

# 20 / Q3 BUDGET REVIEW LAGOS STATE GOVERNMENT 19

PREPARED BY THE LAGOS STATE MINISTRY OF ECONOMIC PLANNING AND BUDGET



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## Table of Contents

1. Memo – **3**
2. Introduction – **4**
3. 2019 Budget – **5**
4. 2019 Budget: Details of Function Group Allocation – **5**
5. 2019 Budget Focus – **6**
6. 2019 Budget Key Implementation Strategies – **6**
7. Budget Performance
  - a. Challenges Militating Against Budget Performance – **7**
  - b. 2019 Budget Key Strengths – **8**
8. 2019 Budget Q3 (July – Sept) – **9**
9. Highlights of Cumulative (Jan – Sept) 2019 Budget Performance – **9**
10. Comparative Analysis from Q1 to Q3 2019 Budget Performance – **10**
11. Comparative Q3 Analysis from 2017 to 2019 Budget Performance – **11**
12. Revenue Trend from 2018 to 2019 – **12**
13. Notes - Revenue Trend from 2018 to 2019 – **13**
14. Q3 2019 Revenue Review
  - a. Cumulative (Q1 – Q3) 2019 Revenue Appraisal – **14**
  - b. Notes - Cumulative (Q1 – Q3) 2019 Revenue Appraisal – **15**
  - c. Cumulative (Q1 – Q3) 2017 - 2019 Revenue Performance – **16**
  - d. Cumulative (Q1 – Q3) 2017 – 2019 Capital Receipts Performance – **16**
15. Q3 2019 Expenditure Appraisal
  - a. Cumulative (Q1 – Q3) 2019 Personnel Cost Performance – **17**
  - b. Overhead Costs Performance (Q1 – Q3) 2017 – 2019 – **18**
  - c. Recurrent Expenditure Performance (Q1 – Q3) 2017 – 2019 – **19**
  - d. Capital Expenditure Performance (Q3) 2017 – 2019 – **20**
16. Q3 Capital/Recurrent Expenditure Ratio from 2017 – 2019 – **21**
17. Cumulative (Q1 – Q3) 2017 – 2019 Financing Activities Performance – **22**
18. Q3 2019 Monitoring and Evaluation
  - a. Total Value of Pre-payment Certificates [by Sector] From Q1 – Q3 2019 – **23**
19. Monitoring and Evaluation Recommendations – **24**
20. Concluding Remarks – **25**
21. Appendix A
  - a. Q3 2019 Budget Performance Review – **26, 27**
  - b. Cumulative (Q1 – Q3) 2019 Revenue Appraisal – **28**
  - c. Cumulative (Q1 – Q3) 2019 Expenditure Appraisal – **29, 30**

## 1. Memo

This budget review and appraisal report for the third quarter of 2019 provides information on the activities and performance of the budget which we trust all stakeholders will find useful. The report provides financial information and offers some insights into context and experiences that have aided the achievement of goals or presented challenges to realising desired outcomes. Importantly, the Ministry of Economic Planning and Budget (MEPB) has been working hard to lay the foundations necessary to ensure improvements in our approach and activities. This will ensure optimal performance of the ministry's oversight function, and the implementation of sound recommendations informed by a variety of factors including lessons learned from our engagements and the broader external context. The ministry is committed to providing information to all our stakeholders in a manner that empowers decision makers, increases confidence and promotes active engagement of readers and the larger community.



*Sam Egube*

**Mr. Sam Egube**

Honourable Commissioner

Lagos State Ministry of Economic Planning  
and Budget

## 2. Introduction

### **Purpose**

This report provides an overview of Lagos State's revenues and expenditures for the third quarter of Fiscal Year 2019 compared to the budget. The purpose of this Report is to present the Lagos State Third Quarter and Cumulative Budget Performance, identify budget implementation challenges, proffer suggestions and solutions for improvement. The Report also provides the opportunity to apply the lessons learnt in the Third Quarter in driving budget implementation. Monitoring and evaluating the budget in a consistent manner allows the Lagos State Ministry of Economic Planning and Budget (MEPB) to respond to any changes or emerging trends in a proactive manner.

### **Budget Overview**

The Budget overview section starts with the headline information on Lagos State's revenues and expenditures followed by allocation of the budget by the functions of Government. Revenues and expenditure for the quarter are presented in categories with details of each category as applicable.

For comparison, the Budget overview includes information on the Full Year 2019 Budget, the Quarterly Budget (Q3 2019 Budget), and the actuals for the quarter (Q3 2019 Actuals). The information in this report was collected from the State's Ministries, Departments and Agencies and relevant financial systems and is deemed accurate as of the time the report was prepared. However, all data provided on revenues or expenditures is not final until the State completes the annual audit and finalizes its Full Year Financial Report. Information provided in the quarterly report is subject to change as the year progresses.

Lagos State budget is balanced on an annual basis, as a result revenues and expenditures reported within each quarter may not be aligned. The periodic nature of the State's revenue and the rate of revenue collection influences how the budget is disbursed. The Quarterly Budget report provides a comparison of budget to actual that accounts for the patterns of revenue collection and the expending of the budget.

