



DEBT MANAGEMENT OFFICE
NIGERIA

**STATE DEBT SUSTAINABILITY ANALYSIS AND DEBT MANAGEMENT
STRATEGY
(STATE DSA - DMS)**

DEVELOPED BY THE

ADAMAWA STATE DEBT MANAGEMENT AGENCY (DMA)

IN COLLABORATION WITH

THE WORLD BANK/SABER PROGRAMME

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CHAPTER ONE

INTRODUCTION

BACKGROUND OF ADAMAWA STATE.

Adamawa State was created out of the defunct Gongola state on 17th August 1991. The State is boarded to the north and north west by Borno and Gombe State on the west, and south west by Taraba State.it also shares boundaries with Cameroon to the east.

The largest city in the State is Yola, which also serves as its Capital. The State has four major admistrative divisions which are: Michika, Ganye, Mubi and Numan. Aside these four divisions, the state has twenty-one local Government Areas.

Adamawa statewas created by the constitution of the Federal Republic of Nigeria, Rt. Hon Ahmadu Umaru Fintiri is the 9th Governor since the inception of the State in 1991, He is the current Executive Governor of the State. He was sworn in in 2019, and currently serving his second term in office after re-elected in 2023, Aside the state, governance in each local government is equally administered by an executive chairman that is elected. The State is controlled by the people's Democratic Party (PDP), which is the main opposition party at the national level.

1.1Background of Debt Sustainability.

A State's Debt is saidto be sustainable when an entity/ Government is able to meet its Debt service obligations(liquidity and solvency) without recourse to extreme financing.

Debt sustainability is done to determine the extent of robustness of the state's current and future revenues in meeting its Debt service obligations.

This Debt Sustainability Analysis analyzes the trends and patterns in the State's public finances during the period 2020 - 2024 and evaluates the debt sustainability in projected period 2025 - 2034 (the long-term). The analysis highlights recent trends in revenue, expenditure, and public debt of the state, and the related policies adopted by the State.

Debt sustainability assessment is conducted, including scenario and sensitivity analysis, in order to evaluate the prospective performance of the State's public finances.

1.2 BACKGROUND

The State's Debt Sustainability Analysis (S-DSA) Toolkit was developed by Debt Management Office (DMO), Nigeria and reviewed by the World Bank to analyze the trends and patterns in the State's public finances during the period of 2020 - 2024 while also evaluating the ability of the State to sustain its debt in the long term (2025 – 2034). The DSA was carried out by Adamawa State's Technical team appraises recent Revenue, expenditure, State Public debt trends, and related policies adopted by the State Government, while considering the policy thrust of the State Government. A sub-national sustainability assessment was conducted using baseline scenarios and sensitivity analysis in order to evaluate the prospective performance of the State's public finance in the long run.

1.3 SUMMARY OF FINDINGS

The results of the Adamawa State DMS-DSA shows that the State's debt portfolio appears to be sustainable in the medium to long term, but it will be sustainable in the long run also when the key recommendations of the far reaching recommendations on the last page of this document are strictly adhered to, This shows that the State Government has the capacity to meet up with its debt service obligations as at when due on its domestic and external debts, looking at the thresholds, they are all within manageable limits.

The State has and is still making giant strides in IGR mobilization through the recently introduced, improved, tax administration reforms such as Community of practice and revenue mobilization strategy. The State's revenue office is now autonomous with more

competent personnel to follow through on the state's vision with the assistance of up-to-date technology and expenditure policies.

CHAPTER TWO

THE ADAMAWA STATE FISCAL AND DEBT FRAMEWORK

2.1 Fiscal Reforms in the State

The reform of revenue administration has been ongoing. It is believed that current effort to establish taxpayer database by the State Board of internal revenue (BIR), perfection of the TSA, and technical support from development partners towards harmonization/review of tax rate and other efforts focused on plucking leakages and dealing with the phenomena of tax avoidance/evasion, collection is hoped to improve. Also, the Board of Internal Revenue has introduced more revenue sources intended to boost inflows such as ground rent and other collections from the grains and cattle markets etc. Therefore, IGR is expected to grow annually from 2025 up to 2034.

The Fiscal Reforms being implemented by the Adamawa State Government in the last four to six years include the Public Financial Management (PFM) and Human Resource Management (HRM) which are sub-divided into Budget reform, Audit reform, Public Procurement reform, Tax Administration reform, and Civil Service & Pension reform. These reforms led to the enactment of Laws that regulates implementation of Fiscal Policies in the State, the Laws are Adamawa State Fiscal Responsibility Law (FRL), 2020 Amended; Adamawa State Finance Management Law, 2017; Adamawa State Government Financial instructions and Store, 2024 (ongoing), Adamawa State Public Procurement Law 2017 and Adamawa State Audit Law, 2021 Amended, and Adamawa State Debt Management Agency's borrowing guide lines.

2.2 Adamawa State Approved 2025 Budget and Medium-Term Expenditure Framework (MTEF), 2026-2028

2.2.1 Approved 2025 Budget

The Approved 2025 Budget is in line with the 2026- 2028 Medium-term Expenditure Framework and Fiscal Strategy Paper (MTEF and FSP), which the State Still maintains, the total proposed budget Estimated budget size of N610,698 which represents the total proposed Annual Budget estimate is being earmarked for the Recurrent Services and Capital budget of the state.

Based on the foregoing fiscal assumptions and parameters, the Adamawa State total revenue available to fund the 2025 Budget is estimated at N515,133 billion, this includes Internally Generated Revenue N24,569 billion which constitutes about 4.7% of the total projected Revenue, Statutory FAAC Allocation N474.427 which constitutes about 92.1% of the total estimated Revenue and Grants N16.137 billion which represents 3.1% of the total projected revenue respectively.

Total projected Revenue: Table 1.

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Total Revenue	70,605	68,948	86,337	131,753	279,450	515,133	562,468	583,667	640,152	896,564	1,027,137	1,178,964	1,355,617	1,561,270	1,800,806
Gross FAAC Allocation	55,709	55,937	65,738	86,851	218,854	474,427	438,281	454,633	505,671	756,392	881,021	1,026,640	1,196,806	1,395,682	1,628,138
IGR	7,740	10,375	13,326	17,066	22,241	24,569	78,062	78,843	82,785	86,924	91,271	95,834	100,626	105,657	110,940
Grants	7,156	2,636	7,273	27,836	38,355	16,137	46,125	50,191	51,696	53,247	54,845	56,490	58,185	59,930	61,728

Total projected expenditure: Table 2

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Total Expenditure	89,673	84,168	117,626	134,435	356,650	610,698	719,187	790,510	913,058	1,052,028	1,167,710	1,300,474	1,405,903	1,572,126	1,812,213
Personnel	35,141	29,337	31,697	32,957	39,549	74,227	63,037	63,037	69,340	76,274	83,902	92,292	101,521	111,673	172,841
Overhead Costs	17,228	14,303	19,542	24,977	53,855	46,036	90,543	91,481	100,629	110,692	121,761	133,937	147,331	162,064	198,271
Debt Service (Interests+Amortizations)	13,682	19,916	12,181	18,244	70,810	13,980	20,265	44,234	92,154	149,033	174,417	207,851	230,688	249,389	252,202
Other Recurrent Expenditures	2,320	781	8,271	8,012	22,667	63,029	90,575	91,514	100,665	110,732	121,805	133,985	147,384	162,122	198,334
Capital Expenditure	21,303	19,830	45,935	50,245	169,771	413,426	454,768	500,245	550,269	605,296	665,826	732,409	778,979	886,877	990,565

The 2025 proposed projected Expenditure comprises of Total estimated expenditure of N610.698 billion, Overhead cost of N46.036 billion constitutes about 7.54% of the total projected Revenue, Debt service (interest + amortization) N13.980 billion, constitutes of about 2.9%, other recurrent expenditure of N63.029 billion constitutes 10.2%, personnel cost of N74.227billion constitutes 12.1% of the total projected Revenue and Capital Expenditure of N413.426 billion representing 67.7%, due largely to the huge infrastructure outlay witnessed in the State(Urban renewal) and to justify the implementation of the new minimum wage in the state respectively. Adamawa State’s total expenditure is projected to increase from N610.698 in 2025 to N719,187 in 2026,due largely to huge infrastructure outlay in the State, debt services may drop to N13.980 in 2025 from N20.265 in 2026 due to net off of some intervention facilities.

Budget balances of the projected years 2025- 2028 which shows the difference between the revenue including debt proceeds and expenditure.

Table:3

Cash and Bank Balance	2025	2026	2027	2028
	12,344.1	12,555.5	10,697.1	16,376.8

The table below shows the financing needs of the projected years 2025- 2029, which indicates the States borrowing requirements based on the financial activities of the State.

Table:4

Financing Needs	2025	2026	2027	2028	2029
	107,755.1	389,662.6	389,662.6	279,359.9	329,776.2

Overhead allocations are transferred to MDAs monthly, subject to warrants and availability of funds for the smooth running, Performance against budget has

been poor year on year occasioned by dwindling fortune of the revenue of the state. Going forward,

overhead expenditure must be brought under control, to ensure that cost of governance is not more than necessary.

Aside from the legislation made by the state assembly to raise a state Bond of N10billion in four tranches, year by year i.e. N25 billion for each year, starting from the year 2021, the state Debt Management Agency has advised the State to seek soft loans from the federal government through on-lending as they are cheaper in terms of pricing.

2.3 Medium Term Budget Policy Thrust 2026 -2028.

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.

2.4 Budget Policy Objectives and Targets

1. 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.

CHAPTER THREE

The Adamawa State Revenue, Expenditure, and Public Debt Trends (2020 - 2024)

3.1 Revenue and Expenditure.

For the most part, the State is mostly dependent on the State's share of Statutory Allocation from the Federation Account, Value Added Tax (VAT) and to some extent Internally Generated Revenue (IGR). Other sources like Excess Crude oil, Ecological and Stabilization funds are not regular. The State also gets substantial amount on Capital Receipts.

The State's Gross FAAC allocation accounted for about 78% of total recurrent revenue in 2020. This share increased slightly to 79% in 2021, when the Gross FAAC amounted to N55.937 billion. Total revenue declined from N70.605 billion in 2020 to N68.948 billion in 2021, presumably due to the impact of COVID-19. Gross FAAC allocation then increased again in 2022, reaching N65.738 billion.

The average Internally Generated Revenue (IGR) of N7.740 billion accounts for about 11% of the total Revenue in 2020 and also contributed nearly 15% of total Revenue in 2021. The IGR is projected to grow by about 9% from 2024 figures N22.241 to N24.569 in 2025 duly because of the recent Tax Administration Reform by the state which includes the Introduction of Land Services, Automated Tax Collection of all forms, Treasury Single Account (TSA), etc., it is expected that there will be tremendous improvement in the performance of the State IGR as projected on the table below:

Table 5

	2020	2021	2022	2023	2024
Total Revenue	70,605	68,948	86,337	131,753	279,450
Gross FAAC Allocation	55,709	55,937	65,738	86,851	218,854
IGR	7,740	10,375	13,326	17,066	22,241
Grants	7,156	2,636	7,273	27,836	38,355

The historical chart below depicts the revenue pattern of the state from 2020 to 2024, it depicts the historical period from 2020-2024, it is projected that in 2025, Total revenues will rise to about N515.133billion due to increased federal allocation to the state as shown in Table 5 above.

Between 2025 and 2030, the (projection period) total revenue is projected to grow from N70.605billion to N1,027,127billion representing an increase of about 93%. The State also recorded almost 57% decrease in its grants moving down from N38.355bn in 2024 to N16.137bn in 2025, due mainly to closure of grants in the sectors of Education, Health and WASH sectors from other donor organizations and USAID.

Chart 2: Expenditure

Chart 2 above depicts Aggregate Government Expenditure i.e., Recurrent and Capital Expenditure, in the historical period (2020-2024).

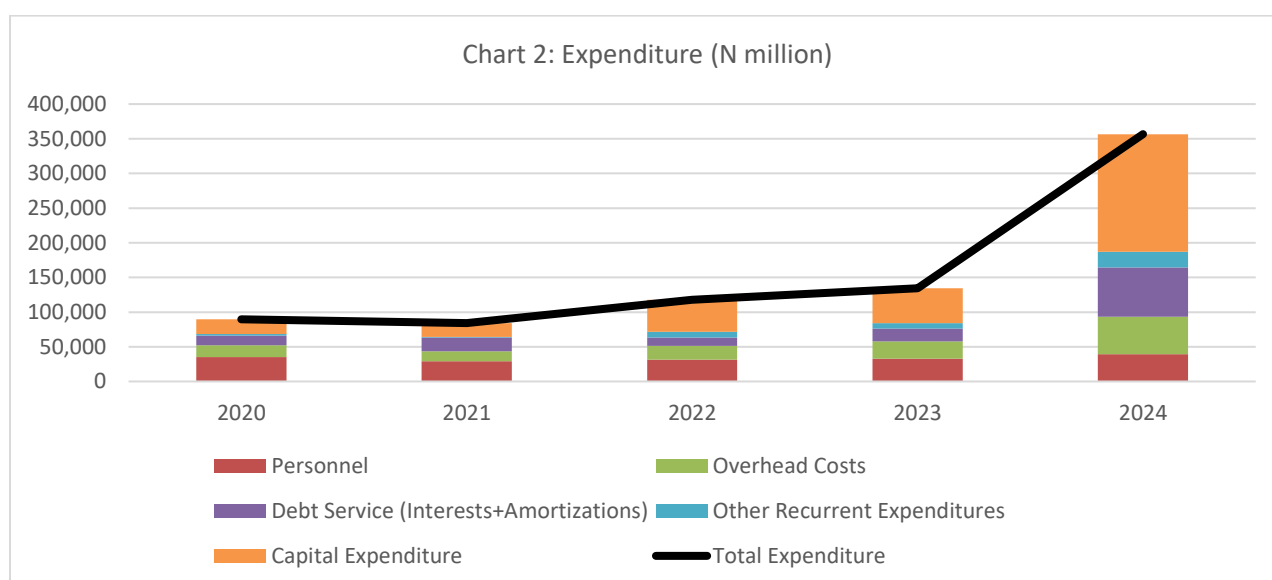


Table 6:

	2020	2021	2022	2023	2024
Total Expenditure	89,673	84,168	117,626	134,435	356,650
Personnel	35,141	29,337	31,697	32,957	39,549
Overhead Costs	17,228	14,303	19,542	24,977	53,855
Debt Service (Interests+Amortizations)	13,682	19,916	12,181	18,244	70,810
Other Recurrent Expenditures	2,320	781	8,271	8,012	22,667
Capital Expenditure	21,303	19,830	45,935	50,245	169,771

The major expenditure of the State includes Personnel Cost, Overhead Cost, Debt Service (Principal and Interest repayments) and Consolidated Revenue Fund Charges (CRFC); while the capital expenditure is the total expenditure incurred on infrastructural development of the State.

