



**APPROVED**

**ADAMAWA STATE**

**2021-2023**

**MEDIUM-TERM EXPENDITURE FRAMEWORK  
AND FISCAL STRATEGY PAPER (MTEF/FSP)**

**AUGUST, 2020**





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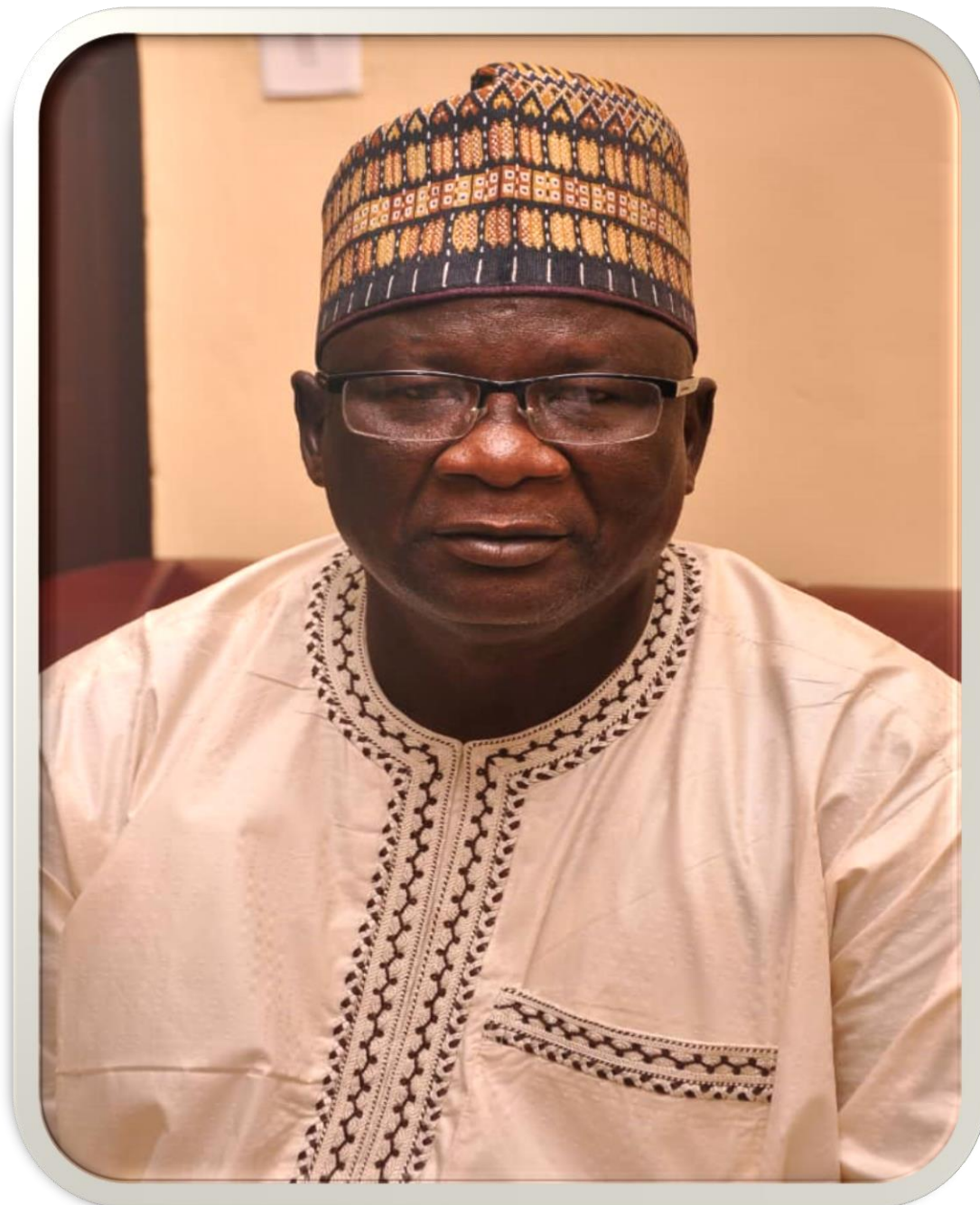


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## EXECUTIVE SUMMARY

### ADAMAWA STATE FISCAL STRATEGY PAPER/ MTEF FRAMEWORK, 2021– 2023

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 *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*. This policy thrust is predicated on the present administration's aspirations for *all- inclusive Development*.

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 result of the result of COVID-19 Pandemic and the dwelling oil price. The IMF growth outlook assumed the COVID-19 spread in Nigeria would be contained in the second half of 2020. However, these measures seem not to contain the virus or domestic infections rise, hence the economic recovery is slower and gaps now become even larger.

The growth rate of Nigeria was projected to decline to -3.4% in 2020 from 2.2% in 2019 with the possibility of a projected increase of 2.4% in 2021. Currently the inflation rate is 12.2%, exchange rate of Dollar to Naira officially stands at N360/1\$ (as Contained in FGN Approved 2021-2023 MTEF/FSP), while projected unemployment rate for 2021 is 33.5%.

The State's approved revenue for the 2019 budget was N244.729b including loans. Total revenue generated was N94.508b which represents 37.03% of the total

approved revenue. The most performing revenue item was Statutory Allocation with N42.772b representing 45.26% of actual total revenue. Next was VAT with N11.962b representing 12.66% of total actual revenue. (refer to Table 7 page 26).

Analyzing the performance of Internally Generated Revenue (IGR) in Adamawa State from Jan-Dec., 2019, revenue generated amounted to N9.705b of the budgeted (IGR) of N15.651b, representing 62% collection. However, this needs to be improved upon to meet up with IGR target. Taxes are the major contributor to the IGR, recording 6.116b out of the actual total collection of N9.705b, followed by Fees with N1.848b. (ref. Table 2 page 12, and chart 3 page 13).

In spite of the effect of the covid-19 pandemic, the State's 2020 IGR has improved based on the Revised 2020 budget as the half year collection revealed a 48.78%.

The approved figure for both recurrent and capital budget is N244.729b for 2019. Actual total expenditure was N93.799 representing 38.33% of the approved total expenditure. Total actual recurrent expenditure was N73.072b representing 69.26% of the approved recurrent expenditure of N105.511b. The major contributor to recurrent expenditure is personnel cost (Employee Compensation) which was N24.298b representing 33.25% of the total actual recurrent expenditure. The expenditure on capital projects was N20.727b representing 14.89% of the approved capital expenditure of N139.218b. (refer to Table 7 page 26).

***Total Projected Revenue for 2021, 2022 and 2023 are N140.034b, N165.009 and 271.963b respectively.*** The State IGR collection has been on the average of **N7.402b** annually for the past 3 years. The International best practice requires that **52% of N140.034b (N72.818b)** should be allocated to Capital while **48% of N140.034b (N64.336b)** to recurrent expenditure for the growth and development of the State.



The State Government is --advised to seek alternative financing through other available options provided by the capital market and hedge funds (IDB, NEXIM, ADB etc.) to reduce cost of borrowing compared to Commercial Bank.

Macroeconomic Parameters	2020 Targets	2021 Projection
Oil production	1.94mbpd	1.86mbpd
Oil price	\$25/b	\$40/b
Exchange rate	N360/\$	N360/\$
Inflation Rate	12.26%	11.95%
GDP Growth Rate	3.16%	3.00%
State IGR	7.688b	12.125b

*Source: FGN Approved 2021-2023 MTEF/FSP*

The State IGR collection has been on the average of **N7.402b** annually for the past 3 years with total actual collection of **N22.259b** while **N12.125b** is projected for the 2021 fiscal year.

To achieve the desired development from 2021-202 as enshrined in the State Blueprint 2016-2030 (Perspective Plan), 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 consolidated debt and contingent liabilities of the State were analyzed. These include total debt stock, debt service, sustainability nature and fiscal implementation of contingent liabilities of the state (refer table 13 page 43). Based on the analysis, the State Government is still within the window threshold of debt sustainability and so has the opportunity for loans/ Bonds to finance it developmental projects as its position is 201% out of the standard threshold of 250% (ref to Chart 14 page 52).

Fiscal risks that may affect the success of the State's plan were examined. These includes oil inflow on which we depend 90%, 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 federal account. This puts more pressure on the State coffers, which affects debt services and other monthly obligations of the State.

To mitigate the issue raised above, there is an urgent need for the State Government to intensify more efforts to diversify its sources of IGR and reduce dependence on oil revenue that comes from monthly FAAC allocation.

It is worthy of note that the effort of the State government towards the production of this document is a land mark, so also the commitment and professional competence exhibited by the representatives of the selected organizations that handled the work.

**They are:**

#### **STEERING COMMITTEE MEMBERS**

<b>S/N</b>	<b>NAME/RANK</b>	<b>MDAs</b>	<b>POSITION</b>
1	Dr. Mary B. Paninga (Executive Chairman)	State Planning Commission	Chairman
2	Dr. Ishaya J. Dabari (Hon. Commissioner)	Ministry of Finance & Budget	Member
3	Hamman'Adama Njabari (Chairman)	State Board of Internal Revenue	Member
4.	Mrs. Gyatam Bassi (Permanent Secretary)	Budget Dept., Ministry of Finance	Member
5	Kabiru M. Bakari Chairman	Fiscal Responsibility Commission	Member
6.	Dr. Bello Abubakar Focal Person (PforR)	SFTAS	Member
7	Usman M. Saleh Director General	Debt Management Agency	Member
8	Chairman	National Association Non-Governmental Organization	Member
9	Mrs Felicia S. Nzomisaki	State Planning Commission	Secretary

(Permanent Secretary)

**TECHNICAL COMMITTEE**

<b>S/N</b>	<b>NAME</b>	<b>ORGANIZATION</b>	<b>POSITION</b>
1	Adamu Yakubu	Planning Commission	Chairman
2	Mrs Gladys Dzarma	“	Member
3	Jessy M. Dogo	“	
4	Salihu K. Sabana	Board of Internal Revenue	Member
5	Isa Mustapha	Accountant General’s Office	Member
6	Solomon P. Garba	Debt Management Agency	Member
7	Barry A. Shaida	Budget Dept. Min. Finance	Member
8	Tumba Yame	Fiscal Responsibility Commission	Member
9	Clarkson H. Gajere	House of Assembly	Member
10	Kenan Allahdon	Bureau of Statistics	Member
11	Daniel Luka Obida	Planning Commission	Member
12	George Sha’a	“	Secretary



## **ACRONYMS**

ADS	Adamawa State
AGO	Accountant General's Office
ASPC	Adamawa State Planning Commission
BIR	Board of Internal Revenue
BOT	Build Operate and Transfer
BRICS	Brazil, Russia, India, China, South Africa
CACS	Commercial Agricultural Credits Schemes
CBN	Central Bank of Nigeria
CPI	Consumer Price Index
CPIA	Country Policy and Institutions Assessment
CSO	Central Statistics Organization
DDS	Domestic Debt Stock
DMO	Debt Management Office
EDS	External Debt Stock
EU	European Union
FA	Federation Account
FAAC	Federation Account Allocation Committee
FDI	Foreign Direct Investment
FGN	Federal Government of Nigeria
FP	Fiscal Plan
FSP	Fiscal Strategy Paper
GDP	Gross Domestic Product
GWP	Gross World Product
ICT	Information and Communication Technology

ICT	
IGR	Internally Generated Revenue
IMF	International Monetary Fund
IPPIS	Integrated Payroll and Personnel Information System
JAMB	Joint Admission Matriculation Board
MDA	Ministries, Departments and Agencies
MDG	Millennium Development Goals
MINT	Mexico, Indonesia, Nigeria and Turkey
MPR	Monetary Policy Rate
MTEF	Medium Term Expenditure Framework
NPV	Net Present Value
OPEC	Organization of Petroleum Exporting Countries
PAYE	Pay As You Earn
PPP	Purchasing Power Parity
TDS	Total Domestic Stock
UK	United Kingdom
US	United States
USD	United States Dollars
VAT	Value Added Tax
WAEC	West Africa Examination Council
EMDES	Emerging Markets and Developing Economics
BREXIT	British Exit from EU
SFTAS	State Fiscal Transparency Accountability and Sustainability Programme
IDB	Industrial Development Bank
NEXIM	Nigeria Export and Import Bank
ADB	African Development Bank

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## **1.0 Introduction**

A fundamental objective of government in preparing a budget is to ensure that resource allocation is prioritized in a manner that ensures that funds reach where they are required most. Budgets are tools that the government employs to drive economic policies aimed at uplifting underprivileged sections of the society, facilitating financial inclusion, providing proper educational and health facilities. This underscores the utmost importance government attaches to the preparation, implementation and monitoring of a well-planned budget. The Medium-Term Expenditure Framework and Fiscal Strategy Paper (MTEF/FSP) provides estimates and projections that guide annual budget planning and fiscal management over a three-year period.

In compliance with the provisions of the Section 18 of Adamawa State Fiscal Responsibility Commission (repealed and re-enactment) law, 2018, the Adamawa State prepares the MTEF/FSP to encapsulate the policy thrust behind government's revenue and expenditure estimates. The MTEF/FSP highlights revenue projections, expenditure plans and fiscal targets over the medium term based on a reliable and consistent fiscal outlook.

The design of the 2020-2023 MTEF/FSP is coming at a time of complex severe health and economic crises inflicted by the COVID-19 pandemic. Though global in effect, the macroeconomic evolutions have significantly impacted the Adamawa State economy. The Administration of Rt. Hon. Ahmadu Umaru Fintiri recognizes that a strengthened implementation framework is required to achieve the objectives of this medium-term plan. Government has instituted improved intersectoral linkages; strengthened partnerships; and reinvigorated governance and inclusive stakeholder relations. This is to strengthen implementation processes and ensure that the plan delivers on its promise.

This MTEF/FSP is a framework that has been informed by a process of broad-based dialogue with stakeholders. It is meant to minimize the adverse impacts of

the COVID-19 pandemic and other crises, accommodate changing realities, propel Adamawa State economy on the path of accelerated growth as well as serve as a reference point for further dialogue and planning

The Fiscal Plan as well as the Annual Budgets of the State is based on the Adamawa State Blue Print 2016-2030, focusing on goals and targets in the Sustainable Development Goals 2030 which includes: -

- Provision of agricultural inputs to increase crop yield per hectare as well as to improve farmers' income and to ensure food security, export and industrial raw materials;
- Expand the industrial base of the state through utilization of abundant agricultural and mineral resources;
- Provide adequate power supply to the state through connection to the National Grid, develop solar energy, hydroelectricity as well as other non-conventional energy sources to enhance socio-economic activities and reduce rural-urban migration;
- Enhance mobility in form of road construction in urban centers and rural areas so as to improve socio-economic activities and reduce rural-urban drift.
- Provide adequate water supply coverage of the state in urban, semi-urban and rural areas through construction of water treatment plants, provision of boreholes, hand dug wells and dams.
- Expand access to affordable and quality education to the citizens of the State, through regular inspection to raise standards, renovation of school buildings, provision of equipment, employment of qualified teachers, increased school enrolment and feeding, payment of SSCE/NECO and payment of scholarship allowances to students in tertiary institutions.
- Institutionalize basic health services, reduce infrastructural decay and provision of adequate equipment in the health care centers.

- Promote the provision of quality and affordable houses and better living standard for the urban, rural dwellers.
- Ensure good governance so as to fight corruption, promote accountability, transparency, due process, and efficient and effective bureaucracy;
- Institute a security system that guaranties the lives and properties of people and control the activities of insurgency, farmers herder's crisis and other criminal activities.
- Ensure a judicial system that promotes open and fair hearing of legal cases and speedy dispensation of justice and ensure the independence of the judicial system.
- Secure a quality environment adequate for good health and well-being such that it will restore, maintain and enhance the ecosystem for the functioning of the biosphere and preserve biological diversity for optimum and sustainable yield of living natural resources and ecosystem.

