

**AN ADDRESS DELIVERED BY MR. SAM EGUBE, THE HONOURABLE COMMISSIONER FOR ECONOMIC PLANNING AND BUDGET AT THE PRESS BRIEFING ON DETAILED ANALYSIS OF YEAR 2020 BUDGET HELD ON TUESDAY, 7<sup>TH</sup> JANUARY 2020, AT THE BAGAUDA KHALTO PRESS CENTRE, THE SECRETARIAT, ALAUSA, IKEJA.**

## **PROTOCOL.**

It is with great honour that I welcome you all to this Media briefing on the Y2020 Budget Analysis tagged “**Budget of Awakening**”. It will be recalled that on Friday, 8th November 2019, Mr. Governor, Babajide Olusola Sanwo-Olu presented the proposed Y2020 Appropriation Bill to the Lagos State House of Assembly for consideration and assent. The bill was subsequently passed into Law on Monday, 30th December 2019 by the Lagos State House of Assembly and it was signed into law by Mr. Babajide Olusola Sanwo-Olu, the Governor of Lagos State, on 31<sup>st</sup> December, 2019.

The approved Y2020 Budget size is **₦1.169trn** as presented to the House of Assembly, which is made up of **₦711.033bn** for Capital Expenditure and **₦457.529bn** for Recurrent Expenditure, giving a **61:39** Capital to Recurrent expenditure ratio strongly in favor of Capital Expenditure. The Total Revenue is estimated at **₦1.071trn**, while the deficit is N97.53bn, which will be financed by a combination of external and internal loans well within our fiscal sustainability benchmarks.

The Y2020 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;

Lagos State remains the nation's economic hub and one of the leading economies in Africa. The objectives of our 2020 budget is to:

1. Attract private sector investments 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 engagements and participation in governance, leveraging technology;
7. Build impactful partnerships with the Federal Government, other States and Local governments, development partners and civil society;
8. Improve the quality of the environment and our public spaces generally.

## **REVIEW OF THE YEAR 2019 BUDGET PERFORMANCE**

The Y2019 Appropriation Law was signed on June 3, 2019, by **Mr. Governor**. As you are all aware, this administration inherited a prepared and partly implemented budget, but we were able to manage it judiciously in a transparent manner which improved the performance significantly through the reordering exercise approved by the Lagos State House of Assembly.

The reordering exercise was designed to align with the THEMES agenda and position the budget for better performance. The Revised budget size was ~~₦~~873.532bn with a Total Revenue of ~~₦~~620.532bn. The budget recorded an overall performance of ~~₦~~583.733bn (73%) as at 30<sup>th</sup> November 2019.

Due to several measures taken by the administration in the last quarter of the year, which included improved funding and execution of the budget, the performance of the Y2019 Budget is expected to close at above 80%.

### **Y2020 Budget Highlights**

The Y2020 budget was the result of widely held consultations across the three senatorial districts, in addition to taking memoranda and feedback from stakeholders hosted by Honorable Members of the House of Assembly within their respective constituencies.

To drive the execution of the 2020 Budget, this administration will deploy a digitally enabled Performance Management System which is in line with our commitment to transparency and accountability in the management of public finances.

This budget has taken into consideration the present economic realities in the World, Nation and Lagos State in particular, as well as the optimism for improvement in our revenue collections.

The Y2020 budget will most importantly promote massive investments in Traffic management and Transportation, Health and Environment, Education and Technology, Making Lagos a 21<sup>st</sup>

Century Economy, Entertainment, Tourism, Security and Governance.

## OVERVIEW OF THE Y2020 BUDGET

The Y2020 Budget is consistent with the T.H.E.M.E.S agenda and designed to give priority to the completion of inherited on-going projects.

### Y2020 Total Budget Revenue

The total budget size is **₦1.168Trillion** and will be funded from a total revenue estimate of **₦1.071Trillion**, comprising of the following:

S/N	Description	Balances <del>(₦)</del>
1	<b>Total Internally Generated Revenue (TIGR):</b>	<b>886.041bn</b>
2	<b>Capital Receipts</b>	<b>232.29bn</b>
3	<b>Federal Transfer</b>	<b>184.988bn</b>

- A significant percentage of the projected TIGR of N500bn is expected to be contributed by LIRS. We shall achieve this by expanding the tax net through the deployment of technology, amongst other initiatives, which includes massive investments in technology and other facilities to improve the efficiency in operations of all revenue generating agencies.

