JIGAWA STATE GOVERNMENT

2023

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

21/12/2023

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Chapter 1: Introduction

Jigawa State Debt Sustainability Analysis (JS - DSA) covers the period of 5-year historical from 2018 to 2022 and 10-year projection 2023-2032, 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.

Global growth is projected to fall from an estimated 3.5 percent in 2022 to 3.0 percent in both 2023 and 2024. While the forecast for 2023 is modestly higher than predicted in the April 2023 World Economic Outlook (WEO), it remains weak by historical standards. The rise in central bank policy rates to fight inflation continues to weigh on economic activity. Global headline inflation is expected to fall from 8.7 percent in 2022 to 6.8 percent in 2023 and 5.2 percent in 2024. Underlying (core) inflation is projected to decline more gradually, and forecasts for inflation in 2024 have been revised upward.

The recent resolution of the US debt ceiling standoff and, earlier this year, strong action by authorities to contain turbulence in US and Swiss banking reduced the immediate risks of financial sector turmoil. This moderated adverse risks to the outlook. However, the balance of risks to global growth remains tilted to the downside. Inflation could remain high and even rise if further shocks occur, including those from an intensification of the war in Ukraine and extreme weather-related events, triggering more restrictive monetary policy. Financial sector turbulence could resume as markets adjust to further policy tightening by central banks. China's recovery could slow, in part as a result of unresolved real estate problems, with negative cross-border spillovers. Sovereign debt distress could spread to a wider group of economies. On the upside, inflation could fall faster than expected, reducing the need for tight monetary policy, and domestic demand could again prove more resilient.

In most economies, the priority remains achieving sustained disinflation while ensuring financial stability. Therefore, central banks should remain focused on restoring price stability and strengthen financial supervision and risk monitoring. Should market strains materialize, countries should provide liquidity promptly while mitigating the possibility of moral hazard. They should also build fiscal buffers, with the composition of fiscal adjustment ensuring targeted support for the most vulnerable. Improvements to the supply side of the economy would facilitate fiscal consolidation and a smoother decline of inflation toward target levels.

Nigeria Gross Domestic Product (GDP) grew by 2.51% (year-on-year) in real terms in the second quarter of 2023. This growth rate is lower than the 3.54% recorded in the second quarter of 2022 and may be attributed to the challenging economic conditions being experienced. The performance of the GDP in the second quarter of 2023 was driven mainly by the Services sector, which recorded a growth of 4.42% and contributed 58.42% to the aggregate GDP.

The agriculture sector grew by 1.50%, an improvement from the growth of 1.20% recorded in the second quarter of 2022. The growth of the industry sector was -1.94% relative to -2.30% recorded in the second quarter of 2022. In terms of share to the GDP, agriculture, and the industry sectors contributed less to the aggregate GDP in the second quarter of 2023 compared to the second quarter of 2022.

In August 2023, the headline inflation rate increased to 25.80% relative to the July 2023 headline inflation rate which was 24.08%. Looking at the movement, the August 2023 headline inflation rate shows an increase of 1.72% points when compared to the July 2023 headline inflation rate. On a year-on-year basis, the headline inflation rate was

5.27% points higher compared to the rate recorded in August 2022, which was 20.52%. This shows that the headline inflation rate (year-on-year) increased in August 2023 when compared to the same month in the preceding year (i.e., August 2022).

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 2023 Budget is planned to add-on the achievement of 2022 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).

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 the projected revenue from N138,825.88 in 2023, N152,625.80 in 2024, N153,954.17million in 2025 and N159,148.42million in 2026. On the other hand, the expenditure was estimated at N167,417.302023, N172,928.93million in 2024, N168,871.63million in 2025 and N178,938.29million in 2026, respectively. The details of the macroeconomic assumptions are as shown in the table below.

Jigawa State Medium Term Expenditure Framework (MTEF), 2023-2026

Macroeconomic Assumptions	2023	2024	2025	2026
National Inflation	17.16%	16.21%	17.21%	17.21%
National Real GDP Growth	3.75%	3.30%	3.46%	3.46%
Budget Oil Production Volume (mbpd)	1.69	1.83	1.83	1.83
Projected Budget Benchmark Price (US$ per barrel)	70	66	62	62
Average Exchange Rate (N/US$)	435.6	435.6	435.6	435.6
Revenue				
Gross Statutory Allocation	42,552.00	48,692.4	49,056.07	50,213.1
Other FAAC transfers	12,376.08	11,885.00	12,614.40	13,343.92
VAT Allocation	20,585.00	21,305.50	22,051.20	22,823.00
IGR	46,261.70	50,843.50	51,455.00	53,097.20
Grants	6,840.30	9,285.50	7,744.50	8,202.60
Sales of Government Assets	530.50	546.40	562.80	579.60
Other Non-Debt Creating Capital Receipts	9,680.30	10,067.50	10,470.20	10,889.00
Total Revenue	138,825.88	152,625.80	153,954.17	159,148.42
Expenditure				
Personnel costs	57,798.60	58,361.73	59,924.81	61,487.89
Overhead costs	22,348.60	22,814.50	22,280.40	22,746.30
Other Recurrent Expenditure*	7,722.20	7,953.80	11,592.40	15,438.20
Capital Expenditure	79,547.9	83,798.9	75,074.80	79,265.90
Total Expenditure	167,417.3	172,928.93	168,871.63	178,938.29
New Domestic Borrowing	8,937.3	11,970.9	26,272.6	15,697.6
New External Borrowing	0.0	13,166.2	0.0	18,899.4
New Borrowing	8,937.3	25,137.1	26,272.6	34,596.9

*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.

Note:

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

Chapter 3: The State Revenue, Expenditure, and Public Debt Trends (2018 - 2022)

The Jigawa State economy experienced a growth under Internally Generate Revenue (IGR) from N11,011 million in 2018 to N43,148 million in 2022, which represent an increase of N32,147 million or 63.19 percent. This was due to economic reforms to improve tax and other service sectors, as well as other initiatives by the Government.

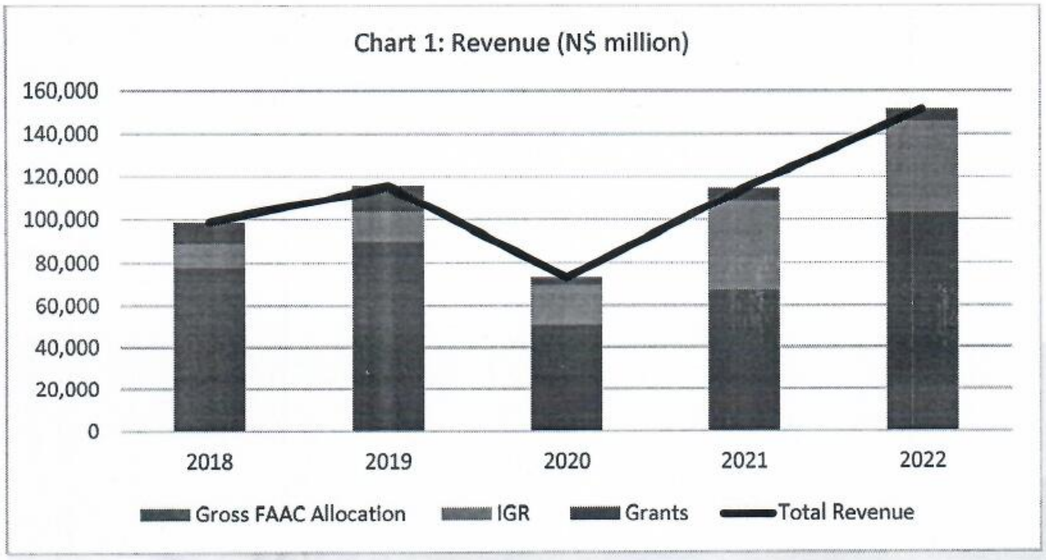
3.1 Revenue and Expenditure

Revenue - The State's economy comprises Statutory Allocation, Derivation, VAT Allocation, IGR, and Capital Receipt. the State's Revenue increase from N11,011 million in 2018, N13,750 million in 2019, N19,080 million in 2020, with a slight decline in 2021 which stood at N42,006million and shape dropped in 2022 at amounted to N43,148million was as a result of election activities.

a. The record for the Jigawa State's FAAC allocation stood at N77,902 million in 2018, N89,870 million in 2019, N50,828 million in 2020, N67,238 million in 2021 and N102,836 million in 2022, respectively.

b. Jigawa witnessed modest growth and significant improvement in the State **Internally Generated Revenue (IGR)**, where the IGR grew from N11,011 million in 2018, N13,750 million in 2019, N19,080 million in 2020, N42,006million in 2021, with a slight declined in 2020 which recorded at N43,148 million. The improvement in IGR is mainly due to the tax reforms aimed at improving collection efficiency and broadening the tax revenue base, the declined was as a result of political activities started in the year as result of February 2023 general election.

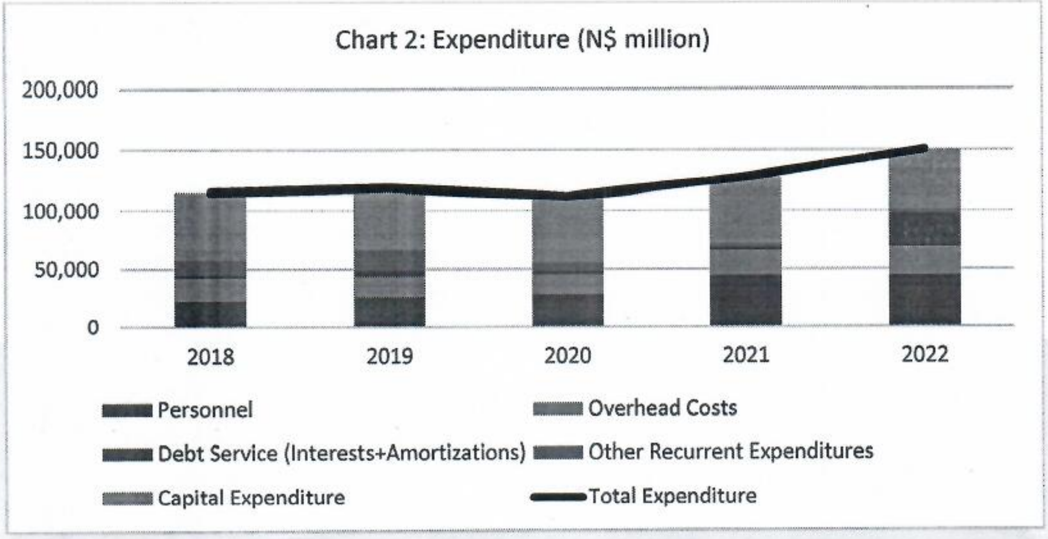
Revenue	2018	2019	2020	2021	2022
Total Revenue	98,624	115,520	73,206	91,534	112,285
Gross FAAC Allocation	77,902	89,970	50,828	67,238	102,836
IGR	11,011	13,750	19,080	42,006	43,148
Grants	9,710	11,800	3,298	5,289	5,561



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 N115,992 million in 2018, N119,731 million 2019, N112,518 million in 2020, N127,954 million in 2021, and N133,243 million in 2022, respectively.

