



## JIGAWA STATE

2023 - 2025

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### **Medium Term Expenditure Framework [MTEF]**

*Economic and Fiscal Update (EFU),  
Fiscal Strategy Paper (FSP) and  
Budget Policy Statement (BPS)*

Prepared By:

Directorate of Budget & Economic Planning Directorate  
Jigawa State

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## List of Abbreviations

***Acknowledgements/Foreword/Executive Summary***

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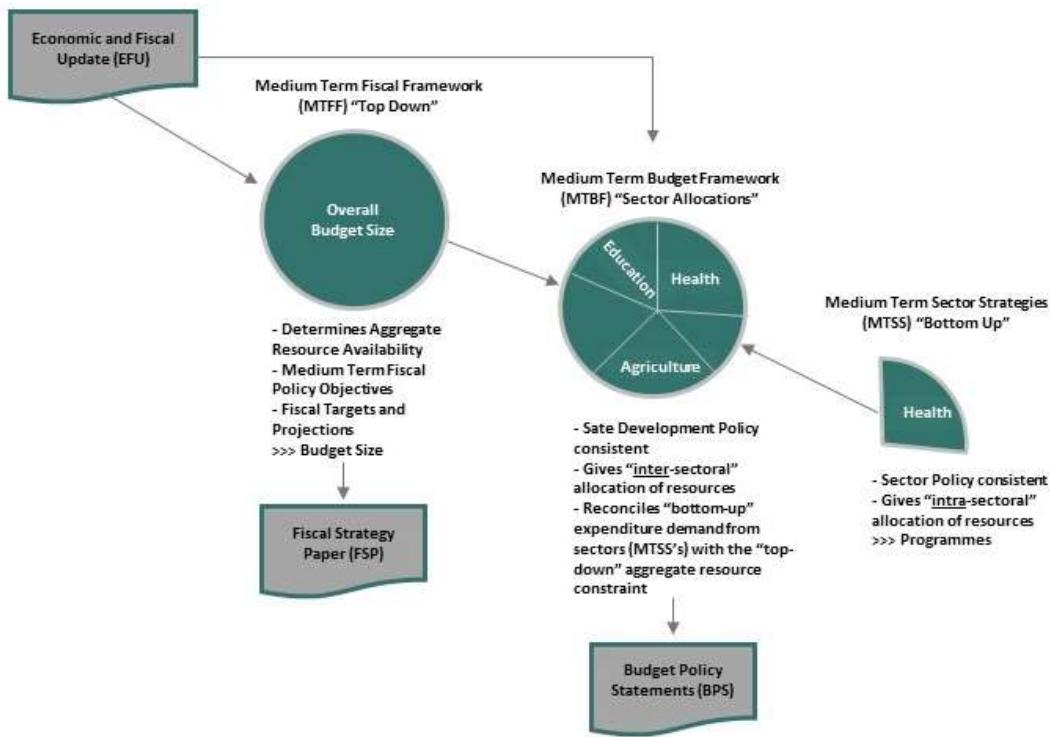
# Section 1: Introduction and Background

## 1.A Introduction

1. Like other years, the main purpose of preparing the Medium-Term Expenditure Framework (MTEF), is to sustain and improve the quality and effectiveness of the annual planning and budget processes. The process helps infuse realism and policy-based annual budgeting with strategic resources allocation in the medium-term plans all the sectors. As a best practice, the annual MTEF process informed by an Economic and Fiscal Updates (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statements (BPS) ensures that income and expenditure projections that form the basis for sector resources envelops is realistic and comprehensive. The three-part documentation provides logical starting point for the development of Medium-Term Expenditure Framework (MTEF), which highlight the context of the annual budget. Overarchingly, through the MTEF, annual budgetary outputs and outcomes makes the desired impact in the attainment of the State development policy objectives.
2. 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 bearing in mind Government policy objectives and priorities as dictated by the budget policy statements. It presents and analyses data on economic and fiscal situations as to form the basis for fiscal and macroeconomic assumptions and projections in the FSP which in turn determines the resources available to fund government priorities across all expenditure components of the budgets as affected its development policy objectives and priorities.
3. As indicated, the MTEF, as informed by the EFU-FSP-BSP process, feeds into the Medium-Term Sector Strategies (MTSS) and the annual budget based on the sector resources envelops provided to sectors and budget ceilings issued to all MDAs via the respective call circulars.
4. The development of EFU-FSP-BPS, which is three in one document, is to a large extent an integral part of the policy review and strategic planning process of the PEM Cycle and play a significant role towards ensuring fiscal discipline and consistency of government's fiscal plans with its socioeconomic development objective that reflects conformity with international best practice.

### 1.A.1 Budget Process

1. The budget process describes the budget cycle in a fiscal year. Its conception is informed by the MTEF process which has three components namely:
  - i. Medium Term Fiscal Framework (MTFF);
  - ii. Medium Term Budget Framework (MTBF);
  - iii. Medium Term Sector Strategies (MTSS).
2. It commences with the conception through preparation, execution, control, monitoring and evaluation and goes back again to conception for the ensuing year's budget.
3. The MTEF process is summarised in the diagram below:

**Figure 1: MTEF Process**

### 1.A.2 Summary of Document Content

4. In accordance with international best practice in budgeting, the production of a combined Economic and Fiscal Update (EFU), Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS) is the first step in the budget preparation cycle for Jigawa State Government (JGSG) for the period 2023-2025.
5. The purpose of this document is three-fold:
  - i. To provide a backwards looking summary of key economic and fiscal trends that will affect the public expenditure in the future - Economic and Fiscal Update;
  - ii. To set out medium term fiscal objectives and targets, including tax policy; revenue mobilisation; level of public expenditure; deficit financing and public debt - Fiscal Strategy Paper and MTFF; and
  - iii. Provide indicative sector envelopes for the period 2023-2025 which constitute the MTBF.
6. The EFU is presented in Section 2 of this document. The EFU provides economic and fiscal analysis in order to inform the budget planning process. It is aimed primarily at budget policy makers and decision takers in the Jigawa State Government. The EFU also provides an assessment of budget performance (both historical and current) and identifies significant factors affecting implementation. It includes:
  - Overview of Global, National and State Economic Performance;
  - Overview of the Petroleum Sector;
  - Trends in budget performance over the last six years.
7. The FSP is a key element in the JGSG Medium Term Expenditure Framework (MTEF) process and annual budget process. As such, it determines the resources available to fund the Government's growth and poverty reduction programme from a fiscally sustainable perspective.

### 1.A.3 Preparation and Audience

8. The purpose of this document is to provide an informed basis for the 2023-2025 budget preparation cycle for all of the key Stakeholders, specifically:
  - State House of Assembly (SHoA);
  - Executive Council (ExCo);
  - Ministry of Finance & Economic Planning;
  - Budget & Economic Planning Directorate;
  - Due Process & Project Monitoring Bureau;
  - Jigawa State Board of Internal Revenue;
  - All Government Ministries, Departments and Agencies (MDA's);
  - Civil Society.
9. The document is prepared within in the first two quarters of the year prior to the annual budget preparation period. It is prepared by Jigawa State Government (EFU-FSP-BPS) Working Group using data collected from International, National and State organisations.

## 1.B Background

### 1.B.1 Legislative and Institutional arrangement for PFM<sup>1</sup>

10. Legislative Framework for PFM in Jigawa State – In addition to the Constitution, there are many extant legislations that provide the legal basis and regulatory framework for the public expenditure and financial management system including Laws establishing many Government Agencies with specific sections on financial managements as it affects rising and expending revenues. A selection of some of Jigawa State PFM laws that directly affects the annual planning and budget process include:

**Table 1: PFM Institutions**

S/N	Legislations	Remarks / Provisions
1	1999 Constitution of the Federal Republic of Nigeria (as amended)	<p>The 1999 constitution contains the fundamental rules for the PFM across all States in the Federation. Sections 120 – 129 and 162 - 163 of the constitution made provisions for the management of public revenue, intergovernmental fiscal relations, taxation, appropriation of public funds, annual accounts, audit of accounts and investigation by the State Legislature. <i>Sections 120 (i) and (ii) of the Constitution of the Federal Republic of Nigeria, 1999 stipulates that</i></p> <p><i>"... All revenues or other moneys raised or received by a State ... shall be paid into and form one Consolidated Revenue Fund of the State." and that "... No moneys shall be withdrawn from the Consolidated Revenue Fund of the State except to meet expenditure that ... has been authorized by an Appropriation Law..."</i></p> <p>The Governor is required by the constitution to prepare and lay expenditure proposals or an Appropriation Bill for the coming year before the State Legislature.</p>
2	The Fiscal Responsibility Law, 2009	<p>The FRL makes provisions for the promotion and enforcement of best practice in public expenditure and financial management. It seeks to ensure strategic prioritisation and resource allocation through the budget process as well as the promotion of accountability, transparency and prudence in the entire PFM process. The law also provides for multi-</p>

		year fiscal planning, including aggregate revenue forecasts and expenditure estimates
3	The Jigawa State Internal Revenue Service Law.  Revenue Codification and Consolidation Law, 2017	The 2017 Law aimed at improving the tax administration and enhancing internally generated revenue. It provides for the harmonization, consolidation and codification of all Jigawa State Internal Revenue Service Laws and restructures it for better performance. With respect to assessment, collection, and remittance of revenues through a single revenue account.
4	Annual Appropriation Laws	Annual appropriation laws especially of the immediate past Fiscal Year. These contained revenue and expenditure estimates approved by the State House of Assembly in accordance with section 120 – 123 of the constitution.
5	Local Government Law of 2007 as amended	The Local Government law of 2007 as amended provides guidance for the functions, administration and other related matters of the 27 Local Governments in the State
6	Economic Planning Board Law No. 8 of 2016	Basis for the establishment of this was Section 7(3) of the Constitution of the Federal Republic of Nigeria. Some of the functions of the EPB include:  i. provide inputs into the short, medium and long-term development plans of the State and the Local Governments in line with the State development objectives and priorities; ii. examine the plans and budgets of the State and Local Government Councils for consistency with each other and with the State development objectives and priorities; iii. examine and take appropriate actions on periodic reports on budget implementation and other similar reports from MDAs; iv. monitor and ensure compliance with provisions of the Economic Planning and Fiscal Responsibility Law by the relevant Government Agencies;
15	Public Financial Management Law No. of 2019	This covers public financial management in line with best practice.

5. Institutional Framework for PFM in Jigawa State – MDAs are, and to a certain extent, directly involved in the preparation and implementation of public expenditure and financial management functions of Government. However, a few numbers of Agencies provide coordination and leadership, and also serve as institutional homes that define the institutional framework for PFM in the State as indicated in the table below:

**Table 1: PFM Institutions**

S/N	PFM Related Agencies	Summaries of the Roles & Responsibilities
1	Ministry of Finance & Economic Planning	The PFM functions of the Ministry of Finance and Economic Planning are carried by its constituent Departments and Agencies under the leadership of the Honourable Commissioner. These include Office of the Accountant General, Directorate of Budget and Economic Planning and the Board of Internal Revenue.
2	BEPD	BEPD coordinates the entire annual planning and budget process of the State beginning with conception of the EFU-FSP-BPS to the preparation of the Medium terms Sector plans and the Annual Appropriation Law being the major outputs. The function of preparing the annual budget includes all revenue aspects, recurrent expenditure (personnel and overhead cost) and capital expenditure. The Directorate is an Agency under the supervision of the Ministry of Finance and Economic Planning
3	Office of the Accountant General	Office of the Accountant General which essentially is the Treasury Department is where the financial management functions of the Ministry of Finance are mainly centred. It carries out general treasury

		operations for the government, including collection of revenues, expenditure / accounting controls and cash management. As the Head of the Treasury, the Accountant General exercises the general management and supervision of all the accounting operations of the State Government and serves as the Chief Accounting Officer of receipts and payments of the State Government in that respect. The Debt Management Function is also exercised by the AG's Office. The major output of the annual operations of the Office of the Accountant General is the annual Financial Statements which it submits to the Auditor General for further action.
4	Jigawa State Internal Revenue Service,	The State Internal Revenue Service supervise by the Commissioner for Finance and Economic Planning, has the major mandate of revenue collection and revenue administration including having an oversight function of monitoring revenue collection by other revenue generating agencies of the State Government. Some of the major functions JSIRS include providing general policy guidelines regarding the functions of the Service, ensuring the effectiveness and optimum collection of all revenues due to the State, supervising and monitoring all revenue collection from the state government agencies.
5	Directorate of Salaries and Pensions in the Office of the Head of Service	The Directorate of Salaries and Pensions which is under the supervision of the Head of the State Civil Service is responsible for the State's Computerised Payroll System. It undertakes the preparation of salaries and pensions for payment for all Agencies of Government including the Judiciary, the Legislative Arm and the Local Government Councils
6	Office of Auditor Generals (State and Local Governments)	The Office of Auditor General of the State audits all accounts of government. It posts auditors to all MDAs to undertake post payment audit of transactions. In addition, the Auditor General embarks on annual audits of public accounts prepared by the Accountant General and publishes audit reports. The Auditor General of Local Governments facilitates the audit of the financial statements of all LGs in the State and issues a report annually. Both the Auditor General of the State and the Auditor General of Local Governments report to the PAC Committee of State House of Assembly.
7	Due Process and Project Monitoring Bureau;	The Due Process and Project Monitoring Bureau regulates all procurement activities and carries out certification of transactions
8	Ministry for Local Government and Community Development	The Ministry for Local Government & Community Development7, supervises the Public Financial Management process of 27 Local Governments in the State. It ensures that Local Governments abide by the provisions of Financial Memorandum and all matters relating to local government finances. For closer monitoring and supervision, the Ministry established 9No. Zonal offices across the State.

