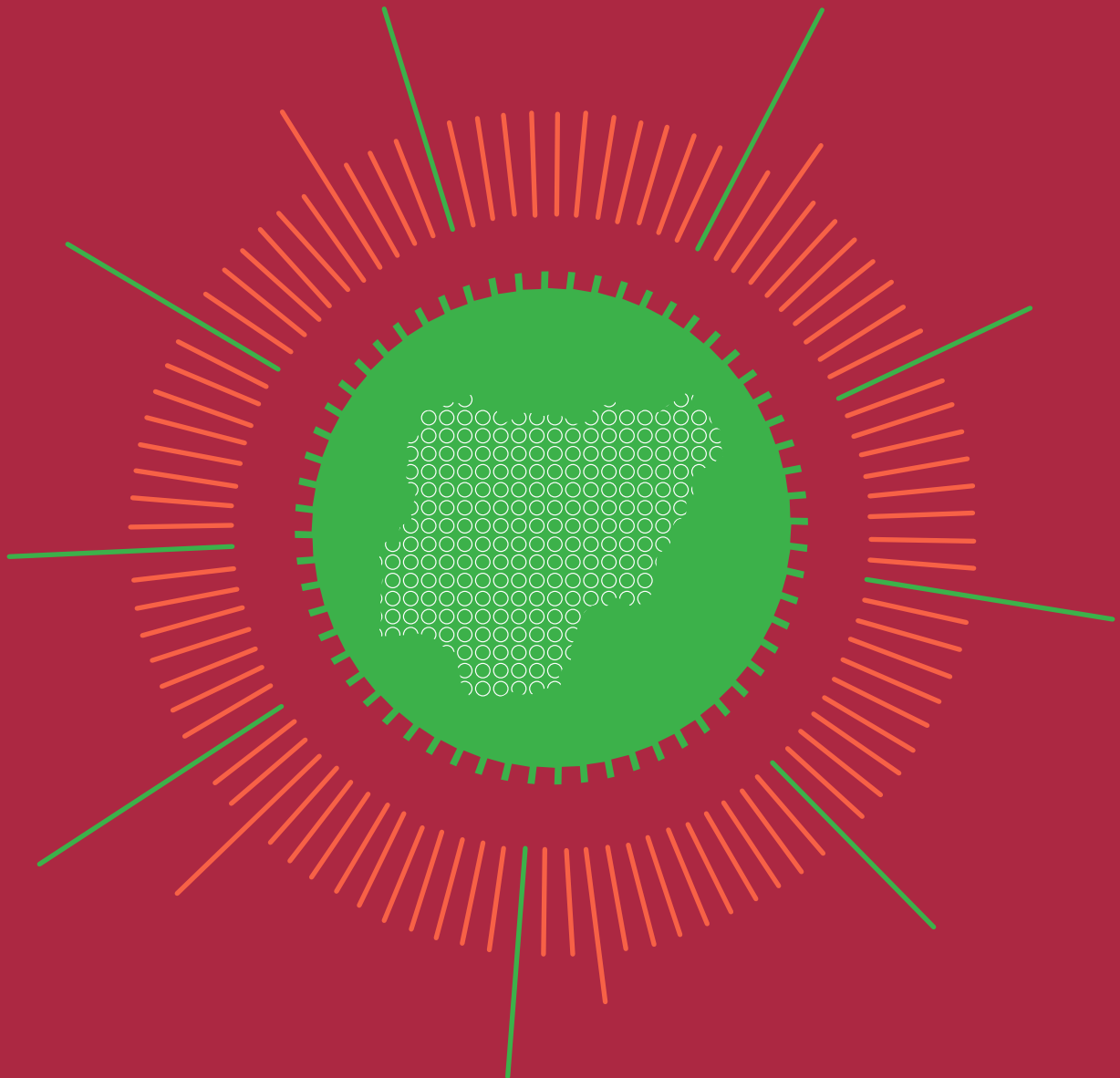


State of States

The 2017 Edition



budgit

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About BudgIT

BudgIT is a civic organisation driven to make the Nigerian budget and public data more understandable and accessible across every literacy span. BudgIT's innovation within the public circle comes with a creative use of government data by either presenting these in simple tweets, interactive formats or infographic displays. Our primary goal is to use creative technology to intersect civic engagement and institutional reform.

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EXECUTIVE SUMMARY

Many state governments are confronted by rapidly rising budget deficits as they struggle to pay salaries and meet contractual obligations and overheads due to a dip in oil price from its peak price of about \$140 per barrel to about \$56 per barrel.

Over the last few months, state governments have been devising policy changes with strong focus on improving internally generated revenue and reining in expenditure. With this unfavourable outcome, the Federal Government has requested sharp haircuts, reforms and a high degree of transparency – including the publishing of budget proposals, the enacted budget, budget implementation reports, audit reports, and quarterly and annual reports for state-owned enterprises – as a precondition for further support. However, this has not been adhered to with the required tenacity.

Internally Generated Revenue

State governments and state-controlled entities (local governments) collect and control ALL revenues generated from personal income tax, property tax, road tax, radio and television tax among others. In 2016, Lagos State accounted for approximately 37% of total internally generated revenue collected by states. Lagos, Ogun and Rivers states lead in terms of Internally Generated Revenue uptake per capita. Collection efficiency in Kano is abysmal; despite its huge market size, it could only collect N2,367 per head, which is approximately 9.8% of Lagos collection per head.

On average, IGR uptake at state is N3,395 per head across the states; it is only in 10 states that collection efficiency is higher than the statewide average. The least performing states include Borno, Jigawa, Kebbi and Katsina. It is important for state governments to design innovative policies around tax collection, especially around collection efficiency.

Value Added Tax

Due to its market size, Lagos State tops in terms of VAT revenue in the first six months of 2017. Lagos VAT revenue receipts between January and July 2017 averaged N6.38bn monthly, significantly higher than Kano's. Ekiti, Ebonyi, Bayelsa and Nassarawa trail the pack. Oyo's monthly VAT averaged N1.3bn monthly

between January and July 2017 but IGR continued to trail, reflecting huge problems with tax collection efficiency at state level when compared with the Federal Inland Revenue Service (FIRS). It is evident in our analysis that many states lack the formal structures that pay VAT. Thirty out of 36 states get an average of 700-900m monthly, despite huge differential in population.

Gross Statutory Allocation

Lagos State statutory allocation after deductions averaged N491 million per month in the first six months of 2017, reflecting increased pressure on the state's share of federation revenue – a fallout of rapid accumulation of debts and associated obligations.

Bonds issued by the states are usually assisted by Irrevocable Standing Payment Orders (ISPOs), which legally empower the Accountant General of the Federation (AGF) to withdraw sums due to debt holders from state governments' revenue accounts with the federal government, including interest and capital repayments. As about 83% of states' revenues are collected by the Federal Government, what accrues to states' coffers is the balance left after obligations to debtholders are deducted from each state's share of revenue.

The effect of huge debt supported by ISPOs is already eating deep into the account of Lagos, Cross River and Osun states. Osun's net allocation is even in the negative terrain, which invariably puts more pressure on future revenue. The monthly net allocation of oil-producing states Akwa Ibom, Rivers, Bayelsa and Delta average N10.69bn, N7.64bn, N7.21bn and N6.22bn respectively.

Debt Stock

State governments are indebted to Nigeria's banks and investors, shackled by huge repayment debts borrowed against higher oil prices. Presently, the intersecting consequences of lending between banks and governments remain a pressing concern. The first indicators came when at least two-thirds of Nigeria's 36 governors demanded a federal government relief package, due to the inability of many states to pay salaries and pension benefits of civil servants for months – even more than a year in some cases.

Total debt stock of Nigerian states has increased significantly from the 2012 level of N1.79tn to N2.12tn in 2014. With increased inability to meet recurrent expenditure obligations and increased pressure, most states resort to more debt uptake. Total debt profile of the states in 2015 and 2016 was N3.03tn and N3.89tn respectively. Lagos State's total debt stock rose from the 2014 level of N500.8bn to N734.7bn in 2016 – accounting for 24.2% of the total debt stock of state governments.

Delta, Kebbi, Gombe and Ebonyi states' total debt fell by 22.56%, 52.18%, 2.29% and 2.78% respectively, while that of Oyo and Yobe rose by 127.56% and 126.03% respectively. Overall, the total debt profile of states increased by 28.45%. Average growth rate of states' debt between 2012 and 2016 remains elevated at 22.16%, while average growth rate of internally generated revenue is 9.04%. Clearly, the sustainable part for states is to rein in debt uptake and focus more on improving internally generated revenue.

Fiscal Sustainability Index

Rivers State tops the fiscal sustainability index due to its strong revenue profile, powered by crude oil, its relatively improving internally generated revenue profile and a manageable recurrent expenditure profile. Rivers' Debt profile stood at N157.2bn at the end of 2016. Lagos' massive debt and expansive recurrent expenditure profile weighed down on its internally generated revenue performance. Ogun state, despite running a recurrent budget deficit, is up on the fiscal sustainability index due to the rapid growth in its internally generated revenue. However, Ogun's debt profile is equally increasing, which could weigh in on its performance in future.

The index looks at the ability of states to meet their recurrent expenditure obligations with their VAT revenue, internally generated revenue and advantage income, including the 13% derivation. Equally important is states' ability to meet their recurrent expenditure obligation with all revenue source – a test of prudent fiscal management. Kano, Katsina, Rivers and Lagos top that portion of the index. In effect, only four states could meet their recurrent expenditure obligation without resorting to borrowing or tapping donor funds and other extra-budgetary revenue sources.

Also, the index looks at the ability of states to sustainably manage their debt profiles. The Index tries to see the extent to which today's revenue can service outstanding debts. Anambra and Yobe top the index,

reflecting the low debt-to-revenue ratio of the state.

Osun trails the overall index. The state's inability to meet its recurrent expenditure obligations, its heavy debt profile and inefficiency in the collection of internally generated revenue weighed seriously on the state. Kwara's rapid improvement in its internally generated revenue helps the state's performance on the index. Also noticeable is the 22.56%, 52.18%, 2.29% and 2.78% fall in the debt profile of Delta, Kebbi, Gombe and Ebonyi states, respectively.

State governments, therefore, need to tremendously embrace a high level of transparency and accountability, develop workable economic plans, take haircuts – especially on overheads – expand their internally generated revenue (IGR) base, and cut down on debt accumulation without a concrete repayment plan.

Opportunities

The state needs to look beyond rhetorics and commit to a reduction in its operating costs, including significantly slashing its unreasonable overheads bill while freeing up more spending for social infrastructure. States will need to link future borrowing to sustainable projects, which can pay back the capital cost of its current loans and improve the overall income profile of the state.

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. Significant investment is needed to improve the overall economic performance at state level, which invariably could create jobs that feed into states' internally generated revenue. Improve spending is also critical for value-added tax revenue. Opportunities in aquaculture, agriculture, manufacturing, trade, logistics and tourism abound across states but it seems states lack the rigour and foresight to explore them.



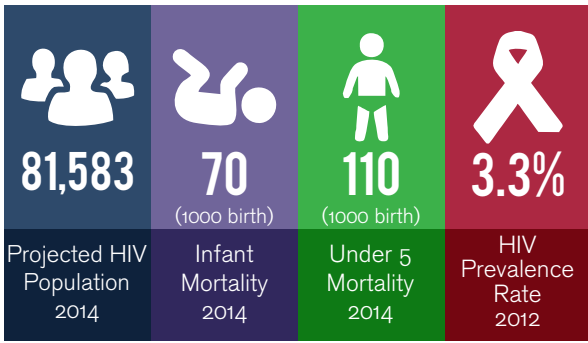
Average growth rate of states' debt between 2012 and 2016 remains elevated at 22.16%, while average growth rate of internally generated revenue is 9.04%.



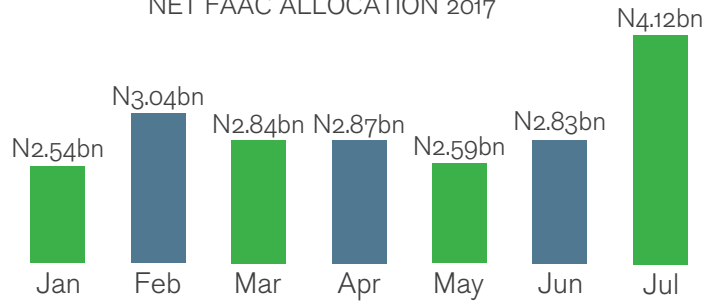
THE STATES



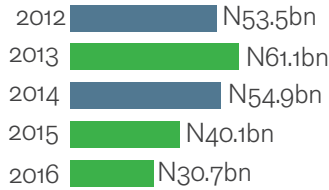
HEALTH INDICATORS



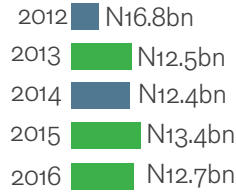
NET FAAC ALLOCATION 2017



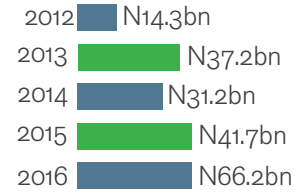
NET FAAC ALLOCATION



IGR



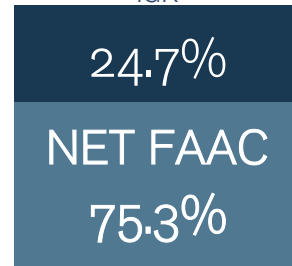
TOTAL DEBT STOCK



TOP AGRICULTURAL PRODUCTS



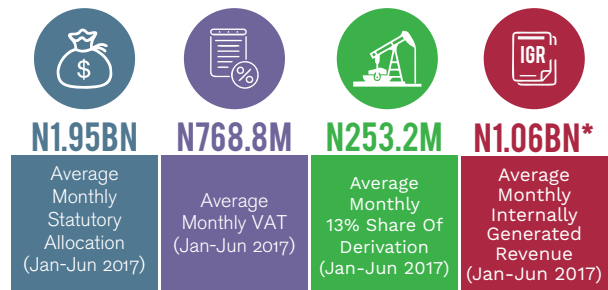
IGR



Structure of State's Revenue 2017

AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N4.03bn*



AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N4.78bn*

N2.35bn*
AVERAGE MONTHLY PERSONNEL COST (JAN-JUN 2017)

N2.44bn*
AVERAGE MONTHLY OVERHEAD COST (JAN-JUN 2017)

ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)

Monthly commitments (Recurrent expenditure)

N4.78bn*

Total average monthly revenue

N4.03bn*

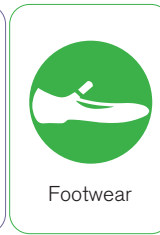
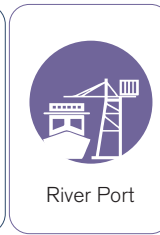
Shortfall -No.75bn (Bad Indicator)

9

Sustainability
Rank

ABIA STATE

OPPORTUNITIES



Abia appears to be increasingly relying on investments in agriculture to flatten out the negative effect of low crude oil prices, which currently account for approximately 68% of government revenue. With an annual wage bill estimated at N28.15bn, Abia hopes to pool about N21.95bn as internally generated revenue (IGR) in 2017.

The State's IGR in 2016 was estimated at N12.69bn, down from 2015 levels of N13.34bn. With the vast majority of its workforce employed in the informal sector, Abia may need to find other ways to expand her undulating takings from tax. For instance, despite collecting N16.75bn as IGR in 2012, IGR fell to N12.5bn and N12.3bn in 2013 and 2014 respectively.

Abia has begun to take charge, focusing on optimising proceeds from its oil palm and cassava sub-sectors. Recently, approximately 3,058 hectares of land at the Ohambele Oil Palm Estate was cultivated, with moves made to recover the government's Oil Palm Estates at Erei in Okon Aku, Ohafia LGA and Ozuitem in Bende LGA. Abia hopes to become the largest supplier of exotic palm seedlings in Nigeria, with a stock of over seven million seedlings by 2019; over 10,000 hectares have been dedicated to cassava cropping, amid plans to acquire heavy agricultural equipment to drive productivity and expand output.

One way in which Abia can extend these measures to its Manufacturing sector, which is concentrated around Aba, is to dredge the Obuaku river and kickstart the Obuaku River Port Complex onstream. These projects should connect Abia directly to the Atlantic Ocean, potentially reducing the costs of moving industrial feedstock, thereby transforming the Aba Industrial Zone. Infrastructure within the region will also need to be improved, alongside

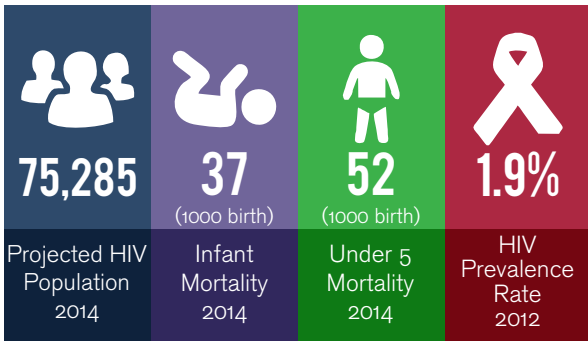
indices that ease commerce, including the cost and minimum capital to open a new business; obtaining electricity connections; constructing new warehouses and obtaining credit.

The Textile, Apparel and Footwear sub-sector of the Nigerian economy is presently estimated at N2.02tn, and is expected to grow rapidly on the back of improving discretionary spending. The Aba Industrial Zone could leverage on the availability of cow leather in the North; petrochemicals in the South; its unique location and human capital, to become a net exporter of footwear. With worldwide trade in shoes expected to top \$371.8bn by 2020, Nigeria and Abia have an advantage; they could overtake Vietnam, which presently exports approximately \$13bn worth of goods to the United States and Europe. If business activities are tangibly formalised in Abia, Aba could – with strategic planning, improved production process and aggressive marketing strategies – become a major player in the near future.

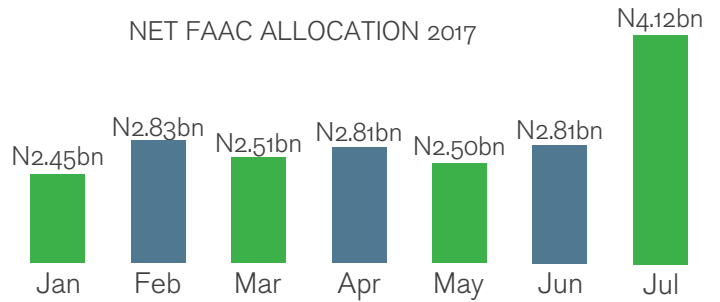
The State and Federal government will also have to see to the 300-hectare industrial park in Osisioma, which when completed, should have 68,692 units of industrial workshops and warehouses needed for substantial industrialisation.

Abia State will also have to negotiate trade deals that move its tourism potentials to reality, starting with the Azumini Blue River, which could become a major attraction for Nigerians and foreigners if the requisite funding is invested.

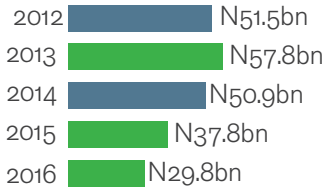
HEALTH INDICATORS



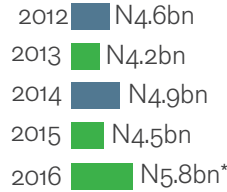
NET FAAC ALLOCATION 2017



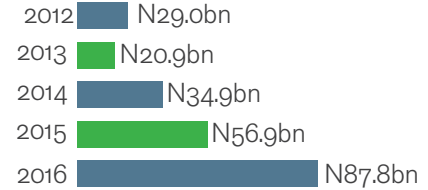
NET FAAC ALLOCATION



IGR



TOTAL DEBT STOCK



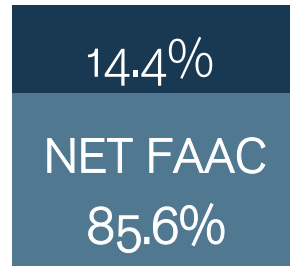
TOP AGRICULTURAL PRODUCTS



SOLID MINERAL PRODUCTION



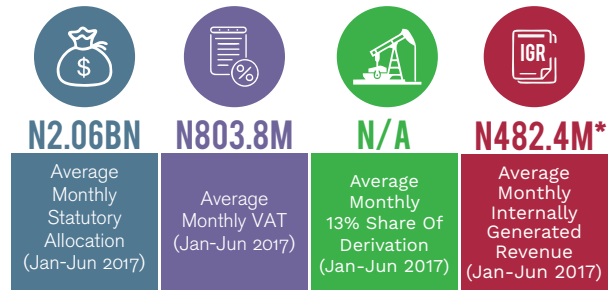
IGR



Structure of State's Revenue 2017

AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N3.34bn*



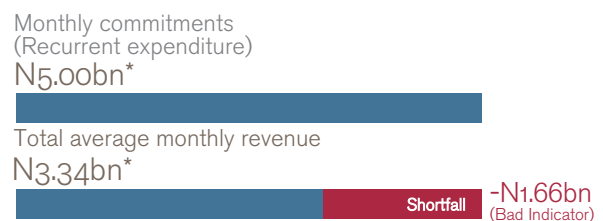
AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N5.00bn*

N2.13bn*
AVERAGE MONTHLY PERSONNEL COST (JAN-JUN 2017)

N2.88bn*
AVERAGE MONTHLY OVERHEAD COST (JAN-JUN 2017)

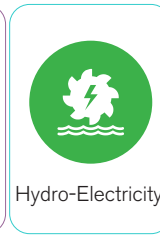
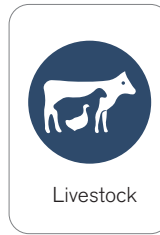
ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)



27 Sustainability Rank

ADAMAWA STATE

OPPORTUNITIES



Adamawa is renowned for the cultivation of cotton, groundnuts, maize, yam, guinea corn, millet and rice. This largely agrarian economy accounts for most jobs, but remains operating at sub-optimal levels, contributing to chequered IGR levels. As at year-end 2016, Adamawa's IGR stood at N5.78bn, up from 2015 levels of N4.4bn. In 2013 and 2014, IGR was N4.15bn and N4.62bn respectively.

The State's monthly recurrent expenditure is down from 2016 estimates of N5.78bn, to N5.01bn for 2017. Monthly IGR averaged N482mn through 2016, while average monthly revenue from FAAC, including Value Added Tax, came to an average of N2.65bn between January and June 2017.

Given that Adamawa's monthly revenue is not expected to be significantly above N3.28bn, while its monthly Recurrent Expenditure projection, as defined in the 2017 budget stands at N5.01bn, the State may have to draw in more debt to fund its obligations; a situation that could further worsen its fiscal exposure.

Consequently, Adamawa's Domestic debt profile may already entering uncharted territory—now standing at N62.15bn as at the end of 2016; up from 2014 levels of N26.44bn. Its external debt is also growing in tandem; as at December 2016, Adamawa was indebted to the tune of \$83.7mn, compared to External debts worth \$46.78mn, as at year-end 2014.

To attain financial viability, the State may need to evaluate the workings of its Tax collection systems; majority of Adamawa's population work in the informal sector and therefore, innovative ways to capture them into the Tax net is non-negotiable.

The Kiri dam, which was completed in 1982, still has the potential to become a hydroelectric

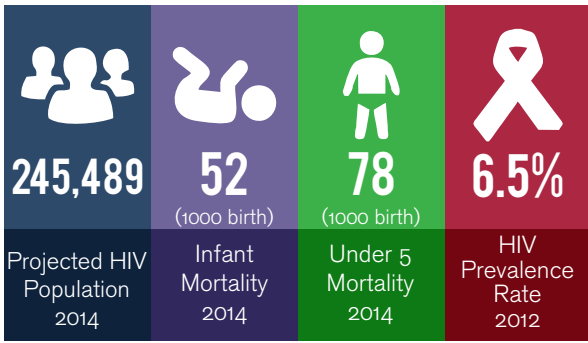
power plant generating between 35MW to 50MW. Adding investments in drip irrigation system and other renewable energies, Kiri could simultaneously irrigate close to 500,000 hectares of land. There is also Adamawa's savanna sugarcane plantation, which sits on approximately 36,000 hectares, and presently employs approximately 5,000 workers.

In this regard, Adamawa must seek to prioritise research on crop management approach in its sugarcane fields, which could take yields of the crop beyond 100 tonnes per hectare. Sugarcane Tops (SCT), a major byproduct of sugarcane, is increasingly a major source of feed for cattle. As about 21 tons of SCT produced per hectare is sufficient to feed a cow for a year, Adamawa can immediately leverage on this resource, to expand its livestock size and transform its profile into one of a net exporter of meat and meat products. We advise the adoption of a agriculture marketing board first, to make it easier for the bulk purchase of associated produces and commodities. This will be augmented with the development of a transportation plan around the logistics needs of the agriculture sector.

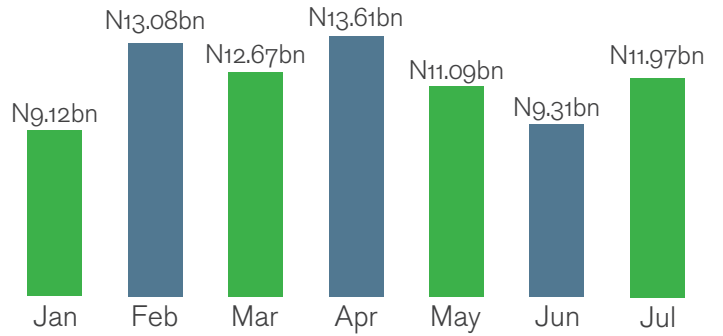
Nigeria's Ministry of Agriculture estimates there are 19.5 million cattle in Nigeria; Adamawa could potentially generate up to N30bn and add over five million more, if it incentivizes its 30 grazing reserves as well as improves herd size and quality.

Down the value chain, investments into feedlots, modern abattoirs and a central marketplace for the associated raw materials will ensure Adamawa substantially positions itself as a net supplier and exporter of milk, meat and leather into the global commodities markets.

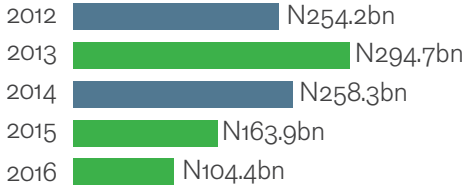
HEALTH INDICATORS



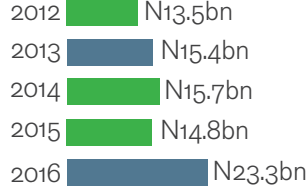
NET FAAC ALLOCATION 2017



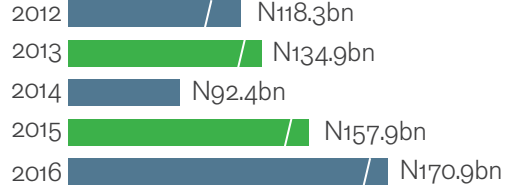
NET FAAC ALLOCATION



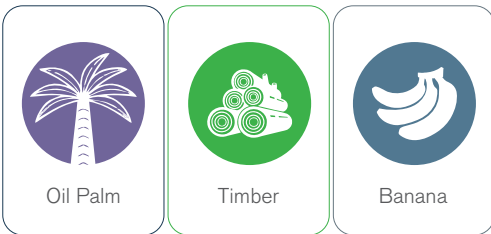
IGR



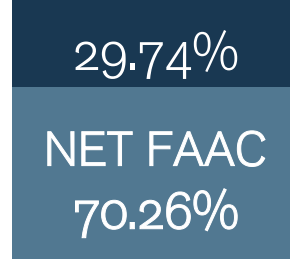
TOTAL DEBT STOCK



TOP AGRICULTURAL PRODUCTS



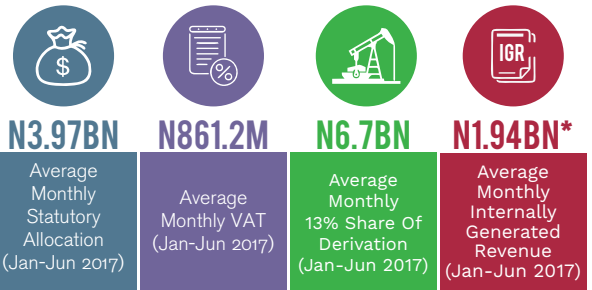
IGR



Structure of State's Revenue 2017

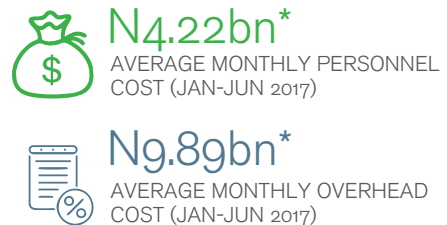
AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N13.49bn*

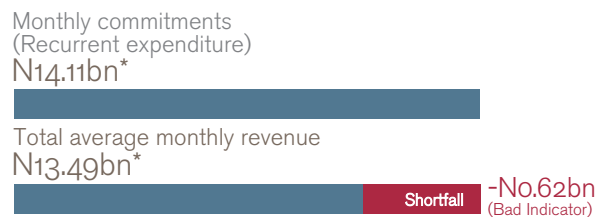


AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N14.11bn*



ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)

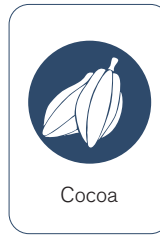


5

Sustainability Rank

AKWA-IBOM STATE

OPPORTUNITIES



Akwa Ibom is Nigeria's largest oil producing State, churning approximately 504,000 barrels per day. This peculiar development is a likely contributor to the growth of its internally generated revenue (IGR). As at the end of fiscal year 2016, IGR stood at N23.269bn, a significant rise from N14.791bn in 2015. However, IGR came to N15.398bn and N15.676bn in 2013 and 2014 respectively.

Akwa Ibom's annual recurrent expenditure has moved from 2016 estimates of N94.9638bn, to N169.295bn for 2017. Monthly IGR averaged N1.9bn through 2016, while average monthly revenue from FAAC was N11.5bn between January and June 2017.

In terms of financial obligations, the State's Domestic debt profile was N155.4bn as at the end of 2016, up from prior levels of N81.756bn in 2014, and is projected to increase significantly.

Should Akwa Ibom seek to take up more debt, its Overheads must undergo sharp cuts, particularly as trends suggest that estimated monthly revenue will not be significantly higher than N14bn, a figure which is already within the same threshold as the State's monthly recurrent expenditure projections.

We advise Akwa Ibom to tap into its proximity to the Atlantic ocean and enlarge its earning power via a thriving aquaculture industry. Nigeria's fishing sub-sector is worth an estimated N530bn, and a significant market share is Akwa Ibom's for the taking if attention is paid to various aspects of the value chain, including seismic data acquisition, geotechnical engineering and aqua-processing services. Bringing the proposed Ibom Deep Sea Port to active

status alongside the Ibom Industrial Free Trade Zone will be a boost, in terms of logistics for importation and export. This move could position Nigeria as a net exporter of the petrochemicals that constitute industrial feedstock for the production of aspirin, carpeting, crayons, detergents, dyes, fertilizers, herbicides and pesticides.

Elsewhere, Akwa Ibom is sitting atop 708,100 arable hectares, and already planning to expand cocoa cultivation to approximately 32,000 hectares within four years. We argue that the State may need to expand land under cultivation beyond 100,000 hectares; given that yield is not expected to top 1ton per hectare.

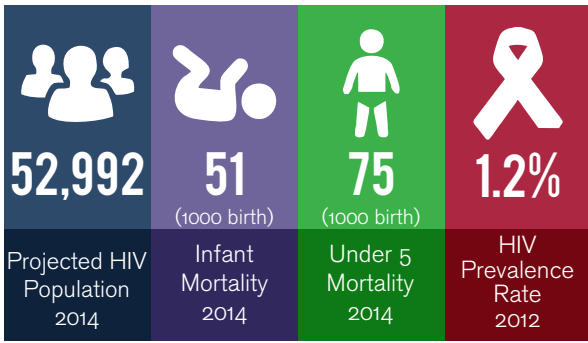
Cocoa cropping should be complemented by investments in the energy and logistics that shore up the State's chocolate manufacturing potentials. Diversifying into palm and rubber cultivation/export will translate to greater financial security, as land under palm oil cultivation above 100,000 hectares could deliver over 50,000 jobs and 430,000 tons of crude palm oil (CPO) to the local and national economy.



