



THE KADUNA STATE REPORT



ECONOMIC INTELLIGENCE UNIT

**KADUNA STATE
PLANNING AND BUDGET COMMISSION**

Generated: January 2018



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The Economic Intelligence Unit (EIU)

The Economic Intelligence Unit is a research oriented endeavour with the following core functions:

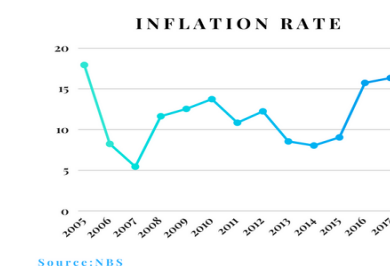
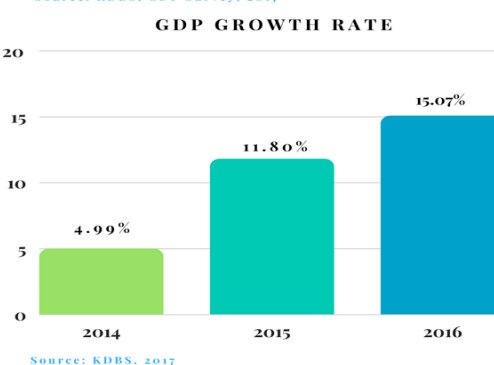
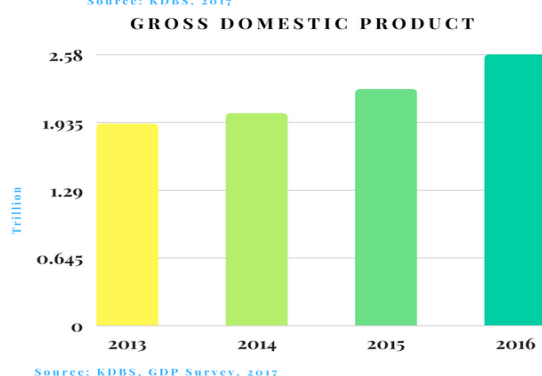
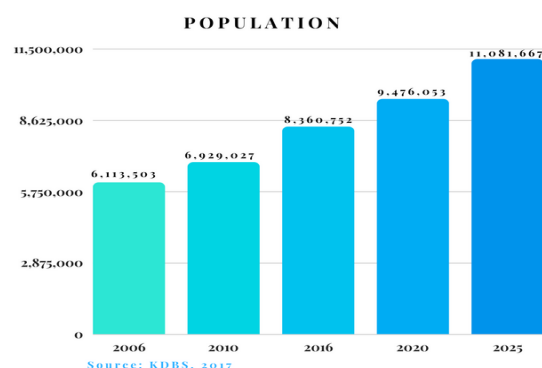
- i. **Fiscal Monitoring** – This focuses on the underlying real factors impacting both revenue and expenditure. It includes looking at the macroeconomic and mineral sector performance nationally and the macroeconomic performance of the state, and forging linkages with the relevant revenue and expenditure items to provide both a historical and forward looking commentary on performance. This would support both in-year and out-year decision making.
- ii. **Review of Emerging Economic Trends** – Identifying emerging economic and development issues that will be of interest and benefit to the state, from variety of sources including Kaduna State, Federal Government (such as NBS, CBN, NEC and other Federal MDAs), other states, development agencies and the private sector; and advising the Commissioner for Budget and Planning and the State accordingly. This function also involves monitoring the dynamics in the private sector and broader economy of Kaduna State, including identifying technical innovations that might benefit the state, use leading indicators to forecast the future dynamics and advice on policy formulation (and its impact on government).
- iii. **Economic and Fiscal Impact of Policy Pronouncements** – A number of new policy pronouncements have been made both nationally and within Kaduna state. In many cases, the impact (economic and fiscal) of the new pronouncements have not been assessed. The EIU will undertake this analysis both ex-ante (to inform policy, particularly in Kaduna State) and ex-poste.
- iv. **Ad hoc briefing notes, position papers etc. on emerging issues** – The unit is flexible under other ad hoc analysis that will support effective policy formulation, efficient service delivery and good governance in Kaduna State.



BRIEFING SHEET

Political and Economic Outlook

- With the dawn of the Nasir el-Rufa'i led administration the State has witnessed economic growth and a record influx of foreign investment from leading agri-business giants Olam International and Vicampo International.
- In August 2015 the Treasury Single Account was swiftly executed and within six weeks ₦24.5bn which was lodged in more than 470 government accounts in commercial banks was moved into a single account in the Central Bank of Nigeria. It is as a result of the success recorded in the State that the IMF/World Bank published a TSA manual based on the State's experience.
- Despite the recession in 2015 the Kaduna State GDP stands at ₦2.25 Trillion as against ₦2.02 Trillion in 2014. This shows a growth rate of 11.80%.
- Reforms in the State is at an all-time high with much needed reforms cutting across all sectors in the State with the latest being reforms in the Traditional Council, State & Local Government Service and Education Sector.
- Prior to the el-Rufa'i administration the State averagely generates ₦7.2 Billion yearly. With the remodeling of Kaduna Board of Internal Revenue to Kaduna Internal Revenue Service (KADIRS) the State generated ₦13.557 Billion in 2015 and ₦23.024 Billion in 2016.
- Despite major growth recorded in the State worthy of emulation by other Governors and praises earned by el-Rufa'i, his recent rightsizing of the State workforce, reforms in the Education Sector, Traditional and Local Government Councils, the Governor has seemingly lost a bit of his popularity with his citizenry and this also sparked outrage from within his ruling party and opposition parties.
- Pre-election year to come with usual volatility. The second half of 2018 is likely to be blurred by greater political instability, economic uncertainty, and social unrest, whilst electioneering could potentially distract policy-makers and delay investment. The silver lining can be found in the general Country's mature democracy in terms of credibility and transition, ensuring that the economy progresses relatively unencumbered. Despite this we anticipate an outsized influence of the imminent elections on economic and political stakeholders as 2018 winds down, hopefully only at a minor cost to the State's economic activities.



Macro-Economic Key indicators

Item	2017	2018	2019	2020
National Inflation	15.9%	14.7%	15.6%	11.2%
National Real GDP Growth	0.80%	1.90%	1.80%	1.80%
Oil Production Benchmark (MBPD)	1.8000	1.8000	1.9000	2.0000
Oil Price Benchmark	\$44.50	\$42.00	\$45.00	\$48.00
NGN:USD Exchange Rate	305	307	307	307
Other Assumptions				
Mineral Ratio	25%	32%	35%	38%



KEY CHANGES SINCE 29 MAY 2015

- In August 2015, the implementation of the Treasury Single Account was swiftly executed and within six weeks N24.5bn was moved. This amount was lodged in more than 470 government accounts in commercial banks into a single account in the Central Bank of Nigeria.
- Zero-based budgeting was introduced, and from 2015 steps were taken to align the fiscal and calendar years thereby ensuring that the budget for every year is ready to be implemented by 1st January.
- A strict budget which features 60:40 ratio on capital to recurrent expenditure ratio which has seen IGR almost doubled (2016, 2017).
- Expansion of access to Education, raising enrolment in public primary schools from 1.1million in July 2015 to 2.1million pupils by September 2016, while improving facilities and infrastructure in the schools.
- The state government has implemented Primary Health Care Under One Roof (PHCUOR), and enacted the establishment of the Primary Health Care Development Agency (PHCDA).
- Continuous efforts are being made to maximize endowments in Agriculture and Mining through a determined investment promotion effort to create jobs, generate internal revenues and accelerate development in the state. This effort has yielded at least USD 300m in investments.
- Kaduna has hosted two editions of KADinvest, its annual investment summit organized by the State's investment promotion agency, KADIPA.

