

ECONOMIC REPORT FOR THE MONTH OF JULY 2001

1.0 SUMMARY

Revised data indicated an acceleration in the growth of monetary aggregates in July 2001, compared with programmed targets. Broad money supply (M_2) and narrow money (M_1) rose by 0.3 per cent and 0.7 per cent during the month and expanded by 22.3 per cent and 18.6 per cent, respectively, in the first seven months of the year, as against the 12.2 per cent and 4.3 per cent targets for the whole year. Monetary growth was still driven by the substantial increases in aggregate credit to the domestic economy and foreign assets (net) of the banking system. Aggregate bank credit to the domestic economy rose by 2.4 per cent during the month, and increased sharply during the first seven months of the year by 45.1 per cent as against the 15.8 per cent target growth stipulated for fiscal 2001. Foreign assets (net) of the banking system also rose by 1.1 per cent in July and 10.9 per cent during the seven-month period, reflecting the continued favourable developments in the international petroleum market.

Provisional data indicated an upward movement in banks' deposit and lending rates in July, reflecting the impact of CBN's measures to stem the growth in bank liquidity. While the banks' average savings deposit rate remained unchanged at the end-June level of 5.2 per cent, the average time deposit rates of various maturities, which ranged 11.3 – 19.3 per cent in June, increased to 11.5 – 19.4 per cent in July 2001. Similarly, their average prime and maximum lending rates increased by 0.2 and 0.6 percentage points to 23.7 and 29.0 per cent, respectively.

The level of money market assets outstanding declined marginally by 0.3 per cent to ₦521.8 billion, in contrast to the ₦5.6 billion or 1.1 per cent rise in the preceding month. The decline was attributable to the declines of 3.1 and 2.9 per cent in Commercial Papers (CPs) and Bankers' Acceptances (BAs), respectively. No new issues of Nigerian Treasury Bills (NTBs) were made during the month, while matured bills were rolled over. Activities on the Nigerian Stock Exchange showed an upward trend as shares traded rose from 371.6 million in 35,462 deals in June 2001 to 720.7 million in 44,540 deals.

Generally, activities in the agricultural sector were boosted by steady rainfall nationwide during the month. Farmers concentrated on weeding, fertilizer application and harvesting of early maturing crops. Estimated crude oil output, including condensates and natural gas, remained at the preceding month's level of 2.25 million barrels per day (mbd) or 69.75 million barrels. Crude oil exports represented 80.0 per cent of total production, while the balance (20.0 per cent) was refined for domestic consumption. The average price for Nigeria's reference crude, the Bonny Light (37°API), at US\$24.84 a barrel, fell by 11.4 per cent from the level of \$28.03 a barrel in the preceding month. However, the price index of Nigeria's major agricultural commodities at the London Commodities Market increased by 5.4 per cent and 55.8 per cent, in naira terms, over their levels in the preceding month and corresponding period of 2000. The inflation rate stood at 17.7 per cent in July 2001, up from 16.6 per cent in the preceding month.

Data on foreign exchange flows through the Central Bank of Nigeria (CBN) showed an inflow of US\$1,441.3 million and an outflow of US\$1,146.0 million, in July 2001, resulting in a net inflow of US\$295.3 million during the month. Foreign exchange sales in the Inter-bank Foreign Exchange Market (IFEM) rose to US\$779.1 million from US\$662.2 million in June 2001. The average exchange rate of the naira appreciated by 0.6 per cent to ₦111.35 from ₦111.98 per dollar in the IFEM, and by 0.1 and 0.2 per cent in the parallel market and bureaux de change, respectively. Nigeria's gross external reserves rose by 2.9 per cent to US\$10,867 million.

On the international scene, total world oil supply exceeded demand by 0.30 mbd. Other international economic developments that influenced the domestic economy during the month included: a three-day Summit in Genoa, Italy, by the Group of Eight (G – 8) Industrial Nations which was attended by President Olusegun Obasanjo, along with leaders of five other developing countries; the meeting of the Convergence Council of Ministers and

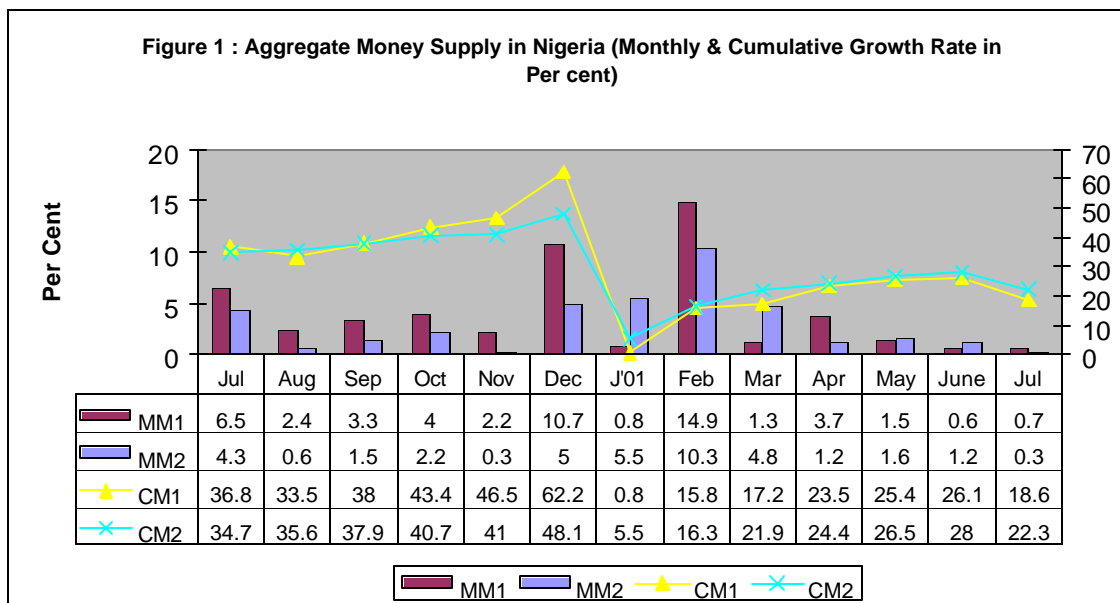
Governors of the Central Banks in the West African Monetary Zone (WAMZ) held in Abuja, on July 26, 2001; and the approval of US\$6.6 million (₦740.0 million) by the Canadian International Development Agency (CIDA) to Nigeria to check Human Immuno-Deficiency Virus/Acquired Immune Deficiency Syndrome (HIV/AIDS) and enhance virile reproductive health.