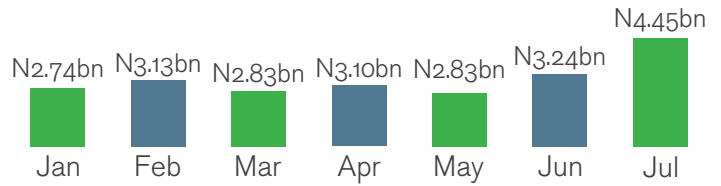
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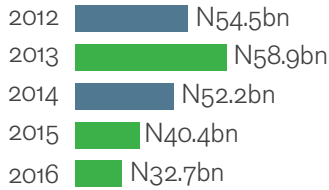
HEALTH INDICATORS



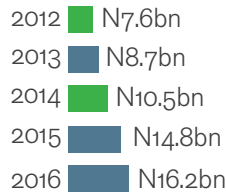
NET FAAC ALLOCATION 2017



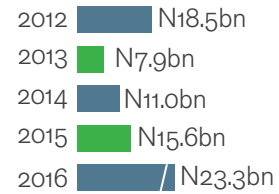
NET FAAC ALLOCATION



IGR



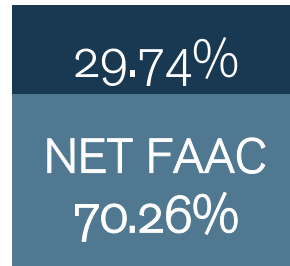
TOTAL DEBT STOCK



TOP AGRICULTURAL PRODUCTS



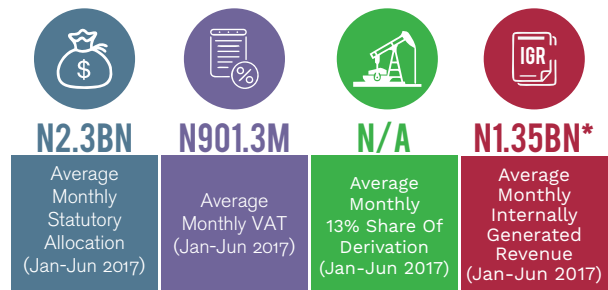
IGR



Structure of State's Revenue 2017

AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N4.54bn*



AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N4.72bn*

N1.48bn* AVERAGE MONTHLY PERSONNEL COST (JAN-JUN 2017)

N3.24bn* AVERAGE MONTHLY OVERHEAD COST (JAN-JUN 2017)

ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)

Monthly commitments (Recurrent expenditure)

N4.72bn*

Total average monthly revenue

N4.54bn*

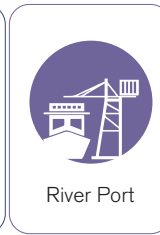
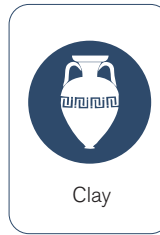
Shortfall -No.18bn (Bad Indicator)

6

Sustainability Rank

ANAMBRA STATE

OPPORTUNITIES



The Anambra State government has, by its own admission, taken a shrewd fiscal position during a boom in Crude oil prices. The State seems to be positioning itself as a major rice production belt, recording 230,000 metric tonnes in 2016. Rice yield has improved significantly to 5.5 mt/hectare from 3.3 mt/hectare, mainly on the back of improved seedlings.

Anambra's annual Recurrent Expenditure is projected at N56.6bn in 2017, a figure slightly lower from 2016 estimates of about N60bn. Internally generated revenue (IGR) in 2015 was N14.8bn, and the State projects IGR worth N20.4bn for 2017; an increase of 26% over 2016 estimates. With monthly projected IGR pegged at N1.3bn and average monthly FAAC revenue coming to N2.97bn (based on figures from January to June 2017), Anambra could meet her Recurrent Expenditure obligations, if she is able to further rein in its Overheads, freeing funds to invest in capital items within the budget.

Anambra houses Nigeria's only indigenous automobile manufacturing plant and is also the least-indebted State, with a Domestic Debt profile of approximately N3.99bn. Anambra is however planning a Domestic Borrowing uptake of N10bn in 2017, hinged on Federal government refunds from the Paris Club debt. The State likely hopes to also close any budget gaps with the N15bn worth of infrastructure it provided on behalf of the Federal Government.

Guaranteed economic independence will come to Anambra, if the lower Niger can be fully dredged and the Onitsha port comes on-stream, serving the South-east and North-east of Nigeria.

Its proximity to the river Niger as a whole can form the backbone of a cheaper transportation network for feedstock and other industrial raw materials; one strategy is Anambra could take grains from Nigeria's Middle-belt, process these into animal feed and use its logistics base to sell these products across the country. This network can also service the South-east's petroleum needs.

With extensive deposits of clay, glass sand, kaolin, limestone, aggregates, bentonite and aluminum, Anambra could position itself as a major producers of tiles, particularly within the Nigerian housing market, which is set to expand by 20 million housing units in the next decade alone. Noteworthy moves include the public-private partnership, which resulted in a 75-hectare poultry farm with a capacity of two million birds per annum, and should take the State's annual production numbers to five million. Nevertheless, significant investments in feed mills, silos and associated infrastructure is needed, if Anambra expects to surpass a target beyond 20 million birds in the next ten years.

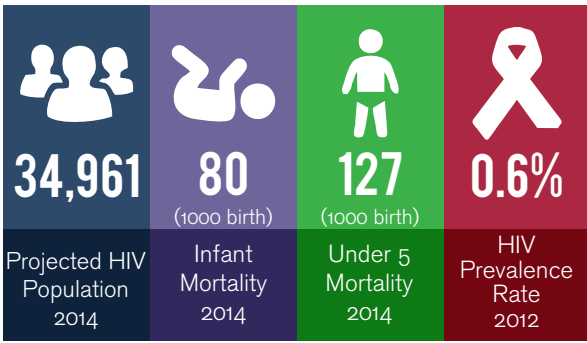
We advise Anambra to consolidate its place in Nigeria's rice production value-chain – by ramping up measures that anticipate and meet the logistics needs of the sub-sector.



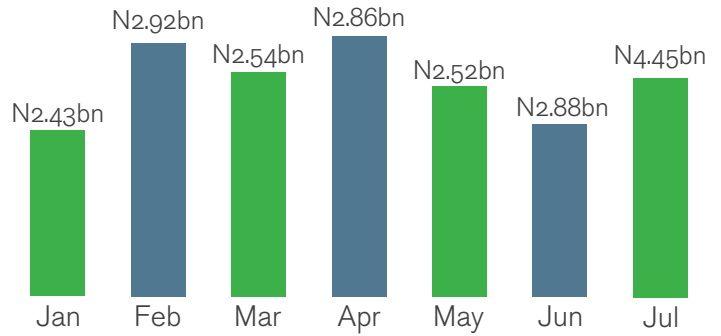
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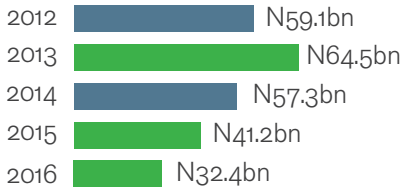
HEALTH INDICATORS



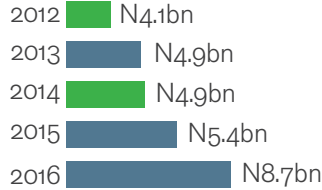
NET FAAC ALLOCATION 2017



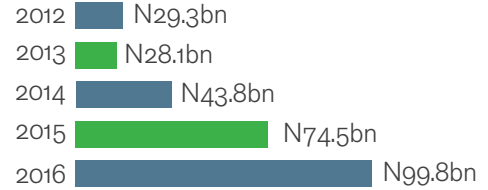
NET FAAC ALLOCATION



IGR



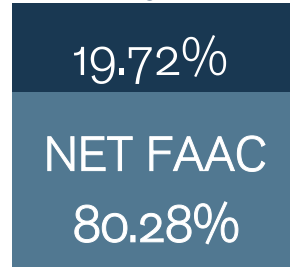
TOTAL DEBT STOCK



TOP AGRICULTURAL PRODUCTS



IGR



Structure of State's Revenue 2017

AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N3.67bn*



N2.03BN

Average Monthly Statutory Allocation (Jan-Jun 2017)



N918.0M

Average Monthly VAT (Jan-Jun 2017)



N/A

Average Monthly 13% Share Of Derivation (Jan-Jun 2017)



N723.1M*

Average Monthly Internally Generated Revenue (Jan-Jun 2017)



AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N4.90bn*



N2.34bn*

AVERAGE MONTHLY PERSONNEL COST (JAN-JUN 2017)



N2.56bn*

AVERAGE MONTHLY OVERHEAD COST (JAN-JUN 2017)

ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)

Monthly commitments (Recurrent expenditure)

N4.90bn*

Total average monthly revenue

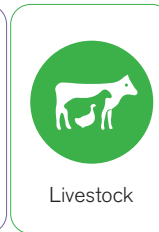
N3.67bn*

Shortfall **-N1.24bn**
(Bad Indicator)

20 Sustainability Rank

BAUCHI STATE

OPPORTUNITIES



Bauchi State's significant economic plan is one of its most recent: a public-private partnership that aims to place 60,000 hectares of land under sugarcane cultivation. The complement to this is a proposed sugar milling plant and refinery that will transform industrial feedstock into 5,000 metric tons of sugar per day, creating at least 5,000 direct and indirect employment opportunities immediately.

Internally generated revenue (IGR) came to N8.67bn as at the end of 2016; six times less than projected annual recurrent expenditure of N58.6bn for 2017.

The sugarcane fields are not the only place where Bauchi will need to do some cutting – average FAAC revenue from January to June 2017 was only N2.7bn – two times below the N6.04bn projected in the 2017 budget; a situation that makes a case for leaner spending across the board.

With its monthly Recurrent Expenditure commitments estimated at N4.83bn in 2017, while revenue projections are not expected to rise above N3.62bn, even if the State meets its IGR targets, the likelihood is its debt profile may witness a marked increase. Already, Bauchi's Domestic debt profile stood at N69.99bn as at the end of 2016, from N57.7bn in 2015.

To raise its earning potential, Bauchi should follow through on the Kafin Zaki dam, a project that aims to put 120,000 hectares of arable land under irrigation. The project would also support the production of one million tons of sugarcane annually, with over one million jobs in agro-allied industries.

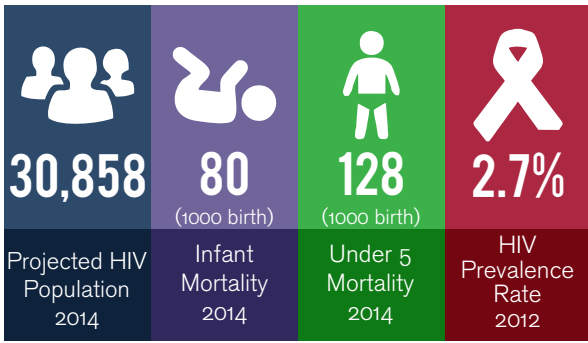
To further sweeten any economic deals in the pipeline, Bauchi must rely on its Yankari National Park to rake in revenue. As home to several natural warm water springs, as well as a wide variety of flora and fauna, these renowned reserves of about 2,244 square kilometres will increase net spending from Nigerians and foreign tourists, provided the Internet and other multimedia channels are used to professionally promote Yankari.



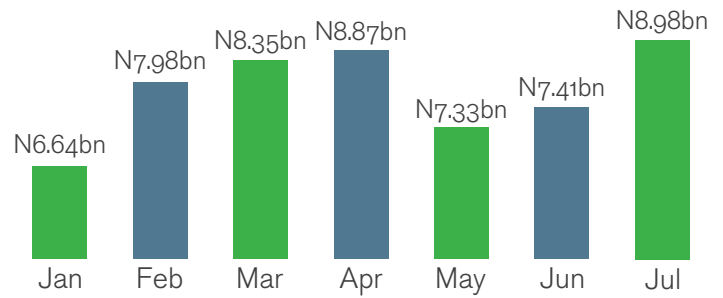
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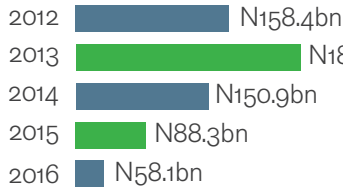
HEALTH INDICATORS



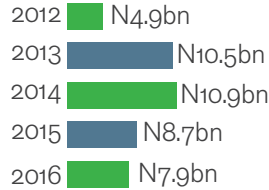
NET FAAC ALLOCATION 2017



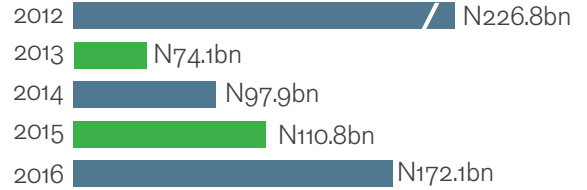
NET FAAC ALLOCATION



IGR



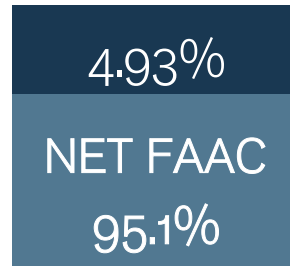
TOTAL DEBT STOCK



TOP AGRICULTURAL PRODUCTS

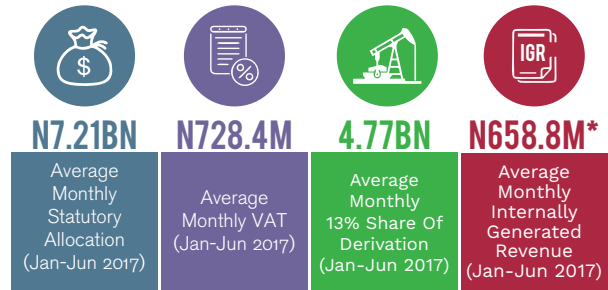


IGR



AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N13.37bn*



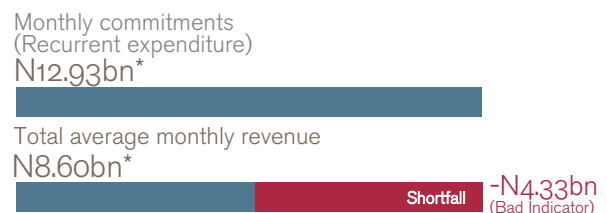
AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N12.93bn*

N4.36bn*
AVERAGE MONTHLY PERSONNEL COST (JAN-JUN 2017)

N8.57bn*
AVERAGE MONTHLY OVERHEAD COST (JAN-JUN 2017)

ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)



14 Sustainability Rank

BAYELSA STATE

OPPORTUNITIES



Bayelsa State has the unenviable position of hosting one of the largest crude oil and natural gas deposits in Nigeria, as well as some of its poorest people.

Its annual Recurrent Expenditure is projected at N155.1bn in 2017, and average monthly FAAC revenue came to N7.8bn in the first six months of 2017. We believe Bayelsa's monthly revenue, based on our projections, will likely not exceed N8.55bn, while Recurrent Expenditure is projected at N12.9bn per month; this already shows a wide shortfall - excluding the additional costs of Capital Expenditure, which is pegged at N88.1bn.

Pockets of news reports note the State's employees are still being owed a backlog of 2016 salaries. In addition, the consistent 2017 payments exclude payments due to pensioners (who are now being owed over a year of arrears), and local government workers, who have peculiar delayed salary payment structures.

We advise that Bayelsa makes a departure from relying overwhelmingly on its share of oil derivation for its revenue. Surrounded by rivers and creeks, as well as numerous solid minerals and agricultural products, diversifying into aquaculture, with a focus on large-scale algae and fish farming should be a priority.

In particular, commercial and industrial algae cultivation form the basis for raw materials used in the production of omega-3 fatty acids, natural food colorants, fertilizers, bio-plastics and pharmaceuticals. Bayelsa could build algae ponds across its coastlines and leverage on its closeness to international

waters to operate a bio-plastic powerhouse. With the global market for bioplastics expected to reach \$30.8bn by 2020, Bayelsa could readily begin the journey to transforming its economy away from oil.

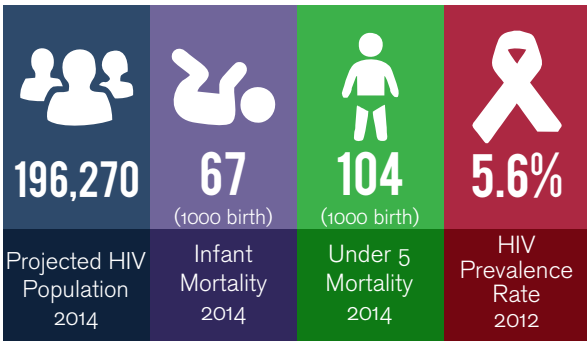
Bayelsa may also develop its human resources for deployment in mariculture, a specialized branch of aqua-culture involving the cultivation of marine organisms for food and other products in the open ocean. To facilitate transport to markets, ongoing plans to develop export processing and free trade zones, as well as dredging Bayelsa's inland waterways are likely unavoidable.



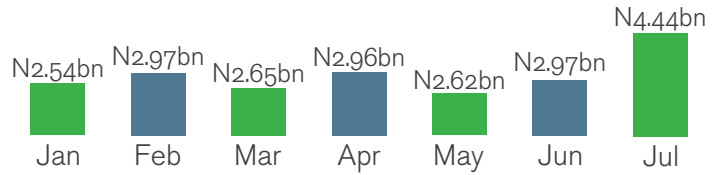
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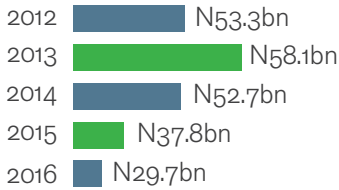
HEALTH INDICATORS



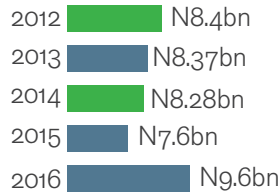
NET FAAC ALLOCATION 2017



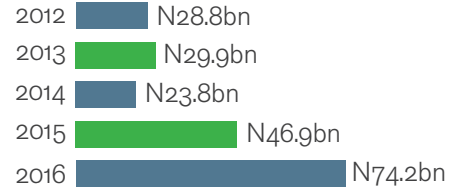
NET FAAC ALLOCATION



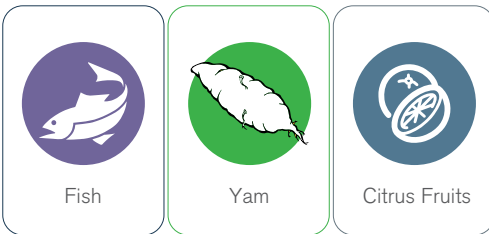
IGR



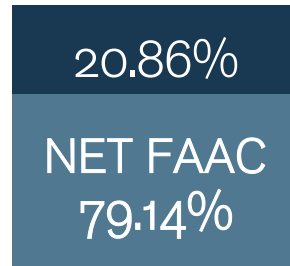
TOTAL DEBT STOCK



TOP AGRICULTURAL PRODUCTS



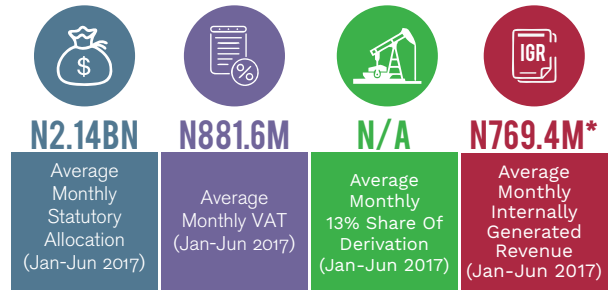
IGR



Structure of State's Revenue 2017

AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N3.82bn*



AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N5.53bn*

N2.80bn*
AVERAGE MONTHLY PERSONNEL COST (JAN-JUN 2017)

N2.73bn*
AVERAGE MONTHLY OVERHEAD COST (JAN-JUN 2017)

ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)

Monthly commitments (Recurrent expenditure)
N5.53bn*

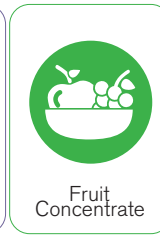
Total average monthly revenue
N3.82bn*

Shortfall **-N1.71bn**
(Bad Indicator)

23 Sustainability Rank

BENUE STATE

OPPORTUNITIES



Majority of Benue's working population do so directly and indirectly in the agricultural sector; one that covers over three million hectares of land, yet remains largely under-utilized.

The State is proposing a Capital Expenditure spending of N97.56bn for fiscal year 2017, while its annual Recurrent Expenditure is estimated at N66.3bn in 2017; its average receipts from FAAC for the first six months of 2017 is N2.78bn. With IGR figures at N792mn per month (based on 2016), it could be nearly impossible for Benue to meet its monthly Recurrent Expenditure projections of N5.53bn, as contained in its 2017 budget.

A bright spot is that Benue's wage bill for 2017 is estimated at N43.35bn, down from 2016 estimates of N45.93bn. However, Overhead costs are expected to be in the region of N23bn in 2017 – little change from 2016 levels.

With its Domestic debt already at N63.5bn as at end-December 2016, Benue may have to reduce its overheads, particularly as the government is yet to meet salary obligations, owing up to five months of wages, in some instances. To make financial progress, Benue will have to start with its greatest advantage; agriculture and location.

Its farms are scattered across the State's vast landmass, making it difficult for produce to get to market at competitive prices. An elaborate transportation network plan to connect farm clusters to market is therefore non-negotiable.

Dredging the Benue River is one way to open

up the State, easy movement of goods to new markets can mean Benue builds a new manufacturing base around the river ports on the back of cheaper logistic costs and abundant agricultural products.

Benue can also place some 500,000 hectares under soybean cultivation, to make optimal use of its climate and topography, whilst tapping into national and regional market demand. A yield of at least four tons per hectare of the crop could effectively transform Benue into a major raw material hub for soybean oil, flour, animal and dairy feed.

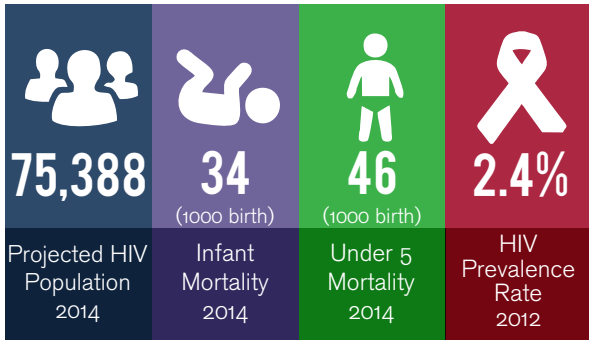
As Benue currently produces over 1,000,000 metric tons of citrus fruits per annum, she is in pole position for a stake in the Fruit Concentrate Market, which is expected to top \$34.6 billion by 2019. A fruit concentrate plant within the Makurdi Industrial Estate with requisite infrastructure, as well as expanding farmers' capacity to grow more fruits, will serve Benue well in this regard.



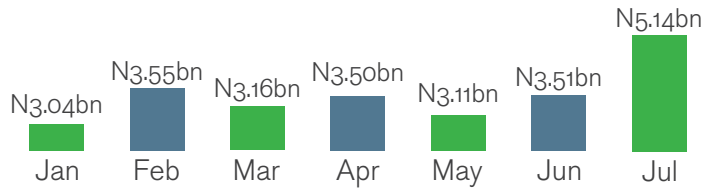
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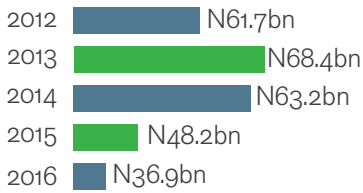
HEALTH INDICATORS



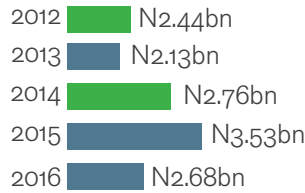
NET FAAC ALLOCATION 2017



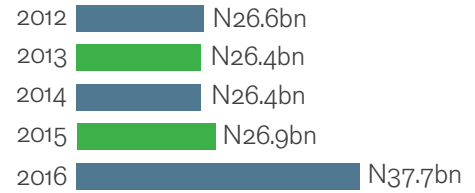
NET FAAC ALLOCATION



IGR



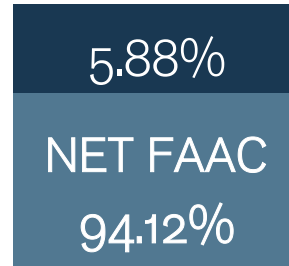
TOTAL DEBT STOCK



TOP AGRICULTURAL PRODUCTS



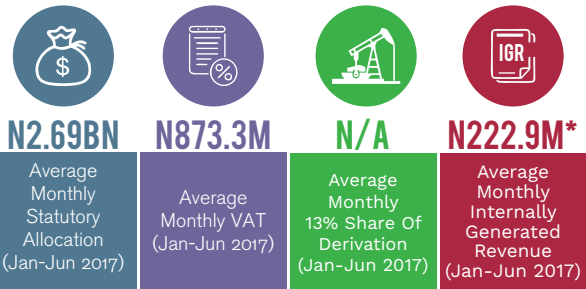
IGR



Structure of State's Revenue 2017

AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N3.79bn*

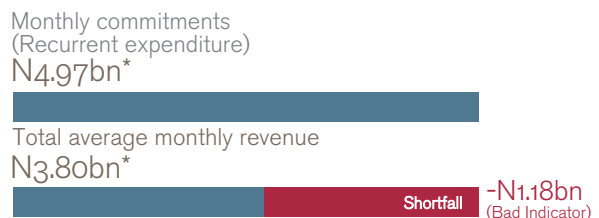


AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N4.97bn*



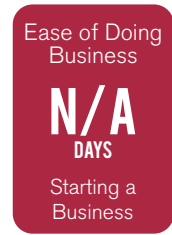
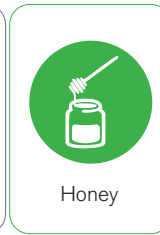
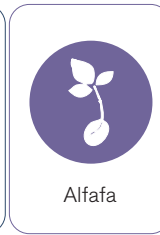
ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)



34 Sustainability Rank

BORNO STATE

OPPORTUNITIES



Borno State is the largest in Nigeria, with a landmass of about 72,609 kilometers; prior to the upsurge of insurgency in 2009, the chief occupation here was farming.

Borno's annual Recurrent Expenditure stands at N59.6bn for 2017, with average monthly FAAC revenue in the first six months of 2017 pegged at N3.3bn, and IGR figures (based on 2016 collection figures) estimated at N222mn per month. These last two figures suggest it may be nearly impossible for Borno to meet its projected monthly Recurrent Expenditure commitments of N4.96bn, as contained in its 2017 budget proposal. The State is also proposing a seemingly unrealistic Capital Expenditure spending of N124bn for 2017.

In terms of obligations, the State's wage bill is projected to be N59.6bn for 2017, somewhat lower than 2016 figures of N51bn; Overhead costs are expected to be in the region of N23bn in 2017.

With a Domestic debt of N30.9bn as at end-December 2016, the State may in the nearest future incur more debt, as it tries to revive the economy in the aftermath of a seeming decline of insurgency within its borders. Schools, central mosques, general hospitals and dispensaries, local government secretariats, police stations and barracks as well as primary healthcare centres and boreholes for water supply have been built, and are being rebuilt.

Though the prospects of regaining financial security are directly hinged on the Federal government's ongoing anti-insurgency war, Borno, with its approximately five million

hectares of farmland now well below production, must press on. The State could put 1,000,000 hectares of deserted lands under alfafa cultivation, as a means to attract cattle into its grazing area. Significant investment will also required for the protection of farmlands – the primary driver of the economy.

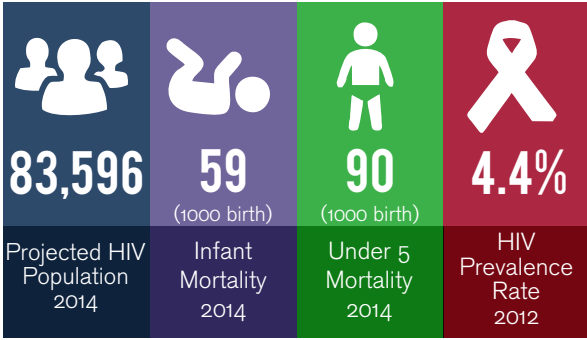
Borno could also choose to become a net exporter of honey. With the global trade in honey estimated at \$6.6bn in 2016, Borno may deploy funding towards large-scale pollination of flowering plants, which can be added to the alfafa plantation to ensure balance and nutritional grazing.



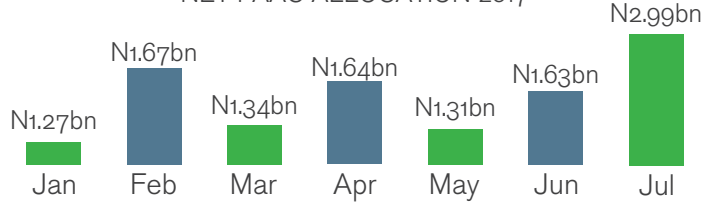
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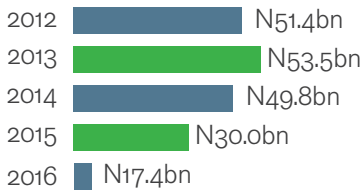
HEALTH INDICATORS



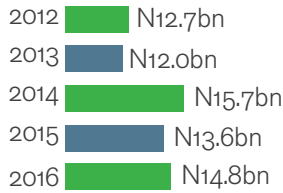
NET FAAC ALLOCATION 2017



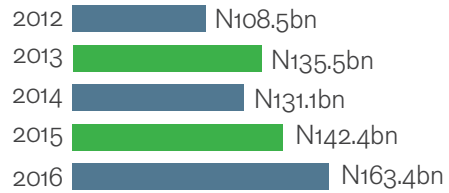
NET FAAC ALLOCATION



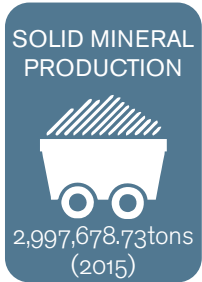
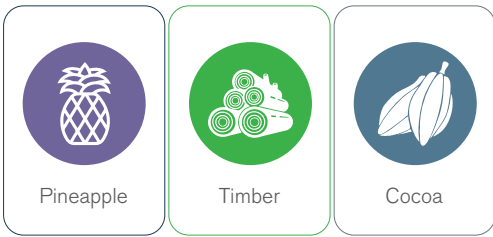
IGR



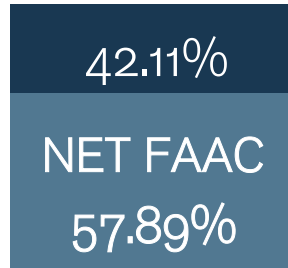
TOTAL DEBT STOCK



TOP AGRICULTURAL PRODUCTS



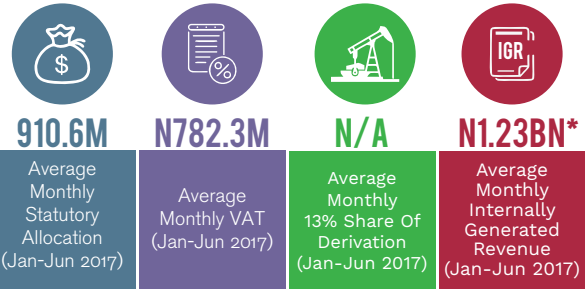
IGR



Structure of State's Revenue 2017

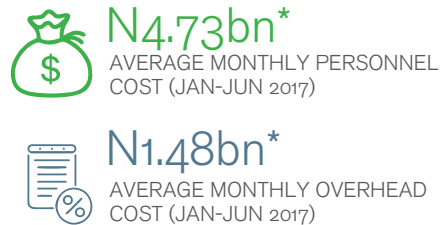
AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N2.92bn*

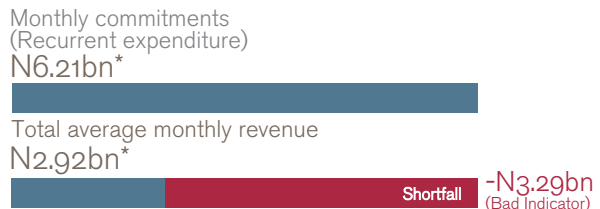


AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N6.21bn*



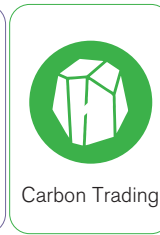
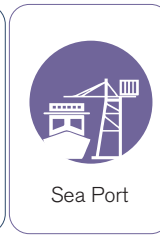
ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)



31 Sustainability Rank

CROSS-RIVER STATE

OPPORTUNITIES



Cross River State is on a massive wealth creation journey to achieve and maintain economic relevance. Some rather ambitious capital projects that the State has taken on include the 260km super highway; the Eastern Boki-Western Boki Link Road; the Bakassi Deep Seaport; Cross River Garment Factory and Calabar Rice city.