Major risks to our forecast

Scenarios, Q1 2018	Probability	Impact
Kaduna posts negative real GDP growth	Moderate	High
Gov el-Rufa'i gets APC Governorship ticket	High	High
Muhammadu Buhari suddenly decides not to run for a second term	Low	High
Crisis in Southern Kaduna escalates	High	High
Political differences with State senators affects the Governor's ability to deliver on development and infrastructure	High	High

Note: Scenarios and their products are as a result of probability

Source: Kaduna Economic Intelligence Unit.



OUTLOOK FOR 2018-22

POLITICAL STABILITY

As is typical for pre-election years, the evolving political scene is expected to sway economic sentiment, particularly in the second half of the year. The sample size is too small to draw reliable inferences on the effect of elections on GDP growth, but the trend is mixed to negative, most likely due to the adverse effect of uncertainty. And this is despite the assumed role of elections in providing structural accountability for policy-makers to deliver on their mandate. We expect the imminent elections to be particularly distracting for policy-makers in the latter part of 2018 and also instigate more discretionary government spending. Meanwhile, investment (foreign and domestic) is likely to be parked until election uncertainty is quelled. Whilst these are all expected in 2018, we believe that the peculiarity of the political landscape may mitigate the adverse effects. Firstly, despite recent developments around the People's Democratic Party (PDP), such as the reception of Atiku Abubakar, former Vice President of Nigeria, and the installation of a new permanent Party Chairman, the main opposition party looks significantly weaker than previous versions. Whilst this may not be positive for the democratic progress of the country, it reduces electoral uncertainty. 2018 is also the last full year of the present administration bearing in mind the backlogs of unfulfilled electoral promises made during campaigns of 2015.

The last PDP Acting Chairman, Senator Ahmad Makarfi being the longest serving governor of Kaduna State yields tremendous grassroot influence in the State politics.

During the next five years, we expect Kaduna State to witness a slight progress in the State politic, after several years of instability since the return of democracy in 1999 from religious and Communal crises. Even though there is significant progress in tackling communal and religious crises in the state but due to security and some societal challenges (such as kidnapping, sara suka e.t.c) at a time of economic hardship, there may be political instability during and after 2019 general election. However, there may be high political risks and tensions in 2018 and 2019 due to power struggle by strong oppositions of the incumbent Governor Nasiru el-rufai, both from his party and the major opposition party (PDP).



ELECTION WATCH

The next general elections are due in 2019. The ruling party All Progressive Congress (APC) an incorporation of rival parties and other opposition party defectors will enter the election period with a lot of frictions. The party is expected to remain intact for the election even with cries of factions within the party set at an inevitable collision course. Given that access to power is an underlying factor, the potential to unseat Governor el-Rufa'i remains very unlikely even with serious competition within his party vying for his position.

The former ruling party, the People's Democratic Party (PDP), has been suffering from serious internal ructions since the party lost the 2015 General Elections. However, the PDP has seemingly began to find its footing at the National level with differences set to be put aside for the sake of the party. The PDP in the State has strong ties with the people, which can be attributed to its long reign, and this is why they are considered as a potential threat. Nevertheless, in view of the relatively fresh memory of the largely ineffective period of PDP rule, voters will probably be just about prepared to give Nasir el-Rufa'i and the APC another term, but this is far from certain.



Time Table for the 2019 General Elections

S/No.	Event	Date
1.	Notice for elections,	August 17, 2018
2.	Collection of nomination forms for national and states elections by political parties.	between August 17 and August 24, 2018
3.	Conduct of party primaries Elections for national and state elections	From August 18 to October 7, 2018.
4.	Collection of nomination forms for FCT elections by political parties	From September 3 to September 10, 2018
5.	Party primaries for the FCT Area Council election	From September 4 to October 27, 2018
6.	Publish the personal particulars of National elections candidates	October 25, 2018
7.	Publish the personal particulars of the State Candidates	November 9 th , 2018
8.	Last date for the withdrawal or replacement of candidate(s) for president and NASS elections,	November 17, 2018
9.	Political campaigns by political parties for Presidential Election and NASS elections	From November 18 to January 14, 2019
10.	Last date for submission of nomination forms by political parties	December 3 for president and NASS elections, while state elections is December 17.
11.	Last date for the withdrawal or replacement of candidate(s) for Governorships and State House of Assembly Elections	December 1 st , 2018
12.	Political campaigns by political parties for Governorship and State Houses of Assembly	From December 1, 2018 to February 28, 2019.
13.	Publish notice of the polls	January 2, 2019,
14.	Publish official register of voters for the election	January 7, 2019
15.	Political parties submission of names of their agents for the elections	February 1, 2019
16.	The presidential and National Assembly elections	February 16, 2019,
17.	Governorship and state assembly and Abuja Area Councils elections	March 2, 2019



INTERNATIONAL RELATIONS

Nigeria operates a Federal system of government which its constitution clearly defines the roles and responsibilities of the three tiers of government thereby forestalling any form of overlapping and duplication of responsibilities. The Exclusive List in the Constitution is the sole responsibility of the Federal Government. These responsibilities include: International Relations and Foreign Affairs, Defence, Power, Telecommunications and so on. Kaduna State being a sub-national government, cannot operate an International Relations or a Foreign Affairs Department. Notwithstanding, the State has tremendous respect in the eyes of the international community from the advent of the current administration due to the Governor's and some of his Aids international experience and influences.

Kaduna State is the first subnational government in the world to conduct an in-depth analysis of local Sustainable Development Goals (SDGs) data and strategy development to implement all 17 Goals in the State. The State has already integrated the SDGs into its State Development Plan for 2016-2020 and is improving livelihoods, investing in education and ensuring access to life-saving services, while boosting environmental sustainability, social cohesion and peace for its citizens.

Also the State has commenced the implementation of the Open Governance Partnership (OGP) of the Federal Government aimed at enhancing transparency, accountability and citizen participation in governance. OGP was earlier launched by eight countries namely Brazil, Indonesia, Philippines, Mexico, Norway, South Africa, UK and the U.S. Nigeria subscribed to OGP on May 11th, 2016 making it the 70th country to join. Kaduna State is first in Nigeria to subscribe to the OGP, therefore leading the way and is among the first governments in the world to sign the OGP at the subnational level. This launches the State into global pioneer state of Open Government.

All these great feats and many more attracted the attention of the international community which earns the state government respect. This can be seen as World Bank approved \$350 Million loan facility for the State ahead of many states in the Country seeking the loan facility.



Policy Trends

KEY EXECUTION PRIORITIES OF KADUNA STATE DEVELOPMENT PLAN (KSDP) 2016-2020

- Stabilizing the microeconomic environment
- Achieving agriculture and food security
- Improving transportation infrastructure
- Driving industrialization focusing on Small and Medium Scale Enterprises
- Local and State Governments reforms
- Improved access to Health care services
- Education reforms

Fiscal Policy Nigerian Economy

OIL REVENUE

The first nine months of 2017, oil revenues came in line with projections as higher oil prices (9th Month, 17 Brent crude average: \$52.53/bbl and 2017 benchmark: \$44.50/bbl) compensated for weaker volumes (average production was 1.9 mb/d vs 2.2 mb/d benchmark). We see oil revenues coming in strong in 2018 as well, given our expectation of higher oil liftings (2.1 mb/d for 2018) and a stable oil price (2018 forecast: \$53/bbl). We expect the conservative budget benchmark oil price (\$47/bbl) would compensate for a slightly optimistic volume target (2.3 mb/d).

