JIGAWA STATE GOVERNMENT

2022

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

15/12/22

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Chapter 1: Introduction

Jigawa State Debt Sustainability Analysis (JS - DSA) covers the period of 5-year historical from 2017 to 2021 and 10-year projection 2022-2031, under various macroeconomic assumptions and Shock scenarios. To ensure that State debt stock remains sustainable in the medium to long-term, by using the State's macroeconomic framework, to 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 forecast 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. 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.

The baseline forecast is for growth to slow from 6.1 percent last year to 3.2 percent in 2022, 0.4 percentage point lower than in the April 2022 World Economic Outlook. Lower growth earlier this year, reduced household purchasing power, and tighter monetary policy drove a downward revision of 1.4 percentage points in the United States. In China, further lockdowns and the deepening real estate crisis have led growth to be revised down by 1.1 percentage points, with major global spillovers. And in Europe, significant downgrades reflect spillovers from the war in Ukraine and tighter monetary policy. Global inflation has been revised up due to food and energy prices as well as lingering supply-demand imbalances and is anticipated to reach 6.6 percent in advanced economies and 9.5 percent in emerging market and developing economies this year—upward revisions of 0.9 and 0.8 percentage point, respectively. In 2023, disinflationary monetary policy is expected to bite, with global output growing by just 2.9 percent.

The risks to the outlook are overwhelmingly tilted to the downside. The war in Ukraine could lead to a sudden stop of European gas imports from Russia; inflation could be harder to bring down than anticipated either if labor markets are tighter than expected or inflation expectations unanchored; tighter global financial conditions could induce debt distress in emerging market and developing economies; renewed COVID-19 outbreaks and lockdowns as well as a further escalation of the property sector crisis might further suppress Chinese growth; and geopolitical fragmentation could impede global trade and cooperation. A plausible alternative scenario in which risks materialize, inflation rises further, and global growth declines to about 2.6 percent and 2.0 percent in 2022 and 2023, respectively, would put growth in the bottom 10 percent of outcomes since 1970.

Nigeria's economy grew by 3.6% in 2021 from a 1.8% contraction in 2020, underpinned on the supply side by 4.4% expansion in the non-oil sector against 8.3% contraction in the oil sector; non-oil growth was driven by agriculture (2.1%) and services (5.6%). On the demand side, public and private consumption were contributors to GDP growth. Per capita income grew by 1.0% in 2021. The fiscal deficit narrowed to 4.8% of GDP in 2021 from 5.4% in 2020, due to a modest uptick in revenues, and was financed by borrowing. Public debt stood at $95.8 billion in 2021, or about 22.5% of GDP.

Annual average inflation stood at 17.0% in 2021 against 13.2% the previous year and above the central bank's 6–9% target. Inflation was fueled by food price rises at the start of the year and exchange rate pass-through. The central bank kept the policy rate unchanged at 11.5% in 2021 to support economic recovery. The current account deficit narrowed to 2.9% of GDP in 2021 from 4% the preceding year, supported by recovery in oil receipts. Improved oil exports and disbursement of the SDR allocation of $3.4 billion (0.8% of GDP), pending decision on its use, helped to boost gross reserves to $40.1 billion in 2021. The ratio of NPLs to gross loans was 4.9% in December 2021 (regulatory requirement 5%), while the capital-adequacy ratio was 14.5% (regulatory benchmark 10%). Poverty and unemployment remained high, broadly unchanged from 40% and 33.3%, in 2020, respectively.

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.

Chapter 2: The State Fiscal and Debt Framework

The 2022 Budget is named "Sustained Economic Growth and Social Transformation - Meeting the Next Level Agenda II" which is planned to add-on the achievement of 2020 to attain the agenda of the renewed mandate for another 4-year term. Consistent with the provision of the overarching State development policy document (i.e., the State Comprehensive Development Framework), the 2022 get of the State has the following as its major objectives among others:

- Expanding access to and quality of human development services particularly in the area of education, health and economic empowerment;
- Addressing the issue of out-of-school children and malnutrition among children;
- Pursuit of multi-sectoral social protection programs that prioritize children and women;
- 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 reform.

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.

In line with the Medium Term Budget forecast FSP strategy, the Government has reviewed its fiscal policies in the areas of Cash management, IGR, etc. These fiscal components are targeted towards boosting of revenue generation for Government financial obligation as well as investment,

Fiscal policies strongly recommend that the existing debt and new borrowing should be kept below the established threshold in line with the Fiscal Responsibility Act, 2007. The Fiscal Strategy Paper prioritized projects and programmes in a sustainable manner and consistent with its development policy objective of the Government.

The macroeconomic assumptions revealed a decline in revenue from N166.18 in 2022 to N142.82 in 2023, the decline is due to slow economic activities in the year. The revenue is expected to grow from N152.62 in 2024 and N153.94 in 2025. On the other hand, the expenditure decline from N173.31 in 2022 to N151.19 in 2023, the reduction is due to revenue recorded in the election year. The expenditure is expected to grow from N176.69 in 2024 and N178.14 in 2025.The details of the macroeconomic assumptions are as shown in the table below.

Jigawa State Medium Term Expenditure Framework (MTEF), 2022-2025

Macroeconomic Assumptions	2022	2023	2024	2025
National Inflation	13.00%	11.00%	10.00%	10.00%
National Real GDP Growth	4.20%	2.30%	3.30%	3.30%
Budget Oil Production Volume (mbpd)	1.88	2.23	2.22	2.22
Projected Budget Benchmark Price (US$ per barrel)	57	57	55	55
Average Exchange Rate (N/US$)	410.15	410.15	410.13	410.13
Revenue				
Gross Statutory Allocation	45,494.92	46,552.00	48,692.42	49,056.65
Other FAAC transfers	1,971.35	12,376.78	11,884.97	12,614.44
VAT Allocation	19,333.73	20,585.00	21,305.48	22,051.17
IGR	53,949.59	46,261.75	50,843.50	51,454.98
Grants	35,616.00	6,840.29	9,285.50	7,744.07
Sales of Government Assets	515	530.45	546.36	562.754405
Other Non-Debt Creating Capital Receipts	9,308.00	9,680.32	10,067.53	10,470.23
Total Revenue	**166,188.59**	**142,826.59**	**152,625.76**	**153,954.30**
Expenditure				
Personnel costs	55,235.59	56,798.66	58,361.74	59,924.81
Overhead costs	22,276.22	21,348.64	21,814.53	22,280.42
Other Recurrent Expenditure*	4,962.17	10,504.23	12,717.86	20,863.26
Capital Expenditure	90,837.00	62,547.91	83,798.86	75,074.84
Total Expenditure	**173,310.98**	**151,199.44**	**176,692.99**	**178,143.34**
Budget Deficit	**-7,122.39**	**-8,372.85**	**-24,067.23**	**-24,189.04**
New Domestic Borrowing	7,122.39	8,372.85	7,480.90	13,557.02
New External Borrowing	0	0	16,586.33	10,632.02
New Borrowing	**7,122.39**	**8,372.85**	**24,067.23**	**24,189.04**

*Other Recurrent Expenditure comprises Debt Charges and other recurrent Expenditure

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 ***"A Law to establish Economic Planning and Fiscal responsibility Council, 2009"*** A law to provide for sound Public Expenditure and Financial Management in Jigawa State aimed at ensuring that for the purpose of overall economic development of the State Government strives towards the followings:

- Aligning its income and expenditure by keeping its spending limits within the dictates of its available resources;
- 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,
- Ensuring strict adherence to "due-process" in the budget execution as well as accountability, transparency and prudence in the entire public financial management.

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.

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 (2017 - 2021)

The Jigawa State economy experienced a growth under Internally Generate Revenue (IGR) from N9,904 million in 2017 to N42,006 million in 2021. This was due to economic reforms to improve tax and other service sectors, as well as other initiatives by the Government.

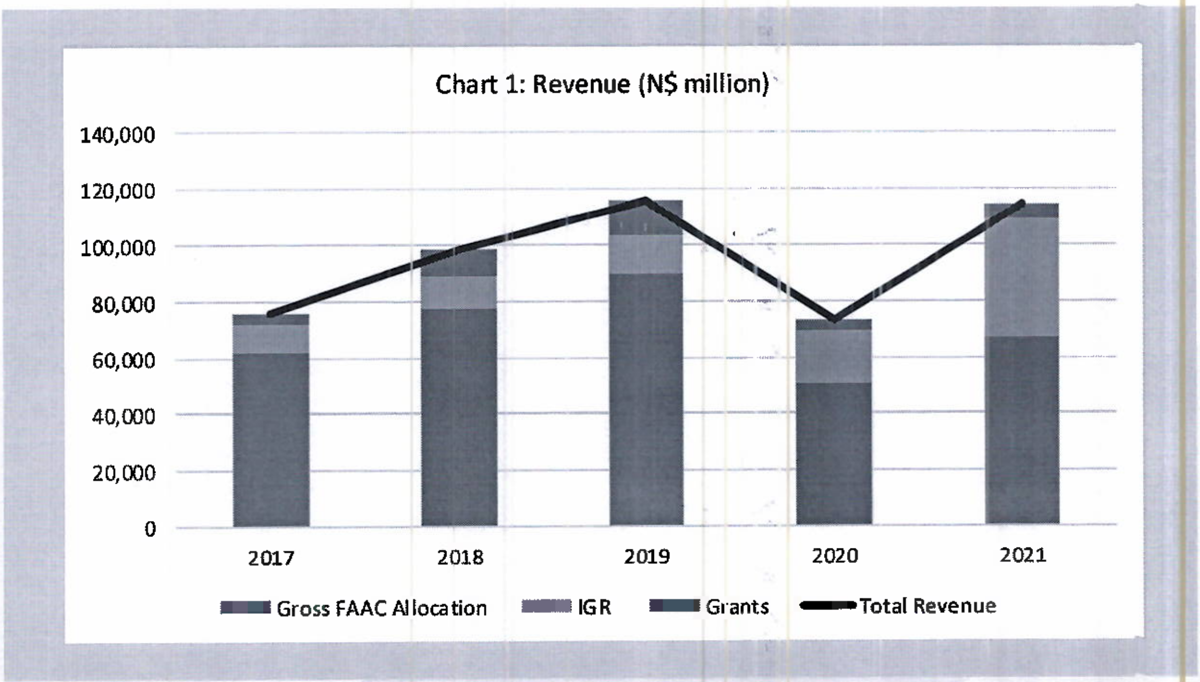
3.1 Revenue and Expenditure

Revenue - The State's economy comprises Statutory Allocation, Derivation, VAT Allocation, IGR, and Capital Receipt. the State's Revenue increase from N114,534 million in 2021 to N73,206.40 million in 2020, representing an increase of N41,327 million or 56.45 percent.

a. Jigawa State's gross FAAC allocation recorded at N62.348 million in 2017, N77,903 million in 2018, N89,870 million in 2019, N50,828 million in 2020 and N67,238 million in 2021, respectively.

b. Jigawa witnessed modest growth and significant improvement in the State **Internally Generated Revenue (IGR)**, where the IGR grew from N9,904 million in 2017, N11,011 million in 2018, N13,750 million in 2019, N19,080 million in 2020 and N42,006 million in 2021, respectively. The improvement in IGR is mainly due to the tax reforms aimed at improving collection efficiency and broadening the tax revenue base.