This is amid a budget size of N301bn for 2017, slightly lower than the N303bn budget for 2016. Essentially, 75.2% of Cross River's 2017 budget has been earmarked for Capital Expenditure, despite her earning FAAC receipts of just N5.92bn in the first four months of 2017.

If speedily executed, spending on capital projects should ordinarily have a positive impact on 2017 receipts. However, with its Personnel Cost sitting at N56.78bn, and Overheads totalling N17.93bn, the projected Capital Expenditure of N226.48bn for 2017 comes off as somewhat unrealistic, owing to the general lesser purchasing power and lower demand brought on by the country's current economic condition.

These infrastructural expansion plans will also definitely jerk up Cross River's debt profile, as her External and Domestic debt profile stood at \$114.9mn and N128.14bn in 2016. Although the State has continued to fulfill her monthly Recurrent Expenditure obligations, other prospective revenue generation sectors, such as agriculture, have relatively minimal impact on her economy.

The slight increase in Cross River's IGR receipts from N13.56 in 2015 to N14.77 in 2016 can be maintained in 2017. Away from new initiatives, existing economic opportunities abound in the tourism sector, which could positively push up the IGR figures. The Agbokim and Kwa waterfalls; the Calabar

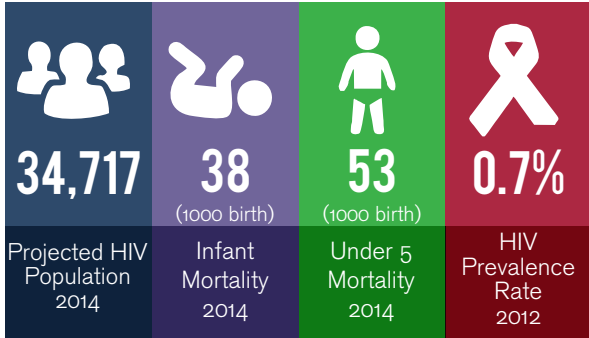
Marina; Calabar Residency Museum and the Calabar Slave Park; the Ikom Monoliths; the Cross River National Park, Afi Mountain walkway and the annual Calabar Carnival are some of the vast tourist attractions already able to boost the treasury.

Cross River must exploit the fact that she accounts for approximately 58% of forests in Nigeria; a vast 6,000 square kilometers. The State will have to find ways to sustainably manage these resources; its plans to build a superhighway through most of the forest primarily to move goods from the Calabar port onwards, is understandably seen by critics as encouraging the deforestation of Nigeria on a large scale. Alternatively, the State may seek to draw revenue via the carbon trading initiative.

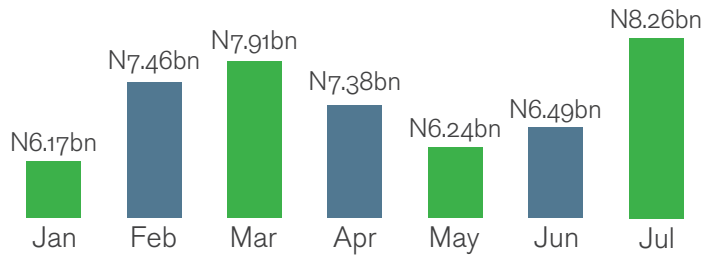
The State could also potentially become a net exporter of palm oil by putting 500,000 hectares or more of farmland under palm oil plantation and creating jobs along the value chain. Cocoa cultivation is another commodity Cross River can delve into, provided its logistic infrastructure is extensively improved. The Calabar port will need to be dredged, and aggressive marketing will be the added complement to position the State as a hub of commerce for the South-South, South-East and North-East zones.

A Calabar-Lagos High Speed Rail track will open up the State to other markets; securing administrative and legal backing from the Federal and partner State governments is key, to ensure the project operates at full capacity. Given that abundant limestone deposits exist in the State, Cross River could also aim to be a net exporter of building materials. The present administration will need to attract more investors at home and abroad, to actualize its current ambitions towards industrial revolution.

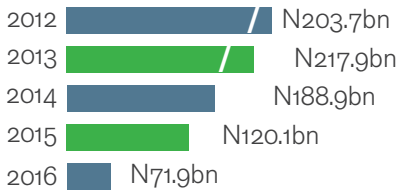
HEALTH INDICATORS



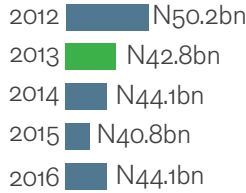
NET FAAC ALLOCATION 2017



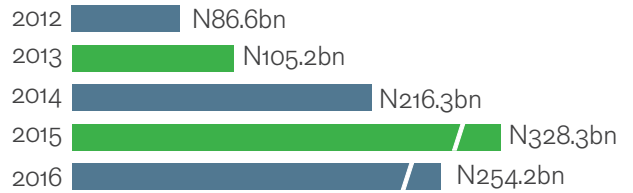
NET FAAC ALLOCATION



IGR



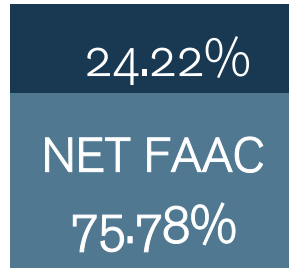
TOTAL DEBT STOCK



TOP AGRICULTURAL PRODUCTS



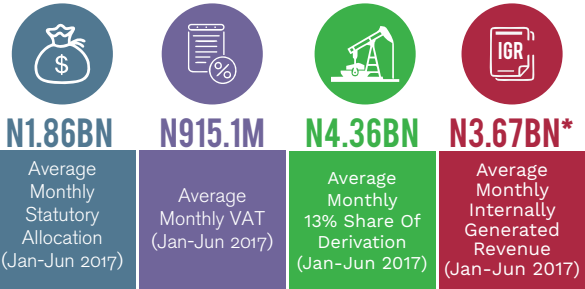
IGR



Structure of State's Revenue 2017

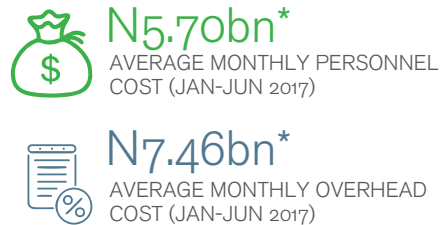
AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N10.80bn*

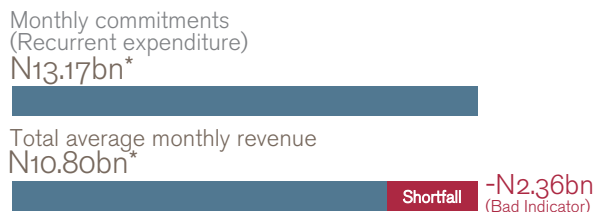


AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N13.17bn*



ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)



7 Sustainability Rank

DELTA STATE

OPPORTUNITIES



Lignite



Sea Port



Ply Wood



Delta State, awash with huge deposits of Crude oil, is one Nigeria's largest producers of petroleum products. Despite the economic downturn, the State has earmarked the sum of N119.001bn for Capital Expenditure for the 2017 fiscal year, with road infrastructure taking 29.41% of the budget – a significant N35bn. To achieve the massive investment in capital projects amid volatility in the oil markets and the attendant lower FAAC allocations, Delta will need to intensify its drive to boost internally generated revenue (IGR).

In 2015 IGR was N40.8bn, a small increase from 2016 (N44.8bn) therefore, to remain viable, the State must expand its revenue base through diverse sources other than PAYE taxation, whilst reducing huge spending on purchase of utilities.

Delta's debt profile continues to assume a chequered pace, as Domestic and External debt for 2016 were pegged at N241.2bn and \$42.3bn, compared to 2015 figures of N320.6bn and \$38.8bn.

This is one of several reasons why, with its significant deposits of industrial clay, silica, lignite, kaolin, tar sand and limestone, Delta does not have to necessarily remain a predominantly crude oil and agro-based economy.

The State could become a net exporter of engineered/composite wood by producing plywood, particleboards, fibreboards, etc., thereby assisting Nigeria to close her 20-million housing deficit. Investments could also go into converting Delta's hydrocarbon resources into adhesives that boost production capacity of the engineered wood

manufacturing sub-sector; the State will have to work with the federal government to negotiate trade deals with net takers of resulting end-products.

Every manufacturing hub needs power, and Delta's lignite deposit could be explored for electricity generation. Delta is connected to the Middle Belt (a major grain hub) via rail and water; she can leverage on this to develop ports as an export hub for commodity along the rail corridor. Significant investments in silos, warehouses and the like will be needed, to obtain maximum operational capacity for greater revenue receipts.

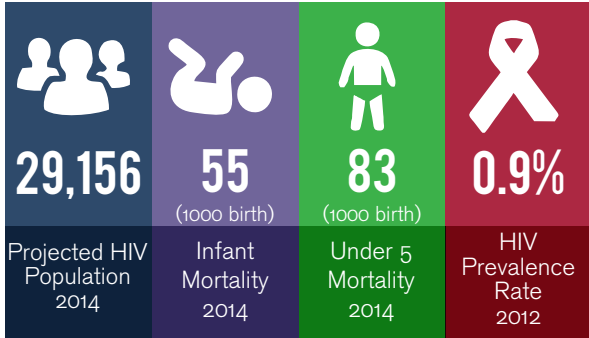
Away from basic fishing, Delta can also exploit its coastlines for the fabrication of ships, as well as commit to boosting infrastructure at the Koko Free Trade Zone, if she hopes to achieve pre-set goals as an industrial leader in the region.



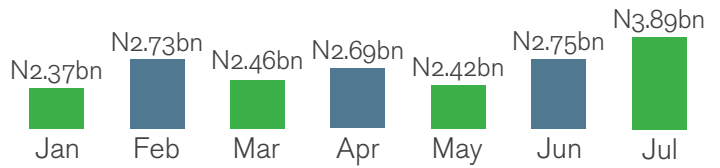
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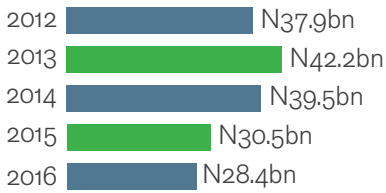
HEALTH INDICATORS



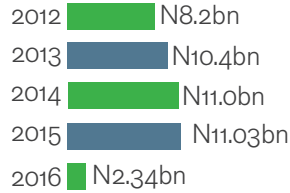
NET FAAC ALLOCATION 2017



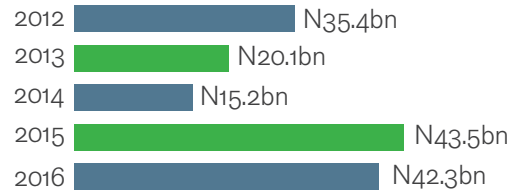
NET FAAC ALLOCATION



IGR



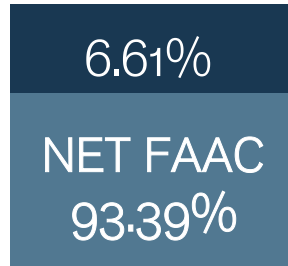
TOTAL DEBT STOCK



TOP AGRICULTURAL PRODUCTS



IGR



Structure of State's Revenue 2017

AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N2.95bn*



N2.03BN

Average Monthly Statutory Allocation (Jan-Jun 2017)



N731.2M

Average Monthly VAT (Jan-Jun 2017)



N/A

Average Monthly 13% Share Of Derivation (Jan-Jun 2017)



N195.2M*

Average Monthly Internally Generated Revenue (Jan-Jun 2017)



AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N3.35bn*



No.86bn*

AVERAGE MONTHLY PERSONNEL COST (JAN-JUN 2017)



N2.49bn*

AVERAGE MONTHLY OVERHEAD COST (JAN-JUN 2017)

ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)

Monthly commitments (Recurrent expenditure)
N3.35bn*

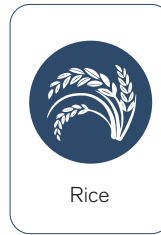
Total average monthly revenue
N2.95bn*



26 Sustainability Rank

EBONYI STATE

OPPORTUNITIES



Ebonyi ranks among one of the youngest States, but is arguably the largest producer of rice, cassava, yam, potatoes, maize and beans in Nigeria.

Sadly in 2016, the State's internally generated revenue (IGR) dropped to N2.42bn, from N11.03bn in 2015. Its FAAC allocations also continue to reduce, based on dwindling oil prices, with a total of N15.4bn received from January to June 2017 as FAAC allocations. However, in its spending plan tagged: "Budget of Inclusive Growth and Poverty Reduction in Economic Recession," a whopping N87.1bn is set aside for Capital Expenditure, while N40.17 will cover Recurrent Expenditure commitments, putting the complete budget at N127.2bn.

This is 25.82% higher than the N101.1bn spent in 2016. With N57.1bn allocated to roads, water, electricity, agriculture, commerce and industries, it is evident that the governor has huge plans to expand infrastructure in Ebonyi.

The State has a Domestic debt profile of N28.05bn and External debt profile of N46.4m for 2016 – a reduction from 2015 figures of N34.2bn and \$46.1mn.

Despite this debt, coupled with the general economic downturn, Ebonyi is one of the very few that has not defaulted in fulfilling its monthly Recurrent Expenditure obligations, except for its halting of the contributory pension scheme. This singular move has likely put the fate of retiring workers in uncertainty, effectively putting pressure on health, housing, education, purchasing power and other social indices in the State.

As Ebonyi gets a monthly average of N2.57bn in FAAC allocations, it must ramp up its revenue drive from diverse sources. The opportunities here center around the agriculture sector, which the governor has made a priority. Abakaliki rice, which for many years disappeared from many tables in the South-east as a food staple, has witnessed a major resurgence, helping to push the down the price of this crop in the region. From 120 metric tons of rice processed daily, output today stands at 180 metric tons, with room to process more, due to increased demand nationwide.

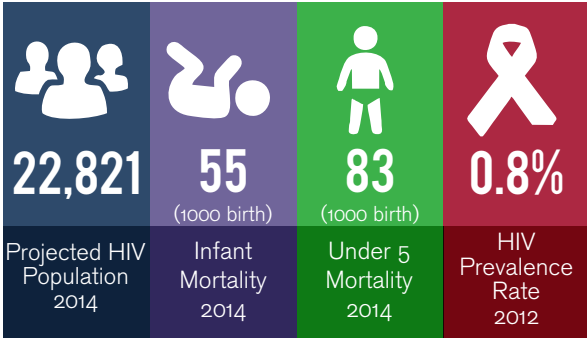
This could be achieved by attracting more investors who would set up modernised rice processing mills, as well as incentivising paddy rice farmers, such that although Ebonyi has targeted 350,000 metric tons of rice by the end of the year, it could achieve 1-2 million metric tons before the end of 2019. This would be a notable share of the rice market, in a country with an estimated consumption of six million metric tons per annum.



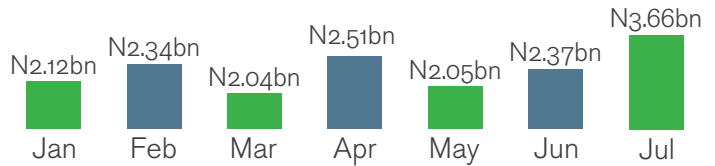
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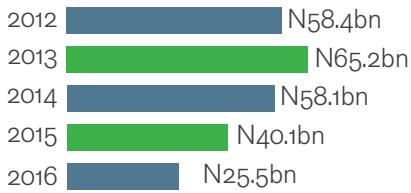
HEALTH INDICATORS



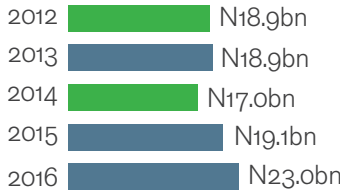
NET FAAC ALLOCATION 2017



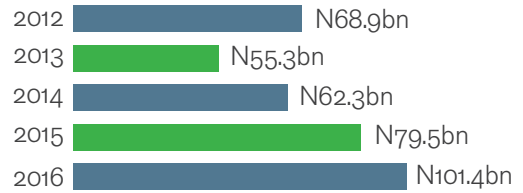
NET FAAC ALLOCATION



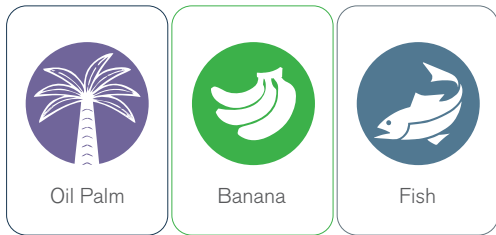
IGR



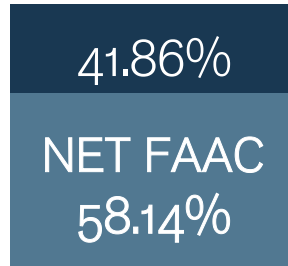
TOTAL DEBT STOCK



TOP AGRICULTURAL PRODUCTS

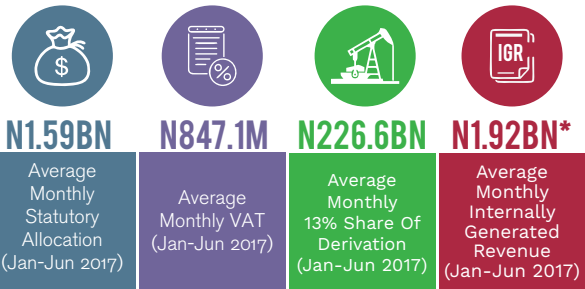


IGR



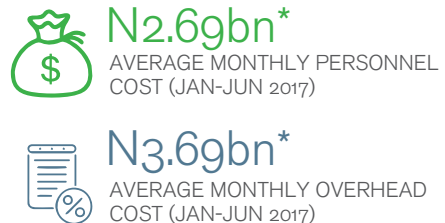
AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N4.59bn*

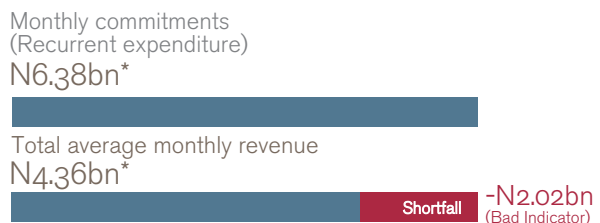


AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N6.38bn*



ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)

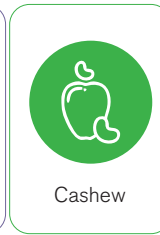
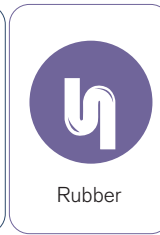


11

Sustainability Rank

EDO STATE

OPPORTUNITIES



Edo State has one of the largest oil palm yields in Nigeria; her economy boasts of Crude oil and other agricultural products such as rubber and cashew, which contributes to Nigeria’s export revenue earnings.

The present administration has placed prioritised the enforcement of Edo's town planning laws, completing roads and drainages across senatorial districts, kicking off a cleanup and beautification programme for the capital of Benin City, whilst ensuring interventionist programmes for are on the front burner.

Notably, internally generated revenue (IGR) increased from N19.1bn in 2015 to N23bn in 2016, with FAAC allocations for the first four months of 2017 now at N9bn; as an oil-producing State, Edo is also a beneficiary of the 13% derivation funds.

The 2017 budget has set aside a total of N74.9bn for Recurrent Expenditure, and N75.1bn for Capital Expenditure. A major issue that calls for concern however is Edo's debt profile – while Domestic debt as at December 2016 was N45.09bn, External debt rose from \$168.18mn in 2016 to \$183.6mn in 2016.

As the State is struggling to consistently fulfill monthly Recurrent Expenditure obligations, it is time to strategically tap into the various economic opportunities within its borders. In this regard, the State has shown initiative by trying to resuscitate its rubber and palm plantations in conjunction with the private sector, likely to increase earnings. The plan is to “leverage on high-yielding varieties and long tradition of oil palm production to

acquire about 100,000 hectares of land for the development of oil palm estates.”

We advise that the timelines in which this project will be achieved are crucial, if Edo hopes to make a dent in its debt profile and shore up revenue figures.

The Gelegele Seaport, which is to be transformed into a container port, holds great promise, if Edo aggressively revitalises her rubber industry – especially as the commodity trades at about \$2,000 per ton. If Edo puts 400,000 hectares under rubber cultivation and invests in research to take yield above four tons per hectares, its rubber-based economy could top \$3bn in the near term.

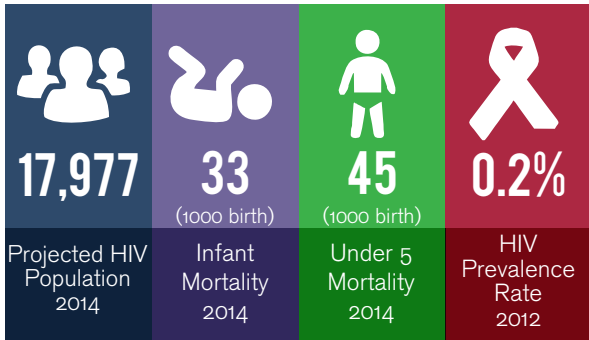
Investment in rail infrastructure could also potentially open the State to the Southwest and Northwest corridor, ensuring a smooth transfer of goods and services that in turn results in a smooth transfer of funds into the public purse.



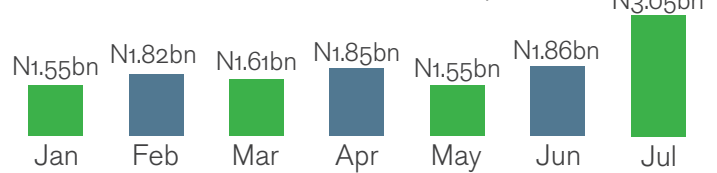
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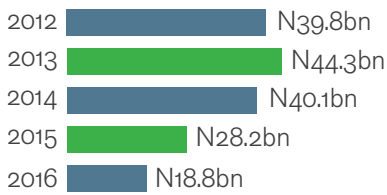
HEALTH INDICATORS



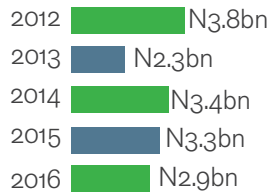
NET FAAC ALLOCATION 2017



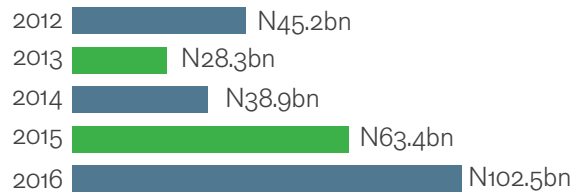
NET FAAC ALLOCATION



IGR



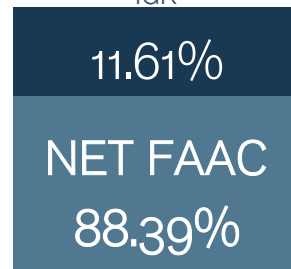
TOTAL DEBT STOCK



TOP AGRICULTURAL PRODUCTS



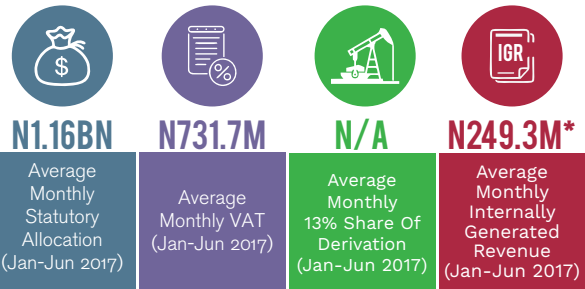
IGR



Structure of State's Revenue 2017

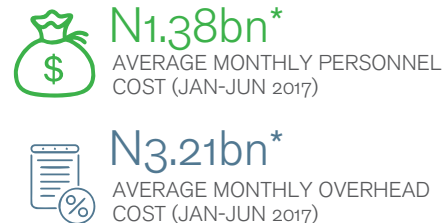
AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N2.15bn*

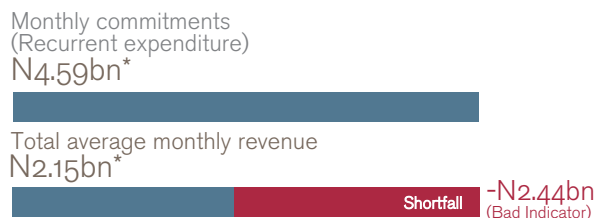


AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N4.59bn*



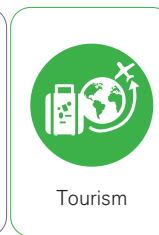
ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)



35 Sustainability Rank

EKITI STATE

OPPORTUNITIES



Ekiti State is one with a largely agricultural economy, which contributed significantly to trade activities in the colonial and postcolonial era. She is still flush with abundant natural resources and other economic viabilities, though these are not being exploited at maximum capacity.

This situation is likely a contributing factor to the reality where Ekiti has joined some of its peers in debt, with over \$56.9mn of External debt and N85bn in Domestic debt as at December 2016. In addition, Ekiti's internally generated revenue falls on the lower end of the spectrum – IGR figures for 2016 stand at N7.74bn, and for the first six months of 2017, Ekiti has received an average of N1.7bn in monthly FAAC allocations. Revenue from FAAC may drop in the long term, due to recession and undulating oil production and prices.

In 2016, Ekiti recorded N36.9bn as total Revenue, but Recurrent Expenditure came to N41.4bn, leaving a shortfall of N4.48bn. As approved spending for Personnel costs in 2017 is N16.55bn, should Ekiti's IGR trend persist, then the State is bound depend more on FAAC allocations to remain financially viable, or she may probably withdraw from the Paris Club refund pot, to fulfill her monthly Recurrent expenditure obligations. Already, civil servants are being owed salaries for six months (November 2016 to April 2017).

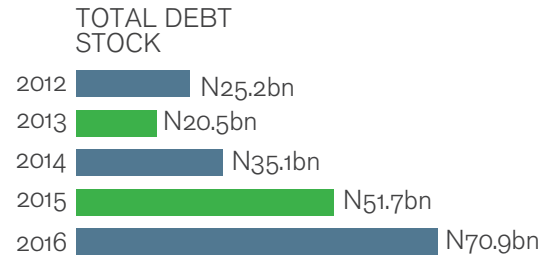
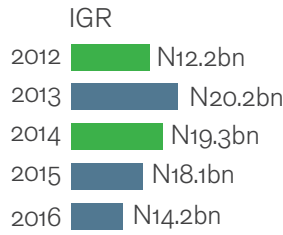
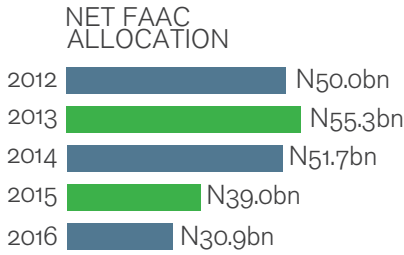
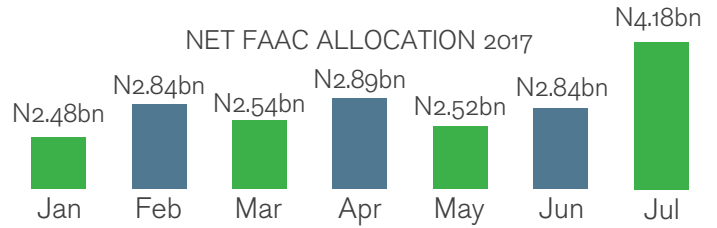
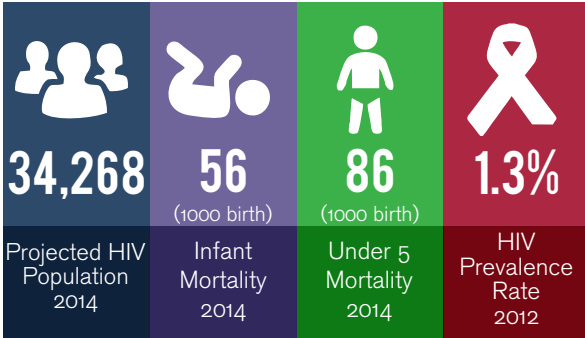
Notably, budget size has almost doubled, from N53.26bn in 2016 to N94.45 for 2017; with a 32.87% increase in Recurrent expenditure for 2017, Ekiti must kick start other revenue-generating sectors, to increase its economic status and the living standards of residents. Agriculture, being the

dominant occupation that provides employment and income for over 80% of the population, is a good place to start. Investments into the main cash crops of cocoa, oil palm and timber must be accelerated, while others such as sorghum could become major industrial feedstock. As farming rakes in over 90% of Ekiti's Gross Domestic Product (GDP), this sector needs to be revamped on all fronts, for greater export opportunities.

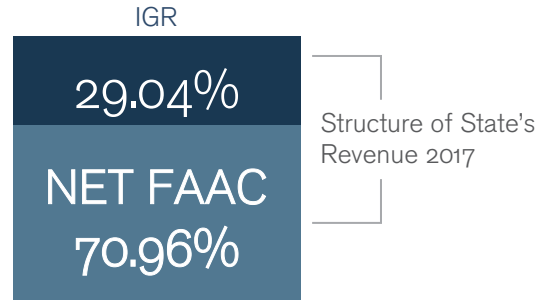
Ekiti could also tap into its significant clay deposits and become a net producer of tiles, whilst exploiting its other mineral resources, most of which remain untapped. These include feldspar, muscovite, bauxite clay, cassiterite, columbite and tantalite, which are all found in Ijero. The ceramic (ball) clays and kaolinite clays available at Isan Ekiti, as well as the recently-revived Ire burnt-brick factory could ensure the State emerges a supplier of bricks to the Nigerian construction industry, a development that could deliver close to 200,000 jobs and significant revenue potentials. The State will need to promote its unique type red brick aggressively, as the national construction sector tends to lean more towards concrete block usage.

Ekiti could also draw in more revenue if they can transform the Ikogosi Warm Spring into a large income driver, as tourism remains a fast revenue earner, provided requisite investments are made, and maintained.

HEALTH INDICATORS

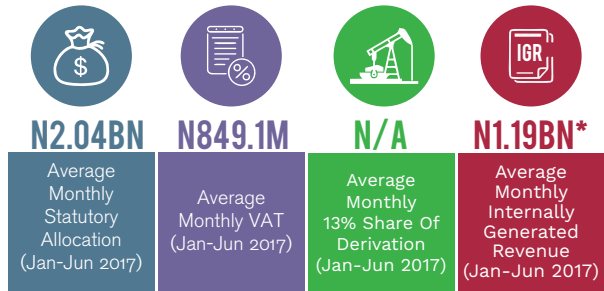


TOP AGRICULTURAL PRODUCTS



AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N4.08bn*



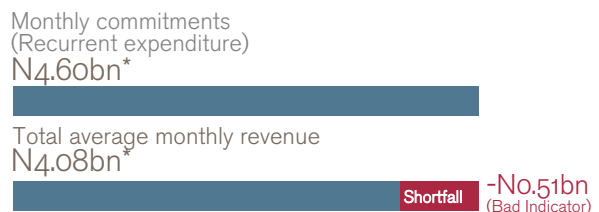
AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N4.60bn*

 **N2.27bn***
AVERAGE MONTHLY PERSONNEL COST (JAN-JUN 2017)

 **N2.33bn***
AVERAGE MONTHLY OVERHEAD COST (JAN-JUN 2017)

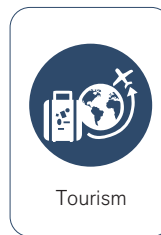
ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)



8 Sustainability Rank

ENUGU STATE

OPPORTUNITIES



Enugu's 2017 budget provides for a Recurrent expenditure spend of N55.2bn, up from 2016 estimates of N43.7bn. Interestingly, the average share of its revenue from FAAC allocations in the first six months of 2017 was N2.68bn, while its IGR uptake is projected at approximately N1bn monthly. With Enugu's monthly revenue not expected to be significantly higher than N3.7bn, the State must find ways to rein in its Recurrent expenditure figures, which are estimated at N4.6bn in the 2017 budget.

In the first half of 2016, N21.9bn went to Recurrent expenditure, while actual Revenue collected by Enugu was N32.78bn, chiefly from FAAC receipts.

