

## ECONOMIC REPORT FOR THE MONTH OF JANUARY 2003

### 1.0 SUMMARY

Available data indicated contra-seasonal upward trend in monetary aggregates in January 2003. Broad money stock ( $M_2$ ) and narrow money ( $M_1$ ) recorded increases of 1.4 and 2.3 per cent, compared with the increases of 2.5 and 1.6 per cent in the preceding month and 2.4 and -1.5 per cent in the corresponding period of 2002, respectively. The observed increase in the review month was attributable to the increases in aggregate bank credit and other assets (net) of the banking system. Aggregate banking system's credit to the domestic economy rose by 0.9 per cent, compared with the increases of 0.6 and 1.3 per cent in the preceding month and corresponding period of 2002, respectively.

Banks' interest rates trended upward during the month under review. The spread between banks' weighted average deposit and maximum lending rates was 11.8 percentage points, while the margin between the average savings deposit and maximum lending rates was 22.1 percentage points. The average inter-bank call rate rose to 17.6 per cent from 13.9 per cent in December 2002.

At end-January 2003, the value of money market assets outstanding declined by 1.7 per cent from its level in the preceding month, following the sharp fall in both the value of Commercial Papers (CPs) and Bankers' Acceptances. No new issue of Nigerian Treasury bill was made during the month, but bills worth ₦299.7 billion were re-issued to replace matured ones of the same value, compared with ₦207.7 billion re-issued in the preceding month. Activities on the Nigerian Stock Exchange (NSE)

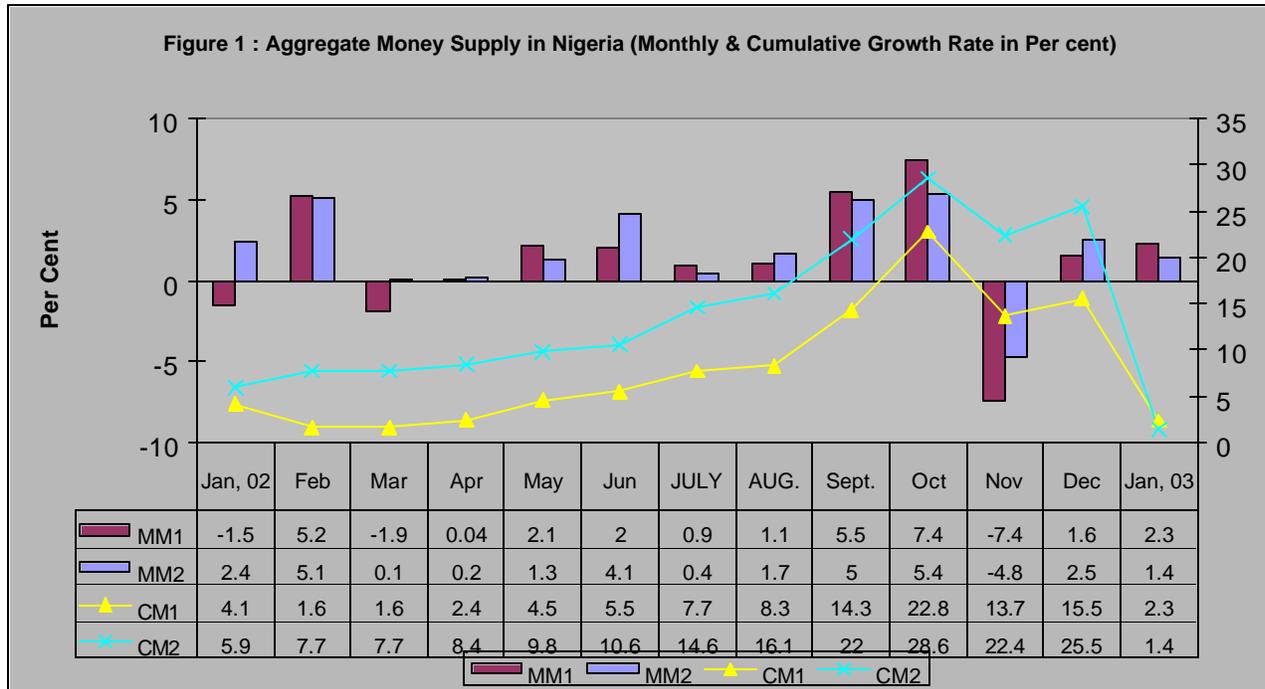
improved, as all the market indicators trended upward.

The major agricultural activities during the month were the harvesting of tree crops and fruits, as well as land clearing in preparation for the cropping season in the southern states, while dry season irrigation fed vegetable gardening and wheat cultivation dominated activities in the northern states. The price index of Nigeria's major agricultural commodities at the London Commodity Market rose by 8.0 and 3.9 per cent over the levels in the preceding month and corresponding period of 2002, respectively. The inflation rate estimated at 12.8 per cent, declined marginally by 0.1 percentage point from the preceding month's level of 12.9 per cent. Crude oil output declined by 5.2 per cent, compared with the preceding month's level. Crude oil exports were estimated at 1.55 million barrels per day (mbd) or 48.05 million barrels for the month, indicating a further decline of 6.6 per cent from the level recorded in December 2002. Deliveries of crude oil to refineries for domestic consumption, however, remained at 0.45 million barrels per day or 13.95 barrels for the month. The average price of Nigeria's reference crude, the Bonny Light (37° API), rose by 12.3 per cent to \$31.86 during the month.