Personnel recorded at N22,198 million, N25,259 million, N26,968 million, N44,241 million and N52,366 million in 2018, 2019, 2020, 2021 and 2022, respectively. Overhead cost amounted from N20,414 million in 2018 and N21,523 million in 2022. Capital Expenditure amounted to N58,445 million in 2018, N53,970 million in 2019, N57,272 million in 2020, N56,210 million in 2021, and N55,204 million in 2022 respectively.

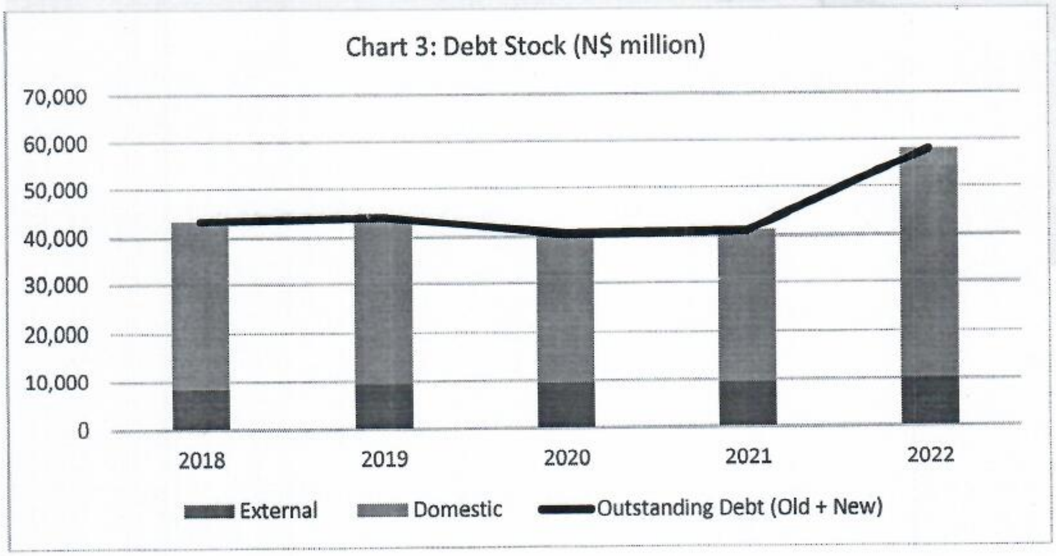
Expenditure Performance	2018	2019	2020	2021	2022
Total Expenditure	115,992	119,731	112,518	127,954	133,243
Personnel	22,198	25,259	26,968	44,241	52,366
Overhead Costs	20,414	18,456	18,290	21,149	21,523
Debt Service (Interests + Amortizations)	1,803	4,790	2,231	2,983	2,239
Other Recurrent Expenditures	13,133	17,256	7,756	3,371	1,911
Capital Expenditure	58,445	53,970	57,272	56,210	55,204



3.2 Existing Public Debt Portfolio

a. Debt Stock - Jigawa State Total Debt comprised External and Domestic Debts which was amounted at N40,959 in 2021 compared to N58,053 million in 2022, which representing an increase of NN17,095 million or 41.74 percent respectively. The External Debt grew from N8,104 million in 2018 to N10,195 million in 2023, and the Domestic Debt stock stood at N35,163 million in 2018 to N47,858 million in 2022.

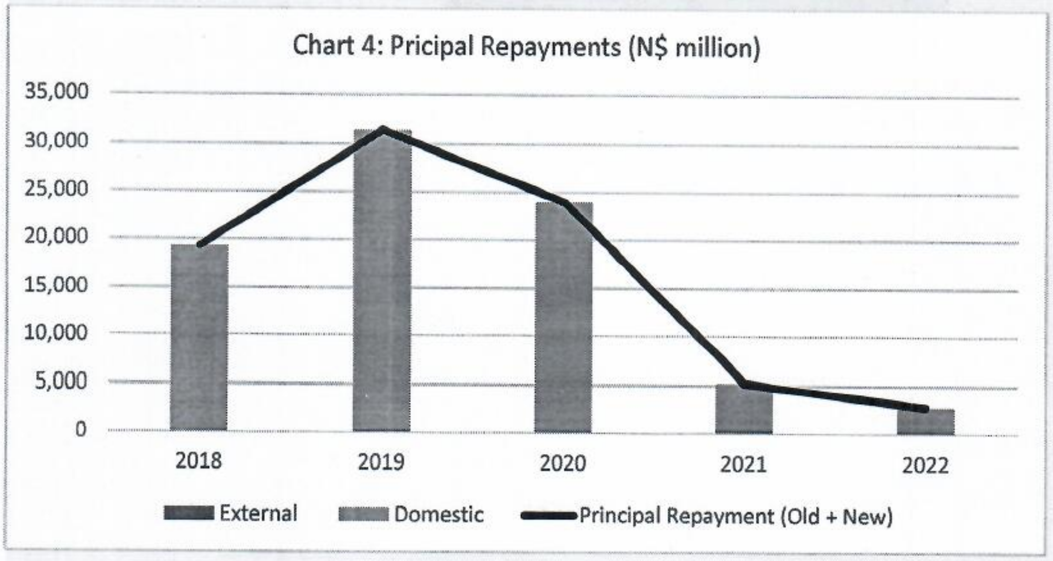
	2018	2019	2020	2021	2022
Outstanding Debt (Old + New)	43,267	44,075	40,446	40,959	58,053
External	8,104	9,465	9,477	9,603	10,195
Domestic	35,163	34,611	30,970	31,356	47,858



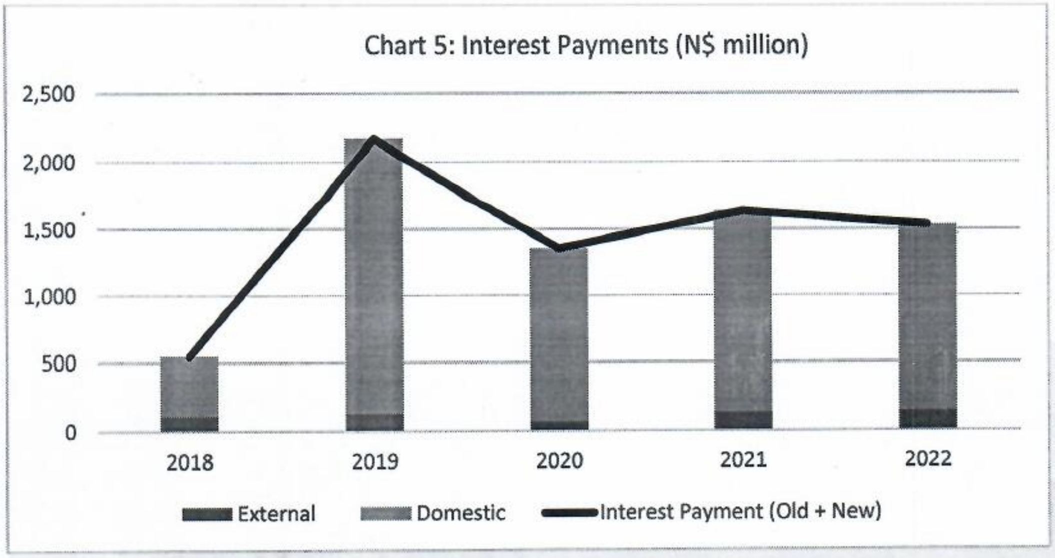
b. Debt composition - The main domestic debt portfolio consists of Bail out loans, Budget Support Facility, Excess Crude Account Backed Loan, Contractor's Arrears and Pensions & Gratuity arrears. While the External Debt includes World Bank (IDA and IFAD) and African Development Fund (AfDF). The composition of external debt to domestic debt portfolio stood at 17.56 percent to 82.44 percent in 2022.

c. The Jigawa State Debt Service amounted at N4,369 million in 2022 which comprises the principal repayment of N423 million and interest payment of N3,946 million. The principal repayments and Interest Payment made were on both External Debt and Domestic Debt (chart 4 and 5).

Principal Repayment	2018	2019	2020	2021	2022
Principal Repayment	19,238	31,412	23,955	5,143	2,833
External	189	213	223	317	271
Domestic	19,049	31,199	23,733	4,826	2,562



Interest Payment	2018	2019	2020	2021	2022
Interest Payment	543	2,164	1,353	1,641	1,535
External	110	133	70	138	152
Domestic	433	2,031	1,284	1,503	1,384



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-2022

Indicators	Thresholds	Ratio
Debt as % of GDP	25%	3.35
Debt as % of Revenue	200%	38.31
Debt Service as % of Revenue	40%	2.80
Personnel Costas % of Revenue	60%	29.15
Debt Service as % of FAAC Allocation	Nil	4.13
Interest Payment as % of Revenue	Nil	1.01
External Debt Service as % of Revenue	Nil	0.28

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 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 borrowings are mainly through: the commercial banks, Federal Government and other Central Bank of Nigeria (Interventions) loans are main source of financing. See below the proposed financing;

Borrowing Terms for New Domestic Debt (issued/contracted from 2023 onwards)	**Interest Rate (%)**	**Maturity (# of years)**	**Grace (# of years)**
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	19.00%	5	1
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	20.50%	6	1
State Bonds (maturity 1 to 5 years)	15.50%	5	1
State Bonds (maturity 6 years or longer)	17.00%	10	1
Other Domestic Financing	9.00%	7	1
Borrowing Terms for New External Debt (issued/contracted from 2023 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

Planned Borrowing

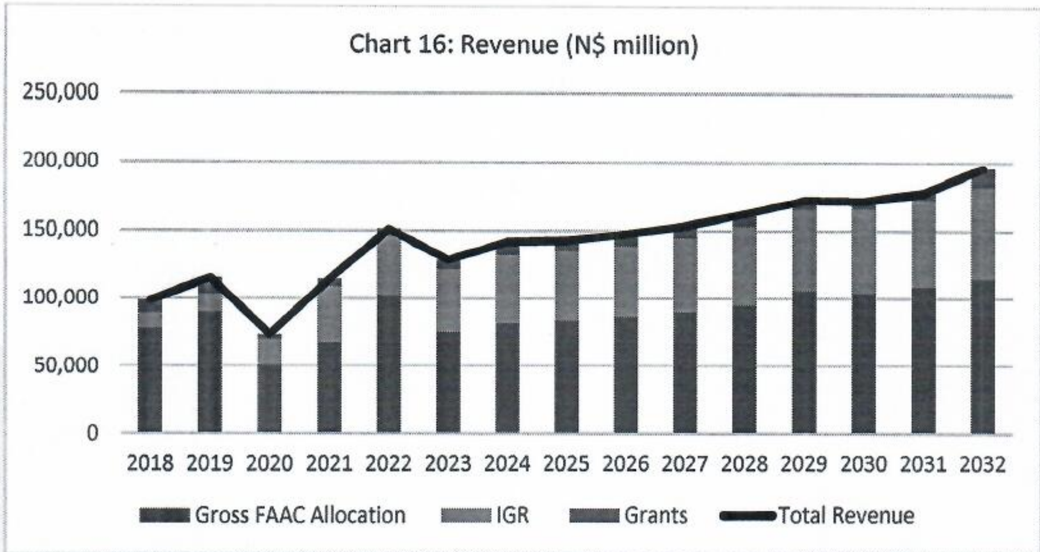
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Domestic Financing										
Commercial Bank Loans 1 <> 5 years	8,937.3	0.0	0.0	0.0	12,512.9	0.0	0.0	0.0	11,158.7	0.0
Commercial Bank Loans - 6 years >	0.0	11,970.9	0.0	15,697.6	0.0	0.0	0.0	10,000.0	0.0	5,000.0
State Bonds - 1 <> 5 years)	0.0	0.0	15,000.0	0.0	0.0	0.0	0.0	15,000.0	0.0	0.0
State Bonds - 6 years >	0.0	0.0	0.0	0.0	0.0	23,669.0	0.0	0.0	0.0	20,000.0
Other Domestic Financing	0.0	0.0	11,272.6	0.0	25,401.7	0.0	35,477.2	0.0	30,000.0	0.0
Domestic Financing (NGN' Million)	**8,937.3**	**11,970.9**	**26,272.6**	**15,697.6**	**37,914.6**	**23,669.0**	**35,477.2**	**25,000.0**	**41,158.7**	**25,000.0**
External Financing										
External Financing - Concessional Loans (e.g., WB, AfDB)	0.0	30.2	0.0	43.4	0.0	37.5	0.0	0.0	0.0	80.2
External Financing - Bilateral Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	40.7	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
External Financing (US$' Million)	**0.0**	**30.2**	**0.0**	**43.4**	**0.0**	**37.5**	**0.0**	**40.7**	**0.0**	**80.2**
Total Gross Borrowing Requirements (NGN' Million)	**8,937.3**	**25,137.1**	**26,272.6**	**34,596.9**	**37,914.6**	**39,986.8**	**35,477.2**	**42,728.3**	**41,158.7**	**59,950.1**

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 and Internally Generated Revenue (IGR) over the projection period, the Revenue projected to grow from N128,616 million in 2023, N153,686 million 2027 and N195,429 million in 2032, respectively.

