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17 November, 2023

His Excellency, Babajide Sanwoolu,
Governor, Lagos State
Alausa

Dear Mr Governor:

OPEN LETTER ON SELECTED PUBLIC PROCUREMENTS BY LASG IN THE PERIOD APRIL – SEPTEMBER 2023.

I have had the opportunity to go through the register of public procurement awards by LASG, its Ministries, Departments and Agencies for the second and third quarters of 2023, as reported by the Public Procurement Agency.

The attached schedule highlights selected awards which, in my opinion, require greater scrutiny. A commentary outlining some reasons for taking this view is also provided for each of the highlighted awards.

Consequently, you may consider undertaking a review of same.

Thank you.

Yours faithfully,

Funso Doherty.

MDA	Description of Award	Naira Amount	Date	Vendor	Comments
Lagos Metropolitan Area Transport Authority (LAMATA)	Construction, Supply & Installation of Operation and Maintenance (O&M) Infrastructure of LRMT Blue Line Phase 1 from Marina to Mile 2	**40,188,644,336**	Apr-23	China Civil Engineering Construction Company (CCECC) Nigeria Limited	The Blue Line was planned to be operated and maintained by a qualified and competent operator on a PPP basis. This arrangement is not in place, but train operations have started. Who is performing that function presently and who will manage, operate and maintain this Operations and Maintenance (O&M) Infrastructure that is now being procured by LASG from the main contrractor (CCECC) at a cost of N40bn? Is it LAMATA? If so, does it have the capacity? How are safety, efficiency, accountability and financial results being assured, monitored and reported?
	Construction of Lagos Rail Mass Transit (LRMT) blue line Mile 2 to Okokomaiko (section 2)	**218,071,301,485**	Jul-23	China Civil Engineering Construction Company (CCECC) Nigeria Limited	In 2008, N70bn was approved for the Blue line and it was expected to be completed by 2011. Phase 1 of the project, Marina to Mile 2, which is approximately half of the total proposed length, has just recently commenced limited operations in 2023. The overall cost incurrred so far has not been disclosed. With this award of Phase 2 by LASG to the same contractor, at a cost of N218bn, what safeguards are in place to prevent a repeat occurence?
	Consultancy Service for the update of the Strategic Transport and Mobility Master Plan for Lagos Mega City Area	**5,380,695,140**	Sep-23	Advanced Engineering Consultants (AEC) / ROM Transportation Engineering	Advanced Engineering Consultants (AEC) and ROM Transportation have been engaged to update the Strategic Transport and Mobility Master Plan (STMP) at a cost of approximately N5.5bn. However the same company, AEC is also engaged by LASG in implementing multiple aspects of the STMP. They have been awarded contracts for the Bus Corridors (see below), as well as the design of the fourth Mainland Bridge. It is not good practice and is a conflict of interest to engage a participating contractor with a vested interest in specific design or implementation contracts to develop or update the master plan.

