

LAGOS STATE GOVERNMENT MINISTRY OF ECONOMIC PLANNING AND BUDGET



FIRST QUARTER, 2020 BUDGET PERFORMANCE REVIEW

By

MR. SAMUEL EGUBE

HONOURABLE COMMISSIONER, MINISTRY OF ECONOMIC PLANNING AND BUDGET

OUTLINE



▶ LAGOS STATE VISION & MISSION	-----	04
▶ PURPOSE OF THE PRESENTATION	-----	05
▶ OBJECTIVES OF THE 2020 BUDGET	-----	06
▶ SECTION 1 - LASG COVID-19 RESPONSE	-----	07
▶ SECTION 2 - 2020 APPROVED BUDGET OVERVIEW	-----	12
▶ 2020 BUDGET KEY IMPLEMENTATION STATUS UPDATE & CHALLENGES	-----	17
▶ 2020 BUDGET KEY STRENGTHS	-----	22
▶ SECTION 3 - Q1 2020 BUDGET PERFORMANCE HIGHLIGHTS	-----	23
▶ SECTION 4 - Q1 2020 REVENUE APPRAISAL HIGHLIGHTS	-----	26
▶ SECTION 5 - Q1 2020 EXPENDITURE APPRAISAL HIGHLIGHTS	-----	29
▶ SECTION 6 - Q1 2020 CAPEX AND FINANCING ACTIVITIES APPRAISAL	-----	33
▶ SECTION 7 - OBSERVATIONS & RECOMMENDATIONS	-----	37
▶ CONCLUSION	-----	42

MEMO FROM THE COMMISSIONER



MR. SAMUEL EGUBE

**HONOURABLE COMMISSIONER,
MINISTRY OF ECONOMIC PLANNING AND BUDGET**

This Budget Performance Review and Appraisal Report for the first quarter of the year 2020 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 the contexts 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 Learnt 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.

LAGOS STATE VISION & MISSION



VISION

**AFRICA'S MODEL MEGACITY, A
GLOBAL ECONOMIC AND
FINANCIAL HUB THAT IS SAFE,
SECURE, FUNCTIONAL AND
PRODUCTIVE**

MISSION

**ERADICATE POVERTY AND
PROMOTE ECONOMIC
GROWTH THROUGH
INFRASTRUCTURE RENEWAL
AND DEVELOPMENT**





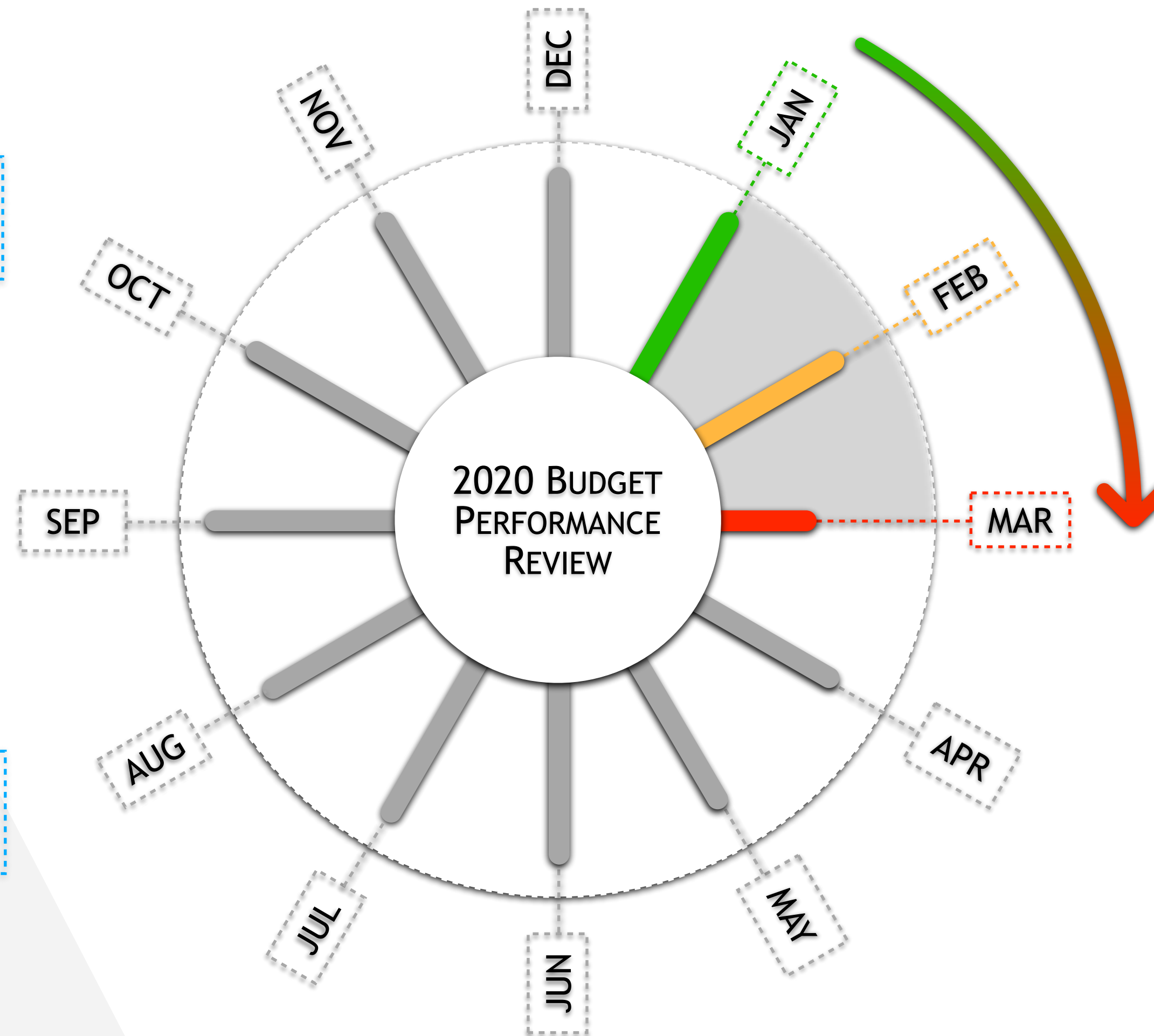
PURPOSE OF THE PRESENTATION

2

IDENTIFY BUDGET IMPLEMENTATION CHALLENGES

1

PROFFER SUGGESTIONS AND SOLUTIONS FOR IMPROVEMENT



3

APPLY LESSONS LEARNT FROM Q1 IN DRIVING SUBSEQUENT BUDGET IMPLEMENTATION

4

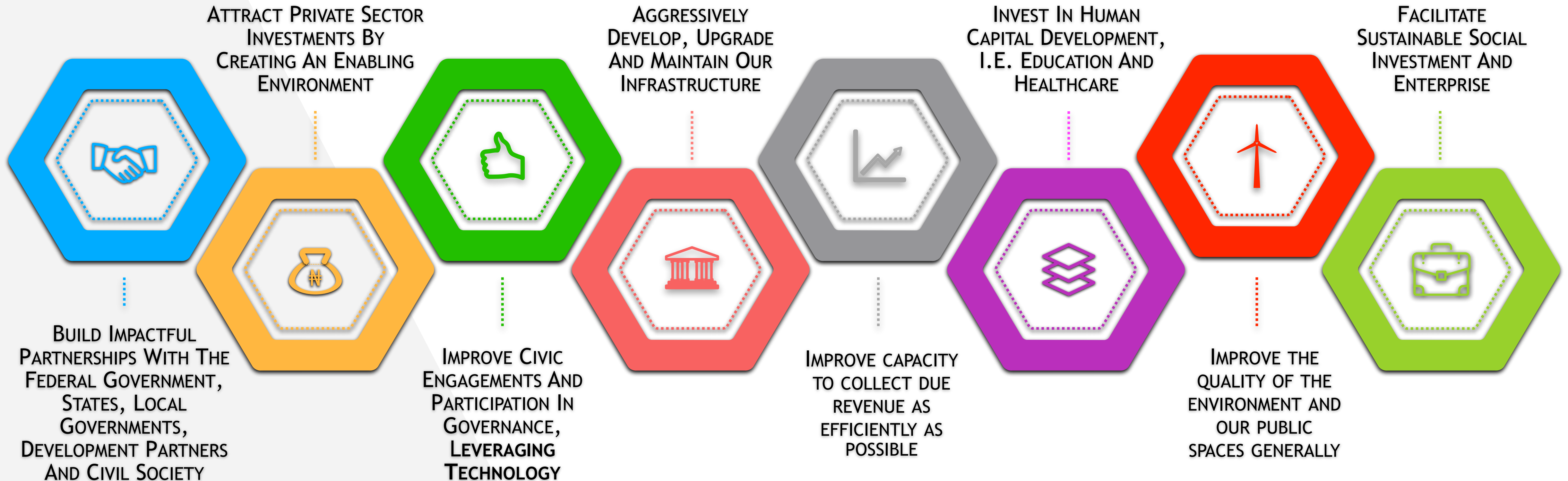
PRESENT BUDGET PERFORMANCE AS AT Q1 2020



2020 BUDGET OBJECTIVES

THE 2020 BUDGET TAGGED “BUDGET OF AWAKENING” WAS SIGNED INTO LAW ON DECEMBER 31ST 2019.

BUDGET REFLECTS THIS ADMINISTRATION’S GOALS TO ENHANCE DEVELOPMENT ACROSS ALL SECTORS OF THE ECONOMY IN LINE WITH THE T.H.E.M.E.S DEVELOPMENT AGENDA.





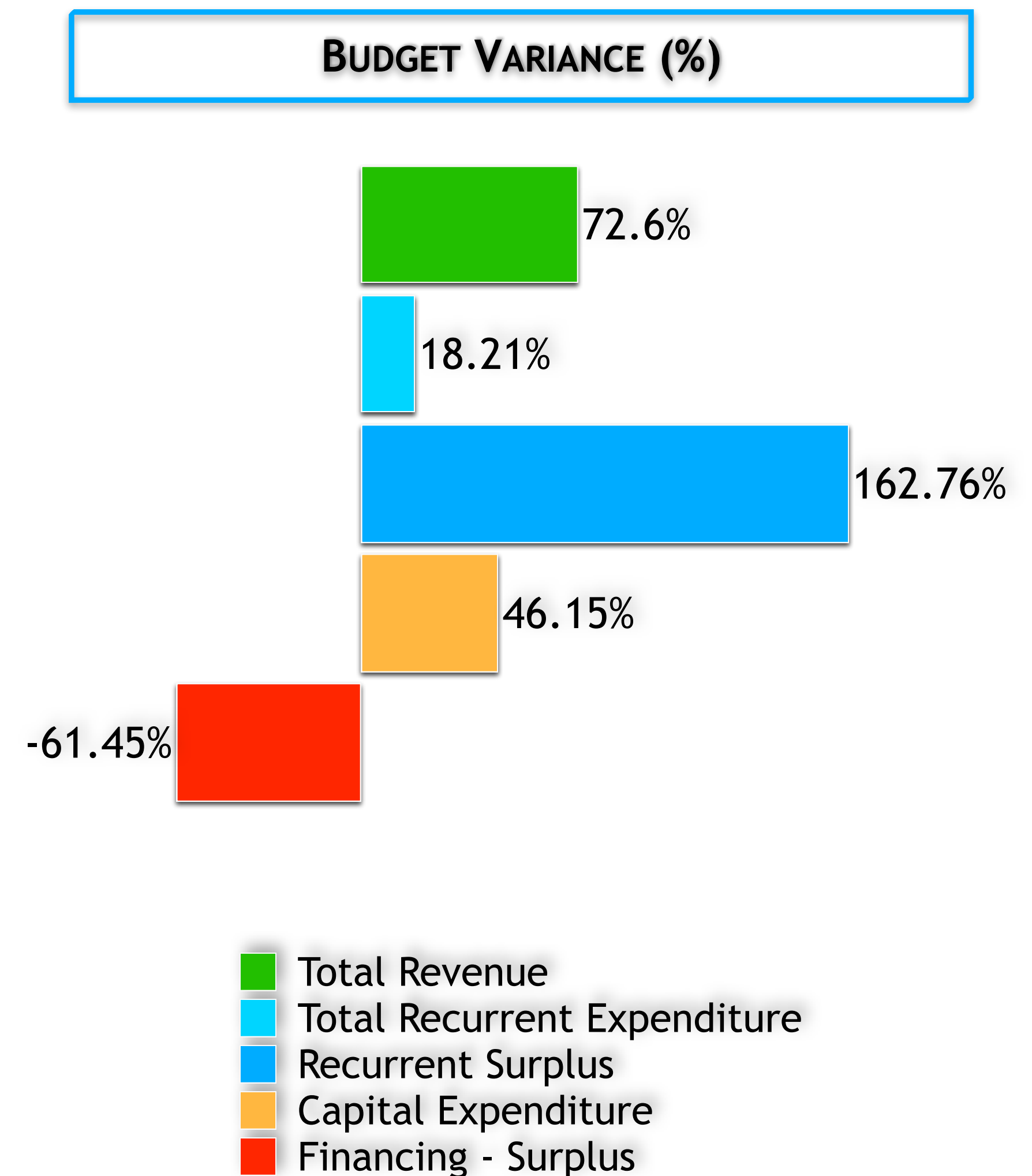
2020

APPROVED BUDGET OVERVIEW

2020 BUDGET OVERVIEW



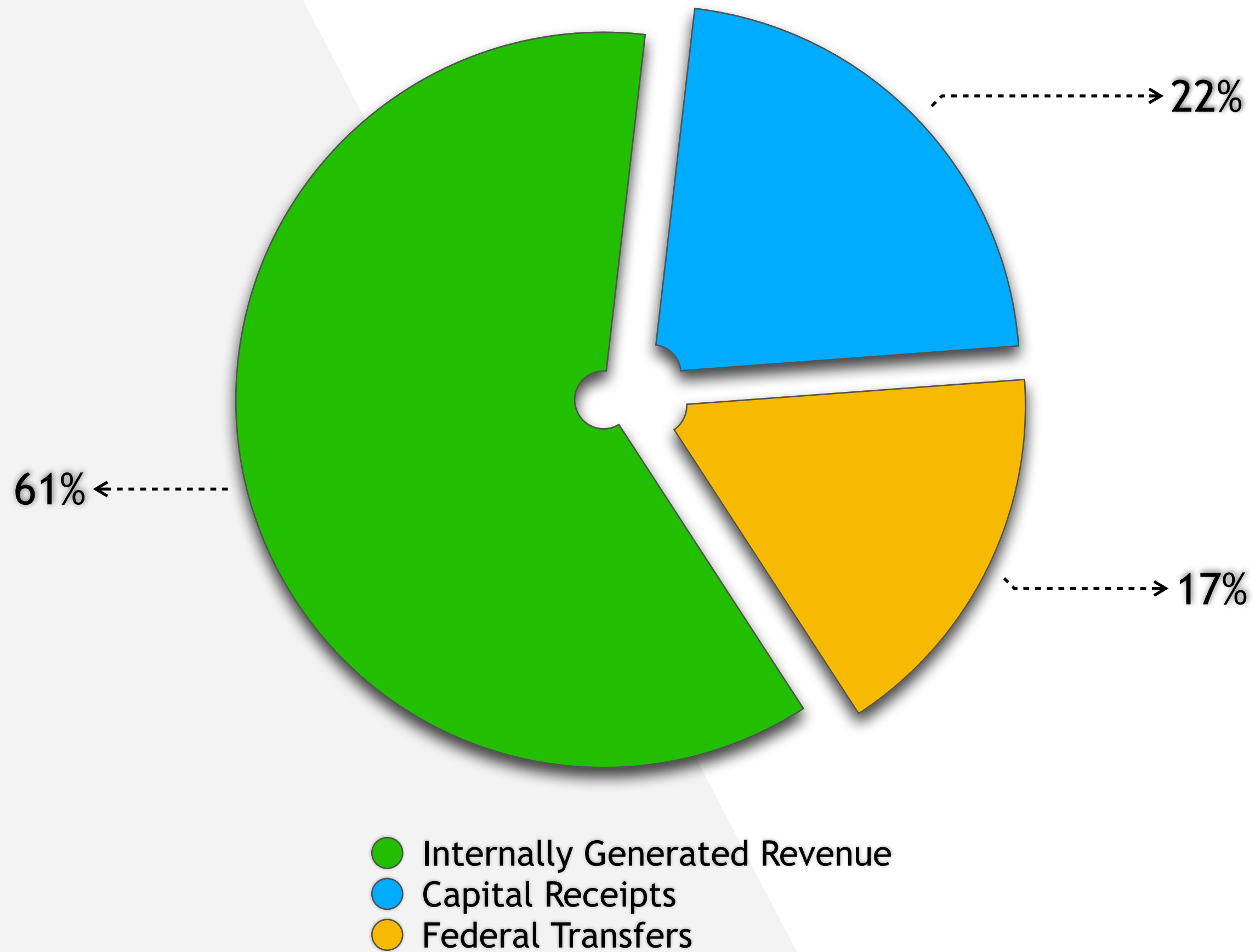
	2019 BUDGET (₦'BN)	2020 BUDGET (₦'BN)	BUDGET VARIANCE (₦'BN)	BUDGET VARIANCE (%)
TOTAL REVENUE	620.532	1,071.029	450.497	72.60
TOTAL RECURRENT EXPENDITURE (DEBT & NON-DEBT)	387.051	457.529	70.478	18.21
▶ RECURRENT (DEBT)	31.213	39.692	8.479	27.16
▶ RECURRENT (NON-DEBT)	355.838	417.837	61.999	17.42
i. PERSONNEL COST	153.556	167.907	14.351	9.35
ii. OVERHEAD COST	202.282	249.930	47.648	23.56
RECURRENT SURPLUS	233.481	613.500	380.019	162.76
TOTAL CAPITAL EXPENDITURE	486.481	711.033	224.552	46.15%
FINANCING - (DEFICIT) / SURPLUS	(253.000)	(97.533)	155.467	-61.45
▶ EXTERNAL LOANS	3.000	34.533	31.533	1051.10
i. WORLD BANK - DPO	-	-	-	-
ii. OTHERS	3.000	34.533	31.533	1051.10
▶ INTERNAL LOANS	150.000	63.000	-87.000	-58.00
BOND ISSUANCE	100.000	-	-	-
BUDGET SIZE	873.532	1,168.562 (₦'TN)	295.030 (₦'BN)	34 (%)



