



# JIGAWA STATE OF NIGERIA

## **A LAW TO ESTABLISH ECONOMIC PLANNING AND FISCAL RESPONSIBILITY COUNCIL- 2009**

LAW NO.06 - 2009

# JIGAWA STATE OF NIGERIA

## **A LAW TO ESTABLISH ECONOMIC PLANNING AND FISCAL RESPONSIBILITY COUNCIL LAW-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:-

- i. *Aligning its income and expenditure by keeping its spending limits within the dictates of its available resources;*
- ii. *Ensuring that the budget process is pursued within a framework that supports strategic prioritization and rational resources allocation and in accordance with the overall development policy objectives of the state; and*
- iii. *Ensuring strict adherence to 'due-process' in budget execution as well as accountability, transparency and prudence in the entire public financial management process.*

THE LAW IS ALSO TO PROVIDE FOR THE ESTABLISHMENT OF A COUNCIL FOR ECONOMIC PLANNING AND FISCAL RESPONSIBILITY TO OVERSEE AND ENSURE THE ATTAINMENT OF THE STATE'S FISCAL POLICY OBJECTIVES THROUGH THE PROMOTION AND ENFORCEMENT OF BEST PRACTICES IN PUBLIC EXPENDITURE AND FINANCIAL MANAGEMENT AS PROVIDED IN THIS LAW AND OTHER RELEVANT LAWS AND GOVERNMENT CIRCULARS AND BY SO DOING FACILITATE THE ATTAINMENT OF THE OVERALL SOCIO-ECONOMIC DEVELOPMENT OBJECTIVES OF THE STATE GOVERNMENT.

WHEREAS under Section 16(2) of the Constitution of the Federal Republic of Nigeria, 1999, the State is obliged to direct its policy towards ensuring:

- (a) the promotion of a planned and balanced economic development;
- (b) that the resources of the nation are harnessed and distributed as best as possible to serve the common good;

AND WHEREAS under Section 4(7) of the Constitution the House of Assembly of the State is empowered to make laws for the peace, order and good government of the State or any part thereof with respect to any matters, included in the Concurrent Legislative List set out in Part II of the Second Schedule to the Constitution...

NOW THEREFORE BE IT ENACTED by the Jigawa State House of Assembly as follows:-

### **PART I SHORT TITLE AND INTERPRETATION**

**Commencement** 1.

This Law may be cited as the Economic Planning and Fiscal Responsibility Law 2009 and shall be deemed to come into operations on the 26<sup>th</sup> day of May, 2009

**Interpretation**      2.      In this Law unless the context otherwise requires:-

“**Appropriation Law**” means an Act or Law passed by the State House of Assembly or Local Government authorizing spending from the Consolidated Revenue Fund and includes a Supplementary Appropriation Law;

“**Appropriation Bill**” means the Bill referred to in sections 121(2) of the Constitution;

“**Arms of Government**” means the Executive, Legislature and Judiciary;

“**Borrowing**” means any financial obligation arising from (i) any loan including principal, interest, fees of such loan (ii) the deferred payment for property, goods or services, (iii) bonds, debentures, notes or similar instruments, (iv) letters of credit and reimbursement obligations with respect thereto, (v) trade or bankers’ acceptances, (vi) capitalized amounts of obligations under leases entered into primarily as a method of raising financing or of financing the acquisition of the asset leased, (vii) agreements providing for swaps, ceiling rates, ceiling and floor rates, contingent participation or other hedging mechanisms with respect to the payment of interest or the convertibility of currency and (viii) a conditional sale agreement, capital lease or other title retention agreement;

“**Budget Call Circular**” means a circular – (i) requesting the submission, in a prescribed form, of the revenue and expenditure estimates of Ministries, Extra-Ministerial Departments, and other Executing Agencies of Government for the next financial year; and (ii) giving detailed guidelines and instructions on the preparation of the estimates and expenditure in a manner consistent with the medium term developmental priorities set out in the Medium-Term Expenditure Plan;

“**Capital Expenditure**” means spending on an asset that lasts for more than one financial year and expenses associated with the acquisition of such assets;

“**Concessional terms**” means the terms of the loan must be at an interest rate not exceeding 3 %.

“**consolidated debt**” means the aggregate of the outstanding financial obligations of Government including those of its parastatals and agencies at any point in time arising from (i) borrowed money including principal, interest, fees of such borrowed money (ii) the deferred payment for property, goods or

services, (iii) bonds, debentures, notes or similar instruments, (iv) letters of credit and reimbursement obligations with respect thereto, (v) Guarantees (vi) trade or bankers' acceptances, (vii) capitalized amounts of obligations under leases entered into primarily as a method of raising finances or of financing the acquisition of the asset leased, (viii) agreements providing for swaps, ceiling rates, ceiling and floor rates, contingent participation or other hedging mechanisms with respect to the payment of interest or the convertibility of currency and (ix) a conditional sale agreement, capital lease or other title retention agreement;

**Cost-benefit-analysis**" means an analysis that compares the cost of undertaking a service, project or programme with the benefits that citizens are likely to derive from it;

