



## SFATAS COVID-19 Y2020 RESPONSIVE BUDGET EXPLANATORY NOTES

S/N	Explanatory Note	Details
<b>OPENING BALANCE (EN – 0)</b>		
1	EN-0:	<ul style="list-style-type: none"> <li>▪ Lagos State is yet to adopt the IPSAS Accrual Budgeting System; as such the closing balance for the year ended 2019 was not brought forward.</li> <li>▪ However, efforts are in progress to ensure that the year 2021 Budget is prepared in line with IPSAS and in alignment with the Budget Classification and National Chart of Accounts.</li> </ul>
2	EN-0.1	<ul style="list-style-type: none"> <li>▪ In the amended Y2020 budget, the State is proposing <b>Zero Financing Gap</b>.</li> <li>▪ To achieve the above, the State’s budget deficit shall be fully financed from identified credible financing sources without accumulation of new domestic expenditure arrears (contractors, salaries, pensions, and gratuities).</li> </ul>
3	EN-0.2	<ul style="list-style-type: none"> <li>▪ The total budget size of the State is <b>N920,468,589,337.00</b></li> </ul>
<b>ASSUMPTIONS (1.0)</b>		
4	EN-1.1	<ul style="list-style-type: none"> <li>▪ The weakening of oil demand and the effects of covid-19 on the global economy plunged oil price below \$57 per barrel that was initially used by FGN in the originally approved 2020-2022 MTEF/FSP.</li> <li>▪ With the reality of the market situation, FGN revised the oil benchmark price to \$25 per barrel, while NGF in its advisory capacity, suggested a benchmark price of \$20 per barrel.</li> <li>▪ Lagos, being partly significantly dependent on revenues from oil decided to be conservative by using \$20 per barrel to reduce the risk of revenue shocks should the price of crude oil stay below the \$25 benchmark of the Federal Government in relation to the uncertainties in the current market realities.</li> </ul>



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5	EN-1.2	<ul style="list-style-type: none"> <li>▪ Given the potential uncertainty disruption of global supply/output chains, weakening global demand for crude and the possibility of disturbances to crude production activities in Nigeria, the State decided to be conservative by using 1.7 mbpd instead of 1.9 mbpd used by the Federal Government.</li> <li>▪ The conservative benchmark of 1.7mbpd would afford the State some level of comfort should the production level fall below the Federal Government estimate of 1.9mbpd.</li> </ul>
6	EN-1.3	<ul style="list-style-type: none"> <li>▪ Owing to the drastic drop in crude oil prices and global disruption in economic activities occasioned by covid-19, which affected Nigeria foreign exchange earnings and increased pressure on foreign reserves, Central Bank of Nigeria depreciated naira exchange rate from N305/\$ to N360/\$.</li> <li>▪ This revised budget has adopted the new exchange rate.</li> </ul>
7	EN-1.4	<ul style="list-style-type: none"> <li>▪ GDP Growth rate is projected to reduce as a result of shocks to Growth components, thereby the growth rate is expected to decline from initial forecast value of 4.13% to -3.75%.</li> <li>▪ The GDP was therefore revised downwards from 32.15trillion to 30.94 trillion.</li> <li>▪ This is the position adopted in the revised Y2020 budget.</li> </ul>
8	EN-1.5	<ul style="list-style-type: none"> <li>▪ An inflation rate of 14.5% was adopted as against the earlier projected inflation rate of 10.59%.</li> <li>▪ This is owing to the reduction in economic activities, caused by closure of factories across the globe and movement across borders (Nigeria inclusive), thereby leading to scarcity of goods and attendant increase in prices across all sectors.</li> </ul>



