



Lagos State Government

Ministry of Economic Planning and Budget

YEAR 2010 BUDGET APPRAISAL

By

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Hon. Commissioner

Ministry of Economic Planning and Budget

Focus of Discussion

- **Purpose of the Briefing**
- **Y2010 Budget focus**
- **Implementation Strategies**
- **Q4 & Full Year Budget Performance**
- **Revenue Appraisal**
- **Expenditure Appraisal**
- **Observations**
- **Conclusion**

Purpose of the Briefing

- Review 4th Quarter/Full Year Performance of the Y2010 Budget against set Objectives and Benchmarks**
- Link expenditure to attainment of development goals**
- Note the lessons learnt**
- Recommend future improvement [s]**

Highlights of Y2010 Revised Budget

Budget of Consolidation

- ❖ Signed into law by the HE on the 1st of March 2010
- ❖ Supplementary Budget signed into law on 18th October, 2010

❖ A Deficit Budget - 1.3% of GDP

		Revised	Approved
▪ Budget Size	-	N411.571bn	N389.571bn
▪ IGR	-	N209.000bn	N204.000bn
▪ Federal Transfers	-	N 88.000bn	N 78.000bn
▪ Dedicated Revenue	-	N 20.027bn	N 20.027bn

Highlights of Y2010 Revised Budget.....

Cont'd

		Revised	Approved
▪ Extraordinary Revenue	-	N5.000bn	N5.000bn
▪ Recurrent Exp.	-	N178.015bn	N165.015bn
▪ Capital Exp.	-	N233.556bn	N224.556bn
▪ Capital Receipts	-	N28.372bn	N28.372bn
▪ Net Borrowings	-	N61.172bn	N54.172bn

Y2010 Economic Policy Thrust.....

“Poverty Eradication and Sustainable Economic Growth through Infrastructure Renewal and Development”

Y2010 Budget Focus

- Law and Order
- Roads and Transportation
- Agriculture
- Environment
- Health
- Education
- Water
- Rural/Riverine Development

Implementation Strategies

- **Revenue Stakeholders Meeting chaired by Governor for sustained Revenue Drive;**
- **Transparency and Accountability;**
- **Efficient Allocation of Resources across Sectors;**
- **Tighter operating Expenditure Control;**
- **Statutory Periodic Review of Performance;**
- **More Effective Project Monitoring & Evaluation;**
- **Sustaining Capital: Recurrent Expenditure Ratio of 58:42**
- **Retaining Benchmark Performance at 90%**

Notes from 3rd Quarter Review

- ❖ Overall Budget performance for the 3rd Quarter was N236.021bn or 81% compared to N211.299bn or 70% same time last year; N24.722bn more in absolute terms
- ❖ Fell short of the 90% set target
- ❖ Recurrent Surplus of N98.873bn or 93% as against N92.314bn or 89% same time Y2009.
- ❖ Capital Receipts of N10.921bn or 51% as against N15.898bn or 50% same time last year.

Notes from 3rd Quarter Review

- ❖ Capex/Recurrent ratio 54:46 as against 58:42 same time in Y2009, and Y2010 budget stipulation of 58:42
- ❖ Actual Revenue recorded 90% compared to 89% for same period in 2009
- ❖ Personnel Cost exceeded budget at N39.909bn or 118%