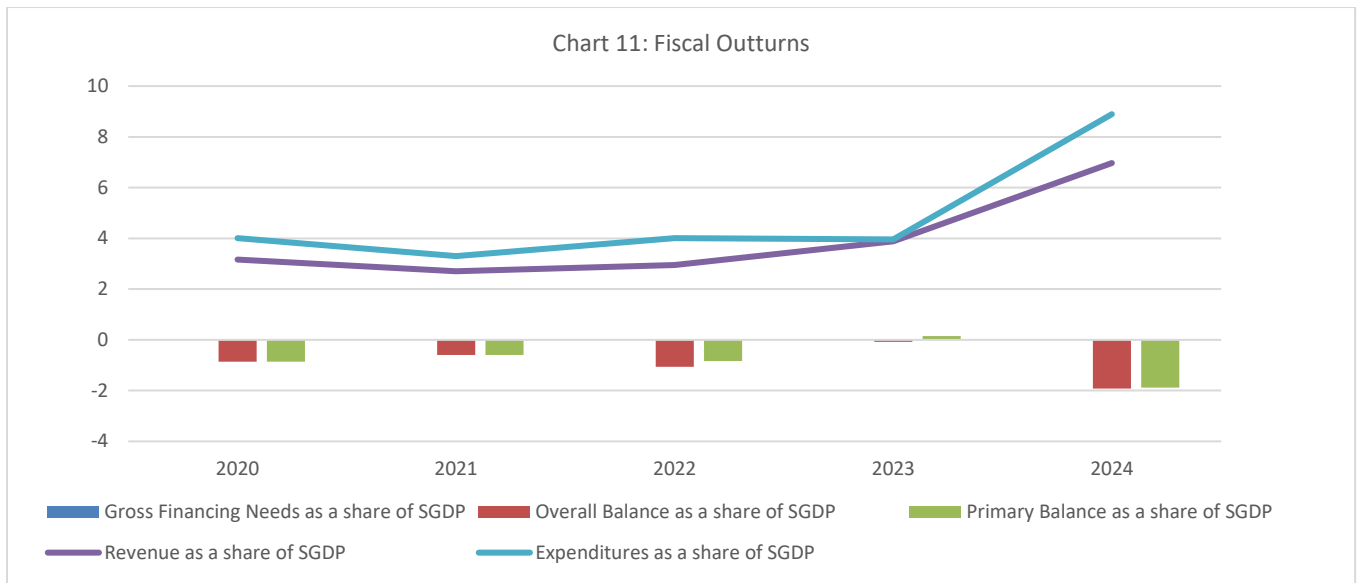
The personnel costs consist of salaries and allowances of all Ministries, Departments and Agencies (MDAs) as well as public and political office holders' emoluments. The State personnel cost accounts for almost 11% of the State's Total expenditure in 2024. While in 2023 the personnel cost accounted for about 25% of Total expenditure. and is projected to account for about 12% of total expenditure by the end of 2025, due to increase in personnel cost as a result of the implementation of the new minimum wage of seventy thousand Naira, and recruitment of more staff into the civil service which is ongoing in the state.

Overhead expenditure entails the cost of maintenance and operation of Government activities, even though it has been relatively volatile over the historical period mainly between 2020 and 2021, However, overhead cost is projected to account for about 15% of total expenditure of the State by the end of 2024.

Between 2020 and 2021, Adamawa State recorded a decline in its personnel cost from N35,141 billion to N29,337 billion. This was as a result of retirements of about 2,000 senior civil servants. Also, between 2020 and 2021, the State government conducted a verification exercise for all civil servants that led to the identification and removal of ghost workers from its payroll.

In addition, overhead costs fell from N17,228 billion in 2020 to N14,303 billion in 2021. Deliberate steps such as slash in the running costs of MDAs by between 15%-25%, were taken by the Government, this was done to reduce the cost of running Government to free up more funds for capital projects in the State.

Capital Expenditure includes the main investment and implementation of programmes and projects of government. The capital expenditure for the period (2021 - 2024) has been highly stable, which can be justified by the huge infrastructure outlay in the State capital, which is also in line with the Urban renewal mandate of the administration. The State capital expenditure to total expenditure accounted for about 47% of the State total expenditure by the end of 2024. With the exception of 2020 and 2021, the least the State has expended on capital expenditure during the projection period was an average of N19.830 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 N169.771 billion in 2024 in the historical period, while the lowest was N19.830 billion in 2021. Some major capital projects include the construction of 2 flyovers in the State capital, and additional 3 in the current the year 2024, and an additional interchange (flyover) at the entrance of welcome to Yola, the state capital in the current year 2025.



3.2 Budget and Debt Out-Turn

In the fiscal out turn of the state, the revenue pattern moved from N70,605billion in 2020, to N68,948 in 2021, N86,337 in 2022, N131,753 in 2023, N279,450 in 2024. It is projected to increase to N1,800,806trillion by 2034. The expenditure pattern has been volatile throughout the projection period, it increased from N95.438 billion in 2019, N346.329 in 2024 and projected to be N185,257billion in 2025.

The year 2020 and 2021 closed with N11,754.2 billion, and N1,373 million respectively.

3.3 Existing Public Debt Portfolio

The Public debt includes the explicit financial commitments (loans and securities and guarantees) that have legal binding agreements on the part of the State. instrumenting the government promises to repay. The trend of public debt service is highlighted in Chart 3 below:

Chart 3: Debt Stock

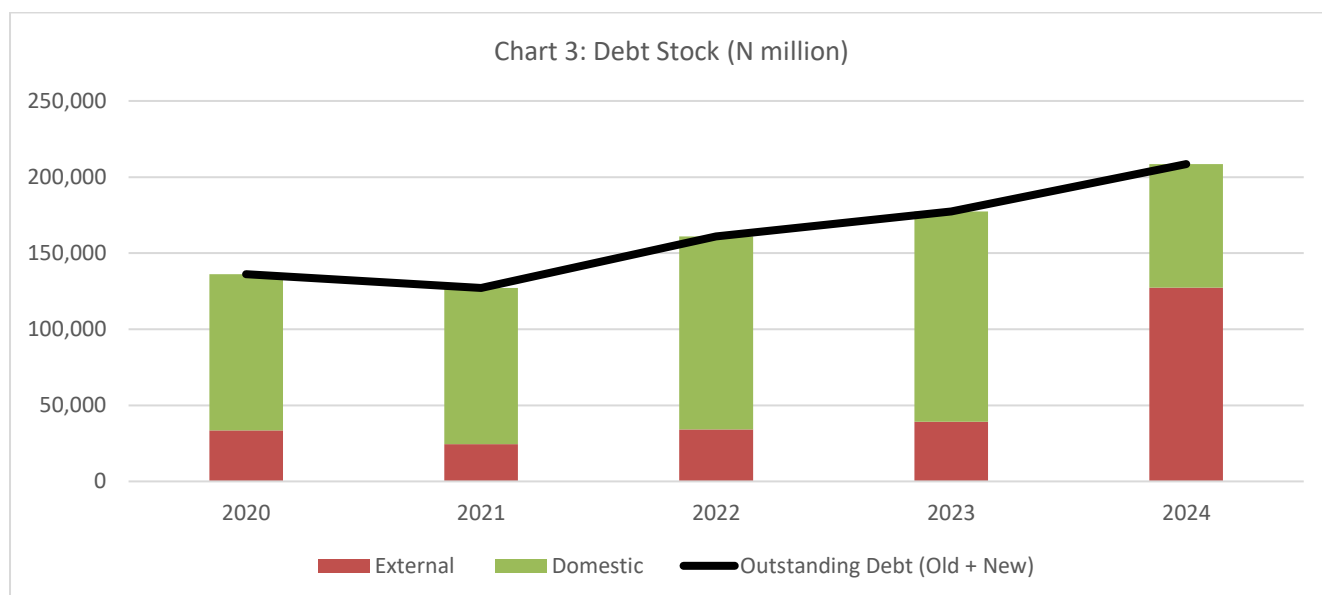


Table:7

	2020	2021	2022	2023	2024
Outstanding Debt (Old + New)	136,252	127,119	161,091	177,374	208,529
External	33,455	24,581	34,100	39,113	127,296
Domestic	102,797	102,538	126,991	138,261	81,233

The debt stock is classified into two in the chart, which includes the External and Domestic debt. The State’s public debt as at 2020 ending stands at (N136,252bn) constituting (N102,797bn) domestic debt and (N33,455bn) as external debts.

While the State’s public debt amounted to (N208,529bn) at the end of 2024, (the historical period)The State’s debt portfolio largely consists of domestic debts with about 39% and external stood at about 61% of the total debt stock. At the end of 2022, Domestic debt is projected to increase by 19% from 2021 figures,mainly due to Bond floatation by the State. Adamawa state intends to float state Bonds serially within four years i.e., 2022- 2025 as legislated by the state assembly. The State holds a medium-cost, and medium-risk debt portfolio

(external debt), the debt portfolio carried an average interest payment represented by 6% as a share of revenue in the year 2023 as against 11% in the year 2022, the difference was occasioned by the refinancing of commercial bank loans in 2022, the debt portfolio is highly exposed to currency volatility, interest rate, and rollover risks. Most external loans are fixed, thus not affected by changes in interest rates, but affected by exchange rate volatility, as these loans have maturities running from 5 to 30 years and include financing from the Federal Government and multilateral organizations, from the table above it depicts that the domestic debt of the state has dropped by about N57.028 billion i.e. by almost 41% when comparing 2023 to 2024 figures, this could be occasioned by the net off of some intervention facilities of the state from the Federal government.

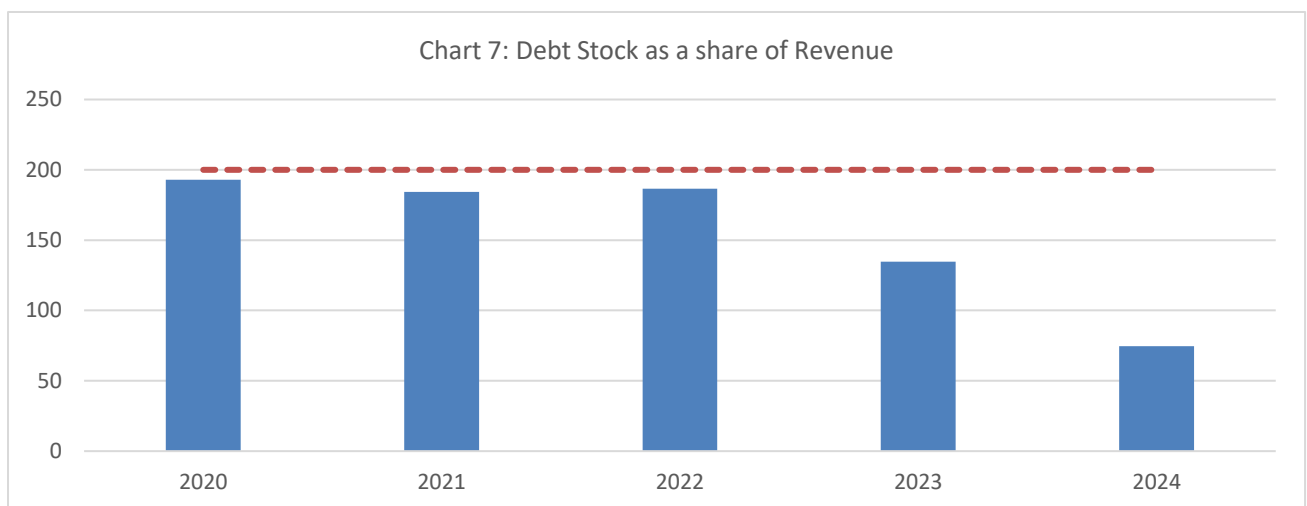


Table :8

	2020	2021	2022	2023	2024
Debt as % of Revenue	193	184	187	135	75
Threshold	200	200	200	200	200

The chart above depicts the state debt stock as a share of Revenue, which shows that it falls below the prescribed threshold of 200% i.e., in the historical years of 2020-2024, indicating that the state debt is within its debt carrying Capacity in the period under review i.e. (it depicts the state's ability to service its debt in

relation to the revenue earned by the state), therefore cautions should be taken by the government to further widen the revenue bracket of the State, and also strict adherence to the arrears clearance framework of the post SFTAS program, just as it is updated on quarterly bases, to preserve sustainability.

CHAPTER FOUR

DEBT SUSTAINABILITY ANALYSIS

4.1 INTRODUCTION

A Debt sustainability analysis (DSA) assesses how a state or nation's current level of debt and prospective borrowing affect its present and future ability to meet debt service obligations. It is a consensus that a key factor for achieving external and public debt sustainability is macroeconomic stability. The concept of debt sustainability refers to the ability of the Government to honor its future financial obligations. Since policies and institutions governing spending and taxation largely determine such obligations, debt Sustainability ultimately refers to the ability of the Government to maintain sound fiscal policies over time without having to introduce major budgetary or debt adjustments in the future. Conversely, fiscal policies are deemed unsustainable when they lead to excessive accumulation of public debt, which could eventually cause the Government to take action to address the unwanted consequences of a heavy debt burden. Government therefore should endeavor to strike a balance between revenue and expenditure, so that any debt incurred will not impact negatively on the State, leading to financial crisis.

4.2 ADAMAWA STATE DEBT SUSTAINABILITY ANALYSIS

The Debt sustainability indicators and thresholds are shown in the Table 9 below:

Table 9: Adamawa State Debt burden indicators

Indicators	Thresholds	As at 2024	Average 2020 to 2034/Ratio
Debt as % of GDP	25%	6%	8.47%
Debt as % of Revenue	200%	193%	112%
Debt Service as % of	40%	12%	23.9%
Personnel Cost as % of Revenue	60%	50%	17.9%

Source: Adamawa State DSA/DMS Template, 2025.

Debt as percentage of GDP measures the size of debt stock in relation to the total monetary value of goods and services produced and sold over a given period of time. It measures the debt repayment capacity in relation to the GDP.

The Chart above shows the Debt as a percentage of State GDP (with indicative threshold of 25%). The sustainability position of the State's total debt portfolio in the fiscal block as shown in the trend from 2020 to 2034. The ratio was put at 6% at the end of historical year 2020, and has decreased maintaining a steady decline of 5% over the period 2021 to 2024, it then dropped to 8.47% on average from 2020 up to 2034 i.e. the (historical and projection period), it is well within the threshold, based on this, the State's GDP has potentials for growth and can also accommodate the State's debt stock, with minimal effect on the State's economy.

Debt to Revenue peaks in 2020 to 193 and in 2022 to 187% because of increased borrowing and depressed revenue in the light of COVID-19, however, as noted by Federal Government, this ratio is far more a revenue issue than a debt issue, and with positive dynamics in Federation Account Receipts (based on mineral revenues, CIT, Customs and VAT) beyond the prudent forecasts under the baseline.

The baseline sees the Debt service to Revenue ratio at 12% against the threshold of 40% with an average of 23.9% over the period 2020-2034 i.e. both the historical and projection period respectively, it peaked to 58% in 2021 and 50% in 2022 due mainly to huge debt service from the state's bond raised in 2021 state bond issuance, and refinancing of the State Term loans, and the debt refinancing activities in 2022 accordingly, it also peaked up to 71% in 2024 owing to the repayments of all government counterpart contributions in the state at the end of the projection period 2024.

For Debt Service as percentage of Revenue (chart 23), debt service will naturally increase over the historical period as the debt portfolio increases. It has gone above the 40% threshold in the historical years 2021 to 2024, it appears to be sustainable throughout the projection period from 2025-2034.

