



**STATE OF
STATES**
2022 EDITION



**Subnational
Governance Reforms
for a New Era**

About BudgIT

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

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Table of Contents

About Budget	1
Definition of Terms	4
Abbreviations	6
Data Sources	7
Methodology	8
Executive Summary	15
South-West	18
Oyo State	19
Osun State	22
Lagos State	25
Ondo State	28
Ogun State	31
Ekiti State	34
South-South	37
Bayelsa State	38
Rivers State	41
Delta State	44
Akwa Ibom State	47
Cross River State	50
Edo State	53
South-East	56
Abia State	57
Anambra State	60
Ebonyi State	63
Imo State	66
Enugu State	69
North-West	72
Sokoto State	73
Kaduna State	76
Kebbi State	79
Kano State	82
Katsina State	85
Zamfara State	88
Jigawa State	91

Table of Contents

North-East	94
Borno State	95
Gombe State	98
Bauchi State	101
Yobe State	104
Taraba State	107
Adamawa State	110
North-Central	113
Nasarawa State	114
Kwara State	117
Kogi State	120
Plateau State	123
Niger State	126
Benue State	129
Infographics, Charts and Rankings	132
States Fiscal Sustainability Index	152
Debt Sustainability Index	153

Definition of Terms

Capital Expenditure: This is money spent by the government to acquire or build fixed capital assets, land, or intangible assets. It includes the state's investments in projects like the building of schools, hospitals, roads, or buying security equipment. Capital Expenditure is sometimes called 'Capex'.

Capital Receipts: This includes incoming cash flows from the sales of fixed assets, shares, and the issuance of a debt instrument such as bonds and loans that are non-recurring in nature.

Cash Flow Statement: This is a financial statement that shows the summary of inflows of revenue receipts and spending during a specific period of time. It consists of three main parts: Cash Flows from Operating Activities, Cash Flows from Investment Activities, and Cash Flows from Financing Activities.

Debt Ceiling - Capital Market: This is the total debt size for a state, above which the Debt Management Office (DMO) guidelines restricts it from borrowing further from the capital market.

Debt Ceiling - External Borrowing: This is the total debt size for a state above which the Debt Management Office (DMO) guidelines restricts it from further external borrowing.

Domestic Debt: The value of debt a state owes to lenders within its country or debt issued in its local currency.

External Debt: The portion of a state's debt obtained in foreign currency. These loans are required to be paid back in the currency it was issued.

Gross Domestic Product (GDP): This is the measure of the monetary value of final goods and services—those that are bought by the final user—produced in a region/country/state in a given period of time (say a quarter or a year). It covers all of the output generated within the borders of a country and also includes some nonmarket production, such as defense or education services provided by the government.¹

Internally Generated Revenue (Audited Report): This is the internally generated revenue obtained within a state as reported by the state's Auditor General in their audited reports.

Internally Generated Revenue (NBS): This is the internally generated revenues obtained within the state from numerous sources such as Pay As You Earn (PAYE), road taxes, direct assessment, taxes reported by the National Bureau of Statistics.

Loan Repayments: This is the amount a state spends to pay back borrowed funds to foreign and domestic lenders, through a series of scheduled repayments of the principal and interest.

Opening Balance: The amount of money a state has in its account from the previous year that is brought forward at the start of another fiscal year.

Operating Expenses: This is the amount of funds allocated to Personnel costs, Overhead costs and in some instances may include Loan Repayments.

1- See "Gross Domestic Product: An Economy's All", by Tim Callen, on February 24th, 2020, in the Finance and Development (Online) Blog, International Monetary Fund (IMF). Available at: <https://www.imf.org/external/pubs/ft/fand-d/basics/gdp.htm>.

Definition of Terms

Overhead Costs: These are costs incurred on rent, shipping costs, office supplies, advertising, consultancy service charges, trainings, travel expenses, legal expenses, as well as maintenance and repair of equipment and facilities.

Personnel Costs: These are costs incurred on the payment of salaries, pensions, allowances and social contributions.

Recurrent Expenditure: These are routine costs that consist of Personnel and Overhead costs and, where indicated, can also consist of Loans, Social Benefits and Public Debt Charges.

Statutory Transfers: These comprise of revenue allocated to the states from the Federal Account Allocation Committee (FAAC) on a monthly basis.

Total Revenue: Total revenue of a state refers to the combination of Internally Generated Revenue (IGR), Statutory Transfers from the federal government, and Aids and grants.

Total Expenditure: The Actual spending on operating expenses, loan repayments and capital expenditure

Total Debt: The total value of debt owed by a state government in Nigeria to all its lenders. Total debt includes foreign debt and domestic debt.

Value Added Tax (VAT): This is the amount of consumption tax that is levied on goods that go into the federation account and which is distributed between all tiers of government.

Abbreviations

APA: Annual Performance Assessment
BAMS: Bank Account Monitoring System
BHCPF: Basic Health Care Provision Fund
BIR: Budget Implementation Report
BVN: Bank Verification Number
CAPEX: Capital Expenditure
CEPT: Consumption, Entertainment and Presumptive Tax
COVID-19: Coronavirus Disease
CSC: Civil Service Commission
CSO: Civil Society Organisation
BVN: Bank Verification Number
BIR: Budget Implementation Report
DLR: Disbursement Linked Results
DLI: Disbursement Linked Indicators
DMO: Debt Management Office
FAAC: Federal Account Allocation Committee
FG: Federal Government
FY: Fiscal Year
GDP: Gross Domestic Product
ICT: Information and Communication Technology
IGR: Internally Generated Revenue
IVA: Independent Verification Agent
LG: Local Government
MDA: Ministries, Departments and Agencies
MTEF: Medium Term Expenditure Framework
MDA: Ministries, Departments and Agencies
NBS: National Bureau of Statistics
NNPC: Nigerian National Petroleum Corporation
NIPC: Nigerian Investment Promotion Commission
NYSC: National Youth Service Corps
OCDS: Open Contracting Data Standards
OGFTZ: Ogun-Guangdong Free Trade Zone
NYSC: Nigerian Youth Service Corps
OPEC: Organisation of the Petroleum Export Countries
OPEX: Operating Expenses
PAYE: Pay as You Earn
PEBEC: Presidential Enabling Business Environment Council
PHCDB: Primary HealthCare Development Board
PPP: Public-Private Partnership
REEM: Revenue Enhancement and Electronic Monitoring system
SDDR: State Domestic Debt Report
SFTAS: States Fiscal Transparency, Accountability, and Sustainability
SOML: Saving One Million Lives
TSA: Treasury Single Account
UNCITRAL: United Nations Commission on International Trade Law
USAID: United States Agency for International Development
VAT: Value Added Tax

Data Sources

Data	Composition/Source
Internally Generated Revenue, IGR	States' 2021 Audit Report
Value Added Tax, VAT	States' 2021 Audit Report
Federal Accounts Allocation Committee, FAAC Allocation	States' 2021 Audit Report
Operating Expenses	States' 2021 Audit Report (Cashflow on Operating Activities)
Personnel Cost	States' 2021 Audit Report (Cashflow on Operating Activities)
Loan Repayments	States' 2021 Audit Report (Cashflow on Financing Activities)
Capital Expenditure	States' 2021 Audit Report (Cashflow on Investing Activities)
Total Revenue	States' 2021 Audit Report
2021 Domestic Debt	Debt Management Office
2021 Foreign Debt (USD)	Debt Management Office
2021 Foreign Debt (NGN)	BudgIT Research (Calculated using an exchange rate of N412.99/\$1 as at December 31st, 2021)
2021 Total Subnational Debt (NGN)	BudgIT Research (Domestic Debt + Foreign Debt in Naira)
Debt Service	(States loan repayments + public debt Charge) States' 2021 Audit Report
2021 Subnational Budget (Approved)	State's Appropriation Laws, 2021
Gross Domestic Product, GDP	World Bank Estimates
Capital Importation	National Bureau of Statistics
Payroll Data	2020 Annual Performance Assessment released in 2021
Ease of Doing Business	Presidential Enabling Business Environment Council (Ease of Doing Business Subnational Baseline Survey, 2021)
SFTAS Performance Assessment	2020 Annual Performance Assessment released in 2021
Population	World bank Estimates



The Research Methodology

Index A looks at the ability of states to meet their Operating Expenses (Recurrent Expenditure) with only their Internally Generated Revenue.

Index A
25%

Operating Expenses
IGR

Index A1 looks at the percentage year on year growth of Internally Generated Revenue.

Index A1
20%

(2021 IGR - 2020 IGR)
2020 IGR

Index B reviews the states' ability to cover all operating expenses and loan repayment obligations with their Total Revenue (Internally Generated Revenue + Statutory Transfers + Aids and Grants) without resorting to borrowing.

Index B
30%

Operating Expenses + Loan Repayment
Total Revenue

Index C estimates the debt sustainability of the states using 4 major Indicators. **A. Debt** as a % of GDP, **B. Debt** as a % of Revenue, **C. Debt** service as a % of Revenue, **D. Personnel Cost** as a % of Revenue.

Index C
15%

$(A+B+C+D) / 4$

Index D evaluates the degree to which each State is prioritizing capital expenditure with respect to their operating expenses (recurrent expenditure).

Index D
10%

Operating Expenses
Capital Expenditure

2022 Fiscal Performance Ranking



For more information on the ranking and rank scores, please download the 2022 State of States Report on our website

www.yourbudgit.com/data

Rank	State
1	Rivers
2	Kaduna
3	Lagos
4	Cross River
5	Ebonyi
6	Anambra
7	Kano
8	Kwara
9	Edo
10	Ogun
11	Oyo
12	Delta
13	Nasarawa
14	Sokoto
15	Kebbi
16	Enugu
17	Osun
18	Abia
19	Ondo
20	Borno
21	Katsina
22	Bauchi
23	Jigawa
24	Akwa Ibom
25	Zamfara
26	Imo
27	Kogi
28	Gombe
29	Plateau
30	Ekiti
31	Niger
32	Taraba
33	Adamawa
34	Yobe
35	Bayelsa
36	Benue

States Performance on Index A



States that rank higher on Index A have comparatively limited dependence on federally distributed revenue for their operations and thus have greater viability if they were to theoretically exist as an independent entity. In contrast, states that rank lower on Index A either need to work harder on growing their Internally Generated Revenue considering the size of their operating expenses or work on pruning their operating expenses. The lower ranking states also have more work to do to improve their business enabling environment and enhance their domestic resource mobilisation capacity.

Rank	State	Index
1	Lagos	0.82
2	Rivers	0.83
3	Kaduna	1.33
4	Ebonyi	1.46
5	Jigawa	1.64
6	Ogun	1.69
7	Cross River	1.80
8	Anambra	2.14
9	Kwara	2.17
10	Oyo	2.28
11	Kano	2.36
12	Edo	2.38
13	Ondo	2.47
14	Osun	2.51
15	Sokoto	2.70
16	Enugu	2.77
17	Delta	2.80
18	Nasarawa	2.85
19	Plateau	2.93
20	Borno	3.09
21	Zamfara	3.15
22	Katsina	3.19
23	Abia	3.21
24	Bauchi	3.60
25	Ekiti	3.73
26	Imo	3.91
27	Kebbi	3.99
28	Gombe	4.32
29	Kogi	4.39
30	Niger	4.50
31	Akwa Ibom	4.96
32	Benue	5.41
33	Taraba	5.66
34	Adamawa	5.72
35	Yobe	7.03
36	Bayelsa	7.45

States Performance on Index A1



States that rank higher on index A1 have been able to significantly grow their internally generated revenue year-on-year and are progressively reducing their over-reliance on federal transfers. Contrarily, the states that rank low on this index have had either a negative or poor growth in their internally generated revenue and thus remain heavily dependent on federally distributed revenue to implement their budgets.

Rank	State	Index
1	Jigawa	3.85
2	Borno	1.14
3	Katsina	1.12
4	Ekiti	1.02
5	Sokoto	1.01
6	Zamfara	0.95
7	Ebonyi	0.91
8	Nasarawa	0.66
9	Adamawa	0.56
10	Ogun	0.54
11	Bayelsa	0.53
12	Niger	0.51
13	Ondo	0.50
14	Bauchi	0.43
15	Edo	0.42
16	Cross River	0.42
17	Oyo	0.37
18	Kwara	0.36
19	Delta	0.35
20	Lagos	0.30
21	Kano	0.28
22	Gombe	0.24
23	Rivers	0.21
24	Benue	0.20
25	Taraba	0.20
26	Imo	0.20
27	Abia	0.17
28	Enugu	0.13
29	Plateau	0.12
30	Osun	0.11
31	Yobe	0.09
32	Kaduna	0.03
33	Akwa Ibom	0.02
34	Kogi	-0.03
35	Anambra	-0.09
36	Kebbi	-0.28

States Performance on Index B



States that rank higher on Index B have comparatively more public revenue left to implement the capital expenditure components of their budgets after fulfilling repayment obligations to lenders and their government's operating expenses. Conversely, States that rank lower on Index B have comparatively less revenue left to implement the capital expenditure components of their budgets, and thus face a greater risk of resorting to more borrowing or risk of under-implementing their capital budget. These lower ranking states can adopt Public-Private Partnership (PPP) models in delivering public goods due to their constrained revenue.

Rank	State	Index
1	Rivers	0.48
2	Kaduna	0.50
3	Cross River	0.52
4	Kebbi	0.54
5	Nasarawa	0.59
6	Jigawa	0.59
7	Akwa Ibom	0.60
8	Kano	0.65
9	Sokoto	0.66
10	Borno	0.66
11	Ebonyi	0.67
12	Edo	0.70
13	Bayelsa	0.71
14	Kwara	0.72
15	Katsina	0.77
16	Delta	0.77
17	Lagos	0.80
18	Anambra	0.80
19	Niger	0.81
20	Enugu	0.86
21	Taraba	0.88
22	Ondo	0.90
23	Ekiti	0.90
24	Oyo	0.90
25	Bauchi	0.91
26	Abia	0.91
27	Imo	0.91
28	Gombe	0.95
29	Osun	0.96
30	Yobe	0.96
31	Adamawa	0.97
32	Kogi	0.99
33	Zamfara	1.00
34	Benue	1.00
35	Plateau	1.01
36	Ogun	1.04

States Performance on Index C



States that rank higher on Index C have more comparative fiscal bandwidth to borrow more due to their comparatively sustainable debt profiles which is determined by their debt-to-revenue ratio, debt-to-GDP ratio, debt service-to-revenue ratio, and personnel cost to revenue ratio. In contrast, states that rank lower on Index C need to check their appetite for the acquisition of more debt as they appear to be either above or very close to the solvency thresholds for debt-to-revenue ratio, debt-to-GDP ratio, debt service-to-revenue ratio, and personnel cost to revenue ratio. The lower ranking states may need to rapidly adopt Public-Private Partnership (PPP) models in delivering public goods due to their relatively poorer credit worthiness.

Rank	State	Index
1	Jigawa	0.196
2	Delta	0.249
3	Akwa Ibom	0.255
4	Nasarawa	0.282
5	Bayelsa	0.303
6	Borno	0.307
7	Ebonyi	0.307
8	Katsina	0.311
9	Sokoto	0.313
10	Kebbi	0.322
11	Ondo	0.347
12	Rivers	0.349
13	Kano	0.376
14	Oyo	0.397
15	Taraba	0.406
16	Anambra	0.407
17	Niger	0.442
18	Kogi	0.445
19	Yobe	0.464
20	Kwara	0.467
21	Edo	0.467
22	Gombe	0.481
23	Enugu	0.488
24	Lagos	0.529
25	Bauchi	0.547
26	Abia	0.571
27	Zamfara	0.589
28	Benue	0.592
29	Kaduna	0.615
30	Adamawa	0.627
31	Ekiti	0.648
32	Cross River	0.651
33	Ogun	0.691
34	Imo	0.731
35	Osun	0.741
36	Plateau	0.760

States Performance on Index D



States that rank higher on Index D give comparatively higher priority to investing in capital expenditure compared to their operating expenses. States that rank lower on Index D have a financial strategy that prioritizes investment in their operating expenses over capital expenditure in the state. These states are not sufficiently investing in improving the human capital development profile of the state.

Rank	State	Index
1	Rivers	0.285
2	Kaduna	0.429
3	Cross River	0.510
4	Ebonyi	0.653
5	Anambra	0.945
6	Akwa Ibom	1.018
7	Kebbi	1.022
8	Sokoto	1.029
9	Lagos	1.056
10	Bauchi	1.118
11	Edo	1.163
12	Jigawa	1.163
13	Abia	1.245
14	Kano	1.306
15	Yobe	1.340
16	Katsina	1.347
17	Borno	1.348
18	Gombe	1.447
19	Kogi	1.522
20	Ogun	1.600
21	Nasarawa	1.612
22	Kwara	1.615
23	Bayelsa	1.744
24	Delta	1.766
25	Ekiti	1.892
26	Oyo	1.949
27	Imo	2.003
28	Zamfara	2.014
29	Enugu	2.078
30	Osun	2.492
31	Taraba	2.784
32	Niger	2.955
33	Adamawa	3.027
34	Ondo	3.359
35	Plateau	4.764
36	Benue	7.792

Executive Summary

Fiscal Outlook

Revenue

Having been inundated with fiscal shocks from the Covid-19 pandemic in 2020 which plummeted government revenues, the 36 states of the federation commenced a rebound as the cumulative revenues of the states grew by 9.19% from the N4.69tn earned in 2020 to N5.12tn in 2021. Cumulatively, there was a 33.66% year-on-year growth in the aggregated Internally Generated Revenue (IGR) of the 36 states, from N1.2trn in 2020 to N1.61tn in 2021.

However, the bulk of the states still rely heavily on federally distributed revenues to implement their budgets. While at least 50% of the total revenue of 33 states were federal transfers, 13 states relied on federal transfers for at least 70% of their total revenues. Being faced with declining revenues owing to Nigeria's subsidy regime and the volatile price of crude oil, over-reliance on federal transfers is becoming increasingly unsustainable. Hence states as a matter of urgency need to wean themselves off the dependence on federally distributed revenues by significantly improving their capacity to mobilise revenues internally.

Expenditure

Ocassioned by the need to stimulate their economy to build back from the

economic doldrums of 2020 and improve service delivery, the cumulative expenditure of the 36 states increased by 27% from N5.23tn in 2020 to N6.64tn in 2021. Notwithstanding, while 31 States increased their total expenditure from the previous year, 5 States reduced their expenditure—with Zamfara having the highest decline of 15.59%. Several States implemented reforms to identify ghost workers and eliminate payroll fraud, leading to decline in the year-on-year growth of the personnel cost of 7 states. However, the cumulative personnel cost of the 36 States grew by 5.38% from N1.46tn in 2020 to N1.54tn in 2021. Interestingly, 9 States reduced their overhead cost from the previous year, signalling a reduction in the cost of governance. Conversely, 11 States increased their overhead cost from the previous year by more than 40%, with Akwa Ibom having the highest growth of 424.60%.

Commendably, cumulative spending on capital expenditure by the 36 States grew by 52.52% from N1.77tn in 2020 to N2.70tn in 2021. 8 States increased the capital expenditure year-on-year by more than 100%, however, just 5 States—including Anambra, Ebonyi, Cross River, Kaduna, Rivers—prioritized capital expenditure over operation expenses, signalling the prioritisation of investments in infrastructure, job creation, and human capital development. Speaking of spending in critical social sectors like Health and Education, 24 States spent below the

subnational average of N1977.07 on health spending per capita. Similarly, the education spending per capita of 22 States were below the subnational average of N3954.99. With an education spending per capita of N380.65 and N365.30 respectively, Imo and Ondo had the least investments in education per capita in 2021.

Subnational Debt Outlook

The cumulative debt stock of the 36 States grew by 8.68% from N5.86tn in 2020 to N6.37tn in 2021. A more disaggregated view of the subnational debt show that 11 states reduced their total debt liability, with Delta State having the most impressive decline of 33.84%. Four states—Oyo, Yobe, Ogun and Sokoto—grew their total debt stock by more than 40% from 2020. The 5 most indebted states—Lagos, Kaduna, Rivers, Ogun, and Cross River—are responsible for 37.09% of total subnational debt. Kogi State, with a foreign debt year-on-year growth of 85.65%, ranked 1st among the 17 States that grew foreign debt in 2021. The four states with the highest dollar-denominated debt (\$250mn and above)—Lagos, Kaduna, Cross River and Edo—are the most susceptible to exchange rate volatility. However, all States need to check their appetite for acquiring dollar-denominated loans, especially in an era of low foreign direct investments and dwindling foreign reserves. 6 States—Plateau, Imo, Cross River, Osun, Kaduna and Ekiti—exceeded the debt to revenue ratio solvency threshold of 200% in 2021. While Zamfara was the only State that exceeded the debt service-to-revenue solvency threshold of 40%, no State exceeded the solvency thresholds of 40% and 60% respectively for debt-to-GDP ratio and personnel cost-to-revenue ratio.

Rankings and State's Comparative Viability

Rivers State maintained its overall fiscal performance ranking of the 1st position from last year. While two states, Kaduna and Cross River made it to the top 5 on the overall fiscal performance ranking, Yobe State dropped to the bottom 5 having fallen 13 places from 21st in 2021 to the 34th position in 2022. On Index A, just 2 States (Lagos and Rivers) generated more than enough revenues internally to take care of their operating expenses.

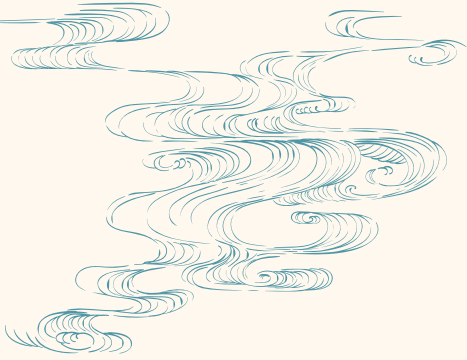
Comparatively, the operating expenses of Yobe and Bayelsa (the least ranked states on index A) was more than 7 times the revenues generated by both States. Internally, reinforcing the heavy reliance on federal transfers and budget support to fund their budgets. On index A1, save for 3 states which ranked the least—Anambra, Kogi and Kebbi—33 states experienced an increase in their IGR from the previous year, with 13 states growing their IGR by more than 50%. Jigawa, Delta, Ebonyi, Akwa Ibom and Nassarawa ranked 1st - 5th respectively on Index C which assessed the debt sustainability of the 36 states. Furthermore, Cross River, Ogun, Imo, Osun, Plateau were the bottom 5 states on Index C. Lagos State, with capital importation of \$31.78bn between 2019 and 2021, received 99.19% of the cumulative capital importation for 36 states of the federation. Interestingly, 11 states received no capital importation between 2019 and 2021.

Subnational Governance Reforms for a New Era

In the last five years, there have been initiatives by multilateral institutions to incentivise governance reforms in states

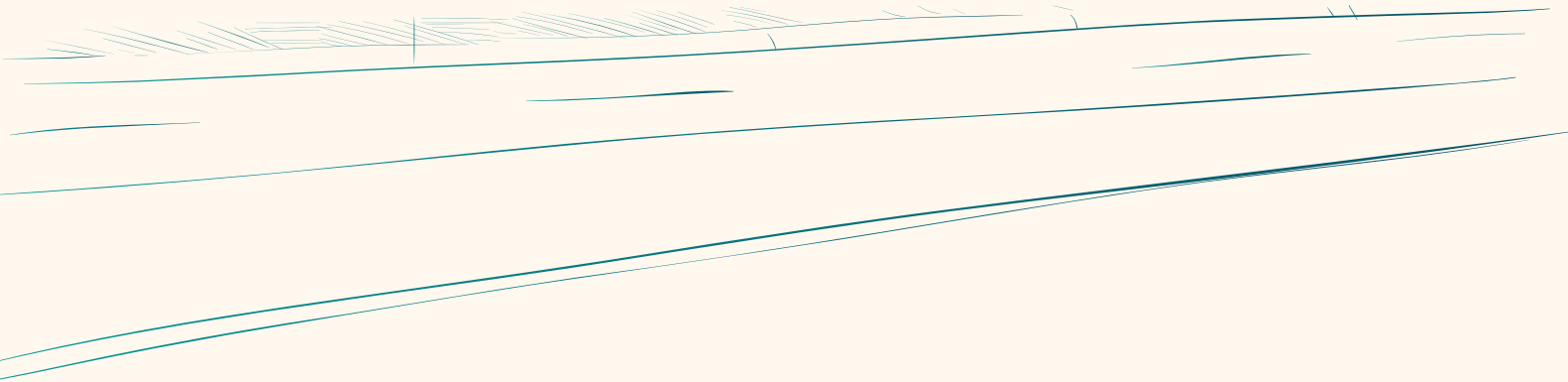
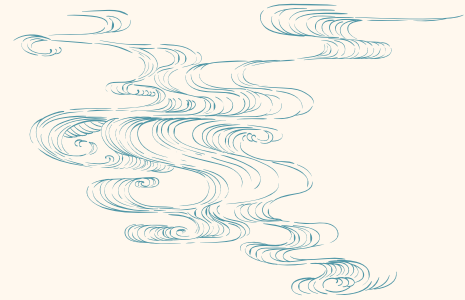
across the federation. One such commendable initiative is the World Bank-funded, State Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results (PforR). The SFTAS Program for Results—which has midwived several subnational governance reforms, leading to relatively increased fiscal transparency and accountability, strengthened domestic revenue mobilisation, strengthened efficiency in public expenditure and strengthened debt sustainability. On fiscal transparency, the 36 states of the federation currently publish in timely manner their proposed budgets, approved budgets, budget implementation reports, audited financial statements for both the States and the Local Governments. In the same vein, many states have enacted an Audit Law that grants operational and financial autonomy to the Offices of Auditors-General of the State and Local Governments, thereby empowering their supreme audit institutions to effectively hold governments accountable. 35 States, excluding Taraba, have captured the biometric and BVN data of at least 70% of the civil servants and pensioners on their payroll, and linked the captured data to their payroll management system. Cumulatively, 35 states (excluding Taraba), has a total of 848,483 civil servants and 498,097 pensioners on their payroll. As result,

at least 15,397 ghost workers have been identified and eliminated in 13 states across the federation. Importantly, only few states have been able to establish and operationalise a state-level functional Treasury Single Account (TSA) to ensure that it covers atleast 70% of all its finances. The non-implementation of the TSA creates loopholes for revenue leakages and the mismanagement of scarce revenues. All states need to establish and fully operationalise their TSA. Many states have improved procuring practices by enacting a legislation for public procurement that conforms to the UNCITRAL Model Law. However, a lot of states are yet to fully implement e-procurement to ensure that all MDAs are covered. Similarly, a number of States are yet to ensure that all the schedules of contract awarded for the year are published online as required under the Open Contracting Data Standards and in line with the procurement laws/guidelines. Non-implementation of procurement law provisions on the full publishing of contracts slows down beneficial ownership reforms at the subnational level, which is one of the best ways to eliminate procurement fraud in relation to Politically Exposed Persons (PEPS).



South -West

REGION





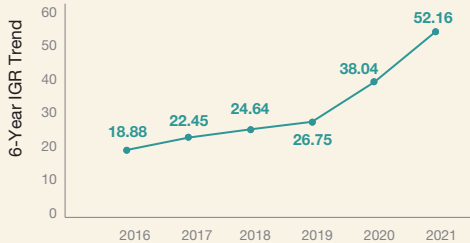
Oyo State

Pace Setter State

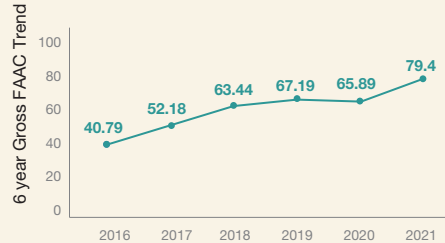
Overall Fiscal Performance Rank **11** out of 36 states

Debt Sustainability Rank **14** out of 36 states

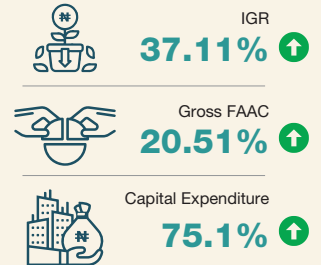
6-Year IGR Trend (NGN'bn)



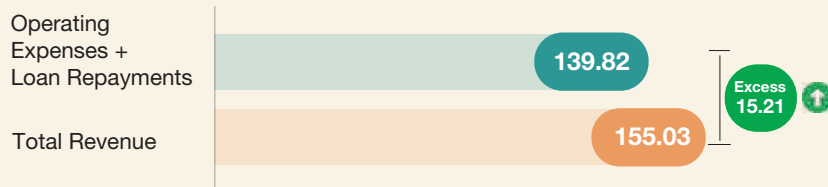
Gross FAAC (NGN'bn)



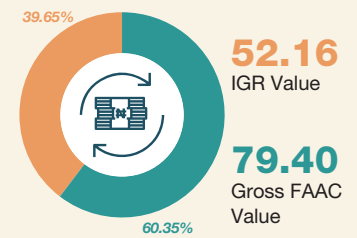
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



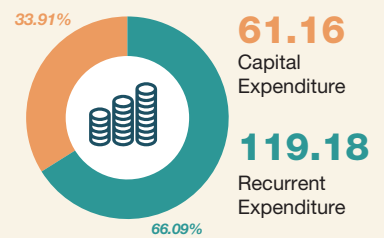
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	6	6
Gross FAAC	8	9
Size of Total Debt	13	11
Size of Domestic Debt	17	10
Size of Foreign Debt	16	15

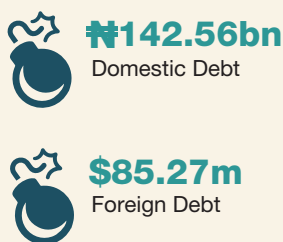
Spending Priority (2021) (NGN'bn)



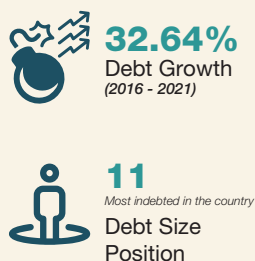
Per Capita Analysis



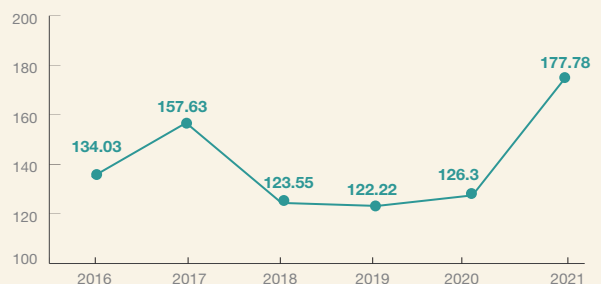
Debt Profile



Total Debt Growth



Total Debt (NGN'bn)





Ease of doing
Business Ranking

28th



Capital
Importation
(2019 - 2021)

\$5.74m



Health Spending
per Capita

₦1,055



Education Spending
per Capita

₦4,429



GDP

₦3.65tn



Oyo state, which ranked 28th on the ease of doing business and has an estimated GDP of ₦3.65tn in 2021, has the 17th largest economy among the 36 states and the 4th largest economy in the south-west region of Nigeria.

Oyo state, which ranked 28th on the ease of doing business and has an estimated GDP of ₦3.65tn in 2021,² has the 17th largest economy among the 36 states and the 4th largest economy in the south-west region of Nigeria. The state's revenue grew by 35.30% from ₦114.58bn in 2020 to ₦155.03bn in 2021. Commendably, the state did not only reduce its dependency on federal transfers (FAAC) from 57.51% in 2020 to 51.22% in 2021, but also grew its IGR by 37.11% from ₦38.04bn in 2020 to ₦52.16bn in 2021 — which largely contributed to an improvement in its sustainability ranking from 23rd in 2021 to 11th in 2022 State of States Report.

Despite a laudable increase of 36.85% in Oyo's actual expenditure from the previous year, the state managed to implement just 56.33% of its budget in 2021. The state seems to have prioritized operating expenses over capital expenditure (CAPEX) as 30.43% was expended on CAPEX. The state's operating expense grew by 16.8% from ₦102.04bn in 2020 to ₦119.18bn in 2021. Notably, recruitment of 6,134 persons—comprising 5000 teachers, 600 education officers and 534 medical and healthcare workers³—into the state civil service, precipitated a 15.44% increase in its personnel cost from ₦35.09bn in 2020 to ₦40.51bn in 2021. While the state's actual expenditure on health surpassed the approved budget by 26.21%—giving precedence to its health sector—it performed suboptimally on capital spending on its Primary Healthcare Development Board (PHCDB).

A critical look at the spending breakdown reveals that the state not only expended a paltry 7.07% of the funds earmarked for capital spending on the

PHCDB, but it also spent just 19.19% of the counterpart funding for the Basic Healthcare Provision Fund. Furthermore the state seemed to have poorly implemented its education capital budget as it was largely unable to meet its counterpart funding for the Universal Basic Education Fund—a misnomer attributable to a lot of states across the federation. The implication of the state not contributing its counterpart fund for Universal Basic Education and Basic Health Care is that Primary Healthcare Centres are deprived of a ₦100k monthly allocation from the BHCPF and a much needed support from the federal government to improve basic education.

While the capital budget for the Ministry of Education, Science and Technology was under-implemented by 60.19%, only 0.13% of the state's counterpart funding for Universal Basic Education was expended.

The state, with a total debt stock of ₦177.78bn as at December 2021, ranked the 11th most indebted state in the federation. A breakdown of the state's debt stock shows that 80.19% of the state's debt was obtained domestically. Oyo state increased its debt stock by 40.76% from ₦126.3bn in 2020 to ₦177.78bn in 2021. With a debt-to-revenue ratio of 114.76% and a personnel cost-to-revenue ratio of 26.13%, the state ranked 14th on the debt sustainability index.

2- See "Gombe ranks 1st, Oyo 29th, Ondo 8th in the Nigeria ease of doing business list" by Abdulraheem Olaya on the 21st of June, 2021, in IntelRegion (Online) Newsblog. Available at: <https://www.intelregion.com/news/gombe-ranks-1st-oyo-29th-ondo-8th-in-the-nigeria-ease-of-doing-business-list/>

3- See "Oyo Recruits 6,134 Teachers, Health Workers, Others" by Modupe Gbadeyanka, on the 4th of August, 2021, in Business Post (Online) Newsblog. Available at: <https://businesspost.ng/jobs/oyo-recruits-6134-teachers-health-workers-others/>



Subnational Governance Reforms for a New Era



Oyo's TSA bank statement showed that while 68% of governments inflows in 2020 was swept into its TSA, only 53% of the state's outflow in the same year was transacted from its TSA.

Dwindling revenues and the fast-paced shrinking fiscal space both at the federal and subnational levels require that states' implement sweeping governance reforms to ensure that they improve their domestic resource mobilization capacity, improve transparency in the utilization of scarce resources and foster accountability.

According to the 2021 States Fiscal Transparency, Accountability, and Sustainability (SFTAS) Program for Results, although Oyo has a functional Treasury Single Account (TSA), only 60.5% of the state government's finances were captured under the TSA as at the end of 2020. To put the aforementioned in proper context, Oyo's TSA bank statement showed that while 68% of governments inflows in 2020 was swept into its TSA, only 53% of the state's outflow in the same year was transacted from its TSA. Excluding a significant portion of the state's finances from its TSA creates room for revenue leakages and opportunities for corruption.

The incorporation of biometric registration and Bank Verification Number (BVN) in payroll management systems has been utilized in eliminating ghost workers globally.⁴ Though the state had, since 2017, commenced the biometric capture of civil servants, pensioners are yet to be captured biometrically. The state, as at December 2020, had 23,954 civil servants and 17,673 pensioners. However, only 56% of the state's civil servants and pensioners have been captured biometrically.

Interestingly, the state did not identify any instance of a ghost worker as a result of the incorporation of biometric registration and bank verification number in its payroll management system which was done a couple of years earlier. The state saved N271.32mn from the elimination of dead pensioners and pensioners who didn't show up for the verification exercise. To the state's credit, there was no identified case of payroll fraud in 2020 as a result of the state linking the BVN of 96.5% of its civil servants and pensioners to its payroll.

While it is worthy to note that Oyo has continued to improve financial reporting and budget reliability and enhance citizens engagement in the budget process, it needs to make better its procurement practices for increased transparency and value for money. To ensure probity, reduce opportunities for corruption, and improve service delivery, Oyo needs to publish online monthly and in Open Contracting Database System (OCDS) format, every contract award information for contracts above the N5mn threshold as established in its public procurement law.

Summarily the state needs to fully operationalise its TSA to ensure that all of the state government's finances flow through the TSA. Similarly, to reduce the likelihood of payroll fraud, that should ensure that the biometric data of all the its civil servants and pensioners is captured and linked with the its payroll.

4- See "Biometric Registration To Be Introduced To Get Rid Of Ghost Workers, Says the President", by Alvine Chapparadza, on the 5th of November, 2018, in Techzim (Online) Newsblog. Available at: <https://www.techzim.co.zw/2018/11/biometric-registration-to-be-introduced-to-get-rid-of-ghost-workers-says-the-president/>



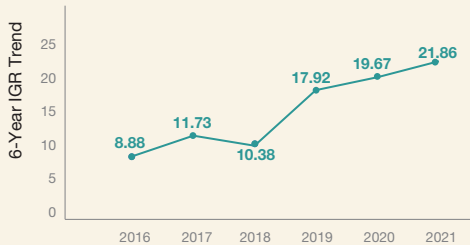
Osun State

Land of Virtue

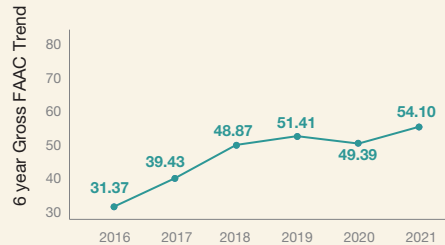
Overall Fiscal Performance Rank **17** out of 36 states

Debt Sustainability Rank **35** out of 36 states

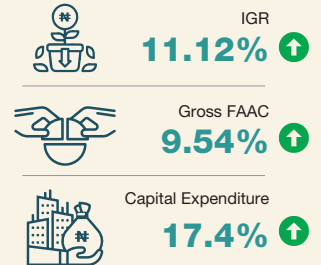
6-Year IGR Trend (NGN'bn)



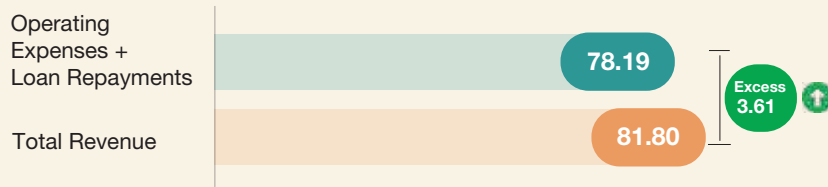
Gross FAAC (NGN'bn)



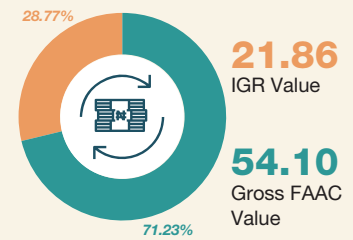
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



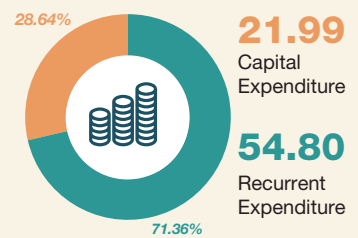
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	13	20
Gross FAAC	31	31
Size of Total Debt	7	12
Size of Domestic Debt	10	11
Size of Foreign Debt	9	13

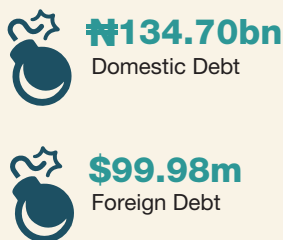
Spending Priority (2021) (NGN'bn)



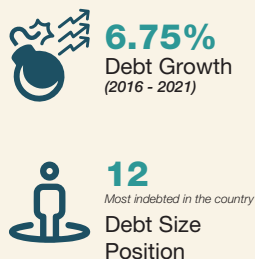
Per Capita Analysis



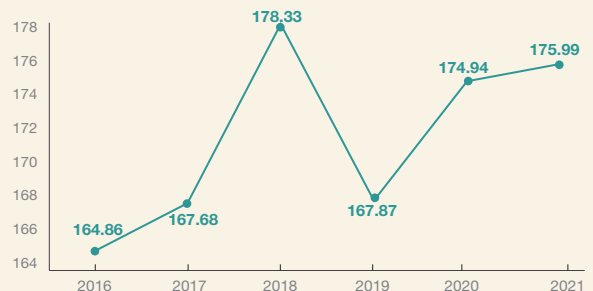
Debt Profile



Total Debt Growth



Total Debt (NGN'bn)





**Ease of doing
Business Ranking**

15th



**Capital
Importation
(2019 - 2021)**

\$29.94m



**Health Spending
per Capita**

₦1,912



**Education Spending
per Capita**

₦ 3,132



GDP

₦2.30tn



Osun state improved its capital spending on the education sector by 102% compared to the previous year.

Osun State—nicknamed the land of virtue and one rich in mineral resources like gold and kaolin—is yet to fully optimise its innate potential for economic prosperity, growth and development. Not only was there an 11.12% increase in the state’s IGR from N19.67bn in 2020 to N21.86bn in 2021, the state’s total revenue declined by 17.42% from N99.05bn in 2020 to N81.80bn in 2021. The state’s susceptibility to fiscal shocks seemed to have worsened from the previous year as its FAAC dependence increased from 49.86% in 2020 to 66.14% in 2021. A look at the state’s actual revenue structure in 2021 reveals that while revenues from sales, investment income and interest rates dropped from the previous year, the state grew its revenues from personal taxes, licences, fines, and rent on government properties by 15.40%, 130.01%, 374.72%, and 334.99% respectively.

The state’s capital expenditure share of the total budget in the 2021 fiscal year increased to 21.95% from 21.67% in 2020. Furthermore, the state not only increased its capital spending in 2021 from the previous year, but also grew its recurrent expenditure by 15.43% from N67.74bn in 2020 to N78.19bn in 2021. A major driver of the significant rise in the state’s recurrent expenditure was the overhead cost: Osun’s spending on personnel cost and overhead cost in 2021 grew respectively by 27.91% and 6.05% compared to the previous year.

Commendably, Osun state improved its capital spending on the education sector by 102% compared to the previous year. Having spent 37.9% of its capital budget on education in 2021, the largest share to any sector, it is evident that the government is making a deliberate attempt to live up to its promise of eradicating illiteracy and promoting functional education through provision of appropriate educational resources.⁵

The land of virtue, Osun, ranked the 12th most indebted state as it grew its total debt stock by 0.6% from N174.94bn in 2020 to N175.99bn in 2021. Although the state reduced its foreign debt stock by 6.94% to \$99.98mn in 2021, it still remains highly exposed to exchange rate volatility especially as it was only able to attract a cumulative capital importation of just \$29.94mn between 2019 and 2021. Osun state, as a matter of urgency, needs to check its appetite for debt acquisition as its debt to revenue ratio of 222.52% is above the solvency threshold of 200% and its personnel cost to revenue ratio exceeded the solvency threshold of 60% by 9.29%.

5- See generally, the Osun State Ministry of Education, (2020), Education Sector, 2021-2023 Medium-Term Sector Strategy (MTSS), Government of Osun State. Available at: <https://www.osunstate.gov.ng/wp-content/uploads/2021/06/Education-Sector.pdf>



Subnational Governance Reforms for a New Era



Osun was one of the forerunners in capturing the biometric data of the state's civil servants and pensioners.

Osun State, over the last 3 years, has improved its cash management and reduced revenue leakages through the implementation of the State's Treasury Single Account (TSA), as 77% of the state's finances is currently covered under its TSA. The state currently operates one single account for its IGR and federal transfers (FAAC and VAT)⁶. The import of the aforementioned is that the central government not only has a complete grasp of all its finances through a Bank Account Monitoring System (BAMS), but also government revenue is swept weekly from other revenue collecting banks to the lead TSA account. The state has seen its IGR rise by 110.60% from N10.38bn in 2018 when the BAMS was deployed to N21.86bn in 2021.

Osun was one of the forerunners in capturing the biometric data of the state's civil servants and pensioners. In February 2012, the state completed the biometric capture of all civil servants and pensioners in the state and linked the biometric data to its payroll. Having actualised the gains of integrating biometric data in the payroll management system of the state overtime, no ghostworker was identified in the last verification exercise conducted in 2020. In the same vein, Osun has been able to link 97% of its civil servants and pensioners' Bank Verification Number (BVN) data to its payroll.

Transparent and accountable public procurement systems are essential to curbing corruption, stimulating private sector participation in an economy, improving the business and investment

environment, and growing an economy.⁷ Although Osun has since 2015 enacted a public procurement law and established an independent procurement regulatory agency, the state had not as at 31st December 2020 published all contract award information for contracts above the N10mn threshold as approved by the board of the Osun State Public Procurement Agency.⁸ Similarly, the state was yet to implement e-procurement in at least 3 MDAs including Education, Health, and Public Works. Osun needs to enforce e-procurement in all MDAs and publish online all contract award information above the established threshold in the OCDS format if it hopes to see further improvement in its resource management.

Oftentimes, state reports on revenue and debt are often different from the reports published by federal agencies like the Nigeria Bureau of Statistics (NBS) and the Debt Management Office (DMO). While the DMO reported a total debt portfolio of N175.99bn for Osun as at 31st December 2021, Osun State reported N144.70bn as its total debt stock in its 2021 audited financial statement. The state on a quarterly basis, needs to harmonise its quarterly state domestic debt reports with those of the DMO.

⁶- See Office of the Auditor General of the Federation. (2021). The States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results. 2020 Annual Performance Assessment (APA) Report. Osun State, at p. 3. Available at: <https://www.sftas.org.ng/document/osun-state-2020-annual-performance-assessment-reports/>

⁷- See generally, the World Bank. (2012). Why Reform Public Procurement? The International Bank for Reconstruction and Development/The World Bank. 1818 H Street NW Washington DC 20433 U.S.A. Available at: https://www.worldbank.org/content/dam/Worldbank/document/MNA/Why_Reform_Public_Procurement_English.pdf

⁸- See Office of the Auditor General of the Federation. The States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results. 2020 Annual Performance Assessment (APA) Report. Osun State, op.cit., at p. 6.



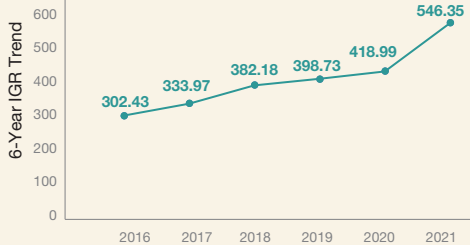
Lagos State

Centre of Excellence

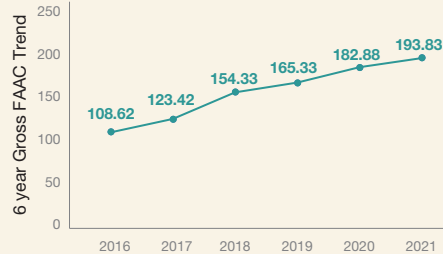
Overall Fiscal Performance Rank **3**
out of 36 states

Debt Sustainability Rank **24**
out of 36 states

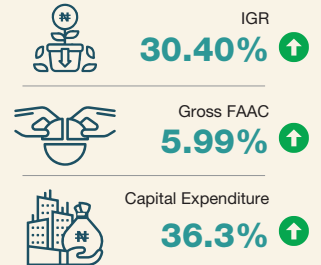
6-Year IGR Trend (NGN'bn)



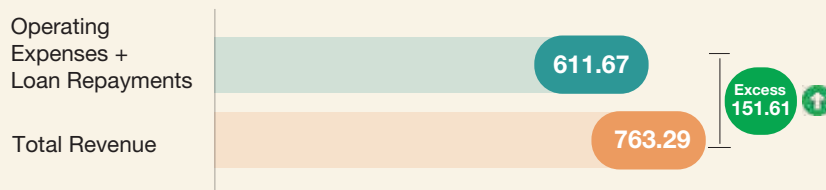
Gross FAAC (NGN'bn)



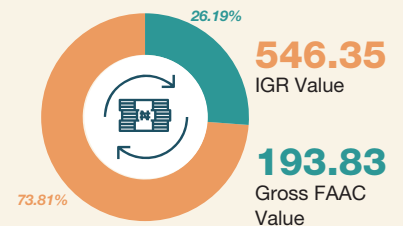
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



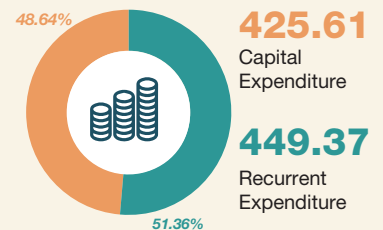
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	1	1
Gross FAAC	2	3
Size of Total Debt	1	1
Size of Domestic Debt	1	1
Size of Foreign Debt	1	1

Spending Priority (2021) (NGN'bn)



Per Capita Analysis



Debt Profile

₦658.96bn
Domestic Debt

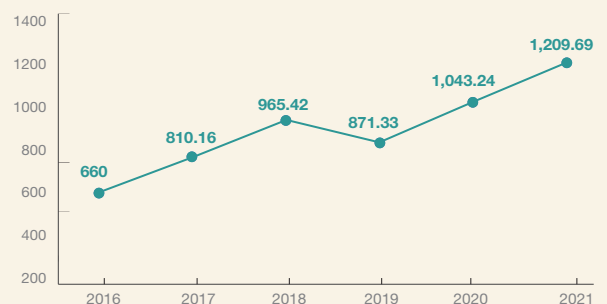
\$1,333.52m
Foreign Debt

Total Debt Growth

83.29%
Debt Growth (2016 - 2021)

1
Most indebted in the country
Debt Size Position

Total Debt (NGN'bn)





Lagos—Nigeria’s first administrative capital and now commercial capital of the nation—contributes 22.7% to Nigeria’s GDP and is a recipient of 86.91%⁹ of Nigeria’s 2021 capital importation, despite ranking 20th¹⁰ among the 36 states and the FCT in the most recent ease of doing business subnational survey. The state, nicknamed the centre of excellence, has commendably continued to improve its domestic resource mobilisation capacity as it has within a 6-year period grown its IGR by 80.65% from N302.43bn in 2016 to N546.35bn in 2021—resulting in an upgrade of the state’s fiscal ranking from the 4th position in 2021 to the 3rd position in 2022.

Having reduced its personnel cost by 10.09% from N170.76bn in 2020 to N153.54bn in 2021, Lagos was one of the seven states with a decline in personnel cost. Conversely, the state’s overhead cost grew significantly by 54.25% from N100.27bn in 2020 to N154.67bn in 2021. The state increased its spending on capital expenditure as 41.03% of the total budget was allocated to capital expenditure in 2021—an improvement from a 36.8% share in the previous year. Laudably, having spent N4,703.64 per capita on health, Lagos ranked 1st on per capita spending on education in 2021. Similarly, the state recorded the 5th highest per capita spending on education, N7,165.77, among the 36 states in 2021.

Seeing that Lagos was the epicentre of the Covid-19 pandemic in 2020 with lethal hits to its economy, the state showed laudable resilience in 2021 by growing its IGR by 30.4%—which by the way was the state’s highest year-on-year GDP growth in 6-years—from N418.99bn in 2020 to N546.35bn in 2021. An improvement in realised revenues from taxation income and ‘levies, fees and fines’ was responsible for 70.62% of the IGR growth as it improved its 2021 taxation income and ‘levies, fees and fines’ by N67.84bn and N28.67bn respectively from what it earned in 2020.

With a total debt stock of N1.21tn as at December 2021, Lagos maintains its position as the most indebted subnational entity in Nigeria. The state is the most exposed to exchange rate volatility as its foreign debt makes up 45.53% of its total debt stock. To put it in proper context, despite reducing its foreign debt by \$72.96mn in 2021, its foreign debt liability (in naira terms) increased by N16.27bn due to the devaluation of the naira from N380/\$1 in 2020 to N412.99/\$1 in 2021. The state, although ranked 24th on the debt sustainability index, appears to be within sustainable debt limits as it had a healthy debt to GDP, debt to revenue, debt service to revenue ratio, and personnel cost to revenue ratio in 2021.

The Centre of Excellence, Lagos, increased its spending by 22.23% from N848.66bn in 2020 to N1.04tn in 2021.



The Centre of Excellence, Lagos, increased its spending by 22.23% from N848.66bn in 2020 to N1.04tn in 2021.

9- See the National Bureau of Statistics, (June, 2022), Capital Importation Q1 2022, at p. 6. Federal Government of Nigeria. Available at: <https://nigerianstat.gov.ng/download/1241180>

10- See “Gombe ranks 1st, Oyo 29th, Ondo 8th in the Nigeria ease of doing business list” by Abdulraheem Olajai, cp.ct.



Subnational Governance Reforms for a New Era



Lagos still needs to amend its procurement law to comply fully with the provision for the establishment of an independent Procurement Regulatory Agency per the UNCITRAL Model Law.

States are discouraged from maintaining fragmented banking arrangements which could be inimical to efficient and effective cash management. Conversely, states are encouraged to set up and fully operationalise a Treasury Single Account (TSA) to block revenue leakages, exercise full control over cash management and reduce the cost of financing government operations from multiple accounts.¹¹ As articulated in its 2020 SFTAS Annual Performance Assessment Report, Lagos is yet to set up a functional TSA. For the purpose of administering its IGR, the State has one consolidated revenue account and expenditure account across 21 banks in the State.¹² Similarly, the state has separate accounts for statutory transfers from the federal government and VAT.

Lagos State has been able to not only capture the biometric data of 92.37% of its state's civil servants and pensioners, but also link the biometric data and the Bank Verification Number (BVN) of those captured to the state's payroll management system. While it took the state 7 years to complete the biometric capture exercise, it took them one month to link the BVN of the civil servants and pensioners to the payroll. As a result, the state reports that it had no case of ghost workers after it conducted its most recent biometric verification exercise.

Commendably, the state publishes the audited financial statements of all local governments within the state.¹³ This is a huge step in improving fiscal governance and ensuring fiscal transparency and accountability at the local government level. Hitherto, there used to be little or no visibility on the administration of local government funds; however, with reforms like this, citizens and other accountability groups are equipped to efficiently hold the local governments, the governments closest to them, accountable.

Although Lagos has a revenue law which was enacted in March 2006 and a revenue code which was approved in September 2020, the code neither includes all State IGR sources and the LGs IGR source nor does it include the appropriate rate for most of the taxes, levies, fines, fees etc.¹⁴ The revenue law and code need to be amended to include all IGR sources and the appropriate rate for all revenue sources generated internally.

Overall, the state has since 2018 embarked on massive governance reforms that has resulted in improved financial reporting and budget reliability, increased openness and citizens' engagement, improved IGR collection, elimination of payroll fraud through biometric registration and bvn integration in payroll. However, Lagos still needs to amend its procurement law to comply fully with the provision for the establishment of an independent Procurement Regulatory Agency per the UNCITRAL Model Law.

11- See generally, Pattanayak, S and Fairboim, I. (August, 2011). Treasury Single Account: An Essential Tool for Government Cash Management. Fiscal Affairs Department. International Monetary Fund (IMF). Available at: <https://www.imf.org/external/pubs/ft/trn/2011/trn1104.pdf>

12- See Office of the Auditor General of the Federation, The States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results. 2020 Annual Performance Assessment (APA) Report. Lagos State, at p. 18. Available at: <https://www.sftas.org.ng/document/lagos-state-2020-annual-performance-assessment-reports/>

13- See Lagos State Ministry of Economic Planning and Budget. States Fiscal Transparency, Accountability, and Sustainability (SFTAS). Government of Lagos State. Available at: <https://lagosmepb.org/budget-item/sftas/>

14- See Office of the Auditor General of the Federation, The States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results. 2020 Annual Performance Assessment (APA) Report. Lagos State, op.cit., at pages. 21 to 22.



