



Adamawa State EFU-FSP-BPS 2025-2027

MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF)

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

June 2024



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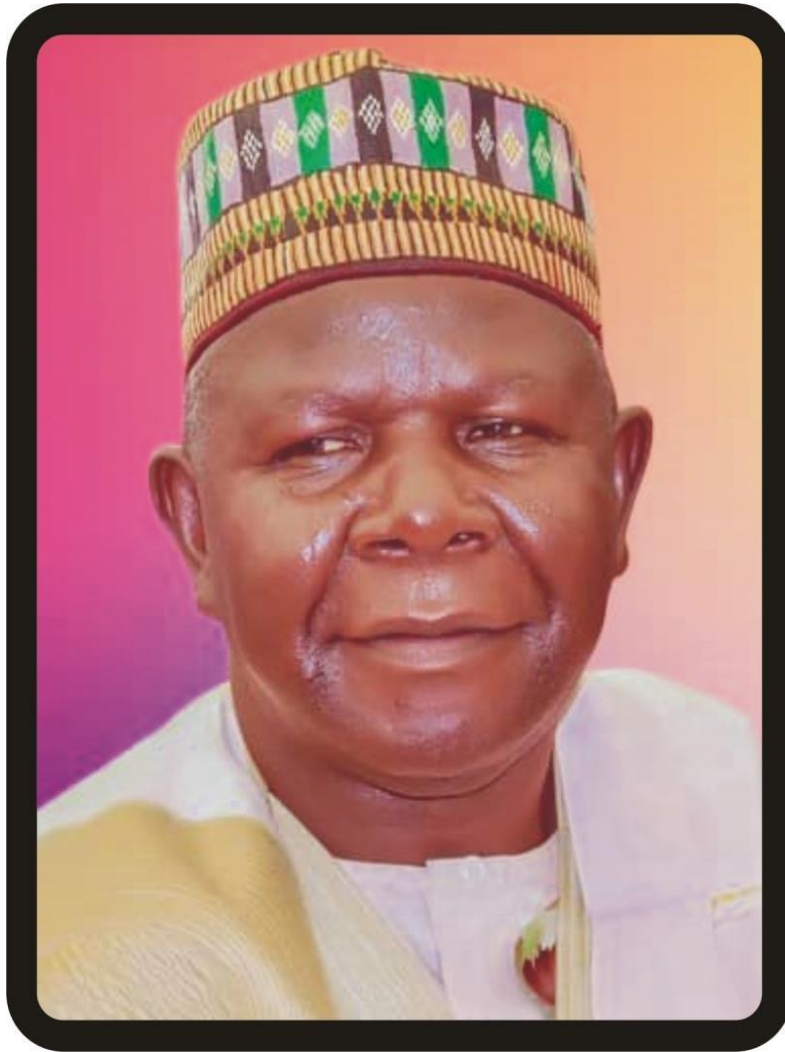
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List of Abbreviations

ACF	Arrears Clearance Framework
ADAS	Adamawa Agric-Business Support Program
ADSG	Adamawa State Government
ASBIR	Adamawa State Board of Internal Revenue
ASBPP	Adamawa State Bureau of Public Procurement
ASPC	Adamawa State Planning Commission
BPS	Budget Policy Statement
BRINCS	Brazil, Russia, India, Nigeria, China, South Africa
CBN	Central Bank of Nigeria
CIT	Companies Income Tax
CPIA	Country Policy and Institutional Assessment
CRF	Consolidated Revenue Fund
CSO	Civil Society Organizations
DMA	Debt Management Agency
DMS	Debt Management Strategy
DSA	Debt Sustainability Analysis
EFU	Economic and Fiscal Update
EIA	Energy Information Administration
ESP	Economic Sustainability Programme
ExCo	Executive Council
FAAC	Federal Allocation Accounts Committee
FIRS	Federal Inland Revenue Service
FRC	Fiscal Responsibility Commission
FRL	Fiscal Responsibility Law
FSP	Fiscal Strategy Paper
GDP	Gross Domestic Product
GOE	Government Owned Enterprises
HRM	Human Resource Management
IGR	Internally Generated Revenue

IMF	International Monetary Fund
JTB	Joint Tax Board
MBPD	Million Barrels Per Day
MDA	Ministries, Department and Agencies
MEDA	Ministries, Extra-Ministerial Department and Agencies
MTBF	Medium Term Budget Framework
MTEF	Medium Term Expenditure Framework
MTFF	Medium Term Fiscal Framework
MTSS	Medium Term Sector Strategy
MYBF	Multi-Year Budgeting Framework
NBS	National Bureau of Statistics
NNPC	Nigerian National Petroleum Company
NPC	National Planning Commission
OAuG	Office of the Auditor General
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PFM	Public Financial Management
PIB	Petroleum Industry Bill
PITA	Personal Income Tax Act
PMS	Premium Motor Spirit (Petrol)
SHoA	State House of Assembly
SME	Small Medium Enterprises
VAT	Value Added Tax
WEO	World Economic Outlook

Executive Summary

The Economic Management Reform Framework is designed to guide annual budgets and planning; Fiscal Framework forms an integral part, setting out the underlying assumptions for revenue projections, proposed expenditure plans and fiscal targets. The Fiscal Framework therefore enables the State Government to *allocate resources based on its identified priorities, control resources and enforce compliance with established spending limits*. This is aimed at achieving a sound budget system with tripartite objectives of aggregate fiscal discipline, allocation efficiency and technical efficiency of spending.

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 Adamawa State Government (ADSG) for the period 2025-2027.

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; and
- iii. Provide indicative sector envelopes for the period 2025-2027 which constitute the Budget Policy Statement.

The Economic and Fiscal Update (EFU) provides economic and fiscal analyses which form the basis for budget planning process aimed primarily at policy makers and decision takers in Adamawa State Government. The EFU also provides an assessment of budget performance (both historical and current) and identifies significant factors affecting implementation.

The Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS) are key elements of the Medium-Term Budget Framework (MTBF) in Medium Term Expenditure Framework (MTEF) to determine the resources available to fund Government projects and programmes from a fiscally sustainable perspective. Adamawa State Government decided to adopt the preparation of the EFU-FSP-BPS for the first time in 2021 as part of the movement towards a comprehensive MTEF process.

This document reviewed the Global and National Macro-Economic factors affecting the inflow of the revenue to the country and Adamawa State in particular. Macroeconomic stability of the country has

suffered a great setback majorly as a result of the ongoing Russia-Ukraine and Israeli and Palestine conflicts which have led to slow growth rate, regional disintegration among major global trading partners and blocks, as well as the volatility in global monetary policy and capital flows. Overall, the lower 2023 actual real GDP growth compared with previous two years was occasioned by the persistent fuel and foreign exchange shortages, with the naira depreciating by over 50% in 2023 and further dampening economic activities. According to the IMF forecast, it is expected that Nigeria's economy will expand by 3.3% in 2024 and 3.0% in 2025. The Federal 2024-2026 MTEF/FSP anticipated 3.75% growth in 2023, increasing to 3.76% in 2024 and to later increase to 4.22% in 2025. Stable oil prices coupled with reforms initiated by the 2021 Petroleum Industry Act (PIA), the 2022 Start-up Act, and the commissioning of the Dangote refinery in May 2023 were expected to boost the economy. However, Dangote refinery could not commence operations within the year, full implementation of the PIA has also been delayed.

The State's approved revenue for the 2023 budget was N214.28b (including capital receipts). Total revenue generated (including capital receipts) was N161.75b which represented 104.66% of the total approved revenue. The most performing revenue item was Grants with budget of N19.5b and actual of N27.8b representing performance of 142.5% (refer to figure 13 on page 34). This is followed by VAT with budget of N30.64b with an actual of N35.08b representing a performance of 114.5% (refer to figure 10 on page 31). Next was Other Federation Account Receipts with budget of N26.92b and actual of N20.55b equivalent to performance of 76.4%. The 2023 IGR performance of the State is worth commendation as the State achieved and surpassed its budget target. However, more revenue can be generated with Government harnessing other sources of revenue generation and by placing emphasis on automation and blocking leakages.

The approved figure for both recurrent and capital expenditure was N214.28b for 2023. Capital expenditure accounted for N109.27b while recurrent expenditure was N105.01b representing 50.99% and 49.01% respectively. The total actual capital expenditure in 2023 was N50.24b representing 45.98% of the approved total expenditure. Total actual personnel expenditure was N32.96b representing 81.38% budget performance. Social contribution and benefit were N7.89b representing 92.18%, overhead was N24.98b representing 69.09% performance (refer to figures 16-20 and 21 on pages 37-41, and 43).

Total Projected Revenue (including capital receipts) for 2025, 2026 and 2027 are N268.87, N349.17 and N398.10 respectively (refer to table 10 on page 50). The State IGR collection has been on the average of **N13.01b** in 2021 and 2022, there is an increase of **13.17b** in 2023, while **N22.24b** is projected for the 2025 fiscal year. Refer to figure 11 and table 10 on pages 32 and 50).

To achieve the desired development from 2025 to 2027 as enshrined in the State Development Plan 2016-2030 and Medium-Term Development Plan 2021-2025, Community Development Plans (CDP), Medium Term Sector Strategy (MTSS), fiscal strategies such as macro-economic and fiscal stability, economic diversification, infrastructural development, job creation, social inclusion, improving revenue and managing expenditures are proposed.

The State Government has also taken a giant step towards increasing her funds by signing an Agro business bond of N100b covering 4 years (2022-2025) to be drawn in equal tranches of N25b annually. The first tranche collected in 2022 has been used to liquidate the outstanding loans to the tune of about N12 billion. The bond is also being utilized to finance the government's Adamawa Agric-Business Support Program (ADAS), refinance existing loans, reduce the backlog of arrears of pensions to make the State PENCON compliant and to boost the State's IGR. Adamawa State Government is also advised to lay emphasis on exploring the solid minerals sector and again key into development through Public Private Partnership (PPP) and Donor Partners' interventions in implementing targeted projects to States.

In terms of Adamawa State's economy, the State enjoys relatively good GDP performance. The GDP of the state was estimated to be ₦2.66 trillion in 2021, making it the 18th largest economy among the 36 states of Nigeria and the largest in the North-East region. Agriculture is the major driver of Adamawa State economy with the predominance of subsistence and non-mechanized agriculture; therefore, the growth of the State's economy is predicated on increased transformation of the agricultural value chain (large scale agricultural production and agro-based industrial production).

Although the trend of IGR in the State over the years has been varied, the present administration has demonstrated strong determination to change the prevailing situation of the State's IGR. Between 2018 and 2019, IGR grew by 46.73% from N6.61b to N9.70b. However, the 2020 pandemic was responsible for the decline of IGR by 17.65% in 2020 to N7.99. Thereafter, IGR recovered and grew by 62.82%, 1.26% and 29.53% with N13.01b, N13.18b and N29.53 in 2021, 2022 and 2023 respectively (see figure 11 on page 34). The consolidated debt and contingent liabilities of the State were analysed. These include total debt stock, debt service, sustainability nature and fiscal implementation of contingent liabilities of the state. Consequently, the solvency ratio (total public debt to total recurrent revenue) of 222.37% as at 31st December 2023 is above the prescribed threshold of 150%, while the State total external debt to gross FAAC of 106.87% is favourable and within the 150% threshold. The liquidity ratio of 5.03% (against its threshold of 40%), which is used in measuring the State's ability to meet its debt service obligations is also very much favourable,

while domestic debt service to IGR stands at 80.16% far exceeds the threshold of 15% and requires urgent attention (refer to table 7 page 48).

Fiscal risks that may affect the success of the State's plan were examined. These include inflow from federal allocations, natural disasters like floods, security matters like insurgency, farmers' herder's crisis, fire outbreak, diseases etc. The volatility in the price and production of crude oil are the major reasons for fluctuations in revenue that comes to the State from the federation account. This puts more pressure on the State coffers, which affects debt services and other monthly obligations of the State.

It is worthy to note the highly commendable efforts of USAID State2State activity towards their support in preparing this document, by way of the extensive capacity building accorded the MTEF Technical team.

Also commendable is the commitment and professional competence exhibited by the representatives of the relevant MDAs that put this document together.

1 Introduction and Background

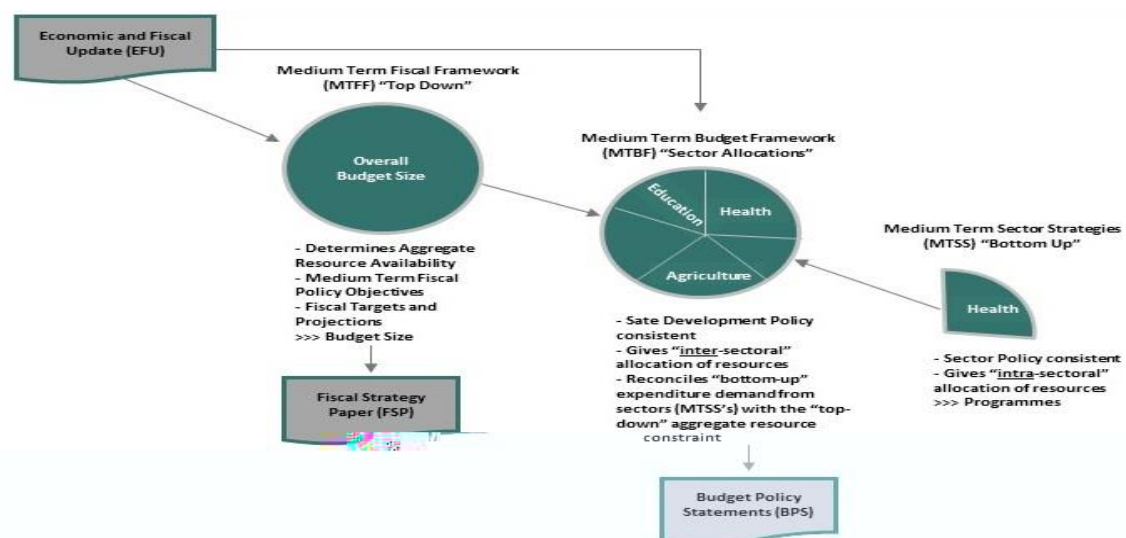
1.A Introduction

1. The Economic and Fiscal Update (EFU) provides economic and fiscal analyses which form the basis for budget planning process. It is aimed primarily at policy makers and decision takers in Adamawa State Government. The EFU also provides an assessment of budget performance (both historical and current) and identifies significant factors affecting implementation.
2. On the other hand, Fiscal Strategy Paper (FSP) and Budget Policy Statement (BPS) are key elements in Medium Term Expenditure Framework (MTEF) and annual budget process, and as such, they determine the resources available to fund Government projects and programmes from a fiscally sustainable perspective.
3. Adamawa State Government decided to adopt the preparation of the EFU-FSP-BPS for the first time in 2021 as part of the movement toward a comprehensive MTEF process. This is the fifth iteration of the document and covers the period 2025 -2027.

1.A.1 Budget Process

4. 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).
5. It commences with the conception through preparation, execution, control, monitoring and evaluation and goes back again to conception for the ensuing year's budget.
6. The MTEF process is summarised in the diagram below:

Figure 1: MTEF Process



1.A.2 Summary of Document Content

7. 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 Adamawa State Government (ADSG) for the period 2025-2027.
8. The purpose of this Medium-Term Budget Framework (MTBF) 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 MTF; and
 - iii. Provide indicative sector envelopes for the period 2025-2027 which constitute the Budget Policy Statement.
9. The EFU is presented in Section 2 of this document. The EFU provides economic and fiscal analysis to inform the budget planning process. It is aimed primarily at budget policy makers and decision takers in Adamawa 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; and
 - Trends in budget performance over the last six years.
10. The FSP is a key element in the ADSG 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

11. The purpose of this document is to provide an informed basis for the 2025-2027 budget preparation cycle for all the key stakeholders, specifically:
 - State House of Assembly (SHoA);
 - Executive Council (ExCo);
 - Ministry of Budget and Economic Planning;
 - Adamawa State Planning Commission;
 - Ministry of Finance;
 - All Government Ministries, Departments and Agencies (MDAs); and
 - Civil Society Organizations (CSOs).

12. The document is prepared within the first two quarters of the year prior to the annual budget preparation period. It is prepared by Adamawa 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 Public Financial Management (PFM)¹

13. Legislative Framework for PFM in Adamawa State –The Constitution of the Federal Republic of Nigeria 1999 (as amended). The Constitution is the overarching law that governs the conduct of public financial management in the whole country, including Adamawa State. Every other law flow from the Constitution, and any law made by any government that conflicts with provision of the Constitution shall be voided on the grounds of the conflict or the extent of the conflict with the Constitution. Specifically, Sections 120 to 129 provide for the power and control over public funds of the State including budget, expenditure and auditing of public funds; while sections 162 to 168 make provision for the determination and administration of public revenues of the Federation, and each tier of government.

- **The Adamawa State Public Finances (Control and Management) Law 2016**, amongst other things, provides for the institutional and procedural mechanisms for the control and management of public finance, public funds, estimate of revenue and expenditure, loans, guarantees and grants, accounting, and reporting, as well as the control of the finances of State enterprises. It also has general provisions on the management of state properties, and penalties and surcharges for the infraction of the law. The 2016 law replaces the Public Finances (Control and Management) Law 1983 of Adamawa State, which replaced their pre-independent precursor law - The Finance (Control and Management) Act 1958 - that was generally applicable to Nigeria government and inherited by states. Adamawa State has made good progress with the enactment of PFM laws such as the Adamawa State Debt Management Agency Law 2011 Fiscal Responsibility Commission (Amendment) Law 2021, and Public Procurement (Amendment) Law 2020, which adequately provide for the management of public finances in the state. These laws are the basis for the state’s financial regulations.
- **The Financial Regulations of the Federal Government of Nigeria 2009**. Adamawa State uses the Federal Government’s Financial Regulations 2009. The Financial Regulations is based on the Adamawa State Public Finances (Control and Management) Law 2016 and

¹ Based on 2021 PFM Assessment for Adamawa State

provides detailed guidelines and procedures for handling the financial dealings of the state including treatment of revenues and expenditure transactions, recording, control, audit and reporting of public revenues and expenditure. The Financial Regulations is meant to be followed strictly by officers controlling and administering votes in government, including heads of MDAs, accounting officers, accountants, and those providing oversight on the use of public funds, such as internal auditors, external auditors and the public accounts committee of the state house of assembly.

- **The Adamawa State Fiscal Responsibility Commission (Repeal and Re-enactment) Law No 13 of 2021**, which repeals and re-enacts the Adamawa FRCL 2018, is modeled after the Federal Fiscal Responsibility Act 2007. The law, which provides for the prudent, sustainable, transparent, and accountable management of the financial resources of the State, also has jurisdiction over local governments. The law establishes the Adamawa State Fiscal Responsibility Commission and a Governing Board that should provide general policy guidelines for administration of the law. The Adamawa State FRCL under Part III section 18 provides for the preparation of Medium-Term Expenditure Framework while Part IV sections 20 and 20 provide for the preparation of the Annual Budget accompanied by the Medium-Term Expenditure Framework.

- **Adamawa State Public Procurement Bureau Law 2020** amends and replaces the Adamawa State Public Procurement Law, 2013. The law establishes the Adamawa State Board on Public Procurement and the Bureau of Public Procurement as the regulatory authorities responsible for the monitoring and oversight of public procurement, harmonizing the existing government policies and practices, liaising with federal counterpart bodies by regulating, setting standards and developing the legal framework and professional capacity for public procurement in Adamawa State and for related matters.

Section 20 of the Law provides that a procuring entity shall plan its procurement and integrate its procurement expenditure into its yearly budget. Each procuring entity is also required to establish a Procurement Planning Committee (section 23). All public procurement should be conducted based only on procurement plans supported by prior budgetary appropriations (section 18(b)).

- **Adamawa State Revenue Administration Law No 12 of 2020** is the substantive revenue administration law of the State. It updates the Adamawa State Board of Internal Revenue Law, 2007. The Tax Administration Law of 2020, which was deemed to have taken effect from January 1, 2019, establishes the Adamawa State Internal Revenue Service and the Governing Board (i.e., the Board of Internal Revenue). It makes

provision for the administration and collection of revenues due to the Adamawa State Government and Local Government Councils and establishes the relevant administrative structures for the enforcement of the law.

- **The Adamawa State Debt Management Agency Law No 2 of 2011** which came into effect on March 7, 2011, provides for the establishment of the Adamawa State Debt Management Agency and its functions, as well as the debt management committee. It also provides guidelines for external borrowing, execution of external loan agreements, conditions for approval of loans, determination of the state's debt profile or debt stock, terms and conditions for loans and government guarantees. The law is to be implemented alongside other PFM laws such as the Fiscal Responsibility Law, and the Public Finances (Control and Management) Law.
- **The Adamawa State Audit (Amendment) Law No 7 of 2021** - Adamawa State is among the very few states in Nigeria that has a modern audit law. This law provides for the office of the State Auditor General, its powers, and functions. The law also provides for the establishment of the State Audit Commission, which has responsibility for the appointment, promotion, dismissal, and exercise of disciplinary control over staff of the Commission and the Office of the Auditor General. The provisions of the law, if fully implemented, seek to guarantee the financial and operational autonomy of the Office of the Auditor General, which can strengthen its independence.
- **Adamawa State Local Government Audit (Amendment) Law No 8 of 2021** - The Adamawa State Local Government Audit Law establishes the Office of the Auditor General for Local Governments, its structure, functions, powers, and funding. The law also prescribes the audit process to be followed by the Auditor General Local Governments in the conduct of audits at the local government councils, and its relationship with the public accounts committee of the state house of assembly.
- **Occasional treasury circulars.** The Adamawa State Ministry of Finance and Budget, Office of the Accountant General or the State Executive Council may issue from time to time, when it becomes necessary, additional policies, rules, and procedures to guide the conduct of public financial management in the state.

14. **Institutional Framework for PFM in Adamawa state** - The Constitution vests executive powers of the state in the Governor. The Constitution provides that “the Governor shall cause to be prepared and laid before the House of Assembly at any time before the commencement of each financial year, estimates of the revenues and expenditure of the State for the next

following financial year”². The Governor of Adamawa State exercises his executive powers either directly or through the Deputy Governor, the Commissioners, Special Advisers, Permanent Secretaries, and other officers in the public service of the State.