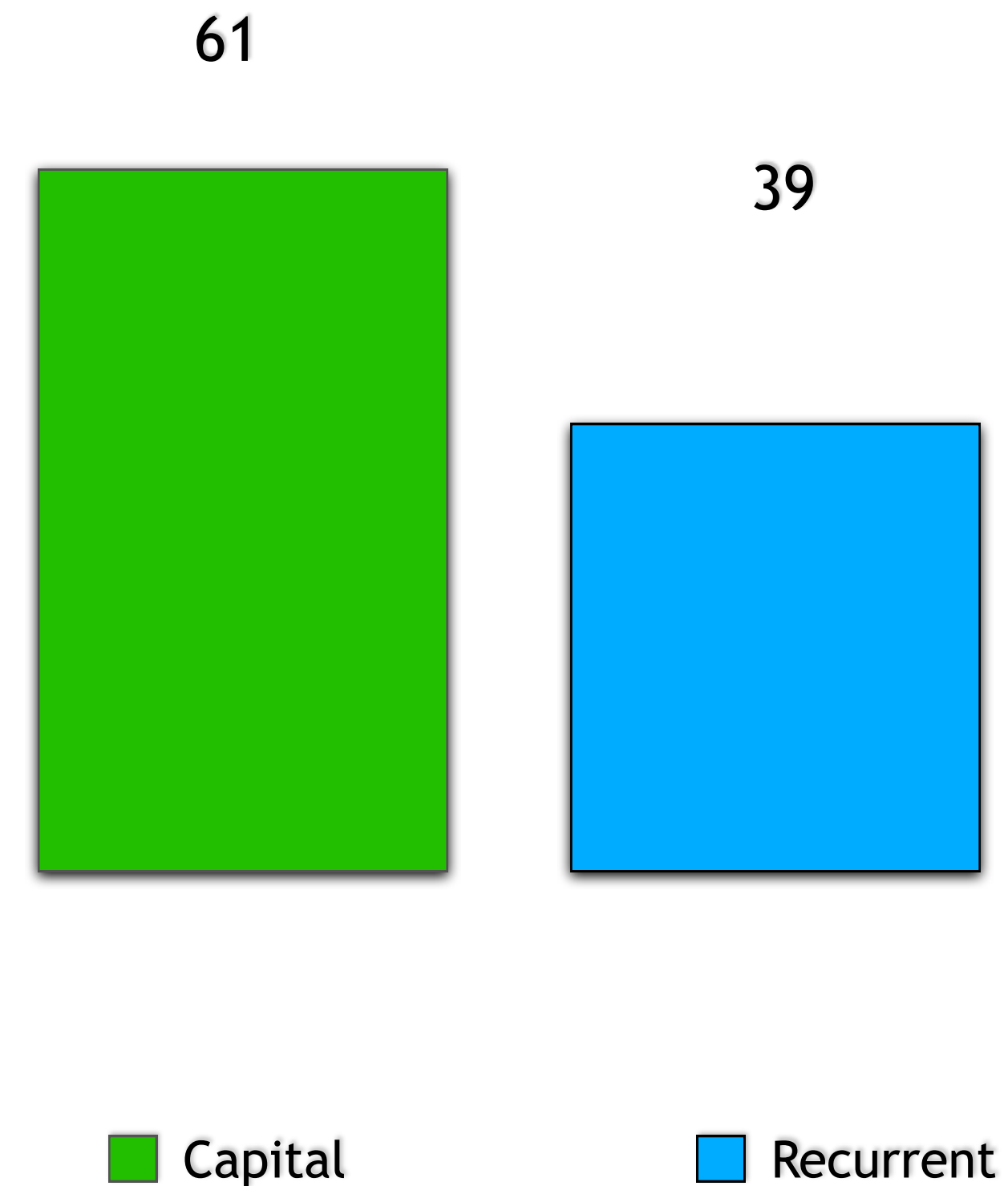


2020 BUDGET PROJECTED REVENUE SOURCES | CAPITAL/RECURRENT RATIO

PROJECTED REVENUE SOURCES ₦'BN



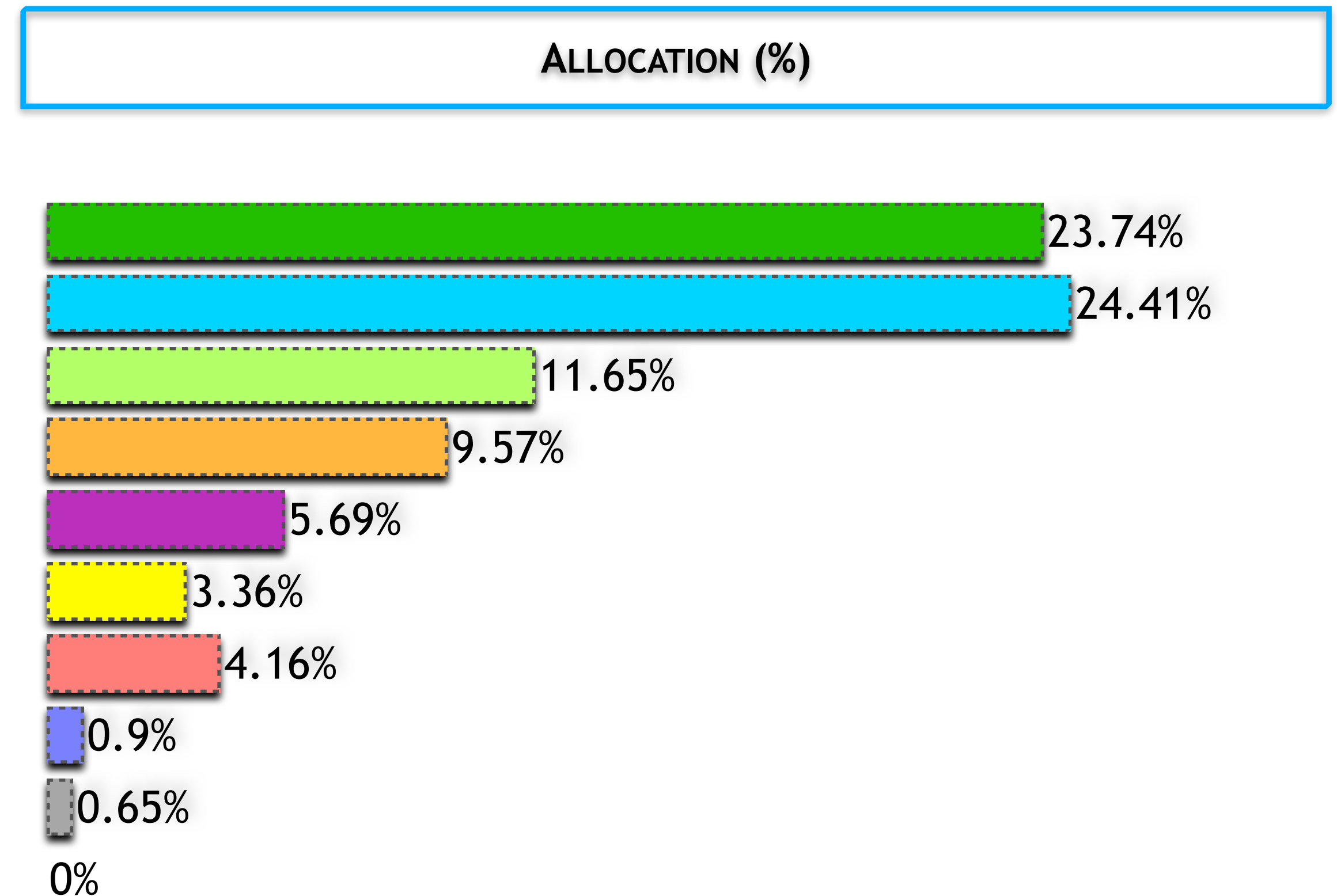
2020 CAPITAL:RECURRENT



FUNCTION GROUP ALLOCATION — COMPARATIVE (Q1) 2019-2020



FUNCTION GROUP	2020 BUDGET ALLOCATION (₦'BN)
GENERAL PUBLIC SERVICE	277.368
ECONOMIC AFFAIRS	285.224
EDUCATION	136.100
HEALTH	111.775
ENVIRONMENTAL PROTECTION	66.536
PUBLIC ORDER & SAFETY	39.265
HOUSING & COMMUNITY AMENITIES	48.559
RECREATION & RELIGION	10.468
SOCIAL PROTECTION	7.569
GRANTS	-
TOTAL	982.863
BUDGET SIZE	1,168.563 (₦'TN)

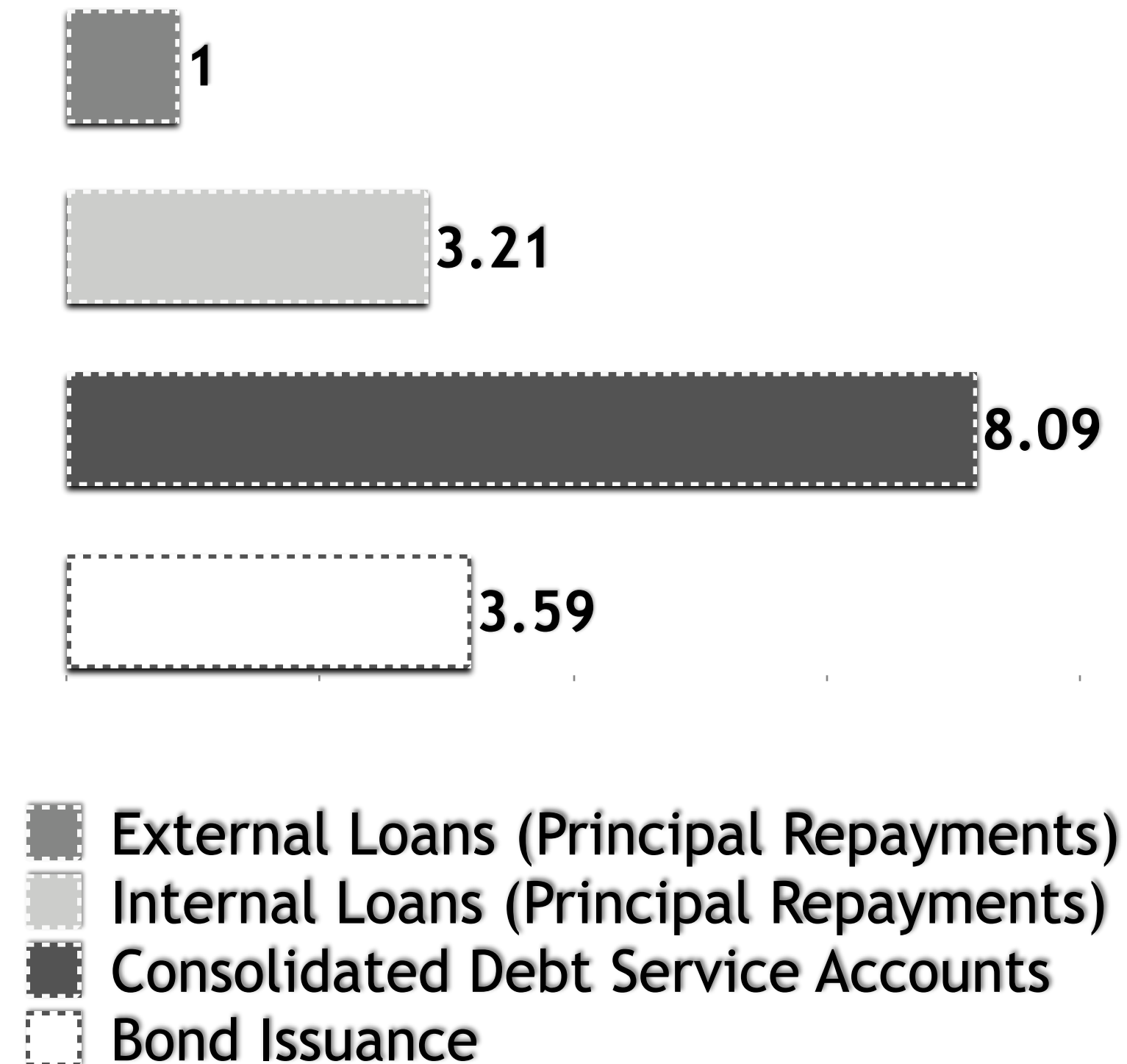


DEBT SERVICING - COMPARATIVE (Q1) 2019-2020

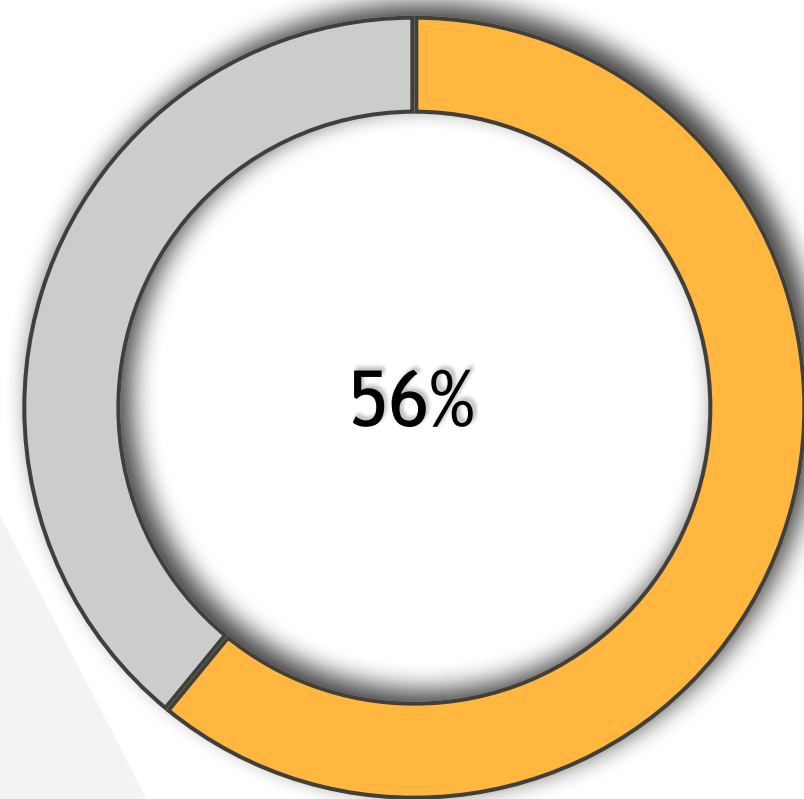


FUNCTION GROUP	2020 BUDGET ALLOCATION (₦'BN)
EXTERNAL LOANS (PRINCIPAL REPAYMENTS)	11.704
INTERNAL LOANS (PRINCIPAL REPAYMENTS)	37,520
CONSOLIDATED DEBT SERVICE ACCOUNTS	94.565
BOND ISSUANCE REPAYMENT	41.910
TOTAL	185.699
BUDGET SIZE	1,168.563 (₦'TN)

ALLOCATION (%)