Personnel Costs as a share of Revenue consistently remained below the prescribed threshold of 60% up to 2034 i.e. the end of the projected period, with its peak 50% in 2020, 43% in 2021 and 37% in 2022, This is shown in chart 24.

Looking at the external debt Service as a percentage of Revenue, the maximum exposure of the State revenue towards external debt shows that the external debt of the State was properly managed within the year 2020-2025 in the historical period, external debt gulped up to 90% of the share of FAAC in the year 2024, this was due mainly as a result of the effect of dollar exchange rate disparity which grew by almost 200% between 2023 – 2024, taking so much of the chunk of debt service in relation to FAAC repayment, this was brought about as a result of over reliance of the state on FAAC,As IGR takes a more prominent place in the State’s revenue portfolio, the increasing debt service to FAAC ratio is expected to become of less concern because of the ongoing revenue drive in the state (revenue expansion strategy of the State). These dynamics are shown in Chart 25.

4.3 MEDIUM-TERM BUDGET FORECAST

Debt Sustainability Analysis of the State was predicated on the continuation of recent efforts to grow the IGR of the State annually by 10 percent in the medium term(**IGR Expansion strategy**),the economy is expected to gradually recover from 2021 – 2024 (historical period), with real GDP expanding at an

average annual rate of 3 percent and domestic inflation decreasing below 30% percent by end of 2024. The moderate recovery will be supported by economic growth through diversification and increase in the share of VAT. The Tax Administration reforms adopted by the State Government will also strengthen resources provided by IGR, as well as numerous industries that are being attracted to the State through industrialization drive (Introduction of an investment promotion Agency).

The State has put in various Tax Administration reforms to strengthen its IGR in order to sustain its debt, these include the enactment of new Revenue Administration Law, Land Use Charge Administration Law. With these new reforms adopted by the State Government, the IGR of the State is expected to grow in the next few years and this will

benefit the State towards overall economic recovery. On the other hand, is the Civil Service Reform Policies being implemented regarding personnel and overhead cost, which are likely to be maintained from their historical trends.

4.4 Macroeconomic Outlook.

Adamawa State has published its 2026-2028 State Fiscal Strategy Paper (FSP) which includes GDP and revenue growth projections for the state. Furthermore, the Adamawa State 2024-2026 MTEF further expands on these assumptions particularly with regards Mineral sector assumptions. The precise details in these documents can be found on Adamawa State Ministry of Finance website mof.ad.gov.ng, however the Macro-Mineral framework for the MTEF is provided below.

The State's medium-term debt sustainability is predicated upon a gradual recovery of the Nigerian economy that will increase FAAC statutory allocation. According to the Federal Government and State's own forecasts, the Nigerian economy is expected to gradually recover in the period 2022-2024, with real

GDP expanding at an average annual rate of 3 percent and domestic inflation decreasing below 30 percent by 2024. Such a moderate recovery will be supported by higher oil prices in global markets, an increase in domestic production, prudent fiscal policy, and the stabilization of the exchange rate relevant for international public-sector financial transactions at its current level. Oil and gas revenue, as well as shared resources such as custom duties and VAT, would then increase relative to the depressed levels observed in 2021-2023, thus improving the State's revenue position.

Debt sustainability analysis is also predicated on the continuation of recent efforts to mobilize local revenue sources, and on unchanged policies concerning personnel and other operating expenses. At local level, the tax administration reforms adopted by the State Government to strengthen resources provided by IGR, are expected to continue in the next few years and will benefit from the overall economic recovery. On the other hand, no new policies are anticipated with regards to personnel and overhead costs, which are thus likely to preserve their historical trends.

4.5 Revenue and Expenditure Assumptions

Federation Account revenue estimates (Statutory Allocation, VAT) for the period 2024-2026 are again as per the Adamawa State MTEF which are based on elasticity forecasting (see MTEF for more details).

The Adamawa State bond (2022-2025) will be collected in 4 tranches of N25 billion each. The first tranche collected in 2022 has been used to liquidate the outstanding loans to the tune of about N12 billion. The balance is being used to improve the IGR through agro-businesses. In the year 2024, the existing Government has firmly settled for infrastructural development as explained in their agenda of Urban renewal, this explains the increase in capital expenditure to N169.771 billion in 2024 (chart 2).

Between 2023 and 2024, our historical trend shows tremendous increase in oil revenues due to the unrest in eastern Europe (Russia-Ukraine war) which has created scarcity of oil products internationally. By extension, this has raised the price of oil to over \$100 per barrel and also due to the removal of fuel subsidy, this results in greater FAAC for Adamawa State in 2023 and 2024 accordingly.

4.6 ADAMAWA STATE BORROWING OPTIONS

Adamawa State Government intends to finance its new borrowings externally, bilaterally and concessionally from 2025 to 2034 from world Bank, and African Development Bank at an average interest rate of 2.7%, average of 18 years maturity, and average grace period of 4 years (for the Ten years Projection period) reference to the State's four borrowing Strategies adopted.

In Debt strategy 1 (S1) baseline scenario, the State Planned to borrow majorly from the Domestic Capital Market (Bond) maturing 6 year and above, 16.5 interest rate, maturing 10 years, with a grace period of 1 year, amounting to (1,188,334) trillion representing 33% of total domestic borrowing of (N 3,590,596.70) and 25% of (N 4,812,796.70) trillion naira representing total foreign debts (N3, 590,596.70) to (N1,222,200.00) representing a proportional ratio of 75%:25% respectively for the period 2025- 2034 projection period.

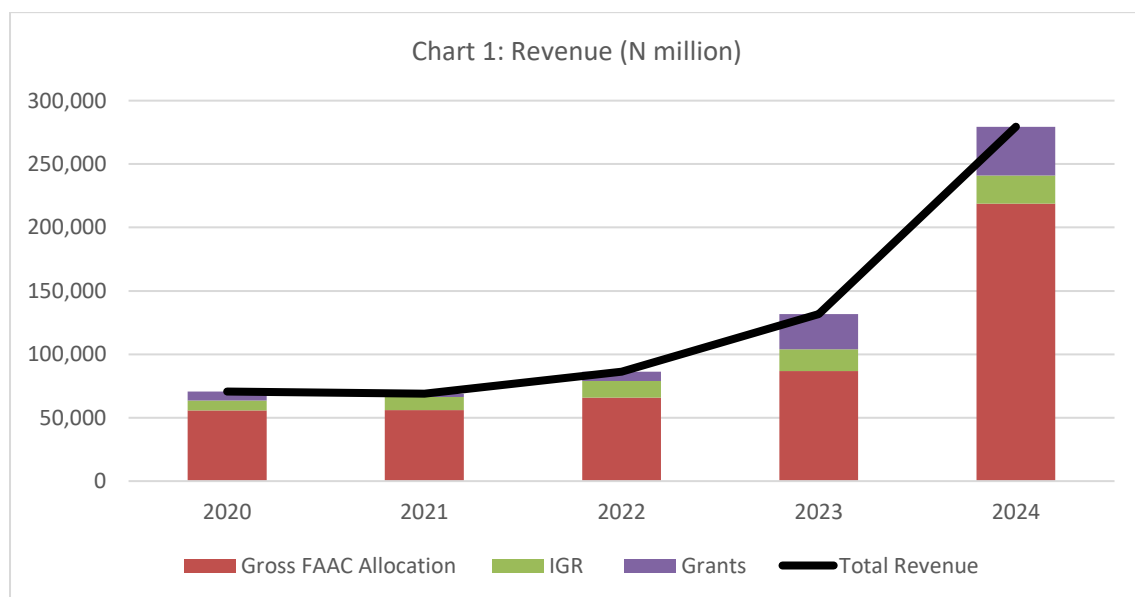
Also, in Debt strategy 2 (S2), the State intends to borrow majorly from the domestic Capital Market Bond maturing 1-5 years at 15.5% interest rate, with grace period 1 year amounting to (N1,507,755.00) trillion representing 41% of domestic borrowing of (N3,664,414.40) trillion and 30% of (N5,002,414.40) trillion naira and 30% representing total financing mix of total foreign debt of (N3,590,596.70) representing a proportionate ratio of 75% respectively from the projected period of 2025-2034.

In Debt strategy 3(S3), The State Plans to borrow majorly from the domestic Commercial banks maturing in 1-5 years at 33% interest rate, with a grace period of 1 year amounting to (N1,843,887.70) trillion naira, representing 45% of domestic borrowing of (N4,105,154.60) trillion naira, representing total financing mix of total domestic to foreign debt (N3,644,414.40) to (N1,358,000.00) which ultimately represents a proportionate ratio of 73%:27% respectively for the period of 2025-2034.

Also, in Debt strategy 4(S4), The State Plans to Borrow majorly from the domestic Commercial Banks maturing 6 years and above at 33.50% interest rate with 1 year grace period, amounting to (N1,887,990.20) trillion naira representing total financing mix of total foreign debt (N4,294,374.10) to (N1,470.00) which ultimately represents a proportionate ratio of 74%:26% respectively for the period 2025-2034.

4.7 Historical Revenue-Chart 16

The Adamawa State projected revenue from 2024 to 2033 is presented in Chart 1 below:



Source: Adamawa State DSA/DMS Template, 2025.

Table 10

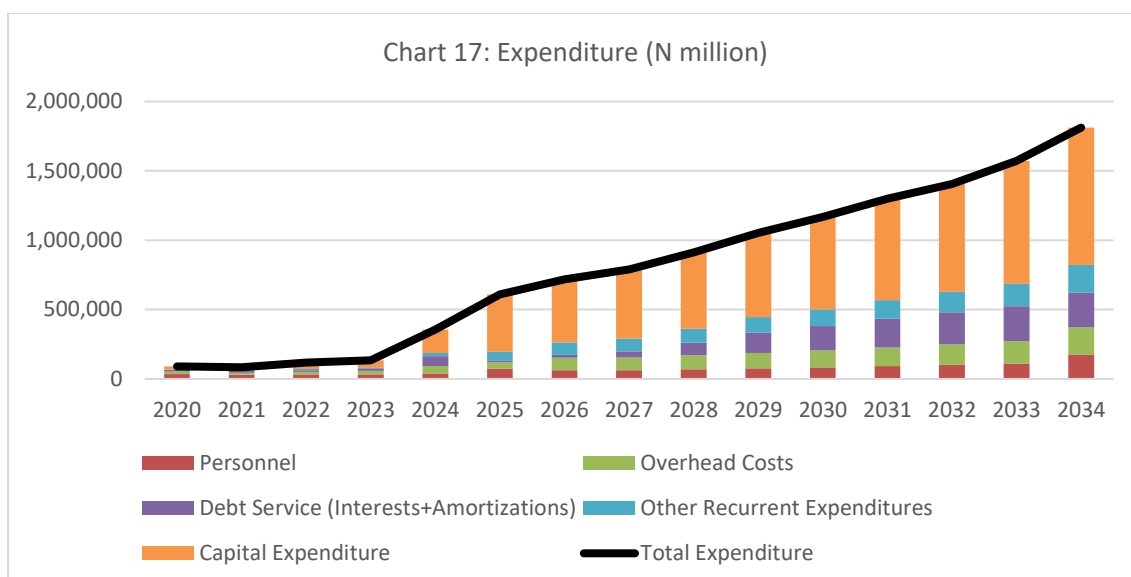
	2020	2021	2022	2023	2024
Total Revenue	70,605	68,948	86,337	131,753	279,450
Gross FAAC Allocation	55,709	55,937	65,738	86,851	218,854
IGR	7,740	10,375	13,326	17,066	22,241
Grants	7,156	2,636	7,273	27,836	38,355

Adamawa State's total revenue (including grants and excluding other capital receipts) is expected to increase from 86,337 billion in 2022 to N131,753 billion in 2023, representing an increase of N12,113 billion which is about an increase of 24% over the historical period. Gross FAAC Allocation projected to grow from N65,738 billion in 2022 to N86,851 billion in 2023, which represents an increase of N28,835 billion, and IGR is projected to grow from N9,705 billion in 2019 to N17,066 billion in 2023, representing an increase of N7,361 billion, due mainly from the proceeds of the revenue projected to be earned from the local cattle markets of the ongoing Agribusiness in the state, while Grant grew from N7,156 billion in 2020 to N27,836 billion in 2023, representing an increase of N20,680 billion over the historical period (2020-2024).

Adamawa State is projected to receive greater FAAC revenues in 2023 and 2024, and 2025 due mainly from the removal of fuel subsidy, and with the implementation of the new minimum wage in the state as depicted in the historical and projected period, N218,854 billion in 2024 and N474,427 billion in 2025, personnel cost is projected to grow from N39,549 billion in 2024 to N74,227 billion in 2025, as shown in chart 17 below.

4.8 Projected Expenditure-Chart 17

The Adamawa State's projected expenditure from 2024 to 2033 is presented in Chart 17 below:



Source: Adamawa State DSA/DMS Template, 2025.

Table: 11

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Total Expenditure	89,673	84,168	117,626	134,435	356,650	610,698	719,187	790,510	913,058	1,052,028	1,167,710	1,300,474	1,405,903	1,572,126	1,812,213
Personnel	35,141	29,337	31,697	32,957	39,549	74,227	63,037	63,037	69,340	76,274	83,902	92,292	101,521	111,673	172,841
Overhead Costs	17,228	14,303	19,542	24,977	53,855	46,036	90,543	91,481	100,629	110,692	121,761	133,937	147,331	162,064	198,271
Debt Service (Interests+Amortizations)	13,682	19,916	12,181	18,244	70,810	13,980	20,265	44,234	92,154	149,033	174,417	207,851	230,688	249,389	252,202
Other Recurrent Expenditures	2,320	781	8,271	8,012	22,667	63,029	90,575	91,514	100,665	110,732	121,805	133,985	147,384	162,122	198,334
Capital Expenditure	21,303	19,830	45,935	50,245	169,771	413,426	454,768	500,245	550,269	605,296	665,826	732,409	778,979	886,877	990,565

Total expenditure is projected at N346,329 billion in 2024, N185,257 billion in 2025, N311,355 billion in 2026, N365,437 billion in 2027, N344,833 billion in 2028, N379,182 billion in 2029, N477,356 billion in 2030, N388,791 billion in 2031, N537,630 billion in 2032 and N608,681 billion in 2033, respectively, indicating a near stability in the state.

Growth recovery, Personnel Costs, Overhead Costs, debt Service, other recurrent expenditures estimated to increase from N20.050 billion to in 2023 to N42.978 billion in 2031, Personnel Costs will increase from N39,549 billion in 2024 to N74,227 billion in 2025, due to the full implementation of minimum wage of seventy thousand naira (N70,000) to all state government and local government workers. Overhead Costs has dropped from N53,885 billion in 2024 to N46,036

billion 2025, due mainly to slash in running cost of some MDAs in the State, Debt Service has dropped from N70,810 billion in 2024 to N13,980 billion in 2025, due mainly to net off of about four intervention facilities in the state by the Federal government. Capital Expenditure is estimated to increase over the projection period from N169,771 in 2024, to N413,426 billion in 2025, this increase is projected to account for the huge infrastructure outlay of the urban renewal mandate of the present administration of Governor Ahmadu Umaru Fintiri.