Revenue	2017	2018	2019	2020	2021
Total Revenue	76,252	98,624	115,520	73,206	114,534
Gross FAAC Allocation	62,348	77,903	89,970	50,828	67,238
IGR	9,904	11,011	13,750	19,080	42,006
Grants	4,000	9,710	11,800	3,298	5,289

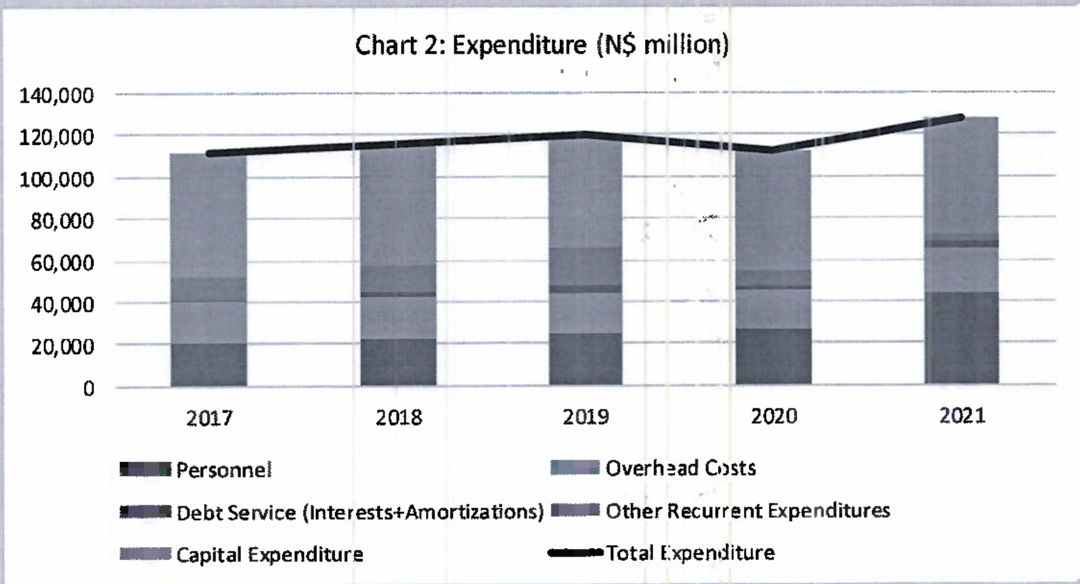


Expenditure- The State's Total expenditure covers Capital expenditure, Personnel costs, Overhead costs, other recurrent expenditure, and Debt service (interest payment and principal repayment) recorded at N111,555 million in 2017 and N115,992 million in 2018, N119,731 million 2019, N112,518 million in 2020 and N127,954 million in 2021, respectively.

Personnel recorded at N20,634 million in 2017, N22,198 million in 2018, N25,259 million in 2019, N26,968 million in 2020 and N44,241 million in 2021, respectively. Overhead cost amounted from N19,722 million in 2017, N20,414 million in 2018, N18,456 million in 2019, N18,290 million in 2020 and N21,149 million in 2021, respectively.

Capital Expenditure amounted to N59,339 million in 2017, N58,445 million in 2018, N53,970 million in 2019, N57,272 million in 2020 and N56,210 million in 2021, respectively.

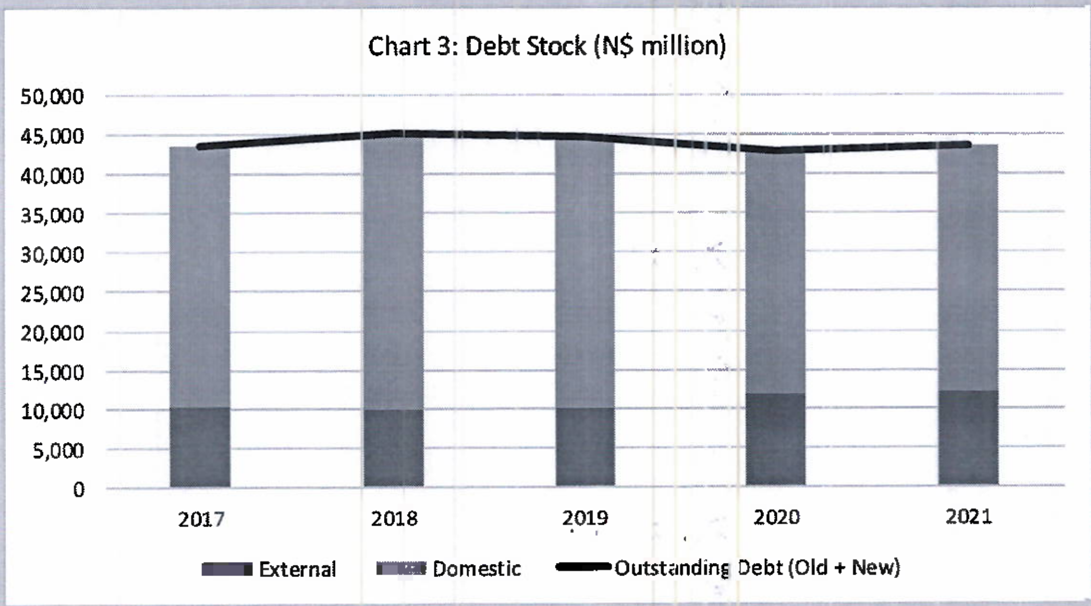
Expenditure Performance	2017	2018	2019	2020	2021
Total Expenditure	111,555	115,992	119,731	112,518	127,954
Personnel	20,635	22,198	25,259	26,968	44,241
Overhead Costs	19,722	20,414	18,456	18,290	21,149
Debt Service (Interests + Amortizations)	1,100	1,803	4,790	2,231	2,983
Other Recurrent Expenditures	10,760	13,133	17,256	7,756	3,371
Capital Expenditure	59,339	58,445	53,970	57,272	56,210



3.2 Existing Public Debt Portfolio

a. Debt Stock - Jigawa State Total Debt comprised External and Domestic Debts which was stood N43,521 million as at end-2021 compared to N42,749 million as at end-2020, which representing an increase of N772 million or 1.81 percent respectively. The External Debt grew from N11,780 million as at end-2020 to N12,165 million as at end-2021, while the Domestic Debt stock stood at N31,356 million as at end-2021 compared with N30,970 million as at end-2020.

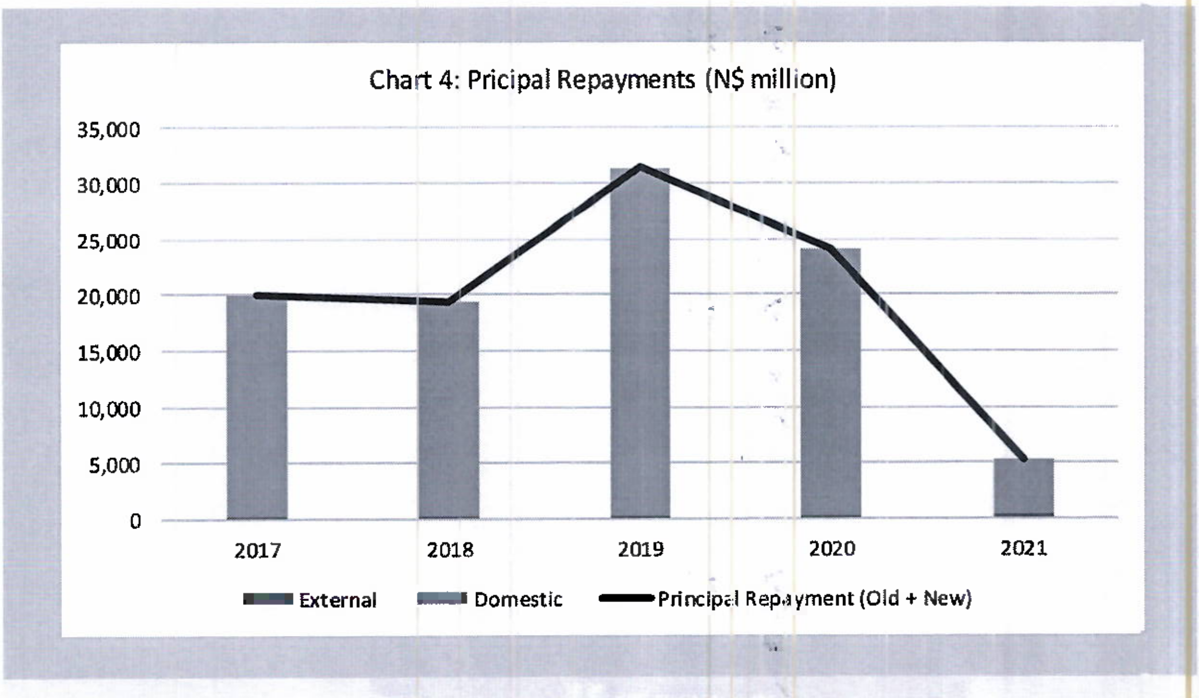
	2017	2018	2019	2020	2021
Outstanding Debt (Old + New)	43,520	44,990	44,701	42,749	43,521
External	10,250	9,827	10,090	11,780	12,165
Domestic	33,270	35,163	34,611	30,970	31,356