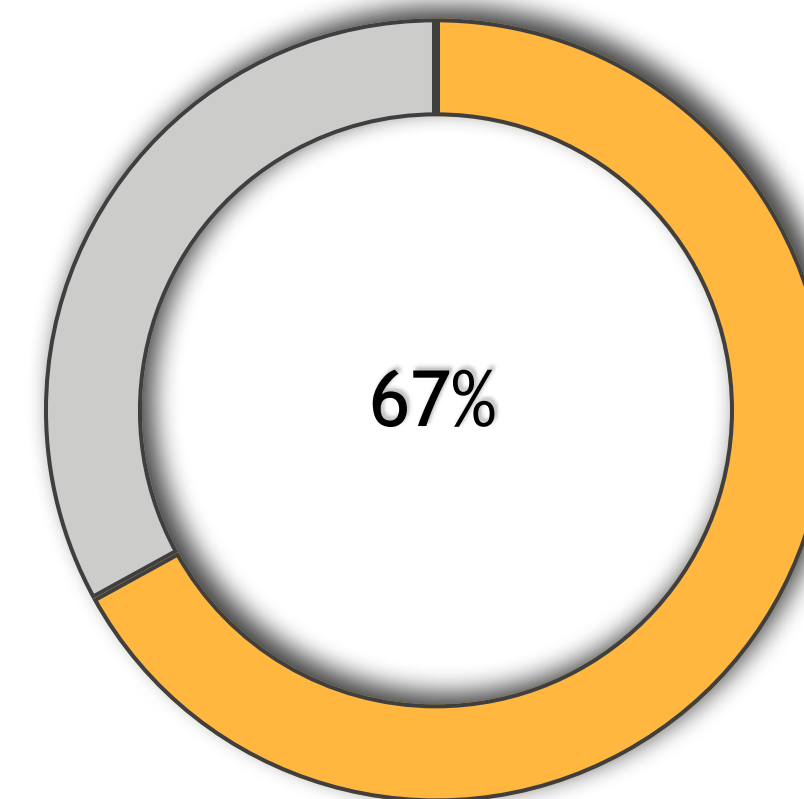


2020 BUDGET KEY IMPLEMENTATION STATUS UPDATE & CHALLENGES



BENCHMARK PERFORMANCE SET AT 100%

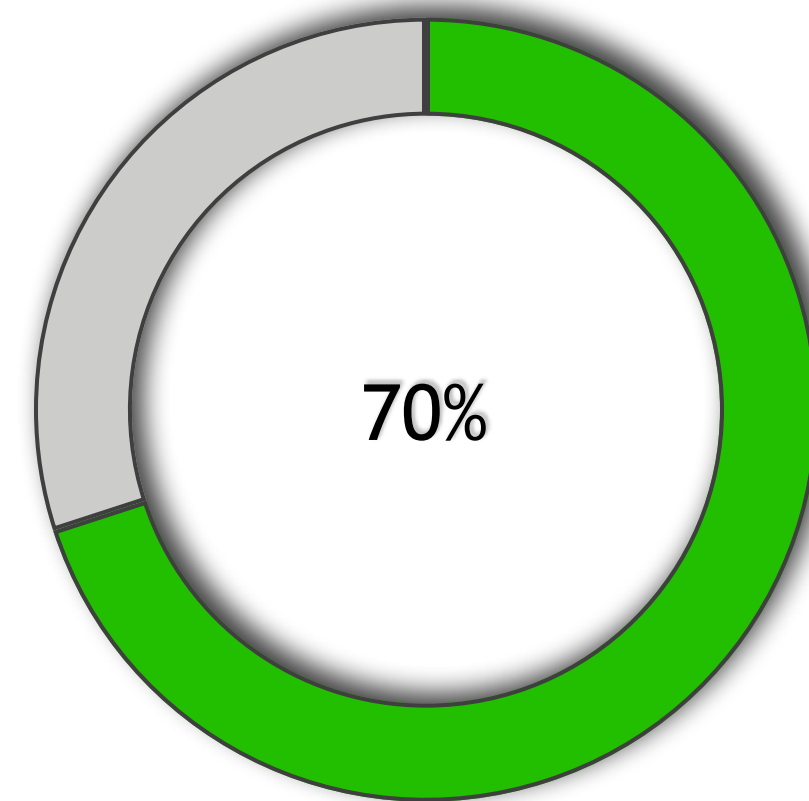
- ▶ **MDAS ARE GRADUALLY ADOPTING THE PEER REVIEW SELF-ASSESSMENT MECHANISM.**
- ▶ **THERE IS A NEED FOR MDAS TO IMPROVE ON THE PROCUREMENT PROCESSES. THIS WILL CONTRIBUTE GREATLY TO ACHIEVING THE TARGET OF 100% PERFORMANCE.**
- ▶ **MEPB HAS COMMENCED ACTIVE ENGAGEMENT WITH MDAS REGARDING BUDGET AND PROJECTS/PROGRAMMES PERFORMANCE.**
- ▶ **THE LOCKDOWN AS A RESULT OF THE COVID-19 PANDEMIC AFFECTED THE STATE'S BUDGET PERFORMANCE IN THE FIRST QUARTER.**



REVENUE STAKEHOLDERS' MEETING AS A VEHICLE FOR SUSTAINED REVENUE DRIVE

- ▶ **2019 RECORDED 6 REVENUE STAKEHOLDERS MEETINGS.**
- ▶ **ONLY 2 REVENUE STAKEHOLDERS MEETINGS HAVE BEEN RECORDED FOR THE 1ST QUARTER OF 2020.**
- ▶ **REQUIRED UPDATES ON REVENUE PERFORMANCE ARE LIMITED TO MONTHLY RETURNS FORWARDED BY MDAS. THERE IS A NEED TO KEEP THE STATE'S REVENUE DRIVERS ACTIVE AND FOCUSED ON THE GOAL.**

2020 BUDGET KEY IMPLEMENTATION STATUS UPDATE & CHALLENGES



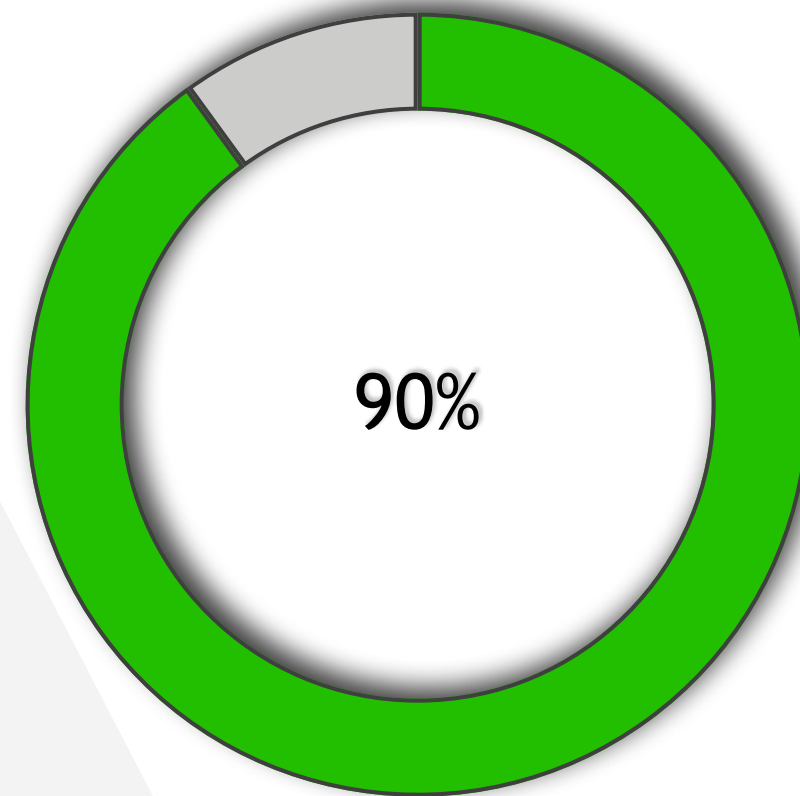
CENTRAL BILLING, REVENUE AUTOMATION, MULTI-CHANNELS REVENUE PAYMENT SYSTEM

- ▶ THE CBS WENT LIVE ON 16TH MAY, 2016 WITH FOUR(4) PILOT MDAs:
 - ▶ OFFICE OF THE SURVEYOR-GENERAL
 - ▶ TOURISM
 - ▶ LASTMA
 - ▶ VEHICLE INSPECTION SERVICE (VIS)
- ▶ IT SHOULD BE NOTED THAT LAGOS STATE GENERAL HOSPITAL HAS OBTAINED EXEMPTION DUE TO THE NATURE OF THEIR EMERGENCY SERVICES AND THE NEED FOR ON DEMAND ACCESS TO THEIR FINANCES.

- ▶ A TOTAL OF 67 MDAs HAVE BEEN PROFILED ON THE PLATFORM.
 - ▶ 34 MDAs ARE YET TO BE PROFILED.
 - ▶ 34 MDAs ARE LIVE AND ACTIVE.
 - ▶ 16 MDAs ARE LIVE BUT INACTIVE.
 - ▶ 17 MDAs ARE PROFILED BUT ARE NOT LIVE. THESE MDAs MUST FULFILL ALL THE NECESSARY REQUIREMENTS BEFORE ACTIVATION ON THE PLATFORM.

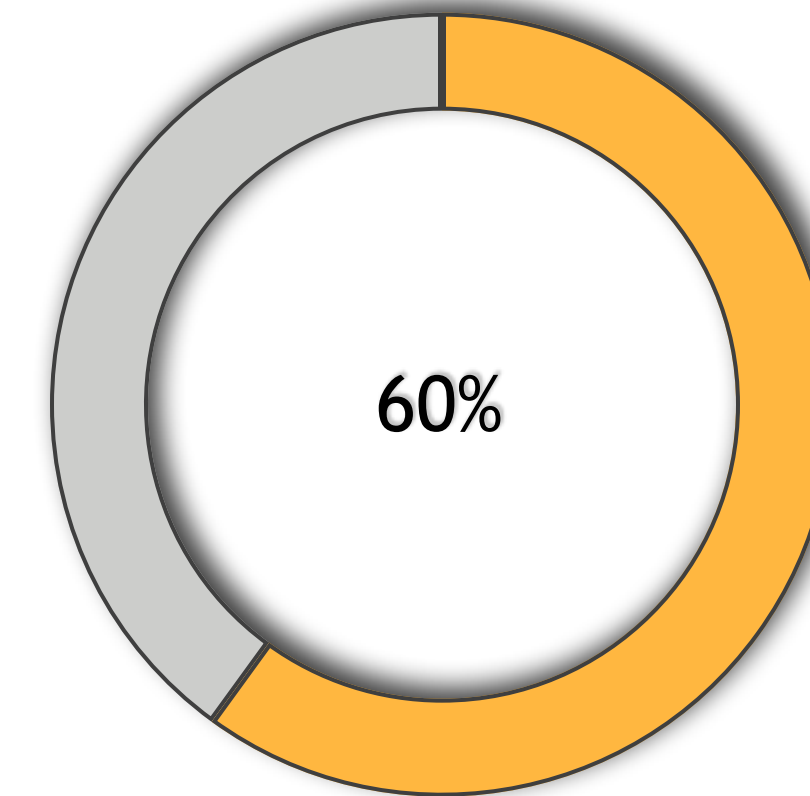
- ▶ TRAINING SESSIONS FOR LASPPA, LASBCA AND MINISTRY OF WATERFRONT INFRASTRUCTURE DEVELOPMENT WILL COMMENCE AFTER THE COVID-19 PANDEMIC.
- ▶ POWER AND BACKUP ISSUES AT ABAT HAVE BEEN RECTIFIED
- ▶ DEVELOPMENT OF CAMPUS INFRASTRUCTURE TO IMPROVE THE QUALITY OF NETWORK CONNECTIVITY IS AT AN ADVANCED STAGE OF COMPLETION.
- ▶ ALL LASG REVENUE GENERATING MDAs MUST KEY INTO THE CBS PLATFORM.

2020 BUDGET KEY IMPLEMENTATION STATUS UPDATE & CHALLENGES



TIGHTER OPERATIONAL EXPENDITURE CONTROL

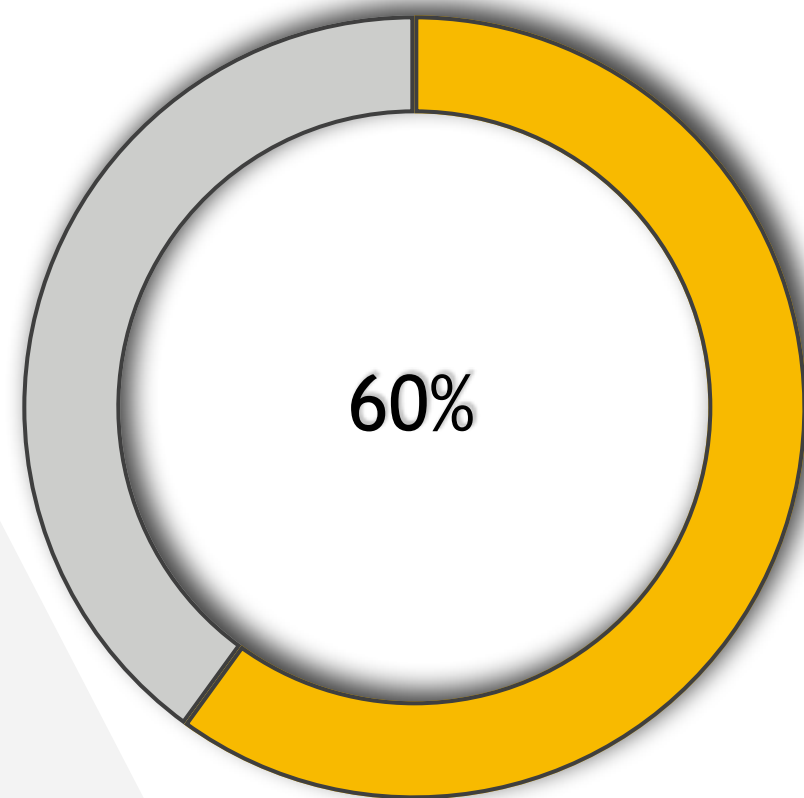
- ▶ THE OPERATIONAL GUIDELINES HAVE BEEN STRICTLY ADHERED TO IN Q1 2020.
- ▶ FOCUSED COMPLIANCE EFFORTS BY THE MEPB BUDGET DEPARTMENT HAS ENSURED AN INCREASE IN TIGHTER OPERATIONAL EXPENDITURE CONTROL.
- ▶ THE TPRM FURTHER HELPED TO ENSURE TIGHTER OPERATIONAL EXPENDITURE CONTROL.



INVESTMENT IN HUMAN CAPITAL DEVELOPMENT

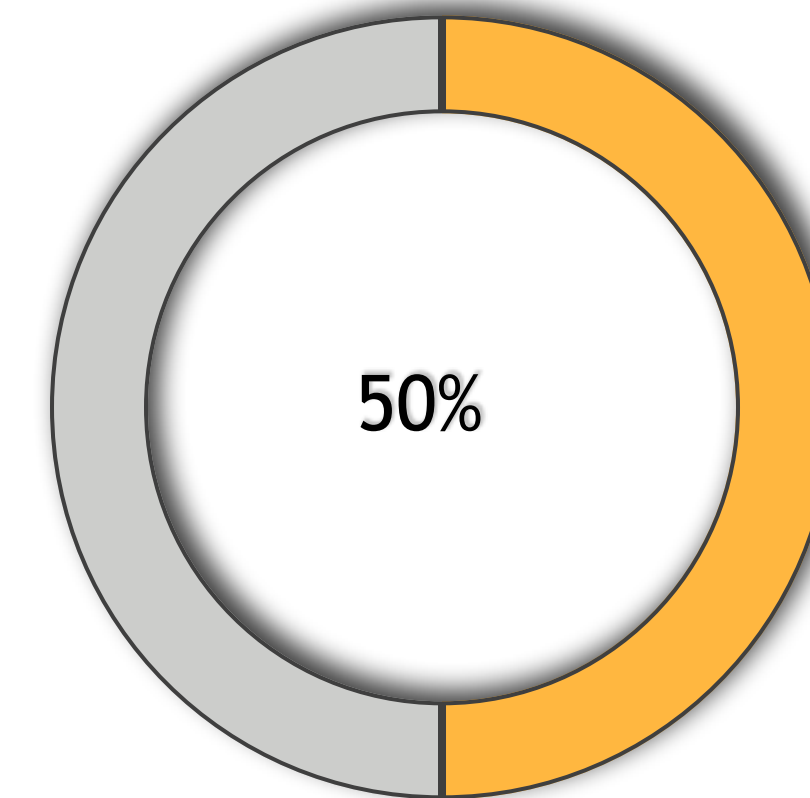
- ▶ THE STATE GOVERNMENT IN Q1 2020 FOCUSED AGGRESSIVELY ON THE CAPACITY DEVELOPMENT OF THE WORKFORCE ESPECIALLY IN THE HEALTH AND EDUCATION SECTOR.
- ▶ TRAINING AND EDUCATION ON THE PROCUREMENT PROCESS HAS BEEN ONGOING STATEWIDE.
- ▶ MOST OF THE MDAs HAD THEIR RETREAT IN THE BEGINNING OF Q1 2020 TO FOCUS TEAMS ON THEIR BROAD OBJECTIVES AND PLANS.
 - ▶ THIS HAS HELPED ENSURE FOCUS AND ORGANIZATION STATEWIDE.

