CENTRAL BANK OF NIGERIA

Annual Report And Statement of Accounts

FOR THE YEAR ENDED
31ST DECEMBER, 2009

Central Bank of Nigeria
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Vision

To be one of the most efficient and effective world's central banks in promoting and sustaining economic development.

Mission

To be proactive in providing a stable framework for the economic development of Nigeria, through the effective, efficient and transparent implementation of monetary and exchange rate policy and management of the financial sector.

THE CENTRAL BANK OF NIGERIA

Established by the Central Bank of Nigeria (CBN) Act of 1958, the principal objects of the Bank, as contained in the new CBN Act, 2007, are to:

- *ensure monetary and price stability;*
- *issue legal tender currency in Nigeria;*
- *maintain external reserves to safeguard the international value of the legal tender currency;*
- *promote a sound financial system in Nigeria; and*
- *act as banker and provide economic and financial advice to the Federal Government of Nigeria.*

BOARD OF DIRECTORS

AS AT 31ST DECEMBER, 2009

SANUSI LAMIDO SANUSI
Chairman of the Board

OCHI C. ACHINIVU
Director

TUNDE LEMO
Deputy Governor

DAHIRU MUHAMMAD
Director

JOSHUA O. OMUYA
Director

SARAH O. ALADE
Deputy Governor

SAMUEL O. OLOFIN
Director

IBRAHIM H. DANKWAMBO
Director

SULEIMAN A. BARAU
Deputy Governor

STEPHEN O. ORONSAYE
Director

KINGSLEY C. MOGHALU
Deputy Governor

ALHAJI U. B. GIREI
Secretary to the Board

MEMBERS OF THE BOARD OF DIRECTORS OF THE BANK AS AT 31ST DECEMBER, 2009

1.	Sanusi Lamido Sanusi	-	Governor (Chairman)
2.	Suleiman A. Barau	-	Deputy Governor (Corporate Services)
3.	Sarah O. Alade (Mrs)	-	Deputy Governor (Economic Policy)
4.	Kingsley C. Moghalu	-	Deputy Governor (Financial System Stability)
5.	Tunde Lemo	-	Deputy Governor (Operations)
6.	Ochi C. Achinivu	-	Director (Permanent Secretary, Federal Ministry of Finance)
7.	Ibrahim H. Dankwambo, OON	-	Director (Accountant General of the Federation)
8.	Dahiru Muhammad	-	Director
9.	Samuel O. Olofin	-	Director
10.	Joshua O. Omuya	-	Director
11.	Stephen O. Oronsaye, OON, CON	-	Director
	Umaru B. Girei	-	Secretary to the Board

MEMBERS OF THE COMMITTEE OF GOVERNORS OF THE BANK AS AT 31ST DECEMBER, 2009

1.	Sanusi Lamido Sanusi	-	Governor (Chairman)
2.	Suleiman A. Barau	-	Deputy Governor (Corporate Services)
3.	Sarah O. Alade (Mrs)	-	Deputy Governor (Economic Policy)
4.	Kingsley C. Moghalu	-	Deputy Governor (Financial System Stability)
5.	Tunde Lemo	-	Deputy Governor (Operations)
	Umaru B. Girei	-	Secretary

PRINCIPAL OFFICERS OF THE BANK AS AT 31ST DECEMBER, 2009

A. Departmental Directors

1.	Abayomi S. Atoloye**	-	Banking Operations
2.	Samuel A. Oni	-	Banking Supervision
3.	Umaru B. Girei	-	Corporate Secretariat
4.	Benjamin C. Onyido	-	Currency & Branch Operations
5.	Joe Alegieuno*	-	Development Finance
6.	Olufunmilade A. Omofade*	-	Finance
7.	Mohammed Nda	-	Foreign Operations
8.	Osaretin A. Demuren (Mrs)	-	Human Resources
9.	T. A. Akeke**	-	Information Technology
10.	Olanrewaju T. Taiwo*	-	Internal Audit
11.	Okorie A. Uchendu**	-	Monetary Policy
12.	Olufemi A. Fabamwo**	-	Other Financial Institutions

13.	Garba Ahmed	-	Procurement & Support Services
14.	Charles N.O. Mordi	-	Research
15.	Sani I. Doguwa	-	Statistics
16.	Walter W. Ahrey	-	Strategy & Performance
17.	Batari Musa*	-	Trade & Exchange
	Anthony O. Olatujoye	-	Legal Adviser

*Acting Capacity
**Overseeing

B. Special Advisers to the Governor

1.	Kim Norris	-	Banking Supervision
2.	Rupert C. Borchgrave	-	Economic Development
3.	Folakemi Fatogbe	-	Enterprise Risk Management
4.	Asuri Vasudevan	-	Monetary Policy (Retired on 21st Dec. 2009)
5.	Dauda Lawal	-	Public Sector, Parastatals & Regulatory Agencies

C. Branch Controllers/Currency Officers

1.	Adewale O. Joawo	-	Abeokuta
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12.	Monday O. Olotewo	-	Ilorin
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25.	Ahmed Mohammed	-	Sokoto
26.	Patrick A. Ashamole	-	Umuahia

27.	Caulma C. Efegi	-	Uyo
28.	Yahaya A. Lawan	-	Yola

*Overseeing

TABLE OF CONTENTS

List of Abbreviations and Acronyms xxix
Statement by the Governor xxxvii
Summary xli

PART ONE: ACTIVITIES OF THE CENTRAL BANK OF NIGERIA

CHAPTER 1 1

1.0 CORPORATE ACTIVITIES OF THE CENTRAL BANK OF NIGERIA 1

1.1 Administration 1
1.1.1 Board of Directors and Other Committees 1
1.1.1.1 Monetary Policy Committee 2
1.1.2 Development of CBN Branch Offices 2
1.1.3 The Computerisation Programme 3
1.1.4 Library Operations 3
1.1.5 Legal Services 3
1.1.6 Internal Audit 4
1.1.7 Restructuring of the CBN (Project EAGLES) 7
1.1.8 Communications 8
1.1.8.1 Anti-Corruption and Ethical Issues 9
1.1.9 Staff 9
1.1.10 Medical Services 10
1.1.11 Training 10
1.1.12 Recreational Activities 10
1.1.13 Corporate Social Responsibility 11
1.1.14 Staff Social Responsibility 11
1.2 Research and Collaborative Activities 11
1.3 The CBN Balance Sheet 12
1.3.1 Income and Appropriation 12
1.3.2 Assets and Liabilities 12

CHAPTER 2 15

2.0 MONETARY POLICY, SURVEILLANCE ACTIVITIES AND OPERATIONS OF THE CBN IN 2009 15

2.1 Monetary Operations 15
2.1.1 Monetary and Credit Developments 15
2.1.2 Liquidity Management 17
2.1.3 Interest Rate Policy and Developments 19
2.1.3.1 Money Market Rates 20
2.1.3.2 Deposit Rates 21
2.1.3.3 Lending Rates 21

2.1.3.4 Return on Fixed Income Securities—The Yield Curve 22
2.1.4 Payments, Clearing and Settlement Developments .. 23
2.2 Currency Operations 24
2.2.1 Issue of Legal Tender 24
2.2.2 Currency in Circulation (CIC) 25
2.3 Foreign Exchange Management 25
2.3.1 Foreign Exchange Flows 25
2.3.2 Developments in the Foreign Exchange Market .. 27
2.3.3 External Reserves Management 29
2.4 Surveillance Report on the Activities of Financial Institutions 30
2.4.1 Banking Supervision 30
2.4.2 Prudential Examinations 34
2.4.3 Compliance with the Provisions of the Code of Corporate Governance for Banks in Nigeria 34
2.4.4 Financial Crime Surveillance/Money Laundering .. 34
2.4.5 The Special/Target Examination 35
2.4.6 Banking Sector Soundness 35
2.4.7 Examination of Other Financial Institutions 36
2.5 Developmental Functions of the CBN 38
2.5.1 The Agricultural Credit Guarantee Scheme Fund (ACGSF) 38
2.5.2 The Trust Fund Model (TFM) 39
2.5.3 Operations of the Agricultural Credit Support Scheme (ACSS) 39
2.5.4 The Commercial Agriculture Credit Scheme (CACS) 39
2.5.5 Capacity Building for Microfinance Clients/Institutions 41
2.5.6 The Small and Medium Enterprises Equity Investment Scheme (SMEEIS) 41

PART TWO: ECONOMIC REPORT

CHAPTER 3 43

3.0 THE GLOBAL ECONOMY 43

3.1 Output and Growth 43
3.2 Global Inflation 45
3.3 Global Commodity Demand and Prices 46
3.4 World Trade 48
3.5 International Financial Markets 48
3.5.1 Money Markets 48
3.5.2 Capital Markets 48
3.5.3 The International Foreign Exchange Market 49

3.5.4 Central Bank Interest Rate Policies 50
3.6 The Impact of the Global Economic and Financial Crises on the Nigerian Economy 51

CHAPTER 4 .. .. **57**
4.0 THE FINANCIAL SECTOR **57**
4.1 Institutional Developments 58
4.1.1 Growth and Structural Changes 58
4.1.2 Fraud and Forgery 58
4.1.3 The Public Complaints Desk 59
4.1.4 Cheque Clearing 59
4.1.5 Inter-bank Funds Transfer (IFT) 60
4.1.6 Use of e-Money Products 60
4.1.7 Institutional Savings 63
4.2 Monetary and Credit Developments.. 63
4.2.1 Reserve Money (RM) 63
4.2.2 Broad Money (M_2) 64
4.2.3 Drivers of Growth in Broad Money 65
4.2.3.1 Net Foreign Assets (NFAs) 65
4.2.3.2 Net Domestic Credit (NDC) 65
4.2.3.3 Credit to the Government (CG) 66
4.2.3.4 Credit to the Private Sector (CP) 66
4.2.3.5 Other Assets (Net) (OAN) 67
4.2.3.6 Narrow Money (M_1) 67
4.2.3.7 Quasi-Money 68
4.2.4 Maturity Structure of DMB Loans and Advances and Deposit Liabilities 68
4.2.5 Sectoral Distribution of Credit.. 71
4.2.6 Financial/Banking System Development 72
4.2.7 Money Multiplier and Velocity of Money 74
4.3 Other Financial Institutions 75
4.3.1 Development Finance Institutions (DFIs) 75
4.3.2 Microfinance Banks (MFBs) 76
4.3.3 Maturity Structure of Microfinance Banks (MFBs) Loans and Advances and Deposit Liabilities 76
4.3.4 Discount Houses (DHs) 77
4.3.5 Finance Companies (FCs) 77
4.3.6 Primary Mortgage Institutions (PMIs) 77
4.3.7 Bureaux-de-Change (BDCs) 77
4.4 Money Market Developments 78
4.4.1 Inter-bank Funds Market 78
4.4.2 Money Market Assets Outstanding 79

4.4.2.1 Nigerian Treasury Bills (NTBs) 80
4.4.2.2 Commercial Papers (CPs) 82
4.4.2.3 Bankers' Acceptances (BAs) 82
4.4.2.4 Federal Republic of Nigeria Development Stocks (FRNDS) 82
4.4.2.5 FGN Bonds 83
4.4.3 Open Market Operations (OMO) 84
4.4.4 Discount Window Operations.. 85
4.4.4.1 CBN Standing Facilities 85
4.4.4.1.1 Deposit Facilities 85
4.4.4.1.2 Lending Facilities 85
4.4.4.2 Over-the-Counter Transactions (OTCs) .. 85
4.4.4.3 Foreign Investment 86
4.4.4.4 Promissory Notes 86
4.4.4.5 The Expanded Discount Window Operations/CBN Guarantees.. 86
4.4.4.6 Repurchase Agreement (Repo) 86
4.4.4.7 Open-Buy-Back (OBB) Transactions 87
4.5 Capital Market Developments 87
4.5.1 Institutional Developments in the Nigerian Capital Market in 2009.. 87
4.5.2 The Nigerian Stock Exchange (NSE) 88
4.5.2.1 The Secondary Market 89
4.5.2.2 The NSE Value Index 90
4.5.2.3 The New Issues Market 90

CHAPTER 5 93
5.0 FISCAL OPERATIONS 93
5.1 Fiscal Policy Thrust 93
5.2 Federation Account Operations 94
5.2.1 Federally-Collected Revenue 94
5.2.2 Federation Account Distribution 96
5.2.3 VAT Pool Account Distribution 96
5.3 General Government Finances 97
5.3.1 Aggregate Revenue 97
5.3.2 Aggregate Expenditure 97
5.3.3 Overall Fiscal Balance and Financing 98
5.4 Federal Government Finances 98
5.4.1 Overall Fiscal Balance and Financing 98
5.4.2 Retained Revenue of the Federal Government .. 99
5.4.3 Total Expenditure of the Federal Government .. 100
5.4.3.1 Recurrent Expenditure 101

5.4.3.2 Capital Expenditure 103
5.5 State Governments' Finances.. 106
5.5.1 Overall Fiscal Balance and Financing 106
5.5.2 Revenue 106
5.5.3 Expenditure 107
5.6 Local Governments' Finances 109
5.6.1 Overall Fiscal Balance and Financing 109
5.6.2 Revenue 109
5.6.3 Expenditure 109
5.7 Consolidated Federal Government Debt 110
5.7.1 Domestic Debt 111
5.7.2 External Debt 111
5.7.3 Debt Service Payments and Debt Sustainability Analysis 112

CHAPTER 6 115
6.0 THE REAL SECTOR 115
6.1 Domestic Output 115
6.2 Agriculture 120
6.2.1 Agricultural Policy and Institutional Support 120
6.2.2 Agricultural Production 121
6.2.2.1 Crop Production 122
6.2.2.2 Livestock 123
6.2.2.3 Fishery 123
6.2.2.4 Forestry 123
6.2.3 Agricultural Prices 123
6.3 Industry 125
6.3.1 Industrial Policy and Institutional Support 125
6.3.2 Industrial Production 126
6.3.2.1 Manufacturing 126
6.3.2.2 Mining 127
6.3.2.2.1 Crude Oil 127
6.3.2.2.2 Gas 131
6.3.2.2.3 Solid Minerals 131
6.3.3 Electricity Generation 132
6.3.4 Energy Consumption 133
6.3.4.1 Petroleum Products Consumption 134
6.3.4.2 Electricity Consumption 134
6.3.4.3 Hydropower Consumption 134
6.3.4.4 Coal Consumption 135
6.3.5 Industrial Financing 135
6.3.5.1 Nigerian Import-Export Bank (NEXIM) 135
6.4 Transportation and Communications 135

6.4.1 Airline Services 135
6.4.1.1 Policy and Operational Environment 135
6.4.1.2 Domestic Airlines 136
6.4.1.3 Foreign Airlines 136
6.4.2 Railway Services 137
6.4.3 Maritime Services 137
6.4.4 Communications 137
6.5 Consumer Prices 139
6.6 The Social Sector 141
6.6.1 Demography 141
6.6.2 Unemployment 142

CHAPTER 7 143
7.0 EXTERNAL SECTOR DEVELOPMENTS 143
7.1 Balance of Payments 143
7.1.1 Major Developments 143
7.2 The Current Account 145
7.2.1 The Goods Account 145
7.2.1.1 Imports: Cost and Freight (c&f) 146
(a) Imports by End-User 146
(b) Imports by Harmonised System (HS) 147
(c) Non-oil Imports by Country of Origin 147
7.2.1.2 Exports: Free on Board (fob) 148
(a) Direction of Oil Exports 149
(b) Non-Oil Exports 150
(c) Non-Oil Exports to the ECOWAS Region .. 150
7.2.2 The Services Account 150
7.2.3 The Income Account 152
7.2.4 Current Transfers 152
7.3 The Capital and Financial Account 153
7.4 External Assets Management 157
7.5 International Investment Position (IIP) 157
7.6 Exchange Rate Movements 160
7.7 The Nominal Effective Exchange Rate (NEER) and the Real Effective Exchange Rate (REER) 161

CHAPTER 8 163
8.0 INTERNATIONAL AND REGIONAL INSTITUTIONS 163
8.1 The International Monetary System 163
8.1.1 The Group of Twenty-four (G-24) and the IMF/World Bank Annual Meetings 163
8.1.2 The International Monetary Fund 164

	8.1.3 The World Bank Group	164
	8.1.4 International Commodity Organisations	164
	8.1.4.1 The International Cocoa Organisation (ICCO)	164
	8.1.4.2 The Organisation of Petroleum Exporting Countries (OPEC)	164
	8.1.5 Bilateral Relations	166
	8.1.5.1 Nigeria/United Arab Emirates Bilateral Meetings	166
	8.1.5.2 Nigeria-China Joint Commission for Economic and Technical Cooperation	166
	8.1.5.3 Nigeria-U.S Trade and Investment Framework Agreement (TIFA) Council	166
8.2	Regional Institutions	166
	8.2.1 The African Union (AU)	166
	8.2.2 The Joint Committee of the African Union Commission and the Association of African Central Banks (AACB)	167
	8.2.3 The Association of African Central Banks (AACB) ..	167
	8.2.4 United Nations Economic Commission for Africa (UNECA)	168
	8.2.5 African Development Bank Group (AfDB)	169
8.3	Sub-Regional Institutions	169
	8.3.1 Economic Community of West African States (ECOWAS)	169
	8.3.2 West African Monetary Zone (WAMZ)	170
	8.3.3 West African Monetary Agency (WAMA)	171
	8.3.4 West African Institute for Financial and Economic Management (WAIFEM)	171

LIST OF TABLES IN THE TEXT

	Selected Macroeconomic and Social Indicators	liv
1.1	MPC Decisions on MPR in 2009	2
2.1	Key Policy Targets and Outcomes, 2005-2009 (per cent)	16
2.2	WAMZ Convergence Criteria, 2005-2009	17
2.3	Money Market Rates (per cent)	20
2.4	Currency Structure, 2007-2009	26
2.5	Borrowers from the Banking Sector	31
2.6	Circulars and Guidelines to DMBs in 2009	31
2.7	Rating of Banks Using "CAMEL" Parameters in 2009	36
2.8	Distribution of Loans under the ACGSF by Volume and Value of Loans in 2009	39
2.9	Funds Placement under the Trust Fund Model (TFM) end-December 2009	39
2.10	Performance of the Agricultural Credit Support Scheme (ACSS) ..	40
2.11	Performance of the Commercial Agriculture Credit Scheme (CACS)	40
4.1	Volume and Value of Cheques Cleared in 2007-2009	60
4.2	Market Share in the e-payment Market in 2008 and 2009	62
4.3	Contribution to the Growth in M_2 (per cent)	67
4.4	Composition of Total Monetary Aggregate (M_2) (per cent)	69
4.5	Maturity Structure of DMBs, Loans and Advances and Deposit Liabilities (per cent)	70
4.6	Credit to the Core Private Sector, 2006 - 2009	71
4.7	Monetary Aggregates and Measures of Financial/Banking Development	74
4.8	Money Multiplier and Velocity of M_2	74
4.9	Maturity Structure of Assets and Liabilities of Microfinance Banks (MFBs) (per cent)	76
4.10	Composition of Money Market Assets Outstanding in 2009	80
4.11	Allotment of NTBs (Naira billion)	81
4.12	Indicators of Capital Market Developments in the Nigerian Stock Exchange (NSE)	89
5.1	Sources of Funds for the Three Tiers of Government in 2009 (Naira billion)	97
5.2	State Governments' Revenue	107
5.3	Debt Service Payment (Naira billion) and Debt Sustainability Indicators (per cent)	113
6.1	Sectoral Growth Rates of GDP at 1990 Constant Basic Prices (per cent)	116
6.2	Sectoral Contribution to Growth Rates of GDP at 1990 Constant Basic Prices (Percentage points)	117
6.3	Growth in Major Crop Production (per cent)	123

6.4	The Nigerian Telecommunications Market Statistics	138
6.5	Annual Headline Inflation Rates (Year-on-Year) (per cent)	140
6.6	Labour Statistics, 2005-2009	142
7.1	Summary of the Provisional Balance of Payments Statement ..	144
7.2	Percentage Share of Major Invisible Services Transactions	151
7.2a	Current Transfers (Naira billion)	152
7.2b	Capital Importation: Country and Sector Inflows (US$ million) ..	154
7.3	International Investment Position (IIP) of Nigeria (2006 - 2009) (Millions of Dollars)	159
7.4	Nominal and Real Effective Exchange Rate Indices (May 2003=100)	162

LIST OF TABLES IN THE APPENDICES

1	Selected Interest Rates (per cent)	211
2	Loans Guaranteed under ACGSF by Size and Purpose: January - December, 2009	212
3	Currency in Circulation (Naira billion)	213
4	Changes in World Prices and Output (per cent)	214
5	Money Supply and its Determinants (Naira million)	215
6	Banking System Credit to the Economy (Naira million)	216
7	Summary of Deposit Money Banks' Activities (Naira million)	218
8	Deposit Money Banks' Sources and Application of Funds (Naira million)	219
9	Summary of Community Banks'/Microfinance Banks' Activities, end-December 2009	220
10	Discount Houses' Statement of Assets and Liabilities (Naira million) ..	221
11	Summary of Assets and Liabilities of Finance Companies (end-December) (Naira million)	222
12	Value of Money Market Assets (Naira million)	223
13	Treasury Bills: Issues and Subscriptions (Naira million)	224
14	Holdings of Treasury Bills Outstanding (Naira million)	225
15	Open Market Operations at OMO Sessions	227
16	Transactions on the Nigerian Stock Exchange	228
17	Market Capitalization of Quoted Companies: Equities Only (Naira thousand)	229
18	Value Index of all Common Stocks Listed by Sector on the NSE (1984=100)	230
19	Federation Account Operations (Naira billion)	231
20	Federally-Collected Revenue Distributions (Naira billion)	232
21	Summary of General Government Finances (Naira billion)	233
22	Summary of Federal Government Finances (Naira billion)	234
23	Functional Classification of Federal Government Recurrent Expenditure (Naira billion)	235
24	Functional Classification of Federal Government Capital Expenditure (Naira billion)	236
25	Summary of State Governments' and FCT Finances (Naira billion) ..	237
26	Functional Classification of State Governments' Recurrent and Capital Expenditure (Naira billion)	238
27	Summary of State Governments' Finances (State by State, 2009) (Naira billion)	239
28	State Governments' Expenditure on Selected Sectors (Naira billion)	240
29	Summary of Local Governments' Finances (Naira billion)	241

30	Summary of Local Governments' Finances (State by State, 2009) (Naira million)	242
31	Consolidated Debt of the Federal Government (Naira billion)	244
32	External Debt of the Federal Government	245
33	Gross Domestic Product at 1990 Constant Basic Prices	246
34	Gross Domestic Product at 1990 Current Basic Prices	247
35	Gross Domestic Product at 1990 Purchasers' Price: Expenditure Approach (Naira billion)	248
36	Gross Domestic Product at Current Purchasers' Price: Expenditure Approach (Naira billion)	249
37	National Income at Constant Market Prices (Naira billion)	250
38	Index of Agricultural Production by Type of Activity (1990=100)	251
39	Estimated Output of Major Agricultural Commodities	252
40	Indices of Average World Prices (c.i.f) of Nigeria's Major Agricultural Export Commodities (1990=100) (Dollar-based)	253
41	Indices of Average World Prices (c.i.f) of Nigeria's Major Agricultural Export Commodities (1990=100) (Naira-based)	254
42	Average Prices of Selected Cash Crops (Naira per tonne)	255
43	Index of Industrial Production (1990=100)	256
44	Index of Manufacturing Production (1990=100)	257
45	Production of Principal Solid Minerals, 2005-2009	258
46	Energy Consumption (1990=100)	259
47	Consumption of Petroleum Products (Tonnes)	260
48	Gas Production, Utilization and Disposal (2005-2009)	261
49	World Crude Oil Production & Consumption in (Million Barrels Per Day)	262
50	Analysis of the Average Spot Prices of Selected Crudes Traded at the International Oil Market (US$ per barrel)	263
51	Composite Consumer Price Index (2003 =100)	264
52	Urban Consumer Price Index (2003 =100)	265
53	Rural Consumer Price Index (2003 =100)	266
54	Balance of Payments Compilation (US$ million)	267
55	Balance of Payments Compilation (Naira million)	271
56	Balance of Payments Analytical Presentation (US$ million)	275
57	Balance of Payments Analytical Presentation (Naira million)	276
58	Visible Trade (Naira million)	277
59	Imports by Major Groups (Naira million)	278
60	Imports by HS Sections (Naira million)	279
61	Non-Oil Imports by Country of Origin (c&f)	280
62	Direction of Oil Exports	281
63	Non-Oil Exports by Product (Naira million)	282
64	Top 100 Non-oil Exporters in Nigeria for 2009	283

65 Exchange Rate Movements (₦/$) 285
66 Total External Assets of Nigeria(Naira million).. 286
67 International Investment Position of Nigeria (US$ million) 287

LIST OF FIGURES

2.1	Money Market Rates in 2009	21
2.2	Savings and Lending Rates (Prime and Maximum)	21
2.3	Spread Between the Average Deposit and Maximum Lending Rates	22
2.4	Real Interest Rates	22
2.5	Government Bonds and Average Yield	23
2.6	Interest Rate and Price of 6-Month Maturity	23
2.7	Ratio of Currency in Circulation to M_2	27
2.8	Foreign Exchange Flows through the CBN	27
2.9	Foreign Exchange Disbursements in 2009	28
2.10	Developments in the Foreign Exchange Market	28
2.11	Demand for, and Supply of, Foreign Exchange	29
2.12	Nigeria's Gross External Reserves Position (US$ billion) and Months of Import Equivalent	29
2.13	Banks' Non-Performing Loans (per cent of Total Credit)	36
2.14	Performance of the SMEEIS	41
2.15	Sectoral Distribution of SMEEIS Investments by Banks as at end-December 2009	42
3.1	Average Spot Prices of Selected Crudes (US$ per barrel)	47
3.2	Annual Percentage Change in the Average Unit of Naira per Foreign Currency (Appreciation/Depreciation)	49
4.1a	Volume of Cheques Cleared in 2007 - 2009	59
4.1b	Value of Cheques Cleared in 2007 - 2009	60
4.2a	Volume of Electronic Card-based Transactions in 2009	62
4.2b	Value of Electronic Card-based Transactions in 2009	63
4.3a	Reserve Money and its Components	64
4.3b	Reserve Money Targets and Outcomes (Naira billion)	64
4.4	Ratio of Currency in Circulation to M_2	65
4.5	Growth in M_2 and its Sources (per cent)	66
4.6	Share of NFA and NDC in M_2 (per cent)	66
4.7	Growth in Domestic Credit (per cent)	67
4.8	Growth in Monetary Aggregates (per cent)	68
4.9	Growth in the Components of Broad Money (M_2) (per cent) ..	68
4.10a	Maturity Structure of DMBs Loans and Advances at end-December 2009	70
4.10b	Maturity Structure of DMBs Deposits at end-December 2009 ..	70
4.11a	Share in Outstanding Credit to the Core Private Sector in 2009 ..	71
4.11b	Share in Outstanding Credit to the Core Private Sector, 2006 - 2009	72
4.12a	Ratios of Broad Money (M_2) to GDP, Credit to Private Sector (CPS) to GDP and Currency Outside Bank (COB) to M_2	72

4.12b	Ratio of Banking System's Total Assets to GDP (per cent)	73
4.12c	Ratio of Deposit Money Banks' Assets to GDP (per cent)	73
4.13	Money Multiplier, Currency Ratio and Reserve Ratio	75
4.14	The Velocity of Money	75
4.15	Value of Inter-bank Funds Market Transactions	79
4.16	Money Market Assets Outstanding	79
4.17	NTB Issues, Subscriptions & Allotments	80
4.18	Nigerian Treasury Bills: Breakdown of Allotments in 2009	81
4.19	Treasury Bills Outstanding	81
4.20	Nigerian Treasury Bills: Classes of Holders in 2009	82
4.21	Development Stock: Classes of Holders in 2009	83
4.22	Outstanding FGN Bonds	83
4.23	FGN Bonds by Holder	84
4.24	OMO Issues and Sales	85
4.25	Trends in Market Capitalization and NSE Value Index	88
4.26	Share of Banks in the 20 Most Capitalised Stocks in the NSE	90
4.27	New Issues by Sector	91
4.28	New Issues by Type	91
5.1	Oil and Non-Oil Revenue (per cent of GDP)	94
5.2	Federation Account: Composition of Revenue (Naira billion) ..	95
5.3	Composition of Non-Oil Revenue in 2009	96
5.4	Composition of General Government Expenditure in 2009	98
5.5	Fiscal Deficit (per cent of GDP)	99
5.6	Composition of Federal Government Retained Revenue in 2009 ..	99
5.7	Federal Government Revenue and Expenditure (per cent of GDP)	100
5.8	Composition of Federal Government Expenditure in 2009	100
5.9	Economic Classification of Recurrent Expenditure in 2009	101
5.10	Recurrent Expenditure and Personnel Cost (per cent of GDP) ..	102
5.11	Functional Classification of Federal Government Recurrent Expenditure in 2009	102
5.12	Functional Classification of Federal Government Capital Expenditure in 2009	103
5.13	State Governments' Revenue (Naira billion)	106
5.14	State Governments' Expenditure (per cent of GDP)	107
5.15	State Governments' Expenditure in Key Sectors for 2009 (per cent of total expenditure)	108
5.16	State Governments' Expenditure in Key Sectors for 2009 (per cent of GDP)	108
5.17	Local Governments' Revenue and Overall Balance (per cent of GDP)	109
5.18	Local Governments' Expenditure (per cent of GDP)	110
5.19	Consolidated Public Debt Stock (per cent of GDP)	111

5.20	Composition of Domestic Debt Stock by Holders in 2009	112
6.1	GDP Growth Rate (2005-2009)	116
6.2	Sectoral Share in GDP	118
6.3	Growth Rate of Major Sectors of Non-Oil GDP	118
6.4	Contribution to Growth Rate of Non-Oil GDP	119
6.5	GDP (Expenditure Approach) at 1990 Purchasers' Price	119
6.6	Index of Agricultural Production (1990 = 100)	122
6.7	Average Price of Selected Cash Crops (Naira per Tonne)	124
6.8	Index of Industrial Production (1990=100)	126
6.9	Index of Manufacturing Production and Capacity Utilization ..	127
6.10	Bonny Light Monthly Prices in 2008 and 2009	130
6.11	Gas Production and Utilization, 2005 - 2009	131
6.12	Nigeria's Power System Composition in 2009	133
6.13	Electricity Power Generation	133
6.14	Electricity Consumption	134
6.15	Sectoral Distribution of NEXIM's Credit in 2009	135
6.16	Trends of Total Connected Lines and Teledensity	139
6.17	Trends in Inflation in 2009	140
6.18	Trends in Inflation (Composite, Core and Food) in 2009	141
6.19	Contribution of Key Components to Headline Inflation (end-period)	141
7.1	Balance of Payments (per cent of GDP)	144
7.2	Value of Imports, Exports and Trade Balance	145
7.3	Imports by Major Groups in 2009	146
7.4	Non-Oil Imports by Origin in 2009	147
7.5	Direction of Crude Oil Exports in 2009	149
7.6	Non-Oil Exports by Product in 2009	150
7.7	Percentage Share of Major Invisible Services	152
7.8	Capital Importation by Region in 2009 (per cent)	153
7.9	Capital Importation by Sectors in 2009 (per cent)	153
7.10	Assets and Liabilities: International Investment Position (IIP)	158
7.11	Net International Investment Position (IIP)	158
7.12	Average Yearly Exchange Rate of the Naira per US Dollar	160
7.13	End-Period Exchange Rate of the Naira per US Dollar	161
7.14	Nominal and Real Effective Exchange Rate Indices	161

LIST OF APPENDICES

A1	Balance Sheet as at 31st December, 2009	173
A2	Income Statement for the Year Ended 31st December, 2009 ..	174
A3	Statement of Cash Flows for the Year Ended 31st December, 2009 ..	175
B1	Significant Accounting Policies	176
B2	Notes to the Financial Statements for the Year ended 31st December, 2009	185
B3	Report of the Independent Joint Auditors to the Board of Directors of the Central Bank of Nigeria	200
C	Glossary of Selected Terms	201
D	Monetary Policy Committee Decisions in 2009	208
E	Policy Circulars and Guidelines Issued in 2009	209

LIST OF BOXES

1.	The Project Alpha Initiative of the CBN	4
2.	Banking Sector Reforms in Nigeria in 2009	32
3.	The Impact of the Global Financial Crisis on the Nigerian Economy and the Policy Responses by the Authorities	51
4.	Fiscal Stimulus as a Stabilization Tool	104
5.	Some Key Elements of the Petroleum Industry Bill	128
6.	The Effect of the Global Financial Crisis on Nigerian Exports and the Need to Enhance the Competitiveness of Non-oil Exports ..	148
7.	The Nature and Trends of Capital Flows in Nigeria	154

LIST OF ABBREVIATIONS AND ACRONYMS

AACB	Association of African Central Banks
ABS	Analytical Balance Sheet
ACGSF	Agricultural Credit Guarantee Scheme Fund
ACSS	Agricultural Credit Support Scheme
ADF	African Development Fund
ADPs	Agricultural Development Programmes
AES	African Econometrics Society
AFC	Africa Finance Corporation
AfDB	African Development Bank
AIPs	Approvals-In-Principle
AMCP	African Monetary Cooperation Programme
AML/CFT	Anti-Money Laundering/Combating Financing Terrorism
APRM	Africa Peer Review Mechanism
ATM	Automated Teller Machines
AU	African Union
AUC	Africa Union Commission
BAs	Bankers' Acceptances
BDCs	Bureaux de Change
BOI	Bank of Industry
BWIs	Bretton Woods Institutions
CAC	Corporate Affairs Commission
CAMA	Companies and Allied Matters Act
CAMEL	Capital Adequacy, Asset Quality, Management, Earning and Liquidity
CAR	Capital Adequacy Ratio
CBN	Central Bank of Nigeria
CBP	Capacity Building Programme
CBs	Community Banks
CDMA	Code Division Multiple Access
CEPR	Centre for Economic Policy Research
CG	Credit to Government
CIC	Currency in Circulation
CIFTS	Central Bank Inter-bank Funds Transfer System
CIS	Commonwealth of Independent States
CIT	Companies Income Tax
COB	Currency Outside Bank
COBEC	Code of Business Ethics and Conduct
COPAL	Cocoa Producers' Alliance
CPS	Credit to the Private Sector
CPI	Consumer Price Index

CPs	Commercial Papers
CRMS	Credit Risk Management System
CRR	Cash Reserve Requirement
CSAR	Country Self Assessment Report
CSCS	Central Securities Clearing System
CSOs	Civil Society Organisations
DFIs	Development Finance Institutions
DHs	Discount Houses
DLF	Direct Lending Facilities
DMBs	Deposit Money Banks
DMO	Debt Management Office
DS	Development Stock
EBP	Electronic Budgeting and Planning
ECA	Economic Commission for Africa
ECOWAS	Economic Community of West African States
EDCs	Enterpreneurship Development Centres
EEG	Export Expansion Grant
e-FASS	Electronic Financial Analysis and Surveillance System
EFCC	Economic and Financial Crimes Commission
e-Money	Electronic Money
EMS	Enterprise Management and Security
ERP	Enterprise Resource Planning
ETF	Education Tax Fund
FAAC	Federation Account Allocation Committee
FCs	Finance Companies
FCT	Federal Capital Territory
FDI	Foreign Direct Investment
FGN	Federal Government of Nigeria
FHAN	Finance Houses Association of Nigeria
FIRS	Federal Inland Revenue Service
FITC	Financial Institutions Training Centre
fob	Free on Board
FRIN	Forestry Research Institute of Nigeria
FSS 2020	Financial System Strategy 2020
G-24	Group of Twenty-four (24) Developing Countries
GDP	Gross Domestic Product
GSM	Global System of Mobile Communications
IAS	International Accounting Standard
IBRD	International Bank for Reconstruction and Development
ICCO	International Cocoa Organization
ICO	International Coffee Organization

IDA	International Development Assistance
IDMS	Integrated Document Management System
IEA	International Energy Agency
IFAD	International Fund for Agricultural Development
IFT	Inter-bank Funds Transfer
IGR	Internally Generated Revenue
IIP	International Investment Position
ILN	Interactive Learning Network
IMF	International Monetary Fund
IPOs	Initial Public Offers
IPPs	Independent Power Plants
ISPs	Internet Service Providers
IT	Information Technology
ITU	International Telecommunication Union
JVC	Joint Venture Cash Calls
KYC	Know Your Customer
LOKAP	Lagos, Kano, Aba and Port-Harcourt
LPFO	Low Pour Fuel Oil
LR	Liquidity Ratio
LROs	Lead Research Organisations
LVIFT	Large Value Inter-bank Funds Transfer
M_1	Narrow Money Supply
M_2	Broad Money Supply
mbd	Million barrels per day
MDGs	Millennium Development Goals
MFBs	Microfinance Banks
MICR	Magnetic Ink Character Recognition
MMDs	Money Market Dealers
MoU	Memorandum of Understanding
MPC	Monetary Policy Committee
MPR	Monetary Policy Rate
MRR	Minimum Rediscount Rate
MTEF	Medium-Term Expenditure Framework
MYTO	Multi-Year Tariff Order
NACRDB	Nigerian Agricultural, Cooperative and Rural Development Bank
NACS	Nigerian Automated Clearing System
NAFDAC	National Agency for Food, Drug Administration and Control
NAICOM	National Insurance Commission
NAOC	Nigeria Agip Oil Company
NAPCON	National Petroleum Company of Nigeria
NAPRI	National Animal Production Research Institute

NBS	National Bureau of Statistics
NCS	Nigerian Custom Service
NDC	Net Domestic Credit
NDIC	Nigeria Deposit Insurance Corporation
NEEDS	National Economic Empowerment and Development Strategy
NEER	Nominal Effective Exchange Rate
NEPAD	New Partnership for Africa's Development
NERC	National Electricity Regulatory Commission
NEXIM	Nigerian Export-Import Bank
NFAs	Net Foreign Assets
NGC	Nigerian Gas Company
NGOs	Non-Governmental Organizations
NIBOR	Nigerian Inter-Bank Offer Rate
NICPAS	Nigerian Cheque Printers Accreditation Scheme
NNPC	Nigerian National Petroleum Corporation
NPC	National Population Commission
NPSC	National Payments System Committee
NSE	Nigerian Stock Exchange
NSPFS	National Special Programme for Food Security
NSPM	Nigerian Security Printing and Minting
NTBs	Nigerian Treasury Bills
NWG	National Working Group
OBB	Open Buy Back
ODA	Overseas Development Assistance
OFIs	Other Financial Institutions
OMO	Open Market Operations
OPEC	Organisation of Petroleum Exporting Countries
OTC	Over-the-Counter
P&A	Purchase and Assumption
PENCOM	National Pension Commission
PEP	Politically Exposed Person
PHCN	Power Holding Company of Nigeria
PIR	Process Improvement and Redesign
PMIs	Primary Mortgage Institutions
PMS	Portfolio Management System
POS	Point of Sale
PPT	Petroleum Profit Tax
PSI	Policy Support Instrument
PSV	Payments System Vision
RBDAs	River Basins Development Authorities
REC	Regional Economic Commission

REER	Real Effective Exchange Rate
RTEP	Root and Tuber Expansion Project
RTGS	Real Time Gross Settlement
SBUs	Strategic Business Units
SEC	Securities and Exchange Commission
SFU	Special Fraud Unit
SITC	Standard International Trade Classification
SMEDAN	Small and Medium Enterprises Development Agency
SMEEIS	Small and Medium Enterprises Equity Investment Scheme
SON	Standard Organisation of Nigeria
SPDC	Shell Petroleum Development Company
SSA	Sub-Saharan Africa
SSC	South - South Cooperation
TCs	Travellers' Cheques
TFM	Trust Fund Model
TIB	Temenos Internet Banking
UAT	User Acceptance Test
UNECA	United Nations Economic Commission for Africa
UNIDO	United Nations Industrial Development Organisation
VAT	Value Added Tax
WACB	West African Central Bank
WAIFEM	West African Institute for Financial and Economic Management
WAMA	West African Monetary Agency
WAMZ	West African Monetary Zone
WB	The World Bank
WDAS	Wholesale Dutch Auction System

SANUSI LAMIDO SANUSI

Governor, Central Bank of Nigeria

STATEMENT BY THE GOVERNOR

I am delighted to present the Annual Report and Statement of Accounts of the Central Bank of Nigeria (CBN) for the year ended 31st December, 2009, which is the first since my assumption of office as the Governor of the CBN on June 4, 2009. The year was generally an eventful one in many respects for the CBN as it also marked its 50th anniversary. It was also a particularly active and challenging year for the Bank, given that I came to the Bank at a time that the Nigerian banking sector was facing serious difficulties and its stability and soundness were being questioned by stakeholders.

During the year, the CBN witnessed several remarkable changes at the governance and institutional levels. Let me start by acknowledging the contributions of my predecessor, Professor Chukuma C. Soludo during his tenure in office. Also, the contributions of Mr. Ernest C. Ebi (Deputy Governor, Corporate Services), whose term expired, and Professor Akpan H. Ekpo as well as Mrs. Juliet Madubueze, who both left the Board are highly appreciated. Let me also congratulate Mr. Tunde Lemo whose appointment, as Deputy Governor, was renewed for a second term and Dr. Kingsley C. Moghalu for his appointment as Deputy Governor. Dr. Ochi Achinivu joined the Board by virtue of his position as the Permanent Secretary, Federal Ministry of Finance while Mr. Stephen O. Oronsaye, Head of the Civil Service of the Federation, was appointed to replace Professor Akpan H. Ekpo. Mr. Oronsaye would have left the Board after moving on from his portfolio as the Permanent Secretary, Federal Ministry of Finance. However, given his wealth of experience and contributions to the Board, I believed strongly that his departure at the time would have deprived the Bank of his invaluable input into the work of the Board at such a critical time. In this regard, therefore, I requested, and the President kindly acceded and approved, that Mr. Oronsaye be appointed to the Board on his own personal merit and I believe that the CBN is the better for it. It is, my pleasure to warmly welcome all our new colleagues, whom I believe, given their background and wealth of experience, would make meaningful contributions to the work of the Board of the CBN.

In 2009, Nigeria, like many other countries hit by the global financial crisis, felt the pains of the financial meltdown, with the banking system being the worst affected resulting in a near crisis, largely on account of lax corporate governance and weak risk management in the banks, amongst other factors. It was in recognition of this, and against the backdrop of the outcome of the preliminary examination of some banks, that I had announced in my press briefing on August 14, 2009, series of measures aimed at sanitizing and strengthening the sector in order to restore confidence in the industry. The steps taken to stabilize the system included the injection of capital and the removal of the management in the banks where failure in corporate governance was most grave.

During the year, the Bank's policies and operations remained firmly anchored on the achievement of its principal objects as contained in the CBN Act, 2007. Thus, beside the

Bank's liquidity management activities through the appropriate mix of policy instruments, the Bank focused attention on ensuring/strengthening the stability of the banking system following the erosion of the capital base of some deposit money banks, as a result of overtrading and unethical practices, as well as weak credit processes leading to a large portfolio of non-performing loans.

Overall, despite the negative effects of the global financial and economic crises, the domestic economy remained resilient, with sustained robust economic growth, measured in terms of the gross domestic product (GDP) of an estimated 6.7 per cent, up from 6.0 per cent in 2008. The development was largely attributed to the continued strong performance of the non-oil sector, and a turnaround in the fortunes of the oil sector in the second half following progress in the peace talks in the Niger delta and improvements in oil output and price. Economic growth is expected to improve further as several deep structural problems such as low international competiveness occasioned by huge infrastructural deficiencies are resolved. In the banking sector, the on-going challenge is to reinforce the rebuilding of the most basic element of banking business, which is public confidence and incentivizing the banks to resume lending to the real sector of the economy. Others include improving the level of information on debtors, entrenching greater transparency in operations and enhancing the asset-liability management capability including operational risks in the banks.

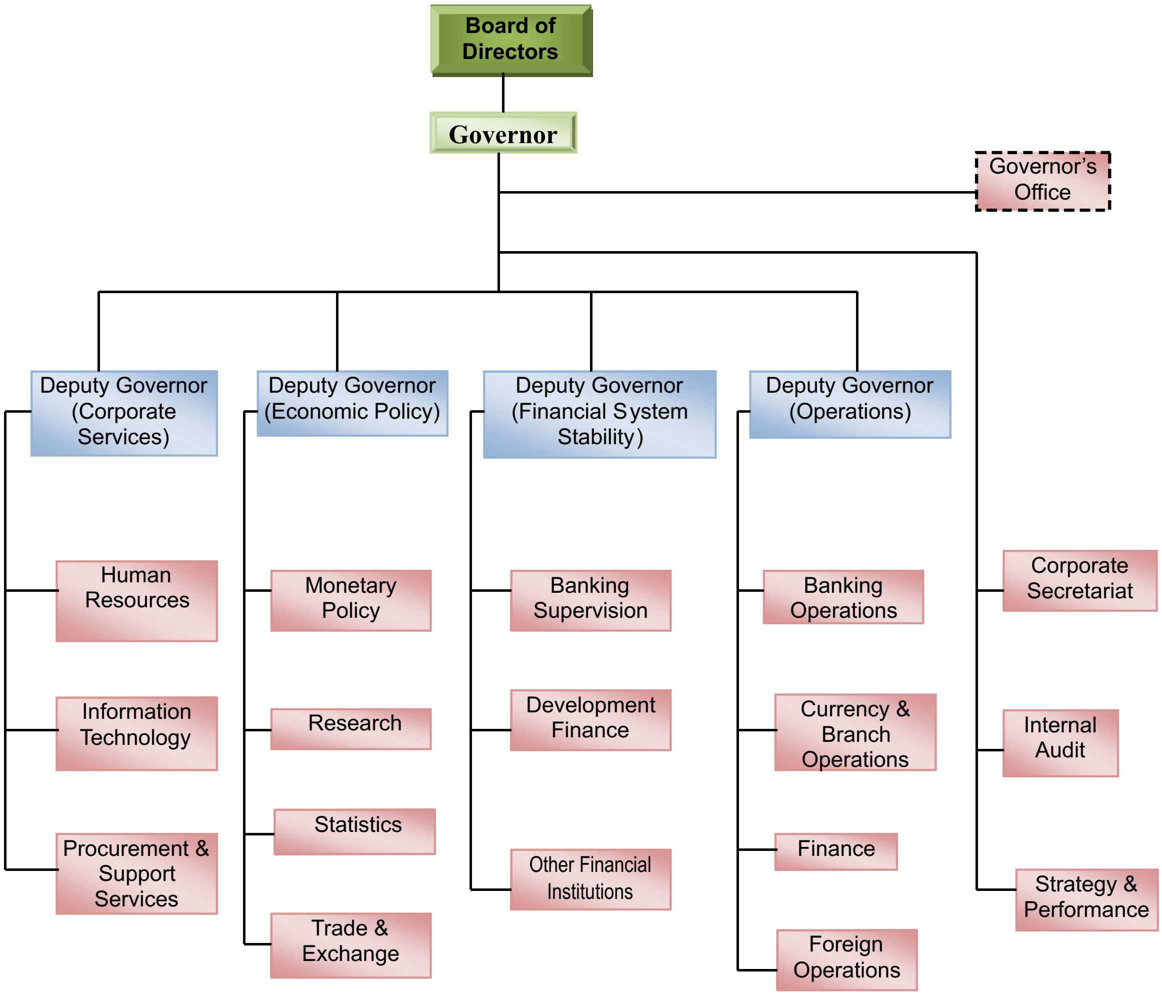
Looking ahead, the blueprint for reforming the Nigerian financial system in the next decade, which is expected to address the various lingering issues has been enunciated under the "Project Alpha Initiative". The initiative is built around four pillars namely: enhancing the quality of banks; establishing financial stability; enabling healthy financial sector evolution; and ensuring that the financial sector contributes to the economy. Its implementation has commenced, and with support from all stakeholders, we are optimistic that Nigeria's macroeconomic performance and, indeed, that of the financial sector will continue to improve.

Let me conclude on behalf of the Board of Directors of the CBN, by expressing sincere appreciation to the Staff of the Central Bank of Nigeria for their support, dedication, hardwork and loyalty, which contributed to the successes achieved in 2009. My gratitude also goes to the Presidency, the leadership of the National Assembly, Honourable Ministers, our development partners, organized private sector as well other stakeholders for their unflinching support and cooperation.

Sanusi Lamido Sanusi
Governor

April 2010

Organisational Structure of the CBN as at 31st December, 2009



CENTRAL BANK OF NIGERIA
ANNUAL REPORT AND STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 31st DECEMBER, 2009

SUMMARY

1. This Report reviews the operations of the Central Bank of Nigeria (CBN) and evaluates the macroeconomic policies and outcomes in 2009. It is structured into two parts. Part I reviews the corporate operations of the Bank, while Part II appraises the performance of the economy against the backdrop of the global economic and financial conditions as well as the domestic macroeconomic policy measures. The CBN monetary policy thrust and other banking and financial actions were geared towards guaranteeing price stability and financial sector soundness. Consequently, the Bank focused attention on ensuring/strengthening the stability of the banking system, following the negative impact of the global economic and financial meltdown and the erosion of the capital base of some deposit money banks as a result of overtrading, excessive exposure to certain sectors of the economy, unethical practices, weak corporate governance and risk management frameworks. Despite the challenges, the overall macroeconomic performance was satisfactory.

The Bank focused attention on ensuring/strengthening the stability of the banking system, following the negative impact of the global economic and financial meltdown and the erosion of the capital base of some deposit money banks as a result of overtrading, excessive exposure to certain sectors of the economy, unethical practices, weak corporate governance and risk management frameworks

CORPORATE ACTIVITIES

The CBN Board and Other Committees

2. The composition of the Board of Directors of the CBN changed during the year. Sanusi Lamido Sanusi was appointed the Governor and Chairman of the Board, following the expiration of the tenure of Chukwuma C. Soludo. A new Deputy Governor, Kingsley C. Moghalu, was appointed to replace Ernest C. Ebi, whose second term expired, while Tunde Lemo was reappointed Deputy Governor for a second term. Sarah O. Alade and Suleiman A. Barau continued as Deputy Governors as their terms were yet to expire. The non-executive Directors were Dahiru Muhammad, Samuel O. Olofin and Joshua O. Omuya. Stephen O. Oronsaye replaced Akpan H. Ekpo following the resignation of the latter from the Board to take up appointment as the Director General, West African Institute for Financial and Economic Management (WAIFEM). Other non-executive members included Ibrahim H. Dankwambo, the Accountant-General of the Federation and Ochi C. Achinivu, the Permanent Secretary, Federal Ministry of Finance. Mrs. Juliet A.

Madubueze was relieved of her appointment as a Board member and was yet to be replaced.

The Board held seven (7) regular and three (3) emergency meetings. The Committee of Governors held twenty (20) regular and two (2) emergency meetings. In the Bank's effort to achieve its mandate of price stability and support the economic policy of the Federal Government, the Monetary Policy Committee (MPC) held six (6) regular and one (1) extraordinary meetings. The Governors' Consultative Committee held seven (7) regular meetings. The Committee of Departmental Directors held twelve (12) regular and three (3) extraordinary meetings, while the Audit and Investment Committees of the Board held five (5) and one (1) meetings, respectively.

MONETARY POLICY, SURVEILLANCE ACTIVITIES AND THE OPERATIONS OF THE CBN

3. Monetary management during 2009 was largely influenced by internal and external economic environments, both of which were characterized by tight liquidity. The Bank took measures to mitigate the tight liquidity conditions in the banking system. These included the downward review of the Monetary Policy Rate (MPR), injection of funds into some troubled deposit money banks, provision of guarantees on inter-bank transactions and re-establishing the interest rate corridor under the Bank's standing facility window. The Bank also made use of the open market operations (OMO), complemented by macro-prudential cash and liquidity ratios, as well as tenored repurchase transactions, among others.

4. The Bank's monetary management was geared towards improving liquidity and efficiency of the financial market. The expansionary stance of monetary policy by the Bank resulted in base money exceeding the indicative benchmark for fiscal 2009. However, broad money, $M_{2,}$ was below the target for the year. Despite the measures taken to inject liquidity into the banking system, aggregate bank credit (net) to the domestic economy grew by 59.0 per cent, 25.2 percentage points lower than the level at the end of the preceding year. Similarly, credit to the private sector grew by 26.0 per cent, compared with 59.4 per cent in 2008. The Federal Government, however, remained a net creditor to the system.

The Bank's monetary management was geared towards improving liquidity and efficiency of the financial market.

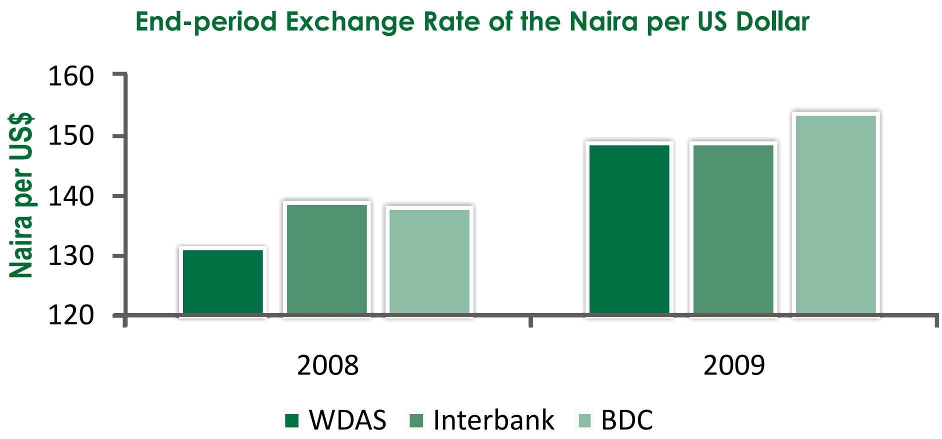
5. The formal financial system as at end-December 2009 comprised the CBN, the Nigeria Deposit Insurance Corporation (NDIC), the Securities and Exchange Commission (SEC), the National Insurance Commission (NAICOM), the National Pension Commission (PENCOM), 24 deposit money banks, five (5) discount houses, 910 microfinance banks, 110 finance companies, 1,601 Bureaux-de-Change, one (1) stock exchange, one (1) commodity exchange, 99 primary mortgage institutions, five (5) development finance institutions, and 73 insurance companies.

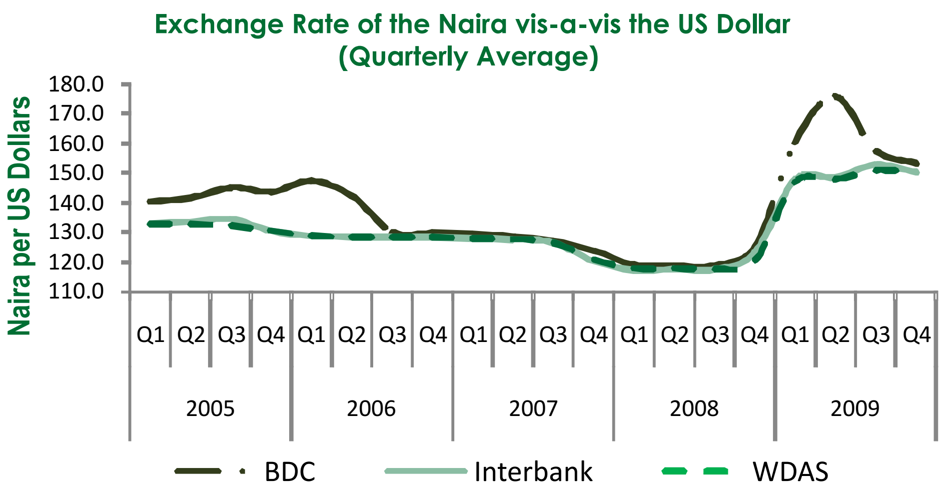
6. An assessment of the health of the banking sector indicated that twelve (12) banks did not exhibit serious weaknesses to raise supervisory concerns while twelve (12) banks did. Overall, eleven (11) banks were rated 'C', one bank was rated 'B' and none was rated 'A'. The computed average Capital Adequacy Ratio (CAR) showed that thirteen (13) out of twenty-four (24) banks met the stipulated minimum of 10.0 per cent while eleven (11) did not. The assets quality of the banks, measured as the ratio of non-performing loans to industry total, deteriorated by 26.5 percentage points to 32.8 per cent at end-December 2009, significantly exceeding the 20.0 per cent international threshold and the maximum prescribed by the Contingency Plan for Systemic Distress. Industry liquidity ratio was above the 25.0 per cent minimum threshold, but three (3) banks failed to meet the requirement. The Bank re-invigorated its supervisory and surveillance activities through regular appraisal and review of banks' periodic returns, spot checks, monitoring, target/special investigation and risk-based supervision, among others. The Bank also deployed examiners to the banks under the Resident Examinations Programme (REP) to provide real-time examination reports. In addition, a special examination was conducted on the DMBs to ascertain the levels of their exposure to certain sectors of the economy as well as the level of performing and non-performing loans, among others. Following the outcome of the special examination, the Bank consequently replaced the Chief Executive Officers/Executive Directors of eight (8) banks identified as the source of instability in the industry. The Bank also injected the sum of N620 billion as liquidity support for the insolvent/ailing banks.

An assessment of the health of the banking sector indicated that twelve (12) banks did not exhibit serious weaknesses to raise supervisory concerns while twelve (12) banks did.

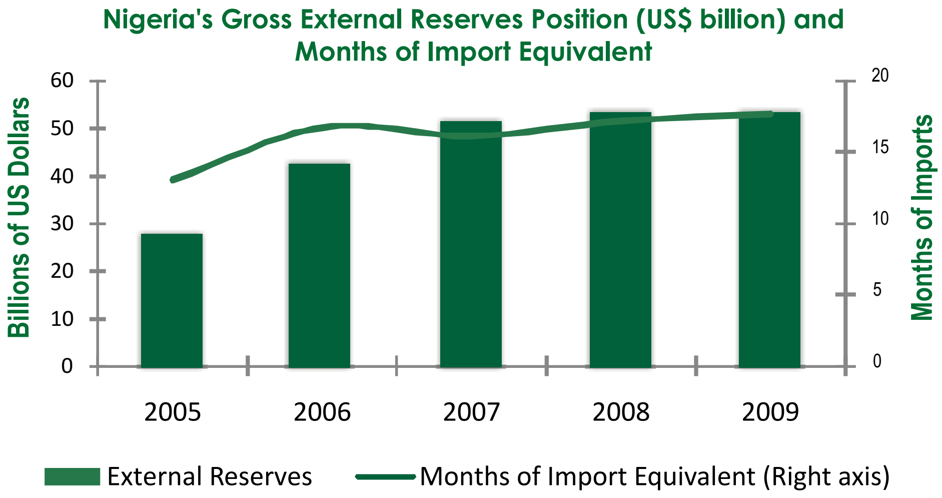
7. The Retail Dutch Auction System (RDAS) was re-introduced in February in order to engender stability in the foreign exchange market. Following the significant pressure observed in the foreign exchange market at the beginning of the year, the RDAS subsisted through the first half of the year. The re-introduction led to the partial suspension of trading in the inter-bank market, following directives to oil companies and government agencies to sell foreign exchange earnings to the CBN only. However, as demand pressure moderated in the second quarter, the RDAS was abolished and the Wholesale Dutch Auction System (WDAS) was re-introduced as a mechanism for the management of foreign exchange. Consequently, the demand pressure abated considerably by the end of the year. The average exchange rate of the naira depreciated in all segments of the market in 2009 vis-a-vis the 2008 position. The average exchange rate under the RDAS/WDAS, at ₦148.9/US$, showed a depreciation of 20.1 per cent relative to the level in 2008. At the inter-bank and BDC segments of the market, the naira depreciated by 20.8

and 25.3 per cent, respectively when compared with the levels in the preceding year to an average exchange rate of ₦150.41/US$ and ₦161.65/US$, respectively. The end-period exchange rate at the WDAS segment of the foreign exchange market depreciated by 11.4 per cent relative to the level at end-2008 to ₦149.58/US$.





8. The stock of external reserves declined by 20.0 per cent below the level of US$53.0 billion at end-December 2008 to US$42.4 billion at end-December 2009 and could support 17.7 months of imports, well above the 6 months requirement under the convergence criteria of the West African Monetary Zone (WAMZ).



9. Under the Agricultural Credit Guarantee Scheme Fund (ACGSF), a total of 53,639 loans valued at ₦8,349.0 billion were guaranteed in 2009, thus bringing the total loans guaranteed since the inception of the ACGSF in 1978 to 647,351 valued at ₦34,409.0 billion. The CBN also signed eight (8) MoUs under the Trust Fund Model (TFM), bringing the total number signed and the total sums pledged under the scheme at end-December 2009 to fifty-five (55) and ₦5.5 billion, respectively. Also, following the decision to make participation under the Small and Medium Enterprises Equity Investment Scheme (SMEEIS) optional for banks, the cumulative sum set aside and investment under the scheme remained at ₦42.0 billion and ₦28.2 billion, respectively, the same as at end-June 2008. With the shift in focus, the balance in the SMEEIS Fund Account was transferred as seed fund to the Micro Credit Fund (MCF) initiative.

The CBN also signed eight (8) MoUs under the Trust Fund Model (TFM), bringing the total number signed and the total sums pledged under the scheme at end-December 2009 to fifty-five (55) and N5.5 billion, respectively

10. The audited financial statements of the CBN for the year ended 31st December, 2009 indicated that, at ₦709.0 billion, gross income increased by 251.7 per cent from the level in 2008. The development reflected the rise in interest income and realized gains on foreign currency, while operating cost declined by 281.7 per cent. Consequently, the overall operations of the CBN at end-2009 resulted in a net surplus of ₦43.9 billion, higher than the ₦8.3 billion in 2008. The net surplus was appropriated in line with the provisions of Section 5 (3) of the CBN Act, 2007 (as amended). The sum of ₦10.96 billion accrued to general reserves while ₦32.9 billion was due to the Federal Government.

11. Total assets of CBN stood at ₦7.6 trillion, a decline of 10.1 per cent from the level at end-December 2008. The assets position reflected the decline in external reserves (10.8 per cent) and loans and advances (25.9 per cent), which more than offset the growth of

16.5, 17.1, 12.6 and 2.3 per cent in Nigerian government securities, other assets, fixed assets and investments, respectively.

12. The corresponding decline in total liability reflected the fall in deposits (19.9 per cent) and CBN instruments (91.9 per cent). However, IMF allocation of Special Drawing Rights grew by 1,124.4 per cent, 'other financial liabilities' (by 184.3 per cent) and notes and coins in circulation (by 2.3 per cent) over end-December 2008. The paid-up capital of the Bank remained at N5.0 billion, while the general reserve fund increased by 18.0 per cent to ₦71.9 billion.

13. The CBN continued to fine-tune and enhance its enterprise applications through the various Information Technology (IT) initiatives. In this regard, the process of upgrading the banking and enterprise applications to improve the banking operations and the internal operating efficiency of the Bank commenced in 2009. In addition, the electronic Financial Analysis and Surveillance System (e-FASS) was being enhanced to support the risk-based, consolidated and cross-border supervision. Furthermore, arrangements had reached an advanced stage for the replacement of the Real Time Gross Settlement (RTGS) System with a more robust application to improve the implementation of monetary policy and provide the platform for the Payments System Vision 2020. Other initiatives included the connections of all locations to the corporate network of IT, using high-speed fibre optics in order to enhance service delivery to end-users.

The CBN continued to fine-tune and enhance its enterprise applications through the various Information Technology (IT) initiatives.

14. The Bank recruited seventy-three (73) staff comprising five (5) executives, fifteen (15) senior, forty-two (42) junior, five (5) research consultants/visiting scholars, four (4) contract and two (2) personal staff for the Governor. However, the Bank lost the services of twenty-seven (27) staff through death, twenty-four (24) to voluntary retirement, twenty to (20) mandatory retirement and three (3) to resignation. Furthermore, ten (10) staff had their appointments terminated and nine (9) were dismissed. The staff strength of the Bank declined from 5,027 in 2008 to 5,019 at end-December 2009.

15. As part of the incentive to boost staff morale and enhance performance, the Bank promoted a total of 951 members of staff as follows: 128 executives, 645 senior and 178 junior staff. A total of fifty (50) employees were upgraded/converted to various grades, made up of nineteen (19) senior and nine (9) junior for upgrading; and fifteen (15) senior and seven (7) junior for conversion. The Bank's effort at capacity building and staff development was

The Bank's effort at capacity building and staff development was intensified through skills enhancement in 2009.

intensified through skills enhancement in 2009. Consequently, it sponsored staff training programmes, including seminars, workshops, conferences and courses within and outside Nigeria. Thus, staff benefited from a total of four thousand, five hundred and twenty-seven (4,527) training slots covering specialized and generic programmes.

ECONOMIC REPORT

The Global Economy

16. The global economy began a gradual recovery in the second half of 2009, though at different speeds in various regions, from the economic recession that started in 2007/2008. As a result of the slowdown in the performance of most economies, world output was projected to decline by 0.8 per cent in 2009, in contrast to the increase of 3.0 per cent in 2008. Although the combined effects of the monetary and fiscal interventions adopted by government helped to increase confidence, the challenges of unemployment and the uncertainty of full recovery persisted. While global inflation moderated and commodity prices rose modestly, global trade was, however, depressed in 2009. A major concern for most central banks remained how to exit from the stimulus packages without destabilizing the financial markets and thereby truncating the recovery process.

The global economy began a gradual recovery in the second half of 2009, though at different speeds in various regions, from the economic recession that started in 2007/2008.

17. The 2009 Spring and Annual Meetings of the Group of Twenty-Four Countries (G-24), focused on the global economic and financial conditions, the need for reforms in the Bretton Woods Institutions, financing for developing countries, multilateral surveillance and mobilization of resources for the Fund's operations. The Meetings advocated, among others, the prompt implementation of the necessary measures to address the deep-rooted weakness in financial markets, the need for continued timely and adequate interventions from international financial institutions in developing countries affected by the global crisis, and the implementation of the new flexible framework for the Financial Sector Assessment Programme (FSAP), as well as ensuring sharper macro-financial surveillance by the IMF.

18. Several bilateral relations were entered into in 2009. These included the United Arab Emirate (UAE), China and the United States of America (USA). Nigeria and the UAE signed a Bilateral Investment Agreement of US$16.0 billion to improve basic infrastructural facilities, including dams, electricity and investment in agriculture and mineral resources. The Nigeria and China Joint Commission for Economic and Technical Cooperation resolved to encourage Chinese banks to establish their presence in Nigeria with a view to promoting bilateral trade and investment as well as encouraging participation in the development of the Nigerian gas sub-sector, and co-operation in the area of capacity building. The Nigeria-US Trade and Investment Framework Agreement (TIFA) Council meeting agreed to bring the Doha Round of multilateral trade talks to a successful conclusion and to assist in training sanitary/phyto-sanitary specialists. The meeting agreed to encourage US entrepreneurs to take part in the development of the energy sector, under the public-private partnership policy.

19. The Economic Community of West African States (ECOWAS) approved a revised roadmap for the realization of a single currency for West Africa by 2020, including the harmonization of the regulatory and supervisory framework for banks and other financial institutions and the establishment of a payments system infrastructure for cross-border transactions. Other decisions included: the ratification of the legal instruments for the creation of the West Africa Monetary Zone (WAMZ), the West African Central Bank, the West African Financial and Supervisory Agency (WAFSA), as well as the establishment of the WAMZ Secretariat. The Convergence Council approved the report on the status of the convergence at end-June 2009 and macroeconomic developments in the WAMZ. In addition, the Council sought collaboration between WAMI and WAIFEM in developing programmes for capacity building in the area of cross-border supervision.

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The Domestic Economy

Fiscal Operations of Government

20. At ₦6,236.4 billion and ₦7,258.0 billion, the aggregate revenue and expenditure of the three tiers of government in 2009 fell below the level in 2008 by 16.6 and 8.4 per cent, respectively. Thus, the combined fiscal operations of the three tiers of government resulted in a notional deficit of ₦994.5 or 4.0 per cent of GDP.

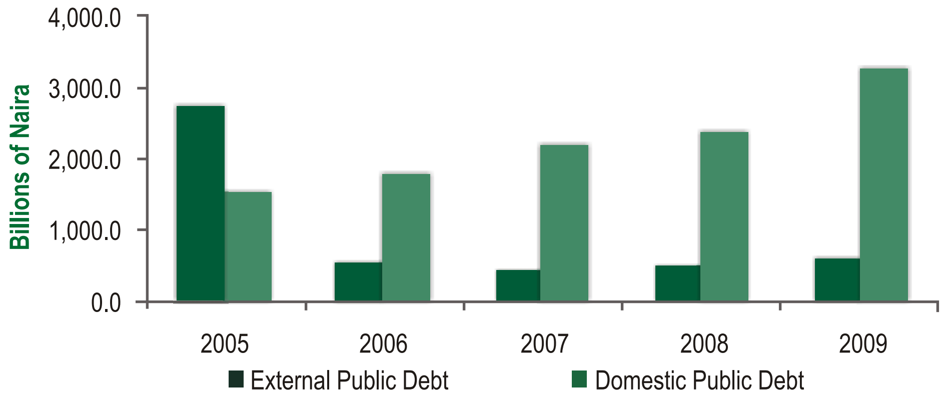
21. The fiscal operations of the Federal Government was implemented under the reviewed Medium-Term Fiscal Framework (MTFF). At ₦4, 844.6 billion or 19.6 per cent of GDP, the Federally-collected revenue (gross) declined by 38.4 per cent below the level in 2008. The development was attributed to the drop in domestic crude oil production and exports occasioned by the restiveness in the Niger Delta region and the lower oil prices in the international market, particularly, during the first quarter of the year. However, at ₦1,652.7 billion or 5.6 per cent of GDP, non-oil revenue rose by 23.7 per cent over the level in the preceding year.

22. The sum of ₦3,600.1 billion was transferred from the federally-collected revenue to the Federation Account in 2009, indicating a decrease of 20.9 per cent below the level in 2008. Following the significant drop in federally-collected revenue, the need to stimulate the economy prompted a substantial drawdown of the accumulated savings in the excess crude account. Thus, the total distributable revenue in 2009 amounted to ₦4,537.8 billion and was shared as follows: Federal Government, including Special Funds, ₦2,060.0 billion; State Governments, ₦1,159.3 billion; Local Governments, ₦834.5 billion and 13% Derivation Fund (N484.0 billion). Similarly, the VAT revenue of ₦449.7 billion was shared among the federal, state and local governments in the ratios of 15, 50 and 35 per cent, respectively.

23. The Federal Government retained revenue decreased by 17.2 per cent, while aggregate expenditure rose by 6.5 per cent, relative to their levels in 2008. The fiscal operations of the Federal Government resulted in a notional deficit of ₦810.0 billion, or 3.3 per cent of GDP. Provisional data on State Governments' finances showed an overall deficit of N186.2 billion or (0.8 per cent of GDP), representing a significant increase of 114.5 per cent when compared with ₦86.8 billion (or 0.4 per cent of GDP) in 2008. On the other hand, provisional data on Local Governments' finances showed that their fiscal operations resulted in a surplus of ₦1.8 billion, in contrast to a deficit of ₦3.0 billion in 2008.

24. The consolidated Federal Government debt stock as at December 31, 2009 was ₦3,812.6 billion or 15.4 per cent of GDP, compared with ₦2,811.3 billion or 11.8 per cent of GDP in 2008. Nigeria's external debt rose marginally from US$3.7 billion in 2008 to US$3.9 billion in 2009, following additional disbursement of concessional loans by multilateral institutions. Domestic debt grew by ₦3,228.0 billion (or 39.1 per cent), as a result of the issuance of FGN Bonds for project financing and the settlement of other contractual obligations.

Stock of External and Domestic Debt Outstanding

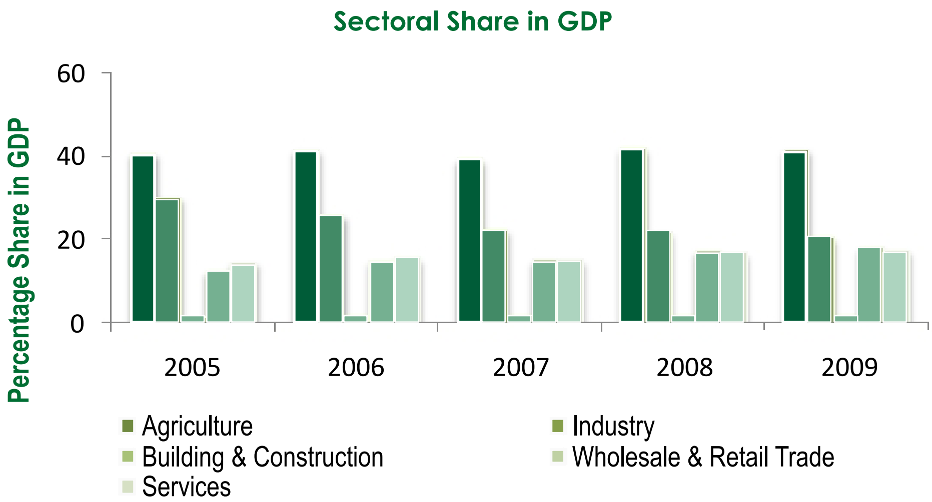


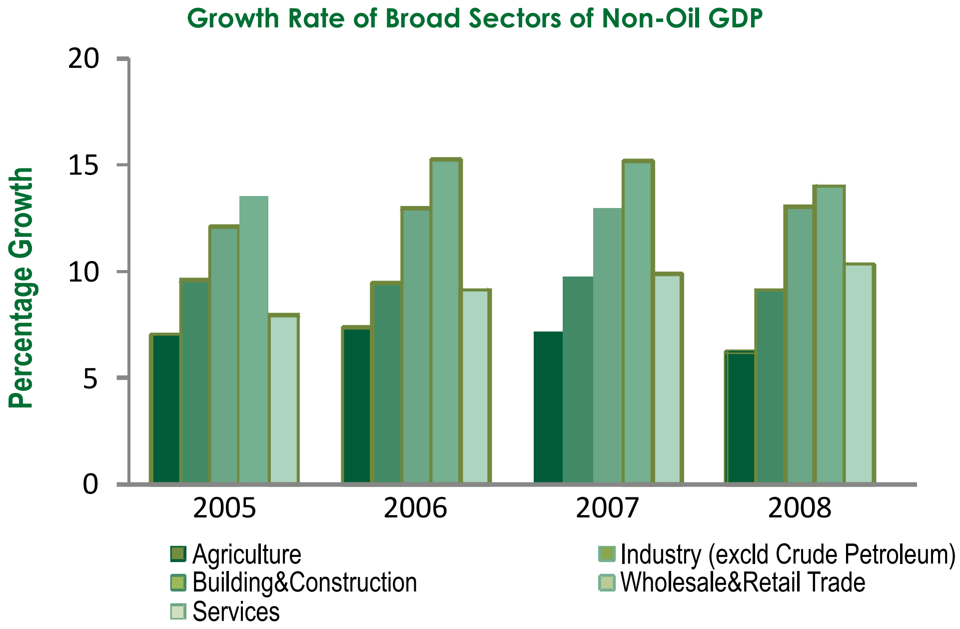
The Real Sector

25. The real Gross Domestic Product (GDP), at 1990 basic prices, grew by 6.7 per cent, compared with 6.0 per cent in 2008 and an average annual growth rate of 6.6 per cent for the period 2005 - 2009. The growth was attributed mainly to the sound monetary and fiscal policies pursued in the course of the year, complemented by the favourable weather which enhanced agricultural output. The robust output growth was driven mainly by the non-oil sector, as reflected in the non-oil GDP growth rate of 8.3 per cent. Within the non-oil sector, the agricultural sub-sector grew by 6.2 per cent, while wholesale and retail trade and the services sub-sectors recorded growth rates of 11.5 and 11.1 per cent, respectively. Industrial output grew slightly by 0.8 per cent, in contrast to the fall recorded during the previous three years. The implementation of the Federal Government amnesty programme paved the way for improved oil production which boosted the growth in industrial output. Challenges to the sector, however, remained the epileptic power supply, poor infrastructure and poor access to finance, among others.

The real Gross Domestic Product (GDP), at 1990 basic prices, grew by 6.7 per cent, compared with 6.0 per cent in 2008 and an average annual growth rate of 6.6 per cent for the period 2005 - 2009.

The robust output growth was driven mainly by the non-oil sector, as reflected in the non-oil GDP growth rate of 8.6 per cent.





26. Inflationary pressure moderated in 2009, but remained above the single digit. Inflation rate dropped steadily from the beginning of the year to 10.4 per cent in September 2009, before resuming an upward movement to close at 12.0 per cent in December. The movement in inflation rate during the year reflected the effect of the policy measures adopted, and the seasonal variations in prices and food inflation.

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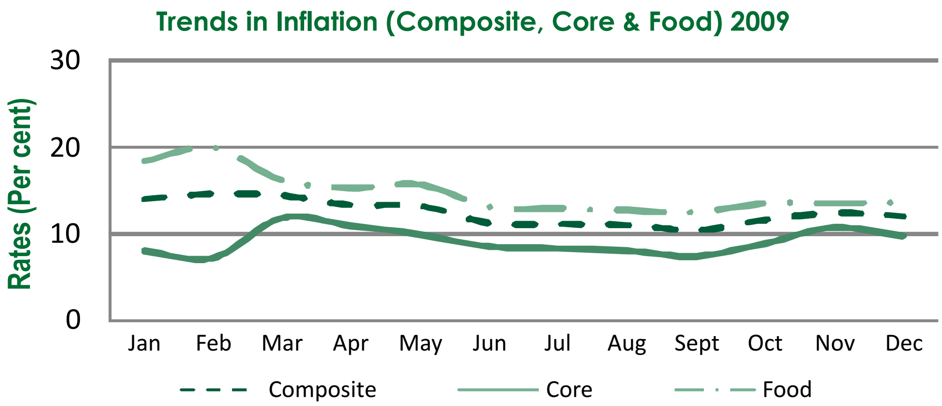

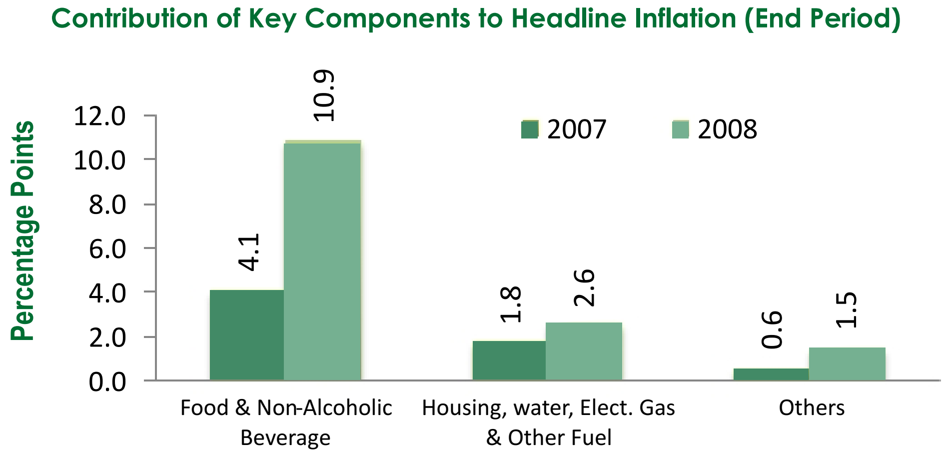

The External Sector

27. The external sector came under pressure in 2009 as reflected in the drawdown of the external reserves, reversal of capital inflows by portfolio investors for most part of the year, and a lower trade balance occasioned by the effect of the price shock in the international crude oil market. The current account surplus contracted reflecting the diminution in earnings from crude oil exports. External reserves, which dropped by 20.0 per cent to US$42.4 billion at end-December 2009, could support 17.7 months of imports, but remained well above the 6 months requirement under the convergence criteria of the West African Monetary Zone (WAMZ).

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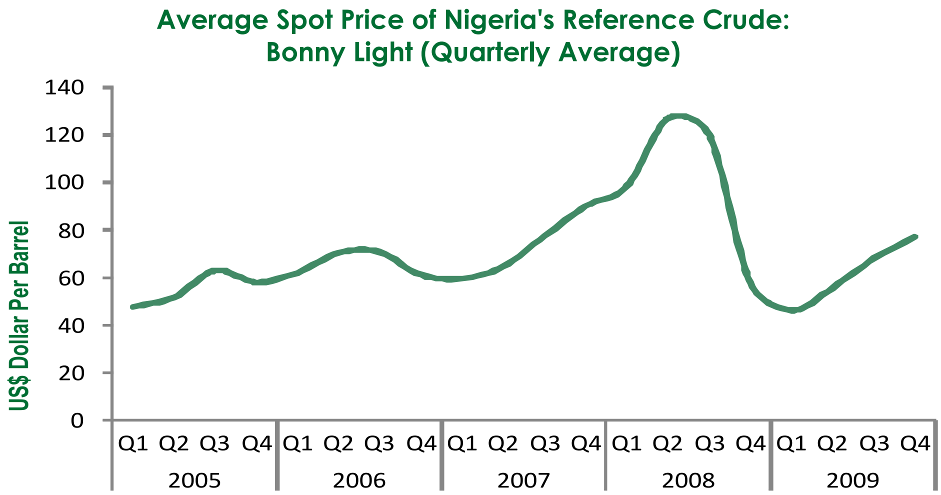
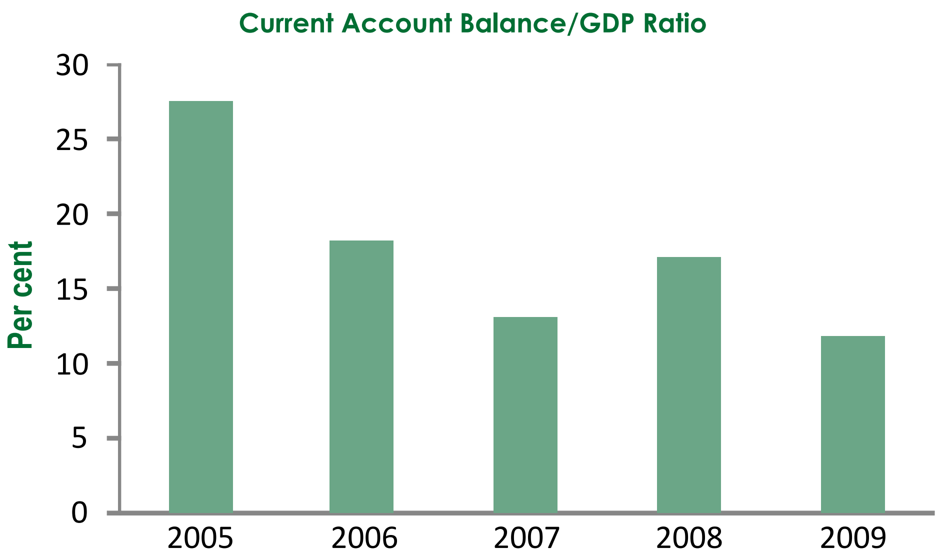


Source: Reuters


Current Account Balance/GDP Ratio
Per cent
30
25
20
15
10
5
0
2005
2006
2007
2008
2009

Selected Macroeconomic and Social Indicators

Indicator	2005	2006	2007 1/	2008 1/	2009 2/
Domestic Output and Prices					
GDP at Current Mkt Prices (N' billion) 3/	14,735.3	18,709.6	20,657.3	24,296.3	24,712.7
GDP at Current Mkt Prices (US$' billion) 3/	88.37	144.49	176.77	191.80	170.31
GDP per Capita (N) 3/	109,155.1	132,604.3	144,474.5	170,515.0	165,633.9
GDP per Capita (US$) 3/	826.31	1,030.34	1,223.49	1,286.29	1,106.77
Real GDP Growth (%) 3/	6.5	6.0	6.5	6.0	6.7
Oil Sector	0.5	-4.2	-4.5	-6.2	-1.2
Non-oil Sector	8.6	9.4	9.5	9.0	8.3
Sectoral GDP Growth (%)					
Agriculture	7.1	7.4	7.2	6.3	6.2
Industry 4/	1.7	-2.5	-2.2	-3.4	0.8
Services 5/	8.0	9.2	9.9	10.4	11.0
Oil Production (mbd)	2.5	2.2	2.2	2.0	1.8
Manufacturing Capacity Utilisation (%)	54.8	53.3	53.5	54.7	55.0
GDP Deflator Growth (%) 6/	22.0	18.1	3.3	12.5	
Inflation Rate (%) (Dec-over-Dec)	11.6	8.5	6.6	15.1	12.0
Inflation Rate (%) (12-month moving average)	17.9	8.2	5.4	11.6	12.4
Core Inflation Rate (%) (Dec-over-Dec) 7/	2.4	17.3	3.6	10.4	9.7
Core Inflation Rate (%) (12-month moving average) 7/	8.8	12.8	9.2	5.1	9.1
Aggregate Demand and Savings (% of GDP) 8/					
Aggregate Demand	87.43	78.4	94.4	81.0	85.6
Private Final Consumption Expenditure	75.16	63.3	77.3	67.5	70.4
Government Final Consumption Expenditure	6.81	6.9	7.9	5.5	5.6
Gross Fixed Capital Formation	5.46	8.3	9.2	8.0	9.6
Increase in Stock	0.01	0.01	0.01	0.01	0.01
Net Export of Goods and Non-factor Services	12.57	21.6	5.6	19.0	14.4
Export of Goods and Non-factor Services	31.66	43.1	34.0	38.5	39.5
Import of Goods and Non-factor Services	19.09	21.5	28.3	19.6	25.0
Domestic Saving	15.09	34.1	13.8	32.1	33.3
Gross National Saving	18.03	29.9	14.8	27.0	24.0
Federal Government Finance (% of GDP)					
Retained Revenue	11.9	10.4	11.2	13.3	10.7
Total Expenditure	13.0	10.9	11.8	13.5	14.0
Recurrent Expenditure	9.0	7.4	7.6	8.8	8.6
Of which: Interest Payments	2.7	1.3	1.0	1.6	1.0
Foreign	1.3	0.6	0.5	0.3	0.1
Domestic	1.4	0.7	0.5	1.3	0.9
Capital Expenditure and Net Lending	3.5	3.0	3.6	4.0	4.7
Transfers	0.5	0.5	0.5	0.7	0.7
Current Balance (Deficit(-)/Surplus(+))	3.0	2.9	3.6	4.5	2.1
Primary Balance (Deficit(-)/Surplus(+))	1.6	0.8	0.5	1.4	(2.3)
Overall Fiscal Balance (Deficit(-)/Surplus(+))	(1.1)	(0.5)	(0.6)	(0.2)	(3.3)
Financing	1.1	0.5	0.6	0.2	3.3
Foreign	***	***	***	0.3	0.4
Domestic	1.0	0.2	1.0	0.6	2.9
Banking System	***	***	0.8	0.1	0.5
Non-bank Public	1.0	0.2	0.2	0.5	3.2
Other Funds	0.1	0.3	(0.4)	(0.7)	(0.8)
Federal Government Debt Stock 9/	28.7	11.8	12.5	11.7	15.4
External	18.3	2.4	2.1	2.0	2.4
Domestic	10.4	9.4	10.4	9.7	13.0

Selected Macroeconomic and Social Indicators (Cont...)					
Indicator	2005	2006	2007 1/	2008 1/	2009 2/
Money and Credit (Growth Rate %)					
Reserve Money	4.2	27.8	26.0	29.6	7.7
Narrow Money (M_1)	29.7	32.2	36.6	55.9	2.26
Broad Money (M_2)	24.4	43.1	44.2	57.8	17.1
Net Foreign Assets	55.0	53.9	15.2	17.7	(11.7)
Net Domestic Assets	236.8	77.6	-36.1	-142.3	416.3
Net Domestic Credit	14.5	-69.1	276.4	84.2	59.0
Net Credit to Government	-37.0	-732.8	-22.3	-31.2	(26.6)
Credit to Private Sector	30.8	32.1	90.8	59.4	26.0
Money Multiplier for M_2	2.7	2.9	3.9	5.9	6.4
Income Velocity of M_2	6.0	5.1	4.3	2.7	2.3
Financial Development Indicators (%)					
M_2/GDP	19.1	21.5	27.9	37.7	43.4
CIC/M_2	22.8	19.3	16.5	12.6	11.0
COB/M_2	20.0	16.2	12.7	9.7	8.7
QM/M_2	38.7	43.4	46.4	47.0	53.7
CIC/GDP	4.4	4.2	4.6	4.8	4.8
Credit to Private Sector (CP)/GDP	13.6	14.2	24.2	33.2	41.1
Credit to Core Private Sector (CCP)/GDP	13.6	14.2	24.2	32.9	97.6
CP/Non-Oil GDP	21.9	22.1	37.9	54.4	64.8
DMBs Assets/GDP 10/	30.6	38.3	52.7	66.5	70.9
CBN's Assets/GDP 10/	29.9	38.3	41.7	42.0	36.6
Banking System's Assets/GDP	60.5	92.0	94.3	107.5	107.9
Interest Rates (% per annum)					
Minimum Rediscount Rate (MRR) 11/	13.0	***	***	***	***
Monetary Policy Rate (MPR) (end period) 11/	***	10.0	9.5	9.75	6.0
Repurchase Rate (Average %)	13.0	23.0	9.5	13.34	
Treasury Bill Rate					
91-day	10.8	8.3	6.54	8.20	
182-day 12/	9.57	9.22	7.35	8.77	
364-day 12/	10.51	10.71	8.12	9.00	
Inter-bank Call Rate (end-period)	7.0	9.0	8.9	12.17	4.68
Deposit Rates					
Savings Rate	3.3	3.3	3.2	3.6	3.4
3-months Fixed	9.1	10.3	10.3	12.9	12.6
6-months Fixed	8.7	9.9	9.5	12.9	12.7
12-months Fixed	8.8	7.5	7.9	12.7	12.7
Prime Lending Rate (end period)	17.8	17.3	16.5	16.1	19.0
Maximum Lending Rate (end period)	19.5	18.7	18.2	21.2	23.5
Government Bond (Average coupon) 13/					
3-year	***	12.71	8.82	10.13	
5-year	12.38	13.50	11.05	10.16	
7-year	***	13.34	9.73	***	
10-year	***	***	9.60	12.13	
20-year	***	***	***	15.00	

Selected Macroeconomic and Social Indicators (Cont...)

Indicator	2005	2006	2007 1/	2008 1/	2009 2/
External Sector					
Current Account Balance (% of GDP)	27.2	26.5	16.7	20.5	11.9
Goods Account	25.7	23.9	19.4	22.9	10.4
Services Account (net)	-2.9	-4.6	-6.0	-5.9	-6.1
Income Account (net)	-2.0	-4.6	-6.4	-5.8	-4.3
Current Transfers	6.3	11.7	9.7	9.4	11.9
Capital and Financial Account Balance (% of GDP)	-17.3	-11.8	-3.4	-5.2	5.3
Overall Balance (% of GDP)	10.0	9.6	4.8	0.8	-6.3
External Reserves (US $ million)	28,279.1	42,298.0	51,333.2	53,000.4	42,382.5
Number of Months of Import Equivalent	13.1	22.4	20.2	17.2	17.7
Average Crude Oil Price (US$/barrel)	55.4	66.4	74.96	101.15	62.08
Average DAS Rate (N/$1.00)	132.15	128.65	125.83	118.92	148.90
End of Period DAS Rate (N/$1.00)	130.29	128.27	117.97	132.56	149.58
Average Bureau de Change Exchange Rate (N/$)	142.56	137.10	127.41	120.81	161.64
End of Period Bureau de Change Exchange Rate (N/$)	141.5	129.5	121.00	139.00	155.00
Capital Market					
All Share Value Index (1984=100)	24,085.8	33,358.3	57,990.2	31,450.8	20,827.2
Value of Stocks Traded (Billion Naira)	262.9	470.3	1,076.0	2,400.0	685.7
Value of Stocks/GDP (%)	1.8	2.5	9.2	10.0	10.0
Market Capitalization (Billion Naira)	2,900.1	5,120.9	13,294.8	9,535.8	7,032.1
Of which: Banking Sector (Billion Naira)	1,212.1	2,142.7	6,432.2	3,715.5	2,238.1
Market Capitalization/GDP (%)	19.5	28.1	56.0	39.7	28.5
Of which: Banking Sector/GDP (%)	8.1	11.8	27.1	15.5	9.1
Insurance Sector/GDP (%)	0.2	0.3	2.0	1.3	0.8
Banking Sector Cap./Market Capitalization (%)	41.8	41.8	41.8	39.0	31.8
Insurance Sector Cap./Market Capitalization (%)	1.2	1.0	3.2	3.3	2.7
Social Indicators					
Population (million)	133.5	140.0	144.5	149.1	153.9
Population Growth Rate (%)	2.8	2.9	3.2	3.2	3.2
Unemployment Rate (%)	11.9	14.6	10.9	12.8	12.9
Life Expectancy at Birth (Years)	54.0	54.0	54.0	54.0	54.0
Adult Literacy Rate (%)	63.1	57.2	66.9	66.9	66.9
Incidence of Poverty	54.4	54.0	54.0	54.0	54.0

1/ Revised

2/ Provisional

3/ Revised based on National Accounts of Nigeria 1981 to 2005 harmonised series

4/ Includes Building and Construction.

5/ Includes Wholesale and Retail Services

6/ Based on GDP at purchasers' value (GDP at market prices)

7/ Core Inflation is measured as the rate of change of all-item Consumer Price Index (CPI) less farm produce.

8/ Based on GDP at Current Purchasers' Value (Current Market Price).

9/ Includes States Government Debts

10/ From Analytical Balance Sheet

11/ MPR replaced MRR with effect from December 11, 2006

12/ The 182-day and the 364-day bills were introduced with effect from _____

13/ Financial Datahouse Limited.

M_2 = Broad Money; GDP = Gross Domestic Product; CIC = Currency in Circulation

COB = Currency Outside Bank; QM = Quasi-Money; CP = Credit to Private Sector, CcP = Credit to core Private Sector

**** indicates not available.*

Sources: Central Bank of Nigeria (CBN), Federal Ministry of Finance (FMF), National Bureau of Statistics (NBS), Nigeria National Petroleum Corporation (NNPC), Nigerian Stock Exchange (NSE)

CHAPTER 1

1.0 CORPORATE ACTIVITIES OF THE CENTRAL BANK OF NIGERIA

The CBN continued its re-engineering initiatives under the project "EAGLES" with the adoption of the strategic directions for Business Continuity Management (BCM), Service Oriented Architecture (SOA) and Knowledge Management (KM) under the Business Continuity and Integration Strategy (BCIS). In order to improve access to central banking services nationwide, the construction of new branches and currency centres, as well as extensive renovation of some of the existing branches continued in 2009. Furthermore, to enhance the implementation of the Bank's monetary policy, arrangements for the replacement of the Real Time Gross Settlement (RTGS) System with a more robust one that would provide the platform for the Payments System Vision 2020 were at an advanced stage. The electronic-Financial Analysis and Surveillance System (e-FASS) was also improved upon to support the risk-based, consolidated and cross-border supervisory framework. The CBN continued to shoulder its corporate and staff social responsibilities of promoting knowledge through conferences, seminars and workshops which were of strategic national interest, and provided financial assistance to organizations and the less privileged in the society.

1.1 ADMINISTRATION

1.1.1 Board of Directors and Other Committees The composition of the Board of Directors of the Central Bank of Nigeria (CBN) changed during the year. Sanusi Lamido Sanusi was appointed Governor and Chairman of the Board, with effect from June 3, 2009 following the expiration of the tenure of Chukwuma C. Soludo. The Senate confirmed the re-appointment of Tunde Lemo as Deputy Governor for a second term, effective January 7, 2009. Kingsley C. Moghalu was appointed Deputy Governor on November 6, 2009 to replace Ernest C. Ebi, whose second term ended on June 3, 2009. In addition, Stephen O. Oronsaye was appointed to replace Akpan H. Ekpo, who resigned his membership of the Board on August 17, 2009, to take up appointment as the Director-General of the West African Institute for Financial and Economic Management (WAIFEM). Juliet A. Madubueze was retired from the Board while Ochi C. Achinivu joined the Board in August 2009, by virtue of his position as the Permanent Secretary, Federal Ministry of Finance. Consequently, the Board comprised the Governor, Sanusi Lamido Sanusi (Chairman); four Deputy Governors, namely, Suleiman A. Barau (Corporate Services), Sarah O. Alade (Economic Policy), Kingsley C. Moghalu (Financial System Stability) and Tunde Lemo (Operations); and six non-executive Directors. The non-executive Directors comprised Ochi C. Achinivu (Permanent Secretary, Federal Ministry of Finance), Ibrahim H. Dankwambo (Accountant-General of the Federation), Dahiru Muhammad, Samuel O. Olofin, Joshua O. Omuya and Stephen O. Oronsaye.

The Board held seven (7) regular meetings and three (3) emergency meetings in 2009. The Committee of Governors held twenty (20) regular meetings and two (2) emergency meetings, while the Governors' Consultative Committee held seven (7) regular meetings. The Committee of Departmental Directors held twelve (12) regular meetings and three (3) extraordinary meetings, while the Audit and Investment Committees of the Board held five (5) and one (1) meetings, respectively. The membership of the Monetary Policy Committee (MPC) was formally constituted in 2009 in line with the provisions of Section 12 of the CBN Act, 2007 (as amended).

1.1.1.1 Monetary Policy Committee (MPC)

The MPC held six (6) regular and one (1) extraordinary meetings at which major domestic and international economic developments were reviewed and appropriate monetary policy decisions taken. The MPC reviewed the Monetary Policy Rate (MPR) downward twice during the year, in line with the prevailing macroeconomic conditions. The decisions of the Committee were promptly communicated to the public via press briefings by the Governor and a communiqué issued at the end of every MPC meeting.

Table 1.1: MPC Decisions on MPR in 2009

Date	Rate (%)	Decision
January 14, 2009	9.75	Unchanged
February 9, 2009	9.75	Unchanged
April 8, 2009	8.00	Reduced by 175 basis points
May 21, 2009	8.00	Unchanged
July 7, 2009	6.00	Reduced by 200 basis points as anchor rate (not transactional rate), re-introduced interest rate corridor, 8.0 per cent for Standing Lending Facility (SLF) and 4.0 per cent for Standing Deposit Facility (SDF)
September 1, 2009	6.00	Unchanged
November 3, 2009	6.00	Unchanged with asymmetric corridor of interest rates around MPR of +200 and -400 basis points for SLF and SDF, respectively.

1.1.2 Development of CBN Branch Offices

The CBN sustained the development of branch buildings and currency centres in all the state capitals in order to provide quality banking infrastructure and easy access to banking services nationwide. During the year, consultants were commissioned for the pre-contract services for nine (9) new branch buildings in Dutse, Birnin-Kebbi, Lafia, Damaturu, Jalingo, Yenagoa, Abakaliki, Ado-Ekiti and Gusau, while the renovation of buildings to serve as Currency Centres for these locations also commenced. In addition, the extensive renovation of the branch buildings in Maiduguri, Kaduna, Benin and Ibadan, as well as the Learning Centre in Lagos reached advanced stages. Furthermore, the upgrade of central air-conditioning systems at the Minna, Bauchi, Makurdi, Owerri and Akure branches was completed, while the construction of the Lagos Office, as well as the International Training Institute and the Governor's Residence in Abuja progressed.

1.1.3 The Computerisation Programme

The bank-wide deployment of Information Technology (IT) infrastructure continued in order to improve the operational efficiency of the Bank. Furthermore, to enhance the implementation of the Bank's monetary policy, arrangements for the replacement of the Real Time Gross Settlement (RTGS) system with a more robust one that would provide the platform for the Payments System Vision 2020 reached an advanced stage. The electronic-Financial Analysis and Surveillance System (e-FASS) was also being enhanced to support the risk-based, consolidated and cross-border supervisory framework. Also, the process of upgrading the banking and enterprise applications in order to improve CBN's banking operations and the internal operating efficiency commenced in 2009. The integration of the enterprise applications was enhanced to improve the accuracy of the Analytical Balance Sheet (ABS). All locations were connected to the corporate network of IT systems, using high-speed fibre optics in order to enhance service delivery to end-users. Network nodes were fortified with the latest anti-virus solutions to guard against emerging threats and attacks, and reduce incidents of spam emails to the barest minimum. These transformed the internal processes and provided support for monetary policy formulation via the daily ABS, trial balance and other reports.

1.1.4 Library Operations

The total volume of books in the Bank's library system, after old titles were weeded out, was 93,003, compared with 92,102 in 2008. Also, the volume of books, journals and periodicals consulted by staff increased by 9.5 per cent from 5,750 in 2008 to 6,355. The Library continued to subscribe to electronic journals through the following service providers: SWETS, IPI and EBSCO.

1.1.5 Legal Services

In the course of the year, the Bank was involved in a number of activities and projects aimed at strengthening its legal and regulatory framework, as well as enhancing the overall effectiveness of the financial system. These activities included: the push for the re-enactment of the BOFI Act; submission of a draft bill for an Act to establish the Asset Management Corporation of Nigeria (AMCON) for the acquisition, management, restructuring and disposal of the risk assets of banks; the draft of the legal and regulatory framework for the establishment of a Credit Bureau in Nigeria, and the review of draft agreements to ensure the effective management of Nigeria's external reserves. On the prosecution of cases involving the Bank and other parties, judgments were given in favour of the Bank in twelve (12) cases while one (1) was resolved against the Bank. In continuation with its efforts to ensure a financial crime-free environment, the Bank organized sensitization workshops for Compliance Officers of the deposit money banks and other financial institutions. The Bank also conducted sensitization workshops for its staff to familiarize them with the CBN Act, 2007.

1.1.6 Internal Audit

All the eighteen (18) departments in the Head Office and twenty-eight (28) branches were audited. In addition, twenty (20) spot checks and process-based audit of high-risk activities and seven (7) system applications were evaluated, while eight (8) ad-hoc assignments on eight (8) processes were carried out. Also, three hundred and twenty-seven (327) currency disposal operations requiring audit witnesses were completed, compared with eighty-six (86) in 2008. In the absence of any material or significant irregularities or cases of fraud uncovered, a reasonable assurance opinion was expressed by the internal auditors to the effect that no major weaknesses in the overall systems of risk control and governance existed in the Bank.

Box 1: The Project Alpha Initiative of the CBN

The banking sector consolidation exercise of 2004/2005 had some salutary impact on the Nigerian economy and led to the emergence of bigger banks which, before the global financial crisis, created a general belief that the banking sector was sound and growth would be encouraged. However, this sentiment proved misplaced following the outbreak of the global financial and economic crises and some interdependent factors that led to the manifestation of an extremely fragile financial system. This was because the main downside effect of the consolidation programme on the system was the near total neglect of adherence to good corporate governance practice. Corporate governance in many banks failed because their boards ignored best practices for various reasons, ranging from being misled by executive management and participating in obtaining unsecured loans at the expense of depositors, to lack of capacity to enforce good governance on bank management. There were also the problems of the overbearing influence on the boards by the Chairmen/CEOs, lack of independence of some boards, failure to make meaningful contributions to safeguard the growth and development of the banks, weak ethical standards, and ineffective board committees. Lack of investor and consumer sophistication also contributed to the crisis, as the failure to impose market discipline allowed banks to take undue advantage of customers. Investors, many of whom were new to investing, were unaware of the risks they were taking while consumers were often subjected to poor services and, sometimes, hidden fees. The absence of a strong tradition of consumer protection in Nigeria resulted in many investments being undertaken without a proper understanding of the risks involved. These problems were compounded by the lack of full disclosure by banks to the CBN, uncoordinated and unclear delineation of responsibilities between the CBN and other government agencies on issues concerning the financial sector, absence of a framework for consolidated bank examination, generally weak supervisory and oversight functions of the supervisory agencies, as well as an underdeveloped infrastructure and a harsh business environment. Others included long and expensive legal processes, the absence of reliable credit rating agencies and basic credit information on customers.

These weaknesses prompted the CBN to undertake further reforms in order to reposition the banking industry for the decades ahead. The reforms are anchored under "The Project Alpha Initiative". The Project **A**lpha blueprint is built around four pillars (**"Es"),** namely:

- En hancing the quality of banks,
- Establishing financial stability,
- Enabling healthy financial sector evolution, and
- Ensuring that the financial sector contributes to the economy.

In order to enhance the operations and quality of banks in Nigeria, the CBN initiated a five-part programme. This consists of industry remedial programmes to fix the key causes of the crisis through improved data quality, enforcement of good governance, enhanced risk management and financial crime prevention. It also includes the implementation of risk-based supervision, a comprehensive review of the regulatory framework, enhanced provisions for consumer protection to restore consumer confidence in the industry and ensure that banks understand their responsibilities, as well as internal transformation of the CBN to effectively supervise and regulate the industry. These initiatives are being structured in such a manner that the banks would do most of the work to inculcate a new behaviour in the industry, with the CBN playing a cross-industry programme management role. A key plank of this programme is that the CBN would hold individuals responsible for their actions. In order to address the failures of corporate governance in the industry, the CBN intends to establish a specialist function to develop the Nigerian Capital Adequacy and Enterprise Risk Assessment Process modelled on the ICAAP (UK) and COSO (USA) frameworks which focus on **governance** issues to ensure that best practices are embedded in the industry. An enhanced annual performance measurement process for Boards and individual directors would be introduced, in addition to a rigorous pre-appointment assessment of their qualifications. Already, tenure limits for bank CEOs have been introduced, while efforts are being made to implement fully the 2006 Code of Conduct for the banking industry. The reform programme is expected to strengthen corporate governance in banks and at the CBN.