The Adamawa State bond (2022-2025) will be collected in 4 tranches of N25 billion each. The first tranche collected in 2022 has been used to liquidate the outstanding commercial Bank loans to the tune of about N12 billion. The balance is being used to improve the IGR through agri-businesses.

4.9 Projected Debt Stock-Chart 18

The Adamawa State projected debt stock from 2024 to 2033 is presented in Chart 18 below:

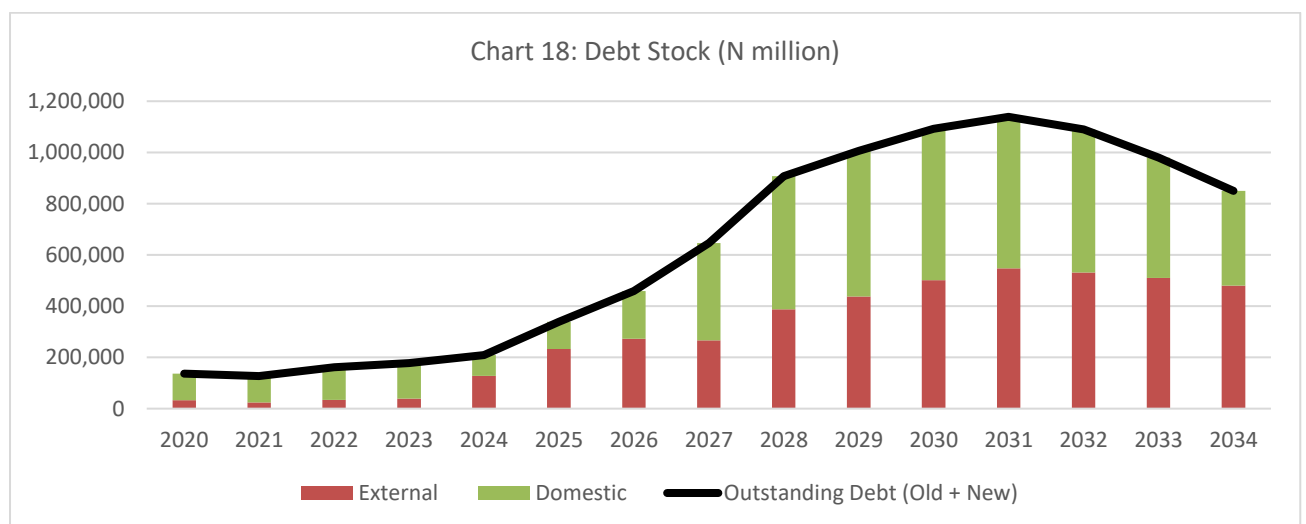


Table :12

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Outstanding Debt (Old + New)	136,252	127,119	161,091	177,374	208,529	338,512	458,513	646,275	907,227	1,005,964	1,092,576	1,139,178	1,089,595	979,971	850,611
External	33,455	24,581	34,100	39,113	127,296	232,222	272,480	267,155	387,500	437,297	501,970	547,385	531,200	509,811	480,243
Domestic	102,797	102,538	126,991	138,261	81,233	106,290	186,033	379,121	519,726	568,666	590,606	591,793	558,395	470,161	370,368

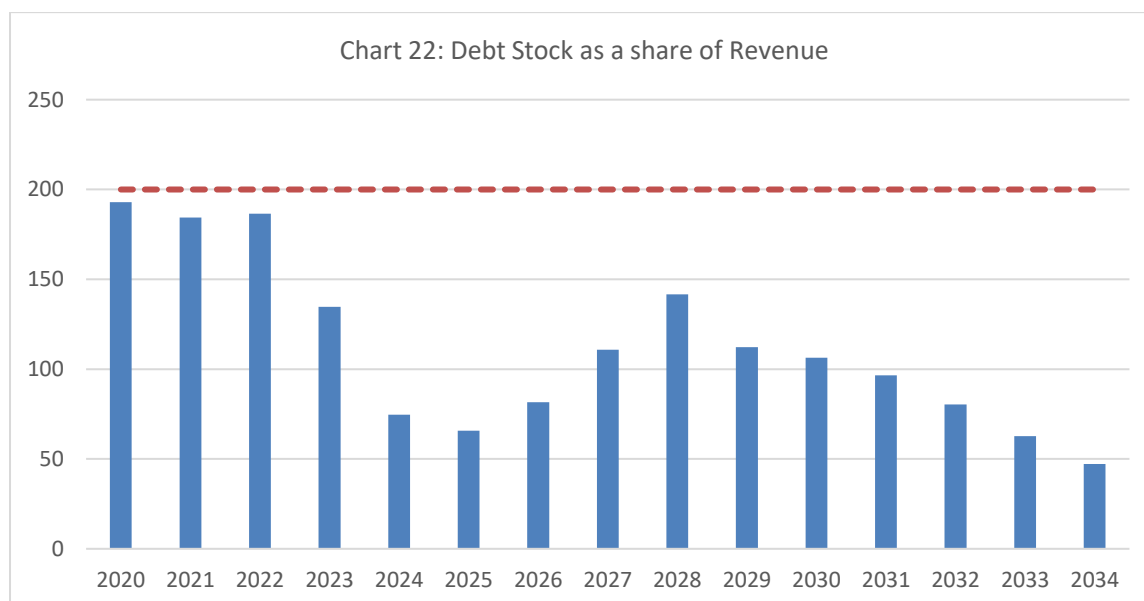
Source: Adamawa State DSA/DMS Template, 2025

Adamawa State's Debt Stock increases from N208,529 billion in 2024 to N850,661 billion in 2034, representing a rise of about 308%. External Debt is projected to increase from N232,222 in 2025 to N480,243 in 2034, an increase of roughly 107%. Domestic Debt rises from N106,290 billion in 2025 to N370,368 billion in 2034, representing an increase of about 249% over the projection period.

In the short and medium terms (2020-2025) historical period, Adamawa State was found to be sustainable as it lies within the threshold of 200%, from 2024-2033 (projection period), the State was found to be sustainable as it did not exceed the threshold as regards debt stock as percentage of revenue, the ratio remains below the threshold of 200% in both the projection and historical periods as seen on chart 7 and 22 respectively.

4.10 Projected Debt as a Share of Revenue-Chart 22

The Adamawa State projected debt as share of revenue from 2025 to 2034 is presented in Chart 22 below:



Source: Adamawa State DSA-DMS Template,

Table: 13

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Debt as % of Revenue	193	184	187	135	75	66	82	111	142	112	106	97	80	63	47
Threshold	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200

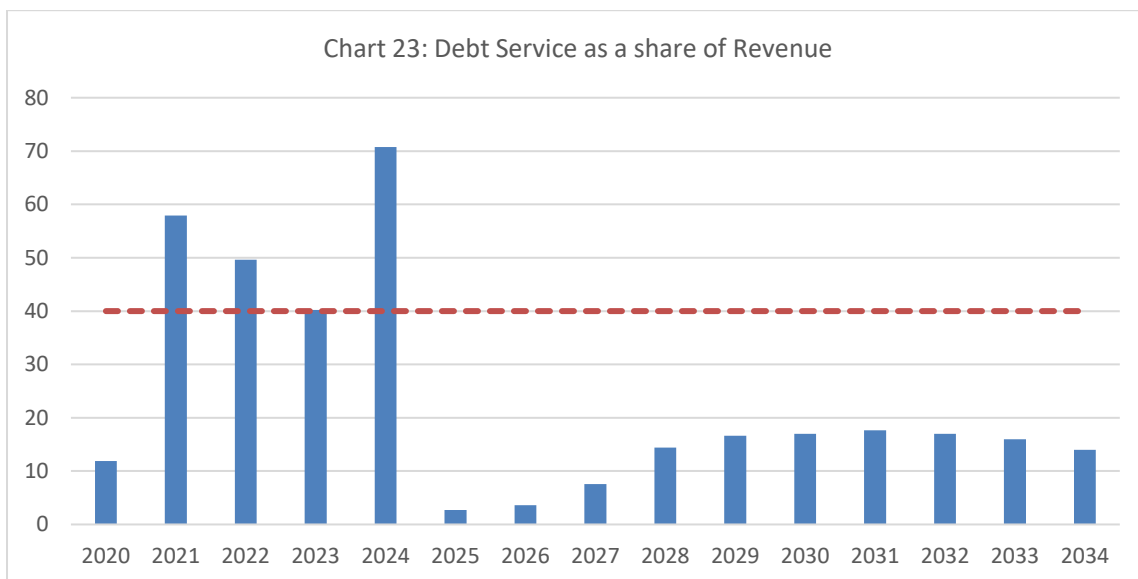
As a consequence of the increase in exchange rate parity, external debt repayment figures will increase, total public debt will increase, and the State’s repayment capacity will slightly fall. Debt as percentage of revenue decline from 2022 to 2024 in the historical period, however, the State Debt as a percentage of Revenue appears to be sustainable from the historical period through the projection period, this is because it did not exceed the prescribed threshold of 200%. For the state to preserve sustainability, it must take stringent measures on its revenue drive.

In the final analysis, the state was found to be sustainable from both the historical period 2020-2025, and the projected period 2025- 2034. As a

mitigating measures, the state needs to reduced over-dependence on Federal transfers through achievable via a technological-driven and autonomous State Board of Internal Revenue, of which efforts are made through and through by the present administration through it revenue drive (Revenue expansion strategy)

4.11 Projected Debt Service as a Share of Revenue-Chart 23

The Adamawa State projected debt service as share of revenue from 2020 to 2034 is presented in Chart 23 below:



Source: Adamawa State DSA-DMS Template, 2025

Table :14

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Debt Service as % of Revenue	12	58	50	40	71	3	4	8	14	17	17	18	17	16	14
Threshold	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40

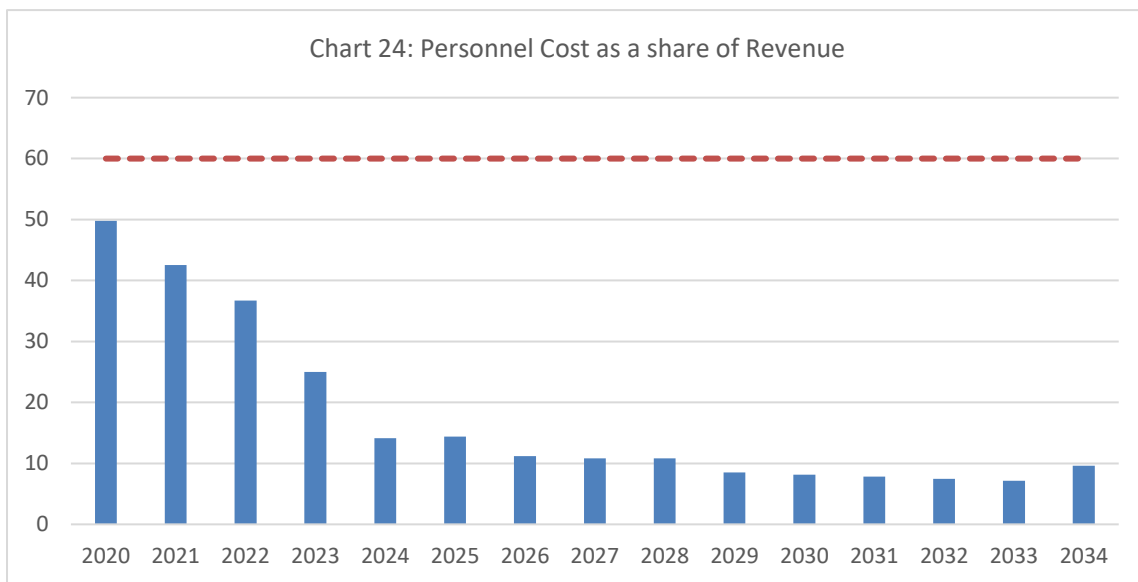
Debt service as a percentage of revenue measures the percentage of revenue earned by the state that goes to debt service repayment(principal repayments). In four (4) years, historical period (2021-2024) the debt service appears to be unsustainable within the threshold of 40%,as marked out in the outlier (spike) depicted in 2021- 2024, this was a result of the principal repayments, which

accounts for 58% of debt service as a share of revenue as against the 40% threshold in 2021, 50% in 2022, 40% and 71% in 2023 and 2024 respectively, this was the period that the state went through refinancing of its major term loans (2021-2024).

It is projected that from the year 2025, the debt service as a percentage of revenue will remain within the threshold (40%) up to the end of projected year 2034, and as part of efforts by the state to preserve sustainability, the state should adhere strictly to the ongoing revenue expansion strategy.

4.12 Projected Personnel Cost- Chart 24

The Adamawa State projected personnel cost from 2020 to 2034 is presented in Chart 24 below:



Source: Adamawa State DSA-DMS Template, 2025

Table:15

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Personnel Cost as % of Revenue	50	43	37	25	14	14	11	11	11	9	8	8	7	7	10
Threshold	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60

Personnel Cost as a share of Revenue is projected to rise from 14% as at 2024 to an increase of 10% by the year 2034. The analysis of the Baseline Scenario suggests that the State will be able to preserve the sustainability of its personnel cost in the medium-term up to the long term because it is within the limit of the prescribed threshold of 60%.

4.13 ADAMAWA STATE'S MAIN FINDING AND CONCLUSION OF THE BASELINE SCENARIO IN TERMS OF DEBT SUSTAINABILITY

In the final analysis, the state was found to be sustainable from the projected period 2025-2034 i.e. over the long-term. However, it was also found to be sustainable within the threshold of 200% within the historical period 2024 up to the period 2034 in the projection i.e. in the short and medium terms.

