Funso Doherty
Lagos Nigeria
email: fd@funsodoherty.org

27 November, 2023

His Excellency, Babajide Sanwoolu,
Governor, Lagos State
Alausa

Dear Mr Governor:

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

I acknowledge with gratitude, receipt of a response by the Public Procurement Agency to issues raised in my open letter dated 17 November, 2023 on the above subject and hereby commend your responsiveness.

Having had the opportunity to go through same, please find enclosed, our further comments on each issue in light of PPA's response. We trust that Government will find this additional input useful in its decisions as it goes on to address the issues.

Further, in the wider engagement arising from these issues, our attention has been drawn to four awards from the Ministry of Justice in January 2023 totaling N200 million to four law firms in respect of personal legal representation for you, Mr. Governor, in a partisan political matter.

In light of the obvious irregularity of such awards, and the apparent involvement of the Justice Ministry, I hereby suggest that an independent special investigator be appointed to examine this specific matter and report findings to the public.

Thank you.
Yours faithfully,

Funso Doherty.

Cc: Rt. Hon. Mudashiru Obasa, Speaker, Lagos State House of Assembly
Hon. Lawal Pedro, SAN, Lagos State Attorney General & Commissioner for Justice
Mr. Idowu Fatai Onafowote, Director General, Lagos State Public Procurement Agency

SN	Description of Award	Naira Amount	Comments	Response From Lagos State Government	Further Comments
1.	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**	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?	The Blue Line Rail Project's design and construction were entrusted to Messr CCECC Nigeria Limited. Subsequently, upon finalizing the fixed infrastructure, a two-year partial operation contract was executed with the contractor for the following purposes: • bolster the technical and operational expertise of LAMATA's teams, fostering their capacity. • meticulously gather scientific financial and revenue data essential for informed decision-making processes. • equip pertinent practitioners with the necessary information crucial for forthcoming concessioning procedures. • empower the contractor to promptly address any defects identified during the operational phase of the project.	1. This explanation implies that LASG is satisfied that beyond the construction phase, CCECC is also well-suited and qualified to successfully undertake this next phase which requires operating passenger rail services efficiently while building up LAMATA's capacity. LASG's ability to achieve the purposes indicated rests heavily on this assumption.
2.	Construction of Lagos Rail Mass Transit (LRMT) blue line Mile 2 to Okokomaiko (section 2)	**218,071,301,485**	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?	Phase 1 faced significant delays due to insuficient funds. The current administration's strategy successfully realized the Blue Line Rail Project. The Governor remains dedicated to completing section 2 during this term, employing the same approach used for phase 1. Section 2 has already been entrusted to Messr CCECC Nigeria Limited, seamlessly continuing the project with ongoing execution. In a commendable move, the Lagos State Government compensated verified property Owners and tenants, following a globally accepted standard – a practice that will continue as needed	Our comment is maintained. It is not evident that the risks that substantially derailed Phase 1, for well over a decade, including financing risks, have been mitigated.
3.	Consultancy Service for the update of the Strategic Transport and Mobility Master Plan for Lagos Mega City Area	**5,380,695,140**	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 potential 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.	The Consultancy Service for updating the Strategic Transport and Mobility Master Plan for the Lagos Mega City Area was awarded to Messrs. ROM Transportation Engineering Ltd in collaboration with Advanced Engineering Consultants (AEC) after a rigorous 15-month competitive procurement process led by LAMATA, AFD, and PPA. The awarded contract, valued at ₦1,167,451,900.54 plus €4,213,243.24, spans 24 months. While ROM Transportation Engineering Ltd serves as the principal consultant, AEC, as the local partner, facilitates engagement with various stakeholders and facilitates knowledge transfer. It's essential to differentiate between the STMMP and EPCS contracts: the former involves upgrading the existing STMP to guide the Lagos State Government on transportation infrastructure development, whereas the latter pertains to implementing recommenda-tions from the current STMP and is financed by AFD.	Our comment is maintained.
4.	Consultancy Service for the detailed engineering design and supervision of construction of quality bus corridor package 1 (Ketu/Alapere, Yaba-Lawanson-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.	**7,361,406710**	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 on that project.	The Detailed Engineering Design and Construction Supervision procurement for Quality Bus Corridor Package 1, 2 & 3 commenced in December 2019, culminating in the award to AEC/GPO S.A. in September 2021. Subsequently, the contract underwent revision to incorporate an Intelligent Transportation System (ITS) component. After finalizing this process, a revised award was officially issued in April 2023, following thorough certification by AFD.	Our comment is maintained.