15. Specifically, Adamawa State Executive Council (EXCO) formulates the policies of the State Government and considers and recommends the state budget to the House of Assembly. On passage, the Governor signs the appropriation bill into law.
 16. Adamawa State Government’s public administration is conducted through 106 ministries, departments, and agencies (MDAs); including 24 ministries, each with a commissioner. The key PFM institutions in Adamawa State are as presented below:
 - **Ministry of Finance** is responsible for the management of the state’s economy, financial management policy, borrowing, investment, loans, and advances, banking and treasury, boards of survey and boards of enquiry, etc. The Ministry has three important semi-autonomous agencies, namely the Office of the Accountant General for the State, the Board of Internal Revenues and Debt Management Agency.
 - **Ministry of Budget and Economic Planning** to be the primary Agency of the Government that facilitate efficient and effective mobilization, Planning, allocation and utilization of resources for socio-economic transformation of Adamawa State with the mission of ensuring a continuous and dynamic socio-economic policies through prudent and equitable resource management in the State. The Ministry is responsible for the economic planning and budgeting function of the Adamawa State Government. It coordinates, guides, and advises the MDAs on state development policy thrust and fiscal measures that the state adopts in the preparation of annual estimates, medium-term expenditure and revenue frameworks, as well as the fiscal strategy paper.
 - **Adamawa State Planning Commission (ASPC)** It monitors the execution of the State’s budget and coordinates the development of activities by international and local development partners in the State.
 - **The Office of the Accountant General (OAG)** is the treasury of the State Government; and chiefly responsible for the accounting, recording and reporting functions of the state government. It maintains the State’s accounting policies and procedures; manages the state’s revenue and expenditures across all the MDAs; deploys and supervises all accounting officers across the MDAs; and produces the in-year and year-end financial reports of the State.
-

- **Adamawa State Board of Internal Revenue (ASBIR)** established by the Adamawa State Board of Internal Revenue Law 2007; and the Adamawa State Revenue Administration Law 2020. The Revenue Service is governed by a Board, and is responsible for the collection, control, administration, and accounting for all tax and non-tax revenues of the Adamawa State government. The Executive Chairman of the Service heads the Governing Board for the Service. The Board is the policy-making body for the Service and ensures that the Service performs its functions appropriately. The Board is a member of and participates in the formulation and execution of Joint Tax Board (JTB) policies on taxation, stamp duties and motor vehicle licensing.
- **Adamawa State Debt Management Agency (ASDMA)** is established by the Adamawa State Debt Management Agency Law No. 2 of 2011, and responsible for the management of the State and Local Government debts including leading on State debt strategy, debt sustainable analysis, maintenance of the domestic and external debt records of the state and advising the state government on debt matters. The Agency is supervised by a Debt Management Committee comprising the State Deputy Governor (as Chairman) and the Director Debt Management Agency as Secretary. Other members of the Committee are the Commissioner for Finance (as Vice Chairman), Commissioner for Local Government and Chieftaincy Affairs, State Attorney General, Chairman Planning Commission, Accountant General, and Special Adviser to the Governor on Budget and Economic Planning.
- **Adamawa State Bureau of Public Procurement (ADSPPP).** The Adamawa State Bureau of Public Procurement was established by the Adamawa State Public Procurement Law 2013, as amended in 2020. The Bureau is the central agency that provides guidance to all MDAs on matters concerning procurement in the state. It sets the guidelines and supervises the procurement processes of the MDAs. The procurement agency maintains the record of procurement across government and ensures that there is transparency and due process in the State's procurement management. The Bureau is governed by a Board responsible for its policy formulation and supervision headed by a Chairman and the Secretary of the Bureau as Secretary of the Board. The membership of the Board includes the Director General of the Bureau, representatives of some MDAs, relevant professional bodies, private sector, and civil society.
- **Office of the State Auditor General.** The Adamawa State Office of the Auditor General is a creation of the Audit Law Cap 58 of 1958 repealed and replaced by the Adamawa State Audit Law 2016. The Office is the supreme audit institution of the state, and is headed by the State Auditor General, who is a constitutionally designated officer. The Office provides a central accountability function in the Adamawa State Government including statutory

and continuous audits of the State Government; and supervises the audits of the non-ministerial and government owned enterprises. Unlike in most other Nigerian states, the Adamawa State office of the Auditor General is responsible for formulating and maintaining the internal controls and internal audits in all the state's MDAs. This practice conflicts with the provisions of the Adamawa State Finance (Control and Management) Law 2016, which stipulates in its section 17 (1 & 2) that "there shall be an Internal Audit Department under the Accountant-General" which should "coordinate, facilitate and provide quality assurance for internal audit activities within internal audit units in Government Ministries, Departments, Agencies and Local Governments bodies."

- **The Adamawa State Office of the Auditor General Local Governments** is a State government agency established by the Adamawa State Local Government Audit Law, 2017. It is headed by the Auditor General for Local Governments, who is appointed by the Governor subject to the confirmation by the State House of Assembly. The Office provides statutory audits to all the 21 LGAs of Adamawa State. It regulates and ensures compliance with rules and regulations in local government financial management, as contained in the Financial Memorandum for Local Governments, and other extant circulars.
- **Adamawa State Fiscal Responsibility Commission (AFRC)** was established under the Adamawa State Fiscal Responsibility Law of 2013, which was repealed and re-enacted as the Adamawa State Fiscal Responsibility (Repeal and Reenactment) Law, 2018. The Commission is responsible for enforcement of the Fiscal Responsibility Law to promote prudent, sustainable, transparent, and accountable management of the financial resources of the State towards achieving the economic and fiscal objectives of the State. It is to work with all MDAs to achieve greater efficiency in the allocation and management of public expenditure, revenue collection, debt control, and transparency in fiscal matters. The Adamawa State Fiscal Responsibility Commission has a Board, whose Chairman is the Chief Executive and accounting officer of the Commission. There are other part-time members of the Commission cutting across Organized Private Sector, Organized Labor, Civil Society, representatives from each senatorial district of the State, representatives of the central public financial management agencies.

1.B.2 Overview of Budget Calendar

17. **Indicative Budget Calendar for Adamawa State Government is presented below:** The Key players in the budget planning and preparation process are the Ministries, Departments and Agencies (MDAs), the State Executive Council, State House of Assembly and Civil Society Groups. The State Ministry of Budget and Economic Planning coordinates and provides oversight and direction. Good practice requires an integrated top-down and bottom-up budgeting process, involving all parties in an orderly and timely manner. Each stage of the budget planning and preparation process must be performed in a particular manner and within a fixed timeline for the appropriation bill to be approved by State House of Assembly before the start of the financial year. Delays in approving the appropriation bill may create uncertainty about the level of approved expenditures and delays in some government activities, including implementation of major programs and projects.

Table 2: Overview of the Reviewed Budget Calendar

S/N	Budget Activity	Months												Start	End Date	Responsibility	Output	
		J	F	M	A	M	J	J	A	S	O	N	D					J
Budget Planning and Preparations																		
1.	Sector Performance Review (Previous Year's Budget Performance Report)														January	June	Planning Commission, Ministry of Budget and Economic Planning, Accountant General	Sector Performance Review
2.	Preparation of Q1, Q2, Q3, and Q4 Budget performance Report															28 th April, 28 th July 28 th October ,28 th January	Planning Commission, Ministry of Finance, Ministry of Budget and Economic Planning, Accountant General and State Internal Revenue Service.	Q1, Q2, Q3, and Q4 Budget performance Report
3.	Preparation of Economic and Fiscal Update- Fiscal Strategy Paper- Budget Policy Statement (EFU-FSP-BPS) MTEF														April	July	Planning Commission, Min. of Budget and Economic Planning, Accountant General Office, Board of Internal Revenue, Debt Mgt Fiscal Responsibility Com. SHoA, Auditor General Office	Draft EFU-FSP-BPS Document

4.	Submission of (EFU-FSP-BPS) draft to EXCO (Ministry of Budget and Economic Planning)											June	July	Planning Commission, Min. of Finance, Ministry of Budget and Economic Planning, Accountant General Office, Board of Internal Revenue, Debt Mgt Fiscal Responsibility Com. Auditor General Office	Memo, Executive Summary EFU-FSP-BPS
5.	EXCO approval EFU-FSP-BPS Document											June	July	EXCO	Updated EFU-FSU-BPS Document
6.	Submission of EFU-FSP-BPS Document to, and Approval by SHoA											July	September	EXCO, SHoA	Approved EFU-FSU-BPS Document
7.	Medium Term (3 Years) Sector Ceiling Calculation (Indicative Ceiling may be issued early)											June	July	Planning Commission, Min. of Finance, Ministry of Budget and Economic Planning, Accountant General Office, Board of Internal Revenue, Debt Mgt Fiscal Responsibility Com. SHoA, Auditor General Office	Memo (accompanied by EFU-FSP-BPS Document)

8.	Develop/Update Medium Term Sector Strategy (MTSS)											August	September	MDAs/ Sector Teams coordinated by Planning Commission, Min. of Finance, Ministry of Budget and Economic Planning, Accountant General Office, Board of Internal Revenue, Fiscal Responsibility Com. SHoA	MTSSs
9.	Issue Call Circular											April	July	Ministry of Budget & Economic Planning and Board of Internal Revenue	Call Circular Document
10.	Citizen Engagement											April	June	Ministry of Budget and Economic Planning, Min. of Finance, Other MDAs, and CSOs	Communities Needs/Projects
11.	Preparation and Submission by MDAs of 1 st draft Budget (incorporating update MTSS Budgets)												August	Ministry of Budget and Economic Planning, Min. of Finance, Board of Internal Revenue	Budget Submission
12.	Pre Treasury Board Meeting												September	Min. of Finance, Ministry of Budget and Economic Planning, Board of Internal Revenue, Accountant	1 st budget draft

																	General, Establishment office		
13.	Collation of MDA first draft														September		Ministry of Budget and Economic Planning , Board of Internal Revenue,	1 st budget draft	
14.	MDA Budget Defense and Negotiations													August	September		Ministry of Budget and Economic Planning , Board of Internal Revenue	1 st Budget Draft	
15.	Revision of Draft submission of Budget estimate														September		Ministry of Budget and Economic Planning , Board of Internal Revenue	Update Budget Submission	
16.	Consolidation of MDAs Budget Estimate														September		Ministry of Budget and Economic Planning	2 nd Budget Draft	
BUDGET APPROVAL																			
17.	Submission of draft Budget estimate to EXCO														October		Ministry of Budget and Economic Planning.	EXCO Memo	
18.	Further revision and correction and resubmission to EXCO/Governor														October		Ministry of Budget and Economic Planning.	3 rd Budget Draft	
19.	EXCO Presentation of the Budget to the State House of Assembly														October		His Excellency the Governor	Executive Budget	

20.	House of Assembly Deliberation/ review, Approval and presentation for Governor's assent																		October	November	SHoA, MDAs	SHoA Approved Budget
21.	Budget assent by the Governor																			December	His Excellency the Governor	Appropriatio n Law
22.	Public Presentation and Breakdown of the Approved Annual Budget																			December	Ministry of Budget and Economic Planning	Budget Speech, Published
23.	Publication of the Budget, online, but for citizen budget to be published within the first quarter of the budget year																			January	Ministry of Budget and Economic Planning and Planning Commission	State Budget Published on line, Citizen Budget prepared and published on line
Floating Activities																						
A	Internal Budget retreats for example for Budget planning and Budget presentation																					
B	External Budget retreat for examples Stakeholders/CSO engagement in Sector Review EFU-FSP-BPS preparations, MDA Budget preparations																					

2 Economic and Fiscal Update

2.A Economic Overview

2.A.1 Global Economy

18. The International Monetary Fund's (IMF's) April 2024 World Economic Outlook (WEO) reported a steady but slow improvement (growth of 3.2% projected in 2024 and 2025, as projected for 2023) in the performance of the global economy with a steady. The forecast indicated a slight acceleration (1.7% in 2024 to 1.8% in 2025) for advanced economies, to be offset by a modest slowdown (a decline from 4.3% in 2023 to 4.2% in both 2024 and 2025) in emerging market and developing economies. The slow growth projection is attributed to both near-term factors, such as still-high borrowing costs, withdrawal of fiscal support by multilateral and donor organizations; and longer-term effects from the COVID-19 pandemic and Russia's invasion of Ukraine, weak growth in productivity, and the increasing geoeconomic fragmentation globally.
19. Global inflation is forecasted to decline steadily from 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025, occasioned on advanced economies returning to their inflation targets sooner than the emerging market and developing economies. Generally, core inflation is expected to decline more gradually after 2025. However, new price spikes stemming from geopolitical tensions, including those from the war in Ukraine and the conflict of Gaza and Israel, could raise interest rate expectations and reduce asset prices, along with the persistent core inflation where labour markets are still tight. A divergence in disinflation speeds among major economies could also cause currency movements that put financial sectors under pressure.
20. The global unemployment rate is expected to vary across regions. The IMF projects that the unemployment rate in advanced economies will decline to 5.0% in 2024, while emerging market and developing economies are expected to have an unemployment rate of around 6.3% in the same year. The degree of labour market flexibility, including cross-country labour and migration regulations, is expected to influence global employment levels in the coming years.
21. Amid the high government debt in many economies, a disruptive turn to tax hikes and spending cuts could weaken economic activity, erode confidence in the market, and sap support for necessary reform and spending to reduce risks from climate change. Geoeconomic fragmentation could also intensify, with higher barriers to the flow of goods, capital, and people implying a supply-side slowdown. On the upside, looser fiscal policy than necessary could raise economic activity in the short term, although risking more costly policy adjustment later. Inflation could fall faster than expected amid further gains in labour force participation, allowing central banks to bring easing plans forward. Rapid growth in Artificial Intelligence (AI) and stronger structural reforms than anticipated could also spur productivity and growth.

22. Oil prices decreased in 2023 despite Middle East tensions. The weaker expectations about global oil demand growth contributed to this downward oil price pressures. On the supply side, the implementation of output curbs by OPEC+ was offset in excess by strong output growth in Iran and non-OPEC countries, led by the United States, Brazil, and Guyana. The Red Sea tensions have also led to a 50% rise in global freight rates of oil product tankers. Among the main routes affected is the one from the Middle East to Europe, for which prices increased by 200% from mid-November 2023 to mid-March 2024. The higher costs and the implied rerouting have only had a minor impact on crude oil prices. The IMF projects that oil prices will slide by 2.5% year-over-year to an average of \$78.60 per barrel in 2024 and will continue to fall to \$67.50 in 2029.
23. Risks to the above price outlook are balanced. Upside price risks could arise from an escalation of the Middle East conflict and attacks on Russian oil infrastructure. Downside risks could arise from a slowdown in Chinese oil demand and strong non-OPEC supply growth, possibly coupled with a rise in OPEC+ oil supply to regain market share. The outlook for demand growth is therefore highly uncertain.
24. The economic outlook (GDP growth rate and inflation rate) of selected countries is shown in tables 2 and 3 below. Countries selected are chosen to represent G20, BRINCS, MINT, N-11, Petro-economies, and other large African countries.

Table 3: Real GDP Growth – Selected Countries

Table 3: Real GDP Growth - Selected Countries

Country	Actual						Forecast		
	2018	2019	2020	2021	2022	2023	2024	2025	2026
Mexico	2.2	-0.2	-8.2	4.8	3.9	3.2	2.4	1.4	2.1
Indonesia	5.2	5.0	-2.1	3.7	5.3	5.0	5.0	5.1	5.1
Türkiye	3.0	0.9	1.8	11.0	5.5	4.5	3.1	3.2	3.5
United States	2.9	2.3	-3.4	5.7	1.9	2.5	2.7	1.9	2.1
Germany	1.1	1.1	-4.6	2.8	1.8	-0.3	0.2	1.3	0.7
United Kingdom	1.7	1.7	-9.3	7.4	4.3	0.1	0.5	1.5	1.4
China	6.8	6.0	2.2	8.1	3.0	5.2	4.6	4.1	3.3
Ghana	6.2	6.5	0.4	4.2	3.1	2.3	2.8	4.4	5.0
South Africa	1.5	0.1	-6.4	4.9	1.9	0.6	0.9	1.2	1.4
Brazil	1.8	1.2	-3.9	4.6	3.0	2.9	2.2	2.1	2.0
Angola	-2.0	-0.7	-5.6	0.7	3.0	0.5	2.6	3.1	3.6
Nigeria	1.9	2.2	-1.8	3.6	3.3	2.9	3.3	3.0	3.3

Source: IMF's World Economic Outlook, April 2024

Table 4: Inflation (CPI) – Selected Countries

Table 4: Inflation (CPI) - Selected Countries

Country	Actual						Forecast		
	2018	2019	2020	2021	2022	2023	2024	2025	2026
Mexico	4.9	3.6	3.4	5.7	7.9	6.3	2.4	2.0	2.0
Indonesia	3.3	2.8	2.0	1.6	4.1	3.7	2.6	2.6	2.5
Türkiye	16.3	15.2	12.3	19.6	72.3	53.9	59.5	38.4	18.6
United States	2.4	1.8	1.3	4.7	8.0	4.1	2.9	2.0	2.1
Germany	1.9	1.4	0.4	3.2	8.7	6.0	2.4	2.0	2.0
United Kingdom	2.5	1.8	0.9	2.6	9.1	7.3	2.5	2.0	2.0
China	1.9	2.9	2.5	0.9	2.0	0.2	1.0	2.0	2.0
Ghana	9.8	7.1	9.9	10.0	31.9	37.5	22.3	11.5	8.0
South Africa	4.6	4.1	3.3	4.6	6.9	5.9	3.9	2.0	2.0
Brazil	3.7	3.7	3.2	8.3	9.3	4.6	4.1	3.0	3.0
Angola	19.6	17.1	22.3	25.8	21.4	13.6	22.0	12.8	7.4
Nigeria	12.1	11.4	13.2	17.0	18.8	24.7	26.3	23.0	14.0

Source: IMF's World Economic Outlook, April 2024

25. Africa Economy

26. The outlook for sub-Saharan Africa is gradually improving as reported in the IMF WEO, April 2024. Growth is estimated to rise from 3.4% in 2023 to 3.8% in 2024, with nearly two thirds of countries anticipating higher growth. Economic recovery is expected to also continue beyond 2024, with growth projections reaching 4.0% in 2025.
27. Within the sub regions, economic activity in the West African Economic and Monetary Union (WAEMU) is projected to increase by 5.9% in 2024 and 6.2% in 2025 due to the solid performances of Benin, Côte d'Ivoire, Niger, and Senegal. Growth in Nigeria is projected at 3.3% in 2024 and 3.6% in 2025–2026 as macroeconomic and fiscal reforms gradually start to yield results. A more stable macroeconomic environment will lead to sustained but still slow growth of the non-oil economy as the initial shocks of fiscal reforms begins to dissipate. The oil sector is expected to stabilize with recovery in production and slightly lower prices.
28. Additionally, inflation has almost halved in the regions, public debt ratios have broadly stabilized, and several countries have issued Eurobonds in 2024. From the outlook, funding squeeze persists as the region's governments continue to grapple with financing shortages, high borrowing costs, and impending debt repayments. Risks to this outlook remain tilted to the downside as the region continues to be more vulnerable to global external shocks, as well as the threat of rising political instability, and frequent climate events.
29. Three policy priorities can help African countries adapt to these challenges: first, improving public finances without undermining development; second, monetary policy focused on ensuring price stability; and third, implementing structural reforms to diversify funding sources

and economies. Amid these challenges, sub-Saharan African countries will need additional support from the international community to develop a more inclusive, sustainable, and prosperous future as analysed by the IMF.

30. According to African Development Bank's African Economic Outlook, 2024 Growth in Central Africa is expected to moderate from 4.3% in 2023 to 4.1% in 2024 before improving to 4.7% in 2025. The forecast upgrade for 2024 of 0.5 percentage point over the January 2024 projections for the region is attributable to stronger-than- expected growth in Chad and the Democratic Republic of Congo (DRC). Growth in Chad is projected at 5.2% in 2024 and 5.3% in 2025, with an upward revision of 1.3 percentage point for 2024 since the January 2024.
31. Many African currencies depreciated in 2022 and 2023, especially in commodity-exporting countries and globally integrated economies like Algeria, Kenya, Nigeria, and South Africa. Currency depreciation against the dollar was substantial due to monetary policy tightening in the United States, weak investment flows, and weak external demand, among other factors.
32. The fiscal positions of African countries were stretched by the COVID-19 policy responses and support for vulnerable populations against rising food and energy prices amid high debt and the impacts of climate change. These challenges, coupled with the residual effects of Russian invasion of Ukraine and the various policies engendered by new administrations across many African countries, pushed price stability beyond most central banks' grasp and led to higher borrowing costs for sub-Saharan African countries, placing greater pressure on exchange rates. The Israel-Gaza war is gradually re-enforcing these challenges.
33. African Economic outlook is rigged with uncertainty due to the current soaring food and energy prices, tightening global financial conditions as inflationary pressures rise, and the associated increase in domestic debt service costs that continues to heighten the debt vulnerabilities of African countries. Climate change with its damaging impact on domestic food supply and the potential risk of policy reversal in countries that recently transited to a new government equally pose significant threats to this forecast.
34. Other downside factors to this forecast include the effect of the existing Russia–Ukraine conflict and related sanctions on Russia, the Israel-Gaza war, and other socio-political and security issues. Overall, external position is expected to marginally improve, but uncertainty remains with increased food and energy prices weighing on commodity importers.
35. Upside factors include enhancing resilience by boosting intra-Africa trade, especially in manufacturing products to cushion economies from volatile commodity prices, accelerating structural reforms to build tax administration capacity and investments in digitalization and e-governance to enhance transparency, reduce illicit financial flows, and scale up domestic resource mobilization, improving institutional governance and enacting policies that can

leverage the private sector financing especially in climate-proof and pandemic-proof greenfield projects, and mobilizing Africa's resources for inclusive and sustainable development. Sustainable growth will also require taking decisive action to reduce structural budget deficits and the accumulation of public debt in countries facing a high risk of debt distress or already in debt distress.