2020 BUDGET KEY IMPLEMENTATION STATUS UPDATE & CHALLENGES



MORE EFFECTIVE AND EFFICIENT PROJECT MONITORING AND EVALUATION

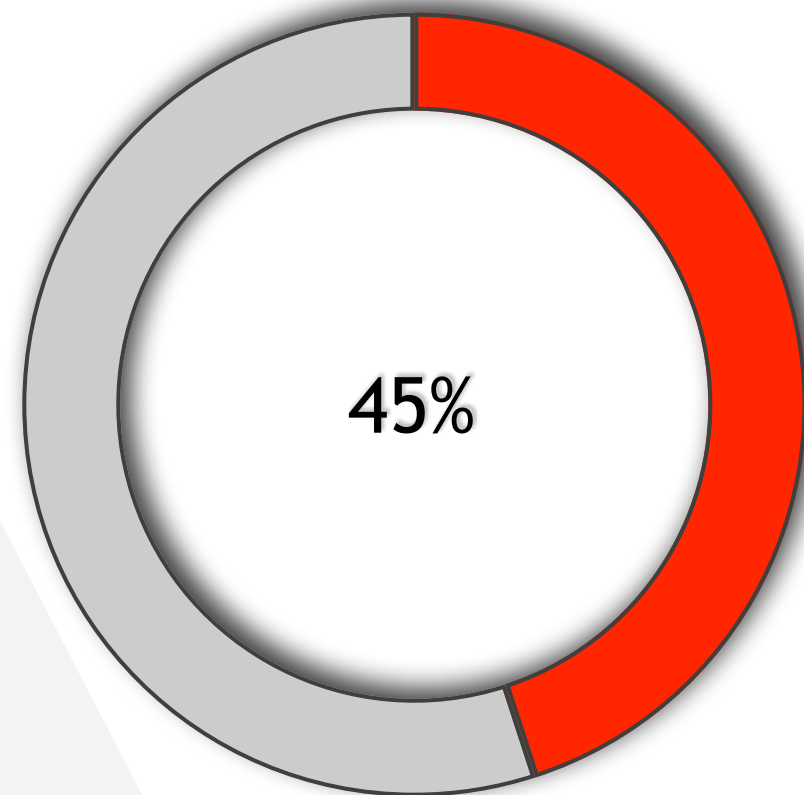
- ▶ THE M&E POLICY WITH RESPECT TO A DEEPER LEVEL OF EVALUATION INTO PROJECTS OUTCOMES, CHALLENGES AND IMPACT ASSESSMENT WILL BE ADOPTED FULLY THIS YEAR.
- ▶ ALL GOVERNMENT INTERVENTIONS ABOVE CERTAIN THRESHOLDS ARE CURRENTLY DIGITALLY DISPLAYED ON THE PROJECT DASHBOARD.
- ▶ BEFORE THE STATE'S LOCKDOWN, 30% OF THE MDAS HAD CONDUCTED THEIR TPRM (SELF-ASSESSMENT).



ENSURING CAPITAL TO RECURRENT RATIO OF 61:39

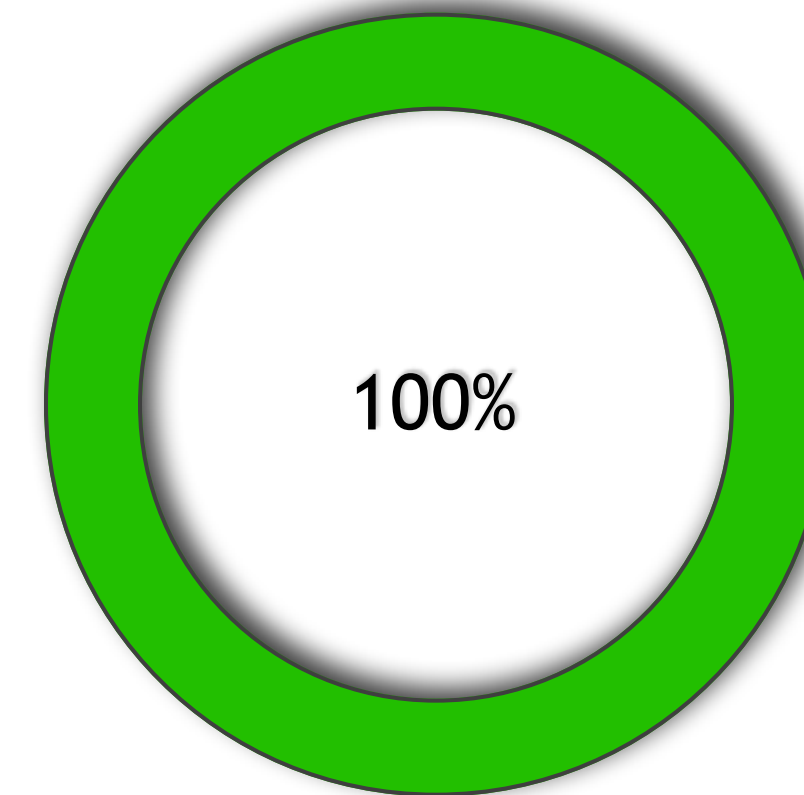
- ▶ Q1 2020 RECORDS A CAPITAL TO RECURRENT RATIO OF 44:56, COMPARED TO THE 61:39 PROJECTED FOR THE YEAR.

2020 BUDGET KEY IMPLEMENTATION STATUS UPDATE & CHALLENGES



PLANNED & SYSTEMATIC MAINTENANCE OF EXISTING/NEW INFRASTRUCTURAL FACILITIES

- ▶ THERE IS MARKED IMPROVEMENT ON SOME OF THE FACILITIES IN THE STATE, MOST ESPECIALLY:
 - ▶ ROADS,
 - ▶ BUILDINGS (INCLUDING EDUCATION, HEALTH CENTERS).
- ▶ THE PERFORMANCE IS EXPECTED TO IMPROVE AFTER LASIAMA COMMENCES WORK, AS THE IMPACT OF COVID-19 EASES.
- ▶ WHILE PLANNED AND SYSTEMATIC MAINTENANCE IS NOTICEABLE ON SOME OF THE STATE'S FACILITIES, THERE IS STILL A NEED TO ESTABLISH A CULTURE OF MAINTENANCE ON ALL STATE CONSTRUCTION PROJECTS.



ENSURING SUSTAINABLE FISCAL DEFICITS

- ▶ A FISCAL DEFICIT PERFORMANCE OF 28.23% WAS ACHIEVED IN Q1 2020 AGAINST THE EXPECTED 30% IN Q1 2020.
- ▶ THIS PERFORMANCE IS WITHIN INTERNATIONAL THRESHOLDS OF 40%.

2020 BUDGET KEY STRENGTHS



	PERFORMANCE				
	VERY WEAK	WEAK	AVERAGE	STRONG	VERY STRONG
<p>ADHERENCE TO THE BUDGET PROCESS AND TIMING</p> <ul style="list-style-type: none"> THE PREPARATION AND SUBMISSION OF THE 2020 BUDGET WAS CONCLUDED WITHIN A REASONABLE TIME FRAME, HAS UNDERGONE LEGISLATIVE CONSIDERATION AND SIGNED INTO LAW BY MR. GOVERNOR ON DECEMBER 31, 2019. 	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
<p>2020 BUDGET IMPLEMENTATION</p> <ul style="list-style-type: none"> THE IMPLEMENTATION AT Q1 CLOSED AT 56% PERFORMANCE. 	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>REVENUE AND EXPENDITURE TRACKING</p> <ul style="list-style-type: none"> THERE IS A NEED TO ENSURE TIMELY COLLATION OF MONTHLY REVENUE AND EXPENDITURE RETURNS, AND A MORE EFFICIENT DEPLOYMENT OF OTHER BUDGET TRACKING TOOLS AND MECHANISM. WHILE REFORMS ARE STILL IN PROGRESS, OUTCOMES ACHIEVED TO DATE, ARE AVERAGE AT BEST. 	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>



Q1

2020 — BUDGET PERFORMANCE HIGHLIGHTS

BUDGET OVERVIEW HIGHLIGHTS – COMPARATIVE (Q1) YEAR ON YEAR



DETAILS	Q1 2020 (₦'BN)			Q1 2019 (₦'BN)			Q1 2018 (₦'BN)		
	BUDGET JAN - MAR	ACTUAL JAN - MAR	%	PROV. JAN - MAR	ACTUAL JAN - MAR	%	PROV. JAN - MAR	ACTUAL JAN - MAR	%
TOTAL REVENUE	267.757	282.593	106	199.999	140.676	70	224.356	141.957	63
TOTAL RECURRENT EXPENDITURE (D&ND)	114.382	90.980	80	98.460	83.296	85	86.760	70.480	81
TOTAL CAPITAL EXPENDITURE	177.758	72.176	41	119.923	65.009	54	174.771	93.011	53
FINANCING (DEFICIT) / SURPLUS	(24.383)	119.438	490	(18.384)	(7.630)	42	(37.175)	(21.534)	58
BUDGET SIZE	292.141	163.156	56	218.383	148.306	68	261.530	163.491	63



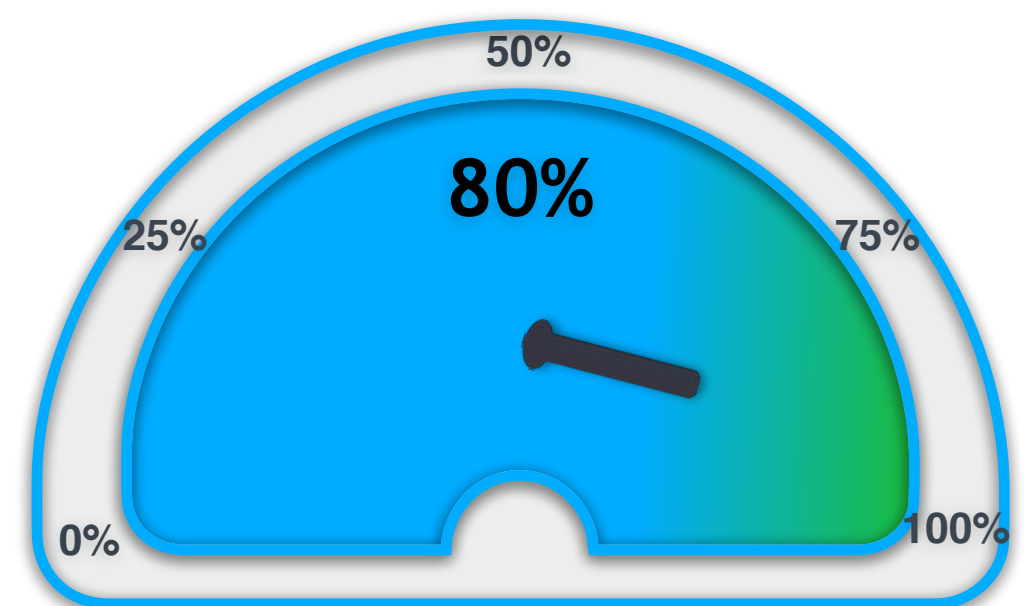
BUDGET OVERVIEW HIGHLIGHTS — Q1 2020

Q1 2020 BUDGET PERFORMANCE

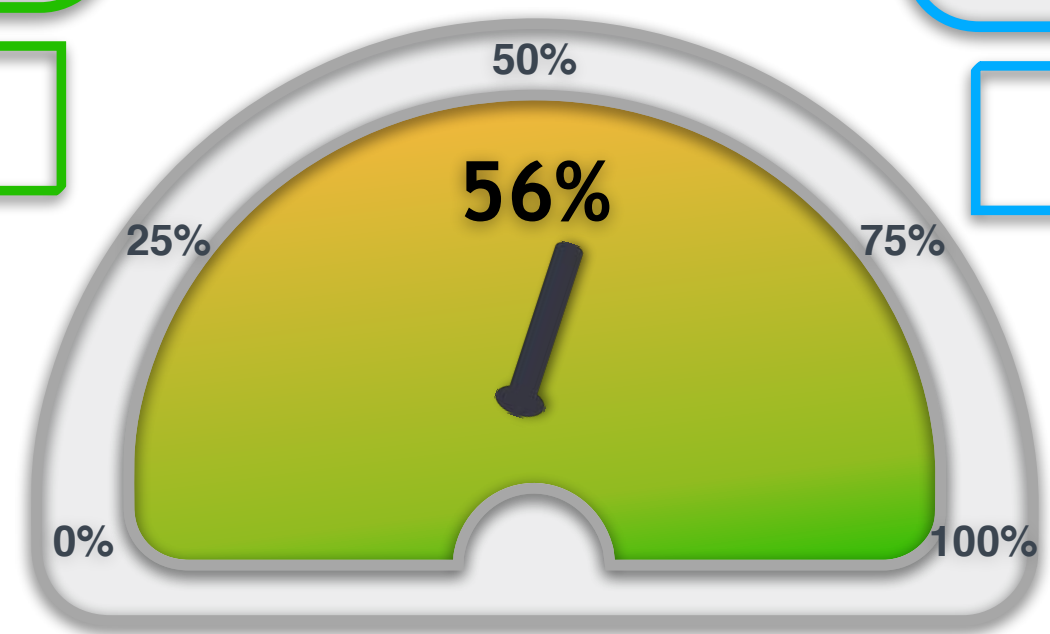
DETAILS	BUDGET Q1 2020 (₦'BN)	ACTUAL Q1 2020 (₦'BN)	PERFORMANCE (%)
TOTAL REVENUE	267.757	282.593	106
TOTAL RECURRENT EXPENDITURE (D&ND)	114.382	90.980	80
TOTAL CAPITAL EXPENDITURE	177.758	72.176	41
FINANCING (DEFICIT) / SURPLUS	(24.383)	119.438	490
BUDGET SIZE	292.141	163.156	56



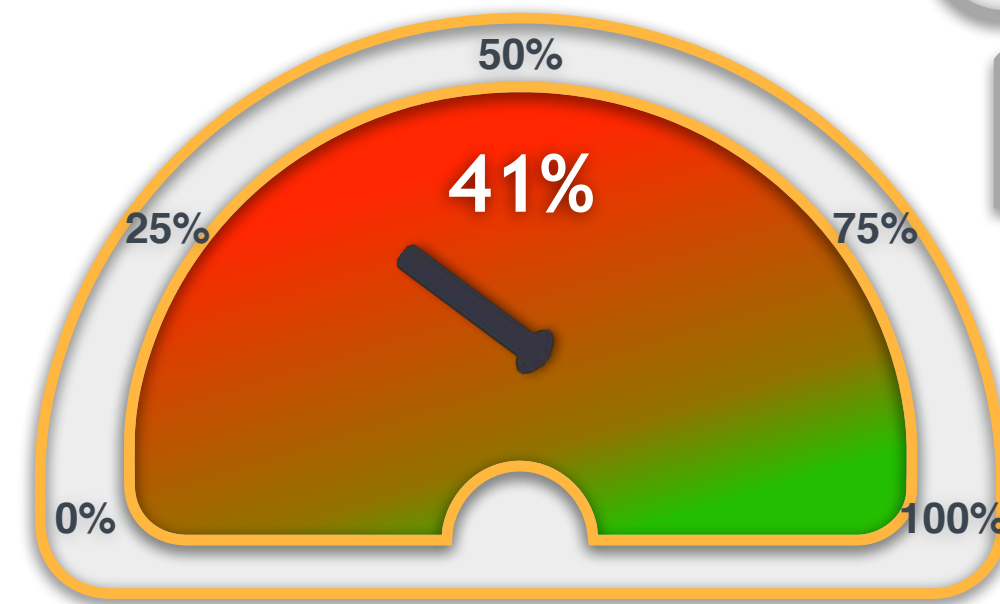
TOTAL REVENUE %



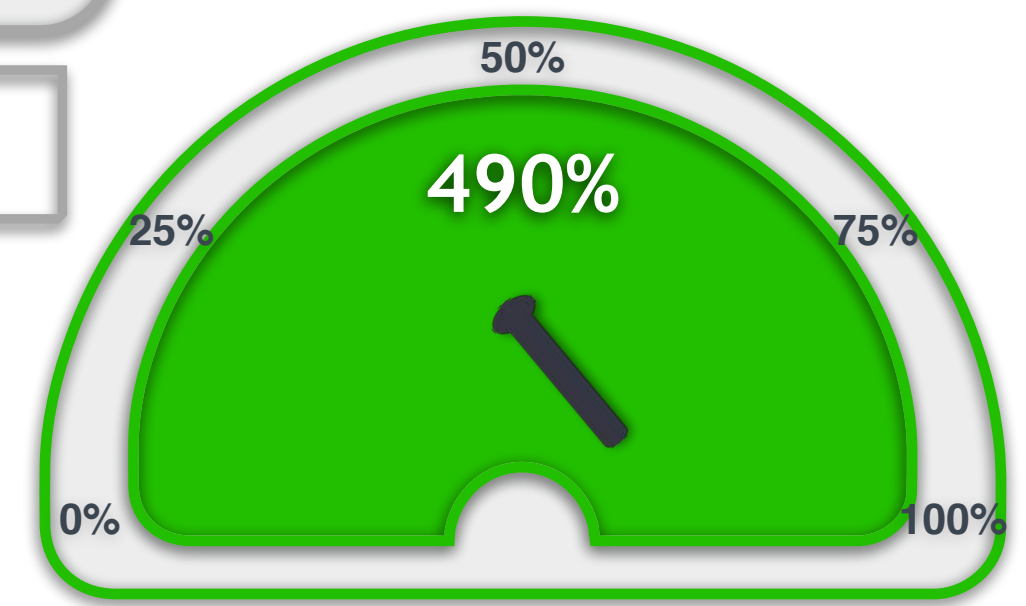
TOTAL RECURRENT X %



BUDGET SIZE %



TOTAL CAPEX %



DEFICIT FUNDING %

Q1 2020 RECORDS A BUDGET PERFORMANCE OF 56% (₦163.156BN); WHICH IN ABSOLUTE TERMS IS HIGHER THAN THE 68% (₦148.306BN) RECORDED FOR THE SAME PERIOD IN 2019.