The FAAC allocation is estimated to increase from N75,514 million in 2023 to N114,986 million in 2032. Similarly, the IGR projected to increase from N46,262 million in 2023 to N67,222 million in 2032, and Grants projected at N6,840 million in 2023, N 7,744million in 2025, N8,661 million in 2027, N6.840 million in 2029, and N13,221 million in 2032, respectively. 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 N171,117 million to N270,115 million over the projection period with Capital expenditure having 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.

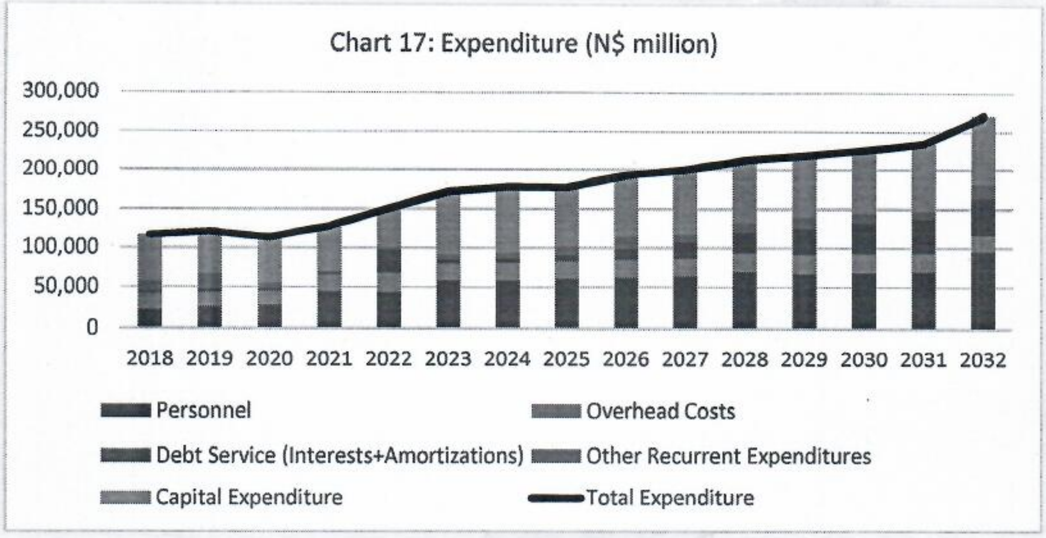
Personnel cost - The State is determined to sustain the trend to reduce personnel cost. It is anticipated that the number of political office holders will also be reduced, and the personnel cost is projected to increase from N57,799 million in 2023, N69,448 million in 2028, and N95,121 million in 2032 respectively.

Overheads – overhead costs estimated to increase from N22,349 million in 2023, N22,746 million in 2026, N24,144 million in 2029 and N19,442 million in 2032 respectively, the increase was due expectation from the substantive recorded in the past five years not until 2031 that it is projected to start declining.

Total Debt Service – is based on the projected principal and interest repayments over the projection period. Hence, an own value has been used anticipating that public debt charge will increase significantly over the years due to the projected level of borrowing.

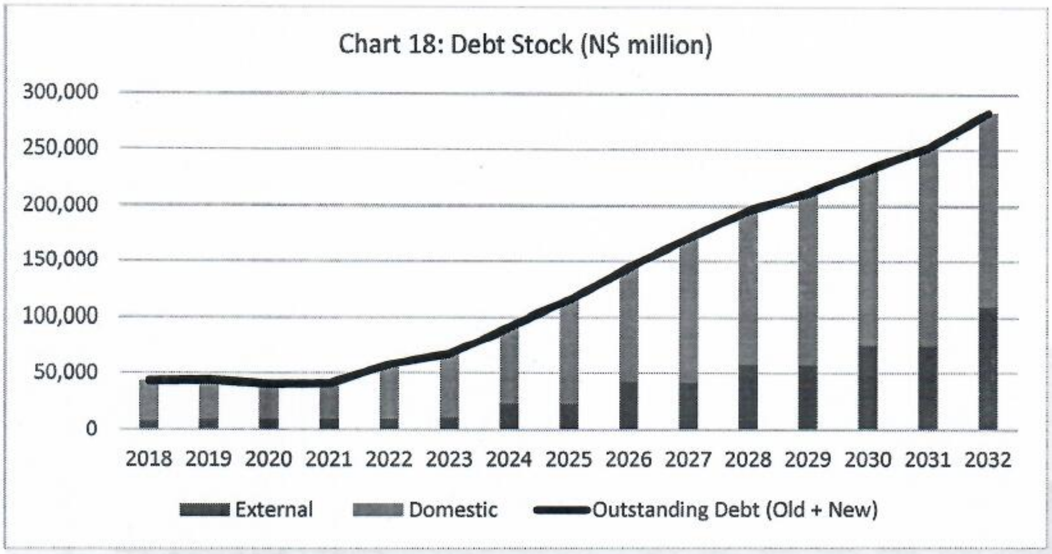
Other Recurrent Expenditures – other recurrent expenditure comprises Social Contribution and Social Benefits – Pensions and gratuity payments is expected to grow over the years. Other recurrent expenditure projected to N7,722 million in 2023, N10,691 million in 2027 and N17,078 million in 2032 respectively.

Capital Expenditure – capital expenditure projected at N79,548 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, N80,847 million in 2030, N86,996 million in 2031 and N88,555 million in 2032, respectively.

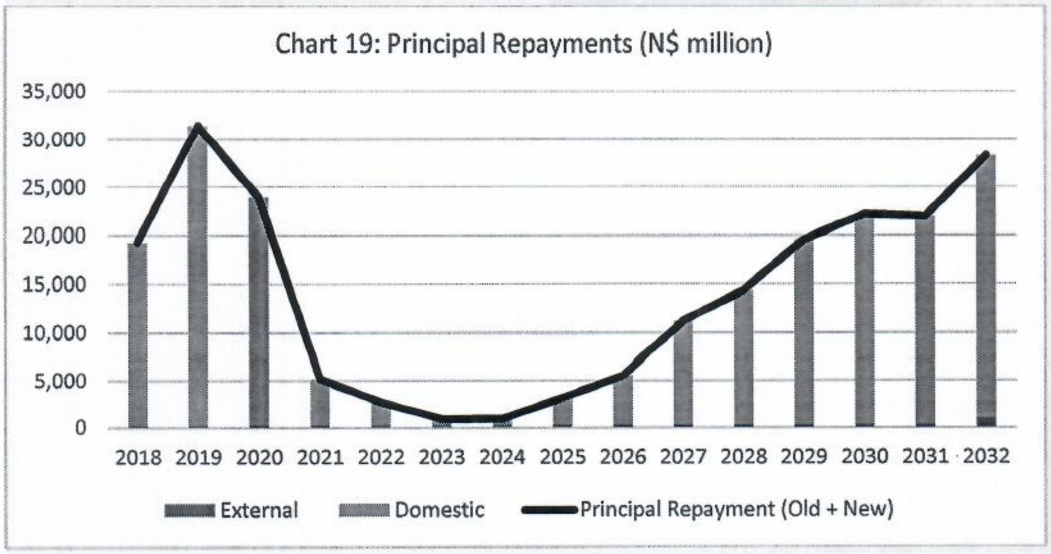


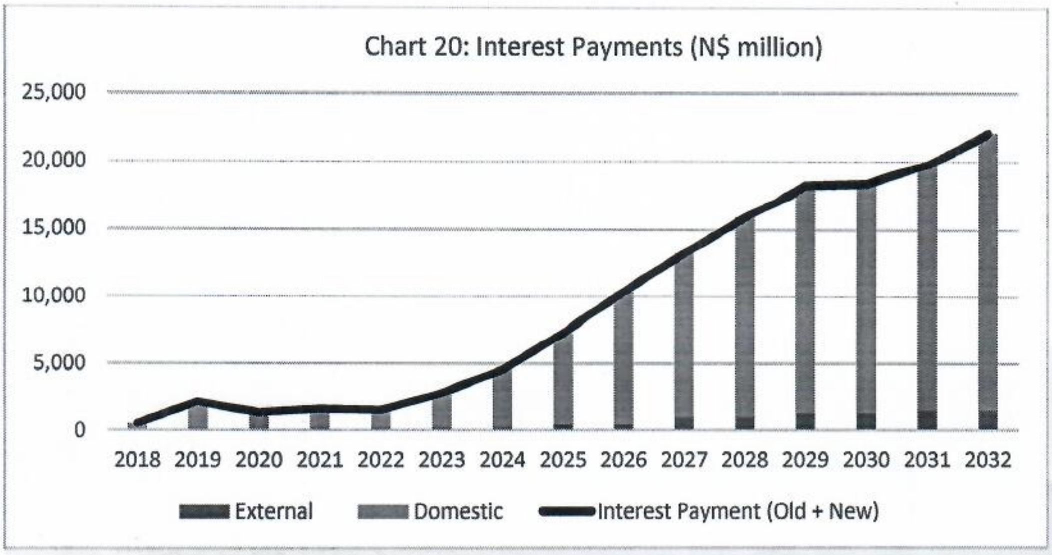
Gross Financing Needs (GFN) - is the sum of budget deficits and funds required to roll over debt that matures over the year. The GFN for Jigawa State 2023-2026 estimate at N8,937.34 million in 2023, N25,137.13 million in 2024, N26,272.58 million in 2025 and N34,596.94 respectively. The gross financing needs over the projection period of 2023 - 2032 is estimated at an average of N35,216 million. 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 to N67,622.46 million in 2023, N114,966.31 million in 2025, N170,725.52 million in 2027, N212,314.31 million in 2029, N283,673.62 million in 2032, respectively.



