

African Development Bank okays USD600m loan for Nigeria

LAGOS, Nigeria - The African Development Bank has approved the first installment of a \$1 billion loan to Nigeria to help President Muhammadu Buhari combat a "crisis situation".



Image by 123RF

The AfDB said that the \$600 million loan was the "first tranche of a US \$1 billion budget support loan" to help the West African country overcome a recession. "We must think through innovative solutions to support our regional member countries in crisis situations like this," AfDB President Akinwumi Adesina said.

"It will help the (Nigerian) government create fiscal space to facilitate a smooth implementation of the government's budget, support fiscal and structural reforms, and improve the targeting of social sector spending," the bank said, adding that the last tranche of \$400 million will be approved in 2017.

Buhari introduced a record budget designed to stimulate growth earlier this year, but has struggled to attract funding. On Tuesday, the Senate rejected his plan to borrow some \$30 billion from abroad to finance key projects and plug budget deficits in the next three years.

Nigeria's gross domestic product is expected to shrink in 2016 by 1.6% after slipping into a recession in August, according to the AfDB. The economy has taken a hit after the global price of crude - worth 90% of its exports and 70% of government

revenue - crashed.

Ongoing rebel attacks on oil infrastructure in the country's oil-producing southern swamplands have compounded Buhari's headache, slashing production at a time the country desperately needs the money from the oil sector.

Support for Buhari is slipping as a result of his handling of the economy, analysts warn. The president scored a 41% approval rating in a September poll, compared with 80% around the same time in 2015, said BMI Research, a London-based research firm, in a recent note.

"Falling popularity and increasing criticism from influential figures and close allies will limit President Muhammadu Buhari's ability to enact the hard policy decisions needed to take Nigeria out of its present macroeconomic morass," BMI Research warned.

Source: [AFP](#).

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