

**States of States BudgiT 2019 Report**

**Executive Summary Prepared by NGF Secretariat**

**Overview**

Effective delivery of public services is closely associated with poverty reduction and growth, and States with strong, transparent, accountable Public Financial Management systems tend to deliver services more effectively and equitably and regulate markets more efficiently and fairly. In this sense, good PFM is a necessary condition for most development outcomes. As we will see, there is need for States to slow down on borrowing, rein in recurrent expenditure and re-work the budgeting system. Economic planners will need to lift States from a perpetual cycle of borrowing, work to improve tax collection efficiencies and realign budgeting with Statewide plans.

**Internally Generated Revenue (IGR)**[[1]](#footnote-1)

**Note for figure 1:** The total revenue generated by the States in 2018 (1,110 Billion) increased by 18.61% compared to total revenue generated in 2017 (936.47 Billion). The introduction and adoption of the Consolidated Revenue Account and improvements in the use of technology had positive impact in the revenue generation of States for the period in view. Overall IGR performance Ondo, Bayelsa and Imo State recorded the highest growth of 126.83%, 121.79% and 117.26% respectively compared to 2017. However, the inefficiencies in collection did not improve in 2018 compared to 2017. In 2017 (64%) of the total IGR was accounted for by the top five States, in 2018 it was (64.1%). Lagos (N30,451), Ogun (N16,205) and Rivers (N15,441) led all States in Per Capita Internally Generated Revenue.

**Debt Stock[[2]](#footnote-2)**

**Note for figure 2:** The domestic debt stock grew by 13% in 2018 compared to 2017, while foreign debt stock only grew by 3%, overall the debt stock of States grew by 8% in absolute terms. The impact of the growth in debt profile of the States is evident in the increase debt service coverage ratio as most continue to struggle to service these loans. Lagos ($1,426.43million), Edo($276.25million) and Kaduna ($227.25million) lead all States in external debt stock, while Lagos (N530.24billion), Delta (N228.81billion) and Rivers(N225.59billion) lead all States in domestic debt stock.

**Fiscal Sustainability Index (FSI)**

**Note for figure 3:** Fiscal Sustainability Index (FSI) measures the capability of States to meet their recurrent expenditure[[3]](#footnote-3) using its VAT revenue, IGR and advantage income. It also measures the ability of States to sustainably manage their debt profiles. The methodology used in computing this index encompasses: Ability of States to meet recurrent expenditure obligations using state-own revenue (Recurrent Expenditure/IGR + 13% Derivation + Value Added Tax) weight = (35%), Ability of States to meet recurrent expenditure obligations using state’s total revenue without recourse to debts or grants (Recurrent Expenditure/Total Revenue) weight = (50%), and lastly it examines the duration (in years) required to repay outstanding debts using today’s revenue (Total Debt Stock/Total Revenue) weight = (15%). Lagos, Rivers, and Akwa Ibom lead all states.