The debt service comprises principal repayment and interest payment, the debt service was projected at N3,699 million in 2023, N5,434 million in 2024, 10,454 million in 2025, N15,907 million in 2026, N24,410 million in 2027, N30,258 million in 2028, N37,816 million in 2029, N40,563 million in 2030, N41,724 million in 2031 and N50,319 million in 2032, 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. Except for Revenue and Expenditure shocks that breached the threshold at around 2029, other shock scenarios remain positive. This indicates the state is likely at the risk debt distress over the projection period provided revenue and expenditure are kept under watch.

2023 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 2023 to 2032, 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 to 3.77 percent in 2023, 6.01 percent in 2025, 8.40 percent in 2027, 9.86 percent in 2029, 12.34 percent in 2032 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 52.58 percent in 2023, 80.44 percent in 2025, 111.09 percent in 2027, 122.72 percent in 2029, and 145.15 percent in 2032, respectively and were still below the threshold of 200 percent.

The outcomes of Debt Service to Revenue estimates the ratios at 2.88 percent in 2023, 10.77 percent in 2026, 21.86 percent in 2029 and 25.75 percent in 2032 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 44.94 percent in 2023, 41.64 percent in 2026, 38.25 percent in 2029 and 48.67 percent in 2032 respectively. Thus, Jigawa State Debt remained sustainable on the revenue and debt indicators.

Debt Service to Gross FAAC Allocation projected at 43.76, Interest to Revenue at 11.25 percent in 2032 and External Debt Service to Revenue at 1.26 percent at the end of projected period of 2032.

Jigawa State Debt burden indicators

	Threshold	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Debt as % of SGDP	25	3.77	4.96	6.01	7.30	8.40	9.38	9.86	10.52	11.09	12.34
Debt as % of Revenue	200	52.58	64.68	80.44	97.51	111.09	120.73	122.72	134.89	141.54	145.15
Debt Service as % of Revenue	40	2.88	3.83	7.31	10.77	15.88	18.60	21.86	23.50	23.43	25.75
Personnel Cost as % of Revenue	60	44.94	41.10	41.93	41.64	41.03	42.69	38.25	39.24	38.92	48.67
Debt Service as a share of Gross FAAC Allocation		4.90	6.64	12.49	18.42	27.05	31.83	35.70	39.00	38.13	43.76
Interest as a share of Revenue		2.18	3.18	5.11	7.00	8.60	9.79	10.56	10.65	11.09	11.25
External Debt Service as a share of Revenue		0.40	0.34	0.58	0.57	0.85	0.79	0.98	0.98	1.07	1.26
Gross Financing Needs as a share of SGDP		1.07	1.93	1.95	2.33	2.45	2.50	2.20	2.54	2.45	3.30
Overall Balance as a share of SGDP		-2.37	-1.96	-1.90	-2.39	-2.49	-2.52	-2.28	-2.42	-2.36	-3.27
Primary Balance as a share of SGDP		-2.21	-1.72	-1.52	-1.87	-1.84	-1.76	-1.43	-1.59	-1.49	-2.31
Revenue as a share of SGDP		7.18	7.67	7.47	7.49	7.56	7.77	8.03	7.80	7.83	8.50
Expenditures as a share of SGDP		9.55	9.63	9.38	9.88	10.05	10.29	10.31	10.22	10.19	11.77

Chart 21: Debt Stock as a share of SGDP

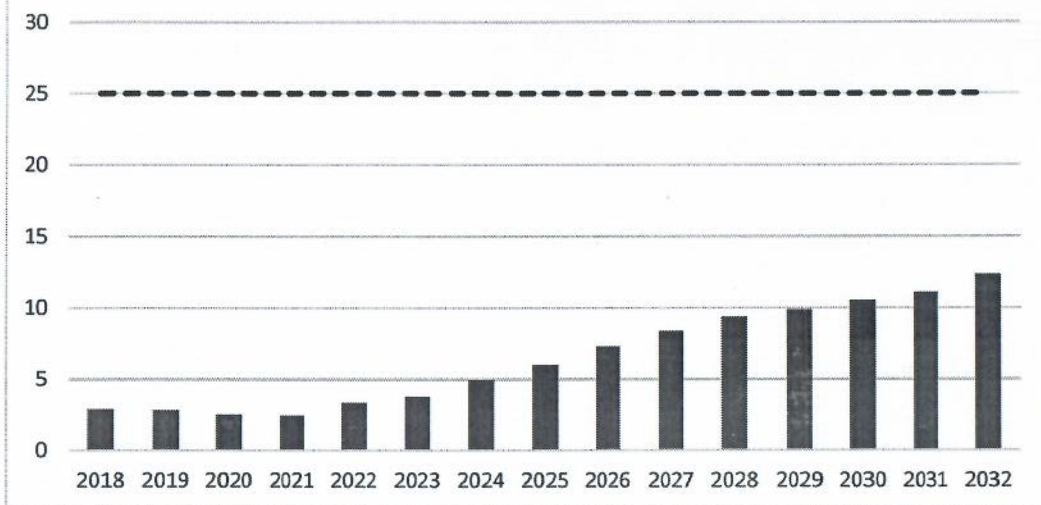


Chart 26: Fiscal Outturns

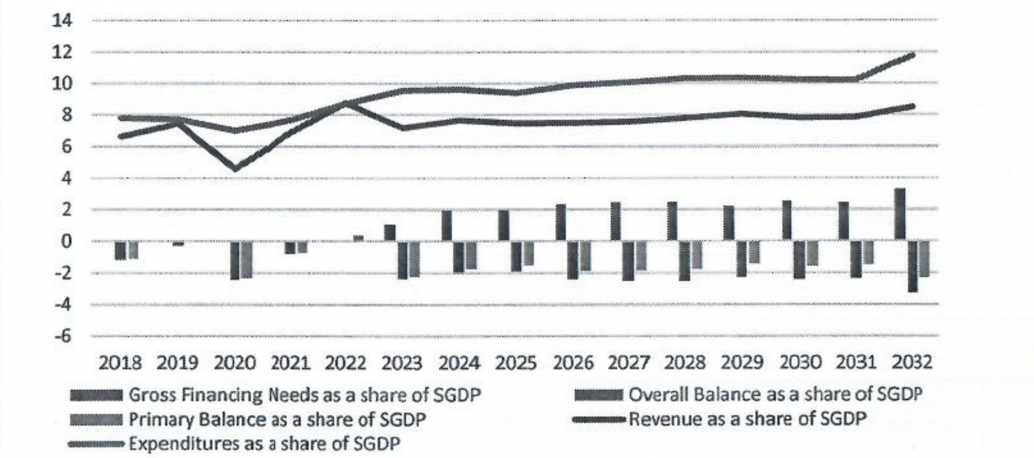


Chart 25: Debt service indicators

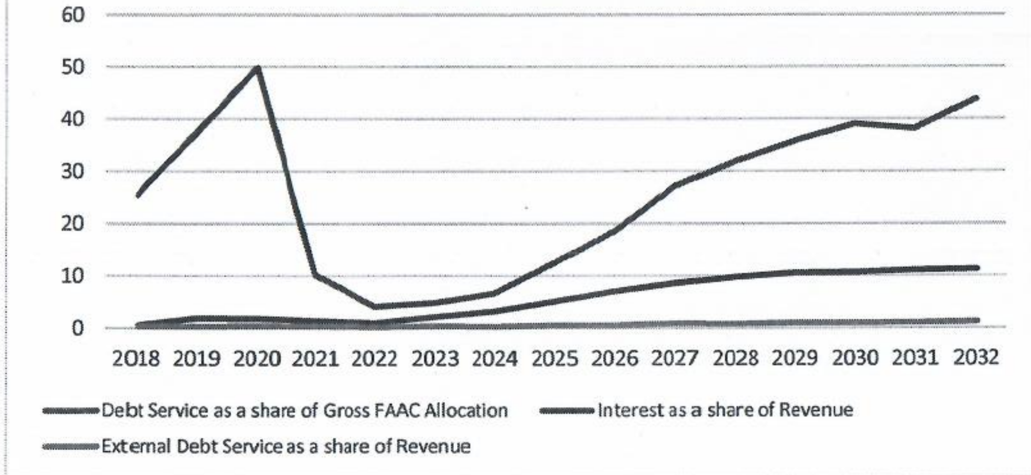


Chart 22: Debt Stock as a share of Revenue

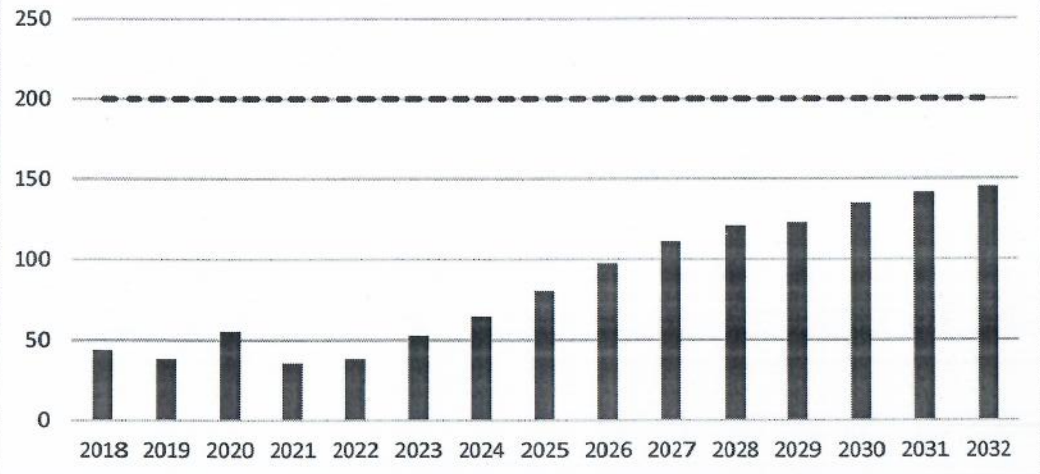


Chart 24: Personnel Cost as a share of Revenue

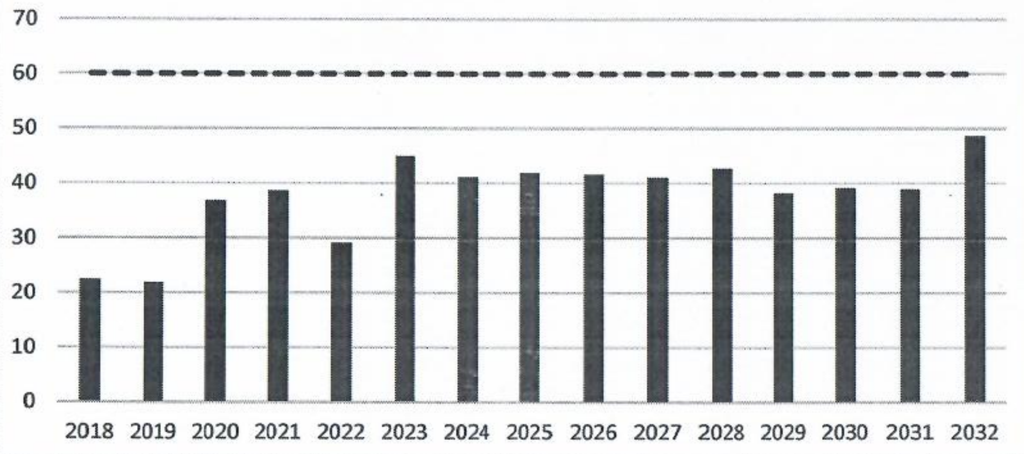
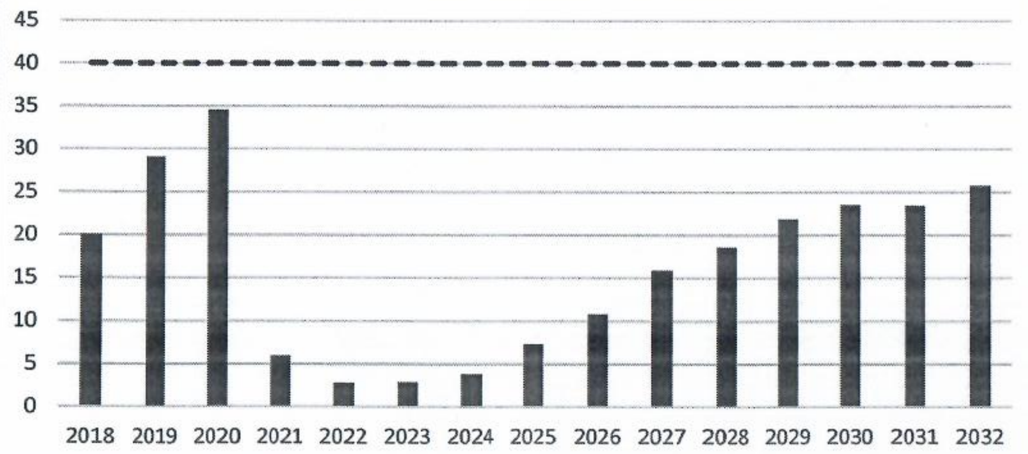


