

## **ECONOMIC REPORT FOR THE MONTH OF JULY 2003**

### **1.0 SUMMARY**

Available data indicated further acceleration in the growth of monetary aggregates in July, 2003. Broad money stock ( $M_2$ ) and narrow money ( $M_1$ ) recorded an increase of 2.5 and 2.7 per cent over the levels in the preceding month, and grew by 24.1 and 23.0 per cent, respectively, in the first seven months of the year, compared with the targets of 15.3 and 13.8 per cent for the whole year. The rise was attributable entirely to the increase in aggregate bank credit to the domestic economy during the month. Aggregate banking system's credit to the domestic economy rose significantly by 25.1 per cent during the month.

Data on banks' interest rates indicated mixed developments during the month. Banks' deposit rates showed an increase, while lending rates, particularly prime lending rates declined marginally. The spread between banks' weighted average deposit and maximum lending rates stood at 11.8 percentage points, while the margin between the average savings deposit and maximum lending rates was 19.3 percentage points. The average inter-bank call rate declined to 15.6 per cent from 18.5 per cent in the preceding month, reflecting improved liquidity in the banking system.

The value of money market assets outstanding at end-July, 2003 rose by 0.2 per cent, compared with the increase of 0.1 per cent in the preceding month. The rise reflected the increase in the value of Bankers' Acceptances (BAs). No new issue of Nigerian Treasury Bills (NTBs) was made during the review month; while matured bills were rolled over. Activities on the Nigerian Stock Exchange (NSE) reflected mixed developments as the volume

and value of traded securities increased, while the market capitalization and value index declined.

Agricultural activities during the month included the planting of rain-fed crops, harvesting of dry season crops, pruning as well as weeding and application of fertilizers in various parts of the country. The price index of Nigeria's major agricultural commodities at the London Commodities Market increased by 19.0 per cent, in dollar terms, and 22.6 per cent, in naira terms, over the levels recorded in the preceding month. The inflation rate in July was estimated at 10.7 per cent, up from 10.1 per cent in June. Crude oil output, including condensates and natural gas, was estimated at 2.15 million barrels per day (mbd) or 66.65 million barrels for the month. Deliveries of crude oil to the refineries for domestic consumption remained at 0.45 million barrels for the month. The average price of Nigeria's reference crude, Bonny Light, (37°API), rose by 2.1 per cent to U.S\$ 28.52 a barrel in July 2003.

Data on Foreign exchange flows through the Central Bank of Nigeria (CBN) resulted in a net outflow of \$205.8 million during the month. Foreign exchange sales by the CBN to authorized dealers in July 2003, amounted to \$802.5 million. The weighted average exchange rate of the naira vis-à-vis the U.S dollar appreciated by 0.02 per cent from its level of ₦128.06 in June to ₦128.03 per dollar in July. In the parallel and bureaux de change segments of the market, it appreciated to ₦138.50 and ₦139.0 per dollar, from ₦138.92 and ₦139.42 per dollar, respectively, during the period. Nigeria's gross external reserves at

\$7,642.20 million declined by 0.62 per cent at end-July 2003, from its preceding month's level of \$7,689.50 million. On the international scene, total world crude oil output increased by 0.85 mbd or 1.1 per cent to 77.60 mbd, compared with 76.75 mbd in the preceding month, while estimated demand exceeded supply by 0.20 mbd, compared with an excess demand of 0.35 mbd recorded in June 2003.

Other major international economic developments of relevance to the domestic economy during the month were: the meeting of the Working Group on the Transfer of ECOWAS Travellers' Cheque Management to a private Operator held in Freetown, Sierra Leone in July, 2003. Also, the African Development Bank (ADB) and the Economic Community of West African States (ECOWAS) signed a cooperation agreement in July 2003 in Tunisia in the areas of assistance in capacity building. Other areas of funding discussed included monetary integration efforts, industrial and gender development, and poverty reduction. In a related development, the Board of Directors of the African Development Fund (ADF) and Nigerian Trust Fund, approved \$26.66 million as loan for Togo, Benin Republic and Nigeria to facilitate regional integration programme in the West African sub-region, particularly for funding the inter-state national roads that would link Togo, Benin Republic and Nigeria. The United States' President, Mr. George W. Bush visited five African countries, namely, Senegal, Botswana, South Africa, Uganda and Nigeria from 7<sup>th</sup> to 12<sup>th</sup> July, 2003. The highlights of the visit included American Government's provision of assistance on: HIV/AIDS, agricultural subsidy, African Growth & Opportunity Act, and Economic Development. The U.S. President commended his Nigerian counterpart for his commitment to democracy and freedom, the

rule of law and transparency. He indicated that the US development assistance to Nigeria has been increased to \$100 million a year, from \$7 million during the military regime.

## **2.0 FINANCIAL SECTOR DEVELOPMENTS**

Money supply increased further in July, 2003, while bank interest rates exhibited mixed developments. Activities in the money market continued to be influenced largely by the state of liquidity in the banking system. Transactions on the Nigerian Stock Exchange (NSE) also showed mixed outcomes during the month under review.

