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Statement by Jiayi Zou, Executive Director for China
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Nigeria: Poverty Reduction Strategy Paper and Joint IDA-IMF Staff Advisory Note

We welcome the opportunity to discuss Nigeria's Poverty Reduction Strategy Paper and Joint IDA-IMF Staff Advisory Note. We generally agree with the priorities for strengthening NEEDS and its implementation, as identified by staff. We do support the view that NEEDS is a major first step forward in defining a credible agenda for economic growth and poverty reduction in Nigeria.

It is impressive that Nigeria has made remarkable progress in improving governance and transparency, particularly fighting corruption. The Government started to implement the Extractive Industries Transparency Initiative (EITI), setting an example for the countries across the continent. The environment for doing business is also improving. Both Nigerian and foreign businesses are reacting positively to recent developments in the country. Foreign direct investment has been significantly increased, particularly in manufacturing, steel, construction and other sectors.

Although Nigeria's economic performance has improved significantly over the last two years, there are still daunting development challenges ahead. Nigeria has the third highest number of poor people in the world, only after China and India. More than two-thirds of the Nigerian people are poor, despite of this country is with vast potential wealth. However, if business as usual approach continues, the country is not likely to achieve the Millennium Development Goals.

Given the large population and pervasive poverty, Nigeria's needs for development financing still far outstrip its projected domestic financing potential. As a huge plan that touches almost all aspects of the Nigeria's economy, NEEDS will cost about \$4.5 billion through 2007, much of which will have to come from outside the country. Additional international development financing is essential if the economy's enormous infrastructure requirements are to be met and progress made in power, transport, education, health and safe water, etc.

In risk analysis Staff correctly pointed out that institutional and technical capacity within the public service to implement and monitor the NEEDS should be strengthened. We support the recommendation that the government should strengthen its framework for generating, regularly updating and disseminating income and non-income poverty data and its capacity for poverty monitoring and analysis at the NBS. As it is highlighted that there is a strong need over a period of time for capacity-building, where we believe that the Bank should offer effective technical and financing supports.

We are pleased to see, as the largest country in West African Region, Nigeria is playing an important role in regional integration. NEEDS will promote programs that develop information and communication technology, tourism, and entertainment and financial services, and the Proposed trade policy reforms will aggressively promote exports and harmonize tariffs with regional trade organizations while protecting local industries. The plan also envisages developing a deep sea port, free trade zones, and a shipbuilding facility in order to boost coastal shipping, international trade, and regional integration. There is no doubt that the process of regional integration will also benefit all the participating nations in West Africa.

To conclude, we reiterate our full support the Poverty Reduction Strategy Paper of Nigeria, and wish the Authorities and people of Nigeria every success in implementing the PRSP.