Foreign exchange inflow and outflow through the Central Bank of Nigeria (CBN) amounted to US\$1,125.70 million and US\$1,417.09 million, respectively, indicating a net outflow of US\$291.39 million. Foreign exchange sales to authorized dealers by CBN amounted to US\$732.58 million, compared with \$620.42

million in the preceding month. The weighted average exchange rate of the naira vis-à-vis the U.S dollar remained unchanged at the preceding month's level of ₦127.32 per dollar. Nigeria's gross external reserves declined from US\$7,681.12 million in December, 2002 to US\$7,134.41 million at end-January 2003.

the WAMZ held in Dakar, Senegal on December 12<sup>th</sup> 2002, as well as a number of other issues. Also, the first meeting of Central Banks' Committee of the D-8 countries (Expert Group on Banking and Finance) was held in Cairo, Egypt on January 29<sup>th</sup>, 2003 to discuss ways of improving the countries (D-8) positions in



On the international scene, total world oil output fell by 2.0 per cent from the preceding month's level, while demand exceeded supply by 3.43 mbd. Other major international economic developments of relevance to the domestic economy during the month included: the 26<sup>th</sup> ordinary session of the Economic Community Of West African States (ECOWAS) held in Dakar, Senegal on the 31<sup>st</sup> of January 2003 to deliberate on various issues affecting the sub-region. In a related development, the 10<sup>th</sup> meeting of the convergence council of the West African Monetary Zone (WAMZ) was held in Dakar, Senegal on January 29<sup>th</sup> 2003 to consider the report of the 7<sup>th</sup> meeting of the Committee of Governors of

world economy; creating new opportunities in trade relations; and enhancing decision making at the international level. In addition, on the 30<sup>th</sup> of January, 2003, during the launching of its Development Assistance Framework in Abuja, the United Nations pledged the sum of \$426.0 million (₦54.0 billion) financial assistance to support development projects in Nigeria. Finally, Nigeria participated in the African Finance/OECD Ministers' Conference, an initiative of the Economic Commission for Africa (ECA), in Addis Ababa from 18<sup>th</sup>-19<sup>th</sup> January, 2003. The conference was organised to find effective ways of implementing the "New Development Agenda" and approaches for monitoring the performance of Africa and its development

partners towards meeting the goals of the New Partnership for Africa's Development (NEPAD).

## 2.0 FINANCIAL SECTOR DEVELOPMENTS

Developments in the money market continued to be influenced largely by the liquidity situation in the banking system, while the capital market was bullish in January, 2003.

### 2.1 Monetary and Credit Developments

Provisional data indicated further acceleration in the growth of monetary aggregates in January, 2003. Broad money stock ( $M_2$ ) rose by ₦22.6 billion or 1.4 per cent to ₦1, 673.7 billion, compared with the increases of 2.5 and 2.4 per cent in the preceding month and corresponding period of 2002, respectively. The rise reflected largely the increase in narrow money supply ( $M_1$ ), which rose by ₦21.7 billion or 2.3 per cent to ₦965.2 billion, compared with the

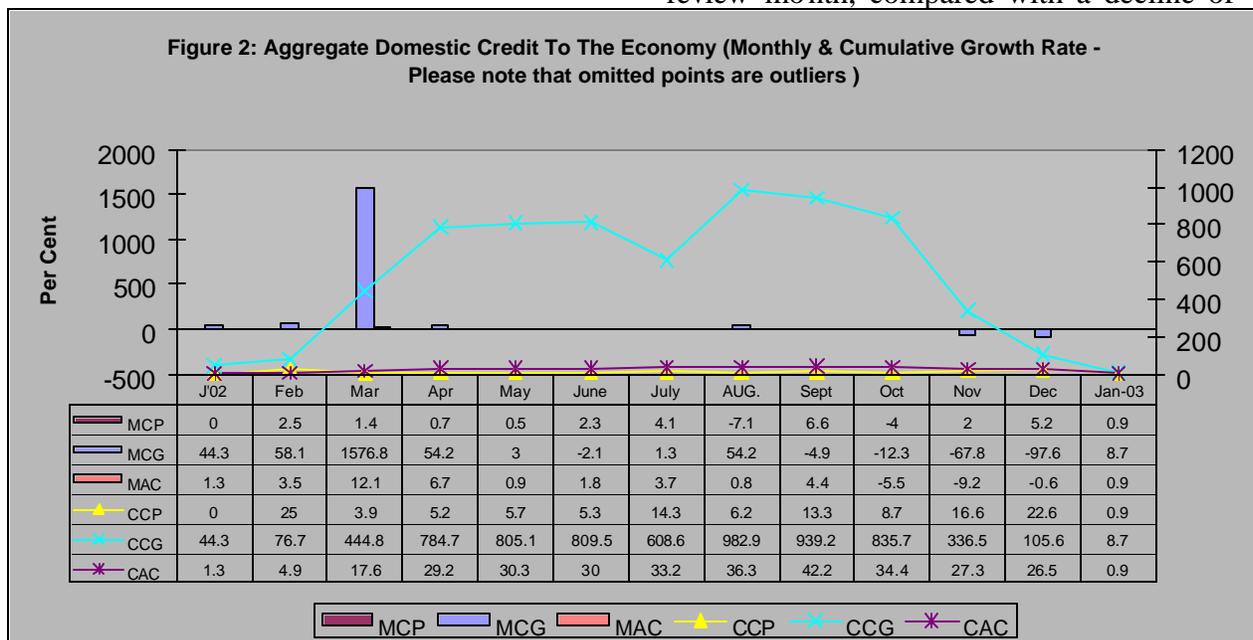
increase of 1.6 per cent in December, 2002. The rise in  $M_1$  was accounted for by the increases in aggregate bank credit and other assets (net) of the banking system.

Aggregate bank credit (net) to the domestic economy rose by ₦9.6 billion or 0.9 per cent, in contrast to the decline of ₦6.8 billion or 0.6 per cent in the preceding month. The rise in the review month was attributable largely to the increase in net claims on the private sector.

Banking system's credit to the private sector increased by ₦9.4 billion or 0.9 per cent during the review month, compared with the increase of ₦51.4 billion or 5.2 per cent in the preceding month.