### 1.B.2 Overview of Budget Calendar

6. The Jigawa State Comprehensive Development Framework Section 10.5 provides a framework for Public Expenditure & Financial Management Reforms and presents a Generic Budget Calendar (GBC) within which the annual budget process should be pursued. While detail of stages is contained in the GBC, indicative Budget Calendar for Jigawa State Government is presented below:

**Table 3: Budget Calendar**

<b>Stage</b>	<b>Date(s)</b>	<b>Responsibility</b>
Preparation and Publication of EFU-FSP-BPS	May	BEPD
Update of MTSSs by Sectors	June	MDAs
Preparation and Issuance of Budget Call Circular	July	BEPD
Preparation of MDA Budget Submissions	August	MDAs
Budget Negotiations	September	BEPD and MDAs
Compilation of Draft Budget	October	BEPD
Review and Approval of Budget by ExCo	October	ExCo
Review and Approval of Budget by SHoA	November	SHoA
Signing Appropriation Bill	December	Governor

## Section 2: Economic and Fiscal Updates

### 1.C Economic Overview

#### 1.C.1 Global Economy

7. The International Monetary Fund's (IMF's) April 2022 World Economic Outlook (WEO) Update<sup>2</sup>, provides that the war in Ukraine has triggered a costly humanitarian crisis that demands a peaceful resolution. Economic damage from the conflict will contribute to a significant slowdown in global growth in 2022. A severe double-digit drop in GDP for Ukraine and a moderate contraction in Russia are more than likely, along with worldwide spill overs through commodity markets, trade, and financial channels. Even as the war reduces growth, it will add to inflation. Fuel and food prices have increased rapidly, with vulnerable populations—particularly in low-income countries—most affected.
8. Elevated inflation will complicate the trade-offs central banks will face between containing price pressures and safeguarding growth. Interest rates are expected to rise as central banks tighten policy, exerting pressure on emerging market and developing economies. Moreover, many countries have limited fiscal policy space to cushion the impact of the war on their economies.
9. The invasion has contributed to economic fragmentation as a significant number of countries sever commercial ties with Russia and risks derailing the post-pandemic recovery. It also threatens the rules-based frameworks that have facilitated greater global economic integration and helped lift millions out of poverty.
10. In addition, the conflict adds to the economic strains wrought by the pandemic. Although many parts of the world appear to be moving past the acute phase of the COVID-19 crisis, deaths remain high, especially among the unvaccinated. Moreover, recent lockdowns in key manufacturing and trade hubs in China will likely compound supply disruptions elsewhere.
11. Global growth is projected to slow from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and 2023. This is 0.8 and 0.2 percentage points lower for 2022 and 2023 than in the January World Economic Outlook Update. Beyond 2023, global growth is forecast to decline to about 3.3 percent over the medium term.
12. Crucially, this forecast assumes that the conflict remains confined to Ukraine, further sanctions on Russia exempt the energy sector (although the impact of European countries' decisions to wean themselves off Russian energy and embargoes announced through March 31, 2022, are factored into the baseline), and the pandemic's health and economic impacts abate over the course of 2022.
13. With a few exceptions, employment and output will typically remain below pre-pandemic trends through 2026. Scarring effects are expected to be much larger in emerging market and developing economies than in advanced economies—reflecting more limited policy support and generally slower vaccination—with output expected to remain below the pre-pandemic trend throughout the forecast horizon.
14. Unusually high uncertainty surrounds this forecast, and downside risks to the global outlook dominate—including from a possible worsening of the war, escalation of sanctions on Russia, a sharper-than-anticipated deceleration in China as a strict zero-COVID strategy is tested by Omicron, and a renewed flare-up of the pandemic should a new, more virulent virus strain emerge.
15. War-related interruptions to production, trade sanctions, and strongly impaired access to cross-border payment systems will disrupt trade flows, notably for energy and food. The magnitude of these changes depends not only on the decline in exports because of the conflict and sanctions, but also on the elasticity of global supply and demand. Although the price of oil has risen sharply, spare capacity in

<sup>2</sup> [World Economic Outlook, April 2022: War Sets Back the Global Recovery \(imf.org\)](https://www.imf.org/en/Topics/imf-and-the-global-economy/WEO/2022/April)

other countries and the release of petroleum reserves will likely mean that these increases will be contained over the medium term. In contrast, the relatively inflexible infrastructure needed to transport gas (pipelines are more important for gas than for oil, for example) means that global supply can adjust less easily, raising the prospect of higher prices for longer.

16. Prices of agricultural commodities are likely to rise further—particularly wheat (together, Russia and Ukraine account for close to 30 percent of global wheat exports) and, to a lesser extent, corn. These changes will add to already soaring prices of staple foods and mean that disruptions to Ukraine and Russian exports may be windfalls for other commodity exporters. The sharp increases in commodity prices echo those in the 1970s, when a regional conflict also prompted a spike in fossil fuel prices.
17. An increase in core sovereign interest rates before the war in Ukraine had already placed pressure on borrowers in some emerging market and developing economies. Markets have so far differentiated between countries directly and indirectly implicated in the conflict. Sovereign and credit default swap spreads have widened the most for Belarus, Russia, and Ukraine. Smaller extensions in spreads have occurred in other regional economies, such as Hungary and Poland.
18. A generalized flight to safety as the war continues could put other economies under stress too. More broadly, average spreads had, prior to the war, looked like previous tightening cycles, in 2018 and in the 2013 taper tantrum. Since then, spreads have generally increased moderately. And compared with previous episodes, there is also more differentiation across borrowers, with greater dispersion of spreads now than in 2013 or 2018. This reflects heterogeneity in country circumstances, including in the build-up of private debt and contingent liabilities.
19. The actual and forecast for selected countries (chosen to represent G20, BRINCS, MINT, N-11, Petroeconomies, and other large African countries) on the economic outlook (GDP growth rate and inflation rate) is shown in tables 2 and 3 below:

**Table 2: Real GDP Growth - Selected Countries**

<b>Country</b>	<b>Actual</b>				<b>Forecast</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2027</b>
Mexico	2.2	-0.2	-8.2	4.8	2.0	2.5	2.0
Indonesia	5.2	5.0	-2.1	3.7	5.4	6.0	5.2
Turkey	3.0	0.9	1.8	11.0	2.7	3.0	3.3
United States	2.9	2.3	-3.4	5.7	3.7	2.3	1.7
Germany	1.1	1.1	-4.6	2.8	2.1	2.7	2.1
United Kingdom	1.7	1.7	-9.3	7.4	3.7	1.2	1.5
China	6.8	6.0	2.2	8.1	4.4	5.1	4.8
Ghana	6.2	6.5	0.4	4.2	5.2	5.1	7.5
South Africa	1.5	0.1	-6.4	4.9	1.9	1.4	1.4
Brazil	1.8	1.2	-3.9	4.6	0.8	1.4	2.0
Angola	-2.0	-0.7	-5.6	0.7	3.0	3.3	3.9
Nigeria	1.9	2.2	-1.8	3.6	3.4	3.1	2.9

Source: IMF's World Economic Outlook, April 2022

20. The Inflation is expected to remain very high than preceding years owing to war-induced commodity price increases and expansion of price pressures. For 2022, inflation is projected at 5.7 percent in advanced economies and 8.7 percent in emerging market and developing economies—1.8 and 2.8 percentage points higher than projected in January.
21. Although a gradual resolution of supply-demand imbalances and a modest pickup in labour supply are expected in the baseline, easing price inflation eventually, uncertainty again surrounds the forecast. Conditions could significantly deteriorate. Worsening supply-demand imbalances—including those

stemming from the war—and further increases in commodity prices could lead to persistently high inflation, rising inflation expectations, and stronger wage growth. If signs emerge that inflation will be high over the medium term, central banks will be forced to react faster than currently anticipated—raising interest rates and exposing debt vulnerabilities, particularly in emerging markets.

**Table 3: Inflation (CPI) - Selected Countries**

<b>Country</b>	<b>Actual</b>				<b>Forecast</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2027</b>
Mexico	4.9	3.6	3.4	5.7	6.8	3.9	3.0
Indonesia	3.3	2.9	2.0	1.6	3.3	3.3	2.9
Turkey	16.3	15.2	12.3	19.6	60.5	37.2	15.0
United States	2.4	1.8	1.2	4.7	7.7	2.9	2.0
Germany	1.9	1.4	0.4	3.2	5.5	2.9	2.0
United Kingdom	2.5	1.8	0.9	2.6	7.4	5.3	2.0
China	2.1	2.9	2.4	0.9	2.1	1.8	2.0
Ghana	9.8	7.1	9.9	10.0	16.3	13.0	6.0
South Africa	4.6	4.1	3.3	4.5	5.7	4.6	7.8
Brazil	3.7	3.7	3.2	8.3	8.2	5.1	3.0
Angola	19.6	17.1	22.3	25.8	23.9	13.2	6.4
Nigeria	12.1	11.4	13.2	17.0	16.1	13.1	11.5

Source: IMF's World Economic Outlook, April 2022

### 1.C.2 Africa

22. The real gross domestic product (GDP) in Africa rebounded strongly in 2021, growing by 6.9 percent as provided by the African Economic Outlook, 2021<sup>3</sup>. This rebound was supported by recovery in global demand, higher oil prices benefiting oil-exporting economies, easing of COVID-19 restrictions in most countries, and associated growth in domestic consumption and investment. Africa's real GDP growth is, however, projected to decelerate to 4.1 percent in 2022, reflecting ebbing of base effects and uncertainties related to the persistence of the COVID-19 pandemic and the impact of the Russia Ukraine conflict.
23. The growth varies widely across countries and regions. Economic growth in 2021 was highest in North Africa (11.7 percent) and East Africa (4.8 percent). In 2022, growth is expected to decelerate to 4.5 percent in North Africa and to stabilize at 4.7 percent in East Africa. Average growth in 2021 in west Africa was 4.3 percent and is projected to remain strong at 4.1 percent in 2022.
24. As for Central Africa the growth is projected to rise to 4.6 percent in 2022, from 3.4 percent in 2021. Southern Africa's estimated growth of 4.2 percent represented the largest recovery, from a contraction of 6.0 percent, underpinned by strong recovery in Botswana (12.5 percent), Mauritius (4.0 percent), and South Africa (4.9 percent). Growth in the region is projected to slow down to 2.5 percent in 2022 as the effects of large fiscal stimuli peter out.
25. There is high uncertainty in Africa's growth outlook, with risks tilting to the downside. The spill over effects from the Russia–Ukraine conflict and related sanctions on Russia may cause a larger decline in global output than currently projected. A combination of low COVID-19 vaccination rollout and

<sup>3</sup> African Economic Outlook 2022 - Supporting Climate Resilience and a Just Energy Transition in Africa ([afdb.org](http://afdb.org))

emergence of new COVID-19 variants may force countries to retain some restrictions. Other downside factors include heightened debt vulnerabilities, tight global financial conditions as inflationary pressures rise, the effect of the Russia–Ukraine conflict and related sanctions on Russia, climate and environmental risks, and other socio-political and security issues.

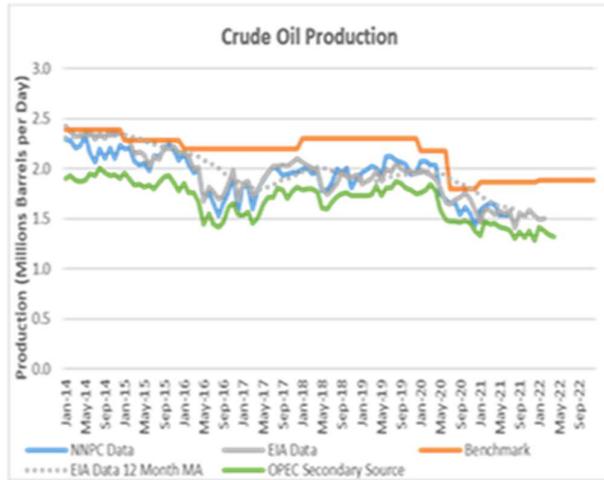
26. The appreciable factors include faster vaccination rollout, a comprehensive resolution of debt problems, and policies to accelerate structural transformation and build economic resilience. Macroeconomic fundamentals have generally improved, but considerable challenges remain in the medium term, due largely to persistence of the pandemic effects and volatility induced by the impact of the Russia–Ukraine conflict. The average fiscal deficit in Africa is projected to narrow to 4.0 percent of GDP in 2022, from 5.1 percent in 2021, reflecting scaling down of COVID-19-related interventions and relative strengthening of domestic revenues. However, rising commodity prices triggered by the Russia–Ukraine conflict represent a major headwind for the fiscal situation in the short to medium term, especially for economies dependent on imports of energy and food commodities.
27. The average current account deficit is projected to be 2.0 percent of GDP in 2022, down from 2.4 percent in 2021, underpinned by expected narrowing of the trade deficit and current transfers. Exchange rate fluctuations fell in most countries in 2021, supported by improved foreign exchange inflows. The outlook for exchange rates in 2022 and beyond depends on developments in international financial markets, especially on the back of the Russia–Ukraine conflict and normalization of monetary policy in advanced economies. Average inflation is projected to accelerate to 13.5 percent in 2022 from 13.0 percent in 2021, fuelled by a sharp rise in commodity prices, especially energy and food, due to escalation of the Russia–Ukraine conflict.
28. Sovereign debt remains a threat to economic recovery despite recent debt relief initiatives. Although Africa's debt-to-GDP ratio is estimated to stabilize around 70 percent in 2021 and 2022, from 71.4 percent in 2020, thanks to growth recovery and debt relief measures, it will remain above pre-pandemic levels. The international financial community's initiatives, such as the Debt Service Suspension Initiative (DSSI), the Common Framework, and the International Monetary Fund's August 23rd, 2021, general allocation of \$650 billion-equivalent Special Drawing Rights (SDRs) have also helped alleviate liquidity pressures in many countries by boosting external buffers. However, these initiatives have not erased debt vulnerabilities, with 23 African countries either in or at risk of debt distress as of February 2022. Additional structural reforms such as debt restructuring, and reprioritizing public spending are required to ensure long-term debt sustainability. Reconfiguring the global debt relief architecture, including reinstating the DSSI, will be crucial in supporting debt-ridden African countries' transition toward a path of sustainable debt in the medium to long term.
29. Despite a rebound in growth, the impacts of the COVID-19 pandemic on lives and livelihoods in Africa continued in 2021. The Bank estimates that about 30 million Africans were pushed into extreme poverty in 2021 and that about 22 million jobs were lost in African countries the same year due to the pandemic. These outcomes are likely to continue in 2022 and 2023. When the prolonged effect of economic disruptions stemming from the Russia–Ukraine conflict is accounted for, the number of additional Africans who could be pushed into extreme poverty is estimated to be 1.8 million in 2022 and 2.1 million in 2023.
30. Africa's low vaccination rates are constraining faster economic recovery and increasing the health impact of COVID-19. These rates—15.3 percent of people were fully vaccinated by end-March 2022 against a target of at least 60 percent in most other global regions—are attributed to a combination of supply and demand-side impediments. Improving vaccination rates by tackling vaccine hesitancy and improving vaccine supply is key to reducing infections and mortality and to quickening the economic recovery. African countries will thus need to speed up their current vaccination rollout if they are to close the vaccination gap with other regions.