Y2010 Budget of Consolidation

4TH QUARTER / FULL YEAR PERFORMANCE

Comparative Analysis Q1, Q2, Q3, Q4 and Cumulative

Details	Q1			Q2			Q3			Q4			Cumulative		
	Jan - March			April - June			July – Sept.			Oct – Dec			Jan – Dec'10		
	Pro v	Actual	%	Prov.	Actual	%	Prov	Actual	%	Prov	Actual	%	Cum. Prov.	Actual	%
Total Ordinary Revenue	76.767	62.834	82	76.767	70.692	92	76.767	69.27	90	91.757	71.418	78	322.027	279.067	87
Total Recurrent Expenditure	41.254	33.115	80	41.254	39.40	96	41.254	36.8	89	54.252	46.439	86	178.015	156.148	88
Total Recurrent Surplus	35.503	29.719	84	35.503	31.292	88	35.503	32.47	91	37.503	20.046	53	144.013	122.919	85
Total Capital Receipt	7.093	2.394	34	7.093	2.078	29	7.093	3.739	53	7.093	1.166	16	28.372	12.087	43
Total Capital Expenditure	56.139	14.67	26	56.139	68.664	122	56.139	44.31	79	65.139	45.864	70	233.556	173.109	74
Financing	13.543	-14.338	-106	13.543	32.489	240	13.543	8.951	66	20.543	10.600	52	61.172	37.702	62
Budget Size	97.393	47.785	49	97.393	108.064	111	97.393	81.105	83	119.391	92.303	77	411.571	329.257	80

Comparative Analysis of Q4 Y2010 and Q4 Y2009 Budget Performance

Details	Y2010			Y2009		
	Prov. Oct – Dec.10	Actual Oct – Dec.10	% Perf	Prov. Oct – Dec.'09	Actual Oct – Dec.'09	% Perf
Total Ordinary Revenue	91.757	71.418	78	72.24	56.54	78
Total Recurrent Expenditure	54.252	46.439	86	37.62	28.30	75
Total Recurrent Surplus	37.503	20.046	53	36.63	28.24	82
Total Capital Receipt	7.093	1.166	16	10.55	5.33	51
Total Capital Expenditure	65.139	45.864	70	63.64	43.16	68
Financing	20.543	10.600	52	18.46	9.58	52
Budget Size	119.391	92.303	77	101.25	71.46	71

Q4 2010 versus Q4 2009

- ❖ Performance for the 4th Quarter was 77% or N92.303bn as against 71% or N71.46bn same period in 2009; N20.843bn more in absolute term
- ❖ Both fell short of 90% set target
- ❖ Recurrent Surplus of 53% or N20.046bn as against 82% or N28.24bn same time Y2009
- ❖ Capital Receipt performed at 16% or N1.166bn as against 51% or N5.33bn same time in Y2009
- ❖ Capex/Recurrent ratio of 50:50 as against 60:40 same period in Y2009, and Y2010 Budget reference of 57:43
- ❖ Actual revenue recorded 78% for both period