**"Financial year"** has the meaning ascribed thereto in the Constitution;

**"Fiscal policy objectives"** means the goals set by Government for attainment of set targets for a given period;

**"Government owned company"** means a statutory corporation, Government agency and a company in which Government has controlling interest;

**"Medium-Term Expenditure Plan"** means the document referred to and the contents of which is prescribed in Section 11 of this Law;

**"Commissioner"** means the Commissioner charged with the responsibility for finance and economic planning;

**"Net debt"** means the Consolidated Debt less what is owed to Government, its parastatals and agencies at any point in time;

**"Governor"** means the Governor of the Jigawa State;

**"Public debt securities"** means public debt represented by securities issued by the Federal Government (including those of the Central Bank of Nigeria), the State and Local Governments;

**"Public expenditure"** means outlays other than those resulting into debt reduction;

**"Public Expenditure Management"** refers to the entire process of managing public funds covering not just fiscal policy issues - such as resources mobilization/allocation and decisions concerning the balance between revenue and expenditure - but also encompassing

the process of budget preparation and execution, financial management and reporting. "Public revenue" all moneys received by a Government of the State;

"Quarter" means one quarter of a financial year and quarterly shall be construed accordingly;

"Recurrent Expenditure" means normal overhead and administrative expenses and personnel cost including salaries, emoluments and other benefits of employees;

"Refinancing of debt securities," means issuance of securities to repay the existing debt;

"State financial institution," means any financial institution in which one or more state governments has controlling shares;

"State" shall be construed to mean Jigawa State

"Tiers of Government" means the Federal, State and Local Governments;

## **PART II - ESTABLISHMENT, FUNCTIONS AND POWERS OF THE COUNCIL FOR ECONOMIC PLANNING AND FISCAL RESPONSIBILITY**

3. (1) There shall be established, a body to be known as the *Council for Economic Planning and Fiscal Responsibility* (hereinafter in this law referred to as "*the Council*").

(2) The Council shall be a body corporate with perpetual succession and a common seal and may sue and be sued in its corporate name.

(3) The Council shall be responsible for monitoring and enforcing the provisions of this Law and by so doing promote the economic objectives of the Jigawa State Government as may be contained in any approved policy document or any of its laws and as contained in section 16 of the Constitution of the Federal Republic of Nigeria, 1999.

4. (1) For the purpose of performing its functions under this law, the council shall have power to request from any person or Government institution to disclose information relating to public revenue and expenditure and such person or institution shall provide such information.

(2) If the Council is satisfied that such a person or Government institution has violated any provision of this Law, the council shall forward the report of its finding to the relevant-authority.

For the Purpose of this section relevant-authority includes the Governor, House of Assembly and the Attorney-General.

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**5. The Council shall:-**

- (a) monitor and enforce the provisions of this Law to promote the economic objectives of the State Government;
- (b) disseminate such standard practices including international good practices that will result in greater efficiency in the allocation and management of public expenditure, revenue collection, debt control and transparency in fiscal matters;
- (c) undertake fiscal and financial studies, analysis and diagnoses and disseminate the result to the Governor;
- (d) make rules for carrying out its functions under this Law; and
- (e) perform any other functions consistent with the promotion of the objectives of this Law as may assign to it by the Governor of the State.

6. (1) The Council shall establish and maintain a Fund from which shall be defrayed all expenditures incurred by the Council, including amounts payable to the members of the Council.

(2) There shall be credited to the Fund established pursuant to subsection (1) of this section, the budgetary allocation from the State Government and grants from any other source, provided that, it shall be mandatory for the State Government to adequately fund the Council.

7. There is hereby established for the Council, a Governing Board (hereinafter in this Law referred to as "the Board") which shall have power for the overall supervision of the Council as specified in this Law. The Board shall consist of:

- (a) A Chairman, who shall be a reform-minded person knowledgeable in Public Expenditure Management with professional background in Economics and or Public Finance to be appointed by the Governor;
- (b) The Permanent Secretary responsible for Budget and Economic Planning;
- (c) One member representing the organized private sector in the state;
- (d) One member representing a civil society organization in the state engaged in causes relating to the promotion of good governance;
- (e) One member each to represent each of the three senatorial districts in the state to be rotated among the Local Governments that constitute each senatorial district based on a term of 4 years to be appointed by the Governor;
- (f) Permanent Secretary Ministry of Finance;
- (g) Permanent Secretary, Directorate of Salary and Pensions;
- (h) The Accountant General of the State;
- (i) The Chairman, State Board of Internal Revenue;
- (j) The Permanent Secretary Councils Affairs;
- (k) Solicitor General, Ministry of Justice;
- (l) The Director General, Due Process and Project Monitoring Bureau;
- (m) The Director-General shall serve as the Secretary to the Council.