To maintain such a trend, the State will need to start implementing strategies that improve its IGR uptake and reverse the sustained drop in its independent revenue earnings.

Enugu's IGR figures in 2013, 2014 and 2015 was N20.2bn, N19.66bn and N17.98bn respectively, whilst national statistics projected IGR for 2016 at N14.2bn. The State government's data however showed that actual IGR as at mid-2016 was N6.1bn; significantly below a mid-year target of N9.4bn.

Also, Enugu's domestic debt as at December 2016 stood at N48.4bn, which suggests a relatively manageable threshold, when compared with its peers that share almost the same IGR figures. The State must however watch its Recurrent expenditure closely, as this might push the debt numbers higher in the medium to long term.

To get extra Revenue, Enugu must look to its population; about 3,200 people work in its Mining sector, up to 58,000 people work in Manufacturing, and 1.4million are in Agriculture, according to the National Bureau of Statistics. The State should therefore start exploring ways

of formalising these sectors, making use of its location to attract industrial manufacturers with heavy energy requirements.

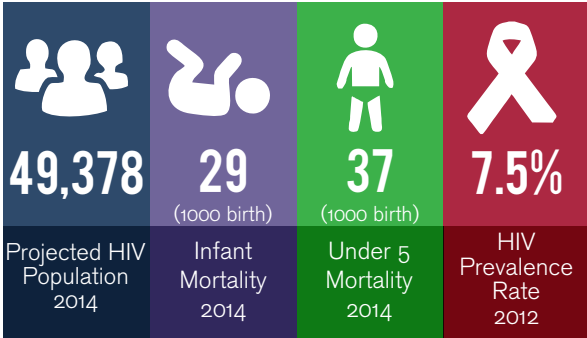
The abundant clay deposits in Enugu, if tapped, could elevate it into a brick manufacturing base, which could produce close to one billion units of bricks, to service the South-South, North-Central and South-East construction markets, with the potential for export opportunities.

To maintain a place as a regional market leader, Enugu will also have to improve on the ease of doing business, its infrastructure, and systematically invest more in the education of its growing working population.

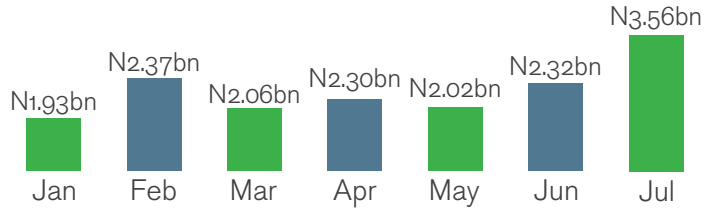
Though the effect of the Paris Climate Accord on the coal mining sector (and by extension Enugu's revenue from coal) cannot be immediately ascertained, worth noting is that its tourism and renewable energy potentials could help offset any negative effect on earnings in the interim. For instance, the State's wind energy potential is well documented by the ministry of Science and Technology, and therefore Enugu will benefit greatly by ensuring alternative energy initiatives become mainstream.

Also, her beautiful lakes, caves, hills, falls, and springs could gain more prominence as attractive locations for Nigerian and foreign tourists if further developed, promoted and made more secure, which in turn could significantly boost Enugu's earning prospects in the medium to long term.

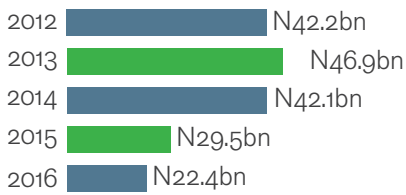
HEALTH INDICATORS



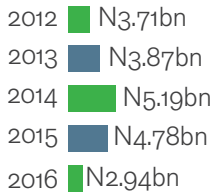
NET FAAC ALLOCATION 2017



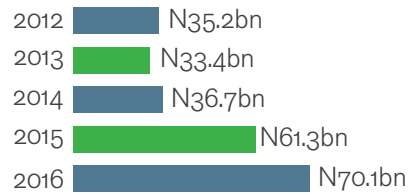
NET FAAC ALLOCATION



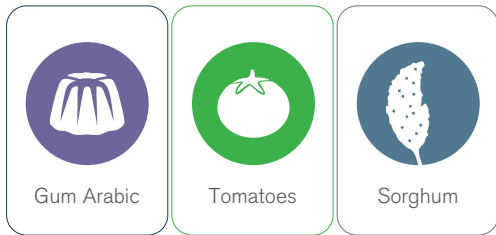
IGR



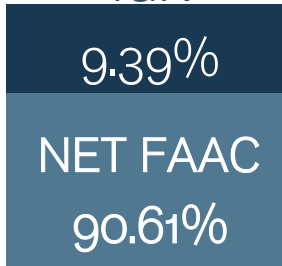
TOTAL DEBT STOCK



TOP AGRICULTURAL PRODUCTS



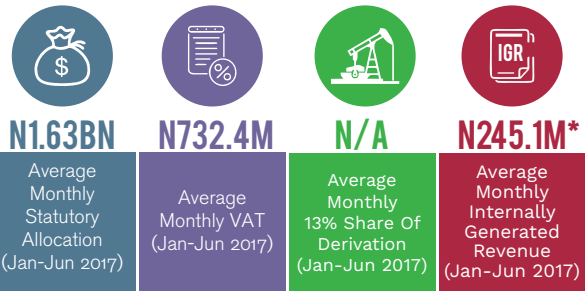
IGR



Structure of State's Revenue 2017

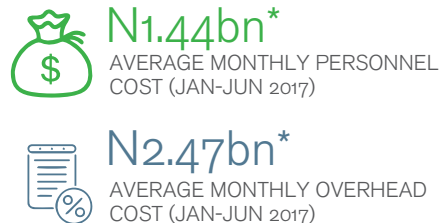
AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N2.61bn*

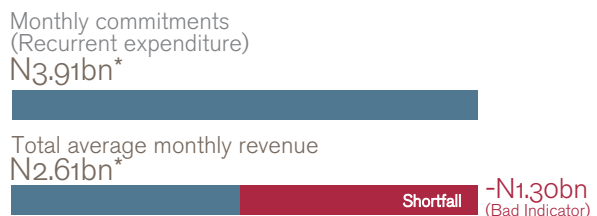


AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N3.91bn*



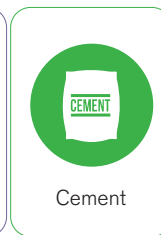
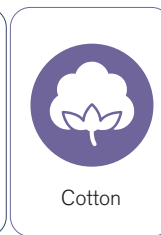
ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)



32 Sustainability Rank

GOMBE STATE

OPPORTUNITIES



Gombe State seems to be on a promising journey in the last two years, admirably focusing more on the education sector. However, it appears that not much has been done in terms of finding ways to attract investors to the rich agricultural portfolio of a State that also holds considerable prospects for entrepreneurs, and tourists.

Gombe's 2017 budget stands at N85bn, with Recurrent and Capital expenditure taking 53.71% and 46.29% respectively. Average monthly FAAC allocations from January to June 2017 came to N2.17bn, while internally generated revenue as at October 2016 was N2.54bn. With IGR as low as N2.54bn, average monthly FAAC allocations of N2.17bn, as well as Domestic and External debt profiles sitting at N48.3bn and \$37.8m respectively, these figures suggest that Gombe is in a precarious position. Her revenue—whether from FAAC or internal sources—remains modest, pushing Gombe into the category of financially unviable sub-national units within the federation.

In 2011, the Bank of Industry approved a loan worth N903.4mn for the development of Micro, Small and Medium Enterprises (MSMEs) in Gombe State, out of which 80% was specifically dedicated to agro-processing, since the State is largely agrarian. Unfortunately, very little information exists on the distribution of this loan.

Gombe's people, her vast agricultural potential and numerous mineral resources constitute invaluable assets for economic investments. If properly harnessed, particularly for agro-based and solid mineral based manufacturing industries, these could ensure the State makes a break towards financial security.

But first, Gombe must modernize its outlook, as most of the existing industries within its borders were those established long before the State itself was created. These are mostly agro-

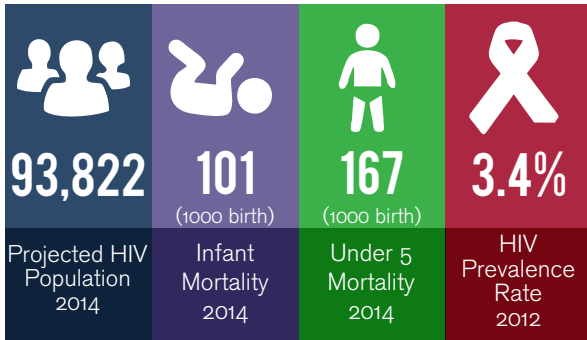
based, with the exception of Ashaka Cement. Cotton production holds significant promise, as investment in research and modern techniques could potentially lift yield upwards, with increased earnings in tow. If Gombe were willing to put one million hectares under cotton cultivation alone, its total output could top five million bales per annum.

Gombe must also exploit its solid mineral-based industrial potentials, including those to do with the manufacture of paints, ceramics, blocks, glass/bottles, as well as metal fabrication, jewelry and gem cutting. Gombe could also explore the establishment of pharmaceutical blending industries, a peculiar venture that could shore up revenue.

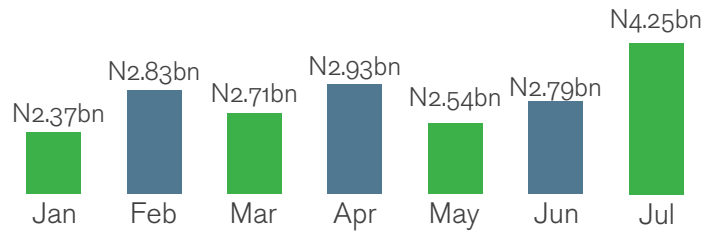
Noteworthy is that the government has issued comprehensive documents on the Industrial Policy of Gombe State and on the Gombe State Investment Guide, both of which provides attractive incentives for investors wishing to invest in the State. This will undoubtedly ease external communication of Gombe's willingness to do business.

In the tourism and hospitality sector, investment opportunities of note fall under the establishment of hotels, amusement parks, zoos, cinemas, as well as museums and art galleries development. Also pertinent is the need for huge investments in this sector, to upgrade the aesthetic and business profile of Gombe State.

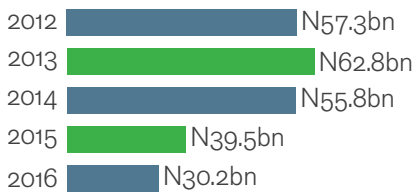
HEALTH INDICATORS



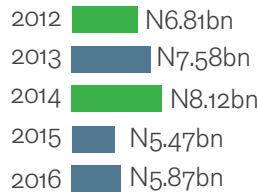
NET FAAC ALLOCATION 2017



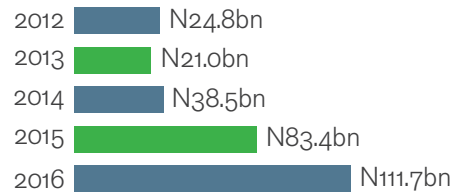
NET FAAC ALLOCATION



IGR



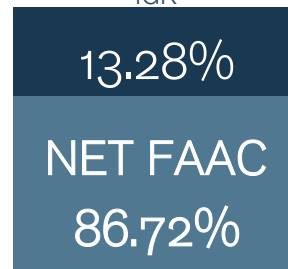
TOTAL DEBT STOCK



TOP AGRICULTURAL PRODUCTS



IGR



Structure of State's Revenue 2017

AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N3.41bn*



N2.06BN

Average Monthly Statutory Allocation (Jan-Jun 2017)



N864.2M

Average Monthly VAT (Jan-Jun 2017)



N275.1M

Average Monthly 13% Share Of Derivation (Jan-Jun 2017)



N489.3M*

Average Monthly Internally Generated Revenue (Jan-Jun 2017)



AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N4.48bn*



N2.04bn*

AVERAGE MONTHLY PERSONNEL COST (JAN-JUN 2017)



N2.44bn*

AVERAGE MONTHLY OVERHEAD COST (JAN-JUN 2017)

ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)

Monthly commitments (Recurrent expenditure)
N4.48bn*

Total average monthly revenue

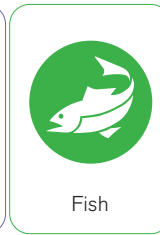
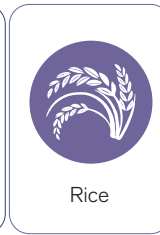
N3.41bn*

Shortfall -N1.07bn
(Bad Indicator)

22 Sustainability Rank

IMO STATE

OPPORTUNITIES



Imo State's budget for 2017 calls for a Recurrent spend of N53.7bn, down from 2015 projections of N60.7bn per annum; N77.4bn should be going into administrative and developmental capital projects, if the budget is implemented in full.

Imo however has an economy still centred around agriculture and trade – the biggest proportion of these activities is happening informally; a situation that is often cited as contributing to Imo's abysmal IGR earnings.

In 2016, IGR was approximately N5.87bn, significantly lower than 2014 levels of N8.1bn. Imo's average monthly share of FAAC allocations for the first six months of 2017 came to N2.69bn, while she plans to spend N4.48bn monthly on Recurrent items alone. As the State's revenue is not expected to be significantly higher than N3.2bn, she may have to pool funds from savings, grants, or even borrow to meet Recurrent expenditure commitments. If these measures do not elicit the needed relief, Imo may have to rein in Overheads - the costs of keeping its administrative unit within government running.

To boost revenue, Imo has a retinue of options. The State could tap into its status as an oil-producing one with approximately 163 oil wells across 12 locations, as well as exploit its deposits of natural gas, lead, calcium carbonate and zinc production potentials. Abundant white clay could be transformed into revenue from ceramics manufacturing, while Imo's limestone could be purposed for industrial cement production. In the latter instance, incentives could be granted to private and public entities that construct roads, houses and other infrastructure, provided they use State-produced cement.

Imo may also decide to reverse the current situation where its largest natural lake now serves in part as a septic pool for domestic urban sewage. The Oguta Lake, if revamped, holds huge promise for the public purse; careful planning, regeneration and investment, could see it remain a tourist favourite, as well as emerge a fishery production haven.

Other investment opportunities include chemical production, which could serve the steady demand for industrial feedstock from the oil and gas sector. Oil palm cultivation could also see a boost, if Imo's equatorial rain forest belt with an average annual rainfall of 3,100 mm could be put to use with the requisite investments.

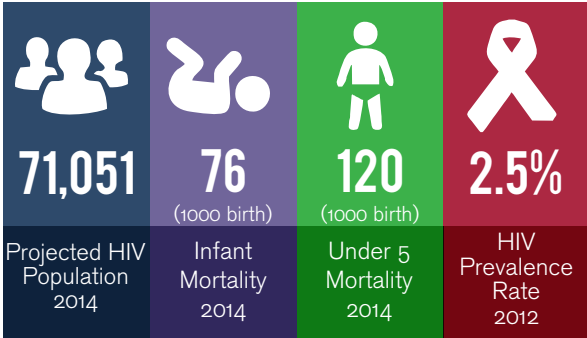
The foregoing is pertinent, due to Imo's rising debt profile. Domestic debt moved from N12.3bn in 2013 to N93.3bn as at the end of 2016 on the back of rapidly expanding Overheads. Extensive reduction and formalization of its workforce as well as a rapid improvement of its internal revenue uptake is key to Imo State achieving financial viability.



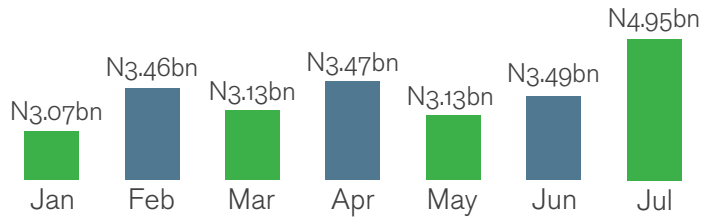
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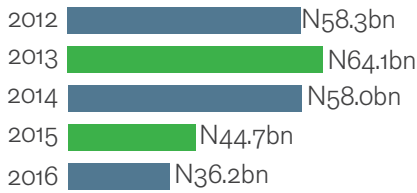
HEALTH INDICATORS



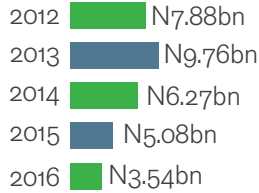
NET FAAC ALLOCATION 2017



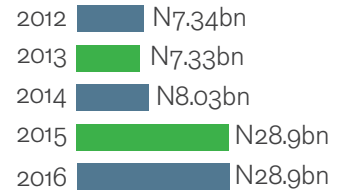
NET FAAC ALLOCATION



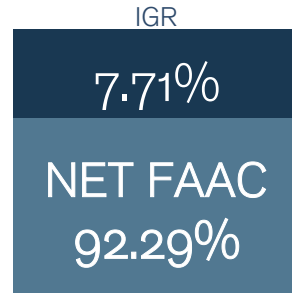
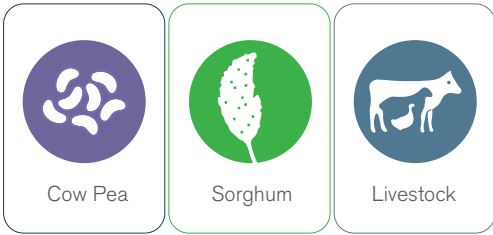
IGR



TOTAL DEBT STOCK



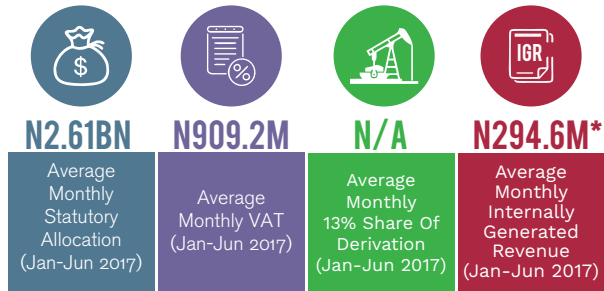
TOP AGRICULTURAL PRODUCTS



Structure of State's Revenue 2017

AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N3.82bn*

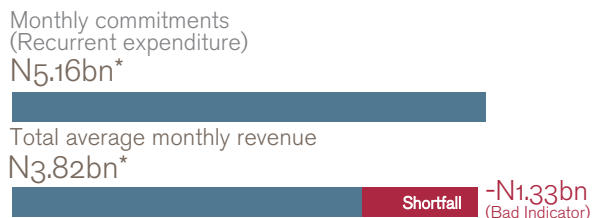


AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N5.16bn*



ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)



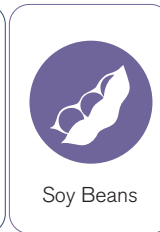
28 Sustainability Rank

JIGAWA STATE

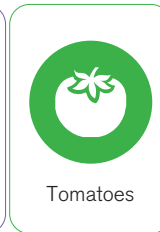
OPPORTUNITIES



Wind Power



Soy Beans



Tomatoes



Efforts are ongoing to make Jigawa State an industrial hub; most notable is the plan to build a White Refined Sugar Processing factory, which will have an output of over 100,000 tons of Sugar annually, and independent units that produce food seasoning, organic fertilizers and high-density fiberboards, whilst also generating 17MW of electricity.

In the interim, this agrarian State has sizeable Domestic debt worth N19bn and External debt pegged at \$32.4mn. For 2017, Jigawa proposed a budget of N127.8bn, earmarking N66bn for Capital expenditure and N37.5bn to offset Personnel costs. As at December 2016, total IGR was N3.5bn and the average FAAC disbursements received for the first six months of 2017 amounted to N3.29bn. It is evident that without the monthly federally-collected revenue from FAAC, Jigawa's books will likely remain in the red. This could continue to be a factor that impedes essential infrastructural development for its people.

We advise that Jigawa's best chances lie in its diverse agricultural produce. As part of its efforts to replace subsistence farming with commercial agriculture, the State government introduced a cluster farming initiative, where four target crops (rice, groundnuts, sesame, and soy beans) were identified as core areas of competitive advantage upon which Jigawa can boost revenue figures.

We concur with established estimates that the introduction of this scheme could result in an average yield of 10 tons per hectare for rice in the next few years.

Jigawa is right to also merge industrial-scale agriculture with manufacturing in these areas: the Jigawa Tomato and Citrus Processing model farm located at Kazaure; the Jigawa State Flour Mills and allied products, which will

be processing grains into flour and grits; the Jigawa State Dairy Products and model farm at Birnin Kudu; the Sugar Processing Company at Sara as well as the Atafi Rice Processing Company at Hadejia for paddy rice have all been completed and reported as functioning. The next few months and indeed years could see a turnaround of Jigawa's fortunes, provided she maintains, and expands upon these initiatives.

We strongly recommend that the proposed Fertiliser Manufacturing Industry; Meat Processing Industry and Sheet Glass Manufacturing Industry is completed on time and is fully functional. This could attract more investors, provided the ongoing electrification of villages and towns to the national grid system by the Jigawa State Rural Electricity Board continues apace.

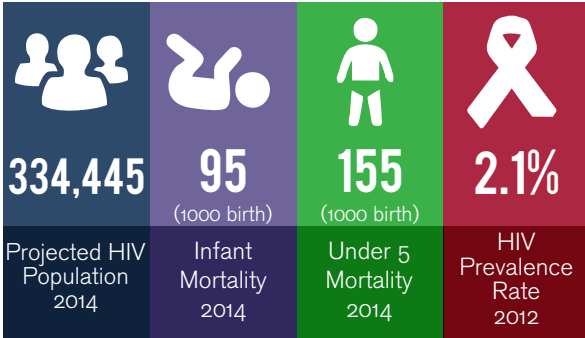
Jigawa has shown a penchant for renewable energy sources, by mounting wind turbine in its grazing reserves. We recommend that the State must toe this path aggressively; a wind turbine could generate approximately 3MW of electricity, meaning Jigawa could be on course to potentially supply close to 5,000MW into the desperately underserved Nigerian energy market.



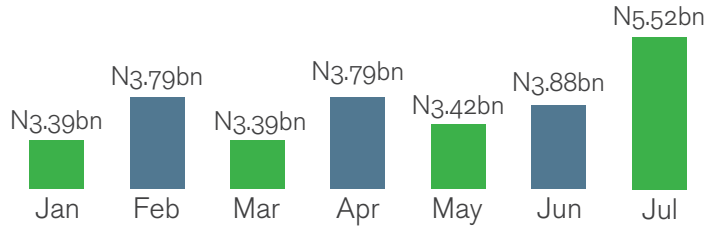
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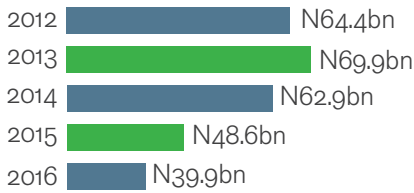
HEALTH INDICATORS



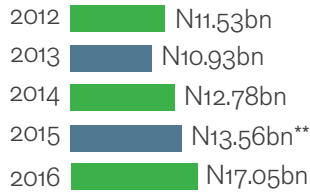
NET FAAC ALLOCATION 2017



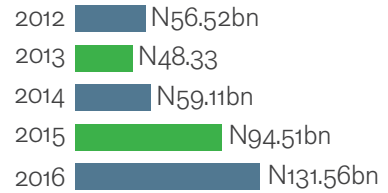
NET FAAC ALLOCATION



IGR

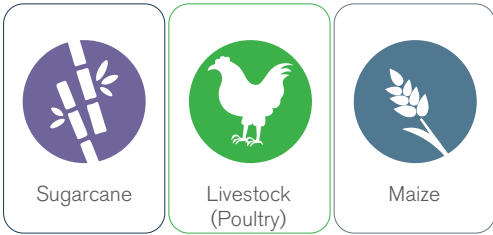


TOTAL DEBT STOCK

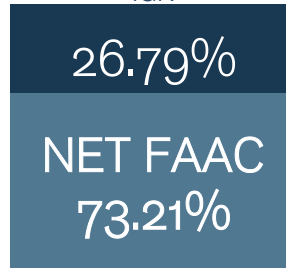


**Kaduna State Audited Account

TOP AGRICULTURAL PRODUCTS



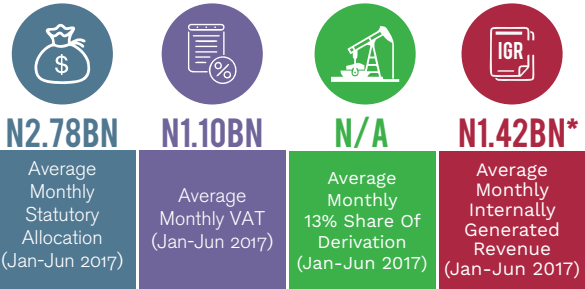
IGR



Structure of State's Revenue 2017

AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N5.30bn*

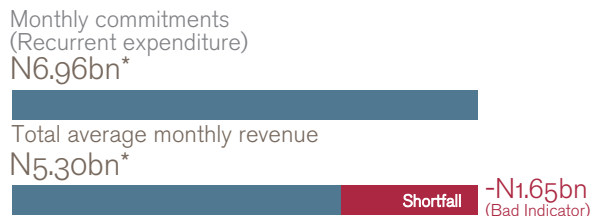


AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N6.96bn*



ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)



15 Sustainability Rank

KADUNA STATE

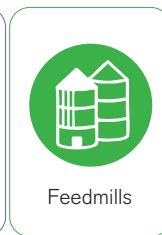
OPPORTUNITIES



Livestock



Logistic Hub



Feedmills



Kaduna State embarked on a series of reforms some years ago, including the building an electronic revenue collection platform, workers' verification exercises, reducing its 24 ministries to 13, and consolidating its financial accounts (under the Treasury single accounting initiative). However, the results of these reforms, in terms of savings made on Personnel cost and Overhead costs, are varied.

Kaduna's IGR improved significantly to N23bn in 2016, from N13.6bn in 2015, while its wage bill was reduced from 2015 levels of N26.8bn to N21.8bn in 2016. In effect the State's IGR alone can offset its monetary obligations to its workers. However, actual spending on Non-Staff Recurrent expenditure (Overheads) jumped to N26.2bn in 2016, a sharp rise from the N18.6bn recorded in 2015.

With a 2017 Recurrent expenditure plan estimated at N83.7bn annually (or N6.98bn monthly) against average monthly revenues of N5.8bn, Kaduna may lean towards borrowing, to cover its recurrent expenditure obligations. The State's share of FAAC receipts averages N3.6bn monthly, while IGR uptake per month is estimated at N1.92bn.

On the flip side, Kaduna may need to develop a sustainable path to financing its infrastructure plans including entering into a public-private partnership agreements. This is because her domestic debt profile was at N63.2bn as at the end of 2016, a 544.9% rise from 2013 levels of N9.8bn.

Kaduna's strong agrarian economy could be further boosted towards profitability if the government pursues collaboration with organised private sector to restart some of its comatose agro-allied factories.

Further afield, Kaduna is an important junction on Nigeria's narrow gauge railway network – a branch line connects the Lagos–Nguru Railway to the Port Harcourt–Maiduguri Railway, strategically positioning the State as a commercial hub. Kaduna could leverage on this to build the requisite logistical support infrastructure that ensures it emerges a service center for the northern region – a move that will ensure Kaduna benefits massively from Nigeria's drive to become a net exporter of agricultural and manufacturing products.

Kaduna will need to revitalise its 17 grazing reserves of 172,000 hectares; significant investment in fences, irrigation and the planting of legumes and grass, as well as a resolving of longstanding security issues around grazing rights will be critical, if the State hopes to retain its cattle and pull investors in.

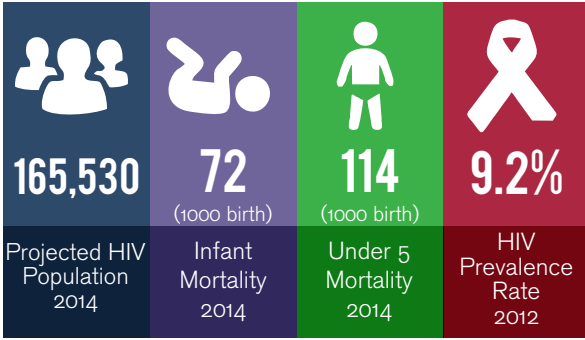
Finally, we advise Kaduna to leverage on the Nigerian pipeline transportation system which brings crude from the Niger Delta oil fields, to build a hydro-carbon manufacturing base. Kaduna is also connected by road and rail to Abuja and she could therefore consolidate plans to become a net exporter of food and quality manufacturing products to Nigeria's rapidly expanding capital.



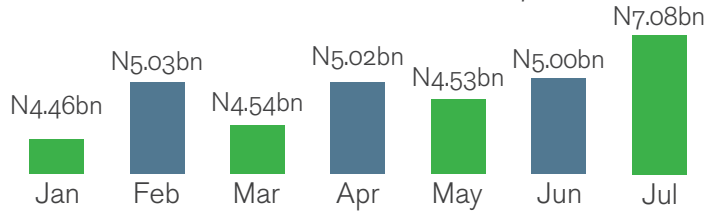
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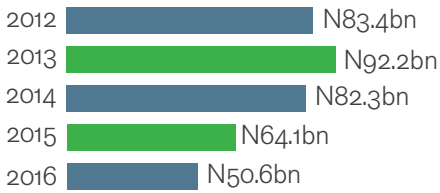
HEALTH INDICATORS



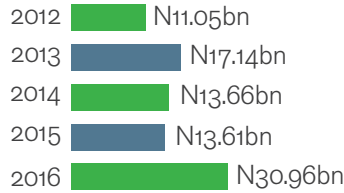
NET FAAC ALLOCATION 2017



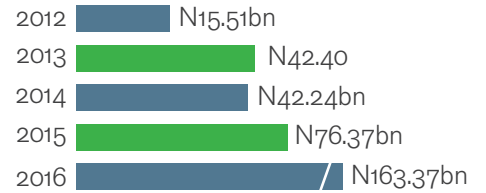
NET FAAC ALLOCATION



IGR



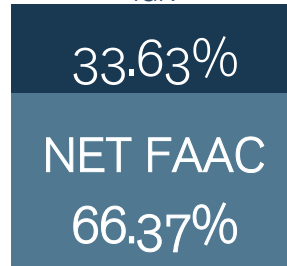
TOTAL DEBT STOCK



TOP AGRICULTURAL PRODUCTS



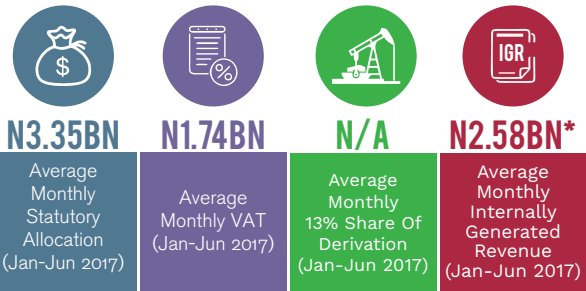
IGR



Structure of State's Revenue 2017

AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N7.67bn*



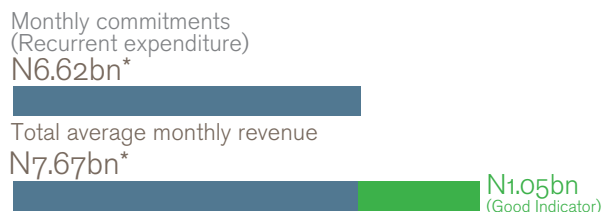
AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N6.62bn*

N4.92bn*
AVERAGE MONTHLY PERSONNEL COST (JAN-JUN 2017)

N1.70bn*
AVERAGE MONTHLY OVERHEAD COST (JAN-JUN 2017)

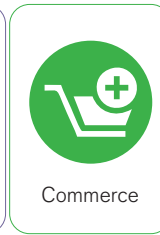
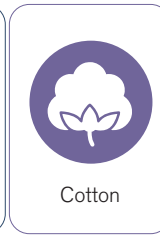
ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)



4 Sustainability Rank

KANO STATE

OPPORTUNITIES



Internally generated revenue for Kano comes to an average of N2.5bn monthly and its gross monthly receipts from the FAAC allocations is approximately N4.62bn; a fall from 2015 estimates of N5.89bn.

Total revenue which accrues to Kano monthly, is therefore not expected to deviate significantly from N7.12bn.

Considering its 2017 budget, which projects Recurrent expenditure obligations per month to lie around N14.95bn, it is clear that a drastic cut in Kano's Overhead costs could be the most effective way to keep it out of murky financial waters. The State must also reform its tax collection processes if its hopes to improve significantly on its revenue uptake.

