FOURTH REPUBLIC
10H NATIONAL ASSEMBLY
FIRST SESSION
NO. 62

HOUSE OF REPRESENTATIVES
FEDERAL REPUBLIC OF NIGERIA
ORDER PAPER
Tuesday, 21st November 2023

1. **Prayers**
2. **National Pledge**
3. **Approval of the Votes and Proceedings**
4. **Oaths**
5. **Messages from the President of the Federal Republic of Nigeria**
6. **Messages by the Senate of the Federal Republic of Nigeria**
7. **Messages from Other Parliament(s)**
8. **Other Announcements**
9. **Petitions**
10. **Matters of Urgent Public Importance**
11. **Personal Explanation**

ADMITTANCE INTO THE CHAMBER

Admittance into the Chamber:
Hon. Julius Ihonvbere:
"That the House, pursuant to Order *Twenty–One, Rule 8 (2)* of the Standing Orders of the House of Representatives, do admit into the Chamber, the Chief of Defence Staff, Chief of Army Staff, Chief of Naval Staff, Chief of Air Staff, Inspector General of Police and their entourage for the purpose of Sectorial Debates on the issues of National Importance".

PRESENTATION OF REPORTS

1. **Committees on Finance, National Planning and Economic Development and Aid, Loans and Debt Management:**
Hon. James Abiodun Faleke:
"That the House do receive the Report of the Committees on Finance, National Planning and Economic Development and Aids, Loans and Debt Management on the 2024 – 2026 Medium Term Expenditure Framework (MTEF) and Fiscal Strategy Paper (FSP)" *(Referred: 1/11/2023).*

2. ***Ad–hoc* Committee to Investigate the Gruesome Murder of Some Nigerians by Soldiers in Enugu:**
Hon. Abdulrahman Sanni Egidi:
"That the House do receive the Report of the *Ad–hoc* Committee to Investigate the Gruesome Murder of Some Nigerians by Soldiers in Enugu" *(Referred: 19/7/2023).*

ORDERS OF THE DAY

SECTORIAL DEBATES

1. Sectorial Debates Pursuant to Order *Seventeen, Rules 1(3)* of the Standing Orders of the House of Representatives.

(i) Chief of Defence Staff;

(ii) Chief of Army Staff;

(iii) Chief of Naval Staff;

(iv) Chief of Air Staff; and

(v) Inspector General of Police.

CONSIDERATION OF REPORT

2. **Committees on Finance, National Planning and Economic Development and Aid, Loans and Debt Management:**
Hon. James Abiodun Faleke:
"That the House do consider the Report of the Committees on Finance, National Planning and Economic Development and Aids, Loans and Debt Management on the 2024–2026 Medium Term Expenditure Framework (MTEF) and Fiscal Strategy Paper (FSP**)** and approve recommendations therein" *(Laid: 21/11/2023).*

Findings/Observations:

After due consideration of the submissions by the Ministries, Departments and Agencies the following observations were made;

(i) the suggested benchmark oil prices are USD 73.96, $73.76 and $69.90 per barrel for 2024, 2025, and 2026 respectively;

(ii) the new administration has provided an enabling environment for an increased oil production volume from an average of between 1.2mbpd to1.6mbpd in the previous 3 years to a projection of 1.78mbpd in 2024, 1.80mbpd 2025, and 1.81mbpd in 2026;

(iii) a Gross Domestic Product (GDP) growth rate of 3.76%, 4.22%, and 4.78% is projected for 2024, 2025, and 2026 respectively based on the new policy direction of the government;

(iv) the FOREX market has been liberalized, and the exchange rate has been unified. The suggested benchmark exchange rate (₦/$) for 2024, 2025, and 2026 was set at 700.00, 665.61, and 669.79, correspondingly;

however, the exchange rate pressures on the Naira is due to the lack of stable foreign reserve as a result of the lack of exports of locally produced goods;

(v) Despite the difficulties associated with eliminating fuel subsidies, the Central Bank of Nigeria (CBN) has taken steps to control the inflation rate and lessen pressure on the value of Naira in the foreign exchange market. Resultantly, the CBN estimated inflation rate is projected to reduce from 27.33% in October 2023 to an average of 21.40% in 2024, 20.3% in 2025 and 18.6% in 2026;

(vi) Following the criteria in the overview of the framework for revenues and expenses, which forms the basis of the 2024 FGN budget: FGN proposed spending ₦26 trillion, of which ₦16.9 trillion was retained; new borrowings of ₦7.8 trillion (including borrowing from foreign and domestic); debt service to revenue ratio of 49%; pension, gratuities, and retiree benefits of ₦1.2 trillion; and a fiscal deficit of ₦9 trillion (including GOEs);

(vii) the projected N16.96 trillion revenues to the federal government for the 2024 fiscal year is attainable with effective revenue monitoring exercise and oversight by the relevant committees of the National Assembly;