8.(1) There shall be a Director to the Council who shall be appointed by the Governor

*Establishment  
of a fund  
for the  
Council.*



(2) The Director General shall be:-

- A. The Chief Executive and Accounting Officer of the Council;
- B. Responsible for the Execution of the policy and day to day administration of the Council.
- C. A person who possesses the relevant and adequate professional qualification and shall have been so qualified for a period of not less 10 years.
- D. Shall not be below the rank of a Director

*Establishment of a Governing Board*

(3) The Director General shall hold office for a period of 4 years and may be re-appointed for another term of 4 years and no more.

(4) The Director General shall hold office on such terms and salary as may be determined by the Governor;

9. (1) The Chairman, the member representing civil society organization, the member representing the organized private sector, and the members representing the three senatorial districts are to be appointed by the Governor subject to confirmation of the State House of Assembly for a single term of four years.

(2) Notwithstanding the provision of section (7), the Board could co-opt a member(s) for as long as it deems necessary;

10. (1) The Board shall have power to -

- (a) formulate and provide general policy guidelines for the discharge of the functions of the Council;
- (b) superintend the implementation of the policies of the Council;
- (c) appoint for the Council, such numbers of employees as may in the opinion of the Board be expedient and necessary for the proper and efficient performance of the functions of the Council;
- (d) make rules for carrying out its functions under this Law;
- (e) determine the terms and conditions of service in the Council, including disciplinary measures for the employees of the Council;
- (f) fix the remuneration, allowances and benefits of the employees of the Council in accordance with the running salary scale in the state civil service;
- (g) do other things, which in its opinion are necessary to ensure the efficient performance of the functions of the Council;
- (h) regulate its proceedings and make standing orders with respect to the holding of its meetings, notices to be given, the keeping of minutes of its proceedings and such other matters as the Board may, from time to time, determine.

*Powers of the Board*

11. (1) There shall be paid to the Chairman and members of the Board such allowances and benefits as may from time to time be approved by Governor of the State;

12. The Board shall prepare and submit to the State Executive Council not later than 30<sup>th</sup> June in

*Allowances*

each financial year, a report of all its activities as regards its functions under this Law which should subsequently be presented to the State Houses of Assembly.

*and Benefits  
of Board  
members*

### PART III - THE MEDIUM-TERM EXPENDITURE PLAN

13. (1) The State Government shall ensure that there exist at all times a Medium-Term Expenditure Plan which provides the Framework for government's fiscal operations for the next three financial years to be updated on annual basis. Such a Fiscal Framework should be prepared not later than four months before the commencement of the next financial following all the due process set out in this Law and be approved by the State House of Assembly with any modifications found to be necessary.

(2) The Medium-Term Expenditure Plan shall contain:

(a) *A Macroeconomic Framework* setting out the macroeconomic projections, for the next three financial years, the underlying assumptions for those projections and an evaluation and analysis of the macroeconomic projections for the preceding financial year;

(b) *A Fiscal Strategy Paper* setting out (i) the State Government's medium-term financial objectives; (ii) the policies of the State Government for the medium-term relating to internal revenue generation, recurrent (non-debt) expenditure, debt expenditure, capital expenditure, borrowings and other liabilities, lending and investment; (iii) the strategic, economic, social and developmental priorities of the State Government for the next three financial years; (iv) an explanation of how the financial objectives, strategic, economic, social and developmental priorities and fiscal measures set out pursuant to items (i), (ii) and (iii) of this subsection relate to the Economic Objectives set out in section 16 of the Constitution and other Government Policy Documents;

(c) *A Revenue and Expenditure Framework* setting out (i) estimates of aggregate revenues for the State for each financial year in the next three financial years, based on the predetermined Commodity Reference Price adopted from the Federal Government and any existing policies and or targets on Internal Revenue Generation (ii) aggregate expenditure ceiling for the State for each financial year in the next three financial years; and (iii) minimum capital expenditure floor for each financial year in the next three financial years;

**Provided that**, all the estimates of revenue and expenditures shall be - (i) based on reliable and consistent data, (ii) targeted at achieving the macroeconomic projections; (iii) consistent with and derive from the underlying assumptions contained in the Macroeconomic Framework, the objectives, policies, strategic priorities and explanations in the Fiscal Strategy Paper;

(d) *A Consolidated Debt Statement* setting out and describing the fiscal significance of the debt liability of the State Government and measures to reduce any such liability;

(e) *A Statement describing the nature and fiscal significance* - of contingent liabilities and quasi-fiscal activities and measures to offset the crystallization of such liabilities;

14. (1) Subject to the provisions of subsection (2) of this section but notwithstanding anything to the contrary contained in any other Laws of the State, the estimates of aggregate expenditure and



the aggregate amount appropriated by the State House of Assembly for each financial year shall not be more than the estimated aggregate revenue inclusive of any internal and external internal loans sanctioned by the State Executive Council and the State House of Assembly as well as guaranteed by the Federal Government in the case of external loans;

(2) The aggregate expenditure for a financial year may exceed the ceiling imposed by the provisions of subsection (1) of this section, if in the unanimous decision Governor of the State, the State Executive Council and the State House of Assembly there is a clear and present threat to socioeconomic development and stability of the state caused by any man-made or natural factors;

15. (1) The Commissioner responsible for Budget and Economic Planning shall be responsible for the preparation of the Medium-Term Expenditure Plan.