Chart 23: Debt Service as a share of Revenue



Conclusion

The outcome of the 2023 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 low 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, 2023 DSA analysis remains at low risk of debt distress under sensitivity analysis. The State DSA analysis shows deteriorating levels at the latter years of the projection period relating to revenue shocks and expenditure shocks that would lead to increase Gross Financing Needs over the projection period. The exchange rate shocks and interest rate shocks remain positive while and historical shock is not under consideration. 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 2023 DSA remains sustainable of course 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.

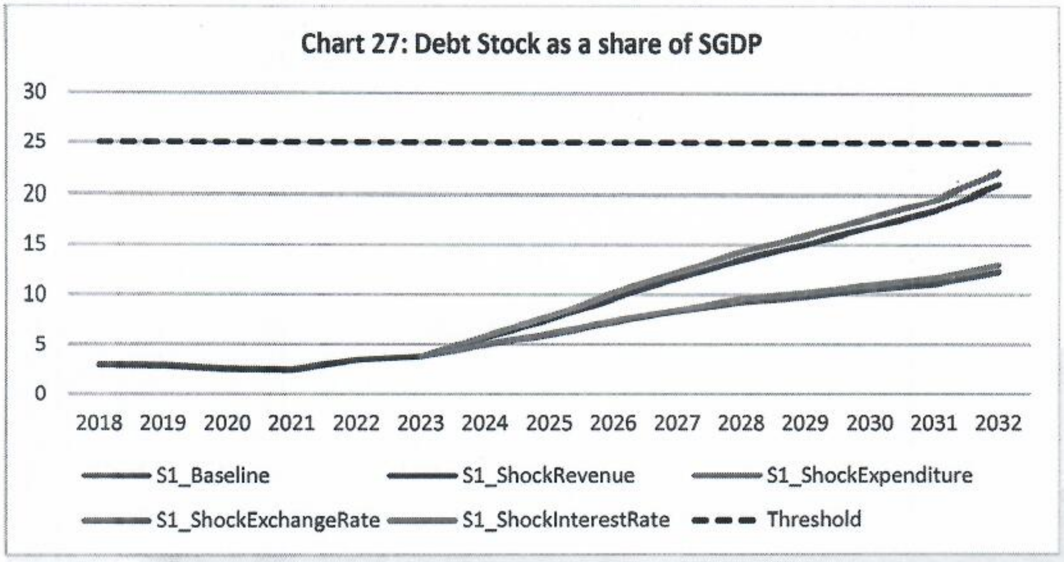


Chart 27: Debt Stock as a share of SGDP
30
25
20
15
10
5
0
2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032
S1_Baseline
S1_ShockRevenue
S1_ShockExpenditure
S1_ShockExchangeRate
S1_ShockInterestRate
Threshold

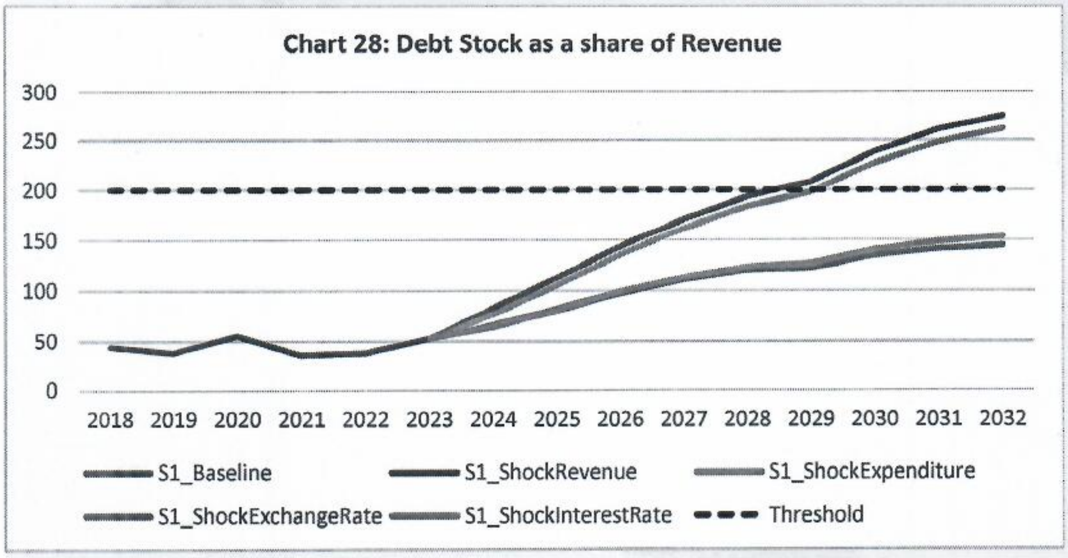


Chart 28: Debt Stock as a share of Revenue
300
250
200
150
100
50
0
2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032
S1_Baseline
S1_ShockRevenue
S1_ShockExpenditure
S1_ShockExchangeRate
S1_ShockInterestRate
Threshold

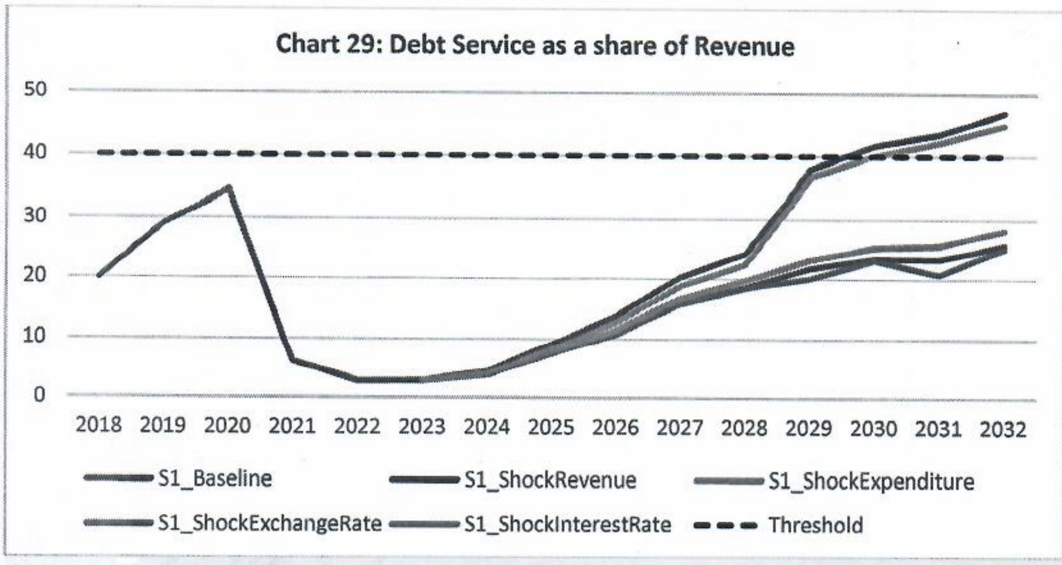


Chart 29: Debt Service as a share of Revenue
50
40
30
20
10
0
2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032
S1_Baseline
S1_ShockRevenue
S1_ShockExpenditure
S1_ShockExchangeRate
S1_ShockInterestRate
Threshold

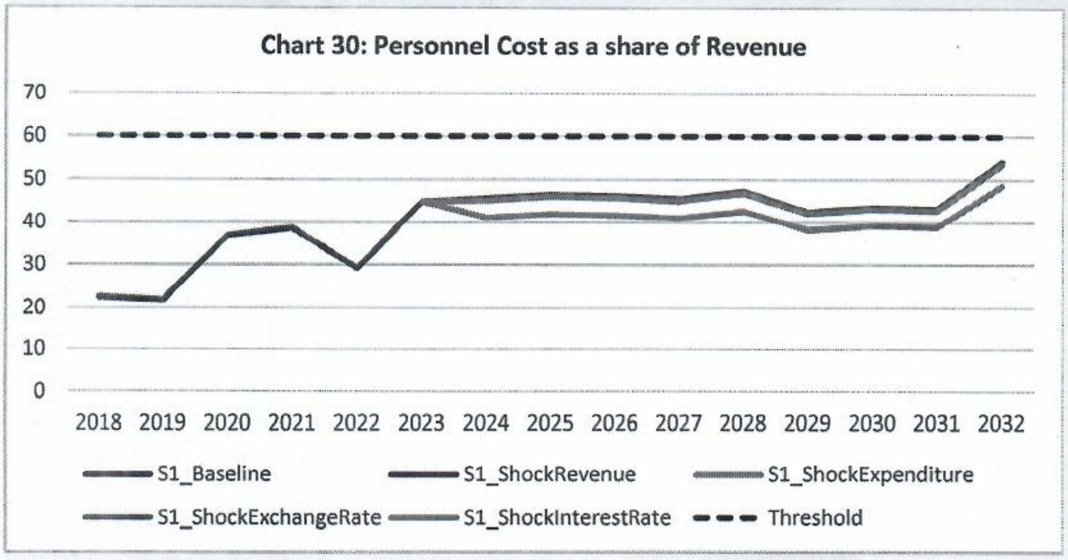


Chart 30: Personnel Cost as a share of Revenue
70
60
50
40
30
20
10
0
2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032
S1_Baseline
S1_ShockRevenue
S1_ShockExpenditure
S1_ShockExchangeRate
S1_ShockInterestRate
Threshold

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, 2023-2027, 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 2027, as projected in the baseline scenario. Risk is measured by the deviation from the expected value in 2027 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 2023 and 2023-2026 Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS). External gross borrowing under Concessional loans accounts on average 28.70 percent over the projection period mainly through World Bank and African Development Bank; and the Domestic gross financing are Commercial bank loans, Bonds and Other Domestic Financing (CBN Intervention Loans). The Commercial Bank loans with the maturity of 1-5 years is projected at 9.26% over the strategic period and Commercial Bank loans with the maturity of above 6 years with an average of 12.11 percent, and State Bond with the maturity of 1-5 years is 8.52% while State Bond with the maturity of 6 years and above is 12.40%. Other domestic financing is 29% over the projection period.