36. The January 28, 2024, announcement of the Military Juntas in Niger, Mali, and Burkina Faso to leave the Economic Community of West African States (ECOWAS) after their suspension from the bloc and the claim that the bloc had failed to help them tackle the jihadist violence in their countries while declaring what they termed "inhumane sanctions" . While ECOWAS had called on all the three countries to return to civilian rule, the announcement is considered to have the potential to weaken the bloc as a platform for regional collaboration for development.
37. The effective implementation of the African Continental Free Trade Area (AfCFTA) agreement within 2025-2027 is a key ingredient to booster intra-regional trade that can improve the macroeconomic and fiscal environment of the region.
38. **Nigerian Economy**
39. The effect of global economic integration has significant effect on Nigerian economy with positive and negative developments in parts of the globe having varying degrees of impact in the Nigerian economy. The shocks of higher commodity prices due to the Russia–Ukraine conflict which led to slow growth rate, regional disintegration among major global trading partners and blocks as well as the volatility in global monetary policy and capital flows had implications on Nigeria. This resulted in distributional and financial shocks, arising particularly from Nigeria's huge, though declining, dependence on crude oil revenue. The ongoing Israel-Gaza war is also likely to have similar effect on Nigeria.
40. The negative effect of the volatility in oil production has continued to expose the Nigerian economy to both domestic and external vulnerabilities. Shortages in oil production and exports even with an OPEC output quota of 1.5 million barrels per day (mbpd) further reinforced this vulnerability. It is noteworthy that Nigeria has struggled to meet its oil production targets due to operational challenges and insecurity amid growing crude oil theft and pipeline vandalism in the oil producing regions. The efforts to curb crude oil theft and boost oil production in Nigeria are expected to yield an average crude oil production of 1.75mbpd in the 2024 budget. This represents a notable improvement from the 1.30 mbpd recorded in 2023.
41. To accommodate the pressures on foreign reserves, Nigeria's foreign exchange policy has been revised continually. This has generated some pass-through effects on the volume of trade and led to rising inflation especially given the nature of the exchange rate changes and access

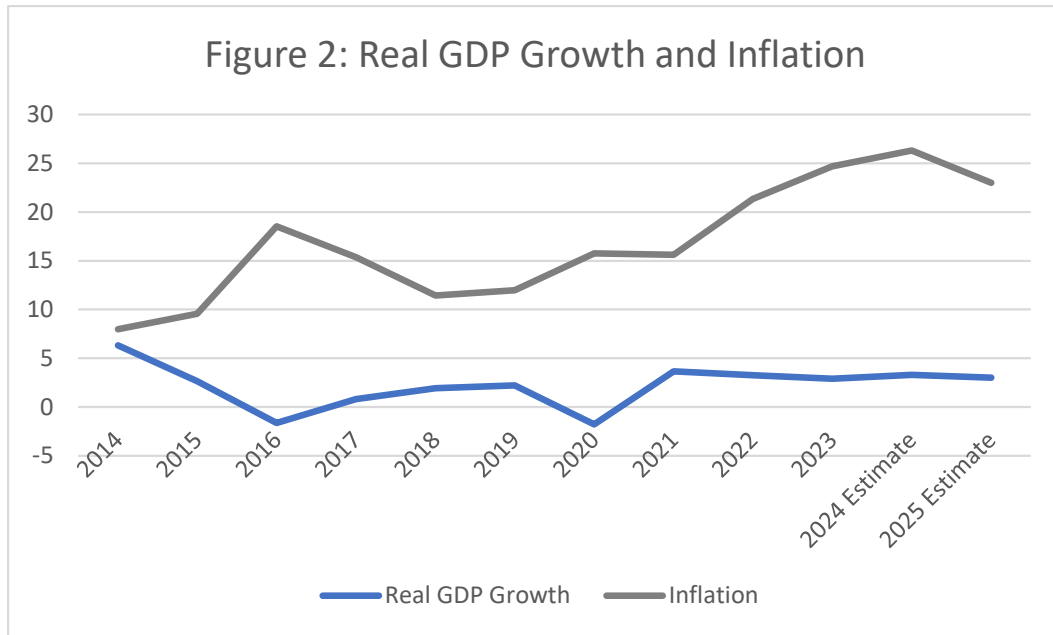
restrictions. A single exchange rate policy was instituted in 2023 to put an end to the era of regulated and multiple exchange rates and to stimulate trade and foreign investment in the economy, but its effect is yet to be felt in 2024 as this policy has caused a significant depreciation of the Naira against the US Dollar.

42. Real GDP – Data from NBS revealed that Nigeria’s economy entered a recession in 2020, with the real GDP contracting by 1.8%, reversing three years of recovery from 2017 to 2020. This downturn resulted from the fall in crude oil prices on account of falling global demand and containment measures to fight the spread of COVID–19. However, in the fourth quarter of 2020, the Nigerian economy expanded by 0.11%; exiting one of its worst recessions, having posted a decline of 6.1% and 3.6% in 2020 Q2 and 2020 Q3, respectively. The data from the NBS also reveals that the real GDP growth year-on-year (YoY) from March 2011 to March 2024 shows an average real growth rate of 2.68%. Note that the data reached an all-time high of 6.9 % in March 2011 and a record low of -6.1 % in June 2020.
43. Nigeria's economy advanced at a slower rate of 2.31% in the first quarter of 2023, compared to the 3.52% rise in the previous three-month period and below the market expectation of a 3% growth. However, the GDP grew by 3.46% (year-on-year) in real terms in the fourth quarter of 2023, lower than the 3.52% recorded in the fourth quarter of 2022 but higher than the 2.54% growth witnessed in the third quarter of 2023. Nigeria ended 2023 with a GDP growth of 2.9%, continuing the slower growth after the exit from recession in 2020; the country grew by 3.6% in 2021 and 3.3% in 2022 (according to data from NBS). Despite the deceleration in growth, the non-oil sector continued to be the main catalyst of the country's economic expansion, boosted by services.
44. Overall, the lower 2023 actual real GDP growth compared with previous two years was occasioned by the persistent fuel and foreign exchange shortages, with the naira depreciating by over 50% in 2023 and further dampening economic activities. According to the IMF forecast, it is expected that Nigeria’s economy will expand by 3.3% in 2024 and 3.0% in 2025. The Federal 2024-2026 MTEF/FSP anticipated 3.75% growth in 2023, increasing to 3.76% in 2024 and to later increase to 4.22% in 2025. Stable oil prices coupled with reforms initiated by the 2021 Petroleum Industry Act (PIA), the 2022 Start-up Act, and the commissioning of the Dangote refinery in May 2023 were expected to boost the economy. However, Dangote refinery could not commence operation within the year, full implementation of the PIA has also been slow.
45. Nevertheless, the projections for the nation's economy paint an optimistic trajectory with the Federal Government of Nigeria anticipating real GDP growth of 3.76% in 2024 against IMF’s forecast of 3.3% and slightly surpassing the estimated 3.75% for 2023. This optimism is

underpinned on the implementation of key government reforms set to shape the economic landscape. Foremost among the factors contributing to this positive outlook is the expectation of improved crude oil prices and production and a proactive policy environment. Possible risks to this projection include sustained rise in fiscal deficit and debt, elevated interest rates, high inflationary trend, foreign exchange liquidity pressures, poor non-oil revenues and slower sectoral development. In terms of sectors, the main drivers of GDP growth are the financial services, information and communication, and utilities sector. The Federal Government expects these sectors to continue to drive growth in the short term.

46. Inflation (CPI) - Nigeria is expected to experience moderate inflationary pressure in 2024 according to the analysis of the Nigerian Economic Summit Group's Macroeconomic Outlook for 2024. The inflation rate is projected to average at 21.5% in 2024, from an average of 24.7% in 2023. The slowdown in inflationary pressure is expected to be driven by relative exchange rate stability and other heightened monetary measures by the Central Bank of Nigeria. In addition, food inflation will remain the fundamental driver of inflation due to increased cost of credit, insecurity, and internal displacement. The removal of fuel subsidies will continue to increase core inflation, primarily through high transport and energy costs. However, governments efforts aimed at inflation reduction and price stability, strategic fiscal policy measures, and the Accelerated Stabilisation and Advancement Plan (ASAP) submitted to the Presidency by the Federal Ministry of Finance and Economic Development are expected to curb the trend of inflation in the short to mid-term and stabilize the economy for development to take place.
47. The IMF projects inflation to rise to 26.3% in 2024 and slow down to 23% in 2025 and 14% in 2026. As of April 2024, headline inflation rate stood at 33.69%, rising from 29.9% in January 2024 to 31.7% in February and 33.2% in March 2024. This rise has resulted to frequent tightening of monetary policies with the Central Bank of Nigeria (CBN) increasing the interest rate from 18.75% in January 2024 to 22.75% in February, 24.75% in March, and to 26.25% in May 2024 (the highest rate since 2009) to cushion continued rise in headline inflation driven largely by food prices because of supply shortages and the high cost of logistics and distribution. The high lending rate is also anticipated to foster an environment conducive to increase the inflow of investment that can increase productivity and reduce supply-based inflationary trend.
48. The national annual real GDP growth and year-on-year inflation rates from 2014 to 2023 and 2024-2025 estimate is shown in Figure 2 below.

Figure 2: Real GDP Growth and Inflation



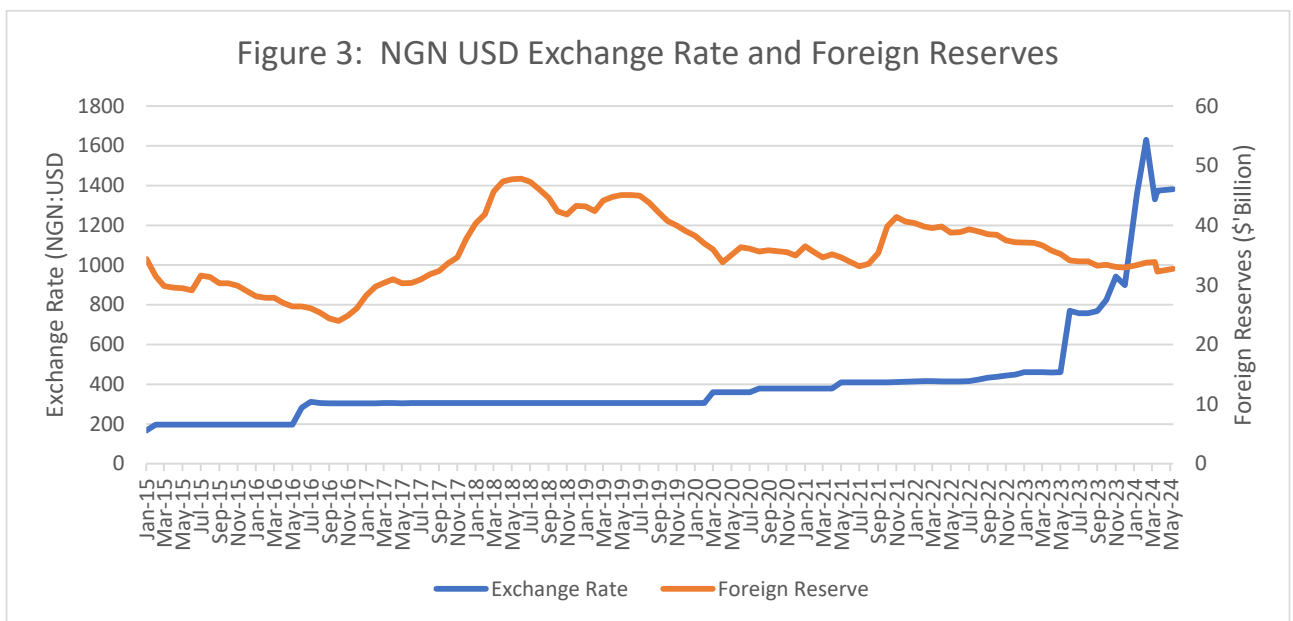
Data Source: WEO Database

49. While anticipating enhanced productivity and output in labour-intensive sectors such as Construction, Agriculture, Trade, and Manufacturing sectors, the acceleration of unemployment rate is projected to slowdown in 2024 and 2025. The rate is anticipated to remain around 5.0% in 2024 due to the anticipated improved performance in these job-intensive sectors. With a population growth rate estimated at 3.2%, this trajectory is set to bolster the overall impact of economic growth on real per capita income of the country.
50. Foreign Exchange Rate – the exchange rate at the Importers and Exporters window depreciated by 5.7% in 2022, closing the year at N461.5/\$1 compared to N435/\$1 recorded in 2021. Similarly, the Naira has devalued against the dollar from N461/\$1 in January 2023 to N770.4/\$1 by the end of June 2023 and to N899.4/\$1 by end of December 2023. This depreciation followed the abolition of foreign exchange rate segmentation by the Central Bank of Nigeria by collapsing all foreign exchange windows into the investors & exporters (I&E) window on June 14, 2023. Consequent upon the new exchange rate regime, the exchange rate continued to rise from N899.4/\$1 by end of December 2023 to N1,356.9/\$1 in January 2024, rising to an all-time high of over N1600/\$1 in February 2024 and was at N1482.5/\$1 as of May 31, 2024.
51. Foreign reserves was on the decline since mid-2019 but. The reserve stood at \$37.1 billion on December 31, 2022, compared to \$40.52 billion as of the end of December 31, 2021. The reserve was decreasing marginally amidst steady increase in global oil prices observed during the period. Nigeria commenced January 2023 with \$36.99 billion reserve, it fell to \$34.12bn as of the end of June 2023, and further down to \$32.91bn as of end of December 2023 according

to data from the Central Bank of Nigeria (CBN), The fall was largely due to the CBN’s effort to manage the depreciation of the Naira. Although the reserve rose marginally to \$33.83bn as of March 2024, the rise was not sustained as the reserve fell back to \$32.25bn in April 2024 before rising marginally to \$32.69bn in May 2024 also due to the CBN’s effort to manage the depreciation of the Naira. The falling foreign reserve potentially condenses the policy options available to the CBN in controlling monetary aggregates.

- 52. The NGN:USD exchange rate, which is a key crude oil revenue parameter, for the period January 2015 to May 2024, is shown in Figure 3 below.

Figure 3: NGN:USD Exchange Rate and Foreign Reserves



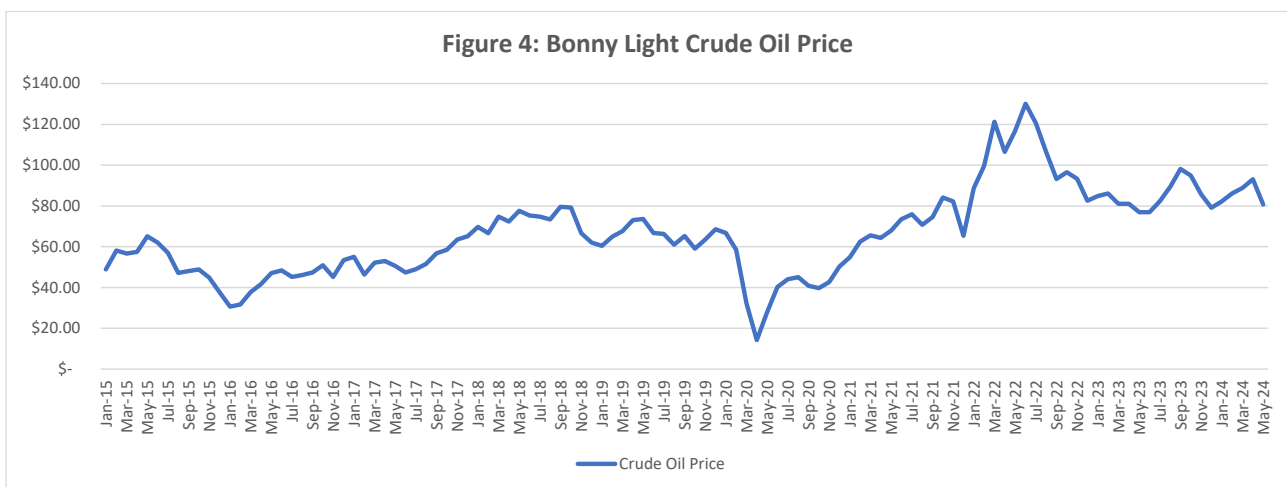
Data Source: CBN

- 53. Crude oil price trended upward in 2022 following the Ukraine-Russian conflict which began on February 24, 2022. Rising from \$99.64 in February 2022, oil price rose to \$130.1 in June 2022 and closed at \$82.5 in December 2022. This implies that crude oil price generally increased in the first half of 2022 but gradually decreased in the second half. The increase in the price of crude oil in 2022 was driven by the Ukraine-Russian conflict and other factors such as the failure of OPEC and non-OPEC members to increase their production level when the conflict began.
- 54. Oil price picked up at \$84.78 in January 2023 but declined to \$81.10 in March due to the rising crude supply availability and the building of unsold cargoes for April loading, specifically in the Atlantic Basin. The price however picked up in July 2023 at \$82.27, rose to \$98.16 in September, before declining again to \$79.12 in December 2023 due to geopolitical turmoil and

concerns/sentiments about the oil output levels of major producers around the world as non-OPEC+ supply strength coincided with slowing global oil demand growth.

55. The extension of OPEC+ output cuts through first quarter of 2024 propped up oil prices a little as prices picked up in January 2024 at \$82.18 and steadily increased to \$93.12 in April 2024. It is therefore important to always consider that the crude oil market is highly volatile, delicate, and unpredictable, reinforcing the rationale for a benchmark that is set significantly below the current/forecast price.
56. Crude Oil (Bonny Light) Price for the period of January 2015 to April 2024 from the data from CBN are presented in Figure 4 below.

Figure 4 Bonny Light Crude Oil Price

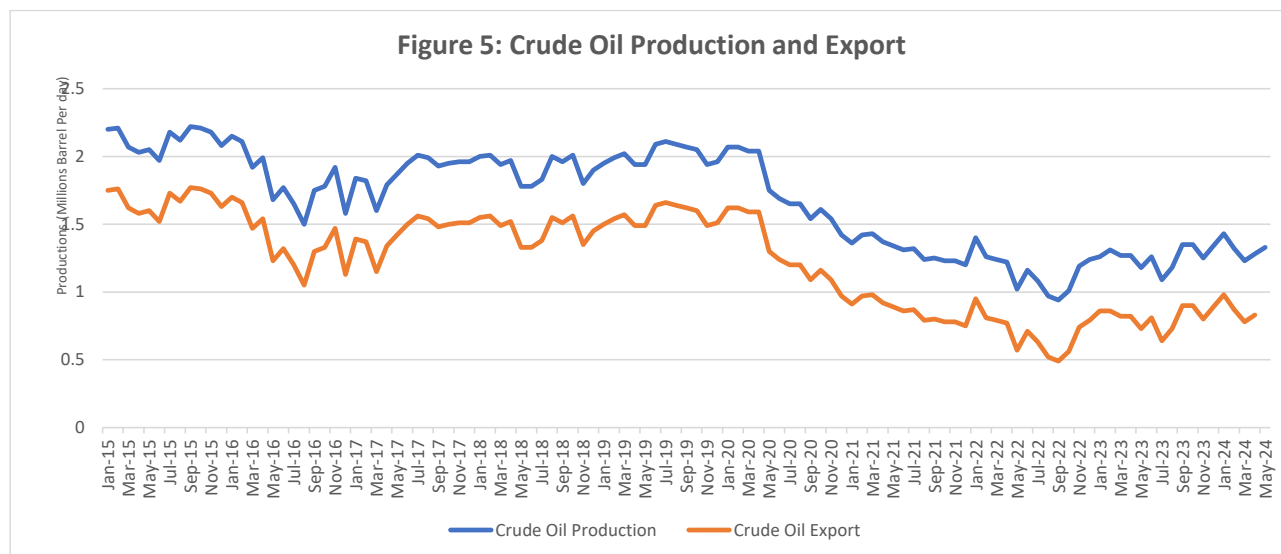


Data Source: CBN

57. The U.S. Energy Information Administration (EIA) is forecasting an average price of \$89 in 2024 and \$87 in 2025 for Brent Crude. The IMF forecast in its April 2024 WEO suggest a price of around \$78.60 in 2024 and will continue to fall to \$67.50 by 2029– lower than the EIA forecasts.
58. Crude Oil Production – The average crude oil production for Nigeria in the first quarter of 2024 rose by a meagre 1.03% to 1.327mbpd compared to an average of 1.313mbpd produced in the fourth quarter of 2023. However, this number fell to an average of 1.28mbpd in April 2024, representing a 4.07% decline compared to the production recorded in March 2024. These daily productions are far below the OPEC quota of 1.5mbpd till December 2025. This lower production is attributable to the occurrence of oil theft and pipeline vandalism in the oil producing region of Nigeria. The consistent inability to meet OPEC’s output targets also led to the reduction of oil production quota for Nigeria.

59. Several things are likely to impact crude oil production and price in the medium term, including the full implementation of the Petroleum Industry Act (PIA), exploration of new oil wells like that of the Koimani oil site in Gombe State, and any significant boycott of Russian oil because of the ongoing conflict in Ukraine. The ability of the Federal Government to also effectively secure oil pipelines or eradicate oil theft can also increase Nigeria’s production output.

Crude Oil Production and Export (including condensates) for the period January 2015 to May 2024 from data from CBN is presented in Figure 5 below. Figure 2: Crude Oil Production and Export

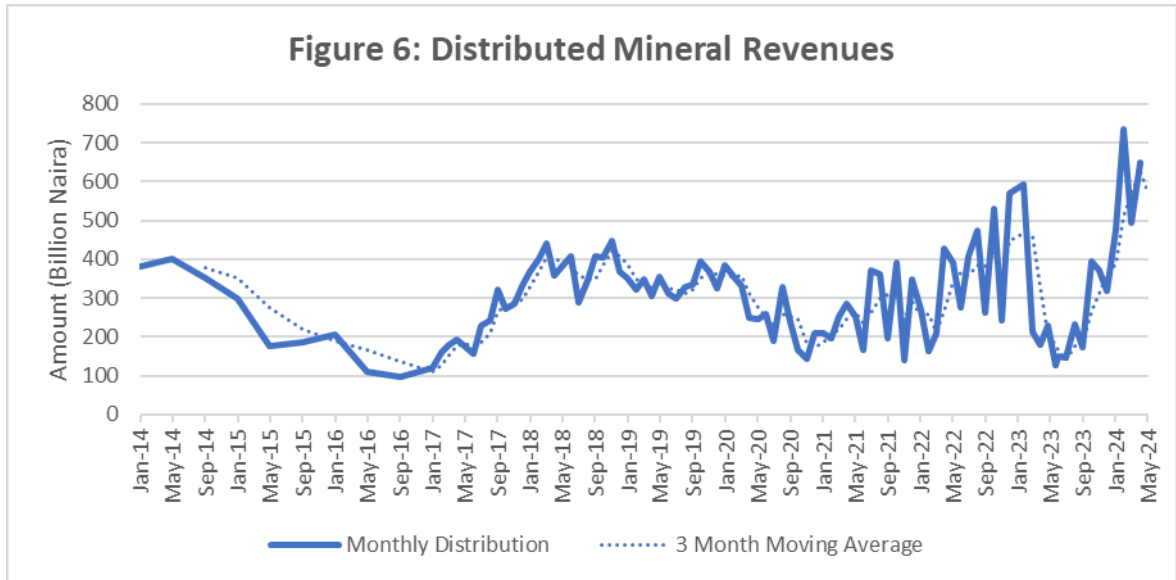


Data Source: CBN

60. The effective implementation of the Finance Act (Effective Date Variation) Order, 2023 and Customs, Excise Tariff (Variation) Amendment Order, 2023, the development of business continuity plans for tax and custom administration, rationalization of ineffective tax incentives and exemptions, as well as increased remittances and recovery of unremitted revenues from Government Owned Enterprises (GOEs) are critical to grow Nigeria’s fiscal space. The proposed Accelerated Stabilisation and Advancement Plan (ASAP) by the Federal Ministry of Finance also contains strategies to urgently grow Nigeria’s fiscal space.
61. A total of N648.58 billion generated as mineral revenue in the month of April 2023 was disbursed to the federal, states and local governments as part of the statutory allocation for May 2023. This was higher than the previous month’s (March allocation distributed in April) of N494.784 billion. The highest mineral revenue earned as of May 2024 was in February 2024 where N736.47 billion was earned as mineral revenue.

