the expected bunching of capital expenditure releases, particularly on infrastructure development in the second half of the year. However, with the monetary authority's proactive deployment of various liquidity management tools, the expected excessive growth in monetary aggregates would likely be moderated in the next half of the year.

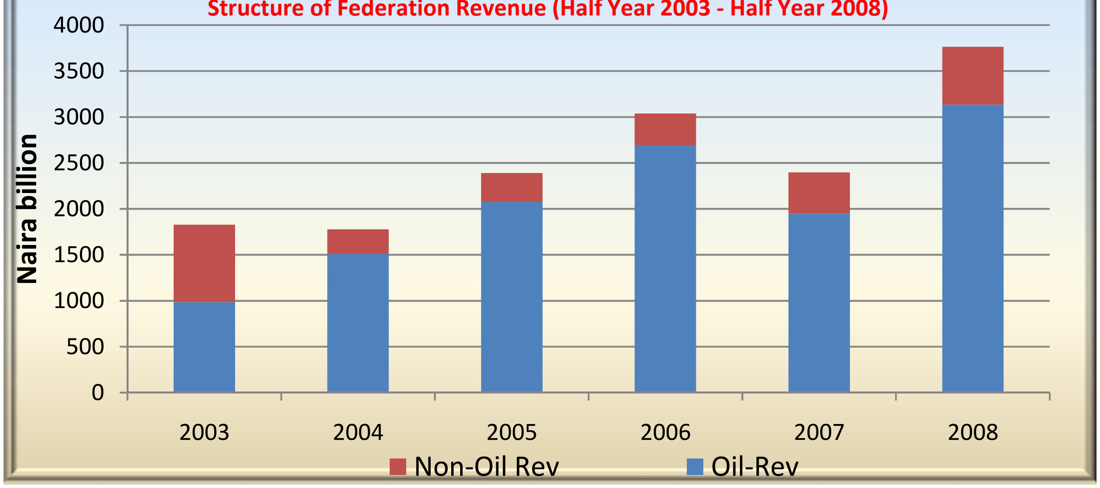
3.2 FISCAL OPERATIONS

3.2.1 FEDERATION ACCOUNT OPERATIONS

Provisional data indicated that total federally-collected revenue stood at ₦3,723.8 billion in the first half of 2008. This was 24.4 and 55.4 per cent higher than the proportionate budget estimate and the actual revenue in the corresponding period of 2007, respectively. The rise in federally-collected revenue relative to the proportionate budget estimate was due mainly to the sustained increase in the price of crude oil, which averaged US$113.03 per barrel at the international market. The increase in revenue was further bolstered by the improved receipts from non-oil sources owing to the revocation of import waivers by the Federal Government as well as the enhanced revenue collection by government agencies. Further analysis indicated that oil-revenue accounted for 84.2 per cent, while non-oil revenue accounted for the balance. At ₦3,133.6 billion, gross oil-revenue was 32.6 and 61.1 per cent higher than the proportionate budget estimate and the actual level in the corresponding period of 2007, respectively, while the non-oil revenue was lower than the proportionate budget estimate but higher than the revenue in the preceding period by 6.3 and 31.0 per cent, respectively.

Fig. 26

Structure of Federation Revenue (Half Year 2003 - Half Year 2008)



Of the federally-collected revenue, the sum of ₦1,868.4 billion or 50.2 per cent was transferred to the Federation Account, ₦54.4 billion or 1.5 per cent to the Federal Government Independent Revenue, ₦188.7 billion or 5.0 per cent to VAT Pool Account and ₦50.6 billion or 1.4 per cent to other transfers (including Education Tax Fund and Customs Special Levies). Furthermore, 7.7, 22.3 and 11.5 per cent were allocated to the Joint Venture Cash Call, Excess Crude Oil and Excess PPT/Royalty Accounts, respectively. The balance of 0.4 percent was transferred to the Federal Inland Revenue Service (FIRS) and the Nigerian Customs Service (NCS) as cost of collection.

BOX 1

THE EXCESS CRUDE OIL ACCOUNT

Over the past three decades, oil earnings have contributed over 85.0 per cent of total government revenue and more than 90.0 per cent of the foreign exchange earnings in Nigeria. Thus, oil price swings had engendered cyclical fiscal operations at all levels of government in the economy. Against the backdrop that governments' annual budgets were traditionally based on anticipated average prices of crude oil exports, fiscal operations of governments changes with the fortunes in the international oil market.

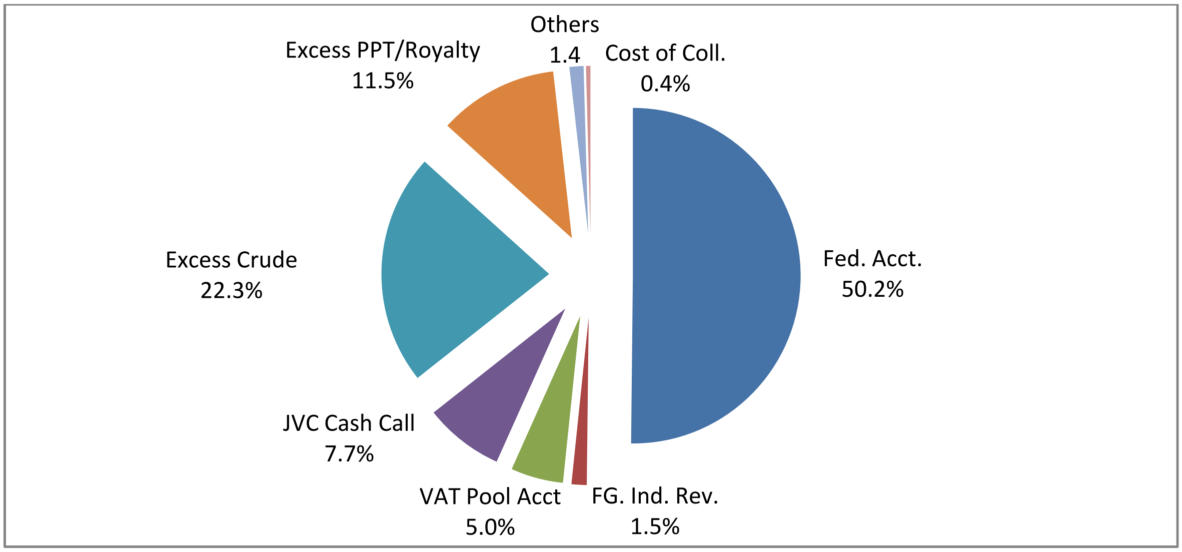
Recognizing the risk of the continuing vulnerability of the economy to oil price volatility, an oil price-based fiscal rule was adopted in 2004, as a prudent method of managing and stabilizing the oil revenue based budget, and to ensure revenue conservation for the rainy day. Therefore, in consultation with the sub-national governments, the oil price benchmark was introduced to standardize the revenue for sharing among the three tiers of government in compliance with Sections 162 and 163 of the Constitution of the Federal Republic of Nigeria, and the proceeds in excess of the benchmark price set aside in Excess Crude Oil Account, which is currently employed as "federation revenue augmentation".

