Worsening Economic Crisis Pervades the Country:

The worsening finances of the Federal Government, reflected in declining revenue, increased borrowing and debt service, will impact more misery on Nigerians, prominent economy experts and civil society groups have warned. The warning is coming on the heels of recent revelations by the Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed, that the FG, recorded a N3.09 trillion deficit in its 2022 budget implementation in four months, from January and April, as subsidy on fuel gulped N1.94 trillion, exceeding revenue for the period by 19 per cent. Speaking at the Public Consultative Forum on the draft federal government 2023 – 2025 Medium Term Fiscal Framework & Fiscal Strategy, in Abuja, Ahmed said, "As of April 2022, FGN's retained revenue was only N1.63 trillion, 49% of the prorata target of N3.32 trillion," adding, "The actual spending as of April 31st was N4.72 trillion."

Out of the N4. 72 trillion, Ahmed explained that N1.94 trillion was spent on debt service; N1.26 trillion on Personnel costs, including Pensions; and N773.63 billion on capital expenditure. This development, which follows a pattern, that led to the doubling of the national debt to N41.6 trillion at the end of March 31st, 2022 from N12.6 trillion at the end of 2015 as well as the continued depreciation of the naira and rise in inflation to 18.6 per cent in June. It adds to the reason for the high unemployment rate of 33 per cent and widespread poverty in country, experts who spoke to Vanguard said. While also outlining measures to address the downward economic trend and its impact on the welfare of the people, the experts, however warned Nigerians to brace up for increased hardship should the FG persist in its spending and borrowing spree.

In this regard, the Director General, Lagos Chamber of Commerce and Industry (LCCI), Dr. Chinenye Almona, stated:"In the face of rising debt servicing costs accompanied with dwindling revenue, provision of critical infrastructure and amenities like healthcare services, education, power, roads, and security will be hard hit as funding shrinks. We see the unfortunate closure of our universities since February and till now no respite in sight. Reinforcing this position, Dr. Bayo Adedokun of the Department of Economics, University of Lagos, explained, "If government revenue dips, it will affect all the various sectors of the economy, especially Economic Affairs, which by categorization involves, agriculture, works and infrastructure, transportation, commerce, industry and solid minerals, once these sectors are affected, they can't create jobs directly and remotely as a result of dwindling government revenue." Adedokun, who is a trade, finance and development expert, added that, "The issue of mounting debt servicing, it is no longer sustainable to use all the revenue to pay debt charges, it will have crowding-out effect on all other sectors such as education, health and social welfare, infrastructural development will be negatively affected, thereby creating wider infrastructural gap in the economy."

Similarly, CEO, Centre for the Promotion of Private Enterprise (CPPE), Dr. Muda Yusuf, said: "The prevailing economic conditions portend a very disturbing outlook for the welfare of the average citizen. "Weakening revenue performance, growing fiscal deficit and rising debt service burden are indications of a vicious cycle of fiscal vulnerabilities. "The implications for citizens and investors are far reaching and include the following, mounting inflationary pressures, weakening purchasing power worsening poverty conditions, widening inequality. Further depreciation of the currency. deteriorating balance of payments position, escalating operating and production costs. Ability of governments to meet financial obligations including payment of salaries will be undermined.; Capacity of employers to retain and create jobs will be constrained."

"The extreme hardship that citizens are currently experiencing is partly traceable to the impact of FG's fiscal rascality.", said David Adonri, Vice Executive Chairman, Highcap Securities Limited, stressing that the current fiscal distress of FG arising from structural failures and monetary distress due to forex illiquidity have brought misery to the citizens. "Most worrisome is the reckless borrowing by FG from the CBN through Ways and Means advances which stands at about N21 trillion. This is about 50% of FG's total debt exposure of N41 trillion. It fuels inflation because this credit is not predicated on any principle of money creation. It is not tied to production but mainly to finance consumption. "If the current fiscal distress of FG leads to sovereign default, foreign creditors whose funds are currently trapped in Nigeria, can threaten the country's sovereignty by seizing public assets. Foreign lines of credit can be cut off and Nigeria's letters of credit may no longer be honoured. If that happens, the impact on production and availability of imported merchandise is better not imagined. "The resultant consequences of macroeconomic instability, dwindling supply of social goods, underproduction, unemployment and loss of investor's confidence are now challenges confronting citizens."