The key features of the initiative on the **establishment of financial stability** are the strengthening of the Financial Stability Committee within the CBN and the establishment of a hybrid monetary policy and macro-prudential rules. Others are the development of directional economic policy, counter-cyclical fiscal policies, and further development of the capital market as an alternative to bank funding. The first set of initiatives is related to monetary and macro-prudential policies through which the CBN would strengthen the **Financial Stability Committee (FSC) with a focus on maintaining systemic stability.** The Bank's Monetary Policy Committee (MPC) and the FSC would be at the core of the new macro-prudential framework and would work together to ensure that monetary policy is shaped by systemic risk trends that are consistent with the expanded hybrid goals for asset price stability. The CBN would also introduce **new macro-prudential rules** to address specific causes of financial crisis, as well as **capital control approaches** to prevent foreign 'hot money' from destabilizing the capital markets and the real economy. In addition, the CBN would encourage the implementation of a **directional economic policy** to improve basic infrastructure, diversify the economy, increase the investment absorption capacity of priority sectors, and support measures that enable sustainable economic growth.

The CBN would promote an **enabling healthy financial sector evolution,** through a competitive banking industry structure that would address infrastructure, such as credit bureaux and registrars, improve the cost structure of banks, ensure a reliable and secure payments system, and reduce the informal economy. The creation of an Asset Management Corporation is expected to provide the first step towards the resolution of the problem of non-performing loans in banks and eventually facilitate further consolidation. This process is ongoing and it is expected that all banks would be totally weaned off the CBN support by the end of Q3 2010. The Bank also intends to review the universal banking model and in its place introduce international, national, regional, mono-line and specialized banks such as Islamic banks. The capital requirements of banks would vary with the range and complexity of their mandates such that they would be well capitalized relative to their risk profile.

The final initiative would focus on **ensuring that the financial sector contributes to the real economy**. Past financialisation exercises of the economy have not benefited the real sector as anticipated, as the development finance institutions that were set up for specific purposes, such as housing, trade and urban development have failed to fulfill their mandates. Many successful emerging markets have, however, seen proactive governments take action that has positioned the financial sector as the main engine of growth in the real sector.

Nigeria can learn from countries with successful track records in creating financial accommodation for economic growth, through such initiatives as development finance, foreign direct investment, venture capital, and public private partnerships. To ensure that the financial sector contributes significantly to the economy, the following areas would further be strengthened:

a. Leveraging the CBN Governor's role as advisor to the President on economic matters to ensure that the financial sector contributes to the real economy;
b. Taking the lead in measuring more accurately the relationship between the real economy and the financial sector, as well as the transmission mechanism;
c. Evaluating continuously the effectiveness of existing development finance initiatives, such as agriculture credits and import-export guarantees;
d. Taking public lead in encouraging examination of the critical issues for economic development (impact of infrastructure, such as power, ports and railways);
e. Leading further studies on the potential of venture capital and private/public partnership initiatives for Nigeria; and
f. Cooperating with State Governments to run a pilot programme in directing the financial sector's contribution to the state's social and economic development.

The challenges in Nigeria's economy are generally due to the inherent economic weaknesses, such as insufficient diversification of the economy, high security risks, a complex business operating environment, and inadequate infrastructure. The sound development of the financial sector and overall economic success would, therefore, require that the CBN and other stakeholders to do a lot of heavy lifting in many policy areas, including the rapid development of physical and institutional infrastructures.

1.1.7 Restructuring of the CBN (Project EAGLES)

The Bank continued its re-engineering initiatives under the project "EAGLES" with the adoption of the strategic directions for Business Continuity Management (BCM), a Service-Oriented Architecture (SOA) and Knowledge Management (KM), under the Business Continuity and Integration Strategy (BCIS). The review, documentation and implementation of the processes across Strategic Business Units (SBUs), with special attention to those processes that cut across SBUs, such as procurement, e-payment of staff salaries and suppliers as well as a quarterly Staff Performance Appraisal (SPA) mechanism continued. The process of the Trade and Exchange Department was re-engineered with the introduction of Data Analysis and Monitoring offices. The processes and structure of the Finance, Human Resources, Banking Supervision, and Other Financial Institutions departments and the Governor's Office were repositioned and redesigned to enable efficient operations. A review of the job roles and grade alignment of Bank staff was conducted for enterprise planning (recruitment and deployment), budgeting and promotion.

The Management approved the creation of new departments and reviewed the roles and functions of SBUs across directorates to reposition the Bank to meet the challenges of the global economy. With these developments, the policies and processes completed in the review period included: the telephone facility, a Visitors Management System, a Service Level Agreement, Web-based training and a Code of Business Ethics and Conduct (COBEC).

The Management approved the creation of new departments and reviewed the roles and functions of SBUs across directorates to reposition the Bank to meet the challenges of the global economy.

In order to ensure an efficient records management, the Bank pursued the delivery of the key initiative of the Records Management Policy and Procedures, through the operation of a centralized scanning centre at the Records Centres. Automated physical filing systems were made operational in all the business units, except the Benin and Uyo branches and the six (6) new currency centres. The Integrated Document Management System (IDMS) viewer software was installed on users' workstations across the Bank to enhance access to scanned semi-active records. In addition, sensitisation workshops were conducted for most of the SBUs during the review period.

Under the Strategic Alliances among groups and partners, the Bank continued its collaboration with the Nigerian Postal Services (NIPOST) to enhance the effective implementation of the microfinance policy of the Federal Government. Other alliances involved the National Bureau of Statistics (NBS) for timely, accurate and reliable data for the Bank to achieve its mandates and the SERVICOM Integrated charter for the Bank was finalized.

1.1.8 Communications

The Bank sustained its efforts at improving transparency in the conduct of monetary policy through regular interactions with stakeholders and the public. These included publicizing the decisions of the MPC and the Bankers' Committee. The Management of the Bank briefed the Senate at a plenary session in addition to making several appearances before some committees of the two chambers of the National Assembly to provide information on the state of the economy. Regular interactions with stakeholders and the general

Regular interactions with stakeholders and the general public through media briefings and luncheons with media executives, inter-governmental agencies, the Manufacturers Association of Nigeria (MAN) and other agencies were sustained.

public through media briefings and luncheons with media executives, inter-governmental agencies, the Manufacturers Association of Nigeria (MAN) and other agencies were sustained.

In line with the Bank's determination to foster learning and strengthen the capacity of media practitioners to appropriately report the Bank's policies, programmes and contemporary financial and economic issues, a Seminar for Finance Correspondents and Business Editors was held in Markurdi, Benue State from July 15 to 17, 2009 with the theme, "The Global Economic Crisis and Exchange Rate Management in Nigeria".

1.1.8.1 Anti-Corruption and Ethical Issues

The Bank collaborated effectively with the anti-corruption agencies and other stakeholders, including the Economic and Financial Crimes Commission (EFCC), the Independent Corrupt Practices and Other Related Offences Commission (ICPC), and Nigeria Postal Services (NIPOST), as well as deposit money banks, in preventing corrupt practices and apprehending fraudsters. The identified issues were duly reported to the Management and the law enforcement agencies. The Bank organized three anti-corruption sensitization seminars for its staff in three locations in the country and published two editions of its "Transparency" journal. The Bank also hosted the United Nations Sanctions Team and members of the National Focal Point. Its contributions were in the areas of money laundering, asset freezing, management of the consolidated list, political corruption and the challenges in the implementation of resolutions.

1.1.9 Staff

The Bank recruited seventy-three (73) personnel, comprising five (5) executives, fifteen (15) senior, forty-two (42) junior, five (5) research consultants (visiting scholars), four (4) contract and two (2) personal staff for the Governor. The Bank, however, lost the services of twenty-seven (27) staff through death, twenty-four (24) voluntary retirements, twenty (20) mandatory retirements and three (3) resignations. Furthermore, ten (10) staff had their appointments terminated and nine (9) were dismissed. The staff strength of the Bank declined to 5,019 from 5,027 at end-December 2009. As part of the incentives to boost morale and enhance performance, the Bank promoted nine hundred and fifty-one (951) members of staff in 2009, a breakdown of which shows that 128 executives, 645 senior and 178 junior staff benefited from the exercise. The Bank also honoured a total of 647 staff with the Long Service Awards. A total of fifty (50) employees were upgraded/converted to various grades, consisting of nineteen (19) senior and nine (9) junior for upgrading and fifteen (15) senior and seven (7) junior for conversion.

1.1.10 Medical Services

In order to sustain a healthy workforce, the CBN undertook various medical interventions. A total of forty-five thousand, nine hundred and ninety-eight (45,998) cases involving staff and their dependants were attended to at the Staff Clinic. Three thousand, one hundred and seventy (3,170) emergency cases were treated at the CBN Head Office Sick Bay. In addition, six thousand, nine hundred and fifty-four (6,954) cases were referred to various stand-by hospitals. Other interventions included the successful immunisation of two thousand and seventy-four (2,074) staff and their dependants against yellow fever, tuberculosis, whooping cough, diphtheria, hepatitis and typhoid. A 'Healthy Lifestyle Seminar' was conducted and a total of one thousand, two hundred and fifty-three (1,253) Executives and Senior Managers attended. A significant cure rate was achieved for staff suffering from major illnesses, resulting in an improved employees' health status. Furthermore, the CBN sponsored medical screening for executives, drivers and staff working in hazardous areas.

1.1.11 Training

The efforts at capacity building, through staff development and skills enhancement, were intensified. As a result, the Bank sponsored staff training programmes, including workshops, conferences, seminars and courses within and outside Nigeria. The staff benefited from a total of four thousand, five hundred and twenty-seven (4,527) training slots involving in-plant and specialized programmes covering emerging issues and general management development. The e-learning application was also deployed to provide more opportunities for learning in the Bank. Furthermore, a Web-based training (WBT) is being developed on the four (4) key IT applications in the Bank to enable staff to learn about different job processes in the Bank.

1.1.12 Recreational Activities

The CBN sponsored various sporting competitions in 2009, including lawn tennis, football, and golf tournaments. The third edition of the CBN Junior Tennis Championship took place at the Lagos Lawn Tennis Court, Race Course, Lagos from March 2 to 8, 2009 as part of the activites to mark the Bank's 50th Anniversary celebrations. The 31st edition of the CBN Senior Open Tennis Championship was held at the National Stadium, Lagos from May 2 to 9, 2009 as part of the activities to mark its 50th Anniversary celebrations. With respect to football, the First Bank Football Club won the final of the All Financial Institutions Football Competition played at the Ahmadu Bello Stadium, Kaduna on December 19, 2009. The final of the 30th edition of the Governor's Cup Football Competition for all CBN branches played at the Rwang Pam Stadium, Jos on October 17, 2009, was won by the Abuja branch. The Bank also sponsored the third edition of the CBN Governor's Golf Cup Tournament, which took place at the Ibrahim Badamasi Babangida (IBB) International Golf and Country Club, Abuja, from November 20 to 22, 2009. In addition, the Bank's workplace gymnasium at the Bank's Corporate Head Office continued to be patronized by staff.

1.1.13 Corporate Social Responsibility

The CBN continued to perform its corporate social responsibility function by promoting knowledge through the provision of financial and other assistance to organizations/activity groups for the hosting of conferences, seminars, workshops, etc, which were of strategic national interest.

The CBN continued to perform its corporate social responsibility function by promoting knowledge through the provision of financial and other assistance to organizations/activity groups for the hosting of conferences, seminars, workshops, etc, which were of strategic national interest. These included eight (8) professional associations, four (4) orphanage homes/foundations, two (2) training institutions and three (3) government agencies.

1.1.14 Staff Social Responsibility

Staff of the CBN sustained their support for the less privileged in Nigerian society through regular contributions to the Alms Collection Scheme of the Bank. The monetary contributions by staff were primarily designed to keep beggars off the streets of Nigeria's metropolitan cities. The cumulative contributions since its inception in 2003 stood at ₦56.9 million at end 2009, up from ₦45.7 million in 2008. Under the Scheme, the construction of the boys' hostel for the Saint Mary and the Al-Ansar Orphanages in Abuja, was completed.

1.2 RESEARCH AND COLLABORATIVE ACTIVITIES

The Bank conducted research, in line with its core mandates/functions and disseminated data and information on key issues relating to the management of the economy. Work continued on the preliminary draft report on a Macroeconometric Model of the Nigerian Economy. The Model was presented to some major stakeholders in the economy in order to harvest inputs that would enhance the model to meet the standards of an effective macro-model. The CBN was also involved in a number of empirical studies which culminated in published works, notable among which were *"Fifty Years of Central Banking in Nigeria"*, *"The Remittance Environment in Nigeria"*, and *"Strategic Grains Reserves and Economic Development in Nigeria"*. The Bank's 50th Anniversary International Conference, with the theme, "Central Banking, Financial System Stability and Growth" was held at the NICON Transcorp Hotel, Abuja, from May 4 to 6, 2009. The Bank continued to collaborate with the National Bureau of Statistics (NBS) to generate a series of economic indicators through the conduct of the 2008 National Economic Survey.

The regular publications of the CBN in 2009 included: the *2008 Annual Report*; the *2009 Half-Year Economic Report*, the *CBN Economic and Financial Review* and *The Bullion*. Furthermore, seminar papers on topical issues were presented, some of which were published in the Bank's journal. Other papers at various stages of completion included: 'Inflation Forecasting Model in Nigeria"; "Appropriate Measures of Inflation for Nigeria under an Inflation Targeting (IT) Framework"; "Monetary Policy Transmission Mechanism in

Nigeria"; "Determinants of Capital Flows and Challenges of Macroeconomic Stability in Nigeria"; "Determinants of Demand Pressure in Nigeria's Foreign Exchange Market"; "Enhancing the Flow of Investment to the Real Sector of the Nigerian Economy"; and "Long-Term Prospects on the Nigeria Rice Economy: Evidence from Niger and Kebbi States". Work on the Bank's publication on Public Educational Series on key macroeconomic concepts continued during the year.

The Bank organized the 17th Annual Executive Policy Seminar with the theme, "Cross-Border Banking: Challenges and Implications for Monetary Management". During the year, five visiting scholars were engaged under the Diaspora/Visiting Scholar Programme initiated by the Bank, aimed at encouraging international scholarly research in the core areas of the Bank's activities. In recognition of the existence of a pool of experts in various disciplines in the CBN, the Bank received and honoured requests for the presentation of lecture papers from various institutions, including regional organizations, such as the African Economic Research Consortium (AERC) and the West African Institute for Financial and Economic Management (WAIFEM). Staff papers were also presented at international and local professional conferences and workshops including those of the Nigerian Economic Society (NES), the Nigerian Statistical Association (NSA), the African Econometric Society (AES) and the Farm Management Association of Nigeria (FAMAN).

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1.3 THE CBN BALANCE SHEET

1.3.1 Income and Appropriation

The audited financial statements of the CBN for the year ended 31st December, 2009 indicated that total income was ₦709.0 billion, an increase of 251.7 per cent from the level in 2008. The increase in income largely reflected the rise in interest income, specifically from realized gains on foreign currency. Operating cost declined by 281.7 per cent in 2009, thus, bringing the operating surplus before provisions to ₦43.9 billion, compared with N8.3 billion in 2008.

In accordance with the provisions of Part II, Section 5 (3) of the *CBN Act, 2007* (as amended), the sum of ₦32.9 billion was due to the Federal Government, while the balance accrued to general reserve.

1.3.2 Assets and Liabilities

The size of CBN's balance sheet decreased in 2009 as total assets/liabilities declined by 10.1 per cent to ₦7.6 trillion. The assets position reflected the decrease in external reserves

(10.8 per cent) and loans and advances (25.9 per cent), which more than offset the growth of 16.5, 17.1, 12.6 and 2.3 per cent in Nigerian government securities, other assets, fixed assets and investments, respectively. The decline in total assets was compensated for on the liability side by the fall in deposits (19.9 per cent) and CBN instruments (91.9 per cent). However, IMF allocation of Special Drawing Rights grew by 1,124.4 per cent, 'other financial liabilities' (184.3 per cent), and notes and coins in circulation (2.3 per cent) over end-December 2008. The paid-up capital of the Bank remained at ₦5.0 billion while the general reserve fund increased by 18.0 per cent to ₦71.9 billion.

CHAPTER 2

2.0 MONETARY POLICY, SURVEILLANCE ACTIVITIES AND OPERATIONS OF THE CBN IN 2009

Monetary management in 2009 largely reflected the internal and external economic environments, which was characterized by tight liquidity. Monetary growth was moderate, despite the fiscal injections and other measures taken to ease liquidity constraints of deposit money banks. Monetary policy became less restrictive, beginning from the second quarter and remained so throughout the year. Open market operations (OMO) remained the major tool for monetary policy, complemented by standing facilities, foreign exchange market interventions and macro-prudential ratios. Against the backdrop of the decline or deceleration in the rate of growth of the proximate determinants of broad money, M_2, the growth of monetary aggregates at end-December 2009 was lower than the indicative benchmarks and levels attained as at end-December 2008.

The Monetary Policy Rate (MPR) was reviewed downward, twice, during the year, in line with the liquidity conditions. Interest rates in the inter-bank markets reflected market conditions and remained relatively stable. Also, the yields on fixed income securities across the various maturities were lower than in 2008.

The Retail Dutch Auction System (RDAS) was re-introduced in the first quarter of the year as a temporary measure to accommodate the demand pressures at the foreign exchange, with the machinery put in place for a return to the Wholesale Dutch Auction System (WDAS) in July 2009. Overall, the naira stabilized from the third quarter of the year. The Bank also sustained its efforts to improve the payments and settlement system by harmonizing the clearing cycle to T + 2 across the country. Deposit money banks (DMBs) deployed more ATMs and increased the number of Points of Sale (POS) outlets, thereby boosting public confidence in e-payments. Furthermore, the CBN continued the campaign for clean naira notes through various media and commenced initial processes for outsourcing some currency processing functions for greater efficiency and cost effectiveness. The Bank sustained its developmental functions through the Agricultural Credit Guarantee Scheme Fund (ACGSF) and the microfinance programme, among others.

2.1 MONETARY OPERATIONS

2.1.1 Monetary and Credit Developments

Monetary growth was moderate in 2009, despite the huge fiscal injections and other measures taken by the Bank in the second half of the year to ease the tight liquidity condition in the banking system, and to build confidence in the Nigerian financial markets.

The measures included injection of liquidity into some troubled deposit money banks, a downward review of the MPR and provision of guarantees on inter-bank transactions. These notwithstanding, the growth in money supply at end-December 2009 was below the indicative benchmark for the first time in the last five years.

Monetary growth was moderate in 2009, despite the huge fiscal injections and other measures taken by the Bank in the second half of the year to ease the tight liquidity condition in the banking system, and to build confidence in the Nigerian financial markets.

Base money, the Bank's operating target for monetary policy, stood at ₦1,668.5 billion, exceeding the indicative benchmark of ₦1, 604.8 billion for 2009 by 4.0 per cent. Provisional figures indicated that the growth in broad money, (M2), was 17.1 per cent at end-December 2009, compared with 57.8 per cent at end-December 2008 and the indicative benchmark of 20.8 per cent for 2009. The growth of money stock was largely driven by the increase in the net domestic credit of the banking system. Narrow money (M1) grew by 2.3 per cent at end-December 2009, compared with the growth of 55.9 per cent at the end of the preceding year. Aggregate bank credit to the domestic economy (net) grew by 59.0 per cent, compared with the growth of 84.2 per cent at end-December 2008, broadly reflecting the growth in credit to the private sector, as credit to the Federal Government (net) declined by 26.6 per cent, compared with a decline of 31.2 per cent at the end of the preceding year. The Federal Government remained a net creditor to the system as its deposits with the banking system were in excess of the credit extended to it by the banking system.

Table 2.1: Key Policy Targets and Outcomes, 2005 - 2009 (per cent)

	2005		2006		2007		2008 1/		2009 2/	
	Target	Outcome	Target	Outcome	Target	Outcome	Target	Outcome	Target	Outcome
Growth in base money	6.5	4.2	7.5	27.8	3.3	22.6	20.8	**29.6**	**3.6**	**7.7**
Growth in broad money (M_2)	15.0	24.4	27.0	43.1	24.1	44.2	45.0	**57.8**	**20.8**	**17.1**
Growth in narrow money (M_1)	11.4	29.7	n.a.	32.6	-	36.6	-	**55.9**	**32.2**	**2.3**
Growth in aggregate bank credit	22.5	17.3	-72.3	-69.9	-29.9	276.4	65.96	**84.2**	**87.0**	**59.0**
Growth in bank credit to private sector	22.0	30.8	30.0	32.1	30.0	90.8	54.7	**59.4**	**45.0**	**26.0**
Inflation rate	10.0	11.6	9.0	8.5	9.0	6.6	9.0	**15.1**	**9.0**	**12.0**
Growth in real GDP	**5.0**	**6.5**	**7.0**	**6.0**	**10.0**	**6.5**	**7.5**	**6.0**	**5.0**	**6.7**

1/ Revised
2/Provisional

Table 2.2: WAMZ Convergence Criteria, 2005 - 2009

	Target	Achievement				
		2005	2006	2007	2008	2009
Inflation rate	< 5.0 per cent	11.6	8.5	6.6	**15.1**	**12.0**
Ways & Means Advances	≤ 10.0 per cent of retained revenue of the Government	5.1	Nil	Nil	**Nil**	**Nil**
Deficit to GDP Ratio	≤ 4.0 per cent	1.1	0.6	0.5	**0.2**	**3.3**
Gross Official Reserve	≥ 6 Months of import cover	13.1	22.4	20.2	**17.2**	**17.7**

Regarding the objective of attaining a single digit inflation rate, monetary policy was not able to deliver on this, as the headline inflation rate at the end of 2009 stood at 12.0 per cent. The inability to meet this objective was traceable to factors outside the immediate control of the CBN.

Regarding the objective of attaining a single digit inflation rate, monetary policy was not able to deliver on this, as the headline inflation rate at the end of 2009 stood at 12.0 per cent. The inability to meet this objective was traceable to factors outside the immediate control of the CBN. These factors included the effects of the global financial and economic crises, the rise in the prices of foodstuff associated with the increase in transport costs following the announced planned full deregulation of the downstream sub-sector of the oil industry, which led to sharp increases in the prices of petroleum products in the last quarter of 2009 and, hence, transport costs. Indeed, the rate of inflation consistently trended downwards for most of the year until October when it resumed an upward trend.

Overall, despite the impact of the global financial and economic crises, Nigeria was able to meet the WAMZ convergence criteria, with the exception of the rate of inflation.

2.1.2 Liquidity Management

Monetary policy in 2009 was designed and implemented against the background of the liquidity crunch in the domestic economy that had arisen from the global economic and financial crises of 2007/2008. Liquidity management was, therefore, geared towards improving the liquidity and efficiency of the financial market, without compromising the objective of monetary and price stability. The Bank made use of open market operations (OMO), complemented by macro-prudential cash and liquidity ratios, tenored repurchase transactions, sale of treasury instruments at the primary segment of the market, and the Bank's standing facility window. Also, the monthly statutory

The liquidity crunch in the economy raised major concerns of how to achieve the multiple objectives of optimum liquidity in the domestic money and foreign exchange markets, price and exchange rate stability and a steady flow of credit to the real economy in a sound and stable financial system.

allocations to the three tiers of government, especially the draw down of part of the excess crude account, helped to moderate the tight liquidity condition in the early part of the year. Owing to the effects of the global economic and financial crises, the liquidity condition remained tight in the second and third quarters of the year as base money was below the benchmark set for the period, while monetary aggregates remained below the indicative benchmarks for the year. Thus, the outcomes of Reserve Money (RM) of ₦1,291.49 billion and ₦1,261.97 billion were below the indicative benchmarks of ₦1,346.29 billion and ₦1,442.07 billion, for end-June and end-September, 2009, respectively.

Liquidity management was, therefore, geared towards improving the liquidity and efficiency of the financial market, without compromising the objective of monetary and price stability.

The liquidity crunch in the economy raised major concerns of how to achieve the multiple objectives of optimum liquidity in the domestic money and foreign exchange markets, price and exchange rate stability and a steady flow of credit to the real economy in a sound and stable financial system. In order to address these issues, a number of monetary policy measures were undertaken by the Monetary Policy Committee (MPC). The measures included the re-introduction of the Retail Dutch Auction System (RDAS) and a reduction of the authorised dealers' net open position (NOP) from 10.0 to 1.0 per cent of their total liabilities in January and February, respectively. Other measures were the pegging of banks' and BDCs' foreign exchange buying and selling rates to 1.0 and 2.0 per cent, respectively around the official rate and managing the exchange rate within a band of +/-3.0 per cent. The monetary policy rate (MPR) was, however, left unchanged at 9.75 per cent. Given the persistent pressures in the banking system, the MPC reduced MPR by 175 basis points to 8.0 per cent, liquidity ratio from 30.0 to 25.0 per cent, and cash reserve ratio from 2.0 to 1.0 per cent in April. With some level of stability in the foreign exchange market, the stringent exchange rate policy rules were subsequently relaxed in May 2009, including raising the NOP from 1.0 to 2.5 per cent, approval in principle of 50 non-bank class “A” BDCs, and the decision to return to the regime of a fully liberalised foreign exchange market over a 3-month period.

The policy measures undertaken in the first half of 2009 had a salutary outcome, especially in the foreign exchange market. However, the challenges of liquidity tightness in the domestic money market persisted. In response, the MPR was reviewed downwards in July by 200 basis points from 8.0 to 6.0 per cent and was, thenceforth, to serve as an anchor rate rather than a transactional rate; it remained at that level till December 2009. The policy rate was fixed with a symmetry corridor of +/- 200 basis points around the policy rate with the upper band serving as the lending rate and the lower band as the deposit rate under the standing facility window, with effect from July 2009. Another policy measure introduced by the Bank was the guarantee of all inter-bank transactions from July 2009 to

March 2010, to deepen and boost the activities at the inter-bank market and reduce pressure at the CBN standing lending window. The measure was aimed at mitigating the counter-party risk in the inter-bank market, ensuring money market liquidity, as well as facilitating trading among operators. In addition, the exchange control measures introduced early in the year, in response to the pressures experienced in the foreign exchange market, were removed and the Wholesale Dutch Auction System (WDAS) was re-introduced, while the NOP was raised to 5.0 per cent.

As a result of the first round of the joint special audit examination of the banking system by the CBN/NDIC, the Bank injected ₦420.0 billion into five (5) banks in August in the form of Tier two capital with interest and repayable in seven years, callable on the fifth anniversary of the loan to the banks whose capital had been eroded by non-performing loans. An additional ₦200.0 billion was injected into five (5) more banks in October at the conclusion of the second round of the exercise. By the end of the year, one of the banks had fully repaid its loan of ₦30.0 billion. In order to beef up trading in the inter-bank money market which had remained sluggish as banks continued to substantially access CBN's standing deposit facility window, an asymmetric interest rate corridor was introduced. Consequently, the standing deposit facility was reduced by 200 basis points to 2.0 per cent, while the standing lending facility remained at 8. 0 per cent. Also, the temporary ban placed on the use of Bankers' Acceptances (BAs) and Commercial Papers (CPs) was lifted and the 1.0 per cent general provision on performing loans in the existing prudential guidelines was waived for 2009. The policy measures had a salutary effect as the exchange rate of the naira stabilized in the foreign exchange market after the sharp depreciation recorded in the early part of the year. Liquidity conditions also ameliorated in the inter-bank money market towards the end of the year. Thus, the year closed with the RM level at ₦1,668.53 billion, slightly exceeding the indicative benchmark for 2009 of ₦1,604.8 billion by ₦53.87 billion or 4.0 per cent. Other medium-term measures included the approval of ₦500.0 billion for quantitative easing through investment in bonds to be issued by the Asset Management Corporation (AMC) upon its creation by an Act of the National Assembly, and the redemption of promissory notes issued during the bank consolidation exercise for the purchase and assumption of failed banks. The AMC was expected to relieve banks of their "toxic assets" in a bid to reconstruct their balance sheet and restore them to viability.

The policy measures had a salutary effect as the exchange rate of the naira stabilized in the foreign exchange market after the sharp depreciation recorded in the early part of the year. Liquidity conditions also ameliorated in the inter-bank money market towards the end of the year.

2.1.3 Interest Rate Policy and Developments

Developments in interest rates were mixed in 2009. At the short-end of the market, rates were volatile during the first half of the year. However, following the interventions of the

CBN in the third quarter to ensure the stability of the financial system, the money market rates stabilized during the rest of the year. The high rates in the first half of the year could be attributed to the tight liquidity conditions in the banking system, arising from the low repayments and fiscal injections, and lack of viable inter-bank trading. The banking system liquidity, however, improved as a result of the series of action taken by the Bank to stabilize, in particular, some banks whose capital had been significantly eroded and, in general, the banking system. Other interventions included the re-introduction of the interest rate corridor around the policy rate for standing facility window operations; the reduction of MPR from 9.75 per cent to 8.00 and further to 6.00 per cent; the reduction of the liquidity ratio to 25.0 per cent from 30.0 per cent; and the reduction of the Cash Reserve Ratio (CRR) to 1.00 per cent, from 2.00 per cent.

The banking system liquidity, however, improved as a result of the series of action taken by the Bank.

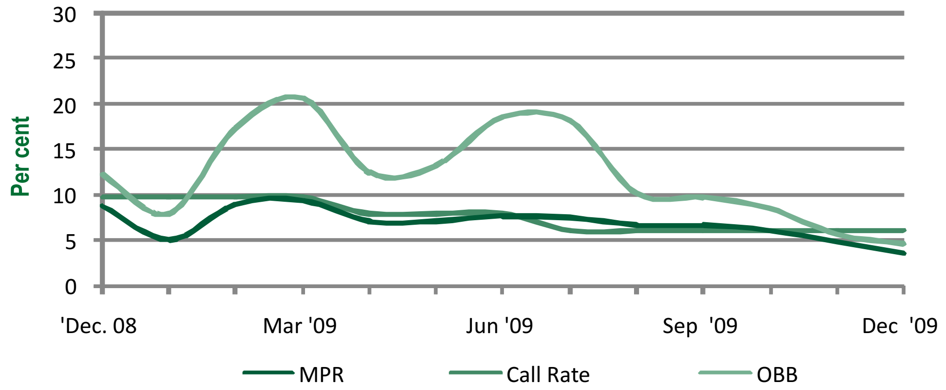
2.1.3.1 Money Market Rates

As a result of the tight liquidity in the banking system in the first three quarters of 2009, rates in all segments of the money market were relatively higher in the last quarter of the year. With downward reviews of the MPR in April and July, coupled with the Bank's policy of guaranteeing all inter-bank exposures, and Pension Fund Administrators' placements with DMBs, interest rates trended downwards in the latter part of the year. On average, the weighted average inter-bank call rate, tenored rate, and open-buy-back rate were 12.2, 16.1 and 6.7 per cent, respectively, compared with 11.9, 14.2 and 9.1 per cent in 2008. The Nigerian Inter-bank Offered Rate (NIBOR) of 7-day and 30-day tenors showed a similar trend, averaging 13.7 and 15.9 per cent, respectively, up from 12.5 and 14.3 per cent, respectively, in 2008.

Table 2.3: Money Market Rates (per cent)

WEIGHTED AVERAGE					
Month	MPR	Call Rate	OBB	NIBOR 7-days	NIBOR 30-days
January 09	9.75	7.91	5.08	10.30	14.91
February 09	9.75	17.30	9.03	16.82	18.07
March 09	9.75	20.60	9.44	21.29	18.92
April 09	8.00	12.51	7.07	13.45	15.25
May 09	8.00	13.17	7.16	14.42	15.91
June 09	8.00	18.60	7.73	19.55	19.84
July 09	6.00	18.10	7.52	18.94	19.66
August 09	6.00	10.17	6.63	12.27	14.29
September 09	6.00	9.76	6.60	11.34	13.78
October 09	6.00	8.46	6.12	9.64	13.35
November 09	6.00	5.62	4.87	8.60	13.75
December 09	6.00	4.68	3.59	7.98	13.45
Average 2009	7.44	12.24	6.73	13.72	15.93
Average 2008	9.85	11.86	9.11	12.47	14.32

Figure 2.1: Money Market Rates in 2009



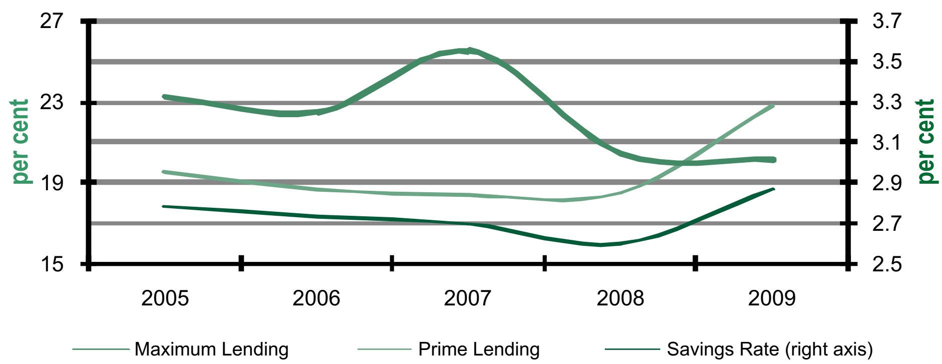
2.1.3.2 Deposit Rates

Available data showed that, in general, DMBs' deposit rates rose in 2009. With the exception of the average savings deposit rate, which fell slightly by 0.40 percentage point to 3.01 per cent, other rates on deposits of various maturities rose to a range of 6.73 13.40 per cent, from a range of 5.91 11.97 per cent in 2008. The average term deposit rate also edged up slightly by 0.1 percentage point to 12.06 per cent from 11.96 per cent in 2008. The higher rates reflected the paucity of funds in the banking system, due mainly to the low volume of funds injected through the fiscal operations of government.

2.1.3.3 Lending Rates

The weighted average prime and maximum lending rates rose by 2.64 and 4.31 percentage points, respectively, to 18.62 and 22.80 per cent in 2009, also reflecting the tight liquidity condition and risk perception of borrowers by the DMBS in the aftermath of the global economic and financial crises.

Figure 2.2 Savings and Lending Rates (Prime and Maximum)



Consequently, the spread between the average term deposits and maximum lending rates widened to 10.74 percentage points, from 7.78 percentage points in 2008.

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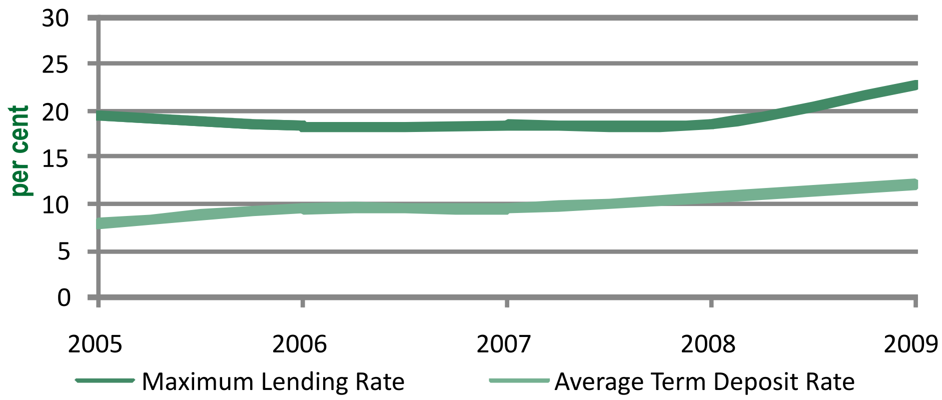
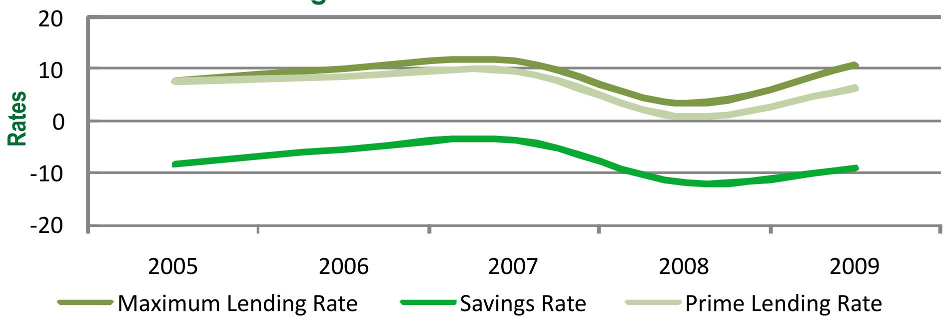
Figure 2.3: Spread Between the Average Deposit and Maximum Lending Rates



With the year-on-year inflation rate at 12.0 per cent in December 2009, most deposit rates were negative in real terms. Lending rates were, however, positive in real terms.

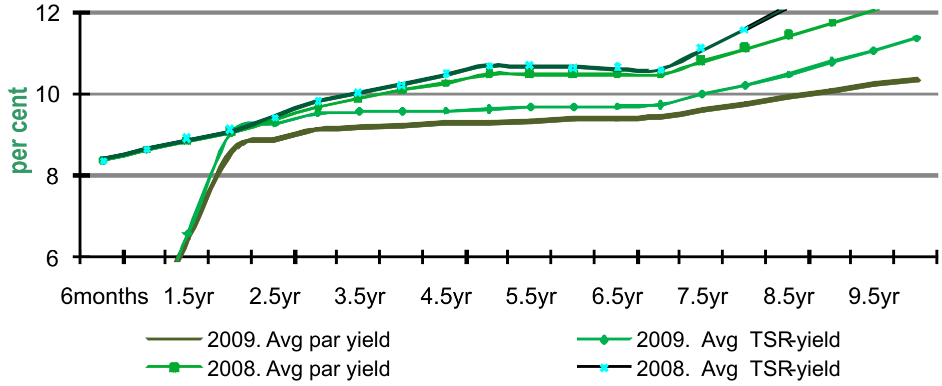
Figure 2.4: Real Interest Rates



2.1.3.4 Return on Fixed Income Securities - The Yield Curve

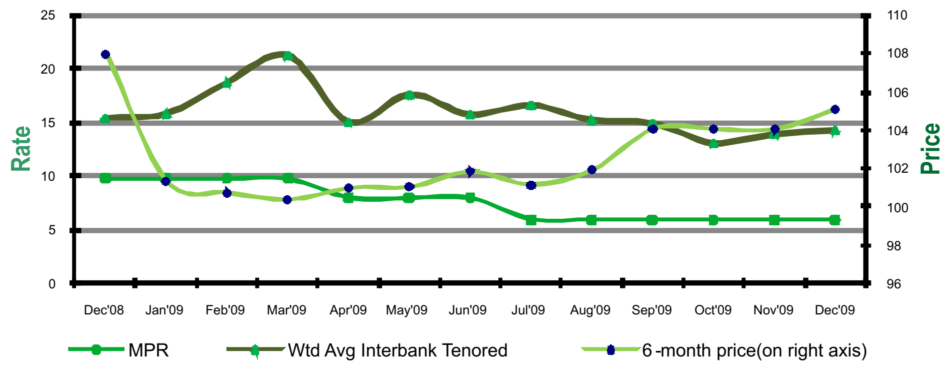
The yield on fixed income securities was generally lower in 2009 than in the preceding year. The par yield curve and the theoretical spot rate curve (TSR-curve) were upward-sloping, but with a steeper slope at the short-end than at the medium-and long-end. The mid-segment of the curve was near flat. The slope of the yield curve was steeper in 2009 than in the preceding year, as the yield spread (the difference between the longest and shortest maturities) widened to 7.07 percentage points, from 3.99 percentage points in the preceding year. The development was attributable to investors' optimism about the short- and long-term prospects of improvement in economic activities, and the expectation of higher inflation and interest rates in the future. Typically, the yield on each maturity was less than the corresponding spot rate across the entire yield curve.

Figure 2.5: Government Bonds and Average Yield



A plot of the price of the 6-month maturity and weighted average inter-bank tenored rate showed that the bond price and interest rates typically moved in opposite directions.

Figure 2.6: Interest Rate and Price of 6-month Maturity



2.1.4 Payments, Clearing and Settlement Developments

The Bank sustained the implementation of the Payments System Vision (PSV) 2020 initiatives in 2009. The Nigeria Automated Clearing System (NACS) was deployed in Kano, Ibadan and Benin Clearing Zones, thereby bringing the total number of automated clearing houses to five (5). The CBN took the following actions to facilitate the efficiency of the payments system:

- Setting the operational rules and guidelines for the Nigeria Central Switch to connect all existing switches for inter-operability and inter-connectivity of the different card schemes;

- Restricting deployment of Automated Teller Machines (ATMs) by banks to their premises only, while ATM Consortia undertook off-site installations;
- Extending the timeline set in the CBN e-banking guidelines for migration from magnetic stripe to Chip+PIN to April 1, 2009;
- Application of e-payment by Federal Government Ministries, Departments and Agencies (MDAs), in line with the Presidential directive prohibiting the use of cheques for transactions;
- Approval of various guidelines, such as the following:
  - Regulatory Framework for Mobile Payments Services in Nigeria,
  - Guidelines on Transaction Switching,
  - Direct Debit Rules and Guidelines on Stored Value/Prepaid Cards,
  - ₦10 million maximum cap for cheque payment effective January 1, 2010; and
- The appointment of a payments system Project Management Team to fast track the implementation of the PSV 2020 initiatives.

Other guidelines included: the revised Nigeria Bankers' Clearing House Rules, the use of a Nigeria Uniform Bank Account Number, the draft guidelines on e-payment of taxes, and draft guidelines on e-payment of salaries and pensions.

2.2 CURRENCY OPERATIONS

2.2.1 Issue of Legal Tender

The "Campaign Against Abuse of the Naira" intensified through the sensitization of stakeholders. In continuation of its currency restructuring programme and clean notes policy, the Bank introduced ₦5, ₦10 and ₦50 polymer banknotes on September 30, 2009 to replace the paper notes. This was to safeguard the integrity of the currency and ensure efficiency and cost effectiveness in printing. With this development, lower banknote denominations were subsequently printed in polymer substrate. To sustain the Bank's clean notes policy, a surcharge of ₦6,000 per box for unsorted banknotes lodged with the CBN was retained during the year. The Bank sustained its efforts to increase its local production of bank notes, as the Nigeria Security Printing and Minting (NSPM) Plc improved its output from 2.63 billion in 2008 to 2.67 billion. The Bank commissioned a Currency Museum on May 6, 2009 and produced a commemorative coin with the image of the CBN Head Office building on the obverse side and motley of coins on the reverse as part of the key events marking the 50th Anniversary of the CBN. The museum provides a unique account of the evolution of money in Nigeria by displaying various historic monetary artefacts and souvenirs, national currencies, a unique mosaic, and different wooden and bronze sculptures with digital media systems. In addition, the

The Bank sustained its efforts to increase its local production of bank notes, as the Nigeria Security Printing and Minting (NSPM) Plc improved its output.

Bank hosts a standard audio-visual section for vital information on currency notes and the education of visitors to the museum.

2.2.2 Currency in Circulation (CIC)

Currency in circulation at end-December 2009 amounted to ₦1,184.3 billion, representing an increase of ₦29.27 billion or 2.5 per cent over the level in the corresponding period of 2008, compared with an increase of 20.3 per cent a year earlier. The growth in CIC was consistent with the slow growth in monetary aggregates, an indication of a lull in economic activities during the year.

2.3 FOREIGN EXCHANGE MANAGEMENT

The policies adopted in the first half of the year to promote stability in the foreign exchange market were the re-introduction of the Retail Dutch Auction System (RDAS); a partial suspension of trading at the inter-bank segment of the foreign exchange market; restriction of sales of forex earnings by oil companies and government agencies to the CBN; and the suspension of the sale of foreign exchange to the Bureaux de Change (BDCs). However, the moderation in demand pressure at the foreign exchange market by the end of the second quarter of 2009 led to a reversal of these policies. Thus, the Wholesale Dutch Auction System (WDAS) was re-introduced in July 2009, and oil companies and government agencies were again permitted to sell foreign exchange directly to authorized dealers of their choice. Also, the CBN resumed the sale of foreign exchange to class 'A' BDCs in April and class 'B' BDCs in August 2009. Consequently, the demand pressure eased considerably by the end of the year, in response to the new policy measures which encouraged substantial sales/supply of foreign exchange by the oil companies to the inter-bank segment.

2.3.1 Foreign Exchange Flows

The inflow and outflow of foreign exchange through the economy amounted to US$67.3 billion and US$36.5 billion, respectively, showing a decline of 37.0 and 22.6 per cent below the levels in 2008. A breakdown of the foreign exchange inflow showed that receipts through the CBN and autonomous sources declined by 49.2 and 26.6 per cent to US$25.0 billion and US$42.2 billion, respectively. The development was due largely to the negative impact of the global financial crisis which reduced the level of capital inflow into the economy. Total foreign exchange outflows through the economy from autonomous sources fell by 37.9 per cent to US$0.7 billion, from the level in the preceding year.

The inflow and outflow of foreign exchange through the economy amounted to US$67.3 billion and US$36.5 billion, respectively, showing a decline of 37.0 and 22.6 per cent below the levels in 2008.

Of the total inflow of foreign exchange through the Central Bank, receipts from the oil sector accounted for US$17.4 billion or 69.5 per cent of the total, compared with US$44.7

billion or 90.6 per cent in 2008. The development was attributable to the decline in the price of crude oil from an average of US$101.5 per barrel in 2008 to US$ 62.08 per barrel in 2009, as well as lower oil production in 2009 relative to 2008. Total foreign exchange outflows through the CBN fell by 23.9 per cent from the level in the preceding year to US$35.8 billion and accounted for 98.0 per cent of the gross outflow through the economy. The development was traceable to the suspension of interventions by the CBN at the inter-bank segment of the foreign exchange market between February and May 2009. Overall, a net outflow of US$10.8 billion was recorded, in contrast to a net inflow of US$2.3 billion in 2008.

The development was due largely to the negative impact of the global financial crisis which reduced the level of capital inflow into the economy.

Table 2.4: Currency Structure, 2007 - 2009

Coins	2007		2008		2009	
	Volume (million)	Value (₦ billion)	Volume (million)	Value (₦billion)	Volume (million)	Value (₦ billion)
N 2	81.9	0.16	104.5	0.21	114.5	228.90
N 1	615.4	0.62	532.2	0.53	490.6	490.65
50k	738.3	0.37	463.1	0.23	454.5	227.26
25k	19.0	0.01	240.6	0.06	212.0	53.00
10k	2.2	0.0002	235.1	0.02	228.3	228.82
1k	0.0	0.0	51.2	0.0005	57.4	0.57
Sub total	**1,456.8**	**1.15**	**1,629.7**	**1.06**	**1,557.3**	**1,023.20**
Notes						
₦1000	264.4	264.40	572.9	572.91	584.4	584.39
₦500	707.2	353.60	801.9	400.93	852.8	426.40
₦200	1,256.0	251.30	571.6	114.32	491.9	98.38
₦100	494.9	49.50	323.6	32.36	350.0	35.00
₦50	351.3	17.60	228.0	11.40	344.9	17.25
₦20	823.0	16.50	827.3	16.55	769.5	15.39
₦10	355.9	3.60	283.2	2.83	285.5	2.85
₦5	579.0	2.90	533.1	2.67	720.5	3.60
Sub-Total	**4,831.7**	**959.40**	**4,141.6**	**1,153.97**	**4,399.5**	**1,183.27**
Total	**6,288.5**	**960.55**	**5,768.3**	**1,155.03**	**5,956.8**	**1,184.30**

Figure 2.7: Ratio of Currency in Circulation to M_2

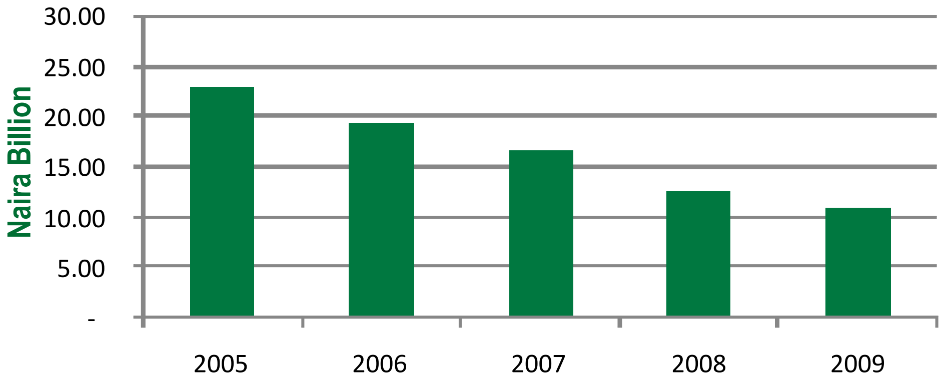
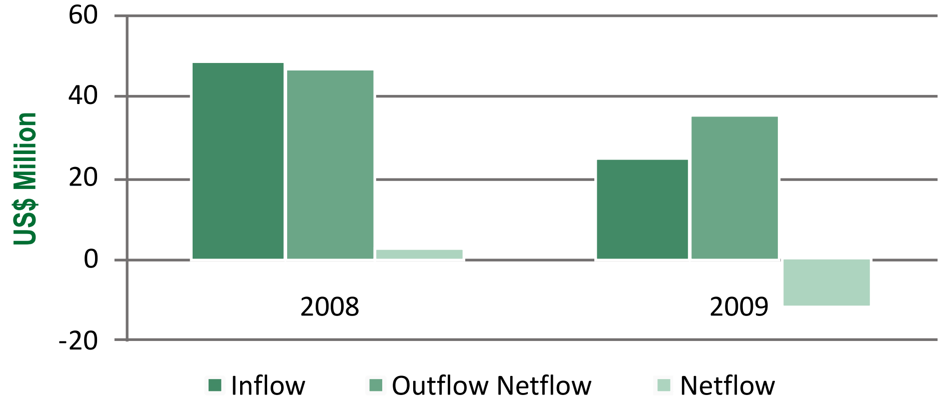


Figure 2.8: Foreign Exchange Flows through the CBN



Analysis of the foreign exchange disbursement showed that funding of the WDAS accounted for 62.8 per cent, Bureaux-de-Change 13.1 per cent, inter-bank sales 7.3 per cent, other official payments (International Organizations and Embassies, NNPC/JV Cash Calls, parastatals and estacode, as well as miscellaneous) 12.9 per cent, drawings on letters of credit (L/C) 2.8 per cent, and external debt service 1.1 per cent.

2.3.2 Developments in the Foreign Exchange Market

A total of one hundred and twenty-two (122) trading sessions were held in 2009, compared with ninety-three (93) in 2008. This comprised seventy-seven (77) trading sessions held under the RDAS and forty-five (45) under the WDAS. The demand pressure observed in the fourth quarter of 2008 persisted through the second quarter of 2009, but moderated in the second half of the year. The demand for foreign exchange at the RDAS/WDAS and BDC segments of the foreign exchange market amounted to US$42.7

billion, showing an increase of 34.7 per cent over the level recorded in the preceding year. Consequently, the amount of foreign exchange sold by the CBN at the RDAS/WDAS and BDC window amounted to US$22.8 billion and US$4.7 billion, respectively, compared with US$10.1 billion and US$11.4 billion in the preceding year. The aggregate amount of foreign exchange sold at the RDAS/WDAS window, (both independent and deposit money banks' BDCs) stood at US$27.53 billion, an increase of 28.1 per cent over the level in 2008.

Figure 2.9: Foreign Exchange Disbursements in 2009

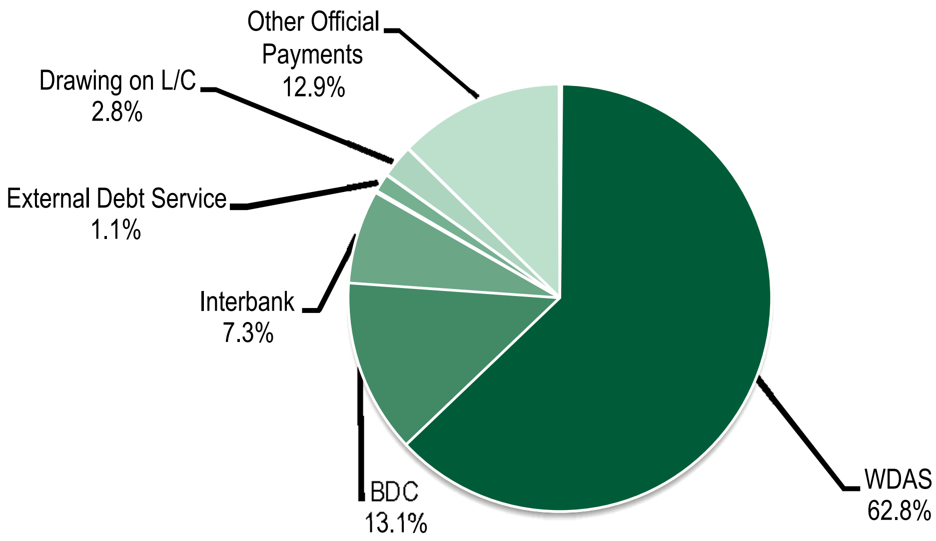


Figure 2.10: Developments in the Foreign Exchange Market

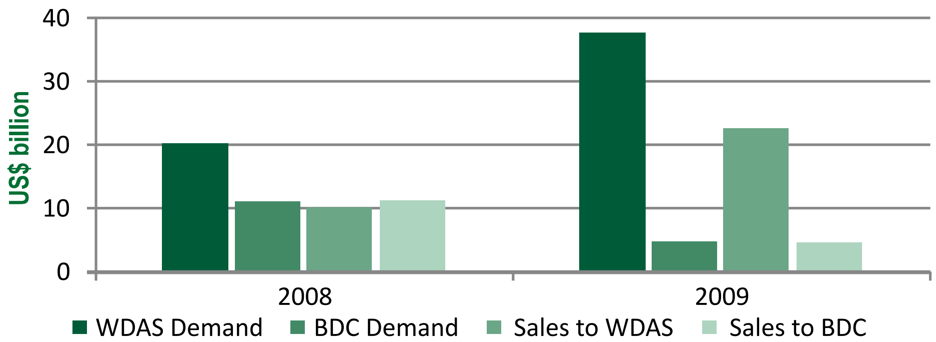
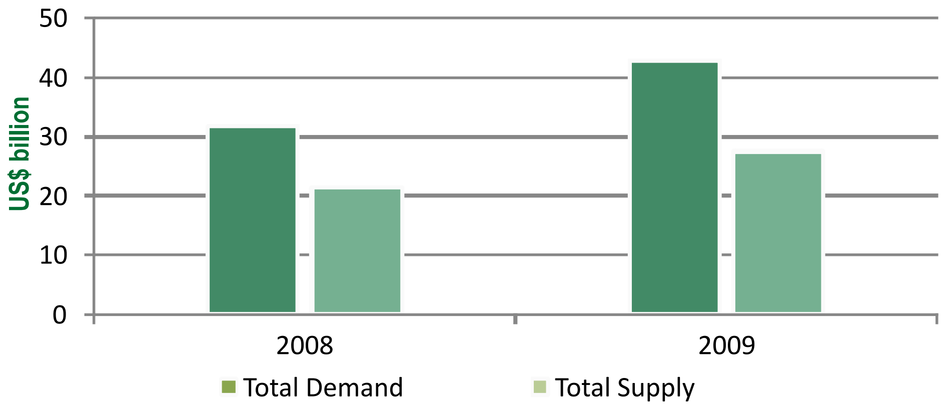


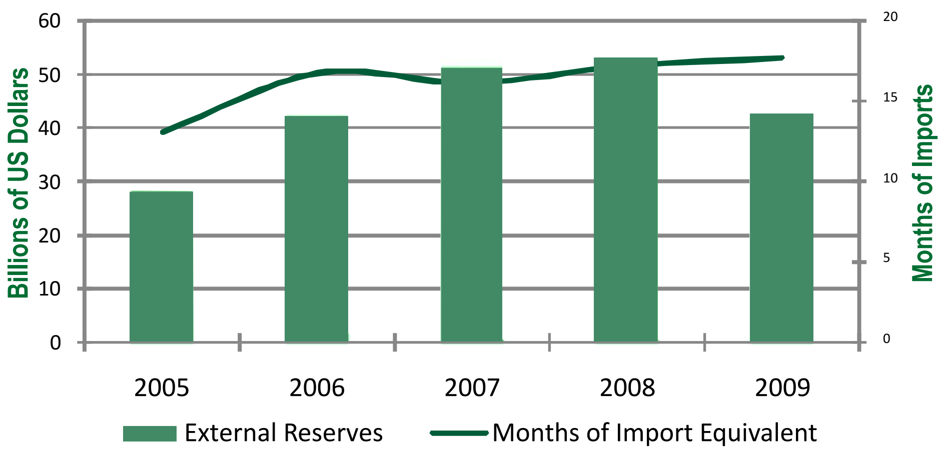
Figure 2.11: Demand for and Supply of, Foreign Exchange



2.3.3 External Reserves Management

Nigeria's gross external reserves at end-December 2009 stood at US$42.4 billion, indicating a decline of 20.0 per cent below the level of US$53.0 billion recorded in the preceding year. The stock of external reserves could support 17.7 months of import, compared with 17.2 in 2008, on account of lower imports in 2009.

Figure 2.12: Nigeria's Gross External Reserves Position (US$ billion) and Months of Import Equivalent



In order to entrench a more efficient external reserve management system, the Investment Committee on external reserves approved the following: rule-based currency diversification of the CBN's external reserves; processing of applications of five (5) additional Asset Managers; review of special guidelines for deposit placement with offshore branches/subsidiaries of Nigerian banks; and the framework for the allocation of funds to Asset Managers and their annual performance review criteria.

The CBN also signed futures clearing agreements with Merrill Lynch, Pierce, and Fenner & Smith Incorporation and commenced the implementation of the portfolio management system in June 2009 to enhance the automation of reserve management operations.

Due diligence visits were paid to some Asset Managers and offshore branches/subsidiaries of Nigerian banks to establish the safety of funds invested, while visits to the Global Custodians were undertaken to review portfolio investments.

2 .4 SURVEILLANCE REPORT ON THE ACTIVITIES OF FINANCIAL INSTITUTIONS

2.4.1 Banking Supervision

The CBN intensified its supervisory and surveillance activities in the banking sector in 2009 by adopting, among other measures, regular appraisal and review of banks' periodic returns, spot checks, monitoring and special investigations and adoption of risk-based supervision (RBS). Considerable progress was made in the development of the RBS framework. In that regard, the aspects of the project completed included Risk-based and Consolidated Supervision Frameworks. Others included Risk Assessment Summary (RAS); Risk Matrix; Supervisory Guides; Supervisory Framework Discussion Series; Intervention (watch-list) Report; Supervisory Plan; Assessment Criteria and Section Notes to provide completion guidance and ensure consistency of working paper documentation. The Bank also commenced the development of preliminary risk profiling of all DMBs, using the newly developed risk-based supervisory methodology and techniques. In this regard, risk-based, on-site examinations were conducted on two banks on a pilot basis.

The CBN intensified its supervisory and surveillance activities in the banking sector in 2009 by adopting, among other measures, regular appraisal and review of banks' periodic returns, spot checks, monitoring and special investigations and adoption of risk-based supervision (RBS).

Due to the improved surveillance activities of the CBN, some credit facilities hitherto not included in the e-FASS Credit Risk Management System (CRMS) database, were captured. Consequently, the database had an outstanding balance of ₦4.0 trillion, extended to 63,451 borrowers in 2009, compared with ₦3.1 trillion to 60,273 customers in the preceding year.

Due to the improved surveillance activities of the CBN, some credit facilities hitherto not included in the e-FASS Credit Risk Management System (CRMS) database, were captured.

Table 2.5: Borrowers from the Banking Sector				
Description	**2008**	**2009**	**Absolute Change**	**% Change**
Total No. of Borrowers	60,273	63,451	3,178	5.3
No. of Borrowers with credits	26,327	27,942	1,615	6.1
No. of Credits/facilities	32,693	36,768	4,075	12.5
Total outstanding balance (₦'000)	**3,110,905,923**	**4,037,669,952**	**926,764,029**	**29.8**
Derived from the CRMS				

In January 2009, the CBN deployed resident examiners to the DMBs to monitor and supervise their activities on a daily basis and report to the Bank. Specifically, the programme placed emphasis on the evaluation of the banks' risk management system and controls, as opposed to performing transaction testing and asset valuation under conventional examinations. This was designed to enhance hands-on knowledge of the banks' operations and the complexity of their risk profile, as well as provide real-time and continuous evaluation of their operations.

As part of efforts towards the attainment of the overall objective of making Nigeria an international financial centre, an exposure draft of the framework for the regulation and supervision of Non-Interest Banks in Nigeria was circulated to stakeholders in March 2009.

To promote a safe and sound financial system, the Bank issued a number of circulars/guidelines to the DMBs, as shown in Table 2.6.

Table 2.6: Circulars and Guidelines to DMBs in 2009

- Revised CBN Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT) Draft Manual, 2009
- Report on Classified Facilities
- Terrorist Individuals and Organisations
- Publication of Un-Audited Accounts of Banks as at September 30, 2009
- Publication of Interest Rates
- Alert on Counterfeit CFA Notes in Circulation
- Restriction on Democratic People's Republic of Korea (North Korea) Government Agencies and Front Companies for Involvement in Illicit Activities
- Daily Returns on Inter-Bank Placements and Takings
- Daily Returns Template
- Suspension of BAs and CPs as off Balance-Sheet Items

- Non-Compliance of Securities Companies of Banks in Nigeria With the Stamp Duties Act 2004
- Revised Guideline for Repo Transactions and CBN Inter-Bank Guarantee
- Preparation of Financial Statements as at June 30, 2009
- Guarantee for Inter-Bank Placement and Placements with Banks by Pension Fund Administrators
- Lending to All Tiers of Government and Their Agencies
- Submission of Details of Total Exposure to Companies in the Energy Sector
- Common Accounting Year End for Banks and Discount Houses
- Submission of Schedule of Commercial Papers (CPs) and Bankers Acceptances (BAs)
- Submission on Details of Exposures, Including Commercial Papers (CPs) and Bankers Acceptances (BAs) to Transnational Corporation (Transcorp) and Virgin Nigeria Limited
- Sanctions for the Violation of the Decision on Maximum Deposit Rate, Lending Rate and Other Charges
- Reminder to Address Anti-Money Laundering/Combating Financing of Terrorism Issues
- Reforms of the Bureaux-De-Change (BDCs) Segment of the Foreign Exchange Market
- Draft Framework for the Regulation and Supervision of Non-Interest Banking in Nigeria
- Liquidity and Capital Adequacy Ratio Computation

BOX 2: BANKING SECTOR REFORMS IN NIGERIA IN 2009

The global financial crisis occurred on account of the concentration of the credit portfolio of financial institutions on overvalued sub-prime mortgage-related assets, built up till 2006. By mid-2007, most of the assets had suffered default. The impact of the crisis was immediately felt in North America and Europe, particularly, in the form of a drastic reduction in available credit and the resultant slump in aggregate demand. The crisis was felt in Nigeria through lower oil prices, a decline in capital inflow, pressure on foreign reserves, and a sharp decline in the performance of the stock market. However, the effect of the global financial crisis on Nigerian banks was minimal, mainly because the banking system was not fully integrated into the International Financial System. Notwithstanding, the impact of the meltdown was felt by Nigerian banks that were significantly exposed to the capital market, the oil and gas sector and through the drying up of foreign credit lines. This development and the resultant illiquidity experienced by the sector compelled the CBN to intensify reforms in the Nigerian banking system.

The reform measures deployed by the CBN to address the illiquidity in the banking sector included the following:

- Reduction in Monetary Policy Rate (MPR) from 10.25% to 9.75%, 8% and further to 6%, with an interest rate corridor of ± 200 basis points for the Bank's standing facility;
- Reduction in Cash Reserve Ratio from 2.0% to 1.0% and Liquidity Ratio from 30% to 25%;
- Directive to banks to restructure margin loans;
- Suspension of liquidity mop-up;
- Greater emphasis on enforcement of the CBN Code of Corporate Governance for banks in Nigeria;
- Deployment of Resident Examiners to banks;
- Review of the Contingency Plan for Systemic Distress in Banks; and
- Intervention in the inter-bank market through guaranteeing of transactions.

Despite the measures, the challenges of illiquidity persisted. The situation was reinforced by the poor asset quality of some banks, which engendered concerns about the systemic risk arising from their over-reliance on the use of the EDW. In order to address these issues, the CBN decided to ascertain the true state of the health of the banks as a first step. Consequently, a special examination to review, evaluate and determine the quality of the banks' portfolios, corporate governance issues, as well as their risk management framework was jointly undertaken by CBN/NDIC in June 2009.

The exercise revealed various infractions including: substantial non-performing loans; poor corporate governance; weaknesses in capital adequacy; and illiquidity in the system. Consequently, the CBN appointed new MDs/CEOs and Executive Directors for eight (8) of the ten (10) weak banks and tasked them with the responsibility of continuing the businesses of the banks as going concerns. Furthermore, the CBN injected a total of N620.0 billion into the affected banks in the form of Tier II Capital. The liquidity injection was structured as a 7-year convertible long-term loan, initially at 11.0 per cent interest rate, but later reduced to 8.0 per cent in December 2009, callable on the 5th anniversary of the loans. The Boards of two (2) of the banks were directed to recapitalize by June 30, 2010 as they were adjudged to have insufficient capital for their levels of operation.

While the measures have had salutary effects in the form of restoring confidence in the banking sector and reducing interest rate, the dearth of credit to the real sector of the economy persisted.

2.4.2 Prudential Examinations

Available data revealed that eleven (11) banks failed to meet the statutory minimum Capital Adequacy Ratio (CAR) of 10.0 per cent at end-December 2009, compared with two (2) at end-December 2008. The development was attributed to the additional provisioning that most banks were required to make, following the findings of the special examination jointly conducted by the CBN/NDIC. Similarly, three (3) banks defaulted on the prescribed minimum liquidity ratio (LR) of 25.0 per cent at end-December 2009, compared with two (2) banks that had breached the prescribed minimum LR of 30.0 per cent at end-December, 2008. The defaulting banks were penalized accordingly.

Prudential examinations conducted on some of the Other Financial Institutions (OFIs) revealed that forty-three (43) out of the ninety-nine (99) Primary Mortgage Institutions (PMIs) in operation met the prescribed minimum liquidity ratio of 20.0 per cent, while thirty-seven (37) satisfied the required minimum CAR of 10.0 per cent. The exercise further showed that some of the PMIs were engaged in foreign exchange transactions. These were appropriately penalized, while others were penalized for false reporting, late and/or non-rendition of statutory returns and audited accounts. Other major regulatory concerns included the pervasive low level of capitalization and investment in the core area of mortgage assets creation and the dearth of long-term funds in the sub-sector.

2.4.3 Compliance with the Provisions of the Code of Corporate Governance for Banks in Nigeria

The CBN continued to monitor compliance with the provisions of the "Code of Corporate Governance for Banks in Nigeria" in 2009. The exercise, along with the outcome of the special examinations revealed that the problems of the banks included excessive risk taking and ineffective risk management. Others were weak internal control mechanisms, undue concentration on short-term gains, lack of capacity on the part of the Board and Management to run the banks, conflict of interest, and excessive executive compensation.

The outcome of the special examinations revealed that the problems of the banks included excessive risk taking and ineffective risk management.

In order to address the shortcomings, the CBN replaced the CEOs and EDs of eight (8) out of the ten (10) affected banks. The reconstituted boards were tasked with the responsibility of continuing the businesses of the banks as going concerns and to strictly complying with the provisions of the Code of Corporate Governance, particularly regarding zero-tolerance on false reporting. The Boards of the remaining two (2) affected banks were directed to re-capitalize by June 30, 2010.

2.4.4 Financial Crime Surveillance/Money Laundering

The CBN intensified its activities on Anti-Money Laundering/Combating Financing of

Terrorism (AML/CFT). Considerable progress was made towards the development of the AML\CFT Compliance Regulation 2010 and the Money Laundering Examination Procedure\Methodology Guidelines Note to ensure that financial institutions comply with AML\CFT legislations. Also, the creation of a dedicated unit in the Bank to be solely responsible for handling AML\CFT issues progressed.

2.4.5 The Special/Target Examination

Following the liquidity problem in the banking industry precipitated by the global financial crisis, a special examination was conducted on the DMBs to ascertain, among others, their exposure to the capital market in the form of margin trading loans, oil and gas sector, mortgages and consumer credits, as well as the level of performing and non-performing loans to all sectors. The exercise revealed various infractions, including substantial non-performing loans, poor corporate governance, weaknesses in capital adequacy, and illiquidity. In order to strengthen the industry, protect depositors and creditors, and restore public confidence, the CBN replaced the Chief Executive Officers/Executive Directors of the eight (8) banks identified as the source of the instability in the industry. Furthermore, the Bank injected a total of ₦620.0 billion in the form of Tier II capital into these banks. The liquidity injection was structured as a 7-year convertible long-term loan, initially at 11.0 per cent interest rate, but later reduced to 8.0 per cent in December 2009, callable on the 5th anniversary of the loan. By end-December 2009, one of the affected banks had fully repaid its loan amounting to ₦30.0 billion.

The exercise revealed various infractions, including substantial non-performing loans, poor corporate governance, weaknesses in capital adequacy, and illiquidity. In order to strengthen the industry, protect depositors and creditors, and restore public confidence, the CBN replaced the Chief Executive Officers/Executive Directors of the eight (8) banks identified as the source of the instability in the industry. Furthermore, the Bank injected a total of N620.0 billion in the form of Tier II capital into these banks.

2.4.6 Banking Sector Soundness

An assessment of the health of the banking sector, using CAMEL parameters, indicated that no bank was rated A. However, one (1) bank was rated B, eleven (11) C, three (3) D, while nine (9) were rated E, compared with zero (0), three (3), eighteen (18), two (2) and one (1), respectively, in 2008. The assessment indicated that twelve (12) banks did not exhibit serious weakness that necessitated supervisory concerns. However, twelve (12) banks, as against three (3) in the preceding year, manifested debilitating conditions that required supervisory attention.

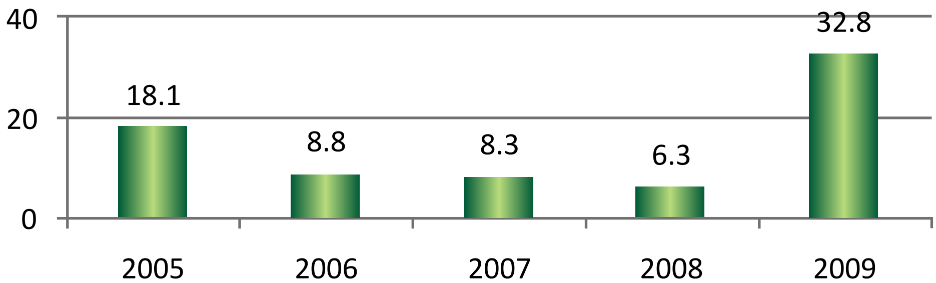
The computed average CAR of the banks indicated that eleven (11) did not meet the stipulated minimum ratio of 10.0 per cent, compared with two (2) as at end-December

2008. The asset quality of the banks, as measured by the ratio of non-performing loans to industry total, deteriorated as it increased from 6.3 per cent in 2008 to 32.8 per cent. This ratio was above the industry threshold of 20.0 per cent maximum prescribed in the Contingency Plan for Systemic Distress. The development was attributed to the CBN requirement that banks make full provisions for all non-performing, off-balance sheet engagements under the new supervisory regime. The average industry liquidity ratio of 35.3 per cent was above the 25.0 per cent minimum requirement. Three (3) banks, however, failed to meet the stipulated ratio, as against two (2) in the preceding year.

Table 2.7 Rating of Banks Using "CAMEL" Parameters in 2009

Rating	Number	
	2008	2009
A	0	0
B	3	1
C	18	11
D	2	3
E	1	9
Total	**24**	**24**

Figure 2.13: Banks' Non-Performing Loans (per cent of Total Credit)



2.4.7 Examination of Other Financial Institutions

The CBN conducted on-site examinations on nine hundred and ninety-five (995) other financial institutions (OFIs). The exercise included the maiden/post-conversion examination of four hundred (400) Microfinance Banks (MFBs); the monitoring/target examinations of two hundred and sixty-two (262) MFBs; and routine examinations of eighty-four (84) Finance Companies (FCs) and five (5) Development Finance Institutions (DFIs). The Bank also carried out spot checks on two hundred and forty-four (244) Bureaux-de-Change (BDCs). In addition, pre-licensing inspections and capital verification exercises were carried out on two hundred and ninety-eight (298) newly licensed OFIs.

On-site examination of the MFBs was conducted to ascertain the extent of compliance with the terms of their business plans as well as with the extant rules and regulations. The exercise revealed that on average, the institutions were well capitalized above the prescribed minimum level of ₦20.0 million. They were, however, characterised by poor asset quality and weak corporate governance. In addition, monitoring/target examination of the MFBs was carried out in response to the identified problems as part of the ongoing sanitization of the financial sector. The exercise revealed a number of severe violations of the prescribed minimum prudential requirements and several other infractions. Appropriate holding actions, including an aggressive debt recovery drive and the suspension of further lending or acquisition of fixed assets/capital projects were imposed on the affected institutions. Also, appropriate mechanisms for close monitoring as well as other support measures were put in place to prevent threats to the overall soundness and safety of the sub-sector.

Under the collaborative arrangement between the CBN and NDIC for on-site examination of OFIs, sixty-one (61) PMIs have been examined between 2007 and 2009. The examinations revealed, among others, that only twenty-five (25) had an adjusted capital that met the prescribed minimum capital of ₦100.0 million. Regular prudential returns were received from seventy-six (76) PMIs, compared with eighty (80) in 2008. The exercise further showed that some of the PMIs were engaged in foreign exchange transactions, contrary to their primary mandate of promoting housing finance/mortgage banking. Overall, twenty (20) PMIs were penalized for late and non-rendition of returns, audited accounts and other infractions.

Routine examinations conducted on the FCs indicated that fifty-five (55) were actively involved in finance company business, sixteen (16) were undergoing restructuring, while thirteen (13) were inactive, which brought the number of inactive FCs to thirty-nine (39). The exercise further revealed a generally low tempo of activities in the sub-sector, following the exposure of most of the companies to the troubled capital market.

A routine examination was carried out on the five (5) DFIs, namely the Nigerian Agricultural Co-operative and Rural Development Bank (NACRDB), the Federal Mortgage Bank of Nigeria (FMBN), the Bank of Industry (BOI), the Nigerian Export-Import Bank (NEXIM), and the Urban Development Bank of Nigeria (UDBN). The exercise revealed, among others, a high level of deterioration in asset quality. Some of the institutions also had negative shareholders' funds, which diluted the overall financial performance of the DFIs. There was, however, an improvement in corporate governance, following the reconstitution of the Board of each of the institutions. Furthermore, two meetings were convened by the CBN and the World Bank to review the weak performance of the NACRDB and reposition it for better performance.

Spot checks conducted on two hundred and forty-four (244) selected BDCs revealed that most of the institutions breached the existing guidelines, particularly in the areas of mark-up margins, record-keeping and the utilization of foreign exchange allocations. Appropriate sanctions were imposed on the erring institutions.

2.5 DEVELOPMENTAL FUNCTIONS OF THE CBN

2.5.1 The Agricultural Credit Guarantee Scheme Fund (ACGSF)

The CBN guaranteed a total of 53,639 loans valued ₦8.35 billion in 2009, thereby bringing the cumulative loans from the inception of the Scheme in 1978 to 647,351 valued ₦34.41 billion.

Analysis of loans guaranteed by states showed that Katsina state had the highest volume with 7,720 loans (14.3 per cent), valued ₦0.67 billion (9.98 per cent), followed by Delta state with 6,845 loans (12.76 per cent), valued ₦1.01 billion (12.05 per cent). Sokoto state came third with 5,281 loans (9.85 per cent) valued ₦0.34 billion (4.04 per cent) of the total. A breakdown of the guaranteed loans by banks showed that nine DMBs granted 41,358 loans valued ₦7.17 billion, while 70 microfinance banks granted 12,281 loans valued ₦1.18 billion.

A sub-sectoral analysis of the loans guaranteed indicated that food crops got the highest volume of 44,672 loans valued ₦5.52 billion, followed by livestock with 3,789 loans valued ₦1.73 billion, and fisheries with 9,612 loans valued ₦1.51 billion. Cash crops had 16,693 loans valued ₦0.82 billion, while mixed farming and 'others' had 95 and 539 loans valued ₦0.01 billion and ₦0.09 billion, respectively.

The volume and value of recovered loans in 2009 stood at 34,300 loans valued ₦3.81 billion, thus bringing the cumulative volume and value of fully repaid loans since the inception of the Scheme to 442,726 and ₦18.20 billion, respectively. Analysis on a state basis showed that Zamfara state had the highest volume of repaid loans with 9,470 loans (7.71 per cent) and ₦759.88 million (19.92 per cent). Kwara state came second and Katsina state third with 2,763 (14.01 per cent) and 2,730 loans (9.16 per cent) valued ₦252.01 million (6.61 per cent) and ₦176.42 (4.62 per cent), respectively. In terms of claims settlement, 38 claims valued ₦14.23 million were settled, compared with 44 claims valued at ₦2.0 million in 2008.

Table 2.8: Distribution of Loans under the ACGSF by Volume and Value of Loans in 2009

Category	Volume	Value in ₦' million
₦5,000 and below	28	0.14
₦5,001- ₦20,000	5,707	90.41
₦20,001 – ₦50,000	16,674	686.42
₦50,001 – ₦100,000	11,823	983.54
₦100,001 and above	19,407	6,589.00
Total	**53,639**	**8,349.51**

2.5.2 The Trust Fund Model (TFM)

The Bank signed eight (8) MoUs under the TFM in 2009, bringing the total number of MoUs signed under the model as at December 2009 to fifty-five (55). The total sum pledged as at December 2009 was ₦5.51 billion from ₦5.507 billion.

Table 2.9: Funds Placement under the Trust Fund Model (TFM) end-December, 2009

S/No	Type of Stakeholder	Amount (N)	Number	Remarks
1	Multinationals/Oil Companies	₦0.444 billion	4 Multinationals	₦5 million less due to suspension of MISCAD
2	SGs/LGAs/Ministries	₦2.429 billion	17 States/17 LGAs/3 Govt. Ministries	
3	Federal Govt. Agencies	₦2.000 billion	1 Federal Govt. Agency	
3	Individuals/Organizations	₦0.634 billion	13 Individuals/Organisations	
TOTAL		**₦5.507 billion**	**55 Stake Holders**	**₦5 million less due to suspension of MISCAD**

2.5.3 Operations of the Agricultural Credit Support Scheme (ACSS)

A total of ₦356.9 million was approved for payment by the Bank under the Scheme as 6.0 per cent rebate in respect of 20 agricultural projects to deposit money banks in 2009. Cumulatively, the number of applications received as at end-December 2009 was 190, valued at ₦36.5 billion and the number of applications approved by banks was 147, valued at ₦27.6 billion.

2.5.4 The Commercial Agriculture Credit Scheme (CACS)

During the year under review, the Central Bank of Nigeria, in collaboration with the Federal Ministry of Agriculture and Water Resources (FMA&WR), established the Commercial Agriculture Credit Scheme (CACS) to promote commercial agricultural enterprises in Nigeria. The Scheme is funded through the issuance of ₦200 Billion FGN Bond floated by the Debt Management Office (DMO). The Scheme was phased into two 1st and 2nd tranches of ₦100 billion each. The CBN signed an agreement with two participating banks UBA PLC and FBN PLC under the first tranche and all twenty-four commercial banks in the country are to participate in the administration of the 2nd tranche, from January 2010.

Under the first tranche, a total of 311 applications amounting to ₦287.73 billion were submitted by project promoters for consideration, out of which 166 valued ₦150.0 billion qualified for "No Objection" notes. The two participating banks (PBs) approved and disbursed funds to 54 projects amounting to ₦43.332 billion.

Table 2.10: Performance of the Agricultural Credit Support Scheme (ACSS)

Performance Parameter	Jan – December, 2009		2006 – December, 2009	
	No	Value (₦) million	No	Value (₦) million
Application Received by banks	5	167.0	190	36,458.8
Approval by banks	5	147.5	147	27,558.3
Project submitted to CBN for verification	5	147.5	103	20,253.3
Project verified	5	147.5	101	18,893.3
Disbursement by banks	5	147.5	101	17,327.3
Approval for 6% interest rebate	20	356.9	49	656.45

Table 2.11: Performance of the Commercial Agriculture Credit Scheme (CACS)

Banks	Amount Allocated to Banks Under the 1st Tranche	Amount Disbursed by Banks (₦'b)	% of Disbursed Funds to the CACS Funds Allocated to Banks	Number of Projects	Un-disbursed Funds (₦'b)	% of Un-disbursed Funds to the Funds Released
UBA Plc	75	38.62	63.62	43	36.38	48.5
FBN Plc	25	7.712	18.5	11	20.38	81.15
TOTAL	100	43.332	43.33	54	56.668	56.67

The balance undisbursed fund under the 1st tranche was withdrawn from the two banks and pooled, to be accessed by the twenty-four banks under the 2nd tranche.

2.5.5 Capacity Building for Microfinance Clients/Institutions

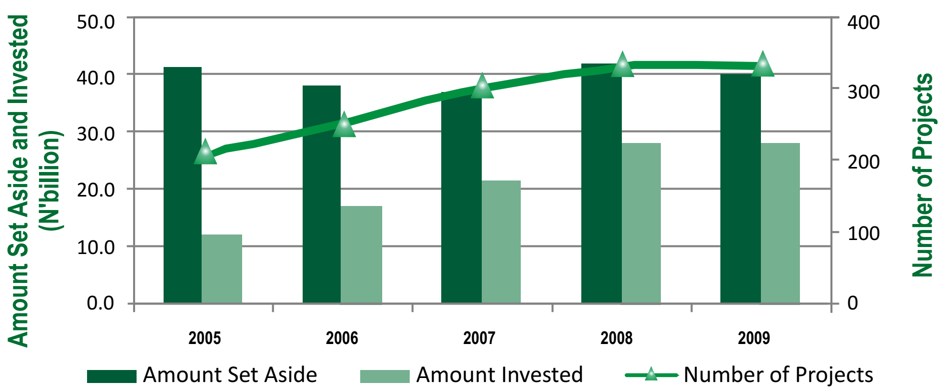
The three (3) Entrepreneurship Development Centres (EDCs) established by the CBN continued their activities in 2009. Overall, 40,435 graduates have been produced, including, 20,079 women. In all, 1,734 jobs have been created since the inception of the programme. Furthermore, three hundred and seventy-five (375) trainees, representing 2.38 per cent of the total trained succeeded in obtaining loans valued ₦107.99 million from banks and microfinance institutions to start their businesses. Major challenges faced by the centres included lack of microcredit loans for business start-ups or expansion, as well as management crises.

The Bank also conducted a one-day capacity building programme for staff of Microfinance Institutions (MFIs) in each of the six geopolitical zones of the country in June 2009. Four hundred and thirty-five (435) participants benefited from the effort. The Bank, in collaboration with the Nigeria Deposit Insurance Corporation (NDIC), organized a train-the-trainers course during November/December 2009 as a core component of the Microfinance Certification Programme designed to certify pre-selected microfinance training service providers. Beneficiaries included one hundred and eighty-eight (188) consultants drawn from fifty (50) institutions.

2.5.6 The Small and Medium Enterprises Equity Investment Scheme (SMEEIS)

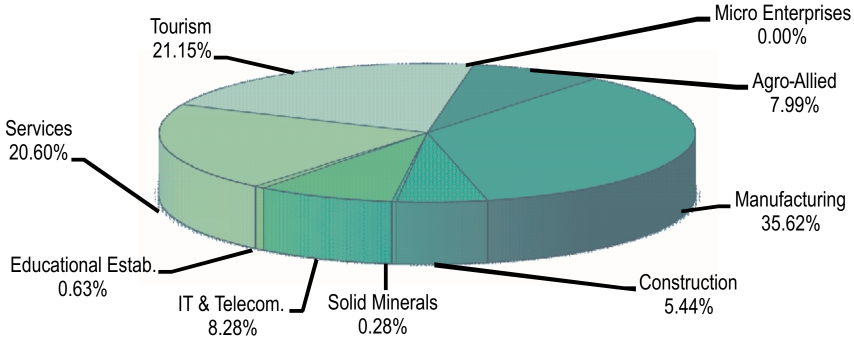
Following the decision to make participation under the SMEEIS optional for banks, the balance of the total funds set aside by the banks under the scheme remained at ₦42.02 billion, the same as in June 2008, while the total value of SMEEIS investments stood at ₦28.20 billion (67.1 per cent of the funds set aside) in 336 projects.

Figure 2.14: Performance of SMEEIS



In accordance with the shift in focus from SMEEIS by the Bankers' Committee, the balance in the SMEEIS Fund Account was transferred as seed fund to kick-start the Micro Credit Fund (MCF) initiative.

Figure 2.15: Sectoral Distribution of SMEEIS Investments by Banks as at end-December 2009



CHAPTER 3

3.0 THE GLOBAL ECONOMY

In the second half of 2009, the global economy began a gradual recovery from the economic recession that started in 2007/2008, though at different speeds in various regions. Notwithstanding, world output was projected to have declined by 0.8 per cent in 2009, in contrast to the 3.0 per cent increase in 2008, as a result of the poor performance of most economies. Although the combined effects of the monetary and fiscal interventions adopted by the authorities helped to increase confidence, challenges of unemployment and uncertainty of full recovery persisted. Global inflation moderated, while commodity prices rose modestly when compared with historical trends. Global trade was depressed in 2009, while the international financial markets experienced some instability. A major concern of most central banks remained how to exit from the stimulus packages without destabilizing the financial markets and/or truncating the recovery process.

3.1 OUTPUT AND GROWTH

Global output declined by 0.8 per cent in 2009, in contrast to an increase of 3.0 per cent in 2008. The development was attributed to the fall in economic activities in the advanced economies, Central and Eastern Europe, the Commonwealth of Independent States (CIS) and the Western Hemisphere countries, whose output declined by 3.2, 4.3, 7.5 and 2.3 per cent, respectively. The decline was moderated by the increase of 1.9, 6.5 and 2.2 per cent recorded by Africa, Developing Asia and the Middle East, respectively. The contraction in world economic activity was occasioned by low domestic demand in the advanced economies as well as weak exports of emerging and developing economies. By the second half of 2009, however, global production began to recover owing to the extraordinary support measures by governments across the globe. These measures included cuts in policy interest rates by central banks in order to inject liquidity into the system, the adoption of unconventional measures to sustain credit flows in the economy, the introduction of several fiscal stimulus packages and guarantees, as well as capital injections. The effects of these combined actions helped to reduce uncertainty and increase confidence in the financial markets, thus, fostering improvements in the global economy.

Global output declined by 0.8 per cent in 2009, in contrast to an increase of 3.0 per cent in 2008.

The contraction in world economic activity was occasioned by low domestic demand in the advanced economies as well as weak exports of emerging and developing economies.

The US economy was projected to have declined by 2.5 per cent, in contrast to a marginal growth of 0.4 per cent in 2008, following the sharp fall in credit to the private sector, especially households, and weakened domestic demand since the beginning of 2008. The US Treasury intervened through a number of measures which included fiscal and financial stimulus packages to inject new funds, the Trouble Asset Relief Programme (TARP) and an initiative to purchase US$1.25 trillion agency-backed securities. In addition, the Federal Reserve maintained the Federal funds target rate within a range of 0 - 0.25 per cent, in order to stimulate credit expansion in the economy.

Similarly, Japan experienced a substantial decline in output growth which contracted by 5.3 per cent in 2009, compared with a fall of 1.2 per cent in 2008. The deceleration was due to the decline in its manufactured exports, particularly automobiles, and weak domestic demand.

In the Euro area, weak domestic demand and decline in the demand for the region's exports caused output to decrease by 3.9 per cent, as against the 0.6 per cent increase realized in 2008. The concerted efforts of both the fiscal and monetary authorities to promote growth in the region, including fiscal and financial stimulus packages, the purchase of toxic assets and the maintenance of low interest rates to enhance credit expansion failed to engender the desired growth.

Output in the Western Hemisphere contracted by 2.3 per cent, down from an expansion of 4.2 per cent in 2008. This was attributable to the sharp fall in domestic demand and exports, occasioned by the tighter external financing conditions and lower worker remittances in most countries. The decline in economic activities, however, varied across the region and greatly depended on the nature and intensity of the external shocks and country-specific characteristics. In response, a number of economies in the region adopted policy measures to mitigate the effects of the shocks. Such measures included the implementation of counter-cyclical monetary and fiscal policies, making the financial sector more resilient, and using the exchange rate as a shock absorber.

Economic performance in Central and Eastern Europe was also weak as output fell by 4.3 per cent in 2009, in contrast to an increase of 3.1 per cent in 2008. All the countries in the region, with the exception of Poland which reported an output growth of 1.0 per cent, recorded negative growth rates. The slowdown was largely traced to the decline in cross-border funding and a weak private sector, especially household demand, following the global economic recession.

Developing Asia maintained its positive growth path, but at a lower rate, as output rose by 6.2 per cent in 2009, compared with 7.9 per cent in 2008. The growth in output was linked to the aggressive expansionary fiscal and monetary policies adopted by most countries within the region; a rebound in financial markets and capital inflows, which eased financing constraints for smaller export enterprises, and improved consumer and business confidence; and a positive impulse for industry, following large inventory adjustments. Tension in the financial markets eased and the decline in domestic demand moderated, while strong demand was experienced, especially in China and India.

Output in the countries of the Commonwealth of Independent States (CIS) contracted by 7.5 per cent in 2009, in sharp contrast to the expansion of 5.5 per cent in 2008. The development owed much to the severe negative impact of the global recession. For instance, the Russian economy declined sharply by 9.0 per cent in 2009, as against the 5.6 per cent increase in 2008. With the pervading dependence on Russia for remittances and export earnings, many countries in the region witnessed depressed domestic demand.

In Africa, output growth was modest at 1.9 per cent in 2009, compared with 5.2 per cent in 2008. The significant slowdown resulted from weak demand and depressed commodity prices, as well as the effects of the global meltdown on its financial markets. The impact of the global recession was initially felt through South Africa, whose economy is highly integrated with the global financial markets. Weak global trade, underpinned by decline in financial flows, adversely affected the region's oil exporters (Algeria, Angola, Libya and Nigeria), manufacturing exporters (Morocco, Tunisia), and other commodity exporters (Botswana). The GDP growth in oil-exporting countries decelerated from 5.0 per cent in 2008 to 1.5 per cent in 2009, with that of South Africa, the largest economy in the region, declining by 2.1 per cent. Nigeria, however, recorded an impressive output growth estimated at 6.9 per cent.

In Africa, output growth was modest at 1.9 per cent in 2009, compared with 5.2 per cent in 2008. The significant slowdown resulted from weak demand and depressed commodity prices, as well as the effects of the global meltdown on its financial markets.

3.2 GLOBAL INFLATION

Global consumer prices moderated for most part of 2009, as inflationary pressures remained low, attributable to the weak global demand. However, the Commonwealth of Independent States (CIS) and Venezuela recorded the highest inflation rate of 11.8 and 29.5 per cent, respectively, traceable to currency devaluation and low remittances, huge public spending and the easing of monetary policy. Across the global economy, the moderation in inflation was uneven, with the inflation rate subdued more in China and the Middle East than in other regions.

Across the global economy, the moderation in inflation was uneven, with the inflation rate subdued more in China and the Middle East than in other regions.

In the advanced economies, headline inflation moderated to 0.1 per cent, from 3.4 per cent recorded in 2008. The US headline inflation improved by 4.2 percentage points from

3.8 per cent in 2008 to negative 0.4 per cent in 2009. Similarly, Japan entered deflation as its headline inflation fell from 1.4 per cent in 2008 to negative 1.1 per cent. In the Euro area, headline inflation declined to 0.3 per cent from 3.3 per cent in 2008. In the United Kingdom, headline inflation also fell by 0.4 percentage point, to 1.5 per cent. The moderation in inflation was facilitated by a number of factors which included central banks implementing an unusually large policy rate cuts to combat the recession and intervening in the credit and asset markets to ease the financial conditions.

For the Western Hemisphere economies, headline inflation declined to 6.1 per cent, from 7.9 per cent in 2008. The moderation in inflationary pressure in the region was attributed to the continued weakness in economic activity. Inflation, however, remained at double digit in Venezuela (29.5 per cent) as a result of huge public spending and a lax monetary policy. For the inflation-targeting countries (Brazil, Colombia, Chile, Mexico, Peru, and Uruguay) where inflation rose above their targeted range (2 - 5 per cent), policy rates were raised as part of the efforts to subdue inflation.

In the developing Asian economies, headline inflation declined to 3.0 per cent, from 7.5 per cent in 2008, with all the countries in the region contributing to the decline. The response to the moderation in inflation varied across the region. Extensive fiscal and monetary support helped ease tension in financial markets and softened the decline in domestic demand in China and India. Central banks provided ample liquidity and lowered policy rates in India, Indonesia, Korea, Malaysia, The Philippines, Taiwan Province of China and Thailand. Pakistan, however, witnessed higher inflationary pressures as its headline inflation rate rose from 12.0 per cent in 2008 to an estimated 20.8 per cent.

For the CIS, headline inflation declined to 11.8 per cent, from the 15.6 per cent recorded in 2008. Governments in the region were faced with the major challenge of striking the right balance between domestic and external stability. Consequently, policy measures, such as currency devaluation and a tight monetary policy stance, were adopted to contain inflation.

In Africa, inflation also declined to an average of 9.0 per cent, from 10.3 per cent in 2008. However, three economies, (Democratic Republic of Congo, Ethiopia, and Seychelles) recorded inflation rates of more than 20.0 per cent. In contrast, a majority of the economies belonging to the CFA franc zone and the Maghreb region had estimated inflation rates of less than 5.0 per cent. To ease the inflationary pressures, central banks in countries with high inflation rates pursued tight monetary policies, while those with low inflation employed expansionary monetary policies to stimulate aggregate demand.

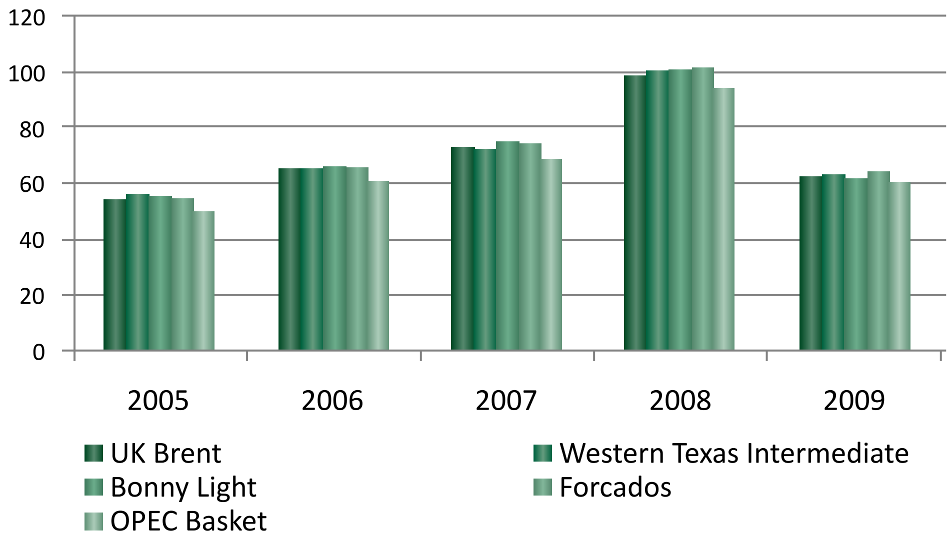
3.3 GLOBAL COMMODITY DEMAND AND PRICES

Global commodity demand and prices recovered modestly in 2009, despite the generally high levels of inventories, but failed to reach the pre-crisis level. The recovery was attributed to the buoyant recovery in Asia and other emerging and developing countries, as well as improvements in global financial conditions. World oil output dropped by nearly 2.0 million barrels per day (mbd), falling from 86.3 mbd in 2008 to about 84.3 mbd. Global oil demand also contracted in excess of 1.0 mbd between the fourth quarter of 2008 and 2009. Oil demand by the Organisation for Economic Cooperation and Development (OECD) countries declined from 47.6 mbd in 2008 to 45.4 mbd, while the demand by non-OECD countries rose marginally from 38.7 mbd in 2008 to 39.1 mbd. The decline in oil demand was driven by the low demand from the advanced economies, particularly the United States and Japan.

Global commodity demand and prices recovered modestly in 2009, despite the generally high levels of inventories, but failed to reach the pre-crisis level. The recovery was attributed to the buoyant recovery in Asia and other emerging and developing countries, as well as improvements in global financial conditions.

The persistent weak demand forced the Organization of Petroleum Exporting Countries (OPEC) to implement a series of production cuts to shore up prices. In response to the economic recovery and the OPEC actions, global oil prices moved from a low of US$36.0 a barrel on February 27, 2009 to an average of US$70.0 per barrel by mid-year, and stabilized around that price for the rest of 2009.

Figure 3.1: Average Spot Prices of Selected Crudes (US Dollar per Barrel)



3.4 WORLD TRADE

Aggregate global trade declined by 15.1 percentage points to negative 12.1 per cent, from 2.8 per cent in 2008. In the advanced countries, both exports and imports declined by 12.1 per cent and 12.2 per cent, respectively. Similarly, export and import trade in emerging and developing countries declined to negative 11.7 and negative 13.5 per cent, respectively, in 2009, in contrast to the increase of 4.4 and 8.9 per cent in the preceding year. The substantial decline in the volume of trade was attributed mainly to the global economic recession.

3.5 INTERNATIONAL FINANCIAL MARKETS

The Global financial markets recovered faster than expected in 2009, after reaching their troughs during the global economic and financial crises. The recovery was spurred by improved economic conditions and sustained public policy support, which helped restore confidence. For most of 2009, financial markets were largely stable, except for the slight volatility of prices in the capital market experienced in the fourth quarter, a consequence of the request by Dubai World for a debt repayment standstill and announcements by credit rating agencies of the sovereign ratings of a number of European countries. Equity prices rose in most of Europe and the US, although they remained below the pre-crisis peak in the UK. Despite the observed improvements, financial stability remained fragile in many of the developed and emerging economies, especially those hard-hit by the global financial meltdown.

3.5.1 Money Markets

The liquidity squeeze that accompanied the global financial crisis led to increased risk-aversion and uncertainty, thus affecting the pricing of risk throughout the global financial system. This resulted in increased interest rate spreads on riskier assets, such as corporate bonds, in some developing and developed countries. The spreads in developing countries remained high, as the base rates declined, in response to the easing of monetary policy in the advanced economies. Despite near zero interest rates in advanced countries, the cost of credit in developing countries increased and in some cases doubled, leaving potential effects on debt sustainability and the profitability of future investments. Although most banks were less reliant on central bank facilities and guarantees, the need to rebuild their capital remained a major challenge.

3.5.2 Capital Markets

Increased risk aversion, a re-assessment of growth prospects, and the need for firms and investors in high-income countries to strengthen their balance sheets, resulted in large scale repatriation of capital from developing to advanced economies. As a consequence, global stock markets lost between 50.0 and 60.0 per cent of their values in dollar terms, resulting in a massive loss of global wealth. Following

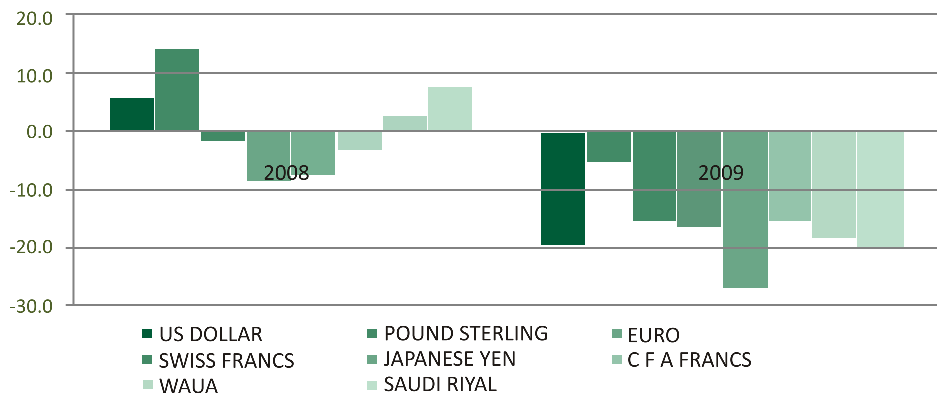
Global stock markets lost between 50.0 and 60.0 per cent of their values in dollar terms, resulting in a massive loss of global wealth.

improved expectations on the health of the international banking system (in the wake of the G-20 London Summit and other measures undertaken by the U.S. Treasury) and the enhanced confidence that the global economy might recover in the near term, stock market valuations gradually regained lost ground in the later part 2009. By end-2009, all major equity markets, which had recorded significant declines in their activities by mid-March, rebounded, with corporate bond issuance reaching record high levels by end-December 2009. Although the equity market rebounded, the surge in corporate bond issuance did not offset the reduction in bank net credit to the private sector, especially to such vulnerable groups as small- and medium-size enterprises and household/consumer units.

3.5.3 The International Foreign Exchange Market

The global financial crisis led to the depreciation of the currencies of most developing economies against the US dollar. The collapse in commodity prices also played a role in the depreciation of the exchange rate in some developing and emerging countries, such as Argentina, Brazil, the Russian Federation, as well as some high-income countries, such as Australia and Canada. In the aftermath of the crisis, only a few currencies appreciated or remained stable against the US dollar. The currencies included those of some oil-exporting countries that were pegged to the US dollar. Weaker economic conditions in developed countries negatively affected home remittances and tourism, which were important sources of foreign exchange for many countries in sub-Saharan Africa. Responding to the high capital outflows, the currencies of countries in sub-Saharan Africa depreciated sharply against the US dollar, recording an average depreciation rate of about 25.0 per cent. Other countries in the world also experienced varying levels of depreciation in their currencies against the US dollar.

Figure 3.2 Annual Percentage Change in the Average Unit of Naira per Foreign Currency (Appreciation/Depreciation)



The naira weakened against major international currencies in the year under review. On the average, it depreciated against the US dollar by 20.1 per cent, the British pound sterling by 5.6 per cent, the euro by 15.8 per cent, the Swiss franc by 16.4 per cent, the Japanese yen by 27.5 per cent, the CFA francs by 15.7 per cent, the Saudi Riyal by 20.1 per cent and the WAUA by 18.1 per cent.

3.5.4 Central Bank Interest Rate Policies

Central banks across the globe continued with expansionary monetary policies for most of 2009. In particular, many central banks maintained low interest rates throughout the year, as they reduced their policy rates to considerably low levels. For example, the policy rate was around 0.25 per cent in Canada, Sweden, and the United States**,** and 1.0 per cent in the Euro area. In the U.S Federal Reserve, the Bank of Canada and the Sieriges Riksbank, efforts were made to transmit the cuts in short-term interest rate to longer maturities by explicit committment to the maintainance of a policy of low interest rates until there were clear signs of recovery. Overall, the cuts in interest rates were generally smaller in emerging economies, reflecting a combination of higher inflation and stress in the external sector arising from large capital outflows that could lead to a depreciation of the domestic currency exchange rate.

Central banks across the globe continued with expansionary monetary policies for most of 2009.

Following signs of recovery, a number of central banks began to focus on exit strategies from the intervention measures that had characterised the massive cuts in interest rates in 2008 and part of 2009. For most of the central banks, raising policy interest rates did not necessarily require the unwinding of unconventional policies, as some unconventional policies, including systemic liquidity easing measures, unwind naturally with improvements in the financial market conditions. Other measures aimed at alleviating the impaired credit markets were likely to remain until conditions in those markets normalized. In general, for central banks in emerging and developing economies, maintaining their independence remained a key prerequisite for price stability in the long run.

Overall, the cuts in interest rates were generally smaller in emerging economies, reflecting a combination of higher inflation and stress in the external sector arising from large capital outflows.

3.6 THE IMPACT OF THE GLOBAL ECONOMIC AND FINANCIAL CRISES ON THE NIGERIAN ECONOMY

The impact of the global financial crisis on the Nigerian economy was more evident in 2009 than in 2008. The global economic and financial crises affected developments in the domestic economy through falling commodity prices; reduced net capital inflows (in particular, foreign portfolio investment and remittances); and the drying up of trade finance and international lines of credit. The continued fall in oil prices, from a peak of US$147.0 per barrel in July 2008 to about US$70.0 per barrel in 2009 and the continued drawdown from the excess crude account, in the midst of declining oil revenues, presented some macroeconomic challenges in 2009. The reduction in inflows from crude oil exports, weakening confidence, and lower net capital inflows, all added pressure on the naira exchange rate and further deterred new investments.