|  |  |  |  |
| --- | --- | --- | --- |
| **States** | **Average Monthly Recurrent Expenditure (N’bn)** | **Average Monthly Revenue (N’bn)** | **Average Monthly Recurrent Expenditure Surplus/Deficit (N’bn)** |
| ABIA | 6.44 | 4.98 | 1.46 |
| ADAMAWA | 5.59 | 4.00 | -1.59 |
| AKWA IBOM | 9.41 | 14.68 | 5.28 |
| ANAMBRA | 3.63 | 5.11 | 1.47 |
| BAUCHI | 4.93 | 4.60 | -0.33 |
| BAYELSA | 11.46 | 11.38 | -0.09 |
| BENUE | 4.86 | 4.62 | -0.24 |
| BORNO | 4.05 | 4.50 | 0.46 |
| CROSS RIVER | 3.13 | 5.01 | 1.88 |
| DELTA | 16.74 | 16.22 | -0.53 |
| EBONYI | 2.50 | 3.56 | 1.06 |
| EDO | 6.22 | 6.33 | 0.10 |
| EKITI | 5.09 | 4.14 | -0.95 |
| ENUGU | 4.33 | 5.40 | 1.07 |
| GOMBE | 4.44 | 3.73 | -0.70 |
| IMO | 3.66 | 5.08 | 1.42 |
| JIGAWA | 5.00 | 4.75 | -0.24 |
| KADUNA | 4.80 | 6.88 | 2.08 |
| KANO | 6.59 | 9.50 | 2.91 |
| KATSINA | 4.68 | 5.16 | 0.48 |
| KEBBI | 2.93 | 4.02 | 1.09 |
| KOGI | 7.42 | 4.66 | -2.75 |
| KWARA | 5.87 | 4.79 | -1.09 |
| LAGOS | 16.65 | 38.12 | 21.46 |
| NASARAWA | 3.49 | 4.05 | 0.55 |
| NIGER | 5.16 | 4.57 | -0.60 |
| OGUN | 8.31 | 9.63 | 1.32 |
| ONDO | 7.45 | 5.81 | -1.64 |
| OSUN | 5.45 | 4.23 | -1.21 |
| OYO | 8.41 | 6.22 | -2.19 |
| PLATEAU | 6.26 | 4.53 | -1.73 |
| RIVERS | 11.03 | 19.24 | 8.21 |
| SOKOTO | 4.84 | 4.97 | 0.13 |
| TARABA | 5.04 | 3.87 | -1.17 |
| YOBE | 3.32 | 3.71 | 0.39 |
| ZAMFARA | 3.35 | 3.79 | 0.44 |

**Ability of States to Meet Monthly Recurrent Expenditure Obligations**

**Sources: State financial statements,OAGF, BudgIT analysis Surplus Deficit**

**Opportunities Available to States**

|  |  |  |
| --- | --- | --- |
| S/No | STATE | OPPORTUNITIES |
| 1 | Abia State | Oil Palm, River Ports and Footwear |
| 2 | Adamawa State | Livestock, Sugar Cane and Hydroelectricity |
| 3 | Akwa Ibom State | Cocoa, Sea Port and Petro-Chemical |
| 4 | Anambra State | Clay, River Port and Poultry |
| 5 | Bauchi State | Sugar, Tourism and Livestock |
| 6 | Bayelsa State | Aqua-Culture, Sea Port, Bioplastics and Petro-Chemical |
| 7 | Benue State | Fish, Soya Bean and Fruit Concentrate |
| 8 | Borno State | Livestock, Alfafa and Honey |
| 9 | Cross River State | Cocoa, Sea Port, Animal Feed and Carbon Trading |
| 10 | Delta State | Lignite, Sea Port and Engineered Wood |
| 11 | Ebonyi State | Rice, Potatoes and Industrial Starch |
| 12 | Edo State | Oil Palm, Rubber and Cashew |
| 13 | Ekiti State | Granite, Red Bricks, Ceramic and Tourism |
| 14 | Enugu State | Tourism, Red \Bricks, Coal, Cement and Wind Power |
| 15 | Gombe State | Tourism, Cotton and Cement |
| 16 | Imo State | Oil Palm, Rice and Fish |
| 17 | Jigawa State | Wind Power, Soybeans and Tomatoes |
| 18 | Kaduna State | Livestock, Logistics Hub and Feed Mills |
| 19 | Kano State | Feed Mills, Cotton, Textile, Apparel, Footwear and Commerce |
| 20 | Katsina State | Livestock, Cotton and Feed Mills |
| 21 | Kebbi State | Rice, Wind Power and Glassware |
| 22 | Kogi State | Fish, River Port, Cement and Iron Ore |
| 23 | Kwara State | Feed Mills, Tomatoes and Cement |
| 24 | Lagos State | Aquaculture, Sea Port, Technology, Biodiesel and Housing |
| 25 | Nasarawa State | Logistic Hub, Bauxite/Aluminum and Grain |
| 26 | Niger State | Uranium, River Port and Feed Mills |
| 27 | Ogun State | Housing, Manufacturing Hub and Education |
| 28 | Ondo State | Cocoa, Deep Sea Port, Asphalt Shingles and Bitumen |
| 29 | Osun State | Food Hub, Cocoa and Red Bricks |
| 30 | Oyo State | Hydro Power, Fishing and Feed Mills |
| 31 | Plateau State | Tourism, Industrial Starch and Potato |
| 32 | Rivers State | Oil Palm, Manufacturing Hub, Biofuel (Algae) and Petro-Chemical |
| 33 | Sokoto State | Gypsum Dry Wall, Cement and Hydroelectricity |
| 34 | Taraba State | Hydropower, Vegetables and Tourism |
| 35 | Yobe State | Cement, Diatomite and Livestock |
| 36 | Zamfara State | Solar Power, Manufacturing Hub, Iron Ore and Mining |