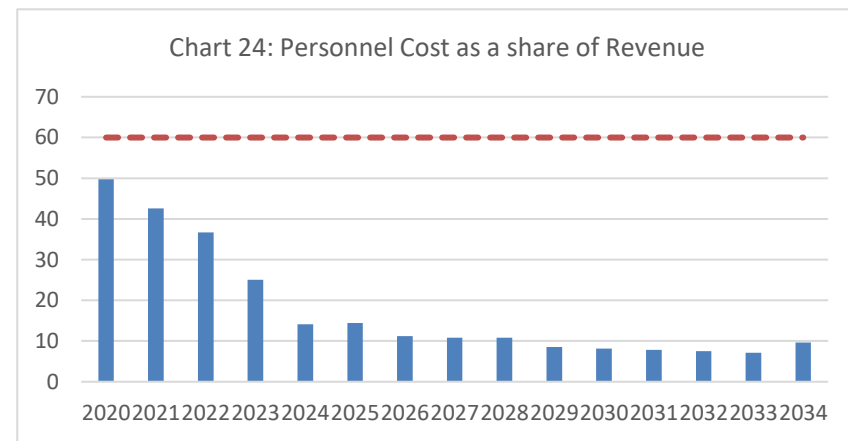
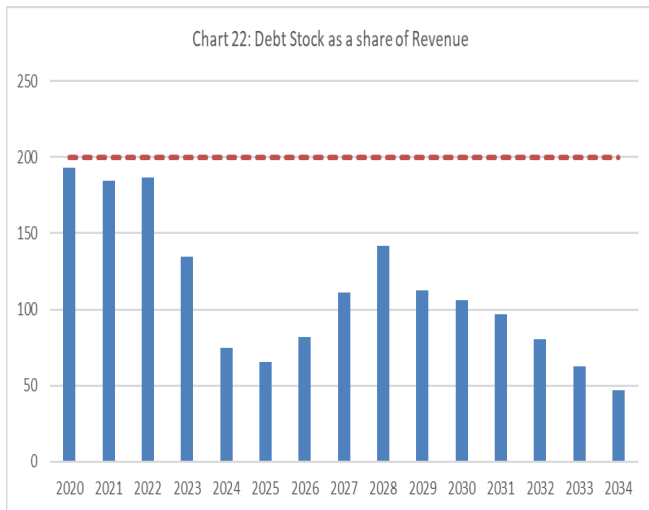
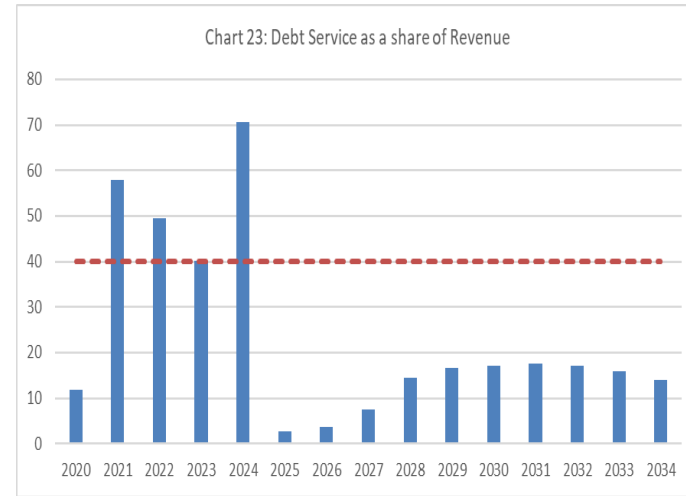
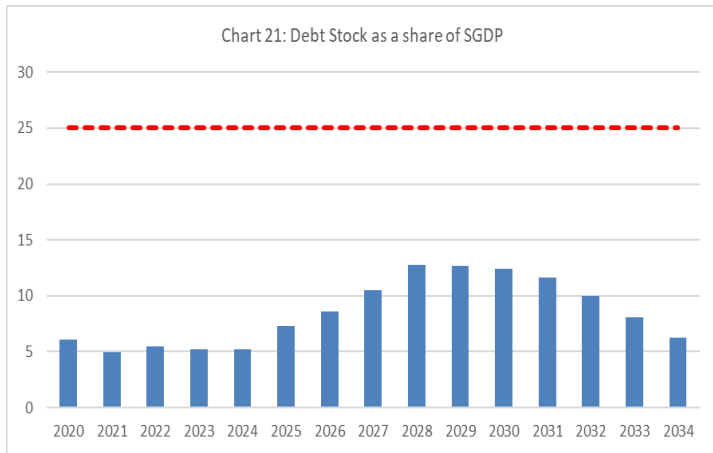
The ratio of Debt as share of Revenue is estimated at 58% in 2021, 50% in 2022, 40% in 2023, 71% in 2024, the ratio for the four years remains below the threshold of 200% from the historical period as explained above.

The Baseline Scenario results shows that the ratio of Debt stock as percentage of GDP is projected at 5% in 2024, 7% in 2025, 9% in 2026, 11% in 2027, 13% in 2028 and 5% in 2034, respectively, as against the indicative threshold of 25%. It was found to be sustainable through and through. The ratios of Debt Stock to Revenue remained within the threshold of 200% from 2020 to 2034, 66% in 2025, 82% in 2026, 111% in 2027, 142% in 2028 and 47% in 2034 respectively.

Personnel Cost to Revenue trends remains under the threshold (60%) over the projection period from 2025 to 2034, and also within the historical period 2020 to 2024, with the strong-minded efforts by the State Government through its various initiatives and reforms in the key sectors of the economy, respectively. The highest ratio recorded is 50% in 2020, however, the State Government is planning to preserve the sustainability of the debt position through the following

policies that will be implemented by the State Government as contained in its state development plan:

- a. Aligning State government's income and expenditure by keeping spending limits within the dictates of available resources and fiscal sustainable debt position;
- b. Boosting IGR by the recently submitted business case of IRS;
- c. Emphasis on achieving a more favourable balance for capital expenditure through restraining the increasing trend in recurrent expenditure;
- d. Ensuring that the budget process is pursued with a framework that supports strategic prioritization and rational resource allocation and under the overall development policy objectives of the State.
- e. Sustain the efforts to increase IGR e.g. through plugging of revenue leakages, ensuring a balanced debt portfolio, not to borrow too excessively, and to create sufficient buffers within the ratio analysis so as not to breach them as a result of a shock;
- f. Providing fiscal buffers, including contingency funds and debt service funds, to also help alleviate the impact of shocks;
- g. Consideration should also be given to the scenario where more of these shocks occurs simultaneously, as it has happened in 2020, the magnitude is higher, or more persistent (e.g. multiple exchange rate depreciation of the period). Again, this emphasizes the need to borrow to invest, and ensure that investment is made in the areas that have greater economic and social benefit to the State.
- h. Pursuing alternative financing models like Public Private Partnerships (PPP).



Source: Adamawa State DSA-DMS Template, 2025

4.14 CONCLUSION

Adamawa State DSA result shows that, the State remains at low risk of debt distress.

The State remains mostly sensitive to the revenue shocks, expenditure shocks, exchange rate shocks to a great extent, interest rate shocks and historical shocks, indicating that an increase in aggregate output does not result to a proportionate increase in revenue. There is therefore the urgent need for the authorities to fast-track efforts aimed at further diversifying the sources of revenue away from crude oil (FAAC), as well as implement far-reaching policies that will boost the state's IGR such as the ongoing IGR expansion strategies to among other things, refinance existing loans, reduce the backlog of arrears of pensions to make the State PENCON compliant. This has become critical, given the continued volatility in the FAAC allocation. However, the State appears to be sustainable in the short term to medium term, as well as in the long term.

4.15 ADAMAWA STATE DSA SENSITIVITY ANALYSIS

The State faces important sources of fiscal risks associated to the possibility of adverse country wide macroeconomic conditions and the reversal of the State's revenue and expenditure policies. A sensitivity analysis is undertaken considering macroeconomic shocks and policy shocks to evaluate the robustness of the sustainability assessment for the baseline scenarios discussed in the previous sub-sections. When considering both macroeconomic and policy shocks, it is assumed that external and domestic borrowings cover any revenue shortfall and additional expenditure relative to the baseline scenario discussed earlier.

4.16 The 2024 DSA analysis shows that Adamawa remains at low risk of debt distress under sensitivity analysis.

The debt stock as percent of Revenue did not breach the thresholds in both the historical and projection periods, through Revenue shocks, Expenditure Shocks

as well as Historical shocks. Debt service as percentage of revenue breached the threshold under revenue and Expenditure Shocks in 2021, 2022,2023 and 2024 in the historical period.

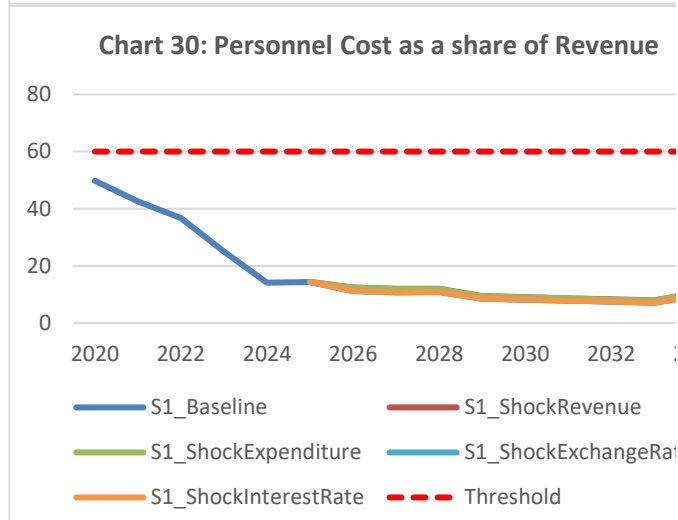
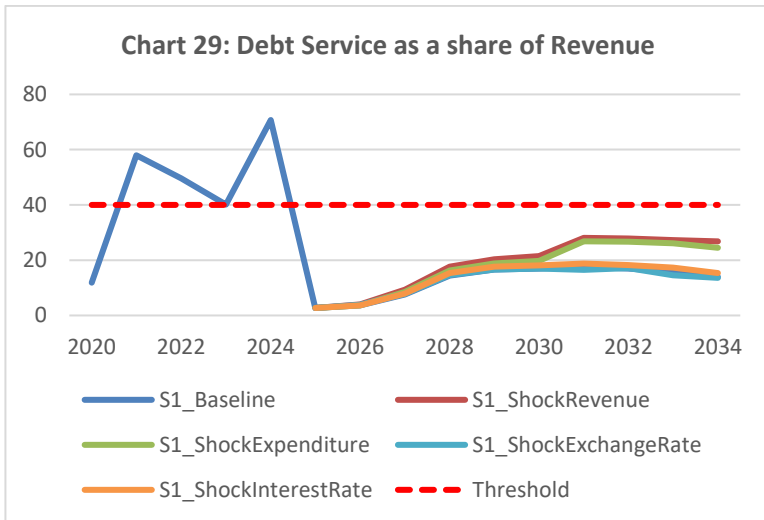
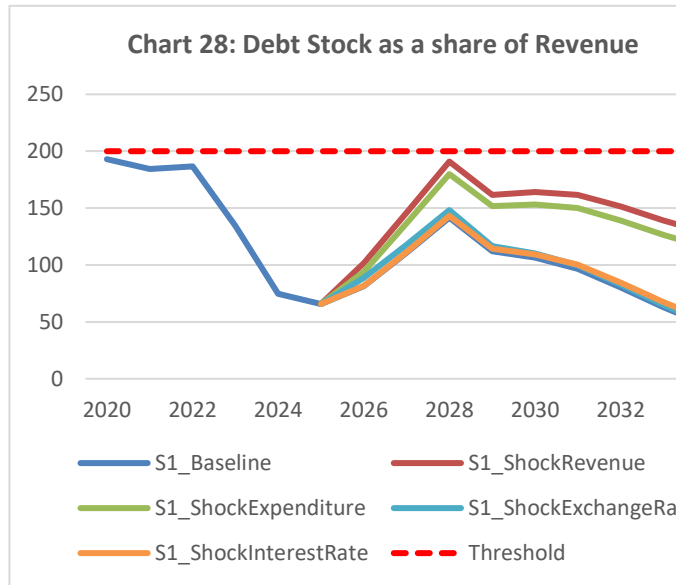
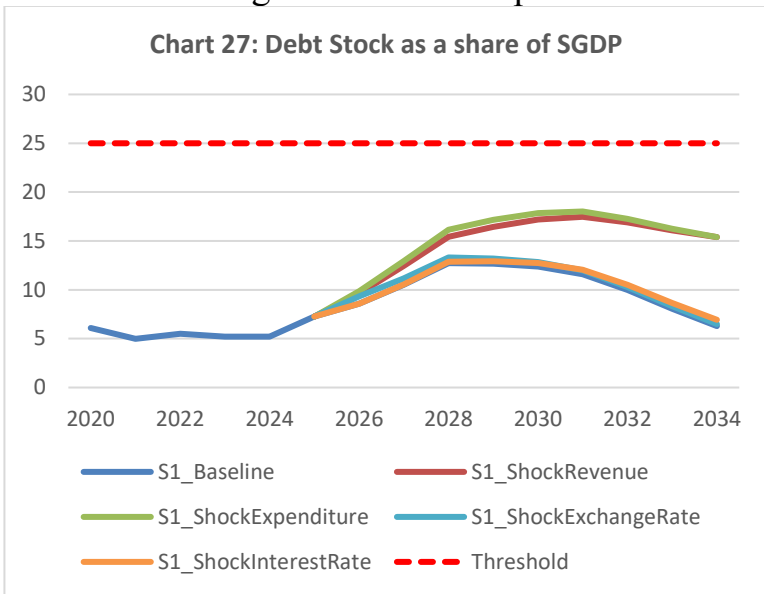
The four shocks as simulated (shock revenue, shock expenditure, shock interest rate, shock exchange rate) all have impacts on the ratios analyzed at the magnitudes tested. These four shocks all have a marked impact on Debt Service, but in terms of its deviations from the baseline scenario, what these entails is to plan for future flexibility, but these deviations may have further negative impacts beyond this period i.e. the period of analysis.

This serves as a reminder on the need to continue the effort to increase IGR, to ensure a balanced debt portfolio, not to borrow too excessively, and to create sufficient buffers within the ratio analysis so as not to breach them as a result of a shock. fiscal buffers, including contingency funds and debt service funds, (Consolidated debt service Account) i.e. 5% of IGR, would also help alleviate the impact of shocks.

Consideration should also be given to the scenario where more of these shocks occurs simultaneously, as it has happened in 2020, the magnitude is higher, or more persistent (e.g. multiple exchange rate depreciation of the period). Again, this emphasizes the need to borrow to invest, and ensure that investment is made in the areas that have greater economic and social benefit to the State.

There is, an urgent need for the authorities to fast-track efforts aimed at further diversifying the sources of revenue away from crude oil (FAAC), as well as implement far-reaching policies that will boost IGR in the state. This has become critical, given the continued volatility in the FAAC allocation.

The following charts below explain the shocks scenarios:



Source: Adamawa State DSA-DMS Template, 2025

In the charts above, the sustainability analysis in the shock scenario shows debt stock as percentage of revenue being sustainable all through from the historical period 2020-2024, and the projected period 2025-2034.

Whereas debt service sustainability i.e. Debt service as a percentage of revenue is seen to be unsustainable in the historical period 2021-2024, the State was unsustainable largely due to huge debt repayment (consolidation) during the period 2021-2024, however, the state was found to be sustainable from the projected period 2025- 2034.

CHAPTER FIVE

DEBT MANAGEMENT STRATEGY

5.1 Introduction

Public Debt management is the process of establishing and executing a strategy for managing the government's Debt in order to raise the required amount of funding at the lowest possible cost over the medium to long run, consistent with a prudent degree of risk (World Bank DSA-DMS, 2021). Debt Management Strategy examines the costs and risks inherent in the current debt portfolio, as well as in the debt portfolios that would arise from a range of possible issuance strategies, considering factors such as the macroeconomic and financial market environment, the availability of financing from different creditors and markets, and vulnerabilities that may have an impact on future borrowing requirements and debt service costs.

