reduced, and the personnel cost is projected to increase from N28,138 million in 2021, N32,629 million in 2024, N36,290 million in 2026, N38,951 million in 2028 and N40,612 million in 2030 respectively.

Overheads – overhead costs estimated to increase from N20,425 million in 2021, N21,349 million in 2023, ~~N22,280~~ million in 2025, ~~N23,212~~ million in 2027 and ~~N24,610~~ million in 2030 respectively, the increase was due expectation from the substantive recorded in the past five years.

Total Debt Service – is based on the projected principal and interest repayments for 2022, 2023 and 2024. Hence, an own value has been used anticipating that public debt charge will remain largely stable with minimal growth over the medium term.

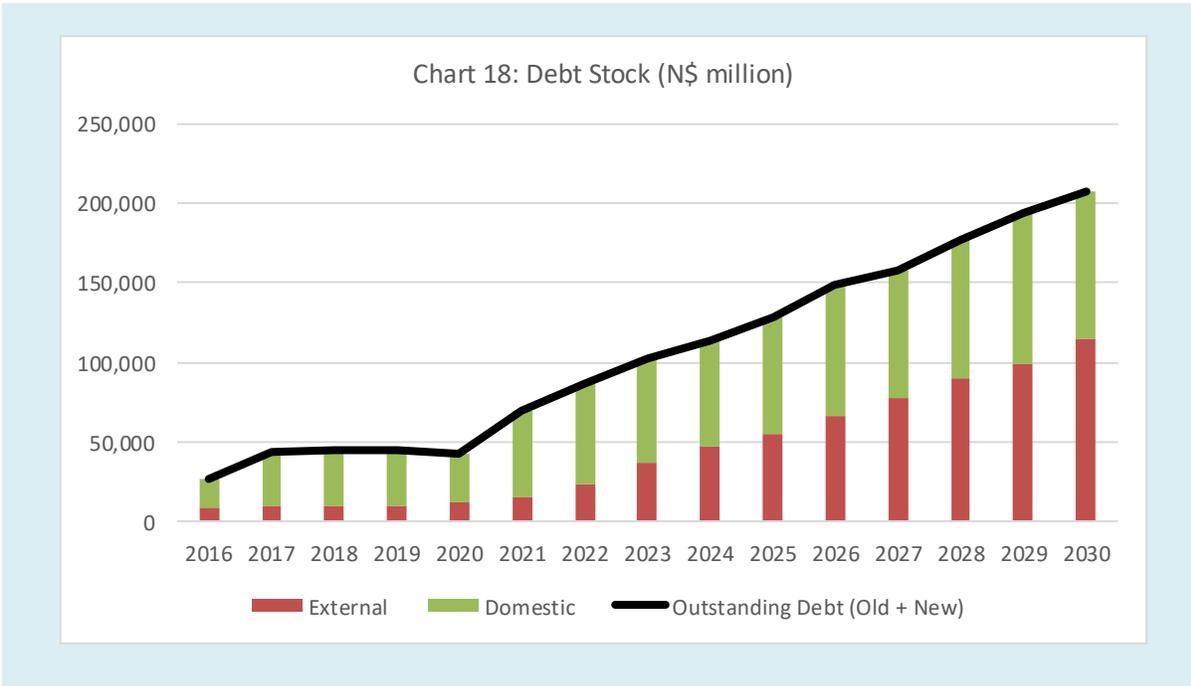
Other Recurrent Expenditures – other recurrent expenditure comprises Social Contribution and Social Benefits – Pensions and gratuity payments is expected to remain at the level of 2020 actual. Other recurrent expenditure projected at N8,367 million in 2021, ~~N7,954~~ million in 2024, ~~N10,691~~ million in 2027 and ~~N9,497~~ million in 2030 respectively.

Capital Expenditure – capital expenditure projected at ~~N78,740~~ million in 2021, N61,321 million in 2022, ~~N62,548~~ million in 2023, ~~N63,799~~ million in 2024, N65,075 million in 2025, ~~N69,075~~ million in 2026, ~~N70,411~~ million in 2027, N75,556 million in 2028, ~~N78,702~~ million in 2029 and ~~N81,947~~ million in 2030 respectively.

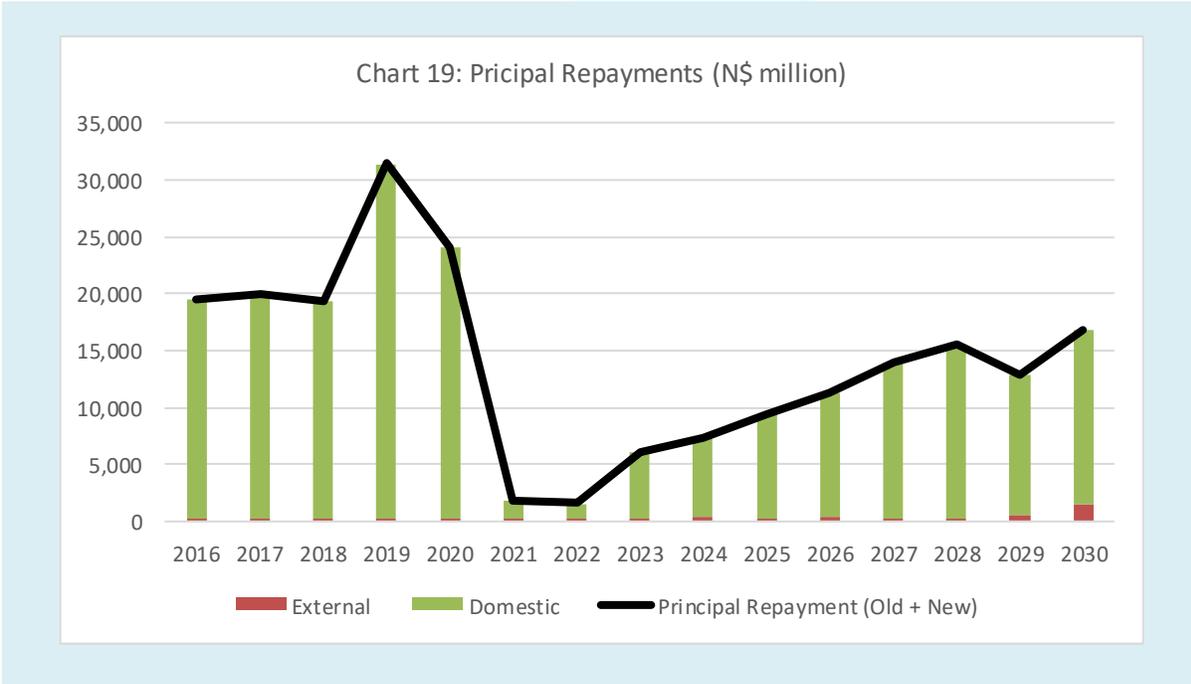


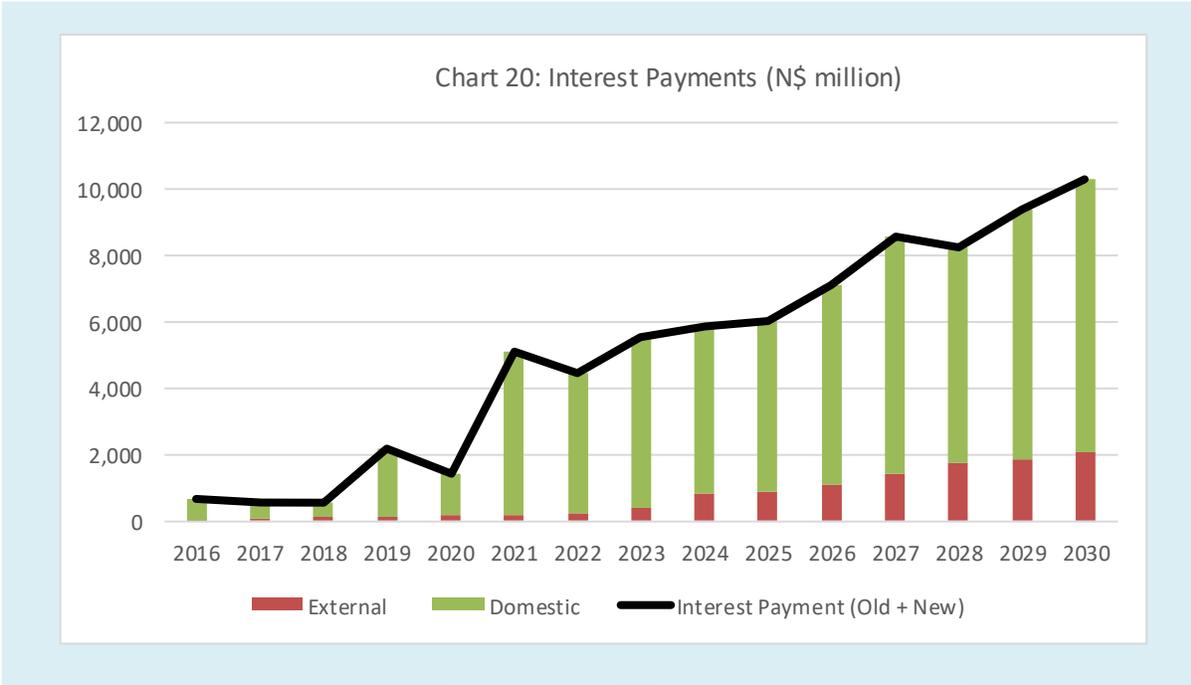
Primary Balance-The fiscal deficit of Jigawa State Medium Term Expenditure Framework (MTEF), 2021-2023, the estimate for 2021 was ₦28,283 million, 2022 was ₦118,565 million, and 2023 was ₦22,240 million, respectively. **Gross Financing Needs is the sum of budget deficits and funds required to roll over debt that matures over the year.** The fiscal deficit projection beyond the projection period of 2021 – 2023 is estimated to have an average of ₦27,407 million from 2024 to 2030. The fiscal deficit projection beyond the MTEF period 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.