### 3. 2019 Budget

Details In Billions	2019 Budget
<b>Total Revenue</b>	₦ <b>799.996</b>
Internally Generated Revenue	556.140
Capital Receipts	24.915
Federal Transfers	218.940
<b>Total Recurrent Expenditure (Debt &amp; Non-Debt)</b>	<b>393.841</b>
Recurrent (debt)	20.249
Personnel cost	169.556
Overhead cost	204.037
<b>Capital Expenditure</b>	<b>479.691</b>
<b>Financing – (Surplus)/Deficit</b>	<b>73.537</b>
External loans	24.673
Internal loans	48.864
<b>Budget Size</b>	<b>873.532</b>

### 4. 2019 Budget: Details of Function Group Allocation

Function group In Billions	Recurrent	Capital	Total	Allocation
	₦	₦	₦	%
General Public Service	168.851	107.508	276.359	35.326
Public Order and Safety	18.865	16.339	35.204	4.5
Economic Affairs	40.159	138.458	178.617	22.832
Environmental Protection	24.661	23.591	48.252	6.167
Housing & Community Amenities	14.396	22.626	37.022	4.732
Health	61.495	24.160	85.655	10.948
Recreation & Religion	2.884	3.697	6.581	0.841
Education	74.655	34.340	108.995	13.932
Social Protection	2.790	2.840	5.630	0.719
<b>Total</b>	<b>408.757</b>	<b>373.559</b>	<b>782.315</b>	<b>100.000</b>
External Loans (Principal Repayments)	-	8.517	8.517	-
Internal Loan (Principal Repayments)	-	22.000	22.000	-
Consolidated Debt Service Accounts	-	60.700	60.700	-
<b>Total (Allocation + Debt Servicing)</b>	<b>408.757</b>	<b>464.776</b>	<b>873.532</b>	<b>100.000</b>

## 5. 2019 Budget Focus

The focus areas include:

- Infrastructural Renewal Development (Physical and Social) especially Roads
- Sustainable Environment (Cleaner Lagos Initiative)
- Economy (including agriculture & tourism)
- Power
- Housing
- Education
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  - Housing
  - Education

## 6. 2019 Budget Key Implementation Strategies

1. Benchmark Performance Set at 100%
2. Revenue Stakeholders' Meeting as a Vehicle for Sustained Revenue Drive
3. Central Billing, Revenue Automation, Multi-channels Revenue Payment System
4. Quarterly Budget Performance Appraisal
5. Tighter Operational Expenditure Control
6. Strict Adherence to the Y2019 Budget Operational Guidelines
7. Continuous Implementation of Treasury Single Account (TSA)
8. More Effective and Efficient Project Monitoring and Evaluation
9. Ensuring Capital to Recurrent Ratio of 55:45
10. Planned and Systematic Maintenance of Existing/New Infrastructural Facilities; and
11. Ensuring Sustainable Fiscal Deficits

## 7. Budget Performance

### 7a. Challenges Militating Against Budget Performance

#### Benchmark Performance Set At 100%

- MDAs have been unable to achieve this target due to numerous reasons, specifically, budget implementation is concentrated more towards recurrent (Overhead) expenditure as it is the easier to execute.
- A deeper dive into quarterly Performance review is required going forward with more regular and active engagement between MEPB and the MDAs.

#### Revenue Stakeholders' Meeting

- Only Two (2) meetings have been held so far in 2019, and as a result required updates on Revenue Performance are limited to monthly returns forwarded by MDAs.
- Required updates on Revenue Performance are limited to monthly returns forwarded by MDAs. There is a need to keep the revenue drivers active and focused on the goal.

#### Quarterly Budget Performance Appraisal

- The 2019 budget was not prepared with the THEMES agenda. Transiting the focus to THEMES, together with the late signing of the bill was a drawback that the re-ordering of the 2019 budget seeks to correct.
- While the approval process has been somewhat delegated, work culture and bureaucracy remain challenged, slowing down the process significantly.

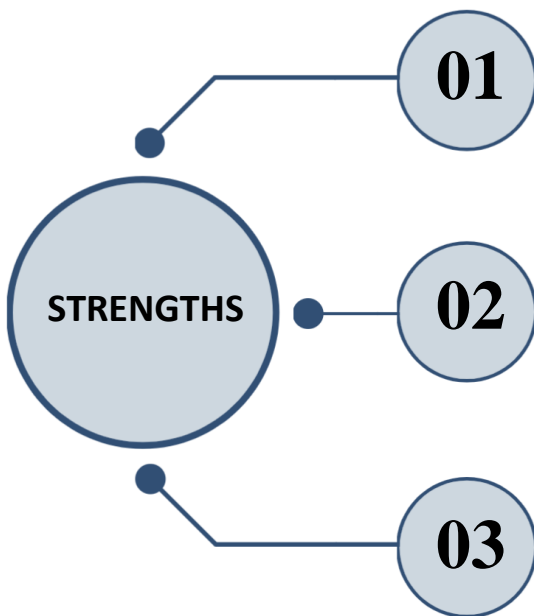
#### Tighter Operational Expenditure Control

- There are processing habits that are not aligned with the operational guideline. Many times, this delays the process.
- Late passage of 2019 Budget and Centralized expenditure approval in the first half of the year contributed to budgetary controls challenges.

#### Strict Adherence to the Y2019 Budget Operational Guidelines

- This was also affected by the centralised approving authority, thus MDAs did not comply with the guidelines which resulted in distortions in Budget implementation.

## 7b. 2019 Budget Key Strengths



### **Y2019 BUDGET IMPLEMENTATION**

Though 2019 budget was signed into law in June, implementation is on course to close at 80% performance.

### **ADHERENCE TO THE BUDGET PROCESS AND TIMING**

The preparation and submission of the 2020 budget was completed within a reasonable time frame and is presently undergoing legislative consideration.

### **REVENUE AND EXPENDITURE TRACKING**

The timely collation of monthly revenue and expenditure returns as well as deployment of other budget tracking tools to track performance of each MDA has contributed to the Ministry's efficiency in financial analysis.