2.0 FINANCIAL SECTOR DEVELOPMENTS

The upward movement in monetary aggregates, observed since the beginning of the year, continued in July 2001 following the substantial increases in aggregate credit to the domestic economy and foreign assets (net) of the banking system. Bank interest rates showed upward trend while the activities on the Nigerian Stock Exchange were bullish. Developments in the money market were influenced largely by the state of bank liquidity.

2.1 Monetary and Credit Developments

Provisional data indicated that broad

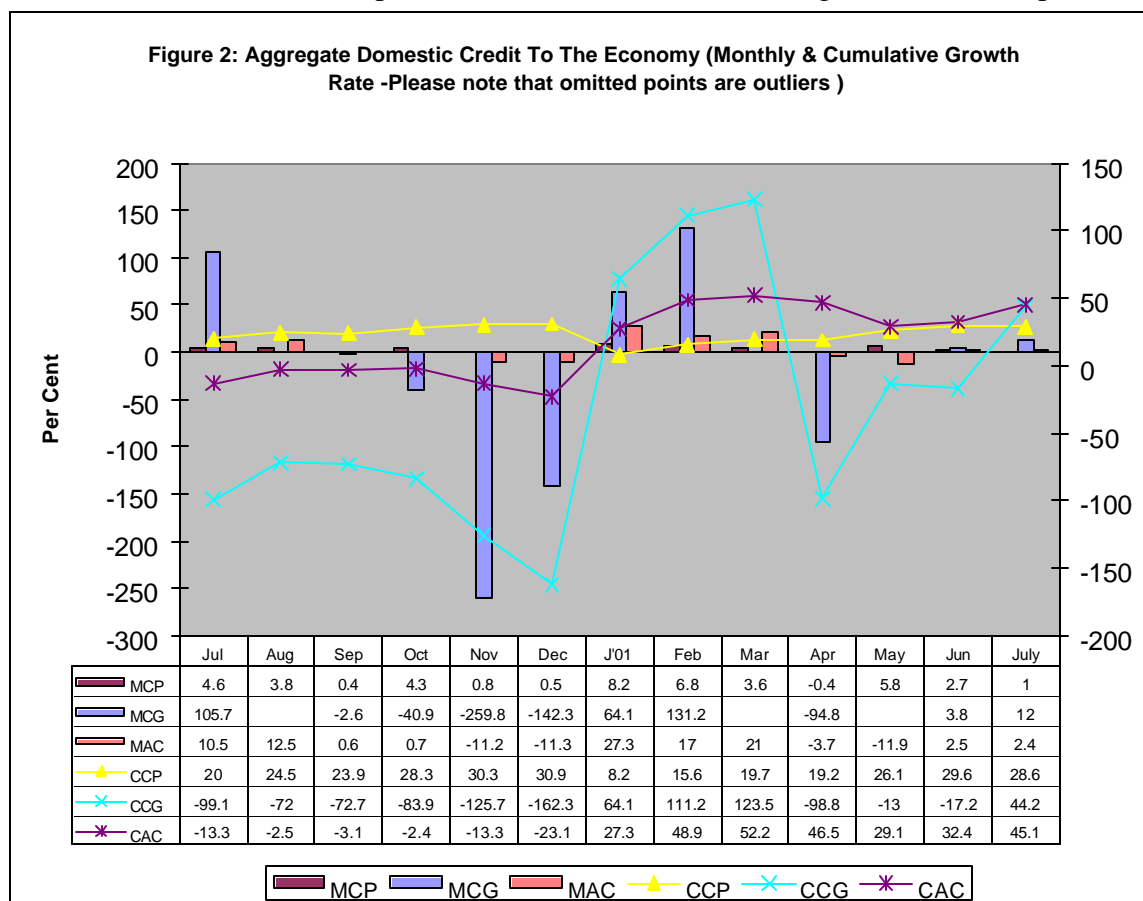


money stock (M_2) rose by ₦4.3 billion or 0.3 per cent to ₦1,267.5 billion in July, in contrast to a decline of ₦40.4 billion or 3.1 per cent in the preceding month. The increase in the review month reflected entirely the rise in narrow money which outweighed the fall in quasi-money. Narrow money (M_1) increased by ₦5.2 billion or 0.7 per cent, in contrast to a sharp decline of ₦41.7 billion or 5.3 per cent in the previous month. The rise in (M_1) was attributable to the increases in net domestic credit to the economy and foreign assets (net) of the banking system. During the first seven months of the year, M_2 and M_1 grew by 22.3 per cent and 18.6 per cent, respectively, as against the maximum targets of 12.2 and 4.3 per cent for fiscal 2001. (Fig. 1).