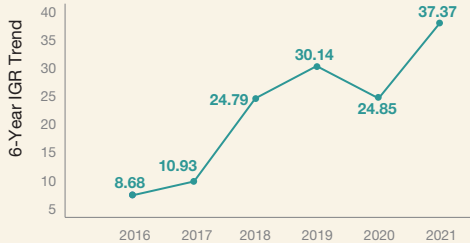
Ondo State

Sunshine State

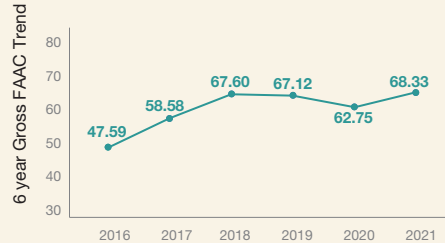
Overall Fiscal Performance Rank **19**
out of 36 states

Debt Sustainability Rank **11**
out of 36 states

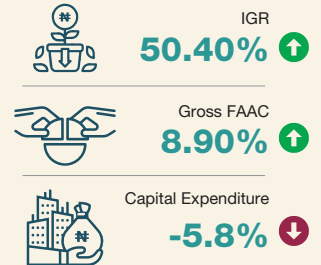
6-Year IGR Trend (NGN'bn)



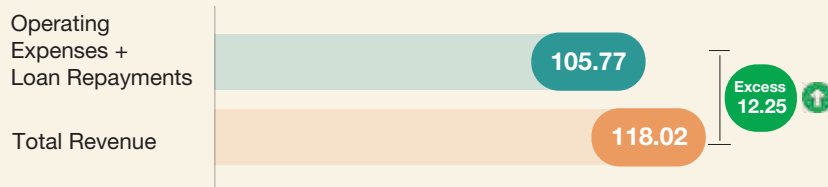
Gross FAAC (NGN'bn)



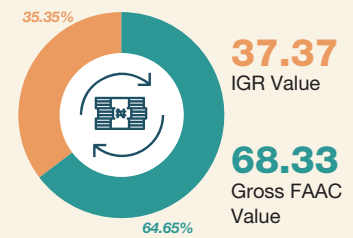
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



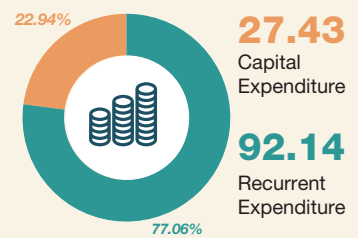
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	11	10
Gross FAAC	13	16
Size of Total Debt	20	27
Size of Domestic Debt	23	30
Size of Foreign Debt	15	14

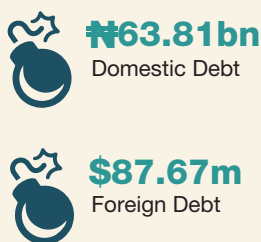
Spending Priority (2021) (NGN'bn)



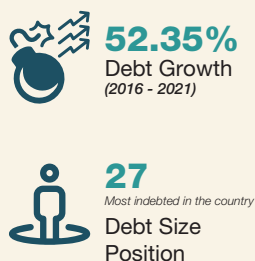
Per Capita Analysis



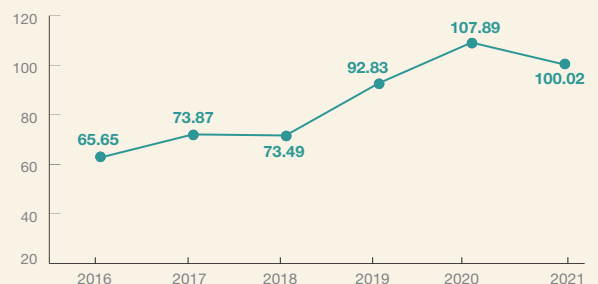
Debt Profile



Total Debt Growth



Total Debt (NGN'bn)





Ease of doing Business Ranking

8th



Capital Importation
(2019 - 2021)

\$0.03m



Health Spending per Capita

₦331



Education Spending per Capita

₦365



GDP

₦5.10tn



The state had the least per capita spend on health among the 36 states as just a meagre N331.37

Ondo, the highest oil producing state in the south west and home to the sixth largest bitumen reserves in Nigeria, made impressive improvements in its fiscal position as it moved up 11 places from 30th position in 2020 to 19th position in 2021. This significant leap seems to have been driven by its IGR growth as it raised its IGR by 50.40% from N24.85bn in 2020 to N37.37bn in 2021. However, the Sunshine State (Ondo) remained largely FAAC dependent as 57.9% of its revenue was gotten from federal transfers—statutory allocation, 13% oil revenue derivation and VAT. Commendably, the state’s 12.80% growth in its tax revenue from N22.19bn in 2020 to N25.03bn in 2021 was accompanied by a more impressive non-tax revenue growth of 41.44% from N8.50bn in 2020 to N12.02bn in 2021.

Ondo is one of the six (6) states that scaled down its total expenditure in 2021 as its total expenditure declined by 6.73% from N142.81bn in 2020 to N133.20bn in 2021. Creditably, in alignment with the principle of reducing the cost of governance, the state had the highest decline in overhead cost among the 36 states as its overhead cost dropped by 18.81% from N17.24bn in 2020 to N13.99bn in 2021. In the same vein, amidst several claims bothering on the owing of salary arrears,¹⁵ the state’s personnel cost declined marginally by 1.50% from N48.45bn in 2020 to N47.72bn in 2021.

Ondo placed among the top three states, alongside Benue and Plateau, that prioritised recurrent expenditure over capital expenditure as just 20.59% of its total expenditure was geared towards capital expenditure. Ondo state ranked among the bottom six states on both education spending per capita and health spending per capita. The state had the least per capita spend on health among the 36 states as just a meagre N331.37—which 497% below the subnational average of N1,977.07—was spent on health per capita in 2021. In education spending, the state ranked 33rd having spent just N365.30 per capita on education.

Ondo State, being one of the eleven states to reduce its debt liability in 2021, amortised its total debt stock by 7.29% from N107.89bn in 2020 to N100.02bn—making it the 27th most indebted state in Nigeria. While the value of the naira against the US dollar dropped by 114.42% from N192.61/\$1 in 2015 to N412.99/\$1 in 2021, the state’s stock of foreign debt rose by 68.31% between 2015 and 2021. Notwithstanding the fact that just 36.2% of the state’s current total debt stock is made up of foreign debt, Ondo needs to be wary of acquiring more dollar denominated loans, considering Nigeria’s highly volatile foreign exchange regime and especially in light of the fact that the state was only able to attract a capital importation of \$30k between 2019 and 2021.

15- See "Ondo PDR, Akereolu disagree over workers' welfare, remuneration" by Oluwaseun Akingboye, on the 2nd of December, 2021, in the Guardian (Online) Newspaper. Available at: <https://guardian.ng/news/ondo-pdp-akeredolu-disagree-over-workers-welfare-remuneration/>



23,449
Civil Servants



12,053
Pensioners



5.43m
Population

Subnational Governance Reforms for a New Era

According to the 2019 SFTAS Annual Performance Assessment Report of Ondo State, the state had captured the biometric data of 61,900 civil servants and pensioners out of the 70,398 individuals on the state's payroll.¹⁶ Interestingly, there was a 98.29% decline in the number of staff on the State's payroll in 2020, as the State reported in its 2020 performance report a total number of 35,502 persons on the state's payroll.¹⁷ Despite this drastic drop in the number of staff on the state's payroll from 2019 to 2020, the state's personnel cost increased by 9.71% from N44.38bn in 2019 to N48.45bn in 2020. While the State can be commended for fully incorporating biometric registration and BVN in its payroll management system, there are still some unanswered questions on the cause of the drastic reduction in the number of staff on the state's payroll between 2019 and 2020 and the contradictory rise in the personnel cost year on year.

Although Ondo has been able to set up a functional TSA, it has been unable to optimally operationalise its TSA to ensure that at least 70% of its finances are covered under the TSA. Currently, the State maintains multiple accounts for its IGR, statutory allocation and VAT collection. Despite the fact that the State has a cash management strategy that enables it sweep funds from several accounts twice a month into its TSA, its TSA covered only 12% of its finances (inflows and outflows) in 2020.¹⁸

To effectively block leakages and basically increase revenue, Ondo will need to not only increase the percentage of its finances flowing through its TSA, but also fully operationalise its TSA to ensure that all of its finances flows through it.

While the state can be applauded for setting up an independent procurement regulatory agency and establishing a legal framework for public procurement that is in accordance with the UNCITRAL Model Law, it did not implement e-procurement in at least 3 MDAs including, Education, Health, and Public Works in 2020. Similarly, Ondo did not implement the E-Publishing/Notification module for contract notice and contract award in 2020. To empower citizens to track the government's efforts in improving service delivery in critical sectors like health, education and public works, information on all contract notices and awards need to be published electronically. With adequate information on all contract awards above the established thresholds, citizens can efficiently hold the implementing stakeholders, including contractors and awarding agencies, accountable.



Ondo will need to not only increase the percentage of its finances flowing through its TSA, but also fully operationalise its TSA to ensure that all of its finances flows through it.

16- See Office of the Auditor General of the Federation, The States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results, 2020 Annual Performance Assessment (APA) Report, Ondo State, at p. 17. Available at: <https://www.sftas.org.ng/docs/ondo-state-2019-annual-performance-assessment-reports/>

17- See Office of the Auditor General of the Federation, The States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results, 2020 Annual Performance Assessment (APA) Report, Ondo State, op.cit., at p. 20.

18- Ibid, at p. 20.



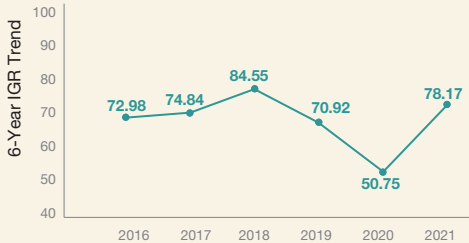
Ogun State

Gateway State

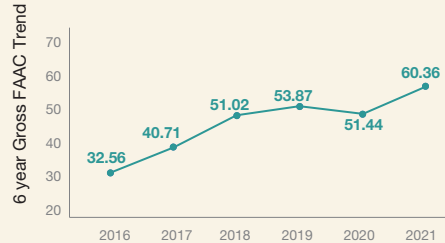
Overall Fiscal Performance Rank **10**
out of 36 states

Debt Sustainability Rank **33**
out of 36 states

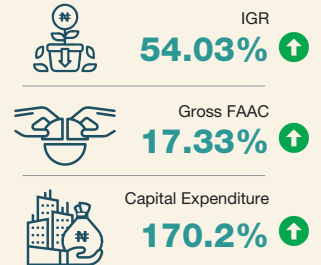
6-Year IGR Trend (NGN'bn)



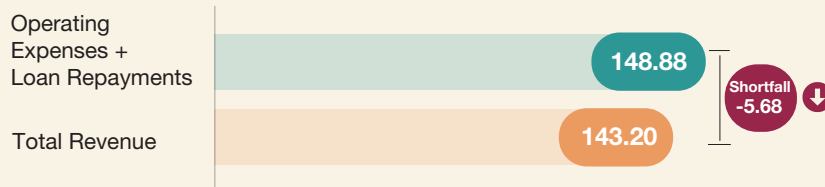
Gross FAAC (NGN'bn)



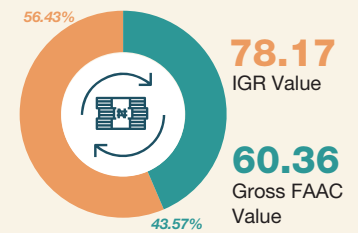
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



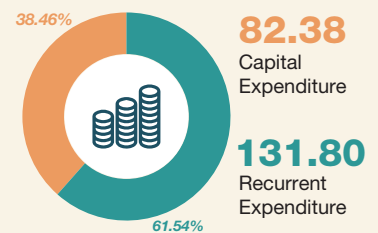
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	5	4
Gross FAAC	28	23
Size of Total Debt	6	4
Size of Domestic Debt	6	2
Size of Foreign Debt	10	9

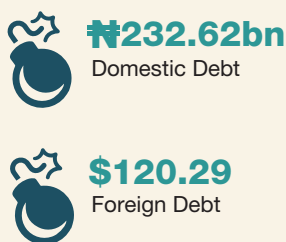
Spending Priority (2021) (NGN'bn)



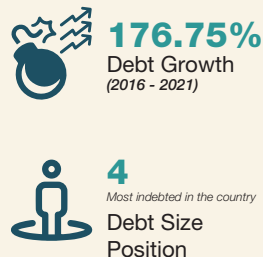
Per Capita Analysis



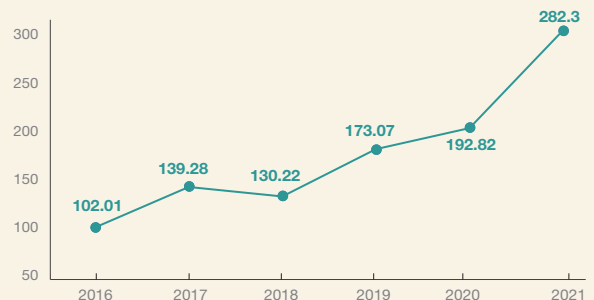
Debt Profile



Total Debt Growth



Total Debt (NGN'bn)





Ease of doing
Business Ranking

18th



Capital
Importation
(2019 - 2021)

\$30.46m



Health Spending
per Capita

₦1,920



Education Spending
per Capita

₦6,305



GDP

₦5.03tn



The state spent just 7.19% of the approved education CAPEX budget and 24.92% of the health CAPEX budget. Underspending of this magnitude on critical social sectors often has serious implications for service delivery and economic growth and development.

The Gateway State, Ogun, which is a major manufacturing hub in the south western region of the country and has a sizable cluster of industrial estates, moved up 9 places in its fiscal performance from 19th in 2020 to 10th^o in 2021. The state's improvement was to a great degree effected by the state's IGR growth. The Gateway State grew its IGR by 54.03% from N50.75bn in 2020 to N78.17bn in 2021, making it the state with the 10th highest year-on-year growth. While there was a 40.65% increase in the state's earnings from direct taxes compare to the previous year, earning from fees was the largest contributor to Ogun's IGR growth: It's earnings from fees grew by 137.76% from N10.99bn in 2020 to N26.15bn in 2021.

Although Ogun implemented just 63.25% of its approved budget in 2021, its actual expenditure (recurrent and capital) of N231.27bn was 77.91% more than the N129.29bn spent in the previous year. The increase in the state's spending compared to the previous year happened across board: While it increased its spending on personnel cost and overhead cost by 22.87% and 24.80% respectively, the state significantly expanded its spending on capital expenditure by 170.22% from N30.49bn in 2020 to N82.38bn in 2021. Conversely, Ogun implemented its capital expenditure for health and education poorly: The state spent just 7.19% of the approved education CAPEX budget and 24.92% of the health CAPEX budget. Underspending of this magnitude on critical social sectors often has serious implications for service delivery and economic growth and development.

Having received a capital importation of just \$1.06mn in 2021, the state ranked 6th—behind Osun, Anambra, Kano, Oyo Lagos—among the 36 states on the volume of capital importation received. The state needs to maximize the potential of strategic economic assets like the Ogun-Guangdong Free Trade Zone (OGFTZ), to attract both foreign direct investments and local investments to spur economic growth and improve its earnings.

Ogun, having grown its total debt by 46.41% from N192.82bn in 2020 to N282.3bn, not only had the second largest year-on-year debt growth but it is the 4th most indebted state in Nigeria. The state has over time exhibited a considerable appetite for acquiring debt, albeit largely domestic, as it saw its debt grow by 194.6% from N95.82bn in 2015 to N282.3bn in 2021. In spite of the fact that Ogun's foreign debt share of its total debt stock is relatively low, at 17.6%, it needs to be mindful of acquiring more dollar-denominated debt to minimise its exposure to the country's erratic foreign exchange rate regime.



Subnational Governance Reforms for a New Era



A look at the financial inflow and outflow statement of the state in 2020 revealed that the State's TSA covered just 0.91% of its finances.

Budget credibility, which measures the ability of states to accurately and consistently meet their projected expenditure and revenue targets, denotes the degree to which states are able to execute their political and policy aspirations, ensure quality service delivery and achieve the developmental objectives of the state.¹⁹ Although the credibility of Ogun's budget improved in 2021, as it was able to reduce its budget performance deviation from 53.97% in 2020 to 31.70% in 2021, its performance was still a far cry from the 15% budget deviation threshold established by the SFTAS program:²⁰

The Gateway State, Ogun, established a functional TSA in December 2020; however, it is yet to fully operationalise its TSA to ensure that it covers all of the state's finances. A look at the financial inflow and outflow statement of the state in 2020 revealed that the State's TSA covered just 0.91% of its finances. As articulated in its 2020 SFTAS Annual Performance Assessment Report, Ogun is yet to have an approved cash management strategy which empowers either its Ministry of Finance or Budgets/Economic Planning to efficiently forecast cash commitments and requirements and provide reliable information on the availability of funds.

Ogun State, over the last three years has fully implemented the integration of biometric registration and BVN in its payroll management system. While the state had captured and linked to its payroll the biometric data and BVN of 91% of its 28,707 civil servants in 2018, the percentage of civil servants and pensioners whose biometric data

had been captured and linked to payroll increased to 92.6% and 100% respectively in 2019 and 2020. The State asserts that it did not discover any ghost worker in the linkage and verification exercise done in 2018, 2019, and 2022.

Ogun has implemented some procurement reforms ranging from instituting a public procurement legal framework that conforms to the UNCITRAL Model Law, to the online publishing of contract award information for all contracts awarded that are above the threshold as articulated in the state procurement guidelines. However, the weblinks to the published contracts were dead as at the time of putting together this report. The state needs to ensure the main objectives of improving transparency are fully actualised by assuring, at all times, access to published information.

Summarily, Ogun needs to improve its budget credibility by ensuring that its budget performance deviations are not more than 15%, to fully operationalises its TSA to ensure that all of the state finances are fully covered, and link the BVN data of all its civil servants and pensioners to its payroll management system.

19- See 'Making and Keeping Promises: Why Budget Credibility Matters' by Guillermo Herrera, on the 31st of July, 2018, on the Open Budgets Blog, International Budget Partnership. Available at: <https://internationalbudget.org/2018/07/why-budget-credibility-matters/>

20- See Office of the Auditor General of the Federation. The States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results. 2020 Annual Performance Assessment (APA) Report. Ogun State, at pages 20 to 21. Available at: <https://www.sftas.org.ng/document/ogun-state-2020-annual-performance-assessment-reports/>



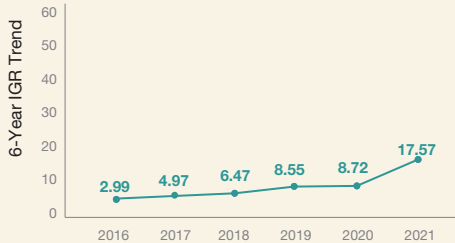
Ekiti State

Land of Honour and Integrity

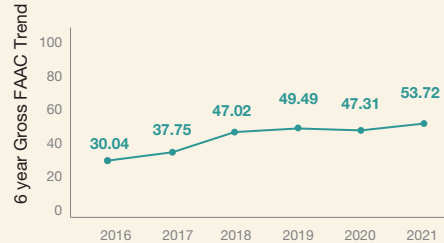
Overall Fiscal Performance Rank **30**
out of 36 states

Debt Sustainability Rank **31**
out of 36 states

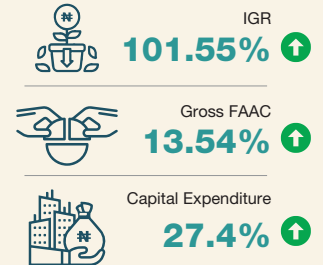
6-Year IGR Trend (NGN'bn)



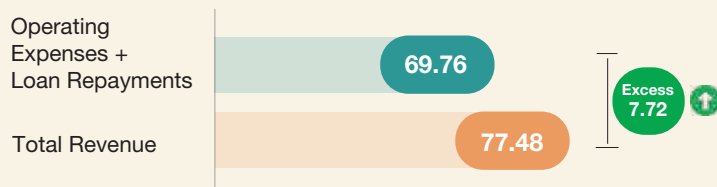
Gross FAAC (NGN'bn)



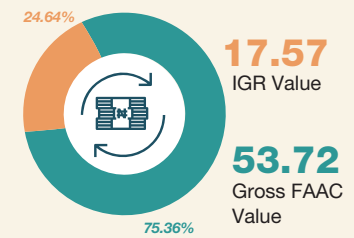
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



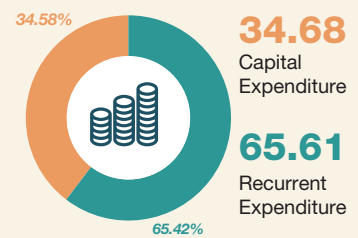
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	31	26
Gross FAAC	35	32
Size of Total Debt	12	15
Size of Domestic Debt	21	14
Size of Foreign Debt	11	8

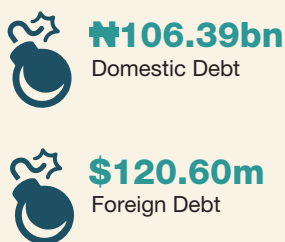
Spending Priority (2021) (NGN'bn)



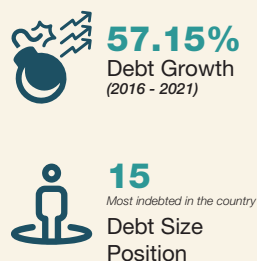
Per Capita Analysis



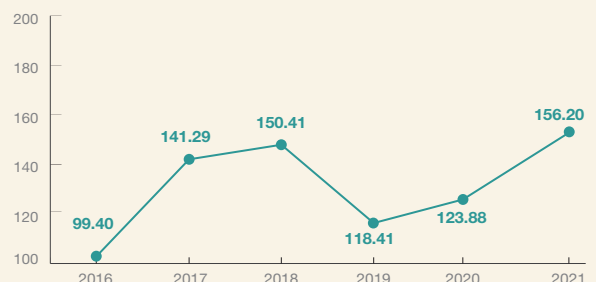
Debt Profile



Total Debt Growth



Total Debt (NGN'bn)





Ease of doing
Business Ranking

17th



Capital
Importation
(2019 - 2021)

\$0.50m



Health Spending
per Capita

₦1,870



Education Spending
per Capita

₦4,603



GDP

₦2.35tn



Ekiti ranks the 15th most indebted state in the country having accumulated a total debt of N156.2bn as at December 31, 2021. The state grew its total debt stock by 26.09% from N123.88bn in 2020.

Ekiti, the land of honour and integrity, is reputed to be home to some of the most renowned homegrown academicians and scholars in Nigeria. The state's fiscal performance ranking worsened from 29th position in 2020 to the 30th position in 2021. With an estimated GDP of N2.35tn in 2021, the state grew its total earnings by 6.54% from N72.72bn in 2020 to N77.48bn in 2021. Ekiti ranked the 15th most FAAC-dependent state in 2021 as 69.34% of its total revenue was Gross FAAC, making it heavily reliant on federal transfers to fund its budget.

The land of honour and integrity improved its IGR by 101.55% from N8.72bn in 2020 to N17.57bn in 2021. Tax revenue made up 53.50% of the state's IGR while the remaining 46.50% was non-tax revenue. Despite the state's commendable IGR growth, its IGR to revenue ratio of 22.67% placed it 18th on the IGR to revenue index. Considering the fact that 80.69% of the state's tax revenue was obtained through PAYE, there is a need for the state to improve its current ranking (17th) on the ease of doing business to create an enabling environment for businesses, especially micro and small businesses, to thrive. This will not only stimulate economic activities and growth, improve the purchasing power of citizens and businesses alike and increase their capacity to pay taxes, but would attract capital importation which has been quite low. Between 2019 and 2021, the state recorded capital importation of a paltry \$500k.

The state increased its total spending by 21.65% from N85.85bn in 2020 to N104.44bn in 2021. Albeit a marginal increase in its capital expenditure to

total expenditure ratio from 31.70% in 2020 to 33.20% in 2021, recurrent expenditure still remained significantly prioritised over capital expenditure. The state, having recorded an education spending per capita of N4,602.97 which is 17.11% above the 2021 subnational average of N3949.99, placed 11th on the education spending per capita index. In the same vein—with a health spending per capita of N1,870.14—Ekiti spent more naira per capita on health than 21 other states in 2021.

Ekiti ranks the 15th most indebted state in the country having accumulated a total debt of N156.2bn as at December 31, 2021. The state grew its total debt stock by 26.09% from N123.88bn in 2020. Although 68.11% of Ekiti's debt stock is denominated in naira, it needs to be wary of its dollar-denominated debt, amidst Nigeria's volatile foreign exchange regime and the scarcity of foreign exchange. The state has the 8th highest foreign debt stock, having grown its foreign debt to \$120.6m in 2021. With a debt to revenue ratio of 201.6%, Ekiti has surpassed the debt to revenue solvency threshold of 200%. The state, as a matter of urgency, needs to aggressively grow its revenue and also watch its appetite to acquire more debt.



Subnational Governance Reforms for a New Era

One of the most critical reforms for any state in Nigeria at the moment is the state's ability to improve its domestic resource mobilization capacity to wean it off its overdependence on federal transfers. Although Ekiti is still largely dependent on federal transfers, it turned around a negative IGR growth which was experienced in 2020 to a positive IGR growth rate of 56.26% in 2021.

servants and pensioners on its payroll, but had also linked 97% of the BVN data of its civil servants and pensioners to its payroll. According to the state, the resultant effect of this reform is that persons who retire are automatically migrated to the pensioner's payroll platform after due approval, and persons who have attained the retirement age are automatically discontinued from receiving salary.



As at the last SFTAS assessment in 2020, not only had the State captured the biometrics of 98.95% of the State's civil servants and pensioners on its payroll, but had also linked 97% of the BVN data of its civil servants and pensioners to its payroll.

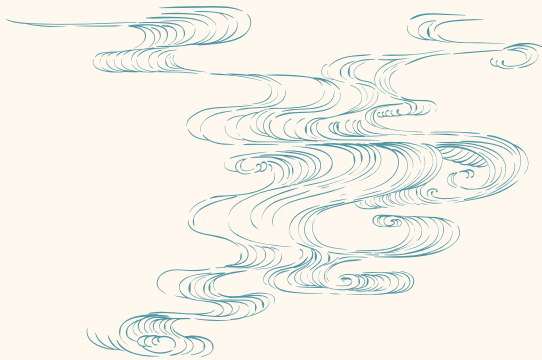
Ekiti, like so many other states in the federation, have established a functional TSA; howbeit, the state falls short of fully operationalising its TSA to ensure that all of the State's finances is covered under the TSA. As stated in the State's 2020 SFTAS Annual Performance Assessment Report, the TSA covers just 66% of the state's funds including inflows and outflows. Ekiti, despite having one main account that covers its IGR account, FAAC Account and VAT account, had a number of inflows that were domiciled in several deposit money banks in the state in 2020.²¹ It remains unclear whether the inflows into the other accounts are periodically swept into the State's functional TSA.

Commendably, the state is recorded to have not only "enacted or amended its Audit Law to grant operational and financial autonomy to the Offices of Auditors-General of the State and Local Governments",²² but also "made provisions for the implementation of financial autonomy by inclusion of provisions in the FY 2021 budget and/or through Official virement". If the aforementioned provisions in its audit law are followed to the letter, it will guarantee the security of tenure of the Auditor-General and empower citizens to hold the local governments to account.

In an effort to increase efficiency in public expenditure and reduce the loss of scarce revenue to payroll fraud, the State commenced and completed the biometric data capture of its civil servants and pensioners between 2012 to 2015 and linked their BVN to its payroll within the same period. As at the last SFTAS assessment in 2020, not only had the State captured the biometrics of 98.95% of the State's civil

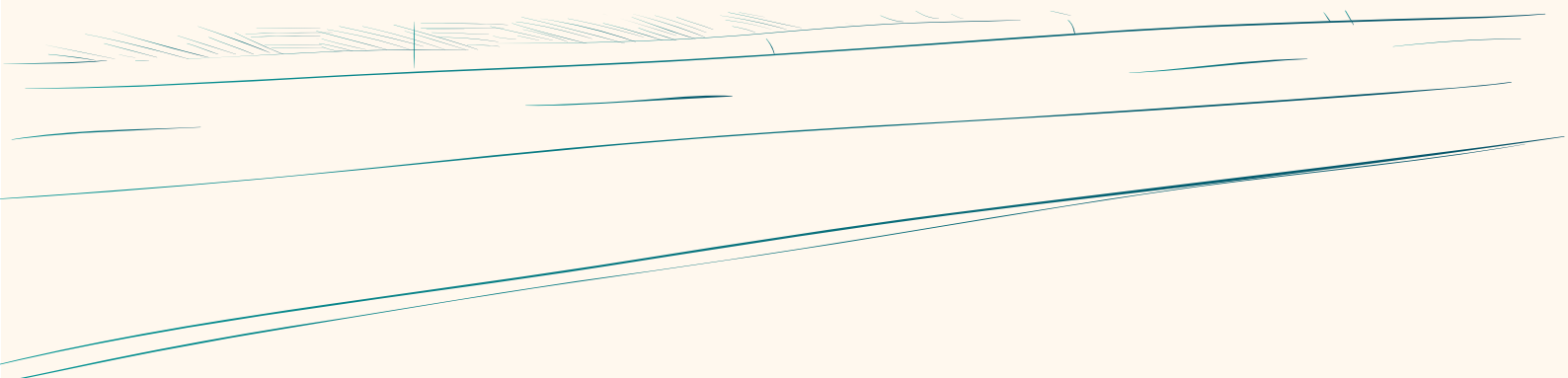
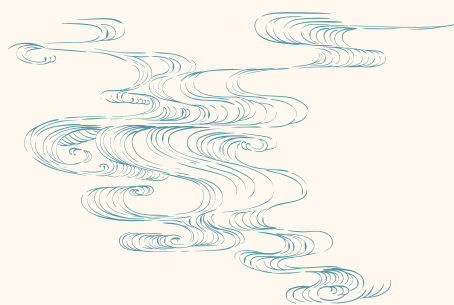
21- See Office of the Auditor General of the Federation. The States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results. 2020 Annual Performance Assessment (APA) Report. Ekiti State, at p. 45. Available at: <https://www.sftas.org.ng/docs/ekiti-state-2020-annual-performance-assessment-reports/>

22- See Office of the Auditor General of the Federation. The States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results. 2020 Annual Performance Assessment (APA) Report. Ekiti State, op.cit., at p. 3.



South -South

REGION





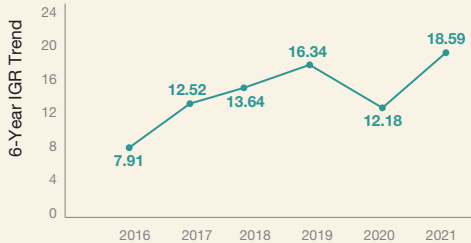
Bayelsa State

Glory of all Lands State

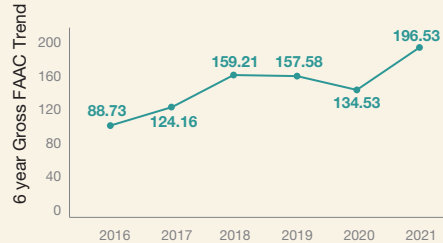
Overall Fiscal Performance Rank **35**
out of 36 states

Debt Sustainability Rank **5**
out of 36 states

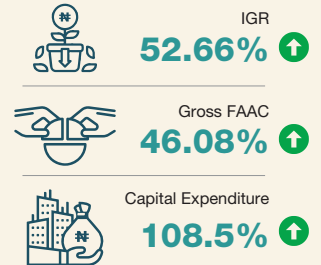
6-Year IGR Trend (NGN'bn)



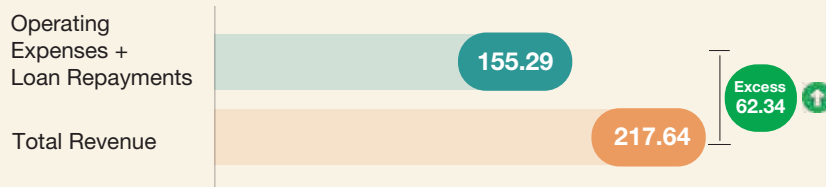
Gross FAAC (NGN'bn)



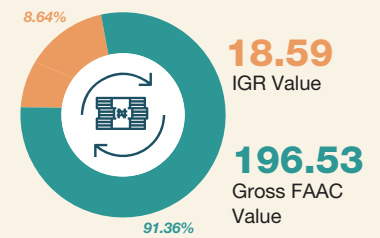
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



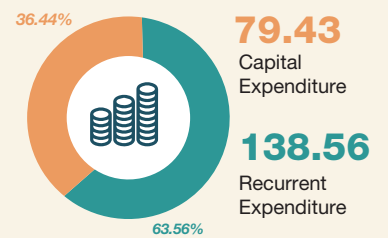
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	25	24
Gross FAAC	5	2
Size of Total Debt	10	9
Size of Domestic Debt	8	8
Size of Foreign Debt	20	20

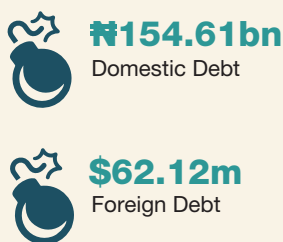
Spending Priority (2021) (NGN'bn)



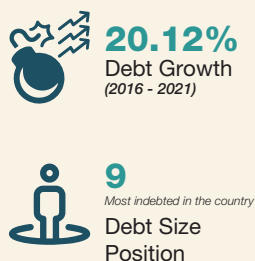
Per Capita Analysis



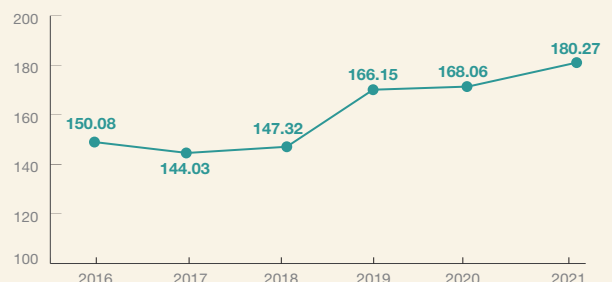
Debt Profile



Total Debt Growth



Total Debt (NGN'bn)





Ease of doing
Business Ranking

10th



Capital
Importation
(2019 - 2021)

\$0.00m



Health Spending
per Capita

₦3,893



Education Spending
per Capita

₦9,004



GDP

₦4.63tn



Bayelsa, a small state with just 8 local governments and an estimated population of 2.55mn, has one of the smallest payroll with 28,123 employees, It however spent a lot on personnel cost and “pensions and gratuity” amounting to N46.23bn and 12.17bn respectively which seems to be considerably high.

The home of Oloibiri, where crude oil was first drilled in Nigeria in 1956 and located in the bosom of the Niger Delta, Bayelsa, should be the envy of many in 2022; yet this is still not the case. The state's inability to generate transformative economic prosperity from its petroleum industry calls for attention to its fiscal strategy. Bayelsa is in an awkward position as its internally generated revenue of N18.59bn in 2021 can barely cover 8.3% of its operational expenses and debt repayments at N155.29bn, leaving it vulnerable to shocks to federally collected revenues. It is however important to note that its IGR grew by 52.66% from N12.18bn in 2020 to N18.59bn in 2021. Delving into areas that had major pushes which attributed to the rise are visible in its taxes from N10.36bn to N14.62bn, fees from N1.39bn to N3.43bn and its investment income from N61.21mn to N346.27mn. These growths are a clear indication that with the right reforms the slope for revenue mobilisation is upward as it met the DLI4 SFTAS IGR growth target of 25% and 40%

Over the years Bayelsa state's dependence on gross FAAC has risen, Bayelsa still finds itself leaning on federation shared revenue by 90.3% with a gross FAAC of N196.53bn in 2021 up from N134.53bn in 2020. This is the highest recorded in the last 6 years and ranks second after Delta state with the highest FAAC allowance in the south south region and across the country. In a time when the NNPC rarely remits funds to the federation as a result of subsidy wiping trillions annually from the revenue²³ and with a projection of 6 trillion naira subsidy payment for next year 2023.

It is now without a doubt that capitalising on Bayelsa's unique resources will boost its revenue. 2021 revenue was N217.64bn, up from the N188.39bn in 2020. With such revenue, one wonders what the state's spending priorities are. Bayelsa has consistently emphasised operating expenses over capital expenditure and continued in 2021. With total spendings of N234.73bn, it spent N155.29bn on recurrent expenditure (operating expenses + loan repayments) and N79.43bn on capital expenditure. Bayelsa, a small state with just 8 local governments and an estimated population of 2.55mn, has one of the smallest payroll with 28,123 employees, It however spent a lot on personnel cost and “pensions and gratuity” amounting to N46.23bn and 12.17bn respectively which seems to be considerably high. Overhead costs of N31.54bn also affected the state's commitments to other development areas.

A closer look at capex by functions shows health had an actual of N12.73bn, education actualised N11.90bn, in housing and urban development N7.9bn was implemented and transportation and road construction had N8.75bn and N6.35bn respectively. A few completed by the state in 2021 include the Yenagoa-opomoro road, Law school road, and Igede road.

With total debt of N180.27bn, Bayelsa is the 9th most indebted state in the federation.

23- See "EXCLUSIVE: Petrol subsidy gulps N210bn as NNPC records ZERO remittance to FAAC" by Aderemi Ojekunle, on February 25th, 2022, in the Cable (Online) Newsblog. Available at: <https://www.thecable.ng/exclusive-pet-rol-subsidy-gulps-n210bn-as-nnpc-records-zero-remittance-to-faac>



Subnational Governance Reforms for a New Era



Bayelsa state achieved 96.7% capture of civil servants and pensioners on its payroll through the BVN and biometric Verification exercise which commenced in 2009, revalidated in 2018 and is still currently ongoing.

Government transparency ensures that information is available and can be used to measure the authorities or institutions performance. Transparency and accountability are twin concepts which are essential for democratic governance. Bayelsa state in the 2018, 2019 and 2020 SFTAS evaluation failed to publish their quarterly implementation report in a timely manner, consequently not achieving DLR 1.1. However, they made great improvements in terms of budget reporting and public participation in the budgeting process. To a satisfactory level Bayelsa has reported its budget and audit financial statements on its public website which also has a feedback mechanism. With all this information available to citizens it guides evaluation of performance of the state, advocacy engagements on reforms and also initiates investor interests.

The TSA serves as an essential tool for consolidating and managing government cash revenue which will enable the government to minimize borrowing costs. Bayelsa state is yet to establish a functional state-level TSA, as articulated in the 2020 SFTAS performance report, the state still provided multiple TSA accounts for FAAC, IGR and VAT in different banks which defeats the consolidating purpose of a TSA. It was also noted that the IGR account from Access Bank provided in 2019 was different from what was provided in the 2020 evaluation. The TSA only covered 3% of the state's inflows and 5% of its outflows; this is too minimal as the avenues for revenue leakages will be predominant. The state however has a

cash management strategy signed in 2019 in which the state carries out a monthly revenue sweeping policy, and has a Revenue House app where cash balances can be viewed. With these strategies in place Bayelsa has experienced an improved IGR collection from N12.18bn in 2020 to N18.59bn in 2020. With a functional TSA the state can block leakages in its resources and improve its relatively small IGR.

Bayelsa state achieved 96.7% capture of civil servants and pensioners on its payroll through the BVN and biometric Verification exercise which commenced in 2009, revalidated in 2018 and is still currently ongoing. This exercise is carried out for the sole purpose of reducing payroll fraud and identifying ghost workers in the system, which captures starters, leavers or deaths within the civil service and pensioners. As a result 366 ghost workers were identified, 167 of them in the civil service and 199 were dead pensioners. Civil servants also reduced in 2020 as a result of the exclusion of staff in tertiary institutions, but there was an increase in pensioners due to those that retired from office in 2020. Before this, the payroll amounted to a sum of N57.48bn and later amounted to N56.36bn in 2020 saving the state government N1.12bn as a result of this exclusion. It is without a doubt that Bayelsa's performance on this DLI5 is satisfactory and more can be done through this exercise to detect ghost workers and prevent payroll leakages.



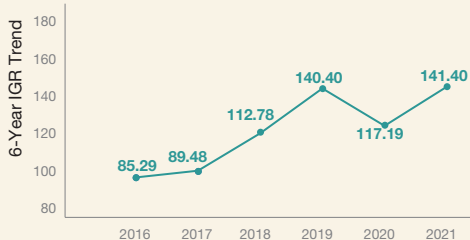
Rivers State

Treasure Base of the Nation

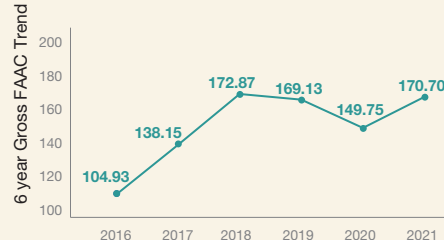
Overall Fiscal Performance Rank **1**
out of 36 states

Debt Sustainability Rank **12**
out of 36 states

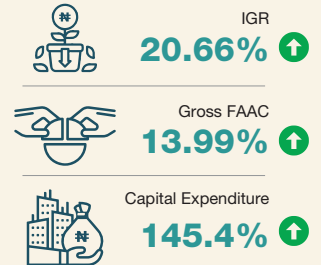
6-Year IGR Trend (NGN'bn)



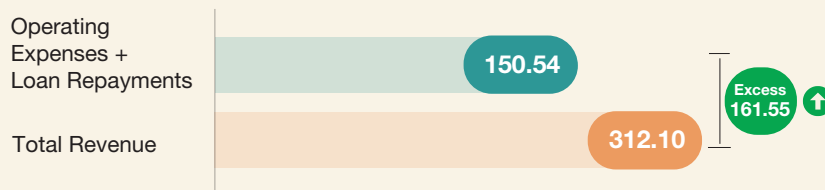
Gross FAAC (NGN'bn)



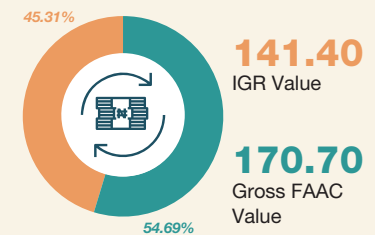
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



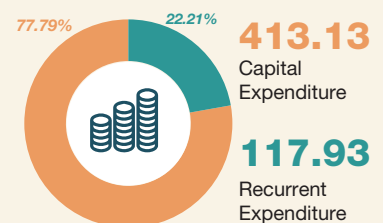
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	2	2
Gross FAAC	4	4
Size of Total Debt	2	3
Size of Domestic Debt	2	3
Size of Foreign Debt	13	5

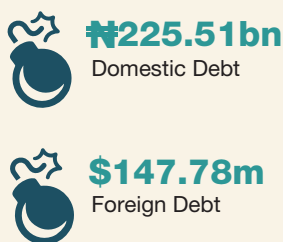
Spending Priority (2021) (NGN'bn)



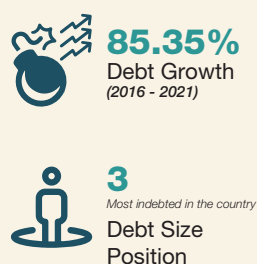
Per Capita Analysis



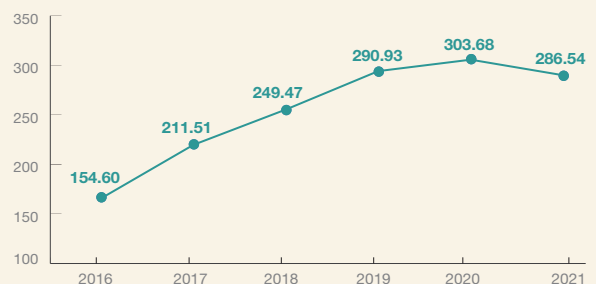
Debt Profile



Total Debt Growth



Total Debt (NGN'bn)





Ease of doing Business Ranking

11th



Capital Importation (2019 - 2021)

\$1.07m



Health Spending per Capita

₦1,607



Education Spending per Capita

₦8,360



GDP

₦7.96tn



With an estimated GDP of N1.78tn, Rivers has the 2nd largest economy.

“The treasure base of the nation” seems to be the true embodiment of its name. Rivers state has led the fiscal performance ranking by BudgetIT foundation for the past 4 years which has been driven largely by its domestic resource mobilisation capacity. For recent years, it has been the second state with the highest internally generated revenue behind Lagos as it grew its IGR by 20.66% from N117.19bn in 2020 to N141.40bn in 2021. This hike resulted from an improvement in its direct taxes of N123.66bn from N106.18bn in the previous year and its investment income of N12.14bn from N6.84bn. The IGR growth was accompanied by a marginal reduction in the State’s FAAC dependence from 55.39% in 2020 to 54.69% in 2021.

With an estimated GDP of N1.78tn, Rivers has the 2nd largest economy. Rivers, with a GDP per capita of N919,332 and an IGR to GDP ratio of 1.78%, seem to have a good sense of pulling its weights fiscally. Although one would expect that with all its treasures it would be the breeding ground for investors, but the state attracted a capital importation of \$1.7mn (the 17th largest) between 2019 and 2021. Similarly, it ranked 11th on the ease of doing business.

Rivers state is the 3rd most indebted state in the country, despite a 5.65% reduction in its total debt stock from N303.68bn in 2020 to N286.54bn in 2021. With a high debt per capita of N33,097, and a debt sustainability rank of 12th, the state still the solvency ratio’s for the indicators used in the debt sustainability index.

One should think that the state’s borrowings will be at an all time low especially given its ability to generate revenue but just in 2021, Rivers recorded debt proceeds from FGN bonds of N222.58bn and N35.715 from Commercial Banks. These amusing debt proceeds are yet to be captured in the DMO’s reconciliation as they are not reflective in the total debt stock reported as at December 31st 2021.

With a high total revenue of N312.10bn, Rivers state spent 117bn on operating expenses which comprised of N92.88bn as personnel cost, N13.10bn as overhead and N11.94bn for public debt charges. Also N32.61bn was spent as principal loan repayments, leaving a net sum of N161.55bn for expenses on investment activities within the state. It is quite significant to note the level of growth that Rivers report in its 2021 audits, most especially in terms of capex, which grew from N168bn in 2020 to N413bn in 2021. This rise clearly shows the intent of such high debt receipt in 2021. One curious question will be if capex increases are related to infrastructural development within the state.



45,673
Civil Servants



19,898
Pensioners



8.66m
Population

Subnational Governance Reforms for a New Era



Rivers not only leads in terms of fiscal performance but also has 100% of its 45,673 civil servants and 19,898 pensioners data verified and linked to their BVN.

Over the course of the 2020 SFTAS evaluation period, the Independent Verification Agent (IVA) was unable to access Rivers states quarterly budget implementation report for all the 4 quarters; asides from it not being published in a timely manner automatically not achieving Disbursement linked indicators 1.1. This hampers the full disclosure of budget transparency within a state and mitigates the roles of the citizens and CSOs in making reform opinions towards it. Rivers state also needs to ensure the participation of local government authorities in formal public consultations and publish its reports as its performance on Disbursement linked indicators 2.1 on citizens review on such consultation were not met satisfactorily and proof of event was not published online neither was the proposed budget under review. Rivers state has rather improved in terms of conducting dissemination events on budget amendment reviews, publishing a comprehensive citizens guide to the amended budget and having a functional feedback and online mechanism on their website and on facebook.

Rivers is yet to establish a functional TSA, as there is no central view of cash balances in a single electronic dashboard. The IVA observed in a visit to the states Ministry of Health, Education and Works that funds are no longer received by the MDA's but are paid through a third party who remits to the State's TSA.

Yet no account number was documented as there was no percentage of the total inflows of N295.33bn and outflows of N298.02bn computed in any TSA. The state is in the course of developing its cash management strategy which will cover the forecasting of cash commitments and requirements to provide reliable information on the availability of funds.

Rivers not only leads in terms of fiscal performance but also has 100% of its 45,673 civil servants and 19,898 pensioners data verified and linked to their BVN. The process commenced in 2018 and was completed in 2019 was conducted by Cinfores limited in conjunction with the ICT department of Rivers State. The state, now has a portal called Rivers State Public Service Management Information System (RivPusMis) which is meant only for public servants and pensioners that were enrolled in the payroll system during the 2018- 2019 biometric and BVN verification: This platform was created to reverify their information and status periodically.²⁴

Laudably, the State has improved transparency of local government funds by publishing audited financial statements of all the local governments within the state. Also commendable is the fact that Rivers has enacted an Audit Law that grants operational and financial autonomy to the Offices of Auditors-General of the State and Local Government. However, it remains to be seen if the Audit Law will be operationalised in totality.

24- See Rivers State Public Service (Website), Rivers State Public Service Management Information System. Government of Rivers State of Nigeria. Available at: <https://publicservice.riversstate.gov.ng>



Delta State

The Big Heart State

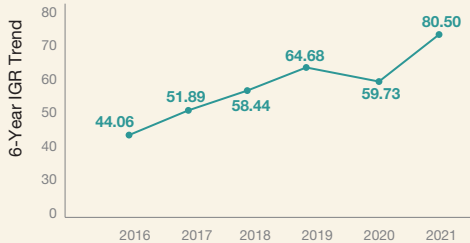
Overall Fiscal Performance Rank
out of 36 states

12

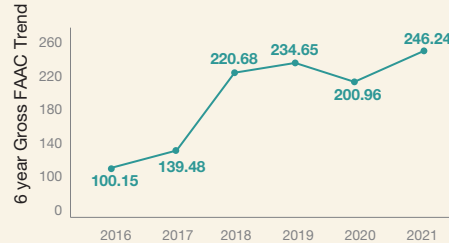
Debt Sustainability Rank
out of 36 states

2

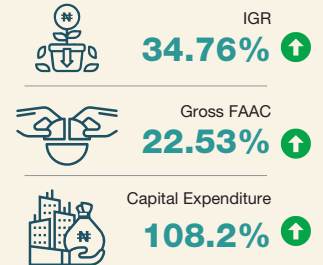
6-Year IGR Trend (NGN'bn)



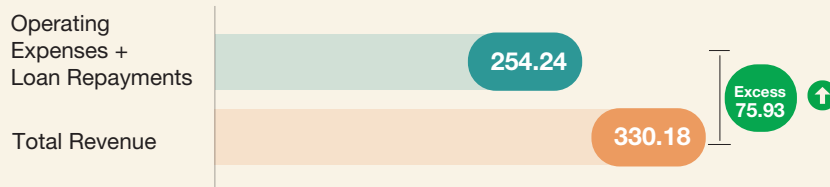
Gross FAAC (NGN'bn)



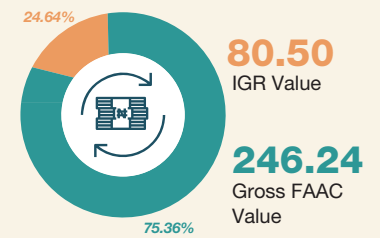
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



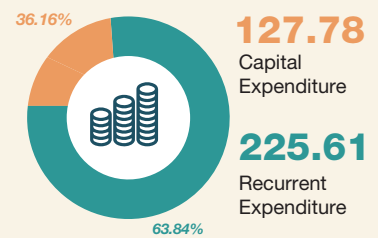
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	3	3
Gross FAAC	1	1
Size of Total Debt	4	10
Size of Domestic Debt	3	7
Size of Foreign Debt	21	21

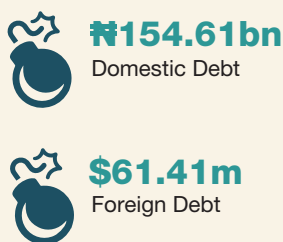
Spending Priority (2021) (NGN'bn)



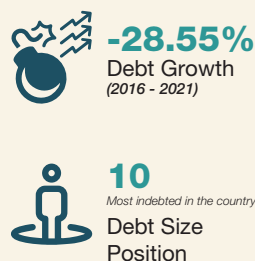
Per Capita Analysis



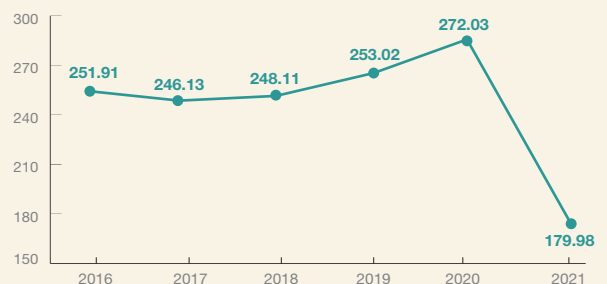
Debt Profile



Total Debt Growth



Total Debt (NGN'bn)





Ease of doing
Business Ranking

34th



Capital
Importation
(2019 - 2021)

\$1.04m



Health Spending
per Capita

₦2,971



Education Spending
per Capita

₦7,223



GDP

₦6.19tn

Delta, being the Big heart of the Nation, sharing its natural resource with the country as one of the main oil producing states in the Niger delta, has received the highest federal allocation for the past 2 years. With a gross FAAC of N246.24bn, growing from N200.96bn reported in 2020. 77.48% of its recurrent revenue came from federal allocations and 22.52% came from its internally generated revenue. Its IGR grew from N59.73bn to N71.58bn by 34.76%. Domestic revenue mobilization is one of the incessant challenges that Delta faces as it needs to snap out from its high dependence on FAAC. Impressively, Delta states fiscal performance ranking places it at 12th position up from the 31st rank in 2021 State of States report.

After Lagos state at 1st place, Delta state had the 2nd highest operating expenses of N225.61bn in 2021. With a payroll of 56,506 persons in the civil service and pensioners, Delta's personnel cost grew by 6.14% from N101.67bn in 2020 to N107.91bn in 2021. In a similar fashion, the state increased its overhead cost by 36.51% from N55.50bn in 2020 to N75.89bn in 2021. Its personal cost in 2021 wiped 32% of its revenue of N330.18bn. It is clear that the state's spending priorities lie with operating expenses which gulped 59.06% of its total spendings of N382.03bn and capital expenditure receiving just 33.45%. The remaining 7.5% of total expenditure (N28.64bn) Despite placing a less comparative priority on capital expenditure, Delta state has the 5th largest capital expenditure of N127.78bn.

With a capex per capita of N23.136, the State has the 5th largest in the

country and the 4th largest in the region in this regard. Having spent N7,223.03 per capita on Education, the State spent more than 32 other states on Education per capita in 2021. In the same regard, Delta spent N2,971.92 per capita on health, placing it among the top six states on health spending per capita in 2021.

Commendably, Delta recorded the most impressive decline in debt liabilities as it liquidated its total debt stock by 33.84% from N272.03bn in 2020 to N179.98bn in 2021. Despite this decline, Delta remains the 10th most indebted state among the 36 states. Its debt per capita of N27,080 is below the subnational average debt per capita of N28,952. With an estimated debt to GDP ratio of 2.91%, a debt to revenue ratio of 54.51%, a debt service to revenue ratio of 9.36% and a personnel cost to revenue ratio of 32.68%, the state ranked 2nd on the debt sustainability index.



Domestic revenue mobilization is one of the incessant challenges that Delta faces as it needs to snap out from its high dependence on FAAC. Impressively, Delta states fiscal performance ranking places it at 12th position up from the 31st rank in 2021 State of States report.



Subnational Governance Reforms for a New Era



In 2019, Delta state achieved the Disbursement linked indicators 6.1 focuses on the existence of an approved public procurement legal framework and the existence of a regulating agency which conforms to the UNCITRAL Model law.

Delta state seems to have established a functional state level Treasury Single Account operating with Zenith Bank Plc which receives its FAAC, VAT and IGR. The state also implemented its cash management strategy which was signed on the 28th of August 2020 by the state, Governor Ifeanyi Chukwu Arthur Okowa. This strategy provides for a biweekly or monthly cash sweep, forecast cash commitments and reliable information on available cash and uses REEM (Revenue Enhancement and Electronic Monitoring System) to view its cash balances in real time. The TSA covers 86% of its N273.08bn inflows and 91% outflows of N255.75bn, which is quite impressive as the state recorded an average of 88% TSA coverage of its finances performing above the benchmark of 70%.

In 2019, Delta state achieved the Disbursement linked indicators 6.1 focuses on the existence of an approved public procurement legal framework and the existence of a regulating agency which conforms to the UNCITRAL Model law. However the state is yet to adopt the Open Contracting data standards OCDS and also fails to meet the DLI time frame of 6 months to publish its contracts and transactions data. It also failed to implement its electronic procurement platform, which, however, was implemented in 2021 but is yet to be implemented in at least 3 MDAs within the state. The IVA observed that the contract dates and amounts were not documented and the some figures were misleading, which can serve as a difficult management milestone to achieve a complete transparent procurement process.

Delta was able to achieve a 100% biometric and BVN data capture of its civil servants and pensioners. According to the State's 2020 SFTAS Annual Performance Report, The state has captured the biometric data of 88,850 persons that have worked for the State, including NYSC members and political appointees that have served in various capacities. However, there are 56,506 active servants comprising 48,547 civil servants and 7,959 pensioners. The State revealed that the NYSC member and political appointees who had served the states in various capacities could not be expunged from the biometric database. In 2020, the total number of active staff increased to 56,506 from 53,328 in 2019 and this also resulted in an increase in its personnel cost from N90.805bn in 2019 to N101.67bn in 2020. Reasons for these rise were changes to the civil servant and pensioner payrolls during the fiscal year because of starters, leavers, deaths, etc, such as the inclusion of Staff of Delta State University (DELSU), Abraka into the Centralised Payroll, Contributory Pension and Health Insurance Schemes - Annexure I, recruitment of Senior Civil Servants into the Delta State Civil Service by the Civil Service Commission (CSC). Annexure II, recruitment for the State Ministry of Agriculture and Natural Resources - Annexure III and recruitment of Teachers into the Unified Teaching Service - Annexure IV. The state recorded no case of ghost workers in 2020, drastically reducing cases of payroll fraud in the reviewed year.



