Patterns in States' Expenditure

budgIT

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EXECUTIVE SUMMARY

The cumulative actual expenditure for all 36 states grew by 2.73% from N5.12trillion to N5.26trillion between 2018 and 2019 fiscal years. Actual recurrent expenditure and loan repayments grew by 4.75% from N3.17trillion to N3.33trillion within the period. The rising nature of Nigeria's sub-national government expenditure is expected to yield economic growth, but over the years, analysis of states' fiscal data has shown that growth in public spending has not translated meaningfully into economic performance as there's still a high rate of unemployment, decaying infrastructure, and worsening poverty rate.

State governments' recurrent costs have increased significantly over the years with only a small portion of collected revenue and loans dedicated to meet capital expenditure; 36.73% or N1.93trillion of the N5.26trillion total expenditure in 2019 was dedicated to capital expenditure while 63.27% or N3.33trillion went to recurrent expenditure and loan repayments. Year on year, between 2018 and 2019, actual expenditure on capital projects for all 36 states reduced by -0.57%, from N1.94trillion to N1.93trillion. This is a worrying sign as Moody's Investors Service estimates that Nigeria's infrastructure, which is significantly behind those of emerging market peers, needs an estimated $3trillion over the next 30 years to close the gap; this is the equivalent of spending N38 trillion per year for the next 30 years. (Exchange rate N380/$1).

Of course, not all the funding to close Nigeria's infrastructure gap will come from the state government; the federal government and even the private sector have roles to play, but clearly, state governments need to do better. They need to restructure their spending, increase spending on capital projects, comparatively reduce recurrent expenditure to a sustainable level, and ensure effectiveness of all expenditure. It is not to say that spending on recurrent expenditure is unimportant because workers' salaries and retirees' pensions need to be paid, but over

> "In 2019, 11 states spent more on overhead costs than on capital expenditure, worsening the infrastructure deficit in those states. Nigeria's desired economic growth can be achieved if the recurrent expenditure component is optimised while the spending component going to capital infrastructure especially in the economic and social sectors is prioritised.

[1] https://www.moodys.com/research/Moodys-Significant-financing-from-private-sector-and-multilaterals-needed-to--PBC_1253651

time bloated overhead components of many states' recurrent expenditure crowds out much needed spending on infrastructure. In 2019, 11 states spent more on overhead costs than on capital expenditure, worsening the infrastructure deficit in those states. Nigeria's desired economic growth can be achieved if the recurrent expenditure component is optimised while the spending component going to capital infrastructure especially in the economic and social sectors is prioritised.

According to 2019 state fiscal data, only 11 states actually spent over 50% of their budgeted capital expenditure in the fiscal year. Further analysis also shows that 8 states could not meet their recurrent expenditure with their available revenues which include IGR and Gross FAAC, thereby creating a risk for public debt build-up

Furthermore, 31 states gave more attention to their recurrent expenditure than capital expenditure. This spending pattern is not sustainable as this has opened gaps in providing quality healthcare services and educational systems, thus slowing down social development as well as growth in other key areas of the economy.

N1.93tn

CAPITAL EXPENDITURE

Year on year, between 2018 and 2019, actual expenditure on capital projects for all 36 states reduced by -0.57%, from N1.94trillion to N1.93trillion.

[1]https://www.moodys.com/research/Moodys-Significant-financing-from-private-sector-and-multilaterals-needed-to--PBC_1253651

CAPITAL EXPENDITURE

The need for subnational governments to invest considerably in impactful capital expenditure has never been more urgent, especially with the attention of its citizenry tilting towards the short and long-term service delivery benefits of capital infrastructure in their locales, Many citizens are more aware of the direct, and in some cases, indirect impact of government activities on their lives and livelihood.

It is a no-brainer that the government's capital expenditure, whether national or in this case, sub-national, plays a key role in how effective its economy functions. In more simpler terms, the more the government spends on infrastructure, the better the performance output of its economy, thereby impacting economic growth. Whereas, recurrent expenditure focuses on the running cost of government, such as payment of salaries, and pensions and overheads, capital expenditure on the other hand, deals with investing in infrastructure and assets that have short and long-term benefits in stimulating economic growth, as well as improving the lives and living conditions of the general public.

As the COVID-19 pandemic ravages its way across the world, with Nigeria not spared, state governments in Nigeria have been forced to see the need to invest largely in adequate infrastructure, not only in its health sector, but also, in other sectors like education and transportation. A lot of states have come under scrutiny, especially with the dilapidated state of infrastructure needed to combat COVID-19. This, expectedly, has drawn a lot of attention to how state governments utilise their resources, and ultimately, how much they spend on capital expenditure vis-à-vis the current reality and needs of the populace.

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Inasmuch as capital expenditure is important for the economic growth of subnational states, understanding the peculiarities of the state, as well as the realities and needs of the public will be important to assess the kind of infrastructure the state government should implement. Nigerian state governments have a simple task: understanding that not all capital obligations are viable economically. This will go a long way

> "Out of the 36 states of the federation, only **11** states performed over the 50% average with Kaduna topping the list with 97.53%; followed by Yobe State with 76.21%, Rivers state with 74.53%; others are Lagos, 69.81%; Jigawa, 67.99%; Abia, 65%; Delta, 59.01%; Enugu, 57.28%, Anambra, 53.92%; Kwara, 52.31% and Gombe state with 50.41%

to determine how useful state-proposed capital investment will impact citizens' living standards. This knowledge will prove whether states' capital investments will augment economic growth, or be another needless "white elephant project", a colossal waste of public funds.