### 1.C.3 Nigerian Economy<sup>4</sup>



Even though the International Monetary Fund (IMF), has raised its forecast for Nigeria's economic growth in 2022 to 3.4 per cent, citing the increase in crude oil prices, the global monetary institution has reduced its projection to 3.2 per cent in both for 2023 attributing this to the economic disruptions of the Russian – Ukraine war. On its part, the African Development Bank posit that growth will decelerate, averaging 3.2% during 2022– 23, due to persistent low oil production and rising insecurity in Nigeria while inflation is projected to persist at 16.9% in 2022 and to stay above pre-pandemic levels in 2023, fuelled mainly by rising food, diesel, and gas prices and persistent supply disruptions amplified by the Russia–Ukraine conflict.

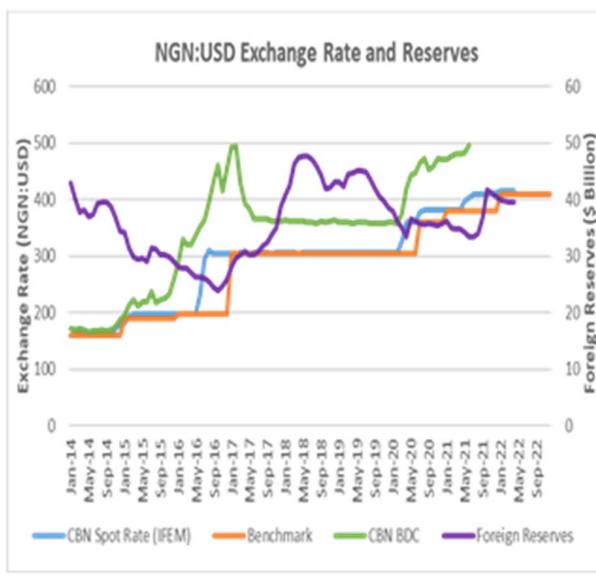
31. As earlier mentioned, both 2023 – 2025 MTEF and 2023 Budget are being conceived against the backdrop of global and domestic socioeconomic events with direct impact on the country's macroeconomic environment. Even as the Nigerian economy was gradually responding to measures put in place to counter the devastating effects of COVID-19, the Russia – Ukraine war crop-up with its own global disruptions. This negatively affected expected recovery from COVID-19 induced economic decline in 2020 with inflation creeping up aided by increased economic activity, increased money supply and global commodity price rises. While forecasts vary by various global and national institutions, generally, medium term favor an initial decline in economic growth before stability and growth.



#### Macroeconomic

32. According to CBN Outlook forecast, the broad outlook for both global and domestic economies in the medium term remain clouded with uncertainties associated with headwinds, as such the substantial disruptions to the supply chain, the Russian-Ukraine war and the lingering impact of the COVID-19 pandemic. Others include the rising level of corporate and public debt in Advanced Economies and Emerging market and Developing Economies, as well as broad shocks to foreign capital flows driven by the aggressive normalization of monetary policy in some of the Advanced Economies.

33. On the domestic front, available data on key macroeconomic variables indicate the likelihood of subdued output growth for Nigerian economy in 2022. This is hinged on ongoing and expected shocks from the global economy, particularly from the supply blockages of essential exports from both Russia and Ukraine, the impact of high crude oil prices, given Nigeria's position as an oil exporter and importer of refined products, and the aggressive normalization by some Advanced Economies. Accordingly, the Nigerian economy is forecast to grow in 2022 by 3.33 per cent (CBN), 4.20 per cent (FGN) and 3.4 per cent (IMF)<sup>5</sup>.



34. As for the Foreign Exchange Rate the devaluation of Naira against the dollar from 305 hiked to 415 by end of May 2022, while since 2019 foreign reserves have been declining but relatively stabilized the COVID pandemic. It slightly increased from \$40.52 billion to \$41.91 billion in November 2021 and expected to further increase in 2022, all thing being equal, due to steady increase in global oil prices.

**Table 4: Nigeria Key Macroeconomic Indicators**

Indicator	2022 (Revised Forecast)	2023	2024	2025
Oil Production (mbpd)	1.60	1.69	1.83	1.83
Oil Price Benchmark (US)	73.0	70.0	66.0	62.0
GDP Growth	3.55%	3.75%	3.30%	3.46%
GDP (Billion Naira)	10,652.0	11,457.8	12,316.0	13,225.7
Inflation (%)	16.11%	17.16%	16.21%	17.21%
Exchange Rate (NGN:USD FX Rate)	410.15	435.57	435.9	437.6
Unemployment				
Balance of Payments (% of GDP)				

Source: Ministry of Finance, Budget & National Planning, NNPC, BOF and NBS (FG MTEF 2023-2025)

#### 1.C.4 Jigawa State Economy

35. The economy of Jigawa State is largely characterized by informal sector activities as over 80% of the population is engaged in agriculture (farming and animal husbandry). Though agriculture activities have been in practice in the area even before the creation of the State, it has taken different dimension after its creation in 1991. With development of agricultural policy in 2016 which seeks to achieve food security with a diversified state economy, Agriculture and Livestock Development have successfully been pursued which elevated the State to be among the top crop producers in Nigeria especially for

<sup>5</sup> Economic Outlook) National Bureau of Statistics, (WEO) IMF; CBN

- such crops as rice and sesame. Many farmers also engage in rearing of livestock such as goats, sheep, poultry, and cattle.
- 38. Before the development of agricultural policy, the State experienced economic stagnation due to its agrarian nature considering considerable number of people in both rural and urban areas are engaged in agricultural production which was largely subsistence.
  - 36. Trade and commerce are being undertaken on small and medium scale, especially in agriculture livestock and other consumer goods. Commercial activities are mostly dominated by the informal sector in form of retail business, however industrialization is just beginning mainly through government intervention. Apart from remodelling of economic empowerment activities in State, other informal sector activities include blacksmithing, leather-works, tailoring services, auto repairs and many others are being encouraged and supported. These have been making a lot of impact on the economy of the state.
  - 37. The economy of the State has been restructured by the Jigawa State Government intervention followed a process that tapped the resources and harnessed the economic potentials of women, youths and the physically challenged in the State. The process started with youth summit on drugs and later "Talakawa Summit" were masses were able to air their views. Their testimonies were compiled, analyzed and passed to relevant agencies and these testimonies were translated into tangible programmes.
  - 38. Modalities and strategies for poverty alleviation, employment generation and to develop economic sustainability and equitable economic growth in the State were developed in tandem with the aspirations of the people. These led to participatory planning where vocational skills acquisition training, community organization development, micro, small and medium scale enterprises, cooperative groups sprang up and economic activities improved all over the state. The empowerment activities are being undertaken in partnership with State SDG Office under Directorate of Budget & Economic Planning, NGOs, CBOs, LGAs and some concerned citizens to implement poverty alleviation and employment generation activities in the State.
  - 39. The State is also known to have deposits of over 10 different kinds of solid minerals in commercial quantities including recently discovered crude oil seepage. Large scale manufacturing is still relatively not large rice processing mills, dairy processing, and a shoe factory. Two mega plans for rice and sugar processing plants are currently being developed. There is presently an ongoing effort by the State Government to establish an industrial cluster around Gujungu - Gagarawa Axis to serve as the State's industrial hub.
  - 40. The State has a good investment climate with strong commitment to continuously get the business environment improved to enhance the competitiveness of the State so as to attract more private domestic and foreign direct investments. This is being facilitated by the State Investment Promotion Agency popularly known as InvestJigawa which also serves as the Secretariat of the State Committee on Ease of Doing Business.
  - 41. The economy of the State is fast growing looking at the spread of numbers of small, medium and large-scale industries most especially venturing on agro-allied which will continue to further strengthen agricultural activities beyond subsistence but to the level of 'Agro-business'. The government will continue to give top priority to agriculture in term of providing enabling environment for the development of small and medium scale enterprises to enhance agricultural value chain.

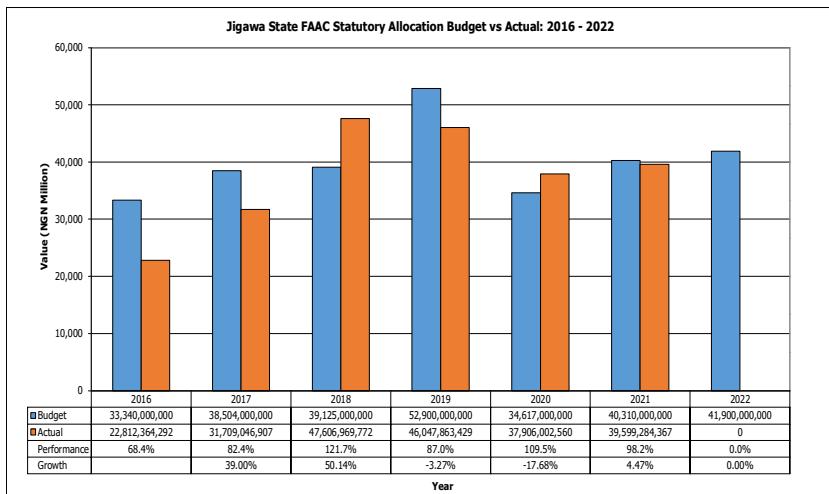
## 1.D Fiscal Update

### 1.D.1 Historic Trends

#### Revenue Side

42. On the revenue side, the document looks at Statutory Allocation, VAT, IGR, Other Federation Account, and Capital Receipts (Loans, Grants, Other Capital Receipts) – budget versus actual for the period 2017-2021 (six year historic) and 2022 budget.

**Figure 2: Statutory Allocation**



43. Statutory Allocation is a transfer from the Federation Allocation Accounts Committee (FAAC) and is based on the collection of minerals (largely Oil) and non-mineral revenues (companies income tax, custom and excise duties) at the national level, which is then shared between the three tiers of government using sharing ratios.

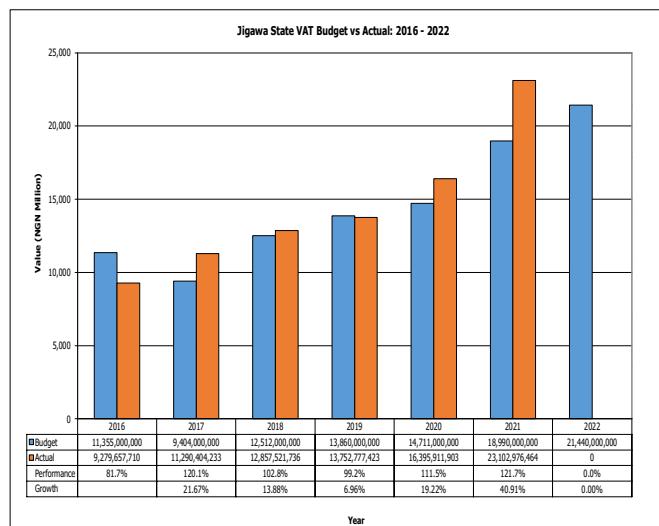
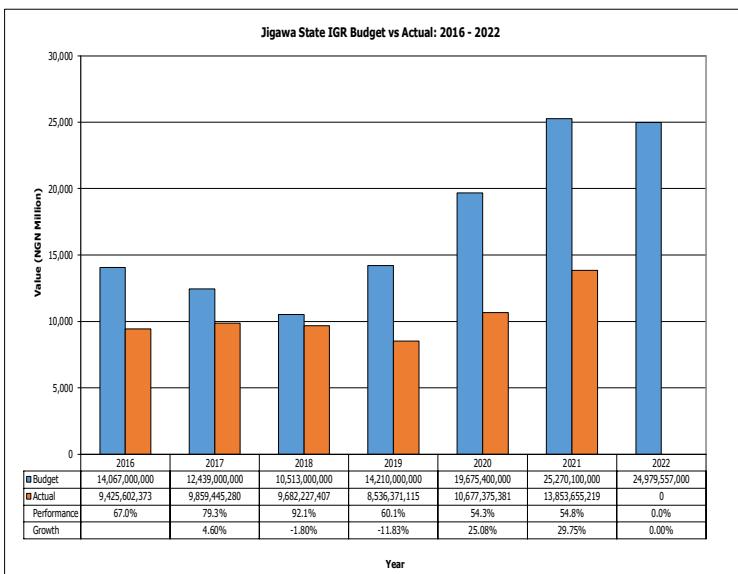
44. From Table 2 above, the budgetary allocation continued to increase from 2016 – 2019 in various proportion. It however falls in 2020 due to effect of COVID-19 pandemic but later slightly pick-up in 2021 and 2022. As for the actual receipts' performance, it revealed that only 2016 has as low as 68.4% while other fiscal years ranged from 84% to 122%. The highest performance of 122% included the supplementary budget in 2018 fiscal year.