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BOX 3: The Impact of the Global Financial Crisis on the Nigerian Economy and the Policy Responses by the Authorities

Introduction

The global financial crisis had its origin in the United States sub-prime mortgage crisis of 2007. By the first quarter of 2008, many financial institutions in the US had tightened credit standards in view of deteriorating balance sheets. By the third quarter of 2008, the increased sub-prime loans delinquency had not only culminated in the loss of confidence in the US financial system, but also escalated and spread like wildfire through complex and poorly misunderstood financial linkages to the rest of the world's financial centres. Consequently, many large US corporations failed, with the attendant contagion effects transmitted all over the globe, resulting in output decline, credit freeze, inventory pile-ups, job losses and the ultimate bankruptcy of many global financial institutions. For developing/emerging economies, including primary-export African economies, the inevitable effect of output decline in the BRIC (Brazil, Russia India and China) and the advanced countries resulted in persistent decline in commodity prices, including oil prices, which fell precipitously in the face of declining demand and an induced a significant drop in earnings. In addition, the global financial crisis traumatized the credit and equity markets, as it triggered substantial foreign investments and portfolio outflows, owing to spontaneous global deleveraging by investors.

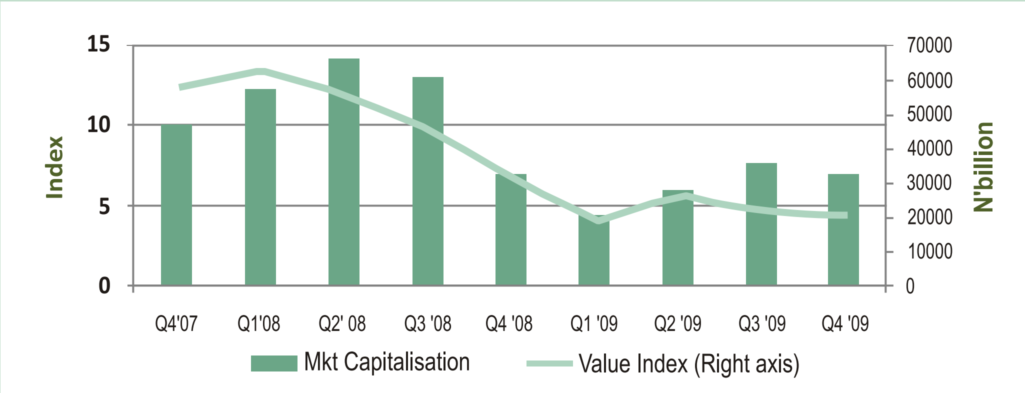
Effects of the Global Recession on the Nigerian economy

The effects of the global downturn on the Nigerian economy reflected its high degree of dependence on the external sector. The crisis was strongly felt in the external-related sectors and spilled over to other sectors of the economy. With a mono-product economy that depends largely on the export of crude oil for the bulk of government revenue, Nigeria became vulnerable to adverse developments in the international oil market, particularly as oil demand and prices became very volatile and nose-dived substantially. Specifically, the price of Nigeria's premier crude (Bonny Light) dipped from USD147.0 per barrel in July 2008 to less than USD40.0 in December 2008, before rising again to about USD70.0 in December 2009. On an annual basis, the average price rose from $74.96 per barrel in 2007 to $101.2 in 2008, but dipped to $62.1 in 2009. The export value fell persistently, from 1.7 million barrels per day (mbd) in 2007 to 1.5 mbd and 1.4 mbd in 2008 and 2009, respectively. Oil revenue exhibited a similar trend at ₦5.3 trillion, ₦4.56 trillion, ₦6.53 trillion and ₦3.19 trillion in 2006, 2007, 2008 and 2009, respectively. The negative developments in the oil sector culminated in a substantial decline in revenue to the federation which the government tried to address with a massive drawdown on the excess crude revenue account to smooth public expenditures.

Still on the Nigerian external sector, the global financial crisis resulted in loss of external competitiveness, reduction in financial inflows especially, Foreign Direct Investments (FDI) and portfolio investments as investors scrambled to safety to cushion the impact of the downturn on their home positions. In addition, inward remittances plummeted as countries imposed restrictions and as employment opportunities dipped in the Diaspora, rendering jobless many Nigerians who had hitherto remitted money to the economy. The need to effect increased divestment and repatriation of dividends, portfolio engagement and capital by the foreign investors exacerbated pressure on the foreign exchange market and the large funding of the foreign exchange demand led to a significant drawdown on external reserves, which in turn affected the Balance of Payments position of the country. Thus, the exchange rate of the naira depreciated widely from about ₦117.00/US$ in 2007 to ₦181.00/US$ at end-December 2008. The observed depreciation of the naira was accentuated by the adverse terms of trade occasioned by price movements in the international oil market.

Though the effect of the global recession threatened financial stability in the advanced economies, the ramifications on Nigeria's financial system was limited, owing to its minimal integration into the global financial landscape. In this regard, the impact of the crisis on the financial sector was not pronounced until the third quarter of 2008 when the stock market was rattled and it registered a continuous drop in its All-Share Index and volume of traded securities at the Nigerian Stock Exchange, with the market capitalization plunging from ₦13.3 trillion in 2007 to ₦9.5 trillion in 2008 and further to ₦7.0 trillion by end-2009.

The banking sector also recorded a significant assets decline of about 39.8 per cent as the crisis that had engulfed the capital market led to higher loss provisioning by banks, much lower profits and a slump in lending to the private sector. The banking sub-sector also registered a decline in trade/credit lines from foreign banks, as more credits were recalled or cancelled in the heat of the crisis within their own domestic economies. This development significantly constrained the ability of the domestic banks to extend credit to the real sector of the economy, while the interest rate spreads increased further.



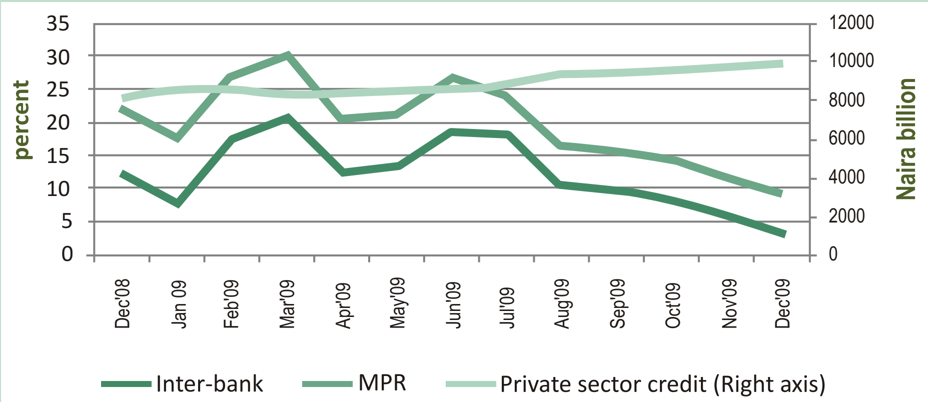
The global economic meltdown, which persisted until 2009, caused significant declines in real output growth in some sectors and the general economy. The total industrial production index fell from 119.4 in 2007 to 117.8 in 2008, but recovered modestly in 2009 as the economy toed the line of recovery. The GDP growth rate declined from 6.5 per cent in 2007 to 6.0 per cent at the onset of the crisis in 2008, but rose to 6.7 per cent in 2009. The adverse effect of the global crisis on the GDP remained noticeable in the areas of agriculture, industry and the wholesale sub-sectors. However, the building and construction sub-sector was not adversely affected as it grew marginally during the period under review. The level of liquidity available for the real sector activities was hindered by the global financial crisis. Thus, domestic credit (net) to the economy grew by 59.0 per cent at end-December 2009, which was below the target of 66.0 per cent and the growth of 84.2 per cent recorded in 2008.

Although global aggregate prices were depressed during the crisis, the large depreciation of the naira exchange rate, vis-à-vis the US dollar, contributed to the hike in the cost of imports, increase in the cost of production and loss of competitiveness by Nigerian industries. Consequently, the export market was depressed as some manufacturing companies and multinationals relocated to neighbouring countries and engaged in re-imports to Nigeria. This was as a result of the high cost of production in the country. The development has worsened the state of unemployment in the country, which rose from 10.9 per cent in 2004 to 12.8 per cent in 2008 and 12.9 per cent in the 2009. The consumer price index (CPI) showed significant variations at the onset of the crisis. The Year-on-Year inflation rate rose sharply from 6.6 per cent in December 2007 to 15.1 per cent in the last quarter of 2008, but moderated to 12.0 per cent in the last quarter of 2009, owing to relative stability in the exchange rate. However, the effect of the crisis remained high in the food component of the CPI, although it dropped significantly in August 2007 to minus 1.2 per cent and later rose to 17.1 per cent in September 2008, and subsequently to 18.0 per cent in 2009.

Policy Response by the Nigerian Government

In response to the impact of the global economic crisis on the domestic economy, the government introduced several policy measures to address the problems and prevent the crisis from throwing the economy into recession. The policy measures adopted were mainly on three broad fronts, namely monetary easing, fiscal easing, and trade policy.

On the monetary front, the monetary authorities embarked on monetary easing to ward off the contagion effect of liquidity and credit crunch in the domestic financial market. The monetary policy rate was adjusted downwards from 9.75 per cent in 2008 to 6.0 per cent in 2009, CRR from 2.0 to 1.0 per cent, and liquidity ratio was retained at 30.0 per cent, resulting in lowering the inter-bank rate and increasing the banking system credit to the private sector. The CBN also expanded the discount window facilities to provide liquidity for banks to firm up their positions.



Other measures included the identification, monitoring and safeguarding of banking system vulnerabilities, particularly rising credit risk and cross-border contagion. The use of high frequency data was embraced to help in improving the assessment of bank liquidity and solvency, and in conducting credit risk diagnostics, including stress testing. Resident and stand-by teams of target examiners were deployed to banks in the first quarter of 2009 to ensure timely regulatory action and, in general, closely monitor the activities of banks. The framework for the Contingency Plan for Systemic Distress in Banks was also reviewed and surveillance activities were further strengthened to ensure the soundness of the financial system. The CBN injected about ₦620 billion bail-out funds into some insolvent banks to shore them up and prevent contagion and a systemic crisis that might have arisen from their failure. The monetary authorities also demanded full provisioning for non-performing credit to detect the state of banks and institute remedial action. In addition, they were given the latitude to restructure margin facilities, up to the end of 2009.

Other monetary policy measures included the introduction of consolidated and risk-based supervision and the adoption of a common accounting year-end for all banks, effective from end-December 2009, to improve data integrity and comparability. The Bank also proposed the establishment of an Asset Management Company of Nigeria (AMCON) to take over the non-performing assets of banks.

The easing of fiscal policy by government was also to cushion the effects of the global crisis on the domestic economy. In this regard, the Federal Government, in collaboration with the CBN, floated a ₦200.0 billion bond for the deposit money banks, under the Commercial Agricultural Credit Scheme, to improve mechanized/commercial agriculture. Also, the lower tariffs regime under the

'2008 - 2012 Nigeria Customs and Tariff Book' was continued to stimulate domestic industrial production and manufacturing activities.

Given the high degree of openness of the Nigerian economy, the global recession had the potency to impact negatively on the country's economic activities. With the stabilization of the global financial markets and subsequent recovery in the advanced economies, the battery of policy measures initiated by government would check economic slowdown and eventual slippage into negative growth. These policies are also expected to provide a basis for a rapid turnaround of the financial system to be a driver of long-term development, through unfettered intermediation of resources to critical sectors of the economy. Thus, sustainable efforts to strengthen financial stability, through proactive regulation and supervision of financial institutions, should be given priority. Furthermore, the Federal Government should embark upon legal and institutional reforms to engender accountability and transparency in all facets of economic engagements to bolster economic growth and prosperity.

CHAPTER 4

4.0 THE FINANCIAL SECTOR

The effects of the global financial crisis persisted in the financial system in 2009. The banking system was characterized by a tight liquidity condition, especially in the first and second quarters. This, in concert with management problems and capital erosion in some banks, threatened the stability of the financial system. Thus, the CBN faced the challenges of managing liquidity shortages and the restoring public confidence in the system. This notwithstanding, the Nigerian financial sector remained resilient and stable, as evidenced by the outcomes of the various indicators.

Financial deepening continued, as the ratio of broad money supply (M2) to nominal GDP increased to 43.4 per cent, from 37.7 per cent in the preceding year. The banking system's capacity to finance the exchange of goods and services grew stronger as the ratio of claims on the core private sector to non-oil GDP grew by 10.4 percentage points to 64.8 per cent. Also, banking habit and efficiency of intermediation improved further as the proportion of currency outside banks to M2 fell to 8.7 per cent from 9.7 per cent at end-2008, reflecting the increased use of cheques and electronic forms of payment.
The money market deepened, as the ratio of money market assets outstanding to GDP stood at 13.5 per cent, from 11.7 per cent at end-December 2008.The capital market, however, remained bearish, owing to the lingering effects of the global financial and economic crises on key sectors of the economy as the All-Share Index at the Nigerian Stock Exchange fell. Furthermore, the ratio of total market capitalization to GDP declined to 28.5 per cent, from 39.7 per cent in the preceding year.

The thrust of monetary policy in 2009 was to ease tight liquidity conditions in the banking system and ensure financial stability without compromising the primary goal of price stability. The monetary policy actions of the Bank produced modest outcomes. Broad money (M2) grew by 17.1 per cent at the end of the year, and was below both the indicative target for the year and the outcome in the preceding year. The reserve money, the Bank's operating target, however, exceeded the indicative benchmark for the year. The risk-free yield curve for treasury securities (treasury bills and bonds) remained upward sloping, with steeper slopes at the short and long segments than at the middle. Furthermore, the yields for all the maturities were lower than in 2008.

At end-December 2009, the Nigerian formal financial system comprised the CBN, the Nigerian Deposit Insurance Corporation (NDIC), the Securities and Exchange Commission (SEC), the National Insurance Commission (NAICOM), the National Pension Commission (PENCOM), 24 deposit money banks (DMBs), 5 discount houses (DHs), 910 microfinance banks (MFBs), 110 finance companies (FCs), 101 primary mortgage institutions (PMIs), 5 development finance institutions (DFIs), 1,601 bureaux-de-change (BDCs), 1 Stock Exchange, 1 Commodity Exchange and 73 insurance companies.

4.1 INSTITUTIONAL DEVELOPMENTS

4.1.1 Growth and Structural Changes

The number of banks in the industry remained at twenty-four (24), while the number of bank branches grew by 8.4 per cent from 5,134 in 2008 to 5,565. No bank was offered for sale through the Purchase and Assumption (P&A) arrangement for the resolution of insolvent banks as the cases of the remaining two (2) banks were still pending in courts. However, the CBN at end-December 2009 had issued a total of ₦47.0 billion promissory notes to cover the shortfall between the assumed deposit liabilities and the cherry-picked assets of the 11 failed banks that had been liquidated, in accordance with the terms of the P&A contract. The operating licence of Savannah Bank PLC was returned, following an order of the Federal High Court, Abuja to the CBN in February 2009.

In the other financial institutions (OFIs) sub-sector, a special examination was undertaken to ascertain the insolvency and/or cessation of business of the two hundred and ninety-eight (298) community banks (CBs) that failed to convert to MFBs. Consequently, an exit strategy that would lead to the formal revocation of their operating licences and the appointment of the NDIC as liquidator was initiated.

Of the 606 converted CBs that were granted provisional approval in 2007 to operate as MFBs, four hundred and thirty-eight (438) had obtained final licences, while one hundred and sixty-eight (168) held provisional approvals. Of this number, forty-five (45) that were yet to submit the required documentation for the conclusion of their conversion process were given up to January 31, 2010 to comply, failing which the provisional approvals would be cancelled and their names de-listed. Also, two hundred and twenty-two (222) new investors were granted final MFB licences, while eighty-two (82) were granted approvals-in-principle (AIPs), including an affiliate of ASA, Bangladesh. This brought the number of MFBs with significant foreign ownership/participation to three (3). Overall, the number of approved MFBs at end-December 2009 stood at 910 and comprised 438 converted MFBs with final licences, 222 new MFBs with final licences, one hundred and sixty-eight (168) converted MFBs with provisional approvals, and eighty-two (82) new MFBs with AIPs. One (1) DMB was granted a final licence to establish a microfinance bank subsidiary company. This brought the number of DMBs operating microfinance banks to ten (10). Final approvals to operate PMIs were also granted to two (2) promoters, which brought the total number of licensed PMIs to one hundred and one (101).

4.1.2 Fraud and Forgery

The number of reported cases of attempted or successful fraud and/or forgery in the banking industry rose in 2009, although the value of losses declined significantly. There were a total of 3,852 cases of attempted fraud and forgery involving ₦33.3 billion, US$1,009,539.00, €11,000.00 and £2,800.00, compared with 1,974 reported cases involving ₦24.5 billion, US$1,362,446.00, €451,075.00 and £2,635.00 in 2008. Out of this number, 1,590 cases resulted in losses to the banks amounting to ₦4.1 billion, US$328,201.00, £2,800.00 and €3,795.00, compared with 1,553 cases involving ₦8.8 billion, US$591,488.00, €35,391.00 and £12,410.00 in 2008.

Available data indicated that 70.0 per cent of the fraud cases were perpetrated via the electronic system, reflecting a lack of in-depth understanding of security issues and weaknesses in the internal control systems of banks in Nigeria.

4.1.3 The Public Complaints Desk

The ethics and professionalism sub-committee of the Bankers' Committee handled complaints among banks, as well as between banks and their customers. As in the preceding year, most of the complaints comprised excess charges by banks, manipulation and fraudulent practices on customers' accounts, conversion of invested funds, irregular clearing of customers' cheques and non-refund of wrong debit to customers' accounts, among others.

4.1.4 Cheque Clearing

The T+2 clearing cycle for cheque clearing was sustained in 2009. However, the volume and value of cheques cleared nationwide in 2009 declined by 3.46 and 47.52 per cent to 29.16 million and ₦29,390.95 billion, from 30.17 million and ₦43,357.42 billion, respectively, in the preceding year. The development was largely attributed to the electronic payment of staff salaries and contractors' funds by all the Ministries, Departments and Agencies (MDAs) of government, effective January 1, 2009 and the increased use of other payment modes such as the Real Time Gross Settlement (RTGS) system, NIBSS Inter-bank Funds Transfer (NEFT) and Automated Teller Machines (ATMs).

The Lagos clearing centre dominated clearing activities, accounting for 65.7 and 48.6 per cent, respectively, of total volume and value.

Figure 4.1a: Volume of Cheques Cleared in 2007 - 2009

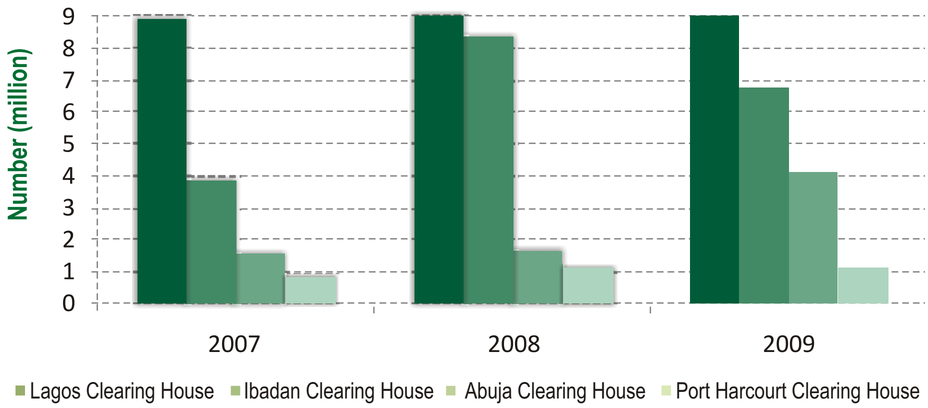
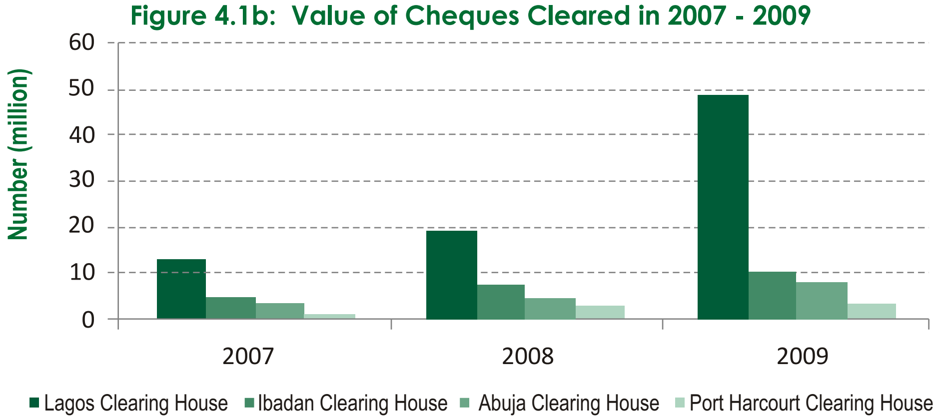


Table 4.1: Volume and Value of Cheques Cleared in 2007 - 2009						
	2007		2008		2009	
	Volume	Value (₦'million)	Volume	Value (₦'million)	Volume	Value (₦'million)
Clearing System	19,895,613	28,111,190.42	30,172,925	43,357,416.23	29,159,780	29,390,952
Lagos Clearing House	8,865,357 (44.6)	12,565,276.01 (44.7)	12,686,663 (42.0)	19,313,680.69 (44.5)	19,151,133 (65.7)	14279926.24 (48.6)
Abuja Clearing House	1,556,290 (7.8)	3,402,510.12 (12.1)	1,658,042 (5.5)	4,454,888.77 (10.3)	1983280 (6.8)	2914092.91 (9.9)
Port Harcourt Clearing House	933,533 (5.0)	969,321.28 (3.0)	1,158,566 (4.0)	2,800,798.08 (6.0)	1220389 (4.2)	2348677.27 (8.0)
Kano Clearing House	na	na	na	na	349,460 (1.2)	992,940.98 (3.4)
Others	4,635,488 (23.0)	6,397,700.00 (23.0)	6,292,471 (21.0)	9,680,400.00 (22.0)	6455518 (22.1)	8855314.74 (30.1)

Figures in parentheses are percentages
na = not applicable

Figure 4.1b: Value of Cheques Cleared in 2007 - 2009



4.1.5 Inter-bank Funds Transfer (IFT)

The volume and value of inter-bank transfers through the CBNs' Inter-bank Funds Transfer System (CIFTS) were 289,535 and ₦64,351.21 billion, respectively, compared with 220,326 and ₦73,076.40 billion in 2008.

4.1.6 Use of e-Money Products

The use of the various forms of e-payment grew significantly in the year under review as the volume and value of transactions stood at 114.6 million and ₦645.04 billion, respectively, showing an increase of 73.4 and 46.1 per cent, respectively when compared with 66.1 million and N441.6 billion in 2008.

The use of the various forms of e-payment grew significantly.

Apart from the Point-of-Sale (POS) transactions, all other segments of e-money products recorded increased activities.

Available data on various e-payment channels indicated that Automated Teller Machines (ATMs) remained the most patronized channel, accounting for over 95 per cent of the total e-payment transactions, while Point-of-Sale (POS) terminals were the least with less than 1.0 per cent. ATM, Web-based (Internet), POS and mobile payments accounted for 85.1, 13.0, 1.7 and 0.2 per cent, respectively, of the total value of transactions. In volume terms, they accounted for 95.2, 2.4, 0.8 and 1.6 per cent, respectively.

The upsurge in ATM transactions continued during the review period with the volume and value standing at 109.2 million and ₦548.60 billion, respectively, as at end-2009. This represented an increase of 81.5 and 37.3 per cent, respectively over the 60.1 million and ₦399.71 billion recorded in the corresponding periods of 2008. The increase in the use of ATMs could be attributed to a number of factors, including an increased number of ATMs and the spread and convenience of usage.

The increase in the use of the Internet for the payment of goods and services could be attributed to the growing number of airlines and to both local and international merchants who accepted payments through the web.

The use of the Internet for the payment of goods and services during the period under review increased in both volume and value from 1.6 million and ₦25.05 billion to 2.7 million and ₦84.15 billion, respectively. This represented an increase of 68.86 per cent and 235.87 per cent, respectively. The increase could be attributed to the growing number of airlines and to both local and international merchants who accepted payments through the web.

In 2009, the total volume and value of on-line POS transactions stood at 0.9 million and ₦11.04 billion, respectively, showing a decrease of 23.1 and 31.5 per cent, compared with 1.2 million and ₦16.12 billion, respectively in the preceding year. The decline was attributable to the fears expressed by customers over the increased numbers of fraud associated with card transactions.

The value of payments through mobile telephones increased by 80.2 per cent to ₦1.26 billion, from ₦0.70 billion in 2008, while the volume decreased by 43.1 per cent to 1.8 million, from 3.2 million in 2008.

The widespread use of foreign currency-denominated cards was sustained in 2009. The volume and value of transactions in the dollar-denominated cards increased by 22.5 and 18.7 per cent to 600,937 and US$139.88 million, respectively, from 490,445 and US$117.9 million, respectively in the preceding year. The development reflected the increased confidence of foreign investors' in the absorptive capacity of the Nigerian economy as more Nigerians now utilize the various cards available.

Table 4.2: Market Share in the e-Payment Market in 2008 and 2009

e-Payment Segment	Volume (Millions)		Value (₦' Billion)	
	2008	2009	2008	2009
ATM	60.1 (91.0)	109.2 (95.2)	399.71 (90.5)	548.60 (85.1)
Web (Internet)	1.6 (2.4)	2.7 (2.4)	25.05 (5.7)	84.15 (13.0)
POS	1.2 (1.8)	0.9 (0.8)	16.12 (3.7)	11.04 (1.7)
Mobile	3.2 (4.8)	1.8 (1.6)	0.70 (0.1)	1.26 (0.2)

Figures in brackets are percentage share of total

Figure 4.2a: Volume of Electronic Card-based Transactions in 2009

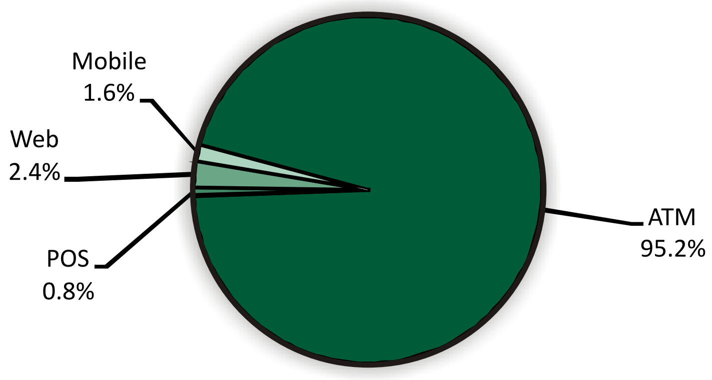
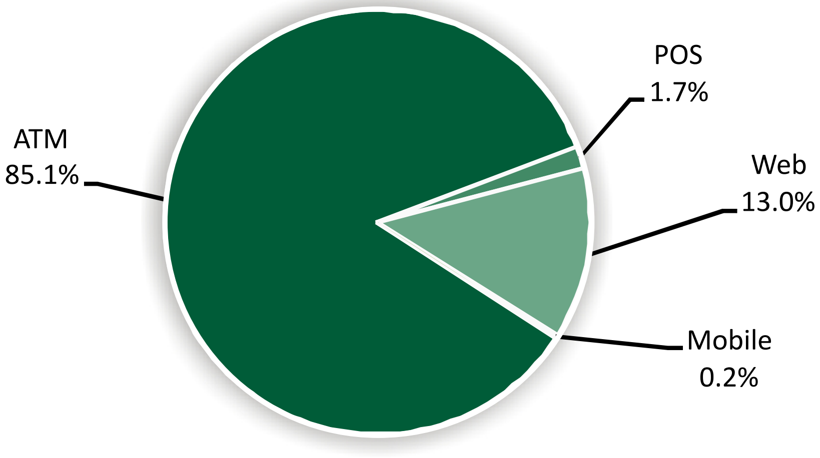


Figure 4.2b: Value of Electronic Card-based Transactions in 2009



4.1.7 Institutional Savings

Aggregate financial savings rose by ₦791.0 billion or 14.3 per cent to ₦6,339.9 billion, compared with ₦5,548.9 billion at the end of the preceding year. The ratio of financial savings to GDP was 25.7 per cent, compared with 23.1 per cent in 2008. The DMBs maintained their dominance of depository institutions within the financial sector and accounted for 90.9 per cent of the total financial savings, compared with 77.6 per cent in the preceding year. Other sources of savings held by the PMIs, Life Insurance Funds, the Pension Funds, the Nigerian Social Insurance Trust Fund, and Microfinance Banks accounted for the balance of 9.1 per cent.

4.2 MONETARY AND CREDIT DEVELOPMENTS

4.2.1 Reserve Money (RM)

At ₦1,668.5 billion, Reserve Money (RM) grew by 7.7 per cent, relative to the level at end-December 2008. At this level, RM exceeded the indicative benchmark of ₦1,604.8 billion for 2009 by 4.0 per cent. The growth in monetary base was accounted for by the growth in both currency-in-circulation (CIC) and DMBs' reserves at the CBN.

Figure 4.3a: Reserve Money and its Components

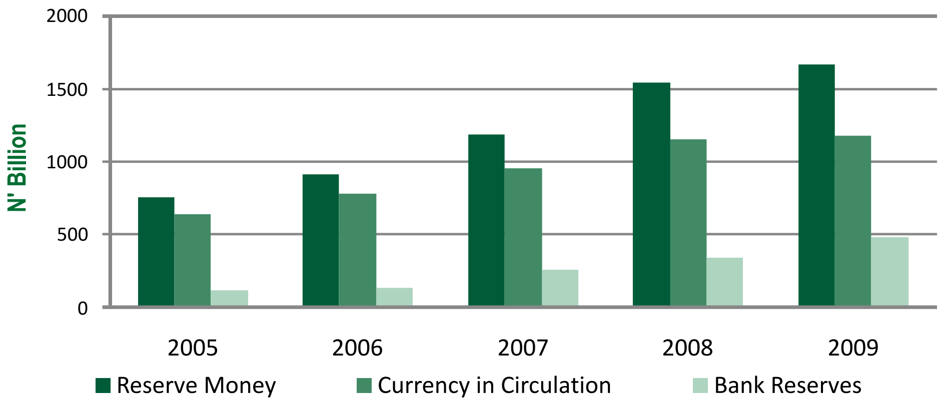
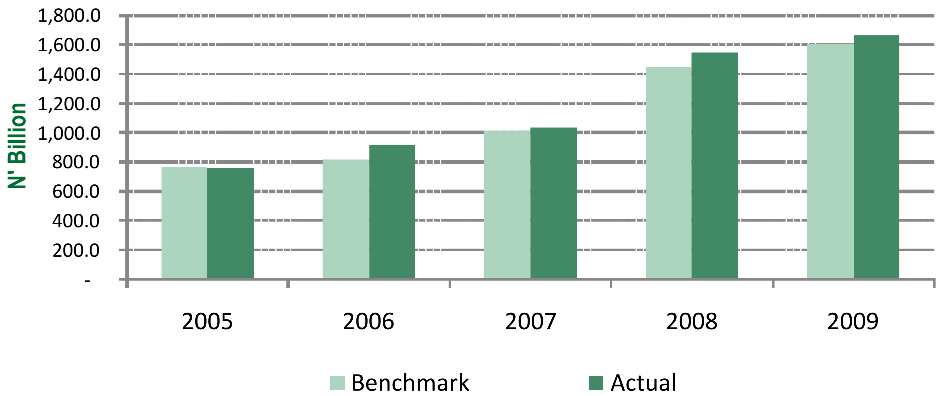


Figure 4.3b: Reserve Money Targets and Outcomes



The currency component of the reserve money increased by 2.6 per cent at end-December 2009 relative to the end-December 2008 level. Similarly, the DMBs' reserve balances at the CBN grew by 22.8 per cent at end-December 2009. Correspondingly, the increase in the sources of base money was accounted for largely by the increase in the net domestic assets of the CBN, particularly claims on the private sector and other items (net). The increase in net domestic assets more than offset the decline in net foreign assets of the CBN.

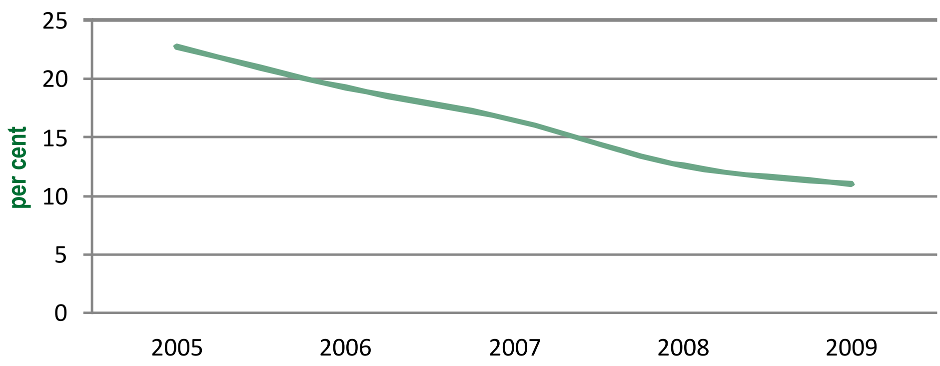
4.2.2 Broad Money (M_2)

The movement in M2 was largely driven by the expansion in domestic credit (net) of the banking system, particularly credit to the private sector.

Broad money supply grew by 17.1 per cent at end-December 2009 to ₦10,730.8 billion, compared with the indicative benchmark growth rate of 20.8 per cent for 2009 and the 57.8 per cent growth at the end of the preceding year. The movement in M_2 was largely driven by the expansion in domestic credit (net) of the banking system, particularly credit to the private sector. Correspondingly, on the liabilities side, the growth in M_2 was driven by the expansion in both narrow money and quasi-money.

An analysis of the composition of the total monetary liabilities (M_2) showed that it was fairly distributed between the liquid M_1 and quasi-money, although skewed towards the latter, and reflected the increase in time and savings deposits, as well as the public preference for holding financial assets in the form of bank deposits. Furthermore, the shift from physical currency-holding to demand deposit continued in 2009 as the ratio of currency outside banks to M_2 declined to 8.7 per cent from 9.7 per cent at end-December 2008. The ratio of foreign currency deposits to M_2 grew by 3.5 percentage points over the level at end of the preceding year to 13.5 per cent.

Figure 4.4: Ratio of Currency in Circulation to M_2



4.2.3 Drivers of Growth in Broad Money

4.2.3.1 Net Foreign Assets (NFAs)

The net foreign assets of the banking system, at ₦7,548.5 billion, declined by 11.7 per cent at end-December 2009, in contrast to the increase of 17.7 per cent at the end of the preceding year. The development reflected the decline in the net foreign asset holdings of both the CBN and DMBs. As a share of M_2, NFA was 70.3 per cent at end-December 2009, compared with 93.3 per cent at end-December 2008, but maintained its dominance as in the preceding five years.

4.2.3.2 Net Domestic Credit (NDC)

Credit to the domestic economy (net) grew by 59.0 per cent at end-December 2009, lower than the indicative benchmark of 66.0 per cent and the growth of 84.2 per cent at end-December 2008. The development reflected, largely, the growth of 26.0 per cent in credit to the private sector, which was however, lower than the 59.4 per cent growth at end-December 2008. Net domestic credit to the economy constituted 73.4 per cent of the total monetary assets (M_2) at end-December 2009.

4.2.3.3 Credit to the Government (CG)

Net credit to the Federal Government (CG) fell by 26.6 per cent, compared with the indicative benchmark of negative *41.9* per cent for 2009 and the decline of 31.2 per cent at end-December 2008. The Federal Government maintained its status as net creditor to the banking system at end-December 2009, as in the preceding year, with its deposits with the banking system exceeding the credit extended to it.

Figure 4.5: Growth in M_2 and its Sources (per cent)

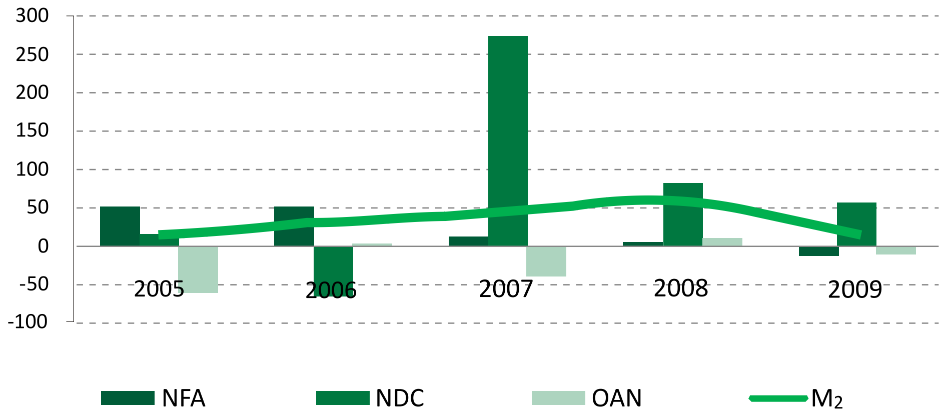
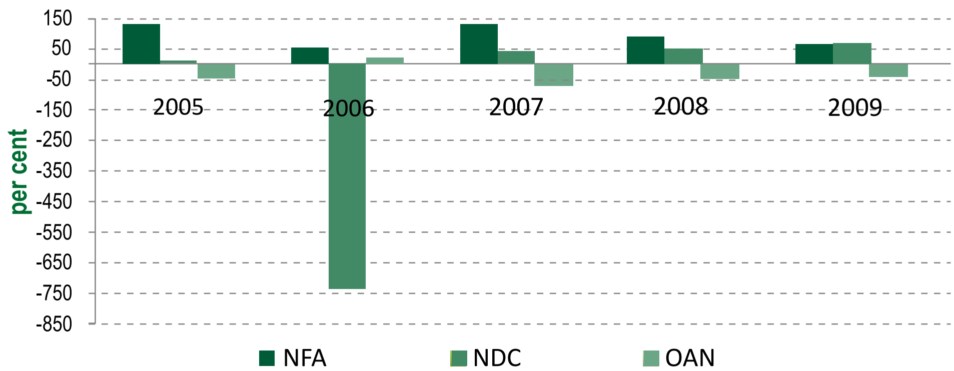


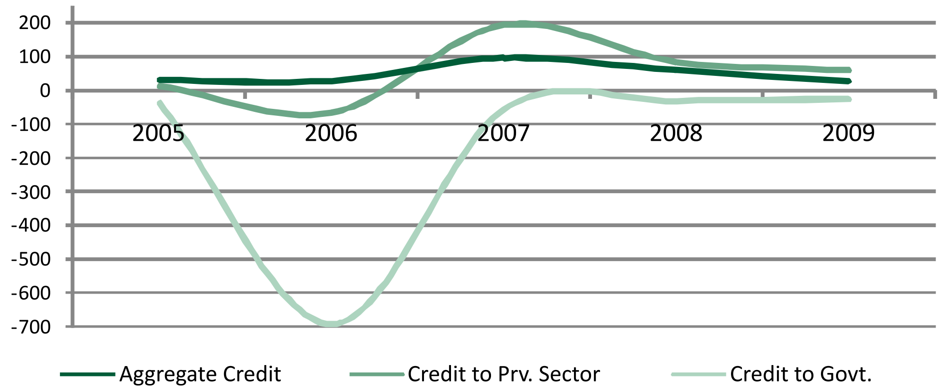
Figure 4.6: Share of NFA and NDC in M_2 (per cent)



4.2.3.4 Credit to the Private Sector (CP)

Credit to the private sector (including state and local governments and non-financial public enterprises), grew by 26.0 per cent, which was lower than the 59.4 per cent recorded at end-December 2008. Credit to the core private sector (excluding state and local governments) grew by 24.5 per cent.

Figure 4.7: Growth in Domestic Credit (per cent)



4.2.3.5 Other Assets (Net) (OAN)

At negative ₦4,693.2 billion, Other Assets Net (OAN) of the banking system declined by 8.3 per cent, compared with a decline of 4.6 per cent at end-December 2008. OAN contributed negative 3.9 percentage points to the growth in M_2 at end-December 2009.

Table 4.3: Contribution to the Growth in M_2 (per cent)

	2005	2006	2007	2008	2009
Net Foreign Assets (NFA)	64.23	78.49	23.8	22.1	-10.93
Net Domestic Credit (NDC)	15.5	-58.84	49.0	38.96	31.89
Other Assets (net) (OAN)	-55.3	23.44	-28.6	-3.28	-3.90
M_2	**24.4**	**43.09**	**44.2**	**57.78**	**17.06**
Narrow Money (M_1)	17.44	19.73	20.7	29.97	1.20
Quasi Money	6.91	23.37	23.5	27.81	15.86
M_2	**24.4**	**43.09**	**44.2**	**57.78**	**17.06**

4.2.3.6 Narrow Money (M_1)

Narrow money supply (M_1) grew by 2.3 per cent at end-December 2009, compared with the growth of 55.9 per cent at end-December 2008. The currency outside bank (COB) increased by 4.3 per cent, while demand deposits grew by 1.8 per cent, compared with their respective growth of 21.0 and 67.0 per cent at the end of the preceding year. As a proportion of M_1, COB declined to 15.0 per cent from 18.4 per cent at the end of 2008. However, as a proportion of nominal GDP, it increased by 3.7 percentage points to 7.4 per cent at end-December 2009.

Figure 4.8: Growth in Monetary Aggregates (per cent)

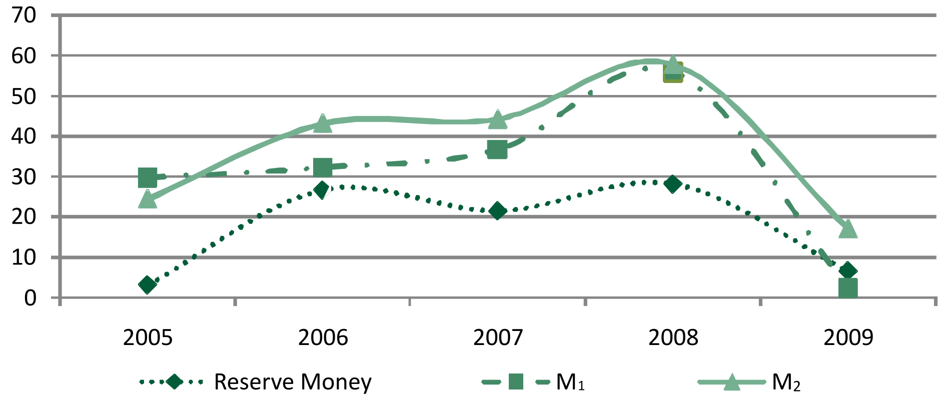
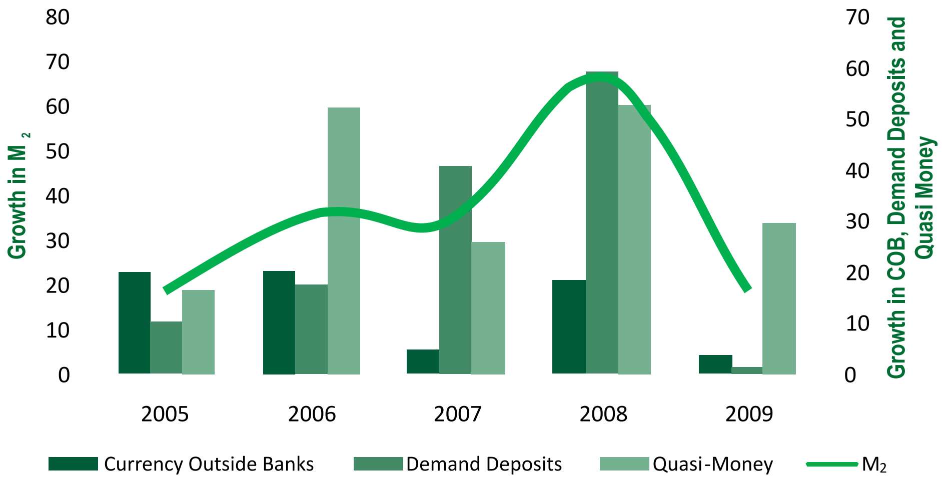


Figure 4.9: Growth in the Components of Broad Money (M_2) (per cent)



4.2.3.7 Quasi-Money

Quasi-Money grew by 33.7 per cent, compared with 60.0 per cent at end-December 2008. The growth in quasi-money reflected, largely, the growth in time deposits, especially the 56.3 per cent growth in the foreign currency deposits component with DMBs. The development reflected the aggressive competition for deposits by DMBs, as well as the public preference for term deposits to equities, following the crash of the stock market.

4.2.4 Maturity Structure of DMB Loans and Advances and Deposit Liabilities

Analysis of the structure of DMBs' outstanding credit at end-December 2009 indicated that short-term maturity remained dominant in the credit market. Outstanding loans and advances maturing one year and below accounted for 70.3 per cent of the total, compared with 75.3 per cent at end-December 2008, while the medium-term (between 1-3 years) and long-term (3-years and above) accounted for 14.4 and 15.3 per cent, respectively, compared with 14.5 and 10.2 per cent, at end-December 2008. Analysis of DMBs' deposit liabilities showed a similar trend, with short-term deposits constituting 95.7 per cent of total. Indeed, 73.3 per cent of the deposits had a maturity of less than 30 days, while the share of long-term deposits increased to 0.1 per cent at end-December 2009, from 0.03 per cent at end-December 2008. The structure of DMBs' deposit liabilities clearly explains their preference for short-term claims on the economy.

Analysis of DMBs' deposit liabilities showed a similar trend, with short-term deposits constituting 95.7 per cent of total.

Table 4.4: Composition of Total Monetary Aggregate (M_2) (per cent)

	2005	2006	2007	2008	2009
Net Foreign Assets	**156.07**	**156.6**	**125.0**	**93.27**	**70.38**
Net Domestic Credit	**84.2**	**17.7**	**46.0**	**54.03**	**73.32**
Net Credit to Government	10.9	-48.1	- 40.8	- 33.9	-21.2
Credit to Private Sector	71.3	65.8	87.0	87.9	94.6
Other Assets (Net)	**-129.8**	**-74.3**	**-71.0**	**- 47.3**	**-43.7**
Total Monetary Assets	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Money Supply (M_1)	**61.3**	**56.6**	**53.6**	**53.0**	**46.3**
Currency Outside Banks	20.0	16.2	12.7	9.7	8.7
Demand Deposit	41.3	40.4	40.9	43.3	37.6
Quasi Money	**38.7**	**43.4**	**46.4**	**47.0**	**53.7**
Time & Savings Deposit	32.0	35.87	38.2	36.9	40.25
Foreign Currency Deposit (FCD)	6.7	7.51	8.17	10.1	13.46
Total Monetary Liabilities (M_2)	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Table 4.5: Maturity Structure of DMBs, Loans and Advances and Deposit Liabilities (per cent)

Tenor/Period	Loans and Advances			Deposits		
	2007	2008	2009	2007	2008	2009
0-30 days	49.2	46.6	50.1	74.1	72.7	73.3
31-90 days	11.3	13.4	6.4	12.3	13.1	15.0
91-181 days	5.8	7.8	7.3	4.3	6.2	4.7
181-365 days	9.5	7.5	6.5	2.6	2.7	2.7
Short term	**75.8**	**75.3**	**70.3**	**93.3**	**94.7**	**95.7**
Medium term(above 1 year and below 3 years	**13.5**	**14.5**	**14.4**	**3.4**	**5.27**	**4.2**
Long term (3 years and above)	**10.7**	**10.2**	**15.3**	**3.3**	**0.03**	**0.1**
Total	**100.0**	**100.0**	**100**	**100.0**	**100.0**	**100**

Figure 4.10a: Maturity Structure of DMBs Loans and Advances at end-December 2009

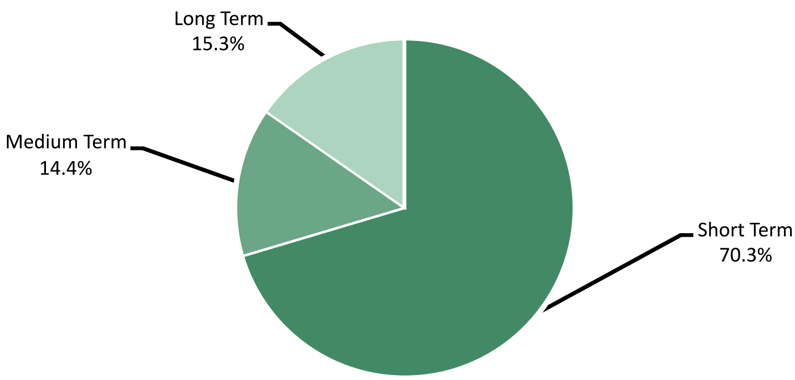


Figure 4.10b: Maturity Structure of DMBs Deposits at end-December 2009

4.2.5 Sectoral Distribution of Credit

At end-December 2009, credit to the core private sector by the DMBs grew by 59.2 per cent. Of the amount outstanding, credit to the priority sectors constituted 24.5 per cent, of which 1.4, 12.3, 0.5 and 10.3 per cent, respectively, went to agriculture, solid minerals, exports and manufacturing. The less priority sectors accounted for 45.5 per cent of outstanding credit, while the unclassified sectors accounted for the balance of 30.0 per cent.

Table 4.6: Credit to the Core Private Sector, 2006 - 2009

	Share in Outstanding (per cent)			
	2006	**2007**	**2008**	**2009**
1. Priority Sector	**30.3**	**25.9**	**26.2**	**24.5**
Agriculture	2.2	3.2	1.4	1.4
Solid Minerals	10.1	10.7	11.3	12.3
Exports	1.2	1.4	1.0	0.5
Manufacturing	16.9	10.4	12.5	10.3
2. Less Preferred Sectors	**46.0**	**41.2**	**42.0**	**45.5**
Real Estate	5.9	6.2	6.2	8.0
Public Utilities	0.9	0.6	0.6	0.8
Transp. & Comm.	7.6	6.8	7.2	8.0
Finance & Insurance	4.6	9.4	9.5	12.7
Government	4.5	3.7	1.9	3.6
Imports & Dom. Trade	22.5	14.5	16.4	12.4
3. Unclassified	**23.7**	**32.9**	**31.8**	**30.0**
Total (1+2+3)	**100.0**	**100.0**	**100.0**	**100**

Figure 4.11a: Share in Outstanding Credit to the Core Private Sector in 2009

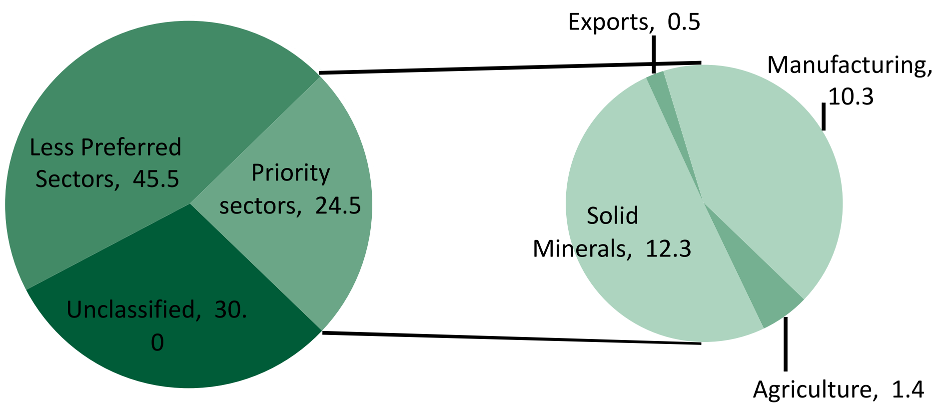
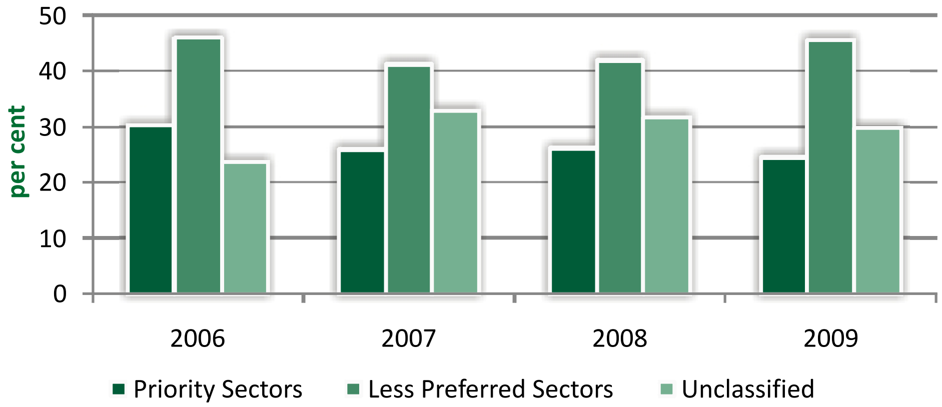


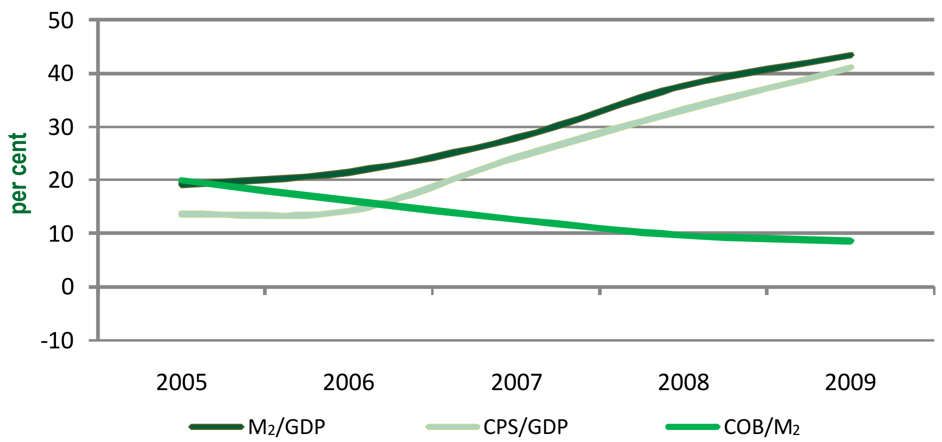
Figure 4.11b: Share in Outstanding Credit to the Core Private Sector, 2006-2009



4.2.6 Financial/Banking System Development

The depth of the financial sector, as measured by the ratio of M_2 to GDP, stood at 43.4 per cent at end-December 2009.This indicated an improvement when compared with 37.7 per cent at end-December 2008. Thus, the banking system showed a greater capacity to finance the exchange of goods and services. Bank financing of the economy, measured by the ratio of credit to the private sector to GDP (CP/GDP), stood at 41.1 per cent at end-December 2009, compared with 33.2 per cent at end-December 2008. Furthermore, the intermediation efficiency indicator, the ratio of currency outside banks to broad money supply, improved modestly to 8.7 per cent at end-December 2009, from 9.7 per cent at end-December 2008, reflecting the impact of the increased use of electronic forms of payment, particularly ATM and other e-card products, as well as improved banking habits. Also, the ratio of currency in circulation to M_2 fell to 11.0 per cent in 2009, from 12.6 per cent in the preceding year.

Figure 4.12a: Ratios of Broad Money (M_2) to GDP, Credit to Private Sector (CPS) to GDP and Currency Outside Bank (COB) to M_2



The ratio of financial savings (quasi-money) to GDP improved to 23.3 per cent from 17.7 per cent in the preceding year. The moniness of the economy, measured by the ratio of CIC to GDP, stood at 4.8 per cent, the same as at end-2008. The size of the banking system, relative to the size of the economy, indicated by the ratio of banking system's assets to GDP, remained at 107.5, the same as at end-2008. The ratio of DMBs' assets to GDP increased to 70.9 per cent in 2009, from 66.5 per cent at end-December 2008 notwithstanding the difficulties that the DMBs faced during the year as a consequence of the stock market crash. The ratio of the CBN assets to GDP, however, fell from 42.0 per cent at end-December 2008 to 36.6 per cent as a result of the decline in its net foreign assets holdings.

Figure 4.12b: Ratio of Banking Systems' Total Assets to GDP (per cent)

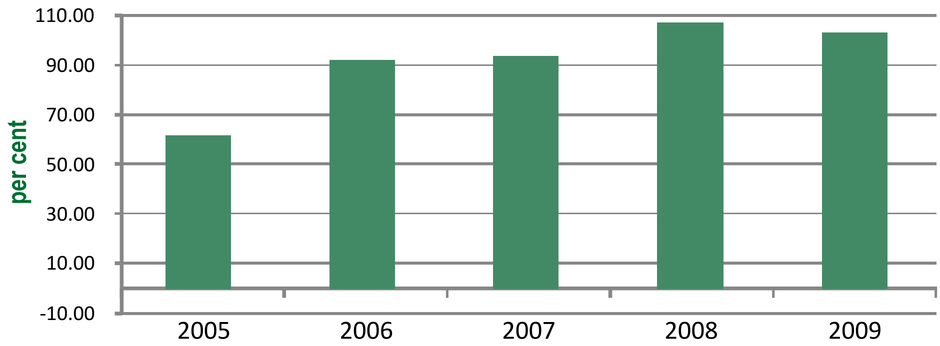


Figure 4.12c: Ratio of Deposit Money Banks' Assets to GDP (per cent)

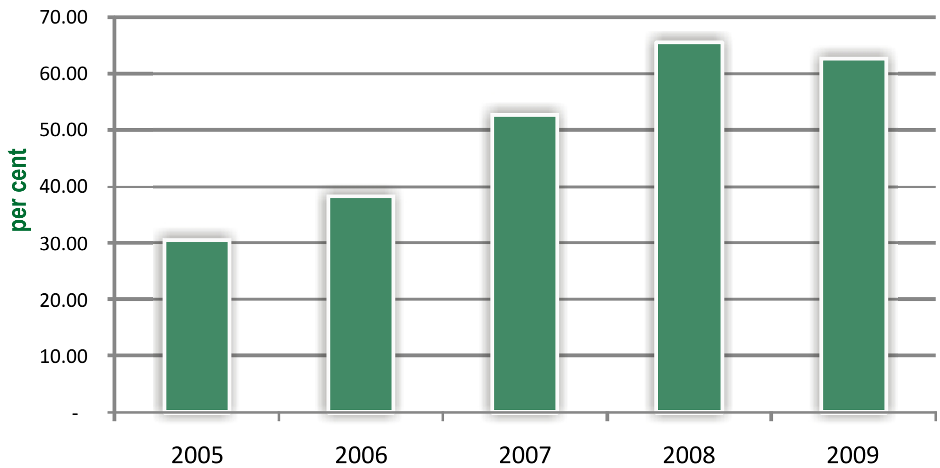


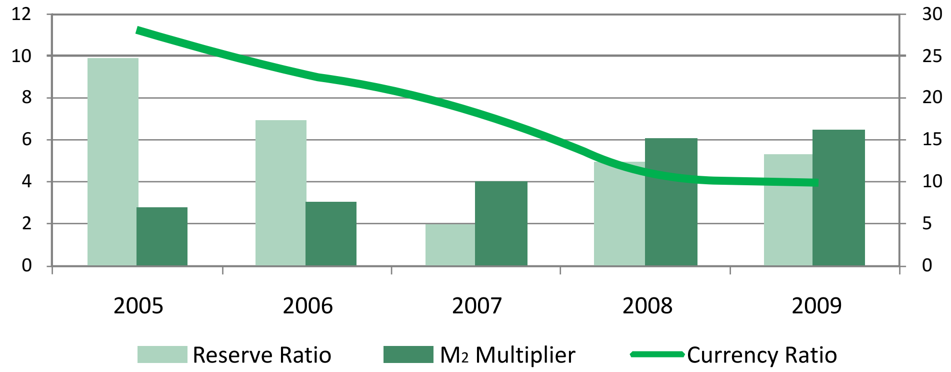
Table 4.7: Monetary Aggregates and Measures of Financial/Banking Development					
Aggregates (₦' billion)	**2005**	**2006**	**2007**	**2008**	**2009**
Nominal GDP	14,735.3	18,709.6	20,853.6	24,296.3	24,712.7
Broad Money (M_2)	2,814.8	4,027.9	5,809.8	9,166.8	10,730.8
Quasi Money (Savings)	1,089.5	1,747.3	2,693.6	4,309.5	5,763.5
Currency in Circulation	642.4	779.1	960.6	1,155.6	1,185.0
Currency Outside Banks	563.2	650.9	737.9	892.9	930.7
Credit to Private Sector	2,007.2	2,650.8	4,968.96	8,059.5	10,155.4
DMBs Assets	4,515.1	7,172.9	10,981.7	15,919.6	17522.9
CBN Assets	4,406.7	10,034.5	8,689.0	10,203.4	9,039.1
Banking System Assets	8,921.8	17,207.4	19,670.7	26,123.6	26,562.0
Monetary Ratio (per cent)					
M_2/GDP	19.1	21.5	27.9	37.7	43.4
CIC/ M_2	22.8	19.3	16.5	12.6	11.0
COB/ M_2	20.0	16.2	12.7	9.7	8.7
Quasi Money/ M_2	38.7	43.4	46.4	47.0	53.7
CIC/GDP	4.4	4.2	4.6	4.8	4.8
Cp/GDP	13.6	14.2	24.2	33.2	41.1
Cp core/Non-Oil GDP	21.9	22.1	37.9	54.4	64.8
DMBs Assets/GDP	30.6	38.3	52.7	66.5	70.9
CBN's Assets/GDP	29.9	53.6	41.7	42.0	36.6
Banking System's Assets/GDP	60.5	92.0	94.3	107.5	107.5

4.2.7 Money Multiplier and Velocity of Money

The broad money multiplier at end-December 2008 rose to 6.4, compared with the 5.8 programmed for 2009 and 5.9 at end-December 2008. The increase in the multiplier reflected the decline in currency-deposit ratio, following the increased use of electronic money. Currency-deposit ratio declined from 11.2 per cent at end-December 2008 to 10.2 per cent at end-December 2009, reflecting the substantial increase in the total deposit liabilities of the DMBs. However, reserve-to-deposit ratio increased to 5.3 per cent at end-December 2009 from 4.9 per cent at end-December 2008.

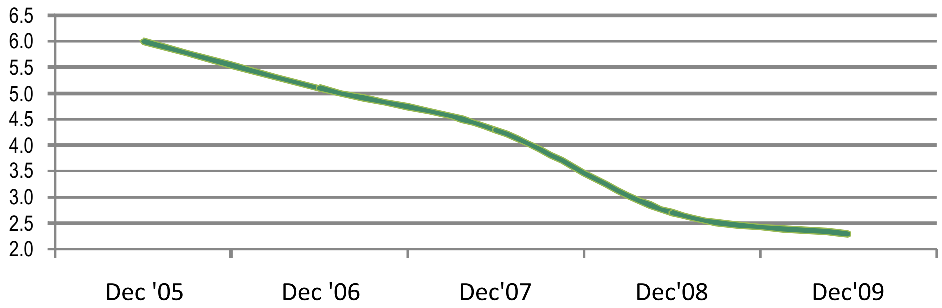
Table 4.8: Money Multiplier and Velocity of M_2						
	2004	**2005**	**2006**	**2007**	**2008**	**2009**
Currency Ratio	32.8	27.7	22.8	18.4	11.2	10.2
Reserve Ratio	11.2	9.8	6.9	1.9	4.9	5.3
M_2 Multiplier	3.1	2.7	2.9	3.9	5.9	6.4
Velocity of M_2	5.2	6.0	5.1	4.3	2.7	2.3

Figure 4.13: Money Multiplier, Currency Ratio and Reserve Ratio



The velocity of circulation of broad money remained unstable at end-December 2009. The M_2 velocity which stood at 4.3 at end-December 2007 fell to 2.7 at end-December 2008 and further to 2.3 at end-December 2009.

Figure 4.14: The Velocity of Money



4.3 OTHER FINANCIAL INSTITUTIONS

4.3.1 Development Finance Institutions (DFIs)

The total assets of the five (5) DFIs increased by 1.6 per cent to ₦161.5 billion, compared with ₦158.9 billion in the preceding year. Analysis of the asset base of the five institutions indicated that FMBN accounted for 36.3 per cent of the total. NACRDB, BOI, NEXIM and UDBN accounted for 25.5, 22.4, 15.3 and 0.5 per cent of the total, respectively.

Cumulative loan disbursements by the DFIs increased by 16.4 per cent to ₦90.8 billion. The percentage shares of FMBN, NACRDB, NEXIM, BOI and UDBN in total loans were 43.0, 25.9, 16.2, 14.7 and 0.2 per cent, respectively. The combined paid-up share-capital of the DFIs was ₦38.3 billion, while their combined shareholders' funds was ₦25.1 billion, compared with ₦27.1 billion recorded in the preceding year.

4.3.2 Microfinance Banks (MFBs)

The total assets/liabilities of MFBs rose by 29.4 per cent to ₦158.8 billion at end-December 2009. The paid-up capital also increased by 36.9 per cent to ₦38.8 billion, and the shareholders' funds increased by 22.3 per cent to ₦45.3 billion. The development was attributed to the injection of fresh capital by both new and old investors of the converted and newly licensed microfinance banks. Investible funds available to the sub-sector amounted to ₦39.6 billion, compared with ₦49.1 billion in the preceding year. The funds were sourced mainly from an increase in deposits (₦11.2 billion), placements from other banks (₦10.9 billion), paid-up capital (₦10.5 billion) and other liabilities (₦5.1 billion). The funds were used for placements with other banks (₦16.0 billion), loans and advances (₦13.1 billion), fixed assets (₦4.5 billion), other assets (₦3.0 billion), and investments (₦0.5 billion).

4.3.3 Maturity Structure of Microfinance Banks' (MFBs) Loans and Advances and Deposit Liabilities

Short-term investments remained dominant at the microfinance banks (MFBs) in 2009, mirroring developments in the banking system. Short-term loans, at end-December 2009, accounted for 77.2 per cent of the total, while loans maturing above 360 days accounted for 22.8 per cent from the respective levels of 83.8 and 16.2 per cent at end-December 2008. Similarly, the short-term liabilities by these institutions remained dominant as deposits of less than one year maturity accounted for 93.5 per cent, while deposits of above one (1) year accounted for 6.5 per cent at end-December 2009. Indeed, deposits of less than 30 days maturity constituted 58.6 per cent, compared with 60.0 per cent at end-December 2008.

Table 4.9: Maturity Structure of Assets and Liabilities of Microfinance Banks (MFBs) (per cent)

	2008		2009	
Tenor/Period	**Loans and Advances**	**Deposits**	**Loans and Advances**	**Deposits**
0-30 days	17.5	60.0	8.4	58.6
31-60 days	8.0	9.7	19.1	8.3
61-90 days	12.2	7.5	18.1	9.3
91-180 days	16.3	7.7	19.1	8.9
180 – 360 days	29.7	7.8	12.5	8.4
Short term	**83.8**	**92.8**	**77.2**	**93.5**
Above l80 days but below 1 year	**29.7**	**7.2**	**17.2**	**6.5**
Above 360 days	**16.2**	**7.2**	**22.8**	**6.5**
Total	**100.0**	**100.0**	**100.0**	**100.0**

4.3.4 Discount Houses (DHs)

The total assets/liabilities of the discount houses declined by 17.1 per cent to ₦346.0 billion, compared with ₦417.2 billion in 2008. Total funds sourced amounted to ₦87.4 billion, compared with ₦209.5 billion in the preceding year. The funds were sourced mainly from money-at-call (₦47.4 billion) and claims on banks (₦23.0 billion), among others. The funds were invested mainly in Federal Government Securities (₦43.6 billion) and repayment of borrowings (₦20.9 billion). Discount houses' investments in Federal Government securities of less than 91 days maturity amounted to ₦52.4 billion and represented 19.0 per cent of their total current liabilities. This was 41.0 percentage points lower than the prescribed minimum of 60.0 per cent for 2009.

4.3.5 Finance Companies (FCs)

The total assets/liabilities of the FCs declined by 12.0 per cent to ₦118.1 billion. Similarly, loans and advances declined by 35.8 per cent to ₦32.4 billion, while shareholders' funds declined significantly by 52.5 per cent to ₦12.0 billion. Total borrowings, however, increased by 5.5 per cent to ₦87.7 billion. Investible funds that accrued to the sub-sector totalled ₦33.9 billion, compared with ₦68.4 billion in the preceding year. The funds were sourced mainly from customers' repayment of loans and advances (₦18.0 billion), borrowings (₦4.6 billion), and an increase in paid-up capital (₦3.8 billion). They were utilized in the reduction of reserves (₦17.1 billion) and other liabilities (₦8.5 billion), among others.

4.3.6 Primary Mortgage Institutions (PMIs)

The total assets of the PMIs stood at ₦329.6 billion at end-December 2009, indicating a decline of 0.1 per cent from the preceding year's level. The development was attributed largely to the decline in the deposit liabilities of the PMIs. Investible funds available to the PMIs totalled ₦55.7 billion, compared with ₦154.2 billion in 2008. The funds were sourced mainly from the withdrawal of balances with banks (₦26.8 billion), increase in the shareholders' funds (₦10.7 billion), and other liabilities (₦9.6 billion). The funds were utilized mainly to increase other assets (₦21.2 billion), reduce deposit liabilities (₦18.1 billion) and increase loans and advances (₦10.1 billion).

4.3.7 Bureaux-de-Change (BDC)

A total of four hundred and forty-six (446) fresh applications for BDC licences, comprising seventy-five (75) class "A" and three hundred and seventy-one (371) class "B" were received, compared with 589 applications received at end-December 2008. The number of final licences granted during the year was three hundred and eleven (311), compared with three hundred and forty-five (345) granted in the preceding year, while two hundred and forty-two (242) AIPs and forty-eight (48) other applications were at various stages of processing. Overall, the number of approved BDCs increased from one thousand, two hundred and sixty-four (1,264) at end-December 2008 to one thousand, six hundred and one (1,601) at end-December 2009.

4.4 MONEY MARKET DEVELOPMENTS

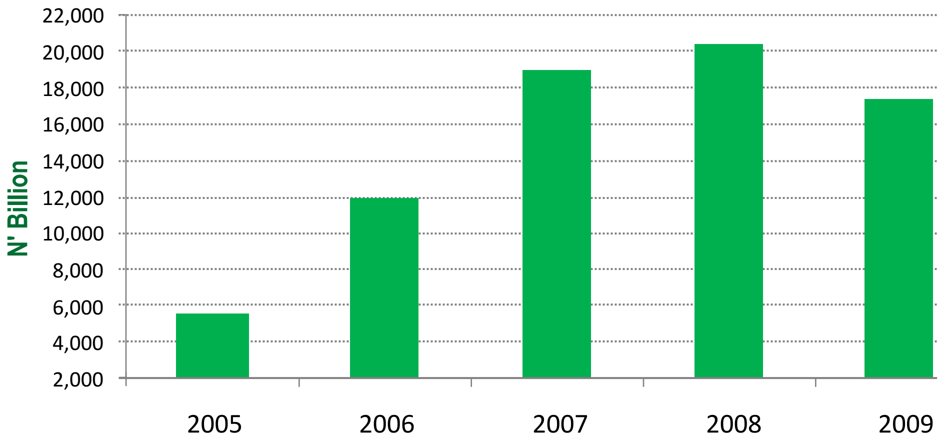
Activities in the money market slowed in the first half of the year. The lull could be attributed to the tight liquidity condition in the banking system that began in the last quarter of 2008. The Bank took various policy actions to inject funds into the banking system, namely, the reduction of the Monetary Policy Rate and the injection of a ₦620.0 billion lifeline into eight (8) banks and the re-introduction of the interest rate corridor as well as the Central Bank's guarantee of unsecured inter-bank market transactions. The actions moderated risk expectations among market participants, as the spread between the unsecured and secured transactions at the inter-bank market narrowed, while the volume of transactions increased considerably. The interest rate on the standing deposit facility was reduced to 2.0 per cent, from 4.0 per cent, in order to encourage trading amongst DMBs.

Furthermore, there was neither direct auction nor two-way-quote trading at the secondary market, due mainly to the Bank's decision to increase banking system liquidity. However, at the auction of government securities, the coupon rate trended downwards. The foreign exchange market remained relatively stable with the re-introduction of the Wholesale Dutch Auction system in the second half of the year, the sale of foreign exchange to BDC operators, and further liberalization of the inter-bank foreign exchange market.

4.4.1 Inter-bank Funds Market

At the inter-bank funds market, the value of transactions declined by 15.1 per cent to ₦17,316.22 billion in 2009. The development was due to the low level of transactions at the inter-bank and open-buy-back segments. The value of transactions at the inter-bank call placement segment fell by 22.9 per cent to ₦4,472.01 billion in 2009, relative to the level in 2008. At the open-buy-back segment, investments also fell to ₦12,844.21 billion, from ₦14,606.17 billion in 2008. As a proportion of the total value of transactions, the inter-bank call and the open-buy-back segments accounted for 25.8 and 74.2 per cent, respectively, compared with 28.4 and 71.6 per cent in 2008.

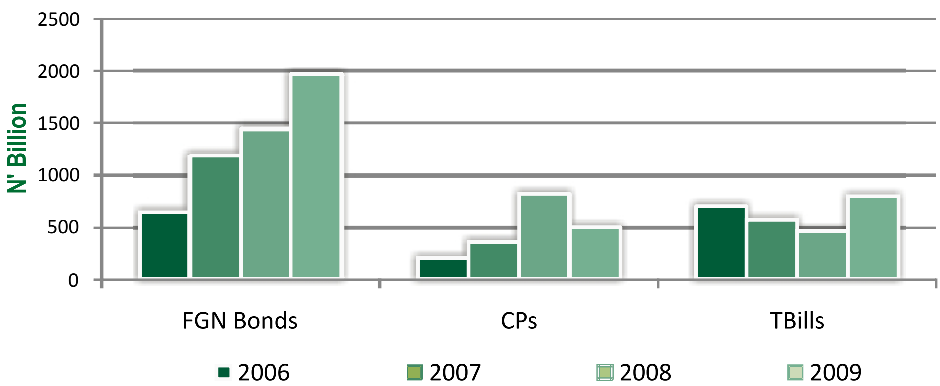
Figure 4.15: Value of Inter-bank Funds Market Transactions



4.4.2 Money Market Assets Outstanding

Total money market assets outstanding as at end-December 2009, stood at ₦3,344.25 billion, showing an increase of 19.1 per cent, when compared with the 27.2 per cent increase at end-December 2008. The development was traceable to the increase in the value of Commercial Papers (CPs), Bankers' Acceptances (BAs) and FGN bonds.

Figure 4.16: Money Market Assets Outstanding



Government remained the dominant player in the Nigerian money market, as government securities constituted 82.9 per cent of money market assets outstanding as at end-December 2009, while private sector-issued securities (certificates of deposits, commercial papers and bankers' acceptances) accounted for 17.1 per cent.

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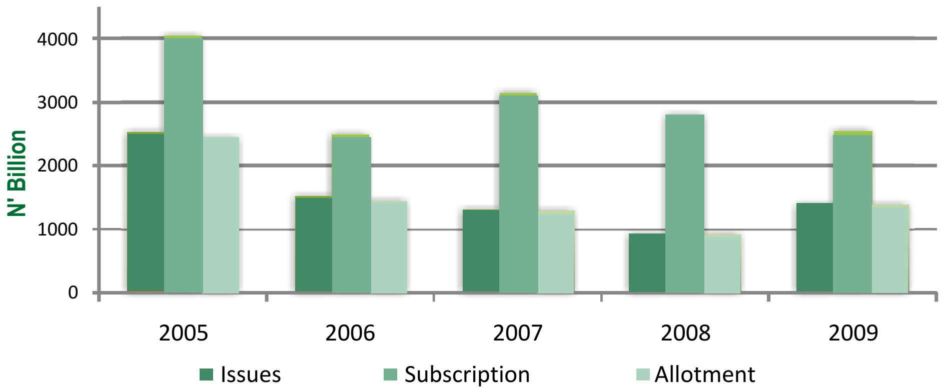
Table 4.10: Composition of Money Market Assets Outstanding in 2009

Asset	Share in Total (%) in 2008	Share in Total (%) in 2009
Treasury Bills	16.74	23.85
Treasury Certificates	0.0	0.0
Development Stocks	0.02	0.02
Certificate of Deposit	0.0	0.0
Commercial Papers	29.6	15.22
Bankers' Acceptances	3.7	1.86
FGN Bonds	51.29	59.05
Total	**100**	**100**

4.4.2.1 Nigerian Treasury Bills (NTBs)

Auctions for Nigerian Treasury Bills of 91-, 182- and 364-day tenors were conducted in 2009. NTBs worth ₦1,392.5 billion were issued in 2009, showing an increase of 52.0 per cent over the ₦916.3 billion in 2008. The increase was accounted for by the series of additional issues during the period under review.

Figure 4.17: NTB Issues, Subscriptions and Allotments



A breakdown of the allotments showed that banks were allotted ₦838.8 billion, Discount Houses ₦71.1 billion, Mandate and Internal Funds ₦346.1 billion, while the CBN and Money Market Dealers (MMDs) got ₦5.0 billion. The average rates ranged between 4.0 and 7.4 per cent, indicating a decrease in rates when compared with the range of 5.7 and 9.4 per cent in the preceding year.

A total of ₦1,049.8 billion was repaid during the year. Nigerian Treasury Bills outstanding at the end of 2009 increased by 68.9 per cent to ₦797.5 billion.

Table 4.11: Allotment of NTBs (Naira billion)

	2007	2008	2009
DMBs	587.3	383.7	838.8
Mandate and Internal Fund	556.3	429.3	346.1
Discount Houses	133.8	69.1	71.1
MMD Take-up	21.1	23.4	5.0
CBN Take-up	6.0	7.6	0.03

Figure 4.18: Nigerian Treasury Bills: Breakdown of Allotments in 2009

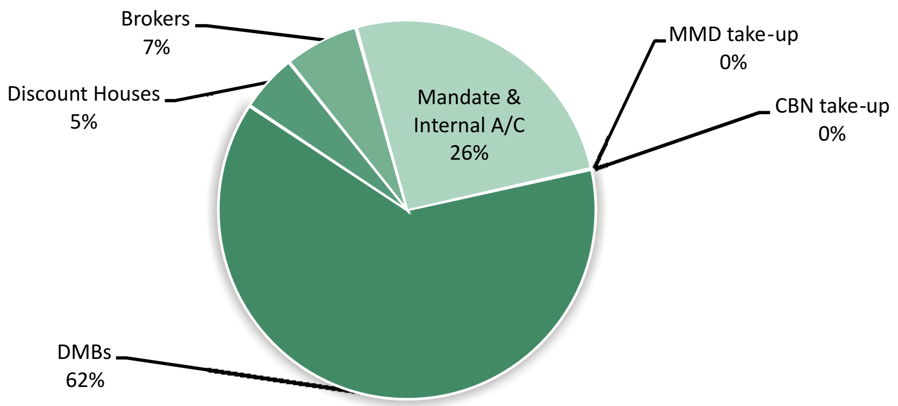


Figure 4.19: Treasury Bills Outstanding

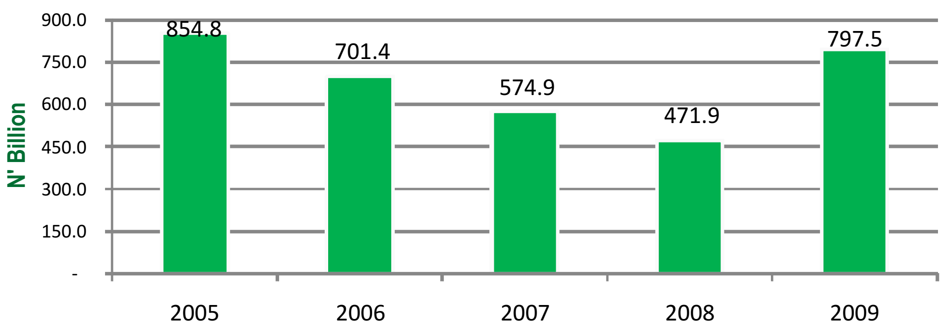
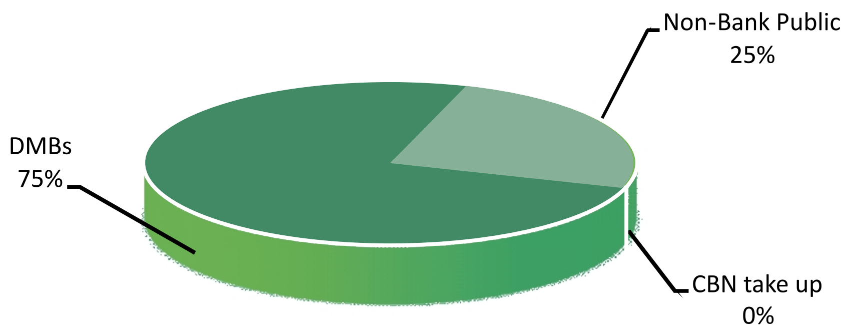


Figure 4.20: Nigerian Treasury Bills: Classes of Holders in 2009



4.4.2.2 Commercial Papers (CPs)

Investments in CPs as a supplement to bank credit to the private sector fell in 2009. The value of CPs held by DMBs declined by 38.1 per cent to ₦509.1 billion at end-December 2009, compared with the increase of 126.4 per cent at end-December 2008. Thus, CPs constituted 15.2 per cent of the total value of money market assets outstanding, compared with 29.6 per cent at the end of the preceding year.

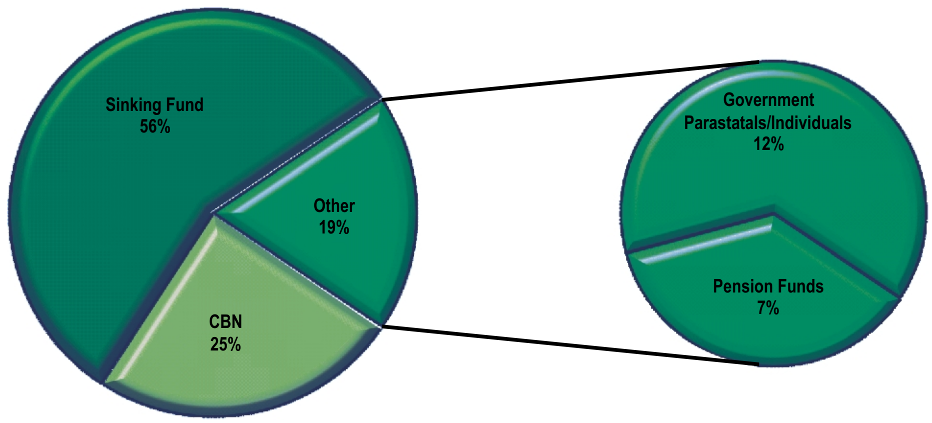
4.4.2.3 Bankers' Acceptances (BAs)

Holdings of BAs by DMBs fell by 6.3 per cent to ₦62.2 billion as at end-December 2009, compared with the fall of 18.9 per cent at end-December 2008. The fall reflected the decline in investments by DMBs and discount houses. Consequently, BAs accounted for 1.9 per cent of the total value of money market assets outstanding at end-December 2009, down from 2.4 per cent end-December 2008.

4.4.2.4 Federal Republic of Nigeria Development Stocks (FRNDS)

Outstanding Development Stocks stood at ₦0.52 billion at end-December 2009. There was, however, no redemption during the year. Of the amount outstanding, the CBN held a total of ₦0.13 billion, compared with ₦0.14 billion in 2008. Holdings on the account of sinking funds stood at ₦0.29 billion, down from ₦0.38 billion in the previous year. Holdings by the non-bank public was ₦0.1 billion, from ₦0.06 billion in the preceding year.

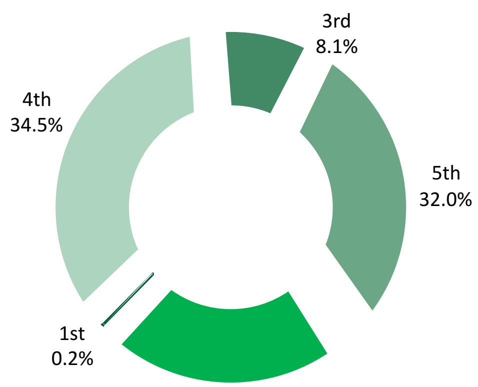
Figure 4.21: Development Stock: Classes of Holders in 2009



4.4.2.5 FGN Bonds

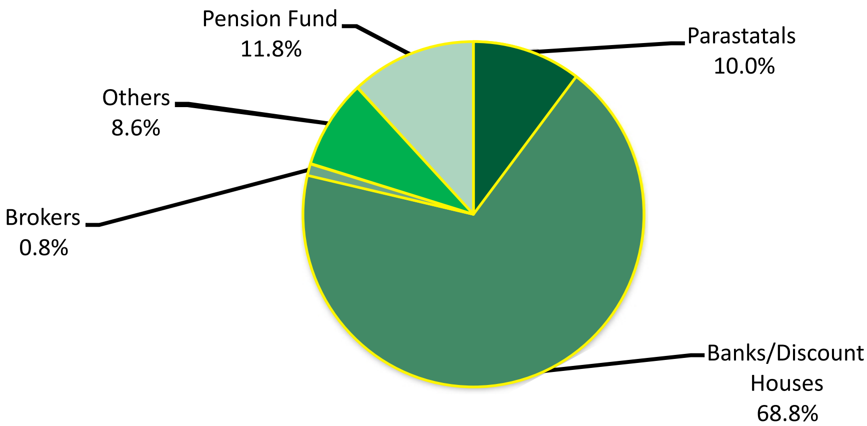
At the FGN Bonds segment, new Bonds were floated while the 4th, 5th and 6th FGN Bonds were re-opened. Total outstanding at the end of 2009 was ₦1,974.9 billion, compared with ₦1,445.7 billion at the end of the previous year, an increase of 36.6 per cent. The increase was traceable to the new issues to finance FGN's budget deficit and the restructured NTBs. Of the total outstanding bonds, 0.2 per cent was for the 1st FGN Bond, 8.1 per cent for the 3rd FGN Bond, 34.5 per cent for the 4th FGN Bond, 32.0 per cent for the 5th FGN Bond and the balance of 25.1 per cent for the 6th FGN Bond. The balance of ₦25.0 billion Special FGN Bond, issued to settle outstanding pension arrears, was fully liquidated during the year.

Figure 4.22: Outstanding FGN Bonds



A breakdown of the holdings of FGN Bonds showed that the banks and discount houses held 68.8 per cent, parastatals 10.0 per cent, the Pension Fund 11.8 per cent, Brokers 0.8 per cent and Others accounted for 8.6 per cent.

Figure 4.23: FGN Bonds by Holder

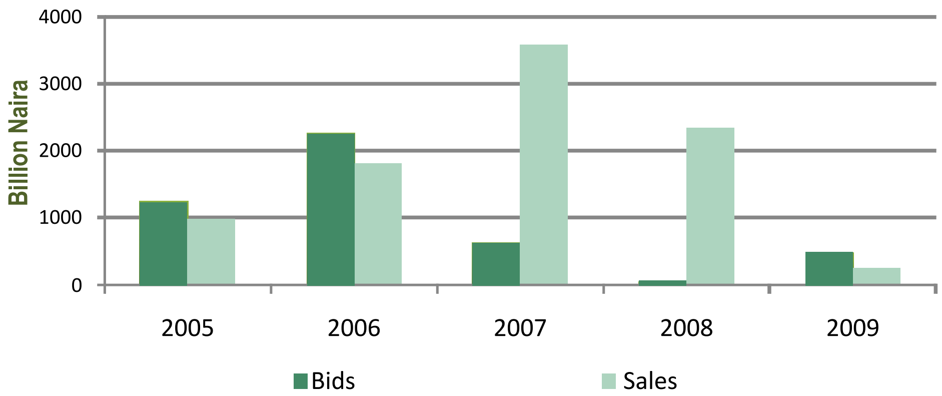


4.4.3 Open Market Operations (OMOs)

Analysis of activities in the money market revealed that there was a tight liquidity condition in the banking system early in 2009. However, in order to boost the tradeable bills at the inter-bank, two way quote trading, a weekly auction of ₦20.0 billion was approved by the Monetary Policy Committee (MPC) and, as a result of that policy action, a total of ₦62.3 billion was withdrawn from the banking system by the end of March. There was neither purchase nor sale of government securities through the two-way quote platform due to the unattractiveness of the offer rates quoted at the trading sessions. However, in order to provide funds for the ₦200.0 billion Commercial Agricultural Credit Scheme (CACS) and boost tradeable maturities at the secondary market, as well as deepen activities among money market dealers, direct auctions were conducted four (4) times in April 2009. Nigerian Treasury Bills (NTBs) worth ₦125.8 billion, ₦20.0 billion and ₦60.0 billion were offered in April, May and June, respectively, while the sum of ₦95.15 billion, ₦39.25 billion and ₦57.8 billion, respectively were allotted. In line with the Bank's monetary policy stance, aggressive mopup of excess liquidity was suspended from July to December 2009.

Total subscription and sale of NTBs amounted to ₦471.6 billion and ₦254.9 billion, respectively in 2009, compared with ₦34.0 billion and ₦2, 331.3 billion, respectively in 2008. The low level of sales could be attributed to the tight liquidity in the banking system, the suspension of mop-up activities and the policy stance of the Bank to inject liquidity into the banking system.

Figure 4.24: OMO Issues and Sales



4.4.4 Discount Window Operations

4.4.4.1 CBN Standing Facilities

Deposit Money Banks and discount houses continued to access the standing facilities in order to meet their liquidity needs during temporary shortages and to invest their surpluses when the need arose.

4.4.4.1.1 Deposit Facilities

Interest payment on the standing deposit facilities window was restored, with effect from July 7, 2009, after its suspension in October 2007. With the downward review of MPR to 6.0 per cent, from 8.0 per cent, the interest rates corridor was restored at 200 basis points above the MPR for lending facilities and 200 basis points below MPR for deposit facilities. The deposit rate was further reviewed downwards to 400 basis points in November 2009. Consequently, the cumulative deposits placed by DMBs and discount houses in the year under review was ₦8,628.9 billion, against the nil recorded in 2008 when deposits were not remunerated.

4.4.4.1.2 Lending Facilities

Activities at the standing lending facility window were sustained. The cumulative transactions at the standing lending facility in 2009 stood at ₦32,533.6 billion, an increase of 9.8 per cent or ₦2,889.3 billion, compared with ₦29,644.3 billion in 2008.

4.4.4.2 Over-the-Counter Transactions (OTCs)

Over-the-counter trading in FGN Bonds was carried out on the floor of the Nigerian Stock Exchange, while final settlement was effected at the CBN. Total transaction was ₦26,879.1 billion in 212,509 deals, an increase of ₦16,090.2 billion or 166.4 per cent, when compared with ₦10,090.0 billion in 80,135 deals in 2008. The development was attributed to the preference for government securities by the Primary Dealers Market Makers (PDMM).

4.4.4.3 Foreign Investment

During the year, there was no investment in either NTBs or FGN Bonds by foreign investors, a fallout of the global economic meltdown, which culminated in the outflow of capital from the economy. However, total investment at end-December 2008 was ₦71.7 billion.

4.4.4.4 Promissory Notes

Promissory notes worth ₦6.7 billion were issued in favour of some banks in respect of the purchase and assumption of some liquidated banks in 2009, compared with ₦9.1 billion issued in 2008. The sum of ₦14.2 billion was redeemed, leaving an outstanding stock of ₦15.3 billion at end-December 2009.

4.4.4.5 The Expanded Discount Window Operations/CBN Guarantees

The Expanded Discount Window (EDW) which allowed the use of privately issued securities, such as Bankers' Acceptances, Guaranteed Commercial Papers, Promissory Notes, NDIC Accommodation Bills, State Government Bonds and tenored securities of up to 365 days, remained accessible to market players in the first two quarters of 2009. However, government securities, namely, Nigerian Treasury Bills and FGN Bonds, ceased to be eligible for the EDW transactions from March 2009. The total volume of EDW transactions between January and July 2009 was ₦1,465.7 billion at rates ranging from 12.0 to 24.4 per cent. The applicable rates were anchored on the MPR except for the period between February and April 2009 when they were linked to the NIBOR. There were no fresh transactions on the window, following the decision of the Bank to close the EDW in July 2009.

Furthermore, as part of the CBN strategy to address the problem of risk perception among the counter parties and encourage trading among the DMBs at the inter-bank money market, the Bank guaranteed all inter-bank placements, with effect from July 2009. The guarantee, coupled with the injection of the sum of ₦620 billion into eight troubled banks, had the salutary effect of moderating/stabilizing the inter-bank money market rates.

As part of the CBN strategy to address the problem of risk perception among the counterparties and encourage trading among the DMBs at the inter-bank money market, the Bank guaranteed all inter-bank placements, with effect from July 2009.

4.4.4.6 Repurchase Agreement (Repo)

In line with the Bank's policy to engender a more efficient and effective intermediation framework and, in order to stabilize interest rates, especially at the short-end of the credit market, the Bank's window remained open to all market participants. From March 2009, access to the facility was streamlined such that the tenor was pegged to a maximum of 90 days and only Federal Government security-backed collaterals were acceptable. The rate on the repo window was benchmarked to the MPR plus appropriate basis points to reflect the different tenors. The sum of ₦1,395.9 billion was approved at the repurchase window from February to September 2009. Patronage at the repo window, however, slowed as the Bank's guarantee of inter-bank exposures and Pension Fund Administrators' placements with banks engendered confidence, provided liquidity and led to more vibrant inter-bank activities. It also enhanced access to funds in the banking system.

4.4.4.7 Open-Buy-Back (OBB) Transactions

The total value of transactions at the OBB stood at ₦19,166.1 billion in 2009, a decrease of 29.3 per cent from the ₦27,105.9 billion recorded in 2008. The development was attributed to the tight liquidity condition in the banking system and the dearth of government securities available for collaterals.

4.5 CAPITAL MARKET DEVELOPMENTS

4.5.1 Institutional Developments in the Nigerian Capital Market

Sixty-four (64) securities, consisting of nine (9) dormant companies, fifty-three (53) fixed income securities and two (2) other firms were delisted from the Daily Official List, while three (3) managed funds were granted memorandum-listing status, compared with four (4) in 2008. The names of three (3) companies were changed as recommended by their board of directors as follows: Platinum Habib Bank PLC to Bank PHB PLC; First Inland Bank PLC to FinBank PLC; and Dunlop Nigeria PLC to DN Tyre & Rubber PLC.

In an effort to strengthen and propel the Nigerian Stock Exchange (NSE) into the future, a new organizational structure was approved. Under the new structure, the title of the Director General became Group Chief Executive Officer, supported by four (4) Executive Directors heading four (4) directorates, namely, Information Technology and Market Operations, Listings, Strategy and Business Development, and Regulation and Risk Management. The Private Placement and Emerging Markets department of the Exchange was also renamed the Alternative Investment Market and Private Placement Exchange (AIM/PRIPEX). The AIM/PRIPEX offers a special window for all concluded private placements to be listed on the Exchange. The Exchange introduced a new NSE-30 and four sectoral indices. These are the NSE-30, the NSE Food/Beverage, the NSE Banking, the NSE Insurance and the NSE Oil/Gas Indices.

In an effort to strengthen and propel the Nigerian Stock Exchange (NSE) into the future, a new organizational structure was approved.

Furthermore, the NSE concluded arrangements with two renowned global news media, namely, Thomson Reuters and Bloomberg for the dissemination of real-time market data to the global investment community. The service was designed to complement that provided by the official website and local data centre. The Exchange commissioned two (2) new trading floors in Owerri and Bauchi, bringing the number of trading floors to thirteen (13), compared with eleven (11) in the preceding year. Also, in an effort to internationalise the market, the Exchange collaborated with Bloomberg to co-brand all the newly created indices in order to enhance their profile and give institutions the confidence to create products, based on these indices.

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4.5.2 The Nigerian Stock Exchange (NSE)

Activities on the floor of the NSE were bearish, as all the major market indicators trended downwards almost throughout the year. The aggregate volume and value of traded securities declined substantially by 46.9 and 71.4 per cent, respectively. Also, aggregate market capitalization of the 266 listed securities declined by 26.3 per cent to close at ₦7.0 trillion, compared with ₦9.6 trillion recorded in 2008. The market capitalization of the 216 listed equities dropped from ₦7.0 trillion in 2008 to close at ₦5.0 trillion. The development was due largely to the significant decline in the price of equities, the delisting of 11 companies and the maturity of 53 fixed income securities.

Activities on the floor of the NSE were bearish, as all the major market indicators trended downwards almost throughout the year.

Market capitalization, as a percentage of GDP, was 28.5 per cent, compared with 39.7 per cent in 2008. The ratio of the value of stocks traded to GDP remained at 10.0 per cent as in the preceding year and the turnover value, as a percentage of market capitalization, was 9.8 per cent, compared with 25.2 per cent in the preceding year. The annual turnover value (measured as a ratio of the total value of stocks traded to the total value of stocks listed on the domestic market) declined by 71.4 per cent, in contrast to the increase of 14.3 per cent in 2008.

Figure 4.25: Trends in Market Capitalization and NSE Value Index

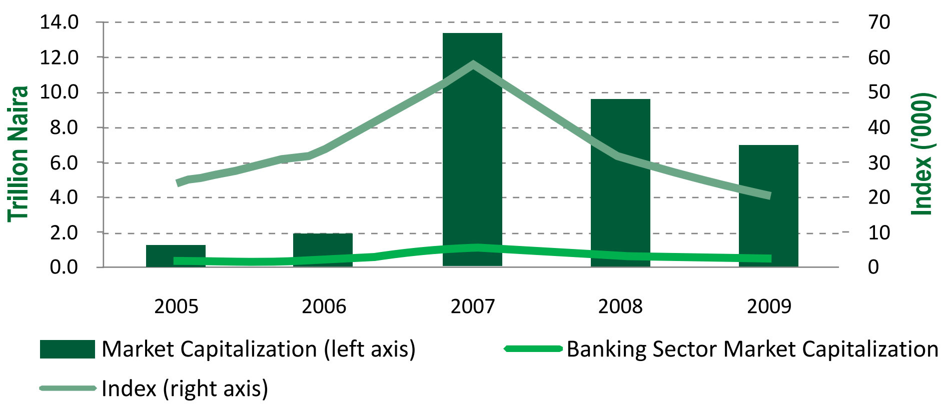


Table 4.12: Indicators of Capital Market Developments in the Nigerian Stock Exchange (NSE)

	2005	2006	2007	2008	2009
Number of Listed Securities	288	288	309	299.0	266.0
Volume of Stocks Traded (Turnover Volume) (Billion)	26.7	36.5	138.1	193.1	102.9
Value of Stocks Traded (Turnover Value) (Billion Naira)	262.9	470.3	2100.0	2400.0	685.7
Value of Stocks/GDP (%)	1.8	2.6	8.9	10.0	10.0
Total Market Capitalization (Billion Naira)	2900.1	5120.9	13294.6	9,535.8	7,032.1
Of which: Banking Sector (Billion Naira)	*1212.1*	*2142.7*	*6432.2*	*3,715.5*	*2,238.1*
Total Market Capitalization/GDP (%)	19.5	28.1	56.0	39.7	28.5
Of which: Banking Sector/GDP (%)	*8.1*	*11.8*	*27.1*	*15.5*	*9.1*
Banking Sec. Cap./Market Cap. (%)	41.8	41.8	41.8	39.0	31.8
Annual Turnover Volume/Value of Stock (%)	10.1	7.8	6.6	8.0	15.0
Annual Turnover Value/ Tota l Market Capitalization (%)	9.1	9.2	15.8	25.2	9.8
NSE Value Index (1984=100)	24,085.8	33,358.3	57,990.22	31,450.78	20,827.17
Growth (In per cent)					
Number of Listed Securities	4.0	0.0	7.6	-2.6	-11
Volume of Stocks	38.8	36.8	278.4	39.8	-46.9
Value of Stocks	16.4	78.9	346.5	14.3	-71.4
Total Market Capitalization	50.6	76.6	159.6	-27.8	-26.3
Of which: Banking Sector	*82.9*	*76.8*	*200.2*	*-42.2*	*-39.8*
Annual Turnover Value	16.4	78.9	346.5	14.3	-71.4
NSE Value Index	1.0	38.5	74.7	-45.8	-33.8
Share of Banks in the 20 Most Capitalised Stocks in the NSE (%)					

Source: Nigerian Stock Exchange (NSE).

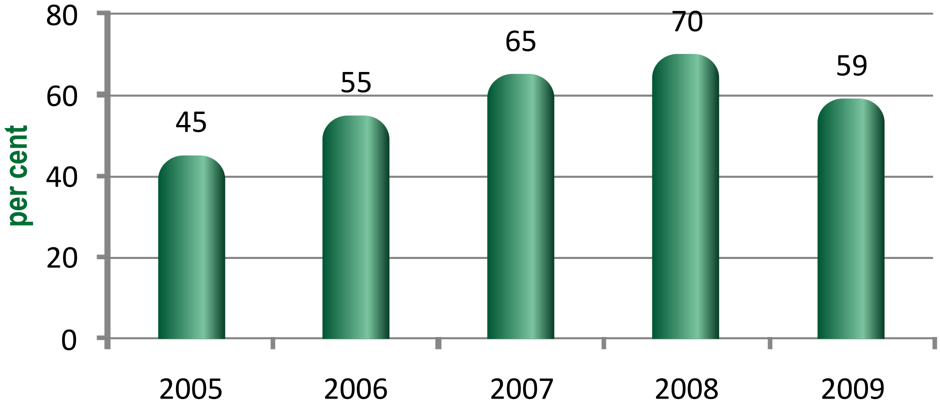
4.5.2.1 The Secondary Market

The secondary market segment of the NSE recorded poor performance as there was significant capital reversal owing to low investors' confidence, following the global economic and financial crises. A turnover volume of 102.9 billion shares was recorded, indicating a decline of 46.9 per cent from the 193.1 billion shares in 2008. Similarly, a market turnover of ₦685.7 billion was recorded, representing a decline of 71.4 per cent from the level in 2008. The bulk of the transactions remained in equities, which accounted for ₦685.3 billion or 99.9 per cent of the turnover value. Transactions in the industrial loans sub-sector accounted for ₦412.8 million, representing 0.1 per cent of the total, while the Preference Stocks sub-sector remained inactive. Of the top twenty (20) listed companies by turnover volume, the banking and insurance sub-sectors accounted for eighteen (18), while information and communications technology and conglomerate had one (1) each. The share of banks in the twenty (20) most capitalized stocks in the NSE was 59.0 per cent.

The secondary market segment of the NSE recorded poor performance as there was significant capital reversal owing to low investors' confidence, following the global economic and financial crises.

Towards the end of the year, however, the market rebounded, owing to market corrections. Consequently, foreign portfolio investments worth ₦229.0 billion were recorded, compared with ₦153.5 billion recorded in the preceding year.

Figure 4.26: Share of Banks in the 20 Most Capitalized Stocks in the NSE



4.5.2.2 The NSE Value Index

The Nigerian Stock Exchange (NSE) All-Share Index fell significantly by 33.8 per cent to close at 20,827.17, compared with 31,450.78 in the preceding year. The development reflected the decline in share prices of the listed stocks on the Exchange, a consequence of the continued crisis in the global financial system, weak domestic economic performance, and the sustained investors' crisis of confidence experienced in the capital market.

The new NSE-30 Index, however, dropped marginally by 3.0 per cent to close at its year-end level of 827.99, while the four sectoral indices, namely, the NSE Food/Beverage Index, the NSE Banking Index, the NSE Insurance Index and the NSE Oil/Gas Index also fell, by 5.8, 32.0, 61.1 and 60.1 per cent, respectively, to close at 526.71, 339.32, 249.01 and 288.06.

4.5.2.3 The New Issues Market

There was a lull in the primary market as indicated by the decline in the number of applications received and issues offered for public subscription, reflecting the liquidity crisis and investors' waning confidence in the market.

There was a lull in the primary market as indicated by the decline in the number of applications received and issues offered for public subscription, reflecting the liquidity crisis and investors' waning confidence in the market. The Exchange approved 30 applications for both new issues and mergers/acquisitions, valued at ₦279.3 billion, compared with 70 applications valued at ₦2.6 trillion in 2008. The non-bank corporate issues accounted for 71.5 per cent of the total new issues approved with 25 applications valued at ₦199.7

billion, while the banking sub-sector accounted for 3.6 per cent with one application valued at ₦10.1 billion. The State Government Bond issue amounted to ₦69.5 billion, representing 24.9 per cent of the total. Of the non-bank applications, foreign listings and insurance sub-sectors accounted, respectively, for ₦27.5 billion (9.8 per cent) and ₦33.2 billion (11.9 per cent).

No new issue was raised through initial public offer (IPO), while ₦314.7 billion was raised through supplementary issues. The sum of ₦31.7 billion was raised through rights issues and ₦71.7 billion through bonds issue, including four State Government Bonds. Listing by Introduction accounted for ₦131.0 billion, while shares placement took ₦7.4 billion. Four (4) applications by Unit Trusts for memorandum-listing valued at ₦22.8 billion were also approved during the year.