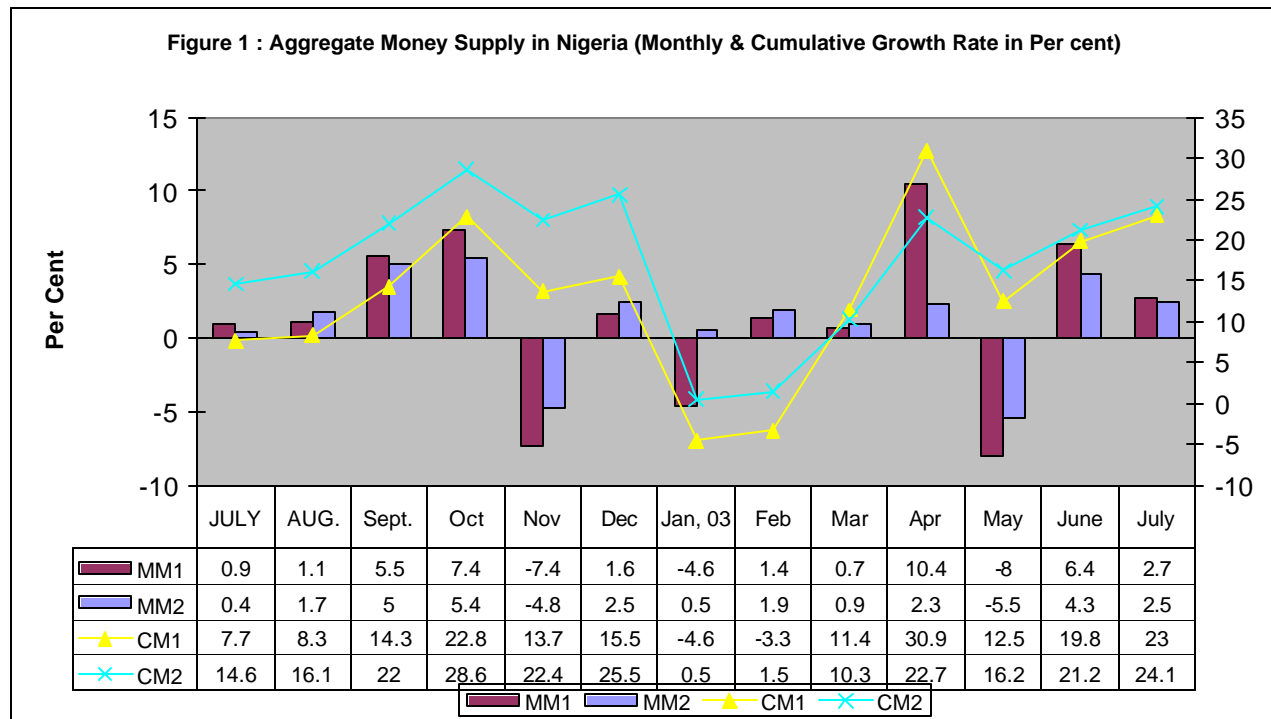
### **2.1 Monetary and Credit Developments**

Available data indicated that broad money supply ( $M_2$ ) rose further in July, 2003 by 2.5 per cent to ₦1,985.6 billion, compared with the increase of 4.3 per cent in the preceding month. Similarly, narrow money ( $M_1$ ) rose by 2.7 per cent, reflecting wholly the increase in aggregate bank credit to the domestic economy. In the first seven months of the year,  $M_2$  and  $M_1$  rose by 24.1 and 23.0 per cent, respectively, implying annualized growth rates of 41.3 and 39.4 per cent, respectively, as against the targets of 15.0 and 13.8 per cent for fiscal 2003 (Fig.1).

Aggregate banking system's credit to the domestic economy increased significantly by ₦371.5 billion or 25.1 per cent to ₦1,849.1 billion in July 2003, in contrast to a decline of ₦20.5 billion or 1.4 per cent in the preceding month. The rise during the review month reflected the increase in credit to both the Federal Government and the private sector. In the

first seven months of the year, aggregate bank credit grew by ₦519.7 billion or 39.1 per cent, compared with the growth target of 25.7 per cent for the whole year (fig.2).

billion, reflecting entirely the rise in deposit money banks' claims on the sector. During the first seven months of the year, claims on the sector increased by ₦149.5 billion or 15.6 per cent, compared with the 32.3 per



Banking system's net claims on the Federal Government rose by ₦332.3 billion or 80.7 per cent, in contrast to the decline of ₦40.0 billion or 8.8 per cent in the preceding month. The rise was attributable largely to the increase in credit by the CBN. Over the level at the end of December 2002, net credit to the Government rose by ₦370.3 billion, reflecting substantial increase in claims by both the Central Bank and deposit money banks.