The Medium-Term Fiscal Framework therefore, will enable the State Government allocate resources based on its identified priorities, control and enforce compliance with established spending limits to achieve a sound budget system with tripartite objectives of aggregate fiscal discipline, allocation efficiency and technical efficiency of spending. The policy thrust is predicated on the present administration's aspirations for Fresh Air, Peace, Unity and inclusive Development.

## **2.0. Economic and Fiscal Outlook**

### **2.1. Global Economic Developments and Implications**

The global economy practically came to a standstill as a result of COVID-19 pandemic, which has spread to over 200 countries and territories, with negative implications for global growth. Every country has witnessed reduced economic activities in the first half of 2020 owing to global supply chain collapse and



depressed demand. The economic crisis, the worst since the Great Depression has been exacerbated by collapse in commodity prices across the world.

Extreme uncertainties still exist around the global growth trajectory. A combination of factors has increased the unpredictability of economic output across the globe. The intensity and efficacy of containment efforts in territories, the extent of supply disruptions and productivity losses, the repercussions of the dramatic tightening in global financial market conditions, shifts in spending patterns and behavioral changes have raised world output volatility. The progress in finding a vaccine and/or therapies will significantly define the path of recovery

## **2.2. Macroeconomic Performance of the Nigerian Economy:**

### **2.2.1 Implications of Global and Domestic Developments**

The economy has grappled with acceleration in real GDP growth since the exit from recession in Q2 2017. In spite of twelve consecutive quarters of positive growth, GDP growth rates remained below desirable targets (growing below population growth rate).

The NBS projects that the Nigerian economy will contract by -4.2% in 2020, as the COVID-19 pandemic and resultant oil price shock have exacerbated the vulnerability of Nigeria's fiscal and monetary landscape. Prior to the outbreak of the pandemic, the Nigerian economy had been characterized by wavering external sector and improving internal economic indicators. Over-dependence on oil revenue, constrained fiscal space, low foreign and domestic investments, declining foreign reserves made the economy disproportionately vulnerable to the twin shocks of oil price collapse and a health crisis. The informal sector, which accounts for over half of Nigeria's GDP will be severely negatively impacted.

#### **▪ GDP growth and Sectoral Performance**

**Gross Domestic Product (GDP)** grew by 1.87% (year-on-year) in real terms in Q1 2020. Growth in the non-oil sector was driven mainly by

Telecommunications, Financial Institutions, Crop Production, Mining and Quarrying and Construction subsectors. Nevertheless, the performance recorded in Q1 2020 represents a drop of 0.23% compared to 2.10% growth in Q1 2019, and 0.68% decline from 2.55% growth in Q4 2019, reflecting the earliest effects of disruption caused by COVID-19 pandemic and crash in oil price.

**Sectoral GDP growth** saw a contraction in key contributors to the GDP. Trade contracted by 2.82%, while Information and Communication Technology slowed to a growth of only 7.65% from 11.08% 2019 full year growth. As a whole, the non-oil sector grew by 1.55% in real terms during Q1 2020, a decline by -0.93% compared to 2.47% recorded in Q1 2019. Economic sectors that recorded weaker performance relative to Q1 2019 include Quarrying, Road transport, Accommodation and Food Services as well as real estate. The oil sector grew by 5.06%, showing a decline from 6.36 percent recorded in Q4 2019.

- ***Unemployment and Underemployment***

Unemployment rate was 23.1 percent (or 20.9m people) as at Q3 2018 while underemployment was 30.1%. The rise in youth unemployment, has fueled the rising spate of criminal activities and antisocial behavior. Government is currently implementing various schemes tailored to productively engage the teeming youth population

- ***Inflation***

Consumer Price Index (CPI), which measures inflation, increased by 12.40% (year-on year) in May 2020 rising for the ninth consecutive month, and represents the highest rate recorded since May 2018. This is 0.06% higher than the 12.34% recorded in April 2020 owing largely to the increase in the cost of food.

The composite food index rose by 15.04% in May 2020 compared to 15.03% in April 2020. The rise in the food index is exacerbated as clashes between herders and farmers worsen insecurity in addition to the disruption in inter-state travels owing to the coronavirus pandemic

▪ ***Interest Rate***

The Central Bank of Nigeria (CBN) has adopted measures to rein in inflation and reduce pressure on the Naira in the foreign exchange market. The Monetary Policy Committee (MPC) recently reduced the monetary policy rate by 100 basis points to 12.5%, the first rate cut since March of 2019. The decision was aimed at alleviating the economic impact of the coronavirus pandemic and collapsing oil prices.

The lower rate is expected to stimulate credit expansion to critical economic sectors to support employment. The Bank however kept the Cash Reserve Ratio (CRR), Liquidity ratio, and asymmetric corridor unchanged.

▪ ***Fiscal Sector***

Fiscal buffers are currently very lean. The recent cut in oil production by OPEC and its allies to stabilize the world oil market has further squeezed projected net government revenues from the oil and gas sector, with consequences for foreign exchange inflows into the economy. External debt balance at end of Q1 2020 stood at USD 27.67 billion and Excess Crude Account (ECA) barely USD71 million. With the Balance of Trade (BOT) at UDS18.7 billion and widening fiscal deficit on account of lower oil revenue, the fiscal space is critically constrained.

Fiscal measures are being instituted to improve government revenues and entrench a regime of prudence with emphasis on achieving value for money. Some of the reforms contained in the Finance Act 2019, including the increase in VAT rate to 7.5%, are being implemented to shore up

government revenues. The goal of fiscal interventions is to keep the economy active through carefully calibrated regulatory measures designed to boost domestic value-addition, de-risk the enterprise environment, attract external investment and sources of funding while managing existing debt obligations in the most fiscally sustainable manner.

Government is seizing the opportunity of the crisis to intensify economic diversification to ensure growth in non-oil exports, reduction in the import bill and improve economic competitiveness. Nigeria is currently implementing a modest stimulus package and providing palliatives for the most vulnerable members of the society. Fiscal support is also being provided to sub-national Governments and selected business sectors negatively impacted by the COVID-19 pandemic.

### 3.0 Review of 2019 Budget Performance

The performance of the 2019 budget parameters shows that GDP growth and oil production fell below target, while inflation and oil price closed better than projected.

S/N	Description	2019	
		Budget	Actual
1	GDP Growth Rate (%)	3.01	2.27
2	Oil Production (mbpd)	2.30	1.96
3	Oil Price Benchmark (US\$/b)	60	67.2
4	Inflation (%)	12.50	11.98
5	Exchange Rate (N/\$)	305	305.9

This review is intended to examine the extent to which Adamawa State budgets performed credibly from 2017-2019. Credibility of the budget lies at the root of fiscal discipline. A budget is credible to the extent of its foreseeing and providing

for all expenditures and adhering to predetermined expenditure composition. Over or under spending of the budget or adjustment to budget composition during implementation do not promote credibility or discipline. Actual expenditure that keeps close to budget estimates will not be credible if they are achieved by virement during implementation. The variance of a credible budget should not exceed 5% (- or +).

### **3.1. Revenue Outturns**

Adamawa State's share from Federation Account and capital receipts are the major revenues of the State, contributing an average of 90% of the total revenue annually from 2017-2019. (ref. table 1 page 10). Federation revenues are unconditional transfers of centrally collectable revenues mainly oil based sources. Total dependence on the federation revenue is a risk that Adamawa State Government has to find solution to it. The growth of the state generated revenue over the three years under review was not impressive. Statutory allocation contributed N114.011b out of the total actual revenue of N301.113b for the three years. VAT contributed N33.096b while IGR contributed N22.258b. (ref. table 1 page 9 and chart 1 pages 10).

**Table 1 Adamawa State Revenue from 2017 – 2019**

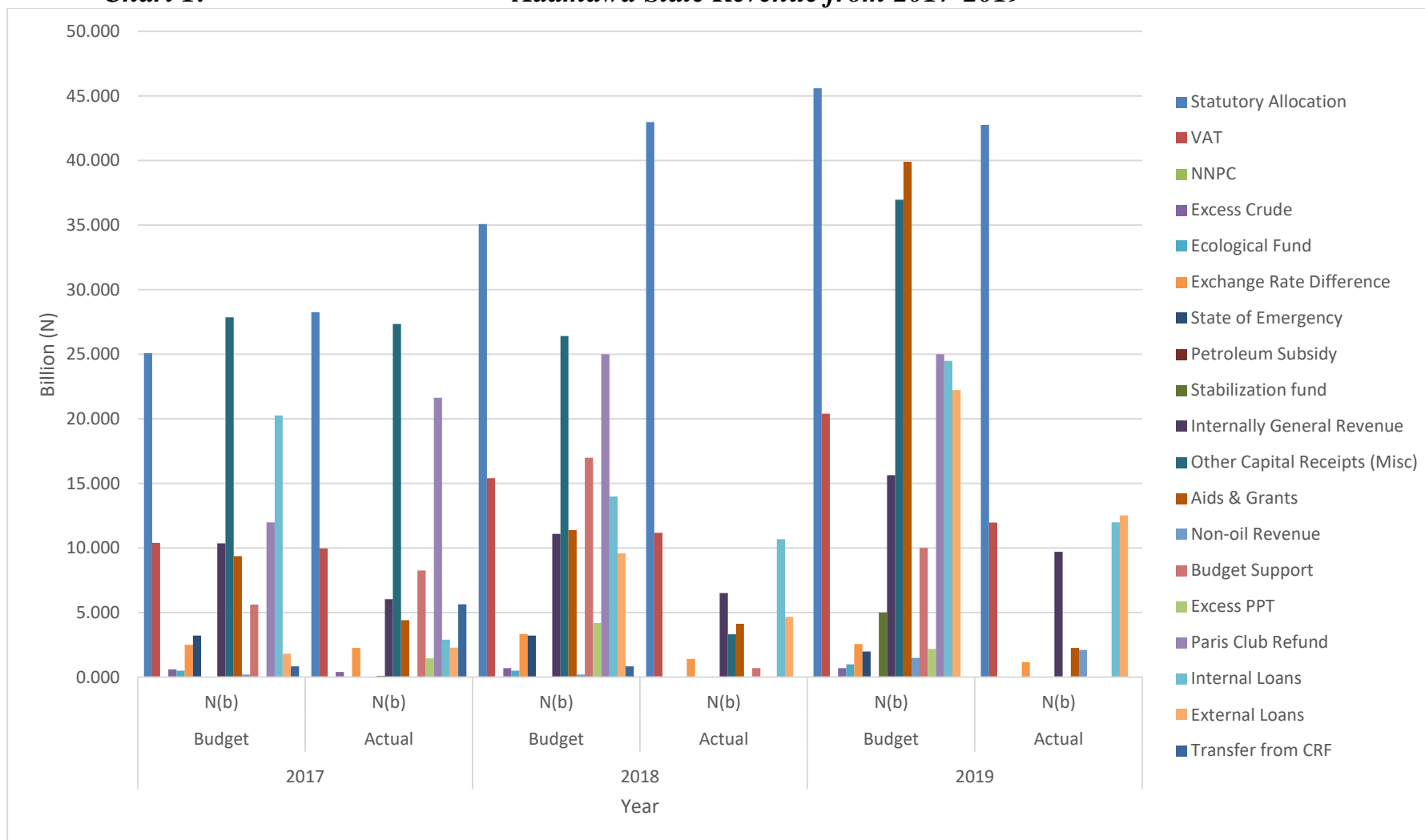
Revenue Items	2017		2018		2019		Total	
							(2017 – 2019)	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
	N(b)	N(b)	N(b)	N(b)	N(b)	N(b)	N(b)	N(b)
Statutory Allocation	25.095	28.262	35.095	42.976	45.595	42.772	105.785	114.010
VAT	10.400	9.962	15.400	11.172	20.400	11.962	46.200	33.096
NNPC							0.000	0.000
Excess Crude	0.600	0.403	0.700	0.000	0.700		2.000	0.403
Ecological Fund	0.500		0.500	0.000	1.000		2.000	0.000
Exchange Rate Difference	2.500	2.268	3.334	1.414	2.564	1.163	8.398	4.845
State of Emergency	3.223		3.223	0.000	2.000		8.446	0.000
Petroleum Subsidy							0.000	0.000
Stabilization fund		0.105			5.013		5.013	0.105
Internally General Revenue	10.363	6.045	11.097	6.509	15.651	9.704	37.111	22.258
Other Capital Receipts (Misc)	27.870	27.339	26.420	3.315	36.969		91.259	30.654
Aids & Grants	9.372	4.407	11.397	4.134	39.917	2.259	60.686	10.800
Non-oil Revenue	0.200		0.200	0.000	1.500	2.118	1.900	2.118
Budget Support	5.614	8.255	17.000	0.700	10.000		32.614	8.955
Excess PPT		1.450	4.184	0.000	2.184		6.368	1.450
Paris Club Refund	12.000	21.630	25.000	0.000	25.000		62.000	21.630
Internal Loans	20.272	2.901	14.000	10.672	24.500	12.000	58.772	25.573
External Loans	1.819	2.283	9.598	4.666	22.232	12.529	33.649	19.478
Transfer from CRF	0.832	5.638	0.832				1.664	5.638
<b>Total Revenue</b>	<b>130.660</b>	<b>120.948</b>	<b>177.980</b>	<b>85.558</b>	<b>255.225</b>	<b>94.507</b>	<b>563.865</b>	<b>301.013</b>

*Sources: Adamawa State Report of the Accountant General with Financial Statements for the year ended 31<sup>st</sup> December 2017, 2018 and 2019. Adamawa State approved Budget for the years 2017, 2018 and 2019.*



**Chart 1:**

***Adamawa State Revenue from 2017-2019***



### **3.2 Internal Generated Revenue:**

The average performance of the Internally Generated Revenue (IGR) from 2017 to 2019 was N7.420b. The major contributor to IGR was taxes which is 64.30% of total actual revenue, followed by Fees 20.88%. Taxes contributed N14.312b to the total IGR for the past 3years. Fees contributed N4.647b for the same period. This is followed by earnings with 6.84% contributing N1.522b. It shows therefore that without these three sources of IGR, Adamawa State is limited in terms of IGR collection as these sources contributed 92.01% for the same period. These figures also show that Adamawa State has not diversified its IGR sources. Total actual IGR collection of N22.259b for the period could not even cover 50% of recurrent expenditure of N284.715b within the same period which it is supposed to cover. (refer table 2 page 12, Charts 2 and 3 pages 13 and 14, and table 4 Page 17).