The benchmark price has periodically been reviewed in cognizance of developments in the international oil market and the needs of the domestic economy. From an average of US$25 per barrel in 2004, the oil benchmark price was reviewed upward to US$30 per barrel in 2005 and further to US$35 per barrel in 2006. In 2007, it was US$40 per barrel and was adjusted to US$59 per barrel in 2008. Overtime, the Excess Crude Oil Account had helped to stabilize the fiscal operations and to meet specific developmental needs of the three tiers of government through periodic drawdown to make-up for revenue shortfalls.

From the ₦1,868.4 billion transferred to the Federation Account for distribution, the Federal Government received the sum of ₦875.5 billion, while the state and local governments received ₦444.1 billion and ₦342.4 billion, respectively. The balance of ₦206.4 billion was allocated to the oil producing states as 13% Derivation Fund. In addition, the Federal Government received ₦28.3 billion, while the state and local governments received N94.4 billion and ₦66.1 billion, respectively, from the VAT Pool Account.

Fig. 27

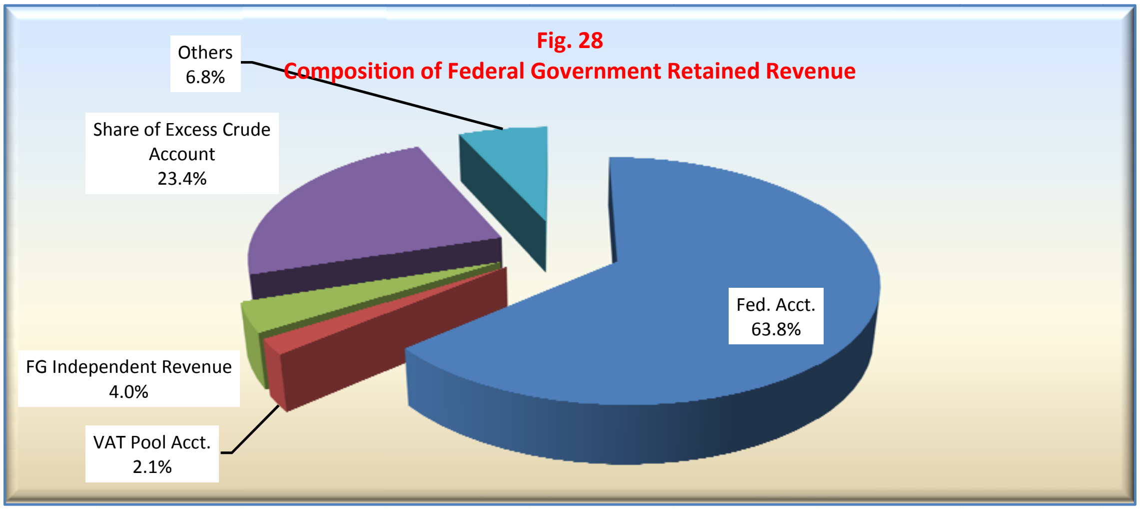
Distribution of Federally-Collected Revenue (Percent), Half-Year 2008



3.2.2 Federal Government Finances

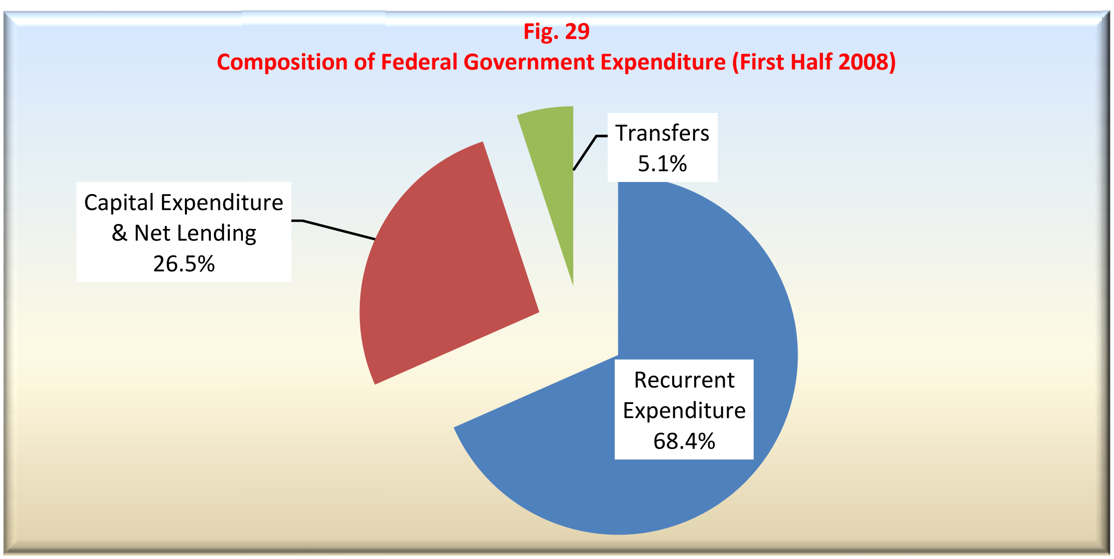
3.2.2.1 Federal Government Retained Revenue

At ₦1,371.6 billion, the Federal Government's retained revenue was 5.8 and 27.0 per cent higher than the proportionate budget estimate and the level in the corresponding period of 2007, respectively. The increase in retained revenue reflected the additional distribution to the three tiers of government from the excess crude account as "federation revenue augmentation", and the share of the difference between the provisional and actual budget benchmarks during the period. Analysis of the retained revenue revealed that the share from the Federation Account was ₦875.5 billion, VAT Pool Account ₦28.3 billion, Federal Government Independent Revenue ₦54.4 billion, share of excess crude (including difference between provisional distribution and actual budget benchmarks) ₦320.6 billion, while "others" accounted for ₦92.8 billion.