Q1

2020 — REVENUE APPRAISAL HIGHLIGHTS

REVENUE APPRAISAL HIGHLIGHTS – Q1 2020



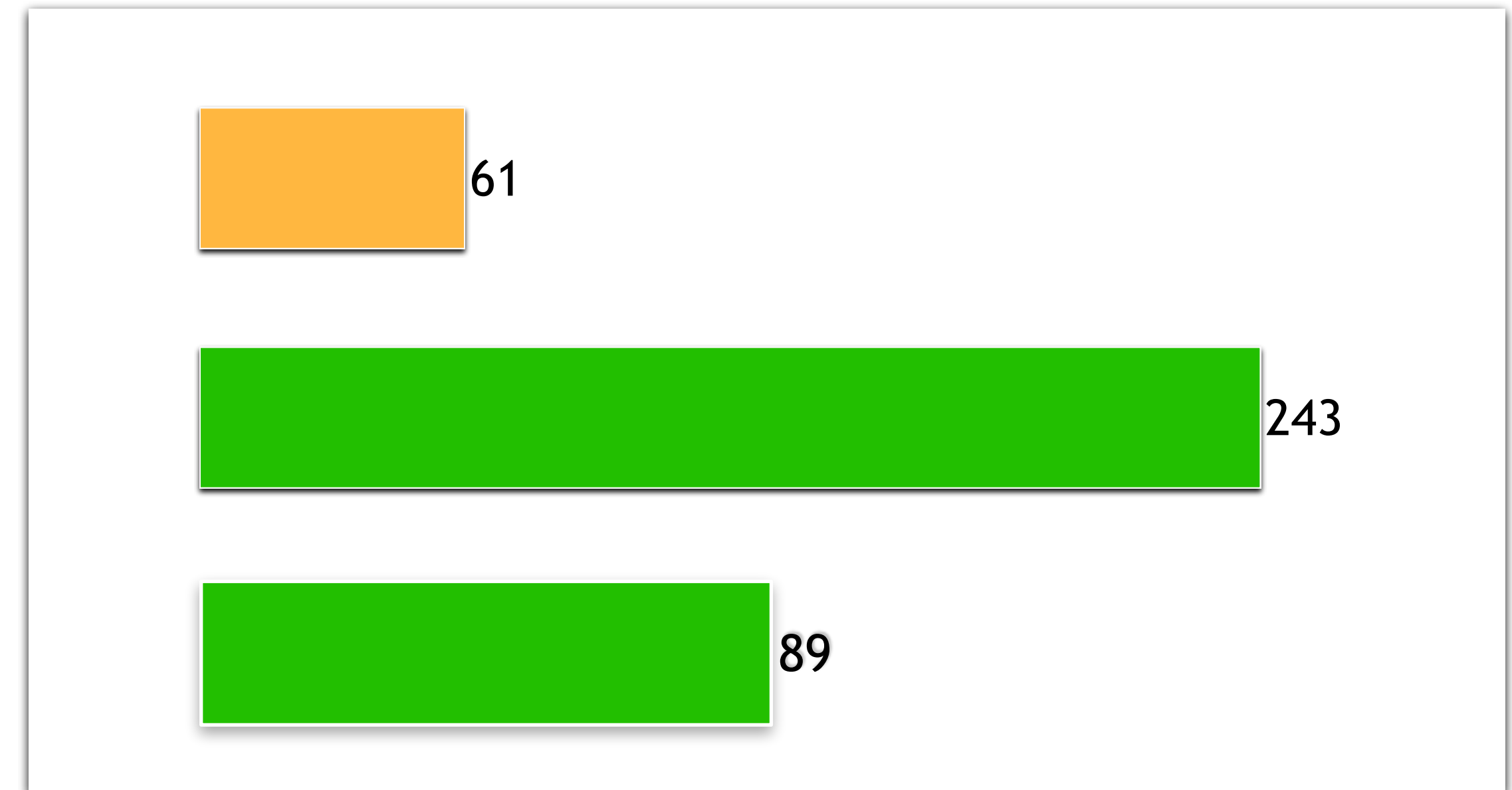
DETAILS	BUDGET (₹'BN)	ACTUAL (₹'BN)
TOTAL REVENUE	267.757	282.593
A. INTERNALLY GENERATED REVENUE (INCLUSIVE OF DEDICATED REVENUE)	163.438	100.308
B. CAPITAL RECEIPTS	58.073	141.016
C. FEDERAL TRANSFERS	46.247	41.270



TOTAL REVENUE %

REVENUE PERFORMANCE (%)

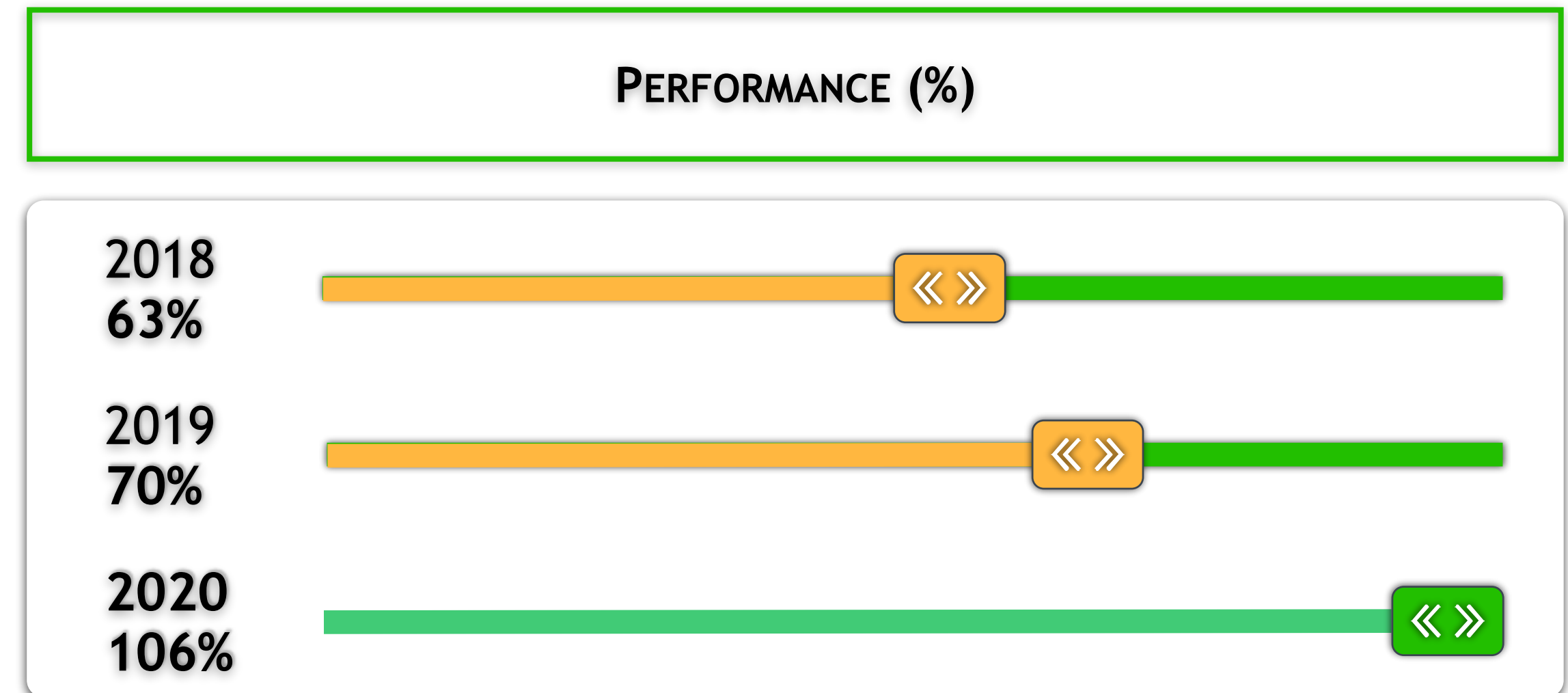
- ✓ INTERNALLY GENERATED REVENUE
- ✓ CAPITAL RECEIPTS
- ✓ FEDERAL TRANSFERS



REVENUE PERFORMANCE HIGHLIGHTS — COMPARATIVE (Q1) YEAR ON YEAR



YEAR	PROVISION (₦'BN)	ACTUAL (₦'BN)
2018	224.356	141.957
2019	199.999	140.676
2020	267.757	282.593



- ▶ THE TOTAL REVENUE PERFORMED AT 106%
- ▶ IT IS THE HIGHEST IN ABSOLUTE TERMS COMPARED TO 2018 AND 2019. NOTE THAT THE REVENUE CONSISTS OF ₦127.700BN BALANCE FROM LOAN AND BOND ISSUANCE
- ▶ HOWEVER, WITHOUT THE BALANCE FROM LOAN AND BOND ISSUANCE, THE TOTAL REVENUE PERFORMANCE HAS BEEN RECORDED AT ₦154.893BN, WHICH IS ALSO HIGHER IN ABSOLUTE TERMS COMPARED TO THE SAME PERIOD IN 2018 AND 2019.
- ▶ THE CORONA VIRUS PANDEMIC WILL RESULT IN REDUCTION OF REVENUE IN SOME ARREARS, HENCE THE NEED TO IDENTIFY OUT OF THE BOX SOLUTIONS FOR ALTERNATIVE SOURCES OF REVENUE.



Q1

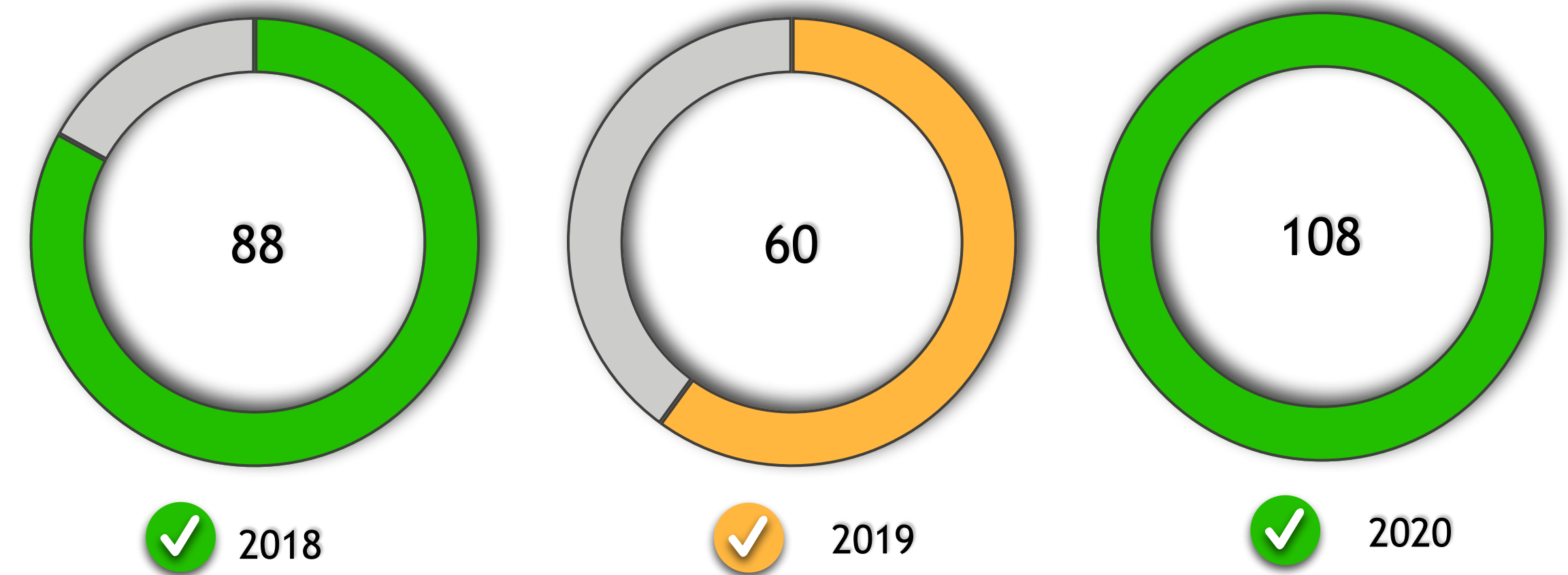
2020 — EXPENDITURE APPRAISAL HIGHLIGHTS

PERSONNEL COST APPRAISAL — COMPARATIVE (Q1) YEAR ON YEAR



YEAR	PROVISION JAN - MAR (₦'BN)	ACTUAL JAN - MAR (₦'BN)
2018	28.061	24.688
2019	42.389	25.291
2020	41.977	45.133

TOTAL PERSONNEL COST PERFORMANCE (%)

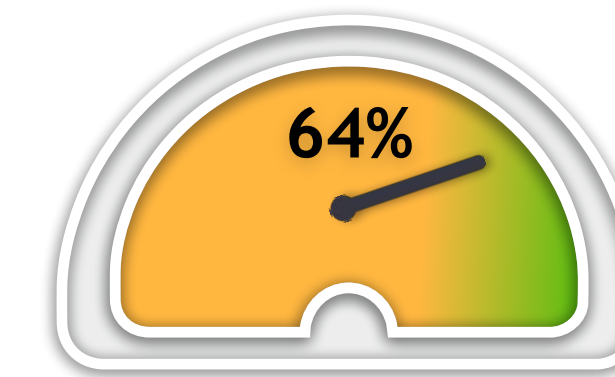


▶ **TOTAL PERSONNEL COST (TPC) PERFORMED AT 108% (₦45.133BN). THE BUDGET PERFORMANCE IS DUE TO THE PAYMENT OF ARREARS OF THE MINIMUM WAGE IN THE FIRST QUARTER.**

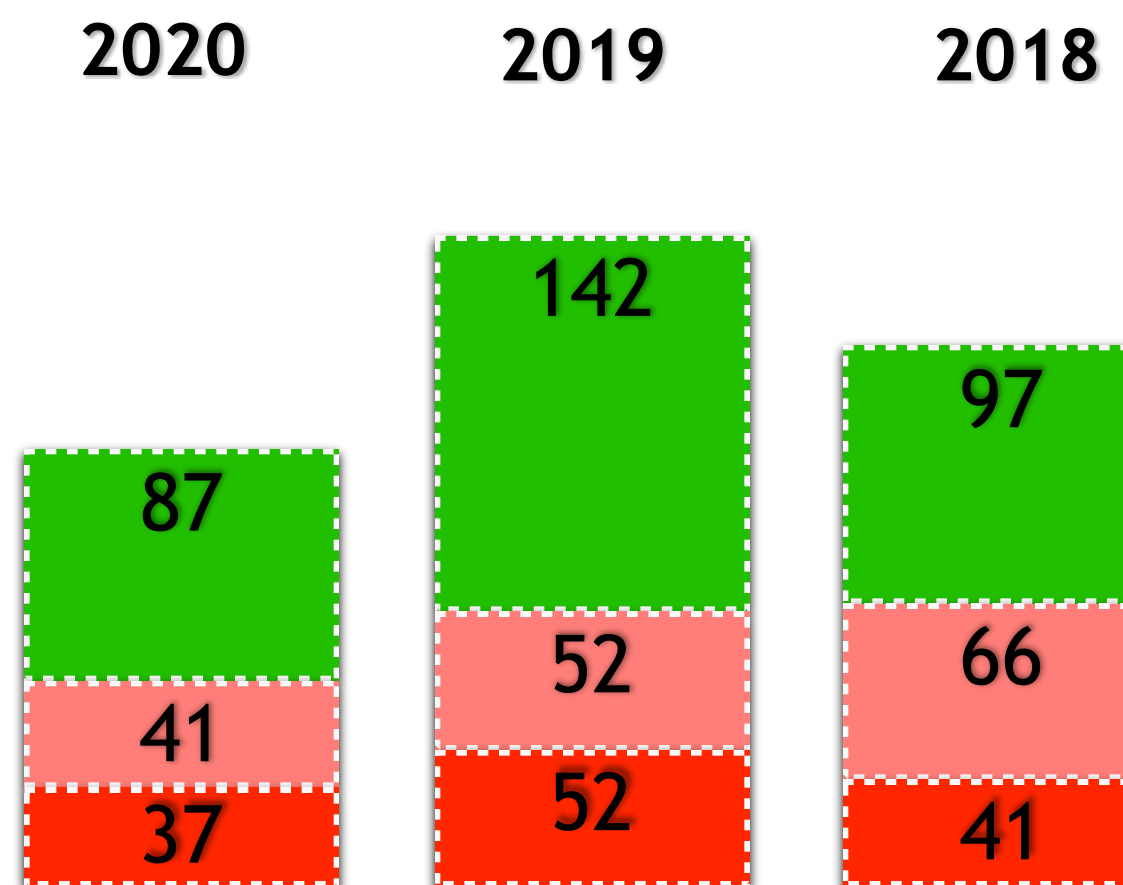
TOTAL OVERHEAD COST PERFORMANCE — COMPARATIVE (Q1) YEAR ON YEAR



DETAILS	2020			2019		2018	
	BUDGET (₦'BN)	ACTUAL (₦'BN)	%	BUDGET (₦'BN)	ACTUAL (₦'BN)	BUDGET (₦'BN)	ACTUAL (₦'BN)
TOTAL OVERHEAD COSTS	62.483	39.686	64%	51.009	49.928	49.723	39.566
I. OVERHEAD COSTS	32.635	28.350	87	26.077	37.048	31.346	30.373
II. DEDICATED EXPENDITURE	8.158	3.348	41	6.523	3.374	6.526	4.294
III. SUBVENTION	21.690	7.989	37	18.409	9.506	11.851	4.898