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5.	Consultancy Services for the engagement of Loan Facilitator and Adviser on LRMT blue line project	**2,101,321,622**	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.	The consultant played a key role in securing funding for the Blue and Red Lines through local Nigerian banks, a shift from the initial plan of acquiring a USD loan from the international community. This strategic move mitigated the State's exposure to exchange rate risks. Negotiating the fee down from 5% to 2.5% was another achievement. The operational Blue Line stands as a testament to the successful completion of the project within the stipulated timeframe, showcasing its numerous associated benefits. The decision averted the risks associated with fluctuating exchange rates, ensuring stability and fostering favorable outcomes from the investment.	This is even more problematic given this explanation. Apart from being their host Sub-national Government, LASG has deep, broad, long-standing and on-going relationships with the Nigerian Banks. It should not be paying any intermediary billions of Naira in fees to facilitate funding from local Nigerian Banks.
6.	Consultancy Services for the engagement of Loan transaction arranger and Financial Adviser to LASG/LAMATA on the Red line project	**3,141,666,667**	Ditto	The consultant played a key role in securing funding for the Blue and Red Lines through local Nigerian banks, a shift from the initial plan of acquiring a USD loan from the international community. This strategic move mitigated the State's exposure to exchange rate risks. Negotiating the fee down from 5% to 2.5% was another achievement. The operational Blue Line stands as a testament to the successful completion of the project within the stipulated timeframe, showcasing its numerous associated benefits. The decision averted the risks associated with fluctuating exchange rates, ensuring stability and fostering favorable outcomes from the investment.	Ditto
7.	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**	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 assessment should be done for this contract. Also see additional comment below.	The contractor who has previously been prequalified was already engaged in on-site operations, specifically focusing on the road infrastructure starting from the T junction in the Epe axis. Notably, the road structure is primarily concrete-based, and the contractor has initiated the project using its internal financial resources for up to 50% of cost. Subsequent disbursement of funds by the LASG is planned to span across over 24months utilizing an ISPO. Moreover, the BOQ pertinent to this project has undergone thorough assessment and scrutiny by the Office of Infrastructure to ensure accuracy and appropriateness in line with the project's scope and specifications.	The PPA's explanation is noted. We however reiterate the call for an independent review of this contract given its size.
8.	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**	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 consider-ations, 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.	The BOQ underwent comprehensive evaluation conducted by Office of Infrastructure, ensuring meticulous scrutiny and validation of the project's quantitative aspects. Simultaneously, the Ministry of Transportation remains actively engaged in project oversight. This involvement facilitates the implementation of necessary traffic diversions, supported by the deployment of traffic officers at strategic locations to guarantee uninterrupted traffic flow during project execution. Payment disbursement for projects adheres to a certified measured works framework, ensuring that the total allocated sum is not released in a single transaction. Instead, payments are processed incrementally based on certified progress, with an initial advance payment set at 40% of the total project cost. Regarding the restoration of deteriorated roads, the Lagos State Government's Public Works Corporation shoulders the responsibility of rectifying such infrastructural deficiencies. The Corporation is well-equipped and proficiently positioned to execute this mandate, ensuring the effective rehabilitation of dilapidated road networks across the state.	The PPA's representations are noted. Our call is to the implementing MDAs and reflects actual on-going commuter experiences across the state.