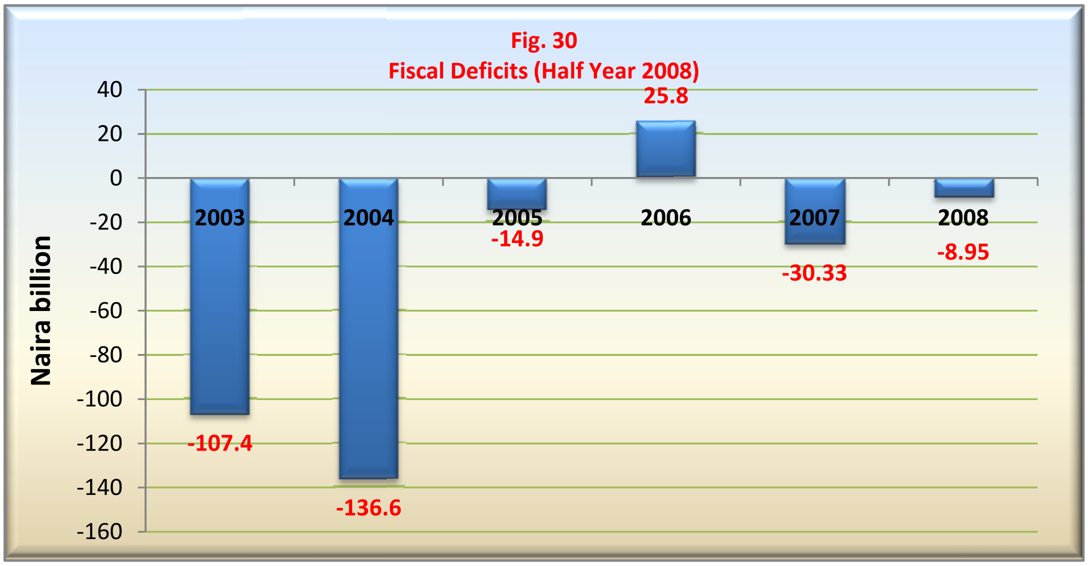


3.2.2.2 Total Expenditure of the Federal Government

Aggregate expenditure of the Federal Government stood at ₦1,380.6 billion or 11.4 per cent of GDP in the first half of 2008. This was 0.5 and 24.3 per cent higher than the proportionate budget estimate and the aggregate expenditure in the corresponding period of 2007, respectively. The higher total expenditure relative to the preceding period resulted from the increase in personnel costs and interest payments on outstanding domestic debts.



Consequently, the fiscal operations of the Federal Government during the first half of 2008 resulted in an overall notional deficit of ₦9.0 billion or 0.1 per cent of GDP, as against the proportionate budget deficit of ₦77.7 billion and the notional deficit of ₦30.3 billion or 0.3 per cent of GDP achieved in the corresponding period of 2007.



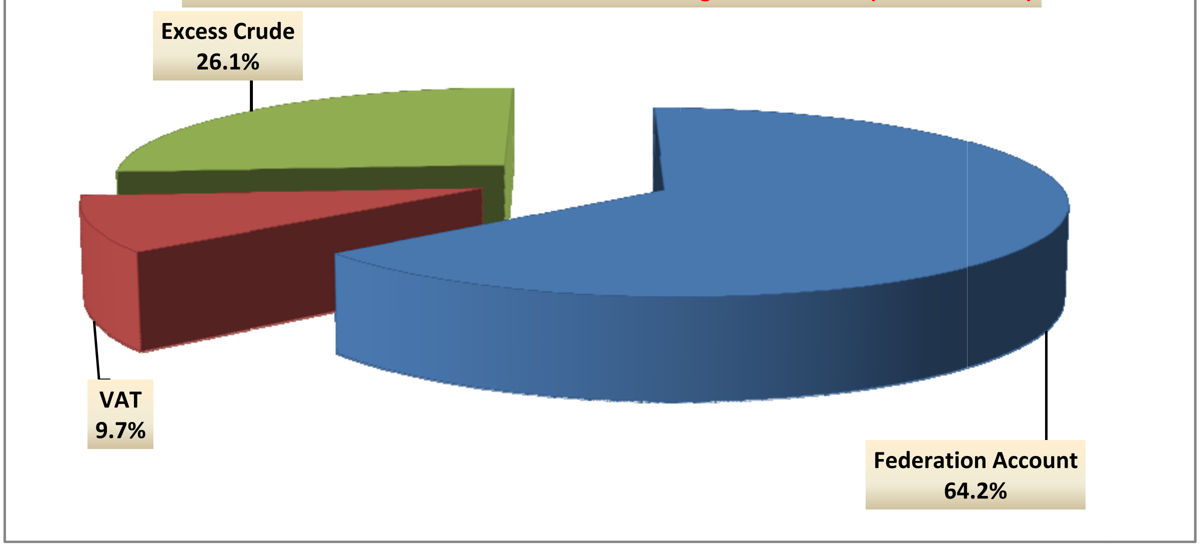
3.2.3 STATE GOVERNMENT FINANCES

Gross statutory allocation to state governments from the Federation Account in the first half of 2008 amounted to N444.07 billion or 3.3 per cent of GDP which represented an increase of 30.2 per cent over the level in the corresponding period of 2007. However, the sum of N25.91 billion or 0.2 per cent of GDP was deducted from the gross share, as State Governments' commitment in respect of various contractual obligations, namely, contribution to external debt service fund, funding of the National Water Rehabilitation Projects and The National Agricultural Technology Support Programme. This resulted in a net statutory allocation of N418.16 billion or 3.1 per cent of GDP. Furthermore, the sum of N206.41 billion or 1.5 per cent of GDP was allocated to the oil-producing states as 13% Derivation, representing an increase of 31.8 per cent over the level in 2007. Thus, the net statutory allocation to states (including 13% Derivation) amounted to N624.58 billion or 4.6 per cent of GDP, representing an increase of 32.4 per cent over the level in 2007.

The share of state governments from the Value Added Tax (VAT) pool account and the Excess crude for the first half of 2008 amounted to N94.35 billion or 0.7 per cent of GDP and N253.58 billion or 1.9 per cent of GDP, respectively. These amounts also represented increases of 42.4 and 60.2 per cent over the levels in the corresponding period of 2007. The significant increase in the share of excess crude resulted from the high international prices of oil recorded during the first half of the year.