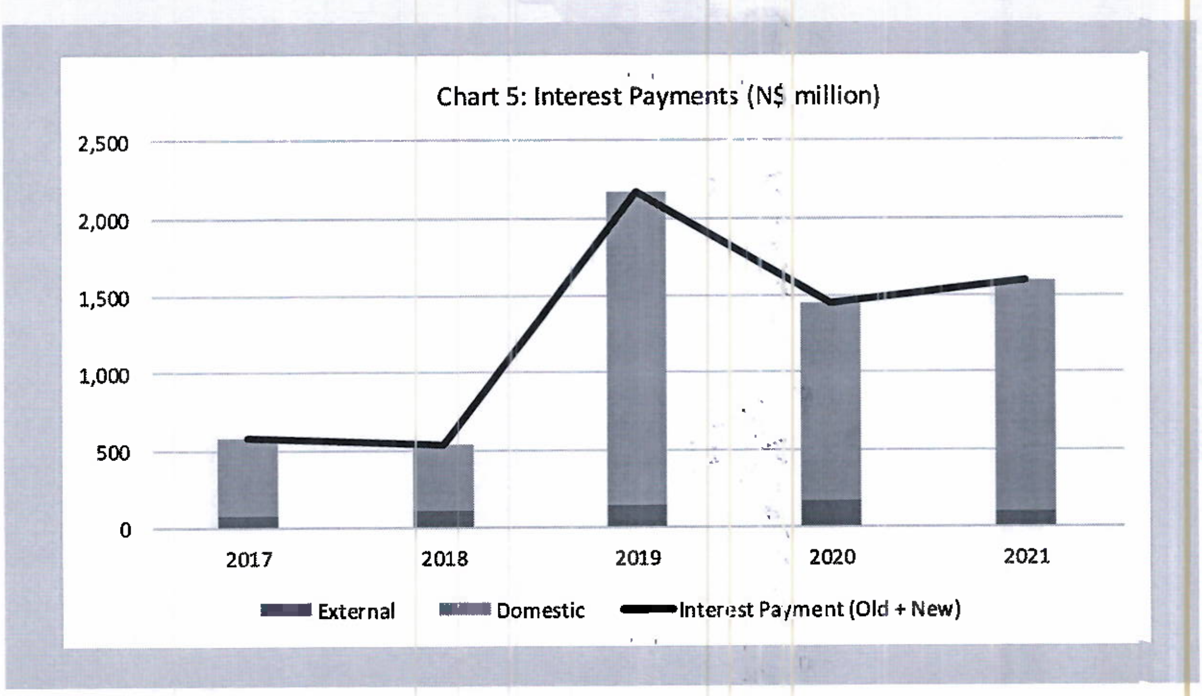
b. **Debt composition** - The main domestic debt portfolio consists of Bail out loans, Budget Support Facility, Excess Crude Account Backed Loan, Contractor's Arrears and Pensions & Gratuity arrears. While the External Debt includes World Bank (IDA and IFAD) and African Development Fund (AfDF). The composition of external debt to domestic debt portfolio stood at 27.95 percent to 72.05 percent in 2021, compared with 27.56 percent to 72.44 percent in 2020.

c. **The Jigawa State Debt Service** amounted to N6,825 million in 2021 related to the N25,459 million in 2020, reflecting a deteriorated by N18,634 million or 73.19 percent. The principal repayment shown a declined from N24,009 million in 2020 to N5,228 million in 2021. Jigawa state Interest Payment was N1,597 million in 2021 compared N1,449 million in 2020. The principal repayments and Interest Payment made were on both External Debt and Domestic Debt (chart 4 and 5).

Principal Repayment	2017	2018	2019	2020	2021
Principal Repayment	19,942	19,278	31,426	24,009	5,228
External	250	229	227	277	402
Domestic	19,693	19,049	31,199	23,733	4,826



Interest Payment	2017	2018	2019	2020	2021
Interest Payment	579	535	2,172	1,449	1,597
External	72	103	141	165	94
Domestic	508	433	2,031	1,284	1,503



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-2021

Indicators	Thresholds	Ratio
Debt as % of GDP	25%	2.60
Debt as % of Revenue	200%	38.00
Debt Service as % of Revenue	40%	5.96
Personnel Costas % of Revenue	60%	38.63
Debt Service as % of FAAC Allocation	NI	10.15
Interest Payment as % of Revenue	NI	1.39
External Debt Service as % of Revenue	NI	0.43

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 66.93 percent and 33.07 percent over the projection period from 2022 to 2031. 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.

The domestic borrowing has borrowing rate of 15% and 9% for commercial bank loan with maturity of 1 to 5 years and 6 years and above, respectively. Bond market has 12.50% and 14% for bond issuance with a maturity of 1 to 5 years and 6 years and above, respectively. On the other hand, the external (concessional) financing has 2.47% with maturity of 30 years and a grace period of 7 years, while external bilateral financing has 1.15% with a maturity of 20 years and a 5 year grace. Other external financing with 3.00% and a maturity of 7 years, and a grace period of 5 years.

Borrowing Terms

Borrowing Terms for New Domestic Debt (issued/contracted from 2022 onwards)	Interest Rate (%)	Maturity (# of years)	Grace (# of years)
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	15.00%	5	1
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	9.00%	7	1
State Bonds (maturity 1 to 5 years)	12.50%	5	1
State Bonds (maturity 6 years or longer)	14.00%	10	1
Other Domestic Financing	0.00%	10	1
Borrowing Terms for New External Debt (issued/contracted from 2022 onwards)	**Interest Rate (%)**	**Maturity (# of years)**	**Grace (# of years)**
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	2.47%	30	7
External Financing - Bilateral Loans	1.15%	20	5
Other External Financing	3.00%	7	5

Borrowing Options

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Domestic Financing										
Commercial Bank Loans 1 <> 5 years	2,122.4	3,533.3	7,480.9	6,026.7	10,414.3	3,968.0	5,884.9	5,163.6	6,479.3	3,589.1
Commercial Bank Loans - 6 years >	5,000.0	4,839.6	0.0	7,530.3	10,844.4	13,525.8	6,685.1	10,811.6	2,361.5	9,338.2
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	0.0	0.0	0.0	0.0	0.0
Domestic Financing (NGN' Million)	**7,122.4**	**8,372.9**	**7,480.9**	**13,557.0**	**21,258.7**	**17,493.8**	**12,569.9**	**15,975.1**	**8,840.8**	**12,927.2**
Domestic Financing										
External Financing - Concessional Loans (e.g., WB, AfDB)	0.0	0.0	40.2	0.0	22.2	29.9	32.2	0.0	0.0	0.0
External Financing - Bilateral Loans	0.0	0.0	0.0	25.7	0.0	0.0	0.0	0.0	0.0	0.0
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)	**0.0**	**0.0**	**40.2**	**25.7**	**22.2**	**29.9**	**32.2**	**0.0**	**0.0**	**0.0**
Domestic Financing										
Total Gross Borrowing Requirements (NGN' Million)	**7,122.4**	**8,372.9**	**24,067.2**	**24,189.0**	**30,438.2**	**29,838.3**	**25,878.3**	**15,975.1**	**8,840.8**	**12,927.2**

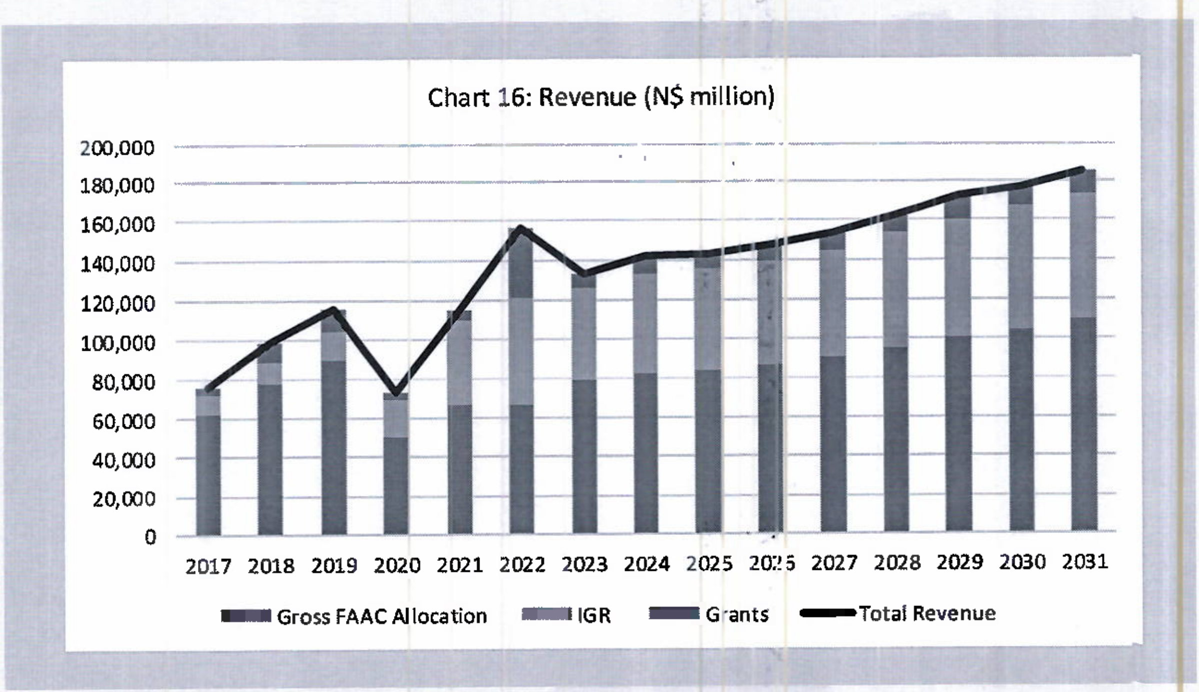
4.3.1 DSA Simulation Results

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 and Internally Generated Revenue (IGR) over the projection period, the Revenue projected to grow from N156,366 million in 2022, N132,616 million in 2023, N142,012 million in 2024, N142,921 million in 2025, N147,680 million in 2026, N153,686 million 2027, N162,663 million in 2028, N172,746 million in 2029, N176,835 million in 2030 and N184,943 million in 2031, respectively.

The FAAC allocation is estimated to increase N66,800 million in 2022, N83,722 million in 2025, N95,065 million in 2028 and N109,426 million in 2031. Similarly, the IGR projected to increase from N53,950 million in 2022, N46,262 million in 2023, N50,844 million in 2024, N51,455 million in 2025, N53,097 million in 2026, N54,771 million in 2027, N58,478 million in 2028, N60,219 million in 2029, N62,786 million in 2030 and N63,916 million in 2031 respectively.

Grants projected at N35,616 million in 2022, the grant was based on singed agreements with the following a. Capital Domestic Aids b. Domestic Grants c. Global Education Grants (World Bank - BESDA Project) d. Basic Healthcare Provision Fund Receipts - estimated at N21.41 billion f. Foreign Grants g. UNICEF Primary Healthcare Grants h. Sasakawa Global Agricultural Grants i. Global Alliance for Vaccine (GAVI) Fund Grants - projected to N13.20 billion.



Expenditure projected to grow by N34,942 million or 19.92 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.