Rising from a low of 1.5 mb/d in August 2016, Nigeria's oil and condensate production has hovered just above 2.0 mb/d in the last four months (1.9 mb/d), albeit still below the 2017 budget benchmark of 2.2 mb/d. Production ought to be even higher by the turn of the year, on the back of increased shipments of Bonny Light following the lifting of Force Majeure in October 2017. Most of the infrastructure affected in recent times (Forcados, Qua Iboe, Bonny Light, etc.) are in good shape, though unlikely to lead Nigeria to the budget benchmark by year-end (November: 2.0 mb/d). There are two risks to oil production; the first being the renewed threat of insurgency in the Niger Delta following the cancellation of cease-fire by the Niger Delta Avengers (NDA). We adopt a conservative 2018 oil production estimate of 2.1 mb/d (2017E: 1.9 mb/d), translating to GDP growth of 9.7% y/y for the oil sector.

NON-OIL REVENUE

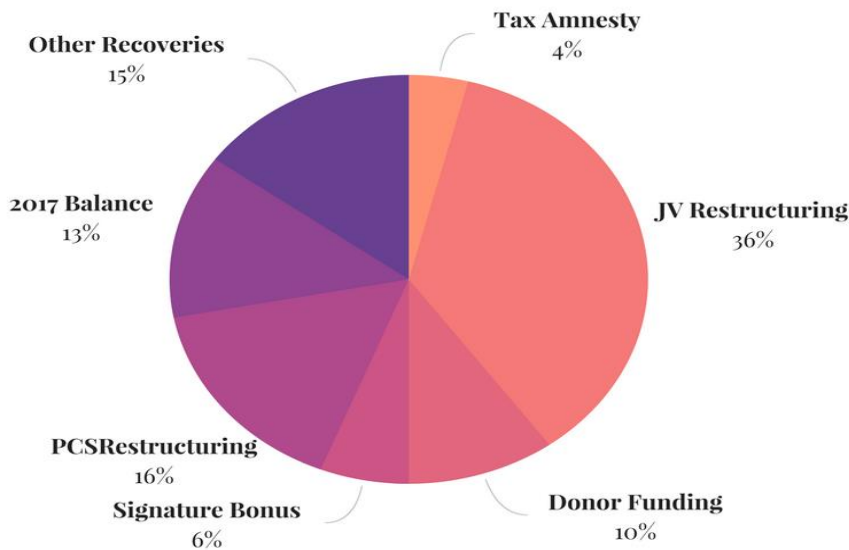
Non-oil revenues actually account for a larger share of 2018 projected revenues – 63% vs. 58% in 2017, and its composition is much-changed from recent years. CIT, VAT, Customs, and Independent revenues account for 52% of non-oil revenues. This means that “other” sources account for nearly 50% of 2018 projected non-oil revenues and are 2x and 8x more than their respective 2017 and 2016 projections. Thus, it is important to note that the 2018 diversification of federal revenues is being



driven by these “other” revenue sources, as opposed to material improvements in VAT, independent revenue collection, etc.

In terms of “other” revenues, the Federal Government (FG) has earmarked ₦710 billion (17% of non-oil revenues) from restructuring Joint-Venture (JV) oil assets by reducing government’s equity stake and will also review Production Sharing Contracts (PSCs) to reduce the FG’s financial commitment. Reviewing PSCs could rake in as much as ₦300 billion. After factoring in FG share of signature bonus from marginal field sales, over 10% of total federal revenues (and about half of “other” non-oil revenues) is projected to come from reducing government’s stake in oil assets. The FG is also looking at recoveries, additional tax revenue from the ongoing tax amnesty scheme, and donor funding to bolster its revenues. These non-oil revenue projections are positive as many of these funding lines are within government’s control, but plans for oil assets remain opaque and sluggish whilst projected recoveries and other funding may be ambitious.

BREAKDOWN OF OTHER NON-OIL REVENUE



Source: Budget Office of the Federation/Vetiva Research

MAJOR INTERVENTIONS IN KADUNA STATE 2015 – 2017

In an effort to meet its campaign promises in line with its policies, the State Government intervene in some major Sectors/Activities, these includes;

EDUCATION

1. Home grown school feeding program.
2. Free school uniform to Junior Secondary School Students.
3. Renovation/upgrading of schools.
4. Employment of Secondary Schools Teachers.



5. Conversion of 3 day secondary schools to Boarding Schools.

HEALTH

6. Renovation/upgrading of 255 PHCs across 23 LGAs.
7. Employment of Health and medical personnel.
8. MDG project for 6 LGAs with high maternal mortality rate.
9. Upgrading of BDSH to KASU teaching hospital.

WATER RESOURCES

10. Commissioning of first phase of Zaria water project.

WORKS AND HOUSING

11. Renovation/construction of Township Road.
12. Dualization of some roads in Kaduna State.

COMMERCE AND INDUSTRY

13. Commissioning of OLAM Nig. Ltd (Largest Agro-Allied Company in Sub-Saharan Africa).
14. Commissioning of Kaduna Dry Inland Port.
15. Renovation/Upgrading of some selected BATCs (with objective to empower marginalized young men and women).

AGRICULTURE

16. Women & Youth Empowerment Program (Commercial Agricultural Project).
17. Provision of Agric Loan to Farmers (Anchor Borrowers Program).
18. Establishment of 3no Maize Aggregation Centers in the 3 Senatorial Zone of the State.

OTHER INTERVENTIONS

19. Introduction of Zero-based Budgeting System.
20. Adoption of TSA – as PFM reform.
21. N-Power Programme (Social Intervention Program).
22. Establishment of Investment Promotion Agency (KADIPA), Kaduna Facility and Assets Management Agency (KADFAMA), Kaduna Road Agency (KADRA).
23. Bio-metric verification of Civil Servants.
24. Introduction of Sector Implementation Plan (SIP) as basis for Budgeting.

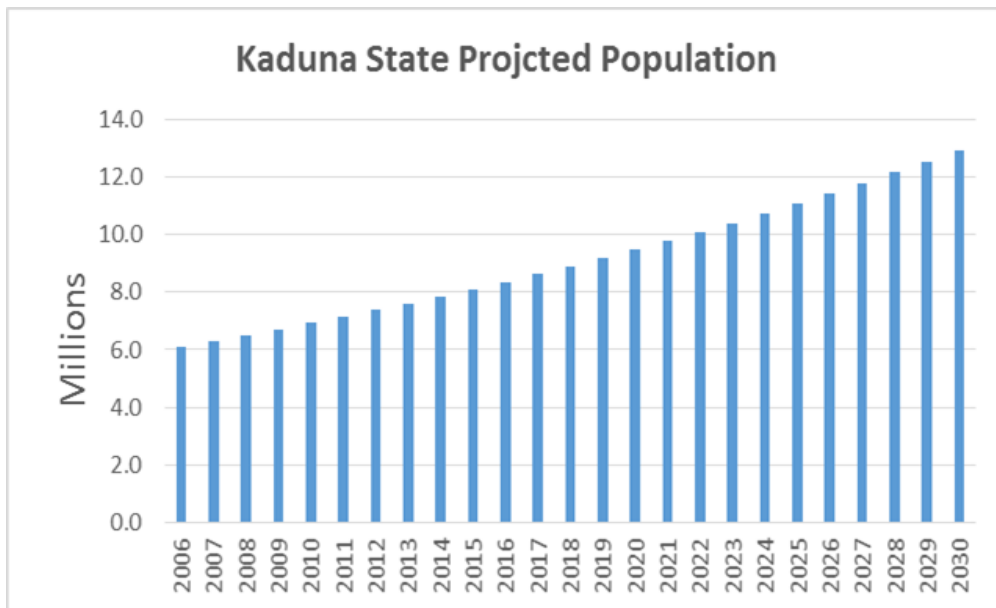
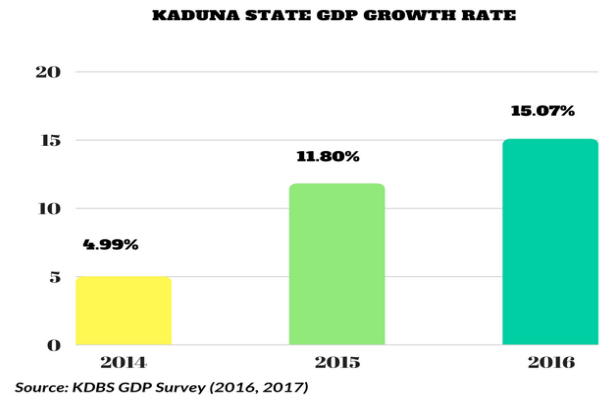