62. Monthly distributed Mineral Revenues (Statutory Allocation (SA) and Net Derivation (ND)) to the three tiers of government from January 2014 to May 2024 inclusive are shown in Figure 6 below.

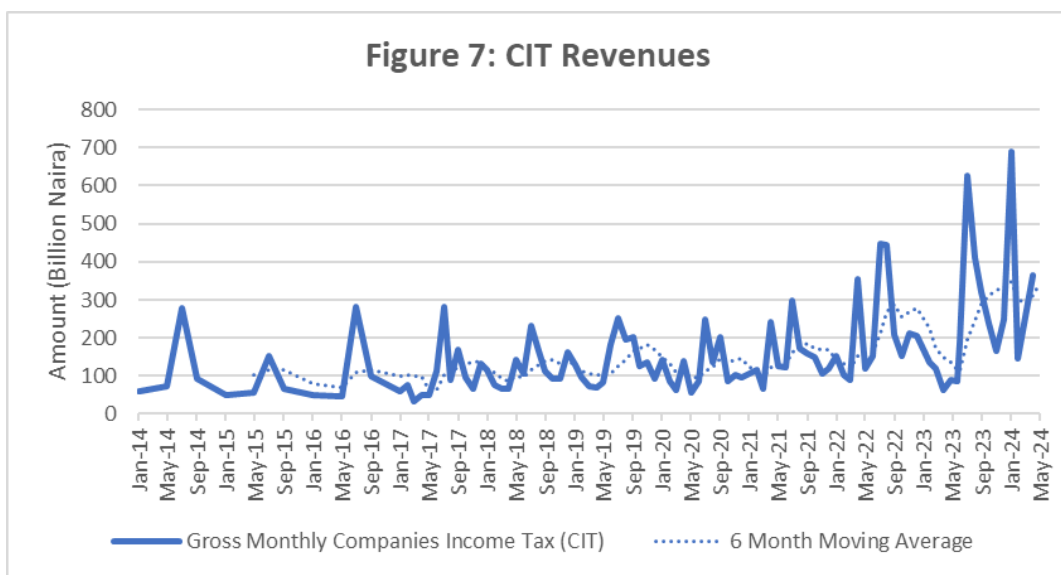
Figure 6: Distributed Mineral Revenue



Data Source: FAAC summary Sheets, OAGF/NBS

63. Gross Companies Income Tax (CIT) revenues, which are distributed as part of Statutory Allocation, from January 2014 to May 2024 inclusive are shown in Figure 7 below. The graph also includes linear trend.

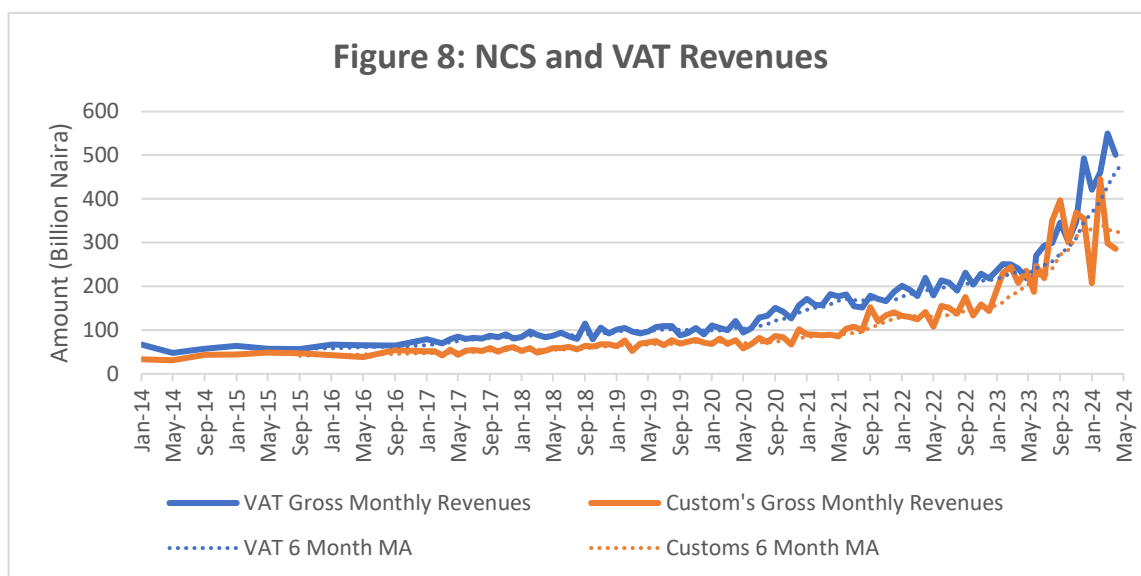
Figure 7: CIT Revenues



Data Source: FAAC Summary Sheet, OAGF/NBS

64. The graph (Figure 7) shows the annual spike in distributions (collections from the previous month) that is in line with the annual tax returns and payment cycle in FIRS. This generally happens in July because June collections are distributed in July, the month many companies file their return.
65. Nigeria generated a sum of N2.69 trillion from Company Income Tax (CIT) in 2023, a little higher than the N2.64 trillion generated in 2022, an increase of 2% compared to 2022. The high CIT generated in 2023 started in 2022 where CIT witnessed over 30% growth compared to the volume generated in 2021. This sustained increase is something to cheer Nigeria as this shows growth of the non-oil sector. It is also a signal for policy makers towards planning for a sustainable increase in non-oil revenue.
66. Customs and Excise duties (NCS), which is distributed as part of Statutory Allocation, and Value Added Tax (VAT) and is distributed separately for the period January 2014 to May 2024 are shown in Figure 8 below.

Figure 8: NCS and VAT Revenue



Data Source: FAAC Summary Sheet, OAGF/NBS.

67. VAT showed a clear upward trend since late-2015, rising to N2.46 trillion in 2022 from N2 trillion in 2021. VAT collections further rose to N3.53 trillion in 2023 and currently at N1.93 trillion as of April 2024. This is to be expected as the general price level rose quite significantly over the same period, which should transfer straight into additional VAT (for VAT-able items). The increase in VAT rate from 5% to 7.5% in the 2020 Finance Act contributed to the significant spike in VAT from August 2020. There is still a level of monthly volatility that makes it slightly difficult to forecast VAT, however, with the economy maintaining a positive

real growth and inflation staying above 11% for a longer time, it is anticipated that VAT will continue to grow in nominal terms.

68. Exchange rate controls import policy, and the devaluation of the Naira may have affected some Customs receipts. However, there are still some short-term volatility and Federal Revenue reforms expected to increase collections in the medium term, but the timing of impact remains uncertain as Custom and Excise Duty stood at N3.34 trillion as of the end of 2023 and at N1.24 trillion as of April 2024.
69. The Federal Government, in April 2023, adopted a new Fiscal Policy Measures (FPM 2023) which was amended on July 6, 2023. The amended FPM provides for Supplementary Protection Measures (SPM) for the implementation of the ECOWAS Common External Tariff (CET) 2022 to 2026, increased excise duty rates on certain items such as tobacco and alcoholic beverages, and reduced import duty rates on some manufacturing items available to verifiable manufacturers. A new Fiscal Policy Measure 2024 is currently being considered by the Federal Government to address the implications of the implementation of the President Bola Ahmed Tinubu' inaugural address on a unified exchange rate regime and the removal of petroleum subsidy. These policies, and the expected reduction in the importation of petroleum products when Dangote Refinery commences full operation is expected to positively affect Nigeria's vulnerability to exchange rate volatility and food inflation that drives up the headline inflation of the country.
70. The policy thrust of the National Development Plan (NDP) 2021-2025, a medium-term plan for the implementation of the Nigeria Agenda (NA) 2050 (Nigeria's long term development plan) include a broad-based real GDP growth rate of about 5% on average during the plan period; an increased employment generation of about 21 million jobs; and an inclusive growth that will lift 35 million people out of poverty over the plan period (2021-2025). The implementation of this plan will affect the aggregate macro-fiscal performance of Nigeria and will set the stage for achieving the government's target of lifting 100 million Nigerians out of poverty in 10 years under the National Poverty Reduction and Growth Strategy.
71. In addition, the 16 amendments to the 1999 Constitution of the Federal Republic of Nigeria (as amended) which was approved in March 2023 gave powers to state governments to invest in railway and power infrastructure by moving railways and power from the exclusive list to the concurrent list is also expected to boost Nigeria's economic performance in the medium term, provided state governments maximises the opportunity.

72.

2.A.4. Adamawa State Economy

73. Also known as the Land of Beauty, Adamawa State is endowed with vast arable land for agriculture, waterfalls, and landscape, with solid minerals like limestone, tantalite, and kaolin. The GDP of the state was estimated to be ₦2.66 trillion in 2021³, making it the 18th largest economy among the 36 states of Nigeria and the largest in the North-East region. It grew its IGR by 62.82% and 1.26% from ₦7.99b in 2020 to ₦13.01b, ₦13.18b and ₦20.55b in 2021, 2022 and 2023 respectively (see figure 11 on page 34).
74. In terms of business environment in Nigeria, Adamawa State moved from 18th position in 2010 to 11th position in 2023, in the 2nd Subnational Ease of Doing Business Ranking, out of the 36 States of the Federation and the FCT.⁴
75. The economic fundamentals of the state economy have been linked to national indices on the affected specific variables. Thus, the economic fortunes of the State are heavily dependent on the national economy. It is reliant on federal allocations as 19.3% of its total revenue in 2023 was from Statutory Revenue.
76. The economy of Adamawa is heavily tilted and dependent upon agriculture. The Dangote group operates a sugar production factory in Numan which has a sugar refining capacity of 3,000 tonnes of cane per day. The markets found in state are incredibly important to its economic activity and to its inhabitants. These markets, especially its cattle markets, enhance the development of economic activities in the state. Cash crops like groundnut and beans are grown while crops like rice, maize and sorghum are grown as food crops. It has a thriving livestock industry with around 1.5 million cattle and 64 grazing reserves, and international cattle markets in Mubi South, Ngurore, and Ganye. The State is a consumer of finished goods and services and a producer of agricultural produce. However, this movement of agricultural produce is not well-documented and computed to register meaningful contribution to the State's economy. Consistent with the steady progress in economic growth and development, available data indicate that agriculture, especially crops and livestock, and fisheries as well as SMEs, which have the potential to generate large scale employment opportunities, are undergoing transformation.
77. There is the predominance of subsistence and non-mechanized agriculture in the state. That is why the growth of the state's economy is predicated on increased transformation of the agricultural value chain (large scale agricultural production and agro-based industrial production). Although the trend of IGR in the State over the years has been varied, the present

administration has demonstrated strong determination to change the prevailing situation of the state's IGR.

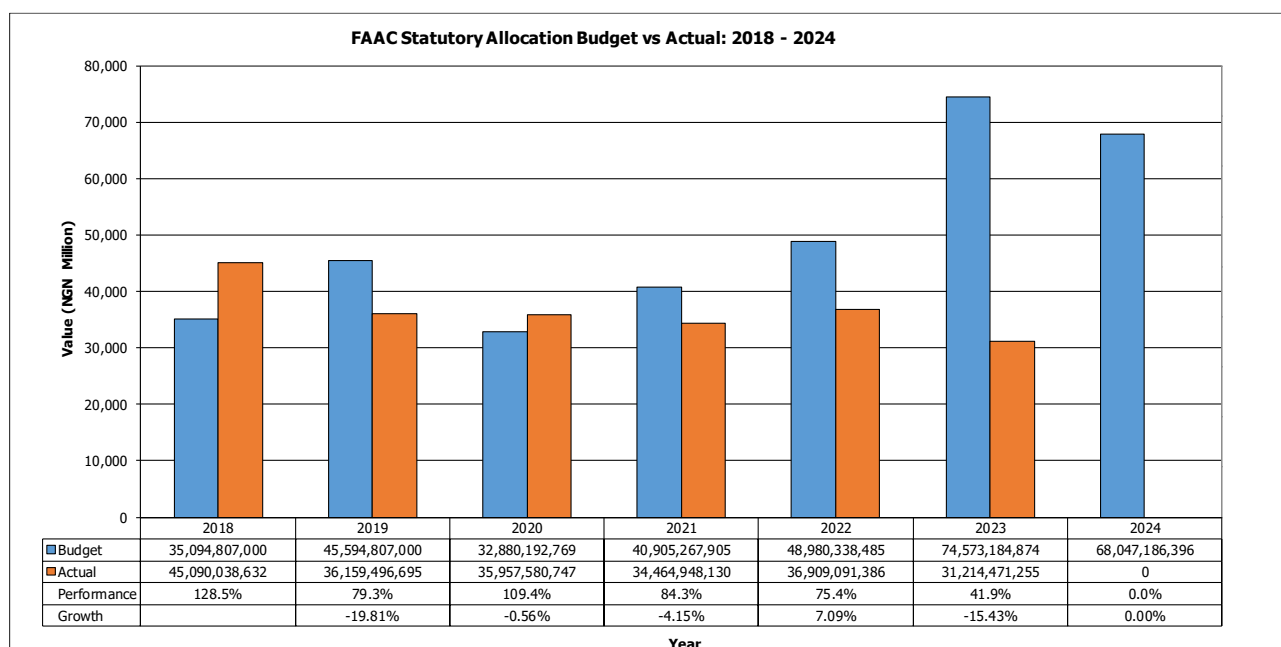
2.B Fiscal Update

2.B.1 Historic Trends

Revenue Side

78. On the revenue side, the document looks at Statutory Allocation, VAT, IGR, Excess Crude, and Capital Receipts – budget versus actual for the period 2017-2023 (six year historic) and 2023 budget.

Figure 9: Statutory Allocation



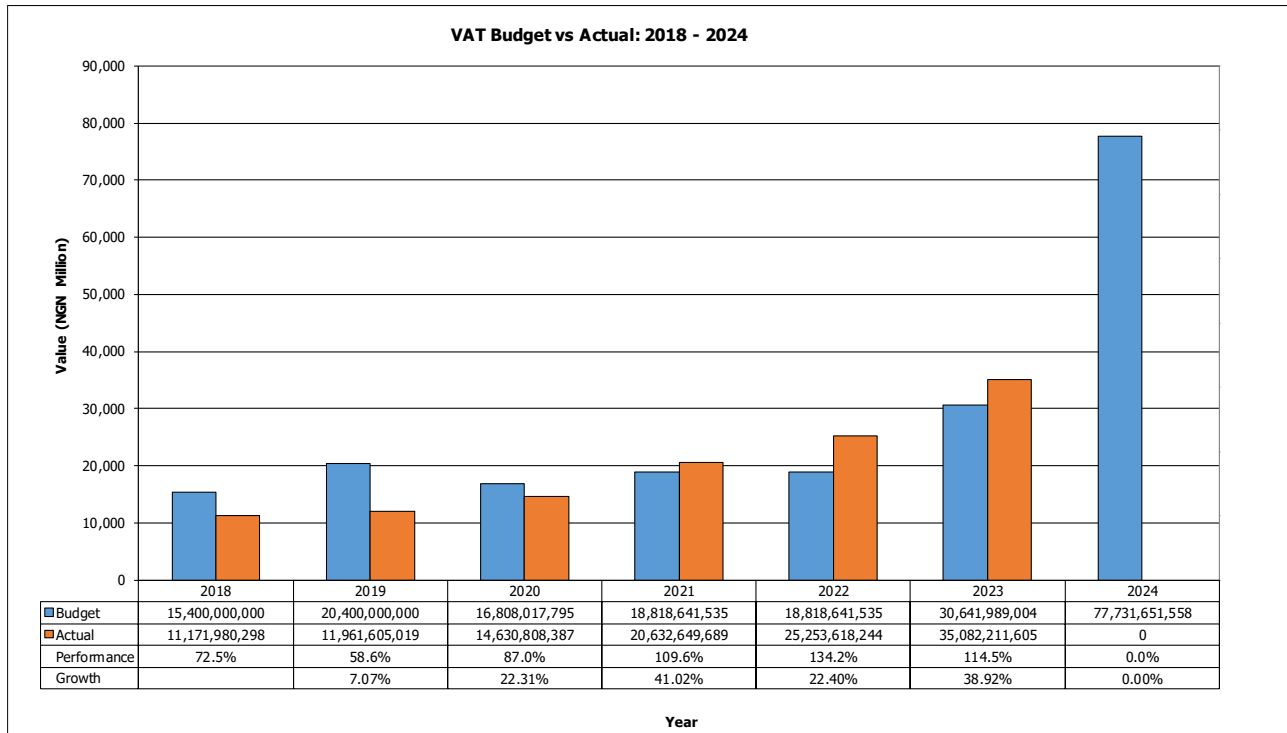
Source: 2018-2023 Adamawa State Report of the Accountant General and 2018-2024 Approved Budget

79. 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. The extant revenue formula comprises a vertical revenue allocation formula of 52.68 percent for the Federal Government; 26.72 percent for states; and 20.60 percent for the local governments.

80. As shown in Figure 10 above, actual receipts decreased from 2018 to 2019 by -19.81% and -0.56% in 2019. There was further decrease of -0.41% in 2021. The budget in 2018 was ₦35.09 billion and ₦45.09 billion was reported as actual in 2018 including other transfers from FGN such as budget support fund to Adamawa State. There was a decline (-19.81%) in 2019, (-0.56%) in 2020 and (-4.15%) in 2021, respectively. Between 2021 and 2022 there was growth

of 7.09%. The reasons for the drastic fall of statutory allocation in 2018, 2019, 2020 and 2021 the drop in global oil price, drop in oil production in Nigeria and the 2020 COVID-19 pandemic and its effects. The growth rate recorded in 2022 was as result of recovery from COVID-19 pandemic.

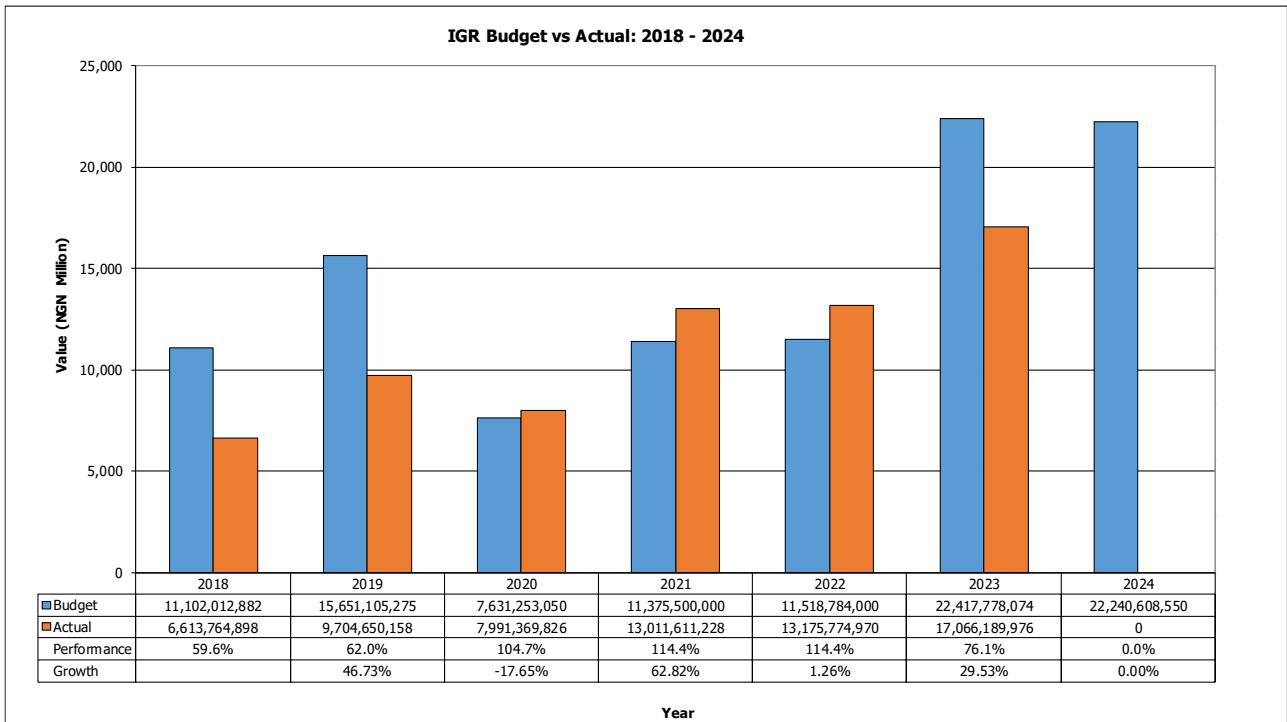
Figure 10: VAT



Source: 2018-2023 Adamawa State Report of the Accountant General and 2018-2024 Approved Budget

81. VAT is an ad valorem tax on most goods and services at a rate of 5% (2016-2019) and 7.5% from 2020. 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. States receive 50% of the total VAT collections nationally, from which Adamawa State receives around 2.14% of the states’ allocation.
82. VAT receipts (see Figure 10) increased from years 2019 to 2021 by 7.07%, 22.31% and 41.02% respectively. These were achieved largely due to the growth in nominal economic activity in the Country. In 2022 there was an increase of 22.40%. By 2023, VAT recorded another increase of 38.92%.