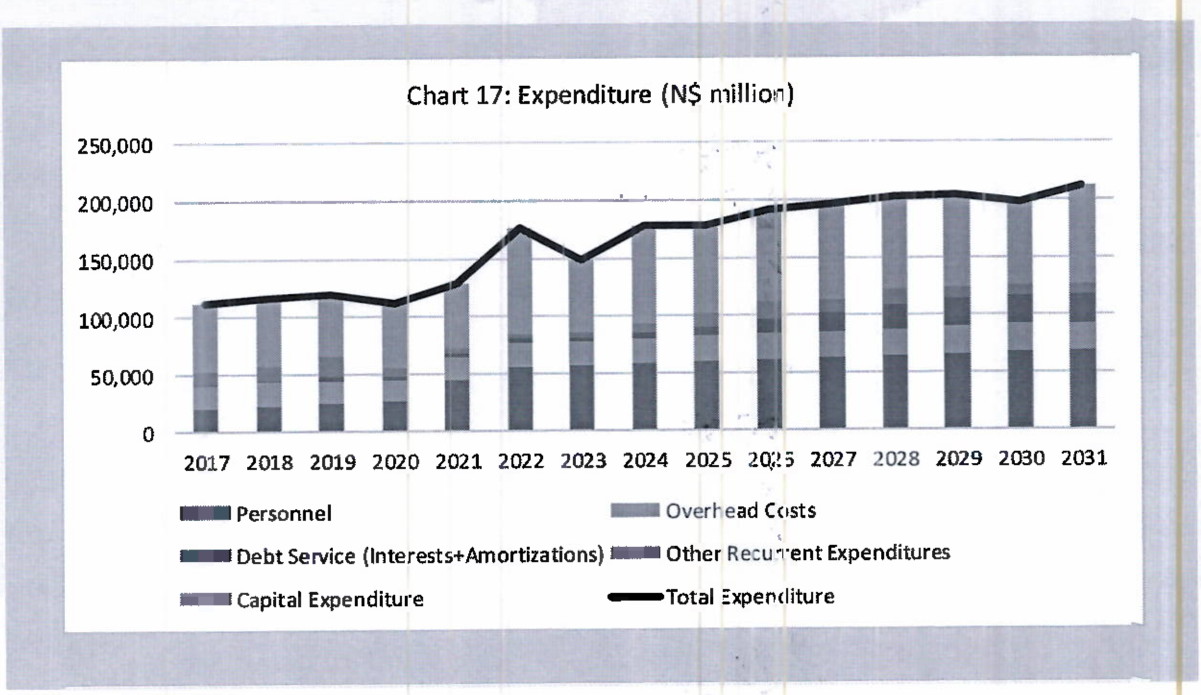
Personnel cost - The State is determined to sustain the trend to reduce personnel cost. It is anticipated that the number of political office holders will also be reduced, and the personnel cost is projected to increase from N55,236 million in 2022, N59,925 million in 2025, N64,614 million in 2028, and N69,303 million in 2031 respectively.

Overheads – overhead costs estimated to increase from N22,276 million in 2022, N22,280 million in 2025, N23,678 million in 2028 and N23,222 million in 2031 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.

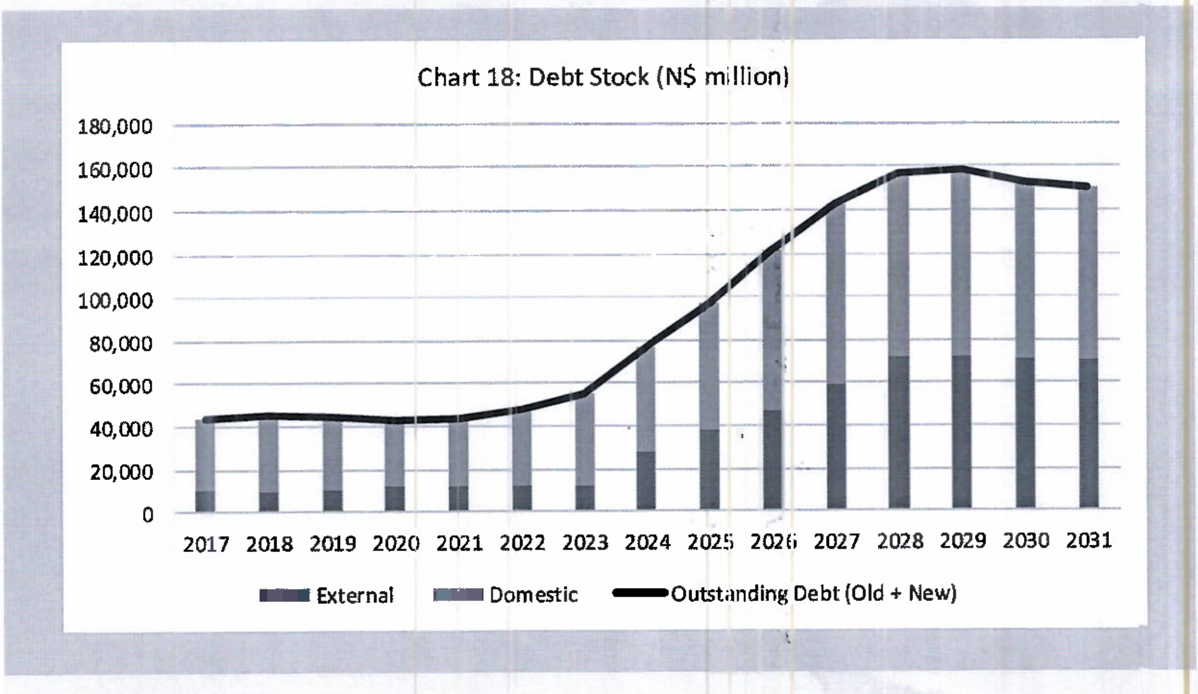
Other Recurrent Expenditures – other recurrent expenditure comprises Social Contribution and Social Benefits – Pensions and gratuity payments is expected to remain at the level of 2020 actual. Other recurrent expenditure projected at N2,665 million in 2022, N11,592 million in 2025, N12,952 million in 2028 and N9,497 million in 2031 respectively.

Capital Expenditure – capital expenditure projected at N90,837 million in 2022, N62,548 million in 2023, N83,799 million in 2024, N75,075 million in 2025, N79,266 million in 2026, N83,011 million in 2027, N79,005 million in 2028, N78,702 million in 2029, N70,847 million in 2030, and N83,441 million in 2031 respectively.



Gross Financing Needs (GFN) - is the sum of budget deficits and funds required to roll over debt that matures over the year. The GFN for Kano State 2022-2024 estimate at N7,122.4 million in 2022, N8,372.9 million in 2023 and N24,067.2 million in 2024, respectively. The gross financing needs projection beyond the projection period of 2022 - 2024 is estimated to have an average of N21,155.3 million from 2025 to 2031. 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 N47,786 million in 2022, N55,133 million in 2023, N76,806 million in 2024, N96,913 million in 2025, N121,393 million in 2026, N143,032 million in 2027, N156,833 million 2028, N158,311 million in 2029, N152,773 million and N149,833 million in 2031, respectively.



The debt service comprises principal repayment and interest payment, the debt service was projected at N4,415 million in 2022, N3,282 million in 2023, N5,364 million in 2024, N8,371 million in 2025, N11,748 million in 2026, N16,334 million in 2027, N20,984 million in 2028, N24,060 million in 2029, N23,872 million in 2030 and N24,907 million in 2031 respectively.

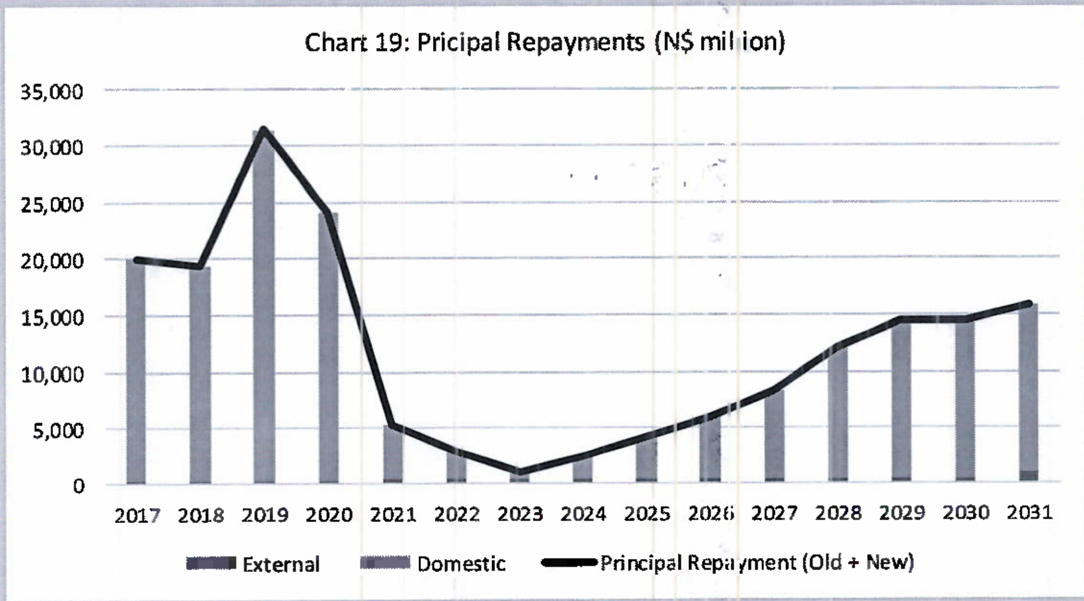


Chart 19: Pricipal Repayments (N$ million)
35,000
30,000
25,000
20,000
15,000
10,000
5,000
0
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
2027
2028
2029
2030
2031
External
Domestic
Principal Repayment (Old + New)

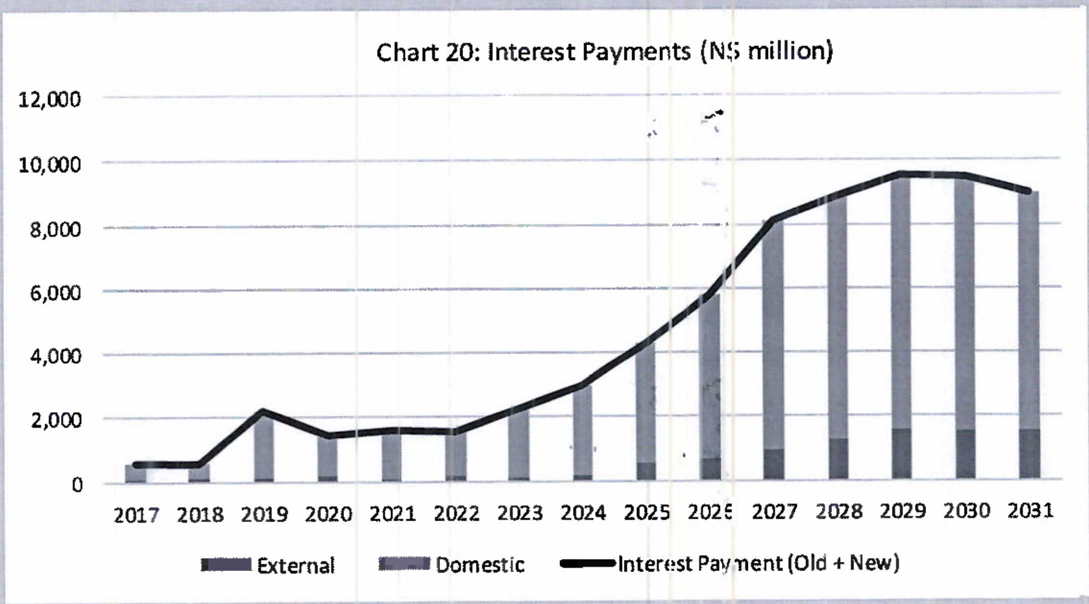


Chart 20: Interest Payments (N$ million)
12,000
10,000
8,000
6,000
4,000
2,000
0
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
2027
2028
2029
2030
2031
External
Domestic
Interest Payment (Old + New)

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.