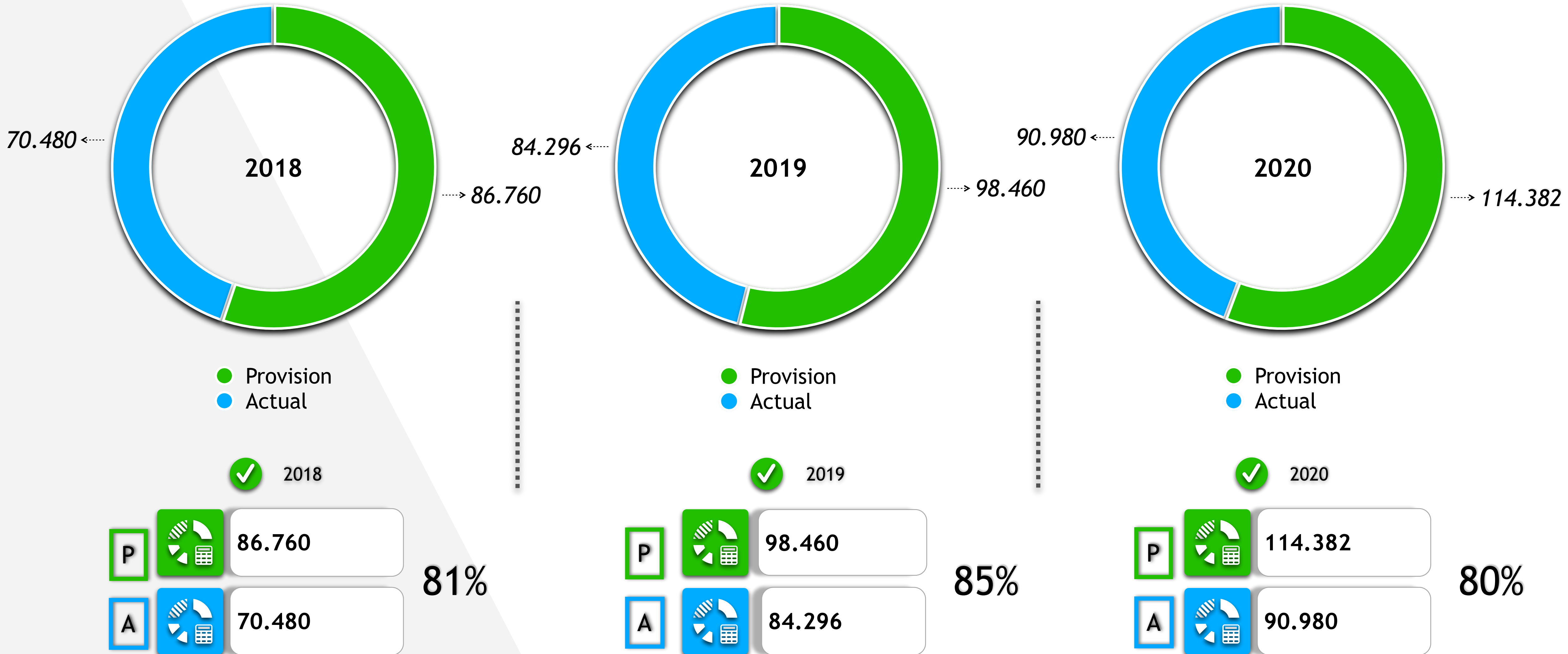
TOTAL OVERHEAD COST (%)



- OVERHEAD COSTS
- DEDICATED X
- SUBVENTION

- ▶ **TOTAL OVERHEAD COST PERFORMED AT 64%**
- ▶ **SUBVENTIONS TO PARASTATAL ORGANIZATIONS/TERTIARY INSTITUTIONS PERFORMED AT 37% | ₦7.989BN AGAINST 52% | ₦9.5062BN IN 2019. COMMISSIONERS AND AGENCIES ARE URGED TO FIND MEANS TO IMPROVE ON THEIR IGR, GRADUALLY WEANING PARASTATALS OFF THEIR OVER-DEPENDENCE ON SUBVENTIONS.**

RECURRENT EXPENDITURE — COMPARATIVE (Q1) YEAR ON YEAR





Q1

2020 CAPITAL EXPENDITURE AND FINANCING ACTIVITIES APPRAISAL

CAPITAL EXPENDITURE — COMPARATIVE (Q1) YEAR ON YEAR



DETAILS	2020 (₦'BN)			2019 (₦'BN)		2018 (₦'BN)	
	BUDGET	ACTUAL	%	BUDGET	ACTUAL	BUDGET	ACTUAL
CORE CAPITAL	109.876	30.073	27%	80.539	26.359	108.415	52.919
CAPITAL DEVELOPMENT	5.309	1.198	23%	3.729	1.746	5.004	2.524
RISK RETENTION FUND	0.025	0	0%	0.050	0	0.027	0
SPECIAL EXPENDITURE	2.005	1.653	82%	8.234	2.069	28.922	2.951
SPECIAL EXPENDITURE (OTHERS)	0.250	0	0%	-	-	-	-
GRANTS	9.014	12.118	134%	2.500	0	4.881	2.900
COUNTERPART FUND	3.051	0	0%	1.250	0	1.636	0
CONTINGENCY RESERVE	1,779	0	0%	3.202	0.801	1.299	0
STAFF HOUSING FUND	0.025	0	0%	0.016	0	0.025	0
REPAYMENTS	46.425	27.134	58%	22.804	34.835	24.561	31.718
TOTAL	177.758	72.176	41%	119.923	65.009	174.771	93.011

PERFORMANCE (%)		
2020	2019	2018
27%	33%	49%
23%	47%	50%
134%	0%	59%
0	0	0
58%	153%	129%

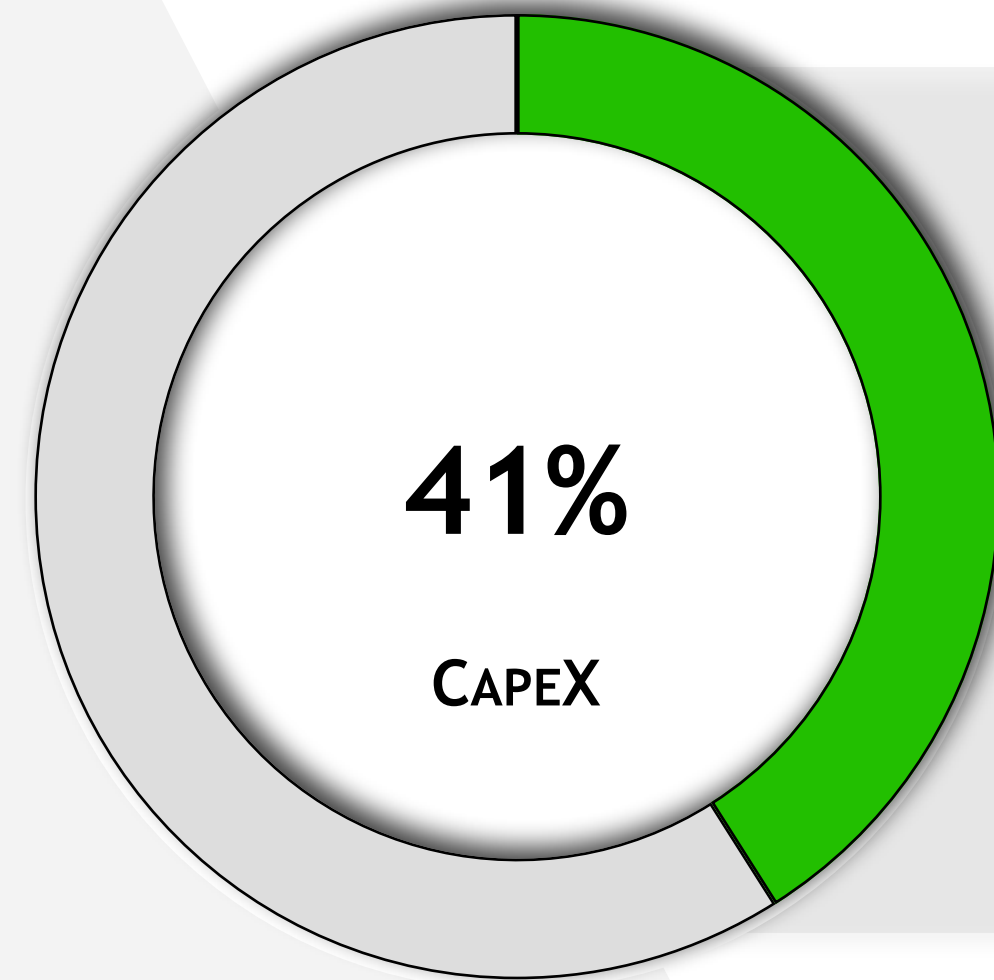
THE STATE IS YET TO DRAW DOWN ON ANY LOAN WHILE BOND RELATED PROJECTS WILL COMMENCE IN THE SECOND QUARTER OF 2020.

- ✓ CORE CAPITAL
- ✓ CAPITAL DEVELOPMENT
- ✓ GRANTS
- ✓ COUNTERPART FUNDS
- ✓ REPAYMENTS



2020 CAPITAL EXPENDITURE AND FINANCING ACTIVITIES

2020

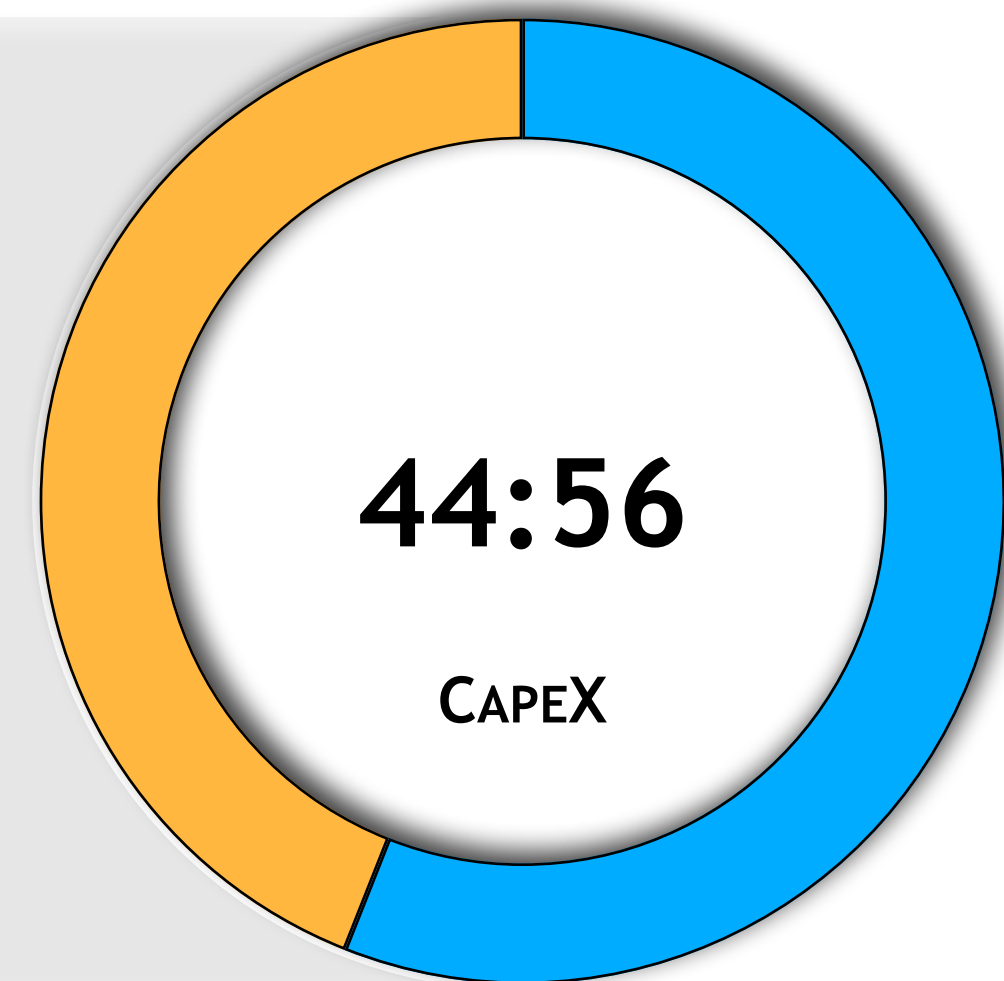


CAPITAL EXPENDITURE

- CAPEX PERFORMED AT 41% | ₦72.176BN IN Q1 2020, OF WHICH ₦27.134BN OF IT WAS UTILISED FOR DEBT REPAYMENT.
- CAPITAL : RECURRENT RATIO CLOSED AT 44:56.

FINANCING ACTIVITIES

- THE STATE HAS A FINANCING SURPLUS OF THE SUM OF ₦119.438BN WHICH IS AVAILABLE TO FINANCE CAPEX IN Q2 2020.

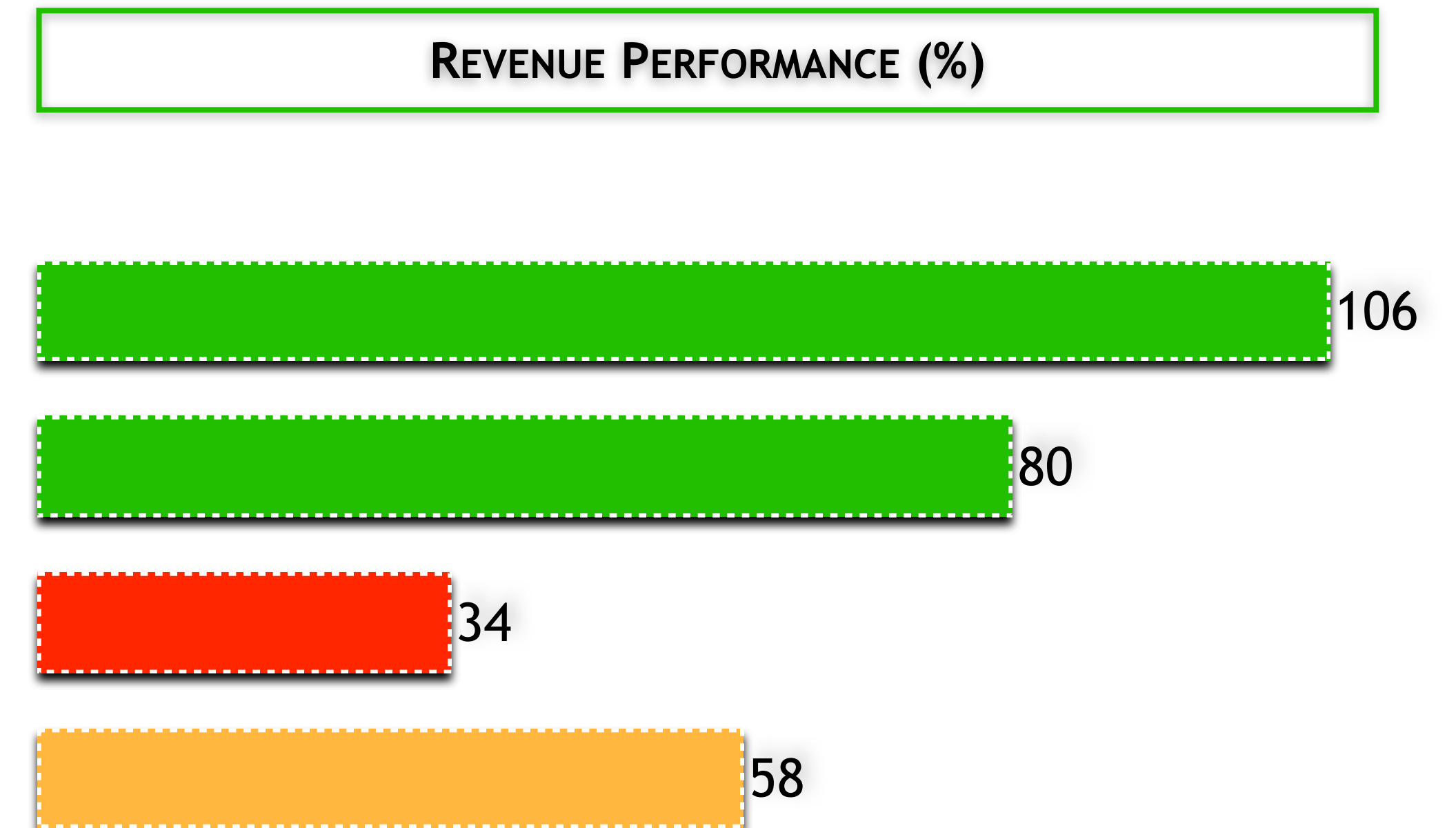


2020



CAPITAL EXPENDITURE — (Q1) 2020

DETAILS	Q1 2020 (₦'BN)		
	BUDGET JAN - MAR	ACTUAL JAN - MAR	%
TOTAL REVENUE	267.757	282.593	106
TOTAL RECURRENT EXPENDITURE (D&ND)	114.382	90.980	80
CAPITAL EXPENDITURE	131.334	45.042	34
REPAYMENTS	46.425	27.134	58
BUDGET SIZE	292.141	163.156	56
FINANCING (DEFICIT) / SURPLUS	(24.383)	119.438	490



THE STATE HAS A Q1 SURPLUS OF ₦119.438BN WHICH IS AVAILABLE TO FINANCE CAPEX IN Q2 2020.



