CENTRAL BANK OF NIGERIA



Annual Report And Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER, 2008



Central Bank of Nigeria Corporate Head Office 33 Tafawa Balewa Way Central Business District P. M. B. 0187 Garki Abuja

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ISSN 1597 - 2976





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

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AS AT 31ST DECEMBER, 2008.



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- Deputy Governor (Corporate Services)

- Deputy Governor (Economic Policy)

- Deputy Governor (Financial Sector Surveillance)

- Deputy Governor (Operations)

- Director (Accountant General of the Federation)

- Director

Director

Director

Director

- Director

Director (Permanent Secretary, Federal Ministry of

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Umaru B. Girei - Secretary to the Board

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^{*}Overseeing

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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

AFC Africa Finance Corporation
AfDB African Development Bank
AIPs Approval-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
BDC 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

CIT Companies Income Tax COB Currency Outside Bank

COBEC Code of Business Ethics and Conduct

COPAL Cocoa Producers' Alliance
CP 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

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
EDC 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

ICCOInternational Cocoa OrganizationICOInternational Coffee OrganizationIDAInternational Development AssistanceIDMSIntegrated 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

IPOsInitial Public OffersIPPsIndependent Power PlantsISPsInternet Service ProvidersITInformation 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

M1 Narrow Money Supply
M2 Broad Money Supply
mbd Million barrels per day

MDGs Millennium Development Goals

MFBs Microfinance Banks

MICR Magnetic Ink Character Recognition

MMDs Money Market Dealers

MOUMemorandum of UnderstandingMPCMonetary Policy CommitteeMPRMonetary Policy RateMRRMinimum Rediscount Rate

MTEF Medium-Term Expendiure 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&APurchase and AssumptionPENCOMNational Pension CommissionPEPPolitically 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

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

SMEDANSmall and Medium Enterprises Development AgencySMEEISSmall 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





CHUKWUMA C. SOLUDO, CFR

Governor, Central Bank of Nigeria



STATEMENT BY THE GOVERNOR

- 1. am delighted to present the Annual Report and Financial Statements of the Central Bank of Nigeria (CBN) for the year ended 31st December, 2008. Viewed from the perspective of the CBN, 2008 was a year marked by many striking successes, but also beset with continuing challenges.
- 2. Uring the year under review, the CBN witnessed a change at the Board level. Mr. Stephen O. Oronsaye, Permanent Secretary, Federal Ministry of Finance replaced Ms. Amal Inyingiala Pepple on the Board following her appointment as the Head of the Civil Service of the Federation in July 2008. In a related development, the appointments of five (5) members of the Board were renewed with effect from 22nd November, 2008.
- 3. Uring the year, the Bank's policies and operations remained firmly geared toward the achievement of its principal objects as contained in the CBN Act, 2007. The Bank's liquidity management activities through the appropriate mix of policy instruments, significantly contributed to the relative stability that was observed in the financial markets, in particular, the money and foreign exchange markets. The Bank continued to use the monetary policy rate (MPR) to signal the stance of monetary policy stance and steer market interest rates to the desired direction, while the stability of the exchange rate was sustained up to the third quarter of 2008.
- 4. In spite of the global financial crisis, the banking system remained sound and strong. Public confidence in the sector continued to grow as indicated by increased customer deposits and growth in deposit money banks' assets. The performance of the sector further improved during the year with credit to the core private sector expanding by 59.2 per cent, while the ratio of non-performing credits to industry total continued to decline.
- 5. he various efforts made by the government and the CBN to nurture a more conducive climate for the real economy reflected in the sustained robust economic growth, measured in terms of the gross domestic product (GDP) of an estimated 6.4 per cent compared with 6.5 per cent in 2007. The growth was largely driven by the non-oil sector. Overall, the external sector position remained buoyant, while the foreign exchange reserves as at end of 2008 stood at \$53.0 billion as against \$51.33 billion in 2007. Inflation rate, however, rose sharply to 15.1 per cent in 2008 from 6.6 per cent in 2007. This was against the backdrop of the challenges of the global financial crisis, and high food and energy prices which affected several countries that hitherto had enjoyed low and stable inflation for over a decade.
- 6. In line with the effort of the Bank to expand service delivery to a wide range of stakeholders, six CBN branches were opened. In addition, three Entrepreneurship Development Centers were

established in Kano, Onitsha and Lagos to develop the entrepreneurial skills of Nigerians for the purpose of reducing unemployment. The Bank also continued its efforts at capacity building in microfinance institutions in order to enhance access to credit and reduce intermediation costs in the economy.

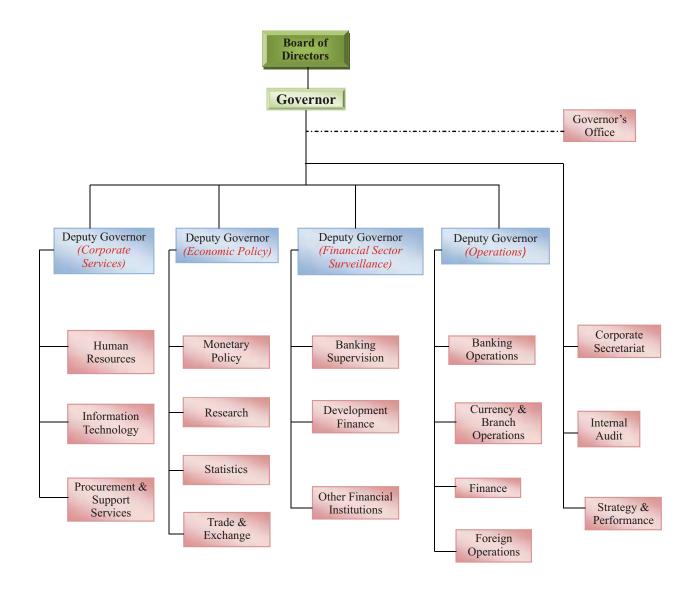
- 7. Let me conclude by expressing my sincere appreciation to the Board, Management and Staff of the Central Bank of Nigeria for their support, dedication, hard work and loyalty which contributed to the successes achieved in 2008. My gratitude also goes to the Executive, Legislature and Judiciary arms of government, our development partners, the organized private sector as well other stakeholders for their unflinching support and cooperation.

Professor Chukwuma C. Soludo, CFR.

Governor

April 2009

Organisational Structure of the CBN as at 31st December, 2008





CENTRAL BANK OF NIGERIA ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2008

EXECUTIVE SUMMARY

1. This Report reviews the operations of the Central Bank of Nigeria (CBN) and appraises the macroeconomic policies and outcomes in 2008. It is structured into two parts. Part I reviews the corporate operations of the Bank, while Part II evaluates the performance of the economy against the background of domestic economic policy measures, as well as external economic and financial developments. Overall, the monetary policy stance and other banking and financial measures of the CBN were deployed towards ensuring price stability and financial sector soundness. Despite the global economic downturn and its impact on the domestic economy, the financial system remained relatively stable while overall macroeconomic performance was satisfactory.

CORPORATE ACTIVITIES

The CBN Board and Other Committees

2. The structure of the Board of Directors of the Central Bank of Nigeria (CBN) remained unchanged. The Board comprised the Governor, Chukwuma C. Soludo (Chairman); four Deputy Governors, namely Ernest C. Ebi (Corporate Services), Sarah O. Alade (Economic Policy), Tunde Lemo (Financial Sector Surveillance) and Suleiman A. Barau (Operations); and seven non-executive Directors of which five had their terms renewed in November 2008 for another term of four years. The non-executive Directors are Stephen Oronsaye (Permanent Secretary, Federal Ministry of Finance), who replaced Ama I. Pepple, following her appointment as the Head of the Civil Service of the Federation in July 2008, Ibrahim H. Dankwambo (Accountant-General of the Federation), Akpan H. Ekpo, Juliet A. Madubueze, Dahiru Muhammad, Samuel O. Olofin and Joshua O. Omuya.

The Board held six (6) regular meetings and one (1) emergency meeting. The Committee of Governors held twelve (12) meetings, while the Governors' Consultative Committee held eleven (11) regular meetings and one (1) emergency meeting. The Committee of Departmental Directors held twelve (12) regular meetings while the Audit Committee of the Board held three (3) meetings. The Investment Committee of the Board met twice (2) while the Financial Sector Surveillance Committee held six (6) meetings.

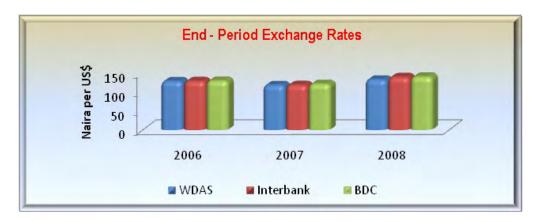
In the Bank's effort to achieve its mandate of price stability and support the economic policy of the Federal Government, the Monetary Policy Committee (MPC) held five (5) regular meetings and one (1) special meeting at which major domestic and international macroeconomic developments were reviewed, and appropriate monetary policy measures taken and communicated to the public.

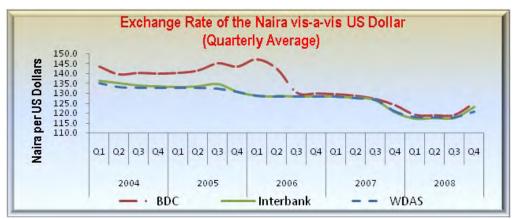
MONETARY POLICY, SURVEILLANCE ACTIVITIES AND THE OPERATIONS OF THE CBN

3. Monetary management was challenging in 2008 as a result of the liquidity surfeit in the second quarter, and the tight liquidity condition occasioned by the impact of the global financial crisis on the domestic economy in the last two quarters of the year. The major sources of the excess liquidity included the monetization of part of the excess crude oil receipts and the enhanced statutory allocations to the three tiers of government, arising from enhanced revenue from the favourable price of crude oil in the international market as well as the retirement of matured treasury bills. Consequently, in the second quarter, monetary policy was fairly contractionary encompassing aggressive utilization of the Open Market Operations (OMO), an upward review of the monetary policy rate (MPR), and additional issue of treasury bills for

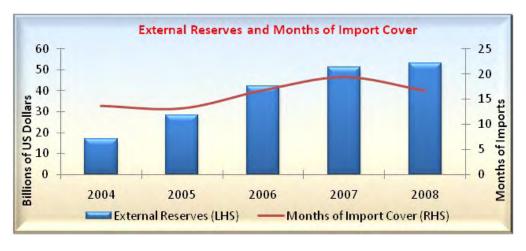
liquidity management. Liquidity in the financial market, particularly in the interbank segment was tight from end-August 2008, owing to the outflow of portfolio investment engendered by the global credit crunch. By end-September, monetary policy was eased to pre-empt the imminent effect of the global credit crunch on the domestic financial market. The measures included reductions of the MPR, CRR and Liquidity Ratio (LR) while discount window operations were expanded to accomodate other instrumentsin addition to Federal Government securities. In addition, longer tenored repo transactions were allowed against eligible securities. Following the depreciation of the naira exchange rate in the last two months of 2008, deposit money banks' foreign exchange net open position was reduced from 20.0 to 10.0 per cent of shareholders; fund and the CBN actively participated in the daily inter-bank foreign exchange market under the two-way quote in December, to stem the depreciation of the naira.

- 4. The Bank intensified its monetary management activities to engender domestic stability and effectively rein-in inflation. However, the indicative base money target at end-December 2008 was missed following a substantial increase in domestic credit (net). Aggregate bank credit (net) to the domestic economy expanded significantly, reflecting the substantial increase in credit to the private sector. However, net credit to the Federal Government declined on account of a robust revenue and, hence, significant accumulation of deposits in the banking system, thus making government a net creditor to the system.
- 5. The formal financial system at end-December 2008 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, 5 discount houses, 840 microfinance banks, 113 finance companies, 1,264 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 showed that the system was sound as indicated by the bank's aggregate ratings. The average Capital Adequacy Ratio (CAR) of the banks consistently exceeded the stipulated minimum of 10.0 per cent, and assets quality improved further as the ratio of nonperforming loans to industry total declined by 2 percentage points to 6.3 per cent at end-December 2008, compared with the international threshold of 20.0 per cent. Industry liquidity ratio was also above the 30.0 per cent minimum threshold. The Bank intensified its supervisory and surveillance activities through regular appraisal and review of banks' periodic returns, spot checks, monitoring/special investigation, risk-based supervision/compliance examination (hybrid), among others. Income audits, verification of capital and special investigations conducted to check the authenticity of reports/returns to the CBN revealed that two (2) banks failed to meet the statutory minimum required CAR of 10.0 per cent, while two (2) banks defaulted on the prescribed minimum liquidity ratio (LR) of 30.0 per cent at end-December 2008. The defaulting banks were sanctioned appropriately.
- 7. The Wholesale Dutch Auction System (WDAS) remained the main mechanism for the management of foreign exchange. The foreign exchange market was relatively stable with huge inflows into the inter-bank market up till the end of the third quarter 2008. However, there was significant demand pressure in the fourth quarter occasioned largely by the repatriation of the proceeds of dividends and portfolio divestments by foreign investors as the global financial and economic crisis deepened. The average exchange rate at the WDAS appreciated by 5.8 per cent over the level in the preceding year to N118.92/US\$ and other segments of the market recorded similar naira appreciation. However, the end-period exchange rate at the WDAS depreciated sharply by 11.0 per cent below the end-December 2007 level to N132.56/US\$ at end-December 2008 as a result of the deepening of the global economic crisis while it was N140.00 and N139.00/US\$, respectively, at the inter-bank and BDC segments of the market.





8. The stock of external reserves increased by 3.3 per cent above the level at end-December 2007 to US\$53.0 billion in 2008 and could support 16.6 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 52,787 loans valued at N6.7 billion was guaranteed in 2008, thus bringing the total loans guaranteed since the inception of the ACGSF in 1978 to 593,712 valued at N26.1 billion. The Bank also signed 38 Trust Fund Model (TFM) in 2008, and the programmes total pledges at end-December amounted to N4.9 billion. Also, the cumulative sum set aside by banks under the Small and Medium Enterprises Equity Investment Scheme (SMEEIS) at

end-December 2008 rose by 12.3 per cent to N42.0 billion, while investments under the scheme increased by 33.0 per cent to N28.2 billion.

- 10. The audited financial statement of the CBN showed that at N307.0 billion, gross income was 0.7 per cent lower than the level in the preceding year. The development reflected the decline in interest income from external sources, a consequence of the effect of the global economic and financial crises and the attendant lowering of interest rates in developed economies. However, interest expenses increased significantly, owing to the higher cost of monetary operations. Overall, the operations of the CBN resulted in a net surplus of N8.3 billion, which was 74.3 per cent lower than the N32.3 billion in 2007. The net surplus was appropriated in line with the provisions of Section 5(2) of the CBN Act 2007 (as amended). The sum of N2.1 billion accrued to general reserve while N6.2 billion accrued to the Federal Government.
- 11. The total assets of the CBN stood at N8.8 trillion at end- December 2008, showing an increase of 14.7 per cent above the level at end-December 2007. The development reflected the increases in External Reserves (12.0 per cent), Nigerian Government Securities (222.4 per cent), Loans and Advances (41.8 per cent), Investments (172.6 per cent) and Fixed Assets (5.8 per cent).
- 12. The corresponding increase in liabilities was due to the rise in Deposit Accounts (31.8 per cent), Notes and Coins in Circulation (20.2 per cent), IMF SDR (9.6 per cent), Other Liabilities (5.5 per cent) and Capital and Reserves (261.2 per cent). The share capital of the Bank remained at N5.0 billion at end-December 2008 while the General reserve stood at N60.9 billion, compared with N58.8 billion at end-December 2007.
- 13. The CBN continued to fine-tune and enhance its enterprise applications through the various Information Technology (IT) initiatives, including Oracle ERP, Temenos T24, electronic Financial Analysis and Surveillance System (e-FASS) and Central Bank Inter-bank Fund Transfer System (CIFTS). The integration of the enterprise applications was improved to facilitate the timely and more accurate generation of the daily Analytical Balance Sheet (ABS). Other initiatives included the provision of fibre optic connectivity between the Lagos Office and the Head Office to improve the operational efficiency of the Bank.
- 14. The Bank recruited one hundred and twenty nine (129) staff consisting of IT professionals and other categories. However, the Bank lost the services of twenty-six (26) staff through death. Furthermore, one (1) staff was reinstated, while thirteen (13) staff had their appointments terminated and eleven (11) dismissed. Consequently, the staff strength of the Bank declined from 5,111 to 5,027 at end-December 2008.
- 15. In order to boost staff morale and enhance their performance, the Bank promoted a total of 208 members of staff consisting of 10 executives, 149 senior and 49 junior staff. The Bank intensified efforts at capacity building, through staff development and skills enhancement. Consequently, it sponsored staff training programmes, including seminars, workshops, conferences and courses within and outside Nigeria. Thus, staff benefited from a total of five hundred and forty-two (542) training slots covering specialized and generic programmes.

ECONOMIC REPORT

The International Economy

16. Global output was estimated to have grown by 3.9 per cent in 2008 compared with 5.2 per cent in 2007. The deceleration in output growth was provoked by the decline in economic activities in the advanced countries as most of them went into economic recession, a consequence of the global financial crises. Output in the US and Japan declined as industrial production plummeted, while increased sluggishness in export demand coupled with the slowdown in the developing economies caused the decline in the euro area.

Economic activities in emerging Asia also witnessed a downturn, triggered by the weakened demand by the advanced economies and a softened domestic demand as a result of rising food and energy prices. Growth prospects were also affected by the global financial crisis in the Commonwealth of Independent States (CIS). Africa showed some resilience to the global slowdown as many countries benefited from terms of trade improvements. The global inflation rates accentuated as a result of the surge in food and energy prices. Consumer price increases were particularly strong in the emerging and developing countries. In Africa, inflation in the sub-Saharan countries rose from 7.1 per cent to 11.9 per cent owing to the region's strong dependence on imported food and fuel.

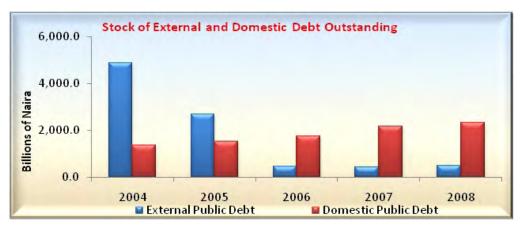
- 17. The Group of Twenty Four developing countries (G-24), at the 2008 Spring meetings, considered the global economic and financial situation, reforms in the Bretton Woods Institutions, quota and voice reforms, financing for development and climate change. The Group noted that the world economy was facing its most difficult situation in decades, against the background of a deepening financial crisis which had originated from the developed economies and had markedly caused economic slowdown in some and recession in others. The meeting, therefore, called for a comprehensive response to ameliorate the financial strains and restore confidence in the financial market. Also, the G-24 underscored the need for reform of the regulatory and supervisory framework, clearer accounting rules and transparency. In a bid to achieve the cardinal objectives of the Millennium Development Goals, the World Bank Group intensified activities to foster growth, eliminate poverty and ensure inclusive and sustainable development. In that regard, the Group increased its financial commitments in form of loans, grants, equity investments and guarantees to its members and to private businesses in member states.
- 18. Nigeria and China signed a strategic partnership cooperation agreement on cultural and educational exchanges. The Nigeria-Spain meeting agreed to expand Spanish investment in Nigeria and foster greater partnership in banking and finance and energy, especially export of natural gas to Spain, as well as establishing a Bi-National Commission. The Nigeria-South Africa Bi-National Commission expanded the scope of the Memorandum of Understanding (MoU) on economic cooperation to include consumer protection and cooperation on the standardization of products. The meeting also agreed on the need for the establishment of a Nigeria/South Africa Presidential Advisory Committee on Investment to facilitate investment flows between both countries. The Third Session of the Nigeria-Iran Joint Commission noted the readiness of Iran to participate in the Nigeria's banking industry and energy sector and render technical and engineering services to Nigeria. The Nigeria-Cuba Joint Commission expressed its willingness to implement a joint venture in agriculture and sugar industry in Nasarawa and Jigawa states, respectively.
- 19. The West African Monetary Zone (WAMZ) approved the statutes of the West African Financial and Supervisory Agency (WAFSA) payments system and the Single Economic Space and Prosperity Agreement (SESPA). In addition, the proposed Africa Development Fund (ADF) grant of UA14million (US\$23 million) for the development of the payments systems in The Gambia, Guinea and Sierra Leone was approved. The WAMZ also proposed the holding of a summit of Heads of State and Government to address pertinent issues, including the signing of relevant legal documents. It also urged members to undertake medium-to-long-term strategies to tackle energy and food crises.

The Domestic Economy

Fiscal Operations of Government

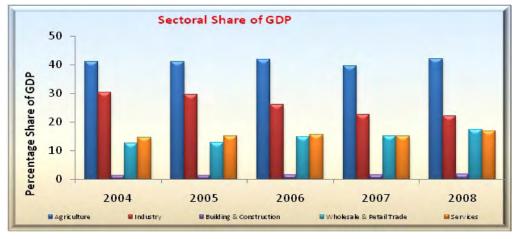
20. Fiscal operations remained within the Medium-Term Expenditure Framework (MTEF) as overall deficit narrowed in 2008. At N7,866.6 billion or 32.7 per cent of GDP, the Federation Account revenue (gross) increased by 37.6 per cent above the level in 2007. This development was attributed largely to the increase in oil prices during the first half of 2008 which later crashed owing to the global economic crisis, resulting in low energy demand in the latter part of the year. Similarly, at N1,336.0 billion or 5.6 per cent of GDP, non-oil revenue increased by 6.7 per cent above the level in the preceding year.

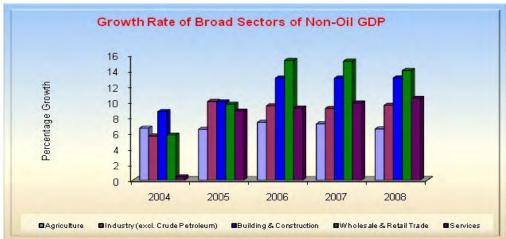
- 21. The sum of N4,552.8 billion was transferred to the Federation Account in 2008, indicating an increase of 17.4 per cent over the level in 2007. The amount distributed, after all statutory deductions, was as follows: Federal Government (N1,847.0 billion); State governments, including 13% Derivation Fund (N1,361.8 billion); and Local Governments (N722.3 billion). Similarly, the VAT distributable balance of N388.3 billion was shared among the three tiers of government in the ratios of 15, 50 and 35 per cent, to the federal, state and local governments, respectively.
- 22. Adherence to the fiscal rule resulted in an accumulated savings (Excess Crude) of US\$20,341.2 million by the three tiers of government in 2008. The savings comprised US\$12,400.6 million brought forward from 2007 and US\$7,940.6 million accumulated in 2008.
- 23. The Federal Government retained revenue and aggregate expenditure increased by 36.8 and 32.2 per cent, respectively, over their levels in 2007. The fiscal operations of the Federal Government resulted in a notional deficit of N47.4 billion, representing 0.2 per cent of GDP.
- 24. Provisional data on state governments' finances showed an overall deficit of N86.8 billion or 0.4 per cent of GDP, representing an increase of 71.0 per cent when compared with N50.7 billion or 0.2 per cent of GDP in 2007. This reflected largely an expansion in capital expenditure to implement developmental projects in the states. Estimates on local governments' finances showed that the fiscal operations resulted in a deficit of N3.0 billion, in contrast to a surplus of N4.9 billion in 2007.
- 25. The consolidated Federal Government debt stock as at 31st December 2008, was N2,811.3 billion or 11.7 per cent of GDP compared with N2,597.7 billion or 12.5 per cent of GDP in 2007. Nigeria's external debt rose marginally from US\$3.6 billion in 2007 to US\$3.7 billion, following the disbursement of concessional loans by the Multilateral Institutions. Domestic debt, at N2,320.3 billion, increased by 6.9 per cent owing to the issuance of a series of FGN Bonds for project financing and the settlement of contractual obligations.



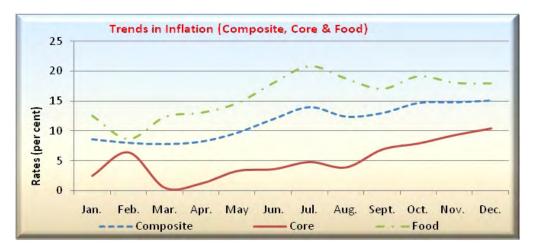
The Real Sector

26. The real Gross Domestic Product (GDP), at 1990 basic prices, grew by 6.4 per cent, compared with 6.5 per cent in 2007 and an average annual growth rate of 6.5 per cent for the period 2004 to 2008. The growth was attributed mainly to sound monetary and fiscal policies, complemented by the favourable weather which enhanced agricultural output. The growth was driven mainly by the non-oil sector, as reflected in the non-oil GDP growth rate of 9.1 per cent. Within the non-oil sector, the agricultural sub-sector grew by 6.5 per cent, while wholesale and retail trade, and the services sub-sectors recorded growth rates of 14.0 and 10.5 per cent, respectively. Industrial output, however, fell by 2.2 per cent due mainly to the poor performance of the oil sector.





27. A single digit inflation rate was sustained within the range of 7.8 and 9.7 per cent from January through May. Thereafter, the inflation rate increased steadily during the rest of the year, peaking at 15.1 per cent end-period basis in December. Further improvements in economic performance were constrained by poor infrastructure, the persistent restiveness in the oil-rich Niger Delta, as well as inclement weather conditions experienced in some food-producing areas of the country.

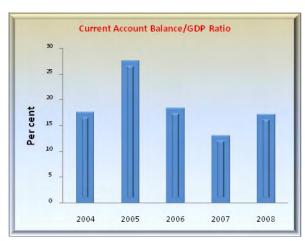




The External Sector

28. The external sector position remained strong in 2008, attributable to the high international crude oil price which rose, on the average, from US\$74.96 to US\$101.15 per barrel. This was reinforced by increased receipts from home remittances by Nigerians in the diaspora. The current account surplus as a ratio of GDP was 17.3 per cent and overwhelmed the capital and financial accounts deficit of 2.8 per cent of GDP. External reserves increased by 3.3 per cent to US\$53.0 billion at end-December and could support 13.8 months of imports which is significantly higher than the six months of imports stipulated under the WAMZ convergence arrangement.





Selected Macroeconomic and Social Indicators

Indicator	2004	2005	2006	2007 1/	2008 2/
Domestic Output and Prices	2004	2003	2000	2007 17	2000 21
GDP at Current Mkt Prices (N' billion) 3/	11,673.6	14,735.3	18,709.6	20,853.6	24,048.5
GDP at Current Mkt Prices (US\$' billion) 3/	76.17	88.37	144.49	148.69	175.36
GDP per Capita (N) 3/	87,845.3	109,155.1	132,604.3	142,957.1	159,906.8
GDP per Capita (US\$) 3/	658.02	826.31	1,030.34	1,136.11	1,349.08
Real GDP Growth (%) 3/	6.6	6.5	6.0	6.5	6.4
Oil Sector	3.3	0.5	4.2	-4.5	-4.8
Non-oil Sector	7.8	8.6	9.4	9.5	9.1
Sectoral GDP Growth (%)					
Agriculture	6.5	7.1	7.4	7.2	6.5
Industry 4/	4.2	1.7	-2.5	-2.2	-2.2
Services 5/	8.8	8.0	9.2	9.9	10.5
Oil Production (mbd)	2.5	2.5	2.2	2.2	2.0
Manufacturing Capacity Utilisation (%)	55.7	54.8	53.3	53.5	53.9
GDP Deflator Growth (%) 6/	-0.2	22.0	18.1	3.3	12.5
Inflation Rate (%) (Dec-over-Dec)	10.0	11.6	8.5	6.6	15.1
Inflation Rate (%) (12-month moving average)	15.0	17.9	8.2	5.4	11.6
Core Inflation Rate (%) (Dec-over-Dec) 7/	5.9	2.4	17.3	3.6	10.4
Core Inflation Rate (%) (12-month moving average) 7/	15.5	8.8	12.8	9.2	5.1
Aggregate Demand and Savings (% of GDP) 8/					
Aggregate Demand	88.12	87.43	75.47	82.09	80.59
Private Final Consumption Expenditure	73.99	75.16	60.34	58.74	55.95
Government Final Consumption Expenditure	6.73	6.81	6.86	8.09	8.75
Gross Fixed Capital Formation	7.39	5.46	8.27	15.25	15.89
Increase in Stock	0.01	0.01	0.01	0.01	0.01
Net Export of Goods and Non-factor Services	11.87	12.57	24.53	17.90	19.41
Export of Goods and Non-factor Services	30.16	31.66	45.96	40.29	44.30
Import of Goods and Non-factor Services	18.29	19.09	21.44	22.38	24.89
Domestic Saving	15.38	15.09	36.97	22.66	23.13
Gross National Saving	19.27	18.03	32.80	33.16	35.31
Federal Government Finance (% of GDP)					
Retained Revenue	11.4	11.9	10.4	11.2	13.3
Total Expenditure	12.9	13.0	10.9	11.8	13.5
Recurrent Expenditure	9.5	9.0	7.4	7.6	8.8
Of which: Interest Payments	3.3	2.7	1.3	1.0	1.6
Foreign	1.7	1.3	0.6	0.5	0.3
Domestic	1.6	1.4	0.7	0.5	1.3
Capital Expenditure and Net Lending	3.0	3.5	3.0	3.6	4.0
Transfers	0.4	0.5	0.5	0.5	0.7
Current Balance (Deficit(-)/Surplus(+))	1.9	3.0	2.9	3.6	4.5
Primary Balance (Deficit(-)/Surplus(+))	1.80	1.6	0.8	0.5	1.4
Overall Fiscal Balance (Deficit(-)/Surplus(+))	(1.5)	(1.1)	(0.5)	(0.6)	(0.2)
Financing	1.5	1.1	0.5	0.6	0.2
Foreign	-	-	-	-	0.3
Domestic	0.4	1.0	0.2	1.0	0.6
Banking System	-	-	-	0.8	0.1
Non-bank Public	0.4	1.0	0.2	0.2	0.5
Other Funds	1.1	0.1	0.3	(0.4)	(0.7)
Federal Government Debt Stock 12/	53.6	28.7	11.8	12.5	11.7
External	41.9	18.3	2.4	2.1	2.0
Domestic	11.7	10.4	9.4	10.4	9.7

Selected Macroeconomic and Social Indicators (Cont...)

Indicator	2004	2005	2006	2007 1/	2008 2/
Money and Credit (Growth Rate %)					
Reserve Money	6.3	4.2	27.8	26.0	29.6
Narrow Money (M1)	8.6	29.7	32.2	36.6	55.9
Broad Money (M2)	14.0	24.4	43.1	44.2	57.8
Net Foreign Assets	90.5	55.0	53.9	15.2	17.7
Net Domestic Assets	-163.8	236.8	77.6	-36.1	-142.3
Net Domestic Credit	12.0	14.5	-69.1	276.4	84.2
Net Credit to Government	-17.9	-37.0	-732.8	-22.3	-31.2
Credit to Private Sector Money Multiplier for M2	26.6 3.1	30.8 3.7	32.1 4.1	90.8 4.9	59.4 5.9
Income Velocity of M2	5.2	5.3	4.5	3.6	2.6
Financial Development Indicators (%)					
M2/GDP	19.4	19.1	21.5	27.9	38.1
CIC/M2	24.1	22.8	19.3	16.5	12.6
COB/M2	20.3	20.0	16.2	12.7	9.7
QM/M2	41.2	38.7	43.4	46.4	47.0
CIC/GDP	4.8	4.4	4.2	4.6	4.8
Credit to Private Sector (CP)/GDP	13.1	13.6	14.2	24.2	33.5
Credit to Core Private Sector (CCP)/GDP	13.1	13.6	14.2	24.2	32.9
CP/Non-Oil GDP	21.1	21.9	22.1	37.9	54.4
DMBs Assets/GDP 13/	32.2	30.6	38.3	52.7	66.2
CBNs Assets/GDP 13/	29.1	29.9	38.3	41.7	42.4
Banking System's Assets/GDP	61.3	60.5	92.0	94.3	108.6
Interest Rates (% per annum)					
Minimum Rediscount Rate (MRR) 9/	15.0	13.0			
Monetary Policy Rate (MPR) (end period) 9/			10.0	9.5	9.75
Repurchase Rate (Average %)	15.6	13.0	23.0	9.5	13.34
Treasury Bill Rate					
91-day	14.4	10.8	8.3	6.54	8.20
182-day 10/ 364-day 10/	14.84	9.57	9.22	7.35	8.77
Inter-bank Call Rate (end-period)	12.1	10.51 7.0	10.71 9.0	8.12 8.9	9.00 12.17
Deposit Rates	12.1	7.0	9.0	0.9	12.17
Savings Rate Savings Rate	4.4	3.3	3.3	3.2	3.6
3-months Fixed	12.8	9.1	10.3	10.3	12.9
6-months Fixed	11.7	8.7	9.9	9.5	12.9
12-months Fixed	12.7	8.8	7.5	7.9	12.7
Prime Lending Rate (end period)	18.9	17.8	17.3	16.5	16.1
Maximum Lending Rate (end period)	20.4	19.5	18.7	18.2	21.2
Government Bond (Average coupon) 11/			40 74	2.02	10.15
3-year	-	40.00	12.71	8.82	10.13
5-year	-	12.38	13.50	11.05	10.16
7-year 10-year	-	-	13.34	9.73	12.13
20-year	-	-	-	9.60	15.00

Selected Macroeconomic and Social Indicators (Cont...)

Indicator	2004	2005	2006	2007 1/	2008 2/
External Sector		-	-	-	
Current Account Balance (% of GDP)	17.7	27.2	18.5	11.8	21.0
Goods Account	22.5	25.7	19.0	18.0	21.0
Services Account (net)		-2.9	-3.3	-6.9	-6.5
Income account (net)		-2.0	-4.7	-9.1	-10.4
Current Transfers	3.1	6.3	7.5	9.8	17.0
Capital and Financial Account Balance (% of GDP)	-7.9	-17.3	-5.3	-1.4	-2.8
Overall Balance (% of GDP)	9.7	10.0	9.8	4.9	0.8
External Reserves (US \$ million)	16,955.0	28,279.1	42,298.0	51,333.2	53,000.4
Number of Months of Import Equivalent	13.6	13.1	16.7	19.3	16.6
Average Crude Oil Price (US\$/barrel)	38.7	55.4	66.4	74.96	101.15
Average DAS Rate (N/\$1.00)	133.50	132.15	128.65	125.83	118.92
End of Period DAS Rate (N/\$1.00)	132.90	130,29	128.27	117.97	132,56
Average Bureau de Change Exchange Rate (N/\$)	140.80	142.56	137.10	127.41	120.81
End of Period Bureau de Change Exchange Rate (N/\$)	138.5	141.5	129.5	121.00	139.00
Capital Market					
All Share Value Index (1984=100)	23,844.5	24,085.8	33,358.3	57,990.2	31,450.8
Value of Stocks Traded (Billion Naira)	225.8	262.9	470.3	1,076.0	2,400.0
Value of Stocks/GDP (%)	1.9	1.8	2.5	9.2	10.0
Market Capitalization (Billion Naira)	1,925.9	2,900.1	5,120.9	13,294.8	9,535.8
Of which: Banking Sector (Billion Naira)	662,7	1,212,1	2,142.7	6,432.2	3,715.5
Market Capitalization/GDP (%)	16.5	19.5	28.1	56.0	39.7
Of which: Banking Sector/GDP (%)	5.7	8.1	11.8	27.1	15.5
Insurance Sector/GDP (%)	0.2	0,2	0.3	2.0	1.3
Banking Sector Cap./Market Capitalization (%)	34.4	41.8	41.8	41.8	39.0
Insurance Sector Cap./Market Capitalization (%)	1.3	1.2	1.0	3.2	3.3
Social Indicators					
Population (million)	129.9	133.5	140.0	144.5	149.1
Population Growth Rate (%)	2,8	2.8	2.9	3.2	3.2
Unemployment Rate (%)	13.4	11.9	14.6	10.9	12.8
Life Expectancy at Birth (Years)	54.0	54.0	54.0	54.0	54.0
Adult Literacy Rate (%)	62.0	63.1	57.2	66.9	66.9
Incidence of Poverty	54.4	54.4	54.0	54.0	54.0
1/ Revised					

- 1/Revised
- 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/ MPR replaced MRR with effect from December 11, 2006
- 10/ The 182-day and the 364-day bills were introduced with effect from _
- 11/ Financial Datahouse Limited. 12/Includes States Government Debts
- 13/From CBN Analytical Balance Sheet
- 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)



PART ONE

ACTIVITIES OF THE CENTRAL BANK OF NIGERIA



CHAPTER 1

ACTIVITIES OF THE CENTRAL BANK OF NIGERIA

he CBN continued its re-engineering initiatives under project "EAGLES", as the implementation of the Business Continuity and Integration Strategy (BCIS,) under Phase IV, peaked in 2008. The Bank embarked on the construction of new branches and currency centres as well as the renovation of some of its existing branches. The construction of new currency centres in six (6) locations, namely, Asaba, Awka, Gombe, Lokoja, Oshogbo and Umuahia progressed, while new Bank branches were being constructed in Port Harcourt, Katsina and Uyo. The renovation of the existing facilities progressed in Kaduna, Maiduguri, Ibadan and Benin branches and at the Learning Centre in Lagos. The Bank also awarded the contract for the rebuilding of the Lagos Office which was expected to be completed in October 2010. The integration of the enterprise applications of the Bank, namely Oracle ERP, Temenos T24, electronic Financial Analysis and Surveillance System (e-FASS) and the Central Bank Inter-bank Funds Transfer System (CIFTS) was also improved. The CBN sustained its corporate and staff social responsibilities of promoting knowledge through conferences and financial assistance to organizations, as well as providing facilities to the less privileged in Nigerian society.

1.0 CORPORATE ACTIVITIES OF THE CBN

1.1 ADMINISTRATION

1.1.1 Board of Directors and Other Committees

The structure of the Board of Directors of the Central Bank of Nigeria (CBN) remained unchanged. The Board comprised the Governor, Chukwuma C. Soludo (Chairman); four Deputy Governors, namely, Ernest C. Ebi (Corporate Services), Sarah O. Alade (Economic Policy), Tunde Lemo (Financial Sector Surveillance) and Suleiman A. Barau (Operations); and seven non-executive Directors five of whom had their appointments renewed for another term of four years, following the expiration of their tenure in November 2008. The non-executive Directors include Stephen Oronsaye (Permanent Secretary, Federal Ministry of Finance) who replaced Ama I. Pepple, following her appointment as the Head of the Civil Service of the Federation in July, 2008, Ibrahim H. Dankwambo (Accountant-General of the Federation), Akpan H. Ekpo, Juliet A. Madubueze, Dahiru Muhammad, Samuel O. Olofin and Joshua O. Omuya. The Board held six (6) regular meetings and one (1) emergency meeting in 2008. The Committee of Governors held twelve (12) meetings while the Governors' Consultative Committee held eleven (11) regular meetings and one (1) emergency meeting. The Committee of Departmental Directors held twelve (12) regular meetings, while the Audit Committee of the Board held three (3) meetings. The Investment Committee of the Board met twice (2) while the Financial Sector Surveillance Committee held six (6) meetings.

1.1.1.1 Monetary Policy Committee (MPC)

The MPC held five (5) meetings and one (1) special meeting at which major domestic and international macroeconomic developments were reviewed and appropriate monetary policy decisions taken. The decisions of the Committee were promptly communicated to the public.

The MPC reviewed the Monetary Policy Rate (MPR) thrice during the year. The Committee's decisions were based on an assessment of the inflationary path and other economic factors. The Bank's transparent conduct of monetary policy engendered a favourable outcome in 2008 as evident in the stability of interest and exchange rates for most parts of the period under review.

Table 1.1: MPC Decisions on MPR in 2008					
Date	Rate (%)	Decision			
February 5, 2008	9.50	Unchanged			
April 1, 2008	10.00	Raised by 50 basis points			
June 2, 2008	10.25	Increased by 25 basis point s			
August 5, 2008	10.25	Unchanged			
September 18, 2008	9.75	Reduced by 50 basis points			
December 11, 2008	9.75	Unchanged			

1.1.2 Development of CBN Branch Offices

The Bank continued its construction of new branches and currency centres, as well as extensive renovation of some of its existing branches in 2008. This was to improve access to central banking services in the country. The construction of new currency centres in six (6) locations, namely, Asaba, Awka, Gombe, Lokoja, Oshogbo and Umuahia was completed in 2008, while new Bank branches were being constructed in Port Harcourt, Katsina, Uyo, Awka, Asaba, Gombe, Lokoja, Oshogbo and Umuahia. The renovation of existing facilities continued in Kaduna, Maiduguri, Ibadan and Benin branches as well as at the Learning Centre in Lagos. The Bank also continued with the re-building of the Lagos Office and is expected to be completed in October 2010. Other developments included the upgrade or replacement of central airconditioning systems at Akure, Minna, Bauchi, Owerri and Makurdi.

1.1.3 The Computerisation Programme

The Bank continued to fine-tune and enhance its enterprise applications through the various Information Technology (IT) initiatives, namely, Oracle ERP, Temenos T24, electronic-Financial Analysis and Surveillance System (e-FASS) and the Central Bank Inter-bank Funds Transfer System (CIFTS). The integration of the enterprise applications was improved to facilitate the timely and more accurate generation of the daily Analytical Balance Sheet (ABS). Also, IT systems were successfully deployed to the six new currency centres while a fibre optic connectivity between the Lagos Office and the Head Office was provided. The deployment of bank-wide IT has improved the operational efficiency of the Bank and transformed the internal processes.

1.1.4 Library Operations

The total volume of books in the library system after weeding out of the old titles, was 92,102 compared with 89,325 in 2007. The volume of books, journals and periodicals consulted by staff rose by 3.7 per cent to 51,239 in 2008. Also, the number of library users increased by 10.0 per cent to 5,750. Online access to relevant information improved through the use of EBSCO and other databases.

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; the review of draft agreements to ensure the effective management of Nigeria's external reserves; and the prosecution of cases involving the Bank and third parties. Of all the cases decided, thirty-five (35) were given in favour of the Bank, one (1) against, while two (2) cases were settled out of court. In furtherance of the efforts to ensure a financial crime-

free environment and a robust anti-money laundering regime in banks, the CBN organized sensitization workshops on the CBN Act and an anti-money laundering legislation.

1.1.6 Internal Audit

Eighteen (18) departments and autonomous units in the Head Office and twenty-eight (28) branches and currency centres were audited in 2008. In addition, twenty-nine (29) spot checks, based on the risk profile of process areas, were carried out during the year, compared with only five (5) in 2007. Having regard to the scope and coverage of the audit activities within the period and in the absence of no 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. Also, eighty-six (86) currency disposal operations requiring an audit witness were carried out, compared with eighty-three (83) in 2007.

1.1.7 Restructuring of the CBN (Project EAGLES)

The Bank continued its re-engineering initiatives under project "EAGLES". The implementation of the Business Continuity and Integration Strategy (BCIS), under Phase IV, peaked in 2008. The development of the BCIS and subsequent campaigns conducted in the year created the much-needed awareness on operational risks. Extensive training to enhance the Bank's capacity on Business Continuity and Knowledge Management (BCKM) as well as Service Oriented Architecture were conducted. At the end of the training, the Bank produced twenty (20) BCKM professionals, ten (10) Knowledge Management and twelve (12) Service Oriented Architecture specialists.

Under the Process Improvement and Redesign (PIR) initiatives within the implementation phase (Phase III), the Bank continued its review, documentation and implementation of the Strategic Business Units' (SBU) processes. Comprehensive process reviews and implementation covering Branches as well as Foreign Operations, Banking Operations, Currency & Branch Operations, and Finance Departments were carried out. Workshops were organized to familiarize all stakeholders with key changes, to enhance process owner buy-in and to act as a preliminary preparation for the implementation of the processes. Process redesign activities were also completed at the Statistics, Internal Audit, Trade & Exchange, Procurement & Support Services, and Strategy & Performance Departments. As part of the Integrated Document Management System (IDMS) initiative, a record management policy that streamlined the Bank-wide identification, classification, processing and storage of records was implemented in 2008.

1.1.8 Communications

The CBN website witnessed a significant improvement. The number of hits during on-line visits to the website increased by 150.1 per cent to 1,567,428 compared with 626,763 in 2007. Also, returning visitors rose by 129.8 per cent to 790,767 compared with 344,056 in 2007. This development was attributable to the improved business processes which included the upgrade of web servers and the software hosting the website.

The Bank also sustained its efforts at improving the transparency of monetary policy through regular interactions with stakeholders and the public. These included publicizing the decisions of the Monetary Policy Committee and the Bankers Committee. The Twelfth (12th) edition of the Monetary Policy Forum was also held. The Management of the Bank briefed the Senate at a plenary session in addition to 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 public through media briefings and organising luncheons with media executives, 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 the media practitioners to appropriately report the Bank's policies, programmes and contemporary financial and economic issues, two versions of the Seminar for Finance Correspondents and Business Editors were held. The first was in Kano with the theme: "Microfinance: Reducing Poverty through Better Credit Delivery, while the second, held in Asaba, had the theme: "Achieving Price Stability in Nigeria: The Place of an Inflation Targeting Framework.

1.1.9 **Staff**

The Bank recruited one hundred and twenty nine (129) staff, comprising IT professionals and other categories in 2008. However, the Bank lost the services of twenty-six (26) staff through death, one hundred and twenty three (123) through voluntary retirement, and twenty five (25) through mandatory retirement, respectively. Furthermore, one (1) staff was reinstated, while thirteen (13) staff had their appointments terminated and eleven (11) were dismissed. Consequently, the staff strength of the Bank declined to 5,027 from 5,111 at end-December 2007. As part of the incentives to boost morale and enhance performance, the Bank promoted two hundred and eight (208) members of staff in 2008, comprising of 10 executives, 149 senior and 49 junior staff.

1.1.10 Medical Services

In order to sustain a virile and healthy workforce, the CBN undertook various medical interventions. These included the successful immunisation of six hundred and twelve (612) staff and their dependants against yellow fever, hepatitis B and typhoid. A significant cure rate was achieved for staff suffering from major illnesses, thus promoting employees' health status. Also, the CBN sponsored medical screening for executives, drivers and staff working in hazardous areas.

1.1.11 Training

The CBN intensified efforts at capacity building, through staff development and skills enhancement programmes. As a result, it sponsored staff training programmes, including seminars, workshops, conferences and courses within and outside Nigeria. The staff benefited from a total of five hundred and forty-two (542) training slots covering specialized and generic programmes.

1.1.12 Recreational Activities

The CBN sponsored various sporting competitions in 2008, including football, lawn tennis and golf tournaments. The second edition of the CBN Junior Tennis Championship took place at the Lagos Tennis Club, Race Course, Lagos on May 13, 2008 while the 30th edition of the CBN Senior Open Lawn Tennis Championship was held at the National Stadium, Lagos on 24th May, 2008. The 29th edition of the Governor's Cup Football Competition for all CBN branches was successfully staged at various centres. At the finals played at the Ahmadu Bello Stadium, Kaduna on 4th August, 2008, Abuja branch won the gold medal, while Maiduguri and Sokoto branches won the silver and bronze medals, respectively. The CBN also sponsored the second 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 14th -16th November, 2008. In addition, the Bank's workplace gymnasium at the Corporate Head Office in Abuja 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 conferences, seminars, workshops, etc, which were of strategic national interest as well as providing financial assistance to organizations and activity groups. These included:

- The Nigerian Economic Society,
- The Nigerian Statistical Association,
- The Nigerian Bar Association,
- The National Centre for Women Development,
- Finance Correspondents of Nigeria,
- The Association of Corporate Affairs Managers of Banks,
- Regulators/External Auditors Committee,
- The Yeye Orphanage,
- The Albino Foundation,
- The National Defence College,
- The Children Development Centre,
- The Society of Women Accountants of Nigeria,
- The Nigeria Accounting Standards Board,
- The Financial Institutions Training Centre, and
- The Chartered Institute of Bankers of Nigeria

1.1.14 Staff Social Responsibility

The staff of the CBN sustained their support for the less privileged in 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 metropolitan cities. The total amount collected under the scheme amounted to N15.4 million, bringing the Bank's cumulative contributions since its inception in 2003 to N45.72 million at end 2008. Under the Scheme, the construction of the Alheri Leprosarium at Yangoji-Koroko, Kwali, Abuja and Owotu Clinic for destitutes, situated at Ikorodu,Lagos State that commenced in 2004 and 2006, respectively, were completed during the year. Two new projects, a boys' hostel for the St Mary and Al-Ansaar Orphanages, both in Abuja, were initiated under the Scheme in 2008, and construction is expected to commence in 2009.

1.2 RESEARCH AND COLLABORATIVE ACTIVITIES

The Bank conducted research, in line with its core mandates and functions, and disseminated data and information on key issues relating to the management of the economy. The process of constructing a Macroeconometric Model of the Nigerian Economy that would be proactive and would take into consideration the expectations of rational economic agents by being both backward and forward-looking, progressed satisfactorily. A preliminary draft report on the Model was submitted to the Management, and was subjected to a critical review by experts in a one-day seminar. The Bank was also involved in a number of empirical studies which culminated in published works, notable among which was "Promoting the Export Potential of Cassava, Sesame Seed and Rubber in Nigeria". An international seminar on Monetary Policy and Inflation-targeting was held on January 19, 2008. The Bank continued the collaborative arrangement with the National Bureau of Statistics (NBS) for generating a series of economic indicators, through the conduct of the 2007 National Economic Survey. The regular publications of the CBN in 2008 included: the 2007 Annual Report; the 2008 HalfYear Economic Report; the Quarterly Journal, and the CBN Economic and Financial Review. Furthermore, eight (8) seminar papers on topical issues were

presented, some of which were published in the Bank's journal after being subjected to thorough peer review and editorial processes. Other papers earmarked for publication and at various stages of review include: 'Inflation Rate under an Inflation-targeting 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'; 'A Preliminary Study on Workers' Remittance Environment in Nigeria'; and 'A Study on the Long-term Prospects of the Nigerian Rice Economy: Evidence from Niger and Kebbi States'. The Bank also initiated a series of publications for public educational on key macroeconomic concepts.

The Bank organised the annual Executive Policy Seminar with the theme, "Financial Sector Development: Challenges for Risk-based Supervision and Effectiveness of Monetary Policy Implementation". The proceedings of the seminar were being edited for publication. During the year, the process of selecting scholars for the CBN-initiated Diaspora/Visiting Scholar Programme continued. The programme is aimed at encouraging international scholarly research in the core areas of the Bank's activities. In recognition of the existence of a pool of expertise 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 West African Institute for Financial and Economic Management (WAIFEM). Staff papers were also presented at organized professional conferences and workshops of the Nigerian Economic Society (NES), the Nigerian Statistical Association (NSA) and the Farm Management Association of Nigeria (FAMAN), among others.

1.3 CBN BALANCE SHEET

1.3.1 Income and Appropriation

The audited financial statements of the CBN for the year ended 31st December, 2008 indicated that total income was N307.0 billion, a decline of 0.7 per cent from the level in 2007. The decline in income largely reflected the decline in interest income, specifically from external sources. Operating cost increased by 69.7 per cent in 2008, thus, bringing the operating surplus before provisions to N8.8 billion, compared with N32.8 billion in 2007.

In accordance with the provisions of Part II, Section 5 (3) of the CBN Act, 2007 (as amended), the sum of N6.2 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 increased in 2008 as total assets/liabilities rose by 14.7 per cent to N8.8 trillion. The assets position reflected the increase in external reserves (12.0 per cent), Nigerian government securities (222.4 per cent), loans and advances (41.8 per cent), investments (172.6 per cent) and fixed assets (5.8 per cent). The increase in total assets was compensated for on the liability side by the rise in deposits (31.8 per cent), notes and coins in circulation (20.2 per cent), IMF allocation of Special Drawing Rights (9.6 per cent), and other financial liabilities (5.5 per cent). The paid-up capital of the Bank remained at N5.0 billion while the general reserve increased by 3.5 per cent to N60.9 billion.

CHAPTER 2

MONETARY POLICY, SURVEILLANCE ACTIVITIES AND OPERATIONS OF THE CBN IN 2008

he challenges to monetary management in 2008 were the excess liquidity from huge fiscal injections, particularly the monetization and distribution of part of the excess crude oil receipts in the second quarter and the impact of the global financial crisis on the domestic economy, which manifested in the third quarter. Monetary policy was tightened in the second quarter, but relaxed in the third quarter to pre-empt the effects of the global financial crisis. In that regard, open market operations (OMOs) together with other complementary tools, including issuance of treasury bills, standing facilities and foreign exchange sales were used but could not effectively rein in the liquidity surge. Consequently, the indicative benchmarks for major monetary aggregates were missed.

The Monetary Policy Rate (MPR) was reviewed twice in the second quarter, owing to inflationary pressure. The tight monetary policy, coupled with the global credit crunch in late 2008, pushed interest rates generally above the levels in the preceding year. Also, the yields on fixed income securities across the various maturities were higher than in 2007. The Bank sustained the effective monitoring of the money market and appointed five new Money Market Dealers (MMDs) to replace the five others whose licences were revoked after careful review of their performance.

The Wholesale Dutch Auction System (WDAS) remained the main mechanism for foreign exchange management and stabilizing the exchange rate. Overall, the naira remained generally stable notwithstanding the depreciation in the last two months of the year. The Bank sustained the efforts to improve the payments and settlement landscape by harmonizing the clearing cycle to T+2. During the year, deposit money banks (DMBs) deployed more ATMs and increased the number of Points of Sale (POS), thus, boosting public confidence in e-payments in Nigeria. Furthermore, the CBN continued the campaign for clean naira notes through various media and commenced initial processes for outsourcing three currency processing function 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 management was challenging in 2008 as a result of the liquidity surfeit experienced in the second quarter and the tight liquidity condition occasioned by the impact of the global financial crisis on the domestic economy in the third and fourth quarters of the year. The major sources of the excess liquidity in the second quarter included the monetization of part of the excess crude oil receipts and the enhanced statutory allocations to the three-tiers of government, arising from the favourable crude oil price in the international market, as well as the payment of matured treasury bills. The financial markets, particularly the inter-bank segment, experienced relatively tight liquidity from end-August 2008, owing to the outflow of portfolio investment, occasioned by the global credit crunch. In order to ensure the stability of the financial system, the Central Bank of Nigeria undertook a number of monetary policy measures in mid-September 2008 to ensure adequate liquidity in the banking system.

Base money, the Bank's operating target for monetary policy, at N1,549.3 billion, exceeded the indicative benchmark of N1,445.0 billion for 2008. Provisional figures indicated that the growth in broad money (M2)

was 57.8 per cent at end-December 2008, compared with 44.2 per cent at end-December 2007 and the indicative benchmark of 45.0 per cent for fiscal 2008. Narrow money (M1) also grew by 55.9 per cent at end-December 2008. The rise in money stock was attributable largely to the significant increase in the domestic credit (net) of the banking system. Aggregate bank credit to the domestic economy (net) increased by 84.2 per cent, compared with the growth of 276.4 per cent at end-December 2007. The expansion in net domestic credit reflected the significant increase of 59.4 per cent in credit to the private sector. Credit to the Federal Government declined by 31.2 per cent, compared with a decline of 22.3 per cent at the end of the preceding year, thus sustaining the government position as a net creditor to the system during the review period.

Table 2.1: Key Policy Targets and Outcomes (Per cent)									
	200	5	20	06		2007	20	2008 2/	
	Target	Outcome	Target	Outcome	Target	Outcome	Target	Outcome	
Growth in base money	6.5	4.2	7.5	5.5	3.3	48.6	20.8	29.6	
Growth in broad money (M2)	15.0	24.4	27.0	43.1	24.1 1/	44.2	45.0	57.8	
Growth in narrow money (M1)	11.4	29.7	n.a.	32.2	-	36.6	-	55.9	
Growth in aggregate bank credit	22.5	14.5	-72.3	-69.1	-29.9	276.4	65.96	84.2	
Growth in bank credit to private sector	22.0	30.8	30.0	32.1	30.0	90.8	54.7	59.4	
Inflation rate	10.0	11.6	9.0*	8.5	9.0	6.6	9.0	15.1	
Growth in real GDP	5.0	6.5	7.0*	6.0	10.0	6.5	7.5	6.4	

^{1/} Revised during the year from 21.0 per cent originally programmed at the beginning of the year 2/Provisional.

Table 2.2: WAMZ Convergence Criteria					
	Target	Achievement			
		2006	2007	2008	
Inflation rate	< 5.0 per cent	8.5	6.6	15.1	
Ways & Means Advances	= 10.0 per cent of retained revenue of the Government	Nil	Nil	Nil	
Deficit to GDP Ratio	= 4.0 per cent	0.6	0.5	0.2	
Gross Official Reserve	= 6 Months of import cover	16.7	19.3	13.8	

2.1.2 Liquidity Management

The liquidity condition was mixed in 2008. Liquidity in the money market was relatively high in the second quarter of 2008. The development arose mainly from the enhanced statutory allocations to the three tiers of government, following the phenomenal increase in crude oil prices in the international market and the monetization of part of the proceeds of the excess crude account. At N1,247.2 billion, the Bank met the September reserve money indicative benchmark of N1,358.7 billion. The reserve money for March, June and December, at N1,200.0 billion, N1,517.7 billion and N1,549.3 billion, however, exceeded their

respective benchmarks of N1,155.2 billion, N1,124.8 billion and N1,445.0 billion, respectively. In order to ensure an optimum banking system liquidity, a number of monetary policy measures were undertaken. The measures included a review of the Monetary Policy Rate (MPR) and the cash reserve requirement (CRR) as well as the issuance of treasury bills. In the second quarter, when the system faced a liquidity surfeit, contractionary policy measures were implemented, including an aggressive utilization of open market operations (OMO) as the main tool for managing liquidity and the upward review of the Monetary Policy Rate (MPR) from 9.5 per cent in January to 10.0 and 10.25 per cent in April and June, respectively. In addition, treasury bills were issued for liquidity management, while the cash reserve requirement (CRR) was increased by 100 basis points, from 3.0 per cent to 4.0 per cent in June 2008. By September 2008, when liquidity tightness manifested and it became necessary to pre-empt the effects of the global liquidity and credit crunch on the domestic financial markets, a special meeting of the Monetary Policy Committee (MPC) was held at which the monetary policy stance was relaxed. The major monetary policy decisions taken to ensure money market liquidity were the reduction in the MPR by 50.0 basis points from 10.25 to 9.75 per cent; a reduction of CRR from 4.0 to 2.0 per cent; and a reduction of the liquidity ratio from 40.0 to 30.0 per cent. Furthermore, repo transactions were allowed against eligible securities for up to 360 days as against the hitherto over-night lending policy. Moreover, the CBN commenced the buying and selling of securities through the two-way quote trading platform. In addition, the discount window operations were expanded to accomodate private sector securities other than Federal Government instruments. Although the banking system remained liquid, the measures, impacted negatively on the foreign exchange market as the naira depreciated sharply in November and December 2008. This development led to a reduction of banks' foreign exchange net open position from 20.0 to 10.0 per cent of shareholders' fund and the CBN's active participation in the daily inter-bank foreign exchange market by buying and selling through the two-way quote in December 2008.

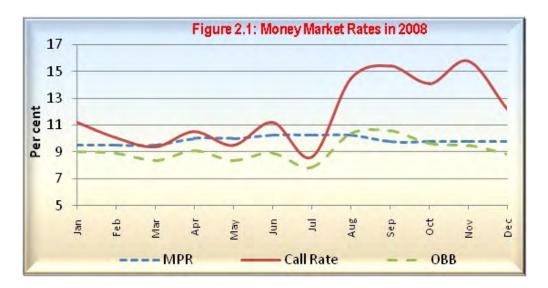
2.1.3 Interest Rate Policy and Developments

The Bank retained its policy of a market-based interest rates regime in 2008. The MPR remained the operating instrument to influence the direction of interest rate. In order to influence the direction of interest rate, in line with monetary conditions, the MPR was reviewed upward by 50 and 25 basis points in April and June 2008, respectively. The Rate was, however, reviewed downward by 50 basis points in September 2008 to minimize the contagion effect of the global financial crisis.

2.1.3.1 Money Market Rates

Money market interest rates were relatively high in 2008, following the tight liquidity condition in the market. The development was due to the low level of matured treasury bills and the relatively low inflow of liquidity. With the continued rise in inflation, which led to the upward review of the MPR in April and June, rates were generally higher than in the preceding year. The weighted average inter-bank call rate, tenored rate and open-buy-back rate were 11.86, 14.32 and 9.11 per cent, respectively, compared with 8.15, 12.10 and 7.91 per cent in 2007. In line with the trend at the inter-bank market, the Nigerian Inter-bank Offered Rate (NIBOR), the 7-day and 30-day tenors averaged 12.47 and 14.32 per cent, respectively, up from 8.47 and 12.1 per cent in 2007.

Table 2.3: Money Market Rates (Per cent)						
			Weigh	ted Average		
Month	MPR	Call Rate	OBB	NIBOR 7-days	NIBOR 30-days	
Average 2007	9.13	8.15	7.91	8.47	12.10	
Jan-08	9.50	11.22	9.01	11.02	12.99	
Feb-08	9.50	10.04	8.91	10.72	12.76	
Mar-08	9.50	9.37	8.36	10.06	12.12	
Apr-08	10.0	10.51	9.07	10.82	12.78	
May-08	10.0	9.47	8.34	10.73	13.15	
Jun-08	10.25	11.23	8.92	11.36	13.46	
Jul-08	10.25	8.61	7.84	10.41	13.06	
Aug-08	10.25	14.45	10.36	14.05	15.34	
Sep-08	9.75	15.42	10.56	15.80	16.76	
Oct-08	9.75	14.09	9.64	14.67	15.63	
Nov-08	9.75	15.77	9.47	16.68	17.98	
Dec-08	9.75	12.17	8.83	13.35	15.85	
Average 2008	9.85	11.86	9.11	12.47	14.32	



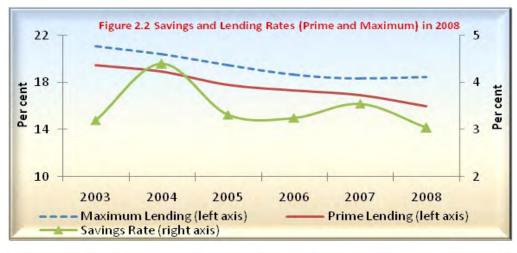
2.1.3.2 Deposit Rates

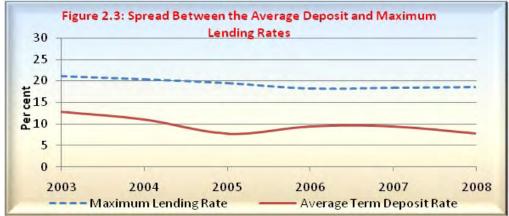
With the exception of the average savings rate, which fell slightly by 0.4 percentage point to 3.6 per cent at end-December 2008, other rates on deposits of various maturities rose to a range of 12.4 12.9 per cent at end-December 2008, from a range of 7.9 10.0 per cent at end-December 2007. The average term deposit rate also rose to 11.96 per cent from 8.8 per cent at end-December 2007. The increase in banks' deposit rates was attributable to the upward review of the MPR in the latter part of the year, as well as the tight liquidity condition in the banking system.

2.1.3.3 Lending Rates

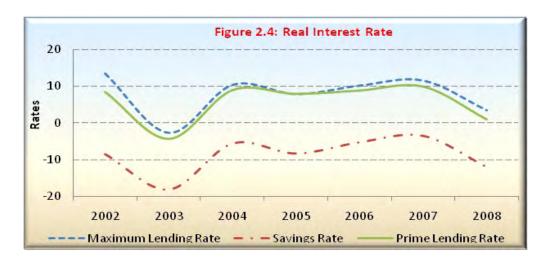
The weighted average maximum lending rate rose slightly by 2.97 percentage points to 21.18 per cent at end-December 2008. The spread between the average term deposits and maximum lending rates narrowed to 9.2 percentage points in 2008, from 9.5 percentage points in 2007. The relatively narrow spread

between the deposit and lending rates implied improved efficiency in banks' intermediation process. The weighted average prime lending rate, however, declined from 16.46 per cent in 2007 to 16.08 per cent.



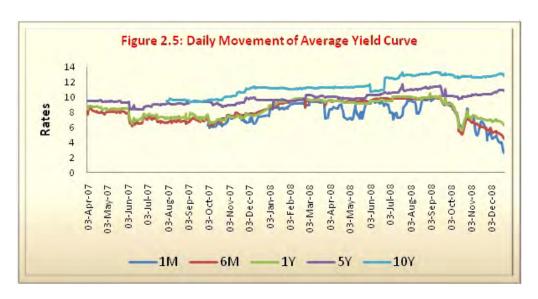


With the actual year-on-year inflation rate at 15.1 per cent in December 2008, deposit rates were all negative, while lending rates were positive, in real terms.

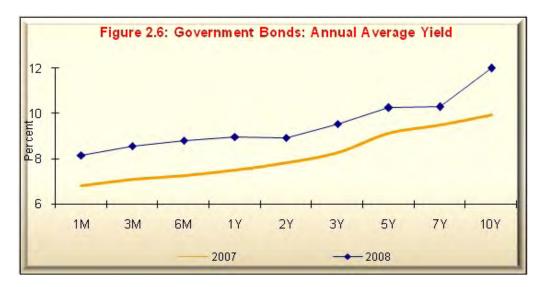


2.1.3.4 Return on Fixed Income Securities - The Yield Curve

Primary dealership and the two-way quote trading platform continued in the fixed income securities market in 2008. Analysis of the daily movement of the yield on various maturities revealed that the shorter maturities recorded more volatility than the longer maturities in 2008. The yield on long-term bonds, being essentially an average of a series of current and expected future yields, typically exhibited greater stability. Furthermore, yields, particularly on medium-to-longer maturities, were relatively higher than the return in the preceding year. However, the yields on shorter maturities were lower in the last quarter of the year, reflecting increased demand.



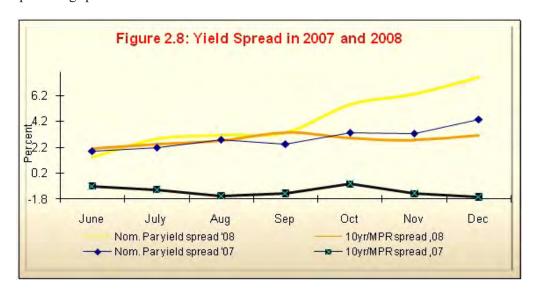
The yield curve on fixed income securities was upward-sloping in 2008. On average, the par yield curve and the Theoretical Spot Rate Curve (TSR-curve) were positively sloped. The development showed that the term structure of interest rates was positively sloped. Typically, the yield on each maturity was less than the corresponding spot rate across the entire yield curve. There was an upward parallel shift of the yield curve in 2008, relative to the preceding year, although with a higher pull at the medium-to-long end. The development reflected the effects of the upward review of the MPR and the rise in nominal short-term rates.



A plot of the price of the 6-month maturity and weighted average inter-bank tenored rates showed that bond price and interest rate typically moved in opposite directions, especially between June and December 2008. The development reflected the upward adjustments in the Monetary Policy Rate in April and June and the tight liquidity condition in the market in September through November, which influenced the upward movement of rates in the money market and the yield on short-term maturity.



The slope of the yield curve was steeper in 2008 than in the preceding year, as the annual average yield spread (the difference between the yield on longest and shortest maturities) widened to 7.62 percentage points, from 3.14 percentage points in the preceding year. The development signalled the expectation of increased economic activities in the near future. Also, the steeper yield curve indicated that investors expected higher inflation and interest rates in the future. With respect to the long-term yield and MPR, the slope of the yield curve widened, as the yield spread stood at 3.1 percentage points in 2008, up from 0.43 percentage point in 2007.



2.1.4 Payments, Clearing and Settlement Developments

The development of the payments system continued in 2008 with the harmonisation of the clearing cycle, which effectively reduced the clearing cycle to T+2. Furthermore, the CBN established six (6) new clearing centres, bringing the number of clearing centres in the country to twenty-eight (28). The development boosted cheque usage as the volume of cheques cleared in the system grew significantly by 51.7 per cent, compared with 33.3 per cent in 2007. Also, the DMBs continued to deploy more Automated Teller Machines (ATMs), even in some remote locations, to further enhance public awareness and confidence in the use of card payments.

2.2 CURRENCY AND BRANCH OPERATIONS

2.2.1 Issue of Legal Tender

In its effort to ensure a customer-focused and proximate service delivery, the Bank opened six (6) new currency centres at Awka, Asaba, Umuahia, Lokoja, Osogbo and Gombe. The Bank commenced preparations for the out-sourcing of currency processing and distribution, in order to improve and sustain its clean notes policy, achieve efficiency and cost-effectiveness in currency processing and management, as well as conform to best practice. Thus, the CBN issued guidelines, sensitized key stakeholders and the general public and invited bids for the scheme. Furthermore, media campaigns to sensitize the public on the sanctions against the abuse of the naira was sustained throughout the year.

The continued restructuring of the Nigerian Security Printing and Minting (NSPM) Plc produced satisfactory outcomes in 2008 as the volume of banknotes printed by the company rose significantly. At 2,650.28 million pieces, the banknotes printed increased by 58.2 per cent over the volume in the preceding year. The increase in output was attributable to the installation of new machines and the upgrading of equipment at both the Abuja and Lagos factories, staff motivation and training, as well as the strengthening of rapport with stakeholders in the industry.

2.2.2 Currency in Circulation (CIC)

At end-December 2008, CIC stood at N1,155.1 billion, an increase of 20.3 per cent over the level at end-December 2007. The development was due largely to the monetization of large foreign exchange inflows from crude oil sales in the first half of 2008, as well as the seasonal demand for currency for the purchase of goods and services for end-of-year festivities. The growth in CIC in 2008 was, however, lower than the growth of 23.3 per cent in the preceding year.



	Table 2.4: Currency Structure					
Coins	200	7	2008			
	Value (₦ billion)	Volume (million)	Value (₦ billion)	Volume (million)		
₩2	0.184	92.0	0.210	104.49		
₩ 1	0.615	615.4	0.532	532.20		
50k	0.390	728.0	0.233	466.00		
25k	0.005	19.0	0.060	240.65		
10k	0.0002	2.2	0.024	235.06		
1k	0.0	0.0	0.001	51.22		
Sub	1.1900	1,456.6	1.060	1,629.62		
Notes						
₩ 1000	264.4	264.4	572.91	572.91		
N 500	353.6	707.2	400.93	801.86		
₩ 200	251.2	1,256.0	114.32	571.62		
₩ 100	49.5	494.9	32.38	323.80		
N 50	17.6	351.3	11.4	228.04		
N 20	16.5	823.0	16.55	827.29		
N 10	3.6	355.9	2.83	283.20		
₩5	2.9	579.0	2.67	533.07		
Sub	959.3	4,831.7	1,153.99	4,141.79		
Total	960.490	6,288.3	1,155.050	5,771.41		

2.3 FOREIGN EXCHANGE MANAGEMENT

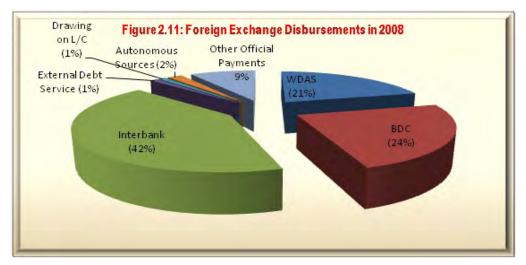
2.3.1 Foreign Exchange Flows

The inflow and outflow of foreign exchange through the economy stood at US\$106.8 billion and US\$47.2 billion, respectively, representing an increase of 44.2 and 81.1 per cent over the levels in the preceding year. Consequently, a net inflow of US\$59.6 billion was recorded in 2008, compared with US\$48.0 billion in 2007. A disaggregation of the total foreign exchange inflow showed that receipts through the CBN and autonomous sources increased by 38.7 and 49.4 per cent to US\$49.3 billion and US\$57.5 billion, respectively. The increase in autonomous inflows was accounted for by the rise in invisibles by 49.5 per cent over the preceding year to US\$55.9 billion. This resulted from the sustained growth in the inflow of home remittances. The total foreign exchange outflow through the economy from autonomous sources, which was mainly for imports of goods and services, amounted to US\$1.1 billion, reflecting a decline of 37.2 per cent below the preceding year's level.

Total inflow of foreign exchange, through the CBN, increased by US\$13.8 billion or 38.7 per cent to US\$49.3 billion in 2008. The oil sector accounted for US\$44.7 billion or 90.6 per cent of the total, compared with US\$29.3 billion or 82.5 per cent in 2007. The increased inflow was attributable to the favourable crude oil prices in the international market up till the third quarter of the year. Total foreign exchange outflow through the CBN, which accounted for 99.7 per cent of the total outflow through the economy, increased significantly by 93.1 per cent to US\$47.0 billion over the level in the preceding year.



Analysis of the outflow showed that sales by the CBN under the Wholesale Dutch Auction System (WDAS) accounted for 88.6 per cent, other official payments 9.3 per cent, while both drawings on letters of credit and external debt service accounted for the balance of 2.1 per cent. Under the WDAS utilization, the CBN increased funding to meet the foreign exchange demand in the economy, particularly during the last quarter of the year. As a percentage of total foreign exchange utilization, the WDAS sales accounted for 24.2 per cent, inter-bank 27.4 per cent, and direct cash sales to independent and bank-owned BDCs, 48.4 per cent. As a result, the net inflow through the Bank declined sharply to US\$2.3 billion in 2008 from US\$11.2 billion in 2007.



2.3.2 Demand for and Sales of Foreign Exchange Under the Wholesale Dutch Auction System (WDAS)

The Wholesale Dutch Auction System (WDAS) remained the main mechanism for the management of foreign exchange to achieve exchange rate stability.

Ninety-three (93) trading sessions were held under the WDAS during 2008, compared with ninety-four (94) in 2007. At US\$31.7 billion, the demand for foreign exchange at the WDAS and BDC segments increased significantly by 84.6 per cent over the level in the preceding year. The demand pressure was

exacerbated in the fourth quarter by the repatriation of the proceeds of the divestment of portfolio investments and dividends by foreign investors as the global financial and economic crisis deepened.



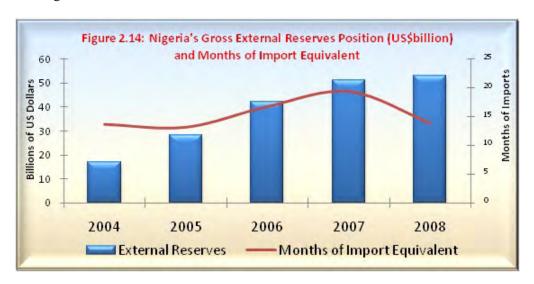
Other contributory factors were—purchases of foreign exchange by some oil companies for the importation of premium motor spirit (PMS), as well as the panic purchases at the foreign exchange market that ensued after the initial depreciation of the naira in the last quarter of 2008. Consequently, foreign exchange sold by the CBN at the WDAS and the BDC windows amounted to US\$10.1 billion and US\$11.4 billion, respectively, compared with US\$7.5 billion and US\$6.8 billion in the preceding year. The aggregate amount of foreign exchange sold at the WDAS window and cash sales to independent and bank-owned BDCs stood at US\$21.5 billion, indicating an increase of 50.0 per cent over the level in 2007.

Foreign exchange inflow to the inter-bank market was relatively high from January through September 2008. Consequently, sales under the WDAS during the period was relatively low. In order to maintain exchange rate stability, the CBN intervened to purchase and sell foreign exchange in the market at various times during the year. This resulted in sales of US\$20.2 billion, compared with US\$1.8 billion in 2007. The Bank also purchased the sum of US\$0.9 billion, compared with the purchase of US\$2.4 billion in 2007. Under the swap transactions, the CBN exchanged a total sum of US\$1.0 billion, compared with US\$0.6 billion in 2007.