This is because her debt profile is expanding rapidly; Domestic debt as at December 2016 was N93.7bn, compared to 2013 figures of N31.4bn. Kano will have to rely on its industrial pedigree and revive, or where necessary expand, its status as a commercial hub in the sub-region.

The State's share of federally collected revenue (FAAC) for the first six months of 2017 averaged N4.76bn monthly. We advise that as one of Nigeria's most populous States, and given that Kano's economy is centered around agriculture and trade, policy formulators must find a way to capture the over 3.5million workers within these sectors into the tax-paying bracket.

Furthermore, Kano must rebuild its industrial base, which was formally anchored around the Textile mills, and pursue new trade routes with neighbouring States. With more investment in research and modern techniques, Kano could potentially lift cotton yield to above one million bales per annum.

The State can also leverage on its irrigation potentials to boost production for food crops including millet, cowpeas, sorghum, maize and rice, opting for the profitable markets on the Lagos-Kano rail corridor; another strategy would be to become a major supplier of animal feed, to service the booming South-West poultry markets.

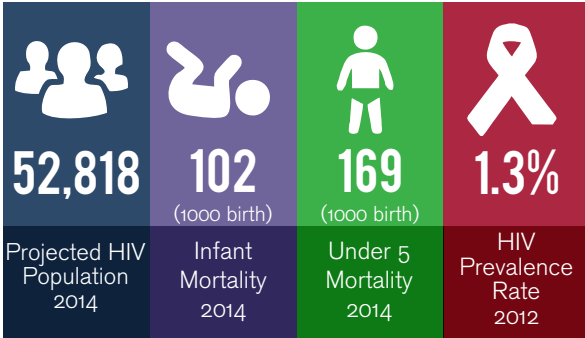
The Sitti-Rimi-Kibiya-Rano conclave, believed to hold significant resources such as laterite rock, has the potential to elevate Kano's civil construction sector, and by extension the Nigerian economy. The Riruwai-Dajin Falgore axis, endowed with deposits of lead, zinc, molybdenum, silver, copper and lithium may also be exploited, to raise Kano's economic prospects. In particular, the global demand for lithium-based batteries across many devices, including phones, laptops and cars creates a huge opportunity for Kano to develop its mining sector.



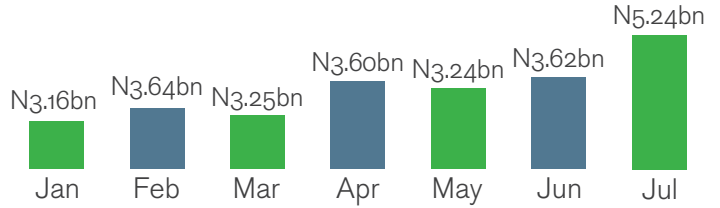
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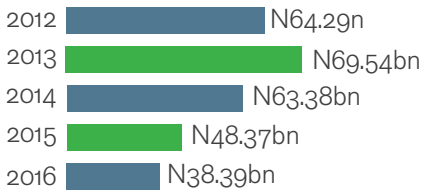
HEALTH INDICATORS



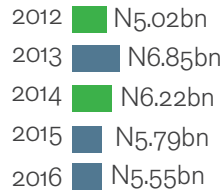
NET FAAC ALLOCATION 2017



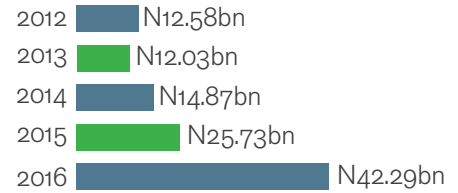
NET FAAC ALLOCATION



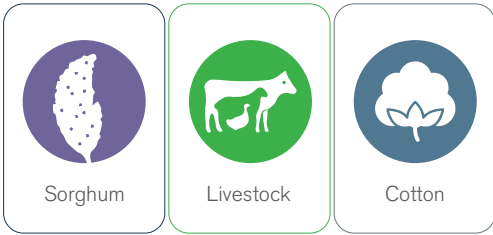
IGR



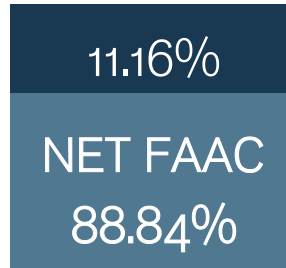
TOTAL DEBT STOCK



TOP AGRICULTURAL PRODUCTS



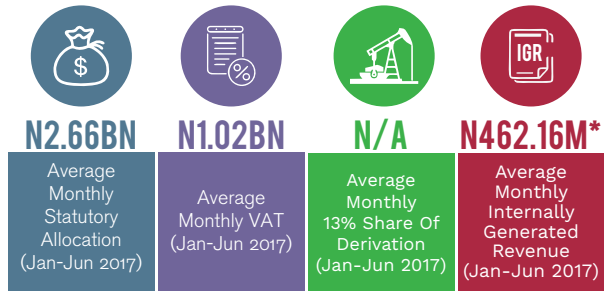
IGR



Structure of State's Revenue 2017

AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N4.14bn*



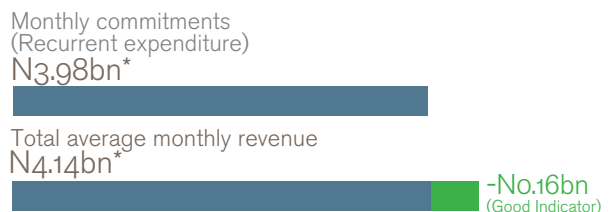
AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N3.98bn*

N1.90bn*
AVERAGE MONTHLY PERSONNEL COST (JAN-JUN 2017)

N2.08bn*
AVERAGE MONTHLY OVERHEAD COST (JAN-JUN 2017)

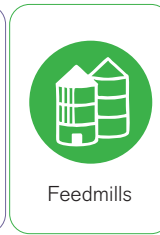
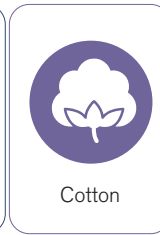
ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)



12 Sustainability Rank

KATSINA STATE

OPPORTUNITIES



Katsina's Domestic debt was N21.4bn as at December 2016, from N269m in 2013. Her IGR for 2016 was an average of N5.55bn, slightly below 2015 levels of N5.79bn. The State also received FAAC disbursements averaging N3.4bn monthly, for the first six months of 2017.

The 2017 budget is pegged at N140.2bn, with Recurrent expenditure projected at N47.7bn, or N3.975bn monthly—an amount that Katsina's average total monthly revenue of N3.5bn cannot cover. A coherent strategy on how best to grow IGR is therefore vital, and more sustainable in the long-term.

Measures Katsina could take include tapping into cotton, one of its foremost tradable commodities. The State can rebuild its economy around the cotton business, and may aim for a yearly output of five million bales, to corner a share of the estimated \$12bn global market for cotton. Beyond the cultivation and production of seed cottons and lint, Katsina may also move into light manufacturing of cotton-based products.

With its large land mass and climate, Katsina is also strategically positioned to benefit from the renewable energy market by serving its needs, whilst making a dent in meeting demands at national level. Presently, the State has piloted a 10MW pilot wind farm project; augmenting this with solar electricity and ramping up wind-based electricity generation could leapfrog Katsina into becoming a manufacturing and renewable energy hub.

In the near term, these energy sources could be put to use to boost other areas of revenue; for instance, cattle ranches and farms could be irrigated using solar and wind energy, thereby ramping up livestock production and pushing back desert encroachment respectively.

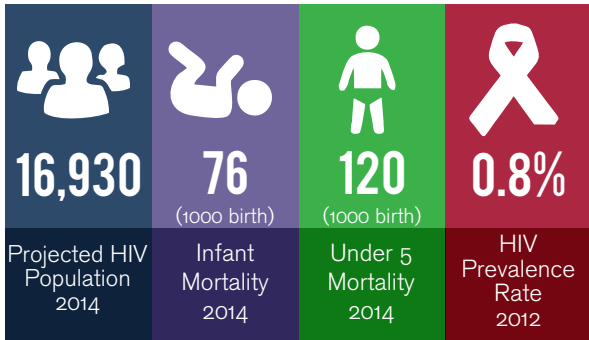
Katsina could go further by exploiting its Silica Sand and Feldspar deposits, manufacturing ceramics and glassware that is critical to sustaining the Nigerian construction and housing market. We also advise Katsina to maximize its potentials by designing a workable plan that not only covers the exploration and extraction of the 34 solid minerals within, but also foresees the building of a manufacturing base around the resulting commodities.



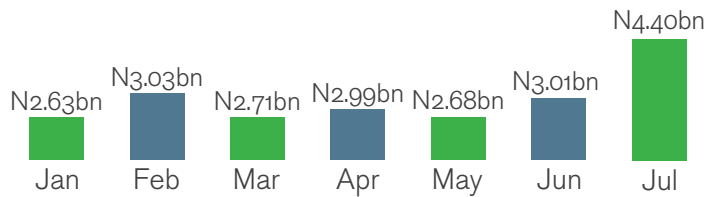
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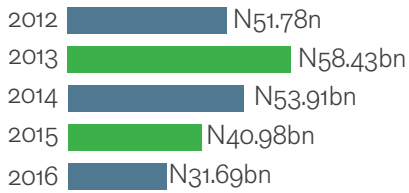
HEALTH INDICATORS



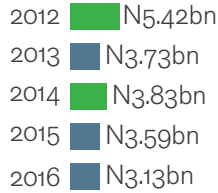
NET FAAC ALLOCATION 2017



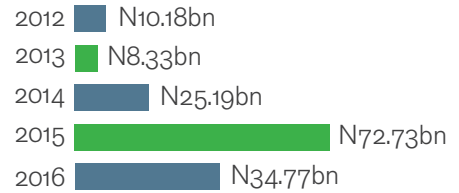
NET FAAC ALLOCATION



IGR



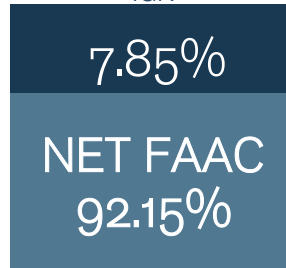
TOTAL DEBT STOCK



TOP AGRICULTURAL PRODUCTS



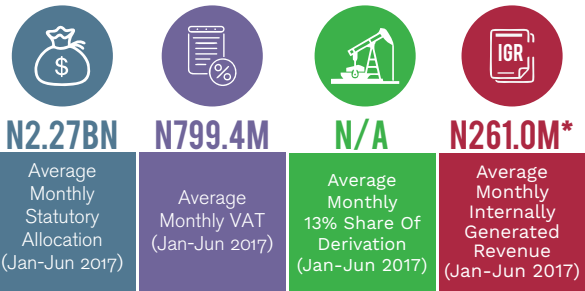
IGR



Structure of State's Revenue 2017

AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N3.33bn*



AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N3.35bn*



ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)

Monthly commitments (Recurrent expenditure)
N3.35bn*

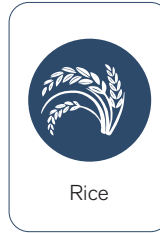
Total average monthly revenue
N3.33bn*



16 Sustainability Rank

KEBBI STATE

OPPORTUNITIES



Rice



Wind Power



Glassware



Kebbi has moved towards industrialization, a State now ranked among the major producers of rice in Nigeria. The ongoing participation of more than 70,000 farmers in the Anchor Borrowers Rice and wheat farming initiative is pushing Kebbi towards a new status as a hub for agro-based products.

In the first four months of 2017, Kebbi received an average of N2.8bn monthly revenue from FAAC, with IGR in 2016 pegged at about N462mn. The 2017 budget projects a spending of N139.3bn – Recurrent expenditure will be N40bn, while Capital expenditure is around N99.1bn.

The State's Total Debt stock as at December 2014 stood at N25.98bn, while Domestic and External debt profile for 2016 came to N20bn and \$46.1mn respectively. Although Kebbi has a relatively low debt profile, the drop in revenue from the Federation Account and IGR sources need to be addressed.

It is clear that Kebbi's revenue, whether from IGR or FAAC receipts, cannot keep the state afloat, especially given the recent economic recession – except alternative steps towards expanding revenue generation are taken.

Kebbi's move to embark on large-scale rice cultivation across 17 out of its 21 local government areas could culminate in the production of 70% of Nigeria's rice requirements annually.

An MOU signed in March 2016 with Lagos State resulted in the production of the Lake (Lagos-Kebbi) Rice brand. With Lagos being the consumer, and Kebbi the producer, this strategic plan to transform the agriculture ecosystem suggests Kebbi is eager to take the initiative to shore up its economic prospects.

Reports of industrial flour mills about to be established in Kebbi also indicate more related agro-based initiatives are in the offing for Kebbi.

In the interim, the State must improve its logistics base by leveraging on its inland waterways, rivers and land routes, if it hopes to ensure access to sub-national markets for the goods it produces.

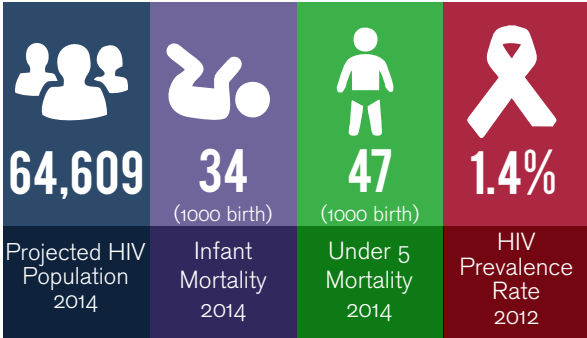
This is most pertinent because Kebbi is also known for other mineral resources such as Salt, Gold, Iron-Ore, Feldspar, Limestone, Quartz, Bauxitic Clay, Manganese, Kaolin and Mica, which will need to be mined, and transformed into commodities that generate revenue.



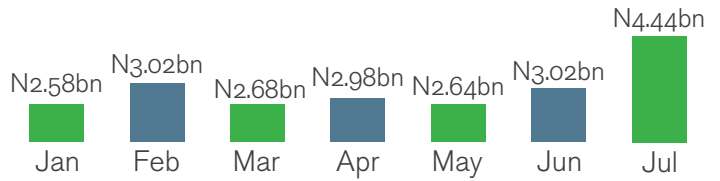
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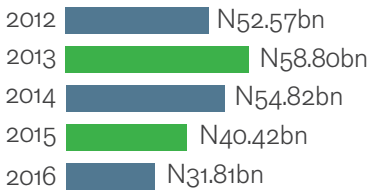
HEALTH INDICATORS



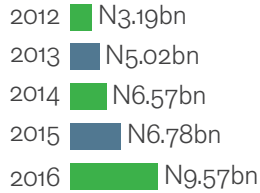
NET FAAC ALLOCATION 2017



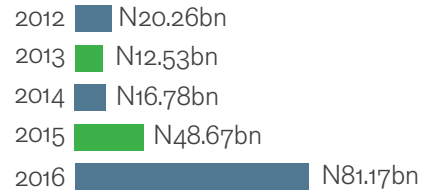
NET FAAC ALLOCATION



IGR



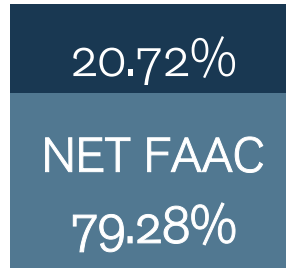
TOTAL DEBT STOCK



TOP AGRICULTURAL PRODUCTS



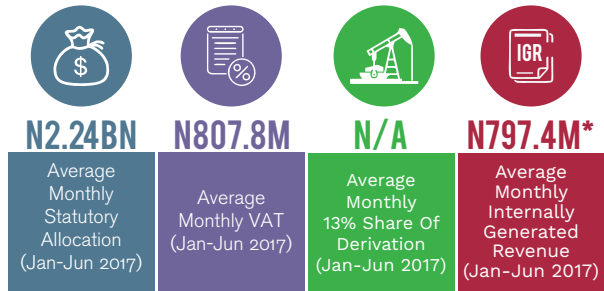
IGR



Structure of State's Revenue 2017

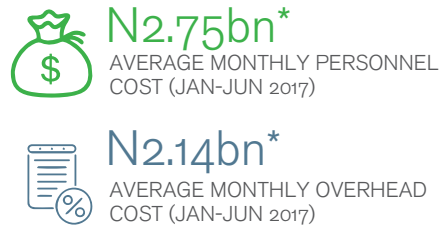
AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N3.85bn*

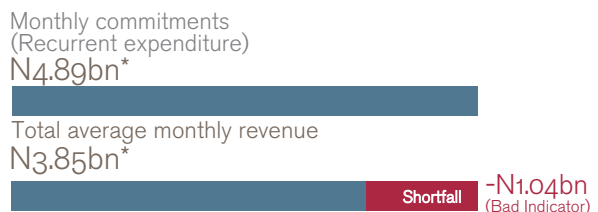


AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N4.89bn*



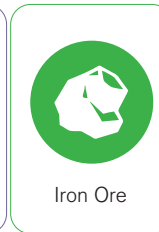
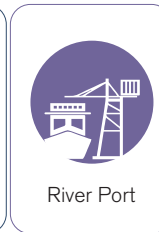
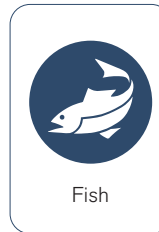
ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)



17 Sustainability Rank

KOGI STATE

OPPORTUNITIES



Kogi State closed 2016 with a Domestic Debt profile of N71.38bn, a rise from 2014 figures of N10.3bn. This is a whopping 593% increase, and the reasons for the sharp growth in debt are likely linked to consistent failure of Kogi to grow its internally-generated revenue (IGR) and rein in its Recurrent expenditure, which appears to be approaching unmanageable thresholds.

Her fiscal framework continues to suggest Kogi will be running a Recurrent surplus in financial year 2017, which could further push it into debt. Kogi's Overheads are projected to rise from 2016 budget estimates of N19.67bn to N25.7bn in 2017.

Last year's figures are crucial to grasping Kogi's current position; as at November 2016, Total Revenue was estimated at N54.956bn, compared to 2016 approved estimates of N63.13bn. Kogi's 2016 budget called for Recurrent expenditure spending worth N56.28bn, while only N36.87bn was spent on Recurrent items as at the end of November 2016. Given that the State's wage-bill as presented in the 2016 budget was N33.01bn, it is clear that to some extent, Recurrent expenditure obligations were unmet in 2016, and are being brought forward into 2017.

Amid an inability to resolve the pension and salaries of civil servants including university lecturers, Kogi's actual IGR for 2016 remains unclear; the Nigerian Bureau of Statistics estimates Kogi's IGR at N9.57bn.

With IGR standing at N797mn per month and average FAAC revenue for the first six months of 2017 at N2.82bn, Kogi's estimated monthly Recurrent expenditure obligations of N6.8bn could prove difficult to surmount this year, without reverting to borrowing, pooling funds from her extra-budgetary allocation or drawing down on savings.

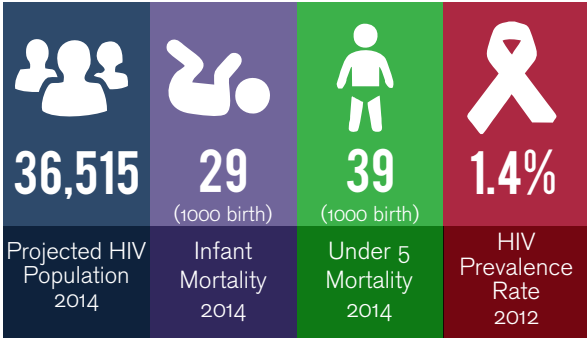
Notably, this situation where the State government's IGR can barely cover its Recurrent Expenditure is happening despite the presence of the Ajaokuta mills and Dangote Cement factory, as well as huge limestone and iron ore deposits.

The proposed Lokoja River Port could be one way to strategically transform Kogi into the logical hub for Agriculture and agro-allied goods coming in from northern Nigeria, as Kogi shares borders with almost a dozen other States. This is critical because beyond rice, Kogi is renowned for production of coffee, cocoa, palm oil, cashews, groundnuts, maize, cassava, yam, rice and melon. With a good logistic base, the State could become net suppliers of these product into neighbouring cities, and beyond.

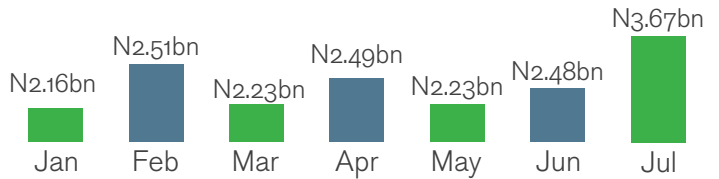
Within, the National Iron Ore Mining Company (NIOMCO) is capable of providing employment opportunities to thousands and simultaneously improving Kogi's IGR. The Itakpe Hills holds significant amount of iron ore deposits, with production expected to top 10 million tons per annum, if Kogi can attract sustainable investment. There is also the Ajaokuta Steel Mill, and given its mineral and logistic potentials, Kogi could well become a major steel belt in the region. The State can also solidify current revenue streams gained from its significant limestone deposits, which have pushed cement production towards 15 million tons per annum, by ensuring more information is placed in the public domain about what Kogi draws as revenue from limestone as a commodity, and cement as a product.

We are hard-pressed to note that Kogi's aquacultural potential remains untapped. With careful planning, investment and best practices, fish production in ponds that draw water from Kogi's rivers, could top one million tons. Globally, approximately 42 million tons of fish is produced in fish farms, while commercial fishing vessels in the wild capture about 93.2million tons. Kogi is advised to replicate the mutual trade relationship marketing strategy used to sell rice in Lagos, to service the needs of various markets on the continent.

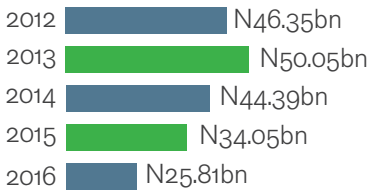
HEALTH INDICATORS



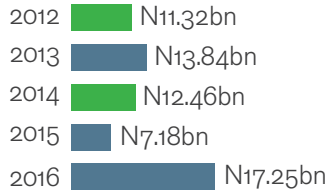
NET FAAC ALLOCATION 2017



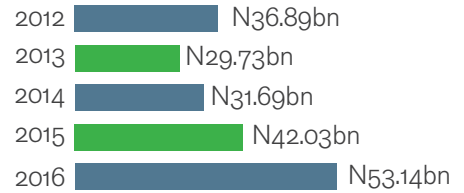
NET FAAC ALLOCATION



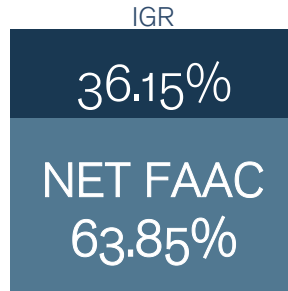
IGR



TOTAL DEBT STOCK



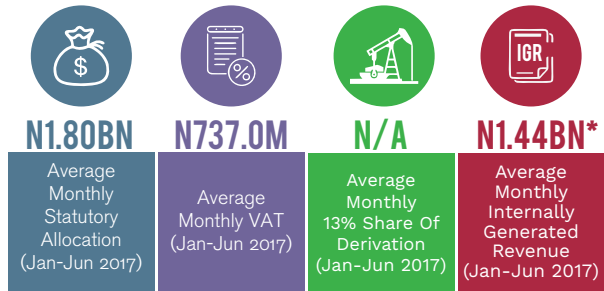
TOP AGRICULTURAL PRODUCTS



Structure of State's Revenue 2017

AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N3.98bn*

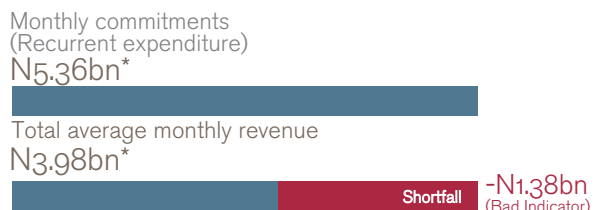


AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N5.36bn*



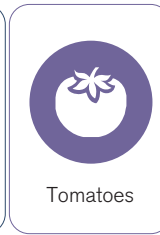
ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)



10 Sustainability Rank

KWARA STATE

OPPORTUNITIES



Kwara State's budget projects a spending of N135.26bn in 2017, putting recurrent expenditure at N64.28bn and Capital expenditure at N70.9bn. As at December 2015, available figures reveal that Domestic debt stock stood at N31.96bn, while Foreign debt came to \$51.03mn. In 2016 however, Foreign debt profile stood at \$48.98, as Domestic debt rose to N38.1bn.

Her FAAC Allocations averaged N2.35bn monthly between January and June 2017, with IGR noted as N17.25bn for 2016. With the sum of N13.84bn projected for Personnel costs and N33.4bn for Overhead costs, it is evident that the projected IGR of N29bn for 2017, even if achieved, will not cover Kwara's Recurrent expenditure.

To its credit, Kwara State was able to persuade farmers from Zimbabwe to set up farms, which now provide poultry, milk, processed cassava, soya bean, maize and rice and ginger. Consequently, up to 3000 to 4000 people are employed during the harvesting season.

But the State will have to do more, if it wants to use agriculture to achieve financial stability. In this regard, Kwara has the advantage of being connected to most of its peers in the Southwest and Northwest via rail. With a rapidly expanding middle class population and increasing demand for poultry products, soybeans and maize, the State can become a major player in the feed manufacturing sector.

Careful planning and investment drives could see over 500,000 hectares come under grain cultivation. Investment must include provision for silos and elevators along the rail corridor,

all of which could help transform Kwara into a major agro-based trading bloc.

The State could simultaneously leverage its landmass to become a major producer of tomatoes, soybeans and maize.

Kwara seems to be cognizant of this, with a proposed tomato-processing factory. Should this become a reality, Kwara may become a net producer of tomatoes, servicing the major cities in the Southwest. Other crops that Kwara can competitively bring to market include cotton, kolanut, tobacco and beniseed.

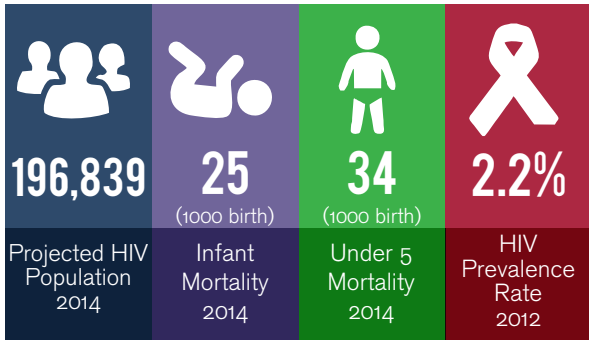
In the area of mining, Kwara will need to ensure its \$300m cement factory comes onstream, on time; we advise joint ventures with willing investors to drive exploration of her abundant mineral resources, which include limestone, marble, feldspar, clay, kaolin, quartz and granite rocks.



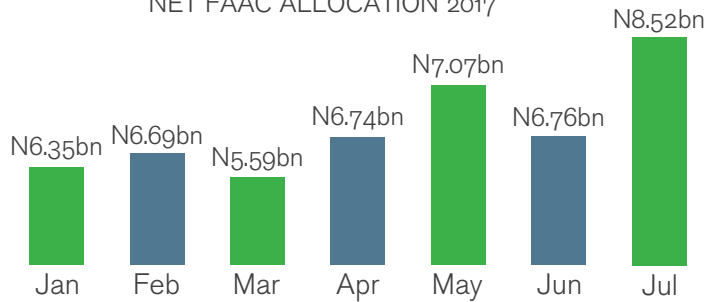
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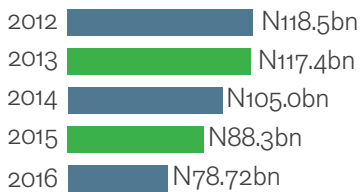
HEALTH INDICATORS



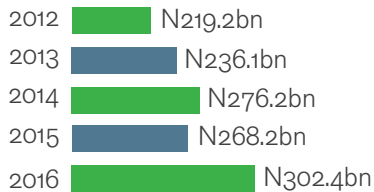
NET FAAC ALLOCATION 2017



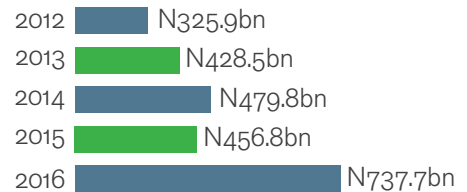
NET FAAC ALLOCATION



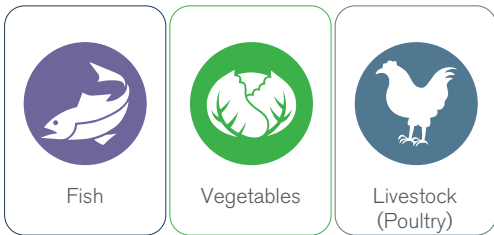
IGR



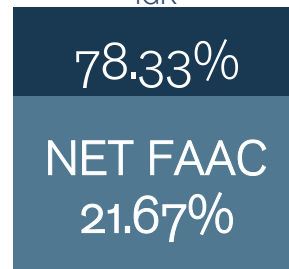
TOTAL DEBT STOCK



TOP AGRICULTURAL PRODUCTS



IGR



AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N32.18bn*



N392.8M

Average Monthly Statutory Allocation (Jan-Jun 2017)



N6.38BN

Average Monthly VAT (Jan-Jun 2017)



N98.4M

Average Monthly 13% Share Of Derivation (Jan-Jun 2017)



N25.2BN

Average Monthly Internally Generated Revenue (Jan-Jun 2017)



AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N25.44bn*



N8.98bn*

AVERAGE MONTHLY PERSONNEL COST (JAN-JUN 2017)



N16.46bn*

AVERAGE MONTHLY OVERHEAD COST (JAN-JUN 2017)

ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)

Monthly commitments (Recurrent expenditure)
N25.44bn*

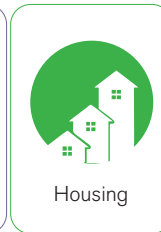
Total average monthly revenue
N32.08bn*



2 Sustainability Rank

LAGOS STATE

OPPORTUNITIES



Lagos's internally-generated revenue, when compared to many of its peers, is relatively high. Her IGR as at the end of 2016 was N287bn, from 2015 levels of N268.2bn. Previous audit reports from the government show that IGR came to N236.19bn and N276.16bn in 2013 and 2014 respectively.

In 2017, the State is planning a Recurrent expenditure spending of N305bn, or N25bn monthly. With its IGR not expected to grow significantly above N300bn, while its share of revenue from FAAC in the first six months of 2017 was N6.6bn, Lagos is expected to meet its Recurrent expenditure obligations. However, amid the general backdrop of an economic downturn and recent recession, the State may choose to proactively reduce its Overheads.

Notwithstanding, the general perception is that Lagos is a fiscal model for other States; even though it bears mentioning that Lagos' financial statements are notorious for being opaque, containing scant useful information.

A priority for Lagos should be delivering on ongoing projects; we recommend Lagos adopts a smaller Recurrent budget size, diverting gains to close the infrastructure deficit holding down its pace of economic expansion. The State is still some way away from achieving crucial schemes, including a functional light rail system and working drainage system. The provision of road infrastructure and fire stations, as well as the reduction of its housing deficit are some of the areas Lagos is still lagging behind in.

As a major economic center and the financial hub of Nigeria, it is critical for Lagos to continue to attract investment and talent.

The State's proximity to the Atlantic Ocean and its huge population make it the preferred destination to land undersea fiber optic cables,

as investors continue to delve into Africa's telecommunication sectors. As no less than eight companies currently have their undersea cables running on Lagos waters, the State must deliver the requisite environment that secures and sustains these high-caliber investments.

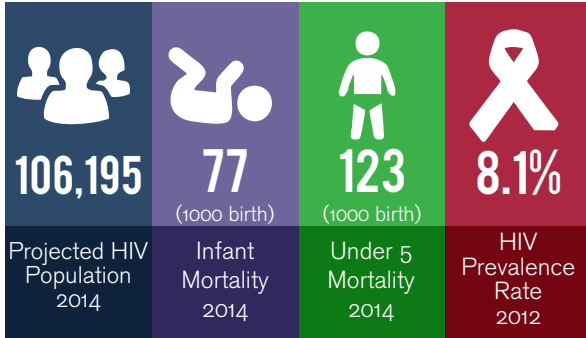
For instance, Lagos could tap into the growing number of companies within the Yaba area to create "Yabacon Valley," a technology and innovation cluster, that could be a major service point for the over 86 million Internet users in Africa's most populous nation. Significant investment to connect offices and homes to Internet access, upgrading infrastructure around Yaba and developing new or existing incubation centers should help accelerate this transformation.