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9.	Procurement and Construction and Design, Build Operate and Maintain PPP Model for the Blueline Rail	**9,714,179,610**	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 also 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.	During the initial stages of project conceptualization, the contractor was tasked with executing the project under a Public- Private Partnership (PPP) framework entailing the Build, Operate, Maintain, and Transfer model. Following due process, the contractor successfully secured the project bid. However, it became imperative to develop a comprehensive and detailed design to accurately estimate the project cost. Design considerations constitute a substantial segment, accounting for approximately 15% of the overall project expenditure. In the pursuit of facilitating the PPP arrangement, financial backers stipulated the requirement for a Fiscally Backed Irrevocable Standing Payment Order (ISPO) supported by the Federation Account Allocation Committee (FAAC). Regrettably, the Lagos State Government (LASG) was unable to comply with this condition. Given the critical timing and significance of the project, LASG made a strategic decision to independently finance the Engineering, Procurement, and Construction (EPC) component of the project. This intervention proved pivotal, expediting the project's progress significantly, particularly in advancing the power plant construction phase to an advanced stage. Notably, while the entirety of the project remains under the PPP framework, this specific segment was funded by the State owing to the exigencies of the project timeline and its strategic importance.	The need and rush to demonstrate progress on the long-overdue blue line project is understandable. However, this raises additional questions: On what basis was the "project bid" for a PPP "secured" by a contractor in the first place, without a design and an estimate of costs? Is the Office of PPP involved? With the change to a model where LASG finances and builds the facility first and concessions later, was there a revised competitive bid and contracting process to ensure project delivery and value for money at each stage? Generally, incorporating more capable project conception, planning and management resources into such projects, upfront, would help avoid a subsequent firefighting approach.
10.	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**	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.	The Project extends across a duration of three years, necessitating funds to be allocated across multiple budget cycles rather than sourced from a single Riscal period. Notably, this initiative serves as a continuation of an ongoing contract, encompassing the augmentation of services to integrate a disaster recovery site within its scope.	Our comment is maintained especially if, as the explanation suggests, the amount shown here is only part of a larger contract.
11.	Various	**26,339,778**	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 mainly for school physical infrastructure. It is important that its activities be subjected to review, oversight and periodic audit.	SCRPS was re-established by Mr Governor with an Executive Order on the 4th of Nov 2019. Having existed and operated by previous Administrations, it was re-introduced as a committee with the primary mandate to address the decay in the physical infrastructure in public schools. They work with the Ministry of Education for proper project identification and justification. SCRPS is subject to both State audit and external audit and other internal monitoring Agencies. They follow the State PPA laws on contract award up to project close out. All payments are executed from the State Treasury Office, after due certification by other monitoring State Agencies.	This is Noted.
12.	Various	**22,658,608**	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.	LASIAMA, operating within the mandate of managing Lagos State assets and infrastructure plays a pivotal role in streamlining facility management across the state. The prevailing model, wherein LASIAMA administers facility management contracts while various MDAs occupy and utilize these facilities, is a strategic approach designed to centralize and optimize resource utilization. This model facilitates a cohesive and standardized management framework, ensuring uniform standards of maintenance and efficient resource allocation.	The shared service concept is well understood. However, whether in actual practice it enhances or inhibits efficiency and effectiveness depends on the supporting policies, measures and practices that are highlighted in our comment. Recent revelations following an unfortunate high-profile failure involving a fatality that was recorded in an LASG facility suggests that these could be strengthened.
13.	Supply and distribution of 2,000 Noiler Chicken across the local government areas and wards in the state	**18,468,000**	It is not clear why the Office of the Chief of Staff should be engaged in supplying and distributing Chickens across the state.	This falls under the socio-political responsibilities of government to cater for its citizens	Our comment is maintained. By very definition, all actions of a Government should ultimately be aimed at caring for its citizens.
14.	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**	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.	This is in tandem with current economic realities.	It is far removed from the current economic realities of the overwhelming majority of Lagosians. That is why justification is called for.

