REVIEW OF CRITICAL ISSUES IN THE 2023 FEDERAL BUDGET PROPOSAL

CSJ

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(Mainstreaming Social Justice In Public Life)

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1. EXPENDITURE OVERVIEW

The 2023 budget is presented as a Bill for an Act to authorise the issue from the Consolidated Revenue Fund of the Federation the total sum of N20,507,942,180,704 (Twenty Trillion, Five Hundred and Seven Billion, Nine Hundred and Forty-Two Million, One Hundred and Eighty Thousand, Seven Hundred and Four Naira) only, of which N744,109,468,797 (Seven Hundred and Forty-Four Billion, One Hundred and Nine Million, Four Hundred and Sixty-Eight Thousand, Seven Hundred and Ninety-Seven Naira) only is for Statutory Transfers, N6,557,597,611,797 (Six Trillion, Five Hundred and Fifty-Seven Billion, Five Hundred and Ninety-Seven Million, Six Hundred and Eleven Thousand, Seven Hundred and Ninety-Seven Naira) only is for Debt Service, N8,271,882,354,405 (Eight Trillion, Two Hundred and Seventy-One Billion, Eight Hundred and Eighty-Two Million, Three Hundred and Fifty-Four Thousand, Four Hundred and Five Naira) only is for Recurrent (Non-Debt) Expenditure while the sum of N4,934,352,745,705 (Four Trillion, Nine Hundred and Thirty- Four Billion, Three Hundred and Fifty-Two Million, Seven Hundred and Forty-Five Thousand, Seven Hundred and Five Naira) only is for contribution to the Development Fund for Capital Expenditure for the year.

This is disaggregated as shown in Table 1

Table 1: Disaggregation of Expenditure

Expenditure Item	Amount (N)	Percentage
Statutory Transfers	744,109,468,797	3.6%
Debt Service	6,557,597,611,797	32.0%
Recurrent (Non-Debt) Expenditure	8,271,882,354,405	40.3%
Capital Expenditure	4,934,352,745,705	24.1%
Total	20,507,942,180,704	100%

Source: 2023 FGN Budget Proposal

Table 1 shows that recurrent non-debt expenditure got the highest vote of 40.3%, followed by debt service at 32%. Capital expenditure came third with 24.1% and statutory transfers got 3.6% of the vote.

Recommendation

- The capital vote be restructured with more emphasis placed on developmental capital in comparison with administrative capital. Allocations should be channeled towards concrete deliverables, targeting human and infrastructural development. Savings identified in frivolous, inappropriate and wasteful expenditure line items should be re-channeled to capital expenditure.

2. SERVICE WIDE VOTES

Service Wide Votes (SWV) of N3,006,583,068,440 constitute 14.66% of the total expenditure**.** This is not a fit and good practice because the bulk of the SWVs could be better programmed and managed. Centralizing votes and managing them outside the traditional MDAs with little or no accountability is not in line with best practices. The Oronsaye Committee on reforming the cost of governance stated as follows of SWV:

> *The Committee noted the widely held view of the abuse of the utilization of Service Wide Votes. It was the view of the Committee that budget heads currently captured under that vote could actually be captured either under specific MDAs or the Contingency Vote. Considering the constitutional provision for the Contingency Vote, it is believed that the Service Wide Vote is not only an aberration, but also an avoidable duplication. The Committee therefore recommends that Service Wide Votes should be abolished and items currently captured under it transferred to the Contingency Vote or to the appropriate MDAs.*

Recommendation

- SWV should be abolished and items currently captured under it transferred to the Contingency Vote or to the appropriate MDAs.

3. REVENUE OVERVIEW

The revenue to fund the expenditure is presented as follows in Table 2.

