

Others Borrow To Transform While Nigeria Under Buhari Borrows To Become World Capital Of Poverty

(Intersociety Nigeria: 5th April 2018)-The National Assembly of Nigeria and the organized labour (NLC, TUC, etc) have been dangerously aiding the Executive Arm of central Government in Nigeria under President Muhammadu Buhari and Vice President Yemi Osinbajo to sink the country into irreparable and harmful borrowings/debts since mid 2015.

By the end of this 2018 fiscal year, the central Government of Nigeria headed by President Muhammadu Buhari must have incurred total public debts of N10.6t or \$34b; thereby surpassing or out-borrowing all previous central Administrations in Nigeria, put together, since 1861. Lagos State holds a national dark record as Nigeria's most indebted sub-national entity with record total debts of N670b or \$2.25b. See DMO reports; which is more than its annual earnings of N500b.

Average of \$6b or over N1.8t is approved legislatively for the Presidency by the National Assembly for borrowing annually particularly since 2016. The 2015 Federal Government supplementary budget of N575b passed in late 2015 was a loan based recurrent expenditure. In late 2017, as reported by Vanguard Newspaper of 14th November 2017, a total of \$5.5b (\$2.5b for foreign loans and \$3b for domestic loans) was approved for borrowing by the Senate to fund the 2017 recurrent expenditure based budget deficits.

Statistics at public domain irrefutably showed that the duo of National Assembly and organized labour had consistently connived with Federal Government of Nigeria in securing the obnoxious loans channelled into non-productive sector or for defraying of Government over-bloated recurrent expenditures running into trillions of naira or billions of dollars annually.

While the National Assembly recklessly approves the loans with little or no oversight measures discouraging such borrowings or curtailing same, the organized labour plays a conspiratorial role by encouraging the Government to borrow so as to increase and pay their remunerations. It becomes so disturbing and worrying that the organized labour is only interested in its members' pay rise and its statutory payment; irrespective of social harshness or harmfulness of the borrowings.

.A clear case in point was the recent approval request at the National Assembly being presidentially sought for procurement of another N4.2t or \$14b loans. President Muhammadu Buhari had in a promissory note sent to Nigeria's Senate last month explained that the promissory note and bond issuance program has become imperative to "clear obligations, which include unpaid obligations to pensioners, salaries and promotional arrears of civil servants; obligation to petroleum marketers; contractors and suppliers debt, unpaid power bills and obligation from tariffs reversal in 2014; export expansion grant; judgment debts and refunds to state government for projects undertaken on behalf of the Federal Government". In other words, the loans are completely recurrent expenditure driven.

Lip service or little or no attention is also paid by the organized labour in matters of chronic and alarming governance running costs and profligacy at the central Government so long as workers' pay rise is approved by the Government through reckless borrowings. The chronic and reckless public borrowings by the central Government in Nigeria in recent years especially since June 2015 has totally returned the country to the globally embarrassing status of "highly indebted poor country" and further earned it a new position as "world capital of poverty".

It is on irrefutable records that Nigeria's central Government squanders trillions of naira or billions of dollars annually on servicing its mere 608,926 public service strength in addition to 80,115 shut out police officers which the Government recently dubbed "ghost police officers". These 608,926 public service strength of the Federal Government merely represent 0.35% of the country's population which the National Population Commission estimated at 182m in May 2017.

Of these huge public funds squandered annually, most of them go into allowances and "running costs" or overheads; constituting over 90% of the over-bloated expenditures. Over 70% of the over-bloated expenditures is further spent in the form of "executive and legislative office running costs and personnel allowances" including security votes; on only 1,083 statutorily recognized top elected and appointed public office holders of the Federal Government specifically composed of 469 federal legislators, 142 federal judicial officers or judges of the federal courts and 472 federal top executives

To ensure these over-bloated expenditures through federal annual budgets, billions of dollars are secured as loans annually from local and international capital markets in addition to billions of dollars generated from crude oil sales and import duties. Of these borrowed and generated huge sums reflected in Government annual budgets, less than 30% is merely budgeted for capital development of Nigeria, which is further marred by erratic capital releases. Even when released sparsely, political criminals still dip their criminal hands into same by way of profligacy or public theft using forensic or criminal white collar means.