25. Remodeling of KADIRS, KADGIS, PPA, KADSWAC, Water Regulatory Commission, Planning and Budget Commission, KASTELEA.

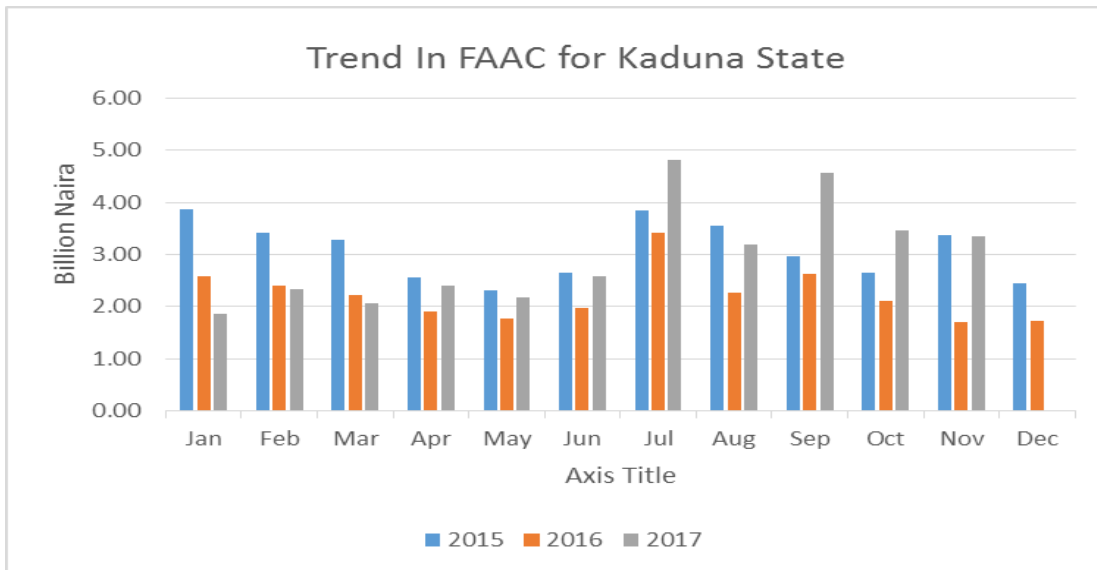
KADUNA STATE ECONOMIC GROWTH

The State largely depends on Federal Allocation to fund its annual budget. Averagely the state was allocated N3.073, N2.225 billion and N2.675 billion monthly in 2015, 2016 and 2017 respectively.

Despite the negative growth recorded by the Country in 2015-2016, Kaduna State witnessed a growth in its GDP under the same period. The State’s GDP stands at N2.25 trillion as against N2.02 trillion in 2014 and 1.92 trillion in 2013. The GDP grew by 11.8% growth recorded in 2015 (year on year) in real terms and GDP per capita stands at N255,827.60. The State is the 7th largest subnational economy with the contribution of 2.3% to national GDP in 2015. The figures further shows that Services contributed 45.5%, agriculture 36.69% and industries 17.81%. The study of the economic status in the State for 2016 was carried out in 2017 which shows 15.07% growth rate compared to 2015 at 2,589,486.88 million.



Source: KDBS



Source: FAAC Sheet

INFLATION

Inflation has been stickier than expected in 2017, moderating from 18.6% y/y to 15.9% y/y in the first ten months of the year. The story is mixed across food and core inflation, however; Food inflation increased from 17.4% y/y at the end of 2016 to 20.3% in October, 2017 which is derived by multiple supply shocks from planting and transport costs. On the other hand, Core inflation eased from 18.1% in December 2016 to 12.1% in October 2017. Helped by the onset of the harvest season, food price pressures have regressed in recent months – 0.85% m/m rise in October from 2.54% m/m in May – as transport and export diversion issues have been quelled.

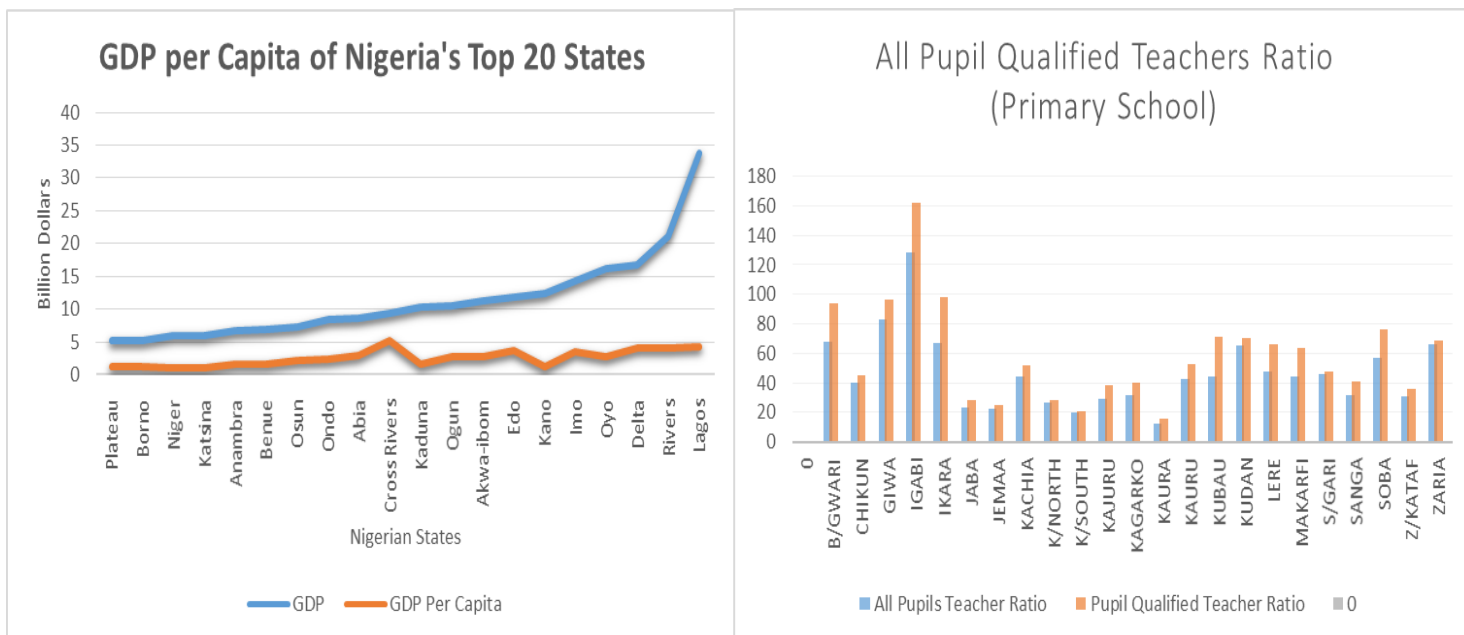
It is likely that the Nigerian National Petroleum Corporation (NNPC) will ramp up its strategic supply intervention to ease pricing pressures in the space. Given our expectation of slightly stronger consumer demand and material election spending in Q2'18, the capacity of the economy to absorb these increases in aggregate demand would determine whether inflation alters its current downward trend. Indeed, our bear scenario assumes a significant inflationary effect from electioneering, as a result of discretionary fiscal policy and possible easy money by the central bank (bearish 2018 average inflation forecast: 14.5%). Nevertheless, supported by substantial base effects from high 2016 and 2017 inflation, and a stable currency and energy price outlook, we see average inflation falling to 13.7% in 2018 (2017E: 16.6%), with yearend inflation as low as 12.8% y/y.