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15.	Replacement of the liquid fragrance in the Office of Mr Governor, Lagos House, Ikeja.	**7,475,000**	On the face of it, and especially in the present economic circumstances, the amount of this award appears excessive in relation to the item procured.	This covers the entire 2023 period of one year. It is also not limited to Mr Governor's office but extends to several offices and state houses.	No further comment.
16.	Decoration of Venue for Political Delegates Congress	**20,804,550**	Official Government Funds should not be used for political expenses.	This was a strategic programme aimed at fostering interaction and collaboration between elected legislators and members of the State Executive Council. Its objective was to provide a conducive environment that encouraged dialogue, exchange of ideas, and cohesive engagement among these stakeholders.	No further comment.
17.	Flying Hour Expenses on Ad-hoc Charter Plane by Lagos State Government	**400,000,000**	This should be srutinized as to the need and justification for such substantial cost at taxpayer's expense and also value-for-money.	This payment accounts for past services rendered, wherein outstanding debts owed to the contractor is being reconciled and offset by this specific figure.	Barring unavoidable emergencies, commercial air travel should be utilized rather than expensive charter flights.
18.	Flying Hour Expenses on Ad-hoc Charter Plane by Lagos State Government	**112,500,000**	This should be srutinized as to the need and justification for such substantial cost at taxpayer's expense and also value-for-money.	This payment accounts for past services rendered, wherein outstanding debts owed to the contractor is being reconciled and offset by this specific figure.	Ditto
19.	Procurement of TEN (10) UNITS brand new Hyundai County Buses for use in the Pool of the Office of the Chief of Staff	**600,000,006**	It is not evident why there is a need to purchase 30 brand new buses at a total cost of N2.2 billion for use in the pool of the Office of the Chief of Staff	The Chief of Staff holds oversight responsibilities across multiple MDAs within the State. However, it's important to note that these buses are designated for the use of other MDAs within the State and are not allocated for the personal use of the Chief of Staff.	Our comment is maintained. This activity is outside the scope of the Office of the Chief of staff.
20.	Procurement of TWENTY (20) UNITS brand new Ashok Leyland Falcon Buses for use in the Pool of the Office of the Chief of Staff	**1,599,999,986**	Ditto	The Chief of Staff holds oversight responsibilities across multiple MDAs within the State. However, it's important to note that these buses are designated for the use of other MDAs within the State and are not allocated for the personal use of the Chief of Staff.	Ditto
21.	Monthly outreach of indigent citizens by wife of the Deputy Governor	**30,000,000**	Though the intention may be laudable, these should not be funded from the budget of the Office of the Deputy Governor	This amount represents an annual sum, with a monthly expenditure of N2.5 million.	Our comment is maintained.
22.	Monthly empowerment programmes of the wife of the deputy governor	**30,000,000**	Ditto	This amount represents an annual sum, with a monthly expenditure of N2.5 million.	Our comment is maintained.
23.	Provision of Supply items (Rechargeable fans, rechargeable lights and fridge in the office of the deputy governor.	**2,017,840,000**	This award, which is listed here as published by the PPA, very obviously deserves further scrutiny.	This is not the case. The contract is for N2,017,840.00 and this is what is contained on the Agency's website and the registered Letter of Award.	We observe that the reported figure of circa N2billion, which was sourced from a PPA report, was amended to circa N2m by the PPA, after we issued our open letter.
24.	Collation of Revenue Data and the Review of the current Lagos State Revenue Allocation Indices in Line with Revenue Mobilization Allocation and Fiscal Commission Call Circular	**778,000,000**	Maintenance and reporting of State revenue and expenditure data is a fundamental, long-standing and core responsibility of the Ministries of Finance and Economic Planning and Budget. Why there is a need for additional expenditure of this magnitude to meet reporting requirements is not clear. It requires further justification as it may be indicative of other capacity gaps that may also need to be addressed.	The core objective of this project is to conduct a comprehensive reassessment of Lagos State, aligning it with the standards set forth by the Revenue Mobilization Allocation and Fiscal Commission. This initiative necessitates extensive data collection conducted by local government officials at their respective levels. As a result of the time constraints faced by LASG, a consultant was engaged. The project entails training, meticulous data analysis, and oversight by the commission to evaluate the ongoing efforts.	This clarification is noted. It is our hope and expectation that open competitive bidding was employed in selecting the consultant and in negotiating fees.
25.	Commission and Operation Start-Off support of Lagos Rice Mill Imota.	**300,000,000**	LASG announced in October 2022 that it signed an agreement for WACOT to manage the Imota Rice Mill which was built at substantial cost to the taxpayer. The terms of this arrangement have not been disclosed, but LASG continues to also directly bear costs associated with running the Mill. It should be clear and unambiguous who bears what responsibilities and there should be monitoring and reporting to ensure accountability, operating efficiency and financial sustainability. Further, if the terms of the agreement bring it within the ambit of the PPP law, then the arrangement should be disclosed, regulated, monitored and reported on by the Office of PPP.	The collaboration with WACOT is not a Public- Private Partnership (PPP) but a technical service arrangement intended to bolster the Imota Rice Mill. This partnership involves the provision of expertise from both expatriate and local staff, leveraging their experience in similar machinery and processes from Argungu, Kebbi State. It's crucial to note that the mill remains the property of LASG; the collaboration primarily focuses on training. WACOT has deployed 7 expatriates and 16 support staff to facilitate the initial operations and eventual self-sufficiency of the mill. The initial allocation of 300 million Naira was intended for disbursement at 50 million Naira monthly over a six-month period. However, due to an expanded scope, this figure has been revised to 540 million Naira, allowing for a monthly disbursement of 60 million Naira for further 9 months totalling 15 months.	This explanation implies that the costs, risks and rewards of operating the Imota Rice Mill remain with LASG. WACOT is being engaged to provide technical/management services for a fee. Fundamentally, the wisdom in this arrangement is questionable because WACOT, being a large player that competes aggressively in the domestic market, owns its own mill, with its own already established rice brands and an input supply chain, and will likely have conflicting interests. We reiterate the need for benchmarks of output, operating efficiency and financial sustainability to monitor and report the performance of WACOT specifically and the Mill in general.

