

**ADDRESS BY MR. BABAJIDE OLUSOLA SANWO-OLU,
GOVERNOR OF LAGOS STATE, AT THE PRESENTATION
OF YEAR 2020 BUDGET PROPOSAL, TO THE LAGOS
STATE HOUSE OF ASSEMBLY ON NOVEMBER 8, 2019.**

**BUDGET OF AWAKENING TO A GREATER
LAGOS**

Protocol.

Let me on this momentous occasion of my first appearance before you, Mr. Speaker and Honourable Members of the Lagos State House of Assembly, start by congratulating all of you, new and returning members, on your well-deserved victory at the polls, and on your efforts and achievements over the last six months in office.

In the same vein, I must thank you all, once again, for the cooperation we have received and enjoyed since we came to office. You handled the screening of nominees into the Lagos State Executive Council with promptness and seriousness; followed by the commitment you showed when we requested a reordering of the 2019 Budget, to better align with our development agenda. It is our candid prayer that this cordial and productive relationship will continue to be the norm throughout our tenure.

Mr. Speaker and Honourable Members, in my Inauguration Speech on May 29, 2019, I declared to the good people of Lagos State: ***“While Lagos glimmers as a beacon of progressive and quality governance, our nation now undergoes***

a historic battle to establish progressive and just governance. Lagos must again rise and help lead this nation to fuller progress and to a closer realization of the greatness that exists within all Nigerians. This inauguration symbolizes such an awakening.”

This quote sets the tone for my presentation to you today, and by extension captures the essence of the 2020 Lagos State Budget.

We all came into office with a clear and indisputable mandate to govern our people diligently and conscientiously; to serve them to the best of our ability.

We were elected on the basis of a robust six-pillar development agenda; **PROJECT T.H.E.M.E.S.**, which sets out in a concise manner, the priorities of our great party and our administration. **Traffic Management & Transportation, Health & Environment, Education & Technology, Making Lagos a 21st Century Economy, Entertainment & Tourism and Security & Good Governance.**

On this note, Mr. Speaker and Honourable Members, I have the privilege to stand before you to present the 2020 Budget Proposal, which we have christened, “The Budget of Awakening”.

This is a momentous occasion, enshrined in the constitution of the Federal Republic of Nigeria. The

preparation, presentation and consideration of an annual Budget by the Executive and Legislature respectively rank among the most important and impactful functions of democratic governance. So, by this, we are acting within the ambit of the Constitution and the laws of our land.

Mr. Speaker and Honourable Members, our national economy, having recovered from recession, is gradually picking up, and has recorded nine consecutive quarters of growth. However, at about 2 percent GDP growth, the recovery is still fragile. Lagos, like other states, is not immune to the issues faced nationally, and even globally. Global economic factors like the drop in crude oil

price and environmental challenges like rising sea levels, affect the State and its economy.

As one of the fastest growing cities in the world, hosting 10% of the country's population on less than 0.4% of the entire land mass, Lagos indeed has its own special set of challenges such as unemployment, infrastructural deficit, climate change, and high levels of unchecked rural-urban migration.

On a more optimistic note, the size of our economy and the scale of entrepreneurial resourcefulness have also traditionally commanded continental and global attention. Indeed, as of 2018, according to available data, Lagos ranked as the 7th largest

economy in Africa; and larger than the national economies of Ghana and Kenya. Just last month, Lagos was acknowledged by the World Bank for its significant contribution to Nigeria's impressive performance in the World Bank Doing Business Index.

I am confident that with the creativity, ingenuity and resilience of our people, and the determination of this administration, our aspirations for a Greater Lagos – a prosperous, safe and secure Lagos – are very much on course.

Mr. Speaker, and Honorable Members of the Lagos State House of Assembly, the objectives of our 2020 budget proposal include:

1. Attract private sector investments to the State economy by creating an enabling environment;
2. Aggressively develop, upgrade and maintain our Infrastructure;
3. Invest in human capital development, i.e. education and healthcare;
4. Facilitate sustainable social investment and enterprise;
5. Improve capacity to collect due revenues as efficiently as possible;

6.Improve civic participation in governance, and automate public services and engagement;

7.Build impactful partnerships with the Federal Government, other States, development partners and civil society; and

8.Improve the quality of the environment and our public spaces generally.