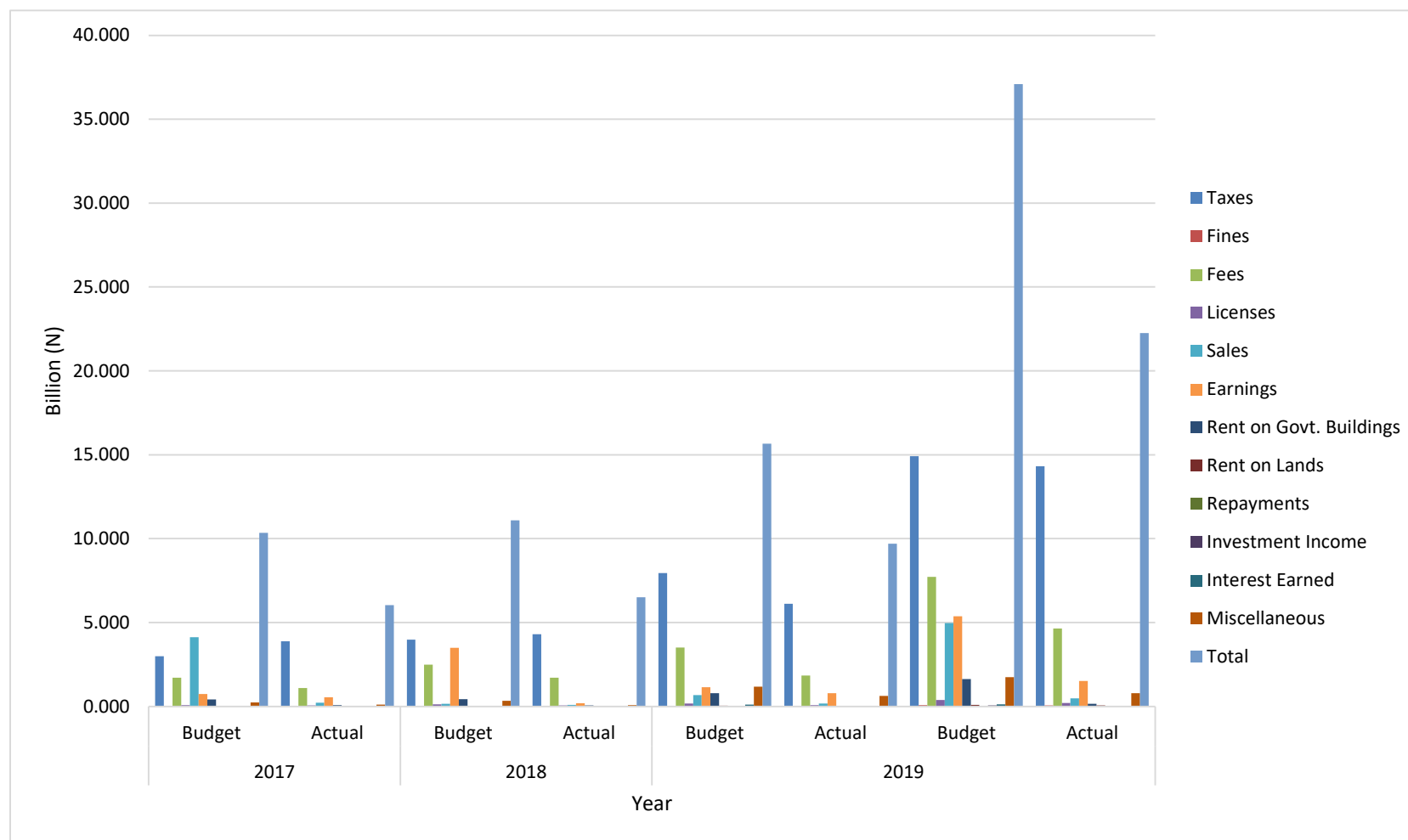
The annual collection of IGR from 2017-2019 has been far below budget target. The State has been budgeting IGR on the average of N12.365b while average collection has been N7.420b within the same period. The year 2017, 2018 and 2019 scored 58.42%, 58.66% and 62.00% performance respectively. (refer table 3 and Chart 4 page 15).

**Table 2 Internally Generate Revenue 2017-2019 and the contribution of each Revenue Items**

Revenue Item	2017		2018		2019				Total of Item Actual as % of Total Budget.
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	
	N(b)	N(b)	N(b)	N(b)	N(b)	N(b)	N(b)	N(b)	
Taxes	2.991	3.889	3.973	4.307	7.954	6.116	14.918	14.312	64.30
Fines	0.018	0.019	0.028	0.021	0.033	0.018	0.079	0.058	0.26
Fees	1.709	1.090	2.495	1.709	3.516	1.848	7.720	4.647	20.88
Licenses	0.073	0.065	0.131	0.064	0.176	0.071	0.380	0.200	0.90
Sales	4.125	0.220	0.158	0.084	0.679	0.179	4.962	0.483	2.17
Earnings	0.747	0.547	3.489	0.184	1.144	0.791	5.380	1.522	6.838
Rent on Govt. Buildings	0.412	0.080	0.431	0.052	0.795	0.024	1.638	0.156	0.701
Rent on Lands	0.022	0.017	0.026	0.017	0.043	0.018	0.091	0.052	0.234
Repayments	0.000	0.009	0.001	0.001	0.003	0.008	0.004	0.018	0.081
Investment Income	0.015	0.000	0.023	0.000	0.025	0.000	0.063	0.000	0.000
Interest Earned	0.001	0.008	0.010	0.000	0.110	0.007	0.121	0.015	0.067
Miscellaneous	0.235	0.101	0.332	0.070	1.174	0.625	1.741	0.796	3.576
<b>Total</b>	<b>10.348</b>	<b>6.045</b>	<b>11.097</b>	<b>6.509</b>	<b>15.652</b>	<b>9.705</b>	<b>37.097</b>	<b>22.259</b>	<b>100.000</b>
<b>Average Performance</b>								<b>7.42</b>	

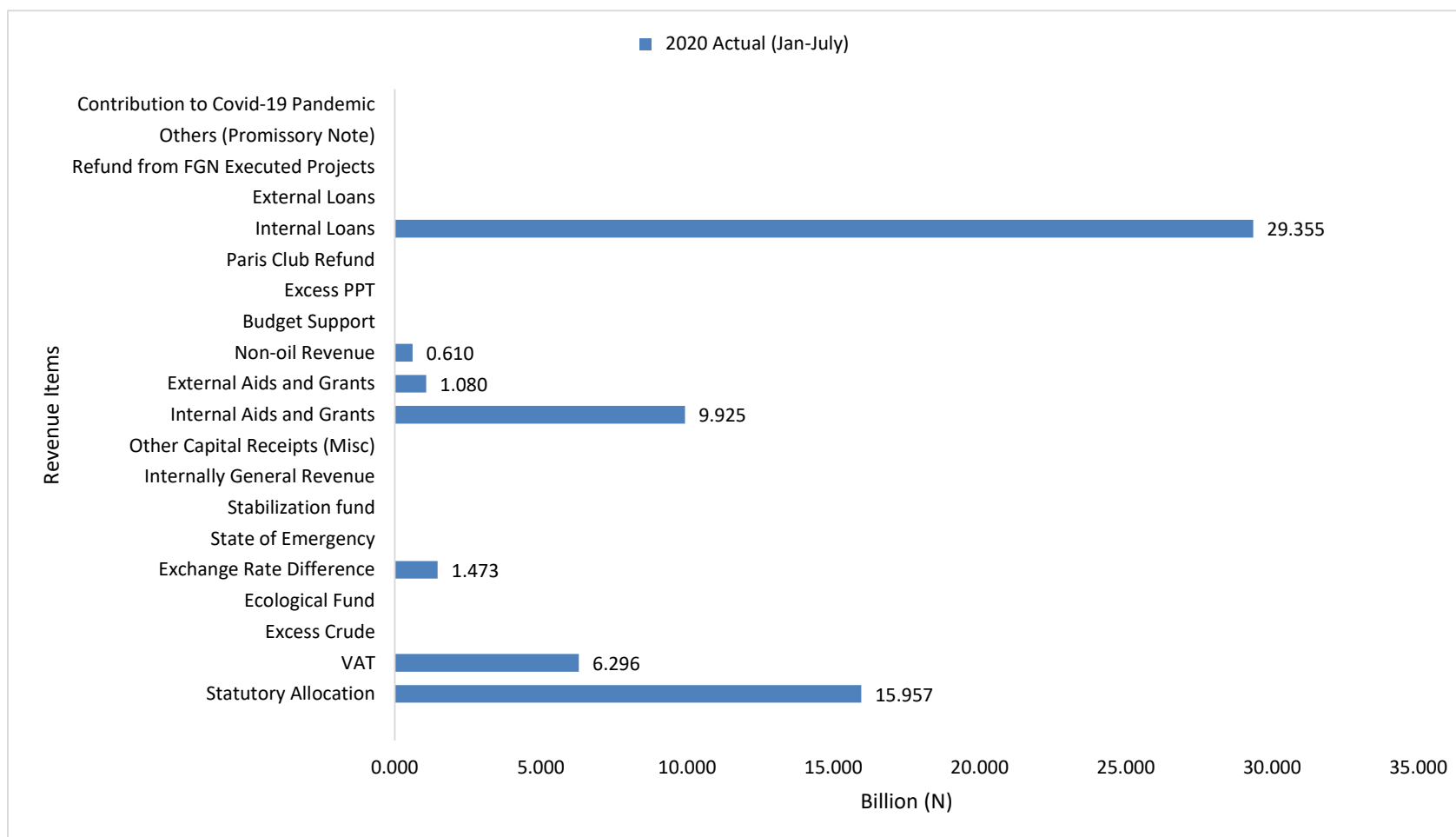
*Source: Adamawa State Report of the Accountant General with Financial Statements for the year ended 31<sup>st</sup> December 2017, 2018 and 2019. Adamawa State approved Budget for the years 2017, 2018 and 2019.*

**Chart 2: Internally Generate Revenue 2017-2019 and the contribution of each Revenue Items**



*Source: Constructed from figures contained in table 2*

**Chart 3: Percentage Performance of Revenue Items to Total Revenue, Jan-June, 2020**

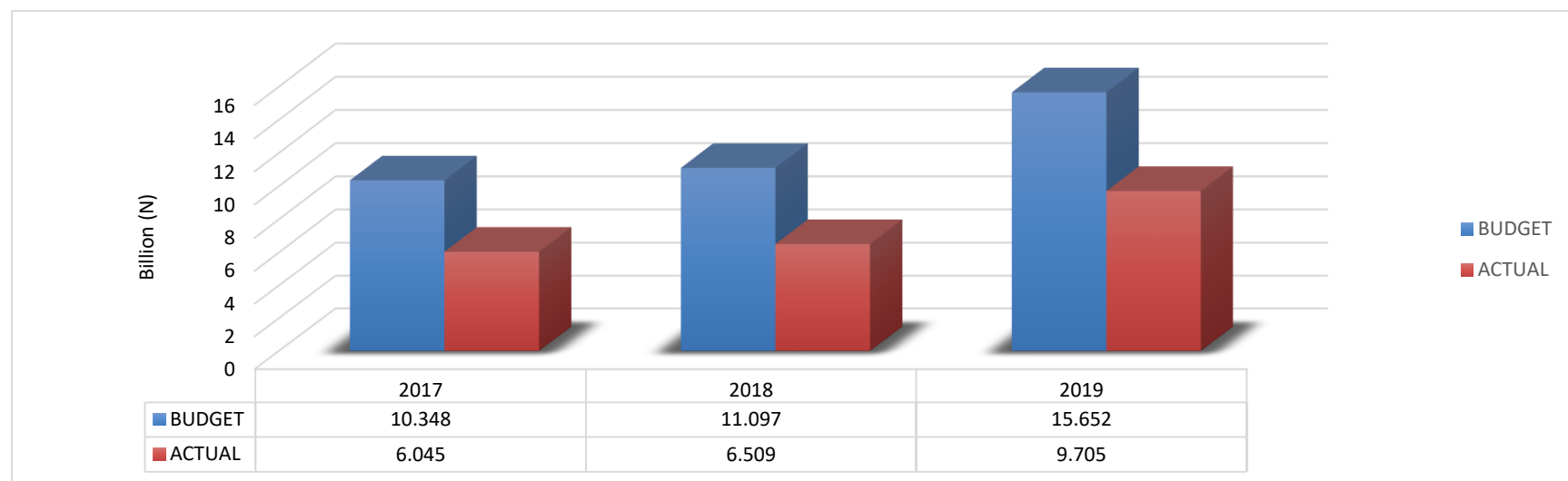


**Source:** Constructed from figures contained in table 2

**Table 3** Internally Generated Revenue Annual Performance (2017 – 2019)

YEARS	BUDGET	ACTUAL	%
	N(b)	N(b)	COLLECTION
<b>2017</b>	10.348	6.045	58.42
<b>2018</b>	11.097	6.509	58.66
<b>2019</b>	15.652	9.705	62.00
<b>Total</b>	<b>29.628</b>	<b>18.935</b>	<b>63.91</b>

*Source:* Adamawa State Report of the Accountant General with Financial Statements for the year ended 31<sup>st</sup> December 2017, 2018 and 2019. Adamawa State approved Budget for the years 2017, 2018 and 2019.

**Chart 4:** Internally Generated Revenue Annual Performance (2017 – 2019)

*Source:* Constructed from the figures contained in Table 3



#### **4.0. Expenditure Outturn**

##### **4.1. Recurrent Expenditure**

This section analyzes recurrent expenditure out-turn from 2017-2019. The analysis is also to find out if there is strict adherence to budget composition as a major source of fiscal discipline. Recurrent Expenditure trend from 2017-2019 suggests that actual spending is higher than the budget in 2017. In terms of performance of recurrent expenditure items, fiscal discipline was not reflected in Social benefits (Pension and Gratuity) except in 2019, Internal loans repayment and service wide votes in 2018 and 2019. Total actual personnel cost recorded 30.12%, while overhead costs recorded 29.37% of total expenditure within the three years.

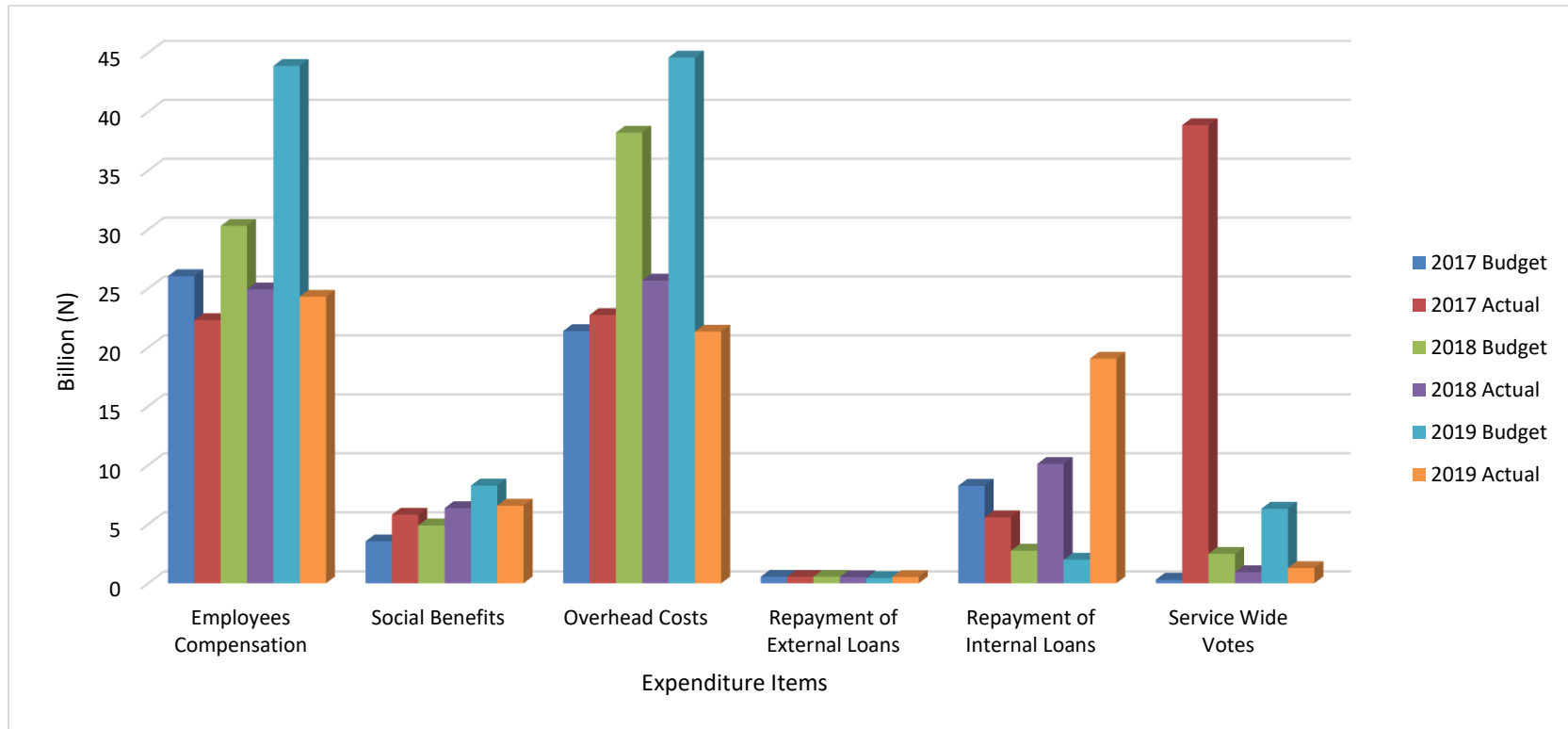
Government expended too much on personnel and overhead in the past 3years gulping up to N141.281b out of N204.413b total actual recurrent expenditure. Government funds should be invested where it can induce growth and make impact positively on the living standard of the citizenry. (refer table 4 page 17 and Charts 5 and 6 pages 18 and 19).