EXCHANGE RATES

After struggling through a two-year currency crisis that saw the naira lose 45% of its value against the dollar at the official exchange rate (from ₦167.50 at the end of 2014 to ₦305.00 at the end of 2016), Nigeria’s foreign exchange (FX) market experienced some semblance of joy for most of 2017. Higher dollar inflows from improved federal oil earnings buoyed Central Bank of Nigeria (CBN) external reserves (up \$10 billion between October 2016 and October 2017) and in turn its ability to defend the local currency, triggering a series of aggressive injections of dollars into the economy.

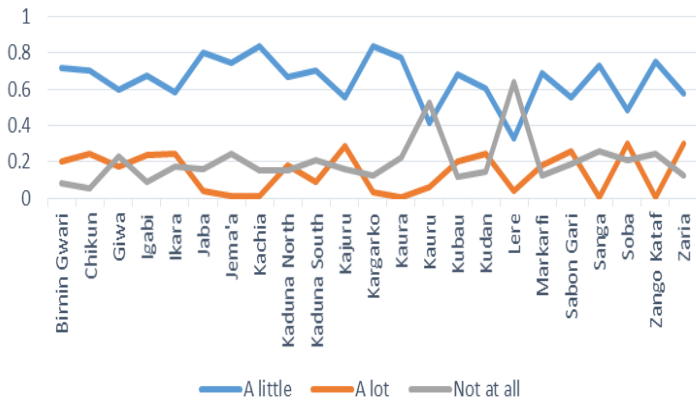
Our view is that the health of oil earnings and the market structure are the two key parameters for the 2018 FX market. We expect oil earnings to be healthy, backed by a modestly positive oil price outlook and optimism that oil volumes will stabilise above the 2 mb/d mark. Moreover, even as we believe that the CBN will maintain its multi-rate windows, sustained confidence in the NAFEX window should support the overall market structure. Political risks approaching the year 2019, caused by worries over the 2019 election campaign and elections are too pronounced, especially considering Nigeria’s still-brittle FX market structure. As such, we expect the naira to hold at current levels in the NAFEX window NGN360/USD through 2018. Under our bear scenario, weaker oil earnings would lead to moderate depreciation (NGN400/USD) if the market structure remains unchanged. We consider the market structure (and confidence in it) to be as important as the actual exchange rate in 2018, and particularly key for long-term market sustainability. As such, we anticipate that any adverse changes to the current market structure would trigger significant currency depreciation.



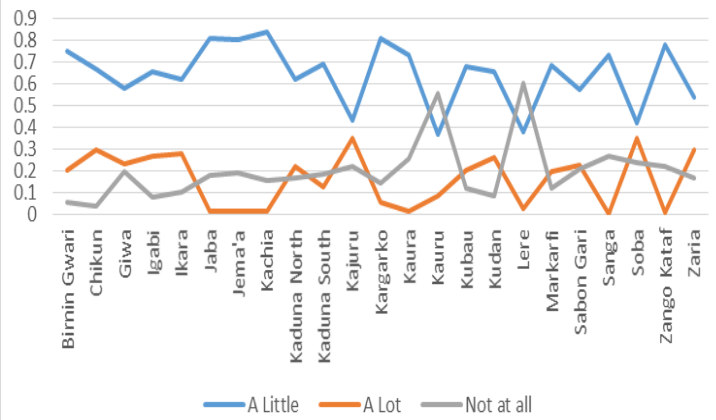
Source: KDBS (General Household Survey, 2017)



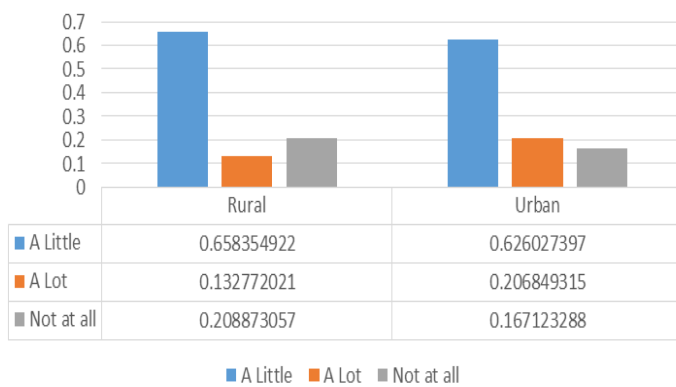
Reactions to State government Policies and decision-making to the needs of Residents



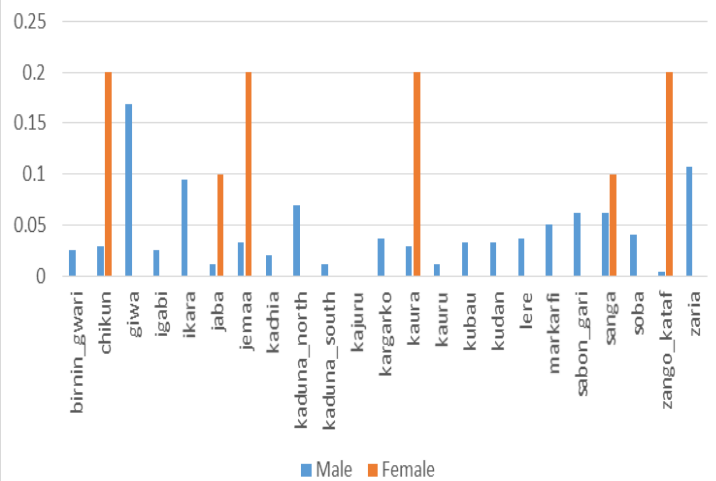
Perception of Kaduna State residents on whether the Government prioritises the poor on its decision-making.



Perception of Kaduna State Residents on government decision-making response to their needs



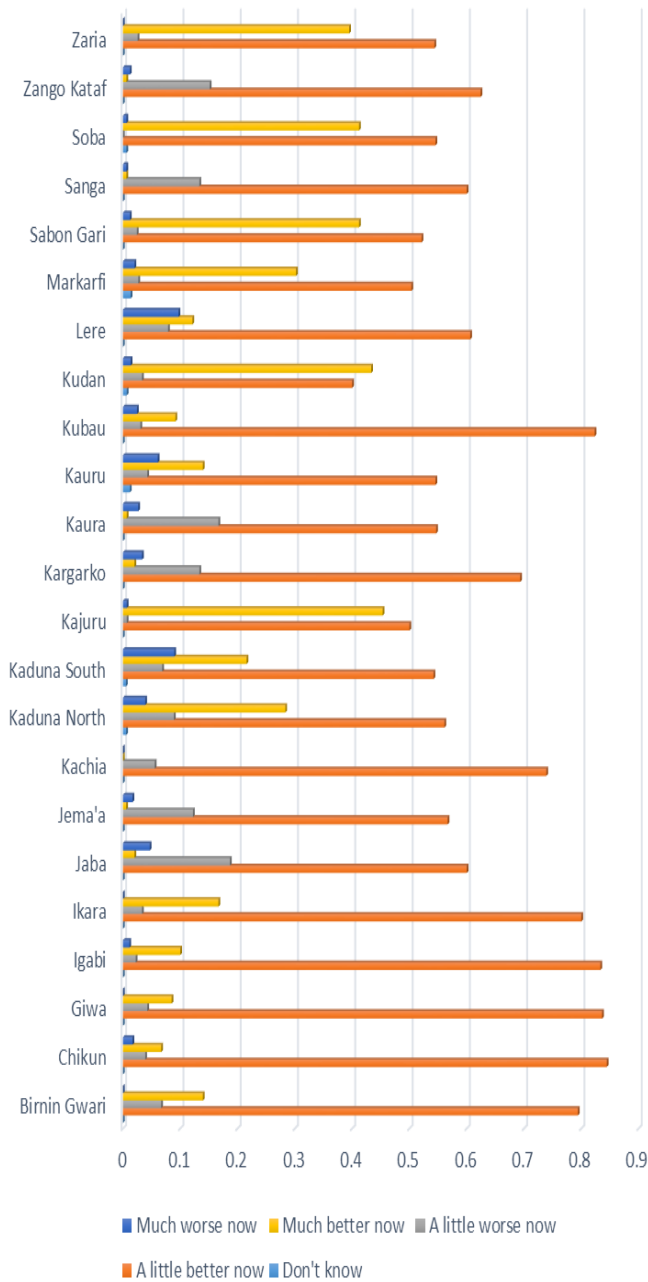
Membership of farmers Cooperative/Association