2022 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 2022 to 2031, 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 4.76 percent in 2022, 3.08 percent in 2023, 4.15 percent in 2024, 5.07 percent in 2025, 6.15 percent in 2026, 7.04 percent in 2027, 7.49 percent in 2028, 7.35 percent in 2029, 6.90 percent in 2030 and 6.59 percent in 2031 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 30.56 percent in 2022, 41.57 percent in 2023, 54.08 percent in 2024, 67.81 percent in 2025, 82.20 percent in 2026, 93.07 percent in 2027, 96.42 percent in 2028, 91.64 percent in 2029, 86.39 percent in 2030 and 81.02 percent in 2031, respectively and were still below the threshold of 200 percent.

The outcomes of Debt Service to Revenue estimates the ratios at 2.82 percent in 2022, 5.86 percent in 2025, 12.90 percent in 2028 and 13..47 percent in 2031 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 35.32 percent in 2022, 41.93 percent in 2025, 39.72 percent in 2028 and 37.47 percent in 2031 respectively. Thus, Jigawa State Debt remained sustainable on the revenue and debt indicators.

Debt Service to Gross FAAC Allocation estimated at 6.61 percent in 2022, 10.00 percent in 2025, 22.07 percent in 2028 and 22.76 percent in 2030. The projections of Interest to Revenue estimated at 1.00 percent in 2022, 3.00 percent in 2025, 5.48 percent in 2028 and 4.89 percent in 2031 respectively. and External Debt Service to Revenue estimated to increase from 0.31

percent in 2022, 0.60 percent in 2025, 0.95 percent in 2023 and 1.39 percent in 2031 respectively. Thus, Jigawa State Debt remained sustainable on the revenue and debt indicators.

Jigawa State Debt burden indicators

	Threshold	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Debt as % of SGDP	25	2.76	3.08	4.15	5.07	6.15	7.04	7.49	7.35	6.90	6.59
Debt as % of Revenue	200	30.56	41.57	54.08	67.81	82.20	93.07	96.42	91.64	86.39	81.02
Debt Service as % of Revenue	40	2.82	2.47	3.78	5.86	7.96	10.63	12.90	13.93	13.50	13.47
Personnel Cost as % of Revenue	60	35.32	42.83	41.10	41.93	41.64	41.03	39.72	38.31	38.31	37.47
Debt Service as a share of Gross FAAC Allocation		6.61	4.13	6.55	10.00	13.60	18.10	22.07	24.07	22.95	22.76
Interest as a share of Revenue		1.00	1.70	2.09	3.00	3.92	5.29	5.48	5.54	5.37	4.89
External Debt Service as a share of Revenue		0.30	0.31	0.35	0.60	0.69	0.80	0.95	1.11	1.06	1.39
Gross Financing Needs as a share of SGDP		0.98	1.04	1.87	1.84	2.12	2.05	1.83	1.34	1.00	1.21
Overall Balance as a share of SGDP		-1.10	-0.93	-1.90	-1.79	-2.18	-2.10	-1.84	-1.42	-0.89	-1.12
Primary Balance as a share of SGDP		-1.01	-0.80	-1.74	-1.57	-1.89	-1.70	-1.42	-0.97	-0.46	-0.72
Revenue as a share of SGDP		9.03	7.40	7.67	7.47	7.49	7.56	7.77	8.02	7.99	8.13
Expenditures as a share of SGDP		10.13	8.32	9.57	9.27	9.67	9.66	9.61	9.44	8.88	9.25

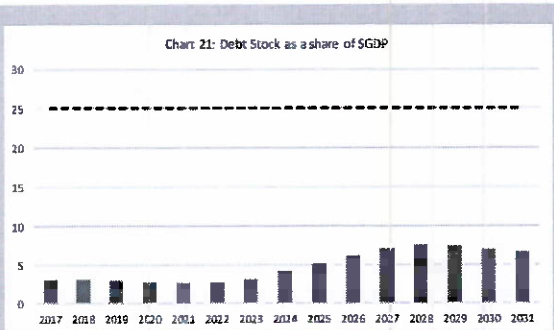


Chart 21: Debt Stock as a share of SGDP
0
5
10
15
20
25
30
2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031

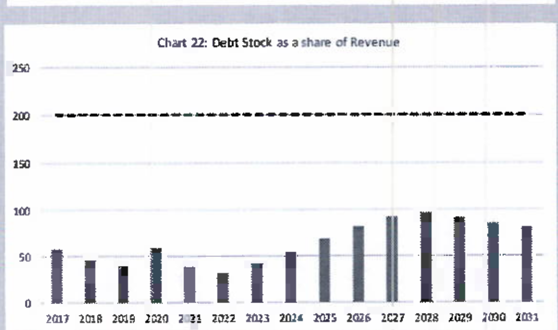


Chart 22: Debt Stock as a share of Revenue
0
50
100
150
200
250
2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031

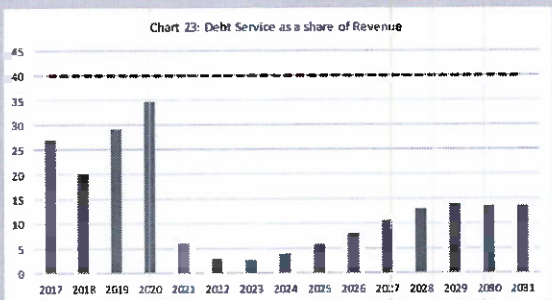


Chart 23: Debt Service as a share of Revenue
0
5
10
15
20
25
30
35
40
45
2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031

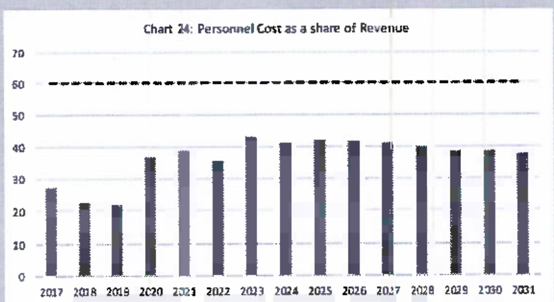


Chart 24: Personnel Cost as a share of Revenue
0
10
20
30
40
50
60
70
2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031

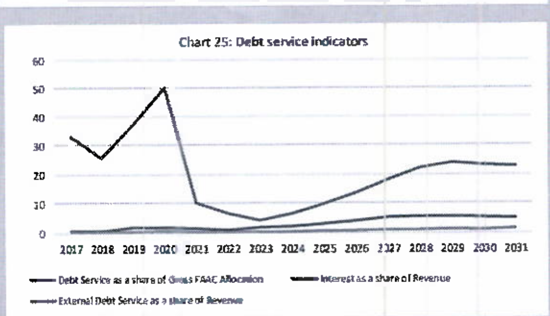


Chart 25: Debt service indicators
0
10
20
30
40
50
60
2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031
Debt Service as a share of Gross FAAC Allocation
Interest as a share of Revenue
External Debt Service as a share of Revenue

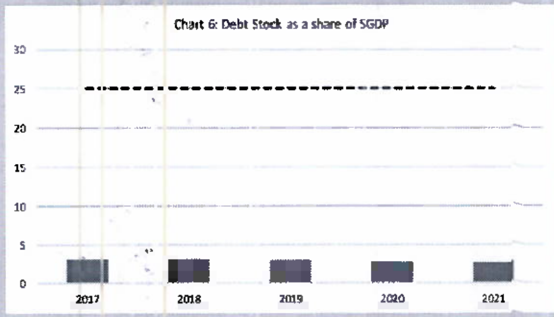


Chart 6: Debt Stock as a share of SGDP
0
5
10
15
20
25
30
2017 2018 2019 2020 2021

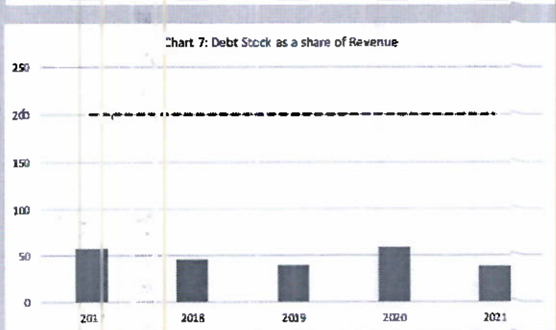


Chart 7: Debt Stock as a share of Revenue
0
50
100
150
200
250
2018 2019 2020 2021

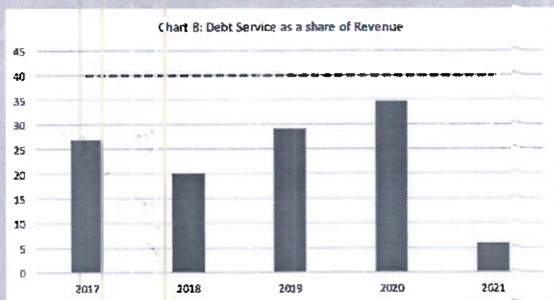


Chart 8: Debt Service as a share of Revenue
0
5
10
15
20
25
30
35
40
45
2017 2018 2019 2020 2021

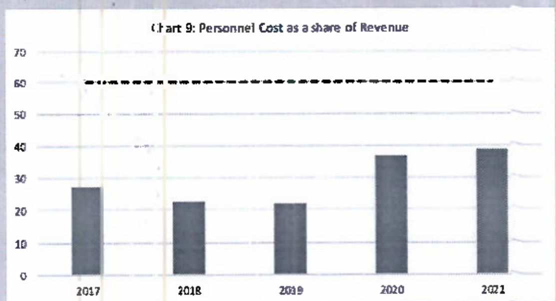


Chart 9: Personnel Cost as a share of Revenue
0
10
20
30
40
50
60
70
2017 2018 2019 2020 2021

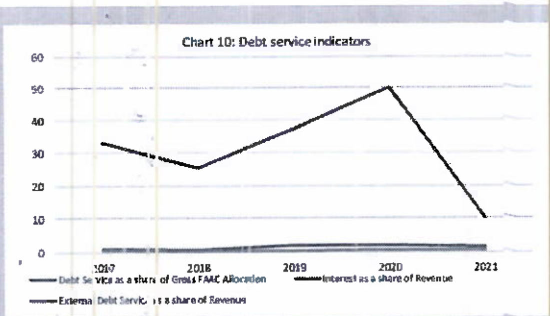


Chart 10: Debt service indicators
0
10
20
30
40
50
60
2018 2019 2020 2021
Interest as a share of Revenue

Conclusion

The outcome of the 2022 DSA revealed that Jigawa's Total Debt remains at a Low 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, 2022 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 2022 to 2031 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.

In line with the projections, the Jigawa State 2022 DSA remains sustainable ofcourse with strict adherence to prudent debt management as well as fiscal discipline. With the provisions of law guiding domestic and international borrowing by Fiscal Responsibility Act, and Debt Management, the Government is positioned for prudent debt management and fiscal discipline in order to be able to honor its future financial obligations. Fiscal policies guiding Cash Management and IGR is expected to consolidate on the gains of the State achievements.