Akwa Ibom State

Land of Promise State

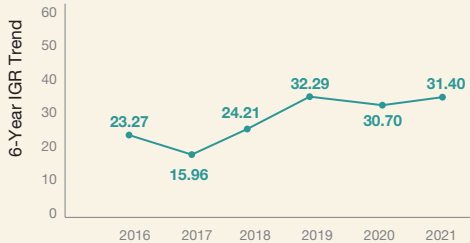
Overall Fiscal Performance Rank
out of 36 states

24

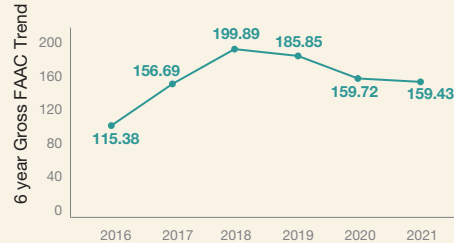
Debt Sustainability Rank
out of 36 states

3

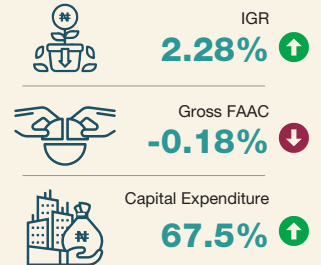
6-Year IGR Trend (NGN'bn)



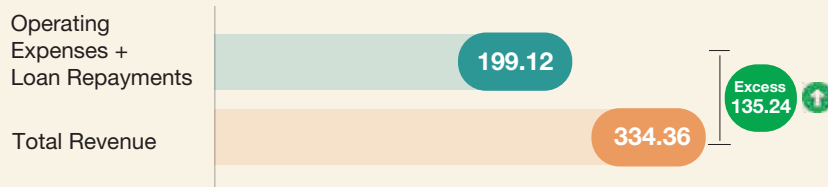
Gross FAAC (NGN'bn)



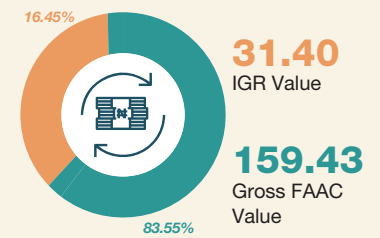
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



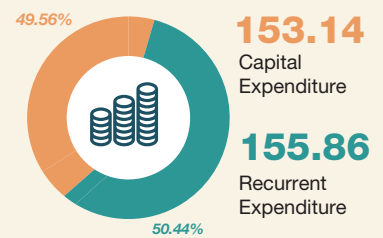
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	8	11
Gross FAAC	3	5
Size of Total Debt	5	7
Size of Domestic Debt	4	4
Size of Foreign Debt	24	26

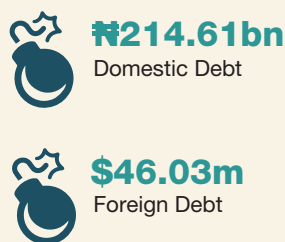
Spending Priority (2021) (NGN'bn)



Per Capita Analysis



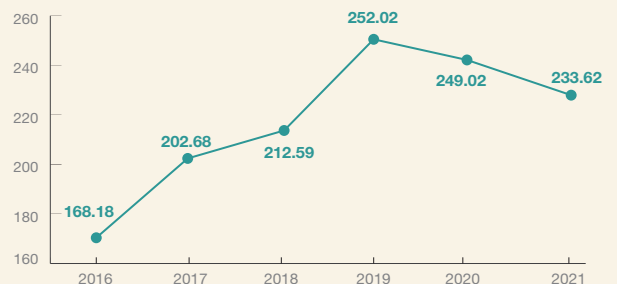
Debt Profile



Total Debt Growth



Total Debt (NGN'bn)





Ease of doing
Business Ranking

4th



Capital
Importation
(2019 - 2021)

\$1.85m



Health Spending
per Capita

₦1,450



Education Spending
per Capita

₦3,976



GDP

₦7.77tn



Akwa Ibom experienced no change in its fiscal performance ranking as it remained at 24th place it got in 2021. This is as a result of its significantly small growth of 2.28% in its IGR from N30.70bn recorded in 2020 to N31.40bn.

Akwa Ibom is the home of Nigeria's wholly state-owned airline "Ibom air," which was established three years ago and is slowly dominating the Nigerian domestic airways with its outstanding reputation. As the third largest economy in Nigeria, with an estimated GDP of N7.78 tn, after Lagos and Rivers states in first and second place, respectively, this oil basin should be a haven for investors. Akwa Ibom ranked fourth in the ease of doing business, attracting a total of \$1.85 million in capital importation between 2019 and 2021.

In the reviewed year, Akwa Ibom experienced no change in its fiscal performance ranking as it remained at 24th place it got in 2021. This is as a result of its significantly small growth of 2.28% in its IGR from N30.70bn recorded in 2020 to N31.40bn; This growth is quite far from meeting the DL4 SFTAS IGR year on year growth target of 25% and 40%. Another reason for it's not so impressive performance is its high dependence on federal allocations. In 2021, its gross FAAC of N159.43bn contributed 83.55% to total recurrent revenue of N190.82bn and same was experienced in 2020 with 83.88% dependence on gross FAAC. Akwa Ibom needs to tap into the promises of its land to improve its revenue sourcing range and diversify its income stream; only then will they get themselves out of this desperately stiff situation.

In 2021, priorities to capex and recurrent expenditure were slightly different, with 43.47% of the total expenses of N352.27bn spent on capital expenditure and 56.53% on recurrent expenditure (operating

expenses + loan repayments). With personnel cost amounting to N54.22bn and overhead cost at N82.18bn which alarmingly has grown by over 424.6% from the N15.66bn recorded for overhead in 2020. This massive increase calls for close attention of the state government to watch the rise in its recurring obligations and keep it in check. With the sum of N153.14bn spent on capex - a growth of 67.46% made it the 10th state with the largest year on year growth in the country and the 5th in its region. Actual capital expenditure on health and education stood at N25.83bn and N9.42bn respectively.

It would seem all the south south states lean greatly towards borrowing as Akwa Ibom ranked 7th most indebted state in 2021 despite experiencing a fall of 6.18% in its total debt stock of N233.62bn from N249.02bn in 2020. Over the past 6 years its debt has grown by 38.91% with a debt per capita of N35,952. The state stood at 3rd place in the debt sustainability index and some of its composition were as follows; debt as a percentage of revenue stood at 69.87%, debt as a percentage of GDP was 3% and 12.94% of its total revenue of N334.36bn was spent on debt servicing of N43.26bn.



Subnational Governance Reforms for a New Era



The state's TSA however only covers 65% of the N210.79bn inflows and N220.90bn outflows of which the minimum should be 70% coverage of the state's finances.

Akwa Ibom is not lagging behind in terms of transparency as it published its 2020 quarterly reports in a timely manner and also publishes its proposed budget, amended budget and inputs from public deliberations at pre and post budget town hall meetings held and it meets all these requirements satisfactorily. It however deviated from its projected budget of N366bn by 39.65%, which is too far off the 15% SFTAS benchmark. Citizens participation, which is something that Akwa Ibom prioritises in every aspect of the budget phases, is rooted in having CSO's and the under-represented in the society deliberate and provide inputs at public formal consultations and builds about a comprehensible budget. The state also has a functional feedback and response mechanism on its website, accentuating transparency on all fronts.

The land of promise is working hard towards achieving an improved cash management system and a reduced revenue leakage through the implementation of the state TSA. It has a single Zenith Bank account for FAAC and IGR and has a single Access Bank account for VAT, these inflow sources are meant to be consolidated in one TSA. With the Akwa Ibom Cash Management Strategy, cash forecast requirements are made with reliable information on available funds. A monthly cash sweep is carried out and the state uses an app called Ziphi Hub's to view its account balance in real time. The state's TSA however only covers 65% of the N210.79bn inflows

and N220.90bn outflows of which the minimum should be 70% coverage of the state's finances. Akwa Ibom is on the right path and with a well structured cash management strategy implemented it will achieve a higher coverage on its TSA.

Impressively Akwa Ibom commenced its linkage of biometric to payroll in July 2020 and by December 2020, after 93.22% of the state's civil servants of 29,214 and pensioners of 13,105 had been captured, a total number of 970 civil servants and 1,743 pensioners were uncovered as ghost workers. This detection led to the state saving the sum of N145.65mn from Civil Servants payments and N42.16mn from pensioners. Procedures like these help states block leakages of funds which can be diverted to the infrastructural development of the state. Furthermore, Akwa Ibom has put some procedures in place to identify and remove ghost workers from the system such as having a monthly or bimonthly double verification for civil servants. Further effort needs to be made to provide clear reports on a monthly basis on retired staff, dead staff and staff who have absconded and have their names removed from the payroll data.



Cross River State

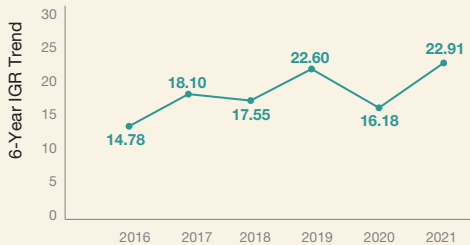
The People's Paradise State

Overall Fiscal Performance Rank **4**
out of 36 states

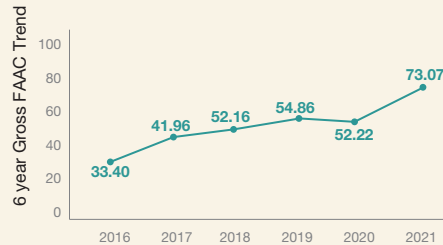
Debt Sustainability Rank **32**
out of 36 states



6-Year IGR Trend (NGN'bn)



Gross FAAC (NGN'bn)



Year-On-Year Growth (2020 vs 2021)



IGR **41.58%** ↑

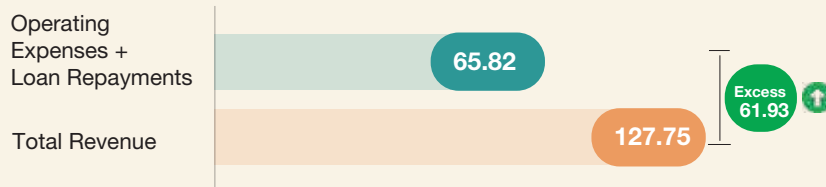


Gross FAAC **39.94%** ↑

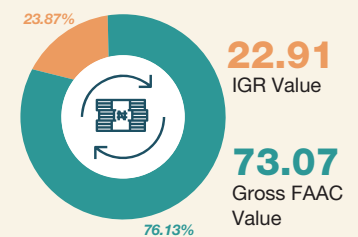


Capital Expenditure **62.5%** ↑

Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



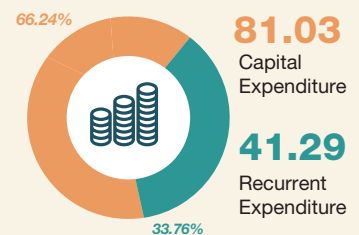
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	19	19
Gross FAAC	27	13
Size of Total Debt	5	5
Size of Domestic Debt	5	6
Size of Foreign Debt	4	3

Spending Priority (2021) (NGN'bn)



Per Capita Analysis



₦5,126

IGR per Capita



₦18,129

Capital Expenditure per capita



₦61,602

Total Debt per capita

Debt Profile



₦159.82bn

Domestic Debt



\$279.71m

Foreign Debt

Total Debt Growth



75.21%

Debt Growth (2016 - 2021)

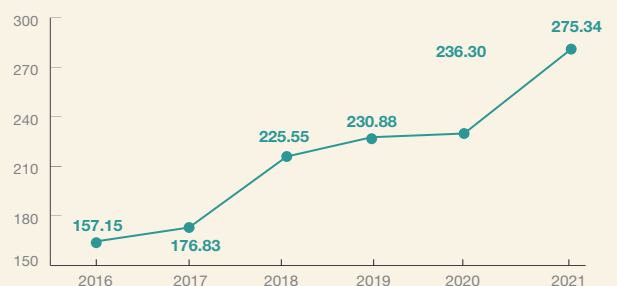


5

Most indebted in the country

Debt Size Position

Total Debt (NGN'bn)





Ease of doing Business Ranking

27th



Capital Importation
(2019 - 2021)

\$25.85m



Health Spending per Capita

₦829



Education Spending per Capita

₦3,359



GDP

₦4.07tn



Cross Rivers debt has grown by 75.21% between 2016 and 2021, making it the 5th most indebted state in the country as at December 2021. Its total debt stock grew by 16.52% from N236.30bn in 2020 to N275.34bn in 2021.

From the “Budget of Deep Vision” in 2016 to the “Budget of Blush and Bliss” in 2021; this state has always had flowery promises for its citizens. But how well are the state's fiscals managed to accomplish the budget goals? Let's find out: Cross River's improved its overall fiscal performance as it moved up 4 places to 4th from its 8 position in 2020. Also ranking 2nd place in the south south region on overall fiscal performance, the state experienced its biggest improvement in index D where it ranked 3rd, which assesses its ratio of operating expenses to capital expenditure index B. Also, the state ranked 3rd place in index B, which looks at the ability of states to fund their operating expenses and loan repayments with the total revenue earned in the fiscal year.

Cross River, with the 14th largest economy with an estimated GDP of ₦4.07tn, attracted the \$25.85mn as capital importation and between 2019 to 2021. Cross River is blessed with numerous natural resources that, if properly harnessed, can make the state prosperous. More deliberate measures need be taken to improve the State's ease of doing business (where it currently ranks 27th): This will attract both domestic and foreign direct investments and grow the IGR of the State. Cross River generated the 19th largest IGR in 2021, despite the fact that its internally generated revenue grew by 41.58% from N16.18bn in 2020 to N22.91bn in 2021. The remains heavily dependent on FAAC revenues as its gross FAAC of N73.07bn (which increased from N52.22bn in 2020) made up 76.13% of

its total revenue earned in 2021. Previous investments made in projects like the Garment Factory which was projected to employ 3,000 people²⁵ and the 24,000 per day chicken processing plant ought to have translated into more IGR for the State.²⁶

Capex was allotted 55.18% priority and recurrent expenditure (operating expenses + loan repayments) had 44.82%. A sum of N81.03bn was documented as capital expenditure which was a 62.51% growth from the N49.86bn recorded in the previous year; however, the State was only able to implement 55.31% of the N146.53bn budgeted in the reviewed year.

Cross Rivers debt has grown by 75.21% between 2016 and 2021, making it the 5th most indebted state in the country as at December 2021. Its total debt stock grew by 16.52% from N236.30bn in 2020 to N275.34bn in 2021. Its foreign debt experienced an all time high growth rate of 45.32% from \$192.48mn to \$279.71mn, ranking it the 3rd most indebted state on foreign borrowings which by extension makes it one of the most exposed states to exchange rate volatility. The state's needs to check its appetite for debt acquisition in light of the FAAC that its current debt to revenue ratio of 215.53% exceeds the recommended solvency threshold of 200%.

25- See "Ngige Visits Calabar Garment Factory, Expresses Satisfaction", on August 26th, 2016, by Channels TV (Online). Available at: <https://www.channelstv.com/2016/08/26/ngige-visits-cala-bar-garment-factory-expresses-satisfaction/>

26- See "Cross River Ramps Up Chicken Processing at 24000 Birds Per Day Factory As Ultramodern Poultry Begins Evacuation of Birds" by CrHub, on October 11th, 2021. Available at: <https://www.crossriverhub.com/cross-river-ramps-up-chicken-processing-at-24000-birds-per-day-factory-as-ultramodern-poultry-begins-evacuation-of-birds/>



15,624
Civil Servants



9,057
Pensioners



4.47m
Population

Subnational Governance Reforms for a New Era



Cross River has improved transparency of funds at the local government level by publishing audited financial statements of all local governments within the state.

One area of governance reforms the state has seen improvement is with respect to "Improved Financial Reporting and Budgeting Reliability" which is one of the Disbursement Linked Results (DLR 1) in the FG SFTAS intervention. For the year under review, the state held "town-hall" consultation before the proposed budget for citizens to make inputs into what will be budgeted for and published its Quarterly Budget Implementation reports in a timely manner to enable citizens to track how well the state was financing all budgetary commitments. Although, the state's capital budget reliability was quite poor - with a deviation of up to 30%; it spent an estimated N49.86bn on infrastructure despite a budgetary commitment of N70.79bn. However, when operating expenses are also considered, the deviation of its overall expenditure of N115.88bn from original budget of N135.90bn was put at 14.73% — well within the acceptable threshold for performance of 25% under the SFTAS program.

The State does not have a functional state-level Treasury Single Account (TSA); a key requirement for having improved cash management within the state and reducing revenue leakages that compromise the ability of governments to fully fund budgetary commitments. Only 7% or N7.08bn of the state's N103.99bn revenue passed through the TSA, this is despite the state having a detailed "Cross River State Cash Management Strategy" which required daily sweeping of revenue to the Treasury Single Account (TSA) from collecting Banks. While this

is an area for further improvement it should be noted that the state has in place an electronic dashboard that allows for a central view of cash balances in the State bank account

In the 2020 SFTAS review, Cross River state performed quite unsatisfactorily in terms of strengthening Internally generated revenue which is disbursement linked indicator 4, as the 2020 nominal IGR collected at N17.75bn recording a negative growth of 26% which did not meet the basic target of 25% and also the stretched target of 40%. It However met both targets in 2021 with a recorded growth of 41.58% achieving the year on year improvement. The state nonetheless has an up-to-date consolidated revenue code from all sources and stipulations computed by the state's "Bureau of Internal Revenue".

Cross River state still needs to improve on its procurement practices as the state already has an approved procurement legal framework and a regulatory agency which conforms to the UNCITRAL model law. The state however needs to fully implement its e-procurement system that covers all of its MDAs. Cross River has improved transparency of funds at the local government level by publishing audited financial statements of all local governments within the state. While it can be commended for enacting an Audit Law that grants operational and financial autonomy to the Offices of Auditors-General of the State and Local Government, Cross River needs to ensure that the law is fully operationalised.



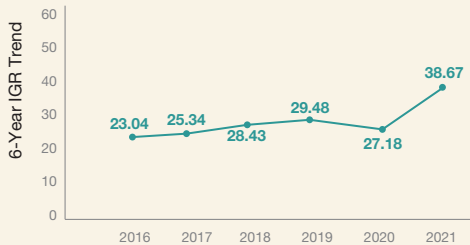
Edo State

Heartbeat of The Nation State

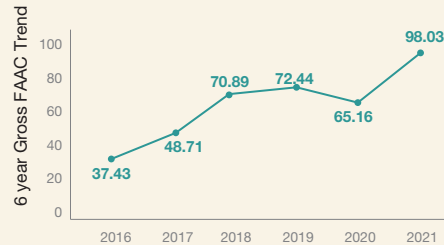
Overall Fiscal Performance Rank **9**
out of 36 states

Debt Sustainability Rank **21**
out of 36 states

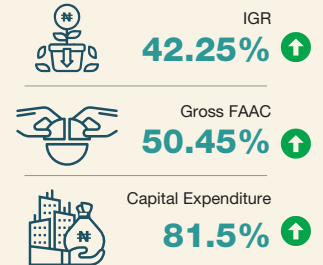
6-Year IGR Trend (NGN'bn)



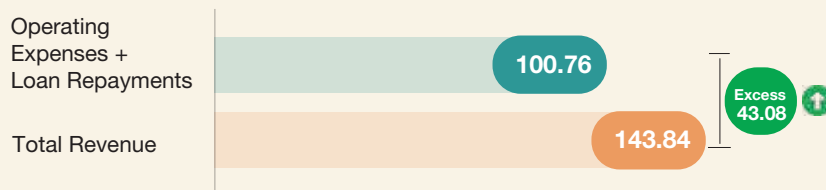
Gross FAAC (NGN'bn)



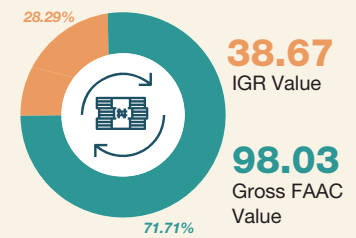
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



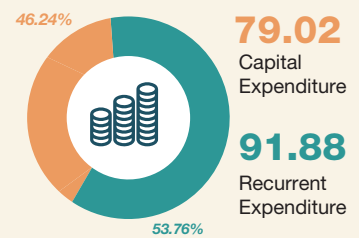
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	10	9
Gross FAAC	11	7
Size of Total Debt	6	8
Size of Domestic Debt	22	24
Size of Foreign Debt	3	4

Spending Priority (2021) (NGN'bn)



Per Capita Analysis



Debt Profile

₦78.90bn
Domestic Debt

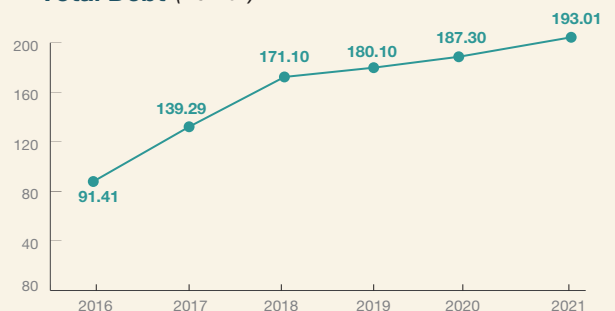
\$276.30m
Foreign Debt

Total Debt Growth

111.14%
Debt Growth
(2016 - 2021)

8
Most indebted in the country
Debt Size Position

Total Debt (NGN'bn)





Ease of doing
Business Ranking

33rd



Capital
Importation
(2019 - 2021)

\$1.87m



Health Spending
per Capita

₦2,588



Education Spending
per Capita

₦3,127



GDP

₦3.99tn



An 8.01% growth in the personnel cost of Edo from N38.54bn in 2020 to N41.62bn in 2021 was accompanied by a 57.08% increase in its overhead cost from N20.09bn in 2020 to N31.75bn in 2021. In the same vein, the State's capital expenditure in 2021 experienced a growth of 81.5% moving from N43.53bn to N79.02bn.

Edo state maintained its rank of 9th place in the 2022 in the overall fiscal performance ranking, and 3rd in the south south region. One of the drivers of its performance is its capital expenditure to operating expenses ranking it 11th. The State's operating expenses stood at N91.88bn (representing 51.12% of the total expenditure), while N8.88bn was spent to repay loans. An 8.01% growth in the personnel cost of Edo from N38.54bn in 2020 to N41.62bn in 2021 was accompanied by a 57.08% increase in its overhead cost from N20.09bn in 2020 to N31.75bn in 2021. In the same vein, the State's capital expenditure in 2021 experienced a growth of 81.5% moving from N43.53bn to N79.02bn. Accompanied with this growth is an improvement in the prioritisation of capital expenditure from 38.97% in 2020 to 43.95% in 2021. In the year under review, while N15.16bn was invested in education and N12.55bn in health, investment in infrastructure was N22.23bn.

Edo recorded 9th highest IGR growth in 2021. The SFTAS IGR growth target of DLI4, whose basic target for IGR year on year growth is 25% and stretched target is 40% was met by Edo state with an IGR growth of 42.25% from N27.18bn in 2020 to N38.67bn in 2021. Over the past 6 years the state's IGR growth has grown by 67.82%. The the major driver of its year on year growth is notable in its tax receipts of N17.66bn for 2020 and N22.20bn for 2021. Also its fines, licences and fees from went up from N7.15bn in 2020 to N14.02bn in 2021.

Despite the aforementioned improvements, Edo still couldn't meet

its personnel cost of N41.62bn with its IGR. It is clear that its 68.15% dependence on its gross FAAC (N98.03bn) makes the State susceptible to volatility in federal transfers. Having recorded a capital importation of \$1.87mn between 2019 and 2021, the state has the potential to attract more investments, both foreign and domestic; however, it needs to significantly improve its ease of doing business which placed it among the least performing state having ranked 33rd on the ease of doing business in 2021.

The State grew its total debt stock marginally by 3.04% from N187.30bn from 2020 to N193.01bn in 2021, making it the 8th most indebted state in the country. Despite the 1.43% decline in the State's dollar-denominated debt from \$280.30mn in 2020 to \$276.30mn in 2021, Edo maintains the 4th highest dollar-denominated loans among the 36 States—making highly susceptible to exchange rate volatility. With an estimated debt to GDP ratio of 4.84%, a debt to revenue ratio of 134.18%, a debt service to revenue ratio of 19.04%, and personnel cost to revenue ratio of 28.94%, the state ranked 21st on the debt sustainability index.



Subnational Governance Reforms for a New Era



Edo state has made commendable efforts in introducing reforms to combat payroll fraud.

Edo state continues with its track record of laudable budget transparency and open budgeting practices. It is one of the states which collected input from citizens on their priorities during the formulation of its annual budget under review. The state also has functional feedback and online response mechanisms, however, this needs more publicity and improvement to the user experience for citizens. Overall, the state achieved a “satisfactory” performance with respect to all aspects of improved financial reporting and budgeting reliability as required by the SFTAS program; quarterly budget implementation reports were posted online to enable citizens track budgetary commitments and its Audited Financial statement was also published.

The state still has loopholes for revenue leakages as it still does not have a functional Treasury Single Account (TSA); only 26% of the state government’s finances pass through the TSA, earning it an unsatisfactory performance in this critical area of management and administration of government finances. The threshold set by the SFTAS intervention for satisfactory, functional performance of the TSA is having at least 70% coverage of all government finances.

Edo state has made commendable efforts in introducing reforms to combat payroll fraud; biometrics exercise has been completed for 100% of all its civil servants and pensioners and this data has been linked to payroll. Furthermore,

97.07% or 14,421 of the 14,857 civil servants in the state have their BVN data linked to their payroll data while 94.38% or 9,080 of the 9,621 pensioners have their BVN data linked to the payroll. It is worth noting even though the 2019 and 2020 biometric and BVN reforms in Edo State were said not to have identified ghost workers, there is a curious drop of 24.7% or 3,157 pensioners from 12,778 pensioners in 2019 to 9,621 pensioners on its record in the 2020. The state government in collaboration with accountability actors need to further investigate this situation.

Edo State has a functional Open Contracting portal where contracts awarded are displayed in Open Contracting Data Standards (OCDS) hosted at <http://edpms.edostate.gov.ng/ocds/>. As provided in the Edo State Procurement Law, all contracts awarded during the 2020 fiscal year that were above the N10m threshold were published online in OCDS format which is commendable. Nevertheless, an important area for improvement is the timeliness with which the data is published for consumption by the public.



South -East

REGION





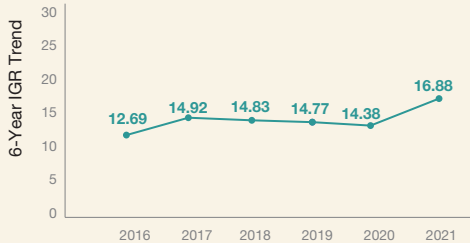
Abia State

God's Own State

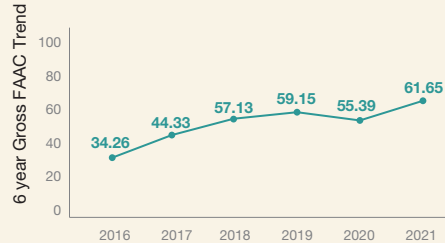
Overall Fiscal Performance Rank **18**
out of 36 states

Debt Sustainability Rank **26**
out of 36 states

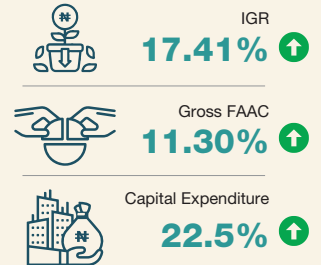
6-Year IGR Trend (NGN'bn)



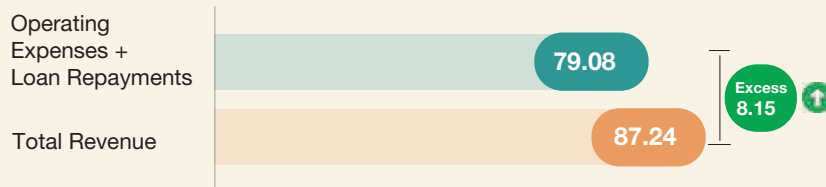
Gross FAAC (NGN'bn)



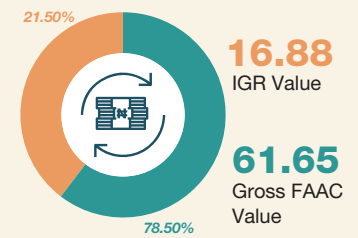
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



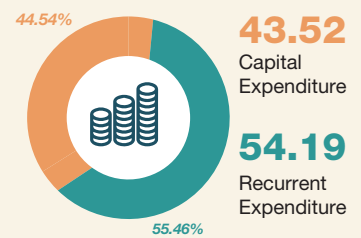
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	20	27
Gross FAAC	20	22
Size of Total Debt	18	18
Size of Domestic Debt	18	19
Size of Foreign Debt	12	12

Spending Priority (2021) (NGN'bn)



Per Capita Analysis



Debt Profile

₦95.21bn
Domestic Debt

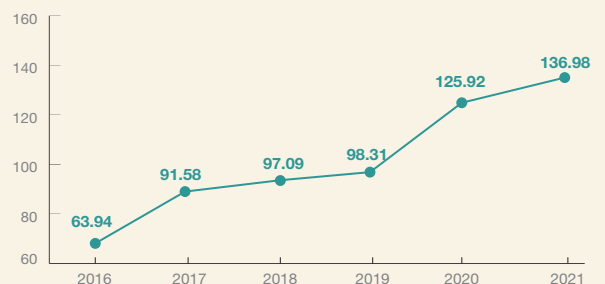
\$101.13m
Foreign Debt

Total Debt Growth

114.23%
Debt Growth (2016 - 2021)

18
Most indebted in the country
Debt Size Position

Total Debt (NGN'bn)





Ease of doing
Business Ranking

32nd



Capital
Importation
(2019 - 2021)

\$56.08m



Health Spending
per Capita

₦979



Education Spending
per Capita

₦1,441



GDP

₦3.53tn



In the 2021 fiscal year, despite the fact that Abia grew its IGR by 17.41% year-on-year from N14.38bn in 2020 to N16.88bn in 2021, 78.51% of Abia's total recurrent revenue still came from federally distributed revenue.

Abia, with an estimated population of about 4.26mn as of 2021, is the 27th most populated State among the 36 states and has the largest leather and shoemaking market in the nation, the Aba international market. In the 2021 fiscal year, despite the fact that Abia grew its IGR by 17.41% year-on-year from N14.38bn in 2020 to N16.88bn in 2021, 78.51% of Abia's total recurrent revenue still came from federally distributed revenue. FAAC has long been the state's main source of income, and this situation remained in 2021. If the state actually wants to achieve the promised fiscal independence in its medium-term spending plan for 2021–2023, it needs to take additional steps to reduce its dependence on federal government transfers. Abia state's capacity for generating IGR (given its economic potential) and the Aba International Market's significant producing power are potential areas in the drive for fiscal independence. This can be done through expanding the tax net to include every micro, small and medium enterprise owners. Further analysis of revenue shows that Abia state's per capita IGR was N3,957: less than the average IGR per capita of N6,131 for the entire federation.

The state's capital spending in 2021 increased by 22.48% from N35.53bn in 2020 to N43.52bn in 2021, ranking it second in the South East. Its capital spending per capita is N10,202, which is higher than the N8,557 figure from 2020 but lower than the N12,063 average capital expenditure per capita for all states in the country. Abia state is

out of compliance with its Medium-Term Expenditure Framework (MTEF) guidelines as administrative expenses exceed capital development in its 2021–2023 Medium-Term Expenditure Framework: the latter is intended to support long-term survival and development of citizens' capacity to build industries and add value to themselves and the state. In the 2021 fiscal year, 64.5% of the state's 2021 total expenditure was devoted to recurrent expenditure. However, it is worthy to note that the state has seen a 73% increase in its capital expenditure in the last five years; N25.15bn in 2017 to N43.52bn in 2021. For the 2021 fiscal year, while the state increased its capital expenditure and personnel cost year-on-year by 22.48% (2nd largest growth in the South East) and 5.10% respectively, its overhead cost declined marginally by 0.85% from N15.95bn in 2020 to N15.81bn in 2021. Abia is the 18th most indebted state in the nation with a total debt stock of N136bn. Abia's total debt stock increased by 8.78% from N125.92bn in 2020 to N136.98bn in 2021, representing an increase of N11.06bn.




Subnational Governance Reforms for a New Era

According to the 2020 SFTAS Annual Performance Assessment Report, Abia state achieved only 9 out of the 15 DLIs, outperforming Anambra(7). Abia came 3rd sharing the same position with Imo state, with the same number of indicators implemented in the south-eastern region in 2019. The state had a justifiable degree of success when it came to budget reporting. According to Abia's quarterly budget implementation reports for Q2, Q3, and Q4, the state managed to meet its budget deviation target of less than 15%. Despite compliance with formal transparency requirements, the budget still lacks the critical component of governance (fiscal management and administration). As stated in the SFTAS report, there was a 2.6% budget deviation which was satisfactory, however the state could improve in implementation of other key indicators.

The Treasury Single Account (TSA)-a set of financial and managerial protocols able to bring inflows and outflows under better scrutiny-component is another matter requiring attention. God's own state, Abia, was unable to make a meaningful implementation of the TSA in the 2019 and 2020 financial years which had appeared to correlate with the sluggish Internally Generated Revenue (IGR) growth over the years. Along with the delay in the implementation of the TSA, the State did not provide a Bank Statement for their 2020 FAAC and VAT Account(s), which potends a major setbacks in the goal of transparency and accountability. Payroll management is a notorious source of revenue

leakages and Abia is no stranger to this. Having discovered a massive amount of 'Ghost Workers' as recently as 2017 (numbering over 2,224, according to a Vanguard Newspaper report),²⁷ The state, like many others, is still battling with this problem.²⁸ However, a look at the performance of this SFTAS DLR (DLR 5),²⁹ also shows that the state is yet to fully implement Biometric Registration and Bank Verification Number (BVN), as at December 2020. Although there has been progress, the goal of achieving Biometric capturing of at least 90% of the current civil servants and pensioners is yet to be completed and linked to payroll. Further probe into the SFTAS analysis showed that in 2019 the total number of civil servants in the state was 14,983 but the figure differs from the most recent of 2020 which stood at 14,666. As a result of the continuous Biometrics linkage to payroll process, a total number of 317 ghost workers were detected and removed from the payroll database. Furthermore, the importance of this DLI(DLI5) cannot be overemphasised as it is key in remedying the scourge of ghost workers in civil service.

Finally, Abia state has made some effort to strengthen its public debt management by implementing state-level debt legislation, which stipulates: responsibilities for contracting state debt, responsibilities for recording/reporting state debt and lastly fiscal and debt rules/limits.



Although there has been progress, the goal of achieving Biometric capturing of at least 90% of the current civil servants and pensioners is yet to be completed and linked to payroll.

27- See "Abia govt uncovers 2224 ghost workers" an Agency Report, on October 26th, 2017, in Vanguard (Online) Newspaper. Available at: <https://www.vanguardngr.com/2017/10/abia-govt-uncovers-2224-ghost-workers/> Date accessed-16/08/2022.

28- See "Abia govt uncovers 2224 ghost workers" an Agency Report., in Vanguard (Online) Newspaper. op.cit.

29- See DLR 5 "Biometric registration and Bank Verification Number (BVN) used to reduce payroll fraud"; This entails Biometric capture of at least 90 percent of current civil servants and pensioners completed and linked to payroll, and identified ghost workers taken off the payroll and linking Link BVN data to at least 90 percent of current civil servants and pensioners on the payroll and payroll fraud addressed.



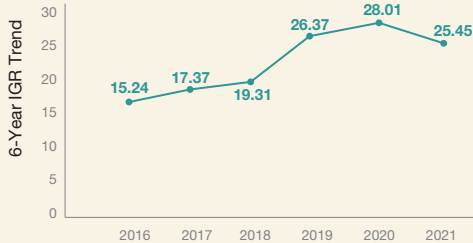
Anambra State

Light of the Nation State

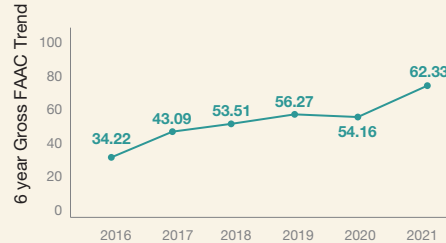
Overall Fiscal Performance Rank **6**
out of 36 states

Debt Sustainability Rank **16**
out of 36 states

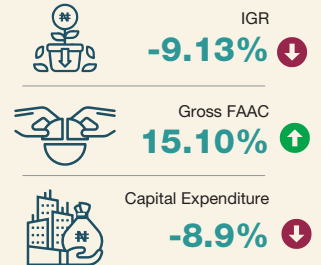
6-Year IGR Trend (NGN'bn)



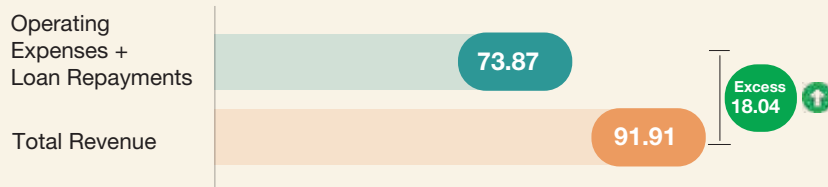
Gross FAAC (NGN'bn)



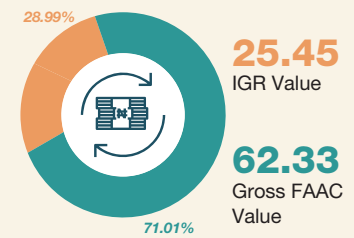
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



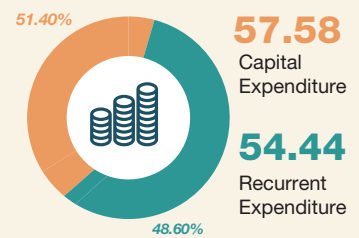
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	9	15
Gross FAAC	23	20
Size of Total Debt	21	26
Size of Domestic Debt	29	32
Size of Foreign Debt	8	11

Spending Priority (2021) (NGN'bn)



Per Capita Analysis



Debt Profile

₦55.72bn
Domestic Debt

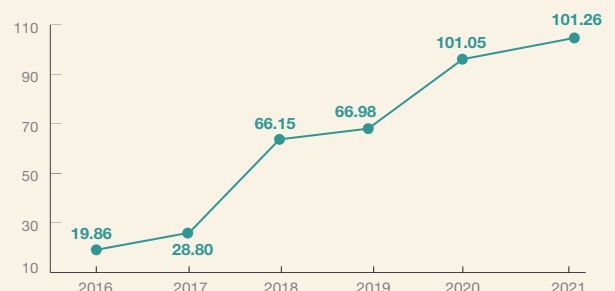
\$110.27m
Foreign Debt

Total Debt Growth

409.97%
Debt Growth (2016 - 2021)

26
Most indebted in the country
Debt Size Position

Total Debt (NGN'bn)





Ease of doing
Business Ranking

7th



Capital
Importation
(2019 - 2021)

\$14.92m



Health Spending
per Capita

₦919



Education Spending
per Capita

₦1,759



GDP

₦5.14tn



The state increased its expenditure in the post Covid-19 fiscal year 2021 to N131.45bn naira, with N73.87bn for recurrent expenditure and N57.57bn dedicated to capital expenditure.

The 2021 fiscal year had Anambra state witness a 19.14% increase in total actual expenditure. With the 2020 actual expenditure sitting at N110.33bn, the state increased its expenditure in the post Covid-19 fiscal year 2021 to N131.45bn naira, with N73.87bn for recurrent expenditure and N57.57bn dedicated to capital expenditure. With an education spending per capita of N1,758.97 and a health spending per capita of N919.32, ranked below the 2021 subnational average for health spending per capita (N1903.87) and education spending per capita (N3901.15).

Over the last five years, Anambra state FAAC witnessed a yearly increase with a slight drop in 2020 as a result of the influence of the outbreak of the Covid-19 on the economy. Its FAAC rose from N43.09bn in 2017 to N62.33bn in 2021, providing a 44.65% increase. However, this performance hides the growing dependency of the states on the federal allocation. While this may not derogate from principles of fiscal federalism, it creates a situation where states become overdependent on the allocations from the centre.

As a matter of fact, Anambra's Internally Generated Revenue (IGR) declined by 9.13% from N28.01bn in 2020 to N25.45bn in 2021. For the 2021 fiscal year, Anambra's revenue was majorly from Federal allocations, as FAAC (N62.33bn) constituted about 67.82% of the total available revenue of N86.62bn. This communicates heavy dependency on federally distributed revenue, which at the moment is very unpredictable. Likened to its total

expenditure, the state's revenue grew year-on-year by 2.77% from N89.43bn in 2020 to N91.91bn in 2021 .

Looking at the position of the state on BudgIT's fiscal performance index, Anambra fell 3 places from 3rd in 2020 to 6th in 2021: essentially a combination of relatively poorer performances on the individual sub-indexes. Anambra spent 56.20% of its total expenditure on recurrent items which stood at N73.87bn, while only 43.80% of that total (N57.57bn) was spent on capital expenditure. Of that capital expenditure, Anambra performed dismally on per capita modalities; with a national average of N12,063 naira and state actuals of N9,055 naira, Anambra is barely spending on capital items.

Analysis has shown that the state's Debt stock has constantly grown from N28.80bn in 2017, to N66.15bn, N69.98bn, N101.05bn and N101.26bn in 2018, 2019, 2020 and 2021 respectively. Notwithstanding, the state's stands as the 26th most indebted state in the country, not minding the yearly growth. With an estimated debt to GDP of 1.97% (the lowest in the South East region), a debt to revenue ratio of 110.17%, a debt service to revenue ratio of 21.15%, and a personnel cost to revenue ratio of 29.58%, the state ranked 16th on debt sustainability.



Subnational Governance Reforms for a New Era

Anambra state was only able to achieve 7 DLRs out of 15 DLRs applicable to the 2020 Annual Performance Assessment (APA), out of which 1 indicator was achieved in the 2019 APA. This put the state in the position as one of the worst performing states amongst its South Eastern peers. On the number of DLRs achieved, Anambra shared the same position with Abia (7), behind Enugu (9), Imo (10), and Ebonyi which achieved 14 out of the 15 available indicators in the 2020 APA. The state had partial success when it came to the Improvement of financial reporting and budget reliability.

ghost workers have also been identified. Despite the state's efforts to link pensioners' Bank Verification Number (BVN) details with its payroll, the state has yet to fully implement a system to reduce payroll fraud combining biometric registration and BVN. As at December 2022, the state had only linked 48% of the State's civil servants and Pensioners BVN data to its payroll.

In a measure to improve procurement practices and value for money, the state enacted a public procurement legal framework that conforms to the UNCITRAL Model Law, and set up a public procurement agency. However, the state is yet to fully implement e-procurement to cover all MDAs including Education, Health, and Public Works. Anambra needs to fully adopt the OCDS and publish contract award information online as required under the standard and stipulated its public procurement law/guidelines.

While the state can be commended for improving transparency at the local government level by publishing audited financial statements of the 21 local governments within the state, the state still has a lot to do to enforce independence of its supreme audit institutions. As at December 2021, Anambra was one of the few states that was yet to enact an Audit Law that will grant operational and financial autonomy to the Offices of Auditors-General of the State and Local Government. Anambra needs to, as a matter of urgency, enact an Audit Law that will guarantee the independence of the Auditor-Generals of the state.

The inability of the state to publish the Q2 implementation report within 4 weeks of quarter-end (to enable timely budget management) negatively impacted the full implementation of the indicator. However, the state managed to meet its budget deviation target of less than 15%. Further assessment shows the state is yet to establish a functional TSA, covering a minimum of 70% of state government finances. The non-implementation of the relevant indicator (to Improve cash management and reduce revenue leakages through a statewide TSA) makes the state treasury prone to leakages and mismanagement of public funds.

The primary advantage of a Biometric trait is it belongs to just one individual and as such helps reduce the chances of having a 'ghost worker' in the payroll system. Issues of ghost workers have been a malady that all states go through, inclusive of Anambra. At least 90% of the civil servants and pensioners linked to Anambra's payroll have been captured biometrically, and



The non-implementation of the relevant indicator (to Improve cash management and reduce revenue leakages through a statewide TSA) makes the state treasury prone to leakages and mismanagement of public funds.



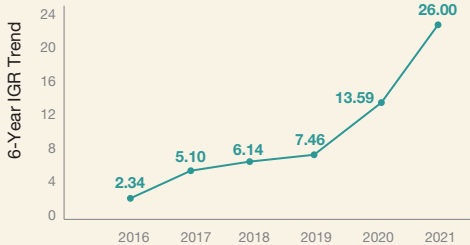
Ebonyi State

Salt of the Nation State

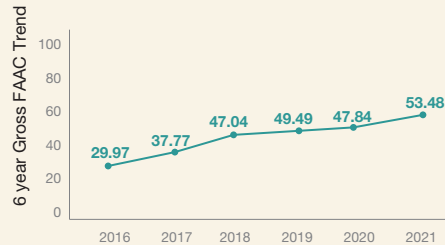
Overall Fiscal Performance Rank **5**
out of 36 states

Debt Sustainability Rank **7**
out of 36 states

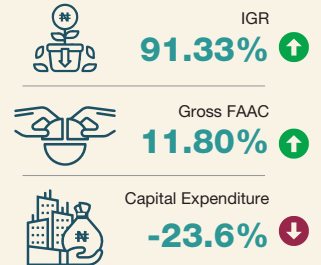
6-Year IGR Trend (NGN'bn)



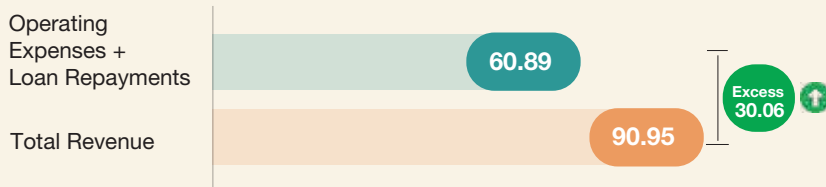
Gross FAAC (NGN'bn)



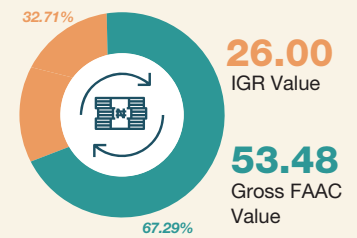
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



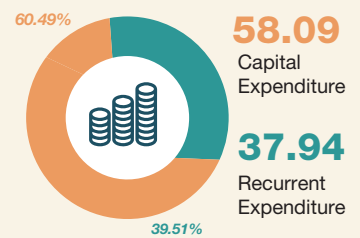
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	22	14
Gross FAAC	33	33
Size of Total Debt	23	35
Size of Domestic Debt	34	35
Size of Foreign Debt	19	19

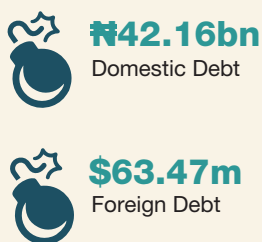
Spending Priority (2021) (NGN'bn)



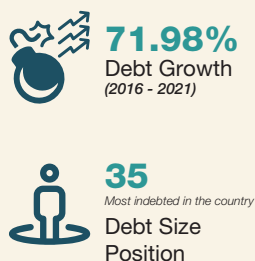
Per Capita Analysis



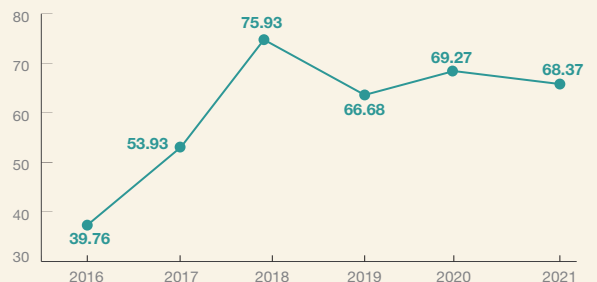
Debt Profile



Total Debt Growth



Total Debt (NGN'bn)





Ease of doing
Business Ranking

22nd



Capital
Importation
(2019 - 2021)

\$0.00m



Health Spending
per Capita

₦3,957



Education Spending
per Capita

₦4,963



GDP

₦2.24tn



The state was the 35th most indebted state in the federation as of December 2021, with a total debt stock of N68.37bn. 61.6% of the state's debt, according to a breakdown of its stock, was acquired domestically.

With an estimated population of 3.3 million people and a projected GDP of N2.24tn in 2021 (according to World Bank Estimates), Ebonyi state has the 25th largest economy among the 36 states and 4th in the south-east region of Nigeria. The state's overall revenue increased by 2.73% from N88.53bn in 2020 to N90.95bn in 2021.

Unfortunately, the state failed to maintain the trend of lowering its reliance on federal transfers (FAAC) as planned in the 2021 fiscal year. The State's share of Gross FAAC was N53.48bn in 2021, or 58.81% of the state's total revenue of N90.95bn. Further analysis of the components of state revenue reveals that Ebonyi has the sixth-largest IGR per capita at N7,849 in the country.

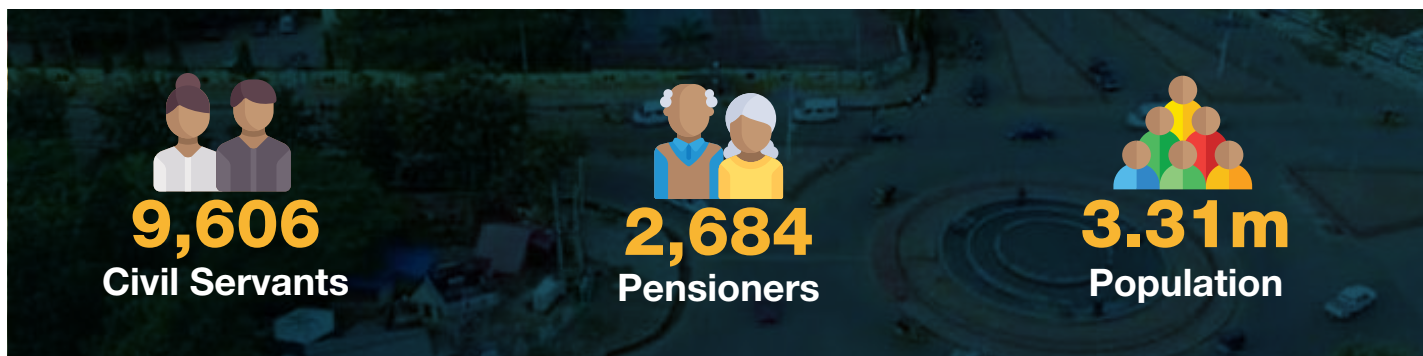
With a total IGR of N26.00bn in 2021, the state had a 91.33% year-on-year increase from N13.59bn in 2020. By the end of the 2021 fiscal year 48.82% (N58.09bn) of Ebonyi's total expenditure was capital expenditures (CAPEX), 31.89% (N37.94bn) on operating expenses and N22.95bn(19.29%) was spent on amortizing the state's debt (loan repayment). The state's capital spending dropped from N76.06bn in 2020 to N58.09bn in 2021, a 23.62% decrease.

An examination of the spending breakdown reveals that the state undertook projects at many levels across MDAs, including infrastructure for water assets such as boreholes, dams, and water pipelines, as well as infrastructure for other assets such as road networks, electricity, and bridges. Intangible assets including computer

software, patents, and broadcasting rights were other investments made by the state. Additionally, the State's per capita spending on education in 2021 was N4,962.56, which was more than the subnational average of N3,949.99, while the health spending per capita was N3,957.10, also higher than the subnational average of N1,977.07.

The state was the 35th most indebted state in the federation as of December 2021, with a total debt stock of N68.37bn. 61.6% of the state's debt, according to a breakdown of its stock, was acquired domestically. Ebonyi state's debt stock declined by 1.30% from 2020 and 2021, from N69.27bn to N68.37bn. The state looks to have a solid debt sustainability profile and rank 7th on the debt sustainability index, with a debt-to-GDP ratio of 3.05%, a debt to revenue ratio of 75.17%, and a personnel cost-to-revenue ratio of 16.37%, as its performance across the aforementioned measures is far below the Debt Management Office (DMO) established solvency thresholds.

30- See World Bank Calculations (2022).



Subnational Governance Reforms for a New Era

Ebonyi state appeared as one of the most successful states in the 2020 SFTAS Annual Performance Assessment (APA). The state achieved 14 DLRs out of 15 DLRs applicable to the 2020 APA, out of which 2 DLRs were also achieved in 2019. This shows that “The Salt of the Nation” has improved significantly on transparency and accountability of its fiscal affairs. Having achieved this feat, the state specifically improved financial reporting and budget reliability by making available the quarterly budget implementation reports (BIRs) for Q2, Q3, and Q4 for 2020 and published the BIRs in a timely manner to enable prompt budget management.

Also notable is the achievement of a budget deviation of 15% as mandated by the relevant indicator of the 2020 SFTAS guidelines.³¹ A further look into the 2020 SFTAS appraisal, indicates that Ebonyi state was able to Improve cash management and reduce revenue leakages through the implementation of a state Treasury Single Account (TSA). The TSA, is based on a formally approved cash management strategy to block leakages and ensure that revenue is properly captured for easy accountability, through covering a minimum of 70% of state government finances in one single account. As revealed in the 2020 SFTAS Annual Performance Report for Ebonyi, the State’s TSA covers exactly 70 % of the its finances.

BVN and Biometric enrollment of civil servants on the state payroll system is

a major channel in blocking leakages as this policy aims to reduce payroll related fraud. The state also did well by capturing all 12,290 (or 100%) civil servants on the payroll via Biometric and BVN enrolment as recommended by the SFTAS program.³² It is no news that Ebonyi, like every other state in Nigeria is facing unprecedented governance challenges, with citizens demanding transparency, accountability, and a greater say in their governments. Similar to its peers, there are inefficiencies in the management of public finances that if addressed, can improve revenue and all-round governance. All these challenges can be viewed as opportunities for real change and fundamental improvements, and public procurement reform, among other things, lies at the heart of these opportunities.

Finally, Ebonyi state has implemented a debt management policy targeted at strengthening its public debt management and fiscal responsibility. In the previous year, 2020, Ebonyi state approved a state-level public debt legislation through the passage of a State Fiscal Responsibility Law/State Public Debt Management Law. Also, the state made available all 3 quarterly Domestic Debt Reports (SDDR) as approved by the DMO within an average of 2 months as stipulated by the SFTAS.



The state also did well by capturing all 12,290 (or 100%) civil servants on the payroll via Biometric and BVN enrolment as recommended by the SFTAS program.

31- See Office of the Auditor General of the Federation. (2021). The States’ Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results. 2020 Annual Performance Assessment (APA) Report. Ebonyi State, at p.3. Available at: <https://www.sftas.org.ng/docs/ebonyi-state-2020-annual-performance-assessment-reports/>

32- See Office of the Auditor General of the Federation. (2021). The States’ Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results. 2020 Annual Performance Assessment (APA) Report. Ebonyi State, op.cit., at p. 20.



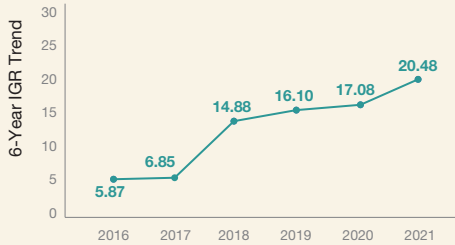
Imo State

Eastern Heartland

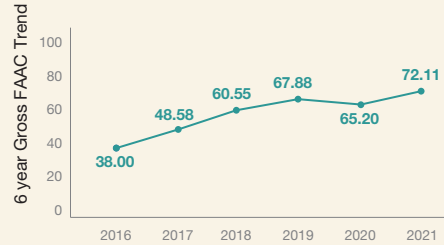
Overall Fiscal Performance Rank **26**
out of 36 states

Debt Sustainability Rank **34**
out of 36 states

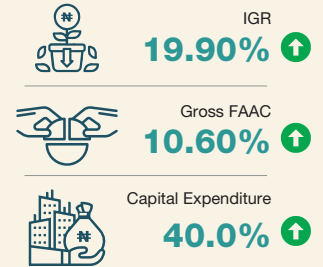
6-Year IGR Trend (NGN'bn)



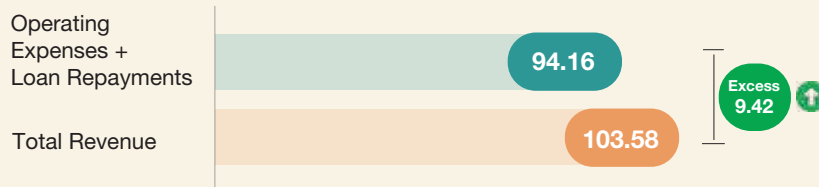
Gross FAAC (NGN'bn)



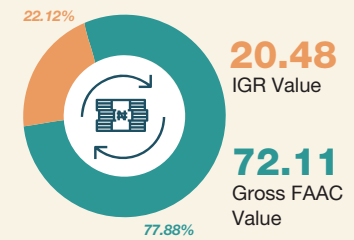
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



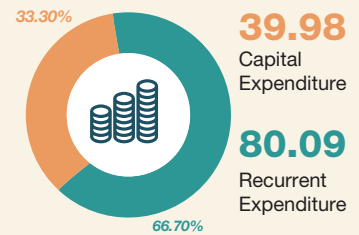
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	18	23
Gross FAAC	10	14
Size of Total Debt	7	6
Size of Domestic Debt	7	5
Size of Foreign Debt	14	16

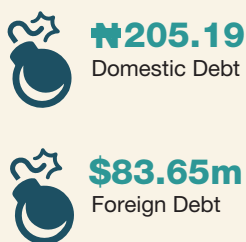
Spending Priority (2021) (NGN'bn)



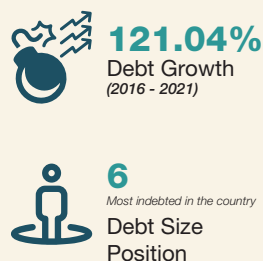
Per Capita Analysis



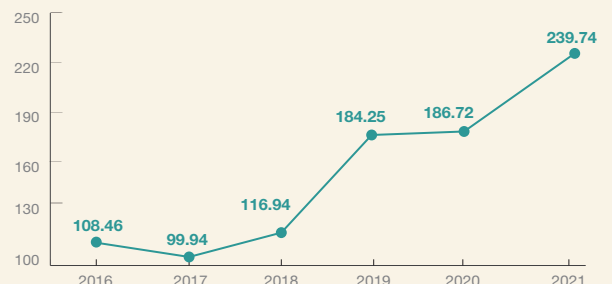
Debt Profile



Total Debt Growth



Total Debt (NGN'bn)





Ease of doing
Business Ranking

11th



Capital
Importation
(2019 - 2021)

\$3.00m



Health Spending
per Capita

₦581



Education Spending
per Capita

₦381



GDP

₦7.68tn



Direct taxes grew considerably by 112.28% from N6.92bn in 2020 to N14.69bn in 2021 while Other Taxes (Fees and Fines) also increased by 113.48% from N2.15bn in 2020 to N4.59bn in 2021. Furthermore, the state's IGR witnessed a tremendous growth in the last 5 years, growing by 199% from N6.85bn in 2017 to N20.48bn in 2021.

