

**COMMUNIQUE ISSUED AT THE ONE-DAY TECHNICAL ROUNDTABLE ON  
ECONOMIC AGENDA SETTING FOR PRESIDENT BOLA AHMED TINUBU'S  
ADMINISTRATION HELD AT THE ROCKVIEW HOTEL ROYALE, WUSE II ABUJA,  
NIGERIA ON 25 JULY 2023.**

**BACKGROUND**

On the 25<sup>th</sup> day of July 2023, Action Aid Nigeria (AAN) in partnership with Centre for Social Justice (CSJ) and Nigerian Labour Congress (NLC) held a one-day Technical Roundtable on **Economic Agenda Setting for President Bola Ahmed Tinubu's Administration** with the theme: '**Economic Blueprint for the Tinubu Administration**'. The roundtable which took place at the Rockview Hotel Royale, Wuse II Abuja brought together participants from various Ministries, Departments, and Agencies of the Federal Government of Nigeria, the private sector and Civil Society.

The objectives of the Technical Roundtable among others were, to provide opportunity for a and toite national dialogue among the government, civil society, and the private sector on economic priorities and strategies for the new administration; to explore internal opportunities for expanding Nigeria's fiscal spaces for sustainable development financing; and to provide the needed information that will enable CSOs, the private sector and the wider citizenry to effectively engage with the 2023 FGN Appropriation Act on funding, implementation, and service delivery.

The roundtable featured presentations on the **Economic Blueprint for the Tinubu Administration** and the **Summary Analysis Report of the 2023 FGN Appropriation Act** which highlighted key issues that formed the basis for in-depth discussion among the participants and key stakeholders from within and outside government. The following talking points highlight key interests and recommendations for the Tinubu-led administration:

- Nigeria has a huge debt burden. Currently, bulk of its retained revenue is devoted to debt servicing. In 2021, about 90.0% of Nigeria's retained revenue amounting to about N4.221 trillion of N4.64 trillion was spent on servicing its debt. It is projected that this might rise further to as much as 101.5% and 121% of its revenue in 2022 and 2023 respectively.<sup>1</sup> Whereas international best practice prescribes debt service to revenue ratio at not more than 20% of the country's export earnings or 30% of revenue for

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<sup>1</sup> Nigeria Development Update, June 2023 by the World Bank at page 31.

- low-income countries. Public and publicly guaranteed debts are now more than 40% of the GDP and could reach 46% by the end of 2023.<sup>2</sup> With the unification of the exchange rate, Nigeria's foreign debts will likely increase in value by not less than 40%.
- Federal Government of Nigeria (FGN) has accumulated Ways and Means expenditure more than N23trillion in violation of the Central Bank of Nigeria Act that pegs ways and means to not more than 5% of previous year's actual revenue. FGN has not been able to pay back the advances within the financial year as stipulated by law. Repayment is expensive as it attracts monetary policy rate plus 3 percent.
- An estimated 4million Nigerians were forced into poverty from January to May 2023 and about 7million more could further descend into poverty if nothing is done to hedge the free fall
- Quantum of Nigeria's resources are stolen daily. About 619.7 million barrels of crude oil, valued at \$46.16 billion or N16.25 trillion, have been stolen in the last 12 years. This averages N1.354trillion annually. On the other hand, Nigeria has struggled to meet its OPEC quota and budget benchmark in the last few years due to aging infrastructure, inadequate investment, and security challenges.
- The price of Premium Motor Spirit (PMS) impacts virtually everything including transportation, food, education, health, artisanal services, etc.
- The office of the Auditor General for the Federation, which is the foremost anti-corruption institution, lacks the powers necessary to perform the operation of a modern audit office. It lacks financial and operational autonomy; its appointment, tenure and immunity provisions are insufficient.
- On the FGN unification of exchange rate, inflation may increase further considering that Nigeria's economy is import dependent. There will be an immediate increase in the demand for foreign exchange supply, considering the backlog of unmet foreign exchange demands and associated obligations as well as estimates of future foreign exchange demand for the years ahead.
- Nigeria has become notorious for insecurity as well as poor infrastructure that increases the cost of doing business – inaccessible roads, poor access to electricity are just but a few examples.
- There is poor funding in the health sector. Population increase that outpaces economic growth, and the fiscal crisis have all combined to guarantee poor health indicators and

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<sup>2</sup> Nigeria Development Update, June 2023 by the World Bank at page 24 and 32.

increased out-of-pocket health expenditure of about 70.52%, the highest in Sub Saharan Africa.

- Taxation is one of the major sources of government revenue, however tax administration in Nigeria is poor and the strategies for collection have been characterized by irregularities.
- Increasing tax burden should not be adopted as a strategy to increase revenue during economic crisis as is being experienced. Rather, the government should reduce the burden to ease the impact of economic crisis on its citizens.
- There is a need for industrialization; no country can grow without industrialization.
- The procurement process in the public sector is one area that is highly susceptible to corruption and corrupt practices.
- The productivity level of agriculture is very low. Over the years quite a lot of policies have been made but not much is done to increase the productivity in the sector.

## **RECOMMENDATIONS**

To address some of the key issues raised, the technical roundtable made the recommendations under specific subheads as follow:

### **Nigeria's Debt**

- There is a need for a moratorium on new debts, especially foreign debts, except there are exceptional circumstances justifying the new debt and this should be in accordance with the provisions of the FRA.
- There is a need to consider state-contingent debt instruments (SCDIs) where repayment obligations are tied to capacity to repay, and this should include revenue bonds and payments linked to the price of oil.
- Involve the private sector in more public-private partnerships to reduce the need for foreign borrowing.
- Debts should be restructured to ensure a longer period of amortization in a bid to reduce the percentage of retained revenue that is committed to debt service.
- Government should target not more than 50% of retained revenue for debt service over a medium term of four years. Debt ceiling should be set in accordance with S.42 of the FRA. This ceiling should be defined inter alia in the relationship of debt to revenue.