Strategy 2 (S2) focus more on financing through commercial bank loans: In this strategy it has been assumed the state government will focus its financing through commercial bank loans with 41.82 percent under maturity of 1-5 years and 51.18 percent under maturity of above 6 years over the projection period.

Strategy (S3) focus its financing through State Bonds. In strategy 3, the State government decided to focus its financing through State Bonds. This is in two categories; first is with 1-5 years maturity period while the other category of state Bond is with maturity of above 6 years. The short-term bond is proposed to be 42.98% while the Bond above 6 years is 57.01% respectively.

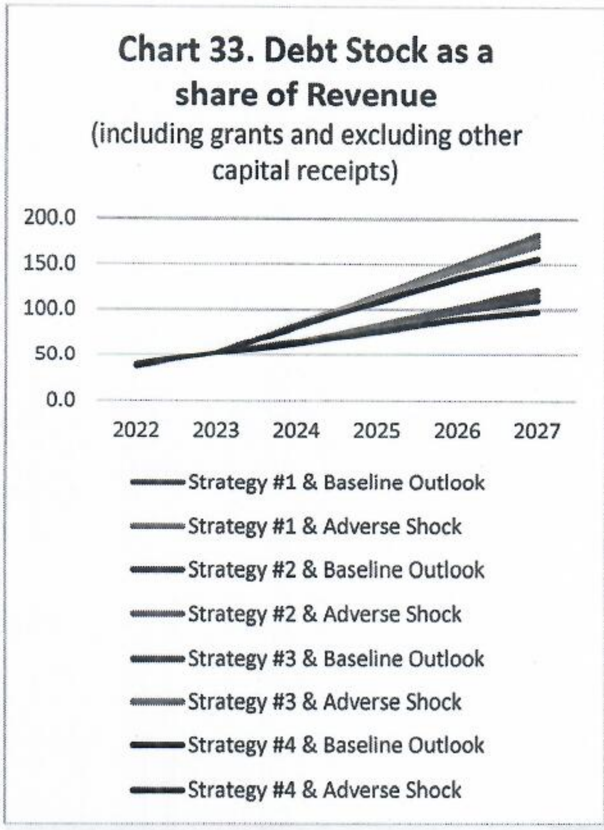
Strategy (S4) concentration is mainly on external borrowing. In this strategy, External Financing (Concessional Loans) projected at 27.22%, Bilateral Loans at 64.33% while Other External financing is projected at 8.45%.

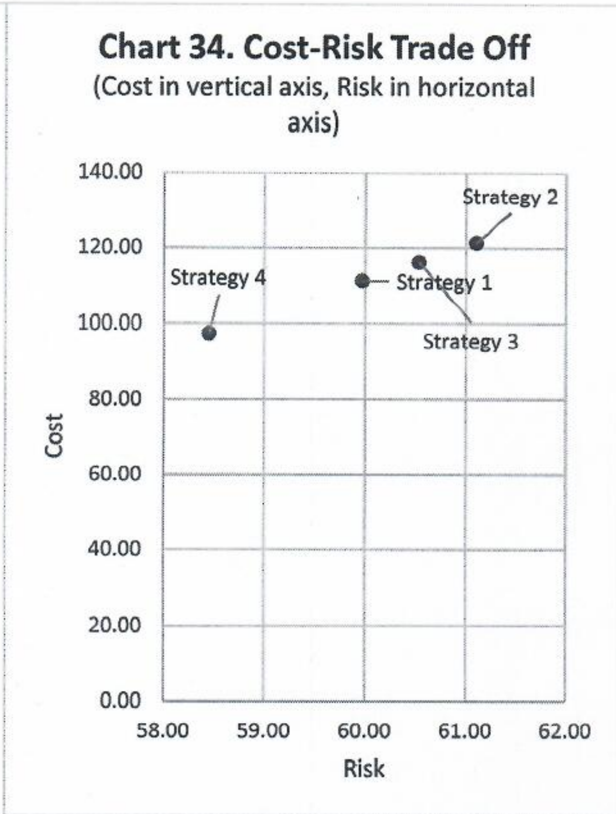
5.2 DMS Simulation Results

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 111.1 percent in 2027, as against Strategy 4 (97.4 percent), Strategy 3 (116.1 percent) and Strategy 2 (121.3 percent), over the DMS period of 2027, compared with the Risks measured of Strategy 2 (61.1 percent), Strategy 3 (60.5 percent), Strategy 4 (58.5 percent) and Strategy 1 (60 percent), respectively.
- Analysis using this debt indicator of debt to revenue shows that S4 is the least costly and riskiest at 97.4 & 58.5 percent compared to S1 (111.1 percent and 60 percent), S2 (121.3 percent and 61.1 percent), and S3 (116.1 percent and 60.5 percent), over the DMS period of 2023-2027.

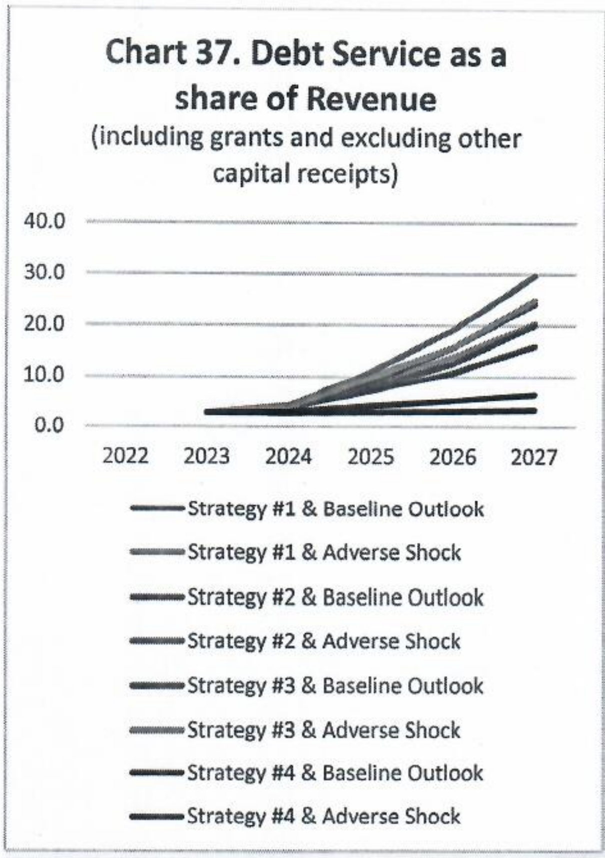


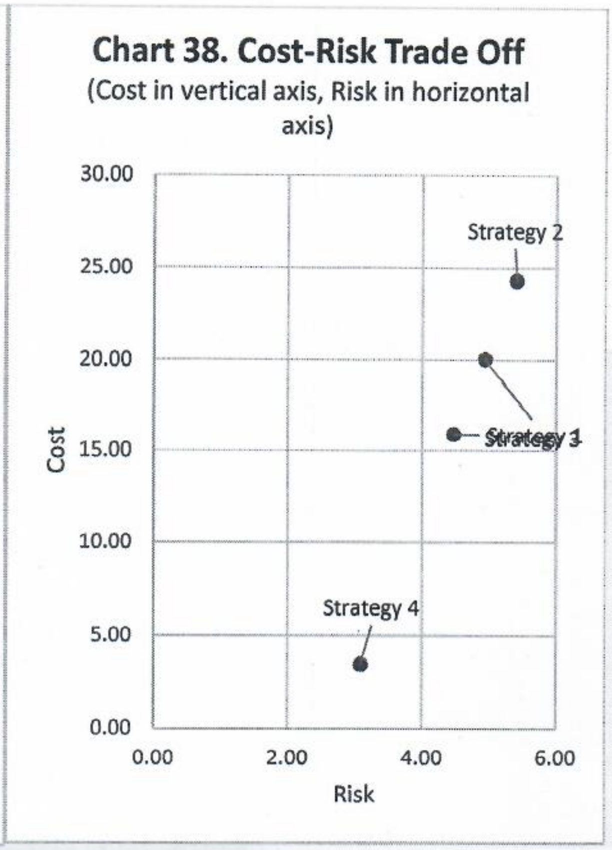


b. **Debt Service as a share of Revenue:**

- Strategy 4 is the least costly and riskiest with regards Debt Service to revenues, which projected at 3.4 percent and 3.1 percent, Strategy 1 (15.9 percent and 4.5 percent) Strategy 2 (24.3 percent and 5.4 percent) and Strategy 3 (20.1 percent and 4.9 percent) and with moderate costs and risks, as at end of the strategic period of 2027.

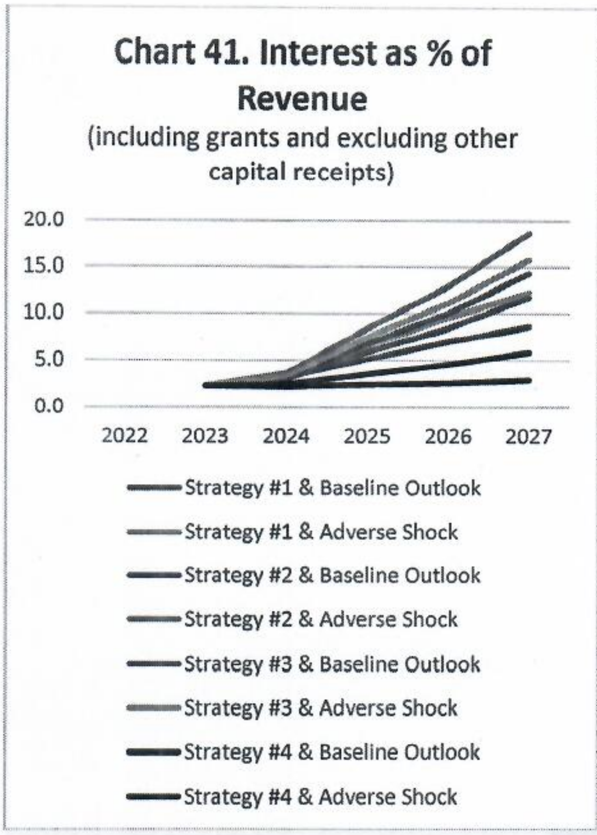
- The analysis shows that Strategy 4 yield the lowest costs and risks due to high external financing assumed in the Strategy, as the external debt service terms requirement has low interest rate, longer maturity, and grace period in concessional external financing. Compared to Strategy 1, Strategy 2 and Strategy 3.