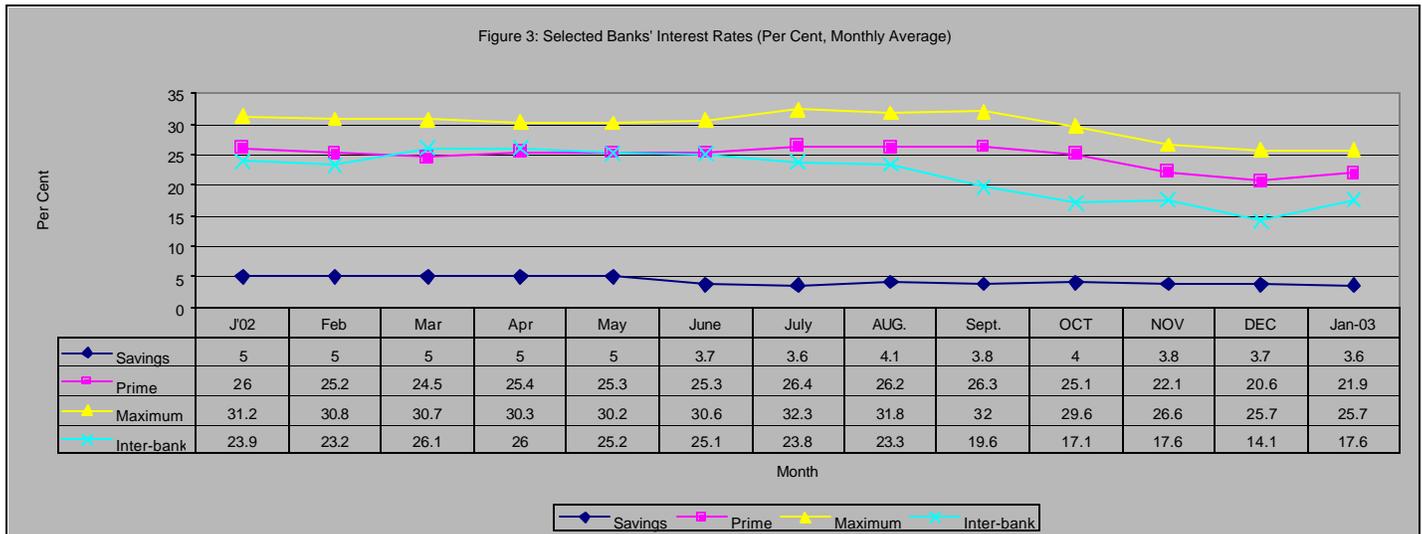
Banking system's claims on the Federal Government (net) also rose by ₦0.1 billion or 8.7 per cent, in contrast to the 97.6 per cent decline in the preceding month.

At ₦1, 432.6 billion, foreign assets (net) of the banking system declined further by ₦102.9 billion or 6.7 per cent during the review month, compared with a decline of



₦8.7 billion or 0.6 per cent in the preceding month. The decline was attributable entirely to the fall in Central Bank's holding. During the month, however, foreign assets holding by banks increased by ₦2.7 billion or 0.8 per cent.

of 2002, respectively. The increase in the review month was traceable largely to the rise in both currency outside the banking system and vault cash by 5.2 and 5.8 per cent, respectively, from their levels in December, 2002 to ₦367.4 billion and



Quasi money rose by N0.9 billion or 0.1 per cent to ₦708.5 billion in January 2003, compared with an increase of ₦25.0 billion or 3.7 per cent in December, 2002. The rise reflected the increases in time, savings and foreign currency deposits of the banks during the period.

Other assets (net) rose sharply by ₦115.9 billion or 12.4 per cent over the preceding month's level. The rise was traceable to the further increase in Central Bank's unclassified assets as well as the decline in DMBs' unclassified liabilities.

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

At ₦438.2 billion, currency in circulation in January, 2003 increased by ₦22.3 billion or 5.4 per cent and ₦56.1 billion or 14.7 per cent over the levels in the preceding month and corresponding period

₦70.8 billion in January, 2003.

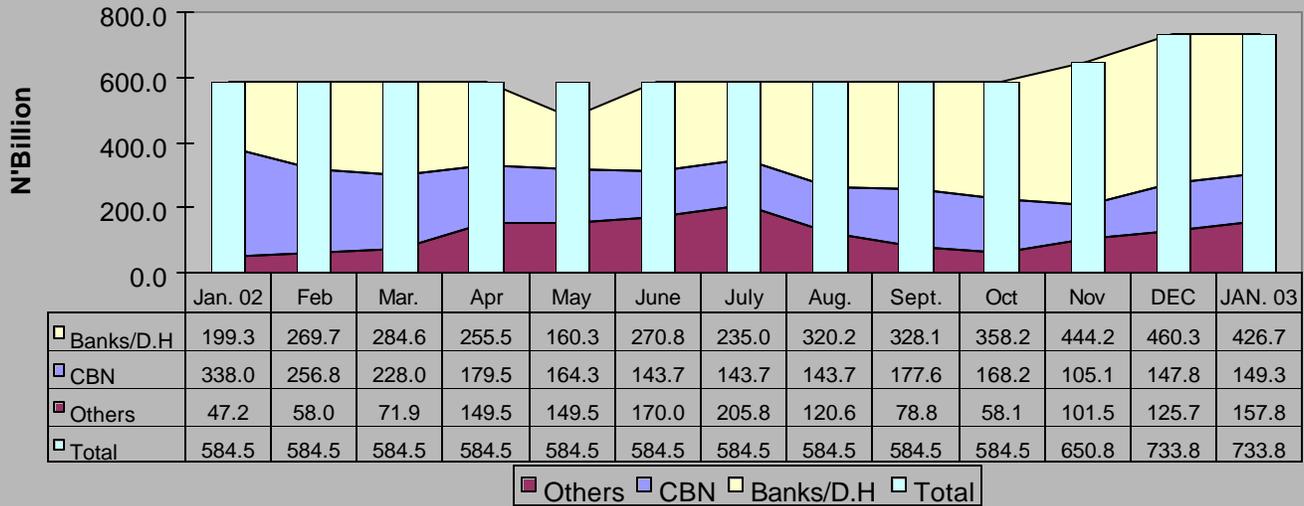
Total deposit at the CBN amounted to ₦1, 017.6 billion in January 2003, indicating an increase of ₦48.5 billion or 5.0 per cent over its preceding month's level, but a decline of ₦52.9 billion or 4.9 per cent from the level in the corresponding period a year earlier. The development during the month was attributable largely to the increase in deposits by deposit money banks. The shares of the Federal Government, banks and "others" in total deposits at the CBN were 66.8, 21.2 and 12.0 per cent, respectively, compared with 65.9, 19.3 and 14.8 per cent in December 2002.