### **Tackling Poverty**

- The organized labour, private sector, professionals, women, and the public should be engaged in good faith for disclosure and negotiations with relevant information to design a social intervention programme that will cushion the hardship in critical sectors like transport, agriculture/food, health etc.
- The MDAs should take urgent steps in introducing initiatives within their sectors to quickly tackle the increasing poverty across the country.

### **Oil Theft**

- There is need to hold accountable public officers under whose watch industrial-scale oil theft occurred in recent years as a strategy for reducing oil theft.
- There is a need to activate the real-time online monitoring of pipelines and review strategic oil and gas investments and awards paid for in federal budgets between the years 2010 – 2014 and in recent years. If this facility is not available, hold to account individuals and institutions that drew down the appropriated votes without delivering any value.
- Nigeria should maximize investments to improve oil reserves and oil production and target not less than 2mbpd within a year and 3-4mbpd in the medium term. NNPC Limited should drive fundraising for investments in the sector including its proposed initial public offer.

### **Tax Revenue**

- Introduce appropriate technology to ensure that all payments of Value Added Tax, especially at the retail end, are automatically swept into the coffers of government while reconciliations will come either monthly or quarterly.
- Tax base should be broadened without increasing the tax rate. Leakages should be blocked, and effort made to bring in high net worth individuals into the tax net.
- There should be new rules or amend existing legislation to effectively tax intangible online transactions that generate billions of naira across borders.
- Tax administration should be strengthened through innovations and automation of the system.

### **Tax Expenditure**

- Review all the existing tax expenditures and criteria for such benefit including but not limited to Pioneer status, contribution to economy etc. Remove the power to grant tax expenditures from the Minister of Finance or the Executive and only place a duty on the

- Executive to document the recommendations, proposals and/ or justification for tax expenditure subject to the approval of the legislature.
- Amend the Fiscal Responsibility Act and the Finance Act 2022
- Tax expenditure should not exceed 10% of projected revenue every year or within the medium term.
- Transparency, accountability, and popular participation in tax expenditure management should be enhanced through making the proposal accessible on a public electronic portal, with evidence-based data justifying tax expenditures before approval.
- The database of taxpayers should be harmonized. If the Government cannot do this themselves, they should bring in the private sector.

#### **Office of the Auditor General of the Federation**

- Ensure mandatory use of a Treasury Single Account (TSA) for all Government owned enterprises' financial transactions. Also, strengthen the administration and management of TSA to ensure that no expenditure and/ or income is recorded outside its system.
- Prosecution and administrative sanctions for unauthorized use of funds due to FGN as operating surplus should start from an automatic suspension process.
- There should be new audit legislation that provides inter alia for Financial, organizational, and operational autonomy for the Auditor General including funding from a first line charge.

#### **Fiscal Responsibility**

- There is a need to amend the Fiscal Responsibilities Act to strengthen the Fiscal Responsibilities Commission with administrative sanctions and enforcement powers.
- There is a need to improve the funding of the Commission through the incentivized minimal cost of collection approach.

#### **Public Procurement**

- There is a need to amend the Public Procurement Act to provide for graduated penalties, well drafted and defined in accordance with best practices of legal drafting.

#### **Exchange Rates and Foreign Direct Investment**

- Take steps to increase foreign exchange earnings and strategic steps taken inter alia to engage the Nigerian Diaspora, not just for welfare remittances but for focused investments in key sector of the economy including power, gas collection and processing.

- Increasing productivity and local value addition leading to economic growth and increased exports to shore up the value of the Naira.
- Maintaining a single market determined/liberalized exchange rate regime.
- Facilitate investments in medium and small-scale enterprises from Diaspora funds.

### **Health**

- The President should constitute the Governing Council of the Board of National Health Insurance Authority to take policy steps to ensure that the mandatory health insurance scheme is activated viz, policy frameworks, implementation strategies, sensitization, education, and awareness creation.
- Ensure National Health Insurance Authority and State Health Insurance/Contributory Health schemes should liaise with the relevant stakeholders including licensing and tax authorities to devise and activate enforcement mechanisms at the next stage of the campaign for universal health coverage. Yearly premiums should be collected like a tax from formal sector workers while strategies are devised for engaging the informal sector.
- There is need to establish a Health Development Bank of Nigeria with clear mandate of health infrastructure and equipment funding at single digit interest medium- and long-term funding rate.

### **Education**

- Basic education should be free while technical skills should be paid for.
- Encourage more investment in the education sector
- Effective and efficient utilization of education budgets at the states and the national levels
- Call for the state governments to access, utilize and account for the UBEC funds

## ANNEX

List of Ministries, Departments and Agencies of Government, Civil Society Organizations and the Professional Bodies that partook at the Technical Roundtable.

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1. Centre for Social Justice
2. Nigeria Extractive Industries Transparency Initiative
3. Open Government Partnership
4. Federal Ministry of Humanitarian Services, Disaster Management and Social Development
5. Fiscal Responsibility Commission
6. Trade Union Congress
7. Federal Ministry of Finance, Budget, and National Planning
8. Revenue Mobilization Allocation and Fiscal Commission
9. United Nations Development Programme
10. BudgIT Nigeria
11. Nigerian Bar Association
12. Chartered Institute of Taxation of Nigeria
13. Bureau of Public Enterprise
14. National Human Rights Commission
15. International Budget Partnership
16. National Institute of Legislative and Democratic Studies
17. International Monetary Fund
18. Office of the Deputy Senate President
19. State House, Ab
20. Christian Aid
21. National Bureau of Statistics
22. Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture
23. Budget Office of the Federation