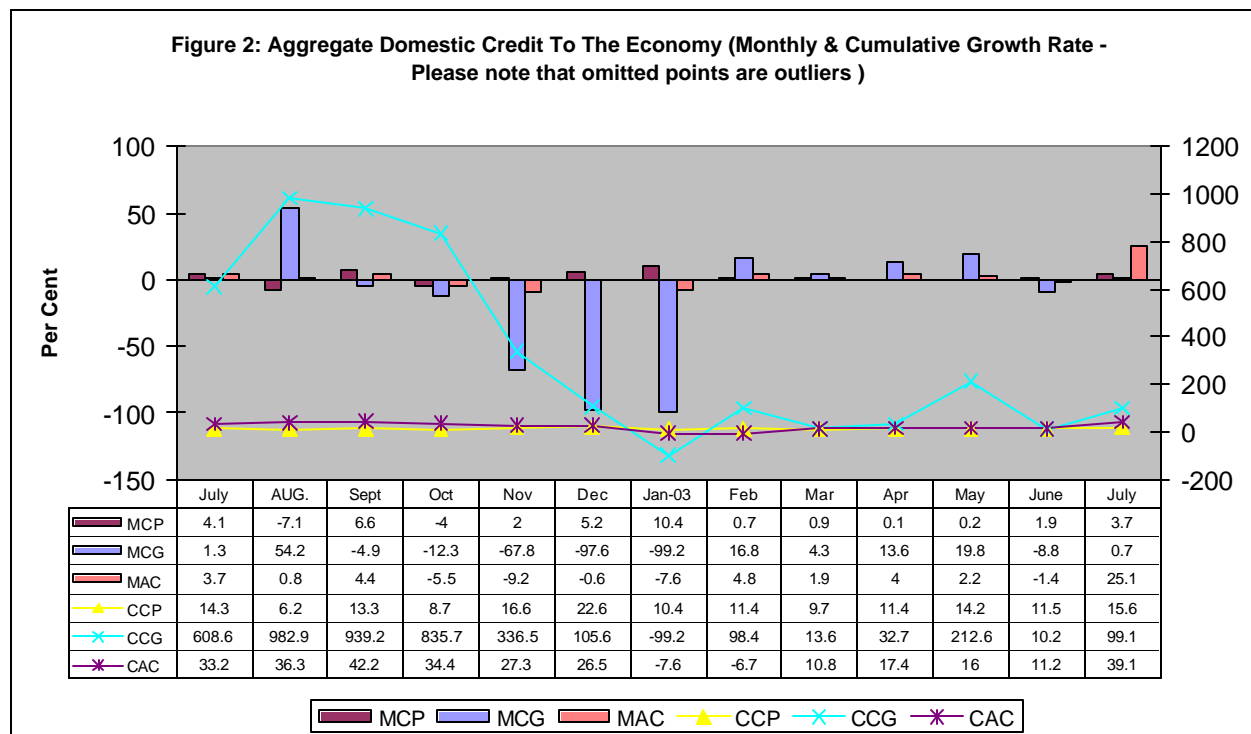
Bank credit to the private sector rose by ₦39.2 billion or 3.7 per cent to ₦1,105.2

cent target for the year.

At ₦1,301.1 billion, foreign assets (net) of the banking system declined by ₦134.6 billion or 9.4 per cent, in contrast with the increase of ₦29.6 billion or 2.1 per cent in the preceding month. The fall was attributable to the decline in both Central Bank and deposit money banks' holdings. In the first seven months of the year, the system's net foreign assets holding declined by ₦86.1 billion or 6.2 per cent.

Quasi-money rose by ₦16.7 billion or 2.1 per cent to ₦8821.3 billion in the review month, compared with the increase of 1.4 per cent in the preceding month. The rise during the month reflected the increase in

3.5 per cent from the preceding month's level and end-December 2002 level, respectively. The fall was traceable to currency outside the banking system, which declined from ₦382.5 billion in June 2003



banks' time, savings and foreign currency deposits. During the seven-month period between December 2002 and July 2003, quasi-money rose by ₦168.0 billion or 25.7 per cent.

Other assets (net) of the banking system declined substantially by ₦189.3 billion or 19.4 per cent in the review month, in contrast to increase of 6.8 per cent in the preceding month. The fall was traceable to the increase in unclassified liabilities of both the Central Bank and deposit money banks.

## 2.2 Currency-in-circulation and Deposits at CBN

At ₦438.4 billion, currency in circulation in July 2003 declined by ₦6.8 billion or 1.5 per cent and ₦16.4 billion or

to ₦361.0 billion in July. Vault cash, a component of currency-in-circulation, however, rose from ₦62.6 billion to ₦77.4 billion during the month under review.

Total deposits at the CBN amounted to ₦491.5 billion, indicating a decline of ₦263.9 billion or 286.2 per cent and ₦265.9 billion or 35.1 per cent from the preceding month's level and the level at end-December 2002, respectively. The development during the month reflected the decline in the deposit of the Federal Government and deposit money banks, while the deposit by the private sector increased. The shares of the Federal Government, bankers and "others" in total deposit at the CBN were 27.7, 39.9 and 32.4 percent, respectively, compared with 58.6, 27.6 and 13.8 per cent in July, 2003.