**Table 4**                      **Recurrent Expenditure Performances by Items (2017-2019)**

Items of Expenditure	2017		2018		2019		Total		% of Total Item Actual Exp. of Total Exp.
							2017-2019		
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	
	N(b)	N(b)	N(b)	N(b)	N(b)	N(b)	N(b)	N(b)	
Employees Compensation	26.041	22.312	30.301	24.926	43.883	24.298	100.225	71.536	30.12
Social Benefits	3.558	5.815	4.9	6.366	8.277	6.574	16.735	18.755	7.90
Overhead Costs	21.38	22.744	38.216	25.666	44.592	21.335	104.188	69.745	29.37
Repayment of External Loans	0.55	0.547	0.55	0.524	0.441	0.532	1.541	1.603	0.68
Repayment of Internal Loans	8.26	5.592	2.769	10.111	2.000	19.042	13.029	34.745	14.63
Service Wide Votes	0.31	38.856	2.497	0.946	6.318	1.291	9.125	41.093	17.30
Total	60.099	95.866	79.233	68.539	105.511	73.072	244.843	237.477	100.00

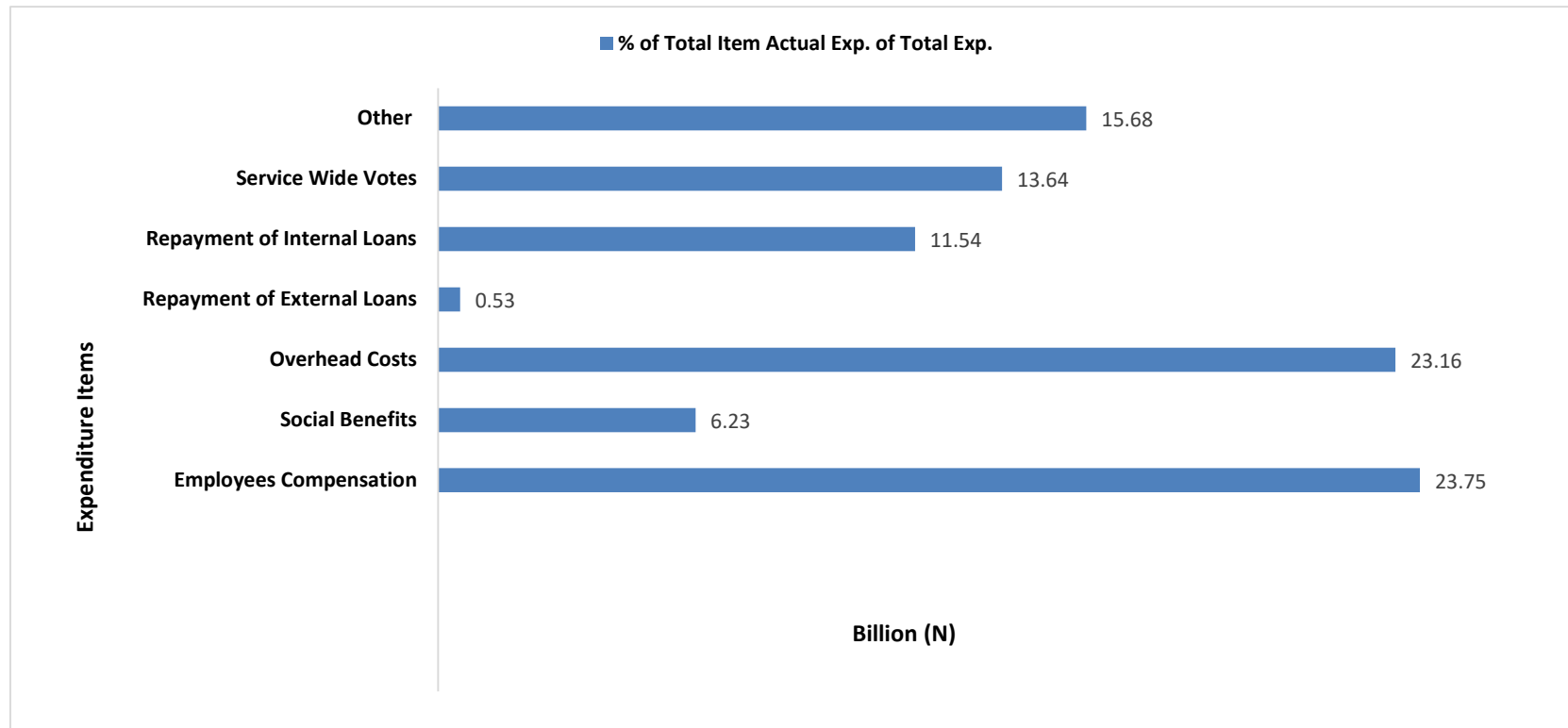
*Source: Adamawa State Report of the Accountant General with Financial Statements for the year ended 31<sup>st</sup> December 2017, 2018 and 2019.  
Adamawa State approved Budget for the years 2017, 2018 and 2019.*

**Chart 5**                      ***Recurrent Expenditure Performances by Items (2017-2019)***



**Source:** *Constructed from figures contained in Table 4*

*Chart 6: Percentage of Total Actual Revenue Item to Total Actual Recurrent Expenditure (2017-2019)*



*Source: Constructed from figures contained in Table 4*

## 4.2. Capital Expenditure

The out-turn of capital expenditure in the state from 2017 to 2019 was not impressive within the period under review. N298.318b was budgeted out of which only N56.680b was actualized leaving a balance of N241.638b unfunded.

The programme performance at table 5 page 21 shows that, ***Roads*** programme recorded the highest expenditure of N22.080b (38.96%) out of N56.680b realized within the period under review. This was followed by ***Reform of Government and Governance*** with 29.63% which representing N16.797b and ***Improvement to Human Health*** with 12.75% representing N7.227b. Persistent deviations are indicative of problems with budget discipline. It does not matter for the sake of fiscal discipline whether deviations are positive or negative, they are both equally problematic. (refer table 5 page 21 and Chart 7 page 22).

**Table 5 Capital Expenditure Programme Performance 2017-2019**

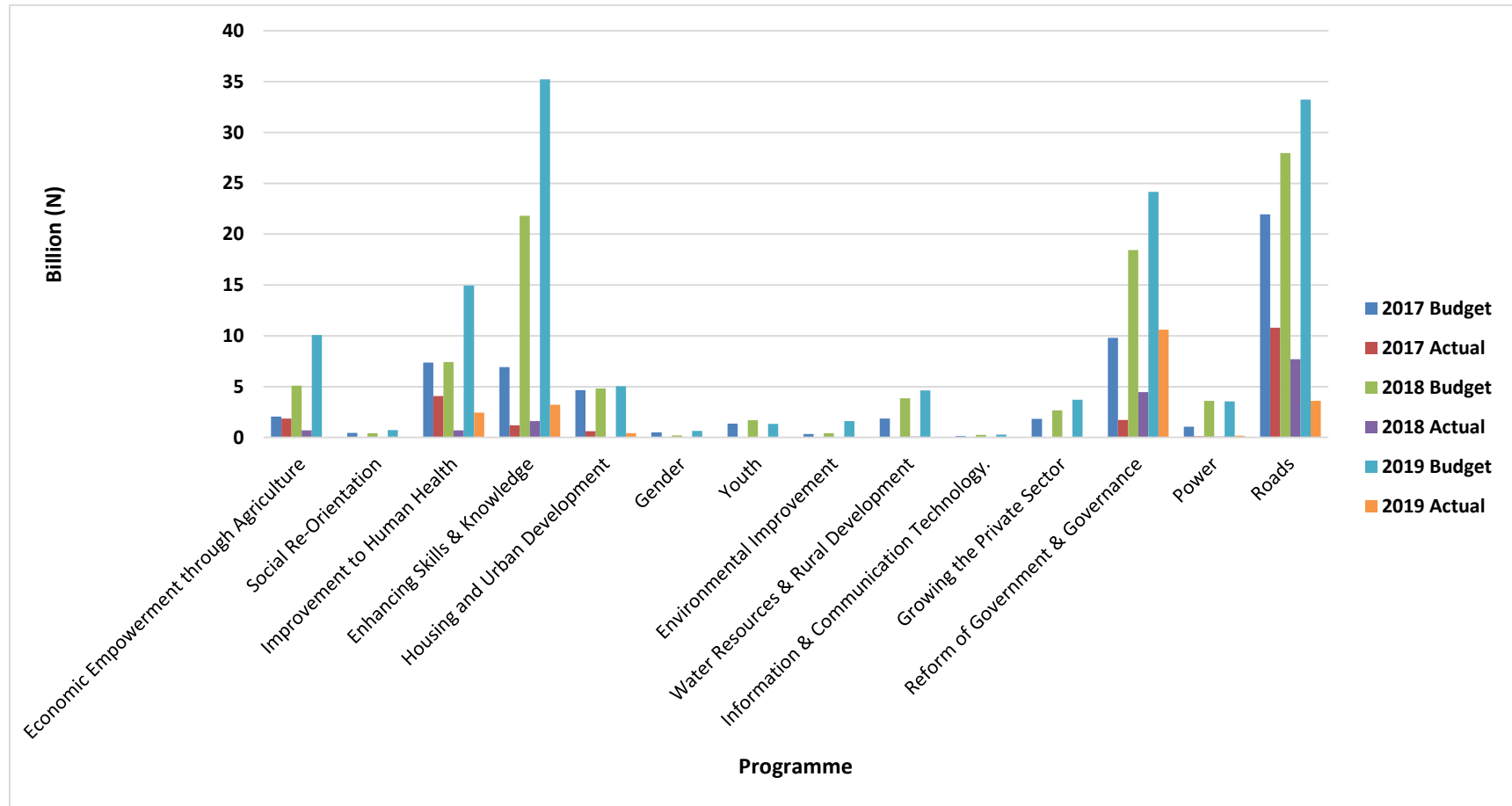
Programmes	2017		2018		2019		Total (2017-2019)		% of Total Actual Exp. by Prog. of Total Actual Exp.
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	
	N(b)	N(b)	N(b)	N(b)	N(b)	N(b)	N(b)	N(b)	
Economic Empowerment through Agriculture	2.066	1.874	5.113	0.715	10.084	0.081	17.263	2.67	4.71
Social Re-Orientation	0.464		0.432		0.744		1.64	0	0.00
Improvement to Human Health	7.368	4.066	7.438	0.712	14.953	2.449	29.759	7.227	12.75
Enhancing Skills & Knowledge	6.917	1.2	21.819	1.609	35.232	3.225	63.968	6.034	10.65
Housing and Urban Development	4.649	0.616	4.828	0.08	5.035	0.43	14.512	1.126	1.99
Gender	0.512	0.000	0.196	0.000	0.646		1.354	0	0.00
Youth	1.378	0.000	1.694	0.000	1.332		4.404	0	0.00
Environmental Improvement	0.337	0.000	0.432	0.000	1.618		2.387	0	0.00
Water Resources & Rural Development	1.855	0.066	3.851	0.092	4.625	0.07	10.331	0.228	0.40
Information & Communication Technology.	0.142	0.000	0.273	0.000	0.299	0.001	0.714	0.001	0.00
Growing the Private Sector	1.846	0.000	2.673	0.057	3.71	0.063	8.229	0.12	0.21
Reform of Government & Governance	9.807	1.717	18.419	4.461	24.165	10.619	52.391	16.797	29.63
Power	1.054	0.129	3.607	0.085	3.545	0.183	8.206	0.397	0.70
Roads	21.959	10.786	27.971	7.688	33.23	3.606	83.160	22.080	38.96
<b>Total Expenditure</b>	<b>60.354</b>	<b>20.454</b>	<b>98.746</b>	<b>15.499</b>	<b>139.218</b>	<b>20.727</b>	<b>298.318</b>	<b>56.680</b>	<b>100.00</b>

*Source: Adamawa State Report of the Accountant General with Financial Statements for the year ended 31<sup>st</sup> December 2017, 2018 and 2019.*

*Adamawa State approved Budget for the years 2017, 2018 and 2019*



**Chart 7: Capital Budget Programme Performance (2017-2019)**



*Source: Constructed from figures contained in Table 5*

### 4.3 Comparative Analysis of Recurrent and Capital Expenditure

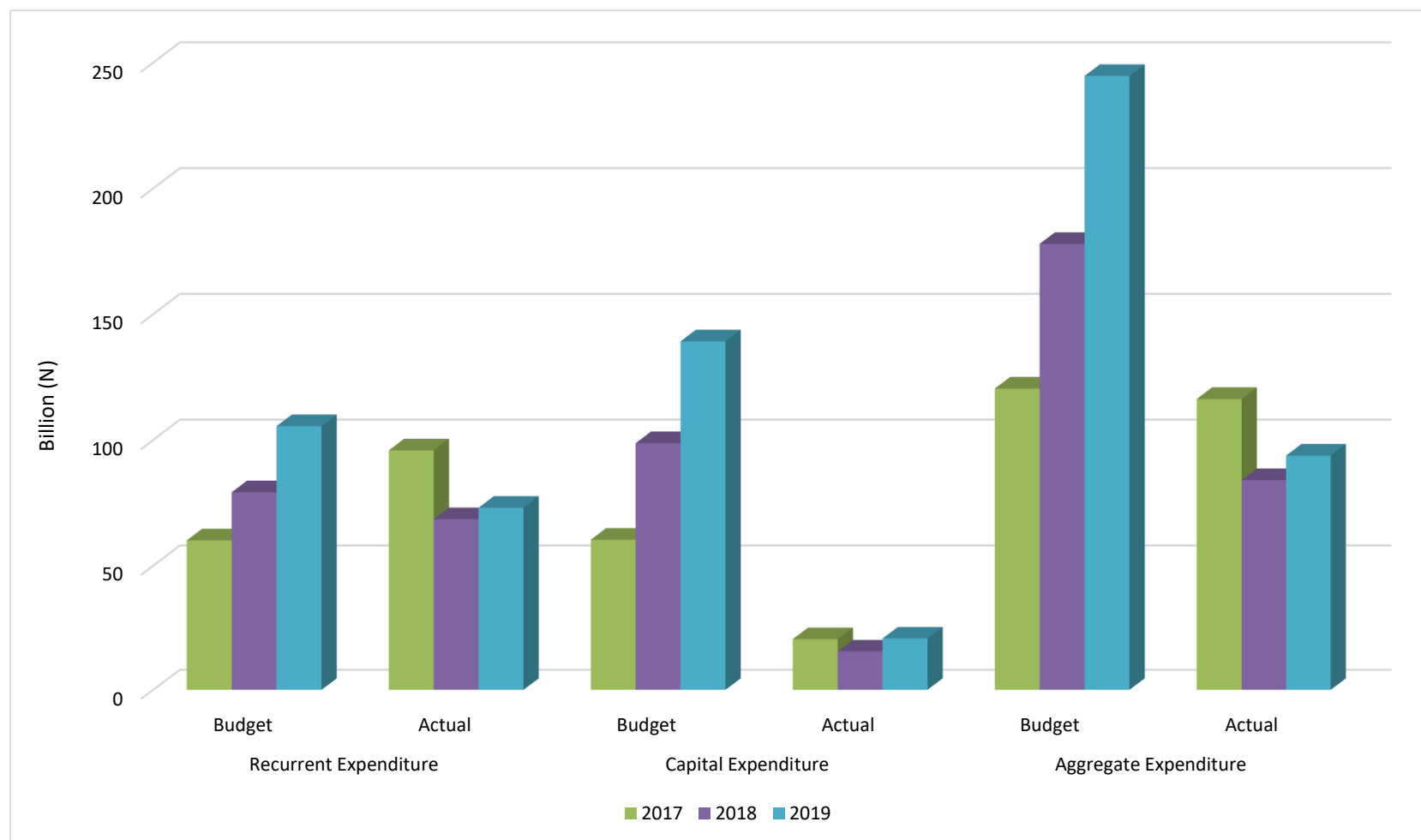
Comparative analysis of recurrent and capital expenditures for the period under review on table 6 below shows that, actual recurrent expenditure was N237.477b against N244.843b budgeted representing 97% performance while actual capital expenditure was N56.68b against N298.318b budgeted representing 19% performance, meaning expending more in favor of recurrent (consumption) than capital (investment). This can slow down the rate of economic growth of the State. The total budget for the three years was N543.161b, but only N294.157b was realized, representing 54.16% budget performance from 2017-2019. (refer table 6 below and chart 8 page 24).