### 2.3 Interest Rate Developments

Provisional data indicated that banks' interest rates trended upward in

to 17.6 per cent in the review month. The observed increase was attributable to the tight liquidity position in the banking system following the non release of the 2003

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



January, 2003, in spite of the reduction in CBN's minimum rediscount rate (MRR) from 18.5 per cent to 16.5 per cent in mid-December, 2002. With the exception of the average savings deposit rate which declined by 0.1 percentage point to 3.6 per cent, other deposit rates of various maturities, which ranged 8.8 – 14.4 per cent in December 2002, increased to a range of 9.3-15.8 per cent in January 2003. The average prime lending rate also increased to 21.9 per cent, while the average maximum lending rate remained unchanged at the preceding month's level of 25.7 per cent. Therefore, the spread between banks' average weighted deposit and maximum lending rates was 11.8 percentage points, down from 12.9 per cent in December 2002, while the margin between the average savings deposit and maximum lending rates stood at 22.1 percentage points.

The average inter-bank call rate which stood at 13.9 in December 2002, rose

Appropriation Bill.

### 2.4 Money Market Developments

At end-January 2003, the value of money market assets outstanding declined by ₦14.2 billion or 1.7 per cent to ₦801.7 billion, in contrast to the increase of ₦89.0 billion a month earlier. The fall was attributable to the declines of ₦8.8 billion or 23.7 per cent and ₦5.4 billion or 12.7 per cent in the levels of Commercial Papers (CPs) and Bankers Acceptances (BAs), respectively. Treasury Bills and Eligible Development Stocks (EDS) outstanding, however, remained unchanged at the end-December 2002 levels of ₦733.8 billion and ₦2.4 billion, respectively.

Treasury bills worth ₦299.7 billion were re-issued during the month to replace matured bills of the same value, compared with ₦207.6 billion in the preceding month. Of the total amount issued, deposit money

banks (DMBs) and discount houses subscribed ₦156.5 billion or 52.3 per cent, while “other” investors accounted for ₦31.4 billion or 10.5 per cent. The balance of ₦111.8 billion or 37.3 per cent was absorbed by the CBN. A breakdown of outstanding treasury bills holding showed that deposit money banks and discount houses together accounted for ₦426.7 billion or 58.1 per cent, while holdings by “Other” investors amounted to ₦157.8 billion or 21.5 per cent, compared with ₦125.7 billion in the preceding month. Central Bank’s holding rose from ₦147.8 billion in December, 2002 to ₦149.3 billion, constituting 20.3 per cent of the total.

## **2.5 Capital Market Developments**

Transactions on the Nigerian Stock Exchange (NSE) in January 2003 indicated improved performance as all indicators showed upward trend. A total of 928.4 million securities were traded, representing increases of 49.2 and 146.6 per cent over the levels in the preceding month and corresponding period of 2002, respectively. The value of shares traded also increased by 91.2 per cent from its level of ₦5.7 billion in the preceding month. Market capitalization and value index recorded increases of 10.1 and 9.1 per cent to close at ₦840.1 billion and 13,238.0, respectively. As in the preceding month, trading in equities dominated the market, with the banking sub-sector remaining the most active.

## **2.6 Deposit Money Banks’ Activities**

Total assets/liabilities of deposit money banks in January, 2003 amounted to ₦2,743.1 billion, representing increases of ₦37.4 billion or 1.4 per cent and ₦554.0 billion or 25.3 per cent over the level in the preceding month and at end-January 2002 level, respectively. The sources of funds

were time, savings and foreign currency deposits, while the funds were deployed mainly in meeting unclassified liabilities.

Aggregate credit to the domestic economy by deposit money banks at end-January, 2003 amounted to ₦1,348.6 billion, representing increases of ₦46.4 billion or 3.6 per cent and ₦384.9 billion or 39.9 per cent over the preceding month’s level and the level at end-January 2002, respectively. The breakdown showed that credit to the private sector increased by 3.2 per cent to ₦960.7 billion, while claims on the central government increased by ₦17.5 billion or 5.0 per cent. Claims on the state and local governments, however, declined by ₦690.9 million or 4.0 per cent.

Central Bank’s credits to the deposit money banks amounted to ₦14.5 billion, representing a decline of ₦7.6 billion or 34.5 per cent from the preceding month’s level, but an increase of ₦6.6 billion or 82.4 per cent, over the level at end-January 2002. The decline reflected largely the fall in CBN’s overdraft facilities to the banks during the review month.

Total specified liquid assets of the deposit money banks stood at ₦756.2 billion or 57.2 per cent of their total deposit liabilities. This level of assets was 1.0 percentage point below the preceding month’s level, but 17.2 percentage points above the stipulated minimum ratio of 40.0 per cent for fiscal 2003.

## **2.7 Discount Houses**

Total assets/liabilities of discount houses amounted to ₦48.2 billion in January 2003, representing a decline of ₦9.1 billion or 15.9 per cent from the level in the preceding month, but an increase of ₦10.0 billion or 26.3 per cent over the level in the

corresponding month of 2002. Discount houses' investments in Federal Government securities of less than 91 days maturity stood at ₦30.5 billion, representing 88.0 per cent of their total deposit liabilities. This was 13.0 and 28.0 percentage points above the levels in the preceding month and the prescribed minimum of 60.0 per cent for fiscal 2003. Total borrowings amounted to ₦13.4 billion, while capital and reserves was ₦6.5 billion, resulting in a gearing ratio of 2:1, compared with the prescribed ratio of 50:1 for the year.

### **3.0 DOMESTIC ECONOMIC CONDITIONS**

The major agricultural activities during the month included harvesting of tree crops and fruits, clearing of lands in preparation for the year's planting season and dry season irrigation-fed vegetable and wheat cultivation in some parts of the country. Inflationary pressure moderated further to an estimated level of 12.8 per cent, down from 12.9 per cent in the preceding month. Crude oil output fell by 5.2 per cent from end-December 2002 level of 2.11 mbd to 2.0 mbd.