REVIEW OF YEAR 2019 BUDGET

PERFORMANCE

Mr. Speaker and Honourable Members of this Hallowed Chamber, as you are all aware, the Year 2019 Budget proposal was prepared and presented before you for consideration and subsequent approval before this administration came on board.

One of my first tasks when I assumed office as Governor was to sign the 2019 Appropriation Bill into law on June 3, 2019.

In the five months since the Budget became effective, our administration has commissioned several projects in line with our THEMES agenda, including but not limited to the following:

We completed and opened the Maternal and Child Care Centers (MCC) in Eti-Osa and Alimosho LGAs, completed and commissioned 492 housing units at the Lateef Jakande Estate in Igando; and we donated security vehicles and equipment to our security operatives.

We also launched the Blue Box waste recycling Program, to bring waste management in Lagos State into the 21st century, and kick-start a positive transformation of citizen behavior.

Several other projects are nearing completion, including 31 roads in Ojokoro/Ijaiye/Ifako Local Government Area, a High Court and Magistrates Court complex in Eti-Osa Local Government Area, and a Police Command Complex in Ojo Local Government Area.

Working with you, Honourable members of this esteemed House, we achieved the re-ordering of the budget. This includes a plan to increase borrowing by way of internal loans and bond

issuance, totaling N250billion, to address critical infrastructure needs, including the following:

a. Public School Infrastructure Rehabilitation Program, which will transform 300 public schools across the State.

b. Road Infrastructure Projects: Lagos – Badagry Expressway; Agege – Pen Cinema Overhead Bridge; Agric – Isawo Road; Bola Ahmed Tinubu; Ikoyi-Victoria Island CBD reconstruction projects – Igbogbo Road, and our Zero Tolerance for Potholes program.

c. Rail/Civil infrastructure works;

d. Construction and completion of MCCs in Badagry, Epe and Ojo;

e.Desilting of major drain systems across the State; and construction of new ones;

f.Provision of Security and Emergency Equipment.

Despite these loans, our sustainability ratio of total debt service to total revenue remains good at 29% and we still intend to achieve a capital to recurrent expense ratio of 55:45 by the end of 2019.

Let me also state that we are committed to ensuring that all new borrowing is done under the most responsible fiscal terms possible.

Mr. Speaker and Honourable Members, permit me to inform you that as at September 2019, overall budget performance stood at 69%. Total revenue

was ~~N~~468.576 billion representing 78% of our target performance.

As at September 2019, Capital Expenditure stood at ~~N~~217.763 billion, representing 61% performance, while Recurrent Expenditure performance came in at 79%.

While these outcomes are generally below our expectation, we have taken steps through our reordering exercise, graciously approved by this House, to redirect the budget for a significantly improved performance by the end of 2019.

YEAR 2020 BUDGET

Mr. Speaker and Honourable Members of the House, I will now move to the highlights of the 2020 Budget, which is fully consistent with our **THEMES** agenda, and gives priority to the completion of ongoing projects.

The Proposed Budget Size for Year 2020 is 1.168 Trillion Naira; to be funded by a projected Total Revenue of 1.071 Trillion Naira, and a deficit amounting to 97.53 Billion Naira. This budget size is higher than the 2019 budget by 34%.

Capital expenditure amounts to 723.75 Billion Naira while the Recurrent Expenditure is 444.81 Billion Naira giving a 62:38 capital to recurrent ratio. This,

in our view, is strong for development. We have placed an increased focus on wealth creation where we will take deliberate steps in courting a partnership between our people and various development institutions. In line with this, we have provided N11.8bn as counterpart funds in preparation for various social impact schemes. In addition, we have made provisions for N7.1bn this year, to provide for industrial hubs, parks, graduate internship programs and virtual markets for artisans. This is in support for Micro, Small and Medium enterprises which are the engines for both economic and employment growth.