**Figure 3: Derivation**

45. The State is not among the beneficiaries of this type of federal transfer or allocation.

**Figure 4: VAT**

46. VAT is an ad valorem tax on most goods and services at a rate of 5%. It is collected by the Federal Inland Revenue Service (FIRS) and distributed between the three tiers of government on a monthly basis – partially based on set ratios, and partially based on the amount of VAT a particular state generated.
47. From the Table 4 above it shows that the VAT projections for all the fiscal years (2016 – 2022) were realistic as the performance fall between 82% to 122% (positive and negative deviation of 18% and 22% respectively). Though the actual receipts continue to increase from 2016 to 2021, however, the growth rate in actual receipts indicated a consecutive drop to about 14%, 7% and 19% in 2018, 2019 and 2020 respectively from about 22% in 2017 before reaching 41% in 2021. It was projected that N21.44 billion will accrued in 2022 fiscal year.

**Figure 5: IGR**

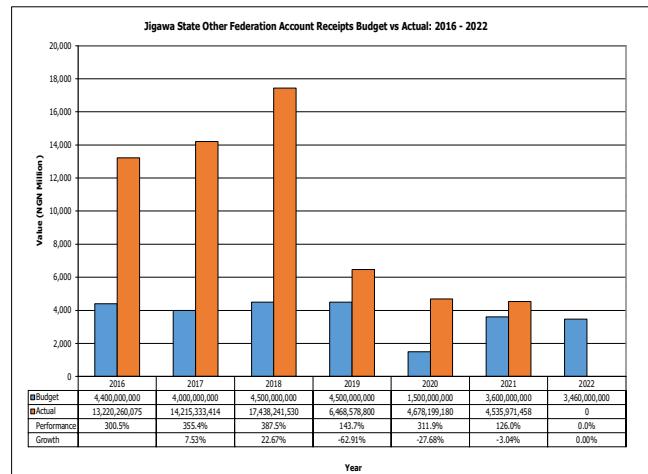
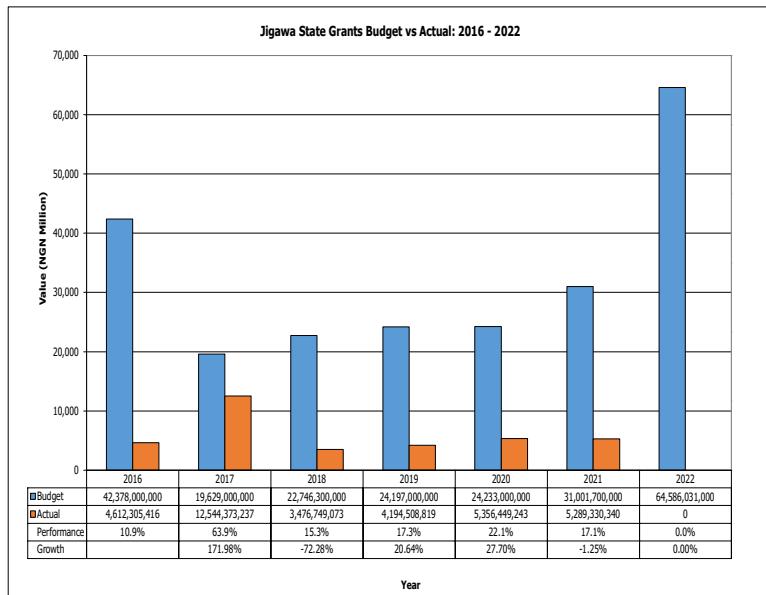
48. Internally Generated Revenue (IGR) is revenue collectable within Jigawa State related to income tax including PAYEE, fines & fees, licenses, levies, etc and other sources of revenue within the state.

49. For the fiscal year 2016 – 2018 the consecutive actual collections were less than N10.0 billion and further dropped to N8.536 billion in 2019 indicating less economic activities and some other factors which negatively affected revenue collection. Even though the estimated revenue increased to

N19.675 billion and N25.27 billion in 2020 and 2021 respectively from N14.1 billion in 2019, the actual collections were only 54.3% and 54.8% which were not encouraging. This called for extra attention and efforts for the improve its domestic revenue and reduce over-dependence on external sources. The projection of about N24.98 billion for 2022 was a slight drop from that of 2021 by N290.443 million. Generally, the performances for all the fiscal years were not encouraging.

**Figure 6: Other Federation Account**

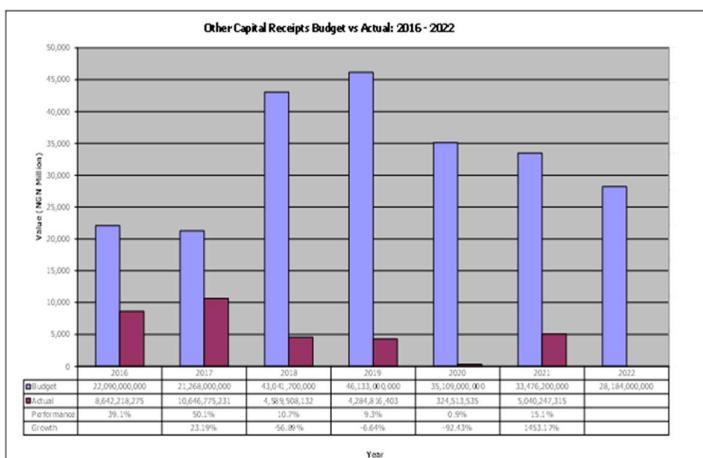
50. Other Federation Account Receipts are other receipts from Federation Accounts which include Excess Crude Oil, Exchange Gain Differential, NNPC refund, Augmentation and other Miscellaneous Receipts.
51. Forecasting of receipt of this type is usually difficult because it is unpredictable. From the graph, it showed that the projections were made base on realities on ground however, they turn out to be other ways round looking at the actual collections, performances and growth rate of 2016 – 2021 fiscal years.

**Figure 7: Grants**

52. Grants, Contributions and Reimbursements are expected drawdown from International organizations, Federal Government, Local Governments, Private Organizations and Private individuals. These include: UNICEF and World Bank supports, National Trust Funds such as UBEC Intervention grants, TETFunds, Federal Government SDG-CGS grants, Local Governments Capital contributions for the funding of State University, Local Governments capital contribution for the State-wide

projects and programmes, donations from private companies as corporate responsibilities, etc.

53. With exception of 2017 fiscal year all the performance from 2016 to 2021 were below 23%. This is not unconnected with the uncontrollable nature of these receipts by the beneficiary state but disbursement for the drawdown is being controlled by the donors.

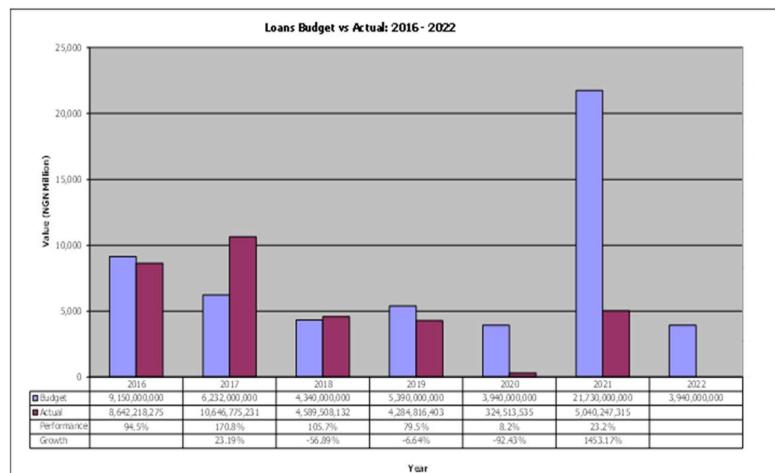
**Figure 8: Other Capital Receipts**

54. Other Capital Receipts are other accrueable receipts which are directly used in financing capital expenditure programmes or projects. These include: Capitalized revenue of parastatals, proceeds from the sales of government properties, proceeds from sales of condemned stores, etc. These are also not predictable but only estimated when the situation arises.

55. The graph indicates a consecutive increase in the projection from 2016 – 2019 and from 2020 – 2022 continue to fall down due to obvious economic reasons and other determining factors of this receipt. The performance for all the years were not encouraging having fall between 0.9% to 50%. The State could not, many times, decide how much and when the funds were to be released and hence, the inconsistency in the budgetary projects likewise the releases.

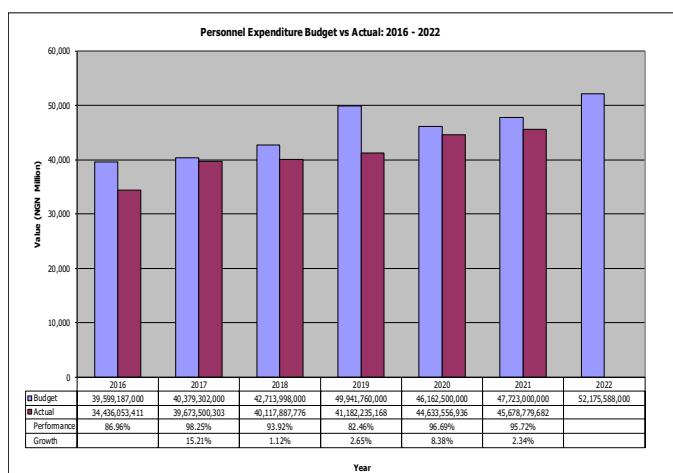
**Figure 9: Loans/Financing**

56. Loans comprise of both internal (domestic) and external (Foreign, International).
57. As shown in the graph, the projections and actual performance varied from 2016 – 2021. The projection for 2022 has drastically fall to N3.9 billion as against that of 2021 with N21.73 billion. However, the receipts for the medium-term period will be determined by agreements and obligations attached to them, in addition to prevailing economic condition of both the debtors and creditors.



#### Expenditure Side

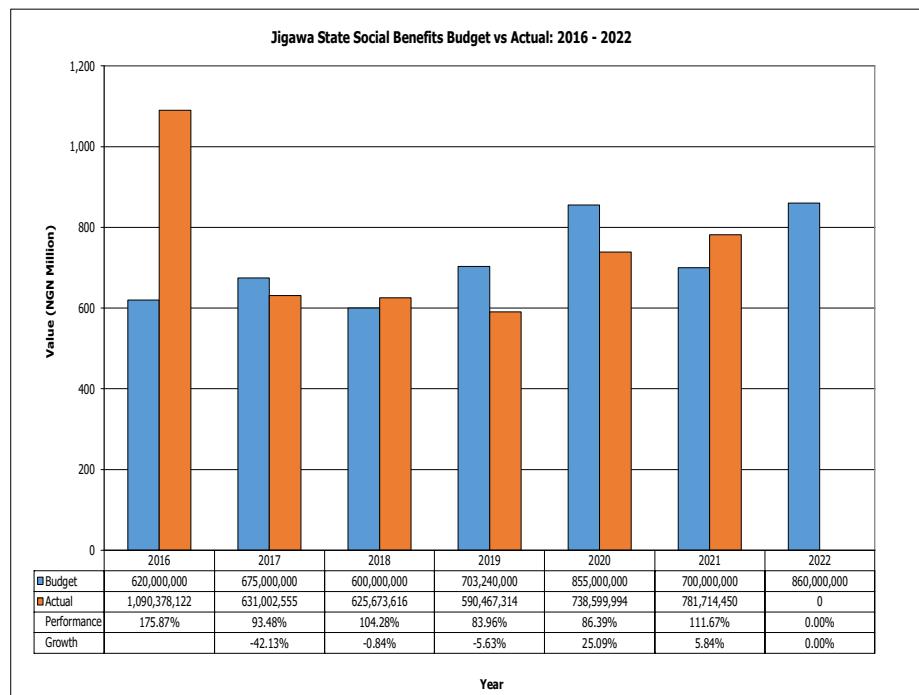
58. On the expenditure side, the document looks at Personnel (Salaries and Allowance), Social Contributions and Social Benefits, Overheads, Grants Subsidies Contributions and Transfers, Debt Service, and Capital Expenditure – budget versus actual for the period 2023-2025 (six years) and 2022 budget.

**Figure 10: Personnel**

as revealed by actual expenditure of 2017 as compared with that of 2016 due to salary increases. It could also be seen that the 2022 budget projection exceed that of 2021 fiscal year by about N4.453 billion to take care of anticipated mass recruitments to fill vacancies occasioned by retirements, deaths and other reasons of exit, which is seriously affecting the service delivery in the State.

**Figure 11: Social Contributions and Social Benefits**

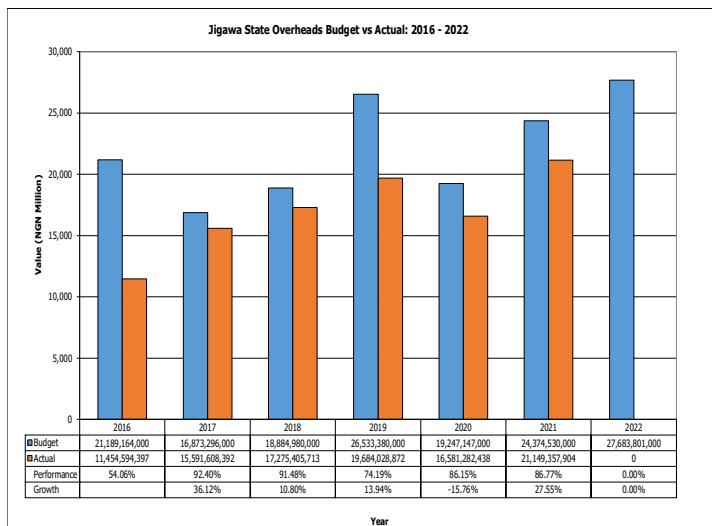
61. Social benefits comprise of the allocation set aside for the payment of pension, gratuities (both retirees and deaths) to public and civil servants in the state. This mainly consists of old scheme (those who have not contributed to the pension scheme, as such not been paid by the State Contributory Pension Scheme.



62. The actual performance of about 176% in 2016 and 112% in 2021 signified that there were more people who retired or died during such fiscal years, more especially from Judicial Arm of the Government whose staff fall within old scheme. The projects and performance for the other years were realistic.

59. Personnel cost is an expenditure component directed towards payment of salaries and allowances of civil servants and political officeholders cutting across three tiers of government (executive, legislative and judiciary).

