

FOURTH QUARTER REVIEW OF NIGERIA'S POLICY SUPPORT INSTRUMENT

Nigeria completed the Fourth and Final review of the IMF Policy Support Instrument (PSI) which was approved by the Executive Board of the IMF on October 17, 2005. A review of the PSI improves the country's image and encourages international investment in the country. The IMF Mission Team carried out the review from August 19 - 28, 2007. The following are the highlights of the review:

- According to Dr. Nellor, the Mission Chief, Nigeria's performance on the programme especially with regard to reserves, inflation and growth was strong and the overall assessment was favourable.
- Nigeria met three out of the five structural assessment performance measures. Out of the two outstanding measures, the Abuja Power Project is on-going and is likely to be met before the end of September, while the other, the FIRS reforms would be delayed to early 2008.
- Although the fiscal targets were met, the large carry over of capital expenditure from the last quarter is a threat.
- On the whole, the Mission commended the Management of the Bank for the improvement in the quality of data supplied to the Mission and urged the Bank to sustain the good work.
- The final review would be presented to the Executive Board of the IMF in October, 2007 for consideration.

IMF AFRICAN CONSULTATIVE GROUP

The African Consultative Group of the International Monetary Fund (IMF) met on August 20, 2007 in Maputo, Mozambique. The meeting was co-chaired by the Chairman of the African Caucus, Mr. Manuel Chang, Minister of Finance, Republic of Mozambique, and Mr. Rodrigo de Rato, Managing Director of the IMF. Nigeria was represented by Honourable Minister of Finance, Dr. Shamsudeen Usman. The purpose of the meeting was to exchange views on the

progress to date on IMF reforms, in particular on the consensus and support needed for reforms aimed at improving voice and governance at the Fund.

The following are the highlights of the meeting:

- The Governors agreed that they were at a critical stage in the quota and voice reform process and that there was need to make as much progress as possible on this issue in the coming months to ensure the IMF's credibility and effectiveness.
- They reaffirmed their commitment to ensuring that Africa is positioned to participate effectively in the governance of the Fund, especially given the Fund's important advisory and financing role in the region. The African Governors stressed the need to protect and even increase the voting share of low-income countries as a group, and called for an amendment of the Articles of Agreement providing for a significant increase in basic votes to help achieve this objective.
- The African Governors also underlined the need for a further strengthening of the capacity in the Executive Directors' offices for African countries, and called for early consideration of an amendment of the Articles of Agreement that would enable each Executive Director elected by a large number of members to appoint more than one Alternate Executive Director. They agreed on the importance of diversity within the Fund through increased representation of African staff, both to reflect Africa's importance within the Fund and ensure an African perspective in the Fund's work.
- The Managing Director reiterated the priority and commitment he attached to advancing the agenda for governance reforms during the remainder of his time in office. He stressed the need for flexibility and compromise from all members in order to make progress on the key elements of the reform package. He also reaffirmed the Fund's commitment to assisting low-income countries achieve the Millennium Development Goals.

- The Group discussed the status of work on developing a new income model for the IMF and the African Governors agreed on the importance of ensuring that the IMF has the necessary resources to fulfill its mandate, including public goods such as surveillance and technical assistance. The African Governors re-emphasized their opposition to charging for technical assistance.
- The Managing Director appealed to the Governors for their support in addressing Liberia's unsustainable external debt and sustaining its recovery and reconstruction efforts. He stressed the urgency for Liberia to clear its arrears to the IMF to enable the country benefit from debt relief expeditiously.

THE ASSOCIATION OF AFRICAN CENTRAL BANKS (AACB)

The 31st Ordinary Meeting of Assembly of Governors of the Association of African Central Banks (AACB) was held in Tripoli, Libya on the 15th August, 2007. Some of the major decisions taken at the meeting are highlighted below as follows:

- The Assembly of African Central Bank Governors adopted the progress report on the African Monetary Cooperation Programme (AMCP).
- The Governors agreed not to establish the African Central Banks Experts Working Group on Payments System, but requested sub-regions to implement payments system harmonization at their levels and report at the AACB annual meetings.
- The Governors considered and approved the work programme of the Secretariat and the 2008 AACB budget.
- The Governors noted the unfortunate situation of some central banks failing on their obligations of contributions and signing of statutes. In consequence thereof, the Governors agreed to involve and implement with immediate effect, Article 8 of the statutes related to sanctions.

- The Assembly agreed to form a joint committee between the AU and AACB to reconcile their strategies for the establishment of the African Central Bank (ACB) as well as the formation of both the African Investment Bank (AIB) and the African Monetary Fund (AMF).
- The Assembly agreed that the theme of 2008 symposium will be “The Objective Conditions necessary for the Proper Functioning of the three African Financial Institutions- the African Central Bank and the African Investment Bank”
- The Assembly elected Mr. Farhat O. Bengdara, Governor of the Central Bank of Libya as Chairman of AACB for 2007/2008.

ECONOMIC COMMUNITY OF WEST AFRICAN STATES

The Economic Community of West African States (ECOWAS) on August 8, 2007 signed a \$1.5 million grant agreement with the African Capacity Building Foundation (ACBF) to enable ECOWAS strengthen its capacity for data collection in Member States and promote data-based planning in the region.

The grant which will be disbursed over four years will enable ECOWAS implement eight core activities that will reinforce the capacity of the states to generate minimum statistical information needed for effective decision-making and planning.

The European Commission also approved Euro 44.8 million to support regional integration in West Africa. The support will cover a period of five years – from 2007 – 2011 and focus on the four main pillars of West Africa’s regional policy: Achievement of common market; macroeconomic stability and convergence; institutional capacity building; and competitiveness enhancement and productive sectors. The programme will be implemented by the ECOWAS Commission.