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26.	Renewal/Extension of Technical Support Services for the Management of Operations of Lagos Rice Mill Imota	**540,000,000**	Ditto	The collaboration with WACOT is not a Public-Private Partnership (PPP) but a technical service arrangement intended to bolster the Imota Rice Mill. This partnership involves the provision of expertise from both expatriate and local staff, leveraging their experience in similar machinery and processes from Argungu, Kebbi State. It's crucial to note that the mill remains the property of LASG; the collaboration primarily focuses on training. WACOT has deployed 7 expatriates and 16 support staff to facilitate the initial operations and eventual self-sufficiency of the mill. The initial allocation of 300 million Naira was intended for disbursement at 50 million Naira monthly over a six-month period. However, due to an expanded scope, this figure has been revised to 540 million Naira, allowing for a monthly disbursement of 60 million Naira for further 9 months totalling 15 months.	Ditto
27.	Procurement of Consumables like Threads, Charcoal, Wood, Sand, Personal protective equipment, hiring of trucks and servicing of generator plants for the second quarter operation of Lagos Rice Mill Imota.	**24,721,650**	Ditto	The contractor's proven expertise in supplying these consumables led to the establishment of a framework agreement, enabling the consistent provision of these items over an extended period.	Ditto
28.	Procure Fuel for the State Fire and Rescue Service's Operational Activities	**850,755,000**	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.	Procuring fuel for Fire Service in this manner aligns with the state's public procurement goals which includes encouraging SME involvement. Involving smaller contractors supports SME participation and ensures operational flexibility. The contract is payable monthly at N70million and covers 20 fire stations.	The approach suggested in our comment accomplishes the same purpose without sacrificing efficiency for the State. It is also not clear why there should be one fixed sum paid every month regardless of actual fuel consumption.
29.	Implementation of Feasibility Study for Lekki-Epe International Airport	**195,000,000**	Substantial Costs are being incurred by the Lagos State Lotteries and Gaming Authority, far above the revenues it is generating, for wide-ranging and disparate purposes. As at September, the Authority's 2023 revenues were reported at approximately N3.3bn and expenditure at approximately N11.4bn. This contradicts the rationale for the existence of the Authority and should be examined.	The dwindling revenue cannot be substantiated and does not reflect the true position at Lotteries Board. The enabling law creating the Board empowers it to allocate funds for expenditure relating to certain objectives including educational, infrastructural, health care and environmental objectives.	The figures quoted are sourced directly from LASG's own Q3 2023 budget performance report. We do not state that revenues are dwindling, but that expenditures are far higher than revenues. While the enabling law may empower the Board to allocate funds for those purposes, the underlying rationale for such arrangements is that revenues raised from regulation of activities like Lotteries and Gaming should be ploughed back for developmental objectives. It is not expected to be a large net expenditure center.
30.	Restoration of Water Supply at Iduganran Palace	**152,116,326**	Ditto	The dwindling revenue cannot be substantiated and does not reflect the true position at Lotteries Board. The enabling law creating the Board empowers it to allocate funds for expenditure relating to certain objectives including educational, infrastructural, health care and environmental objectives.	Ditto
31.	Proposed Adesalu Health Care Center at Onasa Community Ibeju-Lekki	**159,314,907**	Ditto	The dwindling revenue cannot be substantiated and does not reflect the true position at Lotteries Board. The enabling law creating the Board empowers it to allocate funds for expenditure relating to certain objectives including educational, infrastructural, health care and environmental objectives.	Ditto
32.	Procurement of 40 Nos of Vehicle Tyre Clamps Ist Batch for the Agency	**9,589,000**	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.	The Figures provided lack substantiation and the source is unreliable. Without verified financial data, making assumptions about the agency's revenue generation, operational model, or enforcement strategies leads to flawed conclusions	The figures quoted are sourced directly from LASG's own Q3 2023 budget performance report.
33.	Engagement of the consultancy on operations management monitoring and customer tools for Lagos State parking authority	**405,456,363**	Ditto	The Figures provided lack substantiation and the source is unreliable. Without verified financial data, making assumptions about the agency's revenue generation, operational model, or enforcement strategies leads to flawed conclusions	The figures quoted are sourced directly from LASG's own Q3 2023 budget performance report.