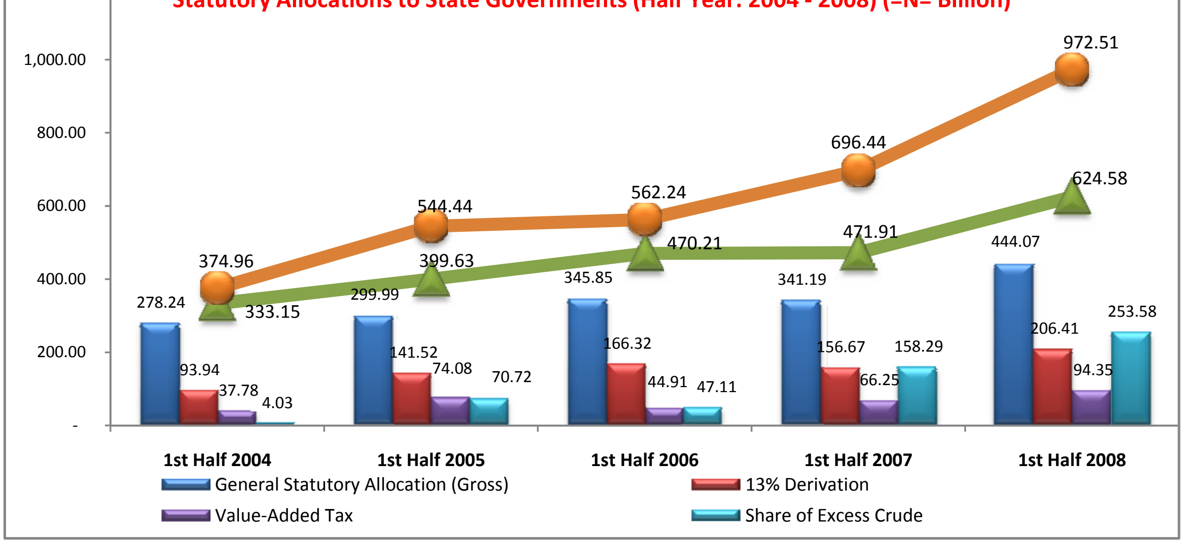
In terms of contribution, the share from the Federation Account recorded the highest with 64.2 per cent while share of excess crude and VAT contributed 26.1 and 9.7 per cent, respectively.

Fig. 31
Total Allocation to State Governments: Percentage Contribution (First Half 2008)



Consequently, total net allocations to the state governments in the first half of 2008 amounted to N972.51 billion or 7.2 per cent of GDP which represented an increase of 39.6 per cent over the N696.44 billion recorded in the first half of 2007.

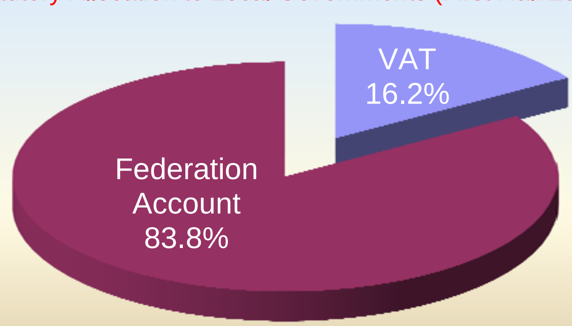
Fig. 32
Statutory Allocations to State Governments (Half Year: 2004 - 2008) (=N= Billion)



3.2.4 LOCAL GOVERNMENT FINANCES

Aggregate statutory allocation to the 774 local government councils from the Federation, including Excess Crude and VAT Pool Accounts in the first half of 2008 was ₦ 534.5 billion. This exceeded both the preceding half and the corresponding period of 2007 levels by 12.1 and 36.8 per cent, respectively. The improved revenue profile relative to the level achieved in the first half of 2007 was attributed to the increase in the Excess Crude receipts and VAT allocations. However, as a percentage of GDP, the revenue dropped from 5.0 per cent in the first half of 2007 to 4.4 per cent in the first half of 2008. A breakdown showed that the receipts from the Federation, Excess Crude Oil and VAT Accounts amounted to ₦342.4 billion, ₦126.0 billion and ₦66.1 billion, or 64.1, 23.6, and 12.4 per cent, respectively. The share from the Federation Account was, however, lower than the receipt in the preceding half by 8.1 per cent but higher than the level in the corresponding period of 2007 by 30.2 per cent. Receipts from the excess crude proceeds exceeded the receipts in the preceding half and corresponding period of 2007 by 156.3 and 61.7 per cent, respectively. Similarly, the receipts from the VAT Pool Account, was higher than the levels in the preceding half and the corresponding period of 2007 by 20.1 and 32.9 per cent, respectively. There were no deductions from the allocations to the local governments during the period.

Fig. 33
Statutory Allocation to Local Governments (First Half 2008)



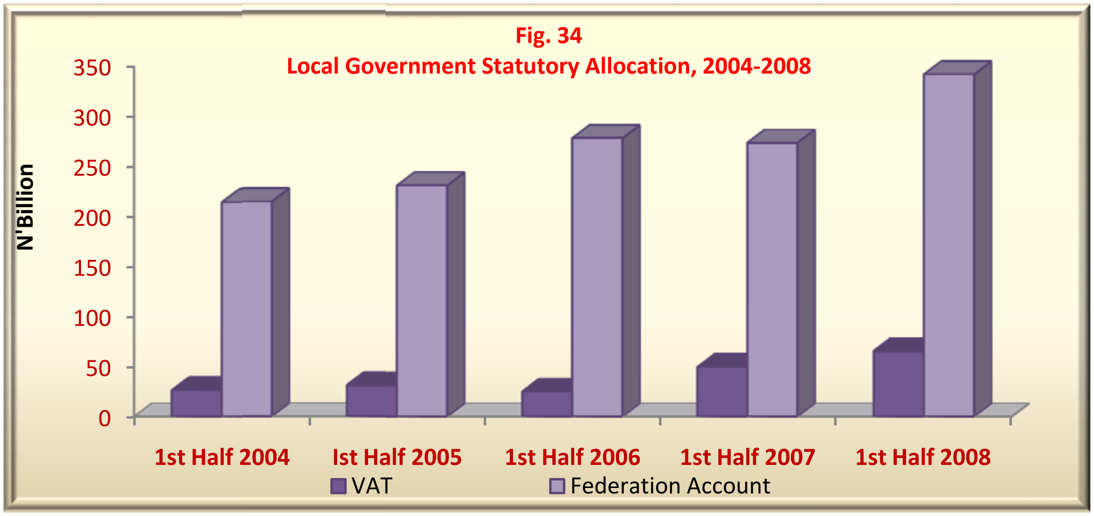


Fig. 34
Local Government Statutory Allocation, 2004-2008

3.2.5 PUBLIC DEBT

3.2.5.1 Consolidated Government Debt

The stock of consolidated government debt at end-June 2008 was estimated at ₦2,781.4 billion or 23.0 per cent of GDP. This represented an increase of 12.0 per cent over the level recorded in the corresponding period of 2007. The breakdown showed that the domestic debt was ₦2,339.0 billion or 84.0 per cent, while the external debt amounted to ₦442.4 billion (US$ 3.76 billion) or 16.0 per cent of the total.