Imo state, the Heartland to the Eastern Region, with the largest palm oil plantation complex in West Africa and high deposits of natural resources (natural gas, limestone and gypsum) is yet to fully optimise its innate potential for economic prosperity, growth and development. The state's Internally Generated Revenue (IGR) saw a modest growth of 19.9% from N17.08bn in 2020 to N20.48bn in 2021; however, this growth is insufficient to reduce the state's high dependency on statutory allocations from the federation account. Imo state would be treading on thin ice if it does not significantly revamp its internal revenue generation drive to reverse this trend.

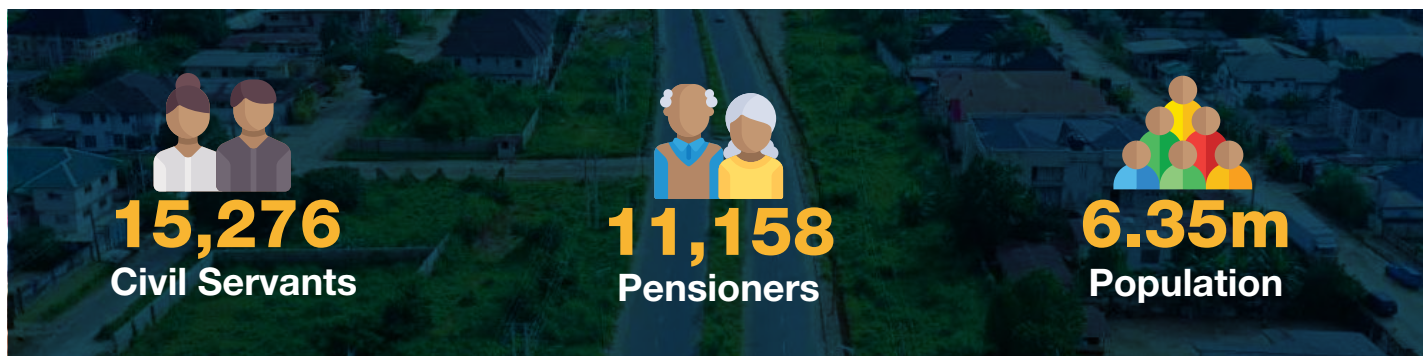
The major components of its IGR had stable degrees of growth; Direct taxes grew considerably by 112.28% from N6.92bn in 2020 to N14.69bn in 2021 while Other Taxes (Fees and Fines) also increased by 113.48% from N2.15bn in 2020 to N4.59bn in 2021. Furthermore, the state's IGR witnessed a tremendous growth in the last 5 years, growing by 199% from N6.85bn in 2017 to N20.48bn in 2021. With an IGR per capita of N3,227, Imo state generated below the subnational average IGR per capita of N5,924 and the highest IGR per capita performance of N37,095 recorded by Lagos state, the nerve center of economic activities in the country during the 2021 fiscal year.

According to the State's 2021 Audited Financial Statement, Imo spent more on operating expenses in 2021, having spent N80.09bn which was 59.7% of the state's total expenditure, than it did

on capital expenditure which received N39.98bn (33.3%). Furthermore, the state spent N14.07bn on loan repayment which was 10.49% of its total expenditure. A more disaggregated look at Imo's spending pattern in 2021 revealed that while the state increased in personnel cost marginally by 2.98% from N35.39bn in 2020 to N36.44bn in 2021, it had the largest growth in overhead cost in the South-East region as it saw its overhead cost rise by 68.61% from N10.37bn to N17.49bn in 2021. The State needs to check its ballooning overhead cost as this often signals an increase in the cost of governance which all states, especially in the era of dwindling federal transfers, should be declining.

Imo state recorded a capital spending per capita of N6,299 which was just a little over half the subnational average of N12,145.49. Having recorded an education spending per capita of N308.65 in 2021, the state ranked second to the last only behind Ondo on the education spending per capita index. The state also performed poorly on health per spending capita as it spent N581.13—the second lowest spending among the 36 states—on education per capita.

Imo, the capital of Eastern Heartland, having grown its total debt stock by 28.39% from N186.72bn in 2020 to N239.74bn in 2021, is the 6th most indebted state among the 36 states and the most indebted State in the South-East region.



Subnational Governance Reforms for a New Era



As of December 2020, the Eastern Heartland still lacked a functioning state-level TSA; as a result, the state's funds are vulnerable to leakages and different manifestations of corruption. As at December 2020, just 24% of the State's finances was covered under its TSA.

The extent to which states are able to accurately and consistently meet their projected expenditure and revenue targets, as determined by their budget credibility, reflects their capacity to carry out their political and policy aspirations, ensure the provision of high-quality services, and achieve the state's developmental goals. Imo's budget's credibility remained unchanged because it was unable to make up for its budget performance deviation. Its performance on the relevant SFTAS program indicator in the 2020 APA was 18.7%, which is still well below the SFTAS requirement of a 15% budget deviation.

As of December 2020, the Eastern Heartland still lacked a functioning state-level TSA; as a result, the state's funds are vulnerable to leakages and different manifestations of corruption. As at December 2020, just 24% of the State's finances was covered under its TSA. Imo still lacks an approved cash management strategy that would enable its Ministry of Finance or Budget/Economic Planning to accurately forecast cash commitments and provide information on the availability of funds, as stated in its 2020 SFTAS Annual Performance Assessment Report. In 2020, Imo State integrated the BVN and biometric registration for the first time into its payroll administration system.

The state has 100% of the 26,434 government personnel on its payroll in 2020 with biometric data and BVN recorded and linked. Imo, as at 2020,

had linked 15,276 civil servants and 11,158 pensioners in the state and also captured their BVN data to its payroll. The state announced that it discovered 264 ghost workers as a result of the linkage and verification exercise done in 2020, leading to a savings of N953.78mn.³³

The Eastern Heartland has implemented a number of procurement reforms, including the establishment of a public procurement legal framework (that complies with the UNCITRAL Model Law) and the online publication of contract award information for all contracts awarded that exceed the threshold as specified in the procurement guidelines. Imo is yet to fully implement e-procurement for all of its MDAs including Education, Health and Public Procurement as prescribed by its Public Procurement Law.

By guaranteeing constant access to disclosed information, the state must make sure the major goals of increasing transparency are realized in full. Finally, Imo state's efforts to improve its public debt management system seem to have been effective. Having put into effect state-level debt regulations and timely release of quarterly state debt reports.

33- See Office of the Auditor General of the Federation, (2021), The States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results, 2020 Annual Performance Assessment (APA) Report. Imo State, at p. 29. Available at: <https://www.sftas.org.ng/docs/imo-state-2020-annual-performance-assessment-reports/>



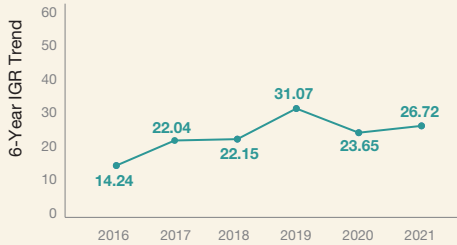
Enugu State

Coal City State

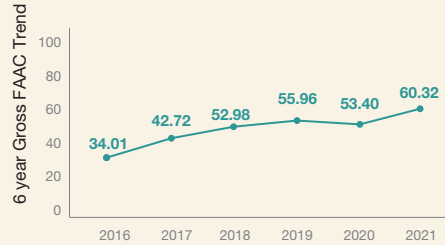
Overall Fiscal Performance Rank **16**
out of 36 states

Debt Sustainability Rank **23**
out of 36 states

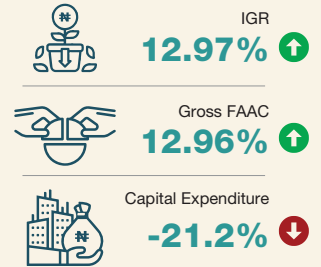
6-Year IGR Trend (NGN'bn)



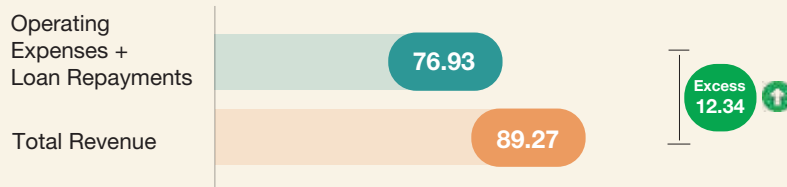
Gross FAAC (NGN'bn)



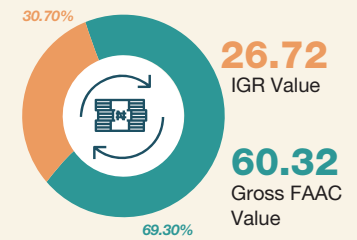
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



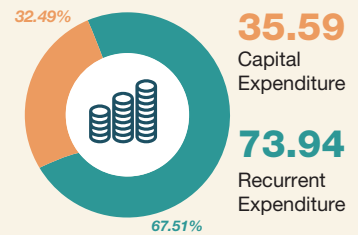
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	12	12
Gross FAAC	24	24
Size of Total Debt	13	20
Size of Domestic Debt	26	27
Size of Foreign Debt	6	7

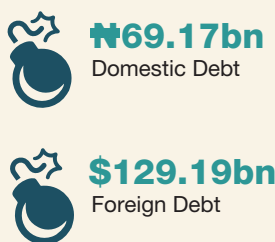
Spending Priority (2021) (NGN'bn)



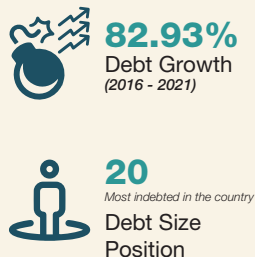
Per Capita Analysis



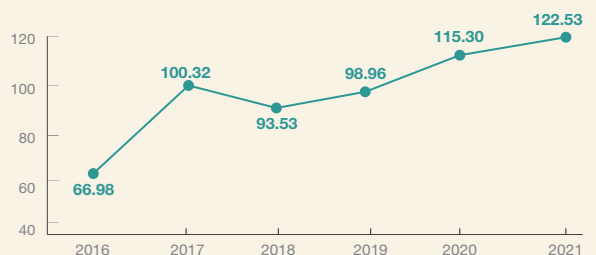
Debt Profile



Total Debt Growth



Total Debt (NGN'bn)





Ease of doing
Business Ranking

26th



Capital
Importation
(2019 - 2021)

\$0.05m



Health Spending
per Capita

₦1,559



Education Spending
per Capita

₦3,507



GDP

₦1.45tn



Enugu's total expenditure in 2021 was N112.52bn, which was 0.24% less than the N112.79bn spent in the previous year, even though it only implemented 62.25% of its approved budget.

The Coal city state came out in 16th position in the 2022 performance ranking, dropping 2 places from its 14th position in 2021. The state saw a 12.97% year-on-year growth from N23.5bn in 2020 to N26.72bn in 2021 of its Internally Generated Revenue (IGR); this year-on-year growth was better than the 23.88% year-on-year decline recorded between 2019 and 2020, when its IGR fell from N31.07bn to N23.65bn. From a 5-year point of view, Enugu's 2021 IGR reflects a 21.23% increase from the N22.04bn recorded in 2017 which looks sluggish especially when comparing it with its Southeastern counterpart Ebonyi, which grew its IGR by 409.8% in 5 years. However, considering its population, the state's IGR per capita is only N5,213, which is lower than the subnational average IGR per capita of N7,166.91 indicating there is still more work to do. Gains from the consolidation of IGR growth, is a path the state can follow to further reduce its level of reliance on federal allocations (FAAC), seeing as Gross FAAC proportion of the state revenue for 2021 was 67.57% (N60.32bn) and the IGR proportion was at 29.93%.

Enugu's total expenditure in 2021 was N112.52bn, which was 0.24% less than the N112.79bn spent in the previous year, even though it only implemented 62.25% of its approved budget. In the fiscal year 2021, the state prioritized operating expenses above capital-related expenditures, allocating N35.59bn (31.63%) of the total real expenditure) to capital expenditure and N73.94bn (65.71%) to operating expenses. The balance of expenditure (N3bn) went to loan

repayments. A close look at the state's financial records reveals that while its total revenue was N89.27bn, and operating expenses (including loan repayments) was N76.93bn. Notably, Enugu state ended the 2021 fiscal year with an actual budget surplus of N12.34bn. The state spent N3,506.84 per capita on education and spent N1,559.1 per capita on health. Both expenditure outturns on the aforementioned critical social sectors were below the subnational averages.

The state was the 20th most indebted state in the federation as of December 2021, with a total debt stock of N122.53bn. Enugu state's debt stock climbed by 21.13%, from N115.30bn in 2020 to N122.53bn in 2021. The state ranked 23rd on the debt sustainability index, as it recorded an estimated debt to GDP ratio of 8.44%, debt-to-revenue ratio of 137.25%, debt service to revenue ratio of 3.36, and personnel cost-to-revenue ratio of 46.14%.



21,226
Civil Servants



11,550
Pensioners



5.13m
Population

Subnational Governance Reforms for a New Era



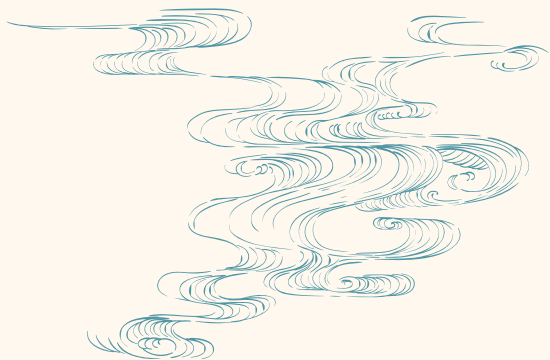
The removal of ghost workers is recognized to be largely a result of the introduction of biometric registration and Bank Verification Numbers (BVN) in payroll administration systems. 11,550 pensioners and 21,226 civil servants were under the state payroll as of December 2020.

It is clear that state governments must execute significant governance changes to guarantee that they can better mobilise domestic resources, use scarce resources transparently, and promote accountability in the face of rapidly declining revenues and diminishing budgetary space, at the federal and subnational levels. According to the 2020 States Fiscal Transparency, Accountability, and Sustainability (SFTAS) Program for Results, Enugu achieved 8 out of the available 15 DLI's in the 2020 SFTAS Annual Performance Assessment (APA). Approximately 73% of the state government's finances were captured under the Treasury Single Account (TSA) as of the end of 2020, according to the most recent annual performance evaluation carried out in Enugu State. To put this into perspective: Enugu's TSA bank statement reveals that while 75% of the state's inflows in 2020 were transferred into its TSA, just 72% of the state's outflows during the same year were also done so. Although this complies with SFTAS requirements, leaving out 27% of the state's financial resources from the TSA creates potential for income leaks and chances for corruption.

The removal of ghost workers is recognized to be largely a result of the introduction of biometric registration and Bank Verification Numbers (BVN) in payroll administration systems. 11,550 pensioners and 21,226 civil servants were under the state payroll as of December 2020. It's interesting to note that every single state employee and

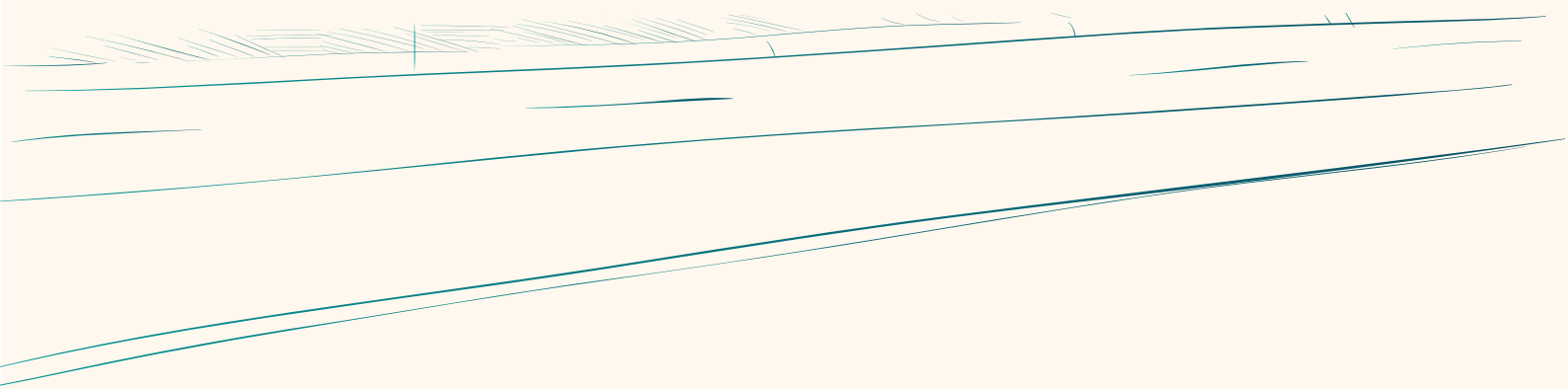
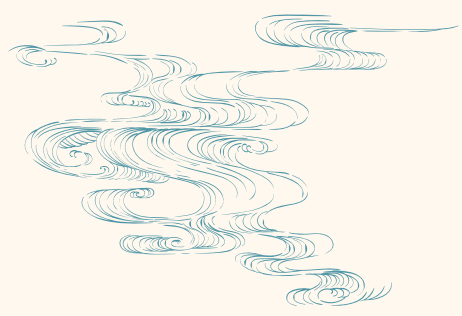
retiree has had their biometrics collected, all 32,776 of them. Furthermore, due to the adoption of biometric registration and BVN in its payroll management system-which has been implemented over time-the state was assured that no ghost workers were under their payroll. The "Coal city state" was quite progressive when it came to transparency and accountability in its fiscal affairs. Having achieved the relevant indicator, the result of which is to improve financial reporting and also enable timely budget management: the state made available quarterly budget implementation reports for Q2, Q3, and Q4 of 2020 and published it on an average of 4 weeks to the end of the quarter, to enable timely budget management. Unfortunately the state missed out on achieving a budget deviation of 15% as recommended by the SFTAS program. The budget performance deviation stood at 23%, having stretched the recommended limit by 8%.

On procurement reforms, the state has a legal framework that guides procurement practices and conforms to the UNCITRAL Model Law. Commendable is the fact the State publishes all contracts above N10mn as stipulated in the procurement guideline.



North -West

REGION





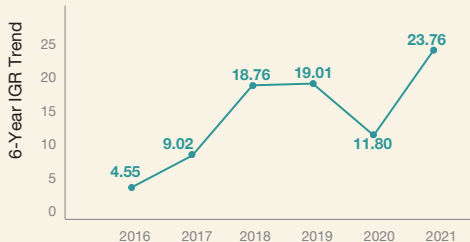
Sokoto State

Seat of the Caliphate

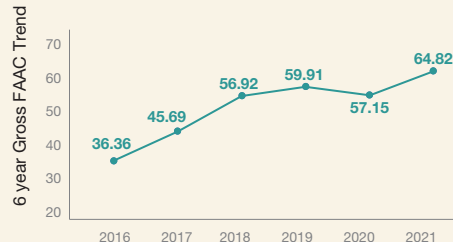
Overall Fiscal Performance Rank **14**
out of 36 states

Debt Sustainability Rank **9**
out of 36 states

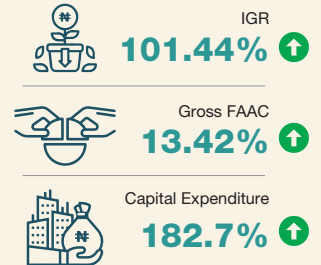
6-Year IGR Trend (NGN'bn)



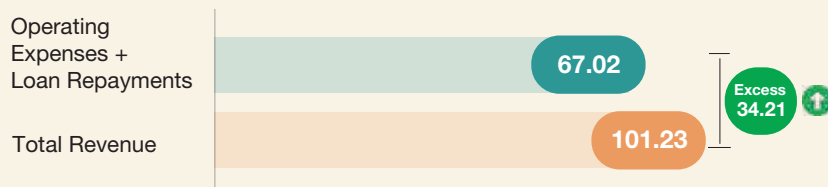
Gross FAAC (NGN'bn)



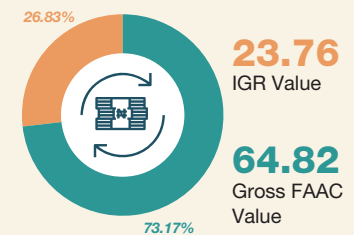
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



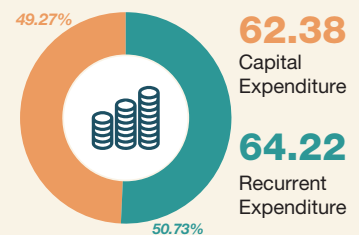
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	26	18
Gross FAAC	18	18
Size of Total Debt	26	31
Size of Domestic Debt	35	25
Size of Foreign Debt	27	28

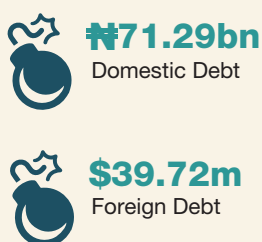
Spending Priority (2021) (NGN'bn)



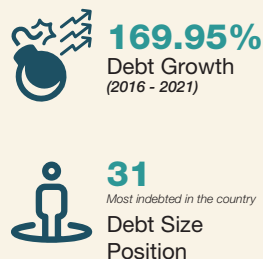
Per Capita Analysis



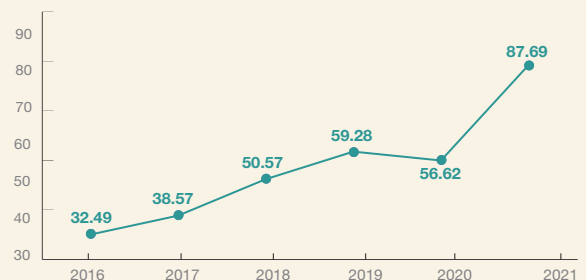
Debt Profile



Total Debt Growth




Total Debt (NGN'bn)





Ease of doing
Business Ranking

2nd



Capital
Importation
(2019 - 2021)

\$2.50m



Health Spending
per Capita

₦3,958



Education Spending
per Capita

₦1,922



GDP

₦2.85tn



From 2020 to 2021, the state grew its total revenue, marginally by N15.57bn (or 18.18%), from N85.66bn to N101.23bn.

The Seat of the Caliphate emerged with the 20th highest Gross Domestic Product (GDP), among the 36 states in 2021, at N2.85tn and 4th highest in the north western region.³⁴ The Presidential Enabling Business Council (PEBEC)³⁵ ranked Sokoto 2nd on the sub-national Ease of Doing Business Index and 1st in the north west region. From 2020 to 2021, the state grew its total revenue, marginally by N15.57bn (or 18.18%), from N85.66bn to N101.23bn. This places it at the 11th position among the 36 states and the 2nd in its region. This and other factors had Sokoto fall from the 12th to the 14th in the 2022 Budget fiscal performance ranking.

Sokoto grew its Internally Generated Revenue (IGR), favourably by 101.44% (approximately, N11.96bn) from 2020 to 2021. This growth was driven chiefly by Sales (N4.20bn), Direct Taxes (N1.46bn) and Fees (N1.45bn). Despite this, the state has a precarious IGR to GDP ratio of 0.83%; the 17th among the states and 3rd highest in the region. Looking at the state's IGR, the 2018 to 2019 period saw an increase of 1.30% and then a large increase of 101.44% between the 2020 to 2021 fiscal years.

Expectedly, 2020 had the lowest IGR of the 4-year period (i.e., 2018 to 2021), at N11.80bn likely due to the global pandemic. The state rebounded in 2021 and met more than twice 2020's IGR, at N23.76bn. IGR as a percentage of total revenue for 2021, hit 23.47%; less than a quarter of the state's total revenue and the 16th highest in the federation.

In 2020, Capital expenditure (or Capex) was N22.06bn: N8.18bn less than Personnel expenses of N30.25bn, while in 2021, the state spent N29.33bn more on Capex³⁶ than Personnel expenses (the latter, being N33.04bn). Sokoto's total expenditure climbed from N74.39bn in 2020 to N129.39bn in 2021: growth of 73.93% and the 16th highest in the federation. Sokoto had the 29th highest Capex among the states, at N62.37bn and was the 3rd highest in the region.

This was also evidenced in the 2020 to 2021 change in Capex, at a 182.71% increase: the highest for the region and in per capita terms, the state was the 15th highest in the federation, at N10,742 naira.

Relatedly, the state's per capita expenditure on health and education was N3,958.40 naira and N1,921.75 naira respectively. Sokoto's debt as a percentage of GDP of 3.08% is far less than the accepted threshold of debt not exceeding 40% of GDP. However, the state has the 34th highest debt service in the federation, at N2.80bn.

34- See World Bank Calculations (2022).

35- See the Presidential Enabling Business Council (PEBEC), States Ease of Doing Business Survey Results. The Presidency. Available at: <https://businessmadeeasy.ng/report/subreport.pdf>.

36- Operating expenses here, is in addition to loan repayments, the latter amounting to N2.80bn for the 2021 FY.



30,568
Civil Servants



5,870
Pensioners



5.81m
Population

Subnational Governance Reforms for a New Era



Having discovered a massive amount of ‘Ghost Workers’ as recently as 2017 (numbering over 12,000, according to a Vanguard Newspaper report), the state, like many others, is still battling with the problem.

As of 2020, Sokoto state was one of the top 10 states leading in achieving both 2018 and 2019 State Fiscal Transparency, Accountability and Sustainability (SFTAS) Disbursement Linked Results (DLR). In fact, it had achieved the highest number of reforms in 2019—more than any other state in the federation.

In terms of budget reporting, the state had been able to attain a reasonable degree of success. In 2019, Sokoto published quarterly budget implementation reports for Q2, Q3, and Q4 but was unable to meet the corresponding result of having a less than 15% budget deviation, regarding its expenditure. This was apparently the case, also for 2020.³⁷ This is an indication of a level of compliance with the formal requirements of fiscal transparency (publishing) but lacking the critical component of governance (fiscal management and administration) required to keep the budget credible. The SFTAS report states that the budget deviation was in the realm of 55%.

The Seat of the Caliphate commenced implementation of the Treasury Single Account (TSA) in the 2019 and 2020 financial years which appeared to correlate with a minimal jump in the volume of Internally Generated Revenue (IGR) the state collected.³⁸ Moving from N18.76bn in 2018 to N19bn in 2019 reflected an N240mn increase and the state experienced a sharp decline

between 2019 and 2020 to the tune of N7.20bn. However, it made up for this between 2020 and 2021 to the tune of N11.96bn. It can be assumed that the implementation of the TSA in 2019 had positive effects on the IGR of the state, though with a lag of one year.

Payroll management is a notorious source of revenue leakages and Sokoto is no stranger. Having discovered a massive amount of ‘Ghost Workers’ as recently as 2017 (numbering over 12,000, according to a Vanguard Newspaper report),³⁹ the state, like many others, is still battling with the problem.⁴⁰ However, a look at the performance of this SFTAS reform, shows implementation by the state, as early as 2018. Whether this had any significant impact on the personnel spending of the state is difficult to confirm, as a trend analysis of personnel spending for the period between 2017 to 2021 depicts a steady increase in spending. Though, this does not mean the state did not record any savings, as data on 2020 performance shows the state saved N59.39mn by eliminating ‘Ghost workers’ from the state payroll.⁴¹

With the achievement of modest success regarding putting into effect a debt reporting framework in 2018, the state in 2019 took this a step further by passing a debt law. However, as of 2020 the attainment of quarterly debt reports remains undone.⁴²

37- See Office of the Auditor General of the Federation. (2021). The States’ Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results. 2020 Annual Performance Assessment (APA) Report. Sokoto State, at p. 3. Available at: <https://www.sftas.org.ng/document/sokoto-state-2020-annual-performance-assessment-reports/>.

38- See Office of the Auditor General of the Federation. (2021). The States’ Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results. 2020 Annual Performance Assessment (APA) Report. Sokoto State, op.cit.

See “Sokoto discovers 12,915 ghost workers” by Abdallah El-Kurebe, on May 26th, 2017, in the Vanguard (Online) Newspapers. Available at: <https://www.vanguardngr.com/2017/05/sokoto-discovers-12915-ghost-workers/>. Date accessed-12/08/2021.

40- See “Sokoto officials arrested for diverting workers’ salaries – EFCC” an Agency Report, on September 15th, 2021, in Premium Times (Online) Newspaper. Available at: <https://www.premiumtimesng.com/regional/nwest/352358-sokoto-officials-arrested-for-diverting-workers-salaries-efcc.html>. Date accessed-12/08/2022.

41- See Office of the Auditor General of the Federation. (2021). The States’ Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results. 2020 Annual Performance Assessment (APA) Report. Sokoto State, op.cit., at p. 3.

42- Ibid, at 4.



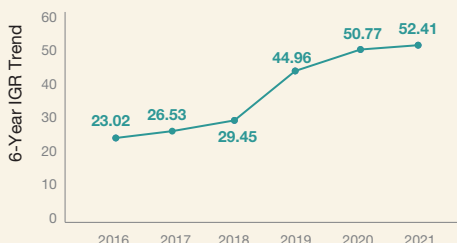
Kaduna State

Centre of Learning

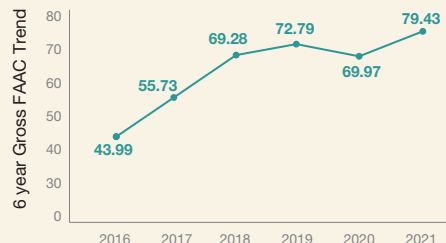
Overall Fiscal Performance Rank **2**
out of 36 states

Debt Sustainability Rank **29**
out of 36 states

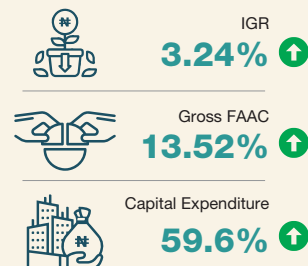
6-Year IGR Trend (NGN'bn)



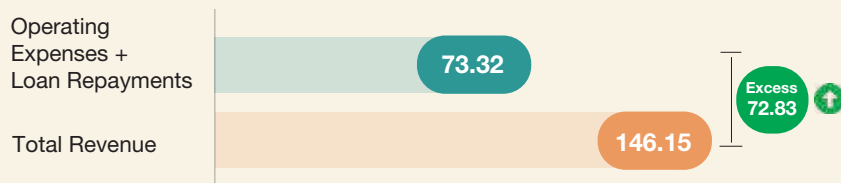
Gross FAAC (NGN'bn)



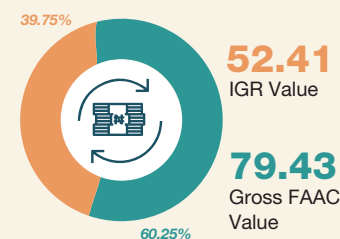
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



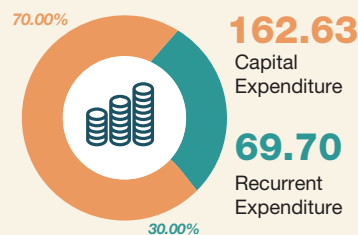
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	4	5
Gross FAAC	7	8
Size of Total Debt	4	2
Size of Domestic Debt	24	31
Size of Foreign Debt	2	2

Spending Priority (2021) (NGN'bn)



Per Capita Analysis



Debt Profile

₦61.71
Domestic Debt

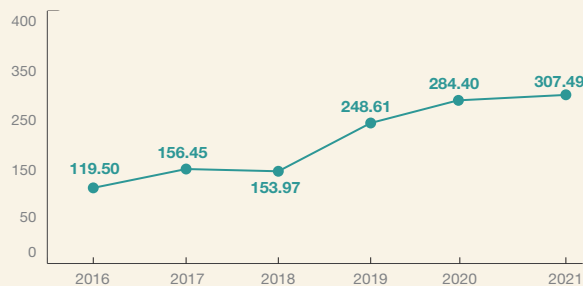
\$595.12m
Foreign Debt

Total Debt Growth

157.32%
Debt Growth (2016 - 2021)

2
Most indebted in the country
Debt Size Position

Total Debt (NGN'bn)





Ease of doing
Business Ranking

13th



Capital
Importation
(2019 - 2021)

\$8.66m



Health Spending
per Capita

₦ 3,717



Education Spending
per Capita

₦6,005



GDP

₦4.31tn



The state could not grow its total revenue it fell by 7.74% from N146.93bn in 2020 to N146.15bn in 2021. Gross Federal allocations to the state grew by N9.45bn, moving from N69.96bn in 2020 to N79.42bn in 2021 and the state had the 8th highest Federal Account Allocation (FAAC) in the federation.

The Liberal state emerged as the 2nd best-performing state on the 2022 Budget Fiscal performance ranking, climbing from the 6th position in the 2021 ranking. With the largest economy in its region (N4.31tn), the state is the 11th largest economy in the federation. The Presidential Enabling Business Council (PEBEC) subnational ranking,⁴³ placed it 13th among its 36 peers, in the Ease of Doing Business Index and it is in 5th place in its region. Kaduna state had the 5th highest health spending per capita (N3,716.79 naira) and the 9th highest education spending per capita (N6,004.49 naira) in 2021.

The state could not grow its total revenue; it fell by 7.74% from N146.93bn in 2020 to N146.15bn in 2021. Gross Federal allocations to the state grew by N9.45bn, moving from N69.96bn in 2020 to N79.42bn in 2021 and the state had the 8th highest Federal Account Allocation (FAAC) in the federation. However, all of this obscures the fact that the state made a rebound in its Internally Generated Revenue (IGR) from N50.76bn in 2020, to N52.41bn in 2021. The latter provided it with the 5th highest IGR in the federation and the 1st in its region. Considering the state's IGR to total revenue performance as a percentage, we observe a slight change in 2020 from 32.14% to 35.86% in 2021

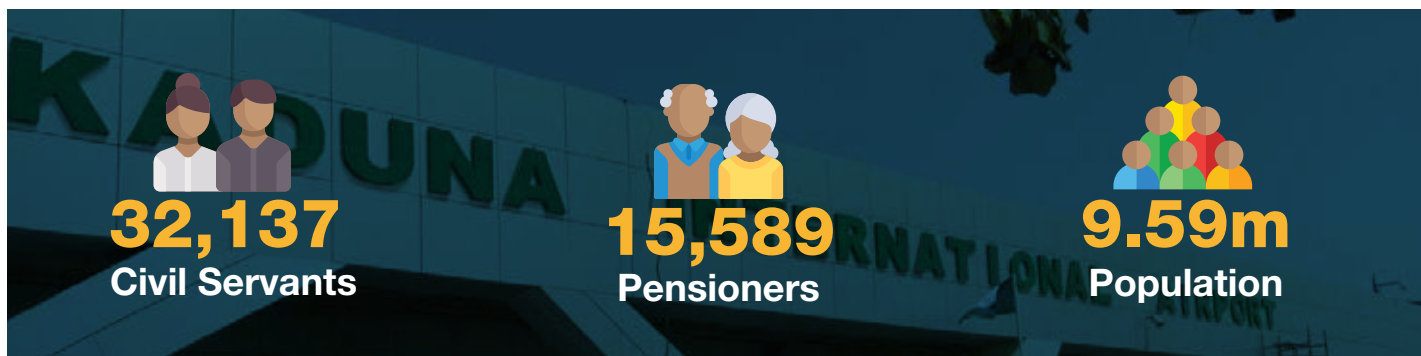
Looking more closely at the state's IGR performance, we see that Kaduna's IGR grew somewhat unsteadily, with its highest jump occurring between 2018 and 2019; an increase of N15.51bn. This performance may have affected

state spending, as it prioritised Capex, moving from N101.89bn in 2020, to N162.63bn in 2021: growth of 59.62%. During the same period, it de-prioritised operating expenses, moving from N86.38bn to N69.69bn: a reduction of 19.32%. Looking at the total expenditure, Kaduna moved from N192.10bn in 2020 to N235.95bn in 2021: growth of 22.83% and the 19th highest in the federation.

Kaduna ranked among the bottom 7 states (29th) on the debt sustainability index. It is the 2nd most indebted state in the federation, with a total debt of N307.49bn. The state's foreign debt is also critical, as it is the second most indebted state in the federation, with a \$595.12 million dollar foreign debt profile. Interestingly, the state had one of the lowest Debt Service profiles in the federation (N3.62bn), ranked 31st but also one of the highest 'Debt as a percentage of Revenue' profiles of 210.39%, ranked 5th in the federation. The latter percentage places Kaduna above the recommended threshold for Debt and Revenue.

42- Ibid, at 4.

43- See the Presidential Enabling Business Council (PEBEC), States Ease of Doing Business Survey Results, op.cit.



Subnational Governance Reforms for a New Era



Kaduna state's implementation of Biometric registration and Bank Verification Numbers (BVN), in relation to the state Civil Service and resultant performance, has been good, since 2018. Though the state commenced the use of Biometrics in 2016, the state was able to achieve both sub-reform in 2018, just one sub-reform in 2019 and both in 2020.

Kaduna state performed quite well, in the implementation of 2018 and 2019 DLIs. Kaduna state achieved the highest number of reform components in 2018; more than any other state in the federation. 2019 had the state slow down to achieve only 7 reforms: a fall in 2 reform items in 2018. Nonetheless, the total reforms met between 2018 and 2019, ensured Kaduna state a place in the top 10 performers across the federation, with a total reforms for the two-year period exceeding 15 (out of a total obtainable of 19). For the 2018 fiscal year, Kaduna was unable to meet the reform pertaining to 'Improved Financial Reporting and Budget Credibility' but partially made up for it in 2019, through the achievement of DLI1.2 among the two sub-reforms. However, Kaduna's budget reporting was observed to have improved as the state published its quarterly implementation reports for Q2, Q3 and Q4 periods. In addition, Kaduna was able to maintain a budget deviation of less than 15% for its amended budget. The state met this DLI fully, in 2020.³³

The state was able to meet the reform regarding 'Improved cash management and reduced revenue leakages through the implementation of the state TSA' in 2018. In fact, Kaduna was one of the four states that achieved this reform in 2018. In 2019, Kaduna was again, one of 7 states in the federation that achieved this reform. For 2020, Kaduna maintained its stride of achievement by meeting the DLI.³⁴ In fact, not only does Kaduna have an operational TSA (a build-up from years of tax reform within

the state) it has a functional computer dashboard, called the 'Kaduna State Government Trackpay', that shows the state's fiscal balances in real-time. The constant achievement of this DLI has given the state an average IGR per fiscal year of N44bn (2018 to 2021).

Kaduna state's implementation of Biometric registration and Bank Verification Numbers (BVN), in relation to the state Civil Service and resultant performance, has been good, since 2018. Though the state commenced the use of Biometrics in 2016, the state was able to achieve both sub-reform in 2018, just one sub-reform in 2019 and both in 2020.³⁵ Regarding 'Improved procurement practices for increased transparency and value for money', the state achieved both sub-reforms in 2018 but only one in 2019 and 2020. This is a serious setback for the state, as the implementation of procurement legislation and a framework is useful but must be followed through with information on the contents of contracts to enable citizens to engage effectively.

33- See Office of the Auditor General of the Federation. (2021). The States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results. 2020 Annual Performance Assessment (APA) Report. Kaduna State, at p. 3. Available at: <https://www.sftas.org.ng/document/kaduna-state-2020-annual-performance-assessment-reports/>.

34- See Office of the Auditor General of the Federation. The States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results. 2020 Annual Performance Assessment (APA) Report. Kaduna State, op.cit.

35- Ibid.



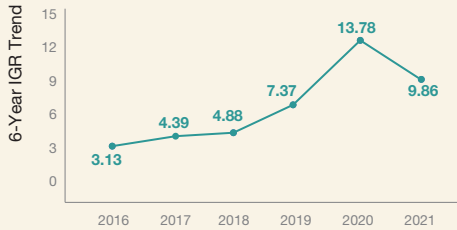
Kebbi State

Land of Equity

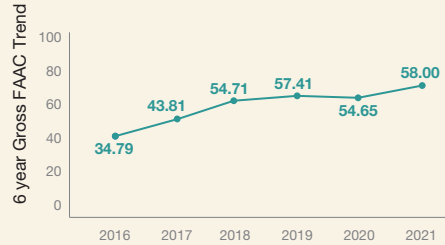
Overall Fiscal Performance Rank **15**
out of 36 states

Debt Sustainability Rank **10**
out of 36 states

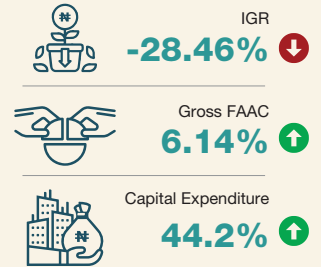
6-Year IGR Trend (NGN'bn)



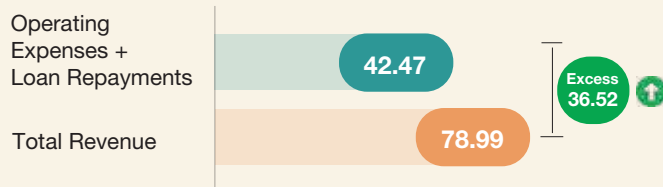
Gross FAAC (NGN'bn)



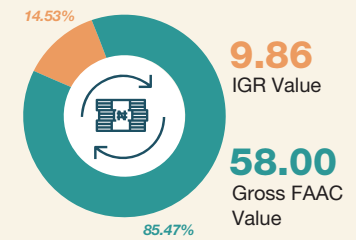
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



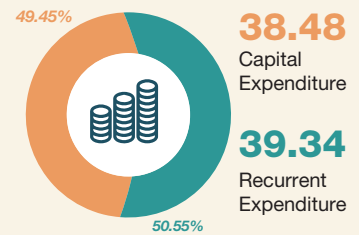
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	21	34
Gross FAAC	21	26
Size of Total Debt	23	34
Size of Domestic Debt	31	34
Size of Foreign Debt	26	27

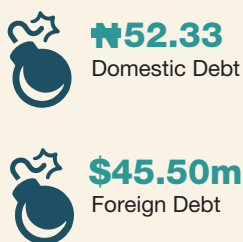
Spending Priority (2021) (NGN'bn)



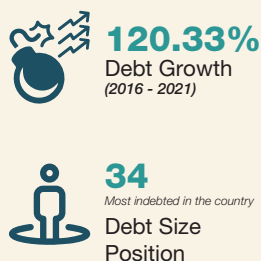
Per Capita Analysis



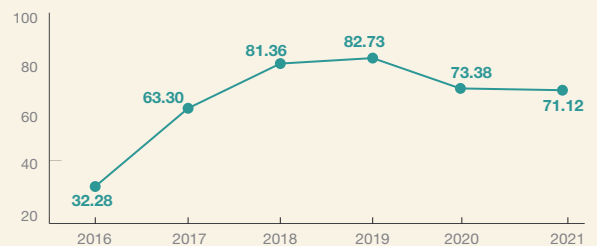
Debt Profile



Total Debt Growth




Total Debt (NGN'bn)





Ease of doing
Business Ranking

6th



Capital
Importation
(2019 - 2021)

\$0.00m



Health Spending
per Capita

₦1,136



Education Spending
per Capita

₦2,522



GDP

₦1.80tn



Among the 36 states, Kebbi had the 20th highest IGR in 2020 but dropped to have the 34th position in the federation and the worst IGR in its region in 2021.

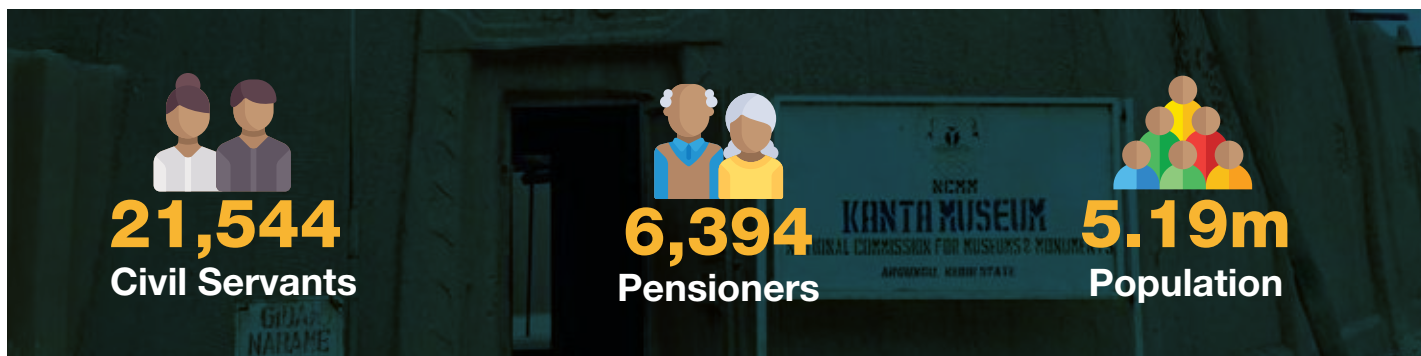
The Land of Equity is ranked the 14th in BudgIT's 2022 Fiscal performance¹ ranking. This is a significant drop from its previous year's position, which placed it at the 5th most performing state. The Presidential Enabling Business Council (PEBEC),⁴⁷ ranked the state 6th among the 36 states in the Ease of Doing Business index and the 3rd in the northwestern region. The size of the state's economy stood at N1.80tn in 2021, placing it in the 31st position among its 36 peers and 6th in its region. Despite the size of the economy and its Ease of Doing business ranking, the state was unable to attract any capital in the 2021 fiscal year.

As a fiscal entity, the state performed well, in terms of its total revenue which moved minimally from N75.61bn in 2020 to N78.99bn in 2021: a 4.48% growth of N3.38bn. The state's Internally Generated Revenue (IGR), fluctuated in the past four fiscal years, growing from N4.88bn in 2018, to N7.37bn in 2019, to N13.78bn in 2020 and then N9.86bn in 2021. Among the 36 states, Kebbi had the 20th highest IGR in 2020 but dropped to have the 34th position in the federation and the worst IGR in its region in 2021. As a ratio of the state's GDP, Kebbi's IGR stands at 0.55%, the poorest in its region and 25th in the federation. Considering IGR to total revenue for 2021, we note that the state is at 12.48%; a little over one-tenth of the state's total revenue and the 32nd position in the federation. Regarding external sources of revenue, the state's share of gross revenue from the Federal Account Allocation Committee (FAAC), moved slightly from N54.64bn to

N58bn between 2020 and 2021.

For 2020, Kebbi's Personnel expenses of N26.09bn was only N594.43mn higher than Capex, while in 2021, the state spent N14.01bn more on Capital expenses, having spent N24.45bn on Personnel expenses. Looking at total expenditure, Kebbi moved from N64.90bn in 2020 to N80.94bn in 2021: growth of 24.72% and the 18th in the federation. With a total domestic debt of N52.33bn, the state is the 34th most indebted state: an optimal position, while in terms of total foreign debt the state is 27th among the states, with a total of \$45.50mn dollars. Combined, the state's total domestic and foreign debt of N71.12bn earns it the 34th most indebted state in the country.

47- Ibid.



Subnational Governance Reforms for a New Era



Only being able to achieve 4 out of a total of 9 reforms for the period, the state scored less than the average score (5.2) among the 24 states that participated in the SFTAS Program for Results (PforR).

Kebbi state started off poorly in the first year of implementation of the State Fiscal Transparency, Accountability and Sustainability (SFTAS) DLI. Only being able to achieve 4 out of a total of 9 reforms for the period, the state scored less than the average score (5.2) among the 24 states that participated in the SFTAS Program for Results (PforR). In 2019, however, the state was able to show a significant improvement, by achieving 8 out of a total of 9 obtainable reforms. However, this meant that Kebbi achieved 12, out of a total of 18 reforms for the two-year period.

Kebbi state was unable to meet the first reforms-on budgeting and audited financial statements-in the first year of the State Fiscal Transparency, Accountability and Sustainability (i.e., 2018) program. 2019 had the state meet only one out of the two reforms, namely the publishing of its budget implementation reports. 2020 saw the state again meet the target of publishing its budget implementation reports but Kebbi was also still unable to contain the deviation of its budget expenditure, as the latter hit 35%: 20% more than the threshold.⁴⁸

The implementation of Treasury Single Account protocols (or TSA) for the state's fiscal management was only met in 2020,⁴⁹ as in the 2018 to 2019 fiscal year's the state failed to meet this reform. However, having met it in 2020,⁵⁰ the state's IGR curiously fell by 28.46%, from N13.77bn in 2020 to N9.85bn in 2021. Apparently, the

implementation of this component had no appreciable effect on its subsequent cash management; the TSA only had a lifespan of 1 year. In the linking of Bank Verification Numbers (BVN) and Biometric verification to the state's payroll, Kebbi state has had some particularly very good performance. In 2018 and 2019, the state was able to achieve both sub-DLRs for this component and achieve the same in 2020. Comparing the state's personnel spending between 2020 to 2021 the state spent N26.09bn on Personnel expenses in 2020 and N24.45bn in 2021: a difference of N1.63bn.

Procurement reforms in the state have fared similarly to BVN and Biometric verification reforms, in the sense that the state was unable to meet both components in the 2018 and 2019 implementation years. Despite the critical nature of procurement reform to governance and savings, Kebbi could only find respite in the 2020 implementation. Lastly, the position of the state in terms of debt management has also been patchy. Kebbi could only meet the second sub-component of this (having to do with quarterly state debt reports), as it had missed out on the implementation of state-level debt legislation for the first two years of the program (i.e., 2018 and 2019).

48- See Office of the Auditor General of the Federation. (2021). The States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results. 2020 Annual Performance Assessment (APA) Report. Kebbi State, at p. 3. Available at: <https://www.sftas.org.ng/document/kebbi-state-2020-annual-performance-assessment-reports/>.

49- See Office of the Auditor General of the Federation. The States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results. 2020 Annual Performance Assessment (APA) Report. Kebbi State, op.cit.

50- Ibid.



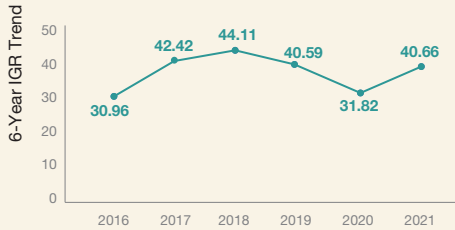
Kano State

Centre of Commerce

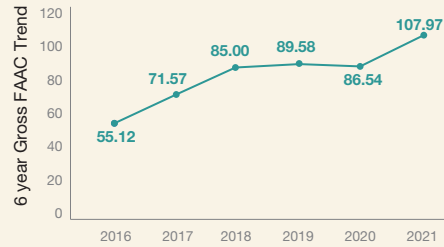
Overall Fiscal Performance Rank **7**
out of 36 states

Debt Sustainability Rank **13**
out of 36 states

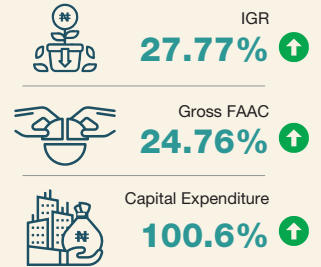
6-Year IGR Trend (NGN'bn)



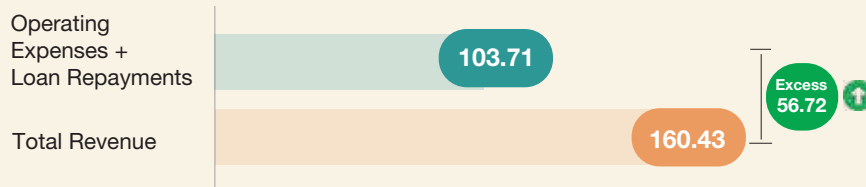
Gross FAAC (NGN'bn)



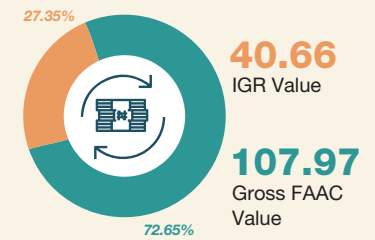
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



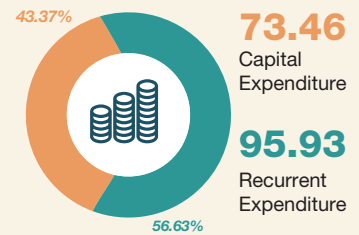
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	7	8
Gross FAAC	6	6
Size of Total Debt	9	14
Size of Domestic Debt	12	13
Size of Foreign Debt	18	10

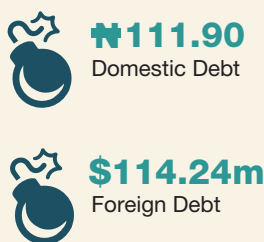
Spending Priority (2021) (NGN'bn)



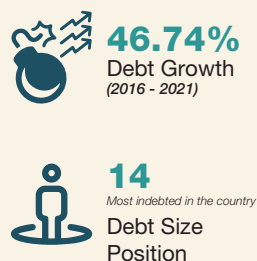
Per Capita Analysis



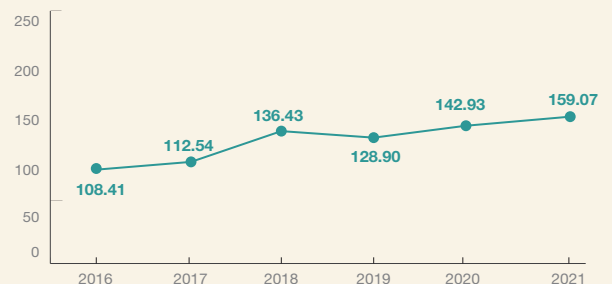
Debt Profile



Total Debt Growth



Total Debt (NGN'bn)





Ease of doing
Business Ranking

31st



Capital
Importation
(2019 - 2021)

\$6.74m



Health Spending
per Capita

₦1,195



Education Spending
per Capita

₦2,141



GDP

₦4.20tn



Having a total revenue of N118.33bn in 2020, the state's total revenue climbed to N142.04bn in 2021; an expansion of 12.95%. Placing IGR side by side with total revenue in 2021, the state is at 25.34%; slightly above a quarter of the state's total revenue and the 15th highest in the federation.

The Centre of Commerce was ranked 7th in the federation (and 2nd in its region), according to Budget's 2022 Fiscal performance ranking: an appreciable climb from its previous position in 2021 as the 22nd. The Presidential Enabling Business Council (PEBEC),⁵¹ ranked it 31st among the 36 states in the Ease of Doing Business index and it is the 6th within the North Western region. The state has the 13th largest economy of N4.20tn among its 36 peers and the 2nd largest within its region. In terms of spending on the social sector, Kano had N1,194.47 naira and N2,141.44 naira as its per capita spending on health and education which is less than the national average of N1,977.07 and N3,949.99 respectively.

Having a total revenue of N118.33bn in 2020, the state's total revenue climbed to N142.04bn in 2021; an expansion of 12.95%. Placing IGR side by side with total revenue in 2021, the state is at 25.34%; slightly above a quarter of the state's total revenue and the 15th highest in the federation. Looking closely at the state's Internally Generated Revenue (IGR), Kano collected N31.82bn in 2020 and made minimal improvement, to collect N40.66bn in 2021; an increase of 27.77%. Among the 36 states in 2021, Kano had the 8th largest IGR in the federation and the 2nd largest in the region. This IGR, as a ratio of the GDP of the state, is 0.97%; the 15th highest in the federation and the 3rd highest in the region. Kano's external sources of revenue, i.e., from the Federal Account Allocation Committee (FAAC), grew from N86.54bn in 2020 to N107.97bn

in 2021. This translated to a change in the state's FAAC dependency ratio, from 60.93% in 2020 to 67.30% in 2021.