Debt Stock projected at N69,235 million in 2021, N86,249 million in 2022, N102, 393 million in 2023, N113,454 million in 2024, ₦128,622 million in 2025, ₦148,738 million in 2026, ₦ 57,842 million in 2027, ₦176,541 million 2028, ₦193,301 million in 2029 and ₦207,218 million, respectively.



The debt service comprises principal repayment and interest payment, the debt service was projected at N6,855 million in 2021, N13,231 million in 2024, N23,726 million in 2028 and N27,157 million in 2030 respectively.





Main Key Findings

On the Total Debt Sustainability Analysis, the results show that the ratio of Debt to revenue remains below its indicative threshold under the Baseline scenario. However, based on the Most Extreme Shock in Revenue, Expenditure, Exchange rate and Interest rate, and historical remains moderate debt distress over the projection period.

2021 DSA exercise shows that there is substantial Space to Borrow based on the state’s current revenue profile. Meanwhile, the ratios of Debt Service to Revenue and Personnel Cost to Revenue trends remains under the threshold over the projection period from 2020 to 2029, with the strongminded efforts by the State Government through its various initiatives and reforms in the key sectors of the economy.

The ratio of Debt to GDP projected at 4.14 percent in 2021, 4.98 percent in 2022, 5.71 percent in 2023, 6.12 percent in 2024, 6.72 percent in 2025, 7.54 percent in 2026, 7.76

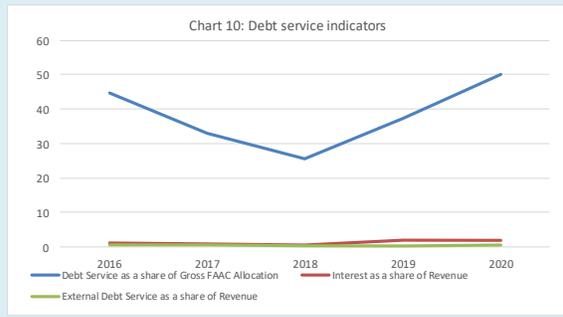
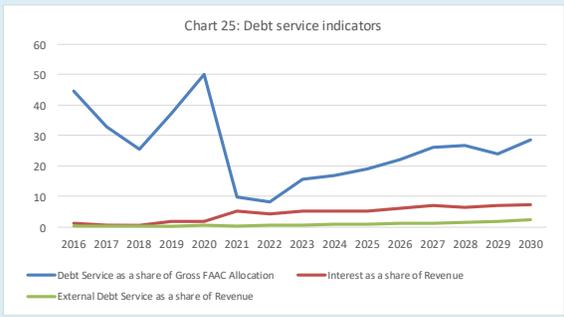
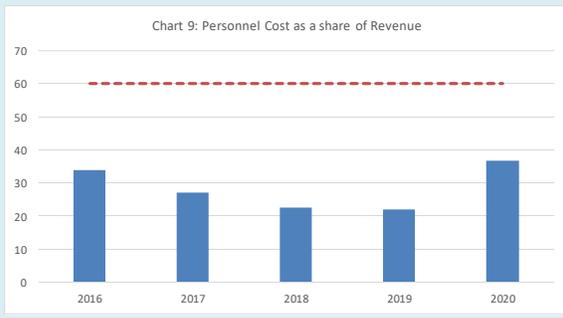
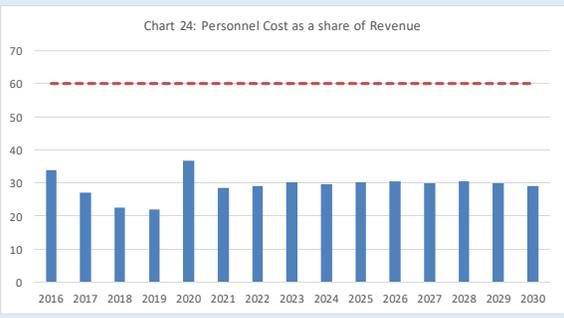
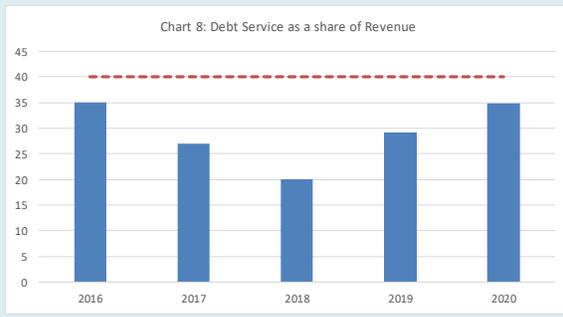
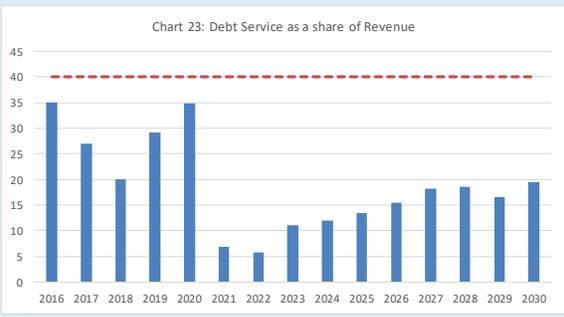
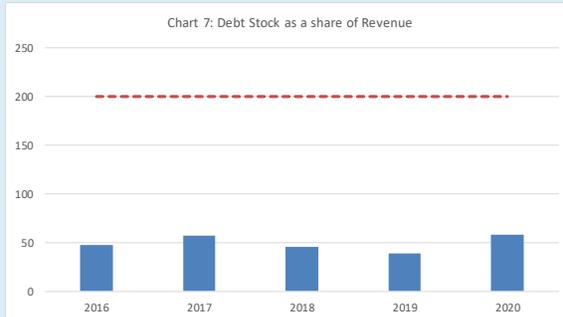
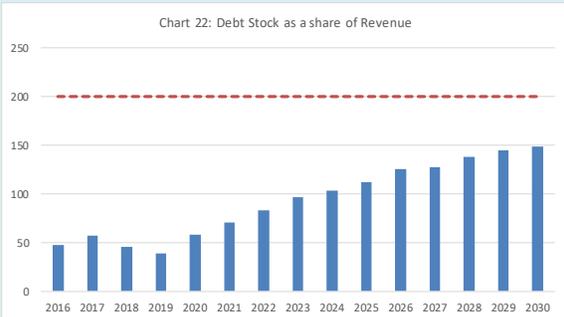
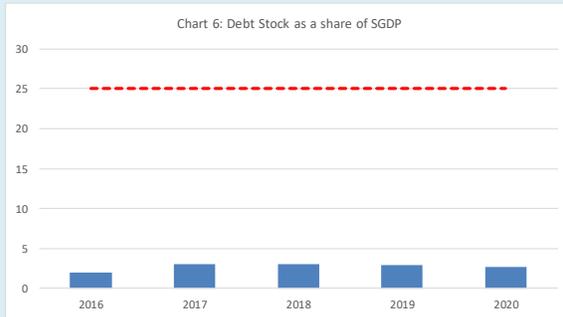
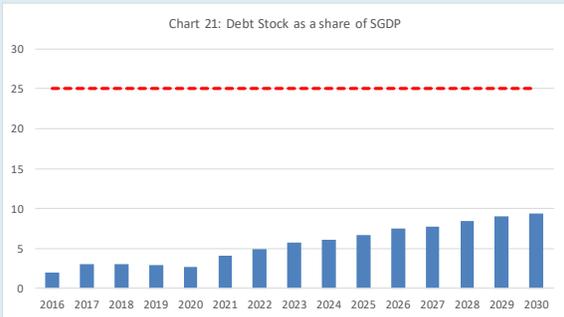
percent in 2027, 8.43 percent in 2028, 8.98 percent in 2029, and 9.36 percent in 2030 respectively. Jigawa State would remain under the threshold for Debt to SGDP ratio for 25 percent over the projection period.