2.3.3 External Reserves Management

Nigeria's gross external reserves as at 31st December, 2008 stood at US\$53.0 billion, an increase of 3.2 per cent over the level of US\$51.3 billion at end-December, 2007. The amount of reserves could support 13.8 months of import cover, compared with 19.3 months in the preceding year. In 2008, seven (7) additional asset managers were funded, thus bringing the total funded to thirteen (13). The net asset value of the externally managed portfolio as at December 31, 2008 increased by US\$0.4 billion or 4.5 per cent from the initial funding of US\$8.8 billion to US\$9.2 billion.



The Bank took some major decisions in 2008 in order to ensure a more efficient external reserves management. These included the diversification of external reserves to include US agencies and supranational securities, while special guidelines for deposit placement with subsidiaries or offshore branches of Nigerian banks were issued. The global financial crisis in 2008 resulted in a decrease in returns on the Bank's reserves. However, the principal remained intact.

In line with the Bank's policy on a Partnership Agreement between local and foreign banks on the management of external reserves, the capacity of staff of local banks was enhanced through various training programmes, including attachments. Technical support was also provided in the areas of research, special reports, product news, position and risk reports relating to the CBN portfolio, among others. This resulted in some landmark achievements, including the offering and listing on the London Stock Exchange of Guaranty Trust Bank's (GTB's) US\$824.0 million Global Depository Receipts (GDRs). In addition, a number of foreign banks have extended credit lines to Nigerian banks for trade finance.

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 2008. It adopted various approaches, including a regular appraisal and review of banks' periodic returns, spot checks, monitoring and special investigations, the adoption of Risk-based Supervision/Compliance Examination (Hybrid), among others. As at end-December 2008, the web-enabled Credit Risk Management System (CRMS) database had an outstanding balance of N3.1 trillion, involving 60,273 borrowers, as against N2.1 trillion and 51,696 borrowers in the preceding year. The development reflected the growing public confidence in the banking system, despite the global financial meltdown.

Table 2.5: Borrowers from the Banking Sector						
Description	2007	2008	Absolute Change	% Change		
Total No. of Borrowers	51,696	60,273	8,577	16.59		
No. of Borrowers with credits	23,626	26,327	2,707	11.43		
No of Credits/facilities	28,825	32,693	3,868	13.42		
Total outstanding b alance (N'000) 2,127,799,205 3,110,905,923 983,106,718 46.20						
Derived from the CRMS						

The Bank issued a number of circulars and guidelines to the DMBs as part of its efforts to promote a safe and sound financial system. These included:

- A public notice on the payment of private sector depositors of the 14 banks that had their licences revoked on January 16, 2006;
- A circular to all banks and discount houses on a common accounting year-end;
- Rescheduling of specific debts;
- A circular to all banks on off-shore expansion;
- Reform of discount houses in Nigeria;
- A directive to forward the account details of illegal fund managers or wonder banks to the CBN;
- The de-marketing of banks by other banks;
- The exclusivity clauses in the agreements signed by Nigerian banks with international money transfer operators;
- Returns on interest rates on deposits and loans; and
- The deployment of resident examiners to banks.

As part of its on-going efforts to improve efficiency in its supervisory process, the CBN created a Supervisory Methodology Group Unit in 2008. The Group was charged with the responsibility for further developing and supporting the implementation of the Risk-based Supervision Framework adopted in 2007. In that regard, the Group reviewed the existing supervisory framework and developed three guidance notes, namely, Risk Assessment Summary (RAS), Knowledge of Business (KoB), and identification of significant activities. In addition, it developed a supervisory strategy to provide support and understanding of the framework.

On-site verification of the banks' post-consolidation integration status indicated improved performance over the preceding year. The exercise revealed that sixteen (16) banks, out of the nineteen (19) that required integration, made substantial progress, while the remaining three (3) achieved an appreciable level of integration, compared with twelve (12) and six (6), respectively, in the preceding year.

An Inter-agency Committee comprising of the CBN, the Security and Exchange Commission (SEC), the Nigeria Deposit Insurance Corporation (NDIC), the Corporate Affairs Commission (CAC), the Economic and Financial Crimes Commission (EFCC), and the Nigeria Police Force (NPF) was inaugurated in February 2008 with a view to adopting a common framework in addressing the menace of illegal fund managers or wonder banks. Following publications in the national newspapers by the Committee requesting members of the public to submit claims against any illegal fund manager or wonder bank, 417 companies

operating illegally were identified, with about N100.0 billion funds trapped in those companies. Through the collaborative efforts of the Committee, the SEC has charged and obtained judgment against 30 out of the 417 illegal fund managers or wonder banks at the Investments and Securities Tribunal (IST), while the remaining were being investigated.

2.4.2 Prudential Examination

Income audits, verification of capital and special investigations were conducted on some banks to check the authenticity of statutory reports and returns to the CBN. The examination focused on the level of income and profits in their audited accounts, liquid assets, as well as the legitimacy of funds used for recapitalisation.

Available data from the banks revealed that two (2) banks failed to meet the statutory minimum Capital Adequacy Ratio (CAR) of 10.0 per cent at end-December 2008, compared with three (3) at end-December 2007. Two (2) banks defaulted on the prescribed minimum liquidity ratio (LR) of 30.0 per cent at end-December 2008. The same number of banks defaulted on the prescribed minimum liquidity ratio (LR) of 40.0 per cent at end-December 2007. The defaulting banks were appropriately penalized.

Pre-licensing inspections were conducted on three finance companies that were operating with approvals-in-principle. Out of the three (3), two (2) were granted final licences to operate as finance companies. The process of adopting new prudential requirements or standards for the regulation of Development Finance Institutions (DFIs) received a boost with the issuance of the final copy of the "Prudential Standards and Guidelines for African Development Banks and Finance Institutions" and the selection of Nigeria's Bank of Industry (BOI) as one of the African DFIs for the pilot scheme on the rating of DFIs. The document which has been drawn up under the aegis of the Association of African Development Finance Institutions (AADFIs), is expected to serve as the basis for regulating these institutions for enhanced operational sustainability and greater efficiency.

2.4.3 Compliance with 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 2008, through the appraisal of DMBs' monthly reports of their compliance status as well as periodic on-site verification. The exercise revealed that most of the banks complied with a number of the provisions, while those that failed to comply were sanctioned. In order to address the observed problems and challenges encountered in implementing the provisions of the code, the Bank commenced its review in 2008.

2.4.4 Financial Crime Surveillance/Money Laundering

The CBN carried out a number of examinations on Anti-Money Laundering/Combating Financing Terrorism (AML/CFT). Some of the problems observed while carrying out the money laundering examinations included difficulty in obtaining information on Politically Exposed Persons (PEP), lack of transparency by operators and lack of continuous training for staff.

2.4.5 Routine Examination

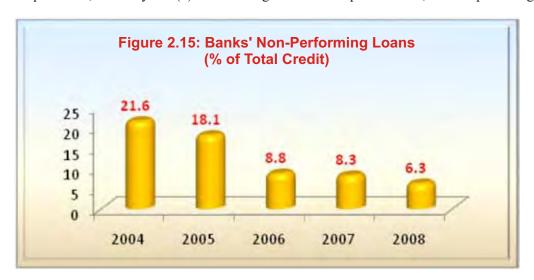
Routine examinations were conducted on banks to ascertain, among other things, the deposit trends, facilities granted in respect of mortgage, consumer items, share purchase as well as the level of performing and non-performing loans to all sectors. Following the recent upsurge in the demand for foreign exchange, the Bank also conducted both target and routine examinations on some financial institutions to ascertain the level of utilization of foreign exchange disbursed to them. The examination of the foreign exchange operations of the institutions revealed various infractions, including improper record-keeping, incomplete documentation by banks, and wrong use of unconfirmed letters of credit. The errant banks were

appropriately sanctioned.

2.4.6 Banking Sector Soundness

An assessment of the health of the banking sector indicated that the banks were generally sound. The assessment indicated that the banks did not exhibit serious weaknesses as to cause supervisory concern, despite the ravaging effects of the global financial crisis.

The average Capital Adequacy Ratio (CAR) of the banks was consistently high and above the stipulated minimum of 10.0 per cent. However, two (2) banks could not meet the stipulated minimum ratio, compared with three (3) at end-December 2007. The asset quality of the banks as measured by the ratio of non-performing loans to industry total loans improved in 2008 at 6.3 per cent, reflecting a 2.0 percentage points decline from the preceding year's level. The industry liquidity ratio was above the 30.0 per cent minimum requirement, with only two (2) banks failing to meet the stipulated ratio, as in the preceding year.



2.4.7 Examination of Other Financial Institutions

The CBN conducted on-site examination of 430 Microfinance Banks (MFBs), 67 Primary Mortgage Institutions (PMIs), 77 Finance Companies (FCs), and 4 Development Finance Institutions (DFIs).

The examination of the MFBs was conducted to ascertain the extent of compliance of the newly converted or licensed MFBs with the terms of their business plans and the extant rules and regulations as well as ensure a greater focus on core microfinance business. The exercise revealed a generally poor asset quality and weak corporate governance. On the average, however, the institutions were reasonably well capitalized above the prescribed minimum level of N20.0 million.

The examination of the PMIs revealed, among others, the continued preponderance of commercial assets over mortgage assets in their loan portfolios, which is an indication that the operational focus of the PMIs was at variance with their mandate of promoting housing finance/mortgage banking. Regular prudential returns were received from eighty (80) PMIs, compared with seventy two (72) in 2007, while fifteen (15) PMIs were penalized for late and non-rendition of returns and audited accounts.

Routine examination conducted on seventy-seven (77) FCs indicated that fifty-five (55) were actively involved in finance company business, while the remaining twenty-two (22) had either ceased

operations, were undergoing restructuring, or mainly engaged in capital market activities. Other issues of regulatory concern, which the affected institutions were directed to address, were issues of undercapitalization, poor corporate governance, and unskilled and/or incompetent staff.

On-site examination was carried out on four (4) out of the five (5) DFIs. These included the Nigerian Agricultural Co-operative and Rural Development Bank (NACRDB), the Federal Mortgage Bank of Nigeria (FMBN), the Bank of Industry (BOI), and the Nigerian Export-Import Bank (NEXIM). The exercise revealed a deterioration in asset quality and poor corporate governance in most of the DFIs, among other things. There was, however, an improvement in the shareholders' fund of all the institutions except the FMBN.

Spot checks conducted on selected 182 BDCs indicated that most of the institutions breached operational guidelines, particularly with regard to the mark-up margins 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 (ACGS) Fund

The CBN guaranteed a total of 52,787 loans valued at N6.7 billion in 2008, thus bringing the cumulative loan from the inception of the Scheme in 1978 to 593,712 loans valued at N26.1 billion. Analysis of loans guaranteed by states showed that Zamfara State had the highest volume and value of 9,472 loans (17.9 per cent) and N0.8 billion (11.3 per cent), followed by Katsina State with 6,821 loans or 12.9 per cent valued at N0.5 billion or 7.1 per cent of total. Benue State placed third with 6,452 loans or 12.22 per cent valued at N0.4 billion or 5.6 per cent of the total.

A sub-sectoral analysis of the loans guaranteed indicated that food crops got the highest volume of 46,753 loans valued at N5 billion, followed by livestock with 3,643 loans valued at N1.1 billion and fisheries at 932 loans valued at N0.4 billion. Cash crops had 893 loans valued at N0.2 billion. Mixed farming had no loans while others had 575 loans valued at N0.6 billion.

The number and value of recovered loans in the review period stood at 31,171 valued at N 3.1 billion, bringing the total number and value of fully repaid loans since the inception of the Scheme to 408,426 and N14.4 billion, respectively. Further analysis of the repaid loans in terms of states showed that Kwara State had the highest number of repaid loans of 4,367 or 14.0 per cent valued at N331.5 million (10.8 per cent). Jigawa State came second with 2,855 loans (9.2 per cent) valued at N235.2 million, followed by Adamawa State with 2,403 loans (7.7 per cent) valued at N477.2 million (15.6 per cent) of the total repaid loans. In terms of claims settlement, 44 claims under the ACGSF valued at N2.0 million were settled in 2008, indicating a decrease of 73.3 and 91.4 per cent, respectively, compared with 2007. A breakdown of guaranteed loans by banks showed that nine (9) DMBs granted 48,670 loans valued at N6.3 billion while 4,117 loans valued at N0.4 billion were granted by MFBs.

Table 2.6: Distribution of Loans under the ACGSF by Value of Loans in 2008					
Category	Volume	Value in ₩' million			
N20,000 and below	1,809	33.15			
N20,001- N50,000	23,180	919.24			
₩50,001 — ₩100,000	12,180	1.04			
Above #100,000	15,097	4.72			
Total	52,266	958.15			

2.5.2 The Trust Fund Model (TFM)

The Bank signed thirty-eight (38) TFM and pledges in 2008, thus, bringing the number of MoUs signed under the TFM as at 31st December, 2008 to fifty-one (51). The total sum pledges under the programme as at December 2008 was N4.9 billion.

Table	Table 2.7: Funds Placement under the Trust Fund Model (TFM) end - December, 2008							
S/No	Type of Stakeholder	Amount (N)	Partner Banks	Remarks				
1	Multinationals/Oil Companies	№ 0.430b	FBN, Finbank & UBA	4 Multinationals signed M oU between 2001 & 2008				
2	SGs/LGAs/Ministr ies	₩2.361b	FBN, Bank PHB, Spring Bank, Unity Bank, UBA, Union Bank, Finbank, Skye, Intercontinental Bank & 14 Microfinance Banks (MFBs)	16 States, 16 LGAs and 3 Ministries & 1 Federal Government outfit (The National Food Reserve Agency – NFRA) all partnered with CBN between 2002 and 2008				
3	Individuals/Organizations	₩2.096b	Fidelity, Zenith, Oceanic, 3 MFBs	11 Individuals/Organizat ions – (2) First Ladies -owned organizations also, bought into the TFM concept between 2005 and 2007				
TOTAL		N 4.895b	15 Deposit Money Banks (DMBs) & 17 MFBs are partnering banks	51 Stakeholders				

2.5.3 Operations of the Agricultural Credit Support Scheme (ACSS)

Returns from the DMBs showed that two applications valued at N1,380 million were received by the banks in 2008 and were approved. No project was verified during the year. Thus, the number of projects verified since the inception of the Scheme remained at 22, valued at N0.2 billion, and the cumulative number of projects qualified for verification remained at 46. The Bank paid the sum of N297.0 million to participating banks at 6.0 per cent interest rebate on 29 large-scale agricultural projects under the Scheme during the year. Cumulatively, the number of applications received as at end-December 2008 was 185, valued at N36.3 billion, and the number of applications approved by banks was 142, valued at N27.4 billion, while the number of disbursements since the Scheme's inception was 109, valued at N17.2 billion.

2.5.4 Microfinance and Commodity Development in Nigeria

The CBN established three (3) Entrepreneurship Development Centres (EDCs) in Kano (North West), Onitsha (South East) and Lagos (South West). Thus far, 7,393 graduates have been produced, including, 1,373 women. Furthermore, 3,964 EDC graduates have received counselling and business advisory services. The Bank also organized the 24th Development Finance Officers (DFOs) Conference in 2008, in Asaba, Delta State. There were 700 attendees drawn from the States' Houses of Assembly, Deposit Money Banks, Insurance Companies, State Ministries, the organized private sector and the academia. Eight (8) state governors were enlightened, through campaigns mounted by the Bank in 2008, to market development finance products. Over ninety three thousand (93,000) National Youth Service Corps (NYSC) members were sensitized at the various NYSC orientation camps. Further talks were also held between the CBN and the Intercontinental Bank Plc on the modalities for partnership under the CBN/NYSC Youth

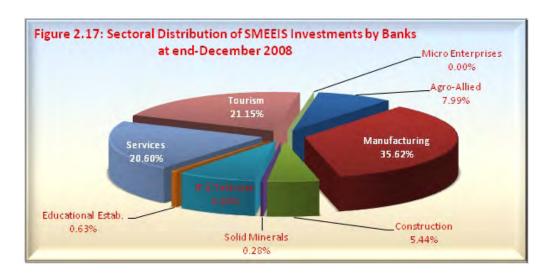
Empowerment Programme. The CBN also received the financing agreement between the Federal Government of Nigeria and the International Fund for Agricultural Development (IFAD) on the 2009 - 2015 Rural Finance Institutions Project.

2.5.5 Small and Medium Enterprises Equity Investment Scheme (SMEEIS)

The cumulative sum set aside by banks, as at end-December 2008, was N42.0 billion, compared with a revised figure of N37.4 billion in 2007. This represented an increase of N4.6 billion (12.3 per cent). The sum of N28.2 billion or 67.1 per cent of the sum set aside was invested, as against N21.2 billion or 56.5 per cent of the sum set aside in 2007. The investments were in 333 projects out of which the real sector accounted for 205 projects, and the service-related sector, excluding trading, accounted for 128 projects, while micro-enterprises did not attract any investment.



In terms of the geographical spread of the investments, Lagos State received the highest of 41.3 per cent or 205 projects, followed by Ogun State with 6.8 per cent or 26 projects and Oyo State with 1.6 per cent or 18 projects. Abia, Edo and Kano states collectively accounted for 6.1 per cent or 9 projects. The remaining states accounted for 23.9 per cent in 75 projects. Meanwhile, twelve (12) states were yet to record any investment under the Scheme.



PART TWO

ECONOMIC REPORT



CHAPTER 3

THE GLOBAL ECONOMY

he global economy experienced serious turmoil in 2008 as a result of the global financial crisis, which culminated in an economic recession in major industrialized countries, including the US, UK, Germany, and Japan, among others. World economic output growth was projected at 3.9 per cent in 2008, down from 5.2 per cent in the preceding year. The modest growth was occasioned by the increase in economic activities in emerging and developing countries that outweighed the decline in economic activities in the advanced economies. Global inflation rates, on the other hand, were accentuated by the surge in food and fuel prices. Global trade declined in 2008 while the foreign exchange market experienced instability as major currencies experienced weaknesses.

3.1 OUTPUTAND GROWTH

Global output growth was projected to have expanded by 3.9 per cent in 2008, compared with 5.2 per cent in 2007. The deceleration in growth was provoked by the decline in economic activities in the advanced economies. The weak global economic performance, which was initially undermined by high food and energy prices, was aggravated by the financial crisis and the severe strains on banking systems and credit conditions worldwide. The impact of the financial crisis was felt across the world's financial markets. In response, remedial fiscal and monetary actions were taken by countries across the globe, particularly in the US, European and Asian countries to stabilize their financial institutions and markets.

Output growth for the US was projected at 1.5 per cent in 2008, following continuing financial and economic crisis. The economic downturn in the US induced policy measures aimed at supporting activity and breaking the negative feedback loops between the macro economy and financial institutions. The US Treasury intervened to purchase real estate assets and some financial institutions to redress the decline and stabilize the economy. Other measures applied by the US Treasury to stabilize the financial markets included large injections of liquidity and the reduction in policy rates.

Similarly, Japan experienced a decline in output growth which was projected at 0.7 per cent, down from the 2.1 per cent recorded in the previous year. Industrial production fell with declining exports and weak domestic demand.

In the euro area, weak export demand, coupled with the slowdown in developing countries caused the decline in growth rate to 1.3 per cent from 2.6 per cent. Concerted and coordinated action was taken by various governments to deal with systemic problems. The issues dealt with included toxic assets, rebuilding of bank capital and restoring liquidity in financial markets, while being mindful of tax payers' interest and moral hazards associated with such measures.

Growth in the Western Hemisphere region was projected at 4.6 per cent, down from 5.6 per cent in the previous year. The countries of the region were faced with economic slowdown, difficult external conditions and high inflation as the strong growth experienced in the previous year eased due to moderation in exports. The turbulent financial markets of the advanced economies affected countries in the region triggering a fall in equity prices, widening interest rate spreads, tightening access to funds and exchange rate pressures. The slow growth in the U.S. also impacted on home remittances, trade and tourism in the region, hence, the general decline in output among the countries, except Argentina, Colombia, Peru and Uruguay.

Growth in output in emerging Europe was projected at 4.5 per cent; this represented a slowdown

following a prolonged period of economic expansion. The decline in demand by the countries of Western Europe and tighter financing conditions, impacted negatively on investment and exports. Similarly, private consumption weakened in the face of soaring food and energy prices. The growth rates of output in the Baltic states, especially in Latvia and Estonia were negative.

Output growth in emerging Asia witnessed a downturn and was projected at 7.8 per cent in 2008. The slowing demand by advanced countries and the strains in the financial markets affected the two largest economies of China and India. China recorded a growth rate of 9.7 per cent, driven by a steady investment growth and accelerated consumption. This was, however, lower than the 11.7 per cent achieved in 2007. The deceleration in the rate of growth was largely due to the weak demand for exports in the advanced countries and strains in the regional financial markets. In India, output growth declined from 9.3 to 7.9 per cent due to weak investment although private consumption and exports increased. Similarly, other newly industrializing economies within the region experienced deceleration. Domestic demand softened largely due to rising food and energy prices. Financial markets became weak because of the global concern and a declining investor risk appetite. The current account balances of some countries in the region came under pressure due to rising imports and a slowdown in export growth, while capital account and exchange rate developments varied. Capital inflows to China remained strong, evidenced by robust reserves, while other countries in the region were volatile.

The growth in output in most countries in the Commonwealth of Independent States (CIS) was strong and projected at 7.2 per cent. This was due to a domestic demand boosted by positive terms of trade. However, growth prospects were affected by the global financial turmoil, notably in Kazakhstan and Russia, which were confronted by loss of confidence and a reversal in capital flows. High international commodity prices boosted the trade balances of net commodity exporters (Russia, Azerbaijan, Kazakhstan, etc), while net commodity importers (Armenia, Moldova, Tajikistan) worsened. Trade balance for the net food importers deteriorated significantly, with deficits reaching precarious levels in some countries.

At the regional level, Africa showed some resilience to the global slowdown as many countries benefited from terms of trade improvement. Oil and other commodity exporters gained from the surge in prices and net capital inflows in the region remained steady. The region was projected to have grown by 5.9 per cent, with sub-Saharan Africa growing by 6.1 per cent. Most countries in the region recorded positive output growth rates, except Zimbabwe which recorded a negative growth rate. Also, the Great Lake region recorded high output growth rates from the high commodity prices, despite civil wars in the region. Nigeria recorded an output growth rate of 6.4 per cent.

3.2 WORLD PRICES

Global inflation rates accelerated due to the surge in food and fuel prices. Consumer price increase was particularly strong in emerging and developing countries. Policymakers in these economies responded to the rising inflation with eclectic measures. Some central banks raised interest rates, while others relied more on increasing reserve requirement and other credit tightening policies.

The US headline inflation and core inflation peaked at 4.6 and 2.6 per cent, respectively, before they declined following lower oil prices. Similarly, in Western Europe, headline inflation was in the range of 3.0 to 4.0 per cent, while core inflation was generally below 2.0 per cent in the euro area and the United Kingdom. Central banks focused generally on providing liquidity to the financial markets in order to achieve financial stability. However, the deteriorating global economic conditions moderated inflationary expectations while the tight monetary and financial conditions provided the scope for monetary easing, both in the euro area and the UK.

In the Western Hemisphere, headline inflation rose to 8.0 per cent, the highest in five years. It was, however, moderated by the softening of international commodity prices, tighter monetary policies and the slow growth in demand. Inflation remained in double-digit in Bolivia, Paraguay and Venezuela, among others. For the inflation-targeting countries (Brazil, Chile, etc) where inflation rose above the target range, policy rates were raised as part of the efforts to contain the pressures.

Among the emerging Asian economies, excluding China, headline inflation soared in a number of countries. In India, inflation rose to 9.0 per cent, while the underlying inflation pressure increased as high resource utilization created second round effects. The response to rising inflation varied: while some countries tightened monetary policy by hiking interest rate (India, Indonesia, etc.), others sterilized accumulated foreign exchange reserves through issuance of bonds and an increase in reserve requirements, to contain the build-up of liquidity. However, in China, inflation steadily declined from a peak of 8.5 per cent as the food supply conditions normalized.

For the Commonwealth of Independent States (CIS), inflation was higher than 15.6 per cent, reflecting price pressures amidst persistently high commodity prices and low spare capacity. Governments in the region resorted to a variety of fiscal and trade measures to contain inflation and alleviate the social impact of rising prices.

In Africa, inflation was accentuated in sub-Saharan African (SSA) countries, where it rose from 7.1 per cent to 11.9 per cent. Food price increases constituted a large component of the inflation rate. The inflationary pressure in the SSA was predicated on the strong dependence on imported food and fuel. Many countries in the region reduced import tariffs and value-added tax on food or imposed export taxes or other restrictions to reduce inflationary pressures.

3.3 GLOBAL COMMODITY PRICES

Global commodity prices, on average, plunged in the third quarter of 2008 after rising for some years. With the exception of zinc, all other commodities experienced price gains in the first quarter of 2008. Prices began to fall in the second quarter and deepened in the third quarter. Crude oil prices represented by the West Texas Intermediate (WTI) rose sharply to US\$145.3 in early July 2008 in response to high demands and the falling value of the US dollar against major currencies, but eased thereafter, closing at US41.4 in December.

Agricultural commodities, such as soyabean oil, rice, maize and sugar recorded price gains up to June, but declined in September through December 2008. Palm oil and wheat, however, began a downward trend in the first quarter. All the minerals monitored entered 2008 on a bountiful note, but began to decline in the second quarter. The sharp and widespread decline in the prices of commodities was explained by the significant slowdown in the global economy.

Food prices declined in the second quarter of 2008 as a consequence of improved supply prospects, particularly for oil seeds and grains in major producing countries. Metal prices declined further in the third through the fourth quarter of 2008 reflecting a weak construction demand in the OECD countries and some improvement in supply, especially in China. The strengthening value of the US dollar, and the weak demand in jewellery continued to weigh in on metal prices.

BOX 1: THE IMPACT OF THE GLOBAL FINANCIAL CRISIS AND RESPONSES BY AUTHORITIES

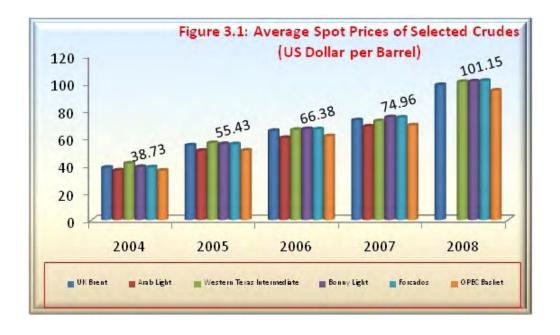
The global financial crisis that began in July 2007 with the loss of confidence by investors in securitized mortgages in the United States (the US sub-prime mortgage lending crisis) deepened in 2008. The financial contagion that resonated world-wide due to the inter-linkages of the world financial system, led to the tumbling of stocks of all major trading markets across Europe, Asia and other emerging economies as a substantial drop in major global stock market indices was recorded world-wide. For instance, equity prices crashed in most Exchanges such that the global stock market gains of the previous years were wiped out. Some stock exchanges were closed for days in order to avoid a big plunge. An estimated \$14.0 trillion share values were wiped off world-wide as many stock markets around the globe suffered their worst experience in 12 months of trading.

The crisis led to the insolvency of America's largest securities firms, Merrill Lynch and Lehman Brothers as well as the bankruptcy and eventual collapse of the third largest mortgage institution in the US. Other mortgage institutions affected, particularly in the United States, were Indy-Mac Bank, Freddie Mac, Fanny Mae, and the UK's fifth largest mortgage institution, Northern Rock. The seriousness of the economic crisis led various governments, especially in the developed economies, to initiate unprecedented financial bail-outs coupled with subsequent proposals of massive fiscal stimuli to reverse the trend and bring the world economies out of the doldrums. The policies adopted varied from interest rate cuts, bail-out packages, nationalization of financial institutions, swaps arrangements, coordinated rate cuts among central banks, etc. In the United States, for instance, temporary swaps of treasury bills for mortgage-backed securities and a ban on short selling of 799 financial stocks were also adopted. Others policy measures included the sale of Bear Stearns, the bail-out of the American International Group (AIG), Fannie Mae and Fredie Mac, and Citigroup, among others. In the Euro zone, the European Central Bank (ECB) injected about US\$84.0 billion into the economy to ease liquidity problems. It engaged in coordinated rate cuts with six major central banks (the Federal Reserves, the Bank of England, the Bank of Japan, the Reserve Bank of Australia, the Bank of China, and the Swiss National Bank). It also used swap lines from the Fed to support its US dollar operations, among other measures. In emerging Asian economies, the People's Bank of China reduced its interest rate on October 8, 2008 by 0.27 per cent to 6.93 per cent from 7.2 per cent to reduce borrowing costs, while the Government created a stimulus plan in November 2008. The Bank of Japan injected 2 trillion yen (£11.67 bn) into the money market. Indonesia, in line with the move adopted by several countries, reduced its overnight repo rate by two percentage points to 10.25 percent. Government also introduced safety net regulations that allowed it and the central bank to quickly address financial sector weakness. It revised the year's budget to reduce financing needs, pledged to respect the free movement of capital and also set up a task force to manage the crisis.

African economies that were considered relatively insulated from the contagion became as vulnerable as other regions. The South African Stock Exchange lost 27.0 per cent and the rand slipped by almost 30.0 per cent, while in Nigeria, the impact of the global financial crisis manifested in the Nigerian stock market from the second quarter of the year.

	of Monetary/Financial Policy Responses to Recent Global Financial/ Economic Crisis: Selected Countries
Country	Key Policy Measures
Nigeria	MPR was reduced by 50 basis point (bps) from 10.25 per cent to 9.75 per cent on
	September 18, 2008.
	 CRR was reduced by 2.0 percentage points from 4 per cent to 2 per cent on September
	18, 2008.
	• The liquidity ratio was reduced from 40 per cent to 30 per cent.
	 Repo transactions allowed against eligible securities were extended from overnight to 90 days, 180 days and 360 days.
	Admission of state, local government and private sector securities into the money
	market.
	CBN commenced buying and selling securities through the two-way quotes.
	 Reduced banks' foreign exchange net open position from 20.0 to 10.0 percent of
	shareholders funds, effective from December 15, 2008.
	 CBN commenced active participation in the daily inter-bank foreign exchange market by buying and selling through the 2-way quotes.
	Presidential Advisory Committee on capital market was set up.
	Market Makers were appointed to provide liquidity in the Nigerian capital market.
United States	Federal funds rate target was reduced by 50 basis points (bps) each on October 8 and
	29, 2009 to 1.0 per cent.
	 Federal funds rate target was further reduced to the range of 0 to 0.25 per cent on
	December 16, 2008.
	Term funds were auctioned through new channels (TAF, TSLF, and PDSLF).
	Eligible list of collaterals and counterparties was expanded.
	Temporary Liquidity Guarantee Programme (TLGP) was created on October 14, 2008
	to restore market confidence.
	Three liquidity facilities: the Asset-backed Commercial Paper Money Market Fund
	Liquidity Facility; the Primary Dealer Credit Facility (PDCF); and the Term Securities
	Lending Facility (TSLF) were extended up to April 2009.
	 Foreign exchange swaps were established with major central banks for providing dollar
	liquidity.
	 Commercial Paper Funding Facility (CPFF) was created to provide backstop to CP
	issuers.
	 Short selling in specific stock exchanges was temporarily banned and market-to-market
	rules were eased.
ECB	 Cut policy rate thrice by a total of 225 bps between October and December 2008 to 2.0
	per cent.
	Conducted a special term refinancing operation.
	Enhanced the provision of liquidity through long-term refinancing.
	Provided US dollar liquidity through foreign exchange swaps.
United Kingdo	,
	December 2008 to 2.0 per cent.
	Extended eligible collaterals for the long-term repo operations on October 3, 2008.
	Reciprocal currency arrangements (swap lines) were established with major central
	banks on September 18 and 26, 2008.
	 Shot selling in specific stocks in the stock exchange was temporarily banned.

 Policy rate was reduced four times by a total of 300 bps to 4.25 per cent between September and December, 2008. Guaranteed all bank deposits for three years. Relaxed collateral norms. Announced a domestic term deposit facility to further enhance domestic liquidity. Announced foreign exchange swap facility with the Federal Reserve System. Short-selling in specific stocks was banned. Cut repo rate under the liquidity adjustment facility (LAF) by a cumulative 350 bps from 9.0 to 5.5 per cent from mid-October 2008. Cut reverse repo rate by a cumulative 200 bps from 6.0 to 4.0 per cent since December 8, 2008. Cut in cash reserve ratio (CRR) by a cumulative 4 percentage points of net demand and time liabilities (NDTL) from 9.0 to 5.0 per cent from October 10, 2008. Reduction in statutory liquidity ratio (SLR) by 1.0 percentage point from 25.0 to 24.0 per cent of NTDL. Introduction of a special refinance facility at the LAF repo rate up to a maximum period of 90 days, on October 24, 2008 to encourage banks to extend finance to micro and small enterprises. The facility continues till June 2009. Reserve Bank of India (RBI) to continue selling foreign exchange through agent banks to augment supply in the domestic foreign market or intervene directly to meet any demand-supply gap. RBI instituted special market operations to meet the foreign exchange requirements of public sector oil marketing companies against oil shocks. South Africa Reduced the repurchase rate by 50 basis points to 11.5 per cent per annum with effect from 12th December, 2008. Central banks in the Euro area, Canada, Sweden, Japan, Switzerland, Korea and China lowered their policy rates in October, 2008. 	A 4 II	T
9.0 to 5.5 per cent from mid-October 2008. Cut reverse repo rate by a cumulative 200 bps from 6.0 to 4.0 per cent since December 8, 2008. Cut in cash reserve ratio (CRR) by a cumulative 4 percentage points of net demand and time liabilities (NDTL) from 9.0 to 5.0 per cent from October 10, 2008. Reduction in statutory liquidity ratio (SLR) by 1.0 percentage point from 25.0 to 24.0 per cent of NTDL. Introduction of a special refinance facility at the LAF repo rate up to a maximum period of 90 days, on October 24, 2008 to encourage banks to extend finance to micro and small enterprises. The facility continues till June 2009. Reserve Bank of India (RBI) to continue selling foreign exchange through agent banks to augment supply in the domestic foreign market or intervene directly to meet any demand-supply gap. RBI instituted special market operations to meet the foreign exchange requirements of public sector oil marketing companies against oil shocks. South Africa Reduced the repurchase rate by 50 basis points to 11.5 per cent per annum with effect from 12th December, 2008. Central banks in the Euro area, Canada, Sweden, Japan, Switzerland, Korea and China lowered their policy rates in October, 2008.	Australia	 September and December, 2008. Guaranteed all bank deposits for three years. Relaxed collateral norms. Announced a domestic term deposit facility to further enhance domestic liquidity. Announced foreign exchange swap facility with the Federal Reserve System.
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lowered their policy rates in October, 2008.	South Africa	
Source: Websites of respective central banks.	Other Countries	Central banks in the Euro area, Canada, Sweden, Japan, Switzerland, Korea and China
	Source: Websites of re	spective central banks.



3.4 WORLD TRADE

Global trade declined by 4.9 per cent in 2008. Total world trade was projected at \$31,594 billion. Advanced economies accounted for 62.1 per cent of the global trade while emerging economies and developing countries accounted for 37.9 per cent. Terms of trade were very favourable to the fuel exporting emerging countries until the financial crisis which affected many industrial countries led to the collapse of oil prices in the third quarter of the year.

3.5 FINANCIAL MARKETS

The turmoil faced in the financial market in 2008 transcended from credit and money markets to the global financial systems and resulted in the collapse and massive loss of assets by financial institutions worldwide. This was further pronounced as the pressure on financial markets mounted with the credit spreads widening to record levels and equity prices crashing to historic lows, resulting in widespread volatility across the market spectrum. The development hit hardest at the OECD countries, the contagion spread worldwide affecting developing countries as well. This systemic crisis had spread beyond the financial markets to affect the economies of several nations that had since declared a recession. As a result, authorities in several countries embarked upon an unprecedented wave of policy initiatives to contain the systemic risk, arrest the plunge in asset prices and shore up confidence in the international banking system.

3.5.1 Money Markets

Bank lending standards tightened sharply in the United States and the euro area as the stress in the credit market heightened, reflecting soaring spreads in the interbank market. The central banks worldwide intensified collaborative efforts to ensure liquidity in the money market and address the ongoing pressures. The central banks took several initiatives to revive money markets, including substantive easing of monetary policy and the provision of term funding, through the introduction of new facilities. Exceptional measures were also taken to improve funding conditions to credit markets.

New swap facilities were established by the US Federal Reserve (Fed) with the Bank of Japan, the Bank of England, and the Bank of Canada as well as the Euro area. In the second quarter of 2008, aggregate turnover in the euro money market decreased by comparison with the second quarter of the previous year for the first time since 2004. The most notable decrease in activity took place in the secured market segment, which nonetheless, remains the largest segment of the euro money market. In the same period, turnover in interest rate swaps, excluding Overnight Index Swap, increased sharply. Transaction volumes in the foreign exchange swaps and short-term securities markets remained broadly unchanged between the second quarter of 2007 and the second quarter of 2008.

3.5.2 Equity Markets

In 2008, equity prices plummeted across the major economies affecting all major industrial sectors. Individual stock markets around the world recorded extreme market volatility. The forty-six global equity markets that comprised the Standard and Poor (S & P) Global Broad Market Indices lost a combined US\$17.0 trillion as developed markets and emerging markets fell 42.7 and 54.7 per cent, respectively, for the year.

In the developed economies, equity prices in the United States declined by 38.7 per cent during the year thereby placing its performance as the third best among developed countries and fifth in global equity markets. Japan came in second with a loss of 29.2 per cent and Switzerland suffered a 30.6 per cent drop. Also, Greece recorded a loss of 66.5 per cent, Norway 66.1 per cent and Ireland 70.0 per cent.

The equity markets of emerging economies were also severely affected. Among the worst hit

countries were Brazil, Russia, India, China (the BRIC countries): Brazil lost 57.4 per cent, Russia 73.7 per cent, India 64.5 per cent, and China 53.2 per cent. Tunisia, with a gain of 10.0 per cent, was adjudged the best performed stock market in 2008, while Morocco had a drop of 15.85 per cent, followed by Israel at 34.7 per cent.

3.5.3 The International Foreign Exchange Market

Developments in the international foreign exchange markets were mixed. The markets were, as usual, influenced by the behaviour of the United States dollar. The US dollar generally appreciated against other currencies during the year. This was traceable to the repartriation of money by US investors who were liquidating their positions in overseas equity and bond markets.

Thus, compared with its value at end-2007, the US dollar gained 13.9 per cent and 10.8 per cent against the Japanese Yen and the Swiss Francs, respectively. It appreciated by 9.5 per cent, 8.0 per cent and 7.0 per cent vis-à-vis the Chinese Yuan, British Pound Sterling and the Euro, respectively.



Relative to other major currencies, the naira appreciated against the US dollar by 5.8 per cent, the pound sterling by 14.3 per cent, the Saudi Riyal by 7.8 per cent and the WAUA by 2.5 per cent, while it depreciated against the euro by 1.4 per cent, the Swiss franc by 8.6 per cent, the Japanese yen by 7.5 per cent and the CFA Francs 3.2 per cent.

3.5.4 Interest Rate Developments

Central banks around the world generally eased monetary policy through cuts in policy rates in order to breathe life into embattled financial markets and ensure liquidity in the respective economies in 2008. Coordinated interest rate cuts were undertaken by the US Federal Reserve, the European Central Bank, the Bank of England, the Bank of Canada, the Swiss National Bank and the Swedish Central Bank in order to support their economies.

The average interest rate of the G-7 central banks, for instance, fell from 3.70 per cent to 1.25 per cent. The Fed closed at 0.25 per cent from 3.0 per cent in January 2008. The policy rate of the Bank of England fell from 5.25 per cent in February to 2.0 per cent at year-end. The Bank of Japan closed at 0.1 per cent and in China, the rate dropped from 4.0 per cent at the beginning of the year to close at 1.5 per cent by year-end. In the euro area, Denmark and Norway closed at 3.75 and 3.0 per cent, respectively, from highs of

5.5 and 5.75 during the year. Short-term interest rates in the advanced economies eased considerably, moving in tandem with cuts in the policy rates as a result of recession concerns. In the U.S., the U.K., Japan and Euro area, short-term interest rates declined from 2.26, 6.01, 0.75 and 4.72 per cent at end-March 2008 to 0.44, 2.73, 0.62 and 2.97 per cent, respectively, at end-December 2008.

3.6 THE IMPACT OF INTERNATIONAL ECONOMIC AND POLITICAL DEVELOPMENTS ON THE NIGERIAN ECONOMY

The impact of the world economic and political developments on the domestic economy was mixed in 2008. First, the global food shortage induced by the use of food crops for energy generation raised the price of food crops as the main driver of a high rate of domestic inflation which rose from 6.6 per cent in 2007 to 15.1 per cent in 2008, year-on-year. The global financial meltdown led to a bear run on the Nigerian capital market from March to December, wiping away about 40.0 and 45.0 per cent of market capitalisation and value index, respectively. The global financial crisis also exacerbated the demand pressure at the foreign exchange market, arising from divestment and the repatriation of capital and dividends by foreign investors. Also, some lines of foreign credit enjoyed by Nigerian banks were called in, precipitating a high demand on available scarce foreign exchange. The increase in the price of crude oil in the first seven months of the year, however, boosted foreign exchange earnings and the build-up of external reserves, despite the price decline in the rest of the year, characterised by low crude output and export. Deriving from the increased earnings from crude oil exports, public revenue received a boost. Furthermore, Nigeria's external sector remained robust throughout the year, despite the exchange rate depreciation witnessed in the last two months of the year.



CHAPTER 4

THE FINANCIAL SECTOR

espite of the challenges posed by the global economic crisis in 2008, the Nigerian financial sector remained relatively strong and stable, as evidenced by the outcomes of the various indicators. Financial deepening continued as the ratio of broad money supply to nominal GDP increased to 38.6 per cent, from 28.1 per cent in the preceding year. The banking system's capacity to finance real activity grew stronger as the ratio of claims on the core private sector to non-oil GDP grew by 37.9 percentage points to 54.4. Moreover, banking habit and efficiency of intermediation improved further as the proportion of currency outside banks to broad money supply fell to 9.7 per cent from 12.7 per cent at end-2007, reflecting the increased use of cheques and electronic forms of payment. In addition, the money market grew deeper with the introduction of the 20-year FGN bond. Consequently, the ratio of money market assets outstanding to GDP stood at 11.7 per cent, from 10.8 per cent at end-December 2007. However, the capital market performed poorly due to the effects of the outflow of portfolio funds, arising from the global credit crunch and waning investors' confidence which resulted in a sharp decline in the All Share Index of the Nigerian Stock Exchange. Also, total market capitalization, as a ratio of GDP fell to 40.0 per cent from 56.0 per cent in the preceding year.

Monetary policy implementation faced huge challenges during 2008, arising from the excess liquidity from fiscal injections in the second quarter and the impact of the global financial crisis on the domestic economy which manifested in the third quarter. Notwithstanding, monetary policy actions produced modest outcomes. Growth in broad money (M2) at the end of the year stood at 58.0 per cent, exceeding both the indicative benchmark for the year and the outcome in the preceding year. Similarly, reserve money exceeded the indicative benchmark for the year. The risk-free yield curve for treasury securities (treasury bills and bonds) remained typically upward-sloping with a steeper slope than in the preceding year. Furthermore, the yields for all the maturities were higher than in 2007.

At end-December 2008, the Nigerian formal financial system 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 (DMBs), 5 discount houses (DHs), 840 microfinance banks (MFBs), 113 finance companies (FCs), 99 primary mortgage institutions (PMIs), 5 development finance institutions (DFIs), 1,264 bureaux-de-change (BDC), 1 Stock Exchange, 1 Commodity Exchange and 73 insurance companies.

4.1 INSTITUTIONAL DEVELOPMENTS

4.1.1 Growth and Structural Changes

The number of deposit money banks in the industry remained at the preceding year's level of twenty-four (24), but the number of branches grew by 12.1 per cent, from 4,579 in 2007 to 5,134.

end-December 2008, the Nigerian formal financial system comprised five regulatory institutions, comprising the CBN, the Nigeria Deposit Insurance Corporation (NDIC), the Securities and Exchange Commission (SEC), the National Insurance Commission (NAICOM), and the National Pension Commission (PENCOM); 24 deposit money banks (DMBs), 5 discount houses (DHs), 840 microfinance banks (MFBs), 113 finance companies (FCs), 99 primary mortgage institutions (PMIs), 5 development finance institutions (DFIs), 1,264 bureaux-de-change (BDCs), 1 Stock Exchange, 1 Commodity Exchange and 73 insurance companies.

The resolution of the cases involving fourteen (14) failed banks, whose operating licences were revoked by the CBN in January 2006 continued in 2008. Following an order of the Federal High Court, Abuja, to the CBN in April 2008 to return the operating licence of Société Générale Bank of Nigeria (SGBN), provided it met the minimum capital requirement as stipulated by the Bank, the number of banks that had their licences revoked dropped from 14 to 13. As at end-December 2008, the NDIC had obtained final court orders to wind-up eleven (11) banks. The cases of the remaining two (2) banks were still pending in courts. The NDIC continued with the policy of asset cherry-picking, under the Purchase and Assumption (P&A) arrangement, for the resolution of the insolvent banks. This entailed inviting the healthy banks to assume the private sector deposit liabilities of the banks for which final court orders had been obtained for their liquidation and to cherry-pick their assets under the P & A model of bank liquidation. The total private sector deposits for the eleven (11) banks in liquidation assumed by the healthy banks stood at N80.6 billion, out of which N65.5 billion had been paid out.

In the other financial institutions (OFIs) sub-sector, the Bank, in collaboration with the NDIC, drew up an exit strategy for the community banks (CBs) that had failed to make the conversion programme by December 31, 2007. A total of 229 CBs failed to convert to MFBs, made up of the 91 CBs that submitted their records of assets and liabilities in response to CBN's letters and advertorials and a second category comprising the 89 CBs for which no financial records were available as a result of their failure to respond to the call for returns. The third category was made up of the 49 CBs that had ceased to operate since 2001.

Of the 607 CBs that had successfully converted to MFBs, 308 had obtained final licences, while 299 were operating with provisional approval. The development was attributed largely to the delays in meeting the capital and other regulatory requirements. Also, one hundred and twenty-seven (127) new investors applied for MFB licences, bringing the total number since the MFB policy was launched in December 2005 to 249. Out of the 249 applications, 138 had received final licences, 95 had been granted approvals-in-principle (AIPs), while sixteen (16) were at various stages of processing. Accordingly, the number of approved MFBs at end-December 2008 stood at 840, comprising 308 converted MFBs with final licences, 138 new MFBs with final licences, 299 converted MFBs with provisional approvals, and 95 new MFBs with AIPs status. Three (3) DMBs were granted approval to establish microfinance bank subsidiaries or associated companies. Thus, the total number of DMBs with microfinance subsidiaries/windows increased to 10.

Final licences were granted to three (3) new PMIs, bringing the total to 99. The number of PMIs undergoing restructuring, however, remained at 14. The private placement and listing of the shares of two (2) PMIs on the Nigerian Stock Exchange was concluded. Approval was granted for the injection of $\ensuremath{\in} 2.5$ million hybrid foreign capital into one of the newly listed PMIs by a Dutch development finance company.

4.1.2 Fraud and Forgery

There were a total of 1,974 reported cases of attempted fraud and forgery, involving N24.5 billion, US\$1.4 million, \in 451,075.0 and £2,635.0, compared with 1,553 reported cases, involving N8.8 billion, US\$591,487.8, \in 35,390.8 and £12,410.0 in 2007. Out of this number, 746 cases were successfully executed by the perpetrators and resulted in losses to the banks amounting to N6.4 billion, US\$175,594.3 and £2,585.0, compared with 825 cases involving N2.7 billion, US\$238,621.50, \in 390.0 and £12,410.0 in 2007.

4.1.3 The Public Complaints Desk

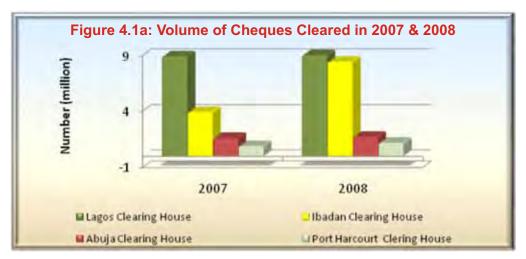
The ethics and professionalism sub-committee of the Bankers' Committee handled complaints among banks, as well as between banks and their customers. As in preceding years, most of the complaints were in respect of excessive charges by banks, manipulation and fraudulent practices on customers' accounts, conversion of invested funds, irregular clearing of customers' cheques, and non-refund of wrong debits to customers' accounts, among others. The erring banks were penalized appropriately.

4.1.4 Cheque Clearing

The performance of the cheque clearing system improved further in 2008, following the harmonization of the clearing cycle, which effectively reduced the up-country clearing cycle to T+2. Furthermore, the number of clearing centres increased with the commencement of clearing activities in Awka, Asaba, Umuahia, Lokoja, Oshogbo and Gombe. Consequently, the volume and value of cheques cleared rose significantly by 51.6 and 54.2 per cent above the levels in the preceding year to 30.2 million and N43,357.4 billion, respectively. Lagos, Ibadan, Abuja and Port Harcourt clearing centres maintained their lead in respect of cheques cleared in the system, accounting for 42.0, 27.8, 5.5 and 4.0 per cent and 44.5, 16.4, 10.3 and 6.0 per cent, respectively, of the total volume and value.

Table 4.1: Volume and Value of Cheques Cleared						
		2007		2008		
	Volume	Value (N'billion)	Volume	Value (N'billion)		
Clearing System	19,895,613	28,111,190.42	30,172,925	43,357,416.23		
Lagos Clearing House	8,865,357	12,565,276.01	12,686,663	19,313,680.69		
	(44.6)	(44.7)	(42.0)	(44.5)		
Ibadan Clearing House	3,904,945	4,784,383.16	8,377,183	7,107,648.93		
	(19.6)	(17.0)	(27.8)	(16.4)		
Abuja Clearing house	1,556,290	3,402,510.12	1,658,042	4,454,888.77		
	(7.8)	(12.1)	(5.5)	(10.3)		
Port Harcourt	933,533	969,321.28	1,158,566	2,800,798.08		
	(5.0)	(3.0)	(4.0)	(6.0)		
Others	4,635,488	6,397,700.00	6,292,471	9,680,400.00		
	(23.0)	(23.0)	(21.0)	(22.0)		

^{*} Figures in parenthesis are in per cent



4.1.5 Inter-bank Funds Transfer (IFT)

The volume of transactions at the inter-bank market increased significantly in 2008. This was evident in the volume and value of inter-bank transfers through the CBN Inter-bank Funds Transfer System (CIFTS), which increased by 53.2 and 12.9 per cent to 220,326 and N73,076.4 billion, respectively. Third party transfers accounted for 67.4 per cent of the total volume of transfers, compared with 53.5 per cent in the preceding year. The development was due to the use of CIFTS for Federal Inland Revenue Services

(FIRS), remittances by DMBs, and BDCs for their transactions. The proportion of inter-bank transfers to the total CIFTS transactions declined to 30.2 per cent from 41.6 per cent in the preceding year. The development was attributable to the tight liquidity condition in the banking system, especially in the last quarter of 2008.



4.1.6 Use of e-Money Products

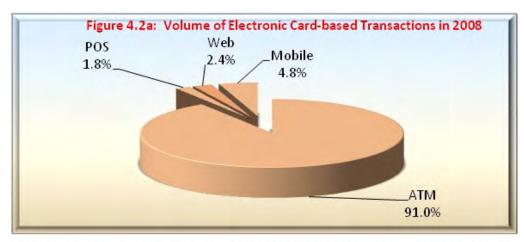
The e-payment horizon grew further in 2008 as all its segments recorded significant improvements. The volume and value of transactions stood at 66.1 million and N441.6 billion, showing an increase of 273.0 and 196.9 per cent, respectively, relative to the levels in the preceding year. The development was traceable to a number of factors, including the deployment of more ATMs by the DMBs, the adoption of bulk salary payments by many institutions, an increased usage of debit cards and increased public awareness. ATM, Web-based (internet), POS and mobile payment accounted for 90.5, 5.7, 3.7 and 0.2 per cent, respectively, of the total e-payments transactions in value terms. Similarly, in volume terms, ATM, mobile, Web-based (internet) and POS payment accounted for 91.0, 4.8, 2.4, and 1.8 per cent, respectively.

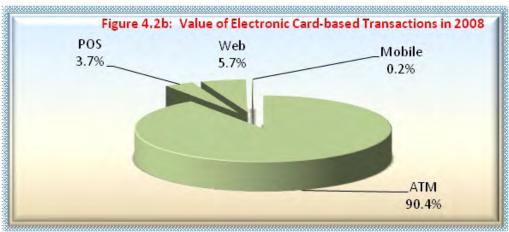
The foreign currency-denominated card transactions permeated the e-payment market in Nigeria. The growth of this segment of the market resulted from the strong competition between VISA and Mastercard companies. The volume and value of transactions in the dollar denominated card transactions increased significantly by 110.3 and 85.5 per cent to 490,445 and US \$117.9 million, respectively, relative to the levels in the preceding year. Activities in the ATM segment similarly increased in the review year. At 60.1 million and N399.7 billion, the volume and value of ATM transactions represented an increase of 282.3 and 203.8 per cent above the levels in 2007. The development reflected the increase in the number of ATM machines and the policy of some banks to limit the amount customers could withdraw over the counter to a maximum of N60,000.

At 1,194,600 and N16.1 billion, POS transactions increased in both volume and value terms by 183.1 and 150.2 per cent, respectively, above the levels in the preceding year. The growth of this segment of the market was attributable to the increase in the number of institutions and merchants using the POS network for services, such as lottery tickets, airtime vending, bill payments, and funds transfer, among others.

Table 4.2: Share in e-Payment Market in 2007 and 2008						
e-Payment Segment	Volume (per cent)	Value (per cent)			
	2007	2008	2007	2008		
ATM	15.7	60.1	131,562.7	399,712.6		
	(88.9)	(91.0)	(88.5)	(90.5)		
Web (Internet)	0.9	1.6	10,622.6	25,054.5		
	(5.1)	(2.4)	(7.1)	(5.7)		
POS	0.4	1.2	6,442.1	16,115.3		
	(2.4)	(1.8)	(4.3)	(3.7)		
Mobile	0.7	3.2	95.6	697.8		
	(3.8)	(4.8)	(0.1)	(0.2)		
Figures in brackets are percentage share of total						

In the same vein, the number and value of payments through the mobile telephone in 2008 stood at 3.2 million and N697.8 million, up by 378.1 and 630.3 per cent. The development was due to the increase in the number of banks offering the service, as well as the growing public confidence in e-payments. Webbased (internet) transactions also increased significantly in volume and value terms by 77.3 and 135.8 per cent to 1.6 million and N25.0 billion as a result of the increase in the number of banks offering the service and the number of merchants accepting such payments.





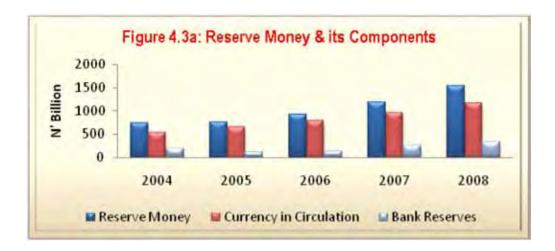
4.1.7 Institutional Savings

Aggregate financial savings rose by N2,599.1 billion or 88.1 per cent to N5,548.9 billion, compared with N2,949.8 billion at the end of the preceding year. The ratio of financial savings to GDP was 23.1 per cent, compared with 14.1 per cent in 2007. The DMBs maintained their dominance as the major depository institutions within the financial sector. It accounted for 77.6 per cent of the total financial savings, compared with 76.0 per cent in the preceding year. Other savings institutions, including the PMIs, Life Insurance Funds, the Pension Fund Commission, the Nigerian Social Insurance Trust Fund, and Community/Microfinance Banks held the balance of 22.4 per cent.

4.2 MONETARY AND CREDIT DEVELOPMENTS

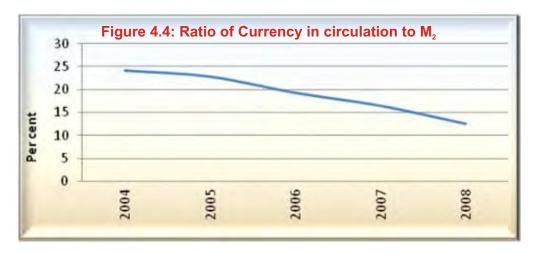
4.2.1 Reserve Money (RM)

At N1,549.3 billion, RM grew by 29.6 per cent, relative to the level at end-December 2007 and exceeded the indicative benchmark of N1,445.0 billion for fiscal 2008 by 7.2 per cent. The growth in monetary base was accounted for by the rapid growth of currency in circulation (CIC) which increased by 20.3 per cent on an annual basis, following its seasonal upward movement during the end-of-year festivities.





The currency component of reserve money, relative to the end-2007 level, declined by 7.2 and 4.4 per cent, respectively, in the first two quarters, but increased by 1.6 and 20.3 per cent in the third and fourth quarters of 2008, respectively. Similarly, the DMBs' reserve balances at the CBN increased by 67.9 per cent in December 2008, reflecting, largely, the increase in DMBs' demand deposits with the Bank. 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 government and other items net. The increase in the net domestic assets more than offset the decline in the net foreign assets of the CBN.



4.2.2 Broad Money (M2)

Broad money supply (M2) grew by 57.8 per cent at end-December 2008 to N9,167.1 billion, compared with the end-year indicative benchmark growth of 45.0 per cent. The main factor responsible for the growth in M2 was the expansion in net domestic credit, complemented by the increase in foreign and other assets (net) of the banking system. Correspondingly, the growth in total monetary liabilities, M2, was driven by the expansion in both narrow money and quasi-money.

The analysis of the composition of the total monetary liabilities (M₂) showed that it was fairly distributed between the highly liquid M₁ and semi-liquid quasi-money, but as in the preceding year, skewed towards the former. The skewness reflected the need for liquidity to finance increased economic activities. However, the shift from physical currency-holding to demand deposit continued in 2008 as COB was 9.7 per cent of M₂, down from 12.7 per cent at end-December 2007. Foreign currency deposits remained a significant component of M₂ at a ratio of 10.1 per cent, up by 1.8 percentage point from the ratio at end-2007.

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 N8,550.4 billion, grew by 17.7 per cent at end-December 2008, compared with 15.2 per cent at the end of the preceding year. The growth in 2008 was as a result of the increase in the net foreign assets holdings of the CBN and deposit money banks. As a share of M2, NFA was 93.3 per cent at end-December 2008, compared with 125.1 per cent at end-December 2007, thus maintaining its dominance in the last five years.

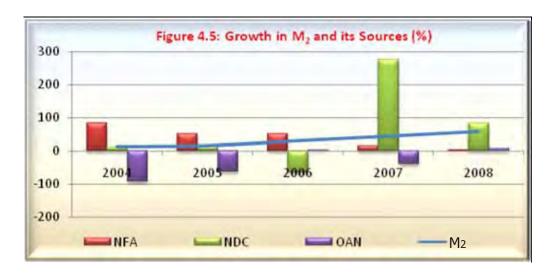
4.2.3.2 Net Domestic Credit (NDC)

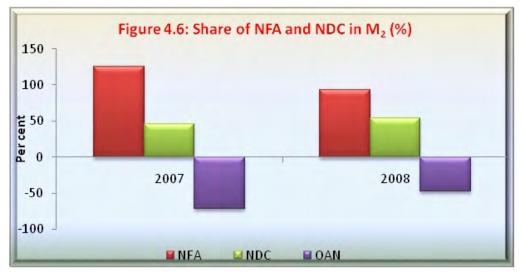
Credit to the domestic economy (net) grew by 84.2 per cent at end-December 2008 and exceeded the indicative benchmark of 66.0 per cent. However, this was a deceleration when compared with the

growth of 276.4 per cent at end-December 2007. The development reflected, largely, the growth of 59.4 per cent in credit to the private sector, which exceeded the benchmark growth rate of 54.7 per cent, but lower than the growth of 90.8 per cent recorded at end-December 2007. Net domestic credit to the economy constituted 54.0 per cent of the total monetary assets (M2).

4.2.3.3 Credit to the Government (CG)

Net credit to the Federal Government (CG) fell by 31.2 per cent, compared with the indicative benchmark decline of 41.9 per cent for fiscal 2008 and the decline of 22.3 per cent at end-December 2007. Thus, the Federal Government remained a net creditor to the banking system in 2008.

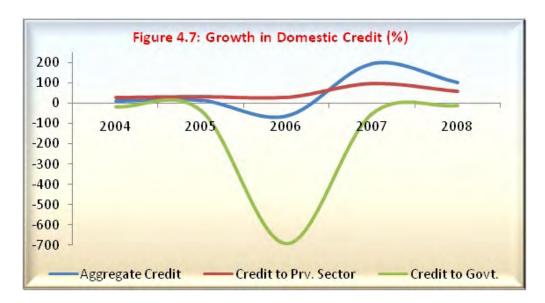




4.2.3.4 Credit to the Private Sector (CP)

Credit to the private sector (including the state and local governments and non-financial public enterprises), grew by 59.4 per cent, exceeding its indicative benchmark of 54.7 per cent for fiscal 2008. However, its growth decelerated when compared with the 90.8 per cent recorded at end-December 2007. Credit to the core private sector, which excludes state and local governments, grew by 59.2 per cent. The

expansion in credit to the private sector outweighed that of the decline in net credit to government, thus leading to an increase in net domestic credit.



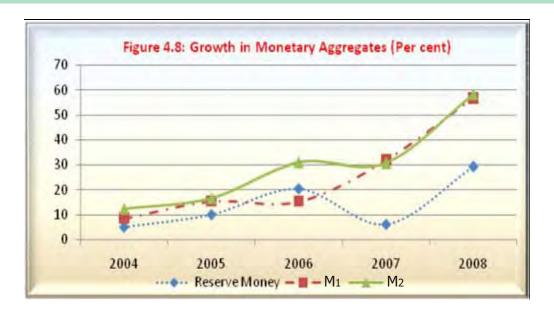
4.2.3.5 Other Assets (Net) (OAN)

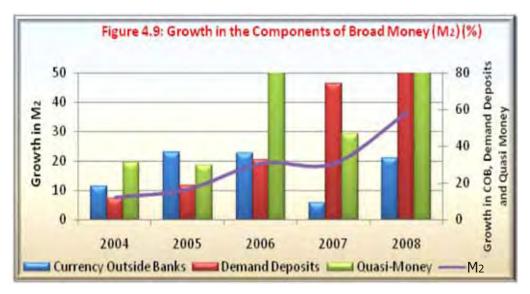
Other Assets (net) of the banking system declined by 4.6 per cent, compared with a decline of 38.4 per cent at end-December 2007. OAN contributed negative 3.3 percentage points to the growth in M2 at end-December 2008, compared with negative 28.6 percentage points at end-December 2007.

Table 4.3: Contribution to the Growth in M2 (2007 - 2008) Per cent					
	2007	2008			
Net Foreign Assets (NFA)	23.8	22.1			
Net Domestic Credit (NDC)	49.0	39.0			
Other Assets (net) (OAN)	-28.6	-3.3			
M ₂	44.2	57.8			
Narrow Money (M ₁₎	20.7	30.0			
Quasi Money	23.5	27.8			
M ₂	44.2	57.8			

4.2.3.6 Narrow Money (M₁)

Narrow money supply (M_1) , grew by 55.9 per cent at end-December 2008, compared with the growth of 36.6 per cent at end-December 2007. The currency component increased by 21.0 per cent, while demand deposits grew by 67.0 per cent. As a proportion of M_1 , COB was 18.4 per cent, compared with 23.7 per cent at the end of 2007. In relation to nominal GDP, COB increased marginally by 0.2 percentage point to 3.7 per cent at end-December 2008.





4.2.3.7 Quasi-Money

Quasi-money grew by 60.0 per cent, compared with 54.2 per cent at end-December 2007. The growth in quasi-money reflected, largely, the growth in time deposits which grew by 60.0 per cent to N4,309.5 billion at end-December 2008. The development reflected the outcome of the aggressive competition for deposits by DMBs in the deposit 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 2008 indicated that short-term maturity remained dominant in the credit market. Outstanding loans and advances maturing one year and below accounted for 75.4 per cent of the total, compared with 75.8 per cent at end-December 2007, while the medium-term (between 1 3 years) and long-term (3-year and above) accounted for 14.5 and 10.1

per cent, respectively, compared with 13.5 and 10.7 per cent, at end-December 2007. Similarly, analysis of DMBs' deposit liabilities showed a similar trend with short-term deposits of below one year, constituting 94.8 per cent of total. Indeed, 72.7 per cent of the deposits had a maturity of less than 30 days, while long-term deposits of more than three (3) years declined to 0.03 per cent at end-December 2008, compared with 3.3 per cent at end-December 2007. The structure of DMBs' deposit liabilities clearly explains the short-termism in banks' claims on the economy.

Table 4.4: Composition of Total Monetary	Aggregate (M2) (Per cent)
	2007	2008
Net Foreign Assets	125.1	93.3
Net Domestic	46.3	54.0
Net Credit to Government	- 40.8	- 33.9
Credit to Private Sector	87.0	87.9
Other Assets (Net)	-71.3	- 47.3
Total Monetary Assets	100.0	100.0
Money Supply (M1)	53.6	53.0
Currency Outside Banks	12.7	9.7
Demand Deposit	40.9	43.2
Quasi Money	46.4	47.0
Time & Savings Deposit	38.2	47.0
Foreign Currency Deposit (FCD)	8.2	10.1
Total Monetary Liabilities (M2)	100.0	100.0

Table 4.5: Maturity Structure of DMBs: Loans and Advances and Deposits (per cent)					
	Loans and	l Advances	Depo	osits	
Tenor/Period	2007	2008	2007	2008	
0-30 days	49.2	46.6	74.1	72.7	
31-90 days	11.3	13.4	12.3	13.1	
91-181 days	5.8	7.8	4.3	6.2	
181-365 days	9.5	7.5	2.6	2.7	
Short term	75.8	75.4	93.3	94.8	
Medium term(above I year and below 3 years	13.5	14.5	3.3	5.2	
Long term (3 years and above)	10.7	10.1	3.3	0.03	
Total	100.0	100.0	100.0	100.0	



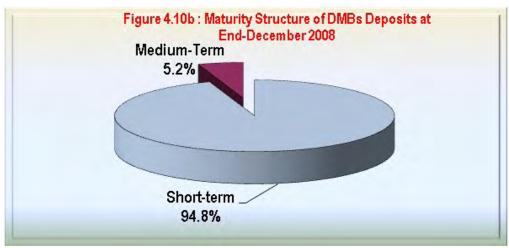
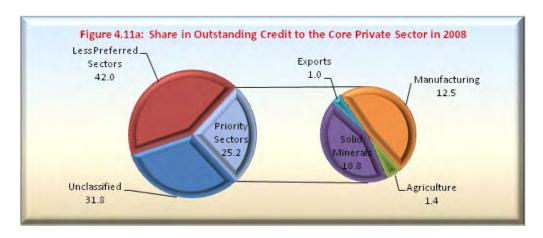


Table 4.6: Credit to the Core Private Sector, 2006 - 2008				
	Share in Outstanding (Per cent)			
	2006	2007	2008	
1. Priority Sector	30.3	25.9	26.2	
Agriculture	2.2	3.2	1.4	
Solid Minerals	10.1	10.7	11.3	
Exports	1.2	1.4	1.0	
Manufacturing	16.9	10.4	12.5	
2. Less Preferred Sectors	46.0	41.2	42.0	
Real Estate	5.9	6.2	6.2	
Public Utilities	0.9	0.6	0.6	
Transp. & Comm.	7.6	6.8	7.2	
Finance & Insurance	4.6	9.4	9.5	
Government	4.5	3.7	1.9	
Imports & Dom . Trade	22.5	14.5	16.4	
3. Unclassified	23.7	32.9	31.8	
Total (1+2+3)	100.0 100.0 100.0			

4.2.5 Sectoral Distribution of Credit

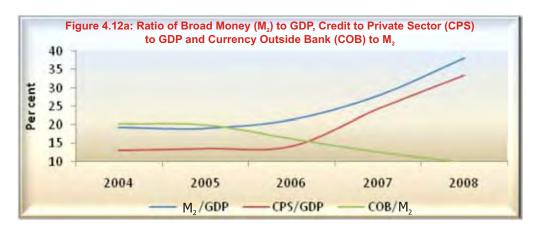
At end-December 2008, credit to the core private sector by the DMBs grew by 59.2 per cent. Of the amount outstanding, DMBs' credit to priority sectors constituted 26.2 per cent, of which 1.4, 11.3, 1.0 and 12.5 per cent, respectively, went to agriculture, solid minerals, exports and manufacturing. The less priority sectors accounted for 42.0 per cent of outstanding credit, while the unclassified sectors accounted for the balance of 31.9 per cent.



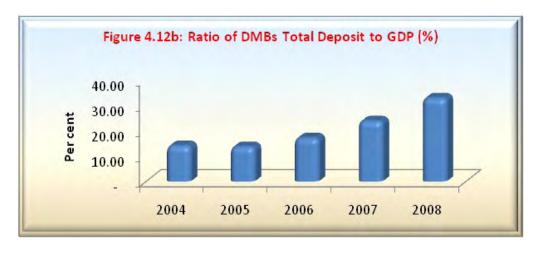


4.2.6 Measures of Financial/Banking System Development

The depth of the financial sector, as measured by the ratio of M2 to GDP, stood at 38.1 per cent at end-December 2008. This indicated a significant improvement when compared with 27.9 per cent at end-December 2007. Thus, the banking system showed a greater capacity to provide liquidity for the exchange of goods and services during the year. Bank financing of the economy, measured by CP/GDP stood at 33.5 per cent at end-December 2008, compared with 24.2 per cent at end-December 2007. Furthermore, the intermediation efficiency indicator, as measured by the ratio of currency outside banks to broad money supply, improved modestly to 9.7 per cent at end-December 2008 from 12.7 per cent at end-December 2007, reflecting the impact of the increased use of electronic forms of payment, particularly the use of ATM and other card products, as well as an improved banking habit. Also, the ratio of currency in circulation to M2, fell to 12.6 per cent in 2008, from 16.5 per cent in the preceding year.



The ratio of financial savings (quasi-money) to GDP improved to 17.9 per cent from 12.9 per cent in the preceding year. The moniness of the economy, as measured by the ratio of CIC to GDP, increased slightly to 4.8 per cent from 4.6 per cent a year ago. The size of the banking system, relative to the size of the economy, indicated by the ratio of DMBs assets to GDP, showed improvement in 2008. It increased from 52.7 per cent at end-December 2007 to 66.2 per cent. The ratio of the CBN assets to GDP also increased slightly from 41.7 per cent at end-December 2007 to 42.4 per cent.



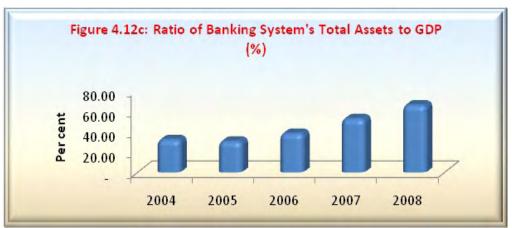


Table 4.7: Monetary Aggregates and Measures of Financial/Banking Development				
Aggregates (N' billion)	2007	2008		
Nominal GDP	20,853.6	24,048.5		
Broad money (M ₂)	5,809.8	9,167.1		
Quasi Money (Savings)	2,693.6	4,309.5		
Currency in circulation	960.6	1,155.6		
Currency Outside banks	737.9	892.9		
Credit to Private Sector	4,968.96	8,059.5		
DMBs Assets	10,981.7	15,919.6		
CBN Assets	8,689.0	10,203.4		
Banking System Assets	19,670.7	26,123.6		
Monetary Ratio (per cent)				
M ₂ /GDP	27.9	38.1		
CIC/ M ₂	16.5	12.6		
COB/ M ₂	12.7	9.7		
Quasi Money/ M ₂	46.4	47.0		
CIC/GDP	4.6	4.8		
Cp/GDP	24.2	33.5		
Cp/Non-Oil GDP	37.9	54.4		
DMBs Assets/GDP	52.7	66.2		
CBN's Assets/GDP	41.7	42.4		
Banking System's Assets/GDP	94.3	108.6		

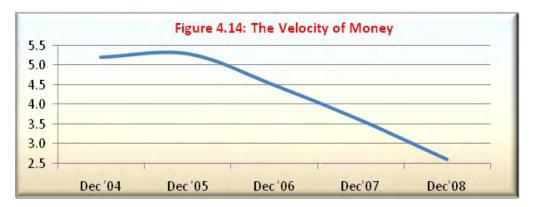
4.2.7 Money Multiplier and Velocity of Money

The broad money multiplier at end-December 2008 rose to 5.9, compared with the 5.8 programmed for the year and 4.9 at end-December 2007. The increase in the multiplier reflected a decline in currency deposit ratio, following an increased use of electronic money. Currency-deposit ratio declined from 19.2 per cent at end-December 2007 to 14.5 per cent at end-December 2008, reflecting the substantial increase in the total deposit liabilities of the DMBs. However, reserve-to-deposit ratio increased from 4.7 per cent at end-December 2007 to 4.8 per cent at end-December 2008.

Table 4.8: Money Multiplier and Velocity of M ₂					
	2004	2005	2006	2007	2008
Currency Ratio	32.8	31.6	24.0	19.2	14.5
Reserve Ratio	11.2	5.9	6.0	4.7	4.8
M ₂ Multiplier	3.1	3.7	4.1	4.9	5.9
Velocity of M ₂	5.2	5.3	4.5	3.6	2.6



The velocity of circulation of broad money remained unstable at end-December 2008. The $\rm M_2$ velocity which stood at 3.6 at end-December 2007, fell to 2.6. This development reflected an improvement in financial deepening in the economy.



4.3 OTHER FINANCIAL INSTITUTIONS

4.3.1 Development Finance Institutions (DFIs)

The four (4) reporting DFIs are the Bank of Industry (BOI), the Federal Mortgage Bank of Nigeria (FMBN), the Nigerian Agricultural, Co-operative and Rural Development Bank (NACRDB), and the Nigeria Export Import Bank (NEXIM). The aggregate assets of the four DFIs indicated an increase of 24.0 per cent over the level in the preceding year. Further analysis of the asset base of the four institutions indicated that FMBN accounted for 31.3 per cent of the total. BOI; NACRDB and NEXIM accounted for 30.2, 25.3, and 13.2 per cent of the total, respectively.

Cumulative loan disbursements by the four institutions increased by 35.7 per cent to N78.0 billion. The share of each institution in the total loan was 41.3, 29.1, 16.7 and 12.9 per cent for FMBN, NACRDB, NEXIM and BOI, respectively. The combined share-capital of the four institutions was N35.2 billion, while their combined shareholders' fund was N27.1 billion.

4.3.2 Microfinance Banks (MFBs)

The total assets/liabilities of all MFBs increased by 62.4 per cent to N122.8 billion in 2008. Similarly, their paid-up capital increased by 152.7 per cent to N28.3 billion, while their shareholders' fund increased by 69.7 per cent to N37.0 billion. The development was attributed to the injection of fresh capital

by the new investors as well as the higher level of retained earnings by the existing institutions. Investible funds available to the sub-sector was N49.1 billion, compared with N20.8 billion in the preceding year. The funds were sourced from an increase in deposits (N20.4 billion), paid-up capital (N17.1 billion), other liabilities (N7.3 billion), long-term loans (N2.5 billion), and placements from other banks (N1.8 billion). The funds were used to increase loans and advances (N19.9 billion), other assets (N6.3 billion), fixed assets (N6.0 billion), bank balances (N5.7 billion), placements with other banks (N4.9 billion) and investments (N3.6 billion).