In 2021, Kano spent N9.81bn more on Capex (N73.45bn) than Personnel expenses (N63.64bn). Comparing Kano's 2020 Capital expenditure to its 2021 expenditure, we see a growth of 100.60%; spending N36.61bn in 2020 to N73.45bn in 2021. Looking at the total expenditure, Kano moved from N146.56bn in 2020 to N177.16bn in 2021: growth of 20.87% and the 22nd highest in the federation. The debt position of the state as of 2021 was N159.07bn; the 14th highest in the federation and the 2nd highest in the region. With a debt as a percentage of GDP was 3.79% (ranked the 22nd in the federation) and a debt to revenue ratio of 99.15%, Kano ranked 13th on the debt sustainability index.

51- Ibid.



Subnational Governance Reforms for a New Era

Kano generally performed quite poorly in the 2018 and 2019 years of the State Fiscal Transparency, Accountability and Sustainability (SFTAS) program. Beaten only by Katsina to have the worst overall performance in 2018, the state maintained its position in the 2019 reform year and implemented only 2 reforms, out of a possible 9 in total.

In terms of budget reporting and the publishing of audited financial statements, Kano state was unable to meet these reforms for the 2018 and 2019 reporting periods. Though it was able to do marginally better in the 2020 year,⁵² the state only met the implementation of one of the sub-reform components (ensuring that the deviation on budget expenditure was less than 15%) but failed to meet the timely publication of the Q2, Q3 and Q4 budget implementation reports.

Kano's handling of Treasury Single Account (TSA) protocols was again fraught with non-implementation, for the 2018 and 2019 implementation periods. Similar to the reforms around the publication of budget implementation reports and audited financial statements, the state could not pull together and apply TSA principles and practices to state financial management. Kano was, however, able to meet this reform in 2020 and implemented the same.⁵³ The implementation of this reform may have been the reason for the improvement in the collection of IGR between 2020 and 2021. However, it is hard to say if the improvement was only a reflection of the low revenue collected due to the COVID-19 pandemic's effect on

governance in the 2020 fiscal year, as was the same in many parts of the country.

The state's experience with the implementation of Biometric Verification Numbers and Biometric verification protocols was similar to that of the previous reform components, in that the state found no achievements in the 2018 and 2019 implementation periods. Fortunately (though similar to its experience above), the state met the Biometric verification and BVN component in the 2020 implementation period.⁵⁴ Looking at the state's performance in this regard, it is impossible to determine how much the state would have saved if its payroll were managed more efficiently and transparently. However, one may hypothesize that, with the size of the state's civil service (measured by the total number of personnel on the state payroll), there would likely be significant savings recorded if the reform were appropriately applied.

Lastly, Kano state performed slightly better in Fiscal responsibility and debt laws, as it achieved one sub-indicator in both the 2018 and 2019 implementation periods. The state was unable to achieve the implementation of its debt legislation in the previous years but was able to do so in the 2020 implementation period.⁵⁵ Kano leaves much to be desired in terms of its general performance and this is particularly worrisome, as it had the 8th highest IGR in 2021. This means that the state has the potential to improve not just revenue collection but also the quality of its governance.



Kano state performed slightly better in Fiscal responsibility and debt laws, as it achieved one sub-indicator in both the 2018 and 2019 implementation periods. The state was unable to achieve the implementation of its debt legislation in the previous years but was able to do so in the 2020 implementation period.

52- See Office of the Auditor General of the Federation. (2021). The States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results. 2020 Annual Performance Assessment (APA) Report. Kano State, at p. 3. Available at: <https://www.sftas.org.ng/document/kano-state-2020-annual-performance-assessment-reports/>.

53- See Office of the Auditor General of the Federation. The States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results. 2020 Annual Performance Assessment (APA) Report. Kano State, op.cit.

54- Ibid.

55- Ibid, at p. 4.



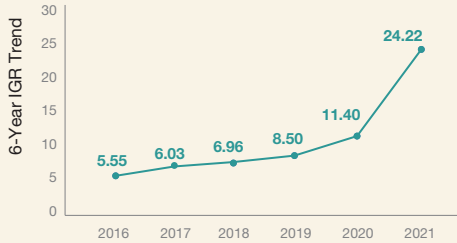
Katsina State

Home of Hospitality

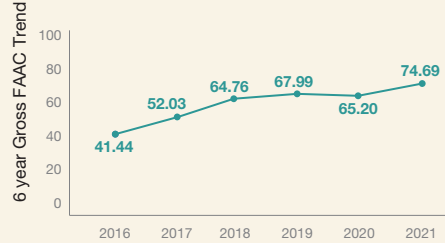
Overall Fiscal Performance Rank **21**
out of 36 states

Debt Sustainability Rank **8**
out of 36 states

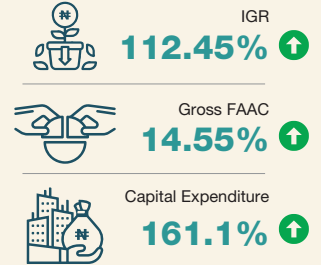
6-Year IGR Trend (NGN'bn)



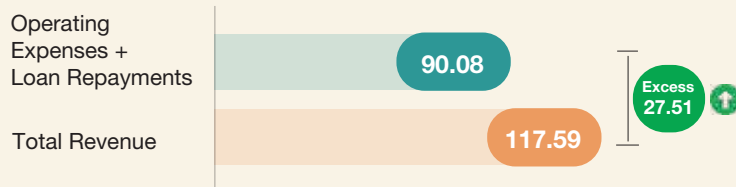
Gross FAAC (NGN'bn)



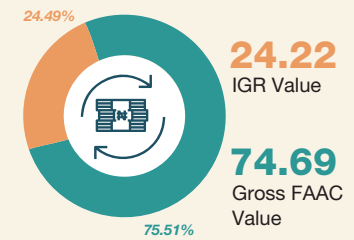
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



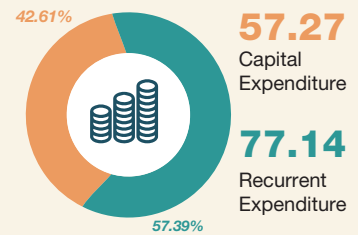
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	28	17
Gross FAAC	9	10
Size of Total Debt	23	30
Size of Domestic Debt	33	29
Size of Foreign Debt	23	22

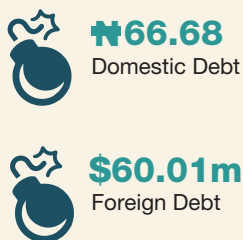
Spending Priority (2021) (NGN'bn)



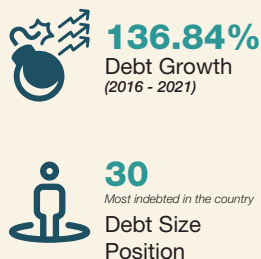
Per Capita Analysis



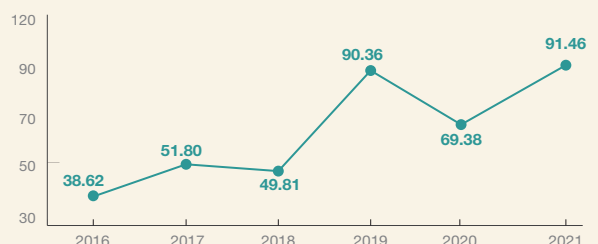
Debt Profile



Total Debt Growth



Total Debt (NGN'bn)





Ease of doing
Business Ranking

9th



Capital
Importation
(2019 - 2021)

\$0.58m



Health Spending
per Capita

₦2,850



Education Spending
per Capita

₦1,710



GDP

₦3.32tn



Katsina was able to grow its total revenue between 2020 and 2021, moving upwards from N99.40bn to N117.58bn: a jump of 18.29% or N18.18bn. Katsina's IGR to total revenue for 2021, shows the state is at 20.60%; which is less than a quarter of the state's total revenue placing the state in the 18th position in the federation.

The Home of Hospitality emerged as the 21st ranked state in the federation and 6th in its region, according to BudgIT's Fiscal performance Index. Katsina state moved three places up, from its 2021 position of 33rd, among the states of the federation. The Presidential Enabling Business Council (PEBEC),⁴⁵ ranked it 9th among the 36 states in the Ease of Doing Business index and it is the 4th ranked within its region. The state has the 19th largest economy of N3.32tn among its 36 peers and the 3rd largest within its region. This gives it a GDP per capita of N365,322: the 27th highest per capita GDP in the country.

Katsina was able to grow its total revenue between 2020 and 2021, moving upwards from N99.40bn to N117.58bn: a jump of 18.29% or N18.18bn. Katsina's IGR to total revenue for 2021, shows the state is at 20.60%; which is less than a quarter of the state's total revenue placing the state in the 19th position in the federation. Katsina state's IGR grew considerably, between 2020 and 2021, with an increase of 112.45%, from a 2020 IGR of N11.39bn to a 2021 IGR of N24.22bn giving the state the 17th highest IGR in the federation and the 4th highest in its region. As a ratio of its GDP, the state's IGR is 0.73%: the 21st position in the federation and the 4th position in its region. It should come as no surprise that the state's Federal Account Allocation Committee (FAAC) revenue dependency declined from 65.59% in 2020 to 63.52% in 2021.

Katsina state prioritised Personnel expenses above Capex in 2021, as the state spent N57.27bn on Capex and N38.54bn on Personnel expenditure:

a difference of N18.72bn. In 2020 Katsina had a much greater difference between its Personnel expenses and Capex, with the state spending N15.23bn more on Personnel (N37.17bn) than Capex (N21.93bn). Considering the total expenditure, Katsina moved from N100.50bn in 2020 to N147.35bn in 2021: growth of 46.61% and the 10th highest in the federation. Katsina's total debt experienced an increase of 31.38%, growing from N69.38bn in total debt in 2020 to N91.46bn in total debt in 2021. This 2021 position translates to 2.75% of Katsina's GDP, placing it well below the critical threshold of debt to GDP being not more than 25%. This, among other things, places Katsina as 30th most indebted state in the federation.



Subnational Governance Reforms for a New Era



Looking at the state's performance on the reform relating to Cash Management practices (i.e., the implementation of Treasury Single Account protocols), Katsina was unable to make any appreciable progress in both the 2018 and 2019 implementation years.

Katsina state's performance in the 2018 to 2019 State Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results was the worst of all the states that participated in the implementation. For the two-year period, Katsina only achieved 3 reforms: one in the first year and two in the second year.

Considering the implementation of transparency reforms in the state, Katsina was unable to successfully implement Improved Budget Implementation Reporting and Budget Credibility in both 2018 and 2020. However, the state was able to meet one sub-reform (i.e., Improved Budget Implementation Reporting) for this component (i.e., DLI 1.1., the FY2020 quarterly budget implementation reports of Q2, Q3 and Q4) but missed out on the second one: the deviation of the amended budget expenditure exceeded 15% (and was 45%).⁵⁷

Looking at the state's performance on the reform relating to Cash Management practices (i.e., the implementation of Treasury Single Account protocols), Katsina was unable to make any appreciable progress in both the 2018 and 2019 implementation years. Succeeding only in 2020 to implement the protocols, the state made some appreciable improvements in its IGR as a result.⁵⁸ The IGR grew from N11.39bn in 2020 to N24.21bn in 2021. Katsina can consolidate this position and ensure that the protocols are able to cover 100% of state accounts and finances.

The state was again unable to implement the reform having to do with reform of the state payroll: specifically, the implementation of Biometric Verification Numbers and Bank verification for the state civil service. 2018 and 2019 saw the state fail to implement the necessary reforms in the management of the state bureaucracy. Though the state has 30,454 persons on its nominal roll, only 19,985 of them are captured by Biometric verification. The 2020 implementation year⁵⁹ was far more successful than the previous two years, as the state was able to implement the entire reform and in that wise, was able to improve the eradication of payroll fraud.

Finally, in the case of the reform, concerning a 'Strengthened public debt management and fiscal responsibility framework', Katsina was unable to make any appreciable achievement in the 2018 and 2019 implementation years. The importance of a fiscal responsibility framework is critical, as it provides a sound basis upon which the entire fiscal edifice—debt, revenue management, expenditure management, etc—of the state rests. Unfortunately, in 2020 the state was still unable to implement the reforms having to do with this fundamental component of sub-national governance.⁶⁰ Looking at Katsina's general performance leaves much to be desired.

⁵⁷ See Office of the Auditor General of the Federation, (2021). The States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results, 2020 Annual Performance Assessment (APA) Report. Katsina State, at p. 3. Available at: <https://www.sftas.org.ng/document/katsina-state-2020-annual-performance-assessment-reports/>.

⁵⁸ See Office of the Auditor General of the Federation, The States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results, 2020 Annual Performance Assessment (APA) Report. Katsina State, at op.cit.

⁵⁹ Ibid.

⁶⁰ Ibid.



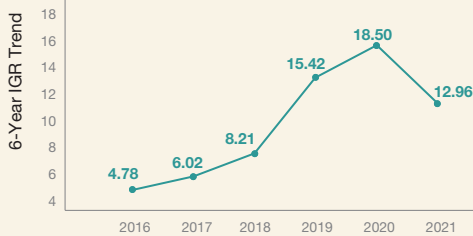
Zamfara State

Farming is Our Pride

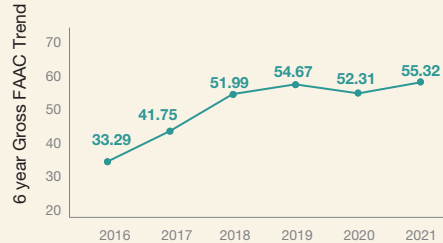
Overall Fiscal Performance Rank **25**
out of 36 states

Debt Sustainability Rank **27**
out of 36 states

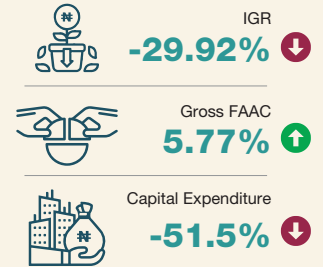
6-Year IGR Trend (NGN'bn)



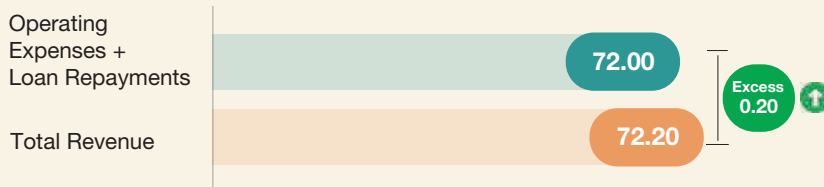
Gross FAAC (NGN'bn)



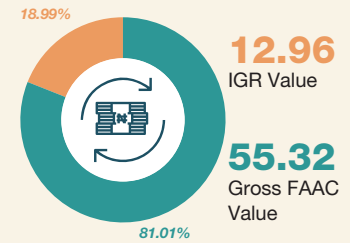
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



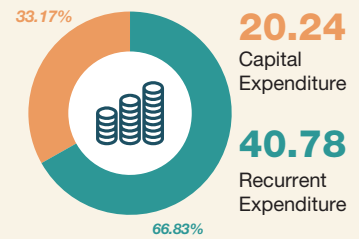
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	16	31
Gross FAAC	26	29
Size of Total Debt	19	23
Size of Domestic Debt	16	15
Size of Foreign Debt	31	32

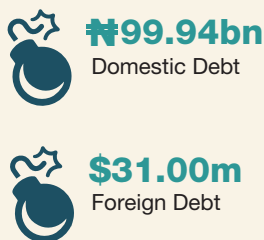
Spending Priority (2021) (NGN'bn)



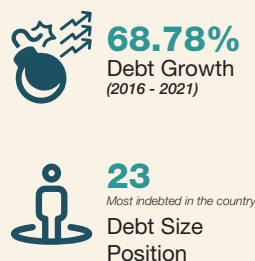
Per Capita Analysis



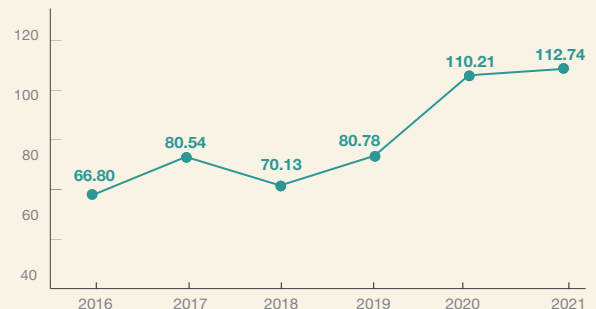
Debt Profile



Total Debt Growth



Total Debt (NGN'bn)





Ease of doing
Business Ranking

36th



Capital
Importation
(2019 - 2021)

\$0.00



Health Spending
per Capita

₦946



Education Spending
per Capita

₦1,526



GDP

₦1.73tn



Zamfara has 26th IGR position in the federation and the 6th in its region. In 2020, the state had the lowest IGR in the federation and the lowest IGR in its region.

The state known for 'Farming as its Pride' ranked 25th in the 2022 fiscal performance ranking in the federation (and 3rd in its region), having made an appreciable movement from the 11th position in 2020. However, the Presidential Enabling Business Council (PEBEC)⁶¹ ranked it the least among the 36 states in their Ease of Doing Business index and is the 7th, within its region. The state's estimated economy size is the 32nd (N1.73tn) among its 36 peers and the 7th (the smallest) within its region. Despite this size, Zamfara had no capital importation between 2019 and 2021.

The state was able to grow its total revenue between 2020 and 2021, to the tune of N4.41bn, having moved from N70.69bn in 2020 to N72.20bn: a growth of 2.14%. Analysing Internally Generated Revenue (IGR) against total revenue for 2021, it was observed that the state is at 17.95%; less than one-fifth of the state's total revenue and the 26th in the federation. In 2020, the state had the lowest IGR in the federation and the lowest IGR in its region. This poor performance may be the reason why the state has one of the poorest per capita spending on health (30th) and education (31st) in the federation, at N946.29 naira and N1,526.75 thousand naira, respectively.

External sources of revenue experienced marginal increase, as Federal Account Allocation Committee (FAAC) revenue grew from N52.31bn in 2020 to N55.32bn in 2021: a jump of N3.01bn.

Looking at total expenditure, Zamfara moved from N109.29bn in 2020 to N92.25bn in 2021: a contraction of 15.59% and the 35th position in the federation. Zamfara's state debt as of 2021, was N112.74bn: the 23rd highest in the federation and the 3rd highest in its region. The year-on-year growth of this debt, i.e., between 2020 and 2021, was 2.30%. Zamfara has the 15th highest domestic debt in the federation, the 32nd highest foreign debt in the federation and the 5th highest debt service in the federation.

61- Ibid.



Subnational Governance Reforms for a New Era

Zamfara state was unable to carry out any State Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results reforms in the 2018 and 2019 implementation years. Zamfara was among the 4 states (Rivers, Imo and Bayelsa) that were ineligible or did not meet the criteria for eligibility. Fortunately, the 2020 implementation year had a much better performance from the state having ‘Farming as its Pride’.

Similar to the above, Zamfara fell short on the reform relating to Biometric registration and Bank Verification Number (BVN) used to reduce payroll fraud. 2018 and 2019 had no achievement in this regard. Yet, 2020⁶⁴ saw the state meet this reform but, as in the case of transparency reforms, it is uncertain if the state has created enough initiative to sustain this reform, even if it meets it in the final (2021) implementation year.



Zamfara may not have created enough reform initiatives to sustain the continuous improvement of this indicator.

Evaluating the state’s performance in the implementation of transparency reforms, namely; Improved financial reporting and budget reliability, Zamfara was unable to action this reform component in 2018 and 2019. However, 2020⁶⁵ had an attempt by the state to implement this and Zamfara was able to succeed. Despite the smooth implementation of this reform, Zamfara may not have created enough reform initiatives to sustain the continuous improvement of this indicator.

On the reform pertaining to ‘Improved procurement practices for increased transparency and value for money’, Zamfara was again unable to meet this reform component. 2018 and 2019 had no performance in this regard. 2020 had similar non-achievement and the state eventually missed 3 years without meeting this reform.⁶⁶ Similar to its performance in the TSA reform above, the state is placing itself in a position where it is wide open for compromise of its revenue. In fact, this may be the reason for the state’s poor performance in its IGR growth.

Again, the state was unable to achieve the reform and implementation of Treasury Single Account protocols and procedures. More specifically, this reform component concerns the use of a formally approved (TSA) cash management strategy, that is established and functional, and that covers a minimum of 70% of state government finances. Unfortunately, even in 2020,⁶³ Zamfara did not implement this reform and missed 3 consecutive years of this reform and it goes without stating that in not meeting this reform, the state is extremely vulnerable to leakages and revenue capture plus \$1.5 million dollars that would have come to the states as a result of the implementation of the TSA.

Lastly, SFTAS public debt management and fiscal responsibility framework reforms in Zamfara, the state had much better performance than the previous reform components assessed above. However, it should be noted that the state was able to achieve only sub-reforms (i.e., Quarterly state debt reports for Q2, Q3, and Q4 accepted by the DMO and Annual State debt sustainability analysis published by end of the relevant period) for both 2018 and 2019. Zamfara performed much better in the 2020 period,⁶⁶ as it was able to meet the whole reform, unlike the previous years.

62- See Office of the Auditor General of the Federation, (2021). The States’ Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results. 2020 Annual Performance Assessment (APA) Report. Zamfara State, at p. 3. Available at: <https://www.sftas.org.ng/document/zamfara-state-2020-annual-performance-assessment-reports/>.

63- See Office of the Auditor General of the Federation, The States’ Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results. 2020 Annual Performance Assessment (APA) Report. Zamfara State, at op.cit., p. 3.

64- Ibid.

65- Ibid, at p. 4.

66- Ibid.



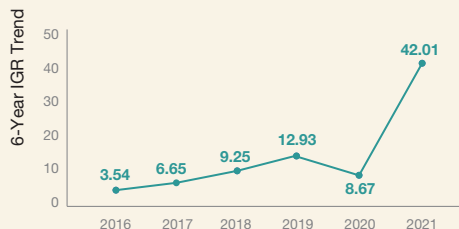
Jigawa State

The New World

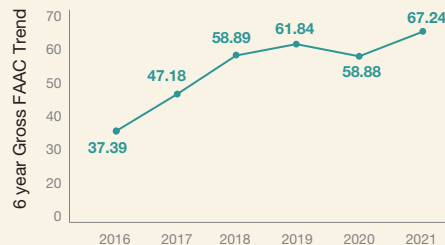
Overall Fiscal Performance Rank **23**
out of 36 states

Debt Sustainability Rank **1**
out of 36 states

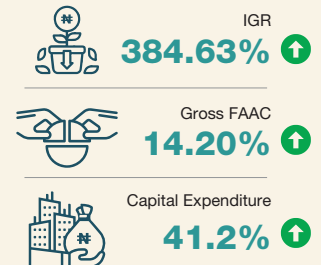
6-Year IGR Trend (NGN'bn)



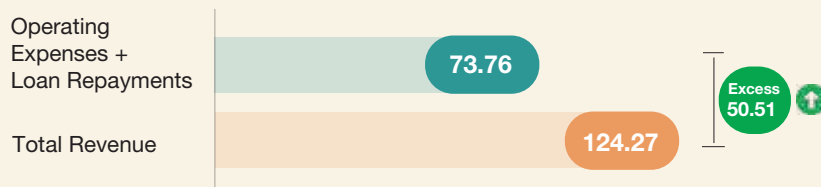
Gross FAAC (NGN'bn)



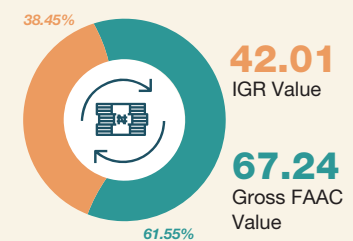
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



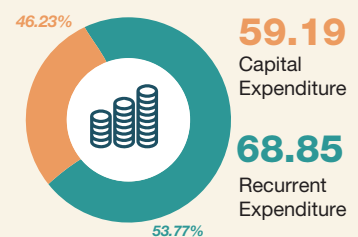
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	32	7
Gross FAAC	16	17
Size of Total Debt	26	36
Size of Domestic Debt	36	36
Size of Foreign Debt	32	33

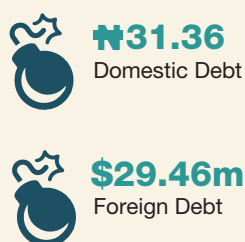
Spending Priority (2021) (NGN'bn)



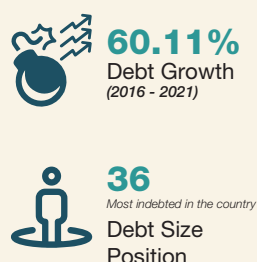
Per Capita Analysis



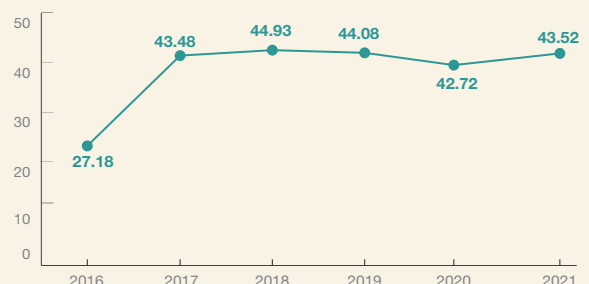
Debt Profile



Total Debt Growth



Total Debt (NGN'bn)





Ease of doing
Business Ranking

3rd



Capital
Importation
(2019 - 2021)

\$0.00m



Health Spending
per Capita

₦2,703



Education Spending
per Capita

₦6,965



GDP

₦2.16tn



Jigawa's statutory allocations, i.e., Federal Account Allocation Committee (FAAC), grew in the 2020 to 2021 period, from N58.88bn to N67.24bn an increase of N8.36bn. Comparing IGR to total revenue for 2021, it was observed that the state is at 33.80%; which is just above one-third of the state's total revenue and the 5th in the federation.

The 'New World' state was ranked 23rd in the federation, in BudgIT's 2022 fiscal performance index, having climbed two places from its previous ranking of 25th position. Having the largest economy within its region (N2.16tn), the state is the 26th largest economy in the federation. The Presidential Enabling Business Council (PEBEC) subnational ranking,⁶⁷ placed it at the 3rd position, among its 36 peers and 2nd in its region. The state has a per capita spend of N2,703.26 thousand naira on health (the 8th highest in the federation) and N6,965.18 thousand naira on education (the 6th highest in the federation).

Jigawa state has performed satisfactorily on its total revenue growth, as the state was able to move from N112.72bn in 2020 to N124.27bn in 2021: an increase of N11.55bn or 10.25%. Jigawa's statutory allocations, i.e., Federal Account Allocation Committee (FAAC), grew in the 2020 to 2021 period, from N58.88bn to N67.24bn an increase of N8.36bn. Comparing IGR to total revenue for 2021, it was observed that the state is at 33.80%; which is just above one-third of the state's total revenue and the 5th in the federation. The IGR grew by N33.34bn between 2020 (N8.67bn) and 2021 (N42.01bn): an increase of 384.98%. Among the states

of the federation, Jigawa had the 7th highest IGR and the 2nd highest revenue among the 7 states within its region.

Looking at the total expenditure, Jigawa moved from N112.12bn in 2020 to N132.96bn in 2021: growth of 18.58% and the 24th in the federation. Of this total expenditure, N59.19bn was spent on capital expenditure, a move up from N41.92bn in 2020. In terms of Jigawa's debt position, the state has a total debt of N43.52bn and debt service of N4.91bn. This total debt places the state as the least indebted state in the federation and the least indebted state in its region, as of 2021. Its total domestic debt is N31.36bn, while its total foreign debt is \$29.46mn dollars. The year-on-year growth rate of the total debt is 1.88%, having moved from N42.72bn in 2020 to N43.52bn in 2021.

66- Ibid.

67- Ibid.



Subnational Governance Reforms for a New Era

Looking at Jigawa state in the 2018 and 2019 reform years, we see a state that has performed very well, compared to its peers. Jigawa state was the 3rd out of the 8 top performing states in both years and scored well above the median in the 2018 reform year. Jigawa state achieved one reform less than the top performing states for both periods and is the top performing state in its region.

However, in 2019, the state was only able to meet Biometric use in payroll management (or DLI5.1) and not Bank Verification Number use in payroll management (or DLI5.2), the latter having to do with linking BVN data to at least 90% of current civil servants and pensioners on the payroll and addressing payroll fraud. In 2020,⁷⁰ Jigawa was unable to meet this reform component exhaustively; unlike in previous years, the state met none of the two sub-indicators.



Specifically, the state was unable to meet the FY quarterly budget implementation reports for Q2, Q3, and Q4 and publication (on average within 4 weeks of quarter-end) to enable timely budget management. However, the state made the full reform in the 2020 implementation period.

Taking a look at the state's performance on Budget Reporting,⁶⁸ we see Jigawa unable to achieve complete implementation of the entire reform component and meeting only Improved Budget Credibility reform (or DLI1.2), in the 2018 and 2019 reform periods. Specifically, the state was unable to meet the FY quarterly budget implementation reports for Q2, Q3, and Q4 and publication (on average within 4 weeks of quarter-end) to enable timely budget management. However, the state made the full reform in the 2020 implementation period.

Considering the procurement reforms, Jigawa state was unable to meet this reform component in 2018. It must be stated that procurement reforms are fundamental to improving the revenue profile and governance of a state. Losses from procurement fraud are a major bane of Nigeria and have been reported to cost the nation about N300bn annually.⁷¹ 2019 found the state in better stead, having achieved the reform in its entirety. Having achieved this reform in 2019, the state had much less to attain in 2020.⁷²

On the reform relating to 'Improved cash management and reduced revenue leakages through the implementation of State TSA',⁶⁹ Jigawa performed excellently well and was able to meet the reform implementation in all three years. Jigawa has demonstrated that it is keen to manage all its revenue and this will mean that revenue leakages and finance 'capture' will be significantly minimised. To boot, the state had the fastest growing IGR in the 2020 and 2021 fiscal years.

Jigawa fared differently in the public debt management and fiscal responsibility component of the SFTAS reforms, as it achieved only Strengthened debt reporting (or DLI7.2) in the 2018 implementation year. The following year, the state was able to meet both components of the reform. However, 2020⁶² had the state achieve only one component (Fiscal responsibility and debt laws) and miss out on the reform concerning the state's Annual Debt Sustainability Analysis not including a Medium-Term Budget forecast; a detailed description of the state's debt portfolio and borrowing options; and an analysis of the debt and fiscal figures in the preceding year. Other than this, Jigawa performed very well, compared to the states in its region and even nationally.

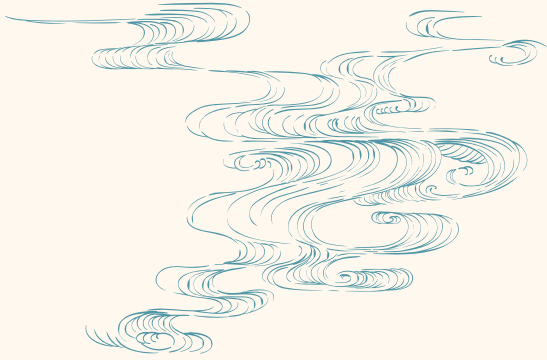
Jigawa's performance on the implementation of BVN and Biometric verification protocols, we again see that the state performed well in 2018, with the achievement of the whole reform.

68- See Office of the Auditor General of the Federation. (2021). The States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results. 2020 Annual Performance Assessment (APA) Report. Jigawa State, at p. 3. Available at: <https://www.sftas.org.ng/document/jigawa-state-2020-annual-performance-assessment-reports/>.

69- See Office of the Auditor General of the Federation. The States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results. 2020 Annual Performance Assessment (APA) Report. Jigawa State, op.cit., at p. 3.

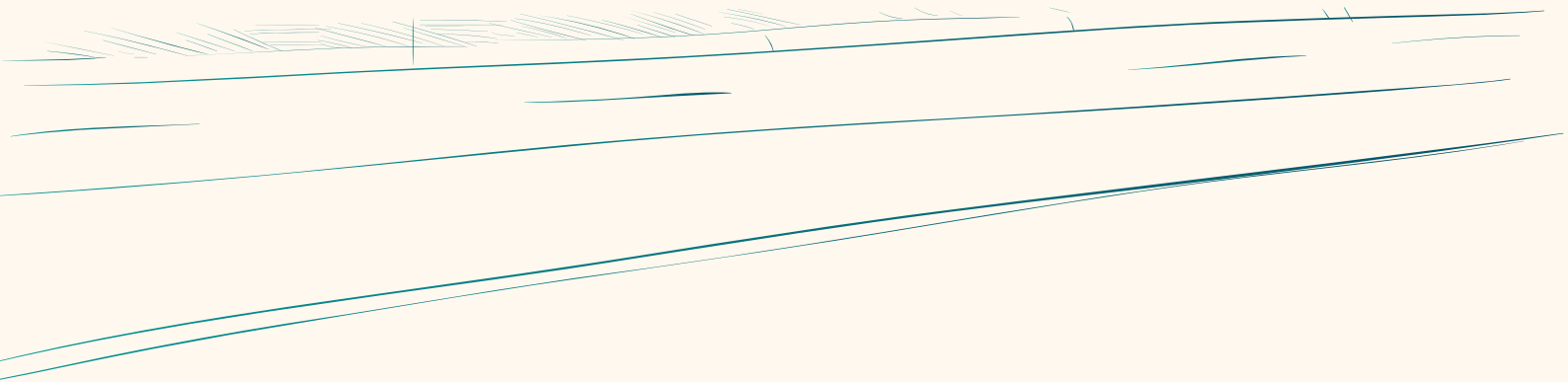
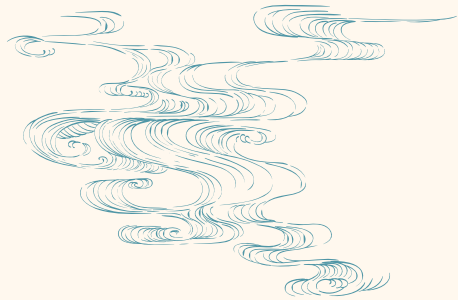
70- Ibid.

71- See "Procurement fraud costs Nigeria over N300billion yearly - Forensic Institute", by Mathias Okwe, on the 4th of May 2021, in the Guardian (Online) Newspaper. Available at: <https://guardian.ng/news/procurement-fraud-costs-nigeria-over-n300billion-yearly-forensic-institute/>.



North -East

REGION





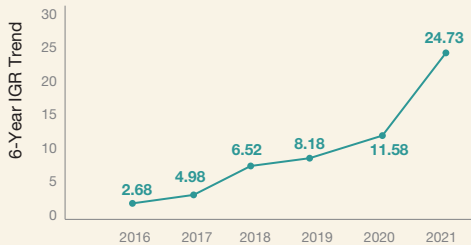
Borno State

Home of Peace State

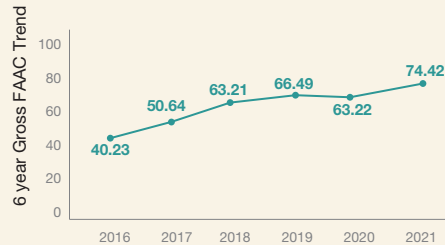
Overall Fiscal Performance Rank **20**
out of 36 states

Debt Sustainability Rank **6**
out of 36 states

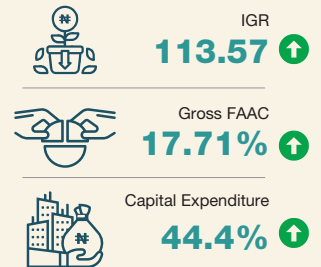
6-Year IGR Trend (NGN'bn)



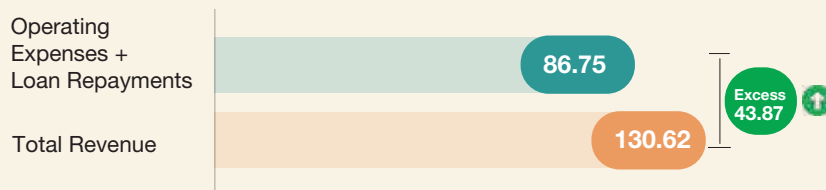
Gross FAAC (NGN'bn)



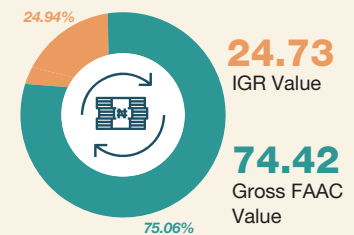
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



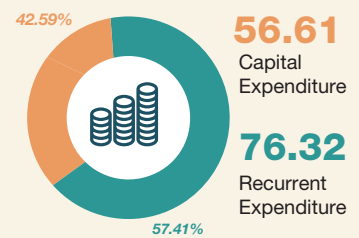
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	27	16
Gross FAAC	12	11
Size of Total Debt	19	24
Size of Domestic Debt	19	18
Size of Foreign Debt	35	36

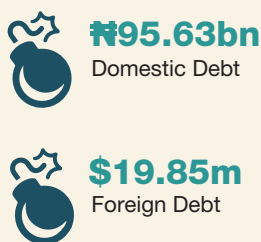
Spending Priority (2021) (NGN'bn)



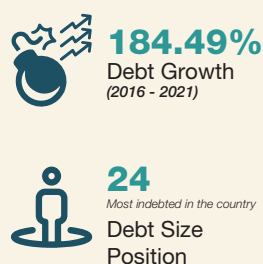
Per Capita Analysis



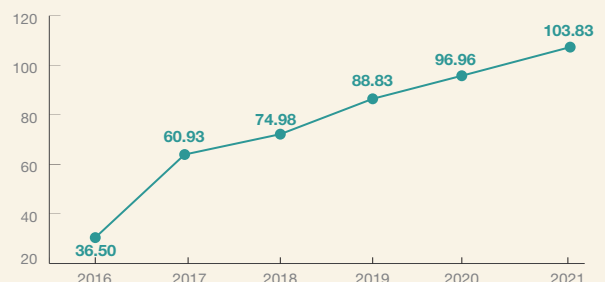
Debt Profile



Total Debt Growth



Total Debt (NGN'bn)





Ease of doing
Business Ranking

30th



Capital
Importation
(2019 - 2021)

\$0.50m



Health Spending
per Capita

₦696



Education Spending
per Capita

₦2,770



GDP

₦1.96tn



Borno is the 24th most indebted state in Nigeria and the 3rd most indebted state in the Northeast region, with a total debt stock of N103.83 billion as at 31st December 2021. The state grew its debt by 7% from N96.96bn in 2020 to N103.83bn in 2021.

Borno State, despite being the “Home of Peace” and having been plagued with over ten years of terrorism, had an estimated GDP size of N1.96tn in 2021. Borno—with the 15th largest IGR in the country by size and the highest in the North East region—experienced a 113.57% year-on-year growth in its IGR, from N11.58bn in 2020 to N24.73bn in 2021. Despite recording the second largest year-on-year revenue growth of 44.23%, the state dropped three places in the overall fiscal performance ranking from 17th in 2021 to 20th in 2022. The state maintained a high dependency on federally distributed revenue as its IGR of N24.73bn accounted for 12.78% of its total revenue of N130.62bn whereas federally distributed revenue through Gross FAAC N74.42bn accounted for 56.97%. The balance was what was earned as aids and grants.

The Home of Peace spent more on operating expenses than capital expenditure in 2021, making it one of the thirty-one states that prioritized spending on operating expenses over capital expenditure. There was a 44.40% increase in the State’s capital expenditure from N39.21bn in 2020 to N56.61bn in 2021. The State’s capital investments in 2021 includes but not limited to the following: the construction and provision of infrastructure which gulped N26.95bn, purchase of assets totalling N5.7bn, N2.2bn on rehabilitation/repairs etc. While N17.4bn was expended on Covid-19 related expenditure, N597mn was spent to preserve the environment. The state, having spent N2,770.15 per capita on education, spent 42.59% less than the subnational average of N3,949.99 per capita and ranked 25th

on the education spending per capita index. In the same vein, Borno placed 33rd in the health per capita spending index as it expended N695.51 (35.18% of the 2021 subnational average of N1,977.07) on health per capita.

Borno is the 24th most indebted state in Nigeria and the 3rd most indebted state in the Northeast region, with a total debt stock of N103.83 billion as at 31st December 2021. The state grew its debt by 7% from N96.96bn in 2020 to N103.83bn in 2021. Domestic debt makes up the bulk of the state’s total debt stock with the domestic debt to foreign debt ratio being 11.67:1; meaning Borno state’s domestic debt is 11 times its foreign debt stock. Borno’s domestic debt rose by 7.39% from N89.05bn in 2020 to N95.63bn in 2021, while the foreign debt declined by 4.80% from \$20.8mn in 2020 to \$19.8mn in 2021, making it the state with smallest external debt size in the country and by extension one of the least exposed to the risk of exchange rate volatility. The state ranked 6th on the 2021 debt sustainability index, having performed relatively well against the established debt to revenue, debt service to revenue, and personnel cost to revenue solvency thresholds.



Subnational Governance Reforms for a New Era

The Home of Peace, Borno, has over the last 3 years creditably enhanced fiscal governance at the local government level. Not only has the state improved transparency of local government funds by publishing audited financial statements of all the 27 local governments within the state, but also the state has in place an Audit Law that grants operational and financial autonomy to the Offices of Auditors-General of the State and Local Government. Furthermore, the Secretary to the State Government issued instructions to fully enforce the operational autonomy provisions of Borno's Audit Law. In the same vein, the State has significantly improved financial reporting and budget reliability as it publishes in a timely manner, its quarterly budget implementation reports and audited financial statements.

The benefit of capturing the biometric data of persons on a state's payroll and linking their BVN data to their payroll system cannot be overemphasised for a state like Borno. Since Borno State commenced the biometric capture of all its civil servants and pensioners and linking their BVN data to its payroll management system in 2016, it has had tremendous gains in weeding out ghost workers and eliminating payroll fraud. In November 2018, it was reported that the State had reduced its monthly wage bill by N500mn that was erstwhile lost as ghost wage after it eliminated at least 12,000 ghost workers through biometric verification.⁷⁴ Also, it was reported in 2020 that the state had through biometric verification discovered 2,556 ghost workers, 14,762 ghost local government

workers and 7,794 ghost teachers, leading to a monthly saving of N420mn.⁷⁵

Borno State IGR shows steady growth in the past five years and was able to stretch higher its IGR nominal value from the previous year and by extension, its viability as a federating entity. The introduction of three new taxes in the Transport and Business sectors (The Consumption, Entertainment, and Presumptive Tax "CEPT") can be described as one of the factors for the rise in the state's IGR. The increase in IGR is expected to positively impact the fiscal sustainability of the state.

Borno State has to consolidate its governance reform efforts by setting up and fully deploying a functioning Treasury Single Account for the state's finances which is one of the performance indicators for the State Fiscal Transparency, Accountability and Sustainability (SFTAS) program. The State's effort at resilience would be futile if it does not rapidly consolidate ongoing efforts to block public revenue leakages. According to the most recent SFTAS Annual Performance Assessment, Borno State still runs multiple revenue collecting accounts for its IGR, FAAC and VAT as it is yet to establish a functioning state-level TSA. Although the State claims to have a TSA, some of its revenues are still domiciled in other deposit money banks.⁷⁶ It is imperative that Borno establishes and fully operationalises a functional TSA to ensure that all of its finances is covered under the TSA to block any potential leakages and grow its revenue.



In November 2018, it was reported that the State had reduced its monthly wage bill by N500mn that was erstwhile lost as ghost wage after it eliminated at least 12,000 ghost workers through biometric verification.

74- See "Borno uncovers 12,000 ghost workers, saves N500m", by Ndahi Marama, on November 9th, 2018, in the Vanguard (Online) Newspapers. Available at: <https://www.vanguardngr.com/2018/11/borno-uncovers-12000-ghost-workers-saves-n500m/>

75- See "Borno uncovers 22,556 ghost workers after double verifications" by Kayode Idowu and Enyoha Opara, on December 25th, 2020, in the Punch (Online) Newspapers. Available at: <https://punchng.com/borno-uncovers-22556-ghost-workers-after-double-verifications/>

76- See Office of the Auditor General of the Federation, The States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results, 2020 Annual Performance Assessment (APA) Report, Borno State, at pages 16 to 17. Available at: <https://www.sftas.org.ng/docs/borno-state-2020-annual-performance-assessment-reports/>



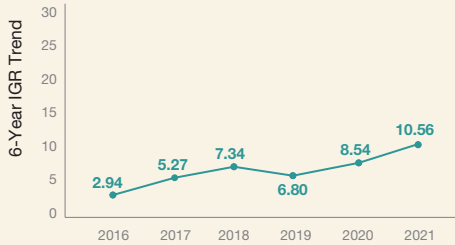
Gombe State

Jewel of the Savannah

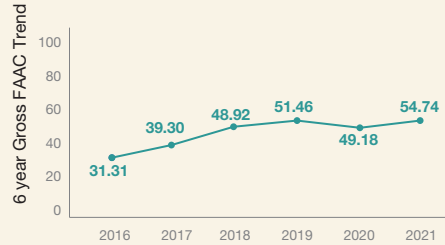
Overall Fiscal Performance Rank **28**
out of 36 states

Debt Sustainability Rank **22**
out of 36 states

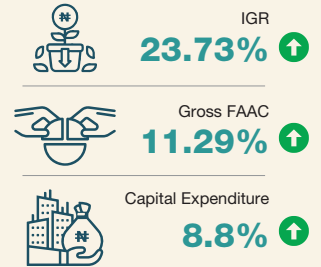
6-Year IGR Trend (NGN'bn)



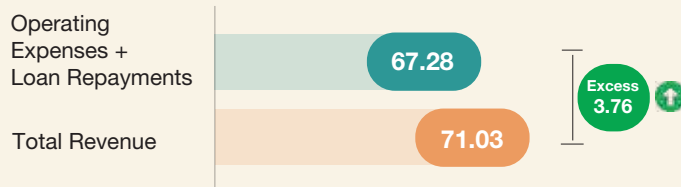
Gross FAAC (NGN'bn)



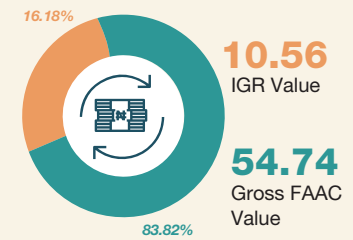
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



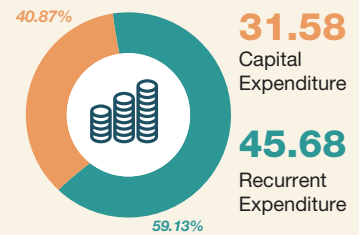
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	33	33
Gross FAAC	32	30
Size of Total Debt	17	32
Size of Domestic Debt	20	28
Size of Foreign Debt	28	30

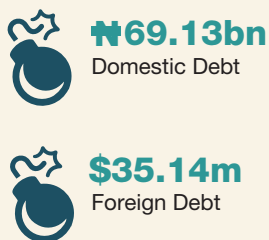
Spending Priority (2021) (NGN'bn)



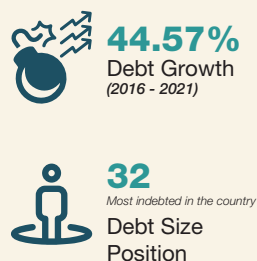
Per Capita Analysis



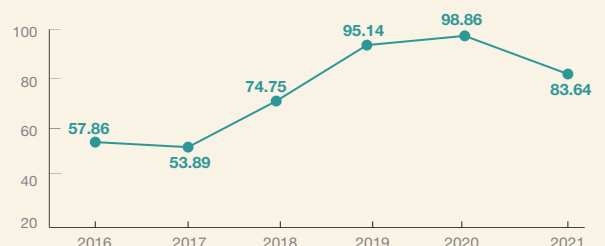
Debt Profile



Total Debt Growth



Total Debt (NGN'bn)





Ease of doing
Business Ranking

1st



Capital
Importation
(2019 - 2021)

\$0.00m



Health Spending
per Capita

₦2,493



Education Spending
per Capita

₦4,652



GDP

₦2.10tn



The State's debt stock had negative growth of 18.19% from N98.86bn in 2020 to N83.64bn in 2021. With a foreign debt stock of \$35.1mn (N14.51bn) and a domestic debt stock of N69.13bn (representing 82.65% of the total debt stock), the State's domestic debt stock is almost 5 times the size of its foreign debt stock.

Gombe State, the Jewel of Savannah, located within the North-East region and having the largest grains depot in the North-East region, experienced a drastic decline in its overall fiscal performance ranking as it dropped 21 places from 7th in 2021 to 28th in 2022. With an estimated GDP of N2.10tn in 2021, the State's economy is in the 27th position among the 36 states and the 3rd in the North-East region. Commendably, the state ranked 1st on the ease of doing business according to the Presidential Enabling Business Council (PEBEC), which signals significant improvement in states capacity to attract investments. Despite the aforementioned improvement, the state was unable to record any foreign direct investment between 2019 and 2021.

During the review period, the state's total revenue declined by 5.5%, from N75.16bn in 2020 to N71.10bn in 2021, and its gross FAAC increased by 11.29%, from N49.18bn in 2020 to N54.74bn in 2021. This demonstrates that the state remained highly dependent on federally distributed revenue, accounting for 77.06% of total revenue; thus making the state heavily dependent on federally distributed revenue. The State's Internally Generated Revenue (IGR) grew by 23.73% year on year, from N8.54bn in 2020 to N10.56bn in 2021. However, the state's IGR remains one of the lowest in the country (33rd) and ranks 4th among the six North-East states. With a 0.50% IGR to GDP ratio in 2021, the state is one of the twenty-one states that fell below the abysmal subnational average of 0.98%.

Gombe State, with an actual total budget expenditure of N98.86bn

ranked 29th on actual spending in 2021 fiscal year: Its capital expenditure of N31.58bn accounted for 31.94% of total spending while recurrent expenditure (operating expenses + loan repayment) gulped N67.28bn, representing 68.06% of the total budget expenditure. While the state's personnel cost and overhead cost grew year on year respectively by 27.22% and 66.92%, its capital expenditure grew by just 8.76% in 2021. .

Gombe with a total debt stock of N83.64bn as of December 31st, 2021 is the 32nd most indebted state in Nigeria and ranked the lowest in the North-East region. The State's debt stock had negative growth of 18.19% from N98.86bn in 2020 to N83.64bn in 2021. With a foreign debt stock of \$35.1mn (N14.51bn) and a domestic debt stock of N69.13bn (representing 82.65% of the total debt stock), the State's domestic debt stock is almost 5 times the size of its foreign debt stock. With a debt-to-GDP ratio of 3.99%, a debt-to-revenue ratio of 117.76%, a debt-service-to-revenue ratio of 30.40%, and a personnel cost-to-revenue ratio of 40.40%, the state ranked 22nd on the debt sustainability index.



Subnational Governance Reforms for a New Era



According to Gombe's 2020 SFTAS Annual Performance Assessment Report, the State's TSA currently covers 70% of its finances. The State needs to consolidate on its effort by fully operationalising its TSA to ensure that it covers 100% of its finances, which has the potential to plug potential revenue leakages and increase its revenues.

As one of the top performers among the 36 states on governance reforms, Gombe has an established functional state-level Treasury Single Account (TSA) that unifies all of its operated bank accounts and gives a consolidated view of its finances. Also laudable is the fact that the state has put in place a cash management strategy that not only facilitates the forecasting of cash commitments and requirements, but also enhances the consolidation of government cash resources and monthly sweeping of the state's finances from several of its accounts into its TSA. According to Gombe's 2020 SFTAS Annual Performance Assessment Report, the State's TSA currently covers 70% of its finances.⁷⁷ The State needs to consolidate on its effort by fully operationalising its TSA to ensure that it covers 100% of its finances, which has the potential to plug potential revenue leakages and increase its revenues.

Payroll management systems can be prone to fraud, if not supported by technology-driven solutions. Gombe commenced and completed the capturing of the biometric and BVN data capturing of civil servants and pensioners between August 2019 and December 2020. Currently, the state has captured 92.8% of the persons on its payroll, including pensioners and civil servants, and linked 93.2% of the State's civil servants and pensioners' BVN data to the payroll. As a result of the aforementioned reform, 431 ghost workers on the payroll were discovered by the Gombe State Committee on the Verification of Civil Servants in 2021 which led to a monthly savings of

N31.18mn. Similarly, the state identified 134 ghost workers in just one local government, Akko, leading to a monthly savings of N3.94m.⁷⁸ Gombe needs to capture all of the biometric and BVN data of the 20,294 civil servants and pensioners to its nominal roll and link the data to its payroll.

On public procurement, the state has initiated reforms bothering on the establishment of a legal framework for public procurement which conform with the UNCITRAL Model Law, the setting up of an independent procurement regulatory agency, and the establishment of an open contracting portal. However, the state is yet to fully comply with provisions of its procurement guidelines that mandates it to publish all contracts above a certain threshold. While 50 procurements were published on the Open Contracting Portal in 2020, just 31 procurements were published in 2021.⁶⁸ This is unlikely to be the total number of procurements above the established threshold made by the state in 2020 and 2021. For improved transparency, the State needs to publish online contract award information above the threshold set out in the State's procurement guidelines on a monthly basis in OCDS format.

77- See Office of the Auditor General of the Federation. The States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results. 2020 Annual Performance Assessment (APA) Report. Gombe State, at pages 18 to 19. Available at: <https://www.sftas.org.ng/docs/gombe-state-2020-annual-performance-assessment-reports/>

78- See Gombe State Ministry of Finance. Gombe Govt Uncovers Over 500 Suspected Ghost Workers, Saves Over 34 Million Naira, by Admin, on May 4th, 2021, in Ministry of Finance (Online) Newspage. Gombe State of Nigeria. Available at: <https://mof.gm.gov.ng/gombe-govt-uncovers-over-500-suspected-ghost-workers-saves-over-34-million-naira/>



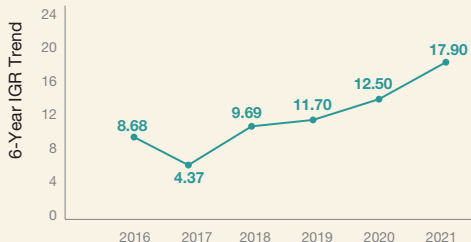
Bauchi State

Pearl of Tourism State

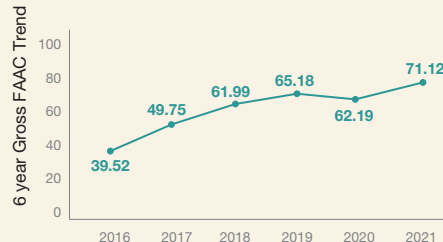
Overall Fiscal Performance Rank **22**
out of 36 states

Debt Sustainability Rank **25**
out of 36 states

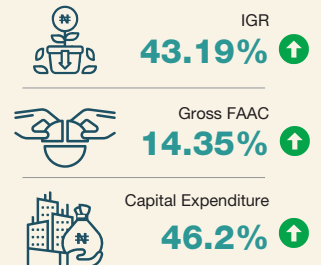
6-Year IGR Trend (NGN'bn)



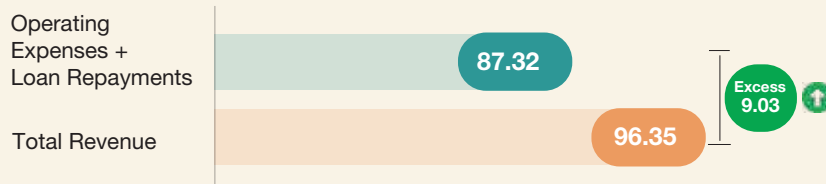
Gross FAAC (NGN'bn)



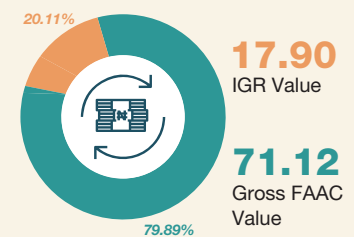
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



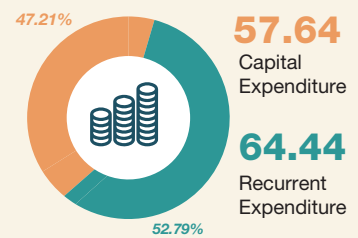
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	23	25
Gross FAAC	14	15
Size of Total Debt	11	16
Size of Domestic Debt	14	17
Size of Foreign Debt	5	6

Spending Priority (2021) (NGN'bn)



Per Capita Analysis



Debt Profile

₦97.51bn
Domestic Debt

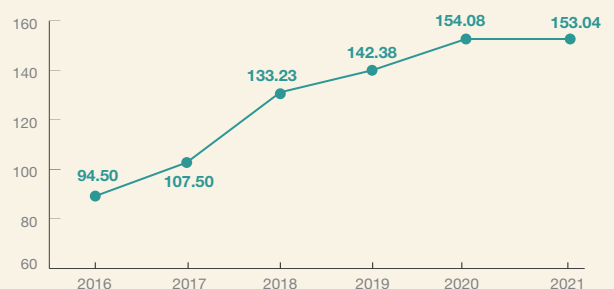
\$134.46m
Foreign Debt

Total Debt Growth

61.95%
Debt Growth (2016 - 2021)

16
Most indebted in the country
Debt Size Position

Total Debt (NGN'bn)





Ease of doing
Business Ranking

4th



Capital
Importation
(2019 - 2021)

\$0.10m



Health Spending
per Capita

₦1,734



Education Spending
per Capita

₦3,383



GDP

₦2.63tn



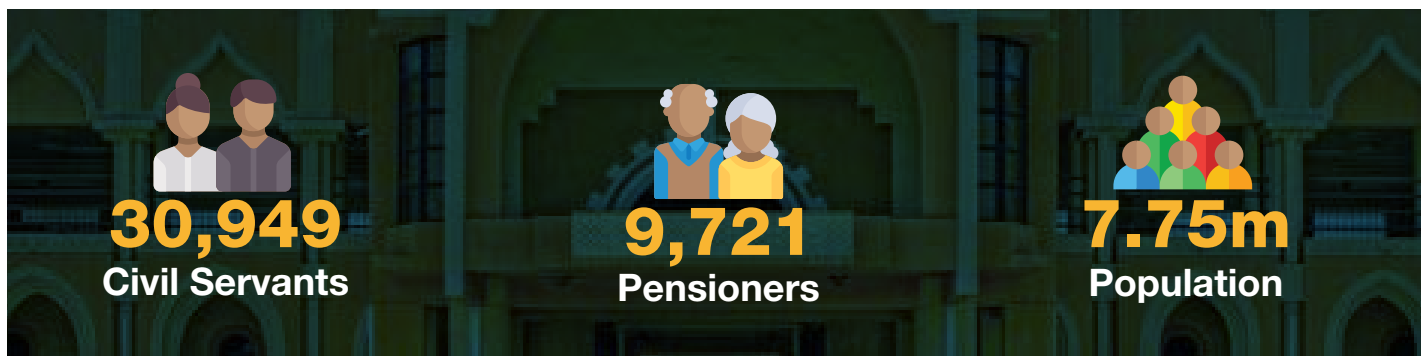
The Pearl of Tourism, with a slight decline of 0.68% in its total debt stock from N154.08bn in 2020 to N153.04bn in 2021, stands as the most indebted state in the North-East region and 16th most indebted state in Nigeria.