#### **3.1 Agricultural Sector**

Harvesting of tree crops and fruits as well as clearing of land for 2003 cropping season dominated agricultural activities in the southern states, while predominant operations in the northern states were dry season irrigation-fed vegetable and wheat cultivation. In the livestock sub-sector, farmers intensified the raising of broilers and pullet during the review period.

The prices of Nigeria's major agricultural commodities at the London Commodity Market indicated upward trend during the month. At 108.1 (1985=100), the all-commodities price index, in dollar terms,

rose by 8.0 and 3.9 per cent over the levels in December 2002 and corresponding month of 2002, respectively. In naira terms, the index, at 12, 347.50 (1985=100), also rose by 14.3 and 78.8 per cent over the levels in the preceding month and corresponding period a year earlier, respectively.

Of the six commodities monitored during the month, cocoa, copra, cotton, and soyabean recorded price increases of 9.7, 5.6, 3.3 and 0.8 per cent, respectively, in dollar terms, over their levels in the preceding month, while coffee and palm oil recorded price declines of 53.5 and 1.0 per cent, respectively, during the same period. When compared with their levels a year earlier, all the commodities recorded varying degrees of price increases, except coffee and cocoa which recorded price declines of 43.3 and 0.3 per cent, respectively.

In naira terms, cocoa, cotton, palm oil and coffee recorded price increases of 17.3, 5.5, 0.6 and 0.5 per cent, respectively, over their levels in December 2002, while copra and soya bean recorded price declines of 29.3 and 2.1 per cent, respectively. When compared with their levels in the corresponding month of 2002, all the commodities recorded varying degrees of price increases, ranging from 3.6 per cent for copra to 85.6 per cent for cocoa.

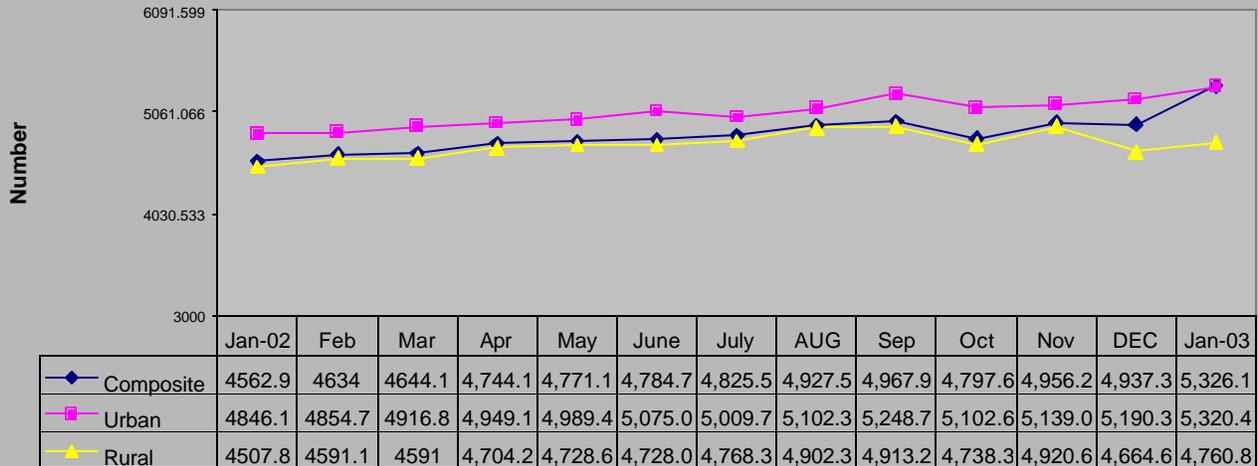
#### **3.2 Petroleum Sector**

Nigeria's crude oil production, including condensates and natural gas liquids, was estimated at 2.0 million barrels per day (mbd) or 62.0 million barrels during the month under review, indicating a decline of 5.2 per cent from the preceding month's level of 2.11 mbd. The fall in output was attributable to the nation's compliance with OPEC's recent output quota. The share of the country's production in total OPEC's

output was 7.4 per cent, compared with 7.5 per cent recorded in the preceding month.

December 2002, while the UK Brent and the WTI were sold for \$33.30 and \$35.30 a

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



Source: Federal Office of Statistics (FOS), Lagos

Following the drop in output, crude oil exports were estimated at 1.55 mbd or 48.05 million barrels for the month, showing a further decline of 6.6 per cent from the level recorded in December 2002. Deliveries of crude oil to the refineries for domestic consumption, however, remained at 0.45 mbd or 13.95 million barrels during the month.

Crude oil prices recorded general increases over the levels in the preceding month in both the spot and net-back markets. The average price of Nigeria's reference crude, the bonny light (37<sup>0</sup> API), at \$31.86 a barrel, indicated a rise of 12.3 per cent over its level in December 2002, in the spot market. Similarly, the average prices of other competing brands of crude, namely the UK Brent and West Texas Intermediate (WTI) rose from \$27.89 and \$29.05 a barrel in December 2002 to \$31.31 and \$32.72, respectively. In the European net-back market, the bonny light was sold for \$33.80 a barrel, indicating an increase of 11.0 per cent over the average price in

barrel, respectively, as against \$29.89 and \$31.25 in the preceding month.