## SFATAS COVID-19 Y2020 RESPONSIVE BUDGET EXPLANATORY NOTES

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<b>STATUTORY ALLOCATION, VAT AND IGR (EN – 2.1)</b>		
9	EN-2.1.1	<ul style="list-style-type: none"> <li>▪ Given the assumptions enumerated in Explanatory Note 1 (EN-1), the projected revenue through FAAC is reduced drastically by 30% from <b>N66.50billion</b> to <b>N44.215billion</b> thereby equaling the upper band of the FG's Projections for States in the Revised MTEF.</li> </ul>
10	EN-2.1.2	<ul style="list-style-type: none"> <li>▪ With the drastic crash of crude prices witnessed early in the year and the potential for reoccurrence no provision is made for revenue through the excess crude oil account.</li> <li>▪ Besides, LASG is aware of the plan for eradication of excess crude account from where the appropriation to States is made.</li> </ul>
11	EN-2.1.3	<ul style="list-style-type: none"> <li>▪ An ultra-conservative provision of <b>N70m</b> was made as Revenue from Derivation.</li> <li>▪ This represents a 30% reduction in provision compared to the original provision of <b>N100m</b> made for the same purpose.</li> <li>▪ This is significantly below the NGFs Projection and it is expected to create a buffer for other unexpected expenditures.</li> </ul>
12	EN-2.1.4	<ul style="list-style-type: none"> <li>▪ Provision for Other FAAC transfers (exchange rate gain, augmentation, others) were equally reduced by 30% to accommodate forecasted downturn in exchange income linked to reduced crude revenue and reserves.</li> <li>▪ This provision is now revised to <b>N7billion from N10billion.</b></li> <li>▪ The justification for the reduction is that although there is expected to be exchange rate gain owing to the imminent depreciation of Naira, the projected low production capacity, shrinking crude market are expected to erase the projected gains that would have been made on absolute terms.</li> </ul>



## SFATAS COVID-19 Y2020 RESPONSIVE BUDGET EXPLANATORY NOTES

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13	EN2.1.5	<ul style="list-style-type: none"> <li>▪ With these assumptions, GDP Growth, VAT collections across the Country are expected to fall.</li> <li>▪ Therefore, Lagos State share of VAT is equally expected to drop significantly, being the State that generates the highest amount of VAT for the Federation Account. <b>Consequently, the expected revenue from VAT is reduced from N111.38 billion to N78.20billion.</b></li> </ul>
14	EN-2.1.6	<ul style="list-style-type: none"> <li>▪ The ability of government to generate Independent Revenue (or IGR) has been seriously hampered by the long period of lockdown, which prevented businesses and offices from effective operations; and intra and interstate movement restriction and international movement restrictions.</li> <li>▪ As a measure of relief towards the damage to the economy by COVID-19 pandemic and the need for recovery, the State Government is also expected to give tax holiday to SMEs in the State.</li> <li>▪ Therefore, the projected IGR is reduced from <b>N653,750.61million</b> to <b>N461,736.40million.</b></li> <li>▪ The justification is hinged on the fact that LASG major revenue source/MDA i.e. LIRS has its budget reduced from N500b to N350bn, which accounts for over 78% of the total original IGR. The remaining 22% reduction amounting to N42billion was stripped from other IGR sources.</li> </ul>



## SFATAS COVID-19 Y2020 RESPONSIVE BUDGET EXPLANATORY NOTES

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<b>CAPITAL RECEIPTS (FOREIGN AND DOMESTIC GRANTS) (EN – 2.2)</b>		
15	EN-2.2.1	<ul style="list-style-type: none"> <li>▪ The projected Foreign (External) grants from donors was reduced from <b>N36.01billion</b> to <b>N34,.02billion</b>. The marginal reduction was due to extensive efforts of the State government in exploring all available opportunities to augment the regular sources of revenue, which have dwindled due to COVID-19 pandemic shocks.</li> <li>▪ The projected grant is realistic and the details of <b>each of the sources are highlighted in the sheet, titled Grant Details.</b></li> </ul>
16	EN-2.2.2	<ul style="list-style-type: none"> <li>▪ The State recently established a Grant Coordinating Committee and Projects Management Offices that are comprised of nominees from MDAs with Grants Intervention supports.</li> <li>▪ The State is also working towards developing local intervention partnerships to augment any shortfalls in budget revenues.</li> <li>▪ The State received over <b>N14billion</b> (Cash/Non-Cash) as Covid-19 Supports from various sources as at 31 June 2020.</li> <li>▪ The details are available on the State websites. <i><a href="https://lagosstate.gov.ng/blog/2020/05/01/sanwo-olu-releases-names-of-lagos-covid-19-response-donors/">https://lagosstate.gov.ng/blog/2020/05/01/sanwo-olu-releases-names-of-lagos-covid-19-response-donors/</a></i> (The Site contains the amounts received and their sources). <i>Hard copies shall also be provided during APA Visits.</i></li> </ul>