- We believe that there are huge revenue generating opportunities in the informal sector, including real estates, transportation etc. for which Lagos State is known for.
- Included in the Capital Receipt is a brought forward balance of N175bn, that comprise of proceeds from **Y2019 Loan and Bond issuance of ₦100bn & ₦75bn** respectively. This balance gives the administration a significant head-start in the implementation of major capital projects this year.
- The deficit of **₦97.533bn** is projected to be funded by a combination of **internal and external loans**.
- We have maintained a conservative posture in our projection for Federal Transfers/Receipts in view of the production challenges within the Oil Sector.

## TOTAL EXPENDITURE

A total expenditure of **₦1,168.562billion** is budgeted for Y2020, broken down as follows:

S/N	Description	Balances <del>(₦)</del>
1	Recurrent expenditure	457.529bn
2	Capital expenditure	711.03bn
<b>Capital to Recurrent ratio = 61:39</b>		

The recurrent expenditure is broken down as follows:

S/N	Description	Balances <del>(₦)</del>
1	<b>Total Personnel Costs</b>	<b>167.907bn</b>
2	<b>Total Overhead Costs</b>	<b>249.930bn</b>
3	<b>Debt charges</b>	<b>39.692bn</b>

### Recurrent Expenditure

- The recurrent expenditure is moderated at a level of **39%** of the Total Expenditure, out of which the personnel cost is **N167bn** representing **14.4%** of the Total Expenditure, which is well within the fiscal sustainability ratio of 25%. This budgetary provision for personnel cost takes into consideration, the new minimum wage.

## Capital Expenditure

- Capital Expenditure accounts for **61%** of the total budget size. This is a demonstration of the administration's commitment to massive infrastructure renewal and development towards actualizing a Greater Lagos.

## SECTORAL BUDGET ANALYSIS

To emphasize the administration's resolve towards enhancing infrastructure development; proposed investments in some critical sectors amongst others are as highlighted below:

### Roads and Other Infrastructures

- A budgetary provision of **N117.248bn** (against the sum of N31.673bn expended by November Y2019) is provided for the maintenance of roads and other infrastructures within the State. This increase shall address the zero-pothole strategy, create link-roads within the metropolis to resolve traffic congestion and its attendant risks.
- On development of infrastructure along the coastline, we have a provision of **N11.288bn** that has been earmarked to enhance our coastal infrastructure in order to curb the ocean surge and protect lives and properties.

### Traffic Management/Transportation

- A total sum of **N44.510bn** (against Y2019 actual of N17.590bn) was budgeted under the Transportation family for the following projects: Blue and Red rail lines; Junction improvement all around the state; completion of trailer parks in the State; amongst others.



## Education

- The total sum of **₦136.100billion** was budgeted for the Education sector. This figure is N70.407bn higher than the Y2019 provision of N65.693bn.
- The Y2020 provision is designed to cater for the underlisted projects/programmes amongst others:
  - i. construction/rehabilitation of schools (300 schools would be renovated in Y2020. This is the first phase of the school rehabilitation programme);
  - ii. Provision of furniture for both primary and secondary schools,
  - iii. provision of equipment for science laboratories.
  - iv. Eko-Excel Project to improve learning outcomes using technology in early education.

## Science and Technology

- The sum of **₦10.629bn** is provisioned for building & upgrading of IT Infrastructure Statewide, e-GIS Land automation system, Single Billing system and ease of tax payment, Levies and Other Revenue enhancement initiatives.
- The Smart City project is targeted at deploying technology to enhance security in the State and will also enhance our revenue

generating efforts. The administration will deliver a 3000km metro-broadband fiber infrastructure through a PPP initiative.

- Furthermore, we will continue to invest in the Lagos state resident registration initiative in conjunction with NIMC to gather useful data and information for planning purposes.

## Health

- A total sum of **N111.775bn** (as against a total sum of N53.141bn in Y2019) was provided for the continuous upgrading/renovation of health facilities and completion of on-going healthcare infrastructure, including Maternal and Child Care Centers (MCCs); and the health insurance scheme. This represents over 110% increased provision for the health sector, thereby demonstrating the administration's determination to ensure access to health care.

## Environment

- A total sum of **₦66.586bn** was earmarked for this sector in Y2020, out of which a sum of **₦11.917bn** (as against Y2019 approved budget of N2.652bn) is meant for construction/upgrading/maintenance of drainage channels (De-flooding Programmes) and procurement of specialized equipment

for flood abatement purposes, while the sum of **₦29.343bn** has also been provided for LAWMA for waste management and collection in the state.