**Table 6 Comparative Analysis of Recurrent and Capital Expenditures to Fiscal Position, 2017- 2019**

Years	Recurrent Expenditure			Capital Expenditure			Aggregate Expenditure		
	Budget	Actual	%	Budget	Actual	%	Budget	Actual	%
	N (b)	N (b)		N (b)	N (b)		N (b)	N (b)	
<b>2017</b>	60.099	95.866	159.51	60.354	20.454	33.89	120.45	116.32	96.57
<b>2018</b>	79.233	68.539	86.50	98.746	15.499	15.70	177.98	84.038	47.22
<b>2019</b>	105.51	73.072	69.26	139.22	20.727	14.89	244.73	93.799	38.33
<b>Total</b>	<b>244.84</b>	<b>237.48</b>	<b>96.99</b>	<b>298.32</b>	<b>56.68</b>	<b>19.00</b>	<b>543.16</b>	<b>294.16</b>	<b>54.16</b>

*Source: Adamawa State Report of the Accountant General with Financial Statements for the year ended 31<sup>st</sup> December 2017, 2018 and 2019*

**Chart 8: Contribution of Recurrent and Capital Expenditures to Fiscal Position (2017-2018)**



**Source:** Constructed from figures contained in Table 6

## **5.0. Revenue and Expenditure Profile 2017-2019**

The revenue of Adamawa State squarely depends on the State's share of Statutory Allocation from the Federation Account, Value Added Tax (VAT) and to some extent Internally Generated Revenue. Other sources like excess crude oil, ecological and stabilization funds are not regular. The State also gets substantial amount on capital receipts.

In 2017, 2018 and 2019, the State went on surplus of N4.63, 1.52b and N0.71b, respectively. The fiscal position of the state as on table 7 page 26 was not too bad. However, the general fiscal strategy objective should have been to maintain a modest fiscal growth based on the past performance and the current realities on ground. This fiscal condition of the State should be improved upon in such a manner to support a consistent growth in agricultural transformation and Solid mineral resources overtime in the face of any economic and fiscal shocks as experienced recently from fall of oil revenue and activities of militants in Niger Delta. Based on that premise, the State should continue to maintain fiscal discipline and not engage in budget overruns and where necessary, minimize budget deficit. This is mainly to achieve the policy thrust of the government as enshrined in the Adamawa state Blue Print.

The recurrent expenditure has been persistently higher than the capital expenditure. This may be as a result of adoption of different salary scales with higher pay for workers, too many political aids and wasteful expenditures under overhead cost. A number of capital projects were awarded in line with the objectives in the state development plan, but many suffer due to funding gap. Capital receipts are the major source of funding capital projects through grants and loans. The budget for capital expenditure has been far from meeting its targets.

**Table 7 Revenue and Expenditure Profile 2017 – 2019**

Revenue & Expenditure Item	2017		2018		2019	
REVENUE	Budget	Actual	Budget	Actual	Budget	Actual
	N (b)	N (b)	N (b)	N (b)	N (b)	N (b)
Statutory Allocation	25.095	28.262	35.095	42.976	45.594	42.772
VAT	10.400	9.962	15.400	11.172	20.400	11.962
Excess Crude	0.600	0.403	0.700	0.000	0.700	
Ecological Fund	0.500		0.500	0.000	1.000	
Exchange rate Diff.	2.500	2.268	3.334	1.414	2.564	1.163
State of Emergency	3.223		3.223	0.000	2.000	
Stabilization Fund		0.105			5.013	
Internally General Revenue	10.363	6.045	11.097	6.509	15.651	9.705
Other Capital Receipts (Misc)	27.870	27.339	26.420	3.315	36.969	
Aids & Grants	9.372	4.407	11.397	4.134	39.916	2.259
Non-Oil Revenue	0.200		0.200		1.500	2.118
Budget Support	5.614	8.255	17.000	0.700	10.000	0.000
Excess PPT		1.450	4.184		2.184	0.000
Paris Club Refund	12.000	21.630	25.000		25.000	
Internal Loans	20.272	2.901	14.000	10.672	24.500	12.000
External Loans	1.819	2.283	9.598	4.666	22.232	12.529
Transfer from CRF	0.832	5.638	0.832			
<b>Total Revenue</b>	<b>130.860</b>	<b>120.948</b>	<b>177.980</b>	<b>85.558</b>	<b>255.223</b>	<b>94.508</b>
<b>EXPENDITURE</b>						
<b>Recurrent Expenditure</b>						
Employees Compensation	26.041	22.312	30.301	24.926	43.883	24.298
Social Benefits	3.558	5.815	4.900	6.366	8.277	6.574
Overhead Costs	21.380	22.744	38.216	25.666	44.592	21.335
Repayment External loans	0.550	0.547	0.550	0.524	0.441	0.532
Repayment Internal loans	8.260	5.592	2.769	10.111	2.000	19.042
Service Wide Vote	0.310	38.856	2.497	0.946	6.318	1.291
<b>Total Recurrent Expenditure</b>	<b>60.099</b>	<b>95.866</b>	<b>79.233</b>	<b>68.539</b>	<b>105.511</b>	<b>73.072</b>
<b>Total Capital Expenditure</b>	<b>60.354</b>	<b>20.454</b>	<b>98.746</b>	<b>15.499</b>	<b>139.218</b>	<b>20.727</b>
<b>Total Expenditure</b>	<b>120.453</b>	<b>116.320</b>	<b>177.979</b>	<b>84.038</b>	<b>244.729</b>	<b>93.799</b>
Deficit/Surplus		4.63		1.52		0.71

*Source: Adamawa State Report of the Accountant General with Financial Statements for the year ended 31<sup>st</sup> December 2017, 2018 and 2019*

## **6.0. Review of 2020 Budget Implementation**

### **6.1. Revenue Out-Turn**

The approved revenue for the 2019 budget is N244.729b including loans. Total revenue generated is N94.508b which represents 37.03% of the total approved revenue. The most performing revenue item is Statutory Allocation with N42.772b representing 45.26% of actual total revenue. Next is VAT with N11.962b representing 12.66% of total actual revenue. (refer table 8 page 29 and chart 9 page 30).

### **6.2. Expenditure Out-Turns**

The approved figure for both recurrent and capital budget is N244.729b for 2019. Actual total expenditure is N93.983b representing 38.40% of the approved total expenditure. Total actual recurrent expenditure is N73.256b representing 69.43% of the approved recurrent expenditure of N105.511b. The major contributor to recurrent expenditure is personnel cost (Employees Compensation) which is N24.298b representing 33.17% of the total actual recurrent expenditure.

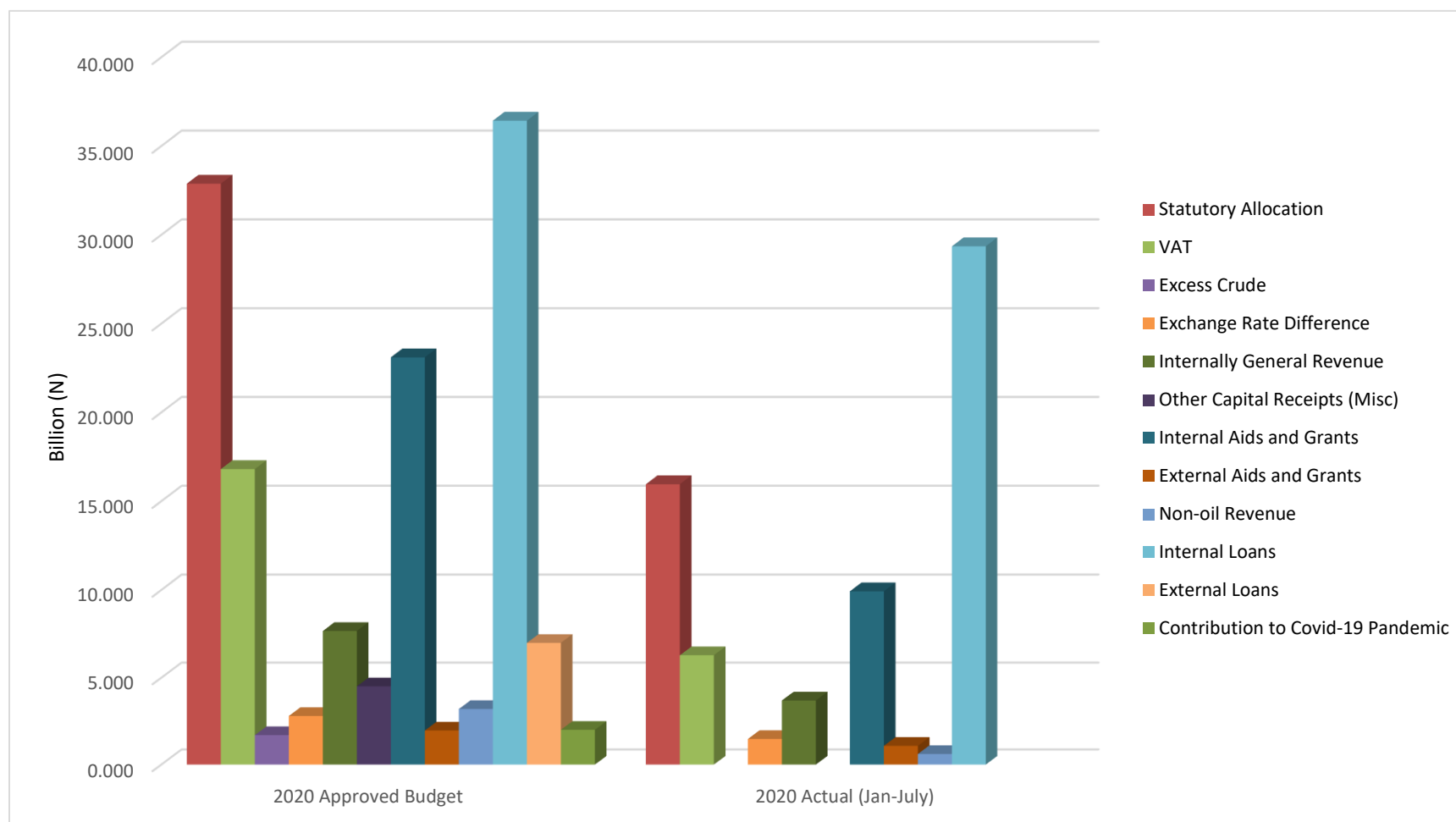
The expenditure on capital projects is N20.727b representing 14.89% of the approved capital expenditure of N139.218b. (refer table 8 page 28 and chart 9 and 10 pages 29 and 30).

**Table 8 Performance of Revenue Sources January – June, 2020**

<b>Revenue &amp; Expenditure Items</b>	<b>2020 Approved Budget</b>	<b>2020 Actual (Jan-July)</b>	<b>% collection of total actual revenue</b>
	<b>N(b)</b>	<b>N(b)</b>	
Opening Balance	0.695		
Statutory Allocation	32.880	15.957	48.53
VAT	16.808	6.296	37.46
Excess Crude	1.695		0.00
Exchange Rate Difference	2.800	1.473	52.61
Internally General Revenue	7.688	3.690	48.00
Other Capital Receipts (Misc)	3.809		0.00
Internal Aids and Grants	23.101	9.925	42.96
External Aids and Grants	1.960	1.080	55.10
Non-oil Revenue	3.200	0.610	19.06
Internal Loans	36.429	29.355	80.58
External Loans	7.007		0.00
Contribution to Covid-19 Pandemic	2.000		0.00
<b>Total Revenue</b>	<b>140.072</b>	<b>68.386</b>	48.82
<b>Expenditure</b>			<b>% Expenditure of total actual Expenditure</b>
Employees Compensation	36.547	12.976	35.50
Social Benefits	5.412	2.484	45.90
Overhead Costs	17.613	8.008	45.47
Ext. Loans Repayment	0.720		0.00
Int. Loans Repayment	0.650	6.497	999.54
Service Wide Votes	2.759		0.00
<b>Total Recurrent Expenditure</b>	<b>63.701</b>	<b>29.965</b>	47.04
<b>Total Capital Expenditure</b>	<b>76.371</b>	<b>23.909</b>	31.31
<b>Total Expenditure</b>	<b>140.072</b>	<b>53.874</b>	38.46