Table 2: Disaggregation of Revenue

Revenue Item	Amount (N)	Percentage
FGN Share Of Net Federation Revenues	4,392,312,266,972	45.2%
Independent Revenues	2,217,602,274,500	22.8%
Other Dividends	7,226,385,750	0.1%
Aids and Grants	43,028,488,073	0.4%
Special Funds/Accounts-Receipts	300,000,000,000	3.1%
Government-Owned Enterprises (Net of Operating Surplus)	2,419,111,973,760	24.9%
Others	346,582,356,117	3.6%
Aggregate Revenue/Inflows	9,725,863,745,173	100%

Source: 2023 FGN Budget Proposal

With the aggregate expenditure of N20,507,942,180,704 and the expected revenue of N9,725,863,745,173, a deficit of N10,782,078,435,531 is automatically established. The expected revenue is 47.4% of the expenditure whilst deficit financing will take care of 52.6% of the expenditure. Debt service at N6.557tn is 67.4% of the expected aggregate revenue of N9.725tn.

4. DEFICIT FINANCING

The deficit is 4.78% of the GDP in excess of the 3% fiscal prudence rule. The sources and percentages of deficit financing is as shown in Table 3.

Table 3: Sources of Deficit Financing

Financing Item	Amount (N)	Percentage
Debt Financing	8,804,491,636,509	81.7
Asset Sales/Privatisation	206,182,616,701	1.9
Multi-Lateral/Bi-Lateral Project-Tied Loans	1,771,404,182,321	16.4
Aggregate Financing Items	10,782,078,435,531	100

Source: 2023 FGN Budget Proposal

Debt financing will contribute the largest share of 81.7 % followed by project-tied loans at 16.4% while privatization and assets sale will contribute 1.9%. Project-tied loans are already secured while the other two will be secured within the year. The cost of borrowing in the international commercial market implies that the bulk of the borrowing will be done from the domestic market. Borrowing from domestic sources is projected at N7.04trillion while foreign sources will yield N1.76trillion. However, assets to be sold or privatized have not been penciled down. The implication of the foregoing is that Nigeria's debts will further increase by not less than N8.804tn at the end of 2023.

5. REVENUE ENHANCING MEASURES

A few revenue-enhancing measures will be discussed.

5.1 Independent Revenue

In Scenario 2 of the fiscal framework referenced under fuel subsidy, it was stated:

> *Additionally, there will be tighter enforcement of the performance management framework for GOEs that will significantly increase operating surplus/dividend remittances in 2023*

FGN's investments over the years in GOEs have not been compensated with adequate operating surpluses by the GOEs. Evidence emanating from Auditor-General's reports and legislative hearings by the Public Accounts Committee (PAC) and other committees indicate that revenues accruing from operating surplus of GOEs can be doubled.

Recommendations

- The mandatory use of a Treasury Single Account for all GOE financial transactions as stated in the MTEF and earlier civil society recommendations. Strengthen the administration and management of TSA to ensure that no expenditure and income is recorded outside its system.
- Full enforcement of extant laws limiting cost-to-revenue ratio of GOEs to maximum of 50 percent. Monthly remittance of interim operating surplus and reconciliation of cumulative remittances after year end should be converted to a

monthly deduction by the Accountant General. FGN need not wait for GOE to remit but the platform should be set up in such a manner that facilitates automatic deduction thereby ensuring that the sums due to FGN are not under any circumstance available for GOE expenditure.

- Prosecution and administrative sanctions for unauthorized use of funds due to FGN as operating surplus. This should start from an automatic suspension process for the accounting officer of the GOE.

5.2 Tax Expenditure

Table 4 shows the foregone revenue for the years 2020, 2021, 2022, and projections for 2023 and 2024.

TABLE 4: FORGONE TAX REVENUE & ACTUAL REVENUE COLLECTED					
Tax Expenditures (₦ Billion)	**2020**	**2021**	**2022**	**2023**	**2024**
Companies Income Tax	457.00	548.40	658.08	789.70	947.64
Value Added Tax	4,300.00	3,870.00	3,483.00	3,134.70	2,821.20
Custom Duties	600.00	720.00	792.00	871.20	958.32
Petroleum Profits Tax (PPT)	307.00	337.70	371.47	408.62	449.48
Total Forgone Tax Revenue	**5,664.00**	**5,476.10**	**5,304.55**	**5,204.22**	**5,176.64**
Non-Oil Revenue	3,861.81				
Oil Revenue	3,804.96				
Total Actual Revenue	**7,666.77**				

Source: MTEF 2023-2025

Note: This excludes tax credits under the Road Infrastructure Tax Credit Scheme.