Capital Expenditure Performance

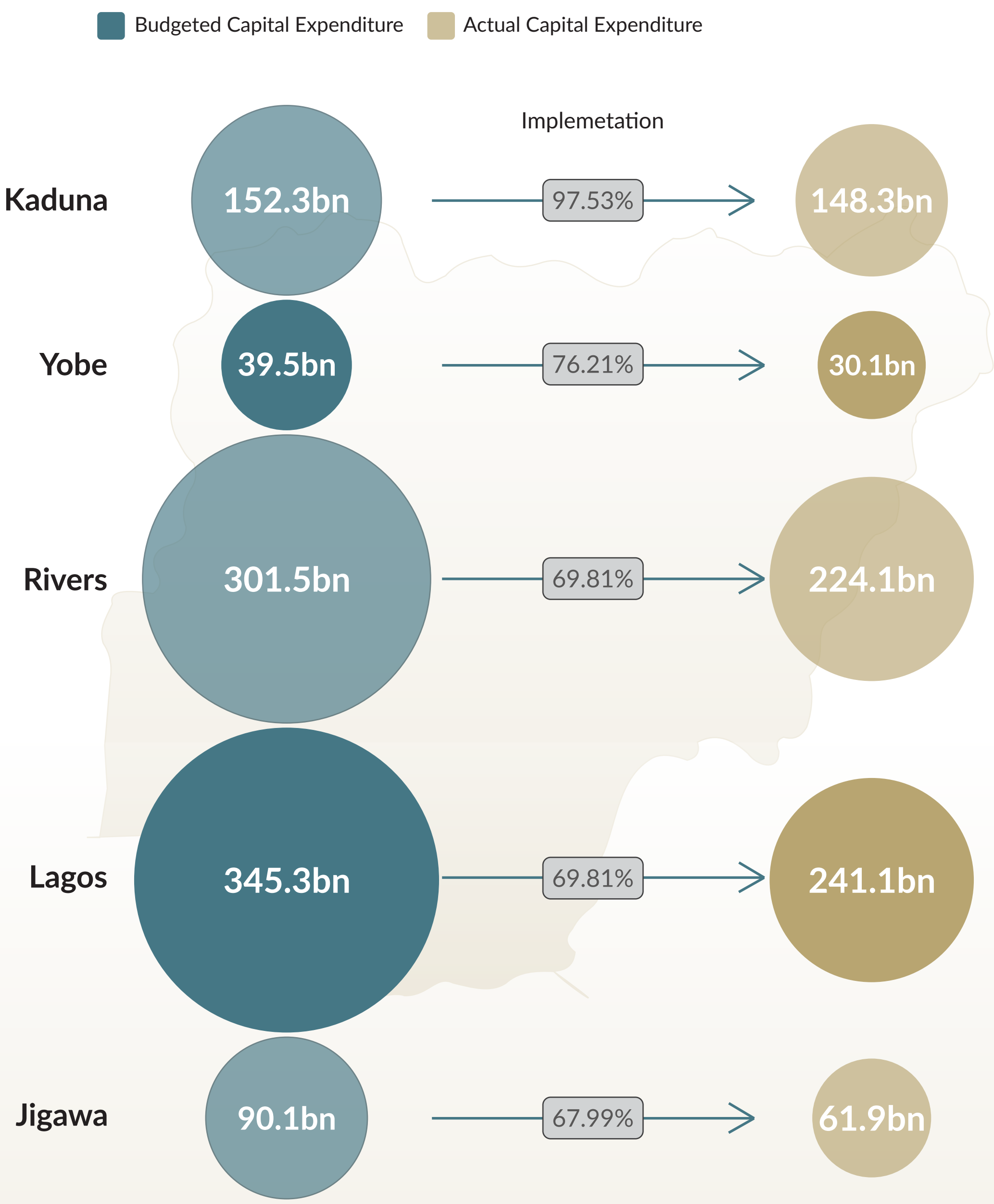
Although, it is a common point to note that budgeting of an amount does not automatically translate into disbursing of allocated funds, the salient reasons why state governments fail to meet their capital expenditure obligations is majorly attributable to a general inadequate lack of planning. Sadly, these fundamental issues or gaps are not just limited to poor funding/ revenue generation, but can also be linked to other underlying factors like inadequate budget planning process, a lack of informed knowledge of the current realities of the macroeconomic environment, and a huge politicisation of project implementation.

As shown in Appendix 1, there is a huge disparity between state governments' budgeted capital expenditure amounts and the actual performance of its capital expenditure in the 2019 fiscal year. Out of the 36 states of the federation, only 11 states performed over the 50% average with Kaduna topping the list with 97.53%; followed by Yobe State with 76.21%, Rivers state with 74.53%; others are Lagos, 69.81%; Jigawa, 67.99%; Abia, 65%; Delta, 59.01%; Enugu, 57.28%, Anambra, 53.92%; Kwara, 52.31% and Gombe state with 50.41%. It is also sad to see that 12 states have a capital budget performance less than 30%. A major reason is also the lack of budget realism across states in Nigeria. For example, Cross River had 2.78% performance due to its bloated projections of N1.04tn. As seen also in the federal government, most states project high budget numbers only to meet the recurrent expenditure component due to its "compulsory" payments to staff and running of government, which starve opportunities to expand capital projects.

Over the years, the sub-national governments' actual capital expenditure spend has consistently fallen lower than their budget targets. This has particularly become a common trend, whereby state governments fail to meet their capital expenditure obligations, usually by a huge percentage.

Top 5
Capital Budget Performance (2019)