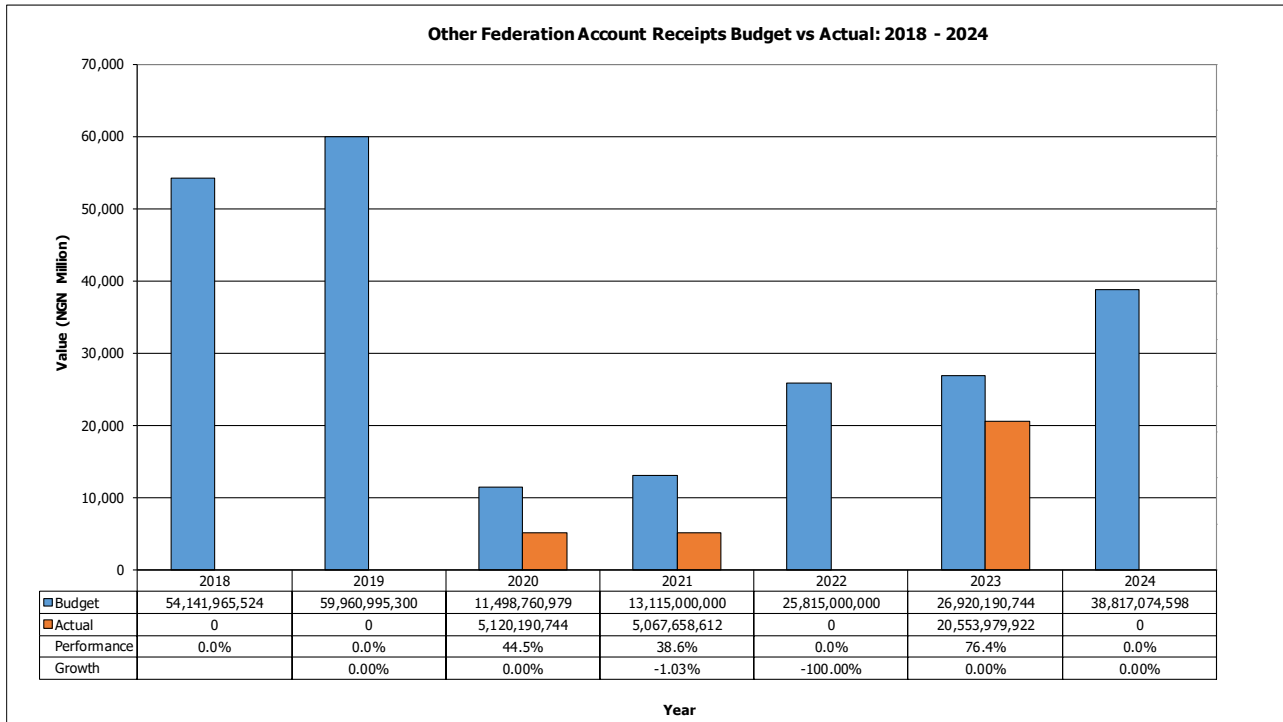
Figure 11: IGR



Source: 2018-2023 Adamawa State Report of the Accountant General and 2018-2024 Approved Budget

83. Internally Generated Revenue also known as Independent Revenue (IR) is revenue collected within Adamawa State relate to income tax (PAYE which represents the highest contributor to IGR), fines, levies, fees, and other sources of revenue within the state.
84. In 2018, 2019 and 2023 actual collections have been lower than the budget. IGR collections increased by 46.73% between 2018 and 2019. It then drastically declined by 17.65% in 2020 mainly due to the COVID-19 Pandemic. However, in 2020, actual collections exceeded that of the budget following the downward revision of the budget in July as a result of the pandemic. In 2021, 2022 and 2023 the State witnessed positive growth of 62.82%, 1.26% 29.53% respectively as a result of recovery from the effects of the pandemic and government initiatives like the ADAS program.

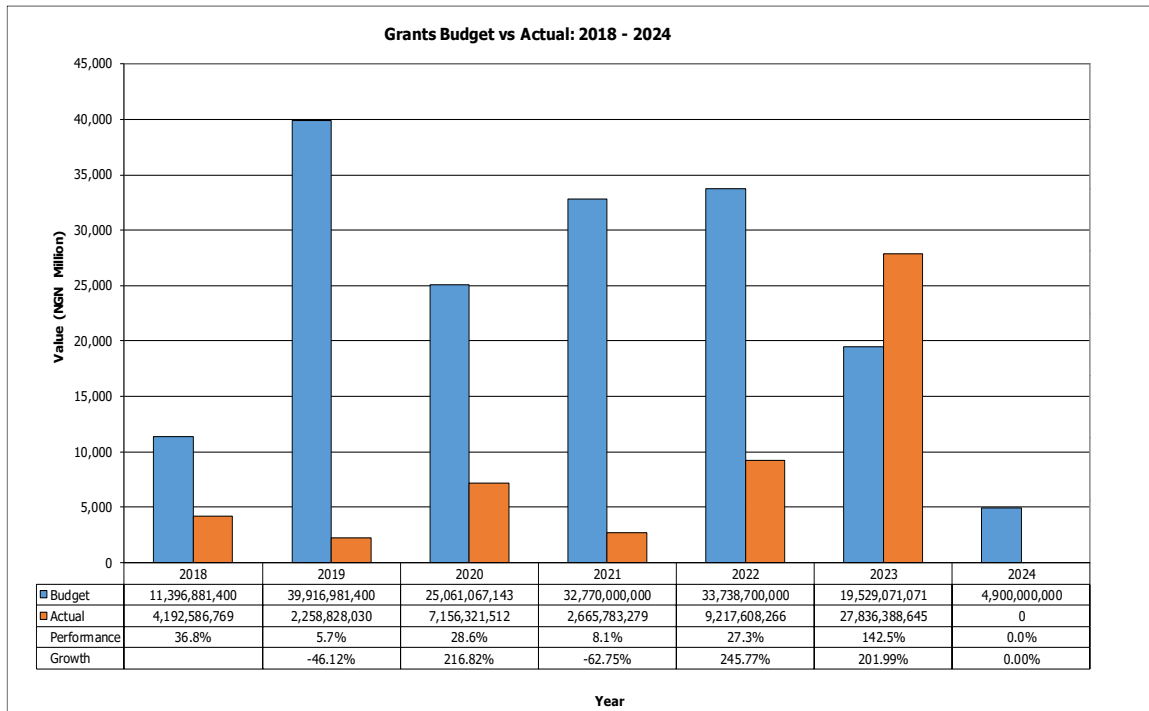
Figure 12: Other Federal Account Receipts Budget vs Actual:2018-2024



Source: 2018-2023 Adamawa State Report of the Accountant General and 2018-2024 Approved Budget

85. Other Federation Account Receipts are other receipts from Federation Accounts which include Exchange Gain, NNPC refund, Augmentation, etc.
86. Reporting of actual other federation account commenced in 2020 (Figure 12) as previous years receipts were reported as part of Statutory Allocation. The 2020 actual performance was 44.5% while 2021 recorded performance of 38.6%, in 2022 however there was no actuals but there was an actual performance of 76.4% in 2023.

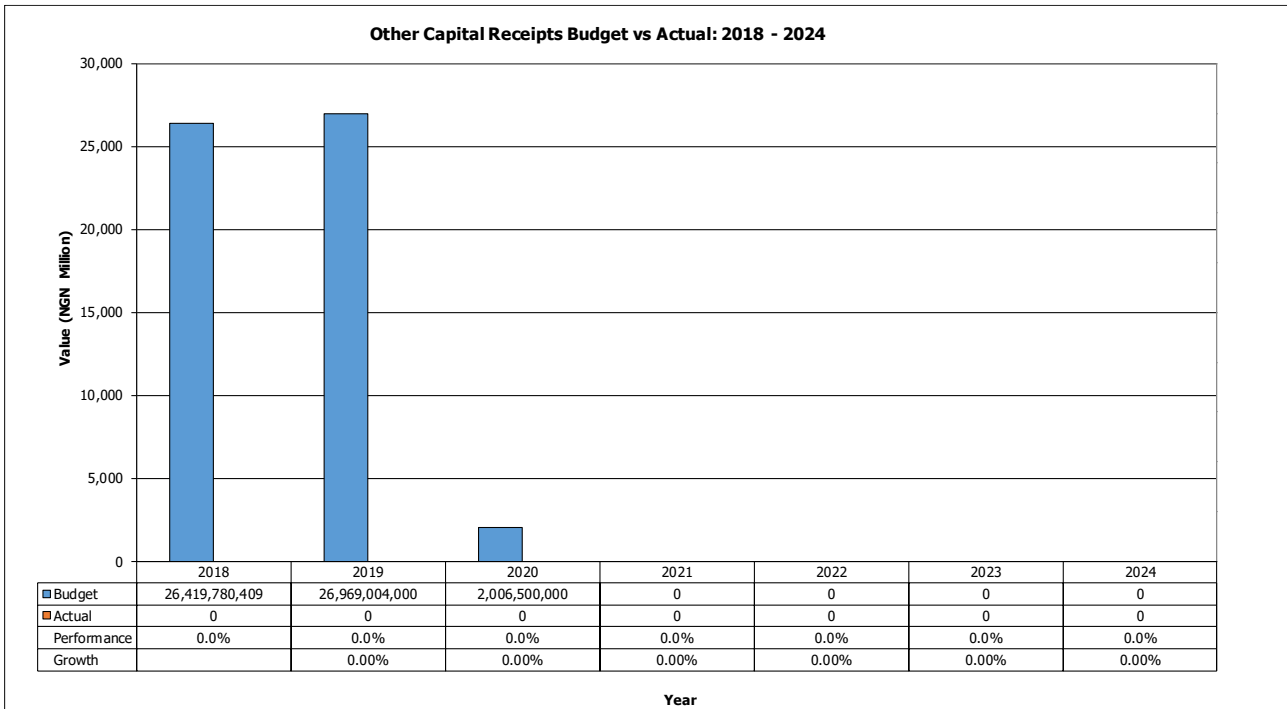
Figure 13: Grants



Source: 2018-2023 Adamawa State Report of the Accountant General and 2018-2024 Approved Budget

87. Grants are receipts from both internal and external sources such as Federal Government Sustainable Development Goals (SDGs) Conditional Grants Scheme, as well as grants from the international development partners (including Multi Sectoral Crisis Recovery Project (MCRP), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), European Union (EU) and United Nations Children’s Fund (UNICEF).
88. Actual performance, as shown in Figure 13 fell from 36.8% in 2018 to 5.7% in 2019. It then increased to 28.6% in 2020 but fell again to 8.1% in 2021 while 2022 recorded a higher performance of 27.3%, and increased to 142.5% in 2023. Grant estimates going forward should be realistically budgeted for to avoid low performance.

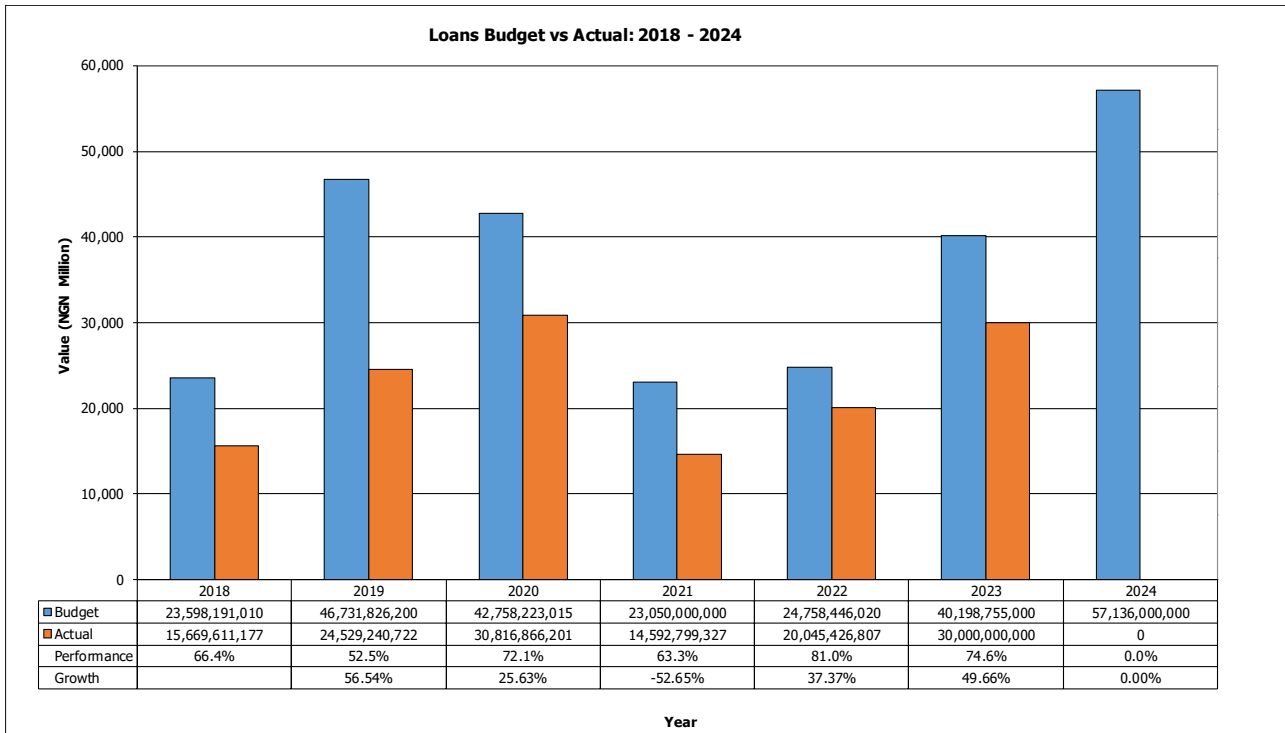
Figure 14: Other Capital Receipts



Source: 2018-2023 Adamawa State Report of the Accountant General and 2018-2024 Approved Budget

89. Other capital receipts as reported include refund on federal roads constructed by the State, budget support, Excess Paris Club deduction refund and refunds from withholding tax. Other capital receipts from Federal Government of Nigeria (FGN) (see Figure 15 above) were reported as part of Statutory Allocation, hence zero report for 2017 to 2020. Budget allocations from 2021 and 2023 were zero.

Figure 15: Loans/Financing



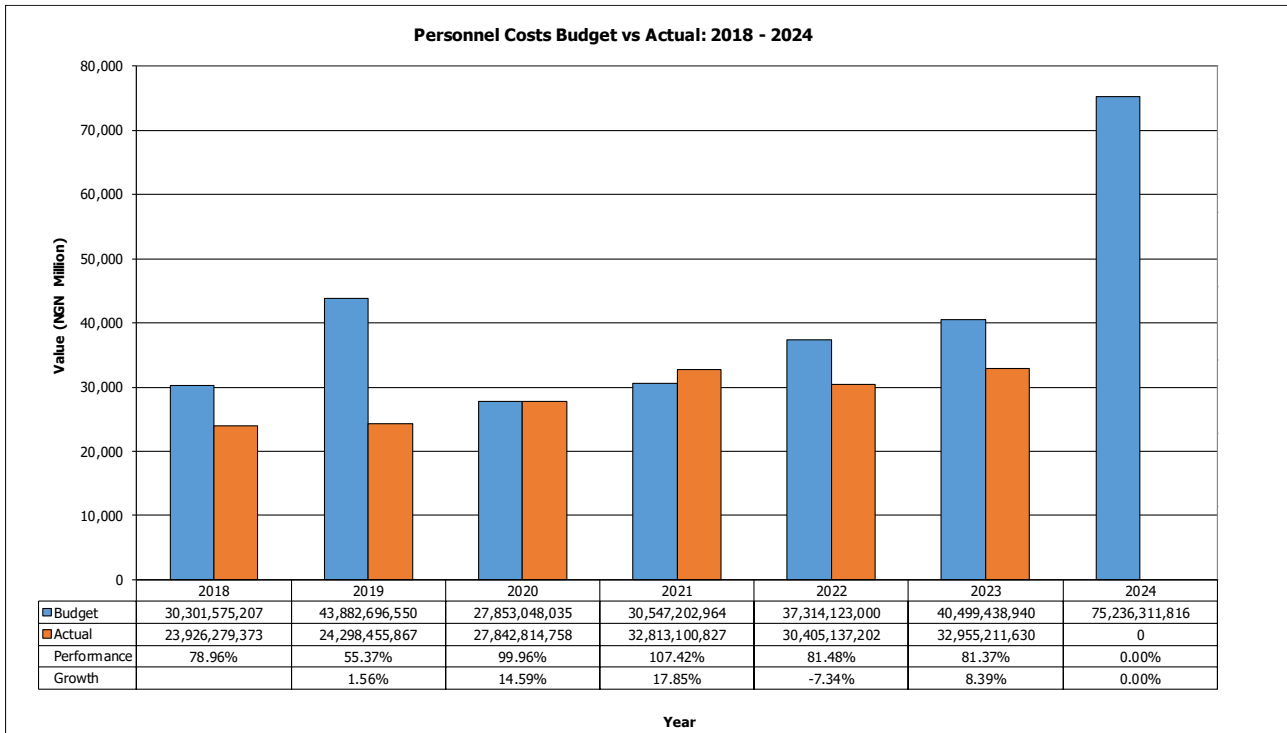
Source: 2018-2023 Adamawa State Report of the Accountant General and 2018-2024 Approved Budget

90. Besides some short-term borrowing from banking facilities, financing has come in the form of various World Bank programmes (FADAMA, Health and Education sector support).
91. The performance for Loans/Financing as shown in Figure 15) was 66.4% in 2018, it then increased by 72.10%, 81.00% and 74.60% in 2020, 2022 and 2023 respectively. It declined in 2019 and 2021 by 52.5% and 63.3% respectively. The increase in the performance was due to more realistic budgeting and preparation of the State’s Debt Sustainability Analysis and Debt Management Strategy (DSA-DMS).

Expenditure Side

92. On the expenditure side, the document looks at Personnel, Social Contribution and Social Benefits, Overheads, Public Debt Service and Capital Expenditure – budget versus actual for the period 2017-2022 (six years) and 2023 budget.

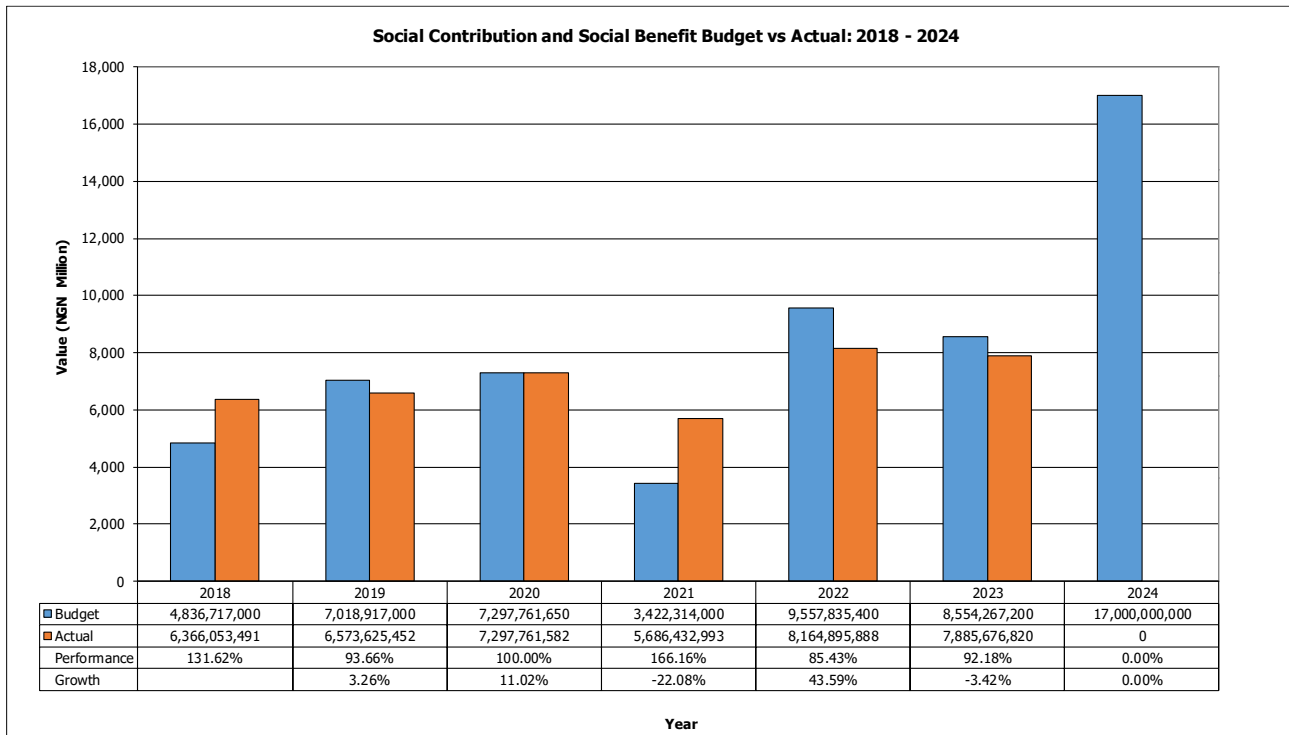
Figure 16: Personnel



Source: 2018-2023 Adamawa State Report of the Accountant General and 2018-2024 Approved Budget

93. Personnel expenditure includes salaries, allowances, and benefits of core civil servants of the state. As shown in Figure 16, the performance of personnel costs was 78.96%, 55.37%, 99.96%, 107.02%, 81.48% and 81.38% between 2018 and 2023, respectively. However, there was a growth of 14.59% and 17.85% in personnel cost in 2020 and 2021 respectively as a result of the implementation of the new minimum wage. In 2022, performance was 81.48% but growth fell by -7.34% due to retirements of workers and removal of ghost workers from the payroll after biometric capture exercise.
94. Actual expenditure has been close to budget in all years except 2019 because of the expectation of the implementation the new minimum wage.