Aggregate bank credit to the domestic economy increased by ₦16.4 billion or 2.4 per cent to ₦705.0 billion, in contrast to a decline of 5.7 per cent in the

preceding month. The rise in the review month reflected the increases in claims on the Federal Government and the private sector. Over the end-December 2000 level, bank credit to the economy rose by 45.1 per cent, as against the 15.8 per cent target growth stipulated for fiscal 2001.

Banking system's net claims on the Federal Government rose by ₦8.4 billion or 12.0 per cent, reflecting the increases in credit by both the Central bank and deposit money banks. Central Bank net claims on the sector rose by ₦6.0 billion or 2.9 per cent, following largely the increase in the Bank's treasury bill holding. Credit to the sector by deposit money banks also rose by ₦2.4 billion or 1.7 per cent, reflecting mainly the decline in Federal Government deposits with the banks. In the first seven months of the year, net credit to the Federal Government rose substantially by 44.2 per cent, as against the 2.6 per cent target



growth stipulated for fiscal 2001 and the 99.1 per cent decline in the corresponding period of 2000.

Bank credit to the private sector rose by ₦7.9 billion or 1.0 per cent to ₦766.5 billion, compared with the increase of 2.3 per cent in the preceding month. The rise in the review month reflected the increase in claims by deposit money banks. In the first seven months of the year, credit to the private sector increased by 28.6 per cent, compared with the 22.8 per cent maximum target for the whole year (Fig. 2).

Claims on state and local governments increased by ₦0.9 billion or 3.0 per cent to ₦29.3 billion compared with the ₦0.6 billion or 2.0 per cent increase in the previous month. Over the level at end-December 2000, the system's credit to the sub-sector increased by ₦21.8 billion or 287.9 per cent, compared with the ₦7.4 billion or 351.4 per cent increase in the corresponding period of 2000.

Banking system's claims on 'other' private sector, which constituted the bulk of the system's credit (94.0 per cent) to the private sector, rose by ₦7.5 billion or 1.0 per cent compared with an increase of 2.3 per cent in the preceding month. The rise in the review month reflected largely the increase in deposit money banks' claims. Credit to the sub-sector rose by 25.4 per cent in the seven month period between December 2000 and July 2001.

Foreign assets (net) of the banking system rose by ₦15.5 billion or 1.1 per cent during the month in review, compared with an increase of ₦17.0 billion or 1.2 per cent in the preceding month. The rise reflected largely the ₦13.5 billion or 1.2 per cent increase in Central Bank's holding which constituted 78.8 per cent of the total,

compared with 78.6 per cent in the previous month. Holdings by deposit money banks also rose by ₦2.0 billion or 0.7 per cent to ₦299.9 billion during the review month. In the first seven months of the year, foreign assets (net) rose substantially by ₦138.8 billion or 10.9 per cent. The positive movements in the system's net foreign assets since the third quarter of 1999 were attributable to favourable developments in the international petroleum market.

Quasi-money fell by ₦0.9 billion or 0.2 per cent to ₦511.1 billion, in contrast to the increase of ₦1.3 billion or 0.3 per cent in the previous month. The cumulative increase in the first seven months of the year was ₦112.8 billion or 28.3 per cent compared with 32.0 per cent in the corresponding period of 2000.

Other assets (net) of the banking system fell by ₦27.5 billion or 3.3 per cent. The decline was traceable to the increase in other liabilities of the monetary authorities, notably, the foreign liabilities as well as other unclassified items.

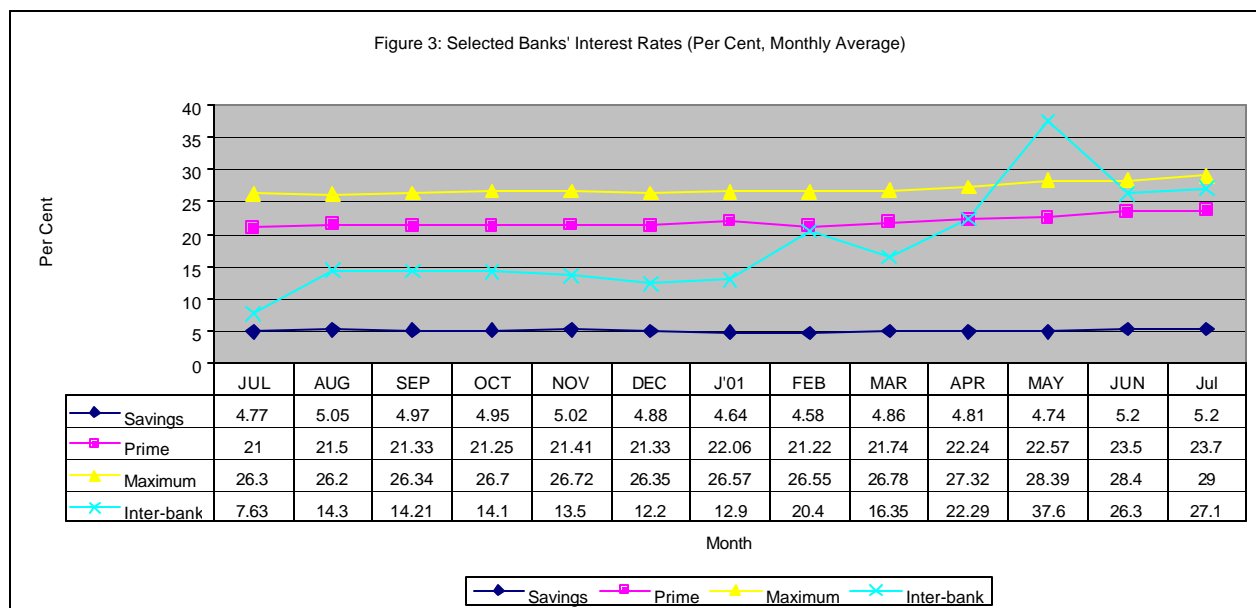
2.2 Currency-in-circulation and Deposits at CBN

At ₦343.9 billion, currency in circulation rose by ₦2.6 billion or 0.76 per cent and ₦130.2 billion or 60.9 per cent over the levels in the preceding month and corresponding month of 2000, respectively. The development during the month was traceable to the increases in vault cash and currency outside banks. The shares of the two components in total currency-in-circulation were 16.8 and 83.2 per cent, respectively, compared with 15.0 and 85.0 per cent in the preceding month and 11.6 and 88.4 per cent in the corresponding month of 2000.