Bauchi state— the Pearl of Tourism renowned for its vast fertile soil for agricultural and beautiful vegetation and landscape—improved upon its overall fiscal performance ranking from 27th in 2021 to 22nd in 2022. The State, with an estimated population of 7.74mn people and an estimated GDP of N2.63tn in 2021, increased its operating expenses by 1.27% from N63.64bn in 2020 to N64.44bn in 2021 and increased its capital expenditure by 46.23% from N39.42bn in 2020 to N57.64bn in 2021. Bauchi's total expenditure grew by 94.42%, the highest year on year expenditure growth, from N74.56bn in 2020 to N144.96bn in 2021. A disaggregated look at the state's total expenditure growth shows that it recorded a capital expenditure growth of 46.23%, a 3.43% increase in its overhead cost, and a 2.80% decline in its personnel cost.

In line with the state government's 2021-2025 strategic development plan, focusing on economy and infrastructure transformation, capital expenditure on its economic sector gulped N34.64bn, representing 60.09% of its total capital spending in 2021. Priority areas articulated in the State's development plan include education, agriculture, infrastructure, health, and human capital development. Having spent N3,383.18 per capita on education, the state ranked 17th in the education spending per capita index. Similarly, Bauchi ranked 18th on health spending per capita as N1,734.26 per capita (87.72% of the 2021 subnational average of N1,977.07) was spent on health.

In terms of revenue performance, the state IGR of N17.9bn and FAAC allocation of N71.12bn sum up the state's total recurrent revenue of N89.1bn. Observations show that Bauchi state is excessively dependent on allocation from the federation account, as 73.81% of its total revenue in 2021 was statutory allocation and VAT. With a year-on-year growth of 43.19% (the highest in five years) in the IGR from N12.5bn in 2020 to N17.9bn in 2021, Bauchi recorded the 14th highest IGR growth among the 36 states of the federation.

The Pearl of Tourism, with a slight decline of 0.68% in its total debt stock from N154.08bn in 2020 to N153.04bn in 2021, stands as the most indebted state in the North-East region and 16th most indebted state in Nigeria. The state's total foreign debt of \$134.46mn (N55.52bn), the highest in the North East region, represents 36.28% of its total debt stock while its domestic debt of N97.51bn makes up the rest of its total debt stock. With a debt to GDP ratio of 5.81%, debt to revenue ratio of 158.85%, debt service to revenue ratio of 23.75%, and personnel cost to revenue ratio of 30.46%, the state ranked 25th of the debt sustainability index



Subnational Governance Reforms for a New Era



While in 2017, 4,925 persons were identified as ghost employees in the state, 1,203 persons made up of 793 ghost Civil Servants and 230 Pensioners were identified and eliminated during the biometric validation exercise—leading to a monthly wage savings of N16.13mn.

Laudably, the Pearl of Tourism, Bauchi, has significantly improved its financial reporting and budget reliability, and enhanced openness and citizens' engagement and participation in the budget process. In the not too distant past across the 36 states of the federation, not only was there opaqueness around budget documents—including detailed proposed budgets, approved budgets, budget implementation reports, audited financial statements and audit reports—but also citizens were relatively shut out of the entire budget process. In recent times, Bauchi, among other states, has embarked on far reaching transparency and participation reforms that have put erstwhile opaque budget documents in the public domain and empowered citizens to participate in the budget process and potentially influence how the financial resources of the state are raised and spent.

Budget credibility, an important governance metric, measures the ability of states to accurately and consistently meet their revenue and expenditure projections.⁸⁰ The degree of the credibility of a budget is determined by deviation between the projected budget estimates and actual government revenue and expenditure. A high budget deviation signals the inability of the government to fully implement its political commitments, policy thrust, improve service delivery, and execute the overall development agenda of the state. To this end, Bauchi State has attained a relatively high level of budget credibility as its budget deviation was 14.4% in 2020—better than the SFTAS

recommended threshold of 15%—and 15.38% in 2021. Bauchi needs to consolidate on this effort in subsequent years by ensuring that its budget deviation is closer to 0%.

Globally, the incorporation of biometric registration and bank verification number (BVN) in payroll management systems has been used to eliminate ghost workers. Between October 2016 and November 2020, Bauchi commenced and completed the biometric and BVN data capture of civil servants and pensioners and linked the data to its payroll management system. As a result of the aforementioned reform, the state has periodically uncovered and eliminated a number of ghost workers. While in 2017, 4,925 persons were identified as ghost employees in the state, 1,203 persons made up of 793 ghost Civil Servants and 230 Pensioners were identified and eliminated during the biometric validation exercise—leading to a monthly wage savings of N16.13mn.⁸¹

Bauchi has implemented a couple of public procurement reforms ranging from the enactment of a public procurement law that conforms with the UNCITRAL Model Law, to the establishment of a public procurement bureau. However, to fully optimise the gains of improved procurement practices, increased transparency and Value for Money, the state needs to not only adopt the OCDS and publish contract award information online as required under the standards, but also implement e-procurement across all its Ministries, Departments and Agencies (MDAs).

⁸⁰⁻ See 'Making and Keeping Promises: Why Budget Credibility Matters' by Guillermo Herrera, on the Open Budgets Blog, [op.it.](https://www.openbudgets.org/)

⁸¹⁻ See Office of the Auditor General of the Federation, The States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results, 2020 Annual Performance Assessment (APA) Report, Bauchi State, at p. 27. Available at: <https://www.sftas.org.ng/docs/bauchi-state-2020-annual-performance-assessment-reports/>



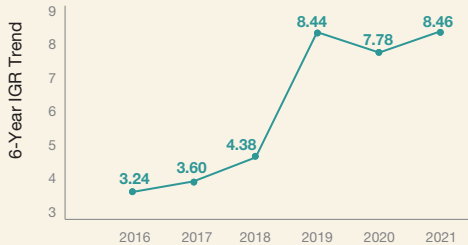
Yobe State

Pride of the Sahel

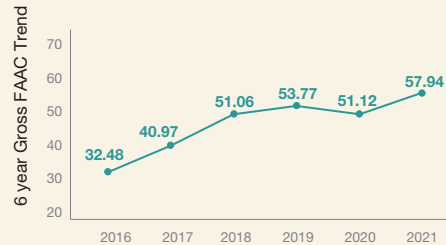
Overall Fiscal Performance Rank **34**
out of 36 states

Debt Sustainability Rank **19**
out of 36 states

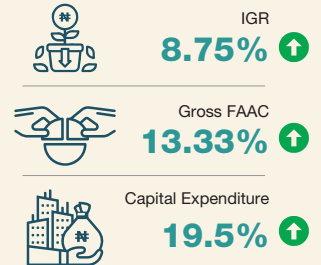
6-Year IGR Trend (NGN'bn)



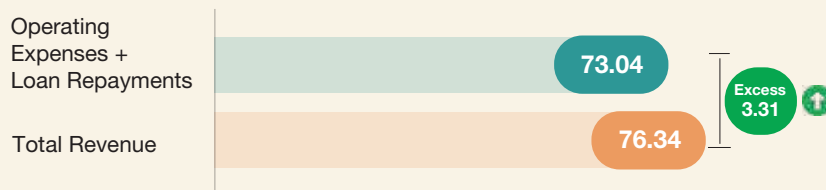
Gross FAAC (NGN'bn)



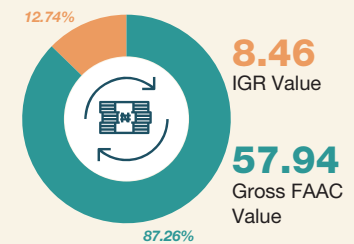
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



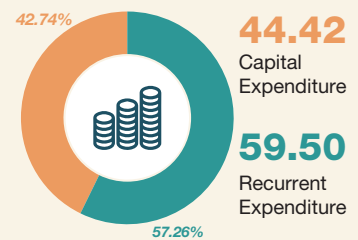
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	36	36
Gross FAAC	29	27
Size of Total Debt	25	29
Size of Domestic Debt	32	23
Size of Foreign Debt	34	34

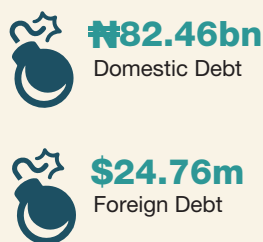
Spending Priority (2021) (NGN'bn)



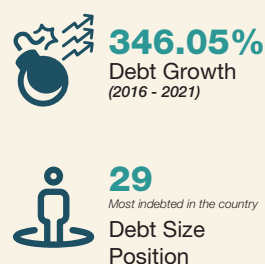
Per Capita Analysis



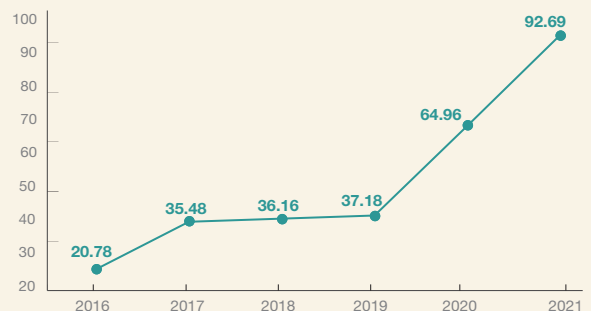
Debt Profile



Total Debt Growth



Total Debt (NGN'bn)





Yobe state, with the largest cattle market in west Africa, needs to exploit the livestock sector which is worth over N30trn by partnering with the private sector.

The overall fiscal performance ranking of Yobe, the state with one of the largest cattle markets in west Africa⁸² worsened as it dropped 13 places to 34th from its 21st position it attained in 2021. Regardless, the state improved its IGR by 8.75% from N7.78bn in 2020 to N8.46bn in 2021. The State, not only generated the lowest IGR among the 36 states in 2021, but also had the 31st highest IGR growth year on year. Furthermore, 85% of the state's IGR was realised from PAYE: The import of this is that the state needs to embark on far reaching tax reforms, to improve other forms of its tax revenue and non-tax revenue. Having ranked 24th on the ease of doing business in 2021, the state needs to improve on infrastructure and security and its regulatory environment to better the ease of doing business.

A look at the revenue structure of the state reveals that the state still significantly relies on federally distributed revenues to fund its budget. In the 2021 fiscal year, its gross FAAC made up 75.89% of its total revenue of N76.34bn. Yobe state, with the largest cattle market in west Africa, needs to exploit the livestock sector which is worth over N30trn⁸³ by partnering with the private sector, to develop modern methods for cattle rearing, whilst exploiting its wind and solar potential to irrigate the grazing fields. This has the potential to transform the revenue trajectory of the state.

Having faced years of civil unrest owing to the Boko haram menace, the state needs to ramp up investments in human capital development with health and education as the entry points. Yobe ranked among the bottom states on health spending per capita and education spending per capita: The State's spending per capita on health and education was N607.03 and N1,293.76 respectively. Both figures quoted above are a far cry from the subnational average. Generally, the State increased its total expenditure by 32.84% from N88.42bn in 2020 to N117.46bn in 2021. More disaggregated data shows that the state's overhead cost grew by 56.33% year on year, while its personnel cost and capital expenditure grew by 9.92% and 19.52% respectively.

Yobe State's total debt as at December 2021 was N92.69bn. The state grew its debt by 42.69% from N64.96bn in 2020. While its domestic debt stock grew from N54.87bn in 2020 to N82.46bn in 2021, its external debt declined from \$26.6mn in 2020 to \$24.8mn in the same period. The state ranks the 29th most indebted state in the country and the second least indebted state in the North-East region behind Gombe. With a debt to GDP ratio of 8.53%, debt to revenue ratio of 121.41%, debt service to revenue ratio of 17.73%, and personnel cost to revenue ratio of 37.83%, the state ranked 19th on the debt sustainability index.

82- See "Wudil Cattle Market, Sheme Cattle Market, and Kara Market... Here are the top 10 livestock markets in Nigeria" by Daily Intelligence, on the 22nd of February, 2022, in Culture/Intelligence (Online) Blog, Available at: <https://cultureintelligence.ynaija.com/wudil-cattle-market-sheme-cattle-market-and-kara-market-here-are-the-top-10-livestock-markets-in-nigeria-from-the-masterlist/>

83- See "Nigeria livestock industry worth N30 trillion — Minister" by Abdulkareem Mojeed, on October 4th, 2019 in Premium Times (Online) Newsblog, Available at: <https://www.premiumtimesng.com/agriculture/agric-news/356018-nigeria-livestock-industry-worth-n30-trillion-minister.html>



Subnational Governance Reforms for a New Era



According to Yobe's 2020 SFTAS Annual Performance Report, the state operates multiple accounts for its IGR, FAAC, VAT revenues.

Yobe, being the State with the lowest IGR among the 36 states, needs sweeping reforms to transform and significantly improve its domestic resource mobilisation capacity. Currently, the State doesn't have a functional state-level TSA which is supposed to aid it in consolidating and managing all of its earnings. According to Yobe's 2020 SFTAS Annual Performance Report, the state operates multiple accounts for its IGR, FAAC, VAT revenues. Although the state has established a cash management strategy that includes the timeline for the preparation of cash forecasts every month, it didn't provide evidence of the implementation of processes to forecast cash commitments and requirements and provide reliable information on the availability of funds as articulated in its cash management strategy, which could compromise the cash plans of MDAs and negatively impact budget performance.⁸⁴ The State, as a matter of urgency needs to establish and fully operationalise a functional TSA, and amend its cash management strategy to allow for a central view on a single electronic dashboard all of its finances domiciled in deposit money banks.

The Pride of the Sahel, Yobe, has improved its procurement practices by establishing a legal framework for public procurement that aligns with the UNCTRAL Model Law, provides for e-procurement covering all MDAs, and institutes a Bureau of Public Procurement. However, the State's Public Procurement Law has no provision requiring the statutory membership of representatives of professional bodies and Associations on the State Council/Board for Public Procurement.⁸⁵

The absence of representatives of professional bodies/Associations on the Council/Board limits its ability to check procurement fraud stemming from poor budgeting process, inflation of contract costs, poor project prioritisation and other drivers of corruption in contract award processes. To ensure probity and fiscal discipline, the state needs to amend its Public Procurement Law to mandate the statutory inclusion of representatives of professional bodies/associations on the Public Procurement Council/Board.

Commendably, the state has captured the biometric and BVN data of all of the 27,180 civil servants and 5,489 pensioners on its payroll, and linked both their biometric data and BVN data to its payroll management system. Complimentarily, Yobe has procedures in place for ensuring timely updates to the payroll to reflect those who either leave or retire from the civil service and those who are dead. Also commendable is the fact that the State has improved fiscal transparency at the local government level by the consistent and timely publishing audited financial statements of the 171 local governments of the state, and instituted an Audit Law to grant operational and financial autonomy to the Offices of Auditors-General of the State. The reforms on improving fiscal governance at the local government level need to be sustained in order for it to translate into enhanced service delivery at the lowest level of government.

⁸⁴ See Office of the Auditor General of the Federation. The States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results. 2020 Annual Performance Assessment (APA) Report. Yobe State, at p. 23. Available at: <https://www.sftas.org.ng/docs/yobe-state-2020-annual-performance-assessment-reports/>

⁸⁵ See Office of the Auditor General of the Federation. The States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results. 2020 Annual Performance Assessment (APA) Report. Yobe State, op.cit., at p. 37 to 38.



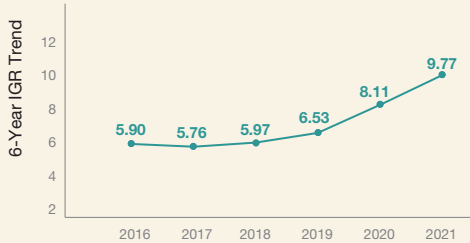
Taraba State

Nature's Gift to the Nation

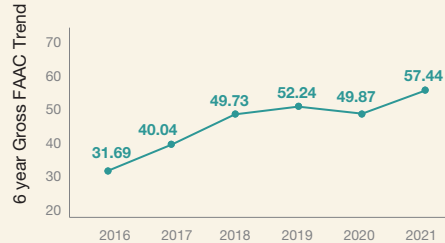
Overall Fiscal Performance Rank **32**
out of 36 states

Debt Sustainability Rank **15**
out of 36 states

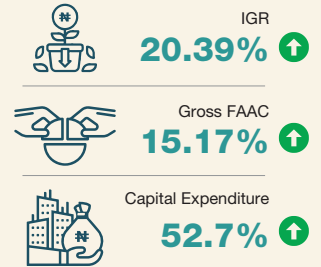
6-Year IGR Trend (NGN'bn)



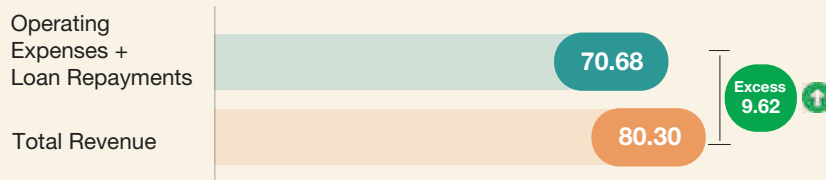
Gross FAAC (NGN'bn)



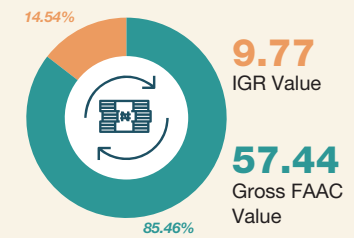
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



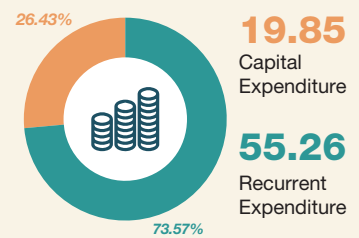
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	35	35
Gross FAAC	30	28
Size of Total Debt	16	25
Size of Domestic Debt	13	21
Size of Foreign Debt	36	35

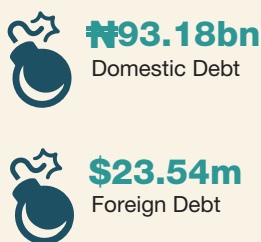
Spending Priority (2021) (NGN'bn)



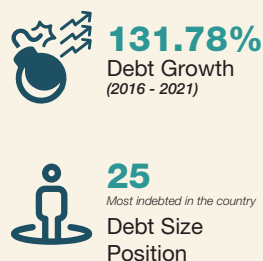
Per Capita Analysis



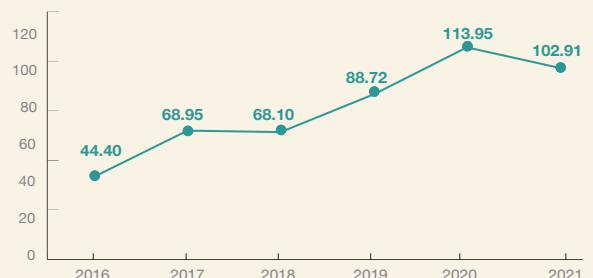
Debt Profile



Total Debt Growth



Total Debt (NGN'bn)





Ease of doing
Business Ranking

35th



Capital
Importation
(2019 - 2021)

\$0.00



Health Spending
per Capita

₦1,379



Education Spending
per Capita

₦3,383



GDP

₦2.04tn



Taraba, being one of the 6 states with a negative expenditure growth, reduced its total spending by 1.35% from N91.76bn in 2020 to N90.53bn in 2021.

Taraba, known as the Gift of the Nation and home to the multibillion-dollar Mambilla Plateau Hydro Electric Project improved its fiscal performance ranking from 35th the previous year to 32nd in 2022. The state experienced a 21.77% growth in its total revenue from N65.94bn in 2020 to N90.53bn in 2021. Although Taraba grew its IGR by 20.39% from N8.11bn in 2020 to N9.77bn in 2021, it generated the third smallest revenue among the 36 states.

The state remains highly FAAC dependent as its gross FAAC made up 85.46% of its total recurrent revenue and 71.53% of its total revenue. Taraba generated a tax revenue of N5.63bn which made up 57.63% of its IGR in 2021. With a IGR per capita of N2,756, the state needs to embark on far reaching business enabling reforms to better its ease of doing business—where it ranks 35th among the 36 states—to stimulate economic activities and enhance its capacity to mobilize revenues internally.

Taraba, being one of the 6 states with a negative expenditure growth, reduced its total spending by 1.35% from N91.76bn in 2020 to N90.53bn in 2021. While the State decreased its overhead cost by 7.08% and increased its personnel cost by 16.13% year on year, it grew its capital expenditure by 52.70% which could signal increased investment in infrastructure, human capital development and service delivery.

Specifically, the state spent N1.57bn on empowerment through agriculture, N863.40mn on the improvement of human health, N108.52mn on enhancing skills and knowledge, N431.78mn on housing and urban development, and a paltry N28mn on poverty alleviation. With a health spending per capita of N1,379.08 and an education spending per capita of N3,383.03, Taraba spent below the subnational average for both health spending per capita and education spending per capita and ranked 23rd and 19th respectively in both indexes.

The State, as at 31st December 2021, had accumulated a total debt of N102.91bn—ranking it the 25th most indebted state among the 36 States and 4th most indebted state in the North East region. 90.55% (N93.18bn) of Taraba's total debt stock is made up of debt acquired domestically. Its foreign debt of \$23.54mn makes it one of the states, only behind Borno, that is least exposed to exchange rate volatility. Having recorded an estimated debt to GDP ratio of 5.03%, debt to revenue ratio of 128.16%, debt service to revenue ratio of 19.19%, and personnel cost to revenue ratio of 9.91%, the state ranked 15th on the debt sustainability index.



Subnational Governance Reforms for a New Era



Just like a number of other states, Taraba hasn't established a functional state-level TSA. The State is reported to have multiple accounts for collecting IGR, FAAC and VAT.

Fiscal governance, transparency and accountability at the local government level is essential to ensuring quality service delivery at the level of government that is closest to the people. In recent years, owing to the SFTAS program, State Government's across the federation have made efforts to improve transparency around budget documents both at the state level and the local government level. To this end, Taraba for the first time published the audited financial statements of all the local governments in 2022. Also, laudable is the fact that the state not only has in place an Audit Law that grants operational and financial autonomy to the Offices of Auditors-General of the State and Local Government but also the government has issued instructions for the implementation of the operational autonomy provisions of its Audit Law.

Just like a number of other states, Taraba hasn't established a functional state-level TSA. The State is reported to have multiple accounts for collecting IGR, FAAC and VAT. In the same vein, the state hasn't been able to rally itself to either set-up a system that gives it a central view of all of its finances or institute a cash management strategy that informs how it forecasts cash commitments and provides reliable information on the availability of funds.

While the non-existence of a functional TSA exposes the state to revenue leakages which by extension could affect the State's budget credibility, the non-availability of a cash management strategy impairs the ability of the state to prepare functional cash plans which impacts its ability to optimally implement its budget.

On the biometric capture of civil servants and pensioners on the State's payroll and the linking of their BVN data to the state's payroll management system, the state has performed abysmally comparative to the other 35 states. The State is yet to neither capture the biometric data of the persons on its payroll nor link their BNV to its payroll. Having reviewed the 2020 SFTAS Annual Performance Assessment of the 36 States of the federation, Taraba was the only state not to provide data on the number of persons, civil servants and pensioners, on its nominal and payroll. There is a huge possibility that there could still be quite a number of ghost workers and pensioners who are actively on the State's payroll, leading to a bloated personnel cost. The State needs to as a matter of urgency, especially in this era of dwindling federal transfers, integrate technology into its payroll management system by incorporating biometric capture and BVN to its payroll management system.



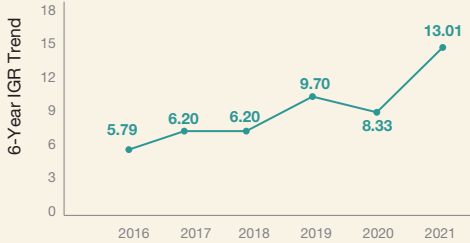
Adamawa State

Land of Beauty State

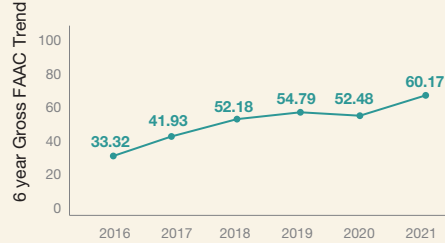
Overall Fiscal Performance Rank **33**
out of 36 states

Debt Sustainability Rank **30**
out of 36 states

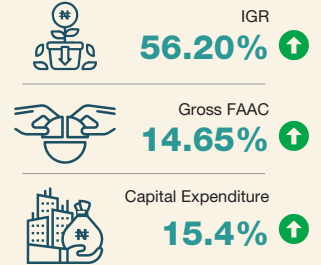
6-Year IGR Trend (NGN'bn)



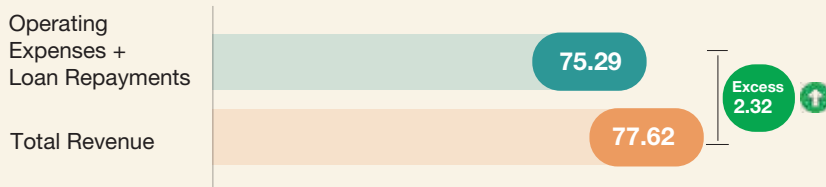
Gross FAAC (NGN'bn)



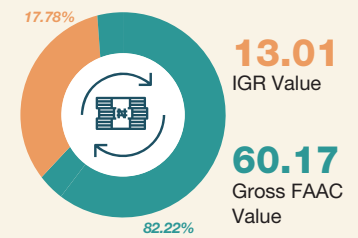
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



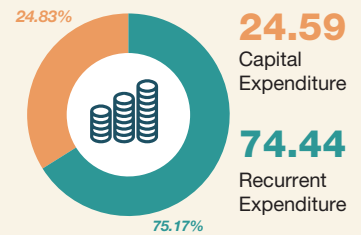
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	34	30
Gross FAAC	25	25
Size of Total Debt	15	19
Size of Domestic Debt	15	16
Size of Foreign Debt	7	17

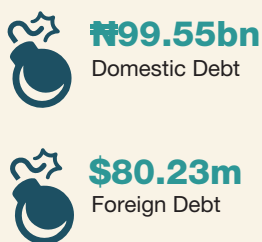
Spending Priority (2021) (NGN'bn)



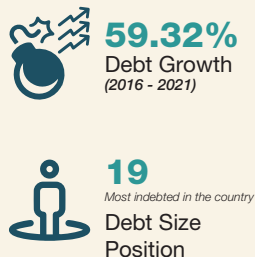
Per Capita Analysis



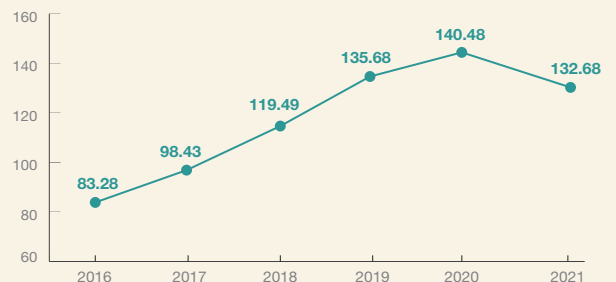
Debt Profile



Total Debt Growth



Total Debt (NGN'bn)





Ease of doing
Business Ranking

20th



Capital
Importation
(2019 - 2021)

\$25.02m



Health Spending
per Capita

₦1,087



Education Spending
per Capita

₦855



GDP

₦2.66tn



The state ranked 30th on the debt sustainability index, having recorded an estimated debt to GDP ratio of 4.98%, debt to revenue ratio of 170.95%, debt service to revenue ratio of 30.12% and personnel cost to revenue ratio of 44.87%.

Adamawa—the Land of Beauty blessed with vast arable land for agriculture, breath-taking waterfalls and landscape, and solid minerals like limestone, tantalite and kaoline—fell marginally in its fiscal performance ranking from the 32nd position in 2021 to 33rd in 2022. With an estimated GDP of ₦2.66tn in 2021, Adamawa had the 18th largest economy among the 36 States and the largest economy in the North East. The total revenue of the state grew by 9.93% from ₦70.60bn in 2020 to ₦777.62bn in 2021. However, the Land of Beauty is still heavily reliant on federally distributed revenues, seeing that 77.52% of its total revenue in 2021 was Gross FAAC.

Notably, Adamawa grew its IGR by 56.20% from ₦8.33bn in 2020 to ₦13.01bn in 2021. A 46.63% growth in its personal taxes from ₦5.91bn in 2020 to ₦8.65bn in 2021, without a corresponding increase in tax rates, suggests that either more people were brought into the tax net or there was improved efficiency in tax collection. Regardless of the aforementioned improvement, the government needs to do more to mobilize non-tax revenue as this made up just 35.97% of its IGR. The state will need to establish and operationalise a functional Treasury Single Account (TSA) if it intends to significantly transform its domestic resource mobilization capacity. Having ranked 20th on the ease of doing business, the state ranked in a capital importation of \$25.02mn between 2019 and 2021. An improvement in the ease of doing business—especially as it regards improving energy access, transportation and enforcing contracts—will enhance the state's

capacity to attract investments and mobilize tax and non-tax revenues.

Adamawa had the 2nd lowest expenditure growth in the North East Region as it grew its expenditure by 13.42% from ₦88.07bn in 2020 to ₦99.88bn in 2021. The breakdown of the State's expenditure growth shows that while its personnel cost and capital expenditure grew year on year, its overhead cost declined. Adamawa's 25.07% growth in personnel cost from ₦27.84bn in 2020 to ₦34.82bn in 2021 was accompanied by a corresponding 15.43% growth in its capital expenditure from ₦21.30bn spent in 2020 to ₦24.59bn in 2021. Some of the key expenditures of the State in 2021 include ₦150mn for the purchase of 5K metric ton of assorted grains, ₦243mn for the supply of medical equipments to hospitals, ₦231.53mn on the Saving One Million Lives (SOML) program, ₦424.22mn on quality assurance management in schools, and ₦1.31bn on the construction of a flyover at police roundabout.

With a total debt stock of ₦132.68bn as at December 2021, Adamawa ranked the 19th most indebted state in Nigeria and the 2nd most indebted state in the North East Region. The state ranked 30th on the debt sustainability index, having recorded an estimated debt to GDP ratio of 4.98%, debt to revenue ratio of 170.95%, debt service to revenue ratio of 30.12% and personnel cost to revenue ratio of 44.87%.



Subnational Governance Reforms for a New Era



Although substantial funds were allocated to Offices of States and Local Governments Auditors-Generals in its 2021 budget, just 24% and 61.2% of the allocated funds had been released to the State Auditor-General and Local Government Auditor-General respectively in the first seven months of the year.

The need for supreme audit institutions to have the sufficient administrative and financial resources to efficiently and effectively audit government’s revenue and spending cannot be overemphasised. In this regard, Adamawa, on 27th December 2021, commendably amended its Audit Law to grant operational and financial autonomy to the Offices of Auditors-General of the State and Local Government. However, the state did not specifically earmark funds for the implementation of the financial autonomy of the Offices of States and Local Governments Auditors-Generals. Although substantial funds were allocated to Offices of States and Local Governments Auditors-Generals in its 2021 budget, just 24% and 61.2% of the allocated funds had been released to the State Auditor-General and Local Government Auditor-General respectively in the first seven months of the year.

As revealed in the State’s 2020 SFTAS Annual Performance Assessment Report, Adamawa is yet to establish and operationalise a functional state-level TSA.⁸⁶ The state currently runs multiple accounts for its IGR, FAAC and VAT receivables. Although the state had established a cash management strategy which enables its Ministry of Finance or Budgets/Economic Planning to forecast cash commitments and requirements and provide reliable information on the availability of funds, it neither conducted monthly cash sweeping as prescribed by the strategy nor provided evidence of implementation of

processes described in the strategy. As it stands, the state is yet to have a central view of all its finances as just 45% of the state’s finances is covered in its consolidated revenue treasury account.

Adamawa is one of the few states that hasn’t captured the biometric data of the 40,089 civil servants and pensioners on its payroll. With the aforementioned in mind, the state is still highly susceptible to payroll fraud which might be bleeding its lean resources. Conversely, Adamawa has linked 100% of its civil servants and pensioners’ BVN data to its payroll, making it almost impossible for individuals to dubiously receive multiple payments—a misnomer that occurred in the not too distant past.

The Land of Beauty has made relative progress on public procurement reforms as it has an existing public procurement law which was enacted in 2013 and conforms to the UNCITRAL Model Law. However, the state still has some work to do as it regards fully adopting e-procurement: Adamawa is yet to implement e-procurement in at least 3 MDAs including health, education and public works.

To plug leakages, ensure probity in the utilization of scarce government resources, and mobilize revenues, Adamawa needs to adequately fund its supreme audit institutions, establish and fully operationalise a functional state-level TSA, and capture and link the biometric data of all the civil servants and pensioners to its payroll.

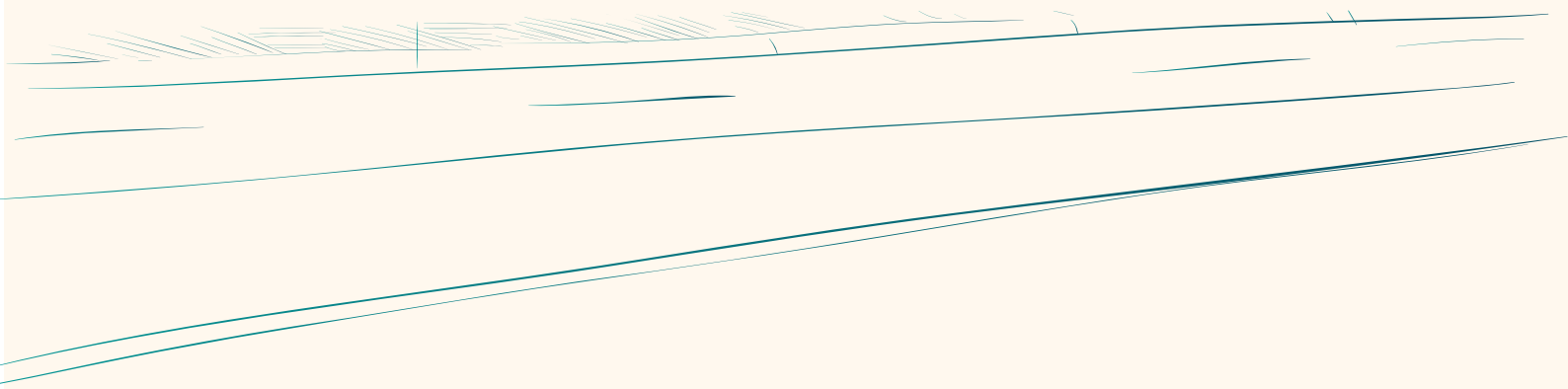
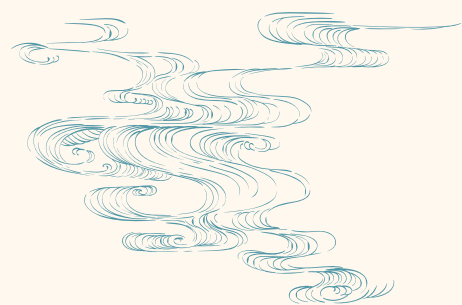
86- See Office of the Auditor General of the Federation. The States’ Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results. 2020 Annual Performance Assessment (APA) Report. Adamawa State, at p. 6. Available at: <https://www.sftas.org.ng/docs/adamawa-state-2020-annual-performance-assessment-reports/>

A decorative header featuring three stylized icons: a blue wave on the left, a yellow wave in the center, and a teal sun with yellow waves on the right.

North -Central

A solid teal horizontal bar.

REGION





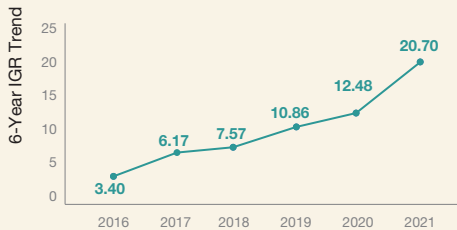
Nasarawa State

State of Harmony

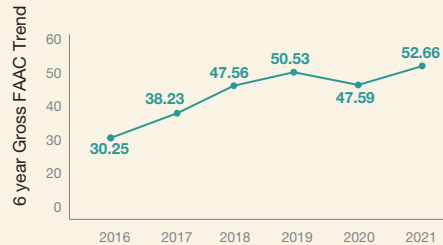
Overall Fiscal Performance Rank **13** out of 36 states

Debt Sustainability Rank **4** out of 36 states

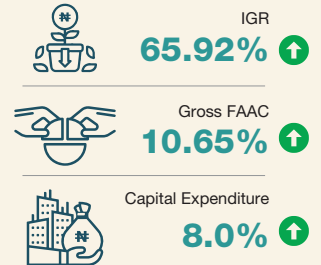
6-Year IGR Trend (NGN'bn)



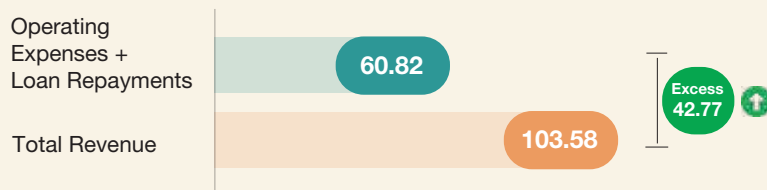
Gross FAAC (NGN'bn)



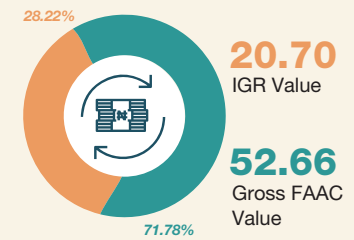
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



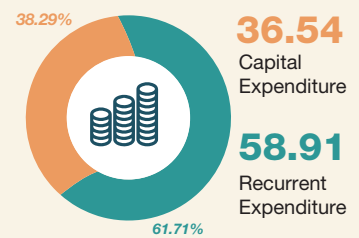
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	24	22
Gross FAAC	34	34
Size of Total Debt	23	33
Size of Domestic Debt	30	33
Size of Foreign Debt	22	23

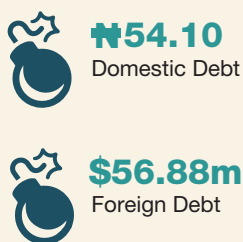
Spending Priority (2021) (NGN'bn)



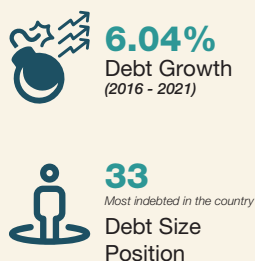
Per Capita Analysis



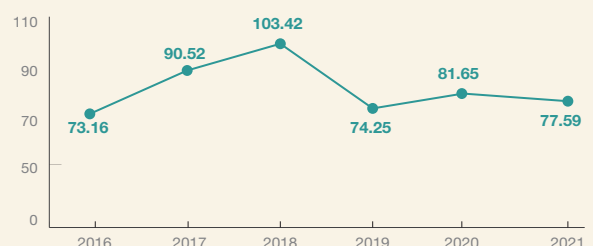
Debt Profile



Total Debt Growth



Total Debt (NGN'bn)





Ease of doing Business Ranking

22nd



Capital Importation
(2019 - 2021)

\$0.10m



Health Spending per Capita

₦2,389



Education Spending per Capita

₦8,650



GDP

₦1.86tn



Out of the 36 states, Nasarawa ranked 12th on total health spending per capita and 2nd on total education spending per capita. This may be related to the fact that the state achieved 85.13% of budgeted CAPEX for the social sector, which gulped half of total capital expenditure.

With an estimated GDP of N1,86tn, Nasarawa state occupies the 30th position in economy size among its peers in Nigeria in 2021. The local economy is based mostly on agriculture with over 70% of its population engaged in subsistence farming. This implies very little revenue generation from agriculture as the sector contributed a meagre 0.06% (N12,868,250)⁸⁷ to IGR in 2021, a 19.6% drop from 2020. A struggling local agrarian economy also meant a significant dependence on federal transfers as Gross FAAC allocation accounted for 50.84% (N52.66bn) of total revenue in 2021 while IGR accounted for 19.98% (N20.70bn). Aids and Grants (approximately N30bn) which was responsible for the remaining 29% pushed the state's total revenue to N103.58bn. 90% of IGR originated from direct taxes and fees, with direct taxes alone accounting for over half (53%) of the total.

IGR performance was an improvement over the previous year, increasing by 65.92% from N12.48bn in 2020, amidst a rise in Gross FAAC allocation by 10.65% over the same period. This was a significant factor in improving Nasarawa's fiscal sustainability ranking from 16th in 2021 to 13th in 2022. In addition, Nasarawa's operating expenses and loan repayments were well within limits of total revenue with the state ranking in 5th position in the ability of states to meet its operating expenses and loan repayment (index B). In terms of Debt sustainability, the state ranked 4th, as total debt stock reduced by nearly 5% year on year; although, total debt rose by 52.79% between 2015 and 2021.

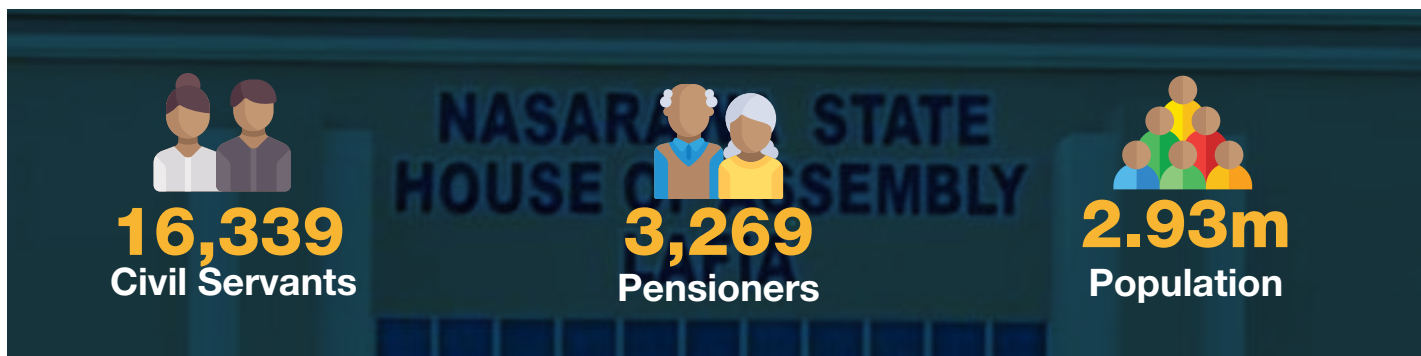
Total expenditure (recurrent and capital) was N97.34bn, or 93.99% of total revenue, resulting in a surplus, an improvement over 2020, which ended in an operating deficit. Additional cash inflows in the form of aids and grants, which was 57.59% higher than the previous year, boosted revenue significantly. Without this, the state may have incurred additional debt or opted out of certain capital projects because total expenditure was 32.71% higher than the combined IGR and Gross FAAC allocation.

Of recurrent expenditure, N33.1bn was incurred as personnel cost. The state's IGR, although an improvement on previous years, was not sufficient to cover personnel costs let alone overheads (N22.09bn) and loan obligations. However, the state has laudably captured 100% of civil servants and pensioners on its payroll and linked their BVN data to biometric information.

Out of the 36 states, Nasarawa ranked 12th on total health spending per capita and 2nd on total education spending per capita. This may be related to the fact that the state achieved 85.13% of budgeted CAPEX for the social sector, which gulped half of total capital expenditure.

A review of IGR revenue streams showed that direct tax assessment; that is revenue accrued from business enterprises, contributed just 0.44% to tax revenue. This suggests that there is much room to generate a lot of revenue from small businesses along the agribusiness value chain as well as in the services sector.

87 - Nasarawa State Government of Nigeria. Financial Statements for the Year Ended 31st December, 2021. Available at: <https://nasarawastate.gov.ng/wp-content/uploads/2022/06/NASARAWA-STATE-GOVERNMENT-OF-NIGERIA-FINANCIAL-STATEMENTS-FOR-THE-YEAR-ENDED-31ST-DECEMBER-2021.pdf>



Subnational Governance Reforms for a New Era



Nasarawa achieved 12 out of the 15 DLRs applicable to the 2020 Annual Performance Assessment (APA).

According to the 2020 States Fiscal Transparency, Accountability, and Sustainability (SFTAS) Program for Results, Nasarawa achieved 12 out of the 15 DLRs applicable to the 2020 Annual Performance Assessment (APA). Budget implementation results for Q2, Q3 and Q4 were published within the stipulated time of 4 weeks of quarter end. The state also achieved targets for increased openness and citizen engagement in the budget process. Along with other cash management processes, the state has also established a treasury single account (TSA) which covered 78% of government finances exceeding the threshold of 70%. 90% of cash inflows and 65% of cash outflows were covered by the TSA in FY2020. To improve IGR collection, benchmarks that include implementing a consolidated revenue code covering all state IGR sources and ensuring that the state bureau of internal revenue was solely responsible for revenue collection and accounting were achieved. Also, the 2020 nominal IGR collection exceeded 2019 nominal IGR by 3%.

Furthermore, the biometric capture of 100% of civil servants and pensioners was completed and linked to the payroll system. Likewise BVN data of all civil servants and pensioners were linked to the payroll. Interestingly, no ghost workers were identified in the process.

However, while a public procurement legal framework is in place with provisions for e-procurement, independence and a regulatory agency in line with the UNCITRAL Model, there

was no publication of contract award information online and the state was yet to implement e-procurement in at least 3 MDAs (including Education, Health and Public Works). The recommended standards stipulate that in addition to compliance with UNCITRAL, contract award information above the threshold set out in the state's procurement law should be published on a monthly basis in OCDS formats on the State's website.

The state also achieved the implementation of state level debt legislation which specifies responsibilities for contracting and reporting state debts as well as fiscal and debt rules/limits. Added to the required legislation, targets required that quarterly debt reports for all quarters were produced 2 months or less after the end of the quarter and that the annual State debt sustainability analysis was published by the end of December 2020. The debt sustainability analysis however had inconsistencies and/or illogical statements such as negative debts. Finally, the state recorded a budget deviation of 33% which exceeded the threshold of 15%.

To improve performance, monitoring expenditure could help to keep budget deviation within recommended annual limits. implementation of e-procurement in all MDAs would help to reduce leakages while publication of contract awards in OCDS formats would improve transparency and promote accountability. Resolving inconsistencies surrounding debt sustainability analysis would increase credibility of reports.



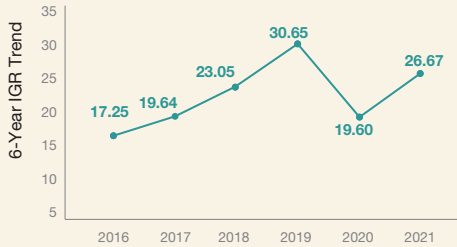
Kwara State

State of Harmony

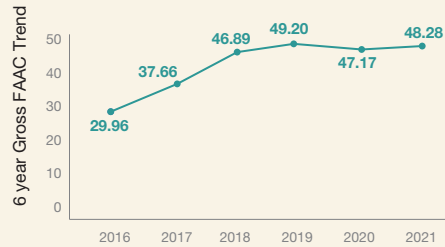
Overall Fiscal Performance Rank **8**
out of 36 states

Debt Sustainability Rank **20**
out of 36 states

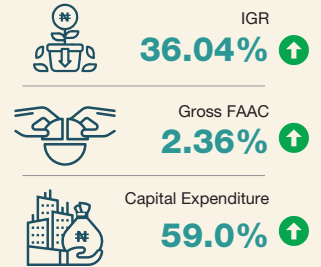
6-Year IGR Trend (NGN'bn)



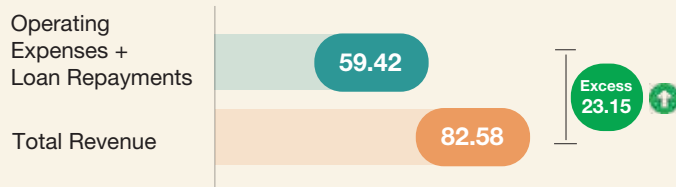
Gross FAAC (NGN'bn)



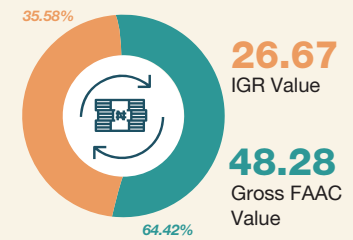
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



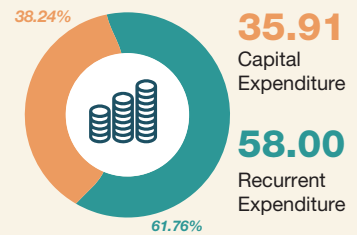
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	14	13
Gross FAAC	36	35
Size of Total Debt	23	21
Size of Domestic Debt	28	20
Size of Foreign Debt	25	25

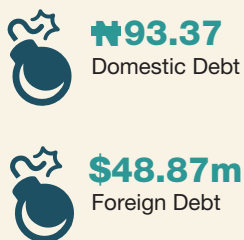
Spending Priority (2021) (NGN'bn)



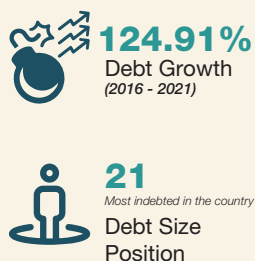
Per Capita Analysis



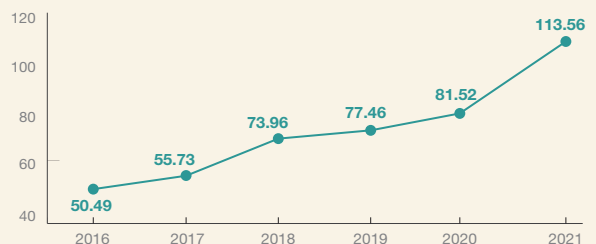
Debt Profile



Total Debt Growth



Total Debt (NGN'bn)





Ease of doing
Business Ranking

29th



Capital
Importation
(2019 - 2021)

\$0.43m



Health Spending
per Capita

₦2,390



Education Spending
per Capita

₦6,692



GDP

₦1.38tn



With a population of 3.7 million people, Kwara ranks 6th in the country in IGR per capita and highest in the north central region. But despite the rise in IGR mentioned earlier, FAAC dependence increased in 2021.

Kwara State's IGR rose consistently over the last six years, with the exception of 2020 which was likely due to the effects of Covid-19. IGR for FY 2021 showed a 36.04% increase over 2020. Gross FAAC allocation also reflected a similar trend with FY2021 recording a 2.36% over 2020. FAAC accounted for 58.47% of total revenue realised by the state in 2021, with IGR representing 32.30% indicating a high FAAC dependency. Nonetheless Kwara ranks 25th out of the 36 states and 3rd out of the six north central states in FAAC dependency. Such a relatively low ranking compared with a high FAAC dependency only proves that an overwhelming majority of states in the country are highly FAAC dependent.

With a population of 3.7 million people, Kwara ranks 6th in the country in IGR per capita and highest in the north central region. But despite the rise in IGR mentioned earlier, FAAC dependence increased in 2021. Furthermore, Kwara dropped by one point in IGR ranking between 2020 and 2021 even with a more than 36% jump in total IGR generated. Total IGR in 2021 amounted to N26.67bn, up from N19.6bn the previous year. It may also be worth noting that IGR recorded in 2021 was yet to return to pre pandemic levels as in 2019 where the state realised N30.65bn; notwithstanding, the state appears to be on a healthy path to recovery.

Developing countries are advised to devote substantial resources to capital expenditure as this is more likely to translate to developmental gains with impacts that cut across all citizens. However, like most states, Kwara

prioritised recurrent expenditure over CAPEX. In 2021, recurrent expenditure consumed 62.33% of total expenditure while CAPEX accounted for 37.67%. In 2021, Kwara spent N32.38bn on personnel costs. A figure which consumes 39.21% of total revenue (excluding Aids & Grants) and 121% of IGR, further underscoring the insufficiency of state generated funds. Without federal transfers, the state would be unable to meet social spending obligations nor allocate funds for development projects.

Kwara state ranked at the bottom of the pile in terms of GDP placing at 35 out of the 36 states with GDP size of N1.38tn in 2021. Notwithstanding, several opportunities exist to include Agriculture, Solid minerals and Tourism. To unlock the benefits within these sectors, the state may consider ways to improve its business environment which in 2021 ranked 29th out of 36 states on the ease of doing business scale. This would also help improve capital importation of \$0.43mn (2019-2021) and in turn enhance the state's capacity to increase growth as well as reduce debt stock.



16,975
Civil Servants



15,858
Pensioners



3.71m
Population

Subnational Governance Reforms for a New Era



Kwara has 16,975 civil servants and 15,585 pensioners resulting in 32,833 staff on the state nominal roll. A total of 31,479 biometric data was captured and linked to the payroll. 1,559 and 549 ghost workers were detected in 2019 and 2020 respectively during biometric validations and subsequently expunged from the state's payroll.

Kwara State achieved 9 out of 15 DLRs applicable to the 2020 Annual Performance Assessment (APA) of the 2021 States Fiscal Transparency, Accountability, and Sustainability (SFTAS) Program for Results. Quarterly implementation reports were published on average within 4 weeks of quarter-end although a budget deviation of 28% was observed in FY2020. The state also improved citizen engagement in the budgeting process and published feedback from citizens via digital channels. Kwara had implemented a consolidated state revenue code by 2019 but nominal annual IGR declined by 31% over FY2020. The state still lacked a functional TSA as at December 2020 falling short of recommended targets.

The state commenced biometric capture of civil servants and pensioners in January 2020 and by December 31 of the same year had captured 95.9% on its payroll. In the same year, the state began and completed the linkage of biometric data to its payroll. Kwara has 16,975 civil servants and 15,585 pensioners resulting in 32,833 staff on the state nominal roll. A total of 31,479 biometric data was captured and linked to the payroll. 1,559 and 549 ghost workers were detected in 2019 and 2020 respectively during biometric validations and subsequently expunged from the state's payroll. This amounted to N8,721,195.85 in savings from

detected ghost workers. This significantly reduced payroll fraud.

A legal framework for public procurement in compliance with UNCITRAL Model is in existence in Kwara State, however, as at December 31st, 2020, a framework contract for e-procurement was yet to be signed and publications of contracting data did not have timestamps. The state started implementing state level debt legislation in 2018. However for FY2020, sustainability analysis was not published by the due dates while published reports contained incomplete and inconsistent information. Debt stock for the year end December 2020 as a share of total revenue met stretch targets.

Reducing expenditure deviation to within recommended limits, developing a state level TSA and implementing e-procurement in all MDAs are some of the measures that Kwara state can adopt to improve performance and plug revenue leakages. Other steps include the resolution of irregularities in debt sustainability analysis and to strengthen its arrears clearance framework to reduce stock of domestic expenditure arrears to recommended levels.