## SFATAS COVID-19 Y2020 RESPONSIVE BUDGET EXPLANATORY NOTES

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<b>OTHER CAPITAL RECEIPTS</b>		
18	EN-2.3.1	<ul style="list-style-type: none"> <li>▪ Other Capital Receipts are Assets Reclassification that supports other Capital Developments (contra items).</li> <li>▪ These comprise of capital assets (i.e. lands, New Town Developments for Sale, buildings etc.) set aside for sale to recover lock down cash.</li> <li>▪ The projection for Other Capital Receipt was revised downwards from N21, 234.35million to N12, 218.44million.</li> <li>▪ This reflects the impact of the COVID 19 pandemic on cash availability in the business community that could have been applied to buying the property.</li> </ul>
<b>EXPENDITURE (EN – 3) PERSONNEL</b>		
19	EN-3.1	<ul style="list-style-type: none"> <li>▪ The State hardly adjusted its personnel cost, because it considers any issue relating to personnel as very sensitive and germane to socio-economic sustainability, especially under the current circumstances as elicited by the pandemic.</li> <li>▪ Therefore, there is no plan to neither lay off any staff nor casualise any of its workforces.</li> <li>▪ This gesture accounts for one of the major steps taken by the State to ring-fence its workforce and its dependents from the adverse effect of the pandemic.</li> <li>▪ Therefore the total projected Personnel Cost was slightly reduced to N166.14 billion from N167. 36billion. This accounts for less than 1% of the original projection.</li> <li>▪ The provision is also aid the administration in its planned recruitment of Health Workers.</li> <li>▪ This is in addition to allowances set aside to motivate the workforce on front lines of the COVID pandemic.</li> </ul>
20	EN-3.1.1	<ul style="list-style-type: none"> <li>▪ A total of <b>N406.80 million</b> was set aside as hazard allowances for the Legion and Civil</li> </ul>



**SFATAS COVID-19 Y2020 RESPONSIVE BUDGET  
EXPLANATORY NOTES**

		Defense Officers, who shall be assigned to complement the other law enforcement officers on the frontline to enforce the laid down COVID Rules and Non-Medical Procedure.
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<b>CONSOLIDATED REVENUE CHARGES (EN-3.2)</b>		
21	EN3.2	<ul style="list-style-type: none"> <li>▪ The Consolidated Revenue Charge(s) comprise of debt charges on Loans (Internal &amp; External) and coupons on Bonds.</li> <li>▪ The total provision for the revised Budget amounts to N13.67billion.</li> <li>▪ The External and Internal Charges accounts for N6.12billion and N5.05billion respectively, while charges on Bond amounts to N2.5billion only.</li> <li>▪ <b>However, in accordance with the Laws, emoluments to Judiciary and SHoA are first line charges to the CRF.</b></li> </ul>
<b>PUBLIC DEBT CHARGES (EN-3.3)</b>		
22	EN3.3	<ul style="list-style-type: none"> <li>▪ Public Debt Charges comprise of Principal Repayments on External and Internal Loans, which amounts to N13.06billion and N9.36billion respectively.</li> <li>▪ Furthermore, included in the Public Debt Charges are provisions set aside for Consolidated Debt Service Accounts - Sinking Fund (CDSA) amounting to 64.57billion only.</li> <li>▪ <b>In total, the sum of N86.98billion</b> has been provided as Public Debt Charges in the revised Budget.</li> <li>▪ <b>This represents about 52% reduction from the original provision of about N185.69billion made for principal repayments on Loans.</b></li> <li>▪ This significant reduction in provision is due to the ability of the Administration to renegotiate repayment terms as part of the effort to reduce further strains on the government's limited sources of revenue engendered by the ongoing pandemic.</li> </ul>