Total deposits at the CBN stood at ₦1,027.0 billion, indicating a decline of ₦28.2 billion or 2.7 per cent from the level in the preceding month but an increase of ₦181.0 billion or 21.4 per cent over the level in the corresponding month of 2000. The shares of governments, bankers and “other” in total deposits at the CBN were 83.6, 13.4 and 3.0 per cent, compared with 84.5, 13.8 and 1.7 per cent in the preceding month, respectively.

between banks’ savings deposit and maximum lending rates stood at 23.8 percentage points.

The average inter-bank call rate, which stood at 26.3 per cent in June, fell to 20.4 per cent in the second week of July, but rose sharply to 36.8 per cent by the end of the fourth week, averaging 27.1 per cent for the month under review.



2.3 Interest Rate Developments

Provisional data indicated a general upward movement in banks’ deposit and lending rates, reflecting the impact of CBN’s measures to stem the growth of liquidity in the system. While the banks’ average savings deposit rate remained unchanged at the end-June level of 5.2 per cent, the average time deposit rates of various maturities, which ranged 11.3 – 19.3 per cent in June, increased to 11.5 – 19.4 per cent in July. Similarly, banks’ average prime and maximum lending rates increased from 23.5 and 28.4 per cent to 23.7 and 29.0 per cent, respectively. Thus, the spread

2.4 Money Market Developments

The value of total money market assets outstanding at end-July, 2001 declined marginally by ₦1.5 billion or 0.3 per cent to ₦521.8 billion, in contrast to the ₦5.6 billion or 1.1 per cent rise in the preceding month. The fall reflected the declines of 3.1 per cent and 2.9 per cent in Commercial Papers (CPs) and Bankers’ Acceptances (BAs), respectively. The level of Eligible Development Stocks (EDs), on the other hand, rose by ₦0.2 billion or 6.0 per cent, while Treasury bills outstanding remained unchanged at the previous month’s level of ₦465.5 billion.

Treasury bills worth ₦278.02 billion were re-issued to replace matured bills of the same value, compared with ₦88.64 billion in the preceding month. Of the total amount rolled over during the month, banks subscribed ₦60.13 billion or 21.6 per cent while the non-bank public, including discount houses, subscribed ₦19.44 billion or 7.0 per cent. The balance of ₦198.45 billion or 71.4 per cent was absorbed by the Central Bank.

Public patronage for treasury securities fell significantly in July, 2001 following the tight liquidity situation in the market and sustained demand pressure in the Inter-bank Foreign Exchange Market (IFEM). Thus, banks' holdings of treasury bills declined by ₦3.1 billion or 1.5 per cent in the month, as against an increase of ₦24.0 billion or 13.2 per cent in June, 2001. Holdings by 'other' investors also declined by ₦2.2 billion or 3.7 per cent to ₦57.4 billion. Consequently, Central Bank holding rose by ₦5.3 billion or 2.6 per cent to ₦205.8 billion.

2.5 Capital Market Developments

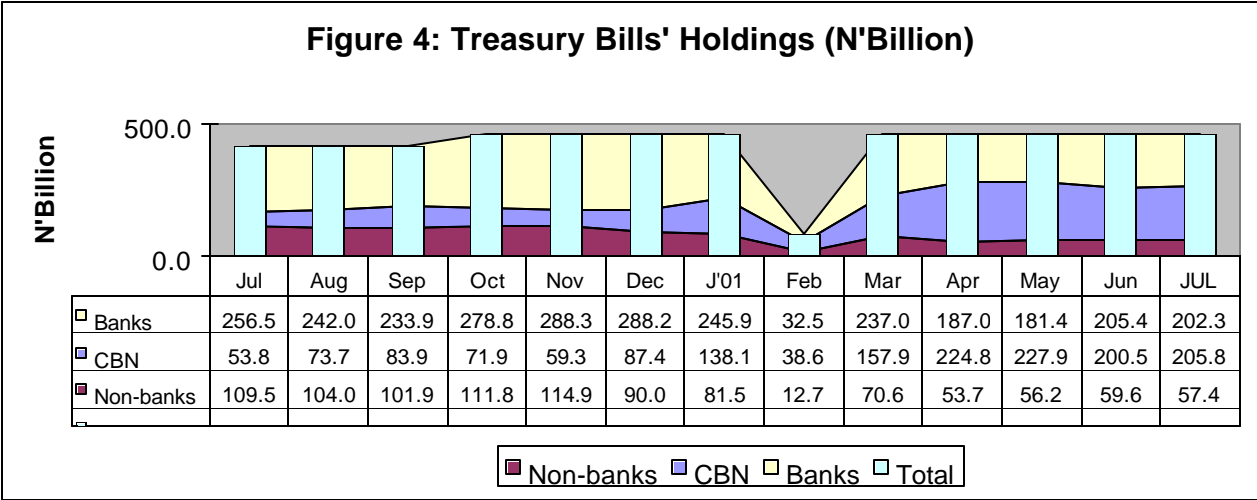
The total number of shares traded on

increased from 371.6 million in 35,462 deals in June, 2001 to 720.7 million in 44,540 deals during the review month, inspite of the recent increase in the Minimum Rediscount Rate (MRR) and its impact on the level of interest rates in the money market. The total value of shares traded was ₦6.9 billion compared with ₦4.0 billion in the preceding month.