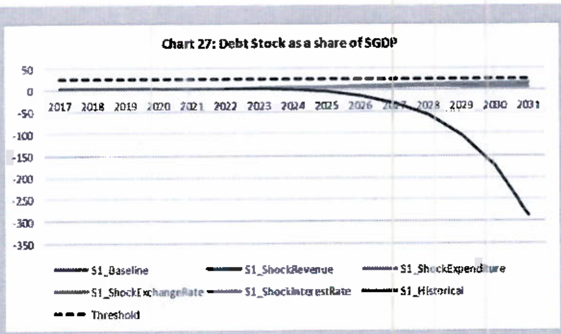


Chart 27: Debt Stock as a share of SGDP

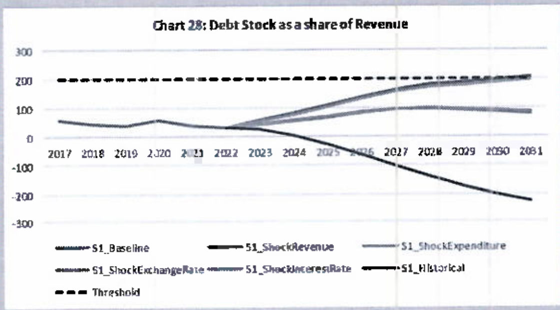


Chart 28: Debt Stock as a share of Revenue

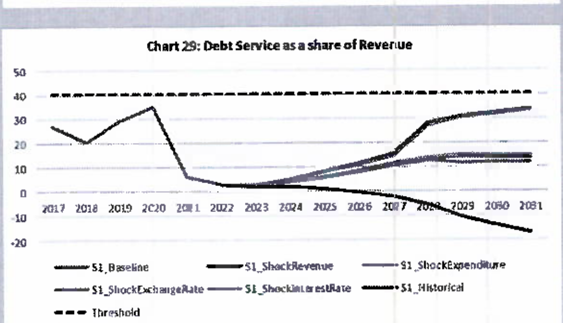


Chart 29: Debt Service as a share of Revenue

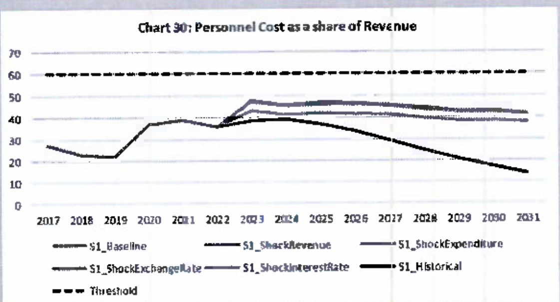


Chart 30: Personnel Cost as a share of Revenue

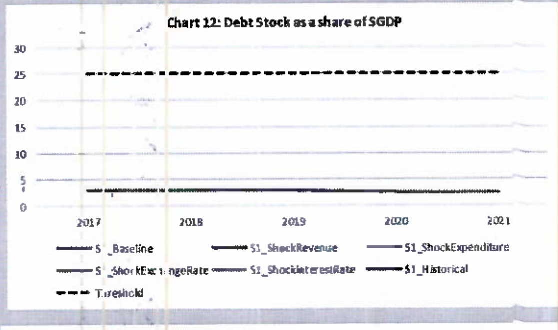


Chart 12: Debt Stock as a share of SGDP

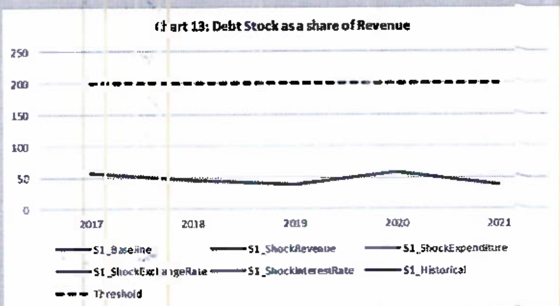


Chart 13: Debt Stock as a share of Revenue

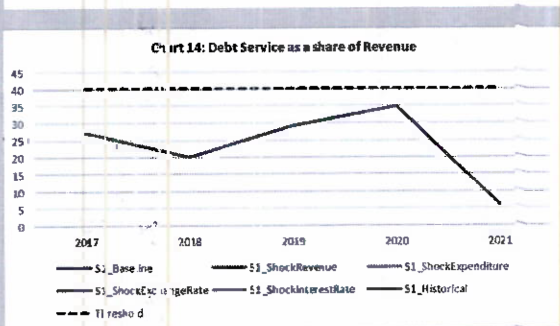


Chart 14: Debt Service as a share of Revenue

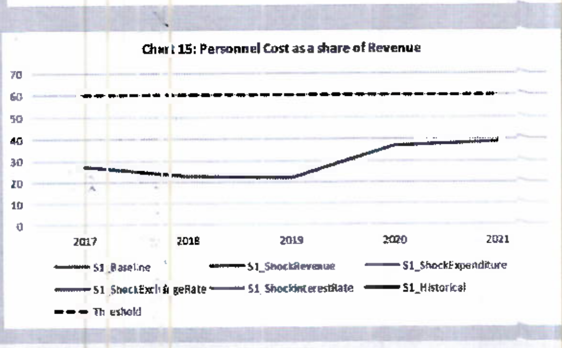


Chart 15: Personnel Cost as a share of Revenue

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, 2022-2026, 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 2026, as projected in the baseline scenario. Risk is measured by the deviation from the expected value in 2026 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 2022 and 2022-2024 Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS). External gross borrowing under Concessional loans accounts on average 27.36 percent over the strategic period mainly through World Bank and African Development Bank; and the bilateral loans account on average of 11.29 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 31.40 percent over the strategic period and Commercial Bank loans with the maturity of above 6 years with an average of 29.95 percent over the DMS period of 2022-2026.

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 2022 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 24.85 percent under maturity of 1-5 years and 35.32 percent under maturity of above 6 years, other gross financing needs through the State bond with the maturity period of 1-5 years and above 6 years which estimated to account on average of 31.85 percent and 15.93 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 2022 to 2026, 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 23.23 percent, 51.43 percent, 18.33 percent, 13.36 percent and 2.77 percent respectively. This strategy considers the scenario where proportions of external and domestic debt instruments in 2022 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 40.74 percent from 2022-2026, other gross financing comprises other Domestic financing, Commercial bank loans (1-5 years) and Commercial bank loans (above 6 years) with average period of 39.65 percent and 24.27 percent respectively.

5.2 DMS Simulation Results

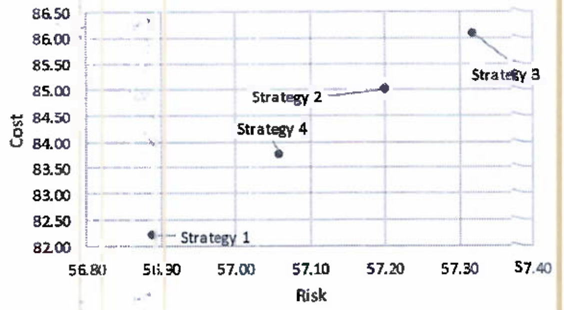
Analysis of strategies & outcomes of the analysis. The cost risk trade off charts illustrate the performance of the alternative strategies with respect to four debt burden indicators.

a. Debt as a share Revenue:

- Strategy 1 shows the Cost ratio of Debt to Revenue estimated at 82.20 percent in 2026, as against Strategy 2 (85.00 percent), Strategy 3 (86.07 percent) and Strategy 4 (83.74 percent), over the DMS period of 2026, compared with the Risks measured of Strategy 1 (56.89 percent), Strategy 2 (57.20 percent), Strategy 3 (57.32 percent) and Strategy 4 (57.06 percent), respectively.
- Analysis using this debt indicator of debt to revenue shows that S1 is the least costly and riskiest at 82.20 percent and 56.89 compared to S4 (83.74 percent and 57.06 percent), S2 (85.00 percent and 57.20 percent), and S3 (86.07 percent and 57.32 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 2022-2026.

Chart 33. Debt Stock as a share of Revenue
(including grants and excluding other capital receipts)

Chart 34. Cost-Risk Trade Off
(Cost in vertical axis, Risk in horizontal axis)



b. **Debt Service as a share of Revenue:**

- Strategy 1 is the least costly and riskiest with regards Interest to revenues, which projected at 7.96 percent and 3.60 percent, whilst Strategy 2 is the most costly and risky strategy (12.40 percent and 4.09 percent), compared to Strategy 4 (9.86 percent and 3.81 percent) and Strategy 3 (12.17 percent and 4.07 percent) with moderate costs and risks, as at end of the strategic period of 2026.
- The analysis shows that Strategy 1 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 4 and Strategy 3 with the moderate costs and risks. Strategy 2 is the most costly and risky strategy.

Chart 37. Debt Service as a share of Revenue
(including grants and excluding other capital receipts)

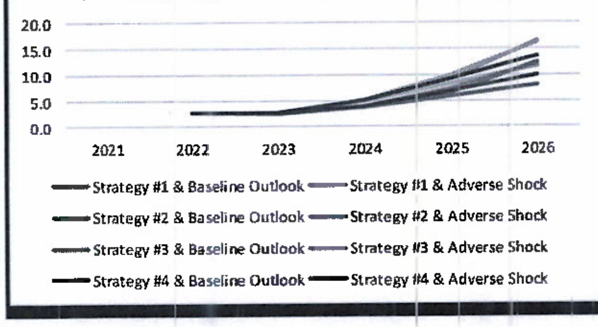
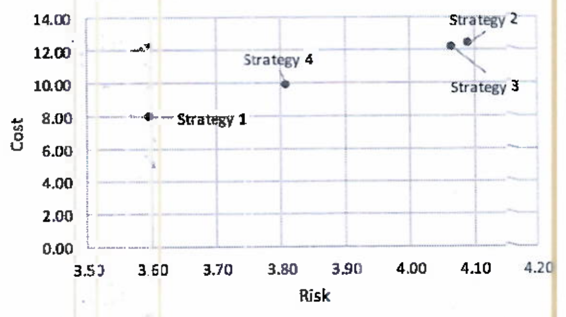


Chart 38. Cost-Risk Trade Off
(Cost in vertical axis, Risk in horizontal axis)



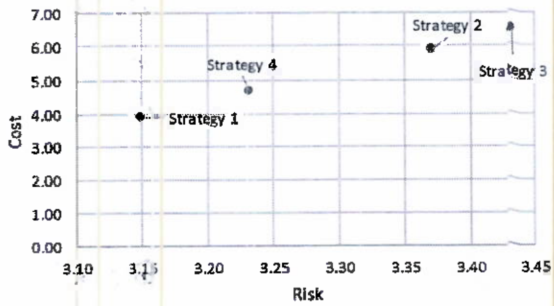
c. **Interest as a share of Revenue**

- S1 is the least costly with regards Interest to Government revenues, which projected at 3.92 percent, S4 at 4.66 percent, S2 at 5.91 percent and S3 is the costliest strategy estimated at 6.46 percent. Strategy 1 has the lowest risk at 3.15 percent compare to S4, S2 and S3 that estimated at 3.23 percent, 3.37 percent and 3.43 percent, as at end of the strategic period of 2026.