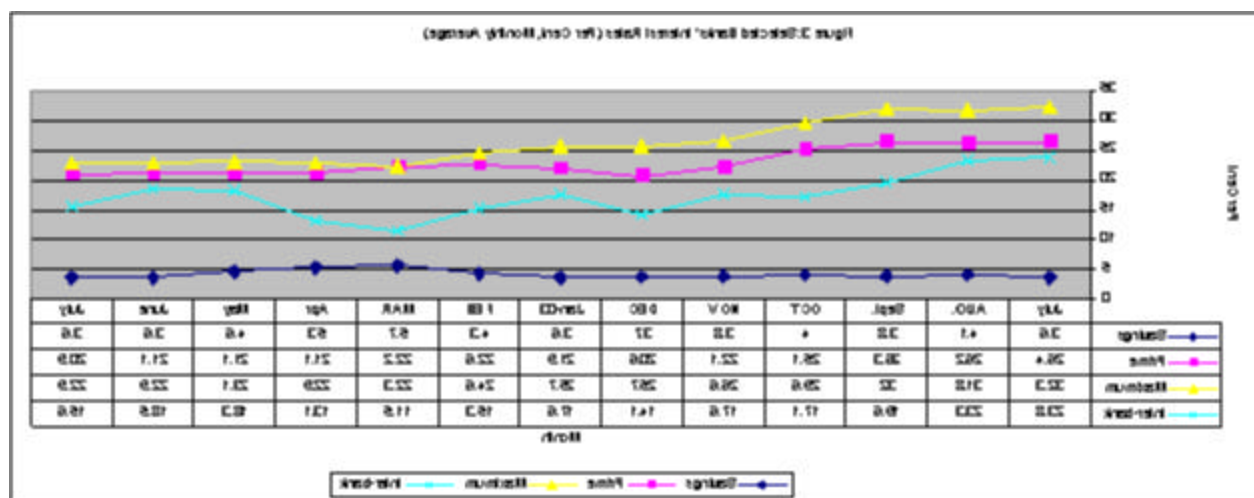
## 2.3 Interest Rate Developments

Available data indicated that interest rate developments in July were mixed. Banks' deposit rates showed a general increase in July 2003, while the prime lending rate declined marginally. The deposit rates of various maturities rose from the range of 7.8-12.7 per cent in June to a range of 8.2 and 13.2 per cent in July. Banks' average prime lending rate declined by 0.2 percentage point to 20.9 per cent, while maximum lending rate remained unchanged at the preceding month's level of 22.9 per cent. The spread between banks' weighted average deposit and maximum lending rates, thus, narrowed from 12.2 to 11.8 percentage points, while the margin between the average savings deposit and maximum lending rates was 19.3 percentage points.

## 2.4 Money Market Developments

Provisional data indicated that the value of money market assets outstanding as at end-July, 2003 rose marginally by ₦1.3 billion or 0.2 per cent to ₦805.5 billion, compared with the increase of ₦0.5 billion or 0.1 per cent in the preceding month. The rise reflected wholly the increase of ₦1.3 billion or 4.3 per cent in the level of Bankers' Acceptances (BAs). The level of Commercial Papers (CPs) and Eligible Development Stocks (EDS) and Treasury Bills outstanding, however, remained unchanged at the preceding month's level of ₦37.5 billion or 4.7 per cent, ₦2.4 billion or 0.3 per cent and ₦733.8 billion, respectively.

Treasury bills worth ₦299.0 billion were issued in July, 2003 to replace matured



The average inter-bank call rate fell from 18.5 per cent in June to 15.6 per cent in July 2003, reflecting improved liquidity in the banking system.

bills of equivalent value, compared with ₦290.6 billion issued in the preceding month. Analysis of the total issues during the month indicated that public subscription amounted to ₦224.5 billion or 75.1 per cent. Of this amount, deposit money banks (DMBs) and discount houses accounted for ₦159.7 billion or 53.41 per cent, while others subscribed ₦64.8 billion or 21.7 per

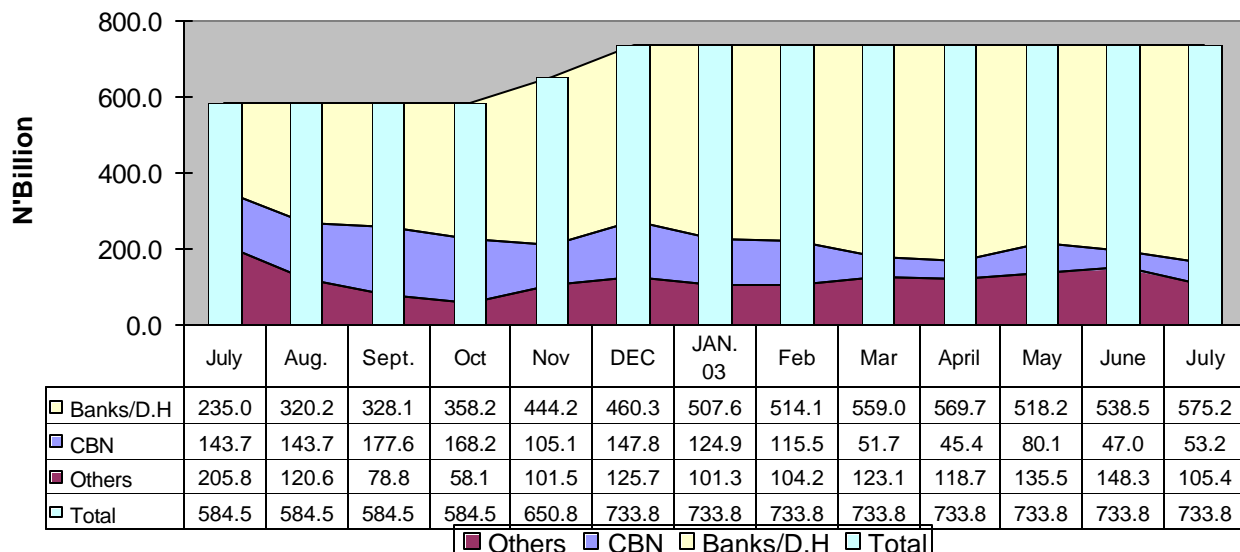
cent. The balance of ₦74.5 billion or 24.9 per cent was absorbed by the Central Bank.

A breakdown of outstanding treasury bills holdings indicated that deposit money banks and discount houses together accounted for ₦575.2 billion or 78.4 per cent of the total, while holdings by “other” investors amounted to ₦105.4 billion or 14.4 per cent, compared with ₦148.3 billion or 20.2 per cent in the preceding month. Central Bank’s holding rose from ₦847.0 billion in June to ₦53.2 billion, in July

dominance of the market, as it accounted for 81.8 and 81.4 per cent of the total volume and value of traded securities, respectively. There were no dealings in government stocks during the month.