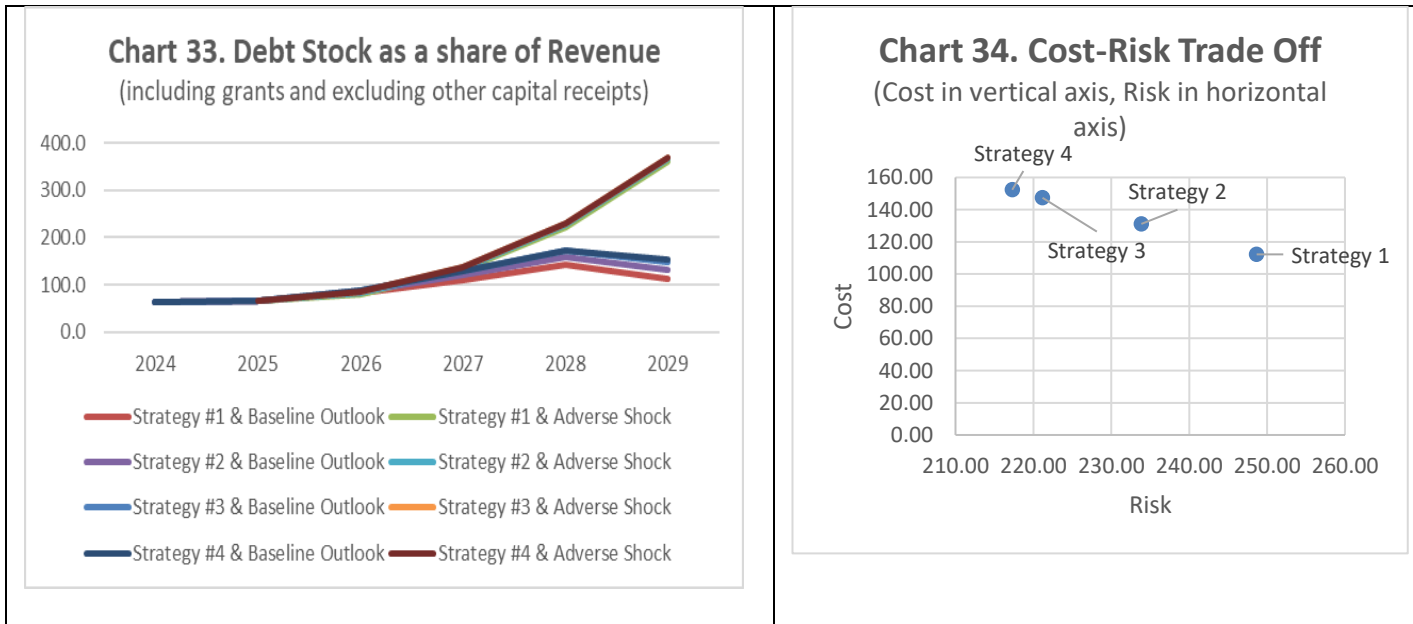
To assess the debt management strategies outcome, three debt performance indicators were utilized, "Debt Stock as a share of Revenue, Debt Service as a share of Revenue and Interest as a share of Revenue". However, the cost for DMS is measured by the expected value of a performance indicator in 2029 (as projected in the baseline scenario), while Risk for DMS is measured by the deviation from the expected value in 2029 caused by an un-expected shock (as projected in the most adverse scenario).

5.2 DMS Simulation Results

Analysis of strategies & outcomes of the analysis, the cost risk trade off charts illustrates the performance of the alternative strategies with respect to four debt burden indicators. Results were obtained from the four DMS (S1, S2, S3, and S4) and the analysis will focus on three performance indicators which include Debt/Revenue, Debt Service/Revenue and Interest/Revenue, also the reference debt strategy (S1) will be compared with the alternative strategies (S2, S3 and S4) to facilitate the drafting and exposition.

5.3 Debt as a share of Revenue

The share of debt as percentage of revenue and cost-risk trade-off for the referenced strategy (S1) and alternatives strategies (S2, S3, and S4) are presented in the Chart 33 and 34:



Source: Adamawa State Forecasts, 2025.

Debt Stock as % of Revenue (including grants and ex	2024	2025	2026	2027	2028	COST	RISK measured only in 2029
						2029	
Strategy #1 & Baseline Outlook	64.1	65.7	81.5	110.7	141.7	112.2	248.7
Strategy #1 & Adverse Shock		65.7	79.5	130.5	221.4	360.9	
Strategy #2 & Baseline Outlook	64.1	65.7	85.2	120.2	158.8	131.1	233.9
Strategy #2 & Adverse Shock		65.7	81.9	134.5	226.0	365.0	
Strategy #3 & Baseline Outlook	64.1	65.7	88.5	129.1	172.7	147.4	221.2
Strategy #3 & Adverse Shock		65.7	84.1	138.2	229.7	368.5	
Strategy #4 & Baseline Outlook	64.1	65.7	88.6	127.8	171.2	152.3	217.3
Strategy #4 & Adverse Shock		65.7	84.2	137.6	229.3	369.6	

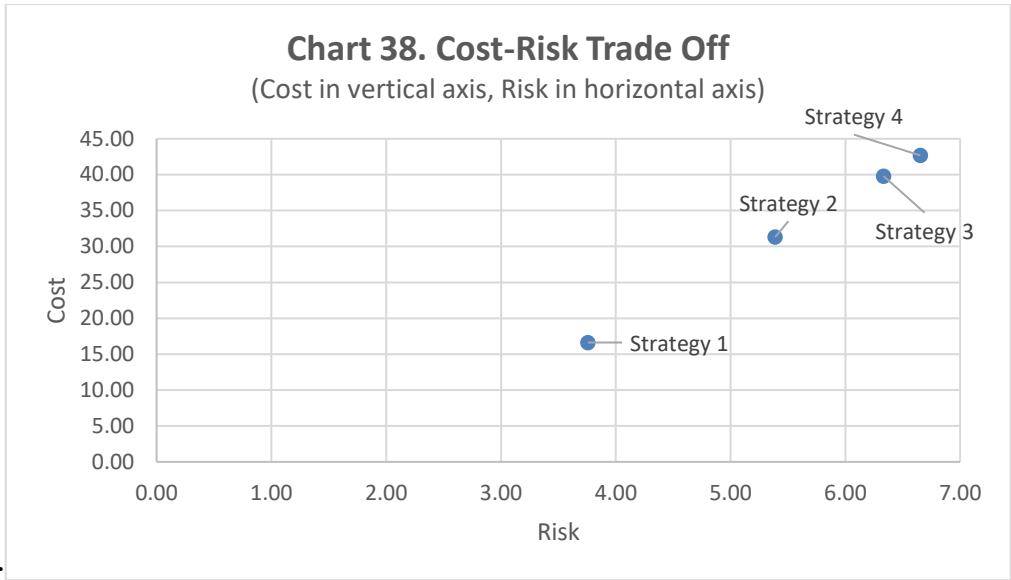
For Strategy #1, Adverse Shock is Historical
 For Strategy #2, Adverse Shock is Historical
 For Strategy #3, Adverse Shock is Historical
 For Strategy #4, Adverse Shock is Historical

The result on Debt as share of revenue indicates that Reference Debt Strategy (S1) has a cost of 122.2% with adverse shock of 360.9% and risk at 248.7%, Alternative Strategy (S2) has a cost of 131.1% with adverse shock of 365.0% and risk at 233.9%, Alternative Strategy (S3) has a cost of 147.4% with adverse shock of 368.5% and risk at 221.2%. Alternative Strategy (S4) has a cost of 152.3% with adverse shock of 269.6% and risk at 217.3%.

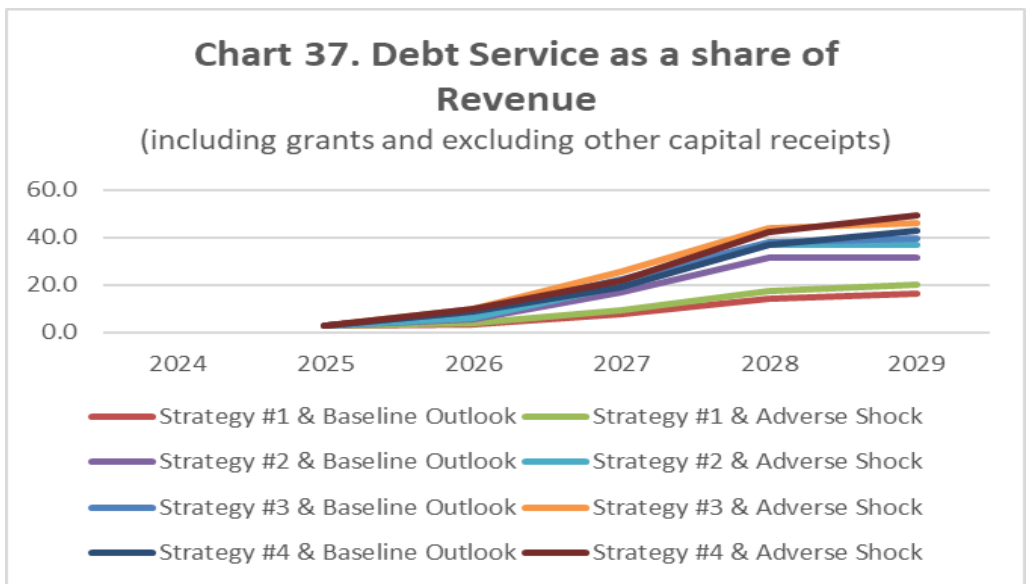
To compare between the referenced strategy (S1) and alternative strategies (S2, S3, and S4), the result indicated that Debt/Revenue of the alternative strategy(S4)was preferred because it has the lowest cost, (the state is being risk averse) adverse shock and risk of 152.3%, 269.6% and risk of 217.3% respectively, compared to reference strategy (S3) and alternative strategies (S2).

5.4 Debt Service/Revenue

The share of debt services as percentage of revenue and cost- risk trade-off for referenced strategy and alternatives strategies are presented in the chart 37 and



38:



Source: Adamawa State Forecasts, 2025.

Debt Service as % of Revenue (including grants and e	2024	2025	2026	2027	2028	COST RISK measured only in 2029	
						2029	
Strategy #1 & Baseline Outlook		2.7	3.6	7.6	14.4	16.6	3.8
Strategy #1 & Adverse Shock		2.7	4.0	9.3	17.6	20.4	
Strategy #2 & Baseline Outlook		2.7	5.5	16.7	31.7	31.3	5.4
Strategy #2 & Adverse Shock		2.7	6.1	19.4	36.9	36.7	
Strategy #3 & Baseline Outlook		2.7	8.8	22.3	38.2	39.8	6.3
Strategy #3 & Adverse Shock		2.7	9.8	25.7	44.1	46.1	
Strategy #4 & Baseline Outlook		2.7	8.9	19.0	36.7	42.7	6.7
Strategy #4 & Adverse Shock		2.7	9.9	21.9	42.4	49.3	

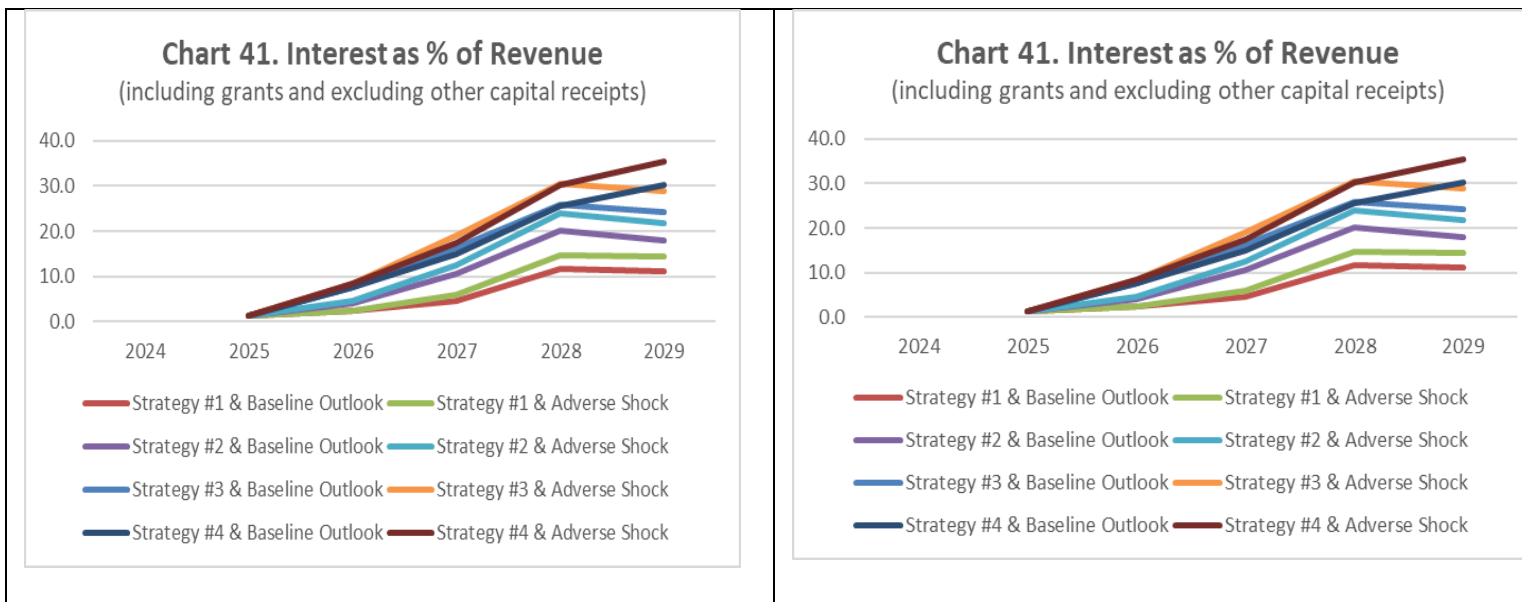
For Strategy #1, Adverse Shock is Revenue
 For Strategy #2, Adverse Shock is Revenue
 For Strategy #3, Adverse Shock is Revenue
 For Strategy #4, Adverse Shock is Revenue

The result on Debt Service as share of Revenue indicates that the Reference Debt Strategy (S1) has a cost of 16.6% with adverse shock of 20.4% and risk at 3.8%. Alternative Strategy (S2) has a cost of 31.3% with adverse shock of 36.7% and risk at 5.4%. Alternative Strategy (S3) has a cost of 39.8% with adverse shock of 46.1% and risk at 6.3%, Alternative Strategy (S4) has a cost at 42.7% with adverse shock of 49.3% and risk at 6.7%.

To compare between the referenced strategy (S1) and alternative strategies (S2, S3, and S4), the result indicated that the Debt Service/Revenue of the reference strategy (S1) has the lowest cost, adverse shock and risk of 16.6%, 20.4% and 3.8% respectively, compared to the alternative strategies (S2, S3, and S4).

5.5 Interest/Revenue

The share of interest as percentage of revenue and cost- risk trade-off for referenced strategy and alternatives strategies are presented in the chart 41 and 42:



Source: Adamawa State Forecasts, 2025

Interest as % of Revenue (including grants and exclud	2024	2025	2026	2027	2028	COST RISK measured only in 2029	
						2029	2029
Strategy #1 & Baseline Outlook		1.3	2.3	4.6	11.6	11.2	3.1
Strategy #1 & Adverse Shock		1.3	2.5	6.0	14.6	14.3	
Strategy #2 & Baseline Outlook		1.3	4.1	10.6	20.1	17.9	3.9
Strategy #2 & Adverse Shock		1.3	4.6	12.6	24.0	21.8	
Strategy #3 & Baseline Outlook		1.3	7.5	16.3	25.9	24.2	4.6
Strategy #3 & Adverse Shock		1.3	8.3	18.9	30.4	28.8	
Strategy #4 & Baseline Outlook		1.3	7.6	14.8	25.6	30.2	5.3
Strategy #4 & Adverse Shock		1.3	8.4	17.4	30.1	35.5	

For Strategy #1, Adverse Shock is Revenue
For Strategy #2, Adverse Shock is Revenue
For Strategy #3, Adverse Shock is Revenue
For Strategy #4, Adverse Shock is Revenue

The result on Interest as share of Revenue indicates that the Reference Debt Strategy (S1) has a cost of 11.2% with adverse shock of 14.3% and risk at 3.1%, Alternative Strategy (S2) has the cost of 17.9% with adverse shock of 21.8% and risk at 3.9%, Alternative Strategy (S3) has the cost of 24.2% with adverse shock of 28.8% and risk at 4.6%, Alternative Strategy (S4) has a cost of 30.2% with adverse shock of 35.5% and risk at 5.3%.