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

The activities of Microfinance Banks (MFBs) mirrored those of DMBs in 2008, where short-termism was dominant in the sources and application of funds. Short-term loans, maturing below one (1) year at end-December 2008, accounted for 83.8 per cent of the total, while loans maturing above one (1) year accounted for 16.2 per cent. Similarly, the short-term liabilities by these institutions remained dominant as deposits of less than one year maturity accounted for 92.8 per cent, while deposits of above one (1) year accounted for 7.2 per cent at end-December 2008. Indeed, deposits of less than 30 days maturity constituted 60.0 per cent of the total.

Table 4.9: Maturity Structure of Assets and Liabilities of Microfinance Banks (MFBs) (Per cent)				
Loans and Advances Deposits				
Tenor/Period	2008	2008		
0-30 days	17.5	60.0		
31-60 days	8.0	9.7		
61-90 days	12.2	7.5		
91-180 days	16.3	7.7		
Short term	83.8	92.8		
Above I80 days and below 1 year	29.7	7.8		
Long term (Above 1 year)	16.2	7.2		
Total	100.00	100.00		

4.3.4 Discount Houses

Analysis of the activities of the five discount houses indicated improved performance. Total assets/liabilities of the discount houses increased by 39.9 per cent to N417.2 billion, while the total funds sourced amounted to N209.5 billion, compared with N68.6 billion in 2007. The funds were sourced from money-at-call (N114.7 billion) and borrowings (N65.2 billion), among others. The funds were utilized mainly in the extension of credit to non-bank customers (N44.9 billion) and claims on banks (N21.9 billion). Discount houses' investments in Federal Government securities of less than 91 days maturity amounted to N45.6 billion, representing 12.8 per cent of their total current liabilities. This was 47.2 percentage points below the prescribed minimum of 60.0 per cent for fiscal 2008.

4.3.5 Finance Companies (FCs)

The total assets/liabilities of the FCs increased significantly by 104.0 per cent to N134.2 billion. Loans and advances increased by 88.1 per cent to N50.4 billion, while total borrowings increased by 107.8 per cent to N83.1 billion. Shareholders' funds increased by 69.1 per cent to N25.2 billion. Investible funds that accrued to the sub-sector was N68.4 billion, compared with N57.6 billion in the preceding year. The funds were sourced from an increase in borrowings (N43.2 billion), other liabilities (N7.9 billion), long-term liabilities (N7.1 billion), paid-up capital (N5.8 billion) and reserves (N4.5 billion), among others. The funds were utilised mainly to increase loans and advances (N23.6 billion), investments (N21.7 billion), placements with other FCs (N10.3 billion), other assets (N7.4 billion), fixed assets (N3.2 billion) and balances with banks (N2.2 billion).

4.3.6 Primary Mortgage Institutions (PMIs)

The total assets of the PMIs, which stood at N202.8 billion at end-December 2007, increased by 62.6 per cent to N329.8 billion. The development was attributed, largely, to the capital injection that led to the increase in the balance sheet of the PMIs that were acquired by twelve (12) DMBs. Investible funds available to the PMIs totalled N154.2 billion. The funds were sourced from increases in deposits (N42.1 billion), shareholders' fund (N37.3 billion), disposal of other assets (N26.6 billion), long-term loans/NHF loans (N22.9 billion), and other liabilities (N22.2 billion). The funds were utilized to increase loans and advances (N69.1 billion), investments (N41.3 billion), bank balances (N38.2 billion) and the acquisition of fixed assets (N5.5 billion).

4.3.7 Bureaux-de-Change (BDC)

A total of five hundred and eighty-nine (589) fresh applications for BDC licences were received, in addition to the sixty-four (64) others that were at various stages of processing at end-December 2007. The number of final licences granted during the year stood at 345, while 216 AIPs and 92 other applications were at various stages of processing. Overall, the number of approved BDC increased from 703 in 2007 to 1,264.

4.4 MONEY MARKET DEVELOPMENTS

Activities in the money market were largely driven by the implementation of monetary and fiscal policies with the OMO as the main monetary policy tool for liquidity management. This was complemented with the utilization of the CBN Standing (deposit and lending) facilities and cash reserve requirements. The relatively tight liquidity conditions engendered by the CBN's extensive liquidity mop-up to meet the Reserve Money target in December 2007 spilled over to the first quarter of 2008. Consequently, banks continued to access the CBN's lending facility in the review period. At the open market, two-way quote trading and reverse repurchase transactions were used along with direct auctions. There was a surge in subscription at the primary market auctions for NTBs and FGN Bonds, as investors substituted money market assets, especially Government securities, for equities in a flight to safety. The 20-year FGN Bond was introduced and subscription was high due to the attractive and stable yield on the security. To further enhance securities trading and deepen activities in the money market, five (5) new Money Market Dealers (MMDs) were appointed to replace five (5) others whose licences were revoked after a careful appraisal of their activities.

4.4.1 Inter-bank Funds Market

Activities at the inter-bank funds market increased in 2008 relative to the preceding year. In value terms, trading activities increased by 7.3 per cent to N20,403.6 billion. The development was traceable to the huge transactions at the open-buy-back segment, occasioned by the volatile liquidity conditions arising from fiscal actions.



Relative to the outcomes in 2007, the value of transactions at the inter-bank call placement segment by 16.8 per cent to N5,797.5 billion, while investment shot up by 21.2 per cent to N14,606.2 billion at the open-buy-back segment. As a proportion of the total value of transactions, the inter-bank call and the open-buy-back segments accounted for 28.4 and 71.6 per cent, respectively, compared with 36.6 and 63.4 per cent, respectively, in 2007.

4.4.2 Money Market Assets Outstanding

Total money market assets outstanding, at end-December 2008, stood at N2,807.1 billion, showing an increase of 27.2 per cent, compared with the value at end-December 2007. The development was due to the increase in the value of commercial papers (CPs) and FGN Bonds outstanding, which more than offset the decline in outstanding treasury bills.

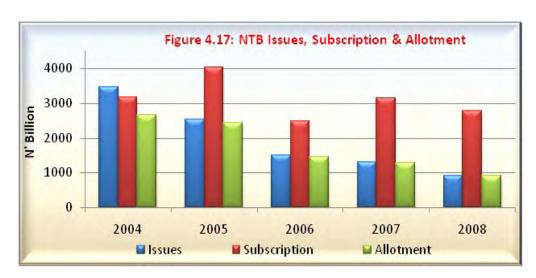


Government remained the dominant player in the Nigerian money market, as government securities constituted 68.0 per cent of money market assets outstanding at end-December 2008, while private sector issued securities (certificates of deposits, commercial papers and bankers' acceptances) accounted for 32.0 per cent. As a proportion of GDP, money market assets outstanding stood at 11.5 per cent.

Table 4.10: Composition of Money Market Assets Outstanding in 2008					
Asset	Share in Total (%) in 2007	Share in Total (%) in 2008			
Treasury Bills	26.05	16.81			
Treasury Certificates	0.00	0.00			
Development stocks	0.03	0.02			
Certificate of Deposit	0.00	0.00			
Commercial papers	16.47	29.31			
Bankers' Acceptances	3.70	2.37			
FGN Bonds	53.75	51.50			
Total	100	100			

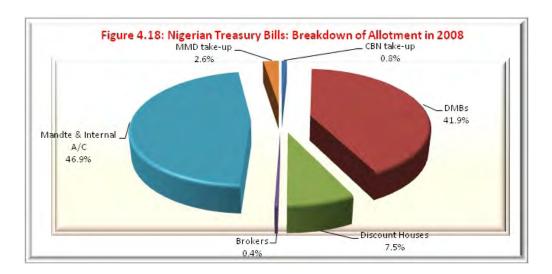
4.4.2.1 Nigerian Treasury Bills (NTBs)

Nigerian Treasury Bills worth N916.3 billion were issued during 2008, compared with N1,304.2 billion in 2007, showing a decline of 29.7 per cent. The decline in the issued amount was as a result of the restructuring of the NTBs to longer tenors, in line with the policy of deepening the money market and reducing government's exposure to short-term interest rate risks, as well as enhancing the ability of financial institutions to effectively manage their liquidity. Public subscription and allotment of the securities stood at N2,787.8 billion and N916.3 billion, respectively, compared with N3,141.0 billion and N1,281.4 billion, in 2007.

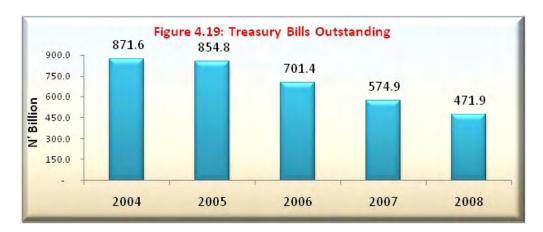


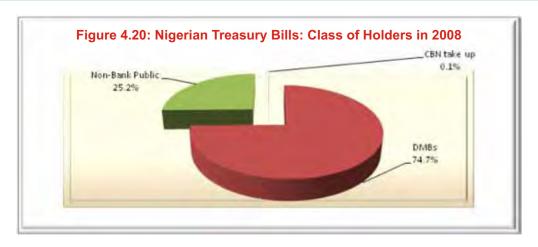
A breakdown of the allotment of NTBs showed that the banks had a total of N383.7 billion (41.9 per cent), Mandate and Internal Fund Customers N429.3 billion (46.9 per cent), Discount Houses N69.1 billion (7.5 per cent), and Brokers N3.2 billion (0.4 per cent), compared with the previous year's levels of N587.3 billion, N556.3 billion, N133.8 billion and N1.8 billion, respectively.

Table 4.11: Allotment of NTBs (N'Billion)		
	2007	2008
DMBs	587.3	383.7
Mandate and Internal Fund	556.3	429.3
Discount Houses	133.8	69.1
MMD Take up	21.1	23.4
CBN Take up	6.0	7.6



Patronage remained appreciable, as a result of the combined effects of the varying levels of repayments and roll-overs, as well as the smoothening of issue amounts. During the review period, the sum of N1,019.3 billion matured NTBs was repaid. Consequently, the total outstanding Nigerian Treasury Bills declined from N574.9 billion at end-December 2007 to N471.9 billion.





4.4.2.2 Commercial Papers (CPs)

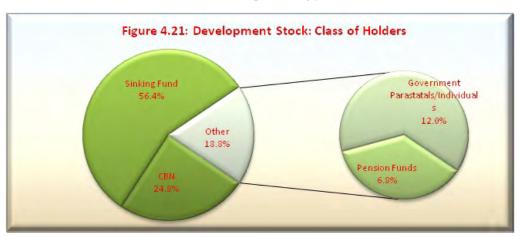
Investment in Commercial Papers (CPs), as a supplement to bank credit to the private sector, increased in 2008. The value of CPs held by DMBs surged by 126.4 per cent to N822.7 billion at end-December 2008, relative to the level at the end of the preceding year. Thus, CPs constituted 29.3 per cent of the total value of money market assets outstanding, compared with 16.47 per cent at the end of the preceding year.

4.4.2.3 Bankers' Acceptances (BAs)

Holdings of BAs by DMBs fell by 18.9 per cent to N66.4 billion, as against an increase of 4.3 per cent in 2007. The fall reflected the decline in investments by deposit money banks and discount houses. Consequently, BAs accounted for 2.4 per cent of the total value of money market assets outstanding, compared with 3.7 per cent in 2007.

4.4.2.4 Federal Republic of Nigeria Development Stocks (FRNDS)

A total of N0.52 billion development stock was outstanding at end-December 2008, down by 16.1 per cent from the level recorded in 2007. The decline was accounted for by the redemption of the 9.75 per cent FRN22DS 2008 that matured during the year. Of the amount outstanding at end-December 2008, the CBN held a total of N0.13 billion, compared with N0.14 billion in the preceding year. Holdings on the account of sinking funds stood at N0.3 billion, down from N0.4 billion in the preceding year. Holdings by other institutions was N0.1 billion, the same as in the preceding year.



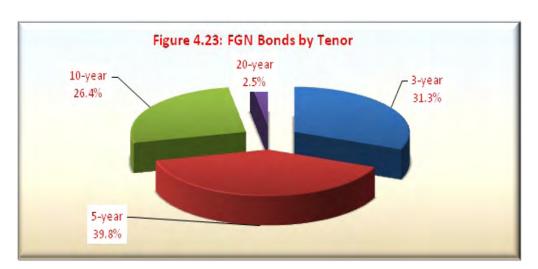
4.4.2.5 FGN Bonds

In continuation of the efforts of the Federal Government to restructure its domestic debt profile, develop the bond segment of the capital market, and promote economic growth, FGN Bonds of 3-, 5-, and 10-year tranches were re-opened, while the 20-year tranche was issued. The successful introduction of the 20-year bond further boosted confidence in the Nigerian economy. The total issue and allotment of all the series was N495.7 billion, indicating a decline of N186.3 billion from the N682.0 billion issued in 2007. The CBN acted as the registrar and issuing house for all the issues.

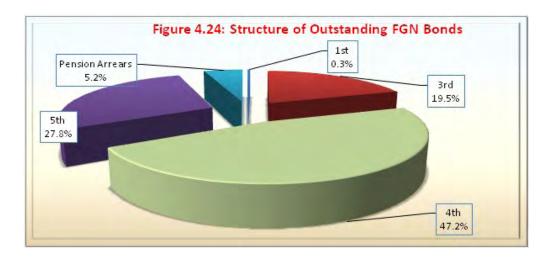
A breakdown of the allotment of FGN Bonds showed that the banks and discount houses took 79.4 per cent, parastatals (9.8 per cent), Pension Fund (6.5 per cent), Brokers (0.6 per cent) and others 3.7 per cent.



Out of the total of N402 billion allotted, 31.3 per cent was for the 3-year tenor, 39.8 per cent for the 5-year tenor, 26.4 per cent for the 10-year tenor, while the balance of 2.5 per cent was for the 20-year tenor. The coupon rates for all the issues in 2008 ranged from 9.65 to 15.0 per cent, compared with 7.00 to 13.5 per cent in 2007.



The total outstanding FGN Bonds increased to N1,446.0 billion from N1,186.2 billion at end-December 2007. Out of the total outstanding bonds, the 1st FGN Bond constituted 0.3 per cent, the 3rd FGN Bond (19.5 per cent), the 4th FGN Bond (47.2 per cent), and the 5th FGN Bond (27.8 per cent), while the balance of 5.2 per cent was for the special FGN Bond issued to settle outstanding pension arrears. The 2nd FGN Bond was fully liquidated in 2008.



4.4.2.6 Over-the-Counter Transactions in FGN Bonds

In order to enhance the liquidity in the Bonds secondary market, FGN Bonds were actively traded in the secondary market at the Nigerian Stock Exchange, with final settlement at the CBN. Total transactions by Primary Dealer Market Makers in 2008 stood at N10,090.2 billion in 80,135 deals, an increase of 155.6 and 165.0 per cent in value and volume respectively, compared with N3,947.3 billion and 30,241 deals in 2007.

4.4.3 Open Market Operations (OMOs)

Open Market Operations subsisted as the main tool of liquidity management in 2008. Direct OMO auction were conducted only when there was need for intervention in the market, in line with the new policy. In that regard, it was aimed at mopping up specific amounts of excess liquidity. Direct OMO auctions were conducted at the open market to target the huge injection of liquidity into the system after the payments of statutory revenue and excess crude oil proceeds. The OMO activities were also conducted at the two-way quote trading and reverse repurchase transactions. At the two-way quote trading, the Bank did not only sell NTBs, it also bought bills from the deposit money banks in a bid to moderate rates at the auctions.

The total subscription and sales of the intervention securities was N34.0 billion and N2,331.4 billion, respectively, compared with N627.4 billion and N3,156.1 billion in 2007. The breakdown of sales indicated that N858.1 billion was sold at the two-way quote trading using the Reuters; N16.0 billion was sold at the direct auction; N669.2 billion was issued as part of the primary market auction and was solely for liquidity management; and N788.1 billion was sold through reverse repurchase transactions. The issue rates were from 5.9558 to 9.55 per cent in the review year, compared with between 5.7558 and 9.23 per cent in 2007. In the same vein, the sum of N13.0 billion was purchased by the Bank from deposit money banks through the two-way quote trading platform. The transactions were consummated at the rates of between 8.50 and 8.60 per cent for the various maturities.

The decline in sales at the open market relative to the preceding year was attributable to the liquidity unease that pervaded the banking system, especially in the first and fourth quarters of 2008; absence of underwriting of unsubscribed portion of bills by the Money Market Dealers (MMDs); and the suspension of the liquidity mopping exercise by September 2008 in order to curtail the contagion effect of the global financial crisis, among others.



4.4.4 Discount Window Operations

4.4.4.1 CBN Standing Facilities

The CBN retained the use of standing facilities in 2008. The review of the monetary policy stance through changes in MPR which served as the repo and lending rates had a direct impact on the lending and deposit facilities. Interest payment on overnight deposits by DMBs remained suspended. No deposit money bank used the CBN deposit facility during the period under review as the facility was not remunerated. The lending facility remained open daily and DMBs constantly accessed the facility in order to square up their positions. Due to the relative tight liquidity conditions in the banking system in 2008, the volume of lending to the DMBs remained high as the banks and discount houses accessed the facility on a daily basis. Total lending to DMBs and discount houses under the facility was N29,644.0 billion, compared with N3,430.7 billion in the preceding year.

4.4.4.2 Repurchase Agreement (Repo)

Repurchase agreement (Repo) complemented other liquidity management tools employed to achieve the core mandates of the Bank. In line with the Bank's initiative to engender a more efficient and effective resource flow and intermediation, the Bank introduced tenored repurchase transactions at the discount window for up to 360 days.

The Bank also expanded the list of eligible financial instruments as collateral at the discount window to include private sector instruments, including Bankers' Acceptances (BAs), guaranteed Commercial Papers (CPs), and promissory notes, etc. Consequently, DMBs accessed the discount window for various tenors ranging from 7- to 90-days at rates ranging from 10.0 to 17.25 per cent. The total amount that was injected through this medium, as at 31st December 2008, was N879.1 billion. Out of this, the sum of N592.7 billion had matured, while the total outstanding at end-December 2008 was N286.5 billion.

4.4.4.3 Over-the-Counter Transactions (OTCs) in NTBs

Over-the-counter transactions in NTBs continued in 2008 in order to deepen the market. The total value of

transactions settled in 2008 was N8,580.8 billion compared with N1,256.1 billion in 2007.

4.4.4.4 (OBB) Transactions

Open Buy-Back transactions conducted in 2008 increade by 38.8 per cent to N27,105.9 billion in value terms, compared with N19,528.1 billion in 2007. The increase was attributed to the ease of transacting business on-line among market players.

4.5 CAPITAL MARKET DEVELOPMENTS

4.5.1 Institutional Developments in the Nigerian Capital Market in 2008

In an effort to enhance liquidity in the Nigerian Capital Market, the Securities and Exchange Commission (SEC) appointed four companies as market makers. The SEC guidelines provided that a market maker shall be a company duly registered with the Corporate Affairs Commission (CAC) and shall have a minimum paid-up capital of N2.0 billion, and maintain sufficient liquid assets that would cover their current indebtedness. The obligations of the market makers include the following: stabilizing the market by ensuring continuous liquidity, and synchronizing the buy and sell transactions spread (bid/offer spread), which shall be a maximum limit of 3.0 per cent and subject to review from time to time. Besides, market makers must have the capacity for continuous two-way quotes in the relevant stocks at a trading session in a minimum quote size of 100,000 units of shares and must settle transactions within the prescribed cycle of T+3. They must equally have the capacity to lend and borrow the designated securities at any time, with a view to ensuring stability in the market.

Furthermore, two insurance companies were reclassified to the "Other Financial Institutions" subsector, reflecting the expansion of their operations beyond insurance business, while one company graduated from the Second-tier market to the First-tier and was reclassified to the Engineering Technology sector. The name of 'IBTC-Chartered Bank' was changed to 'Stanbic IBTC Bank Plc', following the acquisition of a majority shareholding by the Standard Bank Group. The Exchange commenced the upgrade of its trading software, the Horizon, to the latest version with improved functionalities that would impact positively on its trading activities, especially with regard to its future derivatives and bond trading. The Exchange commissioned two (2) new trading floors in Ilorin and Abeokuta, bringing the number of trading floors to eleven (11). In an effort to further deepen the market, the Exchange introduced three (3) new products, namely, Exchange Traded Funds, Mortgage-backed Securities and Assets-backed securities. On cross-border listing, a Nigerian bank, for the first time, was listed on the Professional Securities Market (PSM) of the London Stock Exchange (LSE).

BOX 2: DEVELOPMENTS IN THE NIGERIAN CAPITAL MARKET IN 2008 AND GOVERNMENT'S RESPONSE

The market capitalization of the Nigerian Stock Exchange (NSE) fell from N15.3 trillion in the first quarter of 2008 to N13.0 trillion in the third quarter, while the All-Share Index declined from 63,147.04 in the first quarter to 48,738.14 in the third quarter. The volume and value of traded securities also declined from 68.6 billion shares and N990.40 billion in the first quarter to 48.1 billion shares and N494.8 billion, respectively. The development was attributed to wrong expectations of price movement which led to panic dumping of shares and assets switching, particularly into real estate and money market security investments. Speculations and perceived uncertainties were some of the key factors that led to divestment by many foreign portfolio investors from the country, as the global financial crunch continued to deepen.

Worried by the sustained recession that beset the capital market, the Federal Government, on August 26 2008, announced some short and long-term measures to boost the market, including the following: that the CBN would take appropriate measures to ensure adequate liquidity in the market; that banks would restructure the existing facilities being extended to licensed stockbrokers; that institutional and individual investors would allow for longer repayment periods; that a reduction of transactions cost by the regulators in the market would take effect; that quoted companies would be allowed to buy-back up to 20.0 per cent of their shares; that the Securities and Exchange Commission (SEC) would release guidelines for market makers on the Exchange; that modalities for the establishment of a capital market stabilisation fund would be worked out; that the authorities would take administrative measures to stem the rate of new issues until the market stabilised; and that reduction of the maximum downward limit on daily price movements would be pegged at 1.0 per cent, while the existing 5.0 per cent limit on upward movements would be retained. Consequently, the NSE announced a reduction in its application fee from 0.6 per cent to 0.3 per cent, while its fees on secondary market transactions were reduced from 0.5 per cent to 0.3 per cent. The Securities and Exchange Commission (SEC) and other market operators followed suit. On August 27, 2008, it was further announced that the new temporary limits would curtail negative price movements to a 1.0 per cent fall from the previous 5.0 per cent. Prior to this announcement, the market had recorded a decline in its All-share Index to 43,199.47 on August 26, 2008, representing a 34.9 per cent fall from 49,263.87 in March. Following the announcement and the subsequent implementation of some of these measures, the market's initial reaction was quite positive as the NSE All-share Index rose by 15.5 per cent to 49,897.86 on September 2, 2008. However, the Index later continued its slide and eventually dropped by 45.8 per cent to close at 31,450.78 at end-December 2008. Also, market capitalization fell from N13.3 trillion as at end-December 2007 to N9.5 trillion at end-December, 2008, reflecting the divestment of many foreign portfolio investors from the country, as a result of the global financial crunch and the quest to meet up with obligations in their home countries. These developments have, however, been attributed by market watchers to the underlying factor of "market correction" as many of the stocks were perceived to have been highly overvalued, given the excess demand that followed the market at the conclusion of the consolidation exercise. To that end, the market correction was expected to continue and it was hoped that shortly after, the market would recover fully and confidence restored.

4.5.2 The Nigerian Stock Exchange (NSE)

Activities on the floor of the NSE indicated mixed developments. The aggregate volume and value of traded securities rose, while aggregate market capitalization of the 301 listed securities declined by 28.3 per cent to close at N9.5 trillion, compared with N13.3 trillion recorded in 2007. The market capitalization of the 213 listed equities dropped from N9.0 trillion in 2007 to close at N7.0 trillion. The highest equity capitalization of N12.6 trillion was attained on May 3, 2008 while the lowest of N6.2 trillion was recorded on December 16, 2008, due largely to the price depreciation recorded by the equities, the delisting of 19 companies and the maturing of outstanding bonds. This was accentuated by the exit of many foreign portfolio investors from the country, due largely to the global financial crunch.

Market capitalization as a percentage of GDP was 39.7 per cent, compared with 56.0 per cent in 2007. The ratio of the value of stocks traded to GDP stood at 10.0 per cent, compared with 8.9 per cent in 2007, while the turnover value as a percentage of market capitalization was 25.2 per cent, compared with 15.8 per cent in 2007. The annual turnover value (measured as the ratio of the total value of stocks traded to the total value of stocks listed on the domestic market) increased by 14.3 per cent, down from 346.5 per cent in 2007.

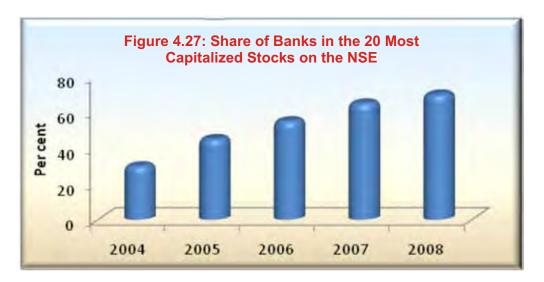


Table 4.12: Indicators of Ca	pital Ma 2004	rket Dev 2005	elopmen 2006	nt (NSE) 2007	2008
Number of Listed Securities	277	288	288	310	301
Volume of Stocks Traded (Turnover Volume) (Billion)	19.2	26.7	36.5	138.1	193.1
Value of Stocks Traded (Turnover Value) (Billion Naira)	225.8	262.9	470.3	2,100.0	2,400.0
Value of Stocks/GDP (%)	1.9	1.8	2.5	9.2	10.0
Market Capitalisation (Billion Naira)	1,925.9	2,900.1	5,120.9	13,294.6	9,535.8
Of which: Banking Sector (Billion Naira)	662.7	1,212.1	2,142.7	6,432.2	3,715.5
Market Capitalisation/GDP (%)	16.5	19.5	28.1	56.0	39.7
Of which: Banking Sector/GDP (%)	5.7	8.1	11.8	27.1	15.5
Insurance Sector/GDP (%)	0.2	0.2	0.3	2.0	1.3
Banking Sector Cap./Market Cap. (%)	34.4	41.8	41.8	41.8	39.0
Insurance Sector Cap./Market Cap. (%)	1.3	1.2	1.0	3.2	3.3
Annual Turnover Volume/Value of Stock (%)	8.5	10.1	7.8	6.6	0.8
Annual Turnover Value/Market Capitalisation (%)	11.7	9.1	9.2	15.8	25.2
NSE Value Index (1984=100)	23,844.5	24,085.8	33,358.3	57,990.22	31,450.78
Growth (In per cent)					
Number of Listed Securities	4.5	4.0	0.0	5.8	-2.6
Volume of Stocks	44.4	38.8	36.8	276.3	39.8
Value of Stocks	87.6	16.4	78.9	343.7	14.3
Market Capitalisation	45.4	50.6	76.6	159.6	28.3
Of which: Banking Sector	87.1	82.9	76.8	200.2	-42.2
Insurance Sector	2.0	1.4	1.2	3.7	-25.1
Annual Turnover Value	87.6	16.4	78.9	346.5	14.3
NSE Value Index	18.5	1.0	38.5	74.7	-45.8
Share of Banks in the 20 Most Capitalised Stocks on the NSE (%)	30.0	45.0	55.0	65.0	70.0
Source: Nigerian Stock Exchange (NSE).					

4.5.2.1 The Secondary Market

The secondary market segment of the NSE recorded mixed developments. The performance of the market was hampered by the paucity of fresh funds as a significant level of cross transactions (deals) was recorded towards the end of the year. A total turnover volume of 193.1 billion shares was recorded, indicating an increase of 39.8 per cent over the 138.1 billion shares in 2007. Similarly, a market turnover of N2.4 trillion was recorded, representing an increase of 14.3 per cent over the level in 2007. The bulk of the transactions was in equities, which accounted for N2.4 trillion or 99.85 per cent of the turnover value, compared with the 99.86 per cent in 2007. The banking sub-sector accounted for 65.8 per cent of the total volume of transactions, as investors re-aligned their portfolios after the consolidation exercise. Transactions in the industrial loans sub-sector accounted for N3.5 billion, representing 0.2 per cent of the total, while the Preference Stocks sub-sector was inactive in the review period.

Despite the huge outflow from the stock market, especially as a result of panic divestments, foreign investments worth N151.2 billion were recorded.



4.5.2.2 The NSE Value Index

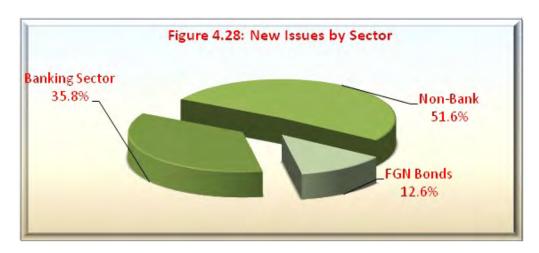
The Nigerian Stock Exchange's (NSE) All-Share Index fell significantly by 45.8 per cent to close at 31,450.78, compared with 57,990.22 in the preceding year. The Index attained its highest level of 66, 371.20 on March 5, 2008 before falling to its year-end low level of 31,450.78. The development reflected the decline in share prices of the capitalized stocks on the Exchange, following the turmoil in the global financial system and waning investors' confidence following losses incurred by them.

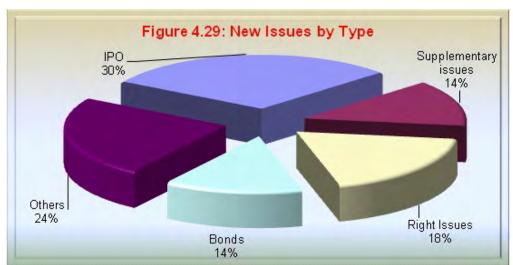
4.5.2.3 New Issues Market

There was improved activity in the primary market as indicated by the increased number of applications received, reflecting an increased recourse to the stock market by companies and governments. This segment of the market was, however, active in terms of issues offered for public subscription up till the third quarter of the year, as activities were limited in the last quarter due to liquidity constraints arising from the economy-wide slowdown. The Exchange considered and approved 70 applications for both new issues and mergers/acquisitions valued at N2.2 trillion, compared with 65 applications valued at N2.4 trillion in 2007. The non-bank corporate issues accounted for 51.6 per cent of the total new issues approved, with 59 applications valued at N1.1 trillion, while the banking sub-sector accounted for 35.8 per cent, with 10

applications valued at N779.8 billion. The FGN Bond issue amounted to N275.0 billion, representing 12.6 per cent of the total. Of the non-bank applications, foreign listings and insurance sub-sectors accounted for N295.0 billion or 13.5 per cent and N150.5 billion or 6.9 per cent of the total, respectively.

Further analysis of the new issues approved showed that the sum of N608.0 billion was raised through initial public offerings (IPOs) and supplementary issues; N376.5 billion through rights issues; and N279.0 billion through bonds issue, including the Lagos State Government Bond. Listing by Introduction accounted for N368.9 billion, in addition to eleven applications for supplementary listings valued at N277.4 billion, while shares placing accounted for N91.4 billion. Also approved was one (1) application for merger and acquisition, valued at N3.8 billion and five applications by Unit Trusts for memorandum listings valued at N15.4 billion. The Exchange approved new tradable instruments Exchange Traded Funds (ETFs) with one (1) application valued at N2.0 billion.





CHAPTER 5

FISCAL OPERATIONS

Vigeria's fiscal operations remained within the mediumterm expenditure framework (MTEF) with the objective of maintaining prudent fiscal management. At N7,866.6 billion or 32.7 per cent of GDP, the Federation Account Revenue (gross) increased by 37.6 per cent over the level in 2007. The development was attributed to the increase in crude oil prices during the first three quarters of 2008 which later crashed due to the global economic crisis which induced low energy demand in the latter part of the year. Non-oil revenue increased by 6.7 per cent above the level in the preceding year to N1,336.0 billion, representing 5.6 per cent of GDP. The sum of N4,552.8 billion was transferred to the Federation Account in 2008, indicating an increase of 17.4 per cent over the level in 2007.

Adherence to the fiscal rule resulted in an accumulated savings of US\$20,341.2 million by the three tiers of government at the end of 2008 in the excess crude account. The savings comprised US\$12,400.6 million brought forward from 2007 and US\$7,940.6 million accumulated in 2008.

Federal Government-retained revenue and aggregate expenditure increased by 36.8 and 32.2 per cent, respectively, over their levels in 2007. Sound fiscal management resulted in a primary surplus of N333.8 billion or 1.4 per cent of GDP. Furthermore, the overall fiscal deficit of the Federal Government narrowed from a notional deficit of N117.2 billion or 0.6 per cent of GDP in 2007 to N47.4 billion or 0.2 per cent of GDP.

Provisional data on state governments' finances indicated an overall deficit of N86.8 billion or 0.4 per cent of GDP, representing an increase of 71.2 per cent, when compared with N50.7 billion or 0.24 per cent of GDP in 2007. Similarly, local governments' fiscal operations resulted in a deficit of N3.0 billion as against a surplus of N4.9 billion in 2007.

Consolidated Federal Government debt stock as at 31st December, 2008 was N2,811.3 billion or 11.7 per cent of GDP, compared with N2,597.7 billion or 12.5 per cent of GDP in 2007. Nigeria's external debt stock increased marginally from US\$3.6 billion in 2007 to US\$3.7 billion, following the additional disbursement of concessional loans from Multilateral Institutions. Domestic debt at N2,320.3 billion increased by 6.9 per cent, as a result of the issuance of FGN Bonds for project financing and the settlement of contractual obligations.

5.1 FISCAL POLICY THRUST

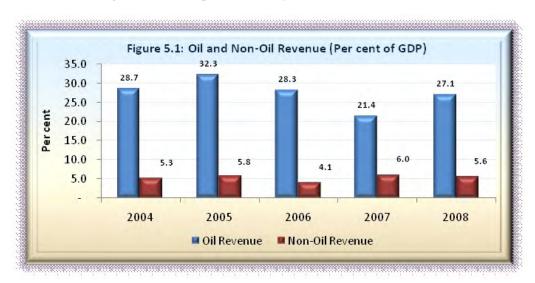
The fiscal policy thrust for 2008 was meant to consolidate the growth of the economy and translate the macroeconomic gains of the recent past into tangible improvements in the standard of living of the citizenry. It provided the impetus for the provision of physical infrastructure, particularly roads, water, energy and transportation, as well as improvements in human capital development, job creation, and social safety nets within the context of the two-year Medium-term Expenditure Framework and the Seven-point Agenda of the Federal Government. Consequently, the following broad fiscal measures were taken:

- Continued adherence to the Fiscal Responsibility Act to institutionalize budgetary transparency, accountability as well as prudence in the general public sector management;
- Introduction of lower tariff bands under the "2008-2012 Nigeria Custom and Tariff Book" to expand trade across the ECOWAS sub-region and reduce the incidence of smuggling;

- Enhanced budgetary allocations to education, energy, agriculture and water resources, security and the Niger Delta;
- Sustenance of Public Service reforms to improve service delivery; and
- Disbursement of N110.0 billion from the Debt Relief/Forgiveness Fund to selected poverty-reduction programmes.

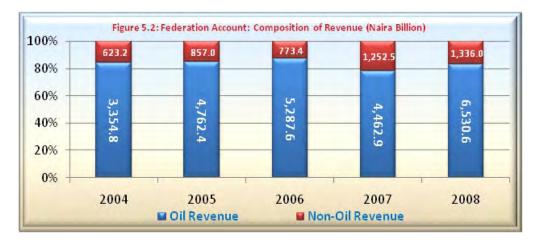
5.2 FEDERATION ACCOUNT OPERATIONS

Total federally-collected revenue increased by 37.6 per cent to N7,866.6 billion, representing 32.7 per cent of GDP, up from 27.4 per cent in 2007. It was 30.4 per cent higher than the budget estimate of N6,033.5 billion, a development that was attributable largely to the phenomenal rise in crude oil prices in the international market during the first three quarters of the year.

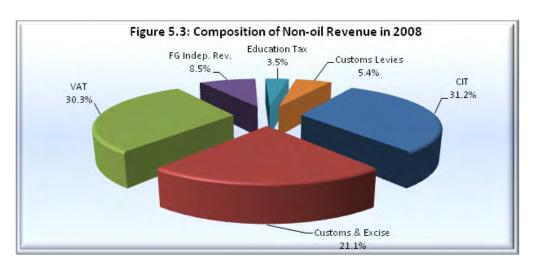


Of the total receipts, oil revenue (gross) accounted for N6,530.6 billion or 27.1 per cent of GDP, indicating an increase of 31.6 per cent above the level in 2007. A breakdown showed that revenue from crude oil and gas exports increased by 21.6 per cent from the level in the preceding year to N2,251.4 billion. Similarly, revenue from the Petroleum Profit Tax (PPT) and Royalties increased by 87.4 per cent to N2,812.3 billion, while revenue from domestic crude oil sales increased by 33.6 per cent to N1,462.5 billion. The development reflected the sustained rise in crude oil prices in the international market particularly, in the first half of 2008. However, the impact was moderated by the reduction in crude oil production, due to the persistent restiveness in the Niger Delta region. From the gross oil receipts, N579.1 billion was deducted for the Joint Venture Cash (JVC) calls, N2,682.1 billion in respect of excess crude/PPT/royalty proceeds and "others", leaving a balance of N3,269.5 billion for distribution to the three tiers of government and other beneficiaries.

Accretion to the excess oil revenue savings, comprising excess crude, petroleum profit tax, and royalty accounts amounted to N2,682.1 billion, representing an increase of 113.4 per cent over the level achieved in 2007. Of this amount, the sums of N841.5 billion or 33.4 per cent, N795.4 billion or 29.7 per cent and N77.9 billion or 2.9 per cent, respectively, were utilized for budget augmentation, excess crude sharing by the three tiers of government and contributions to external creditors' funding by the state governments and the Federal Government.



Gross revenue from non-oil sources increased by 6.7 per cent to N1,336.0 billion in 2008. Further analysis indicated that Value-Added Tax (VAT) increased by 39.7 per cent to N404.5 billion, while collections from company income tax and customs and excise duties increased by 27.5 and 16.5 per cent to N416.8 billion and N281.3 billion, respectively. On the contrary, the Independent Revenue of the Federal Government fell by 57.6 per cent to N114.0 billion. At 5.6 per cent, the ratio of non-oil revenue to GDP fell below the level recorded in the previous year, indicating the overwhelming effects of oil earnings.



The increase in non-oil revenue was due partly to the introduction of lower tariff bands which reduced the incidence of smuggling, as well as continuous improvements in the revenue collection machinery of both the Nigeria Custom Service (NCS) and the Federal Inland Revenue Service (FIRS). The sum of N52.6 billion was deducted from the non-oil revenue as the administrative costs of its collection from company income taxes, custom and excise duties and value added tax, leaving a distributable balance of N388.3 billion.

5.2.1 The Federation Account Allocation

The sum of N4,552.8 billion accrued to the Federation Account in 2008, indicating an increase of 17.4 per cent over the level in 2007. Of the total, N3,931.1 billion was distributed among the three tiers of government, including the 13% Derivation Fund for the oil-producing state governments. The sum of N388.3 billion was transferred to the VAT Pool Account, while the sum of N114.0 billion accrued to the

Federal Government as Independent Revenue. Similarly, the sum of N119.4 billion was transferred to the Education Tax Fund and Customs Special Levies accounts. A breakdown of the distribution from the Federation Account among the three tiers of government showed that the Federal Government, including Special Funds, received N1,847.0 billion, state governments (including the 13% Derivation Fund) N1,361.8 billion, and local governments N722.3 billion.

5.2.2 The VAT Pool Account Distribution

At N388.3 billion, the distributable balance in the VAT Pool Account exceeded its level in 2007 by 34.1 per cent. A breakdown of the distribution among the three tiers of government showed that the Federal Government received N58.3 billion, state governments N194.1 billion, while the local governments shared N135.9 billion.

Table 5.1: VAT Pool Account Distribution (Amount In N' Billion)							
	2004	2005	2006	2007	2008		
Beneficiaries							
i Federal Government	23.8	26.7	22.5	43.4	58.3		
ii State Governments	79.2	89.1	75.0	144.8	194.1		
iii Local Governments	55.4	62.3	52.5	101.4	135.9		
Total	158.3	178.1	150.0	289.6	388.3		

5.2.3 Aggregate Revenue for the Three Tiers of Government

At N7,460.5 billion, the aggregate revenue for the three tiers of government in 2008 comprised N3,931.1 billion from Federation Account; N841.5 billion from Budget Augmentation proceeds; N795.4 billion from excess crude revenue savings; N388.3 billion from VAT; N114.0 billion from the Federal Government's independent revenue; N464.3 billion from internally-generated revenue of the sub-national governments; N103.0 billion from grants/others for the sub-national governments; N57.8 billion from the stabilization fund by sub-national governments; N6.8 billion from states' allocation to the local governments; and N758.2 billion from other funds.

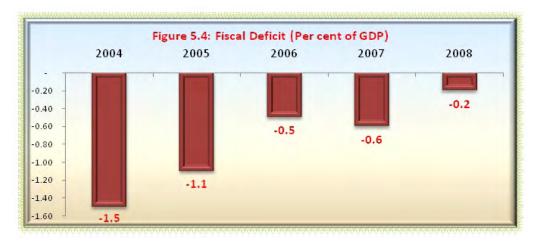
Table 5.2: Sources of Funds for the Three Tiers of Government in 2008 (N'Billion)								
			States Govt.					
Source	Fed. Govt.*	States	13%	Total*	Local Govt.	Grand Total		
Share from Fed. Acct.	1,847.02	936.83	425.03	1,361.86	722.26	3,931.14		
Budget Augmentation	385.67	195.62	109.39	305.01	150.81	841.49		
Share from Excess Crude	106.54	323.32	30.22	353.54	335.33	795.41		
Share of VAT	58.30	194.17	-	194.17	135.92	388.39		
FG Independent Revenue	114.00	-	-	-	-	114.00		
Privatization Proceeds	-	-	-	-	-	-		
Sub-National Govt.Internally-								
Generated Rev.	-	441.15	-	441.15	22.70	463.85		
Grants and Others	-	102.70	-	102.70	12.10	114.80		
Share of Stabilization	-	53.37	-	53.37	5.50	58.87		
State Allocation	-	-	-	-	3.30	3.30		
Others	681.91	76.31	-	76.31	-	758.22		
TOTAL	3,193.40	2,323.46	564.64	2,888.10	1,387.92	7,469.46		

^{*} Share of FCT subsumed in Fed. Govt.

5.3 FEDERAL GOVERNMENT FINANCES

5.3.1 Overall Fiscal Balance and Financing

The 2008 surplus, which reflects the savings position of the government, increased by 44.6 per cent to N1,076.1 billion or 4.5 per cent of GDP, while the primary balance, which reflects the outcome of the current year's fiscal operations, recorded a surplus of N333.8 billion or 1.4 per cent of GDP, compared with the surplus of N96.5 billion or 0.5 per cent of GDP in 2007. However, the overall fiscal operations of the Federal Government resulted in a notional deficit of N47.4 billion or 0.2 per cent of GDP, compared with the deficit of N117.2 billion or 0.6 per cent of GDP in 2007. At 0.2 per cent of GDP, the deficit outperformed the WAMZ's primary convergence criterion maximum target of 4.0 per cent. The overall budget deficit was financed largely from domestic (through the issuance of FGN bonds) and external sources.



5.3.2 Retained Revenue of the Federal Government

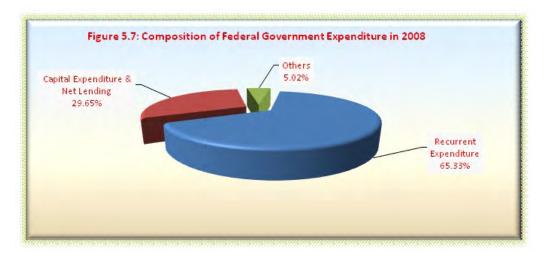
Federal Government-retained revenue increased to N3,193.4 billion or 13.3 per cent of GDP, from N2,333.7 billion or 11.2 per cent of GDP in 2007. Analysis of the revenue showed that the share from the Federation Account was N1,847.0 billion; VAT Pool Account, N58.3 billion; Federal Government Independent Revenue, N114.0 billion; Budget Augmentation, N385.7 billion; share of excess crude account, N106.5 billion; and "others" accounted for the balance of N682.0 billion. The increase in retained revenue was partly due to the substantial increase in the "others" (including the transfer from unspent balances from the previous year's budget), as well as the increase in the share from the Federation, Excess Crude and VAT Pool accounts.





5.3.3 Total Expenditure of the Federal Government

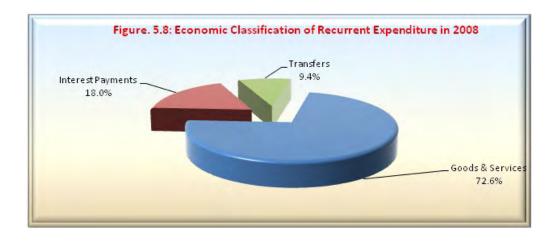
The aggregate expenditure of the Federal Government, in nominal terms, increased by 32.2 per cent to N3,240.8 billion in 2008. As a proportion of GDP, total expenditure increased by 13.5 per cent, from 11.7 per cent in the previous year. Non-debt expenditure (total expenditure less debt service payments) increased by 27.8 per cent from the level in 2007 and exceeded the N2,375.8 billion budget estimate for 2008 by 20.4 per cent. Total debt service payments amounted to N381.2 billion, representing 11.8 per cent of the total expenditure.



5.3.3.1 Recurrent Expenditure

At N2,117.4 billion, recurrent expenditure increased by 33.2 per cent over the level in 2007 and accounted for 65.3 per cent of total expenditure. As a percentage of GDP, recurrent expenditure increased by 1.2 percentage points to 8.8 per cent. Most of the components of recurrent expenditure increased relative to their levels in the preceding year. Thus, the goods and services component increased by 24.5 per cent, while interest payments and transfers shot up by 78.4 and 41.3 per cent, respectively. An analysis of the goods and services component showed that personnel cost/pensions amounted to N1,080.7 billion or 51.0 per cent of

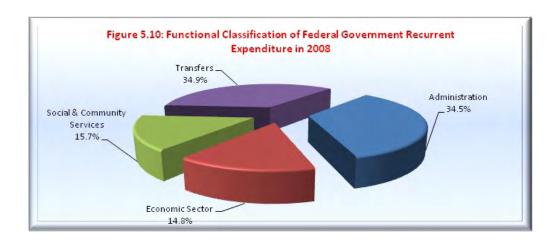
the total recurrent expenditure, and overhead cost was N457.4 billion or 21.6 per cent. Furthermore, interest payments stood at N381.2 billion or 18.0 per cent (comprising domestic - N322.2 billion and external - N59.0 billion), and transfers to the Federal Capital Territory (FCT)/others accounted for N198.1 billion or 9.4 per cent.





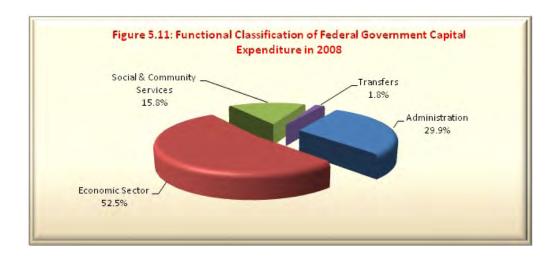
Interest payments on consolidated debt (foreign and domestic) as a percentage of GDP increased from 1.0 per cent in 2007 to 1.6 per cent in 2008, reflecting the continued issuance of FGN Bonds to finance key Federal Government projects.

The functional classification of recurrent expenditure showed that the outlay on administration increased by 16.7 per cent to N731.0 billion and accounted for 34.5 per cent of the total. Transfer payments increased by 40.3 per cent to N739.7 billion and accounted for 34.9 per cent of the total, reflecting a significant increase in domestic interest payments during the period. Expenditure on economic services increased by 75.2 per cent to N313.8 billion and accounted for 14.8 per cent of the total recurrent expenditure. Within the economic services sector, agriculture, transport, communications and roads/construction jointly absorbed 72.4 per cent of the share of the sector. Expenditure on social and community services accounted for 15.8 per cent of the total.



5.3.3.2 Capital Expenditure

Capital expenditure increased in absolute terms by 26.5 per cent to N960.9 billion and accounted for 4.0 per cent of GDP. As a proportion of Federal Government revenue, capital expenditure was 30.1 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 N504.4 billion or 52.5 per cent of the total, compared with 47.2 per cent in the preceding year. Within the economic services sector, housing, manufacturing, mining/quarrying, agriculture/natural resources, transport/communications and roads/construction absorbed 66.3 per cent of the share of the sector. Public investments in social and community services recorded an increase of 0.8 per cent over the level in the preceding year and accounted for 15.8 per cent of the total. The expenditure on education and health, increased by 4.3 and 0.3 per cent to N48.8 billion and N97.2 billion, respectively.



BOX 3: THE GLOBAL ECONOMIC CRISIS: IMPLICATIONS FOR FEDERAL GOVERNMENT FISCAL OPERATIONS

As the global economic crisis deepened in most developed and emerging economies, the attendant reduction in energy demand occasioned by the significant drop in industrial production in the advanced and emerging economies induced a drastic fall in crude oil prices in the international market and adversely affected the nation's revenue earnings. Although,the non-oil sector recorded improved performance, its relative contribution to the total revenue was overwhelmed by oil revenue inflows. Thus, with the overdependence on crude oil/gas sales for government revenue, the plunge in crude oil price from an all time high of US\$147 per barrel in July to a low of US\$45 per barrel in December 2008, has implications for the economy.

A review of the Federal Government revenue profile in the last half-decade (FY2003-FY2008) showed that oil earnings accounted for over 80.0 per cent and generated over 90.0 per cent of the foreign exchange earnings, while the non-oil sector, despite its improved performance, contributed less than 20.0 per cent, thus revealing the extent of the vulnerability of the economy to swings in the price of oil in the international market. Notwithstanding, the declining price of oil below the budget benchmark of US\$59 per barrel in the last quarter of 2008, total earnings from oil surpassed the level achieved in 2007 and also out-performed the FY2008 budget estimate. However, the falling crude oil prices resulted in a substantial drawdown of the accumulated excess crude oil revenue savings for budget augmentation, thereby heightening apprehension for its depletion.

The continuing global economic downturn is likely to keep the price of oil low in the international market in the medium term, with the attendant reduction in crude oil revenue and excess crude oil receipts savings in the coming years. The renewed emphasis on the production of alternatives to fossil-fuel energy, such as solar, wind and bio-energy in the advanced economies, would reduce oil demand and further weaken earnings. Thus, in the absence of concerted efforts to shore-up and widen the revenue base, the fiscal operations of the three tiers of government might be constrained and result in the following:

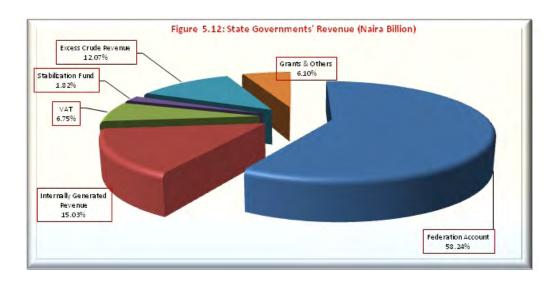
- Inadequate revenue to meet budgets to finance critical development projects;
- Infrastructural decadence and welfare loss, occasioned by expenditure reduction;
- Reduced revenue allocation to the sub-national governments, with the attendant adverse effects on their fiscal operations;
- Depletion of accumulated excess crude oil revenue savings to finance the budget;
- Unbridled borrowing from the banking system and the capital market, with the subsequent crowding-out of private sector credit and investments;
- Decline in the growth rate of output and rising unemployment; and
- External debt build-up through external borrowing to finance expenditure.

Going forward, therefore, the robust oil savings reserve should be prudently managed in FY2009. Hence, there is the need to prioritise expenditure and emphasise productive investments in agriculture, infrastructure (power, road, water, etc), as well as strengthen the non-oil sub-sector with linkages to the rest of the economy as safety nets to re-invigorate earnings. Finally, given Nigeria's growing population, the economy's high tax potential should be exploited to generate the highest revenue for government fiscal operations. In this regard, efforts should also be made towards the speedy development of the gas sector and the introduction of gas profit tax as a counterpart to PPT. In addition, the sub-national governments should exploit the property tax potential in their respective states.

5.4 STATE GOVERNMENTS' FINANCES

5.4.1 Overall Fiscal Balance and Financing

Provisional data on state governments' finances (including FCT) indicated an increase in the overall deficit from N50.7 billion or 0.2 per cent of GDP in 2007 to N86.8 billion or 0.4 per cent of GDP in 2008. The higher deficit was attributable, largely, to the increased capital expenditure which rose by 70.3 per cent over the level in 2007.



5.4.2 Revenue

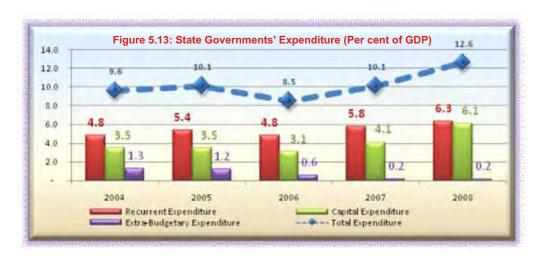
The total revenue of the state governments increased by 42.1 per cent to N2,934.8 billion or 12.2 per cent of GDP, compared with N2,065.4 billion or 9.9 per cent of GDP in 2007. The analysis of the sources of revenue indicated that allocations from the Federation Account (including the 13.0% Derivation Fund and the drawdown for Budget Augmentation) was N1,709.2 billion or 58.2 per cent; VAT Pool Account, N198.1 billion or 6.8 per cent; Internally Generated Revenue (IGR), N441.1 billion or 15.0 per cent; Stabilization Account N53.4 billion or 1.8 per cent; the share of excess crude account N354.1 billion or 12.1 per cent; and grants/others N179.0 billion or 6.1 per cent. The performance of IGR improved over the level in 2007 as it increased from 1.5 to 1.8 per cent of GDP. In terms of tax efforts, measured as a ratio of IGR to total revenue, Lagos State ranked the highest with 63.5 per cent and was followed by Sokoto and Ogun States with 46.6 and 27.5 per cent, respectively, while Taraba ranked the least with 2.3 per cent. In terms of the state governments' effort at improving internally-generated revenue, Ondo state ranked top with an increase of its internally-generated revenue/total revenue (IGR/TR) ratio from 3.2 per cent recorded in 2007 to 16.4 per cent in 2008. Borno and Nassarawa states followed in the second and third positions. Overall, the consolidated IGR/TR ratio of the state governments improved from 14.8 per cent in 2007 to 15.0 per cent in 2008, indicating that state governments made appreciable efforts to shore up their internal revenue.

5.4.3 Expenditure

The consolidated expenditure of the state governments in 2008 increased by 42.8 per cent to N3,021.6 billion or 12.6 per cent of GDP. A breakdown showed that, at N1,505.6 billion or 6.3 per cent of GDP, recurrent expenditure was 23.7 per cent higher than the level recorded in the preceding year and accounted for 49.8 per cent of the total.

Table 5.3: State Governments' Revenue								
	State	e Governm	ent s' Reve	Share in GDP				
	20	07	20	08	2007	2008		
ltem	Amount (N' Billion)	Share (%)	Amount (N' Billion)	Share (%)	%	%		
Federation Account/1 VAT	1,109.3 144.4	53.71 6.99	1,709.19 198.05	58.2 6.8	5.3 0.7	7.1 0.8		
Internally Generated Revenue Stabilization Fund	305.7 37.7	14.80 1.83	441.15 53.37	15.0 1.8	1.5 0.2	1.8 0.2		
Excess Crude Revenue	258.9	12.54	354.06	12.1	1.2	1.5		
Grants & Others	209.4	10.14	179.01	6.1	1.0	0.8		
Total	2,065.4	100.0	2,934.83	100.0	9.9	12.2		

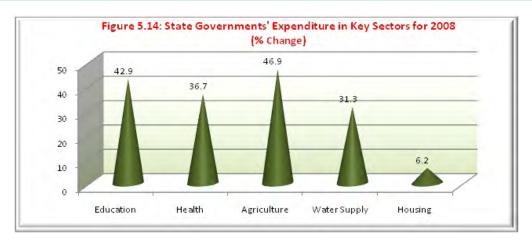
1/ Including 13% Derivation, Budget Augmentation Drawdown, FCT Allocation etc

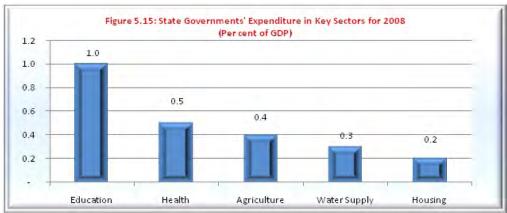


At N1,455.7 billion or 6.1 per cent of GDP, the capital expenditure of the state governments was 70.3 per cent higher than the level in 2007 and accounted for 48.2 per cent of the total. Similarly, the extrabudgetary expenditure of the state governments increased by 37.2 per cent and accounted for 2.0 per cent of the total expenditure.

An analysis of the consolidated spending on primary welfare sectors indicated that expenditure on education and health increased by 42.9 and 36.7 per cent, respectively, over the levels in 2007 to N234.7 billion or 1.0 per cent of GDP and N117.4 billion or 0.5 per cent of GDP. Similarly, expenditure on agriculture grew by 46.9 per cent above the level in the preceding year to N106.7 billion (0.4 per cent of GDP). The outlay on water supply and housing also increased by 31.3 and 6.2 per cent, respectively, to N63.9 billion or 0.3 per cent of GDP and N39.3 billion or 0.2 per cent of GDP. On the whole, aggregate expenditure on key welfare sectors amounted to N562.0 billion or 2.3 per cent of GDP, and accounted for 18.6 per cent of the consolidated total expenditure of the state governments.

The higher expenditure in the welfare sectors in 2008 occured in the areas of water supply projects, construction and renovation of hospitals/primary health clinics, as well as in the expansion of educational facilities.

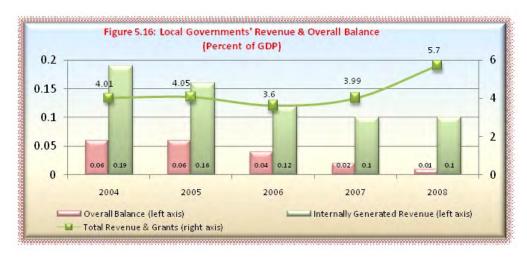




5.5 LOCAL GOVERNMENTS' FINANCES

5.5.1 Overall Fiscal Balance and Financing

Provisional estimates on consolidated local government fiscal operations resulted in a deficit of N3.0 billion as against a surplus of N4.9 billion achieved in 2007. The development was attributed to the substantial increase in capital expenditure occassioned by the desire to deliver developmental projects in order to improve the welfare of the citizens.

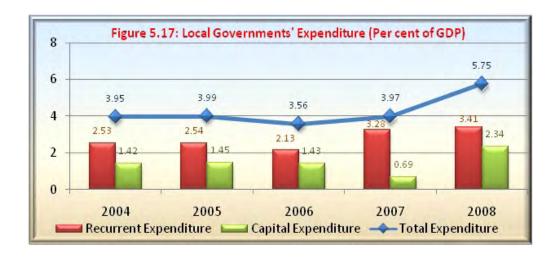


5.5.2 Revenue

The total revenue of local governments was estimated at N1,379.0 billion, indicating a significant increase of 65.7 per cent over the level in 2007. The sources of revenue comprised allocations from the Federation Account, N722.3 billion; the share of VAT, N135.9 billion; internally- generated Revenue, N23.1 billion; Grants/Others, N0.3 billion; the share of the stabilization fund, N4.4 billion; state allocations, N6.8 billion; the share of excess crude account, N335.3 billion; and the drawdown for budget augmentation, N150.8 billion. Internally-generated revenue increased by 8.4 per cent over the level in 2007, due to an improved revenue drive effort by the local councils. As a percentage of GDP, local governments' total revenue was 5.7 per cent, compared with 4.0 per cent in 2007, reflecting enhanced statutory allocations.

5.5.3 Expenditure

At N1,382.0 billion, the estimated total expenditure of local governments was 67.0 per cent higher than the level in 2007. A breakdown indicated that the share of recurrent expenditure stood at N819.4 billion, or 59.3 per cent, while capital expenditure amounted to N562.6 billion, or 40.7 per cent.



A breakdown of recurrent expenditure showed that personnel cost amounted to N341.4 billion, while overhead cost and consolidated fund charges and others amounted to N355.6 billion and N122.5 billion, respectively. At N562.6 billion, capital expenditure represented 2.3 per cent of GDP, and comprised administration, N72.8 billion; economic services, N252.8 billion; social and community services, N219.8 billion; and transfers, N17.2 billion.

5.6 THE CONSOLIDATED PUBLIC DEBT

The Consolidated Federal Government debt stock, as at 31st December, 2008, was N2,811.3 billion, or 11.7 per cent of GDP, compared with N2,597.7 billion, or 12.5 per cent of GDP in 2007. The increase in the stock of consolidated debt resulted from the issuance of new FGN Bonds for project finance and to meet some contractual obligations. Consequently, the stock of FGN Bonds grew from N1,186.1 billion in 2007 to N1,445.6 billion and accounted for 51.4 per cent of the total. At end-December 2008, external debt outstanding amounted to N491.0 billion (US\$3.7 billion) and constituted 17.5 per cent of the total. The stock of external public debt increased by 2.1 per cent, while the domestic component increased by 6.9 per cent above its level in 2007.

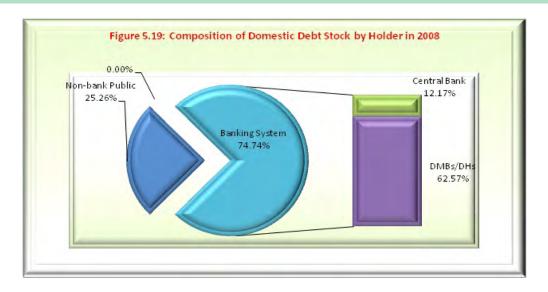


5.6.1 Domestic Debt

The domestic debt stock of the Federal Government outstanding at end-December 2008 stood at N2,320.3 billion, representing an increase of 6.9 per cent over the level in 2007. The increase was due mainly to the issuance of new series of FGN Bonds worth N495.6 billion in an effort to restructure the domestic debt, as well as finance project and the settlement of other government obligations. The banking system remained the dominant holder of total domestic debt outstanding with 74.7 per cent, while the non-bank public accounted for the balance of 25.3 per cent. A decomposition of the banking system's holdings indicated that N1,451.8 billion, or 83.7 per cent was held by the DMBs and DHs, and N282.3 billion, or 16.3 per cent, by CBN.

Table 5.4: Co	mposition, Ho	oldings and	d Maturity	Structure	e of
	ernment Dom				
	2004	2005	2006	2007	2008
Debt by Composition					
i Treasury Bills	871.5	854.8	695.0	574.9	471.9
ii Treasury Bonds	424.9	419.3	413.6	407.9	402.3
iii Development Stocks	1.3	1.0	0.7	0.6	0.5
iv FGN Bonds	72.6	250.8	477.2	1,007.7	1,370.6
v Special FGN Bonds	0.0	0.0	166.8	178.5	75.0
Class of Holder					
Banking System	1,072.5	1,134.6	1,218.4	1,703.6	1734.1
CBN	403.5	408.4	335.5	293.6	282.3
DMBs/DHs	669.1	726.2	882.9	1,410.0	1451.8
Non-Bank Public	297.8	391.3	534.9	466.0	586.2
Debt by Maturity					
2 Years and Below	938.6	983.7	897.1	709.8	952.0
2-5 Years	71.2	163.9	431.2	820.9	472.7
5-10 Years	184.5	107.0	194.0	252.9	406.1
Over 10 Years	176.0	271.2	231.0	386.0	489.5
Total Debt Outstanding	1,370.3	1,525.9	1,753.3	2,169.6	2320.3

Analysis of the maturity structure of the domestic debt showed that instruments of two (2) years and below accounted for N952.0 billion or 41.0 per cent, followed by instruments with a tenor of over ten (10) years, which accounted for 21.1 per cent, or N489.5 billion. Instruments with a tenor of two (2) to five (5) years accounted for 20.4 per cent, or N472.7 billion, while those between five (5) and ten (10) years accounted for N406.1 billion, or 17.5 per cent.



5.6.2 External Debt

At US\$3.7 billion, Nigeria's external debt outstanding grew by 2.1 per cent over the level at end-December 2007. The increase reflected the drawdown of additional Multilateral loans, amounting to US\$75.5 million, by the Federal Government. Of the total external debt outstanding, the share of Multilateral Institutions was US\$3.16 billion and accounted for 85.2 per cent, while 'Other' commercial debts totalled US\$0.55 billion and accounted for the balance of 14.8 per cent.

5.6.3 Debt Service Payments

Total debt service payments in 2008 stood at N336.2 billion and comprised N14.0 billion (or US\$0.11 billion) for external debt and N332.2 billion for domestic debt. The debt service payments/GDP ratio increased from 1.4 per cent in the preceding year to 1.6 per cent in 2008.

5.6.4 Debt Sustainability Analysis

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 as it improved from 12.5 per cent in 2007 to 11.6 per cent in 2008. Also, the debt stock/revenue ratio showed a stronger position in 2008 as 88.0 per cent of the total revenue could redeem the total debt stock, compared with 111.3 per cent in 2007. Furthermore, the debt service/revenue ratio improved from 13.9 per cent in 2007 to 10.5 per cent in 2008, implying that only about 10.5 per cent of the total revenue was devoted to interest and principal repayments. The improved sustainability ratios reflected the moderate growth of the economy and the impressive performance of the Federal Government-retained revenue relative to the preceding year.

Table 5.5: Debt Sustainability Indicators (Per cent)								
Indicators	International Thresholds	2004	2005	2006	2007	2008		
Total Debt/GDP	30	53.6	28.7	11.8	12.5	11.6		
Total External Debt/GDP	30	41.9	18.3	2.4	2.1	2.0		
Total Domestic Debt/GDP	40-60	11.7	10.4	9.4	10.4	9.6		
Total External Debt/Export	100	106.2	37.2	6.2	5.3	5.0		
Total Debt Service/Revenue	20-25 (Max.=25)	33.2	18.8	23.3	13.9	10.5		
Total Debt/Revenue	150	470.2	240.1	113.8	111.3	88.0		



CHAPTER 6

THE REAL SECTOR

The growth in domestic output was satisfactory in 2008 against the backdrop of the global financial/economic meltdown that adversely affected economic performance in developed and emerging markets and developing countries. The real Gross Domestic Product (GDP), measured in 1990 basic prices, grew by 6.4 per cent, compared with 6.5 per cent in 2007. Growth in 2008 was attributed mainly to sound monetary and fiscal policies, as well as favourable weather conditions which enhanced agricultural output. Sectoral analysis showed that agricultural output grew by 6.5 per cent, wholesale and retail trade by 14.0 per cent and the services sector by 10.5 per cent. Industrial output fell by 2.2 per cent due to the poor performance of the oil sector. Output of solid minerals as well as manufacturing and electricity consumption also increased. A single digit inflation rate was sustained within the range of 7.8 and 9.7 per cent during January to May. Thereafter, inflationary pressure increased steadily during the rest of the year and peaked at 15.1 percent in December. A further improvement in economic performance was constrained by poor infrastructure, the persistent militancy in the oil-rich Niger Delta, as well as the inclement weather conditions experienced in some food-producing areas of the country.

6.1 DOMESTIC OUTPUT

Provisional data from the National Bureau of Statistics (NBS) showed that the Gross Domestic Product (GDP), measured at 1990 constant basic prices, stood at N674.9 billion in 2008 indicating a growth rate of 6.4 per cent. This was almost the same as the 6.5 per cent recorded in 2007 and the average annual projected growth rate for the period 2004 2008. Agriculture accounted for almost half of the GDP growth rate, contributing about 2.8 percentage points, followed by wholesale and retail trade with 2.3 percentage points; services, 1.7 percentage points; and building and construction 0.2 percentage point. Industry as a group, however, made a negative contribution of 0.5 percentage point. Growth in 2008 was attributed largely to sound monetary and fiscal policies as well as the favourable weather conditions which boosted agricultural output, notwithstanding the inclement weather conditions experienced in some food-processing areas. The banking sector consolidation, which improved availability of credit to the private sector and relative stability in the goods and foreign exchange markets also contributed to the improved economic performance. Stability in prices and a steady supply of petroleum products were also supportive of growth. The 6.4 per cent growth in GDP was, however, lower than the target growth rate of 10.0 per cent.

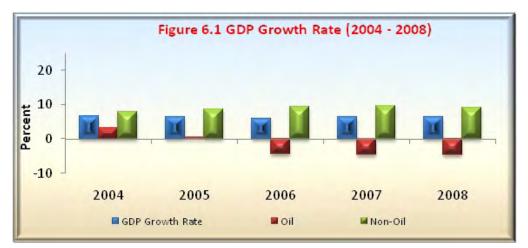


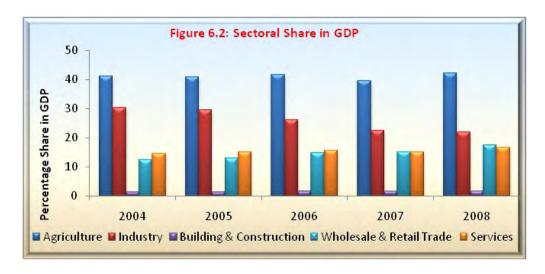
Table 6.1: Sectoral Growth Rates of GDP at 1990 Constant Basic Prices (Per cent)							
Activity Sector	2004	2005	2006	2007 1/	2008 2/		
1. Agriculture	6.50	7.06	7.40	7.19	6.54		
Crop Production	6.50	7.13	7.49	7.25	6.52		
Livestock	6.50	6.76	6.90	6.93	6.89		
Forestry	6.50	5.92	6.02	6.12	5.97		
Fishing	6.50	6.02	6.55	6.58	6.52		
2. Industry	4.15	1.71	-2.51	-2.23	-2.18		
Crude Petroleum	3.30	0.50	-4.51	-4.54	-4.76		
Solid Minerals	10.85	9.53	10.28	12.75	12.81		
Manufacturing	10.00	9.61	9.39	9.57	9.28		
3. Building & Construction	10.00	12.10	12.99	13.03	13.06		
4. Wholesale & Retail Trade	9.70	13.51	15.26	15.20	14.00		
5. Services	8.83	7.96	9.18	9.88	10.45		
Transport	5.90	6.35	6.92	6.95	6.99		
Communications	27.77	28.38	32.45	32.85	29.65		
Utilities	10.85	6.64	4.87	4.93	4.17		
Hotel & Restaurant	10.85	10.45	12.91	12.95	12.89		
Finance & Insurance	2.73	2.85	4.98	5.03	4.82		
Real Estate & Business Services	10.85	10.62	11.29	11.35	11.42		
Producers of Go vt. Services	10.85	5.38	5.85	5.92	6.01		
Comm., Social & Pers. Services	10.85	10.50	10.61	10.62	22.25		
TOTAL (GDP) NON-OIL (GDP)	6.58 7.76	6.51 8.59	6.03 9.41	6.45 9.52	6.41 9.13		

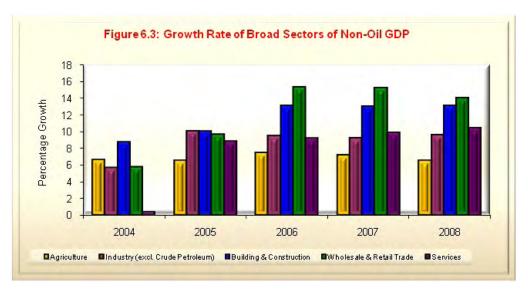
1/ Revised 2/ Provisional Source: National Bureau of Statistics (NBS)

Table 6.2: Sectoral Contribution to Growth Rates of GDP at 1990 Constant Basic Prices (Percentage Points)							
Activity Sector	2004	2005	2006	2007 1/	2008 2/		
1. Agriculture	2.67	2.89	3.05	3.00	2.75		
Crop Production	2.37	2.60	2.75	2.70	2.44		
2. Industry	1.26	0.51	-0.71	-0.58	-0.52		
Crude Petroleum	0.88	0.13	-1.09	-0.99	-0.93		
3. Building & Construction	0.14	0.17	0.20	0.21	0.22		
4. Wholesale & Retail Trade	1.22	1.74	2.10	2.27	2.27		
5. Services	1.30	1.19	1.40	1.55	1.69		
Communication	0.29	0.36	0.50	0.63	0.71		
TOTAL (GDP)	6.58	6.51	6.03	6.45	6.41		
NON-OIL (GDP)	5.70	6.80	8.09	8.96	9.40		

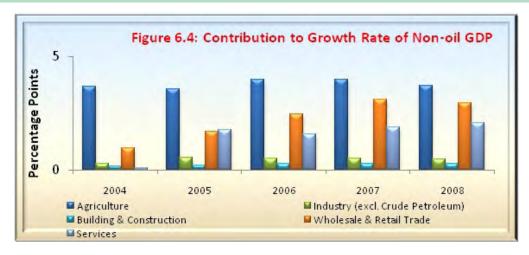
1/ Revised 2/ Provisional Source: National Bureau of Statistics (NBS)

Non-oil GDP grew by 9.1 per cent in 2008, compared with 9.5 per cent in 2007. The performance was driven largely by the agricultural sector, which grew by 6.5 per cent, underpinned by the robust growth in all its components. Other drivers of growth in non-oil GDP included wholesale and retail trade, building and construction, and services, which recorded growth rates of 14.0, 13.1 and 10.5 per cent, respectively. In the services sector, communications recorded the highest growth rate of 34.0 per cent, buoyed by the sustained liberalisation and expansion of telecommunication services. Other components of the services sector recorded impressive growth rates as well. In contrast, industrial output fell by 2.2 per cent, attributable mainly to the 4.8 per cent drop in crude oil production, even as the solid minerals, and manufacturing sub-sectors grew by 12.9 and 9.3 per cent, respectively.





A further sectoral analysis indicated that the agricultural sub-sector contributed the largest share of 42.1 per cent to the real GDP in 2008, compared with 42.0 per cent in 2007. The share of industry and crude oil in the GDP declined from 23.9 and 19.6 per cent in 2007, respectively, to 22.0 and 17.5 per cent in 2008. The contributions of solid minerals and manufacturing components of industry remained insignificant. Services as a group contributed 16.8 per cent to the GDP, of which finance and insurance, utilities, communications and transport accounted for 3.8, 3.4, 3.0 and 2.7 percentage points, respectively.



Provisional data showed that the real domestic demand at 1990 purchasers' price (GDP by expenditure approach) grew by 7.9 per cent and stood at N774.2 billion in 2008, compared with N717.5 billion in 2007. Private consumption and government final consumption expenditures in 2008 were N416.3 billion and N181.5 billion, respectively, compared with N485.5 billion and N142.9 billion in the preceding year. This indicated a fall in real private consumption expenditure by 14.3 per cent and an increase in real government consumption expenditure by 27.0 per cent. Real investment (gross fixed capital formation) and net exports in real terms grew by 97.9 and 108.5 per cent, respectively. The increase in government consumption was attributed mainly to the monetization of the excess crude oil 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.



6.2 AGRICULTURE

6.2.1 Agricultural Policy and Institutional Support

Nigeria's agricultural policy in 2008 was anchored on food import substitution, aimed at reducing the country's dependence on the importation of basic food items, such as wheat, rice, sugar, etc, by producing them locally; and the promotion of national food security. It was also aimed at providing gainful employment for the masses and stemming rural-urban migration; promoting modern farm practices through commercial agriculture; and supporting natural resource conservation in order to stem declining soil fertility and indiscriminate destruction of vegetation.