The revenue-based indicators show that the Debt to Revenue projected at 70.26 percent in 2021, 83.51 percent in 2022, 96.95 percent in 2023, 102.88 percent in 2024, 112.18 percent in 2025, 125.33 percent in 2026, 127.50 percent in 2027, 137.92 percent in 2028, 145.02 percent in 2029, and 148.34 percent in 2030 respectively and were still below the threshold of 200 percent.

The outcomes of Debt Service to Revenue estimates the ratios at 6.96 percent in 2021, 11.03 percent in 2023, 13.44 percent in 2025, 18.16 percent in 2027, 19.44 percent in 2030 respectively, as against the threshold of 40 percent to the end of the projection period in the medium to long term.

The Personnel Cost to Revenue remained under state threshold of 60 percent from 28.56 percent in 2021, 30.11 percent in 2023, 30.05 percent in 2025, 29.99 percent in 2027, 29.07 percent in 2030 respectively. Thus, Jigawa State Debt remained sustainable on the revenue and debt indicators.

Debt Service to Gross FAAC Allocation estimated at 9.81 percent in 2021, 19.04 percent in 2025 and 28.65 percent in 2030. The projections of Interest to Revenue estimated at 5.20 percent in 2021, 5.26 percent in 2023, 5.28 percent in 2025, 6.45 percent in 2028 and 7.39 percent in 2030 respectively. and External Debt Service to Revenue estimated to increase from 0.60 percent in 2021, 1.00 percent in 2024, 1.36 percent in 2027 and 2.55 percent in 2030 respectively. Thus, Jigawa State Debt remained sustainable on the revenue and debt indicators.

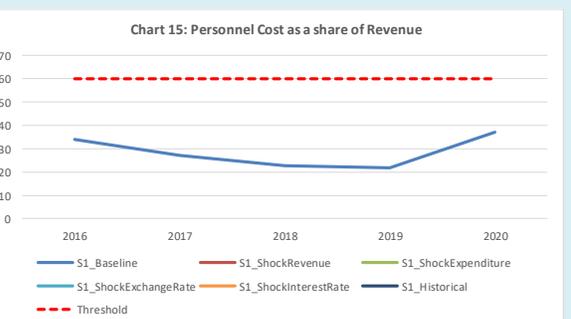
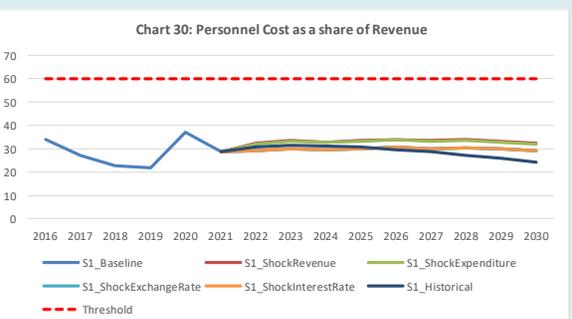
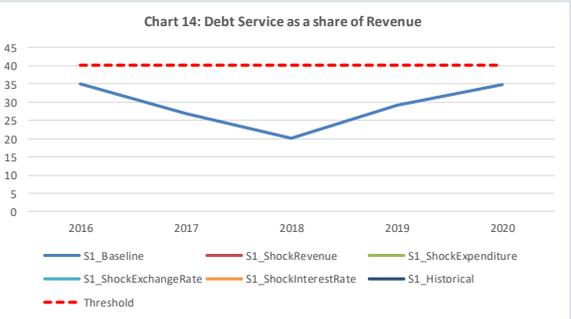
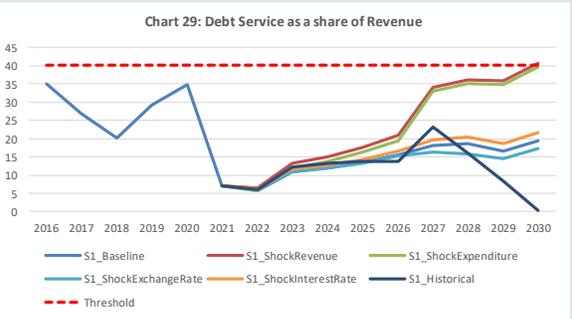
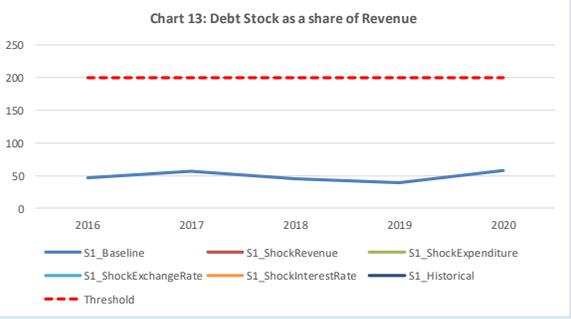
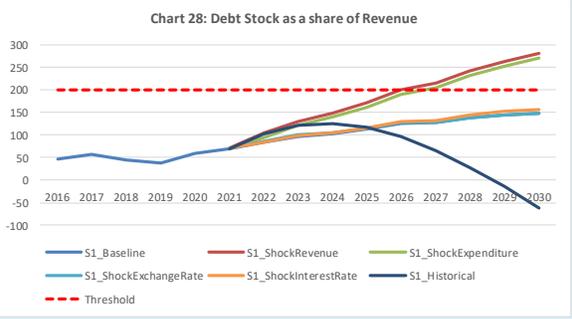
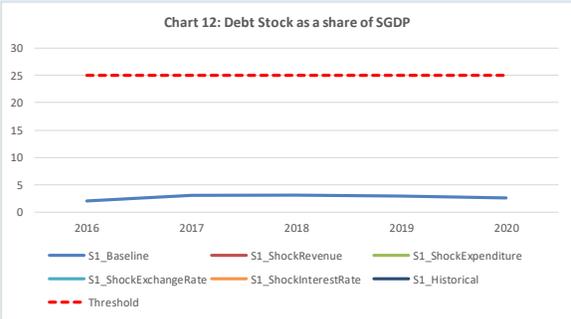
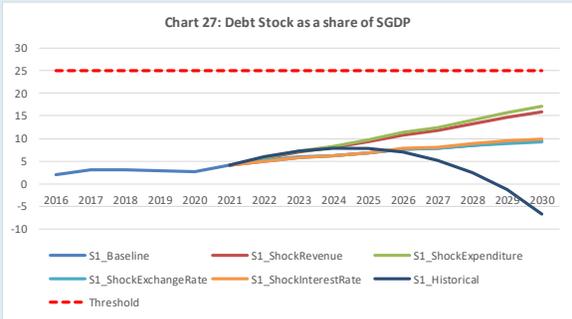


Conclusion

The outcome of the 2020 DSA revealed that Jigawa's Total Debt remains at a Moderate Risk of Debt distress with substantial space to accommodate shocks. Jigawa State Risk Rating remains at a Moderate Risk of debt distress with capacity to accommodate shocks in Revenue, Expenditure, Exchange rate and Interest Rate. The ongoing efforts by the government towards improving revenue generation and diversifying the economy, through various initiatives and reforms in Tax Administration and Collections, as well as the Strategic Revenue Law, would improve the outlook for Total Debt with enhanced revenue performance. Thus, the Revenue indicators and Borrowing Space are expected to improve in the medium to long-term.