OBSERVATIONS & RECOMMENDATIONS



OBSERVATIONS & RECOMMENDATIONS — REVENUE



THE TOTAL IGR PERFORMED AT 106%.

EFFORTS SHOULD BE MADE TO ENSURE COMMITMENT TO THE RSM (REVENUE STAKEHOLDERS MEETINGS) IN 2020 TO DRIVE REVENUE PERFORMANCE.

THE COVID-19 PANDEMIC WILL AFFECT THE STATE'S IGR.

THE LAND USE CHARGE (LUC) NEEDS TO RAMP UP ITS REVENUE GENERATING EFFORTS TO COVER AREAS THAT ARE YET TO BE ENUMERATED ACROSS THE STATE INCLUDING ENFORCEMENT ACTIVITIES.



CENTRAL BILLING SYSTEM (CBS):
NEED FOR INCREASED SENSITIZATION AND THE ISSUANCE OF A STATEWIDE CIRCULAR COMPELLING ALL REVENUE GENERATING MDAS TO BE PROFILED AND ACTIVE ON THE CBS PLATFORM IN ORDER TO PLUG LOOPHOLES & REVENUE DRAINS.

TIMELINE SHOULD BE GIVEN FOR THIS.

THE FULL IMPLEMENTATION OF THE REVENUE REFORM IS EXPECTED TO SHORE UP REVENUE IN 2020.
ALL TAX REFORMS SHOULD BE OPERATIONALIZED QUICKLY AND NEW CHANNELS FOR REVENUE GENERATION SHOULD BE EXPLORED, CONSIDERING THE CURRENT EFFECTS OF THE COVID-19 PANDEMIC.



OBSERVATIONS & RECOMMENDATIONS — CAPITAL EXPENDITURE



CAPEX

THE TOTAL CAPITAL EXPENDITURE AT 41% | ₦72.176BN REVEALS A CAPEX/RECURRENT RATIO OF (44:56), INDICATING A NEED FOR IMPROVEMENT IN SUBSEQUENT QUARTERS

41%

- ▶ THE SPEND ON CAPEX HAS BEEN HEAVILY DELAYED FOR VARIOUS PROJECTS
- ▶ APPROVALS HAVE BEEN OBTAINED FOR MAJOR INFRASTRUCTURAL PROJECTS
- ▶ MAJOR IMPROVEMENTS ON CAPEX ARE EXPECTED IN Q2 2020.

- ▶ THE PROCESS FROM APPROVALS TO PAYMENT SHOULD BE REVIEWED FOR EFFICIENCY
- ▶ THERE IS A NEED TO SCALE UP THE MONTHLY SELF-ASSESSMENT AND QUARTERLY TPRM PROGRAMME.

- ▶ MDAs, MEPB AND THE MINISTRY OF FINANCE SHOULD ENSURE BETTER COORDINATION OF THEIR BUDGET,
- ▶ MDAs NEED TO BE MORE PROACTIVE IN ENGAGING THE PROCUREMENT PROCESS.



RELOCATION OF OKO-BABA

- ▶ THE PROJECT HAS BEEN RE-AWARDED TO A NEW CONTRACTOR TO ENABLE THE SAW-MILLER RETURN TO THE SITE WITHIN A SHORT TIME.
- ▶ FUNDS HAVE BEEN RELEASED TO THE NEW CONTRACTOR AND WORK ON SITE IS EXPECTED TO COMMENCE IMMEDIATELY AFTER THE LOCKDOWN.

ISALE-GANGAN PROJECT

- ▶ STAGE PAYMENT THOUGH APPROVED, IS YET TO BE RELEASED.
- ▶ THE MINISTRY OF PHYSICAL PLANNING AND URBAN DEVELOPMENT (LASURA) WILL ESTABLISH AN ACCEPTABLE WORK PLAN WITH THE CONTRACTOR IN ORDER TO ENSURE IMMEDIATE COMMENCEMENT OF WORK UPON RECEIPT OF PAYMENT.

RELOCATION OF COMPUTER VILLAGE

- ▶ ACTIVITIES INVOLVING THE REMOVAL OF SHANTIES & STRUCTURES FROM SITE AND THE DELIVERY OF THE RIGHT-OF-WAY FOR ADJOURNING ROADS HAVE BEEN CONCLUDED.

RELOCATION OF MILE 12 TO IMOTA

- ▶ STAGE PAYMENTS HAVE BEEN MADE AND THE WORK IS CURRENTLY UNDERWAY,
- ▶ THE CONTRACT WILL BE REVIEWED TO ENSURE THAT THE MARKET'S FUNCTIONALITY HAS BEEN TAKEN INTO ACCOUNT,
- ▶ ATTENTION WILL ALSO BE PAID TO THE IKORODU-IMOTA-ITOIKIN ROAD WITH CONSIDERATION TO THE VOLUME OF TRAFFIC THAT THE MARKET LOCATION WOULD ATTRACT AFTER PROJECT COMPLETION.

OBSERVATIONS & RECOMMENDATIONS — RECURRENT EXPENDITURE



01

PERSONNEL COST PERFORMANCE OF ₦45.133BN | 108% IN Q1 2020 IS HIGHER THAN ₦25.291BN | 60% IN Q1 2019 DUE TO PAYMENT OF ARREARS OF NEW MINIMUM WAGES. PERFORMANCE IS STILL WITHIN THE INTERNATIONAL BENCHMARK OF A MAXIMUM 25% OF TR AND 35% OF IGR RESPECTIVELY

THE TOTAL OVERHEAD COST PERFORMANCE OF ₦39.686BN | 64% IN 2020 IS LOWER THAN ₦49.928BN | 97.8% IN Q1 2019

02

03

THE SUBVENTION PERFORMED LOWER THAN IT DID IN Q1 2019. THIS IS DUE TO INITIAL DELAYS OF MOST PARASTATALS TO IMPLEMENTING THE NEW MINIMUM WAGE, WHICH HAS NOW BEEN OVERCOME. HOWEVER, PARASTATALS CAN PERFORM A LOT BETTER ON THEIR IGR IN ORDER TO CURTAIL THEIR OVER-DEPENDENCE ON SUBVENTIONS



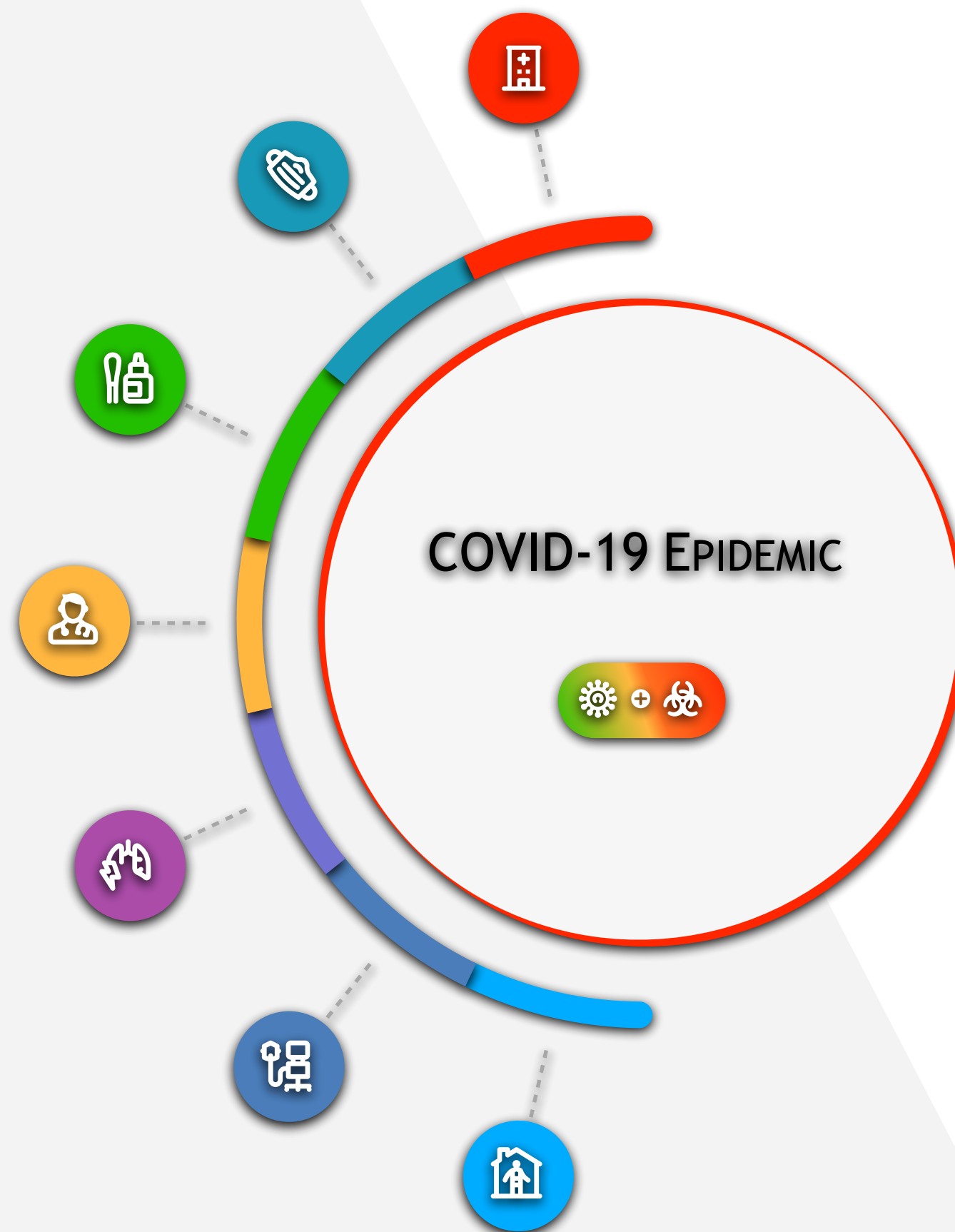
2020

COVID-19 — LASG RESPONSE



COVID-19 – STATUS (APRIL 27, 2020)

COVID-19 REMAINS A RAPIDLY ENLARGING PANDEMIC, WITH HEALTH AND ECONOMIC IMPACTS AROUND THE WORLD

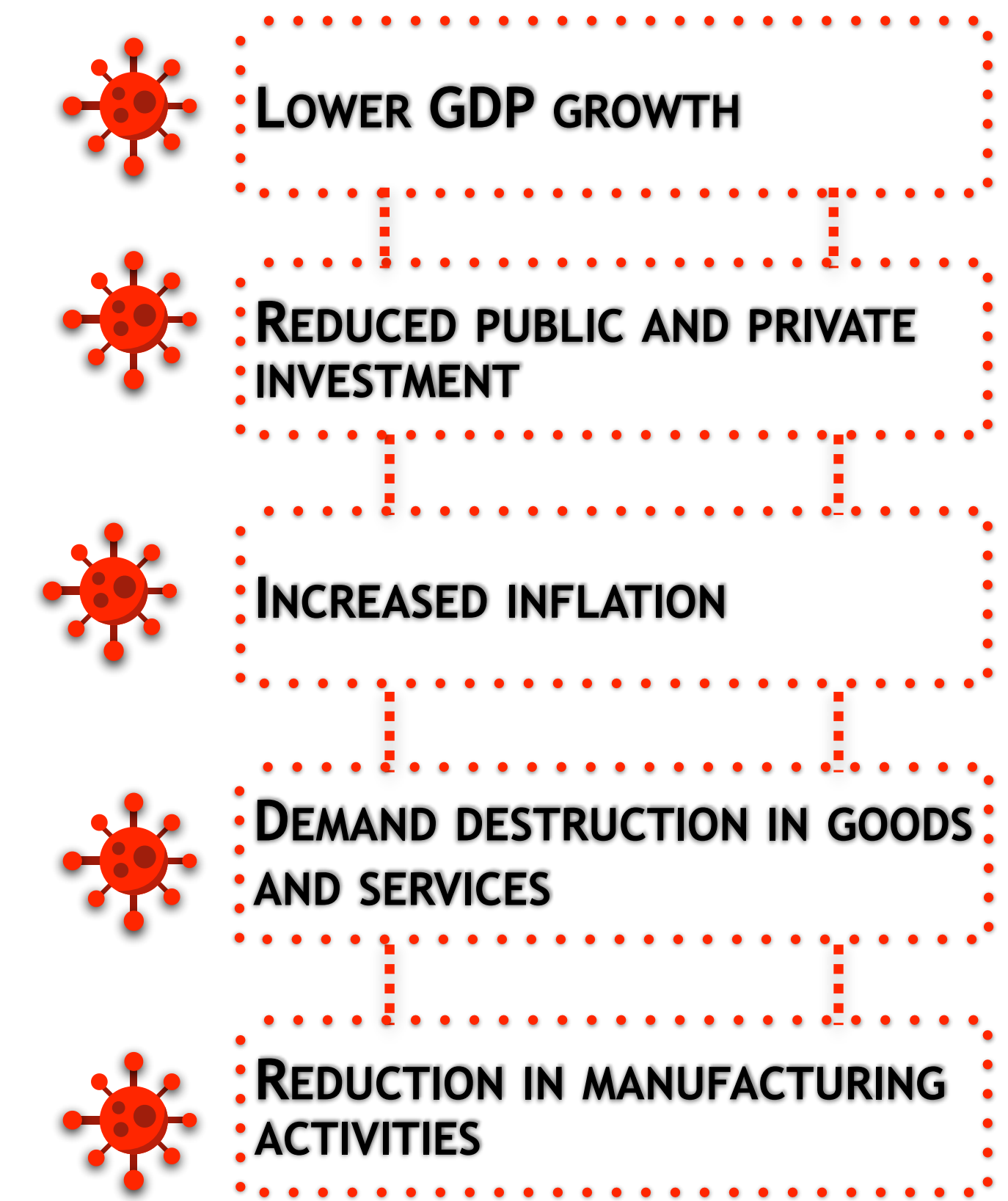
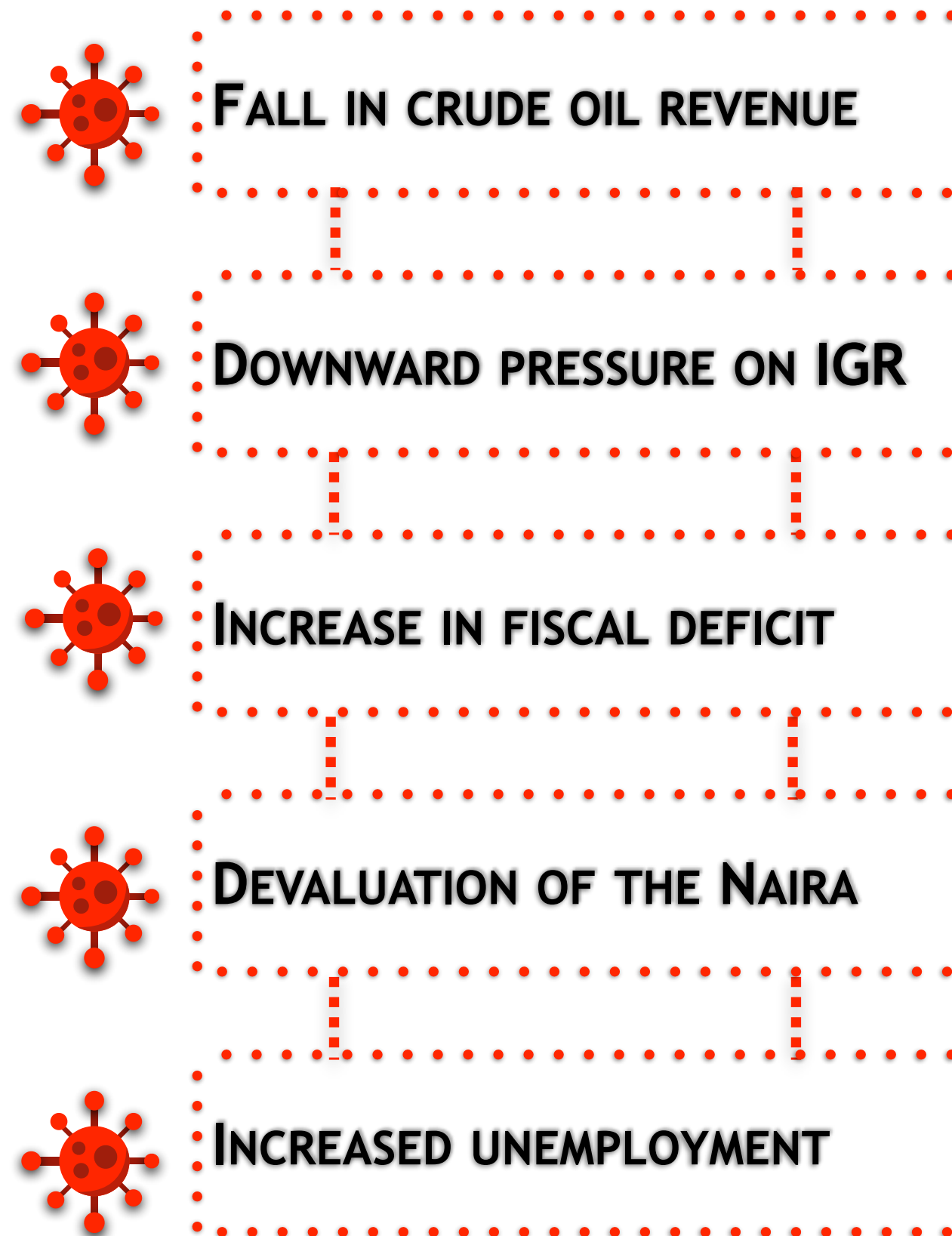
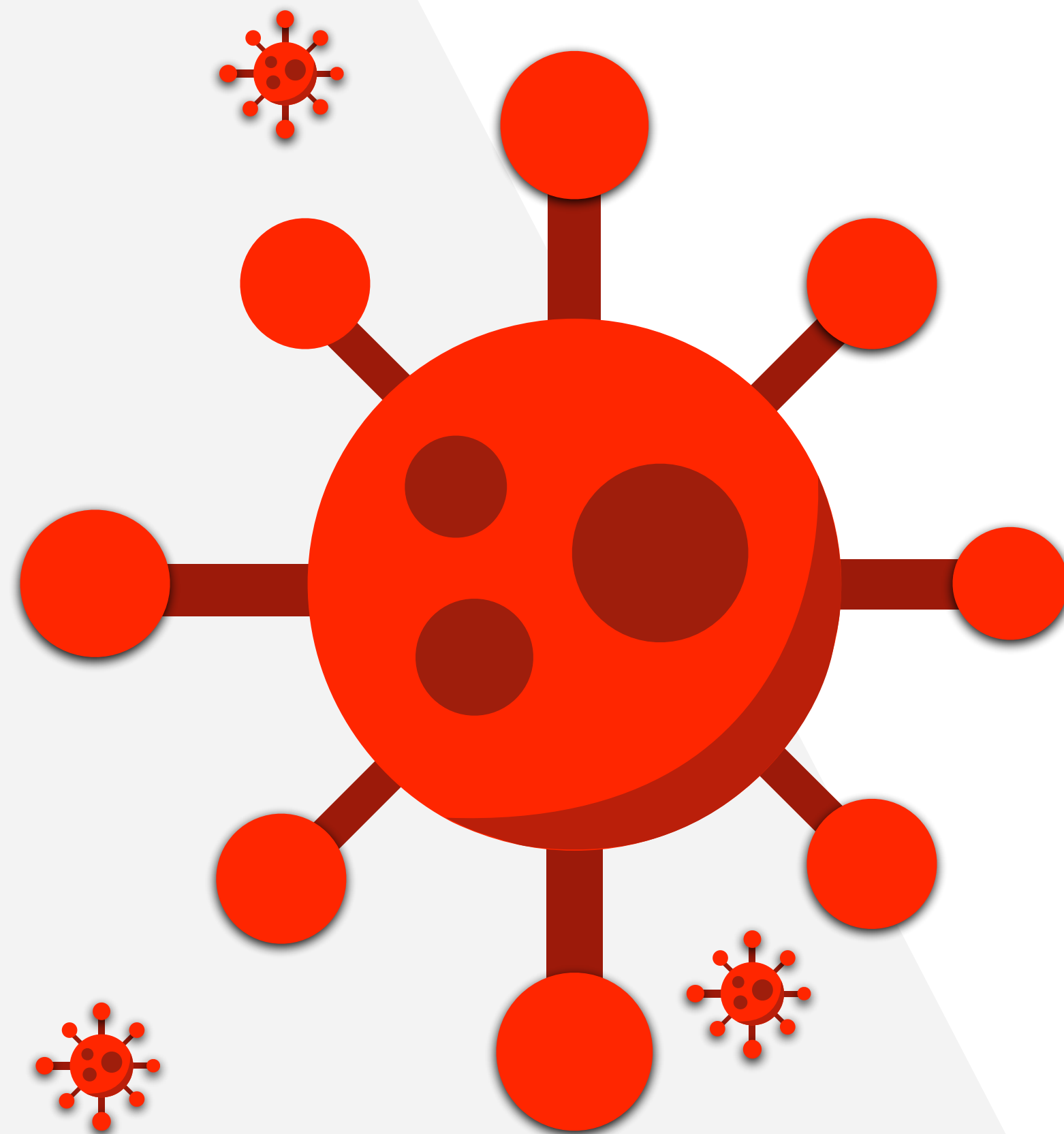