These objectives and the global food crisis that peaked in 2008 informed government's interventions/initiatives in the sector in the following areas:

- e Establishment of the Commercial Agricultural Development Project (CADP) by the Federal Government in partnership with the World Bank. The Project aimed at strengthening agricultural production systems for targeted value chains and facilitating access to markets in five states, namely; Cross River, Enugu, Kaduna, Kano and Lagos. The project was estimated to cost US\$185 million with the World Bank providing US\$150 million, while the Federal and the participating state governments would provide the balance of US\$35 million;
- Release of 64,984.76 tonnes of assorted grains from the Strategic Grains Reserves to states, Federal government agencies and other interest groups to mitigate the effects of rising food prices;
- Renewed effort at completing the construction of 25 new silos to expand the national food reserve capacity from 300,000 to 625,000 tonnes;
- Suspension of import and rice levies between March and October 2008;
- Establishment of a N10.0 billion Rice Processing Facility (RPF) under a concessionary interest and tenor arrangement;
- Distribution of a total of 650,000 tonnes of various types of fertilizer to the 36 states and FCT as against 150,000 tonnes in 2007;
- Rehabilitation of irrigation infrastructure covering 14,548 hectares and expansion of existing irrigation schemes covering 25,000 hectares; and
- Commencement of the implementation of the Guaranteed Minimum Price (GMP) and Buyers of Last Resort (BLR) schemes.

BOX 4: THE CURRENT FOOD CRISIS AND ITS IMPLICATIONS FOR NIGERIA

Food is the most basic need of man. Its adequacy, affordability and security have been the pursuit of every human community over the centuries. This is why the recent phenomenal rise in food prices has been of concern to all peoples and governments across the world. In the first three months of 2008, international nominal prices of major food commodities reached their peak in nearly 50 years and, in real terms, in about 30 years. This has caused severe hardship for an estimated 800 million people world-wide who are already affected by chronic hunger (FAO, 2008). Their ranks would be swelled by the many more millions who are now finding it increasingly difficult to access enough food to guarantee a healthy life.

As a consequence of the food price crisis, there have been widespread social unrest and food riots, particularly in developing countries. Between 2007 and April, 2008, food price-related protests were recorded in 25 countries (IFPRI, 2009). The protests led to fatalities in several countries, such as Côte d' Ivoire and Haiti. The economic impact of the crisis pose a serious threat to both macroeconomic stability and overall growth. As the food crisis peaked at a time when energy prices were very high, many countries were faced with a combination of three risk factors, namely, high levels of chronic hunger, high dependence on imports of major grains, and the importation of petroleum products at cut-throat prices. A total of 22 developing countries across Africa, Asia, Latin

America and Eastern Europe are within this category and are considered very vulnerable to economic dislocation.

The identified causes of the crisis include the diversion of a substantial proportion of grains to produce bio-fuel in order to counter the effects of the phenomenal increase in the price of petroleum products, as well as global warming with the attendant climatic changes that resulted in floods and drought. Others were increasing populations and the attendant food demand from emerging economies, particularly China and India, as well as the depletion of strategic food reserves in many countries.

In Nigeria, the surge in the prices of food and other essential commodities has been alarming. For example, the price of a 50 kg bag of the premium brand of imported rice (caprice gold) which stood at about N7,500 in December 2007 has risen astronomically to N14, 000 by March 2008, representing a 87 per cent price increase. Similarly, the prices of palm oil, maize, guinea corn, beans and garri rose by 36, 28, 16, 12 and 8 per cent, respectively, over the same period.

There are both remote and immediate causes of the current food price increases in Nigeria. First is the weak production structure in the agricultural sector. The farm landscape is dominated by smallholder farmers who still utilize crude implements and operate traditional, inefficient production methods. The level of tractor use is still very low with the entire country having only about 30, 000 tractors, half of which are not functional. This compares unfavourably with India (also an emerging economy), where the state of Punjab alone can boast of 450,000 functional tractors. Also, the average global rate of NPK fertilizer application is 93 kg per hectare, while that of Nigeria is a mere 13 kg per hectare. Storage and processing facilities are grossly inadequate and inefficient, reflecting the high level of post-harvest losses, estimated at about 50 per cent for fruits and vegetables, and 30 per cent for root crops and tubers.

Second is the dearth of support infrastructure, notably an inefficient transportation system and the high cost of energy, both of which constrain the movement of farm produce from rural to urban centres. The railway system has virtually been grounded in the last two decades, thereby making the bulk movement of foodstuff from production centres to the markets impossible. The cost of diesel to power trucks that convey food stuffs across the country has been soaring and sold above N160 per litre in 2008.

Third, there is the inflation pass-through of international food prices. The dominance of imported food items in the menu of most urban families meant the easy and smooth transmission to the domestic economy of not only the global price changes of the commodities, but also the significant increases in freight charges. In this manner, the increases in the import prices of commodities have been transmitted to the domestic market.

Fourth is the poor weather condition experienced in 2007, particularly in the Northern States. Widespread incidents of drought were reported in most grain producing areas such as Jigawa, Yobe, Sokoto, Katsina, Kebbi, Gombe, Kano and Borno States. In the North Central States, the rains stopped earlier than usual and these impacted negatively on food production.

The current global food shortage and soaring prices, have serious implications for Nigeria. Specifically, the crises may result in a further increase in food import bills, widening current account deficits, rising inflation and worsening poverty. About US\$3.0 billion and US\$3.99billion, representing about 8 per cent and 8.1 per cent of total foreign exchange disbursement on imports were

utilized on food importation in 2007 and 2008, respectively. This amount is quite significant, particularly against the backdrop of the huge agricultural potential of the country. Most of the food items being imported can be grown abundantly and processed within the domestic environment.

Closely related to the issue of a rising import bill is the fact that the crisis can engender a narrowing of current account surplus. This in turn could impact negatively on other macroeconomic variables, such as the exchange rate and, ultimately, the reserve position. This scenario has become more probable now with the current downturn in the price of crude oil in the international market.

Nigeria currently ranks 20th on the Global Hunger Index and, with about 65 per cent of the population confronted with food insecurity, the subsisting global food crises could further worsen an already bad situation. Given that the poor are more vulnerable in the face of this kind of challenge, there exists the risk of deteriorating poverty if drastic measures are not taken. Overall, the current global food crisis is a threat to the attainment of the objectives of Nigeria's major economic programmes, such as the Sevenpoint Agenda, the Vision 2020, and the attainment of the MDGs. The actual outcome, however, would depend on commitments to measures being put in place to mitigate the effects of the crisis.

As negative as the potential and real impact of the crisis might be, it presents an opportunity for putting the agricultural sector back in the driver's seat of the macroeconomic development framework. Theoretically, high food prices should stimulate a supply-side response as market signals would be transmitted to farmers. However, only those that have the capacity to increase production and have supportive transport, market and processing infrastructure would be able to respond to the market signals. Thus, the onus is now on governments at all levels to rise to the challenge of creating a conducive policy environment for farmers.

At the peak of the crisis, the Federal Government of Nigeria took some remedial measures to mitigate its impact. It released an initial tranche of 42,610 tonnes of grains (sorghum, maize and millet) and garri from the National Strategic Grains Reserves (NSGR) to states. The balance of 11,000 tonnes was later released. The grains were distributed to the public at subsidized prices. Government also suspended the 50 per cent levy imposed on imported rice in 2006. In the same vein, import duty on the importation of rice into the country was waived for a period of six months, beginning April 2008. Furthermore, a Rice Processing Credit Facility of N10 billion was established from which rice processors could borrow to purchase equipment. The fund was made available at a concessionary interest rate of 4 per cent, with a moratorium and a tenor of 5 and 25 years, respectively. The facility was meant to expand rice processing capacity in the country.

Beyond these remedial actions, the FG has embarked on long-term measures to address food shortage in the country in a holistic manner. The National Food Security Programme is being strengthened. The goals are, in the short term, to significantly improve agricultural productivity; in the medium term, to expand and improve large-scale production, improve the existing storage/processing capacity, as well as other required infrastructure to achieve food stability; and, in the long term, earn over 50 per cent of the nation's foreign exchange from agricultural exports. To this end, some commodities have been identified for priority attention. These are cassava, rice, millet, wheat, sugar, tomato, cotton, cocoa, palm oil and rubber in the crop sub-sector; poultry, goat, sheep and cattle in the livestock sub-sector; and fisheries.

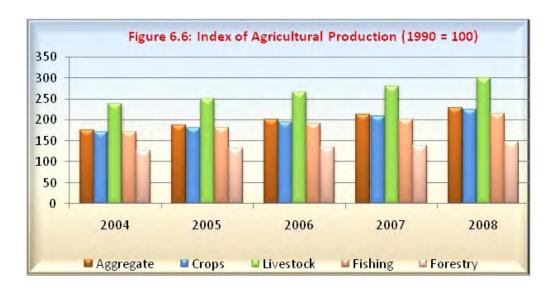
Also, in a bid to fast-track the transformation of the agricultural sector, the Federal Government in collaboration with the World Bank, has established the Commercial Agriculture

Development Programme (CADP). The Programme, which has five states (Cross River, Enugu, Kaduna, Kano and Lagos) participating in the first phase, aims at strengthening agricultural production systems for targeted value chains and facilitate access to markets. The project is estimated to cost US\$185 million, with the World Bank providing US\$150 million, while the Federal and the participating state governments would provide the balance of US\$35 million.

As the country marches on in pursuit of economic growth through the implementation of various programmes, national food security should remain a focal point. Moreover, some current global economic developments, particularly the determined quest to seek for alternatives to oil, make it imperative for Nigeria to, once more, return to agriculture as the anchor sector for development. It is in this spirit that no stone should be left unturned to seize the golden opportunity offered by the current global food crisis to realize the full potential of Nigeria's agricultural sector.

6.2.2 Agricultural Production

At 227.9 (1990=100), the provisional aggregate index of agricultural production increased by 7.1 per cent, compared with 6.4 per cent in 2007. However, the growth was below the national sectoral target of 8.0 per cent. The increase in agricultural production was propelled largely by the sustained implementation of the various agricultural initiatives under the National Programme for Food Security (NPFS). Such initiatives included a significant increase in the quantity of assorted fertilizers distributed nationwide, the rehabilitation and expansion of existing irrigation schemes, as well as the retention of the policy of zero tariffs on imported agrochemicals.



6.2.2.1 Crop Production

The output of staples grew by 7.4 per cent, compared with 6.7 per cent in 2007. All the major staple crops recorded increased output over the levels in the preceding year. Similarly, the output of cash crops increased by 5.7 per cent, compared with the level in the preceding year.

Table 6.3: Growth in Major Crop Production (Per cent)							
Crop	2007	2008	Crop	2007	2008		
Wheat	6.6	6.3	Plantain	6.6	6.0		
Sorghum	5.9	6.0	Potatoes	7.3	6.4		
Rice	7.7	7.3	Yam	5.4	5.9		
Maize	7.1	7.0	Beans	7.0	7.2		
Millet	6.3	6.6	Cassava	7.4	9.1		
Soya Beans	5.7	5.7	Palm Oil	11.4	9.0		
Rubber	6.8	6.4	Cocoa	5.5	5.6		

The crop sub-sector sustained its impressive performance, despite adverse weather conditions in some parts of the country. This was due largely to the primary attention it received in the quest for food security in the country. A major impetus was the identification and targeted intervention on 13 strategic crops by the Federal Government. Cassava output grew by 9.1 per cent due to increased use of improved cassava cuttings and an expansion of processing facilities across the country. However, the shrinking export market and the partially successful attempt at diversifying the domestic use of cassava by-products constrained further growth.

Paddy rice production increased by 7.3 per cent in 2008 due to the increased adoption of the high-yielding NERICA rice variety and the adoption of the Rice Box technology by farmers. It was, however, slightly lower than the 7.7 per cent achieved in 2007. Further growth in rice output was stymied by the slow response of processing activities to improvements in production.

6.2.2.2 Livestock

Livestock production increased by 6.6 per cent in 2008, compared with 5.8 per cent in the preceding year. This was made possible by the effective measures taken to control livestock diseases, notably the deadly Avian Flu. Further analysis of the sub-sector showed that beef production increased by 8.4 per cent, from 5.2 per cent in 2007. This was the outcome of the support provided to expand the livestock value chain to incorporate modern production, including the establishment of modern abattoirs and sanitary sales outlets across the country.

6.2.2.3 Fishery

Fish output increased by 6.6 per cent above its level in 2007 to 668,750 tonnes in 2008. The production of fish through aquaculture increased from 76,300 tonnes to 84,500 tonnes, representing a growth rate of 10.8 per cent. However, the level of total domestic fish production was much lower than the national demand estimated at 1.5 million tonnes.

6.2.2.4 Forestry

Forestry production increased slightly by 2.2 per cent to 148.7 million cubic metres in 2008. The increase was attributed to the increased demand for wood products and the depletion of existing resources. In order to sustain wood production, the Forestry Research Institute of Nigeria (FRIN) intensified the supply of improved breeder seedlings to replace the harvested tree stocks.

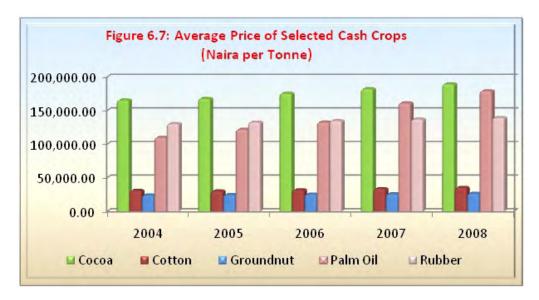
Although the agricultural sector received much attention in 2008, particularly in the wake of the global food crisis, some challenges remained. These included inadequate and untimely distribution of

fertilizers, dearth of processing and storage facilities, poor rural road networks, an inefficient transportation system and poor access to credit.

6.2.3 Agricultural Prices

The prices of most of Nigeria's agricultural export commodities were higher in 2008 than in the previous year. The overall index, computed in US dollar terms, stood at 514.8 (1990=100), representing an increase of 31.0 per cent over the level in 2007. Soya beans recorded the highest price increase of 63.9 per cent due to the significant decline in global output. The total world production in the crop year 2007/08¹ was 235.9 million tones, compared with 220.6 million tonnes in 2006/07. Cocoa price increased by 26.2 per cent over the 2007 level, due largely to a relatively strong demand and currency fluctuations². Copra and soya beans also recorded price increases of 41.2 and 63.9 per cent, respectively. However, the price of cotton declined by 18.1 per cent. In naira terms, the all-commodities price index increased by 26.0 per cent to 7,198.5 (1990=100) in 2008. Soya beans, palm oil, copra and cocoa recorded price increases of 54.4, 44.7, 23.1 and 18.9 per cent, respectively, while cotton and coffee prices declined by 22.8 and 3.5 per cent, respectively.

Available data indicated that the domestic prices of most commodities recorded increases in 2008, ranging from 1.7 per cent for rubber to 18.8 per cent for palm kernel. However, the prices of soya beans and cashew nuts remained the same as in 2007. The increase in prices was attributed to the high cost of farm inputs and increased demand for produce from agro-processors, industrial users and the neighbouring



6.3 INDUSTRY

6.3.1 Industrial Policy and Institutional Support

Policy initiatives in 2008 were aimed at consolidating some gains made under the National Economic Empowerment and Development Strategy (NEEDS). These included the promotion of the private sector as the pivot in the industrialisation process, through public-private partnership and support for the development of the small and medium enterprises sub-sector. Thus, in furtherance of the LOKAP

¹Food and Agricultural Organisation (FAO)

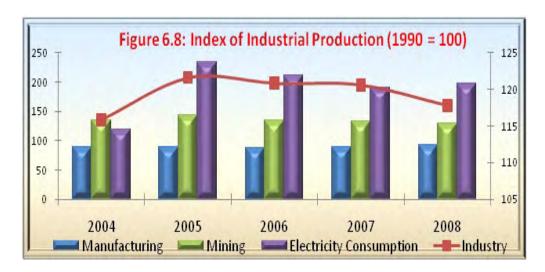
² International Cocoa Organisation (ICCO)

(Lagos, Kano, Aba and Port Harcourt) Industrial Action Plan, the Ministry of Commerce and Industry launched the Industrial Clusters Programme during the year. The Programme would be established in all states and local governments in a bid to promote small and medium enterprises and increase their contribution to the GDP and non-oil export.

In order to remove the major obstacle to private sector investment in the power sector, the Nigeria Electricity Regulation Commission developed the multi-year tariff regime that would govern electricity pricing in the country. Also, in a bid to cushion the effects of the rising price of cement, while not discouraging local production, government introduced the policy of controlled import liberalization, particularly of bagged cement.

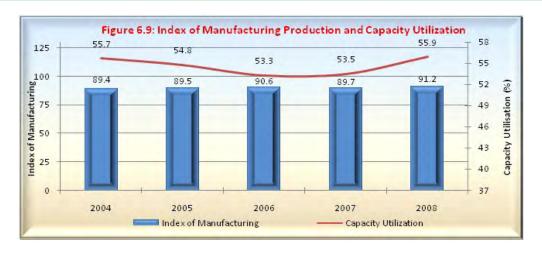
6.3.2 Industrial Production

The index of industrial production, estimated at 117.8 (1990 = 100), fell by 1.30 per cent below the level in 2007. This development was attributable largely to the 2.3 per cent decline in mining output. Conversely, manufacturing production and electricity consumption increased by 2.3 and 4.5 per cent, respectively.



6.3.2.1 Manufacturing

The index of manufacturing production, estimated at 91.2 (1990=100) increased by 2.3 per cent above the level in 2007, while the average capacity utilisation rate in the sub-sector also increased slightly from 53.5 per cent in 2007 to 53.9 per cent. The marginal improvement in capacity utilisation was attributed to improved performance in the cement industry. A further improvement in manufacturing performance was constrained by several factors, including the massive importation of finished goods, which engendered unfair competition and resulted in the closure of several local manufacturing plants. Other problems were the smuggling and dumping of prohibited goods, the proliferation of fake and substandard products, multiple taxes and levies, poor administration/management of the ports leading to congestion, and inadequate financial support for the manufacturing sector, among others. In addition, the delay in the passage of the 2008 Appropriation Bill by the National Assembly affected the business and investment plans of manufacturers. Other constraints included poor infrastructure particularly epileptic power supply and the phenomenal increase in the pump price of diesel which is used extensively in private power generation and manufacturing production.



6.3.2.2 Mining

6.3.2.2.1 Crude Oil

a. Institutional and Regulatory Support

The Federal Ministry of Energy was set up to oversee the gas, petroleum and power sub-sectors. It was initially headed by the President of the Federal Republic of Nigeria. The new Ministry was established to address the inadequacies of the existing structure and to ensure the provision of adequate energy for the country. The Ministry has three arms: the Ministry of Energy (Power), the Ministry of Energy (Gas), and the Ministry of Energy (Petroleum). Each of these was headed by a Minister of State. Towards the tail end of 2008, a Minister of Petroleum, to whom Mr President ceded the headship of the Ministry, was appointed.

A National Oil and Gas Policy was introduced during the year, with the aim of restructuring and repositioning the oil and gas industry to face current domestic and global challenges. Specifically, the policy aimed, inter alia, at clearly separating the roles of the various agencies operating in the industry and orientating the industry towards strict commercial lines for maximum economic benefits to the country. It was also intended to eliminate systemic leakages and rent-seeking, as well as minimize political interference.

As part of the focus of the Local Content Initiative, a Nigerian Content Support Fund was set up with the sum of US\$350 million, aimed at supporting local companies operating in the oil and gas industry. In addition, the enabling law for establishing a National Data Repository was enacted. The National Data Repository is aimed at effectively harnessing and utilizing oil and gas industry data from different sources. Following the completed feasibility study for the production of bio-ethanol from sugarcane and cassava, a presidential approval was granted for a Bio-Fuel Policy with three sugar cane and two cassava sites identified in Taraba, Jigawa, Ondo, Anambra and Benue states.

b. Crude Oil Production and Prices

i. Production

Nigeria's aggregate crude oil production, including condensates and natural gas liquids, averaged 1.98 million barrels per day (mbd) or 700.8 million barrels in 2008, compared with 2.2 mbd or 784.8 million barrels in 2007, representing a decrease of 10.7 per cent. The decrease in oil output was due to several

production shutdowns by various oil companies, including Shell Petroleum Development Company (SPDC), Exxon Mobil, Nigerian Agip Oil Company (NAOC) and Chevron, following persistent militant disturbances and the destruction of oil-producing facilities in the Niger Delta area. There was a declaration of force majeures on export programmes by the SPDC. As part of the effort to increase production, a total of 162 concession licences for oil exploration and production were awarded to different companies during the year, while 24 marginal fields were awarded to 31 indigenous companies. A total of 37 drilling rigs were in full operation during the period under review, indicating a 15.6 per cent increase from the preceding year.

Aggregate export of crude oil averaged 1.5 mbd or 536.6 million barrels in 2008, compared with 1.7mbd or 620.5 million barrels in 2007, while provision for domestic refining remained at 0.445 mbd or 162.4 million barrels.

ii. Prices

The average spot price of Nigeria's reference crude, the Bonny Light (370 API), stood at \$101.15 per barrel, compared with US\$74.96 per barrel in 2007, representing a 34.9 per cent increase. The average price of the Forcados also rose by 26.4 per cent to US\$101.52. However, in the last quarter of the year, prices crashed, averaging US\$57.99 per barrel.



iii. Refinery Utilization

The total amount of domestic production carried out by the refineries was 5,544,446.67 metric tones (mt) in 2008, up from 195,262.63 mt in the previous year. The increase in the activities of domestic refineries was attributed to the rehabilitation and maintenance works on oil-processing facilities and pipelines. Specifically, the Warri Refinery and Petrochemical Company and the Kaduna Refinery and Petrochemical Company, which had been idle since February 2006, resumed operations in the review period.

6.3.2.2.2 Gas

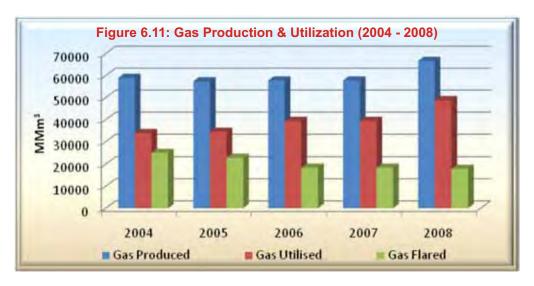
a. Institutional and Regulatory Support

The Nigerian Gas Master Plan, launched in the last quarter of 2007, came into effect in 2008. The plan initiative was in response to the sudden boom in gas demand in Nigeria and the consequent shift from demand to supply constraints. The main objectives of the master plan included the following:

- (a) Maximizing the multiplier effect of gas in the domestic economy, through the facilitation of gas utilization in the domestic economy and stimulation of ba road gas-based industrialization;
- (b) Optimizing Nigeria's share and competitiveness in high value export markets, through selective participation in high value markets and strategic positioning for growth; and
- (c) Assuring the long-term energy (gas) security for Nigeria by balancing trans-generational needs managed exploitation.

b. Gas Production

A total volume of 66,640.8 million cubic meters (MMm3) of natural gas was produced in 2008, up from 65,936.5 MMm3 in 2007, showing an increase of 1.1 per cent. This was attributed to a gas demand boom driven by rising oil prices, power sector reforms in Nigeria and improved investor confidence in the country. Out of the quantity produced, 26.8 per cent was flared, while the balance of 73.2 per cent was utilized. About 29.4 per cent was sold to industries, such as the Power Holding Company of Nigeria (PHCN), cement and steel companies as against 24.7 per cent in 2007, while 11.3 per cent was sold to the Nigeria Liquefied Natural Gas (NLNG). Gas converted to natural gas liquids and gas lift accounted for 2.8 and 2.1 per cent, respectively, while the oil-producing companies used 4.8 per cent as fuel gas.



6.3.2.2.3 Solid Minerals

a. Institutional Support for the Sector

The Federal Government, in its determination to boost the solid minerals sector and maximize the benefits from its massive revenue potential, continuously implemented relevant policies aimed at reforming the sector, including the following:

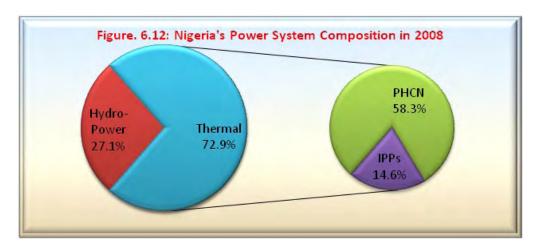
- The development of a National Minerals, Metals Policy;
- The enactment of the Nigerian Minerals and Mining Act, 2007, with guaranteed security of tenure and attractive fiscal incentives, such as tax holidays and import duty waivers, for prospectors;
- The establishment of the Nigerian Geological Survey Agency for the generation of quality geosciences data;
- The privatization of moribund public mining institutions, mineral promotion, and human resources development; and
- The development of skills for indigenous mining companies, through technical support services and funding, as well as enhanced support for artisanal and small-scale miners who constitute over 90 per cent of local operators in the mining industry.

b. Solid Minerals Production

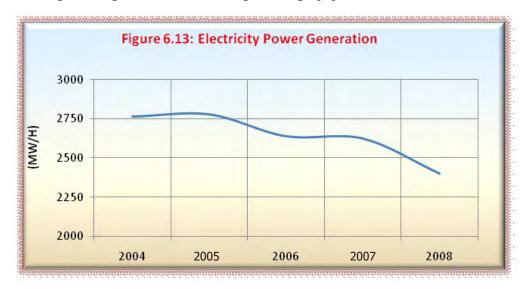
Solid minerals production increased in 2008, relative to the preceding year. Provisional data showed that aggregate output increased from 35.6 million tonnes in 2007 to 40.2 million tonnes. The development was accounted for by the substantial increase in the production of all the principal minerals, especially stone aggregates, limestone, sand, marble aggregates, gold and lead/zinc. The production of stone aggregates was 3.6 million tonnes as against 2.9 million tonnes in 2007. The production of limestone, sand, marble aggregates, lead/zinc and gold increased by 19.2, 13.8, 12.6, 10.7 and 11.1 per cent, respectively. The production of barite, cassiterite, iron ore, shale, columbite, clay and laterite also increased in 2008. The commencement of gold mining by a Chinese company in Osun State, with an investment of N1.0 billion (US\$7.7 million), added to the growth in gold production. A further improvement in output in the sector was constrained by paucity of funds, flooding of mining sites, and equipment obsolescence.

6.3.3 Electricity Generation

The total installed electricity generation capacity stood at 7,011.6 MW in 2008, the same level as in 2007. The composition of the electric power system remained as follows: 1,900.0 MW of hydro-power (27.1 per cent) and 5,111.6 MW of thermal power (72.9 per cent). The Power Holding Company of Nigeria (PHCN) accounted for 85.3 per cent of the total electricity generation, while the IPPs accounted for the remaining 14.7 per cent. The performance of the power generating plants indicated a decline of 2.4 percentage points in capacity utilisation, as average capacity utilisation fell from 37.4 per cent in 2007 to 35.0 per cent in 2008.



At 2,403.2 mega-watts per hour (Mw/h), total electricity generation fell by 8.38 per cent below the 2,623.1 mega watt per hour (MW/H) in 2007. The decline was attributed to aggravated gas supply disruptions to the generating stations and obsolete generating equipment.



6.3.4 Energy Consumption

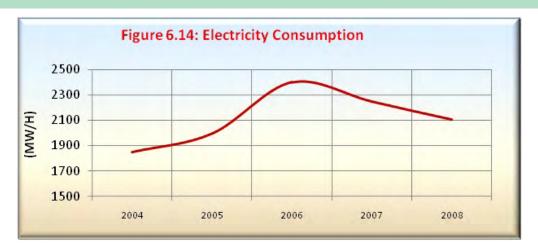
At 169.9 (1990=100), the index of energy consumption increased by 0.4 per cent in 2008, compared with a decline of 0.5 per cent in 2007. In absolute terms, total energy consumed stood at 17.2 million tonnes of coal equivalent (tce) in 2008, compared with 16.2 million tce in 2007, representing an increase of 5.9 per cent. The increase in aggregate consumption was attributable to an increase in the consumption of petroleum products, which contributed 65.7 per cent of the total energy consumed. Hydro power and natural gas consumption also increased, with contributions of 19.0 and 15.2 per cent, respectively.

6.3.4.1 Petroleum Products Consumption

Aggregate petroleum products consumed in 2008 stood at 8.9 million tonnes, a 13.2 per cent increase from the 7.9 million tonnes consumed in the preceding year. The consumption of Premium Motor Spirit (PMS) increased by 19.9 per cent, while the consumption of Automotive Gas Oil (AGO) and Household Kerosene declined by 6.2 and 9.3 per cent, respectively. Consumption of Liquefied Petroleum Gas declined slightly by 0.2 per cent, while that of other products (wax, grease, etc) increased. The increase in the consumption of PMS was attributable to the phenomenal increase in the number of automobiles and the increase in the use of power-generating sets by households and businesses, due to poor power supply by the PHCN in 2008.

6.3.4.2 Electricity Consumption

At 2,108.0 mega-watts per hour (Mw/h), total electricity consumption fell by 6.1 per cent from the 2,245.5 mega watt per hour (MW/H) in 2007. The decline in consumption was attributed to low generation and the deterioration in transmission and distribution infrastructure. The gap between electricity generated and consumed showed a 12.9 per cent loss of generated electricity, compared with 14.4 per cent in 2007. The loss could be attributed to the poor and old distribution facilities and power theft, through illegal connections. Residential consumption accounted for 55.3 per cent of the total electricity consumption, while commercial and street-lighting, and industrial consumption accounted for 24.7 and 20.0 per cent of the total, respectively.



6.3.4.3 Hydropower Consumption

At 3,998,808.05 tce, hydropower consumption in 2008 increased by 2.8 per cent, compared with the level in 2007. The improved performance of the hydropower consumption was attributable to the improved performance of the Kainji and Jebba hydropower plants which generated 2,707,020.00 and 2,794,979.00 megawatt hour, respectively, compared with 2,366,716.48 and 2,171,747 mwh in 2007, representing an increase of 14.3 and 28.7 per cent, respectively. The refurbishment of Kainji and Jebba power plants was responsible for the improved performance. Output from the Shiroro plant, however, declined by 14.1 per cent.

6.3.4.4. Coal Consumption

Estimated aggregate coal consumption remained at the 2007 level of 8,050.7 tce. The stagnation in coal consumption reflected the shift to more environmentally-friendly sources of energy.

6.3.4.5 Natural Gas Consumption

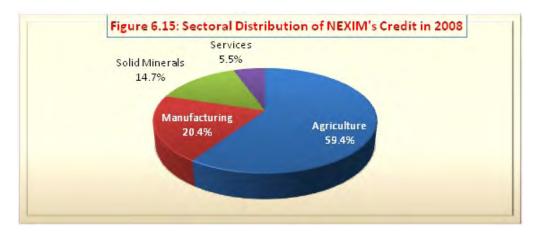
At 2.62 million tce, natural gas consumption in 2008 increased by 20.7 per cent above the level in 2007. The increase was attributable to the reduction in gas flaring, resulting from investments by oil companies towards eliminating gas flaring altogether by end-December 2008. The Federal Government's new gas pricing policy and regulation also aided the increase in gas utilization by making more gas available to the domestic market. In addition, the implementation of the sixth train of the Nigeria Liquefied Natural Gas (NLNG) plant boosted gas utilization.

6.3.5. Industrial Financing

6.3.5.1 Nigeria Export-Import Bank (NEXIM)

The Nigeria Export-Import Bank (NEXIM) disbursed a total of N1,704.3 million under its main facilities in 2008, representing a 68.8 per cent decline from the amount disbursed in 2007. Of the total amount, the sum of N771.2 million was disbursed under direct lending for export facilities for various products in manufacturing, agriculture, solid minerals and the services sub-sectors. The sums of N840.0 million and N93.1 million were disbursed under the stocking facility, and rediscounting and refinancing facility, respectively.

A sectoral breakdown of the disbursement showed that agriculture received 59.4 per cent of the total, followed by the manufacturing sub-sector with 20.4 per cent, solid minerals 14.7 per cent, and the services sector 5.5 per cent.



6.4 TRANSPORTATION AND COMMUNICATIONS

6.4.1 Airline Services

6.4.1.1 Policy and Operational Environment

The reforms in the aviation industry continued in 2008. In that regard, all airlines were mandated to establish safety management systems. The Nigerian Civil Aviation Authority (NCAA) also vigorously implemented the Federal Government policy of phasing out geriatric aircraft of more than 28 years old. Following the domestication of the Cape Town Convention by NCAA, and subsequent approval by the Federal Government, many indigenous airlines purchased brand new aircraft. Efforts by the Federal Airports Authority of Nigeria (FAAN) to enhance flight operations centred on improvements in airport facilities across the country. Other efforts included the designation of Ilorin airport for both domestic and international cargo flights.

Following their successful performance at the International Civil Aviation Organisation (ICAO) audit the previous year, Nigerian airlines were granted waivers by the American Federal Aviation Administration (FAA) to commence direct flights into North America, as well as the certification of the NCAA for the subsequent categorization-one process of the country. Three carriers Arik, Virgin Nigeria and Bellview, which were designated on the United States routes, commenced flight operations to the USA in 2008. The Federal Government reviewed its bilateral air services agreement with many countries, leading to the commencement of operations by three new foreign airlines. Government also reviewed the concession of the Nnamdi Azikiwe Airport, Abuja.

6.4.1.2 Domestic Airlines

The operations of private domestic airlines recorded marginal improvements in 2008. The number of passengers airlifted increased by 6.0 per cent to 3.5 million, compared with 3.3 million in 2007. The slight improvement in the performance of the domestic airlines was attributable to several factors, including keen competition and the consolidation of the sector which enhanced the operations and safety of the sector.

6.4.1.3 Foreign Airlines

The performance of airlines on international routes recorded a slight decline in 2008 as the number of passengers airlifted on such routes fell by 4.0 per cent to 2.9 million, compared with 3.0 million in 2007. The development could be attributed to the challenges faced by international airline operators in 2008 which included rising prices of aviation fuel, rising operational costs, as well as increases in the average fares charged rose by 35.0 per cent in naira terms.

6.4.2 Railway Services

Efforts to improve the ailing railway system in Nigeria with a contract of \$8.3 billion awarded in October 2006 to the China Civil Engineering Construction Corporation (CCECC) suffered a major set-back during the year. The scope of the work was to construct a standard gauge, double track line covering a distance of 1,315km with a design speed of 150km\hr for passenger trains and 80km\hr for freight trains. The project, which was scheduled for execution in five segments over a four-year period, was terminated in 2008, owing to incomplete advance payment to the contractor. Government also set up an administrative committee during the year to review the project, in line with new guidelines.

6.4.3 Communications

The steady growth in the communications sector was maintained in 2008, driven mainly by the Global System of Mobile Communications (GSM). Foreign investment in the sector increased marginally by 4.3 per cent, from US\$11.5 billion in 2007 to US\$12.0 billion in 2008. The number of operating Internet Service Providers (ISPs) stood at 83 a decline by 29.1 per cent.

Table 6.4: The Nigerian Telecommunications Market Statistics						
	2004	2005	2006	2007	Oct. 08*	
No. of Connected Fixed Lines ('000)	1,120	1,223	1,673	1,580	1,307	
No. of Connected Digital Mobile Lines (million)	9.20	18.59	32.32	55.24	62.99	
No. of National Carriers	2	2	2	2	2	
No. of Operating ISPs	36	69	117	117	83	
No. of Active Licensed Fixed Line Operators	22	26	26	29	20	
Number of Licensed Mobile Operators	4	4	4	4	9	
Teledensity	8.50	16.27	24.18	29.98	45.93	
Cumulative Investment (US\$ million)	6,000	7,500	8,150	11,500	12,000	

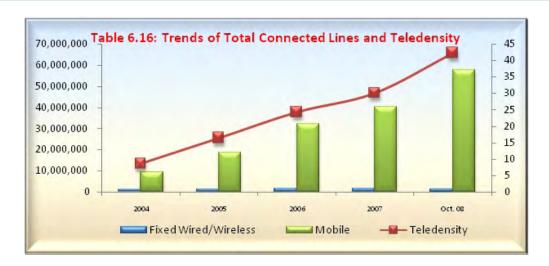
Source: Nigerian Communications Commission (NCC)

As at Octber 2008, the combined subscriber strength of the telecommunications sub-sector had increased by 12.0 per cent over its December 2007 level to a total of 64,297,000 lines (1,307,000 fixed wired/wireless and 62,990,000 mobile). Similarly, teledensity increased from 29.98 lines per 100 inhabitants, as at December 2007, to 45.93 lines per 100 inhabitants. This is significantly above the International Telecommunication Union (ITU) minimum standard of 1:100. In addition, the output of the sub-sector grew by 29.7 per cent in 2008 and accounted for 2.9 per cent of the GDP. Other developments in the sub-sector included the emergence of three new telecommunications companies in the market.

However, the sub-sector continued to be confronted with poor quality of services, as reflected in call drops, illegal deductions, and poor connectivity across networks.

In October, Nigeria signed an agreement with The Gambian Government for the provision of some telecommunications services, such as: interconnection, numbering, licensing, and universal access. Also, Globacom, a Nigerian telecommunications company, won the contract to commence telephone services in Benin Republic and Ghana.

^{*}Data as at October 2008.



6.5 CONSUMER PRICES

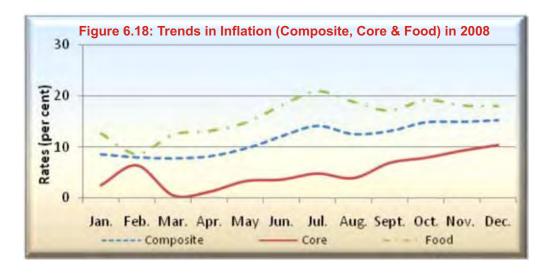
Inflationary pressures showed mixed developments in 2008. The single digit inflation rate target was sustained from January to May 2008, within a range of 7.8 and 9.7 per cent on a year-on-year basis. inflation rose to 12.0 per cent in June and peaked at 15.1 per cent in December 2008, due to the effects of the global financial and economic crisis, surging commodity prices, increased liquidity, increased spending for the end-of-year celebrations and the depreciation of the naira exchange rate towards the end of the year. The all-items composite Consumer Price Index (CPI) was 192.6 (May 2003=100) in December 2008, compared with 167.4 in the corresponding month of 2007. This represented a year-on-year headline inflation rate of 15.1 per cent, 8.5 percentage points above the figure in December 2007. Inflation rate at the end of the year exceeded both the national and WAMZ single-digit inflation rate target.

Table 6.5: Annual Headline Inflation Rate (Year-on-Year) (Per cent)					
	2004	2005	2006	2007	2008
January	22.4	9.8	10.7	8.0	8.6
February	24.8	10.9	10.8	7.1	8.0
March	22.5	16.3	12.0	5.2	7.8
April	17.5	17.9	12.6	4.2	8.2
Мау	19.8	16.8	10.5	4.6	9.7
June	14.1	18.6	8.5	6.4	12.0
July	10.7	26.2	3.0	4.8	14.0
August	13.0	28.2	3.7	4.2	12.4
September	9.1	24.3	6.3	4.1	13.0
October	10.7	18.6	6.1	4.6	14.7
November	10.0	15.1	7.8	5.2	14.8
December	10.0	11.6	8.5	6.6	15.1
Average	15.4	17.9	8.4	5.4	11.5



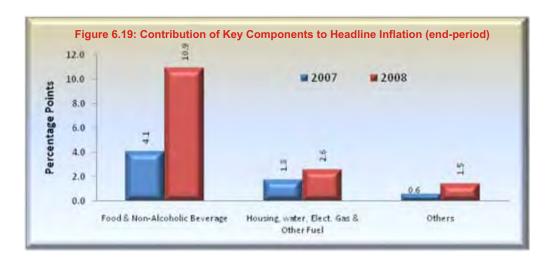
1/12 MMA is 12-month moving average

Similarly, the 12-month moving average headline inflation rate, which was 5.4 per cent at end-December, 2007, rose significantly to 11.6 per cent in 2008. The year-on-year food inflation rate, which stood at 8.7 per cent in February, rose to 20.9 per cent in July, but declined to 17.1 per cent in September before rising again to 18.0 per cent in December, 2008. Thus, food price increase was the main driver of inflation during the year.



The core inflation (represented by all-items less farm produce) on a year-on-year basis, which stood at 2.5 per cent in January, fell to 0.5 per cent by the end of the first quarter of 2008. It resumed an upward trend from 1.2 per cent in April and closed at 10.4 per cent in December 2008. Further analysis indicated that the urban headline inflation rate (year-on-year) declined slightly from 11.6 per cent in 2007 to 11.4 per cent in December 2008, while the rural inflation rate increased sharply from 4.1 per cent to 17.0 per cent during the same period.

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



6.6 THE SOCIAL SECTOR

6.6.1 Demography

The population and housing census estimated the Nigerian population at 140,003,542 in 2006. It also established an annual population growth rate of 3.2 per cent. The country's population was, therefore, estimated at 144,483,655 for 2007 and 149,107,132 for 2008. The total labour force was projected at 62,946,096 in 2008, indicating an increase of 2.8 per cent above the level in 2007.

6.6.2 Unemployment

Available estimates showed that the national unemployment rate in 2008 was 12.8 per cent, compared with 10.9 per cent in 2007. The increase in the unemployment rate was largely attributed to the increased number of school graduates with no matching job opportunities, a freeze in employment in many public and private sector institutions, the crash in the capital market which caused huge job losses, and continued job losses in the manufacturing and oil sectors.

Table 6.6: Labour Statistics 2004 - 2008							
	2004	2005	2006	2007	2008*		
Total Population	134,131,224	138,468,013	140,003,542	144,483,655	149,107,132		
Total Labour Force	55,538,881	56,170,672	58,933,891	61,249,485	62,946,096		
Total Employment ¹	48,124,440	49,486,362	50,886,826	52,326,923	53,807,775		
Total Unemployment	7,414,441	6,684,310	8,047,065	8,922,562	9,204,515		
Unemployment Rate (%) ²	13.4	11.9	14.6	10.9	12.8		

Source: National Bureau of Statistics

1/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.

*Staff Estimate

²/The International Labor 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 week preceding the survey period.

CHAPTER 7

THE EXTERNAL SECTOR

he external sector remained strong in 2008,as reflected in the robust trade balance and foreign reserve position, as well as the relative stability of the exchange rate for most part of the year, notwithstanding the adverse developments induced by the global financial crisis. The favourable performance, especially the current account, was driven mainly by the increased receipts from home remittances by Nigerians in the diaspora, as captured by the returns from the deposit money banks (DMBs) to the CBN and the relatively higher international crude oil prices in the first three quarters of the year. Despite the drastic crash in the international crude oil price from an all-time high of US\$147.27 per barrel in July to a low of US\$44.46 in December, the average price of US\$101.15 per barrel for the year was higher by 25.6 per cent relative to the level in 2007. The current account surplus as a ratio of the Gross Domestic Product (GDP) was 16.7 per cent while the deficit in the capital and financial account widened by 4.3 per cent in 2008. External debt grew from US\$3.6 billion in 2007 to US\$3.7 billion in 2008 as a result of the additional disbursements of the International Development Agency (IDA) and the International Fund for Agricultural Development (IFAD) loans. In the wake of the turmoil in the global economy and the consequent repatriation of capital arising from the divestment by portfolio investors from the domestic capital market, the foreign exchange market experienced a huge demand pressure resulting in the depreciation of the naira in the last quarter. However, the average exchange rate appreciated by 5.6 per cent in 2008. External reserves at end-December increased by 3.3 per cent to US\$53.0 billion and could finance 17.2 months of imports which exceeded the six months of imports under the West African Monetary Zone (WAMZ) arrangement.

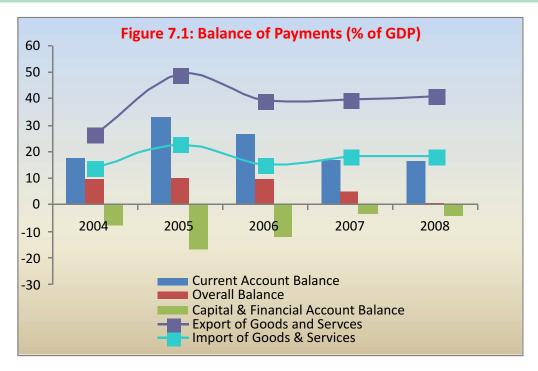
7.1. BALANCE OF PAYMENTS

7.1.1 Major Developments

The performance of the external sector resulted in a positive outcome as the estimated overall balance of payments statement posted a surplus of N196.4 billion (US\$1.7 billion), or 0.7 per cent of GDP, though lower than the N1,127.2 billion (US\$9.0 billion), or 4.9 per cent of GDP, achieved in 2007. The surplus in the current account, an equivalent of 16.7 per cent of GDP, remained high as a result of the robust goods account and current transfers. The price of Nigeria's reference crude, the Bonny Light 370 API, which was the main driver of the surplus in the goods account, rose from an average of US\$74.96 per barrel in 2007 to US\$101.15. Also, inward current transfers grew by 1.3 per cent to N2,295.3 billion (US\$19.5 billion). These developments more than offset the huge import bills and net deficits in the services and income accounts. The deficit in the capital and financial account widened from 3.5 per cent of GDP in 2007 to 4.3 per cent. However, the severe pressure on the sector in the fourth quarter, occasioned by capital reversals by portfolio investors in the financial markets, significantly reduced the huge surpluses recorded in the first three quarters of the year. A major challenge of the sector remained the need to diversify the economy away from excessive dependence on oil, in view of its volatile nature and the search for alternative sources of energy by the industrialized economies.

7.2 THE CURRENTACCOUNT

At N4,977.7 billion (US\$42.3 billion), the current account surplus rose by 27.9 per cent, reflecting the substantial earnings from crude oil exports occasioned by the high international price of crude oil in the first three quarters of 2008. The trade (goods) balance increased slightly from a surplus of N4,512.1 billion (U\$\$36.2 billion) in 2007 to N5,563.2 billion (US\$47.2 billion). The deficit in the services account narrowed marginally by 3.9 per cent while the income account narrowed by 4.4 per cent. Current transfers (net), which represented mainly home remittances by Nigerians abroad, increased by 1.1 per cent to N2,272.6 billion (US\$19.3 billion).



7.2.1 The Goods Account

The goods account (fob) surplus adjusted for balance of payments (merchandise trade balance) increased by 23.3 per cent to N5,563.2 billion. The combined receipts from crude oil, gas and non-oil exports (total exports) increased by 19.2 per cent while imports (fob) increased by 14.4 per cent. Analysis of trade developments, on a monthly basis, revealed that exports grew significantly in the second and third quarters of 2008, in line with the surge in the international price of crude oil, resulting in favourable terms of trade. With the crash in crude oil price in the fourth quarter, import bills shot above exports earnings resulting in an unfavourable trade balance in that quarter. Thus, the vulnerability of Nigeria's exports receipts to the oil shock was evident in the moderate increase in the surplus recorded in the trade balances for the year.

The oil and non-oil components of unadjusted merchandise trade (imports and exports) increased by 20.8 and 10.3 per cent to N10,733.4 billion and N4,010.3 billion, respectively. The continued dominance of the oil sector was reflected in its share of 72.8 per cent in total trade, up from 71.0 per cent in 2007. The degree of openness of the economy, as measured by the total trade/GDP ratio, decreased from 54.7 per cent in 2007 to 49.2 per cent.

7.2.1.1 Imports: Cost and Freight (c&f)

At N4,836.1 billion, total imports unadjusted for balance of payments, increased by 14.8 per cent, reflecting the 38.4 and 9.4 per cent rise in the oil and non-oil components, respectively. The increase in total imports was in response to the expansion in domestic demand and the appreciation of the naira in the first three quarters of the year, which made imports cheap, as well as power outages, which affected domestic production, resulting in supply gaps. An analysis of the breakdown of imports using DMBs' returns on foreign exchange utilization revealed that financial, industrial, manufactured goods, oil, transport and agricultural sectors' imports, respectively, accounted for 29.0, 22.8, 14.1, 3.5 and 0.7 per cent of the total. Specifically, the shares of imports of food, vehicles, electronics and fertilizer were 8.1, 3.2, 3.0 and 0.5 per cent, respectively.

		N' billion		US\$' billion		
	2006	2007	2008 2/	2006	2007	2008 2/
CURRENT ACCOUNT	4,918.04	3,890.68	4,977.73	38.57	31.19	42.26
Goods	4,439.12	4,512.06	5,563.18	34.81	36.17	47.23
Exports (fob)	7,324.68	8,309.76	9,907.61	57.44	66.61	84.12
Imports (fob)	(2,885.56)	(3,797.69)	(4,344.43)	(22.63)	(30.44)	(36.89)
Services(net)	(851.31)	(1,390.28)	(1,444.08)	(6.68)	(11.14)	(12.26)
Credit	280.40	181.56	230.74	2.20	1.46	1.96
Debit	(1,131.70)	(1,571.83)	(1,674.83)	(8.88)	(12.60)	(14.22)
Income(net)	(849.54)	(1,478.82)	(1,414.00)	(6.66)	(11.85)	(12.01)
Credit	239.47	321.98	284.21	1.88	2.58	2.41
Debit	(1,089.01)	(1,800.80)	(1,698.21)	(8.54)	(14.43)	(14.42)
Current transfers(net)	2,179.75	2,247.71	2,272.62	17.09	18.02	19.30
Credit	2,202.54	2,266.60	2,295.26	17.27	18.17	19.49
Debit	(22.78)	(18.88)	(22.63)	(0.18)	(0.15)	(0.19)
CAPITAL AND FINANCIAL ACCOUNT	(2,186.67)	(791.52)	(1,265.15)	(17.15)	(6.34)	(10.74)
Capital account(net)	1,357.98	-	-	10.65	-	
Credit	1,357.98	-	-	10.65	-	
Debit	-	-	-	-	-	
Financial account(net)	(3,544.65)	(791.52)	(1,265.15)	(27.80)	(6.34)	(10.74)
Assets	(2,517.03)	(1,986.33)	(1,325.80)	(19.74)	(15.92)	(11.26)
Direct investment (Abroad)	(2.12)	(58.39)	(41.27)	(0.02)	(0.47)	(0.35)
Portfolio investment	(194.59)	(231.94)	(319.95)	(1.53)	(1.86)	(2.72)
Other investment	(532.77)	(568.79)	(768.21)	(4.18)	(4.56)	(6.52)
Reserve assets	(1,787.56)	(1,127.21)	(196.37)	(14.02)	(9.04)	(1.67)
Liabilities	(1,027.62)	1,194.81	60.65	(8.06)	9.58	0.51
Direct investment (in reporting	, , ,			,		
economy)	624.52	759.38	460.22	4.90	6.09	3.91
Portfolio investment	360.29	332.55	(465.25)	2.83	2.67	(3.95)
Other investment liabilities	(2,012.43)	102.88	65.67	(15.78)	0.82	0.56
NET ERRORS AND OMISSIONS	(2,731.37)	(3,099.15)	(3,712.58)	(21.42)	(24.84)	(31.52)
Memorandum Items						
Current account balance as % of GDP	26.99	16.98	16.72	26.99	16.98	16.72
Capital and financial account balance as % of GDP	(12.00)	(3.46)	(4.25)	(12.00)	(3.46)	(4.25)
Overall balance as % of GDP	9.81	4.92	0.66	9.81	4.92	0.66
External reserves (US\$ million)	42,298.00	51,333.15	53,000.36	42,298.00	51,333.15	
Number of months of imports equivalent	22.43	20.24	17.24	22.43	20.24	17.24
External debt stock (US\$ million)	3,544.49	3,654.00	3,704.08	3,544.49	3,654.00	3,704.08
Outstanding debt service due as % of exports of goods and non-factor services						
Effective central exchange rate(N/\$)	127.51	124.76	117.78	127.51	124.76	117.78
End-period exchange rate(N/\$)	128.65	125.83	118.53	128.65	125.83	118.53
Average exchange rate(N/\$)	128.27	117.97	132.56	128.27	117.97	132.56

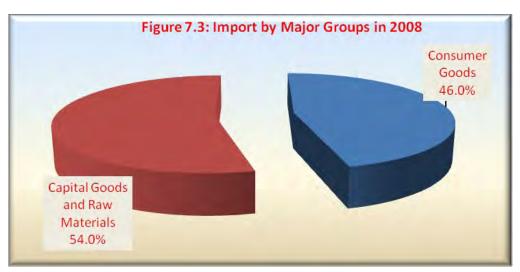
^{1/}The conversion for BOP purposes was based on the mid-point or the effective central exchange rate.

2/ Provisional

(a) Imports by End-Users

The analysis of imports by end-users showed that the share of consumer goods in aggregate imports increased by 2.7 percentage points to 45.7 per cent in 2008 and was accounted for by the growth in non-durable goods. The share of durable consumer goods remained low at 9.4 per cent. Although the share of capital goods and raw materials import as a group remained dominant, it declined by 2.3 percentage points to 53.7 per cent of the total. Within the group, raw materials imports, comprising component is basically chemicals, accounted for 18.1 per cent of total imports, while capital goods consisting of spare parts and agricultural machinery, took up 11.0 per cent.





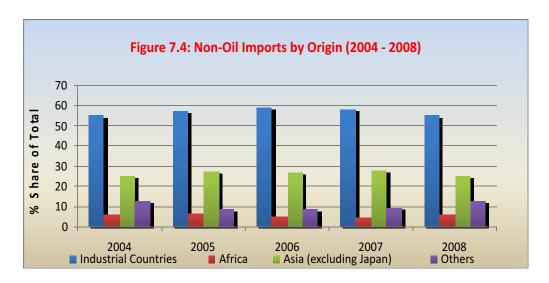
(b) Imports by Standard International Trade Classification (SITC)

With respect to imports by SITC, the value of all categories of imports recorded substantial increases over their levels in 2007. The growth in imports was highest in animal and vegetable oils and fat at 30.4 per cent, followed by chemicals (39.6 per cent), manufactured goods (15.5 per cent), beverages (14.8 per cent), machinery and transport equipment (11.7 per cent), food and live-animals (11.1 per cent) and crude materials (5.2 per cent). As a proportion of total, imports of manufactured goods topped the list, accounting for 33.0 per cent, followed by chemicals (25.0 per cent), machinery and transport equipment (22.0 per cent) and the import of food and live animals, beverages, crude materials, animal and vegetable oils and fat, and miscellaneous items accounted for the balance of 20.0 per cent.

(c) Non-oil Imports by Country of Origin

Available data revealed that by country of origin, industrialized countries remained the dominant source of imports to Nigeria and accounted for 55.2 per cent of total, down from 58.3 per cent in 2007. Within this group, the United States maintained in the lead with a share of 14.4 per cent, followed by France

(9.4 per cent), the United Kingdom (7.9 per cent), the Netherlands (7.4 per cent), while the balance (16.2 per cent) was accounted for by Japan, Germany and Italy. Further analysis showed a shift in imports by country of origin, as the share of Nigeria's imports from Japan and the US declined by 14.4 and 8.9 percentage points, respectively. However, the share of imports from European economies, namely, France, Germany, Italy, Netherlands and the United Kingdom increased significantly in 2008. The share of imports from African countries increased by 1.8 percentage point to 6.4 per cent, while the share of Asian countries (excluding Japan) declined by 2.2 percentage points to 25.4 per cent.

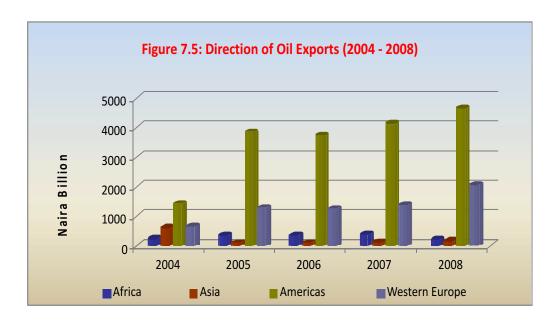


7.2.1.2 Exports (fob)

Following the favourable price of crude oil in the first three quarters of 2008, total export valued at N9,907.6 billion (US\$84.1 billion), was higher than the N8,309.8 billion (US\$66.6 billion) in 2007. The bulk of the export proceeds was accounted for by crude oil (88.3 per cent) while gas and non-oil exports accounted for 9.2 and 2.5 per cent, respectively. Despite the growth in the export value, the volume of oil exports was lower than projected, as a result of restiveness in the oil-rich Niger Delta which disrupted production lines. Provisional data indicated that the value of gas exports was N908.0 billion (US\$7.7 billion), while non-oil exports (including estimates for unrecorded trade) stood at N247.8 billion (US\$2.1 billion).

[a] Direction of Oil Exports

The Americas as a group constituted the largest importer of Nigeria's crude oil, followed by the countries of Western Europe and Asia. The share of Nigeria's crude oil exports to the Americas increased by 1.2 percentage points to 53.0 per cent. In value terms, crude oil export to the Americas increased from N4,136.3 billion in 2007 to N4,638.4 billion, while the volume declined by 2.8 per cent to 403.5 million barrels. On a country-by-country basis, the United States (US) remained the largest single importer of Nigeria's crude oil, accounting for 23.0 per cent of the total.



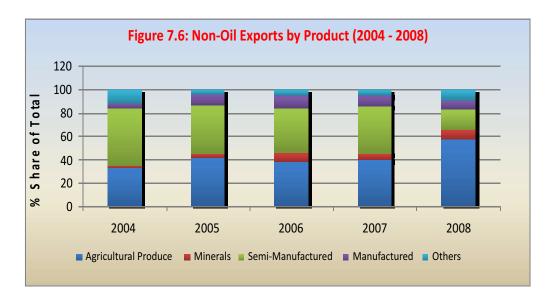
The share of Asia increased by 0.9 percentage point to 19.0 per cent, and that of Western Europe by 4.2 percentage points to 23.4 per cent. At 2.5 per cent, the share of crude oil exports to African countries remained the lowest. Côte d'Ivoire was the largest importer of Nigeria's crude oil, followed by Senegal, while Ghana was the lowest.

[b] Non-oil Exports

The value of non-oil exports increased remarkably by 24.4 per cent to N247.8 billion. The analysis of non-oil exports by product showed that agricultural produce, semi-manufactured goods, manufactured goods and solid minerals accounted for 58.3, 17.0, 8.7 and 7.7 per cent of the total, respectively. Other exports, which comprised petroleum products, charcoal, scrap metals, crafts, ammonia and cement/lime products accounted for 8.3 per cent of the total. In the agricultural produce category, cocoa beans, rubber, fish/shrimps and cotton accounted for 32.3, 6.1, 3.5, and 2.6 per cent of the total non-oil exports, respectively. In the semi-manufactured goods category, processed skins, furniture/processed wood and textile yarn accounted for 13.6, 1.1 and 0.5 per cent of the total non-oil exports, respectively, while the share of textiles in the manufactured group decreased by 0.4 percentage point.

7.2.2 The Services Account

The deficit in the services account (net) persisted, although it moderated slightly from N1,390.3 billion in 2007 to N1,444.1 billion in 2008. The main sources were the out-payments in respect of travels, freight charges for imports and other business services, comprising operational leasing and miscellaneous, business and professional services. Payments for transportation and travels increased by 22.2 and 51.6 per cent to N461.2 billion and N457.9 billion, respectively. Under transportation, passenger fares declined by 16.7 per cent while freight charges (net) increased by 38.3 per cent to N255.1 billion. The persistent deficit in the services account was attributable to the low investment by residents in freight business, noncompliance with global shipping policies as well as increased volume of business and private travels abroad by Nigerians. Education and related expenditure, posted a net deficit of N243.0 billion against N135.3 billion in 2007. This was accounted for by the increased number of Nigerians seeking education abroad.



7.2.3 The Income Account

The pressure on the income account (net) persisted as the deficit narrowed from N1,478.8 billion in 2007 to N1,414.0 billion in 2008. The deficit reflected, partly, increased commitments on interest payments on loans and the substantial out-payments on dividends and distributed branch profits. However, interest earnings on external reserves and other investment assets by the monetary authorities declined by 14.5 per cent to N175.2 billion (US\$1,487.9 million).

7.2.4 Current Transfers

The surplus in current transfers (net) increased by 1.1 per cent to N2,272.6 billion in 2008, reflecting personal home remittances and other private sector transfers in kind. The inward transfers at N2,295.3 billion surpassed the outward transfers of N22.6 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.

7.3 THE CAPITALAND FINANCIAL ACCOUNT

The capital and financial account deficit increased to N1,265.1 billion, or 4.3 per cent of GDP, in 2008 from N791.5 billion, or 3.5 per cent of GDP, in the previous year. New capital imported into the economy amounted to US\$11,045.3 million of which equity capital contributed US\$4,597.2 million mainly in the financial services industry. Provisional data showed that Foreign Direct Investment (FDI) decreased by 39.4 per cent to N460.2 billion. It comprised equity capital and reinvested earnings, contributing N511.6 billion and N58.9 billion, respectively. However, portfolio investment witnessed a capital reversal of N465.2 billion due to the global financial crisis. Net claims of non-residents continued to widen with large unrecorded trade claims in the oil sector, resulting in large net negative errors and omissions (unadjusted).

Table 7.2: Current Transfers (N Billion)					
	2007	2008			
INFLOWS (credit)	2,266.6	2,295.3			
1.General government (grants, ODA, TA & Gifts)	22.5	21.2			
Other sector workers' remittances and other transfers inkind	2,244.1	2,274.1			
OUTFLOWS (debit)	18.9	22.6			
1.General government (Payments to International Organizations & other payments)	10.4	14.0			
Other sector workers' remittances and other transfers	8.5	8.6			
NET CURRENT TRANSFERS	2,247.7	2,272.6			

Box 5: The Global Financial Crisis: Effects on Nigeria's Balance of Payments and Exchange Rate

Over the years, the external indicators had been strong as evidenced in the current account surplus and huge external reserves. However, the global financial crisis which started with the US subprime mortgage market crisis in August 2007 and later manifested with the collapse of some financial institutions in October 2008, became evident in Nigeria in the fourth quarter of 2008. The contagion effect, induced by developments in the global market considerably narrowed portfolio investments by 50.1 per cent to US\$3.0 billion in 2008. The decline in portfolio investments was attributable to divestments in the Nigerian capital market and higher dividend repatriation by non-residents.

In addition, the international crude oil price, which stood at an unprecedented all-time high of US\$147.27 per barrel in July 2008, dropped to US\$44.46 per barrel in December 2008 amidst declining production occasioned by the reduced OPEC quota, restiveness in the Niger Delta and reduced international oil demand. If the downward trend in international crude oil prices continues, the effect on the trade balance could eventually rebound, leading to current account deficits in 2009 and beyond. This would seriously affect the external sector viability.

The impact became noticeable in October 2008 when the total outflow of foreign exchange increased from US\$3.50 billion in September 2008 to US\$7.07 billion in October 2008. The significant increase in outflow was traceable to the divestment from portfolio assets and dividends repatriation by foreign investors, while the inflows, especially through the Central Bank, started to shrink as a result of the drastic fall in international oil prices. Consequently, the demand for foreign exchange increased putting pressure on the exchange rate.

By December 2008, the average exchange rate depreciated in all segments of the market; the trend became worrisome, despite CBN intervention, when the rates depreciated by 6.9 and 13.5 per cent, respectively, in the official and BDC segments. The end-period exchange rate swung from an appreciation of 8.7 per cent (year-on-year) in 2007 to a depreciation of 11.0 per cent in 2008.

Future Prospects of Exchange Rate Movement:

The global financial crisis is expected to impact negatively on remittances from the Diaspora, lead to a reduction in donor inflows and decreased demand for exports, a reduction in the prices of main exports (e.g., crude oil, agricultural commodities and solid minerals), and reduced capital inflows, including Foreign Direct Investments and short-term capital flows. If this trend continues without any foreseeable improvement, especially in the international crude oil prices, the pressure in the foreign exchange market is likely to continue. This presupposes a continued depreciation of the exchange rate.

7.4 EXTERNALASSETS MANAGEMENT

Nigeria's total external assets as at 31st December, 2008 was N8,616.52 billion (US\$65.00 billion), representing an increase of 15.2 per cent above the level in 2007. The CBN's foreign assets increased by 12.0 per cent above the level in 2007 to N7,334.30 billion (US\$53.00 billion) in 2008. The share of CBN's foreign assets in total external assets decreased from 87.5 per cent in 2007 to 85.1 per cent in 2008. The net foreign assets of the Deposit Money Banks (DMBs) increased by 37.5 per cent above the level in the preceding year to N1,279.62 billion (US\$9.65 billion) in 2008. It accounted for 14.9 per cent of the total external assets, compared with 12.4 per cent in 2007.

7.5 INTERNATIONAL INVESTMENT POSITION (IIP)

The preliminary net International Investment Position (IIP) revealed that Nigeria remained a net creditor to the rest of the world as in the preceding year. The favourable outcome was reflected in the net IIP surplus of US\$20.9 billion or 8.3 per cent of the GDP accounted for by the growth in the value of the external reserves. Nigeria's IIP account revealed that total foreign liabilities amounted to US\$69.6 billion and foreign assets US\$90.5 billion at the end of 2008.

The favourable crude oil receipts and interest accrued on reserve assets enhanced Nigeria's official reserves position. The total official reserves account increased by 3.3 per cent to US\$53.0 billion in 2008 and accounted for 58.6 per cent of Nigeria's total foreign assets.

The liabilities of Nigerian banks increased from US\$0.4 billion in 2007 to US\$1.1 billion. Claims by the banks on the rest of the world also increased from US\$6.5 billion in 2007, to US\$6.2 billion in 2008. Net foreign purchases of portfolio investment, mostly stocks, decreased by 31.9 per cent to US\$8.4 billion.

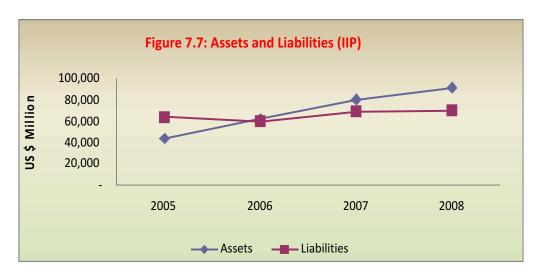


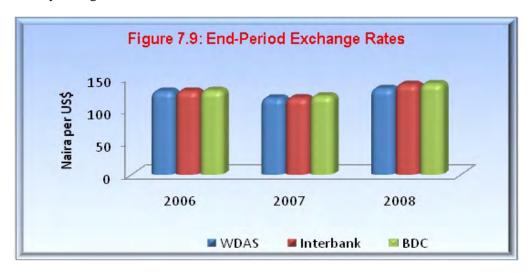


Table 7.3: International	Investment Position (IIP)	of Nigeria (2005-2008)
	[Millions of dollars]	

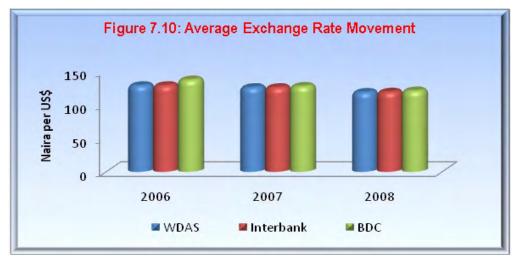
Type of Asset/Liability	2005	2006	2007	2008
Net international investment position of Nigeria	-20,408.70	2,502.17	10,723.06	20,905.11
Net international investment position of Nigeria	-20,400.70	2,302.17	10,723.00	20,903.11
Assets	42,954.33	61,961.30	79,759.05	90,456.02
Direct investment abroad	302.00	318.61	786.61	1,137.01
Portfolio investment abroad	1,178.60	1,294.16	1,374.95	1,806.50
Equities	_	_	-	-
Money Market	1,178.60	1,294.16	1,374.95	1,806.50
Banks	1,178.60	1,294.16	1,374.95	1,806.50
Bonds	-	-	-	-
Financial Derivatives	_	_	-	_
Other foreign assets	13,396.96	18,050.42	26,264.34	34,512.15
Public Sector assets excluding official reserves	1,427.83	1,308.03	2,581.87	4,666.37
Banks	4,480.25	6,620.62	9,923.26	15,418.25
Deposits	3,555.44	5,569.70	8,755.57	13958.64
Loans	924.81	1,050.92	1,167.69	1,459.61
Non-banks	4,242.00	4,837.00	7,218.00	6,859.00
Deposits	4,242.00	4,837.00	7,218.00	6,859.00
Trade Credits	3,246.88	5,284.77	6,541.21	7,568.53
Nigeria official reserve assets	28,076.77	42,298.11	51,333.15	53,000.36
Liabilities	63,363.03	59,459.13	69,035.99	69,550.91
Direct investment	26,345.00	31,242.81	37,329.54	41,236.94
Portfolio investment	6,877.60	9,703.19	12,368.69	8,418.64
Equities	3,550.00	5,335.00	6,794.49	1,764.71
Money Markets	264.60	293.49	441.41	1,101.08
Banks	264.60	293.49	441.41	1,101.08
Bonds:	3,063.00	4,074.70	5,132.79	5,552.85
Gen. Government	3,063.00	4,074.70	5,132.79	5,552.85
Others	-	-	-	-
Financial Derivatives	-	-	-	-
Other Investments	30,140.43	18,513.13	19,337.76	19,895.33
Deposits:	5,509.00	5,613.00	6,463.00	6,189.32
Banks	5,509.00	5,613.00	6,463.00	6,189.32
Non-Banks	-	-	-	
Loans	24,631.43	12,900.13	12,874.76	13,706.01
Long Term	24,631.43	12,900.13	12,874.76	13,706.01
Gen. Government	20,476.20	8,201.43	7,688.43	7,662.43
Banks	985.23	1,094.70	1,216.33	1372.58
Others	3,170.00	3,604.00	3,970.00	4,671.00

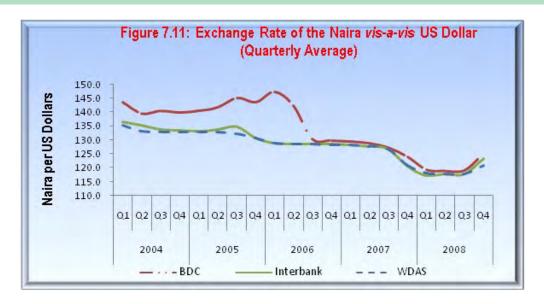
7.6 EXCHANGE RATE MOVEMENTS

The average exchange rate of the naira for 2008 at the WDAS appreciated by 5.8 per cent over the level in 2007 to N118.92 per US dollar. At the Inter-bank and BDC segments of the foreign exchange market, the naira traded at an average exchange rate of N119.07 and N120.81 per dollar, showing an appreciation of 5.6 and 5.5 per cent, respectively, relative to their levels in 2007. Consequently, the WDAS/IFEM and WDAS/BDC premium widened slightly from -0.1 and 1.3 per cent, respectively, in 2007 to 0.1 and 1.6 per cent. The naira appreciated in all segments of the foreign exchange market from January to October, 2008, due largely to the accumulation of foreign exchange reserves which was traced to the favourable crude oil price at the international market, coupled with increased inflow of foreign exchange into the economy through autonomous sources.



However, the end-period exchange rate at the official window stood at N132.56 per dollar, a depreciation of 11.0 per cent, compared with the level in 2007. Similarly, at the Inter-bank and BDC segments of the foreign exchange market, the naira exchanged at N140.00 and N139.00 per dollar, showing a depreciation of 15.7 and 12.9 per cent, respectively, from their levels in 2007. The depreciation was due to the speculative demand and panic buying at the foreign exchange market between November and end-December 2008, triggered by news of a decline in external reserves due to low foreign exchange earnings from crude oil exports, a situation that had risen as a consequence of the global financial and economic crisis.





The index of Nominal Effective Exchange Rate (NEER) (May 2003=100) of the Naira, computed in relation to the country's twelve major trading partners (which constitute 80.0 per cent of total trade) at end-December 2008 was 105.6 as against 104.0 in the preceding year. This indicated that the naira was relatively strong against the currencies of its major trading partners in 2008. The index of Real Effective Exchange Rate (REER) (May 2003=100) stood at 169.6 as at end-December 2008, as against 152.3 in the preceding year, indicating a declining external competitiveness of the Nigerian economy.

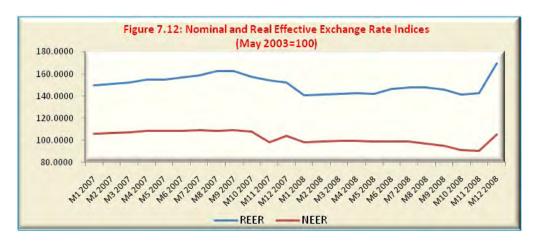


Table 7.4: Nominal and Real Effective Exchange Rate Indices (May 2003 = 100) December 2005 December 2006 December 2007 December 2008 % Change (Annual % % Change Monthly Change (Annual Monthly Monthly Change (Annual Change (Annual Index Average (Point to - point) (Point -to -point) (Point-to-point) Index Average Index Average (Point-Index Average to -point) Average Average) Average Average) **NEER** 102.87 106.58 -6.9 -0.5 105.48 104.07 2.5 -2.4 103.98 107.45 -1.4 3.2 105.58 97.71 1.5 9.1 **REER** 137 95 143 74 02 149 19 148 22 152 32 155 23 21 169 63 145 84 113 13.5 8 1 3 1 47 6 1

CHAPTER 8

INTERNATIONAL AND REGIONAL INSTITUTIONS

8.1 THE INTERNATIONAL MONETARY SYSTEM

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

The 2008 Spring and Annual Meetings of the Inter-Governmental Group of Twenty-Four (G-24) on International Monetary Affairs and Developments, the International Monetary Fund (IMF) and the World Bank (WB) considered issues related to the global economic and financial situation, reforms in the Bretton Woods Institutions (BWIs), quota and voice reforms, financing for development and climate change.

The Ministers of the G-24 noted that the world economy was facing the most difficult situation in decades, against the backdrop of a deepening financial crisis that had originated in developed markets. It was observed that advanced economies were slowing markedly with some already in recession. The Ministers called for a comprehensive response to address the strains in financial markets and restore market confidence. The Ministers also underscored the need for fundamental reforms of the regulatory and supervisory framework, clearer accounting rules, as well as transparency of the international financial architecture.

The need to redress the severe democratic deficit in the governance of the BWIs between developed and developing countries was stressed. The proposed package by the IMF to redress the imbalance was welcomed, but the Ministers emphasized that the quota given to developing countries was still insufficient and should be increased, including an additional chair for Africa's large constituency.

The Ministers agreed that an effective response to climate change must include its mitigation and the adaptation to its inevitable consequences, and called for an equitable contribution in that regard, based on the relative use of energy among world economies.

8.1.2 The International Monetary Fund

The IMF's outstanding global credit increased to SDR 21.49 billion as at December 31, 2008, from SDR 9.83 billion in December 2007. This comprised SDR 17.51 billion in the General Resources Account (GRA) disbursements and SDR 3.98 billion in the Poverty Reduction and Growth Facility- Exogenous Shocks Facility (PRGF-ESF) disbursements. IMF disbursements in 2008 totalled SDR 14.0 billion, while repayments totalled SDR 2.5 billion.

8.1.3 The World Bank Group

In 2008, the activities of the World Bank Group remained focused on the achievement of the eight Millennium Development Goals (MDGs), aimed at fostering growth, eliminating poverty and ensuring that development is inclusive and sustainable. The Group's total commitments in 2008 amounted to US\$38.2 billion in loans, grants, equity investments and guarantees to its members and private businesses in member countries. Of this amount, the International Bank for Reconstruction and Development's (IBRD) commitments were US\$13.5 billion to finance 99 projects. The International Development Association's (IDA) commitments decreased by 5.0 per cent from US\$11.9 billion in 2007 to US\$11.2 billion in 2008. The International Finance Corporation (IFC) committed US\$11.4 billion for private sector development in developing countries, compared with US\$8.2 billion in 2007. The Multilateral Investment Guarantee Agency (MIGA) issued 38 new guarantees for 24 projects valued at US\$2.1 billion.

8.1.4 International Commodity Organisations

8.1.4.1 The International Cocoa Organisation (ICCO)

The 135th Executive Committee meeting of the consultative Board of the World Cocoa Economy and the 31st Special Session of the ICCO were held in London from 14th 18th January, 2008. The issues deliberated upon included optimal export taxes in producing countries and the progress report on the implementation of value chain analysis project.