4.3.2 DSA Sensitivity Analysis

Jigawa State, 2021 DSA analysis remains at moderate risk of debt distress under sensitivity analysis. The State DSA analysis shows deteriorate related to revenue shocks, expenditure shocks, exchange rate shocks, interest rate shocks and historical shock, that would lead to increase Gross Financing Needs over the projection period. The shocks apply breached the threshold under debt as percent of Revenue from 2020 to 2030 under revenue and expenditure shocks. There is, an urgent need for the authorities to fast-track efforts aimed at further diversifying the sources of revenue away from crude oil (FAAC), as well as implement far-reaching policies that will bolster IGR into the state. This has become critical, given the continued volatility in the FAAC allocation.



Chapter 5: Debt Management Strategy

Public debt management is the process of establishing and executing a strategy for managing the government's debt in order to raise the required amount of funding at the lowest possible cost over the medium to long run, consistent with a prudent degree of risk. Debt Management Strategy examines the costs and risks inherent in the current debt portfolio, as well as in the debt portfolios that would arise from a range of possible issuance strategies, in light of factors such as the macroeconomic and financial market environment, the availability of financing from different creditors and markets, and vulnerabilities that may have an impact on future borrowing requirements and debt service costs.

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

5.1 Alternative Borrowing Options

Strategy 1 (S1) reflects a "status quo" MTEF Financing Mix: It follows the broad parameters of the financing mix in the fiscal year 2021 and 2021-2023 Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS). External gross borrowing under Concessional loans accounts on average 31.11 percent over the strategic period mainly through World Bank and African Development Bank; and the bilateral loans account on average of 8.71 percent, respectively. The Domestic gross financing are mainly Commercial bank loans. The Commercial Bank loans with the maturity of 1-5 years is projected to account on average of 33.36 percent over the

strategic period and Commercial Bank loans with the maturity of above 6 years with an average of 26.82 percent over the DMS period of 2021-2023.

Strategy 2 (S2) focus more financing through commercial bank loans: In this strategy it has been assumed the distribution between external and domestic borrowing remains the same in 2021 as its in strategy 1. The remaining of borrowing distributions from 2022 to 2025, the state government will focus its financing through commercial bank loans with average 35.06 percent under maturity of 1-5 years and 50.60 percent under maturity of above 6 years, other gross financing needs through the State bond with the maturity period of 1-5 years which estimated to account on average of 11.41 percent over the strategic period.

Strategy (S3) focus its financing through domestic debt market. In strategy 3, the government decided to focus its financing from 2021 to 2025, through State Bonds (1-5 years), State Bonds (above 6 years), Commercial Bank loans (1-5 years), Commercial Bank loans with the maturity of above 6 years, and Concessional Loans with an average of 13.19 percent, 47.62 percent, 11.41 percent, 22.53 percent and 5.25 percent respectively. This strategy considers the scenario where proportions of external and domestic debt instruments in 2021 remains the same with strategy 1.

Strategy (S4) increases the share of external borrowing. In this strategy, External Financing (Concessional Loans) represents an average of 44.90 percent from 2021-2025, Bilateral loans 9.08 percent, other gross financing comprises other Domestic financing, Commercial bank loans (1-5 years) and Commercial bank loans (above 6 years) with average period of 21.71 percent and 24.31 percent respectively.

5.2 DMS Simulation Results

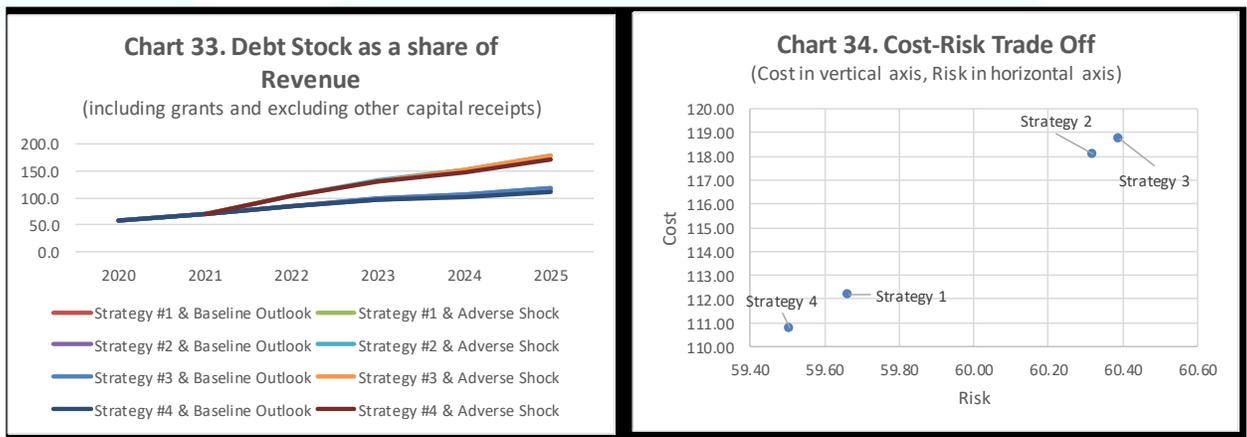
Analysis of strategies & outcomes of the analysis. The cost risk trade off charts illustrates the performance of the alternative strategies with respect to four debt burden indicators.

a. Debt as a share Revenue:

- Strategy 4 shows the Cost ratio of Debt to Revenue estimated at 110.8 percent in 2025, as against Strategy 1 (112.2 percent), Strategy 2 (118.1 percent) and Strategy 3 (118.7 percent), over the DMS period of 2025, compared with the Risks

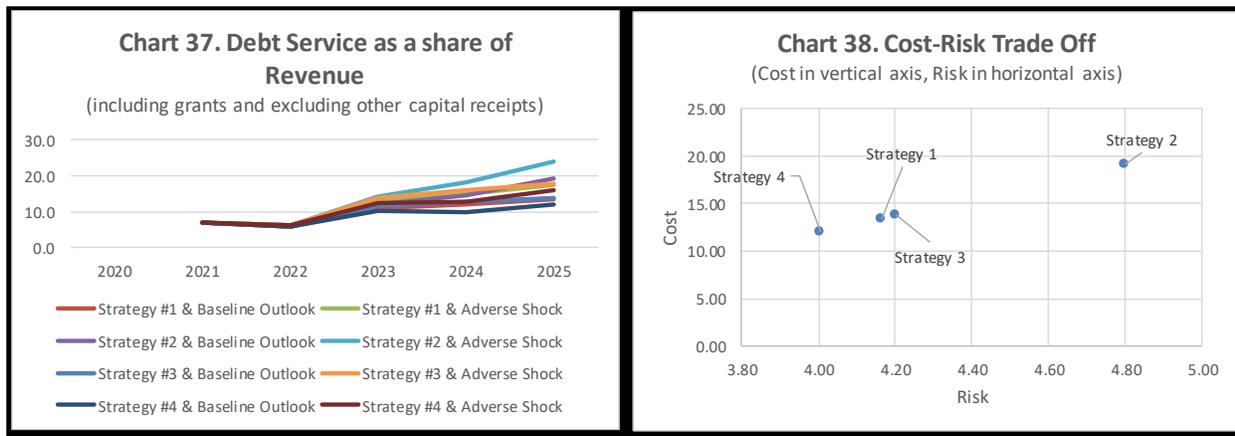
measured of Strategy 4 (59.5 percent), Strategy 1 (59.7 percent), Strategy 2 (60.3 percent) and Strategy 3 (60.4 percent), respectively.

- Analysis using this debt indicator of debt to revenue shows that S4 is the least costly and riskiest at 110.8 percent and 59.5 compared to S1 (112.2 percent and 59.7 percent), S2 (118.1 percent and 60.3 percent), and S3 (118.7 percent and 60.4 percent), respectively. On the other hand, S3 is the most costly and risky strategy as this concentrated on more State bonds borrowings with little proportion of external financing over the DMS period of 2021-2025. commercial bank and state bonds interest rates, compared with the Strategy 1 and Strategy 3.