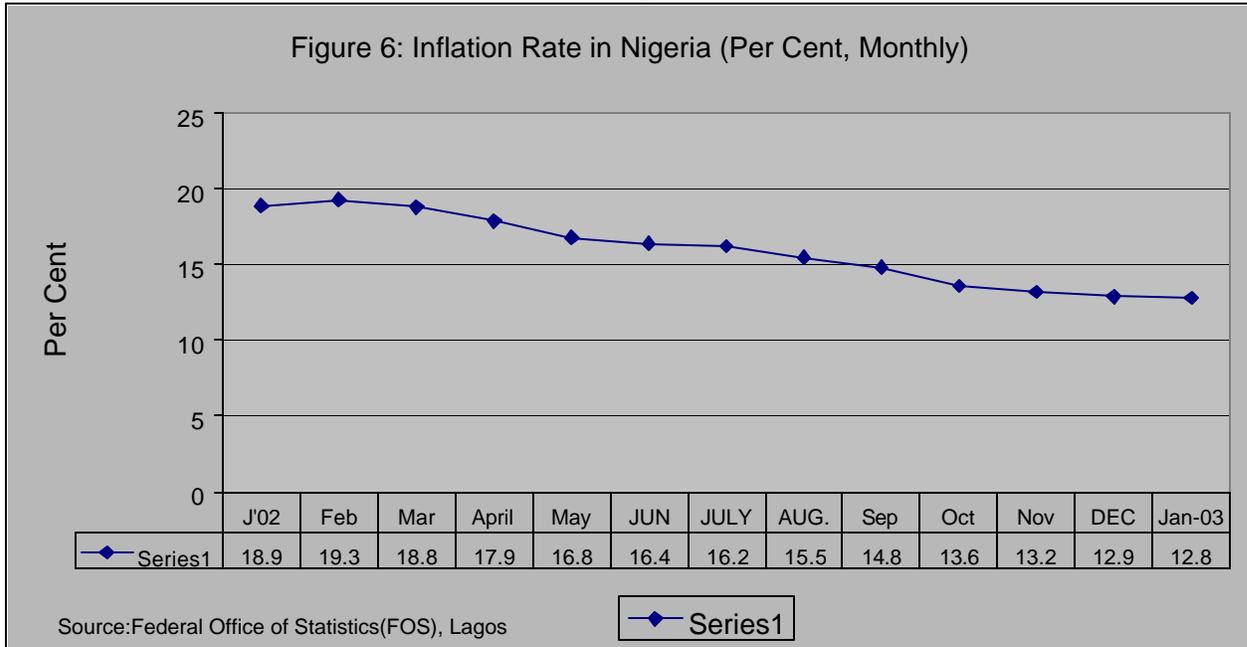
### 3.3 Consumer Prices

Data from the Federal Office of Statistics (FOS) indicated that the all-items composite Consumer Price Index (CPI) for January 2003 was estimated at 5,326.1 (1985=100), representing increases of 7.9 and 16.7 per cent over the levels in the preceding month and corresponding period of 2002, respectively. The development during the month was attributable to the rise in the indices of food; clothing and footwear; medical care & health expenses; accommodation, fuel & light; transportation; education & cultural services; and other services by 4.3, 0.5, 0.4, 0.2, 0.2, 0.1, and 0.1 per cent, respectively. The indices of recreation, entertainment, education and cultural services; and drinks, tobacco and kola, however, recorded price declines of 0.5 and 0.2 per cent, respectively, during the review month. When compared with their levels in the corresponding month, a year

earlier, all the component items recorded price increases ranging from 9.0 per cent for accommodation, fuel and light to 45.0 per cent for other services.

respectively, while the index of vegetable, fruits and nuts; beverages and drinks; fuel and light; as well as medical recorded declines of 0.42, 2.40, 1.01 and 0.04 per cent for the same period. There were marginal price increases of 0.6, 0.4, 0.9, 0.5 and 0.8

The urban all-items CPI at 5,320.4



(1985=100) in January 2003, indicated increases of 2.5 and 9.8 per cent over the levels in the preceding month and the corresponding period of 2002, respectively. Similarly, the rural all-items CPI for January 2003 was estimated at 4760.8 (1985=100), representing increases of 2.1 and 5.6 pr cent over the levels in the preceding month and corresponding period of 2002.

per cent in Bauchi zone, Enugu zone, Ibadan zone, Kano zone and Lagos area, respectively, over the preceding month's levels.

Available information based on retail price surveys in some locations within the Lagos area and the zonal offices of the Central Bank of Nigeria indicated an increase in the all-items average prices in January 2003 by 1.07 per cent, compared with 0.51 per cent recorded in December 2002. The rise during the month was traceable to the increases in the indices of staples, meat, fish and eggs; oil and fats; clothing and fabrics and building materials by 0.65, 1.04, 3.19, 1.49 and 1.32 per cent,

The inflation rate for January 2003 was estimated at 12.8 per cent, compared with 12.9 per cent and 18.9 per cent recorded in December 2002 and corresponding month a year earlier, respectively. Although the double digit inflation phenomenon persisted, the downward trend in the general price level maintained since the beginning of 2002 reflected largely the favorable agricultural harvests, as well as the improvement in some infrastructural facilities such as energy and telecommunications, which reduced cost of domestic production.