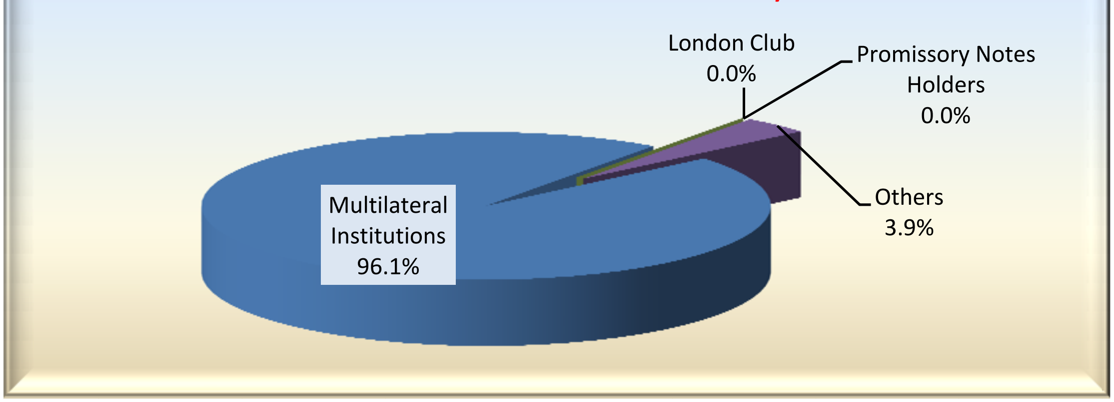
3.2.5.2 Domestic Debt

The Federal Government's outstanding securitized domestic debt stood at an estimated sum of ₦2,339.0 billion or 19.3 per cent of GDP as at end-June 2008, representing an increase of 13.7 per cent over the level at end-June 2007. The rise was due to the issuance of additional FGN Bonds amounting to ₦175.1 billion to restructure the short term debts as well as to accommodate the financial needs of the Federal Government. As a percentage of total Federal Government retained revenue, the total outstanding domestic debt was 170.5 per cent. The banking system remained the dominant holder of the outstanding debt with an estimated share of 76.3 per cent, while the balance of 23.7 per cent was held by the non-bank public.

3.2.5.3 External Debt

Provisional data revealed that the Federal Government's stock of external debt at end-June 2008 was US$3.76 billion or 3.7 per cent of GDP. This showed an increase of 12.2 per cent above the level at end-June 2007. Further analysis indicated that about 84.4 per cent was owed to the Multilateral Creditors. Total external debt stock as a ratio of total export earnings in the first-half of 2008 was 10.8 per cent, down from 12.0 per cent in the corresponding period of 2007. The low debt/export ratio which was far below the institutional threshold reflected the current external debt sustainability position of the economy.

Fig. 35
Breakdown of External Debt Service Payments



3.2.5.4 Debt Service Payments

At an estimated sum of ₦117.0 billion, domestic debt service payments was 23.6 per cent lower than the proportionate budget estimate, but exceeded the level in the corresponding period of 2007 by 43.4 per cent. Similarly, the external debt service payment amounted to US$0.22 billion representing a decline of 71.9 per cent from the level at end-June 2007. It was 0.6 per cent as a ratio of total export earnings in the first half of 2008, as against the 2.7 per cent recorded in the corresponding period of 2007. A breakdown of the debt service payments showed that 96.1 per cent was paid to the multilateral institutions, while 'other creditors' received the balance of 3.9 per cent.

	End-Jun 2007	End-Dec. 2007	End-Jun 2008
External Debt/GDP	4.4	3.9	**3.7**
Domestic Debt/GDP	21.4	19.6	**19.3**
Total Debt/GDP	25.9	23.5	**23.0**

External Debt/Export	12.0	9.8	**10.8**
Total Debt/FG. Retained Revenue	229.9	207.2	**202.8**
Domestic Debt Service/Revenue	7.6	9.0	**8.5**
Total Debt Service/GDP	1.9	1.3	**1.2**
Total Debt Service/FG-Retained Revenue	16.8	11.3	**10.4**

3.2.6 Fiscal Outlook for the rest of 2008

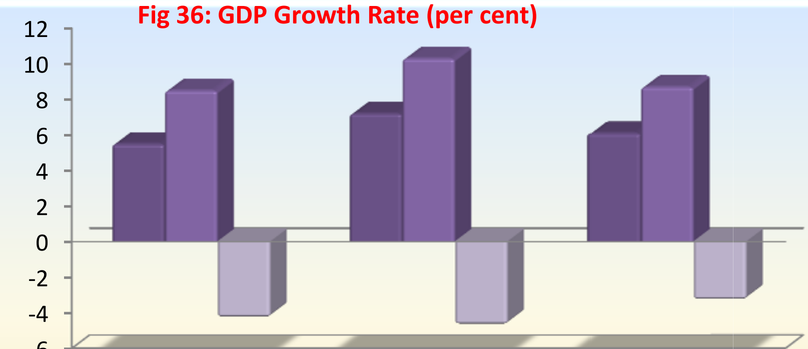
The revenue scenario for the federation from crude oil sales is expected to remain buoyed in the second half of 2008. This is predicated on the continuing surge in the international price of oil, as the trending-up of crude oil demand will be sustained in in the emerging (China, India and Brazil) and some developing economies. However, the downside risks posed by the restiveness in the Niger Delta region may constrain crude oil production and, hence, truncate the full advantage of the rising crude-oil price on the economy. Also, the improved trend in non-oil earnings is expected to be sustained and, thus, cushion any impending revenue shortfall in the next half-year.

Given the anticipated increase in spending by the sub-national governments in the face of growing federation revenue, and the usual bunching of capital releases particularly with spending on infrastructure development in the last two quarters by the Federal Government, an environment of liquidity surfeit and mounting inflationary pressure may be engendered. Expectedly, the sustained proactive monetary policy actions by the monetary authority may head-off the imminent inflationary pressure.

3.3 REAL SECTOR DEVELOPMENTS

Provisional data from the National Bureau of Statistics (NBS) indicated that the Gross Domestic Product (GDP) at 1990 constant basic prices grew by 6.1 per cent in the first half of 2008, from the 5.5 per cent recorded in the corresponding period of 2007. The aggregate growth was driven by the non-oil sector which grew by 8.7 per cent and contributed 80.7 per cent of the GDP, as the oil sector output declined further by 3.3 per cent and contributed the remaining 19.3 per cent of the GDP. Growth in non-oil GDP was broad-based, as building and construction grew by 13.1 per cent, wholesale and retail trade 12.0 per cent, services 10.3 per cent and agriculture 6.3 per cent. Industrial output fell by 1.9 per cent. Agriculture remained dominant in terms of sectoral contribution, accounting for 39.8 per cent of the GDP. It was followed by industry, services, wholesale and retail trade, and building and construction which contributed 22.1, 18.1, 17.9 and 2.1 per cent, respectively.