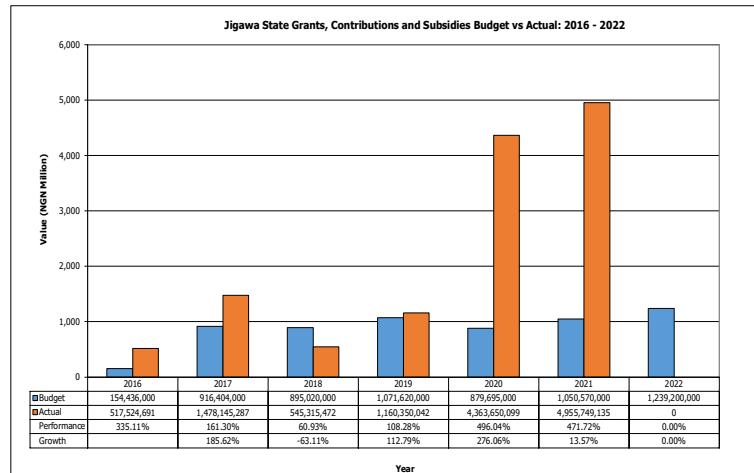
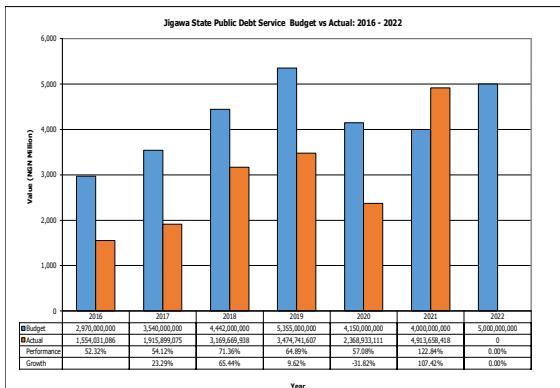
60. From the graph, it could be deduced that the forecasts and the respective actual expenditure in term of implementation were closely related indicating application of realism concept. The performance ranged from 82.36% to 96.69%. The growth rates indicated 15.21% in 2017

**Figure 12: Overheads**

64. From the figure 12 it reveals that the performances were impressive with exception of 2016 which recorded only 54%. Other years ranged from 74% to 92%. The budgetary provisions and actual expenditure continued to increase from 2017 – 2019 but dropped in 2019 due to effect of COVID-19 pandemic. They however pick-up in 2021 indicating government commitment in fulfilling mandatory expenditure associated with this aspect. It further increases in 2022.

**Figure 13: Grants, Contributions, Subsidies, Transfers**

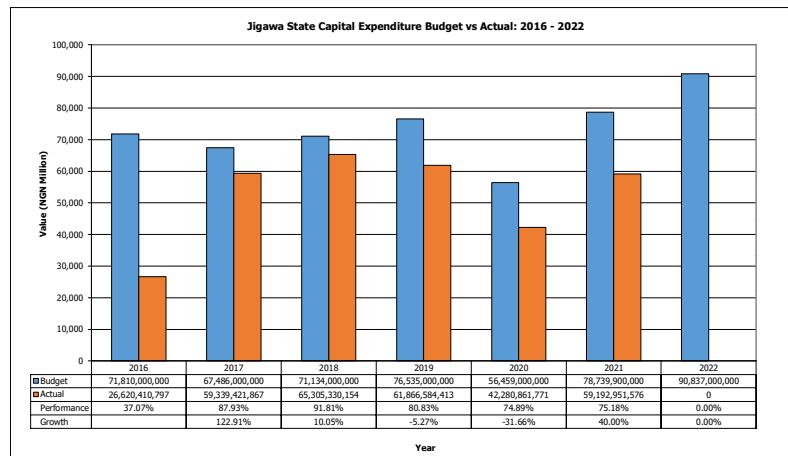
65. Grants, contributions, subsidies and transfer covered all budgetary allocations set aside for payment to MDAs to support them to undertake crucial activities that were not covered by other code of expenditure. The performance for 2016, 2017, 2021 and 2021 indicated unrealistic projections. This called for extra effort to entrench principle of realism in the projection of this aspect to avoid derailment of the planned expenditure.

**Figure 14: Public Debt Service**

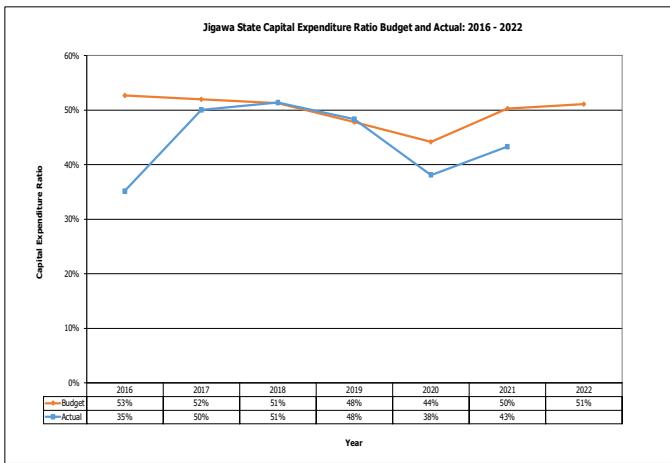
66. Public Debt Service is part of recurrent expenditure set aside for the repayment domestic and external and the interests accrued therefrom. The State has consistently been allocating some money for this purpose, as can be seen from the graph the performances from 2016 to 2021 ranged between 52% to 123% in 2021. The payment of about 23% over and above the provision of 2021 indicated government commitment in implementing Debt Management Strategy (DMS). An allocation of N5.0 billion was made in 2022 for continuation of implementation of DMS.

**Figure 15: Capital Expenditure**

67. Capital expenditure is that aspect of expenditure that is directed towards implementation of yearnings and aspirations of the people of the State through the implementation of government policies to deliver to the services. This covers all the programmes and projects intended to improve the lives of the citizens in all nooks and corners of the State.



68. The performance for 2016 indicated 37.07%, which means not much was done in improving the lives of the people in that fiscal year. However, the performance in 2017 down to 2019 were satisfactory having fall within about 81% to 92%. As for 2020 and 2021 performance with about 75% each, the performance were affected by the effect of COVID-19 and Post-COVID which affected the global economy.

**Figure 16: Recurrent: Capital Expenditure Ratio**

69. Going by the graph, it indicated that there is close relationship in term of trend between the capital expenditure ratio (budget and actual) for the historical years (2016 – 2021). While the variance is the same or closer in from 2017 – 2019, the ratio in 2016, 2020 and 2021 contracted to 53:35, 44:38 and 50:43. Generally these could be graded as satisfactory and are more connected prudence and application of principles of public expenditure management which are backed by political supports.

#### By Sector

70. The performance of the capital expenditure from 2016 – 2021 fiscal years, with exception of 2016 fiscal with 37%, fall within the range of 75% to 92% as shown in figure 15. This was significantly contributed by the performance of Road Development due to its capital-intensive investment and that of Education due to investment in school structures.
71. Personnel cost had an impressive performance looking at the trend of actual expenditure of 2016 – 2021. This happened because of the good projections and implementation.
72. As for overhead cost performance by sector, it expressively indicated good performance for all the years (2016-2021), though 2016 fiscal year had 54% being the minimum.

**Table 5: Sector Expenditure – Personnel - Budget Vs Actual**

Jigawa State Personnel (Salaries, Allowances and Social Contributions) Expenditure by Sector										
No.	Sector	2018 Budget	2018 Actual	2019 Budget	2019 Actual	2020 Budget	2020 Actual	2021 Budget	2021 Actual	Performance
1	Road Development	262,019,000	227,406,478	257,940,000	233,181,095	281,054,000	280,945,680	277,024,000	272,530,075	94.07%
2	Agriculture	777,664,000	727,648,335	767,600,000	752,025,109	867,248,000	863,981,326	879,000,000	850,910,059	97.05%
3	Commerce & Industry	85,195,000	68,164,366	90,037,000	73,047,071	93,081,000	88,667,794	96,940,000	88,067,160	87.05%
4	Rural Electrification (Energy)	28,674,000	26,099,631	26,850,000	24,923,979	28,090,000	28,040,240	27,973,000	26,428,239	94.54%
5	Economic Empowerment	60,378,000	56,808,884	57,570,000	57,126,191	76,260,000	76,221,052	74,000,000	72,722,307	98.01%
6	Education	24,572,021,000	23,674,975,272	30,112,941,000	23,575,243,580	30,680,243,000	29,215,141,059	31,286,269,000	29,450,533,153	90.80%
7	Health	9,532,296,000	9,167,671,188	9,876,630,000	9,182,724,140	6,308,463,000	6,294,350,063	6,350,381,000	6,239,503,001	96.31%
8	Women & Soc. Devpt	83,490,000	73,907,511	304,520,000	74,958,581	156,390,000	143,496,205	331,300,000	99,657,877	44.77%
9	Information, Culture & Sports	352,120,000	321,307,262	350,149,000	322,721,839	378,063,000	375,035,014	418,500,000	395,611,193	94.39%
10	Environment	405,232,000	384,339,692	434,570,000	393,637,030	484,856,000	483,426,964	504,523,000	494,882,366	96.01%
11	Water Supply	439,060,000	396,440,532	435,022,000	405,897,283	498,726,000	497,335,171	505,573,000	448,292,364	93.06%
12	Urban & Regional Devpt	216,834,000	199,999,997	198,520,000	200,766,369	261,778,000	250,855,432	255,400,000	243,597,357	96.00%
13	General Administration	4,558,827,000	3,601,399,433	5,412,560,000	4,567,268,635	4,381,545,000	4,381,249,719	5,085,299,000	5,431,641,957	92.51%
14	Law & Justice	1,340,188,000	1,191,719,193	1,616,851,000	1,318,714,267	1,666,703,000	1,654,811,217	1,630,818,000	1,564,402,575	91.61%
<b>Total</b>		<b>42,713,998,000</b>	<b>40,117,887,776</b>	<b>49,941,760,000</b>	<b>41,182,235,168</b>	<b>46,162,500,000</b>	<b>44,633,556,936</b>	<b>47,723,000,000</b>	<b>45,678,779,682</b>	<b>92.00%</b>

**Table 6: Sector Expenditure – Overhead - Budget Vs Actual**

Jigawa State Overhead Expenditure by Sector										
No.	Sector	2018 Budget	2018 Actual	2019 Budget	2019 Actual	2020 Budget	2020 Actual	2021 Budget	2021 Actual	Performance
1	Road Development	1,250,200,000	1,185,939,802	1,351,200,000	1,319,044,285	1,344,400,000	1,334,346,229	1,351,400,000	1,341,709,661	97.81%
2	Agriculture	37,200,000	32,357,560	47,500,000	43,199,417	39,800,000	18,598,820	39,800,000	21,659,503	70.49%
3	Commerce & Industry	56,000,000	19,783,184	52,000,000	19,426,527	31,600,000	20,666,401	31,300,000	26,133,946	50.33%
4	Rural Electrification (Energy)	164,000,000	162,549,722	219,700,000	209,772,800	186,000,000	182,360,320	200,000,000	179,212,342	95.35%
5	Economic Empowerment	9,800,000	5,806,800	17,200,000	16,785,686	9,000,000	2,441,804	6,000,000	3,110,675	67.01%
6	Education	6,593,722,000	6,159,067,614	6,803,434,000	5,839,045,240	5,124,200,000	3,796,678,703	5,832,800,000	6,227,634,071	90.43%
7	Health	660,116,000	584,258,207	687,806,000	641,475,973	2,390,721,000	2,292,425,587	2,619,144,000	2,579,353,011	95.91%
8	Women & Soc. Devpt	553,000,000	579,020,160	439,360,000	405,575,755	828,500,000	49,176,175	611,200,000	593,554,105	66.91%
9	Information, Culture & Sports	191,460,000	188,536,926	196,200,000	204,266,436	169,550,000	232,146,871	220,780,000	267,466,570	114.71%
10	Environment	47,400,000	43,436,162	51,400,000	43,547,535	50,200,000	50,646,432	50,200,000	40,552,897	89.45%
11	Water Supply	967,100,000	1,076,194,912	1,158,600,000	1,010,865,607	1,153,875,000	1,121,478,288	1,211,200,000	1,095,720,008	95.85%
12	Urban & Regional Devpt	85,850,000	68,275,717	86,200,000	61,122,345	92,040,000	75,068,977	88,800,000	79,235,638	80.39%
13	General Administration	8,779,252,000	6,904,532,123	15,918,700,000	9,464,906,425	8,390,956,000	7,138,398,430	12,736,476,000	8,361,793,459	69.55%
14	Law & Justice	384,900,000	265,646,825	575,700,000	404,994,842	316,000,000	266,849,402	426,000,000	332,222,019	74.57%
<b>Total</b>		<b>19,780,000,000</b>	<b>17,275,405,713</b>	<b>27,605,000,000</b>	<b>19,684,028,872</b>	<b>20,126,842,000</b>	<b>16,581,282,438</b>	<b>25,425,100,000</b>	<b>21,149,357,904</b>	<b>80.37%</b>