Market capitalisation and value index, on the other hand, declined by 4.5 and 3.0 per cent to close at ₦848.4 billion and 13,807.7 (1984=100), respectively, reflecting largely, the unimpressive operational results of some listed companies on the exchange.

**Figure 4: Treasury Bills Holdings (N'Billion)**



2003, representing 7.2 per cent of the total outstanding.

## 2.5 Capital Market Developments

Activities on the Nigerian Stock Exchange (NSE) during the review month were mixed. The volume of traded securities rose significantly by 33.1 per cent to 1.63 billion shares in July 2003, while the value of traded securities increased from ₦7.7 billion in June 2003 to ₦14.9 billion. A breakdown of the transactions indicated that the banking sub-sector maintained its

## 2.6 Deposit Money Banks' Activities

Total assets/liabilities of deposit money banks (DMBs) amounted to ₦2,954.9 billion, representing an increase of ₦4.1 billion or 0.1 per cent and ₦249.1 billion or 9.2 per cent over the preceding month's level and end-December 2002 level, respectively.

Funds were sourced mainly from reduction in reserves and foreign assets,



while the major uses of funds were the repayment of unclassified liabilities, claims on the private sector, among others.

Banks' aggregate credit to the domestic economy at end-July 2003 amounted to ₦1,513.0 billion, representing an increase of ₦54.3 billion or 3.7 per cent and ₦149.6 billion or 11.0 per cent over the level in the preceding month and end-December 2002, respectively.

Central Bank's credit to deposit money banks (DMBs) amounted to ₦8.7 billion, representing an increase of ₦3.0 billion or 51.1 per cent over the level in the preceding month but a decline of ₦13.4 billion or 60.5 per cent from the level at end-December, 2002. The rise during the review month reflected largely CBN's overdraft facilities granted to the banks.

Total specified liquid assets of deposit money banks (DBMs) stood at ₦794.7 billion or 48.9 per cent of their total deposit liabilities. This level of assets was 0.6 percentage point below the preceding month's level, and 8.9 percentage points above the stipulated minimum ratio of 40.0 per cent for fiscal 2003.

## **2.7 Discount Houses**

Total assets/liabilities of the discount houses amounted to ₦46.3 billion in July 2003, representing a decline of ₦2.7 billion or 5.5 per cent from the level in the preceding month, but an increase of ₦3.9 billion or 42.8 per cent over the level in the corresponding month of 2002.

Discount houses' investments in Federal Government securities of less than 91 days maturity amounted to ₦24.0 billion or 79.2 per cent of their total deposit liabilities. This was equivalent to 1.3 and

19.2 percentage points above the level in the preceding month and the prescribed minimum level of 60.0 per cent for fiscal 2003, respectively.

Total borrowings by discount houses amounted to ₦11.4 billion, while their capital and reserves amounted to ₦7.0 billion, resulting in a gearing ratio of 1.4:1, compared with the stipulated maximum target of 50:1.

## **3.0 DOMESTIC ECONOMIC CONDITIONS**

Agricultural activities during the month included the planting of rain-fed crops, harvesting of dry season crops, pruning as well as weeding and application of fertilizers in various parts of the country. Crude oil output declined by 0.5 per cent from the preceding month's level, while the inflation rate was estimated at 10.7 per cent, up from 10.1 per cent in June, 2003.

### **3.1 Agricultural Sector**

Agricultural production was boosted nation wide, following the steady and even distribution of rainfall witnessed during the month in all parts of the country. In the livestock sub-sector, farmers intensified breeding and production of livestock following to availability of abundant forage, induced by the rains.

The prices of Nigeria's major agricultural commodities at the London Commodity Market increased during the month. The all – commodity price index, at 89.7 (1985=100), in dollar terms, increased by 1.9 and 0.8 per cent over the level in the preceding month and the corresponding month of 2002, respectively. In naira terms, the index rose by 22.6 and 1.3 per cent over the level in the preceding month and

corresponding period of 2002, respectively. The increase in price was attributed mainly to the reduction in supply relative to demand.

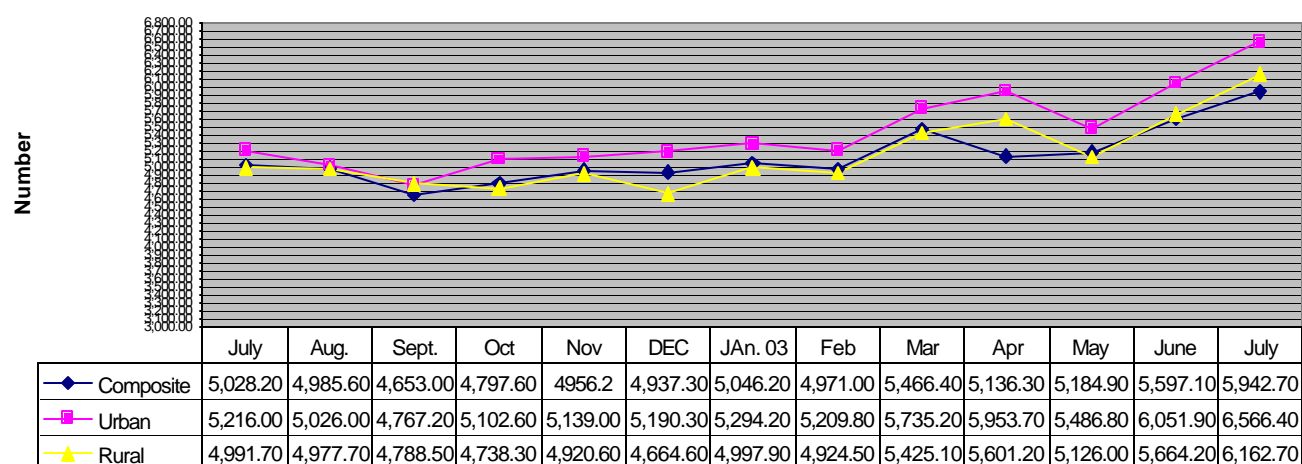
Of the six commodities monitored during the month, cotton soya beans and copra recorded price increases of 30.8, 11.0 and 4.5 per cent, respectively, while coffee, palm-oil and cocoa recorded a price decline of 30.2, 15.0 and 0.1 per cent, respectively. When compared with the level a year earlier, all commodities except palm oil and soya beans recorded a price increase of varying degrees.