(viii) the projected fiscal deficit of ₦9.048 trillion, ₦10.02 and ₦11.48 proposed for the 2024, 2025 and 2026 fiscal years are 22%, 13.6% and 1% lower than the ₦11.6 trillion fiscal deficit for the year 2023. The proposed strategy for the government in 2024 towards deficit financing is to increase funding from privatization proceeds and foreign borrowing and reduce funding from multilateral and bilateral project–tied loans, and domestic borrowing;

(ix) that the Federal Government's commitment to progressively restructure its debt portfolio towards achieving a balanced domestic-to-external debt ratio is evident in the 2024-2026 MTEF and FSP;

(x) a significant number of the Federal Government's Revenue-Generating Agencies engaged in arbitrary, frivolous and extra-budgetary expenditure;

(xi) most of the Revenue Agencies violate the Fiscal Responsibility Act of 2007 due to the lack of punitive provisions in the Act;

(xii) most agencies are not complying with financial reporting standards;

(xiii) that some Revenue Generating Agencies were involved in Joint venture agreements, especially in the oil and gas sector where Forward Sales Agreements are executed for upfront payments for future product delivery without recourse to the National Assembly. This trend was also observed in other sectors notably in the power sector where power purchase agreements were entered into by NBET and NDPHC committing the Federal Government to a whopping 40 million dollars monthly *Take Or Pay* agreement even when the agencies were fully aware that the country has limitations in meeting up with the obligation of the agreements;

Such agreements subject the country to International arbitrations which expose the country to huge contingent liabilities; in 2024 alone, contingent liabilities of the government are estimated at ₦6.9 trillion, and ₦7 trillion for 2025 and 2026 respectively.

(xiv) **Table of Contingent Liabilities**

S/N	Liability Type	2022	2023	2024	2025	2026
1.	Federal Mortgage Bank of Nigeria	5.238	5.238	-	-	-
2.	FCDA- Katampe Infrastructure Project	-	7.441	7.441	7.441	7.441
3.	Nigeria Ports Authority – Lekki Deep Seaport	7.441	39.621	535.83	535.83	535.83
4.	Nigerian Export-Import (NEXIM) Bank	22.951	-	-	-	-
5.	Nigeria Mortgage Refinance Company Plc	26.913	22.95	19.864	16.776	13.68
6.	Payment Assurance Facility for Nigeria Bulk Electricity Trading Plc	-	-	-	-	-
7.	Power Sector Contingent Liabilities Put-Call Option Agreement (PCOA)	642.961	3,946.29	3,862.76	3,955.53	3,980.37

8.	Power Sector Contingent Liabilities – Partial Risk Guarantees (PRG)	107.513	514.25	522.89	535.39	538.74
9.	Legacy FGN Exposure from PHCN Successor Companies	-	1,649.98	-	-	-
10.	NNPC – AKK Gas Pipeline Project	1,138.613	-	-	-	-
11.	Family Homes Fund Limited (FHFL)	1,102.062	200.00	200.000	200.000	200.000
12.	Pension Arrears for MDAs	684.991	650.742	618.21	587.29	587.29
13.	Others	-	900.000	1,200.000	1,200.000	1,200.00
	Total	**3,738.683**	**7,936.51**	**6,967.00**	**7,038.26**	**7,063.35**

The above contingent liabilities are a result of various agreements signed on behalf of the Federal Government of Nigeria by various GOEs/MDAs and some states but guaranteed by the Federal Government of Nigeria, however, it was observed that most of these agreements were never brought to the National Assembly for consideration, hence these agreements were domiciled and subject to international Laws or legal systems.

(xv) that many agencies, particularly those in charge of collecting stamp duties, do not use information and communication technology (ICT) effectively for revenue collection;

(xvi) that the subsidiaries of NIPOST Properties Limited and NIPOST Transport and Logistics Limited were created out of NIPOST with individuals as shareholders without any share allotted to NIPOST as an entity;

(xvii) that the sum of ₦10 billion was released from the Ministry of Finance for the restructuring and recapitalization in 2022 without corresponding result;

(xviii) that despite the deficit budget, the proposed tax waivers to be granted in 2024 are ₦ 2.7 trillion, 2025 is ₦ 3.2 trillion and 2026 is 3. 8 trillion. These constitute 30% of the total fiscal deficit for 2024, 31% for 2025 and 32% for 2026

Recommendations
Based on the above findings, the Committee makes the following recommendations:

(i) that the benchmark oil price of USD$73.96, $73.76 and $69.90 per barrel be approved for 2024, 2025, and 2026 respectively;

(ii) that the daily crude oil production of 1.78 Mbps, 1.80 Mbps, and 1.81 Mbps, for 2024, 2025, and 2026 respectively be approved subject to NNPC confirmation of actual and verifiable deliveries;

