

Rising Internally Generated Revenue

A total of ₦342.6 billion was generated internally as revenue by 35 states and the FCT in 2018Q4¹. The figure indicates a growth rate of 22.8% compared to ₦264.3 billion generated in the previous quarter. For the fiscal year, 2018, total IGR rose by 24.8% to ₦1.17 trillion, from ₦936.5 billion recorded in 2017. While only five states recorded decline in the review quarter, 31 states recorded IGR growth. The overall IGR growth emanated from improvements in tax revenue as total tax revenue accounted for 77% of total IGR. By states, Lagos state led the pack with ₦382.2 billion at full year – representing 33% of all states' IGR. Rivers followed closely with ₦112.8 billion, Ogun ₦84.6 billion, Delta ₦58.4 billion, and Kano with ₦44.1 billion. The growth in IGR implies more autonomy and less reliance on FAAC allocations, as well as a larger pool of funds for development needs. Efforts towards sub-national specialization and spatial integration that encourage economic specialization in states as well as inter-state trade such as building connective infrastructure and establishing special economic zones will prove useful in enhancing the IGR.

Passage of Appropriation Bill

On April 30, 2019, the Nigerian Senate passed the 2019 budget, following four months of careful considerations. The appropriation bill amount of ₦8.92 trillion approved by the senate, is higher than the figure earlier proposed by the president². The earlier figure submitted by the President stood at ₦8.83 trillion, which indicates that the Senate increased the budget by about ₦86 billion to arrive at the approved amount. The increase was justified as necessary to cater for: security challenges in the country, packages for lawmakers and support for Zamfara State³. Furthermore, the bill shows a breakdown of more recurrent than capital expenditure. While ₦2.94 trillion was earmarked for capital expenditure, ₦4.65 trillion was appropriated for recurrent expenditure. The significantly high budget and the growth in recurrent spending has many implications. Following the history of wide disparities between budgeted revenue and realized revenue, we expect that the budget will not be completely implemented. In the face of significant gaps, huge cuts will likely be made to the capital component. More credible design of the budget is recommended in order for the nation to acquire and rehabilitate capital assets.

Decline in Student Enrollment and Completion Rates

Recently released education statistics by the NBS reveal a decline in senior secondary school enrolment rate between 2016 and 2017 in the 36 states. In 2017, the number of students that enrolled in senior secondary public and private schools declined by 3.4%, from 4.5 million students to 4.3 million students⁴. Both public and private schools disclosed more male enrollment than female in 2017 as males accounted for 53.3% of total enrolment. Similarly, completion rate did not improve in the same year. There may have been indications of student-dropouts given that figures show only about 1.25 million students completed senior secondary school in 2017, compared to 1.31 million that completed in 2016. There is need to identify and address structural and motivational barriers to school enrollment and completion tailored to each community, including diverse financial, cultural and proximity barriers to enrolling and completing school.

ECONOMIC SNAPSHOT		
Quarterly Indicators	'18Q3	'18Q4
GDP Growth Rate (%)	1.8	2.38
Oil GDP (%)	-2.90	-1.62
Non-oil GDP (%)	2.35	2.7
Unemployment Rate (%)	23.1	NA
Foreign Direct Investment (US \$ Million)	530.60	156.08
Portfolio Investment (US \$Millions)	1,723.1	1,394.68
Other Investment (US \$Million)	601.5	589.32
External Debt (FGN & States- N'Billion)	6,614.61	7,759.22
Domestic Debt (FGN + States & FCT N'billion)	15,814.19	16,627.84
Manufacturing Capacity utilization (%)	54.6	NA
Monthly Indicators	Feb'19	Mar'19
Headline Inflation (%)	11.31	11.25
Food Sub-Index (%)	13.47	13.45
Core Sub-Index (%)	9.8	9.5
External Reserves (End Period) (US\$ Million)	42,309.61	44,420.10
Official Rate Approx. (N/US\$)	305	305
BDC Rate Approx. (N/US\$)	362	362
Manufacturing PMI	57.1	57.4
Non-Manufacturing PMI	58.4	58.5
Crude Oil Price (US\$/Barrel)	64.19	NA
Petrol (PMS-N/litre)	145.30	145.30
Diesel (AGO -N/Litre)	225.61	229.16
Kerosene (HHK -N/Litre)	305.55	303.94
MPR (%)	14	14
CRR (%)	22.5	22.5
91 Day T-Bill Rate (%)	10.91	10.91
Savings Deposit (%)	4.07	4.07
Prime Lending (%)	16.08	14.92
Maximum Lending (%)	30.56	30.83
Narrow Money (N'Billion)	11,028.86	10,945.25
Broad Money (N'Billion)	32,860.41	33,809.57
Net Domestic Credit (N'Billion)	30,517.94	31,696.52
Credit to the Government (N'Billion)	6,355.28	7,741.33
Credit to the Private Sector(N'Billion)	24,165.58	23,955.19
Currency in Circulation (N'Billion)	2,241.31	2,153.22
FAAC (N'Billion)	619	NA

*Revised GDP figures/tentative figures
NA: Not Available

¹National Bureau of Statistics (2019). “Internally Generated Revenue At State Level (Q4 & Full Year 2018)”. Retrieved from, <https://nigerianstat.gov.ng/elibrary>

²Channelstv (2019). “Senate Passes N8.916trn 2019 Budget”. Accessed May 7, 2019. <https://www.channelstv.com/2019/04/30/breaking-senate-passes-n8-916trn-2019-budget/>

³Punch (2019). “Senate passes 2019 budget, raises estimates by N10bn”. Accessed May 7, 2019. <https://punchng.com/breaking-senate-passes-2019-budget-raises-estimates-by-n10bn/>

⁴Proshare (2019). “Senior Secondary School Enrollment Data, 2016-2017 -NBS”. <https://www.proshareng.com/admin/upload/reports/12314-SENIORSECONDARYSCHOOLENROLLMENTDATA20162017-proshare.pdf>

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