Nigeria's central Government in recent years particularly inclusive of the former Jonathan and the present Buhari Administrations is rated globally as one of the laziest, if not the laziest government in the world; sitting idly waiting for public funds pulled from crude oil sales, import duties and loans to squander while the country and her people languish chronically in penury, backwardness and under-development. Nigeria is chronically an import based economy with only two traditional sources of revenues: crude oil/gas sales and taxes imposed on importation of goods and services.

.Borrowings in public governance across the world are steadily waning; replaced with effective private sector participation and government's industrial incentive policies including facilitation of investment friendly environment, trade and monetary policies; provision of industrial or investment incentives including security and steady power supply or liberalization of same as well as ensuring adequate foreign investments' inflows and public-private-sector partnership, etc. Where government borrowings still exist anywhere in the world, they are strictly for capital and key sectors' development; capable of generating funds for repayment of the principal debts and offsetting of their penalties and interests.

But in the case of Nigeria, especially under the present Muhammadu Buhari Administration and the former Jonathan Administration, it had been chronic borrowings for recurrent expenditures all through; aided by the National Assembly of Nigeria and the organized labour since June 2015. Apart from incurring the largest amount of public debts in the history of Nigeria since 1861, the Buhari Administration has also surpassed the former Administration of Goodluck Jonathan as the laziest and least performed central government in Nigeria inclusive of the country's inglorious military era and its civil rule periods.

Barely four days after our last statement of 2nd April 2018, detailing how a total central budget of N66.7t or \$302b as well as the gross federation budget of \$724b or N140.8t was squandered since 2003 without anything concrete to show for it in realistic comparison with Nigeria's peers and juniors of the 60s and 70s majorly located in the Gulf Cooperation Council, Southeast Asia and South American areas of the world; our advocacy attention was again drawn to a presidential promissory note to National Assembly requesting for another loan of N4.2t or \$14b for recurrent expenditure. As if that was not enough, President Muhammadu Buhari went further to authorize the withdrawal from the Federation-ECA account of whopping sum of \$1b or N306.5b to combat the so called "Boko Haram insurgency in the Northeast".

These two issues do not call for silence of the graveyard from all Nigerians and critics community. Apart from further exposing the dishonesty and inconsistency of the present Federal Government in its present governance of the country, we are also deeply concerned over the rationale behind further expenditure of \$1b to combat Boko Haram insurgency in the Northeast when evidence clearly shows a budgetary provision of N422.4 or \$1.4b as Nigeria's defense budget in the 2018 budget proposal.

Available records also showed that total of N1.4t or \$4.9b excluding billions of dollars budgeted for internal security through the Ministry of Interior; was budgeted for defense in Nigeria from 2015 to 2018. They are N358.4b for 2015, N294.5b for 2016, N325.8b for 2017 and N422.4b for 2018. In all these, counter insurgency operations against Boko Haram insurgency in the Northeast had steadily been cited as reasons for such huge military expenditures.

Also procurement of military hardware or war equipments have been on; particularly since 2014 regarded as the height of Boko Haram insurgency attacks in Nigeria. Barr Daniel Elombah (publisher of Elombah News Online) had in his analysis on social media recently informed that some of the military equipments ordered by the Federal Government in late 2014 and early 2015 such as attack jets; arrived the country last year owing to delays at ensuring that they were produced to specifically suit the country's terrain. Such military equipments were said to have been ordered from China, USA, Belarus, Ukraine and Russia.

Further, as a group with advocacy and technical expertise in security matters, we have severally cautioned against use of symmetric measures in tackling asymmetric warfare. Insurgency as an offshoot of guerrilla warfare and modern ICT driven is a highly intelligence warfare requiring proportionate counter intelligence and asymmetric methodologies.

