

Lamido to Ezekwesili: Nigeria Never Had \$67 Billion Reserve - Naija Pundit

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The Governor of the Central Bank of Nigeria (CBN), Mallam Sanusi Lamido Sanusi, has stressed the need for a thorough governance review of transparency and accountability in the oil sector.

Sanusi said this while presenting a speech at a forum organised by members of the Metropolitan Club in Lagos Tuesday.

Responding to questions on Nigeria's external reserves, the CBN helmsman who apparently was making reference to a recent feud between the Federal Government and a former vice-president of the World Bank, Mrs. Oby Ezekwesili, said the country never had \$67 billion reserves in its history.

He however said: "It is a debate I will like to avoid getting into deliberately because it is a debate where you have the truth on both sides.

"The highest level reserves had been was \$62 billion under the late President Umaru Yar-Adua. There is also a certain truth to a basic proposition that if we save money when oil price is high, it is expected that when oil price crashes, we would de-save.

"Look at Germany, United States, United Kingdom, after the crisis, they all had huge deficits. So our deficit resulted from a reduction in reserves.

"Now having said that, no one can deny that between 2010 and 2011 when oil price was going

up, we should have saved more than we actually did and we spent more than we ought to. As CBN governor I spent the whole of those two years talking about fiscal leakages.”

He noted that it was right for questions to be asked, especially in a period when payment for fuel subsidy which is paid from the Excess Crude Account (ECA), rose sharply from N300 billion to N2.1 trillion.

Despite the relative price stability recorded by the economy, Sanusi also stressed the need for diversification of the economy, saying that “all it takes is for oil price to go to \$40 per barrel for us to go back to where we were. We need to get the economy to a point where if oil price crashes to \$10 per barrel, even if we feel the hurt, we would not cause a distortion.”

Sanusi however acknowledged that the Coordinating Minister for the Economy/Minister of Finance, Dr. Ngozi Okonjo-Iweala, has done a lot to address the fiscal leakages in the economy.

“I must say that there have been tremendous amount of progress made on the fiscal side. We have seen a lot of work being done to shut down some of these leakages and it is that work that is being done by the finance ministry since Ngozi took over that has actually helped in bringing up the reserves and stabilising the exchange rate,” he added.

Speaking on the financial system, he pointed out that the sector contributes only four per cent of GDP. He however argued that: “Fixing the financial system doesn’t fix much. How many people are employed in the financial system compared to the number of people employed and the impact you get from the agricultural sector, manufacturing?”

“Financial services sector cannot be the engine for growth. I have had this debate over and over again about bank workers being sacked. The banking industry is not set up to create jobs within itself; it is set up to provide capital to people who create jobs. By the time your biggest employers become the banks and the government, you have a problem. The government and the banks are supposed to build the rest of the economy.”