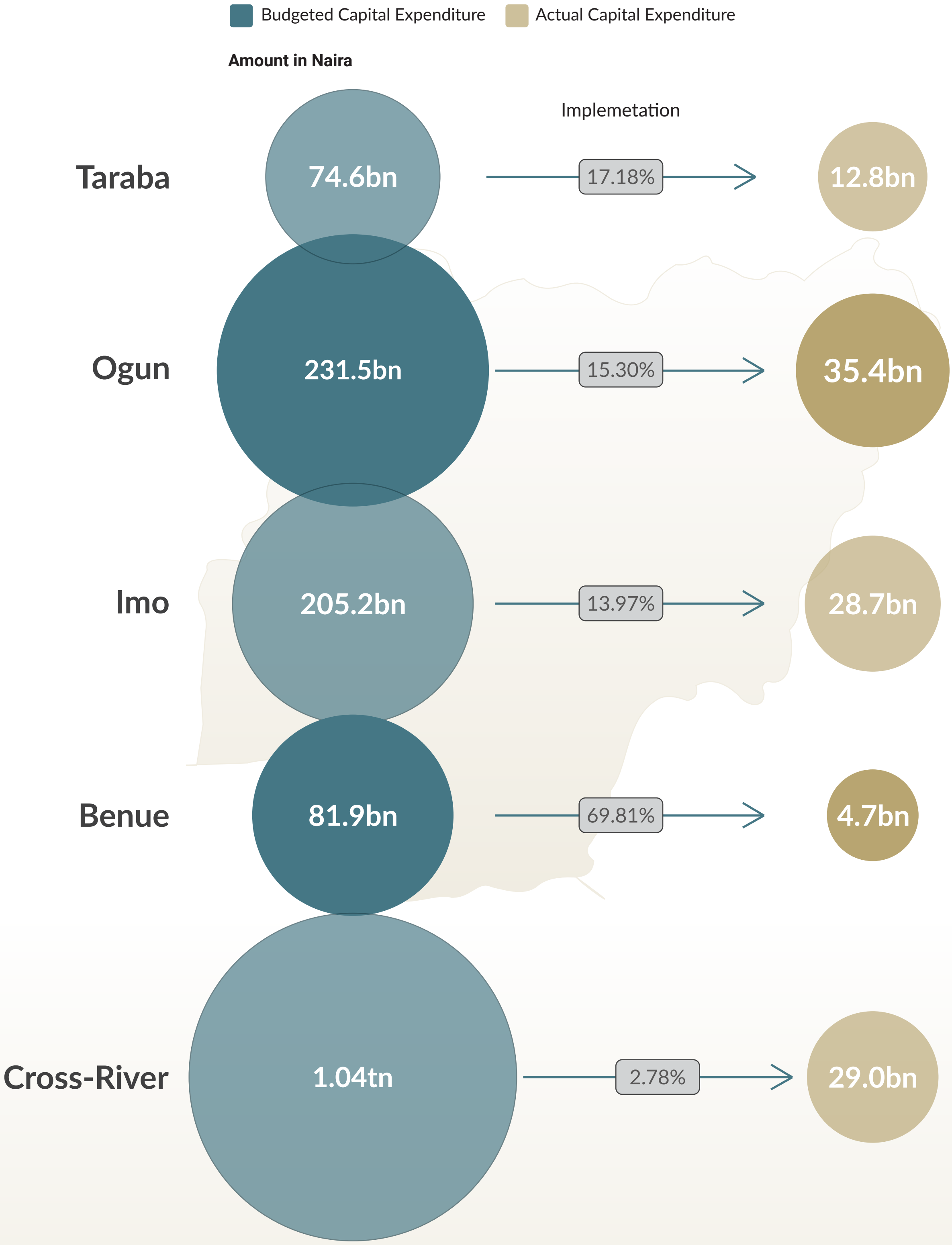
Amount in Naira



Source: States' 2019 Financial Statements, BudgIT Research

Bottom 5

Capital Budget Performance (2019)



Source: States' 2019 Financial Statements, BudgIT Research

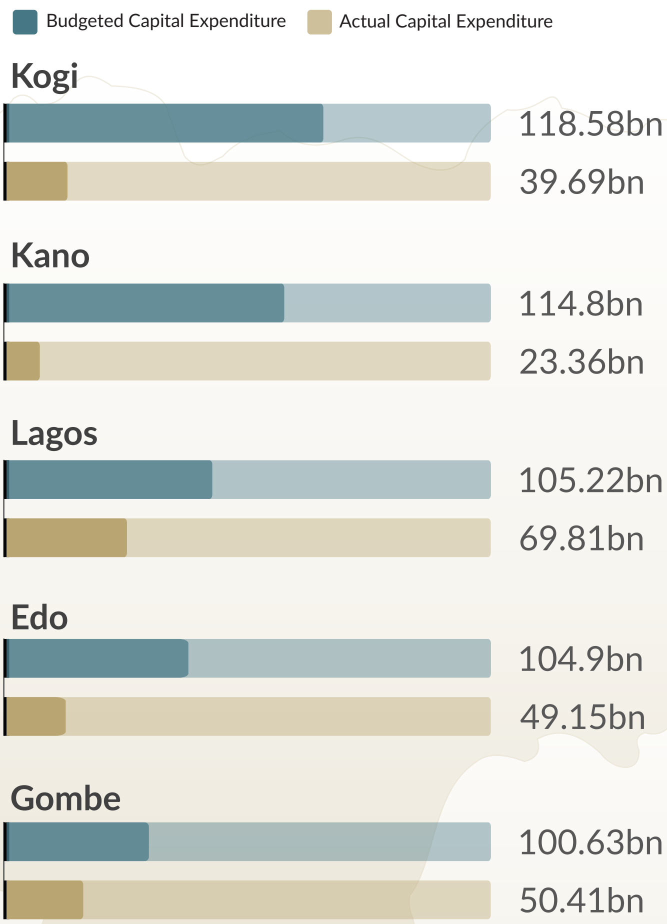
Recurrent/Capital Performance Ratio: An expanding gulf

Based on the 2019 states' financials, most states are prioritising recurrent expenditure over capital expenditure. At the end of the 2019 fiscal year, out of the total actual expenditure of N5.26tn of all the 36 states in 2019, N3.33tn was spent on recurrent bills. As such, states received a prominent percentage of 63.20% while capital expenditure only accounted for 36.73% or N1.93tn.

In Appendix 2, it is obvious that recurrent expenditure performance (as a % of approved budget) can be as high as 118.58% in Kogi, 114% in Kano, 105% in Lagos 104% in Edo and 101% in Gombe. 27 states have recurrent expenditure higher than 80% while for capital expenditure, only 1 state fulfil above 80% of its approved budget.

Recurrent & Capital Budget Performance

Amount in Naira



Source: States' 2019 Financial Statements, BudgIT Research

Capital Expenditure: Reviewing Cost vs Value

Sub-national governments need to re-evaluate their various approaches to funding and executing capital projects within their respective states. State governments' budgets are filled with a large number of unnecessary projects that have no developmental or economic impact or benefit, and can largely be viewed as an irresponsible waste of resources. Some of these "administrative projects" have huge price tags attached to them, amounts which could be diverted elsewhere based on the needs and realities of the populace.

The COVID-19 pandemic continues to threaten our way of life in Nigeria, and around the world, with state and federal governments forced to adapt to new realities. Based on the Nigeria Centre for Disease Control's numbers, some of the worst hit states include Lagos, Oyo, Kano, Rivers and Edo. As such, more attention has turned to bolstering the health infrastructure within the states, so as to cope with the effects of the pandemic.

N3.33tn

RECURRENT EXPENDITURE

At the end of the 2019 fiscal year, out of the total actual expenditure of N5.26tn of all the 36 states in 2019, N3.33tn was spent on recurrent bills.

RECURRENT EXPENDITURE

Introduction

Based on the sub-national fiscal sustainability ranking in BudgIT's 2020 State of States Report[2], about 8 states namely, Osun, Bauchi, Plateau, Gombe, Adamawa, Ekiti, Kogi and Oyo states could not adequately cover their recurrent expenditure obligations with their total revenue[3]. This is also coupled with the fact that most states are still struggling to pay the federal government's newly approved minimum wage.

With the high cost of overheads, bloated wage bill and the cost of servicing political appointees, nothing will be left for the provision of infrastructure such as construction of roads, provision of quality healthcare and education.

This has further led to indiscriminate borrowings from domestic and foreign sources for meeting recurrent obligations, this development, which is fiscally unsustainable, is also contrary to government's pledge to deploy all borrowed funds to the development of critical infrastructure.

“State governments' recurrent expenditure continue to increase astronomically over the years due to factors such as the expansion in the size of the state's workforce and the cost of running the government among others.

Sustainability of Overbloated Recurrent Bill

State governments' recurrent expenditure continue to increase astronomically over the years due to factors such as the expansion in the size of the state's workforce and the cost of running the government among others. This has reduced the public revenue available to implement projects that will have an impact on the social and economic well being of the people.

The total recurrent expenditure for all the 36 states witnessed an increase of 4.75% or N139.9bn from N3.17tn recorded in 2018 to N3.33tn in 2019, with over 19 states responsible for this increase. Kogi state was topping this list with over 78.9% increment from the 2018 figure of N57.07bn to N102.13bn in 2019.