(2) In preparing the draft Medium-Term Expenditure Plan, the commissioner:

(a) shall hold public hearings, which shall be publicized, on the Macroeconomic Framework, the Fiscal Strategy Paper, the Revenue and Expenditure Framework, the strategic, economic, social and developmental priorities of government, and such other matters as the Commissioner deems necessary;

**Provided** that, such hearings if held shall be open to the public, the press and any citizen or authorized representatives of any organization, group of citizens, who may attend and be heard on any subject matter properly in view;

(b) shall seek the inputs of the all Government Agencies as appropriate and in particular the Office of the State Accountant General, the State Board of Internal Revenue, Debt Management Office of the State and Directorate of Salaries and Pensions;

(c) shall consider and reflect as may be deemed appropriate the inputs of the bodies and persons referred to in subsection (a) and (b) of this section.

16. The Commissioner shall before the end of the second quarter of each financial year, present the Medium-Term Expenditure Plan to the State Executive Council for consideration and approval.

17. The Commissioner shall cause the Medium-Term Expenditure Plan as approved by the State Executive Council to be published in the Gazette.

18. (1) Subject to subsection (2) of this section, the Governor of the State may cause adjustments to be made to a Medium-Term Expenditure Plan.

(2) Any adjustments to a Medium-Term Expenditure Plan shall be limited to: (a) the correction of manifest error; and (b) changes in the fiscal indicators, which in the opinion of the State Governor are significant.

19. (1) While taking into account state peculiarities and other specific development objectives of the State Government, the Medium Term Expenditure Framework of the State should as much as possibly be consistent with that of the Federal Government in terms of policy focus and

should also provides the Framework for the management of the fiscal affairs of all the Local Governments in the State.

(2) In planning the fiscal affairs of the State, the State Government and all the Local Government Councils in the State shall be guided by and adopt the provisions of sections 11, and 12 of the Fiscal Responsibility Act of the Federal Government.

#### PART IV –THE ANNUAL BUDGET

20. (1) Notwithstanding anything to the contrary contained in this Law or any other law, the Medium-Term Expenditure Plan shall be the basis for the preparation of the annual estimates of revenue and expenditure required to be prepared and laid before the State House of Assembly under section 121 & 122 Constitution. *The Ann. Budget shall derive from the MTEF*

(2) The sectoral and compositional distribution of the estimates of expenditure referred to in subsection (1) of this section shall be consistent with the medium term developmental priorities set out in the Medium-Term Expenditure Plan and consistent with the socio-economic development objectives of the state contained in the relevant policy documents.

21. The estimates of revenue and expenditure, in this Law referred to as the Annual Budget, shall be accompanied by:

- (a) a copy of the underlying revenue and expenditure profile for the next two years; *Annual Budget*
- (b) a report setting out actual and budgeted revenue and expenditure and detailed analysis of the performance of the budget for the 18 months up to June of the outgoing financial year; *Estimates be*
- (c) a Fiscal Target Appendix derived from the underlying Medium-Term Expenditure Plan setting out targets for any relevant macroeconomic and development indicators and *accompanied by certain Documents.*
- (d) a Fiscal Risk Appendix evaluating the fiscal and other related risks to the Annual Budget and specifying measures to be taken to offset the occurrence of such risks.

22. (1) Projects and programmes shall only be admitted into an Appropriation Bill if they (a) are derived from the Medium-Term Expenditure Plan; (b) Considered relevant in the attainment of the overall socio-economic development objectives of Government (c) where considered necessary, have undergone a socioeconomic feasibility studies and/or cost-benefit-analysis.

(2) Loan- and Grant- Financed projects and programme shall only be admitted into the appropriation bill where the respective loans and grants are fully secured and there is sufficient guarantee that draw downs could be made during the fiscal year;

23. The preparation of the Annual Budget shall commence not later than 15<sup>th</sup> July in each financial year with the issuance of a Budget Call Circular in such form as the Budget and Economic Planning Directorate may from time to time prescribe to all Ministries, Extra-Ministerial Departments, Parastatals, Offices, and other executing agencies of Government. *Admitting projects a Programs into Appropriation Bill*

24. The Budget and Economic Planning Directorate shall prepare and present to the State

Executive Council not later than last week of October in each financial year, the draft Annual Budget and the Governor shall in turn present the draft budget to the State House of Assembly no later than the first week of November of each year.

22 (1). In preparing their annual budget, all the Local Governments in the State shall be guided by and adopt the provisions of this part with such modification as may be appropriate and necessary;

(2) The Directorate of Budget and Economic Planning and the Ministry for Local Government shall collaborate and jointly coordinate the preparation of the annual estimates of the Local Governments in accordance with the provisions of this law and the any other law regulating the affairs of the Local Governments in the state.