## SFATAS COVID-19 Y2020 RESPONSIVE BUDGET EXPLANATORY NOTES

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<b>OVERHEAD COSTS (EN-3.4)</b>		
23	EN-3.4.1	<ul style="list-style-type: none"> <li>▪ Extensive Public Enlightenment is essential in the fight against the ongoing COVID pandemic. Provisions are made for advertorials, jingles, media briefing etc.</li> <li>▪ The enlightenment is also very vital in the area of contact tracing and management of isolation centres.</li> <li>▪ Therefore, the sum of <b>N569,594,891 is provided</b> and tagged COVID-19 responsive.</li> </ul>
24	EN-3.4.2	<ul style="list-style-type: none"> <li>▪ The total sum of <b>N2,572,000,000</b> was set aside as Global Training Vote for the statewide workforce.</li> <li>▪ By threatening disruption of public service delivery, the COVID-19 pandemic touched a cardinal principle of public service, i.e. continuity of governance.</li> <li>▪ The Administration in its wisdom therefore set aside a Global Training Fund, domiciled in the Ministry of Establishment, Pensions and Training, with a mandate to re-tool the workforce, such that public servants will quickly adapt and re-adjust the way in which services are delivered in order to minimize the negative impact of the pandemic on the communities.</li> <li>▪ Teachers have to learn how to provide learning solutions via online platforms and e-materials, medical practitioners have to be taught how to deploy telemedicine and telehealth to provide non-emergency medical services, Courts are to adopt hearing and judging cases through video conferencing etc. <b>The analysis of items on the Global Training Vote shall be provided during the APA visit.</b></li> </ul>
25	EN-3.4.3	<ul style="list-style-type: none"> <li>▪ The sum of <b>N312,066,368</b> was provided to Lagos State Emergency Management Agency (LASEMA) to augment its working capital in its effort to combat any emergencies that may occur as a result of the ongoing pandemic.</li> </ul>
26	EN-3.4.4	<ul style="list-style-type: none"> <li>▪ A total sum of <b>N444,392,234</b> is set aside as buffer for any shortfall in security spend that may</li> </ul>



## SFATAS COVID-19 Y2020 RESPONSIVE BUDGET EXPLANATORY NOTES

		arise as a result of an unexpected stretch of the existing security apparatus and capacity.
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S/N	Explanatory Note	Details
27	EN-3.4.6	<ul style="list-style-type: none"> <li>▪ The Administration made a provision of <b>N405,886,020.58 for the Capacity Building of all existing/new Law Enforcement Officers.</b></li> <li>▪ The objective is to skill-up the officers on the modalities of enforcing citizens' required compliance with COVID-19 Guidelines.</li> </ul>
28	EN-3.4.7	<ul style="list-style-type: none"> <li>▪ This is contribution to the maintenance of the fleet of Helicopters numbering three (3).</li> <li>▪ They are domiciled in each of the 3 Senatorial districts of the State.</li> <li>▪ Beyond provision of aerial support for security reconnaissance, the state also deploy the helicopters for airlifting of casualties of accidents, patients etc.</li> <li>▪ The total amount provided for this course is <b>N1,296,617,779.</b></li> </ul>
29	EN-3.4.9	<ul style="list-style-type: none"> <li>▪ The sum of <b>N604,083,797</b> was provided to assist the LASTMA and LAG-Ferry Officials as stipends and hazard allowances to keep them on the roads and waterways beyond the normal closing hours during the pandemic period.</li> </ul>
30	EN-3.4.10	<ul style="list-style-type: none"> <li>▪ The sum of <b>N16,406,266,377</b> was provided as running costs to augment the working capital of LAGESC Enforcement Officers in keeping the environment safe, especially the duration of the pandemic and beyond.</li> <li>▪ Every motor/bus and social park across the over 340 wards in the State <b>MUST</b> be dis-infected as directed by the NCDC.</li> </ul>
31	EN-3.4.11	<ul style="list-style-type: none"> <li>▪ COVID-19 Strain of viral infection has made the training and re-training of medical personnel imperative.</li> <li>▪ <b>To this end, the sum of N1,535,354,524 has been provided</b> to support the capacity building capacity of the health workers through the Health Service Commission. This is</li> </ul>