At the end of 2019, the financials showed that Lagos state reported a total recurrent expenditure and loan repayments of N555.65bn, the highest figure in the country. The state's personnel expense increased by 43.5% from what was witnessed in 2017, despite this, Lagos State is still fiscally sustainable compared to other states in the region as a result of its huge Internally Generated Revenue (IGR). States such as Delta, Bayelsa, and Akwa Ibom are running high recurrent expenditure of N231bn, N137bn, and N130bn

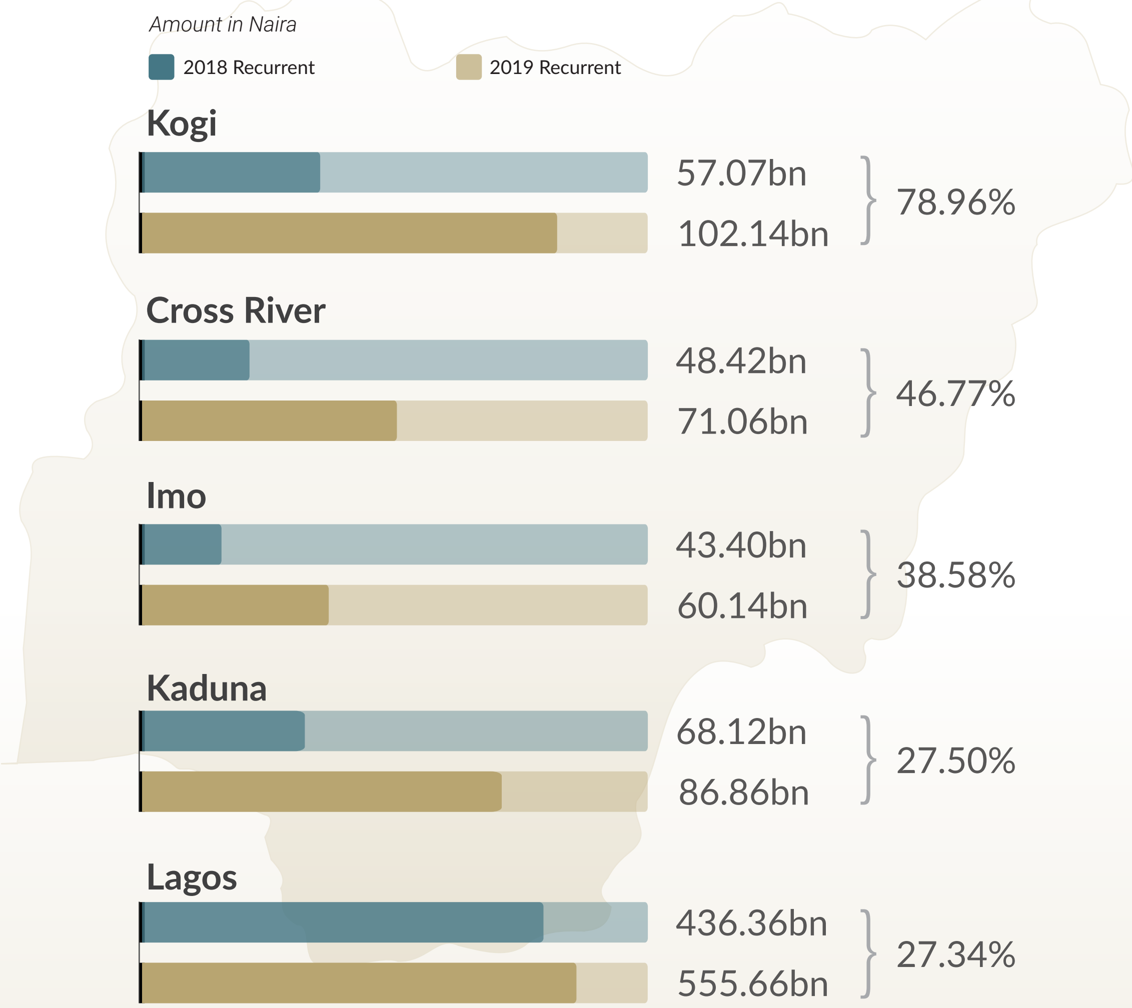
[3]https://yourbudgit.com/wp-content/uploads/2020/11/State-of-States-2020-Revised-Edition.pdf
[4]Total revenue here is defined as a gross FAAC + IGR (NBS)

respectively despite their size and population compared with states like Edo, and Kebbi with higher populations, with far lesser recurrent expenditure.

Recurrent Expenditure Growth Profile

23 states increased their total actual recurrent expenditure and loan repayments between 2018 and 2019. The biggest increases were observed in Kogi, Cross River and Imo states with increases of 78.96%, 46.77% and 38.58% respectively.

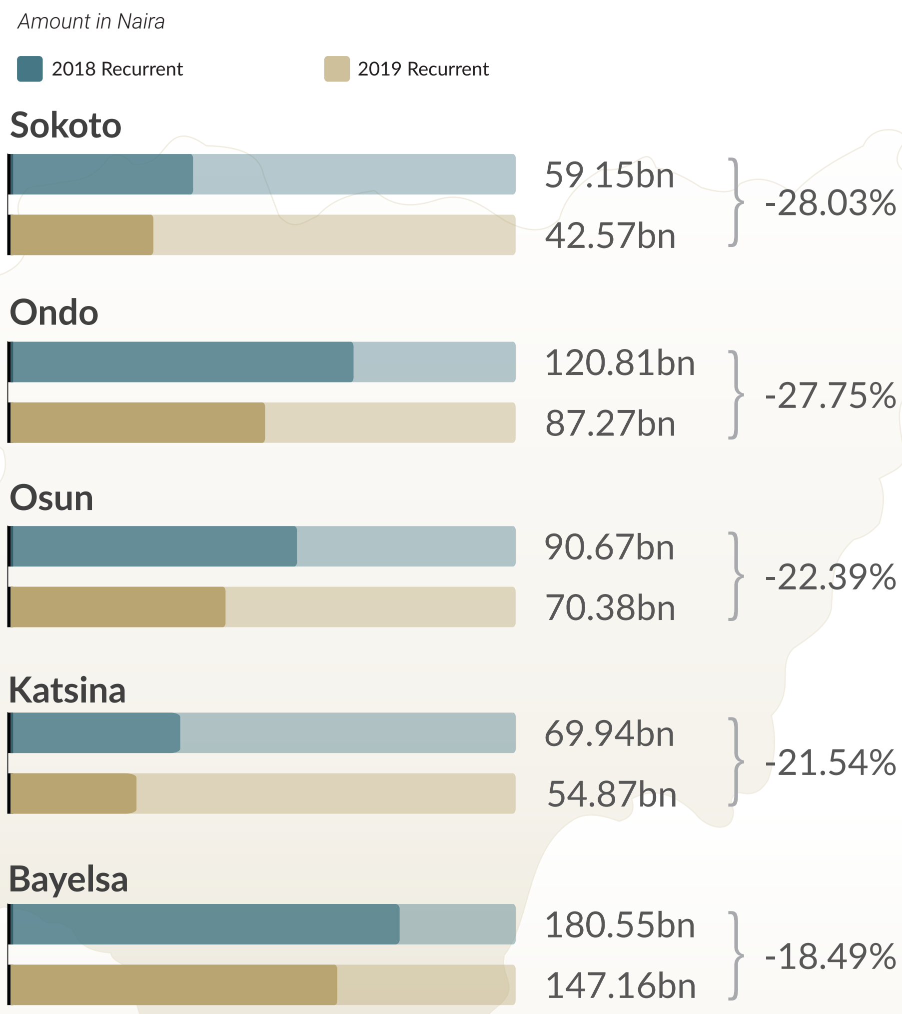
Top 5 Increases in Recurrent Expenditure



Source: States' 2019 Financial Statements, BudgIT Research

A total of 13 states saw a cut in their total actual recurrent expenditure and loan repayments. The biggest drops were observed in Sokoto, Ondo and Osun states which had cuts of 28.03%, 27.75% and 22.39%.

