REMARKS BY H.E. DR. JUBRIL MARTINS-KUYE, MINISTER OF STATE FOR FINANCE OF THE FEDERAL REPUBLIC OF NIGERIA, ON BEHALF OF THE GROUP OF 77 AND CHINA, AT THE SPECIAL HIGH-LEVEL MEETING OF ECOSOC WITH THE BRETTON WOODS INSTITUTIONS

New York, 18 April 2000

Mr. President,

On behalf of G-77 and China, I am pleased to be able to continue this most useful dialogue with our sister organizations, which are interested in resolving the basic problems of economic development. Throughout the history of the UN, economic development has been a central pillar in its attempt to maintain the peace and security of its member nations. The difficulties faced by developing countries in taking advantage of the on-going rapid changes in technology and communications, which have been at the basis of the globalization of trade and finance in the last decade, have transformed the context of the UN System's engagement in development. We therefore hope that our exchanges today will help identify the best ways to proceed, and also clarify certain issues relating to our current consideration of financing for development. In this regard, I would like to express appreciation to the Secretariat for circulating a paper for today's meeting a paper, which raises a number of important questions. In particular the issues of strengthening the international financial architecture to better respond to the priorities of development and the eradication of poverty are foremost in the minds of the members of G-77 and China. In the interest of saving time, I would limit my intervention to just three additional but related issues and queries.

External Debt

The interest that both multilateral lending institutions have taken in poverty reduction has increased in the past decade. This has taken its most concrete form in the HIPC initiative that has been widely discussed, revised and is now in the phase of implementation. Welcome as this initiative is, it is limited to a select group of countries, and largely excludes those countries that suffered most from the debt crisis of the 1980's, which was essentially a crisis of middle income countries. The response and recovery of individual countries to this crisis has been varied. Some have returned to borrow in private capital markets and are considered as investment-grade borrowers by private investors. Others have been less successful in this regard and just as many of the countries that qualify for the HIPC initiative find that their outstanding debt service is impinging on their ability to initiate domestic resource mobilization for their continued development. Such conditions appear to be spreading beyond those countries directly affected by the Latin American debt crisis. Thus, the economic conditions that motivated the HIPC initiative seems to be present in an increasing number of middle income countries.

The lessons of the past suggest that it is better to deal with these difficulties before they become critical, rather than after they have so constrained the growth of the countries affected that they fall into the category of low-income countries. Thus far, attempts to raise these issues have not received adequate consideration within the HIPC framework, thereby suggesting that some other approach is necessary. We would be interested in your views on how the problems of these countries might be best approached.

The HIPC initiative is primarily a question of official assistance, yet increasingly, countries are becoming indebted through quasi-official assistance in the form of guaranteed credits, which are used often to finance commerce and trade, and other forms of private-sector credit extension. Since these debts have become an increasing burden for some countries, is it not now necessary that the programmes of debt relief should be expanded to middle-income countries?

Mr. President,

Operation of the Bretton Woods Institutions

Many governments and national legislative bodies are currently concerned with the issue of operation of the Bretton Woods institutions. A number of proposals are already on the table. For example, press reports have referred to a Report to the US Congress on this matter.

The basic conclusion of this Report appears to be that the IMF should sharply restrict its activities in the area of poverty reduction, while the World Bank should strive to improve the efficiency of its lending to target those most in need of funding to reduce poverty. Particularly striking was the finding of the Report that the majority of the Bank's lending is to countries that already enjoy access to private capital markets. Given that one of the most frequent criticisms of the benefits of globalization is that it has bypassed the majority of developing countries, this criticism would seem to suggest that the Bank's lending policies are reinforcing this tendency, the tendency of benefits of globalization bypassing majority of developing countries. But, if the Bank were to accept the recommendations of that Report to restrict lending to countries with capital market access, does the Bank have plans to increase lending to developing countries without access to private capital markets, or would there be a simple reduction in total funding available?

Least Developed Countries

The first session of the Preparatory Committee of the Third UN Conference on LDCs will be held in New York in July, and I take this opportunity to raise the issue of providing financing to the least developed countries. A recent UNCTAD Report suggested that reductions in trade barriers on those products of greatest export interest to developing countries would generate four times the average of private foreign capital flows to developing countries in the 1990s. In this connection, let me refer to recent press reports suggesting that the Bank and the Fund had been jointly considering a proposal to eliminate trade restrictions on the exports of the least developed countries. We are all aware of the difficulties surrounding the Seattle Ministerial meeting of the WTO and the recent proposals of the Quad countries in the ongoing discussions in Geneva. To what extent were your proposals, proposals of the BWIs, worked out in concert with the WTO, and what is the precise relation between your initiatives in this regard and the mandate of the WTO? And given that the problems facing the least developed countries are often their low capacity to export, how effective might these proposals be in the absence of rethinking development strategies and options for these countries? Or are these proposals intended to cover up for the failure or difficulties, of donors to keep their commitments in substantially increasing official assistance to LDCs? In that regard, what steps have your organizations taken to implement the Integrated Initiative on Trade and Development of LDCs, with which both the World Bank and the IMF are directly associated?

These are all questions that are related to our Financing for Development initiative so that if you cannot find the time to answer them fully now, I would invite you to join us in discussing them at greater length in the Preparatory Committee on Financing for Development.

Speaking specifically for Nigeria, we accept the notion that poverty reduction among our populace can only come from good governance and sustainable economic growth which is a logical concomitant of democracy and good governance.

Consequently, Nigeria's new democratic leadership, the civil society and the military have resolved to work together for the sustainability of our new democratic dispensation and for good governance featuring respect for human rights, equity, social justice, fiscal accountability and transparency.

Poverty reduction is a rising function of economic growth. Economic growth is impossible without good governance.

We are determined to put our house in order by showing copious and sustained evidence of good governance.

First, political leaders, the rest of the civil society and of course the military will collaborate to ensure a stout defence and entrenchment of democracy and its ideals: human rights, equity, social justice due process, fiscal accountability and transparency,

Fight and win the war against corruption. On the broad economic front, we have resolved to limit our military expenditure without compromising our internal and West African regional security.

- We opted for a market determined exchange rate of our Naira;
- We will tackle inflation, keeping it at a lower single digit;
- Channel fiscal investment to the productive sector and thereby increase domestic output in many sectors of the economy and create employment;
- Commit ourselves to infrastructural enhancement projects and programmes carefully, targeting at poverty eradication;
- Fight HIV + AIDS;
- Improve access to basic primary health care;
- Provide fresh water to rural communities;
- Address problems in the areas of electric power and energy.

Privatization

Using privatization as the locomotive to drive the train of our national economy - thereby reducing, in the short-term and eliminating in the medium to long-term, the pervasive and grossly inefficient public dominance of our social utilities and economic enterprises.

I thank you.

Back