The 136th Executive meeting and the 77th Regular Council Session of the ICCO were held in Berlin, Germany from the 26th 30th May, 2008. The 16th meeting of the Consultative Board on the World Cocoa Economy and the 1st meeting of the working group for a future international cocoa agreement were also held. Average daily prices between September and December 2007 ranged between US\$1,915.0 and US\$2,113.0 per tonne. The ICCO's daily price averaged US\$2,690.0 per tonne in May, US\$3,022.0 in June; US\$2,954.0 in July, and US\$2,810.0 in August 2008. The estimated world production of cocoa beans for 2007/2008 was 3,712.8 million tonnes, reflecting an increase of 336,000.0 tonnes on the 3,375.9 million tonnes estimated for the preceding year. However, in August, the ICCO Secretariat released its revised forecasts for the 2007/2008 season and the supply deficit was revised upwards to 88,000.0 tonnes, arising mainly from the downward adjustment of the production figure of Indonesia to 480,000.0 tonnes in 2007/2008. Africa remained the largest producing region in the world, accounting for 70.0 per cent of the total, with Côte d' ivoire and Ghana being the world's leading producers. Nigeria's output was put at 210,000.0 tonnes in 2007/2008.

The 71st General Assembly and Council of Ministers' meeting of Cocoa Producers Alliance (COPAL) was held in Bavaro, Dominican Republic from 8th 12th September, 2008. The meeting discussed and resolved as follows:

- That market information be provided to farmers to prevent a glut and information asymmetry and acknowledged the efforts being made by member countries in combating child labour; and
- Directed the COPAL Secretariat to facilitate the organization of a symposium on the use of pesticides aimed at sensitizing farmers on their health and economic implications.

The 17th meeting of the Consultative Board on the world cocoa economy considered and deliberated on a number of issues presented to the ICCO, including the value chain analysis project. With regard to the issue of pesticide residues on cocoa beans, the Board discussed the regulation on Maximum Residue Levels on pesticides (MRLs) which came into force on September 2, 2008 in all EU member states. The new regulation set a maximum level of pesticide residue permitted in imported foods, including cocoa beans. There were concerns in the cocoa sector that the legislation would adversely affect cocoa trade. This prompted the European Cocoa Association and the Association of Chocolate, Biscuit & Confectionery Industries of the EU (CAOBISCO) to set up a working group on the matter. A joint project aimed at gathering information on pesticide use on cocoa in West and Central Africa was launched to guide discussions with the European Commission. Delegates outlined various challenges that often confronted the entire cocoa chain, including inadequate awareness and sensitization of Africans on the nutritional and medicinal value of cocoa. Delegates observed that although 70 per cent of cocoa emanated from Africa, its consumption rate was about 5 per cent on the continent, with Europe and America being the major consumers.

8.1.4.2 The Organisation of Petroleum Exporting Countries (OPEC)

The Organization of Petroleum Exporting Countries (OPEC) held three extraordinary meetings and two ministerial meetings in 2008. The 147th Extraordinary meeting held in February observed that the

market was well supplied throughout 2007 and that commercial stock levels remained within the five-year average with the expectation that sock levels in the first half of 2008 would increase. The meeting projected that NonOPEC supply would grow by over one million barrels per day and thus provide much of the incremental barrels during the year. OPEC had enough stock for the market and was accelerating plans to bring on stream new projects aimed at guaranteeing adequate response to future demand.

The 148th Ministerial Conference was held in March. The conference observed that crude oil prices were being influenced by the weakness in the US dollar, rising inflation and a significant flow of funds into the commodities markets. The conference concluded that, given that the second quarter of the year was traditionally a period of low demand, the existing supply level would to be maintained at 29.673 million barrels per day, especially as gasoline inventories were around the highest level in ten years.

The 149th meeting of the OPEC conference took place in Vienna, Austria in September, prompted mainly by increasing volatility in the market. The meeting observed that explanations for the volatility could be found in the takes of the industrialized governments in the pump prices of products. Quoting a study by the OPEC Secretariat early in the year on "Composite Takings from a Liter of Fuel Sold at the Pump in G7 Nations between 2003-2007", the meeting stated that governments of these countries made US\$2.585 billion from oil taxes. For the same period, OPEC governments had a total of US\$2.539 billion as revenue. It was further noted that while the G7 countries' revenues were mere windfalls, much of OPEC's was ploughed into capacity expansion and, indeed, represented non-renewable natural resource depletion.

The 150th (Extraordinary) Meeting held at the OPEC Headquarters, Vienna, Austria, on October 24, 2008, observed that the financial crisis was already having a noticeable impact on the world economy, dampening the demand for energy in general and oil in particular. Moreover, forecasts indicated that the fall in demand would deepen, despite the approach of winter in the northern hemisphere. The Meeting also noted that oil prices had witnessed an unprecedented collapse, both in speed and magnitude, which might possibly result in a medium-term supply shortage. Consequently, the Meeting agreed to cut the production level of 28.808 million barrels a day by 1.5mb/d, distributed as shown below, effective November 1, 2008.

Country	Algeria	Angola	Ecuador	Iran	Kuwait	Libya	Nigeria	Qatar	Saudi Arabia	UAE	Venezuela	TOTAL
Decrease (b/d)	71,000	99,000	27,000	199,000;	132,000	89000	113,000	43,000	466,000	134,000	129,000	1,500,000

The Meeting also called on non-OPEC producers to contribute towards restoring prices to reasonable levels and eliminating fluctuations.

The 151st (Extraordinary) Meeting of the OPEC was convened in Oran, Algeria, on December 17, 2008. The Meeting reviewed the oil market outlook for the year 2009, in particular, the first and second quarters and observed that supply would remain well in excess of demand. This was clearly demonstrated by the fact that crude stocks in OECD countries were well above their five-year average and were expected to continue to rise. Moreover, the impact of the global economic downturn had also led to a decline in demand, resulting in an unprecedented downward pressure on prices, which had fallen by more than \$90/b since early July, 2008. The Meeting further noted that, if unchecked, prices could fall to levels that could jeopardize the investments required to guarantee adequate energy supplies in the medium to long term. The Meeting, consequently, agreed to a further cut 4.2m b/d from the actual September 2008 OPEC-11 production level, with effect from 1 January 2009. The heads of delegation reiterated the organization's firm commitment to providing an economic and regular supply of petroleum to consuming nations, as well as to stabilizing the market and realizing OPEC's objective of maintaining crude oil prices at fair and equitable levels.

In May 2008, Indonesia which joined the OPEC in 1962, signified an intention to withdraw its membership of the OPEC, effective end of the year. This was necessitated by the evolution of the country from a net oil exporter to a net importer. The withdrawal was accepted in September, 2008 by OPEC. Also, Ecuador resumed full membership of OPEC, after fifteen years of absence.

8.1.5 Bilateral Relations

In 2008, Nigeria held bilateral meetings with Spain, China, South Africa, Iran, Cameroun and Cuba. Nigeria's President, Umar Musa Yar'Adua, led a delegation to China to hold bilateral talks with the Chinese President, Hu Jintao on 28th February, 2008. The objective of the talks was to exchange views on bilateral relations, as well as discuss international and regional issues of mutual concern and reach a broad consensus on China-Nigeria strategic partnership. The meeting ended with the two heads of state signing a cooperation agreement on cultural and educational exchanges.

The aim of the Nigeria/Spain meeting was to review the Strategic Partnership Agreement signed between Nigeria and Spain on 9th December, 2005 in order to strengthen their level of bilateral cooperation. The two countries agreed on the need for the expansion of Spanish investment in Nigeria and greater partnership in banking and finance as well as energy matters, especially in the export of natural gas to Spain. Both countries agreed on the need to establish a Bi-national Commission as a mechanism to follow up commitments.

The Seventh Session of the Nigeria-South Africa Bi-National Commission (BNC) was held in Abuja, Nigeria, from 21to 23 May, 2008. Both sides reviewed the status of the Memorandum of Understanding (MoU) on Economic Cooperation and agreed that the scope should be expanded to include consumer protection and cooperation on the standardization of products. They also agreed on the need for the establishment of a Nigeria/South Africa Presidential Advisory Committee on Investment to facilitate and fast-track investment flows between both countries.

The Third Session of the Nigeria-Iran Joint Commission was held in Abuja, Nigeria from 25th to 28th August, 2008. The Joint Commission reviewed different areas of economic cooperation and came up with proposals that would boost development and strengthen relations between both countries. The Iranian side expressed its readiness to invest in the Nigerian banking industry, assist Nigerian importers and exporters through its Export Guarantee Fund, grant a credit line to the Nigeria Export-Import Bank (NEXIM), participate in the energy sector and render technical and engineering services to Nigeria.

The 4th Session of the Nigeria/Cameroon Joint Commission was held in Yaounde, from 9th to 11th, October, 2008. The session underscored the need for the two countries to boost commercial activities, through regular exchange of information on economic and trade union issues, among others. The session agreed to intensify cooperation in the areas of risk-prone geological zones; the production of bio-fuels, agricultural research and education.

The 5th Session of the Nigeria/Cuba Joint Session was held in Abuja on 16th and 17th October, 2008. In the area of agriculture, both sides expressed the desire to implement the joint agricultural venture in Nasarawa State and the establishment of a sugar industry in Jigawa State. The Session also expressed satisfaction with the level of cooperation in the field of education and agreed to take steps to ensure the prompt utilization of scholarships offered by Nigeria and Cuba to each other.

8.2 REGIONAL INSTITUTIONS

8.2.1 The Association of African Central Banks (AACB)

The 32nd Ordinary Meeting of the Assembly of Governors of the Association of African Central

Banks (AACB) was held in Kigali, Rwanda, on 22nd August, 2008. The meeting was attended by representatives of thirty-seven Central Banks, the African Union Commission, sub-regional economic and monetary integration institutions, international financial institutions, the diplomatic corps, as well as members of the financial sector. The meeting was preceded by a symposium held on August 21st, 2008 on "The Objectives and Necessary Conditions for the Proper Functioning of the Three African Financial Institutions, namely: the African Monetary Fund, the African Central Bank and the African Investment Bank". The Governors underscored the crucial role these institutions can play in reinforcing economic development in Africa.

The meeting ended with the election of the Governor of the National Bank of Rwanda as the new AACB Chairperson for the year 2008/2009. The composition of the new Association's bureau for this period comprised the Governor of the National Bank of Rwanda, AACB Chairperson; the Governor of Banque Centrale du Congo, the AACB Vice-Chairperson; the Governor of Banque Centrale des Comores and Chairperson of the East Africa Sub-regional Committee; the Governor of Banque d'Algerie and Chairperson of the North Africa Sub-regional Committee; the Governor of the Central Bank of Nigeria and Chairperson of the West Africa Sub-regional Committee; the Governor of the Bank of Botswana and Chairperson of the Southern Africa Sub-regional Committee, and the Governor of Banque des Etats de l'Afrique Centrale and Chairperson of the Central Africa Sub-regional Committee.

The Governors agreed that the theme of the 2009 AACB symposium would be, "The Formulation of Monetary Policy in Africa: The Appropriateness of Inflation-targeting". They also agreed that the topic for the 2009 continental seminar would be, "Banking System Liquidity Forecasting and Management".

8.2.2 The United Nations Economic Commission for Africa (UNECA)

The first Joint Annual Meeting of the African Union Conference of Ministers of Economy and Finance and the United Nations Economic Commission for Africa (UNECA) Conference of African Ministers of Finance, Planning and Economic Development was held in Addis Ababa, Ethiopia from 31st March to 2nd April, 2008 with the theme, "Meeting Africa's New Development Challenges in the 21st Century". At the Joint Conference, the Ministers noted, with subdued satisfaction, that Africa's recent growth performance had been encouraging, even though its impact on poverty reduction and employment creation was limited. The conference ended with the adoption of resolutions that reiterated the need to implement strategies to achieve sustained, shared and broad-based growth, in order to accelerate progress towards attaining the MDGs and effectively confront the challenges of the 21st century.

The Ministers agreed that employment-creation was an explicit and central objective of economic and social policies at the national, sub-regional and continental levels for achieving sustainable growth and poverty alleviation. In that regard, the Ministers stated that scientific knowledge was a critical factor for growth, employment and poverty reduction and for the competitiveness of African economies in the 21st century and were, therefore, concerned about weakness in higher education, science and technology. In addition, the Ministers recognized other factors that could help drive sustainable growth objectives on the continent, including the need for improved management of natural resources, particularly in the extractive industries, availability of statistics for planning, commitment to scaling-up investment in infrastructure, and accelerating economic growth and employment-creation, through the rapid expansion of South-South cooperation.

The Ministers agreed that in order to address the issue of escalating food prices, vigorous measures be taken to implement all the pillars of the Comprehensive African Agricultural Development Programme (CAADP), with a view to achieving a structural transformation for the agricultural sector, as well as promoting intra-African trade and regional integration. The Ministers commended the progress made so far

by some African countries towards achieving the MDGs, as majority were reportedly implementing MDG-consistent national development plans. However, while applauding the progress, it was noted that the majority of countries were still not on track in meeting all the MDGs by the target date. The Ministers, therefore, agreed to intensify the implementation of national development plans on poverty reduction strategies, optimize the use of available resources and mobilize additional resources to scale-up public sector investments, in order to reach the MDGs by the target date.

8.2.3 The African Development Bank (AfDB) Group

The Annual Meeting of the African Development Bank (AfDB) Group was held in Maputo, Mozambique, on May 14 and 15, 2008. Deliberations centered on the approval of the Group's annual report and operational programmes for 2008. Other major highlights of the Meeting were the admission of Turkey as the 78th member of the institution, the extension of the duration of the Nigeria Trust Fund to 10 years and the establishment of a special Fund for Reconstruction and Development of the Great Lakes Region of Africa. The Governors of the AfDB noted that the impact of the sudden rise in oil and food prices had created tension in many African countries. Consequently, they called for swift mobilization of resources to provide much-needed assistance to the African countries affected by these crises. Nigeria signed a loan agreement of US\$65.0 million for an African Development Fund-assisted Rural Water and Sanitation Programme to be implemented in Osun and Yobe states.

8.2.4 The New Partnership for Africa's Development (NEPAD)

In 2008, NEPAD Nigeria implemented a total of 14 programmes. The programmes were designed to be executed in two-phase approaches, namely, the 'National Dialogue' to agree on the courses of action and the follow-up, tagged 'Action-Plan Implementation'.

The NEPAD Sustainable Land Management (TERRE-AFRICA) Initiative was designed to address the problems of land degradation, pollution and environmental sustainability, involving the soil, air and water. The National Consultative Workshop, which took place in Abuja on July 17, 2008, focused on mapping out strategies for sustainable land management projects (particularly with regard to identifying constraints and opportunities, priority setting, agreeing project selection criteria, and preliminary identification of projects for preparation). Similarly, a NEPAD City Project workshop was also held in Abuja, on July 23, 2008, aimed at sensitizing participants and building up linkages towards a national conference on NEPAD sustainable cities programme in Nigeria. Likewise, the National Food Security workshop organised by NEPAD Nigeria in collaboration with the Federal Ministry of Agriculture and Water Resources in Abuja on July 29, 2008, addressed the issue of soaring food prices, identified and targeted specific products that had the potential to help fight poverty and create employment, and facilitated discussion on how to move the agricultural sector forward, by improving coordination among stakeholders within the framework of NEPAD Comprehensive Africa Agriculture Development Programme (CAADP). In the same vein, a national dialogue was organised by NEPAD Nigeria, in collaboration with the same Ministry, on July 30, 2008. The main thrust of the dialogue was a renewed focus on policy implementation towards ensuring cassava processing and marketing, by emphasizing the development of strategies and sustainable programmes that would directly impact and empower Nigerian farmers.

NEPAD Nigeria also organized a sensitization workshop on School Enrolment Advancement Initiative, in collaboration with the Federal Ministry of Education, on 14th August, 2008, in Abuja, with the aim of reversing the decay in the national educational system and accelerating the attainment of the MDGs by 2015. Also, NEPAD Nigeria, in collaboration with the Federal Ministry of Environment, Housing and Urban Development, the Federal Ministry of Women Affairs, and the Office of the Senior Special Assistant to the President on MDGs, organized a One-day National Workshop on Natural Resources Development and Conservation in Abuja, on 10th September, 2008. The aim of the workshop was to study different

techniques designed to complement the implementation of the Action Plan of the Environment Initiative of NEPAD at the country level and develop a framework that would reposition reliance on the forestry subsector (seasonal and local) to a more sustainable level.

NEPAD Nigeria also held a stakeholders dialogue on "Trade Pacts and International Market Access: Challenges and the Way Forward" on 18th November, 2008, at the ECOWAS Secretariat, Abuja. The objective was to x-ray the extent to which Nigerian entrepreneurs had utilized several bi-lateral and multi-lateral agreements and preferential trade incentives.

A NEPAD Partnership National Dialogue for Promoting ECOWAS Business and Investment Climate for Sustainable Regional Development took place on 19th November, 2008 at the ECOWAS Secretariat, Abuja. The objective of the dialogue was to assess the business and investment climate in ECOWAS countries, with a view to achieving international competitiveness.

8.2.5 The African Peer Review Mechanism (APRM)

The activities of the African Peer Review Mechanism (APRM) in 2008 comprised basically follow-up action on the validation visit of the Country Review Team (CRT) to Nigeria early in the year and the peer review of Nigeria in October, 2008. Other activities included the partial peer-review of Nigeria at the 9th Summit of the APR Forum in Egypt, in July 2008; and the establishment of an Inter-Ministerial Technical Committee on the Mechanism for the Implementation of the National Programme of Action (NPoA), in September 2008, with the APRM Department as secretariat. Nigeria was peer-reviewed fully by the APR Forum at its First Extraordinary Meeting held in Cotonou, Benin Republic on from October 24 to 27, 2008.

8.3 SUB-REGIONAL INSTITUTIONS

8.3.1 The Economic Community of West African States (ECOWAS)

The Thirty Fourth Ordinary Session of the Authority of the Economic Community of West African States (ECOWAS) Heads of State and Government was held in Abuja on June 23, 2008. Some of the major highlights of the Summit were the following:

- The ECOWAS Commission would concentrate on the development of regional infrastructure, particularly the development of energy and the provision of intra-Community rail, air and road links as a catalyst for regional integration;
- Development partners would be encouraged to support regional efforts at mobilizing resources, particularly in attracting investments in energy infrastructure development, which would facilitate the realization of the MDGs;
- The Summit expressed concern over the escalating food prices globally and their impact on the region's economy and called for the expeditious implementation of on-going investment programmes in the agricultural sector;
- After discussing the rising global oil prices and their potential adverse effects on the economies of Member States, the Summit called on oil-exporting Member States to show more solidarity with their non-oil exporting counterparts to help reduce the burden;
- A reiteration of emphasis on the establishment of a Customs Union as a prerequisite for the effective engagement of the European Union, including the on-going negotiation of the ECOWAS/EU Economic Partnership Agreement;

- The need for the ECOWAS Commission to expedite action on the introduction of a region-wide Common External Tariff (CET) and take all necessary measures to conclude a fair, balanced and development-oriented EPA that takes cognizance of the concerns of West Africa; and
- A call on ECOWAS and UEMOA Commissions to harmonize the rules and mechanisms for the standardization and certification of products originating from the Community, towards facilitating intra-community trade.

8.3.2 The West African Monetary Zone (WAMZ)

The 22nd Meeting of the Convergence Council of Ministers and Governors of the West African Monetary Zone (WAMZ) was held in Freetown, Sierra Leone, on June 19, 2008. Highlights of the decisions of the Convergence Council were as follows:

- Member countries would take medium-to long-term strategies to tackle the prevailing energy and food crises;
- Approval of the proposed ADF grant of UA 14 million (US\$23 million) for the development of the payments system in The Gambia, Guinea and Sierra Leone;
- Approval of the Statutes on Payments System, WAFSA, Non-Bank Financial Institutions and Single Economic Space and Prosperity Agreement (SESPA);
- WAMI would sensitize commercial banks in the Zone on the financing of trade in the WAMZ, using local currencies;
- A Summit of Heads of State and Government of the WAMZ would be held as soon as possible to address pertinent issues, including the signing of relevant legal instruments; and
- WAMI would convene a meeting in Accra in July 2008 for WAMZ Central Bank and Ministry of Finance officials to discuss the payment of arrears on the Stabilization and Cooperation Fund (SCF) and the West African Central Bank (WACB) capital. The meeting would establish the total cost of the WAMZ programme, and explore all the financial implications associated with the operationalisation of the various structures of a common central bank. In addition, the financial obligations of operationalising the WAMZ Secretariat in Conakry and the West African Financial and Supervisory Agency (WAFSA) in Nigeria would be considered. The financial obligations of each member country would also be determined.

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

The West African Institute for Financial and Economic Management (WAIFEM) Lagos executed twenty six (26) training and capacity building programmes. The programmes were in the core areas of competence of the Institute, namely; Debt Management, Macroeconomic and Financial Sector Management. Three thousand four hundred and seven (3,407) officials including directors from the WAMZ central banks, core economic ministries, legislators, executive and personal assistants to chief executives of public and private sector agencies participated in the programme. The WAIFEM budget for 2008 was \$3,136,538.36 of which external donors contributed \$1,250,000. The Institute expended \$1,360,755.00 on training.

The WAIFEM Board of Governors at their meeting in Banjul, The Gambia in November 2008 approved the recruitment of new Executive Management Staff for the Institute following the retirement of the Director General and some Management Staff.

8.3.4 The West African Monetary Agency (WAMA)

The 2008 West African Monetary Agency (WAMA) Statutory Meetings were held in Abuja, Nigeria from November 17 to 22, 2008. The following are the highlights of the deliberations of the 4th Ordinary Meeting of the Convergence Council of Ministers of Finance and Governors of Central Banks of ECOWAS Member States:

- The Convergence Council underscored the importance of the mandate assigned to WAMA within the framework of achieving the overall objectives of regional integration and, therefore, emphasized that WAMA would need the support of all ECOWAS governing bodies and institutions to achieve this crucial mission;
- Council reiterated the need to enhance commitment to the achievement of the integration objectives in ECOWAS, in view of the international financial crisis. Similarly, the need to accelerate and strengthen the African integration programme, under the auspices of the African Union, was also emphasized;
- The report on Macroeconomic Convergence in 2007 and the first half of 2008 showed that only four countries (Benin and Côte d'Ivoire, Mali and Togo) out of the fifteen ECOWAS economies met all the four primary convergence criteria in 2007. Unfortunately, none of these countries sustained the performance in the first half of 2008, due largely to the worsening trends in the international environment. The Convergence Council, therefore, acknowledged the efforts of member countries, despite of the hostile international environment;
- The Convergence Council urged member countries to intensify their efforts in sustaining macroeconomic stability and implementing appropriate measures to boost their foreign exchange earning capacity, fiscal revenue mobilisation and foreign exchange reserves, through the implementation of appropriate policies; and
- Council endorsed the need for a Working Group, comprising experts from the Community's Institutions (WAMA, WAMI and Central Banks), to be set up in order to determine the best method of interconnecting the payments system in the region and a second group, comprising the ECOWAS Commission (Chairman), WAMA, WAMI, the UEMOA Commission and the Central Banks to map out a single, concrete and realistic strategy for establishing a single currency in the ECOWAS.







APPENDIX A1

Balance Sheet As at 31 December 2008

	Note	2008 N ' Million	2007 ₦' Million
Assets:			
External reserves Nigerian Government securities Loans and advances Investments Other assets Fixed assets	2 3 4 5 7 8	7,334,295 272,407 523,027 91,561 396,289 141,427 8,759,006	6,548,921 84,503 368,848 33,603 466,448 133,695 7,636,018
Liabilities:			
Deposit accounts Central Bank of Nigeria instruments Notes and coin s in circulation International Monetary Fund allocation of Special Drawing Rights Other financial liabilities	9 10 11	6,206,981 627,068 1,155,050 31,769 250,977 8,271,845	4,709,594 1,564,366 960,490 29,006 237,826 7,501,282
Capital and reserves:			
Share capital General reserve fund Fixed assets revaluation reserve Foreign currency revaluation reserve	16 17 18 19	5,000 60,888 63,143 358,130 487,161	5,000 58,808 70,928
Liabilities and equity		8,759,006	7,636,018
Chukwuma C. Soludo. Sam O. Olofin	_	Governor Director	
Suleiman A. Barau		Director	
Olufunmilade A. Omofade		Director of Fi	nance (Overseeing)

The accounting policies on pages 124 to 129 and notes on pages 130 to 142 form part of these statements.

APPENDIX A2

INCOME AND EXPENDITURE ACCOUNT For The Year Ended 31 December 2008

	Notes	2008 N ' Million	2007 ₦' Million
Interest income	20	206,834	222,921
Interest expense	21	(133,227)	(90,345)
Net Interest Income		73,607	132,576
Realised gain/loss on foreign currency	19	27,812	(72,433)
Other operating income	22	100,196	86,318
		201,615	146,461
Operating Costs	23	(192,796)	(113,612)
Surplus before provisions		8,819	32,849
Net charge to provisions	15	(500)	(500)
Surplus available for appropriation		8,319	32,349
Appropriation:			
Transfer to general reserve		(2,080)	(8,087)
Transfer to Federal Government of Nigeria unde of the Central Bank of Nigeria Act 1991	r s.5 (3)	(6,239)	(24,262)

The accounting policies on pages 148 to 152 and notes on pages 153 to 164 form part of these financial statements.

APPENDIX A3

STATEMENT OF CASH FLOWS For The Year Ended 31 December 2008

Cash flow generated from operating activities	Notes	2008 N' Million	2007 N ' Million
Cash generated from operating activities	24	1,018,649	894,297
Net cash (utilized by)/ generated from operating activities		1,018,649	849,297
Cash flow (utilized by)/generated from investing activities			
Purchase of fixed assets		(24,275)	(35,783)
Proceeds from sale of fixed assets		250	13,305
Additional Investment in subsidiaries and associates		-	(6,669)
Deposit for shares in Africa Finance Corporation		-	(57,958)
Redemption of promissory notes Net (investment in)/divestment from Government bonds		- (187,904)	- 153,165
Net cash (utilized by)/ generated from investing activities		(211,929)	(66,060)
riot odor (dame od sy), goriotatod nom introdung dodividoo		(211,020)	(00,000)
Cash flow (utilized by)/generated from financing activities			
Surplus paid to the Federal Government of Nigeria		(21,399)	(28,798)
Net cash (utilized by)/ generated from financing activities		(21,399)	(28,798)
Increase in cash and cash equivalents		785,321	931,559
Balance at the beginning of the year		6,548,776	5,617,217
Increase in cash and cash equivalents		785,321	931,559
Balance at the end of the year		7,334,097	6,548,776
The balance at the end of the period is analysed as follows:			
Bank balances		7,127,086	6,449,242
Sundry currencies		207,011	99,534
		7,334,097	6,548,776

The accounting policies on pages 148 to 152 and notes on pages 153 to 164 form part of these financial statements.

APPENDIX B1

SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies are adopted by the Bank in the preparation of its financial statements and are 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 settlements 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.

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	Substandard	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 to only 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 income statement when they are deemed to be not collectible.

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 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 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 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 live 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 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 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 are 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 defined benefit obligation is calculated biennially 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 plans on a mandatory basis. The Bank has no further payment obligations once the contributions have been paid. 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 expert's 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 not accounted for in the financial statements.

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 operation

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 recognized 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 the 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 31 December 2008

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 Federal Government of Nigeria.

2. External reserves

	2008 N ' Million	2007 N ' Million
Convertible Currencies (see (a) and (b) below) International Monetary Fund:	7,334,097	6,548,776
- Reserve tranche	23	23
- Special Drawing Rights	156	103
Gold	19	19
	7,334,295	6,548,921
(a) Convertible currencies comprise:		
Current account with foreign banks	1,222,698	1,225,378
Time deposits and money employed	3,888,202	3,984,065
Domiciliary accounts	446,651	587,028
Other foreign securities	1,569,535	652,771
Sundry currencies and travelers' cheques	207,011	99,534
	7,334,097	6,548,776

Included in convertible currencies is an amount of N3,646.27 million, (2007 - N2,626.36 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)

	2008 N ' Million	2007 N ' Million
(a) Convertible currencies are further analysed by Currency		
United States Dollar British Pounds Sterling Euro Japanese Yen Others	6,608,337 144,096 574,526 2,066 5,072 7,334,097	5,645,780 143,428 387,629 364,988 6,951
3. Nigerian Government securities Nigerian Treasury Bills Nigerian Treasury B onds Nigerian Development Stocks	410 271,909 88 272,407	5,951 78,428 124 84,503
4. Loans and advances		
Overdraft balances & short term advances Staff loans Advances to Federal Mortgage Bank of Nigeria Other loans Long term loans (see 4(a))	561,704 5,763 9 33,983 7,127 608,586	362,390 10,109 9 33,996 8,865 415,369
Provision for loan losses : General Specific	(5,876) (79,683) 523,027	(3,651) (42,870) 368,848

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.

4. Loans and advances (Cont't)

	2008 N ' Million	2007 N ' Million
(a) Long term loans:		
At 1 January	8,865	9,958
Repayments during the year	(1,738)	(1,093)
	7,127	8,865

In 2001, the Bank approved the reduction of the interest rate on loans to some banks from 13.5% to 3%, extended the moratorium period to two years and increased the repayment period to five years. Balances outstanding have been fully provided for.

5. Investments		2008 N ' Million	2007 N' Million
Investments in subsidiaries and associates:	%		
Bank of Industry	40	7,995	7,995
Abuja Commodity Exchange	57	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	50	7,972	7,972
Africa Finance Corporation	46	57,958	-
Nigeria Security Printing and Minting Company Plc	77	13,250	13,250
Provision for diminution in value of investments		92,990 (2,715) 90,275	35,032 (2,715) 32,317
Other Investments:			
Agricultural Credit Guarantee Scheme Fund		1,200	1,200
Federal Mortgage Bank of Nigeria		60	60
Nigerian Interbank Settlement System		26	26
		1,286	1,286
		91,561	33,603

	2008 N ' Million	2007 N ' Million
6. Amount paid out in respect of the following distressed banks		
All States Trust Bank	15,166	11,457
Lead Bank	4,344	3,112
Assurance Bank	4,475	3,438
Hallmark Bank	107	107
Trade Bank	8,102	3,911
Metropolitan Bank	-	162
City Express Bank	4,595	3,691
African Express bank	332	185
Gulf Bank	3,516	1,773
	40,637	27,836
Provision for doubtful balances	(40,637)	(27,836)

The Bank entered into Purchase and Assumption arrangements with the Nigerian 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.

7. Other assets

Due from Agricultural Credit Guarantee Scheme Fund Africa Finance Corporation Accrued interest receivable Accounts receivable Sundry receivables (see (a) below)	914 - 18,070 30,687 346,736 396,407	543 57,958 35,128 27,874 345,063
Provision for doubtful balances	(118)	(118)
	396,289	466,448
(a) Sundry receivables are further analysed as:		
CBN Small and Medium Enterprises (SME) accounts	-	4,717
International Monetary Fund local currency subscription	622	622
Deferred interest and p repayments	10,439	47,558
Consumables	9	6
IMF Interest Bearing Securities	328,467	278,444
Others	7,199	13,716
	346,736	345,063

8. Fixed Assets							
	Land & buildings	Plants & equipments	Furniture & fittings	Computers	Motor vehicles	Capital work in progress	Total
2008:	₩'M	 M	₩'M	₩'M	₩'M	₩'M	₩ '₩
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

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.

2007:							
Cost/valuation:							
At 1 January	90,377	21,646	4,180	6,076	5,721	28,040	156,040
Additions	-	3,835	195	376	1,384	29,993	35,783
Transfers in/(out)	-	331	-	-	6,894	(7,225)	-
Disposals	(24,186)	(132)	•	-	(462)	-	(24,780)
Adjustments	381	5,750	(595)	40	(228)		5,348
At 31-December	66,572	31,430	3,780	6,492	13,309	50,808	172,391
Accumulated depreciation:							
At 1 January	6,563	10,571	2,848	5,207	2,953	-	28,142
Charge for the year	1,887	3,613	711	788	872	-	7,871
Disposals	(2,396)	(79)	-	-	(393)	-	(2,868)
Adjustments	(184)	5,584	(53)	(205)	409	-	5,551
At 31-December	5,870	19,689	3,506	5,790	3,841		38,696
Net Book Value	60,702	11,741	274	702	9,468	50,808	133,695

In 2003, the Bank re-instated 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.

9. Deposit accounts		
5. Deposit accounts	2008	2007
Government deposits :	N' Million	N' Million
Government deposits.	# WIIIIOII	# WIIIIOII
Current/settlement accounts	2,115,805	1,807,268
Domiciliary accounts	446,651	587,029
Dominiary accounts	440,001	001,020
Other Accounts (see (a) below)	3,199,623	2,039,335
	-,,	_,,
Financial Institutions:		
Current/settlement accounts	291,082	139,845
Bank's reserve accounts	153,820	136,117
	6,206,981	4,709,594
(a) Other accounts are further analysed as follows:		
FGN PPT Naira funding account	1,378,195	984,765
Special reserve account	550	481
FGN excess crude oil proceeds (Naira funding) acc ount	1,477,442	678,349
Letters of credit consolidated account	197,219	228,147
FGN (External creditors) funding account	91,665	85,311
NNPC/ NAPIMS cash call account	6,353	6,353
Deposits for Naira draft account	18,098	23,930
Monetary policy stabilization account	4,618	4,617
Sundry accounts	25,483	27,382
	3,199,623	2,039,335
(b) Foreign currency deposits held on behalf of customers for		
letters of credit transactions and other purposes are analysed below:		
Delow.		
Domiciliary accounts	446,651	587,029
Other accounts	3,199,623	2,039,335
Outor docounts	3,646,274	2,626,364
40. Octobel Deals of Minaria in American	3,040,274	2,020,304
10. Central Bank of Nigeria instruments		
Central Bank of Nigeria Promissory Notes (see (a) below) At 1 January	20 505	14 156
Issues during the year	20,585 9,389	14,156 11,826
Claim awaiting issue of promissory notes	9,369 5,961	2,071
Redemption in the year	(16,719)	(7,565)
Accrued interest	127	(7,303) 97
At 31 December	19,343	20,585
, to 1 Bosonibol		

- (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 7.79% 13.50%. The last instrument will mature on 10 April 2010.
- (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.

11. Notes and coins in circulation	2008 N ' Million	2007 N ' Million
Notes Coins	1,151,776 3,274 1,155,050	959,833 657 960,490
12. Employment benefit liabilities		
Defined benefit scheme : At 1 January Contributions Provision for actuarial deficit Remittances/Transfers to trustees At 31 December	5,435 2,249 44,560 (12,081) 40,163	1,528 5,435 (1,528) 5,435
Defined contributory scheme : At 1 January Contributions Remitted to trustees At 31 December	31 (31)	901 (901)

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 annual 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 Nigeria Limited as at 31 March 2008 and an actuarial deficit of N89.12 billion was established as at 31 March 2008.

N44.56 billion representing 50% of the actuarial deficit has been charged to these financial statements while the balance will be amortised in the future financial statements of the Bank in line with its accounting policy.

During the year, the Bank changed its accounting policy for the treatment of actuarial shortfall arising from the actuarial valuation of the obligations under the defined benefit plan. Previously, the Bank recognised immediately any identified actuarial shortfall. Management judges that this policy is consistent with local practice. This change in accounting policy has been accounted for retrospectively but this does not result in a restatement of the comparative statements for 2007 because the actuarial shortfall arising from the list actuarial valuation of 30 June 2006 had been recognised.

The trustees maintain a deposit account with the Bank with respect to contributions and as at 31 December 2008, the balance was N11.2 billion (2007:N813 million).

	2008	2007
	N' Million	₩' Million
13. Other financial liabilities		
Interest payable	172	1,414
Accrued charges	2,669	18,539
Surplus payable to Federal Government of Nigeria	6,536	21,696
Sundry payables	185,726	141,412
Cheques in clearing	15,499	9,698
International Bank for Reconstruction and Development	-	
SME Loan	-	4,717
Bank of Tokyo - Commodity loan	1	1
Other provisions (Note 15)	40,374	40,349
	250,977	237,826
14. Surplus payable to Federal Government of Nigeria		
At 1 January	21,696	26,232
Transfer from income and expenditure account	6,239	24,262
Paid during the year	(21,399)	(28,798)
At 31 December	6,536	21,696

15. Other provisions

2008:	At 1 January N' Million	Additional charge N' Million	At 31 December N' Million
Contingency (see (a) below)	32,709	(475)	32,234
Internal currency insurance funds (see (b) below)	7,300	500	7,800
Agricultural credit fund (see (c) below)	340	-	340
At 31 Dec	40,349	25	40,374
2007			
Contingency	32,709	-	32,709
Internal currency insurance funds	6,800	500	7,300
Agricultural credit fund	340	-	340
At 31 december	39,849	500	40,349

- (a) Contingency provisions are determined on the basis of expert's valuation (where applicable) and/or the best estimate by Management of the Bank of the probable resources required to meet the Bank's present obligations. Outstanding provision is in respect of promissory notes to be issued to liquidators of distressed banks.
- (b) The Bank makes provisions for Internal currency insurance based on the premium that would be payable to external insurer had they been engaged. Losses incurred are indemnified against these provisions.

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.

	2008	2007
	N' Million	N' Million
16. Share capital		
Authorised share capital	100,000	100,000
Issued and fully paid up:		
At 1 January and 31 December	5,000	5,000
17. General reserve fund		
At 1 January	58,808	50,721
Transfer from appropriation account	2,080	8,087
At 31 December	60,888	58,808
40		
18. Fixed assets valuation reserve		
At 1 January	70,928	95,246
Realised on disposal /verification exercise carried out during	(7.705)	(04.040)
the year	(7,785)	(24,318)
At 31 December	63,143	70,928

	2008 N ' Million	2007 N ' Million
19. Foreign currency revaluation reserve		
At 1 January	-	174,198
Net gain/(loss) on revaluation during the year	385,942	(246,631)
	385,942	(72,433)
Realized (gain)/loss transferred to income and expenditure		
account	(27,812)	72,433
At 31 December	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.

20. Interest income Analysis by type	2008	2007
Time deposits and money employed	153,894	188,743
Federal Government Securities	36,621	31,562
Loans and advances	16,319	2,616
	206,834	222,921
Analysis by geographical location:		
Domestic	52,940	34,178
External	153,894	188,743
	206,834	222,921
21. Interest expense		
Central Bank of Nigeria Instruments	123,345	77,267
Interest on Treasury Bonds	9,882	8,378
Deposit accounts		4,700
2 opooli docodino	133,227	90,345
All interest was paid locally		
An interest was paid tocarry		
22. Other operating income	2008	2007
Fees	1,739	24
Foreign exchange earnings	96,265	45,029
Commissions	230	113
Profit on sale of fixed assets	277	15,718
Liquidity Management subvention from FGN	-	25,000
Other income	1,685	434
	100,196	86,318

23. Operating costs	2008 N ' Million	2007 N' Million
Currency issue expenses	19,133	39,980
Salaries and wages	21,428	17,841
Gratuity	2,898	398
Other staff expenses	3,176	2,690
Pension costs	50,776	6,963
Provision for bad and doubtful balances	51,364	14,367
Administrative expenses	27,869	14,649
Fixed assets adjustment	1,903	-
Depreciation charge	6,711	7,871
Repairs and maintenance	7,064	8,408
Consultancy fees	108	68
Bank charges	175	113
Auditor fees	100	100
Directors' related expenses	52	74
Computer systems development costs	39	90
	192,796	113,612

Included in pension costs is an amount of N44.56 billion (2007: N5.435 billion) being 50% provision for the actuarial deficit in the Bank's defined benefit scheme. See Note 12 for further details.

24.	Cash generated from	operating activities

Reconciliation of surplus for year to cash generated from	2008	2007
operating activities: Surplus available for appropriation	8,319	32,349
Adjustments for: Depreciation Fixed assets adjustment (Profit)/loss on disposal of fixed assets Realised (gain)/Loss on foreign exchange currency Net cash (utilised)/generated from operating activities	6,711 1,903 (277) (27,812) (11,156)	7,871 - (15,718) 72,433 96,935
Changes in working capital: Increase in external reserves (IMF balances) Decrease/(increase) loans and advances Increase/(Decrease) in foreign currency revaluation reserve Decrease/(increase) in other assets Increase in deposit accounts Increase in Central Bank of Nigeria instruments Increase in notes and coin in circulation Revaluation gain/(loss) on IMF allocation of SDR Increase/(decrease) in other financial liabilities Cash generated from/ (utilised by) changes in working capital Cash generated from/(utilised by) operating activities	(53) (154,179) 385,942 12,201 1,497,387 (937,298) 194,560 2,763 28,482 1,029,805 1,018,649	(45) (267,032) (246,631) (55,724) 408,913 607,612 181,236 (280) 169,313 797,362 894,297

25. Contingent liabilities and commitments

(a) Legal proceedings

There were a number of legal proceedings outstanding against the Bank as at 31 December 2008 with contingent liabilities of N370.845 billion (2007 N158.589 billion). No provision has been made as professional advice indicates that it is unlikely that any significant loss will arise.

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

	2008 N' Million	2007 N ' Million
Capital Commitments	15,726	24,430

These capital commitments are in respect of fixed assets and will be funded from internal resources.

26. Related party information

The Bank entered into banking transactions with related parties in the normal course of business. These transactions include 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.

27. 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 CENTRAL BANK OF NIGERIA

We have audited the accompanying financial statements of the Central Bank of Nigeria as at 31 December 2008 set out on pages 145 to 147 which comprises the balance sheet, the income and expenditure account, the statement of cash flow and the related notes. The financial statements have been prepared on the basis of the significant accounting policies on pages 148 to 152.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with Central Bank of Nigeria Act No.7 of 2007. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 the international standards on auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that 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 have obtained all the information and explanations that, to the best of our knowledge and belief were, necessary for the purposes of our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Bank has kept proper accounting records and the financial statements are in agreement with the records in all material respects and comply with the provisions of the Central Bank Act. No. 7 of 2007. The financial statements have been properly prepared in accordance with the accounting policies set out on pages 148 to 1152 and on this basis give a true and fair view of the financial position of Central Bank of Nigeria as at 31 December 2008 and of its financial performance and cash flow for the year then ended in accordance with the Central Bank of Nigeria Act No. 7 of 2007.

Chartered Accountants Abuja, Nigeria 27 February 2009 Chartered Accountants Lagos, Nigeria 27 February 2009

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, that would 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 the 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.

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 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 costs include 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 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.

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 are external reserves and 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 creditworthiness 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, 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 the government. It is usually assessed by its size in relation to 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 collection, spending and borrowing of the 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, while early withdrawals may attract interest penalties.

Foreign Exchange and Balance of Payments Position: 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. 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: This is a means of international payments. It includes currencies of other countries that are freely acceptable in effecting international transactions.

Government Expenditure: Payment or flow of financial resources out from government.

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.

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 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.

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.

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 performance indicator of the capital market.

Market Risk

Market risk is the risk that the value of on-and off-balance sheet positions of a bank will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads and /or commodity prices resulting in a loss to earnings and capital. Some of the common market risks in our environment include the following:

Interest Rate Risk

Interest rate risk arises when there is a mismatch between positions, which are subject to interest rate adjustment within a specified period. Interest rate risk is usually assessed from two perspectives; earnings perspective which focuses on the impact of variation in interest rate on accruals or reported earnings, and economic value perspective, which reflects the impact of fluctuation in the interest rates on economic value of a financial institution.

The 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 term structure of interest rates are also known as yield curve risk. The impact of shifts in the yield curve on earnings is evaluated using stress tests.

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.

Equity Price Risk

Equity price risk is the risk to earnings or capital resulting from adverse changes in the value of equity related portfolios of a financial institution. The price risk could relate to changes in the overall level of equity prices or with price volatility that is determine by firm specific characteristics.

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.

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.

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 qualitative or qualitative in nature. It should be forward looking in order to serve as an effective risk mitigant.

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 the monetary base are 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 will 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 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 to sell existing shares by shareholders 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 will affect the 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 purchase such instruments, it injects money into the system and banks' ability to expand credit is enhanced.

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; provision for non-performing facilities, interest accrual; classification of other assets; and off-balance sheet engagements.

Real Interest Rate: This is the nominal interest rate adjusted for expected inflation. 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 loan 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 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 the 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 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.

The Nominal, and Real 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.

Total Reserves 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 the government. These are temporary loans to government to bridge shortfall in revenue. Statutorily, the CBN is not to 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 2008

Meeting Number	Meeting Date	Decisions
201st MPC Meeting	February 5, 2008	The Monetary Policy Committee of the Central Bank of Nigeria met on 5th February 2008 to review the major domestic and international macroeconomic developments and observed that the outlook for 2008 while being positive has many elements of uncertainty. The Committee, therefore, decided: 1. To leave the Monetary Policy Rate (MPR) unchanged at 9.5 per cent 2. To continue the use of open market operations (OMO) for liquidity management and appropriate exchange rate policies
202nd MPC Meeting	April 1, 2008	The Committee noted that despite the stability in the economy during the quarter, there were many uncertainties that could threaten the single digit inflation objectives of the Bank. These include; the impact of the growth of monetary aggregates in 2007 on the first quarter of 2008; the impact of the continued inflow of foreign private capital into the economy and the actual and potential effect of the recent sharing of the naira equivalent of the excess crude oil revenue as well as the scheduled distribution of the second round in June, 2008. The significant increase in expenditure in the proposed budget which would lead to fiscal deficits in the next two quarters. The Committee decided as follows to: 1. raise the MPR by 50 basis points from 9.5 per cent to 10 per cent; 2. issue treasury bills for liquidity management; and
		3. increase the sale of foreign exchange as the need arises.
203rd MPC Meeting	June 2, 2008	The Committee noted the upward oil and food price movements, the fiscal expansion, and the international financial market conditions that could threaten the Central Bank's objective of low and single digit inflation. The Committee decided as follows: 1. strengthen the use of instruments such as open market operations and special sale of foreign exchange; 2. raise the MPR by 25 basis points from 10.0 per cent to 10.25 per cent; 3. increase the CRR by 100 basis points from 3.0 per cent to 4.0 per cent with effect from June 09, 2008; and 4. set up a technical committee to work out other intervention securities to further strengthen the effectiveness of liquidity management.
204th MPC Meeting	August 5, 2008	The Committee observed that despite the stability in the exchange rate of the naira, the macroeconomic outcomes were mixed as the key interest rates and inflation maintained an upward trend. The Committee decided as follows: 1. The MPR will remain unchanged at 10.25 per cent since the core inflation is expected to remain at a relatively moderate level. 2. After reviewing developments in the financial market and the misplaced perceptions that the interest rate trends are linked to the

		requirement of a common year-end, the MPC decided that the common year-end for banks would no longer be a requirement and therefore left to the decision to the discretion of the banks. In order to ensure a transparent pricing regime in the money market and thereby foster healthier competition, banks are required to fully disclose to the public their deposit rates as well as their base lending rates and other charges for all the sectors of the economy. These should be published on their respective websites and updated daily. The banks are required to report these rates to the CBN to enable the Bank to publish a summary of the rates for each deposit money bank every month.
		for each deposit money bank every month.
205th MPC Meeting	September 18, 2008	The Committee noted that Nigeria's economic fundamentals remained strong despite the global financial turmoil. In order to ensure the smooth functioning of the financial markets and the economy in general, the Committee decided to lubricate the system.
		The Committee, thus, decided to:
		1. reduce the MPR from 10.25 per cent to 9.75 per cent;
		2. reduce CRR from 4 per cent to 2 per cent with immediate effect;
		3. reduce the liquidity ratio from 40 per cent to 30 per cent;
		4. allow repo transactions against eligible securities for 90 days, 180 days and 360 days; and
		5. the CBN will now buy and sell securities through the two-way quotes.
206th MPC Meeting	December 11, 2008	The Committee noted that despite the stability in the economy during the period, there were challenges in the international oil market involving slack demand from advanced economies and declining oil prices that could weaken Nigeria's fiscal and external payments positions in 2009.
		The Committee, thus, decided to:
		1. Leave the MPR unchanged at 9.75 percent;
		 Reduce banks' foreign exchange net open position from 20.0 to 10.0 percent of shareholders funds with effect from Monday December 15, 2008; and
		CBN to participate actively in the daily inter-bank foreign exchange market by buying and selling through the 2-way quotes.

APPENDIX E

POLICY CIRCULARS AND GUIDELINES ISSUED IN 2008

1. BANKING OPERATIONS

S/N	Reference No.		Date Issued	Remarks
1		Harmonization of Participants' Codes on the CIFTS Database at CBN and Participants'TAD	January 2, 2008	It has been observed that the codes on the cheque books of some CIFTS participants are different from that on the CBN Inter-bank Funds Transfer System (CIFTS). In view of this, the Central Bank of Nigeria is in the process of harmonizing the codes for all the CIFTS participants. All the CIFTS participants are therefore required to collect the 'sql' scripts and the procedure from the CBN Lagos, Information Technology Department on January 4, 2008, for effective harmonization of the codes thereafter. Please note that it is mandatory that all the participants implement the 'sql' script on Saturday January 5, 2008.
2.		Clearing House Operations in the N e w A w k a Clearing Zone	February 14, 2008	Further to the meeting held with deposit money banks in Lagos on February 6, 2008 where the operational issues connected with the opening new CBN branches discussed; please be informed that the new CBN Branch, Awka would be commissioned on Thursday, February 21, 2008.
3.		Observed Irregularities in Portfolio Holdings of Banks and Discount Houses	February 27, 2008	The Central Bank of Nigeria has observed some irregularities in the portfolio holdings of some banks and discount houses as a result of their Open Buy Bank (OBB) and other transactions carried out using the Temenos Internet Banking (TIB). These irregularities were due to the challenges experienced in T24. Although some of these problems and their causes have been discovered and resolved, we however request all Banks and Discount Houses who had OBB and other transactions during the period to fully reconcile their portfolio positions by auction identification number and maturity dates and report any shortfall or over-stated portfolio balances in any of the instruments to the Director, Banking Operations Department, Central Bank of Nigeria Abuja or Lagos on or before the close of business on Friday, February 29, 2008 (see attached template as a guide). Any shortfall in portfolio holdings that is not detected and reported to the CBN after this deadline will not be treated, while any overstated portfolio holdings not detected and reported will attract severe sanctions. While we regret the inconveniences the challenges experienced in the operation of T24 may have caused your organization during the period, we wish to solicit your full cooperation in resolving any outstanding issues on your portfolio holdings.
4.		Clearing at the New CBN Currency Centres	April 1, 2008	As you are aware, the Central Bank of Nigeria had recently opened four new branches at Awka, Lokoja, Umuahia and Asaba. Two others are scheduled to be opened soon at Oshogbo and Gombe. Enhancing the efficiency of the payments system is a key consideration in the drive to embark on the expansion of the branch network of the Bank.

of Mo Dealer	appointments April 10 2008 s in Money t Instruments	To this end, all clearing banks are reminded of the need to apply for membership of the new clearing houses of these new currency centres forthwith. Please note that clearing by banks' branches located in the new clearing zones at their former clearing centres shall cease, with effect from Monday, April 21, 2007, except Gombe which shall be with effect from April 27, 2008. The Money Market Dealers (MDDs) in money market instruments, which was appointed in 2007, have operated for twelve months. The CBN has therefore concluded a review of the performances of the MDDs in accordance with the criteria set in the guidelines.
of Mo Dealer	oney Market 2008 s in Money	which was appointed in 2007, have operated for twelve months. The CBN has therefore concluded a review of the performances of the
		Following the outcome of the review, the CBN hereby invites new applications for a limited number of MMDs. Interested MDDs may therefore obtain application forms for new membership from the office of the Director, Banking Operations Department CBN Abuja or Lagos.
		Copies of the guidelines on MDDs will also be issued along with the applications forms as from April, 14, 2008. Duly completed application forms should reach the Director, Banking Operations, CBN Abuja not later than April 21, 2008.
of C Cycle	Clearing 2008 s to Three	Recall that on July 2, 2007, the Central Bank of Nigeria, in collaboration with the Bankers Committee, reduced the clearing cycle for up-country payment instruments from six (T+5) to four (T+3) working days. In order to build on the success of that initiative, the deposit money banks were informed in a letter that the two clearing cycles would be collapsed into one. As a follow-up to that letter, a meeting with the banks and other stakeholders was held on Tuesday April 22, 2008 at which it was agree that the up-country clearing cycle should be merged with the local clearing cycle of three workings days. Consequently, the Management of the Central Bank of Nigeria has approved the harmonization of the two clearing cycles to three working days with effect from 5th May 2008. As from that date there would be three working days uniform clearing cycle for the country and the dichotomy between up-country and local clearing cycles would cease to exist. The harmonization exercise, as in the reduction in up-country clearing cycle, is expected to positively impact business processes and recue the waiting period for the receipt of value for instruments lodged in banks. The deposit money banks are therefore requested to note the commencement date and the need for cooperation with the monetary authorities to make this initiate succeed as in the past.
with Posi Fin	Portfolio tion of ancial	er Our circular, Ref. No. BOD/DIR/CIR/2008/GEN/03/07 dated
	Re: with Posi Fin	Re: Issues with Portfolio Position of Financial Institutions Re: Issues Septemb

8.	Simultaneou s Login of an Originator and Approver on the RTGs	September 05, 2008	Following complaints received from CIFTS participants on the inability of at least two users (approver and originator or two approvers) to login and work simultaneously on the RTGS, the CBN has examined the issue and resolved the challenges. It has also simulated the situation and successfully created a minimum configuration for each participants' database to enable at least one (1) approver and one (1) originator to work simultaneously. Attached herewith is the procedure to enable each participant carry out the same configuration on its RTGS system.
9.	Extension of Timeline for Migration f r o m Magnetic Stripe to CHIP+PIN/E MV	September 11, 2008	Recall that section 1.4.2c of the e-banking guidelines issued in August 2003 by the CBN stipulates that "in view of the demonstrated weaknesses in the magnetic stripe technology, banks should adopt the chip (smart card) technology as the standard, within 5 years". You are by this circular therefore required to cease the issuance of new magnetic strip cards with effect from April, 2009. However, previously issued magnetic stripe cards should be withdrawn on expiration of the cards and not as at April, 2009. Please note that no further extension would be granted. Failure to comply with this directive will attract severe sanctions which would include but not limited to withdrawals of approval and imposition of penalty.
10.	Maximum Cap on Cheque Payment	September 11, 2008	In line with its drive to enhance the efficiency of the payments, system and after due consultation with the stakeholders in t he industry, the CBN hereby set the maximum cap on cheque payments at N10 million with effect from October, 2 2008. Any payment for value than 10 million should therefore pass through electronic mode such as the CBN Inter-Bank Funds Transfer System, NIBSS Fast Funds, etc. The maximum cap serves as a risk reduction measure in the net settlement arrangement in compliance with international best practice. The DMBs are advised to educate their customers towards ensuring a successful implementation of the policy.
11.	Amendment to the Central Bank of Nigeria Expanded Discount Window Guidelines - CBN REPO	September 23, 2008	Following the decision of the Monetary Policy Committee at its special meeting of September 18, 2008 to extend the tenured Repo at the CBN Discount from 1-7 days, to 360 days, the Operational Guidelines of the Central Bank of Nigeria Discount Window (July 2005), Section 3 (iii) is hereby amended as follows: Financial facility at the Discount Window of the CBN shall be for a period not exceeding 360 days. This amendment, however, is without prejudice to other provisions in the said guidelines.
12.	Expansion of the Tenor of CBN REPO	October 8, 2008	Following a review of recent developments in the financial market, especially the current liquidity crunch, the CBN hereby expands the tenor of repo instruments at the CBN window from 1-7 days to 1-360 days. The report operations would continue to be in treasury securities i.e.

			Treasury Bills and Bonds issued by the Federal Government.
			The expansion will afford all CBN counterparties the opportunity to access relatively long term funds from the CBN window with the prescribed eligibility securities.
			The CBN shall provide the repo facility for the different tenors at rates specified below. The rates would however be subject to review depending on prevailing market conditions.
			REPO RATES FOR CBN DISCOUNT WINDOWS
			1-3 days MPR 4-7 days MPR Plus 25 bps
			30 days MPR Plus 125 bps 60 days MPR Plus 175 bps
			90 days MPR Plus 195 bps
			180 days MPR Plus 300 bps 360 days MPR plus 400 bps
_			300 days 101 Kpius 100 bps
13.	Expanded Discount Window Operations	October 28, 2008	In order to ensure a robust operation of the discount window and in the process provide effective and efficient guidance for the conduct of monetary operations, the Central Bank of Nigeria hereby expands is discount window operations.
			The key elements of the Expanded Discount Window operations include:
			• The provision of two categories of facilities, namely: the overnight standing facility and the fixed tenor repo:
			• The increase in the tenor of borrowing from the window from the window from overnight to 360 days;
			 The increase in the number of financial instruments acceptable as collateral in the Window to include non-federal government securities.
			The widening of the base of the financial markets from which the instruments are drawn; and
			• The broadening of financial innovations to support the operations of the Discount Window.
			Details of the Guidelines on the Expanded Discount Window Operations are as contained in the attached document.
			All operations in the money market are to be guided by the provisions in the Guidelines, and may wish to contact the undersigned clarifications are needed.

2. BANKING SUPERVISION

S/N	Reference No.	Name of Circular	Date Issued	Remarks
1.	BSD/DIR/GEN/CIR/01/001	Re Moderation of Interest Rates	February 25, 2008	It will be recalled that the CBN on July 31, 2002 issued a circular with the above title. This was based on the developments in the economy as at that time as it sought to moderate interest rates in the system. The circular, in reference to a tripartite agreement between the Federal Government, the CBN, and the banks reminded banks to keep faith with their agreement to restrict their lending rates to a maximum of 400 basis point above the Minimum Rediscount Rate (MRR). Subsequent developments in the economy led to the adoption of a market based framework for monetary policy management with the Monetary Policy 'Rate (MPR) replacing the MRR. Although the new regime of monetary policy management had since become operational, this circular is intended to formally confirm to banks that the policy of restriction in banks lending rates to a maximum
				of 400 basis points above the Minimum Rediscount Rate (MRR) had long ceased to be operational.
2.	BSD/DIR/GEN/CIR/02/004	EN/CIR/02/004 Circular to all Banks and Discount Houses on Common Accounting Year End	d 2008 t n	In order to further enhance the level playing field, past banking sector reforms, it has become necessary to adopt a uniform accounting year end in the industry. As agreed at the Bankers' Committee meeting of January 2008, December 31, has been adopted as a common accounting year end, which should take effect from 2008.
				Consequently, the directors of all banks and discount houses are hereby advised, as a first step, to pass a resolution to that effect and inform the relevant agencies in line with S.334 (4) of Companies and Allied Matters Act (CAMA) 1990, as amended.
				Furthermore, directors of bank and discount houses are reminded to streamline the year ends of their subsidiaries in line with S.334 (5) of CAMA, 1990 as amended.
				Banks and discount houses are to note that internationally accepted accounting practice provides for a maximum accounting period of eighteen (18) months. In the circumstance, banks whose year ends, coincide with December 31, should forward their full year's account for the CBN approval not later than three months after the year end. Those whose year ends fall between January - May, 2008 are advised to submit the normal audited accounts (12 months) for the CBN approval and thereafter, submit the pro-rated period to December 31, 2008 as follows:-
				Current year end Period to December 31, 2008 dates
				January 31, 2008 11 Months February 29, 2008 10 Months March 31, 2008 9 Months April 30, 2008 8 Months May 31, 2008 7 Months June 30, 2008 Option 12 Months or 18 Months July 31 to Nov. 30 2008 Elongate to Dec. 31,2008 The audited accounts for the pro-rated period should be submitted not later than three months after the year end for the CBN appraisal and

				approval for publication in line with S.27 & 28 of BOFIA, 19991, as amended.
				The accounts for December 31, 2008 should be submitted latest my March 31, 2009, while failure to comply with the deadline will attract appropriate sanctions.
3.	BSD/DIR/DIR/GEN/02/005	Re: Treatment of Goodwill and Merger and Acquisition Expenses.	July 16, 2008	It will be recalled that the Central Bank of Nigeria (CBN) issued a circular number BSD/24/2006 dated October 17, 2006 titled "CIRCULAR TO ALL BANKS ON THE TREATMENT OF GOODWILL AND MERGER AND ACQUISITION EXPENSES". The circular required banks desiring to pay dividend to apply for CBN approval to write off goodwill that arose from the December 2005 consolidation from Share Premium or General Reserve. WE have however, noted that the current business environment and the Statement of Accounting Standard (SAS) 26 recently issued by the Nigerian Accounting Standard Board (BASB) make it inappropriate to allow the above provision to subsist.
				Consequently, the said circular has been reviewed and item 5(iii) in the circular under reference is lo longer applicable. Banks are henceforth required to adhere strictly to the provisions of SAS 26 and other relevant subsisting enactments or regulations in their financial reporting with respect to the treatment of goodwill and Merger and Acquisition Expenses.
				All operators are to note that sections 511) & 5(ii) of the stated circular are still in force.
4.	BSD/DIR/GEN/CIR/02/006	Re: Circular to all Banks and Discount Houses on Common Accounting Year End	July 31, 2008	It will be recalled that the Central Bank of Nigeria vide its Circular reference BSD/DIR/GEN/CIR/VOL.2/004 dated May 16, 2008, in order to further enhance the level playing field past banking sector reform, adopted December 31, 2008 as common accounting year end for banks and discount houses. This decision was in line with the agreement reached at the Bankers' Committee meeting of January 2008.
				However, the Banks has observed with concern the desperate behavior of some banks especially in the area of deposit mobilization, which ahs resulted in the hiking of interest rates at levels that are not only inconsistent with economic fundamentals, but have become a threat to market stability.
				Consequently, the CBN has postponed the requirement for the adoption of a uniform accounting year-end in the banking industry from December 2008 to December 2009.
5.	BSD/DIR/CIR/GEN/02/008	Circular to all Banks and Discount Houses on Cancellation	August 6, 2008	The CBN vide its earlier circular ref: BSD/DIR/CIR/GEN/02/004 of May 16, 2008 had conveyed the agreement reached at the Bankers' Committee meeting of January2008 to adopt December 31, 2008 as common accounting year end for banks and discount houses in Nigeria.
		of Common Accounting Year End		The commencement of this policy in the industry was however postponed via a follow-up circular ref: BSD/DIR/CIR/GEN/02/006 of July 31, 2008 as a result of the observed unhealthy trend/development in the industry whereby some banks were mobilizing deposits at very high interest rates that were inconsistent with economic fundamentals which was becoming a threat to market stability.
				The CBN had at its Monetary Policy Committee meeting of 5th August

				2008 further reviewed the policy in the light of the developments in the economy and the misplaced perception that the interest rate trends are linked to the requirement of common year end and therefore decided that the common year end will no longer be a requirement. Consequent, each bank and discount houses is now at liberty to adopt its own accounting year end as it deems appropriate and inform the CBN accordingly. This circular supersedes our earlier circular erroneously dated 25th August 2006, on the same subject.
6.	BSD/DIR/CIR/02/007	Reduction in the Period for Submission of Statutory Returns to the CBN and NDIC	August 13, 2008	Further to our circular BSD/DIR/CIR/GEN/01/014 of November 01, 2007 on the above subject, all banks and discount houses are hereby informed that, the period for the submission of daily returns to the CBN and NDIC through the eFASS has been reduced. Henceforth, all such returns shall ball due not later than 10.00 a.m. of the following day instead of the previous 3.00 p.m. The circular takes immediate effect.
7.	BSD/DIR/CIR/GEN/02/009	Return on Interest Rates on Deposits and Loans	August 26, 2008	With the deregulation of interest rates on deposits and lending by banks, there is the need to engender greater transparency in the pricing and provision of banking services. Consequently, all banks are required to submit on monthly basis (25th of every month) to the CBN their interest rates on deposits and lending. Lending rates (prime and maximum) should be inclusive of all charges and commissions. The information which should be provided in the attached template would be pasted monthly on the CBN website for the information of the general public. The individual banks are to ensure that the same is posted on their website as well.
8.	BSD/DIR/CIR/GEN/02/010	Re-Scheduling of Specific Debts	October 2, 2008	Several banks have recently indicated their desire to re-schedule some of their capital market related exposures. Their desire was informed by the strict consideration of section 2.3 of the Prudential Guidelines which provides the grounds for reclassifying non-performing facilities. Given that the facilities should have been structured for a much longer period from the beginning, the CBN is, by this circular allowing such facilities to be restructured for a longer period between now and December 31, 2009. It should be NOTED that the forbearance is specifically for only loans made for the purchase of shares in the Nigerian Stock Exchange.
9.	BSD/DIR/CIR/GEN/02/014	Circular to all Banks on Off-Shore Expansion	October 7, 2008	The Central Bank of Nigeria has observed with serious concern the aggressive expansion by banks, particular cross border, in the recent past. These involve additional risks. While, the Central Bank of Nigeria appreciates the need for Deposit Money Banks (DMBs) to grow their banks and improve profitability as they seek to deliver value to stakeholders, it is imperative to have in place guidelines that would further strengthen the system and ensure safety and soundness of the financial institutions, both at home and offshore. In the light of the current realities in the banking industry and in line with CBN's risk-based approach to supervision, guidelines on offshore

expansion by banks have been approved by the Management of the Central Bank of Nigeria.

Consequently, all banks are by this circular, enjoined to adopt the requirements as contained in the attached Guidelines as the minimum requirements for offshore expansion.

Minimum Requirements for Offshore Expansion by Banks Documentation:

(a) Application Requirements

- The parent bank should formally request for the consent of the home country regulator to establish a foreign branch or subsidiary
- (ii) Realistic Feasibility Study should accompany the formal request. All cost elements indicated in the feasibility studies should be critically appraised to ascertain the viability of the proposed subsidiary. The feasibility study should be accompanied by a market survey to support the projected market share.
- (iii) Extract of the parent bank's board resolution authorizing the est6ablishemt of the foreign branch/subsidiary.
- (iv) Details of the shareholding structure of the proposed affiliate/subsidiary including the minority shareholders.
- (v) Memorandum and Articles of Associate of the proposed affiliate/subsidiary.
- (vi) Copy of Certificate of Incorporation of the proposed affiliate/subsidiary.
- (vii) Organogram and detailed profit of the directors and key management personnel of the proposed subsidiary.
- (viii) An undertaking by the host regulator to make future examination reports, management letters, audited reports and any other reports, on the subsidiary considered necessary to aid the supervision of the entity available to the Director of Banking Supervision.
- (ix) Pro-form consolidated financial statement
- (x) Pro-forma consolidated regulatory capital calculation
- (xi) Host country capital computation rules
- (xii) Provision put in place to keep records of the activities of the branch/subsidiary in English where it is located outside English speaking environment.
- (xiii) Due diligence report on the investee company (where existing company is to be acquired in whole or in part).

(b) Prudential/Statutory Requirements

 Financial Condition of the parent bank for the past 12 months should be sound in terms of liquidity, capital

adequacy etc.

- (ii) The parent bank should have operated profitably for the past two years, should be reflected in the bank's Audited Accounts.
- (iii) Availability of free funds.

(c) Risk Management System Requirement

- (i) The management should submit a detailed Enterprise Risk Management framework of the Proposed subsidiary, highlighting the impacts on the parent bank.
- (ii) Operational Control: The parent bank should give details of how the operations of the subsidiary would be monitored from the home country.

(d) Business Plan & Strategy

- (i) The Parent bank should forward the Branch Subsidiary's expansion Strategic plan covering a minimum period of 5 years stating clearly the phase and timelines for implementation.
- (ii) The provision of BOFIA requires that the parent bank's aggregate investment in all its subsidiaries is subject to a limit of 25% of the paid up capital and statutory reserves.

(e) Supervisory Obligations

- No subsidiary bank would (whether foreign or local) be allowed to open another subsidiary/associate without the express permission of the CBN.
- (ii) The bank should furnish the CBN with a status report on previously approved expansion in respect of branches/subsidiaries..
- (iii) The bank should have substantially complied with key provisions of the Code of corporate governance for banks in Nigeria before new request for foreign branch expansion and establishment of subsidiaries are processed.
- (iv) Banking laws and guidelines for the licensing of Financial Institutions issued by the host country regulator should be included in the application for review. Where this is found inade4quate, onsite visitation of the subsidiaries should be carried out to complement the supervision of the host country supervisors.
- (v) Report on the regulatory environment of the host country highlighting any possible restrictions which could limit CBN's ability in exercising its regulatory powers on the subsidiary.
- (vi) CBN should enter into an MU with the host country regulator in order to facilitate exchange of information if none is available at time of application.

- (vii) The existence and implementation of Enterprise Wide Risk Management Framework approved by the Board of the bank is a prerequisite for further branch/subsidiaries investment/expansion.
- (viii) The parent bank should accompany its application for investments in subsidiaries with an internal Capital Adequacy Assessment Process (ICAAP) in the host country.

B Procedure

- (a) The application would be examined against the following
 - Benefit (justification) accruable from the location
 - The capacity of the parent bank to cope with further expansion considering its free funds, capital adequacy liquidity and management effectiveness.
- (b) The detailed feasibility report would be critically reviewed considering among others things the following areas:
 - Viability of the proposed branch/subsidiary;
 - Range of products;
 - Estimated initial capital expenditure and other operational costs, in naira and foreign exchange, for the proposed branch/subsidiary, with breakdown of the estimates
 - Sources of foreign exchange to finance the establishment and running of the branch/subsidiary for the initial period of operations;
 - Financial projections for at least 3 years- including balance sheet and profit and loss accounts and notes and assumptions on the projections.
 - Appraise the personnel requirements and the Curriculum Vitae (CV) of the proposed staff to ensure that they have the requisite experience and skills for effective management of branch/subsidiary;
- (c) The parent bank's enterprise risk management framework should be reviewed in relation to the impact of the subsidiary on the parent and mechanism put in place to monitor the operations of the branch/subsidiary;
- (d) There shall be focus on Corporate Governance to ensure key provisions have been substantially complied with.
- (e) Status report on previous approvals as regard foreign subsidiary/branch shall be reviewed to ascertain the level of institution. Revalidation shall come by way of fresh application with appropriate documentation.
- (f) The existence of an MOU with the host country would be ascertained. If none exist, the attention of the CBN Management

				record he decree to the model tweet in all
				would be drawn to the need t put one in place. (g) The bank's submission shall be appraised to determine the
				capability of host country supervisor. Where this is found to be inadequate, onsite visitation of the subsidiary shall be recommended to complement the supervision by the host supervisor.
				(h) Based on the above, a report with an appropriate recommendation shall be prepared for the consideration of the CBN Management.
10.	BSD/DIR/CIR/GEN/02/008	Request for Information on Loans from and Assets held in foreign Financial	October 9, 2008	It is important that the Central Bank of Nigeria has accurate and complete information on the exposure of foreign institutions to Nigerian banks and the value of assets held by Nigerian banks in foreign financial institutions. This will put the CBN in a better position to take appropriate regulatory actions to protect the Nigerian financial and banking system.
		Institutions by Nigerian Bank		To this end, all banks are requested to forward to the Director of Banking Supervision Department not later than Monday October 13, 2008, accurate and complete information on the exposure of foreign financial institutions to them directly and indirectly, and also their assets held in foreign financial institutions in line with MBR 331 and MBR 335, respectively.
				The requested returns should be signed by the managing Director/CEO and the Financial Controller. Subsequently, the returns should be rendered tot eh Director of Banking Supervision, monthly as required by the eFASS.
11.	BSD/DO/CIR/GEN/02/013	Reform of Discount Houses in Nigeria	October 9, 2008	In view of the developments in the financial system and the need to deepen the money and capital markets, the Central Bank of Nigeria has approved the following changes with regard to the operations of discount houses in Nigeria.
				1. Without prejudice to Section !3 of the existing guidelines for discount houses dated April 27, 2004 the ownership base of the discount houses has been expanded to include individuals and other corporate bodies.
				2. Further, discount houses are now allowed to undertake other financial services besides those specified in Section A4 of the existing guidelines, subject to meeting the risk-based supervisory requirements and the statutory capital as may be specified by the relevant regulatory bodies.
				The revised operational guidelines will be issued shortly.
12.	BSD/DO/CIR/GEN/02/011	Additional information Requirements and Directive on Western Union Money	October 10, 2008	Given the absence of a fool-proof means of personal identification and the need to ensure that WMT operations in Nigeria are carried out in a transparent and safer manner, banks are required to put in place in the following additional safeguards and communicate these to WMT international and their customers:
		Transfer Operations in Nigeria		Funds transferred shall only be collected in the designated town for payment and nowhere else;
		(WUMT)		2. Bank shall investigate customers complaint within one week

				before referring the beneficiary to the sender for onward complaint to WMT international: and 3. The copy of beneficiary's photograph forwarded by WUMT to the banks should be personally produced by the beneficiary at the point of collection before payment is made. In cases where these safeguards are not strictly applied, banks will be held liable and shall be made to refund any amount paid to wrong beneficiaries.
13.	BSD/DIR/CIR/GEN/02/015	Directive to Forward the A c c o u n t Details of the Follo wing Illegal Fund Managers/"W onder Banks" to the CBN	October 15, 2008	You may recall that the Securities and Exchange Commission (SEC) had obtained a favourable judgment by the Investments and Securities Tribunal (IST) against the following companies: 1. Art Master & Co. Ltd 2. Cyber International Ltd 3. Fortune Access Interlinks Network 4. Gold Power Unique Service Ltd 5. Gorutrans Nigeria Co. Ltd 6. Interglobal Investment Ltd 7. Money Field Ltd 8. New Freedom Diversified Investment Ltd 9. Open Gate Multipurpose Investors Ltd 10. Orion Express Global Services Ltd 11. Pennywise Investment Ltd 12. Positive Move International Nigeria Ltd 13. Precious Golden Profile 14. Real and Cool Wealth International Ltd 15. Shola Olarenwaju Ayinke (Sefteg Nigeria Company); 16. Silvertrust Global Investment 17. Successpoint International Investment Ltd 18. Torid Investment Ltd 19. Treasured Fund Assets Ltd 20. Vikel Petroleum Ltd 21. Wealth Conce pts Global Ltd 22. Wealth Gonce pts Global Ltd 23. Wealth Transfer and Logistic Ltd 24. Wealth Solution Ltd 25. Wealth Transfer and Logistic Ltd 26. Wilson O. Wilson (Doing business in the name and style of Wilamas Ventures 27. Wisdom Investment Nig Ltd and 28. Nospetco Oil and Gas Ltd You are please requested to forward to us the account details of the above listed companies from 4th December, 2007 to date. The details should include the account numbers, number of accounts held, branches they were opened, names and addresses of the signatories to the accounts, the balances as at 4/12/07; 31/12/07 and 30/9/08. You are however required to provide a NIL return where no account has been opened in your bank in any of the above names. Similar information should also be provided on related accounts to these companies, their owners and operators to avoid any type of information-gap. You response should reach the Director of Banking Supervision within 7 days (22nd October, 2008) of the date of this Circular.

