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STATEMENT

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AT THE

**UNITED NATIONS CONFERENCE ON THE WORLD
FINANCIAL AND ECONOMIC CRISIS AND ITS
IMPACT ON DEVELOPMENT**

NEW YORK, 24TH -26TH JUNE, 2009

Mr. President,

I extend to you the warm greetings of His Excellency, Alhaji Umaru Musa Yar'Adua, President of the Federal Republic of Nigeria, who could not be with this august gathering today owing to pressing state matters. He has, therefore, asked me to express his profound appreciation to you and the entire UN system for the vision in organizing this very important and timely Conference.

2. Nigeria is also grateful to you, Mr. President, for the relentless sacrifice and strenuous efforts you have made, which I am confident will result in an outcome document that enjoys the support of every delegation. We acknowledge the work of the Commission of Experts on the Reform of the International Monetary and Financial System, whose far-reaching recommendations have provided a sound basis for subsequent discussion on the way forward in this regard. I also thank the Secretary General for facilitating the organization of this Conference.

Mr. President,

3. My delegation wishes also to record its appreciation for the good work done by the two facilitators, the Permanent Representatives of Saint Vincent and the Grenadines and the Kingdom of the Netherlands. Africa and indeed Nigeria are looking up to this Conference for a practical solution to the crisis, while at the same time reshaping our policies and practices in order to allow our countries to feature more prominently in the new world order and financial architecture that are currently being formulated.

Mr. President,

4. The global economy continues to face unprecedented economic and financial crisis, in the midst of a deep recession. We have seen substantial declines or contraction in the growth rates of many countries, including Nigeria and other developing economies. The global economy is projected to contract by -0.5% in 2009, while a gradual recovery is projected for 2010, with the GDP growth rate rising to about 1.9%.

5. The impact of the global economic crisis has also defied national boundaries. What began as a domestic crisis has since reverberated with tremendous shockwaves that have eclipsed the economies of the entire world. It has demystified all perceived notions of immunity to shocks and exposed how vulnerable economies can be in a vastly integrated, interrelated and interdependent global system, driven by unregulated economic forces. The global economic crisis has caused a growth crisis in African economies, with the possibility that the average growth rate of 2.8% projected for Africa in 2009 may drop to 2.3%.

6. Most African countries have been bearing the brunt of this crisis since the middle of last year. The channels of distribution of the effects of the crisis on Africa have been through weak demand for commodities, leading to reduction in commodity prices, export revenues, declining fortunes of African stock markets and financial inflows, as well as remittances, especially from ODA and FDI. Sadly, the economic and financial crisis has set back the modest progress Africa has made towards attaining the MDGs. Unless, therefore, immediate steps are taken the hope of meeting these goals by 2015 will elude most African countries.

Mr. President,

7. In Nigeria, the crisis has had a significant effect on our economy. The overall real GDP growth rate is projected to decline from 6.41% in 2008 to about 5.5% in 2009. The capital market, that had recorded phenomenal growth between 2005 and March 2008 was severely hit by the crisis, with market capitalization declining by 35.59% and the All-Share Index by 36.88%. About the same time, the price of crude oil in the international market crashed from the peak of \$147 per barrel in July 2008 to about \$40 per barrel in March 2009. The cumulative effect of these is the slow-down in economic growth, especially the potential threat to the actualization of the President's 7-Point Agenda, which is aimed at improving the quality of life of Nigerians, food security and rebuilding critical infrastructure. Like most African countries, the crisis has significantly affected Nigeria's capacity to implement the MDGs, as well as to address the challenges of the increasing effect of climate change.

8. Although a global phenomenon, different countries have responded differently to the crisis. The governments of the developed countries, with greater financial muscle and more structured economies, resorted to massive financial stimulus packages to rescue the sectors that have been most hit by the crisis. This has taken a combination of tax cuts and unprecedented injection of capital into the system to boost production and consumption.

9. Most developing countries do not have the capacity to respond in a similar way. In Nigeria, a multi-stakeholder Presidential Committee has been established to monitor the effect of the crisis on the economy and to proffer solutions. A fiscal stimulus package is also currently being developed aimed at addressing infrastructure and other safety nets. Nigeria therefore welcomes the recommendation by the Stiglitz Commission, requesting industrialized countries to dedicate 1% of their stimulus packages to offset the impact of the financial crisis on the developing countries, in addition to the traditional Official Development Assistance (ODA) commitments, as well as the creation of a Global Economic Coordinating Council, which will not only coordinate economic policy, but also assess impending problems and institutional gaps.

10. We endorse the ILO's proposed creation of a global jobs pact on Decent Work Agenda. This will facilitate the reduction of the global unemployment rate. In addition, Nigeria would like to call for a more sustained coordination of the actions and measures approved at the various multilateral platforms aimed at mitigating the crisis, especially the decision of the G-20 to increase its aid to the poor countries by \$50 billion in the near term.

Mr. President,

11. While this crisis requires a coordinated global response, Africa has not lost sight of the need to look inwards for the solution to its problems. Accordingly, at the meeting of the African Ministers of Economy, Finance and Planning held in Cairo, Egypt on 10 June 2009, the Ministers reaffirmed the commitment to "deepen economic reforms and strengthen regional cooperation and integration.

Mr. President,

12. The impact of the global financial and economic crisis on Nigeria's economy would have been far worse than it is, if Nigeria had not embarked upon its economic reforms, beginning from 2003. Following years of economic stagnation, Nigeria embarked on a comprehensive reform agenda to improve the macroeconomic environment, pursue structural reforms, strengthen public expenditure management and institutional governance.

13. As part of the reform, the consolidation of the banking sector ensured a diversified, strong and reliable banking system. Within five years of the banking sector reform, confidence in Nigerian banks was felt not only in the country, but also in the whole West African sub-region. In addition, a comprehensive national medium-term plan as well as a perspective plan, called Vision 20:2020, are being developed to further consolidate the gains of the reforms in Nigeria.

14. Yet the challenges remain enormous. Nigeria, however is prepared to share its experience with other developing countries where such is needed. We have strong faith that this Conference will address the economic and financial difficulties being experienced by developing countries as a result of the current global financial and economic crisis, as well as secure a more sustainable and just global economic order.

15. Thank you.