**Table 7: Sector Expenditure – Capital - Budget Vs Actual**

Jigawa State Capital Expenditure by Sector										
No.	Sector	2018 Budget	2018 Actual	2019 Budget	2019 Actual	2020 Budget	2020 Actual	2021 Budget	2021 Actual	Performance
1	Road Development	18,203,000,000	31,985,736,266	24,745,000,000	27,193,789,730	11,135,500,000	13,899,118,772	14,069,800,000	15,942,694,500	130.62%
2	Agriculture	9,323,000,000	2,358,332,652	7,857,000,000	3,274,064,983	6,313,200,000	2,266,486,785	11,634,180,000	4,256,669,800	34.60%
3	Commerce & Industry	215,500,000	110,397,232	362,000,000	220,269,041	447,800,000	193,432,305	2,197,290,000	235,557,433	23.57%
4	Rural Electrification (Energy)	795,000,000	1,016,270,185	890,000,000	1,036,696,634	850,000,000	464,812,960	687,100,000	1,598,308,531	127.75%
5	Economic Empowerment	430,000,000	789,012,010	612,500,000	850,927,445	883,000,000	535,877,487	1,239,560,000	1,161,434,326	105.44%
6	Education	17,742,500,000	14,050,292,521	15,466,900,000	12,151,307,562	18,350,320,000	12,192,798,502	19,891,778,000	13,259,174,235	72.29%
7	Health	6,702,000,000	4,338,432,248	9,250,000,000	7,587,731,599	6,739,000,000	5,040,709,642	12,299,402,000	10,706,186,804	79.09%
8	Women & Soc. Devpt	2,235,250,000	1,022,551,090	910,000,000	430,856,097	654,500,000	386,455,000	1,697,500,000	1,121,503,684	53.87%
9	Information, Culture & Sports	444,000,000	149,829,343	294,000,000	186,218,880	357,080,000	191,882,876	217,614,000	343,258,908	66.37%
10	Environment	689,300,000	217,107,014	995,100,000	191,751,831	495,000,000	253,923,045	1,790,300,000	404,346,821	26.88%
11	Water Supply	7,677,350,000	2,701,597,956	5,515,000,000	4,185,749,406	5,084,100,000	3,206,984,428	5,947,700,000	5,332,757,017	63.68%
12	Urban & Regional Devpt	935,150,000	3,683,305,495	2,707,000,000	912,812,600	873,000,000	199,159,098	1,157,475,000	973,603,349	101.70%
13	General Administration	5,507,950,000	2,759,728,512	6,336,500,000	3,481,606,581	3,710,500,000	3,191,608,055	5,038,201,000	3,383,401,179	62.24%
14	Law & Justice	234,000,000	122,737,629	594,000,000	162,802,023	566,000,000	257,612,816	872,000,000	474,054,990	44.89%
	Total	<b>71,134,000,000</b>	<b>65,305,330,154</b>	<b>76,535,000,000</b>	<b>61,866,584,413</b>	<b>56,459,000,000</b>	<b>42,280,861,771</b>	<b>78,739,900,000</b>	<b>59,192,951,576</b>	<b>80.83%</b>

### 1.D.2 Debt Position

73. A summary of the consolidated debt position for Jigawa State Government is provided in the table below.

**Table 8: Debt Position as at 31st December 2021**

<b>Debt Sustainability Analysis</b>			
<b>A DSA RATIO SCENARIOS:</b>	<b>Sustainability Thresholds</b>		<b>As at 31st December 2021</b>
	<b>Solvency Ratios</b>		<b>Percentage</b>
	<b>1</b> Total Domestic Debt/IGR	150%	218.52%
	<b>2</b> Total External Debt/Gross FAAC	150%	18.09%
	<b>3</b> Total Public Debt/Total Recurrent Revenue	150%	52.33%
	<b>4</b> Total Public Debt/State GDP Ratio	25%	No GDP Figure Available
	<b>Liquidity Ratios</b>		<b>Percentage</b>
	<b>5</b> Domestic Debt Service/IGR	15%	31.84%
	<b>6</b> External Debt Service/Gross FAAC	10%	0.75%
<b>B PUBLIC DEBT DATA AS AT 31st DECEMBER 2021</b>		<b>Naira</b>	
<b>1</b> Total Domestic Debt		30,273,514,160	
<b>2</b> Total External Debt		12,165,417,208	
<b>3 Total Public Debt</b>		<b>42,438,931,368</b>	
<b>4</b> Total Domestic Debt Service 2021		4,410,858,099	
<b>5</b> Total External Debt Service in 2021		502,800,319	
<b>6 Total Public Debt Service</b>		<b>4,913,658,418</b>	
<b>C STATE GDP FOR 2021</b>			
<b>1 State GDP</b>		0	

74. The total public debt position of the State as at 31<sup>st</sup> December 2021 stood at N42,438,931,368, out of which N30,273,514,160 and N12,165,417,208 represent domestic and external debt respectively. As indicated by Debt Sustainability Analysis (DSA) in the Table 9 above, the solvency and liquidity ratio showed that the State is below the thresholds (within acceptable limit) in external debt and external debt service with 18.09% and 0.75% respectively, while that of domestic was unacceptably high with 218.57% (against 150%) and 31.84% (against 10%). This signified that the State can, if need be, borrow from external facilities and conversely not advisable to borrow from domestic sources as the ability to liquidate is not in her favour.
75. The State could also mobilize resources from the capital market for investment purposes. Conversely, the State Government needs to improve its internally generated revenue in order to increase its ability to raise loan from internal sources.

## Fiscal Strategy Paper

### 1.E Macroeconomic Framework

76. The Macroeconomic framework used was adopted from the Federal Government MTEF / FSP for the 2023 – 2025 medium-term period. This was also based on IMF's national real GDP growth and inflation forecasts, IMF World Economic Outlook document, and mineral benchmarks. The real picture of the framework is shown below:

**Figure 17: Jigawa State Macroeconomic Framework**

**Jigawa State Macroeconomic and Mineral Framework 2023 - 2025**

Item	2023	2024	2025
National Inflation (CPI)	17.16%	16.21%	17.21%
National Real GDP Growth	3.75%	3.30%	3.46%
Oil Price Benchmark	\$70.00	\$66.00	\$62.00
Oil Production Benchmark (MBPD)	1.6900	1.8300	1.8300
NGN:USD Exchange Rate	435.57	435.9	437.6
<b>Other Assumptions</b>			
PMS Under Recovery	4,193,638,554,217	3,942,072,289,157	3,690,506,024,096
Mineral Ratio (Before Subsidy)	37%	37%	39%

### 1.F Fiscal Strategy and Assumptions

#### Policy Statement

77. The overarching policy objectives and priorities of CDF II remain the reference point for the current planning and budget circle. In this regard, the overall State policy objective remained to be the pursuit of sustainable improvements in the social and economic wellbeing of the people of the State. Largely therefore, resources allocations will strategically be guided by:

- The contributions of specific initiatives to the sustained growth and diversification of the State's economy. To a large extent this would require focus on agriculture, critical infrastructure and development of small and medium scale enterprises;
- The extent to which initiative contributes to sustainable improvements in the State's human capital in terms of education, health and skills development. This requires focus of projects and programmes that could potentially expand access to and quality of human development services (education, health, economic empowerment and social protection);

#### Objectives and Targets

78. The key targets from a fiscal perspective are:

- To abide by the 1<sup>st</sup> year phasing of 2023-2025 MTSS ceiling in proposing of capital expenditure and reasonably maintain higher proportion of capital investment compared to recurrent expenditure;
- Sustain personnel costs allocation within manageable limit with an increase of between 2.5% to 5% annually to take care of yearly increment, promotions and new recruitment in critical areas considering massive retirement couple with succession plan;
- Maintain overhead costs within reasonable limit that allow for optimal service delivery;
- Expand the revenue base of the state by exploring untapped sources as well as comply with TSA policy to ensure that all revenue collected in the State including that of Parastatals and Institutions are captured in the same net; and

- Emphasize on rehabilitation of existing projects, completion, and commissioning of ongoing ones for the benefit of the people.

## 1.G Indicative Three-Year Fiscal Framework

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

**Table 9: Jigawa State Medium Term Fiscal Framework**

**Jigawa State Macroeconomic and Mineral Framework 2023 - 2025**

Item	2023	2024	2025
National Inflation (CPI)	17.16%	16.21%	17.21%
National Real GDP Growth	3.75%	3.30%	3.46%
Oil Price Benchmark	\$70.00	\$66.00	\$62.00
Oil Production Benchmark (MBPD)	1.6900	1.8300	1.8300
NGN:USD Exchange Rate	435.57	435.9	437.6
<b>Other Assumptions</b>			
PMS Under Recovery	4,193,638,554,217	3,942,072,289,157	3,690,506,024,096
Mineral Ratio (Before Subsidy)	37%	37%	39%

**Jigawa State Fiscal Framework 2023 - 2025**

Item	2023 Forecast	2024 Forecast	2025 Forecast
<b>Opening Balance</b>	4,000,000,000		
<b>Recurrent Revenue</b>			
Statutory Allocation	43,410,349,593	50,010,308,511	57,229,561,446
VAT	31,533,767,979	36,396,636,433	42,351,177,082
IGR	30,220,000,000	31,730,000,000	33,320,000,000
Other Federation Account Revenues	4,000,000,000	3,800,000,000	3,200,000,000
<b>Total Recurrent Revenue</b>	<b>109,164,117,573</b>	<b>121,936,944,944</b>	<b>136,100,738,528</b>
<b>Recurrent Expenditure</b>			
Personnel (Salaries, Allowances and Contributions)	53,871,800,000	56,652,710,000	58,160,439,000
Social Benefits	818,200,000	777,290,000	699,561,000
Overheads	15,542,445,742	16,424,719,115	17,352,260,688
Grants, Contributions and Subsidies	5,257,554,258	5,415,280,885	5,577,739,312
Public Debt Service	5,535,000,000	5,535,000,000	5,535,000,000
<b>Total</b>	<b>81,025,000,000</b>	<b>84,805,000,000</b>	<b>87,325,000,000</b>
<b>Transfer to Capital Account</b>	<b>32,139,117,573</b>	<b>37,131,944,944</b>	<b>48,775,738,528</b>
<b>Capital Receipts</b>			
Grants	38,029,210,525	32,525,621,775	32,444,572,384
Other Capital Receipts	7,240,000,000	7,240,000,000	8,800,000,000
<b>Total</b>	<b>45,269,210,525</b>	<b>39,765,621,775</b>	<b>41,244,572,384</b>
<b>Reserves</b>			
Contingency Reserve	3,960,744,115	4,267,793,073	4,763,525,848
Planning Reserve	3,960,744,115	4,267,793,073	4,763,525,848
<b>Total Reserves</b>	<b>7,921,488,230</b>	<b>8,535,586,146</b>	<b>9,527,051,697</b>
<b>Capital Expenditure</b>	<b>76,486,839,868</b>	<b>75,861,980,573</b>	<b>88,993,259,215</b>
Discretionary Funds	36,707,629,343	36,086,358,798	48,298,686,831
Non-Discretionary Funds	39,779,210,525	39,775,621,775	40,694,572,384
<b>Financing (Loans)</b>	<b>7,000,000,000</b>	<b>7,500,000,000</b>	<b>8,500,000,000</b>
<b>Total Revenue (Including Opening Balance)</b>	<b>165,433,328,098</b>	<b>169,202,566,719</b>	<b>185,845,310,912</b>
<b>Total Expenditure (including Reserves)</b>	<b>165,433,328,098</b>	<b>169,202,566,719</b>	<b>185,845,310,912</b>

80. A detailed schedule of Capital receipt estimates is provided in Annex 1.

### 1.G.1 Assumptions

81. The assumptions underpinning the preparation of 2023-2025 MTEF are as follow:
- **Opening Balance** – This is estimated base on the expected closing balance of 2022 fiscal year.
  - **Statutory Allocation** – The Elasticity base forecasting method was used because of its dependence upon minerals and other macroeconomic parameters.
  - **Derivation** – Not among the beneficiaries
  - **VAT** – The Elasticity base forecasting method was used because of its dependence upon non-minerals and other macroeconomic parameters.
  - **Other Federation Account receipts** – Owing value is used because of its unpredictable nature.
  - **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** – 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.
  - **Miscellaneous Capital Receipts** – These are also estimated base on experience of the responsible agencies, but guided by principle of budget realism.
  - **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** – 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
  - **Social Contribution and Social Benefits** – This is also based on owing value as the expenditure trends are used plus expectation net exits.
  - **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.
  - **Grants, Contributions, Subsidies and Transfers** – Owing value is used.
  - **Public Debt Service** – Owing value based on the discussion with Debt Management Office (MDO).
  - **Contingency and Planning Reserves** – These are estimated base on 2.5% and 1.5% respective on recurrent revenue.
  - **Capital Expenditure** – Owing value is used with consideration of expenditure trends of some projects that are ongoing and existing. Government directives are also considered.

### 1.G.2 Fiscal Trends

82. Based on the above envelope, plus actual figures for 2023-2025 (using the same basis for forecasting as noted in the sub-sections within section 3.B), the trend from historical actual to forecast can be seen for revenue and then expenditure in the line graphs below.