## SFATAS COVID-19 Y2020 RESPONSIVE BUDGET EXPLANATORY NOTES

		notwithstanding the supports to be received from Non-governmental organisation in the same focus.
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32	EN-3.4.12	<ul style="list-style-type: none"> <li>▪ <b>An aggregate sum of N2, 183,759,078 is provided</b> to support parents with WAEC/NECO Fees, in addition to building the capacity of the teachers to administer lessons via technology and teach remotely.</li> <li>▪ The administration is aware of the enormous pressure of fees on the purse of parents, hence the supports being provided amongst other initiatives.</li> </ul>
<b>CAPITAL (EN3.5)</b>		
33		<ul style="list-style-type: none"> <li>▪ <b>Capital Expenditure was reduced by 45.92% from N525.33billion in the original budget to N420.07 in the revised budget.</b></li> <li>▪ The Economic Segment suffered the biggest attrition amounting to N59.94%, which represents 17% of the initial Budget.</li> <li>▪ The Social Sector suffered an attrition of N36.21billion representing 27%, while Law &amp; Justice suffered a N1.8billion reduction, representing 22% of its original CAPEX projection.</li> <li>▪ Finally, Administration sector suffered 19% attrition, representing N7.2billion.</li> </ul>
34	EN-3.5.1	<ul style="list-style-type: none"> <li>▪ A total sum of <b>N1, 355,104,800</b> has been provided for the commencement of the laying of Fiber Optical Cables Statewide.</li> <li>▪ The imperative of this initiative is to stimulate economic growth, support SMEs, ring-fence vulnerable start-ups from the shocks elicited by the pandemic and ultimate enhance the Ease-of Doing Business.</li> </ul>



## SFATAS COVID-19 Y2020 RESPONSIVE BUDGET EXPLANATORY NOTES

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35	EN-3.5.2	<ul style="list-style-type: none"> <li>▪ A total sum of <b>N1,770,085,605</b> has been set aside for the upgrade of the current enterprise resource planning system of the State, (Oracle ERP).</li> <li>▪ Efforts are under way to reconfigure the current version to Emperium to be able to accommodate the reconfiguration of the current Chart of Accounts from 7 Segments, 27 Digits to 6 Segments, 52 Digits in line with the National Chart of Accounts and Budget Classification (NCoA &amp; BC).</li> <li>▪ As over 80% of the workforce have been directed to work from home in the administration's effort to help flatten the coronavirus curve, the imperative of fully adopting an enhanced enterprise resource planning (ERP) system that will enable remote-work ecosystem cannot be over-emphasized.</li> <li>▪ Never in the history of the State's Public Service has there been massive pressure on the existing ERP (Oracle), as such the need to embark on the upgrade to enable the system cope with increase transactions has become eminent.</li> </ul>
36	EN-3.5.3	<ul style="list-style-type: none"> <li>▪ A total sum of <b>N1, 794,643,214</b> has been provided to support the enrolment of Lagos State Residents under the LASRRA Framework.</li> <li>▪ The aim is to adequately enroll and capture the poor and vulnerable in the State's Database, in addition to assisting the State have a robust and reliable database for effective planning purposes.</li> <li>▪ The domestication of the N-Care PforR is also a catalyst for the State to get its enrolment right.</li> <li>▪ Principally, the amount is for acquisition of State of the Art Equipment that will be deployed to capture the biometric data of residents amongst other uses.</li> </ul>