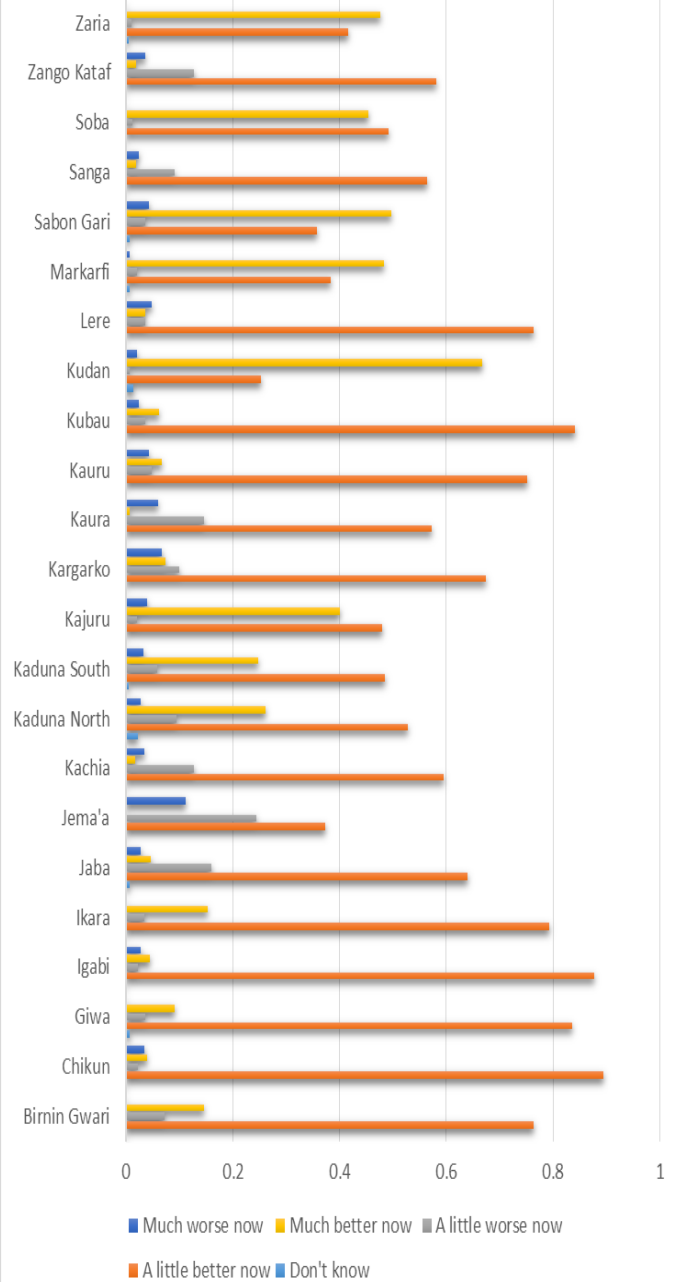
Source: KDBS (General Household Survey Report, 2017)



Resident's perception on Kaduna State Government performance



Responses on Level of crime and safety in Kaduna State NEIGHBOURHOODS



Source: KDBS (General Household Survey Report, 2017)



BASIC DATA

LAND MASS

46,020sq km (17,781 sq. mi), this makes Kaduna the 12th largest state in the country.

POPULATION

With an estimated population of 7.3million, it is the 3rd most populous state in the federation.

MAIN TOWNS AND THEIR POPULATION

Population in millions (KSIP 2016)

Kaduna North: 435,322

Kaduna South: 480,882

Igabi: 514,342

Zaria: 485,967

Jema'a: 332,188

Chikun: 444,512

Sabon Gari: 347,897

Birnin Gwari: 347,511

CLIMATE

The state enjoys a typical tropical continental climate with two distinct seasons, i.e. The dry and rainy seasons. These seasons reflect the interplay of North-East trade wind and South West trade wind which sweeps across the entire country from November to April and May to October respectively.

WEATHER IN KADUNA (ALTITUDE 613 METRES)

Kaduna lies between latitude 10.5105° North of the Equator and longitude 7.4165° East of the Greenwich Meridian with annual average temperatures: High - 31.6°C, low - 18.5°C and an average temperature of 25.0°C. The Average annual precipitation is 1192 mm.

Gross Domestic Product (GDP)

Kaduna State Gross Domestic Product (GDP) was measured at ₦2.25Trillion with an annual growth rate estimated at 11.8%.



GROSS DOMESTIC PRODUCT (GDP) COMPOSITION

The State's GDP comprises of Services (45.5%), Agriculture (36.69%), and Industry (17.81%).

LANGUAGES

English (official), Hausa, Yoruba and Ibo; many other local languages are widely spoken.

+PROMINENT ETHNIC GROUPS

Adara, Kutunni, Hausa, Fulani, Koro and Bajju Gbagyi, Ham, Chat, Kagoma, Yeskwa, Fantswam, Kaninko, Gwandara, Ninzom, Numana, Ayu, Nandu, Tari, Mada Numbu, Nindah, Kibo, Kagoro (Agrok), Maro' a (Asholia), Attakar (Akadi), Ganawuri, Bajju, Atyap (Kataf), Bakulu (Ikulu), Anghan (Kamantan), Ruruma, Rumaya, Surubu, Chawai (Tsan), Kiwalto Rishuwa, Kono, Kaibi, Kuruma, Amo, Kahugu, Gure, Pitti, Gbagyi, Kumuku, Maguzawa, Sayawa, Amo.