- ✘ **2.5 MILLION CASES WORLDWIDE ACROSS 185 COUNTRIES WITH DAILY INCREASE RANGING FROM 5% TO 17% FOR TOP 15 INFECTED COUNTRIES**
- ✘ **IN NIGERIA, THE NUMBER OF CASES IS INCREASING DAILY & LAGOS REMAINS THE EPICENTER WITH 764 CONFIRMED CASES AS AT APRIL THE 27TH**
- ✘ **MAJOR ECONOMIES AROUND THE WORLD ARE EXPERIENCING SIGNIFICANT SHOCK AS A RESULT OF THE ONGOING PANDEMIC**
- ✘ **NIGERIA IS CURRENTLY EXPERIENCING MAJOR ECONOMIC SHOCK AS WELL, WITH IMF ESTIMATING THAT THE ECONOMY WILL CONTRACT BY -3.5%**
- ✘ **PRESSURE ON NIGERIA IS BEING DRIVEN BY THE TWO INTERRELATED FACTORS OF REDUCED GOVERNMENT REVENUE ARISING FROM LOWER CRUDE PRICES AND CONTRACTION IN ECONOMIC OUTPUT DUE TO SHUTDOWN OF BUSINESS ACTIVITIES**



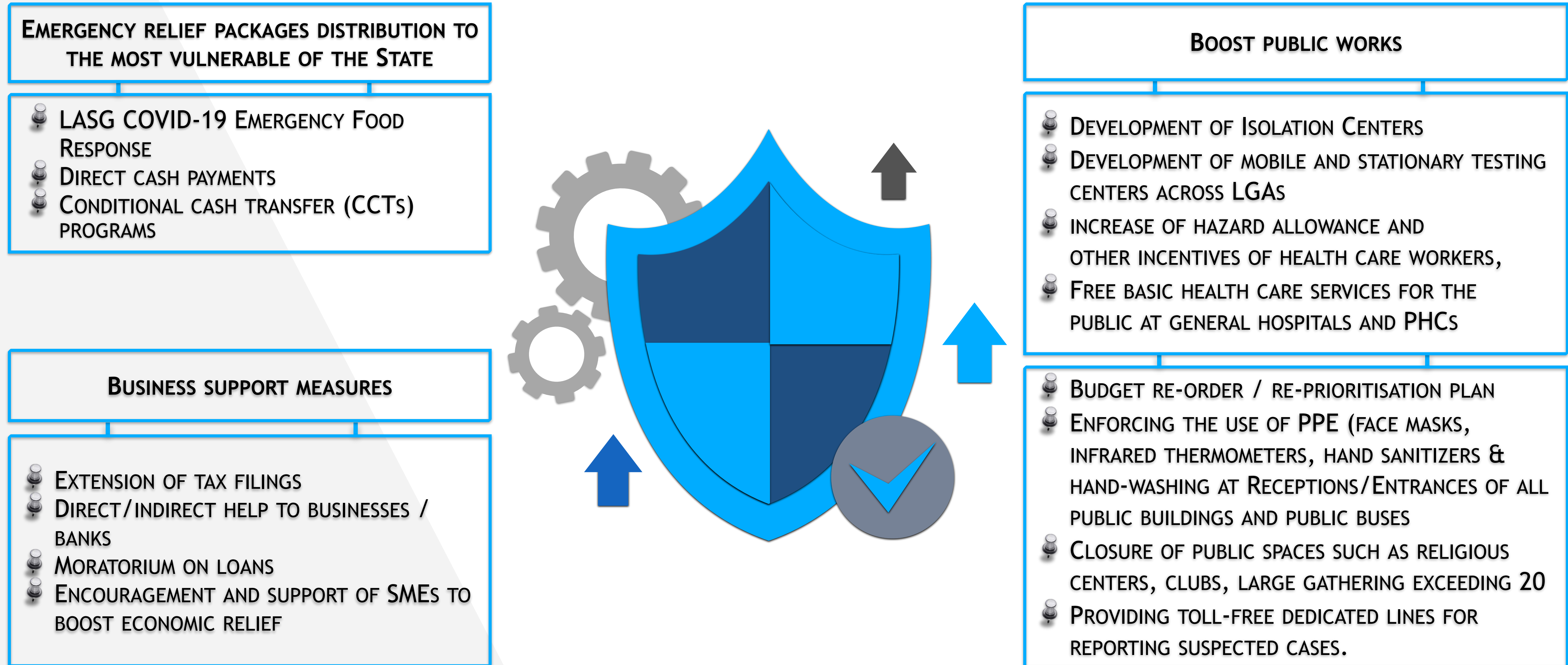
COVID-19 — IMPACT

FOR LAGOS STATE, THE CURRENT ECONOMIC REALITIES PRESENT SIGNIFICANT DOWNSIDE RISK TO THE STATE'S FISCAL POSITION WITH INITIAL ESTIMATES INDICATING BUDGETED REVENUE DECLINE OF UP TO 37%





COVID-19 – LASG RESPONSE (ONGOING)



COVID-19 — MEPB RECOMMENDATIONS



FOOD SECURITY AND SAFETY NET

- ▶ PROTECT THE FOOD SUPPLY CHAIN WITH THE STATE
 - ▶ PROVIDE FINANCIAL SUPPORT TO FARMERS
 - ▶ CREATE FOOD BANKS TO GUARANTEE OFF-TAKE FROM FARMERS
- ▶ PURSUE SOCIAL INTERVENTION PROGRAMS TARGETING THE MOST VULNERABLE IN THE SOCIETY
 - ▶ ACCELERATE CASH TRANSFER AND FEEDING PROGRAM TO THE MOST VULNERABLE
 - ▶ PROMOTE FREE MEDICAL SERVICES IN MORE NEIGHBORHOODS
 - ▶ PROVIDE TEMPORARY UNEMPLOYMENT BENEFITS TO THE UNEMPLOYED

ECONOMIC INTERVENTION

- ▶ PROVIDE SUPPORT FOR MICRO, SMALL AND MEDIUM ENTERPRISES
 - ▶ PROVIDE WAGE SUBSIDIES BASED ON MAINTAINING PAYROLL - PARTICULARLY FOR SMEs IN LABOR INTENSIVE SECTORS. E.G. AGRICULTURE
 - ▶ ENHANCE SMEs ACCESS TO SHORT TERM FUNDING THROUGH LSETF
- ▶ CONSIDER SUPPORTING LARGE COMPANIES IN VULNERABLE SECTORS
 - ▶ EXTEND TAX FILING AND PAYMENT DEADLINE
 - ▶ WAIVE PENALTY ON LATE TAX FILINGS

PUBLIC SAFETY AND WELLBEING

- ▶ REINFORCE COMMUNICATION AND ENFORCEMENT OF CONTAINMENT GUIDELINES
 - ▶ ENFORCE SOCIAL DISTANCING GUIDELINES IN PUBLIC PLACES SUCH AS SCHOOLS, GOVERNMENT OFFICES, MARKETS ETC
 - ▶ ENSURE ADEQUATE DISTRIBUTION OF PROTECTIVE MATERIALS, MASKS, HAND SANITIZERS ETC
- ▶ PREVENT BREAKDOWN OF LAW AND ORDER
 - ▶ STRENGTHEN INTELLIGENCE GATHERING CAPABILITIES
 - ▶ REINFORCE SECURITY INFRASTRUCTURE



JOB CREATION

- ▶ PROMOTE CONSTRUCTION PROJECTS
 - ▶ PRIORITY THE COMPLETION OF ONGOING PROJECTS E.G. WARD INTERVENTION PROJECTS, DRAINS, MANHOLE CLEANING ETC
 - ▶ PRIORITY NEW PROJECTS BASED ON EMPLOYMENT CAPACITY AND IMMEDIATE ECONOMIC IMPACT
- ▶ FOCUS ON AGRICULTURE
 - ▶ CONSIDER PARTNERSHIP WITH OTHER STATES WITH VAST ARABLE LAND
 - ▶ IDENTIFY AND SUPPORT PPP OPPORTUNITIES

FISCAL CONSOLIDATION

- ▶ LABOR AND OVERHEAD COSTS OPTIMIZATION
 - ▶ CONTAIN LABOR COSTS E.G. CANCEL OVERTIME AND REVISE TRAVEL ALLOWANCES
 - ▶ CANCEL SUBVENTIONS THAT DO NOT TARGET BOTTOM OF THE PYRAMID
 - ▶ CANCEL NON ESSENTIAL EXPENSES E.G. PILGRIMAGE, SPORTS FESTIVALS ETC.
- ▶ REPRIORITY CAPEX — *CUTS COULD BE AS MUCH AS ₦265BN*
 - ▶ RECALIBRATE SPEND TO FOCUS ON JOB CREATION INITIATIVES
 - ▶ CANCEL/DELAY CAPEX PROJECTS WITH LIMITED IMPACT

ECONOMIC STABILIZATION

- ▶ DEVELOP INCENTIVES TO PROMOTE INVESTMENT IN PRIORITY SECTORS
 - ▶ CREATE INCENTIVES FOR INVESTMENTS THAT GENERATE EMPLOYMENT FOR LOW SKILLED WORKERS E.G. REDUCTION IN LAND USE CHARGES AND CGT
- ▶ PURSUE NEW REVENUE SOURCES
 - ▶ SOURCE GRANT FROM MAJOR DONOR ORGANIZATIONS



DIGITIZATION

- ▶ IDENTIFY OPPORTUNITIES TO DIGITIZE GOVERNMENT
 - ▶ PROMOTE OPPORTUNITIES TO LEVERAGE DATA AND ANALYTICS TO SOLVE UNFOLDING CHALLENGES DUE TO THE PANDEMIC E.G CONTACT TRACING
 - ▶ IDENTIFY OPPORTUNITIES TO LEVERAGE TECHNOLOGY IN DISBURSING PALLIATIVES AND INTERVENTIONS
 - ▶ DESIGN INCENTIVES FOR PARASTATALS TO DIGITIZE PROCESSES
 - ▶ IDENTIFY AND EXECUTE QUICK WIN OPPORTUNITIES LEVERAGING SCHOOLS SHUT DOWN

BUSINESS ENVIRONMENT REFORMS

- ▶ PROMOTE EASE OF DOING BUSINESS
 - ▶ PROMOTE INITIATIVES THAT SIMPLIFY BUSINESS COMPLIANCE PROCESSES
 - ▶ ENABLE MSMEs TO HAVE BETTER ACCESS TO CHEAPER FINANCE
 - ▶ IMPROVE THE PROCESS TO SECURE LAND TITLES
- ▶ BUILD CAPACITY OF RELEVANT AGENCIES
 - ▶ INVEST IN TRAINING OF RELEVANT AGENCIES
 - ▶ INCENTIVIZE AGENCIES TO IMPLEMENT REFORMS

ECONOMIC DIVERSIFICATION

- ▶ TAP INTO GROWING DIGITAL ECONOMY IN THE STATE
 - ▶ BUILD INNOVATION AND CO-CREATION HUBS IN PARTNERSHIP WITH TECH ORGANIZATIONS
 - ▶ SUPPORT FINTECH AND OTHER TECH COMPANIES THROUGH TAX INCENTIVES
 - ▶ ENCOURAGE AND IMPROVE QUALITY OF STEM EDUCATION IN PUBLIC SCHOOLS
- ▶ DEVELOP AND FUND LASG RESERVE FUND TO STABILIZE THE STATE DURING ECONOMIC SHOCKS



CONCLUSION

01

- ▶ THERE WAS NO DRAW DOWN ON LOANS Q1 2020

- ▶ THE BOND ISSUANCE THOUGH COMPLETED WAS NOT UTILIZED IN Q1 2020

02

03

- ▶ THE Q1 2020 REVENUE PERFORMED AT 106%
- ▶ RECURRENT EX. PERFORMED AT 80%
- ▶ CAPEX PERFORMED AT 41%

04

- ▶ THE Q1 2020 BUDGET CLOSED AT 56%
- ▶ KINDLY NOTE THAT THE MDAs' BUDGET PERFORMANCE REPORT IS ATTACHED AS AN ANNEXURE.



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