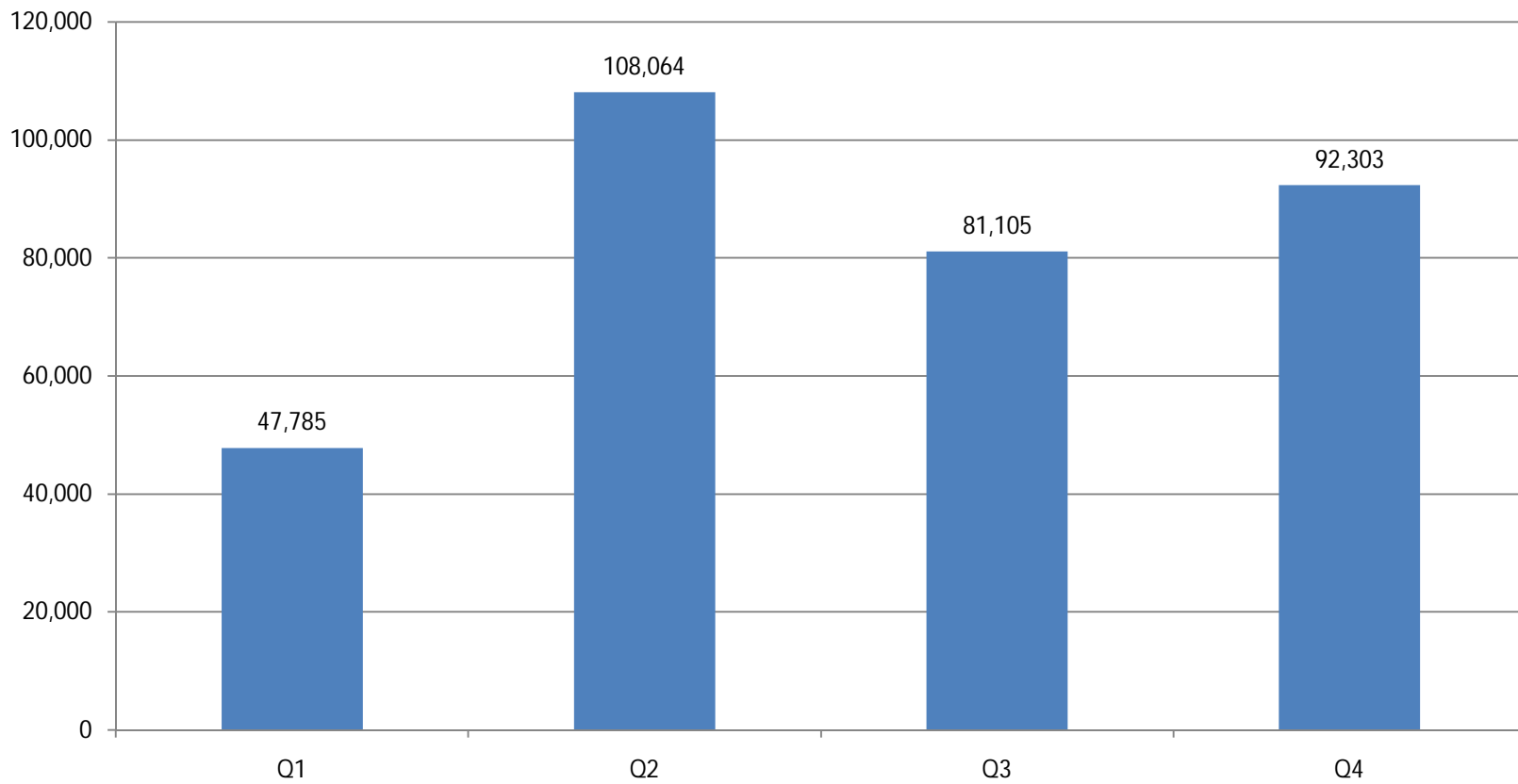
Comparative Analysis of Y2010 and Y2009 Budget Performance

	Y2010			Y2009		
Details	Cum. Prov. Jan – Dec.10	Actual Jan – Dec.10	% Perf	Cum. Prov. Jan – Dec.'09	Actual Jan – Dec.'09	% Perf
Total Ordinary Revenue	234.027	183.795	79	288.963	239.473	83
Total Recurrent Expenditure	178.015	156.148	88	150.464	116.296	77
Total Recurrent Surplus	144.012	122.919	85	138.499	123.177	89
Total Capital Receipt	28.372	12.087	43	42.202	24.363	58
Total Capital Expenditure	233.556	173.109	74	254.536	178.414	70
Financing	61.172	37.702	62	73.835	22.051	30
Budget Size	411.571	329.257	80	405.000	294.710	73