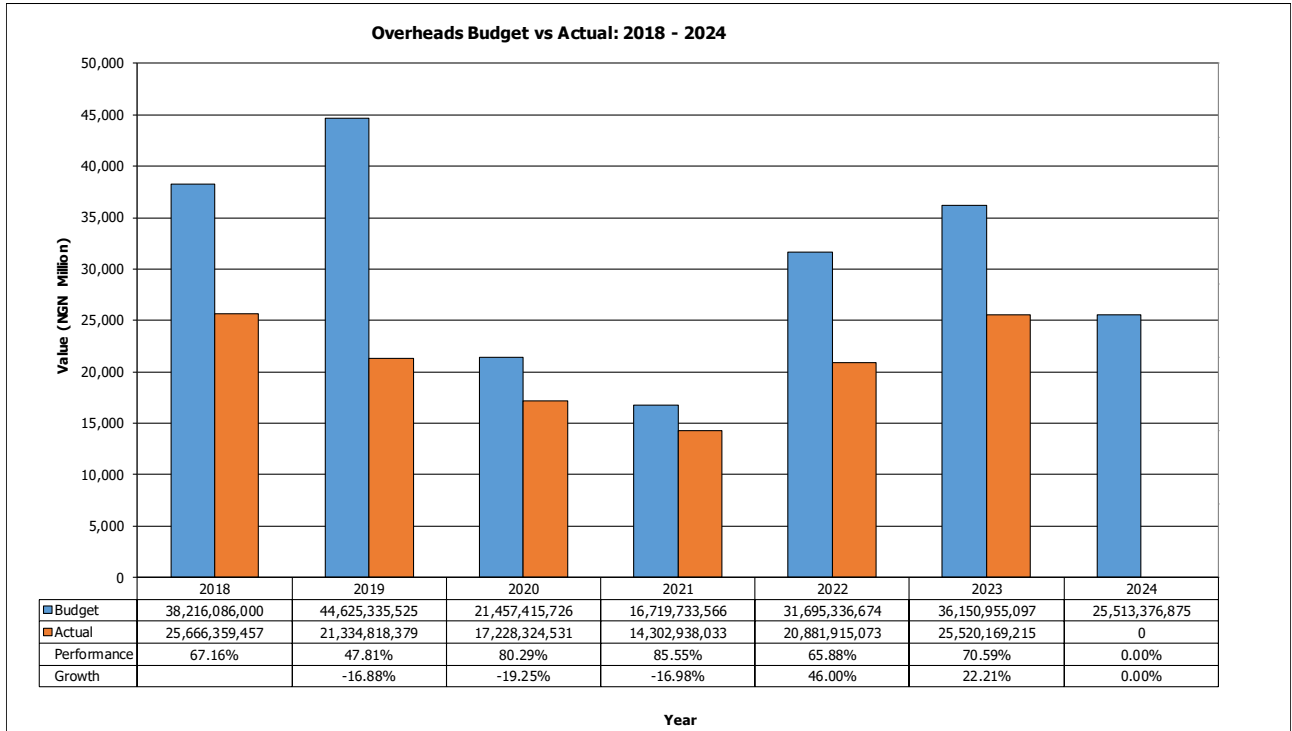
Figure 17: Social Contributions and Social Benefits



Source: 2018-2023 Adamawa State Report of the Accountant General and 2018-2024 Approved Budget

95. Social Contribution and Social Benefits include pension and gratuity, employees’ benefits, severance allowance and death benefits. The actual figures (see Figure 17 above) have been on a steady increase since from 2018 to 2020 due largely to regular retirement of workers leading to high burden of pension and gratuities. Actual exceeded budget in 2018, while the reverse was the case in 2019. However, in 2020 actual and budget were the same amount (i.e., 100% performance) while in 2021 actual increased by 66.16% because the State Government paid gratuity arrears. In an attempt to clear the backlog of gratuity and other liabilities, the State prepared and implemented an Arrears Clearance Framework (ACF) in 2022. Therefore, in 2022 there was a growth of 43.59% and performance of 85.43%. while performance increased by 92.18% in 2023.

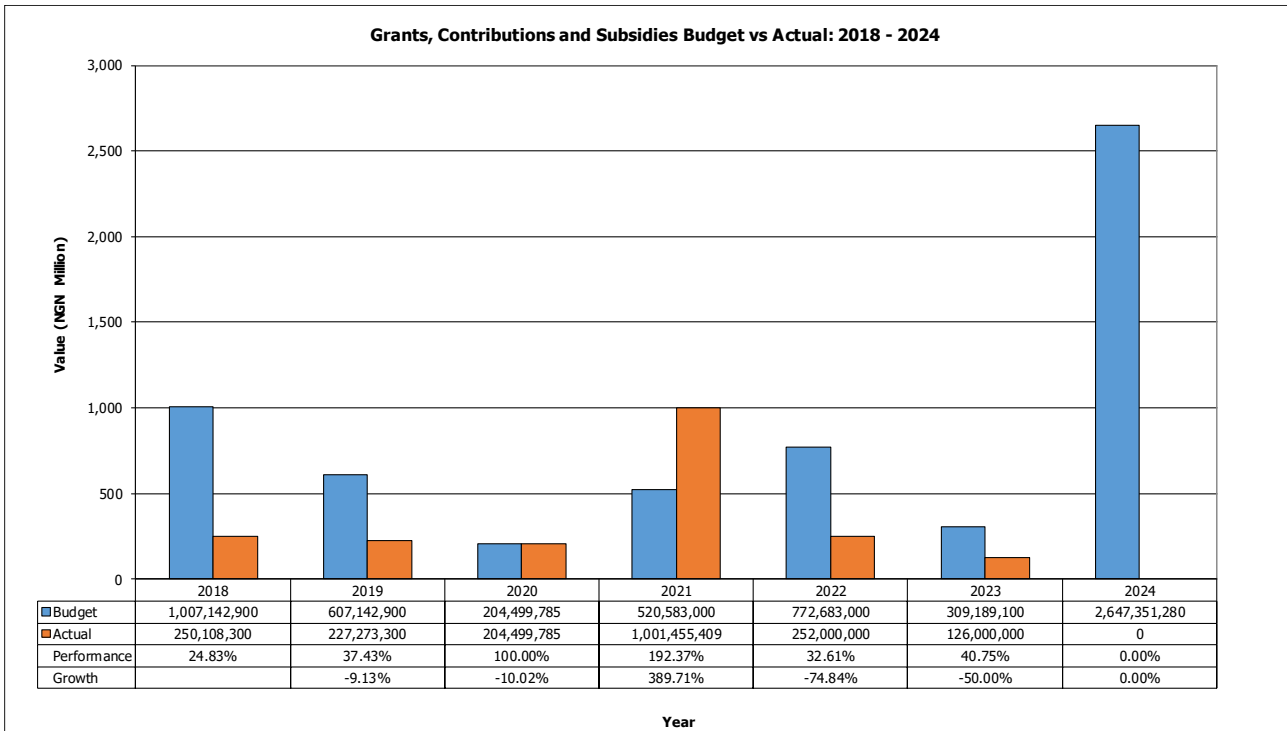
Figure 18: Overheads



Source: 2018-2023 Adamawa State Report of the Accountant General and 2018-2024 Approved Budget

96. Overheads comprise mainly of operational and maintenance costs for running day-to-day activities of the Government. Overhead allocations are transferred to MDAs monthly subject to warrants and availability of fund.
97. Overhead expenditure, as depicted in Figure 18, performance stood at 67.16% in 2018. Deliberate steps were taken in the years 2019 to 2021 by reducing cost of running government to free up more funds for capital projects in the State recording -16.88%, -19.25% and -16.98% growth, respectively. In 2022, growth was 46% with performance of 65.88%. The increase in 2022 was due to inflation and higher exchange rate, leading to higher costs of goods and services.
98. Not surprising, performance against budget has been poor occasioned by dwindling fortune of the revenue year-on-year. Going forward, overhead expenditure must be brought under control, to ensure that cost of governance is not more than necessary.

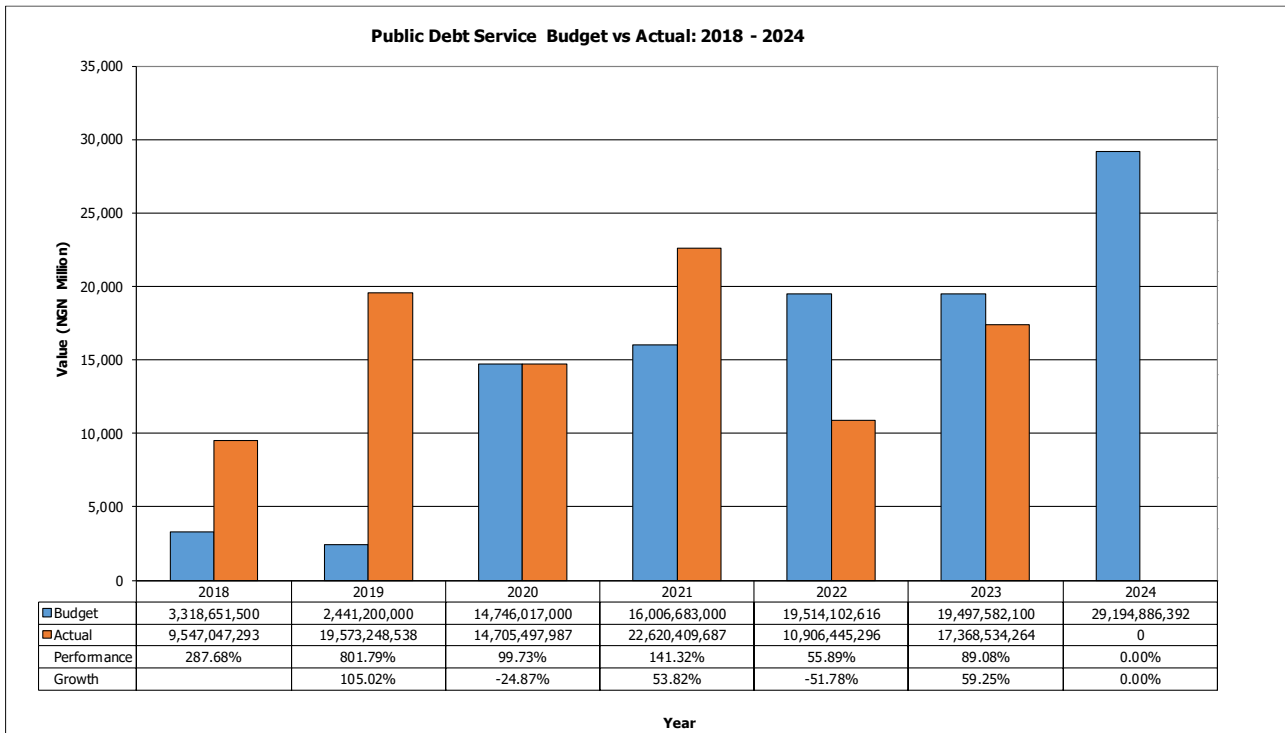
Figure 19: Grants, Contributions, Subsidies, Transfers



Source: 2018-2023 Adamawa State Report of the Accountant General and 2018-2024 Approved Budget

99. The actual performance in 2018 was 24.83%. Performance increased to 37.43%, 100% and 192.37% in 2019, 2020 and 2021 respectively as a result of increased assistance from federal government and donor partners to cushion the effects of insurgency and COVID-19 Pandemic. In 2022, performance was 32.61% while growth fell by -74.84% (see Figure 19 above). This was as a result of a decline in grants associated with the Russia-Ukraine war and diversion of grants to the same region while, in 2023 there was a further decrease in performance at 40.75% due to the Israel-Palestine conflict.

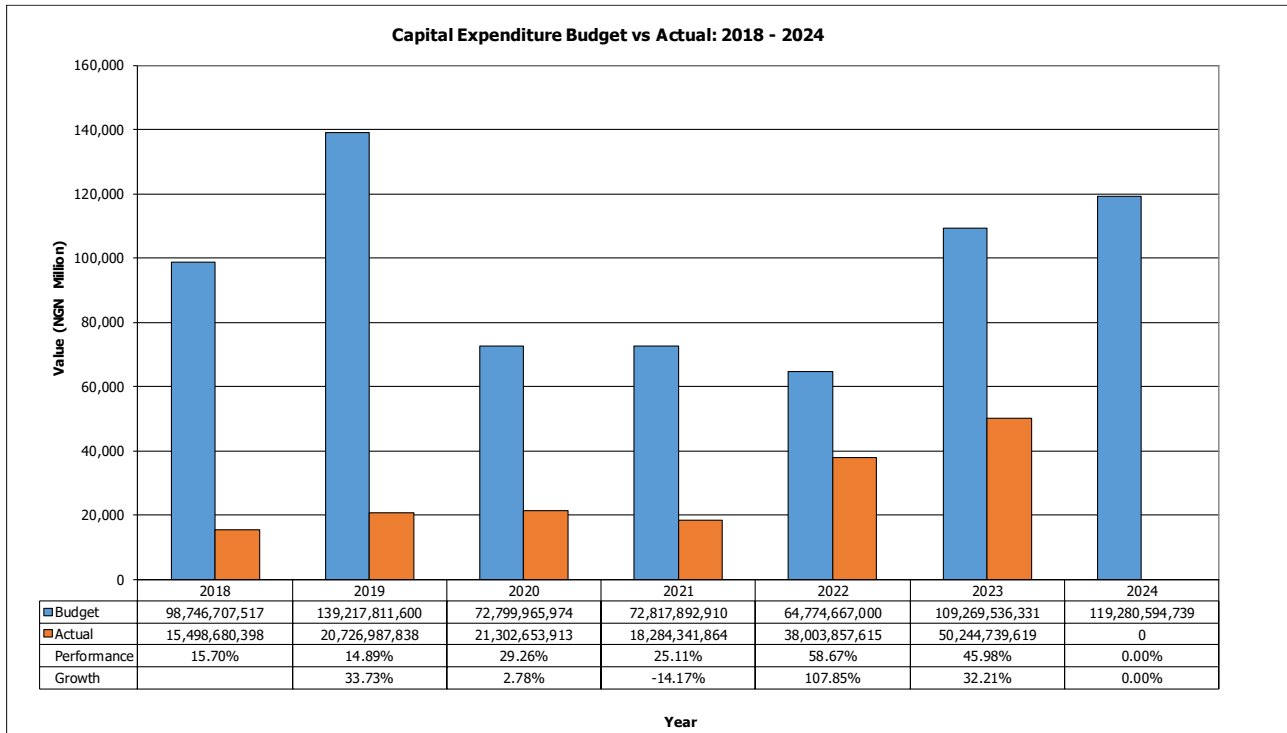
Figure 20: Public Debt Service



Source: 2018-2023 Adamawa State Report of the Accountant General and 2018-2024 Approved Budget

100. Public Debt Charge includes payment for internal and external debt (principal and interest). Figure 20 shows that in 2018, and 2019 State government paid more than budgeted amount on servicing debt. For example, in 2019 the state recorded performance of 801.7% (debt service charge growing from N9.54 billion in 2018 to N19.57 billion in 2019 with 105% growth). It then decreased by -24.87% and increased by 53.82% in 2020 and 2021 respectively. In 2022, there was a decrease of -51.78% as a result of refinancing activities on the total loan portfolio of the state, in 2023 there was an increase of 91.87% due largely to increase in debt servicing.
101. The expansion in the loan repayment was because of upward review of the monetary policy rate (MPR) which is one of the determinants of the cost of funds. This influenced the upward review of the lending rate by commercial banks and new loans that the State acquired within that period. However, in 2020 public debt charge dropped to N14.7 billion and performance of 99.73%. The growth of 53.82% recorded in 2021 was as a result of refinancing of commercial bank loan (Term loan).

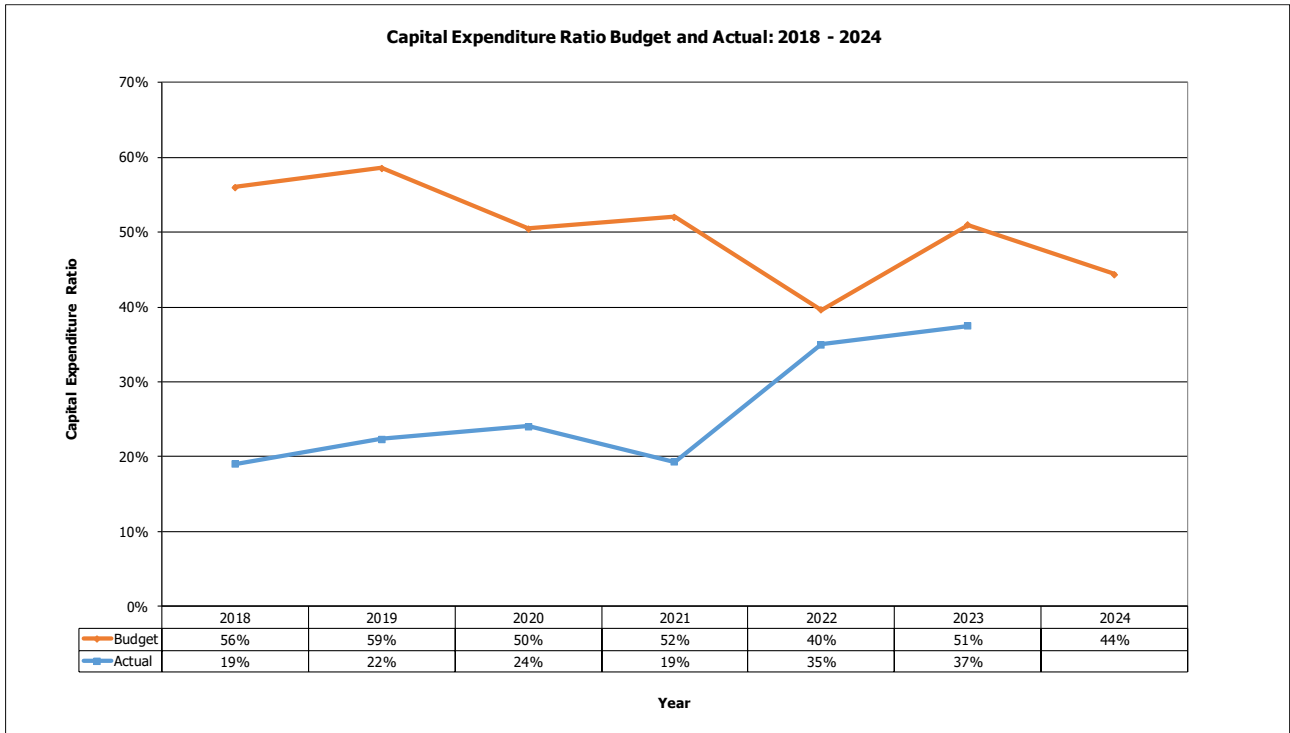
Figure 21: Capital Expenditure



Source: 2018-2023 Adamawa State Report of the Accountant General and 2018-2024 Approved Budget

102. Capital expenditure refers to projects that generate State assets (e.g., roads, schools, hospitals).
103. Except for 2018 and 2021, as shown in Figure 21, Adamawa State has expended an over N20 billion on Capital Expenditure owing to competing demand and increase in recurrent expenditure without corresponding increase in the total revenue of the State. The highest capital expenditure recorded was N50.24 billion in 2023, while the lowest was N15.5 billion in 2018. Performance has been relatively low ranging between 14.89% in 2019 to 58.67% in 2022, and to 45.98% in 2023. The growth that was recorded in the years 2019 to 2023 was 33.73%, 2.78%, -14.17%, 107.85% and 32.21% respectively. Negative growth was recorded in 2021 (-14.17%).
104. Prudent forecasting of revenue, and hence the capital development fund, and tight control on recurrent expenditure, will help to both increase the level of capital expenditure and improve performance against budget going forward. This is important as the State should look to avoid wasted effort in preparing detailed capital expenditure submissions if they cannot, ultimately, be resource-backed.

Figure 22: Capital Expenditure Ratio



Source: 2018-2023 Adamawa State Report of the Accountant General and 2018-2024 Approved Budget

105. The actual capital expenditure ratio (see Figure 22 above) increased by 19%,22% and 24% in 2018,2019 and 2020 respectively. There was a decline in 2021 by 19% and an increase of 35% and 37% in 2022 and 2023 respectively.
106. Performance by sector for (personnel, overhead and capital expenditures) varied over the period 2018-2023 as shown in Tables 4-6 below.