Figure 18: Jigawa State Revenue Trend

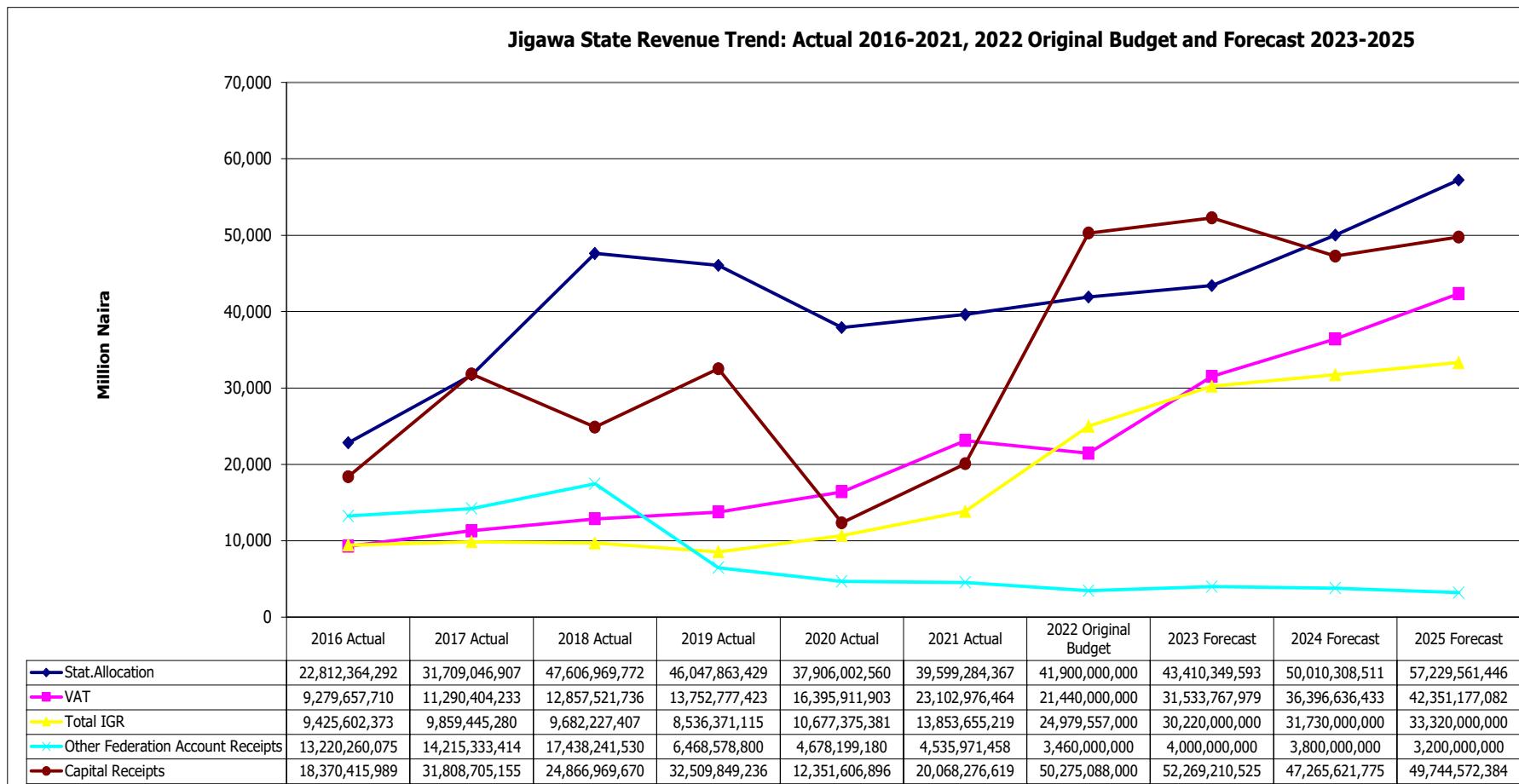
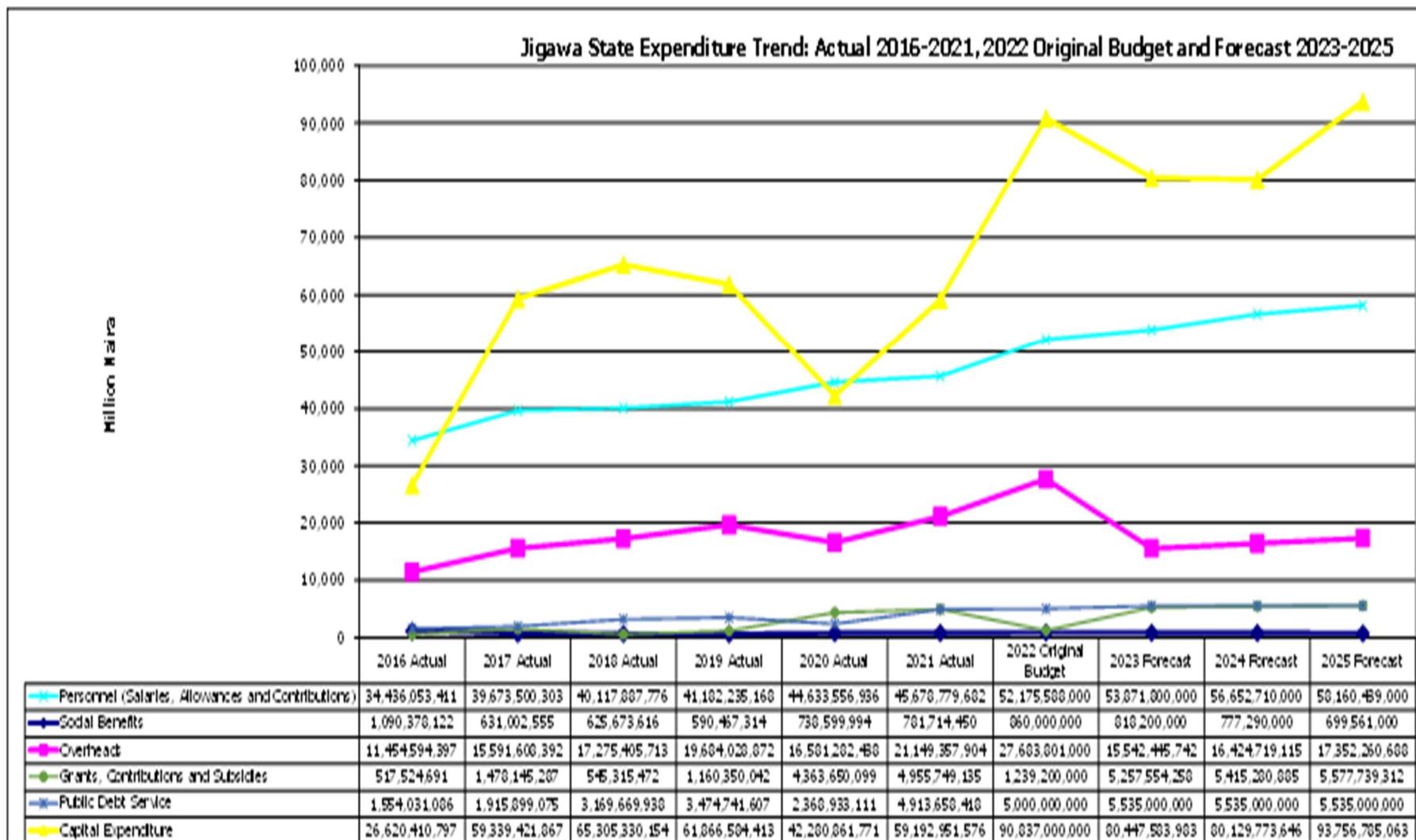


Figure 19: Jigawa State Expenditure Trend



## 1.H Local Government Estimates

83. Based on the Macroeconomic assumptions in section 1.E, the forecasting techniques noted in section 1.F and the vertical and horizontal sharing ratios, the Federation Account revenues and share of State IGR have been forecasted for the 27 Local Governments (LGs) of Jigawa State for 2023-2025 as shown in Table 11 below:

**Table 10: Local Government FAAC and State IGR Share Estimates 2023-2025**

Local Government Council	Statutory Allocation Share	VAT Share	IGR Share	2023				
				Statutory Allocation	VAT	Other Federation Account	Share of State IGR	Total Transfer
Auyo	0.1074%	0.0965%	0.336%	1,252,132,128	849,428,725	132,616,516	5,082,290	<b>2,239,259,659</b>
Babura	0.1270%	0.1128%	0.398%	1,480,910,734	992,944,259	156,847,043	6,010,881	<b>2,636,712,917</b>
Birnin Kudu	0.1576%	0.1354%	0.494%	1,837,850,609	1,191,474,709	194,651,458	7,459,668	<b>3,231,436,444</b>
Birniwa	0.1192%	0.0987%	0.373%	1,390,119,144	868,906,102	147,231,074	5,642,366	<b>2,411,898,686</b>
Buji	0.1023%	0.0855%	0.320%	1,192,843,491	752,104,071	126,337,105	4,841,643	<b>2,076,126,309</b>
Dutse	0.1003%	0.0891%	0.314%	1,170,147,788	784,120,670	123,933,345	4,749,523	<b>2,082,951,326</b>
Gagarawa	0.1408%	0.1210%	0.441%	1,642,566,244	1,064,686,939	173,968,392	6,667,026	<b>2,887,888,600</b>
Garki	0.1182%	0.1009%	0.370%	1,378,554,935	887,583,866	146,006,279	5,595,428	<b>2,417,740,509</b>
Gumel	0.1035%	0.0912%	0.324%	1,207,522,636	802,583,444	127,891,811	4,901,224	<b>2,142,899,115</b>
Guri	0.1094%	0.0929%	0.343%	1,275,681,937	817,400,810	135,110,737	5,177,876	<b>2,233,371,360</b>
Gwaram	0.1522%	0.1267%	0.477%	1,774,547,592	1,114,547,743	187,946,874	7,202,726	<b>3,084,244,935</b>
Gwiwa	0.1125%	0.0949%	0.352%	1,312,035,801	835,314,792	138,961,067	5,325,433	<b>2,291,637,094</b>
Hadeja	0.0950%	0.0909%	0.298%	1,107,572,081	799,692,389	117,305,792	4,495,534	<b>2,029,065,795</b>
Jahun	0.1305%	0.1173%	0.409%	1,522,322,482	1,032,534,556	161,233,068	6,178,968	<b>2,722,269,073</b>
Kafin Hausa	0.1468%	0.1263%	0.460%	1,712,223,073	1,111,673,660	181,345,925	6,949,757	<b>3,012,192,415</b>
Kaugama	0.1076%	0.0957%	0.337%	1,254,894,636	841,800,337	132,909,100	5,093,503	<b>2,234,697,576</b>
Kazaure	0.1139%	0.1029%	0.357%	1,327,916,404	905,049,009	140,643,023	5,389,891	<b>2,378,998,327</b>
Kri Kasamma	0.1188%	0.1093%	0.372%	1,384,993,596	961,680,126	146,688,214	5,621,562	<b>2,498,983,497</b>
Kyawa	0.1227%	0.1053%	0.384%	1,430,901,412	926,583,883	151,550,428	5,807,898	<b>2,514,843,621</b>
Maigatari	0.1238%	0.1068%	0.388%	1,443,273,967	939,411,644	152,860,837	5,858,117	<b>2,541,404,565</b>
Mallam Madori	0.1159%	0.1028%	0.363%	1,352,058,314	904,896,253	143,199,954	5,487,881	<b>2,405,642,402</b>
Miga	0.1063%	0.0958%	0.333%	1,240,187,818	842,682,929	131,351,464	5,033,809	<b>2,219,256,020</b>
Ringim	0.1305%	0.1094%	0.409%	1,521,981,432	962,624,952	161,196,946	6,177,583	<b>2,651,980,913</b>
Roni	0.0965%	0.0849%	0.302%	1,125,518,139	747,247,928	119,206,505	4,568,375	<b>1,996,540,947</b>
Sule Tankarkar	0.1211%	0.0963%	0.379%	1,412,659,667	847,256,190	149,618,398	5,733,856	<b>2,415,268,112</b>
Taura	0.1102%	0.0965%	0.345%	1,284,806,807	848,968,570	136,077,175	5,214,913	<b>2,275,067,466</b>
Yankwashi	0.1021%	0.0888%	0.320%	1,190,533,656	781,080,630	126,092,464	4,832,267	<b>2,102,539,018</b>
<b>Total</b>	<b>3%</b>	<b>3%</b>	<b>10%</b>	<b>37,226,756,523</b>	<b>24,414,279,186</b>	<b>3,942,780,993</b>	<b>151,100,000</b>	<b>65,734,916,702</b>

## 1.I Fiscal Risks

84. The analysis and forecasting basis as laid out above implies some fiscal risks, including but not limited to highlighted points in the Table below:

**Table 11: Fiscal Risks**

Risk	Likelihood	Impact	Reaction
Possible devaluation of the naira in the face of dwindling foreign reserves. This can severely affect budgetary provision for foreign debt servicing especially as this is deducted at sources and has severe implication of constraining the fiscal space for funding other expenditure components.	High	High	<ul style="list-style-type: none"> <li>Realistic projection to accommodate possible shocks.</li> <li>Diversify internally generated revenue.</li> </ul>
Sustenance of the fuel subsidy regime, though this has been partially factored in the projection.	Medium	High	Sustained increase in the fuel subsidy especially in the face of rising international oil price could also affects revenue flows from Statutory Allocation.
Devastating effect of Post COVID-19 pandemic (including newly emerging variants of the virus)	Low	Low	<ul style="list-style-type: none"> <li>Reprioritization of expenditure.</li> <li>preventive measures and successful uptake of the various vaccines</li> </ul>
Unexpected shock in oil prices and sporadic vandalization of pipelines could threaten the modest growth projected.	Medium	High	<ul style="list-style-type: none"> <li>Clear prioritisation of capital projects.</li> <li>Increased IGR effort;</li> <li>Seeking alternative means of funding (grants, PPP etc.)</li> </ul>
Security Challenges - Even as governments at all level are making concerted efforts to contained sporadic challenges across the country, the impending election may increase tension.	High	High	<ul style="list-style-type: none"> <li>Collaboration with security agencies</li> <li>Close monitoring of early-warning sign</li> <li>Awareness creation of people</li> </ul>
Floods, Farmers/Fulani herdsmen crises and other natural disasters impact on economic activity and hence IGR tax base, and causing increased overhead costs and capital expenditure	Medium	Medium	<ul style="list-style-type: none"> <li>Monitoring of Early Warning Signing (EWS);</li> <li>Effective communication between JSG and Hadejia-Jama'are River Basin Authority;</li> <li>Access to ecological fund</li> <li>Effective collaboration with NEMA.</li> </ul>

85. It should be noted however that no budget is without risk. The ongoing implementation of the 2022 budget should be closely monitored, as should the security situation and impact of the fiscal and economic outlook.