Fig 36: GDP Growth Rate (per cent)



	1st Half 2007	2nd Half 2007	1st Half 2008
Total GDP	5.5	7.2	6.1
Non-Oil GDP	8.5	10.3	8.7
Oil-GDP	-4.3	-4.7	-3.3

3.3.1 Agriculture

3.3.1.1 Agricultural Policies and Institutional Support

The major agricultural policies introduced in 2007 were retained in the first half of 2008. In line with the policy of subsidy on fertilizer, the Federal Government gave approval to three firms to procure and distribute 650,000 tonnes of fertilizer for the 2008 cropping season. The Federal Government commenced a comprehensive review of the agricultural policy with a focus on large-scale private sector commercial agriculture as a means of increasing production and productivity. The approach would be anchored on the creation of agricultural clusters, with the Federal Government providing inputs, power and transportation, to support large scale production of crops.

In response to the global food crisis and the attendant increase in prices, the Federal Government released 53,610 tonnes of grains (sorghum, maize and millet) between March and May 2008 from the National Strategic Grains Reserves (NSGR) to the States. The government also approved a tax holiday for importers of rice for the period May to October 2008. To boost rice production, a N10.0 billion credit facility was provided for the purchase of equipment by rice farmers at a 4.0 per cent interest rate with a repayment period of 15 years, and a five-year moratorium. In addition, the Federal Government approved the rehabilitation of some dilapidated irrigation infrastructure (14,548 ha) and the expansion of existing irrigation schemes (25,000 ha). The government also constructed 25 new silos to increase the storage capacity of the National Food Reserve to 625,000 tonnes and implemented the Guaranteed Minimum Price (GMP) for the buyer of last resort scheme. Furthermore, the states began the construction of additional silos, while some farmers started the installation of on-farm storage facilities.

3.3.1.2 Agricultural Production and Prices

The growth in agricultural output observed in recent years continued in the first half of 2008. At 204.2 (1990=100), the provisional index of agricultural production increased by 4.8 per cent, compared with the 7.4 per cent recorded in the first half of 2007. All the sub-sectors of agriculture contributed to the growth. The output of staples rose by 4.9 per cent, compared with 10.7 per cent in the first half of the preceding year, while the output of other crops rose by 5.3 per cent compared with the 6.2 per cent in 2007. The output of the livestock, fishery and forestry sub-sectors rose by 5.8, 4.1 and 1.2 per cent, respectively, compared with 4.0, 9.3 and 1.1 per cent achieved in 2007. The poultry sub-sector recovered from the avian influenza that affected it in 2007.

The improvement in agricultural output during the first half of 2008 was attributed, partly to clement weather, especially the early rains experienced in the southern and some northern states. The several intervention measures of government, especially the National Fadama Project and the National Special Programme for Food Security, helped to boost agricultural production. Other initiatives that contributed to improved performance included the zero tariffs on imported agro-chemicals; as well as the tightening of controls on the illegal importation of agricultural products, such as poultry products and fruit juice. However, untimely and inadequate supply of farm inputs, especially fertilizers, persisted.

A survey conducted by the CBN showed that the domestic retail price of most of the selected food items trended upwards, when compared with the levels in the first half of 2007. The increase in the price of thirteen out of the fourteen commodities monitored ranged from 12.2 per cent for yellow garri to 65.1 per cent for palm oil. The price increase for most of the commodities reflected reduction in their supply, arising largely from inadequate processing facilities for the commodities and competitive demands from households and industrial consumers for grains. Also, agricultural commodities were smuggled to neighbouring countries where the impact of the global food crisis was more severe. There was also the problem of early cessation of rains and spate of flooding that affected many northern states during the 2007/2008 farming season. However, yam flour recorded a price decline of 12.5 per cent during the period under review.

The prices of Nigeria's major agricultural export commodities, at the London Commodities Market, increased in the first half of 2008. At 314.1 (1990=100), the dollar-based all-commodities price index rose by 18.8 per cent over the level in the first half of 2007. Further analysis showed that the six commodities monitored recorded price increases of 10.6, 20.7, 22.9, 72.6, 80.9 and 429.1 per cent for cocoa, copra, cotton, coffee, palm oil and soya bean, respectively. In Naira terms, the all commodity price index at 3,924.1 (1990=100) rose by 20.3 per cent, relative to the level in the first half of 2007.The increase in the price of the commodities was attributed mainly to supply shortages in the international market, due to inclement weather conditions in some producing countries and increased international demand. In particular, the high increase in the price of soya beans was attributable to high demand and its derivatives, as well as the intensive use of soya oil as biodiesel.

3.3.2 Industry

3.3.2.1 Industrial Policy and Institutional Support

The policy initiatives introduced in 2008 were aimed at consolidating the gains made under the National Economic Empowerment and Development Strategy(NEEDS). These included the promotion of the private sector as the pivot of 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 Lagos, Kano, Aba and Port Harcourt (LOKAP) Industrial Action Plan, the Federal Ministry of Commerce and Industry launched the Industrial Clusters Programme. The scheme aims to establish industrial clusters in all states and local governments in Nigeria, in a bid to promote small and medium enterprises and increase their contribution to non-oil export and the GDP.

In order to further enhance private sector investment in the power sector, the Nigeria Electricity Regulatory Commission (NERC) developed the Multi-Year Tariff Order (MYTO) that would govern electricity prices in the country. Also, to moderate the rising price of cement, while not discouraging local production, the government introduced a controlled liberalisation of cement importation.

3.3.2.2 Industrial Production

Provisional data indicated that aggregate industrial output declined in the first half of 2008. The index of industrial production at 121.3 (1990=100) fell by 1.6 per cent when compared with the level in the corresponding period of 2007. The decrease in output relative to the first half of 2007 was attributable to a fall in both manufacturing production and electricity consumption, while output in the mining sub sector rose marginally.