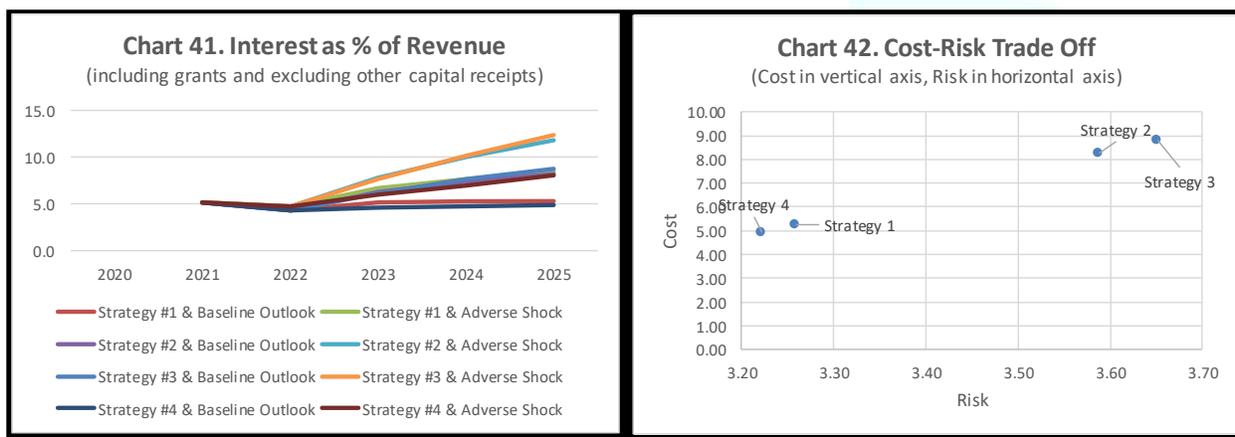
b. Debt Service as a share of Revenue:

- Strategy 4 is the least costly and riskiest with regards Interest to revenues, which projected at 12.0 percent and 4.0 percent, whilst Strategy 2 is the most costly and risky strategy (19.1 percent and 4.8 percent), compared to Strategy 1 (13.4 percent and 4.17 percent) and Strategy 3 (13.8 percent and 4.20 percent) with moderate costs and risks, as at end of the strategic period of 2025.
- The analysis shows that Strategy 4 yield the lowest costs and risks due to high external financing assumed in Strategy, as the external debt service terms requirement has low interest rate, longer maturity, and grace period in concessional external financing. Compared to Strategy 1 and Strategy 3 with the moderate costs and risks. Strategy 2 is the most costly and risky strategy.



c. Interest as a share of Revenue

- S4 is the least costly with regards Interest to Government revenues, which projected at 4.9, S1 at 5.3 percent, S2 at 8.2 percent and S3 is the costliest strategy estimated at 8.8 percent. Strategy 4 has the lowest risk at 3.2 percent compare to S1, S2 and S3 that estimated at 3.3 percent, 3.6 percent, and 3.7 percent, as at end of the strategic period of 2025.
- The analysis shows that S4 yield the lowest cost due to high external financing assumed in S4, as the external debt service terms requirement has low interest rate, longer maturity and grace period in concessional external financing. Compared to S1 and S2 with the moderate costs and risks. S3 is the most costly and risky strategy.



5.3 DMS Assessment

The preferred strategy was not solely based on the Analytical Tool assessment of all four strategies but took into consideration the ability to implement the chosen strategy successfully in the medium-term. Therefore, although the Analytical Tool's results of cost and risk would suggest that the recommended strategy be S4 these results were just marginally better when compared with Strategy S1. And though S1 did not meet the targeted Debt Service to Revenue, ***it was considered that S1 is the most feasible of the strategies to implement in the short-term and it would still greatly improve the portfolio's debt position relative to the base year 2020.***

In comparison to the current debt position, Jigawa State debt portfolio stood at N73,206 million as at end-2020, which expected an increase to N128,621.95 million under S1 during the strategic period, compared to S2 (N135,400.39 million), S3 (N136,149.26 million), and S4 (N127,009.99 million). In addition to this, the cost/risk trade-offs are considered, using the debt to GDP, debt to revenue, debt service to GDP, debt service to revenue, interest to GDP and interest payment to GDP ratios, S1 is selected as the preferred strategy for the 2021-2025.

The Debt Management Strategy, 2021-2025 represents a robust framework for prudent debt management, as it provides a systematic approach to decision making on the appropriate composition of external and domestic borrowing to finance the 2021 budget. The cost-risk trade-off of alternative borrowing strategies under the DMS has been evaluated within the medium-term context.

Annex I: Baseline Assumptions

Statutory Allocations – the estimation for statutory allocation is based on an elasticity forecast taking into consideration the macroeconomic framework (national) and the mineral assumptions in the 2020-2022 Federal Fiscal Strategy Paper. It is based on historical mineral revenues flows and elasticity-based forecast using national Real GDP and inflation data.

VAT – is based on elasticity forecast using the combined change in GDP and inflation rate. The estimate for 2020-2022 is in line with the current rate of collections due to covid-19 pandemic be revisited if there are any changes to the VAT rates as proposed in the previous forecast.

Other Federation Account Distributions – the estimation is based on the current receipt (i.e. from January to May, 2020). Furthermore, it is anticipated that new FAAC will investigate the crises that caused by the advent of the covid-19 pandemic so that the sharing formula would be investigate carefully.

Internally Generated Revenue (IGR) – the estimation is own value which is calculated based on the current growth rate marked up slightly to factor the current administration's reform initiatives to grow the IGR and all payments of any nature must be done through the TSA

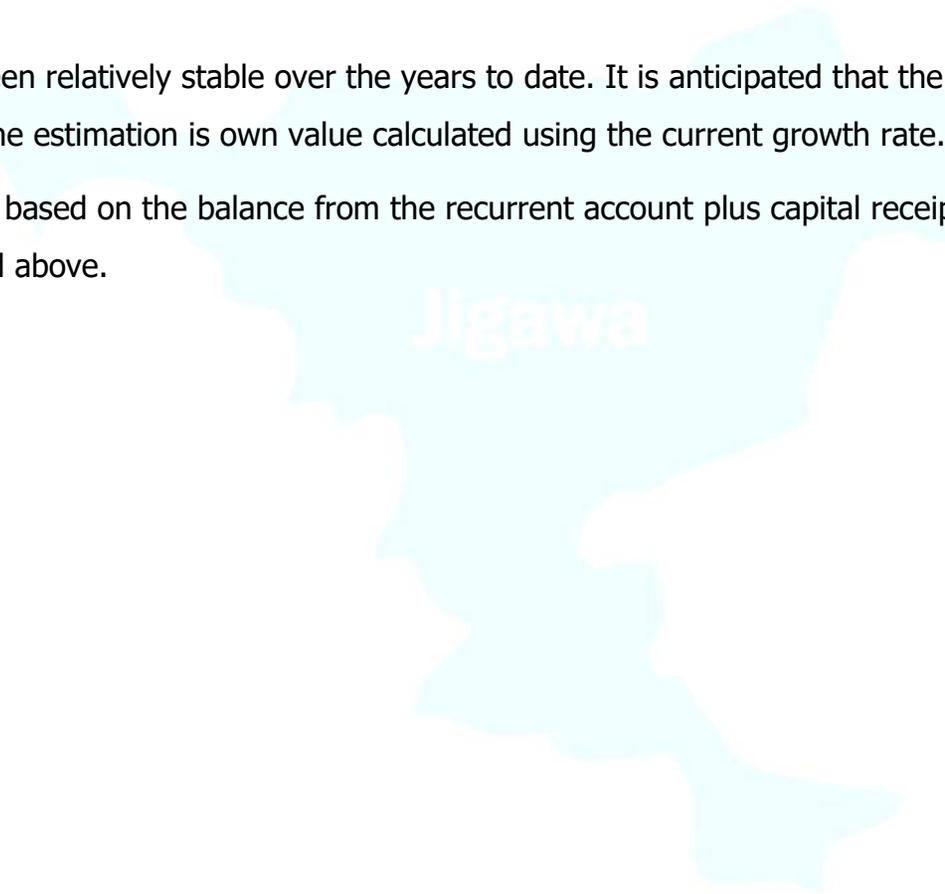
Grants – the internal grants are mostly based on the actual receipts for 2019 and performance from January to April 2020. External grants are mostly based on signed grant agreements with the World Bank, UNICEF, EU etc

Financing (Net Loans) – the internal and external loans are projections based on agreement JGS 2021-2023 EFU-FSP-BPS Consolidated Revenue Fund Charges – this includes public debt charges (which is external debt servicing) which is changing in medium term. The estimation is own value determined based on the debt servicing costs (principal and interest repayment) for 2021-2023

Personnel – it is anticipated that the new minimum wage will definitely have a negative impact on staff new recruitment because of the burden on the side of the government. This to some extent will reduce the state contribution for Contributory Pension Scheme in the state.