2.6 Deposit Money Banks' Activities

Total assets/liabilities of deposit money banks stood at ₦2,066.0 billion, representing a decline of ₦31.0 billion or 1.5 per cent from the preceding month's level but an increase of ₦361.7 billion or 21.2 per cent over the level at end-December 2000. Funds were sourced mainly from the draw-down on unclassified and foreign assets and the increase in capital account, while the funds were applied to reduce unclassified liabilities, expand claims on the private sector and increase reserves, among other uses.

Aggregate credit to the domestic economy stood at ₦896.7 billion, representing increases of ₦10.7 billion or 1.2 per cent and ₦89.7 billion or 11.1 per cent over the levels in the preceding month



the Nigerian Stock Exchange (NSE)

and end-December, 2000, respectively. Of

this amount, ₦757.7 billion or 84.5 per cent went to the private sector, while claims on central government (net) absorbed ₦139.0 billion or 15.5 per cent.

Central Bank's credit to deposit money banks amounted to ₦7.3 billion, representing an increase of ₦1.9 billion or 35.2 per cent over the preceding month's level. The rise reflected the increases in loans and advances as well as overdraft facilities.

Total specified liquid assets of deposit money banks stood at ₦607.1 billion or 55.1 per cent of their total deposit liabilities. The achieved ratio, which remained unchanged from the preceding month's level, exceeded the stipulated minimum target of 40.0 per cent by 15.1 percentage points.

2.7 Discount Houses

Total assets/liabilities of the discount houses stood at ₦26.1 billion, representing an increase of ₦1.1 billion or 4.3 per cent over the preceding month's level. On aggregate, the discount houses complied fully with the prescribed ratio on the structure of their assets. Investments in Federal Government securities of less than 91 days maturity stood at ₦10.5 billion or 69.3 per cent of their total deposit liabilities. The ratio was 2.3 and 9.3 percentage points over the level achieved in the preceding month and the prescribed minimum of 60.0 per cent, respectively.

The discount houses also complied with their prescribed gearing ratio, as total borrowings stood at ₦32.0 million or 0.3 per cent of capital and reserves during the month, compared with the stipulated maximum target of 50:1 for 2001.

3.0 DOMESTIC ECONOMIC CONDITIONS

Generally, activities in the agricultural sector were boosted by steady rainfall nationwide during the month. The output in the oil sector remained at the preceding month's level, while the domestic price level rose further in July, 2001.

3.1 Agricultural Sector

Farmers concentrated on weeding, fertilizer application, and harvesting of early maturing crops. The breeding and production of livestock intensified owing to availability of abundant rain-induced forage crops.

The sum of ₦115.2 million was guaranteed to 3,397 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in July 2001. This amount represented an increase of 189.5 per cent over the level in the preceding month but a decline of 29.4 per cent from the level in the corresponding month of 2000. A sub-sectoral analysis of the loans guaranteed showed that the food-crop sub-sector had ₦106.9 million (92.8 per cent of the total loans) disbursed to 3,268 farmers. Of this amount, ₦89.7 million (83.9 per cent) was allocated to 2,705 grain farmers, while the balance of ₦17.2 million (16.1 per cent) was granted to 563 root and crop tuber producers. The livestock sub-sector received the sum of ₦3.0 million (2.6 per cent of total loans) for 51 farmers. The sum of ₦2.7 million (88.0 per cent of the total livestock loans) was granted to 42 poultry farmers while 'others' received ₦0.4 million. Fishery sub-sector was granted ₦3.97 million (3.4 per cent of total loans) for the benefit of 24 fisher-folks.

The prices of Nigeria's major agricultural commodities at the London commodity market increased during the month. At 5,237.6 (1985 = 100), the all-commodity price index, in naira terms, increased by 5.4 and 55.8 per cent over their levels in the preceding and corresponding months of 2000.

Three of the six commodities monitored recorded price declines which ranged from 1.2 per cent for cocoa to 9.0 per cent for coffee. The remaining three commodities: copra, soyabeans and palm oil recorded price increases of 3.7, 5.6 and 39.1 per cent, respectively. When compared with the corresponding month of 2000, only four commodities: cocoa, copra, soya-bean, and palm-oil recorded price increases of 74.8, 66.6, 31.7 and 17.4 per cent, respectively, while the price of cotton declined by 5.6 per cent.

In dollar terms, the all-commodity price index, at 166.3 (1985 = 100), fell by 2.7 per cent from the level in the preceding month but increased by 166.3 per cent over its level in the corresponding month of 2000. Of the six commodities monitored during the month, palm-oil, copra, coffee, and cocoa recorded price declines of 14.5, 4.0, 2.8 and 1.0 per cent, respectively, below their levels in the preceding month. When compared with their levels a year earlier, all commodities, except cotton, recorded varying degrees of price increases.

3.2 Petroleum Sector

Estimates of Nigeria's crude oil production, including condensates and natural gas liquids, totalled 2.25 million barrels per day (mbd) or 69.75 million barrels for the month, the same level of output as in the preceding month. The share of the country's production in total OPEC

output was 7.4 per cent compared with 7.8 per cent in the preceding month. Exports of crude oil, estimated at 1.80 mbd (i.e 55.80 million barrels for the month) remained at the preceding month's level. Total crude oil exports accounted for 80.0 per cent of output, the same proportion as in the preceding month. Deliveries of crude oil to refineries for domestic consumption stood at 0.45 mbd or 13.95 million barrels for the month, also same as in the preceding month.