Figure 4.27: New Issues by Sector

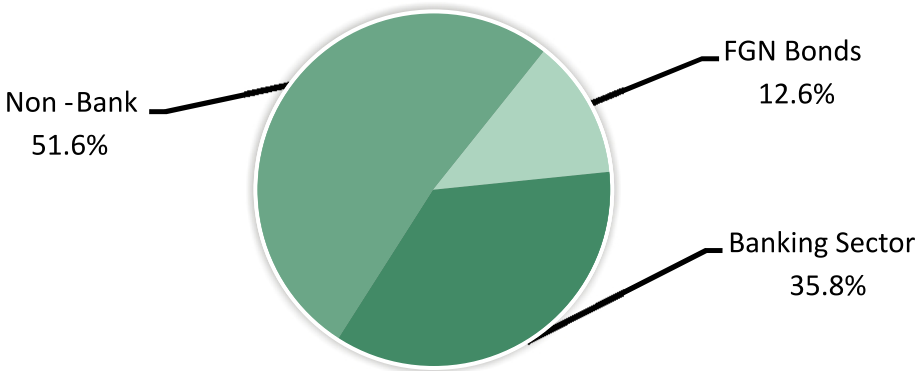
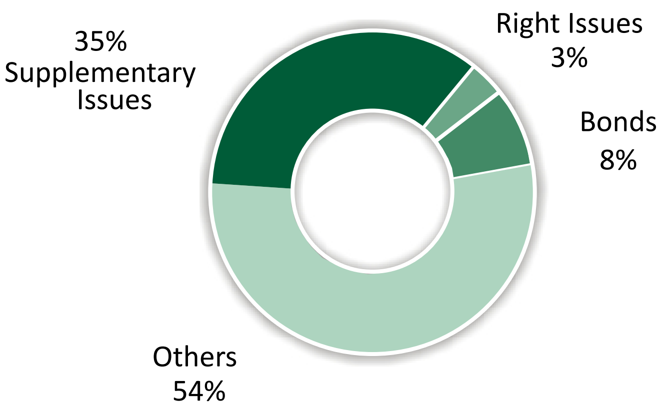


Figure 4.28: New Issues by Type



CHAPTER 5

5.0 FISCAL OPERATIONS

Nigeria's fiscal policy thrust in 2009 remained the maintenance of prudent fiscal management under the revised Medium-Term Fiscal Framework. At ₦4,844.6 billion or 19.6 per cent of GDP, the gross Federation Account revenue decreased by 38.4 per cent below the level in 2008. The development was attributed to the decrease in both domestic crude oil production and prices, particularly during the first quarter. However, the decline was moderated by the rise in non-oil receipts. The need to stimulate the economy prompted a substantial drawdown of the excess crude account savings, from US$20.34 billion at end-2008 to US$6.54 billion at end-2009 to shore up the distributable revenue to the three tiers of government. The Analysis of the fiscal operations of the general government revealed an aggregate outlay of ₦7,258.0 billion, relative to an aggregate revenue of ₦6,263.4 billion and resulted in an overall deficit of ₦994.5 billion or 4.0 per cent of GDP, which was financed largely through domestic borrowing. Federal Government retained revenue decreased by 17.2 per cent below the level in 2008, while aggregate expenditure rose by 6.5 per cent. The fiscal operations of the Federal Government resulted in an overall deficit of ₦810.0 billion or 3.3 per cent of GDP. Provisional data on state governments' finances indicated an overall deficit of N186.2 billion, while that of the local governments showed a surplus of ₦1.8 billion. Consolidated public debt was ₦3,812.6 billion or 15.4 per cent of GDP at end-2009 , compared with ₦2,811.3 billion or 11.7 per cent at end-2008. Nigeria's external debt stock increased by US$0.2 billion to US$3.9 billion, following the additional disbursement of concessional loans from multilateral institutions. In the same vein, domestic debt grew by 35.6 per cent to ₦3,228.0 billion as a result of the additional net borrowing during the year.

5.1 FISCAL POLICY THRUST

The fiscal policy thrust for 2009 was instituted against the backdrop of the challenges posed by the global economic and financial crises, which led to a slowdown of global economic growth. The development resulted in a lower crude oil demand and a decline in the international prices of oil, which adversely affected the Nigerian economy. Consistent with the revised Medium-Term Expenditure Framework, the fiscal thrust adopted a prudent outlook that was targeted at achieving the following:

The fiscal policy thrust for 2009 was instituted against the backdrop of the challenges posed by the global economic and financial crises, which led to a slowdown of global economic growth.

- A more efficient use of public resources by rationalizing areas of waste and focusing on the critical sectors that would propel economic growth and assist in the realization of the objectives of the 7-Point Agenda of the Federal Government;
- Migrating from a system in which limited resources are spread thinly across

many projects to that in which resources are concentrated on fewer, high priority projects for speedy completion;

- Strengthening compliance with ECOWAS Common External Tariff (CET) to mitigate cross-border smuggling and enhance sub-regional trade, through continued implementation of the tariff bands under the "2008 2012 Nigeria Customs and Tariff Book", with the 'fifth band' of 35.0 per cent providing modest protection to key local industries;
- Increasing investment in critical physical infrastructure, human capital development and the implementation of sectoral reforms;
- Protecting the integrity of the financial system by introducing measures that would strengthen the financial markets and restore investors' confidence; and
- Ensuring lasting peace, security and development, not only in the Niger Delta, but across the country.

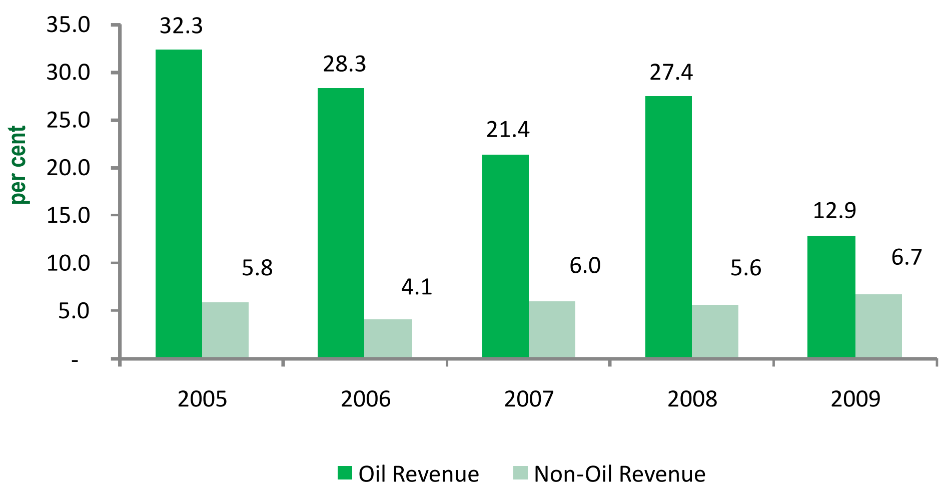
5.2 FEDERATION ACCOUNT OPERATIONS

5.2.1 Federally-Collected Revenue

Total federally-collected revenue declined by 38.4 per cent to N4,844.6 billion in 2009, and constituted 19.6 per cent of GDP.

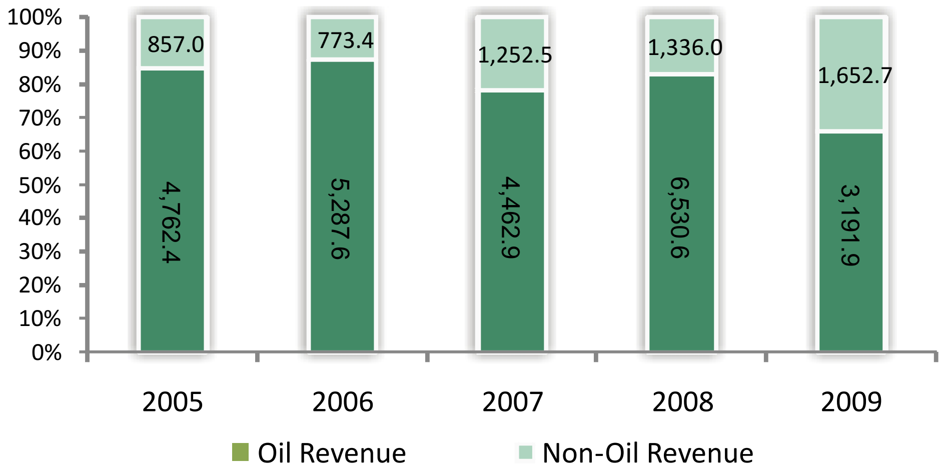
Total federally-collected revenue declined by 38.4 per cent to ₦4,844.6 billion in 2009, and constituted 19.6 per cent of GDP. The development was largely attributed to the decline in domestic crude oil production and exports, occasioned by the militant activities in the Niger Delta and lower oil prices in the international market, particularly during the first quarter of 2009.

Figure 5.1: Oil and Non-Oil Revenue (per cent of GDP)



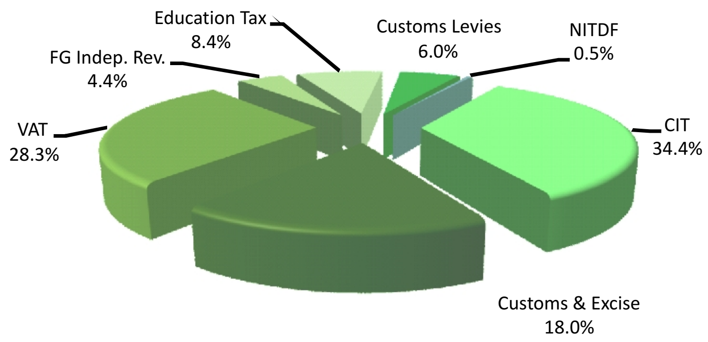
Of the total receipts, oil revenue (gross) accounted for ₦3,191.9 billion (12.9 per cent of GDP), indicating a decline of 51.1 per cent from the level in 2008. A breakdown showed that revenue from crude oil and gas exports fell significantly by 60.1 per cent from the level in the preceding year to ₦897.8 billion. In the same vein, receipts from petroleum profit tax (PPT) and royalties fell by 55.3 per cent to ₦1,256.5 billion, whilst the revenue from domestic crude oil sales dropped by 34.8 per cent to ₦953.0 billion. These developments reflected the decline in domestic oil production as well as in the global oil prices. The adverse effect was, however, moderated by the impact of the amnesty initiative of the Federal Government, which improved oil production and exports during the second half of the year. The sum of ₦809.6 billion was deducted from the gross oil receipts for the Joint Venture Cash (JVC) calls, ₦365.1 billion in respect of excess crude/PPT/royalty proceeds and "others", leaving a balance of ₦2,017.2 billion for distribution to the three tiers of government and other beneficiaries.

Figure 5.2: Federation Account: Composition of Revenue (Naira billion)



Gross revenue from non-oil sources rose by 23.7 per cent to ₦1,652.7 billion. A breakdown indicated that Value Added Tax (VAT) grew by 15.8 per cent to ₦468.4 billion, while company income tax (CIT) and customs/excise duties increased by 36.3 and 5.8 per cent, to ₦568.1 billion and ₦297.5 billion, respectively. Other components, education tax and custom levies also rose, by 195.6 and 36.4 per cent, to ₦139.5 billion and ₦98.5 billion, respectively, and the National Information Technology Development Fund (NITDF) rose by ₦7.5 billion. The rise in non-oil revenue was, however, dampened by the decline of 35.8 per cent in Independent Revenue of the Federal Government. At 6.7 per cent, the ratio of non-oil revenue to GDP rose above the level in the previous year, reflecting government's efforts at boosting revenue from non-oil sources.

Figure 5.3: Composition of Non-oil Revenue in 2009



The development was due to sustained efforts in revenue collection by both the Nigerian Customs Service (NCS) and the Federal Inland Revenue Service (FIRS). The sum of ₦69.8 billion was deducted from the non-oil revenue as costs of collection, leaving a distributable balance of ₦1, 582.9 billion.

5.2.2 Federation Account Distribution

The sum of N3,600.1 billion accrued to the Federation Account, indicating a decline of 20.9 per cent from the level in 2008. Of this amount, ₦449.7 billion was transferred to the VAT Pool Account and the sum of ₦73.2 billion and ₦245.6 billion were deducted for Independent Revenue and 'other transfers'[1], respectively. The sums of ₦735.0 billion, ₦812.4 billion and ₦158.7 billion were drawn from the excess crude account for budget augmentation, excess crude sharing and foreign exchange rate gains, respectively, and were added to boost the distributable revenue to ₦4,537.8 billion. Analysis of the distribution among the three tiers of government, as per the revenue-sharing formula[2], showed that the Federal Government received the sum of ₦2,060.0 billion (including Special Funds), State Governments ₦1,159.3 billion, and Local Governments ₦834.5 billion, while the sum of ₦484.0 billion, which accrued to the 13 per cent Derivation Fund, was shared among the oil-producing states.

5.2.3 VAT Pool Account Distribution

The sum of ₦449.7 billion was transferred to the VAT Pool Account, an increase of 15.8 per cent over the level in 2008. A breakdown of the distribution among the three tiers of government, as per the VAT Pool Account sharing formula[3], showed that the Federal Government received ₦67.4 billion, State Governments ₦224.8 billion, while the 774 local governments shared ₦157.4 billion.

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[1]This includes the Education Tax, Customs Levies, and the National Information Technology Development Fund.

[2]The Federation Account revenue sharing formula is as follows: FG (52.68%), SGs (26.72%) and LGs (20.60%), while 13.0% of net oil revenue is shared among oil-producing states.

[3]The VAT Pool Account revenue sharing formula is as follows: FG (15%), SGs (50%) and LGs (35%).

5.3 GENERAL GOVERNMENT FINANCES

5.3.1 Aggregate Revenue

At ₦6,263.4 billion, the aggregate revenue of the three tiers of government in 2009 comprised ₦2,831.7 billion from the Federation Account, ₦735.0 billion of budget augmentation proceeds, ₦812.4 billion of excess crude revenue, ₦158.7 billion of foreign exchange rate gains, ₦449.7 billion of VAT, ₦73.2 billion of Federal Government Independent Revenue, ₦487.3 billion of internally-generated revenue of the sub-national governments, ₦208.4 billion of grants/others for the sub-national governments, ₦41.1 billion of stabilization fund for the sub-national governments, ₦19.7 billion of state governments' allocation to the local governments, and ₦446.3 billion of other funds.

Table 5.1: Sources of Funds for the Three Tiers of Government in 2009 (Naira billion)

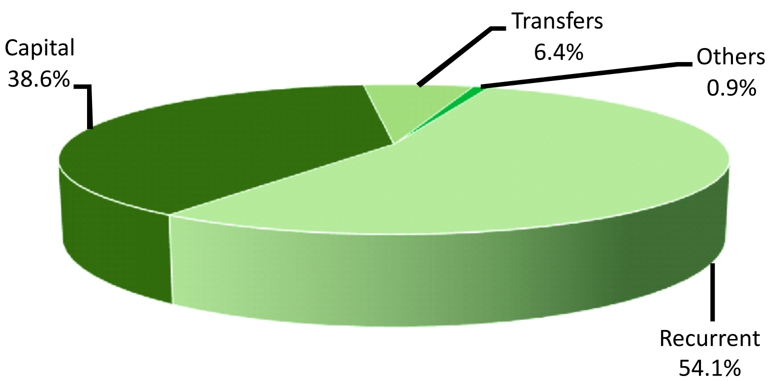
Source	FG			SG			LG	Grand Total
	FG (CRF+ Special Funds)	FCT	Sub-Total	States	13%	Sub-Total		
Share from Fed. Acct.	1,328.62	24.99	**1,353.61**	686.57	262.24	**948.80**	529.31	**2,831.73**
Budget Augmentation	330.48	6.39	**336.87**	170.87	95.55	**266.42**	131.73	**735.02**
Share from Excess Crude	290.56	6.27	**296.83**	264.96	105.61	**370.58**	145.00	**812.40**
Foreign Exchange Rate Gains	71.35	1.38	**72.73**	36.89	20.63	**57.52**	28.44	**158.68**
Share of VAT	62.95	4.50	**67.45**	224.83		**224.83**	157.38	**449.65**
FG Independent Revenue	73.20	-	**73.20**	-	-	-	-	**73.20**
Privatization Proceeds	-	-	-	-	-	-	-	-
Sub-National Govt. Internally-Generated Rev.	-	8.40	**8.40**	452.80	-	452.80	26.06	**487.26**
Grants and Others	-	-	-	188.10	-	188.10	20.32	**208.42**
Share of Stabilization	-	-	-	29.70	-	29.70	11.38	**41.08**
State Allocation	-	-	-	-	-	-	19.74	**19.74**
Others	446.29		**446.29**	-	-	-	-	**446.29**
TOTAL	**2,603.39**	**51.93**	**2,655.32**	**2,054.71**	**484.03**	**2,538.74**	**1,069.37**	**6,263.43**

5.3.2 Aggregate Expenditure

At ₦7,258.0 billion, the aggregate expenditure of the general government fell by 5.1 per cent from the level in 2008. As a proportion of GDP, it represented 29.4 per cent, compared with 31.5 per cent in 2008. A breakdown showed that the outlay on recurrent activities, at ₦3,925.7 billion (15.9 per cent of GDP), accounted for 54.1 per cent, capital expenditure, at ₦2,800.0 billion (11.3 per cent of GDP) represented 38.6 per cent, while transfers and 'others' at ₦465.5 billion (1.9 per cent of GDP) and ₦66.7 billion (0.3 per cent of GDP) accounted for 6.4 and 0.9 per cent of the aggregate expenditure, respectively.

At ₦7,258.0 billion, the aggregate expenditure of the general government fell by 5.1 per cent from the level in 2008.

Figure 5.4: Composition of General Government Expenditure in 2009



5.3.3 Overall Fiscal Balance and Financing

The primary balance was in deficit of ₦609.8 billion (2.5 per cent of GDP), while the overall fiscal operations of the general government resulted in a notional deficit of N994.5 billion (4.0 per cent of GDP), compared with the deficit of ₦137.2 billion (0.6 per cent of GDP) in 2008. The overall deficit was financed largely by domestic borrowing from the banking system and the non-bank public.

5.4 FEDERAL GOVERNMENT FINANCES

5.4.1 Overall Fiscal Balance and Financing

The current surplus in 2009 was lower by 52.1 per cent, relative to the preceding year and stood at ₦515.0 billion or 2.1 per cent of GDP, while the primary balance was in deficit of ₦558.2 billion or 2.3 per cent of GDP, compared with the surplus of ₦333.8 billion or 1.4 per cent of GDP in 2008. The overall fiscal operations of the Federal Government resulted in a notional deficit of ₦810.0 billion or 3.3 per cent of GDP, compared with the deficit of ₦47.4 billion or 0.2 per cent of GDP recorded in 2008. The deficit outperformed the WAMZ's primary convergence criterion target of 4.0 per cent, notwithstanding the deterioration, when compared with the position in the preceding four years. The overall budget deficit was financed mainly from domestic sources.

The overall fiscal operations of the Federal Government resulted in a notional deficit of ₦810.0 billion or 3.3 per cent of GDP, compared with the deficit of ₦47.4 billion or 0.2 per cent of GDP recorded in 2008.

Figure 5.5: Fiscal Deficit (per cent of GDP)

5.4.2 Retained Revenue of the Federal Government

The Federal Government retained revenue decreased to ₦2,646.9 billion, from ₦3,193.4 billion in 2008. Analysis of the revenue showed that the share from the Federation Account was ₦1,353.6 billion or 51.1 per cent of total; the VAT Pool Account accounted for ₦67.4 billion (2.5 per cent); the Federal Government Independent Revenue's share was ₦73.2 billion (2.8 per cent); share of excess crude oil earnings was ₦706.4 billion (26.7 per cent), while "others" accounted for the balance of 16.9 per cent.

The Federal Government retained revenue decreased to ₦2,646.9 billion, from ₦3,193.4 billion in 2008.

Figure 5.6: Composition of Federal Government Retained Revenue in 2009

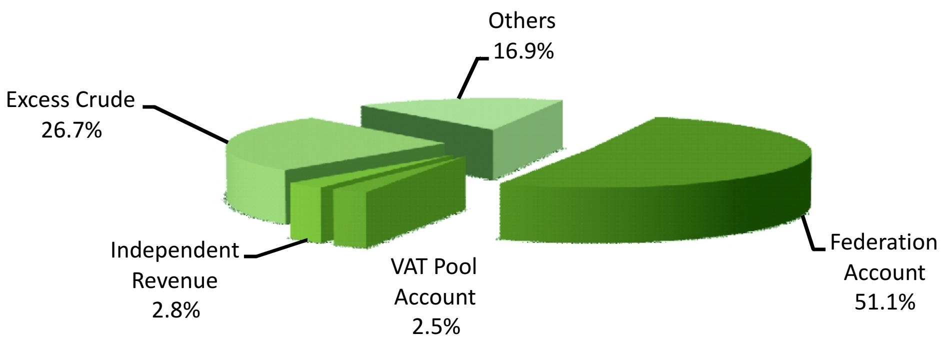
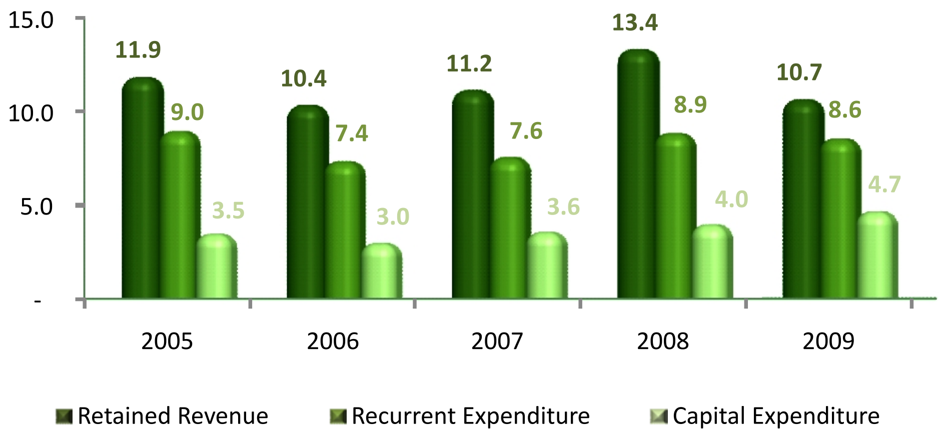


Figure 5.7: Federal Government Revenue and Expenditure (per cent of GDP)

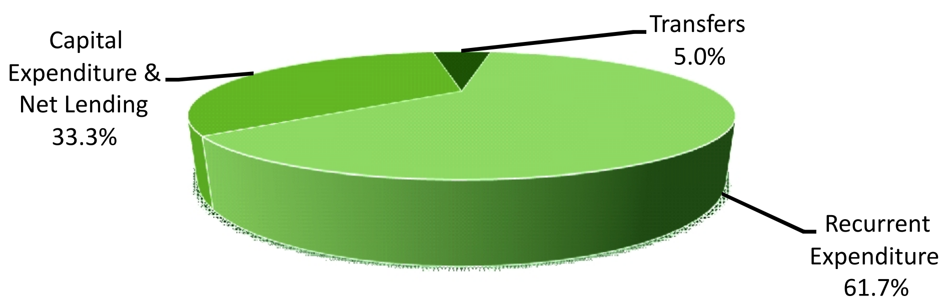


5.4.3 Total Expenditure of the Federal Government

Aggregate expenditure of the Federal Government increased by 6.7 per cent to ₦3,456.9 billion in 2009. As a proportion of GDP, total expenditure increased slightly to 14.0 per cent, from 13.6 per cent in the previous year. Non-debt expenditure increased by 12.1 per cent from the level in 2008 and exceeded the ₦2,954.4 billion budget estimate for 2009 by 8.5 per cent. Total debt service payments amounted to ₦251.8 billion, representing 7.3 per cent of the total expenditure or 1.0 per cent of GDP.

Aggregate expenditure of the Federal Government increased by 6.7 per cent to ₦3,456.9 billion in 2009.

Figure 5.8: Composition of Federal Government Expenditure in 2009



5.4.3.1 Recurrent Expenditure

At ₦2,131.9 billion, recurrent expenditure increased by 0.7 per cent over the level in 2008 and accounted for 61.7 per cent of total expenditure. As a percentage of GDP, recurrent expenditure declined to 8.6 per cent, from 8.9 per cent in 2008. Most of the components of recurrent expenditure fell relative to their levels in the preceding year. Thus, interest payments decreased by 33.9 per cent, while transfers dropped by 15.4 per cent. The goods and services component, however, increased by 11.3 per cent. Analysis of the goods and services component showed that personnel cost and pensions amounted to ₦1,148.3 billion or 53.9 per cent of the total and overhead cost totalled ₦564.2 billion or 26.5 per cent. Furthermore, interest payments stood at ₦251.8 billion or 11.8 per cent (comprising external ₦37.2 billion and domestic ₦214.5 billion) while transfers to the Federal Capital Territory (FCT) and other transfers accounted for ₦167.7 billion or 7.9 per cent.

Recurrent expenditure increased by 0.7 per cent over the level in 2008 and accounted for 61.7 per cent of total expenditure.

Figure. 5.9: Economic Classification of Recurrent Expenditure in 2009

Interest payments on consolidated debt (foreign and domestic) as a percentage of GDP fell from 1.6 per cent in 2008 to 1.0 per cent in 2009.

The functional classification of recurrent expenditure showed that the outlay on administration rose by 12.3 per cent to ₦820.8 billion and accounted for 38.5 per cent of the total. Transfer payments, however, fell by 13.5 per cent, to ₦639.7 billion and constituted 30.0 per cent of the total, reflecting a significant reduction in both external and domestic debt charges in 2009. Expenditure on economic services increased marginally by 1.1 per cent to ₦317.2 billion and accounted for 14.9 per cent of recurrent expenditure. Within the economic sector, agriculture, transport, communications and roads/construction jointly absorbed 60.9 per cent of the share of the sector, while expenditure on social and community services accounted for 16.6 per cent.

Figure 5.10: Recurrent Expenditure & Personnel Cost (per cent of GDP)

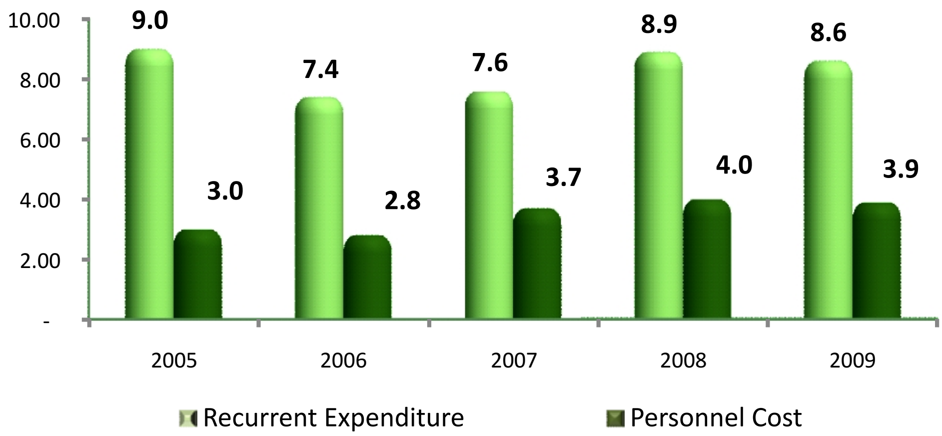
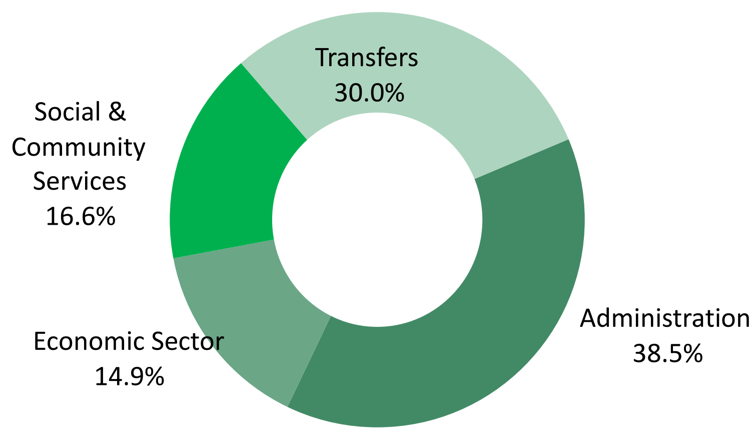


Figure 5.11: Functional Classification of Federal Government Recurrent Expenditure in 2009

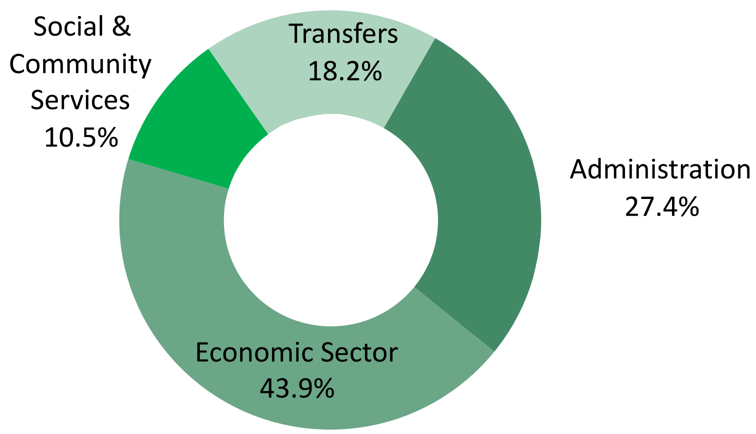


5.4.3.2 Capital Expenditure

Capital expenditure increased by 20.0 per cent to ₦1,152.8 billion, and accounted for 33.3 and 4.7 per cent of total expenditure and GDP, respectively. As a proportion of Federal Government revenue, capital expenditure was 43.6 per cent, exceeding the stipulated minimum target of 20.0 per cent under the WAMZ secondary convergence criteria. A breakdown of capital expenditure showed that public investment in economic services accounted for ₦506.0 billion or 43.9 per cent of the total, compared with 52.5 per cent in the preceding year. Within the economic services sector, manufacturing, mining/quarrying, agriculture/natural resources, transport/communications and roads/construction absorbed 81.9 per cent of the share of the sector. Public investments in social and community services recorded a decrease of 20.6 per cent below the level in the preceding year, and accounted for 10.5 per cent of the total. Within the social and community services sector, expenditure on education and health, declined by 11.1 and 46.0 per cent to ₦43.4 billion and ₦52.5 billion, respectively. As a ratio of capital spending, expenditure on education and health constituted 3.8 and 4.6 per cent, respectively, in 2009, compared with 5.1 and 10.7 per cent in 2008.

Capital expenditure increased by 20.0 per cent to N1,152.8 billion, and accounted for 33.3 and 4.7 per cent of total expenditure and GDP, respectively.

Figure 5.12: Functional Classification of Federal Government Capital Expenditure in 2009



BOX 4: FISCAL STIMULUS AS A STABILIZATION TOOL

The global economic and financial crises of 2007 through 2009 have brought renewed interest in the role of discretionary fiscal policy as a counter-cyclical measure and, indeed, a potent mitigant against fluctuations in economic activities and business cycles. Discretionary fiscal policy is the deliberate change in government spending and/or taxation policies to influence the level of aggregate demand. The period witnessed the emergence of severe economic and financial conditions which were provoked by the sub-prime crisis in the United States (US) that triggered widespread bankruptcy of large corporations, mortgage institutions, banks, etc, and eventual recession in most of the world's major industrial and emerging economies. Consequently, several countries implemented different stimulus packages and tax adjustments to boost aggregate demand in order to enhance growth and employment in their various economies. However, the size of the discretionary measures varied from one country to another, depending on the severity of the crisis and, most importantly, the available fiscal space.

On the confirmation of declining outputs for two/three consecutive quarters, signalling the onset of recession, the United States assembled substantial stimulus packages, running into billions of US Dollars, in the form of fiscal bail-outs of insolvent firms and expenditure hand-outs to boost aggregate demand and reduce unemployment. In addition, the fiscal stimulus was complemented by tax adjustments to upturn dwindling economic fortunes. In the same vein, the United Kingdom (UK), Germany, Japan and other industrial and emerging economies implemented broad-ranging fiscal stimuli involving, direct spendings and a host of other interventions to increase expenditures, particularly on infrastructure, and provide cash hand-outs as a safety net. China disbursed about US$635 million as fiscal stimulus to reverse the apparent slowdown in its economy. Overall, the stimulus packages, to a large extent, not only helped to stem the tide of decline, but were also able to reset these economies on the path of growth and recovery.

Nigeria's stimulus package was obviously not as pungent as those undertaken elsewhere, but like other economies ravaged by the adverse impact of the global economic meltdown, the Federal Government initiated a fiscal stimulus to contain the obvious slowdown of economic growth. Consequently, the following fiscal interventions were deployed:

- Disbursement of N200.0 billion to deposit money banks under the Commercial Agricultural Credit Scheme;

- Continuation of the lower tariffs regime under the '2008 2012 Nigeria Customs and Tariff Book' to encourage the importation of raw materials to stimulate domestic industrial production and manufacturing activities;
- Earmarking of ₦361.2 billion for investment in critical infrastructure; and
- Injection of about ₦100.0 billion multilateral loan in critical sectors of the economy.

The fiscal stimulus countered the effects of the global crisis and curtailed the deceleration of Nigeria's economic growth.

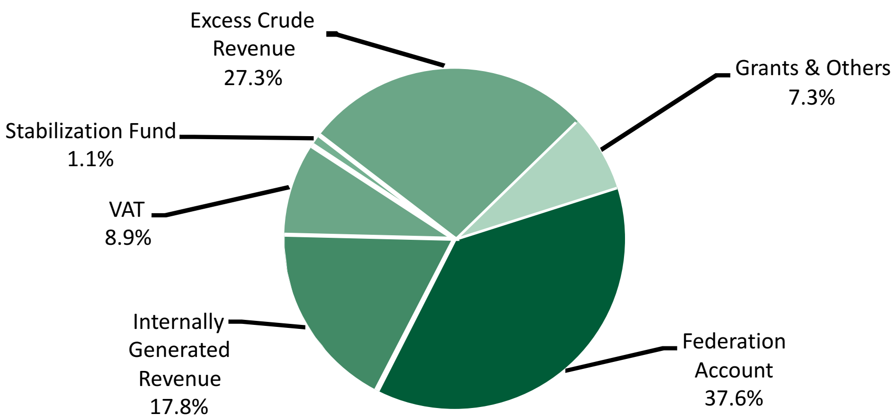
5.5 STATE GOVERNMENTS' FINANCES[4]

5.5.1 Overall Fiscal Balance and Financing

Provisional data on state governments' finances (including FCT) indicated an increase in the overall deficit from ₦86.8 billion, or 0.4 per cent of GDP in 2008 to ₦186.2 billion, or 0.8 per cent of GDP in 2009. The deficit was financed largely through loans from the DMBs.

Provisional data on state governments' finances (including FCT) indicated an increase in the overall deficit.

Figure 5.13: State Governments' Revenue (Naira billion)



5.5.2 Revenue

Total revenue of the State Governments fell by 11.7 per cent to ₦2,590.7 billion, or 10.5 per cent of GDP, compared with ₦2,934.8 billion, or 12.1 per cent of GDP in 2008. The analysis of the sources of revenue indicated that allocations from the Federation Account (including the 13.0 per cent Derivation Fund) was ₦973.8 billion or 37.6 per cent; VAT Pool Account, ₦229.3 billion or 8.9 per cent; Internally Generated Revenue (IGR), ₦461.2 billion or 17.8 per cent; Stabilization Account ₦29.7 billion or 1.1 per cent; excess crude account sharing (including budget augmentation and foreign exchange rate gains) ₦708.6 billion or 27.3 per cent; and grants/others ₦188.1 billion or 7.3 per cent. The IGR rose above the level in 2008 by 4.6 per cent to ₦461.2 billion. In terms of tax efforts, measured as the ratio of IGR to total revenue (IGR/TR), Lagos state ranked the highest with 62.2 per cent, followed by Sokoto and Ogun states with 47.7 and 29.3 per cent, respectively, while Ondo ranked the least with 1.2 per cent. In terms of the state governments' effort at improving internally-generated revenue, Taraba state ranked top with an increase of its IGR/TR ratio from 2.3 per cent in 2008 to 9.0 per cent, followed by Rivers and Benue states in the second and third positions, respectively. Overall, the consolidated IGR/TR ratio of the state governments increased from 15.0 per cent in 2008 to 17.8 per cent in 2009.

[4]The provisional data are from the CBN survey returns from 36 states and the FCT.

Table 5.2: State Governments' Revenue

Item	State Governments' Revenue				Share in Overall GDP	
	2008		2009 1/		2008	2009
	Amount (₦' Billion)	Share (%)	Amount (₦' Billion)	Share (%)	%	%
Federation Account 2/	1,709.2	58.2	973.8	37.6	7.0	3.9
Excess Crude Revenue 3/	354.1	12.1	708.6	27.3	1.5	2.9
VAT	198.0	6.8	229.3	8.9	0.8	0.9
Internally Generated Revenue	441.1	15.0	461.2	17.8	1.8	1.9
Stabilization Fund	53.4	1.8	29.7	1.1	0.2	0.1
Grants & Others	179.0	6.1	188.1	7.3	0.7	0.8
Total	**2,934.8**	**100.0**	**2,590.7**	**100.0**	**12.1**	**10.5**

1/ Including FCT

2/ Including 13% Derivation Fund

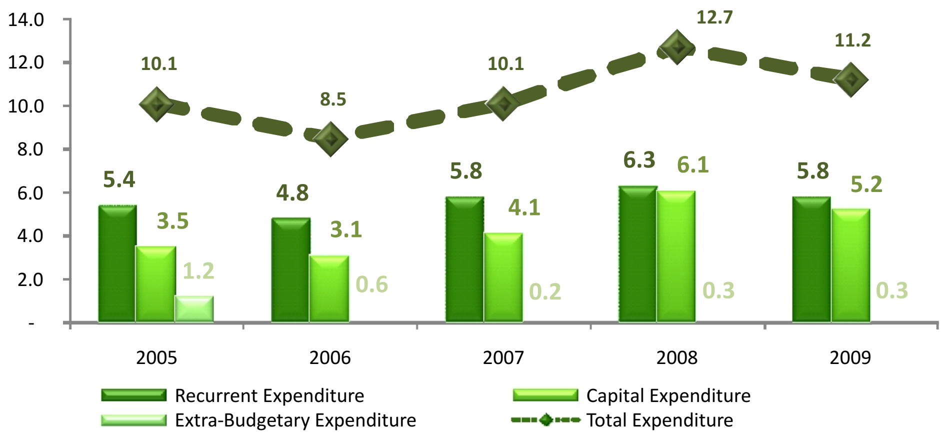
3/ Including Budget Augmentation and Foreign Exchange Rate Gains

5.5.3 Expenditure

The consolidated expenditure of the State Governments declined by 8.1 per cent to ₦2,776.9 billion, or 11.2 per cent of GDP. A breakdown showed that, at ₦1,426.1 billion or 5.8 per cent of GDP, recurrent expenditure was 5.3 per cent lower than the level in the preceding year and accounted for 51.4 per cent of the total.

The consolidated expenditure of the State Governments declined by 8.1 per cent to ₦2,776.9 billion, or 11.2 per cent of GDP.

Figure 5.14: State Governments' Expenditure (per cent of GDP)



At ₦1,284.2 billion, or 5.2 per cent of GDP, the capital expenditure of the state governments was 11.8 per cent lower than the level in 2008 and accounted for 46.2 per cent of the total. However, extra-budgetary expenditure increased by 10.7 per cent and accounted for 2.4 per cent of total expenditure.

Analysis of the consolidated spending on primary welfare sectors indicated that expenditure on education decreased by 0.2 per cent below the level in 2008 to ₦234.2 billion and accounted for 8.4 per cent of total expenditure. However, expenditure on health and agriculture rose by 27.5 and 48.7 per cent above the levels in the preceding year to ₦149.7 billion and ₦158.7 billion, respectively and accounted for 5.4 and 5.7 per cent, respectively, of the total. The outlay on water supply and housing also increased, by 56.1 and 62.6 per cent, to ₦99.8 billion (3.6 per cent) and ₦63.8 billion (2.3 per cent), respectively. On the whole, aggregate expenditure on key welfare sectors amounted to ₦706.2 billion or 2.9 per cent of GDP, and accounted for 25.4 per cent of total expenditure.

Figure 5.15: State Governments' Expenditure in Key Sectors for 2009 (per cent of Total Expenditure)

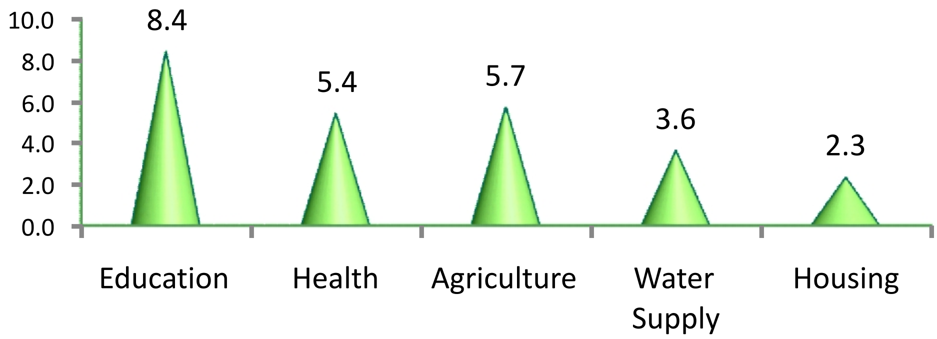
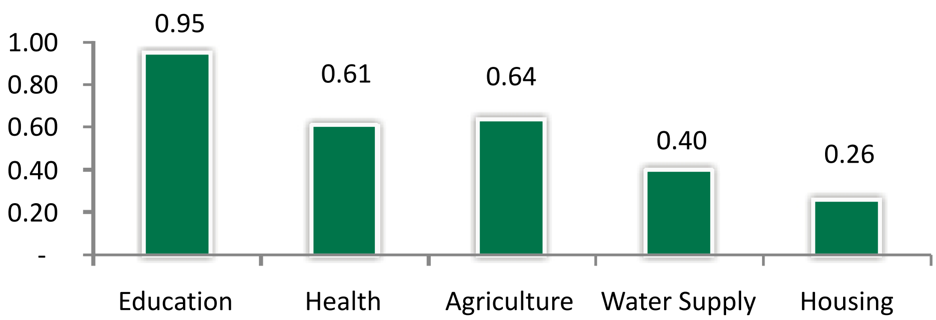


Figure 5.16: State Governments' Expenditure in Key Sectors for 2009 (per cent of GDP)



5.6 LOCAL GOVERNMENTS' FINANCES[5]

5.6.1 Overall Fiscal Balance and Financing

Provisional estimates on consolidated local governments' fiscal operations indicated a surplus of ₦1.8 billion as against a deficit of ₦3.0 billion in 2008.

Provisional estimates on consolidated local governments' fiscal operations indicated a surplus of ₦1.8 billion as against a deficit of ₦3.0 billion in 2008.

Figure 5.17: Local Governments' Revenue & Overall Balance (per cent of GDP)

5.6.2 Revenue

The total revenue of Local Governments was estimated at ₦1,069.4 billion, indicating a decline of 22.5 per cent from the level in 2008. The sources of the revenue comprised allocations from the Federation Account (₦529.3 billion), VAT (₦157.4 billion), Internally-Generated Revenue (₦6.1 billion), Grants/Others, (₦20.3 billion), Stabilization Fund (₦11.4 billion), State Allocation (₦19.7 billion), excess crude sharing (₦145.0 billion), budget augmentation (₦131.7 billion), and foreign exchange rate gains (₦28.4 billion).

The total revenue of Local Governments was estimated at ₦1,069.4 billion, indicating a decline of 22.5 per cent.

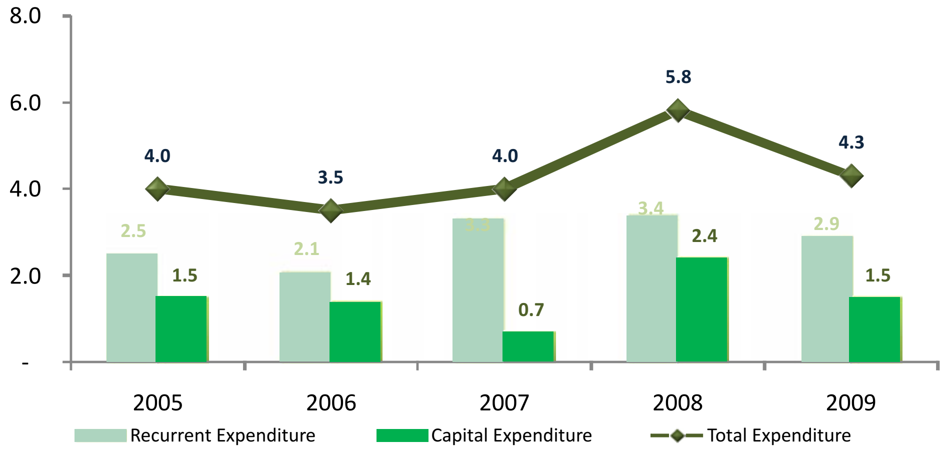
5.6.3 Expenditure

At ₦1,067.6 billion, the expenditure of the Local Governments was 22.8 per cent lower than the level in 2008 and represented 4.3 per cent of the GDP. A breakdown indicated that

[5]The provisional data are from the CBN survey returns from 774 LGAs.

recurrent outlay stood at ₦704.6 billion or 66.0 per cent, while capital expenditure amounted to ₦363.0 billion or 34.0 per cent.

Figure 5.18: Local Governments' Expenditure (per cent of GDP)



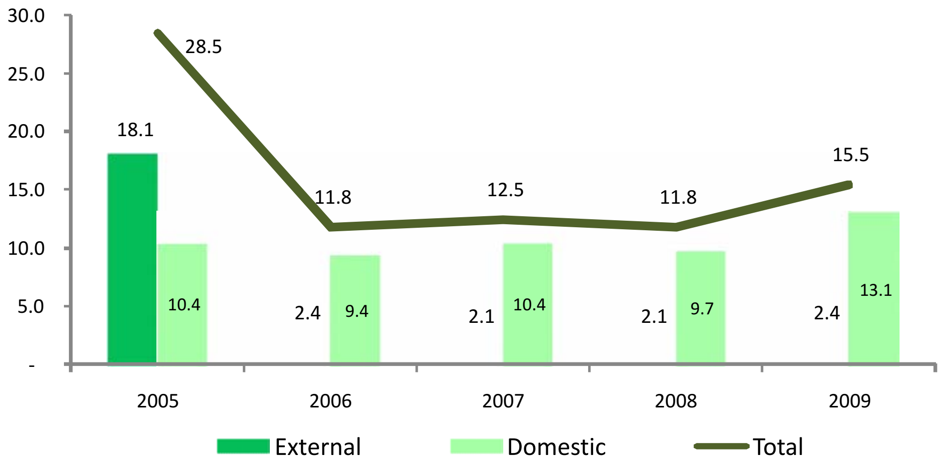
A further breakdown of recurrent expenditure showed that personnel cost was ₦306.3 billion, while overhead cost and consolidated fund charges/others amounted to ₦328.7 billion and ₦69.7 billion, respectively. Analysis of capital expenditure by function revealed that the share of administration was ₦57.4 billion, economic services (₦175.0 billion), social and community services (₦124.2 billion) and transfers (₦6.5 billion).

The expenditure of the Local Governments was 22.8 per cent lower than the level in 2008 and represented 4.3 per cent of the GDP.

5.7 CONSOLIDATED FEDERAL GOVERNMENT DEBT

The consolidated Federal Government debt stock, as at December 31, 2009, was ₦3,818.5 billion or 15.5 per cent of GDP, compared with ₦2,813.5 billion or 11.8 per cent of GDP in 2008. A breakdown showed that the domestic component constituted 84.7 per cent and the external 15.3 per cent. The increase reflected largely the additional net borrowing, through the issuance of FGN Bonds and treasury bills to finance projects and the settlement of contractual obligations. Consequently, the stock of FGN Bonds rose from ₦1,445.6 billion in 2008 to ₦1,974.9 billion and accounted for 51.8 per cent of the total, while the treasury bills stock grew from ₦471.9 billion in 2008 to ₦797.5 billion and accounted for 20.9 per cent of the total. At end-December 2009, external debt outstanding increased by 6.6 per cent to ₦590.4 billion (US$3.9 billion), while the domestic component increased by 39.1 per cent from its level in 2008.

Figure 5.19: Consolidated Public Debt Stock (per cent of GDP)



5.7.1 Domestic Debt

The stock of Federal Government domestic debt outstanding at end-December 2009 stood at ₦3,228.0 billion, representing an increase of 39.1 per cent over the level in 2008. The increase was due mainly to additional net borrowing during the year, through the issuance of FGN Bonds and treasury bills to settle government contractual obligations, as well as to finance some key critical projects. The banking system remained the dominant holder of the outstanding domestic debt instruments with 58.3 per cent and the non-bank public accounted for the balance of 41.7 per cent. Disaggregation of the banking system's holdings indicated that ₦1,274.6 billion or 67.7 per cent was held by the DMBs and DHs, and ₦607.9 billion or 32.3 per cent by the CBN and Sinking Fund.

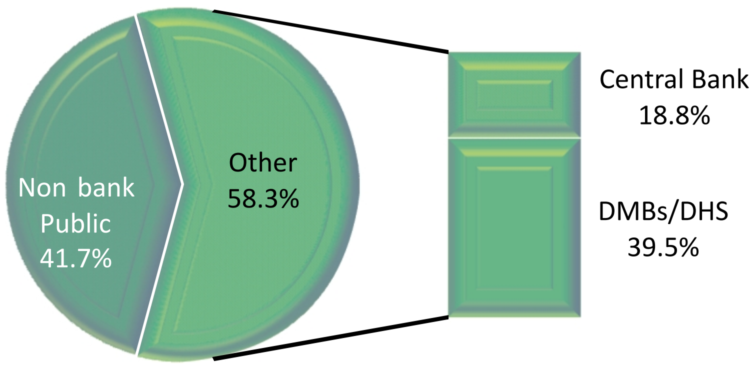
The stock of Federal Government domestic debt outstanding at end-December 2009 stood at ₦3,228.0 billion, representing an increase of 39.1 per cent over the level in 2008.

Analysis of the maturity structure of the domestic debt showed that instruments of two (2) years and below accounted for ₦1,421.4 billion or 44.0 per cent, followed by instruments of two (2) to five (5) years, ₦947.3 billion or 29.3 per cent; over ten (10) years, ₦564.6 billion or 17.5 per cent; and those with tenors of between five (5) and ten (10) years totalled ₦294.7 billion or 9.1 per cent.

5.7.2 External Debt

At US$3.9 billion, Nigeria's external debt grew by 6.6 per cent over the level at end-December 2008. The rise reflected the drawdown of additional multilateral loans by the Federal Government, amounting to US$347.9 million. Of the total external debt outstanding, the share of multilateral institutions was US$3.5 billion and accounted for 88.8 per cent, while 'others' totalling US$0.4 billion accounted for the balance of 11.2 per cent.

Figure 5.20: Composition of Domestic Debt Stock by Holders in 2009



5.7.3 Debt Service Payments and Debt Sustainability Analysis

Total debt service payments in 2009 stood at ₦542.5 billion, or 2.2 per cent of GDP and comprised ₦63.8 billion, or US$0.43 billion for external and ₦478.7 billion for domestic debt. On the one hand, the external debt service comprised amortization (principal repayment) of ₦46.5 billion, or 72.8 per cent, and the actual interest payments of ₦17.4 billion or 27.2 per cent. On the other hand, the composition of domestic debt service indicated that the amortization stood at ₦207.4 billion, or 43.3 per cent, while the domestic interest payment was ₦271.3 billion or 56.7 per cent of the total.

The analysis of Nigeria's debt sustainability signified that the debt stock/GDP ratio remained low relative to the maximum international threshold of 30.0 per cent of GDP, even though it deteriorated from 11.6 per cent in 2008 to 15.4 per cent in 2009. In addition, the debt stock/revenue ratio showed a weaker position in 2009 at 144.3 per cent, compared with 88.0 per cent in 2008, showing the magnitude of total revenue that would be required to redeem the total debt stock. Furthermore, the debt service/revenue ratio deteriorated from 10.5 per cent in 2008 to 20.5 per cent in 2009, implying that more than 20.0 per cent of the total revenue was devoted to interest and principal repayments. The deteriorated sustainability ratios reflected the slow growth of the economy and the unimpressive performance of the Federal Government retained revenue relative to the preceding year.

The analysis of Nigeria's debt sustainability signified that the debt stock/GDP ratio remained low relative to the maximum international threshold of 30.0 per cent of GDP.

Table 5.3: Debt Service Payment (₦' billion) and Debt Sustainability Indicators (per cent)						
Indicators	**International Thresholds**	**2005**	**2006**	**2007**	**2008**	**2009**
External Debt Service (Interest Payments)*	-	1,130.13	831.04	117.21	9.03	17.38
Amortization - External Debt	-	51.41	34.50	11.39	46.16	46.46
Domestic Debt Service (Interest Payments)	-	150.45	166.84	185.37	232.98	271.34
Amortization - Domestic Debt	-	0.00	55.73	67.26	238.29	207.36
Total Debt Service	-	1,331.99	1,088.11	381.23	526.46	542.54
Total Debt/GDP	30	28.7	11.8	12.5	11.6	15.4
Total External Debt/GDP	30	18.3	2.4	2.1	2.0	2.4
Total Domestic Debt/GDP	40-60	10.4	9.4	10.4	9.6	13.1
Total External Debt/Export (%)	100	37.2	6.2	5.3	4.4	8.5
Total Debt Service/Revenue (%)	20-25 (Max.=25)	18.8	23.3	13.9	10.5	20.5
Total Debt/Revenue (%)	150	240.1	113.8	111.3	88.0	144.3

Source: Debt Management Office

CHAPTER 6

6.0 THE REAL SECTOR

The growth in domestic output was robust in 2009, particularly against the backdrop of the global financial/economic meltdown that adversely affected economic performance. The real Gross Domestic Product (GDP), measured in 1990 basic prices, grew by 6.7 per cent, compared with 6.0 per cent in 2008. Growth in 2009 was attributed largely to the performance of the non-oil sector, which grew by 8.3 per cent, complemented by a significant reduction in the decline in oil sector output. Sectoral analyses showed that agricultural output grew by 5.9 per cent, wholesale and retail trade by 11.3 per cent, and the services sector by 10.9 per cent. Industrial output grew by 8.2 per cent, in contrast to the fall recorded in the previous three years, due to the implementation of the Federal Government amnesty programme which paved the way for an increase in crude oil production. The output of solid minerals as well as manufacturing also expanded. Inflationary pressure moderated, but remained above the single digit. Other government programmes and policies in support of the real sector, especially agriculture, also impacted positively on growth. Challenges to the real sector in the period under review remained principally poor infrastructure, the most serious of which was inadequate power supply, and the delayed approval of the 2009 appropriation bill.

6.1 DOMESTIC OUTPUT

Provisional data from the National Bureau of Statistics (NBS) showed that Gross Domestic Product (GDP), measured at 1990 constant basic prices, was estimated at ₦716.9 billion in 2009, indicating a growth rate of 6.7 per cent. This exceeded the 6.0 per cent recorded in 2008 and the average annual growth rate of 6.4 per cent for the period 2005 2009, but lower than the target growth rate of 10.0 per cent for the year. As in the previous years, agriculture accounted for a greater share of the GDP growth rate, as it contributed 2.5 percentage points, followed by wholesale and retail trade with 2.0 percentage points; services 1.8 percentage points; and building and construction 0.2 percentage point. Industry as a group made a positive contribution of 0.1 percentage point, compared with a negative contribution in 2008. Growth in GDP reflected largely the sound monetary and fiscal policies, as well as the favourable weather conditions which boosted agricultural output. Other drivers of growth included an increase in crude oil production, especially in the second half of the year, building and construction activities across the country and continued expansion in the telecommunications sub-sector.

The Gross Domestic Product (GDP), measured at 1990 constant basic prices, was estimated at ₦716.9 billion in 2009, indicating a growth rate of 6.7 per cent. This exceeded the 6.0 per cent recorded in 2008 and the average annual growth rate of 6.4 per cent for the period 2005 2009, but lower than the target growth rate of 10.0 per cent for the year.

Figure 6.1 GDP Growth Rate (2005 - 2009)

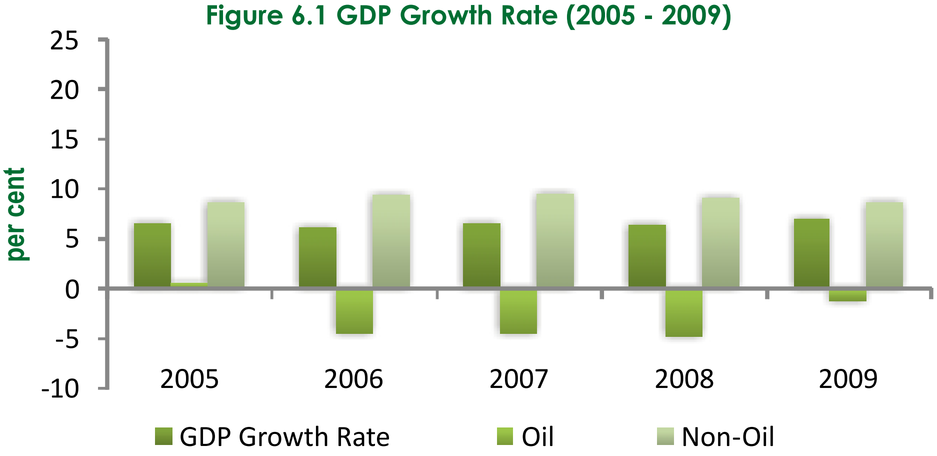


Table 6.1: Sectoral Growth Rates of GDP at 1990 Constant Basic Prices (per cent)

Activity Sector	2005	2006	2007	2008 1/	2009 2/
1. Agriculture	**7.06**	**7.40**	**7.19**	**6.54**	**5.94**
Crop Production	7.13	7.49	7.25	6.52	5.90
Livestock	6.76	6.90	6.93	6.89	6.50
Forestry	5.92	6.02	6.12	5.97	5.85
Fishing	6.02	6.55	6.58	6.52	6.03
2. Industry	**1.71**	**-2.51**	**-2.23**	**-2.18**	**0.62**
Crude Petroleum	0.50	-4.51	-4.54	-4.76	-1.33
Solid Minerals	9.53	10.28	12.75	12.81	12.08
Manufacturing	9.61	9.39	9.57	9.28	7.94
3. Building & Construction	**12.10**	**12.99**	**13.03**	**13.06**	**12.26**
4. Wholesale & Retail Trade	**13.51**	**15.26**	**15.20**	**14.00**	**11.27**
5. Services	**7.96**	**9.18**	**9.88**	**10.45**	**10.88**
Transport	6.35	6.92	6.95	6.99	6.93
Communications	28.38	32.45	32.85	29.65	34.18
Utilities	6.64	4.87	4.93	4.17	3.34
Hotel & Restaurant	10.45	12.91	12.95	12.89	12.44
Finance & Insurance	2.85	4.98	5.03	4.82	4.02
Real Estate & Business Services	10.62	11.29	11.35	11.42	10.65
Producers of Govt. Services	5.38	5.85	5.92	6.01	5.85
Comm., Social & Pers. Services	10.50	10.61	10.62	22.25	9.77
TOTAL (GDP)	**6.51**	**6.03**	**6.45**	**5.98**	**6.66**
NON-OIL (GDP)	**8.59**	**9.41**	**9.52**	**8.95**	**8.33**

1/ Revised

2/ Provisional

Source: National Bureau of Statistics (NBS)

Table 6.2: Sectoral Contribution to Growth Rates of GDP at 1990 Constant Basic Prices (percentage points)

Activity Sector	2005	2006	2007	2008 1/	2009 2/
1. Agriculture	**2.89**	**3.05**	**3.00**	**2.75**	**2.50**
Crop Production	2.60	2.75	2.70	2.44	2.20
2. Industry	**0.51**	**-0.71**	**-0.58**	**-0.52**	**0.14**
Crude Petroleum	0.13	-1.09	-0.99	-0.93	-0.23
3. Building & Construction	**0.17**	**0.20**	**0.21**	**0.22**	**0.22**
4. Wholesale & Retail Trade	**1.74**	**2.10**	**2.27**	**2.27**	**1.96**
5. Services	**1.19**	**1.40**	**1.55**	**1.69**	**1.83**
Communication	0.36	0.50	0.63	0.71	1.00
TOTAL (GDP)	**6.51**	**6.03**	**6.45**	**6.41**	**6.66**
NON-OIL (GDP)	**6.80**	**8.09**	**8.96**	**9.40**	**8.33**

1/ Revised

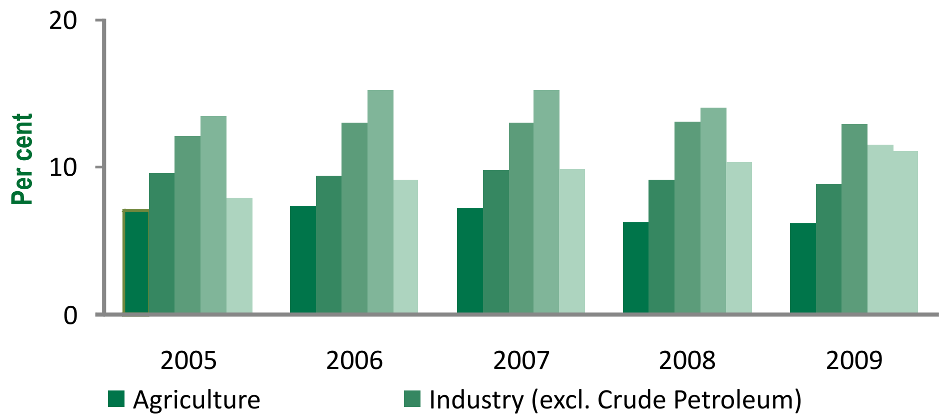
2/ Provisional

Source: National Bureau of Statistics (NBS)

Non-oil GDP grew by 8.3 per cent in 2009, compared with 9.0 per cent in 2008. The performance was driven largely by agricultural production, which grew by 5.9 per cent, attributable to the favourable weather conditions, improved supply of inputs and the impact of various government programmes and policies. Other drivers of growth in non-oil GDP included building and construction, wholesale and retail trade; and services, which recorded growth rates of 12.3, 11.3 and 10.9 per cent, respectively. In the services sub-sector, communications recorded the highest growth rate of 34.2 per cent, buoyed by the sustained liberalization and expansion of telecommunications services. Also, other components of the services sub-sector recorded significant growth rates. In 2009, industrial output grew by 0.6 per cent, in contrast to the fall recorded in the previous three years. This development was attributable mainly to the implementation of the Federal Government amnesty programme, which paved the way for an increase in crude oil production. Other government programmes and policies in support of the real sector, especially small- and medium-scale enterprises, also impacted positively on growth. Solid minerals and manufacturing output grew by 12.1 and 7.9 per cent, respectively.

Figure 6.2: Sectoral Share in GDP

Figure 6.3: Growth Rate of Major Sectors of Non-oil GDP

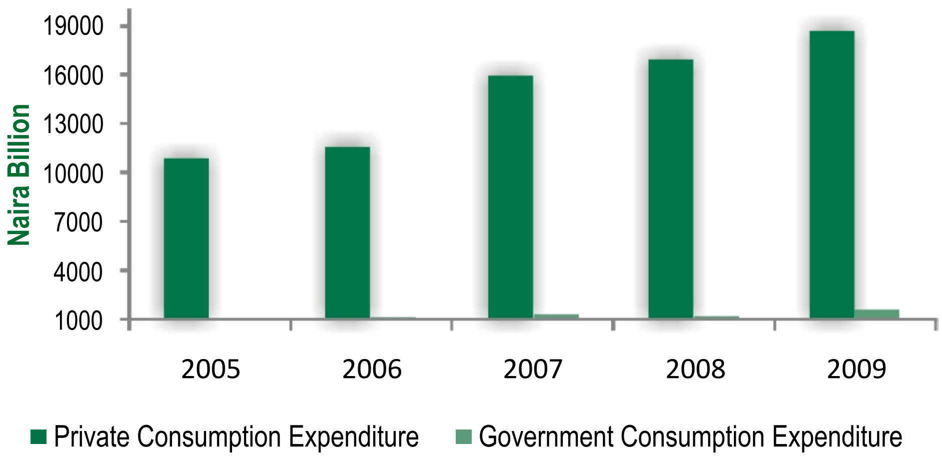


Further sectoral analysis indicated that the agricultural sector contributed the largest share of 41.8 per cent to real GDP in 2009, compared with 42.1 per cent in 2008. The share of industry and crude oil in GDP declined from 21.8 and 17.4 per cent, respectively in 2008, to 20.6 and 16.0 per cent, which was not unconnected with developments in the Niger Delta region. The contributions of solid minerals and manufacturing components of industry remained insignificant. Services as a group contributed 17.5 per cent to the GDP, of which communications, finance and insurance, utilities and transport accounted for 3.7, 3.7, 3.3 and 2.7 percentage points, respectively.

Figure 6.4: Contribution to Growth Rate of Non-oil GDP

Provisional data showed that real domestic demand at 1990 purchasers' price (GDP by Expenditure approach) grew by 8.3 per cent and stood at ₦774.2 billion in 2009, compared with ₦714.7 billion in 2008. Private consumption and government final consumption expenditures in 2009 were N416.3 billion and ₦181.5 billion, respectively, compared with ₦465.5 billion and ₦164.9 billion in the preceding year. This indicated a decrease of 10.6 per cent in real private consumption expenditure and an increase of 10.1 per cent in real government consumption expenditure. Real investment (gross fixed capital formation) grew by 109.1 per cent, while net exports fell by 70.5 per cent, in real terms, respectively. The increase in government consumption was attributed mainly to the monetization of the excess crude oil savings to finance government capital projects, while the decrease in private consumption resulted from the credit crunch, the fall in government revenue and a depressed aggregate demand in the economy. As a share of aggregate demand, private consumption constituted 53.8 per cent.

Figure 6.5: GDP (Expenditure Approach) at 1990 Purchasers' Price



6.2 AGRICULTURE

6.2.1. Agricultural Policy and Institutional Support

The policy thrust for the agricultural sector in 2009 continued to be anchored on the 5-Point Agenda of the Federal Ministry of Agriculture and Water Resources (FMAWR), namely:

- (i) Strengthening Agricultural Regulation and Tariff (START)
- (ii) Research and Development in Agriculture (RADA)
- (iii) Rural Sector Enhancement Programme (RUSEP)
- (iv) Developing Agricultural Inputs Markets in Nigeria (DAIMINA)
- (v) Maximizing Agricultural Revenue in Key Enterprises (MARKETS).

The Agenda was put in place to enable the agricultural sector to play its traditional role of ensuring food security, creating new job opportunities, developing new enterprises, supporting existing industries and improving the competiveness of Nigeria's exports.

Notable among the new initiatives by the FMAWR was the establishment of the Agro-Allied Value Chain Infrastructure Development Programme. The projects under this programme comprised: agro-input centres (300 sites), integrated livestock markets (3 sites), integrated fish estates (2 sites), farmers' markets (6 sites), food courts (6 sites), export crop handling, preservation and conditioning centres (4 sites), and commodity outgrower development and extension service centres (20 sites). The structural designs, site identification and selection of service providers were completed during the year. Some of the projects were being funded on a Build-Lease-and-Transfer basis, while others were financed through the Special Intervention Fund of the FMAWR (as grants to the tune of 40 per cent) and the balance sourced from the Commercial Agricultural Credit Scheme (CACS). All the projects were expected to be completed by the third quarter of 2010. These programmes were considered critical to the success of the country's Vision 20:2020 initiative, the 7-Point Agenda of the Federal Government, and the Millennium Development Goals (MDGs).

In a move to address the protracted issues of inadequate credit and high interest rate on agricultural lending, the CBN, in collaboration with the FMAWR, established the CACS. Under the Scheme being financed from the proceeds of N200 billion FGN bonds, farmers and other practitioners in the agro-allied industry could access credit at not more than a single-digit interest rate.

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While access to credit remained a major challenge to farmers in Nigeria generally, rural farmers and other allied rural-based, micro-enterprises were even more disadvantaged. Despite the long history of a traditional system of savings and informal credit institutions that provided financial services in the rural areas, the impact was limited and a huge demand for financial services remains in the rural sector. In an effort to address these issues, the FMAWR, assisted by the International Fund for Agricultural Development (IFAD), established the Rural Finance Institution Building Programme (RUFIN). The programme would be implemented over a 7-year period and financed from a concessionary loan ($27.2 million) and a grant ($400.5 million) from the IFAD, the Ford Foundation ($500.0 million grant) and counterpart funding from the Federal Government of Nigeria ($11.9 million).

The objectives of RUFIN included:

(a) Developing and strengthening rural micro-finance institutions (RMFIs) and micro-finance banks (MFBs);
(b) Establishing linkages between RMFIs and formal finance institutions;
(c) Creating a viable and sustainable rural financial system;
(d) Guaranteeing credit to RMFIs by MFBs and deposit money banks; and
(e) Refinancing RMFIs through MFBs.

Programme implementation was expected to commence fully with a national start-up/sensitization workshop in early 2010.

Pursuant to the policy of expanding the capacity of the national grains reserve, two (2) of the additional twenty-five (25) silos under construction, located in Kaduna, Kaduna State and Ezillo, Ebonyi State, were completed and billed for commissioning in 2010. This brought the national grains reserve to a capacity of 1.3 million tonnes. Under the Buyer-of-Last-Resort programme of the FMAWR, 64,000 tonnes of assorted grains were purchased in 2009, while 25,000 tonnes were released to the public to cushion the effects of rising food prices.

6.2.2 Agricultural Production

At 242.1 (1990=100), the provisional aggregate index of agricultural production increased by 6.2 per cent, compared with 6.5 per cent in 2008. The growth was, however, below the national sectoral target of 8.0 per cent. The increase in agricultural production was propelled largely by the favourable weather conditions and the sustained

The increase in agricultural production was propelled largely by the favourable weather conditions and the sustained implementation, in 2009, of the various agricultural programmes initiated in 2008.

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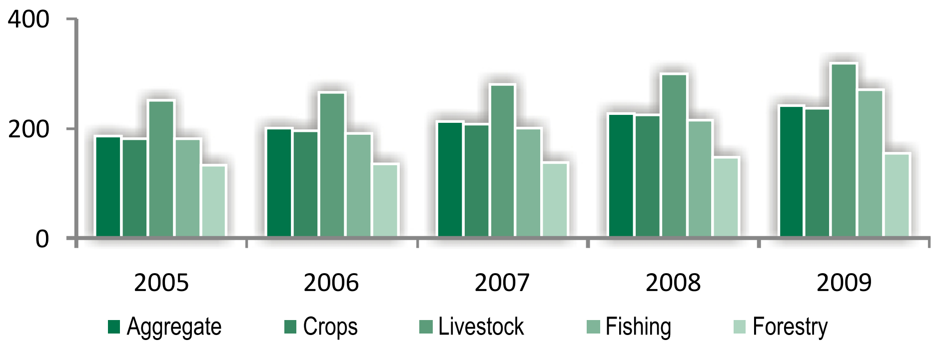
Figure 6.6: Index of Agricultural Production (1990 = 100)



6.2.2.1 Crop Production

The output of staples grew by 6.2 per cent, compared with 7.4 per cent in 2008. Similarly, the output of cash crops increased by 7.1 per cent, relative to the level in the preceding year.

Table 6.3: Growth in Major Crop Production (per cent)

Crop	2008	2009	Crop	2008	2009
Wheat	6.3	7.8	Plantain	6.0	7.9
Sorghum	6.0	8.1	Potatoes	6.4	9.9
Rice	7.3	9.1	Yam	5.9	9.0
Maize	7.0	9.1	Beans	7.2	9.0
Millet	6.6	9.7	Cassava	9.1	9.4
Soya Beans	5.7	10.0	Palm Oil	9.0	11.1
Rubber	6.4	9.5	Cocoa	5.6	7.2

The crops sub-sector sustained its impressive performance on account of the favourable weather conditions in most parts of the country and the continuation of various government programmes initiated in 2008. Other factors responsible for the improved performance of the crops sub-sector included the identification and targeted intervention in thirteen (13) strategic crops by the Federal Government. Cassava output grew by 6.6 per cent, attributable to the increased use of improved cassava cuttings and an expansion of processing facilities across the country. Paddy rice production increased by 7.3 per cent over the level in 2008, traceable to the increased adoption by farmers of the high-yielding NERICA rice variety and the Rice Box technology.

6.2.2.2 Livestock

Livestock production increased by 6.8 per cent, compared with 5.8 per cent in the preceding year. The increase was attributable to the effective measures taken to control livestock diseases, especially the deadly Avian Flu, and access to credit, which helped to expand production. Further analysis of the sub-sector showed that poultry and beef production increased by 7.7 and 6.1 per cent, respectively, when compared with growth rates in 2008. This was the outcome of the support provided to expand the livestock value chain, including the establishment of modern abattoirs and sanitary sales outlets across the country.

6.2.2.3 Fishery

Fish output increased by 6.1 per cent from its level in 2008 to 709,680 tonnes. This was, however, lower than the estimated national demand of 1.5 million tonnes.

6.2.2.4 Forestry

Forestry production increased by 5.9 per cent to 157.5 million cubic metres in 2009, which was higher than the 2.2 per cent recorded in 2008. The development was attributed to the increase in demand for wood products. The Forestry Research Institute of Nigeria (FRIN) continued to intensify the supply of improved breeder seedlings to replace the harvested tree stocks in order to sustain wood production. Challenges faced by the sector in 2009 included inadequate and untimely distribution of fertilizers, dearth of processing and storage facilities, an inefficient transportation infrastructure and poor access to credit.

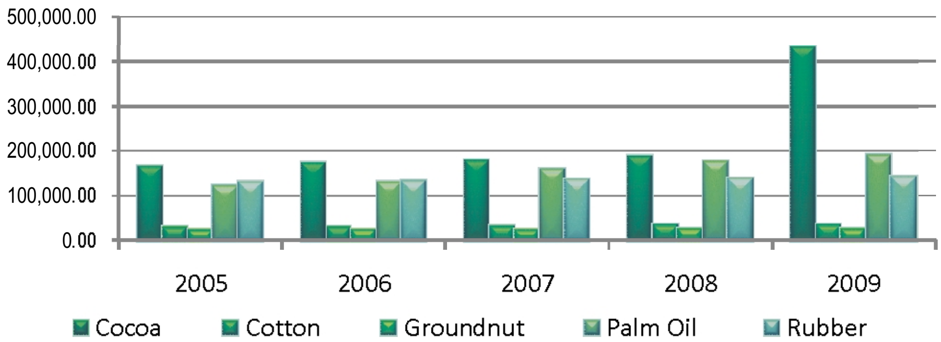
6.2.3 Agricultural Prices

The prices of most of Nigeria's agricultural export commodities were higher in 2009 than in the previous year. The overall index, computed in US dollar terms, stood at 572.8 (1990=100), representing an increase of 11.3 per cent over the level in 2008. Cocoa recorded the highest price increase of 49.5 per cent over the 2008 level, due largely to the relatively strong demand and reduction in output, arising from protests by farmers in Cote d' Ivoire against the low prices fixed for the commodity. Other reasons for the price increase were bad weather conditions in some producing countries, the fear of a supply shortage in 2010 and currency fluctuations[6]. Other crops that recorded price increases were cotton and palm oil, at 23.4 and 13.1 per cent, respectively. The prices of coffee, copra and soya beans, however, declined by 27.0, 11.0 and 6.1 per cent, respectively, below the levels in the previous year. In naira terms, the all-commodities price index increased by 11.3 per cent to 8,009.1 (1990=100) in 2009. Cocoa, cotton and palm oil recorded price increases of 49.1, 23.4 and 11.3 per cent, respectively, while the prices of coffee, copra and soya beans declined by 27.0, 12.0 and 6.0 per cent, respectively.

Available data indicated that the domestic prices of most commodities increased.

Available data indicated that the domestic prices of most commodities increased, ranging from 1.9 per cent for cotton to 97.7 per cent for cocoa. The general increase in prices was attributed to the high cost of farm inputs and increased demand from agro-processors, industrial users and the neighbouring countries. Specifically for cocoa, the price doubled in 2009 as a result of increased demand and disruptions to supplies, following protests by farmers in Cote d' Ivoire.

Figure 6.7: Average Price of Selected Cash Crops (Naira per Tonne)



[6]International Cocoa Organisation (ICCO)

6.3 INDUSTRY

6.3.1 Industrial Policy and Institutional Support

As part of efforts to ensure increased industrial output, reduce importation of consumer goods, conserve foreign exchange, and, consequently, create employment and wealth, the Federal Ministry of Commerce and Industry launched the "Campaign for Patronage of Made-in-Nigeria Products". The Ministry also provided capital allowance incentives for companies that incurred capital expenditure in excess of ₦500,000 and eight (8) 500 KVA generators to states with proven commitment to the development of an Enterprise Zone. The beneficiary states were: Bauchi, Bayelsa, Imo, Ebonyi, Ekiti, Kano, Kogi and Osun.

The promotion of local sugar production received a boost during the year, as new guidelines were issued to companies granted licences to import unfortified raw sugar for industrial use. The guidelines were on packaging and labelling and a commitment to backward integration. The companies were to ensure at least 70.0 per cent local content in national sugar consumption by 2015. In addition, the Ministry of Commerce and Industry, in conjunction with Bank PHB, the National Agricultural Insurance Corporation and the CBN started granting input loans to members of out-grower associations.

In the cement sub-sector, the following initiatives were put in place to ensure increased local production: a two- to three-year duty free period for the importation of machinery, equipment and spare parts to cover the cement plant building phase and the first 2 years of commencement of production; removal of all restrictions on the importation of gypsum, up to the point when local production on a commercial basis is achieved; tax deduction incentives on investment in system conversion to coal-firing for cement production; concessional pricing and special allocation of Low Pour Fuel Oil (LPFO), including duty-free importation of LPFO during periods of acute domestic shortage of cement.

The Federal Ministry of Power's Strategic Plan 2009, under the Vision 20:2020 initiative, provided the road map for the improvement and sustenance of electricity supply in Nigeria, with a target of 6,000 Mega Watts (MW) by December 2009 and 10,000MW by December 2011. The initiative was to leverage the existing capacity within the Power Holding Company of Nigeria (PHCN) plants through rehabilitation, re-enforcement/expansion of the transmission and distribution network, and collaboration with the Ministry of Petroleum and the NNPC to ensure accelerated implementation of the Gas Master Plan. It would also ensure the resolution of any commercial issues in the course of delivering gas to power stations, the institution of appropriate corporate and industry governance structures, as well as the engagement of technical assistants/consultants to assist the successor companies in commercialising their operations.

Other initiatives and projects undertaken by the Ministry in 2009 included the following:

- Adoption of the frameworks for the exploitation of coal to generate power and the development of small and medium hydroelectric plants;

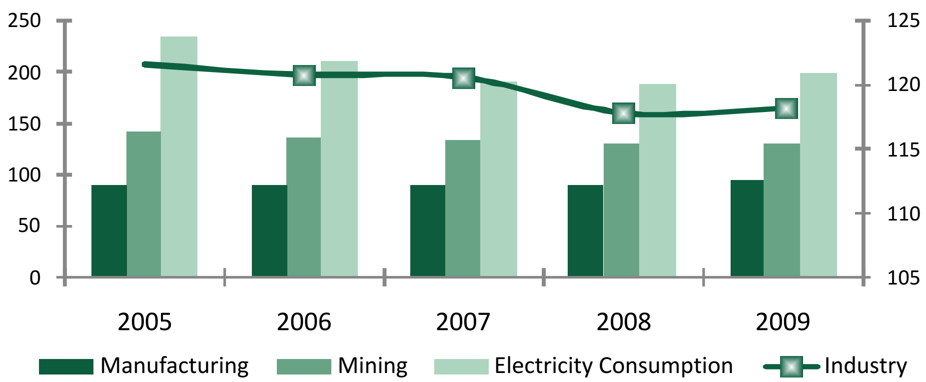
- Award of a contract for the construction of a 215MW (ISO) power plant in Kaduna, to be powered by LPFO; and

- Completion of the engineering design for the establishment of a 10MW Wind Project in Katsina.

6.3.2 Industrial Production

The index of industrial production, estimated at 118.2 (1990 = 100), showed a marginal increase of 0.4 per cent over the level in 2008. The marginal improvement was attributable to manufacturing production, which rose by 1.3 per cent, while mining production fell by 0.1 per cent.

Figure 6.8: Index of Industrial Production (1990 = 100)



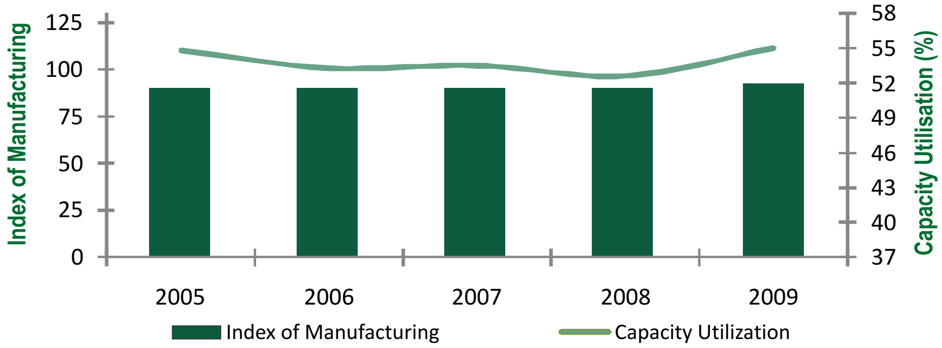
6.3.2.1 Manufacturing

The index of manufacturing production, estimated at 92.4 (1990=100) rose by 1.3 per cent above the level in 2008. Similarly, average capacity utilisation in the sub-sector showed a slight improvement from 54.7 per cent in 2008 to 55.0 per cent. The development was attributed to the increase in the output of cement, sugar, confectionary and beverages. The sub-sector continued to experience challenges with accessing credit from the banking sector, which in turn affected the importation of raw materials. In addition, the delay in the passage of the

The sub-sector continued to experience challenges with accessing credit from the banking sector, which in turn affected the importation of raw materials.

2009 Appropriation Act by the National Assembly affected the business and investment plans of manufacturers. Others were the epileptic supply of electricity and the increased pump price of diesel used mainly in the private provision of electricity.

Figure 6.9: Index of Manufacturing Production and Capacity Utilization



6.3.2.2 Mining

6.3.2.2.1 Crude Oil

a. Institutional and Regulatory Support

The failure of past efforts at infusing greater transparency and accountability in the oil and gas industry in Nigeria led to the introduction of the Petroleum Industry Bill in 2009. The Bill provided for an Act to establish the legal and regulatory framework, as well as the institutions and regulatory authorities for the Nigerian Petroleum Industry. It is also to establish guidelines for the operations of the upstream, midstream and downstream sectors of the industry.

BOX 5: SOME KEY ELEMENTS OF THE PETROLEUM INDUSTRY BILL

Some of the fundamental objectives of the Bill were to:

(a) Vest in the Federal Government of Nigeria the property and sovereign ownership of petroleum within Nigeria, its territorial waters, the continental shelf and the Exclusive Economic Zone;

(b) Vest in the Minister, with respect to upstream operations, the power only to grant petroleum prospecting licence, or petroleum mining lease;

(c) Vest in the Minister in charge of petroleum resources the responsibility for the coordination and overall supervision of the activities as well as the institutions of the petroleum industry;

(d) Establish the National Petroleum Directorate. The Directorate shall develop policies and instruments for effective coordination and operations of the Oil and Gas industry for the consideration and approval of the Minister. It shall also formulate and develop strategies, implement the petroleum policy and other related policies approved by the Minister;

(e) Provide for a governing Board which shall consist of a chairman, who is the Minister, the Director-General and the Directors of the Directorate;

(f) Provide for the establishment of the Nigerian Petroleum Inspectorate, with the aim of organising and regulating the technical, cost and commercial activities of the Upstream Petroleum Operations and ensuring the efficient, safe, effective and sustainable infrastructure development of upstream operations. The functions of the Inspectorate are the enforcement and administration of policies, laws and regulations relating to the technical aspects of upstream petroleum operations;

(g) Provide for the Petroleum Products Regulatory Authority, aimed at the promotion and implementation of national technical and commercial policies for downstream petroleum operations. It also aims at the promotion of competitive markets for gas services in downstream operations and promotes security of gas supply, market development and competition, among others. The functions of the Authority are to regulate and coordinate the commercial activities of downstream operations in a non-discriminatory and transparent manner, as well as regulate bulk storage and distribution and set rules for petroleum products, petroleum products pipelines and regional storage depots;

(h) Provide for the establishment of the National Midstream Regulatory

Agency. Prominent objectives of the Agency are to promote the implementation of national technical and commercial policies for midstream Petroleum Operations; promote the efficient, effective and sustainable technical and commercial development of Midstream Petroleum Operations; and promote the conditions that will enable the transportation activities to be carried out in Midstream Petroleum Operations on an equitable basis, while protecting the rights and interests of licencees and other stakeholders;

(i) ` Provide for the establishment of the Nigerian National Petroleum Company Limited (the National Oil Company). The Nigerian National Petroleum Company Limited shall be a limited liability company and shall be a successor company to the assets and liabilities of the Nigerian National Petroleum Corporation (the Corporation). Ownership of the National Oil Company shall be vested solely in the Federal Government of Nigeria;

(j) provide for the establishment of the Nigerian Petroleum Research Centre. The corporate headquarters of the Centre shall be in Port Harcourt. The functions of the Centre, among other things, shall be to carry out research in all areas pertaining to the petroleum industry;

(k) establish a National Frontier Exploration Service, with the objectives of promoting the efficient and sustainable exploration of hydrocarbons in the frontier basins of Nigeria. Among others, its functions are to regulate petroleum exploration activities in all unassigned frontier acreages in Nigeria held by the Directorate; identify opportunities and increase information about the petroleum resource base within all frontier acreages in Nigeria, with demonstrable technical and operational excellence;

(l) Establish, pursuant to this Act, the Petroleum Equalization Fund into which shall be paid any net surplus revenue recovered from petroleum products marketing companies, and such sums as may be provided for that purpose by the Federal Government. The Fund shall be managed by the Petroleum Equalization Fund Management Board. The Board shall determine the method by which net surplus revenue shall be collected from the petroleum products marketing companies; and

(m) Propose the Petroleum Technology Development Fund. Sources of the Development Fund, among others, are the balance of the monetary assets outstanding at the commencement of this Act in the accounts of the Petroleum Technology Development Fund Act; penalty fees resulting from non-compliance with expatriate quota provisions; penalty fees for violation of the Nigerian Content policy, etc.

b. Crude Oil Production and Prices

i. Production

Nigeria's aggregate crude oil production, including condensates and natural gas liquids, averaged 1.82 million barrels per day (mbd), or 664.3 million barrels in 2009, compared with 1.98 mbd or 700.8 million barrels in the preceding year. This represented an 8.0 per cent decline relative to 2008. Declining production had characterized oil output over the previous five years due largely to militant activities and the attendant destruction of oil-production facilities. The Federal Government's amnesty programme brought relative peace to the Niger-Delta area in the second half of 2009. Consequently, production level rose from 1.75mbd in January to 1.94 mbd in September and closed at the end of the year at 2.02 mbd.

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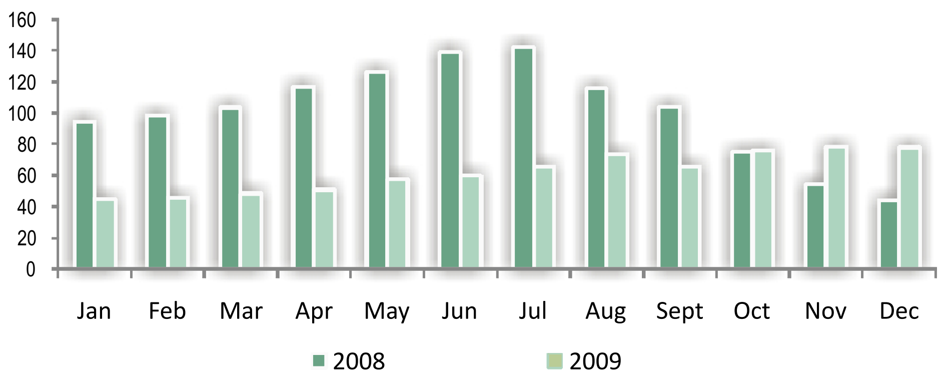
Aggregate export of crude oil over the period was estimated at 1.37 mbd, or 500.1 million barrels, compared with 536.6 million barrels in the preceding year. Despite the low production, Nigeria's trade pattern remained the same in 2009, attributable mainly to capacity additions from new oilfields and declining world demand.

ii. Prices

The average spot price of Nigeria's reference crude, the Bonny Light (37^0 API), stood at $62.1 per barrel in 2009, compared with the preceding year's average of $101.2 per barrel, a decline of 38.6 per cent. The average price of OPEC's basket of 11 crude streams also fell by approximately 35.0 per cent to $61.1 per barrel in 2009. Reduced world demand and the stronger value of the US dollar accounted for the depressed price.

The average spot price of Nigeria's reference crude, the Bonny Light (370 API), stood at $62.1 per barrel in 2009, compared with the preceding year's average of $101.2 per barrel, a decline of 38.6 per cent.

Figure 6.10: Bonny Light Monthly Prices in 2008 and 2009



iii. Refinery Utilization

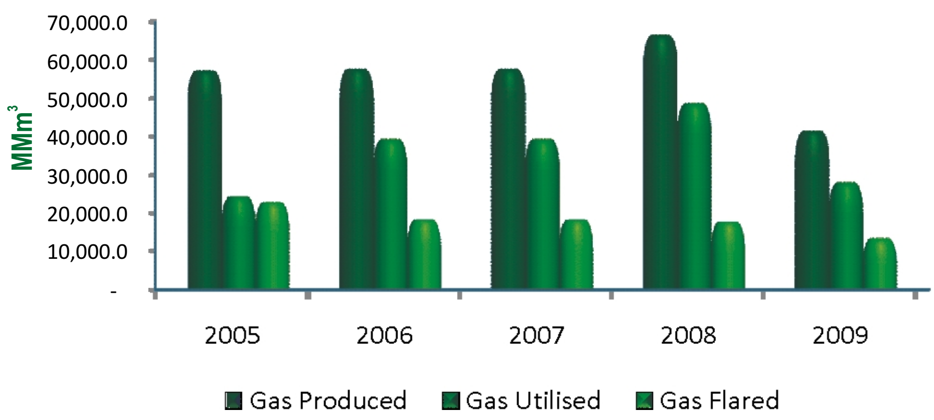
The total quantity of crude oil refined by local refineries in 2009 was estimated at 2,887,815.00 tonnes, down from the 5,544,446.67 metric tonnes processed in 2008.

6.3.2.2.2 Gas

a. Gas Production in 2009

A total volume of 41,534.16 million cubic meters MMm3 of natural gas was produced in 2009, down from 66,640.75MMm3 in 2008, showing a decrease of 37.7 per cent. This was attributed to the decline in oil production as a result of frequent attacks on oil installations by militants in the Niger Delta. Out of the quantity produced, 32.4 per cent was flared, while the balance of 67.60 was utilized. About 36.41 per cent was sold to industries, such as the Power Holding Company of Nigeria (PHCN), cement and steel companies, as against 40.20 per cent in 2008, while 15.82 per cent was sold to the Nigeria Liquefied Natural Gas (NLNG). Gas converted to natural gas liquids and gas lift accounted for 4.14 and 4.17 per cent, respectively, while the oil-producing companies used 7.1 per cent as fuel gas.

Figure 6.11: Gas Production and Utilisation (2005 - 2009)



6.3.2.2.3 Solid Minerals

a. Institutional Support for the Sector

As a follow-up to efforts to make the sector more competitive in 2009, the Ministry of Mines and Steel Development organized an investment solicitation campaign in China, with the theme, "Creating a Sustainable and Investor-Friendly Framework for Mining in Nigeria" from November 27 to 29, 2009. The aim was to showcase the opportunities and incentives in Nigeria's mining sub-sector. The Ministry also reviewed and updated the geological maps of the entire country and produced geological and mineral maps for every state of the federation and the Federal Capital Territory in digital format. It also revised the country's geodetic network and completed its cartographic coverage to facilitate a more accurate determination and charting of mineral titles.

The Ministry identified seven strategic minerals that were considered critical to the nation's industrial development. Some of the minerals were gold, coal, iron ore and bitumen.

The Ministry identified seven strategic minerals that were considered critical to the nation's industrial development. Some of the minerals were gold, coal, iron ore and bitumen. It granted over 2,508 mineral titles and issued 2,062 licences, out of the 8,179 applications/titles registered. It further registered 234 mining cooperatives, quarry associations and small scale miners, out of the 600 applications received. In addition, it verified and registered 17 additional private mineral buying centres, which would serve as interface between mining cooperatives, licensed miners, local users and export markets.

The Ministry commenced the disbursement of the US$10 million grant, under the Sustainable Management of Mineral Resources Project (SMMRP) of the World Bank, to the first ten artisanal miners and mining communities to improve their operations. The beneficiaries included seven (7) artisanal and small scale mining projects and three (3) community projects. Some mining cooperatives received grants up to US$50,000 for the purchase of simple mining tools and equipment. During the year, the Ministry worked in close collaboration with the various state Mineral Resources and Environmental Management Committees (MIREMCO) to ensure environmental best practices in the mining sector. It embarked on capacity building by upgrading the old school of mines in Jos into the new Nigerian Institute of Mining and Geosciences (NIMG) and trained over 200 staff.

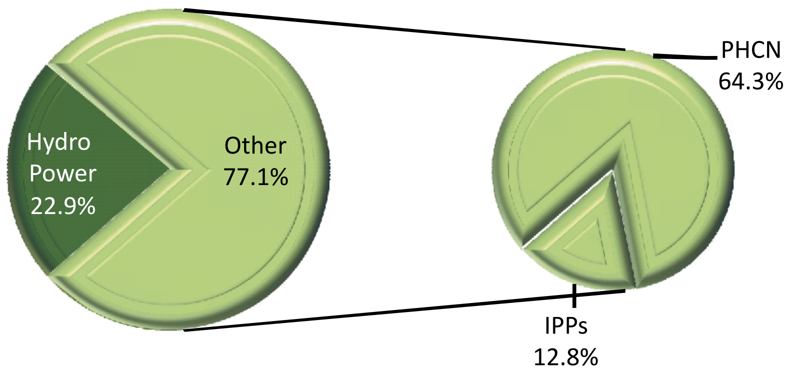
a. Solid Minerals Production

Solid minerals production increased marginally in 2009 relative to the preceding year. Provisional data showed that aggregate output increased from 40.2 million tonnes in 2008 to 41.0 million tonnes, representing an increase of 2.0 per cent. The increase was accounted for by increased production of limestone. Other minerals, such as cassiterite, columbite, clay, marble aggregates, lead/zinc, shale, laterite and iron ore, however, declined in the period under review compared, with 2008.

6.3.3 Electricity Generation

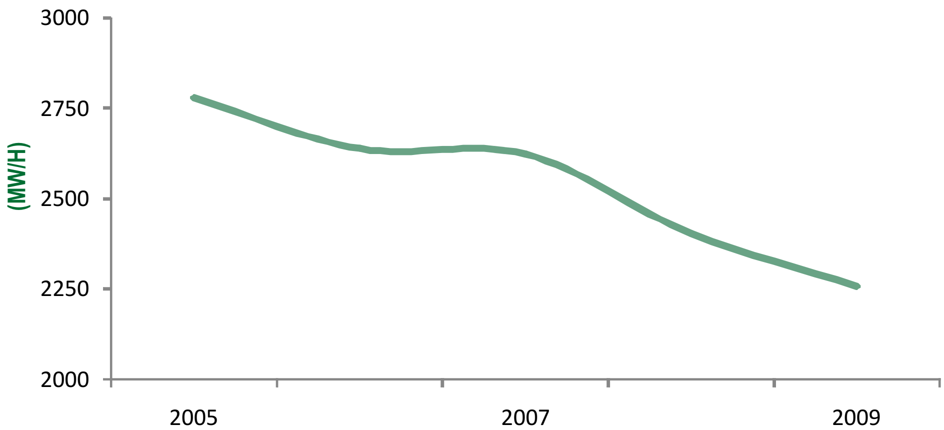
The total installed electricity generation capacity stood at 8,469.5 mega watts in 2009, an increase of 20.8 per cent over the level in 2008. The composition of the electric power system remained as follows: 1,938.4 MW of hydro- power (22.9 per cent) and 6,531.1 MW of thermal power (77.1 per cent). The Power Holding Company of Nigeria (PHCN) accounted for 87.2 per cent of the total electricity generation, while the IPPs accounted for the remaining 12.8 per cent. The performance of the power generating plants showed a decline of 8.3 percentage points in capacity utilisation; their estimated average capacity utilisation fell from 35.0 per cent in 2008 to 26.7 per cent.

Fig. 6.12: Nigeria's Power System Composition in 2009



At 2,257.6 mega-watts per hour (Mw/h), the total electricity generation fell by 6.1 per cent below its level in 2008. The decline was attributed to disruptions in gas supply to the generating stations and obsolete generating equipment.

Figure 6.13: Electricity Power Generation



6.3.4 Energy Consumption

The aggregate energy consumed in 2009 showed a decline when compared to 2008. At 174.2 (1990=100), the index of energy consumption fell by 1.9 per cent, compared with an increase of 4.9 per cent recorded in 2008. In absolute terms, aggregate energy consumed stood at 18.3 million tonnes of coal equivalent (tce) in 2009, down from 20.4 million tce in the preceding year, representing a 10.6 per cent fall. The decline in aggregate energy consumption was attributed to the fall in petroleum products (by 6.4 per cent) and natural gas (by 47.9 per cent).

6.3.4.1 Petroleum Products Consumption

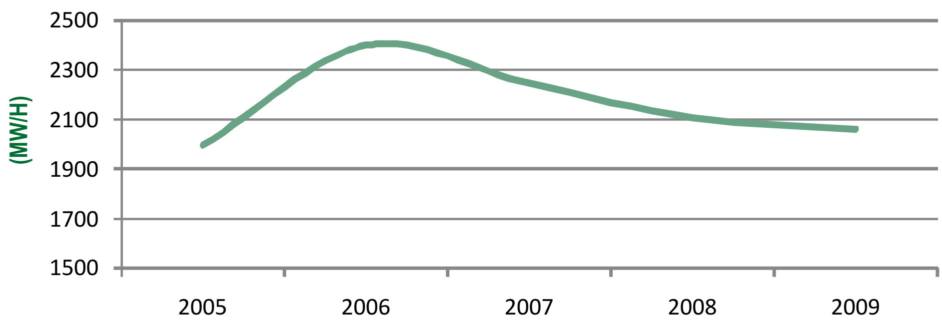
Aggregate petroleum products consumed in 2009 stood at 8.81 million tonnes, down marginally from 8.9 million tonnes in the preceding year. The consumption of Premium Motor Spirit (PMS) was estimated at 6.8 million tonnes, a 1.3 per cent decline from the level in 2008, while consumption of Dual Purpose Kerosene (DPK) rose by 9.8 per cent over the level a year earlier.

The consumption level of Automated Gas Oil (AGO) and Low Pour Fuel Oil (LFPO) exhibited mixed trends in the period under review. While the former declined by 28.3 per cent, the latter rose by 39.0 per cent in 2009, compared with 2008. The decline in the quantity of PMS and AGO distributed was due to the reduction of supply by the major marketers.

6.3.4.2 Electricity Consumption

At 2060.71 mega-watts per hour (Mw/h), total estimated electricity consumption fell by 2.2 per cent below the 2,107.96 mega watt per hour (MW/H) consumed in 2008. The decline was attributed to low generation and deterioration in transmission and distribution infrastructure. The gap between electricity generation and consumption was 8.8 per cent, compared with 12.9 in 2008. Residential consumption accounted for 56.3 per cent of total electricity consumption, while commercial and street-lighting, and industrial consumption accounted for 25.7 and 18.0 per cent of the total, respectively.

Figure 6.14: Electricity Consumption



6.3.4.3 Hydropower Consumption

At 4,590,534.4 tce, hydropower consumption in 2009 increased by 0.5 per cent, compared with the level in 2008. The development was attributable to the improved performance of the Shiroro hydropower plants, which following its refurbishment generated 2,267,195.8 mwh, compared with 1,913,856.7 mwh in 2008, an increase of 18.5 per cent. The performance of the Kainji and Jebba plants, however, declined by 6.4 and 6.3 per cent, respectively.

6.3.4.4. Coal Consumption

Estimated aggregate coal consumption remained at the 2008 level of 8,050.7 tce. The stagnation in coal consumption reflected the shift to more environmentally-friendly sources of energy.

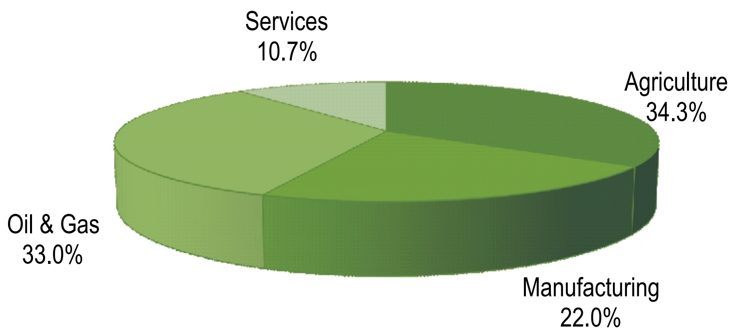
6.3.5. Industrial Financing

6.3.5.1 Nigeria Export-Import Bank (NEXIM)

The Nigeria Export Import Bank (NEXIM) disbursed a total of ₦2,613.4 million under its main facilities, to various beneficiaries in 2009, an increase of 53.3 per cent over the amount disbursed in 2008. Of the total amount, the sum of ₦1,500.0 million was disbursed under the rediscounting and refinancing facility for various products in manufacturing, agriculture, solid minerals and the services sub-sectors, while ₦1,113.4 million was disbursed under the direct lending facility.

A sectoral breakdown of the disbursement showed that the agriculture sector received the highest amount of ₦778.04 million or 34.3 per cent of the total, the oil and gas sub-sector followed with 33.0 per cent, while the manufacturing and the services sub-sectors got 22.03 and 10.72 per cent, respectively.

Figure 6.15: Sectoral Distribution of NEXIM's Credit in 2009



6.4 TRANSPORTATION AND COMMUNICATIONS

6.4.1 Airline Services

6.4.1.1 Policy and Operational Environment

The reforms in the aviation industry which began in 2007 were further reinforced in 2009. The Federal Airports Authority of Nigeria (FAAN), Nigerian Airspace Management

Authority (NAMA) and the Nigerian Civil Aviation Authority (NCAA) vigorously pursued the enforcement of international standards for passenger safety during the year. The installation of the instrument landing system at the airports, airport security upgrade and airport modernization programme continued.
Following an unsuccessful terrorism attempt on a US plane by a Nigerian, airport security was stepped up towards the year-end to ensure the attainment of full strict standards according to the International Civil Aviation Organisation (ICAO) regulations. Some of the measures instituted included installation of body scanners at the major international airports in the country and a review of the security check system on passengers.

Nigeria passed the ICAO security audit as well as that of the Transport Security Administration (TSA) of the United States in 2009.

Consequently, Nigeria passed the ICAO security audit as well as that of the Transport Security Administration (TSA) of the United States in 2009. During the year, the ARIK, DANA, IRS and AERO airlines commenced new domestic routes.

The challenges of industry airspace management which manifested itself in terms of Air Traffic Control (ATC) radar failures, air-misses and non-compliant search and rescue organization lingered on during the year 2009.

6.4.1.2 Domestic Airlines
The operations of the private domestic airlines recorded improvements in 2009. The number of passengers airlifted increased by 0.9 per cent to 8.65 million, from 8.58 million in 2008, although aircraft movement declined by 19.0 per cent from 248,621 in 2008, to 199,151. The improvement in the operational performance of the domestic airlines reflected the effects of increased competition which led to commencement of new routes. Further improvement in the performance of operators were constrained by the reported challenges of double taxation, excessive duties on aircraft engines and aircrafts, and airport charges by FAAN, NAMA and NCAA as well as rise in aviation fuel prices, and labour issues.

6.4.1.3 Foreign Airlines
The operational performance of airlines on the international routes declined significantly in 2009, as the number of passengers airlifted on the routes fell by 17.9 per cent to 2.74 million, compared with 3.34 million in 2008. International aircraft movement also declined by 86.6 per cent to 29,047 in 2009 from 216,502 aircrafts in 2008. The development could be attributed to the challenges arising from increasing airfares, and restrictive policy on visa operated by most foreign embassies in Nigeria in 2009. Other factors included rising prices of aviation fuel and operational costs, and decline in demand for foreign travel arising from insecurity and terrorism threats.