MEASURES

Metric system

CURRENCY

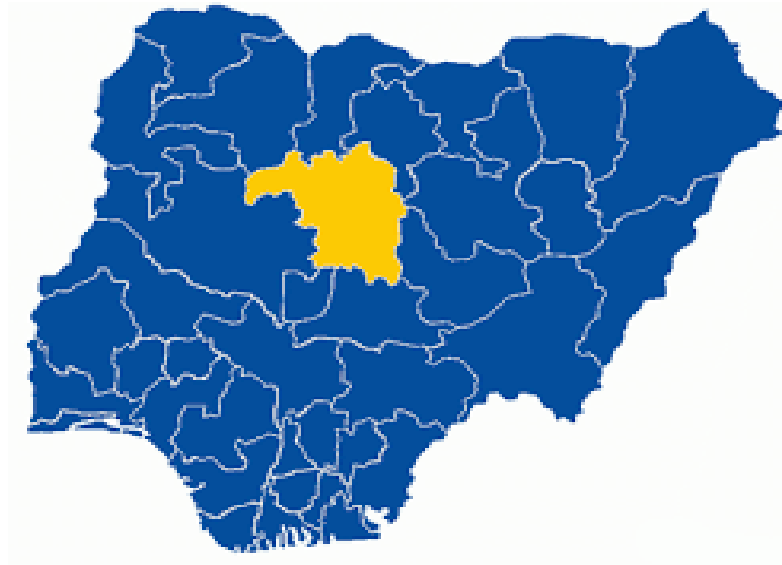
1 Naira (₦1) = 100 kobo & ₦302.952 = US\$1 (2017 average)

TIME

WAT (UTC+01)

PUBLIC HOLIDAYS

New Year's Day; Good Friday; Easter Monday; Worker's Day (May 1st); Democracy Day (May 29th); Eid al-Fitr; Eid al-Adha; Independence Day (October 1st); Mawlid al-Nabi; Christmas



POLITICAL STRUCTURE

OFFICIAL NAME

Kaduna State

FORM OF STATE

Comprising 23 LGAs with Kaduna serving as its capital.

LEGAL SYSTEM

Based on English Common Law and Sharia law

STATE LEGISLATURE

State House of Assembly, comprising of 34 House Representatives; all of which were elected by universal suffrage for four-year terms.

NATIONAL ELECTIONS

Most recent general elections were held in March and April (Presidential and Gubernatorial elections respectively) 2015; the opposition candidate, Mallam Nasir El-Rufai, was elected as the State Governor and his party, the All Progressives Congress, took control of the National Assembly; next general elections are scheduled for 2019.

GOVERNOR

Elected by universal suffrage to serve a four-year term

STATE GOVERNMENT

The State Executive Council, is chaired by the Governor.



MAIN POLITICAL PARTIES

The All Progressives Congress (APC), a merger between the All Nigeria People's Party (ANPP), a faction of All Progressives Grand Alliance (APGA) and the Congress for Progressive Change (CPC); and a faction of the People's Democratic Party (PDP), which ruled from 1999 until its defeat by the APC in 2015.

MEMBERS OF THE EXECUTIVE COUNCIL

1	Nasir Ahmad el-Rufa'i	Governor
2	Barnabas Yusuf Bala	Deputy Governor
3	Dr. Paul Dogo	Commissioner for Health & Human Services
4	Hajia Hafsat Baba	Commissioner for Women Affairs & Social Development
5	Dr. Ibrahim Hamza	Commissioner for Water Resources
6	Dr. Manzo Maigari	Commissioner for Agriculture & Forestry
7	Professor Kabiru Mato	Commissioner for Local Government Affairs
8	Hon. Suleiman Abdu Kwari	Commissioner for Finance
9	Muhammad Sani Abdullahi	Commissioner for Planning and Budget Commission
10	Jafaru Sani	Commissioner for Education, Science & Technology
11	Dr. Amina Dyeris Sijuwade	Commissioner for Environment & Natural Resources
12	Hon. Daniel Auta	Commissioner for Youth, Sports & Culture
13	Mrs. Ruth Geoffrey Alkal	Commissioner for Commerce, Industry & Tourism
14	Barr. Umma Hikima	Commissioner for Justice
15	Balaraba Aliyu Inuwa	Commissioner for Works, Housing & Transport
16	Usman Mahmud Hassan	Commissioner for Rural & Community Dev.
17	Balarabe Abbas Lawal	Secretary to the Council



RECENT HEADLINE ANALYSIS

Generated in 2017

The following articles have been written in response to events occurring since the present administration took over, and indicates how we expect these events to affect our next forecast.

POLITICS

Forecast Updates

Political Stability

21,780 Kaduna teachers fail competency test

21,780 (66%) out of 33,000 teachers failed the primary four test administered to them to test their competency by the Kaduna State Government.

Analysis

While the Kaduna State Governor Nasir el-Rufai received a World Bank delegation he explained that out of 33,000 primary school teachers tested, only 34% (11,220) of them scored above 75%. The resulting policy was that the teachers who scored below 75% be let go, while the State recruits 25,000 more to not only replace the sacked teachers but also help improve the teacher pupil ratio.

Typically this would be a case of Education Reforms but electioneering coming up in 2019 the Governor's action can be seen by most as political suicide capable of ending any hope for a second term.

With blood in the waters, party opposition and some members of the ruling party have thrown jabs at Nasir el-Rufai, with opposition party presidential aspirant Governor Ayo Fayose going as far as claiming a conspiracy was on-going between the State Governor, President Muhammadu Buhari and the APC Government to sack hardworking Nigerians.

Impact on the Forecast

Despite small-scale protests and conceited efforts by opposition, we maintain that the present government will stand by its decision.



Crisis in Southern Kaduna

As most knowledgeable adults in Nigeria are well aware, Kaduna State has its ethno-religious peculiarities. These peculiarities that ordinarily ought to be harnessed as strength have over the years been the State's albatross.

Analysis

The peculiarities of ethno-religion of the state ought to be an advantage or a strength. Diversity brings opportunities, but the reverse is the case in Kaduna State. Crises and tensions in a polity stalls economic activities, developments & growth and also local and foreign investments. Inadequate tolerance and enlightenment amongst diverse groups acts as a catalyst to the crises being witnessed in the state.

The Southern Kaduna crises aggravated during the aftermath of the 2011 elections. Attacks and reprisal attacks continue to surface in the area. If unchecked it can generate and further engulf the state into a full blown ethno-religious crisis.

The Fulani herdsmen and farmers have a long history of feud not just in the state but in the country at large. This is also a threat to peace and development not just to the area or the state but to the whole Country.

Impact on the Forecast

The present administration is and will continue to do all it can to maintain peace in the region and also forestall future occurrences. The Southern Kaduna Crises will continue to draw attention in the foreseeable future with pockets of gunmen and reprisal attacks emanating in the area. With the election of 2019 around the corner, tension will be heightened making peace vulnerable. But with aggressive enlightenment and constant engagement of traditional rulers and religious leaders, preaching peace, tolerance and neighbourliness, expectations to long lasting peace can be achieved in the long run.

Kaduna Sacks 4,042 Local Government Workers

The sack of 4,042 local government staff across the 23 local government areas of the state was part of the ongoing restructuring of the local government system embarked upon by the state government.



Analysis

The present administration has embarked upon numerous reforms across the State. The Local Government reform is one of such reforms. The Government is adamant on right sizing the over bloated work force of the local government councils across the State. This right sizing has created a tense atmosphere and has generated friction between the State Government on one hand and the Workers Union and other political parties on the other hand. Many cohorts believe it will create a dent or a strain on the re-election chances of the present government

Impact on the Forecast

We foresee no change of policy in this direction as long as this government remains in power. We also foresee that there is every likelihood even if this present administration does not succeed in getting re-elected, the chances of reversing this policy remains very slim despite the general outcry from the opposition parties. This is because maintaining the local government council's workforce has become a burden not just to the local government councils themselves, but to the State. It has given past and present governments sleepless nights in paying monthly salaries and wages. The over bloated work force and inefficiencies of the local government councils has become a liability that definitely needs reforms.

ECONOMY

Forecast Updates

Economic Stability

Kaduna Dry Inland Port;

The newly built Kaduna Dry Inland Port will boost the country's export capacity by over \$50 billion yearly.

Analysis

The facility built by Inland Containers Nigeria Limited (ICNL) has the capacity to handle 29,000 tonnes of cargoes yearly and is estimated to generate no fewer than 5000 employment opportunities. The Kaduna Inland Port is a tripartite collaboration between the Federal Government, State Government and Inland Containers Nigeria Limited and it is being facilitated by the Nigerian Shippers Council (NSC).