## 8. 2019 Budget Q3 (July – Sept)

Details In Billions	Budget Jul – Sept	Actual Jul-Sept	Performance
	₦	₦	%
<b>Total Revenue</b>	199.999	133.269	67
<b>Total capital receipts</b>	6.229	4.913	79
<b>Recurrent expenditure (debt &amp; non-debt)</b>	98.460	72.997	74
Recurrent debt	5.062	7.652	151
Recurrent non-debt	93.398	65.344	70
Total Personnel cost	42.389	27.855	66
Total Overhead cost	51.009	37.489	73
Recurrent surplus	101.539	56.272	55
<b>Total Capital expenditure</b>	119.923	58.485	49
Financing – requirement/(surplus)	(18.384)	-1.787	8
<b>Budget size</b>	<b>218.383</b>	131.483	60

## 9. Highlights of Cumulative (Jan – Sept) 2019 Budget Performance

Details In Billions	2019 Budget	Cumulative Estimate Jan - Sept	Cumulative Actual Jan - Sept	Perf.
	₦	₦	₦	%
<b>Total Revenue</b>	<b>799.996</b>	<b>599.997</b>	<b>472.576</b>	<b>78.77</b>
Internally Generated Revenue	556.140	417.105	291.218	69.82
Capital Receipts	24.915	18.686	8.155	43.64
Federal Transfers	218.940	164.205	173.203	105.48
<b>Total Recurrent Expenditure (Debt &amp; Non-Debt)</b>	<b>393.841</b>	<b>295.381</b>	<b>232.440</b>	<b>78.69</b>
Recurrent (debt)	20.249	15.187	23.724	156.21
Personnel cost	169.556	127.167	79.043	62.16
Overhead cost	204.037	153.028	129.673	84.74
<b>Capital Expenditure</b>	<b>479.691</b>	<b>359.768</b>	<b>221.763</b>	<b>61.64</b>
<b>Financing – Surplus/(Deficit)</b>	<b>73.537</b>	<b>55.153</b>	<b>18.373</b>	<b>33.31</b>
External loans	24.673	18.505	-	-
Internal loans	48.864	36.648	-	-
<b>Bond issuance</b>	-	-	-	-
<b>Budget Size</b>	<b>873.532</b>	<b>655.149</b>	<b>454.203</b>	<b>69.33</b>

## 10. Comparative Analysis from Q1 to Q3 2019

Details In Billions	Q3 2019			Q2 2019			Q1 Y2019		
	Prov. Jul-Sept	Actual Jul-Sept	Perf.	Prov. Apr-June	Actual Apr-June	Perf.	Prov. Jan-Mar	Actual Jan-Mar	Perf.
	₦	₦	%	₦	₦	%	₦	₦	%
Total Revenue	<b>199.999</b>	133.269	67	<b>199.999</b>	<b>198.631</b>	<b>99</b>	<b>199.999</b>	<b>140.676</b>	<b>70</b>
Total capital receipts	6.229	4.913	79	6.229	1.495	24	6.229	1.746	28
<b>Recurrent expenditure (debt &amp; non-debt)</b>	<b>98.460</b>	<b>72.997</b>	<b>74</b>	<b>98.460</b>	<b>76,149</b>	<b>77</b>	<b>98.460</b>	<b>83.296</b>	<b>85</b>
Recurrent debt	5.062	7.652	151	5.062	7996	158	5.062	8.077	160
Recurrent non-debt	93.398	65.344	70	93.398	68,154	73	93.398	75.219	81
Total Personnel cost	42.389	27.855	66	42.389	25.898	61	42.389	25.291	60
Total Overhead cost	51.009	37.489	73	51.009	442,256	83	51.009	49.928	98
Recurrent surplus	101.539	60,272	59	101.539	122,483	121	101.539	57.380	57
<b>Total Capital expenditure</b>	<b>119.923</b>	<b>58.485</b>	<b>49</b>	<b>119.923</b>	<b>94,270</b>	<b>79</b>	<b>119.923</b>	<b>65.009</b>	<b>54</b>
Financing – requirement/(surplus)	(18.384)	(1.787)	8	(18.384)	28,214	(153)	(18.384)	(7.630)	42
<b>Budget size</b>	<b>218.383</b>	<b>131.483</b>	<b>60</b>	<b>218,383</b>	<b>170,419</b>	<b>78</b>	<b>218.383</b>	<b>148.306</b>	<b>68</b>

### Notes:

- Q3 2019 Budget performance was 60%/₦131.483bn compared to Q2 77%/₦168.570bn and 63%/₦148.106bn for Q1.
- The Overhead Cost performed at ₦37.489bn/73% compared to ₦41.742bn/82% in Q2 and ₦49.847bn/98% in Q1
- Capital Expenditure performance was ₦58.485bn/49% against ₦92.792bn/77% in Q2 and ₦64.892bn/54% in Q1.
- Total Revenue (TR) recorded ₦133.269bn/67% higher than both Q2 and Q1.

## 11. Comparative Q3 Analysis from 2017 to 2019

Details In Billions	2019			2018			2017		
	Prov. Jul-Sept	Actual Jul-Sept	Perf	Prov. Jul-Sept	Actual Jul-Sept	Perf	Prov. Jul-Sept	Actual Jul-Sept	Perf
	₦	₦	%	₦	₦	%	₦	₦	%
Total Revenue	199.999	133.269	67	224.356	133.402	59	160.712	123.116	77
Total Capital Receipts	6.229	4.913	79	9.885	3.986	40	6.360	4.217	66
<b>Recurrent expenditure (debt &amp; non-debt)</b>	<b>98.460</b>	<b>72.997</b>	<b>74</b>	<b>86.760</b>	<b>71.325</b>	<b>82</b>	<b>76.296</b>	<b>85.881</b>	<b>113</b>
Recurrent debt	5.062	7.652	151	8.977	6.294	70	7.520	5.158	69
Recurrent non-debt	93.398	65.344	70	77.784	65.030	84	68.776	80.724	117
Personnel cost	42.389	27.855	66	28.061	26.528	95	26.178	26.654	102
Overhead cost	51.009	37.489	73	49.723	38.503	77	42.598	54.069	127
Recurrent Surplus	101.539	56.272	55	137.596	62.077	45	84.416	37.235	44
<b>Capital Expenditure</b>	<b>119.923</b>	<b>58.485</b>	<b>49</b>	<b>174.771</b>	<b>91.574</b>	<b>52</b>	<b>126.954</b>	<b>116.128</b>	<b>91</b>
Financing – (Deficit) / Surplus	18.384	1.787	10	(37.175)	(29.498)	79	(42.537)	(78.893)	185
<b>Budget Size</b>	<b>218.383</b>	<b>131.483</b>	<b>60</b>	<b>261.530</b>	<b>162.899</b>	<b>62</b>	<b>203.249</b>	<b>202.010</b>	<b>99</b>

### Notes:

- The Budget performance for Q3 2019 was 60% compared to 62% in Q3 2018 and 99% in Q3 2017.
- Capex was 49% in Q3 2019 compared to 52% in Q3 2018 and 91% in Q3 2017.