The State's water body simultaneously holds huge Aquaculture potentials. Epe and Badagry are just two of several regions that could become major aquacultural hubs and situate Lagos in a global industry which is projected by analysts to be worth \$209.42bn by 2021.

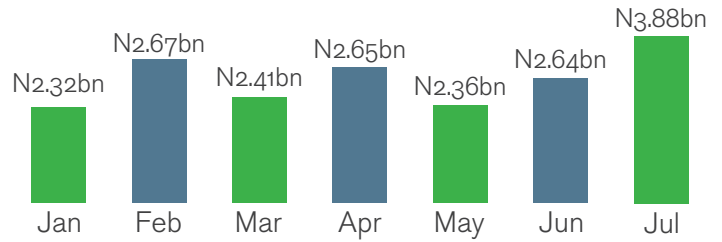
Upon completion, the Badagry and Lekki ports could also make both localities major manufacturing hubs, provided these are complemented with efficient road and rail networks, to enable the working population easily commute to and from the region.

Finally, with the federal government's growing focus on the Lagos-Ibadan railways, Lagos can lose some of its revenue (from taxing workers) to neighbouring States, given that personal income tax should be paid to a citizen's State of residence, not where they work. One way out is for Lagos to deliver decent, affordable housing in line with demand, as majority of her working population reside in rented apartments.

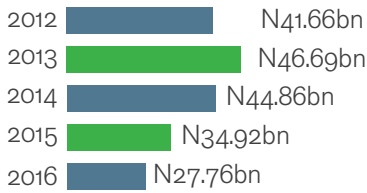
HEALTH INDICATORS



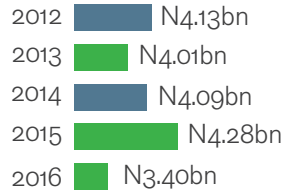
NET FAAC ALLOCATION 2017



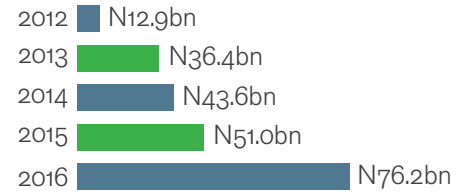
NET FAAC ALLOCATION



IGR



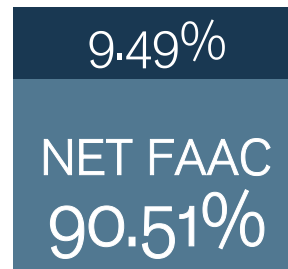
TOTAL DEBT STOCK



TOP AGRICULTURAL PRODUCTS



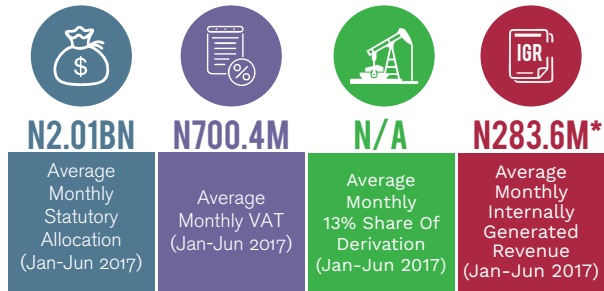
IGR



Structure of State's Revenue 2017

AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N2.99bn*



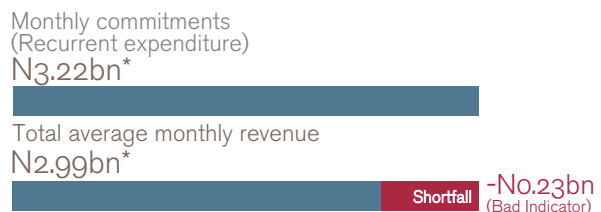
AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N3.22bn*

 **N1.50bn***
AVERAGE MONTHLY PERSONNEL COST (JAN-JUN 2017)

 **N1.72bn***
AVERAGE MONTHLY OVERHEAD COST (JAN-JUN 2017)

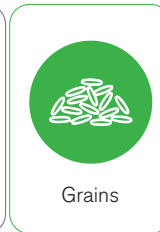
ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)



24 Sustainability Rank

NASARAWA STATE

OPPORTUNITIES



Nasarawa is a largely agrarian economy whose internally-generated revenue stood at N3.4bn as at the end of 2016; significantly down from 2014 and 2015 figures of N4.1bn and N4.3bn respectively. Her average share of FAAC revenue comes to N2.5bn; IGR is not expected to grow significantly above N300m, as Nasarawa has one of the lowest IGR numbers, only managing to make about N340.43mn per month. The State could therefore struggle to meet monthly Recurrent expenditure obligations for 2017, which are estimated at N3.22bn.

The State's Domestic debt now stands at N59bn, 71% higher than the N34.5bn figures for 2014, the same year where External debt obligations amounted to \$49.9mn.

To remain financially buoyant, Nasarawa may need to make significant cuts to its Recurrent expenditure budget, especially its Overheads, as well as aggressively increase IGR, with a focus on how to draw the middle class and business owners who commute to and from neighbouring Abuja into its Pay As You Earn (PAYE) tax net. In this instance, Nasarawa could draw on strategies utilised by Ogun State, which continues to optimize tax collection rates from workers who are employed in Lagos, but live within Ogun's boundaries.

Given its proximity to the capital Abuja, the real estate sector is booming within the borders Nasarawa shares with the former. By investing in housing, Nasarawa can also profit from fashioning policies that will exploit this rapid urbanisation for the good of the public treasury, and ultimately the people. Any real estate cluster at Nasarawa's borders with Abuja must however be augmented with an efficient transportation network.

In terms of grain cultivation, Nasarawa could make use of the Benue River to boost its agricultural potentials and diversify its current crop portfolio.

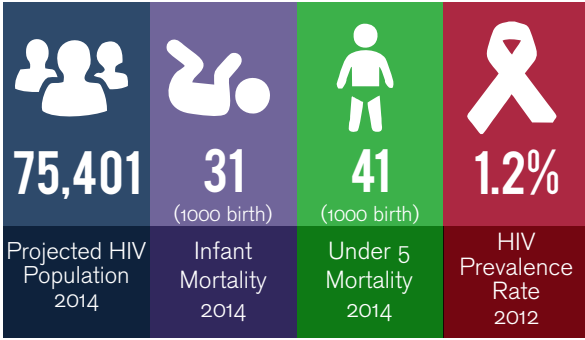
Strategic mining is also crucial, as the State sits atop huge deposits of bauxite, a solid mineral commodity used to produce aluminum. Nasarawa is best-placed to enter into joint-venture agreements to explore and mine this commodity. In the medium term to long term, the State could become a major producer of aluminum roofing sheets, as well as other associated commodities.



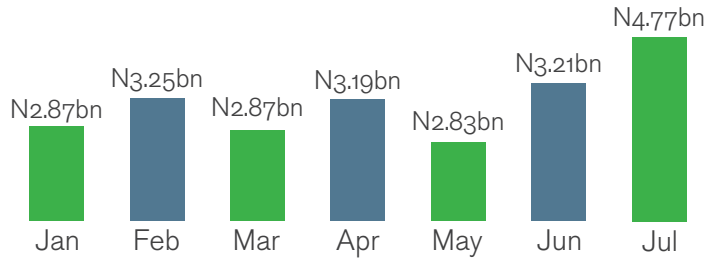
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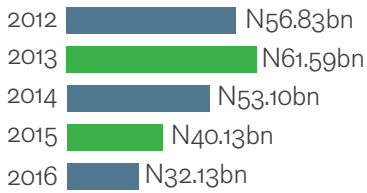
HEALTH INDICATORS



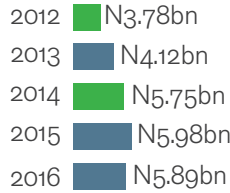
NET FAAC ALLOCATION 2017



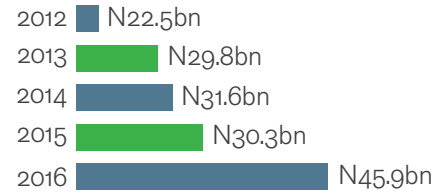
NET FAAC ALLOCATION



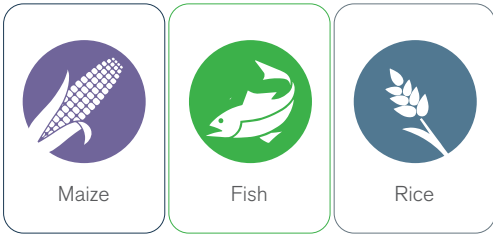
IGR



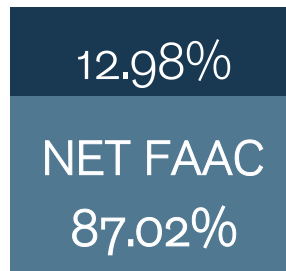
TOTAL DEBT STOCK



TOP AGRICULTURAL PRODUCTS



IGR



Structure of State's Revenue 2017

AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N3.78bn*



N2.42BN

Average Monthly Statutory Allocation (Jan-Jun 2017)



N865.3M

Average Monthly VAT (Jan-Jun 2017)



N/A

Average Monthly 13% Share Of Derivation (Jan-Jun 2017)



N490.1M*

Average Monthly Internally Generated Revenue (Jan-Jun 2017)



AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N4.00bn*



N2.44bn*

AVERAGE MONTHLY PERSONNEL COST (JAN-JUN 2017)



N1.56bn*

AVERAGE MONTHLY OVERHEAD COST (JAN-JUN 2017)

ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)

Monthly commitments (Recurrent expenditure)
N4.00bn*

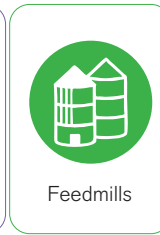
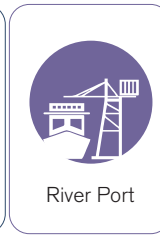
Total average monthly revenue
N3.78bn*



13 Sustainability Rank

NIGER STATE

OPPORTUNITIES



Named after the legendary River Niger and also known as 'the Power State' for being home to two of Nigeria's major hydroelectric power stations –the Kainji and Shiroro Dams– Niger unfortunately seems to have little financial power to keep its economy stable.

Niger's 2017 budget plans spending worth N116bn; Recurrent expenditure was pegged at N48bn or N4bn monthly, and N67bn cited for Capital expenditure. However, the State's IGR averaged N490mn in 2016; the average wage bill stands at N2.48bn (Jan-June 2016), while its total average monthly revenue amounts to N3.196bn (2016). If these figures maintain their current trend, Niger will likely have very little revenue left to carry out capital projects.

With a decrease in its average FAAC revenue from N3.27bn in 2016 to N3.03bn (January-June) in 2017, Niger's Domestic and External debt profile as at December 2016 stands at a sizeable N31.98bn and \$45.35mn respectively. The State's debts may consistently increase over the foreseeable future, as she is currently struggling to pay workers salaries.

Niger must begin to look inwards to make, and enhance financial progress.

The State could leverage its land and water resources to remake itself as a leading grain producer in Africa, harnessing these to increase agricultural production focused on the food, biofuel and feed industries, as well as tapping into its hydroelectric and wind power credentials, to accelerate industrialisation within and outside of its borders.

Also, Niger's geological location endows it with abundant mineral resources. Rich commercial deposits of talc, gold, silica, marble, iron, feldspar, lead and limestone could be used for domestic and export purposes.

Whatever commodities Niger decides to turn her hands to, the Baro River Port – if completed – could become a major logistics hub for goods coming from Kebbi, Sokoto and Zamfara.

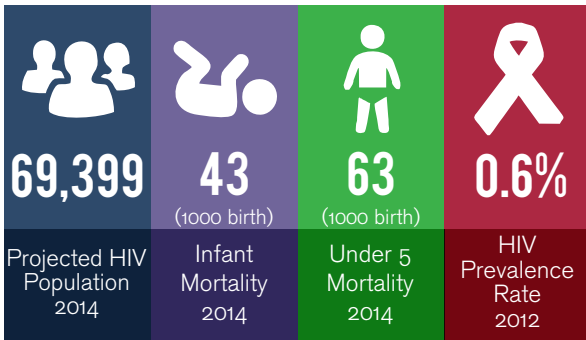
The State is also on the Lagos-Kano rail corridor, meaning the Baro Port could also service Kaduna, Kano and Katsina. As a uranium exporter since the 1960s, Niger State may also choose to ramp up and sustain investment into the sector.



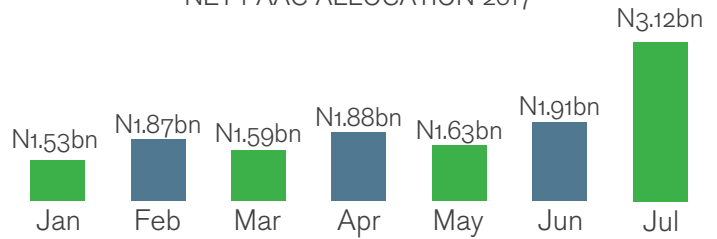
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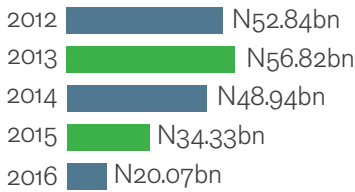
HEALTH INDICATORS



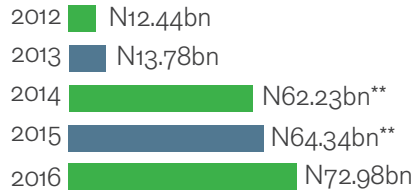
NET FAAC ALLOCATION 2017



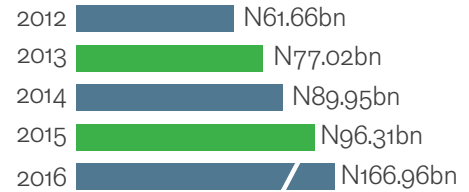
NET FAAC ALLOCATION



IGR



TOTAL DEBT STOCK

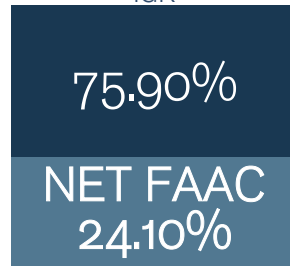


** Ogun State 2015 Audited Financial Statement

TOP AGRICULTURAL PRODUCTS



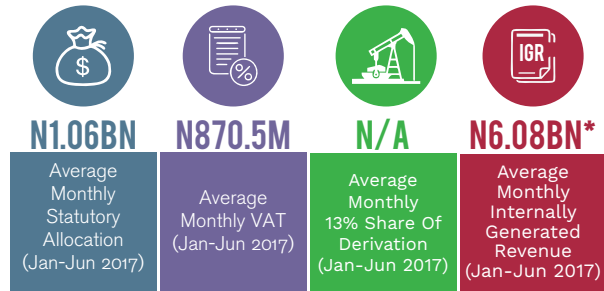
IGR



Structure of State's Revenue 2017

AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N8.01bn*



AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N8.50bn*

N5.23bn*
AVERAGE MONTHLY PERSONNEL COST (JAN-JUN 2017)

N3.27bn*
AVERAGE MONTHLY OVERHEAD COST (JAN-JUN 2017)

ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)

Monthly commitments (Recurrent expenditure)
N8.50bn*

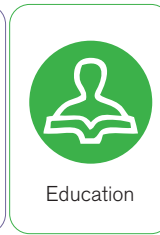
Total average monthly revenue
N8.01bn*

Shortfall -N-0.49bn
(Bad Indicator)

3 Sustainability Rank

OGUN STATE

OPPORTUNITIES



Under the present administration, investment drives have maintained and attracted some 100 industries to Ogun State in the last two years. This is reflected in the State's IGR, which more than grew from N64.3bn in 2015, to N73bn in 2016. Nonetheless, Ogun's debt is assuming proportions that should worry the custodians of its purse strings. With a fairly weak Naira and an External debt overhang of \$103.4mn as at December 2016, coupled with an increase in Domestic debt from N70.19bn in 2014 to N76.92bn in 2015, servicing Ogun's debt obligations could create a big dent in the State's coffers.

Ogun's budget for 2017 is N221bn; Recurrent expenditure, which includes Personnel costs and Overheads, is projected at N102bn or N8.5bn monthly. This is a 14% increase from 2016 Recurrent expenditure budgets pegged at N89.91bn. For capital projects, the 2016 budget allotted the sum of N99.29bn; for 2017, Capital expenditure will amount to N118bn.

Ogun must find a middle ground between Expenditure versus IGR, and improve its tax collection efforts. The most obvious opportunity here lies in the fact that about 36.7% of households reside in rented apartments, according to 2013 figures from the National Bureau of Statistics (NBS). Ogun State could decide to develop an affordable housing policy to draw in residents, especially those working in Lagos, and could make additional revenue from land sales and development. The State should be looking at easing pathways to homeownership, including formalising the sector via mortgage schemes in the short term, thereby making homes affordable – especially for citizens who work in Lagos but live within Ogun's borders.

The State should explore policies that would revamp its lagging agricultural sector. The

Olokola Free Trade Zone, if speedily executed, could become an industrial enclave, while a deep-sea port could propel the Gateway State several notches up the fiscal ladder.

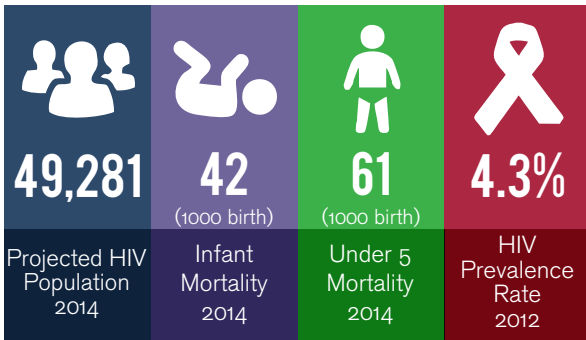
Known for its poultry farming, Ogun must capitalize on its connection to Kwara and Niger by rail and road, to transform itself as a net supplier of poultry products to the Southwest and North-central markets. There is also the option to directly enter into agreements between the Nigerian Railway Corporation and interested private sector stakeholders, to procure railcars that ease the transport of goods, individuals and services, which will reflect positively on Ogun's books.

Being home to almost 30 tertiary institutions is one reason for Ogun to strategically work towards becoming a knowledge hub; the State stands to benefit from the economic impact students in such institutions will bring to the local economy. Ogun may however need to invest more on security and encourage schools to expand, as the Nigerian university system can only take in about 500,000 candidates per year, despite figures showing that 1.7million people sought admission into tertiary institutions nationwide in 2017.

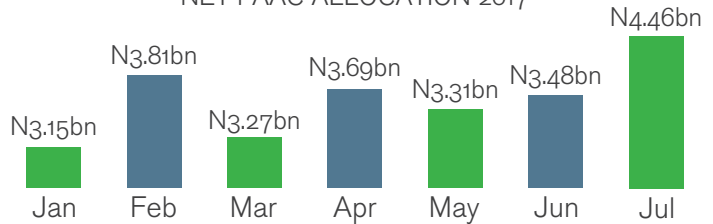
As a big player in cement production – with output approaching 20 million tons, Ogun State is also known for its granite. Commodities such as these should be exploited, especially as the State continues to attract companies seeking larger operational bases that are situated near Lagos.

Ogun is rapidly industrializing, and will therefore need to upgrade infrastructure in its industrial parks and ease policies around doing businesses in such parks, if it hopes to continue to attract the big factories, and by extension, bigger revenues.

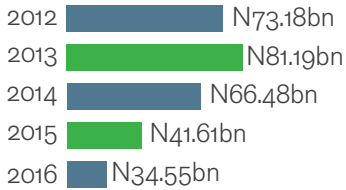
HEALTH INDICATORS



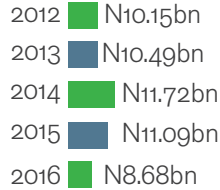
NET FAAC ALLOCATION 2017



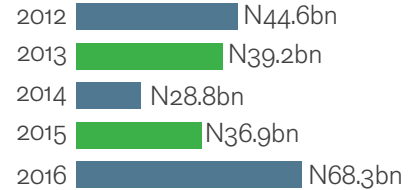
NET FAAC ALLOCATION



IGR



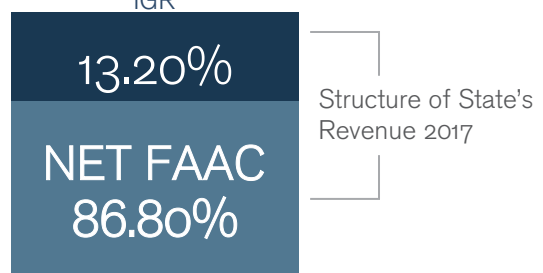
TOTAL DEBT STOCK



TOP AGRICULTURAL PRODUCTS

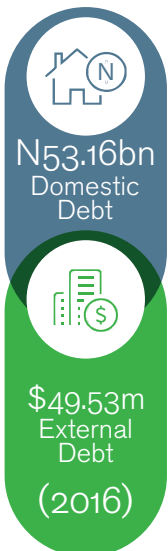
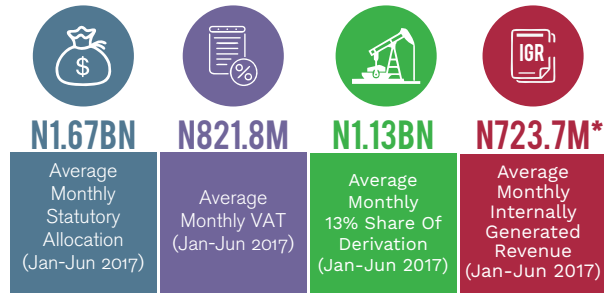


IGR



AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N4.35bn*

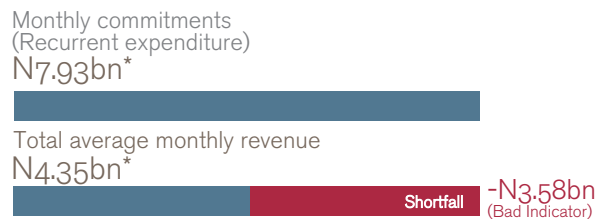


AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N7.93bn*



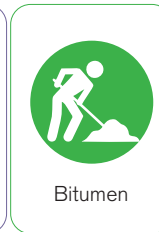
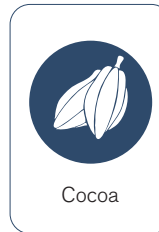
ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)



25 Sustainability Rank

ONDO STATE

OPPORTUNITIES



Amidst the economic downturn, Ondo's budget has increased significantly, from N123.72bn in 2016 to N169.7bn in 2017.

In 2016, the State expended an average of N5.67bn monthly on Recurrent expenditure, N3.14bn on Personnel costs and N2.53bn on Overhead costs – while it only raked in a total average of N4.01bn as monthly revenue. These revenue figures suggest that Ondo can barely cover her Recurrent expenses.

The trend seems to be replicated for this fiscal year; the State has not yet been able to conveniently close the large variance between revenue and expenditure.

A wide gap seems to exist between the amount projected for Ondo's Recurrent expenditure (N111.7bn, or N9.31bn monthly) and that for Capital expenditure (N58bn, or N4.83bn monthly). With only N4.04bn projected as Total monthly revenue, Ondo's ability to pay up all her expenses, will likely be fraught with challenges.

Ondo may have to resort to borrowing; its Domestic debt in 2015 was N26.65bn, which doubled to N53.16bn in 2016. With External debt, the State borrowed \$50.2m in 2015 and \$49.53m in 2016; these figures are notably the lowest among all of Nigeria's Southwestern States.

In general, there has been a drop in Ondo's IGR from N10.1bn in 2015, to N8.68bn in 2016. With only an average of N3.31bn allocated to the State from the federal purse so far this year, Ondo needs to save its economy by tapping into its agricultural products, especially cocoa. Ondo, Osun and Ekiti States are historically known for commercial cocoa production, being the powerhouse of the South West economy in the early 60s of Nigeria; revitalizing the cocoa industry will mean Ondo is tangibly doing everything in her power to reach self-

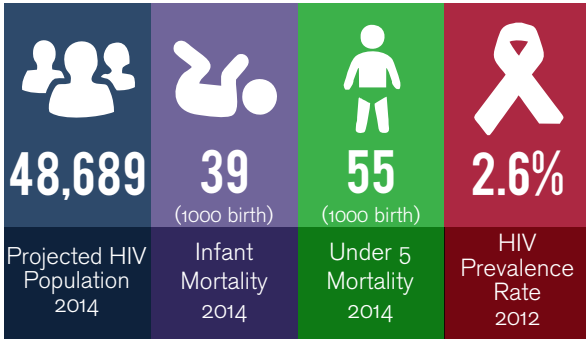
sustenance, away from the federal government's statutory allocations.

The State could target delivery of 50,000 tons of quality cocoa annually, which should create jobs and kick-start its economic resuscitation. Ondo may also seek to extend its markets to the over 125 factories in China that use cocoa for industrial feedstock.

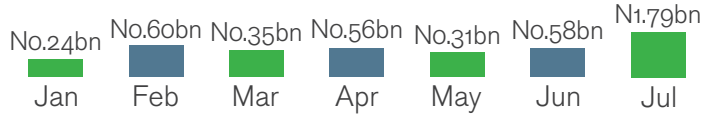
Ondo would benefit from coming up with new fiscal strategies that look further afield, including investing in its bitumen industry, deciding how best to diversify its crude oil revenue base and laying infrastructure that boosts inter-state trade. With bitumen, Ondo could become a major roofing hub for the West African market, as well as selling to road construction companies; all of which may be achieved via a joint-venture system with potential investors.

Ondo's access to trade markets will be largely boosted if its plans with the Ogun State government to develop a deep-sea port and free-trade zone around Olokola (in the coastline areas between both States) become a reality. The project is meant to serve as an oil and gas logistics base as well as an export-processing zone. Ondo is advised to pursue this project as it will help create seamless transportation of her processed resources and reduce the pressure on the two functional free trade zones (Onne and Calabar). An added advantage is that this scheme could see Ondo emerge a major logistic base in the West, alongside the Lagos free-trade zone.

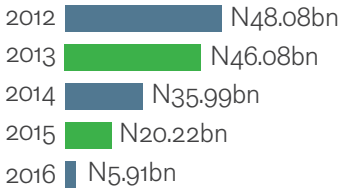
HEALTH INDICATORS



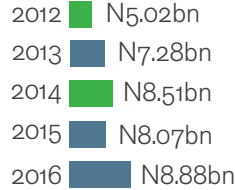
NET FAAC ALLOCATION 2017



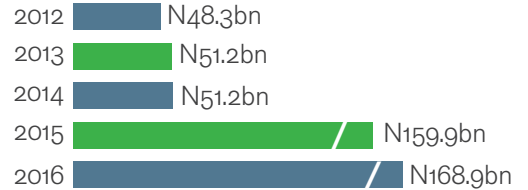
NET FAAC ALLOCATION



IGR



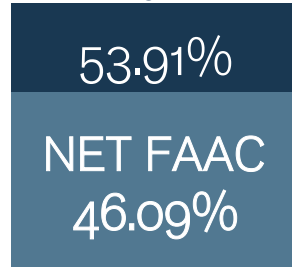
TOTAL DEBT STOCK



TOP AGRICULTURAL PRODUCTS



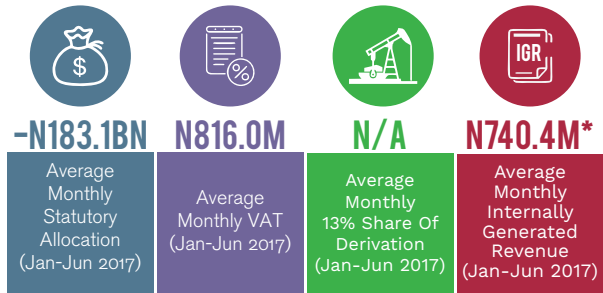
IGR



Structure of State's Revenue 2017

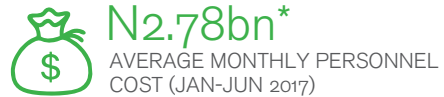
AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N1.37bn*



AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N6.32bn*



ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)

Monthly commitments (Recurrent expenditure)

N6.32bn*

Total average monthly revenue

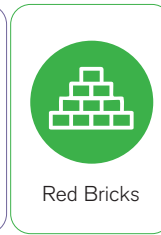
N1.37bn*



36 Sustainability Rank

OSUN STATE

OPPORTUNITIES



Osun's books appear to be in the red, as it has increased its Domestic and External debt stock markedly, amid news reports that detail its financial struggle to meet wage and pension bills.

External debt reduced from \$76.9mn in 2015 to \$70.5mn in 2016, but the picture is different with Domestic debt, which rose from N37.82bn in 2014 to N144.69bn in 2015, resting at N147bn in 2016. This situates Osun as the State with the second-highest debt exposure for its peers within the South-West region.

Simultaneously, Osun's statutory allocations reduced during this period, following deductions of up to N2.39bn in 2016; these deduction arrangements might linger until Osun's debt runs out in 2018.

The State's inability to meet its obligations to civil servants gave rise to FAAC allocations of N833.91m in the first quarter of 2017, and N12.63bn worth of bailouts in form of Paris club refunds. Despite these efforts, Osun is cited in news reports as having paid its workers only half of their salaries since 2015.

Bright spots however exist; Osun has commissioned model schools in places including Osogbo, Iyoye Ijesa and Ede, as well as built the 30km Gbongan-Akoda Road, the Adebisi Akande Trumpet Interchange Bridge, and rehabilitated the 30.20km Gbongan-Iwo-Oyo Road.

For 2017, Osun plans a budget of N138.2bn, with N75.8bn going into Recurrent expenses and N63bn delineated for Capital expenditure. We note that since the State's average monthly revenue is projected at N1.09bn, while she expects to spend about N6.32bn every month, there is a sizeable deficit of N5.23bn per month.

This indicates that Osun's planning model should take a realistic view of the gulf between its Revenue and Expenditure, and find ways to bridge this gulf.

One way for Osun to boost earnings in the near term is to follow through with the Memorandum of Understanding it has with the International Institute of Tropical Agriculture (IITA), Ibadan, to boost cocoa production. If the policy is sustained and Osun could aggressively promote her cocoa yield, production could top 40,000 tons.

Osun's proximity to the major cities in southwest Nigeria—including Lagos, Ibadan and Abeokuta via rail—could potentially make the State a major food hub sending cassava, yams, vegetables and other produces throughout the region. A marketing board system, complemented by a marketing strategy (similar to what Kebbi and Lagos did regarding the Lake Rice initiative), could be adopted.

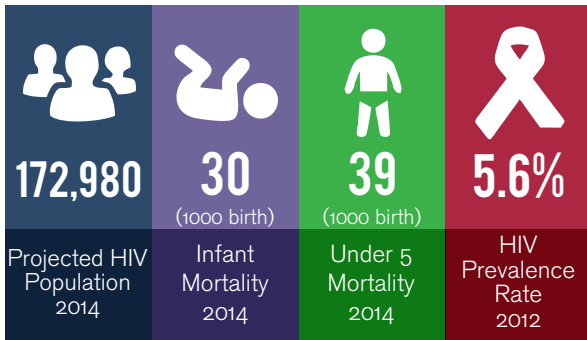
Non-edible revenue streams Osun may explore are its gold and clay deposits. Whatever route the State chooses, there is a need to improve and kick-start the relevant infrastructure that can definitively revamp her revenue base and take her books out of their current precarious position.