3.3.2.3 Manufacturing

At 89.0 (1990=100), the estimated index of manufacturing production decreased marginally by 0.8 per cent relative to the level in the corresponding period of 2007. Consequently, the average manufacturing capacity utilisation rate, estimated at 52.6 per cent, fell by 3.1 and 0.2 percentage points below the level in the preceding half year and the corresponding period of 2007, respectively. The decline in manufacturing production could be attributed to poor infrastructural facilities, especially electric power supply which remained epileptic, as well as increase in the pump price of diesel and poor road network. Other constraints to increased production included unfair competition from imported finished products which constrained the demand for locally produced goods. The late passage of the 2008 Federal Government budget also impacted negatively on economic activities.

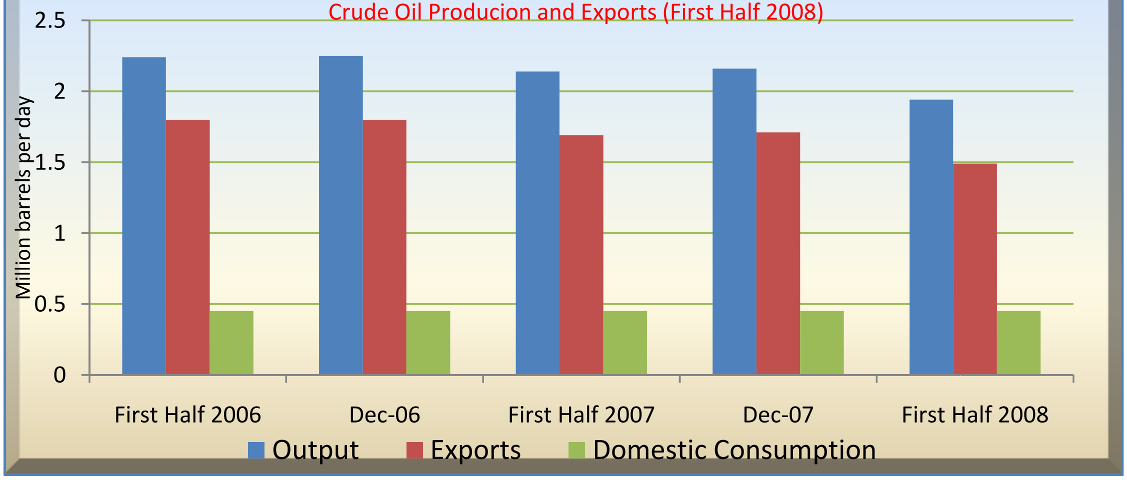
3.3.3 Crude Oil

The aggregate production of crude oil, including natural gas liquids [NGLs] and condensates by the Organization of Petroleum Exporting Countries' [OPEC] was estimated at 37.06 million barrels per day (mbd) during the first half of 2008. This translated to a decrease of 0.73 mbd or 1.9 per cent when compared with 37.79 mbd produced in the preceding half year and an increase of 5.7 per cent when compared with the corresponding period of 2007. Non-OPEC output, including NGLs was estimated at 50.00 mbd, an increase of 0.80 mbd or 1.6 per cent when compared with 49.20 mbd produced in the second half of 2007. Consequently, total world crude oil output was estimated at 87.06 mbd, an increase of 0.8 and 2.9 per cent over the 86.99 mbd and 85.05 mbd produced in the second half and the corresponding half of 2007, respectively.

World crude oil demand was estimated at 87.48 mbd in the first half of 2008, compared with 86.80 mbd in the preceding half of 2007. Out of this, demand from the Organization for Economic Co-operation and Development [OECD] countries was estimated at 49.54 mbd or 56.6 per cent and that of non-OECD stood at 37.94 mbd or 43.7 per cent. The development was attributed to the rising demand for crude oil by the Non-OECD countries, mainly China, the Middle East, India and Latin America.

The declining trend in Nigeria's crude oil production, which began in 2006 continued in the first half of 2008. With an estimated daily production of 1.94 mbd, total crude oil production, including condensates was estimated at 353.08 million barrels during the first half of the year, indicating a decline of 0.2 mbd from the corresponding period in 2007. The decline was attributed to the restiveness in the Niger Delta, which resulted in frequent shutdown of production facilities by oil companies. Aggregate export of crude oil was estimated at 1.49 mbd or 271.18 million barrels, compared with 1.71 mbd and 1.69 mbd in the preceding and corresponding halves of 2007, respectively.

Fig. 37
Crude Oil Producion and Exports (First Half 2008)



3.3.3.1 Crude Oil Prices

The average spot price of Nigeria's reference crude, the Bonny Light (37^o API), increased by 72.0 per cent to $113.03 relative to its level in the first half of 2007. Also, the average price of the UK Brent, West Texas Intermediate and the Forcados rose by 74.0, 82.2 and 73.5 per cent to $110.18, $111.49 and $113.37, respectively, compared with the corresponding half of 2007. The average price of the OPEC basket of twelve crude streams was estimated at $108.28. The phenomenal increase in crude oil prices was attributed to several factors, including the decreasing value of the US dollar, persistent tension in the Middle East and prolonged oil facility shut-down in the Niger Delta area of Nigeria. Supply disruptions in Venezuela, Ecuador and Brazil also helped to raise prices.