Source: Adamawa State Office of Accountant General

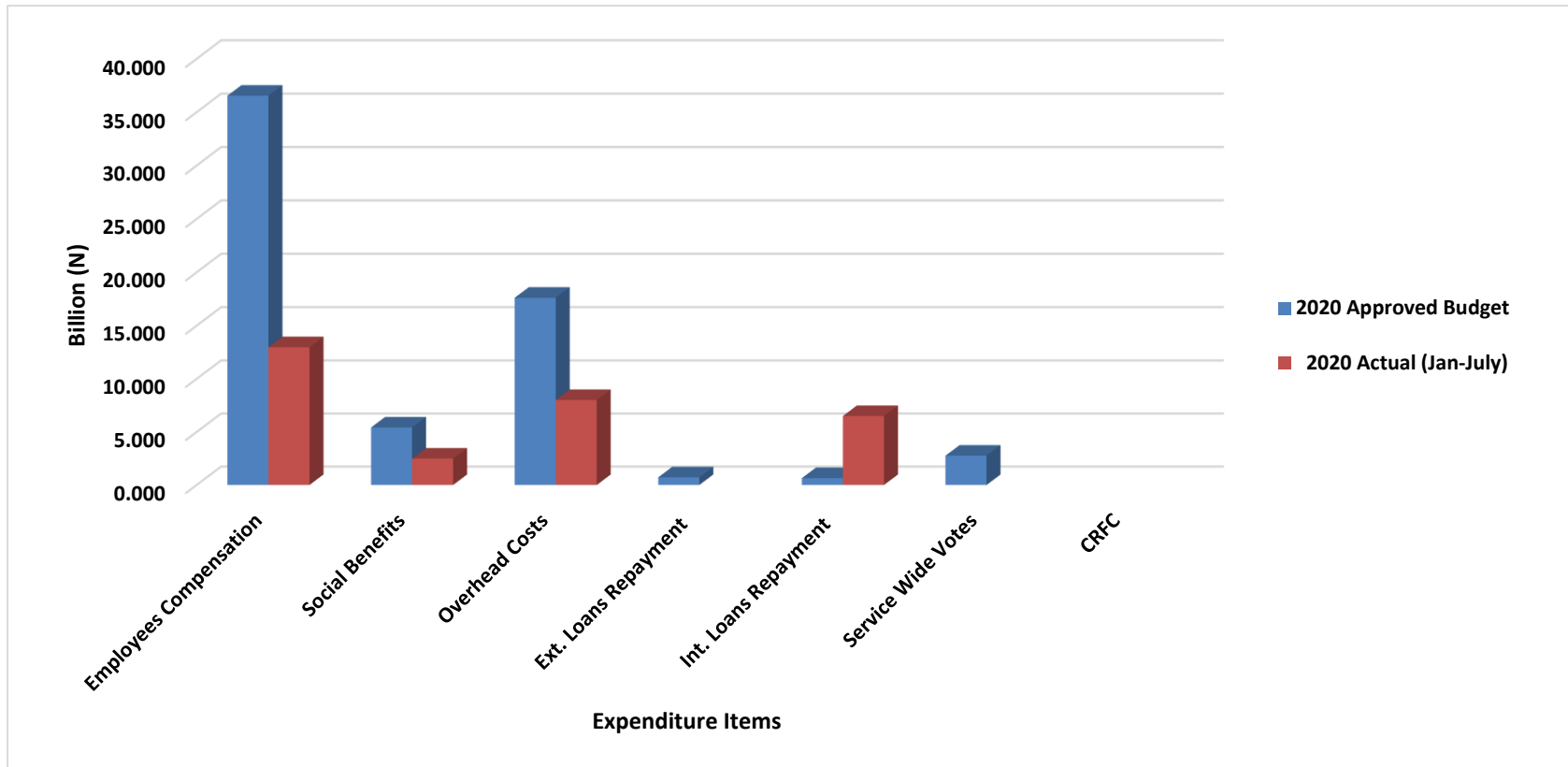
**Chart 9 Performance of Revenue Sources, 2020**



**Source:** Constructed from figures contained in Table 8



**Chart 10**      *Actual Expenditure, 2020*



*Source: Constructed from figures contained in Table 8*

### 6.3 Performance of Internally Generated Revenue (IGR), 2020

The performance of N3.750b out of N7.688b IGR from Jan-June, 2020 representing 48.78% collection. The performance was affected by the intense period of COVID-19 Pandemic in the State. However, the current performance of the Board is better than the previous years. Taxes are the major contributor to the IGR recording 2.661b out of the actual total collection of N3.750b, followed by Fees with N0.592b. (refer to table 9 below and chart 11 on page 31).

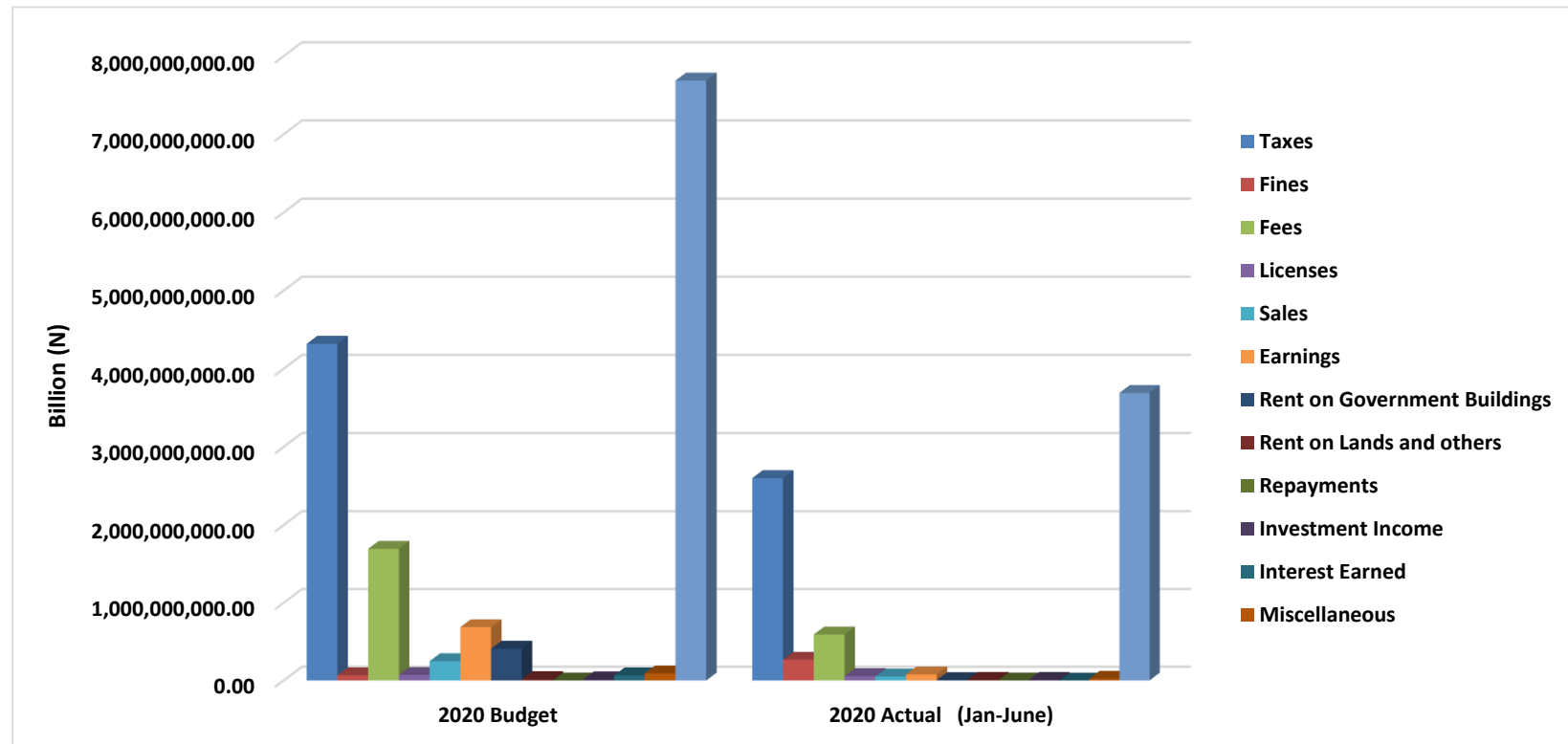
**Table 9 Performance of Internally Generated Revenue (IGR), 2020**

Revenue Items	2020 Budget	2020 Actual	% Collection of total actual Collection
		Jan-June	
	=N=	=N=	
Taxes	4,319,685,100.00	2,660,747,938.48	61.60
Fines	67,987,000.00	267,489,484.00	393.44
Fees	1,693,980,450	591,876,158.88	34.94
Licenses	70,688,000.00	56,391,895.00	79.78
Sales	248,668,400.00	51,481,800.00	20.70
Earnings	685,786,200.00	78,224,062.55	11.41
Rent on Government Buildings	410,452,200.00	5,864,500.00	1.43
Rent on Lands and others	18,379,000.00	7,596,470.00	41.33
Repayments	373,600.00	92,583.42	24.78
Investment Income	14,924,900.00	8,168,505.75	54.73
Interest Earned	65,745,500.00	0	0.00
Miscellaneous	91,091,000.00	22,463,000.00	24.66
<b>Total</b>	<b>7,687,761,350.00</b>	<b>3,750,396,3985.58</b>	<b>48.78</b>

Source: Adamawa State Board of Internal Revenue

**Chart 11**

***Performance of Internally Generated revenue (IGR), 2020 ( Jan.- June)***



**Source:** Constructed from figures contained in Table 9

## **7.0. Revenue Projection for 2021 – 2023**

The projection of revenue for 2021-2023 is predicated on the projection of Statutory Allocation, Value Added Tax, State IGR and other sources. (ref. tables 10 and 11 pages 34 and 35). It is clear as seen on table 11 that actual statutory allocation increased from N28.262b in 2017, N42.976b in 2018 and decrease to N42.772b in 2019. VAT was N9.962b in 2017 increased to N11.172b in 2018 and further rose to N11.962b in 2019. This increase in statutory allocation was connected to rise in oil price and minimal activities of pipeline vandals and militants in the Niger Delta. The total actual revenue collections from all revenue sources for 2017, 2018 and 2019 are N120.948b, N85.558b and N94.508b respectively.

***Total Projected Revenue for 2021, 2022 and 2023 are N140.034b, N165.009 and 271.963b respectively.*** The State IGR collection has been on the average of **N7.402b** annually for the past 3 years. The International best practice requires that **52% of N140.034b (N72.818b)** should be allocated to Capital while **48% of N140.034b (N64.336b)** to recurrent expenditure for the growth and development of the State.

**Table 10 Assumptions Underlying Projection of Adamawa State Revenue from the 2021-2023 FGN MTEF/FSP and Federal Government Revenue Projection, MTEF (2021-2023)**

Fiscal Items	2020	2021 Projection	2022 Projection	2023 Projection
	N(b)	N(b)	N(b)	N(b)
Projected Budget Oil Production Volume (mbpd)	1.80	1.86	2.09	2.38
Projected Budget Benchmark Price (US\$ per barrel)	2.8	40	40	40
Average Exchange Rate (N/US\$)	360	360	360	360
Net Oil and Gas Revenue after Cost, deductions and Derivation	2,090,239,792,299	4,090,852,736,865	4,665,563,949,852	5,331,705,103,312
Net Solid Minerals After derivation	3,908,604,642	5,464,729,697	6,011,202,666	612,322,933
Net Corporate Tax Distributable	1,694,159,591,664	1,405,604,726,453	1,777,644,067,841	1,834,954,611,150
Net Customs Revenue Distributable	929,272,831,724	1,047,978,550,179	1,227,855,299,079	1,266,916,145,143
Net Special Levy Distributable	141,145,505,197	124,763,413,007	141,588,825,590	146,093,085,436
Actual balances in special Accounts	10,676,188,505			
<b>Net Distributable revenue</b>	<b>4,869,402,514,031</b>	<b>6,674,664,156,201</b>	<b>7,818,663,345,028</b>	<b>8,580,281,267,974</b>
State Share of revenue by State (26.72%)	1,301,104,351,749	1,783,470,262,537	2,089,146,845,791	2,292,651,154,803
<b>Adamawa State Share of Revenue (2.29%)</b>	<b>34,219,044,451</b>	<b>40,905,267,905</b>	<b>54,944,562,044</b>	<b>60,296,725,371</b>
<b>Net VAT Distributable</b>	2,029,386,290,994	1,703,044,482,541	1,814,180,937,067	1,879,068,876,704
State Share of revenue by State (50%)	1,014,693,145,497	851,522,241,271	907,090,468,534	939,534,438,352
<b>Adamawa State Share of Revenue (2.21%)</b>	<b>22,424,718,515</b>	<b>18,818,641,535</b>	<b>20,046,699,355</b>	<b>20,763,711,088</b>

*FGN approved 2021-2023 MTEF &FSP*

**Table 11****Revenue Projection for 2021-2023 (Naira billion)**

Revenue items	2017 Actual	2018 Actual	2019 Actual	2020 Revised MTEF/FSP	2021 Projection	2022 Projection	2023 Projection
	N(b)	N(b)	N(b)	N(b)	N(b)	N(b)	N(b)
Statutory Allocation	28.262	42.976	42.772	37,772,053,728	40,905,267,905	54,944,562,044	60,296,725,371
Value Added Tax (VAT)	9.962	11.172	11.962	16,164,681,683	18,818,641,535	20,046,699,355	20,763,711,088
Stamp Duty					2,000,000,000		
Internally Generated Revenue (IGR)	6.045	6.509	9.705	7,687,761,350	12,125,500,000	12,500,000,000	15,775,522,700
Excess Crude Oil	0.403			400,000,000	1,500,000,000		
Excess PPT	1.45						
Paris Club Refund	21.63			4,914,000,000			
Stabilization Fund	0.105		-		2,500,000,000		
Exchange Rate Difference	2.268	1.414	1.163	2,492,000,000	2,615,000,000	1,397,333,000	1,391,778,000
Non-Oil Revenue				1,500,000,000	1,500,000,000		
Budget Support/FGN Intervention	8.255	0.7			3,000,000,000		
Internal Aids and Grants	4.407	4.134	2.259	13,118,205,324	10,000,000,000	10,000,000,000	20,000,000,000
External Aids and Grants					15,070,000,000	43,120,000,000	120,736,000,000
Internal Loans/Bonds	2.901	10.672	12.000	29,156,875,908	20,000,000,000	10,000,000,000	15,000,000,000
External Loans	2.283	4.666	12.529	11,375,346,712	5,000,000,000	10,000,000,000	15,000,000,000
Other Cap. Receipts (misc.)	27.339	3.315	2.118	8,761,763,456	5,000,000,000	3,000,000,000	3,000,000,000
Transfer to CRF	5.638						
Refund from FGN on Project Executed				400,000,000			
<b>Total Revenue</b>	<b>120.948</b>	<b>85.558</b>	<b>94.508</b>	<b>133,742,688,161</b>	<b>140,034,409,440</b>	<b>165,008,594,399</b>	<b>271,963,737,159</b>

**Source:** Adamawa State Report of the Accountant General with Financial Statements for the year ended 31<sup>st</sup> December 2019 and FGN approved 2021-2023 MTEF & FSP

## 8.0. Assumptions Underlying Projection of Revenue 2021-2023

**Table 12 Underlying Assumptions driving the Macroeconomic Parameters and Targets for the MTEF**

Macroeconomic Parameters	2020 Targets	2021 Projection
Oil production	1.94mbpd	1.86mbpd
Oil price	\$25/b	\$40/b
Exchange rate	N360/\$	N360/\$
Inflation Rate	12.26%	11.95%
GDP Growth Rate	3.16%	3.00%
State IGR	7.688b	12.125b

*Source: FGN Approved 2021-2023 MTEF/FSP*

### 8.1. Oil Revenue (NNPC)

As the global economy recovers from the effects of lockdowns, improved oil prices, as well as stronger global demand for oil in 2021 will result in oil GDP growing by nearly 8%. This is also reflective of the base effect resulting from the preceding year's sharp drop in oil GDP in 2020. By 2022, stable production and prices bring oil GDP to just about its pre-COVID-19 crisis.

The recovery in oil GDP translates to a weaker but positive growth in non-oil GDP in 2021. Year on year, non-oil sector growth is projected at 2.43% in 2021, 4.42% in 2022 and 3.82% in 2023. As a result, annual real GDP growth is forecast to recover in 2021 to 3.0% and reaching 4.68% by 2022, fully recovering to pre-crisis levels within the immediate post-crisis years, before stabilizing at 3.86% growth rate by 2023. Inflation, however, is expected to drop from 12.26% in 2020 to 11.95% in 2021. However, Adamawa State IGR which was 7.688b is expected to rise to N12.125b in 2021 fiscal year.

## **9.0. Fiscal Strategy for 2021 – 2023**

### **9.1. Macroeconomic and Fiscal Stability**

A stable macroeconomic environment is the bedrock for inclusive growth and sustainable development. Through a pragmatic approach of fiscal consolidation, the state government should be able to promote economic growth while other key macro-variables are kept stable or within acceptable levels. The National GDP growth rate, inflation, interest and exchange rates are no longer within acceptable level.

In this regard, the state government should stimulate internal business activities by creating a favorable environment through various incentives to promote broad-base growth. State government should keep new borrowings at manageable levels in the medium-term. Government should be mindful of the implications of higher borrowings on the economy. Instead, government should continue to strive to improve internal revenue generation and collection to limit borrowings. Creating such a fiscal space would engineer opportunities for private investment, real sector growth and more inclusive growth and development. In view of decreasing revenue from the Federation account, State Government should diversify its economy with focus on agriculture and solid minerals.