14.	BSD/DIR/CIR/GEN/02/016	De-Marketing of Banks by Other Banks	October 21, 2008	It will be recalled that the CBN had earlier issued a circular reference BSD/08/2006 on the above subject titled "The unethical and Unprofessional Practice of De-Marketing Colleagues/Other Banks in the Industry by Spreading False Rumours", dated 12, 2006. The CBN has again noted with serious concern the recent practice whereby some officers of deposit money banks engage in the de-marketing of other banks though disparaging comments and the use of negative test messages. This development, which constitutes a threat to the safety and soundness of the banking system, is unprofessional, unethical and unacceptable. Banks and their staff are by this circular reminded that the responsibility of ensuring the safety and soundness of the banking system is a collective one for all stakeholders. Banks are therefore advised to caution their staff on this practice and henceforth, any staff of a bank found to be involved in such an act will be summarily dismissed and blacklisted. Also, if another staff of the same bank is involved in such a practice, the institution will face severe sanctions including but not limited to a monetary fine of N10 million (Ten million naira only). Appropriate channel will be opened by the CBN for the report of such unwholesome practice by banks' customers and the general public. Furthermore, in the overall interest of the banking system, all banks are
15.	BSD/DIR/CIR/GEN/V.02/017	Exclusivity Clauses in the Agreements signed by Nigerian Banks with International Money Transfer Operators	November 20, 2008	advised to enthrone an appropriate corporate culture that would guide against such practices in the future. The attention of the Central Bank of Nigeria has been drawn to the inclusion of exclusivity clauses in the agreements between International Monetary Transfer Operators and their agent banks in Nigeria. Such exclusivity clauses aimed at protecting the interest of the International Money Transfer Operators, constitute a restraint on competition and unnecessarily increase the cost of money transfer services to the users. In the light of the above, all deposit money banks are hereby notified that the Central Bank of Nigeria, henceforth, will no longer approve any money transfer agreements between International Money Transfer Operators and agent banks that contain exclusivity clauses. Consequently, the Central Bank of Nigeria directs all deposit money banks to ensure that exclusivity clauses are not longer included in agreements between them and International Money Transfer Operators and that all existing agreements are reviewed to expunge such clauses. These directives take immediate effect and all banks offering international money transfer services are required to bring this to the attention of their respective International Money Transfer partners, and ensure strict compliance.
16.	BSD/DIR/CIR/GEN/V.02/018	Re; Returns on Interest Rates on Deposits and Loans	December 15, 2008	It has been observed that some banks do not submit the above named returns to the Central Bank of Nigeria (CBN) on time to enable it publish it in the Newspapers as earlier agreed with all stakeholders. We wish therefore to remind all banks to submit this information to the CBN on or before the 5th day after the month end to which it relates and to also publish some on their website where the 5th day falls on a weekend or a public holiday, the returns should be submitted on the working day preceding the week-end or public holiday. Any bank that does not comply with this requirement shall be appropriately penalized.

17.	BSD/DO/CIR/GEN/V.2/012	Circular to all Banks and International M o n e y Transfer Operators in Nigeria	December 17, 2008	Given the absence of a fool-proof means of personal identification and the need to ensure that money transfer operators in Nigeria are carried out in a transparent and safe manner, all International Money Transfer Operators and their agent banks are required to put in place the following additional safeguards and communicate these to their customers: 1. Funds transferred shall only be collected in the designated town for payment and nowhere else; 2. All the money transfer operators in Nigeria should introduce a second level pin/code to the prided by the beneficiaries after confirming the availability of their transactions/funds before payment could be made; 3. All the money transfer operators should ensure adequate information dissemination to enlighten the customers and the beneficiaries of the services, and 4. Banks shall investigate customers' complaints within the shortest possible time before referring the beneficiary to the sender for onward complaint to the money transfer operator. In cases where these safeguards are not strictly applied, banks will be held liable and shall be made to refund any amount paid to wrong beneficiaries. This circular supersedes the earlier circular No. BSD/DO/CIR/GEN/V.2/011 dated October 10, 2008.
18.	BSD/DO/CIR/V02/12/08	Deployment of Resident Examiners to Banks	December 31, 2008	The Central Bank of Nigeria will with effect from January 5, 2009 commence the deployment of Resident Examiners to deposit money banks in Nigeria to monitor the observance of safe and sound banking practices and compliance with banking laws, rules and regulations, guidelines/circulars issued by the Bank. The Resident Examiners will continuously monitor and assess the bank's financial condition and risk management system through participation in meetings as observers, review of management reports and discussions with banks official as an when necessary. Pursuant thereto, banks are to note that in addition to powers conferred on bank Examiners by Section 30 of the Banks and Other Financial Institutions Act 1991 as amended, Resident Examiners are also authorized to Attend Board, and Management meetings (including their committees) as observers without hindrance; Query banks' systems as and when necessary and; Carry out all other functions necessary to accomplish the objectives of supervision of banks. In view of the above, banks' cooperation is hereby solicited for the provision of adequate and conducive office accommodation for Resident Examiners at their Head Offices. Please, note that no form of entertainment or remuneration should be provided for the Resident Examiners as this will be catered for by the CBN. Finally, banks are to ensure that maximum co-operation and unfettered access to all records and documents are accorded the Resident Examiners.

3. FOREIGN OPERATIONS

Highlights of the special guidelines for Deposit Placement with Nigerian Banks Operating Offshore	October 16, 2008	The object of the Guidelines is to spell out the criteria for the selection of offshore subsidiaries/branches of Nigerian banks as counterparties for CBN for the purpose of deposit placements. These guidelines become necessary as it may be difficult for the Nigerian Banks to meet the stringent CBN investment Guidelines as they affect Foreign Banks/Asset Managers.
		The Guidelines defined among other things, the following criteria:
		(a) Minimum capitalization requirement of the CBN as may be specified from time to time;
		(b) Establishment of a subsidiary or branch in any of the OECD countries where the currency is freely convertible.
		(c) Satisfactory examination report by all relevant supervisory authorities;
		(d) Maximum exposure of the Bank to any foreign branch/subsidiary of a Nigeria bank shall not exceed US\$100 million or 30 per cent of the branch's/subsidiary's average total monthly deposits over a period of one year, whichever is higher;
		(e) The maximum maturity of CBN deposits with foreign branch/subsidiary of a Nigerian Bank shall not exceed a period of three moths; and
		(f) The Nigerian Bank Parent Company shall guarantee the deposits placed with its foreign subsidiary.

4. TRADE AND EXCHANGE

Reference No.	Name of Circular	Date Issued	Date Issued
TED/FEM/GEN/01/021		February 21, 2008	Further to the circulars ref: TED/FEM/GEN/FPC/01/021 and TED/FEM/GEN/FPC/01/091 dated February 21 and July 30, 2007, respectively, all Authorized Dealers and the General Public are hereby informed that the underlisted products have been added to the list of regulated products covered under the Standard Organization of Nigeria Conformity Assessment Programme (SONCAP). The affected products are listed below: GROUP1 TOYS Pr. No. 1-01 ITEM: Children Hair Slides and Bands Pr. No. 1-03 ITEM: Baby Crib, Baby Rocker Pr. No. 1-04 ITEM: Sports, Outdoor Games and Other Recreation related Products GROUPII ELECTRICAL & ELECTRONICS Pr. No. 11-06 ITEM: Stationary Cooking Ranges, Hobs Ovens and similar Appliances

			Remark: Not subject to wattage limit. All types are regulated.
			Pr. No. 11-09 ITEM: Grills, Toasters and similar portable cooking appliances Remark: Not subject to wattage. All types are regulated.
			Pr. No. 11-10 ITEM: Floor Treatment Machines and Wet Scrubbing Machines Remark: Not subject to wattage. All types are regulated.
			Pr. No. 11-13 ITEM: Deep Fat Fryers, Frying Pans and similar appliances Remark: Not subject to wattage. All types are regulated.
			Pr. No. 11-14 ITEM: Kitchen Machines Remark: Not subject to wattage. All types are regulated.
			Pr. No. 11-153 ITEM: Electric door bells of all types including those which are DC operated
			GROUPIV CHEMICAL PRODUCTS
			Pr. No. IV-24 ITEM: Flasks, Vacuum ware
			Remark: All types are regulated.
			Pr. No. IV-25 ITEM: Bituminous Products including Asphalt
			GROUPV MECHNICAL MATERIAL AND GAS APPLIANCES Pr. No. V-12
			ITEM: Non-Galvanised Steel and Stainless Steel Bars, Rods, Beams, Angles, Sheets, Pipes including Iron Wire Gauze and Fence Security Barb Steel Wires
			Pr. No. V-15 ITEM: Ceramic Products, Tiles Sanitary Ware Appliances, Stainless Steel Hand Wash Basin, Pipes and Fittings Remark: All types of ceramic products, tiles, sanitary ware appliances are regulated
			Pr. No. V-28 ITEM: Hand Tools and similar Products including Screw Driver, Tester, Hydraulic Jack, Bottle, etc
			Pr. No. V-34 ITEM: Saw Blades and Cutting Discs
			Pr. No. V-35 ITEM: Measuring devices including Scales, Tapes, Vernier Calipers, etc
TED/FEM/GEN/FPC/01/	Inclusion of Ilorin International Airport in the Destination Inspection of Imports Scheme	June 30, 2008	This is to notify all Authorised Dealers, Service Providers for Destination Inspection of Imports, Nigeria Customs Service and the general public that the Federal Government of Nigeria has approved with effect from 17th June, 2008 the inclusion of Ilorin International Airport in the Destination Inspection of Imports Scheme. The approval is an addition to lot II currently covered by Messrs SGS Scanning Limited.

			Consequently, Authorised Dealers are hereby required to accept duly registered Forms 'M' with Ilorin International Airport as "port of discharge".
TED/FEM/FPC/GEN/01/066	Requests for Issuance of Certificate of Capital Importation on Inflows not previously reported	July 1, 2008	This is to inform all Authorised Dealers that request for approval for waiver to issue Certificate of Capital Importation after the mandatory 24 hours, must be supported by evidence that the inflow was previously reported in the statutory returns viz: MTR301, MTR213, MTR214 or MTR306 via eFASS to the CBN. Please ensure compliance accordingly.
TED/FEM/FPC/GEN/01/067	Re: Rendition of Returns by Bureaux De Change through eFASS	July 1, 2008	Further to our circular Ref: TED/FEM/FPC/GEN/01/082 of July 10, 2007 all BDCs are reminded that rendition of the monthly returns is a condition for participation in the direct foreign exchange cash sales. Consequently, with effect from August 1, 2008 all BDCs that are in arrears of their monthly returns rendition would be suspended from the foreign exchange market until they make up all the outstanding returns. Please be guided accordingly.
TED/FEM/FPC/GEN/01/069	Compliance with Destination Inspection of Imports Scheme Guidelines Re: Registration of Forms "M"	July 2, 2008	It has been observed that the incidence of shipping documents predating the registration date of Forms "M" is on the increase. This is contrary to the existing guidelines on import transactions. Accordingly, Authorised Dealers and the general public are hereby reminded that Forms "M" should be duly registered and approved by the Service Providers for Destination Inspection before the commencement of the other import processed, failing which such transactions shall be considered ineligible. For avoidance of doubt, any request for the waiver for the guidelines shall be declined. Please be guided accordingly.
TED/FEM/FPC/GEN/01/074	Submission of List of unclaimed Risk Assessment Report(RARs)	July 15, 2008	It has been observed that some importers have formed the habit of not promptly collecting their Risk Assessment Reports (RARs) from the processing banks. Consequently, all Authorised Dealers that are in receipt of RARs which have remained uncollected after three months are hereby requested to forward the list to the Director, Trade & Exchange Department, CBN, Abuja. The list which should be submitted in soft copy using excel and in the format attached is to be received on or before Wednesday July 30, 2008. Please ensure compliance.
TED/FEM/GEN/FPC/01/075	Clarification on Multi-Country Listed Equities		In order to facilitate transactions in the multi-country listed equities that my be crossed from other countries to the floor of the Nigerian Stock Exchange (NSE), Authorised Dealers are hereby advised that the following requirements shall apply precedent to the issuance of the relevant Certificate of Capital Importation (CCI). 1. The investor will first submit his share certificate, representing his interest in the company (i.e. company with multiple listing) to the registrar of the company at the alternate jurisdiction with an instruction to transfer comparative value to Nigeria. Thereafter, he will issue a receipt instruction to his Nigerian custodian/bank to receive the share certificate from the alternate Registrar.

		2 The alternate registres will.
		 The alternate registrar will: (i) forward the surrendered share certificate to the investor's nominated custodian in Nigeria with authority to facilitate the issuance of comparative or agreed value of shares to the investor in Nigeria; and (ii) send a copy of the letter of authority, notifying the Nigerian
		registrar. 3. The investor's custodian/bank in Nigeria will submit the share certificate, through a nominated stockbroker, to the relevant Nigerian registrar for verification and dematerialization duly supported with the following documents: a. Copy of the investor's letter of instruction to the
		custodian/bank to receive the shares on his behalf.b. Letter of authority by the alternate registrar empowering the custodian to facilitate the transfer of the shares to Nigeria.
		c. Original copy of the client's Power of Attorney empowering the Nigerian registrar to dematerialize the shares in the case of an individual investor and a Board Resolution in the case of corporate investor.
		4. The Nigerian registrar will submit the verified share certificate of the Central Securities Clearing System (CSCS) for dematerialization into the client's nominee or segregated account at the CSCS.
		5. CSCS will issue a letter of confirmation to the investor's custodian/bank, stating that the shares have been dematerialized into the relevant account maintained for that purpose.
		6. On receipt of a letter of confirmation, the investor's custodian/bank will issue a CCI for the value of the dematerialized shares in line with CBN extant guidelines/policy on the subject.
		7. The investor can thereupon, at anytime of his choice, issue a sale order to his broker to trade the shares on the floor of the Nigerian Stock Exchange.
		8. The proceeds of the divestment can be repatriated or re-invested in accordance with the existing regulations.
		Authorised Dealers are enjoined to note and ensure compliance accordingly.
Implementation of the year 2008 Fiscal Policy Measures and Tariff Amendments	August 21, 2008	This is inform all Authorised Dealers and the General Public that the Federal Government has approved some Fiscal Policy Measures and Tariff Amendments for 2008 Fiscal year, the details of which are attached herewith.
	of the year 2008 Fiscal Policy Measures and T a r i f f	of the year 2008 Fiscal Policy Measures and T a r i f f

TED/FEM/FPC/GEN/01/091	Increase in the Amount of USD sold to Bureaux De Change Operators	September 1, 2008	Further to the Circular Ref: TED/AD/62/2006 of April 4, 2006, Authorised Dealers and Licenced Bureaux de Change Operators are hereby notified that Management has approved the increase in the maximum amount sold to each BDC from US\$200,000.00 to US\$300,000.00 per market session. This increase takes effect from Thursday, September 4, 2008. In addition, all BDCs are once again enjoined to operate in strict compliance with the provisions of extant guidelines as well as the provisions of the Money Laundering Act.
TED/FEM/FPC/GEN/01/102	Upward Review of Prices of Foreign Exchange Forms	September 25, 2008	This is to inform all Authorised Dealers and the general public that the prices of foreign exchange forms have been reviewed upward as follows: Form Type Selling Price per Booklet Form 'A' N1,500.00 Form 'M' N3,000.00 Form 'MC' N3,000.00 Form 'NXP' N3,000.00 Form 'NXP' N3,000.00 The revised prices take effect from October 1, 2008, please.
TED/FEM/PFC/GEN/01/121	Re-Pre-Shipment Inspection of Crude oil Exports	November 11, 2008	Further to the CBN circulars referenced TED/AD/117/2004, TED/AD/126/2004 and TED/FEM/GEN/FPC/011/07 dated 11th October and 8th November, 2004 and 26th January, 2007, respectively, Authorised Dealers and general public are hereby notified that the Federal Government of Nigeria has ratified the appointment of Messrs Cobalt International Services Limited for the Pre-shipment Inspection of oil exports in Nigeria with effect from November 1, 2008. Consequently upon that, the following clarifications and amendments to the circulars under reference are made to guide the implementation of the inspection scheme: A. Circular Ref. No. TED/AD/126/2004 dated 8th November, 2004 (i) Appointment of Designated Bank

			Without prejudice to the provisions of the relevant contracts, all exports (crude oil and non-oil) out of Nigeria shall be on Free on Board (FOB) or Cost and Freight (CFR) basis. It should be noted that except for the amendments and clarifications stated in this circular, the provisions of the circulars referred to in the first paragraph of this circular still remain valid.
			All Authorised Dealers are advised to bring the provisions of this circular to the attention of their customers for appropriate guidance and compliance, please.
TED/FEM/FPC/GEN/01/127	Addition of Lagos Free Trade Zone(s) (LFTZ) to LOT III of Destination In spection Scheme	November 24, 2008	This is to inform all Authorized Dealers, Scanning Service Providers and the General Public that the Federal Government has approved the review of lot III being covered by Messrs Global Scan Systems Limited. Consequently, Lagos Free Trade Zone(s) is hereby added to Lot III. With this development, areas of coverage by Messrs Global Scan Systems Limited include, Warri and Calabar Seaports, Ikeja Airport, Grimaldi Concession Terminal, Seme Border Post and Lagos Free Trade Zone(s). Messrs Global Scan Systems Limited has already been directed to put in place all necessary infrastructures and commence operations in the Lagos Free Trade Zone as soon as possible. Authorized Dealers are enjoined to bring to the attention of their customers this new development.
TED/FEM/FPC/GEN/01/132	Reduction in the Net Open Position of Banks	December 12, 2008	This is to inform all Authorised Dealers that after a careful review of the developments in the foreign exchange market, Management of the Central Bank of Nigeria has approved the reduction of the foreign exchange Net Open Position (NOP) of all banks from 20% to 10% of shareholders funds with effect from December 15, 2008. For the avoidance of doubt, all Authorised Dealers are enjoined to ensure strict compliance with the advised limit in their daily foreign exchange transactions failing which appropriate sanction shall apply.





Selected Interest Rates (Per cent)

	Dec						8.6					3.6			8.21	12.37	12.91	12.86	12.71	12.7	16.08	21.18		11.96	9.22	12.17
2000 47	Sep						9.8					ო			6.18	11.91	12.69	12.92	12.89	13.15	15.84	19.22		11.62	9.7	15.42
c	Jun						10.3					3.2			5.69	10.97	11.77	11.63	11.68	11.68	16.04	17.08		10.57	6.51	11.23
	Mar						9.5					3.1			5.15	10.3	10.66	9.98	10.03	10.18	15.78	17.66		9.38	828	9.37
	Dec			7.3			9.5					3.2			5.82	10.18	10.29	9.53	7.92	9.67	16.46	18.21		8.9	9.31	8.99
	Sep			6.9			®					3.1			6.12	10.43	10.37	9.49	8.12	9.45	16.46	18.27		6	9.27	6.24
2000	Jul			11.2			80					3.8			5.74	10.25	10.24	9	8.02	10.06	16.92	18.74		9.05	9.69	8.46
	Mar			9.6			10					4.3			5.55	10.48	10.46	9	8.3	9.31	17.18	18.92		9.02	9.9	7.68
	Dec			12			10					3.3			52	0	10.3	6.6	7.5	8.5	17.3	18.7		9.6	10.1	တ
9	Sep			8.5		4						2.9			3.7	6	9.6	9.3	7.8	8.2	17.3	18.7		7.9	10.8	10.5
2000	Jul Jul			12.1		14						3			2	9.5	10	9.4	82	7.8	17.1	18.6		8.3	10.3	82
	Mar			16.3		13						ო			8.4	9.4	9.6	9.8	9.2	8.6	16.3	18.2		8.4	6.6	7.8
	Dec			14.4		13						3.3			4.6	9.1	9.1	8.7	8.8	6.1	17.8	19.5		7.7	11.8	7
ų	Se G			14.3		13						3.4			4.5	8.7	6	9.5	9.5	8.2	17.6	19.1		8.2	10.9	5.5
2000	Jun			14.3		13						4			5.1	6.6	10.5	10.7	Ξ	∞	17.8	19.2		9.2	6.6	5.5
	Mar			4		13						4.2			6.3	4.1	12.3	12.1	13.2	11.8	18.2	20		11.2	8.9	10.7
	Dec			14.5		15						4.4			7	11.8	12.8	11.7	12.7	10.7	18.9	20.4		#17	9.3	12.1
2	Sep			14.5		15						4.4			7.2	12.3	13.4	12.1	12.9	11.8	19	20.2		11.6	9.8	11.9
7000	Jul			15.9		15						3.3			7.5	11.7	12.2	10.3	11.7	11.1	19.2	20.7		10.7	6.6	15
	Mar			15.2		15						5.7			8.1	12.6	13.3	11.7	13.1	12.3	19.5	21.1		11.8	9.3	14.6
	Dec			13.8		15						3.2			8.8	13.7	14.8	13.8	13.5	12.3	19.6	21.6		12.8	8.8	21.1
2000	Sep			16.5		15						4.8			9.4	14.3	15.5	13.8	13.6	13.6	20	22.4		13.4	6	
00	Jun			20.7		16.5						3.6			7.8	12	12.7	10.9	E	9.6	21.2	22.9		10.7	12.2	
	Mar			22.4		16.5						2			7.2	11.5	12.4	10.5	8.6	8.8	21.2	22.9		10	12.9	
	Item	Government	Securities Traceury Rile	Issue Rate	Minimum	Rediscount Rate	Monetary Policy Rale 3/	Commercial and	Merchant Banks'	Deposit Rates 1/	Commercial Banks	Savings	Time Deposits	Maturing in:	7 days	1 month	3 months	6 months	12 months	Over 12 months	Prime	Maximum	Average Term	Deposit	Spread (Maximum Lending-Average term Deposi	Inter-bank Rate (End-Period)

1/ Provisional. 2/ With the introduction of universal banking in January 2001, banks' interest rates represent industry averages. 3/ MRR was changed to MPR in Dec 2005

Table 2
Loans Guaranteed under ACGSF By Size and Purpose: January - December, 2008

% of Total	Amount		12.22	2.83	0.09	1.35	16.49	5.48			3.02	0.26	0.04	53.3	17.75	74.37		1.63	0.02	0		0.26	0.93	2.84	0.82	100
% of	No		3.3	3.07	90.0	0.45	88.9	1.77			2.4	0.07	0.02	73.98	12.1	88.57		0.57	0	0		0.71	0.41	1.69	1.09	100
Total	Amount (N)		821,280.78	190,541.04	6,175.00	90,487.00	1,108,483.82	368,630.00			202,769.00	17,254.16	2,792.47	3,582,372.69	1,193,002.96	4,998,191.28		109,344.00	1,100.00	300	•	17,465.00	62,680.00	190,889.00	54,880.46	6,721,075
Ĕ	No		1,740	1,622	34	238	3,634	932			1,268	35	13	39,050	6,387	46,753		539	2	-		374	217	893	575	52,787
Above N 100,000	Amount		801,576.78	143,393.84	5,700.00	83,672.00	1,034,342.62	344,685.00			167,210.00	17,044.16	2,215.55	1,981,285.19	986,405.96	3,154,160.86		100,551.00	1,000.00	300	•	4,800.00	54,900.00	161,551.00	29,293.46	4,724,033
Above	No		1,487	283	15	149	1,934	650			763	31	4	8,050	3,259	12,107		198	_	-		12	131	343	02	15,104
N 50,001 - 100,000	Amount		16,939.00	2,732.20	100	5,180.00	24,951.20	21,725.00			27,620.00	09	432.2	788,836.50	150,100.00	967,148.70		7,153.00	100	•	•	2,260.00	7,580.00	17,093.00	13,085.00	1,044,003
N 50,00	<u>8</u>		180	30	-	53	564	223			316	-	2	9,867	1,719	11,909		32	_			24	9/	133	166	12,695
N 20,001 - 50,000	Amount		2,765.00	44,105.00	375	1,635.00	48,880.00	2,120.00			7,810.00	150	144.72	784,225.00	53,532.00	845,861.72		1,420.00	•	•	•	8,855.00		10,275.00	12,100.00	919,237
N 20,0	No		73	1,293	18	98	1,420	25			180	က	4	19,714	1,250	21,151		28				193	•	251	304	23,180
5,001 - 20,000	Amount		,	300			300	100			124			27,306.00	2,965.00	30,395.00		220	•		,	1,450.00	200	1,870.00	402	33,067
N 5,	No			15			15	2			œ			1,383	159	1,550		F				125	10	146	35	1,751
& Below	Amount			10			6				2	•		720		725						100	•	100	٠	835
N 5,000 & Below	No			_			-				_			36		37						20		20		28
	Purpose	LIVESTOCK	POULTRY	CATTLE	SHEEP/GOAT	OTHERS	SUB-TOTAL	FISHERIES	MIXED FARMING	FOOD CROPS	VEGETABLES	BEANS	SOYABEANS	GRAINS	TUBER/ROOTS	SUB-TOTAL	CASH CROPS	OIL PALM	RUBBER	GINGER	COTTON	GROUNDNUTS	COCOA	SUB-TOTAL	OTHERS	TOTAL

Table 3
Currency in Circulation (Naira Billion)

		V 110 1	Currency Outside	Currency in
Year	Month	Vault Cash	Banks	Circulation
2004	December	87.2	458.5	545.7
2005	December	79.2	563.2	642.4
2006	January February March April May June July August September October November December	94.3 81.4 83.7 79.9 90.6 88.2 95.7 104.5 90.8 91.1 91.3 88.3	478.5 480.2 480 530.3 520.7 514.6 511.2 504.8 524.4 538.4 578.2 690.8	572.7 561.6 563.7 610.1 611.2 602.8 606.9 609.3 615.1 629.5 669.5 779.2
2007	December	00.0	000.0	110.2
2007	January February March April May June July August September October November December	103.8 100.5 134.1 156.5 177.5 189.2 195.2 193.7 178.9 184.3 156.1	601.4 604.1 593.3 609.5 565.4 525.7 519.1 524 543.4 571.3 634.1 737.6	705.2 704.6 727.4 766 742.8 715 714.3 717.7 722.3 755.6 790.2 960.5
2008				
	January February March April May June July August	197.9 179.1 229 224.1 256.7 245.2 231.8 221.3	668 687.6 662.8 674.8 660.2 673.1 705.1	865.9 866.7 891.8 898.9 916.9 918.3 936.9 948.3
	September	219.6	756.8	976.4
	October	223	743.2	966.1
	November	243.8	744.3	988.2
	December	262.7	892.7	1,155.0

Table 4
Changes in World Output and Prices (Per cent)

)		•		,					
		ဝိ	Consumer Prices	ses				Output		
Region/Country	2004	2002	2006	2007 /1	2008 /2	2004	2002	2006	2007 /1	2008 /2
Advanced Countries	7	2.3	2.4	2.2	3.6	3.2	2.5	2.9	5.6	1.5
United States of America	2.7	3.4	3.2	2.7	4.2	3.6	3.1	2.9	2	1.6
Canada	1.8	2.2	2	2.2		3.1	3.1	2.8	2.5	
Japan		-0.3	0.3	ı	1.6	2.7	1.9	2.2	2	0.7
European Union	2.1	2.2	2.3	2.3	3.9	2.7	7	3.2	က	1.7
Germany	1.7	1.9	1.8	2.1	2.9	1.1	8.0	2.9	2.4	1.8
France	2.3	1.9	1.9	1.6	3.4	2.5	1.7	2	1.9	8.0
Italy	2.3	2.2	2.2	1.9	3.4	1.2	0.1	1.9	1.7	-0.1
United Kingdom	1.3	2	2.3	2.4	3.8	3.3	1.8	2.8	3.1	_
Euro Area	2.1	2.2	2.2	2	3.5	2	1.5	2.8	2.5	1.3
Other Advanced Economies	2.1	1.9	1.9	1.9	3.2	4.5	3.3	3.5	4.4	3.1
Newly Industrialized Asian Economies	2.4	2.2	1.6	2	4.8	4.6	2.6	3.5	4.6	4
Other Emerging Markets and Developing Countries	5.6	5.2	5.1	5.9	9.4	7.7	7.5	8.1	8.1	6.9
Regional Groups										
Central and Eastern Europe	6.1	4.9	2	5.1	7.8	2.9	9.6	6.3	5.8	4.5
Russia	10.9	12.7	9.7	8.1	14	7.2	6.4	6.7	7	7
Africa	5.5	9.9	6.3	9.9	10.2	5.8	9.6	5.6	2.7	5.9
Asia	4.1	3.6	4	5.3	7.8	8.8	9.5	8.6	9.8	8.4
Middle East	7.2	6.9	7.5	10.8	15.8	9.6	5.4	5.6	5.9	6.4
Western Hemisphere	6.5	6.3	5.4	5.3	7.9	9	4.6	5.5	2	4.6
Oil Exporting Developing Countries	9.7	10	9.6	Ϋ́	¥	7.2	6.7	6.7	ΑN	Α A
Non-Oil Exporting Countries	2	4.6	4.7	Ϋ́	¥	7.8	7.5	7.4	ΑN	ΑN
China	3.9	1.8	1.5	4.5	6.4	10.1	10.4	11.1	11.5	9.7

1/Revised 2/Provisional Source: World Economic Outlook, October 2007

Table 5 Money Supply and its Determinants (Naira Million)

Category	Dec-01	Dec-02	Dec-03	Dec-04	Dec-05	Dec-06	Dec-07 1/	Dec-08 2/
1.Domestic Credit (net)	848,992.8	1,329,401.3	1,803,938.1	2,020,173.3	2,313,387.7	714,205.7	2,688,236.5	4,951,887.
(a) Claims on Federal Government (net)	(6,006.5)	373,639.2	591,944.7	485,725.5	306,031.9	-1,936,615.7	-2,368,484.4	-3,107,661.4
By Central Bank	(185,934.6)	(41,246.8)	293,504.0	-6,118.9	-205,746.3	-2,796,026.9	-4,074,422.8	-4,532,086.
By Deposits Money Banks	179,928.1	414,886.0	298,440.7	491,844.4	511,778.2	859,411.2	1,705,938.5	1,424,425.0
(b).Claims on Private Sector	854,999.3	955,762.1	1,211,993.4	1,534,447.8	2,007,355.8	2,650,821.5	5,056,720.9	8,059,548.9
By Central Bank	10,513.1	7,298.0	8,794.4	15,205.1	16,209.4	41,532.1	236,025.2	260,148.8
By Deposits Money Banks	844,486.2	948,464.1	1,203,199.0	1,519,242.7	1,991,146.4	2,609,289.4	4,820,695.7	7,799,400.1
(i) Claims on State and Local Governments 3/	26,796.4	17,326.6	20,234.9	24,631.8	54,526.6	80,652.4	87,753.6	149,765.
By Central Bank	-	-	0.0	0.0	0.0	0.0	0.0	0.0
By Deposits Money Banks	26,796.4	17,326.6	20,234.9	24,631.8	54,526.6	80,652.4	87,753.6	149,765.
(ii) Claims on Non-Financial Public Enterprises	1,080.1	164.3	212.0	1,930.8	2,449.4	13,249.4	0.0	0.0
By Central Bank	1,080.1	164.3	212.0	1,930.8	2,449.4	13,249.4	0.0	0.0
By Deposits Money Banks	· -	-						
(iii) Claims on Other Private Sector	827,122.9	938,271.2	1,191,546.5	1,507,885.2	1,950,379.8	2,556,919.7	4,968,967.3	7,909,783.
By Central Bank	9,433.1	7,133.7	8,582.4	13,274.3	13,760.0	28,282.7	236,025.2	260,148.8
By Deposits Money Banks	817,689.8	931,137.5	1,182,964.1	1,494,610.9	1,936,619.8	2,528,637.0	4,732,942.1	7,649,635.0
(2) Foreign Assets (net) 4/	1,347,554.8	1,282,215.5	1,388,233.8	2,644,672.7	4,098,471.9	6,307,859.3	7,266,512.1	8,550,430.
By Central Bank	1,059,711.7	902,956.9	971,656.0	2,182,270.7	3,658,511.5	5,603,376.8	6,570,263.7	7,270,807.4
By Deposits Money Banks	287,843.1	379,258.6	416,577.8	462,402.0	439,960.4	704,482.4	696,248.4	1,279,622.9
(3) Other Assets (net)	-880,678.4	-1,012,122.2	-1,206,980.0	-2,401,258.1	-3,597,013.5	-2,994,163.3	-4,144,922.1	-4,335,250.
Total Monetary Assets	1,315,869.1	1,599,494.6	1,985,191.8	2,263,587.9	2,814,846.1	4,027,901.7	5,809,826.5	9,167,067.
Quasi-Money 5/	499,161.5	544,204.2	637,045.3	760,391.8	1,089,450.30	1,739,639.9	2,693,554.3	4,304,707.8
Money Supply	816,707.7	946,253.4	1,225,559.3	1,330,657.8	1,725,395.80	2,280,648.9	3,116,272.1	4,857,544.
Currency Outside Banks	338,671.2	386,942.3	412,155.2	458,586.5	563,232.00	650,943.6	737,867.2	893,318.8
Demand Deposits 6/	478,036.5	559,311.1	813,404.1	872,071.3	973,772.80	1,244,163.5	2,378,404.9	3,982,875.
Total Monetary Liabilities	1,315,869.1	1,599,494.6	1,985,191.8	2,263,587.9	2,814,846.1	4,027,901.7	5,809,826.5	9,167,067.0
GROWTH RATE OVER THE PRECEDING DECEMBER								., . ,
Credit to the Domestic Economy (net)	79.87	56.59	35.70	11.99	14.51	-69.13	276.40	84.21
Credit to the Private Sector	43.46	11.79	26.81	26.61	30.82	32.06	90.76	59.38
Claims on Federal Government (net) 7/	95.16	-6320.55	58.43	-17.94	-36.99	-732.81	22.30	-31.21
By Central Bank	47.79	-77.82	-811.58	-102.08	3262.49	1258.97	45.72	11.23
Claims on State and Local Governments	254.25	-35.34	16.79	21.73	121.37	47.91	8.80	70.67
Claims on Non-Financial Public Enterprises	13.58	-84.79	29.03	810.75	26.86	440.92	-100.00	0.00
Credit to the Other Private Sector	40.79	13.44	26.99	26.55	29.35	31.10	94.33	59.18
Foreign Assets (net)	14.36	-4.85	8.27	90.51	54.97	53.91	15.20	17.67
Other Assets (net)	-39.42	-14.93	-19.25	-98.95	-49.80	16.76	-38.43	-4.59
Quasi-Money Quasi-Money	25.31	9.02	17.06	19.36	43.27	59.68	54.83	59.82
Money Supply (M1)	28.06	15.86	29.52	8.58	29.66	32.18	36.64	55.88
Broad Money (M2)	27.00	21.55	24.11	14.02	24.35	43.09	44.24	57.79

NOTES :

- 1/ Revised.

- 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 parabalast 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 draw down on Federal Government deposits with the CBN.

Table 6
Banking System Credit to the Economy (Naira Million)

Fnd of Month	Aggregate	Credit to	Credit to	Credit to	Credit to	Credit to			Central Bank Credit to	k Credit to			Denosit M	Denosit Money Banks Credit to	t to
	Credit to	Foderal	Private	State & ocal	Non-Financial	'Other' Private	Foderal	Drivate	State & local	Non-Einancial	'Other' Private	Fodoral	Drivate	State & Local 'Other'Private	Other Private
	the Economy	Govt	Sector	Governments 1/	Public Enterprises	Sector	Government			Public Enterprises	Sector	Government	Sector	Governments	Sector
December 1999	632,010.1	176,804.9	455,205.2	2,101.8	692.3	452,411.1	15,325.1	6,150.9	6.5	692.3	5,452.1	161479.8	449,054.3	2095.3	446,959.0
December 2000 2003	521,565.2	-8,808.2	530,373.4	6,245.8	3,585.1	520,542.5	-343,003.2	8,001.6	6.5	951.0	7,044.1	152,333.9	520,427.3	6,239.3	580,442.1
January	1.550.188.3	460.771.2	1.089.417.1	16.635.7		1.072.109.0	89.488.1	7.810.6	0.0	671.5	7.139.1	339.044.4	1.081.606.5	16.635.7	1.064.970.8
February	1,646,431.2	533,881.5	1,112,549.7	16,935.2	242.5	1,095,372.0	133,383.0	8,866.4	0.0	242.5	8,623.9	358,558.2	1,103,683.3	16,935.2	1,086,748.1
March	1,553,152.3	430,656.4	1,122,495.9	13,522.5		1,108,808.6	25,775.4	8,770.3	0.0	164.8	8,605.5	378,153.8	1,113,725.6	13,522.5	1,100,203.1
April	1,493,917.2	377,021.5	1,116,895.7	12,000.5		1,104,138.0	-35,315.8	9,367.8	0.0	757.2	8,610.6	387,542.5	1,107,527.9	12,000.5	1,095,527.4
May	1,555,256.9	451,614.8	1,103,642.1	13,690.7		1,089,210.2	111,119.6	9,287.5	0.0	741.2	8,546.3	381,687.1	1,094,354.6	13,690.7	1,080,663.9
June	1.734.815.1	605,045.7	1,129,769.4	17.014.7	_	1,111,315.5	198.700.9	13,637.5	0.0	1.439.2	12.198.3	401,083.5	1,116,131.9	17.014.7	1.099,117.2
ylnk	1.872,872.9	713,205.5	1.159.667.4	15,537.0		1,141,977.2	299.720.1	5.701.5	0.0	2.153.2	3,548.3	387,692.3	1,153,965.9	15,537.0	1.138.428.9
August	1,879,486.1	658,466.2	1.221.019.9	23.612.5	2.928.8	1,194,478.6	266,787.9	15,188.6	0.0	2,928.8	12,259.8	388,762.6	1,205,831.3	23,612.5	1,182,218.8
September	1,759,355,5	625,658.7	1.133.696.8			1,114,437.8	264.957.1	16.122.0	0.0	3.849.6	12.272.4	322,752.3	1.117.574.8	15,409.4	1.102.165.4
October	1,951,250.7	696,507.4	1,254,743.3	•		1,240,466.6	311,868.9	16,542.8	0.0	4,232.8	12,310.0	364,583.4	1,238,200.5	10,043.9	1,228,156.6
November	1,901,164.4	584,765.7	1,316,398.7	16,820.9		1,295,215.2	267,527.3	16,678.6	0.0	4,362.6	12,316.0	419,996.3	1,299,720.1	16,820.9	1,282,899.2
December	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
Monthly Average	1,753,412.3	589,054.8	1,164,357.5	15,954.8	1,813.0	1,146,589.6	207,239.3	11,397.3	0:0	1,813.0	9,584.4	375,671.7	1,152,960.1	15,954.8	1,137,005.3
2004															
January	1,927,552.2	666,231.6	1,261,320.6	21,384.9		1,239,092.5	297,119.3	13,139.8	0:0	843.2	12,296.6	369,112.3	1,248,180.8	21,384.9	1,226,795.9
February	1,905,395.1	_	1,290,761.9	21,815.1		1,268,683.1	203,782.4	13,230.0	0.0	263.7	12,966.3	410,850.8	1,277,531.9	21,815.1	1,255,716.8
March	1,821,092.0		1,321,106.4	17,409.9		1,303,421.9	43,231.8	13,246.6	0:0	274.6	12,972.0	456,753.8	1,307,859.8	17,409.9	1,290,449.9
April	1,966,783.5	598,317.8	1,368,465.7	17,167.3		1,351,040.5	159,258.6	12,291.5	0.0	257.9	12,033.6	439,059.2	1,356,174.2	17,167.3	1,339,006.9
May	2,004,161.1	599,207.7	1,404,953.4	17,984.1		1,386,764.9	171,642.8	13,247.1	0:0	204.4	13,042.7	427,564.9	1,391,706.3	17,984.1	1,373,722.2
June	1,802,335.7	408,554.8	1,393,780.9	20,561.4		1,372,906.3	-13,790.7	13,610.1	0.0	313.2	13,296.9	422,345.5	1,380,170.8	20,561.4	1,359,609.4
July	1,755,001.1	292,048.3	1,462,952.8	20,438.5	`	1,442,334.4	-160,367.6	13,269.9	0.0	1/9.9	13,090.0	452,415.9	1,449,682.9	20,438.5	1,429,244.4
August	1,784,363.7	318,890.8	1,405,472.9	23,408.7	1,331.7	1,440,/32.5	-124,0/7.8	14,455.7	0.0	1,331.7	13,124.0	442,968.6	1,451,017.2	23,408.7	1,427,608.5
October	1 761 121 8	236.875.4	1 524 246 4	25,739.3		1,496,670,2	-234 064.8	15,002.7 15,206.8	0.0	1,417.2	13,238.6	470 940 2	1 509 039 6	25,739.3	1 483 431 6
November	1,701,121.0	250,873.4	1.543.113.1	23,006.0	·	1,519,728.3	-236.332.8	14 848 7	0.0	1,568.6	13 280 1	496 482 8	1,528,264.4	21,006.0	1 506 448 2
December	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
	7 000 010	7 001 017	0,00	000	i c		1000	0000	6			001	0 700 100	7000	7 000
Monthly Average 2005	1,870,200.1	448,536.1	1,421,664.0	1,332.1	8/9.5	1,389,452.5	1,936./	13,862.8	0:0	8/8.5	12,983.4	446,599.4	7,407,801.2	7.332.1	1,386,469.1
January	2,138,400.7	530,942.2	1,607,458.4	26,962.2		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		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		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	13,5/1.4	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		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 August	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
Sentember	2,510,113.5	603.058.0	1 986 211 2	45.479.0		1,903,912.0	2,886.5	16,830.5	000	3 217 2	13,020.0	606 044 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		1.877.170.2	-5,000.3	16.818.1	0.0	3.257.9	13.560.2	519.274.2	1,920,200.7	56.603.2	1.863.610.0
November	2.369.452.1	337,886.7	2.031,565.4	53,438.0		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	.,		2,449.4	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
	7	2000	4 000	0		0 100 000 1		0.00	d	0.00	100	, 000	1000		100 001
Monthly Average	2,338,835.1	512,840.4	1,838,376.2	35,112.8	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	35,112.8	1,785,967.7

Table 6 Cont'd Banking System Credit to the Economy (Naira Million)

End of Month	Aggregate	Credit to	Credit to	Credit to	Credit to	Credit to			Central Rank Credit to	k Credit to			Denosit Mo	Denosit Money Banks Credit to	1
	Credit to	Federal	Private	State &Local	Non-Financial	'Other' Private	Federal	Private	State & Local	Non-Financial	'Other' Private	Federal	Private	State & Local 'Other'Private	'Other'Private
	the Economy	Govt	Sector	Governments 1/	Public Enterprises	Sector	Government			Public Enterprises	Sector	Government	Sector	Governments	Sector
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		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		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		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		2,336,316.1	-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
	0		1					0	c c	1	000	0		0	000
Monthly Average	Z,U46,2U7.9	-244,409.9	8.110,082,2	63,301.9	9,723.7	1.286,112,2	-1,008,843.9	40,503.8	0:0	9,723.7	39,090.1	824,434.0	2,244,054.0	63,301.9	7,180,692.0
valua.	-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 B	00	13 249 4	29 630 4	605 380 6	2 203 332 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	2,201,010.3	-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		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
Anril	456.853.0	-2.754.698.0	3.211.551.0	50.962.3		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	9.968.99	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
\nr	1.086.789.1	-2.742.458.0	3.829.247.1	47.539.3		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		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		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	-3,574,748.3	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
2000	040	0 440	0 7 0 0 0 0	7 07 11 70 7	d	* ****	0 400 004 4	0.470	d	c	0 4 7 4 5 4 5	4 777 000 4	400 7700	707	000
January	2,916,650.5	-2,419,384.3	5,338,434.8	104,540.4	0:0	5,233,694.4	4, 190,004.6	164 782 2	0:0	0.0	151,054.9	1,869,812,8	5,100,119.9	04,040.4	5,062,239.5
March	3 462 330 5	-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
Anril	3 599 023 0	-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
Nav.	3.693.217.7	-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	0.0	149,452.4	1.657,078.8	6,638,006.4	109.331.7	6.528.674.7
June	4,038,236.3	-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	0.0	114,037.1	1,696,599.7	6,640,644.5	99,399.9	6,541,244.5
July	4,907,125.3	-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	4,438,433.7	-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	0.0	239,880.9	1,987,394.5	7,185,211.5	99,602.5	7,085,609.0
September	4,244,627.1	-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	0.0	171,846.4	1,877,585.2	7,302,820.0	96,140.3	7,206,679.7
October	4,254,703.7	-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	0.0	228,463.4	1,753,948.7	7,465,312.0	115,024.8	7,350,287.3
November	4,337,279.2	-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	0.0	247,452.5	1,612,571.8	7,725,818.9	149,033.2	7,576,785.8
December	4,951,887.5	-3,107,661.4	8,059,548.9	149,765.1	0.0	7,909,783.8	4,532,086.5	260,148.8	0:0	0.0	260,148.8	1,424,425.0	7,799,400.1	149,765.1	7,649,635.0
Monthly Average	7 040 7 2 2 7	-2 900 776 1	6 000 000 8	410 810 8	c	6 800 670 0	7 705 244 7	177 532 0	C		177 5320	1 705 468 6	6 747 066 g	440 840 8	6 632 147 0
Monuny Average	4,010,122.1	-2,303,110.1	0,054,026,0	110,010.0	0.0	0,000,000,0	4,700,244.1	0.200,111	5.5	5.5	0.200, 111	1,130,400.0	0,744,300.0	0.010,011	0,022,141.0

Table 7
Summary of Deposit Money Banks' Activities

	2008	(10)	38.8	40	69.3	44.6	58.9	67.9	29.8	85.4	165.8	51.2	62.8	12.4	-22.5	-0.7
ē		(6)	39.9	74	92.1	71.6	175.4	89.9	8.4.8	15.7	199.7	73.4	79.7	55.2	-30.5	-13.9
% Change	2006	(8)	-8.5	57.1	25.8	41.8	-10.8	28.4	26.7	36.8	-61.1	35	61.1	ထု	110.3	26.2
	2005	(7)	41.5	24.6	43.7	20.3	22.5	29.9	16.8	-4.9	-31.2	38.5	6.69	6.3	-25.6	5.4
	2004	(9)	13.3	9.69	53.1	38.7	124.7	44.6	42.8	16.1	180.2	56.1	49	64.1	-10.7	9.5
	2008	(2)	915,779.80	9,903,977.40	7,606,337.10	15,882,909.90	7,948,019.50	3,643,311.70	4,304,707.80	1,291,053.30	132,195.30	3,364,641.40	2,788,719.70	575,921.70	43.9	82.7
	2007	(4)	659,631.30	7,076,493.00	4,493,303.90	10,981,693.60	5,001,470.50	2,307,916.20	2,693,554.30	696,248.40	49,741.60	2,225,394.20	1,712,986.50	512,407.60	56.6	83.3
(=N= Million)	2006	(3)	471,648.70	4,066,689.30	2,338,718.80	6,400,783.90	1,816,275.60	1,215,347.80	1,739,636.90	601,692.40	16,594.90	1,283,146.40	953,001.20	330,145.20	81.4	8.96
	2002	(2)	515,207.30	2,588,916.70	1,859,555.50	4,515,117.60	2,036,089.90	946,639.60	1,089,450.30	439,960.30	42,687.50	950,551.60	591,738.70	358,812.90	38.7	7.97
	2004	(1)	364,192.90	2,077,779.30	1,294,449.50	3,753,277.80	1,661,482.10	728,552.00	932,930.10	462,402.00	62,079.50	686,076.60	348,387.60	337,689.00	52	72.8
		ltem	Reserves	Aggregate Credit (Net)	Loans and Advances	Total assets	Total Deposit Liabilities	Demand deposits	Time, Savings & Foreign Currencies Deposits	Foreign Assets (Net)	Credit from Central Bank	Capital Accounts	Capital & Reserves	Other Provisions	Average Liquidity Ratio (%)	Average Loan/Deposit Ratio (%)

Table 8
Deposit Money Banks' Sources and Application of Funds (Naira Million)

Application Sources Application Sources Application 1,793.00 151,014.40 43,558.60 174,868.80 43,636.90 -18,056.80 21,772.90 740,767.50 43,963.90 22,894.80 7,669.50 7,669.50 311,646.80 442,008.90 7,669.50 7,669.50 135,963.90 115,905.80 31,724.90 -3,028.80 25,010.60 984.2 31,724.90 -3,028.80 25,010.60 984.2 13,136.80 -26,092.60 1,839.00 -19,392.00 42,695.80 -26,092.60 26,4475.00 739,288.60 739,288.60 1,958,346.20 109,390.30 739,288.60 1,958,346.20 1,958,346.20		20	2004	2002	15	2006	91	20	2007	2008	
t		Sources	Application	Sources	Application	Sources	Application	Sources	Application	Sources	Application
t											
t			1,793.00		151,014.40	43,558.60		-6,423.20		0	126,682.90
t t			43,636.90	-18,056.80			174,868.80		92,361.80	0	504,451.10
Triple 88 30 29,894.80 7,396.90 7,699.60 19,299.80 115,905.80 115,905.80 115,905.80 115,905.80 115,905.80 115,905.80 115,905.80 115,905.80 115,905.80 115,905.80 115,905.80 115,905.80 117,299.80 117,299.80 117,299.80 117,705.90 28,709.20 117,705.90 117,7	ment		230,870.80		21,772.90		740,767.50	-46,947.50		-178,487.90	0
Hutions -22,886.80 311,646.80 19,299.80 19,299.80 102,549.50 102,549.50 102,549.50 102,549.50 102,549.50 102,549.50 103,988.30 135,963.90 115,905.80 288,708.20 288,708.20 289,708.20 250 984.2 250 984.2 37,745.90 17,776.90 17,776.90 17,76.90 17,749.80 286,708.20 17,749.80 286,708.20 17,749.80 286,708.20 17,989.80 286,475.00 19,939.30 17,5740.50 17,30,495.60 1730,495.60 19,988.346.20 19,958.20 19,958.20 19,958.20 19,958.20 19,958.20 19,958.20 19,958.20 19,958.20 19,958.20 19,958.20 19,958.20 19,958.20 19,958.20 19,958.20 19,958.20 19,958.20 19,958.20 19,958.	Government		4,396.90		29,894.80		7,669.50		29,041.40	0	732
Hutions -22,886.80 135,963.90 115,905.80 115,905.80 1102,549.50 115,905.80 115,905.80 115,905.80 115,905.80 115,905.80 115,905.80 117,291.20 117,394.20 25,010.60 25,010.60 31,724.90 -3,028.80 117,76.90 117,76.90 117,765.90 117,655.			311,646.80		442,008.90		525,482.00		666,306.50	0	80,200.50
155,963.90 115,963.90 115,905.80 115,905.80 377,887.50 150,888.30 173,297.60 156,520.20 650,186.60 31,724.903,028.80 37,467.10 37,467.10 1,839.0019,392.00 322,594.80 117,765.90 117,765.90 117,655.90	Il Institutions	-22,886.80			19,299.80		102,549.50	-1,386.60		0	196,518.00
150,888.30			135,963.90		115,905.80		377,887.50	-231,633.60		0	239,103.50
150,888.30 218,087.60 268,708.20 250 156,520.20 31,724.90 250 984.2 31,724.90 37,467.10 4,384.90 13,136.80 17,776.90 26,475.00 -19,392.00 1448,868.80 264,475.00 1988.80 738,495.60 730,495.60 738,495.60 1958,346.20 1958,346.20 1958,346.20											
150,888.30 218,087.60 288,708.20 289,708.20 250,708.20 250,708.20 250,708.20 250,708.20 250,708.20 250,708.20 250,708.20 250,709.20											
7,394.20		150,888.30		218,087.60		268,708.20		23,135.00		370,511.00	0
7,394.20 25,010.60 31,724.90 -3,028.80 250 984.2 -3,028.80 -3,028.80 37,467.10 4,384.90 13,136.80 -26,092.60 17,776.90 -19,392.00 -19,392.00 -26,092.60 148,868.80 264,475.00 332,594.80 -26,092.60 171,665.90 730,495.60 730,495.60 1,958,346.20 730,495.60 730,495.60 1,958,346.20 1,958,346.20	Currency Deposits	173,297.60		156,520.20		650,186.60		79,983.00		186,535.00	0
250 984.2 -3.028.80 -3.028.80 -3.028.80 -3.028.80 -3.028.80 -2.187.30 4.384.90 13,136.80 -26,092.80 17,776.90 148,868.80 264,475.00 -19,392.00 575,740.50 1730,495.60 730,495.60 730,495.60 730,495.60 730,495.60 1958,346.20 1958,346.20	S	7,394.20		25,010.60		31,724.90			-41,235.90	0	-2,924.60
-2,187.30 4,384.90 13,136.80 37,467.10 1,839.00 -19,392.00 -26,092.60 146,868.80 264,475.00 332,594.80 -26,092.60 171,665.90 109,930.30 575,740.50 1,958.346.20 730,495.60 730,495.60 1,958.346.20 1,958.346.20		250		984.2			-3,028.80	14,432.30		7,817.20	0
37,467.10 1,839.00 -19,392.00 -26,092.60 17,776.90 -19,392.00 -26,092.60 148,868.80 264,475.00 332,594.80 -26,092.60 171,665.90 109,930.30 575,740.50 1,958,346.20 730,495.60 730,495.60 739,288.60 1,958,346.20			-2,187.30	4,384.90		13,136.80		2,445.50		0	-28,781.40
17,776.90 -19,392.00 148,868.80 264,475.00 171,665.90 109,330.30 730,495.60 730,495.60 730,495.60 199,288.60 199,380.30 1,958,346.20	osits	37,467.10		1,839.00		42,695.80			-3,569.90	10,828.80	0
264475.00 332,594.80 109,930,30 575,740,50 1958,346,20 1958,346,20		17,776.90			-19,392.00		-26,092.60	20,234.60		1,319.50	0
730.495.60 739.288.60 739.288.60 1.958.346.20 1.958.346.20 1		148,868.80		264,475.00		332,594.80		272,939.50		104,508.90	0
730.495.60 799.288.60 799.288.60 1.958.346.20 1.958.346.20		171,665.90		109,930.30		575,740.50		132,954.60		319,385.50	0
		730,495.60	730,495.60	799,288.60	799,288.60	1,958,346.20	1,958,346.20	832,515.50	832,515.50	1,179,393.90	1,179,393.90

Table 9 **Summary of Community Banks/Microfinance Banks' Activities, end-December 2008** (Naira Million, unless otherwise stated)

Item	2004	2005	2006	2007	2008 2/
Number of Licensed CBs/MFBs	753	757	757	709	745
Number of Reporting CBs/MFBs	615	725	757	709	745
Number of Non-Reporting CBs/MFBs	138	32			-
Capital and Reserves	8,156.40	10,054.10	12,619.90	14,250.70	33,361.30
Total Assets	34,162.30	46,062.70	55,056.10	55,616.10	115,124.50
Deposit Liabilities	21,407.90	28,723.40	34,008.80	33,088.30	58,481.30
Loans & Advances	11,353.80	14,547.40	16,498.60	16,450.80	42,024.40
Investments	2,612.70	3,594.10	3,868.20	2,592.40	7,317.70
Average Loan/ Deposit Ratio (%)	53	50.6	48.5	49.7	71.9
Percentage Change (%)					
Number of Reporting Banks	9	17.9	4.4	-7.3	0.7
Capital and Reserves	16.3	23.3	25.5	12.9	134.1
Total Assets	19.1	34.8	19.5	1	107
Deposit Liabilities	18.4	34.2	18.4	-2.7	76.7
Loans & Advances	14.1	28.1	13.4	-0.3	155.5
Investments	15.6	37.6	7.6	-33	182.3
Sectoral Distribution of Loans & Advances					
(i) Agriculture and Forestry	483.1	69.9	956.1		3,534.30
(ii) Mining & Quarrying	510.6	14.7	405		412.4
(iii) Manufacturing	331.8	64.9	1,088.70		2,006.30
(iv) Real Estate and Construction	279.2	214.8	839.8		2,139.20
(v) Commerce	2,875.30	1,591.90	4,504.00		21,313.20
(vi) Transportation/Communication	1,088.10	2,795.10	2,087.40		2649.2
(vii) Others	5,785.60	23,753.40	6,608.50		16054.9
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 Loan & Advances	Negotiable	Negotiable	Negotiable	Negotiable	Negotiable

^{1/} Revised
2/ Provisional
Source: National Board for Community Banks (NBCB) (2001)
* Number of licensed MFBs in 2008 excludes 95 institutions with Approval-In-Principle (AIPs)

Table 10 Discount Houses' Statement of Assets and Liabilities (Naira Million)

Item	2004	2005	2006	2007	2008
ASSETS					
CASH AND BALANCES WITH BANKS	-9.3	-4,232.60	2,976.80	635.6	7,240.00
i) Cash on hand	1	0.9	0.9	1.5	1.3
ii) Balances with CBN	1	-4,636.00	3,286.00	-5,133.60	2,099.20
iii) Balances with other banks	-11.3	402.5	-310.1	5,767.70	5,139.50
CLAIMS ON FEDERAL GOVERNMENT	42,297.90	64,885.60	101,038.20	178,572.80	217,303.10
i) Treasury Bills	38,090.60	48,477.80	70,164.70	115,365.90	45,578.10
ii) FGN Bonds	2,810.10	9,507.90	12,947.00	52,517.30	171,725.00
iii) Treasury Certificate Maturing	2,807.30	-	-	-	-
iv) Treasury Bonds	-	250	1,863.70	-	-
v) Eligible Development Stock	1,400.00	6,650.00	16,062.80	10,689.60	-
CLAIMS ON STATE GOVERNMENTS	883.9	825.4	415.6	-	-
CLAIMS ON BANKS	12,663.30	20,183.10	51,827.10	86,569.30	155,487.80
i) Money at Call	4,681.50	2,206.40	1.8	7,000.00	20,121.90
ii) Loans and Advances	1,457.20	_	1,000.00	-	5,601.20
iii) Commercial Bills:	3,238.60	17,976.70	11,886.80	79,569.30	129,764.70
a) Bankers Acceptances	3,238.60	1,221.20		_	-
b) Promissory Notes	_	_			-
c) Negotiable Certificate of Deposit		_			
d) Stabilisation Securities	_	_			
iv) Others		13,870.00	38,938.50		_
CLAIMS ON OTHER FINANCIAL INSTITUTIONS		13,670.00	30,330.30	1,784.20	
Money at Call	-	100	-	1,704.20	-
Loans and advances	-	100	-	-	-
Commercial Bills:	-	-	-	-	-
	-	-	-	-	-
a) Promissory Notes	-	-	-		-
b) Negotiable Certificate of Deposit/Others	-	-	-	1,784.20	-
CLAIMS ON OTHERS	6,249.10	6,976.90	20,348.70	21,102.50	23,057.70
i) Commercial Bills	5,752.90	6,351.30	18,791.20	15,835.20	17,529.30
ii) Loans and Advances	491.9	625.6	1,557.50	5,267.20	4,794.30
iii) Others	4.3	-	-	-	734.1
OTHER ASSETS	4,587.60	9,868.50	9,175.40	9,038.00	13,401.00
FIXED ASSETS	673.6	696.6	749.5	563.6	665
TOTAL ASSETS	67,346.20	99,303.60	186,531.30	298,266.00	417,154.60
LIABILITIES					
CAPITAL AND RESERVES	9,924.50	13,029.50	16,326.40	22,849.10	33,684.30
i) Paid-up Capital	6,577.80	8,818.00	9,780.70	11,086.50	11,544.60
ii) Statutory Reserves	2,289.70	2,275.80	3,631.30	4,217.40	5,828.80
iii) Share Premium	19.8	-	50.3	1,614.60	1,737.30
iv) Other Reserves	285.9	1,000.20	757.9	3,581.90	9,665.10
v) General Reserve	751.2	935.5	2,106.20	2,348.60	4,908.50
MONEY-AT-CALL	25,087.90	34,066.80	76,020.20	97,049.80	195,901.00
i) Commercial Banks	11,964.10	14,135.50	72,973.70	91,982.10	192,751.50
ii) Merchant Banks	8,254.00	16,150.50		-	-
iii) Non-Bank Financial Institutions	4,231.90	2,000.00		2,800.00	-
iv) Others	638	1,780.80	3,046.50	2,267.70	3,149.50
v) Associated Treasury Notes	-	-	-	-	-
OTHER AMOUNT OWING TO:	22,447.50	39,974.20	81,915.80	158,579.50	42,145.90
i) Commercial Banks	11,706.50	32,600.80	63,486.20	146,330.90	30,830.50
ii) Merchant Banks	1,922.90	1,896.00	-	-	-
iii) Non-Bank Financial Institutions	-	-	13,720.90	1,000.00	-
iv) Others	8,818.00	5,477.40	4,708.70	11,248.70	11,315.40
BORROWINGS	11.1	3,461.10	7.5	3,239.60	118,201.00
i) Central Bank of Nigeria	-	5,401.10	-	3,233.00	-
ii) Overdrafts	11.1	3,461.10	7.5		85.4
· ·	11.1	3,401.10	7.5		
iii) Other Banks	0.075.00	0.770.00	40.004.40	3,239.60	118,115.60
OTHER LIABILITIES	9,875.30	8,772.00	12,261.40	16,548.00	27,222.40
TOTAL LIABILITIES	67,346.20	99,303.60	186,531.30	298,266.00	417,154.60

Table 11 Summary of Assets and Liabilities of Finance Companies (end-December) (=N= Million)

Item	2004 /1	2005 /1	2006 /1	2007 /2	2008 /3
1 Cash and Cash Items	4,691.50	1,145.10	4,220.70	3,820.10	5,970.30
2 Investments	5,488.80	5,756.40	8,755.10	12,756.00	34,442.30
3 Due from other Finance Companies	2,455.40	7,431.00	9,293.40	11,458.90	21,791.90
4. Loans and Advances	11,009.00	16,251.30	23,845.80	26,779.10	50,388.50
5. Fixed Assets	6,241.50	4,075.40	4,341.30	3,687.60	6,882.60
6. Other Assets	4,618.40	2,801.40	3,861.80	7,302.90	14,711.50
Total Assets	34,504.60	37,460.70	54,318.00	65,804.60	134,187.00
1.Capital and Reserves	7,920.00	8,309.40	11,185.60	14,856.70	25,205.80
2. Share Deposits	-161.8	1,177.20	185.8	0	0
3. Due to other Finance Companies	145.1	0	127.4	156.7	7,108.90
4. Borrowings	21,394.20	22,797.50	34,647.10	39,948.50	83,132.90
5. Other Liabilities	5,207.20	5,176.60	8,152.10	10,842.70	18,739.40
Total Liabilities	34,504.70	37,460.70	54,298.00	65,804.60	134,187.00

⁷⁷ Finance companies out of 112 reported 81 Finance Companies out of 112 reported 56 Finance Companies out of 113 reported

Table 12
Value of Money Market Assets (=N=Million)

Instrument	2003	2004	2005	2006	2007	2008
Treasury Bills	825,050.00	871,577.00	854,828.00	701,399.80	574,900.00	471,929.40
Treasury Certificates	-	-	-	-	-	-
Development Stocks	1,470.00	1,250.00	980	720	620	520
Certificates of Deposits	-	-	-	-	-	-
Commercial Papers	37,300.00	88,830.00	194,591.20	204,613.70	363,369.50	822,700.90
Bankers' Acceptances	32,900.00	41,620.00	41,123.50	78,497.60	81,834.00	66,398.70
FGN Bonds	725,600.00	725,600.00	250,830.00	643,940.00	1,186,192.80	1,445,999.60
Total	896,720.00	1,003,277.00	1,342,352.70	1,629,171.10	2,250,112.80	2,807,148.60
Treasury Bills	12.44	5.64	-1.92	-17.95	-18.04	-17.91
Treasury Certificates	-	-	-	-	-	-
Eligible Development Stocks	-9.82	-14.97	-21.6	-26.53	-13.89	-16.13
Certificates of Deposits						-
Commercial Papers	0.42	138.15	119.06	5.15	77.59	-77.33
Bankers' Acceptances	-22.81	26.5	-1.19	90.88	4.25	-18.86
FGN Bonds		-	-65.43	156.72	84.21	21.9
Total			33.8	21.37	38.11	-8.13

Table 13
Treasury Bills: Issues and Subscription (Naira Million)

			Subscri	b e r
Period	Issues	Central Bank	Deposit Money Banks	Non-Bank Public 1/
1999 Monthly Average	110,173.10	59,542.10	27,649.80	21,632.80
2000 Monthly Average	135,761.10	30,391.90	70,195.00	32,439.30
2002 Monthly Average	201,761.90	77,426.90	83,242.90	41,092.20
2003				
	200 020 40	111 126 50	115 571 40	72 221 40
January February	299,029.40 144,097.30	111,136.50 51,633.40	115,571.40 50,602.30	72,321.40
March				41,861.60
	290,640.80	30,473.00 21,983.90	158,352.30 174,216.20	101,815.50 81,824.20
April	278,024.40 165,097.30	45,757.80	80,790.60	38,548.90
May June	290,640.80	65,335.00	133,846.80	1
				91,459.00
July	299,024.40	74,544.60	142,239.80	82,240.00
August	144,097.30	42,744.40	64,532.00	36,821.00
September October	290,640.80	36,247.00	152,232.50	102,161.40
	299,024.40	52,480.50	169,160.30	77,383.50
November	144,097.30	61,555.20	53,480.30	29,061.90
December	381,932.80	195,266.60	99,820.50	86,845.70
Total	3026347.12	789158.01	1394845.15	842343.96
Average	252195.5933	65763.1675	116237.0958	70195.33
2004				
January	359,024.40	144,113.80	124,060.20	90,850.40
February	144,097.30	50,171.30	61,559.90	32,366.20
March	381,932.80	102,274.00	158,182.10	121,476.70
April	325,000.00	99,383.10	144,820.20	80,796.70
May	256,000.00	121,747.10	79,688.90	54,564.00
June	240,054.50	13,708.20	78,757.90	147,588.40
July	325,000.00	107,534.80	106,015.50	111,449.70
August	260,000.00	107,382.10	87,904.80	64,713.10
September	305,054.50	7,187.40	117,843.00	180,024.10
October	260,000.00	17,004.00	117,795.20	125,200.80
November	260,000.00	36,267.90	159,641.50	64,090.70
December	351,577.00	5,171.40	166,783.30	179,622.20
Total	3,467,740.50	811,945.20	1,403,052.40	1,252,743.00
Average	288,978.40	67,662.10	116,921.00	104,395.20
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	0	106,040.00	93,960.00
June	246,700.00	16,700.00	111,300.00	118,700.00
July	185,000.00	0	128,250.00	56,750.00
August	200,000.00	0	128,890.00	71,110.00
September	196,580.00	0	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	2,521,840.00	101,210.00	1,443,790.00	971,780.00
Average	210,153.30	8,434.20	120,315.80	80,981.70
Attorago	210,100.00	0,104.20	120,010.00	00,001.10

Table 13 Cont'd
Treasury Bills: Issues and Subscription (Naira Million)

			Subscri	har
			Deposit Money	D 6 1
			Banks/Discount	
Period	Issues	Central Bank	Houses	Non-Bank Public 1/
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	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	51,350.00	53,370.00
October	104,865.00	1,015.00	81,460.00	22,390.00
November	125,000.00	0	89,470.00	35,530.00
December	105,000.00	780	52,340.00	51,880.00
Total	1,509,070.00	63,790.00	796,110.00	649,170.00
Average	125,755.80	5,315.80	66,342.50	54,097.50
2007				
January	115,000.00	0	71,400.00	43,600.00
February	90,106.60	0	63,600.00	26,500.00
March	138,000.00	0	97,400.00	40,600.00
April	139,466.70	0	40,300.00	96,700.00
May	115,106.60	0	106,300.00	72,700.00
June	106,356.20	0	63,200.00	43,200.00
July	105,110.50	0	62,400.00	42,600.00
August	125,106.60	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	0	112,300.00	50,400.00
November	100,106.60	3,393,845.00	128,400.00	56,600.00
December	85,356.20	2,089,232.00	235,100.00	104,900.00
Total	1,304,182.40	27,159,090.00	1,124,700.00	655,500.00
Average	108,681.90	2,263,257.50	93,725.00	54,625.00
2008				
January	100,110.40	159.4	57,147.00	42,804.10
February	75,106.60	0	37,756.20	37,350.30
March	78,000.00	6,217.40	33,250.20	38,532.40
April	76,466.70	1,197.90	30,750.10	44,518.70
May	89,451.50	0	28,701.80	60,749.70
June	75,356.20	2.3	27,931.20	47,422.70
July	60,110.50	0	30,104.50	30,006.00
August	50,761.60	0	19,599.60	31,162.00
September	54,344.90	0	23,233.10	31,111.90
October	101,466.70	1	58,528.80	42,936.90
November	85,106.60	6.5	57,476.60	27,623.50
December	70,000.00	0	48,291.50	21,708.50
Total	916,281.60	7,584.50	452,770.60	455,926.70
Average	76,356.80	632	37,730.90	37,993.90

Table 14
Holdings of Treasury Bills Outstanding (Naira Million)

Period	Total Outstanding	Central Bank including Rediscount	Deposit Money Banks	Others
			400 440 =0	40.007.40
End December 1999	361,758.40	79,860.50	186,142.70	40,335.10
End December 2000 End December 2001	465,535.80 584,535.80	87,355.50 325,328.50	275,773.60 199,261.50	83,031.90 59,945.80
End December 2001	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
2004	020,004.00	255,004.00	430,030.90	130,333.00
January	825,054.50	199,862.20	466,264.80	158,927.60
February	825,054.50	145,782.60	518,626.60	160,645.30
March	825,054.50	115,706.90	561,717.50	147,630.10
April	825,054.50	146,946.80	485,537.50	192,570.20
May	825,054.50	240,923.60	438,359.00	145,771.90
June	825,054.50	67,987.20	556,851.60	200,215.80
July	825,054.50	66,561.20	575,032.60	183,460.70
August	825,054.50	37,303.10	565,649.60	222,101.90
September	825,054.50	20,654.10	571,519.40	232,881.10
October	825,054.50	54,181.10	544,078.20	226,795.20
November	825,054.50	25,837.10	608,792.20	190,425.20
December	871,577.00	60,807.40	595,810.30	214,959.30
Total	9,947,176.80	1,182,553.20	6,488,239.20	2,276,384.40
Average	828,931.40	98,546.10	540,686.60	189,698.70
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 June	871,577.00	6,400.00 2,200.00	685,400.00	179,800.00
July	871,577.00 871,577.00	6,700.00	713,700.00 717,700.00	155,700.00 147,200.00
August	871,577.00	7,200.00	717,700.00	147,200.00
September	871,577.00	5,710.00	719,800.00	142,700.00
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

Table 14 Cont'd Holdings of Treasury Bills Outstanding (Naira Million)

		0 (10 1		
		Central Bank		
	Total	including	Deposit	
Period	Outstanding	Rediscount	Money Banks	Others
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
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	011,000.1	0,00111	000,001.0	7 1,200.0
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
<u> </u>	574,929.40	3,149.90	559,572.10	12,207.40
March	574,929.40		519,667.50	51,716.20
April Mov		3,545.70		
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

^{1/} With the commencement of Universal banking in January 2001, the dichotomy between banks was removed.