From 2020 to 2022, a total of N16.4trillion was foregone as tax expenditure while FGN and the states continued to pile up debts. The proposal in 2023 to give away N5.204trillion against a projected revenue of N9,725,863,745,173, while incurring N10,782,078,435,531 deficit is difficult to reconcile under fiscal responsibility rules.

S.29 (1) of the Fiscal Responsibility Act (FRA) is titled restriction on the grant of tax relief. It states:

> *Any proposed tax expenditure shall be accompanied by an evaluation of its budgetary and financial implications in the year it becomes effective and in the three subsequent years, and shall only be approved by the Minister, if it does not adversely impair the revenue estimates in the annual budget or if it is accompanied by countervailing measures during the period mentioned in this subsection through revenue increasing measures such as tax rate raises and expansion of the tax base.*

There is no documentation showing evidence of compliance with the provisions of the FRA on these tax expenditures. There is no evidence of an evaluation of their budgetary and financial implications in the years they were granted and in the three subsequent years. These expenditures adversely impaired the revenue estimates and there were no countervailing measures through revenue increases, etc.

Recommendations

- Amend the FRA in the Finance Act 2022 to remove the power to grant tax expenditures from the Minister or the Executive and only place a duty on the Executive to document the recommendations, proposals and justification for tax expenditure subject to the approval of the legislature.

- Cap tax expenditures to not more than 10% of projected revenue every year or within the medium term.

5.3 Value Added Tax(VAT)

VAT is shared between the Federal (15%), State (50%) and Local Governments (35%).FGN' share in 2023 is projected at 83,092,534,670 The current practice of allowing VAT collecting agents to collect and later remit to the treasury facilitates leakages and shortchanges the treasury.

Recommendation

- The Federal Inland Revenue Service (FIRS) should introduce technology to automate VAT collection so that once the payee pays VAT, it is automatically deducted by FIRS.

5.4 River Basin Development Authorities Need to Raise Revenue

Out of the 12 River Basin Development Authorities, only the Upper Benue River Basin Development Authority has retained independent revenue. It is in the sum of 262,500,000 The RBDAs have thousands of hectares of land, modern farming equipment, machinery and plants as well as seeds, fertilisers and other farming input paid for by the treasury. It makes no sense to continue funding the RBDAs while they contribute no kobo to the treasury.

Recommendation

- Review the laws establishing the RBDAs and reorganize them to work with the private sector as commercial enterprises that will be run for profit and ensure that FGN's share of their profits are treated as funds from other GOEs.

6. KEY ASSUMPTIONS

The 2023 budget proposal was presented with the following key assumptions

Table 5: Key Assumptions of the 2023 Budget

Description	2023 Projection
Oil Price Benchmark	70.0
Oil Production (mbpd)	1.69
Exchange Rate (N/$)	435.57
Inflation (%)	17.16

Source: 2023 FGN Budget Proposal

In the 2023 Budget framework, it is assumed that petrol subsidy will remain up to mid-2023 based on the 18-month extension announced early 2022. In this regard, N3.36 trillion has been provided for PMS subsidy.

6.1 Oil Price Benchmark

The fiscal projections still include oil price benchmark and oil production (mbpd) at a time NNPC has become a limited liability company and is no longer under obligation to simply sell crude oil and remit the proceeds to the Federation Account for sharing by the three tiers of government. The implication is that it can only remit profits at the end of a year or at agreed intervals. It is acknowledged that the quantum and price of crude oil are very important considerations in the profitability of NNPC Limited. However, the most important consideration is that the profit is not necessarily tied to the price of crude. The company will pay for investments and other business outgoings before it can return a profit. Furthermore, not all profit will be distributed as dividends as the company will be entitled to retain some part of it for future investments.