## 12. Revenue Trend from 2018 to 2019

Details In Billions	2019			2018		
	Prov. Jan-Sept	Actual Jan-Sept	Perf	Prov. Jan-Sept	Actual Jan-Sept	Perf
	₦	₦	%	₦	₦	₦
<b>Total Revenue (A+B+C)</b>	<b>599.997</b>	<b>472.575</b>	<b>79</b>	<b>673.067</b>	<b>415.597</b>	<b>62</b>
<b>Total Internally Generated Revenue (A+B)</b>	<b>453.792</b>	<b>299.371</b>	<b>69</b>	<b>540.092</b>	<b>297.74</b>	<b>55</b>
<b>A. Internally Generated Revenue</b>	<b>417.105</b>	<b>291.217</b>	<b>70</b>	<b>510.437</b>	<b>285.909</b>	<b>56</b>
Lagos State Internal Revenue Services (LIRS)	336.175	259.031	77	330.091	238.77	72
Internally Generated Revenue (others)	57.611	21.757	38	157.018	34.433	22
Dedicated Revenue	19.569	10.428	53	19.579	11.556	59
Investment Income	3.000	0.000	0	2.25	1.15	51
Extra Ordinary Revenue	0.750	0.000	0	1.5	0	0
<b>B. Capital Receipts</b>	<b>18.686</b>	<b>8.154</b>	<b>44</b>	<b>29.655</b>	<b>11.831</b>	<b>40</b>
<b>C. Federal Transfers</b>	<b>164.205</b>	<b>173.204</b>	<b>105</b>	<b>132.975</b>	<b>117.857</b>	<b>89</b>
Statutory Allocation	45.360	42.679	94	43.125	43.72	101
Value Added Tax	81.270	81.373	100	77.4	74.007	96
Extra Ordinary Revenue	37.500	49.150	131	11.325	0	0
13% Derivation	0.075	0.002	3	1.125	130	12

## 13. Notes - Revenue Trend from 2018 to 2019

01

### LIRS

LIRS performance of ₦259,031bn/77% is not good enough considering its potentials and effect on the Total Revenue of the State. However, it is believed that this will be improved upon with necessary support and provision of working tools is provided.

02

### Total IGR

Total Internally Generated Revenue (others) performed low at 38%. Therefore, there is need for other Revenue Generating Agencies to improve in the last quarter.

03

### Dedicated Revenue

Dedicated Revenue amounted to ₦10.430bn/53%, indicating that parastatals depend more on Subvention than being aggressive in revenue generation.

04

### Total Revenue

Generally, the Total Revenue of N472.575 is inadequate to cater for the massive Infrastructural deficiency of the State. Therefore, greater efforts are required to improve the Revenue while alternative sources of funding should be sought in the interim.

## 14. Q3 2019 Revenue Review

### 14a. Cumulative (Q1 – Q3) 2019 Revenue Appraisal

<b>Details</b> In Billions	<b>Provision</b> Jan – Sept 2019	<b>Actual</b> Jan – Sept 2019	<b>Performance</b>
	₦	₦	%
<b>Total Revenue (A+B+C)</b>	<b>599,997</b>	<b>472,576</b>	<b>79</b>
<b>Total Internally Generated Revenue (A+B)</b>	<b>435,792</b>	<b>299,373</b>	<b>69</b>
<b>A. Internally Generated Revenue</b>	417,105	291,217	70
Lagos State Internal Revenue Services (LIRS)	336,175	259,031	77
Internally Generated Revenue (Others)	57,611	21,757	38
Dedicated Revenue	19,569	10,430	53
Investment Income	3,000	0	0
Extra Ordinary Revenue	750	0	0
<b>B. Capital Receipts</b>	<b>18,686</b>	<b>8,155</b>	<b>44</b>
<b>C. Federal Transfers</b>	<b>164,205</b>	<b>173,204</b>	<b>105</b>
Statutory Allocation	45,360	42,678	94
Value Added Tax	81,270	81,373	100
Extra Ordinary Revenue	37,500	49,150	131
13% Derivation	75	2	3

## 14b. Q3 2019 Revenue Review

### Notes - Cumulative (Q1 – Q3) 2019 Revenue Appraisal

# 01

#### Total Revenue

Total Revenue (“TR”) performed at ~~₦472.576bn~~/**79%** of target compared to ~~₦415.597bn~~/**62%** in Cumulative Q3 Y2018; ~~₦52.979bn~~ more in absolute terms due to ongoing reforms in revenue collection.

# 02

#### Total IGR

Total Internally Generated Revenue (“TIGR”) was ~~₦299.373bn~~/**69%**, against ~~₦297.740bn~~/**55%** in Cumulative Q3 Y2018 and represents 63% of TR vs 72 % in Cumulative Q3 Y2017.

# 03

#### Dedicated Revenue

Dedicated Revenue amounted to ~~₦10.430bn~~/**53%**, which is equivalent to 3.53% of TIGR and 2.23% of the TR.

# 04

#### LIRS

LIRS performance of ~~₦259,031bn~~/**77%** accounted for 87.70% of the TIGR and 55.28% of the TR, compared to ~~₦238,770bn~~/**72%** accounting for 80% of the TIGR and 57.45% of the TR in 2018, ~~₦20,261bn~~ more in absolute terms.

# 05

#### Capital Receipts

Capital receipts performed at ~~₦8.155bn~~/**44%**, 2.72% of TIGR and 1.72% of TR respectively.