Overheads – overhead has been relatively stable over the years to date. It is anticipated that the status quo will definitely remain stable. Consequently, the estimation is own value calculated using the current growth rate.

Capital Expenditure – this is based on the balance from the recurrent account plus capital receipts, less than planning and contingency reserve as outlined above.



Jigawa

2021		Projection Methodology	Source
Assumptions:	State GDP (at current prices)	For example: State GDP projected using the actual S-GDP and projected N-GDP nominal growth rate	State Bureau of Statistics and NBS
Economic activity			
Revenue	Revenue		
	1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	Statutory Allocations – the estimation for statutory allocation is based on an elasticity forecast taking into consideration the macroeconomic framework (national) and the mineral assumptions in the 2020-2022 Federal Fiscal Strategy Paper. It is based on historical mineral revenues flows and elasticity-based forecast using national Real GDP and inflation data.	JGS 2021-2023 EFU-FSP-BPS
	1.a. of which Net Statutory Allocation ('net' means of deductions)	Statutory Allocations – the estimation for statutory allocation is based on an elasticity forecast taking into consideration the macroeconomic framework (national) and the mineral assumptions in the 2020-2022 Federal Fiscal Strategy Paper. It is based on historical mineral revenues flows and elasticity-based forecast using national Real GDP and inflation data.	JGS 2021-2023 EFU-FSP-BPS
	1.b. of which Deductions	Statutory Allocations – the estimation for statutory allocation is based on an elasticity forecast taking into consideration the macroeconomic framework (national) and the mineral assumptions in the 2020-2022 Federal Fiscal Strategy Paper. It is based on historical mineral revenues flows and elasticity-based forecast using national Real GDP and inflation data.	JGS 2021-2023 EFU-FSP-BPS
	2. Derivation (if applicable to the State)	Other Federation Account Distributions – the estimation is based on the current receipt (i.e. from January to May, 2020). Furthermore, it is anticipated that new FAAC will investigate the crises that caused by the advent of the covid-19 pandemic so that the sharing formula would be investigated carefully.	JGS 2021-2023 EFU-FSP-BPS
	3. Other FAAC transfers (exchange rate gain, augmentation, others)	VAT – is based on elasticity forecast using the combined change in GDP and inflation rate. The estimate for 2020-2022 is in line with the current rate of collections due to covid-19 pandemic be revisited if there are any changes to the VAT rates as proposed in the previous forecast.	JGS 2021-2023 EFU-FSP-BPS
	4. VAT Allocation	the estimation is own value which is calculated based on the current growth rate marked up slightly to factor the current administration's reform initiatives to grow the IGR and all payments of any nature must be done through the TSA.	JGS 2021-2023 EFU-FSP-BPS
	5. IGR	Grants – the internal grants are mostly based on the actual receipts for 2019 and performance from January to April 2020. External grants are mostly based on signed grant agreements with the World Bank, UNICEF, EU etc.	JGS 2021-2023 EFU-FSP-BPS
	6. Capital Receipts		JGS 2021-2023 EFU-FSP-BPS
	6.a. Grants		JGS 2021-2023 EFU-FSP-BPS
	6.b. Sales of Government Assets and Privatization Proceeds		JGS 2021-2023 EFU-FSP-BPS
	6.c. Other Non-Debt Creating Capital Receipts		JGS 2021-2023 EFU-FSP-BPS
Expenditure	Expenditure		
	1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	Personnel Costs – It is anticipated that the new minimum wage will definitely have a negative impact on staff new recruitment because of the burden on the side of the government. This to some extent will reduce the state contribution for Contributory Pension Scheme in the state.	JGS 2021-2023 EFU-FSP-BPS
	2. Overhead costs	Overhead has been relatively stable over the years to date. It is anticipated that the status quo will definitely remain stable. Consequently, the estimation is own value calculated using the current growth rate.	JGS 2021-2023 EFU-FSP-BPS
	3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	Amortization and interest payments estimated using profiles recorded in the DMG. Include the external debt service paid through FAAC deductions	DMO
	4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)	Amortization and interest payments estimated using profiles recorded in the DMG. Include the external debt service paid through FAAC deductions	DMO
	5. Capital Expenditure	Capital Expenditure – This is based on the balance from the recurrent account plus capital receipts, less than planning and contingency reserve as outlined above.	JGS 2021-2023 EFU-FSP-BPS
Closing Cash and Bank Balance	Closing State's Financial Statements	Jigawa State's Financial Statements	JGS 2021-2023 EFU-FSP-BPS
Debt Amortization and Interest Payments	Debt Outstanding at end-2020		
	External Debt - amortization and interest	Amortization and interest payments estimated using profiles recorded in the DMG. Include the external debt service paid through FAAC deductions	DMO
	Domestic Debt - amortization and interest	Amortization and interest payments estimated using profiles recorded in the DMG. Include the external debt service paid through FAAC deductions	DMO
	New debt issued/contracted from 2021 onwards		
	New External Financing		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	The internal and external loans are projections based on agreement JGS 2021-2023 EFU-FSP-BPS Consolidated Revenue Fund Charges – this includes public debt charges (which is external debt servicing) which is changing in medium term. The estimation is own value determined based on the debt servicing costs (principal and interest repayment) for 2021-2023.	JGS 2021-2023 EFU-FSP-BPS
	External Financing - Bilateral Loans	The internal and external loans are projections based on agreement JGS 2021-2023 EFU-FSP-BPS Consolidated Revenue Fund Charges – this includes public debt charges (which is external debt servicing) which is changing in medium term. The estimation is own value determined based on the debt servicing costs (principal and interest repayment) for 2021-2023.	JGS 2021-2023 EFU-FSP-BPS
	Other External Financing	The internal and external loans are projections based on agreement JGS 2021-2023 EFU-FSP-BPS Consolidated Revenue Fund Charges – this includes public debt charges (which is external debt servicing) which is changing in medium term. The estimation is own value determined based on the debt servicing costs (principal and interest repayment) for 2021-2023.	JGS 2021-2023 EFU-FSP-BPS
	New Domestic Financing		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	The internal and external loans are projections based on agreement JGS 2021-2023 EFU-FSP-BPS Consolidated Revenue Fund Charges – this includes public debt charges (which is external debt servicing) which is changing in medium term. The estimation is own value determined based on the debt servicing costs (principal and interest repayment) for 2021-2023.	JGS 2021-2023 EFU-FSP-BPS
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	The internal and external loans are projections based on agreement JGS 2021-2023 EFU-FSP-BPS Consolidated Revenue Fund Charges – this includes public debt charges (which is external debt servicing) which is changing in medium term. The estimation is own value determined based on the debt servicing costs (principal and interest repayment) for 2021-2023.	JGS 2021-2023 EFU-FSP-BPS
	State Bonds (maturity 1 to 5 years)	The internal and external loans are projections based on agreement JGS 2021-2023 EFU-FSP-BPS Consolidated Revenue Fund Charges – this includes public debt charges (which is external debt servicing) which is changing in medium term. The estimation is own value determined based on the debt servicing costs (principal and interest repayment) for 2021-2023.	JGS 2021-2023 EFU-FSP-BPS
	State Bonds (maturity 6 years or longer)	The internal and external loans are projections based on agreement JGS 2021-2023 EFU-FSP-BPS Consolidated Revenue Fund Charges – this includes public debt charges (which is external debt servicing) which is changing in medium term. The estimation is own value determined based on the debt servicing costs (principal and interest repayment) for 2021-2023.	JGS 2021-2023 EFU-FSP-BPS