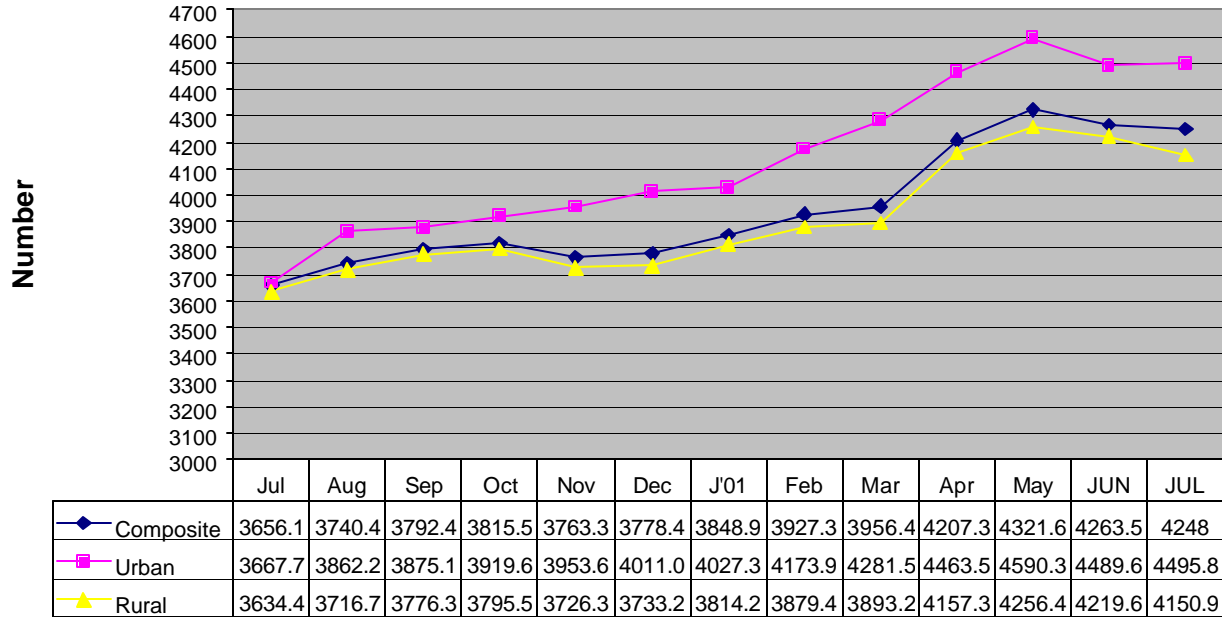
Crude oil prices generally declined in the spot market. At \$24.84 a barrel, the average price of Nigeria's reference crude, the Bonny Light (37⁰ API), showed a fall of 11.4 per cent below the level in the preceding month. The prices of other competing brands of crude such as the Forcados, U.K. Brent, Arab Light and West Texas Intermediate (WTI) were \$24.49, \$24.68, \$19.95 and \$26.44 a barrel respectively, showing declines of 11.5, 10.81, 4.59 and 2.90 per cent from their levels in the preceding month. Consequently, the OPEC has decided to cut output quota by 1.0 mbd or 4.1 per cent from its current output ceiling effective September 2001. This would entail a drop by 0.082 mbd in Nigeria's current production quota of 1.993 mbd to 1.911 mbd from September, 2001. Similarly, in the European net-back market, the Bonny Light and the UK Brent were sold at \$27.55 and \$26.12 a barrel, indicating declines of 13.8 and 17.24 per cent, respectively, from their levels in the preceding month. The fall in the prices was attributable to the high level of stocks in consumer countries, as well as the continuing weak demand by the major consumers resulting from the slow down in economic activities.

3.3 Consumer Prices

Actual data showed that the all-items composite Consumer Price Index (CPI) in July 2001 was 4,248.0 (1985 = 100). This represented a fall of 0.4 per cent from the preceding month's level but an increase of 16.2 per cent over the level in the corresponding month of 2000. The decline during the month was traceable largely to clothing and footwear; accommodation, fuel and light; medical care and health expenditure; and transportation whose indices fell by 4.0, 5.4, 1.0 and 3.6 per cent, respectively, below their levels in the preceding month. When compared with their levels in the corresponding month a year

The inflation rate for the twelve-month period ended July 2001 was 17.7 per cent, compared with 16.6 per cent in June 2001 and 1.2 per cent in the corresponding month of 2000. The upward trend in inflationary pressure was attributable to rapid monetary growth induced by the expansionary fiscal operations of the three tiers of government, reinforced by supply bottlenecks and high costs of domestic production.