To compare between the referenced strategy (S1) and alternative strategies (S2, S3, and S4), the result indicated that the Interest/Revenue of the alternative strategy (S2) has the

lowest cost, adverse shock and risk of 17.9%, 21.8% and 3.9% respectively, compared to referenced strategy (S1) and alternative strategies (S3 and S4).

5.6 DMS Assessment

The preferred strategy was not solely based on the Analytical Tool assessment of all four strategies but took into consideration the ability to implement the chosen strategy successfully in the medium-term. The result on Debt as share of revenue indicates that alternative strategy S4 was adopted to show that the State was risk averse considering the strategy with the lowest risk, not minding the cost. The Analytical Tool's results of costs and risks suggests that the recommended strategy be S1, these results were just marginally better when compared with Strategy S2. Strategy 1 was considered as the most feasible of

the strategies to implement in the short to medium-term and it would still greatly improve the portfolio's debt position relative to the base year 2025.

FAR REACHING RECOMMENDATIONS

The Debt Management Strategy, 2025 - 2034 represents a robust framework for prudent debt management, as it provides a systematic approach to decision making on the appropriate composition of external and domestic borrowing to finance the 2025 budget. The cost-risk trade-off of alternative borrowing strategies under the DMS has been evaluated within the medium-term.

The report concluded that, there is a need for the Adamawa State to diversify sources of revenue away from crude-oil (FAAC), as well as full implementation of policies that will boost IGR into the State. The State remains mostly sensitive to the revenue shocks, expenditure shocks, exchange rate shocks to a great extent as shown on chart 3, as it has been observed that external debt service figures has increased from 2023 to 2024 figures from N39,113 to N127,296 a difference of about N88,183 billion which accounts for about 69% due mainly to Dollar-exchange disparity as a consequence of the removal of subsidy of foreign exchange (FX) by the Federal government, the spike depicted in debt service in the year 2021, 2022 2023 and 2024, was as a result of refinancing and consolidation of some commercial bank loans through state Bond issuance that peaked the total debt repayment to the tune of gulping over 58% of debt service as percentage of revenue in 2021 and 50% in 2022 as against the threshold of 40%. Meanwhile, the ratio of Personnel Cost to Revenue trends remains under the threshold of 60% over the historical, peaking at 50% highest in 2020, and also it was found to be sustainable within the projection period from 2025 to 2034.

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.

Projection Methodology

Source

Assumptions:

Economic activity	State GDP (at current prices)	Adamawa State GDP is Premised on the Suggested Projections by DMO and World Bank Figures provided in Annex 1 of the Guidance note and Control Sheet of this template for the whole ten years projections period 2025-2034.	Debt Management Office Abuja , The World Ban and National Bureau of Statistics.
Revenue	Revenue	The Total Revenue of State is Estimated and Projected to averagely increase sharply by 123% from 2025 - 2034 due largely to Fuel subsidy removal,Harmonization of exchange rates,Due to the Reforms and Diversification of Revenue Sources and attendant Plugging of Revenue Leakages which is expected to eventually Generate a lot of Money to the Government treasury.	Statutory FAAC Allocation,Internally Generated Revenue (IGR) and Grants both Domestic and External,DMO Suggested projections.
	1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	The State Gross Statutory Allocation is premised on the state 2025 Approved Budget Estimates and 2025-2027 MTEF figures and going forward it is estimated and projected to increase by 10% annually from 2028 to 2034 at an average increase of (N505,670,80 to N976,056,30) Billion, representing 93% From 2028 to 2034 end of projection pereiod, Due largely to rising Statutory Revenue Allocations as a result of fuel subsidy removal, Due to Plugging of Income Leakages, Reforms and Diversifications of Revenue Sources.	Office of the State Accountant-General,State planning commission ,MTEFteam,and the State DSA team.
	1.a. of which Net Statutory Allocation ('net' means of deductions)		
	1.b. of which Deductions		
	2. Derivation (if applicable to the State)		
	3. Other FAAC transfers (exchange rate gain, augmentation, others)	Other FAAC transfers is Estimated and Projectected to Increase by 5% year on year from 2025-2034 due to fuel Subsidy Removal, Dueto attendant Exchange rate and Excess crude fluctuation Difference. .	Office of the State Accountant-General,State planning commission ,MTEF,and the State DSA team.
	4. VAT Allocation	VAT is based on the suggested projections of 2020-2024 then extrapolated up to 2025-2034 from DMO, and FG MTEF figures provided.	VAT is based on the suggested projections of 2020-2024 then extrapolated up to 2025-2034 from DMO, and FG MTEF figures provided.
	5. IGR	The State IGR i.e. Independent revenue is based 2025 Approved Budget Estimate and 2025-2027 MTEF projections then projected to grow by 5% annually from 2028-2034 due to continuous Government drive in plugging of Revenue leakages, Diversifications of Revenue Sources through the Expansion of State tax base by the State Board of Internal Revenue.	State Board of Internal Revenue ,Office of the State Accountant-General,State planning commission ,MTEF,and the State DSA team.
	6. Capital Receipts		

	6.a. Grants	The State Grants is premised on 2025 Approved Budget Estimate and MTEF 2025-2027 figures and then Extrapolated to increase by 3% annually from 2028-2034 end of projections period due to Rounding up of some Grant Awarding Programmeslike Multisectoral Crises Recovery program (MCRP) and SFTAS.	DSA Team, Ministry of Finance and Economic Development, Grant awarding institutions.
	6.b. Sales of Government Assets and Privatization Proceeds		
	6.c. Other Non-Debt Creating Capital Receipts		
Expenditure	Expenditure	The StateTotal Expenditure is projected to increase averagely by 232.9% from 2025 - 2034 due largely to high Cost of logistic of Day to Day Government Operations and Activities i.e Increase in Electricity tarriff, Cost of meeting Infrastructural deficits, Cost of Employment in order to Reduce Unemployment rate, Cost of Salary Increases.	Office of the Accountant-General of the State, Ministry of Finance, DSA-DMS Team
	1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	Personnel Cost is based on 2025 Approved Budget Estimate and MTEF 2025-2027 Figures ,then extrapolated to grow at 10% year on year for the whole projection period 2025 - 2034 , Due to the minimum wage increase policy of the federal government and the Employment drive of the State to reduce unemployment rate of the state's populace and clearance of the attendant Accumulated Pensions and Gratuity Arrears.	Office of the Accountant-General of the State, Ministry of Finance, DSA-DMS Team.
	2. Overhead costs	Overhead Cost based on 2025 Approved Budget Estimate and MTEF 2025-2027 Figures ,then extrapolated to increase averagely by 77.2% from 2028-2034 , due to huge cost of running government Operations i.e. increase in electricity tarriff, high cost of fueling cars and machineries and purchase of office consumerbles.	Office of the Accountant-General of the State, Ministry of Finance, DSA-DMS Team.
	3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	Interest Payment is Estimated to increase during the projection period due to huge Government Borrowings in order to meet up its Infrastructural deficits in a bit to attain Urbanization and Urban Renewal Drive of the State.	Office of the Accountant-General of the State, Ministry of Finance, DSA-DMS Team.
	4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)	Other Recurrent Expenditure Is based on 2025 Approved Budget Estimate and MTEF 2025-2027 Figures ,then extrapolated to increase by 10% annually from 2028-2034 due to cost of Maintainig security, personelltrevelexpenses, Trainings and capacity building .	Office of the Accountant-General of the State, Ministry of Finance, DSA-DMS Team.
	5. Capital Expenditure	Capital expenditure is based on 2025 Approved Budget Estimate and MTEF 2025-2027 Figures ,then extrapolated to increase averagely by 27.3% from 2028-2034, Due to Cost of meeting Infrastructural deficits and Urban Renewal drive of the state government.	Office of the Accountant-General of the State, Ministry of Finance, DSA-DMS Team.

Closing Cash and Bank Balance	Closing Cash and Bank Balance	The Closing Cash and Bank Balance of the Projected period 2025 - 2034, Is Premised on five year moving average of the historic years of 2020 to 2024 then Extrpolated to 2034 end of projections.	Office of the Accountant-General of the State, Ministry of Finance, DSA-DMS Team, State Debt Management Agency.
Debt Amotization and Interest Payments	Debt Outstanding at end-2024		
	External Debt - amortization and interest	The External debt are mainly from concessional World Bank and African Development Bank at an average interest of 2.75%, and at an average period 18years .	World Bank, African Development bank and other Internationallenders, Amortizations Schedules.
	Domestic Debt - amortization and interest	The Domestic debt are mainly from Commercial banks, Domestic Capital Market and Federal Government of Nigeria On-Lending and Intervention Funds , at an average interest rate of 24.63%, and average period of 7 years.	From the Domestic Capital market. and Commercial Banks and Federal Government Intervention Funds, Amortizations Schedules
	New debt issued/contracted from 2025 onwards		
	New External Financing	Adamawa State Intend to Borrow Externally concessional and Bilateral for the ten years projected period (2025 - 2034) from World Bank and African Development Bank at an average interest rate of 2.75%, average 18 years maturity and average grace period of 4 years.	
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Interest rate (2.5%), maturity(20yrs), Grace period(5yrs).	World Bank, African Development bank and other Internationallenders, Amortizations Schedules.
	External Financing - Bilateral Loans	Interest rate (3.0%), maturity(15yrs), Grace period(3yrs).	World Bank, African Development bank and other Internationallenders, Amortizations Schedules.
	Other External Financing	Interest rate (0%), maturity(0yrs), Grace period(0yrs)	
	New Domestic Financing	Adamawa State Intend to Borrow Domestically from the Domestic Commercial Banks and the Domestic Capital Market(The Nigerian Stock Exchnge), Federal Government Interventions Funds for the ten years projected period (2025-2034) at an average interest rate of 24.63%, average 7 years maturity and average grace period of 1 years.	
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	Interest rate (33.0%), maturity(5yrs), Grace period(1yr)	From the Domestic Commercial Banks and Federal Government Intervention Funds.
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	Interest rate (33.50%), maturity(7yrs), Grace period(1yr)	From the Domestic Commercial Banks and Federal Government Intervention Funds.
	State Bonds (maturity 1 to 5 years)	Interest rate (15.5%), maturity(5yrs), Grace period(1yr)	From the Domestic Capital market. and Commercial Banks and Federal Government Intervention

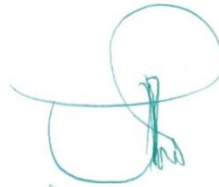
			Funds, Amortizations Schedules
	State Bonds (maturity 6 years or longer)	Interest rate (16.5%), maturity(10yrs), Grace period(1yr).	From the Domestic Capital market.andCommerciAL Banks and Federal Government Intervention Funds, Amortizations Schedules
	Other Domestic Financing	Interest rate (0), maturity(0), Grace period(0)	nil
Proceeds from Debt-Creating Borrowings	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S1		
corresponding to Debt Strategy S1	New Domestic Financing in Million Naira	Debt management strategy S1, Which constitute the Reference Debt Management Strategy, The Base Line Scenario where the State Intends to Borrow Majorly from the Domestic Capital Market Bond Maturing 6 years and above at 16.5% interest rate ,matuaring 10yrs with a grace period of 1yrs.Amounting to (N1,186,334.3)trillion representing 33% Of Total Domestic Borrowing of (N3,590,596.70) and 25% of(N4,812,796.70) trillion naira Representing Total Financing Mix of Total Domestic to Tota Foreign Debts (N3,590,596.70) to (N1,222,200.00) Representing a proportinate ratio of 75%:25% Respectively, for the projected period 2025-2034 .	
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)		From Domestic Commercial Banks.
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)		From Domestic Commercial Banks.
	State Bonds (maturity 1 to 5 years)		From the Domestic Capital Markets.
	State Bonds (maturity 6 years or longer)	Debt management strategy S1, Which constitute the Reference Debt Management Strategy, The Base Line Scenario where the State Intends to Borrow Majorly from the Domestic Capital Market Bond Maturing 6 years and above at 16.5% interest rate ,matuaring 10yrs with a grace period of 1yrs.Amounting to (N1,186,334.3)trillion representing 33% Of Total Domestic Borrowing of (N3,590,596.70) and 25% of(N4,812,796.70) trillion naira Representing Total Financing Mix of Total Domestic to Tota Foreign Debts (N3,590,596.70) to (N1,222,200.00) Representing a proportinate ratio of 75%:25% Respectively, for the projected period 2025-2034 .	From the Domestic Capital Markets.
	Other Domestic Financing		nil
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Interest rate (2.5%), maturity(20yrs), Grace period(5yrs).	World Bank, African Development bank and other Internationallenders,Amortizations Schedules.
	External Financing -	Interest rate (3.0%), maturity(15yrs), Grace	World Bank, African Development

	Bilateral Loans	period(3yrs).	bank and other Internationallenders,Amortizations Schedules.
	Other External Financing	Interest rate (0%), maturity(0yrs), Grace period(0yrs)	nil
Proceeds from Debt-Creating Borrowings	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S2		
corresponding to Debt Strategy S2	New Domestic Financing in Million Naira	In Debt management strategy S2,The State Intends to Borrow Majorly from the Domestic Capital Market Bond Maturing 1-5 years at 15.5% interest rate , with a grace period of 1yrs.Amounting to (N1,507,755.10)trillion representing 41% Of Total Domestic Borrowing of(N3,644,414.40) trillion naira, and 30% of(N5,002,414.40) trillion naira Representing Total Financing Mix of Total Domestic to Total Foreign Debts(N3,644,414.40)to(N1,358,000.00) ,which altimately Represent a proportinate ratio of 73%:27% Respectively, for the projected period 2025-2034.	
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)		From Domestic Commercial Banks.
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)		From Domestic Commercial Banks.
	State Bonds (maturity 1 to 5 years)	In Debt management strategy S2,The State Intends to Borrow Majorly from the Domestic Capital Market Bond Maturing 1-5 years at 15.5% interest rate , with a grace period of 1yrs.Amounting to (N1,507,755.10)trillion representing 41% Of Total Domestic Borrowing of(N3,644,414.40) trillion naira, and 30% of(N5,002,414.40) trillion naira Representing Total Financing Mix of Total Domestic to Total Foreign Debts(N3,644,414.40)to(N1,358,000.00) ,which altimately Represent a proportinate ratio of 73%:27% Respectively, for the projected period 2025-2034.	From Domestic Commercial Banks.
	State Bonds (maturity 6 years or longer)		From the Domestic Capital Markets.
	Other Domestic Financing		nil
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Interest rate (2.5%), maturity(20yrs), Grace period(5yrs).	World Bank, African Development bank and other Internationallenders,Amortizations Schedules.
	External Financing - Bilateral Loans	Interest rate (3.0%), maturity(15yrs), Grace period(3yrs).	World Bank, African Development bank and other Internationallenders,Amortizations Schedules.
	Other External	Interest rate (0%), maturity(0yrs), Grace period(0yrs)	nil