Commenting as well, Investment Banker/Stockbroker and CEO, Wyoming Capital and Partners, Tajudeen Olayinka, said: "Whatever hurts the economy, hurts the people. The common man is already paying a huge price for poor economic management, through persistent inflation and declining purchasing power. So, the common man will continue to suffer under this disturbing condition, while insecurity could be heightened in the process. Government must pay urgent attention to this disturbing development in Nigeria." Similarly, Professor Emeritus in Petroleum Economics and Executive Director, Emmanuel Egbogah Foundation, Wumi Iledare, said, "another point is that the public investment to create a level playing field for the rich and poor kids will be badly impacted as federation funding declines. Education will be badly affected because of centralised planning."

Also weighing in on the worsening financial conditions of the FG, Civil Society Organisations, CSO warned that more Nigerians will fall below the poverty line. " What do you think is going to be the hope for Nigerians, especially for the many who are below the poverty line?" asked Ene Obi, Country Director, ActionAid Nigeria, AAN. " We know that nearly 50 per cent of Nigerians are below the poverty line and yet we continue to borrow and what they are borrowing for they don't use the money for it, We don't even really understand it. Is this something that will bring in more money or you are using it for something that is not productive, there is no industrialization." The issue of electricity is still a big problem. We take loans for things that are not productive. It is a very dangerous trend and more and more people will continue to go down the poverty line.", he warned. The Convener of Coalition in Defence of Nigerian Democracy and Constitution, CDNDC, Ariyo-Dare Atoye, said, "Poor management of the different aspects of the economy in the last seven years has coalesced and dealt a fatal blow to the country's standard of living. " Sadly, only the poor masses are suffering the declining trend in government revenue because the ostentatious lifestyle of the greedy elites has not changed.

President and Founder, One Love Foundation, OLF, Dr Patrick Eholor, said, "Whatever the FG does as regards to debt or what have you, it will always take its toll on the citizens. "Look at the country, from the least (Grassroots) to the average (Common man), what you will see or hear is that there is hunger in the land, this is because there is no good economic structure on the ground to make business flourish.

" That is why when you look at the rate of employment, what you will see is that companies are not ready to employ because there is not enough money to pay staff and rather than employ they will prefer to over-labour their staff and then in turn underpay them. "That is what you get when a country keeps on borrowing and borrowing and then spends all its earnings on debt servicing."

Speaking on measures to reverse the worsening finances of the FG, Chinenye Almona said: "LCCI has consistently advised the government to borrow from cheaper sources and also to consider deficit financing from equity instead of the expensive debts borrowed and used for recurrent expenditures. "The commercialization model proposed for the NNPC Limited is the right direction to go. Once this plan succeeds next year, it should be replicated with other national corporate assets scattered across the country."

Muda Yusuf, of CPPE also said: "We need to undertake the following: Urgently reform government expenditure in line with prevailing realities. Address fiscal leakages at all levels of government. "Reform the foreign exchange market to attract private capital into the economy and stem the volatility of the currency. "Review the trade policy to moderate the pressure on manufacturers, especially with respect to intermediate inputs. "Address the growing insecurity to reverse the sharp declines in agricultural output and soaring food prices. Address the challenge of oil theft which is affecting our oil output and foreign exchange earnings."

According to CEO, Wyoming Capital and Partners, "It is either the government would have to increase taxes or withdraw completely from the subsidy regime, while also cutting back on expenditures. "All of these decisions at this time would hurt the economy more. I think what is more appropriate to do at this time, is to put the economy on a normal course of adjustment.

"That is, to face reality, by simultaneously reducing current public sector dominance and increasing private sector participation."