Y2010 Overall Budget Performance

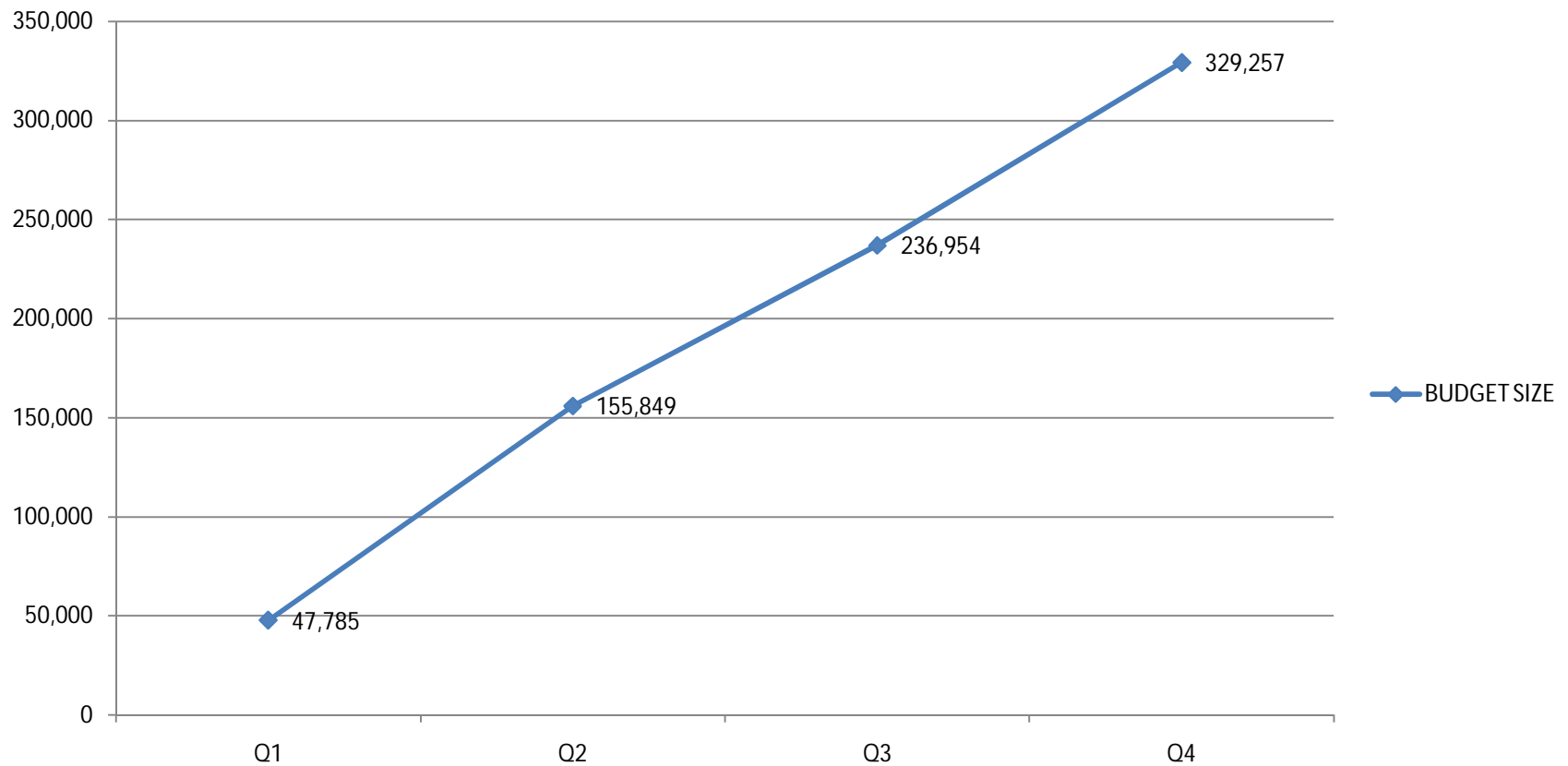
- ❖ Overall Budget performance for the period was 80% or N329.257bn as against 73% or N294.710bn same period in 2009; N34.547bn more in absolute term
- ❖ Fell short of 90% set target
- ❖ Recurrent Surplus of 85% or N122.919bn as against 89% or N123.177bn same time Y2009
- ❖ Capital Receipt performed at 43% or N12.087bn as against 58% or N24.363bn same time in Y2009
- ❖ Capex/Recurrent ratio of 53:47 as against Y2010 Budget stipulation of 57:43

Graph Showing 2010 Quarterly Performance



2010 Cumulative Budget Performance Trend

Cumulative Budget Performance



Y2010 Cumulative Revenue Performance

Details	Cum. Prov. Jan – Dec'10	Actual Jan – Dec'10	% Perf
Total Revenue	322.027	279.067	87
A. Ordinary Revenue	234.027	183.795	79
LIRS	170.000	144.191	85
IGR (Others)	39.000	24.372	62
Dedicated Revenue	20.027	10.762	54
Extra Ordinary Revenue	5.000	4.470	89
B. Federal Transfers	88.000	95.272	108
Statutory Allocation	45.000	47.986	107
Value Added Tax	43.000	47.286	110
c. Capital Receipts	28.372	12.087	43