That is to say that it requires 80% counter intelligence measures grounded in ICT and mental forensic science and 20% combat operations. Using massive combat methods in dealing with Boko Haram insurgency in Northeast is substantially responsible for gross rights abuses by Nigerian Armed Forces including indiscriminate bombing and killing of civilian populations; mass arrests, torture and deaths of civilians in army custody.

Another key area of our advocacy attention is the issue of Government's sincerity in the fight against Boko Haram insurgency. *Is the present Nigerian Government truly and sincerely fighting Boko Haram insurgency? How come the same Boko Haram insurgency milking the country's lean public treasury dry every fiscal year indiscriminately have their key commanders or war criminals released or amnestied or recklessly conscripted into the Army without verifiable records of having successfully gone through disarmament, demobilization, de-radicalization, resettlement and reintegration or paying for atrocious crimes committed?*

The present Federal Government in Nigeria must also have goofed in the course of conscripting them into the national Army without considering the fate of collective and individual security of other ethno-religious nationalities in the country in line with Section 14(3) of Nigeria's 1999 Constitution geared towards ensuring non-dominance of one particular ethno-religious nationality in any federal agency including the Nigerian Armed Forces and the Police.

We therefore not only reject the \$1b so called Boko Haram counter insurgency fund, but are also saddened by gross insensitive of the present central Government towards the grave humanitarian conditions of those devastated by the insurgency particularly between 2009 and 2015. A sensible and human rights conscious Government should have channelled such huge public funds into rehabilitation of the 2.6m IDPs including over 1.3m Christians that fled their homes in the area to escape being hacked to death as well as reconstruction of failed or destroyed infrastructures in the conflict affected areas

The Government, if truly sincere, should have used such fund as counterpart funding to attract regional and international donors to raise adequate cash funds and in-kind resources for comprehensive rehabilitation, reconstruction and transformation of the conflict areas which it severally claimed to totally liberated; inclusive of over 13,000 churches and 1,500 Christian schools that were destroyed or razed to rubbles as well as Mosques and other sacred places of worship affected.

How Nigeria Is Sunk In Chronic Borrowings Since 2007: By the official statistics of Nigeria's Debt Management Office (DMO), re-calculated by our Organization, Nigeria's total public borrowings or debts as at 31st December 2017 excluding contractors and judgment debts as well as pay arrears of serving and retired federal workforce; have disturbingly risen to \$110b. The \$110b huge public debts do not include N4.2t or \$14b (if calculated using N306 per \$US or \$21b if calculated using N197 per \$US) being sought for approval from the National Assembly by President Muhammadu Buhari as well as public debts especially local borrowings secured between January and March 2018. See Guardian Newspaper of 2nd April 2018.

If added, Nigeria's total public debts will not be less than \$135b or N27.2t. The latter calculation is done using the last official exchange rate of N197 per \$US. The N27.2t total public debts do not include local and foreign borrowings to be incurred by sub-national entities or 36 States and the FCT for 2018 fiscal year. In other way round, this naira figure of N27.2t when put in dollar value will come down to \$89b if calculated using present official exchange rate of N306.5 per \$US. The dual exchange rate used in this research statement is in line with the present monetary policy of the Federal Government including the DMO, applied in calculating the country's public debts and their management.,

That is to say whether calculated using N197 per \$US or N306.5 per \$US, the present central Government in Nigeria has out-borrowed all the Administrations in the country put together especially since 1999. Records available at DMO or Debt Management Office clearly show that Nigeria's current net public debts or statutory national and sub-national foreign and local debts stood at \$71b or N22t as at December 2017. If calculated using N197 per \$US, the budgets will be as much as \$110b. The total debts when added with a new federal loan request of N4.2t, the total will increase to N27.2t or \$135b (if calculated using N197 per \$US) or \$89b (if calculated using N306 per \$US).