6.4.2 Railway Services

Efforts to transform the nation's transport infrastructure received a major boost during the year. The Nigerian railway modernization project which was suspended in 2008 was resuscitated in 2009. The implementation of the first phase commenced with the award of the contract for the construction of 186km single track standard gauge railway lines from Abuja (Idu) to Kaduna at a cost of US$875 million. Of this amount, US$500 million would be provided by the Chinese Government as concessional loan.

Efforts to transform the nation's transport infrastructure received a major boost during the year with the resuscitation of the Nigerian railway modernization project which was suspended in 2008.

The Lagos-Kano modernization project also received a boost during the year. After a re-negotiation with China Civil Engineering Construction Corporation (CCECC), the project was repackaged into five segments, namely: Lagos-Ibadan, Ibadan Ilorin, Ilorin Minna, Abuja Kaduna and Minna Kano. Other projects being handled under the umbrella of Railways rehabilitation project included: Ajaokuta-Warri Line (254km); Lagos Jebba phase (488km); Jebba Kano (640km); construction of six stations, bridges and culverts; rehabilitation of track and signal/telecommunication facilities; and supply of 25 brand new locomotives engines.

Remarkable progress was recorded on railway concessioning during the year. These included: remobilization of transportation advisers, Electronic Assets Register for NRC Assets, Work plan for concession and re-structuring of the Corporation. The performance of the Nigerian railways on functional routes improved in 2009 by 20 percent, as 2.396 million passengers were carried compared to 1,996 million in 2008. The volume of cargo moved also increased by 18.0 per cent to 55,942.62 tonnes in 2009 from 47,409 tonnes in 2008.

6.4.3 Maritime Services

The maritime sector witnessed mixed developments in 2009. Government pursued key maritime programmes in the areas of safety, security, marine environment protection and human development. Despite the global economic downturn, the cargo volume excluding crude-oil, rose marginally by 1 per cent to 66 million tonnes in 2009 from 65 million tonnes in 2008.

As part of efforts to enable large ships to berth in the inland river and increase their utilization, the Federal Government signed the contract for the dredging of the River Niger to increase the draught of its channels.

6.4.4 Communications

The communications sector continued to be vibrant with stable growth in 2009, driven

The communications sector continued to be vibrant with stable growth in 2009, driven mainly by the Global System of Mobile Communications (GSM), following the liberalization of the sector.

mainly by the Global System of Mobile Communications (GSM), following the liberalization of the sector and the active effort of the industry regulator. Total investment in the sector increased by 50.0 per cent, from US$12.0 billion in 2008 to US$18.0 billion. A breakdown of total investment for 2009 showed that US$12.0 billion was Foreign Direct Investment (FDI), while the remaining US$6.0 billion was from local investors.

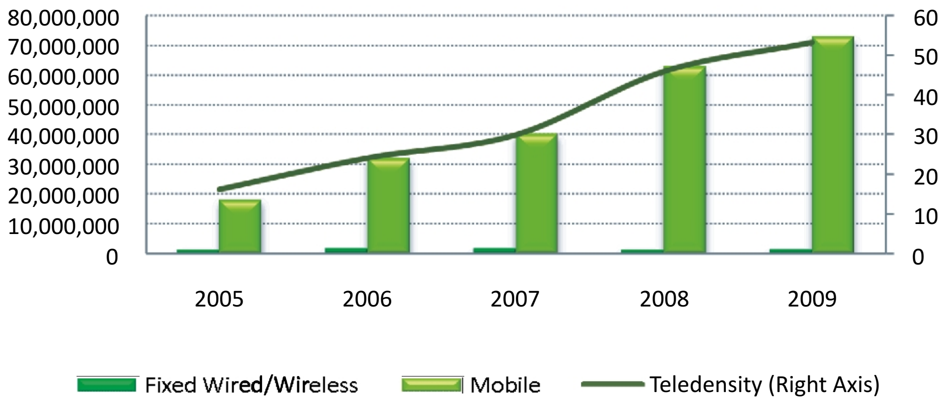
Table 6.4: The Nigerian Telecommunications Market Statistics

	2005	2006	2007	2008	2009
No. of Connected Fixed Lines ('000)	1,223	1,673	1,580	1,308	1,419
No. of Connected Digital Mobile Lines (million)	18.59	32.32	55.24	62.99	73.10
No. of National Carriers	2	2	2	2	2
No. of Operating ISPs	69	117	**117**	83	
No. of Active Licensed Fixed Line Operators	26	26	29	20	22
Number of Licensed Mobile Operators	4	4	4	9	8
Teledensity	16.27	24.18	29.98	45.93	53.23
Cumulative Investment (US$ million)	7,500	8,150	11,500	12,000	18,000

Source: Nigerian Communications Commission (NCC)

As at end-December 2009, the combined subscriber strength of the telecommunications sub-sector had increased by 13.7 per cent, over its December 2008 level, to a total of 64,296,117 lines (1,307,625 fixed wired/wireless and 62,988,492 mobile lines). Similarly, teledensity increased from 45.93 lines per 100 inhabitants, as at December 2008, to 53.23 lines per 100 inhabitants. This was appreciably higher than the International Telecommunication Union (ITU) minimum standard of 1:100. In addition, the output of the sub-sector grew by 34.2 per cent in 2009 and accounted for 3.7 per cent of the GDP. Other developments in the sub-sector included the signing of a memorandum of understanding (MoU) on mobile television services.

Figure 6.16: Trends of Total Connected Lines and Teledensity



In 2009, the industry regulator, the Nigeria Communications Commission (NCC) set up a public inquiry desk that provided the public with a platform for resolving issues of interconnectivity. It launched the State Accelerated Broad Initiative (SABI) project in Kano, which was expected to reduce the cost of internet access and technological services, especially in rural and semi-urban areas. Also, the NCC reviewed downwards the interconnection rates in the industry, action that is expected to reduce the tariff rate.

6.5 CONSUMER PRICES

Inflationary pressure moderated somewhat in 2009, but the rate of inflation remained above the single digit. The inflation rate on a year-on-year basis, which stood at 14.0 per cent in January 2009, dropped to 10.4 per cent in September 2009, before assuming an upward trend to peak at 12.0 per cent at end-December 2009. The development was attributable to a number of factors including: the surge in the prices of staples, and seasonal effects. The all-items composite Consumer Price Index (CPI) was 215.6 (May 2003=100) in December 2008, compared with 192.6 in the corresponding month of 2008. This represented a year-on-year headline inflation rate of 12.0 per cent, which was 3.1 percentage points below the rate in December 2008. Further analysis indicated that the urban headline inflation rate (year-on-year) declined significantly from 11.4 per cent in 2008 to 7.9 per cent in December 2009. Similarly, the rural inflation rate fell from 17.0 to 14.0 per cent during the same period. Inflation rate at the end of the year exceeded both the national and the WAMZ single-digit inflation rate target.

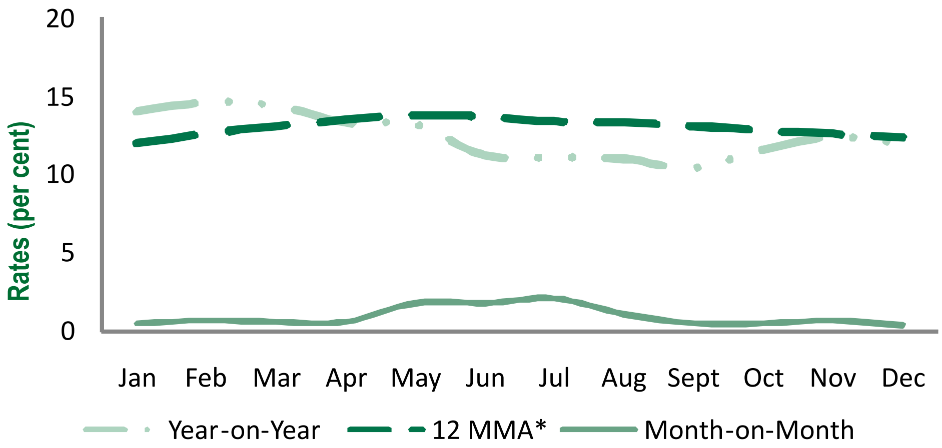
Inflationary pressure moderated somewhat in 2009, but the rate of inflation remained above the single digit.

Inflation rate at the end of the year exceeded both the national and the WAMZ single-digit inflation rate target.

Table 6.5: Annual Headline Inflation Rates (Year-on-Year) (per cent)

	2005	2006	2007	2008	2009
January	9.8	10.7	8.0	8.6	14.0
February	10.9	10.8	7.1	8.0	14.6
March	16.3	12.0	5.2	7.8	14.4
April	17.9	12.6	4.2	8.2	13.3
May	16.8	10.5	4.6	9.7	13.2
June	18.6	8.5	6.4	12.0	11.2
July	26.2	3.0	4.8	14.0	11.1
August	28.2	3.7	4.2	12.4	11.0
September	24.3	6.3	4.1	13.0	10.4
October	18.6	6.1	4.6	14.7	11.6
November	15.1	7.8	5.2	14.8	12.4
December	11.6	8.5	6.6	15.1	12.0
Average	***17.9***	***8.4***	***5.4***	***11.5***	***12.4***

Figure 6.17: Trends in Inflation in 2009

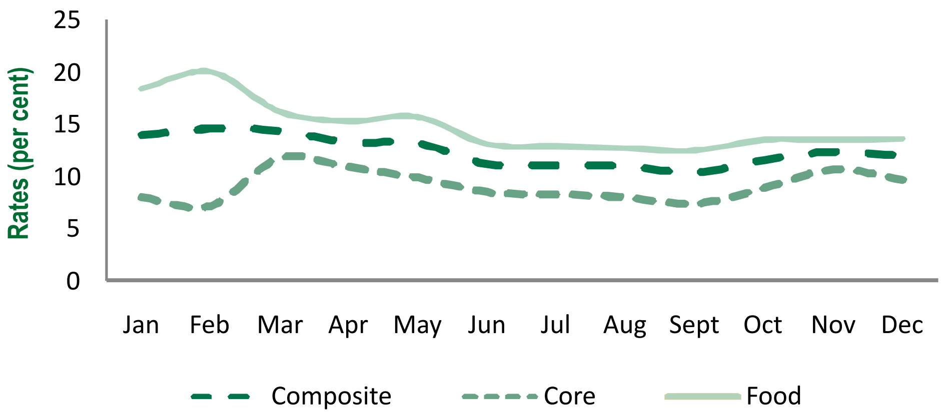


**12 MMA is 12- month moving average*

In the same vein, the 12-month moving average headline inflation rate, which was 11.6 per cent at end-December, 2008, rose to 12.4 per cent in 2009. The year-on-year food inflation rate, which stood at 18.0 per cent at end-December 2008, went up by 0.4 percentage point in January 2009. It further rose to 20.0 per cent in February, before declining to 13.6 per cent in December 2009. Thus, food price increase was the major driver of inflation.

Food price increase was the major driver of inflation.

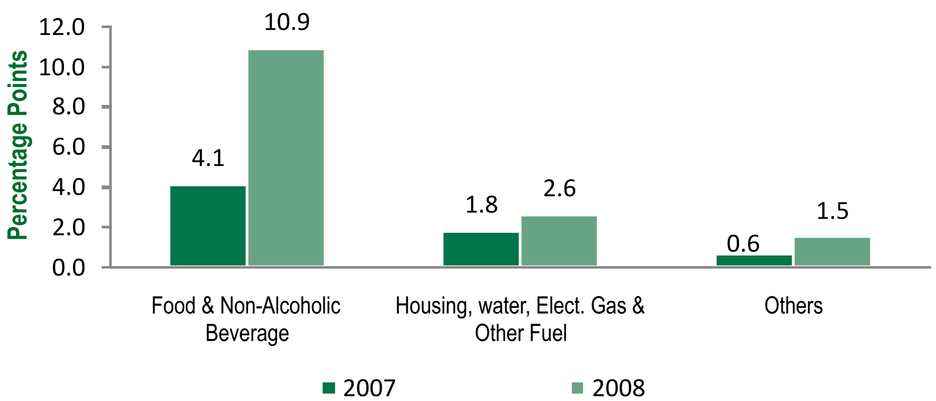
Figure 6.18: Trends in Inflation (Composite, Core and Food) in 2009



The core inflation (all-items, less farm produce) on a year-on-year basis, which stood at 8.0 per cent in January, increased to 10.9 per cent by April 2009. It assumed a downward trend from 9.9 per cent in May to 7.4 per cent in September and closed at 9.7 per cent in December 2009.

The key drivers of headline inflation included housing, water, electricity, gas and other fuels component a combination of which contributed 3.0 percentage points, as well as food and non-alcoholic beverages, which contributed 2.3 percentage points.

Figure 6.19: Contribution of Key Components to Headline Inflation (end-Period)



6.6 THE SOCIAL SECTOR

6.6.1 Demography

The 2006 population and housing census put Nigeria's population at 140,003,542, with an annual growth rate of 3.2 per cent. The country's population was, therefore, estimated at 153,878,560 for 2009 and the total labour force was projected at 64,960,371 in 2009.

6.6.2 Unemployment

Available estimates showed that the national unemployment rate in 2009 was 12.9 per cent, compared with 12.8 per cent in 2008. The rise in the unemployment rate was largely attributed to the increased number of school graduates with no matching job opportunities, a freeze on employment in many public and private sector institutions, as well as the slow disbursement of the capital budget by the Federal Government.

Table 6.6: Labour Statistics, 2005 - 2009

	2005	2006	2007	2008*	2009*
Total Population	138,468,013	140,003,542	144,483,655	149,107,132	153,878,560
Total Labour Force	56,170,672	58,933,891	61,249,485	62,946,096	64,960,371
Total Employment [1]	49,486,362	50,886,826	52,326,923	53,807,775	55,529,624
Total Unemployment	6,684,310	8,047,065	8,922,562	9,204,515	9,499,059
Unemployment Rate (%) [2]	11.9	14.6	10.9	12.8	12.9

Source: National Bureau of Statistics

1/The Labour force consists of the number of people aged 15 and over who are employed (that is , those who currently have jobs) and unemployed (that is, those who do not have jobs, but who are actively looking for work). Individuals who do not fall into either of these groups, such as retired people and discouraged workers, are not included in the calculation of the labour force.

2/The International Labour Organization (ILO) defines 'unemployment' as the proportion of the labour force which was available for work but did not work for at least one hour in the week preceding the survey period. However, the definition used in this report is that of the National Bureau of Statistics (NBS), Nigeria. The NBS defines unemployment as the proportion of the labour force that is available for work but did not work for at least 39 hours in the weekpreceding the survey period.
**Staff Estimates*

CHAPTER 7

7.0 EXTERNAL SECTOR DEVELOPMENTS

The impact of the global financial crisis of 2008 lingered in 2009. Consequently, Nigeria's external sector, as in most economies, was under pressure. This was reflected in the drawdown on external reserves, capital reversal by portfolio investors for most part of the year, and a lower trade balance occasioned by the effect of price shocks in the international crude oil market. Despite the pressure, proactive monetary policy actions and robust exchange rate management combined to produce a surplus outcome in both accounts of the balance of payments. The current account surplus represented 11.9 per cent of GDP, down from 20.5 per cent in 2008. Other external sector indicators revealed that the external debt stock increased by 6.5 per cent to US$3.9 billion, but remained within a sustainable level, while the level of external reserves at US$42.4 billion could finance 17.7 months of imports. This exceeded the 6 months imports cover recommended under the West African Monetary Zone (WAMZ) convergence criteria. Exchange rate movement was relatively stable from the second quarter of the year. Notwithstanding the shocks, the external sector remained strong, particularly with the rebound in the price of crude oil in the second half of the year.

7.1. BALANCE OF PAYMENTS

7.1.1 Major Developments

The persistent pressure on the external accounts resulted in an estimated overall balance of payments deficit of ₦1,548.4 billion (US$10.6 billion), as derived from the changes in the level of external reserves. The overall deficit was equivalent to 6.3 per cent of GDP and contrasted with the modest surplus of 0.8 per cent recorded in 2008. Following weak demand from Nigeria's trading partners, aggregate external trade decelerated, with the oil export being severely affected during the period. Receipts from crude oil export declined by 32.9 per cent, as the price of Nigeria's reference crude (Bonny Light 37^0 API) fell significantly from an average of US$101.15 per barrel in 2008 to US$62.08. The performance of crude oil inflows overwhelmed the invisible transactions in the current account, resulting in a lower surplus of ₦2,934.2 billion (US$20.1 billion) or 11.9 per cent of GDP.

> *Following weak demand from Nigeria's trading partners, aggregate external trade decelerated, with the oil export being severely affected during the period.*

However, there were improvements in the invisible accounts as the deficits in the income account (net) declined, while net transfer increased marginally by 4.2 per cent in dollar terms. The pressure on the financial account was evident in the capital outflows by portfolio investors, while direct investment remained at almost the 2008 level.

Figure 7.1 Balance of Payments (per cent of GDP)

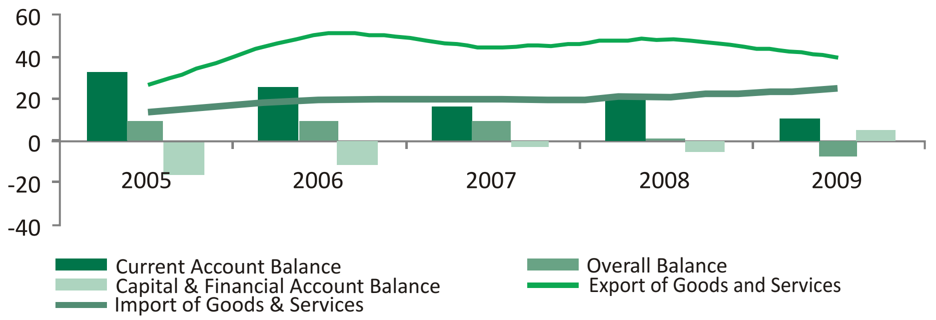


Table 7.1: Summary of the Provisional Balance of Payments Statement 1/						
	₦' billion			US$' billion		
	2007	2008	2009 2/	2007	2008	2009 2/
CURRENT ACCOUNT	3,890.68	4,977.73	**2,934.19**	31.19	42.26	**20.12**
Goods	4,512.06	5,563.18	**2,577.10**	36.17	47.23	**17.67**
Exports (fob)	8,309.76	9,907.61	**6,771.60**	66.61	84.12	**46.43**
Imports (fob)	(3,797.69)	(4,344.43)	**(4,194.50)**	(30.44)	(36.89)	**(28.76)**
Services(net)	(1,390.28)	(1,444.08)	**(1,505.00)**	(11.14)	(12.26)	**(10.32)**
Credit	181.56	230.74	**250.15**	1.46	1.96	**1.72**
Debit	(1,571.83)	(1,674.83)	**(1,755.15)**	(12.60)	(14.22)	**(12.04)**
Income(net)	(1,478.82)	(1,414.00)	**(1,069.11)**	(11.85)	(12.01)	**(7.33)**
Credit	321.98	284.21	**140.04**	2.58	2.41	**0.96**
Debit	(1,800.80)	(1,698.21)	**(1,209.14)**	(14.43)	(14.42)	**(8.29)**
Current transfers(net)	2,247.71	2,272.62	**2,931.20**	18.02	19.30	**20.10**
Credit	2,266.60	2,295.26	**2,959.71**	18.17	19.49	**20.30**
Debit	(18.88)	(22.63)	**(28.51)**	(0.15)	(0.19)	**(0.20)**
CAPITAL AND FINANCIAL ACCOUNT	(791.52)	(1,265.15)	**1,306.85**	(6.34)	(10.74)	**8.96**
Capital account(net)	-	-	**-**	-	-	**-**
Credit	-	-	**-**	-	-	**-**
Debit	-	-	**-**	-	-	**-**
Financial account(net)	(791.52)	(1,265.15)	**1,306.85**	(6.34)	(10.74)	**8.96**
Assets	(1,986.33)	(1,325.80)	**702.79**	(15.92)	(11.26)	**4.82**
Direct investment (Abroad)	(58.39)	(41.27)	**(74.53)**	(0.47)	(0.35)	**(0.51)**
Portfolio investment	(231.94)	(319.95)	**(316.10)**	(1.86)	(2.72)	**(2.17)**
Other investments	(568.79)	(768.21)	**(454.99)**	(4.56)	(6.52)	**(3.12)**
Reserve assets	(1,127.21)	(196.37)	**1,548.40**	(9.04)	(1.67)	**10.62**
Liabilities	1,194.81	60.65	**604.06**	9.58	0.51	**4.14**
Direct investment (in reporting economy)	759.38	460.22	**572.55**	6.09	3.91	**3.93**
Portfolio investment	332.55	(465.25)	**(30.27)**	2.67	(3.95)	**(0.21)**
Other investment liabilities	102.88	65.67	**61.78**	0.82	0.56	**0.42**
NET ERRORS AND OMISSIONS	(3,099.15)	(3,712.58)	**(4,241.05)**	(24.84)	(31.52)	**(29.08)**
Memorandum Items						
Current account balance as % of GDP	16.71	20.49	**11.87**	16.71	20.49	**11.87**
Capital and financial account balance as % of GDP	(3.40)	(5.21)	**5.29**	(3.40)	(5.21)	**5.29**
Overall balance as % of GDP	4.84	0.81	**(6.27)**	4.84	0.81	**(6.27) 3/**
External reserves (US$ million)	51,333.15	53,000.36	**42,382.49**	51,333.15	53,000.36	**42,382.49**
Number of months of import equivalent	20.24	17.24	**17.68**	20.24	17.24	**17.68**
External debt stock (US$ million)	3,654.00	3,704.08	**3,947.30**	3,654.00	3,704.08	**3,947.30**
Outstanding debt service due as % of exports of goods and non-factor services						
Effective central exchange rate(N/$)	124.76	117.78	**145.83**	124.76	117.78	**145.83**
End-period exchange rate(N/$)	117.97	132.56	**149.58**	117.97	132.56	**149.58**
Average exchange rate(N/$)	125.83	118.53	**148.90**	125.83	118.53	**148.90**

1/ The conversion for BOP purposes was based on the mid-point or the effective central exchange rate.

2/ Provisional

3/ Overall balance mirrors the movement in external reserves

7.2 THE CURRENT ACCOUNT

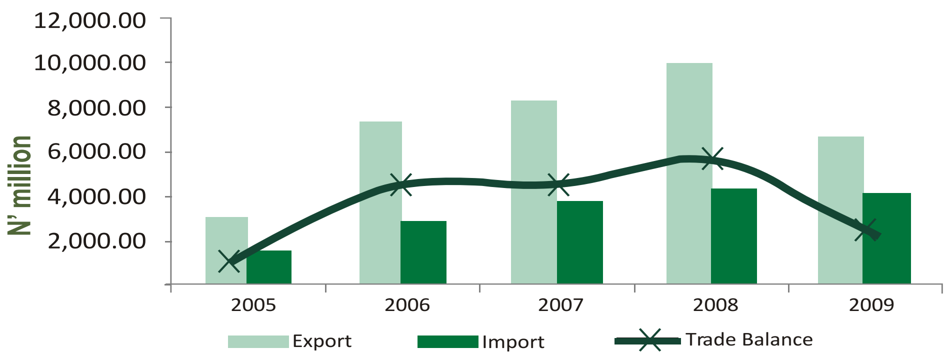
The current account surplus contracted sharply by 41.1 per cent to ₦2,934.2 billion (US$20.1 billion), reflecting the diminution of earnings from crude oil. The global economic shocks impacted on the current account largely through the trade channel. Consequently, the trade (goods) balance declined from a surplus of ₦5,563.2 billion (US$47.2 billion) in 2008 to ₦2,577.1 billion (US$17.7 billion). The deficit in the services account moderated in dollar terms, while that of the income account narrowed by 24.4 per cent. Current transfers (net), which comprised mainly home remittances, increased by 4.2 per cent in dollar terms to US$20.1 billion. In naira terms, it increased substantially by 29.0 per cent to ₦2,934.2 billion, due to exchange rate depreciation. The naira depreciated from an average of ₦118.5 to the US dollar in 2008 to ₦148.9 in 2009.

The current account surplus contracted sharply by 41.1 per cent to ₦2,934.2 billion (US$20.1 billion), reflecting the diminution of earnings from crude oil.

7.2.1 The Goods Account

At ₦2,577.1 billion, the goods account (fob) surplus adjusted for balance of payments (merchandise trade balance), decreased by 53.7 per cent, due to the decline in the combined receipts from crude oil, gas and non-oil exports (gross exports), which declined by 31.7 per cent, as well as the moderate drop in imports. Further analysis of trade developments, however, revealed that the major driver of trade (price of crude oil) rose significantly in the third and fourth quarters of 2009. The international price of crude oil surged from quarterly averages of US$47.12 and US$56.01 per barrel in the first and second quarters to US$69.79 and US$77.51 per barrel, respectively in the third and fourth quarters of 2009. The oil and non-oil components of unadjusted merchandise trade (imports and exports) decreased by 27.0 and 6.9 per cent to ₦7,535.5 billion and ₦3,877.2 billion, respectively. The continued dominance of the oil sector was reflected in its share of 66.0 per cent in total trade, down from 71.2 per cent in 2008. The degree of the economy's openness, as measured by the total trade/GDP ratio, fell from 54.7 per cent in 2008 to 49.2 per cent.

Figure 7.2 Value of Imports, Exports and Trade Balance



7.2.1.1 Imports: Cost and Freight (c&f)

At ₦4,641.1 billion, total imports unadjusted for balance of payments fell by 7.0 per cent, reflecting the weak consumer and industrial demand occasioned by the second-round effects of the global economic crisis on the economy. Non-oil imports, which represented 77.4 per cent of total imports, declined by 11.8 per cent due to the lull in economic activities, especially the depression in credit from the banking sector. The decline in non-oil sector imports overwhelmed the 14.1 per cent increase in oil sector imports.

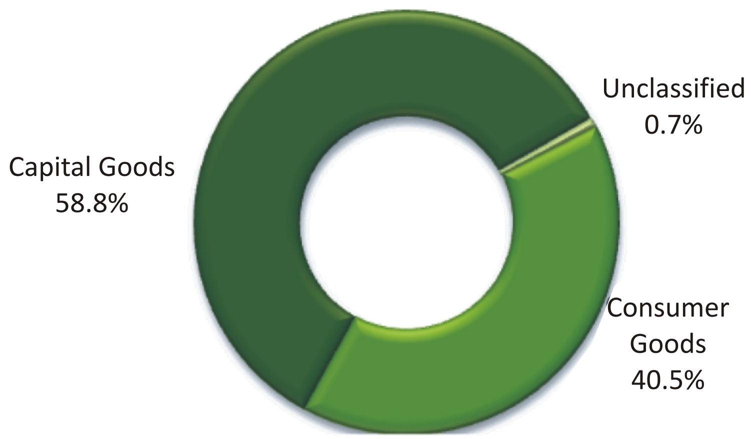
The decline in non-oil sector imports overwhelmed the 14.1 per cent increase in oil sector imports.

Analysis of DMBs' returns on foreign exchange utilization revealed that financial, industrial, manufactured goods, oil, transport and agricultural sectors' imports, respectively, accounted for 17.7, 22.5, 18.5, 15.4, 4.7 and 0.8 per cent of the total. Specifically, the shares of imports of food, vehicles, electronics and fertilizer were 10.7, 4.5, 4.2 and 0.4 per cent, respectively.

(a) Imports by End-User

Analysis of aggregate imports by end-user revealed that consumer goods declined by 17.5 per cent from the 2008 level, while capital goods and raw materials, as a group, increased marginally by 1.7 per cent. The increase was accounted for mainly by raw materials imports, which were required to grow the industrial sector of the economy. The share of consumer goods in total imports also declined, by 5.2 percentage points, to 40.5 per cent and was accounted for by payments in respect of durable and non-durable imports. Capital goods and raw materials imports took a large share of 58.8 per cent of the total. Within the group, raw materials imports (chemical) and capital goods (spare parts and agricultural machinery) accounted for 36.0 and 22.8 per cent, respectively. The balance of 0.7 per cent was accounted for by unclassified (miscellaneous) imports.

Figure 7.3 Import by Major Groups in 2009



(b) Imports by Harmonized System (HS)

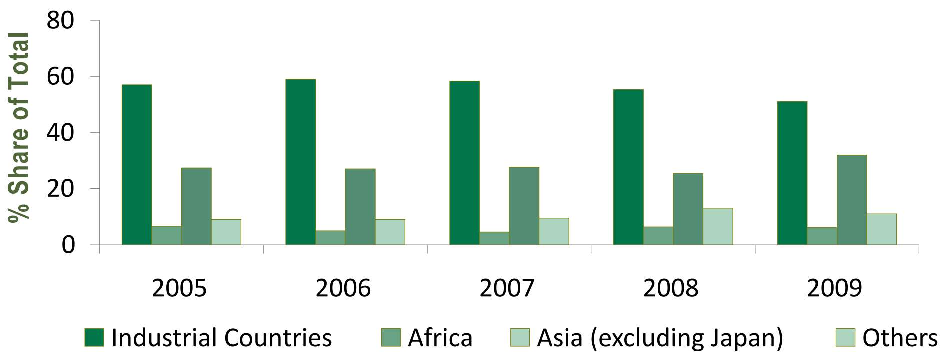
With respect to imports by HS, the value of some categories of imports recorded reasonable increases over their levels in 2008. However, major import items, such as base metals, boilers, machinery and appliances recorded a decline over their levels in the preceding year. The proportion of imports was highest in the boilers, machinery and appliances category at 28.7 per cent of total imports, followed by the vehicles and aircraft category at 19.9 per cent, base metals (10.5 per cent), chemicals and allied industries (8.6 per cent), plastics and rubber (7.8 per cent) and vegetable products (5.3 per cent). The proportion of the textiles category in total imports declined, however, from 5.3 per cent in 2008 to 1.8 per cent, following government's effort at resuscitating the ailing textile industry.

(c) Non-oil Imports by Country of Origin

Available data revealed that industrialized countries remained the dominant source of imports to Nigeria and accounted for 50.9 per cent of total, down from 55.3 per cent in 2008. The United States maintained the lead in this group, with a share of 13.6 per cent, followed by the United Kingdom 7.8 per cent, France 6.7 per cent, the Netherlands 6.4 per cent, while the balance of 16.4 per cent was accounted for by Japan, Germany and Italy. The share of Nigeria's imports from Asia (excluding Japan) increased by 6.6 percentage points to 32.0 per cent, reflecting the new shift of trade from the traditional industrial countries to developing economies, such as China, Thailand, India and Korea. The share of imports from African countries decreased by 0.2 percentage point to 6.1 per cent. Among this group, imports from South Africa ranked highest at 4.9 per cent of total.

Available data revealed that industrialized countries remained the dominant source of imports to Nigeria and accounted for 50.9 per cent of total, down from 55.3 per cent in 2008

Figure 7.4: Non-Oil Imports by Origin in 2009



7.2.1.2 Exports: Free on Board (fob)

The value of total exports declined by 31.7 per cent in 2009 to ₦6,771.6 billion (US$46.4 billion). The decline in export receipts reflected the weak global demand and the lower international price of crude oil relative to the 2008 average, as well as disruptions in crude oil production. The bulk of the export proceeds was accounted for by crude oil and gas (95.8 per cent), while non-oil exports accounted for 4.2 per cent. Available data indicated that the value of gas exports was ₦1,192.8 billion (US$8.2 billion), or 17.6 per cent of total, while non-oil exports (including estimates for unrecorded trade) stood at ₦286.3 billion (US$2.0 billion).

The value of total exports declined by 31.7 per cent in 2009 to ₦6,771.6 billion (US$46.4 billion).

Box 6: The Effect of the Global Financial Crisis on Nigerian Exports and the Need to Enhance the Competitiveness of Non-oil Exports

The integration of the Nigerian economy into the global economy over the last decade has been remarkably rapid. This is reflected in the consistent growth of exports, especially oil exports, and trade openness (total trade/GDP ratio) which averaged 30.1 and 66.4 per cent, respectively, between 2004 and 2008. The favourable balance of trade recorded over the years was largely driven by export growth, which overwhelmed imports. The sustained export growth, up till 2008, was facilitated by the positive terms of trade shocks stemming from the high prices of crude oil in the international market, a conducive policy environment and a good economic climate in Nigeria 's major trading partners, such as the United States (US) and the United Kingdom (UK). However, due to the impact of the global economic shocks on the economy, aggregate exports declined by 44.8 per cent in 2009, with significant implications on the fiscal operations of a country that depended largely on oil exports and an uncompetitive non-oil sector. The productivity of the non-oil sector has remained low and has been bedevilled by poor infrastructure, especially power needed by small and medium enterprises to grow the economy. Consequently, the non-oil sector has performed dismally over the decades, accounting for below 3.0 per cent of total exports. To ameliorate this situation, government, through its agents, has put in place a National Export Strategy to diversify the export base of the country.

Institutional arrangements targeted towards enhancing the performance of the export sector included the Nigerian Export Promotion Council (NEPC), the Nigerian Export-Import Bank (NEXIM) and Export Processing Zones (EPZ), among others. These institutions undertake a range of export-related activities and provide export support services, as well as incentive schemes and export expansion grants. To sustain government's effort, a new framework for National Export Strategy (NES)

2005-2010 for Nigeria was formulated jointly between the Federal Government and The Commonwealth Secretariat (COMSEC). The Strategy focuses on promoting non-oil exports, monitoring, mobilization of internal and external donor funding support, and institutional arrangements. A major component of the Strategy is the implementation of the Export Production Village (EPV) Scheme designed to create opportunities for the rural communities to increase their participation in mainstream export activities to provide jobs and the injection of fresh funds into the communities. Within the framework of the National Economic Empowerment and Development Strategy (NEEDS), non-oil export expansion during the Strategy's targeted period was expected to grow by 50.0 per cent.

[a] Direction of Oil Exports

The Americas as a group constituted the largest importer of Nigeria's crude oil, followed by the countries of Asia and Western Europe. The share of Nigeria's crude oil exports to the Americas increased by 1.8 percentage points to 54.8 per cent, while the value of crude oil export decreased from ₦4,638.4 billion in 2008 to ₦3,553.9 billion. Similarly, the volume declined by 23.8 per cent, to 307.4 million barrels. On a country-by-country basis, the US remained the largest single importer of Nigeria's crude oil, accounting for 30.0 per cent of the total.

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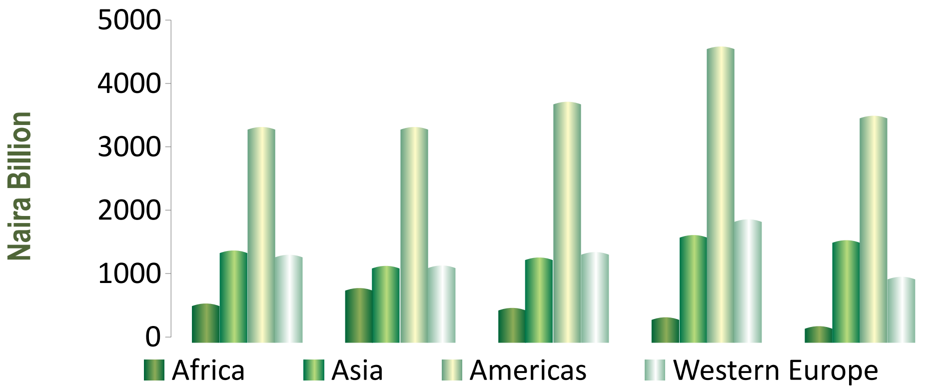
Figure 7.5: Direction of Crude Oil Exports in 2009

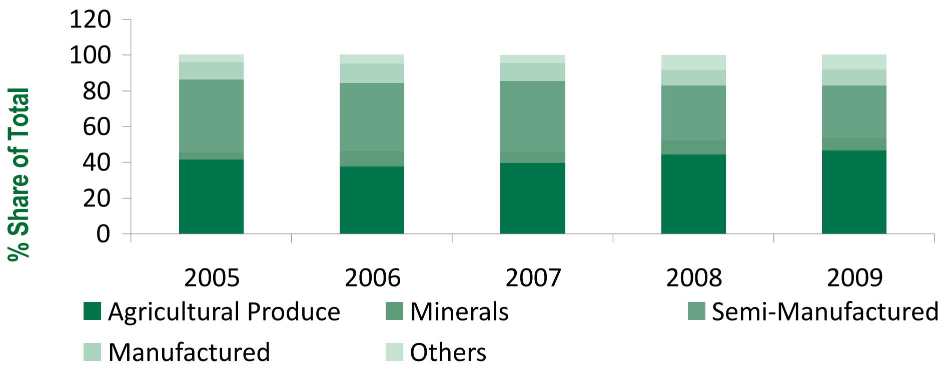


The share of Asia grew by 5.5 percentage points to 24.5 per cent, while that of Western Europe declined by 6.2 percentage points to 15.7 per cent. At 3.5 per cent, the share of crude oil exports to African countries remained the lowest. In the ECOWAS sub-region, Senegal was the largest importer of Nigeria's crude oil, followed by Ghana, while Côte d'Ivoire was the lowest importer.

[b] Non-oil Exports

The value of non-oil exports increased by 15.5 per cent to ₦286.3 billion. The analysis of non-oil exports by product showed that agricultural produce, semi-manufactured goods, manufactured goods and solid minerals accounted for 46.9, 29.2, 9.1 and 6.7 per cent of the total, respectively. Other exports, which comprised petroleum products, charcoal, scrap metals, crafts, ammonia and cement/lime products accounted for 8.1 per cent of the total. In the agricultural produce category, cocoa beans, rubber, fish/shrimps and cotton accounted for 15.0, 6.0, 2.4 and 10.0 per cent, respectively of the total non-oil exports. In this category, the share of all the products declined except cotton. The share of cotton increased from 2.6 to 10.0 per cent. The semi-manufactured goods category, which comprised processed skins, furniture/processed wood and textile yarn, accounted for 23.8, 1.3 and 1.4 per cent of the total non-oil exports, respectively, while the share of textiles in the manufactured group increased by 0.2 percentage point.

Figure 7.6: Non-Oil Exports by Product in 2009



[c] Non-oil Exports to the ECOWAS Region

Aggregate non-oil exports to the ECOWAS stood at ₦27.7 billion (US$189.96 million) in 2009, compared with ₦26.9 billion (US$228.81 million) in 2008, indicating a decline of 17.0 per cent in dollar terms. In naira terms, however, it increased owing to exchange rate depreciation. At US$68.6 million, non-oil exports to Ghana ranked highest within the ECOWAS, followed by Niger and Togo with US$35.17 million and US$29.87 million, respectively. Other importing countries were Benin, Cote d' Ivoire, Burkina Faso, Guinea, Senegal and Guinea-Bissau. The major export products were tobacco, plastics, paint, rubber, footwear, plastic paint containers and poly bags, among others.

7.2.2 The Services Account

The deficit in the services account (net) persisted, from ₦1,444.1 billion in 2008 to N1,505.0 billion in 2009.

The deficit in the services account (net) persisted, from ₦1,444.1 billion in 2008 to ₦1,505.0 billion in 2009. The main sources of out-payments were in respect of travels, freight charges for imports and other business services that comprised operational leasing and miscellaneous, business and professional services. Out-payments for transportation increased by 4.9 per cent to ₦483.8 billion, while payments for travels decreased by 46.1 per cent to ₦246.7 billion. Under transportation, passenger fares rose by 25.1 per cent, while freight charges (net) decreased by 9.1 per cent to ₦231.9 billion. Education and related expenditure posted a net deficit of ₦111.2 billion as against ₦243.0 billion in 2008. The substantial deficit reflected the number of Nigerians seeking education abroad.

Analysis of the major components of services revealed that business services, transportation, communications and government services recorded improved performance

Analysis of the major components of services revealed that business services, transportation, communications and government services recorded improved performance. Business services accounted for the bulk of the invisible transactions, representing 35.6 and 46.6 per cent, respectively, in 2008 and 2009. This was followed by the transportation services with 21.9 and 23.0 per cent, respectively, in the same period. Also, the share of communication services increased from 1.7 per cent in 2008 to 3.0 per cent. The development reflected the renewed interest of investors in the telecommunications sub-sector of the economy. The persistent deficit in the services account was attributable to the low investment by residents in freight business, non-compliance with global shipping policies, as well as increased volume of business and private travels abroad by Nigerians.

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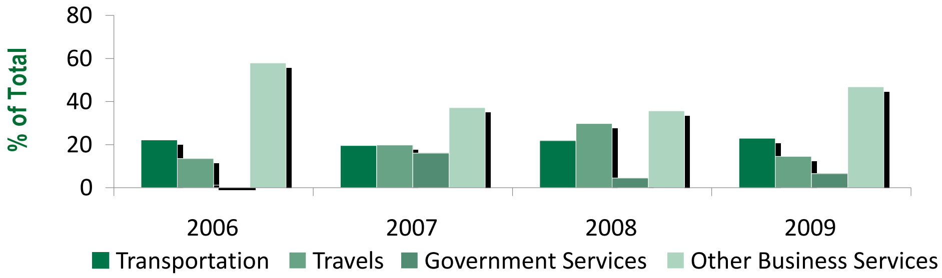
Table: 7.2 Percentage Share of Major Invisible Services Transactions

Items	2006	2007	2008	2009
Transportation	22.2	19.6	21.9	23.0
Travels	13.5	19.8	29.8	14.5
Insurance Services	0.10	1.86	2.48	2.52
Communication Services	2.44	1.66	1.68	3.00
Construction Services	0.80	0.55	0.55	0.43
Financial Services	0.28	0.04	0.04	0.17
Computer and Information Services	2.65	1.81	1.82	1.82
Royalties and Licence Fees	1.27	1.56	1.56	1.40
Government Services	1.22	15.97	4.55	6.56
Personal, Cultural & Recreational Services	0.01	0.00	0.00	0.00
Other Business Services	55.53	37.15	35.62	46.60

Figure: 7.7 Percentage Share of Major Invisible Services



7.2.3 The Income Account

The deficit in the income account (net) narrowed from ₦1,414.0 billion in 2008 to ₦1,069.1 billion. The contraction reflected the reduced out-payments on dividends and distributed branch profits. Also, earnings on external reserves and other investment assets by the monetary authorities declined by 90.2 per cent to ₦17.2 billion (US$0.1 million), reflecting the substantial drawdown on external reserves and the near-zero interest on foreign securities holdings.

7.2.4 Current Transfers

The surplus in current transfers (net) increased by 29.0 per cent, in naira terms, to ₦2,931.2 billion in 2009, reflecting exchange rate depreciations. In dollar terms, the surplus increased by 4.2 per cent. The inward transfers, at ₦2,959.7 billion, surpassed the outward transfers of ₦28.5 billion recorded in the general government accounts for the expenses of foreign embassies, payments to international organizations, and the remittances of foreigners resident in the country.

Table 7.2a: Current Transfers (Naira billion)

	2008	2009
INFLOWS (credit)	**2,295.3**	**2,959.7**
1.General government (grants, ODA, Technical Assistance & gifts)	21.2	26.2
2. Other sector workers' remittances and other transfers in kind	2,274.1	2,933.5
OUTFLOWS (debit)	**22.6**	**28.5**
1.General government (Payments to International Organizations & other payments)	14.0	18.8
2. Other sector workers' remittances and other transfers	8.6	9.7
NET CURRENT TRANSFERS	2,272.6	2,931.2

7.3 THE CAPITAL AND FINANCIAL ACCOUNT

The capital and financial account registered a surplus of ₦1,306.9 billion, or 5.3 per cent of GDP, as against the deficit of ₦1,265.1 billion, or 5.2 per cent of GDP, in the preceding year. Provisional data on foreign direct investment (FDI) inflows, which comprised equity capital, re-invested earnings and other capital inflows increased by 0.5 per cent in dollar terms to US$3.9 billion. The FDI flows were largely channelled into the banking, telecommunications and oil and gas sub-sectors. The portfolio account witnessed large capital reversals due to the deleveraging by foreign portfolio investors in the wake of the global financial crisis and the bearish performance of activities at the Nigerian stock market during most part of the year.

New capital imported into the economy, as captured from the DMBs database, amounted to US$5.3 billion. The inflows were mainly into the banking sector and the capital market with a share of 49.5 and 27.9 per cent respectively, while 'others' and telecommunications accounted for 16.3 and 6.3 per cent, respectively. On a regional basis, capital importation from the US accounted for a share of 62.2 per cent, UK 13.8 per cent, South Africa 4.2 per cent, the Netherlands 3.5 per cent, China 2.6 per cent, while other countries accounted for 13.7 per cent of the total.

Figure: 7.8 Capital Importation by Region in 2009 (per cent)

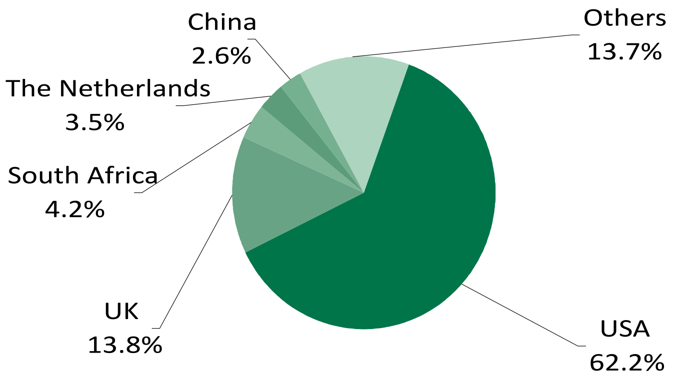


Figure: 7.9 Capital Importation by Sectors in 2009 (per cent)

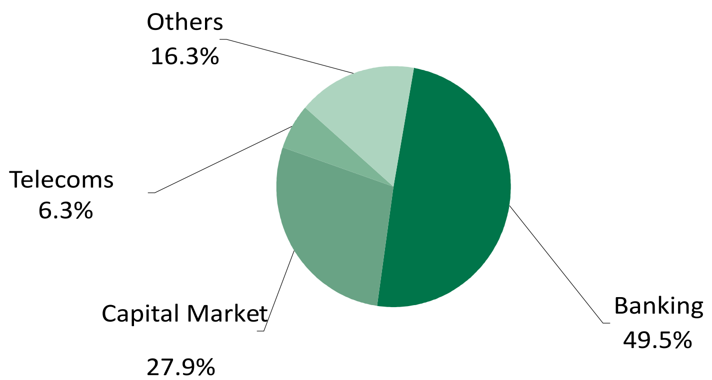


Table 7.2b: Capital Importation: Country and Sector Inflows (US$ million)

Country	2007	2008	2009	Sector	2007	2008	2009
United Kingdom	4,705	4,105	**731**	Banking	3,541	4,681	**2,624**
United States	1,850	4,950	**3,296**	Shares	2,612	3,424	**1,479**
South Africa	1,109	468	**224**	Financing	929	749	**205**
Mauritius	500	216	**77**	Telecommunications	777	717	**336**
Netherlands	157	154	**186**	Production/Manufacturing	563	504	**294**
Cyprus	141	83	**64**	Servicing	492	94	**33**
Switzerland	128	73	**69**	Brewery	151	-	**60**
Luxembourg	102	-	**4**	Oil and Gas	152	641	**114**
Germany	95	18	**23**	Trading	125	63	**37**
Denmark	87	213	**-**	Construction	74	130	**13**
Sweden	85	22	**10**	Hotels	45	-	**-**
China	11	36	**139**	Transport	14	14	**50**
United Arab Emirates	33	151	**18**	Marketing	14	21	**28**
Others	570	682	**459**	Others	84	133	**27**
COUNTRY INFLOWS (TOTAL)	**9,573**	**11,171**	**5,300**	**SECTOR INFLOWS (TOTAL)**	**9,573**	**11,171**	**5,300**

Analysis of other investment liabilities indicated that government's repayments of debt due increased by 3.7 per cent, while fresh commitments in 2009 resulted in an increased debt stock, from US$3.7 billion in 2008 to US$3.9 billion. This was traceable to additional disbursements of the International Development Association (IDA), the African Development Bank (AfDB), and the International Fund for Agricultural Development (IFAD) loans. The current level of external debt, at 2.4 per cent of GDP, was within a sustainable threshold.

Box 7: The Nature and Trends of Capital Flows in Nigeria

Capital flows are classified into private and official flows. Private capital flows comprise mainly foreign direct investment (FDI), portfolio investment (bonds and equity) and commercial bank loans, while official capital flows include Overseas Development Assistance (ODA) and grants.

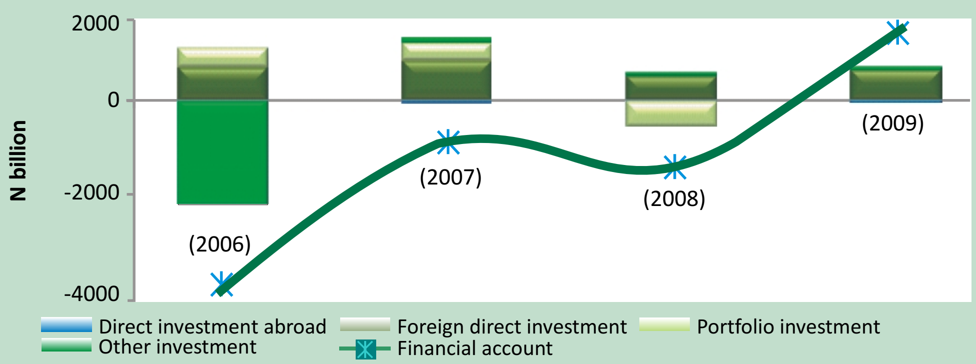
In most empirical studies, the major determinants of capital flows include: stable macroeconomic conditions as reflected in relatively strong economic growth, low inflation and a stable exchange rate, as well as a high interest rate differentials. However, in the Nigerian case, the major drivers of capital flows include: the level of reserves, degree of openness as reflected in the liberalization of current, capital and financial accounts, a two-period lag interest rate and the depth of the financial system, according to a study carried out by the Bank's Research Department on “Determinants of Capital Flows in Nigeria and Challenges for Macroeconomic Stability” (unpublished).

For decades, capital flows into the Nigerian economy have been largely in the form of Foreign Direct Investment (FDI). The development promoted the transfer of technology, employment and improved production capacity in most of the 1960's and 70's. The pattern of flow did not however, change up till the banking sector consolidation in 2004/2005 when the Nigerian economy began to witness a huge surge in foreign portfolio investments (bonds and equity), largely induced by the liberalization of some of the transactions in the capital account, policy consistency, and re-capitalization of the financial institutions. The sustainability of these flows was affected by the global financial crisis and the crash of the Nigerian Stock Market. For instance, market capitalization fell from ₦13.3 trillion as at end-December 2007 to a low level of ₦4.3 trillion in January 2009. A concise trend analysis of capital flows to the economy is presented below.

Foreign Direct Investment (FDI)

Foreign direct investment flows into Nigeria have increased significantly, following the deregulation of the economy in 1986. FDI inflows increased steadily by 21.6 per cent from ₦624.5 billion in 2006 to ₦759.4 billion in 2007. However, it declined by 39.4 per cent to ₦460.2 billion in 2008 due to the global financial crisis, but later rose by 24.4 per cent to ₦572.5 billion in 2009. The major components of FDI in Nigeria are new capital importation, reinvested earnings, signature bonuses and communication licence fees, as well as machinery and equipment. Capital importation and reinvested earnings account for over 80 per cent of total FDI flows to Nigeria. In terms of the sectoral distribution, inflows of FDI into Nigeria are relatively broad-based. While FDI inflows continued to be underpinned by the large and long-standing presence of investments in the oil and gas sector, the period 2000-2009 saw the rising importance of FDI flows into the service sector, with the share of FDI in this sector more than doubling. FDI in the services sector is well diversified, with investment being channelled to the financial services and outsourcing, communications and transportation sub-sectors. Within the West African sub-region, Nigeria accounts for over 70 per cent of the FDI flows to the sub-region. The continued attraction of Nigeria to FDI flows in the 2000's was traced to the relative political stability, policy consistency, macroeconomic stability and robust external reserves.

Trends of Capital Flows in Nigeria



Direct Investment Abroad

In recent years, a sharp increase in direct investment abroad by Nigerian companies has been recorded. Direct investment abroad amounted to ₦58.4 billion in 2007, but later declined by 29.3 per cent to ₦41.3 billion in 2008. However, direct investment abroad rose by 80.6 per cent in 2009 to ₦74.5 billion owing, mainly, to growing markets for Nigerian products abroad and banking services in the sub-region. It is expected that expanding investment abroad by Nigerian companies would promote more competitive Nigerian companies. Nigerian investment abroad was dominated largely by Deposit Money Banks (DMBs), which have continued to dominate the financial markets in the West African sub-region. Over 35 branches of Nigerian DMBs are scattered across the globe. The branching out of DMBs after the consolidation of the banking industry in 2006 increased Nigeria's off-shore activities which have impacted on the competitiveness of financial services in both the home and the host countries.

Factors driving Nigerian banks to invest abroad include expansion of market frontiers, competitiveness, branding, and advancement in technology. Generally, Nigerian banks which invested abroad have also enhanced their domestic operations by expanding capacity and moving up the production value chain in order to establish an integrated supply chain management with their overseas subsidiaries. This has increased their overall efficiency and enabled them to better compete in the global market. Investment by Nigerian companies abroad, over a medium term, will within the medium term be beneficial through the competitive gains from globalization, greater job opportunities, dividends for shareholders, and inflows from profit repatriation.

Portfolio Investment

From 2000 the portfolio inflows have surged remarkably, due to the banking sector consolidation and higher returns on domestic debt instruments. Portfolio inflows surged to ₦360.3 billion in 2006 owing to equity participation in the initial public offers of deposit money banks, but later declined by 7.7 per cent to ₦332.5 billion in 2007. The build-up in portfolio investment, especially during 2005-2007, was largely due to the consolidation of the financial sector and the liberalization of the money market which allowed foreign investors to invest in treasury bills of at least one year. However, the global financial crises of 2007/2008 resulted in capital outflows of ₦465.3 billion in 2008.

Nigerian investors have also taken advantage of the liberalization of the foreign exchange market to invest in cheaper foreign equities and real estate consequent upon the global financial crisis that has created liquidity problems in most industrialized economies, such as the United States of America (USA) and the United Kingdom (UK).

Other Investments

Other investments comprising mainly trade credits, external loans undertaken by the general government and the private sector, as well as currency and deposit placements by the monetary authorities and deposit money banks which recorded net inflows of ₦1,479.7 billion in 2006, but thereafter have consistently recorded net outflows of ₦671.7 billion, N833.9 billion and ₦516.8 billion, respectively from 2007 to 2009.

International Reserves

The Nigerian external reserves have witnessed an appreciable growth over the previous ten years. The stock of external reserves has increased from US$5.4 billion in 1999 to US$7.7 billion, US$7.5 billion, US$28.2 billion and US$53.0 billion in 2002, 2003, 2005 and 2008, respectively. It, however, declined by 20 per cent to US$ 42.4 billion at the end of 2009. This level of external reserves could finance 17.7 months of imports. The dramatic change in the growth of external reserves from 1999 to 2009 was induced by sustained current account surpluses which continued to overwhelm the deficit in capital and financial account; positive terms of trade shocks emanating from increased oil prices in the international market; and fiscal discipline characterised by due process in public procurements, as well as the resilience of monetary policy actions.

The review of developments of capital flows to Nigeria has brought to the fore the following: First, capital flows to Nigeria has continued to be dominated by FDI, especially the multinational corporations in the oil and gas, financial services, as well as the telecommunications sub-sectors. Second, in recent times, portfolio investment particularly in bonds, equity and treasury bills have gained prominence.

7.4 EXTERNAL ASSETS MANAGEMENT

Nigeria's total external assets at end-December 2009 stood at ₦7,484.8 billion (US$50.04 billion), compared with ₦8,616.5 billion (US$65.0 billion) in 2008. The foreign assets of the CBN declined by 12.6 per cent to ₦6,413.7 billion (US$42.38 billion) from the level in 2008, while its share of total external assets increased to 85.7 per cent, compared with 85.1 per cent in 2008. The net foreign assets of the Deposit Money Banks (DMBs) declined by 16.3 per cent below the level in the preceding year to ₦1,071.1 billion (US$0.74 billion) in 2009 and accounted for 14.3 per cent of the total external assets, compared with 14.9 per cent in 2008.

7.5 INTERNATIONAL INVESTMENT POSITION (IIP)

The Nigerian International Investment Position (IIP) was severely under pressure in 2009, as the total net IIP declined from ₦3,542.8 billion (US$26.7 billion) in 2008 to ₦2,873.1 billion

The Nigerian International Investment Position (IIP) was severely under pressure in 2009, as the total net IIP declined from ₦3,542.8 billion (US$26.7 billion) in 2008 to ₦2,873.1 billion (US$19.2 billion)

(US$19.2 billion) indicating a decline of 28.0 per cent. The development was traceable to the global financial and economic crisis which prompted excessive capital outflows culminating in the depletion of external reserves from ₦7,025.7 billion (US$53.0 billion) in 2008 to ₦6,339.6 billion (US$42.38 billion) in 2009. At ₦13,892.1 billion (US$92.9 billion), total assets declined by 3.9 per cent from the level in 2008. External assets contributed the highest at ₦6,339.6 billion (US$42.38 billion), followed by other foreign assets and domestic money bank assets with ₦5,844.9 billion (US$39.1) and ₦2,666.64 billion (US$17.8 billion), respectively.

Total stock of liabilities increased by 6.0 per cent to ₦11,023.0 billion (US$73.69 billion) in 2009. The stock of inward direct investment was ₦6,755.49 billion (US$45.16 billion) as against ₦5,466.4 billion (US$41.2 billion) in 2008. The stock of other investments also increased from ₦2,637.3 billion (US$19.9 billion) to ₦3,039.6 billion (US$20.32 billion). The growth in the stock of financial liabilities was traced to the continued confidence by foreign investors, occasioned by macroeconomic stability, the resilience in economic performance and the proactive policy direction of both the monetary and fiscal authorities to stem the effects of the global financial crisis on the economy.

Figure 7.10: Assets and Liabilities: International Investment Position (IIP)

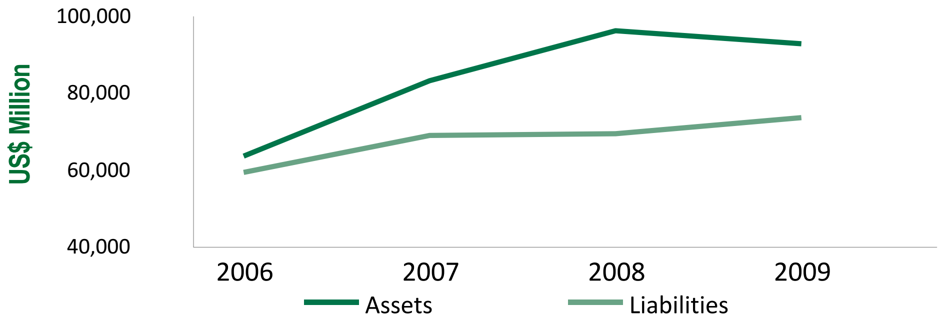


Figure 7.11: Net International Investment Position (IIP)

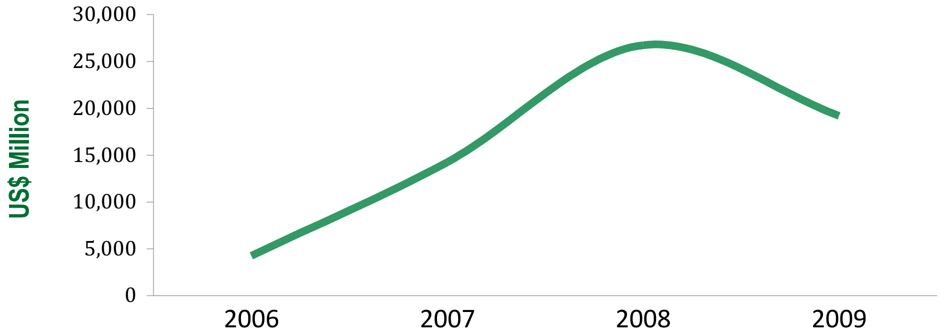


Table 7.3: International Investment Position (IIP) of Nigeria (2006-2009) [Millions of dollars]				
Type of Asset/Liability	**2006**	**2007**	**2008**	**2009**
Net international investment position of Nigeria	**4,260.09**	**14,259.30**	**26,726.22**	**19,207.92**
Assets	**63,719.22**	**83,295.29**	**96,277.13**	**92,901.05**
Direct investment abroad	318.61	786.61	1,137.01	1,648.08
Portfolio investment abroad	3,052.08	4,911.19	7,627.61	9,795.18
Equities	-	-	-	-
Money Market	3,052.08	4,911.19	7,627.61	9,795.18
Banks	3,052.08	4,911.19	7,627.61	9,795.18
Bonds	-	-	-	-
Financial Derivatives	-	-	-	-
Other foreign assets	18,050.42	26,264.34	34,512.15	39,075.30
Public Sector assets, excluding official reserves	1,308.03	2,581.87	4,666.37	5,971.01
Banks	6,620.62	9,923.26	15,418.25	17,840.92
Deposits	5,569.70	8,755.57	13958.64	16257.77
Loans	1,050.92	1,167.69	1,459.61	1,583.15
Non-banks	4,837.00	7,218.00	6,859.00	6,997.52
Deposits	4,837.00	7,218.00	6,859.00	6,997.52
Trade Credits	5,284.77	6,541.21	7,568.53	8,265.85
Nigeria official reserve assets	42,298.11	51,333.15	53,000.36	42,382.49
Liabilities	**59,459.13**	**69,035.99**	**69,550.91**	**73,693.13**
Direct investment	31,242.81	37,329.54	41,236.94	45,163.06
Portfolio investment	9,703.19	12,368.69	8,418.64	8,211.07
Equities	5,335.00	6,794.49	1,764.71	1,460.37
Money Markets	293.49	441.41	1,101.08	1,185.23
Banks	293.49	441.41	1,101.08	1,185.23
Bonds:	4,074.70	5,132.79	5,552.85	5,565.47
Gen. Government	4,074.70	5,132.79	5,552.85	5,565.47
Others	-	-	-	-
Financial Derivatives	-	-	-	-
Other Investments	18,513.13	19,337.76	19,895.33	20,319.00
Deposits:	5,613.00	6,463.00	6,189.32	5,775.91
Banks	5,613.00	6,463.00	6,189.32	5,775.91
Non-banks	-	-		
Loans	12,900.13	12,874.76	13,706.01	14,543.09
Long Term	12,900.13	12,874.76	13,706.01	14,543.09
Gen. Government	8,201.43	7,688.43	7,662.43	7,636.01
Banks	1,094.70	1,216.33	1,372.58	1,587.2
Others	3,604.00	3,970.00	4,671.00	5,319.88

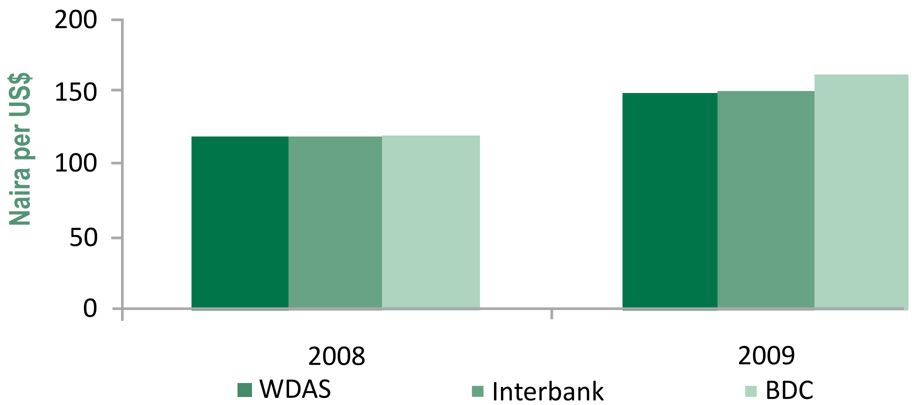
7.6 EXCHANGE RATE MOVEMENTS

The exchange rate of the naira in 2009 depreciated in all segments of the foreign exchange market. The depreciation reflected the adverse terms of trade shock on the price of crude oil in the international market. This resulted in low foreign exchange earnings and a decline in autonomous foreign exchange inflows thus exacerbating the demand pressure at the foreign exchange market. As a consequence, the average exchange rate of the naira under the RDAS/WDAS was ₦148.90 per US dollar, showing a depreciation of 20.1 per cent from the level in 2008. At the inter-bank and BDC segments of the market, the naira traded at an average exchange rate of ₦150.41 and ₦161.64 per US dollar, representing a depreciation of 20.8 and 25.3 per cent, respectively, from their respective levels in the preceding year. Consequently, the premium between WDAS/inter-bank and WDAS/BDC rates widened from 0.1 and 1.6 per cent in 2008 to 1.0 and 8.6 per cent, respectively, in 2009.

Analysis of the major components of services revealed that business services, transportation, communications and government services recorded improved performance

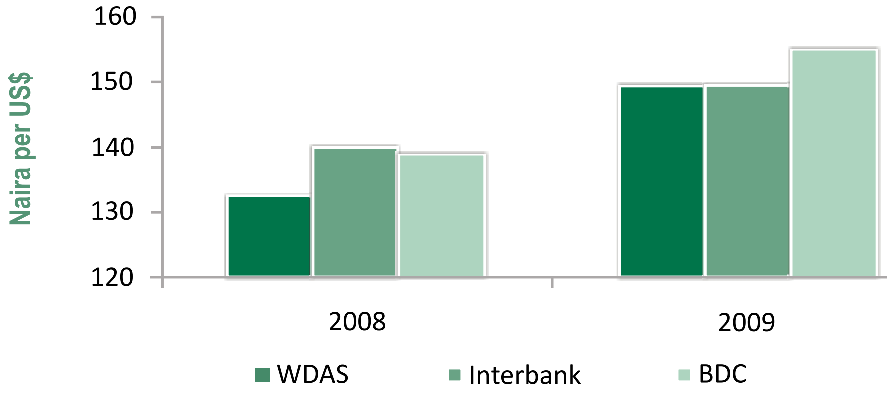
The premium between WDAS/inter-bank and WDAS/BDC rates widened from 0.1 and 1.6 per cent in 2008 to 1.0 and 8.6 per cent, respectively, in 2009.

Fig 7.12 Average Yearly Exchange Rate of the Naira per US Dollar



The end-period exchange rate at the WDAS segment of the foreign exchange market closed at ₦149.58 per dollar, reflecting a depreciation of 11.4 per cent from the end-December 2008 level. At the inter-bank and BDC segments of the foreign exchange market, the naira exchange rate to the US dollar also depreciated by 6.5 and 10.3 per cent to close at ₦149.67 and ₦155.00 per dollar, respectively, from their levels at the end of the preceding year. In general, the volatility in exchange rate during the first quarter of the year eased off, resulting in the relative stability recorded in the rest of the year.

Fig 7.13 End-period Exchange Rate of the Naira per US Dollar



7.7 Nominal Effective Exchange Rate (NEER) and the Real Effective Exchange Rate (REER)

The Nominal Effective Exchange Rate (NEER) and the Real Effective Exchange Rate (REER) indices (May 2003=100) were recomputed to capture the change in the composition of Nigeria's major trading partners. Consequently, the number of major trading partners constituting 80.0 per cent of the total trade increased from twelve to thirteen. The countries were the United States, the United Kingdom, Germany, France, Belgium, Italy, the Netherlands, India, China, Ghana, Spain, Brazil and South Africa. Indonesia and Japan were excluded from the list due to a reduction in trade with the countries.

The average NEER and REER indices, year-on-year, rose by 14.4 and 6.4 per cent above the figures in the preceding year to 121.57 and 62.86, respectively. The upward movement in the NEER index reflected the loss of external competitiveness of the naira against the basket of currencies of the major trading partners, while the growth in the REER index was indicative of a higher consumer price index (CPI), compared with Nigeria's trading partners.

Figure 7.14: Nominal and Real Effective Exchange Rate Indices

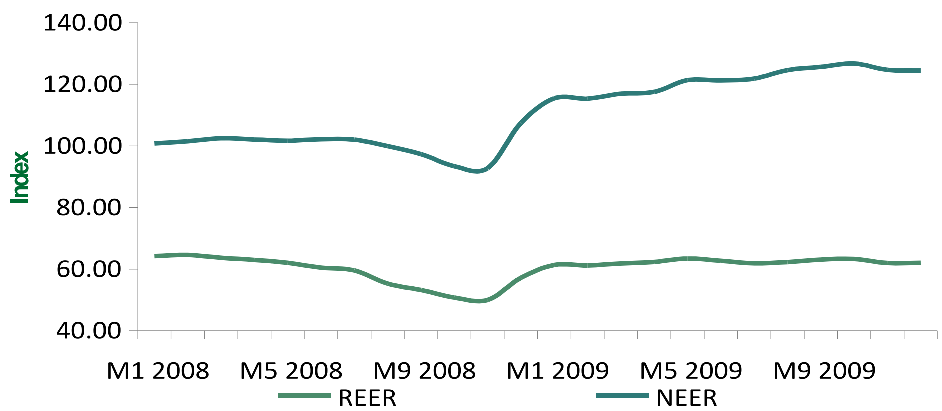


Table 7.4 Nominal and Real Effective Exchange Rate Indices (May 2003=100)

	December 2008		December 2009		
	Monthly Index	Annual Average	Monthly Index	Annual Average	%Change in Annual Average
NEER	107.44	100.31	125.57	121.54	14.4
REER	57.18	58.67	62.86	62.45	6.4

CHAPTER 8

8.0 INTERNATIONAL AND REGIONAL INSTITUTIONS

The IMF Spring and Annual Meetings centered on the global financial and economic situation, need for reforms in the Bretton Woods Institutions, financing for developing countries, Fund lending, multilateral surveillance and mobilization of resources for Fund operations. Members stressed the need for continued timely and adequate intervention from international financial institutions for developing countries affected by the global crises. At US$58.8 billion, the World Bank Groups' commitment to assist countries plagued by the global financial and economic crises increased by 54.0 per cent over the level in 2008. Nigeria signed a US$16.0 billion Bilateral Investment Agreement with the United Arab Emirates (UAE) to improve basic infrastructural facilities in Nigeria. At the regional level, The African Heads of State and Government discussed the global financial crisis and agreed that in-depth reforms of the global financial system should be undertaken, based on an inclusive approach. At the sub-regional level, the ECOWAS Convergence Council approved a revised road map for the realization of a single currency for West Africa by 2020. The road map includes the harmonization of the regulatory and supervisory framework for banks and other financial institutions, as well as the establishment of a payments system infrastructure for cross border transactions.

8.1 THE INTERNATIONAL MONETARY SYSTEM

8.1.1 The Group of Twenty-Four (G-24) and the IMF/World Bank Annual Meetings

The 2009 Spring and Annual Meetings of the Inter-Governmental Group of Twenty-Four (G-24) on International Monetary Affairs and Developments, and the discussions of the Board of Governors of the World Bank Group and the International Monetary Fund (IMF) all centered on the global financial and economic situation, the need for reforms in the Bretton Woods Institutions, financing for developing countries, IMF lending, multilateral surveillance, and mobilization of resources for Fund operations. At the meetings, the Governors:

- called for concerted and prompt implementation of necessary measures to address the deep-rooted weaknesses in the regulation of the financial markets;
- stressed the need for continued timely and adequate intervention from international financial institutions for developing countries affected by the global crises;
- urged developed countries to avoid protectionist and restrictive policy measures in the areas of trade, finance, investment and labour services;
- commended improvements in the IMF's lending policies and called on the Fund to take specific measures aimed at enhancing its instruments for broad-based precautionary financing; and
- directed the IMF to commence the implementation of the new flexible framework

for the Financial Sector Assessment Programme (FSAP) and ensure sharper macro-financial surveillance.

8.1.2 The International Monetary Fund

The IMF's outstanding global credit increased to SDR 42.3 billion at end-December 2009, from SDR 21.49 billion at end-December 2008. This comprised disbursements of SDR 37.2 billion in the General Resources Account (GRA) and SDR 5.1 billion under the Poverty Reduction and Growth Facility Exogenous Shocks Facility (PRGF-ESF).

8.1.3 The World Bank Group

The World Bank Group committed US$58.8 billion to assisting countries devastated by the global financial and economic crisis, an increase of 54.0 per cent over the level in 2008. The World Bank, comprising the International Development Association (IDA) and the International Bank for Reconstruction and Development (IBRD), committed US$46.9 billion in loans and grants to its member countries. The individual commitments of IDA and IBRD were US$14.0 billion and US$32.9 billion, respectively. Furthermore, the International Finance Corporation (IFC) committed US$10.5 billion and mobilized an additional US$4.5 billion for private sector development in developing countries. The Multilateral Investment Guarantee Agency (MIGA) issued US$1.4 billion in investment guarantees for 26 projects in developing countries. Of the total, US$1.2 billion was in the financial sector to support continued lending by banks. This represented a decline of US$700.0 million from the level in 2008. The fall was attributable to reduced investment flows occasioned by the global financial crisis.

8.1.4 International Commodity Organisations

8.1.4.1 The International Cocoa Organisation (ICCO)

The 79th Regular Council Session, the 139th Executive Committee Meeting and the 19th Meeting of the Consultative Board on the World Cocoa Economy of the International Cocoa Organization (ICCO) were held in Moscow in June 1 5, 2009. The meetings discussed membership of the ICCO, distribution of votes, review of the observer status of non-member countries, the special reserve fund, cocoa production and consumption, and proposals for a future cocoa agreement.

On cocoa production and consumption, Africa supplied about 70.0 per cent of world cocoa beans, with Cote d'Ivoire alone accounting for nearly 35.0 per cent. World production was projected to increase from 3.5 million tonnes in 2008/2009 to 4.1 million tonnes in 2013/2014. Cocoa prices in real terms were projected to increase to US$2,345.0 per tonne in 2009/2010 and then decline to US$1,901.0 per tonne in 2011/2012.

8.1.4.2 The Organization of Petroleum Exporting Countries (OPEC)

The Organization of Petroleum Exporting Countries (OPEC) held four meetings in 2009. Against the backdrop of the global meltdown, the Organization convened its 152nd

Meeting of the OPEC Conference on March 15, 2009. The Conference reviewed the oil market and decided to leave the existing production agreement unchanged. The Conference observed that there was about 80 per cent compliance with the quota allocations and that, that was instrumental to the observed price stability. The Conference also observed that the Organization had not abandoned the price target range of US$75 US$80 per barrel and cautioned that oil producers could not invest sufficiently towards meeting future demand with prices at half the required level. Prices, therefore, needed to be strengthened considerably to cater for the longer term. Given that OPEC and non-OPEC countries alike benefit from high prices, the Conference called on non-OPEC countries to contribute to the sacrifices needed to shore up prices.

The 153rd Extraordinary Meeting of OPEC was held on May 28, 2009, amid continuing worries about falling demand for oil. The Meeting was concerned that propping up prices with production cuts could depress demand, while hastening the development of green alternatives. A review of market developments showed that there was no consensus on the drivers of oil prices, from about $150 per barrel in July/August 2008 to $32 per barrel in December 2008, and to $50 per barrel in early May 2009. Some analysts attributed the developments to prior production cuts, others to weakening of the US dollar, and yet others to the gradual return of market confidence. The Meeting, however, decided to defer further production cuts for at least eleven weeks.

The 154th Ordinary Conference of OPEC was held in Vienna on September 9, 2009 to consider whether or not to cut production. There were discussions on pegging oil prices to the euro instead of the dollar. The depreciation of the dollar eroded oil exporters' purchasing power, prompting some members to call for a switch from the US dollar.

The 155th Extraordinary Meeting of the Conference of the OPEC convened in Luanda, Angola, on December 22, 2009. The Meeting was also attended by representatives of the Arab Republic of Egypt, Indonesia and Oman as observers. The Conference considered the report of the Ministerial Monitoring sub-Committee, as well as other presentations on administrative matters. A review of the oil market outlook showed that while the worst of the global recession appeared over, the world economy was still faced with the deepest and most widespread contraction since the 1940s. It was observed that for the first time since the early 1980s, world oil demand had declined for the second successive year. Although asset market prices had rebounded and economic growth had resumed in some parts of the world, the strength and durability of that growth was still in contention. In the face of shrinking industrial production, low private consumption and high unemployment, the conference once again decided to maintain the existing oil production levels for the time being. The Conference renewed calls on non-OPEC producers to cooperate with the Organisation in its effort to support oil market stability.

8.1.5 Bilateral Relations

8.1.5.1 Nigeria/ United Arab Emirates Bilateral Meetings

The Federal Government of Nigeria and the United Arab Emirates (UAE) held bilateral meetings in Abuja on January 15, 2009, where a US$16.0 billion Bilateral Investment Agreement was signed to improve basic infrastructure facilities in Nigeria. The Agreement covered such areas as dams, electricity, agriculture, mineral resources and the development of the Federal Capital Territory (FCT).

8.1.5.2 Nigeria - China Joint Commission for Economic and Technical Cooperation

The 5th Session of the Nigeria - China Joint Commission for Economic and Technical Cooperation was held in Beijing, China from June 22 - 26, 2009. The meeting urged:

- Chinese banks to establish their presence in Nigeria, with a view to promoting bilateral trade and investments between the two countries;
- China to encourage investors to participate in the development of the Nigerian gas sub-sector and increase crude oil import from Nigeria;
- China to speed up the development and completion of Free Trade Zones, such as the Lekki and Ogun/Guangdong Free Trade Zones; and
- China to co-operate with Nigeria in the area of capacity building.

8.1.5.3 Nigeria-U.S Trade and Investment Framework Agreement (TIFA) Council

The 6th Session of Nigeria-U.S Trade and Investment Framework Agreement (TIFA) Council Meeting was held in Washington D.C., U.S.A from March 30 to 31, 2009. The meeting agreed that:

- Efforts should be made to bring the Doha Round of multilateral trade talks to a successful conclusion;
- The US should assist Nigeria by training sanitary and phyto-sanitary specialists in order to improve the quality of Nigeria's products and enhance their market access;
- The US should encourage its entrepreneurs to take part in the development of Nigeria's energy sector under the public private partnership (PPP) policy of Nigeria; and
- Both countries should revisit issues concerning intellectual property, the bilateral investment treaty, and the avoidance of double taxation.

8.2 REGIONAL INSTITUTIONS

8.2.1 The African Union (AU)

The African Heads of State and Government meeting of February 3, 2009 in Addis Ababa, Ethiopia, which was within the framework of the 12th Assembly, discussed the global financial crisis and resolved to unite, in order to increase the voice of Africa in the United Nations. The leaders agreed, among others, that:

- In-depth reforms of the global financial system should be undertaken, based on an inclusive approach that would fully and legitimately integrate the voice of Africa. The G-20 framework should be revised to include all Member States of the United Nations System;

- Member States of the AU should promote the development and integration of African economies, through the establishment of shared financial institutions, such as the African Monetary Fund, the African Central Bank and the African Investment Bank. The African Union Commission (AUC) should fast track and finalise the establishment of the institutions;
- Efforts aimed at mobilizing additional resources should be strengthened and steps taken to ensure sound regulation and supervision of the African financial system; and
- The integration of African stock exchanges could help boost efficiency in the mobilization of domestic resources, and reaffirmed their commitment to the initiative.

8.2.2 The Joint Committee of the African Union Commission and the Association of African Central Banks (AACB)

The 2nd meeting of the Joint Committee of the African Union Commission (AUC) and the Association of African Central Banks (AACB) was held at the Headquarters of the African Union in Addis Ababa, Ethiopia on April 9, 2009. The meeting considered the new approach suggested by AUC, which entailed setting up a steering committee to oversee preparations for the establishment of the African Central Bank (ACB). The approach included the preparation of a Joint Strategy for the establishment of the ACB instead of recruiting a consultant to conduct the study had been decided on November 22, 2007 in Addis Ababa, Ethiopia. The two parties agreed, among other things that:

- Macroeconomic convergence is a prerequisite for the introduction of a common currency and the establishment of the ACB;
- There is a need to conduct a joint study on the establishment of the ACB;
- A Steering Committee that would carry out other responsibilities, while awaiting the report of the study on the Joint Strategy, be set up; and
- The Steering Committee should follow up on the recommendations arising from the study, which would eventually help establish the ACB.

The two parties reaffirmed their willingness to continue cooperating for the purpose of achieving the African Union's objective of monetary integration in the Continent, through the establishment of a common central bank.

8.2.3 The Association of African Central Banks (AACB)

The 33rd Ordinary Meeting, Annual Symposium and Meeting of the Assembly of Governors of the Association of African Central Banks (AACB) were held in Kinshasa, Democratic Republic of Congo (DRC) from August 17 to 21, 2009. The theme of the meeting was, “The Formulation of Monetary Policy in Africa: the Relevance of Inflation Targeting”.

At the meeting, the Assembly of Governors:

- directed the Evaluation Committee to select the European Central Bank (ECB) to conduct the study on the strategy to be adopted for the establishment of the African Central Bank (ACB);
- approved the recommendations of the Continental Seminar on Liquidity Management, which was held in Abuja, from May 7 to 9, 2009;
- approved that the BCEAO should invest the AACB funds on terms to be agreed on with the Executive Secretariat and endorsed by the Governors;
- accepted the Progress Report of the African Monetary Cooperation Programme for 2008, but stressed the need for macroeconomic convergence and a sub-regional approach in the pursuit of monetary integration;
- approved the work programme of the AACB for 2010 and appointed the Governor of the Central Bank of Congo as the new President of the AACB for 2009/2010; and
- approved the organisation of a seminar with the theme, "Lessons Africa Should Learn from the International Financial and Economic Crises: Mechanisms for Mitigation and Coordination of Responses" and a symposium on "The Role of African Central Banks in the Regulation and Stability of the Financial System", both in 2010.

8.2.4 The United Nations Economic Commission for Africa (UNECA)

The African Ministers of Finance, Planning and Economic Development met in Cairo, Egypt, in June 6 and 7, 2009, for the Second Joint Annual Meeting of the African Union Conference of Ministers of Economy and Finance and the United Nations Economic Commission for Africa (ECA) Conference of African Ministers of Finance, Planning and Economic Development. The Ministers, among others:

- recognized that the drying up of key sources of development finance had exposed Africa's vulnerability to external finance and rekindled interest in domestic resource mobilization;
- acknowledged that several countries in the region lacked the ability and flexibility to conduct counter-cyclical policies needed to mitigate the effects of the crisis on their economies;
- urged regional and multilateral development finance institutions to increase their financial support to African countries, while alleviating the attendant conditionalities, to ensure that the financial crisis did not become a humanitarian disaster;
- acknowledged the existence of a wide gap between domestic savings and investment requirements in Africa, as well as the need to close the financing gap in order to increase the prospects of meeting the Millennium Development Goals (MDGs);
- recognized the crucial role of domestic resource mobilization in laying a solid

foundation for sustained growth and development;

- encouraged African leaders to critically assess the benefits and costs of using tax incentives to promote foreign investments, and also urged them to adopt a more cautious approach to multilateral trade liberalization;
- acknowledged the recent progress towards regional integration in Africa, such as the decision of the Heads of State and Government of the Common Market for Eastern and Southern Africa, the Southern African Development Community and the East African Community to establish a free-trade area;
- expressed concern that overall progress in regional integration and intra-Africa trade remained limited, and reaffirmed their commitment to advance regional integration in the context of the Minimum Integration Programme adopted by the Fourth Conference of African Ministers of Integration;
- agreed to address the challenges facing regional economic integration, especially macroeconomic policy convergence, inadequate policy commitments and non-implementation of protocols by member States; and
- expressed concern, on over-protectionism by advanced economies and reiterated the need to conclude the Doha Development Round, with appropriate provisions to take into account Africa's interests and concerns.

8.2.5 The African Development Bank (AfDB)

The 4th Annual Meeting of the Board of Governors of the African Development Bank (AfDB) and the 35th Annual Meeting of the African Development Fund (ADF) were held jointly from May 13 to 14, 2009 in Dakar, Senegal. The Governors:

- stressed that the 2009 Annual meetings were being held in the context of the global economic and financial crisis, which had created uncertainties in the economies of African countries;
- noted the need to sustain the progress recorded by several African countries over the previous five years. In that regard, they invited development partners to increase their financing; underscored the importance of Foreign Direct Investments; advised African countries to dialogue and take ownership of operational strategy; canvassed the diversification of African economies; and emphasized the imperative of a shift from public sector-led to private sector-driven economies; and
- invited the bank to streamline regional integration processes, especially in the areas of infrastructure, agriculture and energy efficiency. They also requested the bank's management to re-engineer and reposition the bank for a more effective discharge of its responsibilities.

8.3 SUB-REGIONAL INSTITUTIONS

8.3.1 The Economic Community of West African States (ECOWAS)

The ECOWAS Convergence Council, comprising Ministers of Finance and the Governors of Central Banks of Member States, held an extraordinary Meeting on May 25, 2009. The Convergence Council approved a revised road map for the realization of a single currency for West Africa by 2020. The following were the highlights of the road map and other decisions of the Convergence Council:

- Harmonization of the regulatory and supervisory framework for banks and other financial institutions, and the establishment of a payments system infrastructure for cross-border transactions and completion of the payments system infrastructure in Guinea, the Gambia and Sierra Leone between 2009 and 2013;
- Ratification of the legal instruments for the creation of the West African Monetary Zone (WAMZ), West African Central Bank (WACB) and the West African Financial Supervisory Agency (WAFSA), as well as the establishment of the WAMZ secretariat;
- Realization of monetary union and the introduction of Eco by 2015, to be followed by the withdrawal of the national currencies of the five constituent Member States;
- Commencement of the processes for the merger of the two currencies to create a single currency, including the introduction of a Supplementary Act to the Revised ECOWAS Treaty to provide a legal instrument for the preceding monetary union, to begin three years before the launching of the single currency;
- This will culminate in 2020 with the introduction of a regional currency, preceded by the launching of the monetary union, the establishment of a regional central bank and, finally, the withdrawal of national currencies; and
- Cape Verde and Liberia, the two Member States that were neither members of the CFA zone nor the WAMZ, were urged to join one of the two monetary zones and the ECOWAS Monetary Cooperation Programme for the realization of the single currency objective.

8.3.2 The West African Monetary Zone (WAMZ)

The 25th Meeting of the Convergence Council of the Ministers and Governors of the West African Monetary Zone (WAMZ) took place on December 17, 2009, in Accra, Ghana. The Council approved:

- the report on macroeconomic developments in the WAMZ and the status of convergence at the end of June 2009;
- that Member States' medium-term frameworks be incorporated in the WAMI's assessment of Member States' macroeconomic developments and prospects for meeting the convergence criteria;
- a review of the convergence criteria by WAMI, which should advise the Council accordingly;
- the organization of a meeting of experts from ministries of finance, central banks, and regional institutions by WAMI, with a view to shedding light on the rationale for the choice and levels of convergence indicators;
- the Draft Fiscal Responsibility Act as a model Act for incorporation into the national laws of Member States;

- that WAMI collaborate with WAIFEM in developing training programmes for capacity building in the area of cross-border banking supervision; and
- that WAMI organize, before the next Convergence Council Meeting, a forum for key stakeholders, including Ministers of Trade, Finance, Integration, and Governors of Central Banks, to deliberate on the trade integration imperatives for establishing the WAMZ monetary union.

The Council also:

- urged the Ministers of Trade, Integration and Finance be urged to participate in the meetings and activities of the WAMZ, and Member States to expedite action on the ratification of the WAMZ Legal instruments;
- endorsed the application of the Republic of Liberia for membership of the WAMZ and authorised the Chairman of the Convergence Council to forward the request to the Chairman of the Authority of Heads of State for a decision; and
- noted the Memorandum of Understanding executed between the national central banks in the areas of cross-border licensing, supervision and regulation of financial institutions.

8.3.3 The West African Monetary Agency (WAMA)

The 37th Ordinary Meeting of the Committee of Governors of Central Banks of the ECOWAS member states was held on December 16, 2009. The Committee:

- urged WAMA to accelerate work on the review of the monetary policy framework and noted the need for member central banks to take proactive measures to strengthen banking supervision;
- directed WAMA and WAMI to undertake joint surveillance missions to save the time and efforts of the central banks of member countries by providing data and information to the regional institutions;
- stressed the need to strengthen banking supervision in the region by sharing knowledge about the licensing regimes, branches and opening of representative offices;
- approved that WAMA organize a technical seminar for exchange of ideas on the best strategy for ensuring financial stability within the Community; and
- requested WAMA to focus on the transitory modalities for settlement between national currencies, by putting in place the convertibility mechanisms of national currencies of the member States. It also agreed that WAMA would eventually harmonize the UEMOA payments system laws with that being developed by WAMI for the WAMZ.

8.3.4 The West African Institute for Financial and Economic Management (WAIFEM)

The Board of the West African Institute for Financial and Economic Management (WAIFEM) met in Accra, Ghana in December 2009, under the chairmanship of Sanusi Lamido Sanusi, Governor, Central Bank of Nigeria. During the meeting, the Board approved a budget of US$3,174,200.37 for 2010, out of which member country central banks would contribute US$2,111,200.37. The budget was to fund twenty-eight capacity building activities and other operations of the Institute.

The Board also approved the retirement of the pioneer Director-General of the Institute, Dr. Osi C. Itsede with effect from January 31, 2009 and the appointment of Professor Akpan H. Ekpo as his successor. Professor Ekpo assumed duty on June 1, 2009. The Board of Governors also recruited, in November 2009, Messrs. Baba Y. Musa from Nigeria and Ousman Sowe from The Gambia as Directors for the Debt Management and the Financial Sector Management Departments of the Institute, respectively.

The Institute conducted thirty-one (31) training and capacity building programmes with 803 participants attending. A breakdown of the activities revealed that ten training activities were undertaken in the Debt Management programme for 236 participants/beneficiaries, while eleven (11) and ten (10) activities were executed under the Macroeconomic and Financial Sector Management programmes of the Institute, respectively, with 300 and 267 participants, respectively.

Analysis of participation by user institutions revealed that it was broad-based. The central banks accounted for 317 or 39.5 per cent of participants, core economic ministries accounted for 216 participants or 26.9 per cent, while other public sector agencies and the private sector accounted for 270 or 33.6 per cent of participants.

WAIFEM's management also continued in its efforts to update the knowledge and skills of its staff in order to place them at the cutting edge of developments in their areas of core competencies for sustained job performance. In addition to computer training, four (4) members of staff attended training programmes organized by WAIFEM and other training institutions.

Appendix A1

Balance Sheet
As at 31st December, 2009

	Note	2009 ₦' Million	2008 ₦' Million
Assets:			
External reserves	2	6,543,628	7,334,295
Nigerian Government securities	3	317,269	272,407
Loans and advances	4	387,549	523,027
Investments	5	88,584	86,615
Other assets	7	85,216	72,768
Fixed assets	8	159,182	141,427
		7,581,428	**8,430,539**
Liabilities:			
Deposit accounts	9	4,708,758	5,878,514
Central Bank of Nigeria instruments	10	50,800	627,068
Notes and coins in circulation	11	1,181,828	1,155,050
International Monetary Fund allocation of Special Drawing Rights	13	388,982	31,769
Other financial liabilities	14	666,914	234,548
		6,997,282	**7,926,949**
Capital and reserves:			
Share capital	17	5,000	5,000
General reserve fund	18	71,854	60,888
Fixed assets revaluation reserve	19	63,143	63,143
Foreign currency revaluation reserve	20	379,982	358,130
Reserve on fund managers' investments	21	64,167	16,429
		584,146	**503,590**
Liabilities and equity		**7,581,428**	**8,430,539**

______________	Governor	02 March 2010
______________	Director	02 March 2010
______________	Director	02 March 2010
______________	Director of Finance	02 March 2010

The accounting policies on pages 163 to 168 and the notes on pages 169 to 182 form part of these financial statements.

Appendix A2

Income Statement
For The Year Ended 31st December, 2009

	Notes	2009 ₦' Million	2008 ₦' Million
Interest income	22	158,850	189,875
Interest expense	23	(22,665)	(133,227)
Net Interest Income		**136,185**	**56,648**
Realised gain(+) / loss (-) on foreign currency	20	449,704	27,812
Other operating income	24	**123,132**	**117,156**
		709,021	**201,616**
Provision for bad and doubtful debts	25	(412,295)	(51,839)
Operating Costs	26	(256,913)	(141,432)
Surplus before provisions		39,813	8,345
Write-off (Net charge) to provisions	16	4,050	(25)
Surplus available for appropriation		**43,863**	**8,320**
Appropriation:			
Transfer to general reserve fund	18	(10,966)	(2,080)
Transfer to Federal Government of Nigeria under s.5 (3) of the Central Bank of Nigeria Act 2007	15	(32,897)	(6,240)

The accounting policies on pages 163 to 168 and the notes on pages 169 to 182 form part of these financial statements.

Appendix A3

Statement of Cash Flows
For The Year Ended 31st December, 2009

Cash flow generated from operating activities	**Notes**	**2009 ₦' Million**	**2008 ₦' Million**
Cash (utilized by)/generated from operating activities	27	(608,146)	1,093,524
Net cash (utilized by)/ generated from operating activities		(608,146)	1,093,524
Cash flow (utilized by)/generated from investing activities			
Purchase of fixed assets		(32,340)	(24,275)
Proceeds from sale of fixed assets		30	250
Deposit for shares		(10,186)	(57,958)
Redemption of promissory notes		(25,924)	(16,719)
Purchase of promissory notes of Transcorp		(63,000)	-
Net investment in Government bonds		(44,862)	(187,904)
Net cash utilized by investing activities		(176,282)	(286,606)
Cash flow utilized by financing activities			
Surplus paid to the Federal Government of Nigeria		(6,239)	(21,399)
Net cash utilized by financing activities		(6,239)	(21,399)
Decrease/(Increase) in cash and cash equivalents		(790,667)	785,519
Balance at the beginning of the year		7,334,295	6,548,776
Decrease/(Increase) in cash and cash equivalents		(790,667)	785,519
Balance at the end of the year		6,543,628	7,334,295
The balance at the end of the period is analysed as follows:			
Bank balances		6,469,430	7,127,284
Sundry currencies		74,198	207,011
		6,543,628	7,334,295

Appendix B1

SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies were adopted by the Bank in the preparation of its financial statements and have been consistently applied:

a. Basis of presentation

These are the financial statements of the Central Bank of Nigeria (CBN or the Bank), a body corporate established by the Central Bank of Nigeria Act of 1958 as amended by the CBN Act No. 7 of 2007. The financial statements are prepared under the historical cost convention as modified by the valuation of certain fixed assets and comply with the accounting policies set out below:

b. Consolidation

Subsidiary undertakings, which are those companies in which the Bank, directly or indirectly, has an interest of more than half of the voting rights or otherwise has power to exercise control over their operations, have not been consolidated. These entities are not consolidated because their activities and accounting policies are different from those of the Bank. Such entities are accounted for as long-term investments.

c. Foreign currency activities

Foreign currency transactions are recorded in Naira, using the exchange rates prevailing at the dates of the transactions. Differences arising at the dates of settlement are recognized in the income and expenditure account.

At the balance sheet date, assets and liabilities denominated in foreign currencies are converted to Naira, using the closing rate except where a balance is to be settled at a contracted rate, then that rate is used. All differences arising on conversion are taken to the income and expenditure account, except differences on long-term foreign currency monetary items which are deferred and taken to the income and expenditure account on a systematic basis over the remaining lives of the monetary items concerned.

d. External reserves

Gold reserves are held for long-term purposes and are not being traded. It is carried at cost.

External reserve balances at year-end are converted into Naira in accordance with the policy in “c” above. All gains and losses realized on external reserve balances are recognized as follows: revaluation gains and losses on reserves due to the Federal Government of Nigeria (FGN) are for the account of the FGN and, consequently, all translation profits and losses are transferred to the respective deposit accounts of the FGN: revaluation gains and losses on external reserve balances of the Bank are transferred to its Foreign Currency Revaluation Reserve Account.

e. Loans and receivables

The following assets have been classified as loans and receivables for the purposes of assessing their recoverability: loans and advances; amounts due by liquidator of distressed banks; and other assets.
A specific credit risk provision is established to provide for Management's estimate of credit losses as soon as the recovery of an exposure is identified as doubtful. This provision is made for each account that is not performing in accordance with the terns of the related facility. The basis is as follows:

Interest and/or principal outstanding for over	Classification	Provision
90 days but less than 180 days	Sub-standard	10%
180 days but less than 360 days	Doubtful	50%
360 days and over	Lost	100%

In addition, a provision of 1% is made for all performing risk assets to recognize losses in respect of risks inherent in any credit portfolio. The 1% provision is applicable only to loans and advances.

Provisions for losses on doubtful receivables are recognized in the income and expenditure account.

When a loan is deemed not collectible, it is written off against the related provision for loan losses and subsequent recoveries are credited to income.
Risk assets in respect of which a previous provision was not made are written directly to the income statement when they are deemed not collectible.

In addition to the above basis, Management subjectively makes provisions for loans on the basis of their assessment of the likelihood of recoverability of the facility.

f. Investment securities

The Bank's investments in securities are categorized into: long-term investments and short-term investments.

(i) Long term investments

Long-term investments are equity and debt held by the Bank over a long period of time to earn income.

Long-term investments are carried at cost. When there has been a permanent decline in the value of an investment, the carrying amount of the investment is written down to recognize the loss. Such a reduction is charged to the income statement. Reduction in the carrying amount is reversed when there is an increase, other than temporary, in the value of the investment, or if the reasons for the reduction no longer exist.

(ii) Nigerian Government Securities

Nigerian Government Bonds represent debt instruments issued by the Federal Government of Nigeria (FGN) in which the Bank has invested. These bond issues are normally underwritten by the Bank and the investments arise as a result of crystallization of its underwriting commitment.

Treasury bills of the Federal Government of Nigeria are initially recorded at cost and subsequently measured at amortized cost.

Treasury bonds and development stocks are initially recorded at cost, plus the incidental cost of acquisition and subsequently measured at amortised cost. A decline in value is not taken into account unless it is considered to be permanent. Where a permanent decline in the value of such bonds and development stock are deemed to have occurred, the carrying amounts of these bonds are written down to recognize the loss.

Interest earned on investment securities is reported as interest income. Dividend received is reported as dividend income.

g. Fixed Assets

All items of fixed assets are initially recognized at cost. Cost includes expenditure that is directly attributable to the acquisition of the item.

Subsequent measurement Fixed assets at historical cost

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the income and expenditure account during the financial period in which they are incurred.

Depreciation

Depreciation is calculated on a straight line basis to write down the cost/valued amounts of fixed assets to their residual values over their estimated useful life at the following rates:

Land and Buildings	2.0%
Motor Vehicles:	
Buses	12.5%
Cars	20.0%
Lorries	10.0%
Plant and equipment	
Air conditioners, generators and water pumps	15.0%
Currency processing machines	10.0%
Furniture and Fittings	20.0%
Computer software/hardware	33.3%

Costs related to fixed assets under construction or in the course of implementation are disclosed as capital work-in-progress. The attributable cost of each asset is transferred to the relevant category immediately the asset is put into use and then subjected to depreciation.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These are included in the income and expenditure account for the year.

H. Borrowings (loans)

Borrowings are recognized initially at their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Interest paid on borrowings is recognized in the income and expenditure accounts for the year on a prorata basis.

i. Currency in circulation

Currency issued by the Bank represents a claim on the Bank in favour of the holder. The liability in respect of notes and coins in issue at the balance sheet date is stated at the nominal value of the currency.

j. Central Bank of Nigeria instruments

Central Bank of Nigeria instruments comprise Promissory Notes and Open Market Operations Bills.

Central Bank of Nigerian Promissory Notes represent short- to medium-term debt instruments issued by the Bank to commercial banks assuming net liabilities under the Purchase and Assumption distress resolution programme for banks which could not meet the minimum capital requirement for licensed banks.

Promissory Notes are recognized at the face value of the instrument.

Open Market Operations Bills represent short-term debt instruments of the Bank issued to commercial banks as a liquidity management tool. They are recognized at cost less any unamortized premiums/discounts.

Interest paid on these instruments is recognized in the income and expenditure account for the year.

k. Retirement benefits

The Bank operates a defined benefit plan and a contributory retirement savings scheme as required by the Pension Reforms Act of 2004. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation. A defined contribution plan is a pension plan under which the Bank and the employees pay fixed contributions into a separate entity. The Bank contributes 15% of basic salary, housing and transport allowances of the qualifying employees while the employees contribute 7.5% on the same basis towards the pension plans.

For the defined benefit plan, the employer's obligation is calculated periodically by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows, using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial deficit arising from adjustments and changes in actuarial assumptions are to be amortised systematically over a period of not more than three (3) years.

For defined contribution plans, the Bank pays contributions to privately administered pension fund administrators on a monthly basis. The contributions are recognized as employee benefit expense in the income and expenditure account. The Bank has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

l. Provisions

Provisions are recognized when the Bank has a present obligation, whether legal or constructive, as a result of a past event for which it is possible that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

I. Internal Currency insurance

This provision is accumulated to cover possible losses that could arise on currency stock held within the Bank and in transit. The provision is determined as premium payable to provide insurance cover over such losses.

Ii. Contingency

Contingency provision is determined on the basis of experts' valuation (where applicable) and/or the best estimate by Directors of the Bank of the probable resources required to meet the Bank's present obligations.

iii. Self-insurance schemes

The Bank operates self-administered insurance schemes through duly constituted trustees for all potential losses for currency in transit and in vaults and for replacement and major repairs for its fleet of vehicles. Annual appropriations are made, based on past experience.

These schemes are fully funded and managed independent of the Bank's operations.

m. Sale and repurchase agreements

The Bank has entered into repurchase agreements as part of its monetary policy activities. Securities purchased under agreements to resell are recorded under the heading "Loans and Advances" as loans and receivables. Securities sold under agreement to repurchase are disclosed as reverse repurchase agreements included in deposit accounts.

The underlying Securities purchased under repurchase agreements are not recorded by the Bank. Likewise, underlying securities sold under repurchase agreements are retained in the books of the Bank.

The differences between the purchase and sale prices are treated as interest and recognized on an accrual basis.

n. Appropriations

In accordance with Section 5(2) of the Central Bank of Nigerian Act No.7 of 2007, the Bank makes an annual appropriation representing one-quarter of the operating surplus of the Bank for the year to a general reserve fund.

All remaining surplus after the statutory appropriation to the general reserve fund is payable to the Federal Government of Nigerian on a semi-annual basis. This is in accordance with section 5(3) of the Central Bank of Nigeria Act No. 7 of 2007.

o. Cash flow

For the purpose of the cash flow statement, cash and cash equivalents comprise sundry currency balances and bank balances with foreign banks.

p. Revenue recognition

Interest income and expenses are recognised on a time proportion basis, taking account of the principal outstanding amount and the rate over the period to maturity.

Interest income and expenses are recognised in the income and expenditure account for all interest-bearing instruments on an accrual basis. Where the instrument is deemed to be non-performing, interest income is suspended and recognized on a cash basis. Interest income and expense include the amortization of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its determined amount at maturity.

Fees and commissions, where material, are amortized over the life of the related service. Otherwise fees, commissions and other income are recognized as earned upon completion of the related service. Dividends are recognized when the right to receive payment is established.

Other revenue arising from the provision of services to clients is recognized on an accrual basis in accordance with the substance of the relevant transaction.

q. Currency issuance and management expenses

Note-printing and coin-minting expenses include ordering, printing, minting, freight, insurance and handling costs. These costs are recorded as prepaid expenses and subsequently released to the income and expenditure account when the currency is delivered to the Bank.

Appendix B2

Notes to the Financial Statements for the year ended 31st December, 2009

1. General Information

The Central Bank of Nigeria (CBN or the Bank) is the apex regulatory authority of the financial system in Nigeria. It was established by the Central Bank of Nigeria Act of 1958, as amended by the CBN Act No 7 of 2007. It commenced operations on 1 July 1959.

The issued share capital of the Bank is wholly owned by the Federal Government of Nigeria. The principal objectives of the Bank are to ensure monetary and price stability, issue legal tender currency in Nigeria, maintain external reserves to safeguard the international value of the legal tender currency, promote a sound financial system in Nigeria and act as banker and provide financial advice to the

	2009 ₦' Million	2008 ₦' Million
Convertible Currencies (see notes 2a and 2b)	6,191,121	7,334,097
International Monetary Fund:		
- Reserve tranche	23	23
- Special Drawing Rights (note 2c)	352,465	156
Gold	19	19
	6,543,628	**7,334,295**
(a) Convertible currencies comprise:		
Current account with foreign banks	725,240	1,222,698
Time deposits and money employed	2,699,809	3,888,202
Domiciliary accounts	630,965	446,651
Other foreign securities	2,060,909	1,569,535
Sundry currencies and travelers' cheques	74,198	207,011
	6,191,121	**7,334,097**

Included in convertible currencies is an amount of ₦2,189.22 million, (2008 ₦3,646.27 million), which represents the Naira value of foreign currencies held on behalf of customers in various foreign accounts for letters of credit transactions and other purposes. The corresponding liability for this amount is included in deposits. (see note 9b)

Appendix B2 (Cont'd)

	2009 ₦' Million	2008 ₦' Million
(a) Convertible currencies are further analysed by Currency		
United States Dollar	5,306,668	6,608,337
British Pounds Sterling	195,832	144,096
Euro	680,299	574,526
Japanese Yen	2,448	2,066
Others	5,874	5,072
	6,191,121	**7,334,097**

	2009	2008
(b) Special Drawing Rights		
At 1 January	156	103
Additional holdings	355,863	-
Acquisitions during the year	7	905
Interest earned in the year	306	2
Charges for the year	(513)	(868)
Revaluation	(3,354)	14
At 31 December	352,465	156

	2009	2008
3. Nigerian Government securities		
Nigerian Treasury Bills	1,900	410
Nigerian Treasury Bonds	252,314	271,909
Nigerian Development Stocks	25	88
Promissory notes	63,030	-
	317,269	**272,407**

The CBN invested in Nigeria Treasury Bonds with coupon rates of 5% - 12.5%. The last Treasury bond will mature on 15 October 2024. The Bank as directed by the Federal Government in a refinancing arrangement purchased promissory notes issued by the Federal Government of Nigeria to Union Trustees in respect of loans granted to Transcorp by a consortium of banks (represented by Union Trustees Limited). The promissory notes, with an interest rate of 8.28%, are redeemable on 29 September 2010.