Recommendation

- The fiscal framework should be reworked based on a forecast of NNPC Limited's profitability over the medium term.

6.2 Fuel Consumption And Subsidy

6.2.1 Fuel Consumption

The official position is that subsidy has ballooned from 35 million litres a day in the year 2015 to the present 68 million litres. Recall that the oil probes in the National Assembly and the Executive in the President Jonathan era established conclusively that the subsidy claims were inflated, with companies claiming petrol supplies that were never imported, with ships that were nowhere near our waters. It was simply about the manipulation of shipping papers and inordinate opportuning.

There is a long line of decided cases where the Federal Government of Nigeria successfully prosecuted the oil thieves. In **ROWAYE V. FRN (2018) LPELR- 45650 (CA), pp. 57-66, BRILLA ENERGY LTD V. FRN (2018) LPELR – 45651 at pp. 42-52, JUBRIL V. FRN (2018) LPELR – 43993 (CA), pp. 59-61, etc.**

The ballooning subsidy claim is not supportable by empirical evidence. Since 2015, Nigeria has passed through two recessions, unprecedented insecurity that has negatively impacted economic activities, massive factory closures, and the highest unemployment rate since independence. Energy consumption is inextricably linked to economic activities and growth.

Recommendations

- FGN should conduct an open and transparent public inquiry to determine the actual PMS consumption, on the basis of which a final subsidy decision will be made. There is prima facie evidence to indicate that the figures churned out by NNPC limited are inflated.

- CSO should put the quantum of petroleum products consumed on the front burner of political discourse and make the political parties and candidates take a stand on the issue.

- A precedent has been set, *ubi jus ibi remedium* - where there is a right, there is a remedy. The Nigerian people have been massively wronged and robbed and as such need a remedy through prosecution and conviction of offenders, recovery of stolen resources, compensation, apology and guarantees of non-retition through system strengthening.

6.2.2 Fuel Subsidy

The current daily bill for subsidy is N18.4billion. Petrol subsidy will remain up to mid-2023 based on the 18-month extension announced early 2021, in which case N3.36 trillion as been provided. Government' net oil revenue could be 52% higher if petrol subsidies is removed.

PMS subsidy runs contrary to the clear provisions and reform agenda of the Petroleum Industry Act. Under Nigerian law, no one from the President to the Cleaner has a right to suspend the operation of valid law by fiat. The Law can only be amended or repealed through the collaboration of the Legislature and the Executive and not through the unilateral proclamation of the Executive. Such a suspension of the Law is **ILLEGAL** and reminiscent of military dictatorship.

This is a refusal of the current administration to take responsibility for hard decisions needed to address fiscal challenges. It seeks to postpone decision-making on fuel subsidy to the next administration. Paying subsidy until mid-year 2023 means incurring 50% of the subsidy in scenario 1, which is the sum of **$7.714billion**. The provision for debt in the sum of **N6.557trillion** and half-year fuel subsidy of **N3.36trillion** = **N9.93trillion** which is more than the expected revenue of **N9.7trillion** to fund the 2023 budget.

Recommendations

- Start the process of gradual/phased subsidy removal over a period of two years. Remove 50% in the first year and the remaining 50% in the second year.

- Engage organized labour, private sector and the public in good faith disclosure and negotiations with relevant information and design a social intervention programme to cushion the hardship in critical sectors like transport, agriculture/food, etc. To avoid diversion of funds meant for the social intervention programme, the funds should be ring-fenced as statutory first line charge transfers.

- Take steps to conclude the revitalization of existing refineries and thereafter run them efficiently. In the alternative, concession or privatise them after the repairs and turn-around maintenance. The proposed private sector participation should be done under a process that is transparent, guarantees value for money and ensures that the firm has technical, financial and managerial capacity to run the refineries. On no account shall a firm taking over the management of the refineries be allowed to engage in asset stripping.