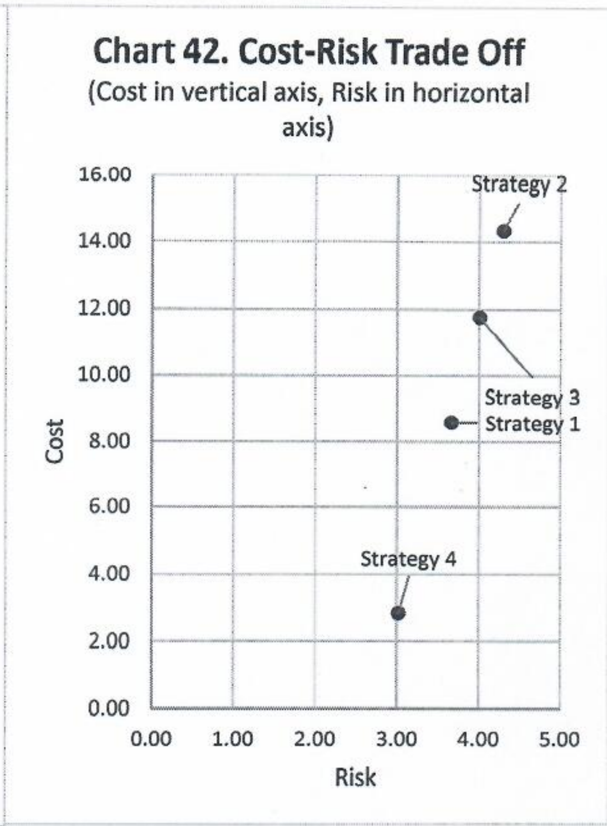




c. **Interest as a share of Revenue**

- S4 is the least costly with regards Interest to revenue, which projected cost at 2.8 percent, Strategy 1 at 8.6 percent, S2 at 14.3 percent and S3 at 11.7 percent. Strategy 4 equally has the lowest risk at 3.0 percent, Compare to S1, S2 and S3 that estimated at 3.7 percent, 4.3 percent and 4.0 percent, as at end of the strategic period of 2027.
- The analysis shows that S4 yield the lowest cost and highest risk of 2.8 percent and 3.0 percent compared with Strategy 2 as the most costly and risky strategy as this concentrated on Commercial Bank Loans over the DMS period of 2023-2027.





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. Although the Analytical Tool's results of cost and risk would suggest that the recommended strategy be S4 being the Strategy with the Lowest Cost and Risk for all the analyzed performance indicators but it is not implementable due to the constraints placed on External Financing. Therefore, ***it is 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 2023.***

In comparison to the current debt position, Jigawa State debt portfolio stood at N58,053.20 million in 2022, which expected an increase to N170,725.52 million under S1 in 2027, compared to S2 (N186,379.15 million), S3 (N178,486.6 million), and S4 (N149,731.90 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 2023-2027.

The Debt Management Strategy, 2023-2027 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 2023 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 Allocation – The Elasticity base forecasting method was used because of its dependence upon minerals and other macroeconomic parameters.

VAT – VAT – The Elasticity base forecasting method was used because of its dependence upon nonminerals and other macroeconomic parameters.

Other Federation Account Distributions – Other Federation Account receipts – Owing value is used because of its unpredictable nature.

Internally Generated Revenue (IGR) – Internally Generated Revenue (IGR) – Owing value is also used due to considering of combination of some factors such as actual collection trend of previous and current year, economic activities in the State, etc.

Grants – Grants – This was estimated base on the expectation of the implementation MDAs. The MDAs have full understanding of the expected grants and have the idea of what they have received as drawdowns and what are outstandings..

Financing (Net Loans) – Financing – This is arrived at by considering the magnitude of agreed loans to be drawn, how much was drawdown (if any) and expected amount to be reflected in the fiscal year.

Personnel – Personnel – Owing value is used taking into cognizance the actual expenditure and the projected amount to be end of the year, net of retirement and other exit, plus expected amount for new recruitments, promotions and yearly increments.

Overheads – Overheads – Owing value is used dependent on the other considerations apart from day-to-day running expenses, like implementation of some policies of government which are based on overhead costs, like payment of external examinations, school feeding, etc. Others include implementation of some capital projects which have overhead cost implications.

Capital Expenditure – Capital Expenditure – Owing value is used with consideration of expenditure trends of some projects that are ongoing and existing. Government directives are also considered.

2023

Assumptions		Projection Methodology	Source
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	For example: State GDP projected using the actual S-GDP and projected N-GDP national growth rate	
	1. Gross Statutory Allocation ('gross	Statutory Allocation – the estimation for statutory allocation is based on an elasticity forecast taking into consideration the macro-economic 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 Alloca	Statutory Allocation – the estimation for statutory allocation is based on an elasticity forecast taking into consideration the macro-economic 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 Allocation – the estimation for statutory allocation is based on an elasticity forecast taking into consideration the macro-economic 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 ra	Other Federation Account Distributions – the estimation is based on the current receipt (i.e. from January to June 2021) using own value forecast 2022-2024 as the projection is not dependent on other visible factors like that of statutory and VAT.	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 (i.e. 5%).	JGS EFU-FSP-BPS
	5. IGR	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 IGR as per MTRF.	JGS EFU-FSP-BPS
	6. Capital Receipts		JGS EFU-FSP-BPS
	6.a. Grants	Grants – The internal grants are based on the actual receipts for 2020 and performance from January to June 2021. External grants are based on signed grant agreements with the World Bank, UNICEF, EU, etc. Sources of information are implementing agencies.	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, Pensior	Personnel Cost – The projection is own value calculated to take into consideration yearly increments, promotions and new recruitment in the areas of critical need considering the massive retirement of staff	JGS EFU-FSP-BPS
	2. Overhead costs	Overhead Cost – Overhead cost has been relatively stable over the years in trying to balance between capital investment and facilitation of the delivery of service. The estimation is own value calculated using the current growth rate from January to June 2021	JGS EFU-FSP-BPS
	3. Interest Payments (Public Debt Ch	Consolidated Revenue Fund Charges - This includes public debt charges (which is external debt servicing) which is changing in the medium term. The estimation is own value determined based on the debt servicing costs (principal and interest repayment) for 2022-2024	DMO
	4. Other Recurrent Expenditure (Excl	Consolidated Revenue Fund Charges - This includes public debt charges (which is external debt servicing) which is changing in the medium term. The estimation is own value determined based on the debt servicing costs (principal and interest repayment) for 2022-2024	DMO
	5. Capital Expenditure	Capital Expenditure – estimate is based on the balance from the recurrent account plus capital receipts net of planning and contingency reserve. The estimation is made with due regard to existing commitments, completion and commissioning of ongoing projects for the benefit of the people.	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-2022		
	External Debt - amortization and inte	Consolidated Revenue Fund Charges - This includes public debt charges (which is external debt servicing) which is changing in the medium term. The estimation is own value determined based on the debt servicing costs (principal and interest repayment) for 2022-2024	DMO
	Domestic Debt - amortization and in	Consolidated Revenue Fund Charges - This includes public debt charges (which is external debt servicing) which is changing in the medium term. The estimation is own value determined based on the debt servicing costs (principal and interest repayment) for 2022-2024	DMO
	New debt issued/contracted from 2023 onwards		
	New External Financing		
	External Financing - Concessional Lo	Financing (Net Loans) – The internal and external loans are projections based on signed agreement obtained from implementing agency and Project Coordination Unit.	JGS EFU-FSP-BPS
	External Financing - Bilateral Loans	Financing (Net Loans) – The internal and external loans are projections based on signed agreement obtained from implementing agency and Project Coordination Unit.	JGS EFU-FSP-BPS
	Other External Financing	Financing (Net Loans) – The internal and external loans are projections based on signed agreement obtained from implementing agency and Project Coordination Unit.	JGS EFU-FSP-BPS
	New Domestic Financing		
	Commercial Bank Loans (maturity 1	Financing (Net Loans) – The internal and external loans are projections based on signed agreement obtained from implementing agency and Project Coordination Unit.	JGS EFU-FSP-BPS
	Commercial Bank Loans (maturity 6	Financing (Net Loans) – The internal and external loans are projections based on signed agreement obtained from implementing agency and Project Coordination Unit.	JGS EFU-FSP-BPS
	State Bonds (maturity 1 to 5 years)	Financing (Net Loans) – The internal and external loans are projections based on signed agreement obtained from implementing agency and Project Coordination Unit.	JGS EFU-FSP-BPS
	State Bonds (maturity 6 years or lon	Financing (Net Loans) – The internal and external loans are projections based on signed agreement obtained from implementing agency and Project Coordination Unit.	JGS EFU-FSP-BPS
	Other Domestic Financing	Financing (Net Loans) – The internal and external loans are projections based on signed agreement obtained from implementing agency and Project Coordination Unit.	JGS EFU-FSP-BPS
Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S1	Planned Borrowings (new bonds, new lo	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	Financing distributions was agreed by the JGS -EFU-FSP-BPS	JGS EFU-FSP-BPS
	Commercial Bank Loans (maturity 6	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 lon	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 Lo	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	Financing distributions was agreed by the Jigawa State DSA-DMS Technical Team	Jigawa State DSA-DMS Technical Team
	Commercial Bank Loans (maturity 6	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 lon	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 Lo	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	Financing distributions was agreed by the Jigawa State DSA-DMS Technical Team	Jigawa State DSA-DMS Technical Team
	Commercial Bank Loans (maturity 6	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 lon	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 Lo	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	Financing distributions was agreed by the Jigawa State DSA-DMS Technical Team	Jigawa State DSA-DMS Technical Team
	Commercial Bank Loans (maturity 6	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 lon	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 Lo	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, 2018-2032