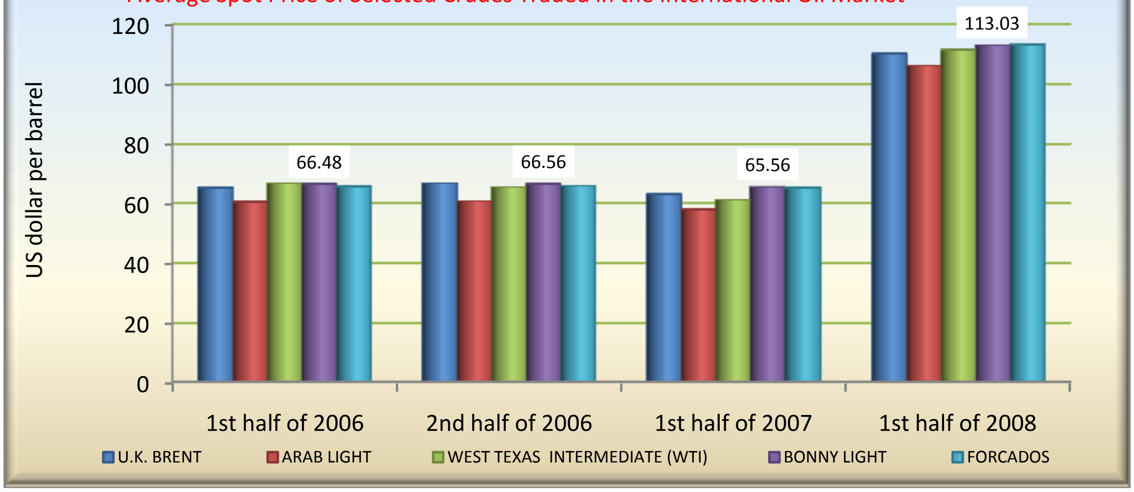


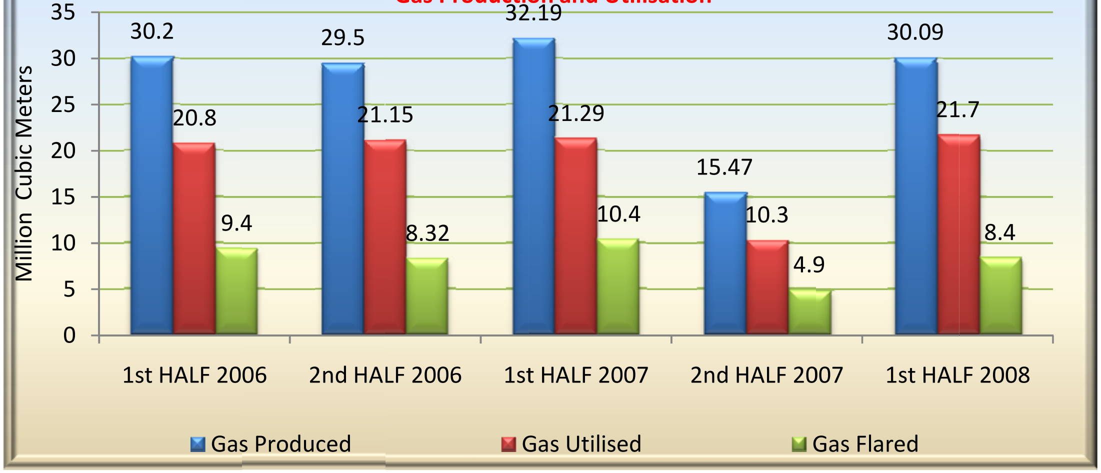
Fig. 38
Average Spot Price of Selected Crudes Traded in the International Oil Market

Source: Reuters

3.3.4 Gas

Gas production during the half year was estimated at 30.09 million cubic metres (MMm^3) compared with 25.70 MMm^3 in the preceding half year and 32.19 MMm^3 in the corresponding period of 2007. This represented an increase of 17.1 per cent over the level in the preceding half year, but a decrease of 6.5 per cent below the level in the corresponding half of 2007. The increase was attributable to the rise in the gas/oil ratio in the wells. Of the total production, 21.71 MMm^3 or 67.7 per cent was utilized while 8.38 MMm^3 or 32.3 per cent was flared.

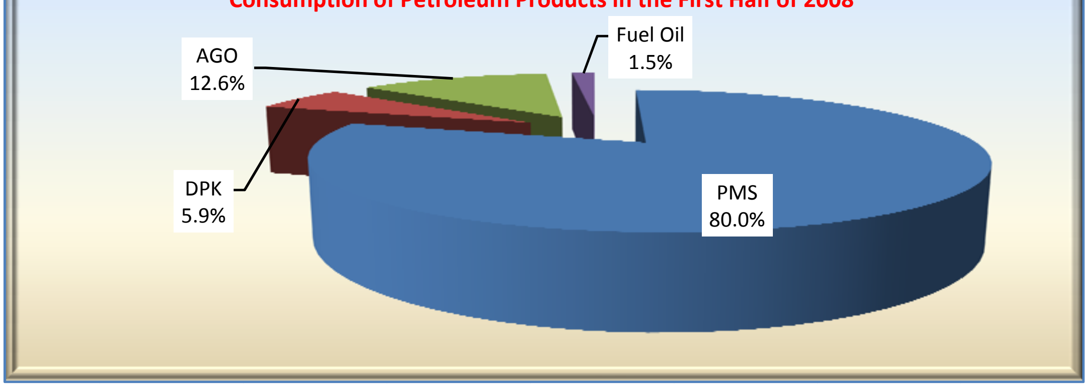
Fig. 39
Gas Production and Utilisation



3.3.5 Consumption of Petroleum Products

The volume of the different white products distributed by the major and independent marketing companies declined by 11.9 per cent below the level recorded in the corresponding period of 2007 to 5.16 million litres. The decline was attributable to the rise in the price of automated gas oil (AGO) and dual purpose kerosene (DPK). Of the quantity consumed, premium motor spirit (PMS) was 79.97 per cent, AGO (12.56%), DPK (5.92%) and fuel oil (1.55%).

Fig. 40
Consumption of Petroleum Products in the First Half of 2008



3.3.6 Solid Minerals

Available data from the Ministry of Mines and Steel Development showed that the total solid minerals production in the first half of 2008 declined by 69.7 per cent below the level in the corresponding period of 2007 to 7.2 million tonnes. The development was accounted for by the decrease in the production of most principal minerals, such as cassiterite, clay, marble aggregates, lead/zinc, and iron ore. There was no production of shale during the review period. The decline in the production of solid minerals was attributable to the effect of the last verification exercise of licences and leases in the sector, as well as the increase in the price of diesel used in powering the mining equipment. However, the output of barite, columbite and laterite increased.

3.3.7 Electricity Generation

At 2,639.5 mega-watts per hour (MW/h), estimated total electricity generation in the country fell by 8.1 per cent below the 2,870.0 MW/h attained during the same period of 2007. The decline in electric power generation during the first half was attributed largely to the disruption of gas supplies to the thermal stations following vandalism on gas pipelines and installations and low water level at the hydro power stations.

3.3.7.1 Electricity Consumption

Provisional data showed that at 1,938.7 Mw/h, total electricity consumption in the country declined by 10.4 per cent below the level in the first half of 2007. All the components of electricity consumption contributed to the decrease. Residential consumption accounted for 63.2 per cent of the total consumption, while commercial consumers accounted for 26.2 per cent, industrial and street lighting consumption accounted for only 9.7 and 0.3 per cent of the total, respectively. The decrease in electricity consumption relative to the corresponding period of 2007 was attributed to the reduction in power generation, as well as poor transmission and distribution infrastructure which resulted in high system losses. This led to various forced/planned power outages and emergency load shedding experienced during the period.

3.3.8 Industrial Financing

3.3.8.1 Nigeria Export Import Bank (NEXIM)

The total disbursement by Nigeria Export Import Bank (NEXIM) to various beneficiaries at the end of June 2008 stood at N392.2 million, representing 783.7 per cent decline when compared with the corresponding period of 2007. This amount was disbursed under the Direct Lending Facilities for export of various products in the manufacturing, agricultural, services and solid minerals sub-sectors.