### **9.2. Economic Diversification and Strengthening Linkages.**

The economy of Adamawa State can be said to be agrarian and rural based. The mainstay of the economy is agricultural production. The very few industrial institutions are almost moribund. The State Government should diversify the economy through creating value chain for agricultural products through provision of favorable environment for private sectors to invest to create value chain. The abundant mineral resources in the state should be exploited and mineral-based industries established. For example, the Guyuk Cement industry, Mubi burn brick etc. State Government should continue to promote policies that will deliver a more diversified economy. The diversification and creation of value chain will



create more job opportunities for our unemployed youths. The Adamawa State investment policy recently developed is an opener to internal investors and Foreign Direct Investors (FDI) intending to come to the State.

### **9.3. Infrastructural Development**

The strategic objective for infrastructural development is to create favorable environment for job creation and inclusive growth as well as reduction in the cost of doing business. The State Government should be committed to infrastructural development to close the existing gap. Many rural areas have not been well opened with benefiting rural roads despite efforts by the state government. Many abandoned rural electrification projects all over the state need to be completed and potable water coverage be increase. Government should wake-up and rehabilitate all the four water treatment plants and construct more. Broken down boreholes in rural areas be rehabilitated and more drilled. The state mass housing programme be activated. Property Developing Firms that were invited into mass housing programme and slept off be encouraged to continue. Government and private sector should build houses and issue them on owner–occupier. Government should encourage the establishment and increase access to Information and Communication Technology (ICT), particularly now that JAMB and WAEC examinations, libraries, other forms of studies are ICT compliant all over the country down to the rural areas.

### **9.4. Job Creation and Social Inclusion.**

The unemployment rate of Nigeria Rate was 23.1% while underemployment is 20.1% in 2018's 3rd quarter. The unemployment rate of North-East part of the country including Adamawa State is higher than the National level due to low economic activities and insurgency in the region. The only major employer of youth in the state is the transport sector under the “Keke” tricycle transport business. Government should continue with the skills acquisition programme in

all sectors to make youths acquire skills for self-employment and empowerment. Government cannot provide job for all youths, but what it can do is to create opportunities. Once the state moves into industrial development, like reactivation of cottage industries in each local government areas, establishment of Guyuk Cement Industry and other mineral-based industries, employment opportunities will be opened to the unemployed youths. Dry season farming can be encouraged to provide jobs for youths. The State has many irrigation schemes at Dasin Hausa in Fufore local government Area, Dwam in Demsa Local Government Area, Mayo Bani in Mubi, Gereao in Yola North Local Government Area, etc. as the state is being encouraged in agricultural activities, farmers herders clashes must be controlled.

### **9.5. Improving Revenue Generation**

The state depends mainly on the Federation Account for revenue. The state government should consider the establishment of agro-based and mineral-based industries that will contribute to more IGR for the state. The state should strengthen and support the IGR Board. The E-pay-direct be fully operational and all leakages be blocked. Revenue sources be diversified and tax rates reviewed in line with current realities. There be constant monitoring and checking of revenue payment. The State should adopt the single treasury account as obtained at Federal for proper monitoring of revenue. Civil servants are the main payer of IGR through PAYE. Others in the state like business people and the public office holders are not well assessed according to their earnings for appropriate tax payment. All these be looked at and proper assessment of all tax payers is done.

### **9.6. Managing Expenditure**

The Government should continue to curtail in-efficiencies in expenditure. The Bureau for Public Procurement and the Fiscal Responsibility Commission should be strengthened and supported to fight corruption and reduce waste, increase

transparency, accountability and prudence in fiscal operations. Government will continue to push for efficient personnel cost planning and budgeting as personnel cost and overhead costs are too high in the state. The state Integrated Payroll and Personnel Information System (IPPIS) be evaluated for improvement to reduce fraud. The political class be induced to reduce the cost of running government by reducing the number of aids and unnecessary travels. The State Executive Governor, Rt Hon. Ahmadu Umaru Fintiri has set an example for delaying the appointment of political office holders/aids to reducing the cost of running the government.

#### **10.0. Analysis and Statement of Consolidated Debt and Contingent Liability**

Attention should be given to adherence to prudent debt management by the State in a view to containing financing gap, and also avoid excessive accumulation of domestic expenditure arrears and loans with exorbitant interest rate.

It is worthy to note, that the State was unable to achieve the SFTAS PforR Disbursement Linked Indicator (DLI) 8 and 9 due to the reason that the backlog of contractors, pension and gratuity arrears were not reduced to align with the World Bank Percentage Threshold as provided in SFTAS program. This has made the State Government to lose quite an amount of money from those two DLIs in which the proceed would have been channel to arrears reduction if achieved.

The Debt Stock Sustainability (i.e. Total Revenue to Total Public Debt Stock) was at 200.5% which is nearly the standard threshold of 250%, which is occasioned by the review in exchange rate from N305 to N360 official rate which affected External Debt Stock. While Debt Service Sustainability (i.e. Total Debt Service to FAAC Allocation) was put at 17.3%, which is within the acceptable threshold of 40%. The trend in Adamawa State Total Debt Stock, public debt

service as well as Debt Sustainability from 2017 - 2020 are analyzed and recommendations were made based on the current economic realities.

### **10.1. Total Debt Stock and Breakdown**

The Total Public Debt Portfolio of the State as at 31<sup>st</sup> December, 2020 projected stood at about N112,453,558,536.08 billion due to the new loan of N22.4 billion accessed by the State, out of which Domestic loans is N50, 844,453,892.78, while External Loans stand at N39,153,782,876.40 (at reviewed Exchange rate of N360/\$1) equivalent to \$108.760 million.

However, out of the Domestic Debt Stock of N50.844 billion, Budget Support Fund of N17.510 billion took 34% of the total stock which represent the highest. N10.931 billion which represents 22% is the Restructured Commercial Bank loans into FGN Bond. N9.029 billion CBN Excess Crude Backed loan was 18%; N8.627 billion which took share of 17%, was the balance of Federal Government Bailout Scheme for salaries (i.e. N7.2 billion and N2.3 billion respectively) 22% which stood for N4.705 billion was the balance of Commercial Bank Loans, while N39.488 million went to AMCON. (refer to table 13 pages 43 and Chart 12 pages 44).

Consequently, it is projected that both the Domestic Debt Portfolio, the External Debt Portfolio and other liabilities, all things being equal; may significantly reduce as their payments/repayments continues and vice versa.

The Domestic debt service will experience a downward deduction due to the recent decision of CBN to grant moratorium on all her intervention facilities to the State government because of the impact of covid-19 pandemic. This means that repayment of loan principals has been suspended for one year while interest repayment was slashed from 9% to 5% effective March 1<sup>st</sup>, 2020. It should be noted that the chunk of the State Domestic loans comes from the Federal government through CBN. By projection it means in 2020 Domestic Debt service

deduction would be contracted than what was deducted in 2019 following the CBN new policy measures.

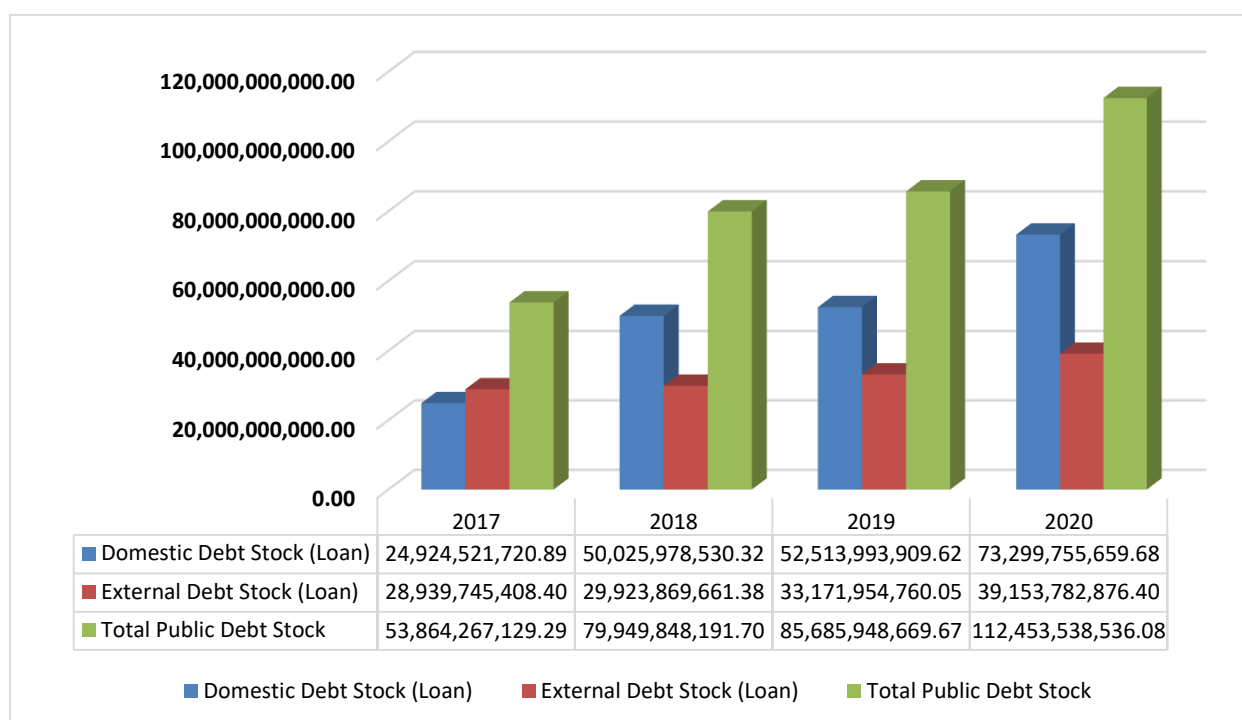
In addition, there would be an expansion on the External loan debt service deduction in 2020 because of the sharp increase in exchange rate from N305/\$1 to N360/\$1 as per CBN official exchange rate. The changes in the exchange rates were attributed to the shutdown of the global economic activities as a result of the impact of covid-19 pandemic. This means that the cost of servicing External debt by the State would increase.

Table 13

## Domestic and External Debt Stock and Service 2017 to 2020

DEBT CATEGORY	2017	% OF TOTAL	2018	% OF TOTAL	2019	% OF TOTAL	2020	% OF TOTAL
	=N=		=N=		=N=		=N=	
Domestic Debt Stock (Loan)	24,924,521,720.89	46%	50,025,978,530.32	63%	52,513,993,909.62	61%	73,299,755,659.68	69%
External Debt Stock (Loan)	28,939,745,408.40	54%	29,923,869,661.38	37%	33,171,954,760.05	85%	39,153,782,876.40	35%
<b>Total Public Debt Stock</b>	<b>53,864,267,129.29</b>	<b>100%</b>	<b>79,949,848,191.70</b>	<b>100%</b>	<b>85,685,948,669.67</b>	<b>100%</b>	<b>112,453,538,536.08</b>	<b>100%</b>
Domestic Debt Service	5,518,684,710.31	93%	14,038,094,965.11	96%	10,245,780,134.86	97%	8,797,293,622.92	91%
External Debt Service	421,365,307.99	7%	522,300,896.52	4%	335,747,582.74	3%	888,124,553.04	9%
<b>Total Public Debt Service</b>	<b>5,940,050,018.30</b>	<b>100%</b>	<b>14,560,395,861.63</b>	<b>100%</b>	<b>10,581,527,717.60</b>	<b>100%</b>	<b>9,685,418,175.96</b>	<b>100%</b>
Total Revenue	45,691,246,580.37	-	62,875,783,828.42	-	69,979,056,777.02	-	56,088,940,298.49	-

**Chart 12: Graphical representation of Total Public Debt Stock.**



*Source: Constructed from figures contained in Table 15*

The External Loan Outstanding Balance as at December ending 2020 projected is \$108,760,507.41 which is equivalent to N39,153,782,876.40 at Exchange Rate of N360/\$1. Total Revenue include Gross FAAC Allocation figure, Grants and IGR figure of the Fiscal Year under Review.

The year 2017 recorded Domestic Debt Stock of about 46%, while the External Debt Stock just 54% of the Total Public Debt. In 2018 Domestic Debt Stock raised to 63%, while External Debt Stock dropped to 37% of the total public debt. In 2019, the Domestic Debt Stock dropped to 61% (from 63% in 2018), while External Debt Stock raised to 39% (from 37% in 2018). As at December Ending projected, External Debt Stock increases to 35% and Domestic Debt Stock increases to 69%.

**10.1.1 Non-Flow Debt** – These are liabilities that include Contractors’ Arrears, Arrears of Pension and Gratuity, Salary Arrears and other Staff Claims.

**Table 14 Non-Flow Debts as at December 2020**

<b>NON-FLOW DEBTS</b>	<b>AMOUNT (N)</b>	<b>% OF TOTAL</b>
Arrears of Pension & Gratuity	17,115,658,171.36	34%
Contractors’ Arrears	29,863,022,722.17	60%
Salary Arrears and Other Staff Claims	2,776,344,449.66	6%
<b>Total Non-Flow Debt</b>	<b>49,755,025,343.19</b>	<b>-</b>

## **10.2. Debt Management Strategy**

The State Government and its MDAs should adhere to the Borrowing Guidelines documented by the Adamawa State Debt management Agency as part of its mandate for prudent debt management in the State.

State and its MDAs desirous of borrowing should first consult with the State Debt Management Agency for technical analysis and financial advice.

## **10.3. Debt Service**

In compliance with the Adamawa State Fiscal Responsibility Commission (Repeal and Re-enactment) Law, 2018 and the Federal Government Fiscal Sustainability Plan by ensuring that the State Government debt service obligations are achieved at sustainable level taking into account the World Bank Country Policy threshold as global best practices, Adamawa State will continue to exercise prudence in Debt management. From 2017 to 2020, the State Debt Services were fluctuating.

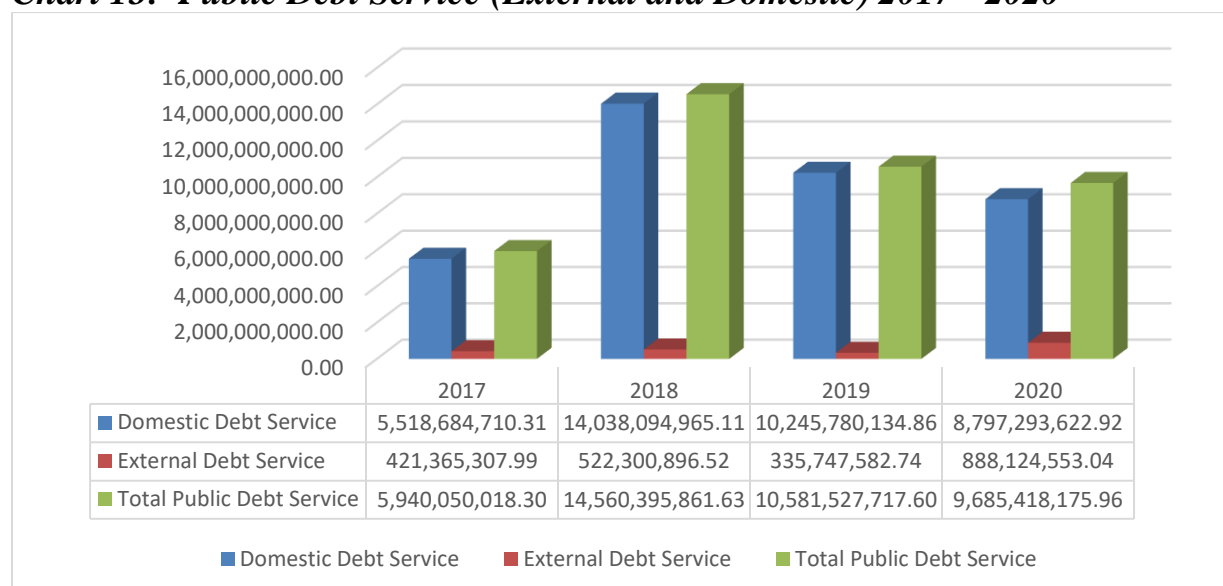
Consequently, before the coming of the present administration, the previous administration had to go for monthly overdraft to augment the balance of the



Statutory Allocation in order to pay salaries and also contain other cost of governance.