	Financing		
Proceeds from Debt-Creating Borrowings	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S3		
corresponding to Debt Strategy S3	New Domestic Financing in Million Naira	In Debt management strategy S3, The State Intends to Borrow Majorly from the Domestic Commercial Bank Maturing 1-5 years at 33% interest rate , with a grace period of 1yrs. Amounting to (N1,843,887.70)trillion naira representing 45% Of Total Domestic Borrowing of(N4,105,154.60) trillion naira, and 30% of(N6,156,154.60) trillion naira Representing Total Financing Mix of Total Domestic to Total Foreign Debts(N4,105,154.60)to(N2,051,000.00) ,which altimately Represent a proportinate ratio of 67%:33% Respectively, for the projected period 2025-2034.	
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	In Debt management strategy S3, The State Intends to Borrow Majorly from the Domestic Commercial Bank Maturing 1-5 years at 33% interest rate , with a grace period of 1yrs. Amounting to (N1,843,887.70)trillion naira representing 45% Of Total Domestic Borrowing of(N4,105,154.60) trillion naira, and 30% of(N6,156,154.60) trillion naira Representing Total Financing Mix of Total Domestic to Total Foreign Debts(N4,105,154.60)to(N2,051,000.00) ,which altimately Represent a proportinate ratio of 67%:33% Respectively, for the projected period 2025-2034.	From Domestic Commercial Banks.
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)		From Domestic Commercial Banks.
	State Bonds (maturity 1 to 5 years)		From Domestic Commercial Banks.
	State Bonds (maturity 6 years or longer)		From the Domestic Capital Markets.
	Other Domestic Financing		nil
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Interest rate (2.5%), maturity(20yrs), Grace period(5yrs).	World Bank, African Development bank and other Internationallenders, Amortizations Schedules.
	External Financing - Bilateral Loans	Interest rate (3.0%), maturity(15yrs), Grace period(3yrs).	World Bank, African Development bank and other Internationallenders, Amortizations Schedules.
	Other External Financing	Interest rate (0%), maturity(0yrs), Grace period(0yrs)	nil
Proceeds from Debt-Creating Borrowings	Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S4		

corresponding to Debt Strategy S4	New Domestic Financing in Million Naira	In Debt management strategy S4, The State Intends to Borrow Majorly from the Domestic Commercial Bank Maturing 6 years and above at 33.50% interest rate , with a grace period of 1yrs. Amounting to (N1,887,990.20)trillion naira representing 44% Of Total Domestic Borrowing of(N4,294,374.10) trillion naira, and 33% of(N5,764,374.10) trillion naira Representing Total Financing Mix of Total Domestic toTotal Foreign Debts(N4,294,374.10)to(N1,470,000.00) ,which altimately Represent a proportinate ratio of 74%:26% Respectively, for the projected period 2025-2034.	
	Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)		From Domestic Commercial Banks.
	Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	In Debt management strategy S4, The State Intends to Borrow Majorly from the Domestic Commercial Bank Maturing 6 years and above at 33.50% interest rate , with a grace period of 1yrs. Amounting to (N1,887,990.20)trillion naira representing 44% Of Total Domestic Borrowing of(N4,294,374.10) trillion naira, and 33% of(N5,764,374.10) trillion naira Representing Total Financing Mix of Total Domestic toTotal Foreign Debts(N4,294,374.10)to(N1,470,000.00) ,which altimately Represent a proportinate ratio of 74%:26% Respectively, for the projected period 2025-2034.	From Domestic Commercial Banks.
	State Bonds (maturity 1 to 5 years)		From Domestic Commercial Banks.
	State Bonds (maturity 6 years or longer)		From the Domestic Capital Markets.
	Other Domestic Financing		nil
	New External Financing in Million US Dollar		
	External Financing - Concessional Loans (e.g., World Bank, African Development Bank)	Interest rate (2.5%), maturity(20yrs), Grace period(5yrs).	World Bank, African Development bank and other Internationallenders, Amortizations Schedules.
	External Financing - Bilateral Loans	Interest rate (3.0%), maturity(15yrs), Grace period(3yrs).	World Bank, African Development bank and other Internationallenders, Amortizations Schedules.
	Other External Financing	Interest rate (0%), maturity(0yrs), Grace period(0yrs)	nil

Indicator	Actuals					Projections									
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
BASELINE SCENARIO															
Economic Indicators															
State GDP (current prices)	2,234,336.74	2,550,444.40	2,931,246.79	3,395,647.06	4,010,839.95	4,665,227.95	5,350,909.69	6,149,554.44	7,126,744.67	7,929,394.28	8,822,442.32	9,816,069.88	10,921,604.75	12,151,650.49	13,520,230.12
Exchange Rate NGN/US\$ (end-Period)	305.80	306.50	326.00	379.00	1,300.00	1,602.69	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00	1,400.00
Fiscal Indicators (Million Naira)															
Revenue															
1. Gross Statutory Allocation (gross' means with no deductions; do not include VAT Allocation here)	101,427.31	85,540.49	107,741.17	161,753.30	325,548.73	622,888.05	719,398.28	788,651.52	918,737.55	1,044,364.38	1,171,168.71	1,300,480.27	1,405,530.31	1,573,257.26	1,814,362.07
1.a. of which Net Statutory Allocation ('net' means of deductions)	29,891.13	30,319.87	40,980.30	31,214.47	145,284.08	370,112.00	370,112.00	370,112.00	370,112.00	370,112.00	370,112.00	370,112.00	370,112.00	370,112.00	370,112.00
1.b. of which Deductions	4,531.76	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Derivation (if applicable to the State)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Other FAAC transfers (exchange rate gain, augmentation, others)	6,654.90	4,934.47	5,120.20	20,553.98	25,838.24	27,130.16	28,486.66	29,911.00	31,406.55	32,976.87	34,625.72	36,357.00	38,174.85	40,083.60	42,087.78
4. VAT Allocation	14,630.81	20,682.65	19,637.72	35,082.21	47,731.65	71,164.76	89,277.88	101,000.47	118,170.55	138,259.54	161,763.66	189,263.49	221,438.28	259,082.79	303,126.86
5. IGR	7,739.81	10,374.73	13,323.61	17,066.19	22,240.61	24,568.58	27,062.38	28,843.00	30,785.15	32,824.41	34,970.63	37,224.41	39,584.16	42,052.87	44,740.02
6. Capital Receipts	37,978.89	19,228.77	28,677.34	57,836.40	84,454.14	123,892.55	203,054.98	255,175.52	330,281.62	401,047.93	498,876.62	618,006.09	761,918.08	928,284.12	1,119,342.02
6.a. Grants	7,156.32	2,635.97	7,273.10	27,836.39	38,355.00	16,137.47	46,125.18	50,190.72	51,696.44	53,247.33	54,844.75	56,490.10	58,184.80	59,930.34	61,728.25
6.b. Sales of Government Assets and Privatization Proceeds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.c. Other Non-Debt Creating Capital Receipts	5.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.d. Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc.)	30,816.87	16,592.80	21,404.24	30,000.00	0.00	107,755.08	156,929.80	204,984.80	278,585.18	348,800.60	440,031.86	564,000.00	721,515.99	928,284.12	1,198,732.00
Expenditure															
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	89,673.10	84,167.72	117,625.80	134,434.90	356,650.30	610,697.61	719,186.90	790,509.96	913,057.78	1,052,027.72	1,167,710.34	1,300,473.75	1,405,902.90	1,572,125.85	1,812,212.57
2. Overhead costs	35,140.58	29,337.26	31,698.70	32,957.21	35,548.65	74,227.05	63,036.62	63,036.62	69,340.28	76,274.31	83,901.74	92,291.92	101,521.11	111,673.22	122,840.54
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	17,228.32	14,302.94	19,541.98	24,976.81	53,854.77	46,036.23	90,452.31	91,481.08	100,629.19	110,692.11	123,937.45	147,331.19	162,064.31	198,270.74	249,389.17
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted from FAAC Allocation)	0.00	0.00	6,732.15	7,569.16	1,897.60	5,688.13	12,704.89	27,011.17	74,520.17	99,969.67	116,996.91	132,936.30	131,191.08	127,778.00	109,286.06
3.b. of which Interest deducted from FAAC Allocation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)	2,319.97	780.00	8,271.24	8,011.67	22,666.61	63,029.20	90,574.80	91,513.70	100,665.07	110,731.58	121,804.73	133,985.21	147,383.73	162,122.10	198,334.31
5. Capital Expenditure	21,302.65	19,830.17	45,934.94	50,244.73	169,770.69	413,425.56	454,768.12	500,244.93	550,269.43	605,296.37	665,826.00	732,408.60	778,979.13	886,877.05	990,564.75
6. Amortization (principal) payments	13,681.57	19,916.45	5,448.80	10,675.30	68,912.00	7,411.44	7,599.95	17,222.46	17,633.64	49,063.69	57,419.62	74,914.28	99,496.65	121,611.17	142,916.16
Budget Balance '+' means surplus, '-' means deficit	11,754.21	1,372.77	-9,884.63	27,318.40	-31,101.60	12,190.44	211.37	-1,858.44	5,679.76	-7,663.34	3,458.37	6.52	-372.59	1,131.41	2,149.50
Opening Cash and Bank Balance	694.41	12,448.71	13,821.50	3,936.90	31,255.30	15,370.00	12,344.14	12,555.51	10,697.07	16,376.84	8,713.49	12,171.87	12,178.38	11,805.79	12,937.20
Closing Cash and Bank Balance	12,448.71	13,821.51	13,821.50	31,255.30	15,370.00	12,344.14	12,555.51	10,697.07	16,376.84	8,713.49	12,171.87	12,178.38	11,805.79	12,937.20	15,086.70
Financing Needs and Sources (Million Naira)															
Financing Needs															
i. Primary balance						107,755.08	156,929.80	204,984.80	278,585.18	348,800.60	440,031.86	564,000.00	721,515.99	928,284.12	1,198,732.00
ii. Debt service						-81,585.08	-136,453.59	-162,609.61	-180,751.60	-4,430.58	33,843.05	86,341.10	180,401.49	238,532.85	240,795.86
Amortizations						13,979.57	20,282.84	44,233.63	92,153.82	149,033.36	174,616.54	207,850.58	230,687.74	249,389.17	252,202.22
Interests						6,568.13	12,704.89	27,011.17	74,520.17	99,969.67	116,996.91	132,936.30	131,191.08	127,778.00	109,286.06
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)						12,190.44	211.37	-1,858.44	5,679.76	-7,663.34	3,458.37	6.52	-372.59	1,131.41	2,149.50
Financing Sources															
i. Financing Sources Other than Borrowing						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ii. Gross Borrowings						107,755.08	156,929.80	204,984.80	278,585.18	348,800.60	440,031.86	564,000.00	721,515.99	928,284.12	1,198,732.00
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)						0.00	0.00	90,787.00	0.00	50,000.00	0.00	0.00	0.00	11,887.73	0.00
State Bonds (maturity 1 to 5 years)						0.00	0.00	0.00	0.00	0.00	0.00	65,515.99	0.00	0.00	0.00
State Bonds (maturity 6 years or longer)						27,620.57	0.00	114,197.80	80,000.00	41,800.00	0.00	0.00	0.00	0.00	0.00
Other Domestic Financing						0.00	82,729.80	0.00	72,585.18	0.00	0.00	0.00	0.00	0.00	13,555.86
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)						80,134.51	74,200.00	0.00	126,000.00	0.00	70,000.00	0.00	0.00	0.00	0.00
External Financing - Bilateral Loans						0.00	0.00	0.00	0.00	56,000.00	0.00	56,000.00	0.00	0.00	0.00
Other External Financing						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Residual Financing						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Debt Stocks and Flows (Million Naira)															
Debt (stock)															
External	136,251.92	127,118.90	161,090.80	177,373.80	208,528.85	338,511.93	458,512.98	646,275.63	907,226.86	1,005,963.77	1,092,676.01	1,130,177.72	1,089,594.72	979,971.28	850,610.98
Domestic	33,454.52	24,581.30	34,099.60	39,112.80	127,296.13	232,221.94	272,480.39	257,154.70	387,500.63	437,297.44	501,970.11	547,384.59	531,200.16	509,810.51	480,242.88
Gross borrowing (flow)	102,797.40	102,537.60	126,991.20	138,261.00	81,232.72	106,289.99	186,032.60	379,120.63	519,726.43	568,666.32	590,605.90	591,793.13	558,394.56	470,160.77	370,368.10
External	80,134.51	74,200.00	0.00	0.00	0.00	126,000.00	0.00	126,000.00	56,000.00	70,000.00	70,000.00	56,000.00	0.00	0.00	0.00
Domestic	22,662.89	28,337.60	126,991.20	138,261.00	81,232.72	106,289.99	186,032.60	379,120.63	519,726.43	568,666.32	590,605.90	591,793.13	558,394.56	470,160.77	370,368.10
Amortizations (flow)	3,910.96	33,988.73	33,290.40	45,069.69	183,407.10	27,620.57	82,729.80	204,984.80	152,585.18	91,800.60	74,631.86	65,515.99	49,913.65	11,887.73	13,555.86
External	366.96	429.10	929.10	1,667.60	6,370.00	7,411.44	7,599.95	17,222.46	17,633.64	49,063.69	57,419.62	74,914.28	99,496.65	121,611.17	142,916.16
Domestic	3,544.00	33,559.63	32,361.30	43,402.00	176,737.10	20,211.13	75,130.85	187,361.14	135,351.52	42,136.92	17,217.04	11,101.71	5,416.96	1,275.56	1,639.70
Interests (flow)	4,478.84	5,946.40	9,537.36	7,872.40	14,240.70	6,568.13	12,704.89	27,011.17	74,520.17	99,969.67	116,996.91	132,936.30	131,191.08	127,778.00	109,286.06
External	244.64	245.20	280.36	303.20	2,340.00	1,923.23	3,710.00	5,845.00	5,705.00	8,715.00	10,955.00	12,845.00	14,548.33	14,448.00	14,347.67
Domestic	4,234.20	5,701.20	9,257.00	7,569.20	11,900.70	4,644.90	8,994.89	21,166.17	68,815.17	91,254.67	106,041.91	120,091.30	116,642.75	113,330.00	94,938.39
Net borrowing (gross borrowing minus amortizations)	98,886.44	68,548.87	93,700.80	93,191.31	53,825.62	100,343.64	149,369.85	187,762.34	266,951.53	98,796.91	86,623.24	46,601.71	49,583.00	-109,623.44	-129,360.30
External	75,286.37	69,627.25	5,325.69	120,345.73	49,797.01	75,286.37	69,627.25	5,325.69	120,345.73	49,797.01	64,672.67	45,414.48	-16,184.43	-21,389.65	-25,567.63
Domestic	23,599.07	0.00	89,375.11												



Aufrotor Wandamihya

**Honourable Commissioner,
Ministry of Finance,
Adamawa State**

30/11/25