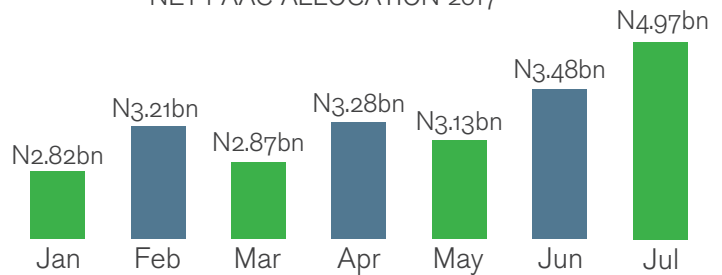
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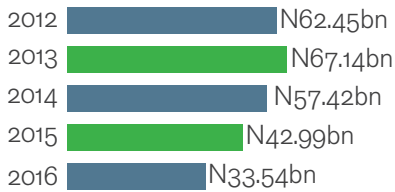
HEALTH INDICATORS



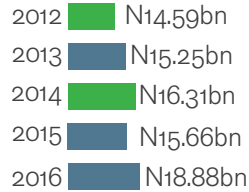
NET FAAC ALLOCATION 2017



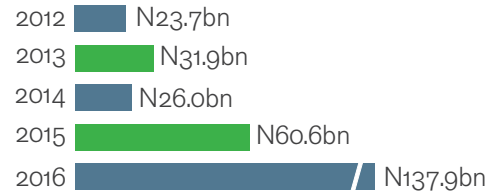
NET FAAC ALLOCATION



IGR



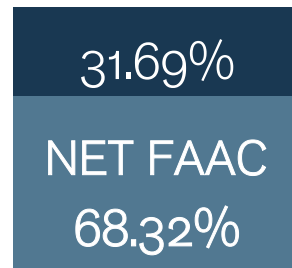
TOTAL DEBT STOCK



TOP AGRICULTURAL PRODUCTS

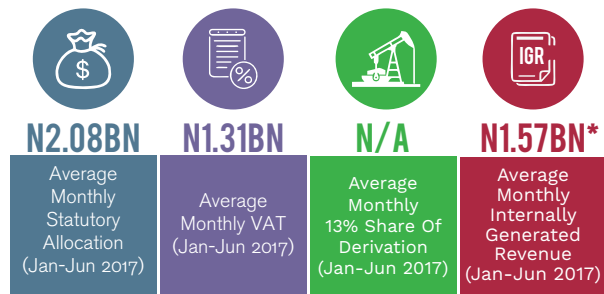


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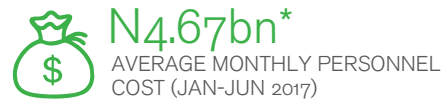
AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N4.97bn*

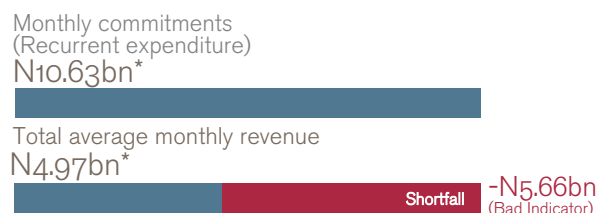


AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N10.63bn*



ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)



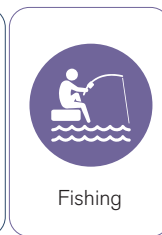
30 Sustainability Rank

OYO STATE

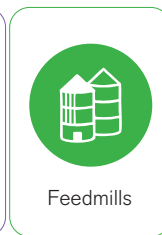
OPPORTUNITIES



Hydro-Power



Fishing



Feedmills



Oyo has tagged its 2017 spending plan the “Budget of Self Reliance,” presumably with hopes of being less dependent on federal allocations. This budget totals the sum of N209bn (a 20% increase from 2016’s budget of N173.77bn), with Recurrent expenditure put at N128bn – almost double the 2015 figure of N65.4bn.

The paradox here is that spending 61% of the entire budget on Recurrent expenditure does not suggest leanings towards self-reliance, particularly when, on closer examination, it appears that only N81bn has been earmarked for Capital expenditure. Of this figure, just N15bn is to be expended on new and ongoing road construction, while the educational sector is expected to take N4.8bn for the rehabilitation of schools.

Trends show the State’s IGR fluctuates; in 2014 it was N16.30bn but dropped to N15.66bn in 2015, and later increased in 2016 to N18.88bn, with an average monthly figure of N1.57bn.

While FAAC allocations as at 2016 made up 65.4% of Oyo’s revenue, as at June 2017 the State has had about N18.8bn allocated from the Federal purse, with average monthly allocations pegged at N3.13bn.

Given that Oyo foresees average monthly Recurrent expenditure worth N10.63bn and expects monthly revenue to come to an average of N4.2bn, the State’s ability to meet its monthly recurrent expenditure commitments will likely fall short of about N6bn.

These gaps are perhaps a pointer to why Domestic debt has almost tripled in just one year, from N47.3bn in 2015 to N115.89bn in 2016; Oyo’s External debt has also risen to \$71.91mn in 2016, from \$66.75mn in 2015.

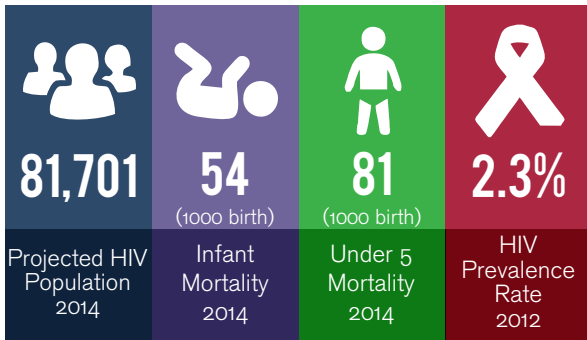
In the area of internally generated revenue, there is scant comfort from this year’s budget. Oyo’s government has an IGR target of N107.23bn, a figure we will term unrealistic, based on the fact that IGR realised in 2015 was N13.7bn; while N16.6bn was generated in 2016. Interestingly, indications are that Oyo intends to target its informal sector to generate this revenue, which has a workforce of 2.38million workers.

A flat tax of N1000 per worker across the board should return larger IGR figures, provided proceeds are justified by being ploughed directly into developmental projects, with holistic accountability.

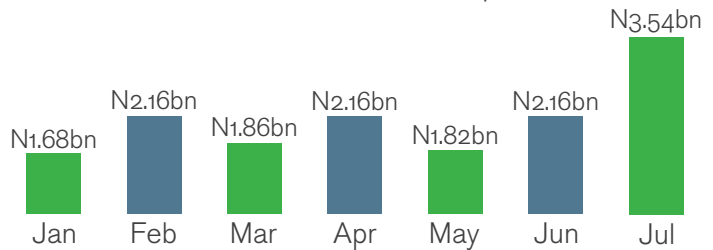
We advise that Oyo revamps existing revenue streams, rather than embark on more expensive, new ones. The Ikere Gorge Dam, which can potentially generate over 3750MW of hydroelectricity and irrigate up to 12,000 hectares of farmland, remains abandoned. Getting the dam functional, could effectively give Oyo a seat at the table of major power hubs in Nigeria; the Dam simultaneously holds the likelihood of significant revenue from aquaculture.

In turn, the 12,000 hectares of land, which draws water from the Ikere dam, could be put to use as a rice paddy, with crop yield servicing the Lagos market, and beyond. Abundant land in the Oke Ogun area could also be utilized for the cultivation of various grains, provided these measures are complemented by transportation and storage infrastructure, to increase revenue accruing to Oyo State.

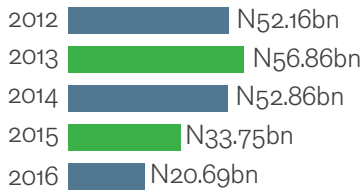
HEALTH INDICATORS



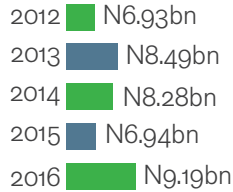
NET FAAC ALLOCATION 2017



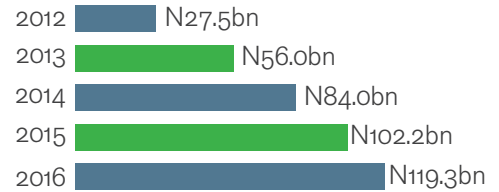
NET FAAC ALLOCATION



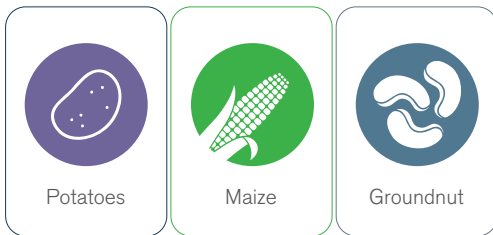
IGR



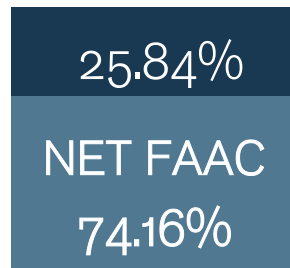
TOTAL DEBT STOCK



TOP AGRICULTURAL PRODUCTS

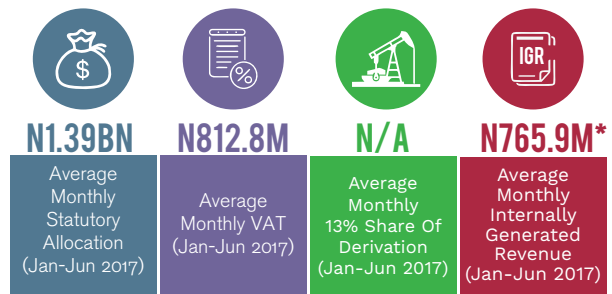


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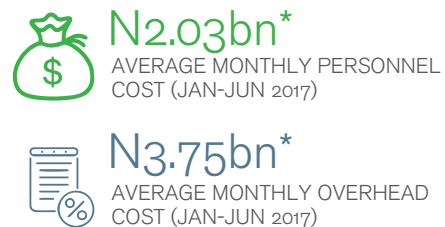
AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N2.96bn*

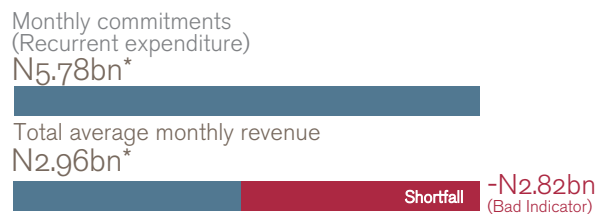


AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N5.78bn*



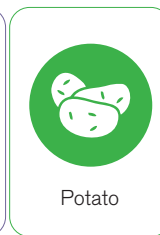
ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)



33 Sustainability Rank

PLATEAU STATE

OPPORTUNITIES



In 2016, Plateau's average monthly Revenue stood at N3.05bn, while its monthly Recurrent expenditure was N6.25bn, leaving a deficit of N3.201bn. Though its Domestic debt stock rose from N96.20bn in 2015 to N110.34, we note that Plateau's Foreign debt stock dropped from \$30.47mn in 2015 to \$29.14mn in 2016.

Plateau's 2017 budget has been put at N139.49bn; coming from N146.7bn in 2016, this is a slight 4.91% drop. Even though the budget size decreased this year, it is one still heavily characterised by high Recurrent expenditure commitments of N69.36bn; an overwhelming 49.72% of the entire budget.

Capital expenditure has been put at N70.13bn, reportedly to allow the State complete projects already initiated from the previous government. Under Capital expenditure, N18.56bn has been allocated to the Works and Transport sector, while Agriculture received N6.107bn, representing 8.71% of all capital expenditure. As FAAC allocations over the first six months of 2017 was N11.8bn, Plateau's internally generated revenue drive will have to make above 2016 figures of N9.19bn, to keep the state afloat.

One way to achieve this is the State's economic mainstay – agriculture.

Plateau has a very unique climate and favourable soil that are both suitable for growing some exotic crops, vegetables and fruits, including Irish potatoes, strawberry, beetroot, celery, broccoli and blackcurrants. These fruits and vegetables are not grown in any other part of the country, placing the State in pole position to become a hub for food exports in Africa. To achieve this, Plateau would need to place more land under cultivation, and augment this with a sterling transportation plan, while greater investment in the Irish potato

processing plants will be needed, to cut down on wastage.

One development worth watching which may yet boost Plateau's industrialisation credentials and its revenue base is the ongoing 700-hectare potato project, which lies across Kwaal and Gyel communities. Projected to ensure Jos makes Nigeria emerge as West Africa's largest potato producer in the nearest future, this project is expected to result in the production of 100 tonnes of the staple per day.

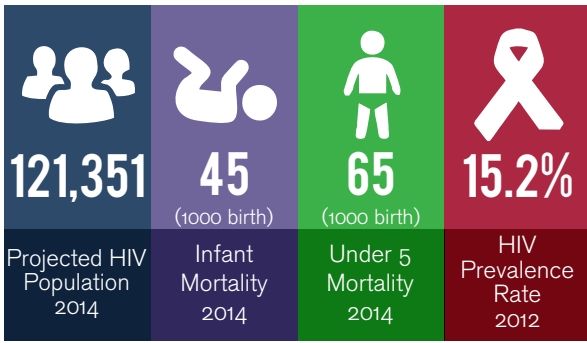
Plateau's unique weather is not just suited to agriculture; places like the Jos wildlife Safari Park, Zoological Gardens and Asop Falls will likely appeal to a wider range of tourists across the globe, throughout the year. For this to happen, the security situation in the State will have to improve markedly.



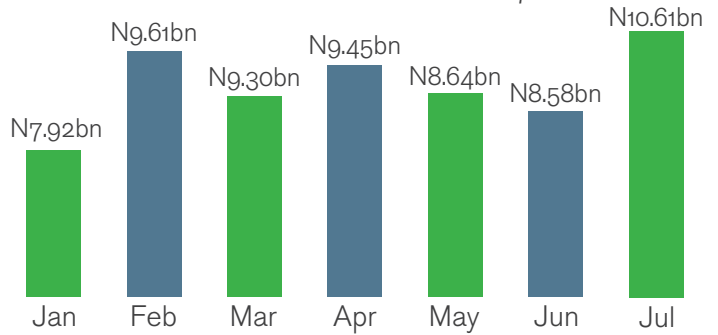
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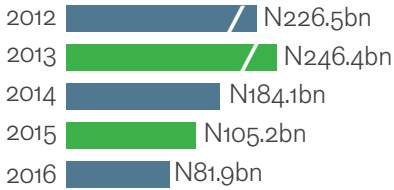
HEALTH INDICATORS



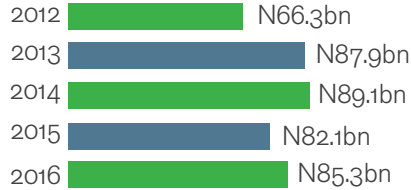
NET FAAC ALLOCATION 2017



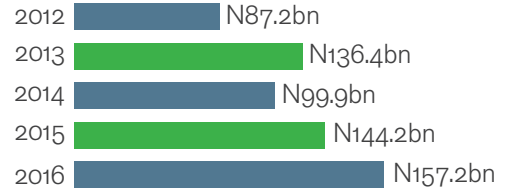
NET FAAC ALLOCATION



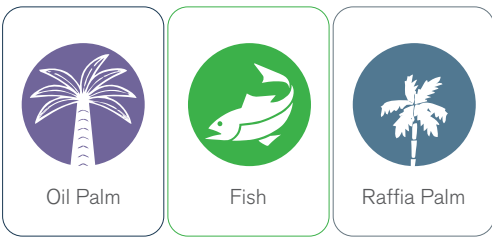
IGR



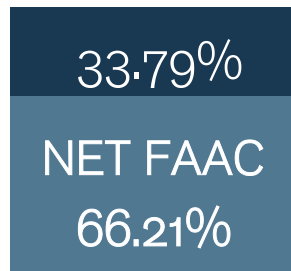
TOTAL DEBT STOCK



TOP AGRICULTURAL PRODUCTS



IGR



AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N16.27bn*



N2.87BN

Average Monthly Statutory Allocation (Jan-Jun 2017)



N1.52BN

Average Monthly VAT (Jan-Jun 2017)



N4.77BN

Average Monthly 13% Share Of Derivation (Jan-Jun 2017)



N7.10BN*

Average Monthly Internally Generated Revenue (Jan-Jun 2017)



AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N11.75bn*



N5.17bn*

AVERAGE MONTHLY PERSONNEL COST (JAN-JUN 2017)



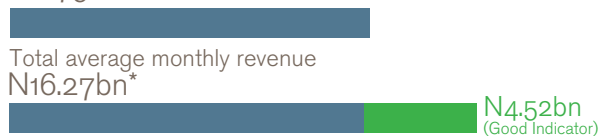
N6.58bn*

AVERAGE MONTHLY OVERHEAD COST (JAN-JUN 2017)

ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)

Monthly commitments (Recurrent expenditure)
N11.75bn*

Total average monthly revenue
N16.27bn*



1

Sustainability Rank

RIVERS STATE

OPPORTUNITIES



The sixth most-populous State, Rivers State is also one of Nigeria's richest, in terms of crude oil deposits; she remains at the epicenter of Nigeria's oil industry. This position comes with a significant share of annual FAAC allocations, as well as debt – External and Internal debt figures stand at N142.2bn and \$48.2bn.

The State's 2017 spending plan, nicknamed the "Golden Jubilee" budget, is a proposed sum of N470bn – a significant 53.1% increase from the 2016 budget of N307bn. Accordingly, annual Recurrent expenditure for 2017 is projected at N141bn; a steep increase from the budgeted Recurrent expenditure of N120bn from 2016.

These increases have been criticized as neglecting to take into account Nigeria's recession. Our view is however more fact-based; Rivers' internally generated revenue may not remain trending upwards, due to increased criminal activities such as kidnapping, robbery and piracy, as well as the threat of Shell Petroleum Development Company withdrawing its activities by relocating its headquarters and operational base away from Port Harcourt.

Rivers receives a monthly average of Ngbn in FAAC revenue. In addition to this, its Governor claims that a total of N17bn (and not N34bn) was released to Rivers from the Paris Club funds. While it desires to generate revenue of N168.8bn internally, in the years 2015 and 2016, Rivers' IGR was approximately N82.1bn and N85.2bn respectively. It is therefore unclear how the Rivers State Government intends to achieve a 98.1% increase in 2017, to support its ambitious budget projections.

At approximately Ngbn (based of the first six months of 2017), allocations from FAAC are significantly lower than FAAC receipts in 2014. Adding the monthly IGR uptake estimate of

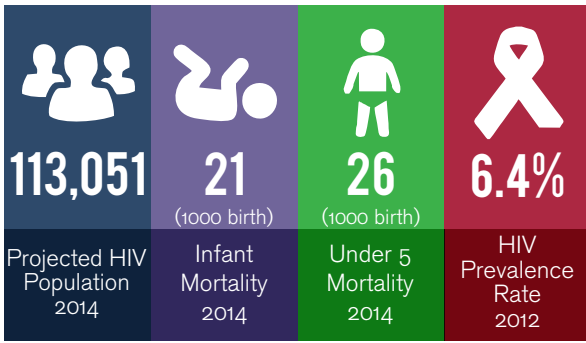
N7.1bn, it can be deduced that while Rivers will likely meet its Recurrent expenditure obligations which come in at N11.75bn, it may struggle to fund its expansive Capital expenditure plans pegged at N329bn, without the aid of donor funds or some form of domestic and/or foreign borrowing.

To keep revenue entering its coffers, Rivers State can also choose to tap into its various agricultural, aquaculture and tourism resources; its coastlines and access to the Atlantic Ocean open up opportunities for a thriving aquaculture industry. The government will however have to formally support artisanal fishermen in the riverine areas, to tangibly transform Rivers' agriculture economy from subsistence to industrial levels.

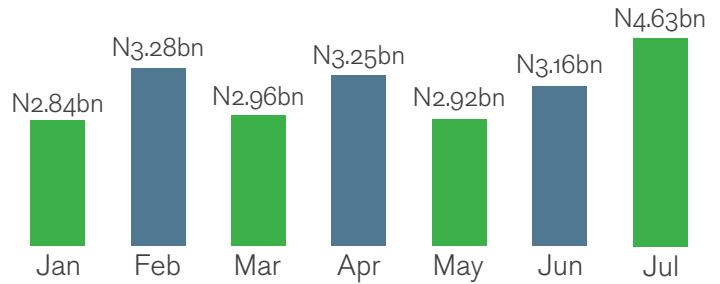
Blessed with an upland area of 760,000 arable hectares, Rivers is a leader among its peers in the production of palm oil, yam, rice and beans. The State could build a vibrant manufacturing-export industry based around that sector if it engages speedily with the Federal Government to expand activities at the Rivers Port Complex, thereby generating more income.

This could be augmented with a full overhaul of processes to do with the assessment, exploitation and management of its hydrocarbon potentials. We advise that Rivers becomes hands-on with the scheduled oil spill clean-up; aggressively mediates in the resolution of all existing crises which affect its crude earnings and proactively prevents further environmental degradation and mismanagement of the oil wealth it holds in trust for the people.

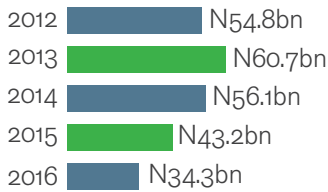
HEALTH INDICATORS



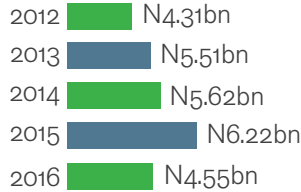
NET FAAC ALLOCATION 2017



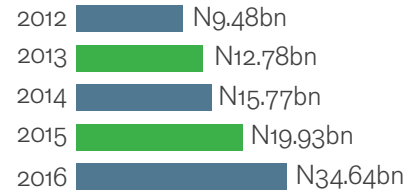
NET FAAC ALLOCATION



IGR



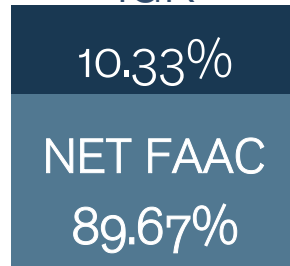
TOTAL DEBT STOCK



TOP AGRICULTURAL PRODUCTS

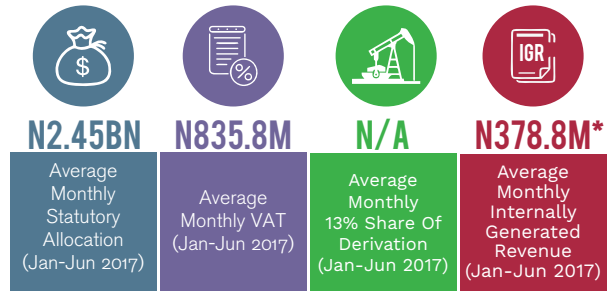


IGR



AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N3.67bn*



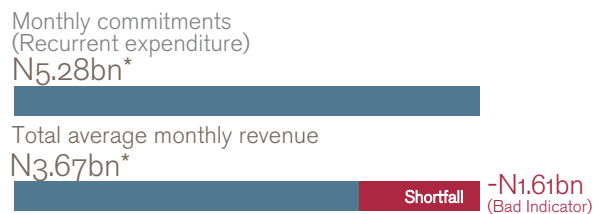
AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N5.28bn*

N1.87bn*
AVERAGE MONTHLY PERSONNEL COST (JAN-JUN 2017)

N3.41bn*
AVERAGE MONTHLY OVERHEAD COST (JAN-JUN 2017)

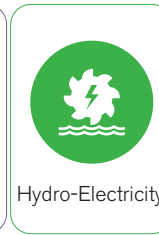
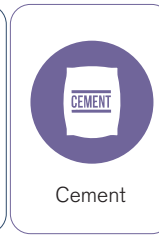
ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)



29 Sustainability Rank

SOKOTO STATE

OPPORTUNITIES



Though often cited as one of the poorer States within Nigeria, Sokoto is also celebrated as one of the few that does not owe salaries due to its civil servants. To lift itself out from poverty, Sokoto State has made efforts to cut costs, whilst kicking off a number of social intervention programmes covering health, education, agriculture and job creation. Notably, almost a third of (27.3%) of the 2017 budget is being allocated to the education sector, showing Sokoto's focus on reversing its status as an educationally disadvantaged State.

Only 31% of Sokoto's signed 2017 budget of N204.3bn (which is about N29.9bn above the 2016 budget of N174.3bn), has been dedicated to its Recurrent expenditure. The 2017 Recurrent expenditure costs of N42.9bn are a slight reduction from the 2016 budget's Recurrent expenditure of N50.5bn; this is possibly the result of a recent expunging of ghost workers.

However, a closer look at Sokoto's books is called for. Its IGR for 2015 and 2016 was approximately N6.22bn and N4.54bn respectively, with an average annual IGR of N5.3bn for 2017, resulting in monthly income from IGR pegged at N448.7mn. If the average monthly FAAC revenue receipts which come to N3.07bn are added to average monthly IGR income, it becomes unclear how the State government intends to support its budget projections of N17.025bn monthly. Most damning is the fact that despite these shortfalls, Sokoto recently spent N100m sponsoring 90 clerics to a pilgrimage.

We advise Sokoto to look inwards for lasting financial security; already a State whose economy is predominantly agro-allied, capital investments around its agricultural sector should be encouraged.

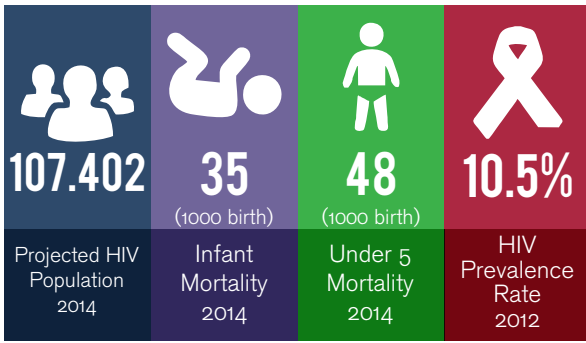
The flood plains of the Sokoto Rima River are rich in grainy soil which is suitable for commercial production of climate-suited crops including sugar cane, garlic and onions.

As home to Goronyo Dam, one of the largest dams in Nigeria, as well as the Shagari and Lugu dams, Sokoto should ensure these resources are operating at their fullest capacity, providing hydropower needed for irrigation farming, and water supply on an industrial scale. Particularly encouraging is Sokoto's partnership with the World Bank on the implementation of the Nigeria Erosion and Watershed Management Project, which entails the rehabilitation and construction of earth dams in the State.

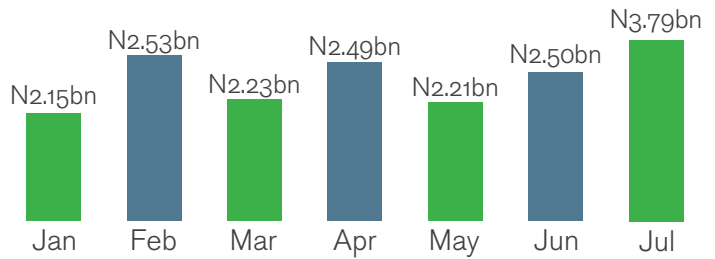
Sokoto has one of the largest limestone reserves in Africa, as well as substantial deposits of gypsum - which is essential feedstock for industrial cement production. The State seems to have taken the hint, with reports of a new cement manufacturing firm being built via Public Private Partnership in Kware local government area. In addition, available reports note that Sokoto State has also entered into another set of arrangements with the World Bank, to access \$6mn to support mining activities within its borders.

Finally, for a State where over 80% of its inhabitants rely on farming, Sokoto should explore its agricultural potentials, creating grazing reserves and ranches to enhance cattle production figures, as well as developing socially-inclusive ways to tax the 1.05 million workers employed in its informal sectors.

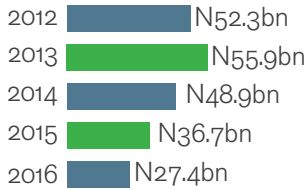
HEALTH INDICATORS



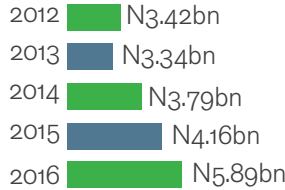
NET FAAC ALLOCATION 2017



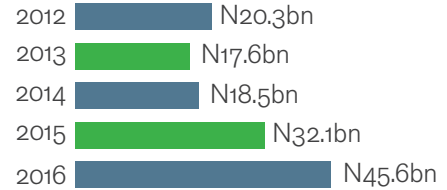
NET FAAC ALLOCATION



IGR



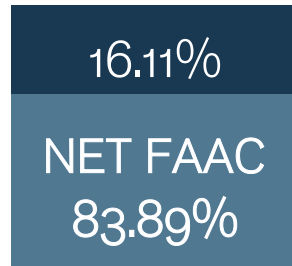
TOTAL DEBT STOCK



TOP AGRICULTURAL PRODUCTS



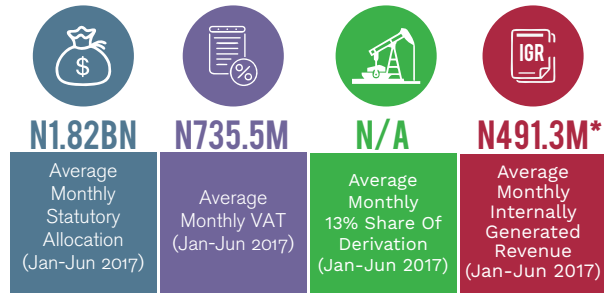
IGR



Structure of State's Revenue 2017

AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N3.05bn*



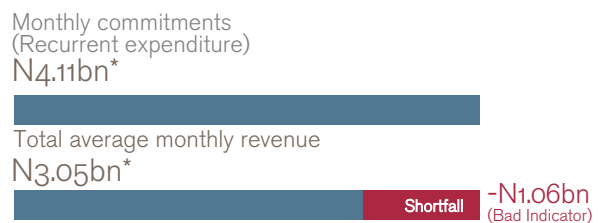
AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N4.11bn*

N2.04bn*
AVERAGE MONTHLY PERSONNEL COST (JAN-JUN 2017)

N2.07bn*
AVERAGE MONTHLY OVERHEAD COST (JAN-JUN 2017)

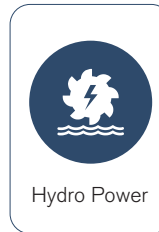
ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)



21 Sustainability Rank

TARABA STATE

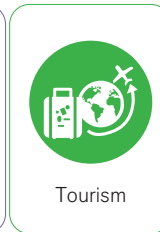
OPPORTUNITIES



Hydro Power



Vegetables



Tourism



Ranked among Nigeria's agriculturally rich States, Taraba is unfortunately plagued by the menace of tribal herdsmen, who are accused of killing and maiming hundreds of people, including farmers. Taraba's economy has also been affected in part by a resurgence of terrorist groups who are reported as escaping from the Sambisa Forest in Borno, towards its Suntai Daaji forests.

Taraba has proposed a 2017 budget of N110.2bn; a modest 10% increase from its 2016 budget of 100bn. With an approximately 45% to 55% split between Recurrent and Capital expenditures in the 2017 budget, the State intends to spend N49.3bn for the year, and N4.1bn per month on its recurrent expenditure obligations.

However, with an average monthly IGR of N418.77mn plus FAAC allocations of N2.34bn, Taraba state receives a monthly income of approximately N2.75bn, which is only about half of its Recurrent expenditure alone.

With this situation, if Taraba is unable to meet its Recurrent expenditure needs, it will undoubtedly be unable to finance its Capital expenditure projects. This shortfall is likely already being manifested; the State has not paid its workers, particularly pensioners. To reconcile this deficit, Taraba may have to undertake further borrowing. Currently, Domestic debt stands at N38.8bn, with \$21.9mn for Foreign debts. We note however that increasing debt servicing costs and tenure could place additional constraints on a fiscally weak State.

Taraba's monthly revenue is made up of its monthly FAAC allocations and IGR. For the months of January, February, March and April, Taraba State received the sums of N2.15bn, N2.52bn, N2.23bn and N2.48 from the Federal

Government FAAC allocations, resulting in an average receipt of N2.35bn per month.

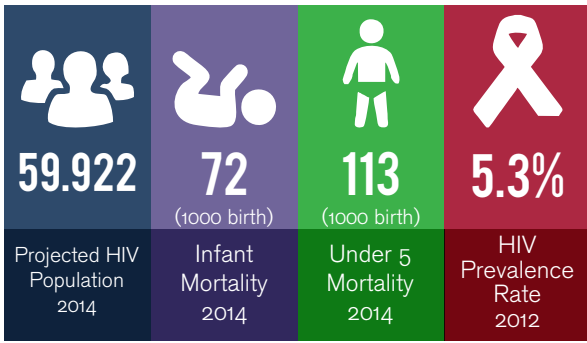
It is not all doom and gloom, as Taraba is making monthly savings of N500mn, after successfully weeding out ghost workers. In addition, Taraba has resuscitated a number of moribund State-owned firms, including the Mambilla Beverages Company, Taraba Sugar Company, Baisa Timber Company and the Taraba Cassava Processing Company. The State is also looking to develop its rich mineral resources, obtaining licenses for small-scale mining for the Taraba Solid Minerals Development Company and acquiring 14 lease Exclusive Prospecting License (EPL), to commence joint-venture exploration, in partnership with other companies.

