

# **PRESS RELEASE**

## **FEDERAL MINISTRY OF FINANCE**

**Sunday, April 18, 2010**

### **NACOFED Calls For Transformative Leadership At The Federal, State Levels**

**...Cautions on CBN's Release of Intervention Funds To Banks**

**...Advises FG On Use Of Expansionary Budget To Tackle Recession**

The National Council on Finance and Economic Development (NACOFED) has called for pragmatic and transformative leadership at all levels of government in the country in order to support the economy.

NACOFED made this call at the weekend in an 11-point communiqué at the end of its 11<sup>th</sup> Conference held in Uyo, Akwa-Ibom State.

The Honourable Minister of State for Finance, Mr. Remi Babalola, who read the Conference's communiqué, stated that the need for transformative leadership at the federal, state and local government levels had become necessary to achieve double digit growth of the economy.

The Central Bank of Nigeria (CBN) had at the Conference noted that the current credit squeeze in the banking sector was a major threat to economic growth.

In addressing this issue, the Conference stressed the need to balance financial regulations and macro-economic considerations to stimulate economic growth.

It advised the CBN on the release of funds for intervention schemes to banks.

“The Conference cautions that before funds for such intervention schemes are released by the CBN to Banks, the prospective borrowers have to be first ascertained so as to avoid funds being locked up in commercial banks without reaching those for which they were meant,” said Babalola who chairs NACOFED and the Federation Account Allocation Committee (FAAC).

The Conference noted the current global economic rebound but observed that it was still early to conclude that the global economy and in particular, that of Nigeria, was on the way to full recovery from the global recession.

It, therefore, canvassed collective efforts to sustain the current economic recovery plans to ensure sustainable economic growth and development in the country.

“There is support for Government, as a matter of necessity, to cautiously spend its way out of the recession through measured expansionary budget and fiscal stimulus plan. However, there is need for synergy between fiscal policy and monetary policy,” the Conference added.

Other points in the Communiqué agreed by the conference’s participants include:

- \* There is need for increased collaboration on economic policies at both national and sub-national levels to create an enabling environment and open up markets to allow private sector provide competitive services.
- \* The Conference calls on the National Assembly to urgently pass the bill on the establishment of Asset Management Company of Nigeria (AMCON) in order to clear up toxic assets and shore up funds available for the purpose of credits in the economy.
- \* The Conference supports the review of the framework for accessing loans from the Agricultural Credit Scheme to allow better access and reliable tenor for the agricultural loans.
- \* It noted the critical role of the capital market to fund the development of the economy and urged the Federal Government to sustain its various initiatives through Securities and Exchange Commission (SEC), and other Stakeholders, targeted at strengthening regulatory oversight and investor confidence in the capital market.
- \* It noted the need to rekindle investor confidence through investor education and urged SEC to pursue vigorously enlightenment campaign to educate the general public about capital market operations and the opportunities therein.
- \* The Conference is in support of the regulation of the Financial Sector; but recommended that the Financial Regulators themselves must do a self re-examination of their policies, practices and capabilities to engender the growth and development of the economy.
- \* The Conference calls for pragmatic and transformative leadership at all levels of Government in order to de-bottleneck the economy so as to achieve double digit growth of the economy.

The Conference was declared open by the Acting President, Dr. Goodluck Jonathan, represented by the Executive Governor of Abia State, Dr. Theodore Orji and attended by the Deputy Governor of Akwa Ibom State, Engr. Patrick Ekpotu, who represented Governor Godswill Akpabio.

The conference was also attended by the Honourable Minister of State for Finance, Mr. Remi Babalola; the Accountant General of the Federation, Alhaji Ibrahim Dankwambo; States’ commissioners of finance, permanent secretaries of finance and budget, and accountants-general, among other stakeholders.

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