Table 5: Sector Personnel Expenditure – Budget Vs Actual

Personnel Expenditure by Sector												
Sector	2023 Actual	Performance	Average Budget	Average Actual	2024 Budget	2024 Budget %	% 2025	2025 Allocation	% 2026	2026 Allocation	% 2027	2027 Allocation
Governor's Office	857,642,803	151.42%	1.39%	2.31%	366,820,100	0.85%	1.52%	1,143,831,722	1.74%	1,376,615,976	1.82%	1,506,904,209
Office of the Secretary to the State Govern	146,537,053	8.45%	2.03%	0.19%	834,224,560	1.94%	1.38%	1,041,764,513	1.20%	947,346,024	1.14%	943,435,975
Adamawa State House of Assembly	676,227,894	58.25%	2.73%	1.75%	1,123,125,780	2.61%	2.36%	1,777,929,279	2.28%	1,800,968,684	2.25%	1,867,967,147
Ministry of Information and Strategy	447,782,712	88.35%	1.37%	1.32%	399,750,360	0.93%	1.21%	908,126,321	1.30%	1,026,452,246	1.33%	1,103,296,721
Office of the Head of Service	8,519,361,812	120.33%	9.87%	13.03%	8,266,083,180	19.23%	14.05%	10,567,634,172	12.32%	9,730,109,154	11.74%	9,738,547,255
Office of the State Auditor General	256,257,976	78.45%	0.82%	0.70%	292,565,120	0.68%	0.73%	551,279,596	0.75%	592,538,572	0.76%	626,958,749
Civil Service Commission (CSC)	25,477,043	58.76%	0.12%	0.08%	13,500,280	0.03%	0.08%	56,694,765	0.09%	71,101,132	0.09%	78,706,258
Local Government Service Commission	14,947,908	150.51%	0.05%	0.08%	3,506,220	0.01%	0.04%	33,411,064	0.06%	44,627,250	0.06%	50,199,584
Adamawa State Independence Electoral Co	38,048,571	72.55%	0.22%	0.18%	24,267,480	0.06%	0.15%	115,424,234	0.19%	146,725,391	0.20%	162,997,142
Ministry for Special Duties	7,839,319	263.00%	0.02%	0.06%	4,178,740	0.01%	0.03%	21,961,485	0.04%	28,185,791	0.04%	31,389,261
Ministry of Agriculture	428,762,895	89.11%	1.34%	1.31%	390,056,440	0.91%	1.19%	893,006,163	1.28%	1,011,223,429	1.31%	1,087,533,036
Ministry of Finance	1,115,057,343	65.28%	4.48%	3.21%	1,154,316,596	2.69%	3.46%	2,602,223,766	3.72%	2,935,870,545	3.80%	3,153,901,529
Ministry of Commerce, Trade and Industri	109,766,840	89.23%	0.37%	0.36%	93,913,720	0.22%	0.32%	238,797,889	0.35%	276,776,683	0.36%	299,729,131
Ministry of Transportation	55,367,394	71.19%	0.13%	0.10%	85,408,000	0.20%	0.15%	109,665,538	0.13%	101,202,793	0.12%	101,381,825
Ministry of Mineral Resources Developmen	13,961,979	50.64%	0.08%	0.04%	9,068,200	0.02%	0.05%	36,653,457	0.06%	45,758,809	0.06%	50,592,188
Ministry of Works and Energy Development	107,476,285	80.84%	0.49%	0.43%	127,147,240	0.30%	0.41%	304,797,040	0.44%	348,813,519	0.45%	376,326,015
Ministry of Culture and Tourism	147,695,005	89.56%	0.43%	0.42%	130,183,720	0.30%	0.38%	289,012,715	0.41%	324,855,031	0.42%	348,584,870
Ministry of Budget and Economic Planning	235,429,002	50.03%	0.87%	0.48%	935,045,960	2.18%	1.18%	884,515,361	0.84%	665,424,555	0.73%	606,534,982
Fiscal Responsibility Commission	44,698,769	100.20%	0.12%	0.14%	51,362,640	0.12%	0.13%	94,994,862	0.13%	101,523,231	0.13%	107,221,911
Ministry of Water Resources	569,043,893	93.01%	1.65%	1.69%	536,968,520	1.25%	1.53%	1,151,728,567	1.62%	1,283,422,661	1.66%	1,373,531,477
Ministry of Housing and Urban Developmen	136,998,518	87.96%	0.42%	0.40%	141,742,340	0.33%	0.38%	289,171,113	0.40%	317,994,893	0.41%	338,922,466
Ministry of Lands and Survey	138,045,043	88.55%	0.43%	0.42%	128,615,580	0.30%	0.38%	289,091,019	0.41%	325,925,447	0.42%	350,054,676
Ministry of Livestock & Aquaculture Devel	598,941,216	97.99%	1.72%	1.85%	544,948,460	1.27%	1.61%	1,213,891,154	1.73%	1,365,561,023	1.77%	1,465,680,433
Ministry of Entrepreneurship Development	97,925,586	122.61%	0.21%	0.28%	39,243,520	0.09%	0.19%	144,429,843	0.23%	178,157,515	0.24%	196,342,554
Adamawa State Judicial Service Commissio	2,558,348,980	80.24%	8.97%	7.90%	2,852,797,160	6.64%	7.84%	5,895,232,550	8.23%	6,505,434,175	8.37%	6,941,109,882
Ministry of Justice	212,884,756	81.25%	0.72%	0.64%	305,171,000	0.71%	0.69%	519,093,186	0.68%	539,754,053	0.68%	564,888,928
Min of Reconstruction, Rehab, Reintegrati	2,423,720	2549.05%	0.01%	0.38%	2,838,000	0.01%	0.13%	99,165,257	0.17%	137,092,535	0.19%	155,486,317
Ministry of Youth & Sports Development	87,237,399	98.80%	0.24%	0.26%	71,077,460	0.17%	0.22%	164,826,494	0.24%	187,208,366	0.24%	201,517,976
Ministry of Women Affairs	132,491,703	91.15%	0.37%	0.37%	261,231,600	0.61%	0.45%	335,966,919	0.39%	310,298,681	0.37%	310,950,310
Ministry of Education and Human Capital De	17,295,756,179	111.76%	27.26%	33.44%	18,777,148,440	43.69%	34.80%	26,179,396,946	31.83%	25,146,511,543	30.84%	25,584,187,779
Ministry of Health and Human Services	5,214,305,206	88.66%	13.82%	13.45%	4,510,678,220	10.50%	12.59%	9,469,070,231	13.28%	10,493,033,329	13.51%	11,210,363,349
Ministry of Tertiary and Professional Educa	0	64.58%	15.45%	10.95%	0	0.00%	8.80%	6,621,305,739	11.73%	9,269,828,046	12.71%	10,544,429,405
Ministry of Environment and Natural Resou	412,497,028	98.79%	1.19%	1.29%	363,908,140	0.85%	1.11%	834,370,742	1.20%	945,154,744	1.23%	1,016,585,394
Ministry of Rural Infrastructure & Commun	50,475,061	83.92%	0.30%	0.27%	42,788,440	0.10%	0.22%	167,672,032	0.26%	208,524,629	0.28%	230,315,009
Ministry for Local Government Affairs	87,175,557	61.86%	0.32%	0.22%	94,891,540	0.22%	0.25%	190,176,082	0.26%	208,107,047	0.27%	221,460,156
Total	40,842,888,450	91.11%	100.00%	100.00%	42,978,572,756	100.00%	100.00%	75,236,311,816	100.00%	78,998,127,500	100.00%	82,948,033,900

Table 6: Sector Overhead Expenditure – Budget Vs Actual

Overhead Expenditure by Sector													
No.	Sector	2023 Actual	Performance	Average Budget	Average Actual	2024 Budget	2024 Budget %	% 2025	2025 Allocation	% 2026	2026 Allocation	% 2027	2027 Allocation
1	Governor's Office	12,847,340,042	110.50%	30.40%	44.84%	14,553,515,298	21.28%	32.17%	9,060,010,828	35.80%	28,284,819,799	37.02%	29,241,201,683
2	Office of the Secretary to the State Govern	2,203,541,751	30.84%	7.76%	3.19%	5,508,004,000	8.05%	6.33%	1,783,646,103	5.76%	4,551,005,471	5.57%	4,400,144,382
3	Adamawa State House of Assembly	2,476,536,870	66.90%	8.55%	7.64%	4,225,952,000	6.18%	7.45%	2,099,031,386	7.88%	6,224,213,729	8.02%	6,336,176,290
4	Ministry of Information and Strategy	258,621,337	68.35%	1.05%	0.96%	339,206,080	0.50%	0.83%	234,881,066	0.95%	747,950,199	0.98%	777,632,881
5	Office of the Head of Service	491,809,215	74.13%	0.92%	0.91%	869,020,000	1.27%	1.03%	291,443,703	0.96%	755,548,631	0.93%	734,873,182
6	Office of the State Auditor General	152,379,657	34.10%	0.87%	0.39%	249,157,600	0.36%	0.54%	152,629,488	0.60%	474,967,378	0.62%	490,568,104
7	Civil Service Commission (CSC)	27,786,274	30.95%	0.18%	0.07%	64,000,000	0.09%	0.12%	32,471,275	0.12%	96,815,340	0.12%	98,723,679
8	Local Government Service Commission	1,678,277	40.39%	0.01%	0.01%	5,600,000	0.01%	0.01%	2,383,230	0.01%	6,758,239	0.01%	6,782,460
9	Adamawa State Independence Electoral Co	103,727,292	88.72%	0.11%	0.13%	6,582,400	0.01%	0.08%	23,622,299	0.11%	85,821,482	0.12%	92,339,757
10	Ministry for Special Duties	19,093,205	25.36%	0.24%	0.08%	48,000,000	0.07%	0.13%	36,746,900	0.15%	118,967,260	0.16%	124,261,493
11	Ministry of Agriculture	26,600,628	64.70%	0.16%	0.14%	34,268,000	0.05%	0.11%	32,211,976	0.14%	107,291,564	0.14%	112,934,443
12	Ministry of Finance	19,707,936,755	68.19%	28.26%	25.73%	28,296,036,072	41.37%	31.79%	8,950,997,876	28.59%	22,586,540,986	27.53%	21,745,433,109
13	Ministry of Commerce, Trade and Industrie	59,874,694	81.59%	0.22%	0.24%	141,652,800	0.21%	0.22%	62,991,826	0.23%	181,078,310	0.23%	182,534,957
14	Ministry of Transportation	17,360,838	19.31%	0.23%	0.06%	219,510,400	0.32%	0.20%	56,858,579	0.16%	128,164,589	0.15%	117,718,444
15	Ministry of Mineral Resources Developmen	31,111,181	12.48%	0.46%	0.08%	44,000,560	0.06%	0.20%	56,323,049	0.25%	193,728,497	0.26%	205,637,755
16	Ministry of Works and Energy Development	20,229,769	41.73%	0.13%	0.07%	3,212,027,200	4.70%	1.63%	460,123,975	0.61%	484,470,839	0.27%	215,705,525
17	Ministry of Culture and Tourism	44,342,770	46.00%	0.61%	0.37%	154,340,000	0.23%	0.40%	113,494,509	0.46%	365,091,505	0.48%	380,661,521
18	Ministry of Budget and Economic Planning	167,571,787	109.88%	0.62%	0.91%	846,374,560	1.24%	0.93%	260,518,293	0.82%	648,594,869	0.79%	621,186,090
19	Fiscal Responsibility Commission	19,486,436	62.60%	0.11%	0.09%	32,696,000	0.05%	0.08%	23,871,037	0.10%	76,698,756	0.10%	79,943,530
20	Ministry of Water Resources	36,764,712	56.29%	0.20%	0.15%	53,760,000	0.08%	0.14%	39,853,909	0.16%	128,371,087	0.17%	133,894,608
21	Ministry of Housing and Urban Developmen	60,797,562	63.13%	0.56%	0.47%	68,155,200	0.10%	0.38%	106,593,901	0.47%	372,459,879	0.50%	396,938,683
22	Ministry of Lands and Survey	41,002,033	97.81%	0.21%	0.28%	72,320,000	0.11%	0.20%	55,552,879	0.23%	179,945,508	0.24%	187,980,611
23	Ministry of Livestock & Aquaculture Devel	37,613,232	58.60%	0.11%	0.09%	41,894,240	0.06%	0.09%	24,483,956	0.10%	75,450,187	0.10%	77,705,640
24	Ministry of Entrepreneurship Development	21,425,747	34.40%	0.17%	0.08%	60,000,000	0.09%	0.11%	31,648,125	0.12%	95,276,378	0.12%	97,441,444
25	Adamawa State Judicial Service Commissio	834,740,890	70.64%	2.16%	2.04%	887,069,440	1.30%	1.83%	515,674,692	2.01%	1,587,301,284	2.07%	1,634,201,407
26	Ministry of Justice	428,333,884	113.93%	0.84%	1.28%	567,120,000	0.83%	0.98%	277,166,912	1.04%	818,372,590	1.05%	831,988,491
27	Min of Reconstruction, Rehab, Reintegrati	32,785,202	12.68%	0.57%	0.10%	42,574,400	0.06%	0.24%	68,144,472	0.30%	238,493,731	0.32%	254,270,685
28	Ministry of Youth & Sports Development	293,061,803	57.53%	1.25%	0.96%	428,042,400	0.63%	0.95%	266,701,864	1.05%	832,771,158	1.09%	860,972,303
29	Ministry of Women Affairs	42,356,776	35.81%	0.24%	0.11%	68,560,000	0.10%	0.15%	42,720,446	0.17%	133,395,287	0.17%	137,913,082
30	Ministry of Education and Human Capital De	1,985,530,869	52.82%	6.27%	4.42%	5,560,648,000	8.13%	6.27%	1,766,176,631	5.65%	4,465,396,975	5.45%	4,302,335,183
31	Ministry of Health and Human Services	457,521,143	56.51%	2.06%	1.56%	1,582,570,320	2.31%	1.98%	557,213,143	1.87%	1,474,918,673	1.83%	1,445,515,892
32	Ministry of Tertiary and Professional Educa	0	39.26%	3.87%	2.03%	0	0.00%	1.97%	554,407,875	2.62%	2,073,676,683	2.84%	2,246,483,073
33	Ministry of Environment and Natural Resou	11,864,046	404.36%	0.05%	0.28%	23,200,000	0.03%	0.12%	34,186,061	0.15%	118,936,231	0.16%	126,614,726
34	Ministry of Rural Infrastructure & Commun	19,608,274	36.25%	0.22%	0.10%	20,000,160	0.03%	0.12%	32,807,420	0.15%	115,011,497	0.16%	122,670,896
35	Ministry for Local Government Affairs	34,268,528	28.12%	0.33%	0.12%	75,156,240	0.11%	0.19%	53,138,472	0.21%	169,822,909	0.22%	176,741,492
	Total	43,014,703,479	74.90%	100.00%	100.00%	68,401,013,370	100.00%	100.00%	28,160,728,155	100.00%	78,998,127,500	100.00%	78,998,127,500

Table 7: Sector Capital Expenditure – Budget Vs Actual

Capital Expenditure by Sector	2024									
	Budget	Actual	%	Budget	Actual	%	Budget	Actual	%	Discretionary Funds
1 Governor's Office	14.46%	3.12%	11%	23,332,176,500	12.42%	5.55%	6,286,811,248	3.26%	-191,576,224	2.49%
1 Office of the Secretary to the State Government	31.94%	3.99%	3.14%	12,586,000,000	6.70%	4.61%	5,223,642,347	3.98%	-230,143,055	3.68%
1 Adamawa State House of Assembly	0.15%	1.97%	0.01%	494,720,000	0.26%	0.75%	848,150,803	0.98%	-53,530,351	0.96%
1 Ministry of Information and Strategy	7.50%	1.20%	0.22%	3,446,524,600	1.83%	1.09%	1,229,379,403	0.84%	-49,750,414	0.75%
1 Office of the Head of Service	0.00%	0.08%	0.00%	20,704,300	0.01%	0.03%	33,340,133	0.04%	-2,091,116	0.04%
1 Office of the State Auditor General	0.00%	0.09%	0.00%	13,986,100	0.01%	0.03%	38,461,218	0.04%	-2,515,606	0.05%
1 Civil Service Commission (CSC)	7.37%	0.06%	0.01%	30,506,800	0.02%	0.03%	31,668,366	0.03%	-1,873,136	0.03%
1 Local Government Service Commission	0.00%	0.02%	0.00%	21,000,000	0.01%	0.01%	10,402,700	0.01%	-708,340	0.01%
1 Adamawa State Independence Electoral Commission	13.51%	0.56%	0.19%	1,483,000,000	0.77%	0.51%	574,022,626	0.42%	-24,560,503	0.39%
1 Ministry for Special Duties	0.00%	0.12%	0.00%	26,341,000	0.01%	0.04%	49,492,744	0.05%	-3,149,380	0.06%
1 Ministry of Agriculture	6.63%	3.76%	0.61%	9,306,846,100	4.95%	3.11%	3,525,163,781	2.50%	-146,026,856	2.29%
1 Ministry of Finance	59.30%	5.35%	7.02%	6,378,663,100	3.40%	5.52%	6,255,431,120	6.23%	-366,319,068	6.46%
1 Ministry of Commerce, Trade and Industries	0.00%	0.01%	0.00%	8,700,000,000	4.63%	1.01%	2,056,237,477	0.88%	-5,106,900	0.56%
1 Ministry of Transportation	1.02%	0.55%	0.01%	241,000,000	0.13%	0.23%	263,079,774	0.27%	-15,690,485	0.20%
1 Ministry of Mineral Resources Development	0.70%	0.91%	0.02%	419,675,000	0.22%	0.38%	435,643,001	0.44%	-25,767,513	0.46%
1 Ministry of Works and Energy Development	79.80%	26.22%	51.53%	54,920,000,000	29.23%	35.66%	40,411,149,554	37.80%	-2,223,387,346	36.52%
1 Ministry of Culture and Tourism	0.03%	0.74%	0.00%	640,000,000	0.34%	0.36%	407,023,157	0.37%	-21,487,841	0.37%
1 Ministry of Budget and Economic Planning	10.46%	2.33%	0.60%	2,673,300,000	1.42%	1.45%	1,644,812,201	1.46%	-85,926,062	1.46%
1 Fiscal Responsibility Commission	0.00%	0.03%	0.00%	31,851,400	0.02%	0.02%	18,202,822	0.02%	-927,276	0.02%
1 Ministry of Water Resources	60.86%	2.87%	4.29%	1,693,505,100	0.90%	2.69%	3,043,749,943	3.28%	-192,958,372	3.48%
1 Ministry of Housing and Urban Development	32.32%	5.94%	4.72%	7,344,475,200	3.91%	4.86%	5,503,625,588	5.17%	-304,214,868	5.28%
1 Ministry of Lands and Survey	15.01%	1.02%	0.38%	887,076,300	0.46%	0.62%	700,916,247	0.67%	-39,455,937	0.69%
1 Ministry of Livestock & Aquaculture Development	16.46%	0.22%	0.09%	135,724,700	0.07%	0.13%	146,150,097	0.15%	-8,697,410	0.15%
1 Ministry of Entrepreneurship Development	95.20%	0.69%	1.63%	397,199,600	0.21%	0.84%	957,087,650	1.06%	-62,086,541	1.13%
1 Adamawa State Judicial Service Commission	0.00%	2.60%	0.00%	473,195,900	0.25%	0.95%	1,078,315,970	1.18%	-69,682,621	1.26%
1 Ministry of Justice	0.00%	0.40%	0.00%	2,105,400,000	1.12%	0.51%	576,056,402	0.30%	-17,893,276	0.24%
1 Min of Reconstruction, Rehab, Reintegration Human	1.01%	0.85%	0.02%	259,000,000	0.14%	0.34%	381,686,866	0.40%	-23,710,380	0.43%
1 Ministry of Youth & Sports Development	1.21%	1.21%	0.04%	4,624,291,400	2.46%	1.24%	1,400,721,068	0.83%	-48,675,601	0.69%
1 Ministry of Women Affairs	0.33%	0.28%	0.00%	3,976,000,000	2.12%	0.80%	906,960,663	0.36%	-21,263,630	0.22%
1 Ministry of Education and Human Capital Development	31.60%	10.75%	8.36%	29,563,000,200	15.74%	11.61%	13,151,197,627	10.24%	-602,266,206	9.78%
1 Ministry of Health and Human Services	25.17%	9.38%	5.81%	7,045,060,100	3.75%	6.31%	7,152,876,386	7.17%	-421,469,150	7.45%
1 Ministry of Tertiary and Professional Education	16.83%	5.43%	2.25%	0	0.00%	2,898,494,135	3.41%	-200,578,697	3.69%	
1 Ministry of Environment and Natural Resources Dev	3.32%	1.33%	0.11%	507,399,200	0.27%	0.57%	646,858,459	0.67%	-39,468,409	0.70%
1 Ministry of Rural Infrastructure & Community Develo	58.37%	4.90%	7.04%	4,090,790,900	2.18%	4.71%	5,335,383,654	5.59%	-326,525,411	5.83%
1 Ministry for Local Government Affairs	1.22%	0.18%	0.01%	44,269,000	0.02%	0.07%	80,819,764	0.09%	-5,130,850	0.09%
Total	40.65%	100.00%	100.00%	187,863,482,580	100.00%	100.00%	113,316,565,002	100.00%	-5,881,214,831	100.00%

2.B.2 Debt Position

107. A summary of the consolidated debt position for Adamawa State Government is provided in the Table below.

Table 8: Debt Position as at 31st December 2023

Debt Sustainability Analysis			
A	DSA RATIO SCENARIOS:	Sustainability Thresholds	As at 31st December 2023
	Solvency Ratios	Percentage	Percentage
1	Total Domestic Debt/IGR	150%	810.15%
2	Total External Debt/Gross FAAC	150%	106.87%
3	Total Public Debt/Total Recurrent Revenue	150%	222.37%
4	Total Public Debt/State GDP Ratio	25%	No GDP Figure Available
	Liquidity Ratios	Percentage	Percentage
5	Domestic Debt Service/IGR	15%	80.16%
6	External Debt Service/Gross FAAC	10%	5.25%
8	Debt Service Deductions from FAAC/Gross FAAC	40%	5.03%
8	Total Debt Service/Total Recurrent Revenue	25%	17.56%
B PUBLIC DEBT DATA AS AT 31st DECEMBER 2023			Naira
1	Total Domestic Debt		138,261,010,699
2	Total External Debt		92,814,553,191
3	Total Public Debt		231,075,563,891
4	Total Domestic Debt Service 2023		13,680,825,114
5	Total External Debt Service in 2023		4,563,642,684
6	Total Public Debt Service		18,244,467,798
C STATE GDP FOR 2023			
1	State GDP		0

108. Table 7 above shows that as at December 31, 2023 the State's total public Debt stock was N231,075,563,891 which was profiled into N138,261,010,699 as domestic debt stock and N92,814,533,191 as external debt stock in naira.

109. Total Domestic Debt/IGR threshold is 810.15% i.e. 660.15% above the recommended threshold, this implies that more needs to be done to improve IGR generation in the State. Overall, this is an improvement from the 901.13% recorded in 2022, equivalent to a drop of 90.98%.

110. Total External Debt/Gross FAAC threshold is favourable to the State at 106.87% against the threshold of 150%., this was against 75.48% recorded in 2022, the difference i.e., increase of 31.39% was brought about largely by Naira-Dollar exchange rate parity.

111. The analysis of Total Public Debt/Total Recurrent Revenue stands at 222.37% implies that it exceeds the threshold of 150% by 72.37%. In view of this increase there is need for the State to intensify

effort to improve IGR performance through Ease of doing business and partnership with Donor Agencies.

112. The analysis of Domestic Debt Service/IGR stands at 80.16% against the recommended threshold of 15%. Therefore, there is a gross increase of 65.16% above the threshold. This also demonstrates increase in the Domestic debt service without corresponding increase in IGR.
113. The analysis of External Debt Service/Gross FAAC shows the State in good standing at 5.25% against the threshold of 10%. This implies that the state borrows less in terms of External debt. The State is encouraged to borrow more external debts to meet up the recommended borrowing mix of 60/40.
114. For the analysis of Total Debt Service/Total Recurrent Revenue, the State is below the threshold by 7.44%, with a percentage of 17.56% against the threshold of 25%. The State needs to intensify efforts to improve IGR performance through public private partnerships and other good practices for domestic resource mobilization.
115. On a general note, the State's debt standing is near sustainable, given that most of the recommended thresholds for some of the parameters remain within/below the threshold. However, for all revenue related thresholds, the State needs to improve in those aspects particularly through increased revenue generation and widening tax nets.

3 Fiscal Strategy Paper

3.A Macroeconomic Framework

116. The Macroeconomic framework is based on IMF national real GDP growth and inflation forecasts from the April 2024 World Economic Outlook document, and mineral benchmarks (oil price and NGN: USD exchange rate) from the draft 2025 - 2027 Federal Fiscal Strategy Paper while oil production is based on Nigeria current production level (see Table 8).

Table 9: Adamawa State Macroeconomic Framework

Macro-Economic Framework				
Item	2024	2025	2026	2027
National Inflation	16.10%	23.00%	15.10%	15.38%
National Real GDP Growth	3.40%	2.96%	2.98%	3.34%
State Inflation				
State Real GDP Growth				
State GDP Actual				
Oil Production Benchmark (MBPD)	1.5000	1.8000	1.8100	2.6000
Oil Price Benchmark	\$62.00	\$80.00	\$80.00	\$74.00
NGN:USD Exchange Rate	415	1314.94	1466.33	1438.22
Other Assumptions				
Mineral Ratio	16%	16%	16%	16%

3.B Fiscal Strategy and Assumptions

3.B.1 Policy Statement

117. Adamawa State's mission is to mobilize the people of Adamawa State to harness all its natural resources, create and use wealth for the ends of individual happiness, collective fulfilment, and peaceful cohabitation in an environment of transparent and honest leadership. The State's fiscal policy is envisaged to control and enforce compliance with established spending limits to achieve sound budgeting system, which include aggregate fiscal discipline, allocative efficiency, and effective spending.