6.3 Oil Production/Theft

About 400,000 barrels of crude oil are lost daily. At the current price of crude oil, this translates to $1.2billion per month and $14.4billion (N6.272trillion) per annum. This sum when brought into account in the books of NNPC Limited will increase its profit and the dividends to be paid to the government. However, from the reports of Nigeria's August 2022 oil production reported at less than 1mbpd, the theft may have escalated beyond 400,000bpd. The publicized Tompolo N4billion a month contract may not solve the challenge. Comparative experience and previous budgetary votes show that technology can be deployed to solve oil theft.

As at 2011, the Permanent Secretary, Ministry of Petroleum Resources[1] stated that government was implementing the Real Time Pipeline System Surveillance (RTPSS)

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[1] Sheik Goni said this in a paper titled: "*Gas Revolution and its Implementation: Industry and Government Perspectives*" delivered at the first Nigerian Gas Association Business Forum 2011 in Lagos.

Project, which is aimed at detecting, locating and quantifying pipeline leaks in real time and thereby preventing severe loss of lives and property in the event of pipeline ruptures.

> *This project is now 85 percent completed for the gas system and 50 percent completed for the liquid system. The RTPSS for the gas system is expected to be commissioned in October 2011 while the one for the liquid line would be commissioned by the 1st quarter of 2012. The Ministry is also implementing the project aimed at monitoring in real time the facilities, production and operations of the industry. Presently we are able to see in real time oil and gas production and delivery activities in some of the petroleum installations in Nigeria. This project is intended to enable the monitoring of operations in especially remote locations and to facilitate quick response in the event of system failures.*

Recommendations

- Reduce oil theft and vandalization to a minimum by holding accountable officers under whose watch industrial-scale oil theft occurs.

- Demand value for money in the Tompolo Pipeline Protection Contract and similar contracts.

- Consider a certification and authentication system – pipeline integrity programme that traces Nigerian crude from the wells to refineries as a means of eradicating oil theft. Lessons can be drawn from the experience of “blood diamonds”.

- Activate the real-time online monitoring of pipelines and strategic oil and gas resources paid for in federal budgets between the years 2010 – 2014. If this facility is not available, hold to account individuals and institutions that drew down the appropriated votes without delivering any value.

- Establish a proper metering system of our oil and gas facilities.

6.4 Exchange Rate

The Naira has been depreciating due to low oil sales and revenue, capital flight, restrictive policies, etc. The multiple exchange rates contribute to inflation due to unpredictability and supply constraints, leading a continuous push and rise in the parallel exchange rate. Nigeria's multiple exchange rates demand action for harmonization and convergence or at least steps towards harmonization. The Parallel Market hovers around N700; Investors and Exporters window is about N435 while the 2023 budget proposal is N435.57. This creates room for rent-seeking and arbitrage. The multiple exchange rates provide implicit subsidies through the difference between the official and IEFX window rates. This is a distortive subsidy that diverts resources that should have been invested in infrastructure and the social sector.

Recommendations

- Establish a single market-responsive exchange rate and improve access to foreign exchange. An exchange rate adjustment to close the gap between the official and other exchange rates is imperative.

- Ultimately, increasing productivity and local value addition leading to economic growth and increased exports will shore up the value of the Naira.

7. DEBT

Nigeria's outstanding debts as at the end of June 2022 as reported on the website of the Debt Management Office is N42.845trillion ($103.312billion). This excludes the N20trillion in Ways and Means financing which when added brings the total to N62.845trillion ($151.538billion). With debt service requirements exceeding FGN retained revenue in the first four months of 2022 and a 2023 proposal of N6,557,597,611,797 (debt service and sinking funds) against projected revenue of N9.725trillion, it is imperative to review the debt accumulation procedure and rules.

Recommendations

- A moratorium on new debts except there are exceptional circumstances justifying the new debt and this should be in accordance with the provisions of the FRA.