	2009	2008
4. Loans and advances		
Overdraft balances & short-term advances	184,225	561,704
Staff loans	3,203	5,763
Loans to DMBs on Commercial Agricultural Credit Scheme (Note 14)	43,333	-
Advances to Federal Mortgage Bank of Nigeria	9	9
Other loans	17,174	33,983
Long-term loans (see 4(a))	637,000	7,127
	884,944	**608,586**

Appendix B2 (Cont'd)

	2009 ₦' Million	2008 ₦' Million
Provision for loan losses:		
At 1 January	85,559	46,521
Eliminated through forebearances	(24,594)	-
	60,965	46,521
Provision for the year	436,430	39,038
At 31 December	497,395	85,559
	387,549	**523,027**

Overdraft balances and short term advances
Overdraft balances represent lending to customers and are collateralized by Treasury Bills.

Other loans
Other loans represent accommodation to distressed and liquidated banks. These have been fully provisioned.

	2009 ₦' Million	2008 ₦' Million
(a) Long term loans:		
At 1 January	7,127	8,865
Addition in the year	667,000	-
Repayments during the year	(37,127)	(1,738)
	637,000	7,127

Details of benefitting banks and amounts granted by CBN:

Union Bank Plc	120,000
Oceanic Bank Plc	100,000
Intercontinental Bank Plc	100,000
Finbank Plc	50,000
Bank PHB Plc	70,000
Spring Bank Plc	60,000
Wema Bank Plc	87,000
Afribank Plc	50,000
	637,000

Long-term loans represent Central Bank of Nigeria's 7 years special intervention support to under-capitalized deposit money banks at the interest rate of 8% per annum. A provision of 75% has been effected in these financial statements on account of the negative shareholders' fund of the affected banks, pending successful recapitalization of the banks and the passage of the bill meant to give effect to the establishment of the Assets Management Company (AMC) whose responsibility will be to recover the toxic assets of the banks.

Appendix B2 (Cont'd)

5. Investments		2009 ₦' Million	2008 ₦' Million
Investments in subsidiaries and associates:	%		
Bank of Industry	41	2,708	2,948
National Economic Reconstruction Fund	33	100	100
Abuja Commodity Exchange	51	408	408
Nigeria Deposit Insurance Corporation	60	1,380	1,380
Nigeria Agricultural Cooperative and Rural Development Bank	40	4,027	4,027
Nigeria Export Import Bank	40	6,723	6,723
6% Perpetual Debentures in Nigeria Export Import Bank	-	1,250	1,250
Africa Finance Corporation	42	57,958	57,958
Nigeria Security Printing and Minting Company Plc	77	13,250	13,250
		87,804	**88,044**
Provision for diminution in value of investments		(533)	(2,715)
		87,271	**85,329**
Other Investments:			
Agricultural Credit Guarantee Scheme Fund	40	1,200	1,200
Federal Mortgage Bank of Nigeria		60	60
Nigerian Interbank Settlement System	4	53	26
		1,313	1,286
		88,584	**86,615**

6. Amount paid out in respect of the following distressed banks	2009	2008
All States Trust Bank	15,922	15,166
Lead Bank	4,979	4,344
Assurance Bank	4,475	4,475
Hallmark Bank	1,886	107
Trade Bank	8,103	8,102
City Express Bank	5,181	4,595
African Express bank	930	332
Gulf Bank	5,662	3,516
	47,138	40,637
Provision for doubtful balances	(47,138)	(40,637)

The Bank entered into Purchase and Assumption arrangements with the Nigeria Deposit Insurance Corporation (NDIC) and some banks over private sector deposits and certain capital assets of some distressed banks in liquidation. Accordingly, the Bank issued promissory notes for the net liabilities assumed. See Note 10.

Appendix B2 (Cont'd)

7. Other assets

Due from Agricultural Credit Guarantee Scheme Fund	1,176	914
Accrued interest receivable	26,593	21,288
Accounts receivable	33,302	30,687
Deposit for shares (NSPMC & BOI)	15,132	4,946
Sundry receivables (see (a) below)	11,445	15,051
	87,648	**72,886**
Provision for doubtful balances	(2,432)	(118)
	85,216	**72,768**

(a) Sundry receivables are further analysed as:

International Monetary Fund local currency subscription	622	622
Deferred interest and prepayments	2,584	10,439
IMF Interest Bearing Securities	2,316	2,316
Cheques in clearing	2,405	-
Others	3,518	1,674
	11,445	**15,051**

Appendix B2 (Cont'd)

8. Fixed Assets

	Land & buildings	Plants & equipment	Furniture & fittings	Computers	Motor vehicles	Capital work in progress	Total
	₦'M	₦'M	₦'M	₦'M	₦'M	₦'M	₦'M
2009:							
Cost/valuation:							
At 1-January	66,317	19,559	2,006	6,194	2,706	69,262	166,044
Additions	969	2,124	261	33	1,278	27,675	32,340
Disposals	-	-	-	-	(21)	-	(21)
Transfers in/(out)	11,366	2,898	-	-	-	(14,264)	-
Adjustments	349	2,461	(76)	(346)	58	(4,964)	(2,518)
At 31-December	**79,001**	**27,042**	**2,191**	**5,881**	**4,021**	**77,709**	**195,845**
Accumulated depreciation:							
At 1 January	7,340	9,183	1,783	5,120	1,191	-	24,617
Charge for the year	1,900	2,434	29	355	364	-	5,082
Disposals	-	-	-	-	(18)	-	(18)
Adjustments	(796)	7,459	68	(43)	294	-	6,982
At 31-December	**8,444**	**19,076**	**1,880**	**5,432**	**1,831**	**-**	**36,663**
Net book value	**70,557**	**7,966**	**311**	**449**	**2,190**	**77,709**	**159,182**

During the year, the Bank conducted a fixed asset verification exercise and effected adjustments as deemed necessary. Fully depreciated assets are carried at nominal values.

	Land & buildings	Plants & equipment	Furniture & fittings	Computers	Motor vehicles	Capital work in progress	Total
2008:							
Cost/valuation:							
At 1 January	66,572	31,430	3,780	6,492	13,309	50,808	172,391
Additions	1,737	2,563	25	746	750	18,454	24,275
Disposals	(273)	-	-	-	(43)	-	(316)
Adjustments	(1,719)	(14,434)	(1,799)	(1,044)	(11,310)	-	(30,306)
At 31-December	**66,317**	**19,559**	**2,006**	**6,194**	**2,706**	**69,262**	**166,044**
Accumulated depreciation:							
At 1 January	5,870	19,689	3,506	5,790	3,841	-	38,696
Charge for the year	1,654	3,928	76	374	679	-	6,711
Disposals	(28)	-	-	-	(43)	-	(71)
Adjustments	(156)	(14,434)	(1,799)	(1,044)	(3,286)	-	(20,719)
At 31-December	**7,340**	**9,183**	**1,783**	**5,120**	**1,191**	**-**	**24,617**
Net Book Value	**58,977**	**10,376**	**223**	**1,074**	**1,515**	**69,262**	**141,427**

In 2003, the Bank reinstated items of fixed assets that had been previously written off. Accordingly, all assets except motor vehicles and the Head Office building were valued by Messrs Onakanmi and Partners, Supo Ojo and Co, Ora Egbunike and Associates, Bello and Co, Adamu Muhammed and Partners, Olatoye Ogundana and Partners, Dosu Fatokun and Co, and Mohammed and Co. The assets were valued as at 31 December 2002 on either open market basis assuming a willing seller and an able buyer or depreciated replacement cost basis where market information was not available. Subsequent additions have been incorporated at cost.

Appendix B2 (Cont'd)

9. Deposit accounts

	2009 ₦' Million	2008 ₦' Million
Government deposits:		
Current/settlement accounts	**2,267,979**	**1,787,338**
Domiciliary accounts	**630,965**	**446,651**
Other Accounts (see (a) below)	**1,558,259**	**3,199,623**
Financial Institutions:		
Current/settlement accounts	**165,952**	**291,082**
Bank's reserve accounts	**85,603**	**153,820**
	4,708,758	**5,878,514**

(a) Other accounts are further analysed as follows:

	2009	2008
FGN PPT Naira funding account	973,760	1,378,195
Special reserve account	622	550
FGN excess crude oil proceeds (Naira funding) account	178,910	1,477,442
Letters of credit consolidated account	283,905	197,219
FGN (External creditors) funding account	88,345	91,665
NNPC/ NAPIMS cash call account	6,353	6,353
Deposits for Naira draft account	2,953	18,098
Monetary policy stabilization account	4,618	4,618
Sundry accounts	18,793	25,483
	1,558,259	**3,199,623**

(b) Foreign currency deposits held on behalf of customers for letters of credit transactions and other purposes are analysed below:

	2009	2008
Domiciliary accounts	630,965	446,651
Other accounts	1,558,259	3,199,623
	2,189,224	**3,646,274**

10. Central Bank of Nigeria instruments

	2009	2008
Central Bank of Nigeria Promissory Notes (see 10(a))		
At 1 January	19,343	20,585
Issues during the year	6,708	9,389
Claim awaiting issue of promissory notes	-	5,961
Redemption in the year	(25,924)	(16,719)
Accrued interest	(127)	127
At 31 December	-	19,343
Open Market Operations - CBN bills (see 10(b)):		
At 1 January	607,725	1,543,781
Issued during the year	254,491	**2,310,143**
Redemption during the year	**(811,416)**	**(3,246,199)**
At 31 December	**50,800**	**607,725**
	50,800	**627,068**

(a) The CBN issued Promissory Notes to Ecobank Nigeria Plc, Afribank Plc and United Bank for Africa Plc as part of a Purchase and Assumption Arrangement over the private sector deposits and certain assets of Allstates Trust Bank Plc African International Limited and Hallmark Bank Plc (Ecobank Nigeria Plc), Lead Bank Plc and Assurance Bank Plc (Afribank Nigeria Plc) and Trade Bank Plc, Metropolitan Bank Ltd, City Express Bank Plc, African Express Bank, Liberty Bank Limited and Gulf Bank Plc (United Bank for Africa Plc). The Promissory Notes have tenors of 1 2 years and carry coupon rates of 5.5% - 13.50%.

(b) Central Bank of Nigeria Bills represent bills of the Bank issued to commercial banks as a liquidity management tool. These instruments have tenors ranging from 7 days 365 days and carry discount rates ranging from 5.96% - 9.55% per annum.

	2009 ₦' Million	2008 ₦' Million
11. Notes and coins in circulation		
Notes	1,180,686	1,151,776
Coins	1,142	3,274
	1,181,828	**1,155,050**
12. Employment benefit liabilities		
Defined benefit scheme:		
At 1 January	40,163	5,435
Contributions	2,345	2,249
Provision for actuarial deficit	22,280	44,560
Remittances/Transfers to trustees	(64,788)	(12,081)
At 31 December	**-**	**40,163**
Defined contributory scheme:		
At 1 January	-	-
Contributions	43	31
Remitted to trustees	(43)	(31)
At 31 December	**-**	**-**

The Bank operated a non-contributory defined benefit pension scheme (Legacy scheme) for existing pensioners and staff. The scheme was funded by contributions of 50% of the employees' annual salary and certain allowances. An actuarial valuation is conducted by qualified independent actuaries and any resulting deficit recognized in the income and expenditure statement.

In accordance with the Pension Reform Act of 2004 and following approval from the National Pension Commission, the Bank introduced contributory defined benefit and defined contribution schemes (both referred to as the hybrid scheme) to replace the legacy scheme. The hybrid scheme allowed members of the legacy scheme to elect to either continue with the defined benefit scheme or join a defined contribution scheme. For members electing to join the defined contribution scheme element of the hybrid scheme, the balance due to them under the defined benefit scheme was determined and remitted to a pension fund administrator chosen by the member. Subsequent to 31 December 2007, new employees of the Bank would join the defined contribution scheme element of the hybrid scheme.

Under the terms of the hybrid scheme, the Bank contributes 15% of basic salary, housing and transport allowances of qualifying employees, while the employees contribute 7.5% on the same basis. Contributions to the hybrid scheme are remitted to pension fund administrators through deposit accounts maintained by trustees of the scheme. An actuarial valuation of the defined benefit element of the hybrid scheme is conducted by qualified independent actuaries and the Bank has agreed to make good any deficit arising from the actuarial valuation.

The defined benefit element of the hybrid scheme was actuarially assessed by the firm of Alexander Forbes Consulting Actuaries and HR Nigeria (Consultants and Actuaries) as at 31 December 2009 and actuarial surpluses of ₦20.06 billion and ₦37.20 billion were respectively established against the deficit of ₦89.12 billion for the year ended 31 December 2008. The sum of ₦44.56 billion, representing 50% of the actuarial deficit, has been charged to the financial statements for the year ended 31 December 2008 while ₦22.28 billion, representing 25% of the deficit, has been charged to the financial statements of the Bank for the year ended 31 December 2009, in line with accounting policy.

The trustees maintain a deposit account with the Bank with respect to contributions and as at 31 December 2009, the balance was ₦157.89 million (2008: ₦11.2 billion).

As at 31 December 2009, the Bank approved the discontinuance of the hybrid scheme and its substitution with defined contribution scheme to forestall any future actuarial deficit going forward in respect of the remaining employees.

Appendix B2 (Cont'd)

	2009 ₦' Million	2008 ₦' Million
13. IMF Allocation of Special Drawing Rights		
At 1 January	31,769	29,006
Additional allocation	357,213	-
Revaluation	-	2,763
At 31 December	**388,982**	**31,769**

Special Drawing Rights (SDR) are issued by the International Monetary Fund (IMF) to member countries and represent allocations available to member countries in managing and meeting their sovereign payment obligations. The IMF calculates the daily value of the SDR in terms of the United States of America (US) Dollars by reference to a valuation basket of four currencies (USD, GBP, Euro & Japanese Yen). The applicable interest rate on SDR is set at the weekly interest rates on the basis of a weighted average of interest rates on the short-term instruments in the markets of the currencies included in the SDR allocation basket.

14. Other financial liabilities		
Interest payable	172	172
Accrued charges	45,428	2,669
Surplus payable to the Federal Government of Nigeria	33,194	6,536
Sundry payables	351,795	169,297
Payable to DMO on Commercial Agricultural Credit Scheme	200,000	-
Cheques in clearing	-	15,499
Bank of Tokyo - Commodity loan	1	1
Other provisions (Note 16)	36,324	40,374
	666,914	**234,548**

The Bank, on 6 March 2009, obtained the approval of the Federal Government to mobilize the sum of N200 billion through the issuance of Federal Government Bonds for disbursement to Commercial Agric Farmers as part of CBN's developmental role in the economy. In that regard, the CBN signed an MoU with the DMO to source and issue the said bond at the rate of 10.14% which is the average of the marginal rates for the three-year bond from March to July 2009. A total of ₦43.33 billion (Note 4) out of the said amount has been paid by the Bank to the DMBs for disbursement to the farmers, as at 31 December 2009.

15. Surplus payable to Federal Government of Nigeria		
At 1 January	6,536	21,696
Transfer from income and expenditure account	32,897	6,240
Paid during the year	(6,239)	(21,400)
At 31 December	**33,194**	**6,536**

16. Other provisions

	At 1 January ₦' Million	Reversal of Provision ₦' Million	At 31 December ₦' Million
2009:			
Contingency (see (a) below)	32,234	(344)	31,890
Internal currency insurance funds (see (b) below)	7,800	(3,366)	4,434
Agricultural credit fund (see (c) below)	340	(340)	-
At 31 Dec	**40,374**	**(4,050)**	**36,324**
2008			
Contingency	32,709	(475)	32,234
Internal currency insurance funds	7,300	500	7,800
Agricultural credit fund	340	-	340
At 31 december	**40,349**	**25**	**40,374**

(a) Contingency provisions represent provisions in respect of probable legal obligations (note 28a).

(b) The Bank makes provisions for Internal currency insurance, based on the premium that would be payable to external insurers had they been engaged. Losses incurred are indemnified against these provisions.

(c) The Agricultural Credit Guarantee Fund was set aside to provide guarantees to third party lenders on behalf of participating agricultural enterprises. Amounts provided were based on the guarantees issued by the Bank. Following the creation of the Nigerian Export-Import Bank (NEXIM), this function was transferred out of the Bank. No additional provisions have been made in the current year.

	2009 ₦' Million	2008 ₦' Million
17. Share capital		
Authorised share capital	100,000	100,000
Issued and fully paid up:		
At 1 January and 31 December	5,000	5,000
18. General reserve fund		
At 1 January	60,888	58,808
Transfer from appropriation account	10,966	2,080
At 31 December	**71,854**	**60,888**
19. Fixed assets revaluation reserve		
At 1 January	-	70,928
Realised on a disposal/verification exercise carried out during the year		(7,785)
At 31 December	**63,143**	**63,143**
20. Foreign currency revaluation reserve		
At 1 January	358,130	-
Net gain/(loss) on revaluation during the year	471,556	385,942
	829,686	385,942
Realized gain transferred to income and expenditure account	**(449,704)**	**(27,812)**
At 31 December	**379,982**	**358,130**

The foreign currency revaluation reserve is used to record exchange movements on long-term monetary assets of the Bank. Unrealised losses or gains on revaluation of these assets are recorded in the account and upon realisation of the asset, the corresponding gain or loss is released to the income and expenditure account.

21. Reserve on fund managers' investments	**2009**	**2008**
At 1 January	16,429	1,805
Net unrealized gain on fund management during the year	47,738	14,624
At 31 December	**64,167**	**16,429**

22. Interest income		
Analysis by type		
Time deposits and money employed	56,432	136,935
Federal Government Securities	27,801	36,621
Loans and advances	74,617	16,319
	158,850	**189,875**
Analysis by geographical location:		
Domestic	102,418	52,940
External	56,432	136,935
	158,850	**189,875**

23. Interest expense		
Central Bank of Nigeria Instruments	12,276	123,345
Interest on Treasury Bonds	3,927	9,882
Interest on CBN Standing Deposit facility	1,218	-
Interest subsidy on Commercial Agricultural Credit Scheme	5,244	-

24. Other operating income		
Fees	2,953	1,739
Foreign exchange earnings	77,244	96,265
Commissions	149	230
Profit on sale of fixed assets	27	277
Realised gain on fund managers' investments	-	16,959
Other income	42,759	1,686
	123,132	**117,156**

25. Provisions		
Loans and advances	436,430	39,038
Promissory notes issued	6,708	12,801
Contingent liabilities	31,890	-
Other assets	2,315	-
Provision no longer required	(65,048)	-
	412,295	**51,839**

26. Operating costs

Currency issue expenses	57,091	19,133
Salaries and wages	25,900	21,338
Gratuity	35,806	2,898
Other staff expenses	5,468	3,176
Pension costs	23,417	50,776
Administrative expenses	37,117	29,772
Depreciation charge	5,082	6,711
Repairs and maintenance	9,477	7,064
Consultancy fees	4,388	108
Bank charges	298	175
Auditor fees	140	100
Directors' related expenses	530	142
Centres of excellence	2,716	-
Computer systems development costs	29	39
Realised loss on fund managers' investments	49,454	-
	256,913	**141,432**

27. Cash generated from operating activities

Reconciliation of surplus for year to cash generated from operating activities:	**2009**	**2008**
Surplus available for appropriation	43,863	8,320
Adjustments for:		
Depreciation	5,082	6,711
Profit on disposal of fixed assets	(27)	(277)
Provisions	412,295	51,364
Realised loss/(gain) on fund managers	49,454	(16,959)
Realised gain on foreign exchange currency	(449,704)	(27,812)
Net cash (utilised)/generated from operating activities	**60,963**	**21,347**
Changes in working capital:		
Increase in external reserves (IMF balances)	357,213	(53)
increase on loans and advances	(276,358)	(154,179)
Increase in foreign currency revaluation reserve	443,744	385,942
Increase in fund managers' reserve	47,738	-
Decrease/(increase) in other assets	(14,762)	70,159
(Decrease)/Increase in deposit accounts	(1,169,756)	1,497,387
Decrease in Central Bank of Nigeria instruments	(576,268)	(937,298)
Increase in notes and coin in circulation	26,778	194,560
Revaluation gain on IMF allocation of SDR	51,017	2,763
Increase in other financial liabilities	441,545	12,896
Cash generated from/ (utilised by) changes in working capital	(669,109)	1,072,177
Cash generated from/(utilised by) operating activities	**(608,146)**	**1,093,524**

Appendix B2 (Cont'd)

28. Contingent liabilities and commitments

(a) Legal proceedings

There were a number of legal proceedings outstanding against the Bank as at 31 December 2009 with contingent liabilities of ₦637.784 billion (2008 = ₦370.845 billion). The Directors estimate that a provision of 5% of the contingent liability will be adequate to meet any liability that may crystalise.

The Directors are also of the opinion that all known liabilities and commitments which are relevant in the assessment of the state of affairs of the Bank have been taken into consideration in the preparation of these financial statements.

(b) Capital commitments

	2009 ₦' Million	2008 ₦' Million
Capital Commitments	44,500	15,726

These capital commitments are in respect of fixed assets and will be funded from internal resources.

(c) Guarantees

The Bank, during the year, guaranteed both the local inter-bank balances and foreign credit lines to deposit money banks.

	2009 ₦' Million	2008 ₦' Million
Deposit Money Banks	964,960	-
Discount Houses	19,500	-
Pension Fund Administrators	206,770	-
Foreign Banks	814,375	-
	2,005,605	**-**

Guarantees represent total exposure to the Nigerian Financial Sector and foreign bankers for foreign credit lines extended to deposit money banks. The guarantees will expire on 31 December 2010.

29. Related party information

The Bank entered into banking transactions with related parties in the normal course of business. These transactions include the sale and purchase of currencies, services, loans, deposits, and foreign currency transactions.

All transactions with related parties were, however, carried out at arm's length.

30. Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

Appendix B3

REPORT OF THE INDEPENDENT JOINT AUDITORS TO THE BOARD OF DIRECTORS OF THE CENTRAL BANK OF NIGERIA

Report on the Financial Statements

We have audited the accompanying financial statements of Central Bank of Nigeria, which comprise the balance sheet as at 31 December, 2009, the income statement, and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, set out on pages 146 to 168.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Central Bank of Nigeria Act No.7 of 2007, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the Bank on pages 146 to 168 for the year ended 31 December 2009 have been properly prepared in accordance with the accounting policies set out on pages 149 to 154 and complies with the provisions of the Central Bank Act No. 7 of 2007.

Chartered Accountants
Abuja, Nigeria
4 March, 2010

Chartered Accountants
Lagos, Nigeria
4 March, 2010

Appendix C

Glossary of Selected Terms

Approval in Principle: This refers to the grant of an initial permit/permission to any financial institution, pending the time it would meet the necessary requirements for operation to qualify it for a formal licence.

Balance of Payments (BOP): These are records of economic transactions between the residents of a country and the rest of the world during a given period of time. The major components of a BOP are the ***current account, the capital account and the official settlement balance***. The current account comprises transactions arising from the sale or purchase of goods and services and unrequited transfers, while the capital account is the record of assets and financial transactions. The official settlement account is used to equalise any imbalance that may exist in the current and capital accounts so that all the BOP accounts sum to zero.

Balance of Payments Position: *see* ***Foreign Exchange and Balance of Payments Position***

Bank Credit is a major determinant of the money supply and it embraces the amount of loans and advances given by the CBN as well as deposit money banks to economic agents. This is the banking system credit to the economy which can be broken down into bank credit to government and the private sector.

Capital Expenditure: Payment for non-financial assets used in the production process for more than one year. Loan amortisation (capital repayment) is included.

Cost of Capital is the cost incurred in securing funds or capital for productive purposes. The cost includes interest rate, legal, administrative and information search charges. This means that cost of capital is likely to be greater than or equal to interest rates on loans.

Cost of Funds: This refers to net expenses incurred in raising funds, including a reasonable profit margin. The expenses include the interest on deposits, reserve requirements and other administrative expenses, as a proportion of total funds borrowed.

Credit Risk: Credit risk arises from potential that an obligor is either unwilling to perform an obligation, or its ability to perform such an obligation is impaired, resulting in loss to the Bank. In addition to direct accounting loss, credit risk should be viewed in the context of other economic exposures which include opportunity costs, transaction costs and expenses associated with non-performing assets over and above the accounting loss.

Debentures are fixed interest-bearing securities. They are usually of two types, debenture with floating charge and debenture with fixed charge. Debenture holders are creditors to the company rather than owners.

Debt Stock/GDP: This measures the level of domestic indebtedness relative to the country's economic activity.

Discount House is a financial institution devoted to trading in government secondary instruments (treasury bills and certificates and other eligible instruments). The discount house submits bids from authorised dealers, including its needs for OMO instruments, to the Central Bank and facilitates the payments and settlement of the transactions.

Distressed Banks: These are banks with problems relating to illiquidity, poor earnings and non-performing assets. The extreme case of distress is referred to as insolvency, which implies that a bank's liabilities are more than its assets.

Dutch Auction System (DAS): This is a method of exchange rate determination, through auction, where the bidders pay according to their bid rates. The ruling rate is arrived at with the last bid rate that clears the market where the authorities elect to operate a single exchange rate.

Equity Price Risk*:* Equity price risk is the risk to earnings or capital resulting from adverse changes in the value of the equity-related portfolios of a financial institution. The price risk could relate to changes in the overall level of equity prices or price volatility that is determined by firm specific characteristics.

Exchange Rate: This is the price of one currency in terms of another.

External Assets: These are the reserves held by the monetary authorities, as well as the banking and non-bank public, in foreign countries. Thus, external assets comprise the external reserves and the private sector holdings of foreign exchange.

External Reserves: These are portions of foreign exchange receipts saved by the monetary authorities for the purpose of enhancing the credit worthiness of the economy, protecting the international value of the domestic currency, and financing temporary shocks in the balance of payments. Reserves are held in the form of monetary gold, the reserve position at the International Monetary Fund (IMF), Special Drawing Rights (SDRs), and foreign bank balances.

Federation Account: This is an account opened by the Federal Republic of Nigeria into which all revenues of the Federation are paid for eventual distribution to all tiers of government in Nigeria.

Fiscal Deficit refers to the excess of expenditure over revenue of government. It is usually assessed by its size in relation to the nominal Gross Domestic Product (GDP). The fiscal deficits may be financed in various ways external borrowing and internal borrowing (banking system and non-bank public). It is inflationary when financed by the banking system, especially the central banks.

Fiscal Operations: This refers to government financial transactions involving the collection, spending and borrowing of government for a given period.

Fixed Deposit Rate: When deposits are for a fixed period of time, say 90 or 180 days, the interest rates paid are called fixed deposit rates. They normally attract higher interest rates; early withdrawals may attract interest penalties.

Foreign Exchange: This is a means of international payments. It includes the currencies of other countries that are freely acceptable in effecting international transactions.

Foreign Exchange and Balance of Payments Position: The foreign exchange position is the difference between foreign exchange receipts and foreign exchange disbursements. If receipts are higher than disbursements, there is a net inflow or an accretion to reserves. On the other hand, if receipts are lower, there is a net outflow and the reserves would be depleted. The balance of payments position is the difference between the receipts by the residents of one economy from the rest of the world and the payments by these residents to the rest of the world. An excess of receipts over payments shows a balance of payments surplus, while the reverse represents a deficit. When foreign exchange receipts and payments are adjusted for valuation changes in reserves, the net position would be identical to the balance of payments position.

Foreign Exchange Risk*:* Foreign exchange risk is the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. Foreign exchange risk may also arise as a result of exposures of banks to interest rate risk arising from the maturity mismatching of foreign currency positions.

Government Expenditure: Payment or flow of financial resources out from government.

High-powered Money: *see* ***Monetary Base***

Inter-bank Interest Rate: This is the rate that applies to transactions among banks, mostly for overnight and other short-term funds.

Interest Rate is the price of money. It is the opportunity cost of holding money and the return for parting with liquidity.

Interest Rate Risk*:* Interest rate risk arises when there is a mismatch between positions, which are subject to interest rate adjustments within a specified period. Interest rate risk is usually assessed from two perspectives: the earnings perspective which focuses on the impact of variation in interest rate on accruals or reported earnings, and the economic value perspective which reflects the impact of fluctuations in interest rates on the economic value of a financial institution.

Interest rate risk also includes risks associated with the term structure of interest rates and basis risk. Basis risk is also known as spread risk and it arises when a bank prices its assets and liabilities using different interest rate basis. On the other hand, risks associated with the term structure of interest rates are also known as the yield curve risk. The impact of shifts in the yield curve on earnings is evaluated using stress tests.

Internal Balance: This refers to a state of convergence between domestic output and absorption or expenditure. When output is identical with expenditure, internal balance is considered to have been achieved and the rate of inflation is expected to be stable. The achievement of the savings-investment identity is also viewed as internal balance. Monetary and fiscal policies and external debt management measures are usually applied to achieve internal balance.

Key Risk Indicator: A key risk indicator is a risk item that has been assessed to be important, given all relevant factors. This indicator is used to monitor exposure to risks and could be quantitative or qualitative in nature. It should be forward-looking in order to serve as an effective risk mitigant.

Liquidity Ratio: This ratio is defined as the ratio of total specified liquid assets to total current liabilities and reflects the liquidity position of a bank.

Liquidity Risk: Liquidity risk is the potential loss to a bank, arising from either its inability to meet its obligations as they fall due or to fund increases in assets without incurring unacceptable costs or losses. Liquidity risk should not be seen in isolation, because financial risks are not mutually exclusive and liquidity risk is often triggered by consequences of other bank risks, such as credit, market and operations risks.

Market Capitalisation is the market value of a company's issued share capital. It is the product of the current quoted price of shares and the number of shares outstanding. The term is also used as a performance indicator of the capital market.

Maximum Lending Rate: This refers to the rate charged by banks for lending to customers with a low credit rating.

Minimum Rediscount Rate: This refers to the amount that is charged by the CBN for lending to banks in the performance of its function of lender of last resort and also as a signal of the desired direction of monetary policy.

Monetary Base (or High-powered Money or Reserve Money) comprises certain liabilities of the CBN and includes currency with the non-bank public and total bank reserves. The main sources of monetary base are the net foreign assets of the CBN, net claims on government, claims on government, claims on deposit money banks, and other assets (net) of the CBN.

Money Supply (or Money Stock) refers to the total value of money in the economy and this consists of currency (notes and coins) and deposits with deposit money banks (DMBs). For purposes of policy, there are two variants of money supply in Nigeria M1 and M2. M1 is the narrow measure of money supply which includes currency in circulation with the non-bank public and demand deposits (current accounts) at the deposit money banks. M2 is the broad measure of money supply and includes M1 and savings and time deposits at the DMBs. Savings and time deposits are also called quasi-money. M2 measures total liquidity in the economy. Excess liquidity is the amount of liquidity over and above the optimum level of liquidity, determined by the levels of output and prices.

Net Foreign Assets (NFA) constitute the foreign exchange holdings of the CBN and the deposit money banks, after netting out the claims of foreigners. Changes in NFA should reflect developments in the balance of payments. A deficit in the balance of payments would lead to a decrease in foreign asset holdings and ultimately the money stock. A surplus in the balance of payments produces the opposite effect.

New Issues are securities raised in the primary market for the first time.

Nominal Exchange Rate: The nominal exchange rate is the price of one currency relative to another. The real exchange rate is the nominal exchange rate deflated by changes in relative prices.

Nominal Interest Rate: This is the actual rental value paid for the use of money or credit. It includes the effects of inflation and uncertainty.

Offer for Sale is an offer by shareholders to sell existing shares to the public. The sale is effected usually through stockbrokers and does not affect the capital base of a company.

Offer for Subscription is an invitation by a company to the public to subscribe to new issues. This increases the capital base of the company.

Open Market Operations involve the discretionary power of the CBN to purchase or sell securities in the financial markets in order to influence the volume of liquidity and levels of interest rates which ultimately would affect money supply. When the CBN sells financial instruments, the liquidity (excess reserves) of the banking system reduces. This restricts the capacity of banks to extend credit or induce monetary expansion. On the other hand, when the CBN purchases such instruments, it injects money into the system and banks' ability to expand credit is enhanced.

Operational Risk*:* Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Operational risk is present in virtually all banking transactions and activities.

Other Assets (net) is the other assets of CBN, deposit money banks less (their) other liabilities.

Preference Shares are shares of companies on which dividends must be paid before any other shares.

Prime Lending Rate: This is the interest rate applied to loans made to customers with the highest rating. For each bank, this rate also represents the minimum lending rate.

Prudential Guidelines: These are guidelines and practices which all licensed banks are required to adhere to in reviewing and reporting their performance, particularly in the areas of credit portfolio classification and disclosure; the provision for non-performing facilities and interest accrual; the classification of other assets; and off-balance sheet engagements.

Real Exchange Rate: This is the nominal exchange rate deflated by change in relative prices. *See also* ***Nominal Exchange Rate***

Real Interest Rate: This is the nominal interest rate adjusted for expected inflation. In order to encourage savings, real interest rate is expected to be positive.

Recurrent Expenditure: Expenditure on goods and services (other than capital assets) used in the process of production within one year. Interest on loans is included.

Required Reserves are a fraction of commercial and merchant banks' money held for the purpose of backing up their deposit operations and partly to control the level of liquidity in the economy. They are made up of cash reserves and liquid assets and specified in the form of ratios. The cash reserves ratio is the percentage of deposit money banks' cash deposits with the CBN in relation to their total demand, savings and time deposits. The liquidity ratio is the percentage of banks' liquid assets to their total deposits liabilities.

Reserve Money: *see* ***Monetary Base***

Reserve Requirement refers to the proportion of total deposit liabilities which the deposit money banks are expected to keep as cash in vaults and deposits with the CBN. The CBN can control the money stock by varying the requirement as desirable. Usually, banks keep reserves over and above the legal requirement for safety. The cash ratio requires the deposit banks to keep a certain proportion of their total deposit liabilities in cash balances with the CBN, while the liquidity ratio stipulates the proportion of total deposits to be kept in specified liquid assets, mainly to safeguard the ability of banks to meet depositors' cash withdrawals and ensure confidence in the banking system. The CBN also has powers to call for special deposits from banks for the purpose of controlling liquidity.

Rights Issues are shares offered to companies' existing shareholders in proportion to the number of shares held and usually at below the market price to make the offer attractive.

Savings Deposit Rate: The savings deposit rate is the amount paid by banks for funds withdrawable after seven days' notice. This restriction is, however, seldomly applied.

Total Reserves: This is the sum of required reserves and excess reserves.

Vault Cash: Deposit money banks keep “petty cash” in their vaults for emergency transactions before they can access their accounts with the CBN. The amount so kept is called vault cash.

Ways and Means Advances constitute a portion of credit by the CBN to government. These are temporary loans to government to bridge shortfalls in revenue. Statutorily, the CBN must not give more than 12.5 per cent of government's current revenue.

Yield Curve: Shows the relationship between the rate of interest and the time to maturity of different financial assets.

Appendix D
Monetary Policy Committee Decisions in 2009

Meeting Date	Decisions
January 14, 2009	• Left MPR unchanged at 9.75 per cent • Re-introduced RDAS with effect from January 19 • Net Open Position (NOP) limit reduced from 10% to 5%
February 9, 2009	• Left MPR unchanged at 9.75 per cent • Decided to manage exchange rate within a band of +/-3% • Pegged difference between CBN buying and selling rates at 1%; Banks at 1%; and BDCs at 2% around the CBN rate
April 8, 2009	• Reduced MPR from 9.75% to 8.0% • Reduced liquidity ratio from 30.0% to 25% • Reduced the CCR from 2.0% to 1.0% with effect from April 14
	• Decided to return to a regime of fully liberalized foreign exchange market over a 3-month period • Banks' foreign exchange net open position (NOP) limit raised from 1.0% to 2.5% • Relaxed the mandatory requirement to sell to the CBN funds obtained from non - RDAS and non -oil exports proceeds, and m ight use such fund for inter -bank transactions • Removal of requirement that banks transact foreign exchange at 1% around the CBN rate • RDAS twice weekly effective June 1 • Approval in principle granted to 50 non-bank Class "A" BDCs
July 7, 2009	• Reduced MPR by 200 basis points • Reinstated new monetary policy framework with the interest rate corridor at +/ - 200 basis points • Reverted to WDAS • Raised NOP limit to 5% • CBN to provide a guarantee on all inter -bank placements from July 2009 to March 31, 2010 • Removed all caps and floors on interest rate s imposed by the Bankers' Committee
September 1, 2009	• MPR retained at 6% • Recommended to government the floatation of an asset purchase facility
November 3, 2009	• MPR to remain unchanged at 6% with asymmetric corridor of interest rates around MPR of +200 and -400 basis points for SLF and SDF, respectively • N500 billion approved for quantitative easing through investment in bonds to be issued by Asset Management Company, issued during bank consolidation for the purchase and assumption of failed banks • Temporary ban p laced on the use of Bankers' Acceptances (BAs) and Commercial Papers (CPs) as off -balance sheet items was lifted effective November 16, 2009 • The 1% general provision on performing loans contained in the existing prudential guidelines waived for the year 2009

Appendix E
Policy Circulars and Guidelines Issued in 2009

1. BANKING OPERATIONS

S/N	Reference No.	Name of Circular	Date Issued
1.		Electronic Payment to Government Suppliers: Circular to Banks to Dishonour Cheques dated and Issued from January 1, 2009, by Ministries, Departments and Agencies (MDAs)	January 15, 2009
2.		Extension of Timeline for Migration from Magnetic Stripe to Chip+PIN/EMV	February 04
3.		Implementation Guidelines for e-Payment from all funds of the Federal Government of Nigeria in respect of MDAs	February 06
4.		Circular on Compliance with CIFTS Operating Hours	February 27
5.		Extension of Timeline for Migration from Magnetic Stripe to CHIP+PIN/EMV	February 27
6.		Update on the CBN Lending Windows	March 16
7.		Request for Sort Codes of All Deposit Money Banks	March 26
8.		Exposure Draft on Mobile Payment Services Regulatory Framework	April 01
9.		Deployment of Automated Teller Machines	April 07
10.		Guideline on Transaction Switching Services and the Operational Rules of the Nigeria Central Switch	May 27
11.		Dishonouring Bank Draft(s) by Issuing Banks	June 24
12.		Circular on Compliance with Settlement Cycle for Electronic Payment	June 25
13.		Deployment of Deposit Money Banks' Offsite ATMS and Establishment of ATM Consortium	June 26
14.		Guarantee for Inter-Bank Placements and Placements with Banks by Pension Funds Administrators	July 13
15.		Revised Guideline for Repo Transactions and CBN Inter-Bank Guarantee	July 17
16.		Suspension of BA's and CP's As Off Balance-Sheet Items	July 23
17.		Need to Provide Adequate Narration for Inter-Bank Transfers over the CBN Inter-Bank Transfer System (CIFTS)	July 30
18.		Extension of the Deadline for the Removal of Deposit Money Banks' Offsite ATMs	August 27
19.		Guideline on Stored Value/Prepaid Card Issuance and Operations	November 24
20.		Harmonization of Account	December 08
21.		Maximum Limit on Cheque Payment	December 11
22.		Guidelines for Handling Complaints on Electronic Card Transactions	December 18
23.		Circular on Compliance with Service Level Agreement on Funds Remittances to Beneficiaries	December 23

2. BANKING SUPERVISION

S/N	Reference No.	Name of Circular	Date Issued
1.		Publication of Interest Rates	January 29
2.		Liquidity and Capital Adequacy Ratio Computation	January 29
3.		Draft Framework for the Regulation and Supervision of Non -Interest Banking in Nigeria	March 04
4.		Reforms of the BDC Segment of the Foreign Exchange Market	March 12
5.		Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT) Compliance Manual for Banks and Other Financial Institutions in Nigeria	March 20
6.		Reminder to Address Anti -Money Laundering/Combating Financing of Terrorism Issues – Circular to all Banks and Other Financial Institutions	March 20
7.		Sanctions for the Violation of the Decision on Maximum Deposit Rate, Lending Rate and Other Charges	April 08
8.		Sanctions for the Violation of the Decision on Maximum Deposit Rate, Lending Rate and Other Charges	April 17
9.		Sanctions for the Violation of the Decision on Maximum Deposit Rate, Lending Rate and Other Charges	April 23
10.		Submission of Schedule of Commercial Papers (CPs) and Bankers' Acceptances (BAs)	June 15
11.		Submission of Details of Exposures including Commercial Papers (CPs) and Bankers' Acceptances (BAs), to Transnational Corporation (Transcorp) and Virgin Nigeria Limited	June 15
12.		Circular to all Banks and Discount Houses on Common Accounting Year End	June 19
13.		Submission on Details of Total Exposures to Companies in the Energy Sector	June 22
14.		Lending to all Tiers of Government and their Agencies	June 26
15.		Preparation of Financial Statements as at June 30, 2009	July 13
16.		Guarantee for Inter -Bank Placement and Placements with Banks by Pension Fund Administrators	July 13
17.		Daily Returns on Inter-Bank Placements and Takings	July 15
18.		Common Year End	July 17
19.		Circular to Banks on Non -Compliance of Securities Companies of Banks in Nigeria with the Stamp Duties Act 2004	July 17
20.		Revised Guideline for Repo Transactions and CBN Inter-Bank Guarantee	July 17
21.		Suspension of BAs and CPs as Off Balance-Sheet Items	July 24
22.		Daily Returns on Inter-Bank Placements and Takings	August 06
23.		Daily Returns Template	August 06
24.		Alert on Counterfeit CFA Notes in Circulation	August 12
25.		Restrictions on Democratic People's Republic of Korea (North Korea) Government Agencies and Front Companies for Involvement in Illicit Activities	August 12
26.		Publication of Interest Rates	October 14
27.		Publication of Un-Audited Accounts of Banks as at September 30, 2009	October 26
28.		Terrorist Individuals and Organizations	October 27
29.		Report on Classified Facilities	October 28
30.		Revised CBN Anti -Money Laundering/Counter Terrorism Financing (AML/CTF) Manual, 2009 (Draft)	October 29

Table 1
Selected Interest Rates (per cent)

Item	2005				2006				2007				2008 1/				2009 2/			
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec
Government Securities																				
Treasury Bill Issue Rate	16.3	12.1	8.5	12.0	9.6	11.2	6.9	7.3	6.9	6.6	7.1	7.9	8.5	8.3	8.8	8.7	4.0	7.4	6.4	6.4
Minimum Rediscount Rate	13.0	13.0	13.0	13.0	13.0	14.0	14.0													
Monetary Policy Rate 3/								10.0	10.0	8.0	8.0	9.5	9.5	10.3	9.8	9.8	9.75	8.00	6.00	6.00
Deposit Money Banks' Rate																				
Deposit Rates 4/																				
Savings	4.2	4.0	3.4	3.32	3.0	3.0	2.9	3.25	4.30	3.78	3.05	3.19	3.13	3.15	2.99	3.57	2.93	2.81	2.86	3.36
Time Deposits Maturing in:																				
7 days	6.30	5.14	4.46	4.56	4.78	4.96	3.71	5.21	5.55	5.74	6.12	5.82	5.15	5.69	6.18	8.21	7.21	7.22	6.62	6.03
1 month	11.43	9.89	8.72	9.14	9.37	9.49	8.98	9.99	10.48	10.25	10.43	10.03	10.30	10.97	11.91	12.37	13.27	12.71	12.74	11.76
3 months	12.27	10.52	9.04	9.10	9.62	9.95	9.57	10.25	10.46	10.24	10.37	9.77	10.66	11.77	12.69	12.91	13.93	13.12	13.42	12.56
6 months	12.05	10.74	9.24	8.72	8.61	9.43	9.31	9.93	10.00	10.00	9.49	9.53	10.03	11.63	12.92	12.86	13.98	13.34	13.70	12.69
12 months	13.22	11.02	9.47	8.77	9.17	8.19	7.78	7.45	8.30	8.02	8.12	7.92	10.03	11.68	12.89	12.71	13.84	13.06	13.36	12.72
Over 12 months	11.80	8.03	8.18	6.13	8.56	7.81	8.16	8.53	9.31	10.06	9.45	10.18	10.18	11.68	13.15	12.70	13.77	13.20	13.50	12.75
Prime	18.20	17.80	17.60	17.78	16.30	17.08	17.26	17.33	17.18	16.92	16.46	16.46	15.78	16.04	15.84	16.08	19.25	18.16	18.33	19.03
Maximum	20.04	19.17	19.11	19.54	18.23	18.61	18.72	18.66	18.92	18.74	18.27	18.21	17.66	17.08	19.22	21.18	23.91	22.64	22.97	23.46
Average Term Deposit	11.18	9.22	8.19	7.74	8.35	8.31	7.92	8.56	9.02	9.05	9.00	8.76	9.39	10.57	11.62	11.96	12.67	12.11	12.22	11.42
Spread (Maximum Lending-Average Term Deposit)	8.9	9.9	10.9	11.80	9.9	10.3	10.8	10.1	9.9	9.7	9.3	9.5	8.27	6.51	7.60	9.22	11.24	1.53	10.75	12.04
Inter-bank Rate (End-Period)	10.65	5.48	5.47	7.00	7.77	8.16	10.45	8.98	7.33	8.46	6.24	8.99	9.37	11.23	15.42	12.17	20.60	18.60	9.76	4.68

1/ Revised.
2/ Provisional.
3/ MRR was changed to MPR in Dec 2006
4/ With the introduction of universal banking in January 2001, banks' interest rates represent industry averages.
Source: Central Bank of Nigeria

Table 2
Loans Guaranteed under ACGSF By Size and Purpose: January - December, 2009

Purpose	N 5,000 & Below		N 5,001 - 20,000		N 20,001 - 50,000		N 50,001 - 100,000		Above N 100,000		Total		% of Total	
	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount (N)	No	Amount
LIVESTOCK														
POULTRY	-	-	40	614.00	94	4,029.00	357	32,071.00	1,786	885,894.14	2,277	922,608.14	4.25	11.05
CATTLE	-	-	17	298.00	31	1,489.00	74	6,991.67	810	523,073.96	932	531,852.63	1.74	6.37
SHEEP/GOATS	-	-	-	-	2	100.00	2	180.00	121	93,515.00	125	93,795.00	0.23	1.12
OTHERS	-	-	1	20.00	15	550.00	99	9,216.50	340	167,759.00	455	177,545.50	0.85	2.13
SUB-TOTAL	-	-	58	932.00	142	6,168.00	532	48,459.17	3,057	1,670,242.10	3,789	1,725,801.27	7.06	20.67
FISHERIES	-	-	805	9,776.00	122	5,419.00	1,028	101,070.00	1,276	592,356.24	3,231	708,621.24	6.02	8.49
MIXED FARMING	-	-	17	225.00	24	1,010.00	25	1,905.00	29	9,790.00	95	12,930.00	0.18	0.15
FOOD CROPS														
VEGETABLES	-	-	65	994.00	137	4,486.00	27	2,010.00	42	13,453.50	271	20,943.50	0.51	0.25
BEANS	-	-	86	1,640.00	537	21,410.00	184	14,460.00	102	32,250.00	909	69,760.00	1.69	0.84
SOYABEANS	-	-	-	-	-	-	-	-	3	1,060.00	3	1,060.00	0.01	0.01
GRAINS	28	137.50	3,572	61,188.21	13,448	548,932.52	6,960	552,101.21	9,614	2,534,632.17	33,622	3,696,991.61	62.68	44.28
TUBER/ROOTS	-	-	853	11,853.88	1,951	86,788.96	2,636	223,189.00	4,427	1,406,642.72	9,867	1,728,474.56	18.40	20.70
SUB-TOTAL	28	137.50	4,576	75,676.08	16,073	661,617.48	9,807	791,760.21	14,188	3,988,038.39	44,672	5,517,229.66	83.28	66.08
CASH CROPS														
OIL PALM	-	-	90	910.00	50	2,042.40	102	9,317.00	226	130,462.20	468	142,731.60	0.87	1.71
RUBBER	-	-	11	200.00	8	330.00	16	1,466.00	21	7,050.00	56	9,046.00	0.10	0.11
GINGER	-	-	-	-	-	-	-	-	2	600.00	2	600.00	0.00	0.01
COTTON	-	-	23	325.00	29	870.00	68	6,305.00	136	47,070.20	256	54,570.20	0.48	0.65
GROUNDNUTS	-	-	62	1,230.00	2	60.00	-	-	46	8,950.00	110	10,240.00	0.21	0.12
COCOA	-	-	11	220.00	4	200.00	135	13,250.00	271	68,110.00	421	81,780.00	0.78	0.98
SUB-TOTAL	-	-	197	2,885.00	93	3,502.40	321	30,338.00	702	262,242.40	1,313	298,967.80	2.45	3.58
OTHERS	-	-	54	918.00	220	8,698.80	110	10,007.50	155	66,335.00	539	85,959.30	1.00	1.03
TOTAL	**28**	**137.50**	**5,707**	**90,412.08**	**16,674**	**686,415.68**	**11,823**	**983,539.88**	**19,407**	**6,589,004.13**	**53,639**	**8,349,509.27**	**100.00**	**100.00**

Source: Central Bank of Nigeria

Table 3
Currency in Circulation (Naira billion)

Year	Month	Vault Cash	Currency Outside Banks	Currency in Circulation
2004	December	87.2	458.5	545.7
2005	December	79.2	563.2	642.4
2006	December	88.3	690.8	779.2
2007				
	January	103.8	601.4	705.2
	February	100.5	604.1	704.6
	March	134.1	593.3	727.4
	April	156.5	609.5	766.0
	May	177.5	565.4	742.8
	June	189.2	525.7	715.0
	July	195.2	519.1	714.3
	August	193.7	524	717.7
	September	178.9	543.4	722.3
	October	184.3	571.3	755.6
	November	156.1	634.1	790.2
	December	222.9	737.6	960.5
2008				
	January	197.9	668.0	865.9
	February	179.1	687.6	866.7
	March	229.0	662.8	891.8
	April	224.1	674.8	898.9
	May	256.7	660.2	916.9
	June	245.2	673.1	918.3
	July	231.8	705.1	936.9
	August	221.3	727.0	948.3
	September	219.6	756.8	976.4
	October	223.0	743.2	966.1
	November	243.8	744.3	988.2
	December	262.7	892.7	1,155.0
2009				
	January	225.4	839.2	1,064.6
	February	209.3	814.9	1,024.2
	March	233.7	804.1	1,037.8
	April	224.4	823.8	1,048.1
	May	262.5	764.4	1,026.9
	June	260.1	746.5	1,006.6
	July	241.4	766.9	1,008.3
	August	259.6	759.9	1,019.4
	September	253.1	778.7	1,031.9
	October	238.8	781.3	1,020.1
	November	257.2	851.4	1,108.6
	December 1/	254.3	930.7	1,185.0

1/ Provisional
Source: Central Bank of Nigeria

Table 4
Changes in World Prices and Output (per cent)

	Consumer Prices					Output				
Region/Country	**2005**	**2006**	**2007 /1**	**2008 /2**	**2009**	**2005**	**2006**	**2007 /1**	**2008 /2**	**2009**
Advanced Countries	**2.3**	**2.4**	**2.2**	**3.4**	0.1	**2.5**	**2.9**	**2.6**	**0.5**	(3.2)
United States of America	3.4	3.2	2.7	3.8	(0.4)	3.1	2.9	2	0.4	(2.5)
Canada	2.2	2	2.2	NA	NA	3.1	2.8	2.5	0.4	(2.6)
Japan	-0.3	0.3	-	1.4	(1.1)	1.9	2.2	2	(1.2)	(5.3)
European Union	**2.2**	**2.3**	**2.3**	**3.9**		**2**	**3.2**	**3**	**1.0**	(4.0)
Germany	1.9	1.8	2.1	2.9	NA	0.8	2.9	2.4	1.2	(4.8)
France	1.9	1.9	1.6	3.4	NA	1.7	2	1.9	0.3	(2.3)
Italy	2.2	2.2	1.9	3.4	NA	0.1	1.9	1.7	(1.0)	(4.8)
United Kingdom	2	2.3	2.4	1.9	1.5	1.8	2.8	3.1	0.5	(4.8)
Euro Area	2.2	2.2	2	3.3	0.3	1.5	2.8	2.5	0.6	(3.9)
Other Advanced Economies	1.9	1.9	1.9	3.2	NA	3.3	3.5	4.4	1.7	(1.3)
Newly Industrialized Asian Economies	2.2	1.6	2	4.8	NA	2.6	3.5	4.6	1.7	(1.2)
Other Emerging Markets and Developing Countries	**5.2**	**5.1**	**5.9**	**9.2**	5.2	**7.5**	**8.1**	**8.1**	**6.1**	2.1
Regional Groups										
Central and Eastern Europe	4.9	5	5.1	7.8	NA	5.6	6.3	5.8	3.1	(4.3)
Russia	12.7	9.7	8.1	14.0	NA	6.4	6.7	7	5.6	(9.0)
Africa	6.6	6.3	6.6	10.3	9.0	5.6	5.6	5.7	5.2	1.9
Asia	3.6	4	5.3	7.5	3.0	9.2	9.8	9.8	4.7	1.3
Middle East	6.9	7.5	10.8	15.8	NA	5.4	5.6	5.9	5.3	2.2
Western Hemisphere	6.3	5.4	5.3	7.9	6.1	4.6	5.5	5	4.2	(2.3)
Oil Exporting Developing Countries	10	8.6	NA	NA	NA	6.7	6.7	NA	NA	NA
Non-Oil Exporting Countries	4.6	4.7	NA	NA	NA	7.5	7.4	NA	NA	NA
China	1.8	1.5	4.5	6.4		10.4	11.1	11.5	9.6	8.7

1/Revised
2/Provisional
Source: World Economic Outlook, January 2010

Table 5
Money Supply and its Determinants (Naira million)

Category	Dec-05	Dec-06	Dec-07	Dec-08 1/	Dec-09 2/
1.Domestic Credit (net)	**2,313,387.7**	**714,205.7**	**2,688,236.5**	**4,951,860.3**	**7,875,501.0**
(a) Claims on Federal Government (net)	306,031.9	(1,936,615.7)	(2,368,484.4)	(3,107,688.6)	(2,279,941.1)
By Central Bank	-205,746.3	-2,796,026.9	-4,074,422.8	-4,532,113.6	-3,709,250.3
By Deposit Money Banks	511,778.2	859,411.2	1,705,938.5	1,424,425.0	1,429,309.2
(b).Claims on Private Sector	2,007,355.8	2,650,821.5	5,056,720.9	8,059,548.9	10,155,442.1
By Central Bank	16,209.4	41,532.1	236,025.2	260,148.8	487,565.4
By Deposit Money Banks	1,991,146.4	2,609,289.4	4,820,695.7	7,799,400.1	9,667,876.7
(i) Claims on State and Local Governments 3/	54,526.6	80,652.4	87,753.6	149,765.1	310,324.3
By Central Bank	0.0	0.0	0.0	0.0	0.0
By Deposit Money Banks	54,526.6	80,652.4	87,753.6	149,765.1	310,324.3
(ii) Claims on Non-Financial Public Enterprises	2,449.4	13,249.4	0.0	0.0	0.0
By Central Bank	2,449.4	13,249.4	0.0	0.0	0.0
By Deposit Money Banks					
(iii) Claims on Other Private Sector	1,950,379.8	2,556,919.7	4,968,967.3	7,909,783.8	9,845,117.8
By Central Bank	13,760.0	28,282.7	236,025.2	260,148.8	487,565.4
By Deposit Money Banks	1,936,619.8	2,528,637.0	4,732,942.1	7,649,635.0	9,357,552.4
(2) Foreign Assets (net) 4/	**4,098,471.9**	**6,307,859.3**	**7,266,512.1**	**8,550,430.3**	**7,548,455.6**
By Central Bank	3,658,511.5	5,603,376.8	6,570,263.7	7,270,807.4	6,477,373.3
By Deposit Money Banks	439,960.4	704,482.4	696,248.4	1,279,622.9	1,071,082.3
(3) Other Assets (net)	**-3,597,013.5**	**-2,994,163.3**	**-4,144,922.1**	**-4,335,455.5**	**-4,693,163.4**
Total Monetary Assets	**2,814,846.07**	**4,027,901.70**	**5,809,826.48**	**9,166,835.31**	**10,730,793.2**
Quasi-Money 5/	**1,089,450.30**	**1,739,639.9**	**2,693,554.3**	**4,304,707.8**	5,763,511.2
Money Supply	**1,725,395.80**	**2,280,648.9**	**3,116,272.1**	**4,857,544.5**	4,967,281.9
Currency Outside Banks	563,232.00	650,943.6	737,867.2	893,318.8	930,733.0
Demand Deposits 6/	973,772.80	1,244,163.5	2,378,404.9	3,982,875.1	4,036,548.9
Total Monetary Liabilities	**2,814,846.1**	**4,027,901.7**	**5,809,826.5**	**9,166,835.31**	**10,730,793.2**
GROWTH RATE OVER THE PRECEDING DECEMBER					
Credit to the Domestic Economy (net)	14.51	-69.13	276.40	84.20	59.04
Credit to the Private Sector	30.82	32.06	90.76	59.38	26.01
Claims on Federal Government (net) 7/	-36.99	-732.81	22.30	-31.21	26.64
By Central Bank	3262.49	1258.97	45.72	11.23	-18.16
Claims on State and Local Governments	121.37	47.91	8.80	70.67	107.21
Claims on Non-Financial Public Enterprises	26.86	440.92	-100.00	0.00	0.00
Credit to the Other Private Sector	29.35	31.10	94.33	59.18	24.47
Foreign Assets (net)	54.97	53.91	15.20	17.67	-11.72
Other Assets (net)	-49.80	16.76	-38.43	-4.59	-8.26
Quasi-Money	43.27	59.68	54.83	59.82	33.89
Money Supply (M1)	29.66	32.18	36.64	55.88	2.26
Broad Money (M2)	24.35	43.09	44.24	57.79	17.06

1/ Revised.
2/ Provisional.
3/ For the purpose of monetary and credit survey, credit to government sector refers strictly to Federal Government and excludes state and local governments.
4/ External assets and liabilities were converted into naira at the official rate on the balance sheet date, except holdings purchased at the AFEM.
5/ Quasi-Money consists of Time, Savings and Foreign Currency Deposits of Commercial and Merchant Banks excluding Takings from Discount Houses.
6/ Demand Deposits consist of state, local and parastatals deposits at the CBN; state, local and private sector deposits as well as demand deposits of non-financial public enterprises at Commercial and Merchant banks.
7/ In 2002, the increase reflected the substantial drawdown on Federal Government deposits with the CBN.
Source: Central Bank of Nigeria

Table 6
Banking System Credit to the Economy (Naira million)

End of Month	Aggregate Credit to the Economy	Credit to Federal Govt	Credit to Private Sector	Credit to State &Local Governments 1/	Credit to Non-Financial Public Enterprises	Credit to 'Other' Private Sector	Central Bank Credit to					Deposit Money Banks Credit to			
							Federal Government	Private Sector	State &Local Governments	Non-Financial Public Enterprises	'Other' Private Sector	Federal Government	Private Sector	State & Local Governments	'Other' Private Sector
December 2003	**2,143,056.6**	**931,063.2**	**1,211,993.4**	**20,234.9**	**212.0**	**1,191,546.5**	**552,858.7**	**8,794.4**	**0.0**	**212.0**	**8,582.4**	**378,204.5**	**1,203,199.0**	**20,234.9**	**1,182,964.1**
December 2004	**2,020,173.3**	**485,725.5**	**1,534,447.8**	**24,631.8**	**1,930.8**	**1,507,885.2**	**-6,118.9**	**15,205.1**	**0.0**	**1,930.8**	**13,274.3**	**491,844.4**	**1,519,242.7**	**24,631.8**	**1,494,610.9**
2005															
January	2,138,400.7	530,942.2	1,607,458.4	26,962.2	2,340.7	1,578,155.5	-61,693.9	15,635.1	0.0	2,340.7	13,294.4	592,636.1	1,591,823.3	26,962.2	1,564,861.1
February	2,150,906.7	527,629.5	1,623,277.2	26,009.9	2,365.6	1,594,901.7	-55,302.2	15,700.8	0.0	2,365.6	13,335.2	582,931.7	1,607,576.4	26,009.9	1,581,566.5
March	2,259,983.1	593,223.0	1,666,760.1	21,422.3	2,465.6	1,642,872.2	-46,277.2	15,807.6	0.0	2,465.6	13,342.0	639,500.2	1,650,952.5	21,422.3	1,629,530.2
April	2,303,433.1	580,531.4	1,722,901.7	28,141.5	3,506.4	1,691,253.8	-46,229.0	16,956.8	0.0	3,506.4	13,450.4	626,760.4	1,705,944.9	28,141.5	1,677,803.4
May	2,382,602.2	593,455.7	1,789,146.5	27,408.5	3,133.0	1,758,605.0	-15,923.0	16,704.4	0.0	3,133.0	13,571.4	609,378.7	1,772,442.1	27,408.5	1,745,033.6
June	2,182,494.2	341,727.8	1,840,766.4	20,495.3	3,590.6	1,816,680.5	-285,935.6	17,155.7	0.0	3,590.6	13,565.1	627,663.4	1,823,610.7	20,495.3	1,803,115.4
July	2,410,180.1	502,437.3	1,907,742.8	35,568.4	3,297.6	1,868,876.8	-108,523.6	16,826.0	0.0	3,297.6	13,528.4	610,960.9	1,890,916.8	35,568.4	1,855,348.4
August	2,516,113.3	575,651.0	1,940,462.3	33,218.2	3,331.3	1,903,912.8	-45,669.3	16,858.1	0.0	3,331.3	13,526.8	621,320.3	1,923,604.2	33,218.2	1,890,386.0
September	2,589,269.2	603,058.0	1,986,211.2	45,479.0	3,217.2	1,937,515.0	-3,886.5	16,830.5	0.0	3,217.2	13,613.3	606,944.5	1,969,380.7	45,479.0	1,923,901.7
October	2,449,799.2	512,767.9	1,937,031.3	56,603.2	3,257.9	1,877,170.2	-6,506.3	16,818.1	0.0	3,257.9	13,560.2	519,274.2	1,920,213.2	56,603.2	1,863,610.0
November	2,369,452.1	337,886.7	2,031,565.4	53,438.0	4,708.9	1,973,418.5	-155,649.3	18,291.2	0.0	4,708.9	13,582.3	493,536.0	2,013,274.2	53,438.0	1,959,836.2
December	2,313,387.7	454,774.6	2,007,191.4	54,526.6	2,449.4	1,950,215.4	-57,003.6	16,045.0	0.0	2,449.4	13,595.6	511,778.2	1,991,146.4	54,526.6	1,936,619.8
Monthly Average	**2,338,835.1**	**512,840.4**	**1,838,376.2**	**35,772.8**	**3,138.7**	**1,799,464.8**	**-86,445.2**	**16,635.8**	**0.0**	**3,138.7**	**13,497.1**	**586,890.4**	**1,821,740.5**	**35,772.8**	**1,785,967.7**
2006															
January	2,399,397.6	417,689.8	1,981,707.7	65,383.4	2,939.3	1,913,385.0	-197,144.8	19,779.6	0.0	2,939.3	16,840.3	614,834.6	1,961,928.1	65,383.4	1,896,544.7
February	1,293,706.7	179,810.7	1,113,895.9	27,330.3	3,821.1	1,082,744.6	-241,423.4	18,094.2	0.0	3,821.1	41,273.1	421,234.1	1,095,801.8	27,330.3	1,068,471.5
March	2,598,849.0	471,892.3	2,126,956.6	80,799.0	5,349.5	2,040,808.1	-213,946.7	19,317.9	0.0	5,349.5	13,968.4	685,839.1	2,107,638.7	80,799.0	2,026,839.7
April	2,696,782.2	523,023.3	2,173,758.9	69,673.7	5,689.1	2,098,396.1	-221,756.3	20,396.6	0.0	5,689.1	14,707.5	744,779.6	2,153,362.3	69,673.7	2,083,688.6
May	2,359,847.2	8,761.3	2,351,085.9	61,401.8	5,832.2	2,283,851.9	-906,341.6	70,223.4	0.0	5,832.2	64,391.2	915,102.9	2,280,862.5	61,401.8	2,219,460.7
June	2,664,489.9	360,789.4	2,303,700.5	42,200.9	4,045.8	2,257,453.8	-638,498.2	69,959.1	0.0	4,045.8	65,913.3	999,287.6	2,233,741.4	42,200.9	2,191,540.5
July	2,229,906.1	-154,889.2	2,384,795.4	45,510.6	2,968.7	2,336,316.1	-1,061,785.6	67,715.6	0.0	2,968.7	64,746.9	906,896.4	2,317,079.8	45,510.6	2,271,569.2
August	2,458,387.9	-84,417.3	2,542,805.2	48,223.6	4,522.7	2,490,058.9	-977,738.1	69,802.1	0.0	4,522.7	65,279.4	893,320.8	2,473,003.1	48,223.6	2,424,779.5
September	2,336,533.4	-235,144.7	2,571,678.0	70,730.6	6,472.5	2,494,474.9	-1,106,115.7	73,957.1	0.0	6,472.5	67,484.6	870,971.0	2,497,721.0	70,730.6	2,426,990.3
October	1,739,878.6	-894,120.9	2,633,999.4	76,295.6	35,659.2	2,522,044.6	-1,816,380.4	49,697.2	0.0	35,659.2	14,038.0	922,259.5	2,584,302.3	76,295.6	2,508,006.6
November	1,062,510.8	-1,589,697.2	2,652,208.0	92,141.3	26,135.4	2,533,931.3	-2,648,968.7	38,290.6	0.0	26,135.4	12,155.2	1,059,271.5	2,613,917.4	92,141.3	2,521,776.1
December	714,205.7	-1,936,615.7	2,650,821.5	80,652.4	13,249.4	2,556,919.7	-2,796,026.9	41,532.1	0.0	13,249.4	28,282.7	859,411.2	2,609,289.4	80,652.4	2,528,637.0
Monthly Average	**2,046,207.9**	**-244,409.9**	**2,290,617.8**	**63,361.9**	**9,723.7**	**2,217,532.1**	**-1,068,843.9**	**46,563.8**	**0.0**	**9,723.7**	**39,090.1**	**824,434.0**	**2,244,054.0**	**63,361.9**	**2,180,692.0**

Source: Central Bank of Nigeria

Table 6 Cont'd.: Banking System Credit to the Economy (Naira million)

End of Month	Aggregate Credit to the Economy	Credit to Federal Govt	Credit to Private Sector	Credit to State &Local Governments 1/	Credit to Non-Financial Public Enterprises	Credit to 'Other' Private Sector	Central Bank Credit to					Deposit Money Banks Credit to			
							Federal Government	Private Sector	State &Local Governments	Non-Financial Public Enterprises	'Other' Private Sector	Federal Government	Private Sector	State & Local Governments	'Other' Private Sector
2007															
January	-262,342.7	-2,598,554.7	2,336,212.0	71,142.9	13,249.4	2,251,819.8	-3,203,935.2	42,879.8	0.0	13,249.4	29,630.4	605,380.6	2,293,332.2	71,142.9	2,222,189.4
February	-97,763.2	-2,469,053.1	2,371,289.9	48,906.2	13,249.4	2,309,134.3	-3,068,463.6	31,723.3	0.0	13,249.4	18,473.9	599,410.5	2,339,566.6	48,906.2	2,290,660.3
March	540,315.8	-2,508,626.6	3,048,942.3	53,475.9	13,249.4	2,982,217.1	-3,312,619.4	39,329.0	0.0	13,249.4	26,079.6	803,992.8	3,009,613.3	53,475.9	2,956,137.4
April	456,853.0	-2,754,698.0	3,211,551.0	50,962.3	13,249.4	3,147,339.4	-3,585,162.8	38,574.2	0.0	13,249.4	25,324.8	830,464.8	3,172,976.8	50,962.3	3,122,014.6
May	988,694.1	-2,436,619.1	3,425,313.2	34,373.6	13,249.4	3,377,690.3	-3,295,495.4	66,896.6	0.0	13,249.4	53,647.2	858,876.3	3,358,416.6	34,373.6	3,324,043.1
June	888,710.9	-2,615,012.0	3,503,723.0	40,279.2	0.0	3,463,443.7	-3,596,910.4	58,781.8	0.0	0.0	58,781.8	981,898.4	3,444,941.2	40,279.2	3,404,661.9
July	1,086,789.1	-2,742,458.0	3,829,247.1	47,539.3	0.0	3,781,707.7	-3,883,809.2	28,870.7	0.0	0.0	28,870.7	1,141,351.2	3,800,376.4	47,539.3	3,752,837.1
August	1,414,020.8	-2,495,428.9	3,909,449.7	55,552.6	0.0	3,853,897.1	-3,746,062.4	32,763.4	0.0	0.0	32,763.4	1,250,633.6	3,876,686.3	55,552.6	3,821,133.6
September	1,740,308.5	-2,462,861.0	4,203,169.5	58,996.8	0.0	4,144,172.7	-3,818,351.5	39,218.9	0.0	0.0	39,218.9	1,355,490.5	4,163,950.6	58,996.8	4,104,953.8
October	1,789,865.7	-2,625,690.8	4,415,556.4	61,786.4	0.0	4,353,770.0	-3,980,395.2	98,541.9	0.0	0.0	98,541.9	1,354,704.5	4,317,014.5	61,786.4	4,255,228.1
November	2,515,492.5	-2,197,226.5	4,712,718.9	91,889.0	0.0	4,620,829.9	-3,831,026.5	93,523.4	0.0	0.0	93,523.4	1,633,800.0	4,619,195.5	91,889.0	4,527,306.5
December	2,688,236.6	-2,368,484.3	5,056,720.9	87,753.6	0.0	4,968,967.3	-4,074,422.8	236,025.2	0.0	0.0	236,025.2	1,705,938.5	4,820,695.7	87,753.6	4,732,942.1
Monthly Average	**1,145,765.1**	**-2,522,892.7**	**3,668,657.8**	**58,554.8**	**5,520.6**	**3,604,582.4**	**-3,616,387.9**	**67,260.7**	**0.0**	**5,520.6**	**61,740.1**	**1,093,495.1**	**3,601,397.1**	**58,554.8**	**3,542,842.3**
2008															
January	3,023,390.9	-2,419,584.3	5,338,434.8	104,540.4	0.0	5,233,894.4	-4,196,604.8	151,654.9	0.0	0.0	151,654.9	1,777,020.4	5,186,779.9	104,540.4	5,082,239.5
February	3,188,022.1	-2,456,442.8	5,739,400.7	94,935.8	0.0	5,644,464.9	-4,326,255.6	164,782.2	0.0	0.0	164,782.2	1,869,812.8	5,574,618.5	94,935.8	5,479,682.7
March	3,360,330.8	-2,501,996.3	5,964,326.8	101,999.7	0.0	5,862,327.1	-4,474,048.8	145,417.9	0.0	0.0	145,417.9	1,972,052.4	5,818,908.9	101,999.7	5,716,909.2
April	3,516,514.4	-2,895,186.4	6,494,209.4	82,508.7	0.0	6,411,700.7	-4,813,325.6	167,383.8	0.0	0.0	167,383.8	1,918,139.3	6,326,825.6	82,508.7	6,244,317.0
May	3,583,886.0	-3,094,241.2	6,787,458.9	109,331.7	0.0	6,678,127.2	-4,751,320.0	149,452.4		0.0	149,452.4	1,657,078.8	6,638,006.4	109,331.7	6,528,674.7
June	3,938,836.4	-2,716,445.3	6,754,681.6	99,399.9	0.0	6,655,281.7	-4,413,045.0	114,037.1		0.0	114,037.1	1,696,599.7	6,640,644.5	99,399.9	6,541,244.5
July	4,779,570.1	-2,433,993.0	7,341,118.3	127,555.1	0.0	7,213,563.2	-4,432,987.4	89,863.4	0.0	0.0	89,863.4	1,998,994.4	7,251,254.9	127,555.1	7,123,699.7
August	4,338,831.2	-2,986,658.7	7,425,092.4	99,602.5	0.0	7,325,489.9	-4,974,053.2	239,880.9		0.0	239,880.9	1,987,394.5	7,185,211.5	99,602.5	7,085,609.0
September	4,148,486.8	-3,230,039.3	7,474,666.4	96,140.3	0.0	7,378,526.1	-5,107,624.4	171,846.4		0.0	171,846.4	1,877,585.2	7,302,820.0	96,140.3	7,206,679.7
October	4,139,678.9	-3,439,071.7	7,693,775.4	115,024.8	0.0	7,578,750.6	-5,193,020.4	228,463.4		0.0	228,463.4	1,753,948.7	7,465,312.0	115,024.8	7,350,287.3
November	4,188,246.0	-3,635,992.3	7,973,271.5	149,033.2	0.0	7,824,238.3	-5,248,564.0	247,452.5		0.0	247,452.5	1,612,571.8	7,725,818.9	149,033.2	7,576,785.8
December	4,951,860.3	-3,107,688.6	8,059,548.9	149,765.1	0.0	7,909,783.8	-4,532,113.6	260,148.8		0.0	260,148.8	1,424,425.0	7,799,400.1	149,765.1	7,649,635.0
Monthly Average	**3,929,804.5**	**-2,909,778.3**	**6,920,498.8**	**110,819.8**	**0.0**	**6,809,679.0**	**-4,705,246.9**	**177,532.0**	**0.0**	**0.0**	**177,532.0**	**1,795,468.6**	**6,742,966.8**	**110,819.8**	**6,632,147.0**
2009															
January	5,293,462.3	-3,215,117.1	8,508,579.5	264,287.9	0.0	8,244,291.5	-4,583,401.3	295,217.5	0.0	0.0	295,217.5	1,368,284.2	8,213,362.0	264,287.9	7,949,074.0
February	4,493,177.5	-3,974,800.6	8,467,978.1	260,251.6	0.0	8,207,726.5	-5,040,270.0	340,924.2	0.0	0.0	340,924.2	1,065,469.4	8,127,053.9	260,251.6	7,866,802.3
March	4,820,837.5	-3,405,605.1	8,226,442.5	210,869.8	0.0	8,015,572.8	-4,658,177.1	313,611.6	0.0	0.0	313,611.6	1,252,572.0	7,912,830.9	210,869.8	7,701,961.2
April	5,273,397.8	-3,106,511.2	8,379,909.0	213,670.0	0.0	8,166,239.0	-4,350,533.7	324,755.9	0.0	0.0	324,755.9	1,244,022.5	8,055,153.1	213,670.0	7,841,483.1
May	5,480,085.8	-3,029,260.4	8,509,346.2	250,069.4	0.0	8,259,276.8	-4,304,546.8	321,497.9	0.0	0.0	321,497.9	1,275,286.4	8,187,848.3	250,069.4	7,937,778.9
June	5,677,163.3	-2,879,781.4	8,556,944.7	251,661.2	0.0	8,305,283.5	-4,348,811.3	336,125.0	0.0	0.0	336,125.0	1,469,029.9	8,220,819.7	251,661.2	7,969,158.5
July	5,938,120.4	-3,087,954.1	9,026,074.5	274,338.8	0.0	8,751,735.7	-4,393,800.8	423,809.9	0.0	0.0	423,809.9	1,305,846.7	8,602,264.6	274,338.8	8,327,925.8
August	6,563,419.6	-3,111,598.1	9,675,017.7	280,416.2	0.0	9,394,601.5	-4,309,740.0	468,378.8	0.0	0.0	468,378.8	1,198,141.9	9,206,638.9	280,416.2	8,926,222.7
September	6,991,205.5	-2,820,157.8	9,811,363.2	294,951.7	0.0	9,516,411.6	-3,970,780.4	445,686.8	0.0	0.0	445,686.8	1,150,622.6	9,365,676.4	294,951.7	9,070,724.8
October	7,203,294.8	-2,650,321.4	9,853,616.2	282,892.8	0.0	9,570,723.4	-3,977,385.1	362,376.3	0.0	0.0	362,376.3	1,327,063.7	9,491,239.9	282,892.8	9,208,347.1
November	7,496,539.2	-2,493,442.4	9,989,981.5	302,620.3	0.0	9,687,361.3	-3,949,873.5	398,900.9	0.0	0.0	398,900.9	1,456,431.0	9,591,080.6	302,620.3	9,288,460.4
December 1/	7,875,500.9	-2,279,941.2	10,155,442.1	310,324.3	0.0	9,845,117.8	-3,709,250.3	487,565.4	0.0	0.0	487,565.4	1,429,309.2	9,667,876.7	310,324.3	9,357,552.4
Monthly Average	**6,092,183.7**	**-3,004,540.9**	**9,096,724.6**	**266,362.8**	**0.0**	**8,830,361.8**	**-4,299,714.2**	**376,570.9**	**0.0**	**0.0**	**376,570.9**	**1,295,173.3**	**8,720,153.8**	**266,362.8**	**8,453,790.9**

1/ Provisional
Source: Central Bank of Nigeria

Table 7
Summary of Deposit Money Banks' Activities
(Naira million)

Item	2005	2006	2007	2008	2009 1/	2005	2006	2007	2008	2009
						Growth Rates				
Reserves	515,207.3	471,648.7	659,631.3	910,673.4	655,864.4	*41.5*	*-8.5*	*39.9*	*38.1*	*-28.0*
Aggregate Credit (Net)	2,588,916.7	4,066,689.3	7,076,493.0	9,897,796.2	11,340,061.5	*24.6*	*57.1*	*74.0*	*-0.7*	*1.9*
Loans and Advances	1,859,555.5	2,338,718.8	4,493,303.9	7,602,165.8	8,451,378.2	*43.7*	*25.8*	*92.1*	*69.2*	*11.2*
Total Assets	4,515,117.6	6,400,783.9	10,981,693.6	15,882,909.9	17,522,858.2	*20.3*	*41.8*	*71.6*	*44.0*	*10.3*
Total Deposit Liabilities	2,036,089.9	2,954,984.9	5,001,470.5	7,960,167.0	9,150,037.7	*22.5*	*-10.8*	*175.4*	*59.2*	*14.9*
Demand Deposits	946,639.6	1,215,347.8	2,307,916.2	3,650,643.9	3,386,526.5	*29.9*	*28.4*	*89.9*	*58.2*	*-7.2*
Time, Savings & Foreign Currencies Deposits	1,089,450.3	1,739,636.9	2,693,554.3	4,309,523.1	5,763,511.2	*16.8*	*59.7*	*54.8*	*60.0*	*33.7*
Foreign Assets (Net)	439,960.3	601,692.4	696,248.4	1,506,845.9	1,071,082.3	*-4.9*	*36.8*	*54.7*	*83.8*	*-16.3*
Credit from Central Bank	42,687.5	16,594.9	49,741.6	132,195.3	409,159.1	*-31.2*	*-61.1*	*199.7*	*165.8*	*209.5*
Capital Accounts	950,551.6	1,283,146.4	2,225,394.2	3,364,693.4	4,930,613.0	*38.5*	*35.0*	*73.4*	*51.2*	*46.5*
Capital & Reserves	591,738.7	953,001.2	1,712,986.5	2,788,717.7	2,201,836.0	*69.9*	*61.1*	*79.7*	*62.8*	*-21.0*
Other Provisions	358,812.9	330,145.2	512,407.6	575,921.7	2,728,777.0	*6.3*	*-8.0*	*55.2*	*12.4*	*373.8*
Average Liquidity Ratio (%)	**38.7**	**81.4**	**56.6**	**37.3**	**26.4**	***-25.6***	***110.3***	***-30.5***	***-22.4***	***-39.9***
Average Loan/Deposit Ratio (%)	**76.7**	**96.8**	**83.3**	**86.8**	**84.3**	***5.4***	***26.2***	***-13.9***	***-0.7***	***1.9***

1/ Provisional
Source: Central Bank of Nigeria

Table 8
Deposit Money Banks' Sources and Application of Funds (Naira million)

Item	2005		2006		2007		2008		2009	
	Sources	Application	Sources	Application	Sources	Application	Sources	Application	Sources	Application
Assets										
Reserves		151,014.4	-43,558.6		-6,423.2		0.0	126,682.9	0.0	68,385.8
Foreign Assets	-18,056.8			174,868.8		92,361.8	0.0	504,451.1	0.0	13,084.2
Claims on Central Government		21,772.9		740,767.5	-46,947.5		-178,487.9	0.0	-36,551.3	0.0
Claims on State & Local Governments		29,894.8		7,669.5		29,041.4	0.0	732.0	0.0	7,704.0
Claims on Private Sector		442,008.9		525,482.0		666,306.5	0.0	80,200.5	0.0	69,092.1
Claims on Other Financial Institutions		19,299.8		102,549.5	-1,386.6		0.0	196,518.0	-2,603.0	0.0
Unclassified Assets		115,905.8		377,887.5	-231,633.6		0.0	239,103.5	-38,853.6	0.0
Liabilities										
Demand Deposits	218,087.6		268,708.2		23,135.0		370,511.0	0.0	1,575.2	0.0
Time, Savings & Foreign Currency Deposits	156,520.2		650,186.6		79,983.0		186,535.0	0.0	245,849.5	0.0
Money Market Instruments	25,010.6		31,724.9			-41,235.9	0.0	-2,924.6	9,295.6	0.0
Bonds	984.2			-3,028.8	14,432.3		7,817.2	0.0	29,971.0	0.0
Foreign Liabilities	4,384.9		13,136.8		2,445.5		0.0	-28,781.4	0.0	-2,188.3
Central Government Deposits	1,839.0		42,695.8			-3,569.9	10,828.8	0.0	0.0	-9,429.4
Credit from Central Bank		-19,392.0		-26,092.6	20,234.6		1,319.5	0.0	0.0	-34,839.7
Capital Accounts	264,475.0		332,594.8		272,939.5		104,508.9	0.0	0.0	-69,930.5
Unclassified Liabilities	109,930.3		575,740.5		132,954.6		319,385.5	0.0	0.0	-90,045.2
Funds Sourced & Used	**799,288.6**	**799,288.6**	**1,958,346.2**	**1,958,346.2**	**832,515.5**	**832,515.5**	**1,179,393.9**	**1,179,393.9**	364,699.1	364,699.1

Source: Central Bank of Nigeria

Table 9
Summary of Community Banks/Microfinance Banks' Activities, end-December 2009
(Naira million, unless otherwise stated)

Item	2005	2006	2007	2008 1/	2009
Number of Licensed CBs/MFBs	725	757	709	745*	828
Number of Reporting CBs/MFBs	725	757	709	745	828
Number of Non-Reporting CBs/MFBs	725	757	-	-	
Capital and Reserves	10,054.1	12,619.9	14,250.70	33,361.30	45,258.60
Total Assets	46,062.7	55,056.1	55,616.10	115,124.50	158,795.90
Deposit Liabilities	28,723.4	34,008.8	33,088.30	58,481.30	72,750.60
Loans & Advances	14,547.4	16,498.6	16,450.80	42,024.40	55,818.90
Investments	3,594.1	3,868.2	2,592.40	7,317.70	7,753.60
Average Loan/ Deposit Ratio (%)	50.6	48.5	49.7	71.9	
Percentage Change (%)					
Number of Reporting Banks	129.4	4.4	-7.3	0.7	
Capital and Reserves	162.8	25.5	12.9	134.1	11.14
Total Assets	197.9	19.5	1	107	
Deposit Liabilities	196.1	18.4	-2.7	76.7	35.66
Loans & Advances	237.5	13.4	-0.3	155.5	37.93
Investments	288.3	7.6	-33	182.3	24.40
Sectoral Distribution of Loans & Advances					
(i) Agriculture and Forestry	69.9	956.1		2,961.57	5,957.80
(ii) Mining & Quarrying	14.7	405		345.28	491.98
(iii) Manufacturing	64.9	1,088.70		2,032.35	2,624.97
(iv) Real Estate and Construction	214.8	839.8		2,267.85	2,411.45
(v) Commerce	1,591.90	4,504.00		2,126.78	25,036.66
(vi) Transportation/Communication	2,795.10	2,087.40		2649.2	3,357.01
(vii) Others	23,753.40	6,608.50		16,054.90	20,554.89
Deposits and Lending Rates (average %)					
(i) Savings deposits	Negotiable	Negotiable	Negotiable	Negotiable	Negotiable
(ii) Time/Term deposits	Negotiable	Negotiable	Negotiable	Negotiable	Negotiable
(iii) Interest rate on Loans & Advances	Negotiable	Negotiable	Negotiable	Negotiable	Negotiable

1/ Revised
Source: National Board for Community Banks (NBCB) (2001)
* Number of licensed MFBs in 2008 excludes 95 institutions with Approval-In-Principle (AIPs) status
Source: Central Bank of Nigeria

Table 10
Discount Houses' Statement of Assets and Liabilities (Naira million)

Item	2005	2006	2007	2008	2009
ASSETS					
CASH AND BALANCES WITH BANKS	-4,232.60	2,976.80	635.6	7,240.00	2,398.27
i) Cash on hand	0.9	0.9	1.5	1.3	0.742
ii) Balances with CBN	-4,636.00	3,286.00	-5,133.60	2,099.20	695.76
iii) Balances with other banks	402.5	-310.1	5,767.70	5139.5	1,701.77
CLAIMS ON FEDERAL GOVERNMENT	64,885.60	101,038.20	178,572.80	217,303.10	230,233.20
i) Treasury Bills	48,477.80	70,164.70	115,365.90	45,578.10	52,366.00
ii) FGN Bonds	9,507.90	12,947.00	52,517.30	171,725.00	177,867.20
iii) Treasury Certificate Maturing	-	-	-	-	0
iv) Treasury Bonds	250	1,863.70	-	-	0
v) Eligible Development Stock	6,650.00	16,062.80	10,689.60	-	0
CLAIMS ON STATE GOVERNMENTS	825.4	415.6	-	-	0
CLAIMS ON BANKS	20,183.10	51,827.10	86,569.30	155,487.80	2,150.40
i) Money at Call	2,206.40	1.8	7,000.00	20121.9	0.00
ii) Loans and Advances	-	1,000.00	-	5,601.20	0.00
iii) Commercial Bills:	17,976.70	11,886.80	79,569.30	129,764.70	2,150.40
a) Bankers Acceptances	1,221.20	-	-	-	0
b) Promissory Notes	-	-	-	-	0
c) Negotiable Certificate of Deposit	-	-	-	-	0
d) Stabilisation Securities	-	-	-	-	0
iv) Others	13,870.00	38,938.50	-	-	0
CLAIMS ON OTHER FINANCIAL INSTITUTIONS	100	-	1,784.20	-	0
Money at Call	100	-	-	-	0
Loans and advances	-	-	-	-	0
Commercial Bills:	-	-	-	-	0
a) Promissory Notes	-	-	-	-	0
b) Negotiable Certificate of Deposit/Others	-	-	1,784.20	-	0
CLAIMS ON OTHERS	6,976.90	20,348.70	21,102.50	23,057.70	88,269.10
i) Commercial Bills	6,351.30	18,791.20	15,835.20	17,529.30	67,770.20
ii) Loans and Advances	625.6	1,557.50	5,267.20	4,794.30	20,863.90
iii) Others	-	-	-	734.1	-365
OTHER ASSETS	9,868.50	9,175.40	9,038.00	13,401.00	22,250.10
FIXED ASSETS	696.6	749.5	563.6	665	653.1
TOTAL ASSETS	99,303.60	186,531.30	298,266.00	417,154.60	345,954.10
LIABILITIES					
CAPITAL AND RESERVES	13,029.50	16,326.40	22,849.10	33,684.30	41,997.30
i) Paid-up Capital	8,818.00	9,780.70	11,086.50	11,544.60	14,590.60
ii) Statutory Reserves	2,275.80	3,631.30	4,217.40	5,828.80	7,873.90
iii) Share Premium	-	50.3	1,614.60	1737.3	4,737.30
iv) Other Reserves	1,000.20	757.9	3,581.90	9665.1	7,762.90
v) General Reserve	935.5	2,106.20	2,348.60	4,908.50	7,032.60
MONEY-AT-CALL	34,066.80	76,020.20	97,049.80	195,901.00	206,713.20
i) Commercial Banks	14,135.50	72,973.70	91,982.10	192,751.50	180,874.10
ii) Merchant Banks	16,150.50	-	-	-	0
iii) Non-Bank Financial Institutions	2,000.00	-	2,800.00	-	0
iv) Others	1,780.80	3,046.50	2,267.70	3,149.50	25,839.20
v) Associated Treasury Notes	-	-	-	-	0
OTHER AMOUNT OWING TO:	39,974.20	81,915.80	158,579.50	42,145.90	69,467.90
i) Commercial Banks	32,600.80	63,486.20	146,330.90	30,830.50	63,419.40
ii) Merchant Banks	1,896.00	-	-	-	0
iii) Non-Bank Financial Institutions	-	13,720.90	1,000.00	-	0
iv) Others	5,477.40	4,708.70	11,248.70	11,315.40	6,048.50
BORROWINGS	3,461.10	7.5	3,239.60	118201	16.90
i) Central Bank of Nigeria	-	-	-	-	0
ii) Overdrafts	3,461.10	7.5	-	85.4	16.9
iii) Other Banks	-	-	3,239.60	118115.6	0.00
OTHER LIABILITIES	8,772.00	12,261.40	16,548.00	27,222.40	27,758.80
TOTAL LIABILITIES	99,303.60	186,531.30	298,266.00	417,154.60	345,954.10

Source: Central Bank of Nigeria

Table 11
Summary of Assets and Liabilities of Finance Companies (end-December) (Naira million)

Item	2004 /1	2005 /1	2006 /1	2007 /2	2008 /3	2009 /4
1. Cash and Cash Items	4,691.50	1,145.10	4,220.70	3,820.10	5,965.3	**5,364.2**
2. Investments	5,488.80	5,756.40	8,755.10	12,756.00	34,442.3	**28,742.6**
3. Due from other Finance Companies	2,455.40	7,431.00	9,293.40	11,458.90	21,792.0	**27,648.1**
4. Loans and Advances	11,009.00	16,251.30	23,845.80	26,779.10	50,387.8	**32,345.6**
5. Fixed Assets	6,241.50	4,075.40	4,341.30	3,687.60	6,881.2	**7,593.4**
6. Other Assets	4,618.40	2,801.40	3,861.80	7,302.90	14,711.5	**16,442.5**
Total Assets	**34,504.60**	**37,460.70**	**54,318.00**	**65,804.60**	**134,180.1**	**118,136.4**
1.Capital and Reserves	7,920.00	8,309.40	11,185.60	14,856.70	25,201.6	**11,984.8**
2. Share Deposits	-161.8	1,177.20	185.8	0	0.0	**0.0**
3. Due to other Finance Companies	145.1	0	127.4	156.7	7,108.9	**8,197.8**
4. Borrowings	21,394.20	22,797.50	34,647.10	39,948.50	83,132.9	**87,698.7**
5. Other Liabilities	5,207.20	5,176.60	8,152.10	10,842.70	18,736.8	**10,255.1**
Total Liabilities	**34,504.70**	**37,460.70**	**54,298.00**	**65,804.60**	**134,180.1**	**118,136.4**

1/ 77 Finance companies out of 112 reported
2/ 81 Finance Companies out of 112 reported
3/ 56 Finance Companies out of 114 reported
4/ 84 Finance Companies out of 114 reported

Source: Central Bank of Nigeria

Table 12
Value of Money Market Assets
(Naira million)

	2005	2006	2007	2008 1/	2009 2/
Treasury Bills	854,828.00	701,399.80	574,929.43	471,929.43	797,482.00
Treasury Certificates	-	-	-	-	-
Development Stocks	980.00	720.00	620.00	520.00	520.00
Certificates of Deposit	-	-	-	-	-
Commercial Papers	194,591.20	204,613.70	363,369.50	822,700.90	509,079.10
Bankers' Acceptances	41,123.50	78,497.60	81,834.00	66,398.70	62,243.60
FGN Bonds	250,830.00	643,940.00	1,186,150.50	1,445,999.58	1,974,930.00
Total	**1,342,352.70**	**1,629,171.10**	**2,206,903.43**	**2,807,548.61**	**3,344,254.70**
Treasury Bills	- 1.92	-17.95	-18.03	-17.92	68.98
Treasury Certificates	-	-	-	-	-
Eligible Development Stocks	-21.60	-26.53	-13.89	- 16.13	-
Certificates of Deposit	-	-	-	-	-
Commercial Papers	119.06	5.15	77.59	126.41	-38.12
Bankers' Acceptances	-1.19	90.88	4.25	-18.86	-6.26
FGN Bonds	- 65.43	156.72	84.20	21.91	36.58
Total	**33.80**	**21.37**	**35.46**	**27.22**	**19.12**

1/ revised
2/ provisional
Source: Central Bank of Nigeria

Table 13: Treasury Bills: Issues and Subscriptions (Naira million)

Period	Issues	Subscriber		
		Central Bank	Deposit Money Banks	Non-Bank Public 1/
1999 Monthly Average	**110,173.1**	**59,542.1**	**27,649.8**	**21,632.8**
2000 Monthly Average	**135,761.1**	**30,391.9**	**70,195.0**	**32,439.3**
2001 Monthly Average	**165,454.4**	**88,809.1**	**57,181.9**	**19,463.4**
2002 Monthly Average	**201,761.9**	**77,426.9**	**83,242.9**	**41,092.2**
2003 Monthly Average	**252,195.6**	**65,763.2**	**116,237.1**	**70,195.3**
2004 Monthly Average	**288,978.4**	**67,662.1**	**116,921.0**	**104,395.2**
2005				
January	240,000.00	7,000.00	208,000.00	25,000.00
February	240,030.00	3,900.00	143,320.00	92,810.00
March	316,550.00	6,000.00	164,310.00	146,240.00
April	200,000.00	1,000.00	84,560.00	114,410.00
May	200,000.00	-	106,040.00	93,960.00
June	246,700.00	16,700.00	111,300.00	118,700.00
July	185,000.00	-	128,250.00	56,750.00
August	200,000.00	-	128,890.00	71,110.00
September	196,580.00	-	116,080.00	80,500.00
October	135,000.00	15,000.00	67,170.00	47,800.00
November	152,370.00	31,400.00	76,470.00	44,500.00
December	209,610.00	20,210.00	109,400.00	80,000.00
Total	**2,521,840.0**	**101,210.0**	**1,443,790.0**	**971,780.0**
Average	**210,153.3**	**8,434.2**	**120,315.8**	**80,981.7**
2006				
January	150,000.00	16,570.00	74,470.00	58,960.00
February	157,350.00	2,740.00	103,450.00	51,160.00
March	181,780.00	10,060.00	95,350.00	76,370.00
April	104,990.00	160.00	37,090.00	67,740.00
May	124,950.00	3,780.00	85,380.00	35,790.00
June	140,000.00	18,860.00	53,870.00	67,270.00
July	85,000.00	3,120.00	20,970.00	60,910.00
August	125,000.00	6,290.00	50,910.00	67,800.00
September	105,000.00	280.00	51,350.00	53,370.00
October	104,865.00	1,015.00	81,460.00	22,390.00
November	125,000.00	-	89,470.00	35,530.00
December	105,000.00	780.00	52,340.00	51,880.00
Total	**1,509,070.0**	**63,790.0**	**796,110.0**	**649,170.0**
Average	**125,755.8**	**5,315.8**	**66,342.5**	**54,097.5**
2007				
January	115,000.00	-	71,400.00	43,600.00
February	90,106.56	-	63,600.00	26,500.00
March	138,000.00	-	97,400.00	40,600.00
April	139,466.70	-	40,300.00	96,700.00
May	115,106.56	-	106,300.00	72,700.00
June	106,356.17	-	63,200.00	43,200.00
July	105,110.45	-	62,400.00	42,600.00
August	125,106.56	6,473,306.00	86,700.00	38,300.00
September	98,000.00	13,113,475.00	57,600.00	39,400.00
October	86,466.70	-	112,300.00	50,400.00
November	100,106.56	3,393,845.00	128,400.00	56,600.00
December	85,356.17	2,089,232.00	235,100.00	104,900.00
Total	**1,304,182.4**	**27,159,090.0**	**1,124,700.0**	**655,500.0**
Average	**108,681.9**	**2,263,257.5**	**93,725.0**	**54,625.0**
2008				
January	100,110.44	159.4	57,147.0	42,804.1
February	75,106.56	0.0	37,756.2	37,350.3
March	78,000.00	6,217.4	33,250.2	38,532.4
April	76,466.69	1,197.9	30,750.1	44,518.7
May	89,451.48	0.0	28,701.8	60,749.7
June	75,356.17	2.3	27,931.2	47,422.7
July	60,110.45	0.0	30,104.5	30,006.0
August	50,761.64	0.0	19,599.6	31,162.0
September	54,344.92	0.0	23,233.1	31,111.9
October	101,466.69	1.0	58,528.8	42,936.9
November	85,106.56	6.5	57,476.6	27,623.5
December	70,000.00	0.0	48,291.5	21,708.5
Total	**916,281.6**	**7,584.3**	**452,770.6**	**455,926.7**
Average	**76,356.8**	**632.0**	**37,730.9**	**37,993.9**
2009				
January	115,470.00	30.0	87,680.0	27,760.0
February	80,110.00	0.0	64,460.0	15,650.0
March	80,000.00	0.0	41,510.0	38,490.0
April	101,360.00	0.0	47,780.0	53,580.0
May	120,220.00	0.0	95,430.0	24,790.0
June	120,000.00	0.0	79,070.0	40,930.0
July	125,360.00	0.0	83,030.0	42,330.0
August	105,220.00	0.0	76,180.0	29,040.0
September	91,760.00	0.0	54,440.0	37,320.0
October	170,260.00	0.0	127,410.0	42,850.0
November	120,220.00	0.0	74,640.0	45,580.0
December	162,560.00	0.0	125,240.0	37,320.0
Total	**1,392,540.0**	**30.0**	**956,870.0**	**435,640.0**
Average	**116,045.0**	**2.5**	**79,739.2**	**36,303.3**

1/ Includes Discount houses, Government parastatals, Savings type institutions etc.

Note: With the commencement of universal banking in January 2001, the dichotomy between banks was removed.