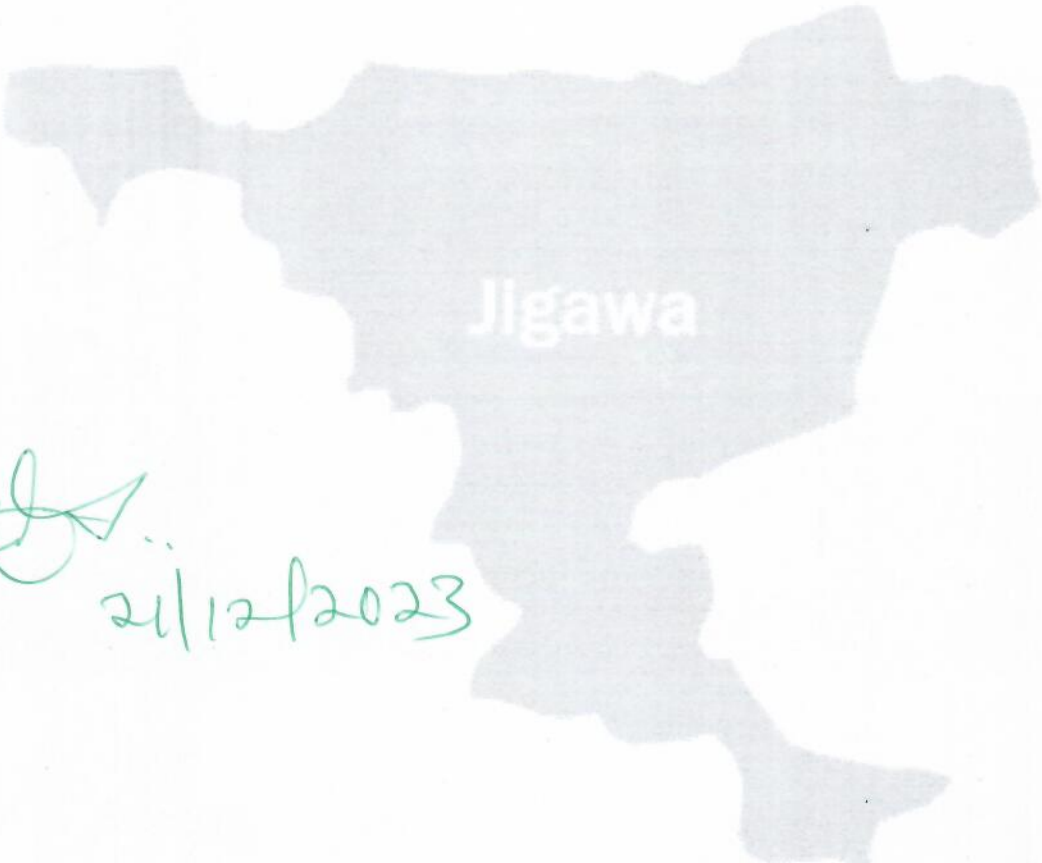
Indicator	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
			Actuals							Projections					
	BASELINE SCENARIO														
Economic Indicators															
State GDP (at current prices)	1,491,718.05	1,551,869.31	1,612,020.57	1,672,171.83	1,732,323.09	1,792,474.35	1,852,625.61	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	2,298,753.80
Exchange Rate NGN/US$ (end-Period)	253.19	305.79	306.50	326.00	379.00	435.57	435.57	435.57	435.57	435.57	435.57	435.57	435.57	435.57	435.57
Fiscal Indicators (Million Naira)															
Revenue	123,913.45	135,796.00	78,596.40	129,312.58	173,843.30	147,763.93	177,762.90	180,226.88	193,745.42	203,522.29	215,042.12	220,359.77	228,757.30	233,741.83	271,402.52
1. Gross Statutory Allocation ('gross' means with r	47,606.97	49,549.18	34,617.00	39,599.28	41,944.90	42,552.00	48,692.42	49,056.65	50,213.07	52,558.40	55,813.36	65,104.14	61,560.16	63,560.16	67,001.30
1.a. of which Net Statutory Allocation ('net' mea	47,606.97	49,549.18	34,617.00	39,599.28	36,616.00	42,552.00	48,692.42	49,056.65	50,213.07	52,558.40	55,813.36	65,104.14	61,560.16	63,560.16	67,001.30
1.b. of which Deductions	0.00	0.00	0.00	0.00	5,328.90	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, augme	17,438.24	21,710.82	1,500.00	4,535.97	32,752.70	12,376.78	11,884.97	12,614.44	13,343.92	14,073.39	14,802.86	15,532.34	16,261.81	16,955.81	17,987.10
4. VAT Allocation	12,857.55	18,710.00	14,711.00	23,102.98	28,138.40	20,585.00	21,305.48	22,051.17	22,822.96	23,621.76	24,448.52	25,304.22	26,189.87	28,909.87	29,998.00
5. IGR	11,011.18	13,750.00	19,080.40	42,006.07	43,148.40	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	67,222.00
6. Capital Receipts	34,999.51	32,076.00	8,688.00	20,068.28	27,858.90	25,988.40	45,036.53	45,049.63	54,268.26	58,497.45	61,499.05	54,199.61	61,959.57	60,400.02	89,194.12
6.a. Grants	9,710.00	11,800.00	3,298.00	5,289.33	5,561.80	6,840.29	9,285.50	7,744.07	8,202.63	8,661.20	9,119.76	6,840.29	5,840.29	4,740.29	13,221.00
6.b. Sales of Government Assets and Privatizatio	10,000.00	7,276.00	0.00	0.00	0.00	530.45	546.36	562.75	579.64	597.03	614.94	633.39	652.39	762.39	812.00
6.c. Other Non-Debt Creating Capital Receipts	10,700.00	8,500.00	0.00	9,738.70	10,268.40	9,680.32	10,067.53	10,470.23	10,889.04	11,324.61	11,777.59	11,248.69	12,738.64	13,738.64	15,211.00
6.d. Proceeds from Debt-Creating Borrowings (b	4,589.51	4,500.00	5,390.00	5,040.25	12,028.70	8,937.34	25,137.13	26,272.58	34,596.94	37,914.62	39,986.77	35,477.24	42,728.25	41,158.70	59,950.12
Expenditure	115,991.77	119,731.24	112,517.63	127,954.27	150,609.00	171,116.62	178,362.90	179,326.88	194,845.42	204,375.90	215,342.12	222,059.77	226,257.30	231,741.83	270,514.52
1. Personnel costs (Salaries, Pensions, Civil Servan	22,197.52	25,259.00	26,968.33	44,241.17	44,175.50	57,798.66	58,361.74	59,924.81	61,487.89	63,050.97	69,448.22	66,177.12	67,740.19	69,303.27	95,121.00
2. Overhead costs	20,413.80	18,456.00	18,289.84	21,149.36	24,195.50	22,348.64	22,814.53	22,280.42	22,746.31	23,212.20	23,678.09	24,143.98	24,609.87	23,221.87	19,442.00
3. Interest Payments (Public Debt Charges, includir	1,150.74	3,872.41	1,448.38	1,597.04	5,383.40	2,809.44	4,522.07	7,300.38	10,341.38	13,223.64	15,921.93	18,277.29	18,391.50	19,750.75	21,985.39
3.a. of which Interest Payments (Public Debt Ch	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	0.00
3.b. of which Interest deducted from FAAC Alloc	0.00	1,700.00	0.00	1,597.04	5,383.40	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 Personn	13,132.62	17,256.00	7,756.26	3,370.79	3,678.70	7,722.15	7,953.82	11,592.43	15,438.21	10,691.35	12,952.09	15,220.66	12,497.28	10,497.28	17,077.84
5. Capital Expenditure	58,444.84	53,970.00	57,271.97	56,209.82	49,238.20	79,547.91	83,798.86	75,074.84	79,265.86	83,011.18	79,005.49	78,701.81	80,847.13	86,995.54	88,555.00
6. Amortization (principal) payments	652.26	917.83	782.85	1,386.09	23,937.70	889.81	911.87	3,153.99	5,565.78	11,186.57	14,336.30	19,538.92	22,171.34	21,973.12	28,333.29
Budget Balance ('+' means surplus, '-' means deficit)	7,921.68	16,064.76	-33,921.23	1,358.31	23,234.30	-23,352.69	-600.00	900.00	-1,100.00	-853.61	-300.00	-1,700.00	2,500.00	2,000.00	888.00
Opening Cash and Bank Balance	14,848.45	22,770.13	38,834.89	4,913.66	6,271.97	29,506.30	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
Closing Cash and Bank Balance	22,770.13	38,834.89	4,913.66	6,271.97	29,506.30	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	7,888.00

Financing Needs and Sources (Million Naira)										
Financing Needs	**19,148.11**	**35,751.03**	**37,305.57**	**46,065.62**	**49,836.25**	**52,379.29**	**47,359.32**	**56,119.28**	**55,659.73**	**75,973.12**
i. Primary balance	-38,801.54	-30,917.09	-25,951.20	-31,258.47	-26,279.65	-22,421.07	-11,243.11	-13,056.44	-11,935.85	-24,766.44
ii. Debt service	3,699.25	5,433.94	10,454.37	15,907.15	24,410.21	30,258.23	37,816.21	40,562.84	41,723.88	50318.68
Amortizations	889.81	911.87	3,153.99	5,565.78	11,186.57	14,336.30	19,538.92	22,171.34	21,973.12	28,333.29
Interests	2,809.44	4,522.07	7,300.38	10,341.38	13,223.64	15,921.93	18,277.29	18,391.50	19,750.75	21,985.39
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)	-23,352.69	-600.00	900.00	-1,100.00	-853.61	-300.00	-1,700.00	2,500.00	2,000.00	888.00
Financing Sources	**19,148.11**	**35,751.03**	**37,305.57**	**46,065.62**	**49,836.25**	**52,379.29**	**47,359.32**	**56,119.28**	**55,659.73**	**75,973.12**
i. Financing Sources Other than Borrowing	10,210.77	10,613.90	11,032.99	11,468.68	11,921.63	12,392.53	11,882.08	13,391.03	14,501.03	16,023.00
ii. Gross Borrowings	8,937.34	25,137.13	26,272.58	34,596.94	37,914.62	39,986.77	35,477.24	42,728.25	41,158.70	59,950.12
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	8,937.34	0.00	0.00	0.00	12,512.95	0.00	0.00	0.00	11,158.70	0.00
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	0.00	11,970.95	0.00	15,697.58	0.00	0.00	0.00	10,000.00	0.00	5,000.00
State Bonds (maturity 1 to 5 years)	0.00	0.00	15,000.00	0.00	0.00	0.00	0.00	15,000.00	0.00	0.00
State Bonds (maturity 6 years or longer)	0.00	0.00	0.00	0.00	0.00	23,669.03	0.00	0.00	0.00	20,000.00
Other Domestic Financing	0.00	0.00	11,272.58	0.00	25,401.67	0.00	35,477.24	0.00	30,000.00	0.00
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	0.00	13,166.18	0.00	18,899.36	0.00	16,317.74	0.00	0.00	0.00	34950.12
External Financing - Bilateral Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	17,728.25	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)	43,267.38	44,075.05	40,446.04	40,936.66	58,053.20	67,622.46	91,847.72	114,966.31	143,997.48	170,725.52	196,375.99	212,314.31	232,871.22	252,056.80	283,673.62
External	8,104.21	9,464.52	9,476.53	9,602.96	10,195.10	11,389.72	24,224.44	23,895.58	42,459.99	42,145.51	58,152.25	57,781.14	75,138.46	74,767.53	108,796.75
Domestic	35,163.17	34,610.53	30,969.50	31,333.70	47,858.10	56,232.74	67,623.29	91,070.73	101,537.49	128,580.02	138,223.74	154,533.17	157,732.76	177,289.27	174,876.87
Gross borrowing (flow)						8,937.34	25,137.13	26,272.58	34,596.94	37,914.62	39,986.77	35,477.24	42,728.25	41,158.70	59,950.12
External						0.00	13,166.18	0.00	18,899.36	0.00	16,317.74	0.00	17,728.25	0.00	34,950.12
Domestic						8,937.34	11,970.95	26,272.58	15,697.58	37,914.62	23,669.03	35,477.24	25,000.00	41,158.70	25,000.00
Amortizations (flow)	19,238.27	31,411.67	23,955.19	5,198.58	2,711.39	889.81	911.87	3,153.99	5,565.78	11,186.57	14,336.30	19,538.92	22,171.34	21,973.12	28,333.29
External	188.88	212.83	222.52	316.98	270.99	327.11	331.47	328.86	334.95	314.48	311.00	371.11	370.93	370.93	920.90
Domestic	19,049.39	31,198.84	23,732.67	4,881.60	2,440.40	562.70	580.40	2,825.13	5,230.82	10,872.09	14,025.30	19,167.82	21,800.41	21,602.19	27,412.39
Interests (flow)	542.77	2,163.64	1,353.46	1,640.88	1,535.13	2,809.44	4,522.07	7,300.38	10,341.38	13,223.64	15,921.93	18,277.29	18,391.50	19,750.75	21,985.39
External	109.88	132.71	69.56	137.57	151.60	189.04	145.48	497.24	502.03	988.42	977.97	1,328.47	1,328.47	1,532.34	1,532.34
Domestic	432.89	2,030.93	1,283.90	1,503.31	1,383.53	2,620.40	4,376.59	6,803.14	9,839.35	12,235.22	14,943.96	16,948.82	17,063.03	18,218.41	20,453.05
Net borrowing (gross borrowing minus amortizations)						8,047.53	24,225.26	23,118.59	29,031.17	26,728.05	25,650.46	15,938.32	20,556.91	19,185.58	31,616.83
External						-327.11	12,834.72	-328.86	18,564.41	-314.48	16,006.74	-371.11	17,357.32	-370.93	34,029.22
Domestic						8,374.64	11,390.55	23,447.44	10,466.76	27,042.53	9,643.73	16,309.42	3,199.59	19,556.51	-2,412.39

Jigawa State - Technical Team

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



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