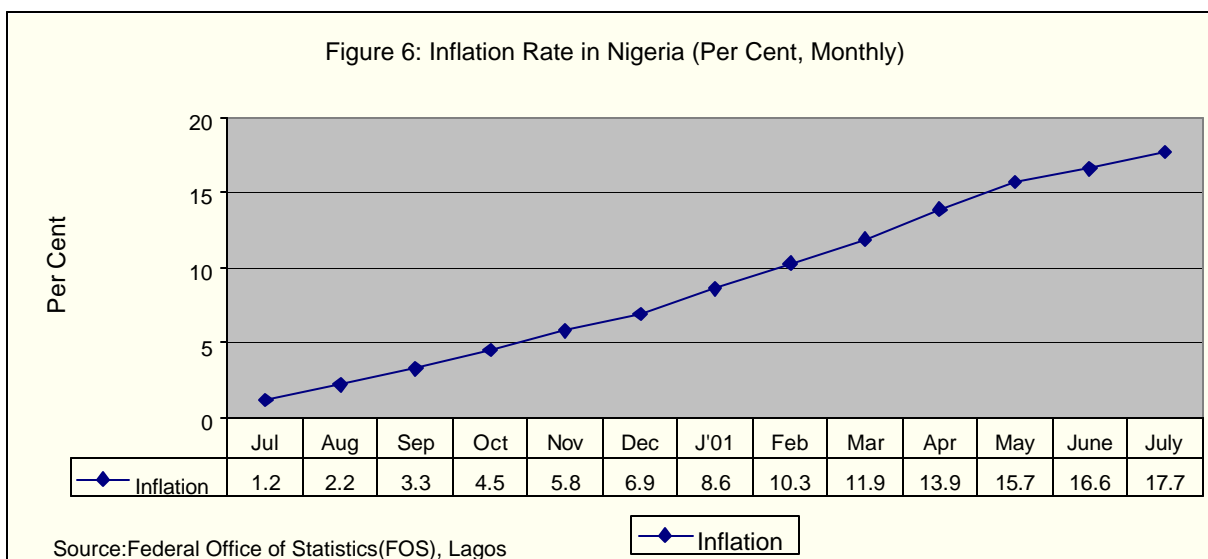
Figure 5 : Monthly Consumer Price Indices in Nigeria (1985 = 100)



Source: Federal Office of Statistics (FOS), Lagos

◆ Composite ■ Urban ▲ Rural

earlier, clothing and footwear, accommodation, fuel and light, medical care and health expenses; and transportation recorded declines of 9.2, 24.1, 6.7 and 7.2 per cent, respectively.



4.0 EXTERNAL SECTOR DEVELOPMENTS

4.1 Foreign Exchange Flows

Foreign exchange inflows and outflows through the Central Bank of Nigeria (CBN) stood at \$1,441.3 million and \$1,146.0 million, respectively, in July 2001. When compared with their levels of \$1,174.7 million and \$955.9 million in the preceding month, inflows and outflows rose by 22.7 per cent and 19.9 per cent, respectively. The rise in inflows was largely accounted for by the increase in oil export receipts, while that of outflows was attributable mainly to the increase in the funding of IFEM and out-payments for NNPC/JV cash calls from \$662.2 million and \$134.0 million in June 2001 to \$779.1 million and \$252.1 million, respectively.

Available data on foreign exchange flows showed that total inflows amounted to \$1,716.0 million, indicating a rise of 17.0 per cent from \$1,466.5 million in June 2001. Receipts from the oil sector amounted to \$1,354.2 million or 78.9 per cent of total inflows during the month under review, while non-oil public sector receipts and inflows through other sources (autonomous)

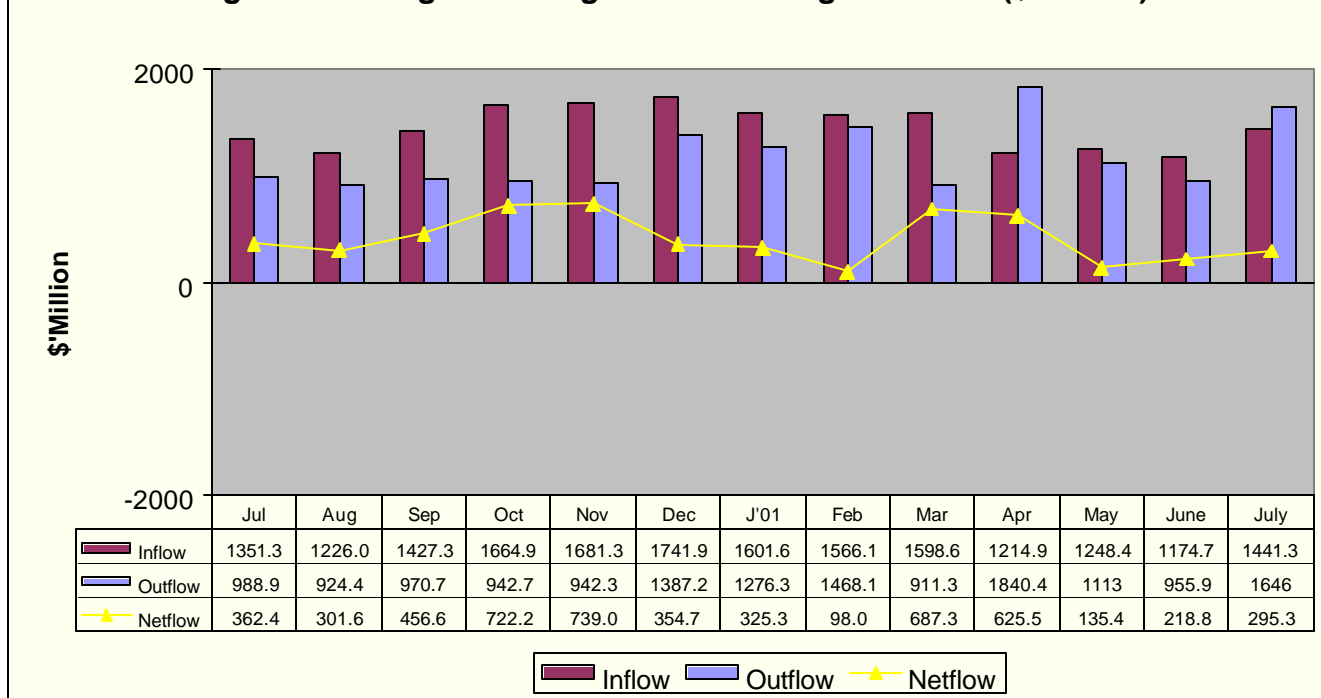
stood at \$361.8 million or 21.1 per cent of the total.