Top 5 Reduction in Recurrent Expenditure



Source: States' 2019 Financial Statements, BudgIT Research

Appendix 3: Recurrent/Capital Ratio

A total of thirty-one (31) states had higher recurrent/capital expenditure ratio indicating that recurrent expenditure (including loan repayments) in those states crowded out capital spending. Leading the pack in this category are Taraba, Benue and Oyo which spent 89%, 86% and 81% of their total expenditure on recurrent expenditure and loan repayments.

State	Total Actual Expenditure	Actual Recurrent Expenditure	Actual Capital Expenditure	Recurrent/Capital Ratio
Taraba	64,890,922,529	57,754,293,891	7,136,628,638	89:11
Benue	91,440,660,563	78,784,899,178	12,655,761,385	86:14
Oyo	149,312,015,313	120,338,783,887	28,973,231,426	81:19
Ekiti	85,100,089,200	68,459,231,541	16,640,857,658	80:20
Plateau	96,514,771,006	77,043,691,517	19,471,079,489	80:20

South-South States' High Recurrent Bill & Other Trends

Based on the figures available from the states in their 2019 audited statement, it was observed that most states in the South-South region such as Delta, Bayelsa, Akwa-Ibom and Cross-River, are running high recurrent bills. An evidence of this is what these states spend on overhead cost, Delta state and Cross-River state spend 37.87% and 36.26% of their total recurrent on overhead.

Delta state also spent N33bn on miscellaneous under Overhead component of its Recurrent expenditure, this N33bn miscellaneous spending is more than actual Expenditure on Personnel in the same year by 21 non-oil producing states which ranged from N7bn to N31bn per state. While recurrent expenditure per capita stood at N6,845 in Kano, it was as high as N59,220 in Bayelsa and N34,608 in Delta state. Delta state spending over N215bn on recurrent expenditure or Bayelsa spending more on recurrent expenditure than Kano State does not look good for fiscal sustainability considering the volatility of oil prices.

Further breakdown also revealed that states with a high proportion of their recurrent expenditure dedicated to overhead costs include Kwara, Zamfara, Kaduna, Anambra and Benue. 46.5% or N33.47bn of Kwara state's total recurrent expenditure of N71.59bn was spent on overhead costs.

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Delta state spending over

N215bn

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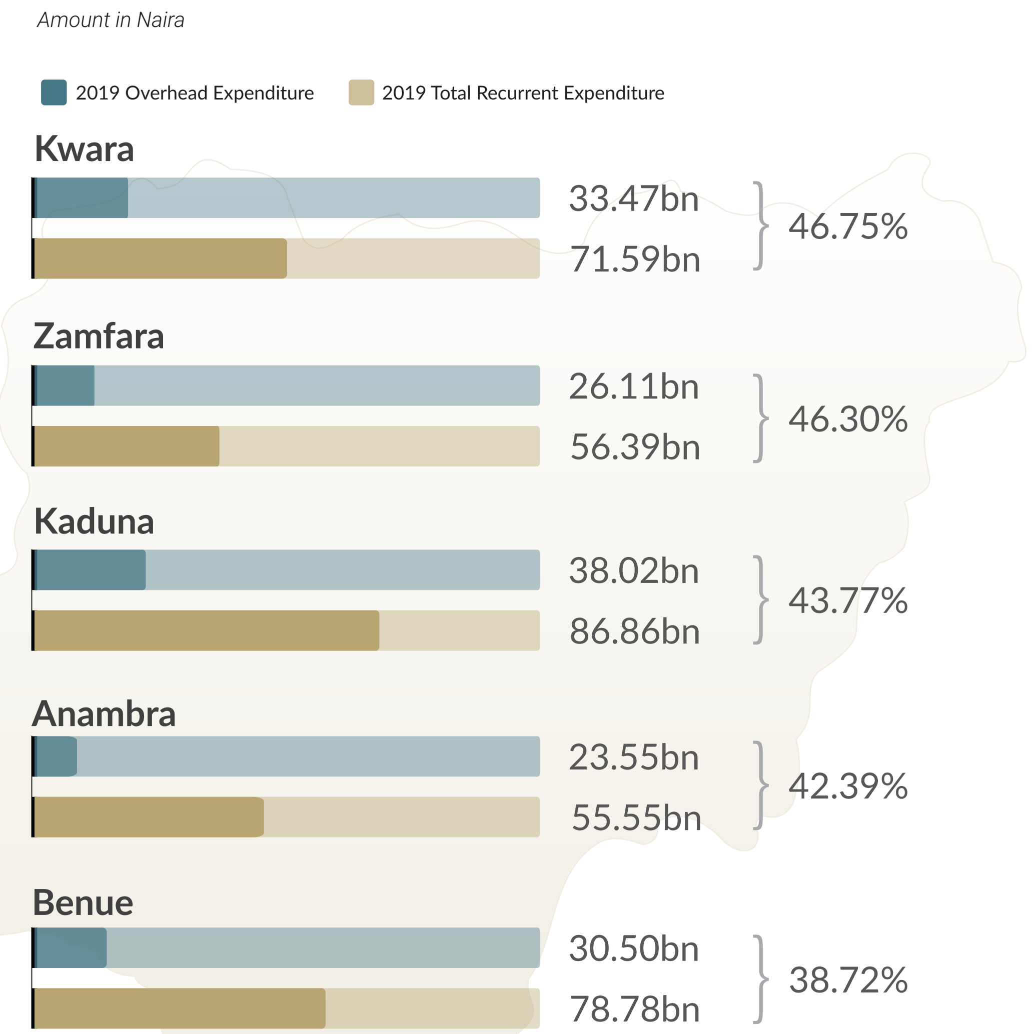

Source: States' 2019 Financial Statements, BudgIT Research

With consistent borrowing to service the budget deficit in order to balance revenue and the expenditure, the states are borrowing heavily to maintain government bureaucracy. This has dealt a blow on the capital component that has led to abandoned projects. Also, no new projects are being implemented as a result of lack of funds which has in turn contributed immensely to the slowing down of the economic activities of states. It is evident that the huge cost of running the government has a higher chance of contributing to wasteful spending and embezzlement of public funds.