## **PART V –BUDGETARY PLANNING OF STATE GOVERNMENT OWNED COMPANIES AND OTHER PUBLIC ENTERPRISES**

26. (1) State government owned companies and other related Agencies listed in the Schedule to this Law (hereinafter in this Law referred to as “ State-owned Enterprises”) shall not later than 6 months from the commencement of this Law and for every three financial years thereafter, not later than the end of the second quarter, cause to be prepared and submitted to the Commissioner responsible for Finance and Economic Planning and copied to the Budget and Economic Planning Directorate, their estimates of revenue and expenditure for the next three financial years.

*Preparation  
of Annual  
Budget*

(2) Each State-owned Enterprises should submit to the Commissioner responsible for Finance and Economic Planning and copied to the Budget and Economic Planning Directorate, not later than the end of August in each financial year:

*Responsibili  
y for  
preparation  
of the  
Annual  
Budget*

- (a) an annual budget derived from the estimates submitted in pursuance of subsection (1) of this section ;
- (b) projected operating surplus, which shall be prepared in line with acceptable accounting practices.

(3) The Commissioner responsible for Finance and Economic Planning and the Budget and Economic Planning Directorate, shall cause the estimates submitted in pursuance of subsection (2) of this Section, to be attached as an Appendix to the Appropriation Bill.

*Preparation  
of  
estimates of  
revenue  
and  
expenditure  
by  
Government  
owned  
Corporation  
etc*

27.- (1) Notwithstanding the provisions of any written law governing their operations, each State-owned Enterprise shall establish a general reserve fund and shall allocate thereto at the end of each financial year, one-fifth of its operating surplus for the year.

(2) The balance of the operating surplus shall be paid to the Consolidated Revenue Fund of the State, not later than one month following the statutory deadline for publishing each State-owned Enterprise's accounts.

28. (1) The surpluses of the State-owned Enterprise shall be classified as a State Treasury Revenue. *Operating surplus and general reserve fund*
- (2) Where a State-owned Enterprise's result is a deficit, the deficit shall be classified as the Corporation's loss for the fiscal year.
- (3) Each State-owned Enterprise shall submit a comprehensive bi-annual and annual progress report of its activities to its supervising Ministry; Office of the Secretary to the State Government, Office of the Head of the State Civil Service, Ministry of Finance; Directorate of Budget and Economic Planning; Ministry of Justice and Office of the State Auditor General not later than the end of July each year in the case of the bi-annual report and end of January of the year following the year being reported on in the case of the annual report.
- (4) Each State-owned Enterprise shall not later than three months after the end of each financial year, cause to be prepared and published its audited financial reports in accordance with such rules as may be prescribed from time to time and some of which should be made available in accordance with the circulation list covered in subsection (3) of this section.

#### PART VI - BUDGETARY EXECUTION AND ACHIEVEMENT OF TARGETS

29. (1) The State Government shall cause to be drawn up in each financial year, an action plan by the Directorate of Budget and Economic Planning for the implementation of budget. This shall not be later than one month after the signing of the Appropriation Law to be approved by the State Executive Council and shall be used as a guide for the implementation of the budget; *Annual Work Plan*
- (2) The State Government shall cause to be drawn up in each financial year, an Annual Cash Plan which shall be prepared by the Office of the Accountant-General of the State to guide budget execution. The Annual Cash Plan shall be prepared not later than one week after the issuance of the General Release Warrant by the Governor setting out the projected monthly cash flows and shall be revised periodically to reflect actual cash flows. As much as possible, The Annual Cash Plan shall be consistent with the Annual Work Plan
30. The Accountant General shall within 30 days of the enactment of the issuance of the general release warrant prepare a disbursement schedule derived from the Annual Cash Plan for the purposes of implementing the Appropriation Law which should be disseminated to all Accounting Officers.
- 31.- (1) The sums appropriated for a specific purpose shall be used solely for the purpose specified in the Appropriation Law. *Disbursement Schedule*
- (2) Without prejudice to subsection (1) of this section, the Budget and Economic Planning Directorate may in exceptional circumstances and in the overall public interest, approve vehement from sub-heads under heads of account and issue the appropriate warrant, without exceeding the amount appropriated to such head of account, provided that, such vehement and the justification therefore are properly submitted and signed by the Accounting Officer.
- 32.- (1) Where, by the end of three months after the passage of an Appropriation Law, the Accountant General determines that the targeted revenues may be insufficient to fund the heads of expenditure in the Appropriation Law, the Council shall be advised within the next 30 days of

such determination, to take appropriate measures to restrict further commitments and financial operations according to the criteria set in the Fiscal Risk Appendix.

*Power of  
Budget &  
Economic  
Planning  
Directorate  
to approve  
vehement*

(2) Where the targeted revenues are re-established, either in part or in full, the appropriations for which further commitments were restricted shall be restored proportionately.

(3) The provisions of subsections (1) and (2) of this section shall not apply to statutory or constitutional expenditures as captured under the components of Consolidated Revenue Fund Charges.