# 06

#### Federal Transfers

Federal transfers contributed ~~₦173.203bn~~/**105%**; 36.96% of the TR; Statutory Allocation (SA) contributed ~~₦42.678bn~~/**94%**, while VAT performed at ~~₦81.373bn~~/**100%** of provision.

## 14c. Q3 2019 Revenue Review Cumulative (Q1 – Q3) 2017 - 2019 Revenue Performance

Year In Billions	Provision Jan. –Sept	Actual Jan. – Sept	Performance
	₦	₦	%
2017	482.136	360.930	75
2018	673.067	415.597	62
<b>2019</b>	<b>599.997</b>	<b>472.576</b>	<b>79</b>

## 14d. Cumulative (Q1 – Q3) 2017 – 2019 Capital Receipts Performance

Year In Billions	Provision Jan –Sept	Actual Jan. – Sept	Performance
	₦	₦	%
2017	19.081	14.285	75
2018	29.655	11.831	40
<b>2019</b>	<b>18.686</b>	<b>8.154</b>	<b>44</b>



## 15. Q3 2019 Expenditure Appraisal

### 15a. Cumulative (Q1 – Q3) 2019 Personnel Cost Performance

Year In Billions	Provision Jan – Sept	Actual Jan – Sept	Performance
2017	₦ 78.534	₦ 75.795	% 97
2018	84.182	76.598	91
<b>2019</b>	<b>127.167</b>	<b>79.044</b>	<b>62</b>

#### Notes:

- Total Personnel Cost (“TPC”) was ₦79.044bn/62%, recording an increase of ₦2.446bn in absolute terms over the same period in 2018 at ₦ 76.598bn.
- TPC accounted for 27% of IGR, 17% of TR and 34% of Total Recurrent Expenditure which remains within the State Wage Policy of 25% ceiling of TR and 35% of IGR.

## 15b. Q3 2019 Expenditure Appraisal Overhead Costs Performance (Q1 – Q3) 2017 – 2019

Details In Billions	2019			2018			2017		
	Prov.	Actual	Perf	Prov.	Actual	Perf	Prov.	Actual	Perf
	₦	₦	%	₦	₦	%	₦	₦	%
<b>Total Overhead Costs</b>	<b>153.028</b>	<b>129.673</b>	<b>85</b>	<b>149.169</b>	<b>117.439</b>	<b>79</b>	<b>127.795</b>	<b>141.803</b>	<b>111</b>
Overhead Costs	78.232	86.293	110	94.037	90.927	97	78.190	112.990	145
Dedicated Expenditure	19.569	10.430	53	19.579	11.556	59	17.792	14.206	80
Subvention	55.226	32.950	60	35.553	14.956	42	31.812	14.607	46
External Debt Charges	4.091	6.216	152	4.360	3.384	78	4.559	2.196	48
Internal Debt Charges	11.096	17.508	158	17.320	17.531	101	16.500	14.423	87

### Notes:

- Total Overhead Cost performed ₦129.673bn/85%, above the provision at ₦86.293bn/110%; recording 56% of the Total Recurrent Expenditure and 45% of TIGR compared with ₦117.439bn/79%; recording 55% of the Total Recurrent Expenditure and 39% of TIGR in 2018.
- Overhead subventions to parastatal organizations/tertiary institutions performed at ₦32.950bn/60% as against ₦14.956bn/42% in 2018.

## 15c. Q3 2019 Expenditure Appraisal

### Recurrent Expenditure Performance (Q1 – Q3) 2017 – 2019

Year In Billions	Provision Jan – Sept	Actual Jan – Sept	Performance
	₦	₦	%
2017	228.887	234.217	102
2018	260.279	214.952	83
<b>2019</b>	<b>295.381</b>	<b>232.441</b>	<b>79</b>

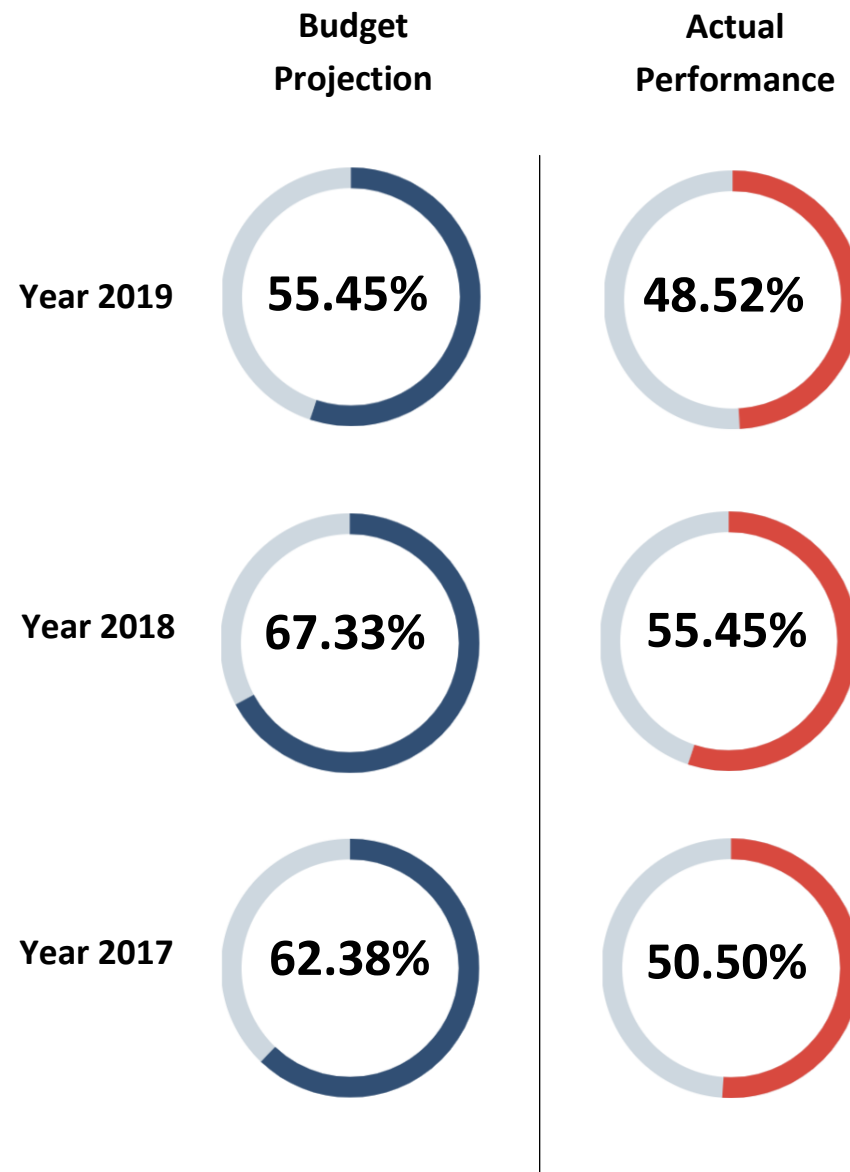
## 15d. Q3 2019 Expenditure Appraisal Capital Expenditure Performance (Q3) 2017 – 2019