- **₦10.750bn** proposed for Advancement of Adiyari waterworks (phase II) and Rehabilitation of mini waterworks all over the State, including improvement of water pipelines and reticulation and procurement of water chemicals, has also been provisioned in the Y2020 budget.

## **Tourism**

- The sum of **₦7.481bn** is earmarked for the Development of Heritage Centre for Leadership (Lugard House), upgrade of National Museum, Global Citizens Conference, and Construction of other Tourism facilities in Lagos.

## **Sports Development**

- To kickstart sport at the grassroots level, the sum total of **₦7.740bn** has been earmarked for the completion of on-going renovation work on Mobolaji Johnson stadium (formerly Onikan stadium), renovation of Teslim Balogun stadium, construction of community youth recreation centers across the state.
- In addition to the above, there shall be provision of sporting facilities in schools and location spread across Local governments

across the State, and development of grassroots football league in all the Local Government Areas.

## **Housing and Community Amenities**

- The total allocation to the Housing and Community Amenities is **₦48.559bn**.
- This includes an amount of **₦16.876bn** for the completion of on-going housing estates including infrastructure.
- The sum of **₦6.939bn** has also been provided to continue the implementation of an electronic Certificate of Occupancy and Title re-certification project, issuance of e-planning approvals.

## **Agriculture and Food Security**

- In order to ensure self-sustenance in staple foods and expansion program in rice production, Agric Youth Empowerment Scheme (Agric YES), animal husbandry and root crops as well as our collaboration with other states in the Federation, a sum of **₦4.840bn** was approved.

## **Commerce and Industry**

- The on-going development of Lekki Free Zone, Imota Light Industrial Park, Gberigbe enterprise zone in Ikorodu and other

areas within the state will receive a boost with the appropriation of the sum of **₦3.926bn**.

## **Wealth Creation and Employment**

- The sum of **₦8.403bn** was earmarked in the budget to sustain the implementation of Employment Trust Fund Scheme, which has commenced disbursement of loans to beneficiaries since Y2016, implementation of Graduate Internship Programme, Creation of Industrial Hubs, and other Wealth Creation initiative will play a great role in empowering the citizen.

## **Women Affairs**

- A total sum of **₦2.920bn** has been earmarked for various initiatives and empowerment programmes for our women.
- The provision includes upkeep and Maintenance of Skill Acquisition Centres, Special poverty alleviation intervention programme for women, Construction / maintenance of skill acquisition Centres, Creation of hubs/training centers for women that are tech skills driven also nursing and caregiving, and other poverty alleviation related projects for women at various zones across the State.

## Youth and Social Development

- A sum of **₦3.716bn** is to be spent on the construction/completion of elderly care centres in Ikorodu, Epe, Badagry, Alimosho and Lagos Island. Upkeep, equipping / furnishing and maintenance of government owned youth hostel and centres across the state, Conversion of Youth Centres to Makers spaces for employment & increased efficiency (tailoring, leather works, woodworks, etc.).
- In order to encourage inclusive governance, the sum of **₦500 million**, is set aside as Special Grant (Disability Fund) for people living with disabilities.

## Security and Governance

- To enhance security as well as to sustain Law and Order in the State, the sum of **₦39.265bn** was allocated for the support of Security services especially in the areas of vehicles, security gadgets and logistics.
- Purchase of specialized Fire Fighting Equipment.
- Also, provision has been made for the sum of **₦16.610bn** for the improvement of street lighting in the state to encourage a 24-hour economy.

- I must also add that adequate provision has been made in this budget to cater for the welfare of our security services in the areas of providing allowances, fuelling of patrol vehicles and adequate life insurance covers to motivate officers.

## **Conclusion**

I want to assure you that this administration will leave no stone unturned in ensuring the full implementation of this budget.

May I also use this opportunity to make a passionate appeal to all the citizens of Lagos to fulfill their civic responsibilities, such as pay their taxes as and when due in order to ensure the optimal performance of this budget.

Therefore, I wish to appreciate the members of the press for their doggedness in the coverage of the activities of this administration especially in the area of the state of our economy without mincing words. Your criticisms have emboldened us, and we are determined to surpass our expectations.

On behalf of the Lagos State Government I thank you for your support and cooperation, while we look forward to a more robust and meaningful relationship.

Thank you for Listening.

**Igbega Ipinle Eko, Ajumo se ni!!!**