- Set a debt ceiling in accordance with S.42 of the Fiscal Responsibility Act. This ceiling should be defined in the relationship of debt to revenue.

- It is imperative to redefine the purpose of incurring debts in clear terms of debts being for projects that will promote value chain development, improve the macroeconomic framework, develop infrastructure and build strategic human capital. This will imply deletion of the amendment in the 2021 Finance Act which introduced an omnibus new term called “national interest” as a justification for borrowing.

- To continue borrowing for recurrent expenditure (personnel and overheads) and dilatory capital expenditure that adds no value to economic growth, wealth creation and development is not an option.

- Establish a public review mechanism through which the cost-benefit analysis of loans and their implications are ascertained before the Federal or State Governments enter into such loan agreements.

8. WAYS AND MEANS OF THE CBN

The N20trillion in Ways and Means financing from the Central Bank of Nigeria is part of Nigeria's debts. Provisions are already being made for its repayment. There is the need to stick to a rule-based and legal approach to incurring Ways and Means from the CBN and this has to be in accordance with the CBN Act. By S.38 of the CBN Act:

> *(1)…..the Bank may grant temporary advances to the Federal Government in respect of temporary deficiency of budget revenue at such rate of interest as the Bank may determine.*
>
> *(2) The total amount of such advances outstanding shall not at any time exceed five percent of the previous year's actual revenue of the Federal Government.*
>
> *(3) All Advances made pursuant to this section shall be repaid –*
>
>> *(a) as soon as possible and shall in any event be repayable by the end of the Federal Government financial year in which they are granted and if such advances remain unpaid at the end of the year, the power of the Bank to grant such further advances in any subsequent years shall not be exercisable, unless the outstanding advances have been repaid; and*
>>
>> *(b) in such form as the Bank may determine provided that no repayment shall take the form of a promissory note or such other promise to pay at a future date or securitization by way of issuance of treasury bills, bonds, certificates or other forms of security which is required to be underwritten by the Bank.*

The law is clear and admits of no exception. The accumulated ways and means did not comply with the above provision.

Recommendation

- For the avoidance of doubt, scrupulous and meticulous compliance with S.38 of the CBN Act should be written into the 2023 Appropriation Act

9. STATUTORY TRANSFERS AND BULK VOTES WITHOUT DETAILS

The agencies enjoying statutory transfers are the National Assembly, National Judicial Council, National Human Rights Commission, Public Complaints Commission, Independent National Electoral Commission, Niger Delta Development Commission, North East Development Commission, National Agency for Science and Engineering Infrastructure and the Basic Health Care Provision Fund.

Table 10: Statutory Transfers in the 2023 Federal Estimates

Nb	Statutory Transfer	Allocation
1.	NATIONAL JUDICIAL COUNCIL	150,000,000,000
2.	NIGER-DELTA DEVELOPMENT COMMISSION	113,667,129,066
3.	UNIVERSAL BASIC EDUCATION	95,298,624,085
4.	SEVERANCE/INAUGUARATION OF OUTGOING AND INCOMING 9TH AND 10TH ASSEMBLY	10,000,000,000
5.	NATIONAL ASSEMBLY	159,000,000,000
6.	PUBLIC COMPLAINTS COMMISSION	10,690,000,000
7.	INDEPENDENT NATIONAL ELECTORAL COMMISSION (INEC)	50,000,000,000
8.	NATIONAL HUMAN RIGHT COMMISSION	4,500,000,000
9.	NORTH EAST DEVELOPMENT COMMISSION	55,655,091,561
10.	BASIC HEALTH CARE FUND	47,649,312,042
11.	NATIONAL AGENCY FOR SCIENCE AND ENGINEERING INFRASTRUCTURE	47,649,312,042
	TOTAL	**744,109,468,797**

It is not about statutory transfers alone. There are hundreds of bulk votes without details across MDAs especially in agriculture, health,[2] service wide votes, etc. **T**his opacity is usually the foundation for the absence of value for money, creating opportunities for corruption and mismanagement of funds.