commodities recorded varying degrees of price increase.

### 3.2 Petroleum Sector

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 2.15 million barrels per day (mbd) or 66.65 million barrels per month, indicating a marginal decline of 0.13 mbd or 5.7 per cent from the level in the preceding month. The decline in output was attributable to the disturbances in the Niger Delta area, which led to the shut down of some production facilities. The share of the country's production in total OPEC output

Figure 5 : Monthly Consumer Price Indices in Nigeria (1985 = 100)



Source: Federal Office of Statistics (FOS), Lagos

Composite Urban Rural

In naira terms, three of the commodities namely, cotton, soyabean and copra recorded a price increase. The increases ranged from 8.4 per cent for copra to 34.4 per cent for cotton, while coffee, cocoa and palm-oil recorded a price decline of 26.5, 25.4 and 11.9 per cent, respectively, over the level in the preceding month. When compared with the level in the corresponding month of 2002, all the

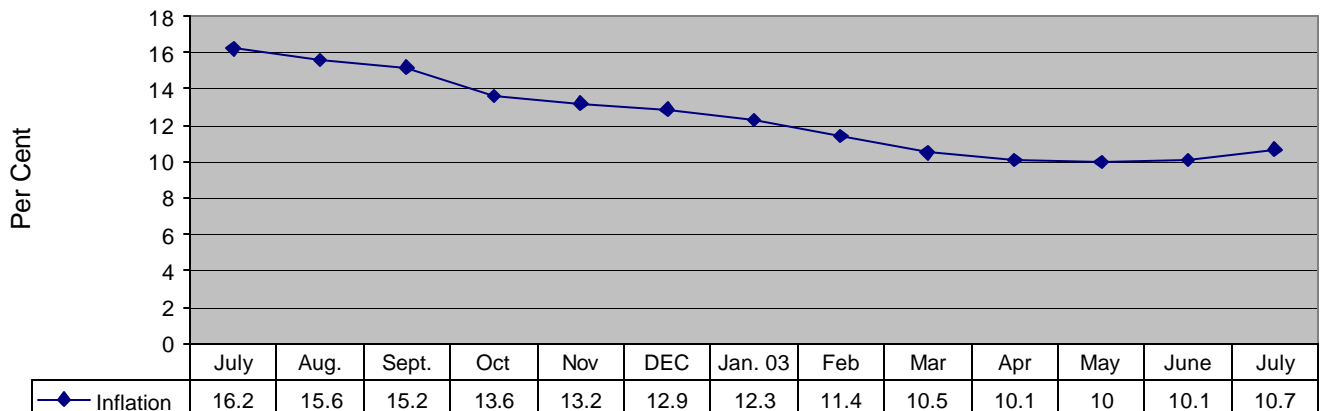
was 7.3 per cent, compared with 7.7 per cent in the preceding month. Crude oil exports, estimated at 1.70 mbd or 52.70 million barrels for the month, showed a decline of 7.1 per cent from the level in June. Deliveries to refineries for domestic consumption, however, remained at the previous month's level of 0.45 mbd or 13.95 million barrels for the month under review.



Crude oil price firmed up during the month at both the spot and net-back markets, indicating improved demand for gasoline during the summer motoring season in the Western World and OPEC's adherence to the existing output cut. Consequently, the average price of Nigeria's reference crude, Bonny Light (37<sup>0</sup> API), in the spot market, at \$28.52 a barrel, rose by 2.1 per cent over its level in June, while the average price of other competing brands of crude, such as the U.K Brent, Arab Light and the West Texas Intermediate (WTI) were \$28.41, \$27.45 and \$30 a barrel, respectively, indicating an increase of 3.1, 2.2, and 0.6 percent, over the level a month earlier. Similarly, in the net-back market, the Bonny Light was sold for \$34.50 a barrel, indicating an increase of 4.8 per cent over the price in June. The price of

July 2003 was 5,942.7 (1985 = 100), indicating an increase of 6.2 and 18.2 per cent over the level in the preceding month and the corresponding month of 2002, respectively. The development during the month was traceable to the indices of clothing and footwear; accommodation, fuel and light; household goods; medical care and health expenses; transportation; recreation, entertainment, **following to availability of abundant forage induced by the rains**, education and cultural services as well as other services, which rose by 0.1, 1.0, 0.1, 0.2, 0.9, 0.2 and 0.3 per cent, respectively. This was, however, moderated by the indices of food; and drinks, tobacco and kola whose indices declined by 2.6, and 0.1 per cent, respectively. When compared with the level in the corresponding month a

Figure 6: Inflation Rate in Nigeria (Per Cent, Monthly)



Source: Federal Office of Statistics (FOS), Lagos

the U.K. Brent and WTI was \$33.60 and \$34.36 a barrel, respectively, as against \$30.55 and \$32.75 a barrel in the preceding month.