RECOMMENDATIONS

1. Favouring Developmental Capital Projects over Administrative Capital Projects

Developmental capital expenditure projects should take precedence over administrative capital projects within the budget of subnational governments. Administrative capital projects are projects that in every sense do not affect the lives and livelihoods of citizens within a state. These projects have no direct impact on economic growth, and can only be seen as a waste of resources. Development capital projects on the other hand are projects that have both economic growth and standard of living value to the state and its indigenes. Development capital projects stimulate economic activities within the state, and directly impact citizens' lives.

State governments need to prioritise projects that will have a direct impact on the standard of living as well as aid economic development of the state. Capital expenditure should only be allocated appropriately and based on the needs of the state.

> Determination of capital expenditure allocation should constitute a long and stringent financial planning process, which should not only just cover the implementation of the capital project, but also monitoring, management and future maintenance of the project.

2. Understanding the Needs of the States

Subnational governments can solve the lapses in their execution of capital expenditure obligations within their various jurisdictions through a purposeful and informed budget formulation process that takes the people's realities and needs into account. This approach should be participatory where citizens will be involved in policy planning, policy development and budget implementation. This will bring government closer to the people, foster the spirit of cooperation, thereby enhancing community service and infrastructural development. This will also enable the execution of only viable projects that will both impact citizens' lives, communities and also stimulate economic activity. Capital expenditure should only be appropriately allocated based on the needs of the state. Determination of capital expenditure allocation should constitute a long and stringent financial planning process, which should not only just cover the implementation of the capital project, but also monitoring, management and future maintenance of the project.

3. Elimination of "White Elephant" Projects that Yield no Economic Benefits

It would be wise for subnational governments in Nigeria to shun being wasteful in their spending towards capital projects and infrastructure that have no direct impact on the lives and livelihoods of its citizens as well as have economic impact. Therefore, resourceful spending has to be encouraged when implementing capital expenditures within the states. Priority should be given to sectors that yield the best value in stimulating economic growth and improving standards of living.

4. Productivity Concern for Recurrent Expenditure

Subnational government spending on recurrent expenditure continues to be on an upward trajectory, and if not checked may reach a state of unsustainability which could spell disaster for the states. There have been several calls for state governments to restructure their labour force, putting into context the realities of the state, which include most importantly, its ability to generate enough revenue to keep its government afloat.

The high cost of states' recurrent expenditure has raised several concerns if this matches the expected productivity level of the public sector. The problem involved has been likened to the lack of a well-trained workforce including inadequate checks in the political and the budget formulation process. Expenditure on bogus overhead costs that do not serve useful economic and social objectives has further increased the size of recurrent expenditure with low productivity in the face of dwindling revenues. The state governments need to allocate resources optimally for developmental goals and adequately finance public investment projects and also initiate public sector reform programmes that will increase demand for quality and responsive public services that will deliver result-oriented outputs.

5. Reduce Waste and Block Leakages

Subnational governments, as a matter of urgency, need to reduce recurrent expenditure to a sustainable level by cutting wasteful spending, eradicating corruption as well as blocking loopholes by eliminating ghost workers in its monthly payroll. There should also be a reduction in the number of political office holders serving in state cabinets. Each state government should also consider the merger of Ministries, Departments, and Agencies that perform duplicating functions to reduce the cost of governance. By doing these, state governments will be able to block leakages, reduce waste and be able to use saved funds for social development.

6. Rationalise Overhead Costs by Centralising Expenditure

It is not enough for the state government to lament the current shortfalls in revenue target without dealing with the inefficiency in the usage of the available resources or block the unnecessary cost the government incurs that siphon public revenue. Overhead costs optimisation should be implemented, this would help in reducing general and administrative costs for proper management of available resources.
3.7 Public Debt for Public Investment

Incurring public debts domestically and externally to fund self-liquidating capital expenditure and carry out development projects will enhance economic activities that will increase economic growth. The government should initiate and implement appropriate policies that will ensure that these borrowings are put into appropriate use that will stimulate public investments and also ensure that borrowing is not diverted for personal aggrandisement.

7. Increase Public Revenues

State governments should, as a matter of urgency, search for new ways to generate more revenue and increase their capacity to generate proportionately what they are spending on recurrent expenditure. This can be done sustainably by each state tapping into the state's natural resources.

States need to reduce their over-reliance on the federal allocation and grow their IGR, this requires a drive for investments in states and strengthening the capacity of the revenue generating agencies. States should also try as much as possible to depend less on federal allocations and more on their IGR, proper usage of such revenue to create an impact on the economy is also paramount.

APPENDIX

Appendix 1: Components of States Actual Recurrent Expenditure

State	% of Personnel Cost to Actual Recurrent Expenditure	Actual Personnel Costs	Actual Overhead Cost	% of actual Overhead Costs to Actual Recurrent Expenditure	Debt Service (Public Debt Charges & Repayment of loans)	% of Debt Service to Actual Recurrent Expenditure
Abia	44.0%	29,569,136,964.98	19,717,943,024.89	29.36	14,034,505,654.67	20.90
Adamawa	42.2%	30,872,081,318.61	21,334,818,379.28	29.20	19,573,248,537.56	26.79
Akwa Ibom	32.9%	41,779,253,979.00	13,057,691,956.00	10.28	26,663,808,770.14	20.98
Anambra	26.9%	14,969,316,705.51	23,550,642,802.33	42.39	2,470,903,680.60	4.45
Bauchi	38.4%	30,196,671,550.52	25,887,560,013.34	32.96	12,597,295,405.56	16.04
Bayelsa	33.9%	49,823,360,058	42,542,857,031	28.91	39,803,993,983	27.05
Benue	47.0%	37,029,050,447.81	30,502,612,763.88	38.72	9,590,298,454.96	12.17
Borno	58.6%	30,116,730,118	16,479,563,391	32.08	4,774,373,740	9.29
Cross River	27.4%	19,469,910,426.21	25,770,995,543.46	36.26	5,393,112,477.57	7.59
Delta	42.1%	90,805,151,092.62	81,697,739,594.33	37.87	4,309,459,834.31	2.00
Ebonyi	45.9%	13,585,123,965.42	7,052,100,030.94	23.84	4,239,740,777.56	14.33
Edo	40.9%	40,787,819,327.20	29,041,923,387.93	29.13	10,764,502,676	10.80
Ekiti	35.1%	24,055,059,378.86	20,647,912,136.86	30.16	9,532,450,733.11	13.92
Enugu	48.6%	30,126,806,383.42	23,640,990,847.00	38.14	5,001,083,167.77	8.07
Gombe	38.8%	24,003,777,578.61	18,715,955,670.03	30.22	13,915,413,312.21	22.47
Imo	27.4%	16,452,670,078.02	16,384,085,006.07	27.24	16,878,453,373.58	28.06
Jigawa	62.8%	41,626,318,217.07	19,684,028,872.37	29.70	3,225,849,674.10	4.87
Kaduna	49.4%	42,864,634,000	38,018,323,000.00	43.77	5,972,619,000	6.88
Kano	58.8%	58,082,018,000	33,741,964,000	34.14	7,008,449,000	7.09
Katsina	47.6%	26,128,507,669.06	16,472,998,992.93	30.02	4,732,421,153.25	8.62
Kebbi	54.8%	22,154,984,560.50	14,548,036,446.47	36.01	3,697,065,042	9.15
Kogi	58.1%	59,347,638,975	29,826,174,501	29.20	7,460,044,997	7.30
Kwara	19.8%	14,189,330,098.34	33,470,959,810.48	46.75	5,461,429,858.69	7.63
Lagos	21.5%	119,276,435,000	164,229,302,000	29.56	213,747,714,000	38.47

[3]Note: The percentages may not add up to 100% because the table does not capture "other recurrent expenditure" category from each of the state's financials.