Details In Billions	2019			2018			2017		
	Prov.	Actual	Perf	Prov.	Actual	Perf	Prov.	Actual	Perf
	₦	₦	%	₦	₦	%	₦	₦	%
Core capital	241.618	108.194	45	325.245	161.912	50	295.736	151.157	51
Capital development	11.186	8.155	73	15.011	7.038	47	11.671	0	0
Risk Retention Fund	150	0	0	80	0	0	0.080	0	0
Special expenditure	24.702	8.893	36	86.766	8.334	10	5.250	5.932	113
Grants from Donor agencies	7.500	0	0	14.644	4.793	33	7.410	9.273	125
Counterpart Fund	3.750	0	0	4.908	0	0	4.648	6.157	132
Contingency Reserve	2.402	0	0	3.898	3.575	92	2.325	0	0
Staff Housing Fund	48	0	0	75	0	0	0.075	0	0
External Loans (principal repayments)	6.388	4.065	64	4.032	3.404	84	2.474	5.123	207
Internal loans (principal repayments)	16.500	35.322	21	18.445	23.010	125	17.844	25.093	141
Consolidated service account	45.525	57.134	126	51.208	50.988	100	33.350	30.130	90
<b>Total</b>	<b>359.768</b>	<b>221.764</b>	<b>62</b>	<b>679.157</b>	<b>263.054</b>	<b>39</b>	<b>380.863</b>	<b>232.865</b>	<b>61</b>

### Notes:

- The Total Capital Expenditure performed at N221.764/62%, though 43% of it (N96.522) was for repayment. This could be responsible for slow completion of Capital Projects.

## 16. Q3 Capital/Recurrent Expenditure Ratio from 2017 – 2019



Projections are based on Budget planning figures and trends from previous year. Accuracy of the figures improve as year-to-date data becomes available

## 17. Cumulative (Q1 – Q3) 2017 – 2019 Financing Activities Performance

Details In Billions	2019			2018			2017		
	Prov.	Prov.	Perf	Prov.	Actual	Perf	Prov.	Actual	Perf
Financing requirement	₦ (55.153)	₦ 18.373	% 133	₦ (111.524)	₦ (62.408)	% 56	₦ (127.613)	₦ 106.152	% 83
<b>Financing</b>									
Financing (sources)	55.153	-	-	111.524	45.000	40	127.613	111.913	88
External loans	18.505	-	-	14.138	-	-	16.913	6.913	41
DPO	-	-	-	-	-	-	-	-	-
Others	18.505	-	-	14.138	-	-	16.913	6.913	41
Internal loans	36.648	-	-	33.637	45.000	134	35.700	20.000	56
Bond issue	-	-	-	63.750	-	-	75.000	85,000	113
Repayments	68.413	96.522	141	73.685	77.401	105	53.668	60.346	112
External loans (principal repayments)	6.388	4.065	64	4.032	3.404	84	2.474	5.123	207
Internal loan (principal repayments)	16.500	35.322	214	18.445	23.010	125	17.844	25.093	141
Consolidated debt service accounts	45.525	57.134	126	51.208	50.988	100	33.350	30.130	90

## 18. Q3 2019 Monitoring and Evaluation

### 18a. Total Value of Pre-payment Certificates [by Sector] From Q1 – Q3 2019

Sectoral Details In Billions	Payment Certificates issued	Amount Certified for Jan - Sept, 2019
General Public Service	19	₦ 225,027,777.58
Economic Affairs	195	43,184,803,571.19
Environmental Protection	5	44,589,495.19
Education	64	786,895,232.35
Housing & Community Amenities	31	457,301,174.99
Health	9	655,021,959.08
Recreation, Culture & Religion	-	-
Social Protection	-	-
Public Order and Safety	8	932,738,374.72
<b>Total</b>	<b>331</b>	<b>46,286,377,585.1</b>

## 19. Monitoring and Evaluation

**01**

### **Performance Monitoring Report**

Performance Management Report (PMR) should inform the MTSS and annual Budget. To get this done, PMR should be kick-started early in the year.

**02**

### **Capacity Building**

Continuous Capacity Building on Technical knowledge of M&E and Impact Assessment. To this end, Officers should be exposed to local and International skill building training in modern Monitoring, Evaluation and Learning (MEL).

**03**

### **Project Monitoring System**

There is a need for a Project Monitoring System (PMS) according to best practice in Monitoring and Evaluation (M&E). This will ensure ALL government interventions above certain threshold would be digitally displayed.

**04**

### **M&E Policy Adoption**

Strengthening and deepening of implementation of M&E Policy Statewide is required.

**05**

### **Amortization Process**

The amortization process should only be applied to critical and strategic projects that are approved by the Governor.