Revenue Appraisal

- ❖ Revenue performed at 87% (N279.067bn) of target compared to 83% (N239.473bn) for same period in Y2009. N39.594bn more in Y2010 in absolute term
- ❖ Internally Generated Revenue (IGR) including Dedicated Revenue contributed the most with N183.795bn representing 66% of Total Revenue
- ❖ LIRS contributed 78% of IGR and performed 85% of its Y2010 Budget
- ❖ Statutory Allocation performed N47.986bn or 107% of budget
- ❖ VAT performed at 110% or N47.286bn

Revenue Appraisal Cont'd

- ❖ Revenue generated by LIRS performed at 85% of budget and accounted for 52% of Consolidated Revenue Fund (CRF) in the period
- ❖ Other MDAs low performance dragged overall ordinary revenue to 79%.
- ❖ Dedicated Revenue performed at N10.762bn or 54%
- ❖ Extra Ordinary Revenue performed at 89% or N4.470bn.

Y2010 Recurrent Expenditure (Jan – Dec., '10)

Detail	Budget N'billion	Actual N'billion	Performance %
Recurrent	178.015	156.148	88
i Personnel Cost	55.079	53.947	98
ii Overhead Cost	122.936	102.201	83

Cumulative Overhead Cost: Jan – Dec.'10

Detail	Budget N'billion	Actual N'billion Billion	Performance %
Overhead Costs	69.199	68.996	99.7
Dedicated Expenditure	17.027	15.613	92
Subvention	19.027	10.988	58
Transfer to other Fund	-	-	-
Debt Charges (External)	1.220	-	-
Debt Charge (Internal)	15.263	5.185	34
Debt Charge (Bond)	1.200	1.419	118

Recurrent Expenditure Appraisal (Cumulative)

- ❖ Recurrent Expenditure performed at 88% of budgetary provision
- ❖ Personnel Cost performed at 98%
- ❖ Actual Overhead Expenditure was N68.996bn or 99.7% of budgetary provision

Y2010 Capital Receipts Performance with Grants

Details	Budget N (billion)	Actual N (billion)	%
Capital Receipts	28.372	12.087	43
Grants (Donor)	5.021	1.790	36
Investment Income	0.250	0.215	86
Other Capital Receipts	23.101	10.082	44

Comparative Analysis of Y2010 and Y2009 Capital Receipts with Grants

Details	Y2010 Jan – Dec			Y2009 Jan – Dec		
	Budget N (billion)	Actual N (billion)	%	Budget N (billion)	Actual N (billion)	%
Capital Receipts	28.372	12.087	43	42.202	24.363	58
Grants(donor)	5.021	1.790	36	4.122	0.803	19
Investment Income	0.250	0.215	86	0.500	-	-
Other Capital Receipts	23.101	10.082	44	37.580	23.560	63

Capital Receipts(CR) Appraisal

- ❖ Capital Receipt performed at 43% (N12.087bn) as against 58% (N24.363bn) same period in 2009
- ❖ Investment Income showed remarkable performance at 86%; Proceed of 25 years lease of Eko Engineering Complex as 49% Equity share in CG-Eko Ventures (Non-Cash) included (N0.215bn)
- ❖ Receipt from Development Partners stood at N1.790bn as per returns from the following:
 - Min. of Agric & Co-operative - N0.062bn
 - SUBEB - N1.232bn
 - Conditional Grants Scheme - N0.495bn
 - SPARC/DFID - N0.002bn
- ❖ Addition N0.368bn reported by SUBEB

Capital Receipts(CR) Appraisal – Cont'd

- ❖ Other Capital Receipts (Dedicated) performed as 44% or N10.082bn. Contributing Agencies are:

	Budget	Actual
➤ N. T. D. A	-N10.000bn	N4.197
➤ Min. of Waterfront	-N5.000bn	N3.479
➤ Min. of Housing	-N4.904bn	N0.974
➤ Min. of Physical Planning	-N2.900bn	N1.432