As Taraba chooses to diversify its sources of revenue, we make a case for transparency and sustainability of the N2bn Green House project, which has daily production estimates of five tonnes of cucumber, pepper, lettuce and tomatoes, mainly because this will generate employment and facilitate technology transfer to the State university and College of Agriculture, which are both in Jalingo.

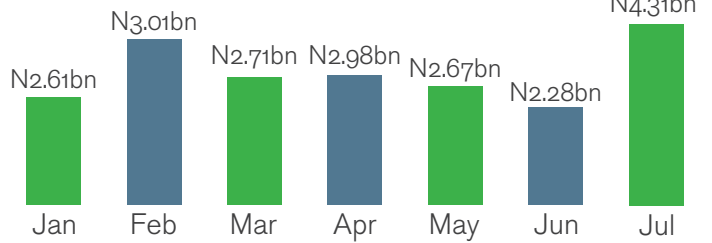
Energy generation could also hold a lot of promise for Taraba's economic prosperity. The proposed Mambilla Dam, with a reservoir at 1,300 metres (4,300 ft) above sea level, will meet power needs, as well as boost fresh water fishing and farming.

Hydropower could also transform the State into a major player in rice production, particularly when augmented with investments in milling infrastructure such as plants, silos and elevators. Taraba may also leverage potential and existing river and rail networks to facilitate greater access to markets for its goods.

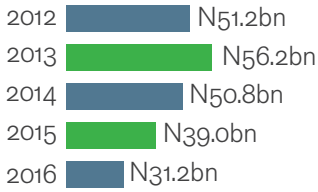
HEALTH INDICATORS



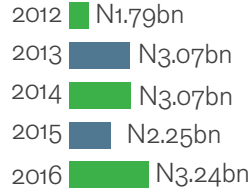
NET FAAC ALLOCATION 2017



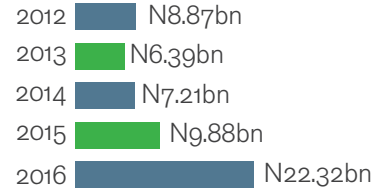
NET FAAC ALLOCATION



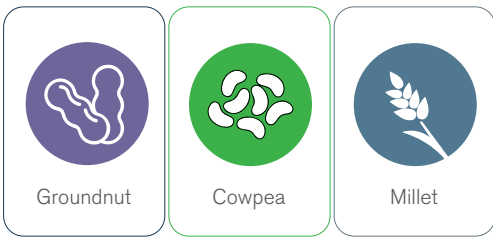
IGR



TOTAL DEBT STOCK



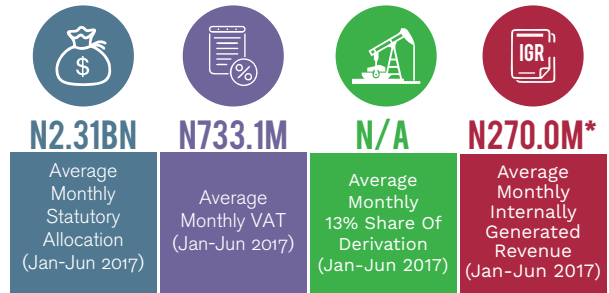
TOP AGRICULTURAL PRODUCTS



Structure of State's Revenue 2017

AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N3.31bn*

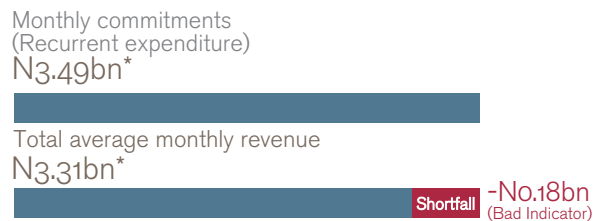


AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N3.49bn*



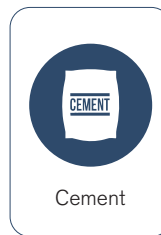
ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)



18 Sustainability Rank

YOBE STATE

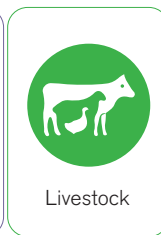
OPPORTUNITIES



Cement



Diatomite



Livestock



Yobe State unfortunately has the added challenge of insecurity, brought on by the Boko Haram insurgency.

Unsurprisingly, the State is now ensconced in the league of debtors, seeing its Domestic debt stock markedly increase, from N3.86bn in 2015 to N13.58bn in 2016. Although External debt dropped to \$28.54mn in 2016 from \$30.46mn in 2015, Yobe's total debt stock has steadily climbed since 2013, rising from N6.4bn in 2013 to N7.3bn in 2014 and N9.9bn in 2015. This may be due to an increase in its Recurrent expenditure; average monthly Recurrent expenditure was N3.85bn as at December 2016. The inference is that the State had average Monthly personnel and Overhead costs of N1.64bn and N2.21bn respectively.

For 2017, Yobe's budget allocation figure for 2017 is N69.3bn. Its total Recurrent expenditure is earmarked as N41.9bn, with projected monthly averages of N3.49bn. The State's FAAC allocations continue to drop – from N50.8bn in 2014, to N39bn in 2015 and N30.9bn in 2016.

It therefore pertinent that since its statutory allocation from the federal government has significantly dropped, Yobe should endeavour to step up its efforts to boost the local economy and aggressively increase its IGR. Though IGR figures have shown a significant increase from N2.25bn in 2015 to N3.24bn in 2016, figures remain indeterminable this year.

A way out could be for Yobe to exploit its solid mineral resources, as well as tap into its status of having one of the largest cattle markets in West Africa, situated in Potiskum. Yobe will have to develop a grazing reserve or ranching system that can hold millions of herd of cattle, whilst leveraging on its wind and solar potentials to irrigate the grazing fields. With

careful planning and further investment on security, the State could attain self-reliance in the economic sense.

For solid minerals, Yobe has 247 million tons of proven limestone deposits, 1.9million tons of kaolin and 141 million tons of gypsum—one important industrial feedstock which is used for making gypsum drywall, an alternative to concrete blocks—as well as 152.8million tons of Diatomite, which is essential for manufacturing insulators, roofing sheets, plastic, paints, pesticides and cement mixtures.

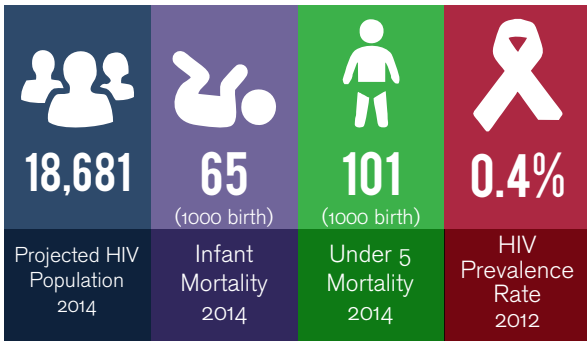
Yobe could return to financial stability on the back of her solid mineral deposits being channeled into a viable industrial and manufacturing economy, provided the war against insurgency brings relative peace to the State and her neighbours.



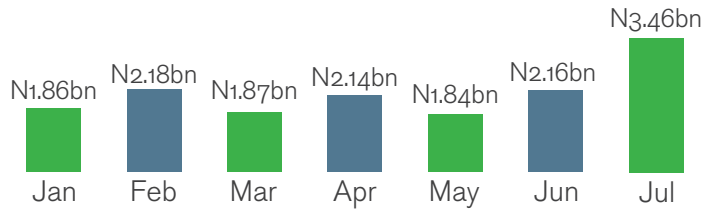
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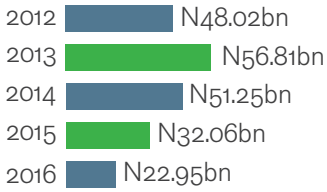
HEALTH INDICATORS



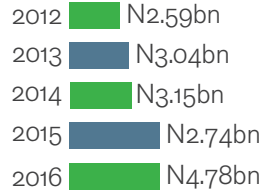
NET FAAC ALLOCATION 2017



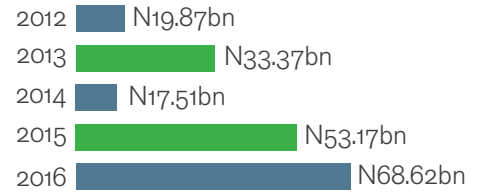
NET FAAC ALLOCATION



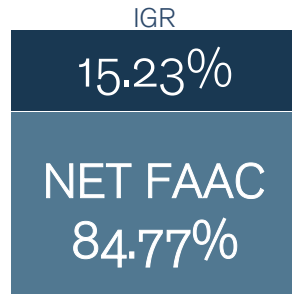
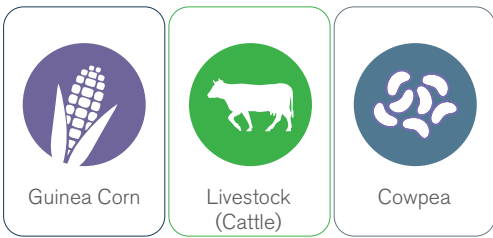
IGR



TOTAL DEBT STOCK



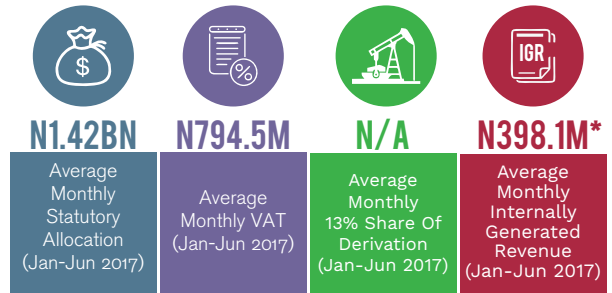
TOP AGRICULTURAL PRODUCTS



Structure of State's Revenue 2017

AVERAGE MONTHLY REVENUE (JAN-JUL 2017)

N2.61bn*



AVERAGE MONTHLY RECURRENT EXPENDITURE (JAN-JUN 2017)

N3.42bn*

N2.10bn*
AVERAGE MONTHLY PERSONNEL COST (JAN-JUN 2017)

N1.32bn*
AVERAGE MONTHLY OVERHEAD COST (JAN-JUN 2017)

ABILITY TO MEET MONTHLY RECURRENT EXPENDITURE COMMITMENTS (JAN - JUN 2017)

Monthly commitments (Recurrent expenditure)
N3.42bn*

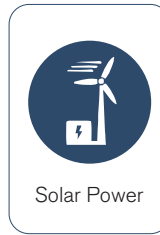
Total average monthly revenue
N2.61bn*

Shortfall -No.80bn (Bad Indicator)

19 Sustainability Rank

ZAMFARA STATE

OPPORTUNITIES



Solar Power



Manufacturing Hub



Mining



Zamfara is widely cited as one of Nigeria's poorest States, one which has not fully tapped into its agribusiness and farming potentials to help open up its economy, nor taken a cue from neighbouring Kebbi State. Agriculture employs up to 90% of the population in Zamfara, with about four million hectares of land cultivated.

Though the State increased its internally generated revenue significantly from N2.74bn in 2015 to N4.78bn in 2016, FAAC allocations totalled N12.05bn between January and June 2017. This was a N2bn increase from FAAC allocations of N10.2bn within the same period last year.

In addition to this, Zamfara's Domestic debt rose to N58.3bn in 2016, from N53.16bn in 2015. Judging by its current budget, it is likely the State will increase its debt profile to sustain its chequered economy; the spending plan for 2017 shows an increment of over N115bn, from N107bn in 2016. A projected N74bn is to be expended on Capital projects and N41bn for Recurrent Expenditure, including Overhead and Personnel costs, coming to an average monthly figure of N3.42bn.

We argue that a priority for Zamfara should be sustainable investments to improve yield for the corn, beans and legumes the State is already known for. The reported intended Irish potato processing plants should be matched with enhanced efficiency through mechanisation, to complement any efforts to reach cited production figures of three million tons annually.

Zamfara's economic plan going forward should take into account its large deposits of solid minerals including gold, copper, iron ore, tantalite and manganese, to build an industrial economy around these commodities. As the

State is also becoming a powerhouse in terms of gold mining, we advise that Zamfara should formalise the mining cycle, to prevent any recurrence of the lead poisoning epidemics which ravaged communities, and still blights victims.

Noteworthy is that the State is investing in a 25MW greenfield solar power project spanning 50 hectares, on the outskirts of the city of Gusau. As this plant could potentially generate significant amounts of electricity in the near term which could transform the State into an agro-allied manufacturing hub, Zamfara would do well to ensure kickoff and sustainability of this project is achieved.



We argue that a priority for Zamfara should be sustainable investments to improve yield for the corn, beans and legumes the State is already known for. The reported intended Irish potato processing plants should be matched with enhanced efficiency through mechanisation, to complement any efforts to reach cited production figures of three million tons annually.



RANKINGS

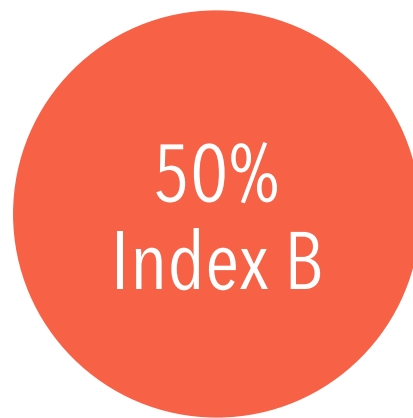


The Research Methodology

Weight of the Fiscal Sustainability Index



Ability of States to meet Recurrent Expenditure obligations using state-own revenue (IGR + 13% Derivation + Value Added Tax)



Ability of States to meet Recurrent Expenditure obligations using state's Total revenue without recourse to debts or grant.



Index C

Looks at Length of time (in years) required to repay outstanding debts using today's revenue.





































States' Fiscal Sustainability Index

										METHODOLOGY			
Rank	States	**Gross Statutory Allocation (NGN'bn)	**13% Share of Derivation-Net (NGN'bn)	**Gross VAT Allocation (NGN'bn)	***Internally Generated Revenue Based on 2016 estimate (NGN'bn)	Total Estimated Monthly Revenue after deductions (NGN'bn)	*Total Debt Stock (NGN'bn)	Recurrent Expenditure budget estimate (NGN'bn)	Index A (Recurrent Expenditure / IGR+13% Derivation+VAT)	Index B (Monthly Recurrent Expenditure Estimated / Total Revenue)	Index C (Total Debt Stock / Total Revenue)	Sustainability Index ((Index A x 0.35) + (Index B x 0.50) + (Index C x 0.15))	Scores (100/Index)
1	RIVERS	75.89	33.36	10.65	85.29	16.27	157.21	141.00	1.09	0.72	0.81	0.86	116.28
2	LAGOS	67.84	0.2	44.69	302.43	32.08	734.72	305.28	0.88	0.79	1.91	0.99	101.01
3	OGUN	22.01	0	6.09	72.98	8.01	107.6	102	1.29	1.06	1.12	1.15	86.98
4	KANO	39.38	0	12.2	30.96	7.67	111.56	79.43	1.84	0.86	1.21	1.26	79.55
5	AKWA IBOM	88.49	47.04	6.03	23.27	13.49	170.92	169.3	2.22	1.05	1.06	1.46	68.62
6	ANAMBRA	23.35	0	6.31	16.19	4.54	23.26	56.6	2.52	1.04	0.43	1.46	68.29
7	DELTA	66.55	30.5	6.41	44.06	10.8	254.2	158	1.95	1.22	1.96	1.59	63.03
8	ENUGU	23.18	0	5.94	14.24	4.08	70.96	55.2	2.74	1.13	1.45	1.74	57.55
9	ABIA	23.92	1.77	5.38	12.69	4.03	66.17	57.4	2.89	1.19	1.37	1.81	55.23
10	KWARA	20.41	0	5.16	17.25	3.98	53.14	64.28	2.87	1.35	1.11	1.84	54.22
11	EDO	24.05	1.59	5.93	23.04	4.36	101.35	76.56	2.51	1.46	1.94	1.9	52.66
12	KATSINA	28.17	0	7.11	5.55	4.14	42.3	47.73	3.77	0.96	0.85	1.93	51.87
13	NIGER	26.35	0	6.06	5.88	3.78	45.88	48.00	4.02	1.06	1.01	2.09	47.87
14	BAYELSA	66.11	33.38	5.1	7.91	8.6	152.2	155.1	3.34	1.5	1.48	2.14	46.66
15	KADUNA	30.18	0	7.73	17.05	5.3	131.56	83.47	3.37	1.31	2.07	2.14	46.63
16	KEBBI	23.69	0	5.6	3.13	3.33	34.77	40.23	4.61	1.01	0.87	2.25	44.49
17	KOGI	24.59	0	5.65	9.57	3.85	81.17	58.71	3.86	1.27	1.76	2.25	44.46
18	YOBE	22.15	0	5.13	3.24	3.31	22.32	41.9	5	1.06	0.56	2.36	42.31
19	ZAMFARA	22.61	0	5.56	4.78	2.61	68.62	41	3.97	1.31	2.19	2.37	42.2
20	BAUCHI	26.92	0	6.43	8.68	3.67	99.76	58.85	3.9	1.34	2.27	2.37	42.15
21	TARABA	21.65	0	5.15	5.9	3.05	45.59	49.3	4.46	1.35	1.25	2.42	41.27
22	IMO	26.56	1.93	6.05	5.87	3.41	111.72	53.73	3.88	1.31	2.73	2.42	41.24
23	BENUE	25.39	0	6.17	9.56	3.82	74.15	66.3	4.22	1.45	1.62	2.44	40.95
24	NASARAWA	20.71	0	4.9	3.4	2.99	76.2	38.6	4.65	1.08	2.12	2.48	40.27
25	ONDO	32.93	7.92	5.75	8.68	4.35	68.33	95.16	4.26	1.82	1.31	2.6	38.49
26	EBONYI	20.45	0	5.12	2.34	2.95	42.27	40.17	5.38	1.13	1.19	2.63	38.03
27	ADAMAWA	22.7	0	5.63	5.79	3.34	87.81	60.06	5.26	1.5	2.19	2.92	34.27
28	JIGAWA	25.53	0	6.36	3.54	3.82	28.94	61.88	6.25	1.35	0.63	2.96	33.82
29	SOKOTO	24.74	0	5.85	4.55	3.67	34.64	63.33	6.09	1.44	0.79	2.97	33.68
30	OYO	28.38	0	9.16	18.88	4.97	137.92	127.57	4.55	2.14	2.31	3.01	33.23
31	CROSS-RIVER	22.71	0	5.48	14.78	2.92	163.37	74.52	3.68	2.12	4.66	3.05	32.81
32	GOMBE	21.27	0	5.13	2.94	2.61	59.91	46.89	5.81	1.5	1.91	3.07	32.57
33	PLATEAU	23.58	0	5.69	9.19	2.96	119.27	69.36	4.66	1.95	3.35	3.11	32.16
34	BORNO	27.4	0	6.11	2.68	3.8	37.69	59.66	6.79	1.31	0.83	3.15	31.7
35	EKITI	20.44	0	5.12	2.99	2.15	102.47	55.03	6.78	2.14	3.98	4.04	24.76
36	OSUN	21.34	0	5.71	8.88	1.37	168.68	75.8	5.19	4.6	10.24	5.65	17.69

State	Average Monthly Recurrent Expenditure (NGN'bn)	Average Monthly Revenue (NGN'bn)	Shortfall (NGN'bn)
Abia	4.78	4.03	-0.75
Adamawa	5	3.34	-1.66
Akwa-Ibom	14.11	13.49	-0.62
Anambra	4.72	4.54	-0.18
Bauchi	4.9	3.67	-1.24
Bayelsa	12.93	8.6	-4.33
Benue	5.53	3.82	-1.71
Borno	4.97	3.8	-1.18
Cross-River	6.21	2.92	-3.29
Delta	13.17	10.8	-2.36
Ebonyi	3.35	2.95	-0.39
Edo	6.38	4.36	-2.02
Ekiti	4.59	2.15	-2.44
Enugu	4.6	4.08	-0.51
Gombe	3.91	2.61	-1.3
Imo	4.48	3.41	-1.07
Jigawa	5.16	3.82	-1.33
Kaduna	6.96	5.3	-1.65
Kano	6.62	7.67	1.05
Katsina	3.98	4.14	0.16
Kebbi	3.35	3.33	-0.03
Kogi	4.89	3.85	-1.04
Kwara	5.36	3.98	-1.38
Lagos	25.44	32.08	6.64
Nasarawa	3.22	2.99	-0.23
Niger	4	3.78	-0.22
Ogun	8.5	8.01	-0.49
Ondo	7.93	4.35	-3.58
Osun	6.32	1.37	-4.94
Oyo	10.63	4.97	-5.66
Plateau	5.78	2.96	-2.82
Rivers	11.75	16.27	4.52
Sokoto	5.28	3.67	-1.61
Taraba	4.11	3.05	-1.06
Yobe	3.49	3.31	-0.18
Zamfara	3.42	2.61	-0.8

Source: OAGF, NBS, State Government websites, BudgIT Research

AVERAGE MONTHLY VAT (JANUARY- JULY, 2017)

States		(NGN)
LAGOS		6,383,816,134
KANO		1,743,331,063
RIVERS		1,521,049,563
OYO		1,308,941,372
KADUNA		1,104,363,260
KATSINA		1,015,542,421
BAUCHI		918,014,304
DELTA		915,143,102
JIGAWA		909,205,394
ANAMBRA		901,268,242
BENUE		881,566,789
BORNO		873,328,362
OGUN		870,487,277
NIGER		865,251,995
IMO		864,211,202
AKWA IBOM		861,183,576
ENUGU		849,053,695
EDO		847,067,182
SOKOTO		835,783,733
ONDO		821,763,988
OSUN		816,042,328
PLATEAU		812,781,199
KOGI		807,843,329
ADAMAWA		803,832,873
KEBBI		799,403,800
ZAMFARA		794,511,231
CROSS RIVER		782,329,765
ABIA		768,814,050
KWARA		737,001,458
TARABA		735,500,124
YOBE		733,101,280
GOMBE		732,364,340
EKITI		731,717,046
EBONYI		731,247,004
BAYELSA		728,425,761
NASSARAWA		700,365,288

Source: OAGF, BudgIT Research

RANKINGS -DOMESTIC DEBT (2016)

States	(NGN)
LAGOS	311,755,801,825.04
DELTA	241,231,439,060.79
AKWA IBOM **	155,431,513,524.27
OSUN	147,069,973,626.49
RIVERS **	142,424,091,344.00
BAYELSA	140,177,083,911.42
CROSS-RIVER	128,142,093,128.98
OYO	115,886,553,198.89
PLATEAU	110,340,669,344.38
KANO	93,715,181,155.05
IMO	93,267,764,679.14
EKITI	85,049,678,107.89
OGUN ***	75,921,433,395.59
KOGI	71,381,258,449.39
BAUCHI	69,988,356,863.98
BENUE	63,526,706,066.01
KADUNA	63,276,471,968.43
ADAMAWA	62,157,535,395.46
NASARAWA	59,033,751,798.50
ZAMFARA	58,321,024,470.39
ABIA	53,525,312,006.52
ONDO	53,159,719,890.95
ENUGU	48,417,542,411.95
GOMBE	48,312,227,448.91
EDO	45,091,949,113.97
TARABA	38,868,702,728.14
KWARA	38,136,723,517.24
NIGER	31,984,093,598.83
BORNO	30,929,430,222.10
EBONYI	28,057,144,823.57
SOKOTO	22,450,254,651.14
KATSINA *	21,449,608,359.00
KEBBI	20,650,989,926.98
JIGAWA *	19,005,549,048.55
YOBE	13,581,297,872.19
ANAMBRA	3,993,892,365.13

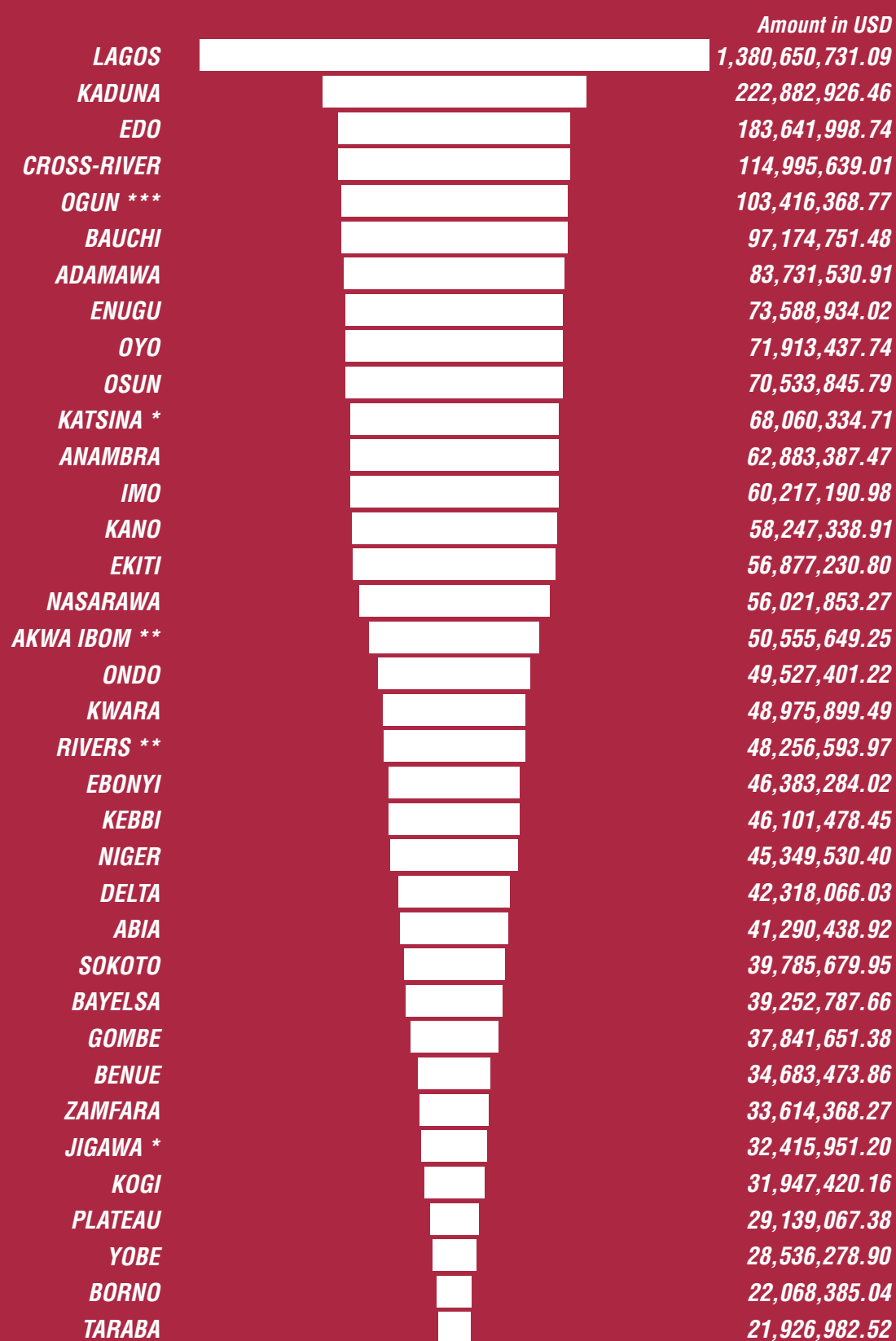
Source: DMO

*Jigawa and Katsina States' Figures are as at March 2016

** Akwa-Ibom and Rivers States' Figures are as at June 2016

***Ogun State's Figures are as at December 2015

RANKINGS : EXTERNAL DEBT (2016)



*Jigawa and Katsina States' Figures are as at March 2016

** Akwa-Ibom and Rivers States' Figures are as at June 2016

***Ogun State's Figures are as at December 2015



2017 BUDGET

<i>State</i>		<i>Budget Size</i>
<i>Lagos</i>		<i>N812.99bn</i>
<i>Rivers</i>		<i>N470bn</i>
<i>Akwa-Ibom</i>		<i>N371.29bn</i>
<i>Cross-River</i>		<i>N301bn</i>
<i>Delta</i>		<i>N294.4bn</i>
<i>Bayelsa</i>		<i>N243.2bn</i>
<i>Ogun</i>		<i>N221bn</i>
<i>Kano</i>		<i>N217.9bn</i>
<i>Kaduna</i>		<i>N214.92bn</i>
<i>Oyo</i>		<i>N208.65bn</i>
<i>Sokoto</i>		<i>N204.3bn</i>
<i>Borno</i>		<i>N183.84bn</i>
<i>Kogi</i>		<i>N174.85bn</i>
<i>Ondo</i>		<i>N170.85bn</i>
<i>Benue</i>		<i>N163.8bn</i>
<i>Edo</i>		<i>N153.18bn</i>
<i>Bauchi</i>		<i>N145.45bn</i>
<i>Katsina</i>		<i>N144.09bn</i>
<i>Plateau</i>		<i>N139.49bn</i>
<i>Kebbi</i>		<i>N139.33bn</i>
<i>Osun</i>		<i>N138.2bn</i>
<i>Kwara</i>		<i>N135.26bn</i>
<i>Imo</i>		<i>N131.14bn</i>
<i>Jigawa</i>		<i>N129.87bn</i>
<i>Ebonyi</i>		<i>N127.2bn</i>
<i>Adamawa</i>		<i>N120.46bn</i>
<i>Niger</i>		<i>N116bn</i>
<i>Anambra</i>		<i>N115.5bn</i>
<i>Zamfara</i>		<i>N115.2bn</i>
<i>Taraba</i>		<i>N110.2bn</i>
<i>Enugu</i>		<i>N105.72bn</i>
<i>Abia</i>		<i>N102.55bn</i>
<i>Ekiti</i>		<i>N94.46bn</i>
<i>Gombe</i>		<i>N90.56bn</i>
<i>Nasarawa</i>		<i>N69.9bn</i>
<i>Yobe</i>		<i>N69.3bn</i>

2016: PER CAPITA INTERNALLY GENERATED REVENUE

Amount in NGN

State	Amount
LAGOS	24,096
OGUN	13,988
RIVERS	11,677
DELTA	7,779
EDO	5,440
KWARA	5,404
AKWA IBOM	4,245
CROSS RIVER	3,822
BAYELSA	3,470
ABIA	3,406
ENUGU	3,227
ANAMBRA	2,929
OYO	2,408
KANO	2,367
PLATEAU	2,188
KOGI	2,139
KADUNA	2,066
TARABA	1,922
OSUN	1,888
ONDO	1,859
BENUUE	1,664
ADAMAWA	1,363
NASARAWA	1,348
BAUCHI	1,327
IMO	1,085
NIGER	1,059
ZAMFARA	1,058
YOBE	984
EKITI	914
SOKOTO	910
GOMBE	903
EBONYI	813
KATSINA	708
KEBBI	705
JIGAWA	607
BORNO	457

—
Average
N3,395/Year
—

* State Population
Source: NPC 2016 Population Forecast

** IGR Numbers
Source: NBS 2016



AVERAGE GROWTH RATE OF STATES' DEBT BETWEEN 2012 AND 2016 REMAINS ELEVATED AT 22.16%, WHILE AVERAGE GROWTH RATE OF INTERNALLY GENERATED REVENUE IS 9.04%. CLEARLY, THE SUSTAINABLE PART FOR STATES IS TO REIN IN DEBT UPTAKE AND FOCUS MORE ON IMPROVING INTERNALLY GENERATED REVENUE.





STATE GOVERNMENTS, THEREFORE, NEED TO TREMENDOUSLY EMBRACE A HIGH LEVEL OF TRANSPARENCY AND ACCOUNTABILITY, DEVELOP WORKABLE ECONOMIC PLANS, TAKE HAIRCUTS — ESPECIALLY ON OVERHEADS — EXPAND THEIR INTERNALLY GENERATED REVENUE (IGR) BASE, AND CUT DOWN ON DEBT ACCUMULATION WITHOUT A CONCRETE REPAYMENT PLAN.



Photo Credit: Wusu Femi

www.yourbudgit.com

SIMPLIFYING THE NIGERIAN BUDGET

At BudgIT, we believe it is the RIGHT of every citizen to have access to, and also understand public budgets. We also believe budgets must be efficiently implemented for the GOOD of the people.

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