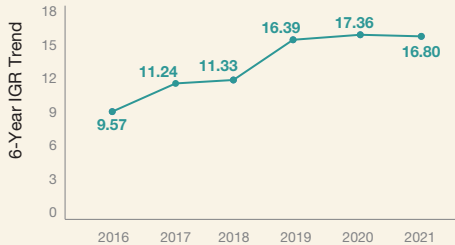
Kogi State

The Confluence State

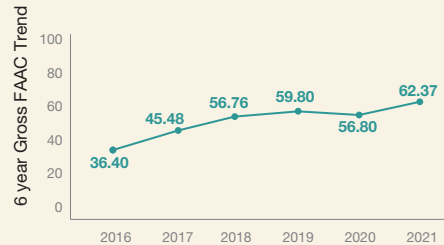
Overall Fiscal Performance Rank **27**
out of 36 states

Debt Sustainability Rank **18**
out of 36 states

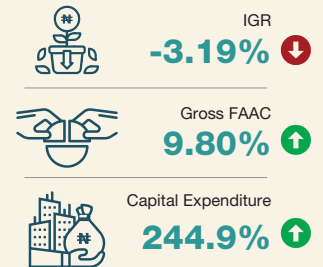
6-Year IGR Trend (NGN'bn)



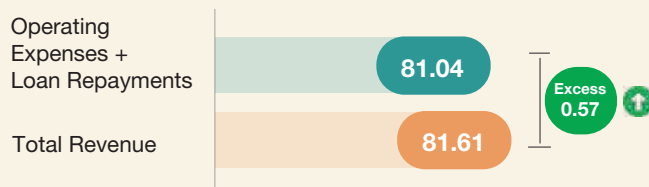
Gross FAAC (NGN'bn)



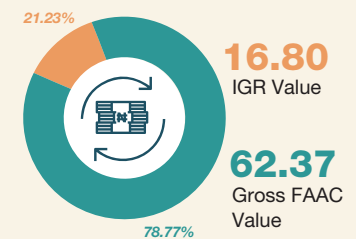
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



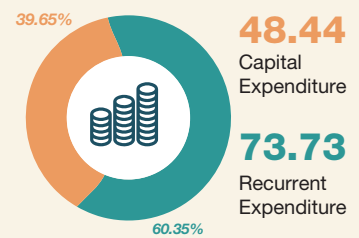
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	17	28
Gross FAAC	19	19
Size of Total Debt	23	28
Size of Domestic Debt	25	26
Size of Foreign Debt	33	24

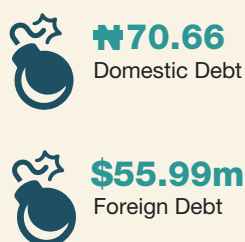
Spending Priority (2021) (NGN'bn)



Per Capita Analysis



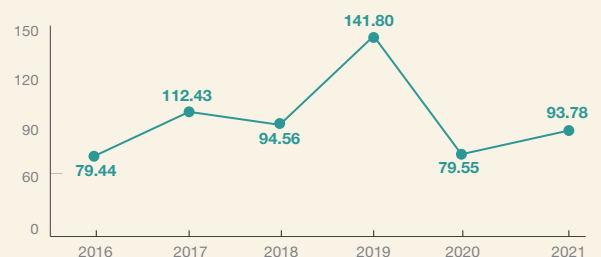
Debt Profile



Total Debt Growth



Total Debt (NGN'bn)





Ease of doing
Business Ranking

21st



Capital
Importation
(2019 - 2021)

\$0.00m



Health Spending
per Capita

₦1,801



Education Spending
per Capita

₦3,959



GDP

₦3.69tn



Kogi is highly FAAC dependent. FAAC allocation represented 76.42% of total revenue while IGR accounted for 20.59%. The remaining 2.99% was obtained through Aids & Grants. IGR unfortunately declined by 3.19% between 2020 and 2021 from N17.36bn to N16.80bn while Gross FAAC increased by 9.8% from N56.80bn to N62.37bn.

Kogi state is the only state in Nigeria that shares a geographical boundary with 10 other states, including the Federal Capital Territory (FCT). Combined with the advantages of hydrological and geological features, it provides numerous potential for economic activities including logistics, commerce, warehousing, energy, solid minerals, mining and tourism among others. With an estimated GDP of N3,689.05tn, it is ranked as the 16th largest economy in the country.

Kogi is highly FAAC dependent. FAAC allocation represented 76.42% of total revenue while IGR accounted for 20.59%. The remaining 2.99% was obtained through Aids & Grants. IGR unfortunately declined by 3.19% between 2020 and 2021 from N17.36bn to N16.80bn while Gross FAAC increased by 9.8% from N56.80bn to N62.37bn. Relative to other states, Kogi's IGR fell from 17th position in 2020 to 27th in 2021 and Gross FAAC ranking remained the same. As a result, FAAC dependence increased from 54.10% to 76.42%. While this evidently reduced the share of IGR in total revenue, It contributed to the state's fiscal performance ranking marginally improved from 28th position in 2021 to 27th in 2022.

Additionally, Kogi state spent 99.30% of total revenue (N81.04bn out of N81.61bn) on operating expenses and loan repayments in 2021. Of total expenditure which summed up to N129.48bn as at December 2021, N81.04bn (62.59%) was spent on

recurrent expenditure (including loan repayments) while CAPEX accounted for the remaining N48.44bn (37.41%) . This implies that even with a total revenue of N81.61bn, including Aids and Grants, about N48bn was obtained from external sources to cater to capital expenses. The state also had the second highest personnel to revenue ratio at 47.06%, surpassed only by Plateau state. Furthermore, total personnel cost in 2021 amounted to N38.41bn, 228% greater than the state's IGR. This suggests that the state may have had to increase its debt exposure to cater to its total expenditure. Trend analysis of the state's debt over the past five years revealed that although the state's debt followed a zig-zag trajectory, total debt between 2016 and 2021 rose by 18.06%. However, between 2020 and 2021 foreign debt jumped 85.65% (\$25.83mn) while domestic debt added 3.77% (N2,567,593,570). Notwithstanding, in terms of indebtedness, Kogi ranks low as it is the 28 most indebted state in the country.

Increasing IGR will go a long way to improve Kogi state's fiscal sustainability and reduce FAAC dependency. More so, opportunities abound for better performance of businesses as well as springing up of new enterprises when the ease of doing business improves from the present rank of 21 out of 36 states. In addition, matching personnel cost to IGR would help the state derive more value from the civil service.



Subnational Governance Reforms for a New Era

Kogi State achieved 12 out of 15 DLRs applicable to the 2020 Annual Performance Assessment (APA) of the States Fiscal Transparency, Accountability, and Sustainability (SFTAS) Program for Results. 3 of these were achieved in 2018 APA. They include the implementation of state level debt legislation, the establishment of legal framework for public procurement in conformity with the UNCITRAL model and the implementation of a consolidated state revenue code covering all state IGR sources as well as establishing the state internal bureau of revenue as the sole agency responsible for state revenue collection and accounting.


the biometric data capture of civil servants and pensioners in January 2019 while BVN linkage began in December 2019 and was still ongoing for FY2020. The total number of staff on its nominal roll was 28,974, while total number of staff on the payroll was 27,622. Although no payroll fraud was detected during the exercise; 1,352 retired civil servants were detected during the biometric validations and removed from the payroll on account of retirement and death. As a result N161.82m was saved.

As stated earlier, a public procurement legal framework has been in existence since 2018. In addition, the state has also commenced the publication of requisite contracts for FY2020 inline with OCDS data formats but was unable to achieve this within the prescribed time frame (31st December, 2020). Also, in FY2020, the state was yet to implement e-procurement in at least 3 MDAs (Education, Health and Public works).⁸⁹ Furthermore, debt reports and sustainability analysis reports were yet to meet accepted standards, although the implementation of state level debt legislation was completed in 2018. However the state performed satisfactorily in improved clearance/reduction of the stock of domestic expenditure arrears and debt sustainability.

Prioritising increased TSA coverage of state finances, timely publication of contract award information in OCDS formats and expanding the scope of state debt sustainability analysis would help to enhance revenue and expenditure discipline as well as improve state performance in subsequent APAs.

In the 2020 APA, quarterly budget reports were published within the stipulated time while budget expenditure deviation was computed at 9% by the Independent Verification Agent (IVA), well below the threshold of 15%. Evidence that citizens were carried along during the budget process as well as proposed and amended budgets for FY2021 were found online. Kogi state has established a functional State-level TSA, operates one TSA account, has a cash management strategy and can centrally monitor cash balances on an electronic dashboard. The state also recorded an annual IGR nominal growth of 1% which met the required benchmark. However, the state TSA covered 69%⁸⁸ of government finances, just missing the benchmark of 70%.

The biometric data and BVN linkage of 95.33% of Kogi States civil servants and pensioners were captured on its payroll as at FY2020. Kogi completed



In the 2020 APA, quarterly budget reports were published within the stipulated time while budget expenditure deviation was computed at 9% by the Independent Verification Agent (IVA), well below the threshold of 15%.

88- See Office of the Auditor General of the Federation. (2021). The States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results. 2020 Annual Performance Assessment (APA) Report. Kogi State, at p. 22. Available at <https://www.sftas.org/document/kogi-state-2020-annual-performance-assessment-reports/>. Initial computations by the IVA resulted in 72% TSA coverage of government finances. However, having observed reversal entries in the TSA Bank Statements, the IVA recalculated the inflows and outflows using the spotted items total which were subtracted to establish the adjusted figures resulting in a recalculated coverage of 69%.

89- See Office of the Auditor General of the Federation. The States' Fiscal Transparency, Accountability and Sustainability (SFTAS) Program for Results. 2020 Annual Performance Assessment (APA) Report. Kogi State, op.cit., at p. 36. Although e-procurement was yet to be implemented in FY2020, the IVA was able to confirm that e-procurement was implemented in August 2021.



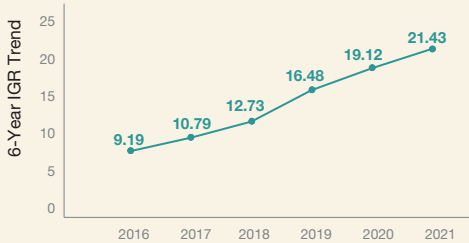
Plateau State

Home of Peace and Tourism

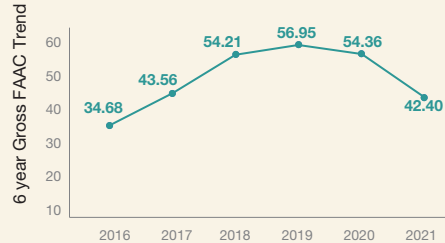
Overall Fiscal Performance Rank **29**
out of 36 states

Debt Sustainability Rank **36**
out of 36 states

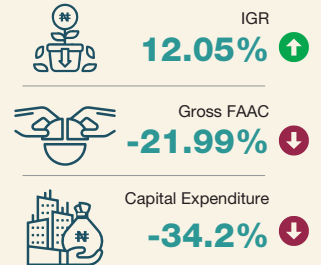
6-Year IGR Trend (NGN'bn)



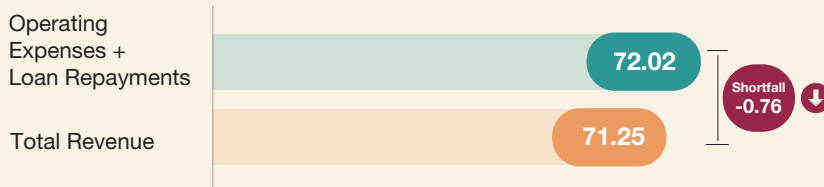
Gross FAAC (NGN'bn)



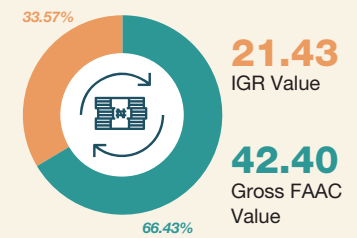
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



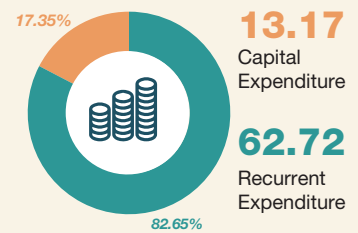
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	15	21
Gross FAAC	22	36
Size of Total Debt	10	13
Size of Domestic Debt	9	9
Size of Foreign Debt	29	29

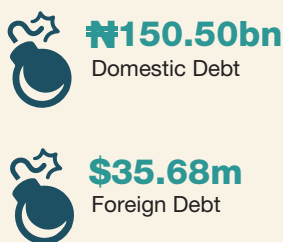
Spending Priority (2021) (NGN'bn)



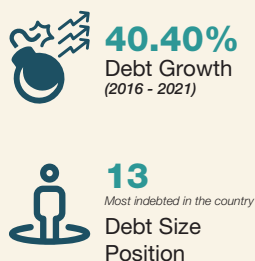
Per Capita Analysis



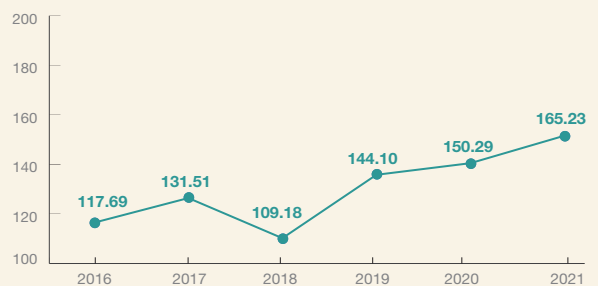
Debt Profile



Total Debt Growth



Total Debt (NGN'bn)





Ease of doing Business Ranking

14th



Capital Importation
(2019 - 2021)

\$0.00m



Health Spending per Capita

₦1,236.60



Education Spending per Capita

₦3,772.57



GDP

₦1.50tn



Plateau had the highest personnel costs in the country when compared with resource mobilisation.

Plateau state is one of the states that reduced its FAAC dependence while increasing total revenue. FAAC dependence dropped from 77.93% in 2020 to 59.51% in 2021. At the same time total revenue increased by 2.14% from N69.76bn in 2020 to N71.25bn in 2021. Interestingly, although IGR increased by 12.05% from N19.12bn in 2020 to 21.43bn in 2021, the rise in IGR did not totally account for the over N11bn addition in total revenue. Rather surprising also is that, despite the seemingly impressive performance in revenue, the state's fiscal performance standing among the 36 states fell from 18 in 2021 to 29 in 2022.

First, operating expenses and loan repayments exceeded total revenue by 0.76% leaving little room for sufficient allocation of resources to capital expenditures. Consequently, CAPEX reduced by 34.22% compared to 2020. It was therefore inevitable that total recurrent expenditure (N72.02bn) consumed 84.54% while CAPEX (N13.17bn) represented 15.46% of total expenditure. Debt stock increased in the period under review, adding 9.9% to settle at N165.23bn. In the last five years Plateau's debt grew by 40.4% and as at the end of 2021 was the 13th most indebted state in the country. More so, the state's debt as a percentage of revenue hit 231.90%. It's the only state in the North Central region above the solvency threshold for debt to revenue ratio.

What's more, Plateau had the highest personnel costs to revenue ratio among the 36 states: The personnel to revenue ratio was 48.09%. Total personnel cost amounted to N34.26bn in 2021. The state's IGR was neither sufficient to cover the cost of salaries and wages of N27.32bn nor able to meet overheads which amounted to N20.71bn. Basically, without federal transfers, the state lacked the finances required to adequately fund its own civil service let alone invest in human capital development or social protection programmes. At 24th position, Plateau state ranked in the 3rd quartile of total health spending per capita while ranking in 16th place among the 36 states in total education spending per capita.

In 2021, Plateau state recorded no capital importation. Stated differently, the state attracted no foreign investment that year. With an estimated GDP of N1.50tn, Plateau state at 33rd position ranked among the states with the smallest economy size. Reducing the pressure on state revenue by being more disciplined with OPEX while creating the right environment for investment could improve the state's fiscal sustainability.



Subnational Governance Reforms for a New Era



As at FY2020, Plateau state achieved 8 out of 15 DLRs applicable to the Annual Performance Assessment (APA).

As at FY2020, Plateau state achieved 8 out of 15 DLRs applicable to the Annual Performance Assessment (APA). Three of the eight DLRs were achieved earlier. In the 2019 APA, Plateau state had implemented a consolidated state revenue code covering all state IGR sources and established the State's bureau of internal revenue as the sole agency responsible for revenue collection and accounting. A public procurement legal framework in line with UNCITRAL standards was also achieved in the same year while state level debt legislation which included responsibilities for contracting and recording/reporting state debt as well as putting in place debt rules and limits was similarly achieved.

Five more DLRs were achieved in the 2020 APA by the State government. Quarterly budget implementation reports were published on average within 4 weeks of quarter-end to enable timely budget management, however, budget deviation for the total amended budget expenditure was 38.34%. A functional TSA covering 93.99% (above the 70% threshold) of government finances was also established while nominal IGR growth rate relative to FY2019 stood at 18% in line with growth benchmarks (greater than or equal to previous year). 96% of civil servants and pensioners were biometrically captured and linked to the state's payroll while 97% of BVN data was linked to the payroll. No ghost workers were detected during the biometric validations.

While efforts have been made on achieving the other DLRs, there is much room for improvement regarding minimum standards and timeliness of reports. Information disclosure regarding engagements with citizens during the budget process could go a long way to fostering openness as well as improve the participation of the public. Minutes of engagement meetings exist on file but were not uploaded online. Debt sustainability analysis could be more comprehensive to include medium term budget forecasts and debt portfolio and borrowing options. Reversing the year on year rise in domestic expenditure arrears, publishing the same online and in an accessible database and reducing the debt to revenue ratio to within 125% (or 150% at the extreme) from the current level of 193.83% would improve debt sustainability. Similarly, implementing e-procurement in all MDAs as soon as possible as well as the publication of contract awards in line with OCDS standards would aid the efficient and transparent management of expenditure.

IVA reports also suggested that digital uploads of required data were not executed appropriately in some cases. Consequently, it may be beneficial to sharpen the capacity and deployment of information technology personnel and systems to help the state meet required DLR benchmarks.



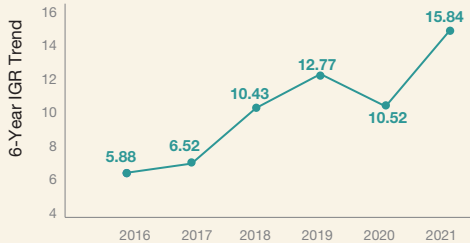
Niger State

The Power State

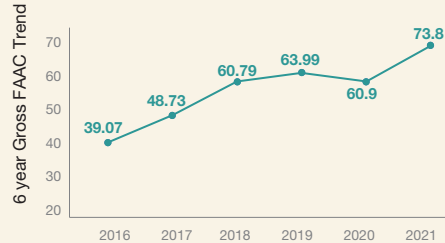
Overall Fiscal Performance Rank **31**
out of 36 states

Debt Sustainability Rank **17**
out of 36 states

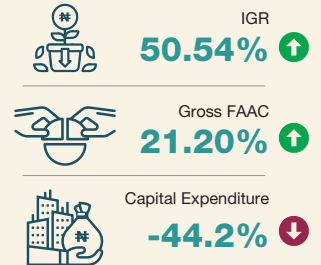
6-Year IGR Trend (NGN'bn)



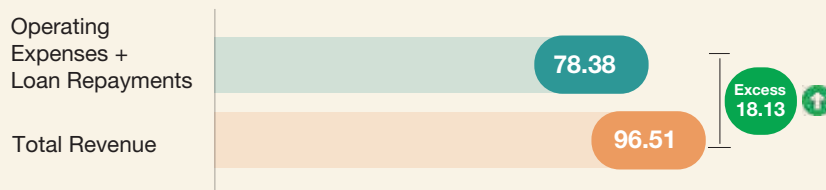
Gross FAAC (NGN'bn)



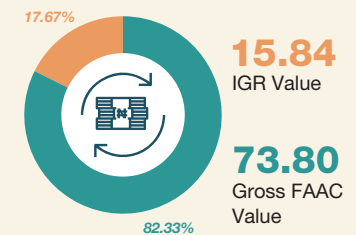
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



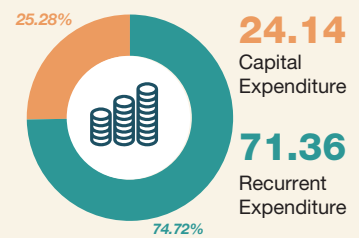
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	29	29
Gross FAAC	15	12
Size of Total Debt	23	22
Size of Domestic Debt	27	22
Size of Foreign Debt	17	18

Spending Priority (2021) (NGN'bn)



Per Capita Analysis



Debt Profile

₦83.40bn
Domestic Debt

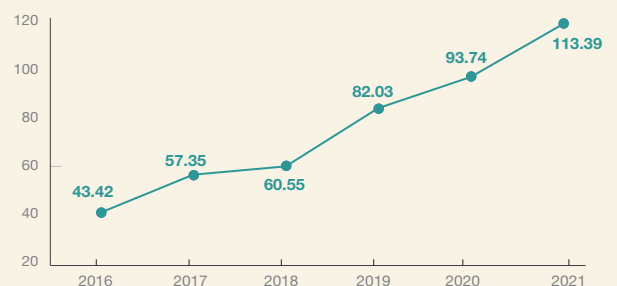
\$72.61
Foreign Debt

Total Debt Growth

161.13%
Debt Growth (2016 - 2021)

22
Most indebted in the country
Debt Size Position

Total Debt (NGN'bn)





Ease of doing
Business Ranking

25th



Capital
Importation
(2019 - 2021)

\$16.43m



Health Spending
per Capita

₦ 1,546



Education Spending
per Capita

₦3,068



GDP

₦4.58tn



Niger state's personnel cost relative to available resources was the 2nd highest in the region and 4th in the country.

Niger state became more FAAC dependent in 2021, rising from 72.19% to 76.47% of total revenue between 2020 and 2021. Notably, the state was able to grow IGR by 50.54%, adding over N5bn to the N10.52bn generated in 2020 to arrive at N15.84bn in 2021. Nonetheless, there was a corresponding rise in FAAC allocation to the state, adding N12.91bn (a 21.20% increase) in comparison to 2020.

An analysis of the spending priority of the state showed that total recurrent expenditure caught 76.45% while CAPEX attracted 23.55% of total government spending in 2021. Niger state had the highest drop in CAPEX in the region and second highest among the 36 states (-44.19%), surpassed only by Zamfara state. Operating expenses and loan repayments gulped N78.38bn, that is, 81.22% of total revenue. Moreover, Niger state's personnel cost relative to available resources was the 2nd highest in the region and 4th in the country. Personnel to revenue ratio stood at 45.52% indicating a huge strain on revenue. Salaries and wages alone was N37.83bn, more than double IGR in the same year. Besides, the state's spending on salaries and wages was 56% higher than CAPEX. When compared with total personnel cost, CAPEX was less than half.

The poorer 2022 fiscal sustainability ranking of 31 compared to 26 in 2021 is likely not far fetched from the state's revenue and spending preferences. More so, its debt envelope was pushed further in 2021 albeit still within accepted thresholds.

While state debt grew by 20.96% between 2020 and 2021, debt stock totalled N113.39bn as at December 31, 2021; equivalent to 117.49% of revenue (debt-to-revenue ratio), still fell within accepted limits. Relative to the rest of the states, Niger ranks 22nd in indebtedness.

At an estimated GDP of N4.58tn, Niger state ranked 10th place out of the 36 states in terms of economy size. Its land mass totalling 68,925 km² (70% of which is arable and cultivable), makes it the largest state by geographical area.⁹⁰ Opportunities exist for agribusiness and mechanised farming, tourism and mining development. Diversifying the local economy could go a long way to not only create more revenue streams but also reduce pressure on state resources. FAAC dependency should also follow a downward trend with expanded options for revenue generations. It would also be beneficial to improve health and education spending per capita up from N1,545.85 and N3068.36 respectively at present, with the grand aim of developing human capacity to foster innovation and drive the local economy.

90- See the Nigerian Investment Promotion Commission (Website), Nigerian States: Niger State, Federal Government of Nigeria. Available at: <https://www.nipic.gov.ng/nigeria-states/niger-state/>



Subnational Governance Reforms for a New Era

At 9.07%, Niger State was able to keep budget expenditure deviation within the prescribed limit of 15% in FY2020, although budget implementation reports were below prescribed standards. In promoting the engagement of citizens in the budget process, inputs from formal public consultations were published online along with the proposed FY2021 budget. However, the state government needs to do more to ensure that up to date information is readily accessible in a timely manner.

As at December 31, 2020; Niger state did not have a functional TSA or a cash management strategy and the state TSA covered only 52% of government finances, below the threshold of 70%. This is despite the fact that the state has operationalized a centralised electronic monitoring system since 2016. A consolidated revenue code covering all state IGR sources was achieved and the state bureau of internal revenue was established as the sole agency responsible for revenue collection and accounting. Notwithstanding, IGR declined by 23.11% relative to FY2019.

Niger state began the biometric capture of civil servants and pensioners in 2010 and completed the exercise eight years later. Impressively, 100% of civil servants and pensioners were captured and linked to the state's payroll as at FY2020.

BVN data has also been linked to 100% of civil servants and pensioners. No ghost workers were detected during the biometric validations and

changes to the database in the fiscal year due to retirements, new employment, deaths and resignations were captured by the biometric exercise. The database has a provision for the date of first appointment and date of birth that automatically deactivates a staff biodata upon retirement.

Niger state already established a public procurement legal framework in line with UNCITRAL model law in 2018. On examination of the list of contracts awarded in FY2020 on the state's open contracting portal, IVA concluded that all contracts above the stipulated threshold were published online and in OCDS formats. Niger state can take this accomplishment further by implementing e-procurement in all MDAs or at least 3 MDAs in the first instance (Education, Health and Public Works). Interestingly, the state's e-procurement platform created by European Dynamics, an e-government, information technologies service provider,⁹¹ under a World Bank sponsored framework agreement, went live in August 2021. Subsequent APAs would provide critical information on the efficacy of e-procurement in Niger state as well as other Nigerian states that are beneficiaries of the framework.⁹² It may be worth noting that in 2020 the state government revised upwards the thresholds for contract awards.⁹³ New thresholds were 10 to 25 times more than the previous levels for state competitive bidding.

Ensuring the accuracy and publication of reports in a timely manner and in line with prescribed standards would contribute to transparency and accountability in government processes and activities in Niger State.



Impressively, 100% of civil servants and pensioners were captured and linked to the state's payroll as at FY2020.

91- See European Dynamics (Website), "Who We Are". Available at: <https://www.eurodyn.com/company/who-we-are/>

92- See "European Dynamics has been awarded a World Bank funded Framework Agreement to implement e-Government Procurement to 35 Nigerian States", on July 29th, 2020, on European Dynamics (Website). Available at: <https://www.eurodyn.com/european-dynamics-has-been-awarded-a-world-bank-funded-framework-agreement-to-implement-e-government-procurement-to-35-nigerian-states/>

93- See Niger State Government of Nigeria. "Extract from Conclusion of the Niger State Executive Council. Office of the Secretary to the Government of Niger State: Cabinet and Security Department. Available at: <https://www.nigerstateopencontracting.com/pdf/pdf-12.pdf>



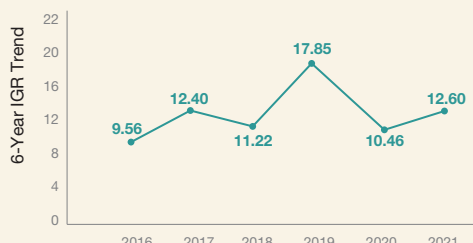
Benue State

Food Basket of the Nation State

Overall Fiscal Performance Rank **36**
out of 36 states

Debt Sustainability Rank **28**
out of 36 states

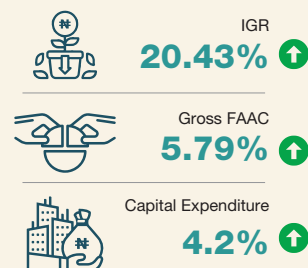
6-Year IGR Trend (NGN'bn)



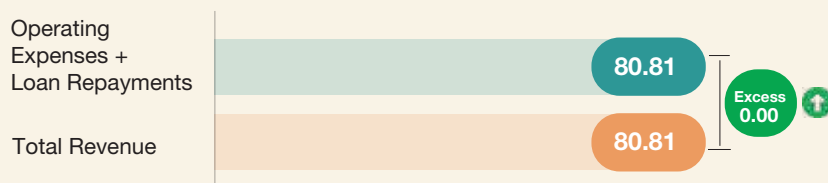
Gross FAAC (NGN'bn)



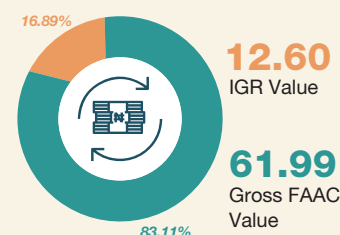
Year-On-Year Growth (2020 vs 2021)



Ability to meet Operating Expenses and make Loan Repayments with Total Revenue (NGN'bn)



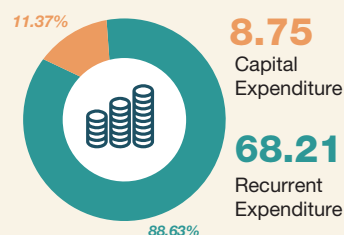
Structure of State of States Recurrent Revenue (2021) (NGN'bn)



Size Ranking (out of 36 States)

	2020	2021
Internally Generated Revenue, IGR	30	32
Gross FAAC	17	21
Size of Total Debt	12	17
Size of Domestic Debt	11	12
Size of Foreign Debt	30	31

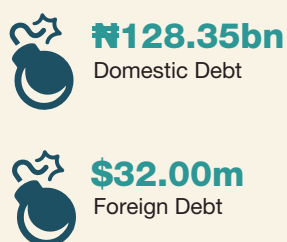
Spending Priority (2021) (NGN'bn)



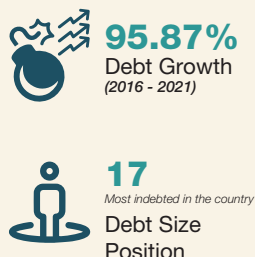
Per Capita Analysis



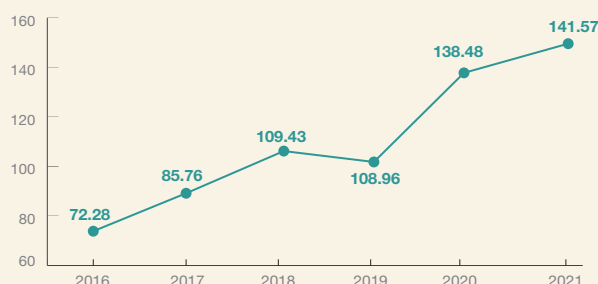
Debt Profile



Total Debt Growth



Total Debt (NGN'bn)





Ease of doing Business Ranking

16th



Capital Importation (2019 - 2021)

\$25.03m



Health Spending per Capita

₦1,552



Education Spending per Capita

₦3,213



GDP

₦4.27tn



Benue occupied last place, 36th out of 36 states, in this year's fiscal performance ranking. It had the 7th highest personnel-to-revenue ratio (42.76%) in the country, though still within the prescribed threshold of 60%.

Benue State, known as the food basket of the nation accounts for over 70% of the country's soya bean production. 75% of the State's population practice agriculture which is the mainstay of the local economy. In 2021, the state's IGR increased by 20.43% from N10.46bn the previous year to N12.60bn, while FAAC allocation rose by 5.79% from N58.60bn to N61.99bn. Needless to say, FAAC dependency is high at 76.71%. It was the 4th most FAAC dependent state in 2021.

Interestingly, operating expenses and loan repayments together were equivalent to total revenue of N80.81bn in 2021 as total recurrent expenditure chunked out 90.23% of total expenditure, leaving 9.77% for CAPEX. Like many other states in the country, personnel cost at N34.56bn outstripped IGR as well as CAPEX (N8.75bn). In Benue state, Personnel cost quadrupled CAPEX and nearly tripled IGR. Undoubtedly, without federal transfers, Benue state would lack the capacity to be self-sustaining. With a bill of N29.12bn in overheads, the state government may find it difficult to function effectively with IGR alone.

Benue occupied last place, 36th out of 36 states, in this year's fiscal performance ranking. It had the 7th highest personnel-to-revenue ratio (42.76%) in the country, though still within the prescribed threshold of 60%. The state also ranked 32nd in IGR collection. As at December 2021, the State ranked 17th in indebtedness. Debt stock climbed marginally by 2.23% to N141.57bn from N138.48bn between 2020 and 2021, but over the last five years total debt grew by

95.87%. Benue ranked 20 and 21 in total health spending per capita and total education spending per capita respectively. It ranked 16th in ease of doing business and realised \$25mn from capital importation between 2019 and 2021, the highest in the North central region and 6th in the country.

As the 12th largest state in the country in terms of economy size with an estimated GDP of N4.27tn, attention to developing the numerous resources available to the state can stimulate revenue growth beyond the present level of 3.55%. A diversified local economy is more likely than not to create additional revenue streams which will boost IGR, reduce FAAC dependency and help manage debt exposure. In addition, more disciplined spending can help improve fiscal sustainability while freeing up resources to other sectors that can create value.



Subnational Governance Reforms for a New Era



Although budget expenditures deviated from the prescribed limit (20.57% as opposed to 15% or less), FY2020 reports were published within the stipulated time frames and contained relevant information.

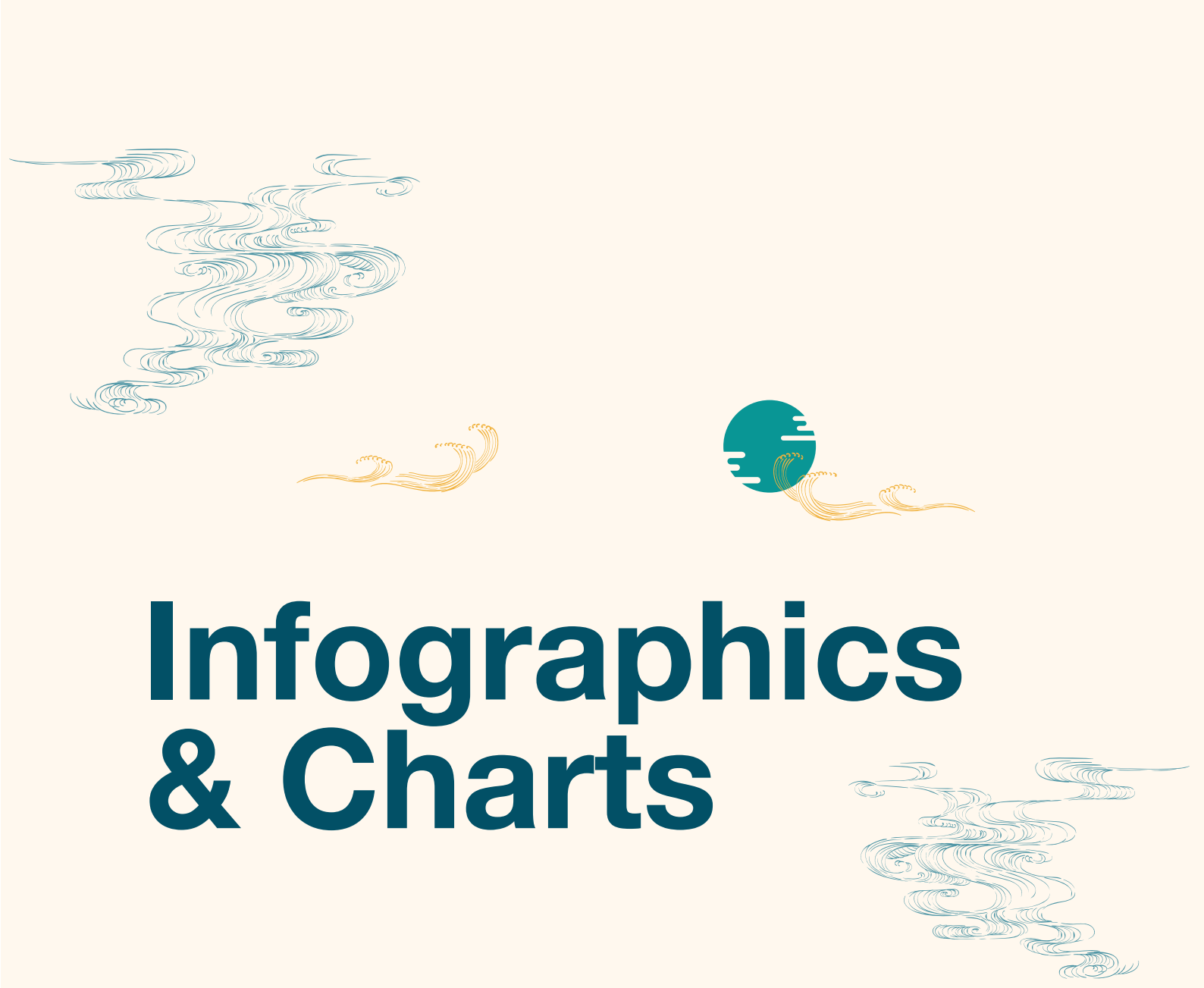
Benue State's efforts to increase openness and citizen engagement met the required standards in FY2020. Documentation detailing inputs from public consultations and dissemination of amendments to budgets were published online along with a functional feedback mechanism. Although budget expenditures deviated from the prescribed limit (20.57% as opposed to 15% or less), FY2020 reports were published within the stipulated time frames and contained relevant information. Benue state needs to put more efforts to ensure that the state TSA covers at least 70% of government finances, up from the current level of 64.5%. This would improve cash management and reduce revenue leakages. Nevertheless, the state has a functional TSA and sweeps are done daily from collecting banks to the pool account monitored on an electronic dashboard which enables central monitoring.

IGR declined by 39% over FY2019 despite implementing a consolidated state revenue code covering all state IGR sources and establishing the state bureau of internal revenue as the sole agency for collecting and accounting for state revenue. The Covid-19 pandemic may have been responsible for the decline. The state also had in place a public procurement legal framework in conformity with UNCITRAL model law in 2019. Similarly, state-level debt legislation was achieved in 2019 APA and in FY2020 all debt reports including debt sustainability analysis were published within the stipulated time frame and

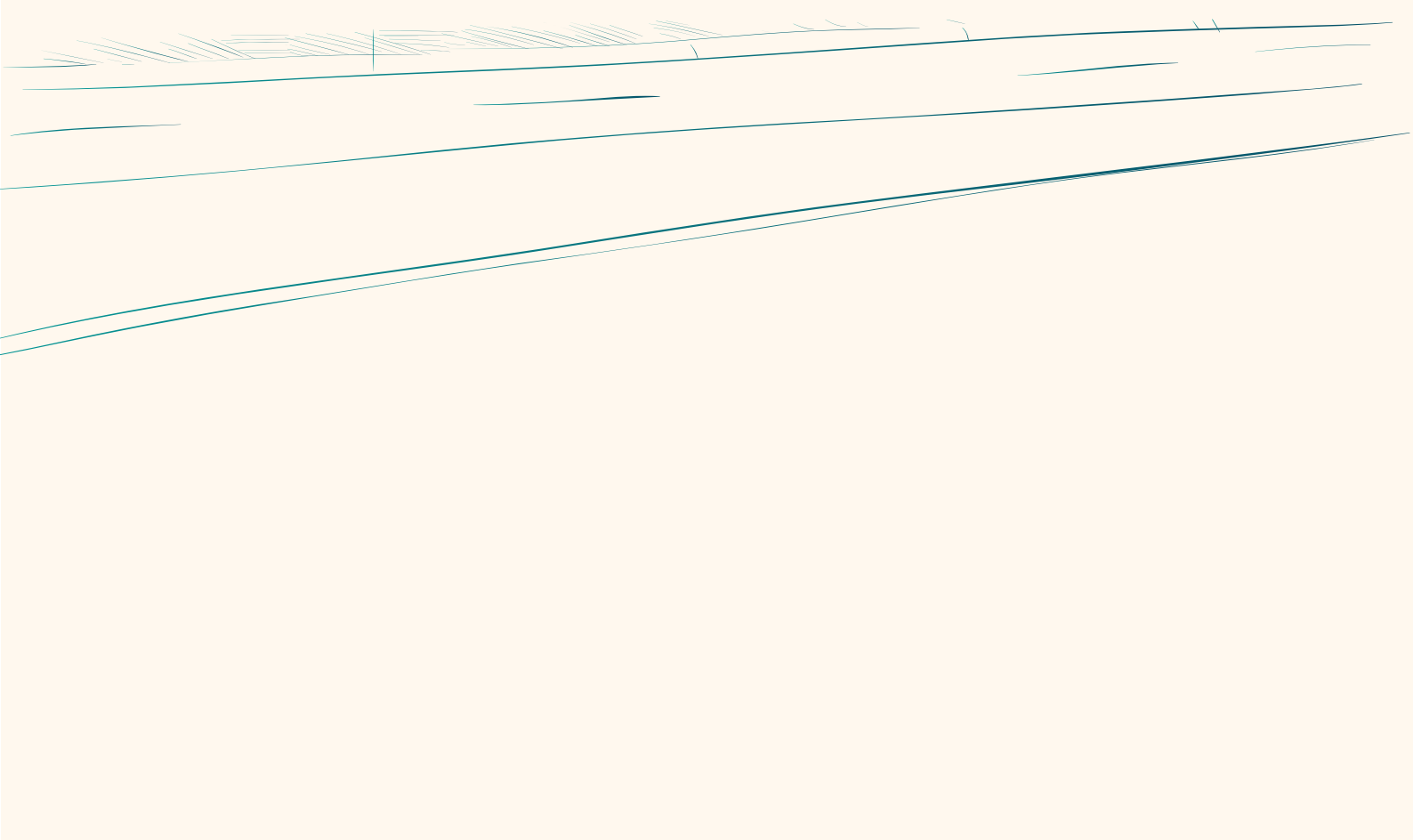
met minimum prescribed standards. Contracts above the threshold of N5mn as defined by the state's procurement law were published on the state's official website in conformity with OCDS. Also, Benue began the development of an e-procurement portal in FY2020. Completion of the portal and implementing e-procurement in all MDAs would improve public procurement in Benue.

Benue also met the minimum requirements to incorporate digital technology in civil service and payroll management. 95.4% of the state's civil service and pensioners have been biometrically captured on its payroll. 415 ghost workers were detected during the biometric validations and expunged from the payroll saving N24,218,362.9 as a result. BVN linkages of civil servants to payroll data stood at 98% in FY2020. Biometric data capture commenced in October 2015 and was completed in October 2020.

Significant attention should also be placed on reversing the current trend of domestic expenditure arrears which rose by 48.6% over FY2019. The recommended practice is to reduce arrears by 5% annually or keep it below N5bn. Debt to revenue ratio should also be cut down as fast as possible to within prescribed limits (ideally less than 125%) Benue's debt to revenue ratio as at the end of Q4 2020 stood at 201.79% as computed by the IVA.



Infographics & Charts



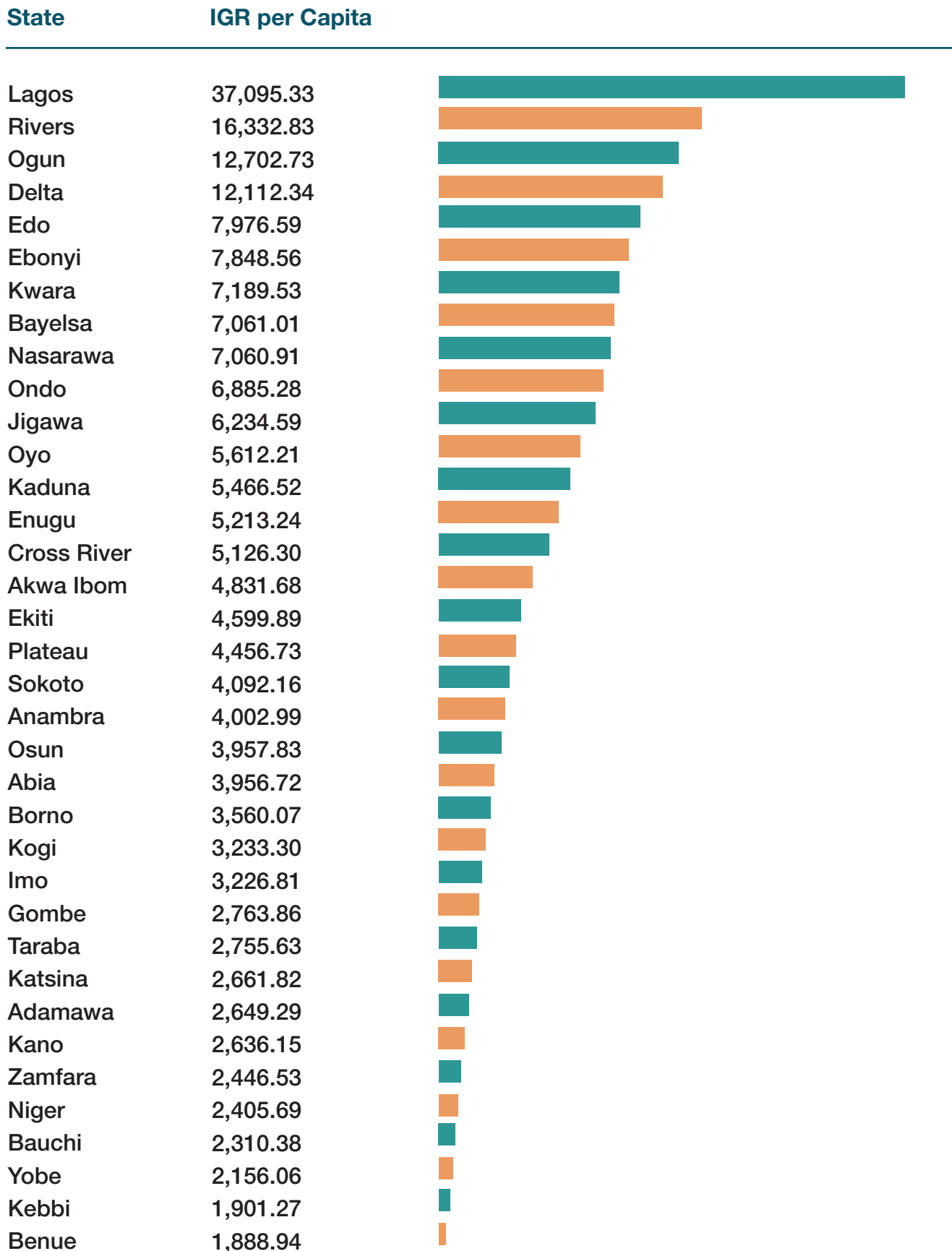
IGR Growth



State	2020	2021	Yr on Yr growth
Jigawa	8,667,720,607.78	42,006,074,459	385%
Borno	11,578,518,120.67	24,728,613,845	114%
Katsina	11,399,650,509.67	24,219,117,995	112%
Ekiti	8,716,460,193.84	17,567,780,130	102%
Sokoto	11,796,827,128.19	23,762,999,758	101%
Zamfara	6,643,376,418.13	12,963,912,471	95%
Ebonyi	13,591,038,584.15	26,004,068,300	91%
Nasarawa	12,476,738,650.15	20,700,930,824	66%
Adamawa	8,329,870,706.65	13,011,611,228	56%
Ogun	50,749,595,850.07	78,169,297,523	54%
Bayelsa	12,180,775,243.00	18,594,563,309	53%
Niger	10,524,281,921.17	15,843,493,109	51%
Ondo	24,848,466,192.88	37,371,482,061	50%
Bauchi	12,502,599,363.55	17,902,447,968	43%
Edo	27,184,350,734.90	38,668,864,425	42%
Cross River	16,183,341,456.32	22,912,281,172	42%
Oyo	38,042,733,036.47	52,158,864,540	37%
Kwara	19,604,303,787.64	26,670,369,083	36%
Delta	59,732,882,662.97	80,498,814,410	35%
Lagos	418,988,587,897.11	546,349,767,000	30%
Kano	31,819,816,711.74	40,656,787,000	28%
Gombe	8,537,983,927.43	10,563,680,472	24%
Rivers	117,189,729,245.29	141,399,483,431	21%
Benue	10,463,674,280.73	12,601,164,537.00	20%
Taraba	8,114,973,143.14	9,769,757,025	20%
Imo	17,081,878,984.93	20,481,342,630	20%
Abia	14,376,871,322.30	16,879,709,747	17%
Enugu	23,650,723,357.00	26,717,819,045	13%
Plateau	19,122,375,801.59	21,426,017,408	12%
Osun	19,668,371,916.01	21,855,392,563	11%
Yobe	7,779,631,175.54	8,460,647,980	9%
Kaduna	50,768,523,407.34	52,412,306,000	3%
Akwa Ibom	30,696,770,278.06	31,396,512,000.00	2%
Kogi	17,357,833,531.99	16,804,952,287	-3%
Anambra	28,009,906,580.48	25,453,011,294	-9%
Kebbi	13,778,260,800.14	9,857,039,462	-28%

Source: State's 2021 Audit Report

IGR per Capita



Source: World Bank Estimates

Civil Servants and Pensioners



State	Civil Servants	Pensioners	Total Personnel on state payroll
Kano	55,444	32,168	87,612
Lagos	58,468	10,634	69,102
Rivers	45,673	19,898	65,571
Delta	48,547	7,959	56,506
Kaduna	32,137	15,589	47,726
Akwa Ibom	29,214	16,181	45,395
Ogun	29,528	14,124	43,652
Oyo	23,954	17,673	41,627
Bauchi	30,949	9,721	40,670
Adamawa	29,657	10,432	40,089
Sokoto	30,568	5,870	36,438
Ondo	23,449	12,053	35,502
Niger	24,322	8,592	32,914
Kwara	16,975	15,858	32,833
Enugu	21,226	11,550	32,776
Yobe	27,180	5,489	32,669
Borno	17,288	15,204	32,492
Katsina	20,362	10,092	30,454
Zamfara	26,658	2,997	29,655
Kogi	18,731	10,243	28,974
Bayelsa	21,299	6,824	28,123
Kebbi	21,544	6,394	27,938
Ekiti	18,940	8,951	27,891
Osun	16,390	10,959	27,349
Jigawa	19,661	6,888	26,549
Imo	15,276	11,158	26,434
Gombe	19,939	6,123	26,062
Benue	15,947	9,650	25,597
Anambra	12,483	13,018	25,501
Cross River	15,624	9,057	24,681
Edo	14,857	9,621	24,478
Plateau	15,450	8,802	24,252
Abia	14,983	5,372	20,355
Nasarawa	16,339	3,269	19,608
Ebonyi	9,606	2,684	12,290
Taraba	0	0	0

Source: SFTAS Performance Assessment

Gross FAAC, Total Revenue and FAAC Dependency



State	Gross FAAC	Total Revenue	% proportion of dependence
Bayelsa	196,527,603,326	217,638,452,235.27	90.30%
Adamawa	60,165,256,431	77,615,736,627	77.52%
Gombe	54,736,390,561	71,031,267,632.74	77.06%
Benue	61,992,659,670	80,812,406,690	76.71%
Zamfara	55,320,809,377	72,202,976,532	76.62%
Niger	73,802,891,337	96,508,300,159	76.47%
Kogi	62,369,490,776	81,610,122,641	76.42%
Yobe	57,935,062,959	76,343,960,876	75.89%
Delta	246,236,078,936	330,176,213,346	74.58%
Bauchi	71,115,555,547	96,345,686,494	73.81%
Kebbi	58,002,416,969	78,994,560,264	73.43%
Taraba	57,437,579,792	80,297,753,699	71.53%
Abia	61,648,313,253	87,237,185,338	70.67%
Imo	72,109,220,086	103,579,407,106.91	69.62%
Ekiti	53,720,548,409	77,479,015,352.00	69.34%
Edo	98,028,117,668	143,837,940,978	68.15%
Anambra	62,331,855,206	91,910,224,619	67.82%
Enugu	60,318,273,772	89,270,807,376.59	67.57%
Kano	107,974,050,000	160,432,292,000	67.30%
Osun	54,101,661,069	81,798,940,288	66.14%
Sokoto	64,820,853,034	101,234,118,449	64.03%
Katsina	74,688,381,219	117,586,157,544	63.52%
Plateau	42,402,794,852	71,252,745,374	59.51%
Ebonyi	53,484,968,684	90,951,800,670	58.81%
Kwara	48,282,078,402	82,575,341,402.58	58.47%
Ondo	68,334,009,534	118,022,624,871	57.90%
Cross River	73,072,508,065	127,749,082,984	57.20%
Borno	74,415,761,714	130,624,221,382	56.97%
Rivers	170,695,596,414	312,095,079,845	54.69%
Kaduna	79,427,324,000	146,151,389,000	54.35%
Jigawa	67,238,232,289	124,272,336,052	54.11%
Oyo	79,404,309,599	155,026,495,026	51.22%
Nasarawa	52,662,203,509	103,582,491,182	50.84%
Akwa Ibom	159,427,138,000	334,362,166,000	47.68%
Ogun	60,355,621,153	143,203,518,723	42.15%
Lagos	193,834,285,000	763,288,746,000	25.39%

Source: State's 2021 Audit Report

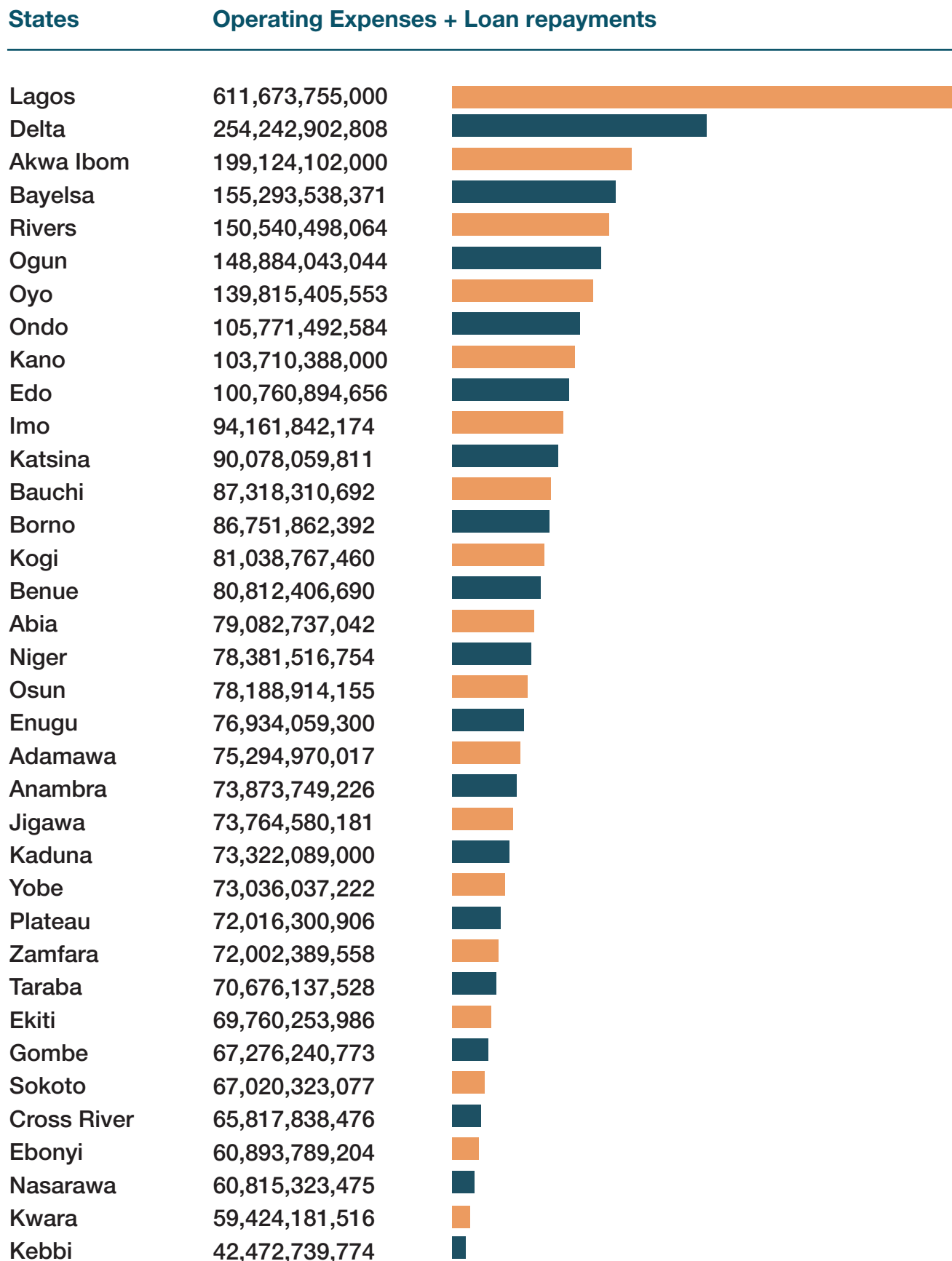
Operating Expenses



States	Operating Expenses	
Lagos	449,367,557,000	
Delta	225,607,584,027	
Akwa Ibom	155,861,450,000	
Bayelsa	138,559,130,928.32	
Ogun	131,801,504,444	
Oyo	119,181,431,200	
Rivers	117,926,984,385	
Kano	95,932,812,000	
Ondo	92,135,006,594	
Edo	91,881,339,378	
Imo	80,087,506,498.53	
Katsina	77,142,854,082	
Borno	76,319,531,546	
Adamawa	74,437,524,149	
Enugu	73,938,533,948.59	
Kogi	73,725,760,610	
Niger	71,358,352,223	
Kaduna	69,699,923,000	
Jigawa	68,850,921,763	
Benue	68,206,457,474	
Ekiti	65,609,494,973.00	
Bauchi	64,440,757,759	
Sokoto	64,218,380,469	
Plateau	62,724,486,884	
Yobe	59,503,761,368	
Nasarawa	58,907,978,569	
Kwara	57,996,492,800.53	
Taraba	55,264,118,448	
Osun	54,799,840,750	
Anambra	54,437,253,152	
Abia	54,187,226,377	
Gombe	45,682,220,423.55	
Cross River	41,289,578,026	
Zamfara	40,781,967,244	
Kebbi	39,337,358,547	
Ebonyi	37,482,765,645	