Source: Central Bank of Nigeria

Table 14
Holdings of Treasury Bills Outstanding (Naira million)

Period	Total Outstanding	Central Bank including Rediscount	Deposit Money Banks	Others
End December 1999	**361,758.40**	**79,860.50**	**186,142.70**	**40,335.10**
End December 2000	**465,535.80**	**87,355.50**	**275,773.60**	**83,031.90**
End December 2001 1/	**584,535.80**	**325,328.50**	**199,261.50**	**59,945.80**
End December 2002	**733,762.00**	**147,821.00**	**460,229.00**	**125,712.00**
End December 2003	**825,054.50**	**255,664.60**	**430,836.90**	**138,553.00**
End December 2004	**871,577.00**	**60,807.40**	**595,810.30**	**214,959.30**
2005				
January	871,577.00	18,200.00	641,600.00	211,800.00
February	871,577.00	10,416.00	644,932.00	216,228.00
March	871,577.00	17,200.00	654,700.00	199,700.00
April	871,577.00	10,400.00	644,100.00	217,100.00
May	871,577.00	6,400.00	685,400.00	179,800.00
June	871,577.00	2,200.00	713,700.00	155,700.00
July	871,577.00	6,700.00	717,700.00	147,200.00
August	871,577.00	7,200.00	721,700.00	142,700.00
September	871,577.00	5,710.00	719,800.00	146,231.00
October	821,577.00	61,154.00	609,819.00	150,604.00
November	798,621.00	80,672.00	574,766.00	143,183.00
December	854,828.00	82,679.00	585,031.00	83,945.00
Total	**10,319,219.00**	**308,931.00**	**7,913,248.00**	**1,994,191.00**
Average	**859,934.90**	**25,744.30**	**659,437.30**	**166,182.60**
2006				
January	854,828.40	120,959.40	537,096.50	196,772.50
February	854,828.40	53,035.10	587,125.00	214,668.30
March	815,000.00	31,990.60	611,545.90	171,463.50
April	815,000.00	14,509.40	627,231.80	173,258.90
May	835,345.20	10,818.50	653,337.20	171,189.50
June	785,345.00	40,482.40	580,675.20	164,187.40
July	715,345.00	7,718.90	541,414.20	166,211.90
August	715,342.00	20,493.80	525,256.90	169,591.30
September	715,345.00	46,085.80	526,886.70	142,372.50
October	715,345.00	13,547.00	541,134.50	160,663.50
November	701,399.80	20,938.30	538,201.40	142,260.10
December	701,399.80	24,514.90	520,575.50	156,309.40
Total	**9,224,523.60**	**405,094.10**	**6,790,480.80**	**2,028,948.80**
Average	**768,710.30**	**33,757.80**	**565,873.40**	**169,079.10**

1/ With the commencement of Universal Banking in January 2001, the dichotomy between banks was removed.
Source: Central Bank of Nigeria

Table 14 Cont'd
Holding of Treasury Bills Outstanding (Naira million)

Period	Total Outstanding	Central Bank including Rediscount	Deposit Money Banks	Others
2007*				
January	690,000.0	22,938.1	505,917.0	161,144.9
February	675,106.6	20,602.9	521,173.7	133,330.0
March	698,106.6	16,394.1	547,163.9	134,548.6
April	732,573.3	13,859.6	547,205.0	171,508.7
May	727,573.3	14,002.0	662,258.7	51,312.6
June	716,929.4	624.2	647,722.2	68,583.0
July	705,929.4	581.3	646,980.0	58,368.1
August	705,928.4	666.3	663,158.5	42,103.7
September	677,929.4	650.6	676,937.0	341.8
October	625,929.4	142.4	615,790.9	9,996.1
November	600,929.4	3,607.1	591,317.8	6,004.5
December	574,929.4	5,940.8	551,423.5	17,565.1
Total	**8,131,864.8**	**100,009.4**	**7,177,048.2**	**854,807.2**
Average	**677,655.4**	**8,334.1**	**598,087.3**	**71,233.9**
2008				
January	574,929.40	5,211.00	524,314.20	45,404.20
February	574,929.40	2,749.30	525,477.10	46,703.00
March	574,929.40	3,149.90	559,572.10	12,207.40
April	574,929.40	3,545.70	519,667.50	51,716.20
May	574,929.40	3,545.70	519,667.50	51,716.20
June	574,929.40	6,318.00	495,287.50	73,323.90
July	534,929.40	6,912.80	452,014.60	76,002.00
August	500,584.50	7,960.10	446,674.30	45,950.10
September	471,929.40	7,102.00	400,827.60	63,999.80
October	471,929.40	7,440.00	382,675.90	81,813.50
November	471,929.40	4,265.10	388,934.10	78,730.20
December	471,929.40	410.1	352,413.20	119,106.10
Total	**6,372,807.90**	**58,609.70**	**5,567,525.60**	**746,672.60**
Average	**531,067.30**	**4,884.10**	**463,960.50**	**62,222.70**
2009				
January	532,396.0	624.5	386,794.1	144,977.4
February	521,498.8	0.00	404,425.7	117,073.1
March	546,929.4	2,943.5	400,957.7	143,028.2
April	561,929.4	3,773.4	376,275.4	181,880.6
May	601,929.3	1,257.8	408,694.4	191,977.1
June	641,929.4	23,416.6	417,141.5	201,371.3
July	676,929.5	3,113.0	476,532.5	197,284.0
August	711,929.4	5,692.1	539,590.2	166,647.1
September	753,578.1	2,078.3	559,723.8	191,776.0
October	787,482.5	1,376.3	650,342.7	135,763.5
November	792,482.4	1,533.1	667,320.7	123,628.6
December	797,482.5	1,900.3	644,784.7	150,797.5
Total	**7,926,496.7**	**47,708.9**	**5,932,583.4**	**1,946,204.3**
Average	**660,541.4**	**3,975.7**	**494,382.0**	**162,183.7**

*revised
Source: Central Bank of Nigeria

Table 15: Open Market Operations at OMO Sessions

Period	Total Bids (=N= 'million)	Amount Sold (=N= 'million)	Average Tenor (Days)	Average Yield (%)
Monthly Average 2000	40,216.4	26,508.3	40.7	15.2
Monthly Average 2001	33,608.3	32,245.1	32.9	17.0
Monthly Average 2002	54,696.5	49,332.4	44.7	18.8
Monthly Average 2003	77,046.3	66,220.6	32.4	14.1
Monthly Average 2004	94,678.3	91,620.5	34.0	13.5
2005				
January	83,100.0	76,600.0	27.0	12.9
February	170,800.0	134,200.0	27.0	11.5
March	146,720.0	129,270.0	38.0	10.8
April	210,800.0	161,500.0	33.0	10.1
May	155,220.0	119,870.0	42.0	6.3
June	149,080.0	111,600.0	46.9	4.5
July	33,100.0	22,350.0	55.0	3.3
August	30,500.0	22,000.0	31.0	2.8
September	85,500.0	56,350.0	53.0	5.5
October	25,200.0	18,200.0	65.0	2.4
November	15,700.0	15,700.0	34.0	2.4
December	141,600.0	122,200.0	84.0	11.5
Total	1,247,320.0	989,840.0	535.9	84.0
Average	103,943.3	82,486.7	44.7	7.0
2006				
January	38,600.0	26,100.0	40.0	10.9
February	360,100.0	200,000.0	93.0	11.3
March	182,600.0	149,000.0	115.0	9.6
April	211,500.0	189,900.0	95.0	8.2
May	159,500.0	133,400.0	205.0	7.2
June	254,300.0	197,200.0	309.0	11.2
July	416,700.0	343,100.0	146.0	11.1
August	225,370.0	168,690.0	235.0	8.8
September	56,600.0	56,600.0	146.0	6.9
October	232,930.0	217,930.0	63.0	5.7
November	30,500.0	25,000.0	82.0	5.0
December	101,500.0	101,500.0	91.0	7.3
Total	2,270,200.0	1,808,420.0	1,620.0	103.2
Average	189,183.3	150,701.7	135.0	8.6
2007				
January	0.0	0.0	0.0	0.0
February	68,200.0	80,100.0	50.0	7.3
March	216,900.0	227,100.0	71.0	7.3
April	50,300.0	80,100.0	100.0	7.7
May	62,400.0	100,100.0	48.0	7.2
June	14,000.0	563,500.0	74.0	7.7
July	170.0	82,200.0	57.0	6.7
August	37,750.0	304,500.0	86.0	7.1
September	0.0	461,000.0	99.0	6.7
October	19,500.0	528,700.0	77.0	6.8
November	24,000.0	570,000.0	106.0	7.3
December	134,200.0	585,300.0	223.0	8.1
Total	627,420.0	3,582,600.0	991.0	79.9
Average	52,285.0	298,550.0	82.6	6.7
2008				
January	0.0	148,300.0	229.0	213.0
February	0.0	174,770.0	265.0	249.0
March	0.0	210,350.0	206.0	213.0
April	10.0	291,650.0	160.0	159.0
May	24.0	205,530.0	168.0	168.0
June	0.0	439,200.0	160.0	159.0
July	0.0	760,080.0	171.0	169.0
August	0.0	101,460.0	194.0	191.0
September	0.0	0.0	0.0	0.0
October	0.0	0.0	0.0	0.0
November	0.0	0.0	0.0	0.0
December	0.0	0.0	0.0	0.0
Total	34.0	2,331,340.0	0.0	0.0
Average	2.8	194,278.3	129.4	126.8
2009				
January	68,540.0	20,290.0	2.0	n/a
February	0.0	0.0	n/a	n/a
March	71,000.0	42,000.0	2.7	n/a
April	128,150.0	95,150.0	4.3	n/a
May	77,100.0	39,250.0	4.0	n/a
June	126,850.0	57,800.0	5.1	n/a
July	n/a	n/a	n/a	n/a
August	n/a	n/a	n/a	n/a
September	n/a	n/a	n/a	n/a
October	n/a	n/a	n/a	n/a
November	n/a	n/a	n/a	n/a
December	n/a	n/a	n/a	n/a
Total	471,640.0	254,490.0	18.1	0.0
Average	78,606.7	42,415.0	3.6	0.0

Source: Central Bank of Nigeria

Table 16
Transactions on the Nigerian Stock Exchange

Item	2005	2006	2007	2008	2009
Volume of Stocks ('000)					
Government	6,502.00	1,210.00	-	-	-
Industrial	272,567.90	1,183.40	2,870.00	3,571.20	412.80
Equities	26,393,695.80	36,491,363.90	138,109,452.00	193,132,886.10	102,851,670.90
Second-Tier Securities					
Total	26,672,765.70	36,493,757.30	138,112,322.00	193,136,471.20	102,852,083.70
Number of Deals					
Government	4.4	383.4	-	1	-
Industrial	19.2	1	37	138	15
Equities	1,021,943.00	4,021,395.40	2,614,983.00	3,535,493	1,739,349
Total	1,021,966.60	4,021,779.80	2,615,020.00	3,535,632	1,739,364
Value of Stocks (=N=Million)					
Government	7,319.90	2,210,000.00	-	1.00	-
Industrial	932.8	455,527.40	1,136.50	3,528.90	412.80
Equities	254,683.10	467,647,595.60	963.5	1,675,613.80	685,303.30
Total	262,935.80	470,313,123.00	2,100.00	1,679,143.70	685,716.10
Market Capitalization (=N=Million)	2,900,062.10	5,120,943.20	13,294,584.90	9,535,819.50	7,030,841.53
Value Index of Equities (1984 =100)	24,085.80	33,189.30	57,990.20	31,450.80	20,827.17

Table 17
Market Capitalisation of Quoted Companies: Equities Only (Naira thousand)

CATEGORY	2005	2006	2007	2008	2009
AGRICULTURE	**11,739,218.90**	**15,964,001.20**	**30,924,309,984.80**	**34,041,823,906.10**	**19,899,543,417.41**
FINANCIAL	**1,250,169,733.40**	**2,198,156,504.90**	**6,903,133,644,418.30**	**4,133,726,161,513.70**	**2,480,076,014,020.91**
Banking	1,212,128,545.20	2,142,745,733.10	6,432,245,733,314.10	3,715,544,229,631.90	2,238,130,310,237.18
Managed Funds	3,641,101.60	3,018,101.60	6,620,913,400.00		
Insurance	34,400,086.70	52,392,670.20	419,016,997,704.20	313,873,459,652.50	201,522,031,478.03
Other Financial Institutions				47,885,885,966.90	13,572,857,845.14
Real Estate Investment Trust				2,220,200,000.00	2,000,000,000.00
Mortgage			45,250,000,000.00	54,202,386,262.40	24,850,814,460.56
MANUFACTURING	**853,692,366.70**	**1,186,991,049.50**	**2,075,963,486,237.80**	**1,343,077,748,717.50**	**1,591,107,747,615.33**
Breweries	409,434,954.50	444,302,931.80	569,614,151,530.20	472,657,836,302.30	599,067,028,691.30
Building Materials	114,692,868.20	358,477,246.70	498,299,115,836.20	177,229,727,731.20	300,124,243,598.25
Chemicals & Paints	4,786,121.80	7,979,755.00	24,252,251,605.80	20,898,952,430.00	14,929,765,026.33
Food, Beverages & Tobacco	294,572,835.70	336,926,516.10	900,869,005,713.90	561,302,464,736.20	594,372,544,534.83
Industrial and Domestic Products	6,377,718.30	6,561,523.50	16,972,126,096.20	25,716,839,713.90	19,676,871,958.79
Packaging	4,585,159.30	4,073,305.40	15,952,013,961.40	43,535,290,082.00	25,210,330,233.66
Healthcare	16,024,860.40	26,490,010.80	46,519,124,734.00	38,576,816,499.40	36,124,724,148.87
Textiles	3,217,848.50	2,179,760.10	3,485,696,760.20	3,159,821,222.60	1,602,239,423.30
COMMERCIALS	**377,047,745.00**	**612,322,784.90**	**838,526,906,027.50**	**886,263,192,496.80**	**528,164,461,244.87**
Automobile & Tyres	5,294,090.00	10,956,622.40	31,525,103,728.00	17,466,607,846.70	8,023,488,207.50
Conglomerates	123,218,419.50	333,671,406.00	317,563,739,958.50	178,921,497,303.10	233,275,243,171.97
Commercial / Services	100,000.00	80,853.40	27,431,138,261.00	83,170,810,287.40	28,099,539,907.60
Computer & Office Equipment	459,859.60	999,729.50	2,839,664,778.10	10,732,356,031.60	5,646,712,725.44
Footwear	96,395.40	220,340.80	415,811,327.40	1,315,302,997.80	298,898,904.12
Machinery (Marketing)	39,900.50	38,496.50	1,290,520.00	1,290,520.00	1,290,520.00
Petroleum (Marketing)	247,839,080.00	266,355,336.30	458,750,157,454.50	594,655,327,510.20	252,819,287,808.24
SERVICES	**30,844,248.50**	**57,050,763.50**	**152,388,325,506.40**	**314,101,389,476.40**	**368,013,224,383.00**
Construction	10,161,295.40	16,602,698.50	38,232,556,440.00	106,870,970,581.90	60,279,219,376.50
Real Estate	9,625,000.00	15,180,000.00	25,707,000,000.00	29,524,000,000.00	21,845,999,940.42
Engineering Technology	338,248.70	346,648.70	2,587,041,994.20	5,722,433,067.00	2,161,697,014.78
Airline Services	2,034,000.00	5,679,000.00	31,143,060,000.00	20,107,386,250.00	10,514,865,625.00
Printing & Publishing	974,640.00	2,020,033.20	18,254,066,687.30	8,323,289,504.90	10,476,915,952.55
Hotel and Tourism	6,125,037.60	5,818,785.70	16,337,480,945.00	28,764,850,023.20	9,956,087,060.52
Maritime	1,586,026.80	1,411,097.40	9,329,569,440.00	22,921,488,280.60	7,076,852,939.08
Aviation			s	1,740,000,000.00	1,740,000,000.00
Road Transport			3,993,550,000.00	2,818,090,000.00	1,145,320,000.00
Leasing			4,860,000,000.00	6,660,000,000.00	4,161,544,400.00
Information, Communications & Telecommunications				54,168,881,768.80	67,217,124,737.63
Media				26,480,000,000.00	7,708,397,845.60
The Foreign Listing	**376,568,759.10**	**156,649,089.60**	**292,250,544,551.00**	**273,395,670,709.00**	**163,729,199,490.92**
Total Market Capitalisation	**2,900,062,071.60**	**5,120,943,219.60**	**10,293,187,216,725.80**	**6,957,453,501,008.40**	**4,987,260,990,681.50**

Source: Nigerian Stock Exchange

Table 18: Value Index of All Common Stocks Listed by Sector on the Nigerian Stock Exchange (1984 = 100)

Category	2004	2005	2006	2007	2008	2009	2004	2005	2006	2007	2008	2009
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
AGRICULTURE	**120.8**	**112.1**	**125.3**	**176.2**	**153.8**	**81.44**		**-7.2**	**11.9**	**40.5**	**-12.7**	-47.0
FINANCIAL	**8,673.70**	**11,932.40**	**17,258.80**	**38,421.60**	**18,441.30**	**10,259.62**	**85**	**80.7**	**79.7**	**217.7**	**-52**	-44.4
Banking	8,306.80	11,569.30	16,823.80	35,997.10	16,795.90	9,343.45	87.1	82.9	80.6	126.8	**-53.3**	-44.4
Managed Funds			23.7				-4.5	-13.1	-15.3	-8.3		
Insurance	314.4	328.3	411.4	2,386.90	1,418.90	848.77	61.5	37.2	58.1	551.8	**-40.6**	-40.2
Other Financial Institutions				37.7	216.50	59.05						-72.7
Real Estate Investment Trust					10.00	8.35						-16.5
MANUFACTURING	**9,811.90**	**8,148.20**	**9,319.70**	**11,825.40**	**6,071.30**	**6,637.22**	**26.5**	**9.1**	**25.8**	**71.9**	**-48.7**	9.3
Breweries	5,856.60	3,907.90	3,488.40	3,244.70	2,136.60	2,500.68	37.4	-12.4	-8.3	34.8	**-34.2**	17.0
Building Materials	609.6	1,094.70	2,814.60	2,838.50	801.2	1251.56	-9.2	135.8	227.1	18.2	**-71.8**	56.2
Chemicals & Paints	55.9	45.7	62.7	138.2	94.5	63.65	49.2	7.2	69.1	104.6	**-31.6**	-32.6
Food, Beverages &Tobacco	2,999.50	2,811.60	2,645.40	5,131.60	2,537.30	2,481.09	20.1	23.1	11.3	147.4	**-50.6**	-2.2
Industrial and Domestic Products	68.9	60.9	51.5	96.7	116.3	69.38	3.5	16	0.6	135.4	**20.2**	-40.3
Packaging	39	43.8	32	90.9	196.8	105.84	-10.9	47.6	0.3	170.3	**116.6**	-46.2
Healthcare	145.5	153	208	265	174.4	157.66	14.3	38	77.2	30.8	**-34.2**	-9.6
Textiles	36.9	30.7	17.1	19.9	14.3	7.36	-27.1	9.3	-16.5	67.1	**-28.1**	-48.5
COMMERCIALS	**4,933.70**	**3,598.80**	**4,807.70**	**4,776.50**	**4,006.30**	**2,205.60**	**39.7**	**-4.2**	**60.7**	**13.5**	**-16.1**	-44.9
Automobile & Tyres	40.2	9,117.10	86	179.6	79	33.49	31.6	65.2	99.1	228.2	**-56**	-57.6
Conglomerates	1,153.40	1,176.10	2,619.80	1,809.00	808.8	976.02	7.3	33.9	199	-0.7	**-55.3**	20.7
Commercial Services	1.3	1	0.6	156.3	376	117.3	-68.9	-4.8	-23	3.3	**140.6**	-68.8
Computer & Office Equipment	8.2	4.4	7.9	16.2	48.5	23.28	86.8	-30	104.8	193.4	**199.9**	-52.0
Footwear	1.5	0.9	1.7	2.4	6	1.31	66.9	-20.4	128.6	131.5	**151.1**	-78.2
Machinery (Marketing)	0.6	0.4	0.3	0	0	0	9.3	-19.8	-3.5	0	**-**	
Petroleum (Marketing)	3,728.50	2,365.50	2,091.30	2,613.20	2,688.10	1,054.20	54.4	-16.7	2.6	11.7	**2.9**	-60.8
SERVICES	**304.4**	**294.4**	**1,677.90**	**2,790.60**	**2,900.80**	**1,637.78**	**42.5**	**27**	**32.6**	**148.7**	**3.9**	-43.5
Construction	63	97	130.4	217.8	483.1	255.1	-14.8	112.7	42.6	83.2	**121.8**	-47.2
Engineering Technology	5.4	3.2	2.7	14.7	25.9	8.76	-96.7	3,061.20	-5.5	317.6	**75.5**	-66.2
Airlines	32.6	19.4		177.4	90.9	44.61	1,611.90	-96.3	179	312.8	**-48.8**	-50.9
Publishing	11.1	9.3	15.9	104	37.6	43.73	-97.1	3,409.90	122.9	-100	**-63.8**	16.3
Hotel and Tourism	80.8	58.5	45.7	93.1	130	51.61					**39.7**	-60.3
Real Estate	111.6		119.2	146.4	133.5	91.19					**-8.9**	-31.7
Maritime			11.1	53.1	103.6	29.54					**95**	-71.5
Leasing			5.8	27.7	30.1	17.37					**8.8**	-42.3
Road Transportation			17.8	22.8	12.7	4.78					**-44**	-62.4
Aviation			44.6	11.1	7.9	7.29					**-28.9**	-7.7
Information, Communications & Telecommunications					244.9	286.1						16.8
Media					119.7	32.18						-73.1
Mortgage			55	257.8	245	106.54					**-4.9**	-56.5
The Foreign Listing	**296.2**		**1,229.90**	**1,664.80**	**1,235.90**	**658.98**					**-25.8**	**-46.7**
ALL ITEM	**23,844.50**	**24,085.80**	**33,189.30**	**57,990.20**	**31,450.80**	**20,827.17**	**65.8**	**18.5**	**1.0**	**38.5**	**-45.8**	-33.8

Note: The indices were computed using Total Market Capitalisation to ASI Method.
Source: NSE

Table 19
Federation Account Operations
(Naira billion)

Source	2005	2006	2007	2008	2009 /1
Total Revenue (Gross)	**5,619.3**	**6,061.0**	**5,715.5**	**7,866.6**	**4,844.6**
Oil Revenue (Gross)	4,762.4	5,287.6	4,462.9	6,530.6	3,191.9
Crude Oil/Gas Exports	1,995.7	2,074.2	1,851.0	2,251.4	897.8
PPT and Royalties, etc	1,904.9	2,038.3	1,500.6	2,812.3	1,256.5
Domestic Crude Oil Sales	856.9	1,171.8	1,094.6	1,462.5	953.0
Other Oil Revenue	4.9	3.2	16.8	4.4	84.5
Less:					
Deductions 2/	2,513.6	2,746.0	1,837.1	3,313.7	1,174.8
Oil Revenue (Net)	2,248.8	2,541.6	2,625.8	3,216.9	2,017.2
Non-Oil Revenue	857	773.4	1.252.5	1,336.0	1,652.7
Companies Income Tax	162.2	244.9	327.0	416.8	568.1
Customs & Excise Duties	232.8	177.7	241.4	281.3	297.5
Privatization/GSM Proceeds	0.0	0.0	0.0	0.0	0.0
Value -Added Tax (VAT)	178.1	221.6	289.6	404.5	468.4
FG Independent Revenue	212.1	33.3	268.7	114.0	73.2
Education Tax	21.9	28.4	51.8	47.2	139.5
Customs Levies	50.0	67.5	74.1	72.2	98.5
NITDF	0.0	0.0	0.0	0.0	7.5
Less:					
Deductions 2/	34.3	31.9	42.1	52.6	69.8
Non-Oil Revenue (Net)	857.0	773.4	1,252.5	1,336.0	1,582.9
Federally-Collected Revenue	3,105.8	3,315.0	3,878.4	4,552.8	3,600.1
Less:	462.1	350.8	684.2	621.7	768.4
Transfer to FG Ind. Rev.	212.1	33.3	268.7	114.0	73.2
Transfer to VAT Pool Acct.	178.1	221.6	289.6	388.3	449.7
Other Transfers 3/	71.9	95.9	125.9	119.4	245.6
Distributable Federally-Collected Revenue (Net)	**2,643.7**	**2,964.3**	**3,194.2**	**3,931.1**	**2,831.7**
Memorandum Items:	**2,559.7**	**2,787.2**	**1,891.1**	**3,313.7**	**1,314.3**
JVC Cash Calls	532.2	527.8	550	579.1	809.6
Excess Crude Proceeds	1,057.5	1,422.1	1,168.5	1,728.5	60.4
Excess PPT & Royalty	901.4	773.4	88.5	953.6	218.0
Others	0.0	0.0	0.0	0.0	86.7
Non-Oil Revenue	34.3	32.0	42.0	52.6	69.8
4% FIRS Cost of Collection	6.7	9.8	16.9	16.7	22.7
7% NCS Cost of Collection	14.7	12.7	13.1	19.7	20.8
Others	1.0	0.2	0.0	0.0	7.5
Cost of Collection for VAT	11.9	9.2	12.1	16.2	18.7

1/ Provisional
2/ As contained in memorandum items
3/ Includes Education Tax and Customs Levies
Source: Federal Ministry of Finance and Central Bank of Nigeria

Table 20
Federally-Collected Revenue Distributions (Naira billion)

Source	2005	2006	2007	2008	2009 /1
Distributable Federally-Collected Revenue (Net)	**2,643.7**	**2,964.3**	**3,194.2**	**3,931.1**	**2,831.7**
Add					
Other Revenue	403.2	700.0	797.0	1,637.0	1,706.1
Excess Crude	387.7	637.0	499.6	1,106.9	812.4
Share of Budgetary Difference	15.4	63.1	49.1	67.8	119.1
Revenue Augmentation	0.0	0.0	248.3	462.2	615.9
Foreign Exchange Rate Gains	0.0	0.0	0.0	0.0	158.7
Distributable Total Revenue	3,046.8	3,664.3	3,991.2	5,568.2	4,537.8
Distributed as Follows					
Statutory Allocation	2,643.8	2,964.3	3,194.2	3,931.1	2,831.7
Federal Government	1,237.2	1,385.9	1,500.8	1,847.0	1,353.6
State Governments	627.5	703.0	761.2	936.8	686.6
Local Governments	483.8	542.0	586.9	722.3	529.3
13% Derivation Fund	295.3	333.4	345.3	425.0	262.2
Excess Crude	387.7	637.0	499.6	1,106.9	812.4
Federal Government	177.7	291.9	229.0	249.3	296.8
State Governments	90.1	148.1	116.1	395.7	265.0
Local Governments	69.5	114.2	89.5	391.2	145.0
13% Derivation Fund	50.4	82.8	64.9	70.7	105.6
Difference b/w Prov. & Actual Budget	15.4	63.1	49.1	67.8	119.1
Federal Government	7.1	28.9	22.5	31.1	54.6
State Governments	3.6	14.7	11.4	15.8	27.7
Local Governments	2.8	11.3	8.8	12.2	21.3
13% Derivation Fund	2.0	8.2	6.4	8.8	15.5
Federation Revenue Augmentation	**0.0**	**0.0**	**248.3**	**462.2**	**615.9**
Federal Government	0.0	0.0	113.8	211.9	282.3
State Governments	**0.0**	**0.0**	**57.7**	**107.5**	**143.2**
Local Governments	0.0	0.0	44.5	82.8	110.4
13% Derivation Fund	0.0	0.0	32.3	60.1	80.1
Exchange Rate Gains	0.0	0.0	0.0	0.0	158.7
Federal Government	0.0	0.0	0.0	0.0	72.7
State Governments	0.0	0.0	0.0	0.0	36.9
Local Governments	0.0	0.0	0.0	0.0	28.4
13% Derivation Fund	0.0	0.0	0.0	0.0	20.6
VAT	178.1	221.1	289.6	388.4	449.6
Federal Government	26.7	33.2	43.4	58.2	67.4
State Governments	89.1	110.6	144.8	194.2	224.8
Local Governments	62.3	77.4	101.4	135.9	157.4
Total Statutory Revenue & VAT Distrib .	3,225.0	3,885.4	4,280.9	5,956.5	4,987.5
Federal Government	1,448.7	1,739.9	1,909.5	2,397.5	2,127.5
State Governments	810.3	976.3	1,091.3	1,649.9	1,384.1
Local Governments	618.4	744.9	831.1	1,344.4	991.8
13% Derivation Fund	347.7	424.4	448.9	564.7	484.0

1/ Provisional
Source: Federal Ministry of Finance and Central Bank of Nigeria

Table 21: Summary of General Government Finances (Naira billion)

	2005	2006	2007	2008	2009 /1
Total Revenue (Gross)	**6,263.7**	**6,846.4**	**6,985.2**	**10,254.5**	**7,307.2**
Oil Revenue (Gross)	4,762.4	5,287.6	4,462.9	6,530.6	3,191.9
Less:					
Deductions	2,513.6	2,746.0	1,837.1	3,261.2	1,174.8
Oil Revenue (Net)	2,248.8	2,541.6	2,625.8	3,269.4	2,017.1
Add:					
Revenue Augmentation from Excess Crude	325.0	475.5	685.1	1,679.8	1,706.1
Revenue from Oil Sources	**2,573.8**	**3,017.1**	**3,310.9**	**4,949.2**	**3,723.2**
Non-Oil Revenue (Gross)	644.9	740.1	983.9	1,222.0	1,579.5
***of which:* VAT**	178.1	221.6	289.6	404.5	468.4
International Trade Taxes	232.8	177.7	241.4	281.3	297.5
Company Income Tax	162.2	244.9	327.0	416.8	568.1
Less:					
Deductions	-	-	-	52.6	69.8
Non-Oil Revenue (Net)	644.9	740.1	983.9	1,169.4	1,509.7
Add:					
FG Independent Revenue	212.1	33.3	268.7	114.0	73.2
SG Internally-Generated Revenue	122.7	125.2	305.7	441.1	461.2
LG Internally-Generated Revenue	24.0	23.2	21.3	23.1	26.1
Grants & Others	172.5	161.5	257.6	243.9	269.2
Revenue from Non-Oil Sources	**1,176.3**	**1,083.3**	**1,837.2**	**1,991.5**	**2,339.4**
Add:					
Balances in Special Accounts for the Previous Year	-	-	-	-	-
Others	106.8	172.7	228.2	686.0	446.3
Total Collected Revenue (Net)	**3,856.9**	**4,273.1**	**5,376.3**	**7,626.7**	**6,508.9**
Transfers:					
Education Tax & Other Levies	81.9	117.8	144.9	119.4	245.5
TOTAL REVENUE	**3,775.0**	**4,155.3**	**5,231.4**	**7,507.3**	**6,263.4**
TOTAL EXPENDITURE	**3,986.2**	**4,290.7**	**5,394.4**	**7,644.6**	**7,258.0**
Recurrent Expenditure	**2,198.0**	**2,327.4**	**3,133.7**	**3,972.6**	**3,925.7**
Goods & Services	**1,725.2**	**1,988.7**	**2,809.9**	**3,525.1**	**3,541.0**
Personnel Cost	933.8	1,085.8	1,530.0	1,664.5	1,697.4
Pension	121.4	143.5	161.0	208.2	269.4
Overhead Cost	551.6	625.0	917.6	1,261.5	1,246.4
Others	118.4	134.4	201.3	390.9	327.9
Interest Payments	**472.8**	**338.7**	**323.8**	**447.5**	**384.7**
Foreign	193.7	118.4	103.2	59.0	37.2
Domestic	279.1	220.3	220.6	388.5	347.5
Capital Expenditure	**1,247.7**	**1,404.1**	**1,757.9**	**2,979.2**	**2,800.0**
Transfers	**365.8**	**450.7**	**458.9**	**632.5**	**465.5**
NDDC	21.6	29.9	24.0	60.1	51.3
NJC	33.0	35.0	43.0	58.5	78.0
UBE	24.3	30.5	35.3	44.0	39.3
Subnational Governments' Transfers	90.1	102.1	216.4	271.8	169.2
Special funds	196.8	253.2	140.2	198.1	124.1
Other Transfers					3.6
Others (incl. sub. govt. extrabudgetary exp.)	**174.7**	**108.5**	**43.9**	**60.3**	**66.7**
Balances					
Current Balance	1,036.6	1,268.7	1,594.9	2,842.0	1,805.5
Primary Balance	261.6	203.3	160.8	310.3	(609.8)
OVERALL BALANCE	**(211.2)**	**(135.3)**	**(163.0)**	**(137.2)**	**(994.5)**
FINANCING	**211.2**	**135.3**	**163.0**	**137.2**	**994.5**
Foreign (Net)	-	-	6.1	38.3	101.6
Domestic (Net)	211.2	135.3	157.0	98.9	892.9
Banking System	22.6	27.0	188.1	131.0	279.3
CBN/Sinking Fund	-	-	-	(4.2)	318.5
DMBs	22.6	27.0	188.1	135.2	(39.2)
Non-Bank Public	143.5	45.0	40.2	82.8	796.8
Other Funds	45.1	63.4	(71.3)	(114.9)	(183.1)

1/ Provisional
Source: Federal Ministry of Finance and Central Bank of Nigeria

Table 22
Summary of Federal Government Finances (Naira billion)

	2005	2006	2007	2008	2009 1/
FEDERAL GOVERNMENT RETAINED REVENUE	**1,758.3**	**1,937.2**	**2,333.7**	**3,193.4**	**2,646.9**
Share of Federation Account	1,334.7	1,486.5	1,500.9	1,847.0	1,353.6
Share of VAT Pool Account	26.7	33.2	43.4	58.3	67.4
Federal Govt. Independent Revenue	212.1	33.3	268.7	114.0	73.2
Share of Excess Crude Account	184.8	320.8	299.1	492.2	706.4
Privatization Proceeds	-	29.5	-	-	-
Loan recovery from States	-	-	-	-	-
Others 2/	-	33.8	221.6	682.0	446.3
TOTAL EXPENDITURE	**1,919.7**	**2,038.0**	**2,450.9**	**3,240.8**	**3,456.9**
Recurrent Expenditure	**1,321.3**	**1,390.2**	**1,589.3**	**2,117.4**	**2,131.9**
Goods and Services	730.5	887.6	1,235.4	1,538.1	1,712.5
Personnel Cost	443.3	527.9	761.2	942.8	952.6
Pension	84.1	101.2	106.1	137.9	195.7
Overhead Cost	203.2	258.6	368.1	457.4	564.2
Interest Payments	394.0	249.3	213.7	381.2	251.8
Foreign	193.7	118.4	103.2	59.0	37.2
Domestic	200.3	130.9	110.5	322.2	214.5
Transfers	196.8	253.2	140.2	198.1	167.7
FCT & Others(Special funds)	196.8	253.2	140.2	198.1	167.7
Capital Expenditure & Net Lending	**519.5**	**552.4**	**759.3**	**960.9**	**1,152.8**
Domestic Financed Budget	519.5	552.4	759.3	960.9	1,152.8
Budgetary	519.5	552.4	759.3	960.9	1,152.8
Transfers	**78.9**	**95.4**	**102.3**	**162.6**	**172.2**
NDDC	21.6	29.9	24.0	60.1	51.3
NJC	33.0	35.0	43.0	58.5	78.0
UBE	24.3	30.5	35.3	44.0	39.3
Others	**-**	**-**	**-**	**-**	**3.6**
Balance of Revenue and Expenditure:					
Current Surplus(+)/Deficit(-)	437.0	547.0	744.4	1,076.1	515.0
Primary Surplus(+)/Deficit(-)	232.5	148.5	96.5	333.8	(558.2)
OVERALL SURPLUS(+)/DEFICIT(-)	**(161.4)**	**(100.8)**	**(117.2)**	**(47.4)**	**(810.0)**
	.				
FINANCING	**161.4**	**100.8**	**117.2**	**47.4**	**810.0**
Foreign (Net)	-	-	-	-	93.6
Domestic (Net)	161.4	100.8	117.2	47.4	716.4
Banking System	-	-	159.8	67.9	110.9
Central Bank/Sinking Fund	-	-	-	(4.2)	318.5
Deposit Money Banks	-	-	159.8	72.1	(207.6)
Non-Bank Public	143.5	45.0	40.2	82.8	796.8
Privatization Proceeds	-	-	12.3	-	7.0
Other Funds	17.9	55.8	(95.1)	(103.3)	(198.3)

1/ Provisional
2/ Include refunds of loans to Cross Rivers, unspent balances in special accounts and ministries, etc.
Source: Federal Ministry of Finance and Central Bank of Nigeria

Table 23
Functional Classification of Federal Government Recurrent Expenditure (Naira billion)

Source	2005	2006	2007	2008	2009 1/
ADMINISTRATION	**434.7**	**522.3**	**626.3**	**731.0**	**820.8**
General Administration	248.7	284.6	310.1	369.6	437.9
National Assembly	32.3	35.5	62.8	68.7	106.4
Defence	71.7	84.2	72.1	95.8	54.8
Internal Security	82.0	118.0	181.3	196.9	221.7
ECONOMIC SERVICES	**64.2**	**79.7**	**179.1**	**313.8**	**317.2**
Agriculture	16.3	17.9	32.5	65.4	22.4
Roads & Construction	17.9	20.1	71.3	94.5	80.6
Transport & Communications	8.0	9.8	32.2	67.4	90.0
Others	22.0	31.9	43.1	86.5	124.1
SOCIAL & COMMUNITY SERVICES	**151.7**	**194.2**	**256.7**	**332.9**	**354.2**
Education	82.8	119.0	150.8	164.0	137.1
Health	55.7	62.3	81.9	98.2	90.2
Others	13.2	12.9	24.0	70.7	126.9
TRANSFERS	**670.7**	**594.0**	**527.2**	**739.7**	**639.7**
Public Debt Charges (Int)	394.0	249.3	213.7	381.2	251.8
Domestic	200.3	130.9	110.5	322.2	214.5
Foreign	193.7	118.4	103.2	59.0	37.3
Pensions & Gratuities	84.1	101.2	106.2	137.9	195.7
FCT & Others	95.1	143.6	178.0	198.1	167.7
Contingencies (Others)					
External Obligations					
Extra-Budgetary Expenditure					
Deferred Customs Duties					
Unspecified Expenditure					
Others 3/	97.5	99.9	29.3	22.5	24.5
TOTAL	**1,321.3**	**1,390.2**	**1,589.3**	**2,117.4**	**2,131.9**

1/ Provisional
Sources: Federal Ministry of Finance and Central Bank of Nigeria

Table 24
Functional Classification of Federal Government Capital Expenditure (Naira billion)

Source	2005	2006	2007	2008	2009 1/
ADMINISTRATION	**171.5**	**185.2**	**227.0**	**287.1**	**315.9**
General Administration	132.6	152.8	178.3	210.3	212.2
National Assembly	4.3	4.1	9.2	15.6	24.2
Defence	16.8	15.7	24.3	32.3	47.3
Internal Security	17.8	12.6	15.2	28.9	32.1
ECONOMIC SERVICES	**265.0**	**262.2**	**358.4**	**504.4**	**506.0**
Agriculture & Natural Resources	60.3	89.5	94.1	106.0	138.9
Manuf., Mining & Quarrying	8.6	7.3	8.1	12.7	31.0
Transport & Communications	15.6	8.2	31.4	80.1	106.2
Housing	6.7	2.8	5.8	8.9	-
Roads & Construction	89.1	72.5	105.7	126.9	138.5
National Priority Projects					
JVC Calls/NNPC Priority Projects					
PTF					
Counterpart Funding			1.6	2.0	3.4
NDDC					
Others	84.7	81.8	111.7	167.8	88.1
SOCIAL & COMMUNITY SERVICES	**71.3**	**78.7**	**150.9**	**152.1**	**120.7**
Education	31.9	32.7	46.8	48.8	43.4
Health	21.8	32.2	96.9	97.2	52.5
Others	17.6	13.8	7.2	6.1	24.8
TRANSFERS	**11.5**	**26.3**	**23.0**	**17.3**	**210.2**
Financial Obligations					
Capital Repayments					
Domestic					
Foreign					
External Obligations					
Contingencies					
Capital Supplementation	11.5	26.3	23.0	17.3	210.2
Net Lending to SGs/LGs/Parast.					
Grants to States					
Others					
TOTAL	**519.4**	**552.4**	**759.3**	**960.9**	**1,152.8**

1/ Provisional
Sources: Federal Ministry of Finance and Central Bank of Nigeria

TABLE 25
Summary of State Governments' & FCT Finances (Naira billion)

	2005	2006	2007	2008	2009 1/
Total Revenue plus Grants	**1,419.6**	**1,543.8**	**2,065.4**	**2,934.8**	**2,590.7**
Share of Federation Account 2/	921.0	1,016.1	1,109.3	1,709.2	973.79
Share of Excess Oil Revenue	140.2	154.7	258.9	354.1	376.85
Budget Augmentation					272.81
Exchange Gain					58.90
Share of VAT 3/	87.4	110.6	144.4	198.1	229.32
Internally Generated Revenue	122.7	125.2	305.7	441.1	461.22
Grants & Others	137.4	125.3	209.4	179.0	188.05
Share of Stabilization Fund	10.8	11.9	37.7	53.4	29.73
Total Expenditure	**1,478.6**	**1,586.8**	**2,116.1**	**3,021.6**	**2,776.9**
Recurrent Expenditure	789.1	894.3	1,217.4	1,505.6	1,426.1
Personnel Cost	254.9	288.8	361.9	380.3	438.5
Overhead Cost	229.1	259.7	328.8	448.5	353.5
CRF Charges	67.8	76.8	99.4	153.6	144.4
Pensions	37.3	42.3	54.9	70.3	73.7
Debt Charges	78.8	89.4	110.1	66.3	133.0
Transfer to LGs	28.1	31.9	112.2	145.5	101.7
Other Transfers	61.9	70.2	104.2	126.3	67.5
Others	31.1	35.3	45.9	114.8	113.8
Capital Expenditure	514.7	584.0	854.8	1,455.7	1,284.2
Extra-Budgetary Expenditure 4/	174.7	108.5	43.9	60.3	66.7
Current Balance 5/	**630.5**	**649.4**	**848.0**	**1,429.2**	**1,164.6**
Overall Balance 5/	**(58.9)**	**(43.0)**	**(50.7)**	**(86.8)**	**(186.2)**
Financing	**58.9**	**43.0**	**50.7**	**86.8**	**186.2**
External Loans			5.9	38.3	8.0
Internal Loans	22.6	27.0	25.7	60.2	162.3
Other Funds	36.4	16.1	19.1	(11.7)	16.0

1/ Provisional and comprises 36 states and FCT
2/ Gross Statutory Allocation
3/ Includes FCT share of VAT
4/ Includes contribution to external debt fund and other deductions at source
5/ Positive (+) sign connotes surplus while (-) sign connotes deficit

Sources: State Governments' Ministries of Finance and Office of Accountant- General of the Federation's Reports.

Table 26
Functional Classification of State Governments' Recurrent and Capital Expenditure (Naira billion)

	2005	2006	2007	2008	2009 1/
TOTAL EXPENDITURE	**1,478.6**	**1,587.7**	**2,116.1**	**3,107.8**	**2,776.9**
RECURRENT EXPENDITURE	**789.1**	**894.3**	**1,217.4**	**1,591.8**	**1,426.1**
ADMINISTRATION	**242.2**	**276.8**	**318.0**	**465.0**	**321.7**
General Administration	144.6	166.2	208.5	291.4	186.1
State Assembly	31.8	36.4	41.7	76.0	36.0
State Judiciary	21.5	24.3	33.7	51.8	45.1
Others	44.4	49.9	34.1	45.7	54.5
ECONOMIC SERVICES	**114.1**	**129.2**	**226.6**	**324.5**	**486.4**
Agriculture	24.2	27.8	30.8	44.3	59.3
Livestock	1.3	1.4	2.2	4.6	17.8
Forestry	0.9	1.0	2.3	3.7	12.6
Industry	1.2	1.4	9.5	15.7	35.5
Commerce	4.1	4.7	5.6	10.0	29.4
Finance	27.2	31.0	38.1	45.5	31.4
Transport	16.8	18.9	26.6	63.2	50.9
Cooperative/Supply	0.6	0.7	2.1	6.6	10.4
Power (Incl. Rural Electrification)	7.7	8.5	21.8	49.7	76.9
Roads Construction					91.1
Others	30.2	33.8	87.5	81.2	71.2
SOCIAL SERVICES	**295.9**	**334.0**	**238.4**	**279.2**	**381.5**
Education	111.8	126.3	101.1	146.4	140.8
Health	65.2	73.0	54.7	58.4	77.3
Water Supply	26.2	29.7	22.7	28.0	47.7
Information & Culture	13.4	15.3	6.5	8.4	8.9
Social & Comm. Dev.	25.2	28.9	6.9	10.3	16.9
Housing	7.8	8.9	5.4	6.0	35.8
Town & Country Planning	4.6	5.2	7.1	5.9	18.2
Others	41.6	46.6	34.0	15.9	36.0
TRANSFERS	**137.0**	**154.2**	**434.5**	**523.2**	**236.5**
Debt Charges (Interest Payments)	31.8	35.0	110.1	66.3	134.0
Pensions & Gratuities	62.9	72.3	54.9	70.3	73.9
Others	42.2	46.9	269.5	386.6	28.6
CAPITAL EXPENDITURE	**514.7**	**585.0**	**854.8**	**1,455.7**	**1,284.2**
ADMINISTRATION	**93.6**	**107.4**	**174.9**	**180.3**	**171.0**
General Administration	78.6	90.3	134.0	140.3	112.0
State Assembly	10.1	11.6	28.0	23.2	11.1
State Judiciary	4.8	5.4	11.0	14.3	7.8
Others	0.0	0.0	1.8	2.5	40.0
ECONOMIC SERVICES	**228.1**	**259.1**	**409.5**	**757.8**	**677.1**
Agriculture	26.0	29.9	31.3	46.7	52.2
Livestock	2.8	3.2	4.2	6.4	9.3
Forestry	1.6	1.8	1.8	1.1	7.5
Industry	6.2	6.9	14.0	18.5	18.4
Commerce	14.8	17.1	39.8	52.5	26.3
Finance	4.2	4.8	14.4	40.3	26.8
Transport	86.3	97.5	107.5	131.7	90.8
Cooperative/Supply	2.3	3.5	6.9	4.5	5.7
Power (Incl. Rural Electrification)	33.0	36.6	47.5	54.8	48.0
Roads Construction	36.8	42.0	113.7	355.8	339.4
Others	14.1	15.8	28.4	45.7	52.7
SOCIAL SERVICES	176.4	199.8	238.7	456.3	401.2
Education	44.7	50.8	63.2	88.3	93.5
Health	26.4	29.8	31.2	59.0	72.4
Water Supply	20.3	23.2	26.0	35.9	52.1
Information & Culture	16.1	18.5	16.6	11.1	10.8
Social & Comm. Development	5.9	6.8	11.2	19.5	19.8
Housing	25.6	29.0	31.6	33.3	28.0
Town & Country Planning	18.0	20.2	27.6	160.9	55.6
Others	19.4	21.7	31.3	48.3	69.0
TRANSFERS	16.6	18.6	31.7	61.3	34.9
Capital Repayments	6.1	6.7	2.3	8.5	6.1
Grants to LGs/Parastatals/Higher Inst.	6.1	7.0	27.7	43.4	23.7
Others	4.4	4.9	1.7	9.3	5.1
EXTRA-BUDGETARY EXPENDITURES	**174.7**	**108.5**	**43.9**	**60.3**	**66.7**

1/ Provisional and comprises 36 states and FCT
Source: State Governments' Accountants- General

Table 27: Summary of State Governments' Finances (State By State, 2009 1/) (Naira million)

S/N	STATES	REVENUE & OTHER RECEIPTS										EXPENDITURE & TRANSFERS								BALANCE		FINANCING				
												RECURRENT										LOANS				
		Gross Statutory Allocation 2/	Augmentation	Share of Excess Oil Revenue	Exchange Gain	VAT	Internally Gen. Rev. (IGR)	Grants	Stabilization Fund & Others	Others /3	TOTAL	Personnel Cost	Overhead Cost	Transfers	Others	SUB-TOTAL	CAPITAL	EXTRA-BUDGETARY EXPENDITURE	TOTAL EXPENDITURE	Current	Overall	Internal	External	Sub-Total	OTHER FUNDS 4/	TOTAL
1	Abia	20.30	5.62	7.94	1.21	4.67	21.9	2.9	29.7	1.2	**95.4**	10.4	11.7	37.8	0.3	**60.1**	8.8	0.2	69.1	**35.3**	**26.3**	14.2	-	**14.2**	(40.5)	**(26.3)**
2	Adamawa	18.47	4.60	7.32	0.99	4.84	1.4	0.1	-	1.0	**38.7**	8.3	1.9	20.7	3.5	**34.3**	51.8	1.8	87.8	**4.4**	**(49.1)**	0.8	-	**0.8**	48.3	**49.1**
3	Akwa Ibom	88.27	31.52	33.25	6.79	5.78	12.1	-	-	-	**177.7**	17.9	4.1	5.7	-	**27.6**	159.9	1.3	188.8	**150.1**	**(11.1)**	-	-	-	11.1	**11.1**
4	Anambra	18.66	4.64	7.40	1.00	5.42	6.1	-	-	-	**43.2**	4.9	3.9	9.8	1.1	**19.7**	16.5	0.6	36.8	**23.5**	**6.4**	-	-	-	(6.4)	**(6.4)**
5	Bauchi	21.64	5.39	8.58	1.16	5.53	2.3	32.3	-	-	**76.9**	8.1	14.3	7.9	7.4	**37.8**	32.3	4.8	74.9	**39.1**	**2.0**	2.4	-	**2.4**	(4.4)	**(2.0)**
6	Bayelsa	48.29	14.71	18.64	3.19	4.12	3.0	-	-	33.5	**125.4**	20.3	14.5	82.5	-	**117.3**	31.1	4.1	152.5	**8.1**	**(27.1)**	63.0	-	**63.0**	(35.9)	**27.1**
7	Benue	19.95	4.96	7.91	1.07	5.45	5.0	1.3	-	-	**45.6**	12.8	6.4	5.3	3.6	**28.1**	22.8	0.5	51.4	**17.5**	**(5.8)**	-	0.0	**0.0**	5.8	**5.8**
8	Borno	22.01	5.48	8.73	1.18	5.25	10.7	-	-	-	**53.3**	13.1	8.0	14.4	3.6	**39.1**	21.5	0.8	61.3	**14.2**	**(8.0)**	-	-	-	8.0	**8.0**
9	Cross River	18.96	4.29	7.59	0.93	4.68	5.9	11.3	-	-	**53.7**	6.2	7.8	16.1	6.6	**36.7**	25.4	5.1	67.2	**17.0**	**(13.6)**	5.1	3.2	**8.3**	5.3	**13.6**
10	Delta	74.29	28.11	27.71	6.04	5.86	15.6	-	-	-	**157.7**	19.1	16.7	69.0	8.7	**113.5**	72.8	2.7	189.0	**44.2**	**(31.3)**	-	-	-	31.3	**31.3**
11	Ebonyi	15.32	3.81	6.07	0.82	4.47	2.1	-	-	-	**32.6**	7.1	3.3	3.5	-	**13.9**	27.7	0.3	41.9	**18.7**	**(9.3)**	0.8	0.3	**1.1**	8.2	**9.3**
12	Edo	20.91	6.08	8.13	1.31	4.96	8.3	1.3	-	1.9	**52.9**	15.2	12.1	2.0	-	**29.2**	13.4	1.2	43.8	**23.7**	**9.2**	15.8	-	**15.8**	(25.0)	**(9.2)**
13	Ekiti	15.45	3.84	6.12	0.83	4.54	4.2	-	-	-	**35.0**	7.8	2.8	7.6	5.1	**23.3**	17.6	0.8	41.7	**11.7**	**(6.8)**	-	-	-	6.8	**6.8**
14	Enugu	17.43	4.34	6.91	0.94	4.95	4.1	-	-	-	**38.7**	10.7	6.4	3.1	0.1	**20.3**	17.2	0.4	37.9	**18.4**	**0.8**	8.1	0.0	**8.1**	(8.9)	**(0.8)**
15	Gombe	16.38	4.08	6.50	0.88	4.45	9.2	2.4	-	-	**43.9**	8.2	9.9	9.7	6.7	**34.5**	23.6	0.7	58.8	**9.5**	**(14.9)**	3.1	0.5	**3.6**	11.3	**14.9**
16	Imo	22.67	6.10	8.90	1.32	5.13	5.7	1.6	-	-	**51.5**	5.8	8.5	10.3	6.2	**30.8**	17.2	4.6	52.6	**20.7**	**(1.2)**	2.2	-	**2.2**	(1.0)	**1.2**
17	Jigawa	20.44	5.09	8.10	1.10	5.44	6.4	5.2	-	-	**51.7**	4.3	11.6	1.1	-	**16.9**	34.3	1.7	52.9	**34.8**	**(1.2)**	-	-	-	1.2	**1.2**
18	Kaduna	23.30	5.80	9.24	1.25	6.37	9.3	1.3	-	45.0	**101.5**	12.1	13.7	37.3	17.6	**80.7**	29.3	1.4	111.4	**20.8**	**(10.0)**	(0.0)	2.4	**2.4**	7.6	**10.0**
19	Kano	29.20	7.27	11.57	1.57	8.80	9.1	4.0	-	-	**71.5**	15.2	30.3	8.0	1.2	**54.7**	35.1	3.0	92.7	**16.8**	**(21.3)**	-	1.6	**1.6**	19.6	**21.3**
20	Katsina	22.20	5.53	8.80	1.19	6.20	3.2	0.5	-	-	**47.7**	16.7	5.0	3.8	-	**25.4**	29.4	0.7	55.6	**22.2**	**(7.9)**	-	-	-	7.9	**7.9**
21	Kebbi	18.57	4.62	7.36	1.00	4.90	1.2	0.0	-	-	**37.6**	6.2	5.6	2.0	0.0	**13.8**	9.2	2.7	25.8	**23.8**	**11.8**	-	-	-	(11.8)	**(11.8)**
22	Kogi	18.53	4.61	7.34	1.00	5.73	2.7	-	-	0.5	**40.3**	10.9	3.2	5.9	1.8	**21.7**	18.0	2.2	42.0	**18.6**	**(1.7)**	-	-	-	1.7	**1.7**
23	Kwara	16.88	4.20	6.69	0.91	4.49	6.7	17.0	-	0.9	**57.8**	5.6	7.3	4.5	-	**17.3**	25.0	0.9	43.2	**40.5**	**14.6**	-	-	-	(14.6)	**(14.6)**
24	Lagos	26.37	6.56	10.46	1.42	39.96	139.2	-	-	-	**224.0**	32.7	37.2	16.5	9.7	**96.1**	144.9	7.3	248.3	**127.9**	**(24.4)**	39.2	-	**39.2**	(14.8)	**24.4**
25	Nassarawa	15.82	3.94	6.27	0.85	4.19	2.3	1.1	-	-	**34.5**	7.3	1.5	8.0	-	**16.8**	14.1	0.8	31.8	**17.7**	**2.7**	-	-	-	(2.7)	**(2.7)**
26	Niger	21.60	5.38	8.56	1.16	5.20	2.8	-	-	-	**44.8**	14.3	6.9	13.0	3.9	**38.1**	9.8	3.0	50.8	**6.7**	**(6.1)**	-	-	-	6.1	**6.1**
27	Ogun	18.06	4.49	7.16	0.97	5.19	16.1	-	-	2.9	**54.8**	16.2	5.8	3.4	0.4	**25.7**	6.6	0.5	32.9	**29.1**	**22.0**	-	-	-	(22.0)	**(22.0)**
28	Ondo	32.18	9.67	12.45	2.09	5.01	0.9	-	-	14.9	**77.2**	13.7	47.5	1.3	0.0	**62.5**	17.3	0.6	80.4	**14.7**	**(3.2)**	-	-	-	3.2	**3.2**
29	Osun	17.12	4.26	6.79	0.92	4.97	6.7	-	-	-	**40.8**	14.6	6.4	5.1	0.8	**26.9**	13.6	0.6	41.1	**13.9**	**(0.3)**	-	-	-	0.3	**0.3**
30	Oyo	21.57	5.37	8.55	1.16	6.49	11.8	2.2	-	-	**57.1**	12.7	4.6	12.4	3.4	**33.2**	27.8	2.1	63.1	**24.0**	**(5.9)**	3.2	-	**3.2**	2.7	**5.9**
31	Plateau	18.12	4.51	7.18	0.97	4.90	3.1	-	-	1.3	**40.2**	10.2	4.7	26.8	3.7	**45.4**	19.8	3.3	68.5	**(5.3)**	**(28.4)**	2.7	-	**2.7**	25.6	**28.4**
32	Rivers	96.05	29.19	37.08	6.33	8.10	71.3	-	-	-	**248.0**	28.7	9.4	14.4	1.0	**53.5**	157.1	0.3	210.9	**194.6**	**37.2**	-	-	-	(37.2)	**(37.2)**
33	Sokoto	19.26	4.79	7.64	1.03	5.32	34.8	0.1	-	-	**72.9**	12.2	10.1	16.1	-	**38.4**	57.7	1.5	97.6	**34.5**	**(24.7)**	-	-	-	24.7	**24.7**
34	Taraba	18.24	4.54	7.23	0.98	4.33	3.5	-	-	-	**38.8**	9.7	2.0	8.6	-	**20.3**	28.9	2.6	51.7	**18.5**	**(12.9)**	-	-	-	12.9	**12.9**
35	Yobe	18.11	4.51	7.18	0.97	4.37	0.9	0.4	-	-	**36.5**	4.7	3.2	14.3	1.8	**24.0**	9.8	0.7	34.5	**12.5**	**2.0**	-	-	-	(2.0)	**(2.0)**
36	Zamfara	18.16	4.52	7.20	0.98	4.79	3.2	-	-	-	**38.9**	3.2	1.8	2.2	8.1	**15.3**	19.7	1.0	36.0	**23.6**	**2.9**	1.6	-	**1.6**	(4.5)	**(2.9)**
37	FCT	24.99	6.39	6.27	1.38	4.50	8.4	-	-	-	**51.9**	11.2	3.8	10.5	7.4	**32.9**	17.1	-	50.0	**19.0**	**1.9**	-	-	-	(1.9)	**(1.9)**
	TOTAL	**973.8**	**272.8**	**376.8**	**58.9**	**229.3**	**461.2**	**85.0**	**29.7**	**103.1**	**2,590.7**	**438.5**	**353.5**	**520.4**	**113.8**	**1,426.1**	**1,284.2**	**66.7**	**2,776.9**	**1,164.6**	**(186.2)**	**162.3**	**8.0**	**170.3**	**16.0**	**186.2**

1/ Provisional
2/ Gross allocation
3/ These include transfers from CRF and Miscellaneous receipts
4/ Positive (+) sign connotes decrease while (-) sign connotes increase in funds
Source: State Governments' and FCT Abuja Accountants- General's Reports

Table 28
State Governments' Expenditure on Selected Sectors (Naira billion)

SELECTED SECTORS	2008			2009			2009		2008	2009
	Recurrent	Capital	Total	Recurrent	Capital	Total	% Compos-ition	% Changes	As % of GDP	
Education	146.39	88.32	234.71	140.77	93.48	234.24	8.4	-0.2	1.0	0.9
Health	58.37	59.03	117.40	77.27	72.39	149.66	5.4	27.5	0.5	0.6
Agriculture	52.50	54.22	106.72	89.69	69.02	158.71	5.7	48.7	0.4	0.6
Water Supply	27.98	35.91	63.89	47.70	52.05	99.75	3.6	56.1	0.3	0.4
Housing	5.98	33.28	39.26	35.84	27.98	63.82	2.3	62.6	0.2	0.3
TOTAL	291.22	270.76	561.98	391.27	314.92	706.19	25.4	25.7	2.3	2.9
TOTAL EXPENDITURE	**1,505.63**	**1,455.70**	**3,021.60**	**1,426.06**	**1,284.16**	**2,776.91**		**-8.1**	**12.4**	**11.2**

Sources: State Governments' and FCT Abuja Accountants- General's Reports

Table 29
Summary of Local Governments' Finances (Naira billion)

	2005	2006	2007	2008	2009 1/
Gross Revenue	**597.2**	**674.3**	**832.3**	**1,379.0**	**1,069.4**
Share of Federation Account 2/	493.0	550.8	568.3	722.3	529.31
Share of VAT	55.8	75.9	105.1	135.9	157.38
Internally Generated Revenue	24.0	23.2	21.3	23.1	26.06
Grants and Others	15.1	14.8	3.8	0.3	20.32
Share of Stabilization Fund	6.0	6.1	3.7	4.4	11.38
State Allocation	3.2	3.4	3.0	6.8	19.74
Share of Excess Crude	-	-	127.1	486.1	145.00
Budget Augmentation	-	-	-	-	131.73
Exchange Gain	-	-	-	-	28.44
Total Expenditure	**588.0**	**665.8**	**827.4**	**1,382.0**	**1,067.6**
Recurrent Expenditure	**374.5**	**398.2**	683.6	**819.4**	**704.6**
Personnel Cost	235.6	269.1	406.9	341.35	306.25
Overhead Cost	119.3	106.8	220.7	355.6	328.70
CRFC & Others	19.5	22.3	56.0	122.5	69.66
Capital Expenditure	**213.5**	**267.7**	**143.8**	**562.6**	**363.0**
Administration	29.4	28.0	15.0	72.8	57.36
Economic Services	73.0	101.3	54.4	252.8	174.99
Social & Community Services	87.4	111.4	59.9	219.8	124.20
Transfers	23.6	26.9	14.5	17.2	6.46
Current Balance	222.7	276.1	148.7	559.6	364.8
Overall Balance	**9.2**	**8.4**	**4.9**	**(3.0)**	**1.8**
Financing	**(9.2)**	**(8.4)**	**(4.9)**	**3.0**	**(1.8)**
External Loans	-	-	0.2	-	-
Internal Loans	-	-	2.6	2.9	6.08
Opening Cash Balance	8.8	12.1	37.3	6.2	38.45
Other Funds 3/	(18.0)	(20.6)	(44.9)	(6.1)	(46.3)

1/ Provisional: Consisting of 646 returns from the Annual Survey and 128 were provisional data
2/ Gross
3/ Include Closing Balance

Sources: Federal Ministry of Finance, Office of the Accountant General of the Federation, CBN/NBS/NCC 2009 Collaborative Survey and Staff Estimates

TABLE 30
Summary of Local Governments' Finances (State By State) (Naira million) 1/

S/N	STATES	REVENUE & OTHER RECEIPTS											
		Gross Statutory Allocation 2/	Exchange Gain	Share of Excess Oil Revenue	Augment-ation	VAT	Internally Gen. Rev. (IGR)			State Allocation	Grants and Others	Stabilization Funds & Others 3/	TOTAL
							Tax	Non-Tax	Sub-Total				
		(1)				(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Abia	11.04	0.59	3.08	2.75	2.78	0.01	0.35	0.4	-	0.77	0.09	21.5
2	Adamawa	14.20	0.76	3.97	3.54	3.31	0.21	2.00	2.2	0.19	0.79	-	29.0
3	Akwa Ibom	18.73	1.01	2.37	4.66	4.91	0.11	0.23	0.3	0.21	0.33	0.75	33.3
4	Anambra	14.08	0.76	3.93	3.50	3.71	0.01	0.10	0.1	-	0.00	-	26.1
5	Bauchi	16.29	0.87	4.55	4.05	3.68	0.01	0.70	0.7	1.54	1.14	1.80	34.6
6	Bayelsa	5.99	0.32	1.67	1.49	1.49	0.01	0.20	0.2	0.80	0.13	0.06	12.2
7	Benue	16.56	0.89	4.63	4.12	3.92	0.01	0.45	0.5	0.08	0.29	0.01	31.0
8	Borno	19.03	1.02	5.32	4.74	4.21	0.05	0.22	0.3	0.00	0.02	0.01	34.6
9	Cross River	11.83	0.64	3.30	2.94	2.89	0.01	0.30	0.3	0.20	0.70	0.15	23.0
10	Delta	15.63	0.84	4.37	3.89	4.36	0.00	0.34	0.3	1.24	0.56	0.01	31.2
11	Ebonyi	8.43	0.45	2.35	2.10	2.23	0.02	0.43	0.5	0.04	0.03	0.28	16.4
12	Edo	11.84	0.64	3.31	2.95	3.08	0.00	0.37	0.4	0.09	0.66	-	22.9
13	Ekiti	9.63	0.52	2.69	2.40	2.59	0.03	0.08	0.1	-	0.39	0.52	18.8
14	Enugu	11.41	0.61	3.19	2.84	2.98	0.06	0.48	0.5	-	0.15	-	21.7
15	Gombe	8.32	0.45	2.33	2.07	2.02	0.02	0.31	0.3	0.16	0.58	0.17	16.4
16	Imo	16.52	0.89	4.61	4.11	4.13	0.01	0.32	0.3	0.01	0.71	-	31.3
17	Jigawa	17.33	0.93	4.84	4.31	4.33	0.01	0.36	0.4	1.76	0.13	0.38	34.4
18	Kaduna	18.59	1.00	5.19	4.63	4.56	0.01	1.69	1.7	0.44	0.23	0.39	36.7
19	Kano	30.51	1.64	8.52	7.59	8.31	0.01	1.09	1.1	0.46	1.10	1.02	60.2
20	Katsina	22.30	1.20	6.23	5.55	5.57	0.04	0.55	0.6	0.28	1.13	0.57	43.4
21	Kebbi	13.85	0.74	3.87	3.45	3.35	0.72	4.03	4.7	0.18	0.34	0.04	30.6
22	Kogi	14.36	0.77	4.01	3.57	3.85	0.01	0.28	0.3	0.35	1.64	0.78	29.6
23	Kwara	11.03	0.59	3.08	2.74	2.55	0.02	0.27	0.3	0.30	0.04	0.19	20.8
24	Lagos	18.53	1.00	5.18	4.61	24.53	0.22	3.20	3.4	7.93	2.67	2.23	70.1
25	Nassarawa	8.82	0.47	2.47	2.20	2.05	0.01	0.13	0.1	0.06	0.36	0.01	16.6
26	Niger	17.88	0.96	5.00	4.45	3.97	0.13	1.04	1.2	-	0.20	-	33.6
27	Ogun	13.23	0.71	3.70	3.29	3.44	0.11	0.56	0.7	-	0.17	-	25.2
28	Ondo	12.21	0.66	3.41	3.04	3.11	0.02	0.28	0.3	-	0.53	-	23.3
29	Osun	16.65	0.89	4.65	4.14	4.31	0.01	0.43	0.4	0.34	0.70	0.34	32.5
30	Oyo	21.29	1.14	5.95	5.30	5.63	0.01	0.39	0.4	0.97	0.46	-	41.1
31	Plateau	12.18	0.65	3.40	3.03	2.94	0.04	0.19	0.2	0.21	0.75	0.22	23.6
32	Rivers	15.95	0.86	4.46	3.97	5.56	0.03	1.02	1.0	0.28	0.28	1.34	33.8
33	Sokoto	15.29	0.82	4.27	3.81	3.83	0.03	0.30	0.3	-	0.19	-	28.5
34	Taraba	12.17	0.65	3.40	3.03	2.46	0.06	0.30	0.4	0.11	0.48	0.03	22.7
35	Yobe	11.81	0.63	3.30	2.94	2.58	0.18	0.56	0.7	0.05	0.13	-	22.2
36	Zamfara	11.08	0.60	3.10	2.76	2.57	0.00	0.12	0.1	0.06	1.00	-	21.3
37	FCT	4.72	0.25	1.32	1.17	5.60	0.00	0.14	0.1	1.38	0.53	-	15.1
TOTAL		**529.3**	**28.4**	**145.0**	**131.7**	**157.4**	**2.2**	**23.8**	**26.1**	**19.7**	**20.3**	**11.4**	**1,069.4**

TABLE 30 Cont'd
Summary of Local Governments' Finances (State By State) (Naira million) 1/

S/N	STATES	EXPENDITURE & TRANSFERS							BALANCE		FINANCING						OUTSTANDING DEBT		
		RECURRENT				SUB-TOTAL	CAPITAL	TOTAL EXPENDITURE	Current	Overall	OPENING BALANCE	LOANS			OTHER FUNDS 4/	TOTAL	Domestic	Foreign	TOTAL
		Personnel Cost	Overhead Cost	Transfers	Others 4/							Internal	External	Sub-Total					
		(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)
1	Abia	8.82	2.79	0.74	-	12.4	2.09	14.4	9.1	7.0	0.96	0.15	-	0.1	(8.13)	(7.02)	2.72	-	2.72
2	Adamawa	8.28	5.99	0.59	-	14.9	3.50	18.4	14.1	10.6	0.22	0.61	-	0.6	(11.46)	(10.63)	1.57	-	1.57
3	Akwa Ibom	6.69	5.18	4.94	-	16.8	5.18	22.0	16.5	11.3	0.33	-	-	-	(11.66)	(11.32)	0.30	-	0.30
4	Anambra	10.18	10.69	0.49	-	21.4	21.97	43.3	4.7	(17.2)	2.95	-	-	-	14.29	17.24	0.41	-	0.41
5	Bauchi	13.32	8.65	0.20	-	22.2	10.10	32.3	12.5	2.4	0.61	0.38	-	0.4	(3.37)	(2.38)	1.57	-	1.57
6	Bayelsa	4.57	2.32	1.71	-	8.6	3.47	12.1	3.6	0.1	0.03	0.04	-	0.0	(0.17)	(0.10)	0.10	-	0.10
7	Benue	9.32	7.78	9.08	-	26.2	7.98	34.2	4.8	(3.2)	0.10	0.22	-	0.2	2.89	3.21	1.11	-	1.11
8	Borno	7.50	7.44	1.16	-	16.1	6.98	23.1	18.5	11.5	0.22	-	-	-	(11.76)	(11.54)	9.05	-	9.05
9	Cross River	9.61	2.88	3.06	-	15.5	6.12	21.7	7.4	1.3	0.79	-	-	-	(2.10)	(1.30)	0.61	-	0.61
10	Delta	10.39	7.78	0.78	-	19.0	12.37	31.3	12.3	(0.1)	2.15	0.21	-	0.2	(2.26)	0.09	2.99	-	2.99
11	Ebonyi	4.53	2.77	0.30	-	7.6	5.84	13.4	8.8	2.9	0.18	-	-	-	(3.10)	(2.92)	0.71	-	0.71
12	Edo	6.14	5.57	0.53	-	12.2	17.78	30.0	10.7	(7.1)	2.44	0.05	-	0.0	4.60	7.09	1.35	-	1.35
13	Ekiti	6.68	2.86	0.05	-	9.6	4.24	13.8	9.2	5.0	0.67	0.31	-	0.3	(5.98)	(5.00)	16.58	-	16.58
14	Enugu	5.59	4.14	0.99	-	10.7	5.40	16.1	11.0	5.6	1.42	0.14	-	0.1	(7.16)	(5.59)	1.24	-	1.24
15	Gombe	8.40	12.83	1.14	-	22.4	5.77	28.1	(5.9)	(11.7)	3.26	0.18	-	0.2	8.26	11.71	1.10	-	1.10
16	Imo	5.88	3.77	0.04	-	9.7	1.10	10.8	21.6	20.5	0.23	0.37	-	0.4	(21.12)	(20.52)	1.11	-	1.11
17	Jigawa	7.48	10.27	0.19	-	17.9	6.02	24.0	16.4	10.4	0.66	0.01	-	0.0	(11.09)	(10.43)	0.46	-	0.46
18	Kaduna	7.44	11.66	3.11	-	22.2	5.92	28.1	14.5	8.6	1.81	-	-	-	(10.40)	(8.59)	0.88	-	0.88
19	Kano	14.87	50.75	2.00	-	67.6	28.91	96.5	(7.4)	(36.3)	3.31	0.62	-	0.6	32.35	36.28	1.92	-	1.92
20	Katsina	9.22	12.27	6.35	-	27.8	26.69	54.5	15.6	(11.1)	1.30	0.05	-	0.1	9.76	11.11	0.16	-	0.16
21	Kebbi	8.90	4.15	6.72	-	19.8	11.05	30.8	10.8	(0.3)	0.01	0.01	-	0.0	0.24	0.25	3.48	-	3.48
22	Kogi	33.84	14.73	1.23	-	49.8	5.03	54.8	(20.2)	(25.2)	2.20	0.85	-	0.9	22.16	25.21	2.21	-	2.21
23	Kwara	4.23	5.01	0.53	-	9.8	6.08	15.8	11.1	5.0	1.03	0.01	-	0.0	(6.01)	(4.98)	0.84	-	0.84
24	Lagos	3.35	20.67	0.60	-	24.6	24.99	49.6	45.5	20.5	0.92	0.45	-	0.5	(21.85)	(20.48)	1.38	-	1.38
25	Nassarawa	5.18	4.53	0.20	-	9.9	3.02	12.9	6.7	3.6	0.10	0.12	-	0.1	(3.87)	(3.65)	0.94	-	0.94
26	Niger	8.27	16.50	0.39	-	25.2	11.60	36.8	8.5	(3.1)	0.11	-	-	-	3.02	3.13	0.30	-	0.30
27	Ogun	5.21	4.01	0.61	-	9.8	3.76	13.6	15.4	11.6	0.64	0.03	-	0.0	(12.29)	(11.63)	0.50	-	0.50
28	Ondo	5.72	4.08	0.04	-	9.8	2.05	11.9	13.4	11.4	1.00	0.03	-	0.0	(12.42)	(11.39)	0.46	-	0.46
29	Osun	8.37	7.31	9.79	-	25.5	27.77	53.2	7.0	(20.8)	1.66	0.25	-	0.3	18.86	20.77	0.41	-	0.41
30	Oyo	6.76	5.71	0.50	-	13.0	29.49	42.5	28.2	(1.3)	3.76	0.01	-	0.0	(2.44)	1.34	0.22	-	0.22
31	Plateau	8.70	7.21	0.18	-	16.1	2.42	18.5	7.5	5.1	0.47	0.14	-	0.1	(5.72)	(5.11)	2.55	-	2.55
32	Rivers	9.71	10.61	1.11	-	21.4	5.68	27.1	12.3	6.6	1.55	0.08	-	0.1	(8.27)	(6.65)	0.54	-	0.54
33	Sokoto	7.33	6.06	0.55	-	13.9	6.89	20.8	14.6	7.7	0.35	0.04	-	0.0	(8.11)	(7.72)	0.89	-	0.89
34	Taraba	8.37	3.93	1.56	-	13.9	3.05	16.9	8.8	5.8	0.15	0.07	-	0.1	(6.02)	(5.80)	1.33	-	1.33
35	Yobe	7.52	3.27	1.14	-	11.9	15.77	27.7	10.3	(5.5)	0.22	0.00	-	0.0	5.29	5.51	0.07	-	0.07
36	Zamfara	7.17	5.61	3.50	-	16.3	10.71	27.0	5.0	(5.7)	0.28	0.54	-	0.5	4.88	5.71	0.23	-	0.23
37	FCT	2.73	26.93	3.55	-	33.2	6.23	39.4	(18.1)	(24.3)	0.37	0.10	-	0.1	23.86	24.32	1.44	-	1.44
TOTAL		**306.3**	**328.7**	**69.7**	**-**	**704.6**	**363.0**	**1,067.6**	**364.8**	**1.8**	**38.5**	**6.1**	**-**	**6.1**	**(46.3)**	**(1.8)**	**63.7**	**-**	**63.7**

1/ Provisional: Consisting of 646 returns from the Annual Survey and 128 were provisional data
2/ Gross allocation may contain figures for VAT and Excess Crude in some states
3/ Include shares of excess crude oil proceeds and special reserve account
4/ Positive (+) sign connotes decrease while (-) sign connotes increase in funds.
Sources: Federal Ministry of Finance, Office of the Accountant General of the Federation, CBN/NBS/NCC 2009 Collaborative Survey and Staff Estimates

TABLE 31
Consolidated Debt of the Federal Government (Naira billion)

Consolidated Debt					
Type	**2005**	**2006**	**2007**	**2008 1/**	**2009 2/**
External Debt	2,695.1	451.5	428.1	491.0	584.6
Domestic Debt	1,525.9	1,753.3	2,169.6	2,320.3	3,228.0
Total	**4,221.0**	**2,204.7**	**2,597.7**	**2,811.3**	**3,812.6**
Domestic Public Debt (end - Period)					
Item	**2005**	**2006**	**2007**	**2008 1/**	**2008 2/**
COMPOSITION					
Instruments					
i Treasury Bills	854.8	695.0	574.93	471.93	797.5
ii Treasury Bonds	419.3	413.6	407.93	402.26	392.1
iii Development Stocks	1.0	0.7	0.62	0.52	0.5
iv FGN Bonds	250.8	477.2	1,007.70	1,445.60	1,974.9
v Special FGN Bonds	0.0	166.8	178.45	0.00	0.00
vi Promissory Notes 3/	0.00	0.00	0.00	0.00	63.0
HOLDERS					
i Banking System	1,134.6	1,218.4	1,703.63	1,771.53	1,882.5
a. Central Bank	408.4	335.5	293.58	289.37	323.2
b. Deposit Money Banks (DMBs)	726.2	882.9	1,410.04	1,482.16	1,274.6
c. Sinking Fund	0.00	0.00	0.00	0.00	284.7
ii Non-Bank Public	391.3	534.9	466.00	548.78	1,345.6
TENOR					
2 years and below	983.7	897.1	709.8	952.0	1,421.4
2-5 years	163.9	431.2	820.9	472.7	947.3
5-10 years	107.0	194.0	252.9	406.1	294.7
Over 10 years	271.2	231.0	386.0	489.5	564.6
Total Debt Outstanding	**1,525.9**	**1,753.3**	**2,169.6**	**2,320.3**	**3,228.0**

1/ Revised
2/ Provisional
3/ Introduced 30th September, 2009
Source: Debt Management Office

Table 32
External Debt of the Federal Government

External Debt Stock

	US$ Million					=N= Billion				
Holder	**2005**	**2006**	**2007**	**2008 1/**	**2009 2/**	**2005**	**2006**	**2007**	**2008 1/**	**2009 2/**
1. Multilateral	2,512.2	2,608.3	3,055.3	3,156.6	3,504.5	330.7	332.2	307.7	418.4	519.0
2. Paris Club	15,412.4	0.0	0.0	0.0	0.0	2,028.6	0.0	0.0	0.0	0.0
3. London Club				0.0	0.0	0.0	-	0.0	0.0	0.0
(a) Par Bonds	1,441.8	0.0	0.0			189.8	0.0	0.0	0.0	0.0
(b) Promissory Notes	649.8	509.0	0.0			85.5	64.8	60.0	0.0	0.0
4. Others 3/	460.0	427.2	573.3	547.5	442.8	60.5	54.4	50.4	72.6	65.6
Total Debt Outstanding	**20,476.2**	**3,544.5**	**3,628.6**	**3,704.1**	**3,947.3**	**2,695.1**	**451.5**	**418.1**	**491.0**	**584.6**

External Debt Service Payments

	US$ Million					=N= Billion				
Holder	**2005**	**2006**	**2007**	**2008 1/**	**2009 2/**	**2005**	**2006**	**2007**	**2008 1/**	**2009 2/**
Multilateral	471.7	424.6	392.1	77.5	260.5	62.1	54.1	49.3	10.3	38.6
(i) I.B.R.D.	265.2	273.5	237.0	67.4	141.4	34.9	34.8	29.8	8.9	21.0
(ii) E.I.B.	4.7	11.0	11.6	0.0	0.0	0.6	1.4	1.5	0.0	0.0
(iii) A.D.B. & Others	201.7	140.1	143.5	10.1	119.0	26.5	17.8	18.1	1.3	17.6
Paris Club	496.6	4,519.9	0.0	0.0	0.0	65.4	575.7	0.0	0.0	0.0
London Club	169.9	1,584.7	102.6	0.0	0.0	22.4	201.8	12.9	0.0	0.0
Promissory Notes	213.5	170.9	476.6	0.0	0.0	28.1	21.8	60.0	0.0	0.0
Others 3/	15.8	27.8	52.0	27.9	167.5	2.1	3.5	6.5	3.7	24.8
Total	**1,367.5**	**6,727.8**	**1,023.2**	**105.3**	**428.0**	**180.0**	**856.9**	**128.7**	**14.0**	**63.4**

1/ Revised
2/ Provisional
3/ Includes Non-Paris Bilateral and Commercial debts
Source: Debt Management Office, The Presidency, Abuja.

Table 33
Gross Domestic Product at 1990 Constant Basic Prices
(Naira billion unless otherwise stated)

											Share in Total (%)								
Activity Sector	2000	2001	2002	2003	2004	2005	2006	2007	2008 1/	2009 2/	2001	2002	2003	2004	2005	2006	2007	2008 1/	2009 2/
1. Agriculture	175.88	182.66	190.37	203.01	216.21	231.46	248.60	266.48	283.18	300.00	42.30	42.14	41.01	40.98	41.19	41.72	42.01	42.13	41.84
(a) Crop Production	156.21	162.15	168.88	180.71	192.45	206.18	221.62	237.69	252.47	267.36	37.55	37.38	36.51	36.48	36.69	37.20	37.48	37.56	37.29
(b) Livestock	11.45	11.79	12.36	12.88	13.72	14.64	15.65	16.74	17.88	19.04	2.73	2.74	2.60	2.60	2.61	2.63	2.64	2.66	2.66
(c) Forestry	2.56	2.61	2.62	2.66	2.84	3.01	3.19	3.38	3.59	3.80	0.60	0.58	0.54	0.54	0.53	0.53	0.53	0.53	0.53
(d) Fishing	5.66	6.11	6.50	6.76	7.20	7.64	8.14	8.67	9.24	9.80	1.42	1.44	1.37	1.37	1.36	1.37	1.37	1.37	1.37
2. Industry	122.06	128.74	123.91	150.25	156.49	159.16	155.17	151.70	146.52	147.52	29.82	27.43	30.35	29.66	28.32	26.04	23.92	21.80	20.57
(a) Crude Petroleum	106.83	112.42	106.00	131.34	135.67	136.35	130.19	124.29	116.59	115.13	26.04	23.46	26.53	25.72	24.26	21.85	19.60	17.35	16.06
(b) Mining & Quarrying	1.03	1.13	1.18	1.24	1.38	1.51	1.67	1.88	2.12	2.37	0.26	0.26	0.25	0.26	0.27	0.28	0.30	0.32	0.33
(c) Manufacturing	14.20	15.19	16.72	17.67	19.44	21.31	23.31	25.54	27.81	30.01	3.52	3.70	3.57	3.68	3.79	3.91	4.03	4.14	4.19
3. Building & Construction	5.45	6.11	6.37	6.93	7.62	8.54	9.65	10.91	12.34	13.85	1.41	1.41	1.40	1.44	1.52	1.62	1.72	1.84	1.93
4. Wholesale & Retail Trade	53.77	55.11	58.68	62.06	68.08	77.28	89.08	102.62	117.00	130.19	12.76	12.99	12.54	12.90	13.75	14.95	16.18	17.41	18.16
5. Services	55.18	59.17	72.46	72.75	79.18	85.48	93.33	102.55	113.17	125.48	13.70	16.04	14.70	15.01	15.21	15.66	16.17	16.84	17.50
(a) Transport	10.60	11.09	13.06	13.21	13.99	14.88	15.91	17.02	18.20	19.47	2.57	2.89	2.67	2.65	2.65	2.67	2.68	2.71	2.71
(b) Communication	2.14	2.69	3.85	5.24	6.69	8.59	11.38	15.12	20.13	26.88	0.62	0.85	1.06	1.27	1.53	1.91	2.38	3.00	3.75
(c) Utilities	11.37	12.87	16.45	17.03	18.88	20.14	21.12	22.16	22.98	23.75	2.98	3.64	3.44	3.58	3.58	3.54	3.49	3.42	3.31
(d) Hotel & Restaurant	1.51	1.57	1.68	1.76	1.95	2.16	2.43	2.75	3.10	3.49	0.36	0.37	0.36	0.37	0.38	0.41	0.43	0.46	0.49
(e) Finance & Insurance	17.14	17.91	23.17	20.96	21.53	22.14	23.25	24.42	25.59	26.62	4.15	5.13	4.23	4.08	3.94	3.90	3.85	3.81	3.71
(f) Real Estate & Business Services	6.22	6.53	6.74	6.95	7.71	8.52	9.49	10.56	11.77	13.03	1.51	1.49	1.40	1.46	1.52	1.59	1.67	1.75	1.82
(h) Producers of Govt. Services	3.81	3.88	4.48	4.53	5.02	5.29	5.60	5.94	6.29	6.66	0.90	0.99	0.92	0.95	0.94	0.94	0.94	0.94	0.93
(l) Comm., Social & Pers. Services	2.39	2.63	3.02	3.06	3.40	3.75	4.15	4.59	5.08	5.59	0.61	0.67	0.62	0.64	0.67	0.70	0.72	0.76	0.78
TOTAL (GDP)	412.33	431.78	451.79	495.01	527.58	561.93	595.82	634.25	672.20	717.04	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
NON-OIL (GDP)	305.50	319.37	345.78	363.67	391.91	425.59	465.63	509.97	555.61	601.91	73.96	76.54	73.47	74.28	75.74	78.15	80.40	82.65	83.94
TOTAL GDP GROWTH RATE (%)		4.72	4.63	9.57	6.58	6.51	6.03	6.45	5.98	6.67									
OIL GDP GROWTH RATE (%)		5.23	-5.71	23.90	3.30	0.50	-4.51	-4.54	-6.19	-1.26									
NON-OIL GDP GROWTH RATE (%)		4.54	8.27	5.17	7.76	8.59	9.41	9.52	8.95	8.33									
Of which:																			
Agriculture (%)		3.86	4.22	6.64	6.50	7.06	7.40	7.19	6.27	5.94									
Crop Production		3.80	4.15	7.00	6.50	7.13	7.49	7.25	6.22	5.90									
Forestry		2.00	0.70	1.50	6.50	5.92	6.02	6.12	6.10	5.85									
Fishing		8.00	6.33	4.06	6.50	6.02	6.55	6.58	6.57	6.03									
Industry (%)		5.47	-3.75	21.26	4.15	1.71	-2.51	-2.23	-3.41	0.68									
Mining & Quarrying		9.89	4.32	5.44	10.85	9.53	10.28	12.75	12.76	12.08									
Manufacturing		6.95	10.09	5.66	10.00	9.61	9.39	9.57	8.89	7.94									
Building & Construction (%)		12.00	4.34	8.75	10.00	12.10	12.99	13.03	13.07	12.26									
Wholesale & Retail Trade (%)		2.50	6.48	5.76	9.70	13.51	15.26	15.20	14.02	11.27									
Services (%)		7.23	22.46	0.41	8.83	7.96	9.18	9.88	10.36	10.88									
Transport		4.56	17.77	1.20	5.90	6.35	6.92	6.95	6.97	6.93									
Communication		26.06	43.04	35.87	27.77	28.38	32.45	32.85	33.20	33.50									
Utilities		13.23	27.77	3.57	10.85	6.64	4.87	4.93	3.74	3.34									
Hotel & Restaurant		4.50	6.84	4.64	10.85	10.45	12.91	12.95	12.94	12.44									
Finance & Insurance		4.48	29.42	-9.56	2.73	2.85	4.98	5.03	4.82	4.02									
Financial Institutions		4.50	29.42	-9.24	2.50	2.60	4.77	4.81	4.59	3.79									
Insurance		4.00	29.42	-19.28	10.85	10.85	11.30	11.33	10.99	9.81									
Real Estate & Business Services		5.00	3.27	3.11	10.85	10.62	11.29	11.35	11.43	10.67									
Producers of Govt. Services		1.62	15.50	1.24	10.85	5.38	5.85	5.92	5.97	5.85									
Comm., Social & Pers. Services		9.98	15.05	1.30	10.85	10.50	10.61	10.62	10.70	9.90									

1/ Revised Figure
2/ Provisional Figure
Source: National Bureau of Statistics (NBS)

Table 34
Gross Domestic Product at 1990 Current Basic Prices
(Naira billion unless otherwise stated)

						% Share in Total				
Activity Sector	**2005**	**2006**	**2007**	**2008**	**2009 1/**	***2005***	***2006***	***2007***	***2008***	***2009 1/***
1. Agriculture	**4,773.20**	**5,940.24**	**6,757.87**	**7,981.39**	**9,193.85**	***32.76***	***32.00***	***32.71***	***32.85***	***37.20***
(a) Crop Production	4,228.28	5,291.62	6,024.38	7,114.79	8,207.65	*29.02*	*28.50*	*29.16*	*29.28*	*33.21*
(b) Livestock	313.25	378.70	434.15	512.94	584.94	*2.15*	*2.04*	*2.10*	*2.11*	*2.37*
(c) Forestry	61.79	73.46	83.81	99.02	110.32	*0.42*	*0.40*	*0.41*	*0.41*	*0.45*
(d) Fishery	169.88	196.45	215.52	254.64	290.93	*1.17*	*1.06*	*1.04*	*1.05*	*1.18*
2. Industry	**6,094.89**	**7,488.74**	**8,085.38**	**9,719.51**	**7,974.54**	***41.83***	***40.34***	***39.14***	***40.00***	***32.27***
(a) Crude Petroleum	5,664.88	6,982.94	7,533.04	9,097.75	7,321.31	*38.87*	*37.61*	*36.47*	*37.44*	*29.62*
(b) Solid Minerals	17.30	27.28	31.45	36.19	40.61	*0.12*	*0.15*	*0.15*	*0.15*	*0.16*
(c) Manufacturing	412.71	478.52	520.88	585.57	612.61	*2.83*	*2.58*	*2.52*	*2.41*	*2.48*
3. Building & Construction	**215.79**	**250.33**	**266.46**	**306.58**	**347.69**	***1.48***	***1.35***	***1.29***	***1.26***	***1.41***
4. Wholesale & Retail Trade	**1,868.25**	**2,741.79**	**3,044.77**	**3,503.18**	**4,091.82**	***12.82***	***14.77***	***14.74***	***14.42***	***16.56***
5. Services	**1,620.11**	**2,143.49**	**2,502.83**	**2,785.66**	**3,106.82**	***11.12***	***11.55***	***12.12***	***11.47***	***12.57***
(a) Transport	385.48	441.82	473.45	479.13	506.72	*2.65*	*2.38*	*2.29*	*1.97*	*2.05*
(b) Communication	41.26	167.68	246.23	252.63	258.89	*0.28*	*0.90*	*1.19*	*1.04*	*1.05*
(c) Utilities	29.39	42.61	45.78	52.67	62.15	*0.20*	*0.23*	*0.22*	*0.22*	*0.25*
(d) Hotel & Restaurant	46.08	57.61	72.84	86.06	98.96	*0.32*	*0.31*	*0.35*	*0.35*	*0.40*
(e) Finance & Insurance	130.75	296.70	340.91	392.04	444.24	*0.90*	*1.60*	*1.65*	*1.61*	*1.80*
(f) Real Estate & Business Services	712.84	808.56	925.59	1,064.43	1,213.01	*4.89*	*4.36*	*4.48*	*4.38*	*4.91*
(h) Producers of Govt. Services	148.06	168.80	193.43	223.39	255.44	*1.02*	*0.91*	*0.94*	*0.92*	*1.03*
(I) Comm., Social & Pers. Services	126.27	159.70	204.61	235.31	267.41	*0.87*	*0.86*	*0.99*	*0.97*	*1.08*
TOTAL (GDP)	**14,572.24**	**18,564.59**	**20,657.32**	**24,296.32**	**24,714.72**	***100.00***	***100.00***	***100.00***	***100.00***	***100.00***
NON-OIL (GDP)	**8,907.36**	**11,581.66**	**13,124.28**	**15,198.57**	**17,393.41**	***78.06***	***101.49***	***63.53***	***62.56***	***70.38***
TOTAL GD P GROWTH RATE (%)	**27.70**	**27.40**	**11.27**	**17.62**	**1.72**					
OIL GDP GROWTH RATE (%)	**33.36**	**23.27**	**7.88**	**20.77**	**-19.53**					
NON-OIL GDP GROWTH RATE (%)	**24.35**	**30.02**	**13.32**	**15.81**	**14.44**					
Of which Agriculture (%)	*22.27*	*24.45*	*13.76*	*18.11*	*15.19*					
Of which Industry (%)	*32.21*	*22.87*	*7.97*	*20.21*	*-17.95*					
Of which Services (%)	*29.95*	*32.30*	*16.76*	*11.30*	*11.53*					
Of Finance & Insurance (%)	*27.00*	*126.93*	*14.90*	*15.00*	*13.31*					
Of which Manufacturing (%)	*18.15*	*15.95*	*8.85*	*12.42*	*4.62*					
Of which Mining and Quarying (%)	*32.57*	*57.70*	*15.29*	*15.06*	*12.22*					
Of which Communication (%)	*79.23*	*306.44*	*46.85*	*2.60*	*2.48*					

1/ Provisional
Source: National Bureau of Statistics (NBS)

Table 35
Gross Domestic Product at 1990 Purchasers' Prices: Expenditure Approach
(Naira billion)

COMPONENT	2005	2006	2007	2008 1/	2009 2/
Domestic demand	**562.80**	**535.67**	**645.90**	**714.69**	**774.20**
Private Consumption Expenditure	436.27	354.50	413.84	465.45	416.3
Government Final Expenditure	86.74	117.74	142.93	164.89	181.5
Gross Fixed Capital Formation	39.80	63.43	89.14	84.35	176.4
Increase in Stocks	**0.06**	**0.06**	**0.09**	**0.10**	**0.09**
Net Export of Goods and Non-Factor Service	**-2.70**	**70.42**	**2.42**	**21.03**	**6.21**
Export of Goods and Non-Factor Services	148.61	238.11	236.27	**249.26**	295.1
Less Import of Goods and Non-Factor Services	151.32	167.69	233.85	**228.23**	288.9
Gross Domestic Product (At 1990 Purchaser's Price)	**560.16**	**606.15**	**648.41**	**735.82**	**780.50**

1/ Revised
2/ Estimate
Source: National Bureau of Statistics (NBS)

Table 36
Gross Domestic Product at Current Purchasers' Prices: Expenditure Approach
(Naira billion)

COMPONENT	2005	2006	2007	2008 1/	2009 2/
Domestic demand	**12,882.56**	**14,664.51**	**19,693.27**	**20,597.22**	**23,059.04**
Private Consumption Expenditure	11,075.06	11,834.58	16,135.89	17,166.51	18,870.29
Government Final Consumption Expenditure	1,003.10	1,283.40	1,642.03	1,400.20	1,746.05
Gross Fixed Capital Formation	804.40	1,546.53	1,915.35	2,030.51	2,442.70
Increase in Stocks	**1.18**	**1.47**	**1.69**	**1.69**	**1.87**
Net Export of Goods and Non-Factor Service	**1,851.58**	**4,043.81**	**1,179.08**	**4,825.77**	**6,052.28**
Export of Goods and Non-Factor Services	4,664.76	8,066.04	7,091.31	9,799.69	12,435.81
Less Import of Goods and Non-Oil Services	2,813.18	4,022.23	5,912.23	4,973.92	6,383.53
Gross Domestic Product (At Current Purchasers' Price)	**14,734.14**	**18,708.32**	**20,872.34**	**25,422.99**	**29,111.32**

1/ Revised
2/ Estimate
Source: National Bureau of Statistics (NBS)

Table 37
National Income at Constant Market Prices (Naira billion)

COMPONENT	2005	2006	2007	2008 1/	2009 2/
1. Gross Domestic Product					
(At Constant Market Prices)	**560.16**	**606.15**	**648.41**	**733.02**	**756.07**
LESS					
Net Factor Income From Abroad	-32.11	-15.39	-38.76	-85.80	-62.28
Other Current Transfers	8.61	39.16	69.97	90.82	140.04
2. Gross National Income	**536.66**	**629.92**	**679.62**	**738.03**	**833.82**
LESS					
Consumption of Fixed Capital (Depreciation)	15.65	18.26	21.30	24.84	28.26
3. Net National Income (Market prices)	**552.31**	**648.18**	**700.92**	**762.87**	**805.56**

1/ Revised
2/ Estimate
Source: National Bureau of Statistics (NBS)

Table 38
Index of Agricultural Production By Type of Activity
(1990=100)

Sub-Sector	2005	2006	2007 1/	2008 2/	2009 3/
Crops	**181.5**	**195.3**	**208.4**	**222.0**	**237.1**
(a) Staples	199.5	215.0	229.5	245.9	268.2
(b) Other Crops	88.6	93.3	98.9	106.3	113.8
Livestock	**250.0**	**265.0**	**279.7**	**299.0**	**319.4**
Fishery	**182.1**	**190.7**	**201.7**	**214.9**	**270.0**
Forestry	**132.6**	**134.8**	**138.4**	**147.4**	**155.5**
Aggregate	**186.9**	**200.1**	**212.8**	**226.7**	**242.1**

1/: Revised
2/: Provisional
3/: Estimated
Source: Derived from data compiled by the National Bureau of Statistics (NBS)

Table 39: Estimated Output of Major Agricultural Commodities ('000 Tonnes, Except Otherwise Stated)

Item	Area planted (Million Ha)					Production ('000 Tonnes)				
	2005	2006	2007	2008	2009	2005	2006	2007/1	2008 /1	2009 /1
Crop Production	**28,579.0**	**104,549.3**	**109,776.8**	**109,509.5**	**112,902.1**	**121,146.31**	**130,574.08**	**139,315.13**	**149,442.19**	**158,679.29**
Staples	**25,210.0**	**96,102.6**	**100,907.7**	**100,434.8**	**103,480.7**	**111,557.93**	**120,470.58**	**128,601.59**	**138,116.94**	**146,680.19**
Maize	4,613.0	9,973.0	10,471.7	8,949.9	8,775.1	10,369.60	11,087.36	11,875.70	12,708.90	13,450.1
Millet	4,145.0	6,072.0	6,375.6	5,967.9	6,034.4	7,394.71	7,905.00	8,399.37	8,951.82	9,417.4
Guineacorn/Sorghum	4,630.0	9,624.0	10,105.2	9,545.9	9,680.3	10,593.64	11,234.78	11,892.60	12,600.65	13,316.7
Rice	1,100.0	3,694.0	3,878.7	3,235.0	3,143.6	3,929.41	4,200.00	4,522.90	4,852.49	5,213.9
Wheat	15.0	14.3	15.0	15.9	16.7	59.05	62.57	66.71	70.90	75.4
Acha	114.0	206.8	217.2	223.0	231.9	101.33	107.61	113.69	120.43	127.2
Beans/Cowpeas	4,193.0	9,839.0	10,331.0	10,679.7	11,123.9	4,462.17	4,791.50	5,128.20	5,497.62	5,793.0
Cassava Old	2,777.0	3,897.4	4,092.3	4,463.5	4,717.2	35,835.00	39,704.87	42,661.82	46,553.95	49,631.6
Potatoes	133.0	225.7	237.0	249.9	261.7	1,640.41	1,730.03	1,856.11	1,974.44	2,096.7
Yam	2,150.0	3,272.1	3,435.7	3,603.6	3,768.6	28,521.80	30,343.87	31,986.28	33,873.63	35,928.6
Cocoyam	448.0	47,953.1	50,350.8	51,983.0	54,125.5	2,479.21	2,663.27	2,857.02	3,067.00	3,304.0
Plantain	21.0	108.4	113.8	120.0	125.7	1,246.71	1,314.82	1,401.80	1,486.46	1,565.2
Vegetables	871.0	1,222.7	1,283.8	1,397.5	1,476.1	4,924.90	5,324.90	*5,839.39*	6,358.63	6,760.4
Other crops	**3,369.0**	**8,446.7**	**8,869.0**	**9,074.7**	**9,421.5**	**9,588.38**	**10,103.50**	**10,713.53**	**11,325.25**	**11,999.10**
Melon	234.0	376.3	395.1	405.6	421.6	512.05	541.21	574.43	608.41	640.2
Groundnut/Peanut	2,360.0	3,335.1	3,501.8	3,576.5	3,712.5	3,630.00	3,812.61	4,036.17	4,256.02	4,489.2
Benniseed/Sesame	178.0	72.9	76.5	80.6	84.4	119.78	126.98	137.10	146.68	158.2
Soya Bean	156.0	2,473.2	2,596.9	2,647.2	2,746.4	1,547.91	1,635.32	1,728.50	1,826.55	1,928.6
Cotton	202.0	816.6	857.5	879.8	914.5	600.00	631.48	667.35	703.81	748.5
Oil Palm	34.0	76.7	80.6	87.3	92.1	196.42	209.16	233.10	254.00	272.1
Cocoa	87.0	1,039.5	1,091.5	1,106.0	1,145.5	215.40	227.72	240.20	253.65	272.0
Rubber		4.4	4.6	4.9	5.1	245.20	259.62	277.40	295.06	312.0
Sugarcane	33.0	134.0	140.7	148.2	155.2	2,325.97	2,453.04	2,601.20	2,750.81	2,932.4
Kolanut	20.0	110.0	115.5	118.0	122.5	78.89	83.20	87.82	92.66	99.4
Ginger	54.0	7.9	8.3	8.7	9.1	88.66	93.50	98.69	104.13	110.4
Cashew	2.0	5.4	5.7	5.9	6.2	20.82	21.96	23.18	24.46	26.5
Pineapple	9.0	1.1	1.2	1.2	1.3	3.27	3.46	3.80	4.09	4.4
Palm Produce		4.3	4.5	4.8	5.0	3.99	4.22	4.60	4.94	5.3
Livestock Products						**3,260.28**	**3,455.52**	**3,647.33**	**3,858.44**	**4,119.27**
Poultry						110.90	115.45	122.90	129.39	139.3
Goat Meat						524.43	559.20	597.00	636.97	677.8
Mutton						498.14	531.43	556.30	587.92	625.4
Beef						235.10	262.22	275.80	298.85	317.0
Pork						66.50	69.63	73.15	76.72	81.3
Milk						1,245.20	1,313.33	1,390.20	1,468.92	1,567.0
Eggs						580.02	604.26	631.98	659.68	711.5
Fishery						**573.71**	**600.65**	**635.20**	**668.75**	**709.68**
(1) Artisanal Coastal and Brackish Water Catches						240.61	250.88	262.70	274.49	291.9
(2) Artisanal Inland Rivers and Lakes Catches						224.80	232.72	244.80	255.47	270.3
(3) Fish Farming						62.20	68.29	76.30	84.51	89.9
(4) Industrial (Trawling) Coastal Fish & Shrimps						46.10	48.76	51.40	54.27	57.6
Forestry ('000 cu meteres)						**139,486.60**	**141,812.75**	**145,593.07**	**148,747.64**	**157,449.38**
Roundwood						137,075.50	139,359.60	143,072.08	146,169.78	154,709.8
Sawnwood						2,208.80	2,248.55	2,311.00	2,363.89	2,510.1
Wood-Based Panels						175.80	177.45	181.70	184.73	198.4
Papers & Paperboards ('000MT)						26.50	27.15	28.29	29.25	31.1

1/ Provisional
Source: National Bureau of Statistics (NBS)

Table 40
Indices of Average World Prices (c.i.f) of Nigeria's Major Agricultural Export Commodities (1990=100)
(Dollar-based)

COMMODITY	2005	2006	2007	2008	2009
COCOA	180.0	216.9	276.0	348.2	520.4
COFFEE	65.5	83.9	282.7	284.0	207.3
COPRA	149.5	144.6	123.0	173.7	154.6
COTTON	66.7	69.7	154.0	126.1	155.7
PALM OIL	131.5	147.6	223.9	337.6	381.5
SOYA BEANS	125.1	123.2	159.4	261.1	245.2
ALL COMMODITIES	**172.4**	**206.0**	**413.6**	**514.8**	**572.8**

Sources: Public Ledger and *Financial Times* (London)

Table 41
Indices of Average World Prices (c.i.f) of Nigeria's Major Agricultural Export Commodities (1990=100) (Naira-based)

COMMODITY	2005	2006	2007	2008	2009
COCOA	2,155.6	2,522.8	3,472.2	4,128.5	6,156.8
COFFEE	1,073.3	1,334.7	3,312.2	3,196.2	2,333.2
COPRA	2,434.2	2,262.4	2,105.3	2,591.6	2,280.6
COTTON	1,079.6	1,096.8	2,428.2	1,874.5	2,315.0
PALM OIL	2,423.1	2,643.0	1,189.2	1,720.8	1,946.6
SOYA BEAN	2,035.0	1,946.1	4,793.6	7,401.3	7,568.0
ALL COMMODITIES	**2,179.8**	**2,521.3**	**5,713.1**	**7,198.5**	**8,009.1**

Sources: Public Ledger and *Financial Times* (London)

Table 42
Average Prices of Selected Cash Crops
(Naira per Tonne)

COMMODITY	2005	2006	2007 1/	2008 2/	2009 3/
Benniseed	86,927.8	92,954.4	94,706.7	97,424.8	103,763.4
Cocoa	168,099.9	175,632.8	182,490.0	220,000.0	435,000.0
Coffee (Arabica)	154,308.8	158,544.5	172,003.6	181,665.2	193,795.4
Tea	207,908.2	251,536.0	308,406.7	335,546.5	390,854.7
Cotton	30,480.0	32,151.1	33,822.2	35,628.3	36,295.6
Groundnut (Unshelled)	25,080.8	25,681.2	26,281.6	26,903.4	27,499.5
Ginger (Peeled)	91,981.9	92,872.5	194,746.7	205,847.3	237,172.8
Palm Kernel	26,312.2	26,930.2	48,796.7	57,946.1	63,615.7
Palm Oil (Special)	122,078.1	133,003.6	161,358.2	179,398.0	194,530.0
Soya Beans	59,379.7	62,717.2	65,720.0	69,056.1	72,292.4
Rubber (100% Dry Lump top quality)	132,808.4	135,047.6	137,286.8	139,582.3	142,810.2
Cashew Nut	52,922.0	53,568.0	54,214.0	54,860.0	57,506.0
Wheat	81,102.1	89,199.6	67,136.7	68,768.1	75,064.1

1/ Revised
2/ Provisional
3/ Estimated
Sources: (i) CBN Nationwide Survey
(ii) Agricultural Projects Monitoring and Evaluation Unit (APMEU) Bulletin on Prices
(iii) NAERLS Bulletin on Prices

Table 43
Index of Industrial Production (1990=100)

Year/Quarter	Manufacturing	Mining	Electricity	Total (All Sectors)
2005	89.5	143.2	233.2	121.6
2006	**89.6**	**142.7**	**198.1**	**120.8**
1st Quarter	91.9	144.4	212.5	123.2
2nd Quarter	92.6	148.1	189.0	124.4
3rd Quarter	87.2	145.3	200.0	120.6
4th Quarter	86.6	132.8	190.9	114.8
2007	**89.2**	**132.7**	**190.2**	**119.4**
1st Quarter	89.4	132.0	189.7	120.3
2nd Quarter	89.6	132.2	190.3	120.1
3rd Quarter	89.0	133.1	190.1	119.5
4th Quarter	88.6	133.3	190.8	117.5
2008 1/	**91.2**	**129.6**	**198.2**	**117.8**
1st Quarter	90.8	130.9	194.2	118.3
2nd Quarter	91.0	129.4	199.0	117.7
3rd Quarter	91.3	129.0	199.5	118.0
4th Quarter	91.7	129.0	200.0	117.2
2009 2/	**92.4**	**129.4**	**198.3**	**118.2**
1st Quarter	91.6	127.2	198.0	116.9
2nd Quarter	92.3	129.5	195.9	118.1
3rd Quarter	92.8	130.5	199.3	118.9
4th Quarter	93.0	130.5	200.0	119.0

1/ Revised
2/ Provisional
Sources: Computed from data obtained from the National Bureau of Statistics (NBS); C.B.N. Surveys; N.N.P.C.; Federal Ministry of Power and Steel; and Ministry of Solid Minerals Development.

Table 44: Index of Manufacturing Production (Base Quaterly Average 1990 = 100)

Year/Quarter	Sugar Confectio-nery	Soft Drinks	Beer & Stout	Cotton Textiles	Synthetic Fabrics	Foot Wear	Paints	Refined Petroleum	Cement	Roofing Sheets	Vehicle Assembly	Soap & Detergents	Radio & T.V	Total
2005	**50.6**	**53.2**	**137.5**	**80.3**	**44.6**	**99.0**	**184.6**	**132.8**	**113.4**	**37.4**	**64.1**	**140.1**	**27.9**	**89.4**
2006	**50.6**	**53.2**	**137.5**	**80.3**	**44.6**	**99.0**	**184.6**	**132.8**	**113.4**	**37.4**	**64.1**	**140.1**	**27.9**	**89.4**
1st Quarter	50.6	53.0	137.1	80.3	44.6	98.3	184.4	132.6	113.3	37.3	63.9	139.9	27.9	89.3
2nd Quarter	50.5	53.0	137.3	80.3	44.6	99.1	184.7	132.7	113.4	37.4	64.3	140.0	27.9	89.4
3rd Quarter	50.7	53.1	137.7	80.2	44.6	99.3	184.7	132.8	113.4	37.4	64.3	140.1	27.9	89.5
4th Quarter	50.8	53.6	137.8	80.3	44.6	99.3	184.7	133.0	113.5	37.4	63.9	140.2	27.9	89.6
2007	**51.3**	**53.0**	**131.7**	**79.8**	**46.3**	**96.5**	**187.1**	**129.9**	**113.5**	**39.2**	**64.9**	**138.0**	**27.8**	**89.2**
1st Quarter	43.7	54.3	138.1	79.2	73.4	91.5	157.0	135.6	113.3	43.0	68.6	137.0	28.0	89.4
2nd Quarter	58.9	51.1	124.0	84.3	46.7	103.3	159.9	134.5	115.3	43.6	72.0	144.1	27.6	89.6
3rd Quarter	45.5	55.9	135.9	83.9	42.1	90.9	212.3	119.5	106.1	42.2	59.0	135.2	27.9	89.0
4th Quarter	57.0	50.8	128.9	72.0	23.0	100.4	219.3	130.0	119.1	28.2	60.2	135.5	27.9	88.6
2008 1/	**57.9**	**55.0**	**129.1**	**80.1**	**46.7**	**89.2**	**192.1**	**131.8**	**126.7**	**43.3**	**62.1**	**140.4**	**31.3**	**91.2**
1st Quarter	54.3	54.3	127.1	79.2	70.7	90.3	169.9	130.6	124.0	40.8	68.8	140.9	29.9	90.8
2nd Quarter	56.9	55.9	128.9	84.3	50.3	89.2	180.2	131.8	126.5	44.6	60.4	144.1	30.2	91.0
3rd Quarter	56.1	56.9	129.7	83.9	42.1	89.0	200.8	131.9	127.3	44.9	59.0	135.2	30.3	91.3
4th Quarter	64.2	52.8	130.8	73.0	23.9	88.4	217.4	132.9	128.9	42.9	60.2	141.5	34.9	91.7
2009 2/	**65.3**	**57.2**	**131.0**	**69.2**	**41.4**	**88.1**	**200.1**	**128.8**	**138.1**	**48.0**	**58.5**	**141.4**	**34.5**	**92.4**
1st Quarter	64.3	54.1	130.6	68.9	40.3	88.0	199.8	127.9	135.0	47.9	58.9	141.0	34.1	91.6
2nd Quarter	65.0	56.9	130.9	69.0	40.3	88.2	200.0	128.7	138.9	48.0	59.0	141.2	34.0	92.3
3rd Quarter	65.8	58.9	131.2	69.9	42.1	88.3	200.0	129.0	139.1	48.1	58.1	141.5	34.9	92.8
4th Quarter	66.0	59.1	131.4	68.9	43.0	88.0	200.8	129.7	139.3	48.1	58.0	142.0	35.1	93.0

1/ Revised
2/ Provisional
Source: Data Derived from NBS and CBN Surveys.