## SFATAS COVID-19 Y2020 RESPONSIVE BUDGET EXPLANATORY NOTES

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37	EN-3.5.4	<ul style="list-style-type: none"> <li>▪ It is common knowledge that crime rates rises in tandem with loss of livelihoods. A significant number (about 80%) of Lagosians are subsistent by profession.</li> <li>▪ They earn daily living; as such a disruption to their livelihood normally leads to increase in crime rate.</li> <li>▪ While it is not the wish of the administration to curtail the liberty of its citizens, enforcement of laws guiding the safety of lives and properties of the law abiding citizens has made it imperative for the government to support the Nigeria Correctional Services with Prison facilities.</li> <li>▪ As such, a total of <b>N209,955,396</b> has been provided to construct additional correctional centres across the State.</li> </ul>
38	EN-3.5.5	<ul style="list-style-type: none"> <li>▪ <b>N773,771,380</b> has been provided in the Revised Budget to equip and furnish Phase 2 of the DNA Forensic Centre.</li> <li>▪ The justification of this provision is akin to the same reasons adduced in EN-3.5.4 as the objectives of both provisions are complimentary by nature.</li> </ul>
39	EN-3.5.6	<ul style="list-style-type: none"> <li>▪ The sum of <b>N294,661,539</b> was provided to establish a New Police Command in <b>Ikorodu</b>, owing to the upsurge in crime cases in the area and the worsening effect of the pandemic on the youths living in the area.</li> <li>▪ The administration deems it expedient to expeditiously complete the facility in order to attract additional deployment of police officers to contain any breakout of law and order.</li> <li>▪ This provision is complimentary to <b>EN-3.5.4 and EN-3.5.5.</b></li> </ul>



## SFATAS COVID-19 Y2020 RESPONSIVE BUDGET EXPLANATORY NOTES

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40	EN-3.5.7	<ul style="list-style-type: none"> <li>▪ <b>Construction of Commercial Court House in Tapa Lagos at a cost of N961,171,072.</b></li> <li>▪ This provision was made to achieve two cardinal purposes: generate employment and to ensure quick dispensation of commercial disputes.</li> <li>▪ It is the believe of the administration that a number of businesses would be forced into avoidable disputes owing to their inability to fulfill part of their obligations owing to the adverse effect of the pandemic on their businesses.</li> <li>▪ A number of such have already started requesting for bailouts from the government, as such it is rife that structures be put in place to assist in amicable settlement of disputes and minimise losses.</li> </ul>
41	EN-3.5.8	<ul style="list-style-type: none"> <li>▪ The role of Agriculture in ensuring Food Security and Stimulating Job Creation cannot be over-emphasised.</li> <li>▪ These two factors are considered germane by the administration in the fight against the negative impact of the pandemic on the citizens of Lagos State and its environs. <b>An aggregate sum of N9,662,404,589 has been provided</b> to complete the complete the Imota Rice Mill and commission the Coconut and Agric Supply Chain Development Authorities.</li> <li>▪ This is a huge step at stemming the tide of worsening food security in the State.</li> </ul>
42	EN-3.5.9	<ul style="list-style-type: none"> <li>▪ Further to <b>EN-3.4.8 above</b>, specific provisions amounting to over <b>N18,795,750,800</b> have been provided for infrastructural development and upgrade of existing facilities.</li> <li>▪ The projected job creation and attendant impact on dependent have been forecasted to cover a significant number of households.</li> </ul>