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34.	Supply of Transformers and Electricity Accessories	**36,367,366**	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.	The Lagos State Electricity Board functions as a pivotal agency overseeing various aspects of electricity provision and regulation within the state. Its primary responsibilities encompass power distribution oversight, infrastructure development, policy formulation, and implementation related to electricity generation, transmission, and distribution. Additionally, the board addresses consumer services, handling complaints, ensuring affordable access to reliable electricity, and conducting consumer education programs. It plays a regulatory role in tariffs, licensing, and quality standards for electricity services while promoting the integration of renewable energy sources into the state's electricity supply. The importance of LSEB can therefore not be overemphasized. In addition, the overhead of LSEB is expended on streetlights, diesel, payment for IPPs etc.	Our comment is maintained. We are not advocating complete elimination of the LSEB.
35.	Rehabililation and reconnection of IPP high voltage distribution network fro Ile Zik to Oshodi	**599,980,515**	Ditto	The Lagos State Electricity Board functions as a pivotal agency overseeing various aspects of electricity provision and regulation within the state. Its primary responsibilities encompass power distribution oversight, infrastructure development, policy formulation, and implementation related to electricity generation, transmission, and distribution. Additionally, the board addresses consumer services, handling complaints, ensuring affordable access to reliable electricity, and conducting consumer education programs. It plays a regulatory role in tariffs, licensing, and quality standards for electricity services while promoting the integration of renewable energy sources into the state's electricity supply. The importance of LSEB can therefore not be overemphasized. In addition, the overhead of LSEB is expended on streetlights, diesel, payment for IPPs etc.	Ditto
36.	Renovation of Saint Andrews Anglican Church, Oke-Popo, Lagos	**531,553,559**	Why is LASG spending N531 million of taxpayer money to renovate a Church?	The Church was founded in 1889 and stands as a significant historical landmark in Lagos State. The need for the State to preserve such landmark can therefore not be overemphasized. The contract amount encompasses funds allocated for both the refurbishment of the Church and compensation given to the church for the necessary demolition of sections of its property due to road expansion.	This is noted. It should also apply more broadly and equitably to other designated heritage sites, and the emphasis, as far as possible, should be on restorative preservation to maintain historic character and not outright renovation or remodelling.
37.	Construction of Erelu Way / Dayo Eluk Community Link Road, in Amikanle Community the Agbado-Oke Odo LCDA	**511,539,758**	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.	CERUD's mandate encompasses providing essential amenities to rural areas, and the project spans across multiple budget cycles.	Our comment is maintained. If situated in the appropriate MDA, such a project may not need to span across multiple budget cycles.
38.	On-boarding of four MDAs and Twenty-nine Hospitals unto the E-procurement system of Lagos State Public Procurement Agency	**379,500,000**	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.	The Lagos State Public Procurement Agency operates under a governance framework that ensures rigorous oversight and control mechanisms beyond its internal procurement policies. The agency's activities are subject to meticulous scrutiny and audit processes conducted by both the Lagos State House of Assembly and the Office of the Auditor General.	This is noted. However, competitive procurement processes must be employed.
39.	Consultancy Services for the engagement of monitoring and evaluation specialist for NG-CARES Implementation in Lagos State	**315,600,000**	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.	This is a world bank project under the Program- for-Results (PforR) Financing instrument. Its unique features include linking disbursement of funds to the achievement of specific program results and supporting clients in enhancing the effectiveness and efficiency of their development programs to achieve tangible and sustainable results. The project is currently ongoing in all 36 States of the federation.	Ditto
40.	Public Relations and Whistleblower strategy for the ministry of physical planning and urban development	**269,000,000**	This should be reviewed and assessed to ensure Value-for-money.	The project involved a comprehensive nine- month enumeration and sensitization campaign conducted by the consultant throughout Lagos State. This initiative also involved the engagement of diverse stakeholders within the informal sector, with a primary focus on augmenting data collection, fostering community awareness, and promoting regulatory compliance.	Ditto