Table 15 Open Market Operations at OMO Sessions

	_			
	Total Bids	Amount Sold		
	(=N= 'million)	(=N= 'million)	Average Tenor	Average
Period	(-14- 111111011)	(-14- 111111011)	(Days)	Yield (%)
2004				
January	135,560.00	133,460.00	39.5	14.5
February	107,055.10	102,995.10	38.6	13.3
March	85,225.00	76,224.00	38.6	14.1
April	62,000.00	62,026.00	36.5	14.5
May	66,400.00	66,426.00	31.3	13.7
June	114,700.00	114,620.00	31	13.5
July	98,100.00	98,100.00	34.7	14.4
August	127,737.00	127,707.00	39.3	14.5
-			41	13.9
September	74,300.00	68,803.00		
October	125,188.00	109,210.00	28.9	10.6
November	59,450.00	59,450.00	25.7	12.6
December	80,425.00	80,425.00	22.5	12.6
Total	1,136,140.10	1,099,446.10		
Average	94,678.30	91,620.50	34	13.5
2005				
January	83,100.00	76,600.00	27	12.9
February	170,800.00	134,200.00	27	11.5
March	146,720.00	129,270.00	38	10.8
April	210,800.00	161,500.00	33	10.1
May	155,220.00	119,870.00	42	6.3
June	149,080.00	111,600.00	46.9	4.5
July	33,100.00	22,350.00	55	3.3
August	30,500.00	22,000.00	31	2.8
September	85,500.00	56,350.00	53	5.5
October	25,200.00	18,200.00	65	2.4
November	15,700.00	15,700.00	34	2.4
December	141,600.00	122,200.00	84	11.5
Total	1,247,320.00	989,840.00		_
Average	103,943.30	82,486.70	44.7	7
2006				
January	38,600.00	26,100.00	40	10.9
February	360,100.00	200,000.00	93	11.3
March	182,600.00	149,000.00	115	9.6
April	211,500.00	189,900.00	95	8.2
May	159,500.00	133,400.00	205	7.2
June	254,300.00	197,200.00	309	11.2
July	416,700.00	343,100.00	146	11.1
August	225,370.00	168,690.00	235	8.8
September	56,600.00	56,600.00	146	6.9
October	232,930.00	217,930.00	63	5.7
November	30,500.00	25,000.00	82	5
December	101,500.00	101,500.00	91	7.3
Total	2,270,200.00	1,808,420.00	V 1	7.0
Average	189,183.30	150,701.70	135	8.6
Average	103,103.30	130,701.70	100	0.0

Table 15 Cont'd Open Market Operations at OMO Sessions

Desired	Total Bids	Amount Sold	Average Tenor	Average
Period	(=N= 'million)	(=N= 'million)	(Days)	Yield (%)
2007	0	0	0	0
January	0	0	0	0
February	68,200.00	50,100.00	50	7.3
March	216,900.00	227,150.00	71	7.3
April	50,300.00	188,050.00	100	7.7
May	62,400.00	114,050.00	48	7.2
June	14,000.00	54,450.00	74	7.7
July	170.00	10,017.00	57	6.7
August	37,750.00	272,500.00	86	7.1
September	-	455,000.00	99	6.7
October	19,500.00	632,130.00	77	6.8
November	24,000.00	564,970.00	106	7.3
December	134,200.00	587,680.00	223	8.1
Total	627,420.00	3,156,097.00		
Average	52,285.00	263,008.10	82.6	6.7
2008				
January	-	148,300.00	213	8.9
February	-	174,800.00	249	9.3
March	-	210,400.00	213	8.9
April	10,000.00	291,700.00	159	8.7
May	24,000.00	205,500.00	168	8.9
June	-	439,200.00	159	9.4
July	-	760,100.00	169	9.5
August	-	101,400.00	191	9.3
September	-	-	0	0
October	-	-	0	0
November	-	-	0	0
December	-	-	0	0
Total	34,000.00	2,331,400.00		
Average	2,833.30	194,283.30	126.8	6.1

Table 16
Transactions on the Nigerian Stock Exchange

Item	2004	2005	2006	2007	2008
Volume of Stocks ('000)					
Government	300.2	6,502.00	1,210.00		-
Industrial	16,509.70	272,567.90	1,183.40	2,870.00	3,571.20
Equities	19,193,190.10	26,393,695.80	36,491,363.90	138,109,452.00	193,132,900.00
Second-Tier Securities					
Total	19,210,000.00	26,672,765.70	36,493,757.30	138,112,322.00	193,136,471.20
Number of Deals					
Government	3	4.4	383.4		1
Industrial	13	19.2	1	37	138
Equities	973,510.00	1,021,943.00	4,021,395.40	2,614,983.00	3,535,493.00
Total	973,526.00	1,021,966.60	4,021,779.80	2,615,020.00	3,535,632.00
Value of Stocks (=N=Million)					
Government	317.5	7,319.90	2,210,000.00		-
Industrial	1,730.00	932.8	455,527.40	1,136.50	3,527.90
Equities	223,772.50	254,683.10	467,647,595.60	963.5	2,396,472.10
Total	225,820.00	262,935.80	470,313,123.00	2,100.00	2,400,000.00
Market Capitalization (=N=Million)	1,925,937.50	2,900,062.10	5,120,943.20	13,294,584.90	9,535,819.50
Value Index of Equities (1984 =100)	23,844.50	24,085.80	33,189.30	57,990.20	31,450.80

Source: The Nigerian Stock Exchange

Table 17
Market Capitalisation of Quoted Companies (Naira Thousand)

CATEGORY.	2004	2005	2006	2007	2008
AGRICULTURE	9,635,637.90	11,739,218.90	15,964,001.20	30,924,309,984.80	34,041,823,906.10
FINANCIAL	691,984,793.60	1,250,169,733.40	2,198,156,504.90	6,903,133,644,418.30	4,133,726,161,513.70
Banking	662,712,599.60	1,212,128,545.20	2,142,745,733.10	6,432,245,733,314.10	3,715,544,229,631.90
Managed Funds	4,181,841.90	3,641,101.60	3,018,101.60	6,620,913,400.00	
Insurance	25,080,352.20	34,400,086.70	52,392,670.20	419,016,997,704.20	313,873,459,652.50
Other Financial Institutions					47,885,885,966.90
Real Estate Investment Trust					2,220,200,000.00
Mortgage				45,250,000,000.00	54,202,386,262.40
MANUFACTURING	782,787,140.80	853,692,366.70	1,186,991,049.50	2,075,963,486,237.80	1,343,077,748,717.50
Breweries	467,235,922.70	409,434,954.50	444,302,931.80	569,614,151,530.20	472,657,836,302.30
Building Materials	48,631,315.10	114,692,868.20	358,477,246.70	498,299,115,836.20	177,229,727,731.20
Chemical & Paints	4,463,018.40	4,786,121.80	7,979,755.00	24,252,251,605.80	20,898,952,430.00
Food, Beverages & Tobacco	239,295,129.60	294,572,835.70	336,926,516.10	900,869,005,713.90	561,302,464,736.20
Industrial and Domestic Products	5,500,070.70	6,377,718.30	6,561,523.50	16,972,126,096.20	25,716,839,713.90
Packaging	3,107,523.60	4,585,159.30	4,073,305.40	15,952,013,961.40	43,535,290,082.00
Healthcare	11,611,259.00	16,024,860.40	26,490,010.80	46,519,124,734.00	38,576,816,499.40
Textiles	2,942,901.70	3,217,848.50	2,179,760.10	3,485,696,760.20	3,159,821,222.60
COMMERCIALS	393,609,908.20	377,047,745.00	612,322,784.90	838,526,906,027.50	886,263,192,496.80
Automobile & Tyres	3,204,885.00	5,294,090.00	10,956,622.40	31,525,103,728.00	17,466,607,846.70
Conglomerates	92,014,199.70	123,218,419.50	333,671,406.00	317,563,739,958.50	178,921,497,303.10
Commercial / Services	105,000.00	100,000.00	80,853.40	27,431,138,261.00	83,170,810,287.40
Computer & Office Equipments	656,868.10	459,859.60	999,729.50	2,839,664,778.10	10,732,356,031.60
Footwear	121,130.30	96,395.40	220,340.80	415,811,327.40	1,315,302,997.80
Machinery (Marketing)	49,728.50	39,900.50	38,496.50	1,290,520.00	1,290,520.00
Petroleum (Marketing)	297,458,096.60	247,839,080.00	266,355,336.30	458,750,157,454.50	594,655,327,510.20
SERVICES	24,287,555.10	30,844,248.50	57,050,763.50	152,388,325,506.40	314,101,389,476.40
Construction	5,024,845.80	10,161,295.40	16,602,698.50	38,232,556,440.00	106,870,970,581.90
Real Estate	8,900,000.00	9,625,000.00	15,180,000.00	25,707,000,000.00	29,524,000,000.00
Engineering Technology	428,721.30	338,248.70	346,648.70	2,587,041,994.20	5,722,433,067.00
Airline Services	2,602,000.00	2,034,000.00	5,679,000.00	31,143,060,000.00	20,107,386,250.00
Printing & Publishing	884,580.00	974,640.00	2,020,033.20	18,254,066,687.30	8,323,289,504.90
Hotel and Tourism	6,447,408.00	6,125,037.60	5,818,785.70	16,337,480,945.00	28,764,850,023.20
Maritime		1,586,026.80	1,411,097.40	9,329,569,440.00	22,921,488,280.60
Aviation				1,944,000,000.00	1,740,000,000.00
Road Transport				3,993,550,000.00	2,818,090,000.00
Leasing				4,860,000,000.00	6,660,000,000.00
Information, Communications & Telecommunications					54,168,881,768.80
Media					26,480,000,000.00
THE FOREIGN LISTINGS	23,632,494.90	376,568,759.10	156,649,089.60	292,250,544,551.00	273,395,670,709.00
Total	1,925,937,530.50	2,900,062,071.60	5,120,943,219.60	10,293,187,216,725.80	6,984,605,986,819.50

Table 18
Value Index of all Common Stocks Listed on the Nigerian Stock Exchange (1984 = 100)

	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008
Category	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
AGRICULTURE	120.8	112.1	125.3	176.2	153.8		-7.2	11.9	40.5	-12.7
FINANCIAL	8,673.70	11,932.40	17,258.80	38,421.60	18,441.30	85	80.7	79.7	217.7	-52
Banking	8,306.80	11,569.30	16,823.80	35,997.10	16,795.90	87.1	82.9	80.6	126.8	-53.3
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	61.5	37.2	58.1	551.8	-40.6
Other Financial Institutions				37.7	216.5					
Real Estate Investment Trust					10					
MANUFACTURING	9,811.90	8,148.20	9,319.70	11,825.40	6,071.30	26.5	9.1	25.8	71.9	-48.7
Breweries	5,856.60	3,907.90	3,488.40	3,244.70	2,136.60	37.4	-12.4	-8.3	34.8	-34.2
Building Materials	609.6	1,094.70	2,814.60	2,838.50	801.2	-9.2	135.8	227.1	18.2	-71.8
Chemical & Paints	55.9	45.7	62.7	138.2	94.5	49.2	7.2	69.1	104.6	-31.6
Food, Beverages &Tobacco	2,999.50	2,811.60	2,645.40	5,131.60	2,537.30	20.1	23.1	11.3	147.4	-50.6
Industrial and Domestic Products	68.9	60.9	51.5	96.7	116.3	3.5	16	0.6	135.4	20.2
Packaging	39	43.8	32	90.9	196.8	-10.9	47.6	0.3	170.3	116.6
Healthcare	145.5	153	208	265	174.4	14.3	38	77.2	30.8	-34.2
Textiles	36.9	30.7	17.1	19.9	14.3	-27.1	9.3	-16.5	67.1	-28.1
COMMERCIALS	4,933.70	3,598.80	4,807.70	4,776.50	4,006.30	39.7	-4.2	60.7	13.5	-16.1
Automobile & Tyres	40.2	9,117.10	86	179.6	79	31.6	65.2	99.1	228.2	-56
Conglomerates	1,153.40	1,176.10	2,619.80	1,809.00	8.808	7.3	33.9	199	-0.7	-55.3
Commercial Services	1.3	1	0.6	156.3	376	-68.9	-4.8	-23	3.3	140.6
Computer & Office Equipments	8.2	4.4	7.9	16.2	48.5	86.8	-30	104.8	193.4	199.9
Footwear	1.5	0.9	1.7	2.4	6	66.9	-20.4	128.6	131.5	151.1
Machinery (Marketing)	0.6	0.4	0.3	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	54.4	-16.7	2.6	11.7	2.9
SERVICES	304.4	294.4	1,677.90	2,790.60	2,900.80	42.5	27	32.6	148.7	3.9
Construction	63	97	130.4	217.8	483.1	-14.8	112.7	42.6	83.2	121.8
Engineering Technology	5.4	3.2	2.7	14.7	25.9	-96.7	3,061.20	-5.5	317.6	75.5
Airlines	32.6	19.4		177.4	90.9	1,611.90	-96.3	179	312.8	-48.8
Publishing	11.1	9.3	15.9	104	37.6	-97.1	3,409.90	122.9	-100	-63.8
Hotel and Tourism	80.8	58.5	45.7	93.1	130					39.7
Real Estate	111.6		119.2	146.4	133.5					-8.9
Maritime			11.1	53.1	103.6					95
Leasing			5.8	27.7	30.1					8.8
Road Transportation			17.8	22.8	12.7					-44
Aviation			44.6	11.1	7.9					-28.9
Information, Communication & Telecommunication					244.9					
Media					119.7					
Mortgage			55	257.8	245					-4.9
The Foreign Listing	296.2		1,229.90	1,664.80	1,235.90					-25.8
ALLITEM	23,844.50	24,085.80	33,189.30	57,990.20	31,450.80	65.8	18.5	1	38.5	-45.8

Note: The indices were computed using Total Market Capitalisation to ASI Method.

Table 19 **Federation Account Operations (Naira Billion)**

	2004	2005	2006	2007 1/	2008
Source	(1)	(2)	(3)	(4)	(5)
Total Revenue(Gross)	3,978.00	5,619.30	6,061.00	5,715.50	7,866.60
Oil Revenue (Gross)	3,354.80	4,762.40	5,287.60	4,462.90	6,530.60
Crude Oil / Gas Exports	1,498.40	1,995.70	2,074.20	1,851.00	2,251.40
PPT and Royalties etc.	1,183.50	1,904.90	2,038.30	1,500.60	2,812.30
Domestic Crude Oil Sales	668.1	856.9	1,171.80	1,094.60	1,462.50
Other Oil Revenue	4.8	4.9	3.2	16.8	4.4
Less:					
Deductions 2/	1,263.30	2,513.60	2,746.00	1,837.10	3,261.20
Oil Revenue (Net)	2,091.50	2,248.80	2,541.60	2,625.80	3,269.50
Non- Oil Revenue	623.2	857	773.4	1,252.50	1,336.00
Companies Income Tax.	130.1	162.2	244.9	327	416.8
Customs & Excise Duties.	217.2	232.8	177.7	241.4	281.3
Privatisation/GSM Proceeds	0	0	0	0	0
Value-Added Tax(VAT)	159.5	178.1	221.6	289.6	404.5
Tax on Petroleum Products	0	0	0	0	0
Independent Revenue of Fed. Govt.(incl.GSM)	58.9	212.1	33.3	268.7	114
Education Tax	17.1	21.9	28.4	51.8	47.2
Custom Levies	40.4	50	67.5	74.1	72.2
Less:					
Deductions 3/	0	0	0	0	52.6
Non- Oil Revenue (Net)	623.2	857	773.4	1,252.50	1,283.40
Federally - collected revenue(Net)	2,714.70	3,105.80	3,315.00	3,878.40	4,552.80
Federation Account	2,714.70	3,105.80	3,315.00	3,878.40	4,552.80
Transfer to Federal Govt. Ind. Revenue	58.9	212.1	33.3	268.7	114
Transfer to VAT Pool Account	159.5	178.1	221.6	289.6	388.3
Other Transfers 4/	57.5	71.9	95.9	125.9	119.4
Amount Distributed	2,516.90	2,643.80	2,964.30	3,194.20	3,931.10
Federal Government	1,225.90	1,237.20	1,385.90	1,500.80	1,847.00
State Government	582.2	627.5	703	761.2	936.8
Local Government	448.9	483.8	542	586.9	722.3
Mineral Derivation (13%)	259.9	295.3	333.4	345.3	425
Overall Balance	0	0	0	0	0
Memorandum Items:					
Deductions:	1,263.20	2,513.50	2,746.00	1,837.10	3,313.70
JVC Cash calls	454.9	532.2	527.8	550	579.1
Excess Crude Proceeds	496.6	1,057.50	1,422.10	1,168.50	1,728.50
Excess PPT & Royalty	309.9	901.4	773.4	88.5	953.6
Others	1.8	22.4	22.7	30.1	52.6
GDP	11,673.60	14,735.30	18,709.60	20,853.60	24,048.50

^{1/}Provisional

^{2/}As contained in memorandum items
3/Includes 4% FIRS & 7% NCS costs of collection on Customs revenue, CIT and VAT
4/Includes Education Tax and Customs levies
Sources: Federal Ministry of Finance and Central Bank of Nigeria.

Table 20 **Summary of Federal Government Finances (Naira Billion)**

	2004	2005	2006	2007 1/	2008 1/
FEDERAL GOVERNMENT RETAINED REVENUE	1,331.60	1,758.30	1,937.20	2,333.70	3,193.40
Share of Federation Account	1,225.90	1,334.70	1,486.50	1,500.90	1,847.00
Share of VAT Pool Account	23.80	26.70	33.20	43.40	58.30
Federal Government Independent Revenue	58.90	212.10	33.30	268.70	114.00
Share of Excess Crude Account	23.00	184.80	320.80	299.10	106.50
Budget Augmentation	-		-	-	385.70
Privatization Proceeds	-	-	29.50	-	-
Loan recovery from States	-	-	-	-	-
Others 2/	-	-	33.80	221.60	682.00
TOTAL EXPENDITURE	1,504.20	1,919.70	2,038.00	2,450.90	3,240.80
Recurrent Expenditure	1,110.80	1,321.30	1,390.20	1,589.30	2,117.40
Goods and Services	570.60	730.50	887.60	1,235.40	1,538.10
Personnel Cost	370.40	443.30	527.90	761.20	942.80
Pension	72.20	84.10	101.20	106.10	137.90
Overhead Cost	128.10	203.20	258.60	368.10	457.40
Interest Payments	382.50	394.00	249.30	213.70	381.20
Foreign	193.70	193.70	118.40	103.20	59.00
Domestic	188.80	200.30	130.90	110.50	322.20
Transfers	157.60	196.80	253.20	140.20	198.10
FCT & Others(Special funds)	157.60	196.80	253.20	140.20	198.10
Capital Expenditure & Net Lending	351.30	519.50	552.40	759.30	960.90
Domestic Financed Budget	351.30	519.50	552.40	759.30	960.90
Budgetary	351.30	519.50	552.40	759.30	960.90
Transfers	42.20	78.90	95.40	102.30	162.60
NDDC	14.00	21.60	29.90	24.00	60.10
NJC	28.20	33.00	35.00	43.00	58.50
UBE	-	24.30	30.50	35.30	44.00
Balance of Revenue and Expenditure:					
Primary Surplus(+)/Deficit(-)	209.90	232.50	148.50	96.50	333.80
Current Surplus(+)/Deficit(-)	220.80	437.00	547.00	744.40	1,076.10
OVERALL SURPLUS(+)/DEFICIT(-)	- 172.60				- 47.40
FINANCING	172.60	161.40	100.80	117.20	47.40
Foreign (Net)	40.50	440.50	45.00	- 040.00	62.90
Domestic (Net)	46.50	143.50	45.00	212.30	150.70
Banking System	-	-	-	159.80	30.50
Central Bank	-	-		159.80	- 11.30 41.80
Deposit Money Banks	46.50	142.50	45.00	100100	41.80 120.20
Non-Bank Public Privatization Proceed	46.50	143.50	45.00	40.20 12.30	120.20
Other Funds	126.10	- 17.90	- 55.80 ·		- - 166.20
Other Fullus	120.10	17.90	55.60	95.10	- 100.20

^{1/} Provisional
2/ Includes funds held on behalf special funds such as ecology, FCT, stabilization funds etc.
Source: Federal Ministry of Finance/Accountant General of the Federation

Table 21 **Functional Classification of Federal Government Recurrent Expenditure 1/ (Naira Billion)**

	2004	2005	2006	2007 1/	2008 2/
Source	(1)	(2)	(3)	(4)	(5)
ADMINISTRATION	306.8	434.7	522.3	626.3	731
General Administration	101.3	248.7	284.6	310.1	369.6
National Assembly	31.4	32.3	35.5	62.8	68.7
Defence	76.3	71.7	84.2	72.1	95.8
Internal Security	97.8	82	118	181.3	196.9
ECONOMIC SERVICES	58.9	64.2	79.7	179.1	313.8
Agriculture	11.3	16.3	17.9	32.5	65.4
Roads & Construction	14.9	17.9	20.1	71.3	94.5
Transport & Communications	8.1	8	9.8	32.2	67.4
Others	24.6	22	31.9	43.1	86.5
SOCIAL & COMMUNITY SERVICES	134.4	151.7	194.2	256.7	332.9
Education	76.5	82.8	119	150.8	164
Health	34.2	55.7	62.3	81.9	98.2
Others	23.7	13.2	12.9	24	70.7
TRANSFERS	610.7	670.7	594.0	527.2	739.7
Public Debt Charges (Int)	382.5	394	249.3	213.7	381.2
Domestic	188.8	200.3	130.9	110.5	322.2
Foreign	193.7	193.7	118.4	103.2	59
Pensions & Gratuities	72.2	84.1	101.2	106.2	137.9
FCT & Others	78	95.1	143.6	178	198.1
Contingencies (Others)	-	-	-	-	-
External Obligations	-	-	-	-	-
Extra-Budgetary Expenditure	-	-	-	-	-
Deferred Customs Duties	-	-	-	-	-
Unspecified Expenditure	- 70	- 07.5	-	-	-
Others 3/	78	97.5	99.9	29.3	22.5
TOTAL	1,110.80	1,321.30	1,390.20	1,589.30	2,117.40

1/ Revised 2/ Provisional Sources: Federal Ministry of Finance, Central Bank of Nigeria

Table 22 Functional Classification of Federal Government Capital Expenditure (Naira Billion)

	2004	2005	2006	2007 1/	2008 2/
Source	(1)	(2)	(3)	(4)	(5)
ADMINISTRATION	137.8	171.5	185.2	227	287.1
General Administration	109	132.6	152.8	178.3	210.3
National Assembly	1.9	4.3	4.1	9.2	15.6
Defence	8.7	16.8	15.7	24.3	32.3
Internal Security	18.2	17.8	12.6	15.2	28.9
ECONOMIC SERVICES	167.8	265	262.2	358.4	504.4
Agriculture & Natural Resources	38.7	60.3	89.5	94.1	106
Manuf., Mining & Quarrying	5	8.6	7.3	8.1	12.7
Transport & Communications	7	15.6	8.2	31.4	80.1
Housing	2.3	6.7	2.8	5.8	8.9
Roads & Construction	40.7	89.1	72.5	105.7	126.9
National Priority Projects	-	-	-	-	-
JVC Calls/NNPC Priority Projects	-	-	-	-	-
PTF	-	-	-	-	-
Counterpart Funding	-	-	-	1.6	2
NDDC	14	-	-	-	-
Others	60.1	84.7	81.8	111.7	167.8
SOCIAL & COMMUNITY SERVICES	30	71.3	78.7	150.9	152.1
Education	9.1	31.9	32.7	46.8	48.8
Health	18.2	21.8	32.2	96.9	97.2
Others	2.8	17.6	13.8	7.2	6.1
TRANSFERS	15.7	11.5	26.3	23	17.3
Financial Obligations	-	-	-	-	-
Capital Repayments	-	-	-	-	-
Domestic	-	-	-	-	-
Foreign	-	-	-	-	-
External Obligations	-	-	-	-	-
Contingencies	<u>-</u>	-	-	-	-
Capital Supplementation	15.7	11.5	26.3	23	17.3
Net Lending to States/L.G.s/Parast.	-	-	-	-	
Grants to States	-	-	-	-	
Others	-			-	
TOTAL	351.3	519.4	552.4	759.3	960.9

1/ Revised 2/ Provisional Sources: Federal Ministry of Finance, Central Bank of Nigeria

Table 23 **Summary of State Governments and FCT's Finances (Naira Billion)**

		2004	2005	2006	2007	2008 1/
Α	Total Revenue plus Grants	1,113.9	1,419.6	1,543.8	2,065.4	2,934.8
	Share of Federation Account 2/	777.2	921.0	1,016.1	1,109.3	1,709.2
	Share of VAT 3/	96.2	87.4	110.6	144.4	198.1
	Internally Generated Revenue	134.2	122.7	125.2	305.7	441.1
	Grants & Others	104.3	137.4	125.3	209.4	179.0
	Share of Stabilization Fund	2.0	10.8	11.9	37.7	53.4
	Share of Excess Crude	-	140.2	154.7	258.9	354.1
В	Total Expenditure	1,125.1	1,478.6	1,586.8	2,116.1	3,021.6
	Recurrent Expenditure	556.8	789.1	894.3	1,217.4	1,505.6
	Personnel Cost	179.8	254.9	288.8	361.9	380.3
	Overhead Cost	161.7	229.1	259.7	328.8	448.5
	CRF Charges	47.8	67.8	76.8	99.4	153.6
	Pensions	26.3	37.3	42.3	54.9	70.3
	Debt Charges	55.6	78.8	89.4	110.1	66.3
	Transfer to LGs	19.8	28.1	31.9	112.2	145.5
	Other Transfers	43.7	61.9	70.2	104.2	126.3
	Others	22.0	31.1	35.3	45.9	114.8
	Capital Expenditure	412.9	514.7	584.0	854.8	1,455.7
	Extra-Budgetary Expenditure 4/	155.3	174.7	108.5	43.9	60.3
С	Current Balance 5/	557.1	630.5	649.4	848.0	1,429.2
D	Overall Balance 5/	(11.1)	(58.9)	(43.0)	(50.7)	(86.8)
E	Financing	11.1	58.9	43.0	50.7	86.8
	External Loans	-	-	-	5.9	38.3
	Internal Loans	4.4	22.6	27.0	25.7	60.2
	Opening Cash Balance	-	33.3	14.3	-	-
	Other Funds	6.7	3.1	1.8	19.1	(11.7)
F	GDP	11,673.6	14,735.3	18,709.6	20,853.6	24,048.5

4/ Includes contribution to external debt fund and other deductions at source
5/ Positive (+) sign connotes surplus while (-) sign connotes deficit
Source: Office of the Accountant- General of the Federation and CBN/NBS 2008 Fiscal Survey

^{1/} Provisional and comprises 36 states and FCT 2/ Gross Statutory Allocation (including Budget Augmentation) 3/ Includes FCT share of VAT

Table 24 Functional Classification of State Government Recurrent and Capital Expenditure (Naira Billion)

	2004	2005	2006	2007	2008 1/
	(1)	(2)	(3)	(4)	(5)
Total Expenditure	1,125.06	1,478.6	1,397.4	2,116.1	3,021.6
A. RECURRENT EXPENDITURE	556.8	789.1	794.2	1,217.4	1,505.6
A1. ADMINISTRATION	170.9	242.2	276.8	318.0	465.0
General Administration	102.0	144.6	166.2	208.5	291.4
State Assembly	22.4	31.8	36.4	41.7	76.0
State Judiciary	15.2	21.5	24.3	33.7	51.8
Others	31.3	44.4	49.9	34.1	45.7
AA FOONOMIO OFFINISE	00.5	444.4	404.4	200.0	2045
A2. ECONOMIC SERVICES Agriculture	80.5 17.1	114.1 24.2	101.4 0.0	226.6 30.8	324.5 44.3
Livestock	0.9	1.3	1.4	2.2	4.6
Forestry	0.6	0.9	1.0	2.2	3.7
		1.2		9.5	
Industry	0.9		1.4		15.7
Commerce	2.9	4.1	4.7	5.6	10.0
Finance	19.2	27.2	31.0	38.1	45.5
Transport	11.8	16.8	18.9	26.6	63.2
Cooperative/Supply	0.4	0.6	0.7	2.1	6.6
Rural Electrification	5.4	7.7	8.5	21.8	49.7
Others	21.3	30.2	33.8	87.5	81.2
A3. SOCIAL SERVICES	208.8	295.9	334.0	238.4	279.2
Education	78.9	111.8	126.3	101.1	146.4
Health	46.0	65.2	73.0	54.7	58.4
Water Supply	18.5	26.2	29.7	22.7	28.0
Information & Culture	9.5	13.4	15.3	6.5	8.4
Social & Comm. Dev.	17.8	25.2	28.9	6.9	10.3
Housing	5.5	7.8	8.9	5.4	6.0
Town & Country Planning	3.3	4.6	5.2	7.1	5.9
Others	29.4	41.6	46.6	34.0	15.9
A4. TRANSFERS	96.6	137.0	81.9	434.5	437.0
Debt Charges	22.5	31.8	35.0	110.1	66.3
Pensions & Gratuities	44.4	62.9	0.1	54.9	70.3
Others	29.8	42.2	46.9	269.5	300.4
B. CAPITAL EXPENDITURE	412.9	514.7	494.7	854.8	1,455.7
B1. ADMINISTRATION	75.1	93.6	17.1	174.9	180.3
General Administration	63.0	78.6	0.1	134.0	140.3
State Assembly	8.1	10.1	11.6	28.0	23.2
State Judiciary	3.9	4.8	5.4	11.0	14.3
Others	0.0	0.0	0.0	1.8	2.5
B2. ECONOMIC SERVICES	183.0	228.1	259.1	409.5	757.8
Agriculture	20.9	26.0	29.9	31.3	46.7
Livestock	2.3	2.8	3.2	4.2	6.4
Forestry	1.3	1.6	1.8	1.8	1.1
Industry	4.9	6.2	6.9	14.0	18.5
Commerce	11.9	14.8	17.1	39.8	52.5
Finance	3.4	4.2	4.8	14.4	40.3
Transport	69.2	86.3	97.5	107.5	131.7
Cooperative/Supply	1.8	2.3	3.5	6.9	4.5
Rural Electrification	26.5	33.0	36.6	47.5	54.8
Roads Construction	29.6	36.8	42.0	113.7	355.8
Others	11.3	14.1	15.8	28.4	45.7
B3. SOCIAL SERVICES	141.5	176.4	199.8	238.7	456.3
Education	35.9	44.7	50.8	63.2	88.3
Health	21.2	26.4	29.8	31.2	59.0
Water Supply	16.3	20.3	23.2	26.0	35.9
Infromation & Culture	12.9	16.1	18.5	16.6	11.1
Social & Comm. Development	4.7	5.9	6.8	11.2	19.5
Housing	20.6	25.6	29.0	31.6	33.3
Town & Country Planning	14.4	18.0	20.2	27.6	160.9
Others	15.5	19.4	21.7	31.3	48.3
B4. TRANSFERS	13.3	16.6	18.6	31.7	61.3
Capital Repayments	4.9	6.1	6.7	2.3	8.5
Grants to Parastatals/Higher Inst. Others	4.9 3.6	6.1 4.4	7.0 4.9	27.7 1.7	43.4 9.3
C. EXTRA-BUDGETARY EXPENDITURES	155.3	174.7	108.5	43.9	60.3

1/ Provisional and comprises 36 states and FCT Source: Office of the Accountant- General of the Federation and CBN/NBS 2008 Fiscal Survey

Table 25 **Summary of State Government Finances: State by State, 2008 1/ (Naira Billion)**

ı		l			REVENUE & (OTHER RECEI	PTS							EXPEN	DITURE & TRA	ANSFERS			BAL	ANCE			FINANCIN	G	
		Gross	Distribution from Excess	Chass of		latemelle		Stabilization				RECUR	RENT									LOANS			
		Statutory Allocation 2/	Crude A/C as Augmentation to Stat. Alloc.	Share of Excess Oil Revenue	VAT	Internally Gen. Rev. (IGR)	Grants	Fund & Others	Others	TOTAL	Personnel Cost	Overhead Cost	Transfers	Others	SUB-TOTAL	CAPITAL	EXTRA-BUDGETARY EXPENDITURE	TOTAL EXPENDITURE	Current	Overall	Internal	External	Sub-Total	OTHER FUNDS 3/	
SN	STATES	(1)			(2)	(3)	(4)	(5)		(6)	(7)	(8)		(9)	(10)	(11)	(12)	(13)	(14)	(15)	(17)	(18)		(19)	TOTAL
1	Abia	27.40	5.93	1.66	4.22	4.8	-		1.9	45.9	3.6	9.6	20.6	12.1	46.0	11.6	0.8	58.4	(0.1)	(12.5)	-	1.0	1.0	11.5	12.5
2	Adamawa	25.30	5.26	3.07	4.13	2.1	1.5		0.7	42.1	4.9	22.3		2.4	29.6	12.8	1.0	43.4	12.5	(1.3)	1.0	0.5	1.5	(0.2)	1.3
3	Akwa Ibom	123.50	30.55	59.92	4.73	10.6			-	229.3	18.1	7.0	43.0	45.2	113.3	107.4	1.5	222.3	116.0	7.0		0.9	0.9	(8.0)	(7.0)
4	Anambra	25.51	5.32	3.19	4.67	6.3	1.5		-	46.5	6.6	5.7	4.6	4.3	21.3	19.1	0.9	41.3	25.2	5.2		0.7	0.7	(5.9)	(5.2)
5	Bauchi	29.41	6.17	3.76	4.88	2.3	32.3		-	78.8	8.1	19.3	5.1	10.2	42.8	32.3	2.2	77.4	36.0	1.4	2.4	1.6	4.0	(5.4)	(1.4)
6	Bayelsa	85.83	21.13	40.63	3.66	9.0	-	1.3	0.0	161.6	17.8	55.7	6.5	20.4	100.4	70.4	0.1	170.8	61.2	(9.3)	-	0.8	0.8	8.5	9.3
7	Benue	27.32	5.68	3.33	4.66	2.7	22.4		-	66.2	11.7	7.8	-	9.1	28.6	36.3	2.0	67.0	37.5	(0.8)	1.1	0.9	2.0	(1.2)	0.8
8	Borno	29.90	6.27	3.78	4.59	10.7			-	55.2	13.1	10.8	3.6	14.4	41.9	21.5	0.5	63.9	13.3	(8.6)		0.4	0.4	8.3	8.6
9	Cross River	32.33	7.15	8.50	4.11	5.9	11.3			69.3	4.4	5.5	5.5	15.5	30.9	25.4	5.0	61.4	38.4	8.0		2.0	2.0	(10.0)	(8.0)
10	Delta	84.50	20.50	37.60	5.12	15.6	-			163.4	9.5	11.3	56.5	12.5	89.8	72.8	1.1	163.8	73.5	(0.4)	-	0.0	0.0	0.4	0.4
11	Ebonyi	21.06	4.36	2.59	3.78	2.1	-		2.3	36.2	7.1	4.5		3.5	15.1	27.7	0.4	43.2	21.1	(7.0)	0.8	1.2	2.1	5.0	7.0
12	Edo	25.15	5.22	3.66	4.26	4.5				42.8	5.1	4.6		7.7	17.4	8.9	1.5	27.8	25.4	15.0		0.3	0.3	(15.3)	(15.0)
13	Ekiti	21.19	4.40	2.66	3.86	3.4	0.8		0.2	36.5	7.0	2.8	0.2	7.9	18.0	24.9	0.2	43.1	18.5	(6.7)		0.6	0.6	6.1	6.7
14	Enugu	23.81	4.97	1.38	4.77	2.8			-	37.8	10.7	8.7	3.4	2.5	25.3	13.0	1.3	39.6	12.4	(1.8)	5.1	0.7	5.8	(4.0)	1.8
15	Gombe	22.28	4.67	2.81	3.81	6.2	16.2		-	56.0	5.7	14.7	4.5	15.5	40.5	17.5	2.4	60.4	15.5	(4.4)		0.6	0.6	3.8	4.4
16	lmo	32.09	7.03	7.61	4.52	5.7	1.6	1.4	-	60.0	4.8	10.6	4.9	11.6	31.9	17.2	0.8	49.9	28.1	10.1	2.2	0.8	3.0	(13.1)	(10.1)
17	Jigawa	27.94	5.82	3.53	4.77	11.9	1.7		20.8	76.4	6.1	3.7	3.3	6.9	20.0	69.5	0.5	89.9	56.5	(13.5)		0.4	0.4	13.1	13.5
18	Kaduna	31.72	6.64	4.05	5.57	8.7			-	56.7	10.5	13.1	4.9	1.2	29.7	11.8	1.2	42.7	27.0	14.0		3.5	3.5	(17.5)	(14.0)
19	Kano	39.52	8.32	5.08	7.93	9.1	4.0	5.8		79.7	15.2	40.9	1.2	8.0	65.3	35.1	1.5	101.8	14.5	(22.1)		0.6	0.6	21.5	22.1
20	Katsina	30.24	6.33	3.86	5.32	2.1			-	47.9	10.1	4.4	-	2.4	16.8	40.4	0.9	58.1	31.1	(10.3)		2.1	2.1	8.2	10.3
21	Kebbi	25.26	5.29	3.23	4.21	4.2	0.5		2.0	44.7	6.0	5.1	9.9	18.2	39.3	9.6	2.9	51.8	5.4	(7.1)	0.5	1.0	1.5	5.6	7.1
22	Kogi	25.24	5.28	3.05	4.22	6.5			-	44.3	11.1	6.5	5.1	4.3	27.0	18.0	2.7	47.7	17.2	(3.5)		0.4	0.4	3.1	3.5
23	Kwara	22.99	4.81	1.49	3.90	5.5	2.1	1.5	-	42.3	4.6	9.7	3.5	11.4	29.1	15.4	0.7	45.2	13.2	(2.9)	1.3	0.4	1.8	1.1	2.9
24	Lagos	36.03	7.51	4.45	32.17	139.2			-	219.3	32.7	50.1	12.4	13.8	108.9	144.9	8.8	262.7	110.4	(43.3)	39.2	7.2	46.4	(3.0)	43.3
25	Nassarawa	21.58	4.51	2.75	3.84	2.3	1.1		-	36.1	3.7	0.3	-	8.0	12.0	9.8	2.4	24.1	24.2	12.0		0.2	0.2	(12.2)	(12.0)
26	Niger	29.38	6.16	2.21	4.44	5.4	-	8.6		56.1	11.1	22.5	7.2	2.7	43.5	12.9	3.8	60.2	12.6	(4.1)	0.5	0.4	0.9	3.2	4.1
27	Ogun	24.59	5.14	3.02	4.62	14.9			1.9	54.2	19.1	9.4		12.5	41.0	20.7	0.6	62.3	13.2	(8.1)		2.7	2.7	5.4	8.1
28	Ondo	48.32	11.27	17.66	4.39	21.1	2.2	11.9	11.5	128.3	11.7	29.0	16.5	11.9	69.2	48.4	0.3	117.9	59.2	10.5	-	0.8	0.8	(11.2)	(10.5)
29	Osun	23.48	4.88	1.35	4.27	9.6				43.5	6.1	3.7		5.2	15.1	11.9	1.3	28.3	28.5	15.2		1.4	1.4	(16.6)	(15.2)
30	Oyo	29.41	6.15	3.74	5.58	11.8	2.2			58.9	12.7	5.2	5.0	9.8	32.7	27.8	2.7	63.2	26.2	(4.3)	3.2	1.3	4.5	(0.2)	4.3
31	Plateau	24.78	5.16	1.45	4.13	2.7				38.2	7.6	8.1	3.8	16.0	35.5	14.3	1.3	51.1	2.7	(13.0)	1.2	(0.2)	1.0	11.9	13.0
32	Rivers	184.26	46.10	93.80	8.28	42.2		22.9	18.4	415.9	36.8	10.3	11.3	38.0	96.4	310.7	1.1	408.2	319.5	7.8		0.6	0.6	(8.4)	(7.8)
33	Sokoto	26.31	5.49	3.34	4.53	34.8	0.1	-		74.5	8.9	11.6	9.0	7.1	36.6	52.2	0.5	89.4	37.9	(14.9)		0.6	0.6	14.2	14.9
34	Taraba	24.86	5.20	2.92	4.00	1.3	0.7	-	16.8	55.7	8.9	2.0	7.0	3.6	21.6	40.1	0.7	62.3	34.1	(6.7)	0.0	0.4	0.4	6.3	6.7
35	Yobe	24.56	5.16	3.15	3.98	0.9	0.4	-		38.2	4.7	4.3	1.8	14.3	25.1	6.6	1.2	32.9	13.1	5.3	-	0.3	0.3	(5.7)	(5.3)
36	Zamfara	24.80	5.17	3.15	4.22	3.2	-	-		40.6	3.2	2.4	3.1	7.2	16.0	19.7	2.2	37.9	24.6	2.7	1.6	0.7	2.3	(5.0)	(2.7)
37	FCT	34.99	7.32	0.62	3.89	9.1				55.9	11.2	5.1	8.4	7.4	32.1	17.1	1.1	50.3	23.7	5.6		0.4	0.4	(6.0)	(5.6)
L	TOTAL	1,396.9	312.3	354.1	198.1	441.1	102.7	53.4	76.3	2,934.8	380.3	448.5	271.9	404.9	1,505.6	1,455.7	60.3	3,021.6	1,429.2	(86.8)	60.2	38.3	98.5	(11.7)	86.8

1/ Provisional and comprises 36 states and FCT
2/ Gross Allocation (including 13% Derivation)
3/ Positive (+) sign connotes decrease while (-) sign connotes increase in funds.
Source: Office of the Accountant- General of the Federation and CBN/NBS 2008 Fiscal Survey

Table 26
State Government Expenditure on Selected Sectors (=N= Billion)

		2007			2008				2007	2008
SELECTED SECTORS	Recurrent	Capital	Total	Recurrent	Capital	Total	Changes	% Changes	As %	As % of GDP
Education	101.09	63.16	164.25	146.39	88.32	234.71	70.46	42.9	0.8	1.0
Health	54.69	31.18	85.87	58.37	59.03	117.40	31.53	36.7	0.4	0.5
Agriculture	35.35	37.28	72.63	52.50	54.22	106.72	34.09	46.9	0.3	0.4
Water Supply	22.66	25.99	48.65	27.98	35.91	63.89	15.24	31.3	0.2	0.3
Housing	5.35	31.61	36.96	5.98	33.28	39.26	2.30	6.2	0.2	0.2
TOTAL	219.14	189.22	408.36	291.22	270.75	561.98	153.62	37.6	2.0	2.3
TOTAL EXPENDITURE	1,217.43	854.79	2,116.14	1,505.63	1,455.70	3,021.60	905.46	42.8	10.1	12.6
GDP			20,853.58			24,048.48	18.6			

Table 27 Summary of Local Government Finances (Naira Billion)

	2004 (1)	2005 (2)	2006 (3)	2007 (4)	2008 1/ (5)
A. Gross Revenue	468.3	597.2	674.3	832.3	1,379.0
Share of Federation Account 2/	375.7	493.0	550.8	568.3	722.3
Share of VAT	46.0	55.8	75.9	105.1	135.9
Internally Generated Revenue	22.4	24.0	23.2	21.3	23.1
Grants and Others	14.5	15.1	14.8	3.8	0.3
Share of Stabilization Fund 3/	6.1	6.0	6.1	3.7	4.4
State Allocation	3.6	3.2	3.4	3.0	6.8
Share of Excess Crude	-	-	-	127.1	335.3
Budget Augmentation	-	-	-	-	150.8
B. Total Expenditure	461.1	588.0	665.8	827.4	1,382.0
Recurrent Expenditure	295.7	374.5	398.2	683.6	819.4
Personnel Cost	186.0	235.6	269.1	406.9	341.35
Overhead Cost	94.2	119.3	106.8	220.7	355.6
CRFC & Others	15.4	19.5	22.3	56.0	122.5
Capital Expenditure	165.4	213.5	267.7	143.8	562.6
Administration	22.8	29.4	28.0	15.0	72.8
Economic Services	56.6	73.0	101.3	54.4	252.8
Social & Community Services	67.7	87.4	111.4	59.9	219.8
Transfers	18.3	23.6	26.9	14.5	17.2
C. Current Balance	172.6	222.7	276.1	148.7	559.6
D. Overall Balance	7.2	9.2	8.4	4.9	(3.0)
E. Financing	(7.2)	(9.2)	(8.4)	(4.9)	3.0
External Loans	(1.2)	(0.2)	(0.4)	0.2	-
Internal Loans				2.6	2.9
Opening Cash Balance	8.7	8.8	12.1	37.3	6.2
Other Funds 4/	(16.0)	(18.0)	(20.6)	(44.9)	(6.1)
F. GDP	11,673.6	14,735.3	18,709.6	20,853.6	24,048.5

^{1/}Provisional: Consisting of 678 returns from the Annual Survey and 96 were provisional data 2/ Gross Statutory Allocations 3/Represent drawdown from Stabilization Fund/Others

4/ Positive (+) sign connotes decrease while (-) sign connotes increase in funds.

Source: Federal Ministry of Finance, Office of the Accountant-General of the Federation and CBN/NBS 2008 Fiscal survey

Summary of Local Government Finances (State by State, 2008) 1/ (=N= Billion)

			OLAL	(52)	4.4	(5.9)	(10.8)	(6.5)	4.3	9	24.5	(10.0)	(2.9)	(20)	(8.9)	0.6	19.7	2.1	10.3	(2.3)	(12.4)	27.2	18.3	(6.2)	3.0	(2.6)	12.7	(8.1)	(8.2)	(6.9)	(8.3)	(2.1)	(8)	(1.8)	(13.0)	(8.9)	(1.7)	(8.2)	19.5	7.4	4.4	3.0
		OTHER	FUNDS 4/	(54)	3.98	(5.90)	(10.82)	(9.46)	3.68	5.86	24 14	(10.02)	(2 93)	(2.00)	(8.86)	7.91	19.02	1.90	9.74	(5.27)	(12.41)	26.40	16.58	(6.15)	1.92	(7.57)	12.27	(8.06)	(8.23)	(6.85)	(8.33)	(2.07)	(8.66)	(1.81)	(13.03)	(8.87)	(11.73)	(8.18)	19.52	3.75	4.45	(6.1)
SNIC		1	Sub-lotal	(53)	0.3		•	•	9.0	0	0.0	; ,					0.5	0.1	0.2		•	•	0.2		0:0		0.4													0.5		2.9
FINANCING	LOANS		Extemal	(22)				•	•	•	•		•	•	•	•	•	•		•	•	•	•	•		•																•
			Internal	(21)	0.30				090	0.15	0.20						0.45	0.05	0.16				0.19		0.02		0.38													0.46		2.9
		OPENING	ALANCE	(50)	0.15				0.0	0 05	0 13	; ,				1.12	0.22	0.14	0.40		•	0.78	1.49		1.09		0.0													0.48	0.02	6.2
CE			_	(19)	(4.4)	5.9	10.8	9.5	(4.3)	9	(245)	100	5.0	200	6.8	(0.6)	(19.7)	(2.1)	(10.3)	5.3	12.4	(27.2)	(18.3)	6.2	(3.0)	9.7	(12.7)	8.1	8.2	6.9	20.	2.1	20.	 8	13.0	8.9	11.7	8.2	(19.2)	4.	(4.4)	(3.0)
BALANCE			4	(18)	10.4	9.7	19.1	16.2	19.7	4 6	(15.9)	17.0	12.6	18.4	14.1	12.5	(2.3)	20.1	4.7	9.7	28.2	14.5	27.2	34.6	18.9	19.5	8.0	12.1	9.5	50.9	21.8	17.4	7.17	21.4	15.8	23.4	23.6	17.8	20.3	14.0	2.8	9.653
			빌	(17)	32.8	33.5	36.5	26.2	45.2	22.0	65.9	37.1	27.1	35.1	12.9	40.1	44.5	31.8	31.3	36.8	31.4	76.0	97.9	9.09	38.9	29.5	40.7	57.2	14.0	38.4	55.3	29.0	33.9	23.0	17.8	37.1	26.5	22.1	20.0	32.7	21.2	1,382.0
	-		_	(16)	14.78	9.76	8.24	6.75	24.01	10.64	25	7.84	9.62	13.36	5.28	21.55	17.38	22.16	14.98	4.43	15.77	41.68	45.47	28.48	21.96	11.97	13.43	4.09	96:0	14.03	13.44	15.31	12.55	19.55	2.81	14.50	11.91	9.60	39.79	18.71	10.23	562.6
ANSFERS	-	SUB-	+	(15)	18.0	26.8	28.2	19.4	21.2	11 4	57.3	203	17.4	21.8	9.7	18.6	27.1	9.6	16.3	32.3	15.7	34.3	52.4	22.1	17.0	17.5	27.3	53.1	13.0	24.4	8.1	13.7	21.4	33.4	14.9	52.6	14.6	12.5	10.2	14.0	10.9	819.4
EXPENDITURE & TRANSFERS	_			(14)	1.55		1.64	0.45		060		141	0.02	0.07	1.75	0.11			1.29	0.80		96.0	80.0	0.19	0.58	0.28	0.30	1.70	1.29	0.35	0.53	0.01	. ;	60.0		1.10	0.01	0.04	0.02	0.15	0.10	17.8
EXPENDI		-	5			13.88	5.40	2.45	2.36	2 63	9 9	454	4 4	304	0.93	2.85	1.22	86.0	0.78	2.14	0.22	4.85	2.71	6.34	4.10	1.35	0.0	4.14	1.05	0.41	77.	0.42	/2/	<u>4</u>	0.13	0:30	0.31	0.74	0.91	0.7	5.31	104.7
	RECURRE	ъ.	-																																					4.6		355.6
		<u>=</u>	-	<u></u>	9.26	9.13	7.43	4.01	11.32	5.79	3100	7.49	9.72	12.31	3.41	12.17	19.56	2.97	6.30	6.65	7.32	16.40	16.42	9.02	8.75	11.61	5.47	2.43	3.73	6.45	6.19	11.00	6.5	7.79	11.57	12.59	8.61	8.85	7.38	7.51	2.44	341.4
_		_		(0)	78.4	36.4	47.3	35.6	40.9	16.0	414	47.1	30.0	40.1	21.7	31.1	24.8	29.7	21.0	45.0	43.8	48.8	9.6	26.8	32.9	37.0	78.1	65.3	22.2	45.3	33.6	31.1	47.6	χ. ∞.	30.8	46.0	38.2	30.2	30.5	28.0	16.7	1,379.0
	Stabilization		-	- (6)		0.23	•	•	0.10	0.00	200	000	0.0		0.00	4		0.40	0.17		•	•	0.94	0.49	0.03	0.83	90:0	90:0	0.00	•		. ;	0.05	0.00	0.13	•	•	0.07	•	0.18		4.4
	Stab		22	(8) (0)			_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_	_		_										, ;	0.29	0.3
	-		5			0.16	0.11		0.02	0.46	000		0.07	0.21	0.40		0.03	000	0.10	0.01	0.01	0.36	0.39	80:0	0.72	0.32	0.24	0.09	0.0	0.05	. ;	0.12	0.32	96:0	0:00	0.34	0.00	0.05	0.20	0.19	0.79	8.9
ECEIPTS	(%)	7	<u>a</u>	(9)	0.5	8.0	0.5	0.2	0.5	0.0	0.3	0.0	0.3	0.4	0.2	0.7	0.5	0.3	0.1	0.7	0.3	2.0	1.2	0.5	9.0	0.3	0.3	3.1	0.2	Ξ.	4.0	0.3	4.0	0.4	0.4	3.7	0.0	0.1	- -	0.1	0.4	23.1
REVENUE & OTHER REC	Internally Gen. Rev. (IGR	ě		(2)	0.49	99.0	0.47	0.20	0.46	0.20	0.29	0.34	0.25	0.35	0.17	0.64	0.21	0.30	60.0	69.0	0.29	2.00	1.14	0.43	0.44	0.27	0.31	3.05	0.19	0.97	0.39	0.23	0.35	0.36	0.32	3.40	0.00	0.01	0.88	0.07	99.0	21.6
REVENUE	Internally (ž			0.15	0.08	0.01	0.02	000	000	90	0.01	000	0.01	0.11	0.27	9	0.01	0.02	0.01	0.00	0.02	0.03	0.13	0.02	0.02	0.00	0.0	0.13	0.0	0.03	0.0	0.01	0.07	0.26	0.02	0.08	0.17	0.01	0.01	1.8
	-	<u> </u>	IAN (8	3	2.51	2.83	4.09	3.18	3.25	135	3.36	3.67	2.54	3.80	1.88	2.65	2.20	2.86	1.73	3.62	3.79	3.98	7.37	4.79	2.88	2.88	2.30	19.70	1.89	3.40	3.06	2.74	3.71	4.84	2.47	5.55	3.27	2.27	2.35	2.27	4.89	135.9
	Share of	Excess Oil	Kevenue	(2)	10.17	13.05	17.15	12.95	14.93	5.52	15 19	17.41	10.89	14.37	7.74	10.93	8.87	10.48	7.62	15.16	15.95	17.08	28.03	20.49	12.74	13.18	10.12	17.03	8.10	16.41	12.14	1.23	15.30	19.54	11.19	14.66	14.06	11.19	10.83	10.19	4.25	486.1
	Gross		77.0	(E)	15.19	19.37	25.40	19.28	22.09	8 23	22 53	25.66	16.23	21.41	11.51	16.35	13.25	15.60	11.28	22.53	23.79	25.36	41.71	30.46	18.93	19.55	15.01	25.36	12.02	24.30	18.03	16.72	77.87	29.04	16.62	21.81	20.90	16.58	16.04	15.12	6.15	722.3
			_	SIAIES	Abia	Adamawa	Akwa Ibom	Anambra	Bauchi	Bavelsa	Benne	Borno	Cross River	Delta	Ebonvi	Edo	Ekiti	Enuau	Gombe	lmo	Jigawa	Kaduna	Kano	Katsina	Kebbi	Kogi	Kwara	Lagos	Nassarawa	Niger	ogun	Ondo	Osnu	o/o	Plateau	Rivers	Sokoto	Taraba	Yobe	Zamfara	FCT	TOTAL
			č	N N	_	7	-	4	2	9		. «	· σ.	_	F	12	13	_	_	_	17	18	_		_	_	_	_	_	=	-	-	-	_	_	_	_	_	_	8 8	37	

1/ Provisional: Consisting of 678 returns from the Annual Survey and 96 were provisional data

2/ Gross Allocation
3/ Represent drawdown from Stabilization Fund/Others
4/ Positive (+) sign connotes decrease while (-) sign connotes increase in funds.
Source: Federal Ministry of Finance, Office of the Accountant-General of the Federation and CBN/NBS 2008 Fiscal survey.

Table 29 Consolidated Debt of the Federal Government (Naira Billion)

Туре	2004	2005	2006	2007 1/	2008 2/
External Debt	4,890.30	2,695.10	451.5	428.1	491
Domestic Debt	1,370.30	1,525.90	1,753.30	2,169.60	2,320.30
Total	6,260.60	4,221.00	2,204.70	2,597.70	2,811.30

1/ Revised 2/ Provisional

Table 30
Domestic Debt of the Federal Government (end - period) (Naira Billion)

Item	2004	2005	2006	2007	2008 1/
1. COMPOSITION OF DEBT.					
Instruments	1,370.3	1,525.9	1,753.3	2,169.6	2,320.3
i Treasury Bills	871.6	854.8	695.0	574.9	471.9
ii Treasury Bonds	424.9	419.3	413.6	407.9	402.3
iii Development Stocks	1.3	1.0	0.7	0.6	0.5
iv FGN Bonds	72.6	250.8	477.2	1,007.7	1,370.6
viii Special FGN Bonds	0.0	0.0	166.8	178.5	75.0
2. HOLDERS	1,370.3	1,525.9	1,753.3	2,169.6	2,320.3
i Banking System	1,072.5	1,134.6	1,218.4	1,703.6	1,734.1
a. Central Bank	403.5	408.4	335.5	293.6	282.3
b. Deposit Money Banks (DMBs)	669.1	726.2	882.9	1,410.0	1,451.8
ii Non-Bank Public	297.8	391.3	534.9	466.0	586.2
3. TENOR	1,370.3	1,525.9	1,753.3	2,169.6	2,320.3
2 years and below	938.6	983.7	897.1	709.8	952.0
2-5 years	71.2	163.9	431.2	820.9	472.7
5-10 years	184.5	107.0	194.0	252.9	406.1
Over 10 years	176.0	271.2	231.0	386.0	489.5
,					
4.Total Debt Outstanding	1,370.3	1,525.9	1,753.3	2,169.6	2,320.3

1/Provisional

External Public Debt Outstanding Table 31

	2008 1/	418.40					72.60	491.00
	2007	307.70				00:09	50.40	418.10
a Billion	2006	332.20		•		64.80	54.40	451.50
Naira	2002	330.70	2,028.60	•	189.80	85.50	09.20	2,695.10
	2004	384.20	4,196.80	•	196.20	106.60	6.50	4,890.30
	2008 2/	3,156.60	0	0	0	0	547.5	3,704.10
	2007 1/	3,055.30	0		0	0	573.3	3,628.60
US \$' Million	2006	2,608.30	0		0	209	427.2	3,544.50
Ď	2005	2,512.20	15,412.40		1,441.80	649.8	460	20,476.20
	2004	2,824.30	30,847.80		1,441.80	783.2	47.5	35,944.70
	Holder	1. Multilateral	2. Paris Club	3. London Club	(a) Par Bonds	(b) Promissory Notes	4. Others 2/	Total Debt Outstanding

2/ Includes Non-Paris Bilateral and Commercial debts Source: Debt Management Office, the Presidency, Abuja.

External Debt Service Payments Table 32

		n	US \$' Million					=N=' Billion		
Holder	2004	2002	2006	2007	2008 1/	2004	2005	2006	2007	2008 1/
ultilateral	487.3	471.7	424.6	392.1	77.5	66.3	62.1	54.1	49.3	10.3
۵.	264.8	265.2	273.5	237	67.4	36	34.9	34.8	29.8	8.9
(ii) E.I.B.	4.11	4.7	=	11.6	0	1.6	9.0	4.1	1.5	0
B. & Others	211.1	201.7	140.1	143.5	10.1	28.7	26.5	17.8	18.1	1.3
	994.4	496.6	4,519.90	0	0	135.3	65.4	575.7	0	0
ondon Club	90.2	169.9	1,584.70	102.6	0	12.3	22.4	201.8	12.9	0
romissory Notes	171.2	213.5	170.9	476.6	0	23.3	28.1	21.8	09	0
	11.6	15.8	27.8	52	27.9	1.5	2.1	3.5	6.5	3.7
	1,754.80	1,367.50	6,727.80	1,023.20	105.3	238.6	180	856.9	128.7	14

1/ Provisional 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	2004	2005	2006	2007	2008 1/	2004	2005	2006	2007	2008 1/
1. Agriculture	216.21	231.46	248.60	266.48	283.91	41.19	41.72	42.20	42.02	42.07
(a) Crop Production	192.45	206.18	221.62	237.69	253.19	36.69	37.20	37.65	37.48	37.52
(b) Livestock	13.72	14.64	15.65	16.74	17.89	2.61	2.63	2.65	2.64	2.65
(c) Forestry	2.84	3.01	3.19	3.38	3.59	0.53	0.53	0.53	0.53	0.53
(d) Fishery	7.20	7.64	8.14	8.67	9.24	1.36	1.37	1.37	1.37	1.37
2. Industry	156.49	159.16	155.17	151.70	148.39	28.32	26.04	23.66	23.92	21.99
(a) Crude Petroleum	135.67	136.35	130.19	124.29	118.37	24.26	21.85	19.35	19.60	17.54
(b) Solid Minerals	1.38	1.51	1.67	1.88	2.12	0.27	0.28	0.29	0.30	0.31
(c) Manufacturing	19.44	21.31	23.31	25.54	27.90	3.79	3.91	4.02	4.03	4.13
2 Duilding 8 Country of the	7.00	0.54	0.05	40.04	40.04	4.50	4.00	4.70	4.70	4.00
3. Building & Construction	7.62	8.54	9.65	10.91	12.34	1.52	1.62	1.72	1.72	1.83
4. Wholesale & Retail Trade	68.08	77.28	89.08	102.62	116.99	13.75	14.95	16.23	16.18	17.33
5. Services	79.18	85.48	93.33	102.53	113.26	15.21	15.66	16.19	16.17	16.78
(a) Transport	13.99	14.88	15.91	17.01	18.21	2.65	2.67	2.69	2.68	2.70
(b) Communication	6.69 18.88	8.59 20.14	11.38 21.12	14.62 22.15	20.13	1.53	1.91	2.39	2.31	2.98
(c) Utilities	1.95	20.14	21.12	22.15	23.08 3.11	3.58	3.54	3.49	3.49	3.42
(d) Hotel & Restaurant						0.38	0.41	0.43	0.43	0.46
(e) Finance & Insurance	21.53	22.14	23.25	24.42	25.59	3.94	3.90	3.86	3.85	3.79
(f) Real Estate & Business Services	7.71	8.52	9.49	10.56	11.77	1.52	1.59	1.67	1.67	1.74
(h) Producers of Govt. Services	5.02	5.29	5.60	5.94	6.29	0.94	0.94	0.94	0.94	0.93
(I) Comm., Social & Pers. Services	3.40	3.75	4.15	5.08	5.08	0.67	0.70	0.73	0.80	0.75
TOTAL (GDP)	527.58	561.93	595.82	634.24	674.88	100.00	100.00	100.00	100.00	100.00
NON-OIL (GDP)	391.91	425.59	465.63	509.95	556.51	75.74	78.15	80.65	80.40	82.46
TOTAL GDP GROWTH RATE (%)	6.58	6.51	6.03	6.45	6.41					
OIL GDP GROWTH RATE (%)	3.30	0.50	-4.51	-4.54	-4.76					
NON-OIL GDP GROWTH RATE (%	7.76	8.59	9.41	9.52	9.13					
Of which Agriculture (%)	6.50	7.06	7.40	7.19	6.54					
Industry (%)	4.15	1.71	-2.51	-2.23	-2.18					
Services (%)	8.83	7.96	9.18	9.86	10.46					
Finance & Insurance (%)	2.73	2.85	4.98	5.03	4.80					
Manufacturing (%)	10.00	9.61	9.39	9.59	9.26					
Mining and Quarying (%)	10.85	9.53	10.28	12.64	12.91					
Communication (%)	27.77	28.38	32.45	28.50	37.68					

1/Provisional

Source: National Bureau of Statistics (NBS)

Table 34 **Gross Domestic Product at 1990 Current Basic Prices** (Naira Billion unless otherwise stated)

							Sh	are in Total	(%)	
Activity Sector	2004	2005	2006	2007	2008 1/	2004	2005	2006	2007	2008 1
1. Agriculture	3,903.76	4,773.20	5,940.24	6,757.86	7,359.56	34.21	32.76	32.00	32.71	30.87
(a) Crop Production	3,478.10	4,228.28	5,291.62	6,024.38	6,544.57	30.48	29.02	28.50	29.16	27.45
(b) Livestock	243.89	313.25	378.70	434.15	482.11	2.14	2.15	2.04	2.10	2.02
(c) Forestry	51.66	61.79	73.46	83.81	94.27	0.45	0.42	0.40	0.41	0.40
(d) Fishery	130.12	169.88	196.45	215.52	238.61	1.14	1.17	1.06	1.04	1.00
									0.00	
2. Industry	4,610.08	6,094.89	7,488.74	8,085.39	9,941.31	40.40	41.83	40.34	39.14	41.70
(a) Crude Petroleum	4,247.72	5,664.88	6,982.94	7,533.04	9,299.52	37.22	38.87	37.61	36.47	39.00
(b) Solid Minerals	13.05	17.30	27.28	31.46	36.21	0.11	0.12	0.15	0.15	0.15
(c) Manufacturing	349.32	412.71	478.52	520.89	605.59	3.06	2.83	2.58	2.52	2.54
									0.00	
3. Building & Construction	166.08	215.79	250.33	266.46	292.58	1.46	1.48	1.35	1.29	1.23
4. Wholesale & Retail Trade	1,484.42	1,868.25	2,741.79	3,044.77	3,488.18	13.01	12.82	14.77	14.74	14.63
5. Services	1,246.72	1,620.11	2,143.49	2,502.84	2,760.52	10.93	11.12	11.55	12.12	11.58
(a) Transport	365.73	385.48	441.82	473.45	503.07	3.21	2.65	2.38	2.29	2.11
(b) Communication	23.02	41.26	167.68	246.23	265.02	0.20	0.28	0.90	1.19	1.11
(c) Utilities	26.83	29.39	42.61	45.78	50.36	0.24	0.20	0.23	0.22	0.21
(d) Hotel & Restaurant	35.25	46.08	57.61	72.84	89.37	0.31	0.32	0.31	0.35	0.37
(e) Finance & Insurance	102.95	130.75	296.70	340.91	366.06	0.90	0.90	1.60	1.65	1.54
(f) Real Estate & Business Services	463.24	712.84	808.56	925.59	1,055.35	4.06	4.89	4.36	4.48	4.43
(h) Producers of Govt. Services	129.87	148.06	168.80	193.43	210.28	1.14	1.02	0.91	0.94	0.88
(I) Comm., Social & Pers. Services	99.83	126.27	159.70	204.61	221.01	0.87	0.87	0.86	0.99	0.93
TOTAL (GDP)	11,411.07	14,572.24	18,564.59	20,657.32	23,842.16	100.00	100.00	100.00	100.00	100.00
TOTAL (GDP)	11,411.07	14,572.24	10,304.39	20,037.32	23,042.10	100.00	100.00	100.00	0.00	100.00
NON-OIL (GDP)	7,163.35	8,907.36	11,581.66	13,124.28	14,542.63	62.78	61.13	62.39	63.53	61.00
TOTAL GDP GROWTH RATE (%)	15.11	27.70	27.40	11.27	15.42					
OIL GDP GROWTH RATE (%)	3.25	33.36	23.27	7.88	23.45					
NON-OIL GDP GROWTH RATE (%)	23.51	24.35	30.02	13.32	10.81					
Of which Agriculture (%)	20.81	22.27	24.45	13.76	8.90					
Of which Industry (%)	0.44	32.21	22.87	7.97	22.95					
Of which Services (%)	41.81	29.95	32.30	16.76	10.30					
Of Finance & Insurance (%)	26.98	27.00	126.93	14.90	7.38					
Of which Manufacturing (%)	-25.01	18.15	15.95	8.85	16.26					
Of which Mining and Quarying (%)	30.75	32.57	57.70	15.29	15.10					
Of which Communication (%)	26.57	79.23	306.44	46.85	7.63					
O. Willell Communication (70)	20.37	13.23	300.74	70.03	7.03					

1/ Provisional Source: National Bureau of Statistics (NBS)

Table 35 **Gross Domestic Product** (Expenditure Approach) at 1990 Purchasers' Price* (Naira Billion)

COMPONENT	2004	2005	2006	2007 1/	2008 1/
Domestic demand	522.45	562.80	554.82	717.54	774.20
Private Consumption Expenditure	399.49	436.27	362.02	485.48	416.3
Government Final Expenditure	78.52	86.74	117.74	142.93	181.5
Gross Fixed Capital Formation	44.44	39.80	75.06	89.14	176.4
Increase in Stocks	0.05	0.06	0.06	0.09	0.09
Net Export of Goods and Non-Factor Service	19.00	-2.70	47.46	-73.46	6.21
Export of Goods and Non-Factor Services	132.25	148.61	253.20	214.29	295.1
Less Import of Goods and Non-Factor Services	113.25	151.32	205.74	287.75	288.9
Gross Domestic Product (At 1990 Purchaser's Price)	541.50	560.16	602.34	644.17	780.50

Sources: National Bureau of Statistics (NBS)

Table 36 **Gross Domestic Product** (Expenditure Approach) at Current Purchasers' Price* (Naira Billion)

COMPONENT	2,004.00	2005 1/	2006 2/	2007 2/	2008 2/
Domestic demand	10,286.62	12,882.56	14,119.66	16,958.47	19,215.49
Private Consumption Expenditure	8,637.73	11,075.06	11,289.73	12,136.05	13,340.56
Government Final Consumption Expenditure	785.82	1,003.10	1,283.40	1,672.14	2,085.16
Gross Fixed Capital Formation	863.07	804.40	1,546.53	3,150.27	3,789.78
Increase in Stocks	0.93	1.18	1.47	1.69	1.87
Net Export of Goods and Non-Factor Service	1,386.05	1,851.58	4,588.66	3,698.83	4,627.23
Export of Goods and Non-Factor Services	3,520.85	4,664.76	8,599.30	8,323.25	10,562.20
Less Import of Goods and Non-Oil Services	2,134.80	2,813.18	4,010.65	4,624.41	5,934.97
Gross Domestic Product (At Current Purchasers' Price)	11,672.67	14,734.14	18,708.32	20,657.30	23,842.72

^{1/}Revised

^{*2007} and 2008 figures are subject to further confirmation from NBS

^{2/} Estimate

Not Available

Sources: National Bureau of Statistics (NBS)
*2007 and 2008 figures are subject to further confirmation from NBS

Table 37 **National Income at Constant Market Prices** (Naira Billion)

COMPONENT	2004	2005	2006	2007	2008 1/
1. Gross Domestic Product					
0.000 200000	544.50	500.40	000.05	044.47	074.00
(At Constant Market Prices)	541.50	560.16	602.35	644.17	674.86
LESS					
Net Factor Income From Abraod	-26.57	-32.11	-32.43	-49.11	-60.30
Other Current Transfers	6.97	8.61	8.61	59.50	64.74
2. Gross National Income	521.90	536.66	578.53	654.57	679.30
LESS					
Consumption of Fixed Capital (Depreciation)	19.49	15.65	18.26	21.30	22.94
3. Net National Income (Market prices)	541.39	552.31	596.79	675.87	656.36

1/Estimate

Sources: National Bureau of Statistics (NBS).

Table 38 Index of Agricultural Production by Type of Activity (1990=100)

Sub-Sector	2004	2005	2006 1/	2007 2/	2008 3/
Crops	169.9	181.5	195.3	208.4	223.3
(a) Staples	186.9	199.5	215	229.5	245.9
(b) Other Crops	82.2	88.6	93.3	98.9	106.3
Livestock	238	250	265	279.7	299.2
Fishery	172.1	182.1	190.7	201.7	215.1
Forestry	125.7	132.6	134.8	138.4	146.9
Aggregate	175.5	186.9	200.1	212.8	227.9

Source: Derived from data compiled by National Bureau of Statistics

^{1/}Revised 2/Provisional 3/Estimated

Table 39
Nigeria: Estimated Output of Major Agricultural Commodities ('000 Tonnes, except otherwise stated)

		Area plante	d (Million Ha)			Produ	uction ('000Tonn	es)	
Item	2005	2006	2007	2008	2004	2005	2006	2007/1	2008 /1
Crop Production	28,579.00	104,549.30	109,776.80	109,509.50	113,591.75	121,146.31	130,574.08	139,315.13	149,442.19
Staples	25,210.00	96,102.60	100,907.70	100,434.80	104,695.30	111,557.93	120,470.58	128,601.59	138,116.94
Maize	4,613.00	9,973.00	10,471.70	8,949.90	9,503.40	10,369.60	11,087.36	11,875.70	12,708.90
Millet	4,145.00	6,072.00	6,375.60	5,967.90	6,963.30	7,394.71	7,905.00	8,399.37	8,951.82
Guinea corn/Sorghum	4,630.00	9,624.00	10,105.20	9,545.90	9,994.40	10,593.64	11,234.78	11,892.60	12,600.65
Rice	1,100.00	3,694.00	3,878.70	3,235.00	3,713.90	3,929.41	4,200.00	4,522.90	4,852.49
Wheat	15	14.3	15	15.9	55.6	59.05	62.57	66.71	70.9
Acha	114	206.8	217.2	223	95.9	101.33	107.61	113.69	120.43
Beans/Cowpeas	4,193.00	9,839.00	10,331.00	10,679.70	4,328.30	4,462.17	4,791.50	5,128.20	5,497.62
Cassava Old	2,777.00	3,897.40	4,092.30	4,463.50	33,393.30	35,835.00	39,704.87	42,661.82	46,553.95
Potatoes	133	225.7	237	249.9	1,528.30	1,640.41	1,730.03	1,856.11	1,974.44
Yam	2,150.00	3,272.10	3,435.70	3,603.60	26,700.20	28,521.80	30,343.87	31,986.28	33,873.63
Cocoyam	448	47,953.10	50,350.80	51,983.00	2,407.00	2,479.21	2,663.27	2,857.02	3,067.00
Plantain	21	108.4	113.8	120	1,161.50	1,246.71	1,314.82	1,401.80	1,486.46
Vegetables	871	1,222.70	1,283.80	1,397.50	4,850.20	4,924.90	5,324.90	5,839.39	6,358.63
Other crops	3,369.00	8,446.70	8,869.00	9,074.70	8,896.45	9,588.38	10,103.50	10,713.53	11,325.25
Melon	234	376.3	395.1	405.6	479.43	512.05	541.21	574.43	608.41
Groundnut/Peanut	2,360.00	3,335.10	3,501.80	3,576.50	3,350.50	3,630.00	3,812.61	4,036.17	4,256.02
Benniseed/Sesame	178	72.9	76.5	80.6	112.9	119.78	126.98	137.1	146.68
Soya Bean	156	2,473.20	2,596.90	2,647.20	1,447.80	1,547.91	1,635.32	1,728.50	1,826.55
Cotton	202	816.6	857.5	879.8	536.4	600	631.48	667.35	703.81
Oil Palm	34	76.7	80.6	87.3	187	196.42	209.16	233.1	254
Cocoa	87	1,039.50	1,091.50	1,106.00	202.62	215.4	227.72	240.2	253.65
Rubber		4.4	4.6	4.9	230.5	245.2	259.62	277.4	295.06
Sugarcane	33	134	140.7	148.2	2,167.00	2,325.97	2,453.04	2,601.20	2,750.81
Kola nut	20	110	115.5	118	73.5	78.89	83.2	87.82	92.66
Ginger	54	7.9	8.3	8.7	82.6	88.66	93.5	98.69	104.13
Cashew	2	5.4	5.7	5.9	19.4	20.82	21.96	23.18	24.46
Pineapple	9	1.1	1.2	1.2	3.07	3.27	3.46	3.8	4.09
Palm Produce		4.3	4.5	4.8	3.74	3.99	4.22	4.6	4.94
Livestock Products					3,102.92	3,260.28	3,455.52	3,647.33	3,858.44
Poultry					91.4	110.9	115.45	122.9	129.39
Goat Meat					511.6	524.43	559.2	597	636.97
Mutton					486.5	498.14	531.43	556.3	587.92
Beef					239.8	235.1	262.22	275.8	298.85
Pork					62.32	66.5	69.63	73.15	76.72
Milk					1,185.90	1,245.20	1,313.33	1,390.20	1,468.92
Eggs					525.4	580.02	604.26	631.98	659.68
Fishery					541.99	573.71	600.65	635.2	668.75
(1) Artisanal Coastal and Brackish Water Ca	ches				230.7	240.61	250.88	262.7	274.49
(2) Artisanal Inland Rivers and Lakes Catches					211.29	224.8	232.72	244.8	255.47
(3) Fish Farming					55.77	62.2	68.29	76.3	84.51
(4) Industrial (Trawling) Coastal Fish & Shrimp	i				44.23	46.1	48.76	51.4	54.27
Forestry ('000 cu meters)					132,275.30	139,486.60	141,812.75	145,593.07	148,747.64
Roundwood					130,152.20	137,075.50	139,359.60	143,072.08	146,169.78
Sawnwood					1,943.50	2,208.80	2,248.55	2,311.00	2,363.89
Wood Based Panels					155.3	175.8	177.45	181.7	184.73
Papers & Paperboards ('000MT)					24.3	26.5	27.15	28.29	29.25

Source: National Bureau of Statistics 1/provisional

Table 40
Indices of Average World Prices (c.i.f) of Nigeria's Major Agricultural Export Commodities (1990=100) (Dollar-based)

COMMODITY	2004	2005	2006	2007	2008
COCOA	180.0	180.0	216.9	276.0	348.2
COFFEE	45.0	65.5	83.9	282.7	284.0
COPRA	168.9	149.5	144.6	123.0	173.7
COTTON	73.7	66.7	69.7	154.0	126.1
PALM OIL	147.5	131.5	147.6	223.9	337.6
SOYA BEANS	138.7	125.1	123.2	159.4	261.1
ALL COMMODITIES	174.6	172.4	206.0	413.6	514.8

SOURCE: 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	2004	2005	2006	2007	2008
COCOA	2,273.30	2,155.60	2,522.80	3,472.20	4,128.50
COFFEE	778.1	1,073.30	1,334.70	3,312.20	3,196.20
COPRA	2,604.60	2,434.20	2,262.40	2,105.30	2,591.60
COTTON	1,242.20	1,079.60	1,096.80	2,428.20	1,874.50
PALM OIL	2,794.00	2,423.10	2,643.00	1,189.20	1,720.80
SOYA BEAN	2,338.80	2,035.00	1,946.10	4,793.60	7,401.30
ALL COMMODITIES	2,330.90	2,179.80	2,521.30	5,713.10	7,198.50

SOURCE: Public Ledger and Financial Times (London)

Table 42 **Average Prices of Selected Cash Crops (Naira per Tonne)**

COMMODITY	2004	2005	2006 1/	2007 2/	2008 3/
Benniseed	78,569.70	86,927.80	92,954.40	94,706.70	97,424.80
Cocoa	165,735.80	168,099.90	175,632.80	182,490.00	189,607.10
Coffee (Arabica)	134,541.40	154,308.80	158,544.50	172,003.60	181,665.20
Tea	153,255.70	207,908.20	251,536.00	308,406.70	335,546.50
Cotton	31,250.90	30,480.00	32,151.10	33,822.20	35,628.30
Groundnut (Unshelled)	24,480.40	25,080.80	25,681.20	26,281.60	26,903.40
Ginger (Peeled)	85,636.80	91,981.90	92,872.50	194,746.70	205,847.30
Palm Kernel	24,736.00	26,312.20	26,930.20	48,796.70	57,946.10
Palm Oil (Special)	110,151.10	122,078.10	133,003.60	161,358.20	179,398.00
Soya Beans	56,045.00	59,379.70	62,717.20	65,720.00	65,720.00
Rubber (100% Dry Lump top quality)	130,569.20	132,808.40	135,047.60	137,286.80	139,582.30
Cashew Nut	52,276.00	52,922.00	53,568.00	54,214.00	54,214.00
Wheat	73,121.00	81,102.10	89,199.60	67,136.70	68,768.10

Table 43 **Index of Industrial Production (1990=100)**

Year/Quarter	Manufacturing	Mining	Electricity	Total (All Sectors)
2004	89.4	133.8	118.6	115.8
2005	89.5	143.2	233.2	121.6
2006	89.6	142.7	198.1	120.8
2007	89.7	132.9	190.8	120.6
1st Quarter	89.6	132.1	190.5	120.8
2nd Quarter	89.8	132.4	190.6	121.7
3rd Quarter	89.4	133.5	190.9	120.9
4th Quarter	90.1	133.6	191.3	118.8
2008 1/	91.2	129.6	198.2	117.8
1st Quarter	90.8	130.9	194.2	118.3
2nd Quarter	91	129.4	199	117.7
3rd Quarter	91.3	129	199.5	118
4th Quarter	91.7	129	200	117.2

^{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

 $\label{eq:table 44} Table \ 44$ Index of Manufacturing Production (Base Quarterly Average 1990 = 100)

Total	89.4	89.5	9.68	89.7	9.68	8.68	89.4	90.1	91.2	8.06	91	91.3	91.7
Radio & T.V	27.9	27.9	27.9	27.9	28.1	27.6	27.9	27.9	31.3	29.9	30.2	30.3	34.9
Soap & Detergents	141.3	140.1	140.1	140.6	137.5	144.1	139.2	141.5	140.4	140.9	144.1	135.2	141.5
Vehicle Assembly	64.3	64.1	64.1	92	8.89	72	29	60.2	62.1	8.89	60.4	29	60.2
Roofing Sheets	36.6	37.4	37.4	99	43.1	43.6	42.2	27.2	43.3	40.8	9.44	44.9	42.9
Cement	107.1	113.4	113.4	113.8	113.5	115.3	106.1	120.1	126.7	124	126.5	127.3	128.9
Refined Petroleum	132.5	132.8	132.8	133.6	138.8	140.5	122.5	132.7	131.8	130.6	131.8	131.9	132.9
Paints	183.9	184.6	184.6	189.9	158.1	159.9	218.3	223.3	192.1	169.9	180.2	200.8	217.4
Foot Wear	2.96	66	66	100.3	91.6	108.3	98.9	102.4	89.2	90.3	89.2	88	88.4
Synthetic Fabrics	44.6	44.6	44.6	46.4	73.7	46.7	42.1	22.9	46.7	7.07	50.3	42.1	23.9
Cotton Textiles	80.8	80.3	80.3	80.8	80.2	84.3	85.9	73	80.1	79.2	84.3	83.9	73
Beer & Stout	137.3	137.5	137.5	106.2	139.1	14	141.9	129.9	129.1	127.1	128.9	129.7	130.8
Soft Drinks	50.5	53.2	53.2	53.5	54.3	52.1	56.9	50.8	99	54.3	55.9	56.9	52.8
Sugar Confectionery	9.09	9.09	9.09	51.5	44.7	58.9	45.5	22	67.9	54.3	56.9	56.1	64.2
Year/Quarter	2004	2005	2006	2007 1/	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	2008 2/	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter

1/Revised 2/Provisional Source: Data Derived from NBS and CBN Surveys.