	Other Domestic Financing	The internal and external loans are projections based on agreement JGS 2021-2023 EFU-FSP-BPS Consolidated Revenue Fund Charges – this includes public debt charges (which is external debt servicing) which is changing in medium term. The estimation is own value determined based on the debt servicing costs (principal and interest repayment) for 2021-2023.	JGS 2021-2023 EFU-FSP-BPS
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy 51	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy 51	Insert the Borrowing Terms for New External Debt: Interest rate (%), maturity (8 years) and grace period (6)	
	New Domestic Financing in Million Naira		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	The internal and external loans are projections based on agreement JGS 2021-2023 EFU-FSP-BPS Consolidated Revenue Fund Charges – this includes public debt charges (which is external debt servicing) which is changing in medium term. The estimation is own value determined based on the debt servicing costs (principal and interest repayment) for 2021-2023.	JGS 2021-2023 EFU-FSP-BPS
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	The internal and external loans are projections based on agreement JGS 2021-2023 EFU-FSP-BPS Consolidated Revenue Fund Charges – this includes public debt charges (which is external debt servicing) which is changing in medium term. The estimation is own value determined based on the debt servicing costs (principal and interest repayment) for 2021-2023.	JGS 2021-2023 EFU-FSP-BPS
	State Bonds (maturity 1 to 5 years)	The internal and external loans are projections based on agreement JGS 2021-2023 EFU-FSP-BPS Consolidated Revenue Fund Charges – this includes public debt charges (which is external debt servicing) which is changing in medium term. The estimation is own value determined based on the debt servicing costs (principal and interest repayment) for 2021-2023.	JGS 2021-2023 EFU-FSP-BPS
	State Bonds (maturity 6 years or longer)	The internal and external loans are projections based on agreement JGS 2021-2023 EFU-FSP-BPS Consolidated Revenue Fund Charges – this includes public debt charges (which is external debt servicing) which is changing in medium term. The estimation is own value determined based on the debt servicing costs (principal and interest repayment) for 2021-2023.	JGS 2021-2023 EFU-FSP-BPS
	Other Domestic Financing	The internal and external loans are projections based on agreement JGS 2021-2023 EFU-FSP-BPS Consolidated Revenue Fund Charges – this includes public debt charges (which is external debt servicing) which is changing in medium term. The estimation is own value determined based on the debt servicing costs (principal and interest repayment) for 2021-2023.	JGS 2021-2023 EFU-FSP-BPS
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	The internal and external loans are projections based on agreement JGS 2021-2023 EFU-FSP-BPS Consolidated Revenue Fund Charges – this includes public debt charges (which is external debt servicing) which is changing in medium term. The estimation is own value determined based on the debt servicing costs (principal and interest repayment) for 2021-2023.	JGS 2021-2023 EFU-FSP-BPS
	External Financing - Bilateral Loans	The internal and external loans are projections based on agreement JGS 2021-2023 EFU-FSP-BPS Consolidated Revenue Fund Charges – this includes public debt charges (which is external debt servicing) which is changing in medium term. The estimation is own value determined based on the debt servicing costs (principal and interest repayment) for 2021-2023.	JGS 2021-2023 EFU-FSP-BPS
	Other External Financing	The internal and external loans are projections based on agreement JGS 2021-2023 EFU-FSP-BPS Consolidated Revenue Fund Charges – this includes public debt charges (which is external debt servicing) which is changing in medium term. The estimation is own value determined based on the debt servicing costs (principal and interest repayment) for 2021-2023.	JGS 2021-2023 EFU-FSP-BPS
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy 52	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy 52		
	New Domestic Financing in Million Naira		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Financing distributions was agreed by the Jigawa State DSA-DNS Technical Team	Jigawa State DSA-DNS Technical Team
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Financing distributions was agreed by the Jigawa State DSA-DNS Technical Team	Jigawa State DSA-DNS Technical Team
	State Bonds (maturity 1 to 5 years)	Financing distributions was agreed by the Jigawa State DSA-DNS Technical Team	Jigawa State DSA-DNS Technical Team
	State Bonds (maturity 6 years or longer)	Financing distributions was agreed by the Jigawa State DSA-DNS Technical Team	Jigawa State DSA-DNS Technical Team
	Other Domestic Financing	Financing distributions was agreed by the Jigawa State DSA-DNS Technical Team	Jigawa State DSA-DNS Technical Team
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Financing distributions was agreed by the Jigawa State DSA-DNS Technical Team	Jigawa State DSA-DNS Technical Team
	External Financing - Bilateral Loans	Financing distributions was agreed by the Jigawa State DSA-DNS Technical Team	Jigawa State DSA-DNS Technical Team
	Other External Financing	Financing distributions was agreed by the Jigawa State DSA-DNS Technical Team	Jigawa State DSA-DNS Technical Team
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy 53	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy 53		
	New Domestic Financing in Million Naira		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Financing distributions was agreed by the Jigawa State DSA-DNS Technical Team	Jigawa State DSA-DNS Technical Team
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Financing distributions was agreed by the Jigawa State DSA-DNS Technical Team	Jigawa State DSA-DNS Technical Team
	State Bonds (maturity 1 to 5 years)	Financing distributions was agreed by the Jigawa State DSA-DNS Technical Team	Jigawa State DSA-DNS Technical Team
	State Bonds (maturity 6 years or longer)	Financing distributions was agreed by the Jigawa State DSA-DNS Technical Team	Jigawa State DSA-DNS Technical Team
	Other Domestic Financing	Financing distributions was agreed by the Jigawa State DSA-DNS Technical Team	Jigawa State DSA-DNS Technical Team
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Financing distributions was agreed by the Jigawa State DSA-DNS Technical Team	Jigawa State DSA-DNS Technical Team
	External Financing - Bilateral Loans	Financing distributions was agreed by the Jigawa State DSA-DNS Technical Team	Jigawa State DSA-DNS Technical Team
	Other External Financing	Financing distributions was agreed by the Jigawa State DSA-DNS Technical Team	Jigawa State DSA-DNS Technical Team
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy 54	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy 54		
	New Domestic Financing in Million Naira		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Financing distributions was agreed by the Jigawa State DSA-DNS Technical Team	Jigawa State DSA-DNS Technical Team
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Financing distributions was agreed by the Jigawa State DSA-DNS Technical Team	Jigawa State DSA-DNS Technical Team
	State Bonds (maturity 1 to 5 years)	Financing distributions was agreed by the Jigawa State DSA-DNS Technical Team	Jigawa State DSA-DNS Technical Team
	State Bonds (maturity 6 years or longer)	Financing distributions was agreed by the Jigawa State DSA-DNS Technical Team	Jigawa State DSA-DNS Technical Team
	Other Domestic Financing	Financing distributions was agreed by the Jigawa State DSA-DNS Technical Team	Jigawa State DSA-DNS Technical Team
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Financing distributions was agreed by the Jigawa State DSA-DNS Technical Team	Jigawa State DSA-DNS Technical Team
	External Financing - Bilateral Loans	Financing distributions was agreed by the Jigawa State DSA-DNS Technical Team	Jigawa State DSA-DNS Technical Team
	Other External Financing	Financing distributions was agreed by the Jigawa State DSA-DNS Technical Team	Jigawa State DSA-DNS Technical Team