It further shows that the present central Government and 36 States and the FCT had borrowed between June 2015 and December 2017 a total of \$31b (N9.6t) if \$71b is applied or \$50b if \$110b is applied using either of the two calculation benchmarks; out of which the Buhari central Government accounts for N6.2t or \$20.3b; translating further to about \$30b if calculated using N197 per \$US. By the end of the 2018 fiscal year, the Buhari Administration must also have borrowed a total of N10.6t or \$35b (if calculated using N306 per \$US) or \$50.2b (if calculated using N197 per \$US). This is on account of fresh N4.2t loan request before the National Assembly.

Specifically, Nigeria's total public debts as at May 2007 and after exiting Paris & London Creditors' status of "highly indebted poor country status" in 2005 with \$12.4b debts buy back and \$18b debt liquidation; was \$12.5b comprising non Paris & London Club debts of \$3.5b and local debts of N1.8t using N197 per \$US as our calculation benchmark.

As at June 2015, according to DMO records, Nigeria's total public debts was N12.1t or \$41b if calculated using N306 per \$US or \$60b if calculated using N197 per \$US. As at the same June 2015, according to DMO, the Federal Government's share of foreign debts was \$7.34b including \$3.5b inherited in 2007. By December 2017, the Buhari Administration had increased it to \$14.8b with additional borrowing of \$7.45b or N2.2t in two and half years.

In the area of local debts, the Federal Government's share as at June 2015 was N8.39t including N1.8t inherited in May 2007. By December 2017, the total Federal Government local debt was N12.58t; showing additional borrowing increase of N4.2t. By the end of 2018 fiscal year, the present Federal Government share of Nigeria's public debts including local and foreign debts must have increased to N10.6t or over \$34b using N306 per \$US or \$50.3b using N197 per \$US. The above statistics, therefore, summarily indicate that (1) that the Obasanjo Federal Administration left total public debts of \$12.5b or N2.4t in eight years (1999-2007); and (2) the Yar'Adua and the Jonathan Federal Administrations left total local debts of N6.6t and foreign debts of \$5.84b in eight years (2007-2015), totalling N8.3t or \$27.5b if calculated using N306 per \$US or \$41b if calculated using N197 per \$US.

The present Federal Government of Muhammadu Buhari, on its part, incurred in two and half years (June 2015-December 2017) total foreign and local debts of N6.4t or \$21b if calculated using N306 per \$US or \$32b if calculated using N197 per \$US. By the end of this year when the Administration must have spent three and half years in office (June 2015-December 2018), it must have incurred total local and foreign debts of N10.6t or \$35b if calculated using N306 per \$US or \$50.2b if calculated using N197 per \$US when extra N4.2t or \$14b loan under request must have been borrowed and added; thereby making it the largest borrower-central Government in Nigeria.

Nigeria As Next World Capital Of Poverty Under Buhari: By the recent report of the World Poverty Clock, “Nigeria’s struggle with overpopulation (and chronic under-development and serial borrowings) will be a problem now, rather than in 2050. Nigeria would by February 2018 overtake India as the country with the most people in extreme poverty. Currently, 82 million Nigerians live in extreme poverty, which is 42.4 percent of Nigeria’s population”.

The World Poverty Clock is a brainchild of the World Data Lab, which tracks poverty estimates in about 99.7 percent of the countries in the world, using data obtained from the International Monetary Fund, World Bank, United Nations, and the governments of these countries. Using this data, it estimates the rate at which poverty is being reduced globally, and also how many more people are becoming extremely poor in these countries. Living in extreme poverty as **defined by the World Bank** is living under \$1.90 per day. People living in extreme poverty are unable to meet their minimal needs for survival.

The first goal of the Sustainable Development Goals, set by the UN in 2015 is to “eradicate extreme poverty for all people everywhere by 2030”. To achieve that globally, by putting it into numbers, 90 people need to leave poverty every minute to eradicate poverty totally by 2030. Nigeria and the Democratic Republic of Congo are both responsible for the 9 people entering poverty every minute. Nigeria needs 11.9 people per minute to escape extreme poverty, but presently has a deficit of 6.8 people every minute, i.e. 6.8 people presently enter into poverty every minute in Nigeria.

Signed:

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