33. (1) The Directorate of Budget and Economic Planning shall monitor and evaluate the implementation of the Annual Budget, assess the attainment of fiscal targets and report thereon on a quarterly basis to the Council for Economic Planning and Fiscal Responsibility, the State Executive Council and the House of Assembly.

*Power to  
restrict  
further  
financial  
commitmen*

(2) The Budget and Economic Planning Directorate shall, cause the report prepared pursuant to subsection (1) of this section to be widely circulated in the mass and electronic media and on Directorate's website not later than 30 days after the end of each quarter.

*Responsibi-  
y of  
the Budget  
Office  
to monitor  
and  
report on  
budget  
implementa  
on*

34. In implementing their annual budgets, the Local Governments shall be guided by and adopt the provisions of this Part with such modifications as may be appropriate and necessary

## **PART VII - PUBLIC REVENUES**

35. (1) Prompt remittance of all revenue collected by each Ministry, Extra-Ministerial Departments and other Agencies into the Treasury Revenue Accounts shall be strictly observed by all Accounting Officers.

*Prompt  
remittance  
revenues &  
revenue  
returns*

(2) Rendition of monthly returns in that respect (including expenditure returns) shall be a condition precedent to any transfer of monthly overhead costs to the Ministries, Extra-Ministerial Departments and other Agencies. Such returns shall be submitted to the Treasury Department, Board of Internal Revenue, Budget and Economic Planning Directorate and Office of the Auditor General.

(3) Parastatals whose establishment law allows them to retain their revenue shall also render such monthly returns.

36- (1) Revenue collection by Parastatals in excess of their recurrent overhead cost expenses should be applied into further investments by the Parastatals after duly being reflected in any Appropriation Law.

(2) The estimated receipts accruing from borrowing shall only be applied towards capital expenditures included in the Appropriation Law.



## PART VIII- SAVINGS AND EXCESS MANAGEMENT

37.- (1) Where the Reference Commodity Price rises above the predetermined level resulting excess proceeds, this Law allows the Accountant General of the Federation to save the state share from the Federation Account in accordance with subsection (2) of this section.

*Saving of  
excess  
revenues*

(2) The State's savings in pursuance of subsection (1) of this section shall be deposited in a separate account, which shall form part of the State's Consolidated Revenue Fund to be maintained at the Central Bank of Nigeria.

(3) The Central Bank of Nigeria shall, in consultation with the Federal Minister of Finance, the State Commissioner for Finance and Economic Planning and Local Government Treasurers in the state, invest for and on behalf of the State Government and all the Local Governments in the state in such a manner that the savings of the State and all the Local Governments could be clearly identified from the consolidated investments and proceeds of the States and Local Governments in the Federation.

(4) Pursuant to subsection (2) of this section, the savings and proceeds of any investment therefrom shall be appropriated for capital projects and programmes by the State Government in line with its Medium Term Expenditure Plans and Annual Budget Estimates.

(5) Subject to an agreement between the State Government and the appropriate Federal Agencies, principally, the Federal Ministry of Finance, a proportion of the state's savings should be used during any financial year to meet any revenue shortfalls that has become clearly manifest in three consecutive months.

(6) Subject to an agreement between the State Government and the appropriate Federal Agencies, principally the Federal Ministry of Finance, not less than 70% of the total savings of the state including any proceeds accruing therefrom should be used in the following year to finance capital projects and programmes that are consistent with the state's Medium Term Expenditure Plans and Annual Budget Estimates.

(7) Notwithstanding the position of the state's saving with the Central Bank of Nigeria, the Accountant General of the State shall set aside not less than 5% of the gross monthly recurrent revenues receipts in a Special Account as Local Stabilization Fund which shall also form part of the Consolidated Revenue Fund of the State and which shall also be reflected in the Appropriation Law during any year.

*Establishme  
nt of Loca  
l Stabilization  
Fund*

(8) While savings in respect the Local Stabilization Fund could be invested to earn further income, this shall be done in such a manner that will not prevent Government accessing the funds at short notice;

(9) Savings in respect of Local Stabilization Fund could be applied during the fiscal year to meet immediate revenue short-falls or to meet any expenditure approved by the State Executive Council and the State House of Assembly which has become necessary for the attainment of the socio-economic development objectives of the State hitherto not reflected in the Appropriation Law.

(10) At least 70% of the savings under the Local Stabilization Fund should be directly appropriated in the following fiscal year to finance capital development projects and programmes.



## PART IX - PUBLIC EXPENDITURES

38.- (1) The creation, expansion or improvement in government action which result in an expenditure increase shall be accompanied by (a) an estimate of the budgetary or financial impact in the year it becomes effective and in the two subsequent years; (b) a statement by the person requesting for the expenditure, stating that the increase is consistent with the Appropriation Act and the Medium-Term Expenditure Plan.

*Conditions  
for  
increasing  
personnel  
expenditure*

(2) The provisions of this section shall not apply to expenditures deemed inconsequential.

39. The granting of any advantage or increase of remuneration, the creation of posts or alteration of career structures and admission of personnel on any account by bodies and entities including foundations established and maintained by the State Government shall only be effected if, there is a prior budgetary allocation sufficient to cover the estimated expenditure.