MDA	Description of Award	Naira Amount	Date	Vendor	Comments
	Consultancy Service for the detailed engineering design and supervision of construction of quality bus corridor package 1 (Ketu/Alapere, Yaba-La-wanson-Cele), Package 2 (Iju Ishaga-Abule Egba) and Package 3 (Iyana-Iba-Igando) Including design and supervision of ITS for 4 Nos of quality bus corridors.	**7,361,406,710**	May-23	Advanced Engineering Consultants (AEC) / GPO Group SA	See above. AEC appears to be a recurring feature across a number of very substantial LASG/LAMATA contract awards. It is not apparent from evidence in the public domain that projects AEC has undertaken, outside of LASG projects, justify the prominence accorded it by LASG. Remarkably, recently, in Sept 2023, the current Federal Minister of Works announced a proposed Lagos-Abuja "Super-Highway" intended to operate on a concessioned, PPP basis and presented AEC as the entity that would lead the consortium to partner with the FGN.
	Consultancy Services for the engagement of Loan Facilitator and Adviser on LRMT blue line project	**2,101,321,622**	May-23	Iroko Capital	This award should be scrutinized for Value-for-Money. LASG should not be engaging consultants for this purpose at a high fixed cost. If deemed necessary, a modest engagement retainer (a fraction of this amount) combined with a more substantive fee that is contingent and payable upon successful fundraising, commercial and financial close should be negotiated through a competitive selection process.
	Consultancy Services for the engagement of Loan transaction arranger and Financial Adviser to LASG/LAMATA on the Red line project	**3,141,666,667**	May-23	Iroko Capital	Ditto
Ministry of Works and Infrastructure	Rehabilitation / Reconstruction/ upgrade of Eti-Osa / Lekki / Epe Expressway (Phase 2b) froom Greensprings to Abraham Adesanya in Eti-Osa and Ibeju-Lekki LGA	**69,936,201,915**	Aug-23	Craneburg Construction	This single award for the repair and upgrade of a section of an already existing road amounts to approximately half of the entire 2023 budget for the Ministry of Works and Infrastructure. A comprehensive and preferrably independent, value-for-money assessment should be done for this contract. Also see additional comment below.
	Construction of identified strategic roads across the state in Alimosho LGA (2 Roads), Ikeja LGA (3 Roads), Ifako Ijaiye LGA (6 Roads) and Kosofe LGA (4 Roads) (Lot 3)	**6,047,509,151**	Sep-23	LagField Construction Limited	This is one of 3 large contract awards to 3 contractors with multiple roads per local Government in each award. Based on our experience in Lagos, apart from quality and value-for-money considerations, commuter experience during construction must be considered and prioritized. Work should be properly phased having regard to LASG's funding capacity. Contractor plans to mitigate hardship and disruption must form part of the contract and must be jointly agreed, monitored and enforced. LASG should also, even as it awards additional road contracts, address the several unfinished and dilapidated roads and road projects on key arteries across the State that are contributing to traffic gridlock, crime, health conditions and reduced quality of life.
Ministry of Energy and Mineral Resources	Procurement and Construction and Design, Build Operate and Maintain PPP Model for the Blueline Rail	**9,714,179,610**	Sep-23	Lamp Turnkey Project / Viathan Engineering Limited	This relates to an Independent Power Plant proposed to power the Blue Line Rail on a Design, Build, Operate and Maintain PPP Model. This was originally intended to be financed by the concessionaire. From this award, it now appears that the setup cost is being borne by LASG. The award makes reference to a PPP, but it is not evident that a PPP process has been advertised, undertaken or disclosed by the LASG PPP Office. It is therefore not clear on what basis this N9.7bn contract was awarded, whether a concession is involved and what terms are provided for.
Lagos State Residents Registration Agency	Provision of Support Services for the Multi-biometric search service (MBSS) platform for the deployment of disaster recovery site and upgrade of Database infrastructure from 10M to 20M to the agency.	**7,991,930,559**	Jul-23	Identiko Integrated Solution Limited	This single award of approximately N8 billion is to a single vendor. In comparison, the entire 2023 expenditure budget for this agency, LASRRA, is about N3.2bn. This award alone is about two and a half times the entire 2023 LASRRA budget and calls for greater scrutiny.
Special Committee on Rehabilitation of Public Schools	Various	**5,813,169,527**	Various	Various	These relate to various awards over the six-month period, by the Special Committee on Rehabilitation of Schools (SCRPS). Conceived as an intervention mechanism, It is not clear what the current legal framework for SCRPS is. It is listed under the Ministry of Education, but has a distinct budget and appears to operate with semi-autonomous MDA-like status, awarding and overseeing substantial contracts. It is important that its activities be subjected to review, oversight and periodic audit.
Lagos State Infrastructure Asset Management Agency	Various	**4,289,471,036**	Various	Various	The existing model where facility management contracts are awarded and managed by LASIAMA while individual, geographically dispersed MDAs occupy and use the facilities requires careful design and diligent implementation of incentives, feedback mechanisms, risk and consequence management to ensure satisfactory, safe and efficient operations. Both LASIAMA and the third-party facility managers are service providers to the MDAs and must deliver or bear consequences. If it is to be retained, this operating structure should be reviewed across the board and must include an effective performance management framework for LASIAMA.
Office of the Chief of Staff	Supply and distribution of 2,000 Noiler Chicken across the local government areas and wards in the state	**18,468,000**	May-23	Seed and Seedlings Agricultural Enterprises	It is not clear why the Office of the Chief of Staff should be engaged in supplying and distributing Chickens across the state.
	Procurement of a brand new Lexus LX 600 Bullet Proof Sport Utility Vehicle for use in the Pool of Office of Chief	**440,750,000**	Jun-23	Lakeside Investment Limited	This appears excessive and is out-of-tune with both the prevailing economic circumstances and mood of the people. It should be srutinized as to the need and justification for such a vehicle purchase and also value-for-money.

