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Roundup: Nigerian president defends gov't borrowing plan to support economic growth

Президент Нігерії захищає план позик уряду для підтримки економічного зростання

Президент Нігерії Мухаммаду Бухарі захистив урядовий план запозичень у бюджеті на 2022 р., пояснивши, що метою є підтримка економічного зростання та стабільності. М.

Бухарі, представляючи законопроект про асигнування країни до 2022 р. на суму 16,39 трлн найр (близько 39,9 млрд дол.) на спільному засіданні двопалатного законодавчого органу в Абуджі, зазначив, що деякі критики висловили стурбованість у зв'язку з використанням уряду позик для фінансування бюджетних розривів. "Вони мають право бути стурбованими. Однак ми вважаємо, що рівень боргу федерального уряду все ще знаходиться в межах розумного. Позики належать до конкретних стратегічних проектів і можуть бути перевірені публічно", - сказав лідер Нігерії. За його словами, через останні екзистенційні виклики країнам у всьому світі довелося перевищити свої фінансові пороги, щоб економіка вижила і процвітала.

http://www.news.cn/english/2021-10/08/c_1310230943.htm

Nigerian President Muhammadu Buhari on Thursday defended the government's borrowing plan in the 2022 budget, explaining that the aim was to support economic growth and stability.

Buhari, while presenting the country's 2022 appropriation bill to the tune of 16.39 trillion naira (about 39.9 billion U.S. dollars) to a joint session of the bicameral legislature in Abuja, noted some critics had expressed concern over the government's resort to borrowing to finance fiscal gaps. "They are right to be concerned. However, we believe that the debt level of the federal government is still within sustainable limits. Borrowings are to specific strategic projects and can be verified publicly," the Nigerian leader said.

According to him, due to recent existential challenges, countries around the world had to over-shoot their fiscal thresholds for the economies to survive and thrive.

With the national budget of 16.39 trillion naira for the 2022 fiscal year, Nigeria will see a deficit of 6.26 trillion naira, representing 3.39 percent of estimated GDP, slightly above the 3 percent threshold set by the Fiscal Responsibility Act 2007.

"We plan to finance the deficit mainly by new borrowings," Buhari said.

Buhari said there was the need to exceed this threshold considering the collective desire to continue tackling the existential security challenges facing the country.

"As you are aware, we have witnessed two economic recessions within the period of this administration. In both cases, we had to spend our way out of recession, which necessitated a resort to growing the public debt," he said, adding it is unlikely that recovery from each of the two recessions would have grown as fast without the sustained government expenditure funded by debt.

Buhari said the 2022 national budget will focus on economic growth and stability, reiterating the government's commitment to the security of lives, property, and investment.

Meanwhile, the country's senate president Ahmad Lawan has decried the level of deficit of the 2022 appropriation bill, noting though the deficit had reduced from the 2021 fiscal year's 6.45 trillion naira or 4.52 percent of the GDP, the level of Nigeria's budget deficit was still relatively high.

He called on both the legislature and the executive to work to reduce the deficit through the availability of more revenues.

"Generating and collecting revenues have remained major challenges in our quest for development... We understand that due to the paucity of revenue, the federal government has to resort to raising funds from foreign and domestic sources to provide infrastructure across the

country," he said, explaining that is why the national assembly approved the requests for borrowing.

He further called on the federal government to explore other sources of funds.

Lawan said such sources of funding can come through public-private partnerships on infrastructural projects, as well as compulsory remittances of generated revenues by ministries, departments and agencies of government. Enditem