40. All contracts with regards to the execution of annual budget shall comply with the rules and guidelines as may be contained in any law of the State House of Assembly and/or other administrative circular on: (a) procurement and award of contracts; and (b) due process and certification of contracts, expenditure limits, etc.

41.- Any violation of the requirements in sections 38,39, and 40 shall be unlawful.

42. In incurring public expenditures all the Local Governments in the State shall be guided by and adopt the provisions of this Part with such modification as may be appropriate and necessary.

*Penalty for  
non-  
compliance*

## PART X - DEBT AND INDEBTEDNESS

43.- (1) There shall be established under the Ministry of Finance and Economic Planning a Debt Management Unit which shall maintain comprehensive, reliable and up-to-date database of internal and external public debts including records of payment arrears and other contractual obligations and liabilities of the state. Such data should be in both physical and electronic form and public access to information on this shall be guaranteed;

*Establishment of Debt  
Management  
Units*

(2) Records maintain by the Debt Management Unit shall cover all public agencies including Ministries, Extra-Ministerial Departments, Agencies, Parastatals and other , State-owned Enterprises;

(3) the framework for debt management during the financial year shall be based on the following rules:

(a) the State Government shall only borrow for capital expenditures that relates to infrastructural and human development programmes, provided that, such borrowing shall be on concessional terms with very low interest rates and with a reasonably long amortization period; and

*Framework  
for Debt  
Management*

(b) the State Government shall ensure that the level of public debt as a proportion of its income is held at a sustainable level as may be advised by the Debt Management Unit of the State

Ministry of Finance or prescribed by the State House of Assembly.

- (c) Notwithstanding the provisions of section (a) of this section and subject to the approval of the State Executive Council and the State House of Assembly, the State Government can borrow from the Capital Market to finance commercially oriented and other long-term capital development projects;

(2) Non-compliance with the provisions of this section shall constitute an offence punishable under this Law

44.- (1) The State Government shall adopt any overall limits for the amounts of consolidated debt of the State and all the Local Governments in the State, that may be set periodically by the Federal Government in consistence with the provisions of items 7 and 50 of Part 1 of the Second Schedule to the Constitution as well as consistent with the fiscal policy objectives of the state specified in the Medium Term Expenditure Plans.

(2) For the purpose of verifying compliance with the limits specified pursuant to subsection (1) of this section, the Council shall periodically, not less than two times in any fiscal year, determines the amount of the consolidated debt of the State and all the Local Governments which must have been properly reconciled with Debt Management Office of the Federation and/or the creditors or their Agents.

(3) Pursuant to subsection (1), the Council shall constantly monitor to ensure that consolidated debt of the state and that of the Local Governments have not exceeded the consolidated debt limit and when and where that has been done, it shall be brought within the limit, not later than the end of the three subsequent quarters with a minimum of 25 per cent reduction in the first quarter.

(4) Once the limit is violated –

- (a) Further borrowing from internal or external sources is prohibited except for the refinancing of existing debts; and
- (b) The debt stock shall be brought within the established limit by, inter-alia, restricting funding commitments accordingly.

(2) The cost of servicing Federal Government guaranteed loans shall be deducted at source from the share of the State from the Federation Account in accordance with terms and conditions of the original loan and on-lending agreements.

## PART XI – BORROWING

45 (1) There should be strict restraint in external and internal borrowing by the State Government and the Local Governments in the state. External loans shall be in line with existing national policies and shall be “development loans” in which state Governments are partners.

(2) In line with the Federal Government policies, where the State Government is desirous of borrowing internally or externally, the purpose of loan should be clearly specified with a cost-benefit analysis, detailing the economic and social benefits of the purpose to which the intended borrowing is to be applied. This should be presented to the State House of Assembly prior to

obtaining a 'go-ahead' approval for loan with an Executive Council Conclusion approving the loan in principles.

46. (1) Guidelines for External and Internal Borrowing: The following criteria for borrowing should apply to the State Government as adopted from the National Borrowing Policies:

*Borrowing  
Restraint*

- (a) whenever the State Governments wishes to obtain external loans, the following two conditions must be fulfilled: (i) approval-in-principle by the Federal Government prior to full scale negotiations for such loans in the first instance and subsequently a Federal Government Guarantee for the loan through the Federal Ministry of Finance; and (ii) a go-ahead approval by the State Executive Council and the State House of Assembly in that order;
- (b) before draw downs for secured loans are effected, there should be the existence of prior authorization in the Appropriation Law or other Laws for the purpose for which the borrowing is to be utilized;
- (c) In the case of foreign currency borrowing, Federal Government guarantee shall be a requirement and the State Government or any of the Local Governments in the State shall not, on its own, borrow externally.
- (d) internal and External loans shall be applied towards long-term capital development projects and other commercially-oriented projects that could pay for themselves. Short-term loans shall not be used to finance long term projects;

47 - The Council shall periodically verify compliance with the limits and conditions for borrowing by State and all the Local Governments in the State.