### 3.3 Consumer Prices

Data from the Federal Office of Statistics (FOS) showed that the all-items composite Consumer Price Index (CPI) for

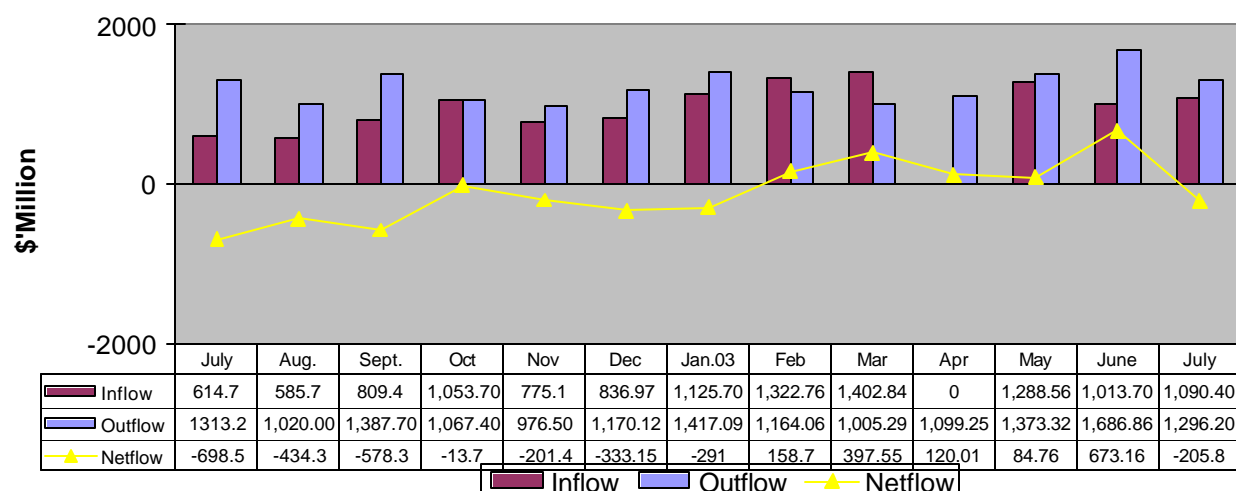
year earlier, all the components recorded an increase except food, which recorded a price decline of 7.4 per cent. The Urban all-items CPI was 6,566.4 (1985 = 100) in July, 2003, indicating an increase of 8.5 and 25.9 per cent over the level in the preceding month and corresponding month of 2002, respectively. Similarly, the rural all items CPI at 6,162.7 (1985 = 100), showed the same trend as observed in the urban centres

when compared with the preceding month and corresponding month of 2002, though at slightly lower rates.

Available information based on the retail price surveys in some locations within Lagos area as well as in Bauchi, Enugu, Ibadan and Kano zones indicated an increase

estimated at 10.7 per cent, up from 10.1 and 16.2 per cent recorded in the preceding month and the corresponding period of 2002. The development during the month under review reflected largely the rise in the price of foodstuffs arising from the increase in transportation cost occasioned by the upward review of the pump price of

**Figure: 7 Foreign Exchange Flows Through the CBN (\$'Million)**



in the all-items average price of consumer items in July, 2003 by 2.98 per cent, compared with 2.07 per cent increase recorded in the preceding month. The rise during the month was traceable to the increase in the indices of meat, fish and eggs; oil and fat; vegetable, fruits and nuts; beverages and drinks; clothing and fabrics; fuel and light as well as medical by 9.1, 7.2, 14.8, 3.6, 9.1, 21.0 and 4.30 per cent, respectively, while the indices of staples and building materials recorded a decline of 3.7 and 2.0 per cent, respectively. A price increase of 5.3, 6.2, 4.3, and 8.1 per cent was reported in Bauchi zone, Enugu zone, Ibadan zone, and Lagos area, respectively, over the preceding month's level. Kano zone, however, recorded price decline of 5.8 per cent during the review month.

The inflation rate for the twelve-month period ended July 2003 was

petroleum products.

## 4.0 EXTERNAL SECTOR DEVELOPMENTS

### 4.1 Foreign Exchange Flows

Foreign exchange inflow and outflow through the Central Bank of Nigeria (CBN) amounted to \$1,090.4 million and \$1,296.2 million, respectively, in July 2003, representing a net outflow of \$205.8 million. Compared with the level of \$1,013.7 million and \$1,686.9 million in the preceding month, inflow rose by 7.6 per cent, while outflow declined by 23.2 per cent. The rise in inflow was attributable to the 7.2 and 8.4 per cent increase in oil and non-oil receipts, respectively, while the fall in outflow was accounted for by the decline in the funding of the foreign exchange market by 13.0 per cent in July. At \$8,463.2 million and

\$9,054.5 million, cumulative inflow and outflow through the CBN, from January to July, 2003 was 64.2 and 18.6 per cent, respectively, higher than the level in the corresponding period of 2002.