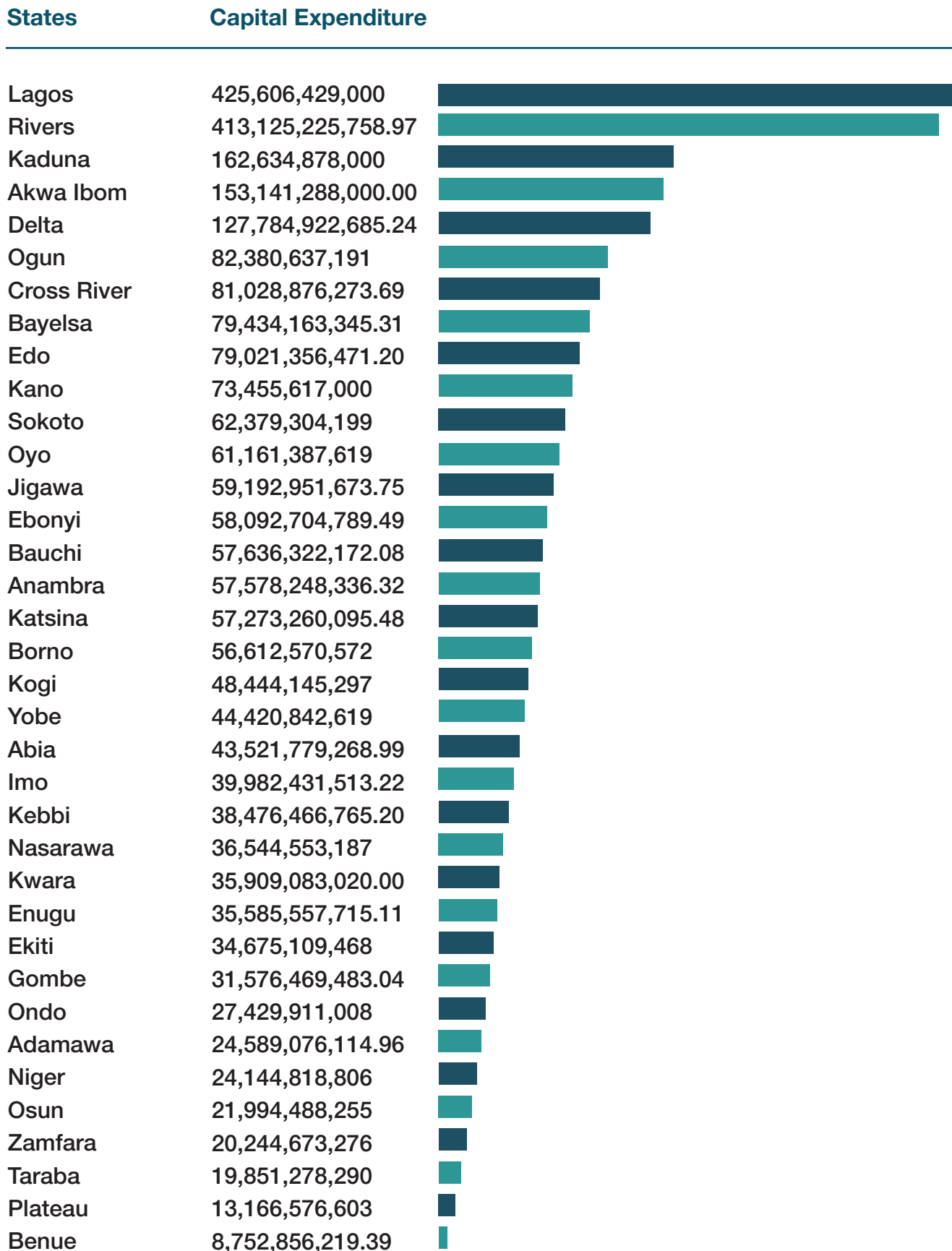
Source: State's 2021 Audit Report

Operating Expenses + Loan repayments



Source: State's 2021 Audit Report

Capital Expenditure



Source: State's 2021 Audit Report

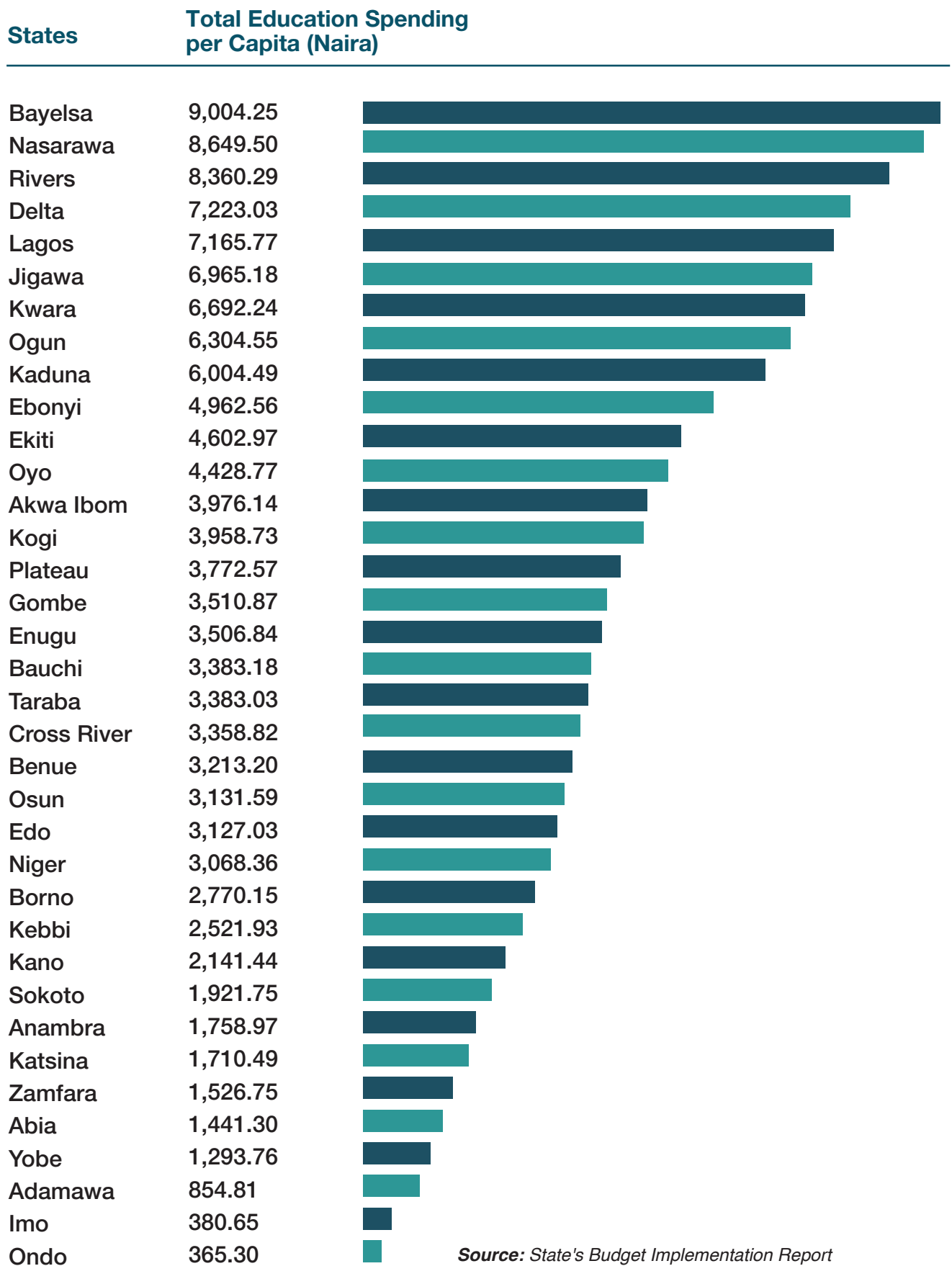
Capital Expenditure Growth (Year-on-Year)



State	2020	2021	Yr on Yr growth
Kogi	14,045,174,638	48,444,145,297	244.92%
Sokoto	22,064,927,611	62,379,304,199	182.71%
Ogun	30,486,450,490	82,380,637,191	170.22%
Katsina	21,937,554,135	57,273,260,095.48	161.07%
Rivers	168,359,956,753	413,125,225,758.97	145.38%
Bayelsa	38,095,730,059	79,434,163,345.31	108.51%
Delta	61,387,534,414	127,784,922,685.24	108.16%
Kano	36,618,585,000	73,455,617,000	100.60%
Edo	43,534,917,965	79,021,356,471.20	81.51%
Oyo	34,927,848,642	61,161,387,619	75.11%
Akwa Ibom	91,450,494,728	153,141,288,000.00	67.46%
Cross River	49,860,350,473	81,028,876,273.69	62.51%
Kaduna	101,890,973,000	162,634,878,000	59.62%
Kwara	22,579,302,963	35,909,083,020.00	59.04%
Taraba	12,999,757,090	19,851,278,290	52.70%
Bauchi	39,415,209,478	57,636,322,172.08	46.23%
Borno	39,208,799,843	56,612,570,572	44.39%
Kebbi	26,689,783,009	38,476,466,765.20	44.16%
Jigawa	41,915,686,480	59,192,951,673.75	41.22%
Imo	28,565,374,310	39,982,431,513.22	39.97%
Lagos	312,313,510,000	425,606,429,000	36.28%
Ekiti	27,216,206,004	34,675,109,468	27.41%
Abia	35,533,863,437	43,521,779,268.99	22.48%
Yobe	37,165,206,542	44,420,842,619	19.52%
Osun	18,734,280,108	21,994,488,255	17.40%
Adamawa	21,302,653,913	24,589,076,114.96	15.43%
Gombe	29,033,404,804	31,576,469,483.04	8.76%
Nasarawa	33,835,331,096	36,544,553,187	8.01%
Benue	8,400,102,066	8,752,856,219.39	4.20%
Ondo	29,123,442,665	27,429,911,008	-5.82%
Anambra	63,234,344,473	57,578,248,336.32	-8.94%
Enugu	45,177,307,491	35,585,557,715.11	-21.23%
Ebonyi	76,059,706,472	58,092,704,789.49	-23.62%
Plateau	20,015,308,264	13,166,576,603	-34.22%
Niger	43,258,813,952	24,144,818,806	-44.19%
Zamfara	41,728,053,142	20,244,673,276	-51.48%

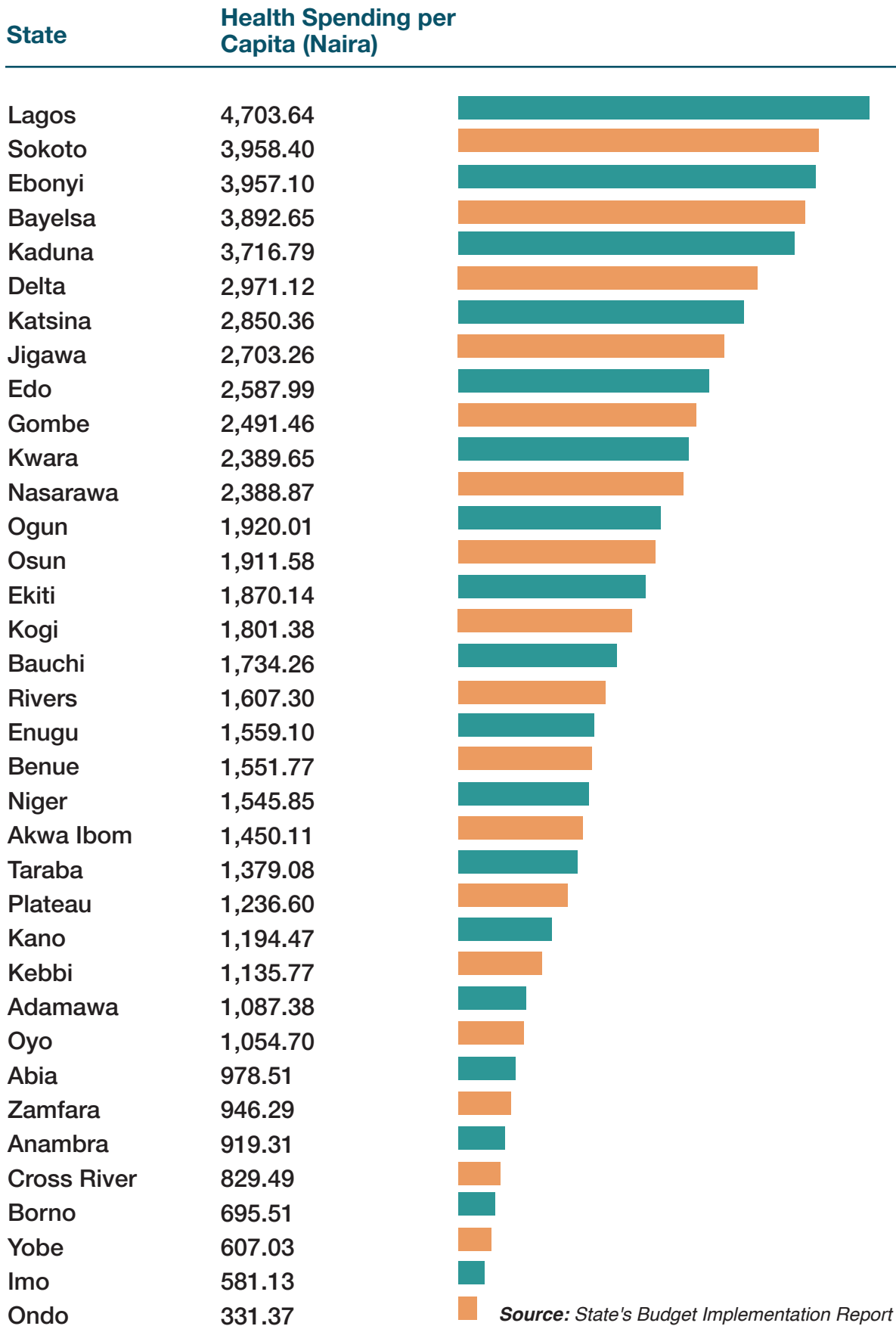
Source: Budget Research

Total Education Spending per Capita 2021



Source: State's Budget Implementation Report

Total Health Spending per Capita (2021)



Capital Importation (2019-2021)



States	Capital Importation (\$ m)
Lagos	31,775.84
Abia	56.08
Ogun	30.46
Osun	29.94
Cross River	25.85
Benue	25.03
Adamawa	25.02
Niger	16.43
Anambra	14.92
Kaduna	8.66
Kano	6.74
Oyo	5.74
Imo	3.00
Sokoto	2.50
Edo	1.87
Akwa Ibom	1.85
Rivers	1.07
Delta	1.04
Katsina	0.58
Borno	0.50
Ekiti	0.50
Kwara	0.43
Bauchi	0.10
Nasarawa	0.10
Enugu	0.05
Ondo	0.03
Bayelsa	0.00
Ebonyi	0.00
Gombe	0.00
Jigawa	0.00
Kebbi	0.00
Kogi	0.00
Plateau	0.00
Taraba	0.00
Yobe	0.00
Zamfara	0.00

Source: Nigerian Bureau of Statistics

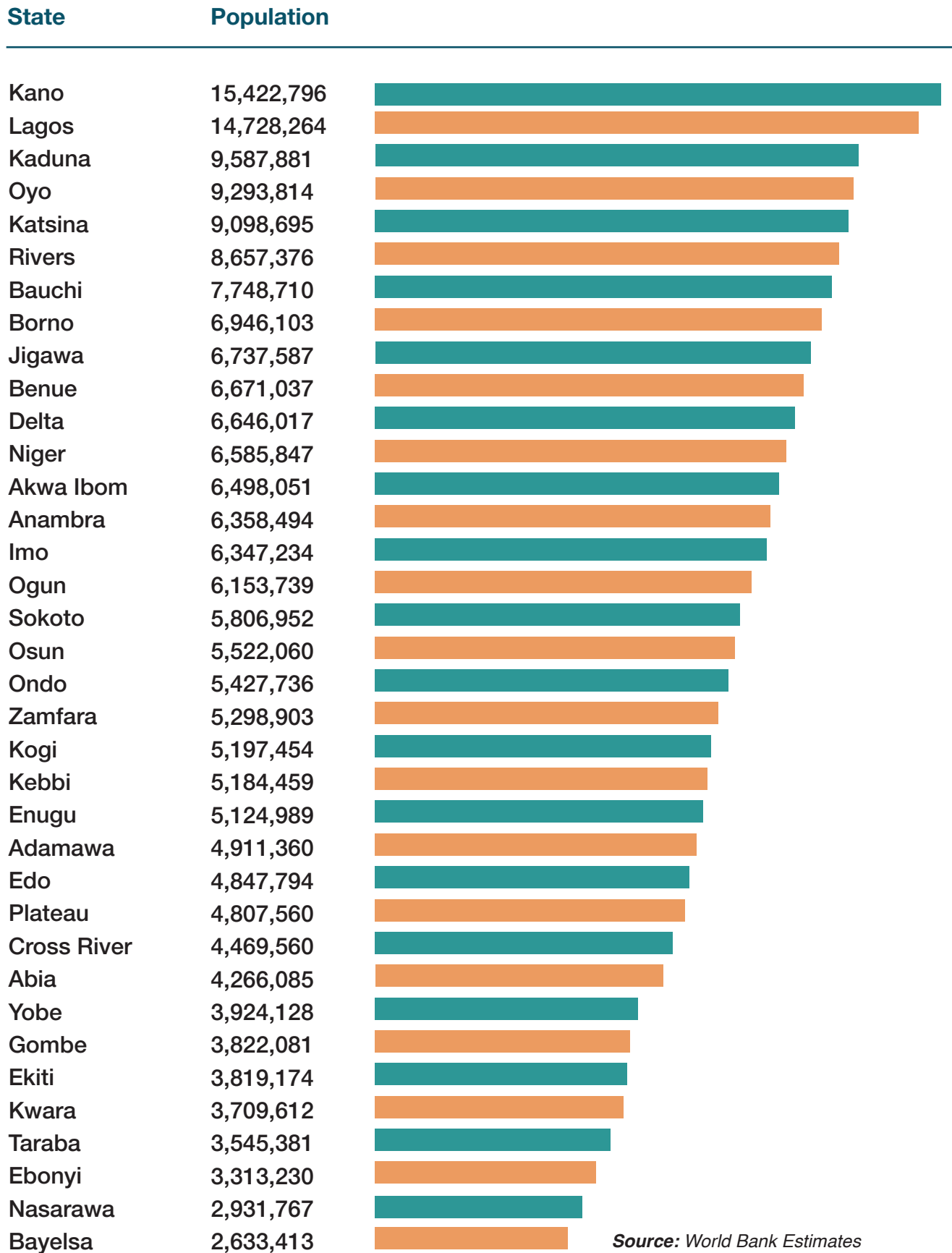
Ease of Doing Business Ranking



States	Ranking
Gombe	1
Sokoto	2
Jigawa	3
Akwa Ibom	4
Bauchi	4
Kebbi	6
Anambra	7
Ondo	8
Katsina	9
Bayelsa	10
Imo	11
Rivers	11
Kaduna	13
Plateau	14
Osun	15
Benue	16
Ekiti	17
Ogun	18
Lagos	19
Adamawa	20
Kogi	21
Ebonyi	22
Nasarawa	22
Yobe	24
Niger	25
Enugu	26
Cross River	27
Oyo	28
Kwara	29
Borno	30
Kano	31
Abia	32
Edo	33
Delta	34
Taraba	35
Zamfara	36

Source: Presidential Enabling Business Environment Council

Population



Source: World Bank Estimates

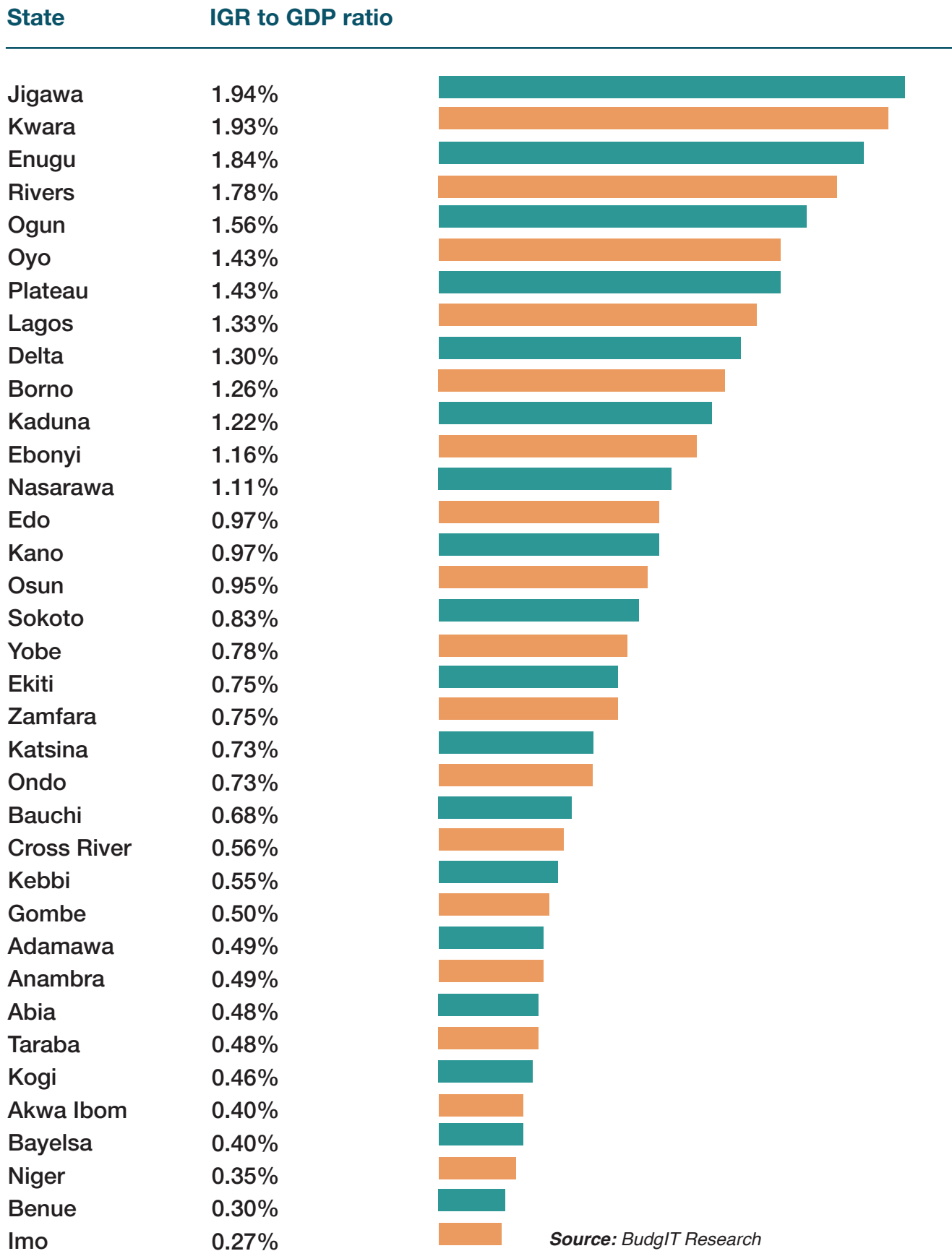
GDP Size and Ranking



State	GDP Size	Ranking
Lagos	41,167,788,181,319	1
Rivers	7,959,005,925,477	2
Akwa Ibom	7,774,944,478,386	3
Imo	7,684,878,450,359	4
Delta	6,192,429,364,727	5
Anambra	5,143,807,377,412	6
Ondo	5,102,350,315,005	7
Ogun	5,026,945,982,322	8
Bayelsa	4,629,973,875,620	9
Niger	4,579,516,649,204	10
Kaduna	4,309,206,529,296	11
Benue	4,268,259,445,119	12
Kano	4,200,023,339,529	13
Cross River	4,067,940,339,462	14
Edo	3,988,940,377,074	15
Kogi	3,689,051,244,602	16
Oyo	3,654,741,540,130	17
Abia	3,526,447,506,342	18
Katsina	3,323,951,408,375	19
Sokoto	2,847,466,745,776	20
Adamawa	2,664,955,732,643	21
Bauchi	2,632,241,225,073	22
Ekiti	2,347,782,913,762	23
Osun	2,300,036,383,871	24
Ebonyi	2,243,658,969,605	25
Jigawa	2,162,924,818,213	26
Gombe	2,096,398,894,930	27
Taraba	2,043,879,237,121	28
Borno	1,958,484,442,642	29
Nasarawa	1,858,430,202,090	30
Kebbi	1,800,528,603,450	31
Zamfara	1,727,625,908,566	32
Plateau	1,497,568,183,628	33
Enugu	1,451,282,032,231	34
Kwara	1,380,822,544,658	35
Yobe	1,085,954,482,814	36

Source: World Bank Estimates

IGR to GDP ratio



Source: BudgIT Research

Revenue Growth



State	2020	2021	Yr on Yr growth
Akwa Ibom	206,109,354,783	334,362,166,000	62.23%
Borno	90,567,834,311	130,624,221,382	44.23%
Oyo	114,577,104,390	155,026,495,026	35.30%
Cross River	94,539,080,789	127,749,082,984	35.13%
Edo	108,471,750,657	143,837,940,978	32.60%
Ogun	109,123,905,278	143,203,518,723	31.23%
Nasarawa	82,846,572,312	103,582,491,182	25.03%
Delta	270,948,060,713	330,176,213,346	21.86%
Taraba	65,940,631,209	80,297,753,699	21.77%
Katsina	99,401,622,213	117,586,157,544	18.29%
Sokoto	85,662,142,970	101,234,118,449	18.18%
Lagos	658,563,824,000	763,288,746,000	15.90%
Bayelsa	188,392,582,077	217,638,452,235.27	15.52%
Rivers	270,378,440,333	312,095,079,845	15.43%
Bauchi	84,109,917,821	96,345,686,494	14.55%
Niger	84,360,375,459	96,508,300,159	14.40%
Imo	91,218,491,473	103,579,407,106.91	13.55%
Kano	142,037,959,000	160,432,292,000	12.95%
Jigawa	112,721,397,226	124,272,336,052	10.25%
Adamawa	70,604,715,738	77,615,736,627	9.93%
Ekiti	72,720,393,266	77,479,015,352.00	6.54%
Kebbi	75,607,635,448	78,994,560,264	4.48%
Enugu	85,578,215,948	89,270,807,376.59	4.31%
Benue	78,038,803,464	80,812,406,690	3.55%
Anambra	89,431,643,648	91,910,224,619	2.77%
Ebonyi	88,531,686,809	90,951,800,670	2.73%
Yobe	74,720,841,062	76,343,960,876	2.17%
Plateau	69,756,859,312	71,252,745,374	2.14%
Zamfara	70,688,937,959	72,202,976,532	2.14%
Kwara	83,332,478,680	82,575,341,402.58	-0.91%
Ondo	119,194,355,754	118,022,624,871	-0.98%
Abia	90,217,382,779	87,237,185,338	-3.30%
Gombe	75,162,825,509	71,031,267,632.74	-5.50%
Kaduna	157,958,388,000	146,151,389,000	-7.47%
Osun	99,048,740,967	81,798,940,288	-17.42%
Kogi	104,998,234,689	81,610,122,641	-22.27%

Source: State's 2021 Audit Report

Domestic Debt

as at Dec. 31, 2021

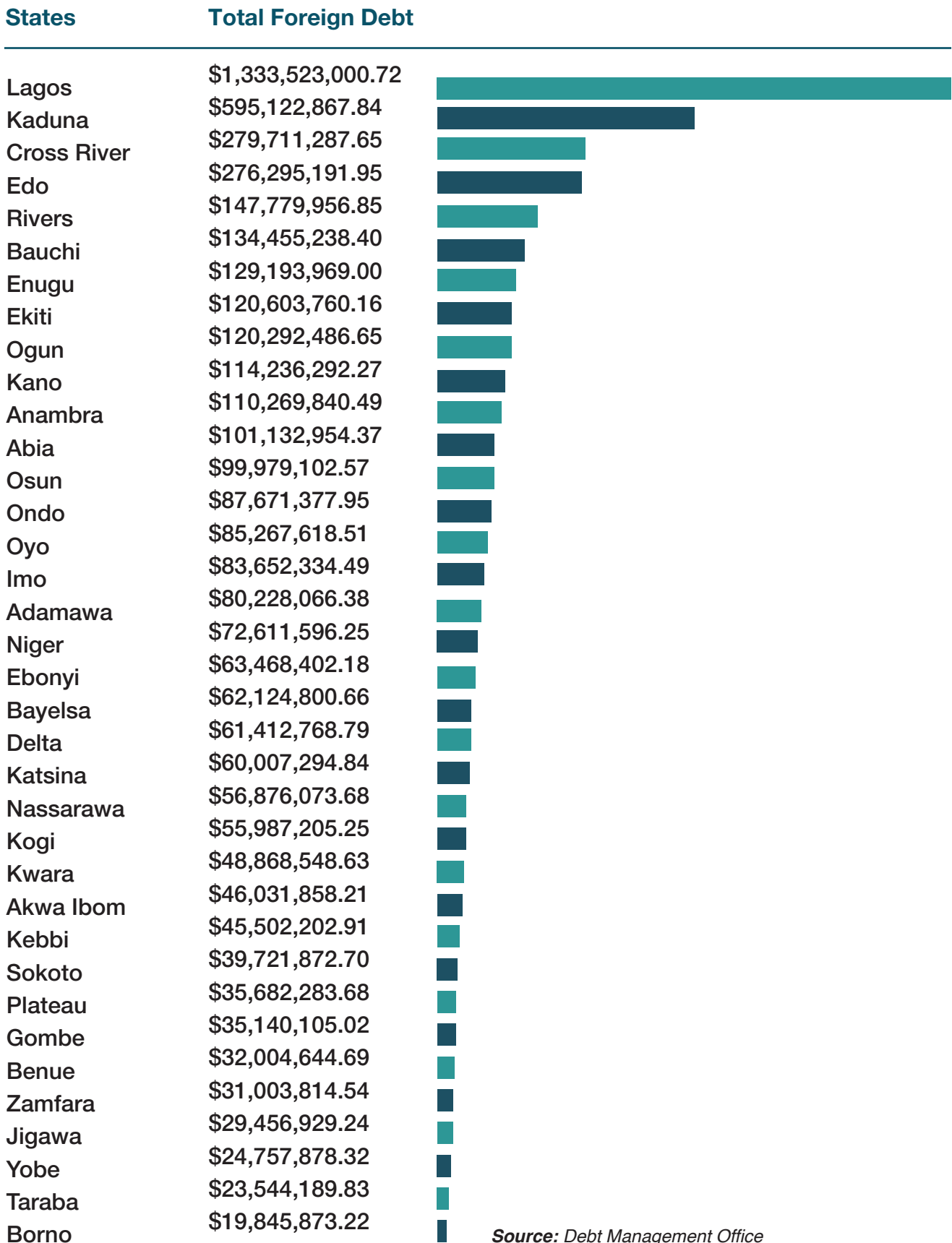


States	Total Domestic Debt	(NGN)
Lagos	658,959,728,218.34	
Ogun	232,622,135,016.73	
Rivers	225,505,011,356.83	
Akwa Ibom	214,608,901,124.02	
Imo	205,189,461,320.27	
Cross River	159,817,911,703.63	
Delta	154,613,430,716.40	
Bayelsa	154,610,714,417.03	
Plateau	150,496,218,244.16	
Oyo	142,561,877,915.91	
Osun	134,700,861,676.61	
Benue	128,349,137,648.15	
Kano	111,896,457,385.67	
Ekiti	106,392,266,984.46	
Zamfara	99,939,746,045.19	
Adamawa	99,546,925,540.21	
Bauchi	97,512,505,086.17	
Borno	95,629,388,229.27	
Abia	95,212,687,526.87	
Kwara	93,372,803,241.96	
Taraba	93,184,991,218.36	
Niger	83,400,390,653.54	
Yobe	82,461,349,492.75	
Edo	78,898,662,554.42	
Sokoto	71,290,133,242.97	
Kogi	70,660,141,638.40	
Enugu	69,169,594,013.02	
Gombe	69,131,414,495.94	
Katsina	66,675,639,486.81	
Ondo	63,812,139,549.89	
Kaduna	61,711,008,612.16	
Anambra	55,715,871,700.61	
Nassarawa	54,097,105,862.47	
Kebbi	52,328,132,269.40	
Ebonyi	42,160,050,001.31	
Jigawa	31,355,699,951.72	

Source: Debt Management Office

Foreign Debt

as at Dec. 31, 2021



Source: Debt Management Office

Subnational Debt

as at Dec. 31, 2021



States	Total Subnational Debt	(NGN)
Lagos	1,209,691,392,285.69	
Kaduna	307,490,801,801.40	
Rivers	286,536,655,736.31	
Ogun	282,301,729,078.31	
Cross River	275,335,876,390.20	
Imo	239,737,038,941.30	
Akwa Ibom	233,619,598,246.17	
Edo	193,005,813,877.85	
Bayelsa	180,267,635,841.60	
Delta	179,976,290,098.98	
Oyo	177,776,551,684.36	
Osun	175,991,231,246.99	
Plateau	165,232,644,581.16	
Kano	159,074,903,730.26	
Ekiti	156,200,413,892.94	
Bauchi	153,041,173,992.99	
Benue	141,566,735,858.67	
Abia	136,979,586,352.14	
Adamawa	132,680,314,674.49	
Enugu	122,525,411,270.33	
Kwara	113,555,025,140.66	
Niger	113,388,253,788.83	
Zamfara	112,744,011,412.07	
Borno	103,825,535,410.40	
Taraba	102,908,506,176.25	
Anambra	101,256,213,124.58	
Ondo	100,019,541,929.46	
Kogi	93,782,297,534.60	
Yobe	92,686,105,660.13	
Katsina	91,458,052,182.78	
Sokoto	87,694,869,449.34	
Gombe	83,643,926,468.15	
Nassarawa	77,586,355,531.57	
Kebbi	71,120,087,049.20	
Ebonyi	68,371,865,417.63	
Jigawa	43,521,117,158.55	

Source: BudGIT Research

2022 States' Fiscal Performance Index

		2022 Report (Based on 2021 Data)										2022 States Fiscal Sustainability Index Analysis				
2022 Ranking	States	Gross FAAC 2021	IGR 2021	Total Recurrent Revenue	Total Revenue including aids and grants	Operating Expenses	Operating Expenses + Loan Repayments	Capital Expenditure (Audit, Actual)	Total Debt (Dec. 31, 2021)	Index A	Index B	Index C Debt Sustainability Composite Index	Index D	2022 Index Point	Scores (100/Index)	Normalized
1	Rivers	170,695,596,414	141,399,483,431	312,095,079,845	312,095,079,845	117,926,984,385	150,540,498,064	413,125,225,759	286,536,655,736	0.83	0.48	0.35	0.29	0.48	210	95.2%
2	Kaduna	79,427,324,000	52,412,306,000	131,839,630,000	146,151,389,000	69,699,923,000	73,322,089,000	162,634,878,000	307,490,801,801	1.33	0.50	0.61	0.43	0.62	160	70.1%
3	Lagos	193,834,285,000	546,349,767,000	740,184,052,000	763,288,746,000	449,367,557,000	611,673,755,000	425,606,429,000	1,209,691,392,286	0.82	0.80	0.53	1.06	0.69	145	62.3%
4	Ebonyi	53,484,968,684	23,410,276,714	76,895,245,397	90,951,800,670	37,482,765,645	39,819,867,952	58,092,704,789	68,371,865,418	1.60	0.44	0.25	0.65	0.78	129	49.7%
5	Cross River	73,072,508,065	22,912,281,172	95,984,789,236	127,749,082,984	41,289,578,026	65,817,838,476	81,028,876,274	275,335,876,390	1.80	0.52	0.65	0.51	0.84	119	48.2%
6	Anambra	62,331,855,206	25,453,011,294	87,784,866,500	91,910,224,619	54,437,253,152	73,873,749,226	57,578,248,336	101,256,213,125	2.14	0.80	0.41	0.95	0.91	110	44.8%
7	Kano	107,974,050,000	40,656,787,000	148,630,837,000	160,432,292,000	95,932,812,000	103,710,388,000	73,455,617,000	159,074,903,730	2.36	0.65	0.38	1.31	1.03	97	38.7%
8	Kwara	48,282,078,402	26,670,369,083	74,952,447,484	82,575,341,402	57,986,492,800	59,424,181,516	35,909,083,020	113,555,025,141	2.17	0.72	0.47	1.62	1.06	94	37.0%
9	Edo	98,028,117,668	38,668,864,425	136,696,982,093	143,837,940,978	91,881,339,378	100,760,894,656	79,021,356,471	193,005,813,878	2.70	0.70	0.47	1.16	1.08	93	36.5%
10	Ogun	60,355,621,153	78,169,297,523	138,524,918,676	143,203,518,723	131,801,504,444	148,884,043,044	82,380,637,191	282,301,729,078	1.69	1.04	0.69	1.60	1.11	90	35.2%
11	Oyo	79,404,309,599	52,158,864,540	131,563,174,139	155,026,495,026	119,181,431,200	139,815,405,553	61,161,387,619	177,776,551,684	2.28	0.90	0.40	1.95	1.17	85	32.7%
12	Nasarawa	52,662,203,509	20,700,930,824	73,363,134,332	103,582,491,182	58,907,978,569	60,815,323,475	36,544,553,187	77,586,355,532	2.85	0.59	0.28	1.61	1.22	82	31.2%
13	Sokoto	64,820,853,034	23,762,999,758	88,583,852,792	101,234,118,449	64,218,380,469	67,020,323,077	62,379,304,199	87,694,869,449	2.70	0.66	0.31	1.03	1.23	82	30.9%
14	Kelbi	58,002,416,969	9,857,039,462	67,859,456,431	78,984,560,264	39,337,358,547	42,472,739,774	38,476,466,765	71,120,087,049	3.99	0.54	0.32	1.02	1.25	80	30.8%
15	Enugu	60,318,273,772	26,717,819,045	87,036,092,816	89,270,807,376	73,938,533,948	76,934,059,300	35,585,557,115	122,525,411,270	2.77	0.86	0.49	2.08	1.26	80	29.9%
16	Delta	246,236,078,936	71,578,478,588	317,814,557,524	330,176,213,346	225,607,584,027	254,242,902,808	127,784,922,685	179,976,290,099	3.15	0.77	0.25	1.77	1.27	79	29.8%
17	Osun	54,101,661,069	21,855,392,563	75,957,053,631	81,798,940,288	54,799,840,750	78,188,914,155	21,994,488,255	175,991,231,247	2.51	0.96	0.74	2.49	1.30	77	28.6%
18	Abia	61,648,313,253	16,879,709,747	78,528,022,989	87,237,185,338	54,187,226,377	79,082,797,042	43,521,779,269	136,979,586,362	3.21	0.91	0.57	1.25	1.32	76	27.9%
19	Ondo	68,334,009,534	37,371,482,061	105,705,491,595	118,022,624,471	92,135,006,594	105,771,492,584	27,429,911,008	100,019,541,929	2.49	0.90	0.35	3.36	1.37	73	26.4%
20	Borno	74,415,761,714	24,728,613,845	99,144,375,559	130,624,221,382	76,319,531,546	86,751,862,392	56,612,570,572	103,825,535,410	3.07	0.66	0.31	1.35	1.38	73	26.3%
21	Katsina	74,688,381,219	24,219,117,995	98,907,499,213	117,586,157,544	77,142,854,082	90,078,059,811	57,273,260,095	91,458,052,183	3.19	0.77	0.31	1.35	1.43	70	24.9%
22	Beuchi	71,115,555,547	17,902,447,968	89,018,003,514	96,345,686,494	64,440,757,759	87,318,310,692	57,636,322,172	153,041,173,993	3.60	0.91	0.55	1.12	1.45	69	24.4%
23	Jigawa	67,238,232,289	42,006,074,459	109,244,306,748	124,272,336,052	68,850,921,763	73,764,580,181	59,192,951,674	43,521,117,159	1.64	0.59	0.20	1.16	1.50	67	23.3%
24	Akwa Ibom	159,427,138,000	31,396,512,000	190,823,650,000	334,362,166,000	155,861,450,000	199,124,102,000	153,141,288,000	233,619,598,246	4.96	0.60	0.26	1.02	1.56	64	22.0%
25	Zamfara	55,320,809,377	12,963,912,471	68,284,721,848	72,202,976,532	40,781,967,244	72,002,389,568	20,244,673,276	112,744,011,412	3.15	1.00	0.59	2.01	1.57	64	21.9%
26	Imo	72,109,220,086	20,481,342,630	92,590,562,715	103,579,407,106	80,087,506,498	94,161,842,174	39,982,431,513	239,737,038,941	3.91	0.91	0.73	2.00	1.60	62	21.2%
27	Kogi	62,969,490,776	16,804,952,287	79,774,443,063	81,610,122,641	73,755,760,610	48,444,145,297	48,444,145,297	97,782,297,535	4.39	0.99	0.44	1.52	1.61	62	21.1%
28	Gombe	54,736,390,561	10,563,680,472	65,300,071,032	71,031,122,632	45,682,220,423	67,276,740,773	31,576,469,483	83,643,926,468	4.32	0.48	0.48	1.45	1.63	61	20.7%
29	Plateau	42,402,794,852	21,426,017,408	63,828,812,280	71,252,745,374	62,724,486,884	72,016,300,906	13,166,576,603	165,232,644,581	2.93	1.01	0.76	4.76	1.65	61	20.3%
30	Niger	73,802,891,337	15,843,493,109	89,646,384,446	96,508,300,159	71,358,352,223	78,381,516,754	24,144,818,806	113,388,253,789	4.50	0.81	0.44	2.96	1.83	55	19.5%
31	Ekiti	53,720,548,409	13,620,433,129	67,340,981,538	77,479,015,352	65,609,494,973	69,760,253,986	34,675,109,468	156,200,413,893	4.82	0.90	0.65	1.89	1.87	53	17.3%
32	Taraba	57,437,579,792	9,769,757,025	67,207,336,817	80,297,753,699	55,264,118,448	70,676,137,528	19,851,278,290	102,908,506,176	5.66	0.88	0.41	2.78	2.06	49	14.3%
33	Adamawa	60,165,256,431	13,011,611,228	73,176,867,668	77,615,736,627	74,437,524,149	75,294,970,017	24,589,076,115	132,680,314,674	5.72	0.97	0.63	3.03	2.23	45	12.4%
34	Yobe	57,935,062,959	8,460,647,980	66,395,710,939	76,343,960,876	59,503,761,368	73,036,037,222	44,420,842,619	92,686,105,660	7.03	0.96	0.46	1.34	2.27	44	12.1%
35	Bayelsa	196,527,603,326	18,594,563,309	215,122,166,634	217,638,452,235	138,559,130,928	155,293,538,371	79,434,163,345	180,267,635,842	7.45	0.71	0.30	1.74	2.40	42	10.8%
36	Benue	61,992,659,670	12,601,164,537	74,593,824,207	80,812,406,690	68,206,457,474	80,812,406,690	8,752,856,219	141,566,735,859	5.41	1.00	0.59	7.79	2.56	39	9.5%

2022 Debt Sustainability Index

States	Total Revenue 2021	Total Expenses 2021	States GDP 2021	Debt Service 2021	Personnel Cost 2021	Total Debt (Dec. 31, 2021)	Debt as a percentage of GDP	Debt as a percentage of GDP Threshold (40%)	Debt as a % of Revenue	Debt as a % of Revenue Threshold (200%)	Debt Service as Percentage of Revenue	Debt Service as Percentage of Revenue Threshold (40%)	Personnel Cost as a % of Revenue	Personnel Cost as a % of Revenue Threshold (80%)	Debt Index / Index C
Abia	87,237,185,338	122,604,516,311	3,526,447,506,342	24,895,510,666	34,004,647,602	136,979,586,352	3.88%	Below threshold	157.02%	Below threshold	28.54%	Below threshold	38.98%	Below threshold	0.571
Adamawa	77,615,736,627	99,884,046,132	2,664,955,732,643	23,379,602,251	34,822,755,253	132,680,314,674	4.98%	Below threshold	170.95%	Below threshold	30.12%	Below threshold	44.87%	Below threshold	0.627
Akwia Ibom	334,362,166,000	352,265,390,000	7,774,944,478,386	43,262,652,000	54,219,138,000	233,619,598,246	3.00%	Below threshold	69.87%	Below threshold	12.94%	Below threshold	16.22%	Below threshold	0.255
Anambra	91,910,224,619	131,451,997,562	5,143,807,377,412	19,436,496,073	27,184,295,494	101,256,213,125	1.97%	Below threshold	110.17%	Below threshold	21.15%	Below threshold	29.58%	Below threshold	0.407
Bauchi	96,345,686,494	144,954,632,864	2,632,241,225,073	22,877,552,933	29,347,854,680	153,041,173,993	5.81%	Below threshold	158.85%	Below threshold	23.75%	Below threshold	30.46%	Below threshold	0.547
Bayelsa	217,638,452,235	234,727,701,716	4,629,973,875,620	16,734,407,442	58,400,999,914	180,267,635,842	3.89%	Below threshold	82.83%	Below threshold	7.69%	Below threshold	26.83%	Below threshold	0.303
Benue	80,812,406,690	89,565,262,909	4,268,259,445,119	12,605,949,217	34,559,382,816	141,566,735,859	3.32%	Below threshold	175.18%	Below threshold	15.60%	Below threshold	42.76%	Below threshold	0.592
Borno	130,624,221,382	143,364,432,964	1,958,484,442,642	17,195,767,612	32,380,057,772	103,825,535,410	5.30%	Below threshold	79.48%	Below threshold	13.16%	Below threshold	24.79%	Below threshold	0.307
Cross River	127,749,082,984	146,846,714,750	4,067,940,339,462	24,528,260,450	24,081,332,572	275,335,876,390	6.77%	Below threshold	215.53%	Above threshold	19.20%	Below threshold	18.85%	Below threshold	0.651
Delta	330,176,213,346	382,027,825,493	6,192,429,364,727	30,918,980,606	107,911,621,580	179,976,290,099	2.91%	Below threshold	54.51%	Below threshold	9.36%	Below threshold	32.68%	Below threshold	0.249
Ebonyi	90,951,800,670	97,912,572,741	2,243,658,969,605	4,543,425,951.11	14,891,680,939	68,571,865,418	3.05%	Below threshold	75.17%	Below threshold	5.00%	Below threshold	16.37%	Below threshold	0.249
Edo	143,837,940,978	179,782,251,128	3,988,940,377,074	27,388,200,091.79	41,622,737,653	193,005,813,878	4.84%	Below threshold	134.18%	Below threshold	19.04%	Below threshold	28.94%	Below threshold	0.467
Ekiti	77,479,015,352	104,435,383,454	2,347,782,913,762	11,594,813,049	27,976,702,187	156,200,413,893	6.65%	Below threshold	201.60%	Above threshold	14.97%	Below threshold	36.11%	Below threshold	0.648
Enugu	89,270,807,377	112,519,617,015	1,451,282,032,231	2,995,525,351	41,190,825,472	122,525,411,270	8.44%	Below threshold	137.25%	Below threshold	3.36%	Below threshold	46.14%	Below threshold	0.488
Gombe	71,031,267,633	98,862,710,256	2,096,398,894,930	21,594,020,350	28,698,745,875	83,643,926,468	3.99%	Below threshold	117.76%	Below threshold	30.40%	Below threshold	40.40%	Below threshold	0.481
Imo	103,579,407,107	134,144,273,687	7,684,878,450,359	23,563,643,926	36,438,785,622	239,737,038,941	3.01%	Below threshold	231.45%	Above threshold	22.75%	Below threshold	35.18%	Below threshold	0.731
Jigawa	124,272,336,052	132,957,531,855	2,162,924,818,213	4,913,658,418	46,423,555,850	43,521,117,159	2.12%	Below threshold	35.02%	Below threshold	3.95%	Below threshold	37.36%	Below threshold	0.196
Kaduna	146,151,389,000	235,956,987,000	4,309,206,529,296	3,622,166,000	37,702,996,000	307,490,801,801	7.14%	Below threshold	210.39%	Above threshold	2.48%	Below threshold	25.80%	Below threshold	0.615
Kano	160,432,292,000	177,166,005,000	4,200,023,339,529	12,571,051,000	63,636,295,000	159,074,903,730	3.79%	Below threshold	99.15%	Below threshold	7.84%	Below threshold	39.67%	Below threshold	0.376
Katsina	117,586,157,544	147,351,319,906	3,323,951,408,375	12,935,205,730	38,546,436,909	91,458,052,183	2.75%	Below threshold	77.78%	Below threshold	11.00%	Below threshold	32.78%	Below threshold	0.311
Kebbi	78,994,560,264	80,949,206,539	1,800,528,603,450	3,135,381,227	24,457,742,636	71,120,087,049	3.95%	Below threshold	90.03%	Below threshold	3.97%	Below threshold	30.96%	Below threshold	0.322
Kogi	81,610,122,641	129,482,912,757	3,689,051,244,602	10,893,118,388	38,407,939,277	93,782,297,535	2.54%	Below threshold	114.92%	Below threshold	13.35%	Below threshold	47.06%	Below threshold	0.445
Kwara	82,575,341,403	95,333,264,536	1,380,822,544,658	1,427,688,715	32,376,206,094	113,555,025,141	8.22%	Below threshold	137.52%	Below threshold	1.73%	Below threshold	39.21%	Below threshold	0.467
Lagos	763,288,746,000	1,037,280,184,000	41,167,788,181,319	229,185,141,000	153,535,508,000	1,209,691,392,286	2.94%	Below threshold	158.48%	Below threshold	30.03%	Below threshold	20.11%	Below threshold	0.529
Nasarawa	103,582,491,182	97,359,876,662	1,858,430,202,090	1,907,944,906	33,102,722,645	77,586,355,532	4.17%	Below threshold	74.90%	Below threshold	1.84%	Below threshold	31.96%	Below threshold	0.282
Niger	96,508,300,159	102,526,335,560	4,579,516,649,204	10,989,860,495	43,926,415,426	113,388,253,789	2.48%	Below threshold	117.49%	Below threshold	11.39%	Below threshold	45.52%	Below threshold	0.442
Ogun	143,203,518,723	231,264,680,235	5,026,945,982,322	45,371,989,571	60,176,364,114	282,301,729,078	5.62%	Below threshold	197.13%	Below threshold	31.68%	Below threshold	42.02%	Below threshold	0.691
Ondo	118,022,624,871	133,201,403,592	5,102,350,315,005	13,636,485,990	47,722,807,539	100,019,541,929	1.96%	Below threshold	84.75%	Below threshold	11.55%	Below threshold	40.44%	Below threshold	0.347
Osun	81,798,940,288	100,183,402,410	2,300,036,383,871	23,389,073,404	36,773,538,267	175,991,231,247	7.65%	Below threshold	215.15%	Above threshold	28.59%	Below threshold	44.96%	Below threshold	0.741
Oyo	155,026,495,026	200,976,793,172	3,654,741,540,130	20,633,974,353	40,511,211,281	177,776,551,684	4.86%	Below threshold	114.67%	Below threshold	13.31%	Below threshold	26.13%	Below threshold	0.397
Plateau	71,252,745,374	85,182,877,509	1,497,568,183,628	9,291,814,022	34,282,184,959	165,232,644,581	11.03%	Below threshold	231.90%	Above threshold	13.04%	Below threshold	48.09%	Below threshold	0.760
Rivers	312,095,079,845	583,665,723,823	7,959,005,925,477	44,557,997,710	92,882,774,882	286,536,655,736	3.60%	Below threshold	91.81%	Below threshold	14.28%	Below threshold	29.76%	Below threshold	0.349
Sokoto	101,234,118,449	129,399,627,276	2,847,466,745,776	2,801,942,608	33,046,972,742	87,694,869,449	3.08%	Below threshold	86.63%	Below threshold	2.77%	Below threshold	32.64%	Below threshold	0.313
Taraba	80,297,753,699	90,527,415,818	2,043,879,237,121	15,412,019,080	7,965,675,906	102,988,506,176	5.03%	Below threshold	128.16%	Below threshold	19.19%	Below threshold	9.91%	Below threshold	0.406
Yobe	76,343,960,876	117,456,879,841	1,085,954,482,814	13,532,275,854	28,880,217,969	92,686,105,660	8.53%	Below threshold	121.41%	Below threshold	17.73%	Below threshold	37.83%	Below threshold	0.464
Zamfara	72,202,976,532	92,247,062,834	1,727,625,908,566	31,237,148,589	21,333,195,373	112,744,011,412	6.53%	Below threshold	156.15%	Above threshold	43.26%	Above threshold	29.55%	Below threshold	0.589

Notes to the 2022 State of States Report



1

Data extracted from each state's audit report was used to determine their positions in the 2022 Fiscal Performance Ranking. However, this data was shared with each of the 36 state governments for validation; states were asked to communicate their response to the data shared. Five States responded with concerns; some concerns of three States, were addressed while the concerns communicated by two States could not be addressed. For the two that could not be addressed, data from their consolidated statement of cashflow in their respective audit reports were relied upon for the analysis.

2

For some states, there was a discrepancy between total debt figures quoted in the state's audit report and values reported by Nigeria's Debt Management Office (DMO). The general consensus is that some States are yet to fully reconcile their current debt positions with the DMO.

3

Across different states' audit reports, the exchange rate used in calculating the external debt component of their respective total debt was N412.99. To this end, we used the debt data as at 31st December 2021 for all 36 states, as published by DMO for each of the 36 states for consistency. A uniform exchange rate of N412.99/\$1 (as of 31st December 2021) was adopted for converting external debt components of each state's debt.

4

Data composition for Total Revenue for each state used for the 2022 Fiscal Performance Ranking, includes Statutory allocation, IGR, and all other revenues made by states and recorded in their audit report (including Aids & Grants) but excludes loans and opening balances (for states who include them as total revenue). In some state audit reports, the year 2021 figures for some expenditure items differ depending on the table within the audit report being viewed. Hence, data from each State's "Consolidated Statement of Cashflow as of December 31st, 2021" have been used for the Fiscal Performance Ranking (in line with the data composition described in the methodology) for consistency.

5

Owing to improved transparency by States in the reporting of their financial positions, we decided to rely solely on the audited reports for states for all the components of revenue and expenditure. However, owing to the transitioning from using NBS data to State Audited Financial Statements, the computation for the year-on-year growth for Gross FAAC and IGR was NBS data for 2020 and State' Audited Financial Statement for 2021. Moving forward the State of States will rely solely on the State' Audited Financial Statement for all computations.



Notes to the 2022 State of States Report



6

Data used in this analysis was mined from the following sections in the “Consolidated Statement of Cashflow”:

- Gross FAAC (Statutory Allocation and Value Added Tax): Cash Flow from Operating Activities
- Internally Generated Revenue: Cash Flow from Operating Activities
- Aids and Grants: Cash Flow from Financing Activities
- Other Capital Receipts: Cash Flow from Financing Activities
- Personnel Cost: Cash Flow from Operating Activities
- Overhead Cost: Cash Flow from Operating Activities
- Capital Expenditure: Cash Flow from Investing Activities
- Loan Repayment: Cash Flow from Financing Activities
- Public Debt Charges: Cash Flow from Operating Activities

7

There were disparities between figures recorded for Capital Expenditure in Cash Flow from Investing Activities table and the Capital Expenditure Breakdown. E.g Anambra, Gombe, Kano, Ondo.

8

There were disparities between figures recorded for Revenue in Cash Flow from Investing Activities table and the Consolidated Statement of Financial Position table. E.g Ebonyi.

9

Gross Domestic Product and population(GDP) figures used in this report were extrapolations from the World Bank. We consulted State Finance Commissioners and got concurrence to use the figures.

10

In the course of drafting this report, BudgIT invited the 36 Finance Commissioners to a virtual validation meeting. 12 state’s had either their finance commissioner or representatives in attendance, while 24 states did not attend the meeting.