The maiden dry port in the country would receive cargo from Apapa Port in Lagos, through the railway and also export goods through the same channel. The plan would largely reduce the congestion in Lagos ports, truck haulage and provide the ultimate relief for the busy Apapa road. Kaduna State currently receives 66% of its revenue from Federal



Allocations, thus making this Port a vital source for Internally Generated Revenue (IGR).

Impact on the forecast

Kaduna Gets \$350m World Bank Loan

The World Bank granted the loan following a satisfactory assessment of the state's developmental agenda and challenges. The loan would be used to finance infrastructural development such as building and rehabilitation of schools, hospitals, and roads among others.

Analysis

The State Government has put various structures on ground to convince the World Bank on the need to approve \$350 Million loan facility. The Open Government Partnership (OGP), the State innovative Monitoring & Evaluation platform (M&E) called the Eyes and Ears Project which also has GPRS based software application, the Sustainable Development Goals (SGDs) implementation Structure put in place, couple with the fact the infrastructural deficit and unemployment rate in the state all facilitated the approval granted by the World Bank.

Impact on the Forecast

Accessing the \$350 loan facility will boost economic activities in the State. The ripple effect on the economy will result in increased job creation, improved infrastructure across all sectors especially schools and primary healthcare centres, roads and resuscitation of moribund industries in the state.

HEADLINE

New Nigerian Development Company (NNDC) to invest \$15million in partnership with a Turkish Firm to reactivate the collapsed Kaduna Textile Company.

According to the Group Managing Director Mr. Ahmad Musa said NNDC and the Turkish Firm (Sur International Textile) will invest the amount in revitalizing the Kaduna Textile. According to the proposal the Turkish Firm will provide 35%, the Federal Government 45% while Kaduna Textile Limited (KTL) will provide 20% of the funds.

Analysis

The investment by the parties in resuscitating the Kaduna Textile Limited will bolster the economy of Kaduna State. It will create job opportunities, increase its Internally Generated Revenue and



have a positive effect in its GDP. Cotton farmers will also benefit by this great feat.

Impact on the Forecast

Although there is no definite date for the commencement of revitalising KTL, but we foresee a very robust economy where unemployment is drastically reduced, an increased in the State's GDP, economic growth and development if the proposal comes to past eventually.

HEADLINE

Kaduna State Registers 1,000 Miners

Kaduna State has registered 1,000 miners in collaboration with the Federal Ministry of Mines and Steel Development to check illegal operators and document active miners in the state. The registered miners are from Birnin Gwari Local Government Area of the State where gold mining activities is being conducted by artisanal and small scale miners on a daily basis. The exercise will avail the State Government the opportunity to document their names into the State's data base. However the State Government is planning to expand the registration to other Local Governments.

Analysis

The registration exercise of 1,000 miners will serve as a catalyst to the diversification policy of the State and Federal Governments moving away from oil and gas revenue. This will serve as platform for the artisanal miners, development partners and the government for organization, coordination and synergy in the development of solid minerals in the State.

Impact on the Forecast

The sector requires a capital intensive investment which its return on investment will only be realised in the long term period. This means that the earlier the investment by the Government, the earlier the benefits will accrue to its coffers.

HEADLINE

Kaduna Launches e-Procurement Portal

The State recently launched an e-procurement portal to improve transparency and accountability in the award of contracts. It is the first State in the Federation to implement the portal.

Analysis

Due Process mechanism started in Kaduna State with the passage of the Law in May, 2007 that gave birth to the Bureau of Budget



Implementation, Monitoring and Price Intelligence (BBIM&PI). The Law ensures that all procurement/contracts openness, transparency, accountability, competition, cost effectiveness and value for money (VFM).

On 1st June, 2016 a Law was passed by Kaduna State House of Assembly as Kaduna State Public Procurement Law No.12 of 2016 after assent of the Kaduna State Governor Nasir el-Rufai that gave birth to Public Procurement Authority, with the passage of this Law, Kaduna State has keyed in to the international best practice in procurement.

This is a giant stride by this administration in its resolve to enthrone probity, prudence and judicious utilization of the initial resources available to Government.

Impact on the Forecast

In a democratic settings, citizens always demand for effective and efficient service delivery from the government. As such, this development in Kaduna State will ensure increase in value for money, effective service delivery and reduce corruption, hence, the state will witness socio-economic development.

HEADLINE

Progress Made With Reforms, But Not Enough

The Nigerian administration has made some good progress with its stated objective of easing the burden of doing business in the country with the el-Rufai led administration at the forefront of this charge. It is against this backdrop that Kaduna State was recently awarded by Business Day. The state is also the first in the Federation to launch an e-procurement portal to improve transparency and accountability in the award of contracts.

The Nigerian administration has made some good progress with its stated objective of easing the burden of doing business in the country. However, these moves fall far short of unshackling the economy and shifting to a higher pace of growth and job creation. That will take bolder initiatives, but with a president and wider administration looking towards their re-election, time is not on their side with a national vote under 18 months away. Indeed, political and fiscal considerations will likely prevent more rapid progress in jump starting the economy.

Nigeria was among the ten economies that showed most notable improvement in the World Bank's *Doing Business 2018* report published on October 31st. The country climbed 24 places to 145th in the index. The government has welcomed the report, which said the Abuja administration had carried out reforms in five of the ten areas monitored by the annual review. The president, Muhammadu Buhari, described the progress made by Nigeria in the report as a landmark



achievement that symbolises the success of his administration's ease of doing business reforms. He said on Twitter that the goal of the government is to make it easy for people, Nigerians and foreigners, to invest and do business in Nigeria.

PROGRESS ON MULTIPLE FRONTS

The el-Rufai led Administration has recorded tremendous progress in many fronts much especially in; Governance: the present administration has enhanced and revitalized the public service which leads to enhancement in service delivery, transparency and accountability; Education: Improving education is a priority to this administration, where the Governor is ensuring that every child gets at least nine years of free basic education and is improving infrastructure and tools while attracting the best people in character and learning to the teaching profession; Infrastructure: The administration is rehabilitating the State's decaying infrastructure, extending and expanding them where necessary to achieve economic development goals, while creating jobs for youth and women; Agriculture and Natural Resources: The el-Rufai led administration is making agriculture, real estate development, light manufacturing and mining the key drivers of the economy of the State and sources of new jobs for the youth. The administration is also strengthening State own Institutions to function optimally. Many MDAs in the State were given a facelift or remodelled to better serve the people of the State.

YET MAJOR HINDRANCES REMAIN

One of the greatest challenge faced by this administration is on security, the Southern Kaduna remains volatile. The lives and properties of the populace in the region are on threat. Efforts by the government to bring lasting solution to the crisis remain futile. Attacks and reprisal still manifest between Herdsmen and Farmers. Kidnapping for ransom has become rampant in the State with no end in sight. These may affect government politically in seeking re-election.

FRESH IMPETUS NEEDED AHEAD OF NEXT ELECTIONS

For the government to have a buy-in from the populace during the next election certain things need to be done. The government needs to realise that 2018 is the last full year for this dispensation and all ongoing projects need to be fast-tracked and completed in order to give hope to the citizens before the general elections in early 2019. Projects like construction/rehabilitation of Roads, Drainages, Schools, General Hospitals and Primary Health Care Centres. The government needs not to be distracted by politics in 2018 in fulfilling the aspiration of its citizens.



The government also needs to implement a sustainable safety net for vulnerable groups, timely pension payment to its retired citizens. The retrenched civil servant of the State should be provided with palliative measures to serve as social and economic security. These and coupled with Grassroot Development Initiatives (GDI) will increase the chances of the present administration in the next General Elections.

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