Capital Expenditure Performance

Details	Budget N (billion)	Actual N (billion)	Performance %
Core Capital	191.585	156.743	82
Capital Development	24.204	3.269	14
Special Expenditure	7.500	6.801	91
Grants from Donor Agencies	5.021	1.790	36
Counterpart Fund	5.246	4.506	86
Total	233.556	173.109	74

Capital Expenditure Appraisal

- ❖ Total Capital Expenditure performed at 74% (N173.109bn) compared to 70% (N178.414) same period in 2009
- ❖ Core Capital performed at 82% (N156.743bn) compared to 75% (151.72bn) in 2009
- ❖ Capital/Recurrent ratio is 54:46
- ❖ Special Expenditure recorded 91% (N6.801bn)
- ❖ N0.707bn was recorded as Land for Equity transaction during the quarter added to core capital.

Y2010 Sectoral Performance

Sector	Y2010 Revised Budget	% Allocation	Actual Jan – Dec., 2010	% performance
1. General Public Service	111,934	27.20%	91,933	82%
2. Public Order and Safety Sector	12,489	3.03%	8,411	67%
3. Economic Affairs	130,651	31.74%	125,804	96%
4. Environmental Protection	27,727	6.74%	23,352	84%
5. Housing and Community Amenities	37,153	9.03%	20,081	54%
6. Health	26,277	6.38%	21,782	83%
7. Recreation, Culture And Religion	8,243	2.00%	4,209	51%
8. Education	54,588	13.26%	31,796	58%
9. Social Protection	2,508	0.61%	1,889	75%
TOTAL	411,570	100%	329,257	80%

Financing Activities

Details	Approved Budget N (billion)	Actual N (billion)	%
Financing Requirement	61.172	38.103	62
Financing	61.172	37.702	62
*Ext. Loans	48.508	13.133	27
Internal Loans	42.607	40.500	95
*Bonds	60.000	57.500	96
Repayment	89.943	73.431	82
*Ext. Loans	0.673	1.774	264
Internal Loans	24.682	21.364	87
*Bonds	40.000	25.000	63
CDSA	24.588	25.293	103

Financing Activities

- ❖ Internal Loan taken stood at N40.500bn or 95% of Cumulative Provision
- ❖ External Loan of N13.133bn received was made up of:
 - Commercial Agriculture Dev Project - N0.149bn
 - Fadama Project - N0.177bn
 - LMDGP Project - N1.813bn
 - LAMATA Project - N5.618bn
 - Lagos Eko Sec. Education Project - N2.138bn
 - Lagos Water Corporation - N3.237bn

Observations/ Recommendations

- ❖ Various revenue generating agencies recorded low performance with the exception of LIRS and few others
- ❖ Overall budget performance of 80% is below the benchmark of 90%
- ❖ MDAs to improve on revenue generation effort especially Dedicated Revenue and Capital Receipts

PRAYERS

The Executive Council, Permanent Secretaries and other Stakeholders are invited to :

- note that the revised Y2010 Budget size was N411.571bn and overall 80% performance for the year
- note that the Total Revenue performed at 87% **(N279.067bn)**
- note that the Recurrent Expenditure for the year was **N156.148bn** representing 88% performance;
- note that the Total Capital Receipts for the year amounted to **N12.087bn** representing 43%.

PRAYERS cont'd

- ❖ Note that the Capital Expenditure performance was **N173.109bn** or 74% performance
- ❖ note that Capital/Recurrent Expenditure ratio was 53:47
- ❖ note the various strategies of Government in the areas of Revenue Generation and Project Execution during the period to optimize performance;
- ❖ note all the issues, observations and recommendations raised.

PRAYERS cont'd

- ❖ Direct MDAs to complete all on-going projects, or at least ensure adequate provisions/ plans to do so, before embarking on new ones
- ❖ approve the Y2010 Budget Appraisal as presented.

COMMENTS

THANK YOU