**Top Agricultural Products**

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| --- | --- | --- |
| S/No | STATE | TOP AGRICULTURAL PRODUCTS |
| 1 | Abia State | Oil Palm, Cassava and Rice |
| 2 | Adamawa State | Maize, Cassava and Millet |
| 3 | Akwa Ibom State | Oil Palm, Fish, Banana and Timber |
| 4 | Anambra State | Yam, Cassava, Animal Feed and Rice |
| 5 | Bauchi State | Sugarcane, Cassava and Cowpea |
| 6 | Bayelsa State | Fish, Cassava and Rice |
| 7 | Benue State | Fish, Yam and Citrus Fruits |
| 8 | Borno State | Beef, Groundnut and Onion |
| 9 | Cross River State | Pineapple, Grains, Timber and Cocoa |
| 10 | Delta State | Oil Palm, Cassava and Rubber |
| 11 | Ebonyi State | Rice, Sweet Potatoes and Oil Palm |
| 12 | Edo State | Oil Palm, Shea, Grain, Banana and Fish |
| 13 | Ekiti State | Cocoa, Cassava and Yam |
| 14 | Enugu State | Oil Palm, Cassava and Melon |
| 15 | Gombe State | Gum Arabic, Tomatoes and Sorghum |
| 16 | Imo State | Oil Palm, Rice, Shrimp, Gypsum Powder (Plaster of Paris) and Cassava |
| 17 | Jigawa State | Cowpea, Sorghum and Livestock |
| 18 | Kaduna State | Sugarcane, Soybean, Livestock (Poultry) and Maize |
| 19 | Kano State | Groundnut, Livestock and Cowpea |
| 20 | Katsina State | Livestock, Cotton and Sorghum. |
| 21 | Kebbi State | Rice, Maize and Onions. |
| 22 | Kogi State | Fish, Cassava and Rice |
| 23 | Kwara State | Livestock, Maize, Grains, Animal Feed and Sugarcane |
| 24 | Lagos State | Fish, Vegetables and Livestock |
| 25 | Nasarawa State | Maize, Groundnut and Rice |
| 26 | Niger State | Maize, Fish, Shea and Rice. |
| 27 | Ogun State | Timber, Cassava and Maize, Frozen Chicken |
| 28 | Ondo State | Oil Palm, Cocoa and Cocoyam |
| 29 | Osun State | Cocoa, Cassava and Yam |
| 30 | Oyo State | Oil Palm, Cassava and Cashew Nut |
| 31 | Plateau State | Potato, Maize, Frozen French Fries and Groundnut |
| 32 | Rivers State | Oil Palm, Fish and Raffia Palm |
| 33 | Sokoto State | Cowpea, Onion and Livestock (Cattle) |
| 34 | Taraba State | Maize, Sorghum, Fish and Rice |
| 35 | Yobe State | Groundnut, Cowpea, Beef and Millet |
| 36 | Zamfara State | Guinea Corn, Livestock, Frozen French Fries and Cowpea |

1. IGR is the sum of funds accrued through imposition of levies and taxes on facilities, sales of goods and services, through State controlled entities [↑](#footnote-ref-1)
2. This represents the total pool of debt the States owe all lenders. [↑](#footnote-ref-2)
3. A recurrent expenditure is any expenditure that does not result in the acquisition or creation of fixed assets. its main components are Wages, supplements and depreciation. [↑](#footnote-ref-3)