## 20. Concluding Remarks

**01**

### **Budget Size**

2019 Budget size was ~~N~~873.5321bn, with a Q3 pro-rata size of ~~N~~655,1494bn

**02**

### **Third Quarter Performance**

Third Quarter performed ~~N~~454.203bn/69%; compared to ~~N~~478.004bn/61% for same period in 2018

**03**

### **Revenue**

Total Revenue performance was ~~N~~472.576bn/79% compared with ~~N~~415.597bn/62% in Third Quarter 2018

**04**

### **Capital Receipts**

Total Capital Receipts for the period amounted to ~~N~~8.155bn/44%

**05**

### **Recurrent Expenditure**

Total Recurrent Expenditure for the period performed ~~N~~232.441bn/79% (Total Personnel Cost ~~N~~79.004bn/62%; Total Overhead Cost ~~N~~129.673bn/85%)

**06**

### **Capital Expenditure**

Total Capital Expenditure performance was ~~N~~221.764bn/62%

**07**

### **Capital/ Recurrent Ratio**

Capital/Recurrent Expenditure Ratio closed at 48:52 vs 67:33 target for Y2018

**08**

### **Debt**

The bond issuance was nil

## 21. Appendix A

### 21a. Q3 2019 Budget Performance Review (1 of 2)

<b>Expenditure</b> <b>Recurrent Expenditure (Debt and Non-Debt)</b> In Billions	<b>2019</b> <b>Budget</b>	<b>2019 Q3</b> <b>Budget</b>	<b>2019 Q3</b> <b>Actual</b>	<b>Perf</b>
	₦	₦	₦	%
<b>Recurrent Debt</b>				
Debt Charges (External)	5,454	1,364	2,286	168
Debt Charges (Internal)	14,795	3,699	5,365	145
Debt Charges (Bond)	-	-	-	-
<b>Total</b>	<b>20,249</b>	<b>5,062</b>	<b>7,651</b>	<b>151</b>
<b>Recurrent Non-Debt</b>				
<b>Personnel Costs</b>				
Personnel Costs (Basic and Allowance)	96,971	24,243	23,692	98
Personnel Costs (Consolidated)	2,268	567	-	-
NYSC / Interns (Allowances)	300	75	73	97
Other Personnel Cost (Contingency)	32,671	8,168	-	-
1% Pension Protection Fund	966	242	-	-
10% Govt. Share to Pension Contribution	3,800	950	943	99
2.5% Govt. Share to Pension Contribution	98	25	-	-
10% Bsa (Pension Redemption Bond Fund)	7,733	1,933	1,185	61
Pension Redemption Bond Fund Shortfall	13,750	3,438	551	16
Pension & Gratuities (Civil Service/ Teaching Services)	3,548	887	745	84
142% Pension & Gratuities (Civil Service / Teaching Services)-Arrears	1,074	269	1	-
6% Pension & Gratuities (Civil Service / Teaching Services)-Arrears	82	21	0	0
15% Pension & Gratuities (Civil Service / Teaching Services)-Arrears	375	94	-	-
Pension & Gratuities (Judiciary)	502	126	65	52
Retirement Planning/Contingencies Expenses/Pensions	400	100	-	-
Pension Sinking Fund	2,400	600	600	100
Severance Pay (Pol. Off. Holders)	720	180	-	-
Health Insurance Premium for Public Servants	1,900	475	-	-
<b>Total</b>	<b>169,556</b>	<b>42,389</b>	<b>27,855</b>	<b>66</b>
<b>Overhead Costs</b>				
Overhead Costs	104,309	26,077	21,830	84
Dedicated Expenditure	26,092	6,523	4,112	63
Subvention (Overhead)	73,635	18,409	11,547	63
<b>Total</b>	<b>204,037</b>	<b>51,009</b>	<b>37,489</b>	<b>73</b>
<b>Total Recurrent Non-Debt</b>	<b>373,593</b>	<b>93,398</b>	<b>65,344</b>	<b>70</b>
<b>Total Recurrent Expenditure (Debt And Non-Debt)</b>	<b>₦393,841</b>	<b>₦98,460</b>	<b>₦72,997</b>	<b>74</b>

## 21a. Q3 2019 Budget Performance Review (2 of 2)

<b>Expenditure</b>	<b>2019</b>	<b>2019 Q3</b>	<b>2019 Q3</b>	<b>Perf</b>
<b>Total Capital Expenditure</b>	<b>Budget</b>	<b>Budget</b>	<b>Actual</b>	
In Billions				
<b>Recurrent Surplus/(Deficit)</b>	₦ 406,154	₦ 101,539	₦ 56,272	% 55
<b>Capital Expenditure</b>				
Core Capital Expenditure	322,157	80,539	25,561	32
Capital Development (Dedicated)	14,915	3,729	913	24
Grants	10,000	2500	-	-
Counterpart Funding	5,000	1250	-	-
Special Expenditure	32,936	3,380	1,006	30
Special Expenditure (Others)	-	-	-	-
Risk Retention Fund	200	4,855	-	-
Staff Housing Fund	64	50	-	-
Contingency Reserve	3,202	16	-	-
Planning Reserve	-	801	-	-
<b>Total</b>	<b>388,474</b>	<b>97,119</b>	<b>27,481</b>	<b>28</b>
<b>Repayment</b>				
External Loans (Principal Repayments)	8,517	2,129	1,112	52
Internal Loan (Principal Repayments)	22,000	5,500	10,926	199
Bond Issuance (Repayments)	-	-	-	-
Consolidated Debt Service Accounts	60,700	15,175	18,966	125
<b>Total</b>	<b>91,217</b>	<b>22,804</b>	<b>31,004</b>	<b>136</b>
<b>Total Capital Expenditure</b>	<b>₦479,691</b>	<b>₦119,923</b>	<b>₦58,485</b>	<b>49</b>
<b>Financing Surplus/(Deficit)</b>	<b>₦(73,537)</b>	<b>₦(18,384)</b>	<b>₦(2,213)</b>	<b>12</b>
<b>Budget Size</b>	<b>₦873,532</b>	<b>₦218,383</b>	<b>₦131,483</b>	<b>60</b>