- The analysis shows that S1 yield the lowest cost and risk at 3.92 percent and 3.15 percent compared with Strategy 3 as 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 2022-2026.

Chart 41. Interest as % of Revenue
(including grants and excluding other capital receipts)

Chart 42. Cost-Risk Trade Off
(Cost In vertical axis, Risk in horizontal axis)



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 S1 these results were just marginally better when compared with Strategy S2, S3 and S4. Therefore, ***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 2022.***

In comparison to the current debt position, Jigawa State debt portfolio stood at N43,521.12 million as at end-2021, which expected an increase to N 121,393.41 million under S1 during the strategic period, compared to S2 (N125,532.11 million), S3 (N127,102.41 million), and S4 (N123,662.38 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 2022-2026.

The Debt Management Strategy, 2022-2026 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 2022 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 – 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 2022-2024 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 2022-2024 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. 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 a. Capital Domestic Aids b. Domestic Grants c. Global Education Grants (World Bank - BESDA Project) d. Basic Healthcare Provision Fund Receipts - estimated at N21.41 billion. External grant are mostly based on singed agreements with the following: f. Foreign Grants g. UNICEF Primary Healthcare Grants h. Sasakawa Global Agricultural Grants i. Global Alliance for Vaccine (GAVI) Fund Grants - projected to N13.20 billion.

Financing (Net Loans) – the internal and external loans are projections based on agreement JGS 2022-2024 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 2022-2024

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.

2022		Projection Methodology	Source
Assumptions:			
Economic activity	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
Revenue	Revenue		
	1. Gross Statutory Allocation ('gross' means with no deductions: do not include VAT Alloca	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 2022-2024 Federal Fiscal Strategy Paper. It is based on historical mineral revenues flows and elasticity-based forecast using national Real GDP and inflation data.	JGS 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 2022-2024 Federal Fiscal Strategy Paper. It is based on historical mineral revenues flows and elasticity-based forecast using national Real GDP and inflation data.	JGS 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 2022-2024 Federal Fiscal Strategy Paper. It is based on historical mineral revenues flows and elasticity-based forecast using national Real GDP and inflation data.	JGS EFU-FSP-BPS
	2. Derivation (if applicable to the State)		JGS EFU-FSP-BPS
	3. Other FAAC transfers (exchange rate gain, augmentation, others)	Other Federation Account Distributions – the estimation is based on the current receipt. 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	JGS EFU-FSP-BPS
	4. VAT Allocation	VAT – is based on elasticity forecast using the combined change in GDP and inflation rate. The estimate for 2022-2024 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 EFU-FSP-BPS
	5. 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	JGS EFU-FSP-BPS
	6. Capital Receipts		JGS EFU-FSP-BPS
	6.a. Grants	Grants - the internal grants are mostly based on the a. Capital Domestic Aids b. Domestic Grants c. Global Education Grants (World Bank - BESDA Project) d. Basic Healthcare Provision Fund Receipts estimated at N21.41 billion External grant are mostly based on singed agreements with the following f. Foreign Grants g. UNICEF Primary Healthcare Grants h. Sasakawa Global Agricultural Grants i Global Alliance for Vaccine (GAVI) Fund Grants projected to N13.20 billion	JGS EFU-FSP-BPS
	6.b. Sales of Government Assets and Privatization Proceeds		JGS EFU-FSP-BPS
	6.c. Other Non-Debt Creating Capital Receipts		JGS EFU-FSP-BPS
Expenditure	Expenditure		
	1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	Personel 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 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 EFU-FSP-BPS
	3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Alloca	Amortization and interest payments estimated using profiles recorded in the DMO. Include the external debt service paid through FAAC deductions	DMO
	4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest F	Amortization and interest payments estimated using profiles recorded in the DMO. 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 EFU-FSP-BPS
Closing Cash and Bank Balance	Closing Cash and Bank Balance	Jigawa State's Financial Statements	JGS EFU-FSP-BPS
Debt Amortization and Interest Payments	Debt Outstanding at end-2021		
	External Debt - amortization and interest	Amortization and interest payments estimated using profiles recorded in the DMO. 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 DMO. Include the external debt service paid through FAAC deductions	DMO
	New debt issued/contracted from 2022 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 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	JGS EFU-FSP-BPS
	External Financing - Bilateral Loans	the internal and external loans are projections based on agreement JGS 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	JGS EFU-FSP-BPS
	Other External Financing	the internal and external loans are projections based on agreement JGS 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	JGS EFU-FSP-BPS
	New Domestic Financing		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans,	the internal and external loans are projections based on agreement JGS 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	JGS EFU-FSP-BPS
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Lo	the internal and external loans are projections based on agreement JGS 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	JGS EFU-FSP-BPS
	State Bonds (maturity 1 to 5 years)	the internal and external loans are projections based on agreement JGS 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	JGS EFU-FSP-BPS
	State Bonds (maturity 6 years or longer)	the internal and external loans are projections based on agreement JGS 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	JGS EFU-FSP-BPS
	Other Domestic Financing	the internal and external loans are projections based on agreement JGS 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	JGS EFU-FSP-BPS
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S1	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S1	Insert the Borrowing Terms for New External Debt: Interest rate (%), maturity (# years) and grace period (#)	
	New Domestic Financing in Million Naira		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans,	Financing distributions was agreed by the JGS -EFU-FSP-BPS	JGS EFU-FSP-BPS
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Lo	Financing distributions was agreed by the JGS -EFU-FSP-BPS	JGS EFU-FSP-BPS
	State Bonds (maturity 1 to 5 years)	Financing distributions was agreed by the JGS -EFU-FSP-BPS	JGS EFU-FSP-BPS
	State Bonds (maturity 6 years or longer)	Financing distributions was agreed by the JGS -EFU-FSP-BPS	JGS EFU-FSP-BPS
	Other Domestic Financing	Financing distributions was agreed by the JGS -EFU-FSP-BPS	JGS EFU-FSP-BPS
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Financing distributions was agreed by the JGS -EFU-FSP-BPS	JGS EFU-FSP-BPS
	External Financing - Bilateral Loans	Financing distributions was agreed by the JGS -EFU-FSP-BPS	JGS EFU-FSP-BPS
	Other External Financing	Financing distributions was agreed by the JGS -EFU-FSP-BPS	JGS EFU-FSP-BPS
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S2	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S2		
	New Domestic Financing in Million Naira		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans,	Financing distributions was agreed by the Jigawa State DSA-DMS Technical Team	Jigawa State DSA-DMS Technical Team
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Lo	Financing distributions was agreed by the Jigawa State DSA-DMS Technical Team	Jigawa State DSA-DMS Technical Team
	State Bonds (maturity 1 to 5 years)	Financing distributions was agreed by the Jigawa State DSA-DMS Technical Team	Jigawa State DSA-DMS Technical Team
	State Bonds (maturity 6 years or longer)	Financing distributions was agreed by the Jigawa State DSA-DMS Technical Team	Jigawa State DSA-DMS Technical Team
	Other Domestic Financing	Financing distributions was agreed by the Jigawa State DSA-DMS Technical Team	Jigawa State DSA-DMS 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-DMS Technical Team	Jigawa State DSA-DMS Technical Team
	External Financing - Bilateral Loans	Financing distributions was agreed by the Jigawa State DSA-DMS Technical Team	Jigawa State DSA-DMS Technical Team
	Other External Financing	Financing distributions was agreed by the Jigawa State DSA-DMS Technical Team	Jigawa State DSA-DMS Technical Team
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S3	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S3		
	New Domestic Financing in Million Naira		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans,	Financing distributions was agreed by the Jigawa State DSA-DMS Technical Team	Jigawa State DSA-DMS Technical Team
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Lo	Financing distributions was agreed by the Jigawa State DSA-DMS Technical Team	Jigawa State DSA-DMS Technical Team
	State Bonds (maturity 1 to 5 years)	Financing distributions was agreed by the Jigawa State DSA-DMS Technical Team	Jigawa State DSA-DMS Technical Team
	State Bonds (maturity 6 years or longer)	Financing distributions was agreed by the Jigawa State DSA-DMS Technical Team	Jigawa State DSA-DMS Technical Team
	Other Domestic Financing	Financing distributions was agreed by the Jigawa State DSA-DMS Technical Team	Jigawa State DSA-DMS 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-DMS Technical Team	Jigawa State DSA-DMS Technical Team
	External Financing - Bilateral Loans	Financing distributions was agreed by the Jigawa State DSA-DMS Technical Team	Jigawa State DSA-DMS Technical Team
	Other External Financing	Financing distributions was agreed by the Jigawa State DSA-DMS Technical Team	Jigawa State DSA-DMS Technical Team
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S4	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S4		
	New Domestic Financing in Million Naira		
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans,	Financing distributions was agreed by the Jigawa State DSA-DMS Technical Team	Jigawa State DSA-DMS Technical Team
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Lo	Financing distributions was agreed by the Jigawa State DSA-DMS Technical Team	Jigawa State DSA-DMS Technical Team
	State Bonds (maturity 1 to 5 years)	Financing distributions was agreed by the Jigawa State DSA-DMS Technical Team	Jigawa State DSA-DMS Technical Team
	State Bonds (maturity 6 years or longer)	Financing distributions was agreed by the Jigawa State DSA-DMS Technical Team	Jigawa State DSA-DMS Technical Team
	Other Domestic Financing	Financing distributions was agreed by the Jigawa State DSA-DMS Technical Team	Jigawa State DSA-DMS 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-DMS Technical Team	Jigawa State DSA-DMS Technical Team
	External Financing - Bilateral Loans	Financing distributions was agreed by the Jigawa State DSA-DMS Technical Team	Jigawa State DSA-DMS Technical Team
	Other External Financing	Financing distributions was agreed by the Jigawa State DSA-DMS Technical Team	Jigawa State DSA-DMS Technical Team