## 4.0 EXTERNAL SECTOR DEVELOPMENTS

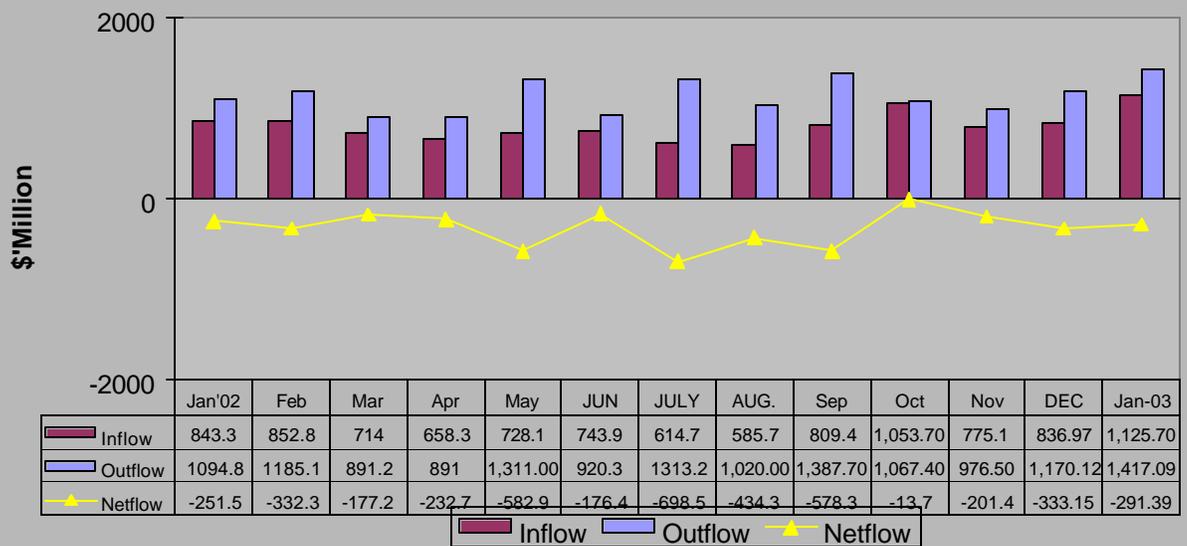
### 4.1 Foreign Exchange Flows

In January, 2003, Foreign exchange inflow and outflow through the Central Bank of Nigeria (CBN) amounted to US\$1,125.70 million and US\$1,417.09 million, respectively, showing a net outflow of US\$291.39 million. During the month, inflow and outflow rose by 0.8 and 21.1 per cent, respectively, compared with their levels of US\$1,116.83 million and US\$1,170.12 million in December, 2002. The rise in inflow was traceable to an increase in other official receipts by 355.9 per cent. Inflow and outflow through the CBN in January 2003 were 33.5 and 28.6 per cent, respectively, above their levels in the corresponding month of 2002.

oil receipts amounted to \$814.27 million or 51.4 per cent, while non-oil public sector receipts amounted to \$311.43 million. Inflow through the autonomous sources stood at US\$ 457.90 million or 28.9 per cent of the total.

At US\$1,469.09 million, aggregate foreign exchange outflow from the economy indicated an increase of 20.8 per cent over the preceding month's level, reflecting the significant increase in the funding of the foreign exchange market (FEM) and "other official payments", which rose from US\$620.42 million and \$72.80 million in December 2002 to US\$732.58 million and \$549.30 million in January 2003. Disbursements in respect of international organizations and embassies increased sharply from US\$0.60 million in December 2002 to US\$92.62 million in January, 2003.

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



Available data on foreign exchange flows through the economy indicated that total inflow rose by 0.4 per cent over the level in the preceding month to \$1,583.70 million in January, 2003. Of the total inflow,

Inflow and outflow through the economy during the period under review showed increases of US\$301.80 million and US\$338.39 million respectively, over the levels in the corresponding month of 2002.

## 4.2 Sectoral Utilisation of Foreign Exchange

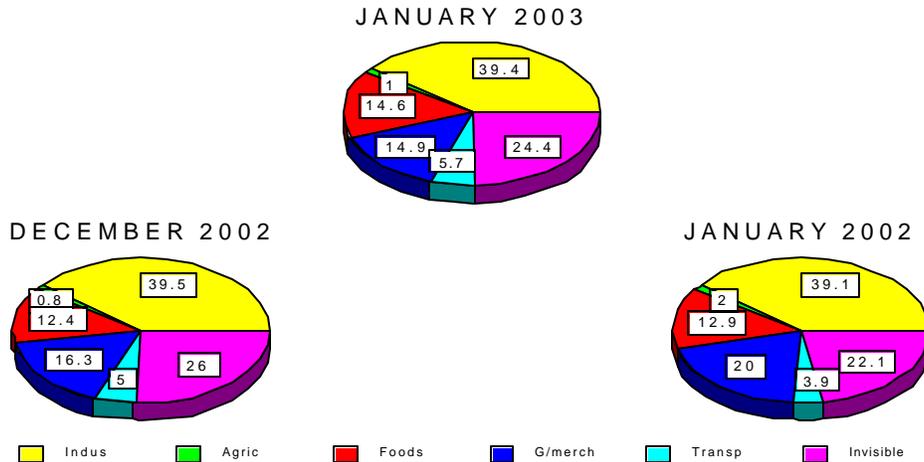
The industrial sector continued to account for the bulk (39.4 per cent) of total foreign exchange disbursed in January 2003, followed by invisibles (24.4 per cent). Other beneficiary sectors, in a descending

cent in January 2003, from 8.8 per cent in December 2002.

## 4.4 External Reserves

Nigeria's gross external reserves at end-January, 2003 amounted to \$7,134.41 million, representing a decline of 7.1 per

Figure 8: Sectoral Utilization of Foreign Exchange (percentage of total)



order of importance, included: general merchandise, food, transportation and agricultural products (fig.8).

## 4.3 Foreign Exchange Market Developments

The demand pressure in the Foreign Exchange Market (FEM) intensified in January, 2003. A total of US\$732.58 million was sold to end-users through the authorised dealers, compared with US\$620.42 million in the preceding month. The weighted average exchange rate of the naira vis-à-vis the US dollar remained unchanged at the preceding month's level of ₦127.32 per dollar. The rates in the parallel market and the Bureau de change, however, depreciated from ₦138.00 and ₦138.57 per dollar to ₦139.24 and ₦139.82 per dollar, respectively, during the same period. Overall, the premium between the official and parallel market rates widened to 9.5 per

cent from the preceding month's level of US\$7,681.12 million. At current foreign exchange commitments, the reserve could finance about 4.9 months of imports, compared with 6.3 months in the preceding month.

## 5.0 OTHER INTERNATIONAL ECONOMIC DEVELOPMENTS

World crude oil output, at 74.25 million barrels per day (mbd), fell further by 2.0 per cent from the preceding month's level of 75.75 mbd, while estimated demand exceeded supply by 3.43 mbd, compared with an excess demand of 1.8 mbd recorded in December 2002. The fall in output reflected largely the renewed tension between the United States Of America and Iraq as well as the high demand for heating oil owing to severe winter in the Northern Hemisphere.

Other major international economic developments of relevance to the domestic economy during the month included: The 26<sup>th</sup> Ordinary Session of the Economic Community Of West African States (ECOWAS) held in Dakar, Senegal on the 31<sup>st</sup> January 2003.