It is equally proposed that a total of 167.81 Billion Naira of the Recurrent Expenditure shall be applied

towards personnel costs and other staff-related expenses. This represents 22.02% of the proposed Total Revenue, which is within the acceptable wage policy of 25% of Total Revenue, and includes a provision for the new minimum wage.

The budget deficit of 97.53 Billion Naira will be financed by both internal and external loans.

Since revenue generation is the spine of any budget, this budget supports investment in our revenue generating agencies.

As mentioned earlier, Mr. Speaker, this budget seeks to aggressively invest in and develop our education, health and other physical infrastructure sectors. Although our capital spend on works and

infrastructure was just 31 Billion Naira as at September 2019, as against the 2019 budget proposal of 78 Billion Naira, it is our intention to spend 115 Billion Naira in 2020.

Education will see a significantly increased capital budgetary allocation of 48 Billion Naira, an increase of 60% over the 2019 provision of 30 Billion Naira. We must improve the standard and relevance of our education outcomes to our industries.

We will work together with our Local governments to strengthen early child education and teachers training/administration, leveraging technology.

Similarly, in healthcare, we have provided for a capital expenditure of 33 Billion Naira, compared to the 2019 budget proposal of 21 Billion Naira.

We will ensure that our primary health care institutions remain active and attractive to the primary health care needs of our people. Lagos belongs to us all; we will continue therefore to drive partnerships with the private sector in promoting health services within our institutions.

Given the perennial challenges of flooding in the metropolis, we have tripled the capital budget provision to tackle this from 3 Billion Naira in 2019 to 9 Billion Naira in 2020.

Permit me at this point to highlight some unique things about this budget proposal.

First, in putting it together, we held consultations across the three senatorial districts, in addition to taking memoranda and feedback from stakeholders' meetings organized by Honorable Members of the House within their constituencies, which were also attended by Cabinet members. It is indeed true that when Lagos speaks, this administration listens.

Secondly, this 2020 Budget will be supported by a Performance Management System that will ensure that, by December 2020, we shall achieve an optimal budget implementation when compared

with previous years. This is in line with our commitment to transparency and accountability in the management of public finances.

RETHINKING LAGOS

Mr. Speaker and Honourable Members of the House, as highlighted earlier, our dear Lagos faces an existential threat, arising from the interplay of demographic and climate change. Lagos is and will continue to be a magnet for multitudes within and outside Nigeria, in search of jobs and economic prosperity.

These levels of migration put phenomenal strain on the physical and fiscal resources of the state. The choice before us is simple – we can either

allow ourselves to be overwhelmed by the challenges, or boldly confront them.

I am energized because, all through the course of history, communities have faced existential threats at some point or the other. And what has made the difference time and again is an acknowledgement of the threats, and the collective will-power to take decisive action, however seemingly difficult it may be in the short-term.

It is therefore time to imagine a new Lagos - **A “Greater Lagos”**. It is time to create and realize new and audacious dreams, targets and goals.

We have seen societies transform, within the course of two generations, from being trapped in a cycle of wars, mindless plunder, high rates of poverty, illiteracy, and crime, into livable, high-performing and world-dominating economies. Lagos will do it too.

But like all great things, this will come at a cost. We have to make sacrifices for it. We have to reinvent and rethink Lagos.

With our very small land mass and very dense population, we have to rethink land use.

We have to rethink inter-communal relationships.

We have to rethink infrastructural development.

We have to rethink our transport systems.

We have to rethink our well-being.

We have to move from glib statements about Lagos as a center of excellence. Lagos has to be truly excellent in something. Something positive, remarkable and admirable. In other words, a Greater Lagos.

It is on this plank that the “2020 Budget of Awakening to a Greater Lagos” is premised and I hereby present it for your kind consideration and approval.

Babajide Olusola Sanwo-Olu

Governor, Lagos State

Friday 8th November, 2019