## 21b. Cumulative (Q1 – Q3) 2019 Revenue Appraisal

Revenue In Billions	2019 Budget	2019 Q1-Q3 Budget	2019 Q1-Q3 Actual
<b>Internally Generated Revenue</b>	₦	₦	₦
Lagos Internal Revenue Services	448,233	336,175	259,031
Internally Generated Revenue (Others)	76,815	57,611	21,757
Dedicated Revenue	26,092	19,569	10,430
Investment Income	4,000	3,000	-
Extra Ordinary Revenue	1,000	750	-
<b>Total</b>	<b>556,140</b>	<b>417,105</b>	<b>291,218</b>
<b>Capital Receipts</b>			
Grants	10,000	7,500	4,000
Balance from Loan Proceed		-	
Balance from Bond Issuance		-	
Other Capital Receipts	14,915	11,186	4,155
<b>Total</b>	<b>24,915</b>	<b>9,313</b>	<b>8,155</b>
<b>Federal Transfers</b>			
Statutory Allocation	60,480	45,360	42,678
Value Added Tax	108,360	81,270	81,373
Extra Ordinary Revenue	50,000	37,500	49,150
13% Derivations	100	75	2
<b>Total</b>	<b>218,940</b>	<b>164,205</b>	<b>173,203</b>
<b>Total Revenue</b>	<b>₦799,996</b>	<b>₦599,997</b>	<b>₦472,576</b>

## 21c. Cumulative (Q1 – Q3) 2019 Expenditure Appraisal (1 of 2)

<b>Expenditure</b> <b>Recurrent Expenditure (Debt and Non-Debt)</b> In Billions	<b>2019</b> <b>Budget</b>	<b>2019 Q1-Q3</b> <b>Budget</b>	<b>2019 Q1-Q3</b> <b>Actual</b>
	₦	₦	₦
<b>Recurrent Debt</b>			
Debt Charges (External)	5,454	4,090	6,216
Debt Charges (Internal)	14,795	11,096	17,508
Debt Charges (Bond)	-	-	-
<b>Total</b>	<b>20,249</b>	<b>15,187</b>	<b>23,724</b>
<b>Recurrent Non-Debt</b>			
<b>Personnel Costs</b>			
Personnel Costs (Basic and Allowance)	96,971	72,728	67,592
Personnel Costs (Consolidated)	2,268	1,701	-
NYSC /Interns (Allowances)	300	225	228
Other Personnel Cost (Contingency)	32,671	24,503	-
1% Pension Protection Fund	966	724	-
10% Govt. Share to Pension Contribution	3,800	2,850	2,776
2.5% Govt. Share to Pension Contribution	98	73	-
10% BSA (Pension Redemption Bond Fund)	7,733	5,799	3,380
Pension Redemption Bond Fund Shortfall	13,750	10,313	736
Pension & Gratuities (Civil Service/ Teaching Services)	3,548	2,661	2,381
142% Pension & Gratuities (Civil Service/ Teaching Services)-Arrears	1,074	805	4
6% Pension & Gratuities (Civil Service/ Teaching Services)-Arrears	82	61	-
15% Pension & Gratuities (Civil Service/ Teaching Services)-Arrears	375	282	2
Pension & Gratuities (Judiciary)	502	376	127
Retirement Planning/Contingencies Expenses/Pensions	400	300	17
Pension Sinking Fund	2,400	1,800	1,800
Severance Pay (Pol. Off. Holders)	720	540	-
Health Insurance Premium for Public Servants	1,900	1,425	-
<b>Total</b>	<b>169,556</b>	<b>127,167</b>	<b>79,043</b>
<b>Overhead Costs</b>			
Overhead Costs	104,309	78,232	86,293
Dedicated Expenditure	26,092	19,569	10,430
Subvention (Overhead)	73,635	55,226	32,950
<b>Total</b>	<b>204,037</b>	<b>153,027</b>	<b>129,673</b>
<b>Total Recurrent Expenditure (Debt And Non-Debt)</b>	<b>₦393,841</b>	<b>₦295,381</b>	<b>₦232,440</b>

## 21c. Cumulative (Q1 – Q3) 2019 Expenditure Appraisal (2 of 2)

<b>Expenditure Total Capital Expenditure In Billions</b>	<b>2019 Budget</b>	<b>2019 Q1-Q3 Budget</b>	<b>2019 Q1-Q3 Actual</b>
<b>Recurrent Surplus/(Deficit)</b>	₦ 406,154	₦ 304,616	₦ 204,136
<b>Capital Expenditure</b>			
Core Capital Expenditure	322,157	241,618	108,194
Capital Development (Dedicated)	14,915	11,186	4,155
Grants	10,000	7,500	4,000
Counterpart Funding	5,000	3,750	-
Special Expenditure	32,936	24,702	8,893
Special Expenditure (Others)		-	
Risk Retention Fund	200	150	-
Staff Housing Fund	64	48	-
Contingency Reserve	3,202	2,401	-
Planning Reserve	-	-	
<b>Total</b>	<b>388,474</b>	<b>291,356</b>	<b>125,242</b>
<b>Repayment</b>			
External Loans (Principal Repayments)	8,517	6,388	4,065
Internal Loan (Principal Repayments)	22,000	16,500	35,322
Bond Issuance (Repayments)			
Consolidated Debt Service Accounts-Funding for Sinking Fund	60,700	45,525	57,134
<b>Total</b>	<b>91,217</b>	<b>68,413</b>	<b>96,521</b>
<b>Total Capital Expenditure</b>	<b>₦479,691</b>	<b>₦359,768</b>	<b>₦221,763</b>
<b>Financing Surplus/(Deficit)</b>	<b>₦(73,537)</b>	<b>₦55,153</b>	<b>₦(18,373)</b>
<b>Budget Size</b>	<b>₦873,532</b>	<b>₦655,149</b>	<b>₦454,203</b>