All the agencies on statutory transfers got bulk votes of which the details are not available to Nigerians. Also, votes for Special Intervention Programmes in the Service Wide Votes do not have details. This is an abnormal situation that lacks transparency and accountability. This is illegal and against the un-appealed decision of the Federal High Court in ***Centre for Social Justice v Honourable Minister of Finance*** (Suit No.FHC/ABJ/CS/301/2013). They should be disaggregated and their details should be in the public domain because no individual or authority is entitled to spend public money in a presidential democracy in a way and manner unknown to the people.

[2] In the health budget proposal, this includes ERGP25195089 on MULTILATERAL/BILATERAL TIED LOANS-NIGERIA COVID-19 PREPAREDNESS AND RESPONSE PROJECT (COPREP)-WORLD BANK in the sum of N43,557,000,000; MULTILATERAL/BILATERAL TIED LOANS-ACCELERATING NUTRITION RESULTS IN NIGERIA(ANRN)-WORLD BANK in the sum of N24,500,812,500; ERGP25195091 MULTILATERAL/BILATERAL TIED LOANS-IMMUNIZATION PLUS & MALARIA PROGRESS BY ACCELERATING COVERAGE AND TRANSFORMING SERVICES (IMPACT)-WORLD BANK in the sum of N67,966,342,800; and ERGP25195092 on MULTILATERAL/BILATERAL TIED LOANS-NIGERIA COVID-19 PREPAREDNESS AND RESPONSE PROJECT -ADDITIONAL FINANCING (COPREP -AF)-WORLD BANK in the sum of N174,228,000,000. There is also the provision for special interventions in SDG's 1 and 2 under Service Wide Votes in the sum of N55billion and N10billion respectively.

Recommendation

- This should be remedied by providing the details to the public through the electronic portals of the Budget Office of the Federation or the National Assembly.

10. FRIVOLOUS, INAPPROPRIATE, WASTEFUL AND OTHER EXPENDITURE

The 2023 Budget Proposal is suffused with frivolous, inappropriate, wasteful, etc., expenditures to the tune of N610.758billion. Some of the projects have no locations; some are a play on words; others duplicate already provided projects while some have no deliverables and can be seen as an attempt to draw money from treasury without due process. The full details are available at https://csj-ng.org/publication/2023-budget-frivolous-estimates/

Recommendations

- NASS should meticulously and scrupulously review the proposals before approval.
- Save clearly manifest frivolous provisions and reprogramme them to developmental capital projects which will positively impact on the people.

11. CAPITAL EXPENDITURE

Capital expenditure at 24.1% of the budget is too low considering Nigeria's infrastructure deficit. All the savings from frivolous and inappropriate expenditures or new resources accruing from earlier recommended enhancing revenue measures should be programmed to increase capital expenditure.

12. DIASPORA RESOURCES

Nigeria's large Diaspora community is an asset waiting to be tapped as a source of investments that will grow the economy, create jobs and shore up the value of the naira. Diaspora remittances in 2020 were $17.21billion and rose by 11.2% to $19.2billion in 2021. The bulk of the remittance is for welfare and to support families back home which is distinct from capital investments.

Nigeria is in dire need of investments (foreign or local) for its critical sectors in energy, infrastructure, etc. Whilst pursuing foreign investors, Nigeria needs to target its highly skilled and top-earning migrants as sources of investment funding. This may reduce the quantum of resources that FGN and states need to borrow. The following recommendations should be implemented either in the Finance Act 2022 or a new legislation.

Recommendations

- Design a coherent policy framework for the harnessing of Diaspora remittances for investment.

- Create transparent platforms and special purpose vehicles to harness the resources of the Diaspora community for investments at home.

- Create Special Purpose Vehicles for pooling funds where funds to be contributed by interested members of the Diaspora may be a bit lower than the minimum acceptable to international investing firms.

- Facilitate investments in medium and small-scale enterprises from Diaspora funds.