



**KEYNOTE ADDRESS BY THE HONOURABLE
MINISTER OF STATE FOR FINANCE, REMI BABALOLA
AT THE NATIONAL CONFERENCE ON FINANCING
THE 7-POINT AGENDA THROUGH THE CAPITAL
MARKET**

PROTOCOL

On behalf of the Federal Ministry of Finance, we are pleased to be part of this Public Private Partnership gathering of capital market operators and members of the business community. We acknowledge the efforts and inputs of the organizers of this conference, the Securities and Exchange Commission (SEC), The Nigerian Stock Exchange (NSE), and the Association of Issuing Houses of Nigeria (AIHN), as well as the different sponsors.

2. This conference could not have come at a better time than now when the country is dealing with the challenges of infrastructure upgrade and repositioning the economy for the far-reaching challenges of globalization using a totally different approach powered by the private sector.

3. The objective of this conference is to further seek the input of stakeholders in the key sectors of our economy in the formulation of government policies as well as implementation of the 7-Point economic agenda of Mr.



President. The 7-Point Agenda defines the framework for policy implementation to accelerate economic growth and reforms leading to visible difference to ordinary Nigerians. This is the more reason why this conference cannot be a talk-shop but an action-oriented intervention.

Macro-economic Performance

4. A great degree of macroeconomic stability has been achieved by government in recent years. The country has witnessed improved performance such as a deepened capital market, strengthened banking system, robust external reserve, a sound current account position, prudent management of fiscal and monetary policies, as well as transparency in the conduct of the nation's affairs in addition to macro-economic stability. All of these reflect a positive outlook and an exciting future.

Growth Story

5. The Nigerian economy is rapidly transforming: the contribution of non – oil sectors such as real estate, services, telecommunications, agriculture etc have shown remarkable improvements. Currently growing above 6% GDP rate, the economy is set to depart from the 6% group to an economy with superior GDP growth rate. In 2007 alone, the non-oil sector rose by 9.8%, reflecting the



impact of reforms already embedded, which we commit to deepen. It is envisaged that the country will end the year with above 7% GDP growth rate. Globally, it is agreed that these positive developments are conducive to, and supportive of, a good private sector growth. I therefore, wish to call on the private sector, via the capital market, to harness this positive outlook of the Nigerian economy and make remarkable contributions to the achievement of the economic agenda of government. For those investors that are new to the market, its never late and the time to be part of this fast pace, fast growing economy is now!

Maintaining a Strong Growth Story

6. We have made it a point of duty to maintain these strong indices. In fact international observers such as the IMF have also acknowledged that Nigeria achieved strong macroeconomic performance, supported by prudent fiscal policies, with the introduction of broad based economic reforms. In 2008, we expect that most of the indices will support that Nigeria continues to be a strong emerging market investment destination. We will be making public a successor programme to the Policy Support Instrument which will further reinforce our self regulation to



benchmark our economic performance and pursue policies that will apply positively to the growth of the economy.

Challenges

7. Notwithstanding the foregoing positive developments, our economy is still faced with multifaceted challenges that have prevented the nation from fully realizing its enormous potential. Nigeria has the potential to become one of the 20 largest economies in the world by the year 2020. The strategy to actualise this aim is outlined in the country's Vision 2020 supported by the 7-Point Agenda.

8. The capital market is one of the most important economic sectors that would drive the actualisation of the NV 2020. We expect the capital market to mobilise both local and foreign direct investment for financing economic growth and development at a supersonic pace. Nigeria's market capitalisation as a percentage of GDP is still low and lagging. There is an urgent need to evolve comprehensive measures to strengthen, broaden and deepen the market to enhance its intermediary role in financing economic development.



9. The seven cardinal objectives of the present government are: the provision of sufficient and adequate power supply, provision of food security, wealth creation through diversified production especially in the agriculture and solid minerals sectors, provision of an efficient mass transport system, emergence of land law reforms, provision of a friendly security climate (the Niger Delta security issue is a key focus here), as well as the provision of internationally acceptable standard of education for all.

10. My presence here amongst stakeholders of your calibre provides another veritable opportunity for me to continue clamouring for Public Private Partnership (PPP) projects with governments across all tiers. The Federal Government is keen on supporting and promoting such initiatives as the Ultra-Modern Murtala Muhammad Airport 2 and the ongoing development on Lekki Expressway, amongst others. Hopefully, in the next few months, the PPP legal/regulatory framework will be published. This will state the project areas of interest, the bidding and approval processes, amongst others. We are all eagerly awaiting this as we have started receiving a record number of proposals for PPP projects, even without any framework in place.



11. The Federal Government sincerely believes that the capital market can encourage and sustain such Public – Private Partnerships that will positively impact key sectors of our economy. The capital market should leverage on the country’s improved credit rating to develop long term bonds for financing our power, energy and solid minerals sectors, among others. The instituted sector reforms and the revenue certainly of these sectors should make such bonds attractive to local and international investors. For instance, power plants in the Philippines and Thailand were largely financed through the issuance of bonds. The capital market should also explore securitisation financing, structured in tranches of senior and subordinated notes to fund our transportation, education and housing sectors. These sectors could also be financed with syndicated loans and equity – linked development bonds.

12. The government appeals to you for all hands to be on deck in the achievement of its laudable economic agenda. It is pertinent for the capital market to partner with government towards ensuring that these goals come to



fruition. I am hopeful that this Conference will fashion out ways to package and finance these laudable projects. They are our collective responsibilities and must not be allowed to fail.

13. I thank you for listening and wish you fruitful deliberations.

Remi Babalola
Honourable Minister of State for Finance