## SFATAS COVID-19 Y2020 RESPONSIVE BUDGET EXPLANATORY NOTES

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43	EN-3.5.10	<ul style="list-style-type: none"> <li>▪ An aggregate sum of <b>N17,553,542,594</b> has been provided to complete ongoing projects and development new ones in the Public Transportation Sector.</li> <li>▪ Some of these projects include, but are not limited to the completion of the Oshodi MOT/Interchange, Bus Corridors across the State, re-designing of Motorways and overhauling of the Inland waterways.</li> <li>▪ The imperative of having an effective and efficient inter-modal transportation system cannot be over-emphasised as a strategy to fight the negative impact of the COVID-19 pandemic on the commuting of majority of lagosians, whose daily bread is anchored on their ability to be able to move from one point to the other in a well designed manner.</li> <li>▪ Further breakdown can be found on the Omni-Approved Sheet.</li> </ul>
44	EN-3.5.11	<ul style="list-style-type: none"> <li>▪ A total sum of <b>N122,210,432,353</b> is provided for Infrastructural Development in Lagos State.</li> <li>▪ The implementation of these projects, which includes Construction and Maintenance of Roads, Flyovers, Drainages, Jetties and other facilities in not limited to the provision of infrastructure, but also to engender direct and indirect jobs creation.</li> <li>▪ At a minimum, Lagos State expects to generate over 2million composite jobs by the time the projects get into full swing.</li> <li>▪ As such, the negative impact of job loss, the attendant depression and crime would have been minimised.</li> <li>▪ Please see the Omnibus for the details of projects.</li> </ul>
45	EN-3.5.12	<ul style="list-style-type: none"> <li>▪ <b>An aggregate sum of N35,046,646,839</b> was provided to combat environmental challenges and make the State Clean and Secure for Habitation.</li> <li>▪ Some of the proposed spend include, but are not limited to construction and desilting of Primary, Secondary and Tertiary Drainages; provision of Laboratory Equipment and</li> </ul>



**SFATAS COVID-19 Y2020 RESPONSIVE BUDGET  
EXPLANATORY NOTES**

		<p>Maintenance of Water Works across the State.</p> <ul style="list-style-type: none"> <li>▪ <b>Please see EN-3.4.10 for the Overheads</b> to support these projected spends.</li> </ul>
S/N	Explanatory Note	Details
46	EN-3.5.13	<ul style="list-style-type: none"> <li>▪ <b>An aggregate sum of N1,495,677,865</b> has been provided to palliate the impact of relocation of traders from their current locations to designated and purpose built places.</li> <li>▪ This effort is in addition to developing and regenerating some slum settlements i.e. Oko-baba and Isale-Gangan.</li> </ul>
47	EN-3.5.14	<ul style="list-style-type: none"> <li>▪ Without prejudice to other provisions made by the administration to support the health sector, being the main sector on the frontline of the fight against COVID-19, <b>an aggregate sum of N7,883,459,786 has be provided</b> to construct, enhance and rehabilitate infrastructures at some selected Health Facilities designated as would be Isolation Centres.</li> </ul>
48	EN-3.5.15	<ul style="list-style-type: none"> <li>▪ In response to the effect of the pandemic on the education sector, <b>the Administration provided an aggregate sum amounting to N10,364,009,067 for capital related projects across the education space.</b></li> <li>▪ The proposed application of these provisions are to construct, renovate and furnish more blocks of classrooms in order to decongest the existing ones in compliance with the NCDC guidelines on COVID-19 management.</li> <li>▪ These efforts shall be sustained and collaboration with development partners is also being considered to achieve this objectives.</li> </ul>
<p><b>FINANCING &amp; FINANCING GAP (EN4)</b> <b>FINANCING (EN-4.1)</b></p>		
49	EN-4.1.1	<ul style="list-style-type: none"> <li>▪ <b>Bond Issuance - The State has a total of N100b as balance brought forward of proceeds of the Bond Issuance Program of 2019.</b></li> <li>▪ The State recently paid the first Coupon of <b>N6.6b</b> to bond holders on the 29th July 2020 and</li> </ul>



**SFATAS COVID-19 Y2020 RESPONSIVE BUDGET  
EXPLANATORY NOTES**

		<p>all other accretion had been paid accordingly.</p> <ul style="list-style-type: none"> <li>▪ Please see the CDSA Analysis Sheet for more details.</li> </ul>
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50	EN-4.1.2	<p><b>Commercial bank loans (Internal Loans)</b></p> <ul style="list-style-type: none"> <li>▪ The State has <b>a total of N75b</b> as balance brought forward.</li> <li>▪ The State has offer letters already for the commercial loans from zenith bank UBA Union Bank and Access Bank totaling N75b they will disburse as soon as appropriate approvals are secured.</li> <li>▪ The Details of the Approvals shall be made available during the APA visit.</li> </ul>
51	EN-4.1.3	<p><b>External loans</b></p> <ul style="list-style-type: none"> <li>▪ The State has no plan to take any New External Loan.</li> <li>▪ However <b>N13,057,283,910 and N9,363,000,000</b> have been provided to pay down on the principals of the existing External and Internal loans respectively.</li> <li>▪ <b>The Details of the External Loans are as provided in the External Loans Analysis Sheet.</b></li> </ul>
52	EN-4.1.4	<p><b>Sales of government assets</b></p> <ul style="list-style-type: none"> <li>▪ The Administration intends to open up new satellite towns and make the lands available for conversion to cash up to the tune of <b>N12.22Billion</b>.</li> </ul>