Available data on foreign exchange flows through the economy indicated a total inflow of \$1,713.9 million, representing an increase of 7.5 per cent over the level in the preceding month. Analysis of the total inflow showed that oil receipts amounted to \$729.8 million or 42.6 per cent, while non-oil public sector receipts and inflow from autonomous sources stood at \$360.6 million or 21.0 per cent and \$623.5 or 36.4 per cent, respectively. At \$1,326.53 million, foreign exchange outflow from the economy showed a decline of 22.8 per cent from the level in June, 2003. The fall was accounted for by the decline in the funding of the foreign exchange market, reduction in external debt service payment and other official payments, which dropped from

during the month. The cumulative inflow and outflow through the economy during the first seven months of 2003 amounted to \$12,901.63 million and \$9,625.0 million, respectively, compared with \$8,150.2 million and \$8,015.6 million in the corresponding period of 2002.

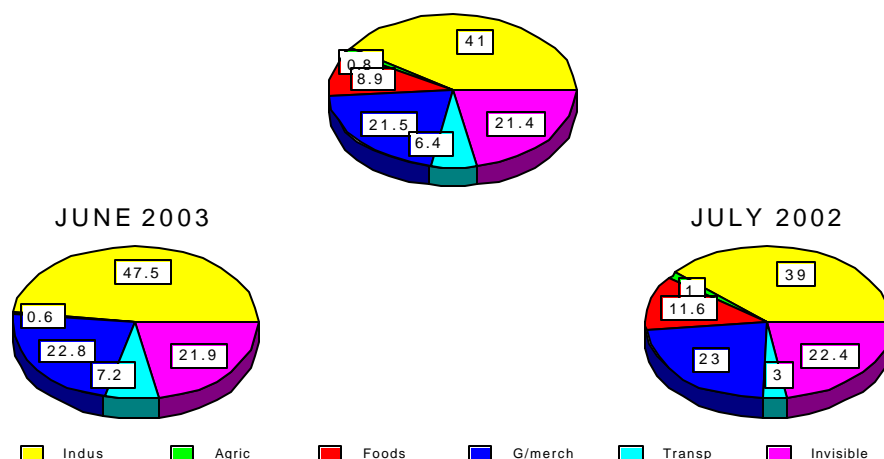
#### 4.2 Sectoral Utilisation of Foreign Exchange

The industrial sector accounted for the bulk (41.0 per cent) of total foreign exchange disbursed in July 2003. Other sectors, in a descending order of importance, included: general merchandise, invisibles, food, transportation and agricultural products (fig.8).

#### 4.3 Foreign Exchange Market Developments

The demand pressure in the Foreign Exchange Market (FEM) moderated in July

Figure 9: Sectoral Utilization of Foreign Exchange (percentage of total)  
JULY 2003



\$922.9 million, US\$367.4 million and \$378.3 million in June to \$802.5 million, US\$121.3 million and \$350.3 million, respectively, in the review month. Drawings on L/Cs, however, rose by 21.4 per cent

2003. At US\$802.5 million, sales of foreign exchange by the CBN to end-users through the authorized dealers declined by 13.1 per cent from the preceding month's level of US\$922.9 million. The weighted average

exchange rate of the naira vis-à-vis the US dollar appreciated by 0.02 per cent from ₦128.06 per dollar in June 2003 to ₦128.03 in July. Also, in the parallel and the bureaux de change segments of the market, the rates appreciated to ₦138.5 and ₦139.0 per dollar in July 2003, from ₦138.92 and ₦139.42 per dollar, respectively, in the preceding month. Overall, the premium between the official and parallel market rates narrowed to 8.4 per cent, down from 8.7 per cent in June 2003.

#### **4.4 External Reserves**

Nigeria's gross external reserves at end-July, 2003 amounted to \$7,642.20 million, indicating a decline of 0.62 per cent from the level of \$7,689.50 in the preceding month. At current foreign exchange commitments, the reserves could finance about 5.9 months of imports, compared with 6.0 months in the preceding month.

#### **5.0 OTHER INTERNATIONAL ECONOMIC DEVELOPMENTS**

Available data indicated that world crude oil output rose by 0.85 mbd or 1.1 percent from 76.75 million barrels per day (mbd) in June 2003 to 77.60 million barrels per day (mbd) in July, while demand rose by 0.90 per cent over the 77.10 mbd recorded in the preceding month. Overall, total world oil demand in July 2003 exceeded supply by 0.20 mbd, compared with an excess demand of 0.35 mbd in the preceding month. Nigeria's crude oil production in the month of July was estimated at 2.15 mbd representing 2.8 per cent of world output.

Other major international economic developments with implications for the domestic economy during the month were: the meeting of the Working Group on the Transfer of ECOWAS Travellers' Cheque

management to a private operator held in Freetown, Sierra Leone in July, 2003.

Also, the African Development Bank (ADB) and the Economic Community of West African States (ECOWAS) signed a cooperation agreement in July 2003 in Tunisia in the areas of assistance in capacity building. Other areas of funding discussed included monetary integration efforts, industrial and gender development, and poverty reduction. In a related development, the Board of Directors of the African Development Fund (ADF) and Nigerian Trust Fund, approved \$26.66 a loan for Togo, Benin Republic and Nigeria to facilitate regional integration programme of the West African sub-region, particularly for funding the inter-state national roads that would link Togo, Benin Republic and Nigeria.

Finally, the United State's President Mr. George W. Bush visited five African countries, namely, Senegal, Botswana, South Africa, Uganda and Nigeria from 7<sup>th</sup> to 12<sup>th</sup> July, 2003.

The highlights of the visit included America's financial assistance to Africa on: HIV/AIDS, agricultural subsidy, African Growth & Opportunity Act, and Economic Development. The U.S. President commended his Nigerian counterpart for his commitment to democracy and freedom, the rule of law and transparency. The US development assistance to Nigeria was increased to \$100 million a year.