*Borrowing  
Guidelines*

48.- (1) All banks and financial institutions shall request and obtain proof of compliance with the provisions of this Part before lending to the State Government and the Local Governments in the State. In this regards lending by banks and financial institutions in contravention of this Part shall be unlawful.

49(1) The State Government and the Local Governments in the State shall give counter-guarantee to the Federal Government in order to obtained Federal Government guarantee for external loans. Such counter-guarantee required by the Federal Government from State or Local Government or by State from Local Government, may consist in the appropriation of tax revenue directly collected and resulting from statutory transfers and the guarantor shall be authorized to retain such revenue and use the respective amount to repay overdue debts.

## **PART XII - TRANSPARENCY AND ACCOUNTABILITY**

50.- (1) The State Government shall ensure that its fiscal and financial affairs are conducted in a transparent manner and accordingly shall ensure timely disclosure and wide publication of transactions and decisions involving public revenues and expenditures and their implications for its finance as appropriate.

(2) Pursuant to section (1) of this section and in line with the demands of Fiscal Responsibility and Best Practices, the State Government shall ensure that:

- (a) Its fiscal and financial affairs are conducted in a transparent manner and accordingly shall ensure full and timely disclosure and wide publication of all transactions and

decisions involving public revenues and expenditures and their implications for its finances as contained in annual budget estimates and state audited accounts;

### PART XIII - MISCELLANEOUS PROVISIONS

51. Proceeds derived from the sale or transfer of public properties and rights over public assets shall not be used to finance recurrent and debt expenditure, provided that, such proceeds may be used to liquidate existing liabilities directly charged against such properties or assets.

*Fiscal  
Transpar*

52. Local Governments in the state shall only contribute to cover cost of expenditure incurred or envisaged to be incurred by the other tiers of Government, if authorized in a covenant, agreement, accord, or any similar formal arrangement.

53. The State Government and all its Local Governments may receive technical and financial assistance from the Federal Government to modernize its financial and asset administration, for the purpose of complying with the Law. Same form of Technical Assistance may be extended by the State Government to all or any of the Local Governments for the same purpose.

*Publicati  
of  
Fiscal/Fi  
cial  
Informati  
Penalty*

54. The Governor shall in addition to any other powers conferred on him under this Law make regulations generally for the purposes of carrying into effect the provisions of this Act

55.(1) any person who willfully or negligently fails to perform his obligation under this law, or who knowingly or recklessly makes a false statement in the discharge of his obligations under this law, commits an offence and is liable on conviction to one year imprisonment or a fine of N100,000.00.

(2) Any person who willfully or negligently act in contravention of the provisions of this law commits an offence and is liable on conviction, to a term of imprisonment not less than one year.

(3) Where an institutional responsibility is provided for in this Law, the head of the institution shall ensure the performance of such responsibility and where he fails to do so, he commits an offence punishable under the civil service rules.

56. The Governor may give to the council such directives of specific or general nature and the council shall comply with such directives.

*Governor  
Directive.*

Made at Dutse.....<sup>10</sup>26.....This Day of.....<sup>11</sup>MAY.....2009

SULE LAMIDO

GOVERNOR JIGAWA STATE.

**SCHEDULE**  
**LIST OF CORPORATIONS, AGENCIES AND**  
**GOVERNMENT OWNED COMPANIES**

1. Jigawa Savings and Loans Company Limited
2. Jigawa State Investment & Property Limited
3. Jigawa State Agricultural Supply Company
4. Jigawa Sugar Company
5. Jigawa Cotton Company
6. Gum Arabic Processing Company
7. Jigawa State Equipment Leasing Company
8. Dutse/Kazaure Utility Company
9. Maigatari Boarder Free Zone
10. Jigawa Golden Star Limited
11. Atafi Rice Mills Hadejia
12. Tomato & Citrus Company Limited Kazaure
13. Diary Company Birnin Kudu
14. Gumel Flour Mill
15. Jigawa State Transport Authority (JISTA)
16. Jigawa Hotels Ltd

### FIRST SCHEDULE

This printed impression has been carefully compared with the Bill which has been passed by 'The Jigawa State House of Assembly and found to be a true and printed copy of the said Bill.

S.4 Legislation (Administrative Procedure) Cap 83, 1998

  
CLERK OF THE HOUSE OF ASSEMBLY

### SECOND SCHEDULE

S6(1) Legislation(Administrative Procedures) Cap 83,1998

The Bill on FISCAL RESPONSIBILITY is assented to by me this  
.....26<sup>th</sup>..... day of .....NOV.....2009

  
GOVERNOR

### THIRD SCHEDULE

S6(1) Legislation(Administrative Procedures) Cap 83,1998

I hereby with hold my assent this .....day of .....2009

For the Bill on .....

.....  
GOVERNOR

### THIRD SCHEDULE

S6(1) Legislation(Administrative Procedures) Cap 83,1998

Passed again by two-third majority of the Jigawa State House of Assembly

This .....day of .....2009

.....  
SPEAKER