**SFATAS COVID-19 Y2020 RESPONSIVE BUDGET  
EXPLANATORY NOTES**

S/N	Explanatory Note	Details
<b>FINANCING GAP (EN4.2)</b>		
53	EN-4.2	<ul style="list-style-type: none"> <li>▪ To avoid accumulation of deficit, the State is not planning to contract any loan to finance the amended budget</li> </ul>
54		<ul style="list-style-type: none"> <li>▪ The total covid-19 response expenditure is <b>N317.42billion</b> of the entire <b>Y2020 Revised Budget of N920.47Billion</b>.</li> <li>▪ This represents <b>34.48%</b> of total expenditure.</li> </ul>
<b>RESERVES (EN-6) CONTINGENCY RESERVES (EN-6.1)</b>		
55	EN-6.1	<ul style="list-style-type: none"> <li>▪ <b>A sum of N4,483,700,025 is the provision</b> for any shortfall in any of the projected capital expenditures e.g. essential expenditures i.e. COVID-19 related Expenditures and Others.</li> </ul>
<b>STABILIZATION SINKING FUND (EN-6.2)</b>		
56	EN-6.2	<ul style="list-style-type: none"> <li>▪ <b>The Stabilisation Sinking Fund (SSF)</b> is a Percentage (%) of the total IGR set aside for the purpose of augmenting any shortfall in provisions made for expenses susceptible to shocks and stresses.</li> <li>▪ In the revised Budget, <b>the Administration provided a total of 0.32% of the total IGR, amounting to N1,499,500,000 as Stabilization Fund</b> to augment specifically, for shortfalls that may arise in any of the COVID-19 related Expenses.</li> <li>▪ The band of percentage to be set aside as <b>SSF is (0.25 - 1)% of the total IGR.</b></li> <li>▪ <b>The Administration is in the process of legislating this process into Law.</b></li> </ul>
<b>CONSOLIDATED DEBT SERVICE ACCOUNT - CDSA SINKING FUND (EN-6.3)</b>		
57	EN-6.3	<ul style="list-style-type: none"> <li>▪ A sum of N64,565,000,000 is the provision made for the State Consolidated Debt Service Account.</li> <li>▪ Please find the details in the sheet titled CDSA.</li> </ul>



## SFATAS COVID-19 Y2020 RESPONSIVE BUDGET EXPLANATORY NOTES

S/N	Explanatory Note	Details
<b>Reduction of Non Essential Expenditures</b>		
<b>58</b>	<b>EN-6.4</b>	<ul style="list-style-type: none"> <li>▪ In view of the Impact of the ongoing COVID-19 pandemic on the State, Federal and the Global economies; and in compliance with SFTAS New DLI-1 COVID-19 Responsive Budget, Lagos State reduced a total of <b>N248,093,304,653.85</b> from its original Budget of <b>N1,168, 561,893,989.92</b> to arrive at <b>Revised Budget of N920,468,589,335.84.</b></li> <li>▪ This reduction represents an aggregate sum extracted as <b>Non-Essential Capital, Overheads and Personnel Costs.</b></li> </ul>
<b>59</b>	<b>EN-6.5</b>	<p><b>Disclosure of EN-4.1.1 and EN -4.1.2</b></p> <ul style="list-style-type: none"> <li>▪ Please Note, that LASG did not classify the Proceeds from Bonds (N100billion) and Loans (N75billion) as Financing Items because they are already cash at hand.</li> <li>▪ They represent Brought Forward balances from Debt Programs issued in December 2019.</li> </ul>