SN	Description of Award	Naira Amount	Comments	Response From Lagos State Government	Further Comments
41.	Transformation Agenda for Office of Internal Audit	**100,000,000**	This is quite vague. It should be reviewed and assessed to provide assurance of Value-for-money	This was an extensive capacity building programme for all Auditors statewide and a process re-engineering drive.	Ditto
42.	Capacity building and Competency Framework for Office of Internal Audit	**100,000,000**	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.	The consultant, with a wealth of experience in works projects, was enlisted to conduct statewide training for auditors. The focus was on imparting prepayment inspection protocol expertise alongside comprehensive project management skills.	Ditto
43.	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**	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.	The distribution of 5 vehicles during the Public Service Week aimed to recognize senior civil servants' dedication and boost morale. The goal of this gesture, is to foster productivity among public servants.	Our comment is maintained.
44.	Procurement of Fuel for Lagos State Emergency Management Agency Operational Activities for the Month of April	**74,524,650**	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.	Procuring fuel for LASEMA in this manner aligns with the state's public procurement goals which includes encouraging SME involvement. Involving smaller contractors supports SME participation and ensures operational flexibility.	The approach suggested in our comment accomplishes the same purpose without sacrificing efficiency for the State. It is also not clear why there should be one fixed sum paid every month regardless of actual fuel consumption.
45.	Renovation of IOGC's Retail Fuel Station Located at Km 44 Lekki-Epe Expressway Ikota-Lekki, Lagos	**68,000,000**	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.	The renovation of IOGC's retail fuel station aligns with LASG's role as a major shareholder in the organization. It's a contribution towards improving infrastructure within the state, not a competition with private businesses. LASG is committed to enhancing services for the public and addressing separate challenges like road works and traffic through other initiatives.	Our comment is maintained. Developing and operating retail fuel stations in well-developed areas is not a good use of Government's attention and its limited human and material resources.