Nassarawa	48.9%	25,793,194,492	20,006,775,314	37.95	1,496,756,551	2.84
Niger	12.7%	8,599,361,570.00	16,360,051,816.59	24.16	7,125,645,353.50	10.52
Ogun	46.8%	50,414,971,601.01	20,499,118,433.34	19.02	20,408,721,896.33	18.93
Ondo	50.9%	44,379,421,279.09	26,263,323,215.98	30.09	10,227,273,940.05	11.72
Osun	38.9%	27,410,771,326.57	12,738,603,795.43	18.10	28,329,789,609.23	40.25
Oyo	30.6%	36,817,767,093.70	24,399,609,426.86	20.28	11,844,093,167.69	9.84
Plateau	39.4%	30,360,526,613.92	19,784,967,021.74	25.68	7,826,410,597.84	10.16
Rivers	68.1%	77,612,714,517.66	15,110,837,440.30	13.26	21,205,280,494.31	18.61
Sokoto	72.6%	30,906,198,291.48	3,832,339,957.60	9.00	148,132,087.32	0.35
Taraba	12.1%	6,982,447,077.47	17,499,923,368.18	30.30	54,139,128.21	0.09
Yobe	47.9%	22,872,365,039.82	15,101,832,924.01	31.63	2,190,641,281.76	4.59
Zamfara	35.2%	19,863,213,919.29	26,109,437,041.10	46.30	10,270,485,025.30	18.21

Source: States' 2019 Financial Statements, BudgIT Research

Appendix 2: Capital Budget Performance (2019)

State	Budgeted Capital Expenditure	Actual Capital Expenditure	Capital Expenditure Performance %
Kaduna	152,335,918,000.00	148,572,055,000.00	97.53
Yobe	39,493,630,000.00	30,096,315,974.06	76.21
Rivers	301,532,687,404.00	224,745,802,764.41	74.53
Lagos	345,303,977,000	241,057,123,000	69.81
Jigawa	90,997,500,000	61,867,637,413.05	67.99
Abia	71,700,020,000.00	46,603,225,240.76	65.00
Delta	233,282,641,925	137,649,842,235.27	59.01
Enugu	43,493,343,000.00	24,912,050,750.36	57.28
Anambra	91,834,635,028.00	49,512,752,663.92	53.92
Kwara	57,117,155,413.00	29,878,717,239.34	52.31
Gombe	60,936,361,583.00	30,715,081,084.39	50.41
Edo	102,942,268,676.60	50,593,370,740.57	49.15
Borno	80,713,304,000	38,422,534,465	47.60
Nassarawa	34,265,917,899	16,179,438,137	47.22
Akwa Ibom	447,902,796,440.00	197,832,592,592.72	44.17
Kebbi	103,678,484,996.00	44,378,837,858.98	42.80
Kogi	72,037,276,969	28,589,764,955	39.69
Sokoto	97,364,252,428.00	37,712,044,907.01	38.73
Zamfara	72,610,000,000.00	27,027,182,897.22	37.22
Ondo	85,710,575,112.86	29,934,492,655.15	34.93
Bayelsa	60,364,209,000.00	20,452,866,301.21	33.88
Ekiti	51,288,052,689.67	16,640,857,658.49	32.45
Osun	93,066,214,050	30,095,322,847.24	32.34
Adamawa	66,051,673,493.00	20,452,866,301.21	30.96
Plateau	68,065,901,294.00	19,471,079,488.88	28.61
Ebonyi	141,681,670,000.00	39,782,287,174.62	28.08
Niger	129,299,285,835.48	32,373,438,584.87	25.04

Kano	133,920,140,513	31,289,959,000	23.36
Katsina	144,784,779,805.00	31,655,043,236.07	21.86
Bauchi	131,552,629,122.58	25,411,599,893.01	19.32
Oyo	151,084,151,578.50	28,973,231,426.23	19.18
Taraba	74,578,533,883.10	12,809,128,930.72	17.18
Ogun	231,507,328,788.00	35,418,281,381.48	15.30
Imo	205,157,546,638.25	28,669,017,426.02	13.97
Benue	81,970,813,070.00	4,697,048,497.99	5.73
Cross River	1,044,214,334,043.93	29,012,048,570.94	2.78

Source: States' 2019 Financial Statements, BudgIT Research

Appendix 3: Recurrent vs Capital Budget Performance

SN	State	Recurrent Expenditure Performance (%)	Capital Expenditure Performance (%)
1	Kogi	118.58	39.69
2	Kano	114.85	23.36
3	Lagos	105.22	69.81
4	Edo	104.9	49.15
5	Gombe	100.63	50.41
6	Oyo	99.43	19.18
7	Kaduna	99.27	97.53
8	Kwara	97.72	52.31
9	Abia	97.65	65
10	Imo	96.74	13.97
11	Katsina	95.2	21.86
12	Rivers	94.85	76.52
13	Enugu	94.33	57.28
14	Ekiti	94.15	32.45
15	Yobe	91.54	76.21
16	Plateau	90.14	28.61

Source: States' 2019 Financial Statements, BudgIT Research

17	Jigawa	90.02	67.99
18	Niger	89.22	25.04
19	Zamfara	88.37	37.22
20	Anambra	85.02	53.92
21	Delta	84.45	61.45
22	Nassarawa	83.13	47.22
23	Ebonyi	82.41	28.08
24	Cross River	81.29	2.78
25	Taraba	80.78	9.57
26	Ondo	80.67	34.93
27	Borno	80.23	47.6
28	Bayelsa	77.01	36.43
29	Osun	76.29	32.34
30	Bauchi	73.4	19.32
31	Benue	70.04	15.27
32	Adamawa	69.25	14.89
33	Ogun	68.08	15.3
34	Sokoto	58.89	38.73
35	Kebbi	57.63	42.8
36	Akwa Ibom	56.46	44.17