Outflows increased by 15.6 per cent to \$1,214.4 million during the month in review. This was largely accounted for by the 17.7 per cent and 88.1 per cent rise in CBN funding of the IFEM and payments for NNPC/JV cash calls, respectively. External debt service payments also rose by 48.7 per cent to \$80.2 million. There was no disbursement on National Priority Projects in July as against the disbursement of \$66.3 million in the preceding month.

4.2 Sectoral Utilisation of Foreign Exchange

The industrial sector accounted for the bulk (35.6 per cent) of total foreign exchange disbursed in July 2001. Other beneficiary sectors, in a descending order of importance, included: invisibles, general merchandise, food, transportation and agricultural products.

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



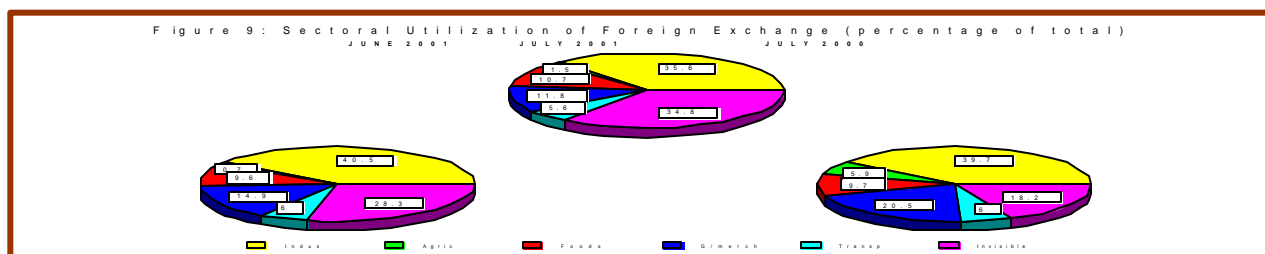
4.3 Foreign Exchange Market Developments

The demand pressure in the Inter-bank Foreign Exchange Market (IFEM) intensified during the month, with CBN's sales of foreign exchange to authorised dealers rising to \$779.1 million, compared with \$662.1 million in June 2001. The observed pressure was attributable largely to increased patronage of IFEM following the policy of 100 per cent inspection of goods at the ports as importers who, hitherto, patronised the parallel foreign exchange market with a view to evading import duty payment. The CBN purchased \$0.1 million from the market during the month, compared with \$0.5 million in the preceding month. The average exchange rate of the naira in the IFEM appreciated marginally in July 2001 to ₦111.35 per dollar from ₦111.98 per dollar in June. Similarly, rates

in the parallel market and bureaux de change appreciated by 0.1 and 0.2 per cent, respectively, from their levels in June 2001. These developments notwithstanding, the premium between the IFEM and the parallel market rates further widened to 21.36 per cent, from the 20.76 per cent observed in June 2001.

4.4 External Reserves

Nigeria's gross external reserves stood at \$10,867.2 million at end-July, 2001, representing an increase of 2.9 per cent over the \$10,558.8 million recorded in the preceding month. This level of reserves could finance 8.7 months of current foreign exchange commitments, compared with 8.4 months in the previous month.



5.0 OTHER INTERNATIONAL ECONOMIC DEVELOPMENTS

World crude oil output rose from 75.65 mbd in June 2001 to 76.20 mbd, indicating an increase of 1.6 per cent while demand, at 75.90 mbd, also rose by 1.3 per cent over the previous month's level. Total world crude oil supply exceeded demand by 0.30 mbd, compared with 0.09 mbd in the preceding month, owing mainly to the slow-down of economic activities in the United States of America and other industrial nations.

The 5th Meeting of the Convergence Council of Ministers and Governors of the Central Banks in the West African Monetary Zone (WAMZ) was held on July 26, 2001 at the ECOWAS Secretariat, Abuja, Nigeria. The meeting was preceded by the meeting of the Technical Committee of the West African Monetary Institute and that of the Committee of Central Banks' Governors of the West African Monetary Zone (WAMZ). The Convergence Council deliberated on various issues relating to: macroeconomic developments and convergence report on member countries for 2000; proposals on the Harmonization of National Central Banks' Acts with the West African Central Bank (WACB) Statutes; and proposals on Sensitization Programme, among others.

The council subsequently adopted the following proposals: member countries should constitute their National sensitization committees immediately; a date for the launching of the programme in each country should be decided and executed; and each member country should have a budget for

the programme from now till December 2002.

The group of eight (G-8) industrial nations ended a three-day summit in Genoa, Italy, which was attended by President Olusegun Obasanjo, along with leaders of five other developing countries. During the meeting, the G-8 reviewed world economic developments and expressed concern about high oil prices which contributed to the slow-down of economic activities. The summit approved a detailed development plan for Africa and agreed to create a joint forum with the African leaders to implement the Action plan so as to make globalization favourable to all. The summit also resolved to specifically take decisive global action in order to draw the poorest nations into the global economy by tackling poverty, especially in Africa. In addition, the summit resolved to commit \$1.3 billion to a new global health fund with the United Nations (UN) to help fight Hiv/Aids, Malaria and Tuberculosis and to make progress on debt relief for the poor countries.

The Canadian International Development Agency (CIDA) approved a life line of \$6.6 million (₦740 million) for Nigeria to check Human Immuno-Deficiency Virus/Acquired Immune Deficiency Syndrome (HIV/AIDs) and enhance virile reproductive health. The fund would be channelled through the Nigerian Chapter of United Nations Population Fund (UNPFA). It would cover a two-year duration with specific projects for enhancing support for safe motherhood, strengthening contraceptive production and supply.