Annex II: Jigawa State Baseline Scenarios, 2020-2029

Indicator	2016	2017	Actuals			Projections									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
BASELINE SCENARIO															
Economic Indicators															
State GDP (at current prices)	1,371,415.53	1,431,566.79	1,491,718.05	1,551,869.31	1,612,020.57	1,672,171.83	1,732,323.09	1,792,474.35	1,852,625.61	1,912,776.87	1,972,928.13	2,033,079.40	2,093,230.66	2,153,381.92	2,213,533.18
Exchange Rate NGN/US\$ (end-Period)	253.19	305.79	306.50	326.00	379.00	379.00	379.00	379.00	379.00	379.00	379.00	379.00	379.00	379.00	379.00
Fiscal Indicators (Million Naira)															
Revenue	70,960.72	103,367.16	123,913.45	135,796.00	78,596.40	136,270.30	131,665.61	138,067.22	139,327.05	150,212.19	161,576.36	158,717.98	174,563.65	175,722.93	183,835.37
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	22,812.36	31,709.05	47,606.97	49,549.18	34,617.00	40,310.00	39,501.00	41,552.00	44,692.42	46,256.65	47,413.07	48,598.40	49,813.36	51,058.69	52,335.16
1.a. of which Net Statutory Allocation ('net' means of deductions)	22,812.36	31,709.05	47,606.97	49,549.18	34,617.00	40,310.00	39,501.00	41,552.00	44,692.42	46,256.65	47,413.07	48,598.40	49,813.36	51,058.69	52,335.16
1.b. of which Deductions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Derivation (if applicable to the State)	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)	13,220.25	19,348.99	17,438.24	21,710.82	1,500.00	10,600.00	12,942.00	12,376.78	11,884.97	12,614.44	13,343.92	14,073.39	14,802.86	15,532.34	16,261.81
4. VAT Allocation	9,279.66	11,290.40	12,857.55	18,710.00	14,711.00	18,990.00	19,985.00	20,585.00	21,305.48	22,051.17	22,822.96	23,621.76	24,448.52	25,304.22	26,189.87
5. IGR	9,465.22	9,903.95	11,011.18	13,750.00	19,080.40	22,648.60	23,441.30	24,261.75	25,110.91	25,989.79	26,899.43	28,840.91	29,815.34	31,823.88	34,867.72
6. Capital Receipts	16,183.22	31,114.78	34,999.51	32,076.00	8,688.00	43,721.70	35,796.31	39,291.70	36,333.28	43,300.14	51,096.98	43,583.52	55,683.57	52,003.80	54,880.81
6.a. Grants	3,049.00	4,000.00	9,710.00	11,800.00	3,298.00	5,988.40	7,408.05	6,840.29	7,285.50	7,744.07	8,202.63	8,661.20	9,119.76	9,573.33	10,036.89
6.b. Sales of Government Assets and Privatization Proceeds	0.00	8,728.00	10,000.00	7,276.00	0.00	500.00	515.00	530.45	546.36	562.75	579.64	597.03	614.94	633.39	652.39
6.c. Other Non-Debt Creating Capital Receipts	4,492.00	7,740.00	10,700.00	8,500.00	0.00	8,950.00	9,308.00	9,680.32	10,067.53	10,470.23	10,889.04	11,324.61	11,777.59	12,248.69	12,738.64
6.d. Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc.)	8,642.22	10,646.78	4,589.51	4,500.00	5,390.00	28,283.30	18,565.26	22,240.63	18,433.88	24,523.09	31,425.67	23,000.69	34,171.28	29,543.40	30,752.89
Expenditure	69,097.60	111,555.48	115,991.77	119,731.34	112,517.63	142,525.00	127,665.61	136,567.22	139,427.05	148,812.19	162,176.36	163,917.98	174,863.65	175,034.93	183,723.37
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	19,656.13	20,634.63	22,197.52	25,259.00	26,968.33	28,137.71	29,968.18	31,798.66	32,629.14	34,459.62	36,290.10	37,120.58	38,951.06	39,781.54	40,612.01
2. Overhead costs	12,222.07	19,721.84	20,413.80	18,456.00	18,289.84	20,425.10	20,882.75	21,348.64	21,814.53	22,280.42	22,746.31	23,212.20	23,678.09	24,143.98	24,609.87
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	651.07	579.23	1,150.74	3,872.41	1,448.38	5,119.28	4,444.38	5,554.08	5,857.85	6,049.31	7,126.63	8,585.91	8,253.46	9,403.87	10,320.50
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted from FAAC Allocation)	651.07	579.23	535.26	2,172.41	1,448.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.b. of which Interest deducted from FAAC Allocation	0.00	0.00	0.00	1,700.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)	9,562.00	10,760.00	13,132.62	17,256.00	7,756.26	8,366.94	9,497.24	9,222.15	7,953.82	11,592.43	15,438.21	10,691.35	12,952.09	10,220.66	9,497.28
5. Capital Expenditure	26,620.41	59,339.42	58,444.84	53,970.00	57,271.97	78,739.90	61,321.48	62,547.91	63,798.86	65,074.84	69,265.86	70,411.18	75,568.49	78,701.81	81,847.13
6. Amortization (principal) payments	385.93	520.35	652.26	917.83	782.85	1,736.08	1,551.59	6,095.78	7,372.84	9,355.56	11,309.25	13,896.76	15,472.46	12,783.08	16,836.58
Budget Balance ('+' means surplus, '-' means deficit)	1,863.12	-8,188.31	7,921.68	16,064.76	-33,921.23	-6,254.70	4,000.00	1,500.00	-100.00	1,400.00	-600.00	-5,200.00	-300.00	688.00	112.00
Opening Cash and Bank Balance	26,014.69	27,877.81	19,689.50	27,611.17	43,675.93	9,754.70	3,500.00	7,500.00	9,000.00	8,900.00	10,300.00	9,700.00	4,500.00	4,200.00	4,888.00
Closing Cash and Bank Balance	27,877.81	19,689.50	27,611.17	43,675.93	9,754.70	3,500.00	7,500.00	9,000.00	8,900.00	10,300.00	9,700.00	4,500.00	4,200.00	4,888.00	5,000.00
Financing Needs and Sources (Million Naira)															
Financing Needs						37,733.30	28,388.26	32,451.40	29,047.78	35,556.08	42,894.35	34,922.32	46,563.80	42,425.47	44,143.92
i. Primary balance						-37,132.65	-18,392.30	-19,301.54	-15,917.09	-18,751.20	-25,058.47	-17,639.65	-23,137.89	-19,550.53	-16,874.84
ii. Debt service						6,855.35	5,995.96	11,649.86	13,230.69	15,404.88	18,435.88	22,482.67	23,725.92	22,186.95	27,157.08
Amortizations						1,736.08	1,551.59	6,095.78	7,372.84	9,355.56	11,309.25	13,896.76	15,472.46	12,783.08	16,836.58
Interests						5,119.28	4,444.38	5,554.08	5,857.85	6,049.31	7,126.63	8,585.91	8,253.46	9,403.87	10,320.50
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)						-6,254.70	4,000.00	1,500.00	-100.00	1,400.00	-600.00	-5,200.00	-300.00	688.00	112.00
Financing Sources						37,733.30	28,388.26	32,451.40	29,047.78	35,556.08	42,894.35	34,922.32	46,563.80	42,425.47	44,143.92
i. Financing Sources Other than Borrowing						9,450.00	9,823.00	10,210.77	10,613.90	11,032.99	11,468.68	11,921.63	12,392.53	12,882.08	13,391.03
ii. Gross Borrowings						28,283.30	18,565.26	22,240.63	18,433.88	24,523.09	31,425.67	23,000.69	34,171.28	29,543.40	30,752.89
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)						5,000.00	8,000.00	7,940.00	6,026.73	10,414.34	8,835.92	6,832.99	13,640.81	9,920.85	3,589.06
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)						19,683.30	2,027.17	0.00	2,650.17	5,684.80	8,218.47	3,954.62	8,575.29	9,025.46	10,255.04
State Bonds (maturity 1 to 5 years)						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Bonds (maturity 6 years or longer)						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Domestic Financing						0.00	0.00	0.00	0.00	0.00	3,042.79	0.00	0.00	37.95	0.00
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)						3,600.00	8,538.09	14,300.63	0.00	8,423.95	11,328.50	12,213.09	0.00	10,226.14	9,474.75
External Financing - Bilateral Loans						0.00	0.00	0.00	9,756.98	0.00	0.00	0.00	11,955.18	0.00	7,434.03
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)	27,212.93	43,513.00	44,973.76	44,700.69	42,687.63	69,234.85	86,248.53	102,393.38	113,454.42	128,621.95	148,738.37	157,842.30	176,541.12	193,301.43	207,217.75
External	8,207.38	10,243.14	9,810.59	10,090.17	11,718.13	15,031.60	23,298.71	37,314.72	46,783.28	54,921.08	65,958.13	77,897.58	89,582.15	99,328.86	114,736.69
Domestic	19,005.55	33,269.86	35,163.17	34,610.53	30,969.50	54,203.25	62,949.82	65,078.66	66,671.14	73,700.86	82,780.24	79,944.72	86,958.96	93,972.57	92,481.06
Gross borrowing (flow)						28,283.30	18,565.26	22,240.63	18,433.88	24,523.09	31,425.67	23,000.69	34,171.28	29,543.40	30,752.89
External						3,600.00	8,538.09	14,300.63	9,756.98	8,423.95	11,328.50	12,213.09	11,955.18	10,226.14	16,908.79
Domestic						24,683.30	10,027.17	7,940.00	8,676.90	16,099.14	20,097.17	10,787.61	22,216.10	19,317.26	13,844.10
Amortizations (flow)	19,557.93	19,942.05	19,278.04	31,425.74	24,007.82	1,736.08	1,551.59	6,095.78	7,372.84	9,355.56	11,309.25	13,896.76	15,472.46	12,783.08	16,836.58
External	219.26	249.52	228.65	226.90	275.15	286.52	270.99	284.63	288.42	286.15	291.45	273.64	270.61	479.43	1,500.96
Domestic	19,338.67	19,692.53	19,049.39	31,198.84	23,732.67	1,449.55	1,280.60	5,811.15	7,084.42	9,					

Jigawa State – DSA Technical Team

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2. Auwalu Muhammad Bello (Director Budget, Budget & Economic Planning Directorate;
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Jigawa