Source: States' 2019 Financial Statements, BudgIT Research

Appendix 4: Recurrent Expenditure Growth Profile

SN	State	2018 Recurrent	2019 Recurrent	Recurrent Growth
1	Kogi	57,072,221,890	102,136,655,107	78.96%
2	Cross River	48,421,573,400	71,069,161,350	46.77%
3	Imo	43,400,160,434	60,142,884,288	38.58%
4	Kaduna	68,122,097,000	86,855,576,000	27.50%
5	Lagos	436,360,518,000	555,656,417,000	27.34%
6	Zamfara	46,855,414,045	56,395,893,112	20.36%
7	Nassarawa	44,433,308,470	52,721,540,949	18.65%
8	Taraba	48,954,147,117	57,754,293,891	17.98%
9	Edo	84,840,449,724	99,693,195,048	17.51%
10	Anambra	47,369,656,124	55,551,229,439	17.27%
11	Niger	58,108,219,752	67,719,908,921	16.54%
12	Kano	85,846,914,000	98,832,431,000	15.13%
13	Oyo	107,301,991,024	120,338,783,887	12.15%
14	Yobe	42,739,210,217	47,743,845,912	11.71%
15	Kwara	64,800,259,456	71,595,537,696	10.49%
16	Adamawa	66,452,036,135	73,071,357,636	9.96%
17	Borno	47,122,044,276	51,370,667,249	9.02%
18	Ogun	100,084,841,376	107,789,083,181	7.70%
19	Jigawa	62,613,569,010	66,280,003,380	5.86%
20	Kebbi	38,331,949,847	40,400,086,049	5.40%
21	Ekiti	66,492,183,786	68,459,231,541	2.96%
22	Enugu	61,095,994,385	61,979,382,539	1.45%
23	Gombe	61,286,438,610	61,942,054,655	1.07%

Source: States' 2019 Financial Statements, BudgIT Research

State	2018 Recurrent	2019 Recurrent	Recurrent Growth
Sokoto	59,152,578,761	42,571,687,923	-28.03%
Ondo	120,802,585,420	87,274,706,860	-27.75%
Osun	90,696,015,917	70,386,345,289	-22.39%
Katsina	69,949,277,669	54,879,875,142	-21.54%
Bayelsa	180,549,575,556	147,164,352,631	-18.49%
Plateau	93,159,893,925	77,043,691,517	-17.30%
Rivers	133,926,516,359	113,928,832,452	-14.93%
Benue	88,344,248,815	78,784,899,178	-10.82%
Abia	75,145,351,262	67,166,157,229	-10.62%
Ebonyi	32,336,055,755	29,577,100,591	-8.53%
Delta	231,636,032,838	215,747,571,057	-6.86%
Akwa Ibom	130,579,922,645	127,080,422,898	-2.68%
Bauchi	80,553,482,124	78,544,523,672	-2.49%

Source: States' 2019 Financial Statements, BudgIT Research

Appendix 5: Crowding Out Effect

State	Total Actual Expenditure	Actual Recurrent Expenditure	Actual Capital Expenditure	Recurrent/Capital Ratio
Taraba	64,890,922,529	57,754,293,891	7,136,628,638	89:11
Benue	91,440,660,563	78,784,899,178	12,655,761,385	86:14
Oyo	149,312,015,313	120,338,783,887	28,973,231,426	81:19
Ekiti	85,100,089,200	68,459,231,541	16,640,857,658	80:20
Plateau	96,514,771,006	77,043,691,517	19,471,079,489	80:20
Kogi	130,726,420,062	102,136,655,107	28,589,764,955	78:22
Adamawa	93,798,345,475	73,071,357,636	20,726,987,838	78:22
Bayelsa	189,323,470,304	147,164,352,631	42,159,117,673	78:22
Nassarawa	68,900,979,086	52,721,540,949	16,179,438,137	77:23
Kano	130,122,390,000	98,832,431,000	31,289,959,000	76:24
Bauchi	103,956,123,565	78,544,523,672	25,411,599,893	76:24
Ogun	143,207,364,562	107,789,083,181	35,418,281,381	75:25
Ondo	117,209,199,515	87,274,706,860	29,934,492,655	74:26
Enugu	86,891,433,289	61,979,382,539	24,912,050,750	71:29
Cross River	100,081,209,921	71,069,161,350	29,012,048,571	71:29
Kwara	101,474,254,936	71,595,537,696	29,878,717,239	71:29
Osun	100,481,668,136	70,386,345,289	30,095,322,847	70:30
Lagos	796,713,540,000	555,656,417,000	241,057,123,000	70:30
Imo	88,811,901,714	60,142,884,288	28,669,017,426	68:32
Niger	100,093,347,506	67,719,908,921	32,373,438,585	68:32
Zamfara	83,423,076,009	56,395,893,112	27,027,182,897	68:32
Gombe	92,657,135,740	61,942,054,655	30,715,081,084	67:33
Edo	150,286,565,789	99,693,195,048	50,593,370,741	66:34
Katsina	86,534,918,378	54,879,875,142	31,655,043,236	63:37
Yobe	77,840,161,886	47,743,845,912	30,096,315,974	61:39
Delta	359,109,890,667	215,747,571,057	143,362,319,610	60:40

Abia	113,769,382,469	67,166,157,229	46,603,225,241	59:41
Borno	89,793,201,714	51,370,667,249	38,422,534,465	57:43
Sokoto	80,283,732,830	42,571,687,923	37,712,044,907	53:47
Anambra	105,063,982,103	55,551,229,439	49,512,752,664	53:47
Jigawa	128,147,640,793	66,280,003,380	61,867,637,413	52:48
Kebbi	84,778,923,908	40,400,086,049	44,378,837,859	48:52
Ebonyi	69,359,387,765	29,577,100,591	39,782,287,175	43:57
Akwa Ibom	324,913,015,490	127,080,422,898	197,832,592,593	39:61
Kaduna	235,427,631,000	86,855,576,000	148,572,055,000	37:63
Rivers	335,866,788,097	113,928,832,452	221,937,955,644	34:66

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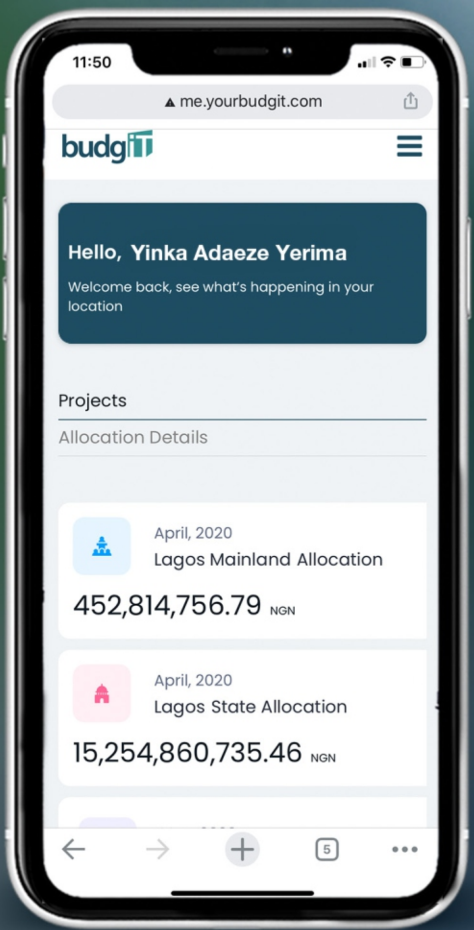

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