Being faced with this situation, and as this administration is committed to financing infrastructural development; partnering with more international donor agencies will do more good by accessing credit facilities that are highly concessional and long term moratorium. This can as well ease the pressure exerted on the State coffers by domestic loans.

**Chart 13: Public Debt Service (External and Domestic) 2017 - 2020**



Source: Constructed from figures contained in Table 13

In 2017 to 2020, it was observed that the State government paid more on servicing Domestic debt compared to External Debt as depicted in Chart 13 above. The expansion in the loan repayment was as a result 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 also new loans that the State acquired within that period.

#### 10.4. Debt Sustainability Analysis (Ratios)

The objective of Debt sustainability analysis is to assess the State capacity to finance its policy agenda, as well as service the ensuring debt without unduly large adjustment that may compromise its macroeconomic stability and that of its economic partners.

The recent fiscal Sustainability Plan envisaged by the Federal Government, mandated the States to adhere to effective sustainable debt management that reflects the State solvency, liquidity and adjustment capacity which focuses on the understanding that, there are social and political limits to adjustments.

However, the two ratios that determine the sustainability or otherwise of the State's Total Public Debts are liquidity and Solvency Ratios. Liquidity Ratio (Debt Service Sustainability) explain the ability of State to service its debt as at when due; while solvency ratio (debt Stock Sustainability) means that the State is able to meet its future obligations without recurring to exceptional financing.

**Table 15 Debt service Sustainability (Liquidity Ratio) 2020**

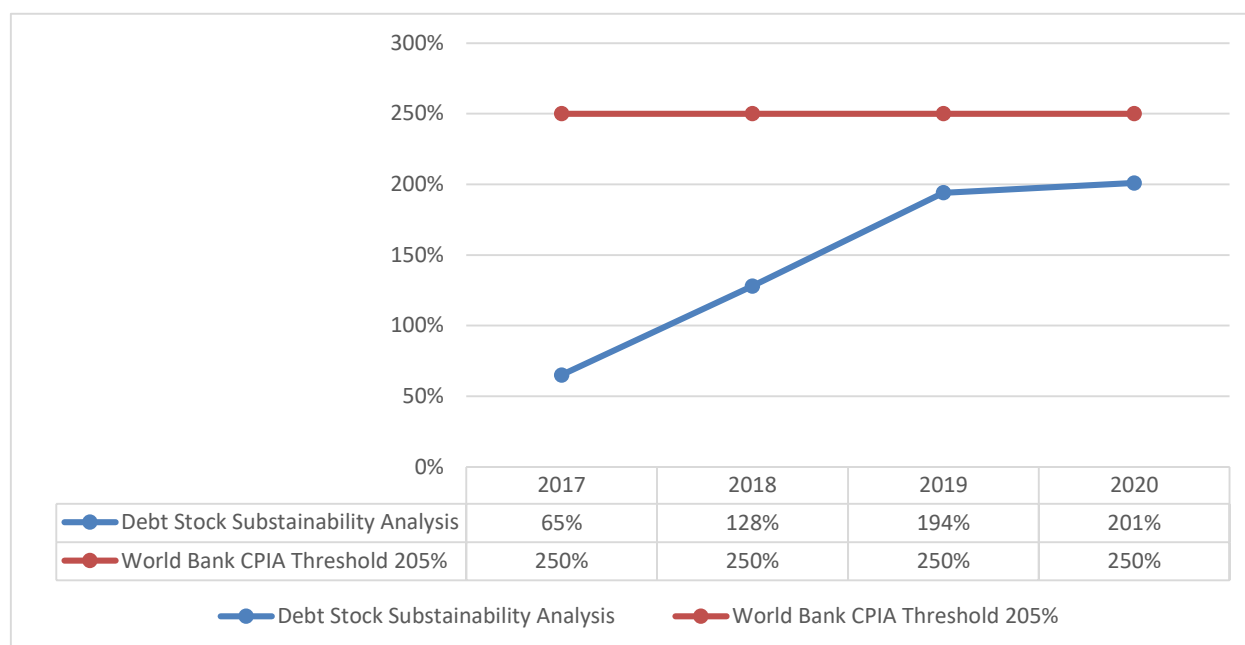
<b>WORLD BANK THRESHOLD</b>	<b>40%</b>
<b>Result of State Debt Service Sustainability Analysis (liquidity ratio)</b>	<b>17%</b>

*Source: Debt Management Agency Analysis 2020*

Both Domestic and External debt service figures from January to December 2020 were projected. The Public Debt service to FAAC was undertaken and 40% World Bank threshold was applied. The result was liquidity ratio of 17% which has a window of 23% difference below the threshold of 40%.

However, debts servicing is not the only monthly obligation of the State government, there are other monthly commitment like payment of salaries, contractors, Pension and Gratuity as well as Contingent liabilities.

**Chart 14: Debt Stock Sustainability 2017-2020**



*Source: Debt Management Agency Analysis, 2020*

In chart 14 above, the debt stock sustainability analysis in 2020 was undertaken and the relevant World Bank Country Policy and Institutional Assessment (CPIA) threshold of 250% was applied. ***The outcome of the analysis was 201% slightly below the standard threshold of 250%.*** This shows that the State government needs to be cautioned not to be debt over-hanged.

Consequently, the inverse proportionality between the liquidity ratio which is Debt Service Sustainability and Solvency Ratio which is Debt Stock Sustainability is because of accumulation of huge arrears which is not adequately serviced and the newly acquired loan of (N22.4 billion) and the review of exchange rate from N306 to N360 per \$1.

## **10.5. Nature and Fiscal Implications of Contingent Liabilities**

Contingent Liabilities are obligations that could potentially depend on future event occurring or not occurring. State governments today are exposed to greater risk and uncertainty than ever before. This is due to the transformation of the State's role from financier to guarantor of services and projects. Current flood in other parts of the State is also a challenge. The State government is obligated by law or simply forced by circumstances to provide public financing to cover such contingencies, which increase its contingent liabilities and can lead to large increase in domestic debts and expenditure, and if such debt is not properly managed, it can exert pressure on the State coffers resulting in slowing State's growth and development.

## **10.6. Other Issues of Concern on the State Debt Profile and Policy Measures**

Weights of liabilities on the State Government are growing day by day. State Civil Servants are retiring almost every month, thereby adding more retirement benefits in connection to Pension and Gratuity on the existing quantum of arrears inherited by the current administration. Salary arrears and arrears of Contractors keep piling up as result of inadequate funds to clear them. Debt management Agency hereby advice on the modalities in clearing the domestic expenditure arrears as follows:

- The State should empower her legal and regulatory framework by instituting a strong regulatory framework in a manner to maintain macroeconomic stability. This would limit the possibility of new contingent liabilities.
- The State should also ensure a realistic budget projection to enhance its credibility and the borrowing limit shall include a margin to handle the situation of revenue shortfalls.

- The State Government should strengthen her commitment controls to effectively limit commitments to approved budget allocations and to availability of actual cash.
- The State should ensure effort are being intensified by the relevant MDAs in ensuring proper accounting and reporting through improved accounting and reporting system as well as the State Management Integrated System.
- To ensure a complete implementation of Treasury Single Account (TSA) across all the MDAs in order to curtail linkages and to save funds which could be channel to other productive uses in the State including clearing the backlog of expenditure arrears. And further make the State to reduce reliance on Commercial Banks loans.
- Payment should be centralized to the State Treasury to prevent arrears as a result of administrative bottlenecks.

Risk associated with the State Debt Service which is very uncertain, can affect the cost of borrowing fund to go up. Notable among them include:

- The demand and supply of fund in the money market. When the demand of funds by the State Government to finance its program is high and the supply is not available, banks hike interest rate. This makes the cost of borrowing to go up hence, increase the cost of debt service.
- Fiscal Policy is another factor that affects interest rate. State can borrow if it spends more money than it gets from IGR to finance developmental programs through 'deficit financing'.
- Upward review of Monetary Policy Rate (MPR) through Monetary Committee pronouncement of CBN affect debt service of the State via increase in interest rate in the money market.
- Inflation also impact on the State's debt service. The lenders want to preserve their purchasing power, at the event that inflation is high and risks going higher, they will need a higher interest rate to consider lending their

money or review upward the existing lending rate in order to compensate the risk element of their credit for more than the shortest of terms.

The State Government depends on oil revenue which largely comes from monthly FAAC Allocation. The volatility in both the price and production of crude oil are the major reason for fluctuations in revenue that comes to the State from the federal account. This put more pressure on the State coffers, which affects debt services and other monthly obligations of the State.

To mitigate the issue raised above, there is an urgent need for the State Government to intensify more efforts to diversify its sources of IGR and reduce dependency on oil revenue that comes from monthly FAAC allocation.

## **11.0. Fiscal Risks**

The actualization of plan is necessary against uncertain future events. It is desirable therefore that any plan takes into account the possibility of unexpected events that will adversely impact on already established fiscal framework. Fiscal risk is the means by which unexpected changes in macroeconomic variables or possibility of deviation of fiscal variables from what was expected of financial stress that could face a government in future.

### **11.1. Oil Revenue**

Adamawa state largely depends on statutory allocation from the federation account for its revenue, the bulk of which comes from oil revenue. The price, demand and supply of oil are externally determined and depend also on some global inter-play which is beyond the control of Nigeria as a country. Favorable international oil price will impact positively on revenue coming to the country and by extension Adamawa State and other States. Similarly, fall in oil price will impact negatively, in the form of low revenue.

The average oil price internationally hovers around \$70 and \$75 per barrel by the second quarter of 2018, better than what it was in 2017. Indeed, Nigeria's oil

revenue is improving over what it was two years back, but has not decreased below \$30pb.

The world economic outlook which includes the US fiscal cliff, the debt crisis in Europe, Middle East crisis and potential demand reduction of oil from the US, all these would pile more pressure on Nigeria. The militant's activities in Niger Delta and oil theft though have reduced still pose a threat to oil production. These factors, will impact negatively on the successful implementation of the Federal Government MTEF/FSP and by extension that of Adamawa State.

### **11.2. Natural Disaster and Security**

Most State Governments have been facing fiscal challenges of inadequate revenue to meet expenditure requirements. In addition, there has been lots of destructive activities ranging from flooding to rising insecurity, Fire outbreak and Covid-19 pandemic that have affected the infrastructure and means of livelihood for Nigerians in recent times. With rising insecurity resulting from insurgency in some parts of northern states (also in Adamawa State), prospective investors may avoid coming to the state while most firms already on-ground may not be able to operate and this would mean less revenue inflow for the government. Similarly, the ravaging effects of flood and other natural disasters may erode the economic base and activities of most firms thereby causing a dwindling effect in the internal revenue inflow of the government.

### **12.0. Mitigation Strategy**

The possible policy actions available to Adamawa State to reduce the above potential risks are as follows:

- Institute a strong regulatory framework in a manner for maintaining macroeconomic stability. These would limit to some extent the possibility of new contingent liabilities in 2019 and beyond.

- Intensify mechanism in boosting IGR which can be used to assess the State capacity to meet its domestic debt service obligation and also to finance capital projects; blocking all linkages in the State.
- Accelerating the implementation of Public Private Partnership (PPP) policy, through the creation of viability gap fund to encourage private sector participation and enhance private sector investment in critical infrastructure in the State.
- Introducing a policy of Build-Operate and Transfer (BOT), which allows the private sector builds an infrastructure projects, operate it and eventually transfer ownership of the projects to the State government in due cause. In this case, the State government would act as both the customer and the regulator.
- Intensifying efforts in sourcing for highly concessional loans from multilateral financial institutions by identifying projects that would attract fund from China NEXIM, Islamic Development Bank, World bank Group and African Development bank among others.
- The State in collaboration with other state governments should press for upward review of the revenue allocation formula in favor of the states.
- Internal revenue generation reform. The revenue from federation account is not sufficient to finance the state's needs. The state BIR should diversify and harness all sources of IGR and enforce the provision of Tax laws.
- The State should also adopt the Treasury Single Account as obtained at the Federal to monitor in-flow of revenue to reduce fraud.
- Eliminate wasteful expenditures, particularly on political aids.
- The State should consider pursuing genuine public private partnership to complement government efforts in provision of infrastructure and industrial establishment.



- Effective collaboration with development partners to attract additional resources for the development of the state. The signing of MoU and trade agreement made during the visits of the Britain Prime Minister and German Chancellor ending August, 2018 be maximized.
- Realistic projection so as not to raise expectations unnecessarily. Past projections have been unrealistic, thus causing for revision of the budget estimates.
- Priority setting, government should continue to identify critical sectors that could fast track the attainment of its development plans (vision 20:2020 and the Blue Print 2016-2030) such as agriculture, health, education water supply human capital development, industry and solid minerals development. Scarce resources should be deployed to these sectors.
- Effective collaboration and synergy between MDAs to avoid duplication of efforts minimize cost and enhance linkages.
- Government should borrow only to implement critical projects that have direct bearing on the lives of the people and those projects that have the potentials of paying back and the capacity of generating revenue.
- In the event of significant short fall in revenue, government may re-visit the component of aggregate expenditure with a view to making some adjustments and further reprioritization.
- The Adamawa State Fiscal Responsibility Commission (repeal and re-enactment) law, 2018 must be respected for prudence, transparency and accountability in the management of the financial resources of Adamawa State.
- Linking biometric data of all state civil servants to BVN to eliminate fraud.
- Introduction of a system of continues audit
- State Planning Commission and Fiscal Responsibility Commission be strengthened to among other functions conduct physical inspection of

capital projects to ensure compliance with specifications and timely completion of projects.

- All procurement of services through contract and direct procurement must be scrutinized by the State Bureau for Public procurement to ensure due-process, transparency and reduce wastage of resources.
- Ensure that total liabilities do not exceed 250 % of total revenue for the preceding year.
- Monthly debt service deduction is not to exceed 40% of the average FAAC allocation for the preceding 12 months.
- Strick adherence to the protocols and guidelines issued by the World Health Organization (WHO) and adopted by the Nigeria Centre for Disease Control (NCDC) to help curtail the spread of the virus in our state which include
- Frequent and proper hand washing with soap and running water, and use of hand sanitizers.
- Mandatory wearing of face masks in all gathering, markets, shops, offices, commercial transported.
- Adherence to social and physical distancing and
- Avoidance of crowds above fifty people in social, cultural and religious gathering

### **13.0. Conclusion**

The 2021-2023 Adamawa State Medium-Term Fiscal Framework (MTEF/FSP) has been prepared against the backdrop of recent macroeconomic trend and outlook (global and domestic), the State development strategy as well as analysis of the state's fiscal situation. It provides a detailed macroeconomic framework and the fiscal strategy of Government in line with the provisions of the Adamawa State Fiscal Responsibility Commission (Repeal and Re-enactment) law 2018. The 2021-2023 MTEF/FSP will continue to emphasize on fiscal consolidation,

increased diversification of the economy as well as improved revenue collection Strategy, higher quality spending especially on projects that create jobs and inclusive growth. Government will make effort to minimize exposure to fiscal risks; fight corruption, increase prudence, transparency and accountability to enable all citizens enjoy the dividend of democracy. The MTEF/FSP is envisaged to control and enforce compliance with established spending limits to achieve a sound budgeting system which include aggregate fiscal discipline, allocation efficiency and technical efficiency of spending.