Table 45
Production of Principal Solid Minerals, 2005 - 2009

SOLID MINERALS	2005	2006	2007	2008	2009	*ABSOLUTE CHANGE BETWEEN*	*PERCENTAGE CHANGE BETWEEN*
	(1)	(2)	(3)	(4)	(5)	*(4) & (5)*	*(4) & (5)*
BARYTE	-	30,011.00	18,046.58	18,948.91	19,422.63	*473.72*	*2.5*
CLAY	20,000.00	155,336.00	233,932.46	250,775.60	248,267.84	*(2,507.76)*	*-1.0*
MARBLE AGGREGATES	265,900.00	1,185,722.00	904,120.00	1,018,039.12	997,678.34	*(20,360.78)*	*-2.0*
SAND	114,285.00	941,176.00	1,722,737.04	1,960,474.75	1,980,079.50	*19,604.75*	*1.0*
STONE AGGREGATES	401,322.00	1,635,556.00	2,923,642.00	3,583,215.64	3,762,376.42	*179,160.78*	*5.0*
GOLD	-	170,982.00	582,868.00	647,566.35	666,993.34	*19,426.99*	*3.0*
LEAD/ZINC	-	492,261.00	581,509.00	643,926.45	624,499.43	*(19,427.01)*	*-3.0*
LIMESTONE	1,160,616.00	15,280,815.00	3,323,331.64	3,960,081.98	4,237,287.72	*277,205.74*	*7.0*
IRON ORE	84,790.00	88,180.00	57,900.00	61,779.30	60,852.61	*(926.69)*	*-1.5*
LATERITE	391,793.00	979,148.00	1,642,170.63	1,794,892.50	1,767,969.11	*(26,923.39)*	*-1.5*
SHALE	67,229.00	1,251,834.00	83,378.00	90,548.51	88,737.54	*(1,810.97)*	*-2.0*
CASSITERITE	100.00	1,818.00	229.00	239.99	237.59	*(2.40)*	*-1.0*
COLUMBITE	45.00	387.00	180.00	193.50	191.57	*(1.93)*	*-1.0*
OTHER MINERALS	1,956,462.00	13,817,990.00	23,545,194.65	26,184,610.97	26,565,005.79	*380,394.82*	*1.5*
TOTAL	**4,462,542.00**	**36,031,216.00**	**35,619,239.00**	**40,215,293.56**	**41,019,599.43**	***804,305.87***	***2.0***

Source: Ministry of Mines and Steel Development

Table 46
Energy Consumption (Tonnes of Coal Equivalent (TCE)) (1990=100)

Type	Weight	2003	2004	2005	2006	2007	2008 /1	2009 /2
Coal	**0.13**	**8,182.1**	**8,065.74**	**8,050.7**	**8,050.5**	**8,050.7**	**8,050.7**	**8,050.7**
Percentage Share	0.13	0.03	0.03	0.03	0.0	0.05	0.04	0.04
Hydro - Power	**0.93**	**3,876,335**	**4,041,442.2**	**3,046,626.7**	**2,965,770.7**	**3,113,567.2**	**3,669,824.5**	**3,675,254.50**
Percentage Share	0.93	14.20	17.39	12.04	17.0	19.17	17.98	20.14
Natural Gas	**0.04**	**517,409**	**1,054,218.6**	**1,384,201.5**	**1,310,102.5**	**2,172,121.9**	**2,632,301.0**	**1,371,644.00**
Percentage Share	0.04	1.90	4.54	5.47	7.5	13.37	12.90	7.52
Petroleum Products 1/	**98.90**	**22,892,249**	**18,135,575.40**	**20,855,705.9**	**13,137,540.5**	**10,950,530.1**	**14,098,510.60**	**13,196,266.19**
Percentage Share	98.90	83.87	78.04	82.45	75.4	67.41	69.08	72.30
Total	**100.00**	**27,294,175**	**23,239,301.9**	**25,294,584.80**	**17,421,464.2**	**16,244,269.85**	**20,408,686.80**	**18,251,215.39**
Percentage Share	100.00	100.0	100.00	100	100.0	100	100	100
Index of Energy Consumption(1990=100)	**-**	**171.2**	**175.7**	**176.7**	**170.0**	**169.2**	**177.5**	**174.2**

1/ Revised
2/ Provisional
Sources: Federal Ministry of Solid Mineral Development; Federal Ministry of Power & Steel, NNPC & PHCN.

Table 47
Consumption of Petroleum Products (Tonnes)

Product	2005	2006	2007	2008 /1	2009 /2
Liquefied Petroluem Gas or Cooking Gas	28,300.00	26,016.00	25,948.50	25,888.56	-
Premium Motor Spirit (PMS- Gasoline)	7,308,100.23	5,925,738.22	5,750,174.60	6,894,459.34	6,828,814.39
Dual Purpose Kerosine (DPK)	907,705.70	674,032.00	321,496.02	537,531.50	590,220.44
Automative Gas Oil (AGO) and Diesel	1,760,313.52	1,361,296.00	683,665.64	1,145,877.63	821,819.33
Low Pour Fuel Oil (LPFO)	236,193.91	135,844.44	77,644.57	99,766.28	138,791.63
Bitumen/Asphalt	20,827.55	111,536.89	99,756.89	223,802.79	-
Others (Wax, Petroleum Jelly, Grease, Base Oil, etc.)	114,304.88	17,420.67	20,862.77	25,246.04	-
Total	**10,375,745.79**	**8,251,884.22**	**6,979,548.99**	**8,952,572.14**	**8,379,645.79**

1/ Revised
2/ Estimates
Source: Nigerian National Petroleum Corporation

Table 48
Gas Production, Utilisation and Disposal, 2005 - 2009

	2005	2006	2007	2008	2009 1/	*ABSOLUTE CHANGE BETWEEN*			
	(1)	(2)	(3)	(4)	(5)	*(1)&(2)*	*(2)&(3)*	*(3)&(4)*	*(4)&(5)*
GAS PRODUCED	**57,369.4**	**57,753.7**	**65,936.5**	**66,640.8**	**41,534.16**	***384.3***	***8,182.8***	***704.3***	***(25,106.6)***
GAS USED AS FUEL	2,261.5	2,584.9	2,656.9	3,203.4	1,993.6	*323.4*	*71.9*	*546.6*	*(1,209.8)*
GAS SOLD TO INDUSTRIES	13,844.4	15,824.0	16,264.4	19,615.2	10,221.1	*1,979.6*	*440.4*	*3,350.8*	*(18,394.1)*
GAS SOLD TO LNG	5,311.5	6,071.0	6,239.9	7,514.6	4,442.7	*759.5*	*168.9*	*1,274.7*	*(2,821.2)*
GAS REINJECTED	10,694.0	12,223.1	12,563.3	15,126.8	9,084.1	*1,529.2*	*340.2*	*2,563.5*	*(10,142.7)*
GAS LIFT	1,026.9	1,173.7	1,206.4	1,415.1	1,172.0	*146.8*	*32.7*	*208.7*	*(542.9)*
GAS CONVERTED TO NGLs	1,310.6	1,498.0	1,539.7	1,854.3	1,163.0	*187.4*	*41.7*	*314.6*	*(691.3)*
TOTAL GAS UTILISED	**34,448.9**	**39,374.8**	**40,470.6**	**48,729.4**	**28,076.5**	***4,925.9***	***1,095.8***	***8,258.9***	***(33,802.0)***
GAS UTILISED AS % OF GAS PRODUCED	60.0	68.2	73.1	73.1	67.6	*8.1*	*4.9*	*0.1*	*(5.5)*
GAS FLARED	**22,920.5**	**18,378.9**	**20,130.4**	**17,844.8**	**13,457.2**	***(4,541.6)***	***1,751.5***	***(2,285.6)***	***(4,387.6)***
GAS FLARED AS % OF GAS PRODUCED	40.0	31.8	30.5	26.8	32.4	*(8.1)*	*(1.3)*	*(3.8)*	*5.6*

1/ Provisional
Source: NNPC, DPR,CBN Estimates

Table 49
World Crude Oil Production and Consumption
(Million Barrels Per Day)

	2005	2006	2007	2008	2009	ABSOLUTE CHANGE BETWEEN				PERCENTAGE CHANGE BETWEEN			
	(1)	(2)	(3)	(4)	(5)	(1)&(2)	(2)&(3)	(3)&(4)	(4)&(5)	(1)&(2)	(2)&(3)	(3)&(4)	(4)&(5)
SUPPLY													
OPEC	35.70	35.50	36.22	37.1	33.4	-0.20	0.72	0.88	-3.70	(0.6)	2.0	2.4	(10.0)
Crudes	31.60	31.40	31.82	32.10	28.70	-0.20	0.42	0.28	-3.40	(0.6)	1.3	0.9	(10.6)
NGLs and condensates	4.10	4.10	4.40	5.00	4.70	0.00	0.30	0.60	-0.30	-	7.3	13.6	(6.0)
TOTAL NON -OPEC	48.50	48.90	49.55	49.5	51.3	0.40	0.65	-0.05	1.80	0.8	1.3	(0.1)	3.6
Total World Supply	**84.20**	**84.40**	**85.77**	**86.60**	**84.70**	**0.20**	**1.37**	**0.83**	**-1.90**	**0.2**	**1.6**	**1.0**	**(2.2)**
DEMAND													
OECD	49.70	49.30	49.20	47.5	45.5	-0.40	-0.10	-1.70	-2.00	(0.8)	(0.2)	(3.5)	(4.2)
NON - OECD	34.00	35.30	36.60	38.3	39.4	1.30	1.30	1.70	1.10	3.8	3.7	4.6	2.9
Total World Demand	**83.70**	**84.60**	**85.8**	**85.8**	**84.9**	**0.90**	**1.20**	**0.00**	**-0.90**	**1.1**	**1.4**	**-**	**(1.0)**
NIGERIA													
Output	2.33	2.23	2.15	1.98	1.82	-0.10	-0.08	-0.17	-0.16	(4.3)	(3.6)	(7.9)	(8.1)
Exports	1.88	1.78	1.70	1.53	1.37	-0.10	-0.08	-0.17	-0.16	(5.3)	(4.5)	(10.0)	(10.5)
Domestic Consumption	0.45	0.45	0.45	0.45	0.45	0.00	0.00	0.00	0.00	-	-	-	-

SOURCE: Reuters News Agency

Table 50
Analysis of the Average Spot Prices of Selected Crudes Traded at the International Oil Market
(US Dollar Per Barrel)

Crude Type	2005	2006	2007	2008	2009	*Absolute Change Between*				*Percentage Change Between*			
	(1)	(2)	(3)	(4)	(5)	*(1)&(2)*	*(2)&(3)*	*(3)&(4)*	*(4)&(5)*	*(1)&(2)*	*(2)&(3)*	*(3)&(4)*	*(4)&(5)*
UK Brent	54.37	65.00	72.73	98.49	62.72	*10.63*	*7.73*	*25.76*	*-35.77*	*19.5*	*11.9*	*35.4*	*(36.3)*
Arab Light	50.45	59.87	68.21	-	-	*9.42*	*8.33*	*-68.21*	*0.00*	*18.7*	*13.9*	*(100.0)*	-
West Texas Intermediate(WTI)	56.16	65.78	72.12	100.75	63.52	*9.62*	*6.34*	*28.63*	*-37.23*	*17.1*	*9.6*	*39.7*	*(37.0)*
Bonny Light	55.43	66.38	74.96	101.15	62.08	*10.95*	*8.58*	*26.19*	*-39.07*	*19.7*	*12.9*	*34.9*	*(38.6)*
Forcados	55.23	66.12	74.71	101.52	64.22	*10.89*	*8.59*	*26.81*	*-37.30*	*19.7*	*13.0*	*35.9*	*(36.7)*
OPEC Basket	50.64	61.08	69.02	94.45	61.06	*10.44*	*7.94*	*25.43*	*-33.39*	*20.6*	*13.0*	*36.8*	*(35.4)*

Source: Reuters News Agency

Table 51
Composite Consumer Price Index (2003 = 100)

	2005	2006	2007	2008	2009	*percentage change between*			
	(1)	(2)	(3)	(4)	(5)	*(1) & (2)*	*(2) & (3)*	*(3) & (4)*	*(4) & (5)*
All- Items	**144.7**	**157.1**	**167.4**	**192.6**	**215.6**	***8.6***	***6.6***	***15.1***	***11.9***
All- Items Less Farm Produce	141.3	165.7	171.7	189.6	207.9	*17.3*	*3.6*	*10.4*	*9.7*
All- Items Less Farm Produce & Energy	134.1	164.4	153.7	177.2	193.7	*22.6*	*-6.5*	*15.3*	*9.3*
Food	144.1	149.7	162	191.2	217.1	*3.9*	*8.2*	*18.0*	*13.5*
Food & Non-Alcoholic Beverages	143.8	149.5	162.4	191	216.8	*4.0*	*8.6*	*17.6*	*13.5*
Alcoholic Beverage, Tobacco & Kola	128.9	152	157.1	162.4	168.0	*17.9*	*3.4*	*3.4*	*3.4*
Clothing & Footwear	113	146	142.8	160	165.0	*29.2*	*-2.2*	*12.0*	*3.1*
Housing, Water, Electricity, Gas & other Fuel	158.1	187	202.8	226.6	242.9	*18.3*	*8.4*	*11.7*	*7.2*
Furnishing & household Equipment Maintenance	129.7	143	146.9	164.4	190.6	*10.3*	*2.7*	*11.9*	*15.9*
Health	138.5	152.2	142.3	162.3	167.9	*9.9*	*-6.5*	*14.1*	*3.5*
Transport	129.9	160.8	172.1	174.2	189.3	*23.8*	*7.0*	*1.2*	*8.7*
Communication	222	223.8	225.1	231	237.1	*0.8*	*0.6*	*2.6*	*2.6*
Recreation & Culture	119.6	141.8	141.3	153	163.9	*18.6*	*-0.4*	*8.3*	*7.1*
Education	152.1	154.8	180	212.5	245.2	*1.8*	*16.3*	*18.1*	*15.4*
Restaurant & Hotels	122	183.7	220.4	276.1	280.4	*50.6*	*20.0*	*25.3*	*1.6*
Miscellaneous goods & Services	144.1	153.1	153.7	176.8	190.4	*6.2*	*0.4*	*15.0*	*7.7*
CPI, END DECEMBER	**144.7**	**157.1**	**167.4**	**192.6**	**215.6**				

Note: 'All Items Less Farm Produce & Energy' and 'Food & Non-Alcoholic Beverages' were not in the market basket until year 2000; while 'Communication', 'Education' and 'Restaurants and Hotels' were not in the basket until 2002.
Source: National Bureau of Statistics (NBS), Abuja.

Table 52
Urban Consumer Price Index (2003 = 100)

	2005	2006	2007	2008	2009	*Percentage change between*			
	(1)	(2)	(3)	(4)	(5)	*(1) & (2)*	*(2) & (3)*	*(3) & (4)*	*(4) & (5)*
All- Items	**155.5**	**171.6**	**191.4**	**213.2**	**230.1**	***10.4***	***11.5***	***11.4***	***7.9***
All- Items Less Farm Produce	142.7	176.0	201.3	217.0	222.5	*23.3*	*14.4*	*7.8*	*2.5*
All- Items Less Farm Produce & Energy	133.4	163.2	188.7	205.4	210.5	*22.3*	*15.6*	*8.9*	*2.5*
Food	162.9	166.4	181.4	206.1	230.1	*2.1*	*9.0*	*13.6*	*11.6*
Food & Non-Alcoholic Beverages	162.4	166.0	181.2	205.7	229.6	*2.2*	*9.2*	*13.5*	*11.6*
Alcoholic Beverage, Tobacco & Kola	133.5	162.5	178.8	172.3	176.8	*21.7*	*10.0*	*-3.6*	*2.6*
Clothing & Footwear	120.7	151.5	157.6	165.2	166.9	*25.5*	*4.0*	*4.8*	*1.0*
Housing, Water, Electricity, Gas & other Fuel	155.4	198.5	234.3	262.0	265.8	*27.7*	*18.0*	*11.8*	*1.5*
Furnishing & household Equipment Maintenance	132.3	151.2	172.7	184.8	194.2	*14.3*	*14.2*	*7.0*	*5.1*
Health	141.0	159.0	162.5	170.8	176.0	*12.8*	*2.2*	*5.1*	*3.0*
Transport	129.7	159.3	184.6	175.7	183.7	*22.8*	*15.9*	*-4.8*	*4.6*
Communication	241.8	238.8	247.5	242.4	242.4	*-1.2*	*3.6*	*-2.1*	*0.0*
Recreation & Culture	124.7	153.2	151.8	152.0	154.9	*22.9*	*-0.9*	*0.1*	*1.9*
Education	182.5	205.7	255.9	270.0	304.8	*12.7*	*24.4*	*5.5*	*12.9*
Restaurant & Hotels	124.3	195.7	230.7	260.2	263.0	*57.4*	*17.9*	*12.8*	*1.1*
Miscellaneous goods & Services	156.0	164.0	179.8	192.4	206.4	*5.1*	*9.6*	*7.0*	*7.3*
CPI, END DECEMBER	**155.5**	**171.6**	**191.4**	**213.2**	**230.1**				

Source: National Bureau of Statistics (NBS), Abuja.

Table 53
Rural Consumer Price Index (2003 = 100)

	2005	2006	2007	2008	2009	Percentage change between			
	(1)	(2)	(3)	(4)	(5)	*(1) & (2)*	*(2) & (3)*	*(3) & (4)*	*(4) & (5)*
All- Items	**140.0**	**150.8**	**157.0**	**183.7**	**209.4**	***7.7***	***4.1***	***17.0***	***14.0***
All- Items Less Farm Produce	140.7	161.3	158.9	177.7	201.6	*14.6*	*-1.5*	*11.8*	*13.4*
All- Items Less Farm Produce & Energy	134.4	165.0	138.6	165.0	186.4	*22.8*	*-16.0*	*19.0*	*13.0*
Food	138.2	144.4	155.9	186.4	213.0	*4.5*	*8.0*	*19.6*	*14.3*
Food & Non-Alcoholic Beverages	137.9	144.3	156.4	186.3	212.7	*4.6*	*8.4*	*19.1*	*14.2*
Alcoholic Beverage, Tobacco & Kola	123.7	140.5	133.4	151.4	158.4	*13.6*	*-5.1*	*13.5*	*4.6*
Clothing & Footwear	104.9	140.4	127.2	154.6	163.1	*33.8*	*-9.4*	*21.5*	*5.5*
Housing, Water, Electricity, Gas & other Fuel	161.0	175.1	170.3	190.0	219.3	*8.8*	*-2.7*	*11.6*	*15.4*
Furnishing & household Equipment Maintenance	128.2	138.2	131.5	152.2	188.5	*7.8*	*-4.8*	*15.7*	*23.9*
Health	136.5	146.8	126.4	155.5	161.4	*7.5*	*-13.9*	*23.0*	*3.8*
Transport	130.2	163.5	149.9	171.6	199.3	*25.6*	*-8.3*	*14.5*	*16.1*
Communication	206.1	211.7	207.0	221.9	232.8	*2.7*	*-2.2*	*7.2*	*4.9*
Recreation & Culture	116.1	134.2	134.3	153.7	169.9	*15.6*	*0.1*	*14.4*	*10.5*
Education	131.9	121.0	129.5	174.2	205.6	*-8.3*	*7.0*	*34.5*	*18.0*
Restaurant & Hotels	120.4	175.7	213.6	286.6	292.0	*45.9*	*21.6*	*34.2*	*1.9*
Miscellaneous goods & Services	135.2	145.0	134.3	165.2	178.6	*7.2*	*-7.4*	*23.0*	*8.1*
CPI, END DECEMBER	**140**	**150.8**	**157**	**183.7**	**209.4**				

Source: National Bureau of Statistics (NBS), Abuja.

Table 54: Balance of Payments Compilation (US$' million)

	2006 /1	2007 /1	2008 /1	2009 /2
CURRENT ACCOUNT	**38,569.74**	**31,185.31**	**42,262.09**	**20,120.65**
Goods	**34,813.88**	**36,165.95**	**47,232.74**	**17,671.96**
Credit	57,443.88	66,605.95	84,118.00	46,434.88
Debit	(22,630.00)	(30,440.00)	(36,885.26)	(28,762.92)
Exports fob	**57,443.88**	**66,605.95**	**84,118.00**	**46,434.88**
Crude oil & gas	56,396.16	65,008.82	82,013.79	44,471.46
crude oil	51,277.98	58,164.51	74,304.54	36,292.07
gas	5,118.18	6,844.31	7,709.25	8,179.39
Non-oil	1,047.72	1,597.13	2,104.21	1,963.42
Imports fob	**(22,630.00)**	**(30,440.00)**	**(36,885.26)**	**(28,762.92)**
Crude oil & gas	(5,071.92)	(5,603.45)	(8,184.96)	(6,481.36)
Non-oil	(14,842.76)	(20,340.24)	(28,700.30)	(22,281.56)
Trading Partner Adjustment	(2,715.32)	(4,496.31)	-	-
Services(net)	**(6,676.38)**	**(11,143.60)**	**(12,260.60)**	**(10,320.22)**
Credit	2,199.01	1,455.26	1,959.07	1,715.36
Debit	(8,875.39)	(12,598.86)	(14,219.67)	(12,035.58)
Transportation(net)	(1,484.64)	(2,188.29)	(2,684.35)	(2,375.35)
Credit	1,843.15	836.68	1,231.02	942.40
Debit	(3,327.79)	(3,024.97)	(3,915.37)	(3,317.76)
Of which: Passenger	(234.21)	(958.82)	(845.67)	(854.71)
Credit	25.38	125.07	391.98	192.30
Debit	(259.59)	(1,083.89)	(1,237.65)	(1,047.01)
Of which: Freight	(2,666.93)	(1,478.76)	(2,166.23)	(1,590.21)
Credit	375.66	378.58	418.45	517.93
Debit	(3,042.59)	(1,857.34)	(2,584.68)	(2,108.14)
Of which: Other	1,416.50	249.29	327.55	69.57
Credit	1,442.11	333.03	420.59	232.17
Debit	(25.61)	(83.74)	(93.04)	(162.61)
Travel	(902.04)	(2,205.89)	(3,650.57)	(1,494.93)
Credit	65.64	215.14	237.20	196.61
Debit	(967.68)	(2,421.03)	(3,887.77)	(1,691.53)
Business travel	(28.44)	(270.62)	(374.06)	(219.48)
Credit	-	-	-	-
Debit	(28.44)	(270.62)	(374.06)	(219.48)
Personal travel	(51.10)	(9.80)	(31.51)	(64.84)
Credit	-	-	-	-
Debit	(51.10)	(9.80)	(31.51)	(64.84)
Education-related expenditure	(105.64)	(1,084.75)	(2,063.33)	(762.25)
Credit	-	-	-	-
Debit	(105.64)	(1,084.75)	(2,063.33)	(762.25)
Other	(716.86)	(840.72)	(1,181.67)	(448.36)
Credit	65.64	215.14	237.20	196.61
Debit	(782.50)	(1,055.86)	(1,418.87)	(644.96)
Insurance services	(6.46)	(206.89)	(304.50)	(260.57)
Credit	0.68	4.58	2.48	5.18
Debit	(7.14)	(211.47)	(306.99)	(265.75)
Communication services	(163.13)	(185.37)	(205.97)	(309.96)
Credit	23.76	27.00	30.00	37.00
Debit	(186.89)	(212.37)	(235.97)	(346.96)
Construction services	(53.48)	(60.78)	(67.53)	(43.91)
Credit	-	-	-	-
Debit	(53.48)	(60.78)	(67.53)	(43.91)
Financial services	(18.85)	4.66	5.18	17.97
Credit	12.15	13.50	15.00	21.00
Debit	(31.00)	(8.84)	(9.82)	(3.03)
Computer & information services	(177.07)	(201.22)	(223.58)	(188.20)
Credit	-	-	-	-
Debit	(177.07)	(201.22)	(223.58)	(188.20)
Royalties and license fees	(85.03)	(174.14)	(191.55)	(144.36)
Credit	-	-	-	-
Debit	(85.03)	(174.14)	(191.55)	(144.36)

Table 54 Cont'd: Balance of Payments Compilation (US$' million)

	2006 /1	2007 /1	2008 /1	2009 /2
Other business services	(3,866.71)	(4,145.13)	(4,379.58)	(4,843.54)
Credit	9.50	10.00	10.50	11.34
Debit	(3,876.21)	(4,155.13)	(4,390.08)	(4,854.88)
Operational leasing services	(77.44)	(824.58)	(1,008.81)	(1,158.35)
Credit	-	-	-	-
Debit	(77.44)	(824.58)	(1,008.81)	(1,158.35)
Misc. business, professional and technical services	(3,789.27)	(3,320.55)	(3,370.77)	(3,685.19)
Credit	9.50	10.00	10.50	11.34
Debit	(3,798.77)	(3,330.55)	(3,381.27)	(3,696.53)
Personal, cultural & recreational services	(0.35)	(0.39)	(0.44)	(0.37)
Credit	-	-	-	-
Debit	(0.35)	(0.39)	(0.44)	(0.37)
Government Services	81.38	(1,780.16)	(557.72)	(677.00)
Credit	244.13	348.36	432.86	501.83
Debit	(162.75)	(2,128.52)	(990.58)	(1,178.83)
Income(net)	**(6,662.51)**	**(11,853.34)**	**(12,005.18)**	**(7,331.17)**
Credit	1,878.06	2,580.76	2,413.00	960.29
Debit	(8,540.57)	(14,434.10)	(14,418.17)	(8,291.47)
Compensation of e mployees	126.68	191.83	148.83	147.63
Credit	193.72	219.83	184.09	188.38
Debit	(67.04)	(28.00)	(35.26)	(40.76)
Investment income	(6,789.19)	(12,045.17)	(12,154.01)	(7,478.80)
Credit	1,684.34	2,360.93	2,228.91	771.91
Debit	(8,473.53)	(14,406.10)	(14,382.92)	(8,250.71)
Direct investment	(7,824.84)	(13,151.30)	(13,063.92)	(7,068.01)
Credit	0.89	17.00	21.50	28.70
Debit	(7,825.73)	(13,168.30)	(13,085.42)	(7,096.71)
Income on equity	(7,772.73)	(13,077.30)	(12,981.72)	(6,986.01)
Credit	-	16.00	19.70	26.70
Debit	(7,772.73)	(13,093.30)	(13,001.42)	(7,012.71)
Dividends and distributed branch profits	(1,908.85)	(10,967.30)	(13,485.22)	(7,372.51)
Credit	8.00	14.00	16.20	20.20
Debit	(1,916.85)	(10,981.30)	(13,501.42)	(7,392.71)
Reinvested earnings and undistributed branch profit	(5,854.68)	(2,108.00)	503.50	386.50
Credit	1.20	2.00	3.50	6.50
Debit	(5,855.88)	(2,110.00)	500.00	380.00
Interest	(52.11)	(74.00)	(82.20)	(82.00)
Credit	0.89	1.00	1.80	2.00
Debit	(53.00)	(75.00)	(84.00)	(84.00)
Portfolio investment	(431.00)	(536.08)	(578.00)	(529.00)
Credit	54.00	53.36	61.50	64.00
Debit	(485.00)	(589.44)	(639.50)	(593.00)
Other investment	1,466.65	1,642.21	1,487.91	118.21
Income on debt (interest)	1,466.65	1,642.21	1,487.91	118.21
Credit	1,629.45	2,290.57	2,145.91	679.21
Debit	(162.80)	(648.36)	(658.00)	(561.00)
Current transfers(net)	**17,094.75**	**18,016.30**	**19,295.13**	**20,100.09**
Credit	17,273.42	18,167.66	19,487.29	20,295.60
Debit	(178.67)	(151.36)	(192.16)	(195.51)
General government	121.92	96.37	60.74	50.84
Credit	170.00	180.00	180.00	180.00
Debit	(48.08)	(83.63)	(119.26)	(129.16)
Other sectors	118.26	0.45	57.67	56.96
Credit	213.42	41.72	107.29	94.60
D ebit	(95.16)	(41.27)	(49.62)	(37.64)
Workers' remittances	16,854.57	17,919.48	19,176.72	19,992.29
Credit	16,890.00	17,945.94	19,200.00	20,021.00
Debit	(35.43)	(26.46)	(23.28)	(28.71)

Table 54 Cont'd: Balance of Payments Compilation (US$' million)

	2006 /1	2007 /1	2008 /1	2009 /2
CAPITAL AND FINANCIAL ACCOUNT	**(17,148.98)**	**(6,344.38)**	**(10,741.42)**	**8,961.47**
Capital account(net)	**10,650.00**	**-**	**-**	**-**
Credit	10,650.00	-	-	-
Debit	-	-	-	-
Capital transfers	10,650.00	-	-	-
Credit	10,650.00	-	-	-
General Government				
Debt Forgiveness	10,650.00		-	-
Debit				
Acquisition/disposal of nonproduced, nonfin assets	-	-	-	-
Credit				
Debit				
Financial account(net)	**(27,798.98)**	**(6,344.38)**	**(10,741.42)**	**8,961.47**
Assets	**(19,739.85)**	**(15,921.24)**	**(11,256.34)**	**4,819.24**
Direct investment (Abroad)	(16.61)	(468.00)	(350.40)	(511.07)
Equity capital	(16.61)	(468.00)	(350.40)	(511.07)
Claims on direct investment enterprises	(16.61)	(468.00)	(350.40)	(511.07)
Liabilities to direct investors				
Reinvested earnings				
Other capital	-	-	-	-
Claims on direct investment enterprises				
Liabilities to direct investors				
Portfolio investment	**(1,526.04)**	**(1,859.11)**	**(2,716.42)**	**(2,167.57)**
Equity securities	(1,376.55)	(1,720.69)	(2,024.34)	(1,578.52)
Debt securities	(149.49)	(138.42)	(692.08)	(589.05)
Long-term				
Short-term	(149.49)	(138.42)	(692.08)	(589.05)
Other investment	**(4,178.26)**	**(4,559.08)**	**(6,522.32)**	**(3,119.99)**
Trade credits	(2,037.89)	(1,256.44)	(1,027.32)	(697.32)
Loans -DMBs	(126.11)	(116.77)	(291.92)	(123.54)
Currency and deposits	(2,014.26)	(3,185.87)	(5,203.07)	(2,299.13)
Monetary authorities				
General government				
Parastatals	119.80	(1,273.84)	(2,084.50)	(1,304.64)
Banks	(1,419.26)	(804.87)	(3,477.57)	(855.97)
Other sectors	(595.00)	(2,381.00)	359.00	(138.52)
Other Assets				
Reserve assets	(14,018.94)	(9,035.05)	(1,667.21)	10,617.87
Monetary Gold				
SDRs				
Reserve Positions in the Fund				
Foreign exchange	(14,018.94)	(9,035.05)	(1,667.21)	10,617.87
Other Claims				
Liabilities	**(8,059.13)**	**9,576.86**	**514.92**	**4,142.23**
Direct Invesment in reporting economy	**4,897.81**	**6,086.73**	**3,907.40**	**3,926.12**
Equity capital	3,047.81	3,936.70	4,343.79	4,285.53
Claims on direct investors				
Liabilities to direct investors	3,047.81	3,936.70	4,343.79	4,285.53
Reinvested earnings	1,850.00	2,112.00	(500.00)	(380.00)
Other capital	-	38.03	63.61	20.59
Claims on direct investors				
Liabilities to direct investors	-	38.03	63.61	20.59
Portfolio Investment	**2,825.59**	**2,665.50**	**(3,950.05)**	**(207.57)**
Equity securities	1,785.00	1,459.49	(5,029.78)	(304.34)
Debt securities	1,040.59	1,206.01	1,079.73	96.77
Long-term	1,011.70	1,058.09	420.06	12.62
Short-term	28.89	147.92	659.67	84.15

Table 54 Cont'd: Balance of Payments Compilation (US$' million)

	2006 /1	2007 /1	2008 /1	2009 /2
Other investment liabilities	**(15,782.53)**	**824.63**	**557.57**	**423.67**
Trade credits	-	-	-	-
Short-term				
Long-term				
Loans	(15,886.53)	(25.37)	831.25	837.08
General government	(16,430.00)	(513.00)	(26.00)	(26.42)
Long-term	(16,430.00)	(513.00)	(26.00)	(26.42)
Drawings	501.00	425.00	361.00	422.66
Repayments	(16,931.00)	(938.00)	(387.00)	(449.08)
short-term				
Monetary authorities				
Banks	109.47	121.63	156.25	214.62
Other sectors	434.00	366.00	701.00	648.88
Long-term	434.00	366.00	701.00	648.88
Short-term	-	-	-	-
Currency & Deposits	104.00	850.00	(273.68)	(413.41)
Monetary Authority			-	-
Banks	104.00	850.00	(273.68)	(413.41)
Other Liabilities				
NET ERRORS AND OMISSIONS	**(21,420.76)**	**(24,840.93)**	**(31,520.67)**	**(29,082.12)**
Memorandum Items:	**2006 /2**	**2007 /2**	**2008 /2**	**2009 /1**
Current Account Balance as % of G.D.P	26.49	16.71	20.49	11.87
Capital and Financial Account Balance as % of G.D.P	(11.78)	(3.40)	(5.21)	5.29
Overall Balance as % of G.D.P	9.63	4.84	0.81	(6.27)
External Reserves - Stock (US $ million)	42,298.00	51,333.15	53,000.36	42,382.49
Number of Months of Imports Equivalent	22.43	20.24	17.24	17.68
External Debt Stock (US$ million)	3,544.49	3,654.00	3,704.08	3,947.30
Debt Service Due as % of Exports of Goods and Non Factor Services				-
Effective Central Exchange Rate (N/$)	127.51	124.76	117.78	145.83
Average Exchange Rate (N/$)	128.65	125.83	118.53	148.90
End-Period Exchange Rate (N/$)	128.27	117.97	132.56	149.58

1/ Revised
2/ Provisional
Source: Central Bank of Nigeria

Table 55: Balance of Payments Compilation (Naira million)

	2006 1/	2007 1/	2008 1/	2009 2/
CURRENT ACCOUNT	**4,918,035.32**	**3,890,679.18**	**4,977,726.04**	**2,934,194.28**
Goods	**4,439,124.80**	**4,512,063.92**	**5,563,180.42**	**2,577,101.20**
Credit	7,324,680.63	8,309,758.32	9,907,611.54	6,771,598.12
Debit	(2,885,555.83)	(3,797,694.40)	(4,344,431.12)	(4,194,496.92)
Exports fob	**7,324,680.63**	**8,309,758.32**	**9,907,611.54**	**6,771,598.12**
oil	7,191,085.64	8,110,500.38	9,659,772.56	6,485,272.87
crude oil	6,538,465.49	7,256,604.27	8,751,759.36	5,292,471.94
gas	652,620.16	853,896.12	908,013.20	1,192,800.93
non-oil	133,594.99	199,257.94	247,838.99	286,325.25
Imports fob	**(2,885,555.83)**	**(3,797,694.40)**	**(4,344,431.12)**	**(4,194,496.92)**
oil	(646,721.53)	(699,086.42)	(964,043.35)	(945,176.47)
non-oil	(1,892,603.30)	(2,537,648.34)	(3,380,387.78)	(3,249,320.44)
Trading Partner Adjustment	(346,231.00)	(560,959.64)	-	-
Services(net)	**(851,306.49)**	**(1,390,275.64)**	**(1,444,081.60)**	**(1,504,997.48)**
Credit	280,396.20	181,558.24	230,743.83	250,150.96
Debit	(1,131,702.69)	(1,571,833.87)	(1,674,825.42)	(1,755,148.44)
Transportation(net)	(189,306.74)	(273,011.06)	(316,168.46)	(346,397.76)
Credit	235,020.43	104,384.20	144,992.37	137,430.83
Debit	(424,327.17)	(377,395.26)	(461,160.83)	(483,828.59)
Of which: Passenger	(29,864.16)	(119,622.38)	(99,604.96)	(124,642.36)
Credit	3,236.21	15,603.73	46,168.31	28,043.11
Debit	(33,100.37)	(135,226.12)	(145,773.26)	(152,685.47)
Of which: Freight	(340,060.78)	(184,490.10)	(255,143.21)	(231,900.23)
Credit	47,900.48	47,231.64	49,286.00	75,529.73
Debit	(387,961.26)	(231,721.74)	(304,429.22)	(307,429.96)
Of which: Others	180,618.20	31,101.42	38,579.71	10,144.84
Credit	183,883.73	41,548.82	49,538.06	33,857.99
Debit	(3,265.54)	(10,447.40)	(10,958.35)	(23,713.15)
Travel	(115,019.30)	(275,206.84)	(429,972.13)	(218,005.24)
Credit	8,369.77	26,840.87	27,938.43	28,670.94
Debit	(123,389.07)	(302,047.70)	(457,910.57)	(246,676.18)
Business travel	(3,626.39)	(33,762.55)	(44,057.17)	(32,006.98)
Credit	-	-	-	-
Debit	(3,626.39)	(33,762.55)	(44,057.17)	(32,006.98)
Personal travel	(6,515.77)	(1,222.65)	(3,711.32)	(9,455.05)
Credit	-	-	-	-
Debit	(6,515.77)	(1,222.65)	(3,711.32)	(9,455.05)
Education-related expenditure	(13,470.18)	(135,333.41)	(243,024.24)	(111,159.13)
Credit	-	-	-	-
Debit	(13,470.18)	(135,333.41)	(243,024.24)	(111,159.13)
Others	(91,406.96)	(104,888.23)	(139,179.41)	(65,384.09)
Credit	8,369.77	26,840.87	27,938.43	28,670.94
Debit	(99,776.73)	(131,729.09)	(167,117.84)	(94,055.02)
Insurance services	(823.72)	(25,811.60)	(35,865.22)	(37,998.95)
Credit	86.71	571.40	292.34	755.40
Debit	(910.42)	(26,383.00)	(36,157.56)	(38,754.35)
Communication services	(20,800.51)	(23,127.14)	(24,259.62)	(45,200.80)
Credit	3,029.64	3,368.52	3,533.47	5,395.71
Debit	(23,830.16)	(26,495.66)	(27,793.09)	(50,596.51)
Construction services	(6,819.62)	(7,582.43)	(7,953.72)	(6,402.77)
Credit	-	-	-	-
Debit	(6,819.62)	(7,582.43)	(7,953.72)	(6,402.77)
Financial services	(2,403.57)	581.38	609.88	2,620.13
Credit	1,549.25	1,684.26	1,766.73	3,062.43
Debit	(3,952.82)	(1,102.88)	(1,156.86)	(442.30)
Computer & information services	(22,578.61)	(25,104.12)	(26,333.41)	(27,445.74)
Credit	-	-	-	-
Debit	(22,578.61)	(25,104.12)	(26,333.41)	(27,445.74)

Table 55 Cont'd: Balance of Payments Compilation (Naira million)

	2006 1/	2007 1/	2008 1/	2009 2/
Royalties and license fees	(10,842.19)	(21,725.71)	(22,561.20)	(21,052.02)
Credit	-	-	-	-
Debit	(10,842.19)	(21,725.71)	(22,561.20)	(21,052.02)
Other business services	(493,044.97)	(517,146.42)	(515,836.77)	(706,333.68)
Credit	1,211.35	1,247.60	1,236.71	1,653.71
Debit	(494,256.31)	(518,394.02)	(517,073.48)	(707,987.39)
Operational leasing services	(9,874.39)	(102,874.60)	(118,819.73)	(168,921.96)
Credit	-	-	-	-
Debit	(9,874.39)	(102,874.60)	(118,819.73)	(168,921.96)
Misc. business, professional,				-
and technical services	(483,170.58)	(414,271.82)	(397,017.04)	(537,411.73)
Credit	1,211.35	1,247.60	1,236.71	1,653.71
Debit	(484,381.92)	(415,519.42)	(398,253.76)	(539,065.44)
Personal, cultural & recreational services	(44.03)	(48.96)	(51.35)	(53.36)
Credit	-	-	-	-
Debit	(44.03)	(48.96)	(51.35)	(53.36)
Government Services	10,376.78	(222,092.76)	(65,689.58)	(98,727.29)
Credit	31,129.07	43,461.39	50,983.77	73,181.94
Debit	(20,752.29)	(265,554.16)	(116,673.36)	(171,909.23)
Income(net)	**(849,537.98)**	**(1,478,822.70)**	**(1,413,997.57)**	**(1,069,105.21)**
Credit	239,471.81	321,975.62	284,208.16	140,039.38
Debit	(1,089,009.79)	(1,800,798.32)	(1,698,205.73)	(1,209,144.59)
Compensation of employees	16,152.99	23,932.71	17,529.48	21,528.15
Credit	24,701.28	27,425.99	21,682.02	27,471.75
Debit	(8,548.28)	(3,493.28)	(4,152.53)	(5,943.59)
Investment income	(865,690.97)	(1,502,755.41)	(1,431,527.06)	(1,090,633.36)
Credit	214,770.53	294,549.63	262,526.15	112,567.64
Debit	(1,080,461.51)	(1,797,305.04)	(1,694,053.20)	(1,203,201.00)
Direct investment	(997,746.91)	(1,640,756.19)	(1,538,698.35)	(1,030,727.86)
Credit	113.48	2,120.92	2,532.32	4,185.32
Debit	(997,860.40)	(1,642,877.11)	(1,541,230.67)	(1,034,913.18)
Income on equity	(991,102.36)	(1,631,523.95)	(1,529,016.64)	(1,018,769.80)
Credit	-	1,996.16	2,320.31	3,893.66
Debit	(991,102.36)	(1,633,520.11)	(1,531,336.95)	(1,022,663.46)
Dividends and distributed	-	-	-	-
branch profits	(243,397.85)	(1,368,280.35)	(1,588,320.03)	(1,075,133.09)
Credit	1,020.08	1,746.64	1,908.07	2,945.77
Debit	(244,417.93)	(1,370,026.99)	(1,590,228.10)	(1,078,078.86)
Reinvested earnings and	-	-	-	-
undistributed branch profit	(746,531.42)	(262,994.08)	59,303.39	56,363.30
Credit	153.01	249.52	412.24	947.90
Debit	(746,684.43)	(263,243.60)	58,891.15	55,415.40
Interest	(6,644.56)	(9,232.24)	(9,681.71)	(11,958.06)
Credit	113.48	124.76	212.01	291.66
Debit	(6,758.04)	(9,357.00)	(9,893.71)	(12,249.72)
Portfolio investment	(54,956.90)	(66,881.34)	(68,078.17)	(77,144.07)
Credit	6,885.55	6,657.19	7,243.61	9,333.12
Debit	(61,842.45)	(73,538.53)	(75,321.78)	(86,477.19)
Other investment	187,012.83	204,882.12	175,249.46	17,238.56
Income on debt (interest)	187,012.83	204,882.12	175,249.46	17,238.56
Credit	207,771.50	285,771.51	252,750.22	99,049.19
Debit	(20,758.66)	(80,889.39)	(77,500.75)	(81,810.63)
Current transfers(net)	**2,179,754.99**	**2,247,713.59**	**2,272,624.79**	**2,931,195.76**
Credit	2,202,537.24	2,266,597.26	2,295,257.84	2,959,706.98
Debit	(22,782.25)	(18,883.67)	(22,633.05)	(28,511.22)
General government	15,546.04	12,023.12	7,154.10	7,414.00
Credit	21,676.73	22,456.80	21,200.81	26,249.40
Debit	(6,130.69)	(10,433.68)	(14,046.72)	(18,835.40)

Table 55 Cont'd: Balance of Payments Compilation (Naira million)

	2006 1/	2007 1/	2008 1/	2009 2/
Other sectors	15,079.36	56.14	6,792.51	8,306.11
Credit	27,213.23	5,204.99	12,636.86	13,795.15
Debit	(12,133.87)	(5,148.85)	(5,844.36)	(5,489.04)
Workers' remittances	2,149,129.59	2,235,634.32	2,258,678.19	2,915,475.65
Credit	2,153,647.28	2,238,935.47	2,261,420.16	2,919,662.43
Debit	(4,517.69)	(3,301.15)	(2,741.97)	(4,186.78)
CAPITAL AND FINANCIAL ACCOUNT	**(2,186,670.02)**	**(791,524.72)**	**(1,265,148.83)**	**1,306,851.44**
Capital account(net)	**1,357,983.63**	**-**	**-**	**-**
Credit	1,357,983.63	-	-	-
Debit	-	-	-	-
Capital transfers	1,357,983.63	-	-	-
Credit	1,357,983.63	-	-	-
General Government	-	-	-	-
Debt Forgiveness	1,357,983.63	-	-	-
Debit	-	-	-	-
Acquisition/disposal of nonproduced, nonfan. assets	-	-	-	-
Credit	-	-	-	-
Debit	-	-	-	-
Financial account(net)	**(3,544,653.65)**	**(791,524.72)**	**(1,265,148.83)**	**1,306,851.44**
Assets	**(2,517,032.37)**	**(1,986,333.78)**	**(1,325,797.72)**	**702,790.35**
Direct investment (Abroad)	**(2,117.94)**	**(58,387.68)**	**(41,270.92)**	**(74,529.34)**
Equity capital	(2,117.94)	(58,387.68)	(41,270.92)	(74,529.34)
Claims on direct investment enterprises	(2,117.94)	(58,387.68)	(41,270.92)	(74,529.34)
Liabilities to direct investors	-	-	-	-
Reinvested earnings	-	-	-	-
Other capital	-	-	-	-
Claims on direct investment enterprises	-	-	-	-
Liabilities to direct investors	-	-	-	-
Portfolio investment	**(194,585.82)**	**(231,942.44)**	**(319,945.61)**	**(316,096.15)**
Equity securities	(175,524.32)	(214,673.16)	(238,431.42)	(230,194.99)
Debt securities	(19,061.50)	(17,269.28)	(81,514.19)	(85,901.16)
Long-term	-	-	-	-
Short-term	(19,061.50)	(17,269.28)	(81,514.19)	(85,901.16)
Other investment	**(532,770.77)**	**(568,790.82)**	**(768,213.37)**	**(454,988.14)**
Trade credits	(259,851.76)	(156,753.45)	(121,000.11)	(101,690.18)
Loans -DMBs	(16,080.31)	(14,568.23)	(34,383.30)	(18,015.84)
Currency and deposits	(256,838.70)	(397,469.14)	(612,829.95)	(335,282.13)
Monetary authorities	-	-	-	-
General government	-	-	-	-
Parastatals	15,275.72	(158,924.28)	(245,517.20)	(190,255.65)
Banks	(180,970.13)	(100,415.58)	(409,596.60)	(124,826.11)
Other sectors	(75,868.57)	(297,053.56)	42,283.85	(20,200.37)
Other Assets	-	-	-	-
Reserve assets	**(1,787,557.84)**	**(1,127,212.84)**	**(196,367.83)**	**1,548,403.98**
Monetary Gold	-	-	-	-
SDRs	-	-	-	-
Reserve Positions in the Fund	-	-	-	-
Foreign exchange	(1,787,557.84)	(1,127,212.84)	(196,367.83)	1,548,403.98
Other Claims	-	-	-	-
Liabilities	**(1,027,621.28)**	**1,194,809.05**	**60,648.89**	**604,061.09**
Direct Investment in reporting economy	**624,520.73**	**759,380.43**	**460,222.56**	**572,546.80**
Equity capital	388,626.86	491,142.69	511,621.58	624,959.56
Claims on direct investors	-	-	-	-
Liabilities to direct investors	388,626.86	491,142.69	511,621.58	624,959.56
Reinvested earnings	235,893.87	263,493.12	(58,891.15)	(55,415.40)
Other capital	-	4,744.62	7,492.13	3,002.64
Claims on direct investors	-	-	-	-
Liabilities to direct investors	-	4,744.62	7,492.13	3,002.64

Table 55 Cont'd: Balance of Payments Compilation (Naira million)

	2006 1/	2007 1/	2008 1/	2009 2/
Portfolio Investment	**360,291.55**	**332,547.78**	**(465,245.97)**	**(30,269.93)**
Equity securities	227,605.71	182,085.97	(592,419.06)	(44,381.90)
Debt securities	132,685.84	150,461.81	127,173.08	14,111.97
Long-term	129,002.07	132,007.31	49,475.63	1,840.37
Short-term	3,683.77	18,454.50	77,697.45	12,271.59
Other investment liabilities	**(2,012,433.56)**	**102,880.84**	**65,672.31**	**61,784.23**
Trade credits	-	-	-	-
Short-term	-	-	-	-
Long-term	-	-	-	-
Loans	(2,025,694.62)	(3,165.16)	97,906.54	122,071.38
General government	(2,094,992.59)	(64,001.88)	(3,062.34)	(3,852.83)
Long-term	(2,094,992.59)	(64,001.88)	(3,062.34)	(3,852.83)
Drawings	63,882.61	53,023.00	42,519.41	61,636.51
Repayments	(2,158,875.20)	(117,024.88)	(45,581.75)	(65,489.34)
short-term	-	-	-	-
Monetary authorities	-	-	-	-
Banks	13,958.54	15,174.56	18,403.48	31,298.03
Other sectors	55,339.43	45,662.16	82,565.39	94,626.17
Long-term	55,339.43	45,662.16	82,565.39	94,626.17
Short-term	-	-	-	-
Currency & Deposits	13,261.06	106,046.00	(32,234.23)	(60,287.15)
Monetary Authority	-	-	-	-
Banks	13,261.06	106,046.00	(32,234.23)	(60,287.15)
Other Liabilities	-	-	-	-
NET ERRORS AND OMISSIONS	**(2,731,365.30)**	**(3,099,154.45)**	**(3,712,577.21)**	**(4,241,045.72)**

Memorandum Items:	2006 /1	2007 /1	2008 /1	2009 /2
Current Account Balance as % of G.D.P	26.49	16.71	20.49	11.87
Capital and Financial Account Balance as % of G.D.P	(11.78)	(3.40)	(5.21)	5.29
Overall Balance as % of G.D.P	9.63	4.84	0.81	(6.27)
External Reserves - Stock (US $ million)	42,298.00	51,333.15	53,000.36	42,382.49
Number of Months of Imports Equivalent	22.43	20.24	17.24	17.68
External Debt Stock (US$ million)	3,544.49	3,654.00	3,704.08	3,947.30
Debt Service Due as % of Exports of Goods	-	-	-	-
and Non Factor Services	-	-	-	-
Effective Central Exchange Rate (N/$)	127.51	124.76	117.78	145.83
Average Exchange Rate (N/$)	128.65	125.83	118.53	148.90
End-Period Exchange Rate (N/$)	128.27	117.97	132.56	149.58

1/ Revised
2/ Provisional
Source: Central Bank of Nigeria

Table 56: Balance of Payments Analytical Presentation (US$ 'million)

	2006 1/	2007 1/	2008 1/	2009 2/
CURRENT ACCOUNT	**38,569.74**	**31,185.31**	**42,262.09**	**20,120.65**
Goods	**34,813.88**	**36,165.95**	**47,232.74**	**17,671.96**
Exports fob	*57,443.88*	*66,605.95*	*84,118.00*	*46,434.88*
oil	56,396.16	65,008.82	82,013.79	44,471.46
non-oil	1,047.72	1,597.13	2,104.21	1,963.42
Imports fob	*(22,630.00)*	*(30,440.00)*	*(36,885.26)*	*(28,762.92)*
oil	(5,071.92)	(5,603.45)	(8,184.96)	(6,481.36)
non-oil	(14,842.76)	(20,340.24)	(28,700.30)	(22,281.56)
unrecorded(TPAdj)	(2,715.32)	(4,496.31)	-	-
Services(net)	**(6,676.38)**	**(11,143.60)**	**(12,260.60)**	**(10,320.22)**
Credit	2,199.01	1,455.26	1,959.07	1,715.36
Transportation	1,843.15	836.68	1,231.02	942.40
Travel	65.64	215.14	237.20	196.61
Insurance Services	0.68	4.58	2.48	5.18
Communication Services	23.76	27.00	30.00	37.00
Construction Services	-	-	-	-
Financial Services	12.15	13.50	15.00	21.00
Computer & information Services	-	-	-	-
Royalties and License Fees	-	-	-	-
Government Services	244.13	348.36	432.86	501.83
Personal, cultural & recreational services	-	-	-	-
Other Bussiness Services	9.50	10.00	10.50	11.34
Debit	(8,875.39)	(12,598.86)	(14,219.67)	(12,035.58)
Transportation	(3,327.79)	(3,024.97)	(3,915.37)	(3,317.76)
Travel	(967.68)	(2,421.03)	(3,887.77)	(1,691.53)
Insurance Services	(7.14)	(211.47)	(306.99)	(265.75)
Communication Services	(186.89)	(212.37)	(235.97)	(346.96)
Construction Services	(53.48)	(60.78)	(67.53)	(43.91)
Financial Services	(31.00)	(8.84)	(9.82)	(3.03)
Computer & information Services	(177.07)	(201.22)	(223.58)	(188.20)
Royalties and License Fees	(85.03)	(174.14)	(191.55)	(144.36)
Government Services	(162.75)	(2,128.52)	(990.58)	(1,178.83)
Personal, cultural & recreational services	(0.35)	(0.39)	(0.44)	(0.37)
Other Bussiness Services	(3,876.21)	(4,155.13)	(4,390.08)	(4,854.88)
Income(net)	**(6,662.51)**	**(11,853.34)**	**(12,005.18)**	**(7,331.17)**
Credit	*1,878.06*	*2,580.76*	*2,413.00*	*960.29*
Investment Income	1,684.34	2,360.93	2,228.91	771.91
Compensation of employees	193.72	219.83	184.09	188.38
Debit	*(8,540.57)*	*(14,434.10)*	*(14,418.17)*	*(8,291.47)*
Investment Income	(8,473.53)	(14,406.10)	(14,382.92)	(8,250.71)
Compensation of employees	(67.04)	(28.00)	(35.26)	(40.76)
Current transfers(net)	**17,094.75**	**18,016.30**	**19,295.13**	**20,100.09**
Credit	*17,273.42*	*18,167.66*	*19,487.29*	*20,295.60*
General Government	170.00	180.00	180.00	180.00
Other Sectors	213.42	41.72	107.29	94.60
Workers Remittance	16,890.00	17,945.94	19,200.00	20,021.00
Debit	*(178.67)*	*(151.36)*	*(192.16)*	*(195.51)*
General Government	(48.08)	(83.63)	(119.26)	(129.16)
Other Sectors	(95.16)	(41.27)	(49.62)	(37.64)
Workers Remittance	(35.43)	(26.46)	(23.28)	(28.71)
CAPITAL AND FINANCIAL ACCOUNT	**(17,148.98)**	**(6,344.38)**	**(10,741.42)**	**8,961.47**
Capital account(net)	**10,650.00**	-	-	-
Credit	*10,650.00*	-	-	-
Capital Transfers(Debt Forgiveness)	10,650.00	-	-	-
Debit	-	-	-	-
Capital Transfers	-	-	-	-
Financial account(net)	**(27,798.98)**	**(6,344.38)**	**(10,741.42)**	**8,961.47**
Assets	**(19,739.85)**	**(15,921.24)**	**(11,256.34)**	**4,819.24**
Direct investment (Abroad)	(16.61)	(468.00)	(350.40)	(511.07)
Portfolio investment	(1,526.04)	(1,859.11)	(2,716.42)	(2,167.57)
Other investment	(4,178.26)	(4,559.08)	(6,522.32)	(3,119.99)
Change in Reserve	(14,018.94)	(9,035.05)	(1,667.21)	10,617.87
Liabilities	**(8,059.13)**	**9,576.86**	**514.92**	**4,142.23**
Direct Invesment in reporting economy	4,897.81	6,086.73	3,907.40	3,926.12
Portfolio Investment	2,825.59	2,665.50	(3,950.05)	(207.57)
Other investment liabilities	(15,782.53)	824.63	557.57	423.67
NET ERRORS AND OMISSIONS	**(21,420.76)**	**(24,840.93)**	**(31,520.67)**	**(29,082.12)**

1/ Revised
2/ Provisional
Source: Central Bank of Nigeria

Table 57: Balance of Payments Analytical Presentation (Naira million)

	2006 1/	2007 1/	2008 1/	2009 2/
CURRENT ACCOUNT	**4,918,035.32**	**3,890,679.18**	**4,977,726.04**	**2,934,194.28**
Goods	**4,439,124.80**	**4,512,063.92**	**5,563,180.42**	**2,577,101.20**
Exports fob	*7,324,680.63*	*8,309,758.32*	*9,907,611.54*	*6,771,598.12*
oil	7,191,085.64	8,110,500.38	9,659,772.56	6,485,272.87
non-oil	133,594.99	199,257.94	247,838.99	286,325.25
Imports fob	*(2,885,555.83)*	*(3,797,694.40)*	*(4,344,431.12)*	*(4,194,496.92)*
oil	(646,721.53)	(699,086.42)	(964,043.35)	(945,176.47)
non-oil	(1,892,603.30)	(2,537,648.34)	(3,380,387.78)	(3,249,320.44)
unrecorded(TPAdj)	(346,231.00)	(560,959.64)	-	-
Services(net)	**(851,306.49)**	**(1,390,275.64)**	**(1,444,081.60)**	**(1,504,997.48)**
Credit	280,396.20	181,558.24	230,743.83	250,150.96
Transportation	235,020.43	104,384.20	144,992.37	137,430.83
Travel	8,369.77	26,840.87	27,938.43	28,670.94
Insurance Services	86.71	571.40	292.34	755.40
Communication Services	3,029.64	3,368.52	3,533.47	5,395.71
Construction Services	-	-	-	-
Financial Services	1,549.25	1,684.26	1,766.73	3,062.43
Computer & information Services	-	-	-	-
Royalties and License Fees	-	-	-	-
Government Services	31,129.07	43,461.39	50,983.77	73,181.94
Personal, cultural & recreational services	-	-	-	-
Other Bussiness Services	1,211.35	1,247.60	1,236.71	1,653.71
Debit	(1,131,702.69)	(1,571,833.87)	(1,674,825.42)	(1,755,148.44)
Transportation	(424,327.17)	(377,395.26)	(461,160.83)	(483,828.59)
Travel	(123,389.07)	(302,047.70)	(457,910.57)	(246,676.18)
Insurance Services	(910.42)	(26,383.00)	(36,157.56)	(38,754.35)
Communication Services	(23,830.16)	(26,495.66)	(27,793.09)	(50,596.51)
Construction Services	(6,819.62)	(7,582.43)	(7,953.72)	(6,402.77)
Financial Services	(3,952.82)	(1,102.88)	(1,156.86)	(442.30)
Computer & information Services	(22,578.61)	(25,104.12)	(26,333.41)	(27,445.74)
Royalties and License Fees	(10,842.19)	(21,725.71)	(22,561.20)	(21,052.02)
Government Services	(20,752.29)	(265,554.16)	(116,673.36)	(171,909.23)
Personal, cultural & recreational services	(44.03)	(48.96)	(51.35)	(53.36)
Other Bussiness Services	(494,256.31)	(518,394.02)	(517,073.48)	(707,987.39)
Income(net)	**(849,537.98)**	**(1,478,822.70)**	**(1,413,997.57)**	**(1,069,105.21)**
Credit	*239,471.81*	*321,975.62*	*284,208.16*	*140,039.38*
Investment Income	214,770.53	294,549.63	262,526.15	112,567.64
Compensation of employees	24,701.28	27,425.99	21,682.02	27,471.75
Debit	*(1,089,009.79)*	*(1,800,798.32)*	*(1,698,205.73)*	*(1,209,144.59)*
Investment Income	(1,080,461.51)	(1,797,305.04)	(1,694,053.20)	(1,203,201.00)
Compensation of employees	(8,548.28)	(3,493.28)	(4,152.53)	(5,943.59)
Current transfers(net)	**2,179,754.99**	**2,247,713.59**	**2,272,624.79**	**2,931,195.76**
Credit	*2,202,537.24*	*2,266,597.26*	*2,295,257.84*	*2,959,706.98*
General Government	21,676.73	22,456.80	21,200.81	26,249.40
Other Sectors	27,213.23	5,204.99	12,636.86	13,795.15
Workers Remittance	2,153,647.28	2,238,935.47	2,261,420.16	2,919,662.43
Debit	*(22,782.25)*	*(18,883.67)*	*(22,633.05)*	*(28,511.22)*
General Government	(6,130.69)	(10,433.68)	(14,046.72)	(18,835.40)
Other Sectors	(12,133.87)	(5,148.85)	(5,844.36)	(5,489.04)
Workers Remittance	(4,517.69)	(3,301.15)	(2,741.97)	(4,186.78)
CAPITAL AND F INANCIAL ACCOUNT	**(2,186,670.02)**	**(791,524.72)**	**(1,265,148.83)**	**1,306,851.44**
Capital account(net)	**1,357,983.63**	**-**	**-**	**-**
Credit	*1,357,983.63*	-	-	-
Capital Transfers(Debt Forgiveness)	1,357,983.63	-	-	-
Debit	-	-	-	-
Capital Transfers	-	-	-	-
Financial account(net)	**(3,544,653.65)**	**(791,524.72)**	**(1,265,148.83)**	**1,306,851.44**
Assets	**(2,517,032.37)**	**(1,986,333.78)**	**(1,325,797.72)**	**702,790.35**
Direct investment (Abroad)	(2,117.94)	(58,387.68)	(41,270.92)	(74,529.34)
Portfolio investment	(194,585.82)	(231,942.44)	(319,945.61)	(316,096.15)
Other investment	(532,770.77)	(568,790.82)	(768,213.37)	(454,988.14)
Change in Reserve	(1,787,557.84)	(1,127,212.84)	(196,367.83)	1,548,403.98
Liabilities	**(1,027,621.28)**	**1,194,809.05**	**60,648.89**	**604,061.09**
Direct Investment in reporting economy	624,520.73	759,380.43	460,222.56	572,546.80
Portfolio Investment	360,291.55	332,547.78	(465,245.97)	(30,269.93)
Other investment liabilities	(2,012,433.56)	102,880.84	65,672.31	61,784.23
NET ERRORS AND OMISSIONS	**(2,731,365.30)**	**(3,099,154.45)**	**(3,712,577.21)**	**(4,241,045.72)**
Memorandum Items:	**2006 1/**	**2007 /1**	**2008 /1**	**2009 /2**
Current Account Balance as % of G.D.P	26.49	16.71	20.49	11.87
Capital and Financial Account Balance as % of G.D.P	(11.78)	(3.40)	(5.21)	5.29
Overall Balance as % of G.D.P	9.63	4.84	0.81	(6.27)
External Reserves - Stock (US $ million)	42,298.00	51,333.15	53,000.36	42,382.49
Number of Months of Imports Equivalent	22.43	20.24	17.24	17.68
External Debt Stock (US$ million)	3,544.49	3,654.00	3,704.08	3,947.30
Debt Service Due as % of Exports of Goods	-	-	-	-
and Non Factor Services	-	-	-	-
Effective Central Exchange Rate (N/$)	127.51	124.76	117.78	145.83
Average Exchange Rate (N/$)	128.65	125.83	118.53	148.90
End-Period Exchange Rate (N/$)	128.27	117.97	132.56	149.58

1/ Revised
2/ Provisional
Source: Central Bank of Nigeria

Table 58 Visible Trade (Naira million)

Item	2005	2006	2007	2008 1/	2009 2/
Imports	**3,772,963.76**	**4,247,349.17**	**4,349,676.31**	**4,991,393.74**	***4,641,105.37***
Oil sector	795,131.69	931,997.37	813,236.83	920,097.48	1,050,196.20
Non-Oil sector	2,977,832.07	3,315,351.81	3,536,439.47	4,071,296.26	3,590,909.17
Exports	**7,246,534.80**	**7,324,680.63**	**8,120,148.07**	**9,495,056.53**	***6,771,598.55***
Oil sector	7,140,578.92	7,191,085.64	7,950,438.29	9,400,739.83	6,485,273.01
Non- Oil sector	105,955.88	133,594.99	169,709.78	94,316.70	286,325.54
Total Trade	**11,019,498.56**	**11,572,029.80**	**12,469,824.38**	**14,486,450.27**	***11,412,703.92***
Oil Sector	7,935,710.61	8,123,083.01	8,763,675.12	10,320,837.31	7,535,469.22
Non-Oil Sector	3,083,787.95	3,448,946.80	3,706,149.25	4,165,612.96	3,877,234.71
Balance of Trade 3/	**3,473,571.04**	**3,077,331.46**	**3,770,471.76**	**4,503,662.79**	***2,130,493.18***
Oil Sector	6,345,447.23	6,259,088.27	7,137,201.46	8,480,642.35	5,435,076.81
Non- Oil Sector	-2,871,876.19	-3,181,756.82	-3,366,729.69	-3,976,979.56	-3,304,583.63
Average Effective Exchange Rate (N/$)	**132.15**	**128.65**	**125.83**	**118.92**	**148.90**

1/ Revised
2/ Provisional
3/ Positive figures indicate surplus while negative figures indicate deficit.
Source: Central Bank of Nigeria

Table 59
Imports by Major Groups (Naira million)

IMPORT GROUP	2004	2005	2006	2007	2008 1/	2009 2/
Consumer Goods	**756,849.38**	***1,716,698.51***	***1,826,360.14***	***1,870,360.81***	**2,279,403.14**	***1,879,647.68***
Durable	58,659.90	137,335.88	127,845.21	130,490.29	215,295.45	122,989.29
Non Durable	698,189.48	1,579,362.63	1,698,514.93	1,739,870.52	2,064,107.69	1,756,658.38
Capital Goods And Raw Materials	**876,596.23**	***2,037,400.43***	***2,387,010.23***	***2,435,818.73***	**2,680,378.44**	***2,726,649.41***
Capital Goods	390,170.69	876,082.19	1,026,414.40	1,130,915.84	1,203,258.65	1,055,851.47
Raw Materials	486,425.54	1,161,318.25	1,360,595.83	1,304,902.89	1,477,119.79	1,670,797.93
Miscellaneous	**4,908.06**	***18,864.82***	***33,978.79***	***43,496.76***	**31,612.16**	***3,480,829.03***
Total	**1,638,353.67**	**3,772,963.76**	**4,247,349.17**	**4,349,676.31**	**4,991,393.74**	**4,641,105.37**
Average Exchange Rate (N/$)	***133.5***	***132.15***	***128.65***	***125.83***	**118.92**	**148.90**

1/ Revised
2/ Provisional
Source: Central Bank of Nigeria

Table 60
Imports by H.S Sections
(Naira million)

Section	2005	2006	2007	2008	2009 1/
Live animals; animal products	292,908.94	262,190.45	296,321.60	179,485.34	144,328.98
Vegetable products	274,469.57	361,254.20	392,661.92	163,588.43	246,994.39
Animal and vegetable fats and oils and other cleavage prod.	7,548.03	15,301.04	24,987.37	24,075.71	17,688.72
Prepared foodstuffs; beverages, spirits and vinegar; tobacco	239,856.41	141,868.76	197,567.45	140,922.81	162,670.87
Mineral products	294,778.26	188,586.02	157,458.01	172,387.65	108,584.43
Products of the chemical and allied industries	303,057.20	412,375.66	405,315.49	398,169.01	399,627.76
Plastic, rubber and articles thereof	284,658.68	336,402.53	370,932.25	321,538.99	360,645.85
Raw hides and skins, leather, furskins etc.; saddlery	1,293.11	943.65	2,143.55	6,384.79	7,334.22
Wood and articles of wood, wood charcoal and articles	8,588.67	7,269.07	7,777.42	13,266.72	13,603.27
Paper making material; paper and paperboard, articles	348,439.15	133,718.35	129,371.90	126,029.68	115,133.02
Textiles and textile articles	52,312.46	23,885.83	135,959.93	266,735.98	83,159.94
Footwear, headgear, umbrellas, sunshades, whips etc.	8,610.97	3,205.89	4,224.43	10,466.58	19,870.54
Articles of stone, plaster, cement, asbestos, mica, ceramic	43,651.68	51,522.03	55,756.57	99,733.73	113,760.37
Pearls, precious and semi-precious stones, precious metals	88.79	110.54	255.85	901.37	1,172.55
Base metals and articles of base metals	357,399.58	462,795.85	594,594.86	620,293.79	488,534.91
Boilers, machinery and appliances; parts thereof	667,816.33	1,205,456.05	960,145.56	1,558,149.91	1,332,231.14
Vehicles, aircraft and parts thereof; vessels etc.	517,245.94	553,206.68	546,986.79	750,460.33	922,894.87
Optical, photographic, cinematographic, measuring appliances	43,421.72	59,924.06	45,874.99	75,487.78	54,399.23
Arms and ammunition, parts thereof	125.07	5,955.17	5.90	7.44	37.04
Miscellaneous manufactured articles	26,688.06	21,364.54	21,284.71	63,259.48	48,169.12
Works of art, collectors' pieces and antiques	5.11	12.79	49.75	48.25	264.15
	3,772,963.76	**4,247,349.17**	**4,349,676.31**	**4,991,393.74**	**4,641,105.37**

1/ Provisional
Source: Central Bank of Nigeria

Table 61
Non-Oil Imports by Country of Origin (c&f)

	Value (Naira Million)						% share to Total					
	2004	2005	2006	2007	2008 1/	2009 2/	2004	2005	2006	2007	2008	2009
Industrial Countries	**737,470.23**	**1,697,364.28**	**1,956,057.57**	**2,054,671.33**	**2,247,355.54**	***1,831,363.68***	***55.3***	***57.0***	***59.0***	***58.3***	***55.3***	***50.9***
United States of America	193,103.09	595,566.41	736,008.10	816,917.52	586,266.66	491,954.56	*14.5*	*20.0*	*22.2*	*23.3*	*14.4*	*13.6*
Japan	48,067.19	506,231.45	616,655.44	636,559.10	146,566.67	186,727.28	*3.6*	*17.0*	*18.6*	*18.0*	*3.6*	*5.2*
France	125,212.77	148,891.60	251,966.74	229,868.57	382,701.85	240,590.91	*9.4*	*5.0*	*7.6*	*6.5*	*9.4*	*6.7*
Germany	83,426.17	104,224.12	142,560.13	137,921.14	256,491.66	197,500.00	*6.3*	*3.5*	*4.3*	*3.9*	*6.3*	*5.5*
Italy	83,304.00	89,334.96	76,253.09	84,874.55	252,420.37	204,681.82	*6.2*	*3.0*	*2.3*	*2.4*	*6.2*	*5.7*
Netherlands	99,190.50	134,002.44	69,622.39	91,947.43	301,275.92	229,818.19	*7.4*	*4.5*	*2.1*	*2.6*	*7.4*	*6.4*
United Kingdom	105,166.51	119,113.28	62,991.68	56,583.03	321,632.40	280,090.92	*7.9*	*4.0*	*1.9*	*1.6*	*7.9*	*7.8*
African	***84,505.50***	**196,536.92**	**165,767.59**	**162,676.22**	**260,562.96**	***219,045.46***	***6.3***	***6.6***	***5.0***	***4.6***	***6.3***	***6.1***
Cote d'Ivoire	12,282.00	29,778.32	43,099.57	56,583.03	36,641.67	28,727.27	*0.9*	*1.0*	*1.3*	*1.6*	*0.9*	*0.8*
Ghana	7,476.00	14,889.16	19,892.11	14,145.76	24,427.78	14,363.64	*0.6*	*0.5*	*0.6*	*0.4*	*0.6*	*0.4*
Niger	-	-	-		-	-	-	-	-	-	-	-
South Africa	64,747.50	151,869.44	102,775.91	91,947.43	199,493.52	175,954.55	*4.9*	*5.1*	*3.1*	*2.6*	*4.9*	*4.9*
Asia (excluding Japan)	**338,981.61**	**815,925.99**	**895,144.99**	**983,130.17**	**1,034,109.25**	***1,145,500.03***	***25.4***	***27.4***	***27.0***	***27.6***	***25.4***	***32.0***
China, P.R	139,872.38	357,339.85	318,273.77	360,716.83	427,486.11	588,909.10	*10.5*	*12.0*	*9.6*	*10.2*	*10.5*	*16.4*
Hong Kong	10,181.93	29,778.32	33,153.52	24,755.08	32,570.37	46,681.82	*0.8*	*1.0*	*1.0*	*0.7*	*0.8*	*1.3*
India	70,888.50	178,669.92	255,282.09	272,305.84	215,778.70	172,363.64	*5.3*	*6.0*	*7.7*	*7.5*	*5.3*	*4.8*
Indonesia	13,587.04	59,556.64	62,991.68	88,410.99	40,712.96	32,318.18	*1*	*2.0*	*1.9*	*2.5*	*1.0*	*0.9*
Korea	53,667.00	104,224.12	129,298.72	148,530.46	162,851.85	132,863.64	*4*	*3.5*	*3.9*	*4.2*	*4.0*	*3.7*
Singapore	9,693.71	11,911.33	26,522.81	31,827.96	28,499.07	28,727.27	*0.7*	*0.4*	*0.8*	*0.9*	*0.7*	*0.8*
Thailand	41,091.05	74,445.80	69,622.39	56,583.03	126,210.18	143,636.37	*3.1*	*2.5*	*2.1*	*1.6*	*3.1*	*4.0*
Others	**173,443.53**	**268,004.89**	**298,381.66**	**335,961.75**	**529,268.51**	***395,000.01***	***13***	***9.0***	***9.0***	***9.5***	***13.0***	***11.0***
Russia	59,274.00	89,334.96	92,829.85	106,093.18	179,137.04	136,454.55	*4.4*	*3.0*	*2.8*	*3.0*	*4.4*	*3.8*
Turkey	15,753.00	20,844.82	19,892.11	42,437.27	48,855.56	39,500.00	*1.2*	*0.7*	*0.6*	*1.2*	*1.2*	*1.1*
Ukraine	30,171.00	38,711.82	72,937.74	84,874.55	93,639.81	68,227.27	*2.3*	*1.3*	*2.2*	*2.4*	*2.3*	*1.9*
Brazil	68,245.53	119,113.28	112,721.96	102,556.74	207,636.11	150,818.19	*5.1*	*4.0*	*3.4*	*2.9*	*5.1*	*4.2*
TOTAL	**1,334,400.87**	**2,977,832.07**	**3,315,351.81**	**3,536,439.47**	**4,071,296.26**	**3,590,909.17**	***100***	***100.0***	***100.0***	***100.0***	***100.0***	***100.0***

1/ Revised
2/ Provisional
Sources: Trade & Exchange Dept., CBN/Pre-Shipment Inspection Agents

Table 62
Direction of Oil Exports

	Quantity (Thousand barrels)					(Value N Million)				
Region/country	**2005**	**2006**	**2007**	**2008 /1**	**2009 /2**	**2005**	**2006**	**2007**	**2008 /1**	2009 /2
Africa	**70,834.4**	**81,440.6**	**84,105.1**	**30,449.5**	**19,631.00**	**579,953.14**	**817,306.84**	**488,368.51**	**350,070.4**	226,984.6
West Africa	42,830.1	56,682.7				350,669.34	568,845.56			
Ecowas	42,830.1	56,682.7	53,667.1	7,612.4	10,656.8	350,669.34	568,845.56	276,985.13	87,517.6	123,220.2
Ghana	9,883.9	14,333.6	17,622.0	761.2	1,682.7	80,923.69	143,846.00	21,867.25	8,751.8	19,455.8
Cote d'Voire	21,415.0	29,970.2	20,826.0	1,903.1	1,121.8	175,334.67	300,768.92	43,734.49	21,879.4	12,970.5
Senegal	11,531.2	12,379.0	15,219.0	1,141.9	2,243.5	94,410.98	124,230.64	36,445.41	13,127.6	25,941.1
Other West Africa	-	-	-	0.0	0.0	-	-	-	0.0	0.0
North Africa	6,589.2	7,818.3	9,612.0	7,612.4	2,804.4	53,949.13	78,461.46	51,023.58	87,517.6	32,426.4
Other Africa	21,415.0	16,939.7	20,826.0	3,806.2	1,121.8	175,334.67	169,999.82	58,312.66	43,758.8	12,970.5
Asia	**172,967.6**	**115,319.9**	**144,981.1**	**144,635.2**	**137,417.0**	**1,416,164.65**	**1,157,306.49**	**1,319,323.90**	**1,662,834.3**	1,588,891.9
China (Mainland)	23,062.3	11,727.5	14,418.0	45,674.3	56,088.6	188,821.95	117,692.19	510,235.76	525,105.6	648,527.3
India	90,602.1	58,637.3	66,483.1	26,643.3	28,044.3	741,800.53	588,460.93	218,672.47	306,311.6	324,263.7
Indonesia	3,294.6	2,606.1	12,015.0	15,224.8	5,608.9	26,974.56	26,153.82	145,781.65	175,035.2	64,852.7
Japan	6,589.2	5,212.2	6,408.0	19,031.0	16,826.6	53,949.13	52,307.64	182,227.06	218,794.0	194,558.2
Korea	18,120.4	14,333.6	17,622.0	3,806.2	2,804.4	148,360.11	143,846.00	94,758.07	43,758.8	32,426.4
Philippines	-	-	-	0.0	0.0	-	-	-	0.0	0.0
Singapore	14,825.8	9,772.9	12,015.0	4,567.4	1,682.7	121,385.54	98,076.82	43,734.49	52,510.6	19,455.8
Taiwan	12,354.8	9,772.9	12,015.0	6,089.9	2,243.5	101,154.62	98,076.82	14,578.16	70,014.1	25,941.1
others	4,118.3	3,257.6	4,005.0	23,598.4	24,118.1	33,718.21	32,692.27	109,336.23	271,304.5	278,866.7
Americas	**411,004.0**	**334,883.9**	**414,918.4**	**403,456.1**	**307,365.4**	**3,365,076.96**	**3,360,765.73**	**3,775,744.64**	**4,638,432.5**	3,553,929.6
Canada	37,064.5	9,772.9	14,418.0	76,123.8	44,870.9	303,463.85	98,076.82	947,580.70	875,175.9	518,821.8
U.S.A	312,989.0	294,489.3	344,430.3	175,084.7	168,265.8	2,562,583.66	2,955,381.54	1,384,925.64	2,012,904.7	1,945,581.9
Brazil	43,653.7	14,985.1	18,423.0	38,061.9	16,826.6	357,412.98	150,384.46	437,344.94	437,588.0	194,558.2
Virgin Island	2,471.0	1,954.6	18,423.0	22,837.1	5,608.9	20,230.92	19,615.36	364,454.12	262,552.8	64,852.7
Chile	6,589.2	7,166.8	8,811.0	15,224.8	8,413.3	53,949.13	71,923.00	218,672.47	175,035.2	97,279.1
Uruguay	823.7	651.5	3,204.0	7,612.4	2,804.4	6,743.64	6,538.45	145,781.65	87,517.6	32,426.4
Argentina	823.7	651.5	801.0	30,449.5	33,653.2	6,743.64	6,538.45	72,890.82	350,070.4	389,116.4
Others	6,589.2	5,212.2	6,408.0	38,061.9	26,922.5	53,949.13	52,307.64	204,094.30	437,588.0	311,293.1
Eastern Europe	**1,647.3**	**1,303.1**	**1,602.0**	**7,612.4**	**5,048.0**	**13,487.28**	**13,076.91**	**14,578.16**	**87,517.6**	58,367.5
Others	1,647.3	1,303.1	1,602.0	7,612.4	5,048.0	13,487.28	13,076.91	14,578.16	87,517.6	58,367.5
Western Europe	**165,554.7**	**117,274.5**	**153,792.2**	**166,711.1**	**88,059.1**	**1,355,471.88**	**1,176,921.85**	**1,399,503.80**	**1,916,635.3**	1,018,187.9
Netherlands	6,589.2	5,212.2	6,408.0	10,657.3	4,487.1	53,949.13	52,307.64	218,672.47	122,524.6	51,882.2
Germany	3,294.6	2,606.1	3,204.0	8,373.6	3,365.3	26,974.56	26,153.82	131,203.48	96,269.4	38,911.6
France	40,359.1	24,758.0	36,846.0	24,359.6	14,022.1	330,438.42	248,461.28	225,961.55	280,056.3	162,131.8
Italy	28,827.9	22,803.4	36,846.0	31,210.8	27,483.4	236,027.44	228,845.92	233,250.63	358,822.1	317,778.4
Sweden	1,647.3	1,303.1	1,602.0	4,567.4	5,048.0	13,487.28	13,076.91	87,468.99	52,510.6	58,367.5
Austria	-	-	-	0.0	0.0	-	-	-	0.0	0.0
Spain	64,245.1	44,303.7	45,657.0	70,795.1	28,605.2	526,004.01	444,614.92	211,383.39	813,913.6	330,748.9
United Kingdom	2,471.0	1,954.6	5,607.0	2,283.7	2,804.4	20,230.92	19,615.36	72,890.82	26,255.3	32,426.4
Portugal	18,120.4	14,333.6	17,622.0	14,463.5	2,243.5	148,360.11	143,846.00	218,672.47	166,283.4	25,941.1
Oceania	**1,647.3**	**1,303.1**	**1,602.0**	**8,373.6**	**3,365.3**	**13,487.28**	**13,076.91**	**14,578.16**	**96,269.4**	38,911.6
Australia	1,647.3	1,303.1	1,602.0	8,373.6	3,365.3	13,487.28	13,076.91	14,578.16	96,269.4	38,911.6
Total	**823,655.3**	**651,525.0**	**801,000.8**	**761,238.0**	**560,885.9**	**6,743,641.20**	**6,538,454.73**	**7,289,082.31**	**8,751,759.36**	6,485,273.01

1/ Revised
2/ Provisional
Sources: Compiled from monthly returns on Crude Oil Exports by NNPC and Crude Oil Mining and Prospecting Co.

Table 63
Non-Oil Exports by Product (Naira million)

	2005	2006	2007	2008 1/	2009 2/	2005	2006	2007	2008	2009
Product						*% Share in Total*				
(1) Agricultural Produce	**44,183.58**	**50,498.78**	**73,323.39**	***41,970.93***	***134,286.68***	***41.70***	***37.80***	***39.70***	***44.5***	***46.9***
Cocoa Beans	13,244.48	18,569.66	31,716.63	17,448.6	42,948.8	*12.50*	*13.90*	*13.20*	*18.5*	*15.0*
Rubber	6,569.26	7,214.11	9,378.57	5,753.3	17,179.5	*6.20*	*5.40*	*5.80*	*6.1*	*6.0*
Fish/Shrimp	7,628.82	9,218.03	5,627.14	3,301.1	6,871.8	*7.20*	*6.90*	*7.10*	*3.5*	*2.4*
Cotton	6,675.22	4,542.22	3,410.39	2,452.2	28,632.6	*6.30*	*3.40*	*4.80*	*2.6*	*10.0*
Others	10,065.80	10,954.76	23,190.65	13,015.7	38,653.9	*9.50*	*8.20*	*8.80*	*13.8*	*13.5*
(2) Solid Minerals	**4,238.23**	**11,355.55**	**12,788.96**	***7,262.39***	***19,183.81***	***4.00***	***8.50***	***6.30***	*7.7*	***6.7***
Aluminum/Carbonate	3,390.59	7,748.49	7,332.34	4,998.8	12,312.0	*3.20*	*5.80*	*4.50*	*5.3*	*4.3*
Other Minerals	847.65	3,607.06	5,456.62	2,263.6	6,871.8	*0.80*	*2.70*	*1.80*	*2.4*	*2.4*
(3) Semi-Manufactured	**43,018.06**	**50,632.37**	**58,147.16**	***28,955.23***	***83,607.06***	***40.60***	***37.90***	***39.40***	***30.7***	***29.2***
Processed Skins	21,720.94	35,536.18	41,947.80	23,201.9	68,145.5	*20.50*	*26.60*	*23.50*	*24.6*	*23.8*
Cocoa Products	5,297.79	6,546.14	6,138.70	-	-	*5.00*	*4.90*	*5.00*	-	-
Texture Yarn	7,734.77	1,068.76	1,705.20	1,603.4	4,008.6	*7.30*	*0.80*	*4.10*	*1.7*	*1.4*
Furniture/Processed Wood	2,225.07	1,870.33	4,774.55	1,509.1	3,722.2	*2.10*	*1.40*	*1.80*	*1.6*	*1.3*
Others	6,039.48	5,610.98	3,580.91	2,640.9	7,730.8	*5.70*	*4.20*	*5.00*	*2.8*	*2.7*
(4) Manufactured	**10,383.67**	**14,829.01**	**19,950.78**	***8,299.87***	***26,055.62***	***9.80***	***11.10***	***10.30***	***8.8***	***9.1***
Tyres/Tubes	1,059.56	534.38	1,023.12	-	-	*1.00*	*0.40*	*0.70*	-	-
Textiles	1,059.56	935.16	852.60	471.6	2,004.3	*1.00*	*0.70*	*0.90*	*0.5*	*0.7*
Others	8,264.55	13,359.46	18,075.07	7,828.3	24,051.3	*7.80*	*10.00*	*8.70*	*8.3*	*8.4*
(5) Other Exports	**4,132.28**	**6,278.95**	6,309.22	***7,828.29***	***23,192.37***	***3.90***	***4.70***	***4.30***	***8.3***	***8.1***
Total	**105,955.82**	**133,594.65**	**170,519.52**	**94,316.70**	**286,325.54**	***100.00***	***100.00***	***100.00***	***100.00***	***100.0***

1/ Revised
2/ Provisional
Source: Central Bank of Nigeria

Table 64: Top 100 Non-Oil Exporters in Nigeria for 2009

	EXPORTER	AMOUNT (USD)	PRODUCT	DESTINATION
1	ALFA STSTEMS	377,549,126.00	COCOA BEANS	Holland and U.K.
2	ANGEL SPINING & DYEING	180,749,313.99	TEXTILE	RDC Congo,France and Mali
3	BOLAWOLE ENT NIG LTD	137,842,733.33	COCOA BEANS	Switzerland
4	OLAM NIGERIA LIMITED	134,825,642.02	COTTON	Singapore
5	ARMAJARO NIG LTD	100,052,195.14	COCOA BUTTER	France,
6	SARO AGRO ALLIED	73,917,317.51	OTHER MAN-PRODUCTS	Germany
7	MARIO JOSE ENTERPRISES LIMITED	65,949,540.82	GLUES AND ADHESIVES	UK
8	MAMUDA INDUSTRIES (NIG) LIMITED	65,867,997.65	LEATHER	Italy
9	JOFEC LIMITED	58,212,503.00	COCOA BEANS	Netherland
10	BRITISH AMERICAN TOBACCO	55,680,241.01	GINGER AND SAFFRON	ECOWAS
11	AGRO TRADERS LIMITED	47,636,564.59	COCOA BEANS	Vietnam and Holland
12	ASIA PLASTICS IND NIG LTD	45,984,294.29	OTHER MAN-PRODUCTS	ECOWAS
13	FATA TANNIG LIMITED	38,993,225.52	LEATHER	Italy
14	ATM LTD	37,571,231.00	TEXTILE	ECOWAS
15	UNIQUE LEATHER FINISHIG CO.	31,901,112.37	PROCESSED SKIN	U.K.
16	SUN AND SAND IND LTD.	27,362,206.00	ALLUMINIUM BARS	UAE
17	GONGONI COMPANY LTD	25,066,391.09	TEXTILE	ECOWAS
18	JOHNSON WAX NIG LTD	24,822,704.45	ARTIFICIAL GRAPHITE	ECOWAS
19	PROSEL ULTIMATE	22,927,540.00	COCOA BEANS	U.K.
20	WEST AFRICAN RUBBER	22,578,980.01	RUBBER	ECOWAS
21	ELEME PETROCHEMICALS	19,546,493.26	POLY PRODUCT	Portugal,India and Holland
22	WALTER SMITH PETROMAN OIL KTD	18,365,000.48	PETROLEUM PRODUCT	Barbardos
23	ATLANTIC SHRIMPERS	17,224,651.82	SHRIMPS	Netherlands
24	UNILEVER NIG PLC	16,223,619.44	OTHER MAN-PRODUCT	ECOWAS
25	MULTI TREX INVESTMENT LTD	16,052,481.90	COCOA BUTTER	U.K.
26	TULIP COCOA PROCESSING LTD	15,303,883.69	COCOA PRODUCTS	Holland
27	STAR SEED NIG LTD	12,967,193.41	SESAME SEEDS	Lebanon
28	MINL LIMITED	12,739,775.50	ALLUMINIUM PLATES	MALAYSIA,JAPAN,TURKEY and DUBAI
29	RMM GLOBAL	12,556,127.73	NATURAL RUBBER	JAPAN
30	OKOMU OIL PALM COMPANY PLC	11,756,425.48	NATURAL RUBBER	Belgium
31	KANOTAN S A LTD	11,656,886.32	HIDE AND SKIN	Spain
32	MAHAZA CO LTD	9,527,622.00	LEATHER	Italy
33	STANMARK COCOA PROCESSING CO. LTD	9,383,632.99	COCOA BUTTER	U.K.
34	IMONIYAME HOLDINGS LTD	9,324,925.63	NATURAL RUBBER	SINGAPORE
35	DANSA FOOD PROCESSING CO LTD	8,891,835.52	GUM ARABIC	FRANCE
36	VIVA METAL AND PLASTIC IND	8,891,146.73	OTHER FOOTWEAR	ECOWAS
37	OSSE RIVER RUBBER ESTATES LIMITED	8,779,253.21	NATURAL RUBBER	Germany
38	COCOA PRODUCTS ILE OLUJI LTD	8,374,763.93	COCOA BUTTER	France
39	MULTITAN LTD	8,307,209.38	PASTE	ITALY
40	BJ EXPORT	7,588,637.00	WOOD CHARCOAL	NETHERLANDS
41	NURE INTERNATIONAL NIGERIA LIMITED	7,324,736.31	CASHEW NUTS	Switzerland
42	BAS IND NIG LTD	7,173,295.00	WOVEN FABRICS	ITALY
43	MAVIGA WEST AFRICA LTD	7,054,023.45	SESAME SEEDS	Switzerland
44	ARAROMI RUBBER ESTATE	6,758,190.92	NATURAL RUBBER	U,K. SPAIN and ITALY
45	LBM OVERSEAS NIG LTD	6,750,027.41	CASHEW NUTS	Singapore
46	STD FOOTWEAR	6,352,500.00	COTTON	ITALY and ECOWAS
47	ALKEM NIGERIA LIMITED	6,327,369.61	TEXTURED YARN/POLYESTER	South Africa
48	VITAL PRODUCTS LIMITED	6,301,453.00	TOMATOES	U.K.
49	WEST AFRICA COTTON COMPANY LIMITED	5,911,449.54	COTTON	GERMANY
50	OLOKUN (PISCES) LIMITED	5,575,448.60	SHRIMPS	Belgium

Table 64 Cont'd.: Top 100 Non-Oil Exporters in Nigeria for 2009

	EXPORTER	AMOUNT (USD)	PRODUCT	DESTINATION
51	NDPR	5,275,876.27	Other	BABADOS
52	MICROFEED NIGERIA LIMITED	5,076,187.00	WOOD	UAE
53	KOLORKOTE NIG LTD	4,599,195.68	ALUMINIUM	ZAMBIA
54	DECENT BAG IND LTD	4,595,558.00	OTHER MAN-PRODUCT	ECOWAS
55	PRECISE SAVIOUR IND LTD	4,587,323.47	GLUES AND ADHESIVES	MUMBAI
56	ARMADA INTERNATIONAL LIMITED	4,543,112.60	SESAME SEEDS	Switzerland
57	VIVA KWELL NIG LTD	4,376,076.00	SESAME SEEDS	Singapore
58	AA-KKAYZ RESOURCES LTD	4,375,081.08	WOOD	UAE
59	UNIQUE LEATHER CO. LTD	4,352,670.00	INSECTICIDES	U.K.
60	REDWIN GLOBAL RESOURCES	4,345,188.00	COCOA BEANS	FRANCE
61	AIS TRADE AND INDUSTRIES LTD	4,170,422.22	GUM	UAE
62	SAPELE INTEGRATED IND LTD	3,942,376.20	COCOA BUTTER	Belgium
63	KIMATRAI NIGERIA LIMITED	3,880,818.94	NATURAL RUBBER	GERMANY
64	ORC FISHING AND FOOD PROCESSING	3,834,982.65	SHRIMPS	GERMANY
65	WATERSIDE RUBBER ESTATE LIMITED	3,766,584.16	NATURAL RUBBER	POLAND
66	FLOUR MILLS OF NIGERIA	3,677,694.00	WHEAT	ECOWAS
67	GLOBAL COMPANY LTD	3,637,335.96	SESAME SEEDS	DUBAI
68	ENGHUAT INDUSTRIES LTD	3,599,182.29	NATURAL RUBBER	USA
69	B AND B LEATHER LTD	3,362,959.49	LEATHER	U.K.
70	FTN COCOA PROCESSORS PLC	3,154,517.14	COCOA PRODUCTS	HOLLAND
71	CONTINAF NIGERIA LIMITED	3,131,654.00	ADHESIVE	HOLLAND
72	GUM ARABIC COMPANY NIGERIA (GACON)	2,796,897.26	GUM ARABIC	FRANCE
73	LELA AGRO INDUSTRIES LTD	2,795,575.68	OTHER FOOTWEAR	NIGER
74	WEST AFRICAN SEASONING CO. LTD	2,765,133.00	Others	ECOWAS
75	CEMENT CO OF NORTH NIGERIA PLC	2,763,628.48	CEMENT	U.K.
76	UTAGBA UNO RUBBER ESTATES LIMITED	2,669,464.40	NATURAL RUBBER	U.K.
77	SPINTEX MILL NIGERIA	2,667,730.97	COTTON	Portugal
78	UNITED NIGERIAN TEXTILES PLC	2,475,369.15	COTTON	ECOWAS
79	TOWER ALUMINIUM (NIG) PLC	2,452,837.09	ALUMINIUM	ECOWAS
80	AJWAINE NIG LTD	2,431,373.60	CASHEW NUTS	U.K.
81	DE-UNITED FOODS INDUSTRIES LTD	2,426,299.00	Others	ECOWAS
82	ASCA BITUMEN COMPANY LIMITED	2,396,854.81	BITUMEN	TCHAD
83	PZ CUSSON NIGERIA PLC	2,338,217.92	OTHER MAN-PRODUCT	LIBYA
84	HAKAN AGRO NIG LTD	2,257,520.00	SESAME SEEDS	JAPAN
85	WEST AFRICAN COTTON COMPANY LIMITED	2,242,941.23	COTTON	GERMANY
86	STANDARD PLASTICS IND NIG LTD	2,202,625.60	OTHER MAN-PRODUCT	NIGER
87	LINDA AFRICAN PRIDE	2,186,276.40	OTHER MINERALS	CAMEROUN
88	INCHO-ATE GLOBAL RESOURCES	2,165,486.40	WOOD CHARCOAL	NETHERLANDS
89	NIGERITE LIMITED	2,116,494.45	CEMENT	ECOWAS
90	ENKAY INDO NIGERIAN IND LTD	2,099,407.46	SESAME SEEDS	UAE
91	JON TUDY INTERBIZ NIGERIA LIMITED	2,064,806.00	FLOUR	USA
92	PRIME PLASTICHEM (NIG) LTD	2,024,500.00	PLASTIC PRODUCT	CAMEROUN
93	UNITED FISHERIES LTD	1,992,331.34	SHRIMPS	ROTTERDAM
94	WEST AFRICA MILK CO. (NIG) PLC	1,944,418.02	MILK	ECOWAS
95	GUINNESS NIGERIA PLC	1,859,967.40	BEER	U.K.
96	BANARLY (NIGERIA) LIMTED	1,723,771.90	SHRIMPS	BELGIUM
97	FORTUNE COMMODITIES LTD	1,695,822.24	CASHEW NUTS	U.K.
98	IYAYI BROTHERS NIG LTD	1,647,913.00	NATURAL RUBBER	NETHERLANDS
99	M.S.T INVESTMENT	1,635,637.00	WOOD CHARCOAL	SYRIA
100	ALCONI NIG. LTD.	1,616,186.25	Other	ANGOLA
	Sub-Total (100 Exporters)	2,035,221,200		
	Other Exporters			
	TOTAL	**2,035,221,200**		

Source: Trade and Exchange Department, Central Bank of Nigeria

Table 65
Exchange Rate Movements (Naira per US dollar)

MONTH	CBN DAS/WDAS RATE					BUREAUX DE CHANGE					INTERBANK RATE				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009 /1
January	132.86	130.29	128.28	117.98	145.78	139.80	144.09	130.04	120.80	149.88	133.11	129.93	128.37	117.72	146.59
February	132.85	129.57	128.27	118.21	147.14	139.93	145.47	130.00	119.57	156.93	133.15	129.33	128.33	117.50	149.12
March	132.85	128.70	128.15	117.92	147.72	139.73	148.46	129.34	119.00	174.32	133.09	128.68	128.25	116.79	
April	132.85	128.47	127.98	117.87	147.23	141.77	147.85	129.00	118.93	180.27	133.06	128.58	127.99	117.47	
May	132.82	128.45	127.56	117.83	147.84	141.21	142.33	129.16	118.80	180.63	133.37	128.57	127.62	117.79	
June	132.87	128.45	127.41	117.81	148.20	141.85	136.82	128.32	118.70	166.14	134.35	128.50	127.49	117.74	148.54
July	132.87	128.38	127.19	117.77	148.59	143.94	130.12	127.52	119.00	155.13	135.35	128.43	127.20	117.71	149.88
August	133.23	128.33	126.68	117.74	151.86	145.82	130.46	127.39	119.00	158.95	135.94	128.43	126.59	117.69	155.23
September	130.81	128.29	125.88	117.73	152.30	145.80	130.21	126.50	119.00	158.00	132.55	128.39	125.73	117.62	153.25
October	130.84	128.28	124.28	117.72	149.36	144.99	130.30	126.50	119.00	153.05	131.09	128.42	123.43	117.72	150.22
November	130.63	128.29	120.12	117.74	150.85	143.94	129.82	123.80	119.10	152.95	130.80	128.42	119.45	117.88	151.03
December	130.29	128.29	118.21	130.29	149.95	141.93	129.32	121.39	137.65	153.48	130.08	128.39	118.23	134.33	149.80
AVERAGE	**132.15**	**128.65**	**125.83**	**118.92**	**148.90**	**142.56**	**137.10**	**127.41**	**120.81**	**161.64**	**133.00**	**128.67**	**125.72**	**119.07**	**150.40**
END-PERIOD	**130.29**	**128.27**	**117.97**	**132.56**	**149.58**	**141.50**	**129.50**	**121.00**	**139.00**	**155.00**	**130.40**	**128.50**	**118.05**	**140.00**	**149.67**

Exchange Rate from August, 2005 includes 1% commission
1/ There was no Inter-Bank trade between 18th February - 28th May 2009
Source: Trade and Exchange Department, CBN

Table 66
Total External Assets of Nigeria (Naira million)

	2002	2003	2004	2005	2006	2007	2008 /1	2009 /2
1. OFFICIAL	**1,016,116.60**	**1,067,695.80**	**2,481,222.60**	**3,838,035.60**	**5,619,923.70**	**6,551,523.60**	**7,336,897.60**	**6,413,754.5**
a. Federal Government	16.8	16.8	16.8	16.8	16.8	16.8	16.8	16.8
b. Central Bank	1,013,514.00	1,065,093.20	2,478,620.00	3,835,433.00	5,617,317.00	6,548,921.00	7,334,295.00	6,413,737.7
i) Gold	19	19	19	19	19	19	19	19.0
ii) Foreign Exchange	1,013,454.00	1,065,020.20	2,478,524.00	3,835,337.00	5,617,217.00	6,548,776.00	7,334,097.00	6,061,216.1
iii) Reserve Tranche	23	23	23	23	26	23	23	22.6
iv) Special Drawing Rights (SDR)	18	31	54	54	55	103.3	156	352,480.0
c. State Government	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
d. Others	2,583.30	2,583.30	2,583.30	2,583.30	2,583.30	2,583.30	2,583.30	2,583.3
2. SEMI OFFICIAL INSTITUTIONS	**4.1**	**4.1**	**4.1**	**4.1**	**4.1**	**4.1**	**4.1**	**4.1**
i) NIDB	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
ii) Others	4	4	4	4	4	4	4	4.0
3. BANKS (NET)	**398,210.00**	**437,658.60**	**481,295.50**	**439,690.40**	**638,105.20**	**930,748.00**	**1,279,622.90**	**1,071,082.3**
TOTAL	**1,414,330.70**	**1,505,358.50**	**2,962,522.20**	**4,277,730.10**	**6,258,033.00**	**7,482,040.00**	**8,616,524.60**	**7,484,840.9**
Exchange Rate (End-period)	***126.9***	***137***	***132.86***	***129***	***128.27***	***117.97***	***132.56***	***149.58***

1/ Revised
2/ Provisional
Source: Central Bank of Nigeria, Abuja

Table 67: International Investment Position of Nigeria (US$ million)

Type of Asset/Liability	2005 /1	2006 /1	2007 /1	2008 /1	2009 /2
Net international investment position of Nigeria	**-24,216.49**	**4,260.09**	**14,259.30**	**26,726.22**	**19,207.92**
Assets	**43,301.77**	**63,719.22**	**83,295.29**	**96,277.13**	**92,901.05**
Direct investment abroad	302.00	318.61	786.61	1,137.01	1,648.08
Portfolio investment abroad /1	1,526.04	3,052.08	4,911.19	7,627.61	9,795.18
Equities	-	-	-	-	-
Money Market	1,526.04	3,052.08	4,911.19	7,627.61	9,795.18
Banks	*1,526.04*	*3,052.08*	*4,911.19*	*7,627.61*	*9,795.18*
Bonds	-	-	-	-	-
Financial Derivatives	-	-	-	-	-
Other foreign assets	13,396.96	18,050.42	26,264.34	34,512.15	39,075.30
Public Sector assets excluding official reserves	1,427.83	1,308.03	2,581.87	4,666.37	5,971.01
Banks	4,480.25	6,620.62	9,923.26	15,418.25	17,840.92
Deposits	3,555.44	5,569.70	8,755.57	13958.64	16257.77
loans	924.81	1,050.92	1,167.69	1,459.61	1,583.15
Non-banks	4,242.00	4,837.00	7,218.00	6,859.00	6,997.52
Deposits	*4,242.00*	*4,837.00*	*7,218.00*	*6,859.00*	*6,997.52*
Trade Credits	3,246.88	5,284.77	6,541.21	7,568.53	8,265.85
Nigeria official reserve assets	28,076.77	42,298.11	51,333.15	53,000.36	42,382.49
Gold					
Special drawing rights					
Reserve position in the International Monetary Fund					
Foreign currencies	28,076.77	42,298.11	51,333.15	53,000.36	42,382.49
Liabilities	**67,518.26**	**59,459.13**	**69,035.99**	**69,550.91**	**73,693.13**
Direct investment	26,345.00	31,242.81	37,329.54	41,236.94	45,163.06
Portfolio investment	6,877.60	9,703.19	12,368.69	8,418.64	8,211.07
Equities	3,550.00	5,335.00	6,794.49	1,764.71	1,460.37
Money Markets	264.60	293.49	441.41	1,101.08	1,185.23
Banks	264.60	293.49	441.41	1,101.08	1,185.23
Bonds:	3,063.00	4,074.70	5,132.79	5,552.85	5,565.47
Gen. Government	3,063.00	4,074.70	5,132.79	5,552.85	5,565.47
Others	-	-	-	-	-
Financial Derivatives	-	-	-	-	-
Other Investments	34,295.66	18,513.13	19,337.76	19,895.33	20,319.00
Deposits:	5,509.00	5,613.00	6,463.00	6,189.32	5,775.91
Banks	*5,509.00*	*5,613.00*	*6,463.00*	*6,189.32*	*5,775.91*
Non-Banks	-	-	-		
Loans:	28,786.66	12,900.13	12,874.76	13,706.01	14,543.09
Long Term	28,786.66	12,900.13	12,874.76	13,706.01	14,543.09
Gen. Government	*24,631.43*	*8,201.43*	*7,688.43*	*7,662.43*	*7,636.01*
Banks	*985.23*	*1,094.70*	*1,216.33*	*1372.58*	*1587.2*
Others	*3,170.00*	*3,604.00*	*3,970.00*	*4,671.00*	*5,319.88*
Short Term	-	-	-	-	-
Gen. Government	-	-	-		
Others	-	-	-		
Other liabilities	-	-	-		

1/ Revised
2/ Provisional
Source: Central Bank of Nigeria