Annex II: Jigawa State Baseline Scenarios, 2017-2031

Indicators	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	Actuals					Projections									
	BASELINE SCENARIO														
Economic Indicators															
State GDP (at current prices)	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	2,273,684.44
Exchange Rate NGN/US$ (end-Period)	306.00	307.00	326.00	381.00	412.99	412.99	412.99	412.99	412.99	412.99	412.99	412.99	412.99	412.99	412.99
Fiscal Indicators (Million Naira)															
Revenue	108,367.16	123,913.45	135,796.00	78,596.40	129,312.58	173,318.97	151,199.44	176,682.00	178,143.34	[illegible]	196,446.86	[illegible]	201,608.25	199,066.50	212,370.95
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	31,709.06	47,606.97	49,549.18	34,617.00	39,599.28	45,494.92	46,562.00	48,602.42	49,056.66	50,213.07	52,568.40	56,813.36	59,111.69	61,560.16	63,560.16
1.a. of which Net Statutory Allocation ('net' means of deductions)	31,709.06	47,606.97	49,549.18	34,617.00	30,509.28	45,494.92	46,562.00	48,602.42	49,056.66	50,213.07	52,568.40	56,813.36	59,111.69	61,560.16	63,560.16
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)	19,348.99	17,438.24	21,710.82	1,500.00	4,535.97	1,971.35	12,876.78	11,884.97	12,614.44	13,343.92	14,073.39	14,802.86	15,532.34	16,261.81	16,955.81
4. VAT Allocation	11,290.40	12,857.58	18,710.00	14,711.00	23,102.98	19,333.73	20,585.00	21,308.48	22,081.17	22,822.96	23,621.76	24,448.52	25,304.22	26,189.87	28,909.87
5. IGR	9,908.95	11,021.18	13,750.00	19,080.40	42,006.07	53,949.58	46,261.75	50,843.50	51,454.98	53,097.22	54,771.30	58,478.33	60,219.46	62,785.89	63,915.97
6. Capital Receipts	31,114.78	34,998.51	32,076.00	8,688.00	20,068.28	52,561.39	25,423.92	43,966.63	47,966.09	50,109.46	50,421.30	47,390.62	41,435.54	32,268.77	39,029.14
6.a. Grants	4,000.00	9,710.00	11,800.00	3,298.00	5,289.33	36,616.00	6,840.29	9,285.50	7,744.07	8,202.63	8,661.20	9,119.76	12,578.33	10,036.89	11,600.88
6.b. Sales of Government Assets and Privatization Proceeds	8,728.00	10,000.00	7,276.00	0.00	0.00	515.00	530.45	546.36	562.75	579.64	597.03	614.94	633.39	652.39	762.39
6.c. Other Non-Debt Creating Capital Receipts	7,740.00	10,700.00	8,500.00	0.00	9,738.70	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	13,738.64
6.d. Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc.)	10,646.78	4,589.51	4,500.00	5,390.00	5,040.25	7,122.39	8,372.85	24,067.23	24,189.04	30,438.17	29,838.27	25,878.33	15,975.14	8,840.85	12,927.22
Expenditure	111,555.48	115,991.77	119,731.24	112,517.68	127,954.27	175,429.33	149,199.44	177,293.00	177,243.34	190,686.65	196,299.56	201,233.68	203,308.25	196,566.50	210,370.95
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, etc.)	[illegible]	[illegible]	[illegible]	[illegible]	44,241.17	55,235.59	56,798.66	58,361.74	59,924.81	61,487.89	63,050.97	64,614.04	66,177.12	67,740.19	69,303.27
2. Overhead costs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	23,678.09	24,143.98	24,609.87	[illegible]
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	579.23	1,150.74	3,872.41	1,448.38	1,597.04	1,557.81	2,255.91	2,969.82	4,289.17	5,790.71	8,133.88	8,906.90	9,562.65	9,493.32	9,040.36
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted from FAAC Allocation)	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	0.00
3.b. of which Interest deducted from FAAC Allocation	0.00	0.00	1,700.00	0.00	1,597.04	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)	[illegible]	12,132.62	17,796.00	7,256.26	3,370.79	2,665.09	5,772.15	7,953.82	11,582.43	15,438.21	10,691.35	12,952.09	10,220.66	9,497.28	9,497.28
5. Capital Expenditure	59,339.42	58,444.84	53,970.00	57,271.97	56,209.82	90,837.00	62,547.91	83,798.86	75,074.84	79,265.86	83,011.18	79,005.49	78,701.81	70,847.13	83,441.13
6. Amortization (principal) payments	520.35	882.28	917.83	782.88	1,386.69	2,857.68	1,026.16	2,394.22	4,081.66	5,957.67	8,199.98	12,077.07	14,497.04	14,378.71	15,867.05
Budget Balance ('+' means surplus, '-' means deficit)	-8,188.31	7,921.68	16,064.76	-33,921.23	1,358.31	-2,118.36	2,000.00	-600.00	900.00	-1,100.00	-853.61	-300.00	-1,700.00	2,500.00	2,000.00
Opening Cash and Bank Balance	23,036.77	14,848.45	22,770.13	38,834.89	4,913.66	6,271.97	4,153.61	6,153.61	5,553.61	6,453.61	5,353.61	4,500.00	4,200.00	2,500.00	5,000.00
Closing Cash and Bank Balance	14,848.45	22,770.13	38,834.89	4,913.66	6,271.97	4,153.61	6,153.61	5,553.61	6,453.61	5,353.61	4,500.00	4,200.00	2,500.00	5,000.00	7,000.00
Financing Needs and Sources (Million Naira)															
Financing Needs						16,945.39	18,583.62	34,681.13	35,222.03	41,906.85	41,759.90	38,279.86	28,857.22	22,231.87	27,428.25
I. Primary balance						-14,648.25	-13,301.54	-29,917.09	-25,951.30	-31,258.47	-26,279.65	-17,586.89	-6,497.53	4,140.16	-520.84
II. Debt service						4,415.49	3,282.08	5,364.04	8,370.83	11,748.38	16,333.87	20,983.97	24,059.68	23,872.03	24,907.41
Amortizations						2,857.68	1,026.16	2,394.22	4,081.66	5,957.67	8,199.98	12,077.07	14,497.04	14,378.71	15,867.05
Interests						1,557.81	2,255.91	2,969.82	4,289.17	5,790.71	8,133.88	8,906.90	9,562.65	9,493.32	9,040.36
III. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)						-2,118.36	2,000.00	-600.00	900.00	-1,100.00	-853.61	-300.00	-1,700.00	2,500.00	2,000.00
Financing Sources						16,945.39	18,583.62	34,681.13	35,222.03	41,906.85	41,759.90	38,279.86	28,857.22	22,231.87	27,428.25
I. Financing Sources Other than Borrowing						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	14,501.03
II. Gross Borrowings						7,122.39	8,372.85	24,067.23	24,189.04	30,438.17	29,838.27	25,878.33	15,975.14	8,840.85	12,927.22
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)						2,122.39	3,533.26	7,480.90	6,026.73	10,414.34	3,967.95	5,884.86	5,163.56	6,479.34	3,589.06
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)						5,000.00	4,839.59	0.00	7,530.29	10,844.40	13,525.84	6,685.08	10,811.58	2,361.51	9,338.16
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	0.00	0.00	0.00	0.00	0.00
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)						0.00	0.00	16,586.33	0.00	9,179.44	12,344.48	13,308.40	0.00	0.00	0.00
External Financing - Bilateral Loans						0.00	0.00	0.00	10,632.02	0.00	0.00	0.00	0.00	0.00	0.00
Other External Financing						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Residual Financing						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Debt Stocks and Flows (Million Naira)															
Debt (stock)	43,510.16	44,989.76	44,700.69	42,749.47	43,521.12	47,785.82	55,132.51	76,805.52	96,912.90	121,393.41	145,031.69	156,832.96	158,311.06	152,773.19	149,833.36
External	10,250.30	9,826.59	10,090.17	11,779.96	12,165.42	11,870.13	11,559.97	27,832.02	38,152.23	47,014.08	59,060.38	72,073.90	71,722.03	71,370.33	70,309.83
Domestic	33,269.86	35,163.17	34,610.53	30,969.50	31,355.70	35,915.69	43,572.54	48,973.50	58,760.67	74,379.32	85,971.31	84,759.05	86,589.02	81,402.86	79,523.53
Gross borrowing (flow)						7,122.39	8,372.85	24,067.23	24,189.04	30,438.17	29,838.27	25,878.33	15,975.14	8,840.85	12,927.22
External						0.00	0.00	16,586.33	10,632.02	9,179.44	12,344.48	13,308.40	0.00	0.00	0.00
Domestic						7,122.39	8,372.85	7,480.90	13,557.02	21,258.73	17,493.80	12,569.93	15,975.14	8,840.85	12,927.22
Amortizations (flow)	19,942.22	19,278.41	31,425.74	24,009.27	5,227.53	2,857.68	1,026.16	2,394.22	4,081.66	5,957.67	8,199.68	12,077.07	14,497.04	14,378.71	15,867.05
External	249.70	229.02	226.90	276.61	401.56	295.29	310.16	314.29	311.81	317.59	298.18	294.87	351.87	351.70	1,060.50
Domestic	19,692.53	19,049.39	31,198.84	23,732.67	4,825.97	2,562.39	716.01	2,079.94	3,769.85	5,640.08	7,901.81	11,782.19	14,145.17	14,027.01	14,806.55
Interests (flow)	579.28	535.43	2,172.41	1,449.25	1,387.64	1,557.81	2,255.91	2,969.82	4,288.17	5,790.71	8,133.88	8,906.90	9,562.65	9,493.32	9,040.36
External	71.60	102.54	141.48	165.35	93.73	174.28	103.66	179.24	547.60	695.06	926.32	1,249.80	1,568.59	1,518.78	1,518.78
Domestic	507.67	432.89	2,030.93	1,283.90	1,503.31	1,383.53	2,152.25	2,790.58	3,741.57	5,095.65	7,207.56	7,657.10	7,994.06	7,974.54	7,521.57
Net borrowing (gross borrowing minus amortizations)						4,264.70	7,346.69	21,673.01	20,107.38	24,480.50	21,638.29	13,801.26	1,478.10	-5,537.86	-2,939.83
External						-295.29	-310.16	16,272.05	10,320.21	8,861.85	12,046.30	13,013.52	-351.87	-351.70	-1,060.50
Domestic						4,559.99	7,656.84	5,400.96	9,787.17	15,618.66	9,591.99	787.74	1,829.97	-5,186.16	-1,879.32
Debt and Debt-Service Indicators															
Debt Stock as % of SGDP	3.04	3.02	2.88	2.65	2.60	2.76	3.08	4.15	5.07	6.15	7.04	7.49	7.35	6.90	6.59
Debt Stock as % of Revenue (including grants and excluding other capital receipts)	57.07	45.62	38.70	58.40	38.00	30.56	41.57	54.08	67.81	82.30	93.07	96.42	91.64	86.30	81.02
Debt Service as % of SGDP						0.25	0.18	0.29	0.44	0.60	0.80	1.00	1.12	1.08	1.10
Debt Service as % of Revenue (including grants and excluding other capital receipts)						2.82	2.47	3.78	5.86	7.96	10.63	12.90	13.93	13.50	13.47
Interest as % of SGDP						0.09	0.13	0.16	0.22	0.29	0.40	0.43	0.44	0.43	0.40
Interest as % of Revenue (including grants and excluding other capital receipts)						1.00	1.70	2.09	3.00	3.92	5.29	5.48	5.54	5.37	4.80
Personnel Cost as % of Revenue (including grants and excluding other capital receipts)						35.32	42.83	41.30	41.93	41.64	41.08	39.72	38.31	38.21	37.47

Jigawa State - Technical Team

1. **Mustapha Abdullahi - Director Debt Management**
2. **Sabo Muhammad - Assistant Director Debt Management**
3. **Muhammad S. Zakar - Debt Management Front Officer**
4. **Haruna Danlami - Representative from Ministry of Finance**

15/12/22