

**Lagos State Key Indicators**

Territorial area	3,577 sq.km
Population	13.4 million (UN 1999)
Population growth rate	8%
No. of communities	2,600

Source: Lagos State Ministry of Economic Planning and Budget

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2006

Preparation of Government Budgets

Budget Cycle and Institutions

Government budget processes cover four distinct stages. These are (i) budget conception and preparation; (ii) budget approval; (iii) budget implementation; and (iv) budget monitoring and auditing. Based on the provisions of the 1999 Constitution, it is the executive arm of government that is fixed with the responsibility of preparing government budgets. The responsibility is usually delegated to a specific Ministry or Department. In Lagos State, this is the Ministry of Economic Planning and Budget (MEPB), which was established in June 1999 as a replacement for the Plans, Programmes and Budgets Bureau (PPBB).

According to the legal notice issued upon its creation, the MEPB, is responsible for the preparation of the annual budget of the Lagos State Government; the processing of the annual budgets of parastatal organizations; and the provision of advisory services on the Local Government (municipal) budgets.

Budget Conception

The first step is to review and evaluate on an inter-ministerial basis, the implementation of the previous financial year's budget and to use the outcomes as the basis for mapping out the direction and thrust of the new budget. Prevailing socio-economic conditions and development targets and objectives as articulated in key policy instruments such as the National Economic Empowerment and Development Strategy (NEEDS) and State equivalents known as SEEDS are also taken into account.

In Lagos State, there is a further reference to the Ten Point Agenda (TPA) for 2003 -2007. The TPA has as its focus the provision of efficient and adequate social services and infrastructure through an enabling environment for private-sector led growth; stimulation and creation of gainful employment; and the rebuilding of Lagos as a model city-state. The TPA's specific targets are in connection with transportation, roads, power and water supply, environment and physical planning, shelter, health, education, food security, employment and revenue enhancement.

Budget Preparation

In order to collate the government's revenue and expenditure estimates, the lead Ministry (MEPB in the case of Lagos State) issues call circulars to other Ministries and Departments. In their responses, the Ministries and Departments will submit their revenue and expenditure estimates having taken into account the government's policy direction. These submissions are consolidated by the lead Ministry. However, the draft budget will not be finalized until all the Ministries and Departments have been given an opportunity to defend their submissions. Once this has been accomplished, the next step is to forward the draft budget for approval to the Federal Executive Council in the case of the federal budget or a State Executive Council in the case of a State budget.

Budget Composition

On the revenue side, the main components are (i) statutory allocations as provided for under the 1999 Constitution; (ii) internally generated revenue from taxes, fines, fees, licenses, rent on government properties and other earnings from investments; and (iii) capital receipts, which are derived from

loans, grants and the share of value added tax (VAT). On the expenditure side, the main components are (i) recurrent (routine) costs such as personnel and overhead costs; and (ii) capital costs for infrastructure development. If the revenue estimates exceed expenditure, the budget is said to be in surplus but if the converse is the case, that is, the expenditure exceeds the revenue, the budget is said to be in deficit. In the latter case, the government in question may be compelled to borrow money in order to make up the shortfall.

Budget Calender

There is no law which prescribes a mandatory budget calender. In other words, timelines for the preparation and approval of government budgets are not rigid. There have been attempts to change this state of affairs at the federal level, with the introduction of the Budgeting Procedure Bill 2005. But the Bill has not yet been passed into law.

In addition, the National Economic Empowerment and Development Strategy (NEEDS), commits the Federal Government to the adoption of a mandatory budget calendar so as to ensure that the budget is finalized at least three months before the beginning of the new financial year.

Public Participation

At both the federal and State levels, there is no law, which

establishes the right of the general public to participate in government budget processes. However, in Lagos State, the State's Economic Summit (also known as Ehingbeti) has been used as a forum for stakeholder participation in economic policy making and the perspectives gathered have been used to shape budget priorities. Other States have organized similar Economic Summits. But as with Ehingbeti, these fora are convened entirely at the discretion of the State Government and they do not take place on a regular basis. It is noted that although the Lagos State Government has stated that it will introduce a divisional budget forum "to ensure bottom-up approach and engender public ownership of government plans," this commitment has yet to be actualized.

Medium Term Expenditure Framework (MTEF)

One of the recent innovations in connection with economic policy making and government budget processes is the adoption of the medium term expenditure framework (MTEF). Basically, it aims to promote order and a disciplined approach to economic planning and budget processes so that there is efficiency in the use of public resources. It requires that governments should prepare fiscal and monetary programmes and estimates of revenue and expenditure for a 3-year rolling period. Consequently, the budget for a given financial year will need to link proposed

expenditure with the government's medium term planning priorities. Lagos State has already adopted MTEF.

Useful Resources

Reports, studies and information on gender budget analysis (GBA) tools and training can also be obtained from the following websites:

United Nations Development Fund for Women (UNIFEM)
<http://www.unifem.org>

Gender Responsive Budgeting Initiatives
<http://www.gender-budgets.org>

For more information contact:

Main Project Office:
DIN Resource Centre
38 Norman Williams Street
South West Ikoyi, Lagos
Phone (01)-2673592 (01)-7918842
Fax (01)-2673592

Ikorodu Office:
6, Oladimeji Atitebi Street,
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