Table 45 Production of Principal Solid Minerals (2004 - 2008)

	2004	2005	2006	2007	2008	ABSOLUTE CHANGE BETWEEN	PERCENTA GE CHANGE BETWEEN
SOLID MINERALS	(1)	(2)	(3)	(4)	(5)	(4 & 5)	(4 & 5)
BARYTE	69,000.00	-	30,011.00	18,046.58	18,948.91	902.33	5
CLAY	149,362.00	20,000.00	155,336.00	233,932.46	250,775.60	16,843.14	7.2
MARBLE AGGREGATES	1,140,117.00	265,900.00	1,185,722.00	904,120.00	1,018,039.12	113,919.12	12.6
SAND	904,977.00	114,285.00	941,176.00	1,722,737.04	1,960,474.75	237,737.71	13.8
STONE AGGREGATES	2,205,814.00	401,322.00	1,635,556.00	2,923,642.00	3,583,215.64	659,573.64	22.56
GOLD	162,856.00	-	170,982.00	582,868.00	647,566.35	64,698.35	11.1
LEAD/ZINC	-	-	492,261.00	581,509.00	643,926.45	62,417.44	10.73
LIMESTONE	14,693,090.00	1,160,616.00	15,280,815.00	3,323,331.64	3,960,081.98	636,750.34	19.16
IRON ORE	84,790.00	84,790.00	88,180.00	57,900.00	61,779.30	3,879.30	6.7
LATERITE	941,488.00	391,793.00	979,148.00	1,642,170.63	1,794,892.50	152,721.87	9.3
SHALE	1,203,687.00	67,229.00	1,251,834.00	83,378.00	90,548.51	7,170.51	8.6
CASSITERITE	1,748.00	100	1,818.00	229	239.99	10.99	4.8
COLUMBITE	372	45	387	180	193.5	13.5	7.5
OTHER MINERALS	1,920,268.00	1,956,462.00	13,817,990.00	23,545,194.65	26,184,610.97	2,639,416.32	11.21
TOTAL	23,477,569.00	4,462,542.00	36,031,216.00	35,619,239.00	40,215,293.56	4,596,054.56	12.9

Source: Ministry of Mines and Steel Development

Energy Consumption (Tonnes of Coal Equivalent (TCE)) (1990=100)

	8,050.70	0.02	3,268,112.03	19	2,618,959.40	15.23	11,306,422.30	65.73	17,201,544.41	100	169.9
2008 /2			3,2,6		2,6		11,30		17,20		
2007 /1	8,050.70	0.05	3,113,567.20	19.17	2,172,121.90	13.37	10,950,530.10	67.41	16,244,269.85	100	169.2
2006	8,050.50	0	2,965,770.70	17	1,310,102.50	7.5	13,137,540.50	75.4	17,421,464.20	100	170
2005	8,050.70	0.03	3,046,626.70	12.04	1,384,201.50	5.47	20,855,705.90	82.45	25,294,584.80	100	176.7
2004	8,065.74	0.03	4,041,442.20	17.39	1,054,218.60	4.54	18,135,575.40	78.04	23,239,301.90	100	175.7
2003	8,182.10	0.03	3,876,335	14.2	517,409	1.9	22,892,249	83.87	27,294,175	100	171.2
Weight	0.13	0.13	0.93	0.93	0.04	0.04	98.9	98.9	100	100	
Туре	Coal	Percentage Share	Hydro - Power	Percentage Share	Natural Gas	Percentage Share	Petroleum Products 1/	Percentage Share	Total	Percentage Share	Index of Energy Consumption(1990=10))

1/ Revissed 2/ Provisional Sources: Federal Ministry of Solid Mineral Development; Federal Ministry of Power & Steel, NNPC & PHCN.

Table 47
Consumption of Petroleum Products (Tonnes)

Product	2004	2005	2006	2007 /1	2008 /2
Liquefied Petroluem Gas or Cooking Gas	28,216.05	28,300.00	26,016.00	25,948.50	25,888.56
Premium Motor Spirit (PMS- Gasoline)	7,308,099.23	7,308,100.23	5,925,738.22	5,750,174.60	6,894,459.34
Dual Purpose Kerosine (DPK)	907,696.73	907,705.70	674,032.00	592,811.14	537,531.50
Automative Gas Oil (AGO) and Diesel	1,750,313.52	1,760,313.52	1,361,296.00	1,222,021.81	1,145,877.63
Low Pour Fuel Oil (LPFO)	236,193.91	236,193.91	135,844.44	105,360.95	99,766.28
High Pour Fuel Oil (HPFO)	0	0	0	0	0
Bitumen/Asphalt	20,827.55	20,827.55	111,536.89	171,878.35	223,802.79
Others (Wax, Petroleum Jelly, Grease, Base Oil etc)	114,304.88	114,304.88	17,420.67	20,862.77	25,246.04
Total	10,337,435.82	10,347,445.79	8,225,868.22	7,889,058.12	8,926,712.84

1/Revised 2/Estimates Sources: Nigerian National Petroleum Corporation

Table 48
Gas Production, Utilisation and Disposal (2004 - 2008)

	2004	2002	2006	2007	71 2008	1	4BSOLUTE CHANGE BETWEEN	VGE BETWEEN	
	(1)	(2)	(3)	(4)	(2)	(1)&(2)	(2)&(3)	(3)&(4)	(4)&(5)
GAS PRODUCED	58,964.00	57,369.40	57,753.70	65,936.50	66,640.80	-1,594.60	384.3	8,182.80	704.3
GAS USED AS FUEL	2,245.90	2,261.50	2,584.90	2,656.90	3,203.40	15.6	323.4	71.9	546.6
GAS SOLD TO INDUSTRIES	9,168.90	13,844.40	15,824.00	16,264.40	19,615.20	S	1,979.60	440.4	3,350.80
GAS SOLD TO LNG	572.5	5,311.50	6,071.00	6,239.90	7,514.60	4,739.00	759.5	168.9	1,274.70
GAS REINJECTED	5,469.20	10,694.00	12,223.10	12,563.30	15,126.80	5,224.80	1,529.20	340.2	2,563.50
GASLIFT	382	1,026.90	1,173.70	1,206.40	1,415.10	644.9	146.8	32.7	208.7
GAS CONVERTED TO NGLS	592.6	1,310.60	1,498.00	1,539.70	1,854.30	718	187.4	41.7	314.6
TOTAL GAS UTILISED	33,873.00	34,448.90	39,374.80	48,150.90	48,796.00	575.9	4,925.90	8,776.10	645
GAS UTILISED AS % OF GAS PRODUCED	57.4	09	68.2	73.1	73.2				
GAS FLARED	25,091.00	22,920.50	18,378.90	20,130.40	17,844.80	-2,170.50	-4541.6	1,751.50	-2,285.60
GAS FLARED AS % OF GAS PRODUCED	42.6	40	31.8	30.5	26.8				

1/ Provisional Source: NNPC, DPR,CBN Estimates

Table 49
World Crude Oil Production and Consumption in 2008 (million barrels per day)

	2004	2002	2006	2007	2008		ABSOLUTE CHANGE BETWEEN	NGE BETWEEN		ď	PERCENTAGE CHANGE BETWEEN	ANGE BETWEEN	
	(1)	(2)	(3)	(4)	(2)	(1)&(2)	(2)&(3)	(3)&(4)	(4) & (5)	(1)&(2)	(2)&(3)	(3)&(4)	(4)&(5)
SUPPLY													
OPEC	34.6	35.7	35.5	36.22	37.1	1.1	-0.2	0.72	0.88	3.18	-0.56	2	2.4
Crudes	30.6	31.6	31.4	31.82	32.1	1	-0.2	0.42	0.28	3.27	-0.63	1.3	6.0
NGLs and condensates	4	4.1	4.1	4.4	2	0.1	0	0.3	9.0	2.5	0	7.3	13.6
TOTAL NON -OPEC	48.5	48.5	48.9	49.55	49.5	0	0.4	0.65	-0.05	0	0.82	1.3	-0.1
Total World Supply	83.1	84.2	84.4	85.77	9.98	1.1	0.2	1.37	0.83	1.32	0.24	1.6	1
DEMAND													
OECD	49.4	49.7	49.3	49.2	47.5	0.3	-0.4	-0.1	-1.7	0.61	9.0-	-0.2	-3.5
NON - OECD	32.9	34	35.3	36.6	38.3	1.1	1.3	1.3	1.7	3.34	3.82	3.7	4.6
Total World Demand	82.3	83.7	84.6	82.8	82.8	1.4	0.9	1.2	0	1.7	1.08	1.4	0
NIGERIA													
Output	2.14	2.33	2.23	2.15	1.98	0.19	-0.1	-0.08	-0.17	8.88	-4.29	-3.6	-7.9
Exports	1.69	1.88	1.78	1.7	1.53	0.19	-0.1	-0.08	-0.17	11.24	-5.32	-4.5	-10
Domestic Consumption	0.45	0.45	0.45	0.45	0.45	0	0	0	0	0	0		

Source: Reuters

Table 50 Analysis of the Average Spot Prices of Selected Crudes Traded at the International Oil Market (US Dollar Per Barrel)

N	(4) & (5)	35.42	-100	39.7	34.94	35.88	36.84
HANGE BETWEE	(3)&(4)	11.89	13.92	9.63	12.93	12.99	13
PERCENTAGE CHANGE BETWEEN	(2)&(3)	19.55	18.68	17.14	19.75	19.72	20.62
	(1)&(2)	42.37	39.75	36.15	43.12	43.9	40.47
	(4)&(5)	25.76	-68.21	28.63	26.19	26.81	25.43
ABSOLUTE CHANGE BETWEEN	(3)&(4)	7.73	8.33	6.34	8.58	8.59	7.94
ABSOLUTE CHA	(2)&(3)	10.63	9.45	9.62	10.95	10.89	10.44
	(1)&(2)	16.18	14.35	14.91	16.7	16.85	14.59
2008	(2)	98.49		100.75	101.15	101.52	94.45
2007	(4)	72.73	68.21	72.12	74.96	74.71	69.02
2006	(3)	65	59.87	65.78	66.38	66.12	61.08
2002	(2)	54.37	50.45	56.16	55.43	55.23	50.64
2004	(1)	38.19	36.1	41.25	38.73	38.38	36.05
	Crude Type	UK Brent	Arab Light	West Texas Intermediate(WTI)	Bonny Light	Forcados	OPEC Basket

Source: Reuters

Table 51 Composite Consumer Price Index (2003 = 100)

	2004	2005	2006	2007	2008	d	percentage change between	ange between	,
	(1)	(2)	(3)	(4)	(2)	(1) & (2)	(2) & (3)	(3) & (4)	(4) & (5)
All- Item	129.7	144.7	157.1	167.4	192.6	11.6	9.8	9.9	15.1
All- Item Less Farm Produce	138	141.3	165.7	171.7	189.6	2.4	17.3	3.6	10.4
All- Item Less Farm Produce & Energy	122.9	134.1	164.4	153.7	177.2	9.1	22.6	-6.5	15.3
Food	124.8	144.1	149.7	162	191.2	15.5	3.9	8.2	18
Food & Non-Alcoholic Beverages	124.8	143.8	149.5	162.4	191	15.2	4	8.6	17.6
Alcoholic Beverage, Tobacco & Kola	114.3	128.9	152	157.1	162.4	12.8	17.9	3.4	3.4
Clothing & Footwear	111.4	113	146	142.8	160	1.4	29.5	-2.2	12
Housing, Water, Electricity, Gas & other Fuel	156.4	158.1	187	202.8	226.6	1.1	18.3	8.4	11.7
Furnishing & household Equipment Maintenance	114.8	129.7	143	146.9	164.4	13	10.3	2.7	11.9
Health	111.3	138.5	152.2	142.3	162.3	24.4	6.6	-6.5	14.1
Transport	115.5	129.9	160.8	172.1	174.2	12.5	23.8	7	1.2
Communication	241.2	222	223.8	225.1	231	φ	0.8	9.0	2.6
Recreation & Culture	118.7	119.6	141.8	141.3	153	0.8	18.6	-0.4	8.3
Education	126.8	152.1	154.8	180	212.5	20	1.8	16.3	18.1
Restaurant & Hotels	124.1	122	183.7	220.4	276.1	-1.7	50.6	20	25.3
Miscellaneous goods & Services	132.8	144.1	153.1	153.7	176.8	8.5	6.2	0.4	15
CPI, End December	129.7	144.7	157.1	167.4	192.6				

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.

	2004	2002	2006	2007	2008	Д	Percentage change between	ange between	
	(1)	(2)	(3)	(4)	(2)	(1) & (2)	(2) & (3)	(3) & (4)	(4) & (5)
All- Item	131.3	155.5	171.6	191.4	213.2	18.4	10.4	11.5	11.4
All- Item Less Farm Produce	137.8	142.7	176	201.3	217	3.6	23.3	14.4	7.8
All- Item Less Farm Produce & Energy	122.4	133.4	163.2	188.7	205.4	6	22.3	15.6	8.9
Food	126.5	162.9	166.4	181.4	206.1	28.8	2.1	6	13.6
Food & Non-Alcoholic Beverages	126.3	162.4	166	181.2	205.7	28.6	2.2	9.2	13.5
Alcoholic Beverage, Tobacco & Kola	115.5	133.5	162.5	178.8	172.3	15.6	21.7	10	-3.6
Clothing & Footwear	113	120.7	151.5	157.6	165.2	6.8	25.5	4	4.8
Housing, Water, Electricity, Gas & other Fuel	159.1	155.4	198.5	234.3	262	-2.3	27.7	18	11.8
Furnishing & household Equipment Maintenance	115.5	132.3	151.2	172.7	184.8	14.5	14.3	14.2	7
Health	112.6	141	159	162.5	170.8	25.2	12.8	2.2	5.1
Transport	115	129.7	159.3	184.6	175.7	12.8	22.8	15.9	-4.8
Communication	245.5	241.8	238.8	247.5	242.4	-1.5	-1.2	3.6	-2.1
Recreation & Culture	120.7	124.7	153.2	151.8	152	3.3	22.9	-0.9	0.1
Education	162.8	182.5	205.7	255.9	270	12.1	12.7	24.4	5.5
Restaurant & Hotels	132.7	124.3	195.7	230.7	260.2	-6.3	57.4	17.9	12.8
Miscellaneous goods & Services	141.1	156	164	179.8	192.4	10.6	5.1	9.6	7
CPI, End December	131.3	155.5	171.6	191.4	213.2				

Source: National Bureau of Statistics (NBS), Abuja.

Table 53
Rural Consumer Price Index (2003 = 100)

	2004	2005	2006	2007	2008	Per	centage ch	Percentage change between	en
	(1)	(2)	(3)	(4)	(2)	(1) & (2)	(2) & (3)	(3) & (4)	(4) & (5)
All- Item	129.1	140	150.8	157	183.7	8.4	7.7	4.1	17
All- Item Less Farm Produce	138.1	140.7	161.3	158.9	177.7	1.9	14.6	-1.5	11.8
All- Item Less Farm Produce & Energy	123.1	134.4	165	138.6	165	9.5	22.8	-16	19
Food	124.2	138.2	144.4	155.9	186.4	11.3	4.5	∞	19.6
Food & Non-Alcoholic Beverages	124.4	137.9	144.3	156.4	186.3	10.9	4.6	8.4	19.1
Alcoholic Beverage, Tobacco & Kola	112.9	123.7	140.5	133.4	151.4	9.6	13.6	-5.1	13.5
Clothing & Footwear	109.7	104.9	140.4	127.2	154.6	4.4	33.8	-9.4	21.5
Housing, Water, Electricity, Gas & other Fuel	153.7	161	175.1	170.3	190	4.7	8.8	-2.7	11.6
Fumishing & household Equipment Maintenance	114.4	128.2	138.2	131.5	152.2	12.1	7.8	-4.8	15.7
Health	110.3	136.5	146.8	126.4	155.5	23.8	7.5	-13.9	23
Transport	116.6	130.2	163.5	149.9	171.6	11.7	25.6	-8.3	14.5
Communication	237.8	206.1	211.7	207	221.9	-13.3	2.7	-2.2	7.2
Recreation & Culture	117.3	116.1	134.2	134.3	153.7	-1	15.6	0.1	14.4
Education	102.8	131.9	121	129.5	174.2	28.3	-8.3	7	34.5
Restaurant & Hotels	118.4	120.4	175.7	213.6	286.6	1.7	45.9	21.6	34.2
Miscellaneous goods & Services	126.6	135.2	145	134.3	165.2	6.8	7.2	-7.4	23
CPI, End December	129.1	140	150.8	157	183.7				

Source: National Bureau of Statistics (NBS), Abuja.

Table 54
Balance of Payments Compilation (US\$ Million)

Durance of 1 aj men		2000		
CURRENT ACCOUNT	2005 30,793.10	2006 26,466.95	2007 2/	2008 1/ 42,304.47
Goods	29,168.22	27,116.54	33,137.74	42,189.64
Credit	55,144.47	57,443.88	65,086.15	80,615.31
Debit	(25,976.25)	(30,327.34)	(31,948.41)	(38,425.67)
Exports fob	55,144.47	57,443.88	65,086.15	80,615.31
Crude oil & gas	54,338.17	56,396.16	63,725.86	79,814.54
crude oil	51,317.56	51,277.98	58,164.51	74,304.54
gas	3,020.61	5,118.18	5,561.35	5,510.00
Non-oil	806.30	1,047.72	1,360.29	800.77
Imports fob	(25,976.25)	(30,327.34)	(31,948.41)	(38,425.67)
Crude oil & gas	(5,515.69)	(6,648.29)	(5,866.57)	(7,030.66)
Non-oil	(13,860.56)	(17,679.05)	(26,081.84)	(31,395.01)
Trading Partner Adjustment	(6,600.00)	(6,000.00)		
Services(net)	(3,263.69)	(4,768.89)	(12,736.16)	(13,151.05)
Credit	3,243.83	4,006.71	1,681.73	2,295.92
Debit	(6,507.52)	(8,775.60)	(14,417.89)	(15,446.97)
Transportation(net)	(1,462.34)	(1,484.64)	(2,269.67)	(3,295.02)
Credit	1,336.13	1,843.15	1,103.65	1,610.43
Debit	(2,798.47)	(3,327.79)	(3,373.32)	(4,905.45)
Of which: Passenger	(175.96)	(234.21)	(924.93)	(808.02)
Credit	84.59	25.38	125.07	391.98
Debit	(260.55)	(259.59)	(1,050.00)	(1,200.00)
Of which: Freight	(2,431.96)	(2,666.93)	(1,943.30)	(2,752.83)
Credit Debit	72.18 (2,504.14)	375.66 (3,042.59)	378.58 (2,321.88)	418.45
Of which: Other	1,145.58	1,416.50	598.56	(3,171.28) 265.83
Credit	1,179.36	1,442.11	600.00	800.00
Debit	(33.78)	(25.61)	(1.44)	(534.17)
Travel	(184.94)	(902.04)	(2,228.84)	(4,219.33)
Credit	54.43	65.64	215.14	232.14
Debit	(239.37)	(967.68)	(2,443.98)	(4,451.47)
Business travel	(88.46)	(28.44)	(270.62)	(431.13)
Credit	-	-	-	-
Debit	(88.46)	(28.44)	(270.62)	(431.13)
Personal travel	(2.09)	(51.10)	(9.80)	(31.51)
Credit Debit	(2.09)	(51.10)	(9.80)	(31.51)
Education-related expenditure	(84.35)	(105.64)	(1,084.75)	(2,320.15)
Credit	(01:33)	(103:01)	(1,001.73)	(2,320.13)
Debit	(84.35)	(105.64)	(1,084.75)	(2,320.15)
Other	(10.04)	(716.86)	(863.67)	(1,436.54)
Credit	54.43	65.64	215.14	232.14
Debit	(64.47)	(782.50)	(1,078.81)	(1,668.68)
Insurance services	(3.55)	(6.46)	(0.52)	(17.32)
Credit	0.57	0.68	4.58	2.48
Debit Construction services	(4.12)	(7.14)	(5.10)	(19.80)
Construction services Credit	(126.00)	(148.00)	(250.00)	(250.00)
Debit	(126.00)	(148.00)	(250.00)	(250.00)
Financial services	(25.60)	(31.00)	(50.00)	(75.00)
Credit	(-	-	-
Debit	(25.60)	(31.00)	(50.00)	(75.00)
Royalties and license fees	(67.43)	(85.03)	(174.14)	(73.22)
Credit	-	-	-	-
Debit	(67.43)	(85.03)	(174.14)	(73.22)
Other business services	(1,393.65)	(2,023.10)	(5,830.60)	(4,502.82)
Credit	1,493.25	1,853.11	10.00	18.00
Debit	(2,886.90)	(3,876.21)	(5,840.60)	(4,520.82)
Operational leasing services Credit	(28.75)	(77.44)	(50.73)	(180.41)
Credit Debit				
Misc. business, professional,	(28.75)	(77.44)	(50.73)	(180.41)
and technical services	(1,364.90)	(1,945.66)	(5,779.87)	(4,322.41)
Credit	1,493.25	1,853.11	10.00	18.00

Table 54 Cont'd
Balance of Payments Compilation (US\$ Million)

Bulance of Fujinen	to Comp		, , , , , , , , , , , , , , , , , , ,	· · · · · · · · · · · · · · · · · · ·
	2005	2006	2007 2/	2008 1/
Debit	(2,858.15)	(3,798.77)	(5,789.87)	(4,340.41)
Government Services	119.82	81.38	(1,752.39)	(523.35)
Credit	359.45	244.13	348.36	432.86
Debit	(239.63)	(162.75)	(2,100.75)	(956.21)
Technical Assistance	(120.00)	(170.00)	(180.00)	(195.00)
Credit	-	-	-	-
Debit	(120.00)	(170.00)	(180.00)	(195.00)
Income(net)	(2,254.10)	(6,662.51)	(16,746.24)	(20,894.06)
Credit	889.59	1,878.06	2,581.06	2,419.00
Debit	(3,143.69)	(8,540.57)	(19,327.30)	(23,313.06)
Compensation of employees	101.34	126.68	143.95	89.78
Credit	154.97	193.72	220.13	184.09
Debit	(53.63)	(67.04)	(76.18)	(94.31)
Investment income	(2,355.44)	(6,789.19)	(16,890.19)	(20,983.84)
Credit	734.62	1,684.34	2,360.93	2,234.91
Debit	(3,090.06)	(8,473.53)	(19,251.12)	(23,218.75)
Direct investment	(2,600.39)	(7,824.84)	(17,871.60)	(21,815.75)
Credit	0.45	0.89	17.00	27.50
Debit	(2,600.84)		(17,888.60)	(21,843.25)
Income on equity	(2,555.84)	(7,772.73)	(17,797.60)	(21,735.75)
Credit	-	-	16.00	23.50
Debit	(2,555.84)	(7,772.73)	(17,813.60)	(21,759.25)
Dividends and distributed	,			40.222
branch profits	(794.07)		(15,687.60)	(19,332.25)
Credit	5.00	8.00	14.00	20.00
Debit	(799.07)	(1,916.85)	(15,701.60)	(19,352.25)
Reinvested earnings and undistributed branch profit	(1.755.90)	(E 9E4 69)	(2.108.00)	(2,403.50)
Credit	(1,755.90) 0.87	(5,854.68) 1.20	(2,108.00) 2.00	3.50
Debit	(1,756.77)	(5,855.88)	(2,110.00)	(2,407.00)
Interest	(44.55)	(5,853.88)	(74.00)	(80.00)
Credit	0.45	0.89	1.00	4.00
Debit	(45.00)	(53.00)	(75.00)	(84.00)
Portfolio investment	(258.00)	(431.00)	(660.80)	(656.00)
Credit	47.00	54.00	53.36	61.50
Debit	(305.00)	(485.00)	(714.16)	(717.50)
Other investment	502.95	1,466.65	1,642.21	1,487.91
Income on debt (interest)	502.95	1,466.65	1,642.21	1,487.91
Credit	687.17	1,629.45	2,290.57	2,145.91
Debit	(184.22)		(648.36)	(658.00)
Current transfers(net)	7,142.67	10,781.81	18,016.30	34,159.94
Credit	7,273.92	10,960.48	18,167.66	34,352.10
Debit	(131.25)	(178.67)	(151.36)	(192.16)
General government	59.33	121.92	96.37	60.74
Credit	120.00	170.00	180.00	180.00
Debit	(60.67)	(48.08)	(83.63)	(119.26)
Other sectors	621.84	118.26	0.45	57.67
Credit	678.09	213.42	41.72	107.29
Debit	(56.25)		(41.27)	(49.62)
Workers' remittances	6,461.50	10,541.63	17,919.48	34,041.53
Credit	6,475.83	10,577.06	17,945.94	34,064.81
Debit	(14.33)	(35.43)	(26.46)	(23.28)
CAPITAL AND FINANCIAL ACCOUNT	(19,579.82)	(7,595.20)	(2,602.51)	(5,673.29)
Capital account(net)	7,328.00	10,650.00	-	-
Credit	7,328.00	10,650.00	-	-
Debit	-	-	-	-
Capital transfers	7,328.00	10,650.00	-	-
Credit	7,328.00	10,650.00	-	-
General Government	,			
Debt Forgiveness	7,328.00	10,650.00		-
Debit				
Acquisition/disposal of nonproduced, nonfin. assets	-	-	-	-
Credit	-	-	-	-
Debit	-	-	-	-

Table 54 Cont'd Balance of Payments Compilation (US\$ Million)

	2005	2006	2007 2/	2008 1/
Financial account(net)	(26,907.82)	(18,245.20)	(2,602.51)	(5,673.29)
Assets	(12,792.51)	(18,363.30)	(15,767.72)	(15,505.82)
Direct investment (Abroad)	(14.62)	(16.61)	(468.00)	(972.00)
Equity capital	(14.62)	(16.61)	(468.00)	(972.00)
Reinvested earnings				
Other capital				
Portfolio investment	(131.55)	(149.49)	(138.42)	(692.08)
Money Market	(131.55)	(149.49)	(138.42)	(692.08)
Monetary authorities				
General government				
Banks	(131.55)	(149.49)	(138.42)	(692.08)
Other sectors				
Debt securities				
Other investment	(1,322.30)	(4,178.26)	(6,126.25)	(12,174.53)
Trade credits	(1,374.45)	(2,037.89)	(1,256.44)	(1,027.32)
Loans -DMBs	(110.98)	(126.11)	(116.77)	(291.92)
Currency and deposits	163.13	(2,014.26)	(4,753.04)	(10,855.29)
Monetary authorities				
General government				
Parastatals	(1,427.83)	119.80	(1,273.84)	(2,084.50)
Banks	67.13	(1,419.26)	(2,372.04)	(8,642.79)
Other sectors	96.00	(595.00)	(2,381.00)	(128.00)
Other Assets				
Reserve assets	(11,324.04)	(14,018.94)	(9,035.05)	(1,667.21)
Monetary Gold				
SDRs				
Reserve Positions in the Fund				
Foreign exchange	(11,324.04)	(14,018.94)	(9,035.05)	(1,667.21)
Other Claims				
Liabilities	(14,115.31)	118.10	13,165.21	9,832.53
Direct Invesment in reporting economy	4,978.26	13,956.49	6,086.73	6,814.40
Equity capital	3,221.49	8,100.61	3,974.73	4,407.40
Claims on direct investors				
Liabilities to direct investors	3,221.49	8,100.61	3,974.73	4,407.40
Reinvested earnings	1,756.77	5,855.88	2,112.00	2,407.00
Other capital				-
Claims on direct investors				
Liabilities to direct investors				
Portfolio Investment	883.00	2,445.14	5,640.25	2,979.39
Equity securities	750.00	1,340.00	4,648.00	2,345.67
Debt securities	133.00	1,105.14	992.25	633.72
Long-term	133.00	1,075.00	959.50	605.16
Short-term		30.14	32.75	28.56
Other investment liabilities	(19,976.57)	(16,283.53)	1,438.23	38.74
Trade credits	-	-	-	-
Short-term				
Long-term	(20.6:2.2:	44 5 22 = -		2
Loans		(16,387.53)	588.23	366.25
General government	(15,483.00)	(16,931.00)	109.60	(549.00)
Long-term	(15,483.00)	(16,931.00)	109.60	(549.00)
Drawings	(15 402 00)	(16.021.00)	109.60	66.00
Repayments	(15,483.00)	(16,931.00)	-	(615.00)
short-term				
Monetary authorities	97.00	100.47	121 (2	156.25
Banks Other sectors	87.00	109.47	121.63	156.25
Other sectors	(4,617.03)	434.00	357.00	759.00
Long-term Short-term	(3,063.00)	434.00	357.00	759.00
	(1,554.03)	104.00	- 250.00	(227.51)
Currency & Deposits Monetary Authority	36.46	104.00	850.00	(327.51)
Banks	36.46	104.00	850.00	(327 51)
Other Liabilities	30.46	104.00	830.00	(327.51)
NET ERRORS AND OMISSIONS	(11,213.28)	(18,871.75)	(19,069.13)	(36,631.18)
THE PERIOD AND DIVIDUING	(11,213.28)	(10,0/1./3)	(12,002.13)	(30,031.18)

Table 54 Cont'd **Balance of Payments Compilation (US\$ Million)**

Memorandum Items:	2005	2006	2007	2008
Current Account Balance as % of GDP	27.6	18.4	13.14	17.26
Capital and Financial Account Balance as % of GDP	-18.4	-8.51	-1.56	-2.78
Overall Balance as % of GDP	10.1	9.55	5.41	0.82
External Reserves - Stock (US \$ million)	28,279.06	42,298.00	51,333.15	53,000.36
Number of Months of Imports Equivalent	13.06	16.74	19.28	13.78
External Debt Stock (US\$ million)	20,476.20	3,544.49	3,654.00	3,704.08
Debt Service Due as % of Exports of Goods				-
and Non Factor Services				
Effective Central Exchange Rate (N/\$)	131.41	127.51	124.76	117.78
Average Exchange Rate (N/\$)	132.15	128.65	125.83	118.92
End-Period Exchange Rate (N/\$)	130.29	128.27	117.97	132.56

1/ Revised 2/ Provisional Source: Central Bank of Nigeria

Table 55
Balance of Payments Compilation (№' Million)

	2005	2006	2007 1/	2008 2/
CURRENT ACCOUNT	4,046,521.27	3,374,806.09	2,703,753.81	4,982,717.3
Goods	3,832,995.79	3,457,635.44	4,134,264.44	4,969,192.6
Credit	7,246,534.80	7,324,680.63	8,120,148.07	9,495,056.5
Debit	(3,413,539.01)	(3,867,045.19)	(3,985,883.63)	(4,525,863.9
Exports fob	7,246,534.80	7,324,680.63	8,120,148.07	9,495,056.5
oil	7,140,578.92	7,191,085.64	7,950,438.29	9,400,739.
crude oil	6,743,640.56	6,538,465.49	7,256,604.27	8,751,759.
gas	396,938.36	652,620.16	693,834.03	648,980.
non-oil	105,955.88	133,594.99	169,709.78	94,316.
Imports fob	(3,413,539.01)	(3,867,045.19)	(3,985,883.63)	(4,525,863.
oil	(724,816.82)	(847,724.79)	(731,913.27)	(828,087.
non-oil	(1,821,416.19)	(2,254,259.20)	(3,253,970.36)	(3,697,776.
Trading Partner Adjustment	(867,306.00)	(765,061.20)	-	-
Services(net)	(428,881.50)	(608,082.12)	(1,588,963.32)	(1,548,960.
Credit	426,271.70	510,896.39	209,812.63	270,418.
Debit	(855,153.20)	(1,118,978.51)	(1,798,775.96)	(1,819,379.
Transportation(net)	(192,166.10)	(189,306.74)	(283,164.03)	(388,094.
Credit	175,580.84	235,020.43	137,691.37	189,680.
Debit	(367,746.94)	(424,327.17)	(420,855.40)	(577,774.
Of which: Passenger	(23,122.90)	(29,864.16)	(115,394.27)	(95,170.
Credit	11,115.97	3,236.21	15,603.73	46,168.
Debit	(34,238.88)	(33,100.37)	(130,998.00)	(141,338.
Of which: Freight	(319,583.86)	(340,060.78)	(242,446.11)	(324,234.
Credit	9,485.17	47,900.48	47,231.64	49,286.
Debit	(329,069.04)	(387,961.26)	(289,677.75)	(373,520.
Of which: Other	150,540.67	180,618.20	74,676.35	31,310.
Credit	154,979.70	183,883.73	74,856.00	94,225.
Debit	(4,439.03)	(3,265.54)	(179.65)	(62,915.
Travel	(24,302.97)	(115,019.30)	(278,070.08)	(496,962.
Credit	7,152.65	8,369.77	26,840.87	27,341.
Debit				
	(31,455.61)	(123,389.07)	(304,910.94)	(524,304.
Business travel	(11,624.53)	(3,626.39)	(33,762.55)	(50,779.
Credit	(11 (24 52)	(2, (2(, 20)	(22.762.55)	· · · · · · · · · · · · · · · · · · ·
Debit	(11,624.53)	(3,626.39)	(33,762.55)	(50,779.
Personal travel	(274.65)	(6,515.77)	(1,222.65)	(3,711.
Credit	-	-	-	
Debit	(274.65)	(6,515.77)	(1,222.65)	(3,711.
Education-related expenditure	(11,084.43)	(13,470.18)	(135,333.41)	(273,272.
Credit	-	-	-	-
Debit	(11,084.43)	(13,470.18)	(135,333.41)	(273,272.
Other	(1,319.36)	(91,406.96)	(107,751.47)	(169,198.
Credit	7,152.65	8,369.77	26,840.87	27,341.
Debit	(8,472.00)	(99,776.73)	(134,592.34)	(196,540.
Insurance services	(466.51)	(823.72)	(64.88)	(2,039.
Credit	74.90	86.71	571.40	292.
Debit	(541.41)	(910.42)	(636.28)	(2,332.
Construction services	(16,557.66)	(18,871.51)	(31,190.00)	(29,445.
Credit	-	-	-	-
Debit	(16,557.66)	(18,871.51)	(31,190.00)	(29,445.
Financial services	(3,364.10)	(3,952.82)	(6,238.00)	(8,833.
Credit	-	-	-	-
Debit	(3,364.10)	(3,952.82)	(6,238.00)	(8,833.
Royalties and license fees	(8,860.98)	(10,842.19)	(21,725.71)	(8,624.
Credit	-	-	-	-
Debit	(8,860.98)	(10,842.19)	(21,725.71)	(8,624.
Other business services	(183,139.55)	(257,965.89)	(727,425.66)	(530,352.
Credit	196,227.98	236,290.43	1,247.60	2,120.
Debit	(379, 367.53)	(494,256.31)	(728,673.26)	(532,472.

Table 55 Cont'd Balance of Payments Compilation (№' Million)

	,	•	, i	
	2005	2006	2007 1/	2008 2/
Operational leasing services	(3,778.04)	(9,874.39)	(6,329.07)	(21,249.10)
Credit	=	-	-	=
Debit	(3,778.04)	(9,874.39)	(6,329.07)	(21,249.10)
Misc. business, professional,				
and technical services	(179,361.51)	(248,091.50)	(721,096.58)	(509,103.74)
Credit	196,227.98	236,290.43	1,247.60	2,120.08
Debit	(375,589.49)	(484,381.92)	(722,344.18)	(511,223.83)
Government Services	15,745.55	10,376.78	(218,628.18)	(61,640.86)
Credit	47,235.32	31,129.07	43,461.39	50,983.77
Debit	(31,489.78)	(20,752.29)	(262,089.57)	(112,624.64)
Technical Assistance	(15,769.20)	(21,676.73)	(22,456.80)	(22,967.55)
Credit	- (15.760.20)	- (21 (5) 52)	- (22.456.80)	(22.067.55)
Debit	(15,769.20)	(21,676.73)	(22,456.80)	(22,967.55)
Income(net)	(296,211.28)	(849,537.98)	(2,089,260.90)	(2,460,950.77)
Credit	116,901.02	239,471.81	322,013.05	284,914.86
Debit	(413,112.30)	(1,089,009.79)	(2,411,273.95)	(2,745,865.63)
Compensation of employees	13,317.09	16,152.99	17,959.20	10,573.99
Credit	20,364.61	24,701.28	27,463.42	21,682.02
Debit Investment income	(7,047.52) (309,528.37)	(8,548.28)	(9,504.22)	(11,108.03)
Credit	96,536.41	(865,690.97) 214,770.53	(2,107,220.10) 294,549.63	(2,471,524.76) 263,232.84
Debit	(406,064.78)	(1,080,461.51)	(2,401,769.73)	(2,734,757.60)
Direct investment	(341,717.25)	(997,746.91)	(2,229,660.82)	(2,569,509.03)
Credit	59.13	113.48	2,120.92	3,239.01
Debit	(341,776.38)	(997,860.40)	(2,231,781.74)	(2,572,748.05)
Income on equity	(335,862.93)	(991,102.36)	(2,220,428.58)	(2,560,086.45)
Credit	(333,002.73)	(551,102.50)	1,996.16	2,767.88
Debit	(335,862.93)	(991,102.36)	(2,222,424.74)	(2,562,854.33)
Dividends and distributed	(333,002.33)	(991,102.30)	(2,222,121.71)	(2,302,031.33)
branch profits	(104, 348.74)	(243, 397.85)	(1,957,184.98)	(2,276,996.69)
Credit	657.05	1,020.08	1,746.64	2,355.65
Debit	(105,005.79)	(244,417.93)	(1,958,931.62)	(2,279,352.34)
Reinvested earnings and	-	-	-	-
undistributed branch profit	(230,742.82)	(746,531.42)	(262,994.08)	(283,089.76)
Credit	114.33	153.01	249.52	412.24
Debit	(230,857.15)	(746,684.43)	(263,243.60)	(283,502.00)
Interest	(5,854.32)	(6,644.56)	(9,232.24)	(9,422.58)
Credit	59.13	113.48	124.76	471.13
Debit	(5,913.45)	(6,758.04)	(9,357.00)	(9,893.71)
Portfolio investment	(33,903.78)	(54,956.90)	(82,441.41)	(77,265.19)
Credit	6,176.27	6,885.55	6,657.19	7,243.61
Debit	(40,080.05)	(61,842.45)	(89,098.60)	(84,508.80)
Other investment	66,092.66	187,012.83	204,882.12	175,249.46
Income on debt (interest)	66,092.66	187,012.83	204,882.12	175,249.46
Credit	90,301.01	207,771.50	285,771.51	252,750.22
Debit	(24,208.35)	(20,758.66)	(80,889.39)	(77,500.75)
Current transfers(net)	938,618.26	1,374,790.75	2,247,713.59	4,023,436.30
Credit	955,865.83	1,397,573.00	2,266,597.26	4,046,069.35
Debit	(17,247.56)	(22,782.25)	(18,883.67)	(22,633.05)
General government	7,796.56	15,546.04	12,023.12	7,154.10
Credit	15,769.20	21,676.73	22,456.80	21,200.81
Debit	(7,972.64)	(6,130.69)	(10,433.68)	(14,046.72)
Other sectors	81,715.99	15,079.36	56.14	6,792.51
Credit	89,107.81	27,213.23	5,204.99	12,636.86
Debit	(7,391.81)	(12,133.87)	(5,148.85)	(5,844.36)
Workers' remittances	849,105.72	1,344,165.35	2,235,634.32	4,009,489.70
Credit	850,988.82	1,348,683.04	2,238,935.47	4,012,231.67

Table 55 Cont'd Balance of Payments Compilation (№' Million)

	2005	2006	2007 1/	2008 2/
Debit	(1,883.11)	(4,517.69)	(3,301.15)	(2,741.97)
CAPITAL AND FINANCIAL ACCOUNT	(2,572,984.15)	(968,465.47)	(324,689.15)	(668,212.78)
Capital account(net)	962,972.48	1,357,983.63	-	-
Credit	962,972.48	1,357,983.63	-	-
Debit	-	-	-	-
Capital transfers	962,972.48	1,357,983.63	-	=
Credit	962,972.48	1,357,983.63	-	-
General Government	-	-	-	-
Debt Forgiveness	962,972.48	1,357,983.63	-	-
Debit	-	-	-	-
Acquisition/disposal of nonproduced, nonfin assets	-	-	-	
Credit	-	-	-	-
Debit	-	-	-	
Financial account(net)	(3,535,956.63)	(2,326,449.10)	(324,689.15)	(668,212.78)
Assets	(1,681,063.74)	(2,341,508.06)	(1,967,180.75)	(1,826,310.82)
Direct investment (Abroad)	(1,921.21)	(2,117.94)	(58,387.68)	(114,484.40)
Equity capital	(1,921.21)	(2,117.94)	(58,387.68)	(114,484.40)
Reinvested earnings	-	-	-	-
Other capital	-	-	-	-
Portfolio investment	(17,286.99)	(19,061.50)	(17,269.28)	(81,514.19)
Money Market	(17,286.99)	(19,061.50)	(17,269.28)	(81,514.19)
Monetary authorities	-	-	-	-
General government	-	-	-	-
Banks	(17,286.99)	(19,061.50)	(17,269.28)	(81,514.19)
Other sectors	-	-	-	-
Debt securities	-	-	-	=
Other investment	(173,763.44)	(532,770.77)	(764,310.95)	(1,433,944.41)
Trade credits	(180,616.47)	(259,851.76)	(156,753.45)	(121,000.11)
Loans -DMBs	(14,583.88)	(16,080.31)	(14,568.23)	(34,383.30)
Currency and deposits	21,436.91	(256,838.70)	(592,989.27)	(1,278,561.00)
Monetary authorities	-	-	-	=
General government	-	-	-	÷
Parastatals	(187,631.14)	15,275.72	(158,924.28)	(245,517.20)
Banks	8,821.55	(180,970.13)	(295,935.71)	(1,017,967.66)
Other sectors	12,615.36	(75,868.57)	(297,053.56)	(15,076.13)
Other Assets	-	-	-	-
Reserve assets	(1,488,092.10)	(1,787,557.84)	(1,127,212.84)	(196,367.83)
Monetary Gold	-	-	-	-
SDRs	-	-	-	=
Reserve Positions in the Fund	-	-	-	-
Foreign exchange	(1,488,092.10)	(1,787,557.84)	(1,127,212.84)	(196,367.83)
Other Claims	-	-	-	=
Liabilities	(1,854,892.89)	15,058.95	1,642,491.60	1,158,098.05
Direct Invesment in reporting economy	654,193.15	1,779,594.83	759,380.43	802,615.71
Equity capital	423,336.00	1,032,910.40	495,887.31	519,113.71
Claims on direct investors	-	-	-	-
Liabilities to direct investors	423,336.00	1,032,910.40	495,887.31	519,113.71
Reinvested earnings	230,857.15	746,684.43	263,493.12	283,502.00
Other capital	-	-	-	-
Claims on direct investors	-	-	-	-
Liabilities to direct investors	-	-	-	-
Portfolio Investment	116,035.03	311,780.29	703,677.59	350,919.41
Equity securities	98,557.50	170,863.67	579,884.48	276,278.41
Debt securities	17,477.53	140,916.62	123,793.11	74,641.00
Long-term	17,477.53	137,073.47	119,707.22	71,277.14

Table 55 Cont'd **Balance of Payments Compilation (№' Million)**

	2005	2006	2007 1/	2008 2/
Other investment liabilities	(2,625,121.06)	(2,076,316.17)	179,433.57	4,562.94
Trade credits	-	-	-	-
Short-term Short-term	-	-	-	-
Long-term	-	-	-	-
Loans	(2,629,912.27)	(2,089,577.23)	73,387.57	43,137.77
General government	(2,034,621.03)	(2,158,875.20)	13,673.70	(64,662.48)
Long-term	(2,034,621.03)	(2,158,875.20)	13,673.70	(64,662.48)
Drawings	-	-	13,673.70	7,773.63
Repayments	(2,034,621.03)	(2,158,875.20)	-	(72,436.11)
short-term	-	-	-	-
Monetary authorities	-	-	-	-
Banks	11,432.67	13,958.54	15,174.56	18,403.48
Other sectors	(606,723.91)	55,339.43	44,539.32	89,396.77
Long-term	(402,508.83)	55,339.43	44,539.32	89,396.77
Short-term Short-term	(204,215.08)	-	-	-
Currency & Deposits	4,791.21	13,261.06	106,046.00	(38,574.83)
Monetary Authority	-	-	-	-
Banks	4,791.21	13,261.06	106,046.00	(38,574.83)
Other Liabilities	-	-	-	-
NET ERRORS AND OMISSIONS	(1,473,537.12)	(2,406,340.62)	(2,379,064.66)	(4,314,504.58)

1/ Revised 2/ Provisional Source: Central Bank of Nigeria

Table 56 Visible Trade (Naira Million)

2004 2005
3.67 3
303,952.80 795,131.69
1,334,400.87 2,977,832.07
3,077,531.45 7,246,534.80
2,963,796.12 7,140,578.92
113,735.33 105,955.88
4,715,885.12 11,019,498.56
3,267,748.92 7,935,710.61
1,448,136.20 3,083,787.95
1,439,177.78 3,473,571.04
2,659,843.32 6,345,447.23
-1,220,665.54 -2,871,876.19
133.5 132.15

1/ Revised 2/ Provisional 3/ Positive figures indicate surplus while negative figures indicate deficit.

Table 57 Imports by Major Groups (Naira Million)

IMPORT GROUP	2004	2005	2006 1/	2007 1/	2008 2/
Consumer Goods	756,849.38	1,716,698.51	1,826,360.14	1,870,360.81	2,279,403.14
Durable	58,659.90	137,335.88	127,845.21	130,490.29	215,295.45
Non Durable	698,189.48	1,579,362.63	1,698,514.93	1,739,870.52	2,064,107.69
Capital Goods And Raw Materials	876,596.23	2,037,400.43	2,387,010.23	2,435,818.73	2,680,378.44
Capital Goods	390,170.69	876,082.19	1,026,414.40	1,130,915.84	1,203,258.65
Raw Materials	486,425.54	1,161,318.25	1,360,595.83	1,304,902.89	1,477,119.79
Miscellaneous	4,908.06	18,864.82	33,978.79	43,496.76	31,612.16
Total	1,638,353.67	3,772,963.76	4,247,349.17	4,349,676.31	4,991,393.74
Average Exchange Rate (N/\$)	133.5	132.15	128.65	125.83	118.92

1/ Revised 2/ Provisional Source: Central Bank of Nigeria

Table 58 Imports by S.I.T.C Sections (=N=Million)

	2004	2005	2006	2007 1/	2008 2/
147,3	147,380.40	260,334.50	293,067.09	269,679.93	299,483.62
18,0	18,013.00	37,729.64	42,473.49	43,496.76	49,913.94
84,0	84,076.40	222,604.86	250,593.60	260,980.58	274,526.66
22,0	22,022.80	75,459.28	80,699.63	78,294.17	74,870.91
32,4	32,409.82	94,324.09	106,183.73	95,692.88	124,784.84
372,	372,367.30	913,057.23	1,023,611.15	1,052,621.67	1,247,848.44
482,	482,050.40	1,211,121.37	1,371,893.78	1,426,693.83	1,647,159.93
378,	378,385.20	826,279.06	930,169.47	983,026.85	1,098,106.62
96'	96,641.85	113,188.91	127,420.48	121,790.94	149,741.81
5,0	5,006.50	18,864.82	21,236.75	17,398.71	24,956.97
1,63	1,638,353.67	3,772,963.76	4,247,349.17	4,349,676.31	4,991,393.74

1/ Revised 2/ Provisional Source: Central Bank of Nigeria

Table 59 Non-Oil Imports by Country of Origin (c&f)

		Valu	Value (=N='million)				s %	% share to Total	lal	
	2004	2005	2006	2007	2008	2004	2002	2006	2007	2008
Industrial Countries	737,470.23	1,697,364.28	1,956,057.57	2,054,671.33	2,247,355.54	55.3	57.0	29.0	58.3	55.3
United States of America	193,103.09	595,566.41	736,008.10	816,917.52	586,266.66	14.5	20.0	22.2	23.3	14.4
Japan	48,067.19	506,231.45	616,655.44	636,559.10	146,566.67	3.6	17.0	18.6	18.0	3.6
France	125,212.77	148,891.60	251,966.74	229,868.57	382,701.85	9.4	2.0	9.7	6.5	9.4
Germany	83,426.17	104,224.12	142,560.13	137,921.14	256,491.66	6.3	3.5	4.3	3.9	6.3
Italy	83,304.00	89,334.96	76,253.09	84,874.55	252,420.37	6.2	3.0	2.3	2.4	6.2
Netherlands	99,190.50	134,002.44	69,622.39	91,947.43	301,275.92	7.4	4.5	2.1	2.6	7.4
United Kingdom	105,166.51	119,113.28	62,991.68	56,583.03	321,632.40	7.9	4.0	1.9	1.6	7.9
African	84,505.50	196,536.92	165,767.59	162,676.22	260,562.96	6.3	9.9	2.0	4.6	6.3
Cote d'Ivoire	12,282.00	29,778.32	43,099.57	56,583.03	36,641.67	6:0	1.0	1.3	1.6	6.0
Ghana	7,476.00	14,889.16	19,892.11	14,145.76	24,427.78	9.0	0.5	9.0	0.4	9.0
Niger								,		
South Africa	64,747.50	151,869.44	102,775.91	91,947.43	199,493.52	4.9	5.1	3.1	2.6	4.9
Asia (excluding Japan)	338,981.61	815,925.99	895,144.99	983,130.17	1,034,109.25	25.4	27.4	27.0	27.6	25.4
China, P.R	139,872.38	357,339.85	318,273.77	360,716.83	427,486.11	10.5	12.0	9.6	10.2	10.5
Hong Kong	10,181.93	29,778.32	33,153.52	24,755.08	32,570.37	8.0	1.0	1.0	0.7	8:0
India	70,888.50	178,669.92	255,282.09	272,305.84	215,778.70	5.3	0.9	7.7	7.5	5.3
Indonesia	13,587.04	59,556.64	62,991.68	88,410.99	40,712.96	_	2.0	1.9	2.5	1.0
Korea	53,667.00	104,224.12	129,298.72	148,530.46	162,851.85	4	3.5	3.9	4.2	4.0
Singapore	9,693.71	11,911.33	26,522.81	31,827.96	28,499.07	0.7	9.0	8.0	6.0	0.7
Thailand	41,091.05	74,445.80	69,622.39	56,583.03	126,210.18	3.1	2.5	2.1	1.6	3.1
Others	173,443.53	268,004.89	298,381.66	335,961.75	529,268.51	13	0.6	9.0	9.5	13.0
Russia	59,274.00	89,334.96	92,829.85	106,093.18	179,137.04	4.4	3.0	2.8	3.0	4.4
Turkey	15,753.00	20,844.82	19,892.11	42,437.27	48,855.56	1.2	2.0	9.0	1.2	1.2
Ukraine	30,171.00	38,711.82	72,937.74	84,874.55	93,639.81	2.3		2.2	2.4	2.3
Brazil	68,245.53	119,113.28	112,721.96	102,556.74	207,636.11	5.1	4.0	3.4	2.9	2.1
TOTAL	1,334,400.87	2,977,832.07	3,315,351.81	3,536,439.47	4,071,296.26	100	100.0	100.0	100.0	100.0

Source: Trade & Exchange Dept., CBN/Pre-Shipment Inspection Agents

Table 60 **Direction of Oil Exports**

		Quan	tity (Thousand barr	rels)				(Value N Million)		
Region/country	2004	2005	2006	2007 /2	2008 /1	2004	2005	2006	2007 /2	2008 /1
Africa	59,280.80	70,834.4	81,440.6	84,105.1	30,449.5	237,103.69	579,953.14	817,306.84	765,353.64	350,070.4
West Africa	36,309.50	42,830.1	56,682.7	53,667.1	7,612.4	145,226.02	350,669.34	568,845.56	276,985.13	87,517.6
Ecowas	36,309.50	42,830.1	56,682.7	53,667.1	7,612.4	145,226.02	350,669.34	568,845.56	276,985.13	87,517.6
Ghana	8,892.10	9,883.9	14,333.6	17,622.0	761.2	35,565.55	80,923.69	143,846.00	21,867.25	8,751.8
Cote d'Voire	21,489.30	21,415.0	29,970.2	20,826.0	1,903.1	85,950.09	175,334.67	300,768.92	43,734.49	21,879.4
Senegal	5,928.10	11,531.2	12,379.0	15,219.0	1,141.9	23,710.37	94,410.98	124,230.64	36,445.41	13,127.6
Other West Africa	-	-		-	0.0	-	-		-	0.0
North Africa	3,705.10	6,589.2	7,818.3	9,612.0	7,612.4	14,818.98	53,949.13	78,461.46	51,023.58	87,517.6
Other Africa	19,266.30	21,415.0	16,939.7	20,826.0	3,806.2	77,058.70	175,334.67	169,999.82	58,312.66	43,758.8
Asia	152,648.10	172,967.6	115,319.9	144,981.1	144,635.2	610,542.00	1,416,164.65	1,157,306.49	1,319,323.90	1,662,834.3
China (Mainland)	5,928.10	23,062.3	11,727.5	14,418.0	45,674.3	23,710.37	188,821.95	117,692.19	510,235.76	525,105.6
India	96,331.30	90,602.1	58,637.3	66,483.1	26,643.3	385,293.49	741,800.53	588,460.93	218,672.47	306,311.6
Indonesia	2,964.00	3,294.6	2,606.1	12,015.0	15,224.8	11,855.19	26,974.56	26,153.82	145,781.65	175,035.2
Japan	5,928.10	6,589.2	5,212.2	6,408.0	19,031.0	23,710.37	53,949.13	52,307.64	182,227.06	218,794.0
Korea	23,712.30	18,120.4	14,333.6	17,622.0	3,806.2	94,841.48	148,360.11	143,846.00	94,758.07	43,758.8
Philippines	-	-			0.0	-	-	-	-	0.0
Singapore	4,446.10	14,825.8	9,772.9	12,015.0	4,567.4	17,782.78	121,385.54	98,076.82	43,734.49	52,510.6
Taiwan	9,633.10	12,354.8	9,772.9	12,015.0	6,089.9	38,529.35	101,154.62	98,076.82	14,578.16	70,014.1
others	3,705.10	4,118.3	3,257.6	4,005.0	23,598.4	14,818.98	33,718.21	32,692.27	109,336.23	271,304.5
Americas	360,871.90	411,004.0	334,883.9	414,918.4	403,456.1	1,443,368.70	3,365,076.96	3,360,765.73	3,775,744.64	4,638,432.5
Canada	22,230.30	37,064.5	9,772.9	14,418.0	76,123.8	88,913.88	303,463.85	98,076.82	947,580.70	875,175.9
U.S.A	281,583.80	312,989.0	294,489.3	344,430.3	175,084.7	1,126,242.52	2,562,583.66	2,955,381.54	1,384,925.64	2,012,904.7
Brazil	39,273.50	43,653.7	14,985.1	18,423.0	38,061.9	157,081.19	357,412.98	150,384.46	437,344.94	437,588.0
Virgin Island	2,223.00	2,471.0	1,954.6	18,423.0	22,837.1	8,891.39	20,230.92	19,615.36	364,454.12	262,552.8
Chile	8,151.10	6,589.2	7,166.8	8,811.0	15,224.8	32,601.76	53,949.13	71,923.00	218,672.47	175,035.2
Uruguay	741	823.7	651.5	3,204.0	7,612.4	2,963.80	6,743.64	6,538.45	145,781.65	87,517.6
Argentina	741	823.7	651.5	801.0	30,449.5	2,963.80	6,743.64	6,538.45	72,890.82	350,070.4
Others	5,928.10	6,589.2	5,212.2	6,408.0	38,061.9	23,710.37	53,949.13	52,307.64	204,094.30	437,588.0
Eastern Europe	1,482.00	1,647.3	1,303.1	1,602.0	7,612.4	5,927.59	13,487.28	13,076.91	14,578.16	87,517.6
Others	1,482.00	1,647.3	1,303.1	1,602.0	7,612.4	5,927.59	13,487.28	13,076.91	14,578.16	87,517.6
Western Europe	165,245.20	165,554.7	117,274.5	153,792.2	166,711.1	660,926.53	1,355,471.88	1,176,921.85	1,399,503.80	1,916,635.3
Netherlands	5,928.10	6,589.2	5,212.2	6,408.0	10,657.3	23,710.37	53,949.13	52,307.64	218,672.47	122,524.6
Germany	2,964.00	3,294.6	2,606.1	3,204.0	8,373.6	11,855.18	26,974.56	26,153.82	131,203.48	96,269.4
France		40,359.1	24,758.0	36,846.0	24,359.6	192,646.75	330,438.42	248,461.28	225,961.55	280,056.3
Italy	25,935.40	28,827.9	22,803.4	36,846.0	31,210.8	103,732.86	236,027.44	228,845.92	233,250.63	358,822.1
Sweden	1,482.00	1,647.3	1,303.1	1,602.0	4,567.4	5,927.59	13,487.28	13,076.91	87,468.99	52,510.6
Austria	-	-	-	-	0.0		-		-	0.0
Spain	62,244.80	64,245.1	44,303.7	45,657.0	70,795.1	248,958.87	526,004.01	444,614.92	211,383.39	813,913.6
United Kingdom	2,223.00	2,471.0	1,954.6	5,607.0	2,283.7	8,891.39	20,230.92	19,615.36	72,890.82	26,255.3
Portugal	16,302.20	18,120.4	14,333.6	17,622.0	14,463.5	65,203.51	148,360.11	143,846.00	218,672.47	166,283.4
Oceania	1,482.00	1,647.3	1,303.1	1,602.0	8,373.6	5,927.59	13,487.28	13,076.91	14,578.16	96,269.4
Australia	1,482.00	1,647.3	1,303.1	1,602.0	8,373.6	5,927.59	13,487.28	13,076.91	14,578.16	96,269.4
Total	741,010.00	823,655.3	651,525.0	801,000.8	761,238.0	2,963,796.12	6,743,641.20	6,538,454.73	7,289,082.31	8,751,759.36

1/Provisional
2/Revised
Sources: Compiled from monthly returns on Crude Oil Exports by NNPC and Crude Oil Mining and Prospecting Co.

Table 61 Non-Oil Exports by Product

2008		58.3	32.3	6.1	3.5	2.6	13.8	7.7	5.3	2.4	17.0	13.6	•	0.5	1.1	1.8	8.7	•	0.5	8.2	8.3	100.0
2007	/e	39.7	13.2	5.8	7.1	4.8	8.8	6.3	4.5	1.8	39.4	23.5	5.0	4.1	1.8	5.0	10.3	0.7	0.0	8.7	4.3	100.0
2006	% Share to Total	37.8	13.9	5.4	6.9	3.4	8.2	8.5	5.8	2.7	37.9	26.6	4.9	0.8	1.4	4.2	1.1	0.4	0.7	10.0	4.7	100.0
2002	6	41.7	12.50	6.20	7.20	6.30	9.50	4.0	3.20	0.80	40.6	20.50	2.00	7.30	2.10	5.70	9.8	1.00	1.00	7.80	3.90	100.0
2004		33	6.84	5.77	5.75	8.07	9.56	1.95	1.63	0.32	48.89	36.84	6.11	က	2.02	0.93	4.95	1.03	0.69	3.23	11.2	100
2008	N' million	54,986.64	30,464.3	5,753.3	3,301.1	2,452.2	13,015.7	7,262.39	4,998.8	2,263.6	16,033.84	12,827.1	•	471.6	1,037.5	1,697.7	8,205.55	•	471.6	7,734.0	7,828.3	94.316.70
2007	N' million	73,323.39	31,716.63	9,378.57	5,627.14	3,410.39	23,190.65	12,788.96	7,332.34	5,456.62	58,147.16	41,947.80	6,138.70	1,705.20	4,774.55	3,580.91	19,950.78	1,023.12	852.60	18,075.07	6,309.22	170 519 52
2006	N' million	50,498.78	18,569.66	7,214.11	9,218.03	4,542.22	10,954.76	11,355.55	7,748.49	3,607.06	50,632.37	35,536.18	6,546.14	1,068.76	1,870.33	5,610.98	14,829.01	534.38	935.16	13,359.46	6,278.95	133 594 65
2005	N' million	44,183.58	13,244.48	6,569.26	7,628.82	6,675.22	10,065.80	4,238.23	3,390.59	847.65	43,018.06	21,720.94	5,297.79	7,734.77	2,225.07	6,039.48	10,383.67	1,059.56	1,059.56	8,264.55	4,132.28	105 955 82
2004	N' million	37,532.59	7,782.25	6,561.53	6,542.97	9,181.06	7,464.79	2,219.44	1,850.18	369.26	55,609.43	41,902.71	6,952.01	3,409.72	2,291.93	1,053.05	5,633.30	1,169.86	785.38	3,678.06	12,740.57	113 735 33
	Product	(1) Agricultural Produce	Cocoa Beans	Rubber	Fish/Shrimp	Cotton	Others	(2) Solid Minerals	Aluminum/Carbonate	Other Minerals	(3) Semi-Manufactured	Processed Skins	Cocoa Products	Texture Yarn	Furniture/Processed Wood	Others	(4) Manufactured	Tyres/Tubes	Textiles	Others	(5) Other Exports	Total

Source: Central Bank of Nigeria

Table 62 Top 100 Non-Oil Exporters in Nigeria for 2008

	EXPORTERS	AMOUNT (USD)	PRODUCT	DESTINATION
1	ELEME PETROCHEMICALS CO. LTD	46,417,624.48	POLY PRODUCT	NETHERLANDS
2	BOLAWOLE ENTERPRISES NIGERIA LTD	31,281,893.23	COCOA BEANS	SWITZERLAND
3	OLAM NIGERIA LTD	29,472,793.15	COCOA BEANS	SINGAPORE
4	UNIQUE LEATHER FINISHING CO. LTD	29,364,862.30	PROCESSED SKIN	LONDON
5	MARIO JOSE ENTERPRISES LTD	23,846,519.08	PROCESSED SKIN	HONG KONG
6	MINL LTD	23,604,586.65	OTHER MINERALS	U.A.E
7	MAMUDA INDUSTRIES (NIG.) LTD	21,720,430.02	PROCESSED SKIN	ITALY
8	FATA TANNING LTD	19,892,403.83	PROCESSED SKIN	HONG KONG
9	RMM GLOBAL CO. LTD	19,266,942.55	SESAME SEED	JAPAN
10	AGRO TRADERS LTD	19,117,104.13	CASHEW NUTS	UK
11	ARMAJARO NIGERIA LTD	18,999,177.04	COCOA BEANS	LONDON
12	SUN AND SAND INDUSTRIES LTD	18,651,742.91	OTHER MINERALS	U.A.E
13	DANSA FOOD PROCESSING COMPANY LTD	17,662,502.58	GUM ARABIC	UNITED ARAB
14	CARGILL VENTURES LTD	16,967,261.48	COCOA BEANS	NETHERLAND
15	SARO AGROALLIED LTD	13,881,973.62	COCOA BEANS	GERMANY
16	ALKEM NIGERIA LTD	11,836,922.81	TEXTURED YARN/POLYESTER	SOUTH AFRICA
17	ATLANTIC SHRIMPERS LTD	9,444,148.04	FISH/SHRIMPS	NETHERLANDS
18	BJ EXPORT & CHEMICAL PROCESSING CO. LTD	8,967,261.48	CHARCOAL	GERMANY
19	MAVIGA WEST AFRICA LTD	8,245,891.46	SESAME SEEDS	SWITZERLAND
20	IMONIYAME HOLDINGS LTD	8,058,748.16	RUBBER	GERMANY
21	CODINA COMPANY NIGERIA LTD	8,007,066.06	PROCESSED SKIN	SPAIN
22	NURE INTERNATIONAL NIG. LTD	6,651,234.59	COCOA BEANS	SWITZERLAND
23	ENGHUAT INDUSTRIES LTD	6,567,947.97	RUBBER	CHINA
24	STARSEED NIGERIA LTD	6,365,636.82	SESAME SEEDS	LEBANON
25	KANOTAN S.A. LIMITED	6,152,072.62	PROCESSED SKIN	SPAIN
26	STANMARK COCOA PROCESSING CO. LTD	5,958,999.43	COCOA BEANS	FRANCE
27	BRITISH AMERICAN TOBACCO NIGERIA LTD	5,542,253.34	TOBACCO	TOGO
28	MICROFEED NIGERIA LTD	4,768,379.75	FURNITURE/PROCESSED WOOD	SINGAPORE
29	ANGEL SPINNING AND DYEING LTD	4,491,827.03	TEXTILE	CONGO
30	COCOA PRODUCTS (ILE-OLUJI) LTD	4,457,174.13	COCOA BEANS	FRANCE
31	ASIA PLASTICS INDUSTRY (NIG.) LTD	4,187,106.07	OTHER MAN-PRODUCTS	GHANA
32	STANDARD PLASTICS INDUSTRY (NIG.) LTD	3,723,828.98	OTHER MAN-PRODUCTS	NIGER
33	MULTITAN LTD	3,592,741.02	PROCESSED SKIN	ITALY
34	VIVA METAL & PLASTICS INDUTRIES LTD	3,589,871.44	OTHER MAN-PRODUCT	NIGER
35	OSSE RIVER RUBBER ESTATES LTD	3,564,517.48	RUBBER	FRANCE
36	SAPELE INTERGRATED	3,551,925.43	RUBBER	UK
37	GUINNESS NIGERIA PLC	3,468,656.62	BEER/BEVERAGES	UK
38	NIGERIA BALL POINT PEN INDUSTRIES LTD	3,433,419.22	TUBE/TRYES	CAMEROON
			111111111111111111111111111111111111111	
39	GOLDEN OIL INDUSTRIES LTD	3,395,861.49	PALM PRODUCT	ITALY
40	PHOENIX STEEL MILLS LTD	3,387,828.01	OTHER MINERALS	INDIA
41	B & B LEATHER LTD	3,362,839.48	PROCESSED SKIN	UK
42	FLOUR MILLS OF NIGERIA PLC	3,360,293.68	WHEAT BRAN PELLETS	MAROC
43	BETA GLASS PLC	3,331,287.58	EMPTY BOTTLES	GUINEE
44	DECENT BAG INDUSTRY LIMITED	3,313,982.70	OTHER MAN-PRODUCT	BANGUI
45	PZ CUSSONS NIGERIA PLC	3,285,988.31	OTHER MAN-PRODUCT	GHANA
46	SOSAPLAST NIGERIA LTD	2,607,574.69	OTHER MAN-PRODUCT	SENEGAL
47	ENKAY INDO-NIGERIA IND. LTD	2,540,255.17	SESAME SEEDS	U.A.E
48	AFRIMPEX ENTERPRISES LTD	2,476,630.58	PROCESSED SKIN	ITALY
		2,440,667.27	RUBBER	ITALY
49	UTAGBA UNO RUBBER ESTATES LTD	2,440,007.27	1 CODDET	
49 50	UTAGBA UNO RUBBER ESTATES LTD VITAL PRODUCTS LTD	2,430,290.31	OTHER MAN-PRODUCT	COTONOU

Table 62 Cont'd: Top 100 Non-Oil Exporters in Nigeria for 2008

	*	•	8	
53	NAPOLEON ODIA AND COMPANY LIMITED	2,242,034.90	RUBBER	LONDON
54	LBM OVERSEAS NIG. LTD	2,189,709.46	SESAME SEEDS	SINGAPORE
55	KIMATRAI NIGERIA LTD	2,166,179.89	RUBBER	BELGIUM
56	ARAROMI RUBBER ESTATES LTD	2,164,101.25	RUBBER	BELGIUM
57	INTERNATIONAL POLYMER SYSTEMS LTD	1,946,998.15	RUBBER	LONDON
58	UNITED NIGERIAN TEXTILES PLC	1,863,862.79	COTTON	NIGER
59	OMO WOOD INDUSTRY LTD	1,862,537.02	OTHER MAN-PRODUCTS	HONGKONG
60	TULIP COCOA PROCESSING LTD	1,649,725.38	COCOA BEANS	NETHERLAND
61	CHUMACO INVESTMENTCO. LTD	1,526,907.91	OTHER MAN-PRODUCTS	GERMANY
62	WATERSIDE RUBBER ESTATES LTD	1,469,781.99	RUBBER	FRANCE
63	KOLORKOTE NIGERIA LTD	1,387,889.05	ALUMINIUM/CARBONATE	GHANA
64	GONGONI COMPANY LTD	1,368,571.82	INSECTICIDES	COTE D' IVOIRE
65	ARMADA INTERNATIONAL LTD	1,364,268.75	OTHER AGRIC PRODUCT	TURKEY
66	COTTON AND AGRICULTURAL PROCESSORS LTD	1,318,846.83	COTTON	UK
67	CYBELE COSMETICS LTD	1,276,573.52	OTHER MAN-PRODUCTS	GHANA
68	BANARLY NIGERIA LTD	1,226,789.34	FISH/SHRIMPS	BELGIUM
69	METAFRIQUE LTD	1,185,188.22	OTHER MINERALS	U.A.E
70	WEST AFRICAN SEASONNING CO. LTD	1,129,242.00	OTHER MAN-PRODUCTS	COTE DE' IVOIRE
71	UNITED FISHERIES LTD	1,107,765.60	FISH/SHRIMPS	HOLLAND
72	BALLY PLASTICS 7 FOOTWEAR IND. (NIG) LTD		OTHER MAN-PRODUCT	NIGER
73	,	1,001,061.13		UK
	WOOD MILLS INDUSTRIES LTD	800,896.54	FURNITURE/PROCESSED WOOD	
74	COT-SYN (NIGERIA) LTD	756,739.16	COTTON WHEAT BRAN PELLETS	ITALY AMSTERDAM
75	DANGOTE FLOUR MILLS PLC	737,662.77		
76	AFRICAN TEXTILE MANUFACTURERS LTD	682,075.00	TEXTILE	MALI
77	YARA COMMODITIES LTD	665,508.34	COCOA BEANS	NETHERLAND
78	AFRI AGRI PRODUCTS LTD	655,466.10	COCOA BEANS	BELGIUM
79	SPINTEX MILLS (NIGERIA) LTD	579,414.17	COTTON	PORTUGAL
80	DALA AGRICULTURAL AND ALLIED PRODUCT LTD	512,390.76	COTTON	UK
81	NIGERIAN BREWERIES PLC	414,235.90	BEER/BEVERAGES	LONDON
82	AA-KKAYZ RESOURCES LTD	352,857.37		
83	CEMENT COMPANY OF NORTHERN NIG PLC	349,659.64	CEMENT/LIME PRODUCT	NIGER
84	BEL PAPYRUS LTD	335,372.19	OTHER MAN-PRODUCTS	GHANA
85	TOWER ALUMINIUM NIG. LTD	331,437.05	ALUMINIUM/CARBONATE	KENYA
86	AYOOLA FOODS NIG. LTD	318,531.64	OTHER MAN-PRODUCTS	USA
87	A.B.J. NIGERIA LTD	277,600.00	COTTON	FRANCE
88	UNIGROW INDUSTRIES LTD	274,975.00	SESAME SEEDS	U.A.E
89	TROPICAL WOOD TECHNOLOGIES LTD	274,704.50	FURNITURE/PROCESSED WOOD	CHINA
90	PROCTER & GAMBLE NIG. LTD	262,695.30	SOAP DETERGENT	GHANA
91	NIGERIAN BAG MANUFACTURING CO. LTD	262,155.02	OTHER MAN-PRODUCT	COTONOU
92	CELPLAS IND. NIG. LTD	260,127.37	PLASTIC	COTONOU
93	BALLY PLASTICS & FOOTWEAR IND. (NIG.) LTD	240,326.20	OTHER MAN-PRODUCTS	CHAD
94	OK PLAST LTD	234,072.00	OTHER MAN-PRODUCTS	COTONOU
95	TARABAROZ FISHERIES LIMITED	233,198.00	FISH/ SHRIMPS	BELGIUM
96	SONNEX PACKAGING NIG. LTD	229,645.00	OTHER MAN-PRODUCTS	GHANA
97	ADVANCED BUSINESS SYSTEMS LTD	205,436.65	FURNITURE/PROCESSED WOOD	U.A.E
98	AMAJON INDUSTRIES NIG. LTD	201,764.83	PALM PRODUCTS	NETHERLAND
99	ULYSSES NIGERIA LTD	157,231.32	OTHER MAN-PRODUCTS	GHANA
100	DANA PLAST LTD	142,786.10	PLASTIC	GHANA
	Others	128,818,959.61		

Table 63
Exchange Rate Movements (Naira per US dollar)

		CBN DAS/WDAS	DAS RATE			BUREAUX	BUREAUX DE CHANGE			INTERBA	NTERBANK RATE	
MONTH	2005	2006	2007	2008	2002	2006	2007	2008	2002	2006	2007	2008
January	132.86	130.29	128.28	117.98	139.8	144.09	130.04	120.8	133.11	129.93	128.37	117.72
February	132.85	129.57	128.27	118.21	139.93	145.47	130	119.57	133.15	129.33	128.33	117.5
March	132.85	128.7	128.15	117.92	139.73	148.46	129.34	119	133.09	128.68	128.25	116.79
pril	132.85	128.47	127.98	117.87	141.77	147.85	129	118.93	133.06	128.58	127.99	117.47
1ay	132.82	128.45	127.56	117.83	141.21	142.33	129.16	118.8	133.37	128.57	127.62	117.79
nne	132.87	128.45	127.41	117.81	141.85	136.82	128.32	118.7	134.35	128.5	127.49	117.74
July	132.87	128.38	127.19	117.77	143.94	130.12	127.52	119	135.35	128.43	127.2	117.71
August	133.23	128.33	126.68	117.74	145.82	130.46	127.39	119	135.94	128.43	126.59	117.69
September	130.81	128.29	125.88	117.73	145.8	130.21	126.5	119	132.55	128.39	125.73	117.62
October	130.84	128.28	124.28	117.72	144.99	130.3	126.5	119	131.09	128.42	123.43	117.72
November	130.63	128.29	120.12	117.74	143.94	129.82	123.8	119.1	130.8	128.42	119.45	117.88
December	130.29	128.29	118.21	126.48	141.93	129.32	121.39	137.65	130.08	128.39	118.23	134.33
AVERAGE	132.15	128.65	125.83	118.92	142.56	137.1	127.41	120.81	133	128.67	125.72	119.07
END-PERIOD	130.29	128.27	117.97	132.56	141.5	129.5	121	139	130.4	128.5	118.05	140

Exchange Rate from August, 2005 includes 1% commission Source: Trade and Exchange Department, CBN

Table 64
Total External Assets of Nigeria (Naira Million)

2008 /2	7,336,897.60	16.8	7,334,295.00			23	156	2.5	2,583.30	4.1	0.1	4	1,279,622.90	8,616,524.60	132.56
2007 /1	6,551,523.60	16.8	6,548,921.00	19	6,548,776.00	23	103.3	2.5	2,583.30	4.1	0.1	4	930,748.00	7,482,040.00	117.97
2006	5,619,923.70	16.8	5,617,317.00	19	5,617,217.00	26	55	2.5	2,583.30	4.1	0.1	4	638,105.20	6,258,033.00	128.27
2005	3,838,035.60	16.8	3,835,433.00	19	3,835,337.00	23	54	2.5	2,583.30	1.4	0.1	4	439,690.40	4,277,730.10	129
2004	2,481,222.60	16.8	2,478,620.00	19	2,478,524.00	23	54	2.5	2,583.30	4.1	0.1	4	481,295.50	2,962,522.20	132.86
2003	1,067,695.80	16.8	1,065,093.20	19	1,065,020.20	23	31	2.5	2,583.30	4.1	0.1	4	437,658.60	1,505,358.50	137
2002	1,016,116.60	16.8	1,013,514.00	19	1,013,454.00	23	18	2.5	2,583.30	4.1	0.1	4	398,210.00	1,414,330.70	126.9
2001	1,184,254.60	16.8	1,181,652.00	19	1,181,538.00	20	75	2.5	2,583.30	4.1	0.1	4	305,028.50	1,489,287.20	113.45
	1. OFFICIAL	a. Federal Government	b. Central Bank	i) Gold	ii) Foreign Exchange	iii) Reserve Tranche	iv) Special Drawing Rights (SDR)	c. State Government	d. Others	2. SEMI OFFICIAL INSTITUTIONS	i) NIDB	ii) Others	3. BANKS (NET)	TOTAL	Exchange Rate (End-period)

1/Revised 2/Provisional Source: Central Bank of Nigeria, Abuja