3.B.2 Objectives and Targets

118. The key targets for Adamawa State Government from a fiscal perspective are:

- Create efficiencies in personnel and overhead expenditure to allow greater resource for capital development;
- Grow IGR by a minimum of 10% every year from 2019 to 2026
- Loans will only be used for capital expenditure projects;
- Long term target of funding all recurrent expenditure through revenue of a recurrent nature (IGR, VAT and Non-mineral component of Statutory Allocation);
- Target sources of capital receipts and financing outside of loans (e.g., Grants, PPP, donor support etc.); and
- Priority given to the completion of ongoing capital projects before new projects are commenced.

3.C Indicative Three-Year Fiscal Framework

119. The indicative three-year fiscal framework for the period 2024-2027 is presented in the Table 10 below.

Table 10: Adamawa State Medium Term Fiscal Framework

Fiscal Framework				
Item	2024	2025	2026	2027
Opening Balance	37,641,338,152			
Recurrent Revenue				
Statutory Allocation	68,047,186,396	68,047,186,396	68,047,186,396	68,047,186,396
Derivation				
VAT	47,731,651,558	77,731,651,558	98,618,234,200	105,699,146,000
IGR	22,240,608,550	22,240,608,550	22,240,608,550	22,240,608,550
Excess Crude / Other Revenue	25,838,244,122	38,817,074,598	55,757,928,400	42,795,824,900
Total Recurrent Revenue	163,857,690,626	206,836,521,102	244,663,957,546	238,782,765,846
Recurrent Expenditure				
Personnel Costs	35,238,289,816	75,236,311,816	78,998,127,500	82,948,033,900
Social Contribution and Social Benefit	7,740,282,940	17,000,000,000	78,998,127,500	78,998,127,500
Overheads	57,326,126,978	28,160,728,155	78,998,127,500	78,998,127,500
Grants, Contributions and Subsidies				
Public Debt Service	11,074,886,392	29,194,886,392	78,998,127,500	78,998,127,500
Total	111,379,586,126	149,591,926,363	315,992,510,000	319,942,416,400
Transfer to Capital Account	90,119,442,652	57,244,594,739	-71,328,552,454	-81,159,650,554
Capital Receipts				
Grants	6,355,000,000	18,036,000,000	18,937,800,000	19,884,690,000
Other Capital Receipts	73,296,257,128	44,000,000,000	46,200,000,000	48,510,000,000
Total	79,651,257,128	62,036,000,000	65,137,800,000	68,394,690,000
Reserves				
Contingency Reserve	0	0	0	0
Planning Reserve	6,606,468,081	5,964,029,737	-309,537,623	-638,248,028
Total Reserves	6,606,468,081	5,964,029,737	-309,537,623	-638,248,028
Capital Expenditure				
Capital Expenditure	163,164,231,699	113,316,565,002	-5,881,214,831	-12,126,712,526
Discretionary Funds	163,164,231,699	113,316,565,002	-5,881,214,831	-12,126,712,526
Non-Discretionary Funds	0	0	0	0
Financing (Loans)				
Total Revenue (Including Opening Balance)	281,150,285,906	268,872,521,102	309,801,757,546	307,177,455,846
Total Expenditure (including Contingency Reserve)	281,150,285,906	268,872,521,102	309,801,757,546	307,177,455,846

3.C.1 Assumptions

120. **Statutory Allocation** – the estimation for statutory allocation is based on an elasticity forecast taking into consideration the macro-economic framework as explained in paragraph 91 above.
121. **VAT** – is based on an elasticity forecast using the combined change in GDP and inflation rate. The estimate for 2025-2027 is in line with the current rate of collections (i.e., 7.5%).
122. **Other Federation Account Distributions** – the estimation is based on the current receipt (i.e., from January to May 2024).

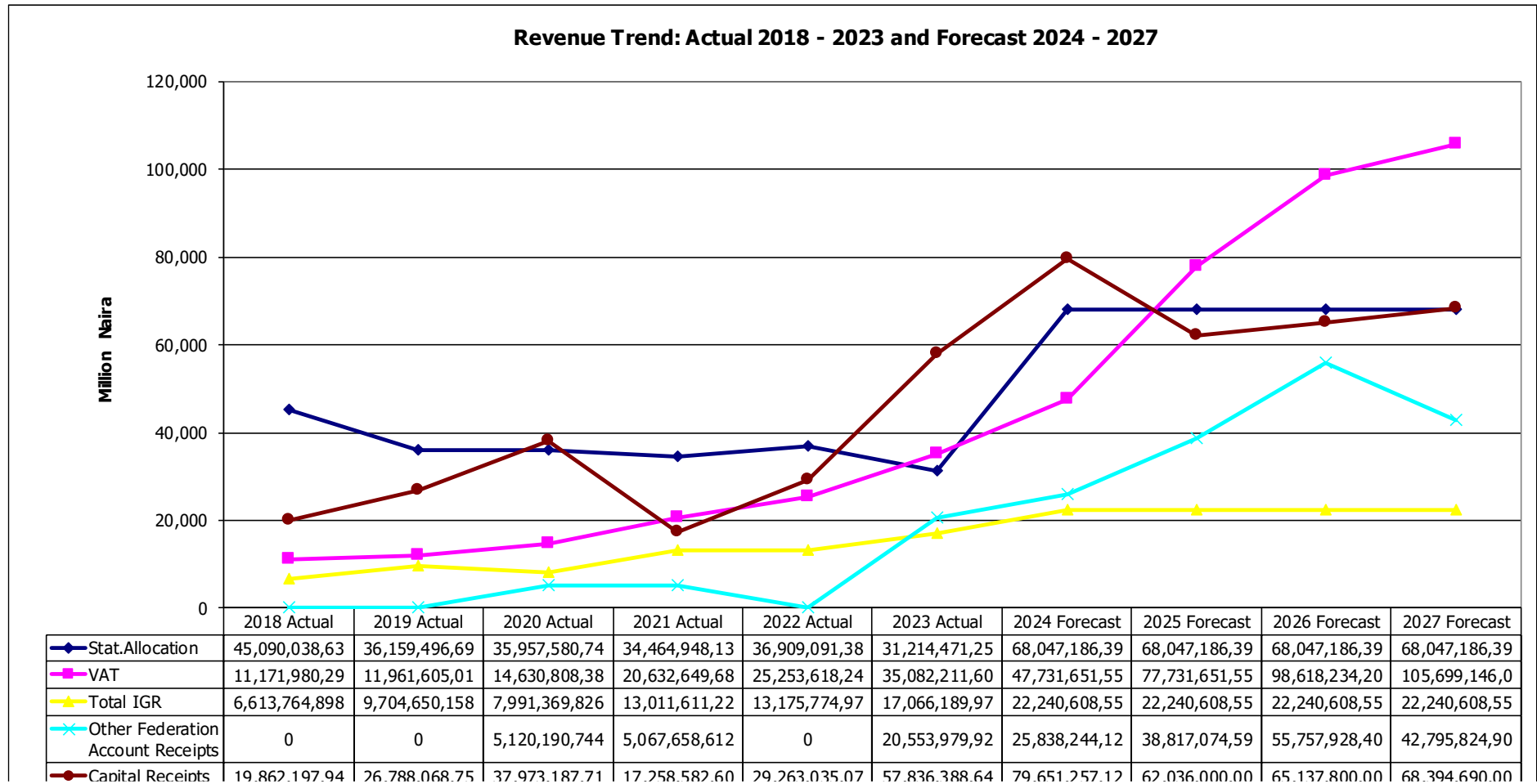
123. **Internally Generated Revenue (IGR)** – The estimation is own percentage taking into consideration the growing economic activity of the State and reform of revenue administration. The IGR performance for the first three months of 2024 is higher than the performance for corresponding period of 2022 by about 58%. However, collections for 2023 is higher than 2022 collections by about 77%. IGR is expected to grow by 10% annually in 2025, 2026 and 2027
124. **Grants** – internal grants are largely from UBEC and TET Fund and these are included across the period 2024-2026. It is important that the relevant institutions in Adamawa State Government will put in place the necessary requirements to draw down UBEC and TET Fund.
125. **Financing (Net Loans)** – External loans are projected based on signed agreement. N15 billion is expected from commercial banks in 2023 and additional N25 billion is expected from the capital market in 2023 and 2024 as legislated. Also, N1.02 billion is expected from World Bank in 2024, N1.5 billion in 2025 and N1.83 billion in 2026 accordingly
126. **Personnel** – It is anticipated that the personnel costs will remain at the current level but will increase marginally due to promotion and annual notch increment. Own percentage of 5% is used to forecast personnel costs for 2025, 2026 and 2027.
127. **Social Contribution and Social Benefits** – It is anticipated that the pension and gratuity payment will remain at the current level but will increase marginally due to new retirees that will increase pension and gratuity payment. Own percentage of 5% is used to forecast Social Contribution and Social Benefit for 2025, 2026 and 2027.
128. **Overheads** – Overhead has been unstable over the last five years (increasing steadily to N25 billion in 2017 and declining in 2019 and 2020 to N17 billion). . Own percentage of 5% is used for 2023, 7% for 2024, 5% for 2025, 4% for 2026 and 5% in 2027.
129. **Grants, Contributions, Subsidies and Transfers** – It is anticipated that Grants, Contribution will grow at 5% over the period. Therefore, own percentage of 5% is used to forecast this expenditure class for 2024, 2025, 2026 and 2027

130. **Public Debt Service** - is based on the projected principal and interest repayment for 2024, 2025, 2026 and 2027.
131. **Capital Expenditure** – is based on the balance from the recurrent account plus capital receipts.

3.C.2 Fiscal Trends

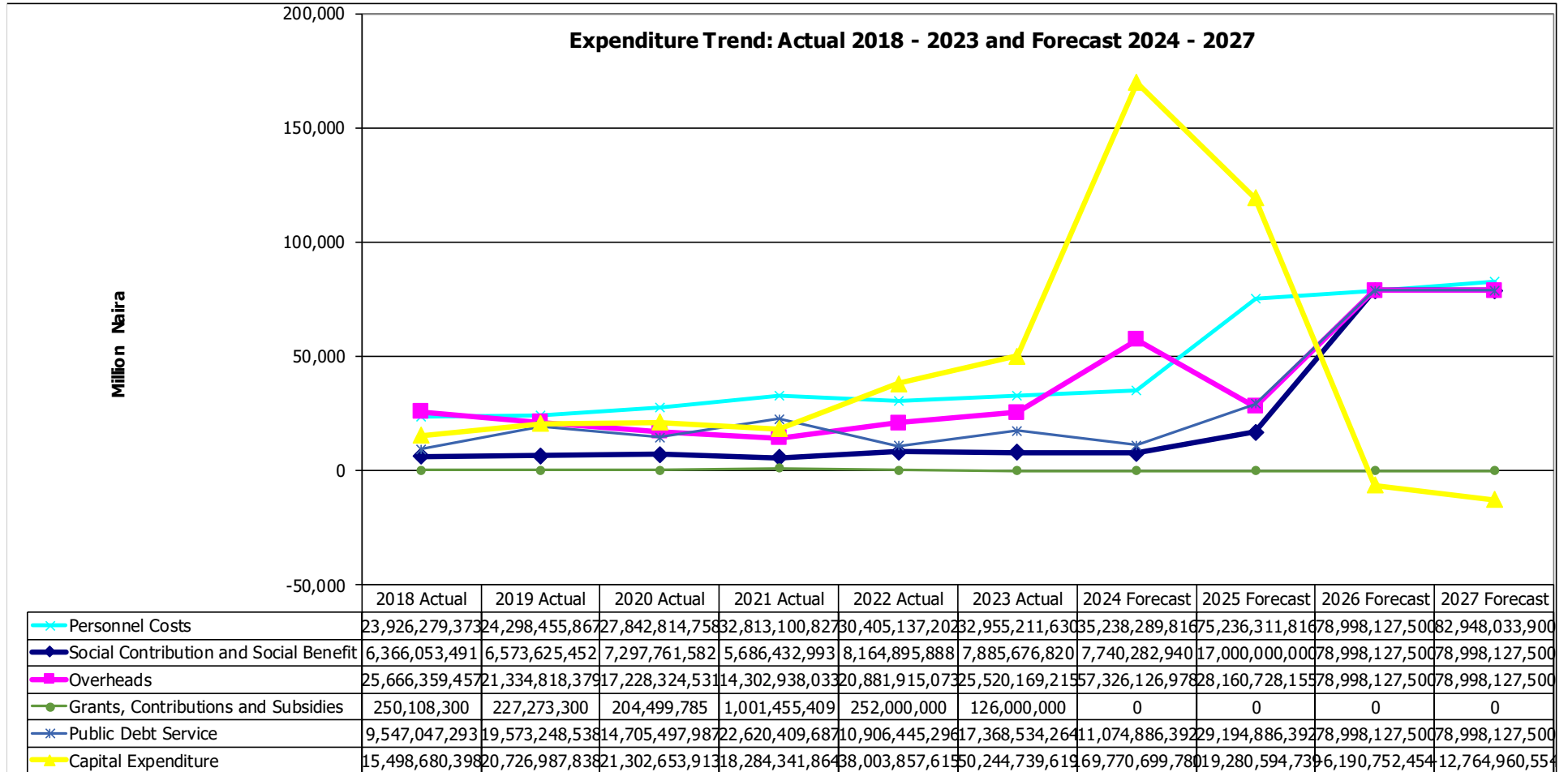
132. Based on actual figures for 2018-2023 (using the same basis for forecasting as noted in the sub-sections within section 3.B), the trend from historical actual to forecast can be seen for revenue and then expenditure in the line graphs (Figures 24 and 25) below.

Figure 23: Adamawa State Revenue Trend



Source: 2018-2023 Adamawa State Report of the Accountant General and 2018-2024 Approved Budget

Figure 24: Adamawa State Expenditure Trend



Source: 2018-2023 Adamawa State Report of the Accountant General and 2018-2024 Approved Budget

3.D Local Government Forecasts

133. Based on the Macroeconomic assumptions in section 3.A, the forecasting techniques noted in section 3.B and the vertical and horizontal sharing ratios from May 2022 – April 2023, the Federation Account revenues have been forecasted for the 21 Local Governments (LGs) of Adamawa State.

134. Forecasts for 2024 for the 21 Local Governments are provided in Table 11 below.

Table 11: Local Government Revenue Forecasts for 2025

Local Government Council	Statutory Allocation Share	VAT Share	IGR Share	2025				
				Statutory Allocation	VAT	Other Federation Account	Share of State IGR	Total Transfer
DEMSA	0.1294%	0.1068%		2,584,093,500	1,645,052,787	1,127,825,203	-	5,356,971,490
FUFORE	0.1581%	0.1126%		3,156,851,077	1,734,269,610	1,377,804,715	-	6,268,925,402
GANYE	0.1346%	0.1034%		2,688,059,596	1,591,712,768	1,173,201,109	-	5,452,973,473
GIREI	0.1178%	0.0961%		2,353,434,908	1,479,211,660	1,027,154,475	-	4,859,801,043
GOMBI	0.1166%	0.0996%		2,328,808,176	1,533,442,659	1,016,406,161	-	4,878,656,996
GUYUK	0.1247%	0.1063%		2,489,831,523	1,636,915,167	1,086,684,651	-	5,213,431,341
HONG	0.1358%	0.1045%		2,712,023,492	1,608,341,100	1,183,660,129	-	5,504,024,721
JADA	0.1421%	0.1043%		2,837,002,808	1,606,186,247	1,238,207,235	-	5,681,396,291
YOLA-NORTH	0.1235%	0.1107%		2,466,632,787	1,704,438,271	1,076,559,584	-	5,247,630,643
LAMURDE	0.1106%	0.0924%		2,208,545,276	1,422,479,317	963,917,530	-	4,594,942,124
MADAGALI	0.1124%	0.0971%		2,244,375,830	1,495,156,907	979,555,742	-	4,719,088,479
MAIHA	0.1100%	0.0920%		2,197,388,423	1,417,239,033	959,048,132	-	4,573,675,588
MAYO-BELWA	0.1276%	0.1010%		2,547,919,117	1,555,552,169	1,112,036,928	-	5,215,508,214
MICHIKA	0.1237%	0.1015%		2,470,056,688	1,562,722,910	1,078,053,943	-	5,110,833,541
MUBI NORTH	0.1180%	0.1006%		2,357,028,399	1,548,764,219	1,028,722,851	-	4,934,515,469
MUBI SOUTH	0.1100%	0.0958%		2,195,866,528	1,475,720,337	958,383,903	-	4,629,970,768
NUMAN	0.1045%	0.0877%		2,086,857,158	1,349,616,931	910,806,864	-	4,347,280,953
SHELLENG	0.1184%	0.1002%		2,364,065,607	1,542,154,466	1,031,794,234	-	4,938,014,307
SONG	0.1490%	0.1095%		2,975,691,714	1,686,123,677	1,298,737,879	-	5,960,553,271
TOUNGO	0.1277%	0.0794%		2,549,515,714	1,221,965,858	1,112,733,761	-	4,884,215,333
YOLA-SOUTH	0.1237%	0.1099%		2,470,673,077	1,692,426,537	1,078,322,965	-	5,241,422,579

3.E Fiscal Risks

135. The analysis and forecasting basis as laid out above implies some fiscal risks, including but not limited to the Risk Matrix in Table 12 below.

Table 12: Fiscal Risks

Risk	Likelihood	Impact	Reaction
Militancy/Pipeline vandalism that could lead to reduction in daily oil production	Low	High	Dependence on Statutory allocation and Mineral derivation is crucial to the budget, however, clear prioritisation of projects in the capital budget is required. Increased IGR effort to decrease reliance on federal transfers and seeking alternative means of funding (grants, PPP etc.)

Risk	Likelihood	Impact	Reaction
Security situation countrywide could affect economic activity and oil production, resulting in risk to VAT and Statutory Allocation	Medium	High	The estimates for VAT and statutory allocation are not overly ambitious. In addition, clear prioritisation of projects in the capital budget is required. Increased IGR effort to decrease reliance on federal transfers and seeking alternative means of funding (grants, PPP etc.)
Risks associated with debt financing	Low	Medium	Use of external borrowing to finance budget deficit
Mismanagement and inefficient use of financial resources	Medium	High	Adherence to existing and new institutional and legal/regulatory framework that will require more transparent and efficient use of financial resources.
Floods, herdsmen/ farmers crises and other natural disasters impact on economic activity and hence IGR tax base, causing increased overhead expenditure	Medium	Medium	Increased investment to increase climate resilience (flood control and irrigation), improved security situation, adaptation, and awareness
Fuel Subsidy removal and its effect	High	High	Provision of palliatives to cushion the effect of subsidy removal.
Minimum wage increase	Medium	Medium	Policies to address inflation and price control

136. It should be noted however that no budget is without risk. The ongoing implementation of the 2024 budget should be closely monitored, as should the security situation and impact of the fiscal and economic outlook.

4 Budget Policy Statement

4.A Budget Policy Thrust

137. The overall policy objectives are captured by the following points:

- Reduced over-dependence on Federal transfers through improved independent revenue generation achievable via a technological-driven and autonomous Board of Internal Revenue.
- Continuous improvement in access to and quality of public services, these include Agriculture, Environmental and Infrastructural Development, Education, Water and Health Care Delivery Systems at all levels. Inherent in this is the resolve of government to promote gender equality and inclusive development.
- Pursuit of initiatives that would continue to generate economic growth and guarantee security. This would involve implementation of programmes that generate employment and create wealth and ensure adequate security.
- Another major priority area is to broaden governance reforms particularly in the area of policy and strategy; public expenditure and financial management; and public service management. As part of this process, Government has developed the Adamawa State Medium-Term Development Plan and Medium-Term Sector Strategy for the key sectors.

4.B Sector Allocations

- The total forecast budget size for the 2025 fiscal year is **N268,872,521,102.00** of which the sum of **N149,591,926,363.00** (55.64%) will be for recurrent expenditure (i.e., Personnel, Social Contribution and Social Benefits, Overhead, and Public Debt Charge, while the sum of (**N119,280,594,739** (44.36%) will be for capital expenditure including 5% planning reserve (**N5,964,029,737.00**) which carefully earmarked for allocations to sectors by His Excellency to fund critical expenditure items not envisaged during Budget proposals.

138. The capital expenditure component is made up of the sum of **N119,280,594,739** (including planning reserve) that will be spent across all MDAs.

139. Presented in Tables 12-15 below are the indicative three-year (2025-2027) capital expenditure and overhead envelopes for sectors. The basis for the envelopes is as follows:

- Personnel and Overhead expenditures are allocated using the average trend from 2020-2023 budget, and 2020-2022 actuals.

NOTE: Ceilings for the Recurrent components (Overhead and Personnel) are based on the average trend from 2020-2024 budget, and 2018-2023 actuals, while those of the following are based on:

- Non-Discretionary capital expenditure is allocated automatically to the relevant sectors.
- Discretionary capital expenditure is allocated using the average trend from 2020-2024 budget, and 2020-2023 actuals.
- These are combined to give the total sector envelopes.
- Personnel and Overhead expenditures are allocated using the average trend from 2020-2024 budget, and 2020-2023 actuals.
 - i. Social contribution and social benefits: these components comprise of pensions, gratuity etc.
 - ii. Grants, Contributions and Subsidies: these components comprise of grants to Local Governments, Grants to State MDAs, etc.
 - iii. Public debt service: these are repayment of loans and servicing of other debts by the State Government.

4.C Considerations for the Annual Budget Process

140. The budget call circular will include the following instructions to MDAs for the annual budget submissions:

- With a relatively small Capital Development Fund, priority must be given to completing ongoing projects.
- Budget submissions for capital projects must include full life-time capital investment requirements (costs) and sources of funding (particularly if grants and/or loans are being used to fund partially / fully the project).
- Contain MDA ceilings/envelopes for personnel, recurrent and capital expenditure as shown above.

5 Summary of Key Points and Recommendations

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

- a) The State should sustain the current Budget reform programme particularly as it relates to the preparation of a realistic budget, ensuring policy-plan-budget linkages, and early passage of the budget.
- b) The State needs to continue to prepare and implement detailed debt sustainability analysis to better understand the nature, complexity, and monitor sustainability of its debt.
- c) The State should continue to monitor performance of mineral-based revenues to ensure estimates are consistent with the latest development globally and within the Federal Government's budget process.
- d) Grant estimates going forward should be realistically budgeted for to avoid low performance.
- e) Overhead expenditure must be brought under control, to ensure that cost of governance is not more than necessary.
- f) Prudent forecasting of revenue, and hence the capital development fund, and tight control on recurrent expenditure, will help to both increase the level of capital expenditure and also improve performance against budget.



Technical Committee 2025-2027 MTEF- EFU-FSP- BPS