## Budget Policy Statement

### 1.J Budget Policy Thrust

86. As provided in the CDF II, the overarching policy objective of the State Government is to achieve sustained improvements in the social and economic wellbeing of the citizens. The main policy thrust is the pursuit of policies that guarantee inclusive economic growth with sustained progress in the improvements in the basic human development indicators of the State. Accordingly, within the limit of sector envelopes and budget ceilings, submissions by Sectors / MDAs should be in such a way that resources are strategically allocated to fund budget initiatives that meets the following policy priorities:
87. Significant contribution to sustained growth and diversification of the State's economy. This requires focus of agriculture, critical infrastructure and development of small and medium scale enterprises;
88. Sustainable improvements in the State's human capital in terms of education, health and skills development. This requires focus of projects and programmes that could potentially expand access to and quality of human development services (education, health, economic empowerment and social protection);

### 1.K Sector Allocations (3 Year)

**Presented in the table below are the indicative three year envelopes for sectors for Personnel, Overhead and Capital Expenditure are presented in Table 12,**

**Table 13 and**

89. Table 14.

**Table 12: Indicative Sector Expenditure Ceilings 2023-2025 – Personnel (Salaries and Allowances)**

No.	Sector	% 2023	2023 Allocation	% 2024	2024 Allocation	% 2025	2025 Allocation
1	Road Development	0.57%	305,948,831	0.57%	321,742,180	0.57%	330,304,877
2	Agriculture	1.80%	971,379,643	1.80%	1,021,523,120	1.80%	1,048,709,464
3	Commerce & Industry	0.19%	101,318,788	0.19%	106,548,953	0.19%	109,384,598
4	Rural Electrification (Energy)	0.06%	30,212,196	0.06%	31,771,777	0.06%	32,617,336
5	Economic Empowerment	0.14%	77,546,671	0.14%	81,549,699	0.14%	83,720,025
6	Education	61.40%	33,078,432,478	61.40%	34,785,970,442	61.40%	35,711,748,157
7	Health	19.16%	10,321,642,886	19.16%	10,854,455,228	19.16%	11,143,330,675
8	Women & Soc. Devpt	0.45%	240,301,744	0.45%	252,706,333	0.45%	259,431,742
9	Information, Culture & Sports	0.80%	431,951,152	0.80%	454,248,853	0.80%	466,338,022
10	Environment	1.00%	536,750,207	1.00%	564,457,727	1.00%	579,479,944
11	Water Supply	0.97%	523,019,715	0.97%	550,018,456	0.97%	564,656,392
12	Urban & Regional Devpt	0.50%	270,412,561	0.50%	284,371,497	0.50%	291,939,628
13	General Administration	9.70%	5,223,735,996	9.70%	5,493,389,871	9.70%	5,639,588,407
14	Law & Justice	3.27%	1,759,147,132	3.27%	1,849,955,864	3.27%	1,899,189,733
	Total	100.00%	53,871,800,000	100.00%	56,652,710,000	100.00%	58,160,439,000

**Table 13: Indicative Sector Expenditure Ceilings 2023-2025 – Overhead (Account Class 2022)**

No.	Sector	% 2023	2023 Allocation	% 2024	2024 Allocation	% 2025	2025 Allocation
1	Road Development	6.60%	1,025,130,222	6.60%	1,083,322,164	6.60%	1,144,499,852
2	Agriculture	0.16%	24,536,517	0.16%	25,929,342	0.16%	27,393,632
3	Commerce & Industry	0.14%	21,009,952	0.14%	22,202,591	0.14%	23,456,422
4	Rural Electrification (Energy)	0.86%	134,295,450	0.86%	141,918,786	0.86%	149,933,266
5	Economic Empowerment	0.04%	5,905,682	0.04%	6,240,921	0.04%	6,593,360
6	Education	26.21%	4,073,374,297	26.21%	4,304,601,077	26.21%	4,547,691,776
7	Health	10.06%	1,563,707,949	10.06%	1,652,472,478	10.06%	1,745,791,390
8	Women & Soc. Devpt	2.31%	358,693,755	2.31%	379,055,155	2.31%	400,461,269
9	Information, Culture & Sports	0.87%	135,865,634	0.87%	143,578,103	0.87%	151,686,288
10	Environment	0.21%	32,454,273	0.21%	34,296,553	0.21%	36,233,359
11	Water Supply	4.93%	765,848,317	4.93%	809,322,014	4.93%	855,026,285
12	Urban & Regional Devpt	0.37%	57,227,442	0.37%	60,475,982	0.37%	63,891,199
13	General Administration	45.52%	7,075,673,490	45.52%	7,477,327,028	45.52%	7,899,588,841
14	Law & Justice	1.73%	268,722,762	1.73%	283,976,920	1.73%	300,013,749
	Total	100.00%	15,542,445,742	100.00%	16,424,719,115	100.00%	17,352,260,688

**Table 14: Indicative Sector Expenditure Ceilings 2023-2025 - Capital**

No.	Sector	Discretionary Funds				
		% 2023	2023 Allocation	% 2024	2024 Allocation	% 2025
1	Road Development	29.88%	10,966,425,849	29.88%	10,780,820,908	29.88%
2	Agriculture	9.05%	3,322,155,769	9.05%	3,265,928,833	9.05%
3	Commerce & Industry	1.50%	550,681,702	1.50%	541,361,506	1.50%
4	Rural Electrification (Energy)	1.38%	507,819,058	1.38%	499,224,305	1.38%
5	Economic Empowerment	1.41%	518,819,360	1.41%	510,038,428	1.41%
6	Education	23.02%	8,450,509,386	23.02%	8,307,485,915	23.02%
7	Health	12.81%	4,702,246,261	12.81%	4,622,661,522	12.81%
8	Women & Soc. Devpt	1.73%	633,207,887	1.73%	622,490,948	1.73%
9	Information, Culture & Sports	0.34%	126,074,162	0.34%	123,940,378	0.34%
10	Environment	2.80%	1,027,467,223	2.80%	1,010,077,511	2.80%
11	Water Supply	6.72%	2,465,964,222	6.72%	2,424,228,186	6.72%
12	Urban & Regional Devpt	2.03%	743,419,954	2.03%	730,837,694	2.03%
13	General Administration	6.44%	2,364,194,349	6.44%	2,324,180,751	6.44%
14	Law & Justice	0.90%	328,644,160	0.90%	323,081,912	0.90%
	Total	100.00%	36,707,629,343	100.00%	36,086,358,798	100.00%
						48,298,686,831

<b>Non-Discretionary Funds</b>				
No.	Sector	2023 Allocation	2024 Allocation	2025 Allocation
1	Road Development	7,000,000,000	7,500,000,000	8,500,000,000
2	Agriculture	0	0	0
3	Commerce & Industry	0	0	0
4	Rural Electrification (Energy)	0	0	0
5	Economic Empowerment	0	0	0
6	Education	25,244,660,525	25,530,910,525	26,730,468,353
7	Health	5,510,450,000	5,135,711,250	5,264,104,031
8	Women & Soc. Devpt	0	0	0
9	Information, Culture & Sports	0	0	0
10	Environment	1,600,000,000	1,260,000,000	0
11	Water Supply	424,100,000	349,000,000	200,000,000
12	Urban & Regional Devpt	0	0	0
13	General Administration	0	0	0
14	Law & Justice	0	0	0
	<b>Total</b>	<b>39,779,210,525</b>	<b>39,775,621,775</b>	<b>40,694,572,384</b>

<b>Total Capital Envelope</b>						
No.	Sector	% 2023	2023 Allocation	% 2024	2024 Allocation	% 2025
1	Road Development	23.5%	17,966,425,849	24.1%	18,280,820,908	25.8%
2	Agriculture	4.3%	3,322,155,769	4.3%	3,265,928,833	4.9%
3	Commerce & Industry	0.7%	550,681,702	0.7%	541,361,506	0.8%
4	Rural Electrification (Energy)	0.7%	507,819,058	0.7%	499,224,305	0.8%
5	Economic Empowerment	0.7%	518,819,360	0.7%	510,038,428	0.8%
6	Education	44.1%	33,695,169,911	44.6%	33,838,396,440	42.5%
7	Health	13.4%	10,212,696,261	12.9%	9,758,372,772	12.9%
8	Women & Soc. Devpt	0.8%	633,207,887	0.8%	622,490,948	0.9%
9	Information, Culture & Sports	0.2%	126,074,162	0.2%	123,940,378	0.2%
10	Environment	3.4%	2,627,467,223	3.0%	2,270,077,511	1.5%
11	Water Supply	3.8%	2,890,064,222	3.7%	2,773,228,186	3.9%
12	Urban & Regional Devpt	1.0%	743,419,954	1.0%	730,837,694	1.1%
13	General Administration	3.1%	2,364,194,349	3.1%	2,324,180,751	3.5%
14	Law & Justice	0.4%	328,644,160	0.4%	323,081,912	0.5%
	<b>Total</b>	<b>100.00%</b>	<b>76,486,839,868</b>	<b>100.00%</b>	<b>75,861,980,573</b>	<b>100.00%</b>
						<b>88,993,259,215</b>

## 2 Considerations for the Annual Budget Process

90. The budget call circular should include the following instructions to MDA's for the annual budget submissions:
- Revenue collection and remittance should be given much attention by ensuring that all existing sources are fully tapped and new revenue sources within the mandate of the MDAs be proposed for collection in 2023 fiscal year. Remittance to central revenue account should also be monitored. The revenue proposal should be guided by concept of budget realism;
  - All ongoing, existing projects and other capital commitments that will spill over to 2023 fiscal year should be considered and reflected in the budget as priority projects;
  - No new projects should be reflected in 2023 budget unless they are considered critical and the same have been captured in the 2023-2025 MTSS. Government directives should also be considered and captured in MTSS;
  - Budget ceiling should be used as an upper limit of resource constrain and should therefore guide the proposals of the capital investment and recurrent expenditure aspects.

## Summary of Key Points and Recommendations

91. We summarise below a list of the key points arising in this document:

- Jigawa State sustains the Budget reforms in term of preparation of a realistic budget as well as maintains the policy-plan-budget linkages which make its budget to be policy-based;
- All proffered recommendations from the annual sector performance review in respect of the six MTSS Sectors should, as much as possible, be considered in the 2023 – 2025 Planning and budget process. This would ensure that the MTSS continue to serve as an effective bridge between the State development plan and the annual budget;
- The insecurity in the country, oil price shocks and pipelines vandalism are considered as high risks which could affect federal transfers (Statutory Allocation, VAT, Excess Crude, etc) to fund the budget. This is very serious as the State relied heavily on these sources.
- Considering the dwindling resources and government determination to improve well-beings of its people, recurrent expenditure should continue to be maintained within manageable limit. New recruitments should be allowed to reduce the wider gaps created by retirements, deaths and other exits.
- Emphasizes on the need to expand revenue base by ensuring that both existing and potential revenue sources are captured within revenue net in order to improve the State's fiscal sustainability.

Table 15 Capital Receipts by Item – 2023-2025

<b>ITEM</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Internal Grants</b>			
Local Government Contribution for LEA Staff Salaries	19,970,000,000	20,469,250,000	20,980,981,250
Local Government Contribution for PHC Staff Salaries	5,010,450,000	5,135,711,250	5,264,104,031
Basic Healthcare Provision Fund Receipts	500,000,000		
APPEALS Project Grants			
Federal Grants for Universal Basic Education	3,000,000,000	3,200,000,000	3,400,000,000
Federal Tertiary Education Grants	2,274,660,525	1,861,660,525	2,349,487,103
Federal Grants Water Projects	200,000,000	200,000,000	200,000,000
Federal Government SDG Grants	250,000,000	250,000,000	250,000,000
Fed. Govt. Grant on COVID-19 Accelerated Responsiv	5,000,000,000		
World Bank Supported Nigeria Watershed Management Project (NEWMAP)			
World Bank Agro Climate Resilience in Semi Arid La	1,600,000,000	1,260,000,000	
<b>Sub-Total Internal Grant</b>	<b>37,805,210,525</b>	<b>32,376,621,775</b>	<b>32,444,572,384</b>
<b>External Grants</b>			
UNICEF Primary Healthcare Grants			
Sasakawa Global Agricultural Grants			
Rural Water Supply & Sanitation Grants			
Global Alliance for Vaccine (GAVI) Fund Grants			
European Union Water Supply and Sanitation Grants	224,100,000	149,000,000	0
<b>Sub-Total External Grant</b>	<b>224,100,000</b>	<b>149,000,000</b>	<b>0</b>
<b>Grant Balancing Item / Blue Sky</b>			
<b>Total Grants</b>	<b>38,029,210,525</b>	<b>32,525,621,775</b>	<b>32,444,572,384</b>
<b>Internal Loans</b>			
Domestic Loans / Borrowings from Financial Institutions			
Federal Mortgage			
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>External Loans</b>			
World Bank Supported RAMP	7,000,000,000	7,500,000,000	8,500,000,000
International Loans/ Borrowings IFAD)			
International Loans/ Borrowings (World Bank / IDA)			
International Loans/ Borrowings (Islamic Development Bank)			
<b>Total</b>	<b>7,000,000,000</b>	<b>7,500,000,000</b>	<b>8,500,000,000</b>
<b>Loan Balancing Item / Blue Sky</b>			
<b>Total Loans</b>	<b>7,000,000,000</b>	<b>7,500,000,000</b>	<b>8,500,000,000</b>
<b>Other Capital Receipts</b>			
LG Capital contributions	3,240,000,000	3,240,000,000	4,800,000,000
Opening balance	4,000,000,000	4,000,000,000	4,000,000,000
<b>Total</b>	<b>7,240,000,000</b>	<b>7,240,000,000</b>	<b>8,800,000,000</b>
<b>OCR Balancing Item / Blue Sky</b>			
<b>Total Other Capital Receipts</b>	<b>7,240,000,000</b>	<b>7,240,000,000</b>	<b>8,800,000,000</b>
<b>Non-Discretionary Capital Expenditure by Sector</b>			
<b>Total</b>	<b>39,779,210,525</b>	<b>39,775,621,775</b>	<b>40,694,572,384</b>
Road Developmmt	7,000,000,000	7,500,000,000	8,500,000,000
Agriculture	0	0	0
Commerce & Industry	0	0	0
Rural Electrification (Energy)	0	0	0
Economic Empowerment	0	0	0
Education	25,244,660,525	25,530,910,525	26,730,468,353
Health	5,510,450,000	5,135,711,250	5,264,104,031
Women & Soc. Devpt.	0	0	0
Information, Culture & Sports	0	0	0
Environment	1,600,000,000	1,260,000,000	0
Water Supply	424,100,000	349,000,000	200,000,000
Urban & Regional Devpt	0	0	0
General Administration	0	0	0
Law & Justice	0	0	0