(iii) that the Exchange Rate of ₦700, ₦665.61 and ₦669.79 to US$1 proposed by the Executive for the periods 2024–2026 be considered for approval with the federal government's vigorous drive to enhance local production (both oil and non-oil) for increased foreign reserve growth;

(iv) that all items locally produced should be out rightly banned from importation and customs tariffs amended accordingly;

(v) that the CBN should ensure that Banks have access to FOREX to provide funds to importers and other users to prevent patronage of the parallel market;

(vi) that in light of the Federal Government's response of fiscal measures to stimulate the economy through significant investment in infrastructure, SMEs, and the agricultural sector, the GDP growth rates of 3.76%, 4.22%, and 4.78% during the years 2024, 2025, and 2026 be approved;

(vii) that the inflation rate of 21.40% in 2024, 20.30% in 2025, and 18.60% in 2026 be approved;

(viii) that the Federal Government's target-setting approach and its determination to enhance the major revenue-generating agencies' collection efficiency will support the Fiscal deficit estimate of N9 trillion (including GOEs) is noted and hereby approved;

(ix) that the Federal Government should continue to enforce the implementation of the Performance Management Framework for GOEs by ensuring that they operate in a more fiscally responsible manner while reviewing their operational efficiencies and declared costs-to-income ratios;

(x) that the ₦7.8 trillion in new borrowings (both domestic and foreign) be supported as well, given the country's current effective debt management strategy, which has moderated borrowing costs and decreased the amount of short-term debt in the portfolio and refinancing risk;

(xi) that the MTEF/FSP Document's ancillary parameters listed below for 2024–2026 be maintained as well:

(a) FGN recommended spending ₦26 trillion, with ₦16.9 trillion in retained revenue;
(b) a ₦9 trillion budget deficit (including GOEs);
(c) ₦7.8 trillion in new borrowings (including borrowing from foreign and domestic sources);
(d) ₦1.3 trillion worth of Statutory transfers;
(e) an estimated N8.2 trillion in debt service;
(f) ₦243.6 billion in the Sinking Fund;
(g) ₦1.27 trillion in pension, gratuity, and retiree benefits; and
(h) total Recurrent (non-debt) of ₦10.2 trillion; Personnel Costs (MDAs) of ₦4.49 trillion; Capital Expenditure (exclusive of Transfers) of ₦5.9 trillion; Special Intervention (Recurrent) of ₦200 billion; and Special Intervention (Capital) of ₦7 billion comprise the aggregate FGN Expenditure of ₦26 trillion;

(xii) that the National Assembly begin the process of amending the Fiscal Responsibility Act (FRA, 2007) to enhance the agencies' ability to enforce fiscal responsibility and impose sanctions on erring staff. Specifically, about Sections 21 (1) and 22 (1)(2);

(xiii) that the National Assembly Standing Committees take prompt action to review the laws governing the activities of all revenue-generating agencies under their purview to identify specific sections or clauses that need to be amended to plug waste and increase the government's capacity to generate revenue;

(xiv) that the Federal Government Agencies ensure deployment of ICT in the collection of all revenues by MDAs including stamp duty collection activities to block leakages;

(xv) having discovered that the subsidiaries of NIPOST so created are irregular and illegal, we, therefore, recommended that they be wound up and deregistered immediately;

(xvi) that the sum of ₦10 billion released by the Ministry of Finance for the proposed NIPOST restructuring and recapitalization be investigated and the funds fully recovered if established to be injudiciously utilized by the relevant committee of the Assembly charge with the responsibility of fiscal prudence;

(xvii) that the Budget Office of the Federation and the Ministry of Finance, Budget, and National Planning re-evaluate the underlying assumptions for all Federal Government agencies' income targets to confirm the veracity of those assumptions and the effects;

(xviii) that the Federal Government should continuously assess the qualifications and performance of agency heads to guarantee that the government's total income target as stated in the MTEF/FSP and the yearly budgets is consistently met with adequate sanctions necessary;

(xix) that all Ministries, Departments, and Agencies (MDAs) pay for services provided by other government agencies on time and in full unless it is determined that the beneficiary agencies are statutorily exempt from such payments;

(xx) that the Ministry of Finance Incorporated (MOFI) examine the activities of all Government Agencies currently operating under the partial and full commercialization arrangement allowing them to compete with their peers in the private sector and thereby making a more meaningful contribution to the Federal Government's revenue generation drive;

(xxi) that the Bureau of Public Enterprises Act be amended to remove the clause(s) that create conflict between it and MOFI where MOFI should be the authorized custodian of all Federal Government assets, both liquid and physical;

(xxii) that the Nigeria National Petroleum Corporation Limited (NNPCL) should work towards reducing its production and operational costs thereby increasing available government revenue;

(xxiii) that all tax waivers not directly linked to non-governmental/non-profit organizations should not be granted; and

(xxiv) that all tax waivers from 2015 to date should be investigated by the relevant Committee of the House.