MDA	Description of Award	Naira Amount	Date	Vendor	Comments
Lagos State Parking Authority	Procurement of 40 Nos of Vehicle Tyre Clamps Ist Batch for the Agency	**9,589,000**	Jun-23	Baldwin Investment Limited	Some of the reported actions of this agency are suggestive of an agency that is under pressure to generate revenues, whose revenue model is not fully thought through and whose enforcement tactics may be predatory. This could be further fuelled by the fact that it is operating at a substantial deficit. For the year to September 2023, it had revenues of N450million and had incurred costs of N2.4 billion.
	Engagement of the consultancy on operations management monitoring and customer tools for Lagos State parking authority	**405,456,363**	Jul-23	Automata Technologies System Limited	Ditto
Lagos State Electricity Board	Supply of Transformers and Electricity Accessories	**36,367,366**	un-23	Omron Nigeria Limited	As at September, the Lagos State Electricity Board had a large deficit with revenues reported for 2023 of N34 million and expenditure for the same period of N19 billion of which N5.8bn was for capital expenditure and N13.3bn for overheads. It acquires, operates and maintains generation and distribution assets to power mostly public and underserved facilities. Government has historically been shown to be inefficient in the management of such operations and where possible, transition to efficient private operators on commercial, competitive terms should be pursued. Where there are compelling reasons for Government to continue to operate these services, the related activities, costs, efficiency metrics and results of operations must be tracked, benchmarked and transparently reported.
	Rehabililation and reconnection of IPP high voltage distribution network fro Ile Zik to Oshodi	**599,980,515**	Sep-23	Mainland Power Limited	Ditto
Ministry of Home Affairs	Renovation of Saint Andrews Anglican Church, Oke-Popo, Lagos	**531,553,559**	Aug-23	VicJone Nigeria Limited	Why is LASG spending N531 million of taxpayer money to renovate a Church?
Center for Rural Development	Construction of Erelu Way / Dayo Eluk Community Link Road, in Amikanle Community the Agbado-Oke Odo LCDA	**511,539,758**	Sep-23	People's Choice Properties Ltd	The Center for Rural Development was conceived to focus on research, programmatic and policy interventions to help catalyze rural development across the state. CERUD's entire budget for 2023 is N1.3 billion. By comparison, this single award is for N551million. CERUD should not be directly engaged in the building of roads.
Lagos State Public Procurement Agency	On-boarding of four MDAs and Twenty-nine Hospitals unto the E-procurement system of Lagos State Public Procurement Agency	**379,500,000**	Jul-23	Kehinde Kassim & Co.	There should be an additional oversight and control mechanism for significant procurement awards of the Public Procurement Agency, as the procurement police should not be left alone to police itself.
Ministry of Economic Planning and Budget	Consultancy Services for the engagement of monitoring and evaluation specialist for NG-CARES Implementation in Lagos State	**315,600,000**	Jul-23	Duke Advisory Service	The wisdom in spending a sum as significant as this in 2023 for monitoring and evaluation of a COVID-19 recovery programme is suspect especially in light of the prevailing economic hardship. M&E should have been part of the original implementation of NG-CARES. This award should be scrutinized for value for money and/or better alternative uses at the present time.
Ministry of Physical Planning and Urban Development	Public Relations and Whistleblower strategy for the ministry of physical planning and urban development	**269,000,000**	Jul-23	6334 Business Services	This should be reviewed and assessed to ensure Value-for-money.
Office of Internal Audit	Transformation Agenda for Office of Internal Audit	**100,000,000**	Jul-23	Marina Consulting Limited	This is quite vague. It should be reviewed and assessed to provide assurance of Value-for-money
	Capacity building and Competency Framework for Office of Internal Audit	**100,000,000**	Jun-23	Dayclar Global Ventures	This contract, for capacity building and a competency framwork for the Office of Internal Audit, is recorded by the PPA as being awarded to Dayclar Global Ventures, which defines itself as a real estate company.
Office of the Head of Service	Procurement of 5 (Five) Brand New 2023 Mikano Changan Dynamic Saloon Vehicles for 5 lucky winners in the senior category during the recently concluded Y2023 Public Service Week.	**83,796,250**	Aug-23	Mikano International Limited	It is ill-advised to do a raffle draw where 5 new vehicles are given out free with public funds. One vehicle would suffice for this purpose. LASG should instead focus on ensuring public servants are well compensated and then held accountable for efficient service delivery.
Lagos State Emergency Management Agency	Procurement of Fuel for Lagos State Emergency Management Agency Operational Activities for the Month of April	**74,524,650**	Apr-23	Messrs Aderinola Oyindamola Aboyade-Cole & Co.	Procurement of Fuel by the State should be rationalized. The State should negotiate directly for bulk product purchases from the major petroleum product marketing companies. It may then use smaller contractors for the related logistical services, fulfillment and for limited supplementary product purchases, if and when required. LASG should also maintain appropriate levels of strategic reserve.
Ibile Oil and Gas Corporation	Renovation of IOGC's Retail Fuel Station Located at Km 44 Lekki-Epe Expressway Ikota-Lekki, Lagos	**68,000,000**	Jul-23	Elsatech Nigeria Limited	IOGC continues to operate with a substantial budget deficit though its detailed financial results are not published. It is unlikely to be efficient and competitive in retail fuel distribution and LASG is in effect engaging in competition with businesses, including small businesses, that it should instead be supporting. The State should focus on doing what a Government should do. The IOGC station at Ikota is not a busy station and has changed hands a couple of times in the last 5 years with IOGC being the latest acquirer. Yet, not far down the road from the same IOGC Station are dilapidated and abandoned road works causing severe traffic daily on this critical and rapidly growing axis.

Sources: Lagos State Public Procurement Agency, Lagos MEPB 2023 Q3 Budget Performance Review