The following proposals were considered and adopted by the authority of Heads of State and Government of ECOWAS during the meeting:

- Appropriate measures to ensure that the West African sub-region derives utmost benefit from the New Partnership for Africa's Development (NEPAD) continental initiative.
- Called on the Executive Secretariat and member states of ECOWAS to take appropriate steps to ensure the creation of NEPAD focal points in all countries;
- Took note of the decision of the Summit of Heads of State of the West African Monetary Zone (WAMZ) held in Conakry, Guinea on 6<sup>th</sup> November, 2002, to defer the launching of the WAMZ common currency till 2005 in view of the macroeconomic and political instability in some member countries. The Authority, therefore, decided that a firm date for the launch of ECOWAS single monetary zone would be fixed at its meeting in 2005, after a detailed appraisal of the performance of the countries of the WAMZ, and the level of convergence of the economies of the sub-region as a whole;
- Urged member states to take concrete measures towards the creation of a single regional market in West Africa through the implementation of the ECOWAS trade liberalisation scheme and the alignment of the national customs tariffs with the UEMOA tariff, as the basis of ECOWAS Common External Tariff (CET);
- Deplored the presence of numerous check-points along the West African highways and urged that necessary measures be taken to ensure the faithful application of the provisions of the protocol on free movement of persons without further delay;
- Commended the Republic of Benin and Senegal for putting into circulation the ECOWAS passport and urged other member states to do so as soon as possible;
- Decided that the payment of the ECOWAS community levy shall come into force with effect from 1<sup>st</sup> July, 2003 and called on all member states to ensure its implementation;
- Expressed its appreciation to the European Union (EU) for its support towards the acceleration of the regional integration process in the sub-region and appealed for substantial financial assistance for the establishment and operation of an ECOWAS Office in Brussels;
- Welcomed the ratification of the protocol establishing the ECOWAS Bank for Investment and Development (EBID) by some member states and urged others to do so as well as pay up the first tranche (35 per cent) of the call up capital of EBID;
- Assessed the security situation in the sub-region and noted, with satisfaction, that significant progress had been made towards the restoration of peace and security in Sierra Leone; and welcomed the recent initiatives of the Presidents of the Mano River Union – Guinea, Liberia and Sierra Leone – to restore dialogue in the Union;
- Expressed deep concern about the persistence of the Ivorian crisis and reaffirmed the preference for a peaceful resolution and willingness to continue to facilitate early return of peace to the country;
- Urged member states to forward the names of their candidates for the position of Commissioner of the African Union (AU) to the Executive Secretariat not later than 10<sup>th</sup> February, 2003 and a Screening Committee to meet by 12<sup>th</sup> February, 2003; and

- Elected His Excellency John Agyekum Kufuor, President of the Republic of Ghana as Chairman of ECOWAS Authority of Heads of States and Government for 2003.

In a related development, the 10<sup>th</sup> meeting of the Convergence Council of the West African Monetary Zone (WAMZ) was held in Dakar, Senegal on January 29, 2003. The meeting considered the report of the 7th Meeting of the Committee of Governors of the WAMZ held in Dakar, Senegal on December 12, 2002, as well as a number of other issues. At the end of the deliberations, the Council considered and adopted the following proposals;

- Directed the West African Monetary Institute (WAMI) to undertake multilateral surveillance of member countries vigorously and called for members' cooperation in that regard;
- Directed that quarterly assessment of macroeconomic performance of member countries be undertaken by WAMI and the report be disseminated to the WAMZ organs and member countries promptly;
- Endorsed the budget of WAMI for 2003 and agreed with the Committee of Governors' directive that the resources be managed prudently;
- Reaffirmed **ECO** as the name of the common currency of the WAMZ and recommended to the Authority of Heads of State and Government of the WAMZ to formally adopt the name in order to sustain sensitization programme in member states.
- Called for intensification of the sensitization campaign on the WAMZ single currency project in member countries as well as the

provision of adequate resources to National Sensitization Committees (NSCs);

- Noted that the Finance Ministers' Forum, initiated by the Central Bank Governors, would enable member states to appreciate the need for fiscal prudence, reduce the prevalence of fiscal dominance and pave the way for the achievement of the convergence criteria in the WAMZ. The Council urged that the convergence benchmarks be incorporated in national budgets and economic adjustment programmes;
- Agreed with the Central Bank Governors' suggestion that seminars on topical issues be organized for its members during some of its meetings;
- Re-affirmed the determination of member states to launch the WAMZ on 1st July 2005 and advised all member countries to take necessary steps to ensure the completion of the convergence process by June 30, 2005; and
- Urged that efforts at trade integration be stepped up in order to achieve a productive monetary union.

Also, the First Meeting of Central Banks' Committee of the D-8 countries (Expert Group on Banking & Finance) was held in Cairo, Egypt on January 29, 2003 to discuss ways of improving the countries' (D-8) positions in world economy, creating new opportunities in trade relations and enhancing decision making at the international level.

At the end of its deliberations, the Expert Group adopted the following proposals;

- Advised that the dissemination of data on banking and finance as well

as information on the economies of member states (via the respective websites of member Central Banks and the D-8 websites), should be co-ordinated by the D-8 Secretariat in Istanbul, Turkey;

- Stressed the need for member Central Banks to harmonize their practices and procedures as well as apply internationally acceptable standards and rules, especially those stipulated by Basle I & II for calculating banks' capital adequacy in order to ensure soundness of the banking sector; and
- Urged member Central Banks to promote national associations among banks with a view to identifying and promoting the aims and objectives of D-8 in socio-economic transformation.

Besides, Nigeria participated in the African Finance/OECD Ministers' Conference, an initiative of the Economic Commission for Africa (ECA), in Addis Ababa from 18th – 19th January, 2003. The Conference was organised to find effective

ways of implementing the “New Development Agenda” and approaches for monitoring the performance of Africa and its Development Partners towards meeting the goals of the New Partnership for Africa's Development (NEPAD). The Conference called for the formation of a pact where African countries would embark on political and economic reforms that would propel their economies to sustainable growth path, while the OECD countries would be expected to provide assistance through market access and debt relief in support of African economies.

Finally, on the 30th of January 2003, during the launching of its Development Assistance Framework in Abuja, the United Nations pledged the sum of \$426.0 million (₦54 billion) financial assistance to support development projects in Nigeria; the assistance, which was an outcome of a review of all national development efforts, (including the current rolling plan), would complement national efforts at promoting sustainable human development in the country.